

United Kingdom & Germany

CEO Kicked Out

Simmering nervousness has afflicted a long-established paper maker.

Whatman plc, the company specialising in separations technology, has failed to calm its troubled finances. Everything appeared to be going well after acquiring German biotech manufacturer Schleicher & Schuell at the end of 2004, with Whatman's total sales in 2005 jumping 44 percent to €162 million. In the same period, their share price rose from €350 to €442, an increase of 26 percent.

But the integration of Schleicher & Schuell took longer than expected, as did the introduction of international financial reporting standards (IFRS). Moreover, Whatman's earnings before interest, tax and amortization and also before integration costs and provisions (EBITA) fell short of market forecasts. Whatman's sales growth stagnated in 2006, up just one per cent when adjusted for new business and currency movement.

As a result the share price dropped to €396 (down 10 percent) at the end of 2006. In the same period, the healthcare equipment and services sector performed much better, rising several percent.

Pulling the trigger

Whatman, based in Brentford (Middlesex, UK), is one of the oldest life science ventures of them all. The company was founded in 1740 as a small, rural English mill making fine, handcrafted paper. Proud of its histo-

Millions to France

Windfall Near Paris

Novoxel, of Romainville (France), has just bagged €50 million in the largest European biotech round for 12 months. The money is intended for further development of Novoxel's antibacterials and anti-fungals, of which three are in clinical phase I studies. The French company was formed as a well-endowed spin-off from the anti-infectives unit of Aventis Pharma when Sanofi merged with Aventis in 2004. At its creation, Novoxel received an advanced portfolio of anti-infective programmes, intellectual property and €40 million funding.



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ry, Whatman declares on its website that "in the 1930's, Soviet leaders used Whatman paper to publish their five year plan for the future of the USSR, while the peace treaty with Japan was signed on Whatman paper at the close of World War Two".

Surrender on Whatman paper

Now, 75 years after the communists' plan and 15 years after the USSR's implosion, Whatman officials have taken decisive action by kicking out CEO Bill Emhiser, who began his job barely 13 months ago.



Historic Whatman paper: An engraved 1828 map of Northamptonshire, by Henry Teesdale.

In a recent press release, Whatman's chairman Bob Thian called the business results overseen by Emhiser "disappointing". Additionally, Thian lamented that the company

More millions to France

Cloudy Elsewhere

Nicox, from Sophia Antipolis/Antibes, has pulverised European biotech funding records (see adjoining article). At the end of January the French biopharmaceutical firm launched its bid for a €130 million capital increase to fund the development of its nitric oxide-donating drugs. Nicox's lead compound, naproxcinod (used to treat osteoarthritis), is in phase III clinical trials. The company intends to launch and market the drug itself. This is an unorthodox and pricy strategy for a small biotech company. Most of Nicox's competitors aim to find partners or purchasers for their drug projects.

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Company founder James Whatman (around 1750).



was "currently under-performing and has missed successive sales growth targets".

Just a short while ago, Thian sounded cheerily optimistic. Commenting publicly on Emhiser's appointment in November 2005, Thian said: "I believe that he will bring to Whatman a blend of experience, knowledge, energy and enthusiasm, as well as a genuine international perspective, [to] help us achieve the growth outperformance that continues to be our objective."

The new man at the top is Kieran Murphy, former Chief Executive of Innovata plc (a pulmonary products developer). Sitting on a red-hot ejector seat, Murphy needs to deliver quickly the reassuring results that his chairman is expecting.

Subsidiary performs well

At least one of the company's numerous problems won't worry its new CEO. Whatman's German subsidiary Biometra, which sells thermocyclers for use in DNA analysis, has resolved its litigations and signed licence deals with US corporations Beckman Coulter and Applera. According to Whatman officials, the British have no immediate plans to dispose of Biometra.

Why should they? Biometra performs well and is expected to contribute revenues of €10 million and an operating profit of €1.8 million in 2006. W. KOEPELLE

The World of Big Biotech

Regaining Strength

Analysts are predicting a recovery for big biotech companies in 2007, CNN reported recently. This assessment should delight giants like Amgen (shares dropped 23% in 2006) and Genentech (down 20%). For Amgen, analysts expect a strong stimulus this year, despite the company's patent battle with Roche to defend its multibillion blockbuster drug, Epogen. When it comes to Genentech, there is hope that future earnings will be driven by sales of Avastin, a colon cancer drug, and Lucentis, a treatment for age-related vision loss. Genentech's Avastin sales were disappointing last year. In 2007, they should rise 35% to \$2.3 billion, the analysts assure.

