



# Investor Presentation Q2FY19

05-11-2018

# 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

# Update on our key FY19 priorities and challenges



## Key Priorities

### 1 India: Growth & Therapy Strengthening<sup>1</sup>

Strong market beating performance across key therapeutic areas  
#4 ranked now in Cardiology

### 2 US: Launches & Ramp-up

7 approvals in Q2 including **Atazanavir, Diclofenac gel and Albendazole**

### 3 US Filings Ramp-up

5 ANDAs filed in Q2  
On-track for 20+ ANDA filings in FY19

### 4 South Africa: Growth

 **14%<sup>2</sup>** Cipla vs 5% market growth  
**3<sup>rd</sup> Largest Pharma Player<sup>3</sup> in Private Market**

### 5 Quality & Compliance

Inspections at Medispray (No observations) and Goa (minor procedural observations)

### 6 Challenges

Operational challenges around supply and capacity balancing impacted serviceability  
Pressure on tender businesses continuing

<sup>1</sup> IQVIA (IMS) Q2'18 | <sup>2</sup> IQVIA (IMS) MAT Aug'18 | <sup>3</sup> As per IQVIA (IMS) YTD Aug'18

# Financial Performance – Q2FY19

Revenues

INR 4,012 Cr

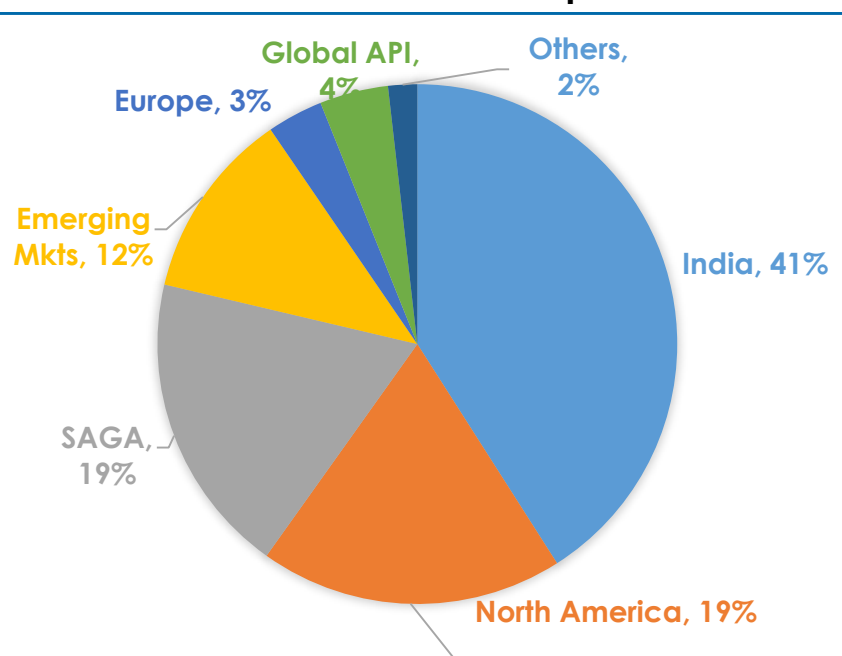
EBITDA

18.8% to sales

## Q2 FY19 (Consolidated)

	Actuals (Rs Cr)	vs Q2 FY 18
<b>Total Revenue from Operations</b>	<b>4,012</b>	<b>-2%</b>
a) Domestic Sales	1,666	-1%
b) Int'l Sales	2,282	-1%
c) Other Operating Income	64	-32%
EBITDA	753	-6%
<b>EBITDA %</b>	<b>18.8%</b>	
PAT	377	-11%
PAT %	9.4%	

## Revenue<sup>1</sup> Break-up



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

# EBITDA Build-up



INR Cr	Q2FY19	Q2FY18	Q1FY19
<b>Profit Before Tax</b>	<b>509</b>	<b>573</b>	<b>620</b>
Add:			
<i>Finance Costs</i>	44	42	35
<i>Depreciation, Amortisation &amp; impairment Expense</i>	282	302	241
Less:			
<i>Finance, investment &amp; Divestitures related income</i>	82	113	170
<b>EBITDA</b>	<b>753</b>	<b>804</b>	<b>726</b>
<b>EBITDA % to Sales</b>	<b>18.8%</b>	<b>19.7%</b>	<b>18.4%</b>

