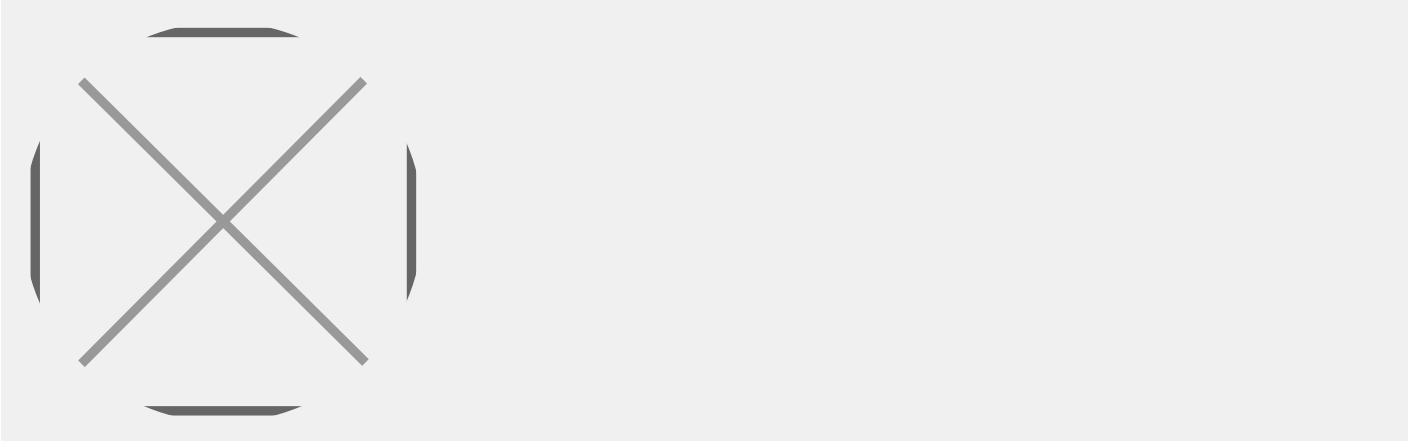
Interview: Joe Henein, President & CEO, Newbridge Pharmaceuticals, UAE



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Joe Henein, President & CEO of Newbridge Pharmaceuticals, talks about the evolution of the company since his joining, what makes Newbridge Pharmaceuticals a unique partner within the industry, and expounds on the many possible options for the future of the company.

Newbridge Pharmaceuticals is a unique company within the Middle East that focuses on bringing biopharmaceutical products to the region. How did this idea originate?

Having worked in Big Pharma for over 30 years, and serving as Wyeth's general manager for the Middle East, I was tempted to try something new and different. The original idea came from venture capital firm, Burrill & Co., who set up the company in 2009 and then headhunted me for the CEO position. As a marketing company, I wanted to truly differentiate ourselves from regular distributors and provide added value to the companies whose products we were going to market. The first step to define ourselves was to determine the niche that I wanted to focus on and where I believe we had something to offer. Based on the premise that we wanted to be a true pharmaceutical marketing company, I also decided that we had to bring innovation into this market by providing unique products that are not available in the UAE. Today, most of the innovation is taking place in small or medium-sized companies based in the US or Europe that don't have sufficient resources to take their products globally. These are the kinds of companies that we have decided to focus on and whose products we are looking to bring into the Middle Eastern markets. Big Pharma is constantly looking to acquire these smaller companies, so whenever we are in

negotiations with one of them, there is always a fear that they might get snatched up by one of the larger companies. In this sense, Big Pharma is our largest competitor.

In the past these smaller companies would simply sell their assets to Big Pharma as their main source of revenue in order to be able to continue financing their R&D programs. Typically they would sell the licensing rights for the products in the US and Europe and would give away all other markets to Big Pharma as a bonus. However, ever since emerging markets started to become a lot more attractive, the model has been shifting and the smaller biotechs have been looking to capture the revenue of the emerging regions by partnering with local companies in each market.

This is where we saw our opportunity to assist them in the Middle East given our extensive expertise in successfully marketing products in the region. We give them the advantage of dealing with a single partner for all the markets in the region, rather than having to contact 25 different distributors, one for every single country. This is on top of all the other partnerships they will have to manage in other emerging markets, because realistically, the Middle East is one of the last priorities for smaller companies when determining which emerging markets to enter.

