

Unichem Laboratories Limited



Investor Presentation
Q1 & FY 2017

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Agenda

1. Profile & History
2. Growth & Profitability
3. Business Operations
 - Domestic Operations
 - International Operations
 - API Operations
4. Research & Development
5. Management & Governance
6. Financials

Profile

- One of the India's leading integrated Pharmaceutical Companies with a strong presence in domestic formulations market
 - Ranked 26th in the Domestic Formulations market as per AWACS MAT June 2016
 - Amongst the top # 19 companies in representative (covered) market
 - Domestic Operations contribute ~58% of Consolidated Revenues
 - International Operations contribute ~42% of Consolidated Revenues
 - US revenues showing a robust growth
 - Dedicated focus on International operations –gaining momentum

- 4 brands featuring among top 300 brands (*AWACS MAT June, 2016*)
 - Largest brand / brand extensions in excess of Rs170Cr
 - Over 20 brands with Rs. 10cr + Revenues
 - Over 20 brands with Rs. 5cr + Revenues and over 25 brands waiting to cross this threshold
 - In 19 therapeutic sub-groups Unichem's brand is No 1 brand, over all Unichem's brands rank in the top 5 in 45 therapeutic sub-groups

- Uninterrupted Dividend track record and cash generating operations

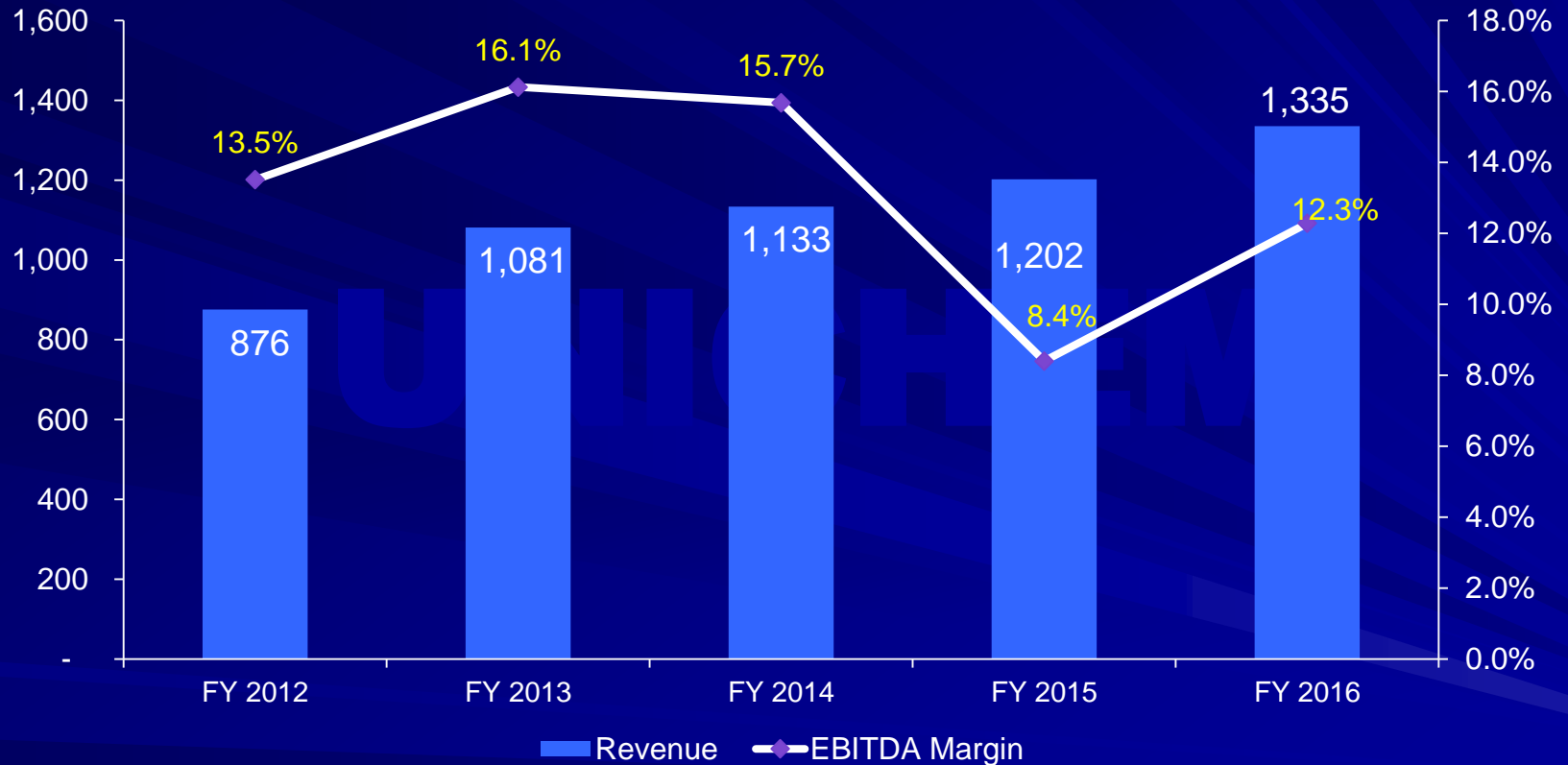
History - Key Milestones (Last 10 Years)



