Interview: Peter Coleman – Chief Executive, Cobra Biologics, UK

"The philosophy behind the Cobra development is to work closely with our customers and expand through their future commitment to support shareholder investment and government grants."

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Chief Executive since 2011, Peter Coleman introduces Cobra Biologics and highlights challenges both domestically and globally in the biotech space for CDMOs; he addresses funding opportunities within the public and private sector and Cobra Biologics' ambitious plans for 2022.

Can you please introduce Cobra Biologics to our international readers?

The business in the UK initially started back in 1992 as a pioneering gene therapy product R&D company, and since that time we have nurtured our interest in this field. We raised a significant amount of capital developing manufacturing technologies at our Keele facility (a university town in England between Manchester and Birmingham), and in 1998, we hit a crossroads. Unfortunately, our products were not progressing as we hoped, and therefore, either we needed to sell the entire operation, or we had to take advantage of the loosening of the regulations which allowed the provision of biologics manufacturing services. We chose the latter, and we went on to win our first DNA contract with GSK, from which the business that we maintain today took off.
Following a series of iterations in 2009, we were acquired by Recipharm AB which kick-started our Swedish links. The facility we have in Keele was combined with a facility that Recipharm bought from AstraZeneca, in Södertälje, Sweden, providing a two-site capability. In 2011, when I became Chief Executive, we separated from Recipharm, and their Chief Executive, Thomas Eldered, acquired the business from them taking it into private ownership. Following this, we acquired another site in Matfors, near Sundsvall Sweden and we have effectively operated a three-site

business since 2011. We currently employ just under 250 employees across Sweden and the UK, two-thirds of which are based in Sweden

What is Cobra Biologics' service offering?

Our Matfors facility has a commercial license which compliments the other two sites who have a clinical manufacturing license. The intention at Keele, especially given the speed at which our advanced therapy customers are obtaining fast track approvals, is to apply for a commercial license the to cover both the production of DNA and Viral Vectors from the MHRA in 2019, focusing our business in the UK on advanced therapy development and manufacturing services. Matfors has a fill-finish capability as well as a large scale microbial protein and a microbiota capability, and it is also now moving into both small and large DNA manufacturing, as part of our expansion strategy in this field.

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What are the synergies between the three different sites across the UK and Sweden?

Each site operates as a separate business unit, with a central commercial function uniting the three sites -. I manage the outward facing sales and marketing team from Keele with four sales people in charge of specific territories, crucially, selling any combination from individual sites. To emphasize this interconnection, my role as Chief Executive covers all three locations.

Moreover, there are certain product types that we take from Keele which we then transfer to Södertälje before finalizing at Matfors. For example, we can make a cell bank at Keele that we shift over to Södertälje; they then carry out the drug substance manufacture, which is then shipped to Matfors for fill-finish and final drug product release. In essence, there is a strong operational synergy across all 3 sites.

What improvements have you brought to the organization and what is still needed for Cobra Biologics?

With any organization, there is always progress to be made with a focus on developing a more integrated organization. For example, we are developing a DNA capability at Matfors which demands a lot of interaction and support from Keele, I would also like to improve our attrition rate as customers move along the product development path and increase their capacity needs from small to large scale.

What is the split of business interest from the UK vs. the world?

Historically, only a small percentage of our business (less than 5%) derives from UK based customers. This is not a new situation, even from winning our first contract we immediately became a global player. We have a strong profile in North America, particularly with respect to DNA and viral vectors mainly because there are more well- funded advanced therapy companies in the US compared to the UK. Also a lot of UK based advanced therapy companies, such as Oxford

Biomedical, have developed their own manufacturing capability and therefore wouldn't necessarily need services from Cobra. The UK and Sweden are excellent locations for the creation of novel ideas, however the commercialization of products from there has been historically more challenging.

What is your client base?

