

An overview of the pharmaceutical industry

Life Sciences
HARDMAN & CO

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— LIFE SCIENCES INSPIRATION

What gets me out of bed?

- ▶ Learning about new technologies
- ▶ Meeting interesting people
- ▶ Continually building database
- ▶ Learning something new every day
- ▶ Being able to add value

Continuously evolving industry

— PHARMACEUTICALS DRUG DEVELOPMENT

Opportunities

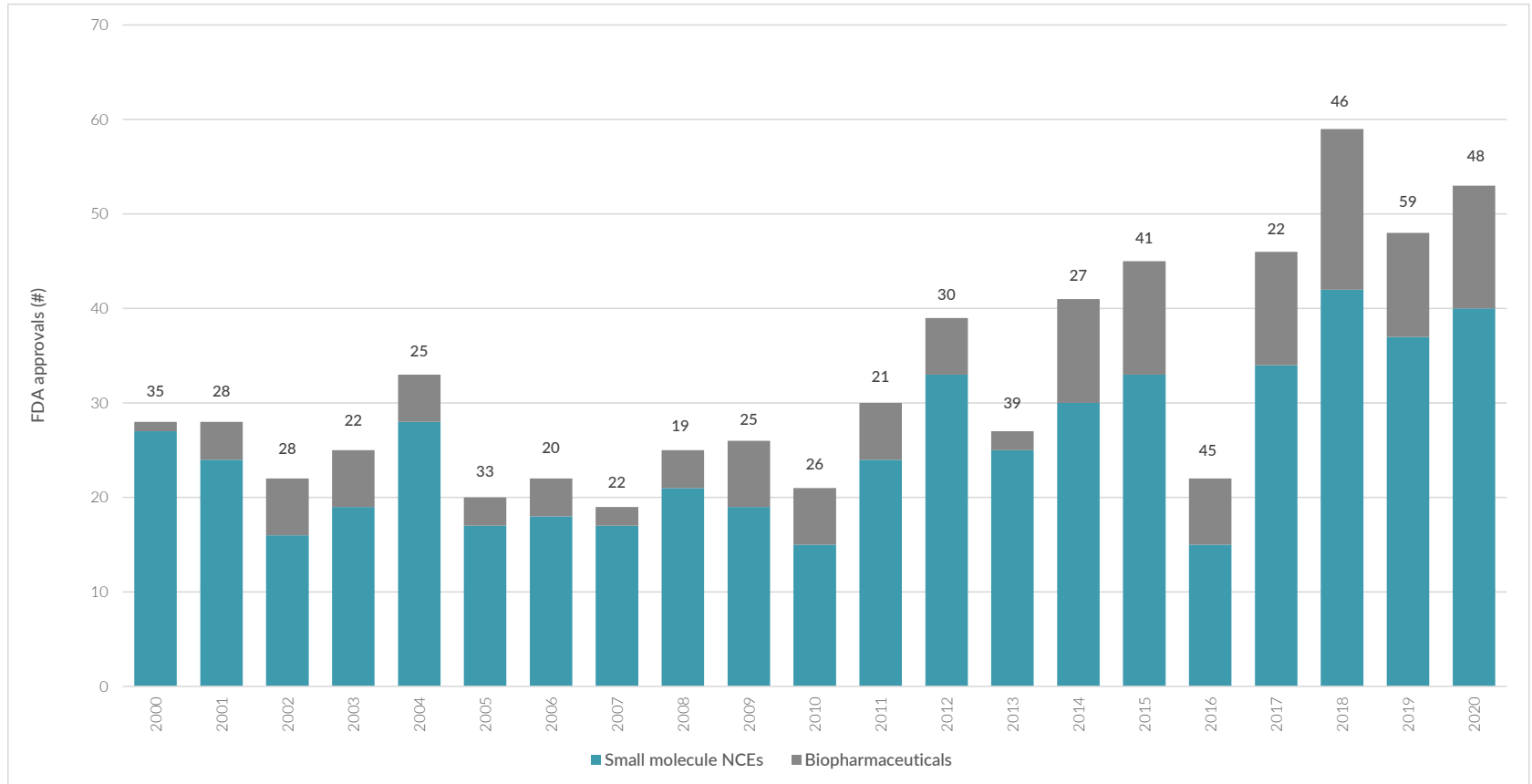
- ▶ **Clinical need:** Antibiotics, CNS, Oncology
- ▶ **Global need:** Demand for new medicines in developing economies
- ▶ **Aging population:** Move from cardiovascular problems to other diseases
- ▶ **Lifestyle:** Diet/diabetes

