Interview with Aristides Torres Velasco, CEO, Vanquish Mexico

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Can you give us a brief history of the company since your merger in 2003: the main growth drivers, opportunities and challenges?

Laboratorios Vanquish was born in 2003, before that we had another company called Platinum Research. It was a company that used to manufacture active ingredients, and after it merged with Vanquish now we just manufacture APIs for our own products: we no longer distribute or commercialize them.

We are a family company who started selling just one product to the public sector. We have a patent on an active ingredient called Calcium Gluconolactate for Mexico, the United States and Europe. Soon it will be in Brazil. This product is the company's main driver at the moment, but since we have started to develop, manufacture and commercialize generics in CNS, Cardiovascular, Oncology, Immune system and Gynecology, we have started to participate in other markets.

16% of Vanquish's revenue goes back into Research and Development, but you have also manufactured generics. Can you tell us a little bit more?

Actually we make both. We have a patent for the molecule we developed in Platinum Research before the merger with Vanquish, and now we are developing different generics that are already on the market. At the same time, we are still researching and developing in order to get more patented products applied to different therapeutic areas. The idea is to continue the manufacturing and

development of generics, and to also push the innovation side.

You mentioned that you only sold to the public market: has this changed over the last few years?

Yes it has. Our main goal for the next five years is to have 50% of our sales in the public market and the other 50% in the private market. The public market, with institutions like IMSS, ISSSTE and Seguro Popular, is a huge market and has almost doubled in the last few years. It is still very competitive, but it's also very volatile so we don't want to maintain the company long-term purely on institutional sales. In terms of the private market we are planning to be present in generics, private label and branded labels.

You started off in innovation selling to the public market, then you started to manufacture generics and now you want to move into the private market. Do you still see potential to grow in the public sector?

The bids held in Seguro Popular are different to the ones held for IMSS and ISSSTE. They are looking for providers who can not only supply the product, but who can also administrate the resources in terms of distribution and needs to hospitals and clinics across the different states. There are a few companies with the resources to make that happen, and we are successfully giving them what they want in terms of timely service, quality and price which is important for the government institutions. We do still think that in the medium term we can be very competitive in this market.

So in order to reach the 50/50 public and private sector sales ratio, you will be manufacturing private labels but also pushing your own branded medicines through sales force mechanisms. How is the company adapting to that shift in focus?

We know that it is very difficult to be successful in this market, and just a few national companies actually are, but we are confident that we can achieve that goal with the strategy we are following. Once we get there we will have a more stable and profitable company, which will provide a strong platform for us to continue growing as planned giving new and different products to the market.

Please can you give us a complete overview of Vanquish's international operations and how important they are in the overall company structure?

We started going international last year. In Brazil we are starting manufacturing operations with commercial partners in Latin America and in-licensing products for the public market- mainly for hospital business. We will then move into the private market as well. In the United States we are starting to commercialize our food supplements, targeting the large chain pharmacies and supermarkets in order to compete in the generic supplement market.

Why did you choose Brazil and the United States? Most other national companies are more timid in their approach to these two markets, opting instead for Central American countries.

I think it is important to be in the main markets in America: Brazil being the biggest in Latin America, and the United States the biggest market in the industry. I am not telling you that is going to be easy, but this is one of our main targets and if you want to be global, you need to think big. We just need to focus on what we want to reach, and go step by step so that we can achieve it. I think Brazil is a great opportunity for us because if we can be successful in the two biggest markets in Latin America- Brazil and Mexico- we will be on the radar for other companies who want to have a commercial partner with the muscle to make their products and brands successful.

On the other hand, we entered the United State because we think we will have the opportunity to compete with companies from India, in products with high specialty. In the meantime, we are starting with our food supplements.

Can you tell us more about your strategy on licensing agreements? Do you plan to in-license products for the Mexican market or to out-license one of your own products for international distribution?

Actually we have already in-licensed some products from Europe and other countries in Latin America, we are working hard to be one of the top companies in the private and public sector in order to give our partners the best value for their products. We would like to start out-licensing our patented product in Europe too.

Do you find it easy to find suitable partners given that Vanquish is relatively unknown in Europe?

I think that the main challenge is for our company to be recognized by other companies for what we have achieved to date. Not only this, but for what we are doing now, and what we plan to do in the future in order to be successful in branded labels. We need this recognition so that potential partners can trust that their products will be growing and increasing in value, as we have been doing with our own products.

There are other European companies that want to bring their products to the Mexican market that specialize in treatments in Oncology and Retroviral diseases. This is purely institutional, and we have the experience and knowledge to become successful partners in this area too.

If we could summarize everything, what is Vanquish's strategy over the next five years and where will the company be positioned?

We will be in the top national companies and well recognized for our work in branded labels. We will have achieved our goal of being in both the private and public Brazilian market, and we will

have the platform to start participating in the Oncology and Biotechnology market in the United States.

We will be recognized by the medical community for the benefits we provide to their patients and for making a big contribution to the quality of people’s lives in our community.

We will be a company that has the strength and the vision to be ready for the challenges that lie ahead.

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