

**Regd. Office :**  
'Zydus Tower',  
Satellite Cross Roads,  
Ahmedabad 380 015. India.  
Phone : +91-79-2686 8100 (20 Lines)  
Fax : +91-79-2686 2368  
www.zyduscadila.com  
CIN:L24230GJ1995PLC025878

September 20, 2017

Listing Department  
**BOMBAY STOCK EXCHANGE LIMITED**  
P J Towers, Dalal Street, Fort,  
Mumbai-400 001

**Code: 532 321**

Listing Department  
**NATIONAL STOCK EXCHANGE OF INDIA LIMITED**  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (E),  
Mumbai-400 051

**Code: CADILAHC**

Re.: Investor Presentation

Dear Sir / Madam,

Please find attached the investor presentation to be made to select investors today i.e. September 20, 2017 at J P Morgan Investor Conference, New Delhi.

Please bring the above information to the knowledge of investors at large.

The presentation will also be uploaded on the website of the company.

Thanking you,

Yours faithfully,  
For, **CADILA HEALTHCARE LIMITED**



**UPEN H. SHAH**  
**COMPANY SECRETARY**

Encl.: As above



# Cadila Healthcare Limited

## *Investor Presentation*

*September 2017*



# A Leading Pharmaceutical Company

#4

One of the leading pharmaceutical companies in India <sup>1</sup>  
Market share of 4.4%

#9

US Generics player (based on prescriptions) <sup>2</sup>  
Market share of ~2.5%

179

ANDAs pending approval in the US

\$1.5 Bn

Last reported fiscal year revenues <sup>3,5</sup>

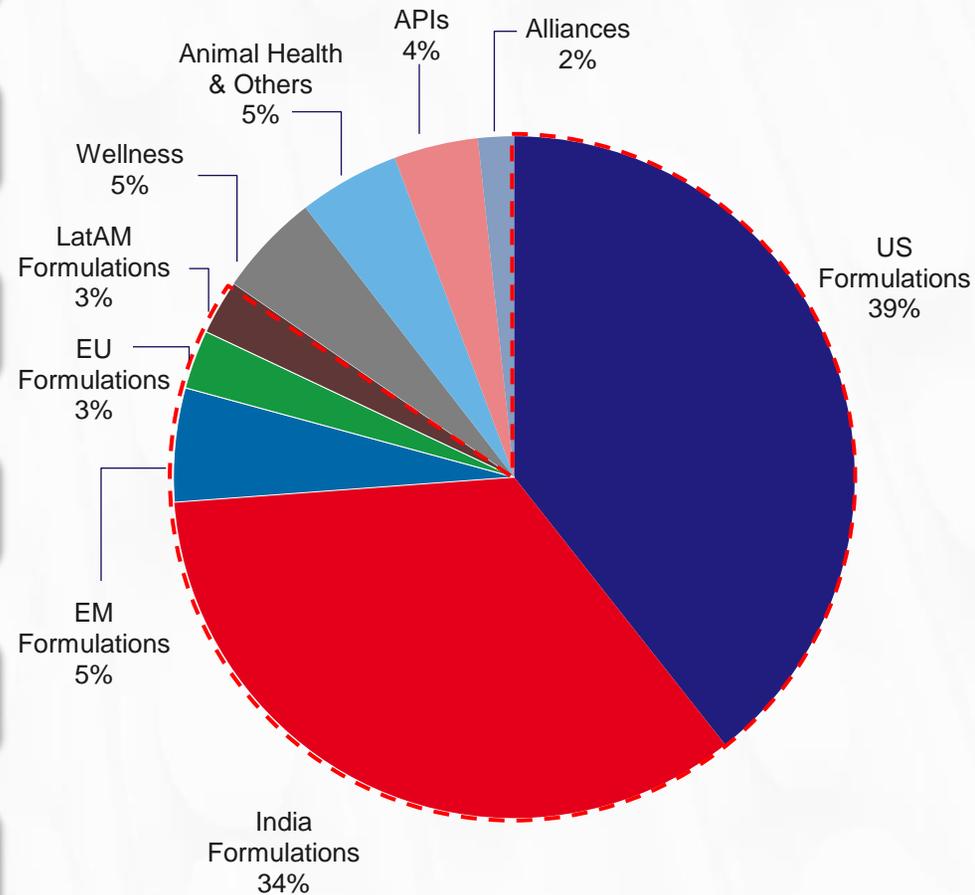
\$7.6 Bn

Current market capitalization <sup>4,5</sup>

Well diversified business across geographies; Presence in generics, branded generics, animal health, consumer wellness and others

