

February 11, 2020

Listing Department  
**BSE Limited**

P J Towers, Dalal Street, Fort,  
Mumbai-400001

**Code: 532321**

Listing Department  
**National Stock Exchange of India Limited**

Exchange Plaza, Bandra Kurla Complex,  
Bandra (E),  
Mumbai-400051

**Code: CADILAHC**

Re.: Investor Presentation

Dear Sir / Madam,

Please find enclosed the investor presentation to be made to select investors on Wednesday February 12, 2020 at Mumbai in IIFL Investor Conference.

Please bring the above information to the knowledge of investors at large.

The said presentation is being uploaded on the website of the Company.

Thanking you,

Yours faithfully,  
For, **CADILA HEALTHCARE LIMITED**



**DHAVAL N. SONI**  
**COMPANY SECRETARY**



Encl.: As above



# Investor Presentation

February, 2020

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CORPORATE OVERVIEW

ZYDUS AT A GLANCE

ZYDUS NEXT WAVE OF GROWTH

ZYDUS ORGANIZATION

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**CORPORATE OVERVIEW**

**ZYDUS AT A GLANCE**

**ZYDUS NEXT WAVE OF GROWTH**

**ZYDUS ORGANIZATION**

# Zydus – Business Overview

**65+ years**

Business Excellence

**\$ 3.99 Bn<sup>1</sup>**

Market Cap

**~\$148 Mn<sup>2</sup>**

R&D Spend in CY19

**37**

Manufacturing Facilities

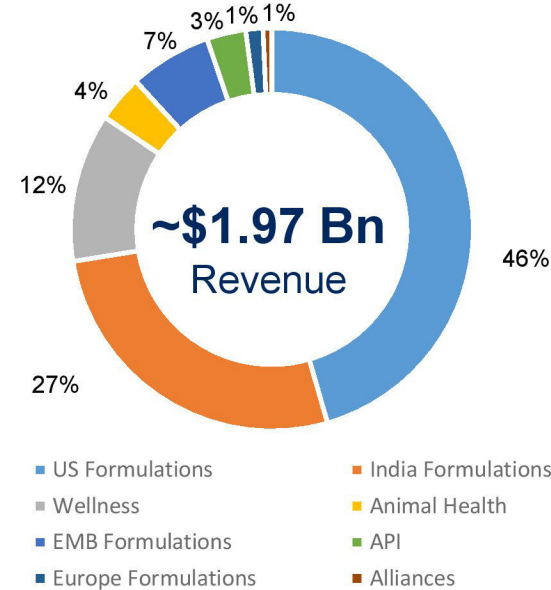
**25000+**

Employees

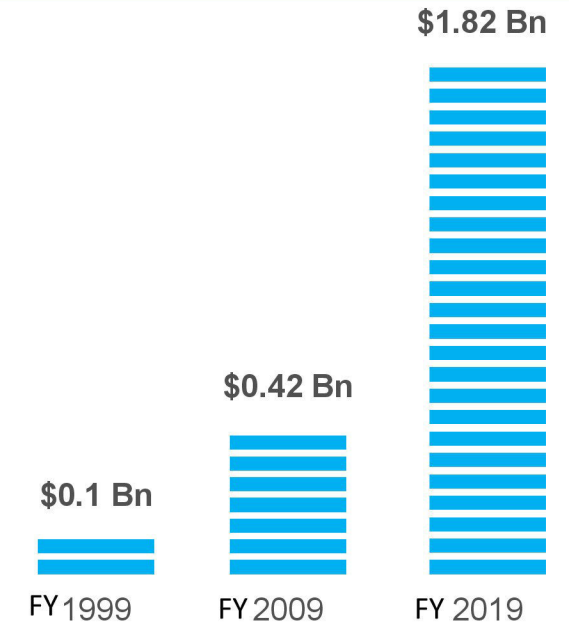
## Global Footprint



## Sales Split (CY19)<sup>2</sup>

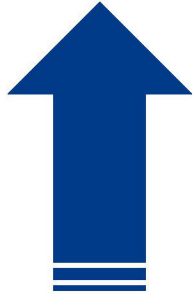


## 20% CAGR in revenues in 2 decades<sup>2</sup>



# Zydus - Financial Overview

Unlocking the Potential



Year	Revenue <sup>1</sup>	EBITDA <sup>1</sup>	Profit <sup>1</sup>	EPS <sup>1</sup>	Market Cap
FY19	\$1881 Mn	\$425 Mn	\$264 Mn	\$0.26	\$3.99 Bn <sup>2</sup>
FY04	\$179 Mn	\$35 Mn	\$19 Mn	\$0.30	\$0.4 Bn <sup>3</sup>



