

Riad Armanious CEO, EVA Pharma



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With over 100 years of pharmaceutical industry heritage behind it, EVA Pharma has expanded rapidly in recent years, with a CAGR of 24.39 percent over the last three years, propelling the firm to second place in the overall Egyptian pharma market. CEO Riad Armanious explains why EVA Pharma is intensifying its innovative footprint – its Mounir Armanious Research Center (MARC) is now the largest dedicated site for pharmaceutical development and services in the MENA region – outlines the exciting transformation underway within Egyptian healthcare, and talks about making EVA Pharma a pan-African pharma champion.

EVA Pharma has been expanding rapidly in the last few years; what guiding principles have you been leaning on to ensure that the company retains the right spirit during this period of change?

EVA Pharma group has seven clear values, all of which are centred around putting the customer/patient first. By staying within the guiderails of these values we can actually move with a lot of freedom in the knowledge of the lines we can and cannot cross.

In terms of investment and growth, being an independent company not beholden to shareholders means that we are less bureaucratic. Our board of directors is very efficient and has allowed us to make some big recent investments in facilities in Egypt and Saudi Arabia.

EVA Pharma's roots are as a branded generics company, but we have notably moved into innovative products in recent years, establishing an in-house R&D footprint with EVA Pharma

scientists now catalysing local collaborations with external researchers through collaborative grants. Today, the firm has established strong capabilities in fields like proteomics and genomics, and our central lab features a variety of tools that researchers may not have access to within universities. The idea is that we support these scientists through sharing expertise, but also infrastructure and financing.

How have you chosen the areas on which to focus this burgeoning research footprint?

Our research centre focuses on translational science in three areas: multiple drug resistant organisms (MDROs), which are a big problem in Africa and anywhere antibiotics are easy to get; oncology immunotherapy; and non-alcoholic fatty liver disease (NASH). Egypt and its neighbouring countries have a big population with NASH as obesity and diabetes is rampant in this part of the world. Given that Egypt prides itself on the work it has been able to do around Hepatitis C via the "100 Million Healthy Lives" initiative, NASH is a logical next target, as the complications from both diseases are similar.

How much more conducive is the Egyptian environment today to national champions like EVA Pharma being able to bring their own in-house innovations to market?

The whole mindset of the country has shifted and there are now many more opportunities for collaboration and development. An important component that was previously absent is the new clinical trial law, which was delayed until a few months ago. However, even before this law was enacted EVA Pharma was a leading participant in a consortium conducting a Phase I trial for a COVID vaccine, the first ever vaccine to be developed in Egypt.

Additionally, the 2019 formation of the Egyptian Drug Authority (EDA), which now regulates clinical trials, is significant. The EDA sets the rules for the conduct of clinical trials and has clarified the process of securing preclinical approval, thereby opening the path for innovative science to move from lab to patient.

Following the successful completion of the aforementioned Phase I trial of our COVID vaccine, we " along with the rest of the consortium " are now moving into a pivotal trial. Historically, clinical trials have had a negative stigma attached to them in Egypt and across Africa, but we are seeing a shift in attitudes, not least among our political leaders who acknowledge the need for in-country science and innovation.

What lessons are you taking away from this first clinical trial experience? Was the bar perhaps set a little lower for this product, given the health emergency that COVID represents?

Firstly, the bar was set quite high. After 18 months of pre-clinical trials, we started phase 1 of clinical trials in February 2022 and the product was compared to every vaccine already on the market.

Typically, in countries trying something new there is apprehension about whether we fully comprehend the magnitude of the task at hand. However, we have overcome all the hurdles in our path so far and are proud to be taking this vaccine through the clinical trial process.

Speaking frankly, the commercial case that this COVID vaccine represents is unclear. However, it opens a path for us to develop other vaccines, including for many of the diseases that afflict Africa but not the West. For these diseases we need local action, local regulations, and local processes. As a contrast to COVID, the Ebola virus – which predominantly affected African countries – was discovered 56 years before a vaccine was developed and Western companies only moved on the disease when three Americans contracted it.

Local detection, diagnosis, and discovery are also important weapons in our armoury, and our work on genomic sequencing goes some way to addressing this. We need to know what we are dealing with if the next big virus does not go global. Non-cellular mRNA is an interesting technology for us, which does not necessarily need huge economies of scale to develop.

These are risky, long-term bets of the kind our readers might not necessarily expect from an Egyptian company!

First off, it's a question of scale; EVA Pharma is now the largest Egyptian pharma company and the second biggest player in the entire local market.

Secondly, we now have a focused regulator in the EDA that is putting the right regulatory framework in place.

Thirdly, COVID-19 painted a very clear picture of the need to look further ahead. Generics are great, especially in developing nations, and especially for a top-quality manufacturer of branded generics like EVA Pharma. Our market ranking is testament to the trust that prescribers place in us. However, despite innovation being a higher-risk bet, the more scientific knowledge we can assimilate, the better the probability of success. This requires local collaborations – at least at first – to prove ourselves before later hopefully working internationally with larger actors.

Is it possible to make this leap to tap into innovative technologies in Egypt or will this only be possible through external (international) collaborations?

