



# Cadila Healthcare Limited Investor Presentation

November 2012



# Well integrated pharma player with global footprints

**~60 years**

Operational  
experience

**\$ 1 bn +**

Global Revenues

**>6% of sales**

Spent on R&D annually

**20+ mfg. sites**

Producing >12  
bn pills annually

**~23% CAGR**

In Sales and Net  
Profits  
(FY '07 – FY '12)

**300+ products**

Registered annually  
for US, EU, Japan and  
emerging mkts.

**15,000+ employees**

Across the globe,  
with 1050+ for R&D

**~ 25% CAGR**

In Net Worth  
(FY '07 – FY '12)

**7 NCE programmes**

In pipeline, at various  
stages of clinical trials

**Among top 5**

Pharmaceutical  
Companies in India

**19 brands**

Among top 300  
brands in India

**19 Biosimilars**

In pipeline, including 2  
novel biologics

**10<sup>th</sup> largest**

Generic co. In US in  
terms of prescriptions

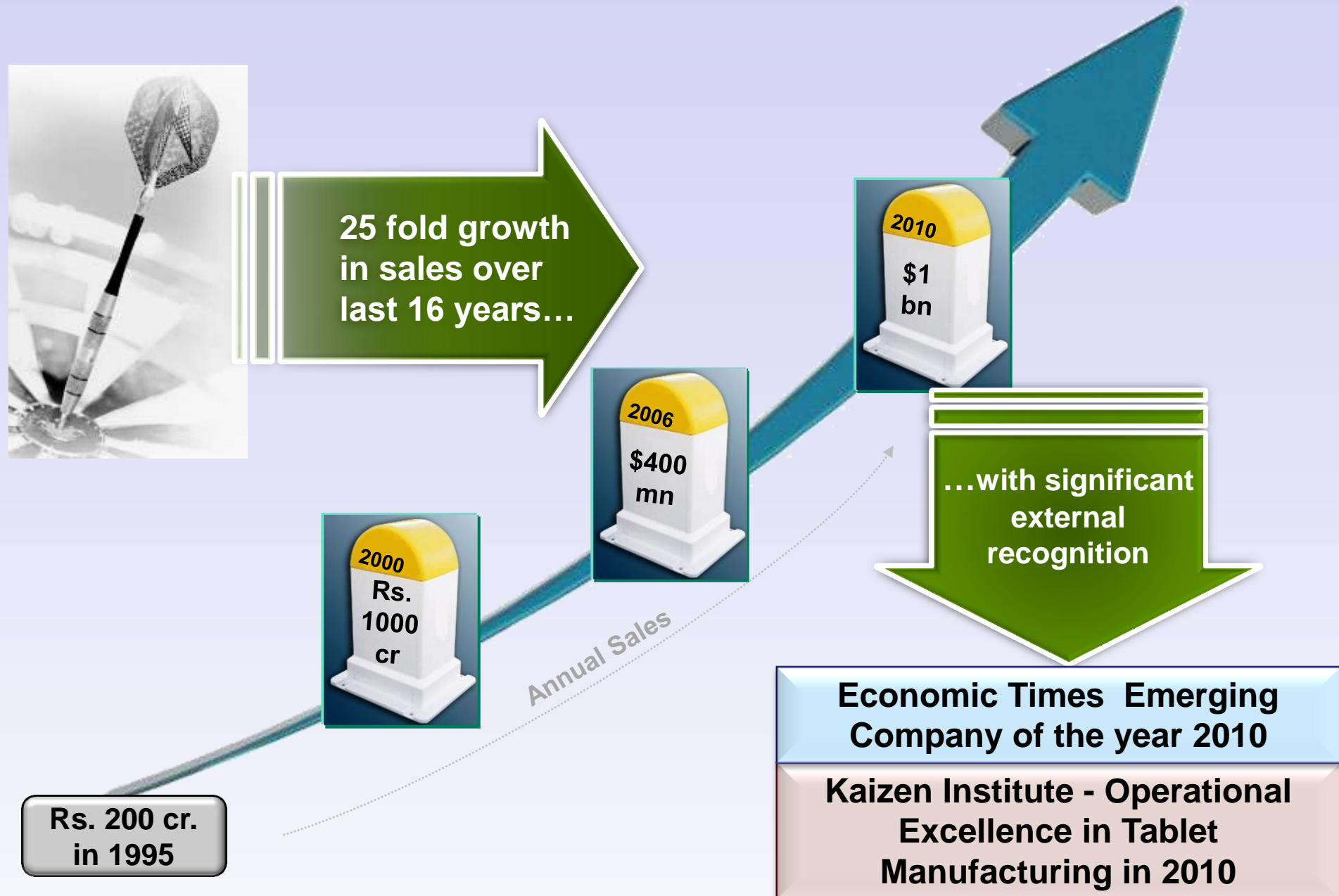
**~ \$ 3 bn**

Market Cap

**800+ patents**

Filed globally

