Interview: Khalil Ben Ammar – Managing Director, Adwya, Tunisia



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23.10.2017

Tags: Tunisia, Adwya, Pharma, Generics, Strategy, Market Access

Khalil Ben Ammar, managing director of Adwya since 2016, has been responsible for stabilizing the finances and corporate atmosphere within the company. In this interview he elaborates on the company's leading position in the Tunisian market, its transformative environment and the exciting development plans aimed at Africa that Adwya is rolling out. He further explains how he wants to revisit and renew the current partnerships Adwya is involved in.

Mr. Ben Ammar, could you present yourself as well as Adwya's structure to our international readership?

I am a former banker and as such used to seeing companies through the prism of finance. This was a very conceptual world and I was longing to discover the operational aspect of things. When the opportunity presented itself, I could not refuse—in part in light of the importance of Adwya in the Tunisian economic landscape—the chance that was given to me and agreed to take over the role of managing director of Adwya. Transitioning from the conceptual to the operational side was incredibly challenging. My colleagues at Adwya have been formidably helpful in settling me in and helping me to adapt strategies and management style rapidly. In addition to stabilizing the financial situation of Adwya, I was in charge of stabilizing the social relations between the employees working for the company. The latter was more challenging for me, and much more important for Adwya. These corporate culture changes were laid out in preparation for the organizational transition we are currently undergoing.

Adwya is a pioneer in the Tunisian pharmaceutical industry and a leading player today. Tahar El Materi founded Adwya in 1984 in collaboration with Sanofi, and, for this reason, Adwya carries the genes of a licensing company. Over the past 28 years, we have shifted from our activity of licensed production to generics. Our activity now combines licensed production for some of the largest pharmaceutical companies in the world and the production of our own branded generics. Much of our credibility on the generics market was built up from our know-how in licensing. We are the seventh largest generic company and the first drug manufacturer in Tunisia.

As a consequence of our leadership position in licensing activities, entering the generic production was much more complex as if we had not been leading the licensing segment. Despite the attractiveness of the generic segment in Tunisia, Adwya's venture occurred belated compared to our competitors. Nonetheless we managed to break into the generics market rapidly and currently have a portfolio of 36 generics actively promoted on the Tunisian market and we intend to develop and launch more products in the near future.

In terms of structure, El Materi, the founder, still owns 40 percent of Adwya's capital. The government owns 35 percent of the capital while the rest is publicly traded on the market since 2007. In light of El Materi's previous experiences with companies operating in Europe and North America, we have set upon ourselves to adopt the strictest governance practices since the announcement that Adwya would become a publicly listed company. Having said that, our corporate culture remains quite similar to the one of a family company, which we first started out as.

What differentiates you from the intense competition in Tunisia?

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Firstly, Adwya is an experimented company. This experience has helped it gain credibility in the eyes of other players in the market as well as in the minds of the public. So far, we have not faced problems like other manufacturers have. However, competition is getting tougher and hence we must differentiate ourselves further. Our sales force of 100 people covers the whole country. Our longstanding ties with the medical community, and the quality of our products are the assets that help us stand out from the crowd. Having said that we need to continue our investment efforts to maintain this leadership position.

Adwya also can rely on its impressive strength in all departments. The employees are fully committed to the company's success, I believe this has largely contributed to Adwya's ability to overcome the challenges it faced during the Tunisian revolution in 2011. The workers defended the

production site themselves against looters.

We are currently in a transition phase to better adapt to the changing environment and avoid the pitfall of certain companies that were once very strong and disappeared as a result of their inability to adapt to the market changes. This strategic thinking should improve the way all the company's departments run and fit the needs of the environment today.

How are your revenues between the licensed production and the manufacturing of you own branded products distributed?

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Around 60 percent of Adwya's turnover comes from licensing agreements the remaining 40 percent stem from generics. Our positioning in the generics segment would have not been that strong if it had not been for the correlation law. This now abrogated law prevented the distribution of originators once a generic for the drugs was available on the market. These protectionist measures have largely contributed to the rapid development of the generics market in Tunisia including Adwya's activities in this regard.

Nonetheless, Tunisia has recently signed agreements with the World Trade Organization and therefore the correlation law is no longer applicable following the purpose of free competition. Thus, Adwya now faces the competition of both local generic companies and international originator companies. This has rendered the sector much more competitive than in the past, companies now battle for market share leveraging on price and our margins have consequently severely decreased. In addition, the devaluation of the Tunisian dinar has affected the activities of all licensing producers. The cost of imported raw materials is increasing but the tender prices remain at the same level, controlled by the authorities. In the wake of this situation we are now looking forward to implementing new strategies that will help us stay ahead of competition and create sustainable revenue streams.

What are Adwya's most successful products?

We have seven main therapeutic areas, which include OTC, urology, dermatology, gastrology, analgesics, cardiology and antibiotics. In fact, our antibiotic portfolio is amongst the strongest in the market. Indeed, we carry out the licensed production of Clamoxyl® and Augmentin® for GlaxoSmithKline the two major products in this therapeutic area and produce our own branded generic which come next in the ranking of antibiotics in the Tunisian market.

Additionally, we are looking forward to bringing ophthalmology to the portfolio of therapeutic areas covered by Adwya, and we also have a new line of inhalable products. We have invested around 16 million TDN (USD 6.6 million) in a new production plant and we are waiting for the Tunisian government to approve our marketing authorization applications before launching the production of the 20 different product lines our plant can produce. In any case, we will have to venture into markets abroad to maximize the return on investment of this plant.

Could you tell our readers about Adwya's export activities?

We are a 100 percent Tunisian company that exports products through partnerships with local distributors rather than through the medium of direct presence established with the help of a financial partner. We started exporting a few years after the revolution mainly towards Egypt, the Ivory Coast, Libya and countries in the Arab world such as Yemen. The revenue stream from exports is still small: in 2016, our export activities accounted for 60,000 € (USD 70,000) but we aim to have risen this number to 250,000 € (295,000 USD) by the end of 2017. However, with regards to our know-how in the pharmaceutical industry and numerous international partnerships, I reckon we should carry on with further plans to export our products.

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