



Cadila Healthcare Limited

Investor Presentation

November 2017



A Leading Pharmaceutical Company

#4

One of the leading pharmaceutical companies in India ¹
Market share of 4.3%

#9

US Generics player (based on prescriptions) ²
Market share of 2.89%

157

ANDAs pending approval in the US

\$1.5 Bn

Last reported fiscal year revenues ^{3,5}

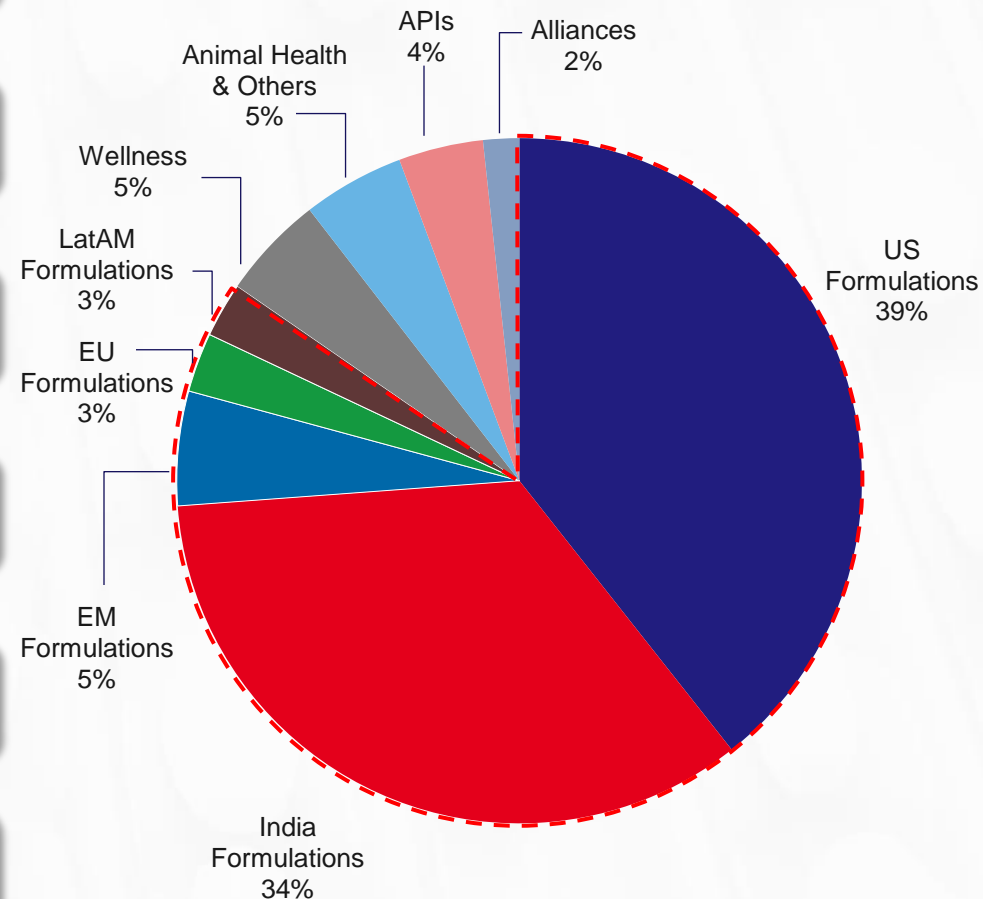
\$7.6 Bn

Current market capitalization ^{4,5}

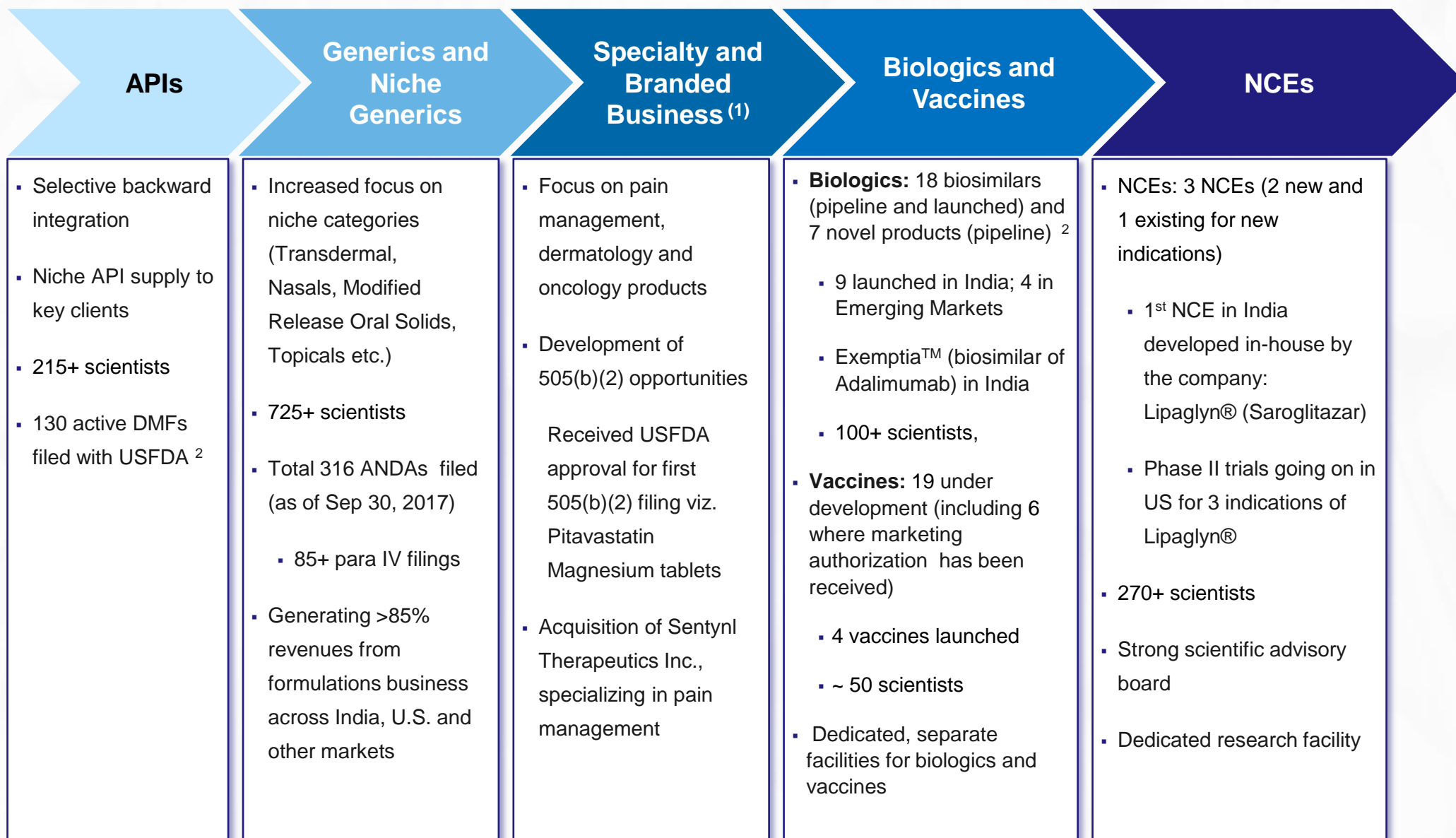
Well diversified business across geographies; Presence in generics, branded generics, animal health, consumer wellness and others

