Cipla

Investor Presentation
Q1FY19

08-08-2018

Disclaimer

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Continued progress on our key FY19 priorities

Key Priorities

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1 India: Growth & Therapy Strengthening

22%

Product partnerships with **Roche and Eli Lilly**

2 US: Launches & Ramp-up

7 approvals in Q1 including **Isoproterenol** HCl Inj and **Testosterone** Cypionate Inj

3 US Filings Ramp-up

5 ANDAs filed in Q1

On-track for 20+ ANDA filings in FY19

4 South Africa: Growth

15%[1] Cipla vs 7% market growth

First-to-Market

Launches planned in Q2 including first biosimilar **Filgrastim** Injection

5 RoW: Growth & Biosimilars

Trastuzumab

deal signed for key Emerging Markets (ANZ, Colombia and Malaysia)

6 Quality & Compliance

EIR for Goa & Indore Plants Received

Continued focus on maintaining compliance & control at all manufacturing locations

1 IQVIA (IMS) MAT Jun'18

Cipla SA signs a definitive agreement to acquire 100% stake in Mirren (Pty) Ltd.

Deal is subject to SA Competition Commission Approval

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Key Transaction Financials	Mirren Revenue FY18	OTC Growth in SA	Valuation Metrics
	ZAR 152m ↑ **29% vs. LY**	**11%** ~300bps higher than overall market	ZAR 450m 3x FY18 Sales

Coryx: Cough & Cold

↑ **15%**

Tab & syrup market growth

(Cough & Cold)

Broncol: Cough & Cold

↑ **90%**

Syrup market growth with no codeine

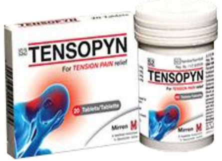
(Cough & Cold)

Tensopyn: Pain Mgmt.

↑ **50%**

Tab & syrup market growth

(Pain Mgmt)



Ultimag: Mag & Zinc Supplement

↑ **30%**

Tab & syrup market growth

(Mag & Zinc Supplement)

Local manufacturing facility for liquids, OSD & Effervescent

Synergies & Capabilities

- **Play in the ZAR11Bn OTC market**
- Accelerate OTC business to reach ZAR 1Bn
- Expand presence in Pain, Cough & Cold therapeutic area
- Access to local liquid manufacturing facility

Cipla OTC

18% of Cipla overall business

↑ **14% YOY**

Targeted Market
ZAR3bn

Cipla + Mirren

22%+ of Cipla overall business

Targeted Market
ZAR14bn

Financial Performance – Q1FY19

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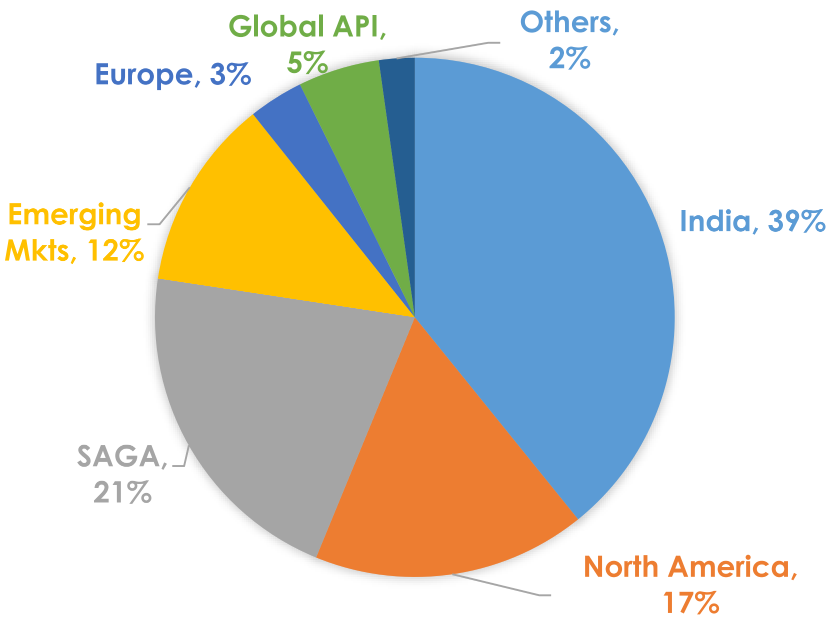
Revenues	INR 3,939 Cr	↑ 12% YoY	EBITDA	18.4%	↑ 12% YoY	PAT	11.5%	↑ 10% YoY

