



# **Cadila Healthcare Ltd.** **Investor Presentation**

June 2009

Dr. Sharvil Patel, Dy. Managing Director



# A Snapshot

- One of the oldest and the 5th largest in the Indian formulations market worth over \$7.5 bn (*Source : ORG IMS MAT Mar-09*).
- Operations in US, Europe, Japan, Latin America, CIS, Africa and Asia Pacific.
- International sales in generic markets contribute to over 33% of revenues.
- 60% growth in formulation exports in last 5 years.
- Market leader in niche Indian consumer healthcare market with strong brands.
- Innovation driven – investing 6% of revenues p.a. on NME, Biological and NDDS research and Generics development.

## Priorities achieved : 2008-09

Strategic forays in key markets

- ✓ Acquired Laboratories CombiX to enter Spain and acquired majority stake in Simayla Pharmaceuticals, South Africa

Continued research focus

- ✓ Invested over 6% of revenue on research. Filed IND ZYT1 with DCGI and USFDA

Strengthening the regulatory pipeline

- ✓ 19 ANDAs & 14 DMFs filed during the year (Cumulative 92 ANDA and 76 DMFs filings)

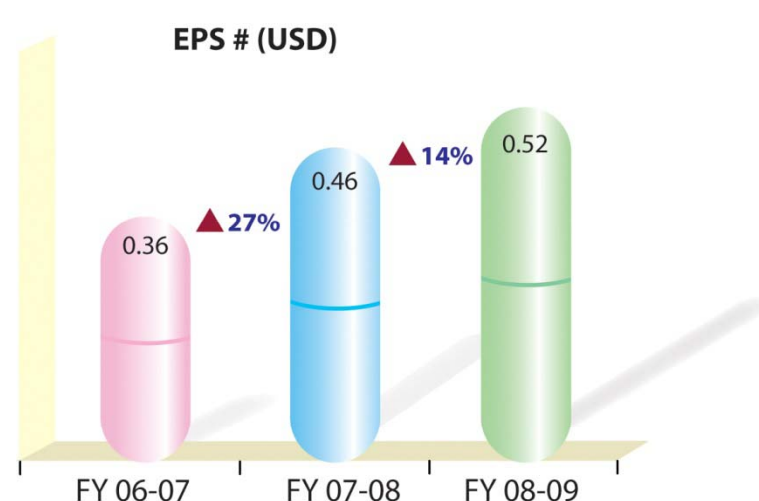
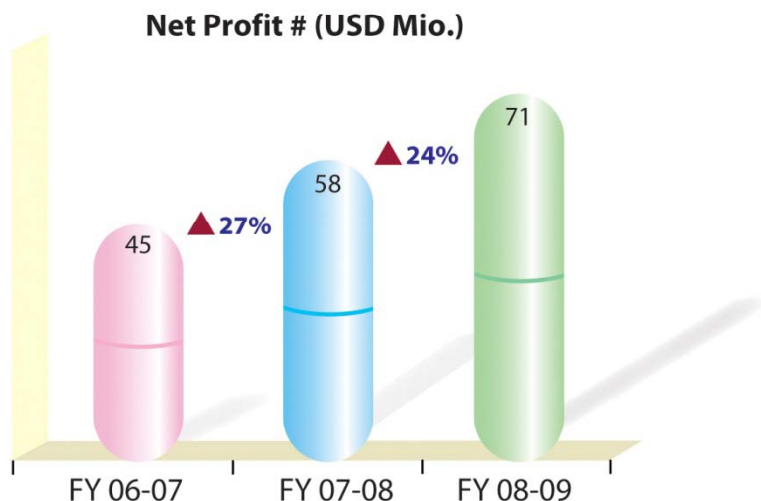
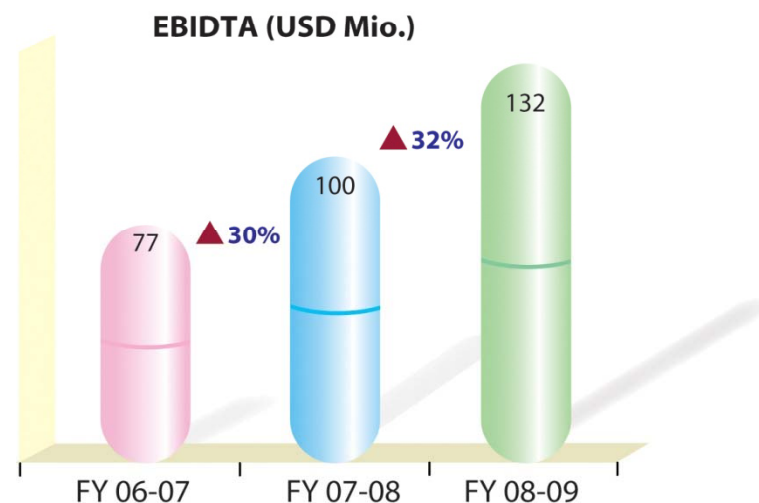
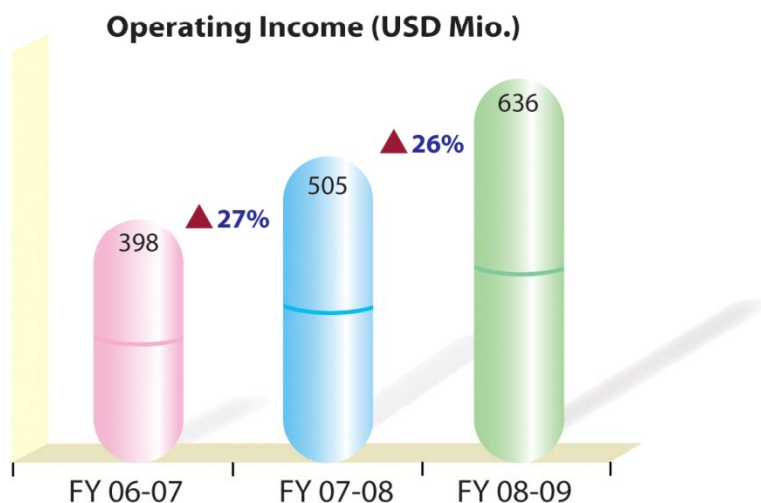
Unlocking value in the consumer business

