



# Investor Presentation Q3FY20

05-02-2020

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# We are structuring our businesses for long-term sustainable growth and see strong growth opportunities across our key markets



1

## 'One-India'

*Bringing together the might of 3 businesses*

- Leveraging strengths across India prescription, Trade generics and Consumer health businesses
- Strong synergies across portfolio, distribution and consumer focused initiatives

2

## South Africa and Emerging Markets

*Private market execution in SA; consolidated presence in EMs*

- Strong private market franchise in South Africa; continue to strengthen market leadership in the OTC space as tender business normalizes across the region
- EM: Focused execution in fewer, bigger markets

3

## US Generics and Specialty

*Focused and moderated investments across Gx R&D and Specialty built-up*

- Gx R&D investments to be focused towards select value accretive assets
- Specialty: Focused investments towards Institutional business; CNS assets to be out-licensed

4

## Lung Leadership across markets

*Leveraging Cipla's drug-device capabilities to establish a global franchise*

- Establish Cipla as leaders in Lung delivery across key markets (including US and EU)
- Global co-development and exclusive marketing rights for anti-fungal Inhaled Itraconazole (Pulmazole)

# Key highlights:

## Continued growth momentum across key businesses



1

Strong Financial Performance

Overall  
Revenues: 9%  
(Q3 YoY Growth)

Adj. EBITDA: ~18.5%  
(Adjusted for overhead charge on FG inventory movement in Q3 - ~120bps)

13%  
Q3 YoY Growth

2

Continued growth across key markets

India Rx  
 14%  
(Q3 YoY Growth)

India Gx  
 7%  
(Q3 YoY Growth)

South Africa  
 20%  
(Private Market, Q3 YoY Growth; ZAR)

3

Momentum continues in the US business

US\$133mn  
Q3 Revenues

13%  
Q3 YoY Growth

Retained share in key product categories

4

R&D and Pipeline Progress

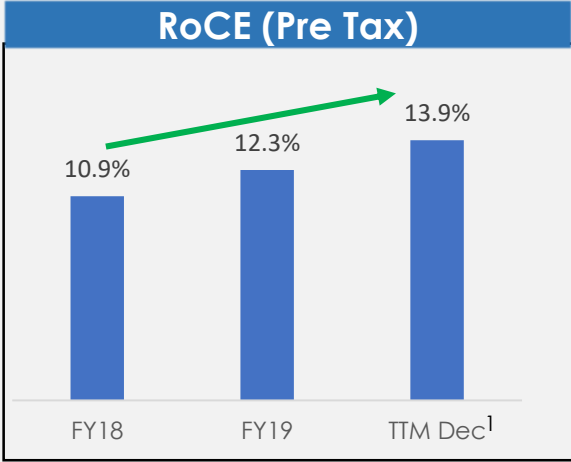
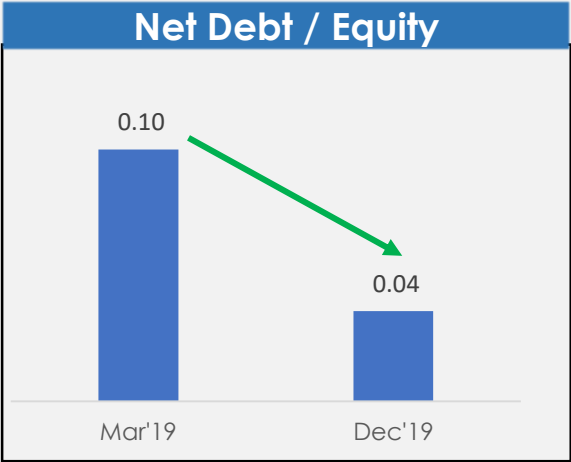
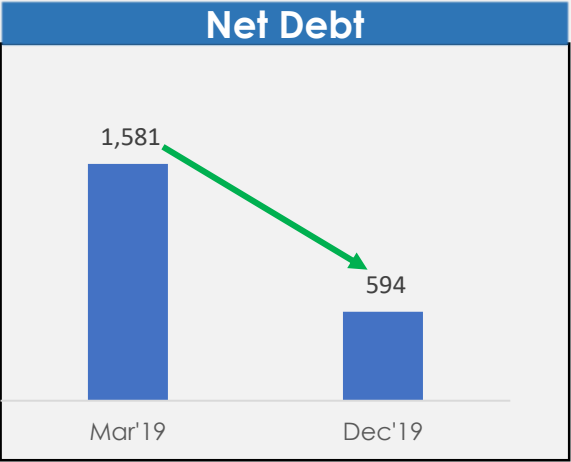
- Q3 R&D at INR 308cr or ~7% to sales;
- Respiratory trials well on-track for Advair

