

CEO Track - Motilal Oswal 16th Annual Global Investor Conference 2020



Innovation : Avoid At Your Own Risk

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Context

1

Why do we need Innovation?

2

Product Innovations at Zydus

3

Process Innovations at Zydus

4

Zydus : Current Stand



On the back of its process innovation, India is known as “Pharmacy of the world”

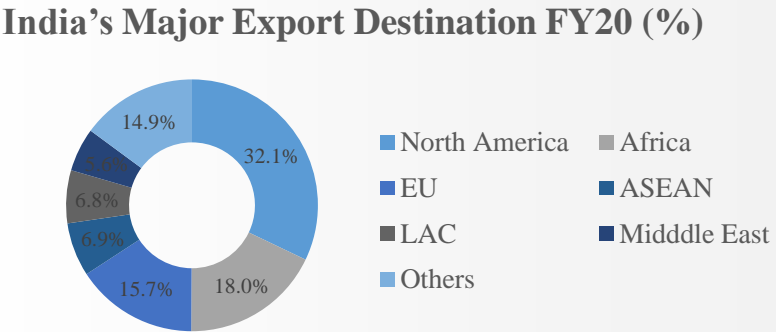
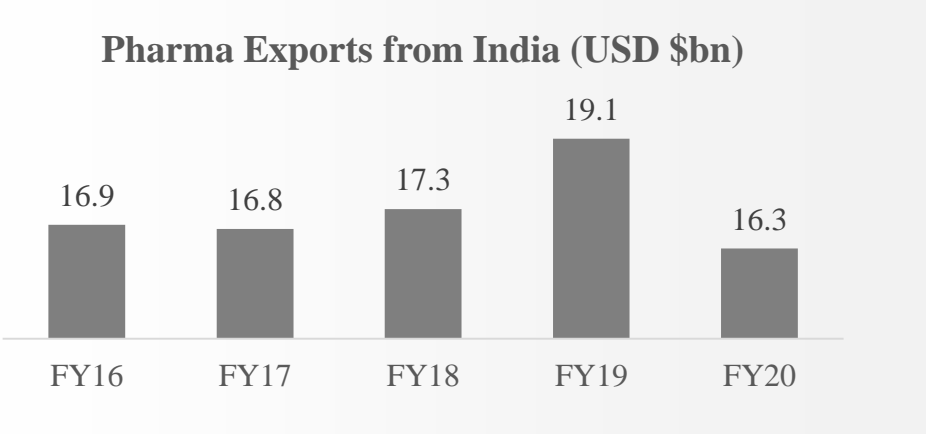


India :

"Pharmacy of the World"...

.... is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies

- >50% Global Demand of Vaccines
- >40% Generic Demand of US Market
- ~25% All medicines in the UK

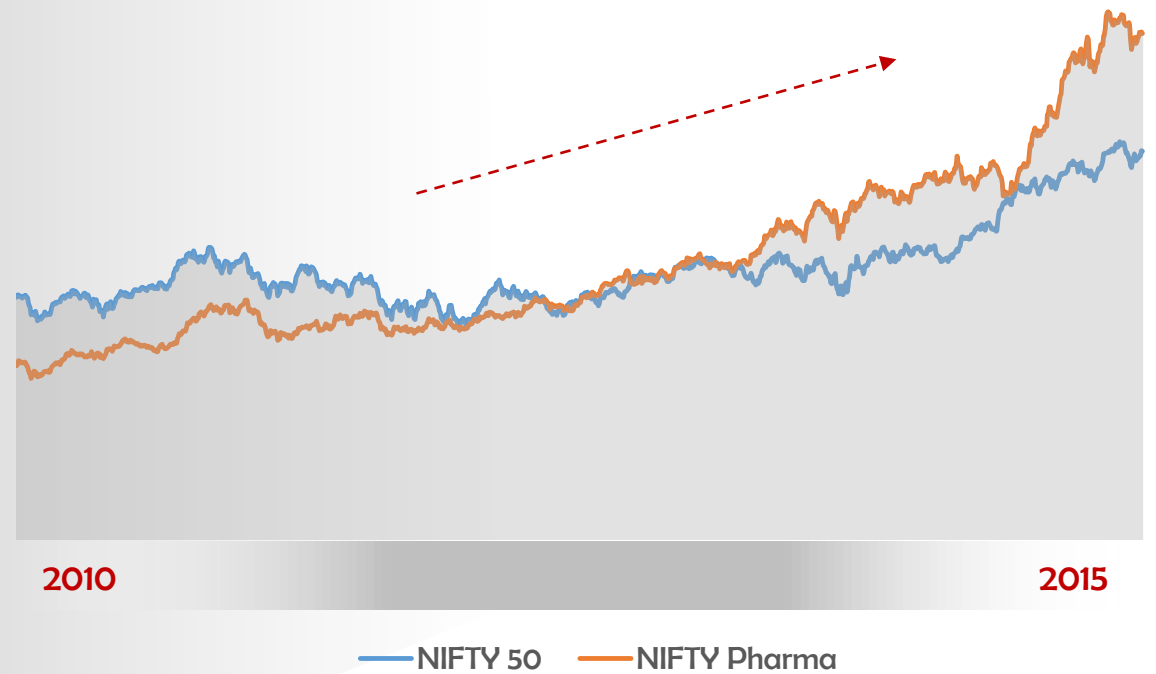


- India is among the top 10 formulation exporting countries in the world, 4th largest by volume and 10th largest by value



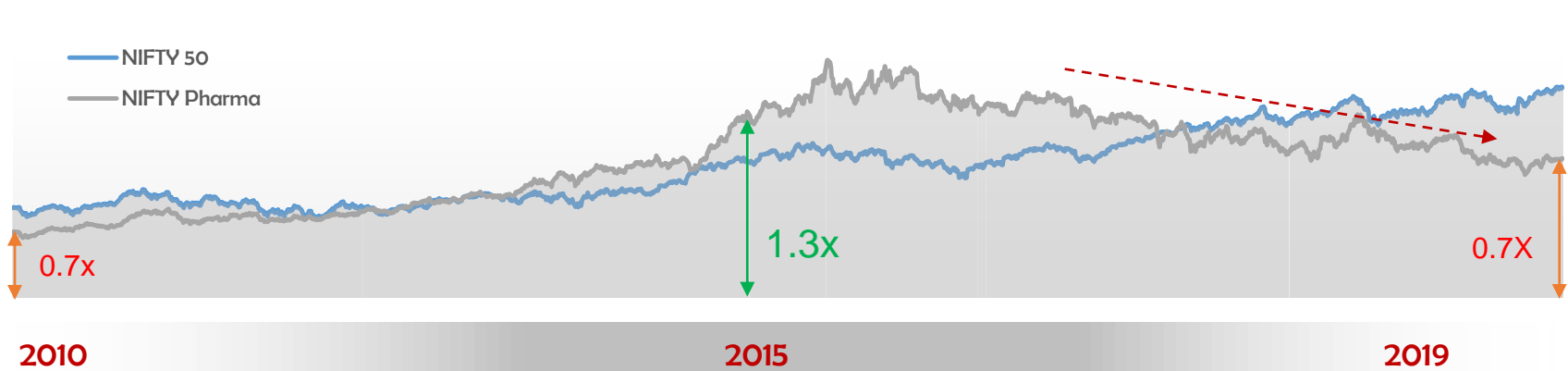
During 2010 to 2015, Indian Pharma index outperformed market...

2010-15
NIFTY 50 vs. NIFTY Pharma Index

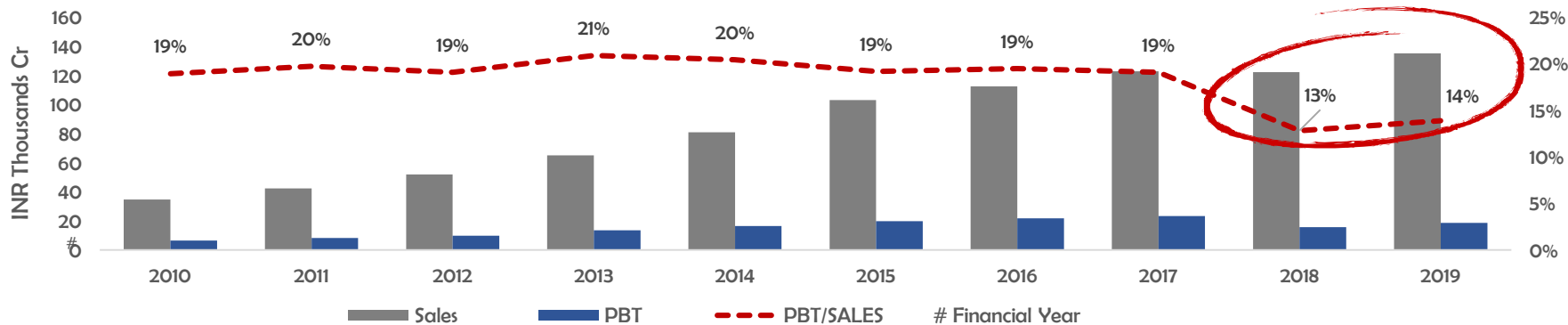


...but in last few years, Pharma index has underperformed

NIFTY Pharma Index vs. 2015-20 NIFTY 50 Index



10 Leading Indian Pharma Company's Performance



While the challenges will persist.. we will need to find avenues to drive growth....