We have an encouraging spread of customers, from university start-ups to large pharmaceutical companies. Our customers tend to be US based, well-funded, mid-sized biotech companies. And they operate a reciprocal arrangement because they like Cobra's approach to relationship management. We are flexible and creative, and they usually have no desire to insource their contract manufacturing services and appreciate the level of manufacturing expertise that we have. We have two sales people based in the US, one who lives in Chicago covering the East Coast and the other living in San Diego covering the West Coast. We have had a sales representation in the US now for over 15 years and it has proved to be very successful. Having a sales person based in America is much more fruitful than sending a British person across the pond as they have a better understanding of the situation on the ground.

How do you differentiate Cobra Biologics from the competition?

The advanced therapy CDMO space is a competitive environment. Cobra doesn't develop its own products anymore so we are an independent CDMO that can provide both plasmid DNA and viral vector development and manufacturing services. In this regard we believe we are one of less than five non-academic independent companies worldwide able to provide both of these products for gene therapy products.

Our ability to compete internationally is our excellent track record. We have been a CDMO for 20 years. Customers look for an organization with an excellent track record, a substantial compliance history, and security of supply, our customers face many risks in business and do not want to add to this risk by signing up a contract manufacturer that does not know what they are doing. Cobra Biologics is therefore, a logical choice.

What is the ideal customer?

The ideal customer works to build a strong working relationship with its contract manufacturer built on openness and trust. We try to be more flexible than our larger competitors and we believe a strong relationship with our customer is crucial for success. I try as CEO to meet with the key decision-makers very early on in the relationship. In this industry there is a high attrition rate; so we are never over-reliant on one customer and build our portfolio around several key customers.

What role can a company like Cobra Biologics play in setting the framework for the UK's life sciences?

We have won many awards recently for our international trade and have always had an outward-

looking focus and perhaps in the past overlooked our role in the UK. However recently I made a conscious decision to take a more proactive role in the UK and position ourselves closer to the UK decision makers, to influence more government policy and enable us to access the available capital and innovative grants. In 2017, Cobra took an active role in the Advanced Therapy Manufacturing Task Force, where a number of leading life science organisations including the Cell and Gene Therapy Catapult were brought together by the UK government to help develop and facilitate an advanced therapy manufacturing capability in the UK. All of the recommendations were included in the Government's Life Science Strategy, published late in 2017, and Cobra has benefitted with a £3.5m capital grant to fund its viral vector expansion plans in 2018.

There is a clear opportunity for the UK life science industry to develop a leading edge in advanced therapy manufacturing and not make the same mistakes that were made in the past with antibody products whereby the technology developed in the UK was sold off early and commercial production lost. There has been a realization within government that they need to support UK manufacturing, building on the UK's USP's, its robust academic talent pool and track record for creative ideas, and with government support we can utilize and develop these USP's. Cobra operates with a global focus, and works with organizations from all over the world. We believe our flexibility, openness and responsiveness make the difference, and we have a real opportunity to become a global leader in the areas of advanced therapies thus developing both skills and capability in the UK.

Our aim is to now transfer this proactive approach to Sweden with Matfors about to take a leading role in the development of Advanced Therapy manufacturing capability in Sweden

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What are your strategic priorities for the next five years?

To add to our existing capacity and capability by building on our strong customer relationships as they progress from pre-clinical through to product approval and the need then for larger scale commercial supply.

Our funding strategy for capacity expansion is to source funds from three plains; the government, shareholders and customers. The philosophy behind the Cobra development is to work closely with our customers and expand through their future commitment to support shareholder investment and government grants. This three-pronged approach shares risk, utilizes the willingness of both the UK and Swedish governments to support our business and provide reassurances to our shareholder that he is making the correct investment decisions.

Do you have a final message for our international readers?

We have a clear path forward. With the right timely investment, Cobra has an opportunity to be a global leading CDMO in advanced therapies. To achieve this we need to be fast in expansion but

still our retain customer base and sustain profitability.

Our aim is to achieve this by 2022.

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