

# FINAL TRANSCRIPT

**CCBNStreetEvents**<sup>SM</sup>



## Event Transcript

**BPRX - CCBN Virtual Healthcare Conference: Co-sponsored by  
Lippert/Heilshorn & Associates and RedChip Partners**

Event Date/Time: Dec. 10. 2002 5:15PM ET

**CCBNStreetEvents**<sup>SM</sup>

[streetevents@ccbn.com](mailto:streetevents@ccbn.com)

617.603.7900

[www.streetevents.com](http://www.streetevents.com)



# FINAL TRANSCRIPT

BPRX - CCBN Virtual Healthcare Conference: Co-sponsored by Lippert/Heilshorn & Associates and RedChip Partners

## CORPORATE PARTICIPANTS

### **Peter Hall**

*CCBN - Senior Vice President*

### **Daniel Glassman**

*Bradley Pharmaceuticals Incorporated - Chairman*

## PRESENTATION

### **Peter Hall - CCBN - Senior Vice President**

Welcome to the CCBN Virtual Healthcare Conference, co-sponsored by Lippert/Heilshorn & Associates, and RedChip Partners. My name is Peter Hall, and I'm a Senior Vice President here at CCBN, and I'll be moderating this portion of the Virtual Healthcare Conference.

I'd like to remind our live Webcast participants that you may submit a question at any time by simply typing your query into the question field in the lower left-hand side of the Webcast players. I will then present these questions during the Q&A at the end of the company's formally prepared remarks. Should we have more questions than time allows, please be advised that CCBN will forward all questions to company management, who will respond to them directly.

The following presentation will be made by Bradley Pharmaceuticals, ticker symbol BPRX. Bradley Pharmaceuticals primarily markets prescription niche category therapies to targeted, high-potential prescribing physicians throughout the United States, and in 31 international markets. The Doak Dermatologics subsidiary provides dermatology brands, and the Kenwood Therapeutics division delivers gastroenterology, nutritional and respiratory brands.

The company achieved success through its marketing, sales and financial control, core strengths, acquiring and enhancing brands, often introducing product line extensions to fulfill unmet needs. Representing Bradley Pharmaceuticals today is Daniel Glassman, and Daniel is the Chairman of Bradley Pharmaceuticals. Mr. Glassman, you may begin your presentation now.

---

### **Daniel Glassman - Bradley Pharmaceuticals Incorporated - Chairman**

Thank you Peter. I know some of those words in the introduction were difficult to pronounce, and hopefully I will not have the same problem, but those are kind of technical terms. These virtual conferences are certainly a way for Bradley Pharmaceutical to tell its story to a large, diverse audience who

could not attend some of our more local meetings that we've had in New York and California and Florida. So I do welcome the opportunity to discuss Bradley Pharmaceuticals in this format.

The next 20 minutes or so I'm going to try to summarize some of the activities that categorize Bradley Pharmaceutical as, well "Fortune Magazine" has nominated us as one of the 100 fastest growing small businesses in the United States. We're certainly very proud of that accomplishment. But as Peter pointed out, we are a specialty pharma company, which means that we target certain small physician audiences with niche products that appeal to these doctors on a very specific treatment of a, of a condition or a symptom. And we're in two particular areas, one is the area of dermatology through our Doak Dermatologics area, and Kenwood Therapeutics which calls on gastroenterologists, internists and some respiratory specialists.

Most of our products are prescription products, and therefore require a physician to write a prescription and the patient being filling it. The company is, has formatted itself to be very highly active in the area of strategic marketing, meaning bringing communications to a select group of high potential physicians. We have a growing sales staff that measures about 96 people today. We have strong budgetary controls, which allows us to provide guidance to our earnings and sales, and to meet or exceed those guidances. And the most recent guidance was issued in the last ten days, and it's available on our Web site, which can be found at [www.bradpharm.com](http://www.bradpharm.com) and you'll see a whole slew of press releases, as well as more, other information that applies to an interested public.

