
**Brakke Consulting's
Animal Health News & Notes for June 11, 2004**
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EQUINE MARKET REPORT NOW AVAILABLE!
See below for details

IN THE NEWS:

earnings news:
Smithfield Foods

other news:
Biopure
Cargill
Henry Schein
In Clover
Jean Caby
MetaMorphix (beef genome)
MetaMorphix (Monsanto agreement)
Monsanto
Newport Labs
Pfizer
SBS
Schering-Plough
Schils Holding
Smithfield Foods
SolidTech AH
Van Drie Group
Veterinary Laboratories
Veterinary Metrics

COMPANY EARNINGS RELEASES

> **Smithfield Foods** Inc. reported sharply higher earnings in its fiscal fourth quarter, mainly due to increases in the company's pork production operations and rising hog prices. Net income for the quarter that ended May 2 soared to \$122.7 million from \$5.1 million in the year-earlier period. Sales rose 44% to \$2.52 billion in the quarter from \$1.75 billion in the year-ago period. (AP)

CORRECTION: **Immucell's** product sales increased by 20%, or \$202,000, to \$1,218,000, as compared to the same period in 2003 during the three months ended March 31, 2004. Total revenue increased by 10%, or \$114,000, to \$1,242,000, as compared to the same period in 2003. (company press release)

BRAKKE CONSULTING, INC.
NOW AVAILABLE: New report on the US Equine Market

The equine market is often underappreciated as an important part of the animal health market. However, there are approximately 7 million horses in the US, and their owners are willing to spend money on their health care.

There have been many changes in the equine market in the past few years, from the introduction of Fort Dodge's blockbuster West Nile Virus vaccine to the reversion of Zimecterin from Farnam to Merial, and the subsequent proliferation of generic ivermectin dewormers. Brakke Consulting's report covers these topics and more, including the growing nutritional supplements market.

Brakke Consulting's new report on the US Equine market is a valuable overview of the market, including information on such topics as

- discussion of owner segments
- distribution channels for equine products, including market share for veterinary and OTC channels
- profiles of leading equine healthcare companies
- sales and trends by product category, including nutritional supplements
- current topics in equine health, including veterinary compounding
- survey of equine veterinarians

The report is now available for immediate shipping. The report is priced at \$3,500. For more information, email lfondon@brakkeconsulting.com.

COMPANY NEWS RELEASES

> **Schering-Plough** announced the launch of the world's first orally administered vaccine to protect shrimp against the most prevalent and damaging species of Vibrio bacteria. AquaVac Vibromax contains inactivated cultures of the leading Vibrio pathogens, including luminescent Vibrio, which are blended into a novel delivery system called an Antigen Protection Vehicle (APV). AquaVac Vibromax is the latest addition to what Schering-Plough calls its Total Protection Strategy, a carefully planned and implemented program that protects shrimp against disease for its entire life cycle. (*company website*)

> **Pfizer** announced that it is once again making Mitaban (amitraz) available to veterinarians. The product, which is approved to treat generalized demodectic mange, has been unavailable since September 2002 because of manufacturing challenges that have since been resolved. (*Veterinary Practice News*)

> **Veterinary Laboratories** announced that it has received FDA approval for its Sparmectin-E (ivermectin) solution for oral use in horses for the treatment and control of various parasites. (*Veterinary Practice News*)

> **Biopure Corp.** announced that it is reducing the production of its canine anemia treatment Oxyglobin by two-thirds, rendering it unable to meet sales demand for the product. The company will provide an ongoing supply to its top customers based on purchase history. A company spokesman said that the move is an effort to reduce costs as the company works for federal approval of its drug for humans. (*Veterinary Practice News*)

> **Henry Schein** announced that its Veterinary Division is now offering customized demographic analysis reports for veterinary practitioners. The service focuses on area characteristics including population, ethnic breakdowns, education, and household income and expenditures. (*Veterinary Practice News*)

> **Newport Laboratories** and **SolidTech Animal Health** announced an agreement to manufacture implantable autogenous biologicals for swine and cattle. Under the agreement, Newport will manufacture the bulk autogenous serials and ship them to SolidTech for further processing into pellets for implantable vaccination. (*Veterinary Practice News*)

> **In Clover** announced that it has been awarded a US Patent for its line of products designed to treat joint disorders in vertebrates. Its Connectin line of supplements is herbal based and available for use in dogs, cats and horses. This is the company's third patent covering the Connectin line. (*Veterinary Practice News*)

> **MetaMorphix** Inc. and **Monsanto** Company announced they will collaborate on the application of genomic technologies to provide genetic improvements in pork. The joint venture will utilize MetaMorphix's advanced genomic SNP mapping capabilities so Monsanto scientists can more quickly and accurately identify precise locations of the genomes responsible for several important meat quality, health, reproductive and production traits. (*Meating Place*)

> **MetaMorphix**, Inc. and **Cargill**, Inc. announced that they have completed the first whole cattle genome association study and developed tools that could identify cattle that meet consumer demands for quality meat products. Using its GENIUS Whole Genome System, Metamorphix identified and characterized a dense map of novel genetic markers based on single nucleotide polymorphisms (SNPs) in beef cattle. The company then conducted a whole genome association study in a population of commercial beef cattle at a feedlot and discovered specific regions in the cattle genome that associate with desirable beef traits. (*Business Wire*)