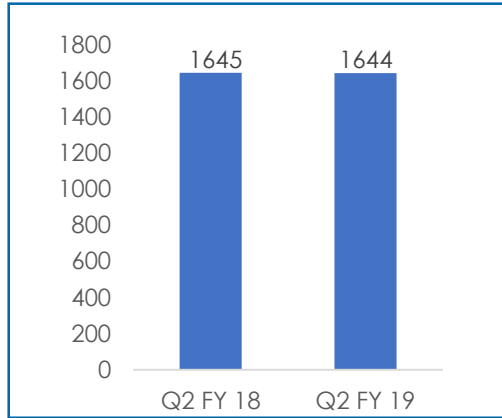
Financial numbers are rounded off

# India (Rx + Gx) Sales



Q2 Y-o-Y

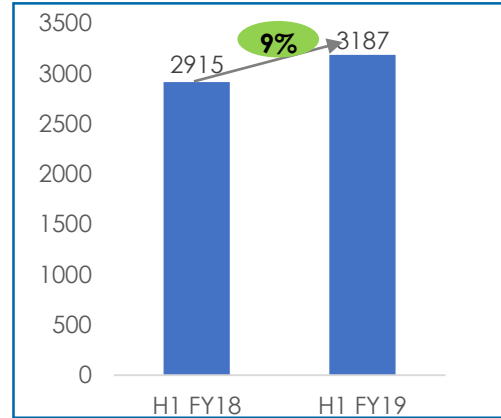
Rs Cr



Higher base in Q2FY18 due to GST led inventory re-stocking

H1 Y-o-Y

Rs Cr



GST adjusted H1 Growth at 13%

## Key Business Highlights<sup>1</sup>

- As per IQVIA (IMS) Q2' 18, Cipla continued its **outperformance growing by 14%**
- Performance in key therapeutic areas as follows
  - Cipla gained one Rank in Cardiology and now stands at 4th position growing 500bps higher than market at 19%
  - Continued leadership position in Respiratory growing at 23%. Cipla's flagship inhalation awareness campaign "Berok Zindagi" on a good start
  - Urology maintained its leadership position with over 15% market share

## Therapy

## IPM Rank<sup>2</sup>

Respiratory (Inhalation)	1
Urology	1
Anti-virals	1
Anti-Infectives	3
Cardiology	4
Ophthal	4

1. IQVIA (IMS) Q2' 18 | 2 IQVIA (IMS) MAT Sept' 18

# North America: Ramp-up across key DTM launches drives quarterly growth with strong improvement in margins

**1** Q2FY19<sup>1</sup>  
Contribution from new products launches in last 12 months

**40%**  
of Q2FY19 **DTM<sup>2</sup>** Revenues

**25%**  
of Q2FY19 Total US Revenues

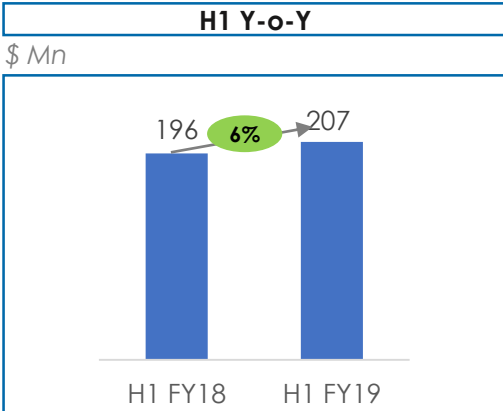
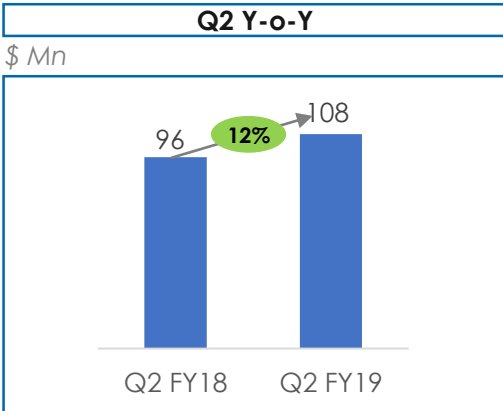
**2** Significant Gross Margin Improvement driven by product rationalization and ramp-up of new Cipla launches

