

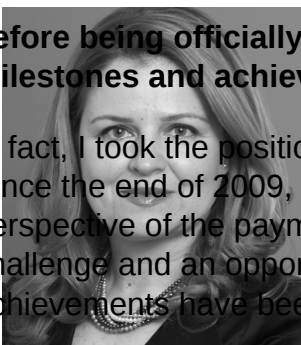
Interview with Alina Culcea, Managing Director, Actavis Romania

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I already took over the reins at Actavis as interim GM in late 2009, before being officially appointed a few months later in 2010. What have been the key milestones and achievements of Actavis in Romania since then?



In fact, I took the position as General Manager at the same time that the healthcare crisis started. Since the end of 2009, the situation on the Romanian market has worsened significantly from the perspective of the payment terms, the healthcare budget allocations, and so on. It was both a challenge and an opportunity for me and when I look back now, I can say that quite some achievements have been made. Of course there is always room for improvement.

As a milestone, my first mission after I started as GM was to make a balance between the oncology and non-oncology portfolios. As you may know, Actavis was known in the market as the most important player in generic oncology, but following the acquisition of Sindan in Romania, a non-oncology portfolio also became part of the company as early as 2006. My mission was thus to make our business less dependent on the oncology portfolio, which had to be achieved through a lot of new launches in the non-oncology field. Additionally, certain organizational changes were required to fit this new strategy. These were the 2 main important milestones achieved so far.

In terms of strategy, we could maybe even have done more. Actavis is namely not only a producer, but also a distributor. Looking back, it can be discussed whether being a niche distributor in a market with payment terms of 360 days is still a good strategy. When the market was paying very quickly and when Romania had national tender for oncology, it was a successful business model. When national tender disappeared in 2007-2008, the market decentralized and a lot of competitors entered the market. Our situation became much more tough, both for our own products as well as the products we were distributing. To be or not to be a distributor has been a pending decision, to which we have now finally arrived at a conclusion. We told ourselves that the most important thing is that Actavis is a producer in Romania with a strong focus on its own products. Distribution can support this business as much as possible, but is no longer regarded as a priority.

What are your priorities now for the time to come?

We would like to enhance the efficiency in our distribution operations, and adjust our strategy in a direction that puts our products as a priority.

To come back on the balance between oncology and non-oncology products? Do you feel this balance has been achieved?

The balance is almost there. We have managed to advance in the non-oncology field and increase this portfolio step-by-step every year. Now, in 2011, the 2 businesses are almost equal. Yet, as a field, oncology is still much more important in revenues as we still sell third party oncology medicines through our distribution channel in oncology, which impacts the revenues for that unit.

Still today, the name Actavis in Romania indeed remains strongly linked to the Sindan acquisition. The move definitely gave Actavis a stronger positioning within the CEE region. Can you elaborate on how important Romania is considered to be for Actavis today?

Being the sixth market for Actavis global, it shows that Romania is a very important market for the Group. This is in terms of revenue. In terms of cashflow, the subsidiary has become more of a point of concern for Actavis globally, due to the Romanian payment terms. From time to time, we draw on the support of the Group to settle certain cash-flow issues. This is not normal in a pharmaceutically developed market like Romania.

Yet, Romania is still being treated with the importance it has, due to the future potential this market carries. Being the 6th biggest market for Actavis is already quite an achievement for us.

For the August 2011 report published on Serbia, Focus Reports met Actavis's local country manager Miomir Nikolic, who was very pleased that Actavis had acquired the local Serbian company Zdravlje. The acquisition resulted in significant investment from the parent to upgrade facilities, laboratories, warehouses and staff training. We understand that you are mainly in charge of the commercial operations, but without going into technicalities can you tell us what has been done in terms of investments to get the Romanian Sindan facilities to state-of-the-art standards?

Being part of the Actavis Group, we have first of all capitalized on the Actavis brand name. This name is very well known, being the fourth biggest generic player on the global market. We have in Sindan Pharma a real piece of jewelry: a small factory with state of the art facilities. We hold certifications from the most prestigious international authorities in the field: FDA, MHRA, PMDA, ASKA and of course ANMDM from Romania. Without a doubt, the exports to more than 60 countries, allowed for based on these certifications, represent extraoxygen for us in the context of a market struggling with numerous burdens.

Additionally, to what extent does having production in-house in Romania benefit your commercial competitiveness in the market here?

It is a very important question that we have asked ourselves several times when doing our SWOT analysis. As a production facility we have already 20 years of experience on the market, since 1991, with no single quality problem being reported. This means a strong brand name on the Romanian market in the oncology field. The relationships that we have managed to build with our customers in this period of time are extremely important for our commercial operations.

Now of course a lot of government measures have put additional pressures on pricing. Prices seem to be the main thing that matters these days. Yet, we have been very reliable with our products, we have never had any quality problems and the physicians are very happy to prescribe Sindan Pharma, respectively Actavis, products. This means that we have a strong reputation on the market, which is definitely a key advantage commercially.

When Focus Reports met APMGR's Laurentiu Mihai, he pointed out that still today the public system is using most of the budget to purchase very expensive drugs. Therefore, a lot of people from the industry have come to believe that an important shift in Romanian public health policy is imminent. In your view, is Romania ready to increase the uptake of

generics?

Starting last year, the government has taken some 'shy' measures, for example when it put a reference price on the A and B reimbursement lists last year. Yet, oncology products in particular, which represent quite a significant share on the market, are part of the C2 list and still 100% reimbursed, regardless whether they are generic or innovative medicines. The fact that the government still reimburses both generic and innovative medicines in such a difficult market, means that the government is still not encouraging the use of generics.

