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EDITED TRANSCRIPT

CHRS - Coherus BioSciences Inc at JPMorgan Healthcare Conference

EVENT DATE/TIME: JANUARY 14, 2020 / 7:00PM GMT

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PRESENTATION

Christopher Thomas Schott *- JP Morgan Chase & Co, Research Division - Senior Analyst*

Good morning, everybody. I'm Chris Schott from JPMorgan and very happy to be introducing Coherus today. From Coherus, we have the company's President and CEO, Denny Lanfear.

With that, I'll turn it over to Denny.

Dennis M. Lanfear *- Coherus BioSciences, Inc. - Chairman, President & CEO*

Thank you, Chris. Let me first, of course, apprise you of the forward-looking statements and direct you to Coherus' various SEC filings, which address the various risks and so on with each of our products.

So today, I'm going to start talking about delivering on the promise of biosimilars. We founded this company, it'll be 10 years in September. And I think it's a good time, a year after launching UDENYCA, to take a step back and see how the biosimilar landscape has evolved. And I'm going to talk to you about the success of Coherus, particularly with UDENYCA, which we know, of course, was a breakthrough biosimilar product.

I'll go on and talk about our oncology franchise, our ophthalmology franchise, and then, of course, our inflammation franchise with 1420. But I also want to talk to you a little bit today about Coherus' efforts to fill our medium and long-term pipeline with in-licensed opportunities from ex U.S. and the implications for that for our long-term strategy.

First, of course, I'll remind you of our success, delivering on the promise of biosimilars. On the left-hand panel here, of course, you see what UDENYCA has done in 2019. So this is a product, of course, in which the market potential was doubted. Amgen was on the market, Mylan was on the market. We got in there 6 months late. I'm very proud to say that my excellent team on the ground delivered in excess of 20% market share without dramatic price cuts during 2019 and redefined and reset the bar for what a successful biosimilar is. And on the right-hand panel, of course, you see its impact on the quarterly sales and the cash that we've thrown off. This company was cash flow positive, not in Q4 of 2019 as we promised, but actually 2 quarters before that, in Q2.

Now in taking a look at the biosimilar environment and what has gone. I thought it would be a little useful to first remind you of some of the key risks that confronted the biosimilar players a few years ago as we look back, and these are really threefold. Number one, the argument was the BPCI Act was fresh and new and no -- it would be very difficult to get products developed and approved. Number two, the argument was, well, even if you get them developed and approved, there'll be patent thickets, and you won't be able to sell them. And then thirdly, it was, well, even if you can get them approved and you get past the patent thickets and launch, right, you won't be able to sell effectively. I'm proud to say that Coherus met each of these challenges. First of all, with the approval of UDENYCA without a Phase III. This is the only product that went forward in conjunction with the FDA, any biosimilar that was approved without an efficacy study. Instead, we did a much more relevant study, which was an immunogenicity study. And what this tells you is that Coherus brings a sophistication and nuance to its regulatory expertise that others do not.

Secondarily, with the patent thickets, I will say that we are the only team that successfully navigated all of the patents in the patent dance with UDENYCA, with pegfilgrastim, with Amgen, okay? Amgen has declined to go any further. We have won at every juncture in every court all the way up to the footsteps of the Supreme Court with this product.

And then lastly, in terms of commercial performance, they won't buy-in, if you build it, they won't come. I think we're just running our record there at the 20%.

I want to give you an idea of why we've been successful. And I'm going to give you a few metrics about the things that went on in the years before the launch that are responsible for the launch. Of all the questions that I get, this is probably the one question that I get the most, how is it that you are successful when other big generic juggernauts have failed or other big pharmas have failed in the biosimilar business?

And our often response to that is we think the best way to be successful in the biosimilar business is to be a biosimilar company. So I'll tell you how that goes.

First of all, in preparation. For 2 years, we did a number of things, which I'll outline subsequently with respect to the market and understanding it. Secondarily, that preparation and that information gathering allowed us to fashion a very cogent strategy, which we then executed, I think, very well.

Let's first talk about the preparation. In the 2 years preceding the launch of UDENYCA, Coherus conducted over 1,350 interactions or 12 health care congresses, 1,000 accounts called on by the sales team, 1,000 market research interactions, 25 advisory boards with physicians, pharmacists, office practice managers and over 100 interactions with payers of all stripes, national payers, regional payers and so on. So with this, we were really able to understand when we listened to the customer base and understand how everything had to be aligned and the value proposition had to be aligned in order to be able to navigate the system and be successful.

The result of that was a very customer-centered, value-focused approach. Number one, with services, which we'll talk about subsequently, brand positioning, brand services without compromise.