# History of achieving milestones consistently



# We have a vision to march Beyond the Billion

Zydus shall be a leading global healthcare provider with a robust product pipeline;

Stepping beyond the billion, we shall achieve sales of over \$3 bn by 2015 and be a research-based pharmaceutical company by 2020...



# Journey Beyond the Billion (BtB) ...

Conducted a comprehensive strategy exercise to achieve the vision

## Corporate strategy, Business portfolio mix

- Opportunity evaluation of all potential markets
- Detailed assessment of potential product lines and technologies
- Final selection of markets and therapies / technologies



- **15 markets**
- **13 products / technologies**

## Business specific strategies

- Vision and detailed strategies for all the businesses till 2015
- Key risks and mitigation plans identified for each business

## Organisation-wide strategies

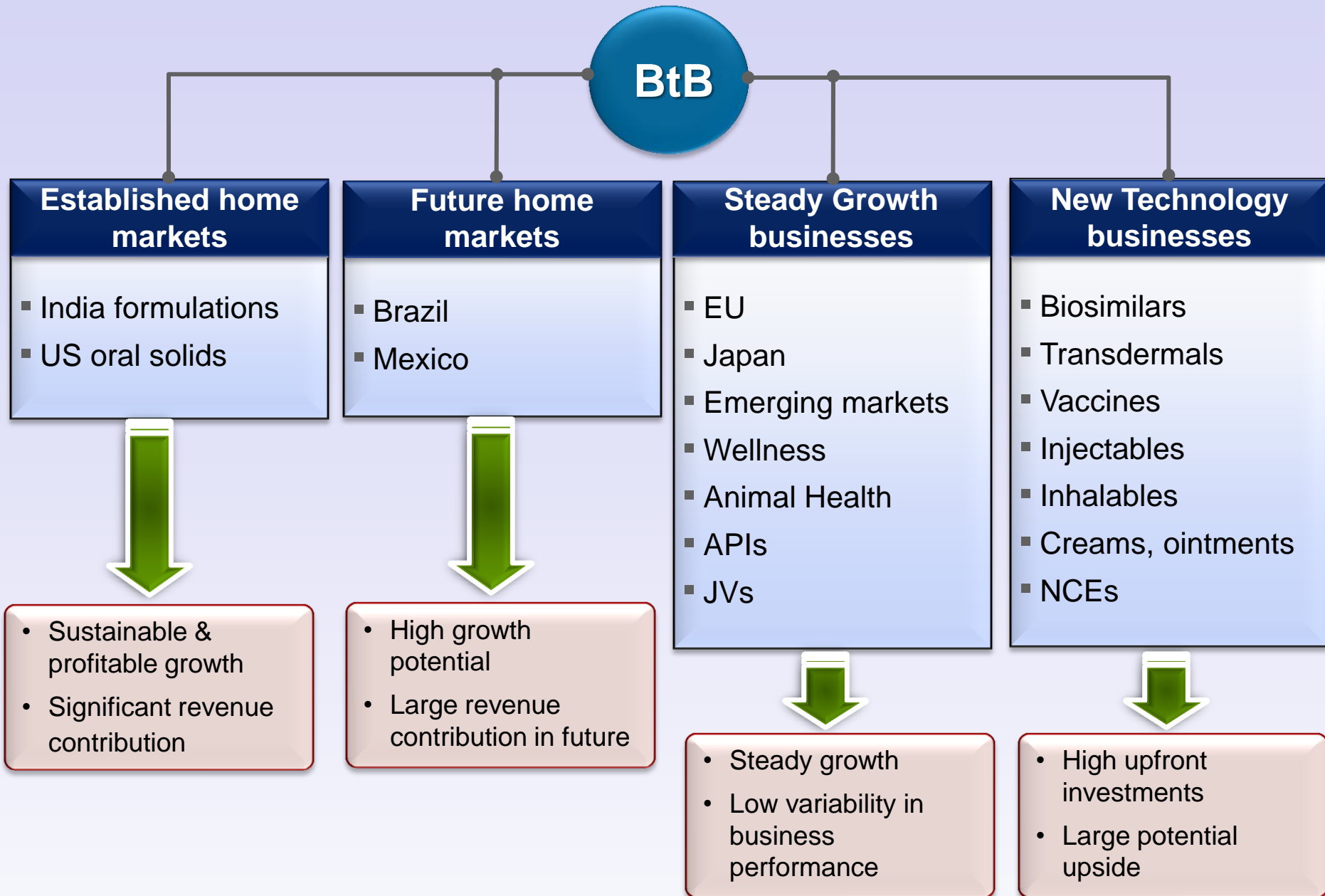
- To improve..
  - Management processes
  - Structure
  - Organization health
  - People development

