



# Investor Presentation

Q3 FY 15 Earnings Release

12 Feb 2015

*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, cash flow projections, 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."*

## Topline growth of 8% for YTD 2015

- Strong India business performance in Q3 FY15– 14.2% vs Q3 FY 14 (18.2% vs 11% for industry as per IMS data)
- Export performance continues to be muted
- Business model change implemented in 15 countries
- US gone live

## YTD 2015 EBITDA margin of 20%

- EBITDA margins QoQ - 20% in Q3 FY 15 as compared to 20.2% in Q2 FY 15
- Q3 FY 15 EBITDA grew by 18.5% vs Q3 FY 14
- ARV tender win in South Africa
- Competition Commission clearance for Teva JV in South Africa
- Global Fund ARV Tender award of USD 189 mn- established as a 'Panel Supplier'
- Continued focus on cost management in manufacturing and procurement expenses
- Esomeprazole supply on track

## Strong Balance Sheet

- Strong operating cash flow
- Effective Capex management
- Continue to manage cash conversion cycle

# Financial Performance Summary



|                | Q3 FY 15 Numbers    |             |             | YTD 2015 Numbers    |             |
|----------------|---------------------|-------------|-------------|---------------------|-------------|
|                | Consolidated        |             |             | Consolidated        |             |
|                | Actuals<br>(Rs Cr.) | vs Q3 FY 14 | vs Q2 FY 15 | Actuals<br>(Rs Cr.) | vs YTD 2014 |
| Revenue        | 2,765               | 6.5%        | -0.1%       | 8,253               | 8.0%        |
| Domestic sales | 1,199               | 14.2%       | -4.2%       | 3,739               | 17.2%       |
| Exports sales  | 1,426               | -6.1%       | 3.4%        | 4,163               | -0.7%       |
| EBITDA         | 554                 | 18.5%       | -0.8%       | 1,654               | -4.0%       |
| EBITDA %       | 20.0%               | 2.0%        | -0.2%       | 20.0%               | -2.5%       |
| PAT            | 328                 | 15.3%       | 9.8%        | 921                 | -18.3%      |
| PAT %          | 11.9%               | 0.9%        | 1.1%        | 11.2%               | -3.6%       |

# Performance Summary (1/4)



| Area                         | Highlights   |
|------------------------------|--|
| <b>Financial Performance</b> | <ul style="list-style-type: none"> <li>• Consolidated YTD 2015 Sales: Rs. 8,253 Cr, 8% above YTD 2014</li> <li>• EBITDA margins QoQ - 20% in Q3 FY15 as compared to 20.2% in Q2 FY 15</li> <li>• Consolidated Q3 FY 15 EBITDA: Rs. 554 Cr, 18.5% above Q3 FY 14</li> <li>• Consolidated Q3 FY 15 EBITDA margin: 20%, 2% above Q3 FY 14</li> <li>• Consolidated Q3 FY 15 PAT: 328 Cr, 15.3% above Q3 FY 14</li> <li>• Strong cost management: manufacturing and procurement cost savings</li> <li>• Muted export growth:               <ul style="list-style-type: none"> <li>– Continue to face supply scale up challenges</li> <li>– Transition from B2B to DTM</li> <li>– Continue with product rationalization</li> <li>– Lower tender uptake</li> </ul> </li> </ul>  |
| <b>Business / Strategy</b>   | <ul style="list-style-type: none"> <li>• South African Government’s National ARV tender win ~ USD 189 mn               <ul style="list-style-type: none"> <li>– Key products: Odimune (TEE), Nevirapine, Efavirenz, Lamivudine, Tenofovir</li> <li>– Strengthens Cipla’s position as a leading partner of Government in Pharmaceuticals</li> </ul> </li> <li>• Business model change implemented in 15 countries- significant revenue de-risked</li> <li>• Competition Commission clearance for marketing collaboration between Cipla Medpro and Teva               <ul style="list-style-type: none"> <li>– Step change in Cipla South Africa product portfolio – Access to 65 new molecules</li> </ul> </li> <li>• Commercial partnership with Serum Institute of India for affordable paediatric vaccines in Europe               <ul style="list-style-type: none"> <li>– Enables Cipla to enter into the vaccines segment</li> <li>– Strong platform for Cipla to contribute in eradication of childhood diseases and fulfil commitment for access to affordable paediatric healthcare</li> </ul> </li> </ul> |