Secondarily, supply. If you're going into the oncology environment, it is very, very important that one of the things these folks deal with on a weekly basis are supply shortages for oncology drugs. If you go into a hospital every week, the hospital pharmacist gets a sheet of all the things that have stocked out. The implication for that is a patient coming off therapy, right? So this was very important. As you know, we put 350,000 syringes in stock prior to support our launch, over $1 billion worth of drug. And I think that paid huge benefits as we went on. We were the only team that was able to provide supply guarantees.

We were very careful with our pricing, all right? We didn't want to price at a point where the payers would pay incrementally more. So we priced just slightly below the ASP of the originator.

And lastly, contracting. Our deep knowledge of the environment of all the constituents, whether it be wholesalers, payers, GPOs, et cetera, gave us a very firm understanding how we could tailor a pricing value proposition and reward for ourselves.

As far as execution, I'd point to Coherus Complete, our patient portal. Patients are front and center first for us and that has paid huge dividends. Our co-pay assistance programs, our patient assistance programs and our alternative funding support put the patients in a position of getting the dose no matter what. We are the only team that will give the drug for free if they fall through the safety net in the cracks of all the other payers.

Our intent is to take this commercial capability, which has served us so well with UDENYCA now and apply it to other places. Number one, we're going to apply it in the oncology franchise, and I'm going to tell you a little bit about that right now. But we're also going to apply it in 2 other areas, ophthalmology and inflammation. Both areas, like oncology, are ripe for a biosimilar value proposition that delivers value, both to the health care system and access to the patients.

One of the key things that we've done recently, and as evidenced by the press release yesterday morning, is we have focused on building out our pipeline in various dimensions. One of the -- now we are able, of course, to develop all of our products internally, but that can be expensive. However, I'll talk to you about agreements that we've just completed with Innovent for Chinese assets and also for Lucentis asset from our friends at Bioeq. The U.S. is the most lucrative high-priced biosimilar market or I should say therapeutic market in the world. There are teams that have externally

developed assets of very, very high quality, meeting U.S. requirements that require monetization and maximization of value in the U.S. And when that comes into play, I think that Coherus is front and center, the company of choice because of our track record and our capabilities to do so.

The result of that now is not just UDENYCA and UDENYCA this year and next year. Result is we are able now to construct an extended 5-year plan for our portfolio. Of course, we have now UDENYCA in the beginning in 2019. UDENYCA is at $0.5 billion run rate after 1 year, $0.5 billion.

On the other bookend here was our oncology for -- our -- let's just say, our inflammation franchise, I'll talk a little bit about HUMIRA, launching in 2023, into a $17 billion market with other folks there, but a tremendous opportunity. In between now, we've taken advantage of the abilities to use our regulatory expertise and our commercial capabilities to bring in other assets. The first one was, of course, our Lucentis biosimilar. I'll talk about this subsequently. But that gives us a launch in 2021. But Avastin biosimilar, which we announced yesterday, and the option on the Rituxan biosimilar, both dropping into the revenue gap between UDENYCA in 2019 and our HUMIRA biosimilar in 2020.

On the far side, in 2025, we expect to go forward with our Eylea biosimilar, and we expect to put that into human clinical trials, in Phase IIIs next year.

Let me talk a little bit about the oncology franchise and some of the assets there. First of all, obviously, the UDENYCA launch is delivering very, very broad results. There's various ways to ascertain the exact market penetration. We're conservatively going to state this at 20.5%, depending on the week, the numbers go up here to 23% plus and so on. But we promised you over 20% in August. I'm proud to say that we are -- we take promises to our investors very, very seriously, and we deliver on that in 2019. This is capturing market share from both Onpro and Neulasta pre-filled syringe, okay? We do not focus solely on the syringe business, we focus on the entire business.

Importantly, the combination of our insights to the market, an appropriate strategy and then, of course, execution has made us the most successful biosimilar launch to date and established UDENYCA as the benchmark to which all others will seek to attain.

Now that we're up at 20%, which is, I think, exceeded our expectations, but there's significant growth to grow in all 3 segments. We go after all of these internally. Someone asked me the other day, well, do you push in 1 segment and the other not? We seek really to move forward in all segments, deliver value in all 3 segments. We're doing well in the 340Bs. We're also doing well in the non-340B hospitals, and the clinics have done quite well also. And we think that the growth in 2020 comes from 2 places: number one, conversion of new accounts; and number two, expansion of use in existing accounts.

