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Cipla

Investor Presentation

Q1FY23

29-7-2022

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Q1FY23 Performance

Sustained performance across geographies and continued momentum on core profitability

KEY HIGHLIGHTS

Overall Revenue

INR 5,375 Cr

2%
overall
YoY growth

6%
Ex-covid
YoY growth

EBITDA

INR 1,143 Cr

21.3%
Margin

Core margin trajectory intact; despite sharp normalisation in covid portfolio contribution compared to Q1FY22

R&D Investment¹

INR 274 Cr

4%
YoY growth

5.1%
of overall revenue

BUSINESS UNIT-WISE REVENUE & YOY GROWTH

One-India

9% (ex-covid) YoY growth in INR terms

Continued **core portfolio momentum** across therapies and business segments

North America

10% YoY growth in \$ terms

Steady momentum in core formulation business driven by contribution from **respiratory and peptide products**

SA Private

8% YoY growth in ZAR terms

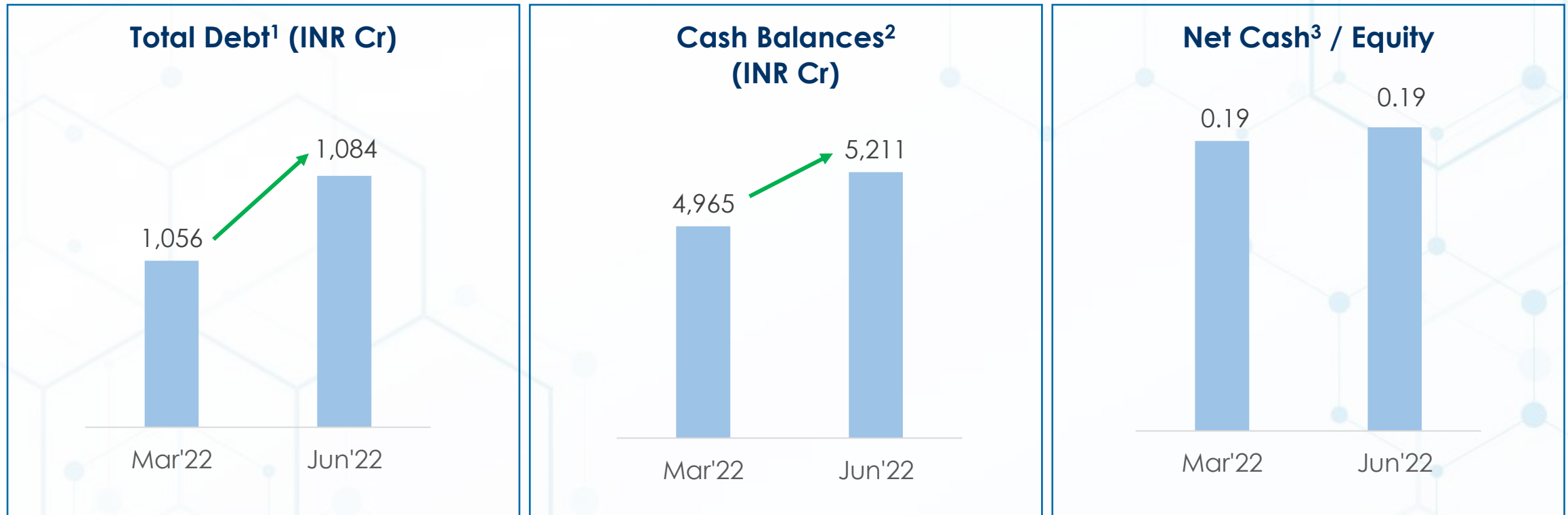
Recovery expected in Q2FY23

International Markets

18% YoY growth in \$ terms

Strong DTM² growth across geographies; offset emerging market forex volatility and muted B2B demand in Europe

Continued focus on maintaining strong balance sheet health and robust free cash flow generation



- Robust free cash flow generation driven by prudent working capital management and optimised capex drive
- Continued governance on cash and liquidity management
- **Net cash positive position** continues at June-22 end reflects robust capital structure