Another unique characteristic about Newbridge is that we are not a distributor, but rather we are a one-stop solution for smaller companies, serving as a single point of contact. It is up to us to hire and deal with all the distributors on the ground. Additionally, our team is composed of experienced talent, most of which have worked in multinational pharmaceutical companies. Therefore we speak the same language and hold the same ethical standards as any American or European pharmaceutical company, and this is highly reassuring for our partners who only want to operate with the highest standards of compliance and pharma-covigilance.

What kinds of partners have you been able to attract so far?

Each negotiation takes at least one year. For our agreement with UCB, they granted us the license to their entire new portfolio that includes three products, in areas of neurology and immunology. This deal with UCB has proven to be a great milestone for us because it gives us recognition and credibility in working with one of the great global biotech companies. The other big name that we partnered with has been Genomic Health, who has a fantastic diagnostic product, *Oncotype*, for women with breast cancer. This test takes a tissue sample from the breast of the woman in order to determine whether that person’s genetic makeup will react to chemotherapy treatment or not. The truth is that our genes determine the outcome of many treatments, and for breast cancer it is either chemotherapy or hormone treatment. Through this diagnostic we have found that 50 percent of woman who would have undergone chemotherapy would have gotten no results from it, while 20 percent of women who opted for hormone treatment actually needed to have chemotherapy. I would like to believe that if Newbridge did not exist none of these products would have come to these markets. We truly feel that we are providing the local population with

innovation.

What were the greatest challenges you experience to truly establish yourselves as a credible player in the local industry?

Our biggest obstacle emerged right in the beginning when authorities questioned who we were and what our role was in the industry. Given that we are neither manufacturers nor distributors, they did not know how to classify us, because only manufacturers are allowed to be registered as pharmaceutical companies. Finally, under special circumstances they granted us the market authorizations for the products we were bringing because we managed to convince them that these were serious innovations that could improve the lives of patients. Over time they have realized that we are committed to this cause and that the products we bring are not any other product that we are selling simply to make a profit.

Nevertheless, because of this challenge we determined that at some point in our progression we would have to buy a local pharmaceutical plant in order to be considered a real pharmaceutical company. This is why we are now breaking ground on a brand new pharmaceutical plant here in the UAE to be built in Dubiotech. The plans for the plant were already underway when we decided to take a 50 percent stake in the ownership of the new company known as Pharmax. The idea is to eventually launch our proprietary brands and become a full-fledged pharmaceutical company.

Three years down the line now, where do you stand in terms of your product portfolio and financial performance?

Our sales are still minimal at this point, however, we have projections for the end of this year that are very exciting. Starting from zero sales in 2010, and achieving US$1.3 million in 2012, we estimate that we will close 2013 with US$13 million worth of sales. At this rate and with our current portfolio we expect to hit US$130 million between 2017-18. Additionally, in these three years we have grown from being a two-person team to more than 75 people, and from four products to approximately 30 in our portfolio. If we manage to add more products to our portfolio then we might even be able to reach US$200 million in sales by 2018.

What is the next step for Newbridge Pharmaceuticals and do your investors have an expected exit strategy to bank on their returns?

There is no predetermined fate for Newbridge, although there are three main vectors that we must look after in order to ensure our success in the future. The first is to properly invest in and prioritize our products to leverage those that have the highest potential for growth. In this regard, we have to become more strategic in balancing our portfolio, rather than being opportunistic by taking on products that were available to us. We have now decided to become fully dedicated to specialty pharma in four or five key therapeutic areas: immunology, CNS, oncology, gastroenterology and possibly women’s health. This will entail building the value of our brands and expanding the

diversity of our products.

The second vector is to build a strategic pipeline for each of these therapeutic areas. Essentially we need to look at the products that we currently have and understand how we can complement them with other unique products that are not currently available in the Middle East.

We also need to start looking at M&A opportunities to grow the business inorganically, including products, manufacturing facilities and sales. With Elan's involvement in the company we are very excited about the possibilities for inorganic growth.

Regarding our exit strategy, there are also a number of options on the table, including a call option from Elan to acquire the remaining 50 percent of the company within the next 18 months at a set price of US$250 million. This would bring the total market capitalization of Newbridge to US$500 million, which is a very attractive conclusion for all investors and employees. If Elan doesn't exercise this option to acquire us, then the possibility of someone else doing that also exists, including any of our strategic partners. The last option is the launch of an IPO on some stock exchange and taking the entire company public.

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