Let me talk now about our most recent agreement, which is the Avastin biosimilar from our good friends now at Innovent Biologics. So this was filed in China in January of 2019. And you've seen -- read the press release, I won't go further in terms of the economics, but $45 million in total milestones, including the upfront. And I would say, customary double-digit royalties on the backside. Now this asset was developed in China, and I'm going to explain the clinical program to you so you understand what are the things we'll be doing in 2024, but very nice Phase III study. We intend to bridge to the U.S.-required BLA with a 3-way PK and also do 3-way bioanalytical and analytical comparisons.

During this agreement, we also acquired the option to commercialize Rituxan in the United States, which also has been filed in China, which was the subject of a very large DBLC study in oncology.

Innovent is a very, very impressive company, over 2,000 employees in China. They are commercializing the PD-1. You could argue it's the leading PD-1 in China. It's the sole PD-1 that is reimbursed by the Chinese government. And they have an extensive portfolio of oncology and non-oncology product candidates, excess of 20 products.

Let me show you a little data. First of all, on the analytical side, I'll direct you to the left panel. This is cIEF data that shows you that this molecule is a very, very close match to Avastin. And over here on the right-hand panel, you see binding studies and you see reporter assay studies. We took a very close look at this asset before we brought it in on the analytical side. My entire team and I went to Shanghai and Suzhou to take a look at the facilities and inspect and so on. And we were convinced that Michael Yu and his team have brought forward an excellent molecule.

Here's the results on the clinical side. On the left panel, you see a PK study, excellent match against Avastin. And on the right panel, you see a non-small cell cancer lung study in oncology, okay? This had some 450 patients. And I would just add that this is the same study design that Pfizer and Amgen used to register their biosimilars, same patient population, same stage of progression of disease, same co-therapy, same endpoint, same margins in China. So we expect that this study will be acceptable to the FDA to demonstrate the efficacy of this product, and we expect to provide the digital bridging data to complete the filing.

This is a significant market opportunity. On the right side, you see Avastin, some $3 billion, more than $4 billion for rituximab. I think these are very attractive markets with high unmet need. We think we'll do quite well here. We would not be the first to market. There might be 3 or 4 folks ahead of us, but still, when you discount these markets down by, say, 30% or 40%, and we take a reasonable percentage given our late launch, we expect to have significant sales to support our mid-term product revenues.

Let me talk a little bit now about the ophthalmology franchise. So first of all, I'm proud to say that we concluded this deal in November with Bioeq. Bioeq had brought forward a Lucentis biosimilar in Europe and conducted a wet AMD Phase III study. So we looked at a lot of assets, and we were actually talking to Bioeq for 18 months before we concluded this. We became convinced that this molecule, first of all, on the analytical side was an excellent, excellent match. This is a very difficult molecule, by the way, to reproduce. It's a Fab fragment. It's produced in E. coli. And this is the reason why there are not very many teams who've been successful with Lucentis biosimilars but Bioeq was.

And here, you see some binding studies. We looked at all this data very carefully before concluding this agreement, not only looked at the data, read the relevant sections of the BLA and so on. So we are very happy that very good data also in terms of the Phase III. So we have a high degree of confidence that this will be accepted by the FDA. This product was filed last month. When we did the announcement, we promised a Q4 filing, and our friends at Bioeq went ahead and did that in December, so you'll hear more about this probably in February with the FDA.

Now with respect to the commercial side and how we intend to leverage the commercial infrastructure for the Lucentis and Eylea biosimilars. I first wanted to go up to 50,000 feet and talk about how this is so very similar to the oncology environment where we have already been very successful. Number one, this is buy-and-bill contracting, okay? Just like oncology, the physicians buy a product and reimburse for the product. You have contracting, you have cost recovery and you have fees associated with administering the product. This gives us a lot of latitude to provide incentives to move the product into the market. There is a significant commercial and Medicare need. 50% Medicare in oncology and almost 80% Medicare here in ophthalmology and anti-VEGFs. Both environments are ripe for significant cost saving impact. You're starting to see that already what's going on as far as the pegfilgrastim market in the U.S. I think that the oncology mAbs will follow. And we believe that this product -- that this market will be very similar in terms of ophthalmology. Very large market opportunity, $6 billion. $2 billion for Lucentis and some $4 billion for Eylea.

And lastly, a concentrated prescriber base. So I think this is -- I'm going to spend another slide on this in just a moment and tell you about that, but this is a key takeaway for you and why we believe this is a place where we can appropriately leverage our team. Here, you see the market, and I'm going to talk a little bit about the number of accounts that you need to get to. First of all, there's 20,000 oncologists -- ophthalmologists, I should say, 10,000 retinal specialists but that boils down to about 2,000 Lucentis accounts. However, only 450 of those accounts constitute about 90% of the market share, okay? This is a similar case to oncology, where we have about 2,000 accounts that represent about 90% market share. We have about 70 sales reps in oncology. We expect to have, I think, 25-ish in terms of ophthalmology. Of course, we'll use more if we have to. But we intend to leverage our entire infrastructure, the internal data warehousing, dashboards, payer teams, regional directors, medical science liaisons, all that is going to be leveraged against this ophthalmology challenge. So the delta here in terms of additional resources is boots on the ground as far as the account managers and then some additional product managers.