**19%**  
Total shareholder return  
over 15 Years (CAGR)

**18%**  
EBITDA growth  
over 15 Years (CAGR)

<sup>1</sup> \$1 = USD 1 = INR 70

<sup>2</sup> As on 10<sup>th</sup> February 2020, \$1 = USD 1 = INR 70

<sup>3</sup> As on 31<sup>st</sup> March 2004, \$1 = USD 1 = INR 70

# Zydus is a diversified organization with a focused approach



## Global Gx Business

 ~ \$895 Mn Sales growing at CAGR of ~18%<sup>1</sup>

**4<sup>th</sup>** Largest pharmaceutical company in US by total prescription<sup>2</sup>

Over **15** years of presence in the US


 Strong presence in France & Spain with focus on expanding market coverage

## Global Branded Gx Business

 **4<sup>th</sup>** largest pharmaceutical company in India<sup>3</sup>

### # Top 3

... in Pain, Oncology, Respiratory, Gynaecology<sup>4</sup>

 **APAC Afri-ME LATAM**

Creating a stronger presence across various markets

## Specialty Products, Biosimilars & Vaccines

### Multiple

specialty and complex generics products under development

**1<sup>st</sup>** global biosimilar of Adalimumab launched in India (**Exemptia**)<sup>\*</sup>

Diverse portfolio of **20** Biosimilar products<sup>\*</sup>

**2<sup>nd</sup>** company in the world to develop Typhoid conjugate vaccine<sup>\*</sup>

## NCEs & NBEs

**1<sup>st</sup>** Indian NCE developed in-house: **Lipaglyn®** (Saroglitazar)

Global Lipaglyn® Program:

- Received **marketing approval** in **Mexico**
- **Phase II trials** completed in US for **NASH** indication

**10+** NCEs/NBEs in pipeline<sup>\*</sup>

**NBE: 1<sup>st</sup>** (Polyclonal antibody) in collaboration with WHO received mkt. authorization in India

## Allied Businesses: Wellness & Animal Health

Dominant presence in niche segment of Health & Wellness

**95%** market share in sugar substitutes<sup>5</sup>

Integrated the acquired business of Heinz which has leading brands viz. Glucon D, Complian & Nycil

