

October 29, 2021

Listing Department
BOMBAY STOCK EXCHANGE LIMITED
P J Towers, Dalal Street, Fort,
Mumbai-400 001

Code: 532321

Listing Department
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, Bandra Kurla Complex,
Bandra (E),
Mumbai-400 051

Code: CADILAHC

Re: **Investor Presentation**

Dear Sir,

Please find attached the Investor Presentation on the unaudited financial results for the quarter / half year ended on September 30, 2021.

Please find the same in order.

Thanking you,

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


DHAVAL N. SONI
COMPANY SECRETARY



Encl.: As above



Investor Presentation Q2FY22

29th October, 2021



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Consolidated Financial Highlights Q2 FY22



Revenue

| INR Crores | Y-o-Y | Q-o-Q |
|------------|-------|-------|
| 3,785 | ↑ 3% | ↓ -6% |

EBIDTA

| INR Crores | Y-o-Y | Q-o-Q |
|------------|-------|-------|
| 861 | ↑ 6% | ↓ -8% |

PAT ex. exceptional and one off items

| INR Crores | Y-o-Y | Q-o-Q |
|------------|-------|-------|
| 597 | ↑ 6% | ↑ 2% |

- Consolidated Revenue from operations at INR 3,785 Crores, up 3% Y-o-Y and down 6% Q-o-Q.
- Consolidated EBIDTA at INR 861 Crores up 6% Y-o-Y and down 8% Q-o-Q. EBIDTA margin for Q2'22 is 22.7%, against 22.2% in Q2'21 and 23.2% in Q1'22.
- Consolidated reported PAT at INR 3,002 Crores, up 534% Y-o-Y and up 411 % Q-o-Q.
- PAT ex exceptional and one off items at INR 597 Crores, up 6 % Y-o-Y and up 2% Q-o-Q. PAT margin for Q2'22 is 15.7%, against 15.4% in Q2'21 and 14.6% in Q1'22.
- Research & Development (R&D) spend at INR 224 Crores (5.9% of revenue).
- Basic & Diluted EPS ex. exceptional and one off items in Q2'22 is INR 5.83 vs INR 5.51 in Q2'21.
- Net debt as at Sep 30th, 2021 INR 401 Crores vs INR 3,496 Crores as at March 31st, 2021.
- Net debt to EBIDTA as at Sep 30th, 2021, 0.12 times vs 1.10 times as at March 31st, 2021.
- Capex for Q2'22 stood at INR 280 Crores.

Consolidated Financial Performance Q2 FY22



| Particulars (INR Crore) | Q2 FY22 | Q1 FY22 | Q-o-Q Growth | Q2 FY21 | Y-o-Y Growth | H1 FY22 | H1 FY21 | Growth |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|
| Revenue from operations | 3,785 | 4,025 | -6% | 3,659 | 3% | 7,810 | 7,174 | 9% |
| Other income | 53 | 32 | 69% | 28 | 94% | 85 | 50 | 70% |
| Total income | 3,838 | 4,057 | -5% | 3,686 | 4% | 7,895 | 7,224 | 9% |
| Gross Contribution | 2,403 | 2,651 | -9% | 2,416 | -1% | 5,053 | 4,751 | 6% |
| <i>Gross Contribution % to Revenue from operations</i> | 63.5% | 65.8% | | 66.0% | | 64.7% | 66.2% | |
| Employee benefits expense * | 588 | 597 | -1% | 548 | 7% | 1,185 | 1,107 | 7% |
| R&D Expenses | 224 | 295 | -24% | 282 | -21% | 518 | 552 | -6% |
| Other operating expenses | 730 | 826 | -12% | 772 | -5% | 1,556 | 1,487 | 5% |
| EBIDTA | 861 | 933 | -8% | 814 | 6% | 1,794 | 1,604 | 12% |
| <i>EBIDTA Margin % to Revenue from operations</i> | 22.7% | 23.2% | | 22.2% | | 23.0% | 22.4% | |
| Finance Costs, depreciation and amortisation expense | 215 | 210 | 2% | 220 | -2% | 425 | 460 | -8% |
| PBT before exceptional items and JVs | 699 | 755 | -7% | 622 | 13% | 1,454 | 1,194 | 22% |
| PBT after exceptional items before share in JVs | 604 | 755 | -20% | 490 | 23% | 1,358 | 1,062 | 28% |
| PBT from discontinued business | 5 | 29 | -83% | 45 | -89% | 34 | 66 | -48% |
| Gain on disposal of discontinued operations | 2,681 | - | | - | | 2,681 | - | |
| Tax expenses | 289 | 148 | 95% | 111 | 162% | 438 | 234 | 87% |
| PAT | 3,002 | 587 | 411% | 473 | 534% | 3,590 | 927 | 287% |
| PAT before exceptional items and one off | 597 | 587 | 2% | 564 | 6% | 1,184 | 1,002 | 18% |

