



Connecting with Asia

# Bio2005

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### Japan –Keeping up with Global Trends

June 22, 2005  
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## I. Opportunity with Japan

	<u>2000</u>	<u>2004</u>	<u>2008(E)</u>
GDP	-0.24	-1.84	+0.85* <sub>1</sub>
Population (+65%)	17.4	19.4	21.7
Pharm Sales Bil\$	51.5	58.0	72.0
% World market	16.2%	11.0%	10.0%* <sub>2</sub>
\$ Pharma per Capita	406	454	564
NHI price-cut	-7.0%	-4.2%	-5.0%

\*1 Estimate by Goldman Sachs \*2 Modified from IMS Data

## II. Changing Landscape & Strategy

### Current

- ✓ Bigger presence of foreign firms
- ✓ Focus on US/European markets
- ✓ Lack of approval of NCEs
- ✓ Costly clinical development
- ✓ Patent expiry of major Drugs
- ✓ Changing medical needs
- ✓ Increase of generic competition



### Future Trend:

- ◆ Global independence (Takeda)
- ◆ Global M&A (Astellas)
- ◆ Internat'l partnership (Chugai/Roche)
- ◆ Specialization
- ◆ Domestically oriented

## II. Changing Landscape & Strategy (Continued)

(Bill. US.\$)

	<b>Daiichi-Sankyo</b>	<b>Astellas</b>	<b>Takada</b>
Pharma Revenue	8.9 (2009)	9.5 (2007)	10.5 (2005)
Income	2.4	2.4	3.5
R&D	1.2	1.2	1.4
Key Drug	Mevalotin Cravit Loxonin	Harnal Gaster Prograf	Actos Blopess Leuplin
%Top 4 Drugs	36	43	85

Adapted from Yomiuri, June 5, 2005



### III. Benefits of Deals with Japanese Firms

Access to:	➔	Benefits:
✓ # 2 World market .....		Product launch
✓ Revenue .....		Royalty income stream
✓ R&D partnership .....		Funding by partner
✓ IP/ technology .....		Additional IP protection
✓ Equity investment .....		Stable shareholder
✓ Global markets .....		Global collaboration

## IV. Recent Partnering Cases

### Launched already:

✓	Enbrel	2005	Takeda / Wyeth / Immunex	RA/ Psoriasis
✓	Trisenox	2004	N.S. / Cell Therapeutics	APML
✓	Remicade	2002	Tanabe/ CNTO	Crohn's/ RA
✓	Herceptin	2001	Chugai/ Roche/Genentech	Her2 Br. Cancer
✓	Rituxan	2000	Zenyaku/ Roche /IDEC	NHL

### Recent Licenses:

✓	BT16	2005	Sanwa /Quark Biotech	Dyslipidemia
✓	IL13-PEP38	2005	Nihon Kayaku / NeoPharm	Glioblastoma M

## V. Key Points from Successful Case

**Objective:** Looked for a partner in Japan for RA therapy

**Result:** Deal negotiation ended successfully in 6 months

- ✓ Testing the deal concept with several firms in advance
- ✓ Optimal choice of license partner
- ✓ Clear understanding of deal objectives
- ✓ Some flexibility with deal structure
- ✓ Management of negotiation timeline
- ✓ One decision by legal and business teams

## VI. Lessons from Past

**Objective:** Looked for a partner for immuno therapy for metabolic disease

**Result:** License was discontinued after thorough review of clinical protocol and business potential – inappropriate partner

- ✓ Misunderstanding of market size and drug potential for Japan
- ✓ Difficulty to understand medical benefit of new drug
- ✓ Difficulty to conduct local clinical trials for proof of medical benefit
- ✓ Difficulty to allocate resources due to lack of consensus
- ✓ Investment priority shifted due to delay of internal decision
- ✓ Drug development was abandoned

## VII. Conclusion

- ✓ Japanese business environment will continue to offer license opportunity
- ✓ Patent expiry of major drugs will require more investment in R&D
- ✓ Japanese firms will continue to seek external partnerships
- ✓ Japanese firms will become more sophisticated in partnering
- ✓ More opportunity for collaboration beyond Japanese market



**More hand shakes!!!**

