



Investor Presentation Q4FY19

22-05-2019

Disclaimer



Except for the historical information contained herein, statements in this presentation and the subsequent discussions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, our ability to obtain regulatory approvals, technological changes, fluctuation in earnings, foreign exchange rates, our ability to manage international operations and exports, our exposure to market risks as well as other risks. Cipla Limited does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

Information relating to any medical products or medical devices contained herein is provided by Cipla for general information purposes only. Information on any of the medical products or medical devices may vary from country-to-country. A reference to a medical product or a medical device does not imply that such medical product or medical device is available in your country. The commercial availability of the medical products or medical devices listed herein in your country is dependent on the validity and status of existing patents and/or marketing authorizations related to each. An independent enquiry regarding the availability of each medical products or medical device should be made for each individual country

The product information contained herein is not intended to provide complete medical information, and is not intended to be used as an alternative to consulting with qualified doctors or health care professionals.

Nothing contained herein should be construed as giving of advice or the making of a recommendation and it should not be relied on as the basis for any decision or action. It is important to only rely on the advice of a health care professional

Key highlights:

1 Expansion in EBITDA margins

22.1%
(Q4 EBITDA)

75%
Q4 EBITDA¹ YoY Growth

19.4%
(FY19 EBITDA)

12%
FY19 EBITDA¹ YoY Growth

2 Continued growth across branded markets

India

11%
(Q4 YoY Growth)

11.2%
As per IQVIA MAT Mar'19

South Africa

12%
FY19 Private Market YoY Growth (ZAR)

10.4%
As per IQVIA MAT Mar'19

3x
Vs market growth

3 Strong growth in the US business

41%
Q4 YoY Growth

18%
FY19 YoY Growth

Ramp-up in new launches and contribution from Cinacalcet

4 Quality and Compliance

- EIR received for the Jan'19 US FDA inspection at Goa plant
- Response submitted for the inspection at Kurkumbh
- Indore post-approval inspection from May 13 to May 17 ended with zero observations

5 Pipeline Progress

- Q4 R&D at 7.1% to sales; Respiratory trials well on-track; 2 respiratory filings targeted in FY20
- Continued focus on limited competition opportunities through targeted R&D investments; 20 assets filed in FY19

1. Without the impact of exceptional items in FY18

FY19: Significant progress across our key priorities



| | | |
|---------------------|---|--|
| US | FY19 Growth +18% | <ul style="list-style-type: none">• Launch and ramp-up of differentiated products (gPulmicort, gVoltaren, gsuprel,gSensipar) |
| India | FY19 Growth +7% | <ul style="list-style-type: none">• Strong execution supported by prescription generation and market beating growth across key therapies; in-licensed products ramping up• In Chronic therapies (as per IQVIA), became the 2nd biggest player in India during the year |
| South Africa | FY19 Pvt Growth +12% <i>ZAR Terms</i> | <ul style="list-style-type: none">• Strong private market performance continues; 12% YoY primary growth• Expanded product offering in the fast growing OTC market with Mirren acquisition |
| Specialty | Total 4 assets in pipeline | <ul style="list-style-type: none">• 3 new assets added to the Specialty pipeline during the year in the areas of CNS, Respiratory and Institutional business<ul style="list-style-type: none">• CTP-254 (CNS): In-licensed from Concert• Pulmazole (Respiratory): Partnership with Pulmatrix• IV Tramadol (Pain Management): Proposed acquisition of Avenue Therapeutics |
| R&D | 7.4% of Revenue | Initiation of gAdvair trials on track; 20 new ANDAs filed during the year including 2 in-licensed assets |

Building a sustainable Specialty business: Inhaled itraconazole

Marks Cipla's entry into Specialty Respiratory segment



Respiratory Specialty



Pulmazole – Inhaled Itraconazole

Cipla¹ enters into a worldwide co-development and commercialization agreement of Pulmazole (PUR1900) – an inhaled iSPERSE™ formulation of the anti-fungal drug itraconazole for the treatment of **ABPA² in patients with asthma**