1. On a Y-o-Y basis, growth in revenue was driven by strong growth in India geography and Emerging markets partially offset by de-growth in US geography.
2. Reduction in GC margins is mainly due to one-time inventory provision for COVID related products in India.
3. In Q2'22, gain on disposal of discontinued operations of INR 2,681 Crores (INR 2,492 Crores net of tax expenses) represents gain on sale of Animal Health Established Markets Undertaking.

* Excludes Research related expenses

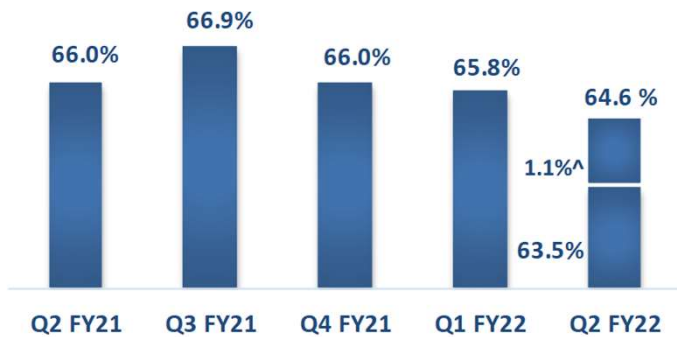


In Q2'22, the Company reported exceptional items of INR 96 Crores which include profit on sale of brands INR 113 Crores and loss on account of impairment charge for closure of manufacturing facilities (Nesher and Hercon) of INR 208 Crores. In Q2 FY21, exceptional item represents loss of INR 132 Crores being premium paid on purchase of non-convertible debentures by the group.

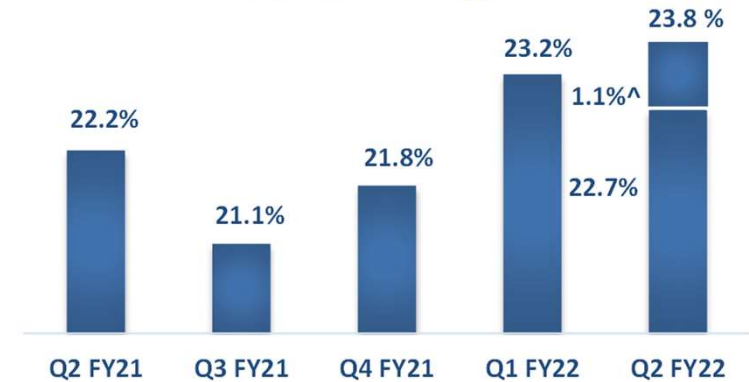
Please refer page 16 for details of other incomes and foreign exchange fluctuations

