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**Brakke Consulting's  
Animal Health News & Notes for July 21, 2006**  
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IN THE NEWS:

earnings news

[Elanco](#)  
[Fort Dodge](#)  
[Immucell](#)  
[Intervet](#)  
[Pfizer](#)  
[Virbac SA](#)

other news

[Agrolabo](#)  
[Aves Product](#)  
[Beaphar](#)  
[Direct Pet Health Holdings](#)  
[DMS Labs](#)  
[Gimborn](#)  
[Laboratoires Veterinaires ICC](#)  
[Leonard Green](#)  
[LitterWorks](#)  
[Med-Pharmex](#)  
[MWI](#)  
[PETCO](#)  
[Texas Pacific Group](#)

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**COMPANY EARNINGS RELEASES**

> **Pfizer** reported results for the second quarter of 2006. Animal Health revenues were \$583 million, an increase of 1% compared to \$578 million in the second quarter of 2005. *(PRNewswire)*

> Akzo Nobel reported results for the second quarter of 2006. Revenues at **Intervet** edged higher to EUR 280 million (\$351 million), while the ongoing business achieved autonomous growth of 6%. The companion animals portfolio achieved accelerated market penetration. Double-digit revenue growth was achieved in Latin America. *(company website)*

> Wyeth reported results for the 2006 second quarter and first half ending June 30, 2006. Worldwide net revenue for **Fort Dodge Animal Health** increased 11% for the 2006 second quarter to \$272 million, due to higher sales of companion animal and livestock products, partially offset by lower sales of equine products. *(company press release)*

> **Virbac SA** reported results for the second quarter and first half of 2006. Provisional net sales for the quarter were EUR 100 million (\$125 million), an increase of 5% compared to the second quarter of 2005. Sales for the first half of 2006 were EUR 192 million (\$241 million), an increase of 9% compared to the prior year comparable period. For the first half, sales of food animal

products increased 14% at constant exchange rates, while sales of companion animal products increased 6%. (*company website*)

> Eli Lilly reported results for the second quarter of 2006. Animal Health division **Elanco's** worldwide sales were \$201 million, flat compared to the second quarter of 2005. (*company website*)

> **ImmuCell** Corporation announced the results of its operations for the three month period ended June 30, 2006. For the three months ended June 30, 2006, product sales decreased by 12% to \$749,000, in comparison to the same period in 2005. The Company recognized net income of \$16,000 for the three months ended June 30, 2006, compared to net income of \$79,000 during the same period in 2005. (*company press release*)

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### **AnimalHealthJobs.com** **62 Jobs Posted**

When was the last time you visited AnimalHealthJobs.com to browse the posted jobs? There are a variety of positions posted, including sales, technical services, regulatory and R&D, and others.

[www.AnimalHealthJobs.com](http://www.AnimalHealthJobs.com)

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### **COMPANY NEWS RELEASES**

> **MWI Veterinary Supply** Inc. announced it has priced a public offering of about 3 million shares at \$32.25 per share. The company plans to use the proceeds of the offering to repay debt and for general corporate purposes. (*Reuters*)

> The FDA amended the animal drug regulations to reflect approval of an abbreviated new animal drug application (ANADA) filed by **Med-Pharmex**, Inc. The ANADA provides for oral use of ivermectin paste in horses for treatment and control of various internal parasites or parasitic conditions. (*AnimalNet - Federal Register*)

> US veterinary blood typing firm **DMS Laboratories** and Italian animal diagnostic/nutritional company **Agrolabo** have announced that they are dissolving their joint venture company, DMS/Agrolabo Products. Agrolabo will now be responsible for most of Europe and Japan. DMS will be responsible for the rest of Asia, the Americas, the UK and Ireland, some of Eastern Europe, Africa and Australia. (*Animal Pharm*)

> **Leonard Green & Partners** and **Texas Pacific Group** agreed to buy **Petco Animal Supplies** Inc. for about \$1.68 billion in cash, marking the second time in six years they have helped take the retailer private. The private equity firms will pay \$29 per share in cash, a 49% premium to last Thursday's NASDAQ closing price of \$19.45. (*Reuters*)

> **LitterWorks** announced the launch of the new LitterWorks LW505-LMS, the world's first and only litter-box with a power ventilated filtered hood, which effectively removes odor and gases from the litter area and then cleans the air prior to re-circulating it back into the home. The LW505-LMS also features LitterWorks' sanitary built-in bagging system that prevents cat owners from coming into contact with cat waste by channeling it through a disposal chute and into a continuous feed plastic bag located below the litter area. (*Business Wire*)

> Bethel Holdings, Inc. has registered a company name change to **Direct Pet Health Holdings, Inc.** Direct Pet Health Holdings is an innovative, fully funded, and financially stable new corporation that offer innovative pet health insurance products and services at discounted prices to consumers, corporations, and organizations. (*Business Wire*)

