
**Brakke Consulting's
Animal Health News & Notes for August 26, 2005**
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IN THE NEWS:

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COMPANY EARNINGS RELEASES

> Patterson Companies, Inc. reported results for the first quarter of fiscal 2006 ended July 30. Sales of the **Webster Veterinary Supply** unit increased approximately 9% in the first quarter of fiscal 2006 to \$85 million on a comparable basis. The positive impact of the October 2004 acquisition of Milburn Distributions on Webster's first quarter sales was largely offset by the loss of revenues related to two factors: the decision by the manufacturer of ProHeart 6 to voluntarily recall this product in last year's third quarter and the impact of the extra week in last year's first quarter. (*Business Wire*)

> **PETsMART**, Inc. reported net sales of \$899 million in the second quarter of fiscal 2005, which ended July 31, 2005, up 11.6% from the same period in 2004. Comparable store sales grew 4.2% in the second quarter. Net income was \$35.7 million for the second quarter, compared with net income of \$29.1 million for the second quarter of fiscal 2004. (*company website*)

> **PETCO Animal Supplies**, Inc. reported financial results for the second quarter ended July 30, 2005. Net sales in the second quarter of fiscal 2005 were \$482.7 million with a comparable store net sales increase of 2.5%. Overall, net sales increased 10.1% over the second quarter of fiscal 2004. Net earnings for the second quarter of fiscal 2005 were \$18.0 million compared with net earnings of \$19.3 million in the year-earlier period. (*company website*)

> **Smithfield Foods** Inc. indicated that its profit fell 11% in the fiscal first quarter due to weakness in the pork market and its overseas division. In the three months ending July 31, net income for the company declined to \$49 million from \$54.9 million a year ago. Sales totaled \$2.96 billion, a gain of 12% from a year earlier. (*Meating Place*)

> **Ridley** Inc. reported net earnings of \$10.7 million on sales of \$479 million for its 2005 fiscal year ended June 30. For its fourth quarter, the company reported earnings of \$1.0 million on sales of \$109 million. Ridley said the economics for livestock production have been favorable

throughout 2005 and continued to be positive into the fourth quarter, but health care, energy and transportation costs have been rising steeply. (*Feedstuffs*)

> **Cargill** reported net earnings of \$2.1 billion for the 2005 financial year, which included a non-cash net gain of \$578 million realized in the second quarter. Revenues for the full year rose by 13% to \$71.1 billion. (*Wattnet Meatnews*)

> **Sanderson Farms** reported drops in both net income and net sales for the third quarter ended July 31. Net income for the quarter was \$24 million, compared with \$34 million during the same period a year ago. Net sales were \$265 million, compared with \$294 million during third quarter 2004. (*Meating Place*)

> **Swift & Co.** reported net sales of \$9.7 billion for its fiscal year 2005 ended May 29, up 2% compared with fiscal year 2004. Continued strong net sales increases in its Australian beef and US pork segments more than offset a net sales decline in its US beef segment. (*Meat & Poultry*)

Brakke Consulting, Inc.
Executive and Sales Force Recruiting

BCI offers unique recruiting services for our Animal Health clients. This is accomplished because our recruiters all have a minimum of 25 years industry experience in various sales and management positions. They have all worked in the positions where the recruiting takes place. They have also contributed to the process of various sales and marketing studies and consulting. We also attend most animal health conventions and functions which result in solid business relationships with most industry managers. For these reasons our recruiting work is more efficient and precise in identifying well qualified candidates. To contact one of our offices, visit our website at www.brakkeconsulting.com

COMPANY NEWS RELEASES

> AUSTRALIA **NutriVision** announced that it has set up a sister company known as NutriVision Pty Ltd in South Australia. The startup will give technical support to the company's 10-year strategic plan to develop the South Australian pork industry. (*Feedstuffs*)

ANIMAL HEALTH NEWS

> US - CANADIAN BEEF RECALLED Canadian beef banned under BSE rules was shipped to wholesalers in a half-dozen states and is now being recalled by a Wisconsin beef plant. Inspectors in Ontario had determined the cow was eligible for shipment to the US, but a Canadian audit two weeks later said the cow was too old to be allowed across the border. The US restricts shipments to younger animals under 30 months of age because infection levels from BSE are believed to rise with age. (*CTV.ca*)

> JAPAN - LIFTING OF US BEEF BAN DELAYED Japan's Food Safety Commission announced that it needs to study further the potential risk of imported American beef being infected with BSE before reopening its markets to the product. A FSC special panel evaluated so-called "worst-case scenarios" involving the chances of importing BSE-adulterated American beef, with opinions among the panel varying widely on the question of lifting the ban of US beef imports. (*Meating Place*)

> US - TEXAS RECEIVES FUNDS FOR TB ERADICATION The Texas Animal Health Commission received \$500,000 from the USDA to help the state regain its tuberculosis-free status. The state's efforts employ a five-prong program that includes testing of dairy, purebred and seed stock herds. This month, officials report testing more than half of the targeted 2,400 purebred and seed stock herds in Texas. The goal is to complete testing by the end of the year. Michigan and Texas are the only states currently without the TB-free status. (*DVM Newsmagazine*)

BRAKKE CONSULTING VIEWPOINT

You can tell by the length of the newsletter that many of you are completing your summer vacations. With Labor Day weekend just around the corner, you need to be putting the final touches on your 2006 plans and budgets. Will 2006 be a repeat of 2005? Hopefully, we can keep the positive growth in sales and profits, but be sure to put some adjustments in for energy prices. We're of the opinion that the economy will be impacted negatively sooner or later.

I've been spending the last few days of this week at the Banfield Pet Healthcare Industry Summit in Portland. Dr. Scott Campbell and his management team have organized an excellent meeting for the participants. The industry issue that was addressed at this Summit was the declining revenue in feline medicine. Those involved in the meeting discussed and made recommendations related to how to increasing feline medicine. This is an area of opportunity for manufacturers, distributors and practicing veterinarians to work together to create new revenue.

I'm sure we'll see many of you in Kansas City this weekend at the Central Veterinary Conference.

Have a great weekend.

Ron Brakke

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