Pierluigi Antonelli – CEO, Angelini Pharma



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Speaking exclusively to PharmaBoardroom, Pierluigi Antonelli outlines Angelini Pharma's progress in transforming from a traditional, Italy-focused, and family-owned firm into a true European innovator. Antonelli outlines the potential impact of Angelini's USD 960 million Arvelle acquisition, why he is optimistic about success in the challenging brain health space, and how the company's collaborative partnership strategy sets it apart from its rivals.

You left behind a storied career in Big Pharma to join Angelini Pharma as CEO in 2019; what attracted you to the position and what mandate were you tasked with?

Joining Angelini was an important life decision after having worked for multinationals for over 20 years. It was a decision I took with conviction but not with a light heart. The first reason behind making this move was to test myself and my ability to contribute towards transforming Angelini from a traditional, Italy-focused, and family-owned firm into a true European innovator. The new generation of the family shareholders wanted to propel Angelini Pharma into distinctive innovation, and this was the value proposition they shared with me. It resonated quite well.

Secondly, I had a burning desire to build the best possible team in the industry. As a CEO, you have an opportunity to build a diverse team with great professionalism and passion. Over the years, I have seen the value and power that a great team can bring, which is vital to successfully executing the transformation that we embarked on three years ago.

Thirdly, this was a great opportunity to put into action my entrepreneurial spirit. This is more challenging in executive roles within multinationals, but in a family-owned company of our size (over EUR 900 million in 2019), there is more latitude to impact transformation.

The past three years have been quite challenging on a personal level, having never before experienced such a VUCA (volatility, uncertainty, complexity, and ambiguity) environment, influenced by both the COVID pandemic and now the Russian invasion of Ukraine. However, so far, with my executive leadership team we have been able to progressively translate the vision established back in 2019 into reality. The journey ahead is still long, but we have made significant progress.

What were the most significant impacts of the COVID-19 pandemic on the business during this period of transformation?

COVID has been challenging for all stakeholders, including Angelini Pharma. For example, we had no remote working at all in the company when I joined, although I had planned with the HR team to establish remote working opportunities in five countries by 2020. However, by March 2020, we had transitioned to 100 percent remote working and discovered that our teams were able to operate in this new fashion efficiently and effectively.

The challenge has remained. As human beings, developing personal relationships via face-to-face interactions remains key, especially for new people joining the company. However, overall, we have been operating well, and through COVID discovered the importance of the push into digital. This was one of the four strategic pillars that I set for the company when I joined along with becoming an employer of choice, becoming a partner of choice, and achieving operational excellence.

Pre-COVID, many in our company still doubted the importance of moving into digital and leveraging the opportunities of the digital revolution. However, they discovered during COVID that our drive towards digital made a lot of sense and that it was a loss that the company had not started this journey years before. This really helped us to move hearts and minds, allocating resources differently, accelerating the development and delivery of new customer engagement tools, and integrating digitalisation into our technical operations and R&D.

Many mid-sized companies transitioning into specialty fields are offloading their consumer healthcare assets; what is Angelini's rationale for retaining this arm?

When I joined the company, about 50 percent of our sales came from consumer health, where we have strong brands present both in Italy and abroad. The value I see – as many multinationals have also seen over the years – is that consumer health business generates stable, if undramatic, growth. We have the opportunity to use the funds generated by consumer health portfolio to drive investments in more innovation-heavy areas.

The second advantage is that our people operating in consumer health business have different skills which can be leveraged in our prescription medicines business. While we invest in innovative assets within brain health and rare diseases in the prescription medicines business, we need to keep our consumer health portfolio competitive. That explains, for example, the acquisition of global rights (excluding North America) to heat therapy treatment ThermaCare from GSK in 2020, which we had identified as a segment of interest.

Mental health is a very difficult vertical in which to operate, with a lack of biomarkers and endpoints complicating the drug development process. What makes you confident that Angelini Pharma can succeed in a field where many others have failed?

