



# Cadila Healthcare Limited

## *Investor Presentation*

June 2018



# A Leading Pharmaceutical Company

#4

One of the leading pharmaceutical companies in India <sup>1</sup>  
Market share of 4.2%

#9

US Generics player (based on prescriptions) <sup>2</sup>  
Market share of 3.05%

144

ANDAs pending approval in the US

\$1.85 Bn

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

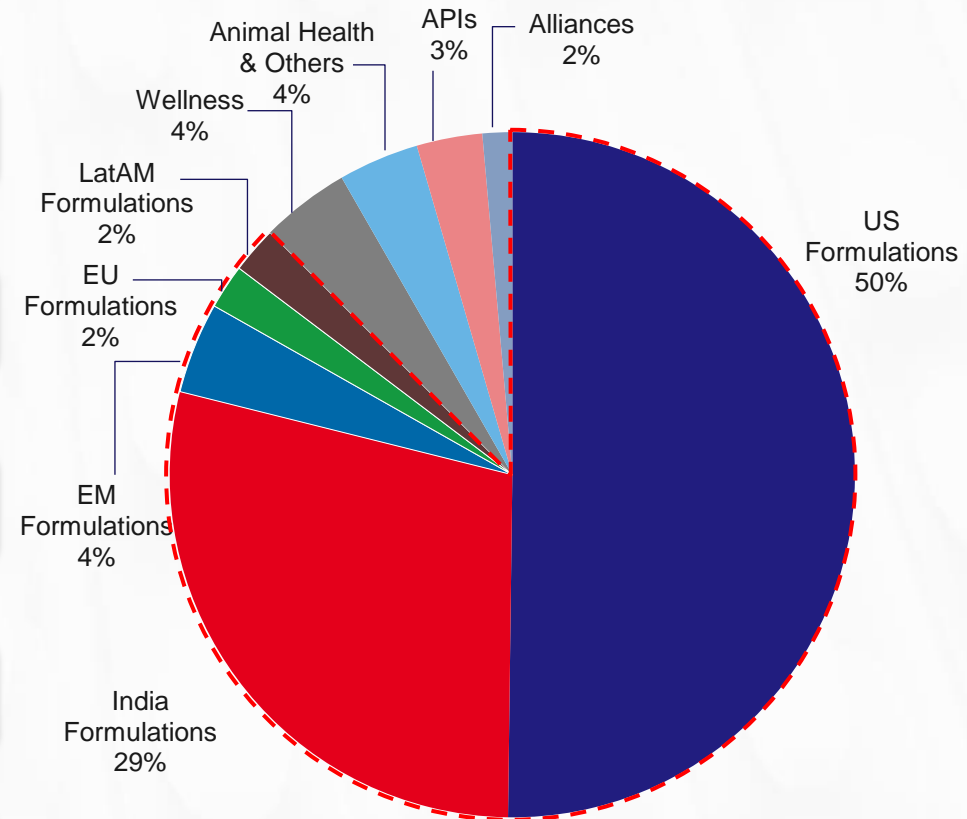
\$6.1 Bn

Current market capitalization <sup>4,6</sup>

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

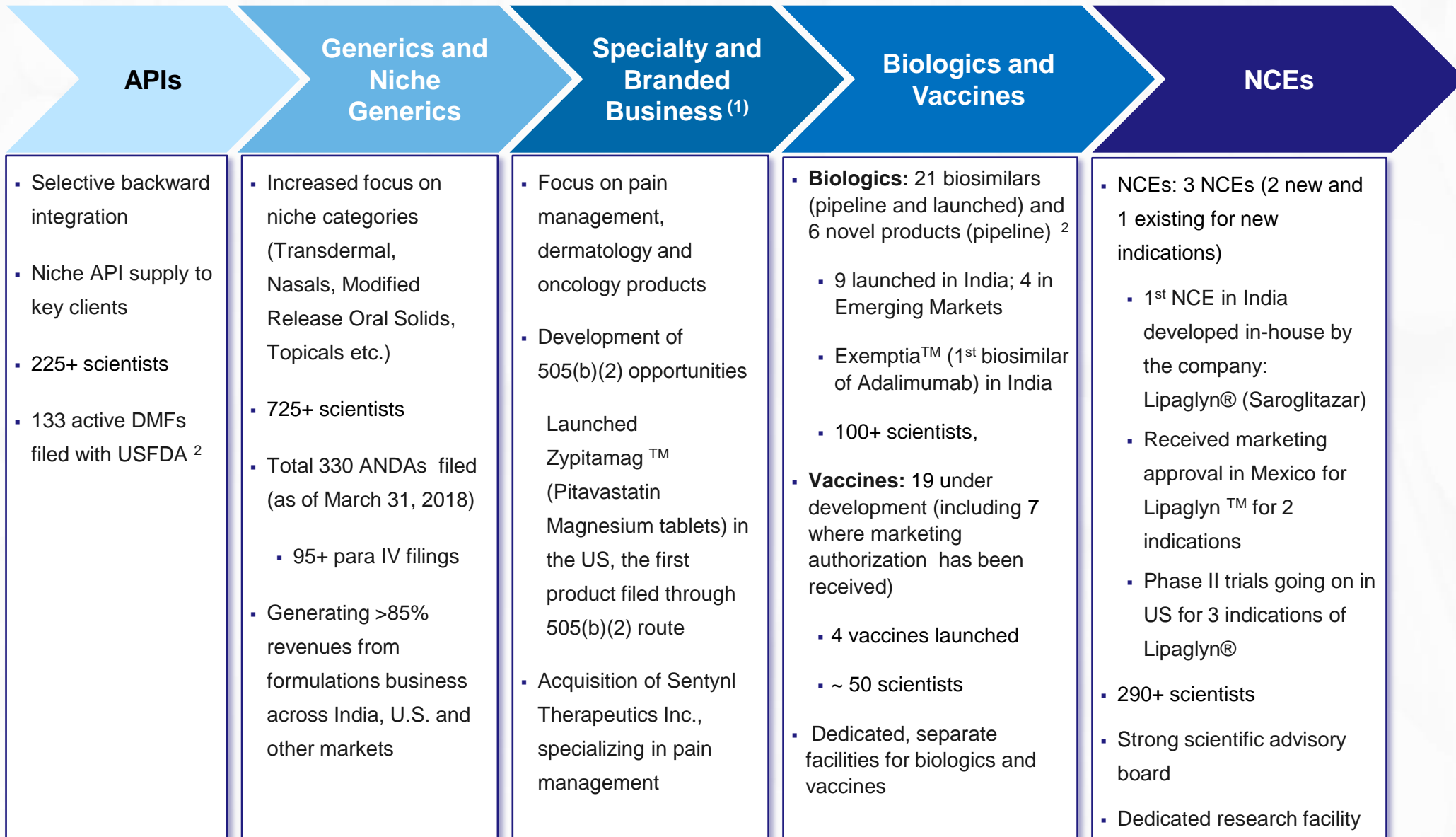
## With a Global Footprint

Revenue Split for FY18 (%)



1. As per AWACS MAT March 2018  
 2. IMS Health, IMS National Prescription Audit, MAT March 2018  
 3. For the year ending March 31, 2018  
 4. As of June 13, 2018  
 5. US\$ 1 = INR 64.5  
 6. US\$ 1 = INR 67

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



# Key Business Segments



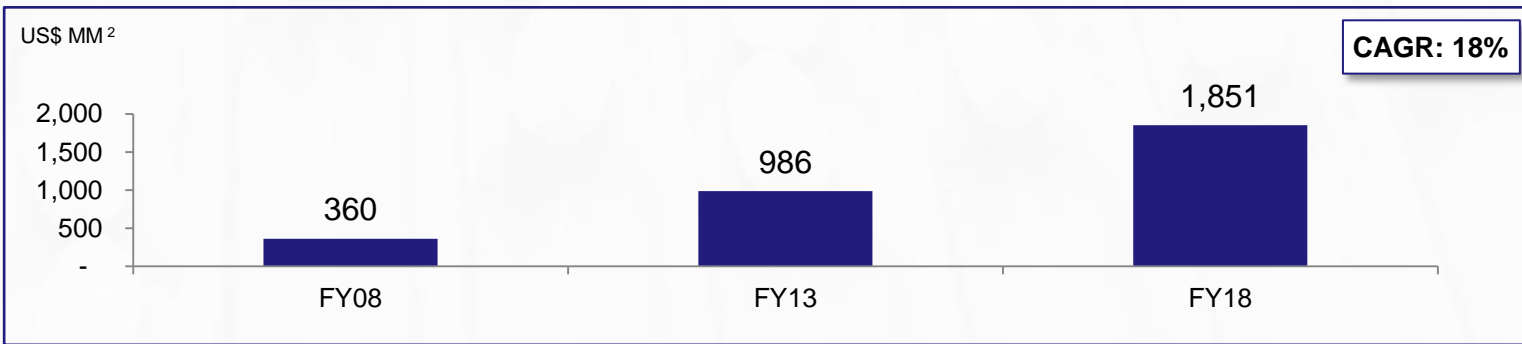
