

VIVIMED LABS LIMITED

Earnings Presentation – Q3 - FY13

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YTD December 2013 & Q3– Performance Overview

- YTD Performance Remains Robust:
  - Total income up by 97%, EBITDA by 78%, PAT by 68%
- Q3 YOY Consolidated Results:
  - Total income up by 62%, EBITDA by 12%, PAT by 5%
- Q3 vs. Q2 (sequential QoQ) impacted by quarter-specific events
  - Total income declined by 0.5%, EBITDA down by 31%, PAT down by 34%
  - Quarter-specific one-off events summarized in this note

- However, significant progress with new client orders, products:
- **Pharmaceuticals:** $20 mn CMO (Contract Manufacturing Outsourcing) deal with an innovator client for anti HIV drug, traction with other clients signal return to strong growth in Q4FY13 and 2013
- **Spechem:** New order wins, product approvals and entry into new segments with partners (fragrances, silicones)
- Management maintains FY13 consolidated revenue outlook of about INR11 billion and PAT of INR 900-950 million

  For forward looking statements, please refer to disclaimer

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Financial Highlights

All Comments relate to Consolidated Financial Results

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Q3 FY13 – YoY Financial Highlights

- Consolidated Results
  - Total Income of INR 2,744 million, an increase of 62%
  - EBITDA of INR 372 million, an increase of 12%
    - EBITDA margin at 13.5%
  - PAT of INR 169 million, an increase of 5%
    - PAT margin at 6.2%
- Spechem Performance Highlights
  - Total Income of INR 961 million, an increase of 14%
  - EBITDA of INR 188 million, an increase of 12%
    - EBITDA margin at 19.5%
  - PAT of INR 46 million, a decline of 34%
    - PAT margin at 4.8%
- Pharmaceuticals Performance Highlights
  - Total Income of INR 1,783 million, an increase of 109%
  - EBITDA of INR 184 million, an increase of 12%
    - EBITDA margin at 10.3%
  - PAT of INR 123 million, an increase of 36%
    - PAT margin at 6.9%

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Q3 FY13 – QoQ Financial Highlights

- Total Income of INR 2,744 million, a marginal decline of 0.5%
- EBITDA of INR 371 million; a decline of 31% - EBITDA margin at 13.5%
- PAT of INR 169 million; a decline of 34 % - PAT margin at 6.2%

Spechem Division:

- Sales declined by 6% due to continuing low offtake of Triclosan and OMC
- Received order for Triclosan from Colgate; Supplies started in Q4 FY2013
- OMC facilities shifted to other products for optimal utilization
- Spechem margins impacted by lower revenues and one time severance cost in Europe

Notes:
QoQ refers to Quarter ended 31st December, 2012 Vs Quarter ended 30th September, 2012
YoY refers to Nine months ended 31st December, 2012 Vs Nine months ended 31st December, 2011

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Q3 FY13 – QoQ Financial Highlights Contd.

Pharma Division:

- Pharma sales grew by 3%; muted growth due to planned holiday closure of Uquifa Spain and Mexico in December 2012

Uquifa Operations overview:

- EBITDA for Uquifa Spain impacted by one-off manufacturing costs:
  - Running validation batches for a new $20 mn contract in Spain (which reported normal production in Q4 FY13) and
  - Provision for replacing an outsourced intermediate, Combined impact of Euro One million (approximately INR 70 million)

- Uquifa Mexico revenue remained stable with improved EBITDA margin
- Expect sales recovery at Uquifa to normalized operations in Q4 FY13
- Domestic India CMO business and exports to semi-regulated markets remained stable

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Key Business Highlights

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Key Business Highlights – Spechem Division

- New Business Wins
  - Received order from Colgate for Triclosan worth INR 50.0 million
  - Anti-dandruff product with L'Oreal for INR 108.0 million

- Entered New Segments With Partners
  - JV with Sillage aromatique, Singapore, a leading fragrance manufacturing company
    - Initially to market imported products for JV in India, to upgrade to own manufacture in due course
  - Exclusive agreement with Resil Technologies, Bangalore, to exclusive supply of silicones for personal care industry
    - Worldwide marketing by Vivimed of products manufactured by Resil

Key Business Highlights – Pharma Division

- **New Business Wins in Uquifa**
  - Received contract for API supply to a new innovator client worth $20.0 million for an anti-HIV drug to be supplied during CY2013
  - Received order from Ranbaxy worth $2.0 mn
- Also received approval to market **Omeprazole FDF** in Portugal
  - To start selling Finished Dosage Formulations in Europe
  - Applied for approval in another 9 countries, MRP (mutual recognition procedure) expected by March 2013
- **Klar Sehen** Hyderabad facilities accredited with CE approval for Nasal sprays
  - Company can now export to EU/USA
- **Contract Manufacturing and Exports(India):**
  - Added new customers in Ukraine; Acquired Pharma manufacturing plant at Bollaram to address capacity constraint in servicing domestic FDF market
- **India Formulations:**
  - New product Launches in opthalmic /gynaecology segment, territory expansions in UP, Launch of opthalmic division in MP

