
**Brakke Consulting's
Animal Health News & Notes for August 25, 2006**
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Editor: Lynn Fondon, DVM, MBA

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COMPANY EARNINGS RELEASES

> **Dainippon Sumitomo Pharma** reported a decline in net sales of its animal science division, in fiscal 2005 ending March 31, 2006. Sales decreased by 3.3% to YEN 26.4 billion (US\$249 million) compared with last year. The company said that the decrease was mainly due to the termination of its distribution agreement with Merial Japan on small animal products, including Cardomec (ivermectin) and Enacard (enalapril), in 2004. (*Animal Pharm*)

> **Synbiotics** Corporation announced that it recorded a 7% increase in revenues for the first six months of 2006 compared with the same period in 2005. Revenues for the first six months totaled \$10.8 million compared with \$101 million for the same period last year. Sales growth was led by the company's avian influenza line. (*company press release*)

> Teva reported that revenues for its animal health business were \$78 million for the first half of 2006. Teva's animal health business includes **IVX Animal Health** and **Abic Biological Laboratories**. (*Animal Pharm*)

> Patterson Companies, Inc. reported results for the first quarter of fiscal 2007 ended July 29, 2006. Sales of the **Webster Veterinary Supply** unit increased 17% in the first quarter of fiscal 2007 to \$100 million. (*Business Wire*)

> **Nestle SA** reported results for the first six months of 2006. the Petcare division reported organic growth of 6.6% as sales grew to CHF 5,530 million (\$4,436 million), performing well in all zones. *(company press release)*

> **Smithfield Foods** reported that its profits for the first quarter, ended July 30, fell to \$24.6 million, down from \$49 million a year ago. Sales fell by 5% to \$2.77 billion from \$2.93 billion. The company blamed low hog prices and the impact of various sales and acquisitions, including an impairment due to the upcoming sale of its Brazilian live hog operations. *(Meating Place)*

> **Swift & Co.** profits slipped to \$6 million in 2006, compared to \$163 million a year ago, on an EBITDA basis. Sales also fell, to \$9.35 billion from \$9.66 billion. Beef sales dipped slightly to \$5.58 billion from \$5.60 billion, and losses increased to \$97 million from \$65 million during the year. Pork sales fell 7.7% to \$2.07 billion from \$2.24 billion, with earnings falling to \$73 million from \$112 million on an operating basis. *(Meating Place)*

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COMPANY NEWS RELEASES

> **Intervet** announced that it has received FDA approval for Zilmax (zilpaterol hydrochloride), a product designed to improve production efficiencies in beef cattle during the last phase of the feeding period. Commercialization will begin in 2007. *(company press release)*

> **Intervet** announced that its Vista cattle vaccine has received USDA approval for a new label claim. Vista now is the only modified-live vaccine (MLV) for cattle labeled as an aid in the prevention of Fetal Infection, including persistently infected (PI) calves caused by Bovine Viral Diarrhea (BVD) Type 1. *(company press release)*

> **Pilgrim's Pride Corp.** announced a proposal to acquire **Gold Kist Inc.** for \$20 per share, or \$1 billion, plus the assumption of \$144 million of Gold Kist debt. The merger would combine the second- and third-largest chicken companies in the US and establish the largest chicken producer in the country, with almost 25% of the US market, surpassing the capacity and share of **Tyson Foods Inc.** *(feedstuffs online)*

> The **Bramton Company** announced the completion of its acquisition of **Tame Products** and its Bags on Board line of products for an undisclosed amount. The acquisition will advance Bramton's position as the leader of the pet industry's waste management category. Financial terms were not disclosed. *(Business Wire)*

> UK **Genitrix** announced the launch of Irap, a new joint therapy for horses. Irap works by culturing the horse's own blood to produce autologous conditioned serum, therapeutically active quantities of anti-inflammatory and regenerative cytokines. These are then injected back into the horse's joints and tendons, where they reduce inflammation and promote healing. (*Animal Pharm*)

