

# Vivimed Labs Ltd



**Vivimed**

Active Pharma  
Ingredient

Branded  
Formulations

Specialty  
Chemicals



**Investor Presentation  
Quarter 1  
FY 2018 - 19**

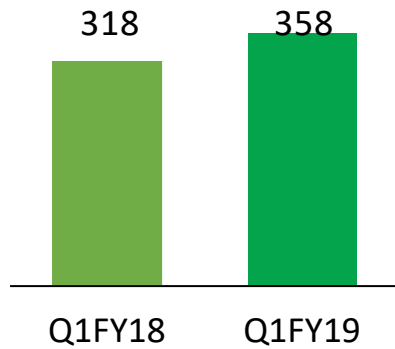
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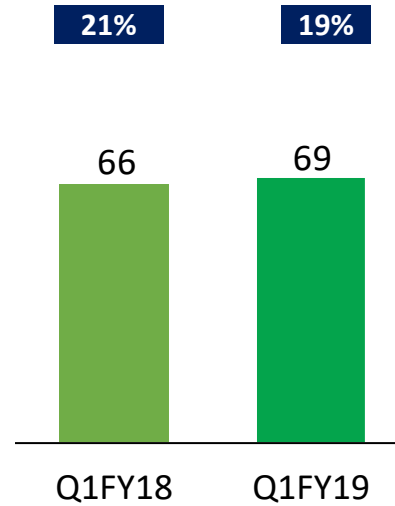
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# Quarterly Consolidated Performance Highlights

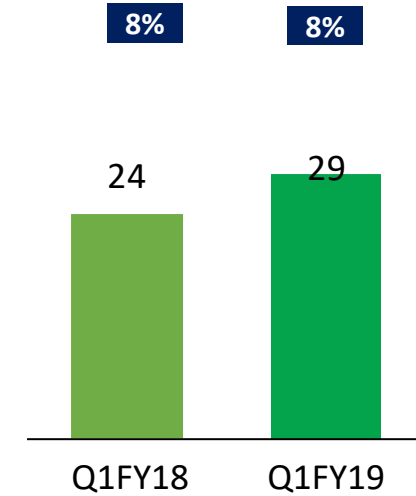
## Revenue



## EBITDA

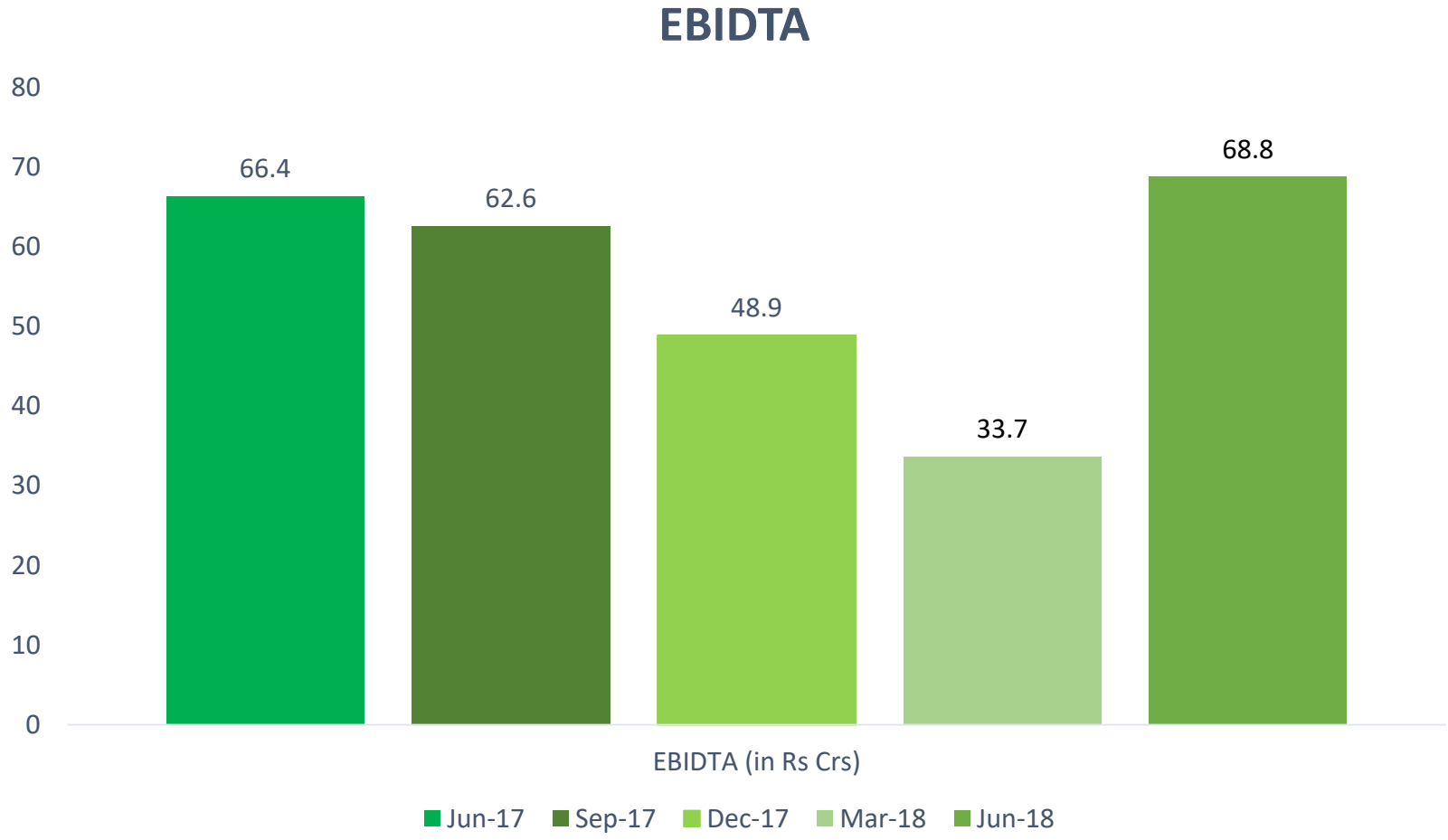


## Net Profit



Margin %

\* EBITDA is calculated after excluding Other Income.