**#2** largest animal health company in India with a wide portfolio of Drugs, Vaccines and Feed Supplements<sup>\*</sup>

## Partnerships & Alliances

**50:50** joint partnerships<sup>\*</sup>  

 **25:75** joint partnership<sup>\*</sup>

**25** ANDAs filed, 21 approved (for partners)<sup>\*</sup>

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**CORPORATE OVERVIEW**

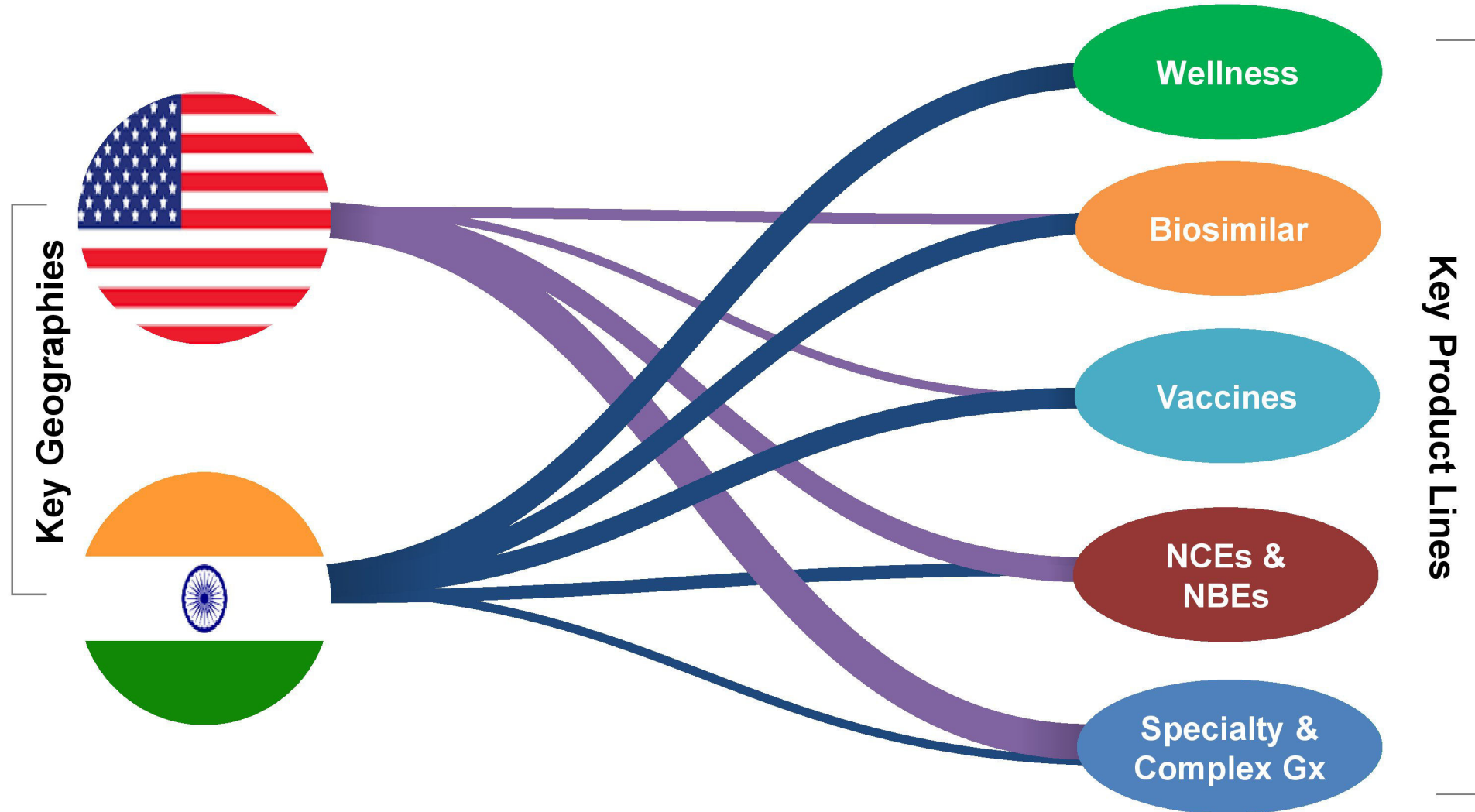
ZYDUS AT A GLANCE

**ZYDUS NEXT WAVE OF GROWTH**

ZYDUS ORGANIZATION



# Zydus – Major Growth Drivers for Future through Product Lines [1/2]



# Zydus – Major Growth Drivers for Future through Geographies [2/2]

~65% revenues coming from key geographies of Emerging Markets

## Revenue

Consistent growth in revenues



### Key markets

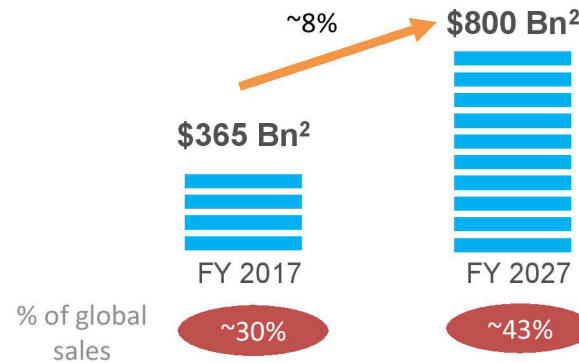


Indicative geographies

Poised to be the third pillar for Zydus' growth

## Key Market Trends

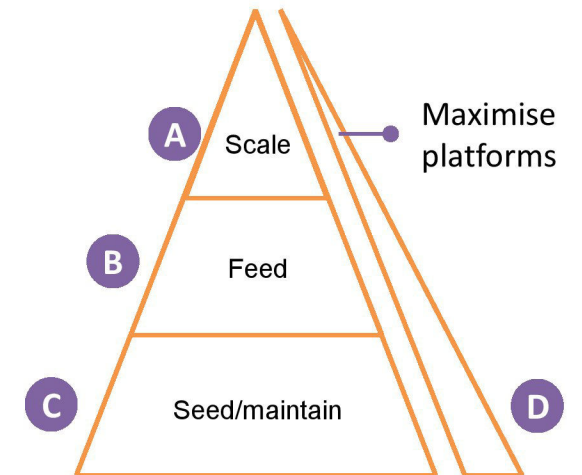
1. EM is expected to drive global rebalancing



2. Different players have had varied degrees of success in EM so far
3. Emerging Markets have helped global companies to offset uncertainties in the US market

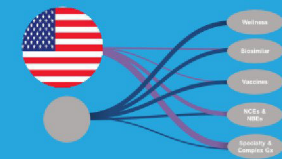
Significant investment in key potential geographies

