



# Cadila Healthcare Limited

## Investor Presentation

February 2017



# Well integrated pharma player with global footprints

> 60 years

Operational experience

10<sup>th</sup> largest

Generic co. in US in terms of prescriptions

1<sup>st</sup> Indian Company

To discover & develop an NCE in-house : Lipaglyn (Saroglitazar)

~ \$ 1.5bn

Global Revenues

Among top 5

Pharmaceutical companies in India

1<sup>st</sup> Company

To launch biosimilar of Adalimumab anywhere in the world

>16% CAGR

In global revenues and net profits (FY'11-FY'16)

17 brands

Among top 300 brands in India

25 Biosimilars

In pipeline, including 7 novel biologics

~20% CAGR

In net worth (FY'11-FY'16)

20000+ employees

Across the globe, with 1200+ for R&D

1225+ patents

Filed globally

\$ 6.5 bn+

 Market Cap

30 mfg. sites

Producing > 15bn pills annually

8 R&D Centers

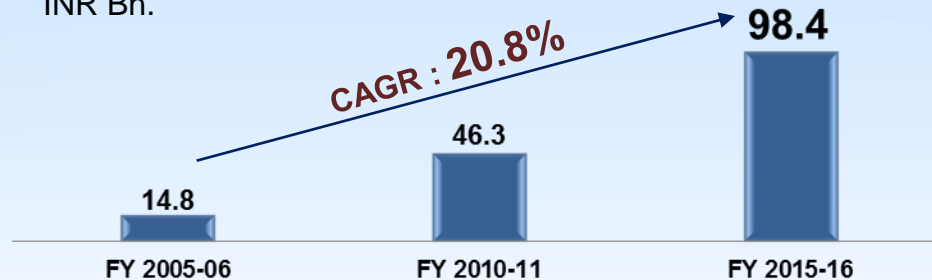
For NCE, APIs, Generic formulations, Biosimilars and Vaccines



# Track Record of Value Creation...

**Total Income  
from  
Operations**

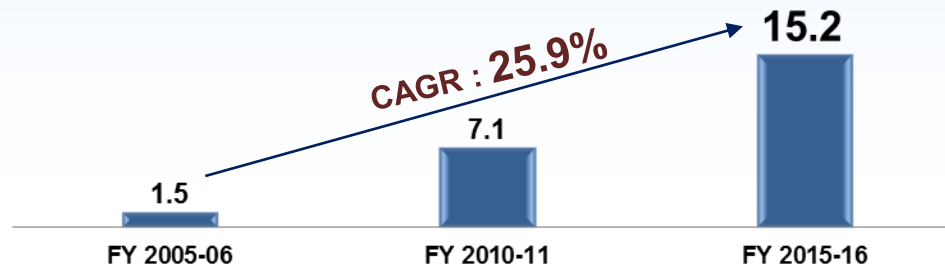
INR Bn.



... which gave us  
**significant external  
recognition**

**Net Profit**

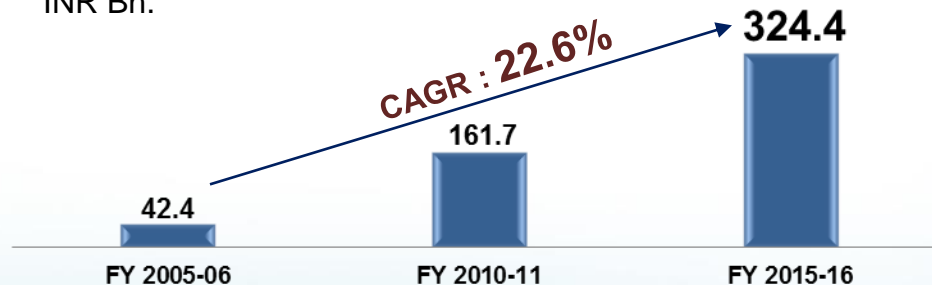
INR Bn.