And we think that it is very beneficial in terms of delivering value to the ophthalmology health care environment to have both these assets, both Lucentis and Eylea. As you can see here on the right panel, this is USD 6.4 billion only. We're proceeding now with our Eylea asset, and we intend to promote that hand in glove with Lucentis.

Let me talk a little bit about the inflammation franchise and how we're going to proceed with that. And this, I think, is very, very exciting for us. It's a little closer now it's just 3 years out. So we think that HUMIRA really is probably going to be a watershed event when it goes biosimilar in 2023. Here on the left panel, you can see some of the sales. We are projecting $17.3 billion in 2022 in HUMIRA, expected to reach over $17 billion in 2023.

The right panel probably is a little more interesting. Here, you can see the price increase graph since launch of HUMIRA, okay? You can see where it started. This product started out at about $15,000 a patient year, $2000-ish when it launched, okay? This product, the same product -- same facility, sorry, now is at $75,000 a patient year, okay? They just took a huge price increase in the last week or 2, right? You can see the graph. So the way I view this graph, okay, this is the tension building up along the San Andreas Fault. The seismic tectonic event is waiting to happen. And what will trigger that is this product going biosimilar in 2023, with several players jumping in.

When that happens, we think that you will see a rapid and chaotic disaggregation of the current power structures in inflammation. We think that relationships between payers, PBMs and pharmaceutical companies are going to be blown apart and reshuffled. We further believe that in that reshuffling, the payers will come out on top, right? So this is going to be a very high payer power environment, backed up by specialty pharmacy. Those 2 players, we expect, for example, that HUMIRA biosimilars may be put on the formulary. I had other innovative drugs that address any of the indications of HUMIRA. Payers may ask them to step through each of these. This creates incredible opportunity for HUMIRA biosimilar companies. Our strategy here is to be the go-to team of choice with a payer-focused strategy in 2023 when this happens, okay? We don't intend to build out other inflammation assets and pile them on. We don't think that's necessary. We think that the value proposition for HUMIRA is very, very strong as it is.

Here's what we see, all right? First of all, the filing in 2021, followed by the approval in 2023. And then this significant disruption to drive share away from the originator in all market segments. We believe that our patient focus, choice without compromise, our patient services will serve us very well when adapted to this payer environment. So this is -- these folks -- this is all cold shipping. These folks get these injections at home and self-administration. We think that dovetails perfectly with Coherus Complete.

And then lastly, we expect substantial sales. This is a $17 billion market. You could argue for 40% price reductions or whatever, first 1, 2 years, that's probably a good place to start. We think that a 10% market share target for us yields substantial revenues in that area in peak sales of $500 million to $1 billion.

Now let me close here. We'll run on a record a bit, of course, first. We think that UDENYCA has demonstrated what biosimilars can do for the health care system and the patients, right? We have reset the bar and defined what success for a biosimilar is. We think that the pendulum will now swing to the point where folks are very much in favor of biosimilars, right? As a matter of fact, you see many of the big pharmas, Amgen, Pfizer, Biogen, everybody now is turning their attention and talking about biosimilars. Coherus is a single, stand-alone pure-play biosimilar company in the United States. We think that the rights to Avastin and Rituxan will serve us very well as far as leveraging the oncology franchise for UDENYCA as we go into our later launch years.

Secondarily, we think that ophthalmology is a very similarly situated type of therapeutic area with high potential. We think that being first-to-market with Lucentis biosimilar and working with our friends at Bioeq is going to serve us very well in delivering these savings to the health care system in mid '21 as market formation occurs.

And then lastly, we think that the immunology franchise of 1420 going out in 2023 with a payer-focused strategy will be very, very effective at a time when the payers are put into a primary power position in terms of delivering value to their patients and trying to conserve costs in a system that really has undergone such egregious price increases in the past.

I'll stop there. Thank you all very much, and we'll see you in the breakout room.

QUESTIONS AND ANSWERS

Christopher Thomas Schott - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Right. So I think we're ready to...

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

I think there's more people in the hallway than last year.

Christopher Thomas Schott - *JP Morgan Chase & Co, Research Division - Senior Analyst*

We're trying to keep the numbers down. Denny, maybe I can just start first question. First, on the Avastin deal. I appreciate the color on the main presentation on the sizing of the opportunity. But can you just elaborate a little bit more in terms of the number of competitors you're expecting and how quickly you see share dislodging in the space?