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USA and the World

Fewer Hormones for Coffee Drinkers?

A worldwide coffee retailer doesn't want to compromise any longer.

US coffee retailer Starbucks has succumbed to a campaign against artificial growth hormones in food. In January 2007 the corporation announced that it would try to avoid rBGH residues in its dairy products.

Growth hormones have been big business for many years. Doctors use them to treat patients suffering from illnesses such as GH deficiency and Turner syndrome, but they are also used to less worthy ends: by some bodybuilders and professional athletes to increase their strength and muscle bulk, and by those hoping to benefit from doubtful anti-ageing and beautifying effects.

A dash of cattle hormone

Another big business is the production of growth hormones used to increase milk production in cattle. Breeders periodically medicate their animals with bovine growth hormone (BGH), a protein that occurs naturally in the pituitary gland of cattle. Usually it is administered as a synthetic, recombinant version of the hormone (rBGH), produced and sold by the US biotechnology corporation Monsanto. According to Monsanto, more than 30 percent of dairy cattle in the USA are injected with rBGH.

Most countries in the European Union have not approved the use of BGH due to economic and animal welfare concerns.

However, dairy products from rBHG-supplemented cows are imported and approved as safe by these same countries. For many, this double standard smacks of political wheeler dealing.

Dangerous for humans?

Any potentially adverse health effects in consumers of products from rBHG-injected cows are hotly debated. According to studies performed by Monsanto, rBGH increases IGF-1 in the milk of treated cattle. In 1998, researchers reported in *The Lancet* a link between human IGF-1 in the blood and an increased risk of several kinds of cancer. In 2006, another group published a paper in the *Journal of Reproductive Medicine*, proposing a link between IGF-1 and the incidence of twin births. Despite this, definite evidence that rBHG is dangerous (or indeed harmless) is still lacking.

Starbucks has already seen enough. With revenues of \$6.4 billion in 2005, 115,000 employees and 10,500 cafes, the worldwide operating group based in Seattle (Washington, USA), has plenty to lose. Gradually, the dairy products used in all Starbucks coffee stores in the U.S. will become rBHG-free. In making this decision, Starbucks's hand has been forced by a US consumer-led campaign.

"This is something that our customers



"BGH? I love it (but from natural sources only, please)!"

have requested" Starbucks spokesman Brandon Borrman told the news agency Reuters, "now we are engaged with all our dairy suppliers to explore converting our core dairy products to be rBGH-free". Borrman also said that Starbucks has already boosted to 37 percent the proportion of its supply that is free of the hormone. In the coming years, Starbucks aims to reach 100 percent.

But there is one big problem that could thwart the company's efforts: only a small number of US suppliers can deliver enough milk which is demonstrably rBGH-free. Monsanto's marketing campaigns have been effective in wooing US dairy farmers – possibly too effective for Starbucks's ambitious goals. WINFRIED KOEPELLE

United Kingdom

Glaxo Gets the Blues

Britain's largest drugs company comes to blows with the BBC.

GlaxoSmithKline (GSK), is nursing its wounds after a damaging struggle with a prominent British television broadcaster. On January 29th, the BBC aired a programme entitled *Panorama: Secrets of The Drugs Trials*, in which GSK was accused of distorting trial data on the antidepressant drug Seroxat. In the programme, commentators said that GSK covered up disagreeable data on the use of Seroxat in children to disguise the drug's connection to suicide in minors.

The *Panorama* investigation presented data and confidential emails supposedly proving that GSK falsified a clinical trial and kept the drug's side effects secret. Additionally, the company influenced "independent" academics, according to BBC. The trial, called "Study

329", was held in the US in the 1990s (Waterman et al., *J Am Acad Child Adolesc Psychiatry*. 1991 May;30(3):415-22). In a written statement, published before the TV programme was aired, GSK denies "any suggestions that it has improperly withheld drug trial information" and complains about the BBC's "misleading and provocative commentary".

To examine previous fraud allegations the Medicine and Healthcare Products Regulatory Agency (MHRA) began a criminal investigation into GSK in 2003, with no negative consequences for the company so far. In the same year, Seroxat was banned for children and adolescents. Depressed children experience three times the normal frequency of suicidal thoughts and behaviour.

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