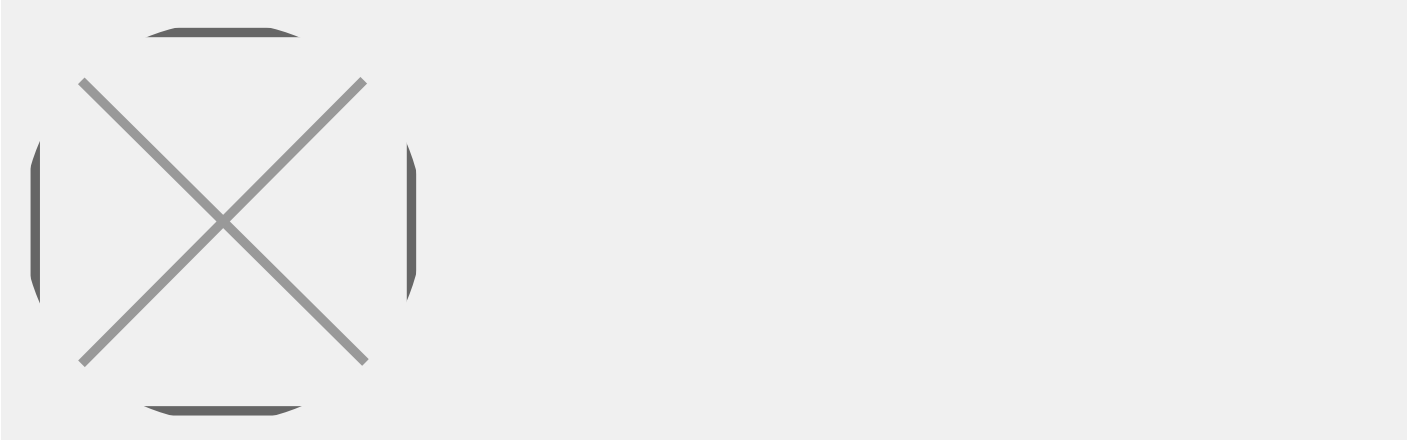
# Interview with Piet Lannoo, General Manager, Ferring – Belgium



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**As August marks your sixth year at the helm of the Belgian affiliate of Ferring, what would you say best explains your loyalty to the company?**

One element that appeals to me about Ferring is that it offers a perfect compromise between entrepreneurial spirit and multinational scope which I believe allows for a great working environment. Moreover, I believe the fact that Ferring is a privately owned company is an advantage for us, especially since the owners of the company are still very much involved in its operations and are dedicated to its growth. In fact, Ferring worldwide has been growing at an annual rate of about 10% for the past 6 years or so.

I believe this is a result of the company's clear strategy as well as its positioning and focus on specific therapeutic areas. Simply put, our strategy is dedicated to developing our strength within our niche activities through either internal R&D or external acquisitions. Through this focus, the company has been able to expand its operations over the last decade from primarily continental Europe to the US, Eastern Europe, Latin America and Asia. This was an important developmental step in the company's evolution since the economic conditions in Europe are limiting our growth potential. Hence, the company continues to follow a rapid growth path, although this is now stemming from primarily developing nations. In sum, I believe this makes Ferring a very exciting and dynamic work place, defining my loyalty to the company.

**What is the strategic importance today of Belgium to Ferring Pharmaceuticals and what is its contribution to the company's revenue?**

In terms of revenue, the Belgium affiliate ranks as the top fifteenth sales generator with in the worldwide group. In fact, within Europe, Belgium ranks immediately after all the ‘large’ countries; Germany, Italy, France, Spain, The Netherlands and the UK. Considering the size of the country and its population, I believe this is certainly an admirable result. I addition to this, the Belgian affiliate is only involved in sales and marketing activities.

**What are the specific challenges Ferring is facing in the Belgium pharmaceutical market?**

Due to the on-going economic situation and pressure to control government spending, the main challenges we are facing today are related to lengthy and challenging registration processes and difficulties in negotiating adequate reimbursement levels.

Until recently, the pressure on price levels was mainly centred on off-patent drugs. However, the Ministry of Health has now announced that it intends to implement an international reference pricing system with respect to patented drugs. As such, this was not very alarming because the price levels in Belgium are among the lowest in the region. However, the issue is that if our prices are set relative to the prices of the same drugs in neighbouring countries, which they themselves apply the same reference pricing policies, this can lead to a relentless downward spiral of their values. Obviously, this is indeed a troubling scenario.

In addition to this, in relation to the healthcare budget, the Belgian government has been implementing a wide range of cost cutting measures over the past few years, which has greatly limited on our ability to invest in new projects and drugs, let alone realize any growth.

Finally a special tax on marketing and sales spending has been announced for 2013, which is new for Belgium.

**How tailored is Ferring’s portfolio to the Belgian market’s needs?**

When I was appointed General Manager of the affiliate, there were only two business units: one that was responsible for Fertility & Obstetrics and the other that managed gastroenterology & urology. One of the decisions I had taken was to split the latter one in two separate Business Units. By doing so we could guarantee to focus on the introduction in 2010 of Firmagon® (degarelix) – a new medication indicated for the treatment of advanced hormone-dependent prostate cancer. Given the importance of this product, it was a major product launch for the company as a whole and I wanted to actively be a part of that process.