## Implementation planning

- Synthesis of business strategies with corporate strategies
- Execution plans with key milestones for each strategy
- Strengthened review and monitoring mechanism



# Business clusters for BtB journey



# India formulations

## Aspirations

- Consolidate and strengthen leadership in key areas – CVS, GI, respiratory, female healthcare
- Continue to be one of the significant contributors to revenues and profits

## Strengths to be leveraged

- One of the largest market players with leading positions in key therapy areas
- Strong brand equity : 19 brands among top 300 in India
- New product launches : 45+ in H1 12-13 (incl. line extensions), with 15 First-in-India
- In-licensing arrangements with global players
- Aim to strengthen position in anti-biotics space with acquisition of Biochem, one of the top 40 players in India

Market size*	: Rs. 680 bn+
Market growth*	: 16%
Zydus size**	: Rs. 29 bn+
Market Share*	: 4.3%
Zydus growth**	: 16%

## Top 10 Brands

■ Aten	■ Atorva
■ Deriphyllin	■ Pantodac
■ Falcigo	■ Mifegest
■ Ocid	■ Ampilox
■ Amicin	■ Primolut – N

\* All market related information sourced from AIOCD AWACS MAT Sep-12

\*\* Zydus numbers including Biochem as reported by AIOCD AWACS MAT Sep-12

# US Oral Solids

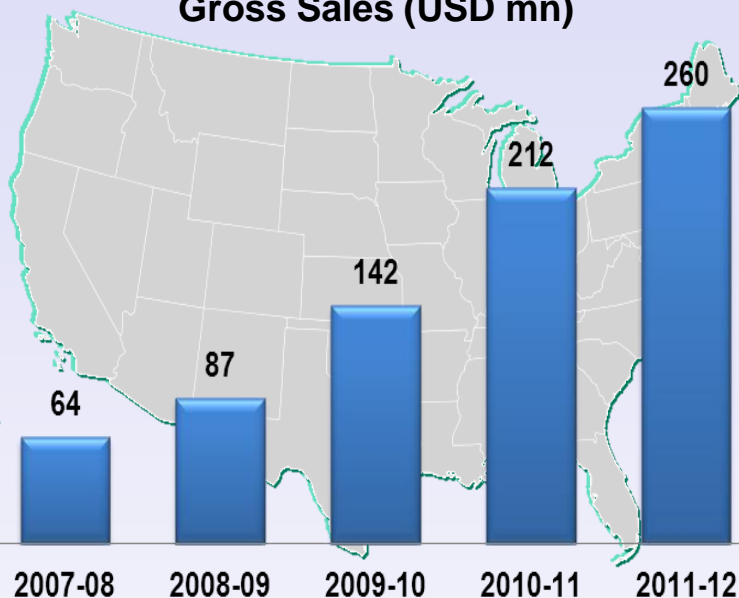
Market size\* : >\$ 70 bn  
Market growth\* : 6-8%  
Zydus size\*\* : ~ \$ 260 mn  
Zydus growth\*\* : 23%

## Aspirations

- Be amongst the top 10 generic cos. in US with continued strong focus on customer needs
- One of the significant contributors to revenues and profits

## 50%+ CAGR in Sales (Last 5 years)

Gross Sales (USD mn)



## Strengths to be leveraged

- Among top 3 for nine out of top ten products marketed in US
- Highly efficient service levels, making us the 'Preferred supplier' for our customers
- Cost competitiveness – through continuous improvement in manufacturing processes
- Robust regulatory pipeline, with increasing focus on complex and niche products.
- 130+ ANDA filings, 72 approvals and 45+ product launches so far (oral solids)
- Neshier – one product already in market, another launch (controlled substance) likely by end of FY '13

\* Approx. numbers as per EvaluatePharma Report

\*\* Zydus numbers includes Neshier, as reported in books, for FY 2011-12



