

Interview: Maciej Wieczorek - President, Celon Pharma, Poland



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Maciej Wieczorek, president of Celon Pharma, discusses the award-winning success of the 2016 IPO on the Warsaw stock exchange and the opportunities this has opened up, as well as investment strategy to assure the company's impressive growth. Furthermore, he surveys the Polish R&D landscape and discusses the importance of a strong connection between academia and industry to kick-start the domestic biotech scene.

Celon Pharma received an award for the highest initial public offering (IPO) value on the Warsaw stock exchange in 2016. What was the key factor for such a successful IPO?

We initially asked for around 60 million EUR (71 million USD) for the IPO and had offers of more around the three to four hundred million EUR (355 to 473 million USD) mark for the stock; therefore, we had to reduce the share subscription allocation.

There is an overwhelming need in Poland for well-structured and positioned R&D companies with balanced risk run by people with a successful track record - such as Celon Pharma. Poland, compared to other Central Eastern European nations, like Hungary and the Czech Republic, does provide a capital market for some funds, and even compared to the US we are well off. In the US, small spin offs with an exciting idea have the potential to attract capital investment of 20 million USD quite rapidly.

Celon Pharma's balanced approach that leverages the risk of current operations and cash flow, as well as our rational R&D investment strategy, is an intelligent, attractive and rare business model in Poland. Perhaps this is why we have been well accepted by investors.

What is the strategy to make sure Celon Pharma maintains sustainable growth?

Celon Pharma is a model company for demonstrating to the market the successful transition between an older style generic-based entity to an innovative enterprise. With the 60 million EUR (71 million USD) in funds from the IPO, 70 million EUR (83 million USD) from EU funds and the turnover from our generics brands, we hope to bring three new products to clinical development per year.

Currently, we have initiated first human trials for one CNS compound and two other compounds begin phase I clinical trials in the upcoming months. Altogether, our pipeline currently accounts for ten projects in various advancement stages. We are working extensively to prepare Celon Pharma for the upcoming future and secure constant growth with revenues from currently developed products. This should bring us the next wave of innovation. Very exciting!

How are you able to balance the risk between investment and innovation?

Within the innovation space there are projects that inherently carry different levels of risk; high-risk molecules that are generally completely new, and low risk molecules with proven targets and clinically validated potentials perceived throughout the market as safe compounds. We work constantly to balance the risk by using a diverse approach.

For example, one of our recent, low risk projects is Esketamine, an older molecule that has currently gained a reputation as an effective depression treatment. Our idea was to use a unique delivery route compared to the solutions presently on the market. The industry already understands its limitations, such as the fact that ketamine cannot be administered orally due to the metabolic effect. On the other hand, the scientific data confirms its incredible levels of efficacy and safety. This predisposes it as an effective treatment for this highly unsatisfied medical space that is depression – clinical studies claim a response rate in patients of roughly 70 percent, compared to 25 percent in the competitors' products within the anti-depression class. It really is a game changer for this life-altering condition.

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The company is focused on inflammatory and metabolic disease, oncology and neurology. What are the advantages of such a broad approach?

It allows risk sharing across the whole portfolio. For start-ups, it is important to focus on one therapeutic area as it is cost efficient. However, in our case, we are a well-established company with a wide range of expertise. In the inflammation disease sector, we focus on asthma, COPD and fibrotic lung diseases, while our scientific expertise is supported by solid IP and technical skills. In oncology, we have a strong team of medical chemists that are focused heavily on kinase inhibitor technologies.

Overall, I believe nowadays one does not require deep internal focus on a specific therapeutic area as there is such a large abundance of outsourcing services, and this is a process we have utilized quite effectively. Nowadays you need to have a diverse multidisciplinary team with a flat management structure able to react rapidly to changes in the any project. Therefore, our broad market approach does not limit us in our growth objectives.

Many Polish companies are more focused on generics. What triggered Celon Pharma to be so focused on innovative technologies?

Ten years ago, I looked at the market and foresaw the generics industry would not have a bright future, and now we see the generics market globally, and especially in Poland, being hit by drastic price erosions. It is an extremely tough and risky market, and many global companies are struggling to meet their commercial objectives.

I believe that our innovative strategy has a huge chance of creating a new value for the company; therefore, we only utilize our well-established generics brands as a way of generating turnover. Celon Pharma is one of the global leaders in respiratory technology and we have developed our own dry powder inhaler technology that is utilized for our respiratory products. Furthermore, we are extremely efficient in the manufacturing process, and have brought innovation into the production facility, being the only company globally that has the inhaler moulding process and assembly within the same site – which is fully automated. It is of paramount importance to continue inhalator technology innovation because many of our products both generic and innovative, like Esketamine, utilize similar technologies.

What is Celon Pharma's strategy to go abroad?

Six months ago, we partnered with Plexus Ventures, a global pharmaceutical business development firm that offers global opportunities in partner identification. This is the same company that Mabion, another Polish biotech player, used to establish a partnership with Mylan for biosimilars. We have a strategy of networking and meeting with companies that want to have our products within their portfolio.

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Overall, we have a hybrid international strategy. In the future, we believe that we will focus on our own brands within one distinct therapeutic area, and in the long-term, fund clinical development for selected products while outsourcing roughly 60 percent of our pipeline.

In your expert opinion, how would you describe the current condition of the Polish R&D landscape?

The climate is very good, and we see the ambition to promote and invest into biotech from the government side, as they perceive this sector as a critical innovation pillar. We see a strong push via EU and national resources to finance biotech investments.

Furthermore, earlier this year we have seen initiatives by the Polish Ministry of Economic Development to promote education in the biotech sector and help establish a stronger link between academia and industry. This is critical in the long-term as it is a challenge to encourage Polish talent to stay at home.

The other obstacle is money. Slow fund allocation to start-ups – approximately 80 percent coming from public funds and the remaining share via angel investors. Furthermore, there is a high cost of funds for start-ups and in turn, the products discovered by the start-up will require a production site; therefore, there is a push to construct a national centre of manufacturing for these smaller enterprises, so they can grow in a more effective manner.

What key move do you feel must take place to help the R&D sector grow?

Intellectual property (IP) is a concern Poland has to address. Universities are a great place for students to commence their research careers, though universities should not hold molecule IP, but rather give this to the scientists involved. This will empower them to eventually establish their own start-ups around the generated IP and kick-start the local Polish biotech scene.

How does Celon Pharma take a leading role in helping connect academia and the industry?

The pharmaceutical industry is not interested in basic research of molecules already conducted by the universities. Nevertheless, this research is extremely important as it opens up amazing opportunities, it is the fundamental starting point for start-ups and spin-offs, and Celon Pharma is very active in keeping a close eye on the achievements of Polish academia.

For example, a few years ago a scientific paper was released in Nature, pinpointing a breakthrough mechanism of glycemia control via fibroblast growth factor-1 (FGF-1). As I read the paper, I noticed that the University of Wroclaw, Poland, has a decade-long history of FGF pathway studies and so we decided to set up collaboration. Currently, with the scientific value of the project established, we have been granted EU funds to develop a novel recombinant protein that may help combat type-II diabetes patients.

What are the goals of Celon Pharma in the next three years?

We want to finalise four phase IIA clinical trials by 2019. This is an important development as we plan to out-licence at least two of the products.

What is your final message to the international community in regard to the potential of the Polish R&D scene?

It is a great time to invest in Polish R&D. The combination of funding incentives, market cost efficiencies and the amazing ambitions of the Polish workforce create the perfect blend to drive on the innovative landscape moving forward, and Celon Pharma is ready to be the Polish pioneers leading the way in that direction!

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