> UK - **Alstoe** has gained UK approval for the use of its canine pain control product, Vetergesic (buprenorphine), in cats. The company recommends using the drug as part of premedication to provide both peri- and postoperative pain control. (*Animal Pharm*)

ANIMAL HEALTH NEWS

> CANADA - BSE The Canadian Food Inspection Agency confirmed another case of BSE in a mature beef cow from Alberta. Preliminary information provided by the owner and an examination conducted by a private veterinarian estimate the animal's age was between eight and 10 years of age. Based on this range, exposure to the BSE agent likely occurred either before the feed ban's introduction or during its early implementation. The CFIA will conduct a complete epidemiological review of this case. (*Drovers Alert*)

> US - MEAT HYGIENE The FDA approved the use of a blend of viruses that eat bacteria for use as an anti-listeria agent in the processed meat industry. The blend can be sprayed directly on processed meat products such as cold cuts, hot dogs and the like, and is marketed by a company called **Intralytix Inc.** The product is being regarded as a food additive, and will not be part of a product label. The viruses are bacteriophages, and they attack only listeria bacteria and are non-reactive to plant and animal cells. Most are found in the human digestive system. (*Meating Place*)

> US - VET SCHOOL RECEIVES FUNDING FOR DIAGNOSTIC CENTER New York state will provide \$50 million dollars to help Cornell University build a new \$80-million Animal Diagnostic Center at the school's veterinary college. It will conduct diagnostic testing and research on infectious diseases like swine flu, west Nile virus, avian flu, chronic wasting disease and BSE. The facility also will consolidate all of Cornell's existing diagnostic facilities. The center will be a Biosafety Level-3 facility. Construction is scheduled to begin in early 2008 with completion set for 2010. (*Pork Alert*)

> US - ID TAGS TO INCLUDE ENROLLMENT COSTS The US Animal Identification Organization (USAIO) reported that two US makers of high-tech ear tags for livestock will sell models that include the cost to producers of enrolling their herds in a nationwide tracking system to combat mad cow disease. The agreements with ear tag makers **Allflex USA** and **Destron Fearing (Digital Angel)** would help spread the cost of the tracking system throughout the meat industry. Allflex said it would sell tags carrying the USAIO logo allowing any owner of cattle bearing this logo to enter data into the USAIO repository for free for the lifetime of that animal. (*Reuters*)

> EUROPE - TSE INCIDENCE Transmissible spongiform encephalopathies are still present in the EU, but the incidence of infection is low. The European Union's health and consumer protection directorate-general reports it tested 10,113,559 cattle, 349,340 sheep, and 265,489 goats in the EU for transmissible spongiform encephalopathies (TSE). Of these animals, 561 cattle, 2906 sheep, and 989 goats tested positive for TSE. (*AnimalNet - Meatnews*)

BRAKKE CONSULTING VIEWPOINT

The financial results at Smithfield and Swift indicate it is a tough time to be in the meat business, unless you want to buy a competitor in order to take over the #1 spot, as Pilgrim's Pride is doing with Gold Kist. With a new case of BSE in Canada and Drovers reporting that feedyard placements were up 17% in July, there appears to be plenty of supply selling into what might be a skeptical consumer market (that has also had its budget drained to pay for fuel). I wonder what the consumer reaction might be to the use of viruses that are conveniently left off the labels of packaged meat. One piece of free consulting advice to those considering using the bacteriophages: don't call them viruses.

We finally had some decent rain this week in north Texas and hope other drought-stricken areas have also gotten relief. This weekend I make my umpteenth trip from Dallas to Austin. Last year when I made the same trip, the field crops were burnt up. I expect the same this trip.

Hook'Em

John Mannhaupt

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Brakke Consulting, Inc.
2735 Villa Creek, Suite 140
Dallas, TX 75234 USA