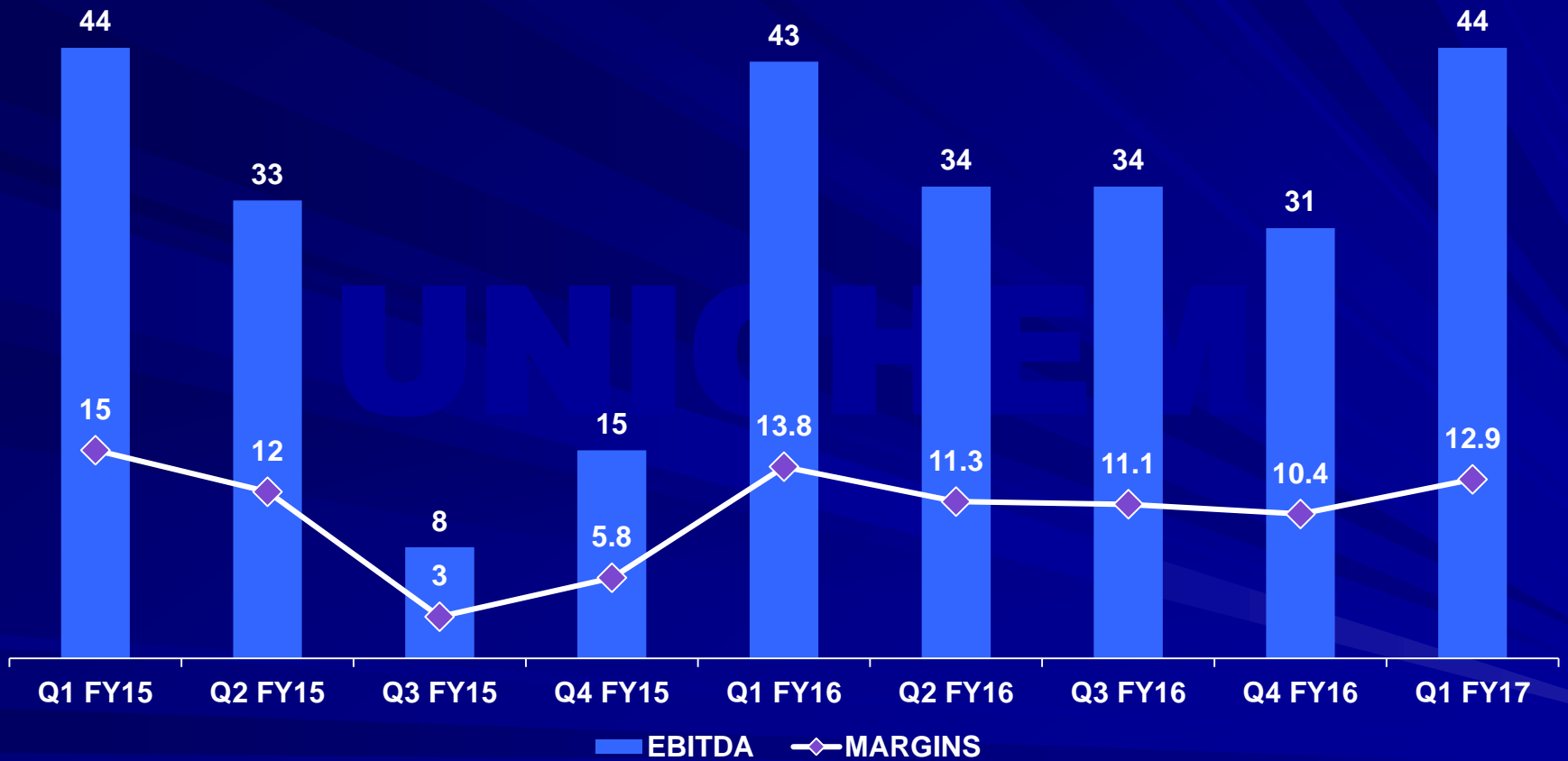
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Consolidated Financials {Rs. Crores}



