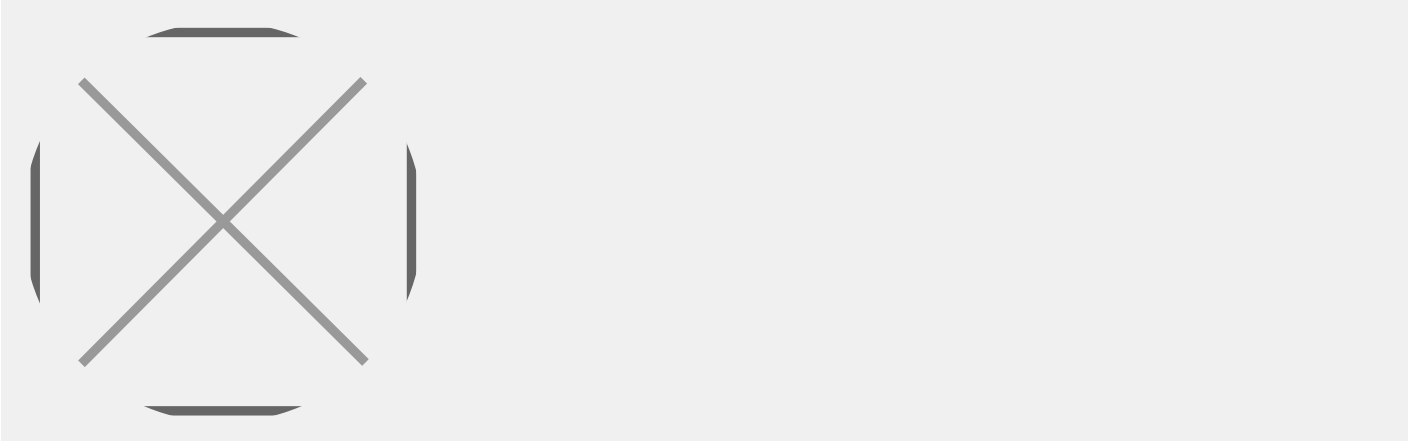
Interview: Yanoof Al-Bidh, Vice Chairman and Managing Director, Medpharma, UAE



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Yanoof Al-Bidh, Vice Chairman and Managing Director of Medpharma, speaks about the core successes that the family-owned business has experienced thus far and what the next phase will look like for Medpharma.

Medpharma is a family-owned company with its origins in Oman. What made you choose the UAE as the location for your manufacturing facilities and the headquarters of the company?

We chose the UAE especially because of the reputation of the government and the standards of quality here. Within the GCC region this is probably the country with the most advanced regulatory framework for the pharmaceutical industry, which makes it reference for other countries within the region. If we say we are manufacturing generic pharmaceutical products here in the UAE, there is a certain prestige attached to that, which in turn generates confidence for our clients to trust the quality and efficacy of our products compared to original products manufactured in Europe or the US. Finally, the processing time for registration of products and any kind of paperwork is very short compared to other countries in the region, which also increases the ease of conducting business in this market.

In line with this, our facilities are GMP approved and also operate under FDA standards in order to ensure the highest quality standards of production. All of our staff is trained extensively in FDA

guidelines every two to three months so that they are kept up to date with the latest regulations and international standards. Furthermore, our manufacturing facilities are inspected by the Ministry of Health on a yearly basis to ensure that we are compliant with FDA standards. This also includes a review of our suppliers and the ingredients we use for our medicines, given that the UAE only allows raw materials from an approved list of international suppliers. Even though this increases our costs, we are happy to abide by these rules and provide the highest quality to our clients.

Given numerous business opportunities available in the UAE, what made you choose the pharmaceutical sector for your investment?

As a family business we always wanted our activities to serve a greater purpose and we saw this opportunity in pharmaceutical manufacturing. The idea was always to manufacture under international standards but selling the products at affordable prices so that they are accessible to the wider region. Of course we also studied the high growth of the sector here in the UAE, which was attractive for us from a business perspective.

From the outset of your operations, how has your portfolio been developing to meet market needs?

We began our operations in 1998 with six products, whereas today Medpharma markets 170 medicines. Within the company we have a dedicated R&D department where all of these products were developed, and we are continuously developing new formulations. This department works hand-in-hand with our regulatory and registration section that ensures these products are well received by health authorities and doctors.