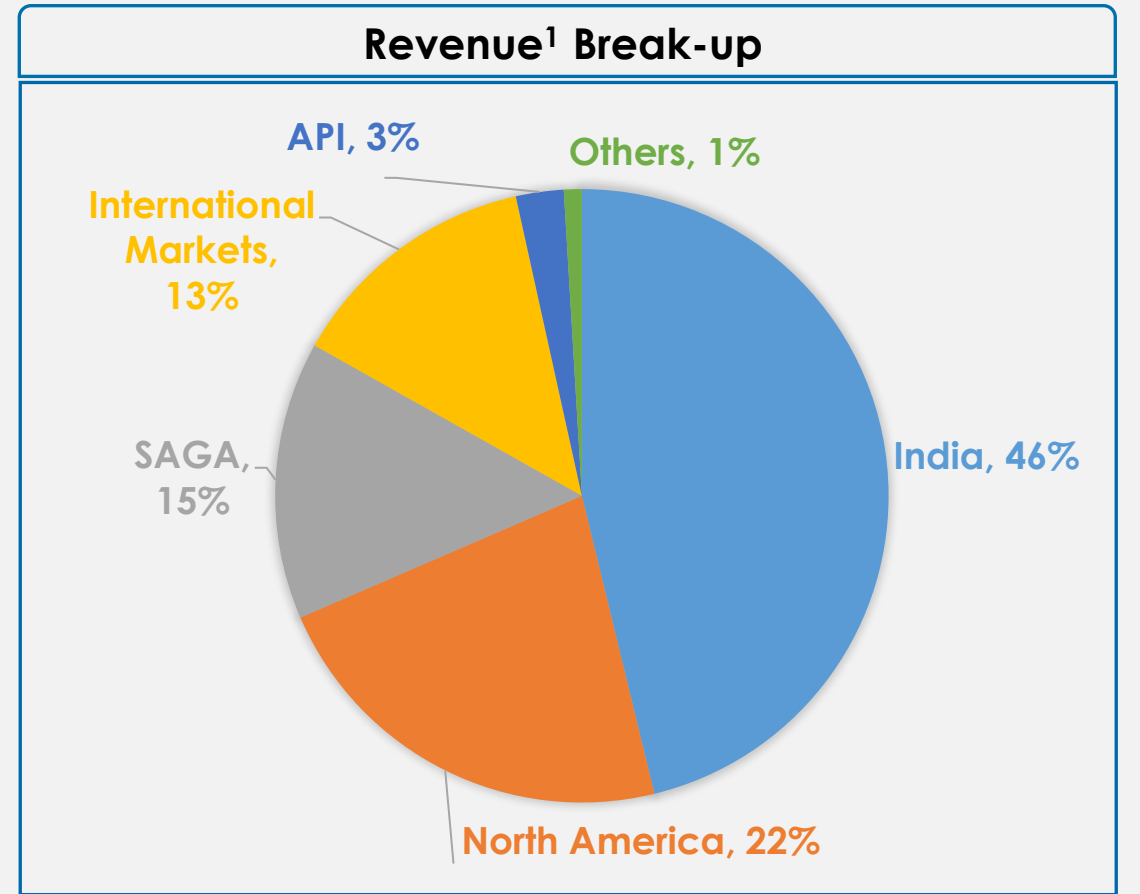
Financial Performance – Q1FY23

Revenues INR 5,375 Cr ↓ 2% YoY

Q1 FY23 (Consolidated)		
	Actuals (INR Cr)	vs Q1 FY 22
Total Revenue from Operations	5,375	-2%
EBITDA	1,143	-15%
EBITDA % of revenue	21.3%	-318 bps
PAT	686	-4%
PAT % of revenue	12.8%	-22 bps

