
**Brakke Consulting's
Animal Health News & Notes for October 16, 2009**
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**BRAKKE CONSULTING, INC.
DUE DILIGENCE SEMINAR
OCTOBER 27 - 28, 2009
KANSAS CITY**

Brakke Consulting announces a two day seminar covering the details of due diligence, a key element in the successful acquisition of companies, assets and intellectual property.

The seminar is designed to increase a company's probability of success in a purchase or sale by providing the details to ensure that all the important phases of the due diligence process are included. Speakers at the Brakke seminar will include Ron Brakke, John Mannhaupt and Joel Adamson, Brakke personnel who are well experienced in due diligence, as well as outside speakers from the finance industry and the legal profession.

For more information on the seminar or to register, visit our website at
www.BrakkeConsulting.com

COMPANY EARNINGS RELEASES

> **Virbac SA** reported results for the third quarter of 2009. Net sales were EUR 122 million (\$178 million), a 6% increase compared to the third quarter in the prior year. (*company website*)

> **Vetoquinol SA** announced results for the third quarter of 2009. Revenues were EUR 62 million (\$90 million), an increase of 14% compared the third quarter in the prior year. The strength in sales was due to a combination of the contribution of acquisitions in Italy and India and sustained organic growth. (*company website*)

> **KMG Chemicals**, Inc. announced financial results for the year ended July 31, 2009. Animal Health generated net sales in fiscal 2009 of \$10.9 million, or 6% of total company revenues of \$191 million. This compares to net sales \$11.7 million or 7% of total company sales in fiscal 2008. (*Reuters*)

COMPANY NEWS RELEASES

> **Pfizer** and **Wyeth** announced that Pfizer has completed its acquisition of Wyeth following the receipt of regulatory approval from all government authorities required by the merger agreement and approval by Wyeth shareholders. Under the terms of the transaction, each outstanding share of Wyeth common stock has been converted into the right to receive \$33 in cash and 0.985 of a share of Pfizer common stock. (*company website*)

> **Eli Lilly & Co.** announced the sale of its Tippecanoe Laboratories manufacturing facility in Lafayette, Indiana, to Evonik Industries AG. The manufacturing site will remain in operation with a focus on producing high-quality active pharmaceutical ingredients (APIs) and specialty chemical and animal health products. In connection with the sale of the site, the two companies will also enter into a nine-year supply and services agreement, whereby Evonik will manufacture final and intermediate step API for certain Lilly human and animal health products. Financial terms were not disclosed. (*Feedstuffs.com*)

> **Vetoquinol USA** announced the launch of Rubenal to minimize the negative effects of chronic kidney disease. Rubenal is a palatable form of *Rheum officinale*, a medicinal rhubarb derived from the rhubarb plant, which has been documented to protect renal tissue. Rubenal is available in two sizes of scored tablets. (*DVM Newsmagazine*)

> **KMG Chemicals** Inc., announced that it has formed a strategic partnership with **AgriLabs** Inc. As part of the partnership, AgriLabs will bring sales, marketing and technical support to KMG Animal Health's animal insecticide product line. (*Feedstuffs.com*)

> **Animal Health Options** introduced ProtectaCell, a fatty acid and antioxidant supplement for pets predisposed to, diagnosed with or recovering from cancer. (*DVM Newsmagazine*)

> **PetAg** introduced DogSlim weight loss products. The product line includes a meal replacement powder and two bite-sized dog treats. (*DVM Newsmagazine*)

> **Neogen** reported the addition of two sizes of U-40 insulin syringes to its Ideal Instruments line of veterinary instruments. (*company press release*)

> **JBS SA** announced the US Department of Justice has approved its plan to buy 64% of **Pilgrim's Pride** for \$800 million in cash. The transaction, which represents an enterprise value of

\$2.8 billion, is subject to final approval by the bankruptcy court as part of Pilgrim's reorganization plan. Approval is expected before the end of the year. (*Meating Place*)