Risks

- ▶ **Timeframe:** At least 10 years to develop a new drug
- ▶ **Probability of success:** Has not changed
- ▶ **Regulation:** Improvements, but still a major hurdle
- ▶ **Capital:** Very expensive process
- ▶ **Economics:** Ability of payors to pay

Increasing demand for new technologies

DRUG DEVELOPMENT FDA APPROVALS



Equates to only ONE new drug per major company per annum

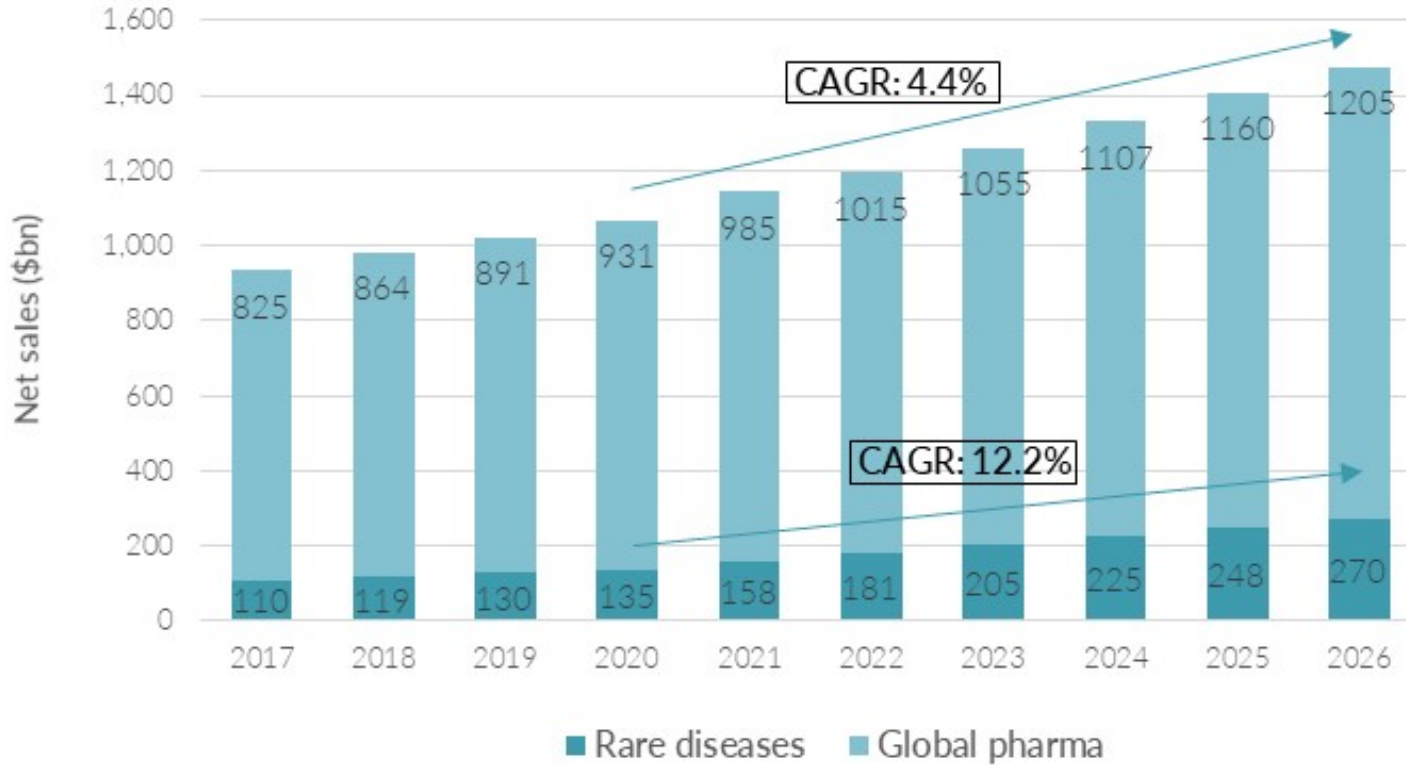
— DRUG DEVELOPMENT COSTS

1990	\$14.8bn	15.3%
2000	\$41.8bn	17.2%
2010	\$103.9bn	19.1%
2020	\$138.7bn	20.2%

- ▶ Since 1990, the pharmaceutical industry has invested \$1,957bn into R&D which has led to the approval of 980 drugs by the FDA
- ▶ Average cost per drug is \$1,997m

Big companies need biotech and vice-versa

GROWTH DRIVER SPECIALTY/RARE DISEASES



Key is to identify area of unmet medical need

— LIFE SCIENCES SUMMARY

- ▶ Fabulous industry to follow
- ▶ Personal interest
- ▶ Be aware of the chances of success – risk reward
- ▶ Management is key
- ▶ Know the timing of capital increases
- ▶ All CEOs think their shares are cheap

Good luck!

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