Transaction Structure

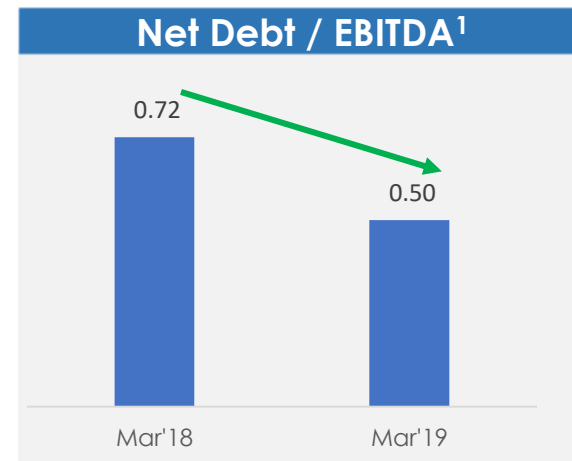
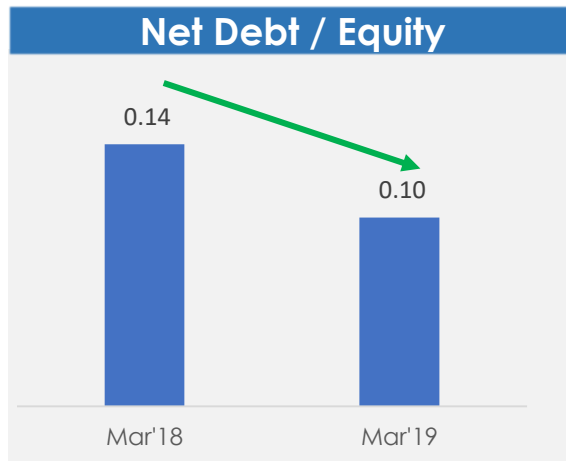
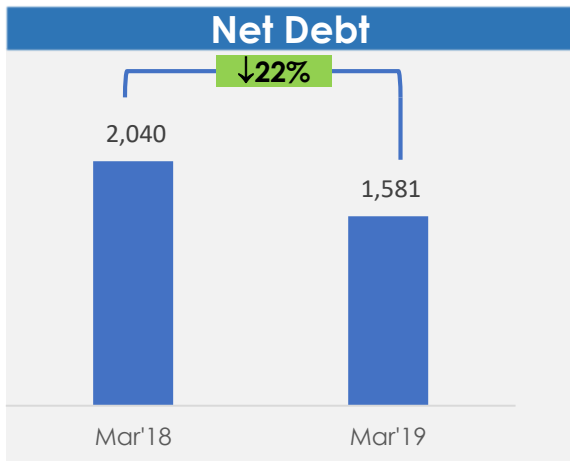
- \$22mn upfront payment for assignment of all rights for Pulmazole in relation to pulmonary indications
- Both parties will equally share costs related to the future development and commercialization and equally share worldwide free cash flow from future sales of Pulmazole
- Pulmatrix will remain primarily responsible for the execution of the clinical development and Cipla¹ will be responsible for the commercialization of the product.

Formulation addresses clinically unmet patient need

- ABPA² is a unique condition found among asthmatic patients with hypersensitive immune reaction to aspergillus - a condition that possibly impacts over 2 million patients worldwide but has no labelled drug
- Existing oral itraconazole also presents multiple clinically significant and tangible challenges:
 - Unpredictable bioavailability: efficacy unpredictability
 - Impact on steroid metabolism and need to monitor for their side effects
 - Compliance challenges: twice daily dosing in an already polytherapy disease and gastric side effects

1. Cipla Technologies LLC, a subsidiary of Cipla Limited 2. Allergic bronchopulmonary aspergillosis

Continued focus on maintaining balance sheet health with strong cash flow generation



Capex optimization through a structured approach leading to improvement in cash flow generation