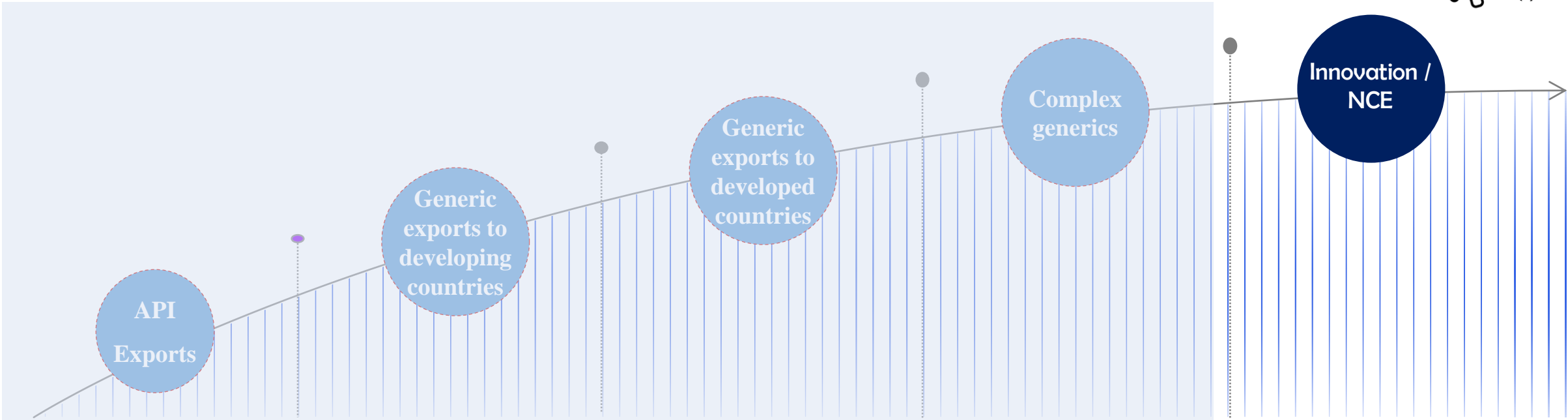


Growth trajectory has slowed down owing to...

- Uncertain market conditions
- Stringent regulatory norms
- Pricing Pressure

Innovation will be an essential ingredient in future growth recipes of Indian Pharma companies...

... the next growth leap is through stepping in innovative and research based drugs



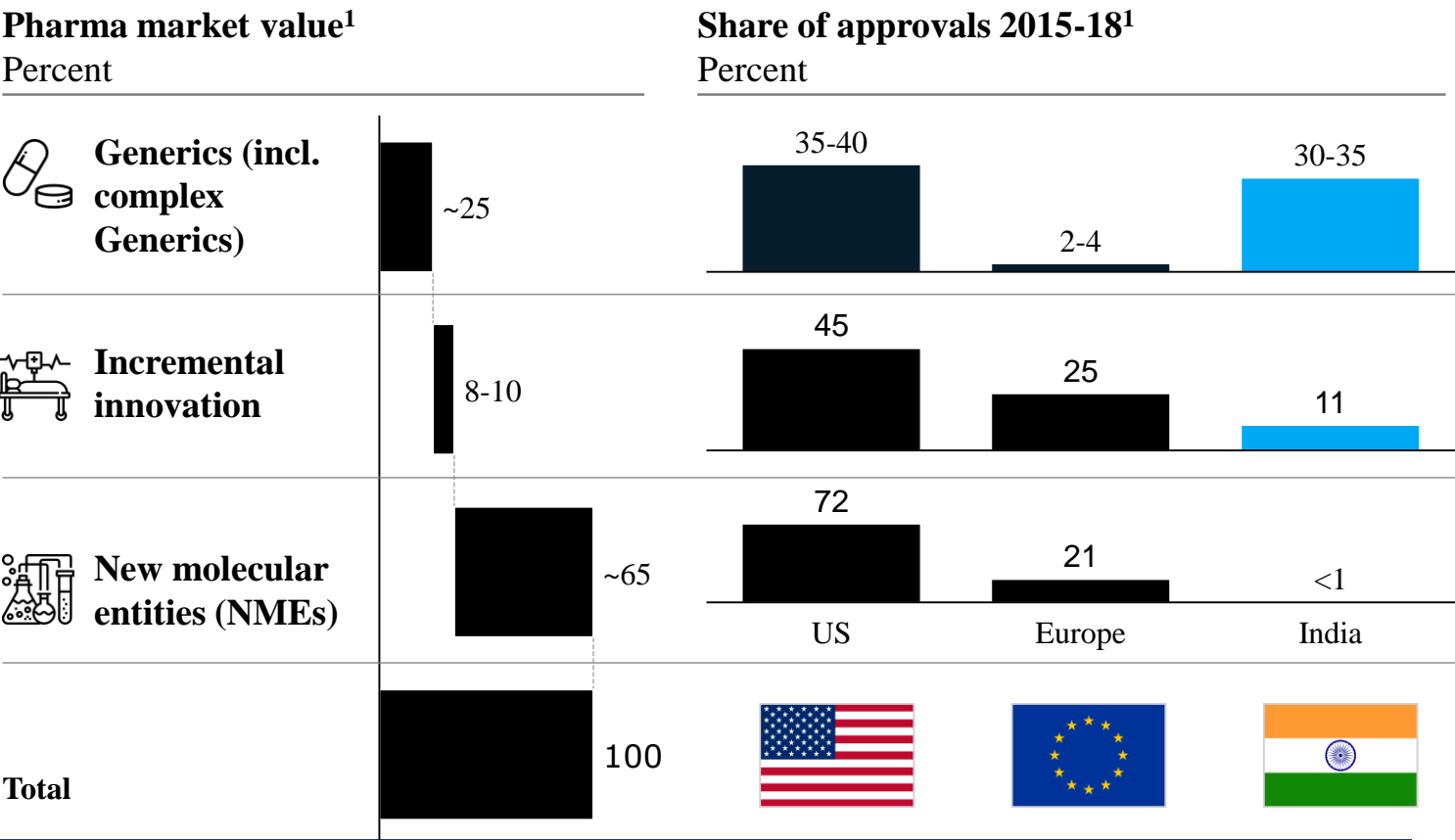
Evolution of Indian Pharma Industry

Innovation will play a critical role in this journey and help augment industries contribution to Indian and global healthcare

Innovation can drive significant health and economic benefits for India

Reduce India's Disease burden	Development of drugs for India-specific ailments that do not get adequate global attention (e.g., drug-resistant infections like NDM-1, oral cavity cancer) to help reduce India’s disease burden
Job creation	Create high-skilled, white collar jobs enabling differentiation vis-à-vis other developing economies
Increase in exports	Contribute additional USD 10-12 Bn of exports every year for the economy from 2030

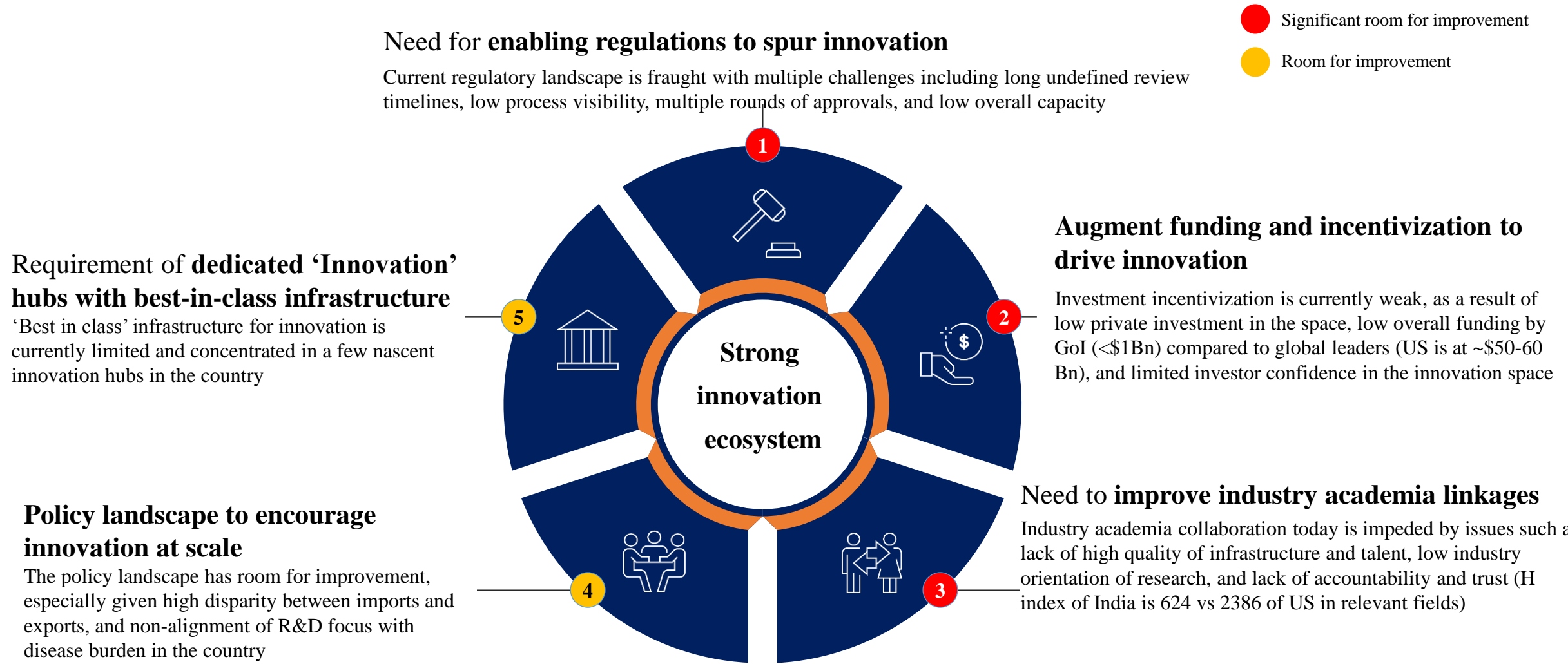
The industry needs to maintain its relevance by expanding into NME space that accounts for 2/3rd of global value pool and where India has small presence today