Margin Trends

Gross Contribution Margin



EBIDTA Margin



PBT Margin % *

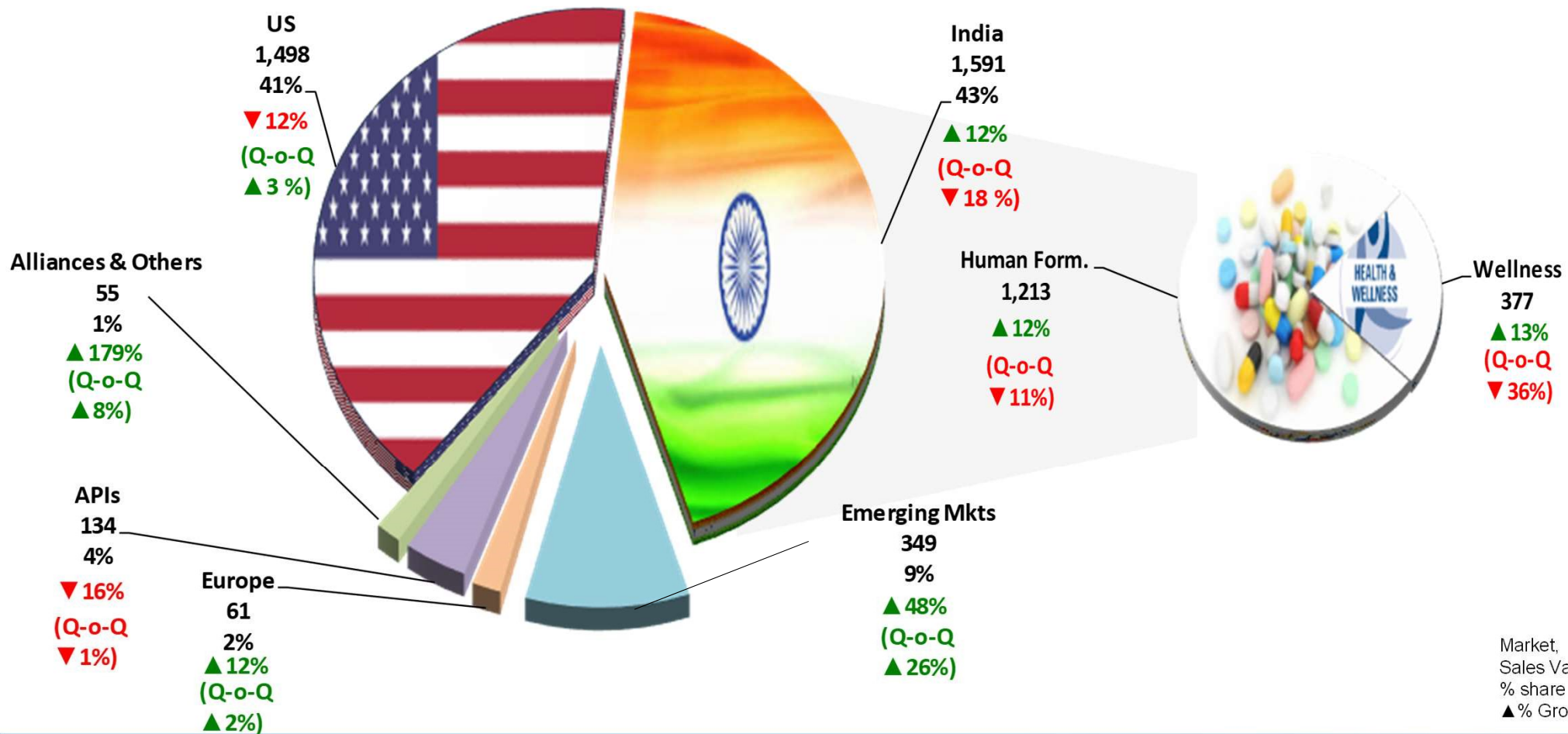


PAT Margin % *



Business wise Sales Q2 FY22

INR Crores

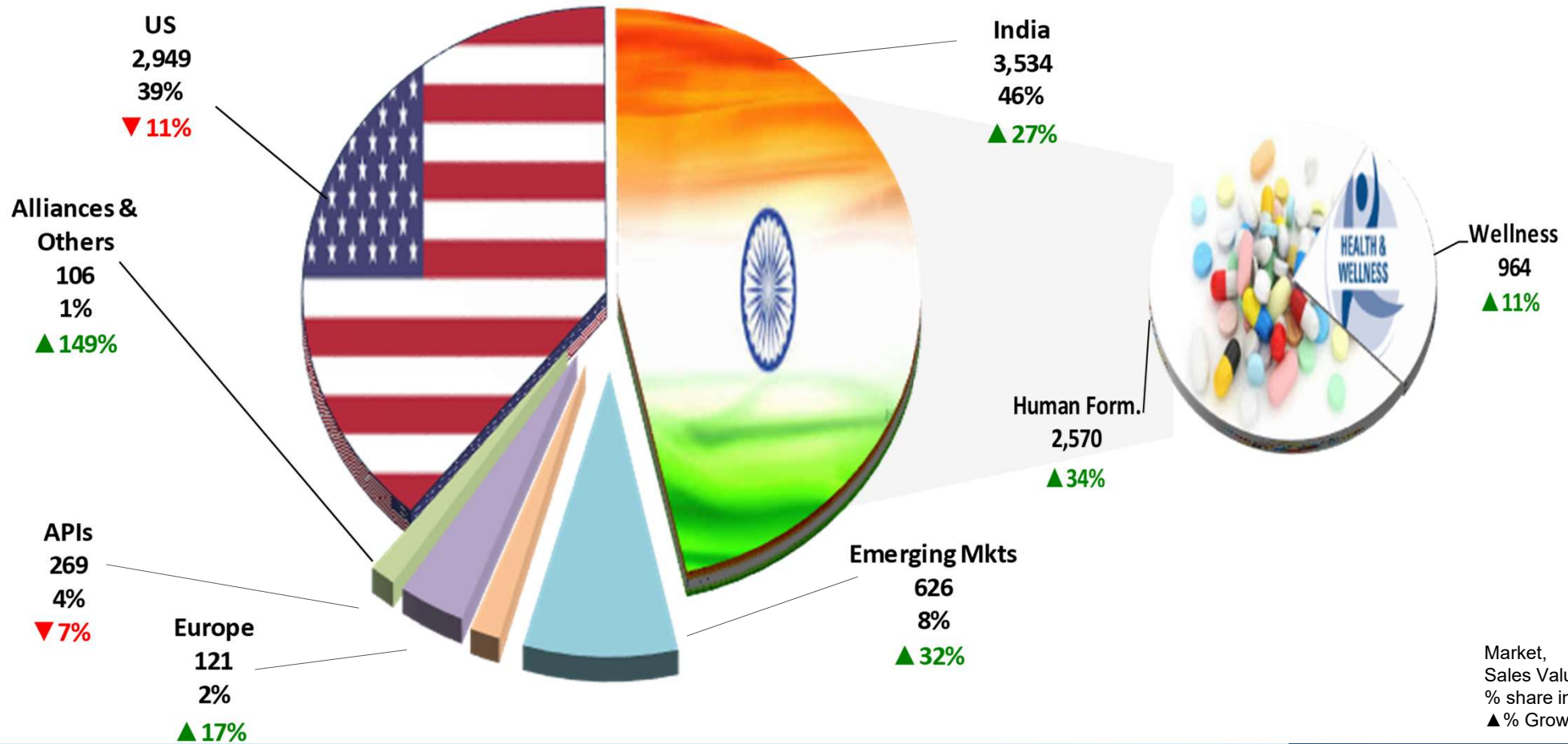