Standalone EBITDA Profile from FY 15 onwards



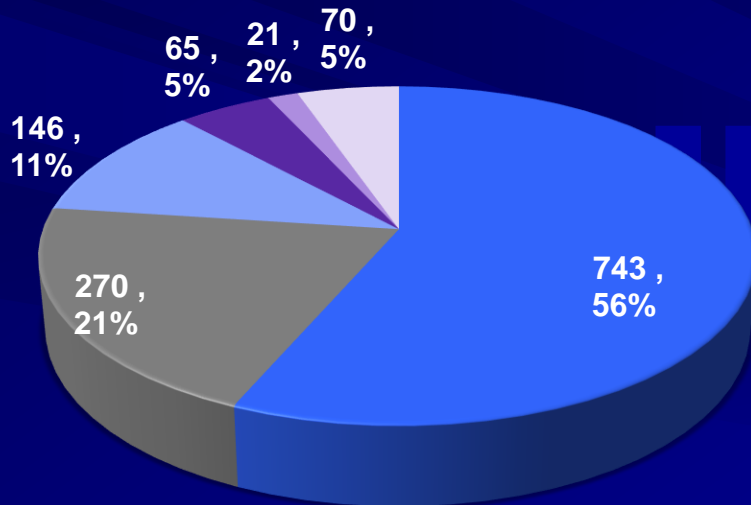
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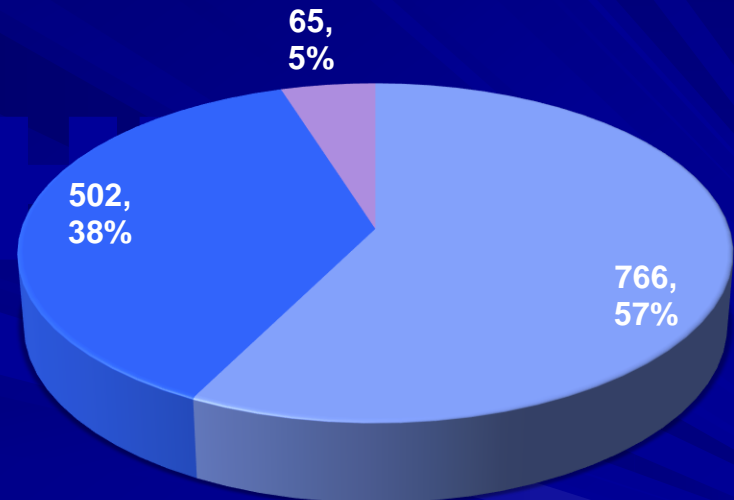
Revenue & Business areas break-up

Consolidated – FY 2016

Revenue Break-up by Segment
Rs. Crores



Revenue Break-up by Region
Rs. Crores



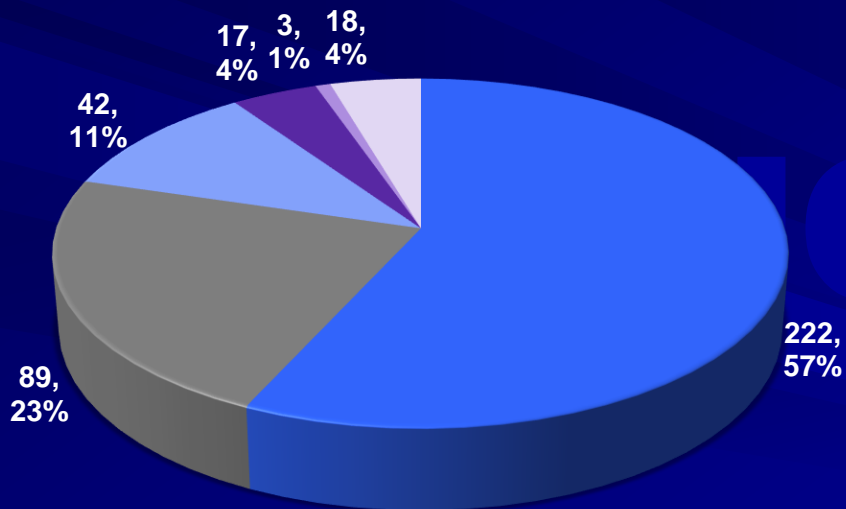
- Formulation - Domestic
- International Business - US/Brazil
- International Business - Niche/EU
- RoW
- API - Domestic
- API - Exports