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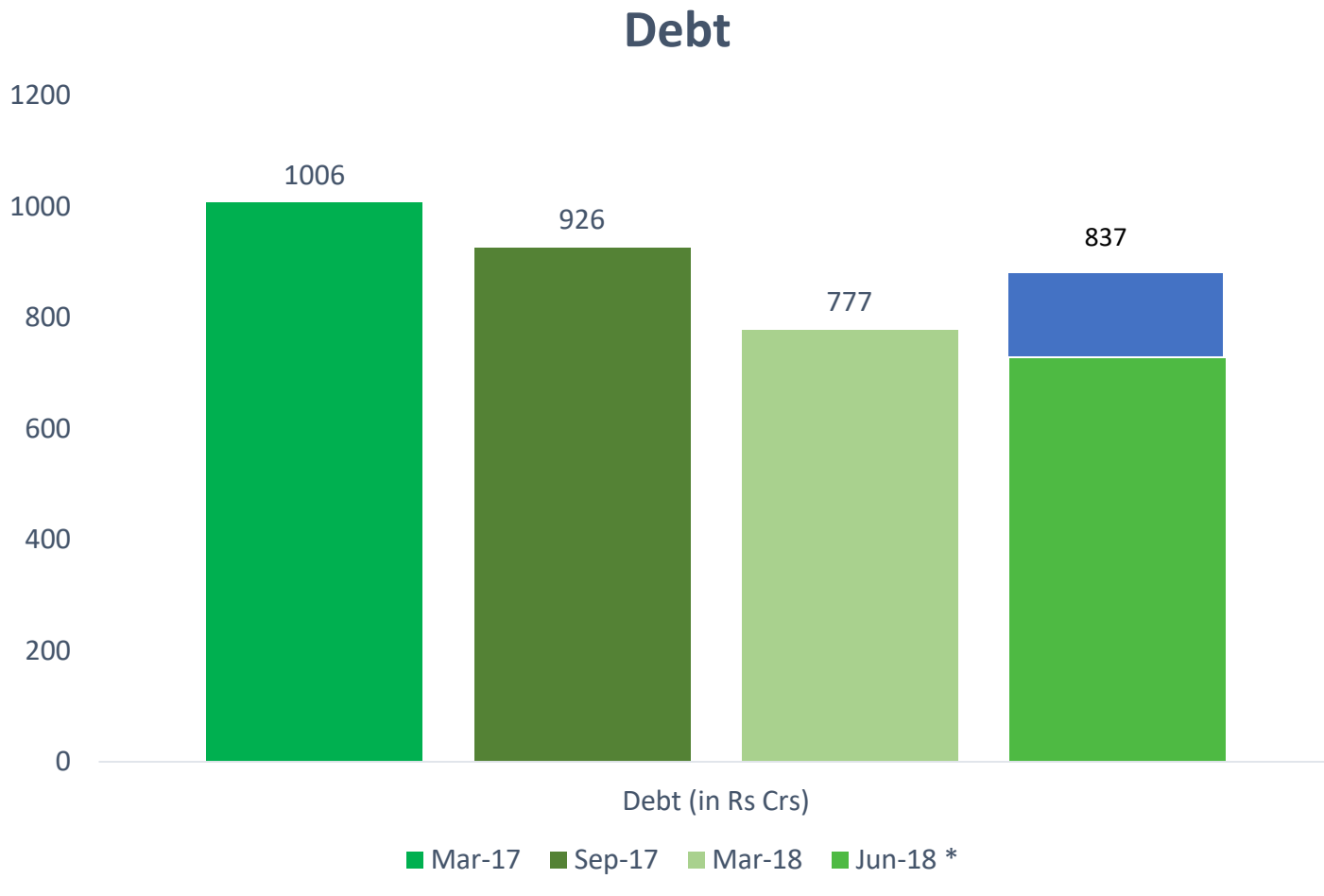
**Specialty Chemicals:**

1. Some of the products in the hair dye portfolio had shown abnormal increase in the previous quarters and the same has gone down to normality and hence the reduced sales in this quarter.
2. The growth in the margin is on account of more sales from photochromic products.

**Pharmaceuticals:**

1. While the API and CDMO sales are on target, some of the export realizations from the FDF division have not materialized and hence the dip in the sales compared to last quarter. However, the FDF export sales are expected to pick up in the coming quarter.

# Reducing Debt in the Company



\*Debt from Soneas acquisition is also included.

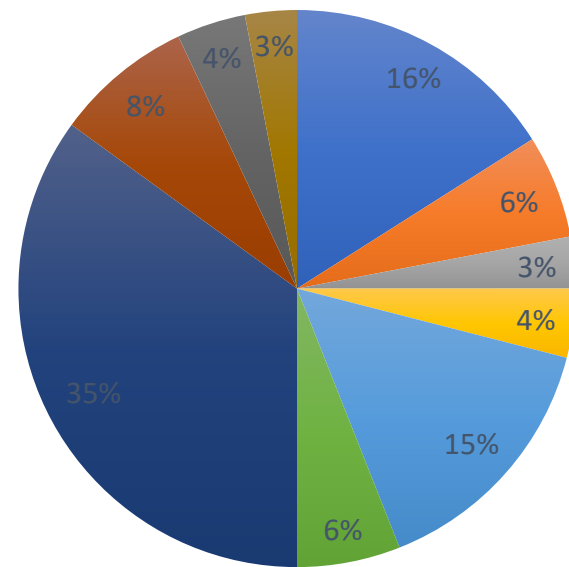
Pre Soneas acquisition the debt was 726 Crs.

Vivimed has been focussed towards debt reduction and reducing the cost of funds.

## Soneas Acquisition

- Soneas is exposed to a variety of products in a wide range of therapeutic areas.
- The products are developed under CRO relationship with the customers.
- In case of contract manufacturing, the facilities of UQUIFA can additionally supplement the requirements.
- The diversity of therapeutic areas in Soneas complements UQUIFA’s portfolio.