Q1 FY19 (Consolidated)

	Actuals *(Rs Cr)*	vs Q1 FY 18
Total Income from Operations	**3,939**	**12%**
a) Domestic Sales	*1,559*	***20%***
b) Int'l Sales	*2,287*	***7%***
c) Other Operating Income	*93*	-
EBITDA	726	***12%***
EBITDA %	**18.4%**	
PAT	451	***10%***
PAT %	11.5%	

Revenue[1] Break-up



1 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) Sales

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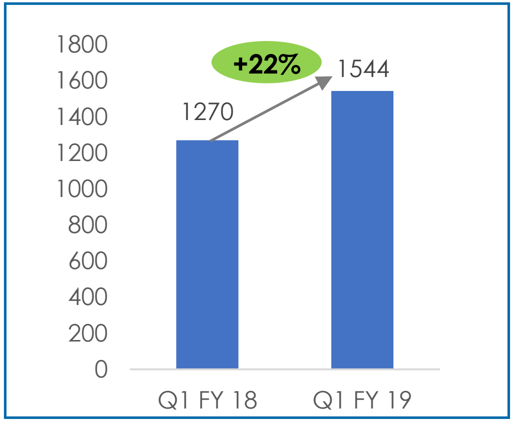
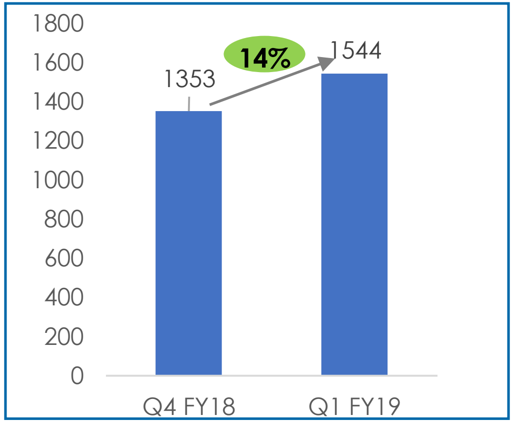
Q1 Y-o-Y

Rs Cr



Q1 Q-o-Q

Rs Cr



Key Business Highlights[1]

- Key therapeutic areas delivered above market performance which includes Cardiac (11.3% Vs Mkt 7.5%), Respiratory (11.2% Vs Mkt 9.1%), Urology (14.5% Vs Mkt 13.1%) and CNS (7% Vs Mkt 4.7%)
- **Continued leadership position** in Respiratory and Urology and ranked amongst top 5 in CNS, Cardiac and Anti-infectives
- **Strategic partnership with Roche** India: Strengthened Oncology portfolio with the launch of 3 MABs (Bevacizumab, Trastuzumab & Rituximab)
- Diabetes franchise development: Partnered with Eli Lilly to market and distribute **insulin glargine injection (Basaglar)**[2]

1. IQVIA (IMS) MAT Jun'18 | 2. Upon final approval

North America: Driving Value-Play in the US market through rationalization of select product categories and ramp-up of new launches

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1	**<u>Q1FY19[1]</u> Contribution from new products launches in last 12 months**	**30%** *of Q1FY19* ***DTM*** *Revenues*	**19%** *of Q1FY19 Revenues*
2	**Significant Gross Margin Improvement** driven by product rationalization and ramp-up of new launches	**+300bps** *Improvement in overall DTM (Cipla & Invagen) business Gross Margin%*	**15%pp** *Improvement in Cipla DTM business Gross Margin%*

