

15<sup>th</sup> May, 2020

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| <p>(1) BSE Limited<br/>Listing Department,<br/>Phiroze Jeejeebhoy Towers,<br/>Dalal Street,<br/>Mumbai 400 001</p> | <p>(2) National Stock Exchange of India Limited<br/>Listing Department<br/>Exchange Plaza, 5<sup>th</sup> floor,<br/>Plot no. C/1, G Block,<br/>Bandra Kurla Complex,<br/>Bandra (East), Mumbai - 400 051</p> |
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**Scrip Code: 500087**

**Scrip Code: CIPLA EQ**

- (3) SOCIETE DE LA BOURSE DE LUXEMBOURG  
Societe Anonyme  
35A Boulevard Joseph II,  
L-1840 Luxembourg

**Sub: Investor Presentation**

Dear Sir/ Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed investor presentation dated 15<sup>th</sup> May, 2020.

This is for your information and record.

Thanking you,

Yours faithfully,  
For **Cipla Limited**

**Rajendra Chopra**  
**Company Secretary**

Encl: as above

Prepared by: Mandar Kurghode

**Cipla Ltd.**

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**Fax:** +9122 24826120 **Website:** [www.cipla.com](http://www.cipla.com) **Email:** [contactus@cipla.com](mailto:contactus@cipla.com) **Corporate Identity Number:** L24239MH1935PLC002380



# Investor Presentation Q4FY20

15-05-2020

# Disclaimer



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## Our key priorities as we continue to deliver on our promise of 'Caring for life'

### 1 Safety of our employees, patients and communities we serve

Central **Covid-19 Response Task Force** set-up under the guidance of Management Council to ensure safety and well-being of our employees; strict adherence to social distancing norms and sanitization practices at all plants and sales depots

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Set-up an **INR 25 crore 'Caring for Life' COVID-19** dedicated fund to support patients, the healthcare ecosystem and communities including contribution from employees and contributions to PM Cares Fund and State Disaster management

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To **safeguard frontline healthcare workers**, Cipla has supplied essential items such as masks, personal protective equipment (PPE), gloves and sanitizers to frontline health workers in its global markets including India

### 2 Ensuring continuity of our business to serve patient needs

Relentless efforts and **high execution focus on managing manufacturing, supply chain** – both back end supplies and front-end logistics; announced OneCipla Credo Award for plant and R&D colleagues

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Central task force set-up to **ensure real-time assessment of costs and cash position** with weekly governance to eliminate inefficiencies and support liquidity

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Scale-up **trajectory of new launches on track** and continuing the focus on respiratory clinical trials; strong partnership with regulatory bodies to deliver critically needed medicines in the Respiratory space; Agreement signed with Gilead for **Remdesivir**

# In FY20, we made significant progress across our key priorities



1

## India

Drive market beating growth

- India Rx delivers **3<sup>rd</sup> consecutive quarter of market beating double digit growth; full year growth at 9%**
- Trade generics continues to drive growth with 15%<sup>1</sup> in Q4; second growth quarter in a row post stabilizing of model change implemented in Q1

2

## South Africa

Continue private market and OTC momentum

- South Africa private business delivered **11% growth on a year on year basis**; continued to out-perform the market
- **Emerged one of the largest player in the OTC<sup>2</sup> market** led by strong growth in Mirren portfolio

3

## US

Drive Respiratory pipeline progress and IP-enabled opportunity

- **Delivered growth of 12% on a full year basis**; scale-up beyond USD500Mn
- **Validation and successful execution of high investment limited competition portfolio** with Albuterol approval and completion of trails for generic Advair®; filed another complex inhalation asset
- Approval received for **Esomeprazole for Oral Suspension with a 'First-to-File'** on the 10mg strength

4

**Quality and Compliance**

- Working with US FDA to comprehensively address the observations in Goa
- Over the last 15 months, FDA inspections covered most of our facilities outside Goa; we have already received EIR for all of these

# Update on our strategic priorities: Harvesting growth opportunities across our businesses

## 1 'One-India'

### *Bringing together the might of 3 businesses*

- **Portfolio Synergies:** Successful transitions of select brands with high consumerization potential to consumer from trade generics - **Omnigel consumer campaign, Prolyte, Maxirich and Mamaxpert.**
- **One Distribution:** Building task force to deepen channel engagement, investing in strategic partnerships and smart analytics
- Enhancing patient connect through respiratory awareness campaigns (#BeRok, Breathefree) and one therapy consumer platforms