|  | Key Formulations Businesses   | Other Businesses & Alliances   | Emerging Businesses  |
|--|---|--|--|
| Divisions  | <ul style="list-style-type: none"> <li>India formulations                             <ul style="list-style-type: none"> <li>#4 by value<sup>1</sup></li> <li>4.2% market share<sup>1</sup></li> </ul> </li> <li>US formulations                             <ul style="list-style-type: none"> <li>#9 by prescription volumes<sup>2</sup></li> <li>3.05% 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 and Brazil</p> <p><b>Manufacturing</b></p>  | <p>8 R&amp;D sites across India, US and Italy<br/>1400+ scientists</p> <p><b>R&amp;D Capabilities</b></p>  | <p>Highly experienced and qualified management team</p> <p><b>People</b></p>                                     |



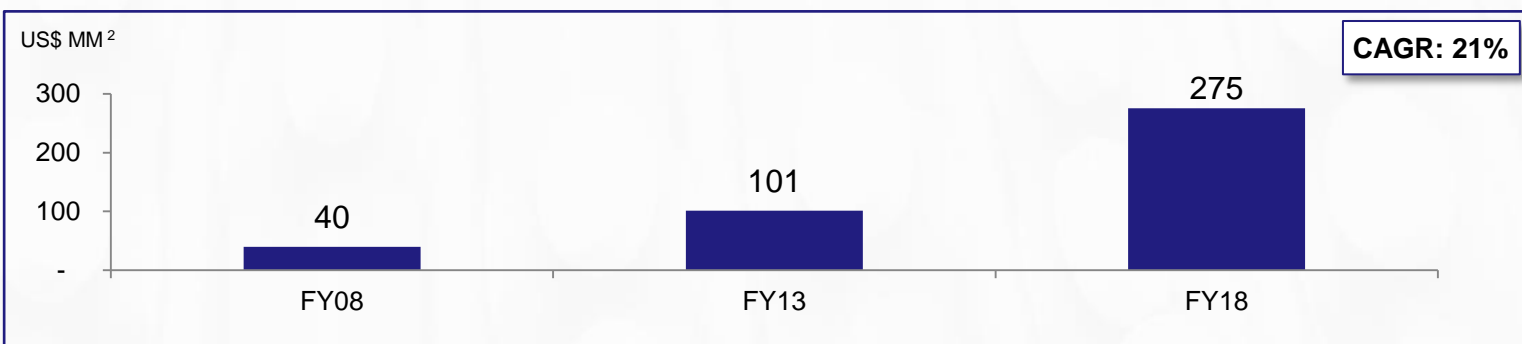
1. Source: As per AWACS MAT March 2018  
2. Source: IMS Health, IMS National Prescription Audit, MAT March 2018

