

Interview: Gamal El-Leithy - CEO, Future Pharmaceutical Industries, Egypt



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Egypt can boast some of the most modern manufacturing sites in the Arab world. The CEO of Future Pharmaceutical Industries discusses the importance of promoting exports, the ambitious plans of the company as well as the importance of education in leveraging the full potential of the country.

How would you assess the current business environment for Egyptian pharmaceutical companies?

Whenever you have a large population; food and pharmaceuticals are two of the most attractive industries to invest in, as people will never stop eating nor getting ill. Today Egypt has a population of 90 million people, so it's a huge market with a lot of potential. In addition, by nature and culture, Egyptians, especially older individuals, are inclined to consume medication. Today the country relies on approximately 130 pharmaceutical manufacturing sites, but I believe there is room to grow. If we compare Egypt to more mature markets such as Turkey, Spain and Italy, the number of sites is still low.

Do you feel there is much risk?

There are risks, but if businessmen are not willing to take some risks, they should not be in business. We are experiencing a shortage in foreign currency due to the slowdown in income from

tourism and the Suez Canal. The only way to get out of this problem is by exporting, that is by getting foreign currency with locally manufactured products. Nowadays we have 130 pharmaceutical plants, of which 30 percent are brand new and compliant with the most recent GMP standards. I have worked with Eli Lilly and other multinational companies for many years, and I can say Egyptian plants are more up-to-date than many others around the world. This opinion is shared by leading drug companies such as Novartis, Sanofi, Tabuk and Julphar, which have visited our plant and have entered agreements with FPI. Last but not least, we rely on people with high-caliber pharmaceutical expertise. Egypt's potential can be summed up in a few words: population, culture, expertise and strategic positioning.

Nonetheless, pharmaceutical spending per capita in the country is still very low, at USD 35 per person. How do you see it evolving over the next years?

I'm sure it will grow, if not at a rate quite as fast as some other countries. On the other side, the government is going to implement universal medical insurance, which will solve a lot of problems the public and private sector are currently experiencing. We are doing business not only to make profit but also to serve the community: out of the 100 products we sell, 25 percent are making a loss because they are thought to serve the country and the people. This is something common among local players.

What is your vision about the government's strategy to support exports, and the role the pharmaceutical industry can play in increasing exports?

Unfortunately the government and the authorities are very slow. I cannot blame them because we have been through five very difficult years. However, the government should play an important role in opening new markets for local companies, and not only in the pharmaceutical sector. There needs to be a coordinated effort among different authorities, tackling issues from different sides. Locally we have high caliber professionals with a lot of expertise, while other Arab countries may have the capital - we can definitely join efforts. However, the Ministry of Health currently does not seem to see the pharmaceutical industry's growth as a priority. We hope to have soon Egyptian Drug Authority (EDA).

What plans do you have for the company?

The FPI adventure started in March 2007. The manufacturing site is located in Badr City, 40 km outside of the capital Cairo. The total site is around 16,400 square meters, the current building has a footprint of 7,800 and a total built area of 22,000 square meters. We have two warehouses, one for raw materials and primary packaging and the other for finished products and secondary

packaging, and the first floor of the production block houses our production lines for oral solids, non-sterile liquids, semi-solids and aerosols. The second floor will be dedicated to the manufacturing of injectables such as ampoules and vials, and other liquids such as eye drops. The sterile area is still to be finished while semi-solids and non-sterile liquids lines should be operational in Q4 2016 or Q1 2017.

Once this first facility is completed, we have plans to build a separate building as part of a third expansion phase, the plans for which are not yet finalized. Currently, the two most likely options are to build either a dedicated oncology or dedicated hormone facility. An oncology facility would certainly be very export oriented because local demand in the Egyptian market is limited.

What makes FPI unique?

We have designed FPI not to meet the standards of today, but to meet the standards 20 years from now. The entire facility has been designed to be easily upgradable to meet stricter GMP requirements in future years, and for capacity expansion. Our layout allows for a unidirectional production process, and we use the most recent and advanced technology from Europe for granulation, compression, capsule filling, blistering, water treatment and partitions which provides very precise controls and eliminates risks. Alongside this top-notch facility and high-tech equipment, we have highly qualified and skilled professionals to operate and manage this facility correctly. This is why several multinationals have already chosen FPI as a manufacturing partner. Realistically, there are maybe 25 facilities in Egypt that currently meet the same standards that FPI does; going forward however, we will be better prepared to meet more rigorous requirements as they are introduced, and we are working to get additional certifications, including EMA and GCC certification within the next year or two.

What are you going to dedicate time and resources to over the next five years?

We are going to expand with a range of new categories of medicines, with liquids, semi-solids and OTC next year, injectable products in two-to-three years and hormones in five years from now. My children are currently studying in London; by then they should be back and help me run the business. In 2016 we hope to join the 100 club by achieving sales of over EGP 100 million. In five years I'd like to see FPI among the top 20 companies in Egypt.

What is your hope for Egypt?

We need to start with education. Education is key to ensure Egypt can really take advantage of its full potential. The government plays a key role and it's not just about talking about improving

education, we need to walk the talk.

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