



## HUVEPHARMA – A Pioneering Outlook

**H**uvepharma, a global leader specializing in livestock animal health, launched a joint venture in November dedicated to the large-scale production of plant-based Omega 3. While output will principally be targeted for use in livestock nutrition, the new range of algal oils from Huve Nutraceuticals JV will also be suitable for use in food for pets and people alike. It is a major step forward in the trend for the substitution of plant-based oils for the fish equivalents traditionally used in the production of the Omega 3 fatty acids that are considered so essential to the health of both animals and people.

When production starts at Huvepharma's new fermentation plant in the southern Bulgarian town of Peshtera, the manufacturing process will eliminate the health risks associated with the heavy metals, nanoplastics and other toxins found in the fish oils commonly used in Omega 3 extraction. In a concerted effort to reduce the environmental impact of the production process itself, a significant proportion of the energy used to manufacture these algal oils will be generated from waste and renewable sources.

With demand for plant-derived marine oils on an exponential growth curve, it is a win-win initiative, as Kiril Domuschiev, president of Huvepharma, explains: "You need to catch millions of tons of fish to meet demand for Omega 3, so the environmental advantage of using algal oils is self-evident. It is also healthier as these don't contain the heavy metals like mercury or nano plastics that are endemic in fish, now that our oceans are so polluted."



**Kiril Domuschiev**  
President of Huvepharma

**KIRIL DOMUSCHIEV'S DRIVE IS AN EXAMPLE OF A MODERN BUSINESSMAN DETERMINED TO LEAVE A POSITIVE LEGACY. HE IS INTERESTED NOT ONLY IN OPERATING A PROFITABLE BUSINESS BUT ALSO IN REINVESTING EARNINGS INTO BETTER, MORE MODERN TECHNOLOGIES TO IMPROVE PRODUCTION METHODS. THESE INVESTMENTS WILL ALSO PROMOTE A HEALTHIER AND MORE SUSTAINABLE ENVIRONMENT, BENEFITTING EMPLOYEES AND LOCAL RESIDENTS ALIKE.**

Huvepharma's move into sustainable algal oil production is just the latest in a long line of farsighted projects that Kiril Domuschiev and his brother Georgi have initiated in the livestock health sector since 2000, when they bought a 54% stake in the partially state-owned animal health firm Biovet. The manufacturing subsidiary is still in operation, although the company was renamed Huvepharma five years later (the "Hu" stands for human and the "ve" for veterinary). Through a combination of organic growth and acquisition, it has grown into a truly global operation, with 11 plants in four countries, revenues of more than \$672 million and a 2020 EBITDA of \$191 million.

Although he is proud of his Bulgarian roots, Domuschiev's perspective is resolutely international. "We are operating in a global market," he says. "Not only do we sell our products in more than 100 countries, but our facilities are spread widely as well. We have two production sites in France, a chemical synthesis plant in Italy, three production facilities for biotechnology and vaccines in Bulgaria, and six sites in the U.S. for vaccines and veterinary medicines."

This geographical diversification partly explains why Huvepharma has joined the select band of companies whose financial performance improved during the COVID 19 pandemic, with year-on-year revenue increasing by 11.2% during the first quarter of 2021. All segments enjoyed growth, and the sale of feed additive products was boosted by the U.S. and European launches of drugs specifically designed to control the coccidiosis

intestinal tract infection. At the same time, revenue generated from sales to the rest of the world also increased by over 30% as customers turned from companies in Asia to Huvepharma, as it came to be viewed as a more reliable supplier during the pandemic.

But there is more to Huvepharma's success than that. "We are very focused on livestock as opposed to the companion animal [pet] segment," says Domuschiev. "One of our great competitive advantages is that we have assembled a series of very talented teams who give us dedicated in-house expertise at every stage of the manufacturing process, from R&D and test production to industrial upscaling and registration. On top of that, our sales, marketing, and customer service departments work very closely with our technical staff, and this means that we can guarantee the supply of quality products around the world, from Western Europe to the U.S., Taiwan and China."

