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Brakke Consulting's
Animal Health News & Notes for October 27, 2006
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IN THE NEWS:

earnings news
ABAXIS
Genus
Hill's
IDEXX
Maple Leaf
PetMed Express
VCA Antech

other news
BCP Veterinary Pharmacy
Dansk Svineproduktion
EasyTrac-ID
IDEXX
Kacey
Lifescience Plus
Norsvin
Ovasort
Pennfield
Pet Health Solutions
PETCO
Schering-Plough

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COMPANY EARNINGS RELEASES

> IDEXX Laboratories, Inc. reported that revenue for the third quarter of 2006 increased 19% to $187 million from $158 million for the third quarter of 2005. Companion Animal Group ("CAG") revenue for the third quarter of 2006 increased 19% to $153 million from $129 million for the third quarter of 2005 due to higher sales in all CAG product and service categories, with the largest growth in revenue dollars from laboratory and consulting services and from instruments and consumables. *(company website)*

> Colgate-Palmolive Company announced results for third quarter 2006. **Hill's** sales and unit volume grew 10.5% and 5.5%, respectively, to a third quarter record level of $414 million. Operating profit increased 8% to a record level during the quarter after a strong double-digit increase in advertising. *(company press release)*

> PetMed Express, Inc. announced its financial results for the quarter ended September 30, 2006. Net income was $3.3 million for the quarter ended September 30, 2006, compared to net income of $2.7 million in 2005, an increase of 22%. Net sales for the quarter ended September 30, 2006 were $43.8 million, compared to $38.7 million for the quarter ended September 30, 2005, an increase of 13%. *(Business Wire)*

> VCA Antech, Inc. reported financial results for the quarter ended September 30, 2006, as follows: revenue increased 9.8% to a third quarter record of $252 million; and net income increased 21.2% to $27 million. Animal hospital revenue increased 9.4% to $184 million, laboratory revenue increased 16.8% to $66 million, and medical technology revenue declined 15.5% to $9 million. *(company press release)*

> ABAXIS, Inc. reported financial results for the second fiscal quarter ended September 30, 2006. Total veterinary sales were $15.2 million, up 19% over last year's comparable quarter. *(company website)*

> Genus plc, which has changed its year end to 30 June, announces its results for the fifteen months to 30 June 2006. Group turnover on continuing operations for the period to June 2006 was GBP 244.5 million ($444 million) with Group operating profit from continuing operations of GBP 22.3 million ($40 million) before exceptional items and goodwill amortization. *(company website)*

> Maple Leaf Foods reported results for the third quarter of 2006. The company lost C$22.3 million (US$20 million) in the third quarter compared to a profit of C$30.1 million a year ago. Sales slipped 5% in the quarter, from $1.53 billion (US$1.37 billion) to $1.46 billion. *(Meating Place)*

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BRAKKE CONSULTING, INC.
MARKET RESEARCH CAPABILITIES

Throughout the year, Brakke Consulting performs marketing surveys and studies for client companies. If your firm needs help assessing the feasibility of a new product or technology, identifying the opinions and trends of product consumers, or determining the current market for products, Brakke Consulting, Inc. can build a market study to meet your needs, from a rapid turnaround of a small group of respondents to large-scale surveys. We have a database of small animal veterinarians and the ability to custom-tailor surveys of other animal health consumers. We also produce syndicated studies in specific animal health market areas. Further information can be found at our website: www.brakkeconsulting.com or by calling our Dallas office at 972.243.4033.

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COMPANY NEWS RELEASES

> Schering-Plough Animal Health announced an agreement with Spanish distributor Bioiberica that will give Schering exclusive rights to market and promote Cosequin in the UK, Ireland, and France. The deal will commence immediately, and current supplies of the product are not expected to be affected. *(Animal Pharm)*

> IDEXX Laboratories, Inc. launched the IDEXX VetLab UA Analyzer and Strips to provide veterinary professionals with an easier, more efficient and consistent method of conducting urinalysis. This system marks the first in-house urinalysis test specifically validated for veterinary medicine. The analyzer generates a detailed print report of the urinalysis test results and automatically captures the data electronically. *(company website)*