Our core strength is in the manufacturing of oral antibiotics, mainly cephalosporins, which represent 22 percent of pharmaceutical consumption here in the UAE. This segment is important for us because there is only one other local manufacturer of these types of antibiotics and international pharmaceutical companies also do not sell them. We are currently increasing our portfolio within this segment so that we can reinforce our presence in the markets.

So far Medpharma operates in 29 countries, including all GCC countries and most of North Africa. Out of these countries, Saudi Arabia (KSA) and UAE are undoubtedly driving our growth, with Iraq quickly increasing its importance amongst our global sales. In fact, we expect that Iraq will eventually be more important for our sales than even Saudi Arabia. Our strategy is always to work with the best distributors in each market, as they are essential for the success of our products.

Medpharma is now planning to launch in sub-Saharan Africa, Malaysia and even in Spain. The idea is to use Spain as a pilot market to test whether our products fare well in European markets. With the European crisis still not improving, many countries are looking to purchase affordable medicine. Furthermore, in Africa we are already present in seven countries, but the challenges in those countries are different given that prices are much lower. We have to be smart in choosing the right products to take into those markets and setting a reasonable price. Indian and Pakistani companies are flooding that market with very low prices, so we are analyzing how to best approach those countries.

What are the distinguishing attributes of Medpharma and what is your strategy to succeed?

Medpharma is defined by its quality, professionalism and fast registration of products. My mentality has always been that to be successful in the Middle East you must be the first one to move and to apply for the approval to manufacture a product so that you can begin production as soon as the patent expires. We work up to two years in advance to prepare the files for products that will soon come off patent and we would like to manufacture. This way, once the patent is expired we can immediately submit the documentation and begin production as soon as possible. Given the tough competition of Middle Eastern markets, we have to be number one to capture the market.

Currently we are looking into the possibility of entering the cardiovascular segment in the next couple of years, especially since many of the cardiovascular blockbusters will soon be coming off patent. We also have an additional 23 products in our pipeline that we plan to launch over the next three years. Medpharma has always been the first company to register patented products, and this has been at the core of our success thus far.

Given your success thus far and the international standards of your manufacturing site, what opportunities do you foresee for contract manufacturing for international companies?

We are already conducting some contract manufacturing for an Indian company, Glenpharm, and we have recently assigned contracts with companies from Germany and Morocco. Since last year there has been a great influx of people approaching us for contract manufacturing activities. To our advantage we are only producing at 45-60 percent capacity at the moment, which means that we still have plenty of room to establish additional manufacturing partners in the future. Now that the Middle East region is growing very rapidly, these companies are looking to bring their products here, and the UAE is the perfect gateway to enter the region.

This is particularly true for the Saudi market, which is very difficult to enter when you are an international company. By working through us, these company's products are categorized as GCC products because they are manufactured locally, and therefore their registration becomes a lot easier. Similarly, there is also a pricing differentiation for international companies and GCC manufacturers, where international products are priced 20 percent less than those manufactured in the region. For our contract manufacturing partners this is clearly a lot more attractive.

The Saudi pharmaceutical market is well known for its local manufacturing base. How do you compete against such well-establish Saudi companies?

The key is to invest in your brand and to invest in your salespeople in Saudi Arabia. Currently we have 65 products registered in KSA and this has been achieved only within the last six years. The market dynamic in that country is slightly different from here in the UAE because tenders play a very big role in pharmaceutical sales there. As you probably know, tendering requires a strong professional team that knows how to put together the files and make the appropriate offers that are competitive and attractive for the Saudi government. In this regard, we count with one of the most successful teams in the region and are very proud to offer such expertise to international partners.

Medpharma has a bright future ahead. What is the next phase of this family enterprise?

We have been growing around 30-35 percent on a yearly basis since 2010 and I would like to continue this growth rate. Medpharma has also been able to reach the top three manufacturers in the UAE and now we need to work even harder to maintain this position and fend off increased international competition. The room to grow is there given that local manufacturers in the UAE only produce 1 percent of all pharmaceuticals consumed in the UAE. In order to do this we will have to keep innovating by bringing the latest products to the country, as these are the ones that provide the fastest growth and widest margins.

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