5

Quality and Compliance

- Establishment Inspection Report (EIR) received for Invagen and Patalganga indicating closure of inspection
- US FDA audit at Bangalore API facility ended with procedural observations
- Closely working with US FDA to comprehensively address Goa observations

# Expanding RoCE profile; Continued focus on maintaining balance sheet health with strong cash flow generation



- Focused efforts on working capital management and cash generation initiatives
- Reduction in Net Debt/Equity despite continued growth and strategic investments

<sup>1</sup> Trailing Twelve Months

# Financial Performance – Q3FY20

Revenues

INR 4,371 Cr ↑ 9%

EBITDA

INR 758 Cr / 17.3% ↑ 5%

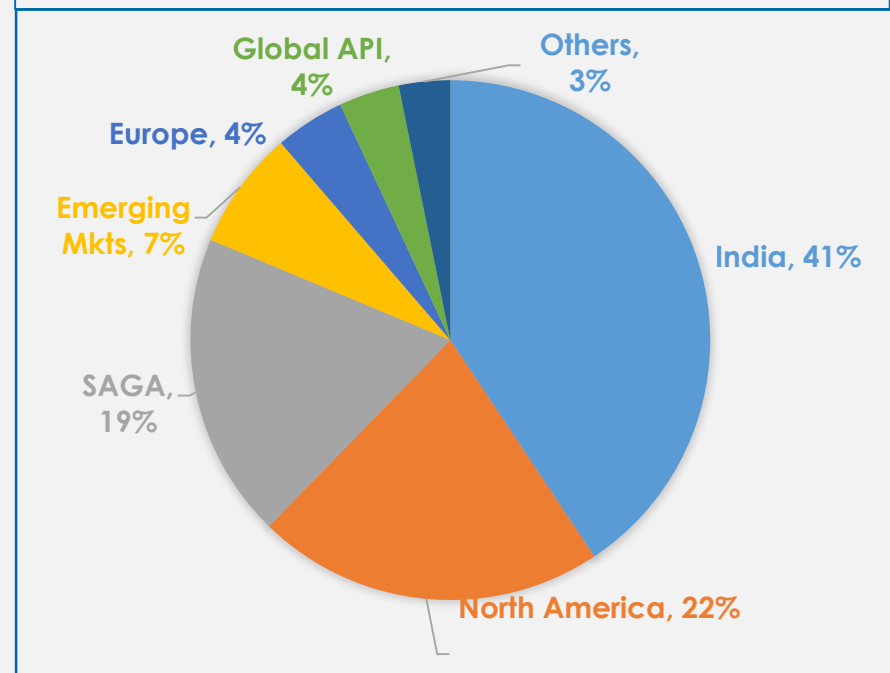
Adj. EBITDA<sup>1</sup>

18.5% ↑ 13%

## Q3 FY20 (Consolidated)

	Actuals (Rs Cr)	vs Q3 FY 19
<b>Total Revenue from Operations</b>	<b>4,371</b>	<b>9%</b>
a) Domestic Sales	1,841	15%
b) Int'l Sales	2,394	4%
c) Other Operating Income	136	35%
EBITDA	758	5%
<b>EBITDA %</b>	<b>17.3%</b>	
PAT	351	6%
PAT %	8%	

## Revenue<sup>2</sup> Break-up



<sup>1</sup> Adjusted for overhead charge on FG inventory movement in Q3 - ~120bps