## Pipeline Revenue per Sector



- Cardiovascular
- Infectious Disease
- Neurology
- Other Pharma
- Non-pharmafine chemicals
- Hormone
- Unclassified
- Allergy
- Metathesis catalysts
- Dermatology

- The acquisition is EPS accretive.
- Wide range of product experience and capability essential for clients
- Scalable facilities in a highly regarded, low cost European location
- Value added services and reliability are key differentiating factors
- Reliable income on account of well diversified, entrenched, and stable client base
- Significant potential synergies with UQIFA
- Pipeline opportunity exceeds forecast capacity
- CMO facilities in Soneas to be developed as additional site for UQIFA CMO operations.
- Expansion of customer base with clients like Astellas, Leo, Eisai etc and greater engagement in **Japan Markets**.



## Formulations

- Formulations division continues to focus on exports to the ROW countries and sales are expected for key products such as Ciprofloxacin, Tropicamide Eye drops, Levofloxacin tablets etc
- The Joint Venture with M/s Strides Ltd, is expected to gain momentum riding on the recently sanctioned ANDA. It provides Rx and OTC rights for Rantidine. The other key products are expected to be Azithromycin, Modafinil, Clindamycin and Acyclovir.
- The branded generic sales for products in the anti ulcer and arthritic pain management category are seeing a good response from the market and we expect to increase the operational territory soon.

## API

- API Sales are on target and the new DMFs are going through their trials for commercial release.
- The CDMO business has shown an increase over previous quarters and we are awaiting the commercial release status of the pipeline products.
- The Soneas business is expected to provide additional synergies over the coming months with few of their products exhibiting high CDMO potential.

## Specialty Chemicals

- The photochromics segment is exhibiting a significant growth potential with a couple of products in this category poised for a substantial volume increase.
- The hair dyes segment is witnessing a growth in the oxidative dyes category and the non-permanent dyes sector has acquired new clients over the last few months.

## Mr. Ramakrishna Chunduri – Member of the Advisory Board

- Qualified Chartered Accountant and Cost Accountant
- Finance professional with varied experience in finance and management over a few decades.
- He served as a Director in Matrix Laboratories Ltd.
- Associated with several companies including DEL, Maa TV etc.

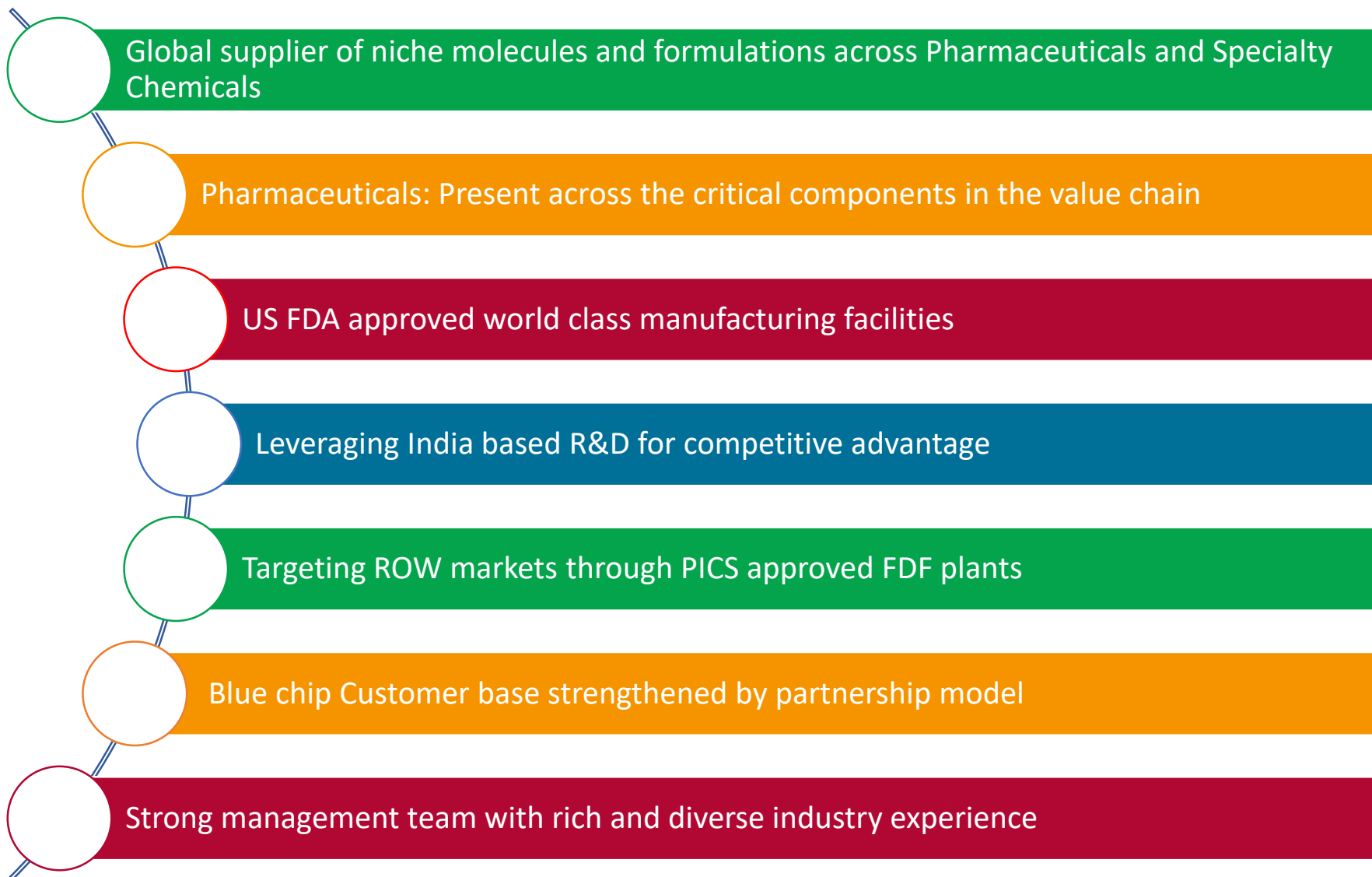


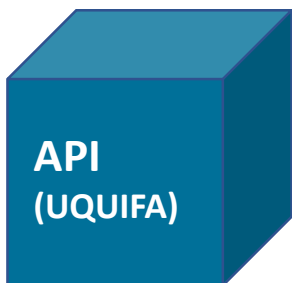
## Mr. Jozsef Repasi – Chief Executive Officer, Soneas

- More than 25 years of experience in pharmaceutical research and development.
- Associated with Soneas from 1996.
- Msc. In Pharmaceutical Development from Eötvös Loránd University.
- Head of Research and Development at Prochem Ltd, UNIDO Headquarters Vienna.