- India Business
- Regulated Markets
- Emerging Markets

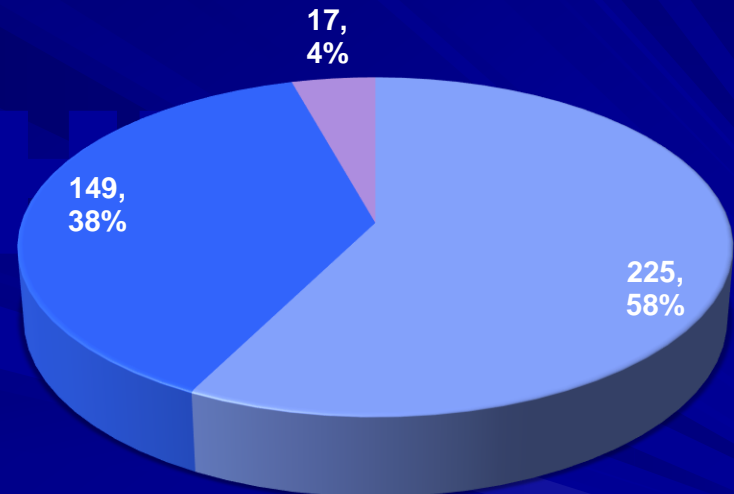
Revenue & Business areas break-up

Consolidated – Q1 FY 2017

Revenue Break-up by Region
Rs. Crores



Revenue Break-up by Region
Rs. Crores



- Formulation - Domestic
- International Business -US/Brazil
- International Business - Niche/EU
- RoW
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- India Business
- Regulated Markets
- Emerging Markets

Portfolio Therapy Dominance & Price Control

SCENE



Therapy

- Major Revenue contributors:
 - Chronic care accounts for ~58%* of Domestic Formulation Revenues
 - Acute portfolio accounts for ~42%* of Domestic Formulation Revenues

Price Control

- Less than 20% of Domestic Portfolio (in value terms) are under DPCO 2013.