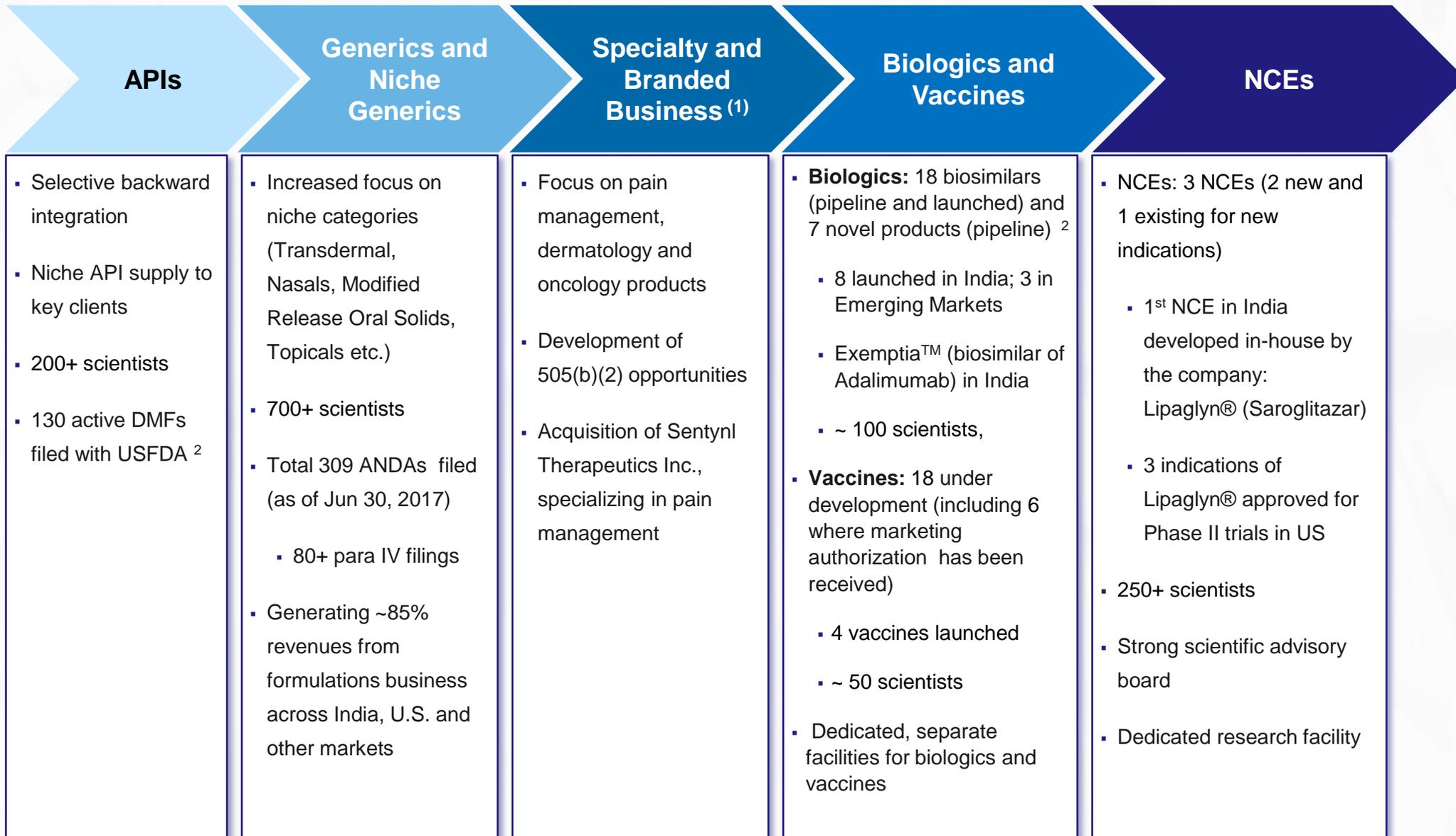
## With a Global Footprint

Revenue Split for FY17 (%)



1. As per AWACS MAT June 2017  
2. IMS National Sales Perspective Audit, MAT July 2017  
3. For the year ending March 31, 2017  
4. As of September 13, 2017  
5. US\$ 1 = INR 64.5

# Vertically Integrated Business Model with Presence Across The Pharma Value Chain



# Key Business Segments



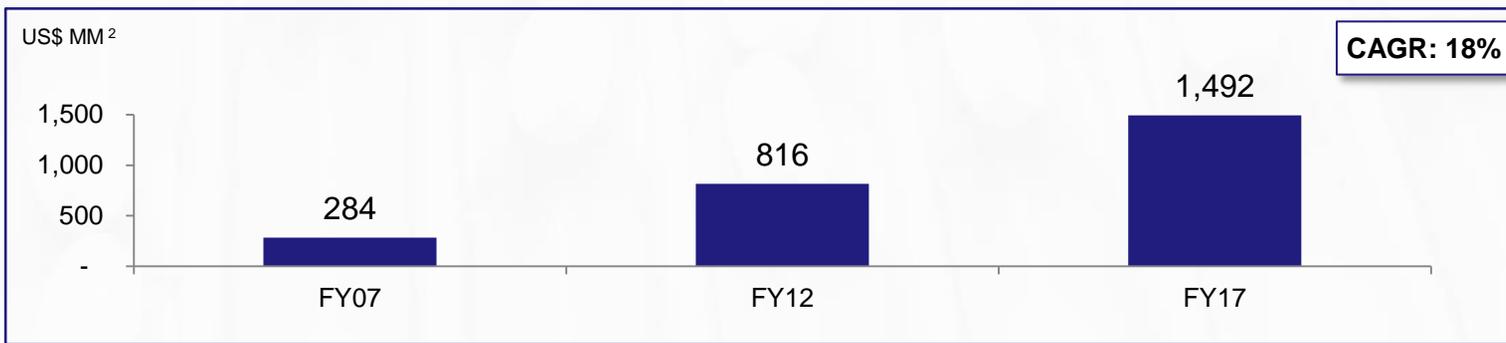
	Key Formulations Businesses	Other Businesses & Alliances	Emerging Businesses
Divisions	<ul style="list-style-type: none"> <li>India formulations                             <ul style="list-style-type: none"> <li>#4 by value<sup>1</sup></li> <li>4.4% market share<sup>1</sup></li> </ul> </li> <li>US formulations                             <ul style="list-style-type: none"> <li>#9 by prescription volumes<sup>2</sup></li> <li>~2.5% market share<sup>2</sup></li> </ul> </li> <li>Latin America</li> <li>Emerging Markets of Asia and Africa</li> </ul>	<ul style="list-style-type: none"> <li>EU Formulations</li> <li>Consumer Wellness</li> <li>Animal Health</li> <li>APIs</li> <li>JVs &amp; alliances</li> </ul>	<ul style="list-style-type: none"> <li>Biologics</li> <li>Vaccines</li> <li>NCEs</li> </ul>
Key Themes	<ul style="list-style-type: none"> <li>Sustainable and profitable growth</li> <li>Significant revenue contribution</li> </ul>	<ul style="list-style-type: none"> <li>Growth potential in Wellness and Animal Health segments</li> </ul>	<ul style="list-style-type: none"> <li>Innovative technology with high entry barriers for competition</li> </ul>
In-House Capabilities serving as bedrock of organization	<p>32 manufacturing facilities across India, US, Brazil and Germany</p> <p><b>Manufacturing</b></p>	<p>8 R&amp;D sites across India, US and Italy 1300+ scientists</p> <p><b>R&amp;D Capabilities</b></p>	<p>Highly experienced and qualified management team</p> <p><b>People</b></p>