## Zydus' Approach for Future



- Enhanced focus to build scale in 2-3 markets**  
Concentrate resources & make large bets
- Feed regulatory clusters** around scale markets
- Seed & maintain presence** in other markets using a **performance management framework** for **option value**
- Build **global platforms** in **differentiated assets**

# Zydus is one of the fastest growing pharmaceutical companies in the US with ~ \$895 Mn revenues growing at CAGR of ~18% [1/2]



Over last 15 years Zydus has successfully commercialized 175+ products and gained leadership in the market



## Strong Financials

- Proven commercial success in US market with ~\$895 Mn in revenues growing at CAGR of ~18%
- Future growth and revenue enabling product pipeline

## Market Leadership

- 4<sup>th</sup> largest Generic Pharmaceutical company in US by Prescription Share <sup>1</sup>
- Leadership position in top 10 Products of our portfolio <sup>2</sup>

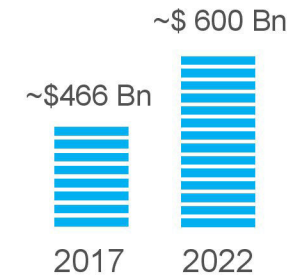
## Product Portfolio

- Diligently built product portfolio of 500+ products at optimum RoI
- 175+ product launches
- 1<sup>st</sup> to launch high value generics

## Quality Compliant Manufacturing and Commercial Infrastructure

- Capability to manufacture different dosage forms including complex products with highest quality standards
- Long-standing relationship with key GPO, distributor and wholesale decision makers
- Established Sales and Marketing Team

The US Medicine Spending was ~466 Bn\$+ in 2017 & is expected to reach ~600 Bn\$ by 2022 with a CAGR of 4-7% <sup>3</sup>



## Key Growth Drivers

- Novel Treatment Options
- Launch of high-value products
- Biologics
- Specialty Medicines

Zydus is well positioned for growth with a strong portfolio of products ranging from Vanilla Generics to NCES through in-house efforts as well as partnerships

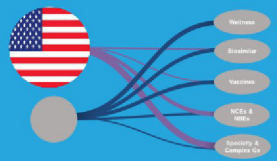
- Diverse product pipeline
- Focus on complex generics (dosage form and delivery platforms), specialty products and 505(b)(2)
- Supply-chain excellence and Cost competitive manufacturing
- Successful Partnerships to drive growth

<sup>1</sup> IQVIA National Prescription Audit, MAT December 2019

<sup>2</sup> IQVIA National Sales Perspective Audit, MAT Dec 2019 and IQVIA National Prescription Audit, Dec-2019

<sup>3</sup> IQVIA Report 2018 and Beyond, March 2018

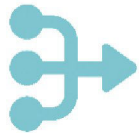
# US Generic market outlook & Zydus' growth strategy [2/2]



## Trends in US Market



Pricing challenge



Customer consolidation & portfolio optimization by big players



Supply Chain Disruption



Increased generic competition



Challenges in complex products (Drug-device/biosimilars)

## Zydus' approach to drive growth

1

Focus on base business, cost optimization and productivity

2

Extensive product portfolio & pipeline

3

Internal API for key products

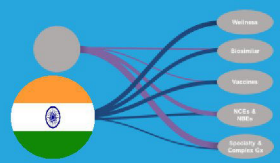
4

Focus on new launches

5

Diversifying portfolio for favorable risk reward ratio

# Zydus is a dominant player across value chain of healthcare business in India



**4<sup>th</sup>**

... largest pharma player in India by size<sup>1</sup>

**4.2%**

... value market share in India<sup>2</sup>

**Top 3**

... in Oncology, Respiratory, Pain, Gynaecology TAs<sup>3</sup>

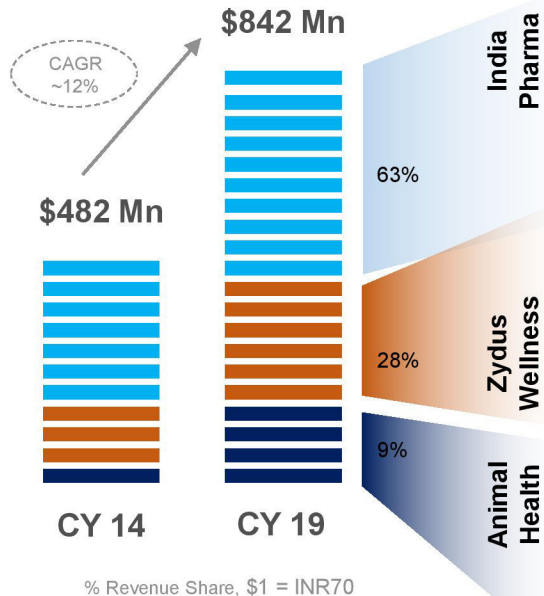
**Diverse Portfolio**

... with key presence in Pharma, Wellness and Animal Health

**1<sup>st</sup> NCE**

... launched in India (Lipaglyn®#)