**CII  
Industrial  
Innovation  
Awards  
2015**

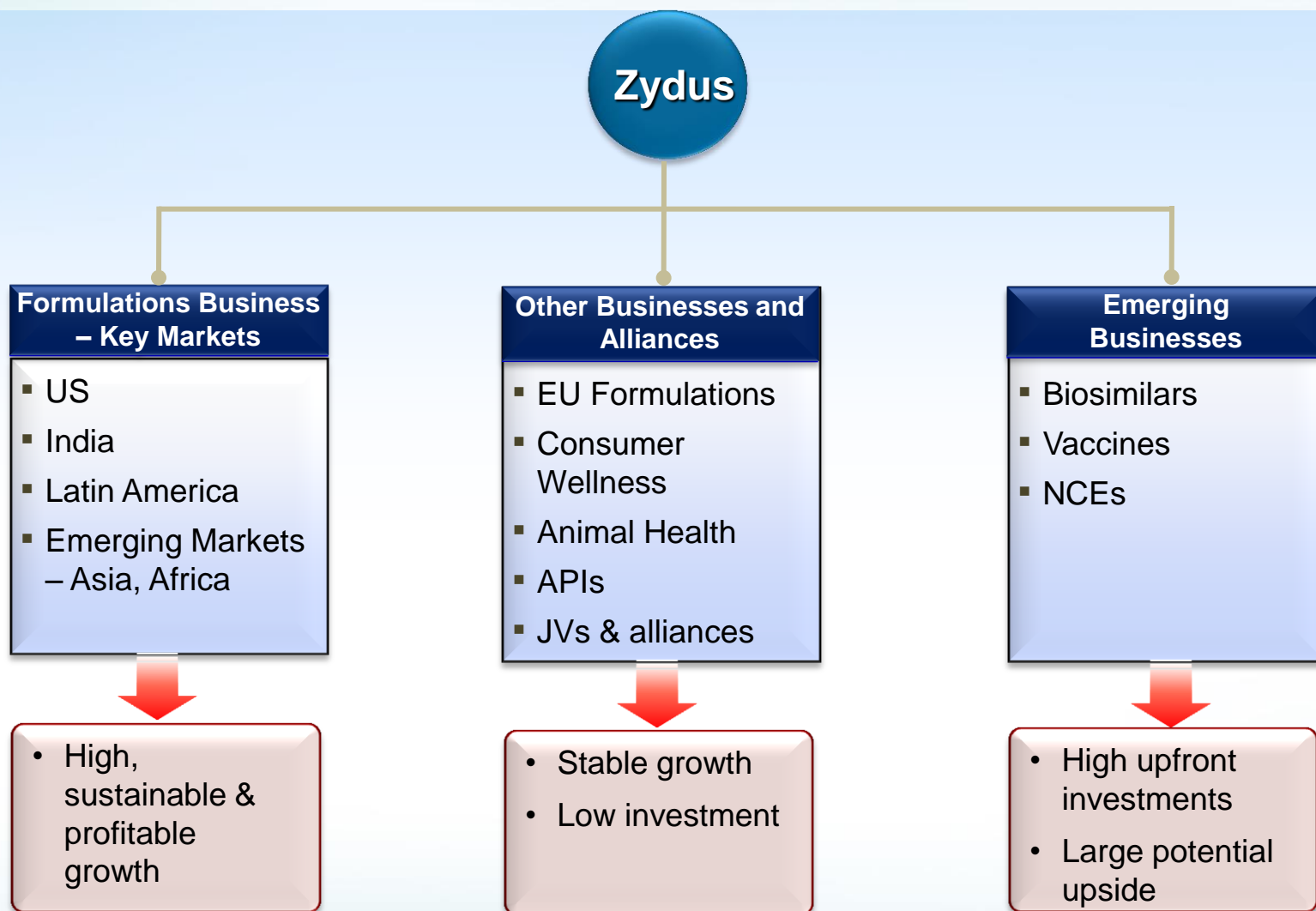
**Market  
Capitalisation  
\***

INR Bn.