With a Global Footprint

Revenue Split for FY17 (%)






Vertically Integrated Business Model with Presence Across The Pharma Value Chain



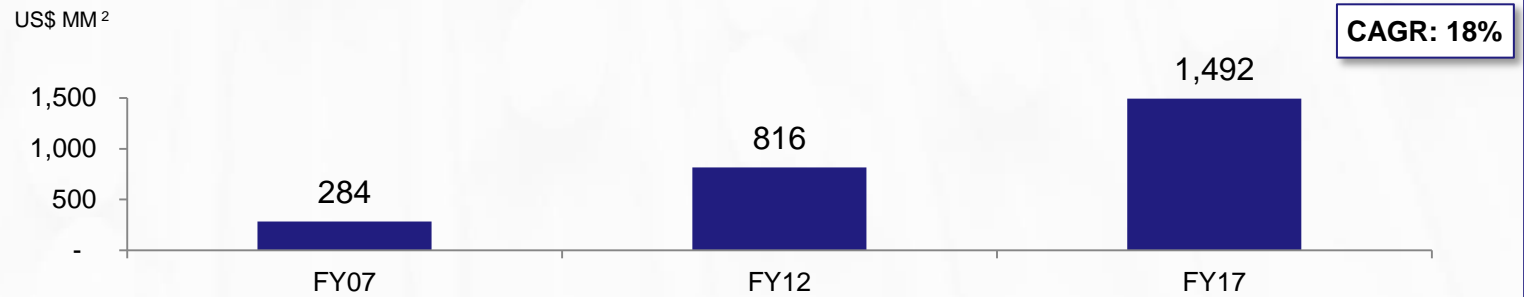
Key Business Segments



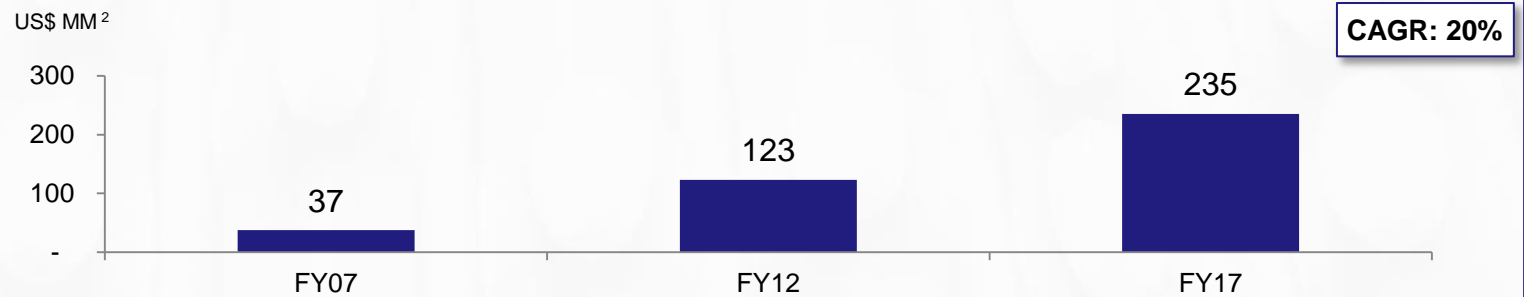
	Key Formulations Businesses	Other Businesses & Alliances	Emerging Businesses
Divisions	<ul style="list-style-type: none"> India formulations <ul style="list-style-type: none"> #4 by value¹ 4.3% market share¹ US formulations <ul style="list-style-type: none"> #9 by prescription volumes² 2.89% market share² Latin America Emerging Markets of Asia and Africa 	<ul style="list-style-type: none"> EU Formulations Consumer Wellness Animal Health APIs JVs & alliances 	<ul style="list-style-type: none"> Biologics Vaccines NCEs
Key Themes	<ul style="list-style-type: none"> Sustainable and profitable growth Significant revenue contribution 	<ul style="list-style-type: none"> Growth potential in Wellness and Animal Health segments 	<ul style="list-style-type: none"> Innovative technology with high entry barriers for competition
In-House Capabilities serving as bedrock of organization	 <p>32 manufacturing facilities across India, US, Brazil and Germany</p> <p>Manufacturing</p>	 <p>8 R&D sites across India, US and Italy 1350+ scientists</p> <p>R&D Capabilities</p>	 <p>Highly experienced and qualified management team</p> <p>People</p>