Eventually we will, but there is still a lot of good science to leverage in Egypt. Additionally, we are already a global organisation with a presence in 40 plus countries with a focus on local patients' needs. It is also important to note that innovation can take many forms. Incremental innovations, considering that diseases are not the same throughout the world and that patient needs differ according to local contexts, are vital for us.

Why is developing a pan-African company important to you?

Some people see Africa today as akin to China in the early 1980s, where a lot of opportunities were present, but it was not clear how to leverage them. At EVA Pharma, we are trying to be a pan-African company and, while we already have a presence in Western Europe and the Middle East, we see the biggest opportunity in Africa. This is a diverse and fragmented continent with many different ethnicities, religions, and indeed diseases that need solutions.

There is a lot of work to be done here and a lot of room for impact. We have significant manufacturing capabilities, with three big plants that can produce oral solids, injectables, beta-lactam

antibiotics, and soft gelatine capsules, as well as soon-to-be-concluded capabilities in vaccines, fill-finish, and active pharmaceutical ingredients (APIs). Our operational capabilities and the fact that many are concentrated within single sites not only reduce medicine costs, but also cut lead times in making them available in this part of the world.

How competitive is the Egyptian economy today and how accessible is the capital needed to take the company to the next level?

It is not cheap to take out loans in Egypt, but there are special loans for industry. Corporate loans, on average are paid back at 12.5 percent per annum, but industry is able to pay back at eight percent, lower than the rate of inflation. I feel that Egypt is the most competitive and capable environment in the entire African continent, meaning that we have a larger role to play and a lot of space to reach.

Could the fact that prices are kept very low in the Egyptian market hamper your internationalisation efforts across the African continent?

Some countries, especially in the GCC, reference country of origin price. However, that is not the case for most African countries, the EU countries to which we export, or for most regulated markets. Of course, having low domestic prices does pose a problem and if we were to export to a country like Saudi Arabia for example, we would need to seek out specific partners in the value chain that would be interested in carrying our products.

It should also be mentioned that prices are also very competitive in markets like India, and that has not stopped Indian companies from being successful internationally.

What kinds of players is EVA Pharma building alliances with today with the goal of increasing medicine access in your continent?

We are in discussions with various potential partners, including several Big Pharmas, as we try to step up our capabilities. This is especially relevant in our efforts to make biological solutions available for patients.

Manufacturing and access alliances will be crucial. Local players can have an important role in flexible pricing and financing negotiations, while international actors including logistics firms will be important for transporting biologics medicines via cold chain. Already, EVA Pharma has various global collaborations in place for manufacturing and increasing patient access to life-saving medicines for diabetes and other speciality medicines fulfilling the needs of patients in low- and middle-income countries.

Despite EVA Pharma's ambition to be a pan-African company, the continent's diversity and fragmentation surely necessitates prioritising certain markets, at least initially. What are the company's key African markets today?

We do have to choose our battles, but every patient is worthy. Initially, we can have the biggest impact on the countries with the largest populations – Nigeria, Ethiopia, and Egypt – but recent development around the creation of an African Medicines Agency (AMA) based in Rwanda should

help standardise regulations and allow for better access to more African markets.

Europe finds a lot of value in having the European Medicines Agency (EMA) and for a continent like Africa with a lower level of resources, this kind of organisation should be even more impactful. Currently, Africa's fragmentation makes it a tough case for global players to make life-saving medicines available in a timely manner.

Speaking about Egypt specifically, the general industry stakeholder sentiment seems to be very positive. However, history has shown that emerging markets like Egypt tend not to display linear performances. Given this, how confident are you that Egypt's positive momentum can continue?

Globally, we are living through tough times with COVID and now the war in Ukraine, which is having a big impact on energy prices as well as access to food in countries like Egypt. However, perhaps because of our successful handling of the pandemic, the general sentiment here remains positive and most people are confident that we will be able to ride out these tough times.

Universal health coverage has been discussed in Egypt since 2009, although it was delayed for over ten years following the revolution. This new law will be fantastic for patient access and is a noble cause given that Egypt is a lower-middle income country with a large population that is growing quickly. Nevertheless, we have to be realistic and acknowledge that the new law will have a negative impact on our margins and be a net negative on profits. That is the case in all markets that have a unified buyer, such as European countries like the UK and Germany.

What are your ambitions for the future of EVA Pharma?

By planning ahead, we hope to fare better in the future and ride out some of the challenges we are sure to face. For example, we have long been aware that universal health insurance was coming in Egypt, meaning that we would need bigger volume and a greater economy of scale. We therefore built facilities with this in mind, quality facilities able to handle bigger batch sizes with lean processes and good German engineering.

Because of this forward planning, EVA Pharma has fared better than some of its more hesitant competitors. Rather than a "wait and see" approach, we empower the fight for healthcare as a human right "together with our partners" which remains our guiding principle.

Do you have any final message you would like to share with PharmaBoardroom's international audience?

To conclude I would just like to say that EVA Pharma utilizes its global presence and its advanced technology in research and manufacturing capabilities to cater to the needs of local patients. Our long-term vision has led us to successfully invest in territories where global companies have not done enough.

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