## 2

## South Africa and Emerging Markets

### *Private market execution in SA; consolidated presence in EMs*

- 3<sup>rd</sup> largest player overall in SA with market share of 6.9%; growing 2x the market
- OTC market share of 7.1% growing at 2x market with strong growth in Mirren Portfolio
- Focus on top 4 DTM markets in Europe and top 10 DTM markets in Emerging markets to drive growth
- Strategic in-licensing and partnerships deals driving portfolio expansion (such as Novartis partnership in Australia)

## 3

## US Generics and Specialty

### *Focused and moderated investments across Gx R&D and Specialty built-up*

- Continue to build the US Generics pipeline with differentiated products; successful execution of high investment projects, R&D investments to moderate going forward
- **CNS Out-licensing:** Sub-licensed NCE CNS asset to a partner for further development and actively exploring partnerships for the other CNS asset

## 4

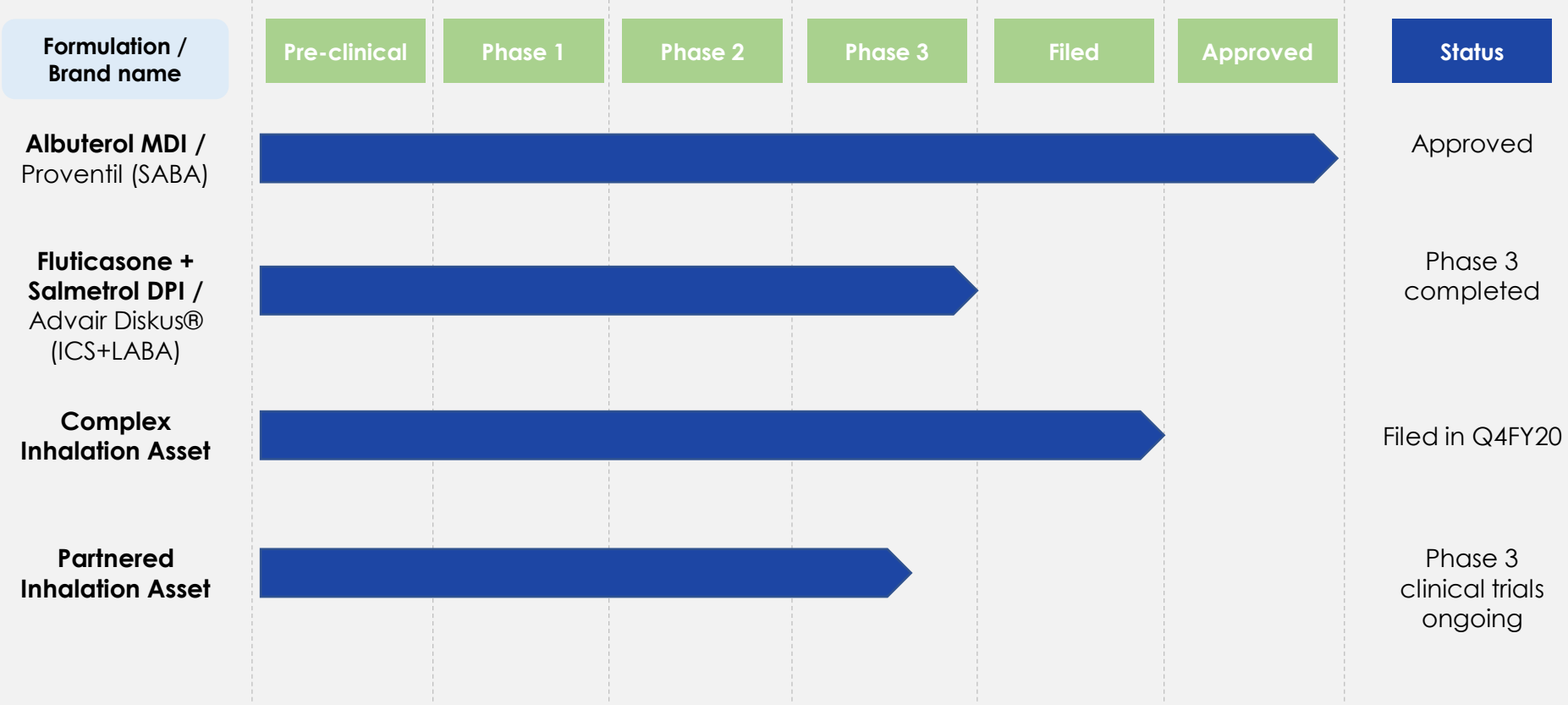
## Lung Leadership across markets

### *Leveraging Cipla's drug-device capabilities to establish a global franchise*

- **2<sup>nd</sup> largest inhaler selling company** with ~120<sup>1</sup>m units sold globally
- Unlocking of the Respiratory franchise in the US with the **launch of generic Albuterol**; Only approved generic for Proventil®
- 1<sup>st</sup> Indian company to achieve first-pass **success in the phase 3 trials for generic Advair®**
- **Filing of another complex inhaler**

