

Ufuk Kumrulu - Chairman, Polifarma



Polifarma is a secure port and a trusted partner because we are transparent and take care of our customers and suppliers

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Polifarma is a Turkish pharma company dedicated to the hospital sector and biosimilars. Its chairman, Ufuk Kumrulu, explains how the company has managed to become a top two company in the hospital segment after Roche, discusses their big bet on biosimilar products through an R&D center and manufacturing plant, and why Turkish companies must look abroad due to low margins.

Can you know briefly introduce Polifarma and its current position in the Turkish healthcare market?

Polifarma was established in 1986 as a family company. Around 12 years ago, the company shifted to become a pharmaceutical company focused on parenteral solutions. We started producing those products in 1996 and became market leaders in 2015. When Baxter, our main competitor, stopped producing in Turkey, we consolidated our position as the leader in parenteral solutions, serums. Over the last six years, Polifarma invested in generic products for hospital use, including ascetic areas and finished phase II investments last year; today, we have a 2,000 square meters ascetic production area and more than 500 products.

In 2017, we accomplished two milestones: opening our own biologics R&D center with the approval of the Ministry of Health and licensed around 200 new products. In 2019, we began the production of the first domestic peritoneal dialysis device and solution in Turkey. Our unique peritoneal dialysis device is intended for domestic use for nephrology patients. We became the third company

in the world to produce total parenteral nutrition products after Baxter and Fresenius Kabi. This year, the company began producing Neurokinin-1 (NK1) receptor antagonists which are used for prevention of acute and delayed nausea and vomiting in oncology patients.

Regarding biotech products, we have been producing heparin sodium for the last six years and are waiting for approval to produce enoxaparin sodium. In addition, we are one of the few manufacturers that have been approved to produce biosimilars; the facility will be operational in 2022. It is an important project for us because we are producing from raw material.

How is Polifarma approaching the ongoing race to produce biosimilar products in Turkey?

Polifarma is very strong in the hospital segment, number two after Roche, and in the generics space. In my view, biosimilars are without a doubt the future of our industry. Fortunately, we began investing in the space four years ago. Of course, not all the projects came to fruition, but we have now partnered with companies that have been doing technology transfer.

In Turkey, everybody is focusing on monoclonal antibodies, but we are focusing on the future products, the ones that will be patent free in the coming years, and vaccines.

One big question for Turkish generics companies is how to add value to compete in this price-sensitive space. How does Polifarma differentiate when approaching the export markets?

Hospital products are the core of our business because we have a large portfolio. We can compete with other generics companies because our facilities have the latest technology, allowing us to manufacture high-quality products. Both in the domestic and export markets, our prices are not the lowest, but doctors and nurses trust them; we have proven that Polifarma's products are reliable.

Considering your strong presence in the hospital segment, what were the effects of the pandemic for the company?

While some did better and others worse, no company in the world was able to escape the effects of the pandemic. One of the main challenges for us was importing raw materials and APIs so we

increased our stock rates to secure our production. Since we have anesthetic products, such as rocuronium bromide or propofol, we saw an increase in demand related to the treatment of COVID-19 patients. The Ministry of Health and other customers contacted us because they needed our products in this emergency. We did not stop production because there was demand coming from Germany, Spain, France and the United Kingdom; the company is producing around 200 million products per year.

Moreover, we are working with the United Nations as a supplier through a distributor that obtained a tender for countries in North Africa, Afghanistan, and other regions. The distributor selected us to manufacture to the UN because of our capacity and quality.

One of the key elements of Turkey's Vision 2023 is a push to develop R&D in the country and attract more clinical trials. What is Polifarma's approach to R&D?

The company's R&D is focused on improving our generics but particularly rare diseases and orphan drugs; it is our strategy for the short term. For the long term we are not interested in highly known molecules but rather in molecules with potential within biosimilars. There are more than 200 registered monoclonal antibodies (mAbs) biosimilar products with Turkey's Ministry of Health, but there are several molecules, which cannot mention specifically at the moment, that are not registered, and we intend to be the first ones to get them to the local market and some export markets.

Speaking about the export markets, how is Polifarma approaching its internationalization strategy since you have spoken in the past about becoming a global company?

Last year, we established an affiliate in Bulgaria which has worked with that country's Ministry of Health and we expect to have our facility approved this year. We will produce seven different products in Bulgaria and may be investing in Portugal, as well. Polifarma is strong in Turkey and has a great product portfolio that we must license in different markets in order to become a global company.

It helps that Turkey is a strong market with a sizeable population that enjoys almost universal healthcare coverage, but the pricing system is a difficult challenge for the industry. Biosimilars have the opportunity to change this since they are very effective and more expensive to produce.

We believe that the Turkish market is not enough to continue growing due to the low profit margin; that is the reason we are looking for opportunities abroad.

Around 32 percent of our sales came from the export markets last year but that number increased to 51 percent in the second quarter of 2021. Exports are crucial for the company's future and ambitions; we need to continue establishing manufacturing and sales operations in other markets if we are to continue competing with Baxter and Fresenius.

How would you define Polifarma to our readers interested in the hospital segment and biosimilars?

Polifarma is a secure port and a trusted partner because we are transparent and take care of our customers and suppliers. Our production facility is quite unique in Turkey and the region. There are not too many companies that can compete with our portfolio; we know the hospital business inside out.

Also, we have a high production capacity and a flexible organization, allowing us to shift from one product to another at high speed.

We work permanently on our quality standards because our products are often administered through the veins. That is a great responsibility.

Since Polifarma is looking for long-term relationships, we always take a fair approach. For example, last year we had high demand for some anesthetic products and we could have established a high price considering the global shortage during the pandemic, but we maintained the normal price which resulted in good sales in the European Union and South America.

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