We are seeing increasing sales, accelerating profits, and a growing momentum. Now that momentum is key to the company's performance as we establish a strong promotional platform with physicians throughout the United States. And that means that our detailing, a sampling, a direct mail, telemarketing activities are all going on at the same time, plus management's concern about creating a relationship with this doctor, which allows us to meet personally with the key motivators or physician leaders in each of the areas throughout the United States. That's a key factor, because that's allowed us to move forward in a very positive way with our sales force.

Now our sales force has grown rapidly, and it's, as you can see from this chart, we're up to about 96 people right now, with about 25 to 30 of those being trained in the last 30 days, so we are looking for an increase in our sales, as these new sales people go out and build our business. Hopefully they'll build it faster than it normally takes us, which range there (ph) between four to six months for the sales to profitable, but hopefully some of

# FINAL TRANSCRIPT

BPRX - CCBN Virtual Healthcare Conference: Co-sponsored by Lippert/Heilshorn & Associates and RedChip Partners

these people will be able to breach that level in a more, in a much faster way. Besides paying our sales people the normal salary and expenses and, they also on our EVA bonus, or economic value add to the corporation, which is something that we have put into place about three years ago, where we get, all the management gets a bonus based upon increasing the value to stockholders basically.

But the salesman have an increased incentive in that they get paid on a basis of increased new prescriptions on selected products, and that we're very proud that salespeople can earn income commensurate with their direct impact upon the business. The company's philosophy is acquire, enhance and grow, and that means that we try to either develop, acquire, license or co-market intellectual property, which is to be on topical or internal medicine, and then to enhance that through Phase IV studies, line extensions, new packaging, a whole variety of different things. And then to grow it through our main asset, and that is our capabilities in sales and promotional activities.

That seems to be work very well, as our sales projections show around \$38 million in sales for 2002, up from 26 million the year before, with earnings at around 62 to 64 cents, approximately twice as much as they were on 2001, and again, higher than it was obviously in 2000. Our net sales for the third quarter showed an increase of roughly 50 percent from the prior year, with earnings increasing at a much greater rate because of our ability to spread our SG&A over a larger horizon. And the nine months sales, that was the third quarter, the nine month sales increased 28 and a half million, with steady increases in each of the quarters for the year, with earnings coming in on the nine months at 48 cents a share for the total nine months, and showing increases in a consistent manner throughout the year.

The Doak Dermatologics division, which is our largest division basically has three groupings of products. One is our Carmol, which is our really most important product, which is mostly a prescription product, mostly meaning many of the SKUs are prescription. There are two over the counter products. Used as a skin softener of a strong weight. Important kind of thing that dermatologists and podiatrists are using on a daily basis. The LidaMantle is a product that we're very pleased about to see the performance of that. And that is what they call a large, applied for large area itching, with or without an inflammation and TransVerSal is a unique product for the treatment of warts. That's our largest international product, in that many of the 31 to 35 countries that we are currently marketing our products in the worldwide.

In the Kenwood Therapeutics division, our two leading products are Pamine and Glutofac, Pamine being for irritable bowel syndrome, and Glutofac, the family products is a prescription nutritional. That's supported by a secondary respiratory lines of Deconamine, Tyzine and Entsol. And Entsol is a product that we recently signed an agreement with drugstore.com on a, on a direct to consumer advertising campaign. We're kind of excited about what that Entsol nasal lavar (ph) system could indeed deliver to us with the combination of drugstore.com's three million customers.

Many of the products that we have in dermatology, the Carmol we have two patents on that, Entsol we have one, Rezula (ph) is a treatment for acne that we're coming out in the first part of 2003, that's patented, and AdaMantleHC (ph) is another product we're launching in the first quarter of next year, and so we are protected by treatment patents and composition patents. We have recognized the importance of third-party payments and we have enlarged our responsibility in that area by hiring some experienced people, and we're proud to say that we are gaining more and more recognition with the major healthcare organizations on a, almost on a monthly basis.