Unichem in The Indian Pharma Market

Rs. Crores

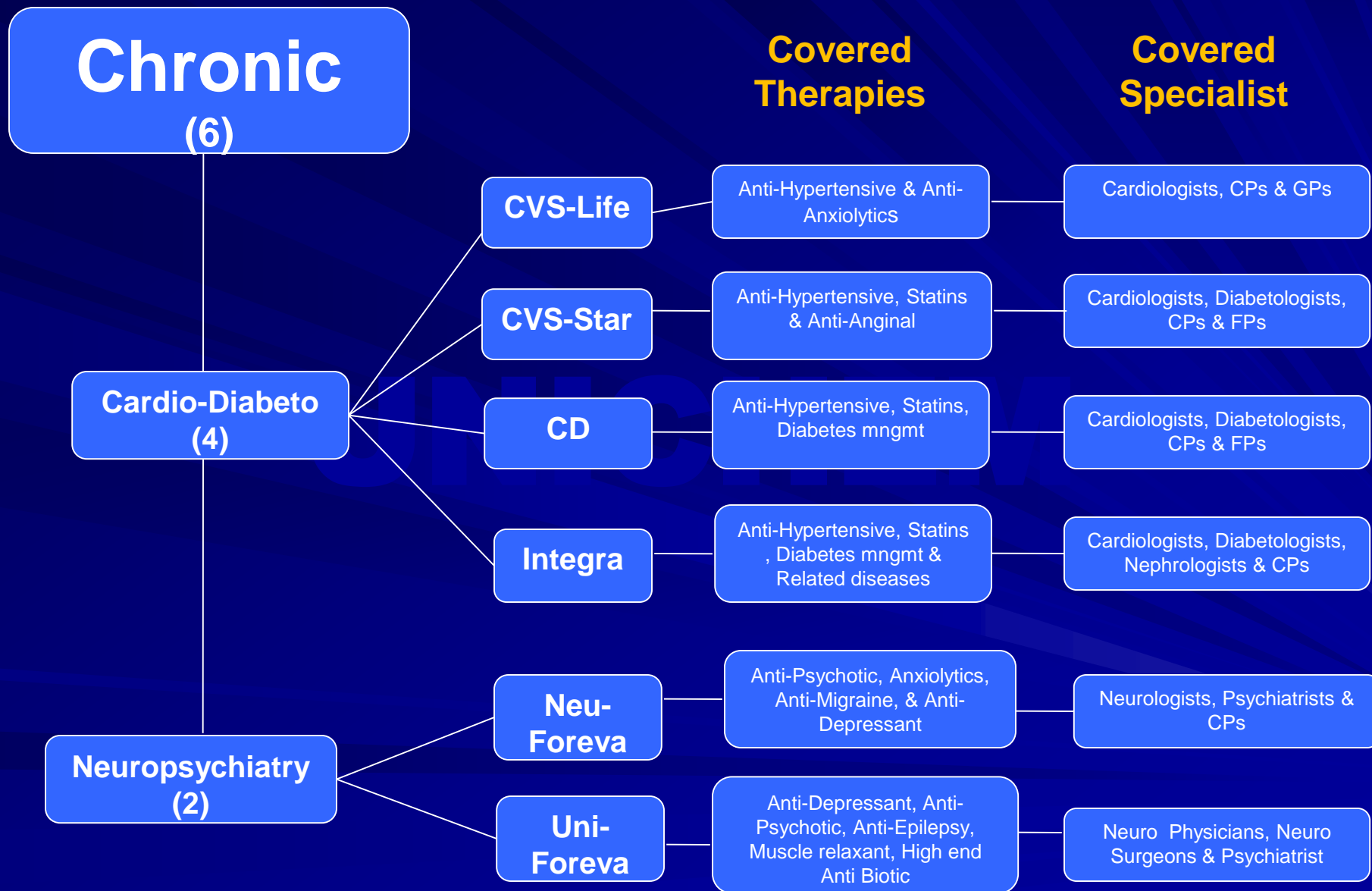
	Indian Pharmaceutical Market	MAT June, 2016	% Growth
	Total Size of the Market	100,017	10.6
	Unichem Represented (Covered) Market	48,056	9.7
Sr. No	Top Companies in Covered Market		
1	Sun Pharma + Ranbaxy	5,224	11.1
2	Alkem	2,634	8.3
3	Mankind	2,311	15.5
4	Cipla	2,088	9.4
5	Zydus	2,086	7.0
6	Lupin	1,917	9.5
7	Macleods	1,849	6.9
8	Abbott Healthcare	1,791	7.6
9	Aristo	1,631	8.7
10	Intas	1,534	15.4
18	Unichem Labs	908	9.8

