

After 15 years of practically uninterrupted external growth, Novacap group changed its name for Seqens. Pierre Luzeau, Seqens CEO, reviews the group achievements and talks about its aspirations. Seqens which now shares its offers between two activities - pharmaceutical synthesis and Specialty Ingredients - has exceeded the turnover of half a billion euros.

Interview by Sylvie Latieule



Development facilities in the Porcheville R&D center.

SEQENS IN FIGURES

Founded in **2003**

11 acquisitions since **2011**

3200 employees, including **300** in R&D

24 production sites, including **12** cGMP

3 R&D centres

1000 clients in over **80** countries

€1 billion turnover in 2018

50% of turnover in pharmaceuticals

50% of turnover in specialty ingredients

« Seqens has invested heavily to create a strong pharmaceutical business »

Formerly known as Novacap, last December, your group changed its name to Seqens. Why this change?

P.L. : There were two reasons for changing our name. Firstly, we wished to present to our clients a singular, cohesive group focused on two business sectors: pharmaceutical synthesis and specialty ingredients. We had been known and recognised as fifteen companies or so – and as many brands – which were highly visible in their respective markets. On the other hand, the full extent of our offering to our clients was not so visible. With one brand, Seqens, going forward we can address our clients with one voice. Secondly, we wished to unite our teams under a single banner. Each of the companies we had acquired had its own distinct history and culture. Yet it was important to put in place a corporate model centred around a common structure and shared values. This led us to adopt a new name, a strong tie binding our employees as one.



Pierre LUZEAU,
CEO of Seqens

Since it was founded, the Seqens group has been built upon numerous acquisitions. What was the common thread behind these?

P.L. : Since its foundation, the underlying strategic principle at Seqens has been to enrich its portfolio with activities contributing added value, resilience and growth, as well as having high barriers to entry, whether regulatory or technological. As of 2011, we made the choice to focus on two preferential markets: pharmaceuticals and specialty ingredients destined for other markets, such as cosmetics, electronics, environmental services, etc. Subsequently, we developed across three strategic axes. We sought to develop our product and process portfolio so as to expand our offer. Second was the geographical axis, the aim being to internationalise the group in order to support our clients wherever they are in the world. We now have an industrial presence in three geographical areas: Europe, Asia and North America. Lastly, the third axis was one of innovation, an area in which we continue to expand. Within our total workforce of 3200, approximately 300 of us are dedicated to the development of new products, new processes and new client services.

Has your penetration into the pharmaceutical market gained momentum with the acquisition of PCAS in 2017, and later PCI Synthesis in 2018?

P.L. : Over the past three years, we have invested heavily in order to substantially develop our pharmaceutical business activity, which represents half of the group's turnover. Seqens is a privileged partner of ten of the 20 leading laboratories worldwide. Thirteen of our 24 industrial sites throughout the world are compliant with cGMP (current Good Manufacturing Practice).

This acceleration is the result of a decision made together with Eurazeo, Mérieux Développement and Ardian when they became shareholders in 2016. It enabled us to establish a very strong CDMO offer based on the expertise of three companies – PCAS, Uetikon and PCI Synthesis – whose brands gave way to the Seqens CDMO Business Unit to cover our pharmaceutical synthesis activities. These encompass the development and manufacture of small molecules, both proprietary and on behalf of our clients, to which we have added R&D services. Our stable continuum of technology and our reputation for R&D count us among the world leaders in the sector, alongside Patheon, Amri, Lonza, Cambrex and Alcami.

THE NEW IDENTITY OF NOVACAP

«The name Seqens refers to our activities of synthesis and evokes the idea of sequencing, when we build our molecules and that we cross-reference our skills with each other and our technologies. In the industry pharmaceutical, Seqens supports its customers in development, industrialization and manufacture of substances drug products, from the preclinical phase to the marketing, and offers a wide range of portfolio of active ingredients and products owners. Seqens is also developing customized solutions and ingredients for the most demanding industries such as health, electronics, cosmetics, food and the environment».

Pierre Luzeau, CEO of Seqens

Why not mention your status as world leader in salicylic acid and aspirin, given that Novacap was considered as such?

P.L. : The production and commercialisation of generics and pharmaceutical intermediates remain central to Seqens. After all, we have strong positions in these markets that we have consolidated further over the last few years. These activities are unified under the Essential Drug Substances Business Unit, comprising Novacyl SAS and our companies in China.

Recent years have therefore been particularly marked by acquisitions. Might this indicate a belief that the group has reached critical mass?

P.L. : With a turnover of €1 billion in 2018, Seqens is now of similar size to its major competitors. This is very much the case in the pharmaceutical synthesis sector. We prioritise organic growth, investing between €80 million and €90 million annually.

It is true that the CDMO market – estimated at over \$100 billion – is far from being consolidated, but our size is already comparable to that of the market leaders.

Whereas we have not taken future acquisitions off the table altogether, they would have to be targeted and present an opportunity to supplement our offer in technology.

We believe we can implement our growth strategy without further acquisitions, on account of the great number of projects in development for our clients.

SEQENS ACQUISITIONS/ SHAREHOLDINGS

Rhodia assets (2003)
Novacyl (2011)
Yangzi Pharmaceutical Chemical (2013)
Puyuan (2014)
CU Chimie Uetikon (2015)
Alganelle (2016)
PCAS (2017)
ID-Bio (2017)
H2B (2017)
Chemoxy International (2017)
Harmonic Pharma (2017)
PCI Synthesis (2018)



Clean room production in Turku, Finland.