**+900bps**  
Improvement in overall DTM (Cipla & Invagen) business Gross Margin% vs Q2FY18

**56%**  
Share of Cipla DTM in overall DTM business (vs 27% in Q2FY18)

**3** Share of B2B<sup>3</sup> Business declining

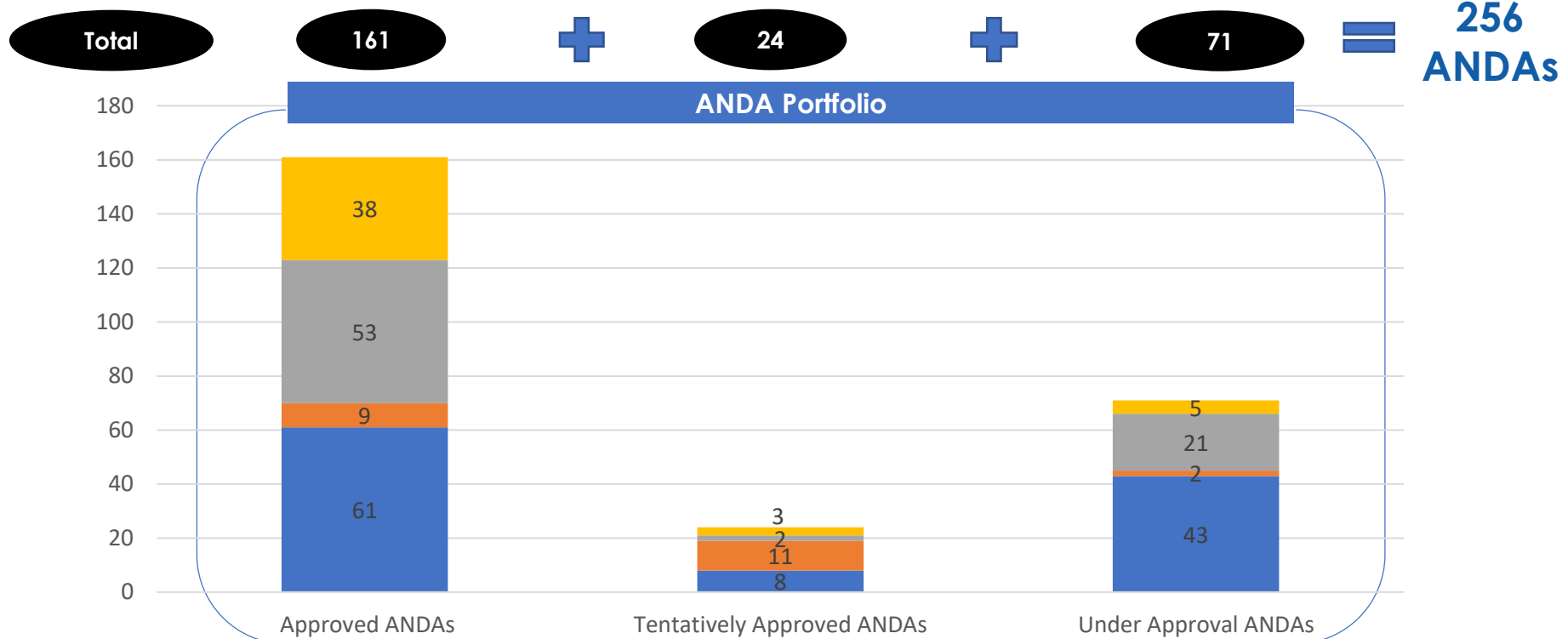
**19%** share of B2B business in overall sales  
**down from 26% in Q2FY18**



<sup>1</sup> Only DTM revenues of new launches considered | <sup>2</sup> Direct to Market | <sup>3</sup> Business to Business (Partnered Business)

# ANDA<sup>1</sup> Portfolio & Pipeline (As on 30<sup>th</sup> Sept 2018)

**Cipla**



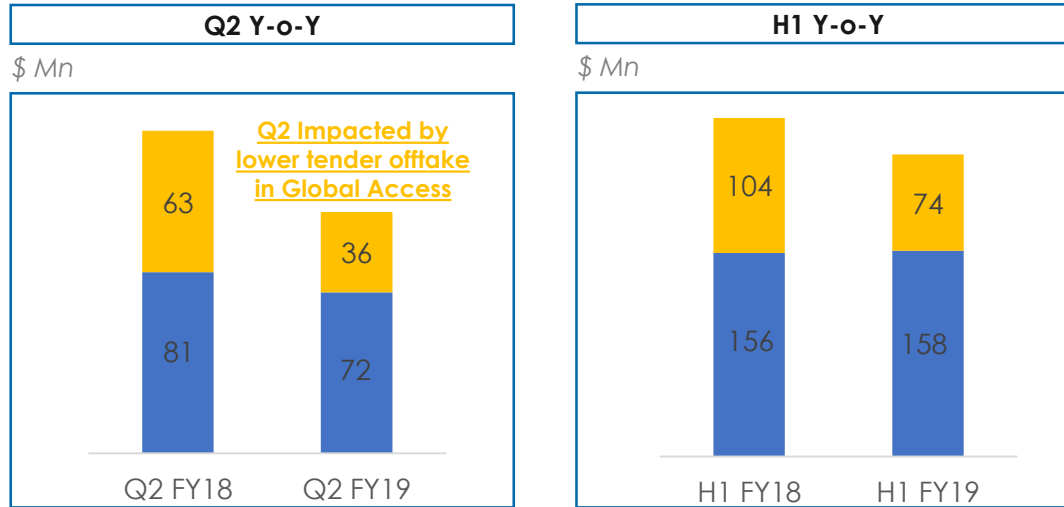
<sup>1</sup> Does not include Vet product ANDAs