R&D² INR 274 Cr ↑ 4% YoY *Priority projects on track*

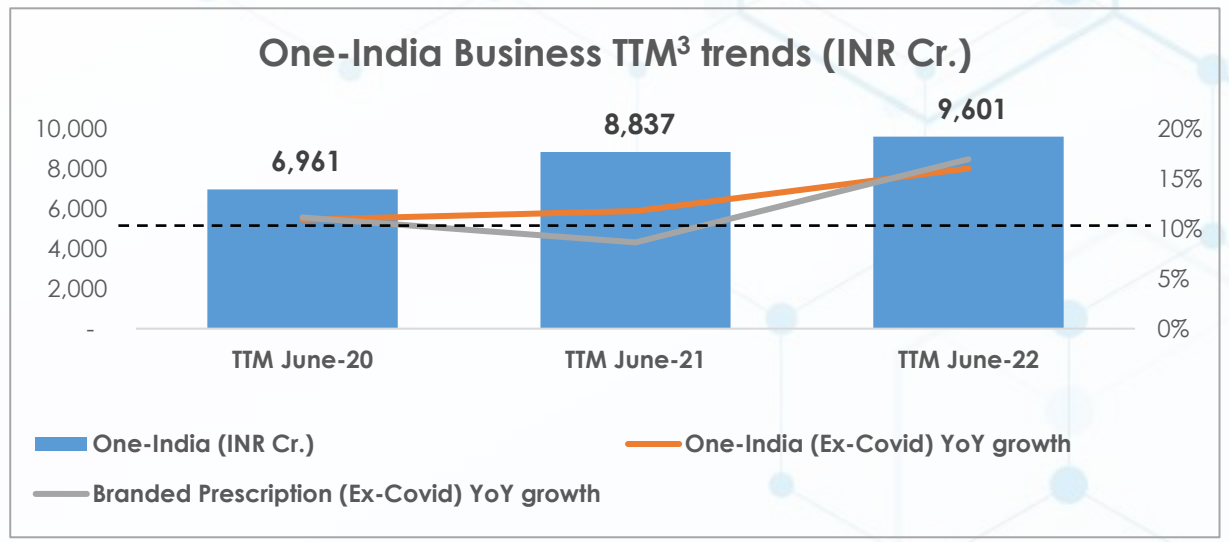
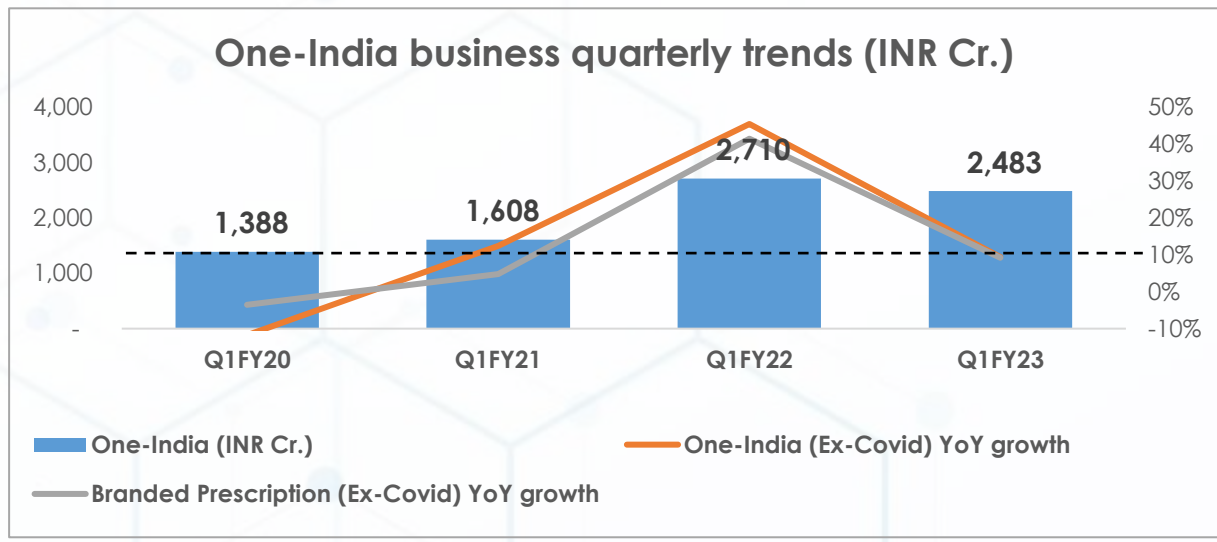
EBITDA INR 1,143 Cr | 21.3% ↓ 15% YoY



1. India includes Rx + Gx+ CHL; SAGA includes South Africa, Sub-Saharan Africa and Cipla Global Access; International Markets include Emerging Markets and Europe | 2. Opex including depreciation | Figures have been rounded-off