- ✓ Restructured the consumer business & integrated it into Carnation. The company is now renamed as Zydus Wellness Ltd.

Building win-win partnerships

- ✓ Signed pact with Eli Lilly for drug discovery and development in the CVS segment.
- ✓ Hospira JV all geared up to start commercial operations from Q1 FY 09-10.

# Financial highlights



# Net Profit and EPS exclude Exceptional Items

All INR numbers in this presentation have been converted into USD at exchange rate of USD 1 = INR 46

# State of the art facilities and infrastructure



**Finished Dosage Form,  
Goa**



**Finished Dosage Form,  
Sikkim**



**Finished Dosage Form,  
Baddi**



**API, Dabhasa  
(USFDA approved)**



**Finished Dosage Form,  
Moraiya (USFDA Approved)**



**API, Ankleshwar  
(USFDA Approved)**



**Fine Chemicals, Moraiya**



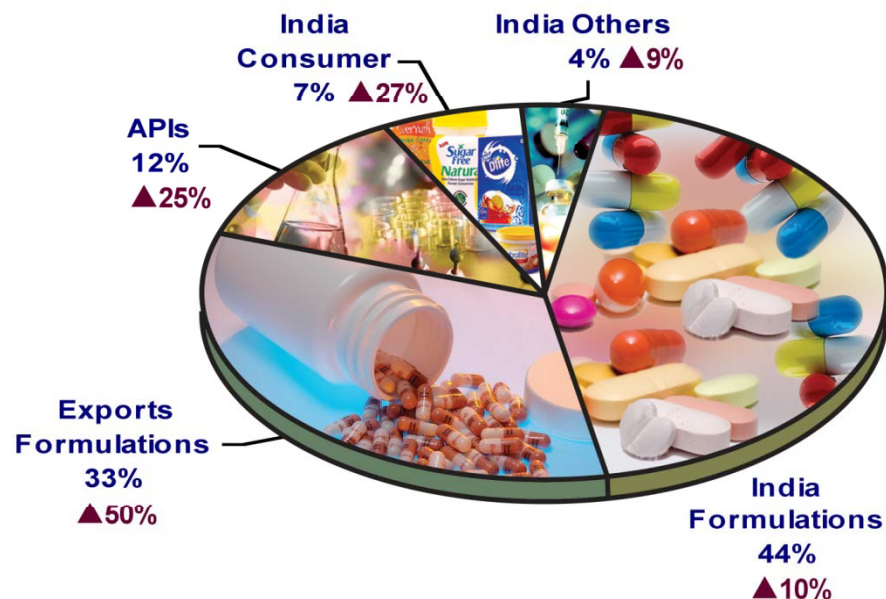
**Pantoprazole Intermediates  
for Nycomed JV**



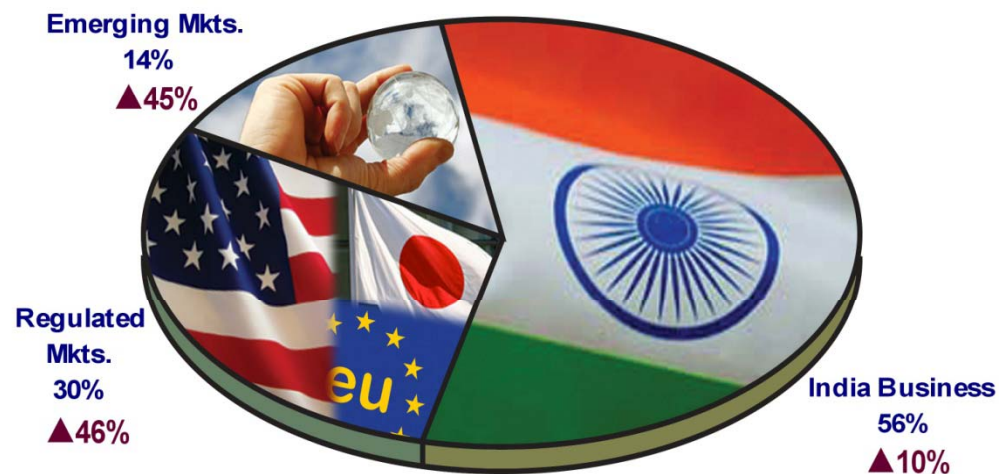
**Cytotoxic Injectables  
for Hospira JV**