# Track Record of Value Creation

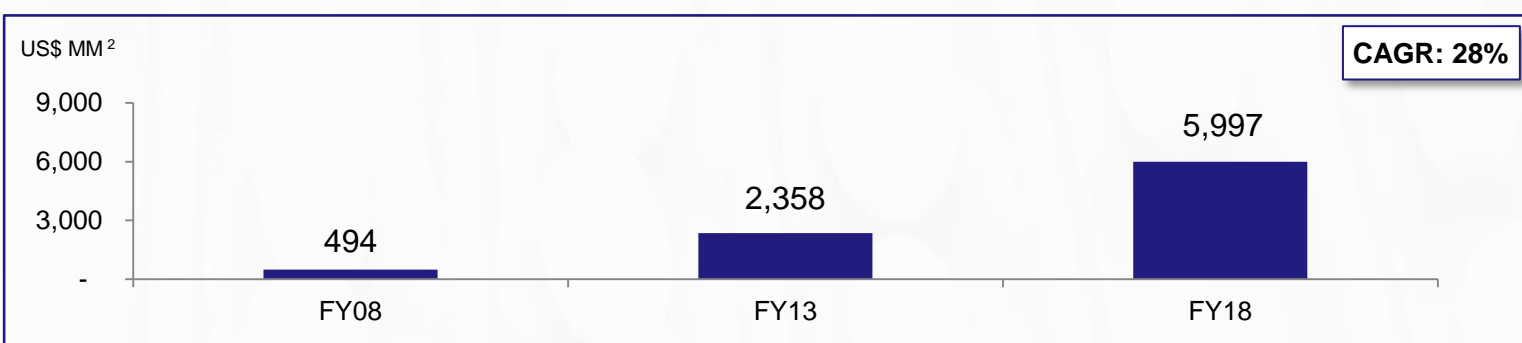
**Total Income from Operations <sup>1</sup>**



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



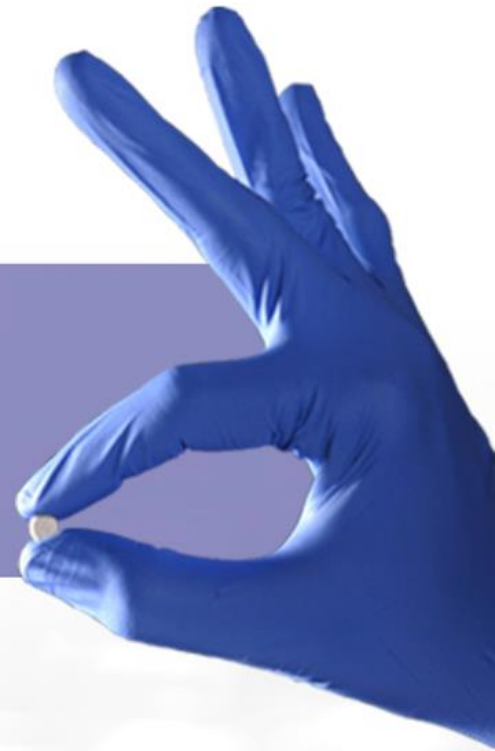
**Market Capitalisation <sup>3</sup>**



1. FY08 and FY13 financials as per IGAAP; FY18 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



## Key Business Segments



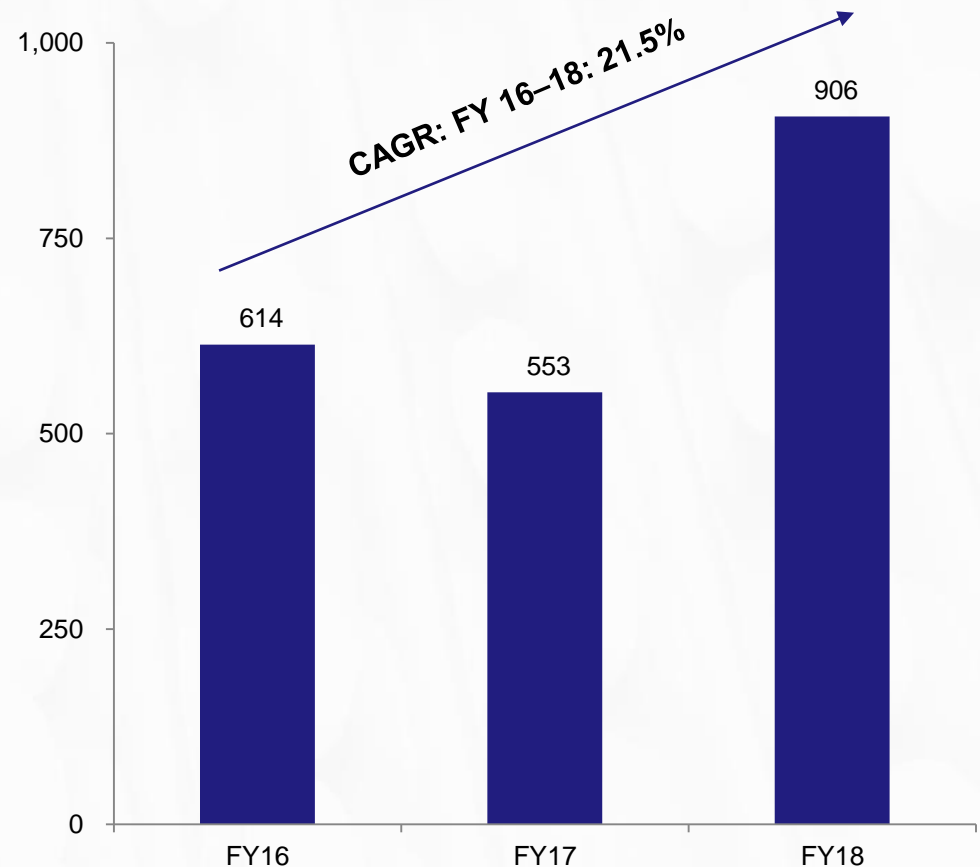
# US Generics: Strong Platform with Robust Pipeline