One India (Rx + Gx+ CHL¹): Continued core portfolio momentum across businesses amid significant normalisation in covid contribution

Core One-India portfolio growth tracking above 10% for most quarters; market beating growth in branded prescriptions for 5 consecutive quarters



Branded prescription business

- ❖ Sustained momentum across therapies in core portfolio driven by pricing & new introductions
- ❖ Healthy market share² and rank² across therapies

Trade generics business

- ❖ Healthy traction across our flagship brands with steady order flow across regions; Continued channel engagement and governance
- ❖ 16 new launches; includes anti-diabetic and ophthalmic products

Consumer health business

- ❖ Robust traction in anchor brands as well as transitioned brands
- ❖ Sharp consumer insighting and strong on-ground execution

1. CHL – Cipla Health Limited | 2. Market data as per IQVIA MAT June 2022 | 3. Trailing 12 months

Strategic product deals and investments in Q1FY23

Continued strengthening of **One-India** franchise with medium to long term growth levers

Diagnostics



Transaction description: Acquisition of **21.05% for ~INR 25 Cr.** in Achira Labs, engaged in development and commercialization of point of care (PoC) medical test kits in India

Strategic rationale: Cipla's entry in the PoC diagnostics and AMR space through the design, development, and manufacturing of microfluidics-based technologies; increasing patient access to innovative, affordable and quality diagnostic solutions

Wellness



Transaction description: Acquisition of Endura Mass, a renowned nutritional supplement brand in the category of weight gain from Medinn Belle Herbal Care Private Limited

Strategic rationale: Expand Cipla's wellness portfolio by foraying into new category nutritional supplements for weight gain

*Including Endura Mass, Domestic Consumer Business under Cipla Health expected to achieve annualized revenue of **INR 600+ Cr***

Digital



Transaction description: Acquisition of additional stake for **INR 25.9 Cr.** In GoApptiv Private Limited; Cipla's total stake increases to **22.02%** on a fully diluted basis post investment (Initial investment in June 2020)

Strategic rationale: Enable Cipla to further widen its patient reach to affordable and quality drugs with end-to-end brand marketing and channel engagement across tier 2-6 towns in India by leveraging GoApptiv's end to end digital solutions

Global consumer wellness franchise committed to provide a holistic wellness solutions; improving health outcomes