**CNBC –  
TV 18  
India  
Innovator  
Award 2013**

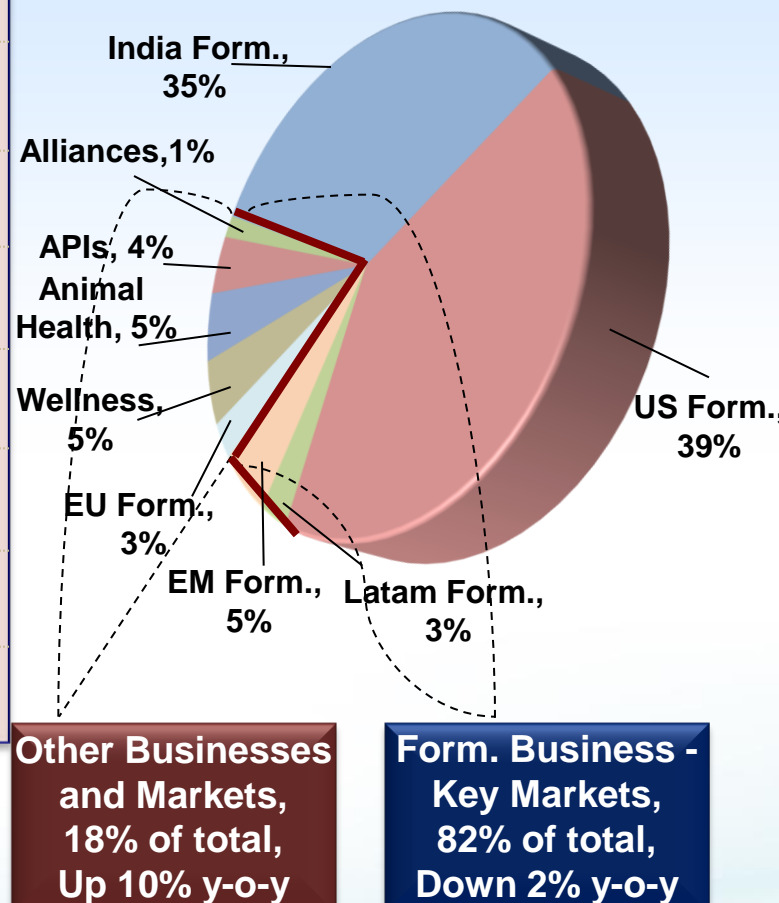
# Key businesses for ZyNext journey



## Key Financial Numbers – Apr-Dec 16

Consolidated (Rs. Mio.)	Amount	Gr.%
Total Income from Operations	71,004	-1.8%
EBIDT	14,400	-19.1%
EBIDT % to Income from Ops.	20.3%	
Profit before tax	11,995	-25.1%
PBT % to Income from Ops.	16.9%	
Net Profit	9,753	-28.6%
Net Profit % to Income from Ops.	13.7%	
R&D Spend % to Income from Ops.	7.5%	
Debt net of cash (as at 31-Dec-16)	24,709	
Capex (Apr-Dec 16)	16,195	

### Segment-wise Gross Sales \*



\* Gross Sales = Rs. 69,515 Mio.

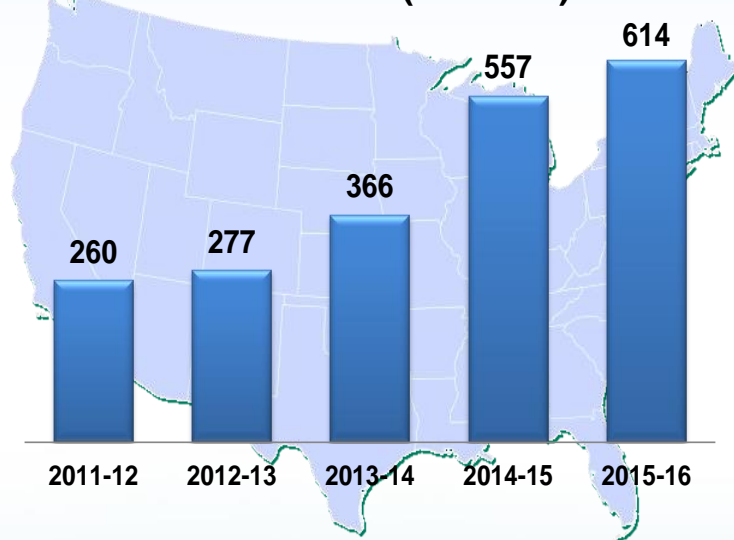


# US formulations – 10<sup>th</sup> largest generic player (based on scripts)

Market size\* : ~\$ 66 bn  
Market growth\* : -3%  
Zydus size\*\* : ~ \$ 547 mn  
Zydus growth\*\* : -13%

## 24% CAGR in Sales (Last 5 years)

Gross Sales (USD mn)



## Aspirations

- Be amongst the top 10 generic cos. in US with continued strong focus on customer needs
- Build the portfolio in the specialty prescription segment

## Strengths to be leveraged

- Sale of generic oral solids and injectable products
- Strong sales and marketing base – long-term relationships with large whole-sellers & retail chains
- Cost efficient manufacturing and supply chain
- Robust regulatory pipeline - 305 ANDA filings, 105+ approvals
- Alliance with innovator pharma companies for sale of authorized generics (AGs)
- 80+ products launched so far (incl. 9 AGs)
- Among top 3 for more than 70% of the products marketed in US
- Recently acquired Sentynl Therapeutics Inc., a US based specialty pharmaceutical company