## Chemistry at the Core





- Uquifa s.a. is the Spanish subsidiary of Vivimed Labs with 80 years of experience having US FDA approved manufacturing units in Spain (2) and Mexico (1)
- Manufactures APIs for pharmaceutical and animal health industries globally
- It has over 40 type 2 DMF filed with US FDA and more than 150 active DMF's worldwide
- Uquifa's CDMO business has experienced exponential growth due to strong R&D global team, emerging products, and partnerships with global players such as GSK, Pfizer, Gilead, Esteve, etc.

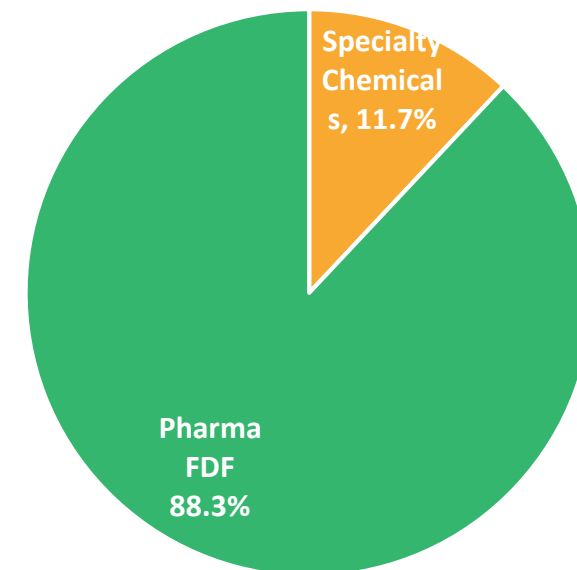


- A value added business that delivers quality formulations and offers novel drug systems
- Present in generic, branded and contract manufacturing segments
- Focus to expand into the non-USA based regulated generic markets such as the CIS and African Countries



- Manufactures Hair Dyes, Photochromic Dyes, Anti-Microbials and Imaging Chemicals
- Vivimed is a world leader in the development of innovative photochromic dyes
- Vivimed has patented processes for novel dyes targeting a range of applications

Revenue Break Up as of Q1FY2019



■ Specialty Chemicals ■ Pharma FDF



Facilities		Total
Pharmaceuticals– API	●	3
Pharmaceuticals – FDF	●	7
Specialty Chemicals - Active Ingredients	●	1
<b>Total Facilities</b>		<b>11</b>
R&D Facilities		6
Global Support Offices		5

11 manufacturing facilities along with R&D centres and global support offices provides access to diverse markets and cost advantage



# Global Clientele



Vivimed



LEO Pharma Inc.

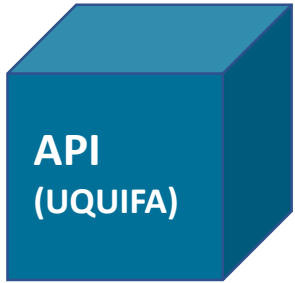
Preferred Supplier to the leading global brands



# API Business ~ UQUIFA

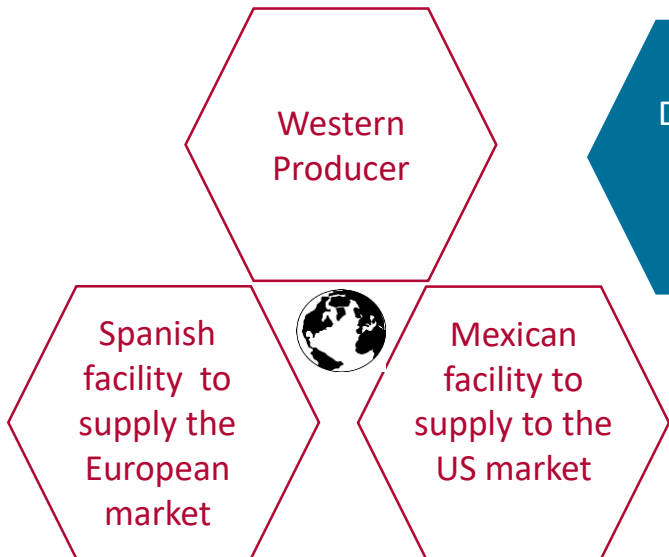


Vivimed





## Global Footprints



Diversified product portfolio

Clear verticals in the portfolio

150 DMF's filed

## Diversified Product Portfolio

## FDA Approved Production Facilities

3 multi-product plant across continents

Compliance with US FDA/EDQM regulatory requirements

Aggregate reactor capacity of 470KL

Relationship with leading pharma names

Multi-product relationship with blue chip Customers

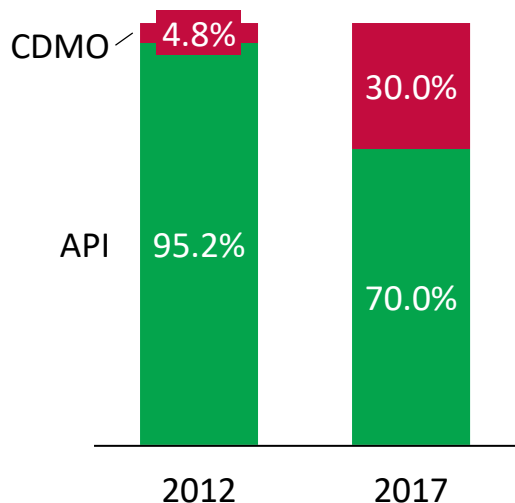
Spontaneous awareness as a Top Supplier

## Strong Reputation as a Supplier

**UQIFA is well positioned in the Pharmaceutical industry, in Europe and USA with a diversified product portfolio, consistently compliant production, over 80 years of experience and well-known supplier to the industry**

