EZ EM INC
Form DEFA14A
September 27, 2004

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant |x|

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Check the appropriate box:

[ ] Preliminary Proxy Statement

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E-Z-EM, Inc.
(Name of Registrant as Specified In Its Charter)

N/A
(Name of Person(s) Filing Proxy Statement,
if other than the Registrant)

Payment of Filing Fee (check the appropriate box):

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Dear Shareholder:

We are pleased to present you with this review of the Company's achievements for fiscal year 2004. During the year, we continued our focus on positioning E-Z-EM in the emerging growth areas in today's dynamic healthcare marketplace. We believe we have made great progress. Our goal of consistently maximizing value for our shareholders has been, and is, our continuing focus.

MARKET SNAPSHOT

Fiscal 2004 saw a continuation of the dominant trend that has driven our marketplace over the last few years--an ongoing shift from acute, hospital-based treatment of gastrointestinal (GI) diseases to early detection and intervention. GI disease is the second most prevalent in the United States after heart disease, and remains a major driver of healthcare costs. Colorectal cancer (CRC) is the second most common cancer in the United States, with an estimated 150,000 new cases diagnosed each year resulting in nearly 60,000 deaths. Together with an aging population and the rapid advancement of multi-slice CT scanner technology, this trend will continue to shape radiology in the years ahead.

The rapid development of new detector technology for image generation and the convergence of the computed tomography (CT) and molecular imaging platforms have created opportunities for new targeted contrast agents. New and improved techniques for imaging of the upper and lower GI tracts are contributing to double digit growth rates in the CT marketplace.

The GI market itself is also undergoing fundamental change, becoming a multi-disciplinary market where radiologists and gastroenterologists are closely integrated in the treatment of abdominal disorders. To capitalize on the resulting opportunities, we continue to leverage the expertise and reputation E-Z-EM has built over 43 years in GI imaging.

INCREASING SHAREHOLDER VALUE

Fiscal 2004 saw several initiatives designed to increase shareholder value. Chief among these was the successful initial public offering of our AngioDynamics subsidiary, with an offering of 1,950,000 AngioDynamics' shares made on May 26, 2004. Together with 292,500 shares purchased by the underwriters pursuant to the over-allotment agreement, the offering raised gross proceeds of $24.7 million.

Over the past few years, AngioDynamics has become a market-leading supplier of products used by interventional radiologists and other physicians for the minimally invasive diagnosis and treatment of peripheral vascular disease. Through a combination of internally and externally developed products, AngioDynamics' year-over-year growth in sales and profits hit record levels in 2004.

E-Z-EM has declared special stock dividend of its remaining holdings, representing 9.2 million shares of AngioDynamics common stock. This special

stock dividend is payable on October 30, 2004 to E-Z-EM shareholders of record on October 11, 2004, and will mark the completion of AngioDynamics' spin-off from E-Z-EM. We are very please with the recent past performance for AngioDynamics, and wish soon to be independent Company every success in the future.

In fiscal 2004, we also continued to implement our Manufacturing, Streamlining and Restructuring (MSR) program, an effort to rationalize our manufacturing base to allow more efficient utilization of resources throughout the organization. Phase One of MSR was completed, on time and on budget, with the successful transfer of our device manufacturing in Puerto Rico and heat sealing operation in Westbury to a third party manufacturer. We expect Phase One will result in $1.7 million in annual savings beginning in fiscal 2005. Phase Two of MSR was announced after the end of fiscal 2004, and will involve the transfer of powder barium manufacturing from Westbury to our plant in Montreal, Canada. Phase Two is expected to be completed over the course of fiscal 2005. Savings are estimated at $2.2 million per year beginning in fiscal 2006, and we expect the cost to be offset by the sale of non-core assets.

E-Z-EM TODAY: A FOCUS ON PRODUCT DEVELOPMENT

Our development resources are currently focused on growth in the CT space with emphasis on: contrast agents for CT Angiography (CTA) and PET/CT applications, devices for delivery of injectable contrast, and virtual colonoscopy. During the past year we introduced VoLumenTM--the next generation low density barium sulfate suspension for use as an oral contrast in Multidetector CT (MDCT) and PET/CT studies. VoLumen is designed to overcome the limitations of water and higher-density positive oral contrasts currently used in these studies, and allows for the simultaneous investigation of all organs, vasculature, and surrounding structures of the abdominal/pelvic region. The product was formally launched in the first quarter of fiscal 2005. VoLumen has been clinically tested at leading medical centers in the U.S. and Europe, and we believe this product has the potential to become the standard for all abdominal CT contrast applications requiring an oral agent. We will continue to monitor its clinical acceptance and performance.

We also introduced Tagitol VTM--the latest addition to our family of virtual colonoscopy products. Tagitol V is a low volume, high density barium sulfate suspension that can effectively tag retained stool, allowing for enhanced detection of pathology in virtual colonoscopy. Administered in three, 20 mL doses taken with breakfast, lunch, and dinner, Tagitol V helps improve data analysis and can reduce false positive and false negative readings. In addition, pleasant taste and small, prepackaged unit doses aid patient compliance and simplify storage and delivery to the patient.

We also strengthened our award winning line of EmpowerCT<<injector systems with the launch of the EmpowerCTA <