# Core business areas and Revenue break-up (FY 08-09)

## Revenue break-up by segment



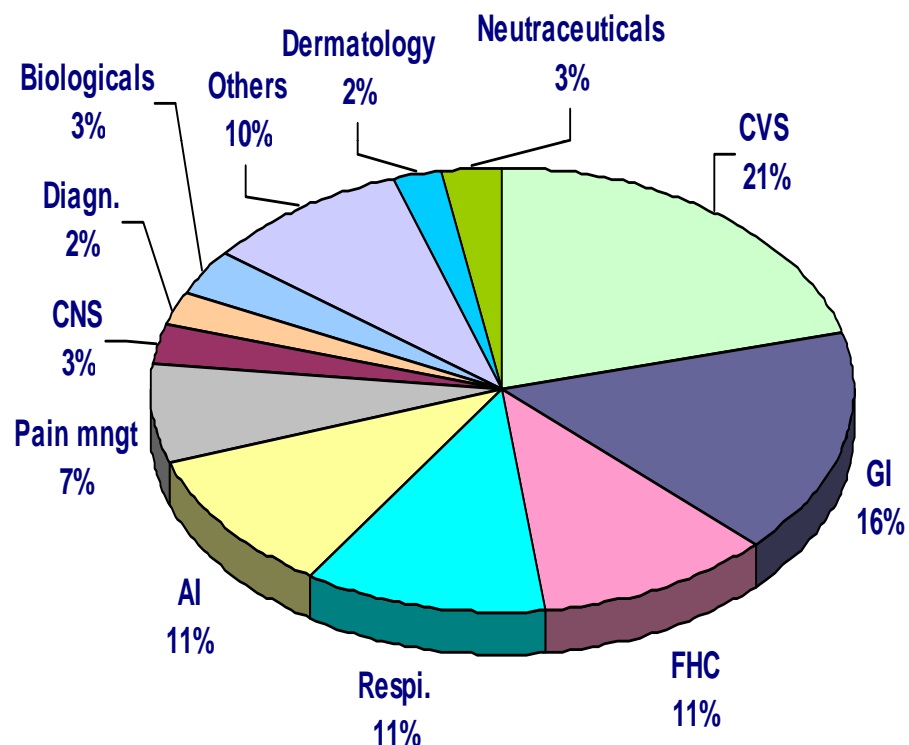
## Revenue break-up by region



# 5th largest in Indian pharma market with over \$ 260 Mio. sales

- Leading positions in key segments – CVS, GI, Female Healthcare and Respiratory (*participated market segments*)
- 15 brands feature amongst the top 300 brands.
- Launched >25 new products and >30 line extensions in FY 08-09, of which **15 were first in India.**
- Dedicated task force for Neutraceuticals, Rheumatology, Diagnostics and COPD segments
- Tapping the rural market – the next growth driver

*Therapeutic Area-wise Sales Break-up of Branded Formulations (FY 08-09)*



# International formulations : two-fold focus

## **Focusing on developed generic markets which constitute 22 % of global sales**

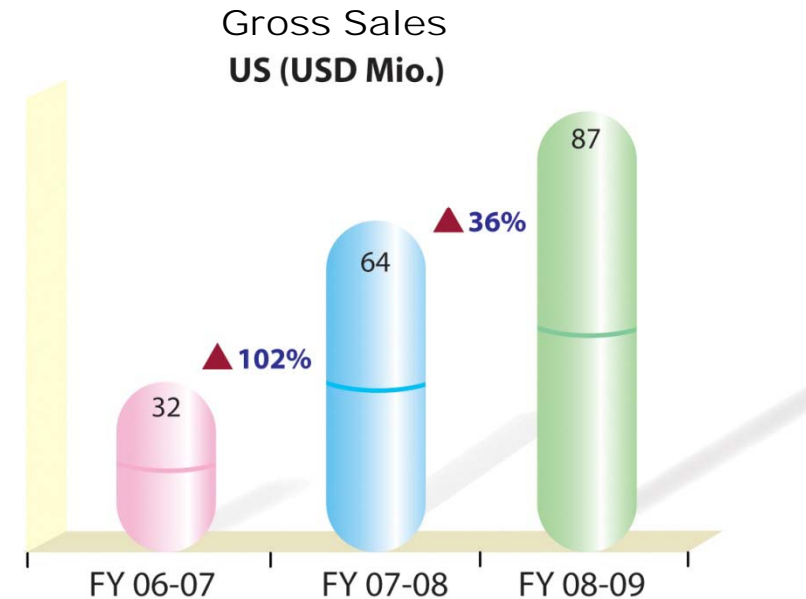
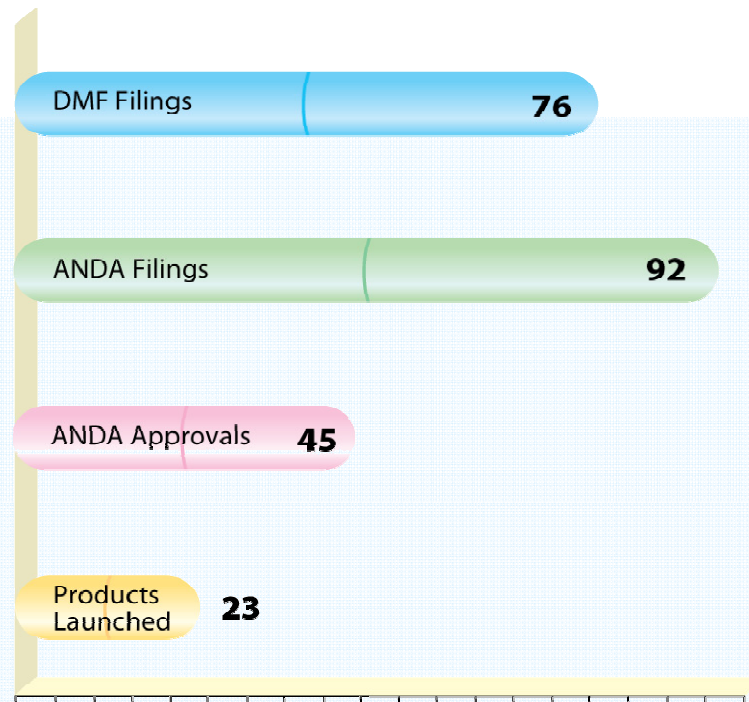
- ✓ US - Zydus Pharmaceuticals USA Inc.
- ✓ Europe
  - France - Zydus France SAS
  - Spain - Laboratories Combix
- ✓ Japan –  
Nippon Universal Pharmaceuticals Ltd.