> Stockholders of **PETCO Animal Supplies**, Inc. approved the acquisition of PETCO by private equity investment firms Texas Pacific Group and Leonard Green & Partners, L.P., for $29 per

share in cash. The transaction, which has a total value of approximately $1.8 billion (including assumed debt), is expected to close this week. *(company website)*

> Pennfield Animal Health announced that Mr. Greg Kluck has been elected President and Director of Marketing and Sales, replacing former president Andrew Winstrom. *(company press release)*

> Lifescience Plus introduced Bloodstop and Bloodstop iX, a hemostatic gauze that controls bleeding instantly and faster than traditional gauze. The cellulose-based product speeds coagulation and expands to form an odorless gel that adheres to the skin's surface and absorbs blood. *(DVM Newsmagazine)*

> EasyTrac-ID introduced the Companion Animal Passport that maintains a 10-year health record for pets. The company is working with the US Department of Defense for worldwide implementation. The product will be sold only through veterinarians. *(DVM Newsmagazine)*

> Kacey announced the introduction of an ethylene glycol test for dogs and cats that requires no blood dilutions and takes only 12 minutes to process. *(DVM Newsmagazine)*

> Pet Health Solutions launched Joint MAX Triple Strength joint supplement, available in chewable tablets, soft chews and granules. *(DVM Newsmagazine)*

> BCP Veterinary Pharmacy introduced BCP PZI, bovine protamine-zinc insulin. The insulin is a reproduction of the discontinued formula for all-beef PZI. *(DVM Newsmagazine)*

> A global licensing and collaboration agreement for the use of the boar semen sexing technology has been signed by **Dansk Svineproduktion** of Denmark and **Norsvin** of Norway with **Ovasort Ltd**, a private company started by the veterinary school of the University of Bristol in the UK. Ovasort aims to commercialize a method for producing male-enriched or female-enriched pig semen through high-volume sperm separation. Dansk Svineproduktion becomes the worldwide licensee for the use of the technology in pigs. *(Watt Pig enews)*

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ANIMAL HEALTH NEWS

> US - ANIMAL WELFARE LABELS Whole Foods Market will roll out a line of meat carrying labels signifying "animal compassionate." The labels indicate the animals were raised in a humane manner until slaughter. The U.S. government does not regulate how farm animals are treated, or verify animal-welfare labels. However, the federal government does require that labels are truthful and has established definitions for such designations as free range, natural and organic. *(Drovers Alert)*

> US - ASSOCIATION MOVE The U.S. Animal Health Association announced it will relocate its central office from Richmond, VA, to Kansas City, MO, and named Benjamin Richey as the organization's first executive director. USAHA's prime objective is to prevent, control and eliminate livestock diseases that cost ranchers, farmers and consumers approximately $1 billion per year. *(Drovers Alert)*

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Innovet 2006
Emerging Diseases: Challenges and Opportunities for the Animal Industry

November 26 - 28, 2006
St-Hyacinthe, Quebec, Canada

Innovet 2006 is a unique meeting bringing together decision-makers from the veterinary biotechnology industry and its related sectors. Industry speakers will be reporting on the latest cutting-edge advances in research and development.

The program will be addressing the following subjects:

- Emerging diseases: threat or opportunity?
- Impact upon the animal health market
- Technological innovations arising out of research centers and company labs
- New therapeutic products and diagnostic tools
- Traceability

Click here for more information: http://www.innovet.ca/index.php?langue=en

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BRAKKE CONSULTING VIEWPOINT

Those additional companies reporting third quarter sales and earnings turned in some impressive numbers equal to those previously reporting. Everything we see seems to indicate that we'll close out 2006 in fine shape. While acquisition rumors continue to flourish, there does not seem to be much substance to a couple of them. We do believe, however, that consolidation in the industry will continue in both the manufacturing and distribution areas.

New product introductions appear to be a bit more robust than normal. We continue to view with concern the large expansion of sales forces in the veterinary companion animal area. Hopefully, this means some additional significant new products will be introduced in the first and second quarter of 2007 to support this increase.

The South Dakota hunting report is hunters 72, pheasants still left in the field several hundred. The weather was great and we refused to let Vice President Cheney join our group for safety reasons.

Have a great weekend!!

Ron Brakke

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