
**Brakke Consulting's
Animal Health News & Notes for November 30, 2007**
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2008 U.S. Animal Health Industry Overview

As we've done for a number of years, Brakke Consulting will be presenting our 2008 Animal Health Industry Overview at both the North American Veterinary Conference and the Western Veterinary Conference.

The Overview will contain industry highlights and the 2008 outlook, industry statistics in key product markets, recent financial/acquisition activity, observation of leading companies, veterinary practice trends update, summary data from Brakke multi-client studies, and more. To register, go to www.Brakkeconsulting.com and follow the link to register for the Overview of your choice.

COMPANY EARNINGS RELEASES

> Patterson Companies, Inc. reported consolidated results for the second quarter of fiscal 2008 ended October 27, 2007. Sales of the **Webster Veterinary Supply** unit increased 14% in the second quarter of fiscal 2008 to \$109 million. (*company website*)

> **Central Garden & Pet** Company announced results for its fiscal fourth quarter ended September 29, 2007. Net sales for the Pet Products segment were \$221 million, a decrease of 7% compared to the fourth quarter of fiscal 2006. (*company website*)

> **Evalis** achieved turnover of EUR 185 million (\$264 million) for the third quarter 2007, compared with EUR 155 million for the same period the previous year, showing a progression of 19.6%. On a like-for-like basis, the increase is 16.5%. (*company website*)

> **Del Monte Foods** reported net sales for the second quarter fiscal 2008. For the second quarter, Pet Products net sales were \$345 million, an increase of 5% over net sales of \$327

million in the prior year period. The increase was driven primarily by new product growth.
(*company website*)

> **Smithfield Foods** reported results for the quarter ended Oct. 28, 2007. The company posted earnings of \$17.4 million compared with earnings of \$44.7 million in the same quarter last year. Sales for the quarter increased 23% to \$3.46 billion. Smithfield attributed the surge to recent acquisitions, including those of Armour Eckrich and Premium Standard Farms. (*Meating Place*)

NOW AVAILABLE!

2007 US FLEA CONTROL AND HEARTWORM MARKETS

2007 has been a year of dynamic change in the flea, tick and heartworm markets, with a number of new product introductions from both new and established players in the segment.

Brakke Consulting has published our latest annual report on the US Flea Control and Heartworm Markets. In addition to our annual survey of over 250 small animal veterinarians, this year's report includes coverage of the many new products introduced this year, including Advantage Multi, ProMeris, Vectra 3D, and Comfortis.

The report on the US Flea Control & Heartworm Markets is available for a purchase price of \$5,500.

Please contact Dr. Lynn Fondon at (972) 243-4033 or lfondon@brakkeconsulting.com to order the report or for more information, or visit our website and download the order form at <http://www.brakkeconsulting.com/studies/flea.html>

www.BrakkeConsulting.com.

COMPANY NEWS RELEASES

> A new leak of foot and mouth disease has been discovered at the **Merial Animal Health** facility in Pirbright in the UK. The virus escaped through a leaking valve last week, but inspectors have been assured the virus has not been released into the environment. Operations at the site were immediately stopped and citric acid was used to kill any virus which might have leaked. The Pirbright site, which also contains the Government's Institute for Animal Health, was the source of the foot and mouth outbreak in August. (*AnimalNet - The Independent*)

> **EnviroSystems** announced the introduction of EquineTru, an antiseptic treatment for skin and hoof conditions in horses. The product's active ingredient is parachlorometaxylenol (PCMX), an antimicrobial used by surgeons as a skin disinfectant in surgery preparation. EquineTru will be available to veterinarians and equine organizations by the end of the year. (*Animal Pharm*) [top](#)

> **Micro Beef Technologies** and **Midwest MicroSystems** introduced the Cow Sense Verified Program, a value-added program providing cow-calf producers an integrated, comprehensive tool to age and source verify cattle and qualify for numerous domestic and export market programs. (*company press release*)

> **PinPoint DNA Technologies** launched Pawsitive I.D., a DNA test that identifies whether a pet is a positive carrier of genetically inherited diseases. (*Pet Product News*)

> **Tyson Foods** announced that it is forming separate management for its US-based pork and beef divisions in order to give them greater focus. (*Pig International*)

ANIMAL HEALTH NEWS

> US - PET FOOD TOXINS IDENTIFIED Veterinary toxicologists at UC Davis have discovered the cause of the deaths of a number of dogs and cats who ate contaminated pet food earlier this year. The pilot study found that a combination of melamine and cyanuric acid caused cats in their study to experience acute kidney failure. The two chemicals were found in nearly 60 million packages of recalled pet food in March of 2007, but until recently had not been tested for potential toxicity. (*AnimalNet - California Aggie*)

> AUSTRALIA - BEEF MUSCLING Researchers at Adelaide University in Australia have identified a gene that explains a large increase in retail beef yield. While the gene, called myostatin F94L, isn't the only gene that influences retail beef yield, it has a large effect. Homozygous animals have 13% larger ribeye areas and 4% more total retail yield, according to the research. The gene is most commonly found in Limousin cattle. Negotiations are underway with an Australian laboratory to provide a commercial gene test for the F94L modification. (*Beef Cow-Calf Weekly*)

> US - CANINE CANCER RESEARCH Scientists at North Carolina State University plan to research genes associated with cancer in canines, following a five-year, \$1 million grant from the US National Institutes of Health. Dr Matthew Breen, who has worked on sequencing the dog genome, will identify aberrant regions within the dog genome, and hopes to identify genetic candidates within the next few years. (*Animal Pharm*)

BRASSE CONSULTING VIEWPOINT

The stories this week reflect consistent trends that we've seen during most of 2007. Sales levels for most companies continue to be positive versus prior year and will continue strong into early 2008.

We're now hearing economists mention the words "possible recession". In the past, the pet industry has been generally recession-proof and we believe that is likely to be the case in 2008. Since it's an election year we can be assured that the politicians of both parties will want to keep the economy as robust as possible though the election cycle.

The bigger risks for a downturn in animal health next year could be in the food animal sector. While there are some signs that ethanol production maybe on the skids, its high usage of corn will keep pressure on feed grain prices. This could reduce the input costs for feeding animals in 2008 but other energy cost increases are likely to eat up much of the savings.

There are several stories this week related to animal genetics in one form or another. We've been saying for sometime that genetics will play an increasing role in the health of animals in the future. We encourage you to watch this area closely.

Have a great weekend!!

Ron Brakke

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