## **Driving growth in emerging markets which contribute to 11 % of global sales**

- ✓ Brazil –
  - Branded - Quimica e Pharmaceutica Nikkho Do Brazil Ltda.
  - Generics – Zydus Healthcare Brazil Ltda.
- ✓ Emerging Markets
  - Asia Pacific- Sri Lanka, Myanmar, Taiwan, Philippines
  - South Africa - Simayla Pharmaceuticals Pty. Ltd.
  - Africa, Middle East - Sudan, Uganda, Algeria
  - CIS - Russia , Ukraine

# One of the fastest growing generic companies in US

- Started operations in 2005 and adopted a “Customer Centric Model”
- 23 products launched. 8 -10 products to be added every year.
- Products enjoy 5 - 25% market share
- Focusing on delivery based, difficult to make products, the next growth driver



## KEY STRENGTHS

- A robust regulatory pipeline
- Over half of the products use own API.
- Started filing ANDAs for Aerosols (4 so far) and Parenterals (5 so far)
- Plan to file 12 -15 ANDAs p.a.

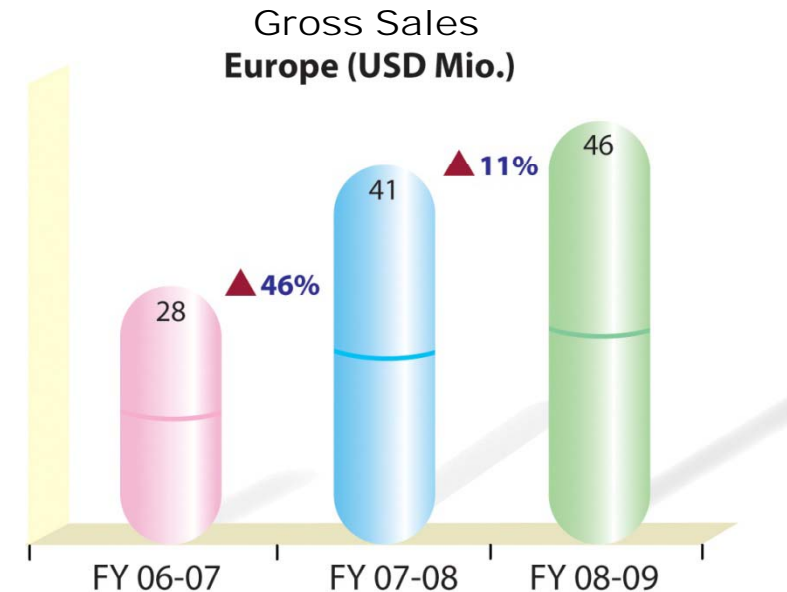
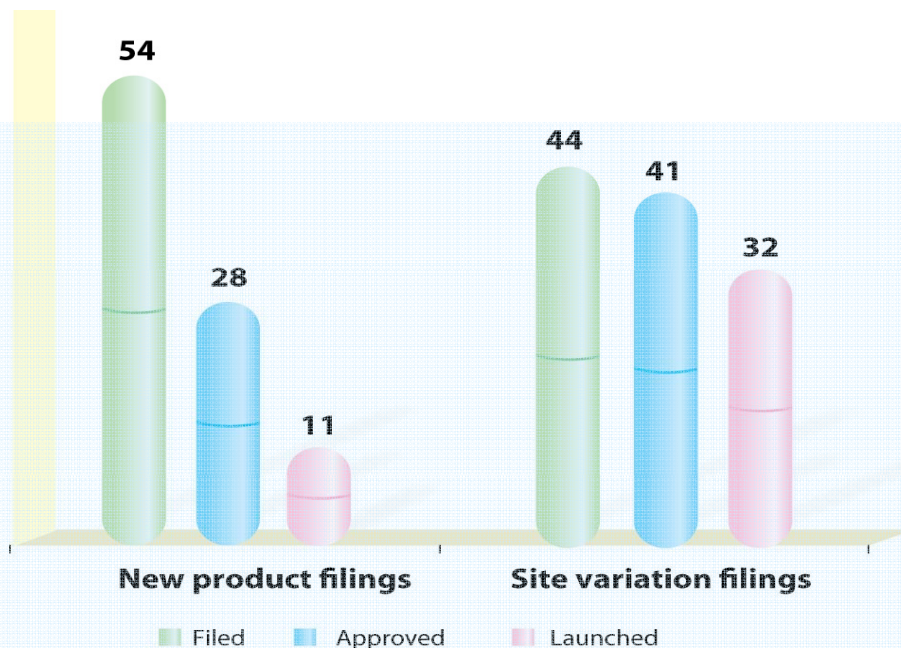
# Over 2.5 % market share in participated French market; Entered Spain