# Unlocking of Respiratory franchise in the US :

Approval for generic Albuterol, successful completion of generic Advair® trials and filing of another complex respiratory asset

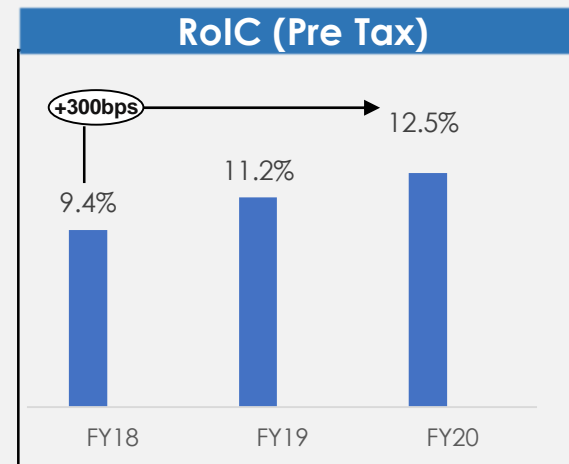
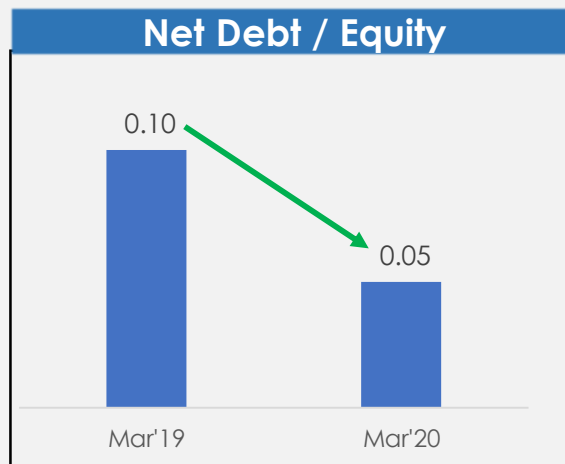
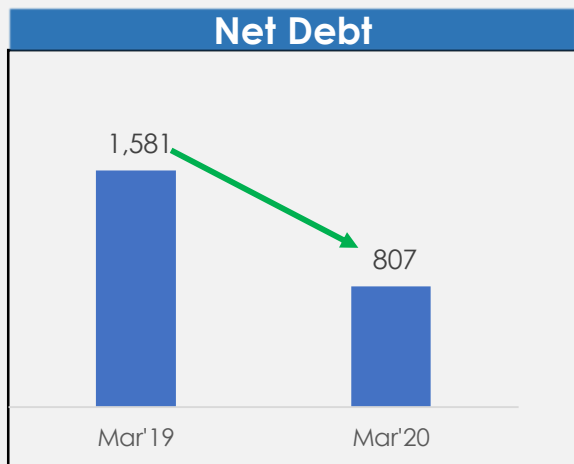


# Key highlights: Sustained growth momentum across businesses

<p><b>1</b> Strong Financial Performance</p>	<p><b>Overall Revenues</b></p> <p>↑ <b>5%</b> (FY20 YoY Growth)</p> <p>↑ <b>7%</b> (Q4 YoY Growth Excluding Cinacalcet in base)</p>		<p><b>EBITDA Margin</b></p> <p>~<b>19%</b> (FY20)</p> <p>~<b>15%</b> (Q4FY20) <i>Impacted by ~200bps due to Covid related cut-off</i></p>	
<p><b>2</b> Continued growth across key markets</p>	<p><b>India Rx</b></p> <p>↑ <b>12%</b> (Q4 YoY Growth) <i>3<sup>rd</sup> consecutive quarter of double digit growth</i></p>	<p><b>India Gx</b></p> <p>↑ <b>151%</b> (Q4 YoY Growth)</p>	<p><b>South Africa</b></p> <p>↑ <b>10%</b> (Q4 YoY Growth; ZAR)</p>	
<p><b>3</b> Momentum continues in the US business</p>	<p><b>US\$118mn</b> Q4 Revenues</p>	<p><b>US\$547mn</b> FY20 Revenues</p>	<p>↑ <b>12%</b> FY20 YoY Growth</p>	
<p><b>4</b> R&amp;D and Pipeline Progress</p>	<ul style="list-style-type: none"> <li>Q4 R&amp;D at INR 311 cr or ~7% to sales; <b>FY20 R&amp;D at INR 1,175 cr or ~7% to sales</b></li> <li>Launch of generic Albuterol and Esomeprazole for Oral Suspension with a 'First-to-File' on the 10mg strength</li> <li>Completed Phase 3 trials for gAdvair® and filed another complex inhalation ANDA</li> </ul>			
<p><b>5</b> Quality and Compliance</p>	<ul style="list-style-type: none"> <li>Received EIR for API manufacturing facility at Bangalore from USFDA</li> <li>Working with USFDA comprehensively to resolve all observations received in Goa</li> </ul>			