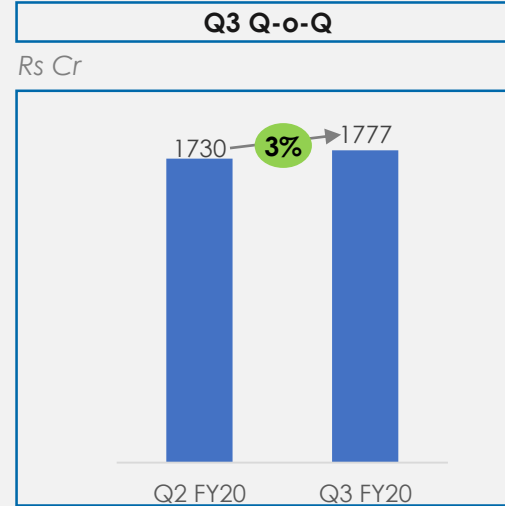
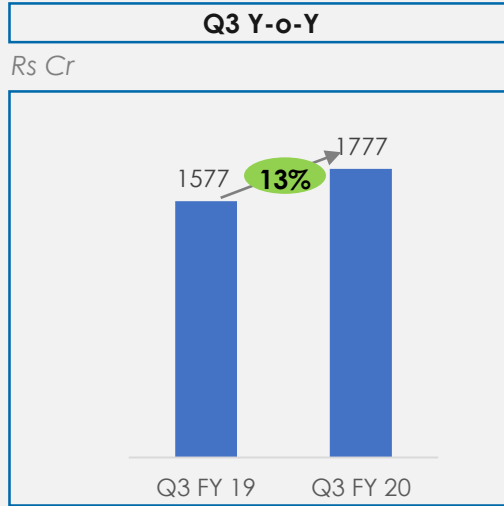
<sup>2</sup> Others: Includes CNV business, Vet and others; SAGA includes South Africa, Sub-Saharan Africa and Cipla Global Access; Percentages have been rounded-off

# India (Rx + Gx) : Second consecutive quarter of 13%+ growth in India prescription; Trade Gx comes back to YoY growth



India prescription  
 14% YoY

India Trade Gx  
 7% YoY



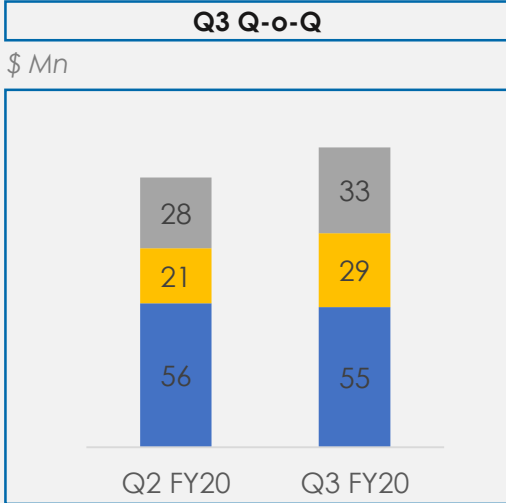
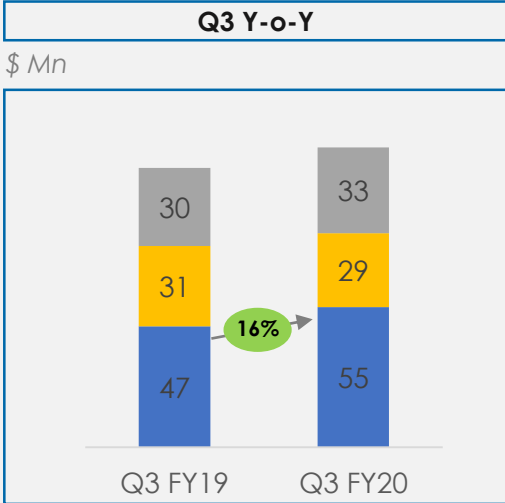
## Key Business Highlights<sup>1</sup>

- Trade generics business delivered **growth of 7%** on a year on year basis
- The **prescription business grew 14%** on a YoY basis driven by performance across both chronic and acute therapies.
- Continued growth investments: Acquired Vysov and in-licensed Elores brands, Berok Zindagi 2 on-going

Therapy	Market Rank	Market Share	Cipla Growth	Market Growth
<b>Overall Chronic</b>	<b>2</b>	<b>7.85%</b>	<b>13%</b>	<b>11%</b>
Respiratory Inhalation	1	68%	14%	12%
Urology	1	14.5%	12%	14%
Cardiology	4	5.6%	14%	11%

**SA Private Market**  
 ↑ **20% YoY**  
 ZAR Terms

- South Africa Private
- South Africa Tender
- Others (SSA & CGA)



### Key Business Highlights

- South Africa private market continued the momentum growing over 2 times the market at 6.5% as per IQVIA MAT Dec '19
- Cipla continues to rank as the 3rd largest pharmaceutical corporation within the South African private market, in both volume and value
- Sub-Saharan Africa business grew by 12% on a year on year basis and the CGA business also delivered a growth of 7% over last year

