Interview with Patrik De Haes, Chief Executive Officer, ThromboGenics

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Dr De Haes, as the CEO of ThromboGenics for the last five years, can you provide us with an overview of the company's main achievements that you are most proud of?

At the moment, ThromboGenics basically has one key product, Ocriplasmin, which has recently completed phase-III clinical studies. Initially, this drug was being developed for use in cardiovascular diseases however it has now been repositioned for use in ophthalmology. More specifically, Ocriplasmin targets the treatment of symptomatic vitreomacular adhesion (VMA) eye disease for which there is no alternative remedy other than surgery. Naturally, this is a complex procedure that involves removing the vitreous from the eye which is then followed by a distressing two week recovery period. This is in sharp contrast to the relatively straight forward treatment that Ocriplasmin offers which involves administering an injection to the back of the eye. Needless to say, for patients in the early stages of symptomatic VMA, Ocriplasmin delivers significant benefits in terms of an enhanced and more convenient treatment choice while also being markedly less expensive.

In 2006, ThromboGenics became a publicly listed company on Brussels Euronext through its IPO which raised €35 million of capital for the company. What was the strategic decision behind the listing and what adaptations did the company have to make to accommodate this new structure?

Considering that ThromboGenics is yet to market its first product and produce a revenue stream, the risk of running out of capital is always a motivating factor.

The company's founder established ThromboGenics using funds that he was receiving from Genentech after having licensed tissue plasminogen activator (tPA) to them. However, this revenue stream ended in 2004 prompting the company to seek alternative sources of finance. Since we wanted to maintain the company's independent status, we opted to seek financing by taking the company public as opposed to venture capital, for instance. Hence, ThromboGenics' IPO in 2006.

In general, I would not say that the IPO had any dramatic effects on the company's structure or organization. At that time, ThromboGenics was merely a laboratory based in a university and staffed by R&D scientists. If anything, the IPO provided the funding to attract people with interdisciplinary skills, and further professionalize the company. It also increased our capacity to carry out developmental studies.

As an innovative biopharmaceutical company based in one of the world's most attractive pharmaceutical industries – particularly in the biotech and clinical research field – what in your opinion makes Belgium a mecca for biopharmaceutical companies?

Belgium offers highly competitive tax schemes designed to attract research based activities. In short, this means that companies like ThromboGenics are taxed at a 6.8% tax rate on revenues from products whose patent are generated in Belgium. Interestingly, ThromboGenics was in fact originally incorporated in Dublin, Ireland prior to its IPO in 2006 for reasons precisely related to a more favourable corporate tax structure. Naturally however, we have since chosen to reincorporate the company in Belgium to take advantage of the even more attractive intellectual property (IP) generated tax incentives that were implemented here.

Recently in July, the FDA advisory committee recommended Ocriplasmin for the treatment of symptomatic VMA while also applying for its marketing authorization in Europe. Can you elaborate on the significance to your company and how much closer does this bring you to its commercialization?

In the US, the FDA puts together a committee for innovative products where there is a medical need, and we are certainly the first biotech company in Belgium to go through this procedure. Moreover, if you look at these advisory committees, their outcomes can be rather unpredictable. For that reason, we had prepared our team quite intensively to brave their investigation. Ultimately our efforts paid off since we obtained an impeccable 10-0 positive vote in favour of Ocriplasmin. Although, this is a recommendation by an external panel, the statistics indicate that the FDA tends

to follow their recommendation as much as 90% of the cases.

On the other hand, at this side of the ocean in Europe, we have already made the relevant submissions to the European Medicines Agency (EMA). We expect to receive their feedback by the year-end and assuming everything goes as planned, we anticipate the EMA's approval by the first half of next year.

Along with being active in ophthalmic medicines, ThromboGenics is also focused on the commercialization of innovative drugs in the oncological therapeutic area. Can you illuminate our readers on your products pipeline and their prospects?