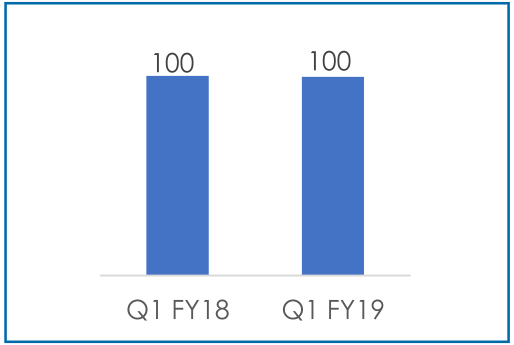
~$5mn impact due to rationalization of low-margin SKUs

1 Only DTM revenues of new launches considered

90% *of new product revenues in Q1 contributed by* ***Budesonide, Decitabine, Palonosetron & Isoproterenol***

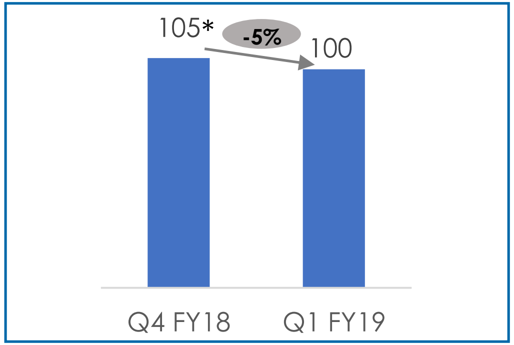
Q1 Y-o-Y

$ Mn



Q1 Q-o-Q

$ Mn



* Excluding one-time income

ANDA[1] Portfolio & Pipeline (As on 30th June 2018)

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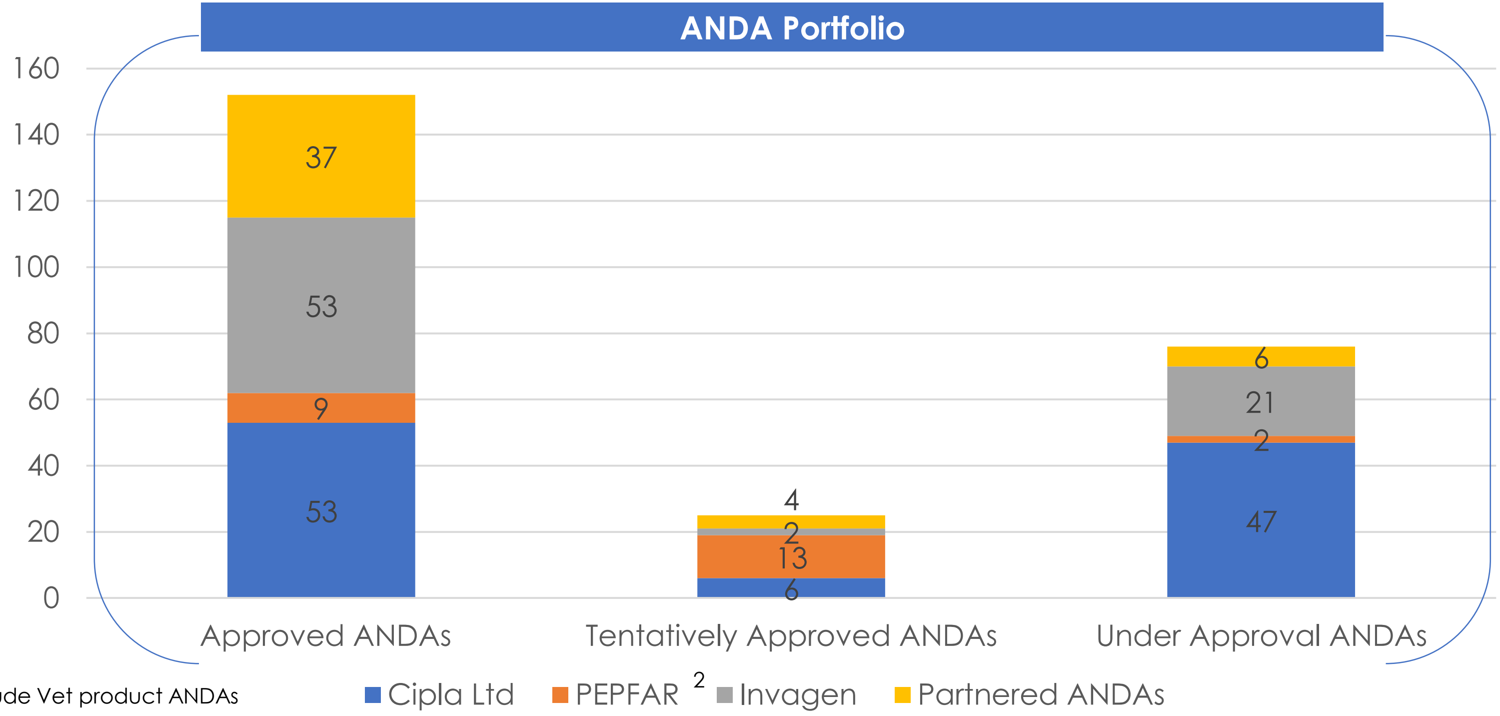
Total 152 + 25 + 76 = 253 ANDAs