1. Financial numbers are rounded off



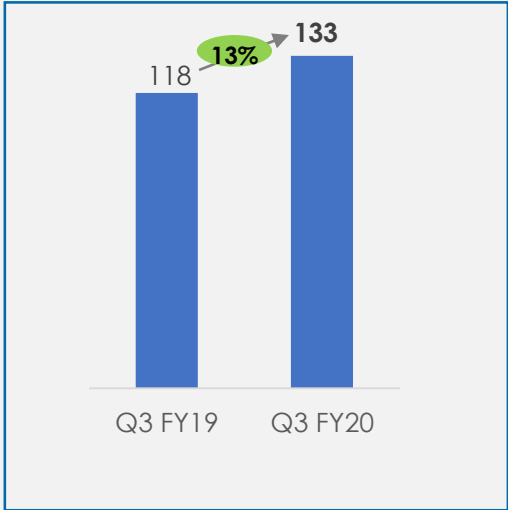
# North America: Momentum continues behind retained share on key assets and new launches

## Key Business Highlights

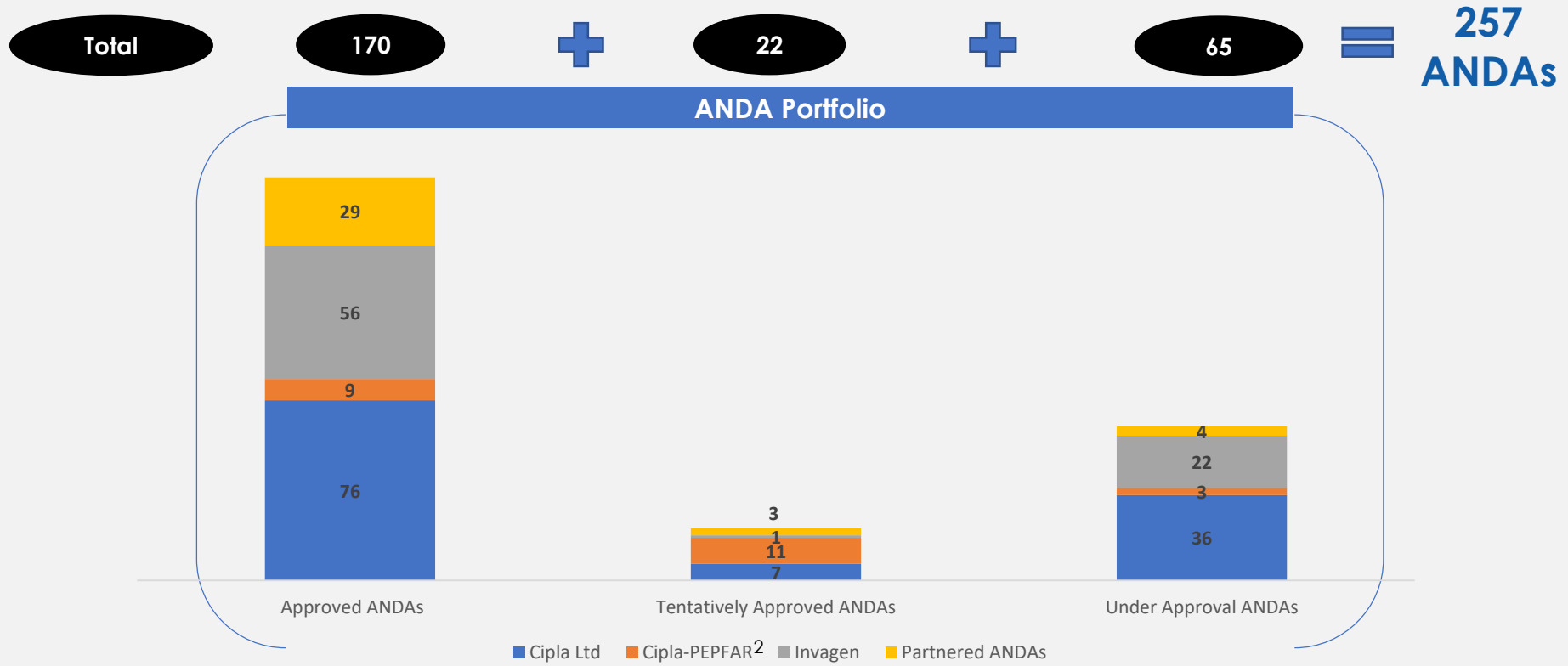
- Continue to retain share in key product categories despite multiple competitors entering the market; contribution from Cinacalcet in value terms largely normalized now
- During Q3, the gross margin expanded by over ~350bps vs the same quarter last year. On a YTD basis, the gross margin expansion is ~750bps.
- **Pipeline Update:**
  - Progressing well on trials for Advair
  - R&D spends to come off the peak as the Advair generic trial gets over; focused portfolio investments going forward
- **US Specialty:**
  - As per plan, NDA for IV Tramadol submitted in Dec via Avenue Therapeutics
  - Investments focused towards Institutional business; out-licensing opportunities being explored for CNS assets

