
Brakke Consulting's
Animal Health News & Notes for August 27, 2004
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COMPANY EARNINGS RELEASES

> **Dainippon** reported that sales for its Animal Science Division for the year ending March 31, 2004 rose by 6.4% to Yen 28,499 million (\$259 million) compared with fiscal 2002. The division sales accounted for 18% of the company total sales. All sector sales increased significantly from 2002. The increase is mainly due to the acquisition of the animal health business of Tanabe Seiyaku in November 2002. (*company information*)

> Patterson Companies, Inc. reported results for the first quarter of fiscal 2005 ended July 31, 2004. Sales for the current quarter include the impact of an extra or fourteenth week in the first quarter. Sales of the **Webster Veterinary Supply** unit increased 22% in the first quarter to \$75 million. The positive impact of the April 2004 acquisition of ProVet and the extra week in the 2004 offset the conversion of a temporary pharmaceutical distribution agreement into an agency arrangement in last year's third quarter. After adjusting for these factors, Webster's internal sales were unchanged in this year's first quarter. (*Business Wire*)

> **Smithfield Foods** Inc. reported results for the first quarter ended August 1, 2004. Earnings in the first quarter were \$54.9 million, up from \$22.1 million last year. The company stated that improved profitability in hog production and strong results in pork offset lower beef earnings. Sales were \$2.65 billion, compared with \$1.98 billion a year ago. Pork sales rose to \$1.76 billion from \$1.13 billion last year, and hog production sales increased to \$527.2 million from \$335.7 million a year ago. (*AP*)

> **Sanderson Farms** reported third quarter earnings that nearly doubled from the same period last year but still missed analysts' expectations. The company said it earned \$33.9 million during the third quarter, compared with \$15.4 million in third quarter 2003. Third quarter sales rose to \$293.9 million from \$232.2 million last year. (*Meating Place*)

> **Gold Kist** reported fourth quarter earnings nearly triple what the broiler company reported for the same period a year ago. For the fourth quarter ended June 26, 2004, Gold Kist's net margins were \$54.1 million, compared with \$14.6 million in the fourth quarter of 2003. This year's fourth quarter sales were \$631.5 million, compared with \$490.6 million for the year-earlier period. For the fiscal year ended June 26, the company reported net margins of \$110.9 million, compared with a net loss of \$51.5 million for the previous year. The company attributed the increased margins for the year to higher broiler selling prices, partially offset by higher feed ingredient costs. (*Meating Place*)

BRAKKE CONSULTING, INC.
Pet Dental Market Study - Act Now to Receive Discount

There are just a few days left to take advantage of the special early order discount for Brakke Consulting's comprehensive new study of the companion animal dental market.

The study investigates the markets for foods, treats, chews, toys, rinses, gels, pastes, sprays, therapeutic products and veterinary equipment. Qualitative and quantitative research will be conducted among both pet owners and veterinarians on such topics as:

- Prevalence of periodontal disease in dogs and cats
- Economic importance to veterinarians
- Pet owner expenditures on dental products
- Products currently recommended by veterinarians
- Products, including OTC, most commonly used by pet owner
- Levels of performance and satisfaction
- Revenue potential for current and future products
- Overall market growth potential

Research is scheduled for Fall 2004 with a full report by January 2005. The study is available for \$9,500, with a 10% discount for companies that order by Sept. 1, 2004 and pay 50%.

Brakke Consulting is conducting the research in collaboration with Market Directions, a Kansas City-based research firm with extensive experience in the animal health market. For more information, or to subscribe to the Brakke Companion Animal Dental Market Study, email John Volk at jvolk@brakkeconsulting.com

COMPANY NEWS RELEASES

> **Pfizer** announced the launch of two new antibiotic products for production animals: Excede for cattle and Excede For Swine. Excede (ceftiofur) Sterile Suspension is a new long-lasting antibiotic for the control and treatment of bovine respiratory disease caused by *Mannheimia haemolytica*, *Pasteurella multocida* and *Haemophilus somnus* in beef cattle and non-lactating dairy cattle. Excede for cattle is administered subcutaneously in the middle one-third of the back of the ear, offering the opportunity to avoid carcass blemishes. Excede for Swine indicated for the treatment of swine respiratory disease (SRD) associated with *Actinobacillus pleuropneumoniae*, *Pasteurella multocida*, *Haemophilus parasuis* and *Streptococcus suis*. (*company press release*)

> **Alltech** Inc. announced that FDA had approved Sel-Plex selenium yeast supplement for use in equine complete feeds. Used in the US food animal sector since 2000, availability of Sel-Plex for equine feeds extends the ways in which nutritionists and horse owners can provide optimum nutrition for optimum performance. (*company press release*)

