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Electronics giant enters the Pharma market

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Singapore: South Korea's biggest company, Samsung Group, is venturing into the drug industry, investing at least $2 billion in biopharmaceuticals, including expanding biosimilars. The list of biosimilars proposed to be developed by Samsung Bioepis, a venture with Biogen Idec Inc., include versions of Roche's Herceptin breast cancer treatment and Sanofi's Lantus diabetes drug. Samsung Biologics, set up with Quintiles Transnational Corp., has agreed to make proprietary biologic medicines for a Roche Holding AG unit. It also has a partnership with Bristol-Myers Squibb Co.

Mr Christopher Hansung Ko, CEO, Samsung Bioepis, said in an interview, "We aim to become a leading pharmaceutical company in the world and intend to be the number one in whatever we enter into." The company has an annual revenue of $327 bn and is expected to generate sales of more than $220 bn in five years. Samsung has two biologics units which together employ about 800 people, making the group South Korea's largest biotechnology company. According to Mr Ko, by 2016, Samsung estimates to sell its first biosimilar version of Amgen's arthritis therapy Enbrel in Europe and a version of Johnson and Johnson's Remicade treatment for autoimmune diseases by 2017.

Samsung faces challenges that range from competitors like Pfizer, Amgen, regulatory hurdles, and an undeveloped market. "Of late, companies manufacturing biosimilars are not reaping huge profits as most products remain under development and the U.S. market has not been exploited to a large extent yet." quoted Mr Giles Somers, an analyst at Datamonitor Healthcare. Mr Lee Jin Woo, a Seoul-based senior fund manager at KTB Asset Management, however is skeptical about Samsung's success in the drug industry. He feels the industry is highly specialized and requires deep scientific knowledge.

The South Korean government is keen and has offered a helping hand in encouraging local companies to expand in biosimilars by offering programs to support exports, and providing guidance for overseas licensing and regulations.