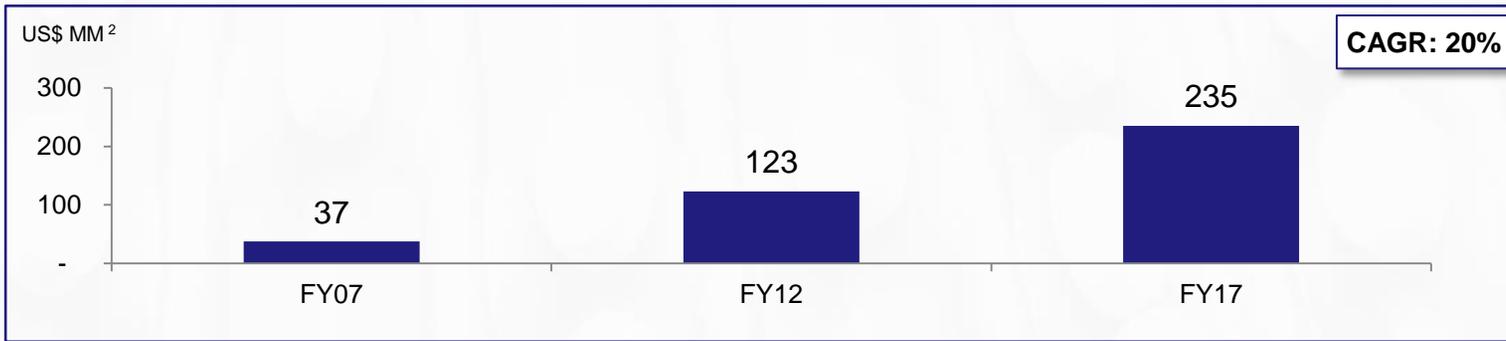
1. Source: As per AWACS MAT June 2017  
2. Source: IMS National Sales Perspective Audit, MAT July 2017

# Track Record of Value Creation

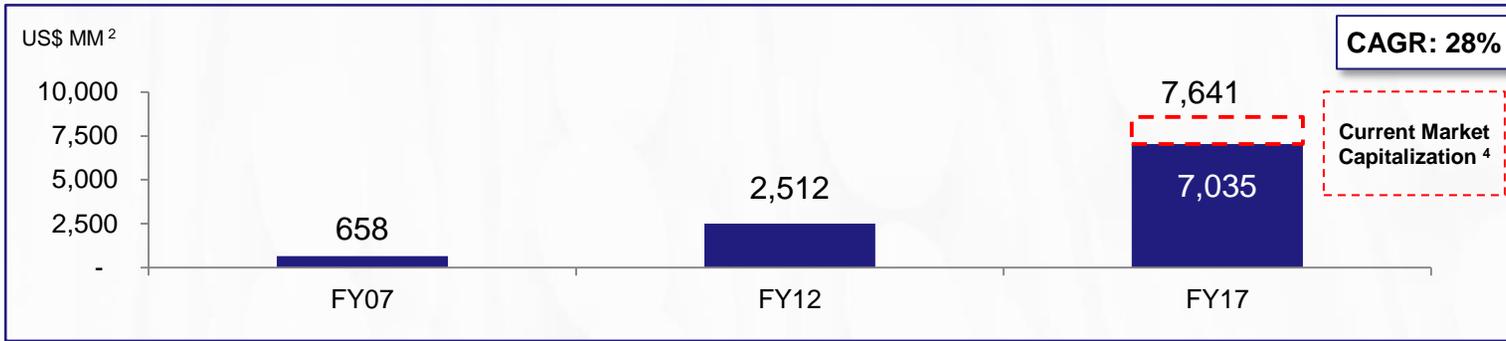
**Total Income from Operations <sup>1</sup>**



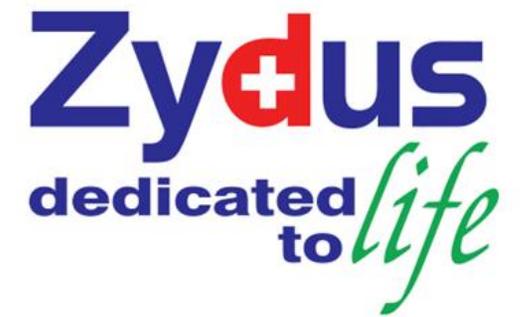
**Net Profit <sup>1</sup>**



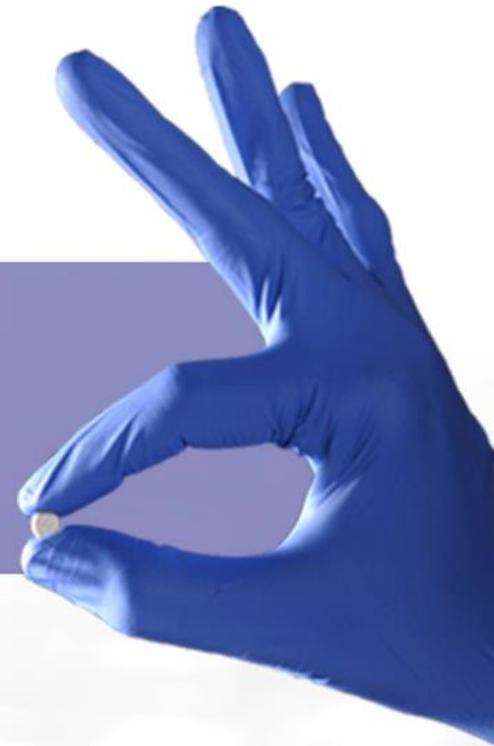
**Market Capitalisation <sup>3</sup>**



1. FY07 and FY12 financials as per IGAAP; FY17 financials as per IND AS and hence not comparable  
 2. US\$ 1 = 64.5  
 3. Market capitalization is calculated by applying the closing price of the financial year  
 4. As of September 13, 2017



