

Ignasi Biosca Reig CEO, Reig Jofre



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The long-time CEO of Reig Jofre, Ignasi Biosca Reig, reflects on the company's role during the pandemic producing essential medicines and the support given by national and European authorities. He also explains how a timely investment in a new manufacturing plant in 2019 resulted in a deal with Johnson & Johnson to produce its COVID-19 vaccine.

How has the company changed since the last time PharmaBoardroom spoke with you? How is Reig Jofre's business organized today?

The overall business of Reig Jofre is evolving as planned and we are happy about the evolution and performance of the company's different business units. Similar to the other big family-controlled Spanish pharma companies, we realised that we needed to pick one area of expertise and focus on it, otherwise we would be lost, embracing many things. Reig Jofre has legacy products, of course, but the idea has been to organise ourselves better, from research to marketing and sales, getting to the market with the right partners.

The company is currently organised in three business units: Pharmaceutical Technologies, which accounts for about half of the business, which is business-to-business (B2B) and where most of our industrial and manufacturing business occurs; Specialty Pharmacare, which encompasses the development, production and commercialisation of products with a special focus on dermatology

and osteoarticular products and is oriented to healthcare professionals; and the third unit is Consumer Healthcare, which represents 24 percent of the business, consisting of both OTC products and food supplements. This last business is business-to-consumer (B2C), using mostly the pharmacy channel but growing thanks to new opportunities in online commerce.

Within the pharmaceutical technologies business unit, we specialise in the technology to manufacture our own complex molecules for injectables and lyophilized pharmaceutical medicines manufactured in our plants in Spain and Sweden. The company also manufactures some of its clients' developments through a CDMO model. We help them develop the pharmaceutical form of their research so it can be scaled up. We currently have three plants in Spain, two located in Toledo, where we do injectable and oral formulations for beta-lactam antibiotics, another plant located in Barcelona that manufactures injectables and lyophilized products, and one plant in Malmö, Sweden where we manufacture semi-solid formulations, usually for topical use.

Reig Jofre has been in the news because of its involvement with a global vaccine project related to the COVID pandemic. Can you comment on the company's journey since 2020 and the impact the pandemic had on its business?

The COVID-19 pandemic has changed many things. Many products experienced a sharp drop due to, for example, the use of masks and lockdowns; although products related to energy, vitamins or sleeping disorders grew quickly.

In 2021, while our Consumer Health unit grew 8 percent, the Specialty Pharma unit reached 14 percent growth mainly due to the opening of our Poland affiliate and the success of the osteoarticular business in the north of Europe.

On the other hand, the Pharmaceutical Technologies division, which is the area that should have been growing more and where we have invested more in recent years, experienced a decline of 7 percent compared to 2020. The reason, we assume, is that the division saw a surge in demand during 2020 related to our production of essential medicines, many of which were used to treat COVID patients in critical care units all over Europe and the world and was bound to fall in 2021 because of lower demand.

Moreover, because of the widespread use of masks, our antibiotics business which is a big part of Reig Jofre's pharma technologies services went down in Europe. In Spain alone, antibiotics consumption declined 25 percent in 2020 compared to the previous year.

When we spoke with you in 2018, you mentioned that the company was about to invest in a new production plant in Barcelona that would allow you to explore more ambitious production projects. Can you explain how that investment materialised and the role it played in the Johnson & Johnson COVID vaccine partnership?

In 2018, the board approved an investment for a new facility that could manufacture injectable and lyophilized products that are used in hospitals, and we started building in 2019, before the pandemic started. Our new facility was due to be finalised by the end of 2020 and, as the pandemic advanced, we realised that vaccines were the way out and that the world would be in need of capacity for injectables fill and finish. Our investment was right on time. Reig Jofre was in a good place because we had high capacity, being able to manufacture up to 50 million vials per year in liquid formulation and up to 30 million in lyophilised formulation.

The Spanish Agency of Medicines and Medical Devices (AEMPS) was trying to strike a delicate balance: finding production capabilities for COVID vaccines without interrupting the manufacturing of essential medicines that were in such high demand from intensive care units across Spain and the world. Reig Jofre was very much aligned with the agency at the beginning of the pandemic in terms of modifying its production to focus on certain products and increase volume. We produced forty essential medicines but the agency emphasised three or four that were critical. We adapted our lives to the requirements of the agency and trusted them.

