



**Investor Presentation**  
Q4 FY 14 Earnings Release

**29 May 2014**

*Except for the historical information contained herein, statements in this presentation and the subsequent discussions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, our ability to obtain regulatory approvals, technological changes, cash flow projections, our exposure to market risks as well as other risks. Cipla Limited does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof."*

# Financial Performance Summary – Q4 2013-14

	Quarterly Numbers					
	Standalone			Consolidated		
	Actuals (Rs Cr.)	vs Q4 FY 13	vs Q3 FY 14	Actuals (Rs Cr.)	vs Q4 FY 13	vs Q3 FY 14
Revenue	2,287	16.7%	0.3%	2,520	27.3%	-2.4%
EBITDA	358	-12.5%	-11.1%	409	-3.9%	-12.4%
EBITDA %	15.7%	-5.2%	-2.0%	16.2%	-5.3%	-1.9%
PAT	277	3.4%	6.1%	261	-5.7%	-8.3%
PAT %	12.1%	-1.6%	0.7%	10.3%	-3.6%	-0.7%
R&D	125	23.2%	-0.1%	146	43.6%	10.3%
R&D %	5.5%	0.3%	0.0%	5.8%	0.7%	0.7%

# Financial Performance Summary – FY 2013-14



	Full Year Numbers				
	Standalone			Consolidated	
	Actuals (Rs Cr.)	vs FY 13		Actuals (Rs Cr.)	vs FY 13
Revenue	9,380	14.4%		10,100	22.0%
EBITDA	1,990	-6.1%		2,133	-2.9%
EBITDA %	21.2%	-4.6%		21.1%	-5.4%
PAT	1,388	-7.9%		1,388	-10.1%
PAT %	14.8%	-3.6%		13.7%	-4.9%
R&D	518	21.7%		545	28.3%
R&D %	5.5%	0.3%		5.4%	0.3%

