

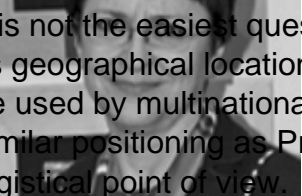
Interview with Anna Romány, Managing Director, Janssen Pharmaceutical Hungary

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largest pharmaceutical markets in the region, and has been used by Janssen-Cilag as a hub. Can you elaborate on how important Hungary is for Janssen-Cilag within the CEE region today?



It is not the easiest question, as Hungary's importance is changing from year to year. Because of its geographical location and rather well developed logistical and other services, Hungary can easily be used by multinational companies as a hub for this region. To a certain extent, Budapest has a similar positioning as Prague, even though -geographically- Hungary is better positioned from a logistical point of view.

For any multinational, the question always remains what the long-term profitability and strategy in a country can be. Most of the companies, with different learning curves understandably, have reached the conclusion to separate quarterly profitability from the long-term strategic approach to this region, which they do not want to neglect. Seen from this point of view, Hungary is an ideal place for a regional hub.

Different countries, different learning curves. How has the growth path been for Janssen-Cilag in Hungary?

I am very proud and lucky to have been working here for 12 years already. When we first started, we were much out of the top 20 in terms of local rankings. This year alone, we have been the only company -according to IMS figures- to have enjoyed double digit growth. We are obviously very proud of this achievement.

Most of our innovative products are available in Hungary with full reimbursement. They either have a market leading position or enjoy a strong market share compared to other markets within the EMEA region. We usually say that we are second behind Spain, where country manager Martin Selles has taken the subsidiary on a very successful growth path over the years.

The global performance for the entire Group has also been strong in the past year, especially thanks to many new launches. In addition to that, you just mentioned that you have been able to bring a high number of innovative drugs to Hungary. How do you now see the future launch strategy at the local level?

We are now in a position where I do not have pending reimbursement requests for Janssen's products. Different to the perception some may have of the Hungarian market, there is a chance to

provide innovative product market access in the country. I hope that the situation will be different in 2 monthsâ?? time, because I do want to file for reimbursement for 2 of our new products in Hungary. However, it is great that at the moment everything that I wanted to have reimbursed is now fully reimbursed. Nonetheless, we also need to look at the other side of the balance, which indicates that Hungary is a difficult market with very high taxation and a hostile environment for profitability.

How do you explain that you have been able to obtain these reimbursements and have become the only company growing at double digits this year?

To be perfectly honest, luck still plays a role. Nonetheless, I am proud of both our product portfolio and the Janssen-Cilag team here in Hungary. The products we have brought to the Hungarian market are so unique. Being good enough is not enough in times when governments have to be picky about what can be reimbursed. You have to be excellent. This is why all our products managed to be on the reimbursement list, while I am sure that we can achieve the same status for our 2 new products. Of course it is not an easy question when such reimbursement can be achieved. As for the new products, we have one coming up in the oncology area and a second to combat hepatitis C.

How does this fit the disease profile of the Hungarian population?

Hungary has one of the lowest life expectancies in Europe and faces a rather similar level as Romania. Statistics are even worse for males than females. Where we unfortunately have a very high risk of shortened lifespan is oncology and heart diseases. Hungaryâ??s drug spending per capita is also half of the Western-European average. In terms of mortality and morbidity there is thus definitely room for improvement. Even more so, it is unavoidable.

The Hungarian government is unfortunately facing a very stringent budget situation at the moment. Can such improvements still be made right now?

The government may think that they spend a sufficient amount on pharmaceuticals, but the real question relates to the efficacy and efficiency in the way this money is being spent. They have different ideas on how to facilitate and motivate compliance programs, and how to make different patient registries to ensure that the right patients receive the necessary treatments. Of course, they also want to maintain a certain level of control over the prescription rights of the doctors. Government has its opinion on availability and control in the market.

From the industryâ??s point of view however, it is generally thought that government does not always fully grasp the complexity of the different issues. This can create dangerous situations for the patients. As an industry, we are very pleased with the good chances in terms of access to innovation if we compare our situation with Romania for example. On the other hand, we cannot repeat enough that we pay a lot to sustaining the pharmaceutical budget of the government. And it is not good to see that the current level is still not enough. It turns out that next yearâ??s budget will be even lower than anyone would wish.

There are different tactics to maintain the statutory balance. Some of these may work, but others will have to be tested in practice. Perhaps we are being too conscious about the risks and dangers of these ideas, but when you have life-saving drugs it is better to be more preventive and cautious.

