
**Brakke Consulting's
Animal Health News & Notes for March 3, 2006**
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IN THE NEWS:

earnings news

[Dechra](#)

[Del Monte](#)

[PetSmart](#)

[Sanderson Farms](#)

[Smithfield Foods](#)

other news

[Acambis](#)

[Aspen Pet Products](#)

[Del Monte](#)

[Hartz](#)

[Iams](#)

[Intervet](#)

[Meow Mix](#)

[Merial](#)

[Monsanto](#)

[Novartis](#)

[Veterinary Products Laboratories](#)

COMPANY EARNINGS RELEASES

> **Dechra** posted an 11% rise in half year revenue, citing strong market conditions and further penetration of its products in the veterinary market. Revenue for the six months to December 2005 rose 11% to GBP 116.1 million (\$200 million) from GBP 104.3 million, while pre-tax profit was 9% higher at GBP 5.2 million (\$9 million). (*Sharecast*)

> **Del Monte Foods Company** reported results for the third quarter ended January 29, 2006. Pet Products net sales were \$227.3 million, an increase of 1.9% over net sales of \$223.0 million in the prior year period. The increase was driven primarily by increased volume from new products in the pet snacks and dry dog food businesses. (*Business Wire*)

> **PetSmart, Inc.** reported results for the fiscal year 2005 ended January 29, 2006. PetSmart generated \$3.76 billion in net sales in 2005, up 12% from \$3.36 billion in net sales a year ago. Comparable store sales grew 4.2% in 2005. Net income for fiscal 2005 was \$182.5 million, an increase of 16% compared with fiscal 2004 net income of \$157.5 million. (*Business Wire*)

> **Sanderson Farms** reported a loss of (\$8.6 million) for the first quarter ended Jan. 31, compared to a profit of \$10 million for the same quarter a year ago. Revenue for the quarter declined to \$222.1 million from \$233.3 million a year ago. Results are primarily related to a precipitous drop in export demand and more sluggish domestic demand. (*Meating Place*)

> **Smithfield Foods** reported that sales declined in the third fiscal quarter ended Jan. 29, to \$2.9 billion from \$3.1 billion in 2005. Net income dropped from \$97.5 million a year ago to \$71 million this year. (*Meating Place*)

**COMING SOON!
PAIN MANAGEMENT PRODUCTS IN DOGS AND CATS
2006 UPDATED REPORT**

In March 2005, Brakke Consulting published a report reviewing pain management in small animals, and the products used to treat pain. The new 2006 report updates this report with current sales data on the pain management products used in small animal practice, as well as news on new and developing products in the pain management area. Included are sections on nutraceuticals and joint support prescription diets. The introduction of Merial's Previcox is given particular attention in the 2006 report.

The report also includes a survey of small animal veterinarians regarding their usage of pain management products, including NSAIDs, nutraceuticals, and the new joint support therapeutic diets.

The report will be completed in early April. Orders placed on or before March 31, 2006 are eligible for the early-bird discounted price of \$4,995. Orders received after March 31 will be at the regular price of \$5,500.

For more information, contact Dr. Lynn Fondon at lfondon@brakkeconsulting.com or 972-243-4033.

COMPANY NEWS RELEASES

> **Merial** announced the introduction of Igenity MultiMARK, the beef industry's most comprehensive DNA testing profile. MultiMARK currently includes the TenderGENE, ParentMATCH and DoubleBlack tests. (*company press release*)

> **Novartis** announced the launch of Vetspon absorbable hemostatic gelatin sponges designed for veterinary surgery. Vetspon is available in two forms: Flex and Dental, and can be used in all surgical procedures except urologic and ophthalmic procedures. The sponges will absorb biologically over a four- to six-week period if left in the body. (*company press release*)

> **Intervet Inc.** announced it has licensed the exclusive rights to a new veterinary West Nile virus vaccine from **Acambis**. Acambis is developing an investigational human vaccine against WNV using proprietary chimeric vaccine technology; Intervet is exploring how this technology can be applied to the development of an equine WNV vaccine. (*company press release*)

> **Veterinary Products Laboratories (VPL)** introduced Duralactin Equine Joint Plus to help promote normal activity with added joint health benefits. Duralactin Equine Joint Plus is a pelleted supplement that combines MicroLactin with the added benefits of Glucosamine HCl, Chondroitin sulfate, Vitamin C, Zinc and Manganese. (*company press release*)

> **Monsanto Co.** and the Regents of the University of California announced that they have signed an agreement that mutually resolves issues between them regarding the possible infringement and validity of patent rights relating to the production of bovine somatotropin, which Monsanto sells under the brand name Posilac. Under the agreement: (1) Monsanto is granted an exclusive commercial license under the university's patent estate for the manufacture of bovine somatotropin; (2) the University of California and Monsanto will dismiss all claims under the

patent infringement lawsuit scheduled for trial today; (3) Monsanto will pay the university an up-front royalty of \$100 million and an ongoing royalty of 15 cents per dose of Posilac sold to dairy producers with a minimum annual royalty of \$5 million through the 2023 expiration of the university's patent estate. *(Feedstuffs online)*