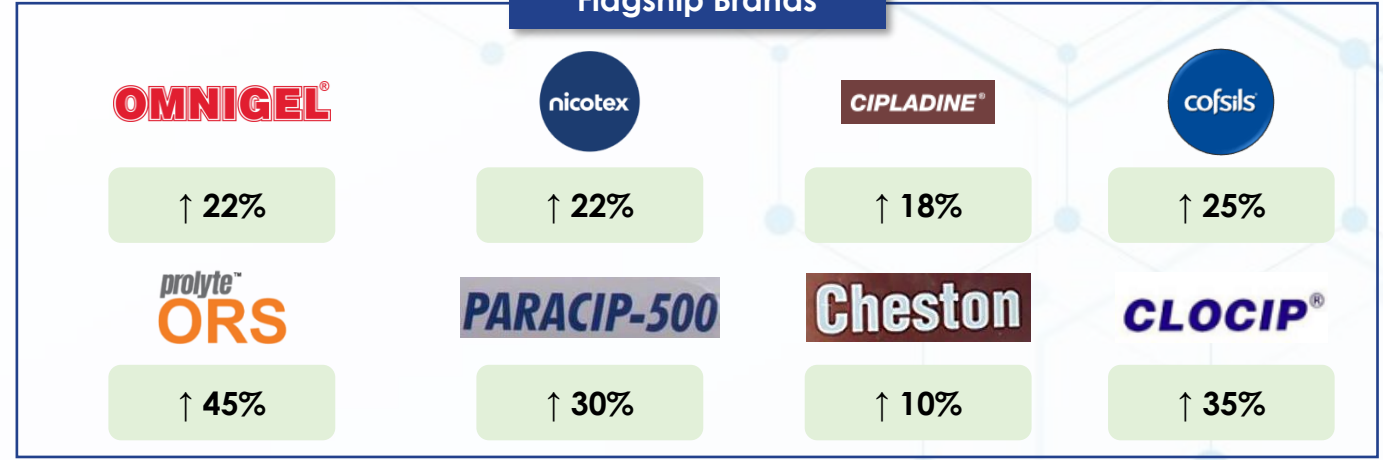
Consumer franchise in India

9%

Contribution of Global Consumer franchise to overall revenues in Q1FY23

1,100
INR Cr+
Trailing 12-month revenue

Flagship Brands



Consumer franchise in South Africa

17%

Q1FY23 YoY growth in Global Consumer franchise

1,275
ZAR m+
Trailing 12-month revenue

Flagship Brands

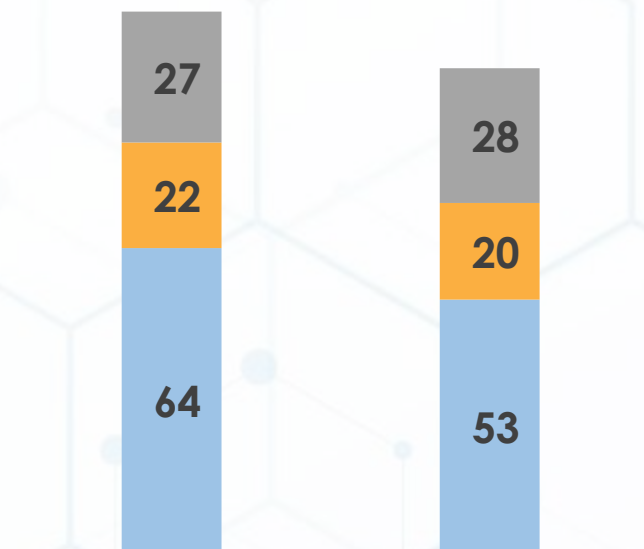


Trailing 12 month June-22 YoY growth

Trailing 12 month June-22 revenue

\$ Mn

Q1 Y-o-Y



Q1FY22

Q1FY23



South Africa²

- ❖ Muted growth in private primary sales with recovery expected in Q2FY23; traction in tender business
- ❖ In secondary terms, strong demand continues with South Africa private business continuing to outperform market
- ❖ Growth diversified across base and new product portfolios
- ❖ Healthy ranks & market positions in key therapy areas

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Brands launched across multiple therapies in Q1FY23

4-in-1 fixed dose anti-retroviral treatment launched in partnership with DNDi³

Market Segment	Market Rank	Market share	Cipla Growth	Market Growth
South Africa prescription	3	7.7%	10%	6.4%
South Africa OTC	3	7.0%	11.6%	8.0%
South Africa overall	3	7.4%	10.6%	7.0%



Sub-Saharan Africa (SSA) & Cipla Global Access (CGA)

- ❖ **SSA:** Traction driven by continued order flow across regions
- ❖ **CGA:** Performance in-line with expectations driven by strong order flow for TLD

North America: Core formulation business continues steady momentum; continued serviceability across categories



10%
Q1FY23 YoY growth
in \$ terms

Steady momentum in core formulation business led by contribution from **respiratory and peptide assets amongst others**



