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Brakke Consulting's
Animal Health News & Notes for November 21, 2008
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2008 US FLEA CONTROL AND HEARTWORM MARKETS REPORT: ORDER NOW FOR DISCOUNT!

IN THE NEWS:

earnings news
Pet DRx
PetSmart
Webster

other news
Artimplant
BioMedtrix
Ceva
Delmarva 2000

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LAST WEEK FOR EARLY-BIRD DISCOUNT!

US FLEA CONTROL AND HEARTWORM MARKETS
2008 UPDATE

Brakke Consulting will soon be publishing our 2008 report on the US Flea Control and Heartworm Markets. Our annual survey of over 250 veterinarians will include questions regarding usage of many of the new products introduced in the past two years, as well as perceptions of trends in flea, tick and heartworm product sales. The survey also includes current sales estimates; advertising spend; and product pricing.

The report on the US Flea Control & Heartworm Markets will be available for a purchase price of $4,995 if ordered by **WEDNESDAY, NOVEMBER 26**, and $5,500 after that date.

Please contact Dr. Lynn Fondon at (972) 243-4033 or lfondon@brakkeconsulting.com to pre-order the report or for more information.

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COMPANY EARNINGS RELEASES

> Patterson Companies, Inc. reported results for the second quarter of fiscal 2009 ended October 25. Sales of the **Webster Veterinary** unit increased 14% in the second quarter of fiscal 2009 to $124 million. The October 2008 acquisition of **Columbus Serum Company** accounted for 10 percentage points of Webster's second quarter sales increase. *(company website)*

> PetSmart, Inc. reported net income of $35.8 million for the third quarter of 2008 ended November 2, compared with net income of $29.5 million for the third quarter of 2007. Net sales for the third quarter of 2008 increased 12% to $1.3 billion compared to the third quarter of 2007. Comparable store sales grew 5.4% in the third quarter. *(company website)*

> Pet DRx Corporation announced financial results for the third quarter ended September 30, 2008. Revenue in the third quarter of 2008 was flat at $17.7 million. The net loss in the third quarter of 2008 was $(3.2) million, compared with a net loss in the third quarter of 2007 of $(3.4) million. *(Business Wire)*

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COMPANY NEWS RELEASES

> Ceva Animal Health, Inc. announced the availability of Senilife, an innovative product for dogs and cats with a unique combination of natural antioxidants which provides neuroprotective action and helps protect pets from brain aging. *(company press release)*

> Delmarva 2000 announced it has acquired the US and Canadian veterinary marketing rights for Proden Plaqueoff, a natural product derived from maritime algae that counteracts plaque on the surface of the teeth. The company is developing a once-daily chewable tablet for dogs and cats. *(company press release)*

> Swedish company **Artimplant** announced its entry into the veterinary field with Artelon CCL, a new biodegradable implant for reconstruction of knee ligaments in dogs. The company has signed an exclusive US distribution agreement with **BioMedtrix**. Artimplant has more than 10 years' clinical experience in Anterior Cruciate Ligament (ACL) augmentation in humans; to date, approximately 30 dogs have received Artelon implants. *(MarketWatch)*

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ANIMAL HEALTH NEWS

> CANADA - BSE The Canadian Food Inspection Agency (CFIA) confirmed it had found BSE in a 7-year-old dairy cow from British Columbia. no part of the animal's carcass entered the human food or animal feed systems. This is Canada's 16th case of BSE. *(Meating Place)*

> US - GENERIC DRUG WEBSITE The Generic Animal Drug Alliance (GADA) unveiled their website, www.gadaonline.org. The website is a comprehensive resource for veterinarians, pet and animal owners, legislators, regulatory agencies and consumers. *(Association press release)*

> US - MEAT EXPORTS US Department of Commerce beef and pork export numbers show continued robust volumes shipped in September, but also show clear declines from peaks earlier this year, according to the CME Group's Daily Livestock Report. September pork exports totaled 116,480 metric tons, 44% higher than a year ago, but 27% less than the all-time record monthly volume in May. US beef exports in September totaled 67,305 metric tons, 64% percent higher than a year ago, due to a boost in September from the resumption of beef trade with South Korea. *(Meating Place)*

> US - R&D SPENDING Animal Health Institute (AHI) member companies invested $704 million in 2007 into the identification and development of new compounds for use as animal medicines, as well as in maintaining existing products. The trade association for animal health product manufacturers in the US adds that the figure represents a 6% increase over the equivalent expenditure in 2007. *(Pharm Fresh)*

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BRAKKE CONSULTING VIEWPOINT

Of the news items this week, the one that seems to offer the most hope is the PetSmart release on its third quarter sales. The detail that might escape a quick read is that the company's third quarter ended on November 2, which means it included October, when the financial crisis was in

full bloom. If PetSmart customers are continuing to spend, that gives hope for pet-related businesses.

McDonald's sales were also up in October, giving some hope for the beef and poultry suppliers, although those markets have a much more complicated set of dynamics, none of which are contributing to much profitability.

The danger exemplified here is that many observers are now watching monthly or even daily numbers looking for a sign of what is to come. To ensure long-term success, a broader view is needed. The troika of innovation, customer service and quality employees won't lose value like so many financial assets.

Have a great weekend.

John Mannhaupt

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