
**Brakke Consulting's
Animal Health News & Notes for December 8, 2006**
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BRAKKE CONSULTING, INC.

SIGN UP NOW TO ATTEND BRAKKE CONSULTING'S 2007 INDUSTRY OVERVIEW

Brakke Consulting will once again be presenting our 2007 Industry Overview at the North American Veterinary Conference and the Western Veterinary Conference.

NAVC (North American Veterinary Conference)

The 2007 Industry Overview will be presented on Monday, January 15 from 2:00 pm – 4:00 pm at the Gaylord Palms.

WVC (Western Veterinary Conference)

The 2007 Industry Overview will be presented on Monday, February 19 from 2:00 pm – 4:00 pm at the Four Seasons hotel adjacent to the Mandalay Bay.

Early registration is \$325 for the first company attendee and \$300 for each additional attendee from the same company at the same presentation. To register online, go to the home page at www.brakkeconsulting.com and click on the registration link. You may also register by calling Jane Morgan in the Dallas office at 972-243-4033.

www.BrakkeConsulting.com

COMPANY EARNINGS RELEASES

> **Central Garden & Pet** Company announced fourth quarter results for its fiscal year ended September 30, 2006. For the quarter, net sales for the Pet Products segment were \$237 million, an increase of 48% compared to the fourth quarter of fiscal 2005. Pet branded products sales increased 55% and sales of other manufacturers' products increased 21%. Organic sales increased 18% in the quarter. Operating income for the Pet Products segment was \$31 million in

the quarter, an increase of 69%, when compared to the fourth quarter of fiscal 2005. (*company website*)

> The **Provimi Group** reported results for the first nine months of 2006. Sales increased by 14.6% to EUR 1,324 million (\$1,680 million). Volumes and sales showed an increase in almost all regions, with particularly strong growth in North America, developing and emerging countries and European Pet food operations. New acquisitions contributed EUR 34.6 million to sales, while more favorable exchange rates had a positive effect of EUR 27.5 million. On a like-for-like basis, sales growth was 9.2% over the period. (*company website*)

> **Sanderson Farms**, Inc. reported results for the fiscal year ended October 31, 2006. Net sales for fiscal 2006 were \$1.048 billion compared with \$1.053 billion for fiscal 2005. The net loss for the year totaled (\$11.50 million), compared with net income of \$70.6 million for last year. (*company website*)

COMING IN DECEMBER: 2006 US FLEA CONTROL AND HEARTWORM MARKETS

Brakke Consulting will be publishing our latest annual report on the US Flea Control and Heartworm Markets in December. The report will include the following valuable information:

- Information on a number of new products expected to enter the market in 2007
- Up-to-date pricing and sales data on the leading products
- Advertising budgets for flea and heartworm products
- Opinion survey of over 175 small animal veterinarians

The report on the US Flea Control & Heartworm Markets will be available for a purchase price of \$4,995 and will be available in mid-December.

Please contact Dr. Lynn Fondon at (972) 243-4033 or lfondon@brakkeconsulting.com to pre-order the report or for more information.

COMPANY NEWS RELEASES

> **IDEXX** announced that the recent **Cyntegra**, Inc. press release implying a link between IDEXX and a bird flu pandemic is obviously preposterous on its face, and intended only to misinform the public and coerce IDEXX into settling Cyntegra's existing lawsuit against IDEXX. IDEXX believes that the claims in Cyntegra's underlying lawsuit are without merit and continues to defend itself vigorously. (*company press release*)

> **Pilgrim's Pride** Corporation and **Gold Kist** Inc. announced a merger agreement this week. Under the deal, Pilgrim's Pride will acquire all outstanding shares of Gold Kist common stock for \$21.00 per share in cash. The transaction was unanimously approved by the boards of directors of both companies and has a total equity value of approximately \$1.1 billion. Pilgrim's Pride will also assume about \$144 million of Gold Kist's debt. (*Wattnet Meatnews*)

> The **Provimi Group** announced the acquisition of the assets of **SESA**, a private label pet food company located in France, through the newly created entity Provimi Pet Food France. SESA was founded in 1992 and produces both dry pet food for cats and dogs and semi-moist pet food for dogs. The current total production capacity amounts to 50,000 tonnes. Financial terms were not disclosed. (*Pets International*)

> **Synergetics** Incorporated has been awarded a multi-year contract, by the USDA's Animal and Plant Health Inspection Services (APHIS), to develop and support the Animal Health and Surveillance Management (AHSM) disease management program. *(PRNewswire)*

ANIMAL HEALTH NEWS

> US - MILK LABELING The New York Farm Bureau alerted the FDA that it has "serious" concerns regarding retailers and fluid milk processors labeling milk as from cows not treated with recombinant bovine somatotropin. The NYFB requested that immediate action be taken requiring such labels to be removed until credible, peer-reviewed, scientific evidence shows health or food safety concerns resulting from the use of rbST technology in milk production. *(Feedstuffs)*

> US - INCREASED BACTERIA IN CHICKEN Consumer Reports reported that 83% of fresh, whole broiler chickens bought at stores nationwide harbored campylobacter or salmonella, an increase from 2003, when about 49% of broilers tested positive for one or both pathogens. The survey also showed that chickens labeled as organic or raised without antibiotics were more likely to harbor salmonella than conventionally produced broilers. A spokesman for the USDA Food Safety and Inspection Service (FSIS) says the survey is flawed because it had a small sample size and didn't say what type of salmonella was found; Salmonella Kentucky is a common strain of the bacteria that doesn't make people sick. *(Wattnet Meatnews)*

BRASSE CONSULTING VIEWPOINT

We've received some calls recently asking our views of the animal health and pet business in 2007. So, here are a couple of thoughts for your planning.

There do not appear to be major negatives on the horizon for the food animal sector. While there is a great deal of press and discussion regarding the impact of the bio-fuels industry on the price of feed grains, there are also some indications that the current bio-fuels frenzy might be another dot.com era in the making. It will be interesting to see what happens in the next few months. Just last week on my trip to the Midwest, I met with a CEO of one of the leading companies in ethanol production. This firm currently has 6 new plants under construction and indicated that he thought there would be close to 100 new ethanol plants come on-line in the next 12 months.

The food animal sector also appears have weathered most of the food safety issues. The national identification and tracking program is making progress and will become standard policy in coming years whether some producer groups want it or not.

The companion animal area remains healthy and robust. All of the categories in this sector continue to experience growth rates close to or at double digit. This portion of the animal health business would seem to be immune from economic downturns if we experience one in 2007. We also expect some new product introductions in 2007 to help fuel the continued growth.

Summary: We believe animal health will continue to be a market segment where investors and companies will want to have a portion of the portfolio in 2007.

Have a great weekend!!

Ron Brasse