Market,
Sales Value Q2 21-22
% share in consolidated sales
▲ % Growth

Business wise Sales H1 FY22



INR Crores



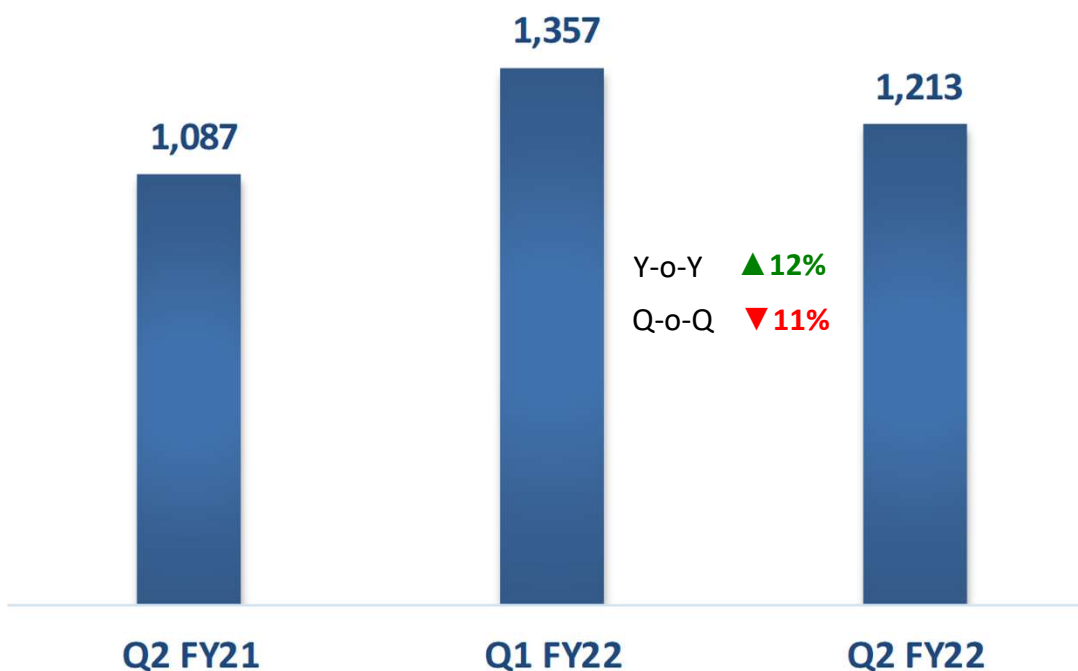
Market,
Sales Value H1 21-22
% share in consolidated sales
▲ % Growth

