Bayer AG

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Transcript

Speakers:

Richard Vosser (JPM, moderator)

Stefan Oelrich

Christian Rommel

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**Richard Vosser:**  Welcome to the Bayer session at the 42nd J.P. Morgan Healthcare Conference. I'm Richard Vosser, European Pharma Analyst with J.P. Morgan. It's my great pleasure to welcome the CEO of the pharma business at Bayer, Stefan Oelrich, who's going to present to us.  
  
We'll take questions after his presentation. Just please put your hand up and we'll get a mic to you. Stefan, welcome to the conference.  
  
**Stefan Oelrich:**  Thank you, Richard. Thank you for your interest in our business here. I'm glad to see that the room is filling up fast. I'm going to give you a little overview on how we're proceeding well with the implementation of our strategy.  
  
Before I get to that, we're really excited this week because we've had tremendous news flow with our latest phase three trial giving positive primary and secondary endpoints in two parallel trials -- an approval for Eylea in Europe, which was like the icing on the cake, and some really fast-transitioning new medicines in our pipeline.  
  
This has been a good week so far, so I hope you're enjoying the conference as much as I do for the time being. Let me get right into it. I'll try to give you an update, based on three dimensions, where we are currently and how we're progressing with our strategy.  
  
You know that for the last five years, we've been transitioning our resourcing to a much more global approach, with a stronger focus on the US and with a lot of launches happening, lots of moving parts, and moving past an impending LoE for Xarelto for the most part, while at the same time rebuilding our pipeline. I'll get into all of these topics.  
  
To get started, we're on track this year to deliver against our guidance. You see a slightly negative sales in the first nine months. This looks that we're going to confirm our guidance to come in around the zero mark for the end of the year.  
  
This has been accompanied by gradually improving quarterly results, both in top and bottom line, where we started against a huge backwind that you're seeing here on the China business. That has pretty much subsisted throughout the year. China has been really slumping for us, and you know that we're over-indexed in China compared to many of our peers.  
  
Also, on the margin side, we expect to be fully in line with guidance. We have a lot of moving parts. While we get the back winds from Xarelto, which will be coming in negative -- not double-digit yet, but we're now seeing the first really impact from LoE in a number of regions.  
  
We're seeing really good momentum on our launches. I'll speak to that in more detail. Also maybe noteworthy, our radiology business, which is a really solid base, where we're seeing from a market-leading position our continued strong growth. Also, on some of the back winds that we've been facing, obviously, is the discontinuation of the OCEANIC-AF study that was not expected.  
  
Some of the things that I think the entire industry is grappling with -- inflationary pressures, the China situation I mentioned. Also in the mix, as Xarelto goes to become less important, we're having somewhat of an unfavorable mix. Counterbalanced by a lot of positives that I'll go into in a second.  
  
Before I do so, I always get asked, "Where are you headed in the coming years in terms of your top-line dynamics given that Xarelto is going out?" You can see here our major decline that we expect over the next three years. Just as a reminder, the compound will expire in the first half of this year. We still have solid IP use patents.  
  
That, we believe, can get us some exclusivity in most of the territories until '26. Against the Xarelto situation, we have a strongly growing launch platform with Nubeqa, Kerendia, and now elinzanetant. Not to forget, asundexian in stroke.  
  
Of course, Eylea, with the Eylea 8 mg approval that we got this week. We have now a best-in-class label. I invite you to look very closely at our label. We have up to five months dosing intervals on the label. That is really a step change from where we've been at with the current dosing. That should give us an anchor for years to come, despite LoE of the substance.  
  
Let's also not forget we continue to enjoy a very stable base business that we also see stability for the coming years. I think sometimes we don't get credit for some of the base that's there, in there very strongly growing radiology business, which is actually quite nice.  
  
Now let me dive in a little bit into our launch successes. Nubeqa has been a great track so far. We're well on our way to be blockbuster status this year. Last year we barely missed it. We're going to be clearly above one billion in '24.  
  
We're expanding our label, hopefully, with the last data readout that's going to be Aranote. That's going to basically place us across the entire continuum of the prostate-cancer market. We're really seeing that Nubeqa is becoming the standard in the continuum here in prostate cancer.  
We couldn't be more pleased with the development of this great medicine. That also confirms our peak sales assumptions of more than three billion euros moving forward. Then Kerendia, our product to treat diabetics with renal disease, is showing a continued good uptake, strong new prescriptions, and leading in the renal category.  
  
