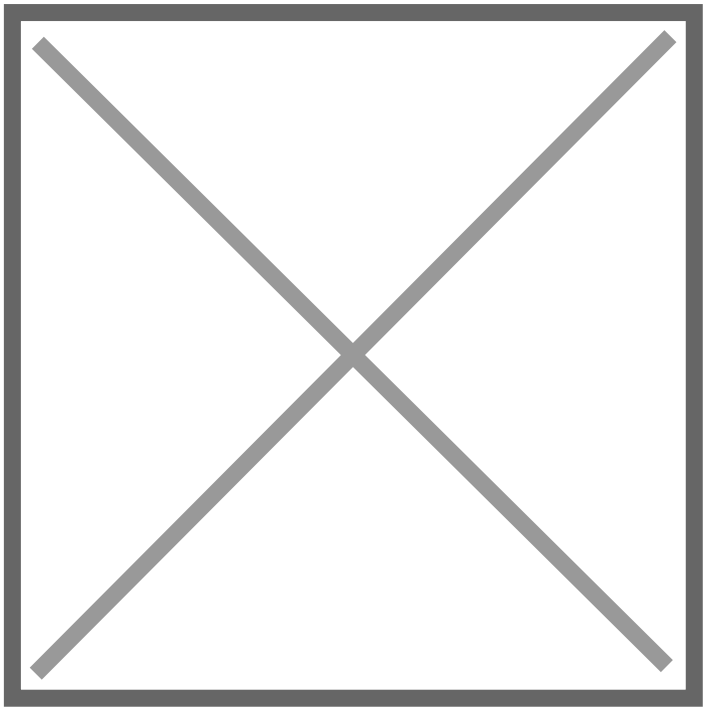
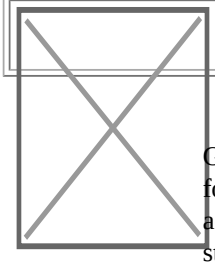
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'On an acquisition spree'

06 September 2012 | News





Bruno BÃ?Â¼rkel
head, molded glass division, Gerresheimer

Gerresheimer is a manufacturer of high-quality specialty products made of glass and plastic for the global pharma and healthcare industry. The company has a presence in 47 locations across Europe, North and South America and Asia. In April this year, it acquired majority stake in Neutral Glass, the Mumbai-based manufacturer of pharmaceutical primary packaging of glass. It has a modern molded glass plant in Kosamba, Gujarat in India.

Gerresheimer is on a spree to further expand across the BRIC nations with five plants in South America and seven in China. In an interview with *BioSpectrum*, Bruno Buerkel, head, molded glass division, Gerresheimer, talks about company's recent acquisition and plans to move ahead in the Asia Pacific region.

Q Tell us about the agreement with Neutral Glass.

BÃ?Â¼rkel: We have reached an agreement with Neutral Glass' former owners to acquire a majority shareholding in the company. The former owner family has retained a 30 percent stake and we have acquired 70 percent stake in the company. This is a strategically significant acquisition for us.

Q Why did you go for this acquisition in India?

The Indian pharma market is gaining international significance and it is growing at an impressive rate. Our acquisition of a majority shareholding in Neutral Glass will help us to strengthen our position in the emerging markets and to drive our growth in India.

We opened the door to the Indian market by a small crack when we set up our sales and service office in Mumbai in 2010. Now, our new Indian subsidiary with local production operations in this growth market opens it wide. India's 1.2 billion population and its fast-growing economy makes it one of the most interesting markets in the world. The Indian pharma market is expected to achieve annual growth rates of between 14 and 17 percent until 2015. Requirements of medications are also rocketing in India. The country's healthcare system is improving with time. Increasing prosperity is driving up demand. As a result of these developments, both Indian and global pharmaceuticals companies are manufacturing more and more of their products in India. And we have to ensure that we are present in our customers' markets.

Q Tell us about the company's other ventures, especially in the Asia Pacific.

Expanding our business in emerging markets is a core element of our growth strategy. Our business strategy for the emerging markets is to closely track and profit from growth market trends. We are expecting demand for pharmaceuticals to increase. One area in which expenditure will increase significantly over the next five years is generic drugs. Therefore, the focus will be on high quality primary packaging. As a supplier of high quality, primary packaging products made of glass and plastic, we are present where our customers are. This local presence is absolutely essential if we want to fully exploit the market potential and achieve profitable growth in these markets. We already have a strong position at many places around the globe-from Mumbai and Moscow to Peking and Sao Paolo. Further investments, into organic growth or by means of acquisition of companies, are part of our strategy.

Our acquisition of the Brazilian company Vedat in 2011 has enabled us to strengthen our position in the South American market for plastic primary packaging products. Vedat is the leading manufacturer of plastic closures. In conjunction with our existing plastic packaging production plants, we are now able to operate as a full-service partner to our South American customers.

We currently have a total of four plastic packaging production plants in Brazil and Argentina. We have also been operating a medical plastic system plant in the metro area of Sao Paolo since 2010, where we predominantly manufacture components for the insulin pen systems used by diabetics. Close to our customers, we produce exactly the solution which is needed for the safe and precise administration of insulin.

Q You have a strong presence in the BRIC nations. Which among these countries has the biggest market for you?

The BRIC countries are all characterized by high growth rates plus record foreign trade figures, investments and increasing employment rates. The future outlook is pretty impressive: Expenditure on pharmaceutical products in the emerging markets is expected to almost double by 2015. By this time, they will then have a larger market volume than the top eight established industrial nations together (USA , Canada, Japan and the five leading European markets).

A total of 3 billion people live in the BRIC countries, which is approximately 40 percent of the world population. With a greater number of people having access to a healthcare system, the potential number of patients increases and so does the demand for medical services and pharmaceuticals. China has the fastest growing pharmaceutical sector and market. However, there are also major growth forces at work in Brazil and a new economic age has dawned in India. In fact, India has one of the most rapidly expanding economies in the world.

Vipul Murarka