India Geography: Human health formulations business



Quarterly Revenue

INR Crores



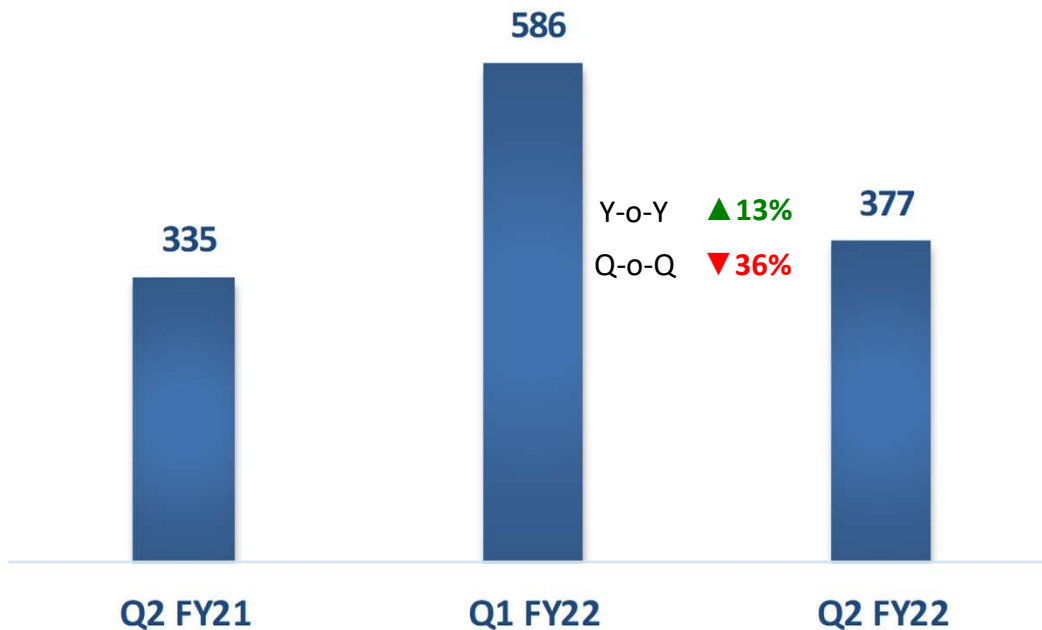
Highlights

- Excluding the institutional sales of COVID products, the business grew by 17% Y-o-Y which was driven by strong volume growth and new products launched during last few quarters.
- Gained market share in anti-diabetic and cardiovascular therapeutic areas on a y-o-y basis.
- Going forward, with recovery in pharma market and normalisation of the healthcare delivery infrastructure, growth will be driven by focus on key brands identified to fuel future growth.
- Significant investments made towards building the digital platform to virtually connect with doctors and patients for better prescriber engagement and enhanced patient centricity.

India Geography : Consumer Wellness

Quarterly Revenue

INR Crores



Highlights

- Complan brand re-launched after a gap of 4 years with enhanced proposition, improved chocolate taste, new packaging along with new campaign to promote the brand. The brand witnessed double digit growth.
- EverYuth brand continued to grow in strong double digit supported with ATL campaigns on flagship scrub portfolio and digital inputs on the entire range.
- In Nutralite, both institutional and retail business witnessed a strong double digit growth. Institutional portfolio was re-launched as 'Nutralite Professional'.
- In SugarFree, launched a new thematic communication "Fitness Ka Pehla Kadam" featuring leading Bollywood actress - Katrina Kaif as its new brand ambassador.
- Nycil and Glucon-D performed well and continued to lead in their respective categories despite low season and high channel inventory.