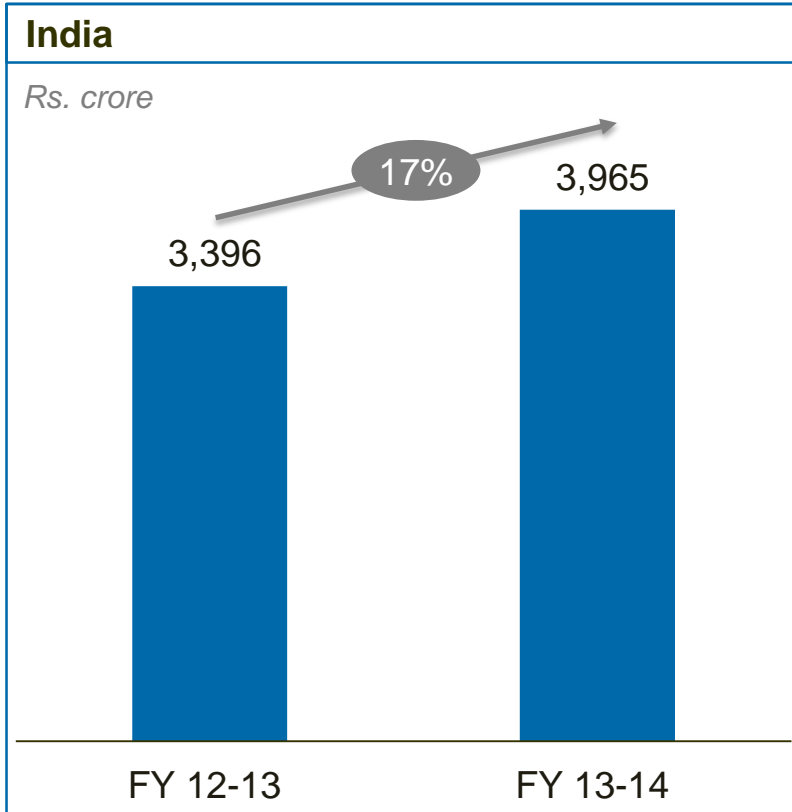


# Summary of Performance

Area	Achievements
Financial Performance	<ul style="list-style-type: none"><li>▪ Ending year 1 of a 2 year investment cycle</li><li>▪ Robust sales growth (22% vs. previous year); crossed Rs. 10,000 crore mark</li><li>▪ Strong operating cash flow &gt;60% of operating profit for the year</li><li>▪ EBITDA on track based on agreed 3 year plan with Board</li><li>➤ Excluding one off impact of Escitalopram, despite investments in acquisitions, people and R&amp;D pipeline, we were able to make up several margin points through manufacturing cost efficiencies and pricing levers</li></ul>
Strategy	<ul style="list-style-type: none"><li>▪ De-risked critical markets (South Africa, Uganda)</li><li>▪ 3 year business plan in place to achieve our growth aspiration</li><li>▪ Africa contributes 25% of overall sales</li></ul>

# Summary of Performance

Area	Achievements
R&D/Pipeline	<ul style="list-style-type: none"><li>▪ R&amp;D expense 5.4% of sales for full year (5.8% for Q4, 5.1% for FY 2012-13)</li><li>▪ New Integrated Product Development structure successfully implemented</li><li>▪ ~30% increase in efficiency and productivity levels</li><li>▪ Secured 3 year pipeline, &gt;85% of 2014-15 critical launches on track</li><li>▪ &gt;200 formulation development projects underway</li><li>▪ &gt;90 Europe/North America filings for formulations; &gt;1000 International filings</li><li>▪ &gt;50 Europe/North America approvals; 800+ approvals in other international markets</li><li>▪ Overall respiratory progress on track – established as a ‘horizontal’ business unit</li></ul>
People	<ul style="list-style-type: none"><li>▪ Built world class leadership team, all key hiring completed</li><li>▪ New organisation structure implemented (verticals, horizontals and functions)</li><li>▪ Cipla New Ventures established and completes its first investment</li></ul>
Quality & Safety	<ul style="list-style-type: none"><li>▪ New Quality organisation established - Quality head reports directly to CEO</li><li>▪ Continuous Improvement to be ahead of cGMP and Regulatory standards</li></ul>

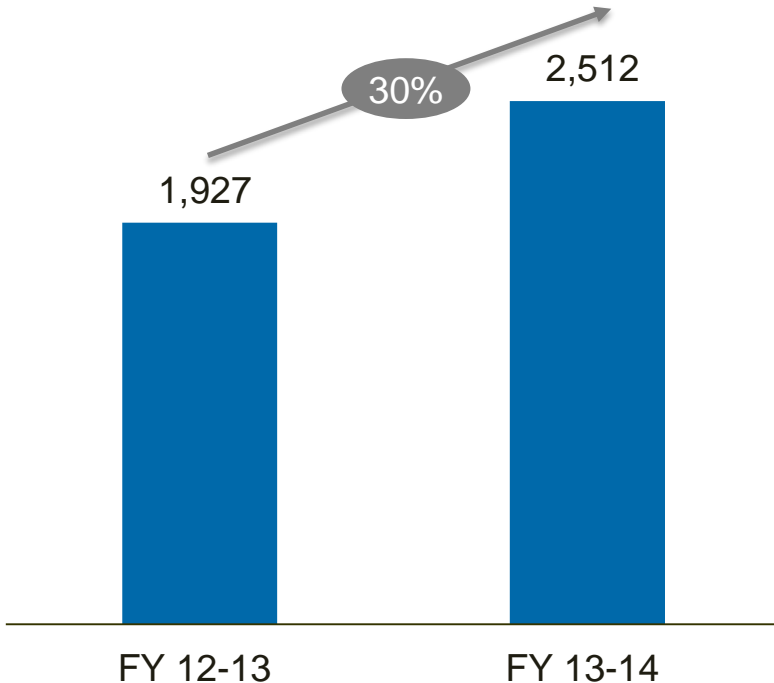


1. Source: IMS

- Significant increase in market share for branded generics – from 4.7% (6 months back) to 5.3%; continue to outpace market growth<sup>1</sup> (16% vs 9% for industry)
- 17% growth in sales for the year
- India business contributed 40% to overall sales – compared to 45% in FY 2012-13
- Share of new product launches increases from 1.5% in Q1, 2012-13 to 3.5% in Q4, 2013-14
- ~15% increase in field force productivity
- Focus on In-licensing opportunities
- Successfully launched Etacept, our first bio-similar for treatment of rheumatoid arthritis