I have already mentioned our considerable workforce and resources in R&D spread across three centres, two in France and one in the United States. The largest of these is Porcheville in Yvelines, our main centre for pharmaceutical synthesis and specialty ingredients. Nîmes specialises in industrial biotechnology, biocatalysis and cleantech. Devens (MA), close to Boston, is our centre for API development in the United States.

Is it not a risk to bet on the chemical synthesis of active pharmaceutical ingredients, faced with increasing talk in medical research circles of developing “large” biotech molecules, such as proteins and monoclonal antibodies?

P.L. : While we do keep track of molecules under development and those arriving to market, half of these molecules are still manufactured using chemical synthesis, and the other half originate from biotech. Our substantial pipeline of chemical synthesis projects reflects the depth of our future portfolio.

We have around sixty programmes, at different stages of clinical development, and are helping dozens of start-ups and emerging companies to develop new therapies. Added to that are 13 proprietary APIs in development and approximately 150 products – key active ingredients on the market found in several hundred medicines.

Every day, tens of millions of people all around the world consume the group’s active molecules. Over the next three years, we plan to concentrate our investments on existing sites to increase production capacity by means of specific technologies, in order to respond to the needs of our clients.

Nonetheless, in the long term, are you likely to take up a position in biotech molecule manufacturing? In line with increasing market consolidation, leaders will emerge who represent such a twofold offer – the manufacture of small and large molecules. Seqens has no plans to pursue such an avenue. Right now, we stand among the leaders in pharmaceutical synthesis and intend to focus our efforts on growing this area of our business.

You often place an emphasis on technology. Where does it fit in to your strategy?

P.L. : This is indeed a core component of our strategy. We have succeeded in building a highly extensive and competitive portfolio of technology, resulting in a unique and distinctive offer.

Our ethos is to design, develop and produce all of the complex molecules desired by our clients, in a manner that is both competitive and robust. In this sense, I’m a strong believer in the cross-fertilisation of technologies as a means to discover new solutions.

Among the most innovative is biocatalysis, which can significantly enhance the efficiency and productivity of a process thanks to smart bacteria. Owing to the expertise of Protéus by Seqens in Nîmes, we are already a world leader in this field.

The production of molecules using microalgae can likewise be considered a solution of the future; hence our backing of Alganelle, an inspiring biotech company specialising in microalgae engineering.

The pharmaceutical sector lies at the heart of your strategy. What about cosmetics, seeing as you acquired the botanical ingredients manufacturer ID-Bio in 2017?

P.L. : Cosmetics represents around €40 million in turnover for Seqens. Our offer is currently well established because we have considerably strengthened our product portfolio, equally in terms of functional care and active ingredients. We have maintained a strong position in fine chemistry, botanical services and biotechnology.

ID-Bio forms a part of this whole, and our ambition is to swiftly develop a portfolio of which essential features shall be natural products and the use of botanical resources and ingredients. Furthermore, we will be presenting two disruptive innovations at the upcoming InCosmetics event in April, due to be held in Paris.

The years 2019 and 2020 will represent an important period in cosmetics for Seqens, with the launch of several major products in each of our three business lines.

NOUVEAU

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Also featured on your list of recent acquisitions is Chemoxy, which has two toll manufacturing sites for specialties in the United Kingdom. Are you concerned about the prospect of Brexit?

P.L. : Chemoxy International Ltd is a fantastic company specialising in custom processing. At present, the Seqens Custom Specialties Business Unit operates two manufacturing sites, in Birmingham and Billingham. Our products are toll manufactured for clients in the United Kingdom, Europe and Asia. These are high added-value products for which we are grateful to have loyal and longstanding clients. Of course, we are preparing for the consequences of Brexit, but for us this is essentially a matter of ensuring the correct administrative and logistical management. For companies such as ours, the consequences will be limited.

Finally, the digital transition and CSR are recurring themes in the chemical industry. What is your perspective on these subjects?

P.L. : I'll start with digital transformation. In my opinion, it is simply a logical continuation of the merger of an innovative industry with modern digital solutions.



The Lahr site in Germany is a legacy of Uetikon.



Seqens occurs in Wuxi, China, in compliance with cGMP.

Digitisation is ultimately a continuation, rather than a severance – an approach that was slow yesterday, but has now built a head of steam through the unprecedented availability of solutions.

It would be inconceivable for a group such as Seqens not to fully get on board with digitisation. That is the reason why we created a digitisation department within our Information Systems for Business Division. The objective is to integrate digital solutions, with a particular focus on our plants – in terms of production, quality management and maintenance – on R&D and on training solutions. Digitisation opens up all manner of possibilities in an industry that requires ever more complex solutions.

And on CSR?

P.L. : An entire interview would need to be dedicated to this subject, which is of huge importance. Our first initiatives date back more than ten years and opened our eyes in a number of ways.

As well as committing to a CSR initiative, we started by subscribing to Responsible Care and the Global Compact, before expanding our approach to sustainable development. More recently, we have adhered to movements such as the French Business Climate Pledge to address climate change, together with 89 French companies. We are fervently committed at every level. It is in our company's DNA.