> GERMANY Süd-Chemie announced it has sold pet products company **H. von Gimborn GmbH** to the German private equity firm, capiton AG. The transaction, valued at EUR 28 million (\$35 million), closed on June 20, 2006. H. von Gimborn GmbH, based in Emmerich, Germany, is a provider of premium pet care and petfood products in Western Europe. (*PetFood industry newsletter*)

> FRANCE **Beaphar B.V.** has announced that it has acquired 100% of the shares of **Laboratoires Veterinaires ICC** in France. ICC is specialized in the sales and development of veterinary medicines for the European market. Beaphar B.V. also announced the acquisition of 100% of the shares of **Aves Product B.V.**, a company specialized in the development and manufacturing of bird food and bird care products. (*PETS International*)

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## **ANIMAL HEALTH NEWS**

> US - AH MEETING The Kansas City Animal Health Corridor announced it is holding a Homecoming meeting for animal health industry executives and leaders in conjunction with the Central Veterinary Conference on Monday, August 28, 2006. Featured speakers will include Dr Charles Lambert of the USDA and Ron Brakke. (*association press release*)

> WORLD - NEW ANIMAL DISEASE CENTER USDA will assist the United Nations' Food and Agriculture Organization to launch a crisis-management center that will enhance worldwide response to animal disease. The Center will begin operations by the end of this month at FAO headquarters in Rome, Italy. The Crisis Management Center will provide animal-disease analysis and information and deploy international resources to prevent and contain dangerous animal diseases. It will first focus on highly pathogenic H5N1 avian influenza. (*Pork Alert*)

> US - BSE SURVEILLANCE REDUCED USDA will reduce the number of cattle it tests for BSE to about one tenth of the number it has tested during its expanded surveillance program of the past two years. The number of higher-risk cattle tested will drop from about 1,000 per day to about 100 per day, or 40,000 per year. USDA held that after testing 759,000 cattle over two years and finding only two new cases of BSE, there was nothing to gain from testing at such a level. The move conforms with best science and far exceeds recommendations from the World Organization for Animal Health (OIE). But both Japan and South Korea have let it be known that they were dismayed that the US would scale back its surveillance program just as both countries were in the process of reopening trade in US beef. (*Meating Place*)

> US - DROUGHT CONTINUES Drought conditions are expanding in several areas according to the National Oceanic and Atmospheric Administration. NOAA's Climate Prediction Center issued a report noting the expansion of drought conditions affecting parts of the northern Plains and Upper Mississippi Valley. The report says drought in those areas is likely to continue and may expand across eastern Montana, Minnesota, the Dakotas and parts of Iowa. The report indicates drought also will persist over much of the central and southern Plains, while recent rains have helped conditions in the Southwest and Colorado. (*Pork Alert*)

> AUSTRALIA - HOG TRACEABILITY The Australian pork industry has introduced a voluntary traceability program called PigPass, a paper-based system due to be phased in by year-end. Under PigPass, a national vendor declaration and waybill will have to be filled out by farmers,

transporters, slaughterhouses, sale yards and other buyers every time hogs are moved or sold, and the records must be safeguarded at each step. (*Meating Place*)

> US - NEW BEEF BRAND Professional golfer Greg Norman has introduced a new luxury brand of Australian beef - Greg Norman Australian Prime - to the US market. The brand's flagship product is Greg Norman Signature Wagyu, a 350-day, grain-fed, super premium line of Wagyu beef. The line also includes Greg Norman Premium, which is 120-day, grain-fed beef, and Greg Norman 100 percent Australian beef patties and hot dogs. GNAP is produced in partnership with Australian Agricultural Co. (*Meating Place*)

> CANADA - OMEGA-ENRICHED CHICKEN A professor at the University of Guelph has already enriched eggs with omega-3 fatty acids and is now leading an effort to do the same with chicken. He has identified various poultry feed combinations that can be given to chickens to add heart-healthy fatty acids to the animals' meat without affecting flavor. (*AnimalNet - Canadian Press*)

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### **BRAKKE CONSULTING VIEWPOINT**

The first companies have begun reporting their second quarter sales, and results are generally positive. While there is an indication that the year-over-year increases in sales are slowing, it is still quite positive for most companies. We hear similar positive reports from the distribution channel and retail outlets. While the drought and hot temperatures might cool the year's prospects a bit, we continue to see and project growth in the second half of the year.

We would encourage our animal health senior executive friends to set aside the evening of August 28, 2006 to attend the Kansas City Animal Health Corridor Homecoming meeting at the Stowers Institute for Medical Research in Kansas City. Kansas City is home to more animal health-related companies than any other city, and offers many benefits. If you're considering expanding or building new facilities, moving your corporate or divisional headquarters, or need a central US location from which you can operate efficiently, you should consider Kansas City. We look forward to seeing you at the Central Veterinary Conference and the Animal Health Homecoming event in Kansas City.

Have a great weekend! Keep Cool!

*Ron Brakke*

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