# ...Backed by API's consistency and CDMO evolution

UQUIFA by Products



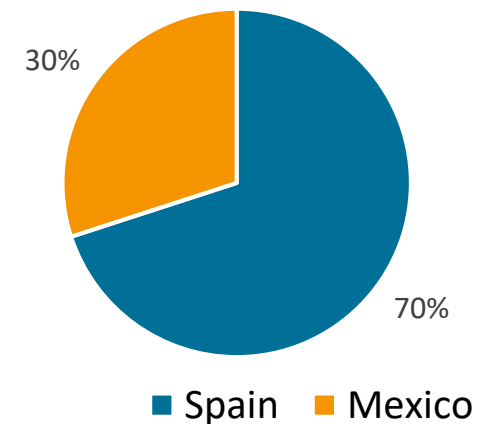
## API's Consistency

- UQUIFA's generics segment has realized material growth due to strong underlying end-market generic drug demand, price growth and new customers
- Generics growth has also come from customer acquisitions which helped to increase UQUIFAs contract volumes
- Competitive Positioning makes UQUIFA the preferred choice in the European markets

## CDMO Evolution

- UQUIFA manages all aspects of research, development and manufacture of intermediates and APIs for its customers
- CDMO business has seen exponential growth over the last five years and it now comprises ~30% of UQUIFAs business
- 3 US FDA approved facilities and Long lasting relationships with established players has helped UQUIFA to grow CDMO vertical

UQUIFA by Geography



Bulk Generics

## Product Portfolio

- Anti Ulcer
- Antibiotic
- Antifungal
- Antiviral

Niche Generics

- Antihistamine
- Analgesic
- Anti Hypertensive
- Mydriatic
- Vasodilator
- Analgesic/Narcotic

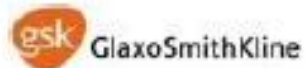
New Generics

- Anti Ulcer
- Antibiotic
- Antifungal
- Antiviral

Ethical Products

- Anti Ulcer
- Antibiotic
- Antifungal
- Antiviral

## Main Clients



## UQUIFA has good volume share in the below products

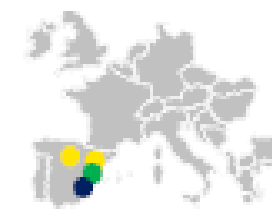
- Etofenamate
- Doxylamine Succinate
- Ranitidine
- Omeprazole
- Pantoprazole
- Quetiapine

## Geographic Presence

UQUIFA Mexico



UQUIFA Spain



- R&D Facilities (3)
- Manufacturing Plants – US FDA approved (3)

- Corporate Office- Barcelona
- GMP compliant facility for backward integration

- Strategic cost advantage centres for vendor development



Product molecules with strong underlying demand for therapy areas: anti-ulcer, CNS and CVS

- Anti-Ulcers comprise ~40% of business and the Company is focused on expanding in other therapeutic areas



Favourable pricing due to competitive positioning and higher compliance reliability



**New product launches to secure future growth in generics**

- New Launches are likely to be more Customer driven projects which gives high visibility, and mitigates the risk of product development
- Customer base has mix of established names like Mylan, Actavis, Sandoz and growing franchises like AET, Normon, Esteve



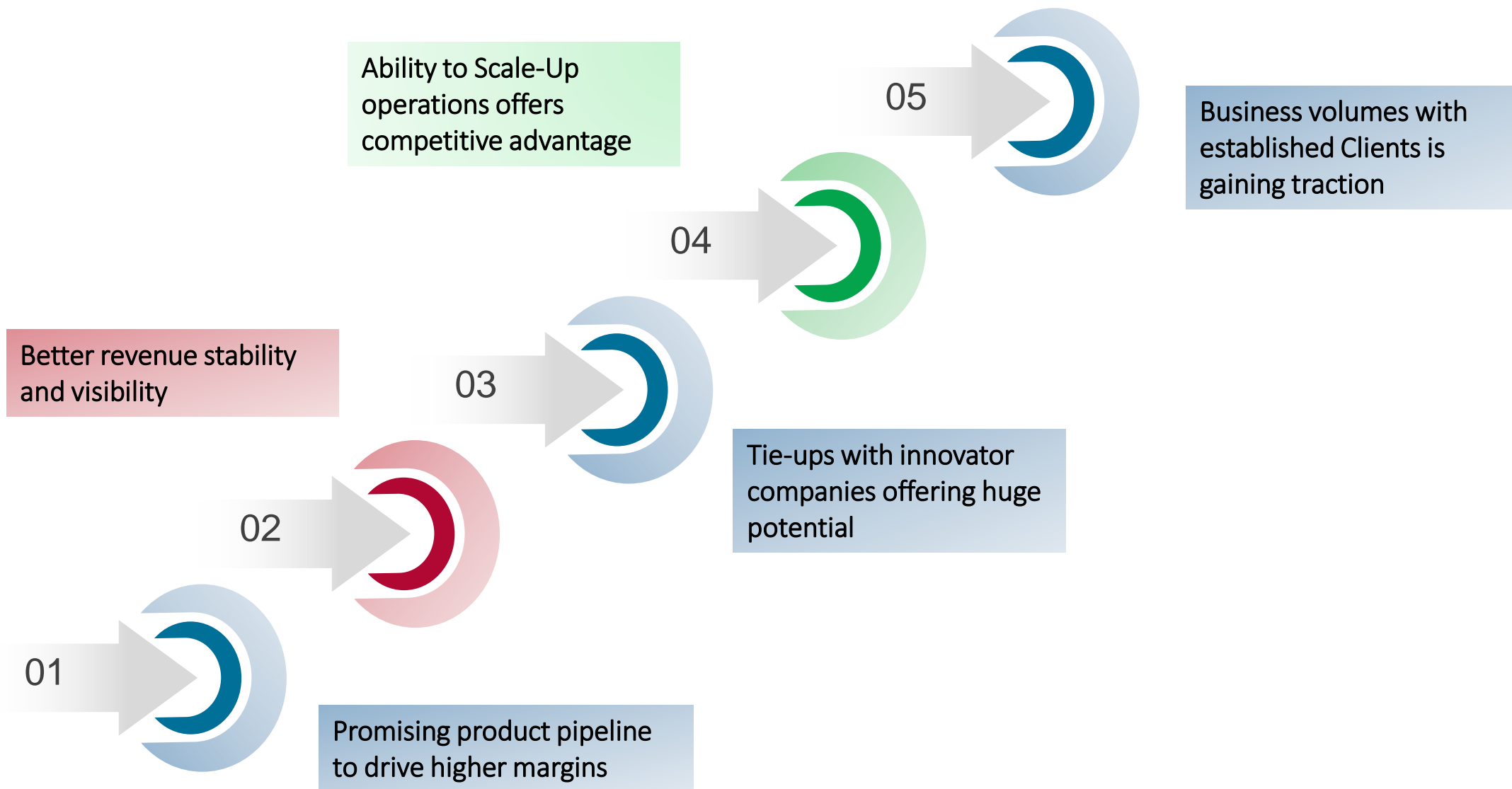
**Product portfolio to have younger profile as new generics enter**

