Dimitri Livadas – CEO Pharma, Saudi Chemical Company Holding



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Last year, Dimitri Livadas made the unconventional leap from Big Pharma to a local Saudi firm, Saudi Chemical. In conversation, he explains the motivating factors behind this decision, including Saudi Arabia's vision for the future, the legacy and growth potential of Saudi Chemical, and the unique opportunity to be part of the country's transformative journey. Saudi Chemical operates across the entire pharmaceutical value chain, from development and manufacturing to commercialization and distribution, and Livadas notes its commitment to driving innovation, advancing healthcare, and fostering collaboration within the industry.

Last time we interviewed you, you were already in Saudi Arabia working for one of the largest multinational pharma companies. However, you made the decision to join a local Saudi firm: Saudi Chemical Company Holding (SCCH), which might seem unconventional from an outsider’s perspective. What was the driving force behind this decision?

The decision to transition from my role as General Manager in a multinational pharmaceutical company to joining Saudi Chemical was motivated by several factors. Firstly, after nearly five years in my previous role, I had achieved significant transformation and growth within the organization, while gaining a deep understanding of the business landscape in Saudi Arabia and a firm belief in the country’s vision for the future.

What attracted me to Saudi Chemical is a legacy going back more than 50 years, with solid performance over time grounded in a clear and focused strategy under the transformational leadership of Engineer Thamer Al-Muhid. As a publicly traded company, there is strong governance, standards and controls, which makes the significant growth prospects for the future obtainable.

At the same time, Saudi Arabia represents a once-in-a-lifetime opportunity at a unique moment in time. The country's commitment to social progress, including initiatives to increase female participation in the workforce and empower young employees, resonates with me deeply. Moreover, the level of optimism and positivity in Saudi Arabia is palpable. The country is akin to a giant high-tech startup, with a clear bias for action and a willingness to take risks and innovate.

Comparisons to other moments in history around the world highlight the rarity and significance of such opportunities. It's a moment where those who choose to embrace the vision and become part of the solution stand to make a significant impact. The opportunity to be a part of this was simply too great to resist.

Could you provide an overview of Saudi Chemical and outline its main activities?

Saudi Chemical Company Holding is an investment group, that owns and manages diversified investments to contribute to the goals of Saudi Vision 2030, and primarily focuses on the healthcare sector, which consists of three subsidiaries: AJA Pharma, SITCO Pharma and CCCI. Our activities span the entire pharmaceutical value chain, including the development, manufacturing, commercialization, and distribution of medicines. We manage a portfolio of owned assets while also engaging in manufacturing products under contract manufacturing agreements with multinational companies. Additionally, we distribute medications for a significant number of multinational pharmaceutical companies in Saudi Arabia, serving both private and public healthcare providers.

In terms of financials, the group's revenues for 2023 exceeded USD 1.2 billion, with activities primarily concentrated in Saudi Arabia. Our revenue growth outpaces the average growth of the pharmaceutical sector in the country. Headquartered in Riyadh, and with approximately 800 employees active in the Pharma sector, a manufacturing site in Hail, and 5 logistics centres from Riyadh to Jeddah to Dammam, our operations serve customers across all of Saudi Arabia from the biggest cities to the smallest village in every corner of the Kingdom.

How long-lasting can such a growth in Saudi be, and how are you planning for sustained growth in the future for Saudi Chemical?

In terms of growth, our focus is multifaceted. Firstly, we are heavily concentrated on expediting the development of our in-house portfolio of assets. This encompasses various product lines, ranging from solid formulations to liquids and sterile products.

From a commercial standpoint, we are witnessing the expansion of our value-added services related to distribution as well as promotional activities. We have a broad commercial footprint, bigger than most multinational companies in the Kingdom, and are increasingly taking on the promotion of non-core and core assets of multinational companies.

The distribution sector as well is undergoing consolidation, leading to the emergence of a select few well-capitalized distributors. According to the latest IQVIA data, we are the second largest, as well as the fastest growing pharmaceutical distributor in Saudi Arabia.

How do you anticipate the recent WHO Level Four certification received by the Saudi FDA impacting the manufacturing supply and operations of Saudi Chemical, as well as the overall progress of the Saudi FDA? Furthermore, how do you plan to leverage this advancement to benefit as a partner?

The recent certification received by the Saudi FDA from the WHO marks a significant milestone in the advancement of regulatory standards in Saudi Arabia. As a result of this certification, the Saudi FDA is now equipped to conduct full reviews and approvals independently, allowing for quicker launch of innovative medications in the market. This development not only enhances the reputation of the Saudi FDA but also encourages greater investment in the sector.

This certification holds immense potential to streamline manufacturing supply and operations. Our portfolio, focused on generics and branded generics, stands to benefit from this as well, and with the strong support from the Saudi FDA. close collaboration with the Saudi FDA, NUPCO, and the Local Content & Government Procurement Authority facilitates the availability of medications aiming to mitigate shortages completely, and enables the introduction of new medications by Saudi companies.