# US formulations – strong product pipeline

## Growing Focus on Complex Generics

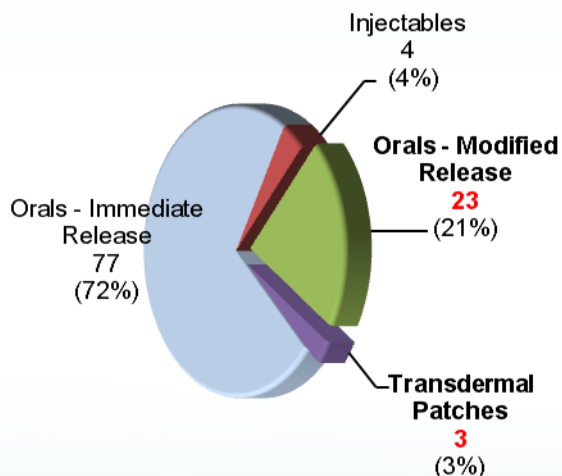
- Immediate Release Oral Solids
- Injectables
- Controlled Substances



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

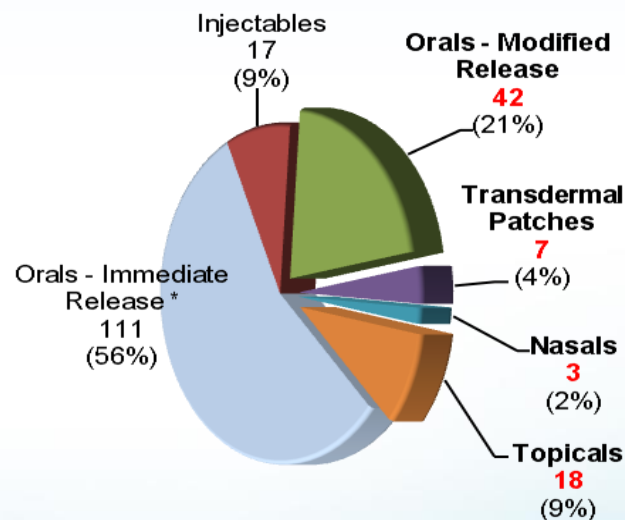
**Total Approved ANDAs – 107<sup>(1)</sup>**

As on December 31, 2016



**Total ANDAs Pending Approval – 198**

As on December 31, 2016



# India formulations – 4<sup>th</sup> largest player

## Aspirations

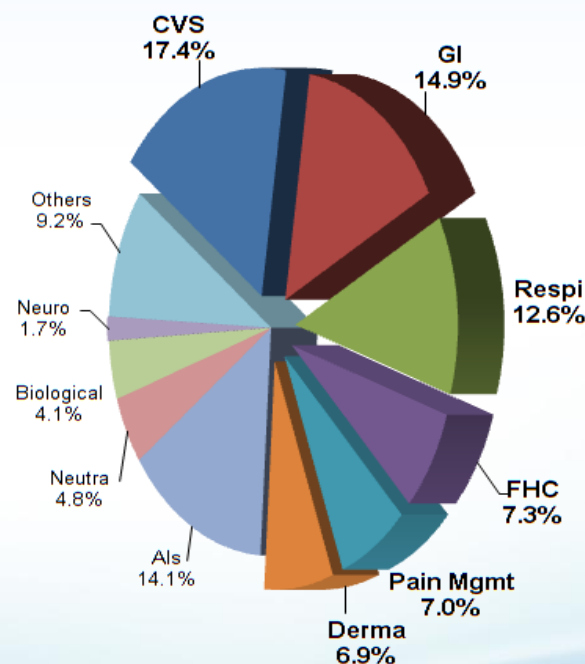
- Leadership in respiratory, female healthcare and pain mgt. area, among top 5 players in GI, CVS and derma
- Continue to be one of the significant contributors to revenues and profits

## Strengths to be leveraged

- One of the largest market players with leading positions in key therapy areas
- Strong brand equity : 17 brands among top 300 in India
- New product launches : 50 during Apr-Dec 16 (incl. line extensions), with 13 First-in-India
- Recently acquired brands from MSD and its subsidiaries to complement the existing portfolio
- First company in the world, which launched –
  - Lipaglyn® (Saroglitazar in Q2 FY 14), the first NCE discovered and developed by an Indian company
  - Exemptia® (Q3 FY 15), world's first biosimilar of Adalimumab

Market size*	: Rs. 1075 bn+
Market growth*	: 10.4%
Zydus size**	: Rs. 45.5 bn
Market Share**	: 4.2%
Zydus growth**	: 11.7%

## Key therapies : ~66% of total sales#



CVS = Cardiovasculars  
 GI = Gastro Intestinals  
 Respi = Respiratory  
 FHC = Female Healthcare  
 Derma = Dermatology  
 Als = Anti Infectives  
 Neutra = Neutraceuticals  
 Neuro = Neurologicals