And that's very important to us, because they could only hurt our business, and many times if we are able to work out a favorable formulary listing and they can even help our business. So we are pleased about that, so we are a specialty pharma company that has made some strategic changes in its business by moving away from generics and splitting the company into two definitive parts. And so we are looking forward to continued success in a, in a growing way with more salespeople and more people inside the business to help us grow.

This is an example of our acquire, enhance and grow philosophy of Carmol40, and you can see the progress we have made by buying a small product and enhancing it, and then growing it. Same thing can be said of AcidMantle and then adding Lidocaine, and Lidocaine Hydrocortisone, and now coming out with AdaMantle (ph) as a top of a mountain, but we don't know how high that mountain is yet. And hopefully that will continue to grow. The number of prescriptions, which is the key factor in any pharmaceutical company, we did, we'll do approximately 700,000 new prescriptions in Bradley Pharmaceutical with around 485,000 being Doak and approximately over 200,000 being Kenwood. Both showing very favorable increases from the prior year's excellent performance.

Many people ask well are you reaching saturation on some of these products, and I'm pleased to report that on LidaMantle and Pamine we're - were (ph) less than five percent market

# FINAL TRANSCRIPT

BPRX - CCBN Virtual Healthcare Conference: Co-sponsored by Lippert/Heilshorn & Associates and RedChip Partners

share. And the Carmol40 we are approaching about a 20 percent market share of \$150 million market. And that's certainly good solid traction we're making in that market. We're pleased about that. We also see migration in the Carmol family to the larger sizes, and this is important in dermatology as remember the doctor says apply twice a day let's say, so you give them enough product and it works well, they'll apply it with the right frequency and the right amount, and that's really what's happening with this thing. The doctors really do like the larger sizes, and that's proven to be very helpful.

In the Phase IV studies which we are continuing to move forward on is an important part of our study (ph) we're able to establish some promotional messages that are meaningful to physician, and this is one slide that shows two studies put together on Carmol40 showing that its effectiveness versus Lac-hydrin, which is our lead product, is about four to one, which is very important to us on the treatment of fungal infections, is a combination of a medisys (ph) product called Loprox and a Bradley, and a Doak product called Carmol40 cr me, and treating a difficult condition called moccasintinia (ph) showed that in two to three weeks all 100, all 12 patients were cured, and that presentation occurred at the American Academy and the World Congress.

So it's been read and researched by many, many dermatologists who visited these meetings. Loucaminus (ph) from Florida prepared a presentation to us on Carmol scalp lotion, and 92 percent of the patients showed that it was good to expert, and that's a very good report. And then we did a study on Pamine for our Kenwood division in England demonstrating a 63 percent reduction in spasms associated with colonoscopy, which was prompted a spasms, and it was a 30 percent for the control group, and that certainly is a documented result of the efficacy of that product. We are, our scientific advisory panel is some of the leading clinicians for Doak Dermatologics, and the Kenwood Therapeutics group is certainly this outstanding groups as well, and we work with these people to advise us about new therapies and some of our new products.

And some of the results that, and the help that we're getting from these people are certainly been implemented in our daily business. We are doing studies and continue to do Phase IV studies or, I don't want to mislead any about these Phase IV studies are small, many of them are pilot groups with the aim of learning something more about our products and being able to communicate that with the physicians as quickly as possible. But we're very pleased about the people that we're able to associate ourselves with, and this has helped the, create the credibility of the company as we go forward.

On the Kenwood, which is not as aggressive in the area of Phase IV studies, but primarily because of the limited number of products that we currently have in that division, but we still are looking forward to doing some studies. We also publish round tables, these are two round tables that were, that of, one has been published, one is shortly to be published on the use of the some, well actually the treatment of diabetic patients and the treatment of fungus infections. Both of them supported by Doak Dermatologics with the leading clinicians throughout the United States. In the Kenwood area we've done the same thing in the discussion of anti-colonurgics in functional gastrointestinal motility disorders. And that has to be published yet, but there's, the people who were involved in that are certainly among the leading physicians in the United States.