This is, as a cardiovascular product, something that has a little bit of a slower uptake. We had told you about this, that this would take time. We're seeing just that. One of the important catalysts for this year, a part of the fact that we expect more than half a billion in sales in '24, is going to be that we're going to expand from the renal indication into the heart failure area.  
  
We've decided, because we feel really strong about the prospects in heart failure, to actually expand on the data collection in this area so that we cover a broad range of heart failure patients moving forward. The mechanism of action behind Kerendia is well known to, in principle, work in heart failure patients but has been not approved for that use because of side effects.  
  
We see now, after two years of broad use in renal patients, that the side effect profile of this product can be perfectly managed in the clinic and is not clinically meaningful. Here again, we continue to see more than three billion in peak potential, so a strong launch platform.  
  
Then I spoke to Eylea briefly. I'm not going to repeat myself. We clearly see this to become the new standard of care based on already what we define as standard of care. Eylea has been exceeding our expectations. We've been exceeding the peak sales that we've been putting behind Eylea. We now see continued life behind this really important medicine in coming years.  
  
Not only does Europe typically behave differently a little bit in the face of biosimilar exposure, but now we have a clear anchor to also retain pricing at current levels. We expect that there will be rapid switching or, better said, new patients' enrollment onto this dose and possibly also some switching.

Which gets me to elinzanetant. I hope you would join me in the excitement that we see. It doesn't happen every day that you have two parallel Phase III trials that confirm all secondaries and primaries at the same time. This is an area where not only the need is so high in women that have a high frequency of hot flashes with a high severity and also sleep disturbances that typically come with that.  
  
We feel like we have a class defining and potentially class leading new medicine that's coming up. In order to complete our submission package, we need to finalize the OASIS-3 trial. That is a 52-week safety trial. We haven't seen any safety signals in the 26-weeks trials. This is an area where you want to be rather safe than sorry. We expect this at the end of the quarter to have results. Then we're going to go straight from that to submission. You will also have seen that we're expanding data collection and potential use of elinzanetant to women with induced vasomotor symptoms.Those are breast cancer patients because of their medication have induced symptoms, so this will expand the use and will further confirm the mechanism of action in the safe and effective medicine.  
  
Then what is new, we've seen this in our Phase II data, and now we've confirmed it also in OASIS 1 and 2 that this compound seems to have positive effect on sleep disturbances.  
  
We're going to add a specific trial with the NIRVANA trial where we're going to look at sleep disturbances that are associated with menopause, and you can see we feel really confident about this new medicine to potentially redefine this class.  
  
Why are we so excited about this? Because it's such a prevalent condition in women. 80 percent of women will experience hot flashes. 60 percent of women will experience sleep disturbances with vasomotor symptoms, and who am I to say this as a male?  
  
The opportunity in the US alone is enormous. We have 64 million women impacted by menopause. We have a constant inflow of new women into this category, and most of them choose not to use hormones as a potential solution to treat symptoms.  
  
This couldn't come at a better time for us because there is awareness being created for this condition. We believe we're coming in with a really strong opportunity for women, and be mindful of the fact that we continue to enjoy one of the most longstanding tenures in women's health care.  
  
We've been leaders in the area of contraception for decades. We've been redefining many of those markets, including hormone replacement therapy in the past, and we feel this is right down where we're strong.  
  
We're getting ready to launch this, hopefully, in '25, once the package gets concluded. Really strong momentum here behind our historically strong women's health care business.  
  
Let me shift gears for a second, because one of the things that I've been in face with since I joined in my current capacity was, what are you going to do to replenish the pipeline? How are you going to stabilize the ship once the Xarelto goes away?  
I couldn't be prouder to report to you that we've really turned around our R&D and I think in many ways also in industry-leading fashion. We've pruned many of the things that we thought were not making the cut.  
  
We've shifted to a much more breakthrough-oriented innovation with first in class, best in class, but it's not just in the words. We've acquired platforms that people were saying, "Oh, you're acquiring a lot of early stuff."  
  
We're seeing all of these platforms deliver constant in a very convincing way in our clinical stage assets, and we've had last year alone, and I'll speak to that in a second. For us, one of the most productive years in recent history with eight new INDs, six of them went into the clinic. We've replenished our Phase I with 18 molecules over the last two years.  
  
It's been a real pleasure to see, and all of this focused on four areas, oncology, where we have two very strong platforms, one, Vividion. It's a proteomics company we acquired out of San Diego, which is a one of a kind platform. Also, let's not forget the radio pharmaceutical platform with Algeta that we acquired prior to my time. I actually see the gentleman who did that in the back of the audience, so it's good to see you over there. Of course, our cardiovascular heritage remains strong.  
  