The first compound we developed is TB-403 which is a monoclonal antibody directed against Placental Growth Factor (PlGF). In other words, the antibody inhibits the growth of tumour vessels and prevents tumour growth. In fact, in 2008 we had licensed this drug to Roche which earned us a 'Licensing Deal of the Year Award' and injected approximately €50 million into our company. More recently however, Roche handed back the rights to this drug. We are certainly very excited about this since we now have the opportunity to study this drug in both the ophthalmological and oncological fields which has so far been demonstrating some highly promising results. Currently, the drug is undergoing phase-II trials in both fields of applications.

ThromboGenics is very active in terms of partnerships with both industrial organizations and academic. What is the strategic importance of these partnerships to your operations and can you highlight some of the key partnerships formed and the realized synergies?

Considering the relatively small size of the company, we engage in partnerships in order to capitalize on the synergies they create. Since the beginning, we have been partnering with various academic institutions and this trend continues to this day. In addition to this, we also maintain a number of commercial partnerships with companies including Alcon – the eye care products specialist, BioInvent – a company that produces antibodies in Sweden – as well as with Roche in the past. To be more specific, our partnership with Alcon entails a commercialization agreement for Ocriplasmin outside of the US, where Alcon plans to introduce the drug in more than 40 countries worldwide. On the other hand, with Sweden's BioInvent, we are jointly developing our PlGF compound.

Overall, our main objective with respect to partnerships in general is to seek out efficiencies and opportunities that could be gained. After all, although ThromboGenics has a market capitalization of over €1 billion, we have only 120 people. I believe this illustrates the level of efficiency that we like to operate at. Instead of investing in the acquisition of office spaces or production facilities, for

instance, we like to direct our focus and resources towards the research and development of our pipeline. That is, at ThromboGenics, we do not do the execution, we do the thinking.

Despite its strengths in the pharmaceutical industry, Belgium is said to be experiencing a shortage of a skilled workforce. How does ThromboGenics ensure that it attracts and retains the best and brightest?

Since the establishment of the company we have always had Mrs Laurence Raemdonck, our head of human resources, as part of the executive committee. The implication of this is that Mrs Raemdonck is highly accustomed with most of our processes and requirements since she has always been involved in the operational discussions. As a result, Mrs Raemdonck has the capacity to seek out and select the most suitable candidates for whatever vacancy we might have. I firmly believe that human capital is paramount and for that reason, I think that integrating human resources into operations is a critical since they are allowed a better understanding of the underlying qualities and skills needed in the people we seek.

ThromboGenics is among a handful of Belgian pharmaceutical companies that managed to break out and achieve global recognition. In your experience what elements are crucial for a Belgian company to achieve this level of success?

To succeed on an international scale, I believe it is critical to have a global attitude and strategy. Our approach has been to build a global company on an international level in a number of countries as opposed to building a global company in one country. For instance, we have placed a number of worldwide functions in our US and Irish based organizations. Explicitly, our head of global marketing and sales is based in the US while on the other hand, our head of global market access is based locally in Belgium. One thing that most of our employees have however is a high degree of international experience and exposure which surely contributes to the internationality of Thrombogenics.

You mentioned ThromboGenics maintains a branch in Ireland. What role does the Irish branch play in the company’s bigger picture?

Our Irish division is mainly involved in clinical operations. More precisely, our studies designs are outlined in Belgium by our medical director and are then forwarded to our teams in Dublin. They are responsible for the execution of the clinical trials. Namely, they are responsible for contacting the various clinical research organizations (CRO’s) and pursue the most competitive offers.

Beyond Ireland, the production of the drug is in New Castle in the north of the United Kingdom, while the filling processes are based in London. Indeed as I mentioned earlier, for a company of our size, we are truly following an international strategy.

Where would you like to take ThromboGenics over the next 2 to 3 years and how do you aim on achieving that?

First and foremost, we intend to launch Ocriplasmin in the US as well as the EU and get it into the hands of all retinal surgeons. To that end, we plan to hire approximately 50 field based personnel: 30 of which are sales focused while 20 are involved with the reimbursement matters. In the EU on the other hand, we will only appoint market access and medical affairs personnel since Alcon will be responsible for the sales aspects.

In addition to this, we intend to maintain ThromboGenics' focus on streamlined and effective business operations. After all, I believe that efficiency leads to profitability and that in turn leads to shareholder value creation.

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