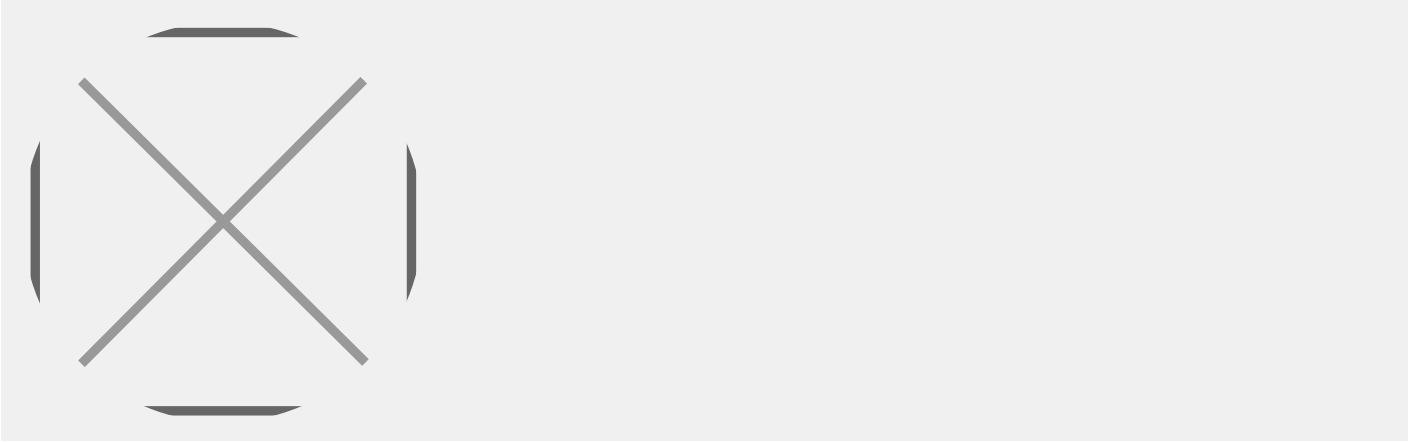
Interview with Andrew Makin, Managing Director, CiToxLAB Scantox



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After working in this company for 11 years (since 2002), can you please introduce our readers to CiToxLAB Scantox?

Scantox was founded in Demark as a private Danish company in 1977 and has since gone through different stages. For instance, in the mid-2000s the decision was taken that Scantox needed additional investments and was subsequently acquired by LAB research. Then in 2011 LAB Group was acquired by CIT Group, a French CRO.

Hence today, CiToxLAB Scantox is part of the CiToxLAB group with headquarters in France and sites in Canada, Hungary and Denmark. CiToxLAB group is an important player in the CRO sector and positioned among the top five CROs worldwide.

As for CiToxLAB Scantox, we are the largest local service provider of preclinical services for the Scandinavian and North European market. From this site we also work with different countries around the world, from USA to Europe and Japan.

What would you say are the main challenges of running a CRO in a country like Denmark?

We work extensively with Nordic companies and we have established relations with some very good, loyal customers in the region. However some of the downsides of working in Denmark is that it is not a low cost country; the cost of labour and living is very high. Since we have a truly global business, we compete worldwide and understand that our customers want to get the best product for the best deal. Pharma and biotech companies are intent on cost cutting, maximizing their profits

and reciting a good story to their shareholders. Although they recognize quality, this does not prevent them from looking for the best value for their money and as they have the opportunity to shop globally, we need to find ways to maintain our competiveness and continuing being their partner of choice.

Given that you mentioned the company is competing in a global world— what kind of impact has the rising competition of Asia had on your business?

Asia is not homogeneous and there are serious differences across countries, from very sophisticated markets like Singapore, to others that are absorbing information like Taiwan. My customers can find advantages in going to Asia because they can get done things cheaply and efficiently. But, one of the most important things when you are developing a drug is the quality of the work, which starts with the interaction with the regulatory authorities. Our quality at CiToxLAB is very high, we have had GLP status for many years and we always welcome visits from our customers.