Indian pharma industry has established its dominance in the generics space and now needs to move up the value chain to build a strong innovation ecosystem

Source: Evaluate pharma, USFDA website

Focus is required across five key building blocks to enable “innovation at scale” in India



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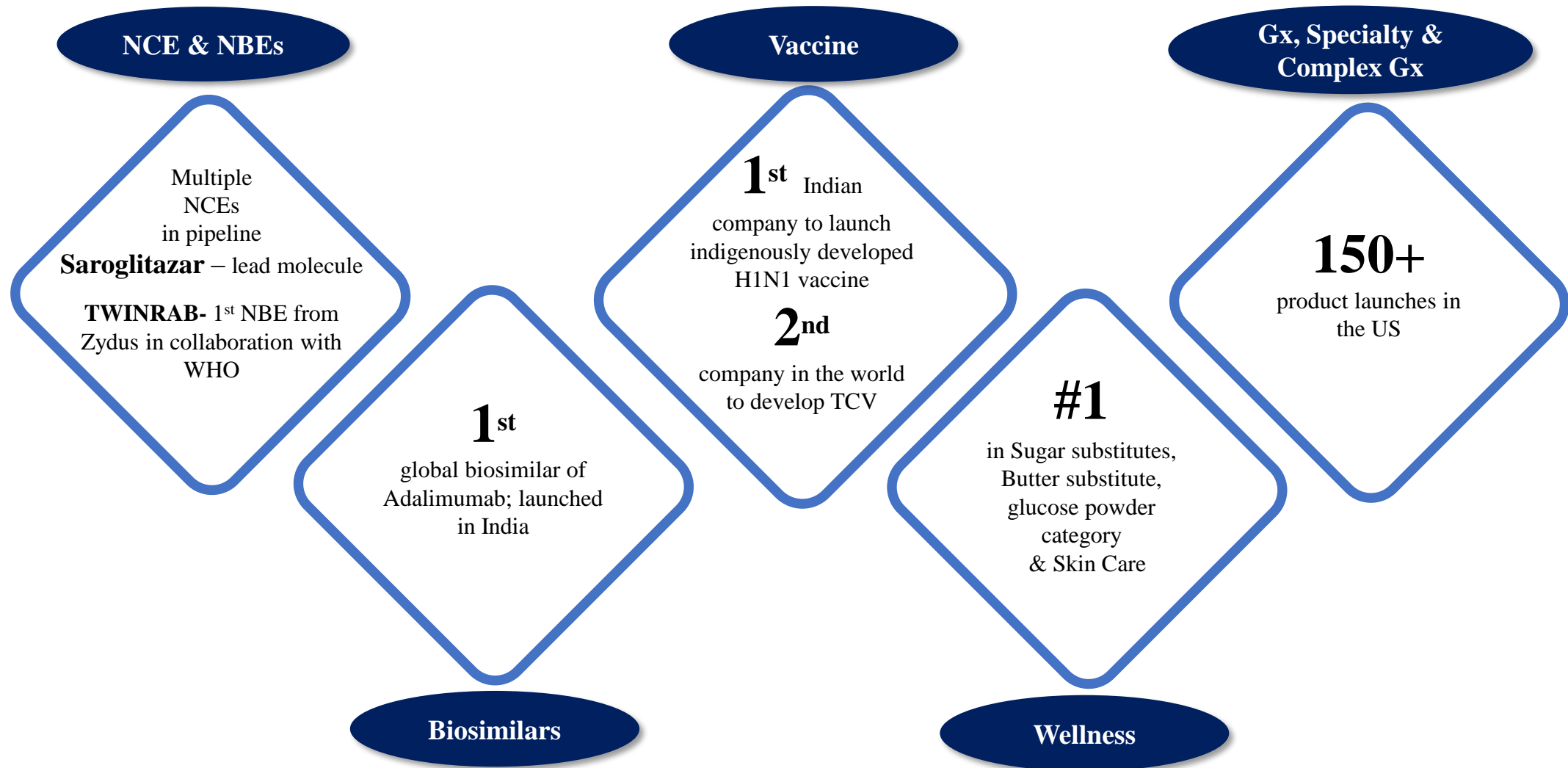
Process Innovations at Zydus

4

Zydus : Current Stand

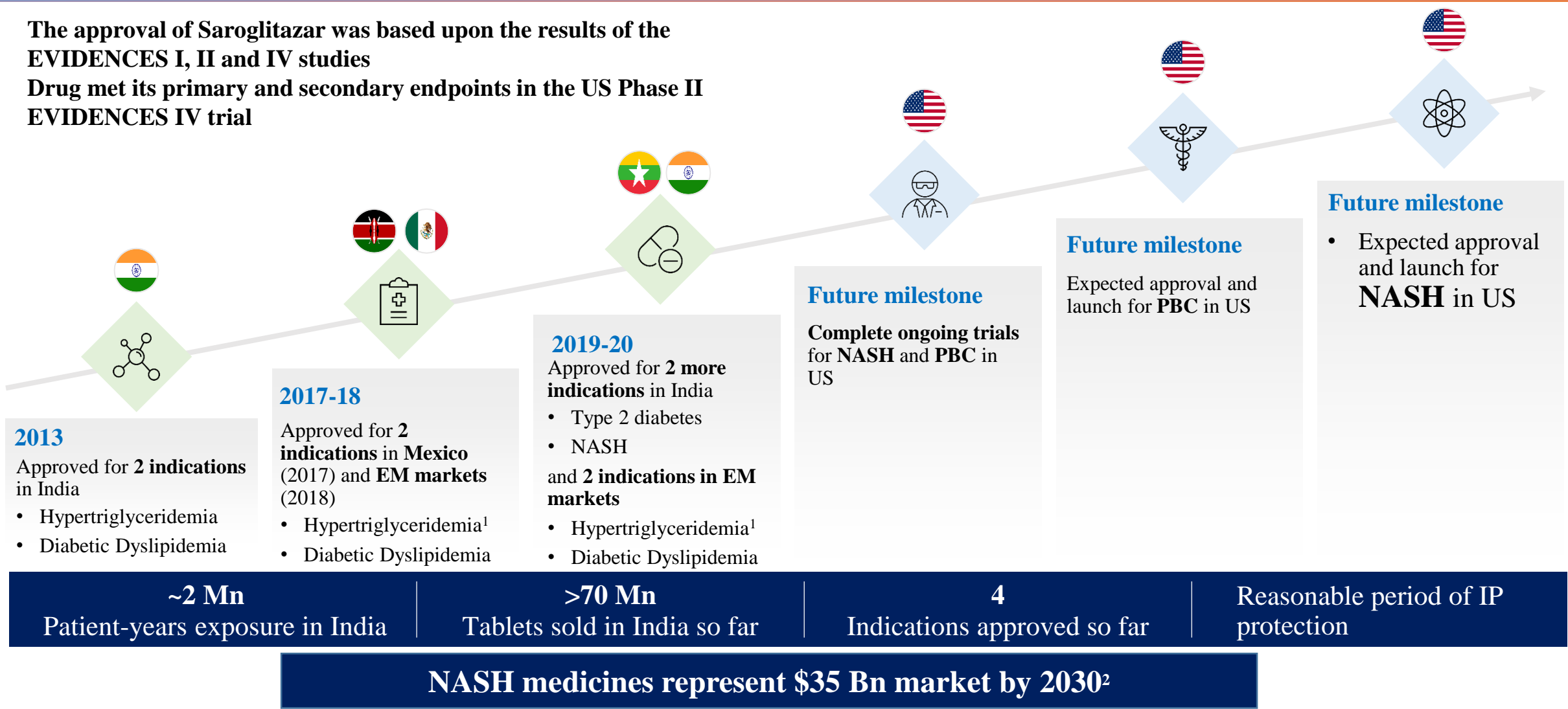


At Zydus, we aim to create healthier communities through our Innovation, making therapies accessible and bridging unmet needs



Saroglitazar is a novel drug with approvals for multiple emerging markets

- The approval of Saroglitazar was based upon the results of the EVIDENCES I, II and IV studies
- Drug met its primary and secondary endpoints in the US Phase II EVIDENCES IV trial



¹ Source: Internal data
² <https://www.cnbc.com/2018/12/21/the-35-billion-race-for-a-cure-for-a-liver-disease-that-affects-millions.html>

Zydus' Innovation engine is fueled by centers of excellence...



