Nuno Brás, General Manager, LEO Farmacêuticos



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Nuno Brás, General Manager of LEO Farmacêuticos discusses the effect of the crisis on the Portuguese pharmaceutical market, how being a small privately owned company was an advantage during the crisis, and what future growth looks like for the company as well as the industry.

You have had the opportunity to work in several big pharmaceutical companies in previous roles; what were you able to bring from those experiences to LEO Pharma?

The most relevant experience concerned organization. I joined LEO in 2011, when the organization was at a turning point worldwide. LEO was transforming into a global company rather than several affiliates put together. I felt I could provide a global culture to the organization as well as the systematization of procedures and processes, and the way this affiliate could aggressively look at the market, and hence create the foundations to a patient-centric company, which is now well established.

What strategies did you implement in terms of handling a crisis occurring at the same time?

Let me preface this question by noting that it is very important to consider that LEO is a company that operates in very specific markets, primarily in dermatology, as well as in thrombosis, which is still small but is steadily growing for LEO. This means that it is unfair to solely compare the performance of LEO to other, more general companies with a wider range of products. But the first challenge I encountered was to provide a more global personality to the company, and to make it

more visible in the market and to stakeholders, local industry and the Ministry of Health. The internal implementation of governance boards that were not available at that time was also a priority. By developing such boards, as well as functions, job descriptions, and communication flow, these simple aspects assisted in the development and motivation of the company's employees.

How has the lack of reimbursement in Portugal in recent years affected a niche company like LEO?

Regarding this topic, Leo is in a counter-cycle mode. In September 2012 LEO Pharma was fortunate to have a drug reimbursed in Portugal after waiting for more than two years. We grew the business thanks to this launch. The three-year difference between LEO's first launch of this product and its launch in Portugal was a huge loss of time and opportunity, not to mention patients losing the opportunity to be better treated.

Does communicating directly to dermatologists using a "field force" work effectively in Portugal, or is the traditional sales model more useful?

I think that the share of voice and existence of a traditional sales force still pays off in southern countries like Portugal. Perhaps this is not a modern way of thinking, but this idea holds true in southern countries. LEO Pharma Portugal is preparing for the next era of challenges, which will turn the company from a call or sales-oriented to a negotiation, stakeholder, and decision-oriented business, in line with changes across the industry. Portugal and similar countries are perhaps laggard in this, but are slowly moving in the direction of the Northern European business model.

How is the portfolio of LEO represented here in Portugal?

LEO Portugal has almost the entire portfolio necessary to accomplish its objectives in this country, although we have experienced some product modulation due to strategic decisions taken this year. The main issue we have today is access to innovation. LEO's flagship product Picato® is in line for approval, submitted in early 2013, and we are still waiting to hear from local authorities about this product, which is critical for the next few years.

In this case, perhaps falling back on old products can help to drive the growth more.

I completely agree. BMI recently reported that one of the key opportunities for companies, apart from innovation, will be OTX and OTC products, which represent the only markets forecasted for growth in value over the next five years. However, being an innovation company, I would also like to have innovation available for our patients in Portugal, who deserve the same access to treatments as patients in other countries.

What challenges or opportunities does being a privately owned company bring?

There are certainly more opportunities than challenges. Being owned by a foundation, the LEO Foundation, this has allowed LEO Pharma to set a very ambitious long-term strategic direction, to become the dermatology care partner by excellence and to treat more than twenty million people in 2015. This is not something that you can make happen from one quarter to the other, which is normally the timeframe that a shareholder company has to improve indicators. On the other hand, not having pressure from investors is also a challenge. Pressure might keep you more alert and stimulated, and can force you to obtain other sources of business or add to current success.

Is it too early to be optimistic about growth in Portugal?

I am optimistic about growth in Portugal. The pharmaceutical industry is a critical player in the nation's economy, so I believe that our trust will certainly contribute to growth. However, I do not think that the crisis we see in the pharmaceutical sector is the same or was initiated by the Portuguese crisis. The pharmaceutical sector's crisis was originated by a patent cliff in several big pharma companies, with subsequent differences in their business models. On top of that was the crisis. Despite being at the bottom, there are positive economic indicators in the country, and for the second year in a row the industry has signed a contract with the Ministry of Health. There is good will from both sides, and there are signs of openness to innovation in the near future as well as signs of debt regulation. Therefore, I am very optimistic for the future of Portugal.

What do you hope to achieve in the next few years in terms of strategy?

LEO Pharma is devoted to helping people achieve healthy skin, by putting the patient at the center of all our actions, thoughts and efforts. This is the foundation for everything we do in LEO.

To be successful in this, we rely on a very important portfolio of solutions for skin infections and eczema supported by a strong brand notoriety and awareness. The psoriasis franchise, on the other hand, has given LEO Pharma an undisputed leadership in the treatment of this very disabling disease, and is the main driver of sales and growth of our affiliate.

However, LEO Pharma has been also preparing its future. The next big challenge is the launch of Picato®, a breakthrough in the treatment of actinic keratosis (AK). With this, we are entering a new field of knowledge, and helping millions of people around the world not to progress to severe or malignant forms of skin cancer.

Beyond Picato®, LEO Pharma is exploring new entities and solutions in other dermatological conditions that will position our company as the preferred dermatology care partner.

Our thrombosis franchise is also playing a significant role in growth and value, whereas it sets a new strategic direction into oncology due to the close relation between thrombosis and cancer. To support our belief and to provide the best solution to our patients, LEO Pharma has conducted the biggest international clinical trial in this setting, whose results will be published in the next years and definitely contribute to the success of our strategic decisions.

Why did you take this position within a much smaller organization compared to previous experiences?

This was the first opportunity to become a general manager, and to accept a challenge of running a business in a completely autonomic way. In contrast, you do not have flexibility working in big pharma. Small is beautiful, which implies the ability to be flexible and patient-focused. LEO can tackle every problem on the field. We do everything here. That really grabbed my attention. My decision to take this position also revolved around the question of people. This meant not only my team here but also the people to whom I had to report. The Danish personality is very different from that of the Americans, to which I had become accustomed. The size of a company does not create challenges; rather the challenge involves what you can do for the company. You can grow a company like LEO Pharma, which is much more difficult in big pharmaceutical organizations

How do you perceive the future of Portugal?

I sincerely believe that the Portuguese economy is at a turning point, as seen with several positive indicators across many areas in the economy. The country’s government is in a stable position, and the current agreement with the Ministry of Health can only represent opportunities for the health and pharma industries. That being said, it is important that the Ministry looks at the main hurdles and challenges still in Portugal such as the regulation of debt and access to innovation. Parallel export, which is a consequence of price cuts, also hugely affects companies in Portugal. The industry needs to look at these factors to put our market in an attractive position compared to other markets. Portugal has not been as competitive as other southern European markets in recent years, and it needs to be as equally competitive in order to succeed.

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