## Strong presence in Eur 2.3 bn French market

- Rated one of the fastest growing companies in France by IMS
- Launched >150 presentations (~75 molecules) in France

## Acquired Laboratories Combix in 2008 to enter Eur 0.7 bn Spanish market

- Launched 24 molecules in Spain so far, plan to increase portfolio to tap less penetrated market



## KEY STRENGTHS

- Leveraging India's low cost base – started supplying 30% of France sales from India
- New product filings include 8 products for Spanish market

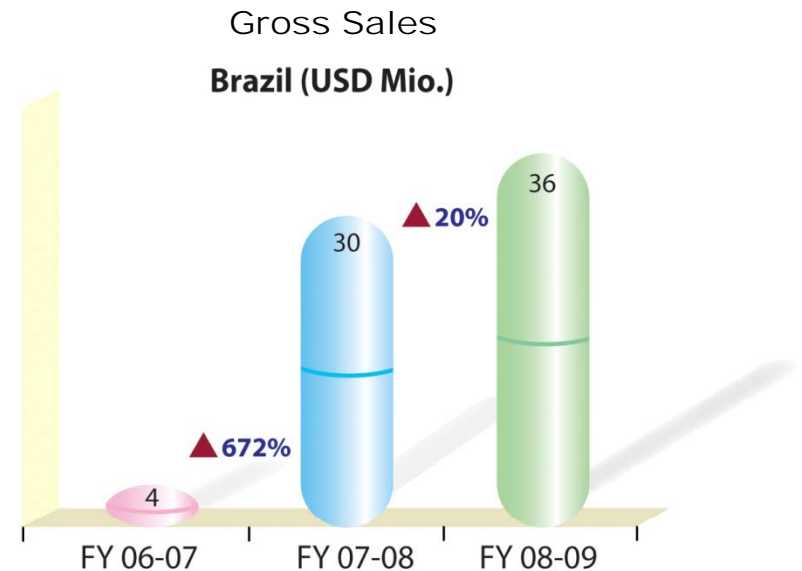
# Strategies for Japan - world's 2<sup>nd</sup> largest market

- Market valued at \$ 3 bn, growing at ~12%, with very low generic penetration of ~5% in value terms, 17% in volume terms (IGPA)
- Acquired Nippon Universal Pharma. Ltd. (NUP) with a marketing set-up and a small manufacturing facility in FY 07-08
- Plans to establish NUP as a generic player in Japan by introducing new products through in-licensing route as well product registrations from India
- Launched 20 new in-licensed products in FY 08-09
- Sales of \$ 5 Mio. in FY 08-09, up by over 200%



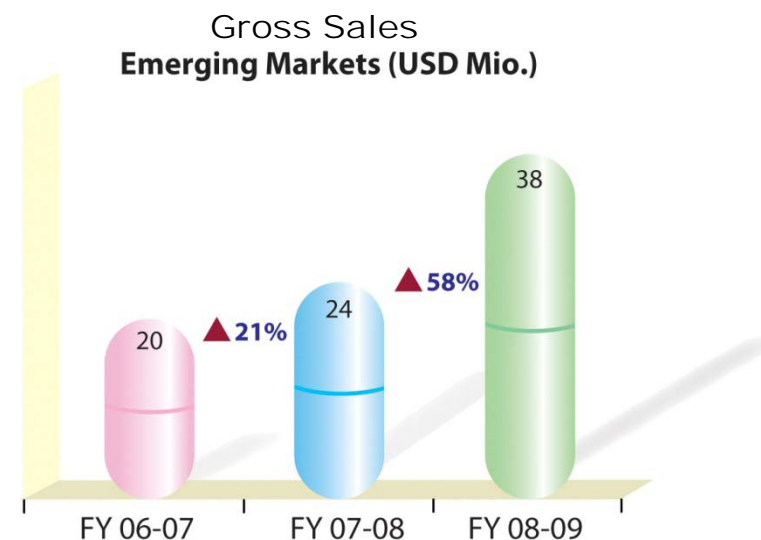
# Sales up by 20% in the \$ 12bn Brazilian pharma market growing at 15-18% p.a.

- Set up Zydus Healthcare Brazil Ltda (100% subsidiary) to enter generics market in 2005-06
- Filed dossiers for 45 products so far. 19 have been approved and 12 products have been launched
- Acquired Nikkho in 2007-08 to foray into the fast growing, profitable and sustainable branded generics segment
- A profit-making co., Nikkho has a mfg. facility and strong marketing and distribution network in Brazil
- Current basket of 20 brands expanded with launch of several new brands and a few acquired brands
- Planning to increase product portfolio in both branded and generics market



# Exports to emerging markets grew by >30% in last 4 years

- Operations in over 20 semi / non regulated emerging markets of Asia Pacific, Africa, Middle East and CIS regions
- Focus on rapidly growing markets of Russia, South Africa, Taiwan and Philippines
- No.1 Indian company in Uganda and Sudan and amongst top 3 Indian pharma cos. in Sri Lanka and Myanmar
- Acquired majority stake in Simayla Pharma, South Africa, Africa's largest and only regulated market valued at \$2.8 bn
- Simayla was rated the fastest growing and No.1 new product launch generic company in South Africa.
- Plan to launch several new products in South Africa from the group's strong pipeline



# Zydus Wellness – A market leader with iconic and niche consumer brands



Restructured consumer business with de-merger of consumer business from Cadila Healthcare into Carnation in FY 08-09.