## Key Business Segments



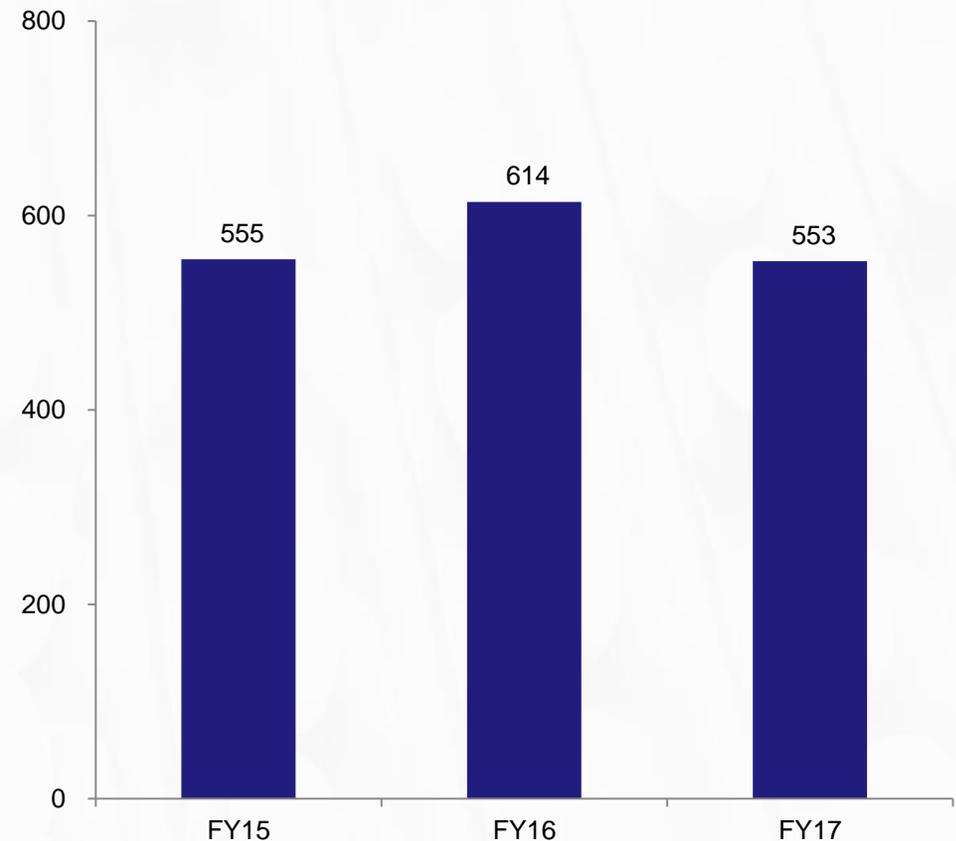
# US Generics: Strong Platform with Robust Pipeline

## Our US Formulations Business

- #9 generics player in US (based on prescriptions) with a market share of ~2.5%<sup>1</sup>
- Sale of generic oral solids and injectable products; 90+ products commercialized
  - Recently launched generic version of Lialda® (Mesalamine Delayed Release 1.2 g)
- Strong product pipeline
  - 179 ANDAs pending approval (of which 70 Para IV filings)
- Cost efficient manufacturing and supply chain
- Relationships with key wholesalers and retail pharmacy chains
- **Acquired Sentynl Therapeutics Inc.**, a US based specialty pharmaceutical company, specializing in pain management segment in Fiscal 2017