# Expanding RoIC<sup>1</sup> profile; continued focus on maintaining balance sheet health with strong cash flow generation



- Repaid loan of USD 275 Mn in FY20 ahead of schedule; Paid interim dividend of Rs. 3 per equity share and one-time special dividend of Rs. 1 per equity share in the month of March-20
- High focus on cash and liquidity management given the current uncertainty
- Focused efforts on working capital management and improved cash flow generation
- Reduction in Net Debt/Equity despite continued growth and strategic investments

1. RoIC = EBIT / (Fixed assets including goodwill + Current assets excluding cash and cash equivalents - Current assets excluding borrowing)

# Financial Performance – Q4FY20

## Revenues

INR 4,376 Cr

↑ 7%<sup>1</sup>

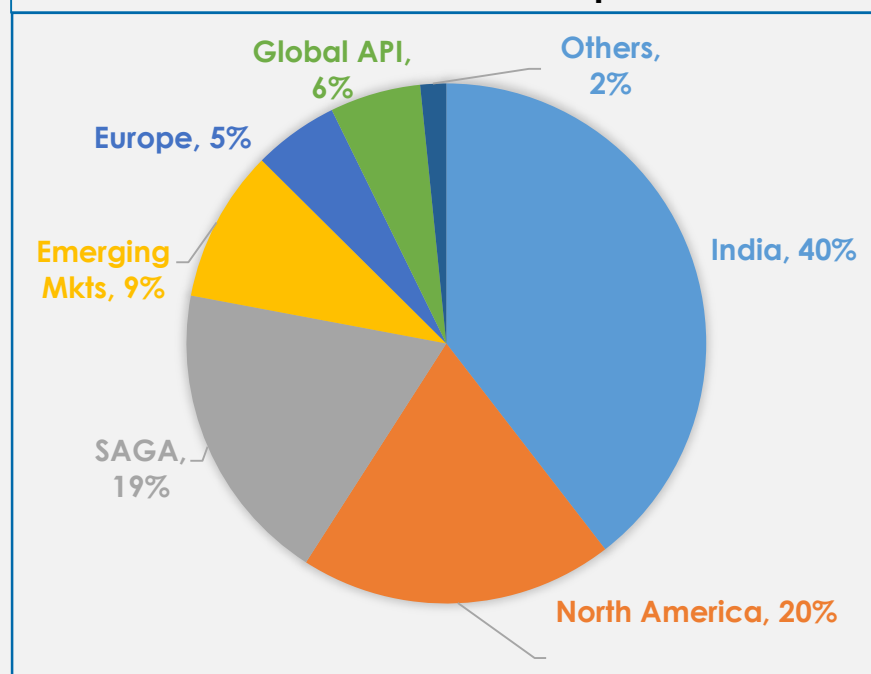
## EBITDA

INR 652 Cr | ~15%

### Q4 FY20 (Consolidated)<sup>2</sup>

	Actuals (Rs Cr)	vs Q4 FY 19
<b>Total Revenue from Operations</b>	<b>4,376</b>	<b>- 1%</b>
a) Domestic Sales	1,739	13%
b) Int'l Sales	2,563	- 6%
c) Other Operating Income	75	- 44%
EBITDA	652	- 33%
<b>EBITDA %</b>	<b>15%</b>	
PAT	246	- 33%
PAT %	5.6%	

### Revenue<sup>2</sup> Break-up



<sup>1</sup> Adjusted for Cinacalcet in 4QFY19

<sup>2</sup> India includes Rx + Gx+ CHL; Others: Includes CNV business ; SAGA includes South Africa, Sub-Saharan Africa and Cipla Global Access; Figures have been rounded-off