Focused **management of inventory** driving strong working capital efficiencies

1. EBITDA for respective Trailing Twelve Months (TTM) of the period | FY18 EBITDA excluding exceptional items

Financial Performance – Q4FY19

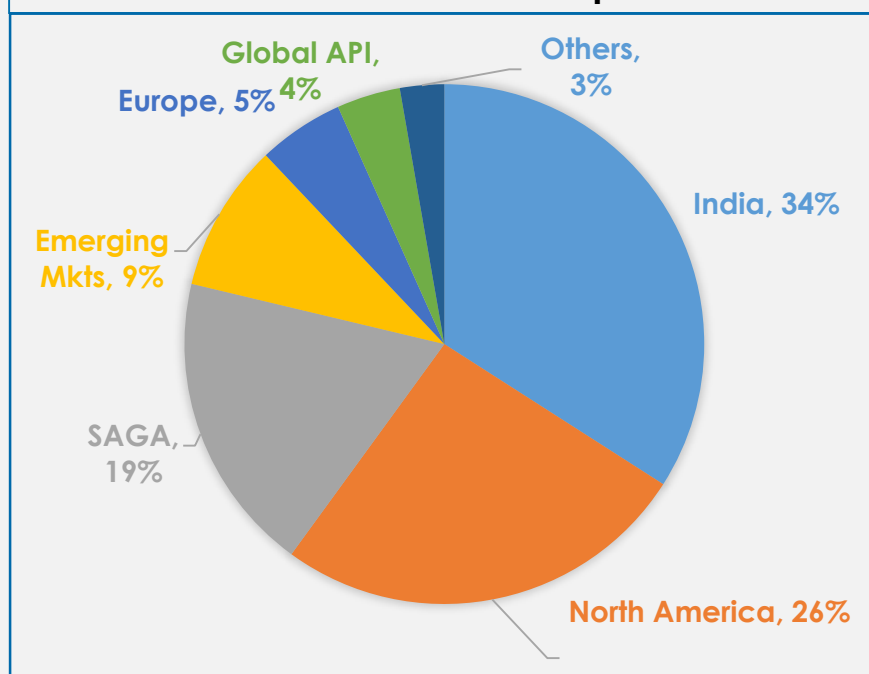
Revenues INR 4,404 Cr ↑ 19%

EBITDA ~22.1% to sales ↑ ~700bps

Q4 FY19 (Consolidated)

| | Actuals (Rs Cr) | vs Q4 FY 18 |
|--------------------------------------|--------------------|-------------|
| Total Revenue from Operations | 4,404 | 19% |
| a) Domestic Sales | 1,538 | 11% |
| b) Int'l Sales | 2,732 | 30% |
| c) Other Operating Income | 133 | -34% |
| EBITDA ² | 972 | 75% |
| EBITDA % | 22.1% | |
| PAT | 367 | 106% |
| PAT % | 8.3% | |

Revenue¹ Break-up



¹ Others: Includes CNV business, Vet and others; SAGA includes South Africa, Sub-Saharan Africa and Cipla Global Access; Percentages have been rounded-off

² Without the impact of exceptional items in FY18

Financial Performance – FY19

Revenues

INR 16,362 Cr ▲ 8%

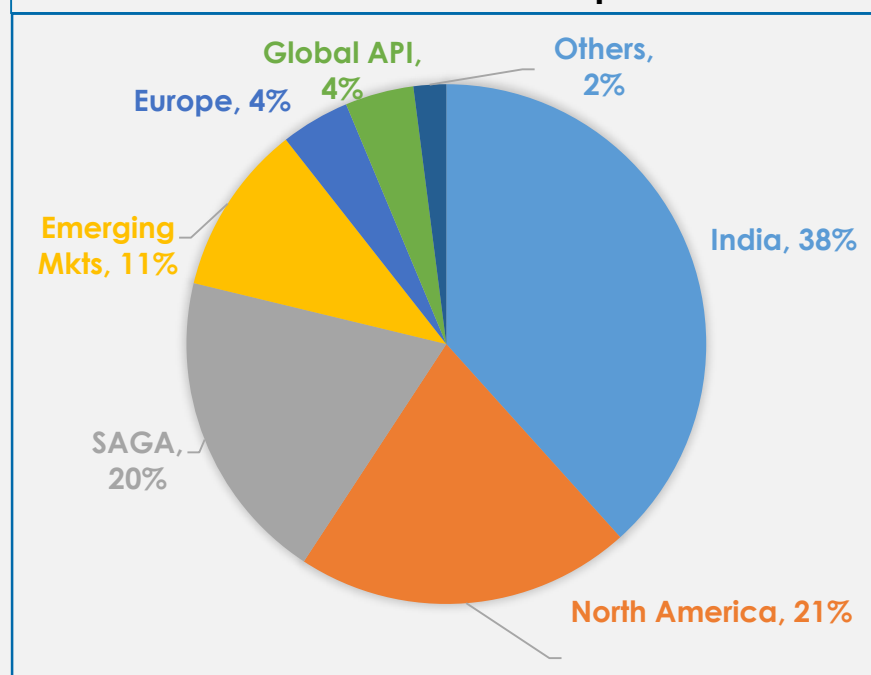
EBITDA

19.4% to sales ▲ ~80bps

FY19 (Consolidated)

| | Actuals (Rs Cr) | vs FY 18 |
|--------------------------------------|--------------------|-----------|
| Total Revenue from Operations | 16,362 | 8% |
| a) Domestic Sales | 6,367 | 6% |
| b) Int'l Sales | 9,603 | 10% |
| c) Other Operating Income | 391 | -16% |
| EBITDA | 3,171 | 12.2% |
| EBITDA % | 19.4% | |
| PAT | 1,528 | 8% |
| PAT % | 9.3% | |