The decision to focus on brain health was the result of an extensive exercise we conducted back in 2019 to outline our new portfolio strategy, the areas in which we should be focusing, and where the science is going. By combining this externally focused assessment with our internal capabilities through a rigorous analysis, we identified selected sub-segments where there are still strong unmet medical needs within brain health/CNS.

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In rare diseases, our other focus area, we are much more therapeutic area agnostic. However, we are not pursuing oncology and haematology rare diseases, which are well covered by other companies.

One of the biggest news stories coming out of Angelini in recent years was the USD 960 million acquisition of Arvelle Therapeutics in Switzerland. Can you outline the rationale behind this deal?

Back in 2019, we set out our vision to become a leading European innovator in our focus areas. Since then, we have worked intensely to make bold moves and start translating words into reality, for both our team as well as external stakeholders.

Arvelle made a lot of sense as an acquisition target, given its focus on one of the exact sub-segments we had identified as an area of interest – refractory epilepsy. It is by far the largest acquisition ever made by the Angelini group and is transformational in nature. Cenobamate, Arvelle's ground-breaking molecule for the treatment of refractory epilepsy, complements well the two molecules we already have in our portfolio, for the treatment of schizophrenia and depression.

Cenobamate will be meeting a significant unmet medical need, providing an answer to thousands of people who suffer from seizures thus also respecting the increasingly stringent requirements set by the European payers for granting reimbursement to new drugs nowadays.

How difficult was it to convince the board of a traditional European company to engage in such M&A deals?

Convincing the board to engage in this kind of deal is all down to the credibility of our management team and the strategic sense and solidity of the business case presented within the framework shared back in 2019. We found the family's new generation to be very supportive thanks to their drive towards transforming our company into a more innovative engine. Of course, the magnitude of investment made translates into our significant level of attention being paid to ensure that we are delivering according to plan!

Angelini Pharma is expanding its presence in Europe, with affiliates opening in France, the UK, and Germany. What is the rationale behind trying to cover more of Europe and what does that mean for future in-licensing and other deals?

This ties back with one of our core transformational pillars: becoming a partner of choice. If we aspire to become a partner of choice, we cannot just be present in a subset of Europe as we were previously (Italy, Iberia, Central and Eastern Europe, Russia, and Turkey). The ability to understand

individual markets by having a direct presence is critical in becoming a partner of choice. We also needed an asset to be able to expand in the missing countries, which have very stringent access processes and where reimbursement is mainly only obtained for innovative assets.

The Arvelle acquisition gave us the opportunity to expand our geographic footprint and set up more affiliates. Angelini now boasts a direct presence in 25 countries which makes us a credible company when, for example, we talk to US or Japanese biotechs wanting to license Phase I, II or III programs to a European partner. We know what it entails to compete in brain health in Europe where we are a fully integrated company.

Moreover, as an additional engine to seek innovation, we created last year a venture capital unit through which we linked up with reputable venture capital companies in Europe and the US to source additional early-stage opportunities. We now have two partnerships, one with Lumira Ventures in North America through the creation of the Angelini Lumira Bioscience Fund and another in Europe with Kurma Partners and other founders who formed Argobio, a start-up incubator.

With this venture capital arm, what sort of assets are you looking to invest in?

Alongside cenobamate, we need to strengthen our pipeline, hence the push into venture capital plus the Early innovation and BD unit we have created. We seek assets in the previously mentioned areas in Phase I and II, or even in preclinical, and also, through connecting with centres of excellence located around the globe. Building a pipeline that is sustainable over time to supplement and integrate our portfolio is our priority. Our planning goes up until 2030, so we are taking a medium-long term perspective.

Where are the hotspots in which you are looking for opportunities in CNS and mental health?

We are geographically agnostic since science is everywhere. Six months ago, we were looking for an opportunity in New Zealand, for example. No one place is better than others, although there are certain hubs more concentrated in certain geographies within Europe, in the US, Japan, as well as in Switzerland because of the many spinoffs from Novartis and Roche. We do not have a preference in terms of geography, but rather in terms of where the science is in our focus areas brain health and rare diseases.