| Area                       | Highlights  |
|----------------------------|---|
| <b>Business / Strategy</b> | <ul style="list-style-type: none"><li>• Collaboration agreement with Medicines for Malaria Venture (MMV) for the development of rectal artesunate for pre-referral treatment of children with severe malaria<ul style="list-style-type: none"><li>– Established under the MMV-led “Improving Severe Malaria Outcomes” project funded by UNITAID</li><li>– Focus on all the countries in Africa such as Nigeria, Ghana, Kenya, Uganda, Tanzania, DRC (Democratic Republic of the Congo), and many others</li><li>– Over 220 million malaria cases in Africa, of which eight million are suffering with severe malaria</li></ul></li><li>• Extension of In-licensing agreement with Gilead to include investigational pan-genotypic agent<ul style="list-style-type: none"><li>– Cipla will be allowed to manufacture and market GS-5816 and the single tablet regimen of GS-5816/sofosbuvir, in addition to Sofosbuvir mono, Ledipasvir mono, the fixed-dose combination of Ledipasvir/Sofosbuvir with each other, and the combination of Sofosbuvir or Ledipasvir with other active substances (under Cipla’s brand name)</li><li>– Access to 91 developing countries</li><li>– Enables rapid access to treatment for patients - more than 130 million patients impacted</li></ul></li><li>• Stempeutics filed with DCGI for its lead product Stempeucel, seeking approval for the indication Critical Limb Ischemia due to Buerger disease, a major unmet need globally.<ul style="list-style-type: none"><li>– In India, 10 lakh people are estimated to be affected by Buerger disease</li></ul></li><li>• JV agreement in Morocco with Cooper Pharma and Pharmaceutical Institute (PHI)<ul style="list-style-type: none"><li>– Enables Cipla to establish a front-end presence in Morocco</li><li>– Initial focus of the JV shall be respiratory and neurology products</li></ul></li></ul> |

# Performance Summary (3/4)

| Area                           | Highlights  |
|--------------------------------|---|
| <b>Business / Strategy</b>     | <ul style="list-style-type: none"> <li>• Teva received FDA approval of the first generic equivalent to Nexium (esomeprazole magnesium) Delayed-Release Capsules in the United States                             <ul style="list-style-type: none"> <li>– Cipla is the supplier of the API and formulation to Teva</li> </ul> </li> <li>• CDYMAX, China divestment in process</li> </ul>  |
| <b>Operational Performance</b> | <ul style="list-style-type: none"> <li>• India business momentum continues                             <ul style="list-style-type: none"> <li>– YTD Market share of 5.2% (<i>Source: IMS data</i>)</li> <li>– Continue to outpace YTD market growth: 18.2% vs 11% for the industry (<i>Source:IMS</i>)</li> <li>– Continue to drive medical education and outreach programmes</li> </ul> </li> <li>• CIPLA 1<sup>st</sup> own label products launched in USA (Meloxicam, Topiramate, Valaciclovir and Doxycycline)</li> <li>• Supply issue resolution underway with a focus on strengthening our operational linkages, across zones and functions</li> <li>• SAP go live on track with minimal disruption</li> <li>• Launch of Salmeterol Fluticasone in Europe- assessing early in-market performance                             <ul style="list-style-type: none"> <li>– Launched in Germany, Sweden, Slovakia, Czech and Croatia</li> <li>– Currently majority of sales are retail</li> <li>– Focus on “Pull Activities” at doctor level</li> <li>– Number of new patients continues to increase month on month</li> <li>– Good traction in Czech, Slovakia and Croatia</li> <li>– Slower uptake in Germany &amp; Sweden</li> <li>– Awarded first tender for Serroflo in Germany</li> </ul> </li> </ul> |

# Performance Summary (4/4)

| Area                                | Highlights   |
|-------------------------------------|--|
| <b>R&amp;D Pipeline</b>             | <ul style="list-style-type: none"><li>• &gt; 85% of top 25 projects on track for launch</li><li>• &gt;250 formulation development projects underway</li><li>• Formulations filings on track:<ul style="list-style-type: none"><li>– YTD 33 filings for Europe and 10 filings for North America</li><li>– YTD 1000+ filings International (ROW) filings</li></ul></li></ul> |
| <b>Organisation</b>                 | <ul style="list-style-type: none"><li>• Top 100 leadership program kicked off</li></ul>  |
| <b>Quality, Risk and Compliance</b> | <ul style="list-style-type: none"><li>• Several external regulatory audits successfully completed</li><li>• Continue to maintain Cipla's high standards of quality and safety</li></ul>  |