> **Hartz Mountain** announced the launch of new Hartz UltraGuardplus Drops for Cats, its new broad-spectrum topical treatment for flea, flea egg, deer tick and mosquito control. UltraGuardplus contains 40% etofenprox, a completely different insecticide from the phenothrin used in former Hartz feline topicals, and 3.6% (s)-methoprene. *(company press release)*

> **The Iams Company** announced the launch of Iams Tartar Treats for dogs, a delicious edible hard chew that also assists in providing tartar reduction for improved dental health. Each treat contains 38 tartar scrubbers on a patent-pending double-sided design that looks like a scrub brush for the teeth. Both the design and the formulation of the treat contribute to plaque and tartar reduction. *(PRNewswire)*

> **Del Monte Foods Company** announced that Del Monte Corporation, its wholly owned subsidiary, has entered into an agreement to acquire privately held **Meow Mix Holdings**, Inc. for approximately \$705 million, which includes approximately \$23 million in tax benefits which the Company expects to achieve as a result of the acquisition. Meow Mix achieved 2005 revenues of approximately \$250 million. *(Business Wire)*

> **Aspen Pet Products**, Inc. announced the launch of Pup-RRR-mint Sticks and Muttz-RRR-ella Sticks, dual-layer dog chews with a taste, shape, hardness, and dental health benefits that dogs and owners will applaud. *(Business Wire)*

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ANIMAL HEALTH NEWS

> **SWITZERLAND - AVIAN INFLUENZA** Switzerland has confirmed its first H5N1 avian flu case. Positive results were found in the Geneva area and in Stein-am-Rhein in the northeast of the country. One of the birds infected was a wild duck, though authorities declined to elaborate. *(AnimalNet - Reuters)*

> **SWEDEN - AVIAN INFLUENZA** The Swedish authorities informed the European Commission of two confirmed cases of the highly pathogenic avian influenza virus H5 in dead wild ducks

tested near Oskarshamn. The virus was confirmed not to be the H5N1 virus. (*AnimalNet - EU press release, BBC*)

> GERMANY - AVIAN INFLUENZA IN A CAT A dead cat from the Baltic Sea island of Ruegen has tested positive for the H5N1 avian influenza strain. The cat was found last weekend near the place of the first avian influenza cases in Germany. (*Bloomberg*)

> NIGER - AVIAN INFLUENZA Niger has become the latest African country to report cases of the H5N1 strain of avian influenza. The virus was confirmed in two flocks of domestic ducks. (*Meating Place*)

> BOSNIA, SERBIA, GEORGIA - AVIAN INFLUENZA The H5N1 strain of avian influenza has been identified in wild swans in Bosnia, Serbia, and the former Soviet state of Georgia. (*Meating Place, Bloomberg*)

> US - AGRICULTURE PROTECTION BILL PROPOSED IN ARIZONA In Arizona, a proposed bill would restrict the state legislature and citizens from passing laws that would regulate agriculture. State Sen. Jake Flake, R, introduced the bill that would prohibit any new laws or regulations that "limit or restrict the production of agricultural products" except in certain circumstances, including public health and safety and water use. Any new laws that apply to agriculture would be enforced or adopted by a state agency that legislators would designate. The exception is if lawmakers or citizens amend the state constitution. (*Pork Alert*)

> US - CANINE VACCINE GUIDELINES The American Animal Hospital Association (AAHA) has released a new edition of its vaccine guidelines for dogs. The 2006 AAHA Canine Vaccine Guidelines are available in their entirety on the AAHA website, www.aahanet.org. The executive summary of the guidelines is published in the March/April 2006 issues of Trends magazine and the Journal of the American Animal Hospital Association. (*association press release*)

**ANIMAL AGRICULTURAL ALLIANCE
FIFTH ANNUAL STAKEHOLDERS SUMMIT
MARCH 20 - 22, 2006**

The Animal Agriculture Alliance (Alliance) announced its Fifth Annual Stakeholders Summit to be held March 20-22, 2006 at the Sheraton Crystal City in Arlington, Virginia. The theme for the upcoming Summit is "Animal Welfare, Antibiotics and Activism: Leadership, Action and Solutions to Challenging Issues." The program builds off last year's success and will include prominent speakers on key topics including:

- The importance of leadership in successful animal welfare and anti-terror initiatives
- Consumers' views about animal welfare
- Advances in animal welfare
- International animal welfare standards
- Domestic regulatory initiatives
- The legal status of animals and efforts to change their status
- Ways to improve media relations

For more information, please visit the Alliance website at www.animalagalliance.org

BRAKKE CONSULTING VIEWPOINT

News for the week is a bit on the slow side. We assume that this is because many of you are either out spending your winnings from Las Vegas last week, or explaining the shortfall in the

checking account or wallet. It was a great meeting if you had the discipline to stay away from the gaming tables.

The inside feedback from many that we talked to is that the first quarter of 2006 is off to a great start. While there are few new blockbuster products there are a number of nice product additions or extensions to keep the sales forces busy for a few weeks. It's our observation that most companies serving the companion animal veterinary market are expanding their sales forces to increase the face time in front of the buyers and influencers within the clinics. Will the clinics have more time available to meet with these increased numbers?

We're currently in the process of developing a presentation on what the animal health and nutrition markets are likely to like in 2015. This is an interesting exercise which we'd be pleased to share with you and your management teams in the next few weeks and months.

Have a great weekend!!

Ron Brakke

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