We've ventured into neurology and rare disease with our cell and gene platform, two very exciting Parkinson assets that are starting to mature with some intriguing data coming out of Phase I.  
  
Then because of the strong position that we have also with Vividion, we think that we can also make a difference in immunology going forward. You can see an R&D organization that has broadened its reach in terms of modalities, but most importantly in terms of depth.  
  
When you think about the depth that we're seeing, is we're advancing really best-in-class assets into the clinic. The Vividion KEAP1 activator is one of these highly sought-after targets in oncology. We have it, and we're adding to that.  
  
I could give you more examples from the Vividion platform, but I don't want to be exclusive to that one. They alone delivered three new clinical stage assets into our pipeline last year. Another great example is our PSMA TAC cancer. This is radio alpha emitter on an actinium conjugate platform. This is something that right now runs really hot in the industry. Other people have been paying double-digit billion amounts for this. We have it in store, and we're looking forward to see and share with you clinical results as we move this forward.  
What is more important is, we not just have more Phase I, we're shifting them through and we're accelerating things into later stage in our pipeline. Bemdaneprocel, our cell therapy by our platform company BlueRock, has some really intriguing Phase I data.  
  
We're starting to enroll Phase II first half of this year, and we hope that the quality of the data will allow us to even accelerate the clinical stage process and hopefully also approval to get this drug and this new treatment of cells into people's brains to regenerate and re-able to produce dopamine into Parkinson's patients that are advanced where the need is so high.  
  
Another great example for our delivery in pipeline that I chose here is from our cardiovascular pipeline. The anti-Alpha2-Antiplasmin monoclonal is something where we believe that we can redefine how to treat ischemic acute stroke with an effective thrombolytic with no increase in bleeding, so something where the standard of care is extremely low.  
  
You can see we're making good progress on the pipeline, and for a company of our size, with five potential blockbuster-sized launches in the next five years and a steady inflow of new compounds coming through our pipeline and through our platforms that we've invested in, we feel very strong about the future of Bayer Pharma.  
  
Some of the key catalysts for this year, and I don't want to repeat myself, but obviously the launch of Eylea 8 mg is going to give us a lot of boost, especially in our European operations and in Japan.  
  
Then, of course, Nubeqa will continue its path, as well as Kerendia, and we talked at length about elinzanetant. What I also want to share with you that we're really making great progress in what we like to call the reallocation of our resources. We have created a highly performing launch platform for all of these launches in the US.  
  
You know that Bayer traditionally has not enjoyed the rights for some of its major product in the US. That has changed, and we're seeing that we're having really strong launch performance in our US organization, be it with Kerendia or with Nubeqa, and we expect the same with elinzanetant going forward and later, hopefully, with asundexian in stroke.  
  
Same on the R&D side, the fact that we acquired these platforms has led to a shift. We were traditionally very Germany-centric in terms of our expenditures on R&D. This has brutally changed, if I may say so.  
  
We are now much more balanced and not just a one-trick pony and much more present, especially in the US. In terms of rebuilding the pipeline, I spoke to the data readouts that we expect for this year, Nubeqa in metastatic hormone-sensitive prostate cancer, finerenone in heart failure with preserved ejection fraction, and of course the replenishment of our pipeline.  
  
Add to that our efforts that we're making in order to make our organization much more dynamic, much less bureaucratic, and much faster, which we like to call internally DSO. Which gives us more efficiency and higher productivity.  
  
If you take the whole mix, that gives you the new and improved Bayer Pharma that we feel very strong about. With that, Richard, I propose we move to questions. I would like to invite my colleagues, Christian Rommel, head of R&D, and Olivier Mauroy, head of Finance, up to the stage. Thank you.  
  
**Richard Vosser:** Thanks very much, Stefan. We're moving to the Q&A session, so does anyone have any questions? There's a question at the back. I'll repeat the question if you don't get a microphone. Go for it.  
  
**Audience Member:** Just a question on the elinzanetant. I'm curious, there's a...  
  
**Richard Vosser:** Actually, there's a microphone on its way, so it might be worth waiting.  
  
**Audience Member:** Thank you. Just on elinzanetant, the one-billion-euro guide on the side, curious if you could share a bit more on how you're getting to that number. Then also, on the fezolinetant launch, that's been going slower than the other companies' expectations. Curious if you have any commentary on that and why elinzanetant might be different. Thanks.  
  
