Enrique Ordieres – President, Cinfa Group, Spain



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Enrique Ordieres, president of Cinfa Group, the leading Spanish generics company, highlights the importance of diversification and internationalization in the firm's growth strategy. He also explains the need to better value the generics market, which will, in turn, give rise to the long-term sustainability of the industry and open up great opportunities for Spain in a range of areas.

As the president of Cinfa Group, what are your top priorities?

Cinfa Group has a long history. We will be celebrating our 50th year in business next year; a great achievement. This is a very interesting time for the entire group and we are working hard to maintain our leadership in the Spanish generics market.

Nevertheless, we are a bit worried about the current situation, because the Spanish generics market has stagnated and not grown at a decent rate for quite some time. In fact, the penetration rate of generics in Spain is much lower than in other European nations. All the generics players now need to work together to show just how important the role of the sector is when it comes to establishing a sustainable healthcare ecosystem. We must drive this message home across the entire value chain towards key stakeholders – authorities, patients and medical professionals –, because generics are a must for the future of Spanish healthcare.

While not losing sight of our generics business, we are also developing other sectors within Cinfa Group. We have grown our orthopaedics brand since the 1970s and, in general, we see a lot of

potential in the consumer health business, because we are strong within the pharmacy business. Pharmacists, with their advice and knowledge, play a significant role in health care in Spain.

Cinfa Group’s global strategy is primarily split into two main areas: internationalization and diversification. These have been our keys to growth for the last three years and, having recently drawn up the strategic plan for the next five years, will continue to be our focus.

What is your goal for the diversification of the group?

Six to seven years ago, around 80 percent of our business was coming from generics in Spain. The country is divided up into 17 autonomous communities and each of them offers new opportunities for us and growth of our generics business, though at the same time we can also see the incredible potential of consumer health care inside and outside Spain, particularly in greater Europe. This is where we see our portfolio diversifying chiefly in the future.

Many generics players are using biosimilars as a form of diversification, but Cinfa Group decided to sell its biotech division to Mundipharma earlier this year. What was the reasoning behind this decision?

According to the plan, we developed and achieved EMA approval for a biosimilar therapy, learning a lot about the sector along the way. The next step was to seek out the best partners to commercialize the product. During this process, we considered that Mundipharma’s offer was the best option, as they already had three monoclonal antibodies on the market and aimed to commercialize Pelmeg through hospital channels in different European countries.

The company’s international sales have grown from 11 to 27 percent of total revenues in the last three years. What has been the strategy behind this success?

Cinfa Group has been working internationally for 15 years or more. Our original idea was to grow this business organically, though we found it incredibly challenging to be a player in markets where we were not well known.

So we have revised our international model in recent times. In the last three years, we have focused on the acquisition of companies that have most of their operations in other markets and

have made three purchases in the last year alone – one company in Italy, another in France and another one in Spain, this company has 70 percent of its sales in France. For us, it is not just about growing the business for the sake of it. What we are really looking for are acquisitions that are special for us and offer high-quality products. They must be pieces that fit in well within Cinfa Group puzzle.

What is your geographical focus internationally?

We have good results in Central America and the Middle East, though really we see our future in Europe. We feel that many countries on the continent have similar pharmacy systems to Spain and we can put these synergies to our advantage. There are also potentially more acquisitions that could fit into the style of Cinfa Group's business.

Are you using Cinfa Group name in these other markets?

No. Until now we have not used it, because it is hard to build a new brand in a different country. For example, in France we use the brand of the company we recently acquired. We must go step by step to grow our footprint and, really, Cinfa Group is thinking globally but acting locally.

You are the generics leader in Spain and, as you mentioned, the market here has stalled in recent years. What is the main challenge impacting the Spanish generics ecosystem?

First of all, we need the support of the government, not only at the central level but in each autonomous community. They must make important decisions to develop the generics market across the country and really value what we are doing. The Spanish generics industry, despite its difficulties, has saved Spain 20 billion EUR over the last 20 years and the governments need to see that the opportunity for us to save them even more exists. On top of that, 70 percent of all these generic drugs are manufactured in Spain, so all the generics players are bringing investments and offering Spaniards good jobs.

Do you feel the current conditions of the generics market are sustainable in the long term?

I hope so, though let me focus on Andalusia to show you what is happening. They have a tender system and many of the companies winning these tenders have no infrastructure in Spain. They are only here to make margins of cents. The government is obviously happy with the pricing, but they need to look beyond that and see that local generics players are offering more than just cheap drugs. The problem is many key stakeholders lack this long-term vision and are just looking at the short-term impact of spending on their next budget.

The legislation is also hurting the industry, as generics companies do not have the opportunity to differentiate themselves. Once a drug comes off patent, the originator and generic are priced equally, obviously making market penetration near impossible. In fact, if you look back 10 years, we were instantly achieving around 70 percent generics penetration when a drug came off patent. Now we are lucky if we reach 10 to 15 percent. This is extremely low compared to other European nations.

Do you see this low penetration as an opportunity for growth?

Of course, but again we must get better support from the authorities, autonomous communities and medical professionals. Patients must also receive real information about generics. The case of tenders in Andalusia has created a bad attitude towards generics. We must change this perception of the industry, especially as 7 out of 10 generics are produced in Spain.

What is your message to the key stakeholders about the need to better value the generics industry?

They need to look at the long term and think less about the need to save cents per drug. They must recognize the value of the generics market in bringing production facilities, investments and employment. We are creating an ecosystem for Spain and saving money for the payer in the meantime.

There are over 20 thousand pharmacies in Spain and many companies talk about the challenges this entails, yet the Cinfa Group has been successful in its company-to-pharmacy relationship. What is the recipe for your success?

Most people in Spain have a pharmacy within 200 meters of their home and the abundance of pharmacies in Spain is of great value to the healthcare system. The pharmacists' relationship with patients, in many cases on a personal level, means they are the first line of medical care. At Cinfa Group, we have built up our relationship with pharmacists over decades and they really believe in the work we do; offering patients high-quality and affordable therapies.

Cinfa Group is proud to be from Navarra. How important is the relationship between the company and the autonomous community?

Navarra is a small autonomous community with around 650 thousand inhabitants. Nevertheless, it is a region very much focused on health and innovation. We have excellent public and private healthcare systems, and the University of Navarra is a world-class university.

All this provides Cinfa Group with a great opportunity and we feel a great responsibility and are proud to offer quality jobs to the local community. In fact, we were recently recognized as the best company to work for in Navarra and believe this is partly to do with transparency in our relationship with employees.

What are your goals for 2019?

We want to continue being the top player in the generics market in Spain. At the same time, we hope that the key stakeholders open their minds a little bit more towards the generics industry and understand that we are more than just pharmaceutical companies; we are an opportunity for the country.

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