> **Veterinary Metrics**, Inc. (Vet Met), a data and marketing services company for veterinarians, announced that the company has more than doubled its client list, which now totals more than 200 practices nationwide. Vet Met now has more than 3 million pets and 1.6 million clients in its database. (*company press release*)

> FRANCE **Smithfield Foods** announced the acquisition of French meat processor **Jean Caby** and its related companies for approximately \$33.2 million plus the assumption of certain liabilities. The company will be merged with Smithfield's French unit, **SBS**, creating a first tier processed meat company in France with sales of approximately \$466 million. In 2003, Jean Caby's total sales were approximately \$159 million. The combined company will operate under the Jean Caby name. The transaction, which is subject to regulatory approval, is expected to close before the end of July. (*Wattnet Meatnews*)

> NETHERLANDS The **Van Drie Group**, a Dutch veal production and processing group with an annual turnover of about \$1.2 billion, announced it will acquire all the shares of **Schils Holding** BV, also based in the Netherlands. Schils Holding, which has an annual turnover of around \$732 million, is also active in the entire veal production chain, most notably calf milk production. According to a Van Drie press release, the company is undertaking the merger "in order to strengthen its position in the world market and as a means of spreading its risks." The proposed takeover has been presented to the relevant authorities, but official approval is still pending. (*Meating Place*)

ANIMAL HEALTH NEWS

> CZECH REPUBLIC - BSE A 4 year old cow from a farm 50 miles northeast of Prague tested positive for BSE. If final tests confirm the diagnosis, it will be the Czech Republic's 12th case of BSE since the disease was first reported in June 2001. (*AnimalNet - AP*)

> US - BSE SURVEILLANCE The USDA's Animal and Plant Health Inspection Service (APHIS) announced a toll-free number to report high risk cattle in the US. The toll-free number for the BSE surveillance program is 1 866 536 7593. As part of its expanded BSE surveillance effort, APHIS will work closely with cattle producers, renderers, veterinarians, and others to obtain samples from high risk cattle targeted in this program. Toll-free callers reporting high risk cattle will connect with a local APHIS office that will provide additional information. USDA will help defray costs incurred by industries participating in the surveillance program for such items as transportation, disposal and storage, and tested carcasses. High risk animals include: non-ambulatory cattle; cattle exhibiting signs of a central nervous system disorder; cattle exhibiting other signs that can be associated with BSE, such as emaciation or injury; and dead cattle. (*APHIS website*)

> US - MEATPACKER LAWSUIT A South Dakota judge has ruled that a lawsuit filed by cattle producers against the nation's four largest meatpackers will be tried in federal court as a class action suit. The suit was filed in 2002 by three ranchers who alleged that the nation's four largest meatpackers - **Excel Corp.**, **ConAgra Beef Co.**, **Farmland National Beef Packing Co.** and **Tyson Foods** - violated the federal Packers and Stockyards Act by taking advantage of a computer glitch at the USDA in April 2001, which caused USDA to issue reports on the prices of boxed beef that were lower than the actual prices. (*Meating Place*)

> US - TYSON LAWSUIT Four former employees of **Tyson Foods** Inc. filed a lawsuit against the company seeking damages in the form of lost wages allegedly as the result of the company hiring illegal workers. After the suit was filed, a federal judge ruled that the four employees could not sue under the Racketeer Influenced and Corrupt Organizations (RICO) act. However, the 6th U.S. Circuit Court of Appeals reversed the lower court decision allowing the case to proceed. The lawsuit alleges that Tyson's use of illegal aliens at its Shelbyville, Tennessee, poultry processing plant depressed wages. They sued the company under a provision of a 1996 law that made the intentional employment of illegal aliens for financial gain a violation of the RICO law. (*Wattnet Meatnews*)

> US - SPERM SORTING A Colorado State University study indicates that a procedure called flow cytometry/cell sorting can safely produce calves of selected gender with about 90% accuracy. Data from 739 calves produced from control sperm and 1,169 calves produced from sexed sperm showed no significant differences between treatments in gestation length, calving ease, birth weight, calf vigor, abortion rate, weaning weight or calf death rate from birth to weaning. The control group from unsexed semen produced 49.2% male and 50.8% female calves. Female-sorted sperm produced 87.8% female calves and male-sorted sperm produced 92.1% male calves. (*Drovers Alert*)

BRAKKE CONSULTING VIEWPOINT

There were several announcements this week regarding new technology. Every day, more scientific breakthroughs are being produced in the animal genome area in all species. It is interesting to note that it is the smaller technology companies that are accomplishing much of the innovation. Some of these companies choose to utilize a partner company for the marketing of the technology while others choose to market and establish their own brand.

There are many opportunities to improve the health and productivity of animals. We applaud those dedicated scientists in the research labs for their success. Those companies that continue to invest in technology, either by developing it or purchasing it, will be the marketplace leaders in the future.

Have a great weekend.

Ron Brakke

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