## International

*Rs. crore*

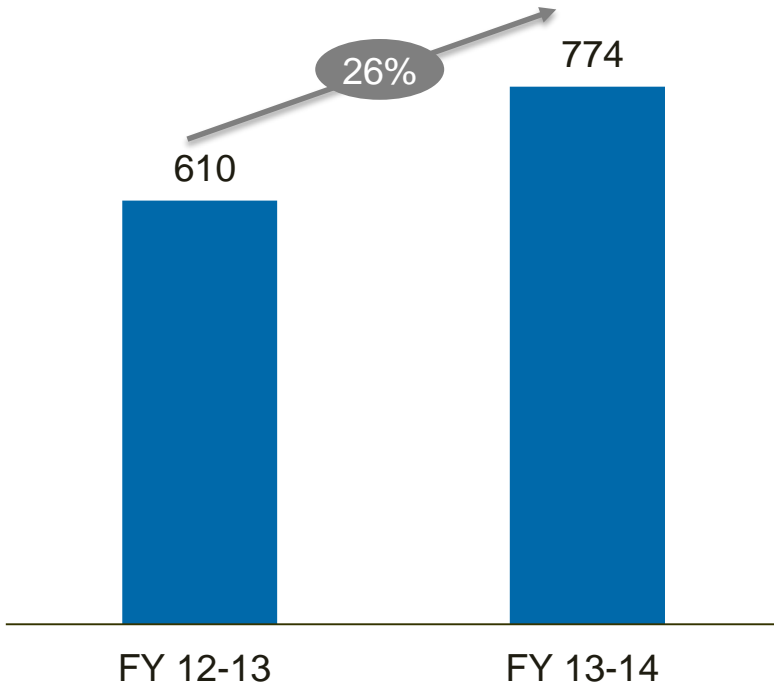


- International business contributed 25% to overall sales (same share last year)
- 30% growth in sales for the year
- 120+ countries, relationship with 180+ partners, range of 1000+ products
- Completed Uganda integration (Key personnel CEO, CFO from Cipla deployed)
- Pan-Africa network of partners offers unique access to the continent; building on our strength in Middle East and APAC
- Well defined, systematic and differentiated market access strategy for each country (Acquire > JV > Partner > Distribution only)
- China, Latin America, Russia strategy build underway
- Global Access established as a horizontal