NCE / NBE Research



Biotech Research

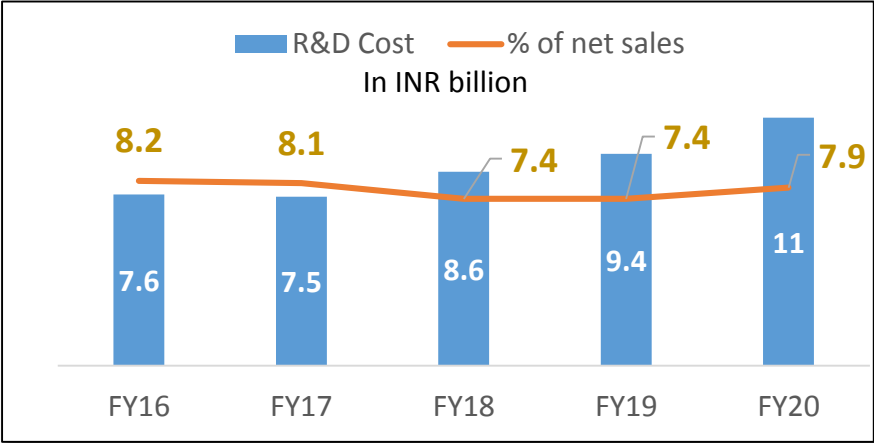


Formulation Development



Vaccines Research

Steady investments in R&D



1400+
Scientific Pool

NCEs & NBEs: Sustainable future growth drivers..

~275
Dedicated Scientists

4
NCEs in clinical development

10+
NCEs/NBEs in Pipeline

Focus Therapy Areas

- Pain
- Cancer
- Inflammation
- Infection
- Cardio-metabolic

Capabilities to do research from
“**Concept to First-in-man trials**” under one roof

NCEs Pipeline

Project	Target	Indication	Drug Discovery	Lead Optimization	Preclinical Dev.	IND	Phase I	Phase II	Phase III	NDA	Marketed
Desidustat	HIF-PH inhibitor	Anemia-CKD-ND/ D									
		COVID-19									
		Chemo ind. anemia									
ZRC-3278 / MMV 253	V-type H+ ATPase	Malaria (MMV)									
ZYBK2	HLA-DRB1 shared epitope	RA					Ongoing				

NBEs Pipeline

Product	Indication	Cloning	Process Dev.	Pre-Clinical	Regulatory Permission	Clinical Dev.	Market Auth.
TwinRab	Anti-Rabies Mab's						
ZRC-NB-3224	AMD						
ZRC-3297	Autoimmune						
ZRC-3298	Oncology						
ADC 2	Oncology						
ADC 3	Oncology						

Zydus aims to be a global player in the evolving Biosimilars Space

More than
18 years
of experience of biosimilars
development

A key
Growth Driver
for the India & Emerging Markets
Business

A portfolio of
10+
commercial biosimilars in Indian
Market

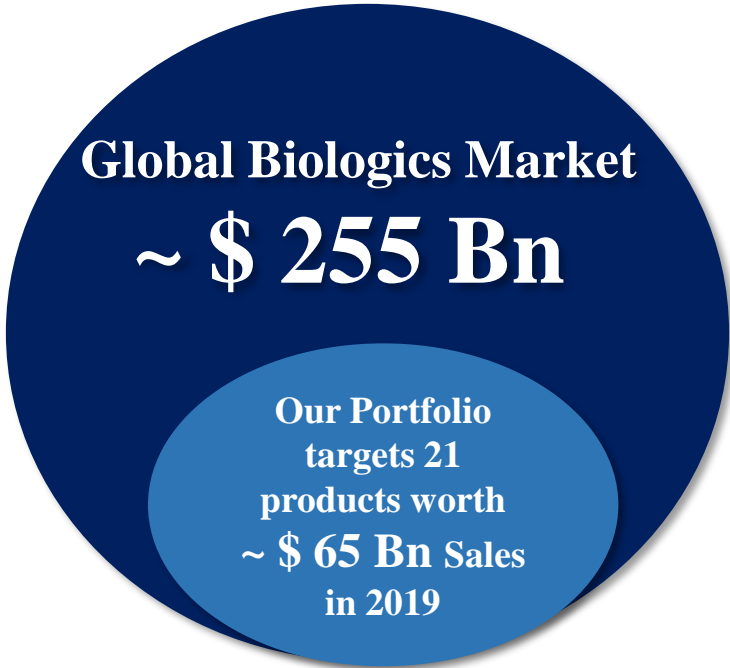
A team of
300+
scientists in R&D and
Manufacturing

Robust Infrastructure



- One of the largest installed and running **State-of-the-art biologics manufacturing** plant in Asia for **monoclonal antibodies***
- End to End biosimilar development capabilities

Product Portfolio & Addressable Opportunity



Leading Brands



- In last few years we have launched a number of leading biosimilar brands in the Indian market*
- These brands have catapulted us to **leading position in therapy areas like oncology, rheumatology***










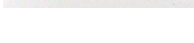
*Team Analysis, Internal Data

Zydus' biosimilars pipeline targets 21 products worth ~ \$65 Bn of brand sales value

Drug	Sales 2019 (Brand)	Competitive Intensity ¹	Zydus Portfolio
Adalimumab	\$ 19.17 B	High	
Trastuzumab	\$ 6.08 B	High	
Pegfilgrastim	\$ 3.5 B	High	
Bevacizumab	\$ 7.12 B	High	
Peg-EPO	\$ 1.12 M	Medium	
Denosumab	\$ 5.05 B	Low	
TDM-1	\$ 1.4 B	Low	
Onco Segment	\$ 3.54 B	Medium	
Opthal Segment	\$ 7.99 B	Medium	
Onco Segment	\$ 8.06 B	Low	
Onco Segment	\$ 1.49 B	Low	
Respiratory Segment	\$1 B		
Onco Segment	\$ 2.99 B	Low	
GI Segment	\$ 6.6 B	High	
Respiratory Segment	\$ 704 M	Low	
Auto Immune Segment	\$ 3.43 B	Low	

Biosimilars launched in Indian market

1. IFNα-2b
2. PEG-IFN
3. PTH
4. G-CSF
5. PEGG-CSF
6. EPO
7. Adalimumab
8. Trastuzumab
9. Bevacizumab
10. Rituximab
11. Peg-Asparagase
12. r-FSH

¹Competitive Intensity High: >5 players Medium: 2-5 Players; Low: <2 players; Team analysis



In portfolio and development initiated / Completed



In portfolio and development planned



Not in portfolio

Zydus is an emerging player in the Vaccine space (1/2)

20+ years

...of experience. started journey in 1998

Growth Driver

...major growth driver for India & Emerging markets

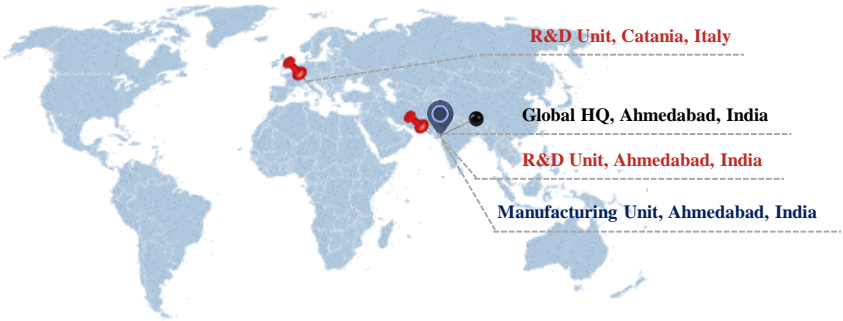
5

Manufacturing (3) and R&D (2) Facilities

300+

...dedicated scientists and Workforce

Current Strengths & Capabilities



- **R&D:** Robust Product Pipeline coming out of dedicated R&D facilities in India & Europe. 2nd company in the world to develop Typhoid conjugate vaccines
- Capabilities to conduct research from “Concept to First-in-man trials” under one roof across vaccines types



Live Attenuated



Inactivated



Sub-unit



Inactivate Toxins



Others



Vaccine Technology Centre (VTC)
Ahmedabad, Gujarat, India



Etna Biotech
Catania, Italy

Mfg. & Supply:

- Dedicated manufacturing capabilities catering to differentiated portfolio
- Vaccine innovation comes from two R&D centers focused on developing newer vaccines