# Brazil

Market size\* : >\$ 16 bn  
Market growth\* : 12-14%  
Zydus size\*\* : Rs. 2473 mn  
Zydus growth\*\* : 10%



## Aspirations

- To be among top 15 companies in 2015

## Strengths to be leveraged

- Presence in branded generics and generic generics segments
- Local manufacturing site
- Robust product pipeline from India – 90+ filings, 30+ approvals
- Product launches : 20+ branded, 15+ generic generics
- Field force of 190+, spread across regions

\* Approx. numbers as per EvaluatePharma Report

\*\* Zydus numbers as reported in books for FY 2011-12

# Mexico

Market size\* : >\$ 10 bn  
Market growth\* : ~9%

## Aspirations

- Build a profitable business in 2015
- 40+ product launches and 60 + fillings by 2015

## Strengths to be leveraged

- Set-up own subsidiary in Mexico to commence operations
- Building regulatory pipeline : 19 filings so far
- Commercial operations expected to start from 2013



# Steady Growth Markets

**Aspirations : To be amongst the leading players in these generics markets**

## EU

Mkt. Size\* : ~\$ 5 bn  
(France + Spain Gx)  
Mkt. Gr. : 4-5%  
Zydus Size \*\*: **Rs. 2983 mn**  
Zydus Gr. : 8%

- 9<sup>th</sup> largest in France, among top 20 in Spain
- Expansion through new products : launched 100+ molecules in France and 55+ molecules in Spain so far (incl. several 'Day 1')
- Leveraging India cost advantage : 145+ new products and 60+ site transfer filings so far, >35% of sales supplied from India

## Japan

Mkt. Size\* : ~\$ 9 bn  
Mkt. Gr. : 7-10%  
Zydus Size \*\*: **Rs. 522 mn**  
Zydus Gr. : 24%

- 20+ products in market, including 15+ in-licensed
- First Indian co. to get approval for and launch a product in Japan, recently launched three more products from India
- To expand market coverage with new launches, customer coverage and co-development initiatives

## Emerging Mkts.

Mkt. Size\* : ~\$ 12 bn  
Mkt. Gr. : 12-13%  
Zydus Size \*\*: **Rs. 1889 mn**  
Zydus Gr. : -5%  
(H1 '13 growth : 80%)

- Operations in 8 markets of Asia Pacific and Africa
- Leading positions in various markets
- Focusing on rapidly growing markets of South Africa and Philippines
- Increased product development activities supported by strong regulatory teams

\* Approx. numbers as per EvaluatePharma Report.