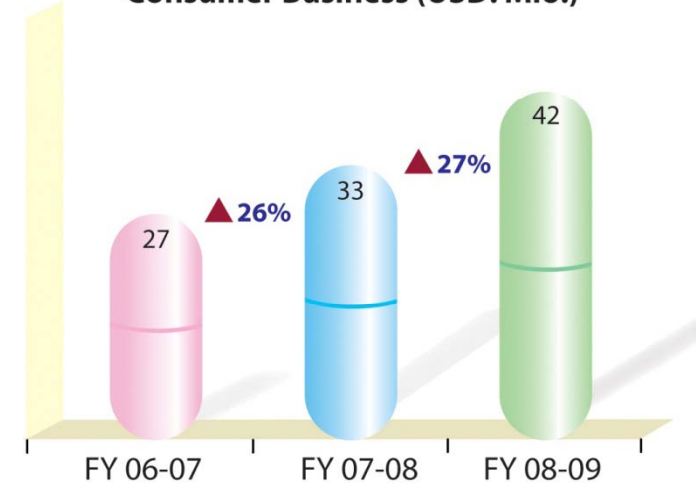
Company now renamed as Zydus Wellness Ltd.

# A pioneer in the low calorie sweetener segment and a trendsetter in skincare products



- *Sugar Free* – India's largest selling sugar substitute with market share of >75% (Source : AC Nielsen).
- Growing at CAGR of 25% for last 3 years, the brand recorded sales of ~\$ 17 Mio. in FY 08-09

Consumer Business (USD. Mio.)



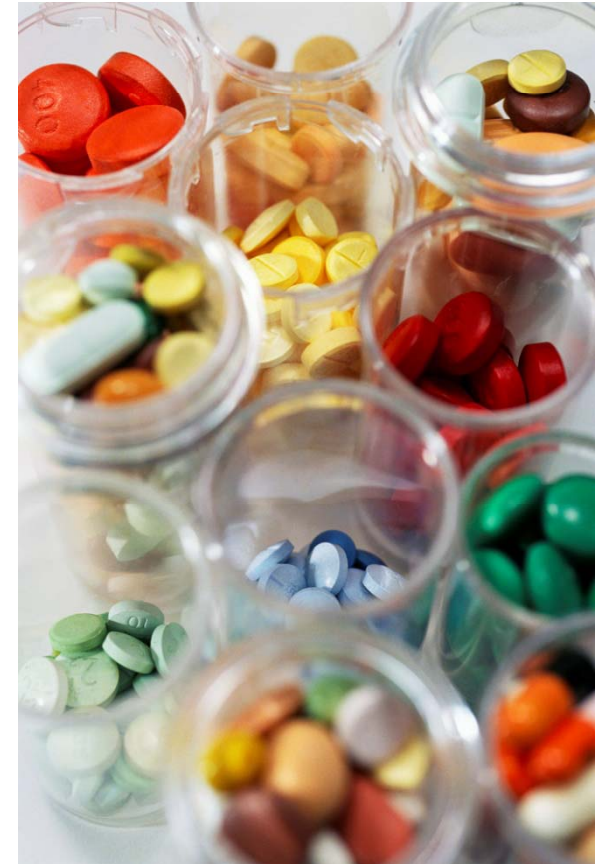
- *Everyuth* range of skincare products are also category leaders, growing by 25% for last 3 years and posted sales of \$ 11 Mio. in FY 08-09