Portfolio: focus on innovative and differentiated vaccines catering to unmet needs

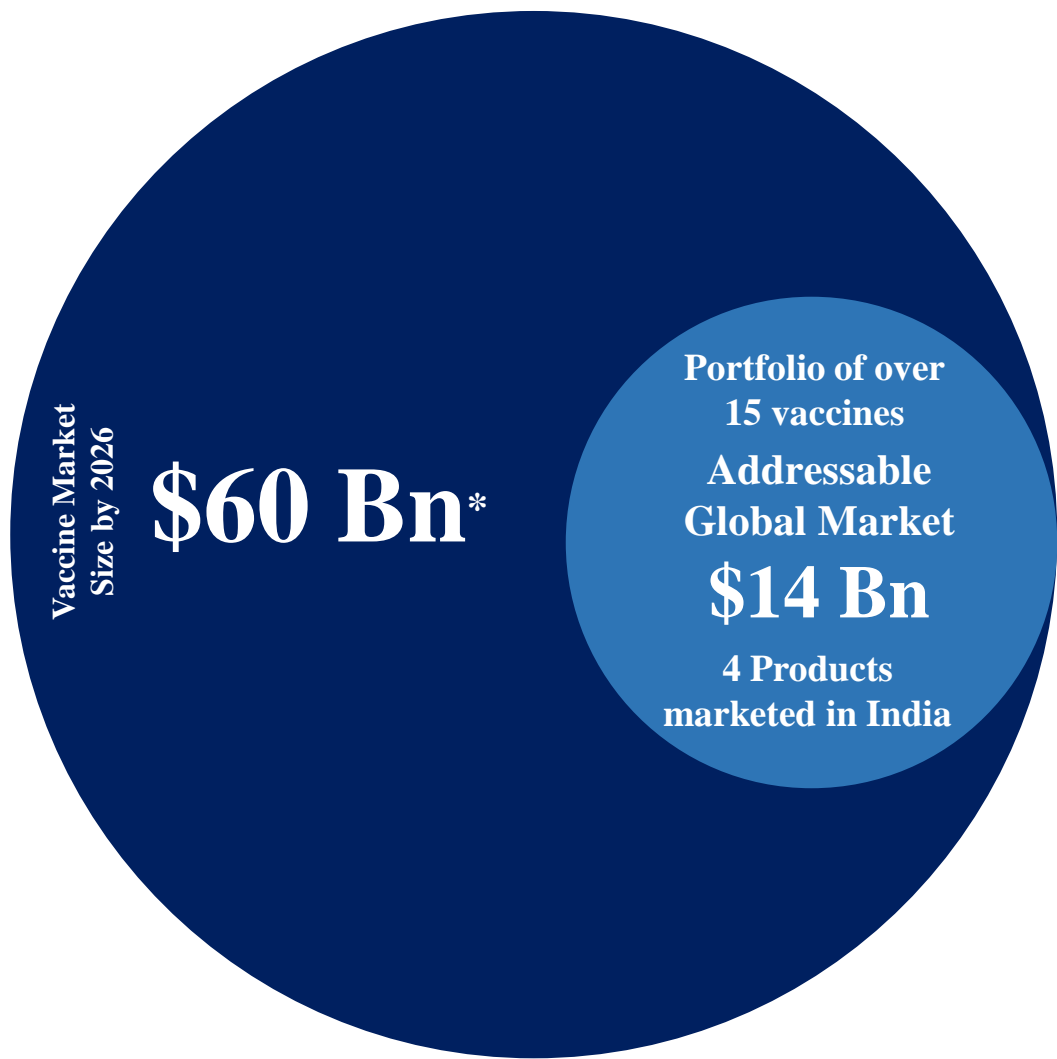
Portfolio

Global Vaccines Market
~ \$ 60 Bn*






Our Portfolio
targets 15
products worth
~ \$ 14 Bn

*Team Analysis, Internal Data

Zydus is an emerging player in the Vaccine space (2/2)

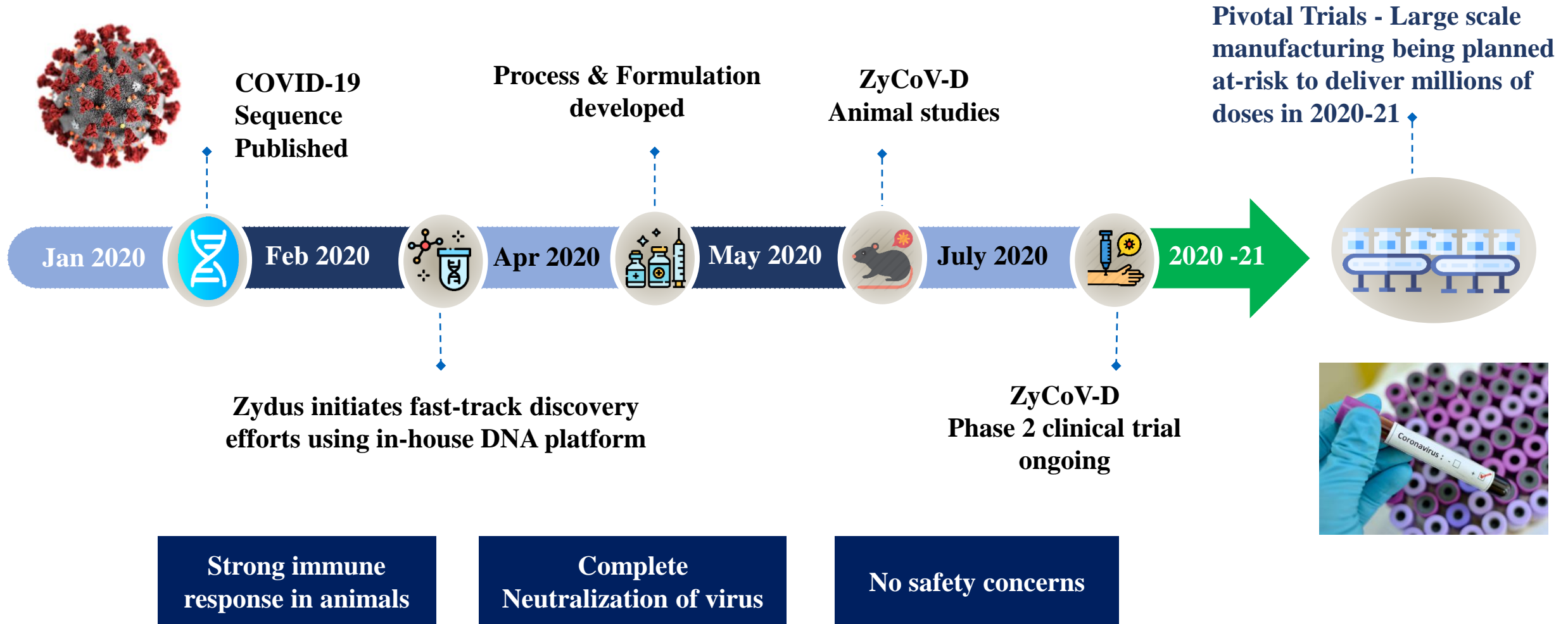


Zydus Vaccine Portfolio

 Pediatric vaccine	DTP, Measles, MR, MMR, TCV, Varicella vaccine	Addressable Market Opportunity*
 Adult vaccine	Flu, HPV vaccines	
 Tropical diseases	Malaria and Chikungunya vaccines	
 Rabies Vaccine	Rabies vaccine, TwinRab	
 Hepatitis vaccines	Hep A, Hep B, Hep E Vaccines	
		India Public Market ~ \$ 70 M
		India Private Market ~ \$ 220 M
		WHO Supplies ~ \$ 1.5 B






*Team Analysis, Internal Data

Zydus' vaccine for COVID-19 (ZyCoV-D): Rapid Discovery and Product Development with strong Clinical and Regulatory Expertise








In India, Zydus has been pioneer in launching new products to meet the unmet needs..



