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'Fast Forward Four Or Five Years, We're Going To Look Very Different' – Rosemont Chief Eyes 'Transformative' International M&A

CEO Howard Taylor Outlines Plans To Expand Via Acquisitions, Especially In The US

by David Wallace

UK-based liquids specialist Rosemont Pharmaceuticals is on the lookout for M&A opportunities, particularly as it looks to build up its business in the US, chief executive Howard Taylor tells *Generics Bulletin* in an exclusive interview.

Expansion via M&A is on the cards for UK-based liquids specialist [Rosemont Pharmaceuticals](#), especially in the US market, the firm's CEO Howard Taylor has outlined to *Generics Bulletin* in an exclusive interview.

More than three years after separating from former owner Perrigo – after being acquired for £156m (\$198m) in 2020 by private equity player Inflexion (Also see "[Perrigo Takes Another Step On Planned Generic Exit](#)" - *Generics Bulletin*, 22 Jun, 2020.) – Rosemont has increasingly been looking outside of the UK to expand internationally in recent years.

Key takeaways:

- UK-based liquids specialist Rosemont Pharmaceuticals is looking for M&A opportunities to expand into other markets.

And just a couple of months ago, the company announced the appointment of Ewan Livesey as chief corporate development and Dee O'Brien as head of M&A, as the firm looks to build up its M&A activity. (Also see "[Who's Hired? Rosemont Drives M&A With New Appointments](#)" - Generics Bulletin, 16 Jan, 2024.)

"Up until now, M&A has been more of an opportunistic, nice to do activity, and we've benefited from that," Taylor acknowledged to *Generics Bulletin*. "However, what we've identified is [that] to help us in our international plans, M&A should be a definite strategy," with the US as "our number one priority."

- US commercial front-end opportunities are a particular priority, while Canada, France, and Germany are also attractive geographies.
- Different international regulatory pathways offer varying rewards for the value that is offered by Rosemont's portfolio.

Building Up The Core Business

Asked where the company currently stood and how it had progressed since the Inflexion acquisition, Taylor indicated that "a lot has happened in that time period – it's been hugely liberating and I have to say Inflexion has been a very, very supportive backer for the company. It's allowed us to really focus on a business plan that's right for Rosemont."

With the firm having recently passed the milestone of more than £100m in annual turnover – now at around £111m – Taylor said that what Inflexion had enabled Rosemont to do was to "invest in what we're good at, which is developing liquid medicines" – and even "starting to move beyond that."

"One of the things we said was that we wanted to get back on top in terms of a pipeline," the CEO recalled. "So an example of that is we built a whole new lab on the main site, bespoke for what we do, with upgraded offices above it. We spent even more money on upgrading our manufacturing facility, and so we've more than doubled the investment internally. And then we've doubled up again through partnerships and co-development – and we've also acquired two businesses." (Also see "[Inflexion Outlines Rosemont Investment And Eyes More Generics Deals](#)" - Generics Bulletin, 24 Sep, 2020.)

"So if you look at it all together, we've effectively increased our pipeline more than tenfold in that period of time," Taylor summarized. "And I think that really goes back to what we want to do, which is to bring out more products on a regular basis for patients that can't swallow tablets. So that's been hugely enabling."

“We’ve had to develop other skills along the way,” he acknowledged. “In the past we did everything ourselves,” with the firm able to “come up with an idea, develop it, license it, make it, sell it; and we want to preserve that. We think it’s a real point of difference versus our competitors.”

But “at the same time, what we’ve also done now, which I guess is more typical, is we are now partnering much more. We work with CDMOs, we work with CMOs, and buying in technologies as well, has allowed us to evolve that model even further.”

“If you fast forward, say four or five years, we’re going to look very different on an international footprint. Europe will still be the majority of our business, but we’ll be selling a lot more internationally.”

Historically, as a company, Rosemont was “very UK-centric,” Taylor acknowledged, “and still today people would know us as being a British company,” even though “increasingly we’re selling more internationally.”

“But if you fast forward, say four or five years, we’re going to look very different on an international footprint,” he suggested. “So Europe will still be the majority of our business, but we’ll be selling a lot more internationally.” And “as we’ve invested in this pipeline, we’ve deliberately set out that we’ll be able to have dossiers for an international footprint,” Taylor noted. “That obviously costs more, but thankfully we’ve been able to fund it and Inflexion have supported us.”