Has it been a struggle for Janssen-Cilag to get its products accepted by the medical community? How would you say is Janssen-Cilag being perceived by the Hungarian healthcare professionals?

I have not experienced any significant issues at this level. In my view, Hungarian doctors read a lot, and are well aware of newest treatments available, with the help of the pharmaceutical industry,

congresses and events. It is the responsibility of the innovative pharmaceutical companies to find a proper balance between providing education which is needed, but in such way that it is done ethically. So far, we did not experience any problems with getting access to the doctors, as the large majority of them sees us as partners.

An important factor is also the fact that our medical representatives are doctors and pharmacists themselves. Seen Janssen-Cilag's portfolio of special products and serious illnesses, I also prefer to have medical doctors and pharmacists in the field force. It creates more of a peer-to-peer scientific discussion. So there are no real challenges at this level. However, if the doctor does not have the right to prescribe or has a limited budget, the situation is different.

In Hungary, less and less doctors remain active. The most mobile, energetic and younger doctors, in particular, are leaving the country for better opportunities abroad. This is having a negative impact on the Hungarian population and is also an issue for the pharmaceutical industry.

Clinical trials may still be a way to strengthen ties with the local medical community. Understandably, this activity falls under your Global Clinical Operations division, but how do you assess the clinical trial potential of Hungary in your own point of view?

Originally, I was a medical doctor too and have thus seen the other side of the spectrum as well. Not only for the pharma companies, but also for the healthcare society, clinical trials are a great step on the learning curve for both sides. Many young doctors, like myself at that time, learn different types of preciseness and discipline through such trials.

Hungary has good potential for this activity, even though this potential may have been better in the past. This reduction is not only because of the fewer number of young doctors, but also because many of the hospitals have entered into serious financial problems and lack of staff because of the external environment. It is an area that requires an increasing number of human resources from the pharmaceutical industry.

On the other hand, there were some recent initiatives from the Hungarian government to promote R&D activities in general, with a particular focus on the pharmaceutical industry. Until now, legislation has changed on an annual basis. This makes it harder to persuade large American companies to consider Hungary as a long-term strategical, reliable and foreseeable destination for clinical trials. The intentions are good, but everyone I know is waiting for something that is more stable. There have been large American companies with big hopes but unfortunately also big disappointments. Personally, I remain hopeful.

What can you highlight about Janssen-Cilag's corporate social responsibility (CSR) efforts in Hungary, and how are you setting your priorities in this area?

The need and creativity of what people want to do in this area is â??thankfully- endless. About a year ago, there has been an awful environmental catastrophe that created a red sludge killing 10 people. Our Company has been among the very first companies to help out with this disaster. It is also not a big secret that we donated among the highest amount of support.

In general, we are trying to support the establishment of a strong CSR culture in Hungary as we have seen in the US. In the US for example, there is an initiative called the â??hole in the wallâ?•, initiated by Paul Newman. In Hungary, there is the so-called â??Brave Campâ?• initiative that has been around for years. This exists of medical â??vacationsâ?• for oncology, juvenile arthritis or serious diabetes patients, all of which are children. Even the brothers, sisters or parents are sometimes involved or invited to these camps. Hungary being a hub, this initiative has spilled over to some of the neighbouring countries. Patients were first invited from abroad, but proper camps have

been established abroad at a later stage. We also support so-called patient art therapies, help out with postgraduate training courses, and so on.

Ideally, what are we going to see in 5 years from now?

Ideally, we will see a different Hungarian healthcare system. Whatever we will see will be the consequence – not the cause – of a set of macro-economic factors. Let us hope that things are moving in the positive direction. In terms of opportunities for Hungary, there are some tough decisions that need to be made by the Hungarian politicians. Basically, the Hungarian healthcare system of the previous decades has not changed a lot. There is one healthcare provider, or social security, for the country, which is not a competitive situation.

As a citizen, it is thus not easy to make big healthcare plans regardless of the fact whether you are wealthy or not. Extra insurance is possible to obtain more luxury, but is not your first concern when it comes to serious diseases. In 5 years’ time, if things are moving in the positive direction, there should be different levels of services where you can choose what you can afford.

Is there anything you would still like to add?

Hungary is extremely well positioned and a frontrunner in some of the toughest austerity measures. Yet, many of the pharmaceutical companies have the cream of their portfolio in a good shape in Hungary. If there is any chance of having a long term strategy, my advice is to stay here and wait.

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