In doing so, I must admit that filing for reimbursement rights was a rather difficult task; something I think Belgium is rather well known for. That is, I am sometimes left with the impression that the authorities judge the products by their price levels, rather than their therapeutic values. Without a doubt, this is far less than optimal for us as a company but in particular for the patients as well. Despite these challenges however, we were able to successfully introduce the product and expand

our product offerings.

**With shrinking drug pipelines, companies are investing in better collaboration to improve R&D productivity as well as their sales and marketing operations. To what extent does this appetite for collaborations, partnerships with other companies and academia apply to the Belgian market?**

Generally speaking, the acquisition of companies is decided on a corporate level, and we do hope to observe the fruits of these investments and their drugs in the Belgian context. This also underlines Ferring's commitment to further its developmental processes. For instance, in 2011, the company acquired Cytokine PharmaSciences in Scotland that had a number of very interesting drugs in its pipeline.

On a national level, I am delighted that Ferring allows each of its affiliates the liberty to examine its portfolio and evaluate the suitability of certain products relative to its market. For instance, Euflexxa® is among Ferring's most successful products in the US. On the other hand, in Belgium, the same product is faced with a highly competitive non-reimbursed market, requiring visits to orthopaedic surgeons and rheumatologists. As this is not our area of expertise, introducing this product ourselves was deemed to be too high of an investment. Hence, we opted to create a distribution agreement with another company that was willing to promote the product to those target groups. In addition to this, we are currently in discussions with a number of companies, seeking to establish collaborative agreements for certain products as well. Furthermore, we are also encouraged to communicate the various opportunities we identify within our territory to our business development unit in Switzerland so that they could evaluate their potential.

**Considering the increasing momentum of biosimilars across the world, is Ferring eyeing an entry into biosimilars in the short to medium term?**

I believe that as time goes by, the line between originals and biosimilars will become increasingly blurred for pharmaceutical companies as an increasing number of them are entering that segment as well. In line with that, Ferring acquired Israeli-based BTG (Bio-Technology General) in 2005, which gave us the capacity to produce biotech based drugs, including biosimilars. That said, Ferring is certainly considering moving into this field, however, at the moment we have yet to introduce any biosimilar drugs to the market.

**What, in your opinion, makes Belgium a mecca for biopharmaceutical companies? And what is so attractive for companies such as Ferring in the Belgian market?**

The country's rich historical background in the pharmaceutical is certainly a contributing factor to its current popularity. After all, Belgium is the roots of pharmaceutical giants such as Janssen and UCB, for instance. In addition to this, companies like GSK, Pfizer and Baxter have also maintained

a long lasting presence in the country during which they invested heavily in their development. The list of well-known pharmaceutical companies with a presence here is undoubtedly rather long and impressive.

In addition to this, Belgium boasts a very strong knowledge economy with a great academic infrastructure and a range of university hospitals. Moreover, there is a strong willingness to perform clinical trials in the country that is supported by excellent organizations and accumulated know-how. Hence, I would say that this focus on research and innovation constitutes a part of Belgium's culture.

**In terms of clinical trials, to what extent is Ferring capitalizing and leveraging on the country's strengths in the industry?**

Although we do not have an established R&D center in Belgium, we are indeed quite active in conducting clinical research in the country. For instance, in infertility, IVF (In Vitro Fertilization) has always been strongly supported in Belgium. Hence, the country has been a major contributor to Ferring for the clinical development of this class of drugs, as well as others. In addition to this, these activities are supported through collaborations with highly regarded experts in their respective fields. In the field of infertility for example, we were actively collaborating with Prof. De Vroey from the VUB Hospital. Needless to say, such experts are instrumental in the process of drug development, and are highly attractive elements of the local clinical trials industry for Ferring and others.

**Considering the increasing competition from both developed and developing countries in clinical trials, to what extend to do you believe Belgium can maintain its leading position in that domain?**

In general, considering the size of the country, Belgium is not that well suited for large scale clinical trials in expansive areas such as high blood pressure treatments requiring thousands of participating patients. On the other hand, Belgium is especially well suited for the more complex and rare diseases, particularly in the biotech field since there is such an abundance of high level experts in the field.

In order for Belgium to maintain its leading position in clinical trials, the relevant stakeholders must ensure that we do not become complacent and begin to lag behind. For instance, a couple of years ago, we saw a handful of companies shift their clinical operations to Eastern Europe to take advantage of the lower costs associated with the activity there. However, costs are not the only determining factors in clinical trials. The quality of studies is another decisive aspect and this is something that Belgium excels in. Therefore, if Belgium can maintain its stimulating environment for clinical trials and its high quality standards, then I am confident that Belgium will remain a leading destination for the activity.

**Where would you like to take the operations of Ferring Belgium over the next 2 to 3 years?**

I believe that the Belgian affiliate currently enjoys a very good organizational structure and a solid team that is fully capable of taking the company forward. Assuming that the Belgium environment does not deteriorate much further in terms of price pressures, we intend to launch at least one new drug within each of our business units so as to maintain our growth momentum.

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