Interview: Giorgio Bruno â?? CEO, Recipharm, Italy

22.04.2016

Tags:

Pharma, Pharmaceuticals, Recipharm, Giorgio Bruno, Mitim, Strategy, M&A, Acquisition, CDMO, Manufacturing, Interview, Insight, Free, Executive, Exclusive

Giorgio Bruno, CEO of Recipharm Italy, gives an insight into the success factors of the CDMO, discusses the recent acquisition of Mitim, and explains how this acquisition helps Recipharm not only achieve their growth ambitions but also provide better services to its clients.

You were appointed CEO of Recipharm Italy in April 2015, after six years at Corden Pharma and 12 years at AstraZeneca. What were your key objectives when you assumed this position?

The aim was to build a different paradigm for the company. Previously, the business was owned by an investment company, which means that the vision was short-term oriented. Today, our goal is to pursue a more long-term strategy and to be the leading CDMO in the market, not only in Italy but also in Europe.

When I joined in April 2015, there were three companies operating under the Recipharm umbrella: Biologici Italy, Edmond Pharma and Liosintex. Biologici is mainly devoted to freeze-dried and liquid sterile injectable products. Edmond Pharma manufactures APIs and finish dosage forms and Liosintex is involved in the freeze-drying of sterile beta-lactam antibiotics. At that point in time, Recipharm had a turnover of EUR 62 million and 290 employees. Today, with the acquisition of Mitim, we will have a turnover exceeding EUR 100 million and a headcount of more than 500 people.

This is an exciting time for Recipharm Italy, having acquired Corvette in 2014 and having just completed the acquisition of Mitim last month. Will 2016 be the year of integration?

Mitim was a strategic acquisition in order to completely support the service offering for our customers. There are a lot of synergies with Liosintex, in Italy and in Sweden. Furthermore, our headquarters is always looking for more acquisitions, as the primary aim of Recipharm is to grow. There are currently no concrete plans for further acquisitions in Italy but certainly in other markets.

In Italy, integration is the main challenge we are dealing with at the moment as a result of the Corvette and Mitim acquisitions. Each company has different cultures that we now have to integrate. Corvette for example was owned by an investment fund whereas Mitim was a private family- owned company. The main target is to integrate these two realities under the Recipharm umbrella. The integration with Corvette is well underway whereas with Mitim we are just starting out.

2015 was a giant leap forward for Recipharm; a 32% increase in net sales versus 2014. How do these figures trickle down to the Italian operations? How important is the Italian affiliate for the Recipharm group?

The Italian affiliate closed 2015 with a turnover of EUR 62 million, which reflects 2% growth compared to 2014. In 2020, Recipharm wants to reach EUR 800 million in turnover globally. With the acquisition of Mitim we are at EUR 400 million â?? halfway there! We will achieve our ambitions not only through organic growth but also through more acquisitions, with a stronger focus on the latter. We have business development in most European countries; we are also increasingly looking towards the US where we are already present with Mitim and Edmond Pharma.

In terms of the importance of the Italian affiliate to the whole group, we do not consider the Recipharm affiliates as being competitive but rather complimentary. We try to work together to grow the overall business, avoiding any kind of competition.

Recipharm Milan has four manufacturing facilities, with capabilities for API production, parenterals and the lyophilisation of sterile beta-lactam antibiotics. Which markets are you supplying from these facilities?

Export makes up 95% of our business in Italy; the domestic market is very small. The Mitim and Edmond Pharma plants are both FDA approved, thus these two plants heavily export to the US. Further, we export a considerable amount to other countries in the EU as well as to Australia, South Africa and many more â?? to over 40 countries to be specific. We cover the entire pharmaceutical client portfolio â?? from big multinational companies to small and medium-sized businesses. Currently, we are proud to serve more than 80 customers.

What is your value proposition that attracts many of these clients?

What differentiates us from our competition is the level of services we provide to our clients. We do not want to compete on the level of price. What clients look for in Recipharm as a partner is quality, efficiency, capacity and reliability. The price is important of course but it is not the most crucial factor. Flexibility is key because clients routinely face market fluctuations and they expect us to be able to act and react accordingly.

Sometimes we have to make choices in supporting all our clients, even if this means outsourcing production to our affiliates. At the moment, we operate with full capacity in all plants that belong to the Recipharm umbrella in Italy â?? from Biologici to Mitim. However, operating at full capacity also means that we have to find ways to still be flexible for our clients.

How important is the â??Made in Italyâ?? stamp of quality for Recipharmâ??s success?

â??Made in Italyâ?? is very important because we have to be recognized as a leader in the CDMO world. Our results show that we are one of the best in Europe and if our quality and capacity increase, our leadership will equally rise. Thus, the Italian stamp is important for our success and our reputation on the international level. We try to promote our sector through the Italian Manufacturerâ??s Association, and we have to move beyond the Italian borders in this effort.

What are some of your most exciting projects on your agenda?

At this moment, we are making several investments in Italy. In Edmond Pharma we are preparing a new department for custom synthesis; in Biologici Italy we are looking to expand the Lio capacity resulting from increased customer demand; and in Brescia we are upgrading our filling line for which we will receive FDA inspection in May 2016 to increase our exports to the US.

What are the keys to overcoming the challenges in the Italian ecosystem?

In the near future, we will increase our manufacturing efficiencies and maintain the quality standards of our manufacturing facilities. Moreover, we place a great emphasis on flexibility. This is why Italian CDMOs in general have a great reputation around the world. We are very flexible in catering to the needs of our customers.

In addition, we are asking the government for less bureaucracy and a simplification of processes. I believe that progress for the local industry has been made in this regard through the Jobs Act in 2015, brought forward and supported by Luca Pani from AIFA and Beatrice Lorenzin, the Minister of Health.

What is your vision for Recipharm Italy for the next 5 years?

My vision is first of all to grow, to consolidate the culture of the four companies operating in the Recipharm Italy affiliate and to complete the integration in the Recipharm global group. The capacity increase of our Lio production is also high on my priority list due to a surge in demand, as is to seize all the opportunities that we can identify in the market. The mission of Recipharm is to become a leading CDMO globally.

Click here to read more articles and interviews from Italy, and to download the latest free pharma report on the country.

See more interviews