## Our US Formulations Business

- #9 generics player in US (based on prescriptions) with a market share of 3.05%<sup>1</sup>
  - 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 March 2018 and IMS National Prescription Audit, March 2018)
- Sale of generic oral solids and injectable products; 110+ products commercialized
- Strong product pipeline
  - 144 ANDAs pending approval
- Cost efficient manufacturing and supply chain
- Relationships with key wholesalers and retail pharmacy chains
- **Launched Zypitamag™** (Pitavastatin Magnesium tablets), the first product filed through 505 (b)(2) route.
- **Acquired Sentynl Therapeutics Inc.**, a US based specialty pharmaceutical company, specializing in pain management segment in Fiscal 2017

## US Generics Growing at CAGR of ~21%

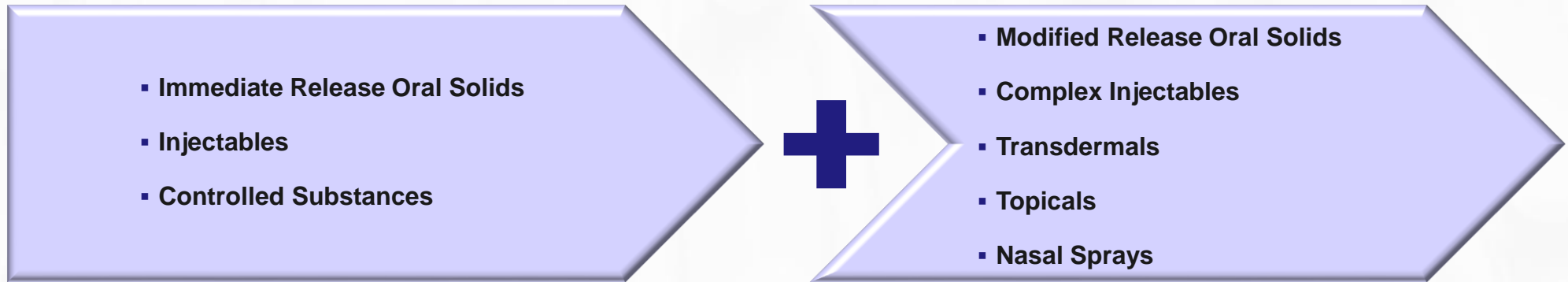
Gross Sales, US\$ MM





# Strong Filing Track Record and Addition to Capabilities

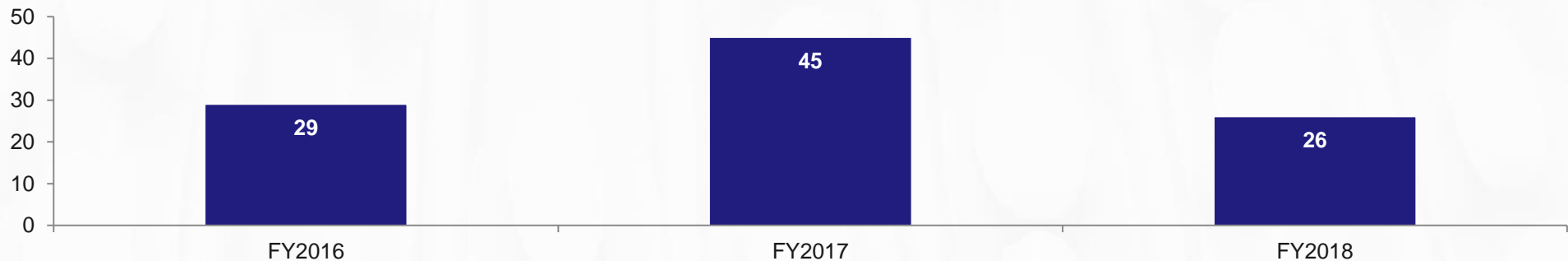
## Growing Focus on Complex Generics Business