Huvepharma operates predominantly in the subsector of the overall livestock industry that includes poultry, swine, cattle, sheep and aqua, which, according to the specialist research company Vetnosis, is growing at a CAGR of 6%. This is making the recruitment and retention of top-quality staff a fiercely competitive endeavor and one in which Huvepharma is excelling.

"We are always looking to offer our people competitive remuneration packages, but that is only half the equation," says Domuschiev. "We are also continually striving to give them the appropriate training and education, as well as attractive incentive schemes. On top of that, they can see that we regularly reinvest our profits back into the company through our intensive annual investment program. Working in a company that is growing and developing and where you can see the results of your work is motivational. And that motivation is very important."

Huvepharma's employees have had plenty to motivate them recently, most notably the new fermentation plant in Peshtera where Huve Nutraceuticals operations will be based. Operational since September 2019, the new plant has a total fermentation capacity of 3,500 cubic meters, which increased the company's production capacity by 30% and enabled it to ferment its entire current product portfolio in one place. Over the past few years,



**"IN ADDITION TO OUR R&D AND PRODUCTION OF PHARMACEUTICAL PRODUCTS, WE ARE USED TO WORKING WITH LIVING ORGANISMS. WE TAKE FUNGI, YEASTS, AND OTHER STRAINS TO PRODUCE ACTIVE SUBSTANCES THROUGH BIOTECHNOLOGY. THIS FERMENTATION TECHNOLOGY IS THE NATURAL WAY OF PRODUCING PHARMACEUTICALS, AS OPPOSED TO CHEMICAL INDUSTRIAL PRODUCTION."**



**THE PRODUCTION SITES OF HUVEPHARMA ARE AMONG THE BIGGEST FERMENTATION SITES IN THE EUROPEAN UNION THAT USE BIOTECHNOLOGY IN THE PRODUCTION PROCESS -- AND ALL IN ACCORDANCE WITH EU RULES AND REGULATIONS. THESE FACILITIES ARE KEY ASSETS OF HUVEPHARMA, HELPING MAKE IT ONE OF THE BIGGEST GLOBAL SUPPLIERS OF LIVESTOCK ANIMAL HEALTH PRODUCTS.**

it has invested \$170 million in its European production facilities, all of which have been approved by the EU's regulatory authorities. "We operate under European GMP guidelines and have FDA approval, which makes us an attractive and internationally competitive production partner," says Domuschiev. Because its products form part of the food chain, Huvepharma is committed to following GMP (Good Manufacturing Practice) and HACCP (Hazard Analysis Critical Control Points) principles to ensure the delivery of safe and effective products to its customers.

The company's commitment to environmental protection and increased sustainability is also a source of motivation for the staff at Huvepharma, who take great pride in being part of a company that takes environmental issues seriously. Its modern incinerator plants use the waste and biomass to generate energy, which is used for production processes in the company's fermentation plants. Meanwhile, wastewater treatment and exhaust air filtration installations are also integrated into the company's manufacturing facilities. As energy is essential to keeping production ongoing, the current co-generation plants guarantee an unbroken supply of energy and steam. In order to utilize natural energy sources, solar power installations with a total capacity of 25 megawatts are in use. Additional solar plants with a capacity of 300 megawatts are under construction and scheduled to be operational in 2030, which will make Huvepharma completely self-reliant in terms of energy use. Upon completion, operational efficiency will make the company's production carbon neutral.

Domuschiev's efforts to ensure that the company will always have enough energy to operate go back years, pre-dating the current supply crisis that threatens to push the cost of power up steeply this year. In this context, his policy seems not only prudent but positively inspired. "We intend to build a series of solar power installations with a combined capacity of 300 MW," he says. "Our strict ESG [environmental, social and governance] policy and the current high electricity prices make this a financial obligation, and it is one of our most important investments for the near future."

Huvepharma is more than ready for future challenges and opportunities.