Q3 Y-o-Y

\$ Mn



# ANDA<sup>1</sup> Portfolio & Pipeline (As on 31<sup>st</sup> Dec 2019)

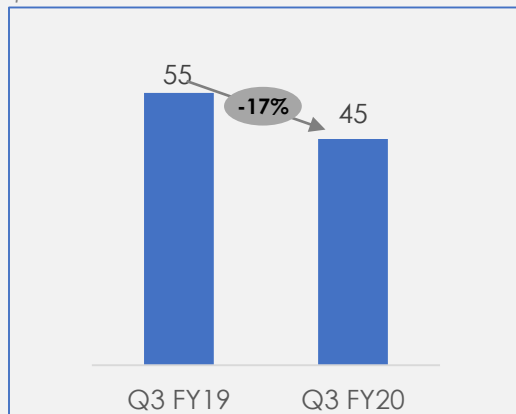


1 Does not include Vet product ANDAs

2 PEPFAR approved ANDAs can be commercialised in US

## Emerging Markets

\$ Mn

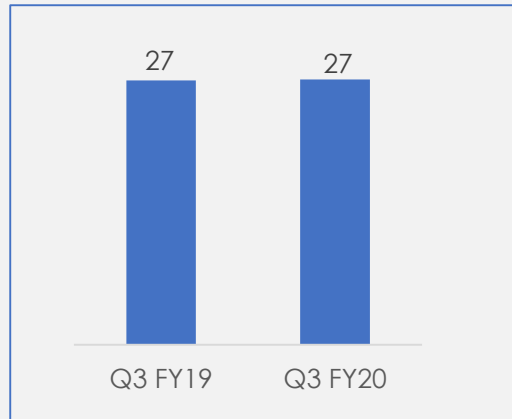


Strengthening portfolio offering in key markets:

- The quarter saw the commercialization of products in the market for our partnership with Novartis in Australia and Sri Lanka
- Progress on the Biosimilar pipeline on target

## Europe

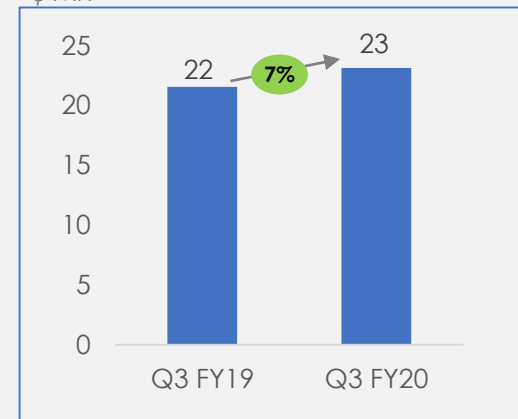
\$ Mn



- Strong performance in key DTM<sup>1</sup> markets
- Overall FPSM UK market share at 15% as per ePACT Oct data

## API

\$ Mn



- Performance in key accounts drives overall growth for the quarter
- Momentum continues in Seedings & Lock-ins world wide to build future pipeline

1. Direct-to-Market

# Key priorities for the upcoming quarters:

1

## India

- Leverage on the momentum and continue to drive performance across both prescription and generics
- Execute on the One-India strategy leveraging synergies across the 3 businesses

2

## South Africa

- Continue growth momentum in the private market portfolio to deliver growth in the overall business
- Continue to be a dominant player in the OTC space and drive further growth in the Mirren portfolio

3

## US:

- Focus on maximizing value opportunity in key commercial assets
- Continue to track Respiratory filings closely; focused investments going forward
- Finalize out-licensing for CNS Specialty assets

4

## Quality and Compliance

- Work with US FDA to comprehensively address the observations in Goa
- Continue to operate our facilities globally with the highest level of compliance and control

# To Recap: We are structuring our businesses for long-term sustainable growth and see strong growth opportunities across our key markets



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# Thank you

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