**Stefan Oelrich:** Should I go directly?  
  
**Richard Vosser:** Yeah.  
  
**Stefan Oelrich:** Thanks for the question. First of all, January is not normally the time of the year when I would reguide sales, so bear with us. We'll have a capital markets day in March, so I would address the question then. What I can tell you is that we feel very strong about this. I'm not going to say a number, but I'm going to tell you this is definitely blockbuster potential.  
  
I'm not going to comment too much about what our competitors are doing. What I can tell you, though, is nothing comes easy in any of these categories. There needs to be awareness that needs to be created. I think if you have more medicines in the same category that actually work on creating awareness, that's going to be positive.  
  
You have to ask others about their performance than me, so that's not up to me to comment. I feel that we have, based on the data set that we're going to present at an upcoming conference that you've seen the top line data of, we have every reason to believe that we have class-leading evidence potentially. We're waiting to complete our set. You've seen that we're adding to it, even on top, and we have every reason to be optimistic.  
  
**Richard Vosser:** Another question here, or two questions here. I think this gentleman was first, and then the lady there.  
  
**Audience Member:** Thank you. Dr. Dell. I'm from Radio Medics in Houston. With being pioneering first alpha therapy bringing to market, Xofigo, has Bayer decided on acquisition and increasing the menu in your portfolio for radioligand therapy?  
  
We know the space is growing so rapidly, and it's very promising field at this point in oncology. Any plan for expanding your portfolio?  
  
**Stefan Oelrich:** I'll let Christian comment in a second because I know that he's a big enthusiast. I remember when he joined the company, he said, "Do you actually know what you have there?" We're very grateful to see that some of the things that we've been pioneering, as you say, are being confirmed by some of the recent deal flow.  
  
I'll let Christian speak to, what do you think of our platform, and if you need more than that from the outside because we've been doing some deals in that context.  
  
**Christian Rommel:** One, it has become a priority, and thank you for the question and highlighting the potential of this therapeutics. It has become a priority for the oncology portfolio and strategy. We are not considering right now to further invest in terms of technology or platform in that space because I think we have the capability available to us.  
  
I do think when you think about the indication, the target, the modality, the conjugation to the actinium radionucleotide, there we have entered in a partnership with Bicycle Therapeutics, for instance, to make sure that we line up the right modality with this approach.  
  
Those things we will continue to do, and we're building a pipeline. We will soon proudly share that this is filling up quickly because of the experience that we have and the capabilities are there, and it has become a resource priority for us. We had to make sure we can also secure the sourcing of actinium, as you might know. I think we have that all under the belt.  
  
**Audience Member:** You know that actinium is not the only alpha-emitter.  
  
**Christian Rommel:** Yes.  
  
**Audience Member:** Lead-212 another one, there are others. Overall, I was asking more about maybe acquisition of some more mature drugs already in the pipelines in different areas of oncology, and especially one in the neuroendocrine cancer.  
  
**Christian Rommel:** I'm happy to follow up with you, but it's not currently a priority.  
  
**Audience Member:** Thank you. First, congrats on the top-line data for elinzanetant. Very important and unmet medical need for sure. Bayer has a lot of history, legacy. I'm just curious, as you get ready for launch in '25, and you talk a little bit about your commercial organization, do you need to build? Do you have enough? Maybe talk about how your capacity looks.  
  
**Stefan Oelrich:** Thank you for the question. This is something that we're looking at. Obviously, we do have a class-leading contraception organization for long-acting contraceptives in America, so there is some overlap between those that will most likely not suffice.  
  
We will have to supplement our existing footprint in the US. US is going to be our first go-to market. In Europe, it's slightly different. We probably have the capabilities that we need, and also in the countries in Asia or Latin America, where we would be introducing, or in China.  
  
In the US, it's likely that we will have to expand on the existing footprint because the overlap is not perfect. This is, for us, something pretty natural because we've been there for a long time and very successfully. These OB/GYNs know who Bayer is because we've been there for, as we learned today, over nine decades that we've been pioneering the women's healthcare space.  
  
**Richard Vosser:** A question there in the middle.  
  
**Audience Member:** Thank you. Thank you for the presentation. Just a question on Kerendia. You talked a little bit about the dynamics, and the market dynamics might be a bit slower in terms of uptake. Sounds like in the US you've got quite a bit of traction. Can you talk about non-US? Where do you stand? How is that looking?  
  