Track Record of Value Creation

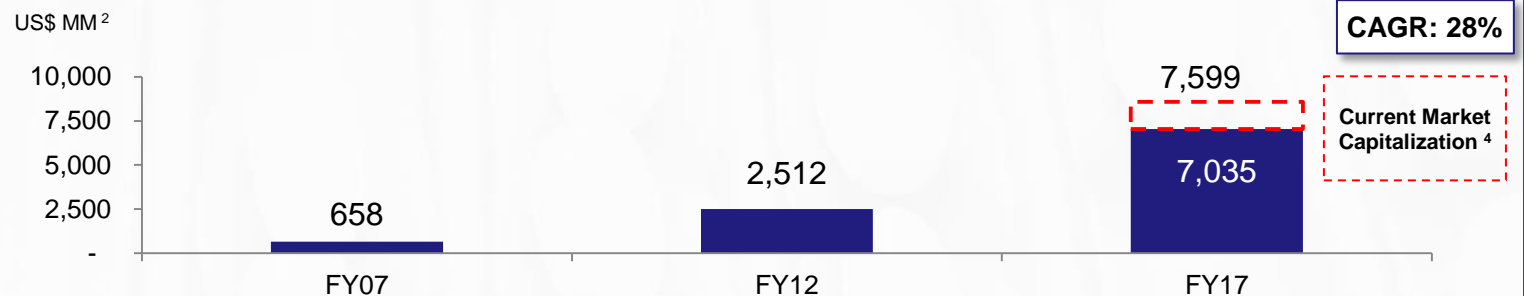
Total Income from Operations ¹



Net Profit ¹



Market Capitalisation ³





Key Business Segments



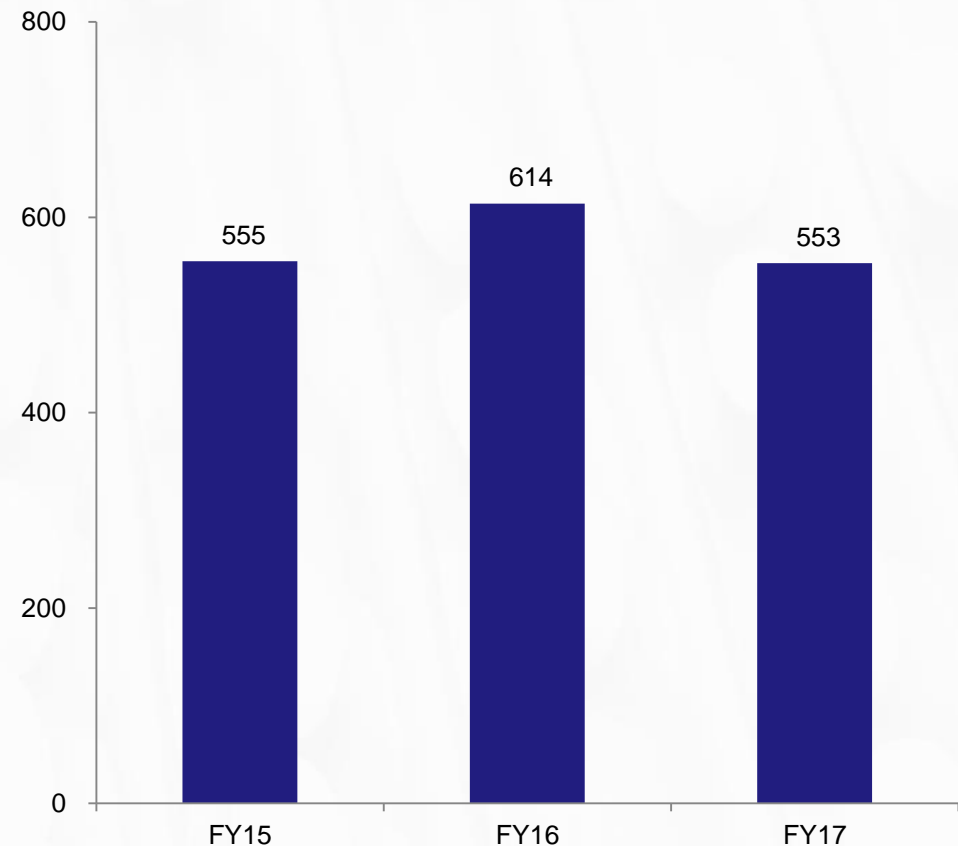
US Generics: Strong Platform with Robust Pipeline

Our US Formulations Business

- #9 generics player in US (based on prescriptions) with a market share of 2.89%¹
 - Among top 3 players by prescription in all of top 10 products marketed in the US (*Source: IMS Health, IMS National Sales Perspective Audit, MAT September 2017 and IMS National Prescription Audit, September 2017*)
- Sale of generic oral solids and injectable products; 95+ products commercialized
 - Recently launched generic version of Lialda® (Mesalamine Delayed Release 1.2 g)
- Strong product pipeline
 - 157 ANDAs pending approval (of which 65 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