## Cipla Medpro South Africa

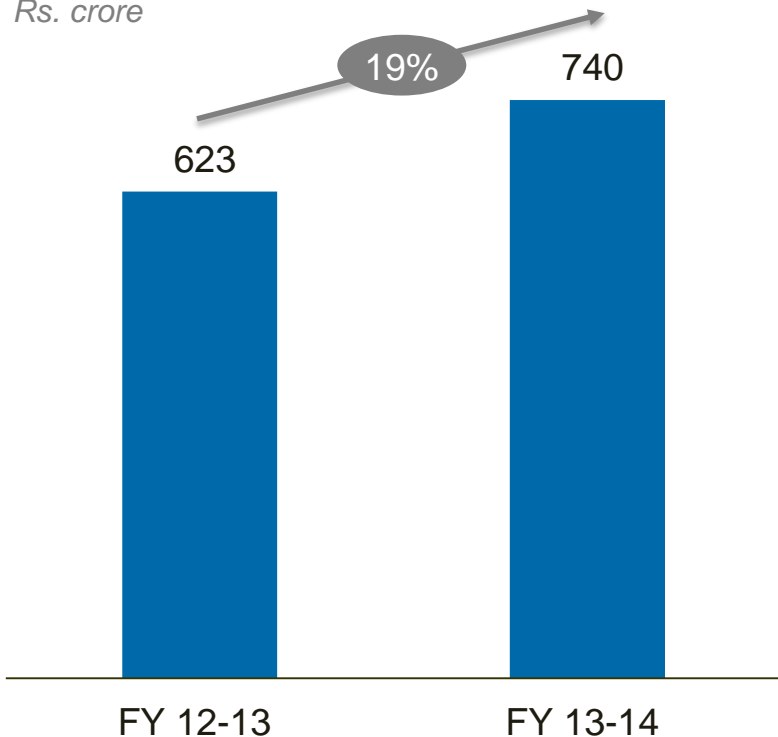
Rs. crore



- South Africa business contributed 13.5% to overall sales (on a consolidated basis)
- 26% growth in sales for the year – based on like for like sales
- New CEO on board (Paul Miller with 20+ years pharmaceuticals experience); key personnel from Cipla India deployed (Finance, Manufacturing, Supply Chain)
- Integration completed (Supply chain, Manufacturing, HR and other functions)
- Forex impact due to ZAR depreciation (~Rs. 65 crore for FY 2013-14)
- Acquisition business case on track - leveraging synergies from scale to drive procurement effectiveness and effective cost management

## North America

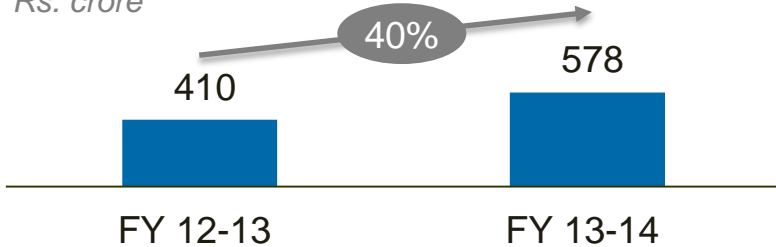
*Rs. crore*



- North America business contributed 7% to overall sales – compared to 8% in FY 2012-13
- 19% growth in sales for the year
- Expanded pipeline from 35 to >50 products – including several key respiratory products and other complex generics
- 16 filings and 13 approvals in FY 2013-14
- ~ 20 formulation partnerships
- Started team build as we look to go live in Q4 2014-15

## Europe

Rs. crore

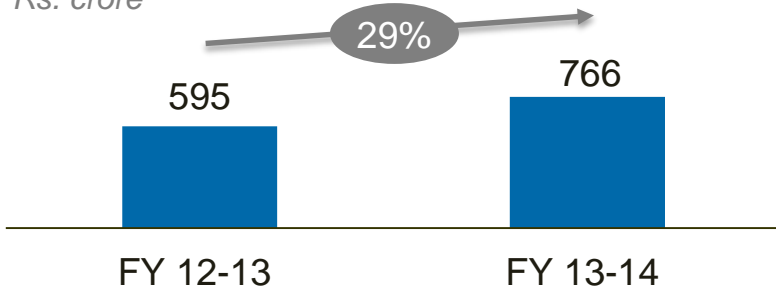


- Europe business contributed 6% to overall sales – compared to 5.4% in FY 2012-13
- 40% growth in sales for the year
- Established lean front end presence in priority markets
- Focus on respiratory launches

## API

### API

Rs. crore



- API contributed 7.5% to overall sales – compared to 7% in FY 2012-13
- 29% growth in sales for the year
- Continue to drive cost efficiencies and process improvement initiatives
- 17 DMF filings
- API established as a horizontal

# Priorities going forward

## 1. Clear Focus where we will play to win

- Further strengthen position in home markets (India & South Africa)
- Build front end in select key international markets

## 2. Successfully launch late stage pipeline

- Focus on Europe respiratory launches
- Explore partnership opportunities

## 3. Continue to invest in R&D


- Increase filing intensity
- Embed end-to-end Project management
- Continue to enhance efficiency, effectiveness & quality
- Exploit Platform Technologies

## 4. Disciplined cost management and operational excellence

- Enhance field force productivity
- Drive procurement effectiveness
- Grow costs below revenue

## 5. Build Organization capability

- Build world class R&D, Regulatory, Quality and General Management capability to enable front end build out
- Establish strong leadership bench and drive capability across the organisation



Drive strong sales + profit growth with right investments in pipeline & capability

- Mid teens topline growth
- Margin levels similar to prior year
- Strong cash flow