\*\* Zydus numbers as reported in books for FY 2011-12

# Steady Growth Businesses

## Wellness



Zydus Size \*\*: **Rs. 3446 mn**

Zydus Gr. : **3%**

(H1 '13 growth : **12%**)

**Aspirations : Rs. 500 cr. sales by 2013, continue growth momentum**

- Leadership in sugar substitutes (90% + market share), peel-off and scrub range for skin-care and margarine categories in India
- Continuous thrust on category expansion through newer variants
- Forayed into nutraceutical space with launch of ActiLife - a nutritional milk additive for adults, which received encouraging response.

## Animal Health

Zydus Size \*\*: **Rs. 1944 mn**

(incl. Bremer)

Zydus Gr. : **40%**

**Aspirations : To be a comprehensive, global animal healthcare provider**

- One of India's leading animal healthcare co.
- Wide range of drugs, feed supplements and vaccines for livestock, companion animals and poultry
- Presence in key markets across Europe, South America, Asia and Africa through Bremer Pharma, Germany

## APIs



Zydus Size \*\*: **Rs. 2854 mn**

Zydus Gr. : **-18%**

(H1 '13 growth : **6%**)

**Aspirations : To be a 'reliable' service provider to customers**

- Backward integration capabilities to meet captive API requirements
- Operations in India, US and select markets of Europe, Latin America, Asia Pacific and Middle East regions
- Continuous endeavour to improve service levels through improving cost competitiveness and continuous process improvement

# Joint Ventures and Partnerships

**Aspirations : Value creation through win-win alliances and be a partner of choice**

## Zydus Nycomed JV

- State-of-the-art mfg. facility for APIs of Nycomed
- Commissioned the expanded facility to manufacture complex high-end APIs
- Commenced mfg. and supply of 9 products so far (incl. 4 for validation)

## Zydus Hospira JV

- State-of-the-art cytotoxic facility approved by leading authorities like MHRA, USFDA, TGA, Health Canada
- Commercial supplies commenced for :
  - EU (6 products) and US (4 products)
  - Expanding scope of collaboration for additional products

## Bayer Zydus JV

- Operates in female healthcare, metabolic disorders, diagnostic imaging, CVS, diabetes and oncology segments in India
- Leveraging strengths of Bayer's optimised product portfolio and Zydus' marketing and distribution capabilities
- JV scope covers launch of innovator products of Bayer

## Out-licensing deal with Abbott

- Licensed 30+ products for ~18 key emerging markets
- Commenced development of products and regulatory filings
- Commercial supplies to commence by end of FY 12-13



# Biosimilars

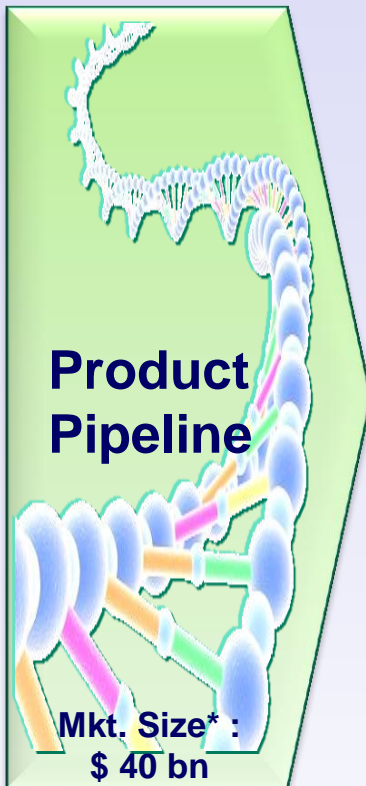
## Aspirations :

Drive substantial business by 2015 through...