- Innovative co-development options helps to build a stable revenue base and achieve better profitability
- AET, Stada, Kem and other leading EU formulators are leveraging UQUIFAs chemistry advantages

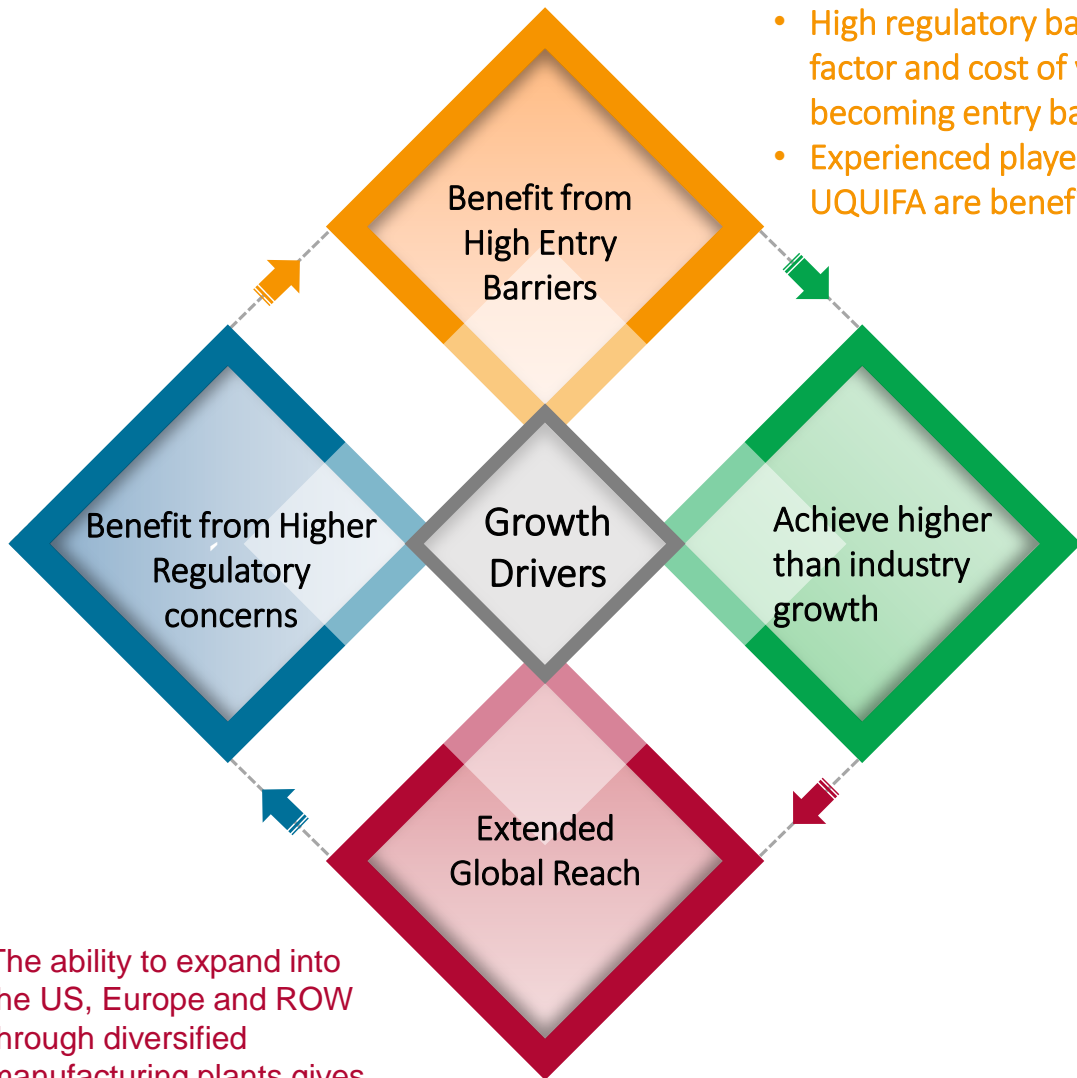


Manufacturing facilities across Spain and Mexico to aid growth in the European and US markets

# CDMO vertical gaining traction



Increasing regulatory concerns makes UQIFA the preferred choice especially across US and European markets



- High regulatory barriers, time factor and cost of validation becoming entry barriers.
- Experienced players like UQIFA are benefitting from it

- Chemical skills and ability to scale up can help to achieve higher than industry growth
- Constant innovation and ability to deliver benefits UQIFA

- The ability to expand into the US, Europe and ROW through diversified manufacturing plants gives UQIFA a strategic advantage





Company manufactures wide range of dosage forms which finds acceptance in regulated and pharmerging markets

## Key Business Segments

### Contract Manufacturing (CMO)

- Product Type: Capsules and Tablets, Syrups and liquids, Nasal sprays and Ointments
- Manufactures for leading companies like GSK, Dr Reddy's, Cipla, Merck Serono, Abbott, Wockhardt etc

### Regulated Markets

- Acquired US FDA approved Solid oral dosage (SOD) facility, at Alathur, Tamil Nadu
- Total Capacity: 2 Billion SOD
- Caters mainly to the US market and is mainly focused on institutional business
- Now in JV with Shasun-Strides to reach the US markets

### Pharmerging Markets

- Focused towards, meeting the customer requirements in India, Southeast Asia, Middle east etc with the help of diverse branded formulations portfolio in Pain management, Nutraceutical and Dermatology segments
- Leveraging on our manufacturing strengths to be the manufacturing partners for global pharmaceutical organisations





