

Interview with Allergan CEO pleased with profit

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BY COURTNEY PERKES

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David

Pyott, chief executive of Allergan, says his company soon will launch a marketing campaign for silicone breast implants, and that Botox could be approved for treatment of migraine headaches. In an interview today, he also discussed the company's earnings, which were reported as net income of \$43.8 million, or 28 cents a share. That compares with a net loss of \$444.8 million, or \$3.29, a year earlier, when the company purchased Inamed, a Santa Barbara maker of breast implants and facial fillers. Pyott also said the Irvine company plans to spend \$610 million for research and development – a record for Allergan.

Q: What did you think of Allergan's performance for the first quarter? A: It couldn't have been much better. As a company, we grew sales 42 percent year over year. If we just look at the businesses we acquired from Inamed, those grew a spectacular 55 percent year over year. That's why it doesn't get much better. Botox grew 20 percent year over year and the ophthalmology business grew 11 percent.

Q: Are you surprised the stock price dropped today? (The stock fell 3 percent to close at \$117.84.) A: When I kind of step back, it's kind of frustrating. This is the kind of stuff that happens in the short term. Several times the stock has gone down after great numbers.

Q: How are sales of silicone breast implants since the FDA lifted the ban? A: Really, really well. Year over year we sold 34 percent more than what Inamed did the year before. I'm declining to tell people what the mix is between silicone and saline, but clearly you can guess the switchover of what women choose is moving along quite rapidly. We're pretty pleased.

Q: What are your marketing plans for the implants? A: We've spent a lot of time and money making sure the surgeons are trained in this new device that is more difficult to implant but we believe leads to a better aesthetic result. Of course in most markets where you have superior product performance, the market grows. You have satisfied patients by word of mouth talking about their experience. We have a patient planner called www.breastimplantstoday.com. We're also very shortly going to have the first-time ever print advertising for breast aesthetics.

Q: Will you have TV ads? A: Probably not for breast aesthetics. You'll see this is a very tasteful campaign and to me really suggests to women this is a choice for how to remain feminine and also probably look a couple years younger.

Q: Is the company seeking approval for Lap-Band surgeries for teens? A: That's one of the programs we just announced. We're just entering a trial for adolescents. This will go down to either 11 or 12 years old. Unfortunately, juvenile obesity is a rapidly increasing problem. It's not just an adult problem. The sales in that area are also going through the roof.

Q: What else is Allergan working on? A: At the moment it's a treasure trove of activity. As exciting as all of these new businesses are in Allergan Medical, our core ophthalmology business continues to do very well. We have been the fastest growing ophthalmology pharmaceutical company for five years now. We overtook Pfizer in ophthalmology pharmaceuticals in the third quarter. It's kind of a nice hometown hero when little Allergan can be bigger than Pfizer....We've been hiring a lot of people, which is good, in Orange County. Since the beginning of the year alone, we've added about 250. Now it's the push on the R&D. You're welcome to put that in the newspaper: Allergan's hiring scientists.

About the Author

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