

Ashraf Osman – President and CEO, AUG Pharma, Egypt



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Ashraf Osman, president and CEO of AUG Pharma, explains how his company has become one of Egypt's Top 30 pharmaceutical companies in less than four years of manufacturing, gives an insight into the branding strategy of an industry newcomer, and outlines the company's export strategy.

Can you give an overview of AUG Pharma's operations?

AUG Pharma started off in 2006 as a scientific office for the marketing of products of Takeda. In 2008, we decided to also manufacture our own products and laid out the plans for our own production facility. With a USD 45 million investment, our production plant was finished at the end of 2014 and in 2015 regular production has started. At this time this was a significant investment, considering the volatile political situation and economic obstacles. The facility accommodates the production of a wide array of product types, in addition to an outstanding R&D unit for developing new products. AUG Pharma's manufacturing facility has the capacity to produce up to 60 million units annually of which 50 percent are solid. Our vision from the beginning was to be one of the top companies, allied to European standards, not only in Egypt, but in the entire Middle East.

How has the company developed since starting to manufacture its own products in 2015?

Each year we have been growing by more than 100 percent with a current turnover of EGP 600 million (USD 34 million) and our objective in 2019 is to reach EGP 1.2 billion (USD 70 million). According to the latest IMS data, we are the only company in Egypt that is reaching triple figure growth, which is an achievement that we are very proud of. Three of our products, Zurcal, Sansovit and Justechol, have reached more than 100 percent growth each year as well.

Which parts of your portfolio do you see as the most in demand at the moment?

Currently, we have 20 products on the market, while 60 pharmaceutical products are currently under registration, not considering other parts of our portfolio such as nutraceuticals and cosmetics. After four years, some of our products are already leading the market in segments such as gastrointestinal diseases, multivitamins and anti-haemorrhoids. Our ambition is to be the market leader in each treatment area we are active in. In order to be able to continue growing at our current rate, we have made significant investments in our manufacturing capabilities. Starting off with three sales lines in 2015, we currently have ten lines. In 2018 alone we have invested 50 percent of our profits into setting up new sales lines in order to fulfil the local demand but also to start off our export business.

AUG has also been an integral part of fighting Hepatitis C successfully in Egypt, providing its own Sofosbuvir product. Since 2015, we have treated more than 150.000 patients and our product is considered as the one with the highest quality by leading gastro-physicians.

Despite economic and pricing challenges in the last three years, AUG Pharma has been growing at an astonishing rate. What is the company's secret for success and overcoming challenges?

We have been growing by prioritizing a few selected products with high potential and then establishing a high sales volume. AUG is working similar to multinational companies, having only one or two products per sales line, compared to the five or six products, which is the average in Egypt. For our gastro product Zurcal, in 2018 we achieved more than five million units and reached a market share of more than twelve percent within three years. Overall, our market share has almost

reached one percent. Currently ranked 29th, we want to be amongst the Top 20 companies by next year.

How do you establish yourself as a new company against long-standing competitors, especially considering branding is very important in Egypt?

Our excellent reputation, which we have built through working for multinational players before, has been transferred to AUG, so the company today stands for the highest quality. Marketing, importation and manufacturing are our areas of expertise with more than 30 years of overall experience in the pharmaceutical industry. We are well-known experts in selected treatment areas such as PPI, multivitamins, analgesic market, so our connections in this field are strong and we have the know-how for marketing these products. As there is a shift away from the OTC market, we increasingly rely on the prescription market. Hence, we have very good connections with doctors and physicians and we invest in national and international medical congresses, such as DDW and Gastro Update Europe, as we sponsored around 40 doctors to attend the UEG week and many other local and international medical conferences.

How are you able to convince professionals to work for AUG Pharma rather than for other local and multinational competitors?

Thanks to my experience with multinational companies, I was able to convince many of my colleagues to join AUG Pharma, as they shared the vision we have. Additionally, our company offers a very attractive package to our employees, which is not the standard for Egyptian local players, unfortunately. We have established our own AUG culture, offering excellent remuneration, communal activities and other incentives that make us the employer of choice. Our team is very experienced and has the know-how both in R&D and product marketing, as most of them worked for several years at multinationals such as BMS, Nycomed and Takeda and then have decided to join AUG Pharma.

Politically and geographically, Egypt is well positioned to supply African countries with pharmaceuticals. What role do you see African markets playing in AUG's growth strategy going forward?

Export plays already a huge role for us. In January, we set up our operations in Saudi-Arabia and started with exportation and marketing of our Sansovit product and we are in the final steps to approach the UAE in the second semester of 2019. Additionally, we will have very attractive projects in African states such as Tanzania. We even have plans to build a manufacturing facility there, which we already presented to the Minister of Health of Tanzania, during our visit to Tanzania last year. The factory will allow us to meet the demand for affordable, high-quality products in East Africa. Considering President El-Sisi is currently chairing the African Union, the industry is looking more towards Africa again and our neighbours are very welcoming. In the long-term, AUG Pharma will also be exporting to the CIS countries, but from our experience, the registration process takes longer in these countries. Our current focus is the Gulf area and Africa.

Many French and Indian companies are present in Africa and more Egyptian businesses are pushing into this market as well. What do you see as AUG's main competitive advantages and how do you want to position yourself in international markets?

Our strategy is to build manufacturing facilities in these countries as fast as possible. There are many companies from all over the world competing in Africa, so with an export-only strategy, it will be hard to gain significant market share as a newcomer. Hence, we are looking to bring our high-quality manufacturing standards to Africa, which will give us a competitive edge over Asian competition. While having the highest quality standards, our products come at a relatively low price compared to Western multinationals, due to the pricing system in Egypt, which gives us a competitive advantage over these companies. Therefore, I believe that we are in a very strong position to be successful in the African market.

Where do you want to take AUG Pharma in the next five years?

Currently we see a great opportunity for local companies and AUG Pharma is looking to seize these chances by focusing heavily on our own production increasing capacity to meet the demand of not only the Egyptian market but also the Gulf and African markets, maintain our excellent reputation with physicians and gain more loyal KOLs to have more products as market leaders and also focus on always bringing new and innovative products the market. The current economic situation facilitates the fulfilment of our ambitions abroad and, considering our growth, we would like to see AUG Pharma in the Top 10 of pharmaceutical companies in Egypt within the next five years. Our belief is that nothing is impossible, and we try to achieve perfection in everything we do. We are looking to create a special culture at AUG, knowing that people are our biggest asset.

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