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

So I think it's a very interesting space. Already, you have Amgen's launch, Pfizer's launch. There's probably one more waiting around the hoop, I would say, and so that -- so you could argue it's fourth or fifth. I don't know how many people will be effective, right? I don't know if it's a number of competitors or the effectiveness of competitors. To some degree, it's going to be similar, I think, to the pegfilgrastim market, where, I think, if you really understand what the market needs and go forward, you can do that. I think that our reputation with UDENYCA will serve us very well and go forward. But on the other hand, I'm not going to tell you that if there's 5 guys on the market, we're going to get an even 20%. So I would draw the line at half of that to be conservative. It's hard to say what the discounting is going to be, but 5 folks in a market like that. I would say the discounting is going to be 40%, I'd just like to start there. But certainly, from a viewpoint of adding additional [reserves] to the oncology franchise, I think that plus rituximab asset, which is -- it's a $4.5 billion market, I think that gives us pretty significant additional revenue opportunity in the bag in oncology. Also, will give us more leverage with the payers.

Christopher Thomas Schott - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Absolutely. And just to be clear, in terms of the infrastructure, you could just leverage pretty much...

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

Absolutely, leverage the infrastructure. I think you probably add a couple of project -- product managers on the marketing side. But no more OEMs, 70 folks carrying the bag, all the infrastructure folks are the same. Maybe one person, one additional person to feed everything into the data warehouse in terms of all the IMS and Symphony data, our data warehousing is very sophisticated, but no substantial increases in less than 5 folks, something like that.

Christopher Thomas Schott - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Great. And then just in terms of the pathway to file, the data you presented seems to look very solid. But can you just elaborate a little bit more on that, the study, the [non-pivotal] bridging study...

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

Yes. So I think this is -- I think it's really key. First of all, what's really key is the Phase III, right? So these folks did a Phase III that is very, very same design that Pfizer and Amgen did get approval, right? Non-small lung cancer, same -- the exact same degree of progression in the patient, same co-therapy. So you -- one of the things you have to be very careful of in oncology is patient selection and inclusion criteria. So they did exactly the same. The margins asked by the FDA, exactly the same, right? And it met all of the biosimilar requirements with respect to all of those criteria. Even though I would say it had less patients. It didn't have some 600 patients, it had some 450 patients because -- but because their response was so tight and consistent, we believe that it's fine. Now the issue here though is that it was done with Roche Genentech Avastin sold in China as opposed to Roche Genentech Avastin sold in the United States. So the FDA will reasonably expect what's called a bridge, right? They will want you to prove

in 3 dimensions that this particular biosimilar in China is equal to the U.S. originator. So the way you do that is with a 3-way bridge. The Innovent biosimilar, the Chinese Roche Avastin and the U.S. Roche Avastin, right? You have to compare each of those 3. And you have to do that in 3 dimensions. First of all, analytically: reverse phase, SEC, SEC-MALS, all the analytical, glycan analysis, all that. Should not be a problem, right, at all, since it's all Roche material.

Secondarily, bioanalytical. There's various flavors of VEGF, VEGF binding, and so therefore, you have to complete that. Again, that should not be problematic.

The most time-consuming part of that is probably going to be the PK study. So you'll have to do, we expect, a 3-way PK study. Again, with those 3 moieties in the U.S., we expect that to be a single-dose, parallel-design study. I think you can get 90% power out of that with something in the order of 29 or 30 patients, about a 99-day treatment period, et cetera. So as soon as we get the file translated and so on, get the IND done, we can go ahead and spool that up. That's going to take most of the time, enrolling that, treating the patients, analyzing that and running that up, support the file. While we're doing that, we'll translate the rest of the file, backfill and meet with the FDA.

So we think, overall, that's a very good strategy. Innovent did a great job, spent significant funds to get this done in China. I think the cost of a patient in China is about 75% in the United States. So I think that's pretty good. And I think for Innovent, it's very advantageous because it gives them a way to monetize value in the United States and unlock that value. And for us, it allows to take that asset developed in another country and deliver value to the U.S. health care system. So I don't think anyone's going to argue about that. So we think, overall, that will be good.

In terms of money, I think the study is probably $7.5 million. There's probably another $2.5 million or so in other things we needed to do. So overall, maybe $10 million to $15 million to button this up and get it filed.

Christopher Thomas Schott - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Great. And just a bigger picture question as you look to kind of continue to evolve the portfolio, and this seems like really nice and great terms from a licensing, does this make you kind of broaden out the categories you look at or directionally where you can go and look for kind of even a broader scope of assets to pursue?