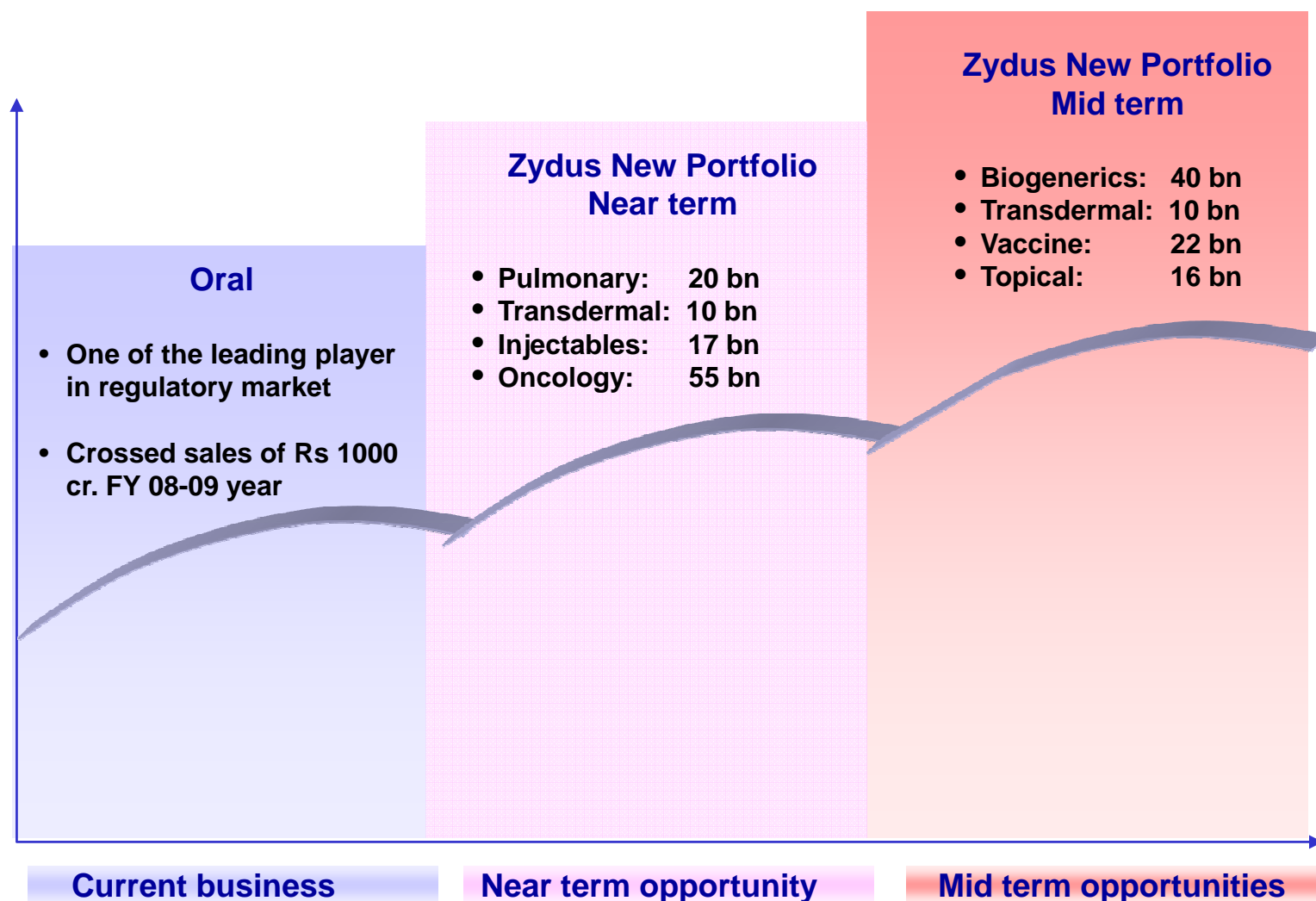
- Acquired *Nutralite*, India's largest selling margarine in FY 06-07
- Revamped brand Nutralite, which grew by 25% y-o-y post acquisition and crossed sales \$ 14 Mio. in FY 08-09

# Unlocking value through win-win alliances

- **Zydus Nycomed JV – most successful contract manufacturing JV in India**
  - State-of-the-art API mfg. plant for Pantoprazole intermediates
  - Expanded scope - more APIs to be sourced by Nycomed from this JV
- **Zydus Hospira - JV for oncology injectables (Generics)**
  - State-of-the-art cytotoxic facility located in an SEZ near Ahmedabad.
  - Plan to manufacture 6 oncology products
  - Commercial production started in May-09. Full capacity utilisation by FY 11-12
- **Zydus BSV - JV for oncology NDDS**
  - State-of-the-art mfg. plant in SEZ near Ahmedabad
  - Launched NDDS product in India in 2008 as *Nudoxa*
- 37 other contracts with innovator and generic MNCs with peak revenue potential of \$ 48 Mio.



# Ongoing Investment in Newer Portfolios Worth \$ 180 bn



Note: Value indicated is estimated brand sale (\$)

# A scientific talent pool of 850 and investing over 6% of the turnover on research

## Zydus Research Centre (ZRC)

- Located in Ahmedabad
- Focus on NME Research, Biologicals & NDDS

## Pharmaceutical Technology Centre (PTC)

- 2 centers – one located in Ahmedabad, another in Mumbai
- Focus on Finished Dosage Form Development & NDDS