Unichem's Therapy Gaps in the market

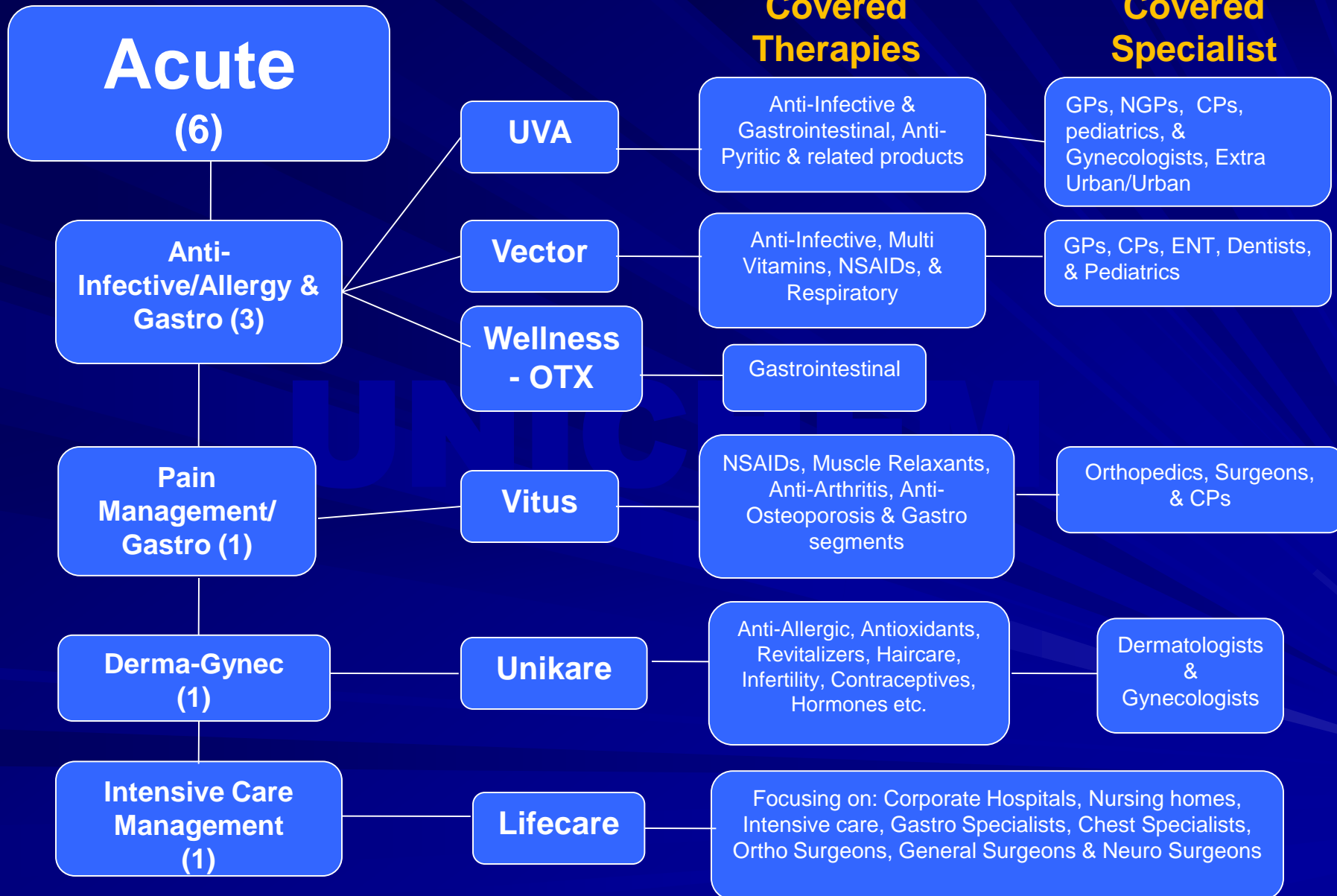
	MAT Mar' 16 Value Rs. Crs	% of Total Value	No. of Sub- Segments	% of Total No. of Segments
Unichem Non-Represented Segments	51,961	52.0%	2,611	87.7%
Unichem Represented Segments	48,056	48.0%	366	12.3%
Total Market	100,017	100%	2,977	100%

- Unichem is represented in 365 sub-segments (*about ~12 % of total sub-segments*), but covers nearly half of the IPM in value terms
- *However, opportunity does exist for more Unichem introductions in high growth non-represented segments*
- **Opportunity exists in the following Therapeutic Segments:**
 - Hospital Products
 - Women Health
 - Dermatology
 - Nutritional
 - Augmenting product portfolio of -
 - Acute Therapy
 - CNS & Nephrology

Domestic Formulations: Divisions



Domestic Formulations: Divisions



Domestic Business: Customer Coverage

■ Penetration

- 6 Chronic Verticals manned by ~1300 + CBAs
- 6 Acute verticals manned by ~1200 + CBAs

■ Doctor Coverage: Over 100,000 doctors covered

■ Chronic Coverage

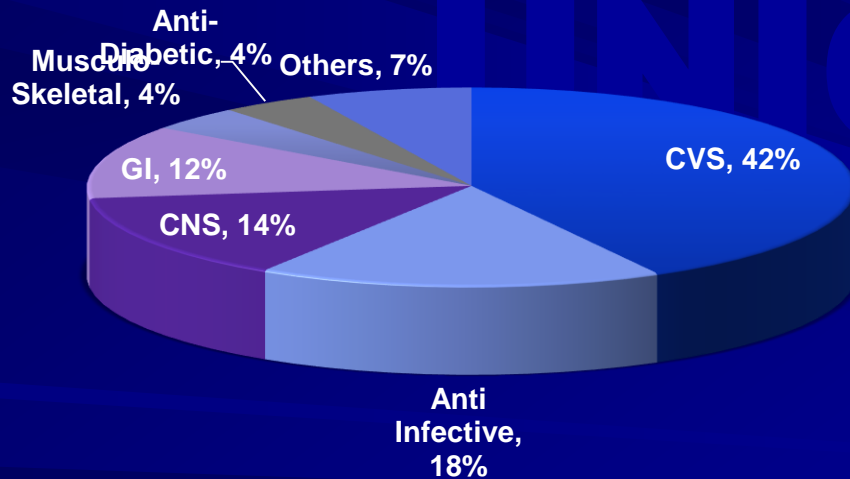
Cardiologists, Diabetologists, Neurologists, Psychiatrists, Nephrologists, Gynaecologists (Infertility treatment), CPs, GPs etc.