# Latin America formulations

**Aspirations : To establish strong base with aggressive product launches**

## Brazil

Mkt. Size\* :  
~ **BR\$ 85 bn.**  
Mkt. Gr.\* : ~ **14%**

- Presence in branded generics and generic generics segments with a continued focus on brand building initiatives
- Robust product pipeline from India - 98 filings, 46 approvals
- Focused segments (Branded) – female healthcare, hepatology, CNS, CVS, Nutraceuticals and Pain Mgt.
- Product launches : 25+ branded, 20+ generic generics

## Mexico

Mkt. Size\* :  
~ **US\$ 8 bn.**  
Mkt. Gr.\* : ~ **-7%**

- Focus therapy area (Branded) – CNS
- Building product pipeline from India – 40+ filings and 35+ approvals so far
- Commenced commercial operations in 2013 with launch of first product from India
- Launched 20 products in the market so far.

## In overall Latin America :

Zydus Size\*\* :  
**Rs. 2,395 mn**  
Zydus growth\*\* : **10%**

# Emerging Markets formulations

Market size\* : ~ \$ 13 bn  
Market growth\* : ~ 12-13%  
Zydus size\*\* : Rs. 4,947 mn  
Zydus growth\*\* : 11%

## Aspirations

- To strengthen the position in different markets of Asia and Africa

## Strengths to be leveraged

- Operations in different markets of Asia Pacific and Africa and Middle East region with leadership position in several of these markets.
- Focus on brand building initiatives and strengthening branded generics portfolio to ensure sustainable growth in topline and bottomline.
- Increased product development activities supported by strong regulatory teams.
- Commenced biosimilars business in emerging markets in FY 2015-16. Launched 2 biosimilars so far.



## Other businesses (1/2)

### EU formulations

Mkt. Size\* : ~Euro 5.4 bn (France + Spain Gx)  
Mkt. Gr. : 4%  
Zydus Size \*\*: Rs. 2,708 mn  
Zydus Gr.\*\* : -9%

**Aspirations : To be a relevant player in generic markets of France and Spain**

- Among top 10 in France, among top 20 in Spain
- Expansion through new products : launched ~150 molecules in France and ~110 molecules in Spain so far (incl. several 'Day 1')
- Leveraging India cost advantage : 205+ new products and 65+ site transfer filings so far, >50% of sales supplied from India

### Consumer Wellness

**Sugar Free**  
Zydus Size \*\*: Rs. 4,562 mn  
Zydus Gr.\*\* : 6%

**Nutralite**  
Healthier than Butter

**EverYuth**

**Aspirations : To create niches in wellness space through innovation**

- Leadership in sugar substitutes (~94% market share) and in couple of sub-categories viz. scrub and peel-off of skin care products.
- Continued thrust on different marketing initiatives to grow the categories and market share of different brands.

## Other Businesses (2/2)

### Animal Health

Zydus Size \*:  
**Rs. 4,277 mn**  
Zydus Gr.\* : **37%**

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

- One of India's leading animal healthcare players.
- Acquired select brands and manufacturing operations in India from Zoetis, a global animal healthcare company so as to expand business in India.
- Presence in key markets across Europe, South America, Asia and Africa through Bremer Pharma, Germany.

### APIs

Zydus Size \*:  
**Rs. 3,783 mn**  
Zydus Gr.\* : **5%**

#### **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 by improving cost competitiveness and continuous process improvement.

# Joint Ventures and Alliances – leveraging strengths

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

## Zydus Takeda JV

- State-of-the-art mfg. facility for APIs of Takeda
- Expanded the facility to manufacture complex high-end APIs
- Commercial supply of 10 products (incl. 1 for validation)

## Zydus Hospira JV

- State-of-the-art cytotoxic facility approved by leading authorities like MHRA, USFDA, TGA, Health Canada
- Commercial supply of 12 products for EU market and 9 products for US market

