
Brakke Consulting's
Animal Health News & Notes for September 17, 2004
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LAST CHANCE TO PRE-ORDER LIVESTOCK INSECTICIDE STUDY AT DISCOUNTED PRICE!

See below for details.

IN THE NEWS:

earnings news:

other news:

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Central Garden & Pet (new president)
Central Garden & Pet (S&P rating)
IDEXX
Merial
Novartis
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Pfizer
Pilgrim's Pride
Stolt-Nielsen
Velcera Pharmaceuticals
Veterinary Metrics
Vetri-Science Labs

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.

COMPANY NEWS RELEASES

> **Merial Limited** reported that Alan Reade has announced his retirement as Executive Chairman of Merial. The Merial Board further announced that Gerald (Jerry) P. Belle will assume the position effective November 1, 2004. Jerry is currently the President of North America Pharmaceuticals, Aventis Inc. He comes to Merial with a broad background and over 35 years with Aventis and its predecessor companies, including much of his career in Asia/Pacific, Europe/Middle East Africa, and Canada. (*company press release*)

> **Novartis Animal Health** announced the availability of the West Nile Virus Antibody under a conditional license by the USDA for use in yearling or older horses as an aid in the control of disease caused by the West Nile Virus. West Nile Virus Antibody is a prescription product, administered intravenously by a licensed veterinarian. It increases the antibody level in the circulatory system, thus enhancing an animal's ability to neutralize virus present in the blood. (*company press release*)

> **Veterinary Metrics, Inc.** announced a senior program partnership with **Pfizer Animal Health**. Together, the two companies will offer an aggressive senior marketing campaign designed to promote awareness of senior health issues, such as canine arthritis, and gain client compliance for related services and products. This partnership combines Vet Met's direct marketing and program implementation expertise with Pfizer's leading line of pharmaceuticals. The result is a complete turnkey solution for veterinary practices. (*company press release*)

> **IDEXX Laboratories, Inc.** announced the launch of the Equine Health Profile (EHP) for the VetTest Chemistry Analyzer. This new panel provides equine practitioners with the 12 chemistries most relevant to equine medicine. The EHP joins the already extensive line of IDEXX offerings to the equine market. (*company website*)

> **Vetri-Science Laboratories** announced the introduction of Vetri-Lean for Dogs, a nutritional supplement for overweight dogs. Vetri-Lean for Dogs contains the clinically proven carbohydrate blocker Phase 2 Pet, a proprietary extract of the white bean. It is shown to cut starch absorption up to 75%, so it neutralizes carbohydrate and starch calories by blocking the body's ability to absorb them. Vetri-Lean is recommended to support weight loss in overweight dogs. (*company press release*)

> **Central Garden & Pet Company** announced the appointment of Jim Heim to the position of President - Pet Products Division. Prior to joining Central, Mr. Heim was the president and CEO of The Color Factory, a leading designer and manufacturer of domestic and international cosmetic brands, and has an extensive background in consumer products. (*company website*)

> **Central Garden & Pet Company** announced that Standard & Poor's Ratings Services affirmed its 'BB' corporate credit rating effective September 13, 2004. The ratings were removed from CreditWatch, where they were placed July 12, 2004. (*Business Wire*)

> **Velcera Pharmaceuticals Inc.** announced its formation as a new animal health company focused on improving pet medications using unique and proprietary drug delivery technologies.

Velcera is dedicated to breaking through the administration barriers in veterinary medicine to bring new convenience, improved compliance and therapeutic benefits to veterinarian medicines. The company said it will separately announce a worldwide license that will provide the technological underpinnings of its current product development program. *(PRNewswire)*

> **Pilgrim's Pride Corp.** announced the sales of its Hinton, Va., commodity turkey processing plant and an associated feed mill to Virginia Poultry Growers Cooperative (VPGC). Terms of the sale were not announced, but Pilgrim's Pride said that it will not result in any material proceeds. The company is exiting the commodity turkey industry to concentrate on higher-margin value-added goods, and had previously announced its intention to sell. *(Meating Place)*

> **Nutreco** and **Stolt-Nielsen AS** announced plans to merge their fish-farming operations into the world's largest aquaculture group. The new concern, which will retain Nutreco's **Marine Harvest** name, will employ more than 6,000 people and expects \$1.23 billion in annual sales of farmed salmon, trout and other fish. Under a memorandum of understanding, Nutreco would own 75% and Stolt-Nielson, through its **Stolt Sea Farm Holdings Plc**, will own 25% of the new group after the merger is completed during the first half of 2005. *(AP)*