■ Cipla Ltd ■ PEPFAR<sup>2</sup> ■ Invagen ■ Partnered ANDAs

<sup>2</sup> PEPFAR approved ANDAs can be commercialised in US



# SAGA\*: South Africa, Sub-Saharan Africa and Cipla Global Access



## Key Business Highlights<sup>1</sup>

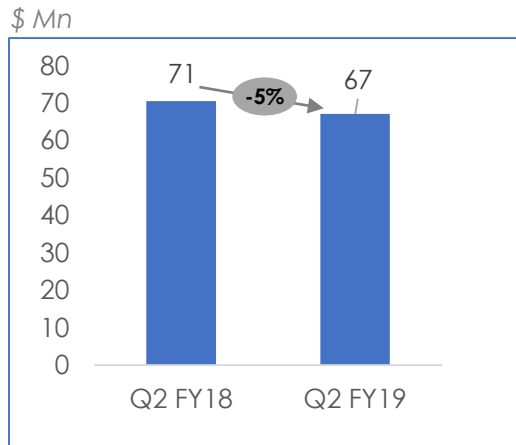
- As per IQVIA (IMS) MAT Aug'18, South Africa business grew at more than double the market at 14% in the private market vs 5% market growth
- As per YTD Aug IQVIA (IMS) data, Cipla became the 3rd largest pharma company in SA private market with 6.3% share
- Closed the Mirren acquisition; working towards successfully integrating the business and driving synergies in fast-growing OTC space
- Successful IPO and listing of Cipla's subsidiary CiplaQCIL on the Uganda Stock Exchange

<sup>1</sup> IQVIA (IMS) MAT Aug'18

\*Financial numbers are rounded off

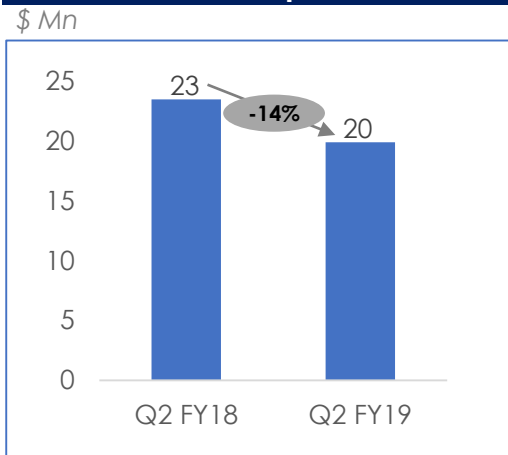
# EM, Europe and API

## Emerging Markets



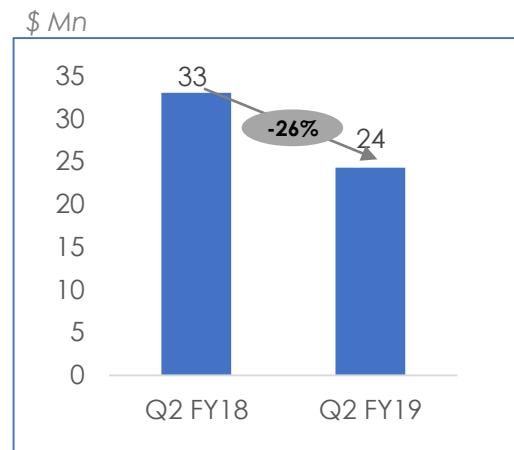
- Biosimilars franchise in the EM: Late stage discussions on-going for various key biosimilar assets across multiple markets
- Signed a commercializing deal for Bevacizumab in Sri Lanka and Nepal.
- Inaugurated Cipla Maroc facility

## Europe



- Business continues to operate with strong profitability profile
- FPSM (Fluticasone propionate / Salmeterol) launched in Italy with substitutability status

## API



- Continued momentum in **seedings and lock-ins** across various markets
- In H1, over 30% of the sales were in the US – largest share amongst all regions

## Emerging Challenges

**Sanctions** to impact reported performance in certain parts of the business

**Capacity balancing:** Currently engaged in capacity balancing in certain specific categories at our plants which will have a short-term impact

**Commodity & Crude prices inflation and escalation in China** sourced supplies will continue for the next 2 quarters

**Pressure on Tender businesses** across markets

# 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](mailto:Investor.Relations@cipla.com)

For more information please visit

[www.cipla.com](http://www.cipla.com)