## Bayer Zydus JV

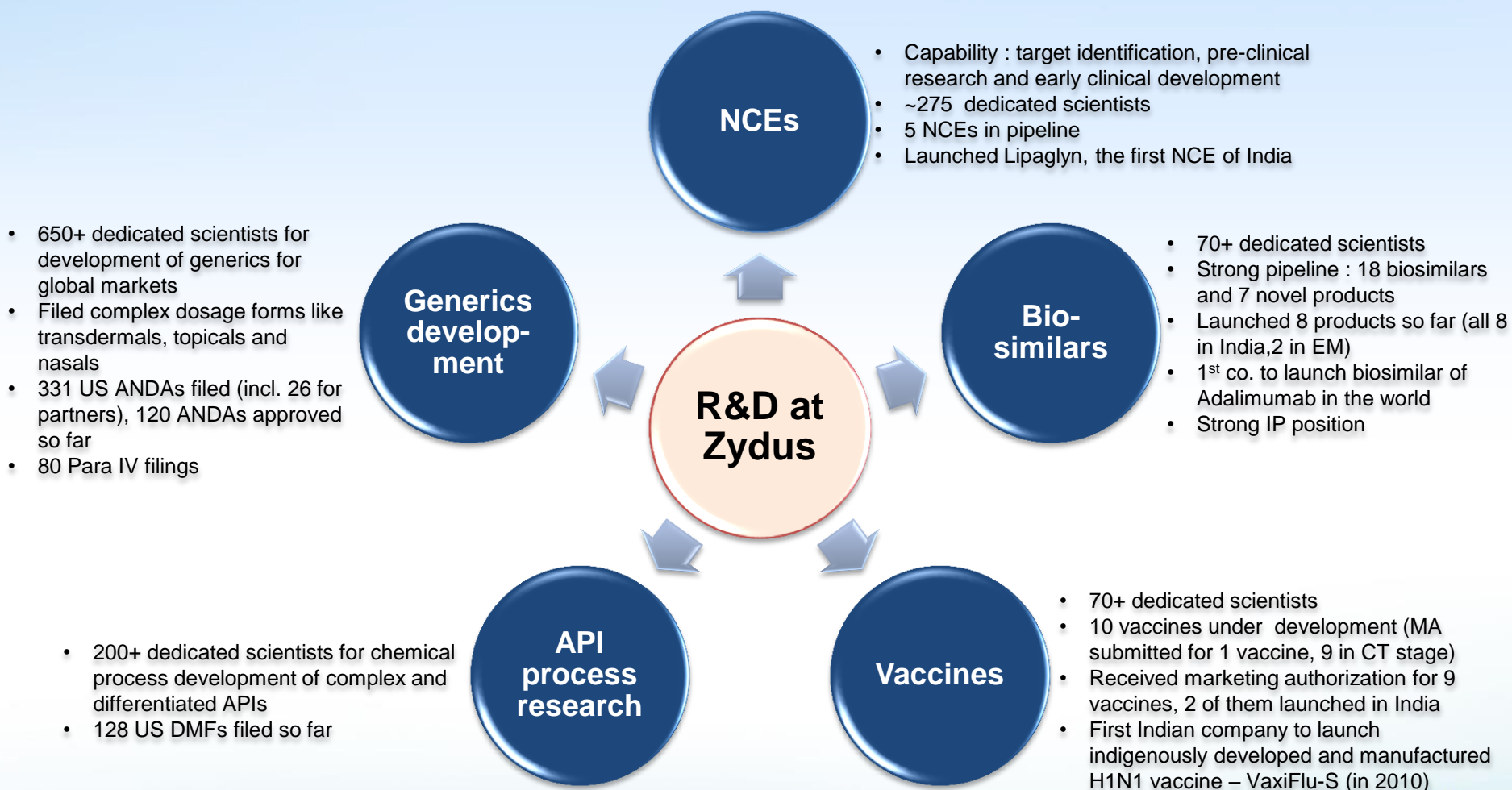
- Operates in female healthcare, metabolic disorders, diagnostic imaging, CVS, diabetes and oncology segments in India
- Leveraging strengths of Bayer's optimized product portfolio and Zydus' marketing and distribution capabilities
- JV scope covers launch of innovator products of Bayer

## Alliances with other partners

- 26 ANDAs filed for various partners, 13 approved, 11 commercialised.
- Received the first NDA approval from US FDA which was filed on behalf of a partner.
- Commercial supply of 15 products so far under the out-licensing deal with Abbott



# Strong focus on R&D



# Biosimilars and Vaccines – emerging businesses

**Aspirations : Leverage technological edge to unlock substantial value and create pillars for future growth.**

## Strengths to be leveraged

### Biosimilars

- Dedicated facilities for bulk and finished formulations
- 70+ experienced scientists
- Strong pipeline: 18 biosimilars and 7 novel products
- Strong IP position either through own patent or non-infringing processes

### Vaccines

- Dedicated R&D and mfg. facilities
- 70+ experienced scientists
- 9 vaccines under different stages of clinical development
- Received MA for 9 vaccines in India, 1 vaccine submitted for MA