Revenue¹ Break-up



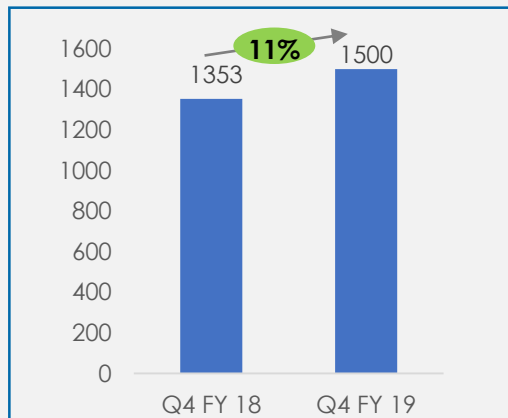
¹ Others: Includes CNV business, Vet and others; SAGA includes South Africa, Sub-Saharan Africa and Cipla Global Access; Percentages have been rounded-off

India (Rx + Gx) Sales: Strong growth momentum continues across key therapeutic areas



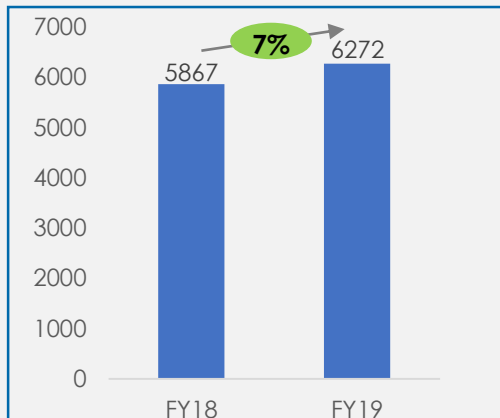
Q4 Y-o-Y

Rs Cr



FY19 Y-o-Y

Rs Cr



| Prescription Growth | Secondary Growth | Primary Growth | |
|---------------------|------------------|----------------|---|
| 9% | 11.2% | 7% | Impacted due to channel de-stocking during the year |

Overall, Domestic businesses (incl OTC) delivered INR 6420 Cr; in-line with guidance

Key Business Highlights¹

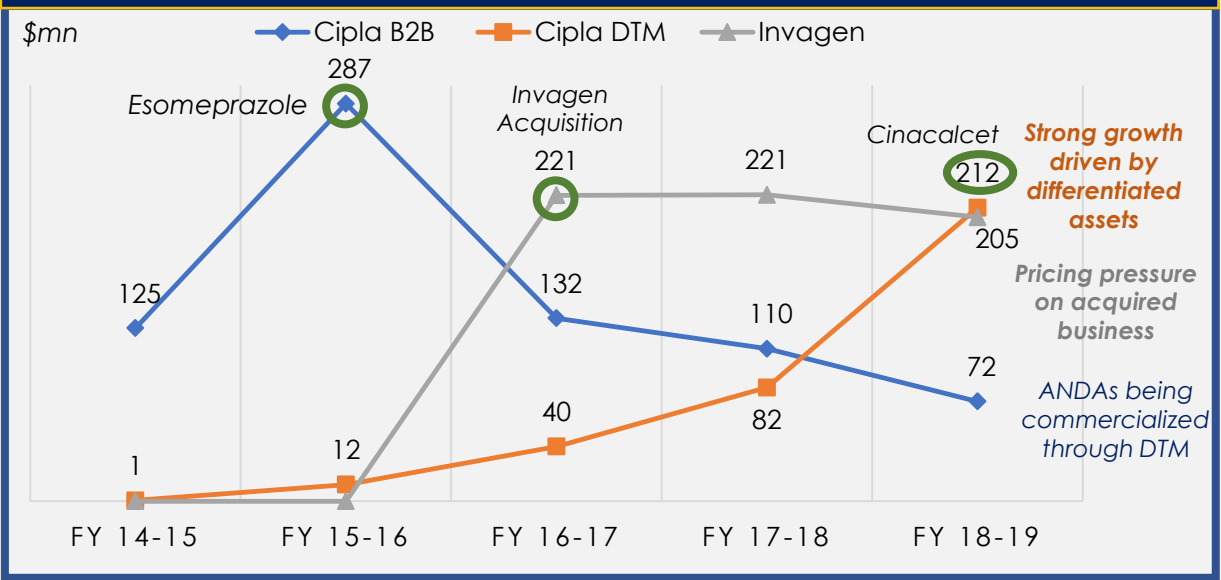
- Cipla continued its **outperformance in FY19; grew by 11.2% vs market growth of 10.5%**
- Chronic therapies:** Cipla became the **2nd biggest player** growing over 18% vs market growth of 13%
- Strategic partnership with LG Life Sciences for Women Health Portfolio