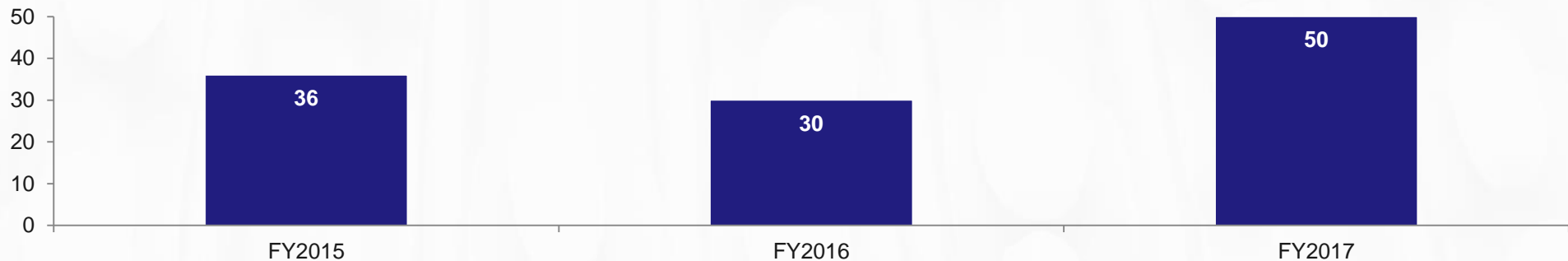


- Modified Release Oral Solids
- Transdermals
- Topicals
- Nasal Sprays

Track Record of ANDA Filings

(filings annually)

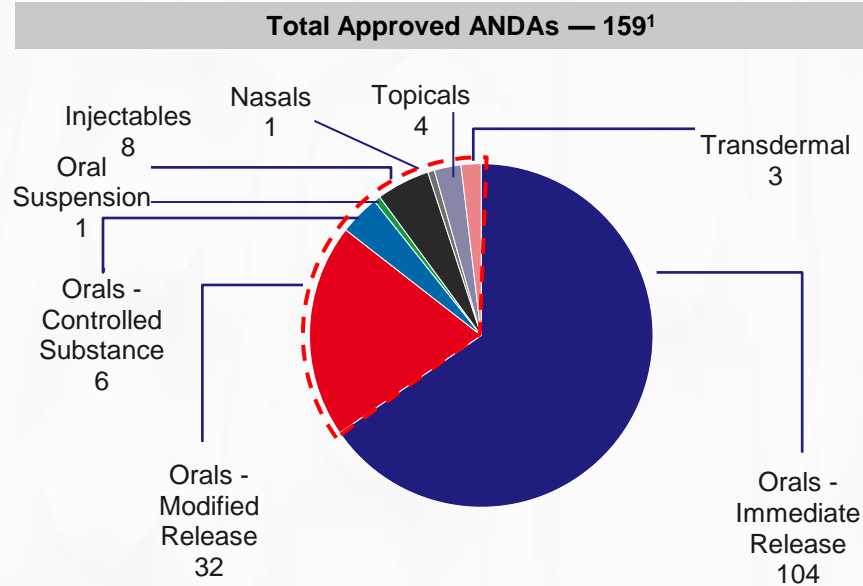
Total ANDA Filings as of 30 Sep 2017 – 316



