

CDMOs – How to Breakthrough the \$1bn Level

The Data

Many of the mid-tier CDMOs are owned by private equity or families. After around \$1.2bn revenue mark, public ownership is the norm. For small and mid-tier companies, what does it take to break through to this level? We outline some of the factors to consider in building a resilient and scalable network.

Company Name	Estimated Revenue \$mn	Ownership
Lonza Group	6,500	Public (SIX: LONN)
Thermo Fisher Scientific (CDMO arr)	6,000	Public (NYSE: TMO)
Catalent	4,100	Public (NYSE: CTLT)
Samsung Biologics	2,300	Public (KRX: 207940)
WuXi Biologics	1,900	Public (HKEX: 2269)
Siegfried	1,400	Public (SIX: SFZN)
Recipharm	1,300	Private - EQT Partners
Fujifilm Diosynth Biotechnologies	1,200	Subsidiary of Fujifilm Holdings
Boehringer Ingelheim BioXcellence	1,100	Private (family-owned)
Delpharm	1,100	Private
MilliporeSigma (Merck KGaA)	1,000	Public (FWB: MRK)
Corden	1,000	Private - Astorg
Aenova	900	Private - Kuehn Group
Almac Group	900	Private
PCI Pharma Services	850	Private KKR-backed
FIS	850	Private - Bain Capital
Evonik Health Care	800	Public (FWB: EVK)
Cambrex	750	Private - Permira
Ajinomoto Bio-Pharma Services	700	Subsidiary of Ajinomoto Co.
Jubilant Biosys	600	Public (NSE: JUBLPHARMA)
AMRI (Albany Molecular)	550	Private - Carlyle & GTCR
Fareva	500	Private
Piramal Pharma Solutions	450	Public NSE: PPLPHARMA
Axplora	320	Private
Sterling Pharma Services	300	Private - GHO & Partners Group

Source : Annual Reports where available. Data from 2023-2024.

Revenues are from latest report available, which may be 2022/3 or 2023/4.

Understand What Your Clients Actually Value

Clients use CDMOs for a range of reasons. Lower cost, faster development time, faster delivery time, as a back-up. For each contract and each customer, it is worth understanding the real reason and where you fit into the client's overall network strategy. While cost is always a factor, your availability in the case of a fast-tracked molecule will be more important than cost. Or you might have a short cycle time which is suited to a client molecule with a highly volatile demand profile.

Provide an End-to-End Offering

Clients want increased speed but with reliability. Providing an in-house end-to-end offering, from API / Drug Substance to fill finish is seen as a way of delivering this. However, this is not always possible so, if you are working with a partner, make sure there is clear accountability,

and you present to the client as a unified voice. Strong analytical capability is a necessary component of your offering.

Manage Your Plants as a Network

To produce revenues of \$1bn plus, it is likely you will manage a network of ten or more plants. As regionalisation grows, this puts more of a premium on self-contained regional plants. It is important to know which plants require high flexibility, with higher costs and more spare capacity, and which plants or lines should be run flat-out.

A.I. and Industry 4.0 Should Support Business Development

Investments in AI and Industry 4.0 should be geared towards improving your selling and not just cost efficiency. A Digital Twin of the business should provide business development executives with up to date information on available capacity and capabilities; and to the customer, real time or near real time update on the production of their molecules. This provides the necessary sense of reliability and responsiveness.

Strong Sales and Operations Planning Process

As size and complexity grows, you need to have a robust S&OP planning process that can quickly replan. We are seeing increased variability due to geopolitical and climate factors; and there is an underlying business trend to faster cycle times. So, knowing the level of profitability of each of your contracts is crucial.

These factors all come together at the point of making a sale. Your BD team knows what capacity is available, what the client is looking for; and can model out the likely development of the molecule or contract.

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