**Jeedimetla Hyderabad**  
PICs/NDA/WHO-GMP  
approvals



**Kashipur Uttarakhand**

- ISO 9001-2000, ISO 14001 and OHSAS 18001 certifications
- WHO-GMP/NAFDAC approvals



**Klar-sehen Jeedimetla, Hyderabad**

- ISO 13485 certified
- CE certificate for medical devices



**Haridwar Uttarakhand**

- ISO 9001-2000, ISO 14001 and OHSAS 18001 certifications
- ISO 13485 certified



**Bolarum Hyderabad**



**Alathur, Tamilnadu ( Now part of JV with  
Shasun-Strides)**

USFDA Approved Facility

## Strengths

- A dedicated team of 60 scientists working on formulation developments for USA / Australia / EU and India market
- Pan India presence in Institution Businesses like ESIC, Railways and many Central Government rate contracts
- Registered and commercialized 4 products which includes Antiviral like Valaciclovir, Aciclovir, Pas Granules for supplies to the Tuberculosis program in Russia
- 4 Commercial ANDAs today
- Signed a JV with Strides Shasun



## Growth Drivers

- Planning to launch formulations based on UQUIFA API's in the Indian and ROW markets
- Developing innovative formulations across various delivery formats for ROW regions like Russia, Phillipines, Ukraine and ASEAN Regions
- Recent JV with Strides Shasun will help in deeper penetration in the formulations business
- Healthy product pipeline and focus for new filing pipeline of 4-6 new files every year

Specialty  
Chemicals



- Manufacturing active ingredients for home care, personal care and industrial products
- Product range - hair dyes, photochromic dyes, photochromic products, anti-microbials and imaging chemicals
- Maintains leadership position through captive manufacturing (Bidar-Karnataka) or with other partnerships
- Current portfolio consists of 100+ products serving 300 + Customers with supply expertise for any volumes
- Vivimed maintains world-class R&D capabilities with scientists who have a combined dye chemistry experience of greater than 100 years, both in Huddersfield-UK and Hyderabad-India.



## Description

## Recognitions



- R&D certified as a GLP Laboratory by CISR - a government of India undertaking
- Awards from Johnson & Johnson– Quality Promise to Zero Defect in 2010 and Implementation of Supplier Enabled Innovative Idea in 2005
- Certificate of Appreciation from Hindustan Unilever Limited in 2009
- Recipient of the Queens Award in 2008
- UK's R&D team got the Centenary Medal by The Society of Dyers and Colorists (SDC) for Photochromic Dyes in 2005

## Manufacturing Facility – Bidar, India (Since 1991)

- Designed in compliance with US FDA norms & highest environmental standards
- Environmental certification: ISO 9001: 2008 QMS and ISO 14001:2004; Safety Management system ISO 18001: 2007

## Research & Development Facilities- Nacharam in India and Huddersfield in UK

- Focus on idea-generating research right from creation of molecule and collaborative manufacturing



## Manufacturing Facilities



## 1997-2005

### Building Trusts and Capabilities

- Became the preferred supplier for Unilever's Asian locations for personal care segment
- Expansion in multiple locations with help of partnerships
- Thrust on R&D and enhancing knowledge of active ingredients and relevant chemistry

## 2006-2009

### Products and Partnerships

- Marquee Clientele added include L'Oreal, P&G, Kodak, Fujifilm, Henkel
- **Inorganic growth:**
  - Acquisition of James Robinson, UK(USD 21 mn)
  - Acquisition of Harmet Int. USA (USD 6 mn)
- Widened product basket: Hair Dyes

## 2010-2014

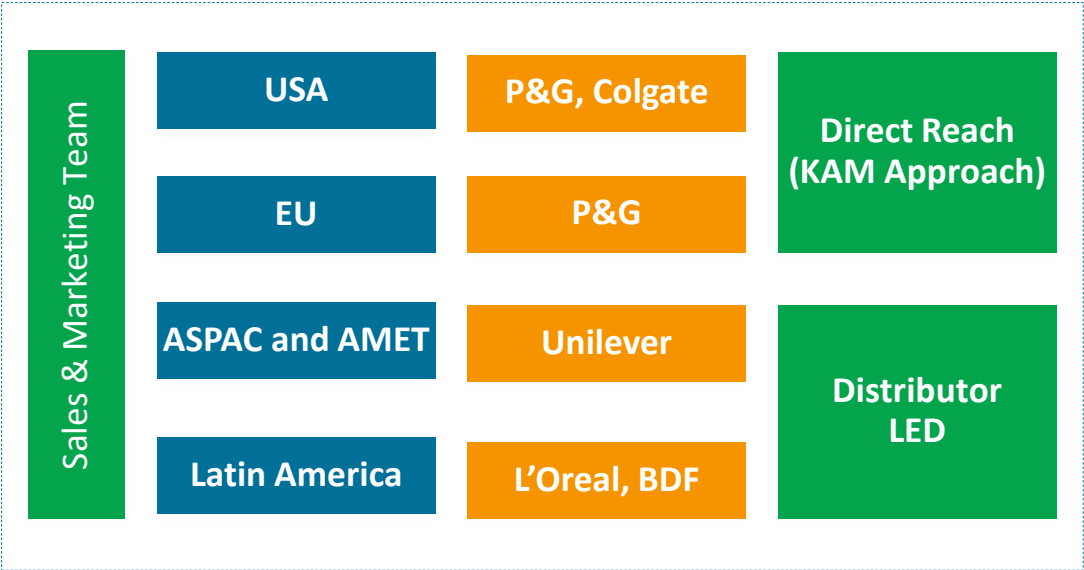
### Customization and Diversification

- Entered new segments through exclusive partnerships for personal care ingredients like Peptides & Ceramides, Viv Ag, Collagen, Elastin
- Closely engaged with Takata (Airbag active) and Rahn (9 OXO) for development of new products
- Marquee Clientele added include Johnson & Johnson, Colgate, Dabur, ITC

