
**Brakke Consulting's
Animal Health News & Notes for March 13, 2009**
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Editor: Lynn Fondon, DVM, MBA

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**COMING IN APRIL
2009 PAIN MANAGEMENT PRODUCTS REPORT**
Order now to receive early-order discount!

Pain management is one of the leading topics in veterinary medicine today. The products represent a substantial market segment with potential still to be tapped.

Brakke Consulting's annual report on **Pain Management Products for Dogs and Cats** includes such valuable information as:

- overview of acute and chronic pain in small animals
- review of current products
- estimates of US sales and prices of leading products
- pain management products in development
- review of nutritional supplements used for chronic pain
- review of therapeutic diets for joint care
- 2009 survey of over 200 small animal veterinarians regarding use of pain management products

Pain Management Products for Dogs and Cats 2009 can be purchased for \$4,995 if ordered by **March 31, 2008**. The report will be completed in April. Questions about the study can be answered by project manager Lynn Fondon, DVM, MBA at 972-243-4033, or email Lfondon@brakkeconsulting.com

www.BrakkeConsulting.com

COMPANY EARNINGS RELEASES

> **KMG Chemicals**, Inc. announced financial results for the second quarter and six months ended January 31, 2009. Animal Health sales were \$2.2 million in the second quarter compared to net sales of \$2.9 million in the prior year comparable quarter. (*StreetInsider.com*)

> **Smithfield Foods** Inc. reported a net loss of \$(103.1 million) in the fiscal third quarter ended Feb. 1, compared with a net profit of \$54.5 million in the same period a year ago, a smaller third-quarter loss than was expected, as healthy margins on packaged meat helped offset substantial losses on hog production due to record-high feed costs. Third-quarter sales rose to \$3.3 billion from \$3.1 billion a year ago. (*Meating Place*)

> **PawsPlus**, Inc. announced that its VETCO Hospitals, Inc. operating unit has reported double-digit sales increases across the board for the second consecutive year. Sales increased 40.5% to \$11.7 million for the calendar year 2008. VETCO Hospitals, Inc., was launched in the Southern California market in April 1996 with five full service animal hospitals. In addition, it now operates over 350 temporary vaccination clinics in over 175 retail locations per month in 6 western states. (*MSNBC*)

COMPANY NEWS RELEASES

> **Merck & Co.** and **Schering-Plough** Corp. announced a merger plan in which Merck would acquire Schering-Plough in a cash and stock transaction valued at \$41.1 billion. Merck has suggested that it would likely merge Intervet/Schering-Plough into its Merial business, creating an animal health powerhouse with over \$5.5 billion in sales. (*Feedstuffs*)

> **Merial** and **Newport Laboratories** announced a Toll Manufacturing and Distribution Agreement, whereby Newport will toll manufacture and distribute Merial's autogenous porcine circovirus type 2 (PCV-2) swine vaccines through Newport's veterinarian and swine integrator customer base. (*company website*)

> **Boehringer Ingelheim Vetmedica** announced it has acquired Acaress Otic Solution (0.1% ivermectin) from **IDEXX Laboratories**. Financial terms were not disclosed. (*Veterinary Practice News*)

> **Bayer** Animal Health announced it has awarded \$225,000 to the National Center for Veterinary Parasitology at Oklahoma State University. The OSU NCVP will be a national resource for diagnostic testing and will help fill a great need for clinically oriented veterinary parasitologists who can meet current and future demands of the industry. (*company press release*)

> **Epitopix** announced it has been awarded a conditional license from the USDA to start selling its *E. coli* vaccine to US cattle producers and beef processors. Epitopix's vaccine is designed to reduce the amount of the pathogens associated with *E. coli* O157 in the intestines of cattle, helping to prevent the bacteria from contaminating human food. (*AnimalNet - StarTribune.com*)

> **Milk Specialties Global** announced that it has acquired **Edan Naturals**, a nutritional supplement manufacturer. Edan Naturals specializes in high-speed tablet compression, powder blending and encapsulation, all with complementary packaging capabilities. Financial terms were not disclosed. (*company press release*)

> **Alstoe Animal Health** in collaboration with Newcastle University announced the launch of the Flecknell, a small animal laryngoscope uses a specially designed streamline, slimmed down blade to maximise the view of the larynx, particularly with rabbits in mind. This new design also

greatly reduces the risk of damage to an animal's gums or pharynx as the blade is inserted.
(company press release)

ANIMAL HEALTH NEWS

> GERMANY - AVIAN INFLUENZA German officials found a duck in southern Germany that carried the H5N1 strain of the avian influenza virus. Hunters killed the bird about 30 kilometers outside of Munich. (*Bloomberg*)

> BRAZIL - PET STERILIZATION An injectable treatment that promises to be an effective alternative to the surgical sterilization of male dogs has been launched in Brazil by the São Paulo-based Center for Animal Birth and Planning (CNPA). The product, known as Infertile, has zinc as the active ingredient, and must be injected into the dogs' testicles. According to CNPA, the product is effective in 99.6% of cases, and costs only 20% of the price of the conventional neutering surgery. (*Animal Pharm*)

> US - ANTIBIOTIC USAGE A California state legislator has introduced a bill to restrict antibiotic use in animal agriculture. The bill would prohibit a school or school district from serving poultry and meat products (from which the animals have been) treated with antibiotics; prohibit a person from using antibiotics for non-therapeutic and prophylactic use in any animal raised for the production of any human food product; and require state and local governments, when purchasing meat supplies, to prefer meat supplies produced without the use of medically important antibiotics as feed additives. (*Pork Magazine*)

> US - GENOMICS RESEARCH US Agriculture Secretary Tom Vilsack awarded more than \$11 million in grants to 15 states to support research, education and outreach in animal genomics, which is expected to enhance the protection and safety of agriculture and the food supply. (*Pig International*)

BRAKKE CONSULTING VIEWPOINT

Another interesting week in animal health with the Merck/Schering-Plough announcement! What might this all mean if all of the animal health businesses are integrated or consolidated as planned by the companies involved? It would make Merck/Intervet/Schering the largest company with combined sales in excess of \$5.6 billion (year-end 2008). Pfizer/Fort Dodge would be # 2 with sales in excess of \$3.9 billion (year-end 2008). This means that the two leading companies would have 50% of the marketplace if neither is forced to divest substantial product lines by the FTC.

So, significant consolidation is here which has been predicted for some time. If these two transactions are completed the top 5 companies will have approximately two-thirds of the market in 2009, compared with 40% in 2003 and 33% 10 years ago.

If being larger means being better and more responsive to customer needs and increased research and development, that's great. But if being larger means an overall reduction in R&D and product option availability that might not be the outcome that many would prefer.

Have a great weekend and make sure you don't say anything negative about your competitor. You could be working for them by the end of the year!!

Ron Brakke

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