- Marketing in India and emerging markets
- Licensing / co-development for advanced markets

## Strengths to be leveraged

- Dedicated facility for product development and mfg.
- 170+ experienced scientists
- Strong pipeline: 17 biosimilars and 2 novel products
- Strong IP position either through own patent or non-infringing processes



Product	Indication	Cloning	Process Devp.	Pre-Clinical Devp.	Regulatory Permission	Clinical Devp.	Mktg. Authorisation
G-CSF	Oncology	<b>LAUNCHED (in India)</b>					
Peg G-CSF	Oncology						
IFN $\alpha$ -2b	Infectious diseases						
Peg IFN $\alpha$ -2b	Infectious diseases						
EPO	Oncology/Nephrology						
IFN $\beta$ 1b	Multiple Sclerosis						
Prod 1	Nephrology						
Teriparatide	Osteoporosis						
Prod 2	Rheumatoid Arthritis						
MAB 1	Oncology/RA						
MAB 2	Inflammation						
MAB 3	Oncology						
MAB 4	Oncology						
Prod 3	AMI						
Prod 4	Fertility						
Prod 5	Fertility						
Prod 6	Fertility						
MAB 5	Rabies						
PEG-EPO	Nephrology						



# New Technologies

**Aspirations : To be a leading market player in complex technologies**



## Transdermals

**Mkt. Size\* : \$ 20 bn**

- State-of-the-art product development and manufacturing facility set-up in SEZ near Ahmedabad
- 2 patches already filed with US FDA
- Several other patches under development



## Vaccines

**Mkt. Size\* : \$ 22 bn**

- Fully approved Vaccine Technology Center in India with 60+ dedicated scientists
- 1<sup>st</sup> Indian co. to launch H1N1 vaccine
- Several vaccines under different stages of development
- Dedicated manufacturing capabilities built for several vaccines

## Injectables, Inhalables, Ointments

**Mkt. Size\* : \$ 50 bn**

- Building product pipeline : ANDAs filed with US FDA for
  - 21 injectables (including 15 for a partner) and
  - 5 nasal products
- 5 approvals for injectables so far (for partner), of which commercial production and supply of 3 injectible products have commenced

# NCE research

**Aspirations : Add more NCEs in pipeline to drive towards becoming a research based pharma co. by 2020**

## Key strengths

- State-of-the art research facility
- Capability of target identification to pre-clinical research / early clinical development
- 400+ scientists dedicated for NME research

## NCE Pipeline

Project	Target	Indication	Drug Discovery	Lead optimi-saiton	Pre-clinical Develop-ment	IND	Phase I	Phase II	Phase III	NDA
ZYH1	PPAR- $\alpha$ , $\gamma$	Dyslipidemia								
ZYH7	PPAR- $\alpha$	Dyslipidemia								
ZYD1	GLP-1 Agonist	Diabetes, Obesity								
ZYOG1	Oral GLP-1 Agonist	Diabetes, Obesity								
ZYGK1	Glocokinase Activator	Diabetes								
ZYPH 0907	Oral PTH	Osteoporosis								
ZYG19	GPR 119 Agonist	Diabetes								



# World class infrastructure to support BtB journey

## Formulations Mfg.



### Oral Solids (India)

- Ahmedabad (USFDA)
- Baddi (USFDA)
- Goa
- Sikkim
- Ahmedabad SEZ (onco. and others)
- Daman (Biochem)

### Oral Solids (outside India)

- US (Nesher Pharma – controlled substances)
- Brazil
- Japan
- Germany (animal health)

### Other dosage forms (India)

- Transdermals – Ahmedabad SEZ
- Topicals – Ahmedabad
- Vaccines Mfg. - Ahmedabad

## API Mfg.



- Ankleshwar (USFDA)
- Dabhasa (USFDA)
- Oncology API, Ahmedabad (USFDA)
- Biologics active substances, Ahmedabad