The quality of our business, coupled with the extremely competent staff of our organization that understand English certainly give our clients reassurance. At the end of the day the only product that we make here is a report written in English, therefore it has to meet the requirements and standards of our clients. In this end, we have an advantage over other low cost Asian labs. Furthermore, in Europe we have credibility and we offer that to our customers.

So, the Asian market is undoubtedly growing, but I suspect that my competition doesn't come from Asia, it might in the future but today it's primarily in Europe and the US.

Can you please briefly describe to our readers the main services CiToxLAB offers?

We do not offer clinical testing services; we do pre-clinical, animal based studies. Throughout the CiToxLAB network we can provide drug development companies with pretty much everything they need to take their products into man to the latest stages.

In addition to these services, can you elaborate on CiToxLAB's leading position in using mini pigs for dermatological studies?

Our business is a broad based one that can compete with any of the other CROs around the world. Over the last 25 to 30 years we have specialized in the use of mini pigs in the testing areas, as an alternative to dogs and non-human primates, since testing in the two latter species tend to be more controversial. In this regards, mini pigs have been developed all over the world but particularly here in Denmark. This has given us an advantage to develop a background and understanding of derma drug development throughout the organization. The pigs are part of the development of derma products, but it also includes in vitro and vivo studies (not all of which are done in this site). We also have several staff who have worked with Leo Pharma, which gives us a better understanding

of the needs of derma companies.

As you mentioned before you have some loyal clients, what is their importance and what are you doing to increase your client portfolio?

Within Europe, setting aside the USA operations that work more independently, we have an active business development group because we are seeking to grow our client base. We are clearly targeting those customers that know us but haven't worked with us, as well as those who do not even know about us yet. In the past five months the company has hired two new business development managers that are based here and are responsible for looking for new clients in Northern Europe.

As for our existing clients, we let the science speak for itself, since the quality of our scientific work enables recurring business. In principle, we want to be partners with the companies that we work with. They invest a lot of trust and faith in what we do so we need to work very closely with them.

Our clients come from a broad range of companies, from the largest one here in Denmark to the mid sized companies. However, we are very interested in smaller companies and despite the fact that they tend to not have large pipeline and are not recurrent spenders, they have very interesting projects that need support in order to survive.

What value do you add to your customers?

Since CiToxLAB Scantox is very focused in the local area (Denmark), what we offer to our customers is a service where they can get the advice and help they need from a company that is local and understands their needs.

We have a lot of very talented scientists with years of experience in the pharma industry. We provide local companies not only with the actual studies but also with the soft services. For a small biotech company, having a company like ours with the ability to provide them with consultation and support is extremely valuable.

Furthermore, most of the pharma and biotech companies are in the Copenhagen area. Having an office here in Ejby is very convenient for our customers since they can drop by anytime, monitor a study, talk to the study directors, and then go back to their offices. Since our competitors are not based in Denmark, visiting them implies extra costs like flights, transportation, accommodation, etc. In this regard, our proximity is extremely advantageous.

Looking into the future, what are your expectations for the next five years?

For the next five years there will be concerted efforts in bringing the economy out of the crisis it has been through. I have been in this business for 30 years and I can remember some ups and downs, but the recent downturn we have been through has been the longest. This is the time we need to

keep an eye on the market and continue providing our customers what they need whilst anticipating future needs. I also hope to see much more activity and financing into the biotech industry, which will be responsible for leading the development of our business.

What would you like to be your final message?

The Danish mentality coupled with the high level of skill and technology is a valuable commodity. We foresee the Danish biotech industry growing in the future and CiToxLAB Scantox wants to play a big role in that.

In a more personal way, after 30 years in this sector what has kept you motivated?

What always motivated me for working in the CRO side of the industry has been its variety. Different to the pharma industry, in my line of work I meet many different people while resolving problems and finding solutions, which really motivates me.

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