Interview: Ricardo Spínola – CEO, Farmapiel, Mexico

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Ricardo Spínola, CEO at Farmapiel, explains his clear vision for the company and showcases the added value of Farmapiel's product offering for both patients and healthcare professionals.

Mr. Spínola you have more than 16 years of experience in top management positions for leading pharmaceutical companies and private hospitals. Nevertheless, in 2013 you acquired Farmapiel and since then you have been leading the operations of the company. What are the points that triggered you to start such an entrepreneurial journey?

Creating or having my own company was in my mind since I started my professional career; it was certainly a lifelong objective that I accomplished when the perfect opportunity came up. Thus, after a long career developed in different positions in leading companies I started to actively look for such business opportunity. It took me about eight years to finally acquire a company and, since the first contact, the acquisition process of Farmapiel took approximately three years and I became the owner in mid-2013.

Could you please introduce our international audience to the operations and accomplishments of Farmapiel since 2013?

Farmapiel was founded in 1992 and, before I acquired the company, had ten brands developed and manufactured in Europe that were imported to Mexico with strong commercial influence in the heart of the country. I have a very clear vision for the company and I rapidly identified that

Farmapiel had strong brands but under-distributed and underpromoted. Thus, my first assignment as CEO of the company was to enlarge the product portfolio and the geographical coverage of Farmapiel throughout the whole territory.

In this sense, I rapidly started to build up in-licensing partnerships with leading international dermatologic companies such as Sinclair pharma and Giuliani and develop our own-branded dermatologic products. In addition, I invited in June 2014 a private equity firm, EMX Capital, to support my vision to positioning Farmapiel as one of the top dermatology players in Mexico and Latin America; it was a capital injection of USD 30 million. My strategy was clear since the beginning and it has taken about three years to bring the company to what it is now.

Could you expand on Farmapiel's investments to advance towards such a vision?

We acquired a manufacturing plant from GSK in Querétaro and we totally remodeled it with top-notch equipment; it took us one year to have the plant fully finished and to get all the sanitary licenses, GMPs and other certificates ensuring that our plant is fully complying with the highest regulatory standards. In addition, such investment on our manufacturing capabilities positioned us as a reliable CMO for both national and international companies.

Furthermore, we also bought dermatologic brands from multinational companies and we invested in developing our own formulations. I am proud to confirm that Farmapiel has increased its portfolio from ten to more than 50 brands to date.

It has already been three years since EMX Capital acquired a part of your equity. Considering that the exit average time of a private equity in such investments is between three to five years, what is the future of EMX Capital in Farmapiel?

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As aforementioned, the role of EMX Capital has been crucial during such first stage of expansion. My objective is to eventually do an IPO in the future but Farmapiel needs a second round of investment before becoming public. Both Farmapiel and EMX Capital share the same vision to bring the company to the next level and generate value.

As you mentioned, Farmapiel has its own brand products, in-licensing agreements and CMO. What is your breakdown of revenues per business line?

We enjoy a very healthy mix of revenues between our different business lines that ensures the sustainable performance of Farmapiel. I expect a lot of growth coming from our CMO business line

since we are in the process of getting the FDA and EMA certification to start exporting our clients' products to both the US and Europe; we are looking to get such approvals by mid-2018.

What about your product portfolio vision?

We enjoy a very fresh dermatology products portfolio that brings the best quality to the physicians. Talking about therapeutic areas, even though Farmapiel has a strong footprint in melisma and acne, we have a very broad spectrum of healthcare solutions that target nearly all skin areas.

We have perceived a growing middle class and an ageing population in Mexico. Could you expand on how such trends have impacted your operations considering that it will increase the demand of your services as well as enhance the economic purchasing power of Mexicans?

It is certainly a trend that Mexicans take care more about themselves in comparison to what they used to do in the past; it obviously goes hand in hand with the development of the country. Thus, the dermatology industry has been growing faster than many other segments within the pharmaceutical sector and such trends have obviously positively impacted our business.

We have seen that a lot of dermatology companies are heavily investing in R&D activities to enlarge its product portfolio into other dermatology niches or to improve the efficacy of its current health solutions. What are your conclusions on that and how is Farmapiel continuously innovating to stay at the forefront of the industry?

We have different levels of innovation: product portfolio, patents registration, and raw materials.

Expanding on the first one, we are heavily investing in making available in Mexico the best dermatology solutions available in the global market through in-licensing agreements, acquisitions or our own formulations. In addition, Farmapiel has a mid-run project that consists in developing all the patent rights that it expects to launch in the next two years. Concreting on the third area of innovation, we are developing different technologies to have a broader spectrum of delivery formats for raw dermatologic materials.

In 2014 Farmapiel acquired a manufacturing facility in Querétaro and it heavily invested in deploying the best equipment to comply with the highest quality standards. Could you expand on the manufacturing capabilities of Farmapiel?

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We have three main manufacturing areas: semisolids, oral solids, and liquids. In addition, Farmapiel is also capable to manufacture and export dermo-cosmetic products since it has the GMP certification for such segment of solutions.

Do you have any future manufacturing investments planned to continue supporting your operations in the near future?

The future investments will be to expand our current manufacturing capacity rather that to build up a new plant. We currently have the capacity of manufacturing 15 million units annually but that could be easily expanded since we have more than 10,000 square meters of terrain. Thus, the future investments will be done in alignment with our production needs and our initiatives.

One of your main objectives as CEO of Farmapiel is to drive the internationalization of the company. Indeed, it was already in your vision to serve North America, Asia, and Latin America through your cutting-edge facility in Querétaro. Could you expand on the advancements in the internationalization process of Farmapiel?

We are currently mostly focused on Mexico but our internationalization process into the US, Latin America and Asia will start in the mid-term future. Concreting on Latin America, Farmapiel is already doing specific advancements in Chile and Central America countries such as Costa Rica.

What are the key objectives that you would like to achieve in the upcoming three years?

The main priority on my agenda is to consolidate the growth and the leadership of Farmapiel. Secondly, I aim to develop our CMO business line attracting new national and international players that want to enter the Mexican market as well as the rest of the continent; in this sense, we have just started to also act as a CDMO, offering product development activities for third parties. Finally, I want to develop my team of high quality professionals through continuous training in order to remain at the forefront of the industry.

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