## Our US Formulation Sales

Gross Sales, US\$ MM



# Strong Filing Track Record and Addition to Capabilities

## Growing Focus on Complex Generics Business

- Immediate Release Oral Solids
- Complex Injectable
- Controlled Substances

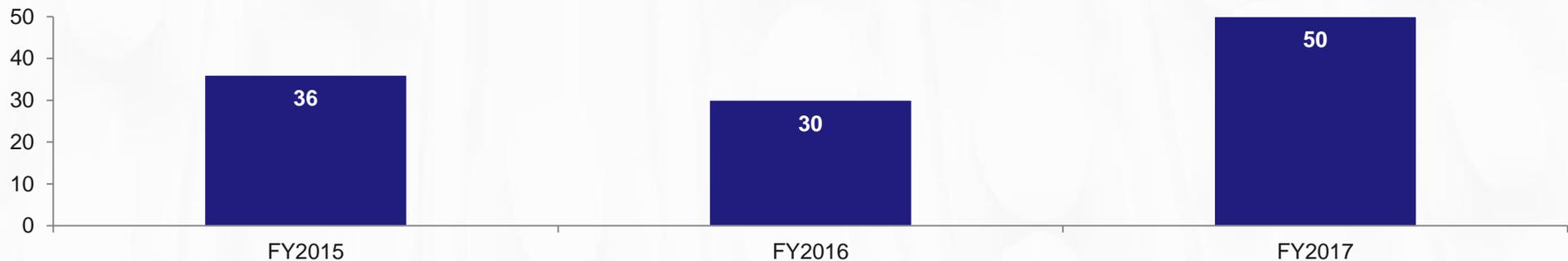


- Modified Release Oral Solids
- Transdermals
- Topicals
- Nasal Sprays

## Track Record of ANDA Filings

# (filings annually)

Total ANDA Filings as of 30 Jun 2017 – 309

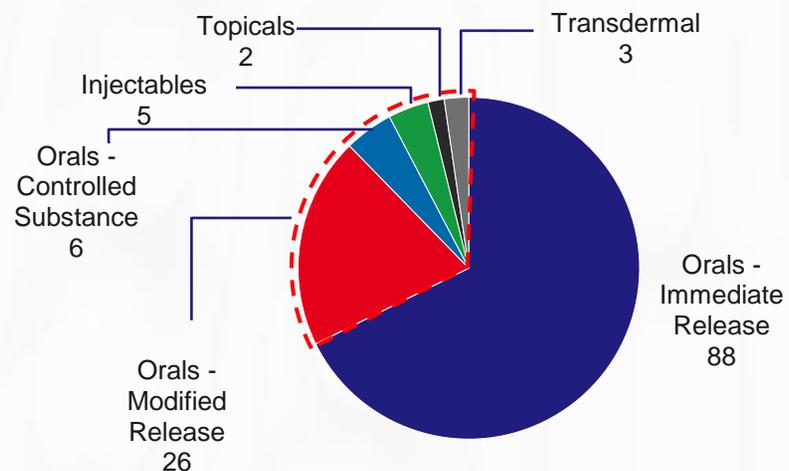


# Large ANDA Pipeline With Increasing Focus on Niche Filings

## Approved ANDAs by Type

As on 30 June 2017

**Total Approved ANDAs — 130<sup>1</sup>**

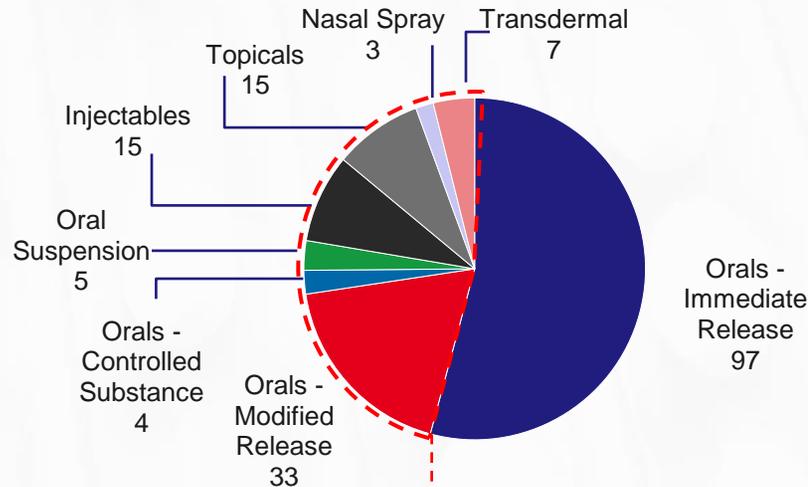


**90+ products commercialized**

## ANDA Pending Approval—Focus on Niche Segments

As on 30 June 2017

**Total ANDAs Pending Approval—179**



**New filings with increased focus on differentiated products with potentially competitive edge**

**Total 70 Para IV filings pending approvals**

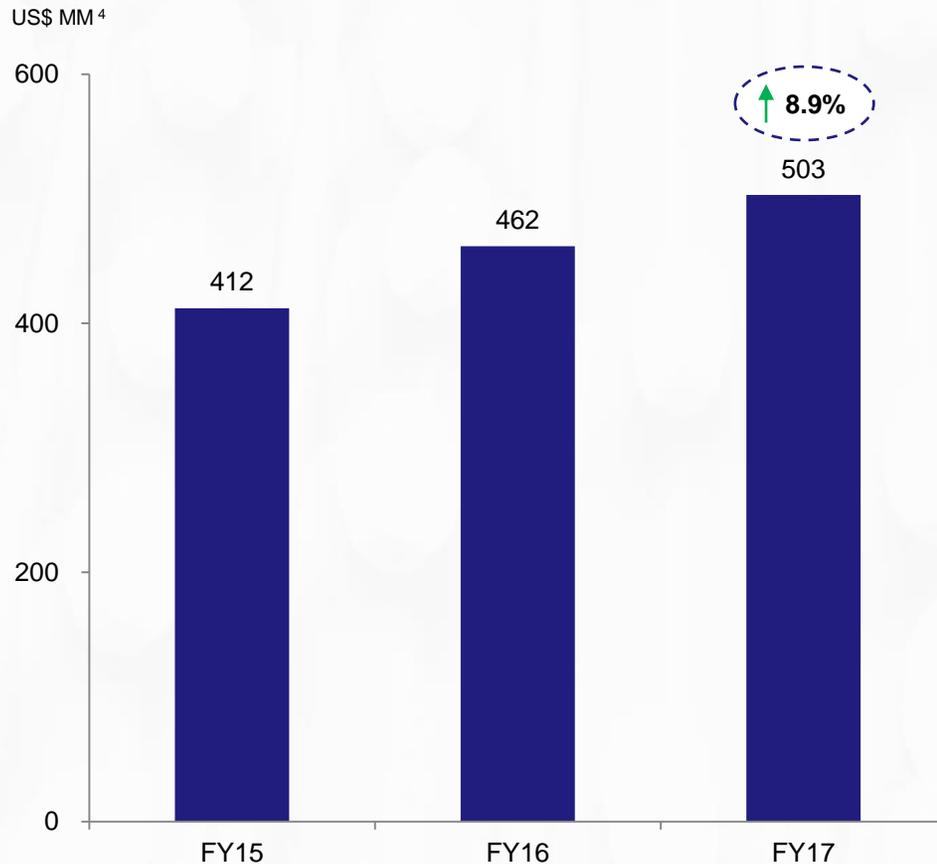


1. Includes ANDAs for which tentative approval is received

# Strong Leadership in India Formulations Business

## Leading Player in the \$18 Bn Market of India <sup>1</sup>

### India Formulation Sales <sup>2</sup>: Strong Base with Steady Growth



#4

One of the leading pharmaceutical companies in India <sup>1</sup>

4.4%

Domestic market share <sup>1</sup>

18

Brands among top 300 pharma brands in India <sup>1</sup>

207

Product launches in last three years

1<sup>st</sup>

Indian company to launch biosimilar of Adalimumab in India <sup>5</sup>

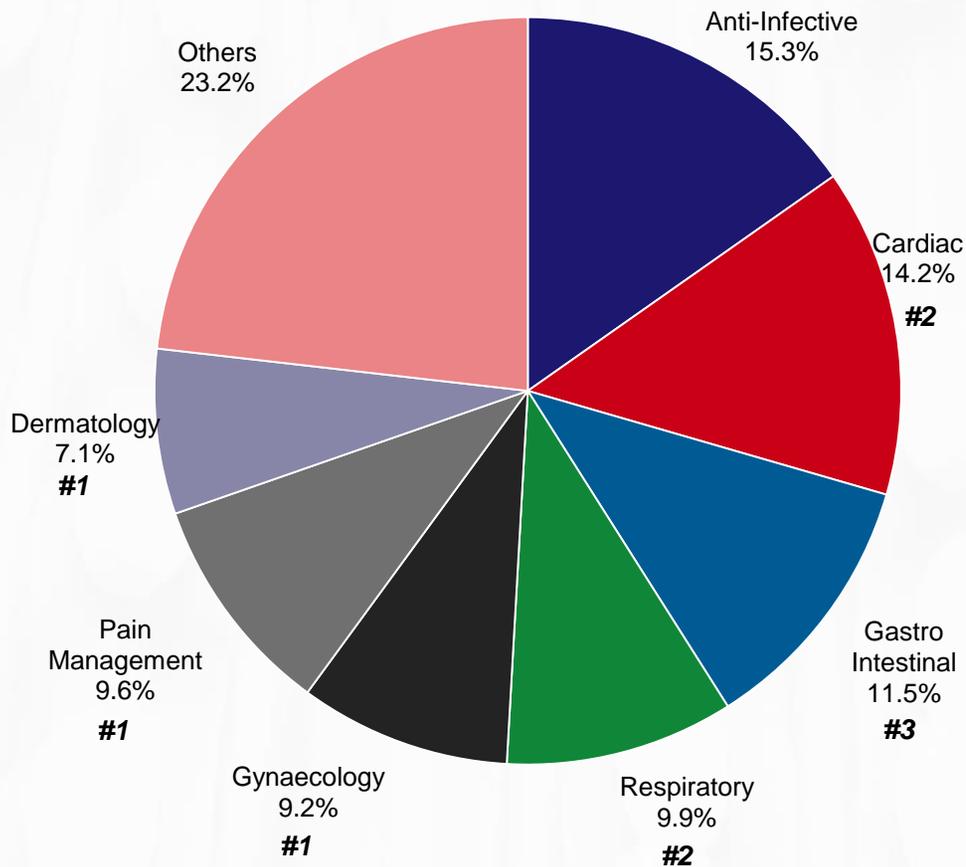
~5,900

Marketing field force <sup>3</sup>

# Focus on Key Therapeutic Areas in India

## Key Therapeutics Areas for Zydus

As per AWACS MAT June 2017; % of Zydus Sales



# Represents Zydus' ranking in the promoted covered market

Leadership positions (top 3) in Gynaecology, Respiratory, Pain Management, Cardiovascular, Dermatology and GI