Large ANDA Pipeline With Increasing Focus on Niche Filings

Approved ANDAs by Type

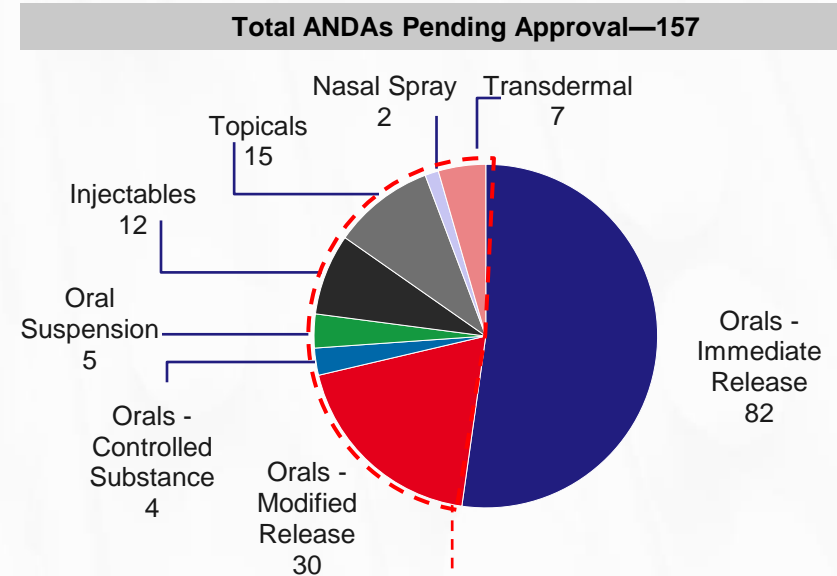
As on 30 September 2017



95+ products commercialized

ANDA Pending Approval—Focus on Niche Segments

As on 30 September 2017



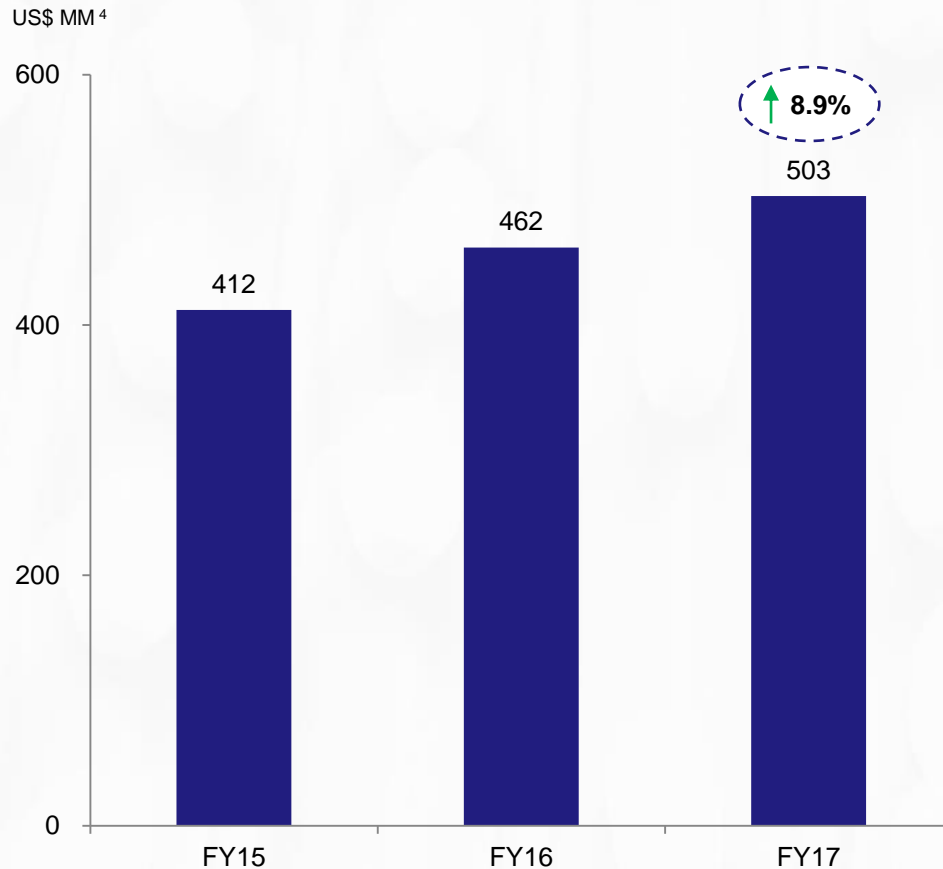
New filings with increased focus on differentiated products with potentially competitive edge

Total 65 Para IV filings pending approvals

Strong Leadership in India Formulations Business

Leading Player in the \$18 Bn Market of India¹

India Formulation Sales²: Strong Base with Steady Growth



#4

One of the leading pharmaceutical companies in India¹

4.3%

Domestic market share¹

16

Brands among top 300 pharma brands in India¹

207

Product launches in last three years

1st

Indian company to launch biosimilar of Adalimumab in India⁵

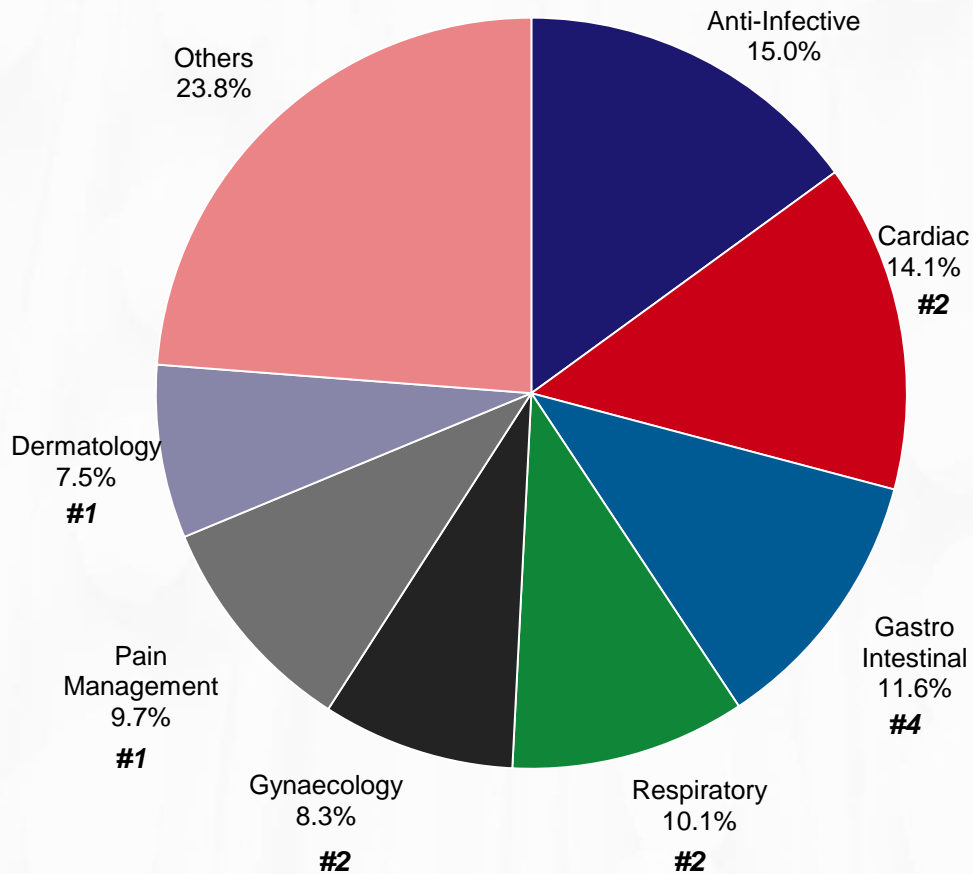
~5,900

Marketing field force³

Focus on Key Therapeutic Areas in India

Key Therapeutics Areas for Zydus

As per AWACS MAT September 2017; % of Zydus Sales



Represents Zydus' ranking in the promoted covered market

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

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 Size²

c.US\$ 38 MM

Zydus Growth

~12%

- Two large pharmaceutical markets in Latin America
- Branded generics and generic generics
- **Brazil:** 85+ 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 Size²

c.US\$ 78 MM

Zydus Growth

~6%

- Branded generics and generic generics
- One of the leading companies in several of these markets
- Launched 4 biosimilars
- Continue to expand geographical presence in select emerging markets
- Leveraging existing portfolio of India and other regulated markets

