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**Brakke Consulting's  
Animal Health News & Notes for September 10, 2004**  
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IN THE NEWS:

earnings news:

Boehringer Ingelheim Vetmedica  
Provimi

other news:

Barfuss  
Fort Dodge  
Gold Kist  
Inovadent  
Intervet (India)  
Intervet (UK)  
Manna Pro  
Merial  
NLS Animal Health  
PETCO  
Prepaid Vet  
Proper Nutrition  
Tyson  
Vetsonic  
Vical  
Westfleisch

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**COMPANY EARNINGS RELEASES**

> **Boehringer Ingelheim** reported that first half 2004 results for its animal health division **Boehringer Ingelheim Vetmedica** were 159 million euros (\$192 million), an increase of 5% compared to the first half of 2003. (*company website*)

> **Provimi** reported sales of 783 million euros (\$946 million) for the first half of 2004, an increase of 3.6% compared to the first half of last year. Organically, revenues increased 7.1%. (*Animal Pharm*)

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**BRAKKE CONSULTING, INC.**

**Coming this fall: Livestock Insecticide Study**

With the advent of endectocides, traditional insecticides may be overlooked as a product category. Nevertheless, they represent a large and stable market opportunity.

The research plan includes qualitative input from industry participants and experts plus quantitative analysis of historical sales data. It examines the sales trends for established products, likelihood of success for new products and what might be in the pipeline for the future. Products evaluated in the study include ear tags, sprays, feedthroughs and pour-ons.

The study will describe and explain:

- How major players give the market its structure
- Age and status of active ingredients

- Prevalence of use
- Economic importance of insecticides to livestock producers
- Livestock owner expenditures on insecticide products
- Products currently recommended by extension personnel
- Products most commonly used by livestock owners
- Perceived reasons for non-use or lack of effectiveness of current products
- Interest in new product concepts that potentially improve effectiveness or convenience
- Revenue potential for current and future products
- Near-term growth potential

In addition, the study will provide Market Shares by manufacturer, product form, active ingredient, species, and pest.

The Brakke Livestock Insecticide Market Study is available for \$10,500. Companies that subscribe by Sept. 21, 2004 and pre-pay 50% receive a \$500 discount. The full report will be available in November 2004.

For more information, please contact John Mannhaupt at [jmannhaupt@brakkeconsulting.com](mailto:jmannhaupt@brakkeconsulting.com).

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## COMPANY NEWS RELEASES

> **Fort Dodge Animal Health** announced that it will voluntarily comply with the FDA's Center for Veterinary Medicine's request to temporarily cease production and recall ProHeart 6 from the market until the FDA's questions regarding safety are resolved. Fort Dodge also announced its support for FDA's formation of an independent Advisory Panel to review safety data on ProHeart 6. The panel will review safety data based on reports submitted through FDA's voluntary self-reporting system. Fort Dodge remains confident in the safety and efficacy of ProHeart 6. *(company press release)*

> **Vical** reported that it has granted **Merial** an exclusive license to use its patented DNA delivery technology to protect companion animals against cancer. The companies have a prior agreement that covers this technology in vaccines to prevent infectious diseases. Merial will give Vical an upfront cash payment and milestone payments as the product is developed, and royalties on sales of resulting products. *(Veterinary Practice News)*

> **Manna Pro** announced that management will acquire the company from its majority shareholder, the Kansas Public Employees Retirement System. The company's revenues were approximately \$58 million in 2003. The company does not expect any changes as a result of the management buyout. Financial terms were not disclosed. *(St. Louis Business Journal)*

> **PETCO Animal Supplies, Inc.** will reach a milestone with their 700th location with the opening later this month of a store in Boardman, Ohio. The store will feature PETCO's new "Pisces" store design, centered around an aquatics section and a circular "racetrack" walkway that showcases all of the company's animal care and product departments. *(PRNewswire)*

> **Tyson Foods** ranked 44th on FORTUNE's list of "The 100 Fastest Growing Companies." Tyson is the highest ranked food company and the only meat protein company to be included. To compile the list, FORTUNE asked Zacks Investment Research to find U.S. companies with a minimum market cap of \$50 million, at least \$50 million in revenues over the past four quarters and at least 20 percent annual growth in sales and earnings over the past three years. The magazine then factored in total stock market return over a three-year period to come up with the final list. Over the past three years Tyson has experienced a 41% earnings per share growth, 49% increase in revenue and a total return of 32%. *(Meating Place)*

> **Gold Kist** announced that its members voted 1,922 to 79 in favor of the proposed conversion of the company from a cooperative association to a for-profit corporation. More than 86% of Gold Kist's members cast ballots. The conversion, which will result in a newly formed entity called **Gold Kist Holdings Inc.**, is still subject to various conditions, but it is expected to be completed by late September or early October. Gold Kist filed an initial public offering with the US Securities and Exchange Commission in June. (*Meating Place*)