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

Well, I think that for us, we view this through the lens of therapeutic focus. I was asked the other day whether I would run off and do Soliris and there's things like that. The answer to that is no, right? I don't want to go into the rare disease business and try to disrupt existing relationships there that -- we think that oncology is a great place for biosimilars. There are several of them there. There's Herceptin, which we don't have yet. So I -- now there are further assets in oncology, which may be beneficial to bring into the oncology portfolio in the future that are not biosimilars. But I think I probably have to get past most of the biosimilars the customer base wants now to get there or products that we've considered to be tantamount to biosimilars, very close, something like that. But I think we're going to stick to our knitting here and just build the value proposition in terms of oncology. Same thing in ophthalmology. I would say we're done in ophthalmology with Lucentis and Eylea, probably no novel compounds there that I foresee at this time.

Christopher Thomas Schott - *JP Morgan Chase & Co, Research Division - Senior Analyst*

I have got the audience here.

Unidentified Analyst

I was just going to say maybe on the Avastin side. You've mentioned that there's -- the first 2 steps are like the analytics and the bioanalytical risk. How much of that are you able to derisk just in the context of your due diligence with the company? And then the second, commercially, [how do you feel?]

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

We put the whole team...

Christopher Thomas Schott - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Repeat the question.

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

Yes, so the question is -- sorry, thank you. The question is how comfortable did we get with the analytics and the bioanalytics prior to doing the deal. And your second part was...

Unidentified Analyst

Commercial.

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

Yes, commercially how do we feel?

Unidentified Analyst

Commercially, I was going to say that once you have maybe 3 Avastin players in the market who might be -- maybe a year or maybe 2 years ahead of you, how do you sort of build your niche?

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

Yes. So I think with respect to the first part, we put the entire team on a plane and went to Shanghai then went to Suzhou, and we spent a couple of days there. We toured the facilities, receive presentations from all their scientific staff. We look very closely at, for example, the number of lots they had analyzed and subtleties in the glycosylation and so on. We toured all their labs. I think that it's a very impressive company analytically. As a general statement, I would say that the Chinese biologics business is advancing at light speed. It is getting significant investment from the Chinese government and private money. There is a huge demand to deliver therapeutic biologics to the Chinese population. The Chinese government would rather that those are made and produced, developed in China as opposed to ex-U. S. entities like Merck or Roche or others. So they're -- I think they're very encouraging. And if you go to Suzhou and you start looking around, there's a lot of people in this business because there's a huge demand on the backside driving this.

With respect to the markets, we expect to do well. As I said, we don't expect to go out and get equal share for someone who launched 2 years before. But I think the UDENYCA experience shows that with very smart marketing, an appropriate value proposition and deep relationships in the business, understand what they need, I think you can do very well. And we're circling 10% market share for that reason. Yes, they have a head start,

but I think we'll do fine. And it's not our -- it doesn't have to be a blowout lead product, right? I mean, UDENYCA is at $0.5 billion run rate. So this is on -- this is additional layers of sales on top.

Christopher Thomas Schott - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Other questions?

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

Any additional questions? Yes, [Charlie]?

Unidentified Analyst

As you think about your business going forward, how do you think about creating your own biosimilars versus partnering with others to bring biosimilars to market?

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

So the question is as we look at either the sort of make-or-buy decision, how do we sort of take a look at what we will bring in versus what we will internally develop? So I think there's a role for each of those in the portfolio. I think, for example, Lucentis and Eylea dovetail very, very nicely. The Lucentis market will open up ophthalmology for us, allow us to get an operating base. We're going to do very well in the 2, 3 years between when Lucentis launches and when Eylea launches and that's sort of a hand in glove, a complementary relationship.

Now I think that's a more effective use of funds than spending $150 million of our own money on a Lucentis biosimilar. I'd much rather license that in and share profits with my friends at Bioeq under that, make a win-win out of it.

With respect to the oncology portfolio, these things are just simply too expensive, right? And while there are things such as UDENYCA that I developed on my own dime and 1420, which I developed my own dime and did Phase IIIs on successfully, I think that it's wise to have sort of the value arbitrage opportunity. Now if I didn't have the proficiency in regulatory and clinical or I had confidence to approach the FDA, that might be another story. But I think that at this point in the company's evolution, we have a really good handle on what the FDA wants, how they look at immunogenicity and biosimilarity and so on. We've strong relationships with FDA folks who are now consulting and so on. So I think that this -- I think this is really a significant opportunity. There's just all these folks, ex U.S., who develop biosimilars for their own territories that don't have otherwise the opportunity to unlock these assets in the United States. And it's -- I think it's very straightforward that we're pretty much the team of choice, particularly in oncology to do that given our track record. I mean they know we will be able to execute. I think it was very important to Bioeq. They knew that we're going to take this thing and go make it happen like we did with UDENYCA.