Another consequence of Rosemont’s growth was that “we’re also employing more people,” he observed. “So we were about 190 people when we did the carve out. We’re probably around 300 now.”

Asked whether Rosemont’s growth trajectory has always been consciously geared towards international expansion, Taylor said “a large part of it has been.”

“Part of the initial wave was to become fully independent,” he explained. “So there were some areas where we were dependent on Perrigo – like finance, for example, I didn’t have any finance people. We now have a very large finance team. But the majority of the incremental roles are – partly linked to our business, so with double the turnover, treble the EBITDA now than we had

three years ago, that brings its own challenges – but more important is the work that’s going on for future projects internationally and on the pipeline.”

“That’s where most of the headcount has been coming in, working on those. Our regulatory department, for example, has quadrupled; similarly, our project management team, R&D has expanded significantly. So it’s really been putting the resources against our future.”

Moving From Opportunistic To Focused M&A

Talking about Rosemont’s shifting focus towards a more pronounced focus on M&A, Taylor said that “the majority of our effort is still around our core, our own development pipeline and the partnerships we have. Up until now, M&A has been more of an opportunistic, nice to do activity.”

“And we’ve benefited from that,” he underlined, “we’ve added an extra 20 molecules to our portfolio and an additional pipeline in our space, which is great. It’s also started to get us to diversify beyond just oral liquids – historically we do oral liquids in bottles, [but] we’re now looking at modified-release sachets and we’ve even acquired some non-oral liquids, which we’ll maintain.”

“However, what we’ve identified is to help us in our international plans, M&A should be a definite strategy – and there are a few reasons for that.”

“One is that it would hugely de-risk what we’re trying to do with our pipeline. We are prepared to go on our own – we have the budget for it, we have the plans for it, and obviously we’ll be working with the US Food and Drug Administration because the US is our number one priority. However, we’d have to create our own commercial organization.”

But “if we can buy one, that is focused in the same area that we want – for example, the retail channel – that’s hugely helpful to improving our chances of success. There are also some reciprocal benefits from them advising us and helping us tweak our pipeline to suit the local market.”

“And the further benefit is I think it will take us into new areas – so we’ll be able to diversify our pipeline. And that I think is also going to be important for our longer term growth. Although there’s a huge runway in oral liquids, we think there’s adjacent technologies that can help patients who can’t swallow. It doesn’t have to be just an oral liquid. There are other things that we can look at – oral films, patches, that kind of thing – that still fulfill our mission to help the patient. And I think acquisition also gives us that avenue to work with.”

Acknowledging the significance of being owned and supported by Inflexion, Taylor said “of course, the very obvious thing is we are backed by private equity and largely speaking, if we can

buy a business, there are synergies to be gained in that. And of course that just creates additional value for the company in and of itself. So the main priority is to give us the capabilities.”

US Front-End Is Key Focus; Western Europe Also Offers Synergies

In terms of the specific targets that Rosemont would be evaluating for M&A, Taylor was clear that “we are primarily focused on commercial enterprises in the US. That’s our number one focus area.”

However, the firm “would consider Western Europe because there’s a lot of synergy there. And also we would consider frontline technologies that would help fulfill our mission. So rather than being a commercial entity, there might be a developer, for example, in our space. But that’s the secondary objective. The primary one is a commercial front-end, and top priority is the US.”

“Our ambition is significant,” Taylor underlined. While the deals made by Rosemont so far had been “relatively modest,” he said, “we have got full backing from Inflexion to make major acquisitions that would be transformative for Rosemont. So that’s quite exciting for me to think about what that could be.”

And in terms of scale, “I would say nothing’s too small. Probably some things would be too big, but anything up to a similar size as Rosemont is within scope.”

Asked about other markets and how these were prioritized for Rosemont, Taylor said “we kind of have a tiered system. So UK and US are top tier for us – and we feel that’s a combination of population, regulatory, environment and pricing, and so forth.”

“But then the next tier down would be Canada, France, and Germany. And at the moment, we look for partnerships – but down the road we’d like to have affiliates in these countries. But we’re taking one step at a time, if you like. And obviously an acquisition could accelerate that; if we found the right company available in Germany, that would accelerate the plan.”

Asked also about existing Rosemont partnerships in various international markets – such as its alliance with Jacobson Pharma Corporation in the Hong Kong and Greater Bay Area in mainland China, or its partnership with Exeltis Pharma in Mexico – Taylor said that “for now, our plan is to continue to operate a distributor-based model, so we’ll own the intellectual property and we’ll decide whether we should own the marketing authorization in that market or the local distributor might take on that responsibility. And obviously we divide up the margin accordingly.”