We are looking for large Rezula (ph) acne lotion in the first, well it says first half but that'll be launched in the, in the first quarter. AdaMantle (ph) will be launched also in the first quarter, and Pamine Forte requires the FDA approval on a double strength product, and a lot of people have said sometime in late, in the second quarter. I'd be very happy to have this thing launched at that time, or sometime early in the third quarter. The markets we're entering are certainly ones that could lead to additional business for the company and achieve some milestones that we didn't plan on earlier. But we're looking at, if we get somewhere around two percent or something like five to six percent, that could add five to \$15 million in sales based upon a modest acceptance by our physician audiences.

There are some milestones that we expect to complete in 2002 and I apologize for showing this thing, because we basically have completed most of those things already. But next time I have a chance to speak to everybody we'll have the 203 goals, and that would include numbers that are similar to what you see here, but we're looking at, you know, increase in sales and profits and hiring some executives that, you know, we need to fill in some of the spots that we have right now. But Doak Dermatologics and Kenwood Therapeutics are both performing at levels that are been estimated to their performance, so we're on target with both of the companies.

We did hire many new people in the area of marketing and corporate development and operations and research development, manufacturing and finance, and these people are learning how we operate and are contributing both from their knowledge of their prior experiences, which is many of the leading companies in the United States, and learning how we do things and kind of advising us how maybe we can do things better, and we're always are looking forward to improving our performance as well.

# FINAL TRANSCRIPT

BPRX - CCBN Virtual Healthcare Conference: Co-sponsored by Lippert/Heilshorn & Associates and RedChip Partners

A quick synopsis of the last three years in sales, from 18 to 25 to around \$38 million. In 2002 demonstrates that we must be doing something right, and our income estimated around \$7 million after being fully taxed. And that's certainly relates to the 62 to 64. We have about 11.4 million shares, that's used in this calculations. Short-term investments around 26 million, long-term debt is modest. We did get a \$15 million credit facility from Wachovia Bank just recently, and that's going to be used for both revolving asset based line of credit as well as a term loan for acquisitions. So we got a lot of bullets in our guns right now, and perhaps when the time comes and the appropriate acquisition or product development appeals to us that we can pounce on it in a very direct way.

And I want to thank everybody for listening to me for the last exactly 20 minutes, and I'm surprised that I did take, got this through so quickly, but I do get pretty excited about talking about the company and its performance, and giving people an insight into what the future holds. Peter, are there any questions out there?

## QUESTIONS AND ANSWERS

**Peter Hall** - CCBN - Senior Vice President

Yes there are.

**Daniel Glassman** - Bradley Pharmaceuticals Incorporated - Chairman

OK, just ...

**Peter Hall** - CCBN - Senior Vice President

Let me start ...

**Daniel Glassman** - Bradley Pharmaceuticals Incorporated - Chairman

... fire away.

**Peter Hall** - CCBN - Senior Vice President

OK, the first one asks actually for you to look a little bit in the future and asks sort of the long-term goals for the both the Doak operating unit and also the Kenwood operating unit?

**Daniel Glassman** - Bradley Pharmaceuticals Incorporated - Chairman

Well that's a question that I had to answer earlier today, and instead of answering with numbers and thoughts I'm going to give you kind of a simile about it. And I look at the past as an accomplishment, but certainly what we have developed over the last couple of years is like just a base, a basic operation, base for the company. If we were mountain climbers we would have just completed the base camp. We got the equipment, we got the people, now we're just waiting for how high the mountain is, and whether the equipment's all going to work, and whether the people are all going to work, and whether the weather is going to clear for us, and all those kind of things. So the past has developed a base camp and now what we going to try to do is climb the highest mountain we can. I hope that explains without getting in violation of any SEC rule FD. But ...

**Peter Hall** - CCBN - Senior Vice President

No I think that's good. I think that's a good analogy to use. Our next question actually asks you to elaborate a little bit, you mentioned it in your presentation on the acquisition licensing program.

**Daniel Glassman** - Bradley Pharmaceuticals Incorporated - Chairman

Yes, we're looking at lots of different opportunities, both of current products, for products that are, have been approved, for products that are shortly to be approved by divisions, but lots of different opportunities. But the whole key to do a successful acquisition in today's competitive world is to utilize the assets of the company to try to make an acquisition in dermatology or podiatry or gastroenterology, and to utilize the existing structure, and which could be implemented very quickly to grow the product, you know, exponentially if possible.