Europe Formulations



Zydu Size²

c.US\$ 41 MM

- Currently sale of ~115 products in France and ~80 products in Spain
- 205+ new product filings

Consumer Wellness

- Operates through Zydu Wellness Limited, listed in India
- Brand extensions and new product launches
- Geographical expansion
- ~US\$ 71 MM revenues²

Sugar Free

90%+
market share in
sugar substitutes

EverYuth

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 revenues²

APIs

- Backward integration capabilities to meet captive API requirements
- 1 R&D unit and 4 manufacturing plants
- 130 active DMFs filed with USFDA, 215+ scientists³
- ~US\$ 59 MM revenues²

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 10 products

Zydus Hospira JV

- 50:50 contract manufacturing JV with Hospira¹ 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

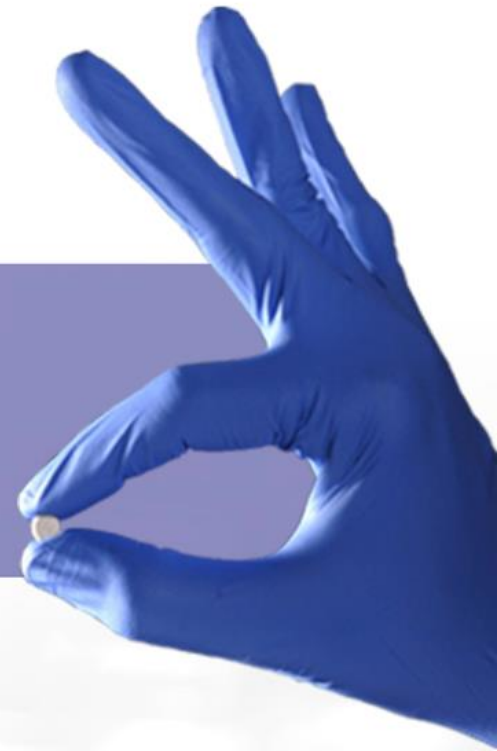
- 50:50 JV with Bayer
- Operates in female healthcare, metabolic disorders, diagnostics, CVS, anti-diabetics and oncology segments in India
- Leveraging strengths of Bayer's optimised product portfolio and Zydus' marketing and distribution capabilities
- JV scope covers launch of innovator products of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

Other Alliances

- 26 ANDAs filed, 17 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%¹ of total operating revenues

NCEs

- Capability: target identification, pre-clinical research and early clinical development
- 270+ 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 19 under development (including 6 where marketing authorization has been received)
- 1st Indian company to launch indigenously developed and manufactured H1N1 vaccine – VaxiFlu-S (in 2010)²

Generics Development

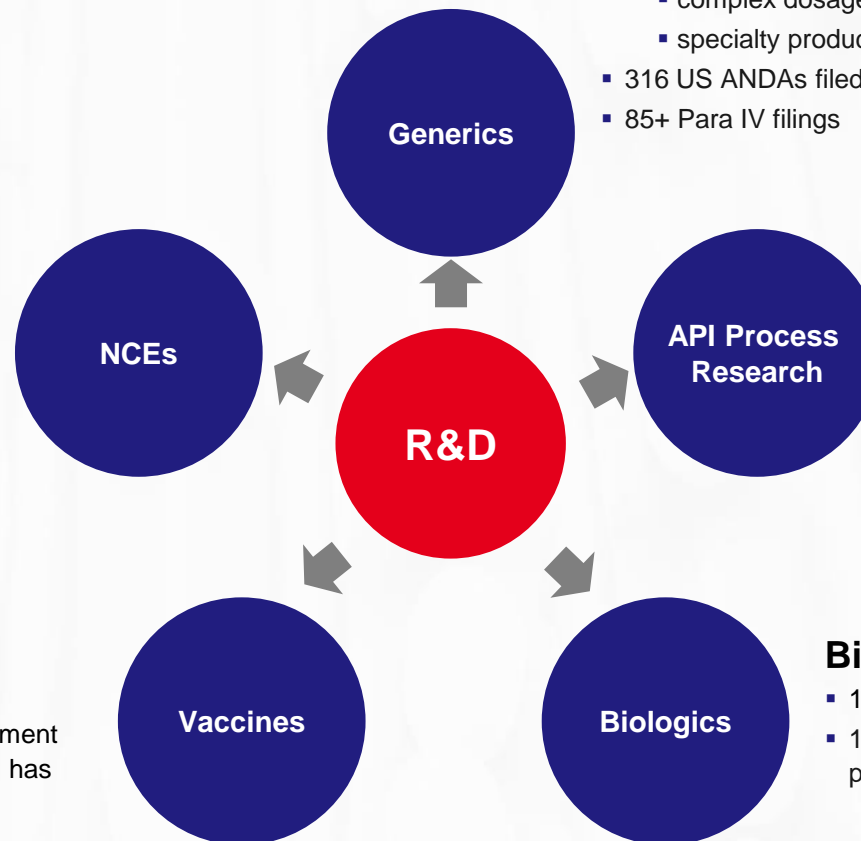
- 725+ scientists
- Increasing focus on
 - complex dosage forms like transdermals, topicals and nasals
 - specialty products and 505(b)(2) route
- 316 US ANDAs filed, 159 ANDAs approved till 30th September, 2017³
- 85+ Para IV filings

API Process Research

- 215+ scientists
- 130 active DMFs filed with USFDA

Biologics

- 100+ scientists
- 18 biosimilars (pipeline and launched) and 7 novel products (pipeline)
 - Launched 9 in India; 4 in Emerging Markets
- 1st Indian company to launch biosimilar of Adalimumab in India²