1 Does not include Vet product ANDAs

2 PEPFAR approved ANDAs can be commercialised in US

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

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ZAR Growth

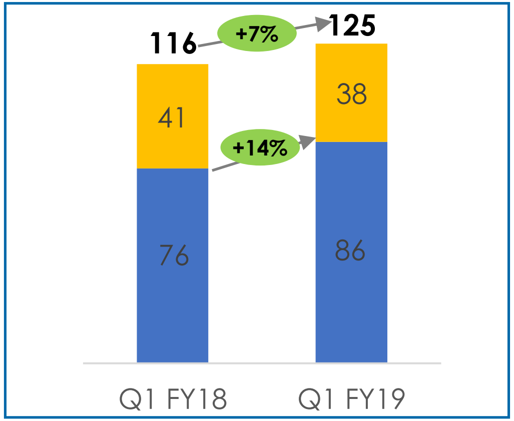
SA: ↑ 14% vs Q1 FY18 normalized for animal health

South Africa

Others

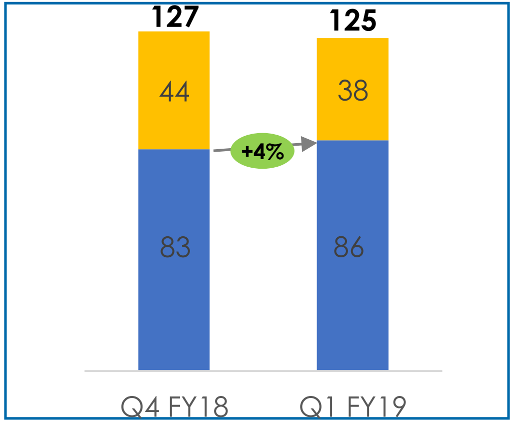
Q1 Y-o-Y

$ Mn



Q1 Q-o-Q

$ Mn



Key Business Highlights[1]

- Above market growth in South Africa private market; Cipla continues to outpace market growth at 15% vs 7%
- Cipla maintained its position as the 4th largest pharmaceutical company in the private market with **6% market share**
- Strong momentum in **Sereflo Synchrobreathe** growing at 45% vs Q1FY18
- First to market launches planned in Q2 including the **first biosimilar Filgrastim Injection (Teva portfolio)**