How do you view the longevity of the distributor model as the market develops and more multinationals establish direct operations in the country?

The distributor model serves as a crucial link between manufacturers and the retail channel globally, and distributors play a significant role in facilitating market access and efficiency. To stay ahead, we're focusing on optimizing operations, controlling costs, managing cash flows and maintaining a disciplined approach to execution. We recognize the need to adapt to evolving market dynamics while ensuring sustainability and efficiency in our distribution network.

Can you shed some light on the breakdown of the company's business between in-house products, partnerships with multinational companies, and its CMO (contract manufacturing organization) operations?

While it's a profitable business line for us, it's not our strategic focus, and we see contract manufacturing as an enabler. Our mid-range plan has a clear shift towards in-house manufacturing of our own portfolio of products, driving enhanced profitability of the business.

We are actively pursuing inorganic growth opportunities, a journey the company embarked on successfully with the acquisition, and subsequent localization, of one of the best-known pharmaceutical brands – a PDE5i for the treatment of ED and BPH.

This shift aligns with our long-term goal of building intellectual property (IP) into the business, recognizing that sustainability and growth hinge on our ability to innovate and develop proprietary know-how and products.

How do you perceive the new Saudi biotech strategy, and what role do you envision Saudi Chemical playing in it?

The biotech strategy comprises various elements that have been in the pipeline for some time, consolidating them into a cohesive strategy which is a significant step forward. Specifically, in terms of large molecules, we see opportunities for collaboration. Recently, we completed the certification process of our newest sterile line with the Saudi FDA. Looking ahead, the burgeoning field of cell and gene therapy presents immense potential. While the economic model is still evolving, Saudi Arabia has the opportunity to lead in this domain, particularly given the numerous early-stage programs in oncology and immunology. It's an exciting prospect to be at the forefront

of this revolutionary sector.

Saudi Arabia has demonstrated its willingness to invest in cutting-edge technologies across various sectors, embracing uncertainty and risks along the way. However, the real driving force behind these advancements is the exceptional human capital present in the kingdom. The talent pool here possesses the necessary mindset, determination, and skills to lead the charge.

Collaboration seems to be a key theme in the industry. Can you share an example of how such partnerships have helped Saudi Chemical advance its objectives, perhaps in terms of enhancing access or improving quality?

We have strong partnerships with the Saudi FDA, NUPCO, and the Local Content & Government Procurement Authority, as well as leading private sector entities such as Nahdi Medical Company, Al-Dawaa Pharmacies and Dr. Sulaiman Al-Habib Medical Group. Recently, we collaborated with them to commit our resources to expedite the manufacturing of prioritized medications, aligning with the kingdom’s strategic goals of drug security.

There is potential for even greater collaboration among local manufacturers, despite healthy competition, as we all strive towards strengthening Saudi Arabia’s pharmaceutical sector. For instance, under the umbrella of PIF, joint investment in early-stage assets and divested portfolios from multinational companies presents a unique opportunity that could significantly accelerate the development of an innovative pharmaceutical sector in the Kingdom.

Looking ahead to 2024 or 2025, where do you envision Saudi Chemical? What strategic moves are you planning to lead the company forward in the next one to two years?

My commitment to the country and the company is unwavering, and I’m here for the long-run. The company’s primary objective, as announced to the Capital Markets Authority at the end of 2023, is to establish a distinct entity specifically focused on the healthcare sector. By doing so, we will be able to unlock our full potential, accelerate our expansion beyond the borders of Saudi Arabia, while maximizing the value for our shareholders.

Shifting gears to another crucial aspect, how would you describe the current state of diversity and female empowerment within Saudi Chemical, and what are your personal

objectives and goals for fostering diversity and inclusion within the company?

Coming from a multinational background, I've witnessed firsthand the transformative power of diversity within organizations. In my previous organization here in KSA, the team evolved from only eight percent Saudi nationals to 90 percent within four years, achieving near gender parity at all levels, while driving significant higher levels of performance. At Saudi Chemical, we are committed to instilling this belief within our organization, fostering an inclusive environment where everyone feels valued, trusted, and heard and can contribute to the best of her or his abilities.

Before we conclude, do you have a final message for our international audience? As an expert deeply engaged with the sector, what is your message to those looking to contribute to advancing healthcare and innovation?

I want to emphasize that Saudi Arabia's Vision 2030 is not just a vision; it's a tangible reality unfolding before our very own eyes. Rather than dwelling on the challenges, I urge everyone to engage, be pro-active, and become part of the solution. This is a unique moment in Saudi's history, and those who join now will play a crucial role in shaping its future. Additionally, while Saudization is the right thing to do for the country, it does not mean that there is no place for non-Saudis; on the contrary, there will always be a place for the best and brightest foreign talent, and the RHQ initiative is a great example of that.

Lastly, from personal experience, I can attest to the warm welcome and vibrant lifestyle Saudi Arabia offers. Riyadh, the city that has become my home, offers a great quality-of-life and can certainly compete with top cities around the world, making it an appealing destination for professionals in search of meaningful opportunities.

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