Capabilities in Complex Segments

Biologics

- 18 biosimilars (pipeline and launched) and 7 novel products (pipeline)
 - Launched 9 products in India and 4 in Emerging Markets
 - Launched Exemptia™ (biosimilar of Adalimumab) – 1st company in India¹
 - 3 products already in clinical development phase
 - Completed clinical trials for 1 product and applied for marketing authorization In India
 - Development of RabiMabs in collaboration with WHO
- Wide range of indications covered including oncology, nephrology, ophthalmology, infectious diseases, osteoporosis, inflammation

Vaccines

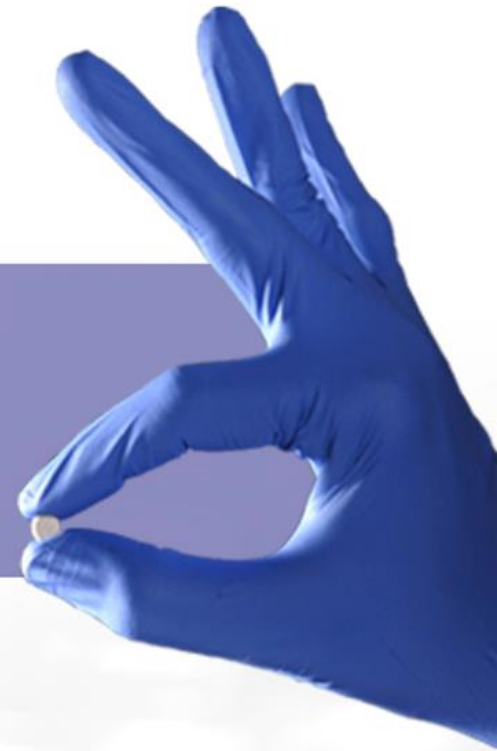
- Launched 4 products, received marketing authorizations for 6 other
 - First Indian company to launch indigenously developed and manufactured H1N1 vaccine – VaxiFlu-S¹
- 19 under development (including 6 where marketing authorization has been received)

NCEs

- Launched Lipaglyn® – 1st NCE developed by the company, for 2 indications (Diabetic Dyslipidemia and Hypertriglyceridemia)
 - Phase III trials ongoing in India for 3 indications (Lipodystrophy, NASH², Type 2 Diabetes)
 - Phase II trials ongoing in US for 3 indications (NASH², PBC³ and Hypertriglyceridemia)
- 2 other NCE molecules under various stages of development
 - ZYH7 (Dyslipidemia)
 - ZYAN1 (Anemia)

