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**Brakke Consulting's**
**Animal Health News & Notes for October 15, 2004**
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IN THE NEWS:

earnings news:
Cargill

other news:
Agrosom
BiologischeAnalysensysteme
Doosan Corp.
FoodScience Corp.
Merial
Milburn Distributions
Monsanto Dairy
Neogen
Optibrand
Patterson Companies
Petland
Pet Naturals
Swift & Co.
Trouw Nutrition
Virbac
Webster Veterinary Supply

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## COMPANY EARNINGS RELEASES

**>  Cargill** Inc. reported that first-quarter earnings rose 43% thanks to increased demand for fertilizer and steel and other products, despite setbacks in its meat processing business. Cargill does not break out performance by product category. The company said it earned $495 million, $457 million of it from continuing operations, for a net increase of 33% over the previous year after adjustment for discontinued operations.  At the same time, the company officially announced that it has purchased **Caravelle Foods**, a Canadian hamburger processor, and **Seara Alimentos**, a Brazilian processor of poultry and pork products. The latter deal is expected to close early in 2005. Terms were not released. *(Meating Place)*

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## COMPANY NEWS RELEASES

**>** **Patterson Companies**, Inc. announced the acquisition of **Milburn Distributions**, Inc., the largest distributor specializing in the US equine veterinary supply market. Milburn will be operated as part of Patterson's **Webster Veterinary Supply** unit. Terms of the all-cash transaction were not disclosed. Milburn's sales of more than $50 million have grown at a compound annual rate in excess of 20% over the past three years. *(Business Wire)*

**> Neogen** Corporation announced that it has acquired the distribution business of **BiologischeAnalysensysteme GmbH** (BAG), a company based in Lich, Germany. BAG has been a distributor of Neogen food safety products in Germany. BAG's revenues for the past 12 months were approximately $600,000. Distribution of Neogen food safety products in Germany will now be managed from Neogen Europe Ltd. in Scotland. The acquisition is a result of Neogen's continuing focus on growth through the expansion of sales into international markets. *(company press release)*

**>** **Monsanto** announced that Ms. Consuelo Madere has been named president of the **Monsanto Dairy Business**. Since joining Monsanto in 1982, Madere has served in a variety of key assignments in the US and abroad. Prior to her move to the Dairy Business, Madere was a regional business director for Monsanto's US agricultural business. *(Feedstuffs)*

**>** **Virbac Corporation** announced that Erik R. Martinez, DVM, MBA, has been appointed president and CEO of the company effective October 1, 2004. Dr. Martinez began his career with Virbac SA in 1994 as General Manager of Virbac SA's Mexican operations, and most recently was Area Director for Virbac SA's Pacific Region. *(company press release)*

**>** **Trouw Nutrition** USA announced the hiring of Bruce Crutcher as the company's new president. Crutcher has held key positions in the livestock, animal health and feed industries. He will also have oversight of the company's AgriProducts operations. *(company press release)*

**>** **Swift & Company** announced the strategic repositioning of its Greeley-based beef processing capabilities to significantly expand the company's production of value added products. The operational steps to be taken will be completed by mid-December. The key operational action is the transition of the second shift at the company's Greeley, Colo., beef plant from "primary processing" of livestock to "further processing" for the creation of higher margin, value added products. *(PRNewswire)*

**>** **Pet Naturals** of Vermont, a division of **FoodScience** Corporation, will debut its new canine weight loss supplement K-9 Carb Down at Natural Products Expo East in Washington, D.C. K-9 Carb Down contains the clinically proven carb blocker Phase 2 Pet, a proprietary extract of the white bean. It neutralizes carbohydrate and starch calories by blocking the body's ability to absorb them. *(company press release)*

**>** AUSTRALIA **Merial** announced an agreement with Australian authorities to produce, store and supply foot-and-mouth disease vaccine as a hedge against the disease appearing in the country. Local and federal officials have signed a $4 million (Australian) contract with Merial to produce the vaccine. Up to 500,000 doses of antigens will be kept on hand at Merial facilities in the UK. Major Australian pork and beef producers are contributing to the program, which supplements agreements Australia had with international vaccine banks. Animal Health Australia negotiated the agreement on behalf of the Australian state and territory governments and seven peak livestock industry councils. Australia has been free of foot-and-mouth disease for more than a century. *(Meating Place, Wattnet Meatnews)*