**Stefan Oelrich:** Yeah. We have a very good uptake also in China. Japan, very promising. Brazil, Mexico, very strong. Where we are maybe not as strong as we would like to be is in Europe. Europe is an access question and a pricing question.  
  
Typically, you get the comparators that serve as a pricing anchor in Europe are extremely low-priced diabetic products. We feel like the value of our product is not always recognized as it should be in Europe, which creates a negative. That's something that we had expected from the get-go because we knew that even with the evidence that we were generating, it would be close to impossible to get over a certain threshold. The jury is out on some of the countries in Europe. Some of them are good. Germany is an opportunity, but we're still negotiating price there as we speak, but it's not easy. France is definitely difficult. The UK is difficult. It's not an easy one in Europe.  
  
**Richard Vosser:** In the US, Kerendia had a very fast start, but the prescriptions slow off or plateau maybe slightly, or at least the cadence is not so great. Is that competition from the other diabetics, or is it fully penetrated? What's going on?  
  
**Stefan Oelrich:** No, I think it's rather that the dynamics vary a little bit depending on part of the year. We've seen also decreased promotional activities from the other diabetic products. It's not that our share in the renal space is going down, quite to the contrary. When the tide lifts all ships, we benefit from that. We think that adding and completing our evidence set around also heart failure is going to add to the credibility of the overall asset. I think that that's going to boost us across the board.  
  
**Richard Vosser:** You mentioned during the presentation the high dose Eylea, and obviously a good product. European market is different to the US in terms of adopting longer-acting products. What's the thought, especially with biosimilars coming?  
  
**Stefan Oelrich:** The data will make the difference. We're basically injecting the same level of volume that was injected before with the opportunity to enjoy much longer dosing intervals. I think physicians are going to like this. We're solving, in a way, two problems. We're solving, one, the problem of decreasing the frequency of dosing of something that you inject into the eye. At the same time, we create space in the ophthalmology office to treat more patients. We know that today there is a huge backlog of patients that don't get injections because there is just no time in those offices to do that. We feel this is really solving two issues at the same time.  
  
What we will need to see and monitor with time is, once biosimilar step in, how are the dynamics going to change? From experience, Europe obviously has a slightly different response to biosimilars than you would see maybe in other regions. Our business is mostly Europe, Japan and Canada. We'll see. What we think will happen, that this has the opportunity to really stabilize our Eylea sales. Let's not forget that we've largely exceeded the guided peak potential for Eylea as we speak. Even this year, as we're facing major competition, we're seeing very solid volume growth with Eylea, almost double digit. We've been experiencing pricing setbacks in some European countries like any competitor right now. UK has been a difficult place, Richard, not because you're from there.  
  
**Richard Vosser:**  It's my fault.  
  
**Stefan Oelrich:**  Yeah, lots of things are Richard's fault, but that's a different story.  
  
**Audience Member:** You invited him.  
  
**Richard Vosser:** I did. That's as simple.  
  
**Stefan Oelrich:** We're not saying that this is going to add another billion to what we already have, but we think that this is definitely going to be a stabilizer in the coming years.  
  
**Richard Vosser:** That Vabysmo competition, you've held up. Are they getting more aggressive, the competition or...?  
  
**Stefan Oelrich:** Again, this changes from country to country. There is some price aggressiveness in some countries, and obviously, they want their share of the market. What we're seeing is that they have gotten to a certain threshold, and it's also not easy for them to go further than that. Again, I'm saying all of this excluding the United States market.  
  
**Richard Vosser:** A question at the back.  
  
**Audience Member:** Can you just talk a little bit about how you expect the margin profile for Bayer Pharma to evolve over the next few years as you have these high margin assets coming off patent and you're trying to invest more in R&D and more into these launches? How should we think about that over the next few years?  
**Stefan Oelrich:**  I'll let Olivier speak to that.  
  
**Olivier Mauroy-Bressier:** Thanks for the question. Yes, we need to see a bit. Our strategic roadmap is that definitely on the short term we will have the loss of exclusivity of a product which is above 4 billion euros, and which has enjoyed high margins. Very low cost of goods we don't spend on sales and marketing on total.  
  
Definitely, our strategic roadmap does include the fact that on the coming three, four years, two, three years, we will have to face this product mix situation while Eylea and other products will be ramping up. We're also in a moment where we want to invest and continuously invest on our launch products, namely Nubeqa, Kerendia and coming with elinzanetant.  
  
