

Case Study on:



Country Representative

European Business Awards 2011

Country Representative - Italy
Cosmo Pharmaceuticals S.p.A.



Cosmo Pharmaceuticals

Reacting Quickly to Market Opportunities

Words from the Judges

“Pioneering innovation has set Cosmo Pharmaceuticals on the path to international success.”



Cosmo Pharma is a developer and manufacturer of pharmaceutical products for the treatment of inflammatory bowel diseases and topically treated skin diseases. It aims to become a global leader in the market of optimised therapies for selected gastro-intestinal diseases.

It is the company's entrepreneurial spirit and innovative drug formulations that have led the European Business Awards 2011 to select Cosmo Pharmaceuticals as one of only 25 Country Representatives from Italy.

Cosmo Pharmaceuticals was founded in 1996 when healthcare professional Mauro Ajani purchased the manufacturing plant of international pharmaceutical company Parke Davis/Warner Lambert. The plant, in Lainate, Italy, was scheduled to close with the loss of all jobs. Mauro saved the entire workforce and gave them a new sense of purpose.

Mauro had been awarded the contract to manufacture the drug Asacol, the standard treatment for ulcerative colitis, but realising that patients with the disease needed to take a total of 16-24 tablets a day, he set about developing an alternative treatment.

“Mauro Ajani thought there must be a better way to treat ulcerative colitis and tasked his new in-house team to find a solution. He believed in his team's skills and they in turn rose to the challenge and delivered.” Dr Chris Tanner, CFO & Member of the Board, Cosmo Pharmaceuticals

The result of Cosmo Pharmaceuticals' innovation led to the development of MMX® technology, initially in the delivery of a drug for the treatment of ulcerative colitis called Lialda®. This Multi-Matrix System technology delivers a combination of active pharmaceutical ingredients in a delayed release tablet. The controlled manner that the drugs are absorbed by the body serves to cut down the number of tablets a patient needs to take from over 20 per day to just four or five, which can be taken all at once.

“Our MMX technology can be applied to many different chemical entities. We will be bringing three new MMX products to market in the next two years and have many more in the pipeline.”

Country Representative



Cosmo Pharma has patented the MMX production process and has designed and built the manufacturing facilities required to produce not only Lialda but also its new drug products.

“Our key strategic step is identifying the weaknesses of existing tablets and developing a technology to overcome them. By patenting the technology and building to manufacturing facilities ourselves, we are able to keep our intelligence in-house.”

With its constant drive for innovation, the company also launched a new MMX product called Zacol MMX®. This is Cosmo Pharma's first nutraceutical product, which has opened up the buoyant dietary supplements market.

“With our unique MMX technology we are able to research a diverse range of medical sectors and supply a better way of delivering active ingredients direct to the colon, exactly where they are required. We are the only company in the world that is able to consistently manufacture MMX tablets within tight specifications.”

Innovation has played a crucial role in the development of Cosmo Pharma's pioneering Methylene Blue MMX tablet for the early detection of colon cancer. Methylene Blue is already used in chromendoscopy, a diagnostic process that improves the detection rate of precancerous lesions and polyps in the colon. In early 2010, leading gastroenterologists approached Cosmo Pharma and suggested MMX technology could be applied as a means of improving the diagnostic tools for detecting colon cancer. Working with Professor Repici, Director of Digestive Endoscopy at Humanitas Hospital in Milan and a team of leading scientists, Cosmo Pharma has now developed a Methylene Blue MMX tablet which could be on the market as early as 2013.

“We are uniquely entrepreneurial. This, coupled with our direct interaction with gastroenterologists, enables us to quickly convert ideas and opportunities into marketable products.”

“Cosmo is a speciality pharmaceutical company that aims to become a global leader in therapies for gastro-intestinal diseases. Founded in 1996, the business has had a single minded determination to improve treatment for these diseases as well as many more. Through pioneering innovation, the company is achieving major international success and is on course to achieve all its ambitions.”

Phil Forrest, Chairman of Judges, European Business Awards 2011



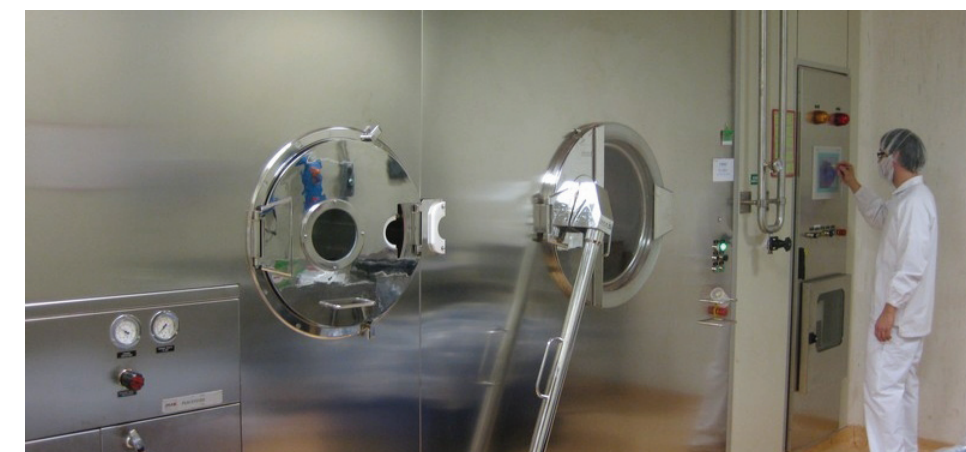
Looking to the Future...