| Therapy | Market Rank | Market Share | Cipla Growth | Market Growth |
|------------------------|-------------|--------------|--------------|---------------|
| Respiratory | 1 | 21.8% | 19% | 11% |
| Respiratory Inhalation | 1 | 67.4% | 20% | 18% |
| Urology | 1 | 15.1% | 19% | 17% |
| Cardiology | 4 | 5.6% | 18% | 12% |
| Central Nervous System | 5 | 3.2% | 16% | 10% |

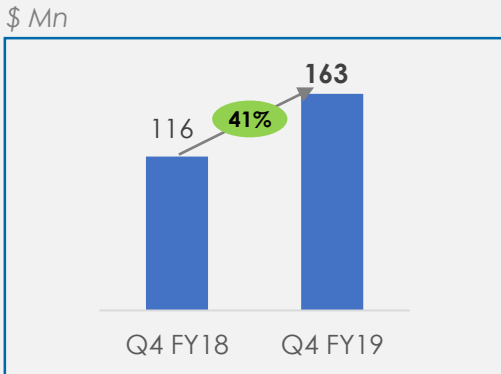
1. IQVIA MAT Mar'19

North America: Significant growth driven by ramp-up across key differentiated products

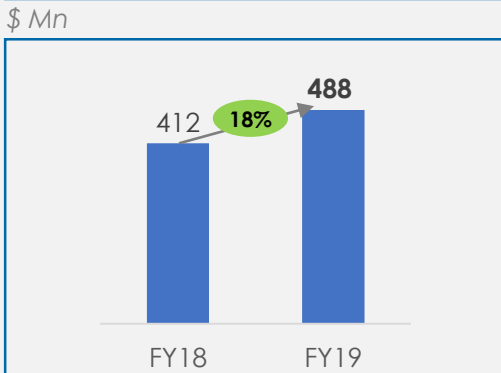
Business-wise ramp-up (rounded-off)



