Biotech Daily's CEO interview

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DR MERILYN SLEIGH:
EVOGENIX KEEPS IT SIMPLE

EVOGENIX CHIEF EXECUTIVE officer Dr Merilyn Sleigh says her company uses "a simple business model" in a lucrative market.

Dr Sleigh quotes the Astra Zeneca sale of its three percent royalty for its anti-arthritis antibody Humera for $US700 million as an example.

"We are harvesting value from our technology. We don't need to do anything fancy," Dr Sleigh told Biotech Daily.

That technology is a combination of Evogene Optimization and Superhumanization. The former creates billions of copies of the target antibody, each with one or two small changes compared with the original. The copies are tested to find those with improved properties. "Superhumanization" modifies animal antibodies so they retain their therapeutic properties but appear human-like and will not be rejected by patients' immune systems.

Dr Sleigh said the company does not have a one product focus, but a portfolio approach within one sector. There are several antibodies in development with EGX 010 for osteoporosis "out of the lab" and ready to be the first product to be licenced to any of the "big pharma" companies.

"Typically it takes about 12 months, even if you have an interested customer," Dr Sleigh said.

She said an antiviral compound, EGX 220, was licenced-in from the University of Massachusetts, with optimization expected by mid-2007 and animal testing by the end of 2007. The third candidate is an anti-cancer agent EGX 150.

EGX 220 is an antibody in development for adult respiratory syncytial virus (RSV) which Dr Sleigh describes as "a major cause of infections in young kids and older people".

While there is a $US1 billion market for Synagis for children with RSV there is no equivalent drug for adults. Dr Sleigh said she expected to finish the optimization process in mid-2007 and licence the drug in 2008.

"We are looking at taking the cancer one to the clinic ourselves in 2008," Dr Sleigh said. While licencing-out was the model, she said that when an opportunity arose the company would consider progressing the compound itself.

"It's a churn it through model," said Dr Sleigh. "I don't think realistically we'll be breakeven till we have licenced-out three products." But she refused to put a time line on breakeven. If all goes well it would not be before 2009 to 2010. "Any of the projects can be stopped by the [licencing] companies at any time," she said. "The aim is to have at least one in the licencing phase each year. As a completed antibody is licenced-out a new one comes into the lab for the Evogenix optimization and superhumanization process. Another aim is "to find interesting antibodies".

But the Evogenix model is also underpinned by technology collaborations, with two signed up so far - Glaxosmithkline and CSL.

Glaxosmithkline has signed for up to three products. Dr Sleigh is cagey about the commercial nature of the agreements, saying the products are "proteins" rather than specifying whether or not they are antibodies.

Evogenix signed a collaboration with CSL in June for two undisclosed antibodies. In the quarterly report to September 30, 2006 Evogenix recorded $273,000 in receipts from customers. The company had a cash burn rate in that quarter of $1.1 million with $4.7 million cash at the end of the quarter.

Dr Sleigh said she expected a significant increase in revenues. “We have increasing revenues underpinning what we are doing,” she said.

She said Evogenix began as a Cooperative Research Centre at the Commonwealth Scientific and Industrial Research Organisation in Parkville Victoria. The company was backed by George Jessup and Start Up Australia, which remains the major shareholder and acquired the US based Absalis Inc in 2005 shortly prior to the initial public offering of 36 million shares at 25 cents a share to raise $9 million. At the time the company was valued at around $31 million.

Currently worth about $61 million, Evogenix has doubled in share price.

The company holds its first annual general meeting on Thursday, November 2, 2006.