As a generic company and through the Association (APMGR), we have been encouraging the government to include a reference price on the C2 list, as well. This will bring an increased benefit to patients in terms of access to oncology treatments: by using generic drugs, the system will manage to offer efficient treatment to more patients with the same amount of money.

It may however be that Romanian patients are sometimes still skeptical to the use of generic drugs. Do you feel that they are ready for this uptake?

I think so. If you look at the volume increase in generics prescriptions over the last couple of months, I believe that the market is more than prepared to absorb generics. I have not noticed that patients have something against generics. What is more probable however, is that physicians and pharmacists are still not yet sufficiently encouraged by the government. The prescription of generics is not incentivised. The more you put pressure on your healthcare system to encourage generic prescription, the more savings can be made for the budget. This is not happening right now. As long as this does not happen, we cannot expect physicians to do so. At the end of the day, it is not the patient deciding his or her treatment.

With 20 different Ministries of Health in roughly 20 years, the Romanian pharmaceutical landscape has also become far from predictable. How do you set your strategy in such context?

We have all learned that it is very difficult to make a long-term planning in such an unpredictable environment. While we still do so from a corporate perspective, we have become much more flexible and open to revising our plans every quarter. Quarterly analysis gives us a more realistic chance to look deeper into the market situation before committing to any specific figures.

Actavis already has one of the largest generic portfolios in the market, and it is clear that this portfolio is still growing. In the past year, we have seen Actavis launching some big new products, such as Docetaxel and Irprestan®. How successful have these launches been? What can we expect from 2011?

We are very pleased with these launches, and have been able to achieve what we had planned. Irprestan has only been launched very recently, so it is a bit too early to comment. Docetaxel however, which has been launched in October last year, has been one of the team achievements for the Romanian branch. Actavis's Docetaxel has become the generic market leader in Romania.

Generic companies have a tough game to compete in the market, as it is hard to differentiate yourself in the market. What does a successful marketing strategy look like at Actavis Romania?

This is very much related to our launch strategy. Actavis Romania has its own inhouse portfolio management team, and carefully selects the products it plans to launch. Of course, we are also very attentive to patent expiries and the time to market. If you are not among the first companies to launch a particular INN after patent expiry, it becomes very hard to be competitive.

What I have also realized is the importance of the pricing strategy. It is important to have a price that is affordable from the co-payment perspective, especially for the Romanian population. At the same time, it is also important to have the right commercial conditions for our partners, so that they are incentivised enough to distribute our products. These are the key elements to be successful on the market beside a very professional sales and marketing team. In terms of future launches, we are retaining our focus on the more established fields of oncology, CNS, cardiovascular and anti-infectives. Also, products coming in from outside these therapeutic areas are being carefully analyzed case by case.

Apart from targeting Romanian patients, the Romanian operations are also important in terms of exports. How do you see the role of exports in the future growth of the company?

We have diversified the number of countries we export to, ever since the acquisition of Sindan. We were present at that time in some of the Central and Eastern European markets as well as a limited number of Western European markets. Following the acquisition, we looked at expansion in other important markets such as the US, Japan, Australia, South Africa, and so on. Today, we export to nearly 60 countries, and are clearly an important player for Actavis in terms of exports.

We play an important role to sustain the oncology portfolio within the Actavis group, together with the factory in Italy that was acquired in 2007. Furthermore, the exports are an important source of revenue in times when we experience delayed cashflows due to the Romanian healthcare system.

The organization is more than business alone. It is also about people. As former HR manager, you obviously bring a lot of experience in this field. Can you tell us what makes Actavis a top employer in the first place?

I always try to ask myself this question, to make ourselves more known on the employment market and to make our existing people happier. The most important thing is the business itself, and the expertise you have on the particular market. This is very relevant for people looking for employment. Companies with a good reputation and a stable business are probably more appealing, which is why Actavis is generally an attractive company to work for. In particular in a "foggy" market situation like Romania, being an established company generates a certain sense of trust for new recruits.

Actavis has shown over the years that it is a very stable company with over 20 years of experience, regardless whether we were Sindan or Actavis. Being part of the MNC since 2006 was even more important for our local brand reputation, due to the fact that this created additional opportunities for the employees. Such opportunities can exist in relocation to other markets, specialization in new fields, and so on.

In previous press coverage you stressed the importance of good training strategies. According to you, what are the elements that a good training strategy must embrace?

Firstly, it is to identify the needs of the company and secondly to invest sufficiently in this area. Actavis is one of the fortunate companies in the pharma industry that managed to apply for some European funds. From a total investment of EUR 600,000, the contribution of the EU amounts to around EUR 400,000. This money is invested in a very complex training activity which relates to all of our employees, with the aim to increase their competences (both soft and technical) in each field of expertise. This program started in November 2010 and will finish mid 2012. Our employees are very happy to be part of this program as it is an intensive investment in their capabilities and competencies.

On a more personal note, how did you experience the transition from being in sales and marketing at an innovative pharmaceutical company, to being in HR and finally general

manager at a generic player?

It has been a fantastic experience, also when I was working for the innovator. I learned a lot of things over there. The generic industry is extremely dynamic and the everyday learning has also been very useful. If I can compare the two worlds, I would say that the innovator business is more procedural, while the generic environment is more dynamic and flexible. You therefore have to be very quick in taking decisions.

What is your final message on the commitment of Actavis to Romania?

It is very important for us to have a strong reputation on the market in terms of the quality of our products as well as our ethical image on the market. We will constantly strive to deliver good quality products to our patients, and will continue to be one of the companies that creates more access to treatments for Romanian patients.

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