## Track Record of ANDA Filings

# (filings annually)

Total ANDA Filings as of 31 Mar 2018 – 330

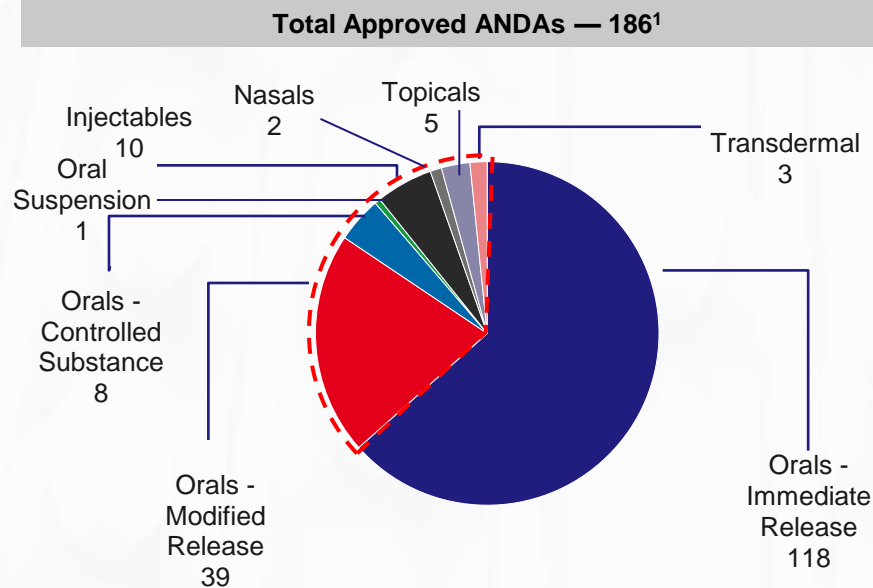




# Large ANDA Pipeline With Increasing Focus on Niche Filings

## Approved ANDAs by Type

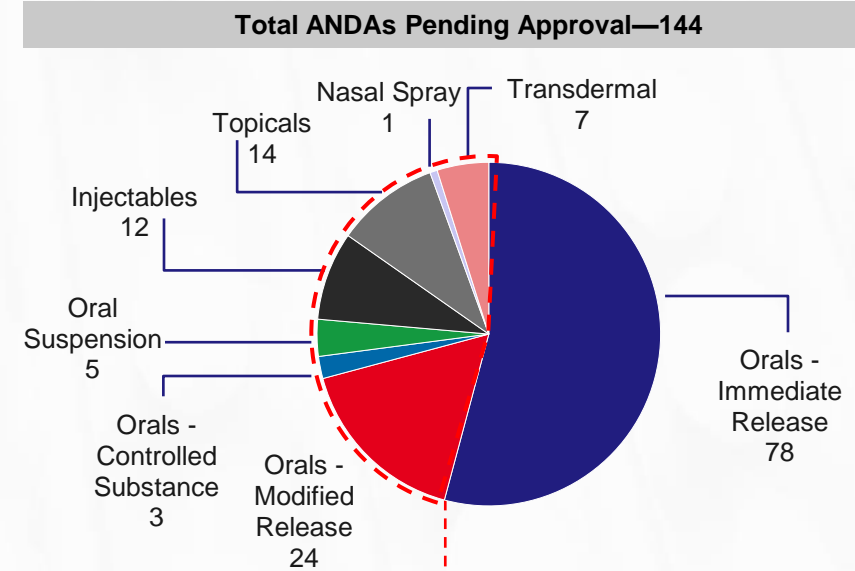
As on 31 March 2018



110+ products commercialized

## ANDA Pending Approval—Focus on Niche Segments

As on 31 March 2018

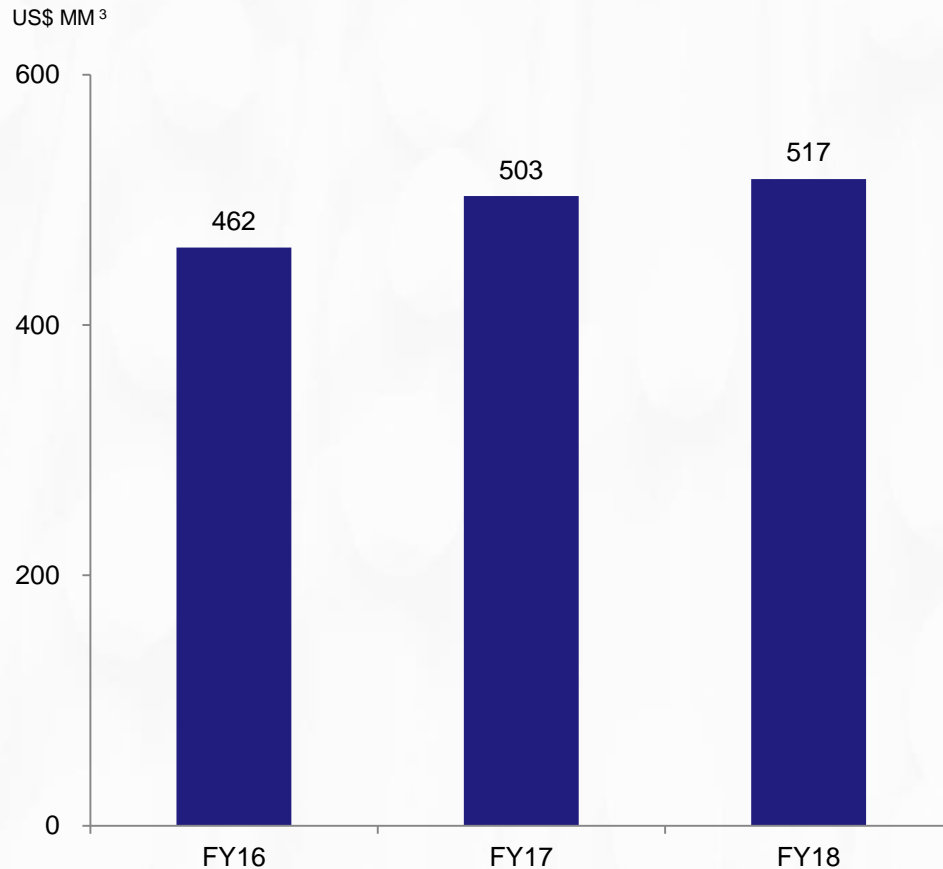


New filings with increased focus on differentiated products with potentially competitive edge

# Strong Leadership in India Formulations Business

Leading Player in the \$19 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>