FDF: *Finished Dosage Formulations*

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Finoso Acquisition

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Finoso Acquisition

- Propose to acquire Hyderabad based Finoso Pharma Pvt Ltd, a pharmaceutical development services company, focussed on formulations product development efforts for multiple markets and develops globally accepted dossiers
- Finoso will become Vivimed's R&D unit to support innovators, generics and licensing efforts
- Proposed to be acquired debt free, subject to contract, for a total consideration of INR 150.0 million comprising cash, stock and deferred payment
- Finoso is founded by Dr RK Kumar, who previously was in Perrigo USA and has experience of over 2 decades
    - Dr Kumar will enter into appropriate management contracts and employment agreements on completion of the Transaction
- Supported by an experienced team of professionals
- Finoso recorded a Revenue and EBITDA of INR 52 million and 16 million respectively in FY 2012
- State-of-the-art facility situated in Alexandria Techno Park, Hyderabd
- Existing clients include reputable multinationals and Indian companies
- Business Services include Formulation Development Services, Regulatory Services, Analytical Development Services and Quality Systems for:
    - Product Development of Generics
    - Product Development for Innovators
    - Out Licensing of dossiers developed by Finoso

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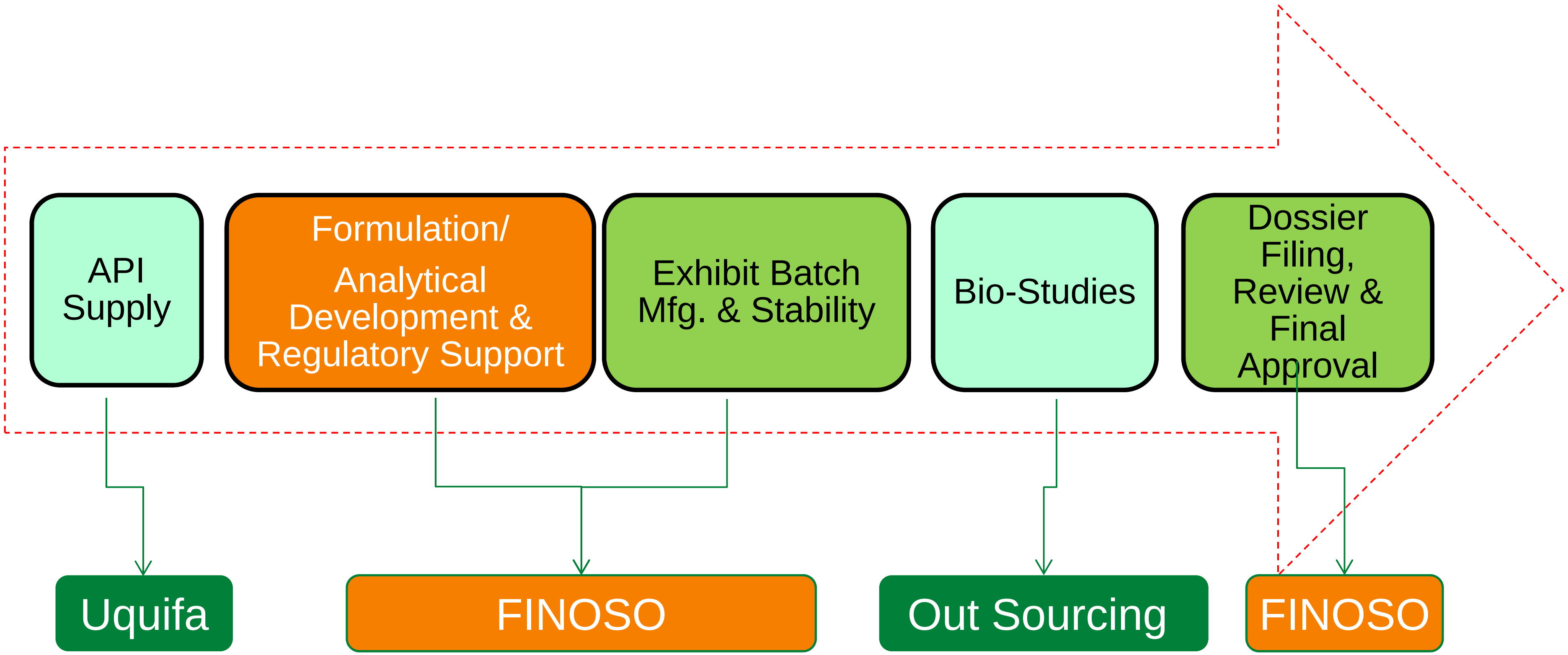
Finoso Acquisition Rationale