# Financial Performance – FY20

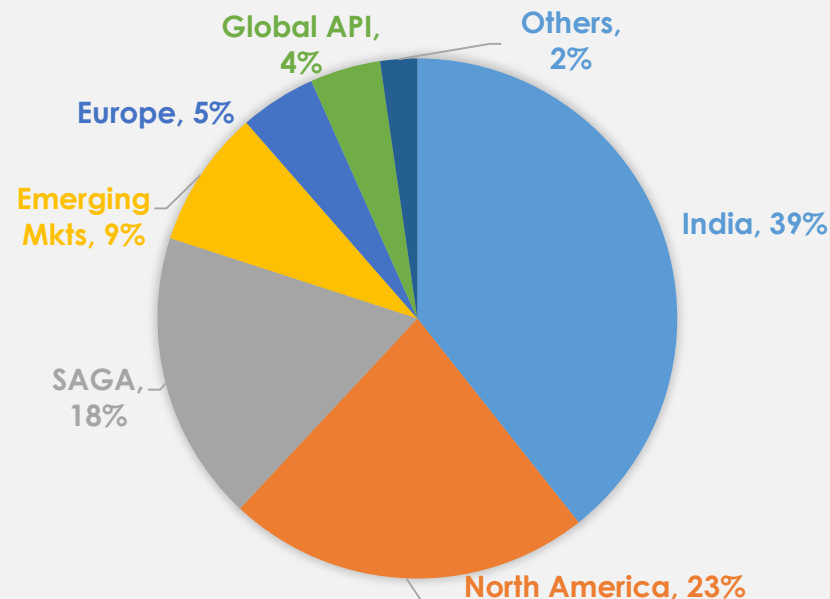
**Revenues** INR 17,132 Cr 5%

**EBITDA** INR 3,230 Cr | ~19%

## FY20 (Consolidated)

	Actuals (Rs Cr)	vs FY 19
<b>Total Revenue from Operations</b>	<b>17,132</b>	<b>5%</b>
a) Domestic Sales	6,819	7%
b) Int'l Sales	9,876	3%
c) Other Operating Income	437	12%
EBITDA	3,230	2%
<b>EBITDA %</b>	<b>19%</b>	
PAT	1,547	1%
PAT %	9%	

## Revenue<sup>1</sup> Break-up



<sup>1</sup> India includes Rx + Gx+ CHL; Others: Includes CNV business ; SAGA includes South Africa, Sub-Saharan Africa and Cipla Global Access; Figures have been rounded-off

# India (Rx + Gx+ CHL<sup>1</sup>) : Rx continues the momentum with market beating double digit growth; Gx fully recovered post model change **Cipla**

YoY	Q2	Q3	Q4
<b>Cipla Rx</b>	13%	14%	12%
<b>IPM<sup>2</sup></b>	13%	10%	10%
<b>Cipla Gx</b>	Model change being implemented		15%

*Rx delivers 3<sup>rd</sup> consecutive quarter of market beating double digit growth*

**↑ 9% FY YoY**

*Gx revives strongly since Q2 highlighting the fundamental strength of the business*

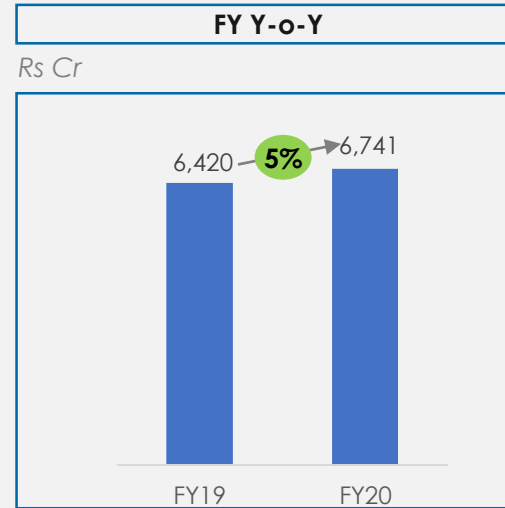
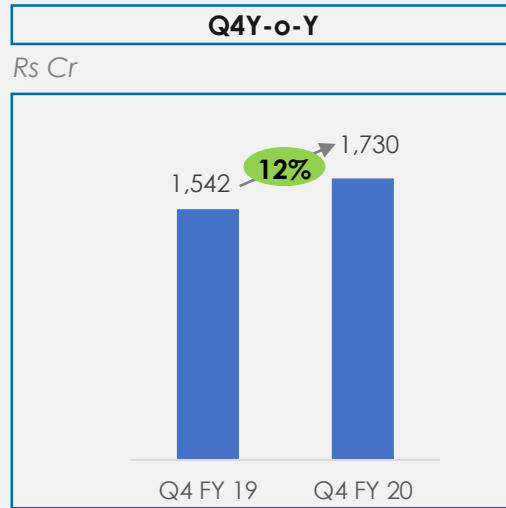
**↑ 15% YoY**  
(Q4 YoY Growth)  
*Adjusted CHL product transfer in base*