> **Proper Nutrition Inc.**, a supplier of human nutritional supplements, now offers its Seacure hydrolyzed whitefish supplement under a new veterinary label. The product is designed to support intestinal health. (*Veterinary Practice News*)

> **Inovadent**, a new company specializing in state of the art products for animal dentistry, announced the acquisition of **Vetsonic's** Pet Piezo and Pet Piezo Plus product lines. Inovadent will add the Pet Piezo products to its Veterinary Dental Cart dental system. Inovadent also acquired the marketing rights to the KLaw scaling and E-series tips designed by Dr. Kenneth Lyon, a board-certified veterinary dentist. Inovadent commenced business in May 2004. (*DVM Newsmagazine*)

> **Prepaid Vet** announced that **NLS Animal Health** will begin acting as the company's distributor for its wellness plans and management services. Prepaid Vet works with veterinarians to tailor disease-management programs that enhance healthcare compliance. (*DVM Newsmagazine*)

> GERMANY German pork slaughtering giant **Westfleisch** announced the acquisition of **Barfuss**, one of the leading further processors in the country. Earlier this year Westfleisch bought a major stake in Barfuss, and now the complete takeover has been approved by the cartel office. Westfleisch slaughtered 4.1 million pigs in 2003, while Barfuss slaughtered 1.4 million pigs. The takeover secures Westfleisch's place as the third largest pork slaughterer in Europe and among the top five beef and pork processors. The joint turnover of the companies is approximately 1.5 billion euros (\$1.8 billion). Financial terms were not disclosed. (*Wattnet Meatnews*)

> INDIA **Intervet** announced it is selling a production facility in Hyderabad as part of the ongoing restructuring of its Indian operations. Intervet has not disclosed the sales price or the names of potential buyers. The plant is one of two production units in India, and has been closed since the first quarter of 2004. (*Animal Pharm*)

> UK **Intervet** announced the launch in the UK of a canine vaccine with a three-year license claim against parvovirus, hepatitis and distemper. The company conducted trials with Nobivac DHPPi showing that antibody titers were maintained above protective levels in the absence of field infection at least 36 months after infection. (*Animal Pharm*)

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## **ANIMAL HEALTH NEWS**

> INDONESIA - NEWCASTLE DISEASE Indonesia confirmed recent cases of Newcastle disease among chickens in Central Java province. (*AnimalNet - Reuters*)

> MALAYSIA - AVIAN INFLUENZA Malaysia reported a second outbreak of avian influenza. The Veterinary Services Department reported that based on the clinical symptoms and the earlier infection, it is very likely the H5N1 strain. The new case involved the death of 10 chickens and 20 birds in the same area in the northern state of Kelantan where the virus was first detected last month. About 1,200 chickens, ducks and birds within 0.6 miles of the affected area will be culled. (*AnimalNet - Reuters*)

> NETHERLANDS - AVIAN INFLUENZA IN CATS A paper published online by *Science* confirms that avian influenza can infect cats, and that felines can transmit the virus to other cats as well. Three young domestic cats inoculated with H5N1 from a fatal human case all developed flu symptoms, and one died after 6 days. Further experiments showed that two cats living in close contact with an infected animal also became sick, as did three others that each ate an H5N1 infected chick. WHO has received no reports that cats played a role in afflicting the 35 people who have developed a (H5N1) infection, and that those cases were traced chiefly to direct contact with sick birds. (*AnimalNet - Science*)

> US - WEST NILE VIRUS Every state in the 48 contiguous US has now experienced a taste of West Nile virus (WNV) since it first was detected in the Western Hemisphere in 1999. Having their first encounters with West Nile virus this year were Nevada (WNV found in birds, mosquitoes, horses, and humans) and Oregon (in birds and horses). By Aug. 26, the USDA had reported 351 equine cases in 28 states. The three states with the most equine cases were Arizona, California, and Wyoming. (*TheHorse.com*)

> US - LEPTOSPIROSIS IN DOGS Veterinarians across the country are reportedly seeing an increasing number of leptospirosis cases this summer, with at least five reported fatalities. According to experts, many veterinarians stopped using the DA2PPPL vaccine (which contains leptospirosis antigens) for annual vaccinations over the last five to 10 years because of possible adverse reactions caused by the leptospiral component. (*AAHA NEWSStat*)

> JAPAN - BSE TESTING The Japanese government's Food Safety Commission concluded that current testing technology isn't sensitive enough to detect BSE in cows younger than 20 months. This clears the way for Tokyo to lift its nine-month ban on US beef imports. Japan has been demanding that the US test all cows going to market as a condition for ending a ban on American beef imposed after the US reported its first case of BSE. Washington says the disease cannot be detected in younger cows and testing them should not be required. (*AP*)

