

Biotech Daily's CEO interview

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'PEPTECH'S DOMAINS ARE THE CROWN JEWELS' – DR JOHN CHIPLIN

PEPTECH CHIEF executive officer Dr John Chiplin says he is amazed that his comments on mergers and acquisitions have generated more interest than some of the company's more important drug development and financial announcements.

Dr Chiplin told a biotechnology summit in Sydney last July that Australian biotechnology companies would benefit from industry consolidation and resource allocation. (Biotech Daily July 26, 2006.) "As an industry we need to focus firmly on M&As as a solid strategy to advance the much anticipated 'tipping point' within the nation's biotechnology sector," Dr Chiplin said at that time.

He said international biotechnology companies did not "wait for a multi-national pharma to knock on their door" instead they are entrepreneurial and focus on extracting maximum value. "The top 10 global biotech companies now represent an astounding two thirds of global biotech market capitalization – a marked difference to the highly fragmented Australian sector".

At Peptech, Dr Chiplin has extracted more than \$136 million in value by buying Domantis for \$40.2 million, selling it for \$176.6 million and retaining intellectual property rights to four targets.

"We sold the crown but kept the jewels," Dr Chiplin told Biotech Daily while on a two day visit to institutional and sophisticated investors in Melbourne.

The 48-year old Welsh-born biochemistry graduate of Nottingham University has a trans-Britannia accent rather than trans-Atlantic and is confident Peptech is on the cusp of greatness, despite the absence of clinical results.

He says complaints and frustration at market valuations are warranted because the potential from the domain antibodies licenced from Domantis is significant, not to mention the existing profitable Peptech animal health division.

The anti-tumor necrosis factor compound PN0621 is expected to begin clinical trials by mid-year and Dr Chiplin says he expects results from the trial, which will probably be held at Sydney's St Vincent's Hospital, by December 2007.

The next compound in the pipeline is PMX53 which targets age related macular degeneration, a Promics C5a receptor antagonist due for clinical trials in 2008.

It will be followed closely by PN0615 which is also targeting tumor necrosis factor. Whereas PN0621 is a modified domain antibody, PN0615 is a full antibody.

Dr Chiplin says Peptech has the right to choose two more targets from the Domantis library of protein "domains", which he describes as "the very small active part of the large Y-shaped antibody".

A joint venture with Biosceptre will develop diagnostic and therapeutic applications of antibodies that detect the cancer biomarker P2X7.

The integration of Scancell, has strengthened what Dr Chiplin describes as Peptech's "oncology franchise" with antibodies which kill the tumor cells SC101 and SC 104.

Aware that there is market resistance to a combined human health and animal health company, despite obvious synergies, Peptech is considering the divestment of its animal

health division. With revenues of \$1 million a year, Dr Chiplin said “the total value is a significant multiple of that revenue figure”.

Dr Chiplin said Peptech was focused on “high value indications” where there were “significant medical needs”. Peptech’s particular expertise is in what he termed “synhumanization” which he said was consistent with other humanization processes in the antibodies field.

Dr Chiplin said that his company was building franchises in auto-immune disease as well as oncology and using domain antibodies to combat those diseases.