## Biosimilar pipeline

No	Product	Indication	Cloning	Process Devp.	Pre-Clinical Devp.	Regulatory Permission	Clinical Devp.	Mktg. Authorisation
1	G-CSF	Oncology	<b>LAUNCHED</b> (in India)					
2	Peg G-CSF	Oncology						
3	IFN $\alpha$ -2b	Infectious diseases						
4	Teriparatide	Osteoporosis						
5	Adalimumab	Inflammation						
6	Trastuzumab	Oncology						
7	Peg IFN $\alpha$ -2b	Infectious diseases	<b>Launched in India and EM (Myanmar)</b>					
8	EPO	Oncology/Nephrology						
9	MAB 1	Oncology/RA						
10	MAB 2	Oncology						
11	Prod 1	AMI						
12	Prod 2	Fertility						
13	MAB 3	Rabies						
14	Prod 3	Oncology						
15	Prod 4	Nephrology						
16	MAB 4	Osteoporosis						
17	MAB 5	Oncology						
18	MAB 6	Ophthalmology						
19	MAB 7	Oncology						
20	MAB 8	Infect. Dis.						
21	Prod 5	Oncology						
22	Prod 6	Oncology						
23	Prod 7	Infect. Dis.						
24	Prod 8	Oncology						
25	Prod 9	Complement mediated disease						

# 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
- ~275 scientists dedicated for NCE research
- Strong scientific advisory board comprising of world's renowned scientists, academicians and clinicians



**Zydus**  
dedicated to life

## NCE Pipeline

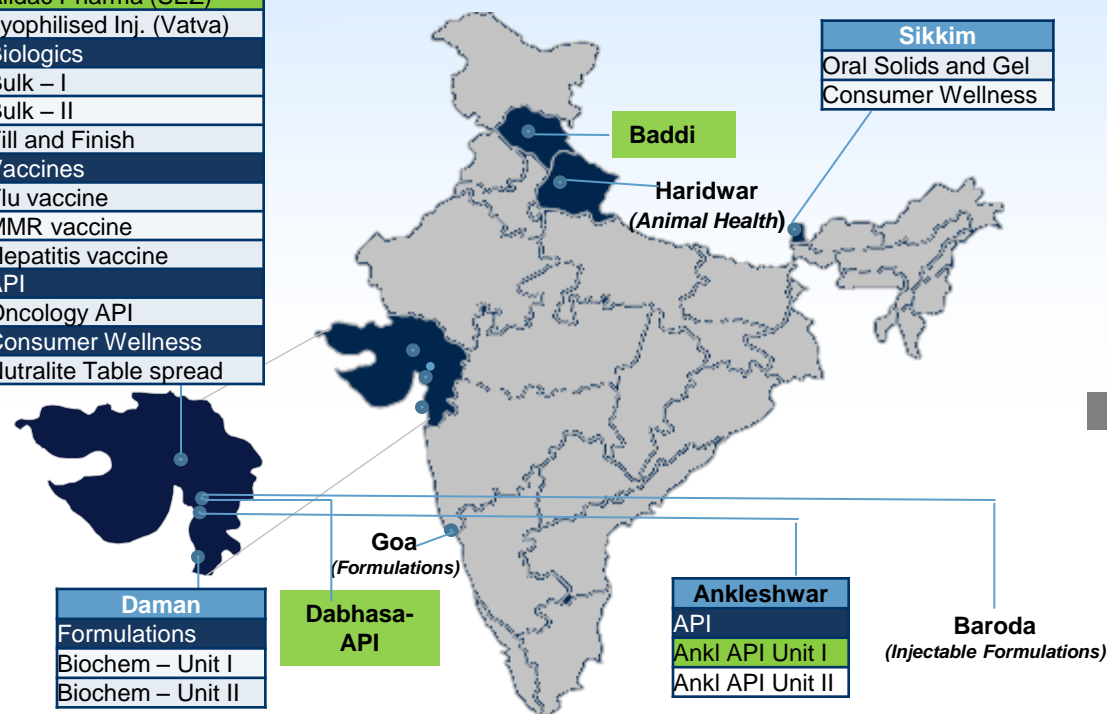
Project	Target	Indication	Drug Discovery	Lead optimisation	Pre-clinical Development	IND	Phase I	Phase II	Phase III	NDA
Saro-glitazar	PPAR- $\alpha$ , $\gamma$	Dyslipidemia	First glitazar to be approved in the world. Launched in India as "LIPAGLYN"							
Saro-glitazar	PPAR- $\alpha$ , $\gamma$	Hypertriglyceridemia	First glitazar to be approved in the world. Launched in India as "LIPAGLYN"							
Saro-glitazar	PPAR- $\alpha$ , $\gamma$	Lipodystrophy								
Saro-glitazar	PPAR- $\alpha$ , $\gamma$	Nonalcoholic Steatohepatitis								
Saro-glitazar	PPAR- $\alpha$ , $\gamma$	Type 2 Diabetes								
Saro-glitazar	PPAR- $\alpha$ , $\gamma$	Hypertriglyceridemia	Clinical trials going on in US							
Saro-glitazar	PPAR- $\alpha$ , $\gamma$	Nonalcoholic Steatohepatitis	Clinical trials going on in US							
ZYH7	PPAR- $\alpha$	Dyslipidemia								
ZYDPLA1	DPP-IV inhibitor	Type 2 Diabetes	Clinical trials going on in US							
ZYAN1	HIF - inhibitor	Anemia								
ZYTP1	PARP - inhibitor	Oncology								