4.2%

Domestic market share <sup>1</sup>

16

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

64

New Product launches in FY18

1<sup>st</sup>

Indian company to launch biosimilar of Adalimumab in India <sup>4</sup>

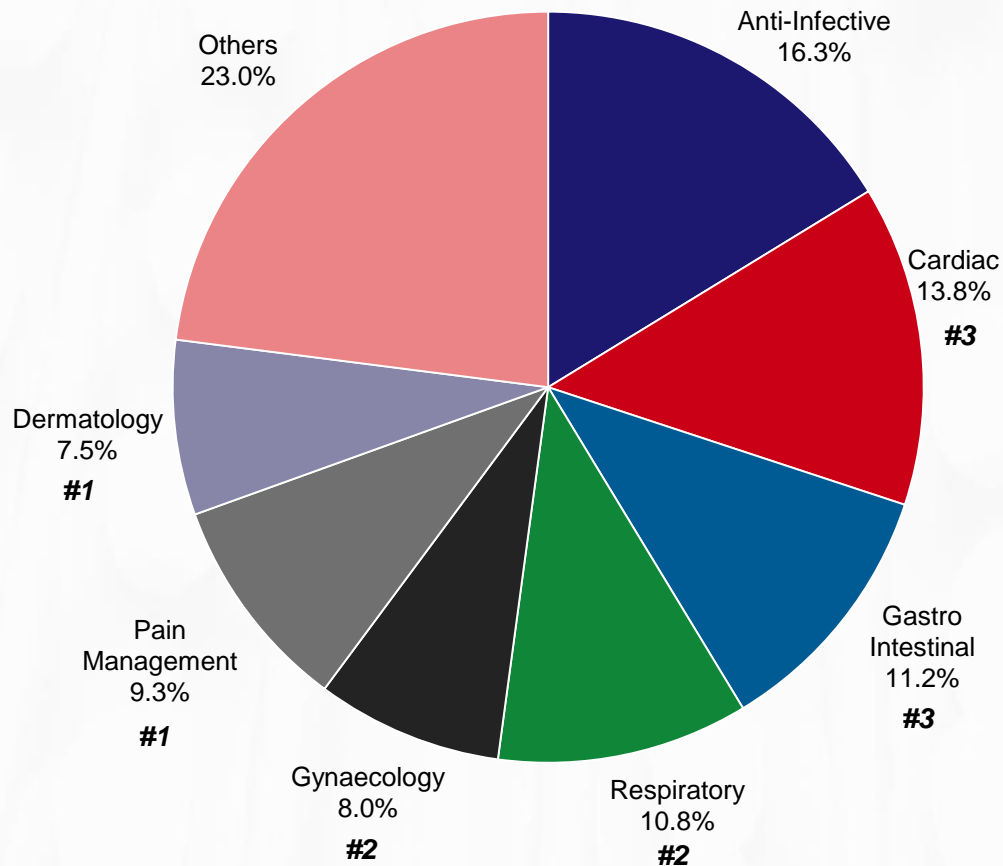
~6,200

Marketing field force <sup>2</sup>

# Focus on Key Therapeutic Areas in India

## Key Therapeutics Areas for Zydus

As per AWACS MAT March 2018; % of Zydus' Sales



Leadership positions (top 3) in Dermatology, Pain Management, Gynecology, Respiratory, GI and Cardiology

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

Introduction of biologicals and vaccines products

In-licensing arrangements

Improving field force productivity

# Represents Zydus' ranking in the promoted covered market

# Other Growing Formulations Markets

## Latin America



Zydus Size<sup>2</sup>

c.US\$ 40 MM

Zydus Growth

~7%

- Two large pharmaceutical markets in Latin America
- Branded generics and generic generics
- **Brazil:** 75+ filings, 40+ approvals, ~40 products being sold
- **Mexico:** 45 filings, 41 approvals, ~ 20 products being sold
- 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

~ (-)1%

- 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



Zydus Size<sup>2</sup>

c.US\$ 37 MM

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

## Consumer Wellness

- Operates through Zydus Wellness Limited, listed in India
- Brand extensions and new product launches
- Geographical expansion
- ~US\$ 76 MM revenues<sup>2</sup>



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



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

## Animal Health

- Commenced export of products from India to a few countries of Africa, Asia and Europe.
- 1 manufacturing facility at Haridwar (India)
- ~US\$ 69 MM revenues<sup>2</sup>

## APIs

- Backward integration capabilities to meet captive API requirements
- 1 R&D unit and 4 manufacturing plants
- 133 active DMFs filed with USFDA, 225+ scientists
- ~US\$ 57 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 15 products which are sold primarily in US and EU

### Bayer Zydus JV

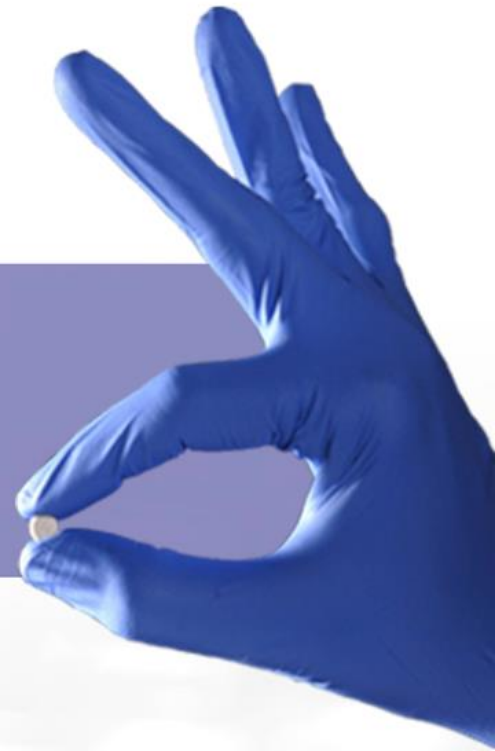
- 25:75 JV with Bayer
- Operates in female healthcare, metabolic disorders, diagnostics, CVS, anti-diabetics and oncology segments in India
- Leveraging strengths of Bayer's optimised product portfolio and Zydus' marketing and distribution capabilities
- JV scope covers launch of innovator products of Bayer in India