Christopher Thomas Schott - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Just an update on UDENYCA, just the competitive landscape. What are you hearing from Sandoz and what are you expecting as Sandoz ramp [with those 3]?

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

Yes. So what's competitive landscape on UDENYCA, what do we think about Sandoz and all that. So we haven't -- I guess the short answer is we haven't seen too much of Sandoz thus far. I can tell you that Sandoz has publicly indicated that they're going to be well behaved in terms of their approach to the market and not be overly disruptive. I think they'll seek to get their share of the market, which is fine. Amgen's saying there was

72%, and that's a good place to go to look for additional market share. We've heard that in a couple -- we've heard that on Sandoz Novartis' calls and then when they priced in, they priced very close into our ASP. They didn't come in with a price that was 10% below or anything like that. So conservative pricing. That leaves execution. We haven't seen them do too much yet. They may have sold a little bit, but I don't know their plans as far as running up here this year. But I would expect that they would sort of gently ramp up through 2020 and get whatever market share targets they have. Again, I think there's plenty of room in the market for everybody. And I think that this market, importantly, is sustainable. Mylan has been well behaved. Amgen and Coherus have been well behaved, and I expect that Sandoz would be well behaved also. All indications are that way, so we'll see how it turns out when I'll -- because we'll be back here next year seeing how things -- letting you know how it looked. But I would say that folks think we're going to fall off a cliff on UDENYCA sales because of Sandoz, I just don't see that happening. And I think those are the same folks that sold my stock down to $8.50 last year from my launch and they thought we'd fail there, too. So I think investors sort of kind of look for the worst some time. But I -- overall, I think it's -- a little [well-damped] system should be all right.

Christopher Thomas Schott - *JP Morgan Chase & Co, Research Division - Senior Analyst*

Any further questions? Sure.

Unidentified Analyst

I was just going to go, Eylea, can you just remind us what needs to happen between now and the Phase III and what we will see along the way? And then what needs to happen with HUMIRA to get it to [registration]?

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

So the question is, what has to happen with Eylea and what's going to go on with that? And then what has to happen with HUMIRA to get it to registration. Let me start with Eylea. So let me first say that both Eylea and Lucentis are very scientifically complex molecules that are very, very difficult to replicate and make biosimilars of. As I indicated during my talk, Lucentis is a Fab fragment made in E. coli. E. coli is very poor at refolding molecules. In our own system, it took us 2 years to develop a cell line to make Lucentis, right? So we are pretty impressed that Bioeq got this done. That's why you see not too many competitors with -- on the Lucentis side, Biogen's there, but we don't think a whole lot of folks are going to show up in that particular market.

With respect to Eylea, it's even more difficult. I would say to you that Eylea is the most difficult biosimilar we have done. We banged on that cell line a good 2.5 years, in particular, with respect to some of the glycosylation that is there. The analytic glycosylation is a little gnarly. We got the cell line selected, and we're now banging through the production issues. I think we expect to go into Phase III next year with that asset and so forth. We expect to do the commonly accepted Phase III endpoints for that and get that filed and so forth. So I think Eylea will be a very good molecule. There's a few other wrinkles here and there with it. But what I like a lot about the ophthalmology assets is that the material requirements are low because the frequency of injection is long. It's monthly or bimonthly, and the amount per injection is low. So that means you have very favorable COGS no matter what. So it's not a question of like some other things where you have to go big tanks and make a lot.

Now with respect to the HUMIRA biosimilar, we first have to get that filed, and we've got a little time. We focused on a few other things because we had until 2023 pursuant to our agreement with AbbVie not to launch until that time. So we had a little time to do that. We'll get that filed, I think, either end of 2020 or early 2021-ish, that sort of time frame and plenty of time for the 2023 launch. I think that with that product, we want to be in larger capacity production plants upon launch because we plan on a robust launch and a payer-focused strategy, as we said. So that's a place where we want to have a strong supply and strong supply guarantees. So that's some of the activities we'll be pursuing on the 1420 asset in the interim. Yes, [Charlie]?

Unidentified Analyst

You mentioned 25 salespeople, perhaps more if you needed for ophthalmology, how far in advance prior to launch do you start hiring those salespeople?

