
**Brakke Consulting's
Animal Health News & Notes for May 7, 2010**
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**KC ANIMAL HEALTH INVESTMENT FORUM
AUGUST 31, 2010**
now accepting applications

The KC Animal Health Corridor is now accepting applications for the second annual KC Animal Health Investment Forum on August 31, 2010, in Kansas City, Missouri.

The forum will showcase animal health and nutrition companies from throughout the world. The selection committee will consider companies that meet the following criteria:

- Seeking \$500,000 to \$20 million in funding
- Revenue projections of \$20 million within 5-7 years

If your company meets these criteria and you would like to apply to present, please go to our application web site at www.kcanimalhealthforum.com. Applications must be submitted by **June 25, 2010**.

For inquiries about the application process, email Chris Walsh at cwalsh@stlrcga.org. All other inquiries can be directed to Lynn Parman at parman@thinkKC.com.

COMPANY EARNINGS RELEASES

> Merck reported results for the first quarter of 2010. **Intervet/Schering-Plough Animal Health** sales totaled \$709 million for the first quarter, an increase of 14% reflecting continued strong performance among companion animal and poultry products. (*company website*)

> **Pfizer** Inc. reported financial results for the first quarter of 2010. Animal Health sales were \$846 million, a 58% compared to the first quarter of 2009; 2010 sales include the Wyeth/Fort Dodge legacy products. Foreign exchange accounted for 10% of the increase, while legacy Pfizer products accounted for 17%. (*PRNewswire*)

> King Pharmaceuticals, Inc. announced revenue for the first quarter ended March 31, 2010. Net revenue from the **Alpharma Animal Health** business totaled \$81 million during the first quarter of 2010, compared to \$80 million in the first quarter of 2009. (*MarketWire*)

> **ImmuCell** Corporation announced the results of its operations for the quarter ended March 31, 2010. Product sales decreased by 10% to \$1.3 million in comparison to the same period in 2009. Domestic sales increased by approximately 4%, but this increase was more than offset by a decline in foreign sales. The quarterly net loss was (\$53,000) in comparison to a net loss of (\$35,000) during the same period in 2009. (*company press release*)

> **Heska** reported results for the first quarter of 2010. Total revenue was \$17.7 million, a decrease of 12% compared to the first quarter of 2009. Net loss for the quarter was (\$331,000) compared to a net income of \$460,000 in the comparable period in the prior year. (*company press release*)

> **Henry Schein**, Inc. reported financial results for the quarter ended March 27, 2010. North American Veterinary sales increased 272% to \$207 million, which included sales of Butler Schein Animal Health since January 1, 2010. (*PRNewswire*)

> **MWI Veterinary Supply**, Inc. announced financial results for its second quarter ended March 31, 2010. Total revenues were \$287 million for the quarter, 34% higher than revenues for the same period in the prior fiscal year. 18% of the increase in revenue was due to organic growth in the US and 16% was related to our acquisition of Centaur Services Ltd on February 8, 2010. Net income increased 33% to \$7.7 million, compared to the same period in the prior fiscal year. (*Market Wire*)

> **Animal Health International**, Inc. reported its financial results for the Company's third fiscal quarter, which ended March 31, 2010. Net sales for the quarter were \$165 million, an increase of 9% compared to the third quarter of last year. Net income was \$0.1 million compared to a loss of \$0.3 million in last year's third quarter. (*Market Wire*)

> **Central Garden & Pet** announced results for its second quarter ended March 27, 2010. Net sales for the Pet Products segment were \$222 million, a decrease of 3% compared to the year ago period. (*Market Wire*)

> **Pilgrim's Pride** Corp. announced a net loss of (\$45.5 million) on sales of \$1.6 billion for its first quarter ended March 26, compared to a loss of (\$58.8 million) for its 2009 first quarter. The company said its loss reflected nonrecurring administrative restructuring and other reorganization costs of \$31.7 million, among other things. (*Feedstuffs*)

COMPANY NEWS RELEASES

> **Intervet Schering-Plough** announced a recall of PreveNile West Nile Virus vaccine for horses due to an increased number of adverse event reports associated with the use of these vaccines. The recalled serial numbers include one-dose and five-dose vials of the vaccine. *(AVMA SmartBrief)*