> **Synbiotics** Corp. announced that the USDA has approved their Witness FeLV antigen test kit. The kit rejoins Synbiotics' Witness line of veterinary diagnostics that includes the Witness HW canine heartworm antigen test and the Witness Relaxin pregnancy test for dogs and cats. Witness FeLV utilizes Rapid Immuno Migration (RIM) technology, similar to that found in home pregnancy test kits, to simplify the testing procedure. Its small sample size makes it ideal for testing young kittens or uncooperative adults. (*Business Wire*)

> **The Iams Company** announced the opening of a state-of-the-art magnetic resonance imaging (MRI) center on the campus of North Carolina State University (NCSU). The Iams Pet Imaging Center will serve a dual purpose: practicing veterinarians in the Raleigh area and North Carolina region will be able to refer to the new service, and students will be able to see MRI early in their careers. The North Carolina facility is the second Iams Pet Imaging Center, with the first opening near Washington, D.C. in early 2002. (*PRNewswire*)

> **IOWA Quality Beef** announced it has suspended operations at its Tama, Iowa, plant 13 months after starting. The company cited BSE-impacted market and financial conditions for the suspension. The operation particularly depended on export markets into which to sell high-grade beef. IQB hopes to resume operations in the very near future. (*press release*)

> **DuPont Animal Health Solutions** has been created by DuPont, following its acquisition of biosecurity enterprises **Antec International** (in the UK) and the animal health assets of **BioSentry** in the USA. It will supply all programs previously offered by these companies and is extending international personnel for sales and technical support. (*Pig enews*)

> **Del Monte Foods** announced the return of Morris the Cat, after 12 years out of the spotlight, as part of the relaunch of 9Lives cat food. Morris' return to America's television sets begins August 30, 2004. (*Business Wire*)

AFIA Liquid Feed Symposium

Today is the last day for early registration for the AFIA Liquid Feed Symposium. The symposium begins with a session addressing "What's New in the Industry" on Wednesday, September 8 and runs through Friday, September 10 in San Antonio.

You can register online at www.afia.org.

ANIMAL HEALTH NEWS

> **CHINA - AVIAN INFLUENZA IN PIGS** The director of China's National Avian Influenza Reference Laboratory announced that it has made the first-ever discovery of avian influenza H5N1 strain in pigs. The H5N1 strain of the virus was found in pigs in 2003 and again in 2004, in different areas of China. However, the Chinese government stated that the virus has not infected Chinese pigs in 2004, admitting only that the AI strain did infect some pigs last year. (*AnimalNet - Agence France Presse; Wattnet Meatnews*)

> **US - PHAGES IN SWINE** A bacteriophage invented and patented by researchers at Iowa State University is the first phage to control the spread of *Salmonella* in swine, and to prevent the

bacterium from developing into a vehicle of foodborne illness. The Felix 0-1 phage can be given to swine until about 3 hours before slaughter and still be effective in controlling *Salmonella* infection. The Felix 0-1 phage can also be applied to the surface of the finished pork product to reduce *Salmonella* contamination. (*AnimalNet - press release*)

> PET ASSOCIATION ALLIANCE The World Wide Pet Supply Association announced that it has agreed with Wirtschaftsgemeinschaft Zoologischer Fachbetriebe GmbH to form an international partnership to address problems faced by the global pet industry. WWPSA produces the Superzoo and America's Family Pet Expo trade shows, while WZF products the international Interzoo trade show. (*Pet Product News*)

> US - PET LEGISLATION Proposed California legislation that would have banned cosmetic ear-cropping of dogs has been deleted from its associated bill. California would have been the first state to ban ear cropping, placing both the individual performing the procedure and the one procuring the procedure in violation of the law. The American Kennel Club lobbied against the measure, while the California Veterinary Medical Association supported the ban. (*Pet Product News*)

BRASSE CONSULTING VIEWPOINT

My mother was born on August 26, 1920, the very day the 19th Amendment to the Constitution was adopted, giving women the right to vote. What an innovation: inviting half the adult population into the political discussion. Such a diversification of viewpoints certainly has strengthened our democracy. Yet today we read and hear in news reports that something called "group think" was responsible for our government misinterpreting vital intelligence.

Can companies suffer the same fate? This is important to us in two areas of our practice: recruiting and consulting. Does the "industry experience" requirement for new hires stifle innovation? What can a manager do to break the cycle?

One rather inexpensive solution is to invite a consultant to a meeting for a day. We are the definitive outsider. And we do think about issues differently than we did when we were with companies that focused on limited sectors of the industry. In fact, our job is to keep up with trends both within and outside the industry. As Yogi Berra (reportedly) said, "the future ain't what it used to be."

John Mannhaupt, Dallas

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