16.5%
33.4%

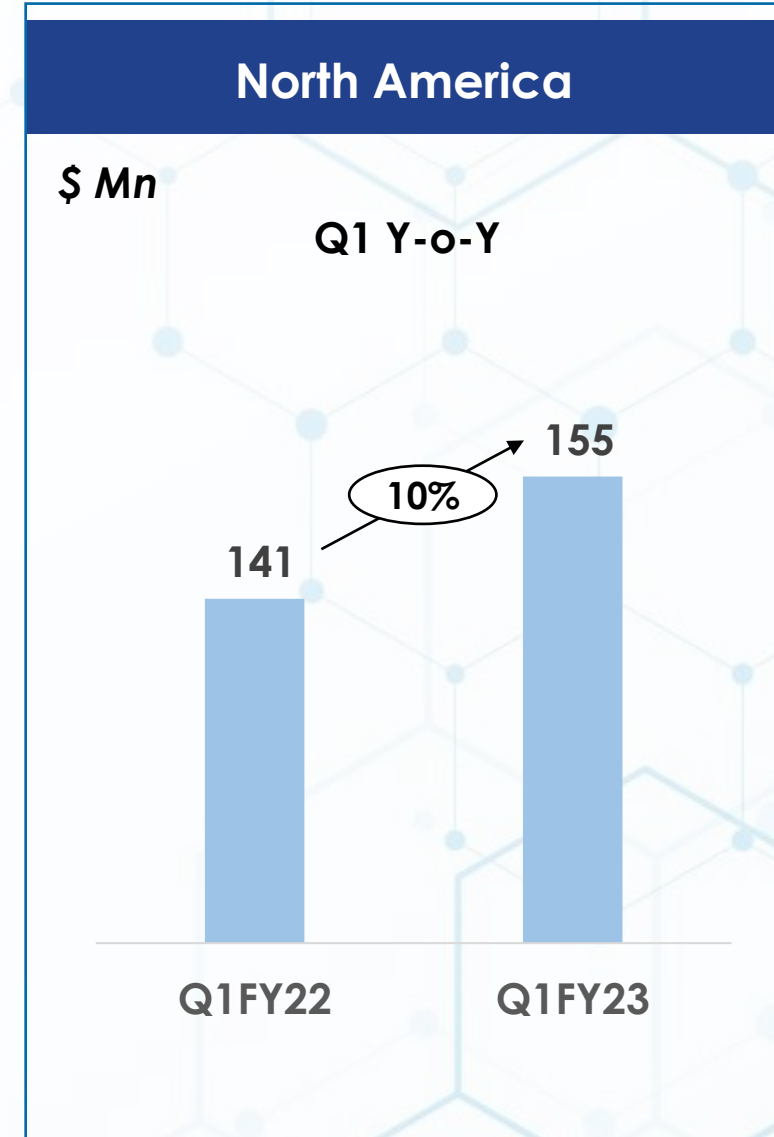
Albuterol total market share¹

Arformoterol total market share¹



22%

Q1FY23 YoY Growth in **DTM respiratory franchise**²



1. Market data as per IQVIA week ending 1st July 2022; 2. Excludes B2B revenue for the US market

North America: Respiratory, Complex generics & Peptide pipeline



Respiratory

Formulation / Brand name	Pre-clinical	Phase 1	Phase 2	Phase 3	Filed	Approved	Status
Complex inhalation asset	[Progress bar]						Filed in Q4FY20
Fluticasone + Salmeterol DPI (gAdvair Diskus®)	[Progress bar]						Filed in Q1FY21
Partnered Inhalation Asset	[Progress bar]						Filed in Q3FY17
Complex Inhalation Asset	[Progress bar]						Development in progress
Complex Inhalation Asset	[Progress bar]						Clinical trials initiated in Q4FY22