The authorities initially approached us to understand when the building would be ready, the capacity we were expecting to have, the standards that the technology used, the devices installed such as our isolator technology which allows for zero direct contact between the operator and the product, meaning that there is no possibility that any undesired particle or body can contaminate the products. Our technology allows for high capacity, high quality and high productivity; it is a fully automated process that runs smoothly.

Through that technology, we attracted the interest of both authorities and companies that were developing vaccines.

So, what happened next when Johnson & Johnson approached the company to explore a potential deal?

The way we saw it was “okay, we have our plan and project, we have our clients, but we are in a global pandemic and have an opportunity to make a difference.” We were willing to postpone our projects for months.

Eventually, we signed a technology transfer agreement with Johnson & Johnson to prepare ourselves to manufacture the COVID-19 Janssen vaccine in Barcelona. That generated plenty of attention from authorities who ended up visiting the plant such as the European Commissioner for Internal Market, Thierry Breton, the Spanish Minister of Industry, the Minister of Health, and Catalonia’s Minister of Health. The message was that certain strategic assets needed to be produced locally in the European Union. I have personally always believed that Europe has the capabilities to accommodate these advanced high-tech industries as I stated to the Spanish President Pedro Sánchez during his visit to the Toledo Plant in 2018 to attend the opening of the new facilities of the company extension.

How supportive were Spanish and European authorities throughout the process?

At the very beginning, in 2020 when we were manufacturing essential medicines, the conditions resembled our regular business rhythm and everything sold fast. At some point we even wondered if the company was going to get paid in time, but we did, and everything was fine on that front. Nevertheless, we had to work on inexpensive products that demanded a huge effort from us and that used to come from other parts of the world, especially Asia. Suddenly, borders began to close, and the EU had to cope with local production and asked us to cooperate.

At certain point we had to look for APIs in unexpected places. Fortunately, the Spanish agency rose to the challenge and did an amazing job in getting different ministries involved to secure raw materials internationally.

Beyond the pandemic, what sort of support does the company expect from the authorities? Has the pandemic revealed a new type of mutually beneficial relationship?

The pandemic revealed the importance of having assets like our plant within the European territory. The most important thing for Reig Jofre is not that the authorities give us money to help build the plant itself because we are responsible for financial planning, what we expect is that, later on, the fact that a product is manufactured in the EU can be considered as an advantage during tenders or regulatory processes. Local production creates jobs, tax revenue, security of supply, etc.

My message is to not forget how critical the pharma industry is for the population, to not take us for granted. We invested EUR 40 million in the plant way before the pandemic arrived and will continue to do so long after it passes. Hopefully, the authorities will help us remain a profitable business.

So, during your tenure as CEO, the company went public in 2015 which allowed it to invest in the future with a new plant than eventually led to a contract with Johnson & Johnson. After those two successful strategic decisions, what is the next big investment?

Up until now, Reig Jofre has focused on increasing what we call drug product capacity, mainly fill and finish, but, stepping back from fill and finish, we get to drug substance. One or two centuries ago, the industry used plants and active ingredients found in nature, but then we moved to chemical drug substances. However, what we see now is that most of the technologies for biological products, vaccines, and gene therapies, are here to stay and demand companies that can support their development and production will increase exponentially.

Our objective is to build new capabilities with the right technology, industrial standards and knowledge to help companies scale-up. We want to be strategic, providing world-class services for biological products through vertical integration that accommodates everything from cell cultures to finished products. This is the time to do it because there are many more new therapies coming.

In addition, we believe that Catalonia is a great place to establish those sorts of capacities because of the complex ecosystem of top research institutions, production know-how, startups and funding. Of course, we must find the right timing. Our feeling is that this is the right time for us because Reig Jofre has great momentum.

What do you mean by Reig Jofre's momentum?

First, we have been consistently improving our financial position after years of investment. Back in 2015 when the company decided to go public, we put in place a strategic plan that allowed us to invest EUR 150 million in R&D and industrial capacity. We have 90 years of history and are looking at the next 90. Moreover, the J&J partnership has put us on the radar of big multinational groups.

To conclude, is there a final message you would like to share with our readers?

My message is that we should look at what happened with COVID vaccines and the success of mRNA technology. It showed the market that new technology can disrupt the industry very quickly. Reig Jofre for its part has a bright future because of its commitment to adapting to this new pharma industry.

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