■ Acute Coverage

GPs, CPs, NGPs, ENTs, Dentists, Surgeons, Paediatrics, Gynaecologists (General), Dermatologists, etc.

Domestic Formulations Business

Therapeutic Segment-wise break-up



- Leadership position in key participated segments
 - Largest brand / brand extensions in excess of Rs170cr
- # 4 Brands in Top 300 brands
 - Losar H, Ampoxin, Losar & Unienzyme
- In 19 therapeutic groups Unichem's brand is No 1 brand
- Over all Unichem's brands rank in the top 5 in 45 therapeutic sub-groups
- Healthy balance between chronic (~58%) & acute (~42%)

Brand Building – Focus Brand Portfolio

- # Top 10 Brands contributes ~46% of the company's domestic revenues
 - *Losar H, Ampoxin, Losar, Unienzyme, Vizylac, Trika, Serta, Unistar, Telsar, and Arkamin*

- Top 50 Brands contributes ~80% of the company's domestic revenues
 - # 4 - Rs. 50+ crore brands
 - # 1 - Rs. 30 - 50 crore brand
 - # 2 - Rs. 20 - 30 crore brands
 - # 13- Rs.10 - 20 crore brands
 - # 46 - Rs. 3 - 10 crore brands

Top 10 Product Groups Performance

Rs. Crores

	MAT June, 2016	% Growth	% Market Share	% Contribution to Revenue
Total Revenue	908	9.8	0.9	100.0
Losar Group	178	8.0	35.8	19.6
Ampoxin Group	75	5.9	45.6	8.3
Unienzyme	58	-5.5	15.1	6.4
Telsar Group	55	11.9	3.1	6.0
Olsar Group	37	17.2	5.5	4.1
Vizylac	34	12.4	13.3	3.7
Pregaba Group	28	33.7	6.0	3.1
Trika Group	27	-9.4	19.8	3.0
Serta	23	13.6	28.8	2.5
Metride Group	20	6.9	0.8	2.2

AWACS Data – MAT June, 2016

Therapy Market Segment	Representative Market		Unichem Laboratories		
	Size (Rs. Crs)	% Growth	Sales (Rs. Crs)	% Share	% Growth
Cardiac Care	7,964	10.8	384	4.8	10.2
Anti-Infectives	10,981	3.4	153	1.4	2.6
Neuro-Psychiatry	3,527	13.9	123	3.5	18.6
Gastro Intestinal	6,092	11.8	109	1.8	1.1
Musculosketals	4,091	11.9	37	0.9	21.5
Anti – Diabetic	3,724	17.0	34	0.9	25.6
Others	11,677	9.9	69	0.6	12.8
TOTAL	48,056	9.7	908	1.9	9.8

Globally Accredited State of the art Manufacturing Facilities

■ Formulations

- Baddi (HP) – essentially catering to domestic and developing regulated market
 - Regulatory approvals – MHRA & ANVISA
- Ghaziabad (UP) – for catering to regulated and developing regulated markets
 - Regulatory approvals – USFDA (Re-Certified recently), ANVISA, TGA, MHRA
- Goa – for catering both to regulated and developing regulated markets
 - Regulatory approvals – USFDA (Re-Certified recently), MHRA, ANVISA, TGA
- Sikkim Plant – catering to domestic market
- Ireland – Packaging facility in Baldoyle
 - Regulatory Approvals – Irish Medical Board and Kazakhstan Regulatory Authority

■ APIs

- Roha (Maharashtra) – Multiple plants
 - Regulatory approvals – USFDA (Re-Certified recently), EDQM, PMDA, EU GMP, KFDA, ISO, OHSAS
- Pithampur (MP) – Multiple plants
 - Regulatory approvals – USFDA , EUGMP, COFEPRIS

Unichem is built on the foundation of “Quality & Reliability”

Domestic Market – Management Focus

■ Domestic Market

- Enhancing relationship with customers and Focus on Field Productivity
- Brand building through ‘Focused Brand approach’
- Increased coverage and compliance
- Entry into unrepresented / uncovered market segments
- Optimal use of Manufacturing Assets
- Entering the OTX in Gastrointestinal market with Unienzyme