**Consumer Health Business**

**FY20: INR 201 Cr ↑ 36% YoY**

*Strong growth momentum across organic brands and ramp-up of products switched from trade generics*

# India (Rx + Gx+ CHL<sup>1</sup>) : Focused execution driving growth across all 3 India businesses



## Key Business Highlights<sup>2</sup>

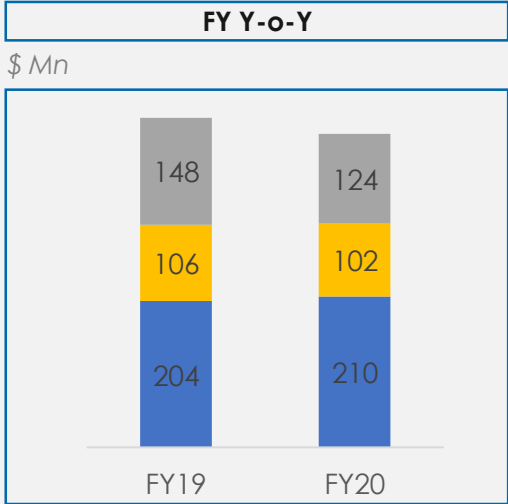
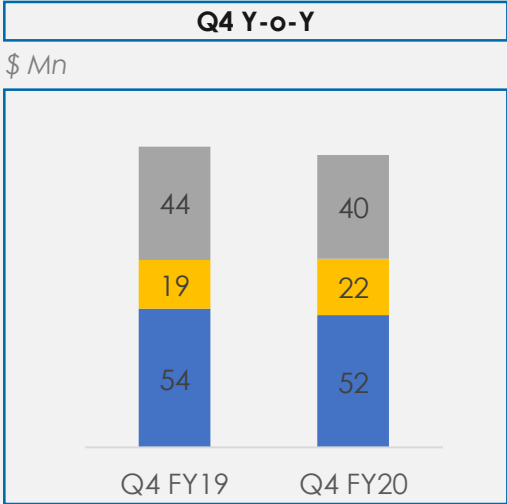
- The **Rx business** grew **12%** over 4QFY19 and **9%** over FY19 driven by Respiratory, Cardiac, Gastro and Pain
- **39%** of brands gained ranks while **41%** of brands outpaced industry growth in Q4
- Trade generics business delivered normalized **growth of 15 % in Q4FY20** on a year on year basis
- Successful brand transitions to consumer from trade generics

Therapy	Market Rank	Market Share	Cipla Growth
<b>Overall Chronic</b>	<b>2</b>	<b>7.8%</b>	<b>12%</b>
Respiratory Inhalation	1	67.9%	13%
Urology	1	14.5%	10%
Cardiology	4	5.6%	12%

### South Africa Market

**↑ 10% Q4 YoY**  
ZAR Terms

- South Africa Private
- South Africa Tender
- Others (SSA & CGA)



### SA Private Market

**↑ 11% FY YoY**  
ZAR Terms

### Key Business Highlights

- SA private business continued the growth momentum and reported 11% full year growth in local currency
- Cipla ranks 3<sup>rd</sup> largest pharmaceutical corporation (Rx + OTC) within the SA private market, in volume and value
- Top three therapies and market share - CNS (10.2%), Respiratory (12.6%) and metabolic (5.1%)
- Cipla emerged largest OTC player in the addressable market with a share of 7.1% and 3<sup>rd</sup> largest ARV player in the private market with a share of 15%
- The Sub-Saharan Africa business were impacted by receivables related challenges; CGA business remained flat for the quarter

# North America: FY20 growth driven by optimization of IP led opportunity; building the foundation for Respiratory franchise in FY21



Unlocking of Respiratory franchise in the US

Launch of generic Albuterol; Only approved generic for Proventil®

Achieved first-pass success in the phase 3 trials for generic Advair®

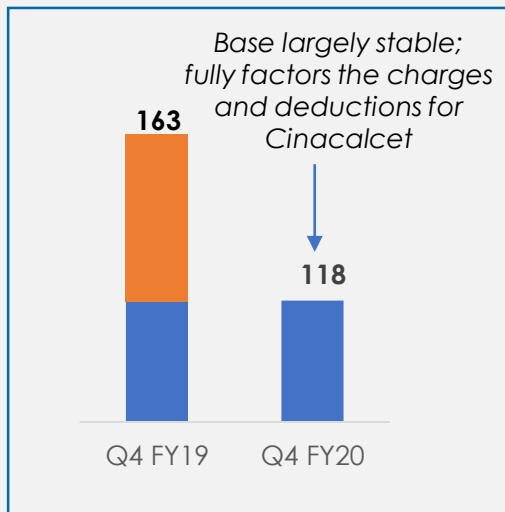
Filing of another complex inhaler

## Key Business Highlights

- IP-enabled opportunity optimised in FY20
- **Pipeline Update:**
  - Recently launched Esomeprazole for oral suspension with FTF on the 10 mg strength
- **US Specialty:**
  - **CNS Out-licensing:** Sub-licensed NCE CNS asset to a partner for further development and actively exploring partnerships for the other CNS asset
  - Working with USFDA on IV Tramadol NDA submitted in Dec via Avenue Therapeutics