**>** KOREA **Petland**, Inc. announced its expansion into the South Korean pet market with a planned retail pet store opening next spring in Seoul. The store will be part of a 21,000 square foot complex that will include a grooming center, veterinary clinic, boarding facility and puppy park. The expansion is the result of a development agreement between Petland and the **Doosan Corporation**. Petland will be introduced in Korea as Topet, which means "together with pets." *(Pet Business)*

**>** GERMANY **Optibrand** Ltd. has been awarded a gold medal by the German Agricultural Society for their Optibrand livestock identification technology. Optibrand was one of only three gold medals awarded out of 260 companies who competed for the Eurotier2004 Innovation Award. This award recognizes the huge advances Optibrand has made in the livestock traceability industry through commercialization of its retinal imaging technology. Optibrand is partnering with **Agrosom** GmbH to market their products in Germany. *(company press release)*

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## ANIMAL HEALTH NEWS

**>** THAILAND - AVIAN INFLUENZA VACCINE Thailand plans to produce 100 million doses of avian influenza vaccine to use on chickens if an outbreak that has left at least 11 people dead in the kingdom runs out of control. Thailand has previously ruled out large-scale vaccinations of birds because of fears about the impact on exports and said it would consult with global health bodies before pressing ahead with the plan. Thailand has seen its two largest markets, Japan and the European Union, ban imports of fresh Thai chicken because of health fears. *(AnimalNet - Agence France Presse)*

**>** IRELAND - BSE A case of BSE has been discovered in Ireland in a 6-year-old dairy cow, which was born after regulations went into effect banning the introduction of bovine materials into cattle feed. Four such cases have been found, but this is the first this year, according to the Irish Times. Irish authorities are now conducting 15 separate investigations into how infection is spread within the national herd. *(Meating Place)*

**>** JAPAN - BSE Japan confirmed its 14th case of BSE after a Holstein cow from northern Japan tested positive. It was the second case to crop up in less than a month. The 4-year-old cow was found dead and experts who tested the animal confirmed that it had BSE. *(AnimalNet - AP)*

**>** EU - ANIMAL DISEASE FUNDING The European Commission approved a financial package worth 188 million euros ($233 million) to fight animal diseases in the EU in 2005. Overall funding has been increased by 41 million euros since 2004, reflecting the high level of importance attached to disease eradication measures for the protection of both animal and public health. 98

million euros of the total will be made available from the EU budget for the monitoring of BSE. *(AnimalNet - EC press release)*

**>** CANADA - BEEF BAN  The Canadian/US BSE-based beef border war has entered a new dimension. The Alberta Fish and Game Association is supporting a campaign that targets American hunters. The point: “you can’t take Canadian wildlife while live-cattle trade from Canada remains in limbo.”  AFGA’s President believes American hunters could help push the U.S. government to reopen the border. Cattlemen are posting signs that say: "No American Hunters allowed due to BSE" and "No Beef — No Hunting." *(Pork Alert)*

**>** US - BACTERIAL SENSOR  Researchers at Purdue University have developed a sensor that detects *Listeria monocytogenes* in samples.  The sensor can detect the bacteria in less than 24 hours at concentrations as low as 1,000 cells per milliliter of fluid, and is selective enough to recognize only the species *monocytogenes*. Known as an "optical biosensor," the device uses light to detect the presence of a target organism or molecule.  The researchers expect the sensor to be ready for commercial use in another year. *(Wattnet Meatnews)*

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## BRAKKE CONSULTING VIEWPOINT

We want to welcome three new CEO’s or general managers to the industry this week.  We wish all three the best in their new positions.  It appears that 2004 is going to be one of those years that has more than a typical number of management changes.  This is always exciting for the industry and often brings some new strategies and management styles into the industry.  Change, while difficult, often results in new approaches to resolving management issues and problems.

As for other news this week, probably the highlight of my week is that I’m back in South Dakota for the next few days to join friends and family for our annual pheasant hunt.  Like the animal health industry it looks like another great year. The birds are there now all we need to do is find them.

Have a great weekend.

*Ron Brakke*

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