> JAPAN - BEEF TRACEABILITY Starting in December, the Japanese government will begin using identification numbers and DNA samples to ensure that domestic beef is labeled accurately. Small samples of meat will be taken from all of the approximately 1.25 million cattle slaughtered each year throughout Japan and preserved as DNA samples for three years. Retailers and restaurants dealing with domestic beef will be required to indicate identification numbers on the meat they sell. Japan's farm ministry will perform surprise spot checks of up to 20,000 beef samples to compare the ID numbers to the DNA samples to determine whether the meat is accurately labeled. (*Meating Place*)

> US - VETERINARY SCHOOL RENAMED Tufts University officials announced that Cummings Foundation, Inc., has committed to investing \$50 million in the University's veterinary school over the next 15 years. The gift is the largest in the history of Tufts University, and is believed to be the largest gift ever made to a veterinary school in the US. In recognition of the gift, the veterinary school will be renamed the Cummings School of Veterinary Medicine at Tufts University in a ceremony to be held next spring. (*press release*)

> US - PET ENTERTAINMENT A DVD designed to alleviate the anxiety of dogs home alone, for both the dogs and their human companions, has been released to the public. "The Movie for Dogs", available now on DVD for home use, satisfies dogs' social needs while giving people peace of mind that their dogs are not lonely and forlorn. Although the duration of the movie is an hour and 13 minutes, the DVD has been programmed to repeat itself continuously until it is turned off. The movie also features a variety of imagery and audio material to keep dogs stimulated. (*PRNewswire*)

> PORTUGAL - UNIQUE ANIMAL ID Newly launched wildlife conservation organization WildTrack, together with SAS, a leader in business intelligence, is using a unique, non-invasive monitoring technique to save endangered species in the wild. WildTrack's unique footprint identification technique analyzes the data collected from wild animals' footprints using advanced statistical algorithms on geometric profiles derived from digital images of footprints. The data collected by the footprint identification technique is analyzed and compared with other footprints in the database using software from both SAS and JMP, a business unit of SAS, to enable researchers to identify individual animals and to assess group numbers with greater accuracy. WildTrack's noninvasive techniques allow monitoring to be done without disturbing the natural behaviors of the animals. (PRNewswire)

> UK - FISH PRODUCING HUMAN CLOTTING FACTOR A human blood-clotting factor used to treat some people with hemophilia and accident victims suffering serious bleeding has been produced using genetically modified fish. The University of Southampton added that it has a list of 20 other human therapeutic proteins that could be produced via fish to treat lung disease, liver problems, and even tumors. The university has been working on producing human coagulation factor VII in fish together with **AquaGene** of Florida. The only alternative to factor purified directly from human blood, called NovoSeven, is produced using genetically modified hamster cells. (AnimalNet - New Scientist)

> US - SWINE RESEARCH CENTER North Carolina State University is scheduled to build a research complex designed to fit changing swine research needs. The largest, two-story building will focus on nutritional studies, as well as research involving different manure collection, handling and processing methods. The second structure will study nutrient digestibility involving individually penned pigs. The third structure is designed for high-tech research with newborn pigs. (Pork Alert)

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## AGRIBUSINESS NEWS

> EU BIOTECH SEED The European Union added the first genetically modified strains to its common seed catalog, theoretically opening the way for farmers across the continent to plant it. At the same time, however, the European Commission put off a decision on new labeling rules for seeds amid bitter differences over how much stray bioengineered material could be tolerated in packages of conventional strains before it must be labeled. The mixed messages reflect the divisions genetically modified foods continue to create in the EU, which is facing legal action at the World Trade Organization from the US, Canada and other growers over its restrictions on biotech imports. Also, the European Commission was forced for a third time to ask EU ministers to approve a new genetically modified product from a US biotech company after a panel of national experts deadlocked on the application last June. If ministers from the 25 EU nations also are deadlocked after three months, the commission itself is authorized to approve **Monsanto** Co.'s "Roundup Ready" oilseed rape. (AP)

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## BRASSE CONSULTING VIEWPOINT

The big news for the week in the US was the announcement by Fort Dodge that it will voluntarily comply with the FDA's Center for Veterinary Medicine's request to temporarily cease production and recall ProHeart 6 from the market until the FDA's questions regarding safety are resolved. We believe that a recall of any product by any company serving the animal health industry in the long run is not good for the industry, because of the impression it leaves with customers and pet owners regarding the safety of products supplied by manufacturers and distributors in general. The story as reported in the *Dallas Morning News* on Saturday left me with the impression that this product, and others, should be viewed with concern by pet owners. We would imagine that

many veterinarians will be asked about the safety of the products they are dispensing for pets, based on the various versions of this story as reported.

Have a great weekend.

*Ron Brakke*

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