## Mfg. facilities for partners



- Cytotoxic Injectable for Hospira JV – Ahmedabad SEZ (USFDA)
- API facility for Nycomed JV - Mumbai
- Cytotoxic Injectable for BSV JV – Ahmedabad SEZ

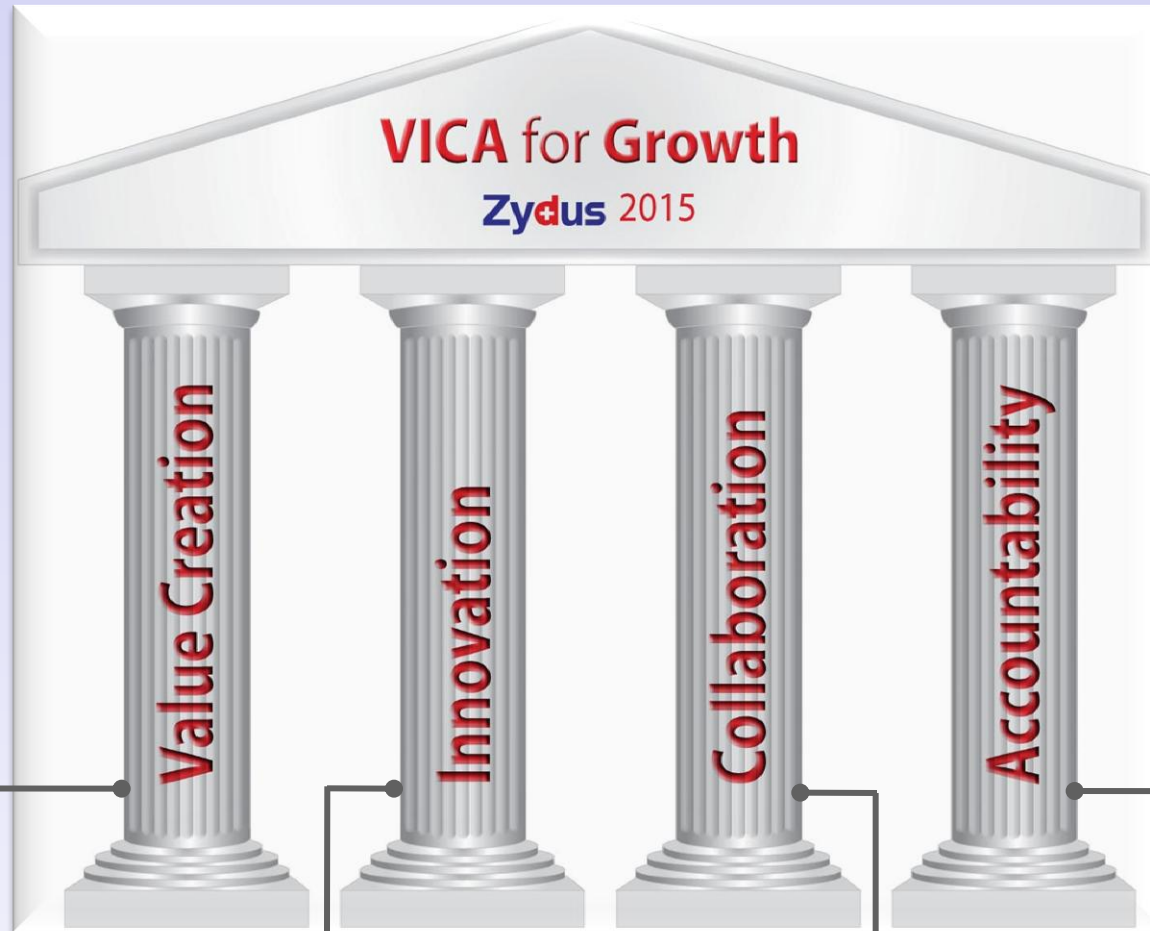
## Product Development



- Formulations Development, Ahmedabad (400+ scientists)
- API Process Research, Dabhasa (150+ scientists)
- Vaccine Research, Ahmedabad (60+ scientists)

# Pillars of Organisational Health

Key initiatives identified to improve overall organisation health in four key areas.