“But we don’t want to chase down every country as a Rosemont affiliate – and these people know how to do it much better than us anyway. So we’ll act effectively as a CDMO for those third party countries.”

“But for the ‘priority one’ and hopefully in the near future ‘priority two’ markets, we would have our own affiliates in those countries.”

Value Added Medicines Opportunities In US And Europe

Asked about how different countries recognized the value offered by Rosemont’s portfolio and pipeline – such as the 505(b)(2) hybrid pathway in the US or the increasing moves in Europe to recognize the value of value-added medicines (*see sidebar*) – Taylor was clear that “there’s a definite difference by geography.”

The US “have a formal status if you like. The UK doesn’t have such a formal status, but because it operates on a free market principle, you are rewarded for innovation. If that gets copied, then obviously the pricing comes down accordingly.”

“Now if you take another market – Germany for example, is quite challenging in some ways. However, the actual oral liquids market is bigger than the UK, but most of the value is in proprietary, still protected businesses. And once a product patent is gone, everything is essentially benchmarked against an oral solid and it’s very difficult to offer alternative galenic forms affordably in that scenario.”

Nevertheless, “it is possible, and we ourselves have several molecules where we feel there’s additional patient benefit. Usually in our case it’s to do with safety – for example, in children, patients with learning difficulties, or polypharmacy in the elderly, where we would make the case that a liquid is a much safer option or people with PEG tubes, for example. But you have to be very specific about your indication.”

“I think there is merit in states recognizing the value that’s been added and creating these forms. And hopefully Rosemont would benefit from that because we are investing our own technology in creating that liquid – or maybe in the future, even other galenic forms for this patient group.”

Rosemont’s “number one product at the moment, for example, is the only galenic form that can be used in neonatals,” Taylor pointed out. “So there’s clearly a place for that, but in some countries that’s not fully recognized from a reimbursement perspective.”

‘Putting Electric Motors Into Classic Cars’ – Burt Sets Out European Potential Of Value Added Medicines

By **David Wallace**

13 Dec 2023

Pharmanovia CEO James Burt recently took over as chair of Medicines for Europe’s value added medicines sector group. In an exclusive interview with *Generics Bulletin*, he looks to the future for innovation around known medicines in Europe, including landmark EU legislation on the horizon and the importance of stakeholder dialogue throughout the supply chain.

[*Read the full article here*](#)

“So Rosemont’s position is I think that could evolve, but for now, obviously we have to respect the various country environments and we’ll choose accordingly. There’s not necessarily any data protection for us in the UK, but there is in the US; by doing that extra work, there is some reward for it. It’s more expensive to enter, but you get the benefit back if you put in the effort.”

Taylor was also hopeful that recent moves in Europe “will create yet more opportunity for us. And I think that’s also why we are starting to become more open to other galenic forms so that we can fulfil our mission but still be profitable in a different reimbursement environment. That gives us more avenues, if you like, to fulfil our mission. But our core will still be oral liquids because that’s the bit that we know best.”

MHRA Approvals On The Cards

Finally, looking ahead to the immediate future for Rosemont, Taylor said that “the key thing for us is that we’d really like to get some of our launches through. Right now we have a number of projects, like many of our peer companies, that are pending MHRA [UK Medicines and Healthcare products Regulatory Agency] approval. And that’s proving quite challenging for us because we’re basically waiting.”

“So a key milestone is that we really want to get those launches out. Most of them, probably half of them will be in the UK, half of them international, which I guess is a milestone in and of itself that we’re doing that.”

Another key development was that “this year is a big year for our US filing program. We’ve been talking to the FDA, but this is the year where it becomes real. So that’s a major investment.”

“On the acquisitions, that’s something we definitely want to do. We want to secure one of these strategic international acquisitions that will enable us to do all the activities I talked about earlier.” And while “I can’t give you a pre-fixed time,” he acknowledged, “we have got a couple of projects that are at a late stage that I would say are modest, but they are very much within our strategy. I’m hoping that those can carry through, but we really want to kick on from that and be doing something much more significant, particularly in the US.”

“They all come back to our core business model, really: we want to retain that ability to develop ourselves, bring in new projects, launch them internationally, and the M&A is just a tool, in a way; a vehicle to help enable that to happen and take us into new areas.”