## 2015-2017

### Strategic Move

- Sold a part of its home and personal care business segment to Clariant (India) Ltd
- Launched a new hair care product called MBB specifically for existing consumer products Clients
- Photochromic products gaining traction
- Focus towards expansion for supplying key photochromic products and strengthening the product pipeline



### Through Key Account Managers

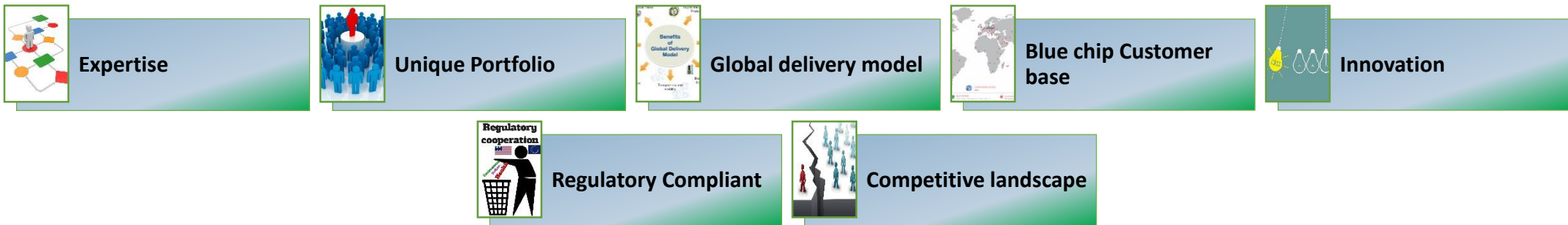
- Dedicated account managers who ensure enhanced Customer service, Customer mining & creation of new business opportunities
- Matrix structure across geographies and functions
- Direct sales comprise c.70-80%+ of the total sales

### Through Distributors

- Distributor led approach for Tier II+ Customers
- 42 distributors across 56 countries
- Distributor led sales is less than 30% of the total sales

## Key differentiators

*(Product portfolio and strong pipeline well positioned to capture growth in target markets)*



## Increasing market share from existing products

### Jarocol

- Jarocol is a globally recognized trademark serving £ 10 billion retail market and it is growing by 5-6% year on year
- Vivimed is strategically aligned with global R&D teams through joint collaborations to bring in new and safer dyes into market for growth
- Vivimed is positioned well to cater to Tier 2/3 category of Customers

### Reversacol

- Reversacol is a niche IP protected eyewear photochromic dyes brand
- Growth strategy includes marketing for applications outside of eyewear

### Anti-microbial and Pharma intermediates business

- Strategic manufacturing alliances with multi nationals poised for robust growth

## New Focus Verticals

### Naturals

- Cosmeceuticals: Beauty from within
- Nutraceuticals: Dietary Supplements

### Personal Care (Alliances)

- Peptides
- Ceramides
- OSKI

### Lateral Shift

- Paint Industry: Anti fungal
- Automotive Industry: Air bag actives
- Printable Electronics
- Water treatment, Lens project in India

## Hair Dyes

COSMOTEC

COTY

Henkel

L'ORÉAL



PARCHIMY

EUGENEPERMA  
PARIS

WOOSUNG  
Cosmetic & Trading

## Photochromatic

CORNING

Henkel



VISION  
EASE®





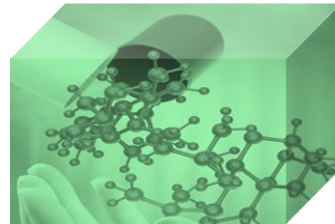


**To achieve leadership in API's, CDMO, and FDF segments**

**Strengthen operations across all business through continuous R&D, robust product pipeline and focus on steady growth**



**Expand global footprints by leveraging diversified manufacturing facilities and partnership tie-ups with big pharmaceutical players**



**To be ahead of the Curve - Focus on higher margin businesses in API's and formulations, innovate new products and expand Customer base through JVs and partnerships**



**Developing innovative formulations across various delivery formats for ROW regions like Russia, Phillipines, Ukraine and ASEAN Regions**



**Specialty Chemicals - focus on New Products and Customer Projects through Joint Ventures**

API  
(UQIFA)

Pharma  
FDF

Specialty  
Chemicals



# Consolidated P&L Statement

Rs. Crs	Q1FY19	Q1FY18	YoY	FY18
<b>REVENUE</b>	358.5	318.0	13%	1,181.80
Cost of Material Consumed	142.8	137.5		479.6
Employee Expenses	58.0	42.8		193.5
Other Expenses	88.9	71.3		296.9
Other Comprehensive (Income)/Losses	-	-		-
<b>EBITDA</b>	68.8	66.4	4%	211.8
<b>EBITDA Margin</b>	19%	21%		18%
Other Income	5.7	2.7		9.6
Depreciation	15.8	12.6		56.4
<b>EBIT</b>	58.7	56.5	4%	165
<b>EBIT Margin</b>	16%	18%		14%
Interest / Finance Cost*	19.3	24.2		79.2
<b>PBT</b>	39.4	32.3		85.79
Tax Expense	10.9	8.4		9.6
<b>PAT</b>	28.5	23.9	19%	76.2
<b>% Margin</b>	8%	8%		6%

# Standalone P&L Statement

Rs. Crs	Q1FY19	Q1FY18	YoY	FY18
<b>REVENUE</b>	62	66.4	-7%	261.4
Cost of Material Consumed	20.2	24.3		86.4
Employee Expenses	8.4	6.9		34.1
Other Expenses	16.1	16.8		64.0
Other Comprehensive (Income)/Losses	-	-		-
<b>EBITDA</b>	17.3	18.32	-6%	76.9
<b>EBITDA Margin</b>	28%	28%		29%
Other Income	0.6	0.4		1.9
Depreciation	4.8	4.5		18.1
<b>EBIT</b>	13.1	14.22	-8%	60.7
<b>EBIT Margin</b>	21%	21%		23%
Interest / Finance Cost	11.4	12.2		51.8
<b>PBT</b>	1.7	2.0		8.9
Tax Expense	0.3	0.4		-1
<b>PAT</b>	1.4	1.6	-13%	9.9
<b>% Margin</b>	2%	2%		4%

For further information, please contact:

Company :

**Vivimed Labs Ltd.**

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