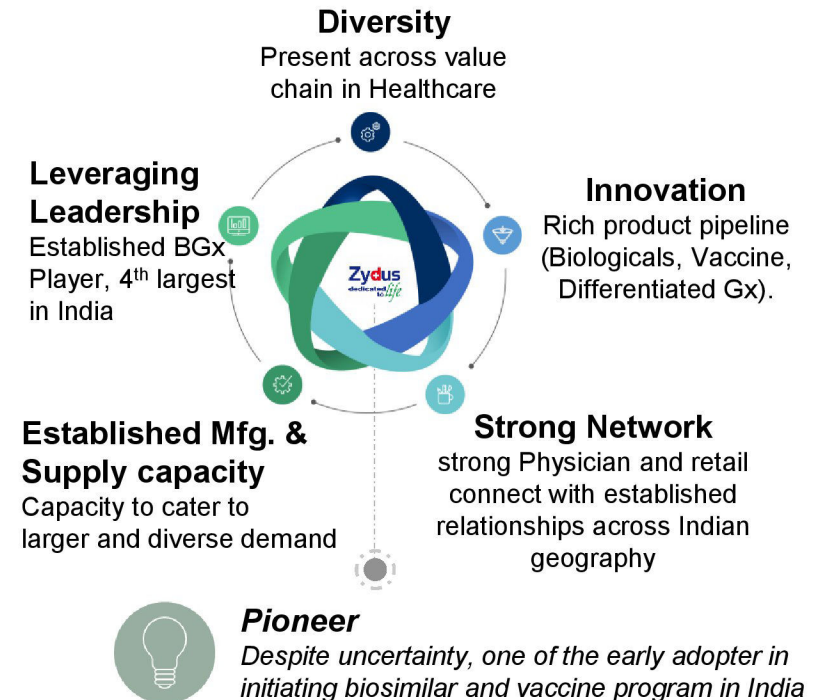
## Revenue



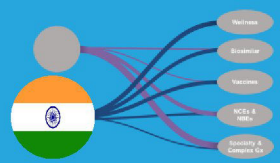
## Portfolio & Key Strengths

- New products & Volumes are major growth drivers
- Diversifying business through building Specialty Portfolio & Biologics
- Dedicated field force segmented by mass and specialty; reaching to 300,000+ doctor and 500,000+ retail partners\*
- Thriving in niche categories of health and wellness with Sugarfree, Nutralite and Everyuth
- Integrated the acquired portfolio of Heinz having the leading brands viz. Glucon-D, Nycil and Complian
- Strong distribution network with significant presence at retailer chemists' accounts
- 2<sup>nd</sup> largest Animal Healthcare Company in India\*
- Introduced one of the highest 'First-to-the-market' products
- Consolidated our presence through Acquisition of Zoetis

## Capabilities



# Building mega brands, investing on building capabilities and leveraging in-organic opportunities will remain corner stone of our strategy



Consolidating  
**India Pharma**  
Business

Strengthening  
**Biologics & Vaccine**  
Franchise

Building  
**Mega Brands**

Exploring  
**In-organic Opportunities**  
through M&A

## Business Units



## Market Trends

- India Pharma Market will continue to grow double digit<sup>1</sup> despite challenges; **volumes & new products** will be major growth drivers
- Anti-infective will show stagnancy **while lifestyle disorders, CVD, Respiratory & Oncology** will gain additional scale

- FMCG market is shaping up and growing at rapid pace owing to rapidly changing consumer preferences and **income upscaling & rapidly growing middle class**

- Indian Animal Healthcare market is witnessing healthy growth led by poultry & Biological portfolio
- New variations of animal diseases pose both challenges and opportunities for the market, leading to constant innovation\*

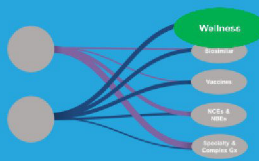
## Zydus' Approach

- Aspire to grow in line **with the market** by strengthening core portfolio and launch of differentiated/specialty BGx, Biosimilars & Vaccines
- Building **25 mega brands** through driving double digit growth, by leveraging SFE capabilities, digital infrastructure