But if we looked at product acquisitions outside of our basic field it would require not only some additional people, it would, it would include a new sales force or other relationships, and we're not really prepared to go in that direction. So we're going to kind of stick with dermatology, podiatry, gastroenterology as a large of audience of internal medicine. Peter?

# FINAL TRANSCRIPT

BPRX - CCBN Virtual Healthcare Conference: Co-sponsored by Lippert/Heilshorn & Associates and RedChip Partners

**Peter Hall** - CCBN - Senior Vice President

Next question, actually asks you to look out a little bit to the first half of 2003 as you introduce two new brands, one Doak and one Kenwood. The specific question says how is that rollout going, and if you can comment on what you think the sales revenue opportunity would bring.

---

**Daniel Glassman** - Bradley Pharmaceuticals Incorporated - Chairman

Well we expect to do, you know, a stocking program in the first quarter that probably, you know, could be significant as additional business. We don't like to stuff the pipeline, but we want to make certain that the wholesalers have sufficient quantities to supply their stores with the material, usually have more sales than you have flow-through sales. But that just takes time to catch up. But I expect the first half of the year to be quite strong. With both the current business growing, as well as the stocking business.

To just give you an idea of the current business, we for the last actually three weeks, our major products each week hit new highs in prescriptions, and that's really the key to our business. We have a kind of a saying around here that I'd like to tell the public right now is that nothing happens at Bradley Pharmaceuticals until a doctor writes a prescription. That's the whole basis of our business is doctors writing prescriptions.

---

**Peter Hall** - CCBN - Senior Vice President

Next question Dan, is sort of a general question coming in from the Web, it says you are successful as sort of a niche marketer with that perception, and do you foresee any entry into a more broad based medical market? Like to comment on that.

---

**Daniel Glassman** - Bradley Pharmaceuticals Incorporated - Chairman

Yes that's a strong point. We want to stick with the audiences that have brought us to the dance, because they're easy to work with, they're appreciative of our attention, and they have responded to our promotion and to our sales contacts. But to go out of this audience into 120,000 GPs would not be an audience that we feel is one that could deliver us immediate positive gains.

**Peter Hall** - CCBN - Senior Vice President

OK Dan, I don't see any other questions out there. But would certainly welcome any additional comments or concluding summary points you'd like to make at this time. And again we thank you for your presentation.

---

**Daniel Glassman** - Bradley Pharmaceuticals Incorporated - Chairman

I think Peter I'm very pleased to have the opportunity to speak at the RedChip virtual meeting, and I think I said an awful lot about the company. I think the most important thing to do is to follow us on our Web site, which is updated almost on a daily basis, look at our press releases. If we, and to follow the new prescriptions. I think that's the whole key of the company, and everything else will fall into place. But we're dedicated to growing the company, and I think our staff is prepared to accomplish that feat.

---

**Peter Hall** - CCBN - Senior Vice President

Fine. Thank you very much for your presentation and your time today.

---

**Daniel Glassman** - Bradley Pharmaceuticals Incorporated - Chairman

Thank you as well, and good night to everybody.

---

**Peter Hall** - CCBN - Senior Vice President

This concludes our Virtual Healthcare Conference today. I want to certainly thank all of the participating companies and our co-sponsor, Lippert/Heilshorn & Associates and RedChip Partners, and our keynote speaker, Kristi Guay. You may access any of these presentations by again accessing the agenda page at your convenience at either redchip.com, Lippert/Heilshorn, lhai.com, or ccbn.com. Again thank you all for your presentation, and thanks to our listening audience.

# FINAL TRANSCRIPT

BPRX - CCBN Virtual Healthcare Conference: Co-sponsored by Lippert/Heilshorn & Associates and RedChip Partners

## DISCLAIMER

CCBN reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES CCBN OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2002, CCBN, Inc. All Rights Reserved.