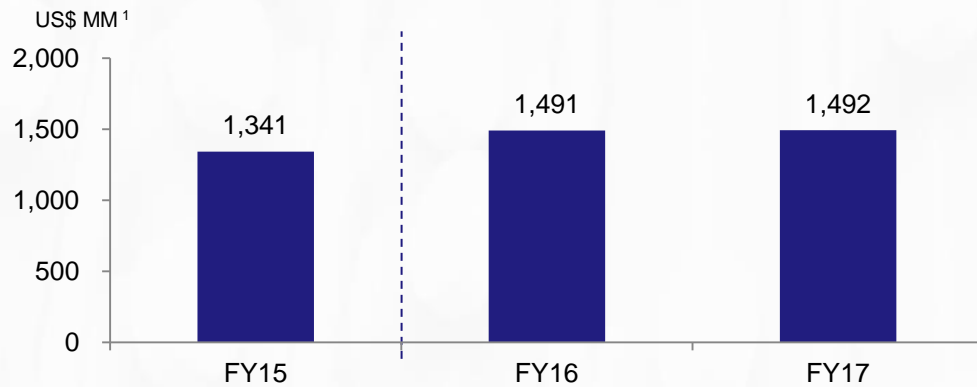


Key Financials

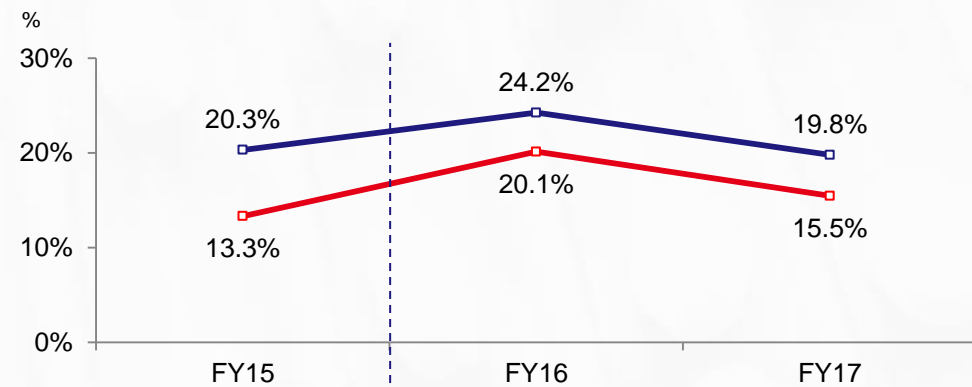


Strong Financial Profile

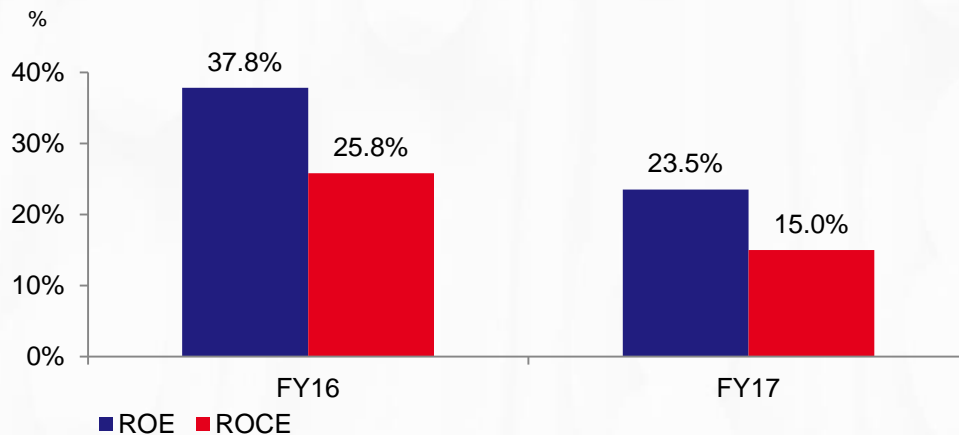
Consolidated Revenues ²



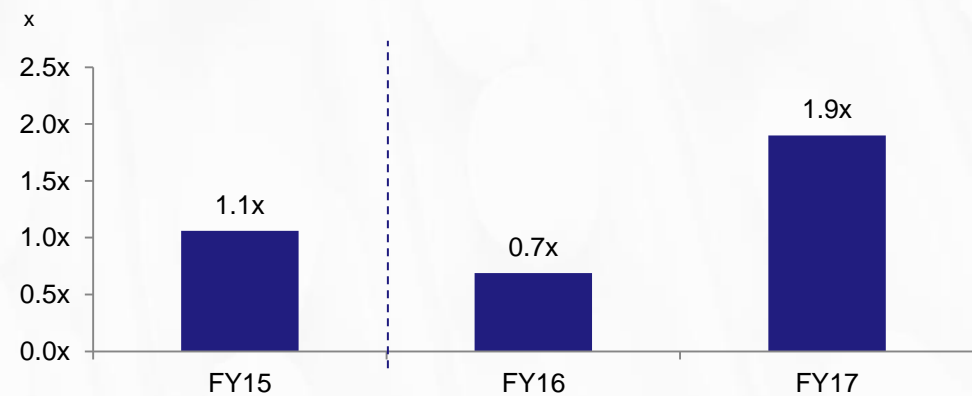
EBITDA and PAT Margins ²



Return Ratios^{2,3}



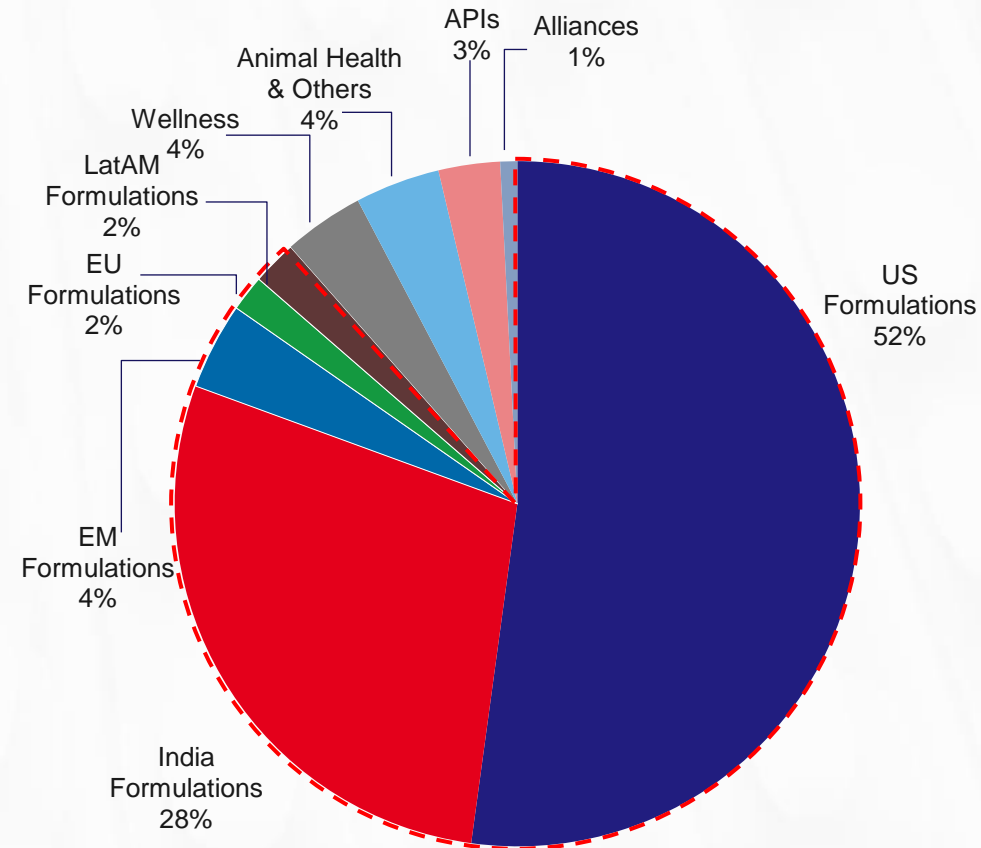
Leverage (Net Debt / EBITDA)²



Key Financial Numbers – Q2 FY18

Consolidated (US\$ Mio.) ¹	Amount	Gr.%
Total Income from Operations	498	34.6%
EBIDTA	132	67.5%
EBIDTA % to Total Income from Ops.	26.5%	
Profit before tax	110	63.9%
PBT % to Total Income from Ops.	22.0%	
Net Profit	77	32.5%
Net Profit % to Total Income from Ops.	15.6%	
R&D Spend % to Total Income from Ops.	8.5%	
Debt net of cash (as at 30-Sep-17)	621	
Capex (H1 2017-18)	78	

Revenue Split Q2 FY18



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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