Q4 Y-o-Y

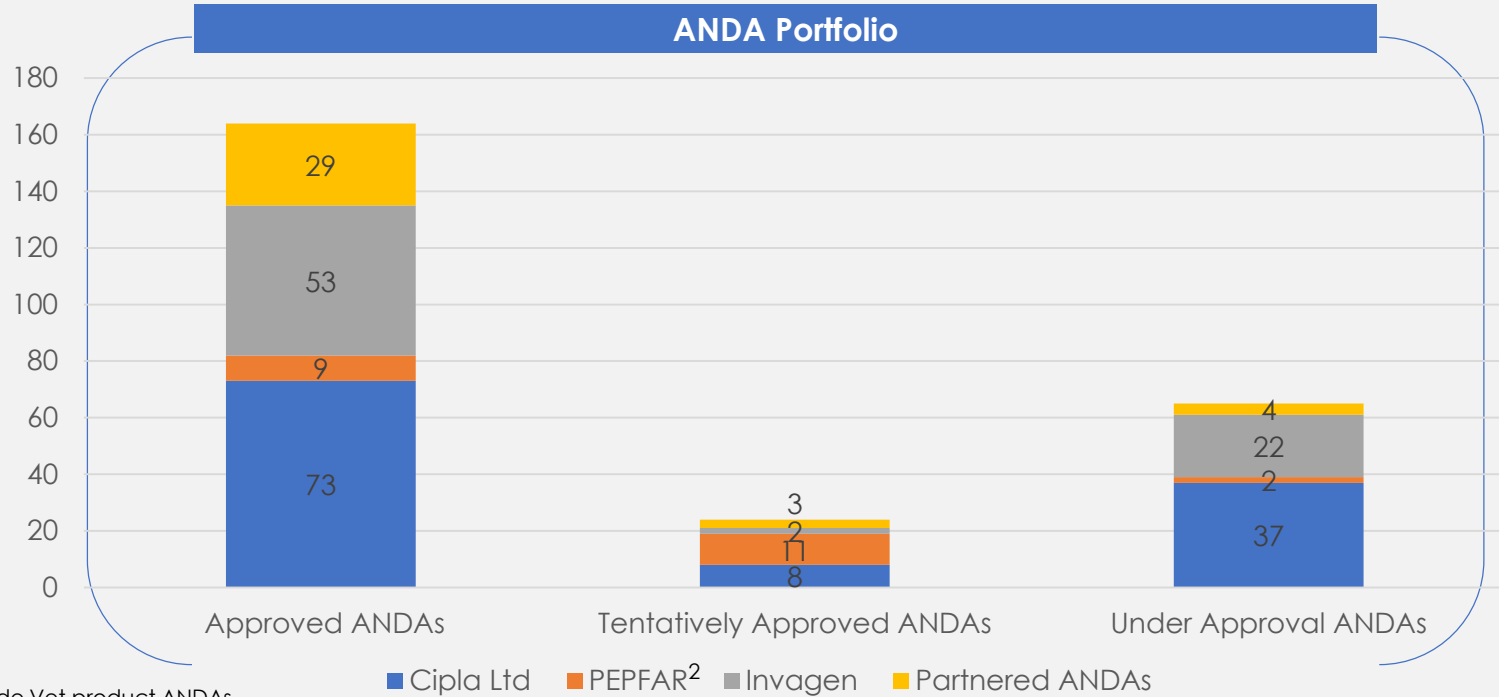


FY19 Y-o-Y



ANDA¹ Portfolio & Pipeline (As on 31st Mar 2019)

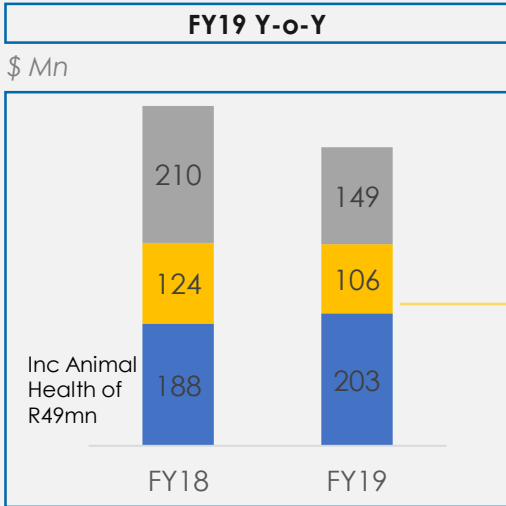
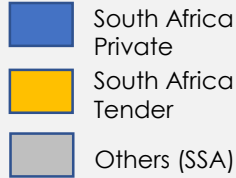
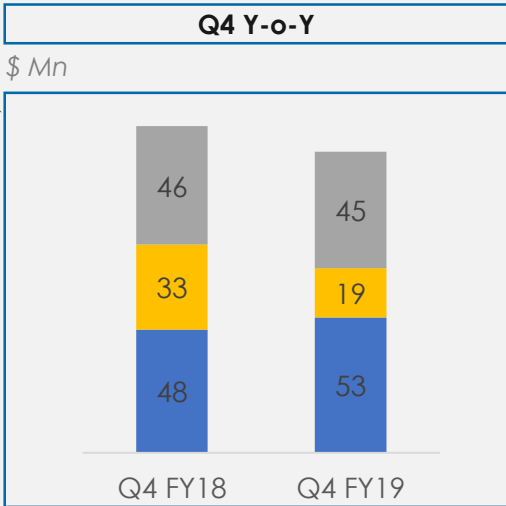
Total
+
164
+
24
+
65
=
253
ANDAs



¹ Does not include Vet product ANDAs

² PEPFAR approved ANDAs can be commercialised in US

Q4: SA Private Market Local currency ZAR growth 30%
 (ex Animal Health; Inc Mirren)



SA Private Market Local currency ZAR growth 12%
 (ex Animal Health; Inc Mirren)