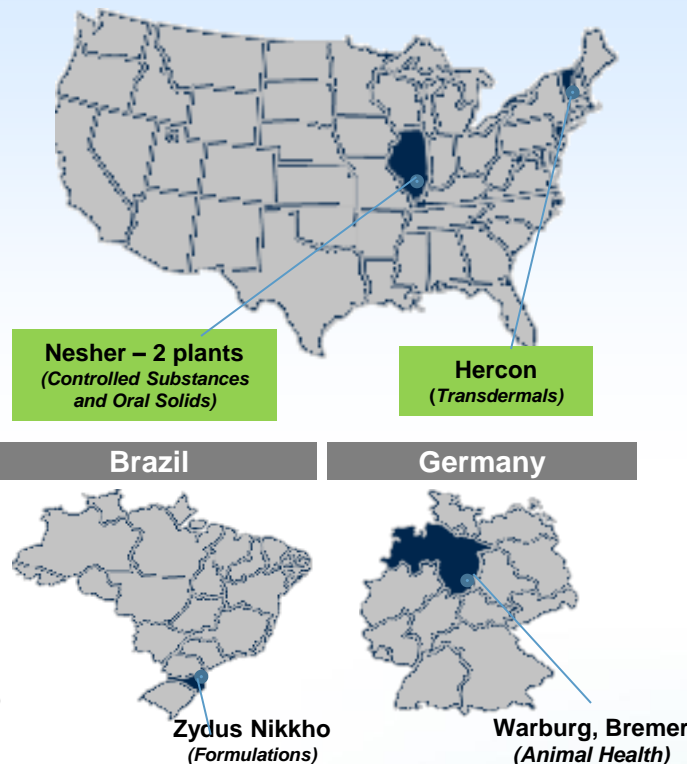
# World class infrastructure to support ZyNext journey

Ahmedabad
Formulations
Oral Solids (Moraiya)
Oral Solids (SEZ)
Topicals
Transdermal (SEZ)
Alidac Pharma (SEZ)
Lyophilised Inj. (Vatva)
Biologics
Bulk – I
Bulk – II
Fill and Finish
Vaccines
Flu vaccine
MMR vaccine
Hepatitis vaccine
API
Oncology API
Consumer Wellness
Nutralite Table spread

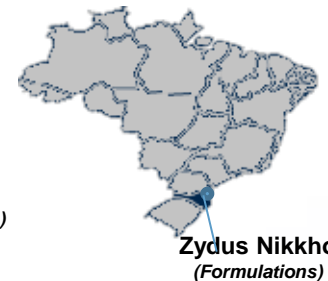
## India



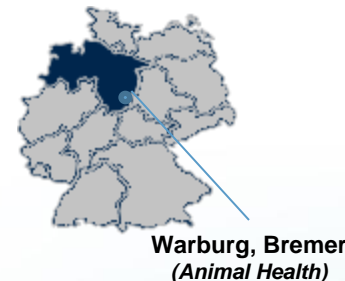
## U.S.



## Brazil



## Germany



Total facilities – 30 (Formulations – 16, APIs – 4, Vaccines – 3, Biosimilars – 3, Consumer – 2, Animal Health – 2)

Total facilities inspected by US FDA – 11 (Formulations – 9, APIs – 2)

# Key strategies for ZyNext journey

1

**Strong execution focus for the U.S. market; drive growth with continuous focus on product launches**

2

**Focus on difficult to develop and manufacture and specialty products to improve margins**

3

**In India, focus on high growth Therapeutic Areas, 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, U.S. and Emerging Markets, acquire capability platforms and move forward in value chain on specialty and branded business**





# Thank You.

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