US Formulations Business



INR Crores

Quarterly Revenue



Highlights

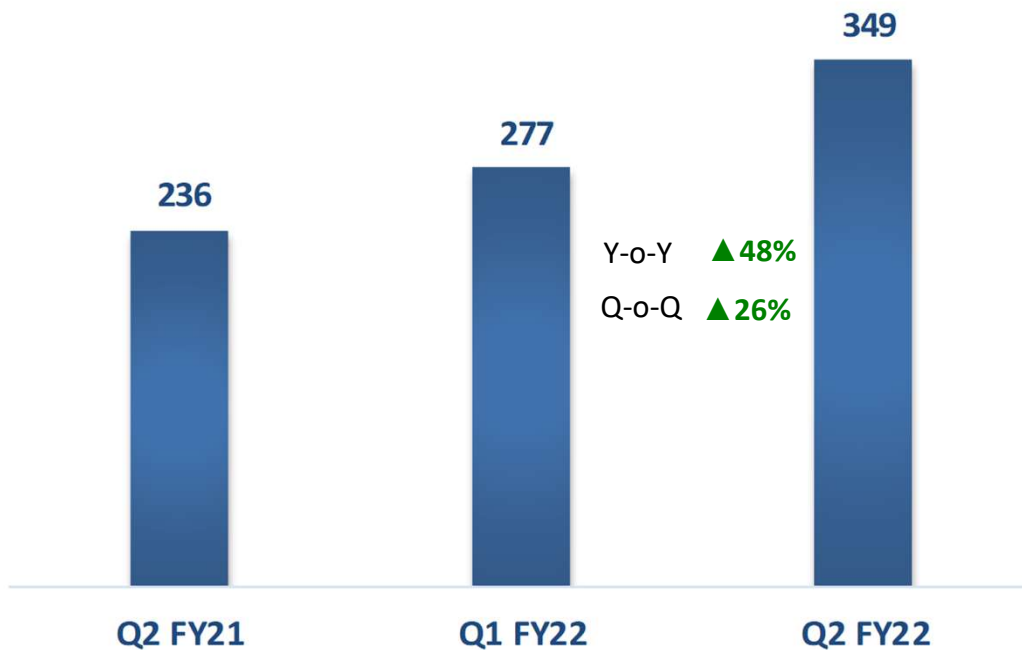
- The business saw a sequential growth in revenues despite heightened competition and tough pricing scenario.
- Overall volumes grew despite the reduction in volumes of Mesalamine products as there was a gain in volume of other existing products and new launches.
- Launched complex injectable viz. Enoxaparin sodium injection (in-licensed), a first generic launch by an Indian player.
- New products launches: Q2 FY22 - 3 and H1 FY22 - 7
- Supply issues have dwindled leaving limited one time opportunities, we will continue to prioritize products and maintain safety stock of key products to be able to take advantage of opportunities in the market.

| | Q2 FY22 | H1 FY22 |
|-----------|---------|---------|
| ANDAs | | |
| ↓ | | |
| Fillings | 8 | 13 |
| ↓ | | |
| Approvals | 8* | 16^ |

Emerging Markets

INR Crores

Quarterly Revenue



Highlights

- Demand led base business growth regained momentum in key markets
- Regulatory organizations in most of the countries operated at sub-optimal level with focus being COVID management which resulted in new launches being pushed to next calendar year.
- New products dossiers filling in Q2'22:
 - 2 with the Brazilian Regulatory authority ANVISA.
 - 1 with Australian regulatory authority.
- New product approval - 2 from the Brazilian Regulatory authority ANVISA.

Innovation - Covid19 updates

- ZyCov-D received EUA from DCGI; 1st Plasmid DNA vaccine for human use approved anywhere in the world.
- ZyCov-D approval was received for the adolescents in 12-18 years age group as well besides the adult population, making it the first vaccine for the adolescents in 12-18 years age group in the country.
- The plug and play technology being offered by DNA based platform will help in rapidly adapting the vaccine in case of any future mutations in the virus.
- ZyCov-D have been developed for Alpha, Beta, Kappa, Delta, Delta plus and Lambda variants which will provide flexibility to switch to newer vaccine candidates based on new variants.
- Published the results of Phase I clinical trials of ZyCov-D vaccine in the E-Clinical Medicine Journal of Lancet and submitted Phase III clinical trials data for publication.
- Phase I/II clinical trials of a novel biotherapeutic cocktail of monoclonal antibodies targeted at treating Covid-19 patients having mild symptoms initiated.

