Investor Presentation

Q2 FY 15 Earnings Release

13 Nov 2014

Disclaimer

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."

Business Update

Topline growth of 8.8% for H1 FY 15

- Strong India business performance – 20.3% vs. ~11.2% for the industry *(Source:IMS data)*
- Export performance muted
- Front end builds underway

H1 FY 15 EBITDA margin of 20.1%

- EBITDA margins QoQ - 20.2% in Q2 FY 15 as compared to 19.9% in Q1 FY 15
- Focused cost management in manufacturing and procurement expenses
- Out-licensing deal with Salix for 'Rifaximin Complexes' patent family controlled by Cipla
- Announced in-licensing agreement with Teva in South Africa

Strong Balance Sheet

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

Financial Performance Summary – Q2 FY 15

	Quarterly Numbers					
	Standalone			Consolidated		
	Actuals *(Rs Cr.)*	vs Q2 FY 14	vs Q1 FY 15	Actuals *(Rs Cr.)*	vs Q2 FY 14	vs Q1 FY 15
Revenue	2,490	5.3%	0.6%	2,767	9.3%	1.7%
Domestic sales	1,254	20.6%	-2.9%	1,251	20.5%	-2.9%
Exports sales	1,096	-14.5%	-1.4%	1,379	-4.6%	1.5%
EBITDA	554	-0.1%	4.0%	558	-1.5%	3.1%
EBITDA %	22.2%	-1.2%	0.7%	20.2%	-2.2%	0.26%
PAT	336	-10.6%	1.2%	299	-16.6%	1.4%
PAT %	13.5%	-2.4%	0.1%	10.8%	-3.3%	0.0%

Financial Performance Summary – H1 FY 15

	Half - Yearly Numbers			
	Standalone		Consolidated	
	Actuals *(Rs Cr.)*	vs H1 FY 14	Actuals *(Rs Cr.)*	vs H1 FY 14
Revenue	4,964	2.3%	5,487	8.8%
Domestic sales	2,545	18.7%	2,540	18.7%
Exports sales	2,206	-11.2%	2,737	2.4%
EBITDA	1,086	-11.6%	1,100	-12.4%
EBITDA %	21.9%	-3.4%	20.1%	-4.9%
PAT	668	-21.5%	593	-29.7%
PAT %	13.5%	-4.1%	10.8%	-5.9%

Performance Summary (1/4)

Area	Highlights
Financial Performance	• Consolidated H1 Sales: Rs. 5,487 Cr, 8.8% above H1 FY 14 • Improved EBITDA margins QoQ - 20.2% in Q2 FY15 as compared to 19.9% in Q1 FY 15 • Consolidated H1 EBITDA: Rs. 1,100 Cr, 12.4% below H1 FY 14 • Consolidated H1 EBITDA margin: 20.1%, 4.9% below H1 FY 14 • Consolidated H1 PAT: 593 Cr, 29.7% below H1 FY 14 • 20% improvement in operating cash flow as compared to H1 FY 14 driven by reduction in cash conversion cycle • AAA credit rating maintained • Strong cost management: manufacturing and procurement cost savings
Business / Strategy	• Business de-risking via front end build in select markets underway: Yemen, Iran, Sri Lanka, Myanmar • In-licensing gaining traction: Darbopoetin, Raltegravir, Dolutegravir, TAF, Sofosbuvir • Signed joint venture agreement with distributor in Iran – Signed definitive agreement with existing Iranian distributor for setting up a manufacturing facility in Iran – Cipla has been a leading company in Iran and has a long-term business relationship with the existing distributor – Contribution from Cipla over the next 3 years will include machinery, equipment, technical know how and is expected to be ~ Rs. 225 crore for a 75% stake

Performance Summary (2/4)

Area	Highlights
Business / Strategy	• In-licensing agreement with Gilead for Sofosbuvir, Ledipasvir – Cipla will be allowed to manufacture and market Sofosbuvir, Ledipasvir (under Cipla's brand name) in 91 countries – Includes manufacturing and distribution of Sofosbuvir mono, Ledipasvir mono, the fixed-dose combination of Ledipasvir/Sofosbuvir with each other and the combination of Sofusbuvir or Ledipasvir with other active substances – Enables rapid access to treatment for patients - more than 130 million patients impacted • In-licensing agreement with Medicine Patent Pool to allow generic manufacture of tenofovir alafenamide (TAF) – Sub-licence will allow generic manufacture of TAF for 112 developing countries – Lower production costs, as well as greater ease in developing new fixed-dose combination – Commitment to the cause of HIV/AIDS treatment (to provide advanced and effective cure) – Comparable antiviral efficacy to that of 300 milligram tenofovir disoproxil fumarate (TDF) but at a dose that is 10 times lower, which may expand its use to broader populations • Marketing collaboration between Cipla Medpro and Teva – Broadens Cipla South Africa platform – instant access to 65 new molecules – Therapeutic classes covered: oncology, central nervous system, women's health, cardiovascular, ophthalmology and other specialty products such as diagnostic devices – Commitment to advance affordable healthcare for all South Africans

Performance Summary (3/4)

Area	Highlights
Business / Strategy	• Out-licensing deal with Salix for 'Rifaximin Complexes' patent family controlled by Cipla – The grant is on a worldwide basis, excluding the countries of Asia (other than Japan),Africa – Salix will make an up-front payment, additional regulatory milestone payments and royalty – Demonstrates to industry that we are open to global partnerships to benefit all patients
Operational Performance	• India business momentum continues – YTD Market share of 5.1% *(Source: IMS data)* – Continue to outpace YTD market growth: 20.3% vs 11.2% for the industry (Source:IMS) – Continue to drive medical education and outreach programmes • Launch of Salmeterol Fluticasone in Germany, Sweden, Slovakia and Croatia • Execution of South Africa tender for respiratory and oral solids underway • SAP live in November – implementation and transition underway • Long term network optimization effort underway – reduce complexity, increase operational efficiency and design 5-7 year manufacturing capacity requirements • Manufacturing productivity improvement initiatives underway • North America go-live plans on track • Distribution collaboration with DRL for Levalbuterol in US • Focus on building our operational backbone and ensuring smooth integration of our front ends

Performance Summary (4/4)

Area	Highlights
R&D Pipeline	• > 80% of top projects on track for launch • >250 formulation development projects underway • Formulations filings on track: – YTD 18 filings for Europe and North America – YTD 800 filings International (ROW) filings
Organisation	• Leadership team largely in place • Clear milestone based headcount plan in priority markets
Quality, Risk and Compliance	• Several external regulatory audits successfully completed • Continue to maintain Cipla's high standards of quality and safety