> JAPAN **Biovet Company** announced the Japanese introduction of Bimuron, a natural human interferon alpha, to reduce diarrhea, and improve symptoms and loss of weight gain caused by Rotavirus infection in cattle. *(company website)*

InnoVet Conference November 8 - 9 in Quebec

InnoVet, an International Veterinary Industry Conference, will be held November 8 - 9, 2004, in Quebec, Canada. This unique venue brings together veterinary researchers, practitioners and product developers, biotechnology industry decision makers, investors and regulatory leaders for a focused discussion of the current challenges facing the animal health industry. This year's themes are: vaccine development, commercialization trends, and strategic alliances. Visit www.innovet2004.com for complete program, registration and sponsorship details.

ANIMAL HEALTH NEWS

> JAPAN - BSE A 62-month-old Holstein dairy cow in Japan was found to have BSE after slaughter late last week. The animal was destroyed and the area at the slaughterhouse was sterilized. This is the 12th case of BSE since the disease was discovered in Japan in 2001. The find occurred just as the Japanese government proposed a relaxation of its ban on imports of US cattle and beef, offering to allow imports from ranches that guarantee the cattle are no more than 20 months old. *(Meating Place)*

> MALAYSIA - AVIAN INFLUENZA Malaysia has detected three new cases of bird flu in a northern state where two outbreaks have been reported since last month. One of the cases was discovered outside the existing quarantine zone. Malaysia has now declared its entire northern Kelantan state a quarantine zone to halt the spread of the virus. *(AnimalNet - Reuters, Agence France Presse)*

> VIETNAM - AVIAN INFLUENZA Vietnam has reported two more avian influenza outbreaks near Hanoi. Officials are culling about 600 sick chickens and ducks after the H5 subtype of the virus was found among 300 sick and dead poultry, half of them ducks, at a market in Hanoi and from a flock in nearby Ha Tay province. *(AnimalNet - Reuters)*

> US - AVIAN INFLUENZA Ag Forte, of Aurora, Missouri, has quarantined, and will slaughter, a flock of 14,000 turkeys, after the birds tested positive for a strain of avian influenza. The strain of bird flu detected, H3N2, is considered low pathogenic and are fairly mild compared with the high-pathogenic flu in Asian countries. (*AnimalNet - Promed*)

> US - ANIMAL ID Nebraska's animal identification system has been approved by the USDA's Animal and Plant Health Inspection Service. The premise identification system is one part of an overall livestock identification and tracking system. The Nebraska Animal Verification Enhancement (NAVE) system features animal identification, animal tracking and integrated participation for all segments of Nebraska's livestock and beef production industries. NAVE is a computerized livestock premises registration system designed by the Nebraska Department of Agriculture that records the locations where animals live or will live. The Nebraska Department of Agriculture expects to begin registering livestock premises soon. (*AnimalNet*)

> US - PET CELL PHONES **PetsMobility** Networks, Inc., announced the upcoming launch of PetsCell cellular telephone for pets. The patent pending PetsMobility PetsCell will be compatible with existing cellular and satellite GPS technology. The PetsCell will allow pet owners to talk to their pets as well as allowing owners to request assistance should they require help. In addition, and perhaps more valuable, pet owners will have a peace of mind that if their pet is lost and someone finds their pet wandering the streets, with a simple press of a button on the mobile device, the auto dial will dial the owners home alerting the owner to retrieve their pet. The PetsCell, 2-way communication device will also be available with an optional GPS tracking chip and a fiber optic camera for search and rescue applications. (*Business Wire*)

BRAKKE CONSULTING VIEWPOINT

If you like change, you should enjoy being part of the animal health industry these days. Some outsiders like to refer to the animal health industry as a small, slow growth, niche market. As an insider, I'm amazed to see the changes occurring in the industry each week.

This week we reported the November 2004 retirement of Alan Read at Merial, and his replacement by Jerry Belle. Alan has contributed a great deal to the industry during his tenure at the helm of Merial. We wish him the best on his retirement.

We also report each week, and this week is no exception, on the creation of new businesses and technologies. The industry needs innovative new companies to provide a source of improved and useful products and services. We also note the ongoing parade of companies or products that are acquired and integrated into other operations.

I guess I'm most impressed this week with the announcement of cell phones for pets and a weight loss product for dogs. I can remember the days when you whistled for your dog to call him home, and to keep him trim you ran him hard and didn't overfeed him. I guess I'm beginning to show my age.

Have a great weekend.

Ron Brakke

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