Trademark acquisitions to fill the portfolio gaps – recently acquired trademarks from MSD in men's and women's health

Introduction of biologicals and vaccines products

In-licensing arrangements

Improving field force productivity

# Other Growing Formulations Markets

## Latin America



Zydus Size<sup>2</sup>

c.US\$ 38 MM

Zydus Growth

~12%

- Two large pharmaceutical markets in Latin America
- Branded generics and generic generics
- **Brazil:** 94 filings, 45 approvals, ~40 products being sold
- **Mexico:** 40+ filings, 35+ approvals, 20+ products commercialized
- Focused segments (Branded) – CVS, central nervous system, female healthcare, hepatology and nutraceuticals

## Emerging Markets

### Emerging Markets in Asia and Africa

Zydus Size<sup>2</sup>

c.US\$ 78 MM

Zydus Growth

~6%

- Branded generics and generic generics
- One of the leading companies in several of these markets
- Launched 3 biosimilars
- Continue to expand geographical presence in select emerging markets
- Leveraging existing portfolio of India and other regulated markets

## Europe Formulations



Zydus Size<sup>2</sup>

c.US\$ 41 MM

- Currently sale of ~110 products in France and ~80 products in Spain
- 205+ new product filings

## Consumer Wellness

- Operates through Zydus Wellness Limited, listed in India
- Brand extensions and new product launches
- Geographical expansion
- ~US\$ 71 MM revenues<sup>2</sup>



**90%+**  
market share in  
sugar substitutes



**Market Leader**  
face mask and face  
scrub segment

## Animal Health

- Presence in several countries across Europe, Asia and Africa through Bremer Pharma, Germany
- 2 manufacturing facilities at Haridwar (India) and Warburg (Germany)
- ~US\$ 70 MM revenues<sup>2</sup>

## APIs

- Backward integration capabilities to meet captive API requirements
- 1 R&D unit and 4 manufacturing plants
- 130 active DMFs filed with USFDA, 200+ scientists<sup>3</sup>
- ~US\$ 59 MM revenues<sup>2</sup>

# Successful Track Record of Global Partnerships

## Value Creation Through Win-win Alliances and Be a Partner of Choice

### Zydus Takeda JV

- 50:50 JV with Takeda Pharmaceuticals
- Currently manufacturing complex high-end APIs of Takeda
- Commercial supply of 11 products

### Zydus Hospira JV

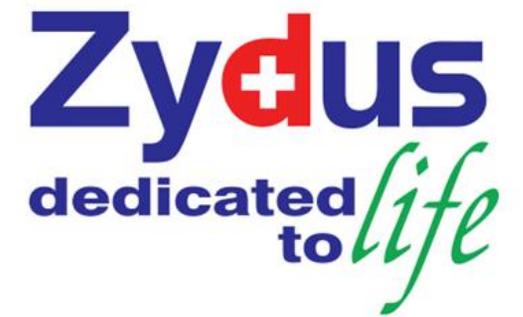
- 50:50 contract manufacturing JV with Hospira<sup>1</sup> for **cytotoxic** injectable products
- State-of-the-art cytotoxic facility which is inspected by leading authorities like MHRA, USFDA, TGA etc.
- Manufactured ~17 products which are sold primarily in US and EU

### Bayer Zydus JV

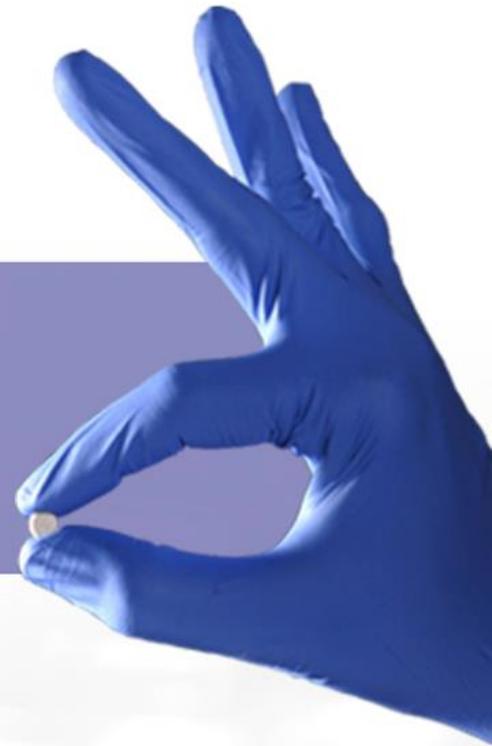
- 50:50 JV with Bayer
- Operates in female healthcare, metabolic disorders, diagnostics, CVS, anti-diabetics and oncology segments in India
- Leveraging strengths of Bayer's optimised product portfolio and Zydus' marketing and distribution capabilities
- JV scope covers launch of innovator products of Bayer in India

### Other Alliances

- 26 ANDAs filed, 13 approved (for partners)
- Out-licensing deal with Abbott for supply of 24 products (with an option to include 39 additional products)
- Out-licensing and distribution arrangements for biosimilars in certain emerging markets like Turkey, Russia, Indonesia and Columbia



## Manufacturing and Innovation



# Strong Base of Cost Efficient and State-of-the-Art Manufacturing Facilities

**32**

Facilities across  
India, US, Brazil  
and Germany

**9**

Facilities catering  
to US markets

17 facilities for formulations, 4 for API, 3 for vaccines, 3 for biologics, 3 for consumer wellness and 2 for animal health

Capabilities across platforms - Oral Solids, Controlled Substances, Injectables, Topicals, Lyophilized Injectable, Sprays and Transdermals

Focus on quality, efficiency and regulatory compliance

# Key Focus Areas for R&D

R&D expenditure formed ~8%<sup>1</sup> of total operating revenues

## NCEs

- Capability: target identification, pre-clinical research and early clinical development
- 250+ scientists
- 3 NCEs (2 new and 1 existing for new indications)
- Launched Lipaglyn®, the first NCE by the company