> **Oragenics**, Inc. launched Teddy's Pride, a probiotic breath freshener and teeth whitener created especially for dogs and cats. The active ingredient ProBiora3 contains beneficial bacteria that bind to the pet's teeth and leave no room or nutrients for the destructive bacteria to inhabit a healthy oral cavity. Odorless, tasteless Teddy's Pride Pet Oral Care is sprinkled on the pet's food daily. The product will be available in retail outlets this fall. (*Business Wire*)

> **Megastarter** announced that it will be relocating its world headquarters from South Africa to Manhattan, Kansas. Megastarter markets a product that helps cattle transition from eating grass to eating grain; the product is currently awaiting FDA approval. (*KTKA.com*)

> **Hypor**, the swine genetics division of Hendrix Genetics, announced an agreement with **LSG Health Systems**, expanding the company's reach to the US. The agreement calls for LSG to make semen from Hypor lines available to US producers, creating an increase in production and sales of Hypor F1 gilts, the announcement said. The agreement provides Hypor with a solid supply base for the America market. (*Feedstuffs.com*)

> CHINA **Merial** announced that Merial Animal Health Co. (China) held a ground-breaking ceremony for a \$70 million expansion project at its plant located in the Nanchang Hi-tech Development Zone, China. Upon completion of the expansion project, the production capacity of the Nanchang plant, which produces poultry vaccines for the domestic Chinese market, will double. (*Reuters*)

> UK **Genitrix** announced the UK launch of its first sedative for cats and dogs, Dormilan. The product contains medetomidine, an established alpha-2 agonist that provides rapid sedation and analgesia. (*Animal Pharm*)

ANIMAL HEALTH NEWS

> US - MAJON HUFF AWARD ANNOUNCED The Animal Health Institute (AHI) announced that Dr. Bruce Martin of **Bayer HealthCare** is the recipient of AHI's 2009 Majon Huff Award. Dr. Martin, who is Director of Regulatory Affairs in the Animal Health Division at Bayer HealthCare LLC, has been a member of AHI's Animal Drug Section and has chaired several working groups. He was also instrumental in helping to negotiate the Animal Drug User Fee agreements with the FDA. (*association press release*)

> US - ANIMAL EMERGENCY RESPONSE Officials in Kansas and Oklahoma are partnering to conduct the first interstate emergency response exercise that will test coordination and the logistics of implementing a stop livestock movement order issued by state animal health officials. The scenario is based on simulated outbreak of foot-and-mouth disease in the eastern US. (*Eldoradotimes.com*)

> US - CORN PRODUCTION The USDA has predicted corn yields to average 164.2 bushels per acre for the 2009/10 marketing year that began October 1, the largest corn yield in history. Total production is forecast at 13.0 billion bushels, second only to the record set in 2007 September and 8% higher than in October 2008. (*Meating Place*)

> US - E. COLI LEGISLATION A Senator from New York has announced plans to introduce what is being termed the *E. coli* Eradication Act. The legislation would require all facilities manufacturing ground beef to test their product "regularly" before it is ground and again before it is combined with other beef or ingredients. If ground beef is found to be contaminated with

Escherichia coli, then the company would have to dispose of the batch or cook it to a temperature that kills the *E. coli* bacteria. (*Feedstuffs.com*)

BRAKKE CONSULTING VIEWPOINT

There are some interesting activities reported in the newsletter this week. We now have the completion of the first major transaction (Pfizer/Wyeth). Now the integration process begins for the companies involved, and that is often the most difficult part of the process.

We still have the pending closing of the Merck purchase of Schering-Plough. Once that is complete, the clock will start to tick on whether all or parts of Intervet/Schering will become part of Merial. Other manufacturing and distribution companies are now evaluating how they will respond to having two very large competitors or suppliers in the marketplace. To say the least it's an interesting time.

I also noted that the USDA is expecting a record corn crop. In my drive from Texas to South Dakota this week I noted a lot of corn in some very wet fields so when will it be put in the bin? There will be some significant losses if the weather does not change.

As you may have guessed I'm in South Dakota for the annual harvest of the wily Ring Neck Pheasant. We have plenty of birds but lots of cover so it should be a challenging hunt in 2009. Next week I'll provide the hunter versus pheasant body count!!

Have a good weekend and stay dry!!

Ron Brakke

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