Interview: Michael Chiang, Executive President, Panion & BF Biotech (PBF), Taiwan

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Michael Chiang, the Executive President of Panion & BF Biotech speaks about the incredible growth of the company over the past year, what has contributed to this success and where Panion & BF will be in the next five years.

Please provide us with a brief insight into the history and evolution of Panion & BF Biotech?

Panion & BF Biotech (PBF) was founded in 1976, initially operating as a generic drugs manufacturer. Over time, the company has evolved into a highly diversified biotech and pharmaceutical company. Today, we are continuing our diversified business approach, focusing on three core business sectors: Pharmaceuticals (New Drug Development and Generic Drug Manufacture), Cosmeceuticals and Nutraceuticals.

In 2000, PBF took the decision to cultivate a new drug development capacity, shifting the strategic direction of the company profoundly. We launched the development of Nephoxil®, which is a pioneering phosphate binder for the treatment of a life threatening disease known as hyperphosphatemia, found in End Stage Renal Disease (ESRD) patients.

After a decade of expending vast amounts of energy, and overcoming various clinical trial, CMC and regulation hurdles, we submitted our new drug application (NDA) on a global scale, clinching approvals in Taiwan, Japan and the US within the last nine months. We are expecting approval from global authorities in the near future.

As a result of hard work, deep collaboration with our partners and the attainment of worldwide licensing, we are the first Taiwanese company to develop a global patented new drug, and we hope to have laid a successful blueprint for other Taiwanese companies to follow.

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PBF's stock value has grown tenfold over the last year. In addition to the extraordinary success of Nephoxil®, what other factors have been driving this exponential growth?

The development of Nephoxil® has spearheaded the rapid ascent of the company, leading to a hike in our market cap value. Hyperphosphatemia has widespread debilitating effects—roughly 80 percent of ESRD patients require treatment for the disease. As a result, the global market for phosphate binders is approaching approximately 1.5 billion USD, and that figure is continuing to grow.

Ultimately, we have reaped the rewards of a unique product allowing us to construct a solid platform, which we hope will be the springboard for the development of other innovative, quality products in our portfolio.

How important has your relationship been with your co-marketing partners, such as Keryx, in contributing to the startling growth of PBF?

PBF's partnership with Keryx was established as we shared common ground. When we first initiated contact with Keryx, they had already built a clinical trials platform and had a product pipeline, which aligned nicely with ours, such as our common work in nephrology.

All our partnerships have supplemented our wider strategic expansion, and supported our growth. We successfully entered into a license agreement with Keryx in 2005 and an additional sub-license to Japan Tobacco/Torii in September 2007 for development of Nephoxil® (under the product name Zerenex™) in Europe, US and Japan. We have reserved the right to leverage our unique strategic position in Asia, to market Nephoxil® across the Asian Pacific belt.

Given PBF's incredible success this year, what strategies are in place to maintain that growth?

Since its founding, PBF has evolved and adapted to meet the emerging trends and needs of an ever-changing life sciences market. That philosophy has been central to our success.

With the success of Nephoxil, we have built our in-house core development team and global collaboration network. We want to capitalize on the Company's development capability to add value and move products toward commercialization, we will continue our pipeline development and our objective is to build upon the existing research and development program of new products and strengthen the commercial position within the global biotechnology and pharmaceutical industry.

In addition, we seek to service the 'early stages' of health cover, which represents an even larger area in the pyramid. In an aging society, which is increasingly health conscious and savvy, the market for anti-aging and preventive health is considerable. Targeting this market is at the core of our future strategic focus.

How do you believe Taiwan's biotech and pharma industry compares to that of its 'Asian Tiger' neighbors, such as Korea?

The life sciences ecosystem in Taiwan is acutely different to both Singapore and Korea, and this partly stems from a difference in culture.

South Korea in particular has a corporate culture which is aggressively business driven. Their business environment is strongly supported by the government. It strives to offer a platform for sector expansion and corporate growth, both domestically and internationally. The myriad of fiscal incentives introduced by the government to foster strong corporate development is testament to that.

Similarly, the Taiwanese government works closely with companies across the life sciences system, but the approach differs. The Taiwanese government has historically promoted and preferred a culture of discussion and debate, rather than aggressive sector expansion.

How has the free trade agreement between China and Taiwan, ECFA, impacted PBF and the wider Taiwanese pharma and biotech industry?

Taiwan has a relatively small, constrained market, whereas China is an economic powerhouse, with a vast market. As such, like many Taiwanese companies, we have positioned ourselves to take advantage of the latent potential of the mainland.

To expand our business in the *Chinese* market, we have established our subsidiary in China last year. At PBF, we believe our broad and diversified business model, in both our production range and the geographical markets we have entered, puts us in a position of stability, compared to many of our competitors.

What would PBF like to achieve over the next five years?

With 37 years of corporate experience, we have built a solid business foundation. Through strategic M&A, innovative research and development, collaboration with partners and an evolving strategy, we have constructed a vertically integrated biotech and pharmaceuticals company.

In December 2012, we achieved a considerable milestone with the filing of NDA in Taiwan, followed by the subsequent filing of NDA in other markets, by our licensing partners. In Taiwan, we have risen to the top of the biotech wave, but we must remain firmly grounded. We have built a platform, which will catalyse the development of other products and earn us multiple revenue streams over the coming years.