How much of an impact is digitalisation having on Angelini Pharma and, given the company's focus on brain health and rare diseases, data for which may need to be collected via non-traditional means, how important will digital tools be to the company's future?

Given our need to prioritise, we are first applying digitalisation on the commercial and technical operation side. Our R&D is not yet sizeable enough to undergo a full digital transformation.

In terms of digital therapeutics, the jury is – in my view – still out. My perception, having been exposed to several opportunities, is that they will come, but at this stage there is more talk than reality. European regulatory bodies and payers are not yet ready to correctly evaluate these opportunities As to ourselves, we are well ahead in developing a distinctive commercial platform and services which integrate traditional and digital service offerings while also starting to experiment with wearables. We are committed to becoming a digital company.

The M&A market seems somewhat overheated, with companies paying far over the odds for acquisitions, even those at a preclinical stage. What is your take?

Honestly, there has been and still is too much money in the industry in recent years and an overheated competition for unproven assets. Every day I read of assets that were developed or bought for hundreds of millions of dollars being blown away in Phase II or III trials. As well as biotechs – surrounded by great hype – which have been failing to deliver against the expectations created. In Angelini Pharma, we must be cognizant of only going after good science at an acceptable price. Some of the asks we are receiving from biotech companies for still unproven assets are way off what financially sensible.

Across the entire industry, companies – both big and medium-sized – are asking themselves: what is the right price for certain assets? We certainly play in a different league to Big Pharma but even our league is expensive.

The failures that we are seeing more and more of in recent years, as well as the drought in the financial market, is probably going to take biotech companies' expectations when they sell up, sell rights, or do co-development down to a more acceptable level.

What are the benefits for biotechs of partnering up with a mid-sized company like Angelini Pharma rather than a Big Pharma?

Typically, unlike multinationals which at times tend to approach acquisitions quite aggressively, Angelini Pharma is a very collaborative partner with a robust understanding of what it takes to bring a drug through development into the regulatory phase and eventually to market in Europe.

We have the Italian approach of working things out collaboratively and efficiently. Certain traits of multinationals are traits that we like, therefore, our goal is to have a good mixture of the positives coming from a century-old family-owned company as well as those positives coming from executives like myself with solid experience in multinationals.

You have a manufacturing plant in the US, but how important is the country as a market for Angelini Pharma moving forward?

The US market is going to be a later stage of our focus. While we lack the capabilities to enter the US market with a classic brain health angle, we do foresee possibilities in the not-too-distant future to establish a direct rare diseases business there, given the right portfolio and right asset.

Italy is the biggest manufacturer in Europe and with all the conversations about onshoring/nearshoring in the wake of the pandemic, what role will Italy play for Angelini as its global business base?

Our R&D engine and three of our four plants are based in Italy. That is also a positive in the sense that the Italian health authorities are increasingly appreciative of companies with infrastructures within the country and I have seen the Italian authorities become slightly more appreciative of pharma innovation in recent years.

Hopefully, all the global volatility and uncertainties will convince our political decision-makers and payers that companies which invest in Italy are valuable and that the proper environment to retain them should be created. I see us competing on a global basis, hence our operating horizon goes beyond the boundaries of Italy. Having said that, being considered a valuable partner in our own country by the local government represents a must to then be able to expand internationally. In our industry, a certain scale is essential to compete.

Do you have the feeling that governments and regulators are more appreciative of the pharma industry post-pandemic?

I think so. News media have reported that the perception of the industry in the minds of consumers has changed over the last two years, and we therefore need to do our part to make sure that all stakeholders fully understand the value that we generate because there can be somewhat of a disconnect on that front; it is our responsibility to fix this.

Do you have a final message for our international audience?

We are a company in transformation with an appetite for innovation and are searching for distinctive assets in our focus areas. The journey in front of us is still long but we have a very dedicated and passionate team that truly aspires to translate our vision into reality and is intensely working make it happen. Angelini Pharma is a company to watch and, in the areas in which we work, to link up with.

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