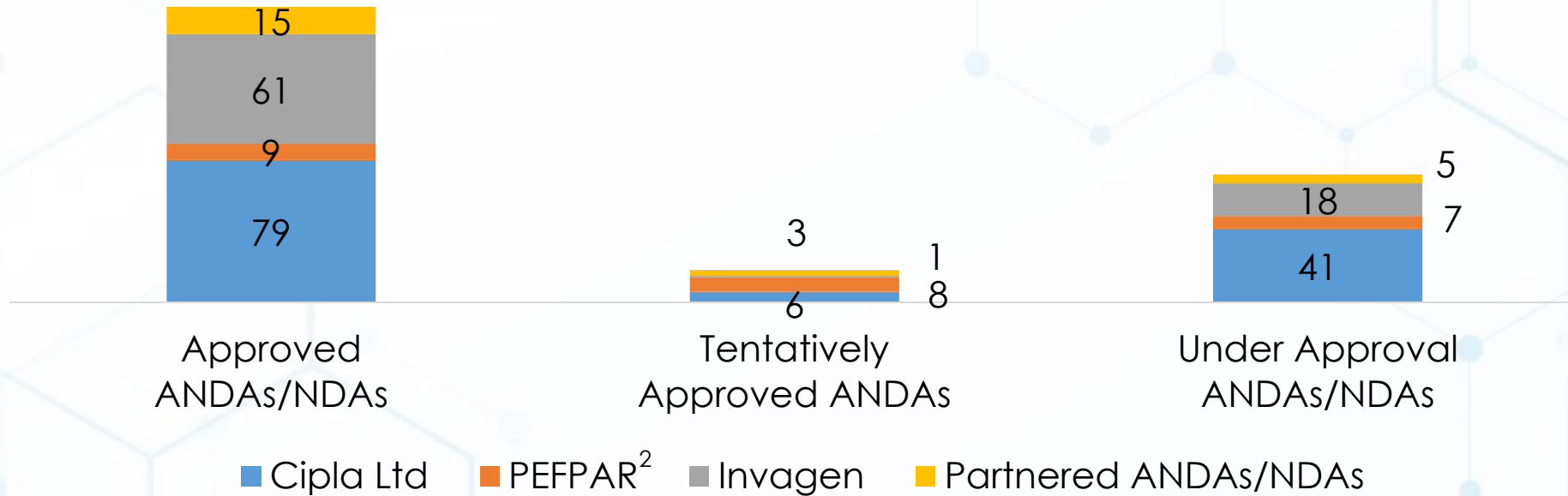
Complex Generics

Nano Paclitaxel (gAbraxane®)	[Progress bar]						Filed in Q1FY17
Lenalidomide (gRevlimid®)	[Progress bar]						Filed in Q1FY18

Peptide injectables

Partnered Peptide Injectable	[Progress bar]						Filed in Q4FY21
Peptide Injectable	[Progress bar]						Filed in Q1FY22
Peptide Injectable	[Progress bar]						Filed in Q4FY22
Partnered Peptide Injectable	[Progress bar]						Filed in Q4FY22
Partnered Peptide Injectable	[Progress bar]						Filed in Q1FY23

ANDA¹ & NDA Portfolio & Pipeline (As on 30th June 2022)