Creating value and developing talent across the organisation

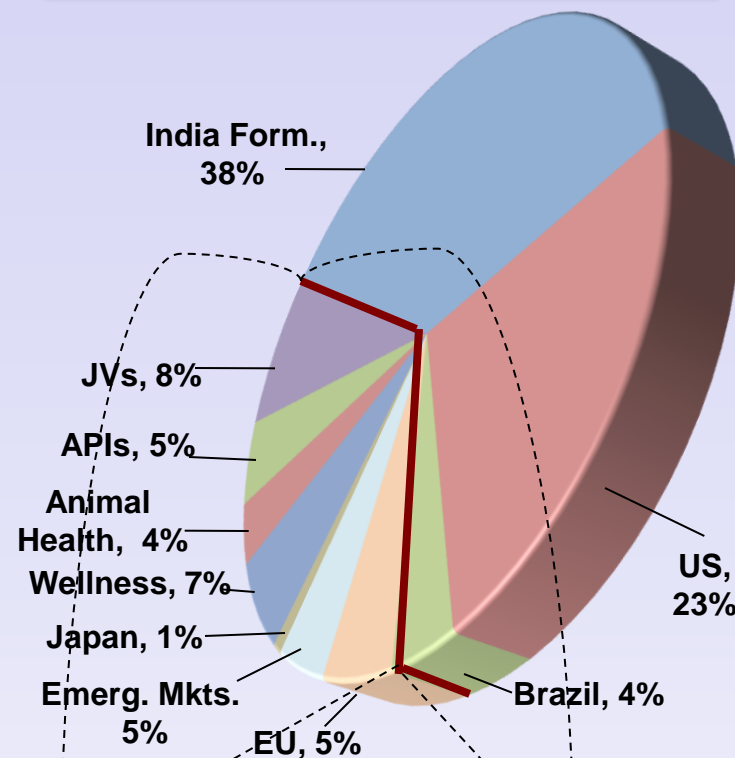
Enhancing bottom-up innovation across the organisation

Promoting collaboration across businesses and functions

Strengthening accountability by proper performance management

# Key Financial Numbers – H1 12-13

## Segment-wise Gross Sales



**Steady growth Markets,  
35% of total,  
Up 27% y-o-y**

**Home Markets,  
65% of total,  
Up 27% y-o-y**

Consolidated (Rs. Mio.)	Amount	Gr.%
Total Income from Operations <sup>1</sup>	31,421	28.9%
EBIDT <sup>2</sup>	6,065	20.7%
EBIDT % to Income from Ops.	19.3%	
Profit before tax <sup>3</sup>	4,785	18.2%
PBT % to Income from Ops.	15.2%	
Net Profit <sup>3</sup>	3,370	---
Net Profit % to Income from Ops.	10.7%	
Debt net of cash (30-Sep-12)	20,362	
Capex (H1 12-13)	3,957	

1 Excludes one-time income (mainly from previous year, for growth on like to like basis)

2 Excludes one-time income and exchange rate fluctuation (ERF) impact on trading transactions

3 Excludes one-time income, ERF on trading transactions and on forex loans. Flat PAT growth is mainly due to higher tax provision.

# Thank You.



## **Safe Harbour Statement**

*This presentation may include certain “forward looking statements” , based on current expectations, within the meaning of applicable laws and regulations. Actual results may differ and the company does not guarantee realization of these statements. The Company also disclaims any obligation to revise any forward-looking statements . The readers may use their own judgment and are advised to make their own calculations before deciding on any matter based on the information given herein.*

*No part of this presentation may be reproduced, quoted or circulated without prior written approval from Cadila Healthcare Ltd.*

**[www.zyduscadila.com](http://www.zyduscadila.com)**