- Expand our **sugar substitute franchise** by bringing innovative options to cater larger pool
- Capitalize on our acquisition of Heinz portfolio and drive profitable growth

- Fast scale up of **farm-care business** to improve the market share in nutrition-centric livestock market
- Faster development of **superior new products** to maintain leadership position in therapeutic and poultry businesses

# Zydus Wellness: Poised for the next Big Leap [1/2]



**27+ years**  
of  
**Operational excellence**

**Trusted**  
brands with a strong brand  
recall value

**#1**  
in Sugar substitutes, Butter  
substitute and Skin Care<sup>1</sup>

**~ \$1220 Mn<sup>2</sup>**  
Market Cap

**Science and  
Innovation**  
led product portfolio

## Financials



**~\$75 Mn** revenue in CY-18

- Zydus Wellness has a track record of building new emerging categories with differentiated product propositions
- Unparalleled delivery of consumer value, translating into a **20%+ CAGR** in shareholder value in the last 10 years to reach a market valuation of ~\$1220 Mn<sup>2</sup>

## Our Leading Brands



- Undisputed market leader with category defining market share of ~95%<sup>3</sup>
- Significant growth potential: 60 mn+ diabetics in India with an increasingly health-conscious urban population
- Category leadership reinforced through innovative products like SugarFree Green and Sugarlite

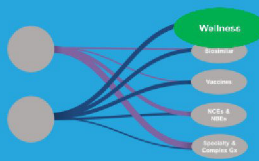


- Demonstrated category and brand leadership through –
- Expansion into the \$100 Mn+ mayonnaise market growing at 20%+
- Innovative products like flavored fat spreads to extend the low calorie spread category
- Opportunity to extend other breakfast and snacking spaces



- Pioneer & market leaders of Scrubs (~32%) and Peel Offs (~81%)<sup>3</sup>
- Strong brand growth in line with category growth of 10%+
- Growth drivers include increasing penetration of Scrubs and Peel Off masks and premium skin care launches like tan removal packs

# Zydus Wellness: Poised for the next Big Leap [2/2]

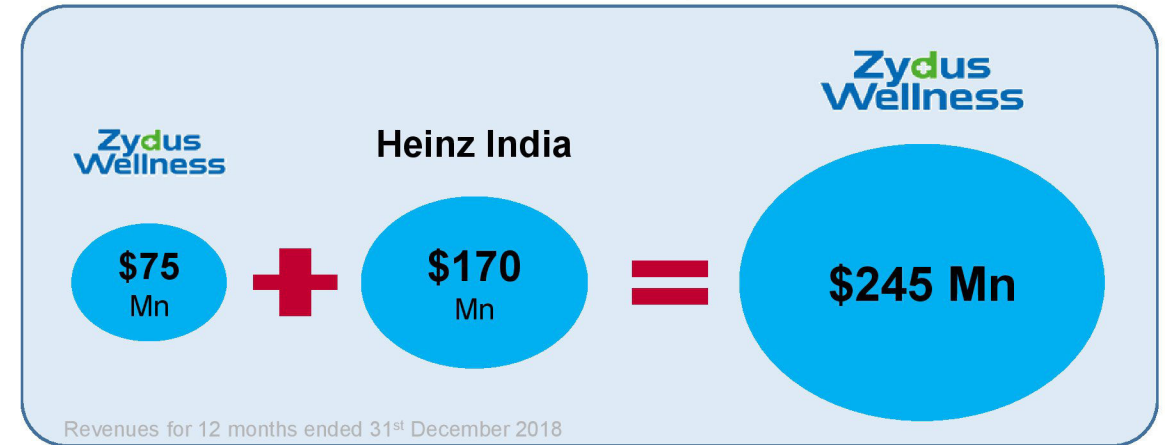


Acquire Heinz India Pvt. Ltd., catapulting it amongst the leading consumer wellness business in India

## Significant synergy potential in the combined business

- **Omni channel** strategy
- Increase access to **rural** markets
- Double the direct reach
- Enhance **engagement** with key accounts
- Benefit from wider **talent pool** and **capabilities**
- **Revenue synergies**
- **Cost savings**

## Value accretive acquisition



## Extensive pan India distribution network (Heinz)

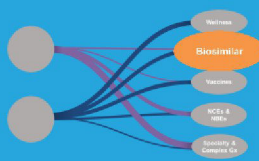
Distributors	Retailers	Warehouses	Field force
800+	1.7 mn	21	~ 1,000