We want to also invest in our innovations so that we can fulfill also our commitment for the mid-term. Innovation, our platform companies as well, will benefit from a higher rate of investments in the coming months and in the coming years.  
  
Facing inflation as well is just an industry trend that we are also facing. We are under some challenges in terms of margins. For the post-LoE phase, which is the coming three years, you will see that the margins will be still under challenges while we pave the way for sales growth momentum and margins better momentum as well post-LoE phase of Xarelto.  
  
**Stefan Oelrich:** Maybe to add to your question, which is a really good one and pertinent one, I think it's noteworthy to see that we are able to keep our overall top line pretty much stable, so you don't really see that patent gap that you would normally expect when a product of the size of Xarelto goes off patent.  
  
When you replenish with products that have potentially a slightly lower gross margin and higher SG&A, then you get margin pressures. We are diligently looking at our cost constantly to spend as little as needed and as much as needed in a way to balance this out, but we will be facing margin pressures in the next three years. Please accept that today we will not be re-guiding or guiding in that sense, but that's an obvious one.  
  
**Richard Vosser:** You talked about the stable business. As you reallocate costs, does that put pressure on the stability of the business or with those products? Is there a point in time where reallocation leads to the stability being affected?  
  
**Stefan Oelrich:** I think when you look at how our profile has evolved over the last few years, we've been driving up R&D, which at the beginning of my tenure was around 14 percent of sales, and it's closer now to 18 percent. We've been taking the same amount out of SG&A, and we've still been able to manage our launches, I think, competitively.  
  
At that point, there was enough flexibility to still shift things around. We've seen in R&D. We've been fueling the three platforms that we've acquired in a significant way without necessarily completely taking out all that cost from our base, but some of that.  
  
There is always opportunity in a business of our size to find efficiencies. You heard me speak on the last slide here about what we call DSO. This organizational efficiency and productivity. To give you just an idea of what we're doing, we just recently introduced, at the beginning of this month, January 1st, a realignment of our US commercial organization.  
  
We've really taken out a lot of the hierarchical staff from sales and marketing and really focusing in on maintaining our customer relationships but with much less hierarchies. Where we used to have a manager for this and a manager for that and a third manager, if I think back 30 years when I was a rep, I was all by myself. Today, you get supported by all kinds of things, and when you ask the reps, "So, how do you feel about the support?" Then they often tell you, "Well, they keep me away from the customer."  
  
We've tried to address that. Those things still exist. They have accumulated over the years and sometimes it's worthwhile. It's like moving your house. It's sometimes worthwhile checking out how much has accumulated in the basement. We're doing a little bit of that and it's actually very energizing to do that. We'll look at the same in manufacturing and R&D like we're doing in our commercial footprint. Commercial, we've said we want to radically center around the customer. In our other activities, we've said we want to radically center around our products and not necessarily around our functions. I think that gives us a lot of energy and potentially also productivity reserves that we can activate.  
  
**Richard Vosser:** A question over there.  
  
**Audience Member:** Thank you so much for the presentation. A quick question. I guess as you look at the pipeline rebuild you've done as well as the reallocation of resources and the increased R&D you just alluded to, do you feel like the organic internal engine is enough to satisfy the growth here? Do you believe that there might need to be some incremental inorganic actions to help, particularly post the OCEANIC study?  
  
**Stefan Oelrich:** Independent from OCEANIC-AF, the right answer is a pharma business can never function without external innovation. You will always be open to deal-making. Last year, maybe not so noticed by you, we didn't participate in the large transactions that we did participate in in the prior years. We still did 20-plus deals. It's not that we're inactive.  
  
We're supplementing to where we've built very strong platforms. We will continue to do so. We're talking about radiopharmaceuticals. We did interesting deals with Bicycle last year that's going to make us stronger in this case and more differentiated.  
  
We use the strength of what we've built organically, or what we've acquired and now is becoming organic in a way and supplement it. I would never exclude that we would not be out hunting for deals. They need to make sense.  
  
When I look at some of the recent price tags, I sometimes wonder how this is going to create value. It's really hard to hunt for good late-stage stuff that creates value. With elinzanetant, that was one of those examples where we went after a late-stage target.  
  
It was a Phase II asset that was ready to go into Phase III. There were very few bidders because there was very little expertise in the area of women's healthcare of people that could do this. We went after it. If something like that shows up, we will be looking at that for sure.  
  
**Richard Vosser:** Thanks, Stefan. I think we're at time. Thank you very much.  
  
**Stefan Oelrich:** Thank you.

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