Innovation - other updates



NCE: Saroglitazar Magnesium:

- Initiated enrolment of patients for EVIDENCES-X, a global pivotal Phase II(b) CTs to evaluate the efficacy and safety in subjects with NASH and Fibrosis indications.
- In October 2021, first patient was randomised into the Phase II(b) prospective, multi-centre, randomized, double-blind, placebo-controlled CTs.
- 40 sites have been identified in the US and 10 sites have been identified in Argentina for the study.
- Positive results from Phase II(a) global CTs in patients with NASH published in peer-reviewed medical journal “Hepatology” in October 2021.

NCE: Anti-malarial compound ZY19489:

- LANCET has accepted SAD study conducted in Australia.
- In India, DCGI has approved SAD/MAD studies, 1st Cohort of SAD has already been completed.

Biologics:

- Submitted an application to DCGI to initiate Phase III clinical trials for one monoclonal antibody.
- Initiated global development of 2 biosimilars.

505(b)(2) and Specialty initiatives:

- In October 2021, announced positive results from an efficacy and safety analysis of data integrated from two completed pivotal studies in patients with Menkes disease treated with CUTX-101.
- Received a tentative approval on completion of first review cycle from the USFDA for NDA for Sitagliptin base tablets.
- Submitted an IND application for a pain management product, NDA is expected to be filed by the end of current financial year.

Thank you

Glossary



- Revenue from operations represents Sales and other operating revenues.
- Net debt: It is defined as the sum of long-term borrowings, short-term borrowings, minus cash and cash equivalents, current investments, and other bank balances.
- EBIDTA: Earnings before interest, depreciation, taxation and amortization and it includes other operating revenues and excludes other income for the relevant period.
- EBIDTA Margin: Its calculated by dividing EBIDTA for the relevant period by Revenue from operations.
- Gross Contribution Margin: Its computed by dividing revenue from operations minus material cost for the relevant period by revenue from operations for the relevant period multiplied by 100.
- PAT: It represents Net Profit after Non-Controlling Interests.

Details of other incomes and foreign exchange fluctuations



Other Operating Income

| Particulars (INR Crore) | Q2 21-22 | Q2 20-21 | Y-o-Y Growth | YTD 21-22 | YTD 20-21 | Y-o-Y Growth |
|-------------------------------------|-----------|-----------|--------------|------------|------------|--------------|
| Export Incentive | 10 | 47 | -77.7% | 20 | 96 | -79.5% |
| Royalty Income | 3 | 0 | 8302.6% | 7 | 0 | 6591.9% |
| Exchange Rate Fluctuations | 26 | -13 | 307.3% | 79 | - | |
| Processing Income | 7 | 6 | 21.7% | 13 | 12 | 12.7% |
| Others | 51 | 17 | 195.5% | 87 | 40 | 116.1% |
| Total other operating income | 98 | 58 | 69.4% | 206 | 148 | 38.9% |

Other Income

| Particulars (INR Crore) | Q2 21-22 | Q2 20-21 | Y-o-Y Growth | YTD 21-22 | YTD 20-21 | Y-o-Y Growth |
|-------------------------------|-----------|-----------|--------------|-----------|-----------|--------------|
| Dividend and Interest Income | 17 | 18 | -6.6% | 24 | 28 | -15.5% |
| Exchange Rate Fluctuations | 13 | - | | 32 | - | |
| Profit on sale of Investments | 21 | 2 | 1213.3% | 25 | 6 | 335.5% |
| Others | 2 | 8 | -73.6% | 5 | 16 | -69.7% |
| Total other income | 53 | 28 | 93.5% | 85 | 50 | 69.7% |

Details of foreign exchange fluctuations

| Particulars (INR Crore) | Q2 21-22 | Q2 20-21 | Y-o-Y Growth | YTD 21-22 | YTD 20-21 | Y-o-Y Growth |
|--|------------|-----------|----------------|-------------|-----------|-----------------|
| A. On operating transactions (above EBIDTA line) | -29 | 15 | -289.7% | -77 | 2 | -3200.6% |
| a. Included in other operating income | -26 | - | | -79 | - | |
| b. Included in cost of goods | -3 | -4 | 29.1% | 2 | -4 | 149.8% |
| c. Included in other operating expenses | - | 19 | -100.0% | - | 6 | -100.0% |
| B. On other non-operating income | -13 | - | | -32 | - | |
| C. On foreign currency borrowings (part of interest cost) | - | -4 | 100.0% | - | -7 | 100.0% |
| Total Foreign Currency Fluctuations (+ = loss, - = gain) | -42 | 11 | -468.1% | -109 | -5 | -2304.2% |