164
Approved
ANDAs & NDAs

+

18
Tentatively
Approved ANDAs

+

71
Under Approval
ANDAs & NDAs

=

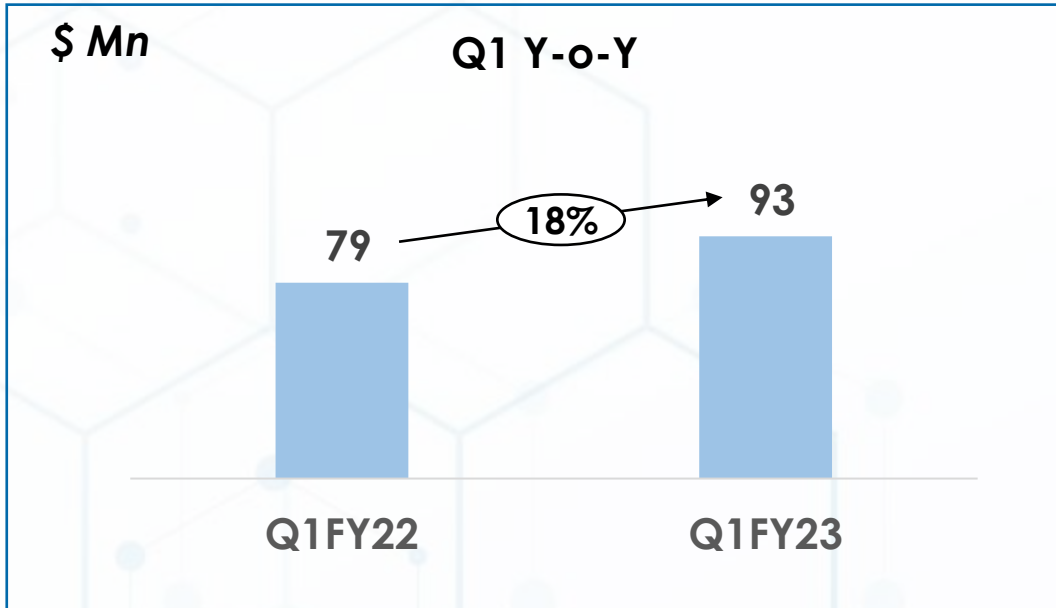
253
Total
ANDAs & NDAs

¹ Does not include Vet product ANDAs

² PEPFAR approved ANDAs can be commercialised in US

International Markets and API

International Markets



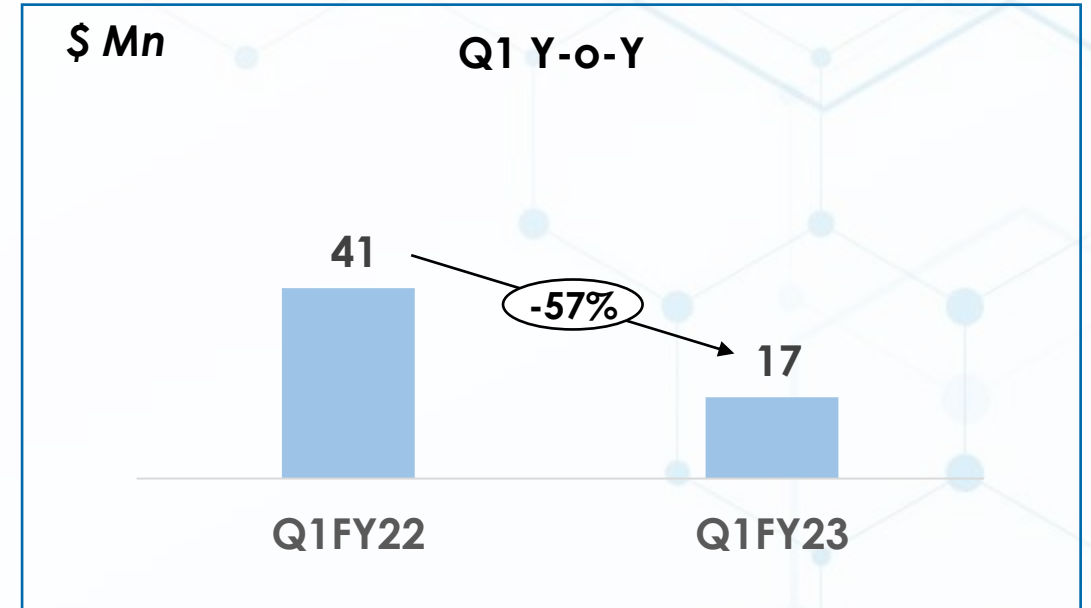
Key Business Highlights



- ❖ Strong DTM¹ growth across geographies; offset by forex volatility in emerging markets and muted B2B demand in Europe
- ❖ Steady double-digit growth in secondary terms during the quarter

1. DTM – Direct to market

API



Key Business Highlights



- ❖ Performance attributed to higher Q1FY22 base due to one-time profit share on an API supply
- ❖ Continued traction with global seedings & lock-ins

Our Strategic Priorities for FY23

	<p>Accelerate growth in One-India engine with sharp focus on;</p>	<p>Building big prescription brands across chronic therapies, improved productivity and HCP knowledge partnering</p>	<p>Driving penetration and accessibility of brands for unmet chronic ailments in trade generics</p>	<p>Consumer insighting driving portfolio expansion to address wellness needs and purpose led brand experiences</p>
	<p>Advancement on innovative consumer centric products across emerging channels to accelerate the trajectory of our Global Consumer Wellness franchise across India & South Africa</p>			
	<p>Sustainable scale up our US core formulations sales driven by high serviceability of respiratory and peptide franchise; closely monitoring upcoming high value complex launches in H2FY23</p>			
	<p>Continued execution on branded & generic portfolio, brand-building, portfolio interventions, launch excellence across DTM¹ markets</p>			
	<p>Continued cost focus, calibrated pricing actions and other interventions to navigate inflationary procurement, freight and other cost elements for insulating margins and maintaining consistent upward RoIC² trajectory</p>			
	<p>Driving value through digital adoption across businesses and functions with a dynamic agenda under Cipla Digital Health Ltd.</p>			
	<p>Focus on regulatory compliance across manufacturing facilities and implement globally benchmarked ESG³ practices</p>			

1. Direct to market | 2. Return on Invested Capital (RoIC) = EBITDA - depreciation & amortization ÷ Average [(Fixed assets including goodwill + Current assets excluding cash and cash equivalent) - Current liabilities excluding borrowing)]; Calculations based on FY22 reported EBITDA | 3. Environmental, Social, Governance



Cipla

Thank You

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