
**Brakke Consulting's
Animal Health News & Notes for August 14, 2009**
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**BRAKKE CONSULTING, INC.
NEW ANIMAL HEALTH SALARY COMPENSATION SURVEY**

Brakke Consulting is planning to conduct a Compensation Survey covering several levels of animal health employees. The survey will include employees in five departments plus General Management. It is designed to be specific to current compensation levels in animal health. If your company is interested in participating, please contact John Mannhaupt at jmannhaupt@brakkeconsulting.com

COMPANY EARNINGS RELEASES

> **CEVA Sante Animale** reported results for the full year 2008 and the first six months of 2009. In the 2008 financial year, the CEVA Group recorded sales of EUR 377 million (\$530 million), a 7% increase compared to 2007 (8% at constant perimeter and exchange rates). In the first half of 2009, Ceva's sales grew by 4% to EUR 185 million (\$260 million). (*Animal Pharm*)

> **Heska** reported results for the second quarter of 2009. Total revenues were \$18.6 million, a decline of 18% compared to the second quarter of 2008. Net income was \$579,000 compared to net income of \$666,000 in the second quarter of the prior year. (*company press release*)

> **Nestle** reported results for the first half of 2009. Sales for the PetCare division were CHF 6.38 billion (\$5.9 billion), an increase of 9% compared the first half of 2008. The global petcare business' excellent performance was driven by resilient demand for key premium and super premium brands such as One, Beneful, Cat Chow, Pro Plan and Friskies. (*company press release*)

> **Spectrum Brands** reported results for its fiscal third quarter ended June 28, 2009. The Global Pet Supplies Segment reported net sales of \$145 million, down from \$149 million in the same period of last year due to \$4.4 million of negative foreign exchange impacts this quarter. With strong growth in North America, companion animal sales grew 7% for the quarter. (*company website*)

> **JBS S.A.** reported results for the second quarter of 2009. The company recorded a net profit of \$94 million compared to a net loss of (\$198 million) in the second quarter of 2008. The company reported 30% sales growth to \$5 billion from growth in Brazil and its acquisition of Smithfield Beef Group, as well as a significant decrease in losses on foreign exchange and other financial instruments. (*Meating Place*)

COMPANY NEWS RELEASES

> **Schering-Plough** Corporation announced that more than 99% of votes cast at a special shareholders meeting voted to approve the proposed merger with **Merck & Co.**, with more than 78% of common shares voting. Merck's shareholders approved the merger last week. (*company press release*)

> **MWI Veterinary Supply** announced plans to invest \$1.5 million to open a new distribution center in Indiana. The new center will serve growing markets throughout the Midwest and the Great Lakes regions of the US. (*Animal Pharm*)

> **AnimalScan**, LLC, announced it has acquired **Iams Pet Imaging (IPI)**, LLC from The Procter & Gamble Company and ProScan Imaging. IPI includes interests in locations in Vienna, VA; Raleigh, NC; and San Francisco. These locations will join the AnimalScan headquarters in Easton, PA to form the AnimalScan network of diagnostic facilities. Financial terms were undisclosed. (*PRNewswire*)

> **Arenus** announced it recently acquired the intellectual property, technology and product lines of **Equilite**, Inc. Equilite provides many all-natural herbal health products that are safe for horses, horse owners and the environment. Equilite's three product lines are the Sore No-More Liniment Product Line, Herbal Supplement line and Botanical Animal Flower Essence line. Financial terms were not disclosed. (*company press release*)

> **VetCentric**, Inc., announced an affiliation with **Elanco** Animal Health to offer its partner clinics access to the entire Elanco Companion Animal Health product line, including Comfortis and Reconcile. (*PRNewswire*)

ANIMAL HEALTH NEWS

> **US - ANIMAL IDENTIFICATION** The Senate Agriculture Appropriations Subcommittee accepted an amendment to reduce the budget for USDA's National Animal Identification System from \$14.67 million to \$7.3 million. The amendment also limits use of the funds only to pay for rule-making activities. (*Pork Magazine*)

> **US - PET LEGISLATION** A bill has been introduced in the US House establishing the "Humanity and Pets Partnered Through the Years Act (HAPPY)." HAPPY would allow for individuals to enjoy tax deductions of up to \$3,500 for pet care expenses. Qualified pet care expenses are defined as "amounts paid in connection with providing care (including veterinary

care) for a qualified pet other than any expense in connection with the acquisition of the qualified pet." (APPA e-update)

> PET INTELLIGENCE A recent study found that the average dog has the mental abilities of a 2-year-old child. The finding is based on a language development test, revealing average dogs can learn 165 words (similar to a 2-year-old child), including signals and gestures, and dogs in the top 20% in intelligence can learn 250 words. In addition, they would trump a 3- or 4-year-old in basic arithmetic; and in terms of social smarts, the social life of dogs is much more complex, much more like human teenagers. (Livescience.com)

> NORTH AMERICA - PET INSURANCE The North American Pet Health Insurance Association is joining Canada for the 4th year of raising awareness of the value of pet health insurance by celebrating September as North American Pet Health Insurance Awareness Month. (Business Wire)

> US - H1N1 PLAN USDA's Animal and Plant Health Inspection Service (APHIS) has developed a plan for dealing with a positive diagnosis of the Type A H1N1 virus in a US swine herd. Agency officials are holding a series of meetings with government agencies, state animal health and public health officials, and pork industry associations to share the plan and recommendations. (NIAA News Bulletin)

BRAKKE CONSULTING VIEWPOINT

It appears from the limited amount of news this week that many of you are enjoying your summer vacations. We'd like to remind you that it's time to return to work so that you can finish out a challenging 2009 and obtain final approval for your 2010 plans and budgets. We're finding that market conditions continue to be stable with some modest growth in companion animal and rough times in the food animal sector.

According to various financial publications, it appears that we're reaching an end to many mysteries surrounding the major transactions in the industry. Hopefully there will be some animal health-specific announcements in the next couple of weeks.

We hope to see many of you in Kansas City at the end of the month.

Have a good weekend!!

Ron Brakke

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