				
	IP Driven / FTI Opportunities	Day-1 Launches	Devices with Formulation	Differentiated Gx / PLC Management
No of Products	#16	#28	#11	#24
Annualised value	400+ Cr*			
Focus Therapy Area	Respiratory, Cardio-Metabolic, Gynecology, GI, Anti-infective	Cardio-Metabolic, Respiratory, Gynecology, Anti-infective	Respiratory, Gynecology, Pain, GI	GI, Pain, Anti-Infective, Respiratory, Gynae, Cardio-Metabolic
Process Innovation				
	Right Identification	Agile Execution	1st Wave of Launch	

* Internal Data, Team Analysis

Ongoing investments in product portfolio offers additional growth opportunities in US generics business over long term time-horizon

					
	Oral IR	Complex Generic	Injectable/ Device Inj.	Topical/ Transdermal/Nasal	Oncology
Product Under development	65	41	31	13	17
Addressable Market Size (\$M)	\$35,064	\$12,208	\$18,099	\$1,444	\$12,004
Filing Target	To file over next 3-4 Years	To file by 2022	To file over next 3-4 Years	To file over next 3-4 Years	To file over next 3-4 Years
Products Approved/ under approval	218	95	47	36	42
Addressable Market Size (\$M)	\$71,015	\$24,318	\$5,293	\$2,170	\$16,414
Revenue generation to start from	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing

In US, Zydus is developing a portfolio of complex generic injectable products, including drug device combination products

Zydus US
Injectable Portfolio

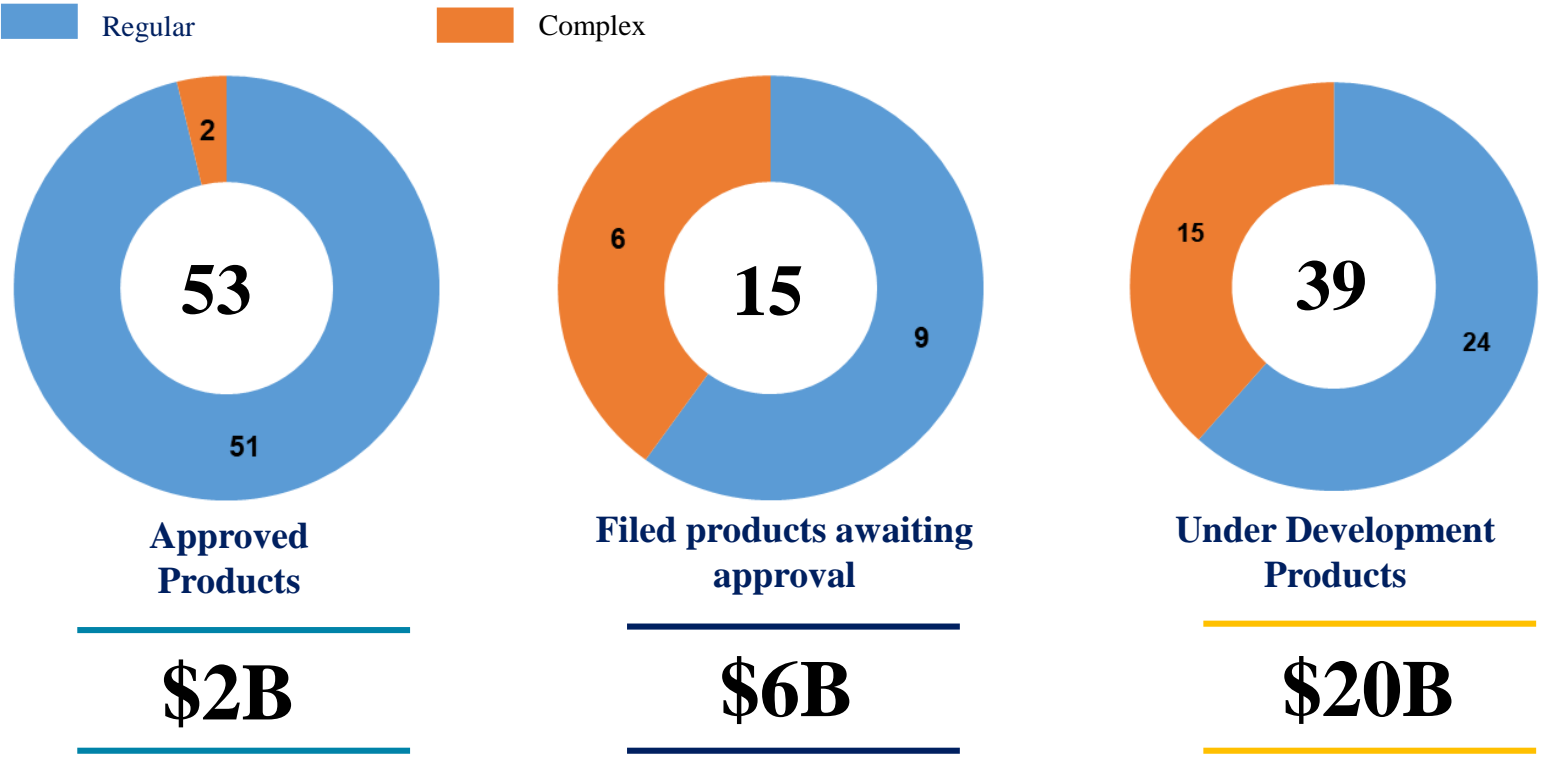


107 Products



\$28B Participative Market

Well balanced portfolio with high value products across various stage of development, indicating the prospective business growth opportunity that lies ahead of us



Robust portfolio with a mix of Day-1 / 181, Me too, complex generics and niche product opportunities

- ~10% Para-IV / FTF Products (Approved + Awaiting Approval) with addressable market size of \$2 billion
- ~10% Para-III Products (Approved + Awaiting Approvals) with addressable market size of \$4 billion
- ~80% Portfolio is of Launch upon approval, *Me too*, Technically challenging Para-II products with addressable market size of \$3 billion
- 29 Oncology products in portfolio

Mid to Long term growth in US is planned through set of first to files & limited competition products

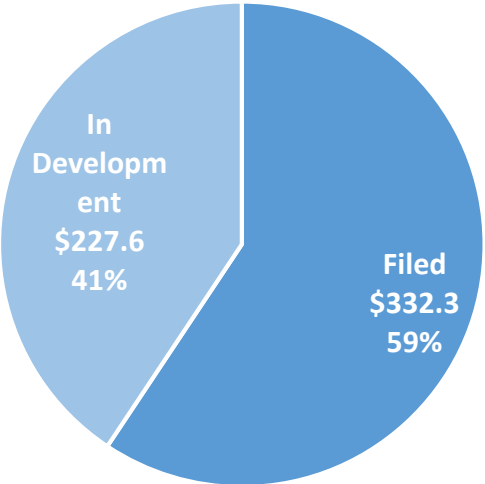
28 Products

\$36.8 bn
peak market sales

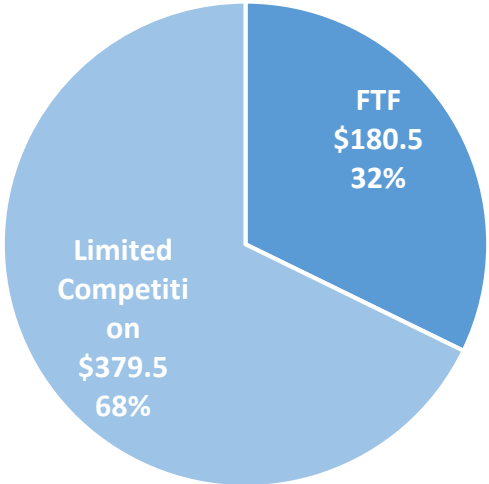
\$840 mn
Potential additional
upside value

\$560 mn Annual Value

ZYDUS STATUS



ZYDUS ADVANTAGE



Future growth in US will be driven by developing branded product portfolio through 505b(2) Initiatives

9 Products Portfolio

Developing portfolio mix of in-house & LCM products addressing unmet need and aligned to focused therapy areas

Therapy Area Focus



CNS



Orphan

1 Pre IND- 2 Products

Conducted 2 pre-IND meetings in April-June 2020 for:

- Product 1 Nasal Spray for Spasm
- Product 2 for Oncology

2 NDA- 1 Product

On track for NDA submission

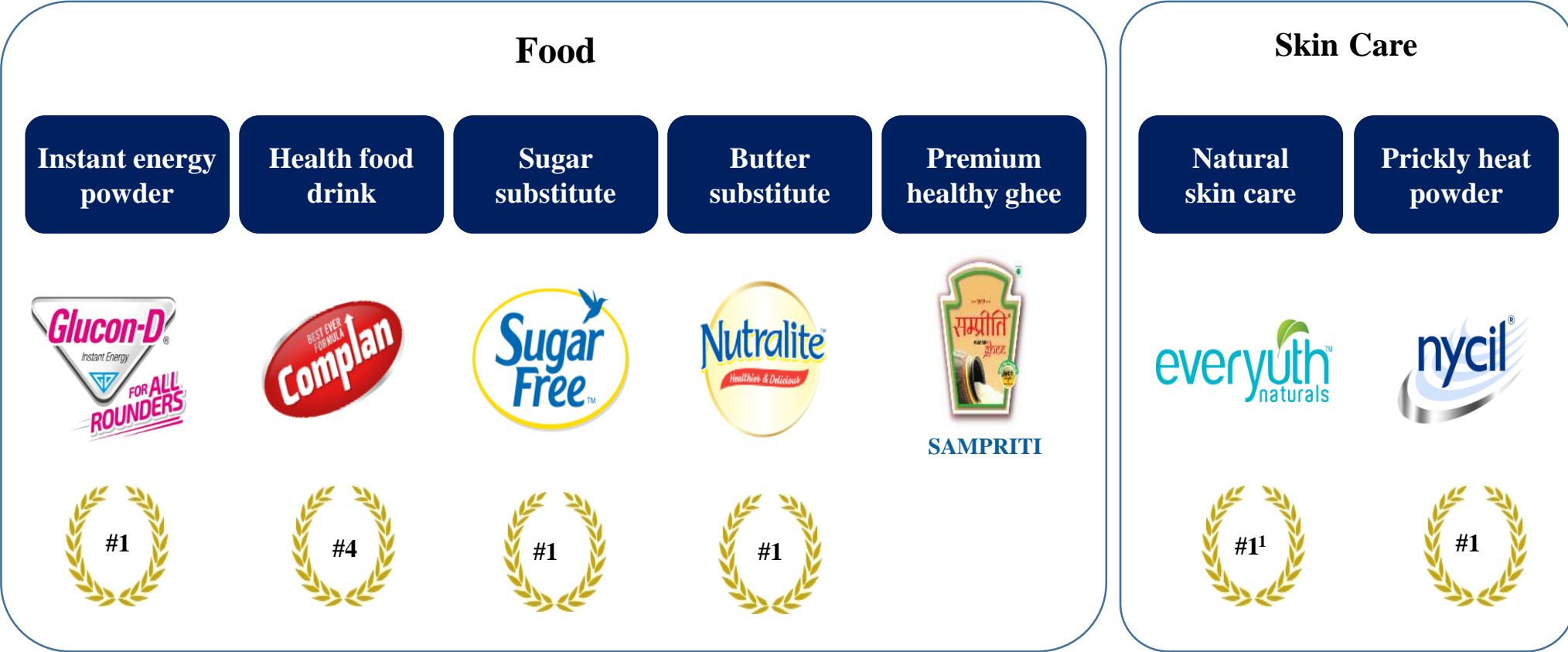
- Product 1- Injectable (Pain Management)– Target filing in FY 2021