## Instant boost in share of Wellness pie





# Zydus: A Global Player in the evolving Biosimilars Space [1/2]



More than  
**19 years**  
of experience of biosimilars  
development

A key  
**Growth Driver**  
for the India Business

A portfolio of  
**10+**  
commercial biosimilars on  
Indian Market

A team of  
**300+**  
scientists in R&D and  
Manufacturing

## Robust Infrastructure



- One of the largest installed and running **State-of-the-art biologics manufacturing plant** in Asia for **monoclonal antibodies\***
- **100+ scientists in R&D** with capabilities across biosimilar development and focus on quality, efficiency and regulatory compliance\*

## Diverse Portfolio



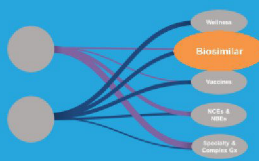
**20 Biosimilar programs**  
form our overall portfolio

S. No	Product	Indication	Cloning	Process Dev.	Pre-Clinical	Regulatory Permission	Clinical Dev.	Indian MA	India Launch
1	IFNα-2b	Hepatitis B & C				Launched			
2	PEG-IFN	Hepatitis B & C				Launched			
3	PTH	Osteoporosis				Launched			
4	G-CSF	Oncology				Launched			
5	PEGG-CSF	Oncology				Launched			
6	EPO	Onco / Nephro				Launched			
7	Adalimumab	Inflammation				Launched			
8	Trastuzumab	Oncology				Launched			
9	Bevacizumab	Oncology				Launched			
10	Peg Asparagase	Oncology				Launched			
11	r-FSH	Fertility				Launched			
12	ZRC-3160	Oncology							
13	ZRC-3268	Osteoporosis							
14	ZRC-3276	Oncology							
15	ZRC-3277	Oncology							
16	ZRC-3189	Myocardial							
17	ZRC-3287	Nephrology							
18	ZRC-3185	Ophthalmology							
19	ZRC-3286	Inflammation							
20	ZRC-3256	Oncology							

## Leading Brands



- In last few years we have launched a number of leading biosimilar brands in the Indian market\*
- These brands have catapulted us to **leading position in therapy areas like oncology, rheumatology<sup>1</sup>**



## Current Trends in Biosimilars

### India

- Ever Increasing penetration of biosimilars with more than 50 approved products on the market
- Cut-throat price points with similar efficacy to originator products\*

### Emerging Markets

- The potential for biosimilars in emerging markets remains attractive however players with most effective local presence have proven successful
- Local partnerships with market leaders seems the right option both in short term and long term for these markets

### EU & US

#### Europe

- 45 approved Biosimilars, leading to -
- Huge discounting from both biosimilar manufacturers & innovators alike, raising a
- Question mark on sustainability of players?

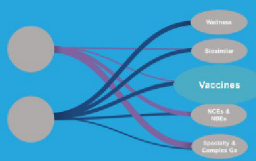
#### USA

- Limited progress on biosimilar approvals leading to lower penetration
- Challenges on multiple fronts include regulatory clarity, patent & litigation challenges, weak market incentives\*
- Interchangeability guidance draft just released with other guidance on analytical comparability studies

## Zydus' Approach: Geographic Expansion



# ZyduS Vaccines: An emerging player in Vaccine Space [1/2]



**20+ years**

...of experience. started journey in 1998\*

**Growth Driver**

... major growth driver for India geography\*

**5**

Manufacturing (3) and R&D (2) Facilities\*

**300+**

... dedicated scientists and Workforce\*

## Current Strengths & Capabilities



- **R&D:** Robust Product Pipeline coming out of dedicated R&D facilities in India & Europe. 2<sup>nd</sup> company in the world to develop Typhoid conjugate vaccines\*
- Capabilities to conduct research from “Concept to First-in-man trials” under one roof across vaccines types