### Other Alliances

- 25 ANDAs filed, 19 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 and  
Brazil

**10**

Facilities catering  
to US markets

**18 facilities for formulations, 4 for API, 3 for vaccines, 3 for biologics, 3 for consumer wellness and 1 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

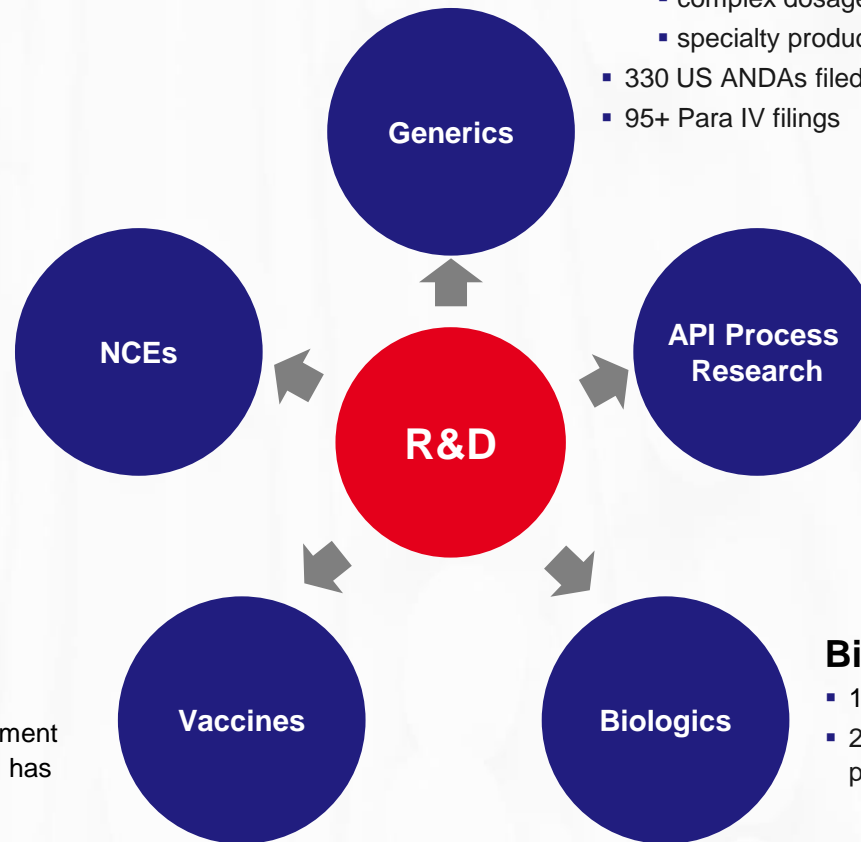
R&D expenditure formed ~7%<sup>1</sup> of total operating revenues

## NCEs

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

## Vaccines

- ~ 50 scientists
- 4 vaccines launched and 19 under development (including 7 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

- 725+ scientists
- Increasing focus on
  - complex dosage forms like transdermals, topicals and nasals
  - specialty products and 505(b)(2) route
- 330 US ANDAs filed, 186 ANDAs approved till 31<sup>st</sup> March, 2018<sup>3</sup>
- 95+ Para IV filings

## API Process Research

- 225+ scientists
- 133 active DMFs filed with USFDA

## Biologics

- 100+ scientists
- 21 biosimilars (pipeline and launched) and 6 novel products (pipeline)
  - Launched 9 in India; 4 in Emerging Markets
- 1<sup>st</sup> Indian company to launch biosimilar of Adalimumab in India<sup>2</sup>

## Biologics

- 21 biosimilars (pipeline and launched) and 6 novel products (pipeline)
  - Launched 9 products in India and 4 in Emerging Markets
  - Launched Exemptia™ (biosimilar of Adalimumab) – 1<sup>st</sup> company in India<sup>1</sup>
  - Received Marketing Authorization for 2 more products
  - 2 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

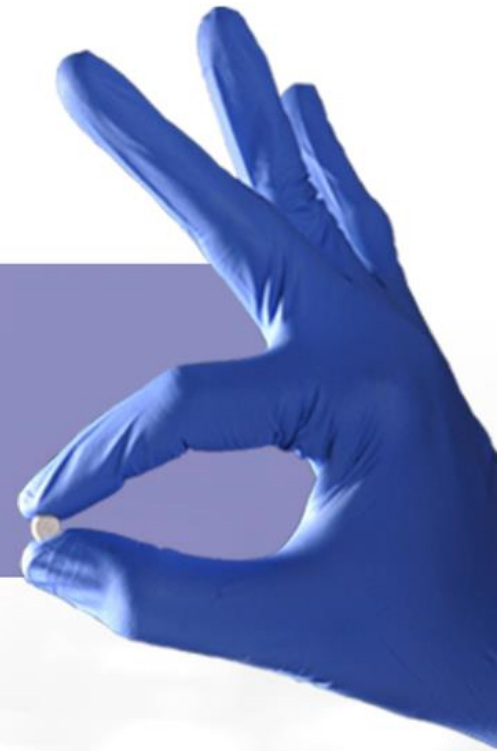
- Launched 4 products, received marketing authorizations for 7 other
  - First Indian company to launch indigenously developed and manufactured H1N1 vaccine – VaxiFlu-S<sup>1</sup>
- 19 under development (including 7 where marketing authorization has been received)