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

So the question is, 25-ish folks in sales for ophthalmology. And when do you have to bring them on board? With UDENYCA, we started bringing the sales team on board full force, I think we started that in June, and we had everybody on board by October-ish. We had the top of the sales and marketing organizations -- payer organizations, however, already in place. And a lot of the work that you -- that I showed you on the slide, of all the congresses and interviews and payer interactions, all that happened without the sales force. So I don't really think the sales force is the gating item. We would expect to initiate the ophthalmology interaction process directly. As a matter of fact, we have interactions that are planned for next month in the context of ophthalmology with GPOs and so on. But to answer your question directly, we probably would have that sales force on board, I'd say, 6 months prior to the launch for shakedown and training and so on. And the product managers might come on -- 2, 3 product managers, those folks probably come on a year before launch. And the infrastructure folks, the back office, database, information, warehouse dashboard folks maybe a year.

Unidentified Analyst

Just on Neulasta, [we did] a conference last year that it's 10% to 15% volume growth that we're seeing, last to market. Is that still consistent with what you're seeing? And what your expectations...

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

The question is we referenced last year additional volume growth in the pegfilgrastim, Neulasta market as a function of biosimilar entry and what do we saw? I think there's varying reports on this, what we said in our slides, I think, it was 5 -- it was actually 5%, but I've also seen reports that could be as high as 10%. But I'd say probably a minimum of 5% to 10-ish percent on that. I don't know what that's going to do in 2020, might be some additional growth or maybe not. But I think that one of the key things we've sought to accomplish with biosimilars is increasing patient access, make sure people get this drug, indigent populations, people without insurance and so on. We're proud to be the team that provides the drug for people who fall through the cracks. We just can't have that. And so there's -- we don't want anybody bumped off chemotherapy because of low neutrophils. So it's a commitment we take very seriously. But I think there's modest growth. But on the other hand, I wouldn't say there's going to be 15%, 20% growth overall with Neulasta. In the grand scheme of things, the market is served by the innovator and the system pays, whether that's Medicare or the commercial agents.

Yes, [Charlie]?

Unidentified Analyst

Can you give us any update on your delayed release patch for UDENYCA?

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

So the question is, can we provide an update on the -- our on-body equivalent drug delivery system for UDENYCA. So this is a closely guarded state secret. So this is obviously -- I get asked this question a lot. This is of high interest. Let me make 2 points. The first is that second only to filling the bag that has been my top priority through 2019. So filling the bag in oncology was my top priority. And the second -- #2 priority right up behind it was progressing the on-body -- UDENYCA on-body system. I would offer you some color that there is technical issues and various flavors of issues, technical, legal, regulatory, to address when bringing this forward. I believe that not all teams will be able to easily do this. We've invested in this

and banged on this for a while. We are going to decline to inform our competitors or the originator publicly on our progress. Instead, we'll make announcements at such times we see fit that we are going to launch and go into the market and prepare the market. But I would say that we felt it's of sufficient priority that we move forward with 2 overtures when initiating this product to make sure that we got 1 torpedo at least that hit. And a very high priority, I review it with my board every quarter in the meetings and so forth. And we're very cognizant of its impact on the market, and how positive it will be. You could think of it really as an additional product when it shows up.

Christopher Thomas Schott - *JP Morgan Chase & Co, Research Division - Senior Analyst*

I think we're just about out of time.

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

One more -- one last question.

Unidentified Analyst

Without materially disrupting prices, UDENYCA market share, [have you seen the scope] for increasing market share beyond the 20%?

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

I'm sorry, could you repeat the question, please?

Unidentified Analyst

Without disrupting prices, UDENYCA market share, beyond 20%, [do you see scope] to get to 25%, 30%?

Dennis M. Lanfear - *Coherus BioSciences, Inc. - Chairman, President & CEO*

So the question is, what do we think the market share is going to boot without disrupting prices going forward? That's hard to say. And first of all, last -- when we launched last year at this time, we had been in the market 4 days, and people asked me where we're going to end up at the end of the year. And I graciously declined and said as soon as I have a basis for making that assertion or giving you that data, I will, and that will be the end of the year. Now as it turned out, we got to the August call, and we had sufficient comfort and knowledge that we were able to tell you we're going to hit 20% by the end of the year. And I think we were at like 14% at the time.

With respect to additional growth in 2020, yes, we're on record and have guided that we're going to have additional growth. Now just where that's going to land, it's hard to say. We don't intend to disrupt our pricing policy, make draconian cuts for the sake of earning additional share and so forth. Our strategy is to continue to deliver value in a very consistent fashion that we have, be good stewards of ASP, deliver value to the system and have a very holistic value proposition. Just where that lands, it's hard to say. But I think somewhere around mid-2020, we'll be able to understand how things are going and what various folks have done. But I think we're doing very well. I can't complain too much on $0.5 billion run rate here, over 20% the first year. So we'll look forward, but I think we'll be fine. I wouldn't worry about it too much. All right. Thank you all.