3 Orphan/CNS- 4 Products

Building Orphan Portfolio: 4 Product under development

- Product 1 for PBC: pIND / Orphan designation submitted
- Product 2 for Sickle cell anemia: pIND filing in Nov'20
- Product 3 for HRS: PoC study ongoing
- Product 4 for Myasthenia gravis: Prototype development ongoing

Zydus Wellness has consolidated its position in Wellness segment with integration of Heinz Portfolio



Zydus Wellness’ Brands dominates in 5 out of 7 category that it operates

¹ Rank within scrubs and peel offs sub-category - 85% market share in the peel-offs sub-category and 34% market share in the scrubs sub-category
Sugar Free & Nutralite: Mkt share source – Internal Company estimates; Glucon D, Complan, Nycil, EY -Nielsen MAT March 20 report.

At Zydus Wellness, we strive to reimagine wellness & health in a holistic manner with focus on - Nourish, Nurture and Energize your life

New Launches- Innovation in Times of Covid



SugarFree Green

- New formulation developed using a new, better tasting stevia
- Improved price proposition-200 spoons (equivalent to 1Kg sugar)now @Rs 165 v/s Rs 195 earlier



Nycil Hand Sanitizer

- Decision to execution within a fortnight



Complan Nutrigo

- Complan enters the toddler health food drink segment



Glucon D ImmunoVolt

- Tasty energy bites that boost immunity
- Contains Vitamin C, C, D, Zinc and Glucose



Complan Sachet

- Addressing the SKU portfolio gap in some parts of the country



Nutralite Choco Spread

- Initially launched through E-Commerce. Other channels to follow

Zydus has employed an INNOVATIVE solution to combat the pandemic of Covid-19



Multi pronged approach to combat COVID-19



Diagnostic Products

- Launched Covid-KAVACH ELISA tests under the technology transfer from ICMR
- This test was found to have high sensitivity and specificity & also has the advantage of testing 90 samples together in a single run of 2.5 hours



Wellness Products

- We have preponed the launch of our sanitizer range under the Nycil brand which was originally planned for 2021
- We did this in a record time and it has provided a great impetus to overall Zydus Wellness portfolio



Prophylactic Vaccines

- Our DNA Vaccine ZyCoV-D has undergone extensive pre-clinical studies and found to be safe, well tolerated and immunogenic
- Phase II development underway



ZyCoV-D

Therapeutic Products

- One of the largest producer of HCQ and Dexamethasone globally
- Launched Remdac (Remdesivir) in Indian at most affordable price (Rs. 2800 / vial)



NCE & Biologicals

- Zydus explores Peg-Interferon alpha-2b and Desidustat to tackle coronavirus
- Zydus received approval from COFEPRIS, Mexico to study Desidustat and to conduct clinical trials in Mexico with Pegylated Interferon alpha-2b in the management of COVID-19



Immunity Booster Business

- Launched Cimune and Supermune Immuno-booster



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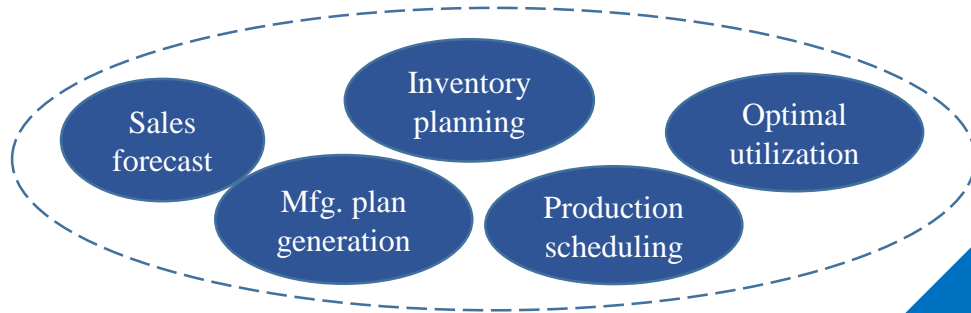
Zydus undertook digital initiatives as a process innovation to drive the execution & agility for new products



Project PACE

Planning and Collaboration Excellence (PACE)

An initiative to digitize end to end supply chain processes that include system generated sales forecasting with market consensus, manufacturing plan generation and simulation, inventory planning, production scheduling & prioritization, optimal utilization of manufacturing capacity & other resources.



Project IRIS

Integrated Real-time Information System (IRIS)



- Integrated Real-time Information System (IRIS) is a project management technology tool that provides real-time visibility in project milestones.
- It aims to create, update and track new product development and new product launch activities of different projects across various geographies
- It provides management dashboards for tracking the status of various projects and the risks and costs associated with them

Zydus is leapfrogging at digital space with comprehensive initiatives

Shift in stakeholder behavior due to recent events...



- 84% doctors adopted virtual consultations
- 63% will continue teleconsultations post lockdown as well



- ~68% doctors will curtail physical visits
- >50% find phone/video detailing ineffective – scope to innovate here

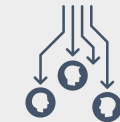


- ~70% doctors are willing & continue to engage with digital mediums

...driving digital innovation in our commercial model



Digital engagement with doctors through intuitive, easy & engaging platform to drive pull & stickiness



New 'Phygital' sales call to equip the field force and drive productivity



Patient connect to engage with patients and generate outcomes



Embedding “analytics” into decisions and way-of-working



Build capabilities to support the new operating model

Most of our manufacturing processes and systems are completely innovated and managed digitally

Paperless Engg

Management Metrics - Dashboard & Goal based
One-Click Maintenance
Ease to Use & Intuitive User Interface

AR/VR Application

- Remote guidance & assistance
- Surveying in Quality Control
- Training, Learning, Practice & Evaluation.

Digital Energy Management

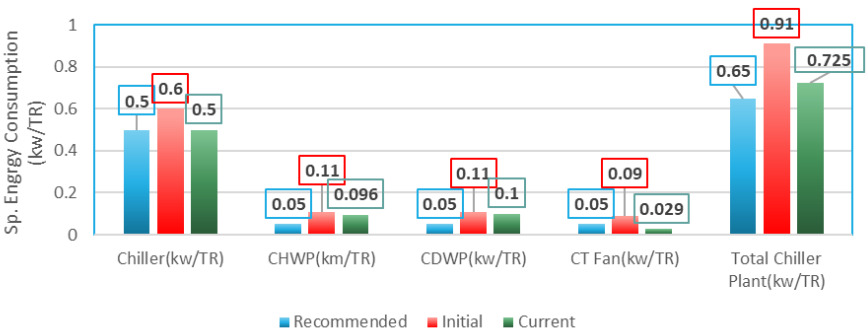
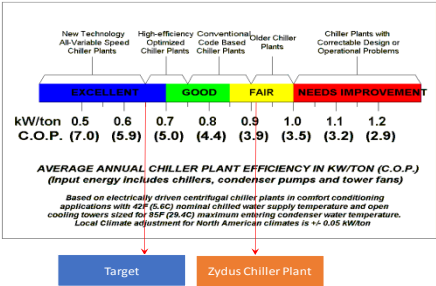
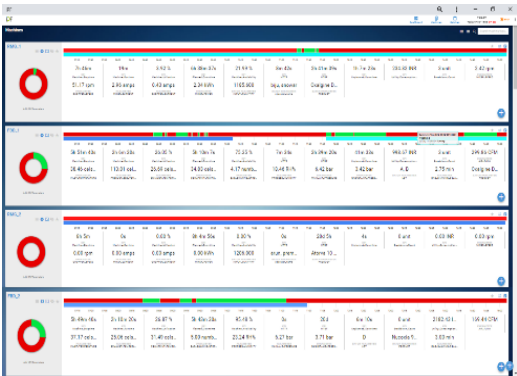
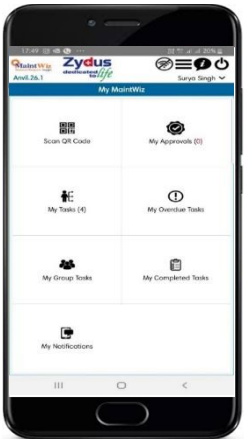
- Performance & Analytic based operation with real time notification
- Online Monitoring of Chiller plant efficiency

