

Etienne Jornod with a new success story

FROM GALENICA AND VIFOR TO OM PHARMA The former Executive Chairman of Vifor now wants to make OM Pharma great. Even at 70, he is pursuing long-term goals.

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Etienne Jornod will soon be able to concentrate even more on his project as Executive Chairman of OM Pharma. In January, at the age of 70, he reached the statutory maximum age as Chairman of the Board of the "Neue Zürcher Zeitung" (NZZ). If the shareholders approve, he will be succeeded at the Annual General Meeting in April by Chair-designate Isabelle Welton and retire from the governing body.

When the journalist from "Finanz und Wirtschaft", which belongs to the TX Group (competitor of NZZ), visited OM's headquarters in Meyrin, near Geneva, he said he was uncomfortable with the transition period. "I am used to making decisions that only bear fruit several years later. Now he consults Welton regularly because she will have to answer for his decisions later. He proudly shows a graph that demonstrates a clear turnaround in subscriber numbers. Starting in 2013, the new customer-focused strategy he prescribed was implemented at the NZZ, and since 2017 the numbers have been rising rapidly, driven by a German edition.

OM should not share Vifor's fate

Jornod had already successfully set a strategic course for Galenica. The pharmacy wholesaler itself has become an operator of pharmacies and has developed its own medicines. In 2017, the pharmaceuticals business, which had grown to a considerable size, was separated as Vifor Pharma, under pressure from shareholders, with Jornod as Executive Chairman.

After letting his contract expire, he was able to acquire the Vifor subsidiary OM Pharma with partners for CHF 435 million in autumn 2020. Jornod already looks back a little wistfully on his time at Galenica and Vifor: "We had built Vifor into the third-largest Swiss pharmaceutical company. It's a shame that it was sold abroad after I left."



Etienne Jornod: "If we work well, the value of the company will explode".

That is not to happen to OM. "OM is not a venture capital project that we want to sell after a few years," he stresses. It is a matter of taking measures now so that OM will be "strong" in twenty or thirty years - "if we work well, the value of the company will explode." The investors around Jornod have agreed to stay on board for at least seven years and to reinvest all profits during that time.

Jornod's plan for OM includes investments of more than CHF 250 million until 2026. The necessary money will be generated by the operating cash flow of the profitable OM. Most of it will go into clinical studies, but also into expanding production and additional offices in Meyrin. In 2022, OM was active in more than 100 countries with almost 500 employees and more than 50 local distribution partners. Sales of products in these markets reached over CHF 370 million.

The two most important products are Broncho-Vaxom and Uro-Vaxom. Both are taken prophylactically to prevent the recurrence of infections of the respiratory tract and urinary tract, respectively, or at least to alleviate repeated infections. Both preparations consist of particles of killed bacteria that trigger such infections. Through contact with these so-called bacterial lysates, the immune system is stimulated to be better prepared for later infections.

From niche to broad

"They are rather niche products," Jornod explains. But now he wants to change that. He sees analogies to Vifor's iron preparations, which were not perceived as fully-fledged medicines at the start and for which big pharmaceutical companies were not interested. Jornod expanded the initially small market for iron preparations through scientific studies that showed benefits in more and more medical

indications. For OM, too, the expansion is to be led via broader approvals and not least via the US. OM products are not yet available in the world's most important pharmaceutical market.

"With Broncho-Vaxom, we are conducting drug trials in three new indications," says the Executive Chairman. The greatest annual sales potential is expected to be in bronchial asthma, at around \$4 billion. In atopic dermatitis and recurrent episodes of wheezing in children, OM estimates the combined market at around \$2 billion.

IPO as an option

An important interim stage in the OM strategy will come next year with the results of the phase II trials. Then Jornod and his team will have to decide for which indications the drugs will be prioritized for further development. Especially if the results are convincing, additional capital for a development offensive could be helpful. For Jornod, a partial IPO would be an option. An IPO could also become topical later, for example when OM drugs are approved in 2028 or 2030 and additional funds would be needed for marketing.

Isn't that a rather long horizon for a 70-year-old? Basically, he approaches all his projects with the mindset he has always expressed at the NZZ, Jornod replies: "We are here for eternity." When someone asks him about his age, he replies that his father will soon be 100 and is still fit. "When I'm 80 or 90, I might not be in the business as much, but as long as health permits, I'll certainly still be involved and making the most important decisions."