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Prominent Scientists Break Away To Form Swiss Drug Company

Addex Pharmaceuticals To Announce Funding Of €10 Million Today

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PARIS—Several prominent scientists from GlaxoSmithKline PLC and Roche Holding AG are breaking away from their parent companies to form a Swiss firm focusing on compounds for nicotine, alcohol and cocaine dependence.

The new company, Addex Pharmaceuticals, has secured €10 million in funding from Index Ventures, Soffinova Partners and several other venture capital firms. It is expected to announce the funding today.

Index and Soffinova have previously invested in Genmab A/S, the Danish antibody company that is developing Hu-Max-CD4 for rheumatoid arthritis, and Actellon AG, maker of the heart drug Tracleer, a Switzerland-based biotechnology spinoff of Roche.

Francois Conquet, who headed Glaxo's department of experimental pathology in Lausanne, Switzerland, will be Addex's chief executive and Mark Epping-Jordan, who directed behavioral investigations at the Glaxo department, will be chief scientific officer. The two men collaborated on therapeutic targets for drug dependence, later publishing their findings in *Nature* magazine and producing a patent on the subject.

Vincent Mutel, who'll be Addex's chief of drug discovery and development, led research into central-nervous-systems pharmacology at Roche. Jean-Philippe Rocher, who held the same role for Glaxo in Japan, will be head of chemistry.

Increasingly, pharmaceutical companies are spinning off their noncore research-and-development operations to hone research and speed up the time it takes to develop drugs—the most recent being Merck & Co.'s planned initial price offering of Medco, its pharmacy-benefits-management unit Medco, and the spinoff of Aventis SA's bone-research unit, launched Tuesday as Proskelia Pharmaceuticals.

Breakaway operations are less common but often reflect the frustration scientists face with bureaucracy at big pharmaceutical companies.

"We proposed our own company when Glaxo was in the process of merging with SmithKline," said Francois Conquet. "We found decision making to be slow and inefficient and would get worse in a consolidating industry," he added. "And we wanted to work on one project—therapy—and in one structure to reach our goal."

"Spinoffs are bound to happen as big pharma is put under more operating margin pressure," said Index partner Rich Rimer. "They also want to outsource drug development more."

Actellon, created by a group of Roche scientists in 1997, was listed in Switzerland in 2000, and its shares tripled in the six months after IPO. They then fell sharply as sentiment turned against biotech stocks. Last August, the U.S. Food and Drug Administration gave Actellon's Tracleer, which is co-promoted by U.S. biotech company Genentech Inc., a green light.

Addex executives said there is no financial link with Glaxo, but industry sources say licensing deals with the U.K. drug maker will likely follow, particularly as Addex doesn't have any products of its own.