> The FDA announced a plan to address concerns regarding the supply of **Intervet/Schering Plough Animal Health's** Vetsulin. In November 2009, FDA announced its concerns about the stability of Vetsulin and recommended that diabetic dogs and cats currently receiving Vetsulin be switched to other insulin products. The FDA is allowing Intervet to offer a limited supply of Vetsulin through their Vetsulin Critical-Need Program due to concerns reported by veterinarians and pet owners. The supply is only to be used for a critical-need dog or cat that, in the medical judgment of the pet's veterinarian, cannot be effectively managed on another insulin product. Intervet continues to work with FDA to address concerns associated with the manufacture of Vetsulin. *(CVM)*

> **Pfizer Animal Health** announced that the company, in partnership with the American Veterinary Medical Foundation (AVMF), has awarded 222 second- and third-year US veterinary students with a total of \$555,000 in scholarships. Scholarship recipients were selected based on several criteria, including academic excellence, leadership, diversity and potential for contributing to food-animal or food-safety veterinary medicine. The initiative will provide up to \$2 million in scholarships over its first three years. *(PRNewswire)*

> The **Procter & Gamble** Company, parent company of Iams, announced an agreement to acquire **Natura Pet Products**, Inc. Natura's brands include Innova, Evo, California Natural, Healthwise, Mother Nature and Karma, and are sold in a limited number of pet specialty stores and through veterinarians, mainly in the US and Canada. Financial terms were not disclosed. *(company press release)*

> **DermaPet** announced the release of Mal-A-Ket Plus TrizEDTA Spray, a unique, new antimicrobial and antifungal spray product for use on dogs, cats and horses. Mal-A-Ket Plus TrizEDTA Spray contains tris-EDTA, PLUS 2% Chlorhexidene and 1% Ketoconazole and differs from the concentration of ingredients in the recently released Mal-A-Ket Plus TrizEDTA Flush. *(company press release)*

> **VetCentric**, Inc., announced it has been awarded Veterinary Verified Internet Pharmacy Practice Sites (VIPPS) certification from the National Association of Boards of Pharmacy (NABP). *(PRNewswire)*

> CANADA **Bioniche Life Sciences** Inc. announced that it has received approval from the Veterinary Drugs Directorate (VDD) of Health Canada for Enhance I.A., an injectable sodium hyaluronate product for horses. This product is used for the treatment of joint disease in the horse due to synovitis and/or osteoarthritis. *(company press release)*

ANIMAL HEALTH NEWS

> US - PET STAMPS US Postal Service announced that a new set of 10 first-class stamps featuring dogs and cats will go on sale nationwide, designed to promote adoption of animals from shelters. The stamps are part of a "Stamps to the Rescue" campaign, not only to encourage pet adoptions but also raising funds to buy food for animals in shelters. *(APPA News)*

BRASSE CONSULTING, INC.

STRATEGIC PLANNING ASSISTANCE

Brakke Consulting is an excellent resource in the strategic planning process. Brakke Consulting's past assistance in strategic planning has included:

- reviewing the revenue estimates and success probability of the product pipeline;
- reviewing the timing of various new product introductions versus probable timing of competitive introductions, and estimating the impact of various scenarios; and
- benchmarking various functions against company competitors in the larger markets, which might include sales force size, technical services, and/or R&D spend vs. sales

Brakke Consulting can provide insights and professional assistance that improves the likelihood of success. Please contact us if you would like the benefit of professional assistance in any of these areas. Contact information for all offices are available on our website at

www.brakkeconsulting.com.

BRAKKE CONSULTING VIEWPOINT

Wow!! The increased revenue numbers being reported by many of the companies for the first quarter are impressive. It will take some extra digging for the next few quarters to determine really what is happening with the mix of mergers and divestitures complicating the numbers. However, it does appear that the industry may have turned the corner regarding the impact of the recession on revenue and profits. Those that we have visited with directly continue to be optimistic regarding 2010. There are still 9 months left in the year, so there could be further corrections, both positive and negative.

Hopefully, you all read the advertisement early in the newsletter regarding the Second Animal Health Investment Forum to be held in Kansas City on August 31, 2010. Last year's forum was very successful for those participating. We anticipate an even larger number of investors this year and would expect to have a record number of companies applying for the opportunity to present to investment firms interested in animal health and nutrition. Brakke Consulting is again pleased to be one of the sponsors of the Forum. As I've mentioned in these comments a number of times, the industry needs innovation and investment.

Have a great weekend and make sure to put August 30th & 31st on your calendars for Kansas City.

Ron Brakke

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