Cosmo Pharmaceuticals went public in 2007. In spite of investing more than 20% of its revenues annually in R&D, it has been continuously profitable. Through its growth, the company is bringing increasing employment opportunities to Italy which is in direct contrast to the vast majority of its competitors who are cutting their workforces. From a staff of 40 at the time of takeover, the workforce has now grown to 153 employees and it plans to continuously increase its staff both on the galenic and development side of the business. With three projects scheduled to enter the market in the next 24 months revenues and profitability are likely to substantially increase.

Throughout its 15 year history, Cosmo Pharma has always had an extremely active development pipeline. The company has a pioneering galenic development team which has worked tirelessly since launch to develop

new properties and advanced drug structures to improve the treatment of a number of different gastro-intestinal diseases. In 2011, a new drug Budesonide MMX was filed for registration in the EU & US and in 2012 and 2013 respectively, two more drugs are scheduled to be filed.

Any new technology developed by Cosmo Pharma requires extensive research and new manufacturing processes. When MMX was first produced, Cosmo Pharma had to build a brand new plant at a cost of over 19 million Euros. Looking to the future, the company plans to continue expanding its production facilities to ensure it can manufacture all of its breakthrough treatments efficiently and effectively in-house.



European Business Awards 2011



"We are proud, faithful, hardworking and humble, but not afraid to chase bigger things; some of the old Italian characteristics that made this beautiful country that has come under such heavy criticism lately. And of course we are also proud to be selected as one of the companies whose special characteristics are so uniquely Italian, and whose business success is celebrated."



**Mauro Ajani, Founder,
Cosmo Pharmaceuticals**

About Cosmo Pharmaceuticals

Cosmo is a specialist pharmaceutical company with a proprietary clinical development pipeline that specifically provides innovative treatments for Gastro-intestinal diseases as well as other related illnesses. The company's revolutionary MMX® product, Lialda®, developed for the treatment of ulcerative colitis, has a current market share of 25% and is marketed worldwide by global drug giant Shire with sales in excess of \$383 million expected in 2011 and substantial future growth predicted.

The company has been built with entrepreneurial spirit at the heart of its activity. Founder and CEO, Mauro Ajani is personally responsible for any major issues facing the company and oversees product development as well as clinical trial design and administration. The company's Senior Management are substantial shareholders in the company and have a vested interest in its success. The salaries of Cosmo Pharma's Board are substantially lower than its competitors listed on the global stock exchanges and all Board members have an active role in the running of the business.

The company has excellent relationships with gastroenterologists who provide a constant flow of information, ideas and feedback. Cosmo Pharma is quick to act upon this information as well as identifying and reacting to other market opportunities. The company has a flexible structure that enables any issues to be directly accelerated to top management for quick and effective resolution.

Many of the company's 153 employees have extensive galenic expertise which was acquired through their work for Parke Davis/Warner Lambert.

Cosmo Pharma is an ideal example of how a company can generate value by leveraging the competence of its expert workforce.

The company is very willing to work in partnership with external specialists, sitting down with them to develop workable processes. A number of collaborations are

currently in the pipeline including a new MMX® tablet for the treatment of opioid-induced constipation.

Cosmo Pharma invests a substantial amount of its profits after tax in its R&D activities. The company is careful to only invest the money that it makes, which has led it to having no external debt. The company is run on an entrepreneurial basis and is constantly seeking out opportunities to make money, however, it does so in a prudent and careful manner, always mindful of the potential return on investment.

About the European Business Awards

Since 2007, the European Business Awards programme has been shining a light on the most pioneering businesses on the continent by promoting excellence, best practice and innovation in the European business community. The awards programme recognises excellence in all disciplines of business including individual business functions. Last year entrants ranged from fish farming organisations to renewable energy firms. Together they had a combined turnover greater than €1 trillion Euros (8.23% of EU GDP) and employed over 2.7 million people between them.

Businesses from over 30 European territories entered the Awards. The competition for is fierce with many of the Europe's most established brands being represented. Entrants are judged by a panel of experts in their fields who bring experience, business acumen and understanding to the board.

Country Representatives are deemed by the judges to represent the very best companies in each territory. In 2011, the standard was particularly high, with the programme engaging with over 15,000 companies in the initial stages.

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