Value Chain



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Financials

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Standalone P&L (Q3)

INR mn

Income Statement	Q3-FY13	Q3-FY12	YoY Change	Q2-FY13	QoQ Change
Total Income *	**1,148**	**928**	**23.7%**	**1,111**	**3.3%**
Total Expenses	904	737	22.6%	860	5.1%
EBITDA	**244**	**191**	**27.7%**	**252**	**-3.0%**
EBITDA Margin	*21.3%*	*20.6%*	*0.7%*	*22.6%*	*-1.4%*
Depreciation	39	21	83.5%	38	1.2%
Interest	79	52	51.5%	68	15.6%
PBT	**127**	**118**	**7.3%**	**146**	**-12.8%**
Tax	24	24	3.0%	54	-54.7%
Profit After Tax	**103**	**95**	**8.4%**	**92**	**11.8%**
PAT Margin	*8.9%*	*10.2%*	*-1.3%*	*8.3%*	*0.7%*
Basic EPS (INR)	**7.4**	***6.8***		***6.6***	
Diluted EPS (INR)	**6.4**	***5.9***		***5.7***	

** Total Income is inclusive of other income*

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Consolidated P&L (Q3)

INR mn

Income Statement	Q3-FY13	Q3-FY12	YoY Change	Q2-FY13	QoQ Change
Total Income *	**2,744**	**1,696**	**61.8%**	**2,758**	**-0.5%**
Total Expenses	2,372	1,364	73.9%	2,219	6.9%
EBITDA	**371**	**332**	**11.9%**	**539**	**-31.1%**
EBITDA Margin	*13.5%*	*19.6%*	*-6.0%*	*19.5%*	*-6.0%*
Depreciation	143	69	107.1%	141	1.6%
Interest	98	59	68.0%	108	-8.5%
PBT	**130**	**205**	**-36.4%**	**291**	**-55.2%**
Tax	(39)	44	-188.9%	35	-210.8%
Profit After Tax	**169**	**161**	**5.5%**	**255**	**-33.7%**
PAT Margin	*6.2%*	*9.5%*	*-3.3%*	*9.3%*	*-3.1%*
Basic EPS (INR)	**12.1**	***11.5***		***18.3***	
Diluted EPS (INR)	**10.5**	***10.0***		***15.9***	

** Total Income is inclusive of other income*

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Standalone P&L (YTD)

INR mn

Income Statement	YTD-FY13	YTD-FY12	YoY Change
Total Income	**3,175**	**2,921**	**8.7%**
Total Expenses	2,447	2,310	5.9%
EBITDA	**728**	**611**	**19.2%**
EBITDA Margin	*22.9%*	*20.9%*	*2.0%*
Depreciation	114	60	90.0%
Interest	236	180	31.1%
PBT	**378**	**371**	**2.0%**
Tax	99	74	33.9%
Profit After Tax	**279**	**296**	**-6.0%**
PAT Margin	8.8%	10.2%	*-1.4%*
EPS (INR)	**20.0**	**21.3**	
Diluted EPS (INR)	***17.4***	***18.5***	

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Consolidated P&L (YTD)

INR mn

Income Statement	YTD-FY13	YTD-FY12	YoY Change
Total Income	**8,245**	**4,190**	**96.8%**
Total Expenses	6,716	3,332	101.5%
EBITDA	**1,530**	**858**	**78.3%**
EBITDA Margin	*18.6%*	*20.5%*	*-1.9%*
Depreciation	425	133	218.7%
Interest	365	203	79.9%
PBT	**740**	**522**	**41.8%**
Tax	54	114	-52.4%
Profit After Tax	**686**	**408**	**68.0%**
PAT Margin	8.3%	9.7%	*-1.4%*
EPS (INR)	**49.2**	**29.3**	
Diluted EPS (INR)	***42.7***	***25.4***	

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Segmental Financials – Standalone

INR mn

Segment	Revenue			
	Q3 ' FY13	Q3' FY12	YTD' FY13	YTD' FY12
Specialty Chemicals	885	670	2,428	2,122
Pharmaceuticals	256	258	720	796

Segment	EBIT			
	Q3 ' FY13	Q3' FY12	YTD' FY13	YTD' FY12
Specialty Chemicals	148	108	481	368
Pharmaceuticals	57	62	134	183

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Segmental Financials – Consolidated

				INR mn
Segment	**Revenue**			
	Q3 ' FY13	**Q3' FY12**	**YTD' FY13**	**YTD' FY12**
Specialty Chemicals	955	840	3,529	2,553
Pharmaceuticals	1,766	840	4,578	1,619

Segment	**EBIT**			
	Q3 ' FY13	**Q3' FY12**	**YTD' FY13**	**YTD' FY12**
Specialty Chemicals	143	138	529	451
Pharmaceuticals	86	125	576	274

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Thank you

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