Factory Digital Dashboard

Real time Performance System for Utility management

Digitization

Real time performance indicator
Customizable dashboards for Users
Operator Performance Analytics & Interactive
Data exploration




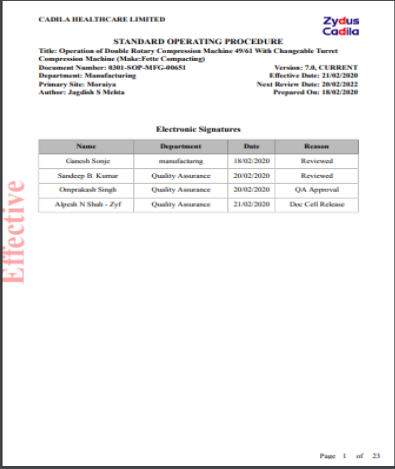
Innovative approach in quality management.....






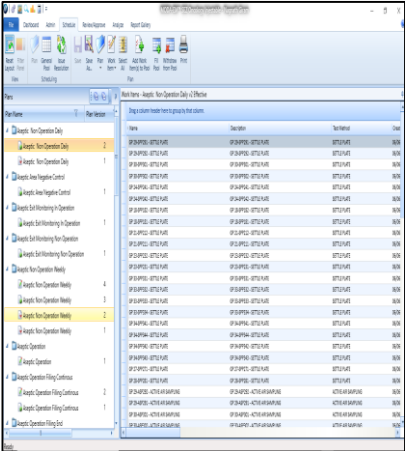
Manage all QMS process in centralized database





Completed Document Management System






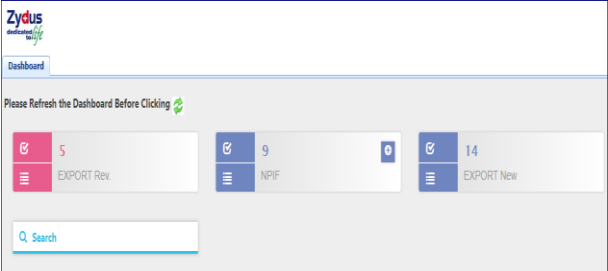
Paperless Environment monitoring





Training Management Software





Artwork Management System

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Zydus – Business Overview

65+ years

Business Excellence

\$5.5 Bn¹

Market Cap

~\$146 Mn²

R&D Spend in FY20

36

Manufacturing Facilities

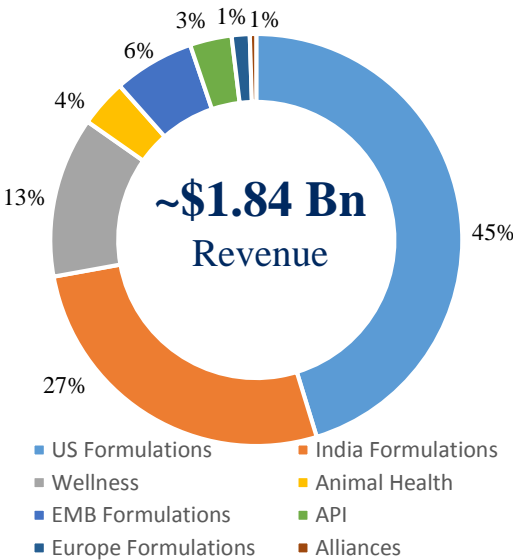
25000+

Employees

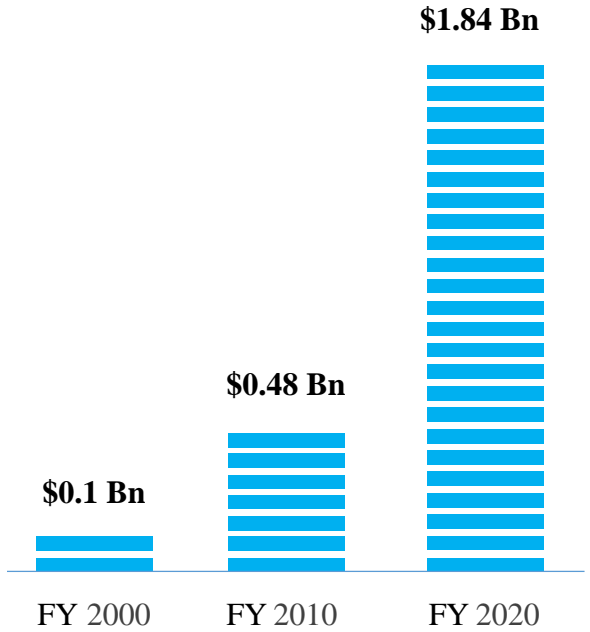
Global Footprint



Sales Split (FY20)²



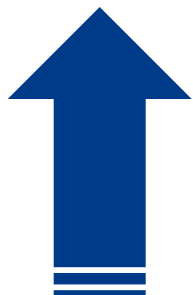
18% CAGR in revenues in 2 decades²



¹ As on 21st August, 2020, \$1 = USD 1 = INR 75, ² All spends and revenue figures at \$1 = USD 1 = INR 75, Team Analysis, Internal Data

Zydus – Business Overview

Unlocking the
Potential



Year	Revenue ¹	EBITDA ¹	Profit ¹	EPS ¹	Market Cap
FY20	\$1842 Mn	\$371 Mn	\$195 Mn	\$0.19	\$5.5 Bn ²
FY05	\$166 Mn	\$30 Mn	\$16 Mn	\$0.24	\$0.4 Bn ³



20%

Total shareholder return over
15 Years (CAGR)

18%

EBITDA growth
over 15 Years (CAGR)

¹ \$1 = USD 1 = INR 75 ² As on 21st August 2020, \$1 = USD 1 = INR 75 ³ As on 31st March 2005, \$1 = USD 1 = INR 75

Zydus Wellness: Poised for the next Big Leap

~30 years
of
Operational excellence

Trusted
brands with a strong brand recall
value

#1
in Sugar substitutes, Instant energy
powder, Butter substitute and Skin
Care

**Science and
Innovation**
led product portfolio

Wellness Financials

Total income from Operations

CAGR
22.2%

195
FY09
1767
FY20
₹ Cr.

EBIDTA

CAGR
21.2%

39
FY09
321
FY20

PROFIT AFTER TAX

CAGR
17.6%

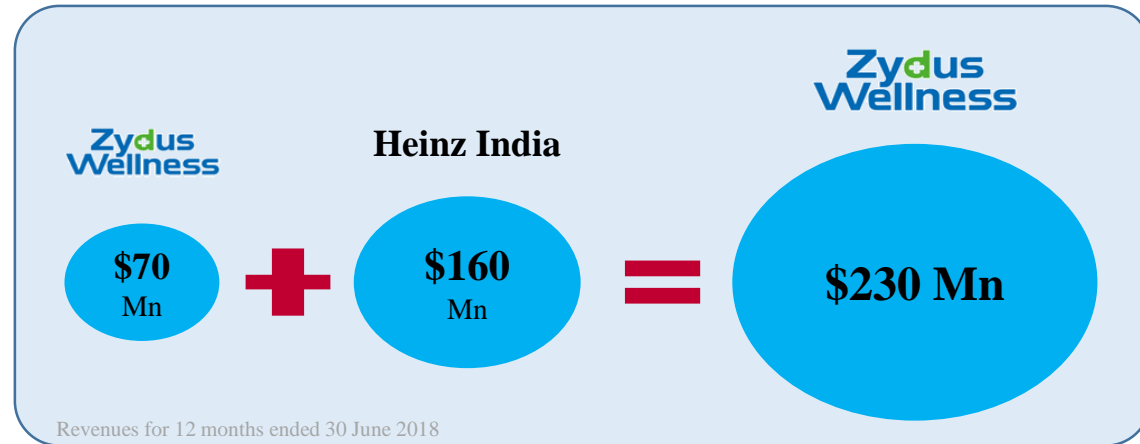
24
FY09
142
FY20
₹ Cr.

MARKET CAP.

CAGR
39.7%

229
FY09
9018
FY20

Value accretive acquisition



Significant synergy potential in the combined business

- **Omni channel** strategy
- Increase access to **rural** markets
- Double the direct reach
- Enhance **engagement** with key accounts
- Benefit from wider **talent pool** and **capabilities**
- **Revenue synergies**
- **Cost savings**

FY09 financials as per IGAAP; FY20 financials as per INDAS and hence not comparable
• EBIDTA is – EBIDTA before exceptional items
Market Cap is considered as on 30th July 2020



Thank You



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