1 IQVIA (IMS) MAT Jun'18

*Financial numbers are rounded off

EM, Europe and API

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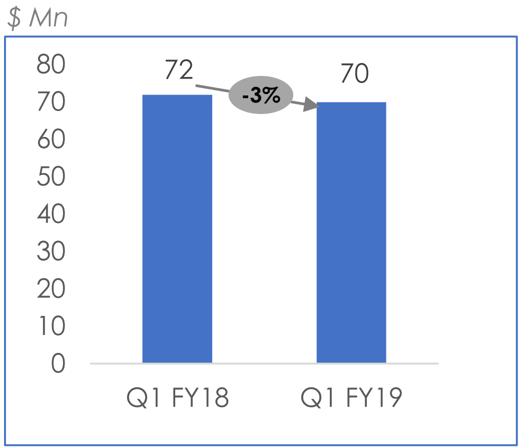
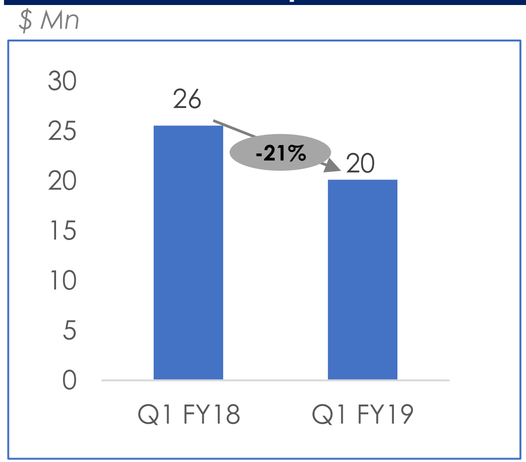
Emerging Markets



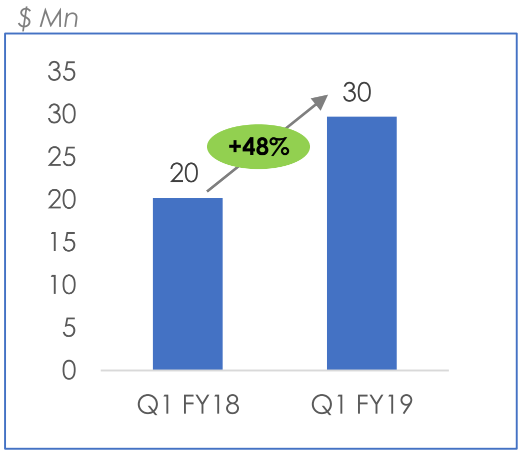
- **ANZ Portfolio:** Azacitidine injection approved in Australia; Dymista launched in NZ
- **Morocco:** Pharma status received for Cipla Morocco plant
- **Colombia:** 5 new product launches and 4 approvals

Europe



- **Europe Hospital segment strategy** execution with Bosentan as the first product
- **UK FPSM:** Continued traction with channel partners

API



- Continued momentum in **seedings and lock-ins**
- **Respiratory** continues to be the largest component (36% of overall) of the business

Recap of progress on our key FY19 priorities and some emerging challenges

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India	• Strong Y-o-Y growth in India business **(↑ 22%)**
US	• **Differentiated approvals:** Isoproterenol HCl Inj and Testosterone Cypionate Inj • **Filings:** 5 ANDAs filed in Q1; on track to file 20+ in FY19
South Africa	• 15% Cipla vs 7% market growth; first biosimilar launch planned for Q2 • **Mirren*** acquisition to give OTC boost
EM	• Biosimilar portfolio development efforts underway • **Trastuzumab:** deal signed for key Emerging Markets (ANZ, Colombia and Malaysia)
Quality	• EIR received for **Goa & Indore** plants

Emerging Challenges

China, commodities and oil linked cost inflation pressure

Continued geo-political volatility in emerging markets

*Deal is subject to South Africa Competition Commission Approval

Thank you

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