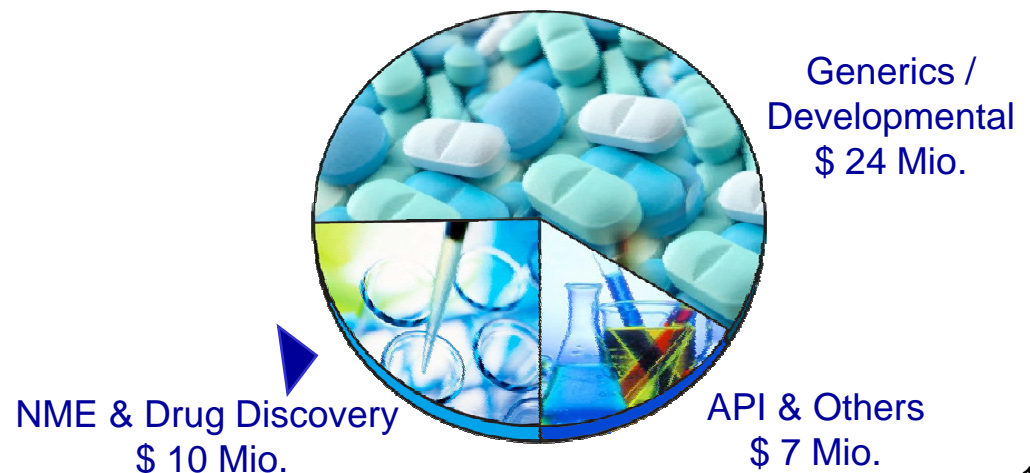
## API Process Research

- Located in Dabhasa, Gujarat
- Focus on Process Development

### *Talent Pool of ~850 Scientists*

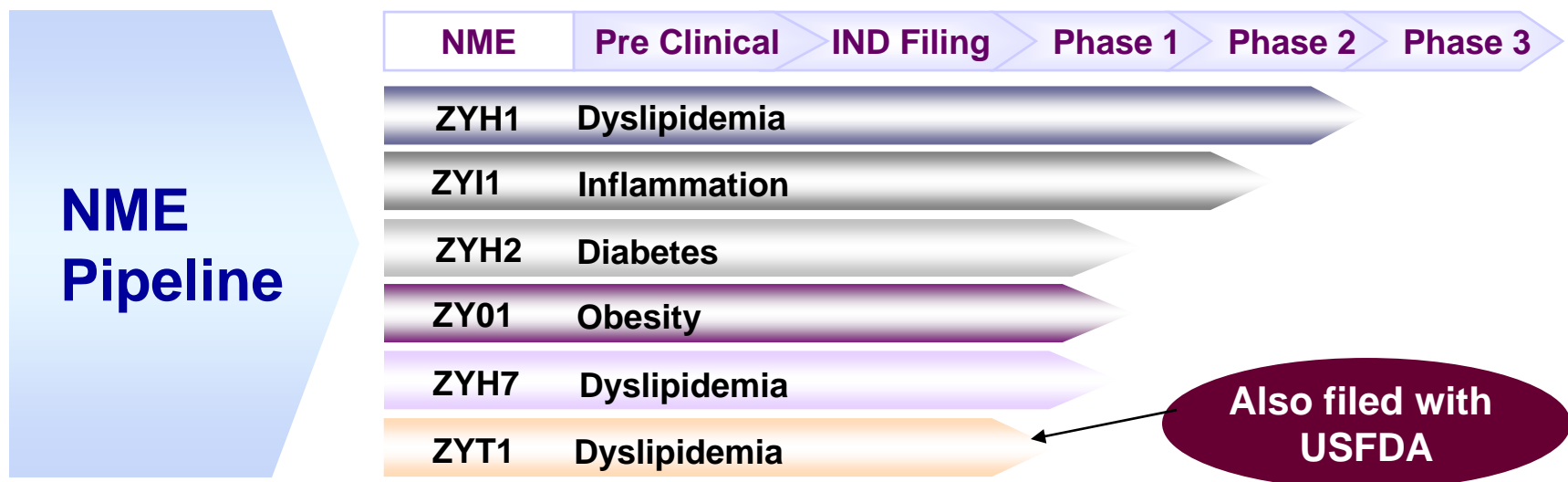


### *R&D Investment : ~ \$ 41 Mio. in FY 08-09*



# Dedicated facility for NME research : Zydus Research Centre

- Areas of focus: Dyslipidemia, Diabetes, Obesity, Inflammation
- Facility for target identification to pre-clinical research / early clinical development
- 2nd company in India to be accredited by AAALAC (Association for Assessment and Accreditation of Laboratory Animal Care)
- Signed a new drug discovery and development pact with Eli Lilly and Company, focused on cardiovascular research
- Time span of up to 6 years, potential milestone payments of up to \$ 300 Mio. on licensing of molecules to Eli Lilly and royalties on sales of successful compounds



# Highlights : Annual Results FY 08-09

| Consolidated                  | USD Mio.    |             |              |
|-------------------------------|-------------|-------------|--------------|
|                               | 2008-09     | 2007-08     | Growth y-y%  |
| Domestic Sales                | 357         | 324         | 10.4%        |
| Exports Sales                 | 277         | 190         | 45.5%        |
| <b>Total Gross Sales</b>      | <b>634</b>  | <b>514</b>  | <b>23.4%</b> |
| <b>Total Operating Income</b> | <b>636</b>  | <b>505</b>  | <b>26.0%</b> |
| <b>EBIDT</b>                  | <b>132</b>  | <b>100</b>  | <b>32.2%</b> |
| EBIDT % to Total Income       |             |             |              |
| <b>Net Profit #</b>           | <b>71</b>   | <b>58</b>   | <b>23.7%</b> |
| Net Profit % to Total Income  |             |             |              |
| <b>EPS (Rs.) #</b>            | <b>0.52</b> | <b>0.46</b> | <b>13.8%</b> |

| Consolidated              | Mar-09     | Mar-08     | Growth y-y%  |
|---------------------------|------------|------------|--------------|
| <b>Net Worth</b>          | <b>269</b> | <b>231</b> | <b>16.3%</b> |
| <b>Total Debt</b>         | <b>276</b> | <b>182</b> | <b>51.3%</b> |
| <b>Net Fixed Assets</b>   | <b>374</b> | <b>304</b> | <b>22.8%</b> |
| <b>Net Current Assets</b> | <b>189</b> | <b>134</b> | <b>40.9%</b> |

# Net Profit and EPS exclude Exceptional Items

## Our Vision

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Zydus shall be a leading global healthcare provider with a robust product pipeline and sales of over \$1 bn by 2010; we shall achieve sales of over \$3 bn by 2015 and be a research-based pharmaceutical company by 2020.

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