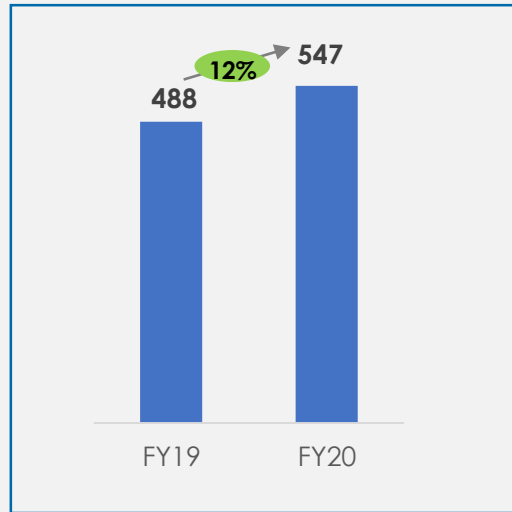
## Q4 Y-o-Y

\$ Mn

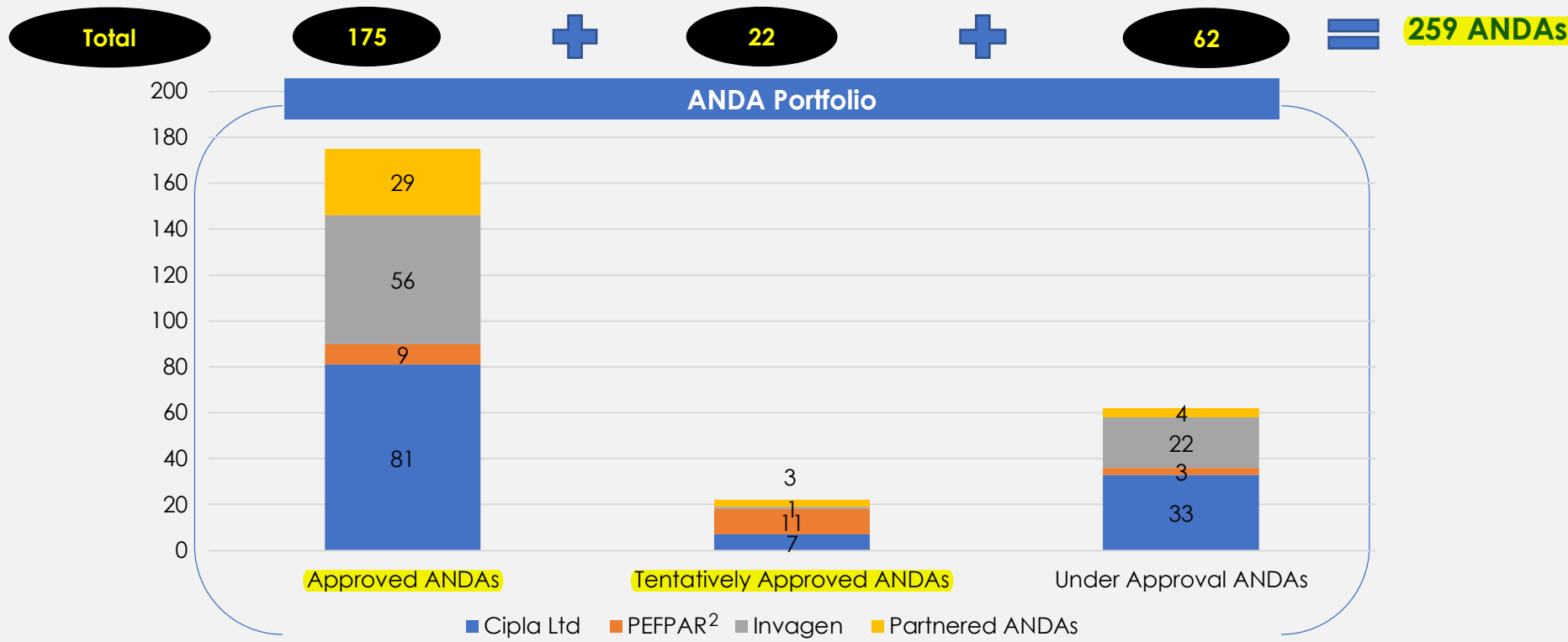


## FY Y-o-Y

\$ Mn



# ANDA<sup>1</sup> Portfolio & Pipeline (As on 31<sup>st</sup> March 2020)



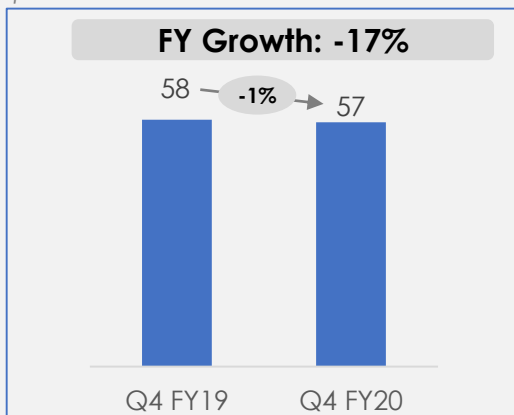
<sup>1</sup> Does not include Vet product ANDAs

<sup>2</sup> PEPFAR approved ANDAs can be commercialised in US



## Emerging Markets

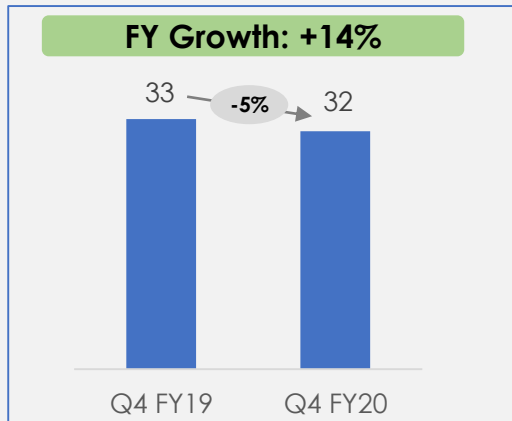
\$ Mn



- Q4 revenues impacted significantly by month end logistics issues; to be recovered in Q1FY21
- Synchrobreathe™ breath-actuated inhaler launched in multiple markets and Flohale launched in Algeria
- Continued focus on value generating DTM markets

## Europe

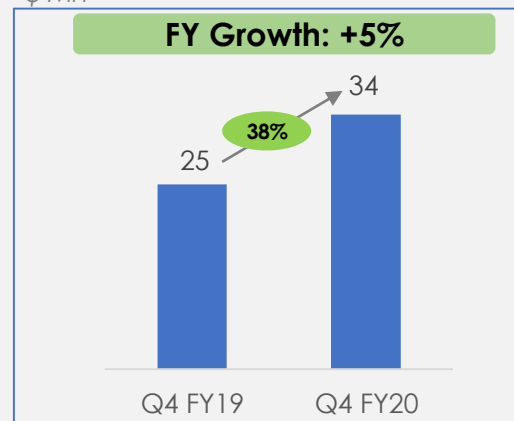
\$ Mn



- Strong performance in key DTM<sup>1</sup> markets
- Strong 14% growth on a full year basis
- Overall FPSM pMDI market share is 20% in Europe

## API

\$ Mn



- Continues to deliver higher margins on product mix and pricing
- Continued momentum in global seedings & lock-ins

1. Direct-to-Market

# Priorities for the FY21: Sustaining growth through the pandemic

1

## Managing Supply chain, optimizing costs and conserving cash

- Business continuity planning for manufacturing, supply chain, R&D and marketing with focus on cost optimization and cash management
- Proactively de-risking the business with increase in inventory holdings for critical APIs, intermediates and KSMs and adequate inventory levels of finished goods in the channel

2

## India

- Driving market beating growth in India Business through focused execution of the One-India Strategy
- Engage with channel via digital and continue to track the emerging demand patterns

3

## South Africa

- Continue growth momentum in the private market portfolio to deliver growth in the overall business
- Sustain the dominant play in the OTC space and drive further growth in the Mirren portfolio

4

## US:

- Drive share and focus on maximizing value opportunity across key assets including Albuterol
- Continue to track Respiratory filings closely; focused R&D investments going forward
- Finalize out-licensing for CNS Specialty assets; work with US FDA on IV Tramadol

5

## Quality and Compliance

- Work with US FDA to comprehensively address the observations in Goa
- Continue to operate our facilities globally with the highest level of compliance and control

# Thank you

## **Registered Office :**

Cipla Limited, Cipla House, Peninsula Business Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai 400 013

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