- Live Attenuated
- Sub-unit
- Inactivated
- Inactivate Toxins
- Others



**Vaccine Technology Centre (VTC)**  
Ahmedabad, Gujarat, India



**Etna Biotech**  
Catania, Italy

### Mfg. & Supply:

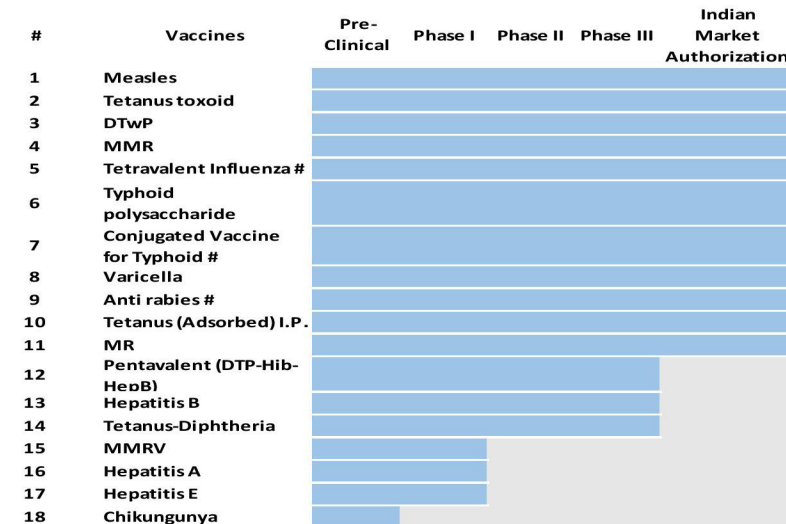
- Dedicated manufacturing capabilities catering to differentiated portfolio\*
- Vaccine innovation comes from two R&D centers focused on developing newer vaccines\*
- Capacity to produce 19 Million doses. Aiming to build lean and agile supply chain

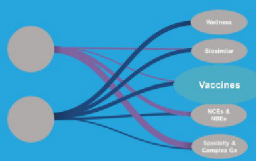
**Portfolio:** Focus on innovative and differentiated vaccines catering to unmet needs

## Portfolio



**ZyduS Vaccine Pipeline: Commercialized / Market Authorization Received\***





Major revenue  
**Growth Driver**  
 ...in next 5-7 years

**Global**  
 ...presence in key geography  
 (Public and Private market)

**Diversified**  
 ...portfolio with innovative,  
 differentiated vaccines

**R&D**  
 ...significant investment in  
 Building capabilities

**Manufacturing**  
 ...Infrastructure  
 of global standard

## Market Trends

- Global Vaccines Market is expected to reach **\$65 Bn by 2023** at CAGR of **10.9%** during 2017-23<sup>1</sup>
- Vaccine market will continue to be the most **dynamic** and **evolving** in nature
- **Strong supply capacity** backed up by **robust R&D capabilities** are key success factors
- **Rise in awareness** of preventive measures, strong government programs will drive growth in **middle and low income countries**
- **Newer generation and combination** vaccines will drive growth in **high income countries**<sup>1</sup>
- **Cost effective** differentiated vaccine at **large scale** will help in representing at global **public markets**\*

## Leveraging Capabilities

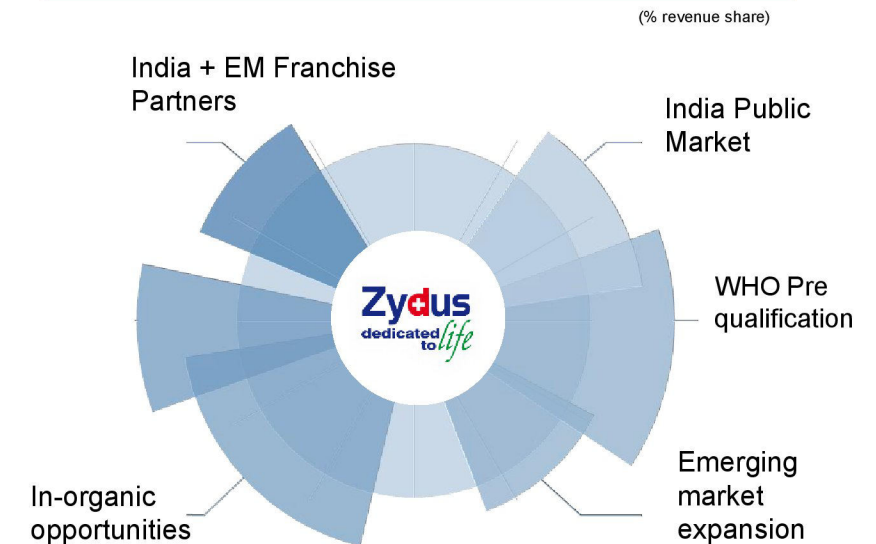
### R&D –

- Develop innovative and differentiated vaccines
- Develop vaccines of global standards
- Advanced research & analytics

### Robust manufacturing / supply –

- WHO Pre-Qualification
- Capacity Scale-up for PQ requirement
- Global footprints with robust portfolio

## Growth Theme



We seek partnership from firms to build capabilities for Global Market presence.