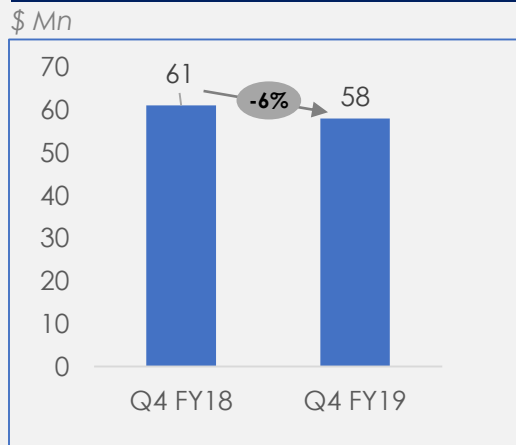
Impacted by re-basing of Tender business

Key Business Highlights

- Re-basing of global access business and softness in South Africa tender; Global access business de-grew 36% YoY during the year
- As per IQVIA (IMS) MAT Mar'19, South Africa business grew at more than three times the market at 10.4% in the private market
- Expanded offering to the patients in South Africa beyond medicines, acquired 30% stake in Brandmed, a connected health solutions company.

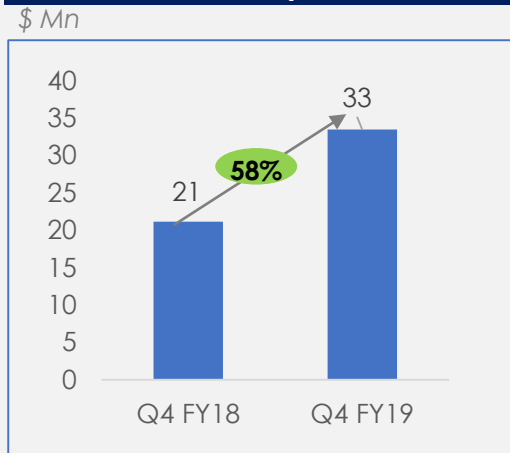
*Financial numbers are rounded off

Emerging Markets



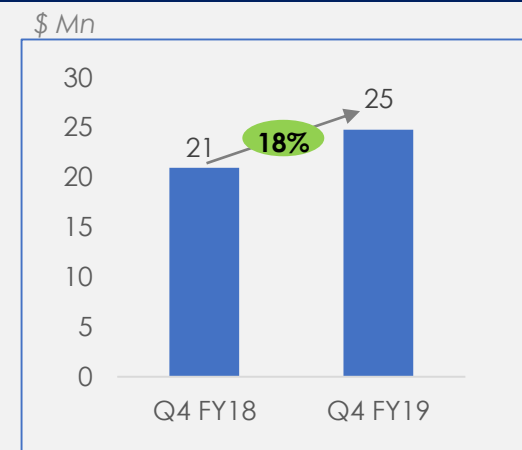
- **Biosimilars franchise in the EM:** Added Peg-filgrastim for Australia, New Zealand, Colombia and Malaysia
- De-growth largely attributable to geopolitical challenges in Middle East markets and currency movements

Europe



- Strong ramp-up in key respiratory products post the resolution of supply issues
- FPSM market share ramping-up steadily

API



- Strong contribution from key accounts and top 5 products; sales ramp-up in Oncology APIs
- Continued momentum in seedings and lock-ins

Priorities for FY20

Continued growth across focused markets



| India | + | US | + | South Africa | + | RoW & Others |
|---|---|--|---|--|---|---|
| Above market growth <i>Strong growth in existing franchises incl Respi + ramp-up of chronic therapies such as Diabetes, Cardio and Women Health</i> | | Gx: Drive double digit growth <i>Scale-up of FY19 launches + FY20 new launches</i> Specialty investments to continue | | Continued strong private market performance <i>OTC business to ramp-up further offsetting softness in Tender</i> | | Continue market leadership in key regions; <i>China and Brazil entries accelerated</i> <i>Manage risks in middle eastern markets</i> |

EBITDA

FY20



Margin expansion over normalized FY19 EBITDA

R&D spend

7-8%



Continued investments to ramp-up US portfolio; Respiratory Clinical and Specialty investments

Planned filings

12+ ANDAs

Focus towards complex and differentiated assets

Quality & Compliance

Ensuring compliance at all our facilities globally

Thank you

Registered Office :

Cipla Limited, Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013

For any queries, please contact

Naveen Bansal

Investor.Relations@cipla.com

For more information please visit

www.cipla.com