## Vaccines

- ~ 50 scientists
- 4 vaccines launched and 18 under development (including 6 where marketing authorization has been received)
- 1<sup>st</sup> Indian company to launch indigenously developed and manufactured H1N1 vaccine – VaxiFlu-S (in 2010)<sup>2</sup>

## Generics Development

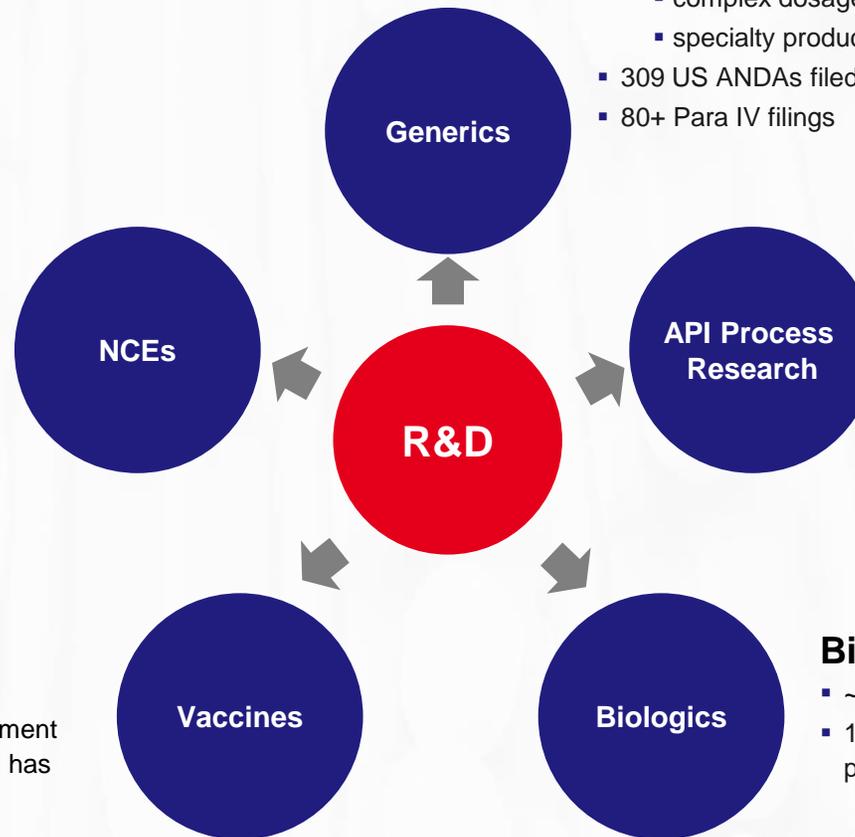
- 700+ scientists
- Increasing focus on
  - complex dosage forms like transdermals, topicals and nasals
  - specialty products and 505(b)(2) route
- 309 US ANDAs filed, 130 ANDAs approved till 30<sup>th</sup> June, 2017<sup>3</sup>
- 80+ Para IV filings

## API Process Research

- 200+ scientists
- 130 active DMFs filed with USFDA

## Biologics

- ~ 100 scientists
- 18 biosimilars (pipeline and launched) and 7 novel products (pipeline)
  - Launched 8 in India; 3 in Emerging Markets
- 1<sup>st</sup> Indian company to launch biosimilar of Adalimumab in India<sup>2</sup>



## Biologics

- 18 biosimilars (pipeline and launched) and 7 novel products (pipeline)
  - Launched 8 products in India and 3 in Emerging Markets
  - Launched Exemptia™ (biosimilar of Adalimumab) – 1<sup>st</sup> company in India<sup>1</sup>
  - 4 products already in clinical development phase
  - Development of RabiMabs in collaboration with WHO
- Wide range of indications covered including oncology, nephrology, ophthalmology, infectious diseases, osteoporosis, inflammation

## Vaccines

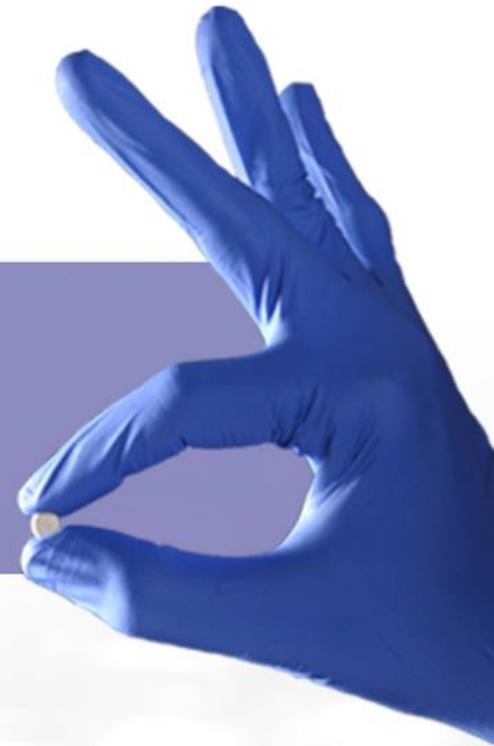
- Launched 4 products, received marketing authorizations for 6 other
  - First Indian company to launch indigenously developed and manufactured H1N1 vaccine – VaxiFlu-S<sup>1</sup>
- 18 under development (including 6 where marketing authorization has been received)

## NCEs

- Launched Lipaglyn® – 1<sup>st</sup> NCE developed by the company, for 2 indications (Diabetic Dyslipidemia and Hypertriglyceridemia)
  - Phase III trials ongoing in India for 3 indications (Lipodystrophy, NASH<sup>2</sup>, Type 2 Diabetes)
  - Phase II trials ongoing in US for 3 indications (NASH<sup>2</sup>, PBC<sup>3</sup> and Hypertriglyceridemia)
- 2 other NCE molecules under various stages of development
  - ZYH7 (Dyslipidemia)
  - ZYAN1 (Anemia)