## NCEs

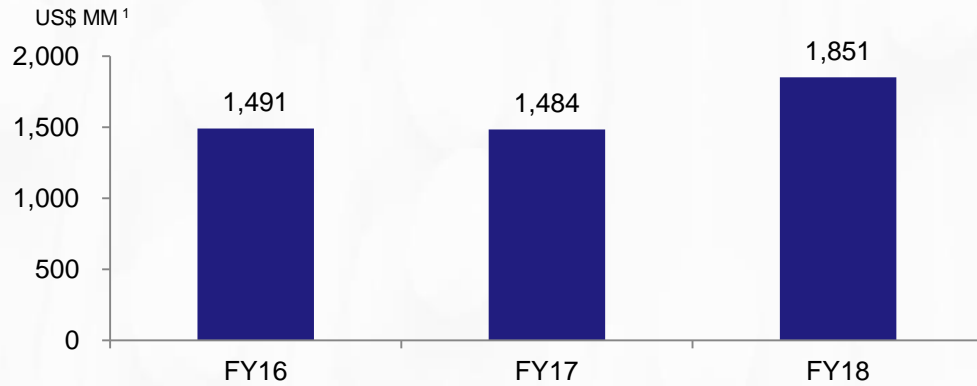
- Launched Lipaglyn® in India – 1<sup>st</sup> NCE developed by the company, for 2 indications (Diabetic Dyslipidemia and Hypertriglyceridemia)
- Received marketing approval in Mexico for Lipaglyn™ for 2 indications (Diabetic Dyslipidemia and Hypertriglyceridemia)
  - Phase III trials ongoing in India 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)



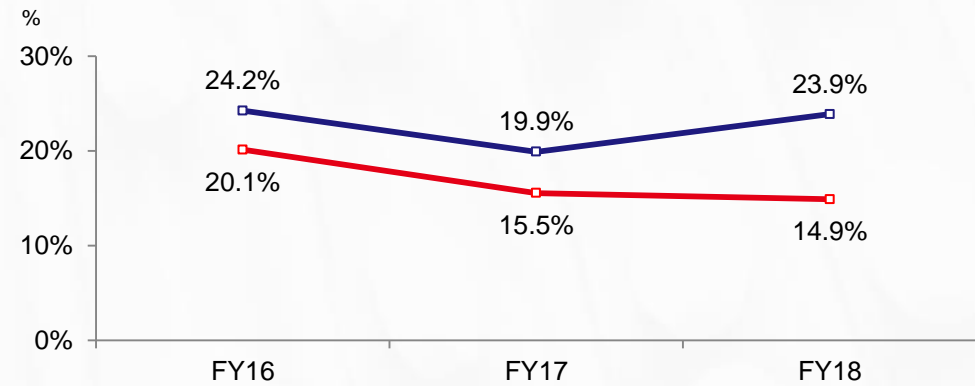
## Key Financials



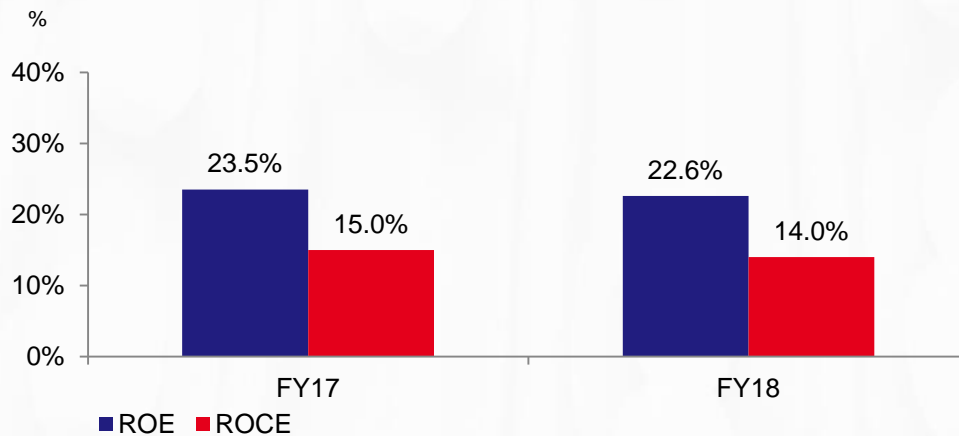
## Consolidated Revenues



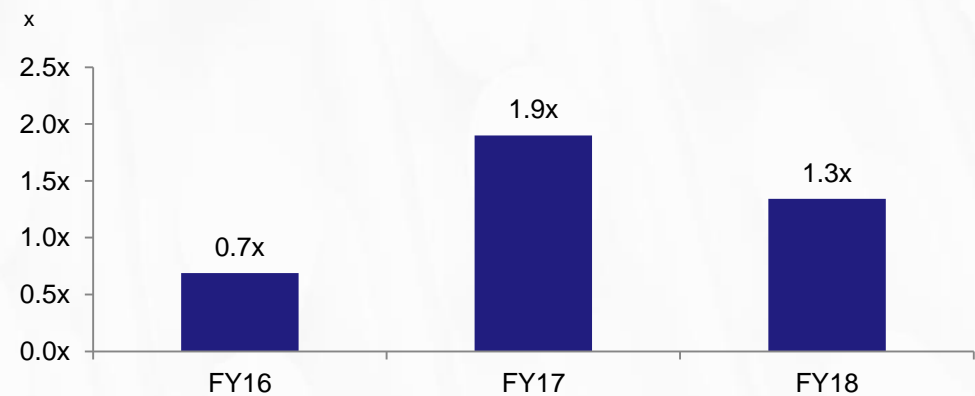
## EBITDA and PAT Margins



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



## Leverage (Net Debt / EBITDA)



# 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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