
**Brakke Consulting's
Animal Health News & Notes for August 18, 2006**
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COMPANY EARNINGS RELEASES

> **Virbac Corp** reported record second quarter revenues of \$25 million, an increase of 13% on the second quarter of 2005. Net income for the quarter was \$3.2 million, compared to net income of \$2.2 million in the second quarter of 2005. (*company press release*)

> **PetSmart, Inc.** reported net income of \$34.6 million for the second fiscal quarter of 2006, compared with net income of \$35.7 million for the second quarter of fiscal 2005. Net sales for the second quarter of 2006 were \$1.0 billion, compared to \$899 million for the same period in 2005, and comparable store sales grew 4.9% in the second quarter. Pet services sales were \$98.1 million, up 28% from the same period last year. PetSmart opened 22 new stores and closed one location during the second quarter of 2006. (*Business Wire*)

> **PETCO Animal Supplies, Inc.** reported net sales of \$531.1 million in the second quarter of fiscal 2006, an increase of 10% from the year-earlier period. Comparable store net sales increased 3.4%. Sales in the company's Services business in the second quarter increased 20% over the same period last year. Net earnings in the second quarter 2006 were \$9.9 million, which include after-tax merger-related costs of \$4.5 million. (*company website*)

> **Biopure Corporation** announced its financial results for the third fiscal quarter ended July 31, 2006. Total revenues for the third quarter of 2006 were \$396,000, including \$312,000 from sales of Biopure's veterinary product Oxyglobin, compared to Oxyglobin sales of \$358,000 in the third quarter of 2005. (*PRNewswire*)

> **Hartville Group, Inc.**, formed to reinsure pet health insurance marketed by the Petsmarketing Insurance.com Agency, announced financial results for the Company's second quarter of 2006. Gross revenue for the three months ending June 30, 2006 of \$1.4 million was 33% higher than

revenue for the comparable period in 2005. The net loss for the three months ending June 30, 2006 was (\$2.7 million), compared to a net loss of (\$2.3 million) for the comparable period in 2005. (*Business Wire*)

> **Cargill** reported results for its fiscal year ended May 31, 2006. Excluding special items in both years, Cargill earned a record \$1.73 billion in 2006, up 13% from \$1.53 billion a year ago. Although the food ingredients and applications segment lagged the year-ago level, earnings advanced in several of Cargill's edible oils, sweeteners, meat and poultry businesses around the world. Revenues for the full year rose 6% to \$75.2 billion. (*company website*)

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COMPANY NEWS RELEASES

> **Pfizer** announced that Pedro Lichtinger has been promoted from his post as president of Pfizer Animal Health, and will assume responsibility for Pharmaceutical Operations in Europe. The new head of Pfizer Animal Health has yet to be announced. The appointee will report to vice-chairman David Shedlarz, in a change to the previous arrangement where Mr. Lichtinger reported directly to former chief executive Hank McKinnell. (*Animal Pharm*)

> **Nestle Purina Petcare** announced the launch of Fortiflora Canine and Feline Nutritional Supplements for the dietary management of dogs and cats with diarrhea. Fortiflora supplements contain the probiotic *Enterococcus faecium* SF68, proven to promote normal intestinal flora, in a proprietary microencapsulated formulation. (*company information*)

> Patterson Companies, Inc. announced the resignation of Jeffrey H. Webster, president of Patterson's **Webster Veterinary Supply** unit. His resignation is effective immediately, but to ensure a smooth management transition, he will remain as a consultant with Webster Veterinary through the end of the current fiscal year in April 2007. Patterson named George L. Henriques as Webster Veterinary's new president. Previously Webster's chief information officer, Henriques has been with the company for six years. (*Business Wire*)

> **Allflex USA** announced the approval of ISO Radio Frequency Identification (RFID) livestock identification tags by the USDA for use in the National Animal Identification System (NAIS). Both the Allflex Ultra High Performance Half Duplex and the Allflex Ultra Full Duplex tags have been validated for use in the NAIS, making Allflex the only company to offer livestock producers two RFID technologies that conform to the NAIS supplementary identifier standards. (*AnimalNet - Cattle Network*)

> **PETCO Animal Supplies**, Inc. announced that it has received early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 in connection with the company's pending acquisition by an affiliate of private equity investment firms Texas Pacific

Group and Leonard Green & Partners, L.P. for \$29.00 per share in cash, or a total transaction value of approximately \$1.8 billion (including assumed debt). The transaction remains subject to the receipt of stockholder approval as well as the satisfaction of customary closing conditions. The transaction is expected to close by the fourth quarter of 2006. *(PRNewswire)*

> NEW ZEALAND **Catapult Systems** announced the launch of MyoMAX, a genetic test to help farmers breed sheep with leaner, meatier carcasses. MyoMAX is the firm's fifth genetic test. *(Animal Pharm)*

> BRAZIL Brazilian feed firm **M. Cassab** announced the creation of a new animal health division. The division will start with products from its existing portfolio of premixes, supplements and feed, and initially concentrate on poultry and pigs. *(Animal Pharm)*

ANIMAL HEALTH NEWS

> US - LOW PATHOGENIC AVIAN INFLUENZA Routine surveillance has indicated the presence of H5 and N1 avian influenza subtypes in samples from two wild mute swans in Michigan, but testing has ruled out the possibility of this being the highly pathogenic H5N1 strain. The swans were sampled as part of the expanded avian influenza surveillance program, and were showing no signs of sickness. *(Farm Futures)*

> US - DROUGHT AFFECTING CATTLE HERDS Cattle herds from North Dakota to southern Texas are shrinking, as farmers unable to feed their animals are taking them to auction, in some cases selling off breeding stock that took decades to accumulate. Grazing has become impossible in many areas. *(Meating Place)*

> US - VESICULAR STOMATITIS The National Veterinary Services Laboratories (NVSL) in Ames, Iowa confirmed vesicular stomatitis in a 10-year-old horse on a premises in Natrona County, Wyoming. This is the first confirmed case of vesicular stomatitis (VS) in the US in 2006; the last case of VS was confirmed in late 2005. *(TexVetMed)*

BRAKKE CONSULTING VIEWPOINT

It did not take a lot of time this week to prepare the newsletter. Many managers in the industry have been taking the final summer vacation instead of creating news items. Or, if you're as hot as we are in Texas, you've spent the week trying to keep cool. The heat and drought are really taking a toll in some parts of the country on animal protein production as noted in the news.

We'd like to congratulate Pedro Lichtinger on his promotion, and wish him the best in his new position. Pedro will be greatly missed by the animal health industry.

We wish you a quiet and cool weekend!!

Ron Brakke

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