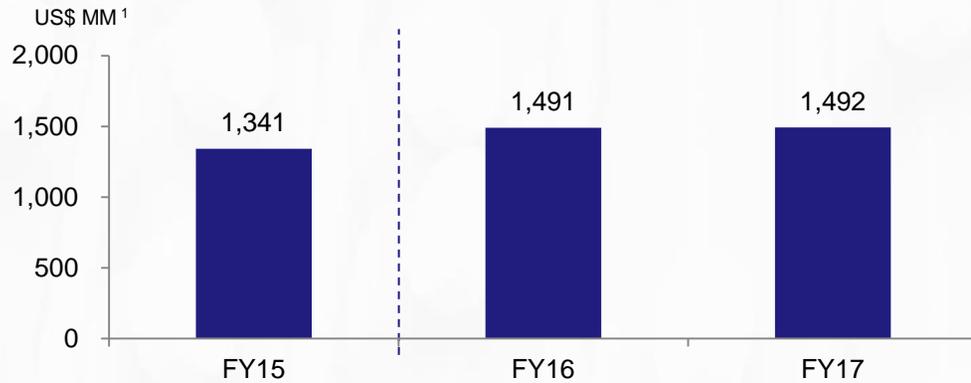


## Key Financials

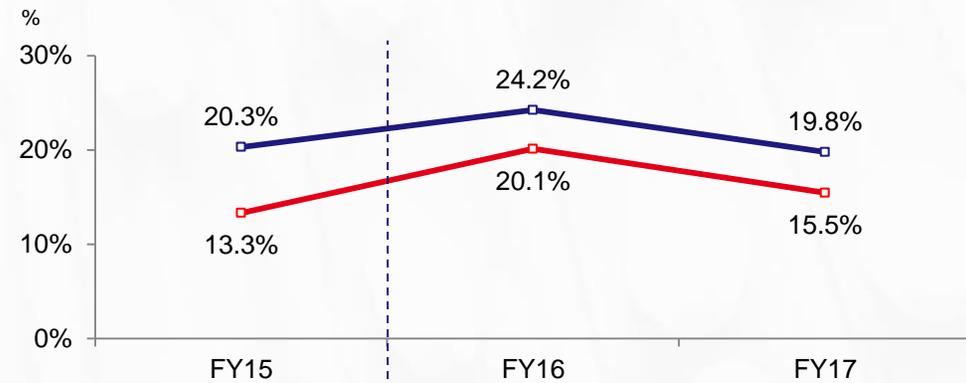


# Strong Financial Profile

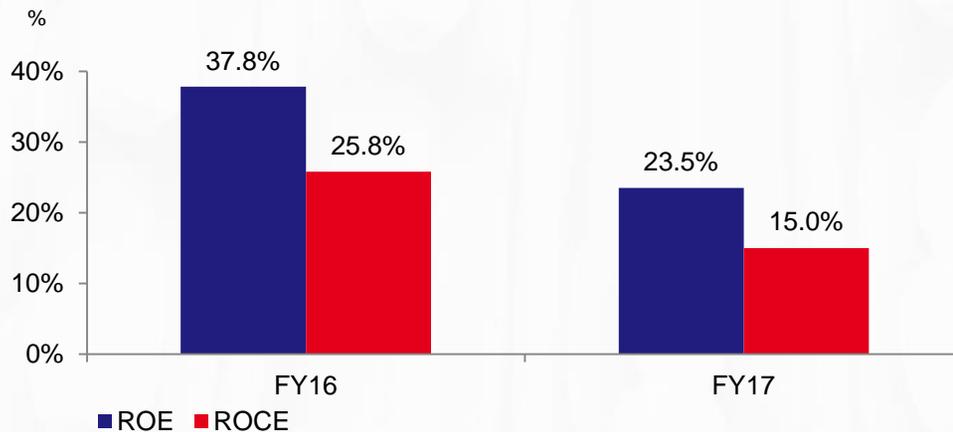
## Consolidated Revenues <sup>2</sup>



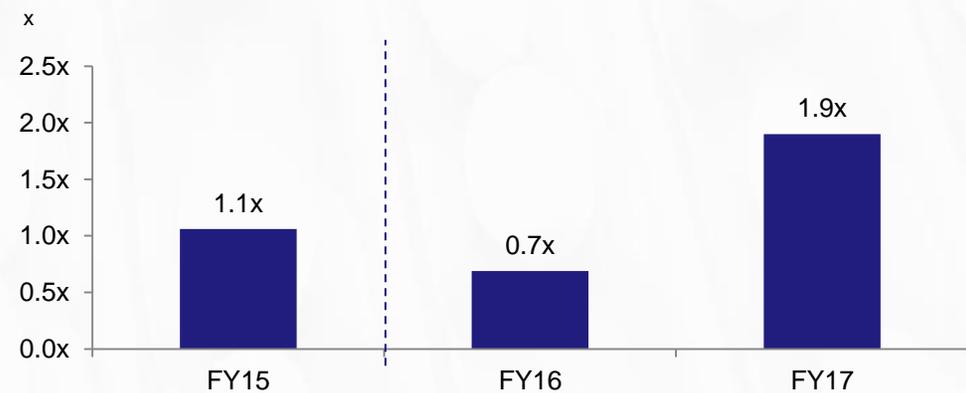
## EBITDA and PAT Margins <sup>2</sup>



## Return Ratios<sup>2,3</sup>



## Leverage (Net Debt / EBITDA)<sup>2</sup>



1. US\$1 = INR 64.5

2. FY15 financials as per IGAAP; FY16 and FY17 financials as per INDAS and hence not comparable

3. ROE = PAT / average of opening and closing net worth; ROCE = (Profit after tax + Finance cost net of tax) / average of opening and closing (net worth + gross debt)

# Strategies For The Future

1

Strong execution focus for the US market; drive growth with continuous focus on product launches

2

Focus on difficult to develop and manufacture and specialty products for the US market to improve margins

3

In India, focus on high growth Therapeutic Areas, in-licensing, outperform the domestic market and improve operational efficiency through increasing sales force productivity and technological advancement

4

Leverage strong platform of biosimilars and vaccines business

5

Select inorganic growth to expand in India, US and Emerging Markets, acquire capability platforms and move forward in value chain on specialty and branded business

# Building Blocks For Our Strategy

## Regulatory Compliance and Quality

- Focus on best in class manufacturing
- People training
- QUEST: Quality Excellence by Sustainable Transformation; Institutionalising a Culture of Quality

## Operational Excellence

- PRISM – cost optimization program adopted in 2002 and institutionalised across the group
- SLIM - a Strategic, Lean and Integrated Manufacturing initiative

## Innovate For Growth

- Continue to replenish generic pipeline in the US with profitable opportunities – move towards specialty
- In the branded generics / specialty markets of India and other emerging market to focus on additional growth from more advanced areas like biologics
- Continue to invest behind, innovate and commercialize opportunities in biologics, vaccines and NCEs
- Near term focus on emerging markets with longer term potential in developed markets

## M&A

- Selective M&A
  - Complimentary generic assets or technology platforms
  - Specialty or branded assets
  - Consolidation / leadership

# Thank You

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