- **Key risks:**
 - Higher competition in the domestic market
 - Regulatory hurdles
 - High concentration risk *(Three products generate ~25% of sales)*

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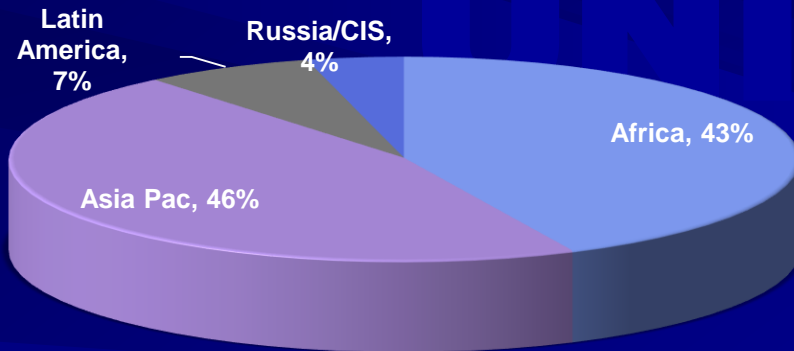
International Formulation Business

- Company has made significant investments in building infrastructure which includes new R&D centre and API plants for captive consumption to support international business
- Company is in process of further augmenting its API & Formulation capacities for expected future growth
- Regulatory Approvals
 - Goa Plant - USFDA (Re-Certified recently), MHRA, ANVISA, TGA
 - Ghaziabad Plant - USFDA (Re-Certified recently), MHRA, ANVISA, TGA
- More than # 800 product registrations across the world
- # 38 US ANDAs filed so far and # 21 of which already approved (Incl 1 PARA IV)
 - Many more filings in the pipeline

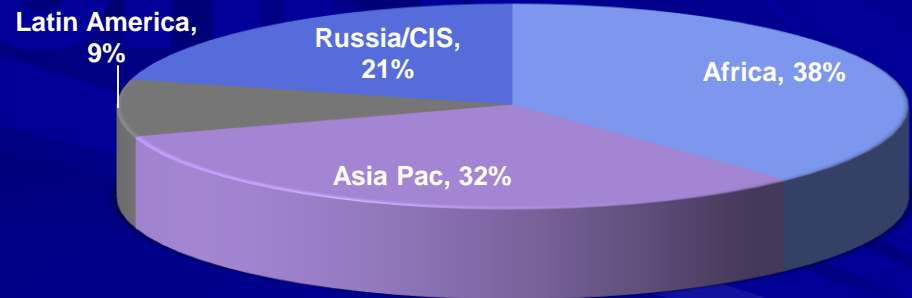
International Business – Formulations

Zone 1 : Emerging Global Markets

Geographic Mix – FY 16



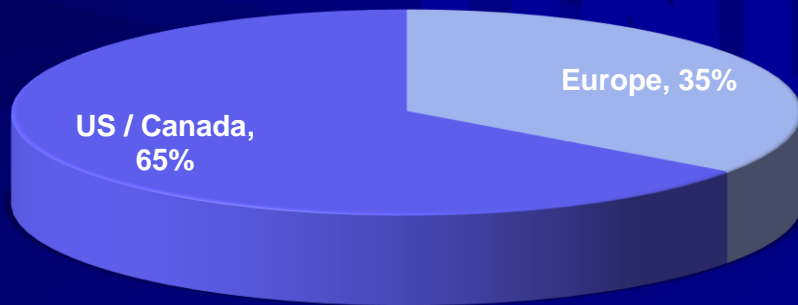
Geographic Mix – Q1 FY 17



International Business – Formulations

Regulated Markets

Geographic Mix – FY 16



Geographic Mix – Q1 FY 17



International Business – Formulations

Regulated Markets - USA and LATAM

UNITED STATES:

- UNICHEM PHARMACEUTICALS (USA) Inc - wholly owned subsidiary to manage ANDA filings and Business Development
 - Business model is based on leveraging Unichem's technical expertise and production capability with integrated end-to-end value chain
 - Longstanding relationship with large wholesalers and retail chains for products launched
 - Total number of ANDAs filed # 38 and development in progress for further filings
 - Total ANDAs approved so far # 21 including #1 PARA IV approval
- Increase in R & D Investments to support the anticipated further growth
- Company's strategy is to scale-up operations for sustained growth over time

International Business – Formulations

Regulated Markets

EUROPE

- European presence through 100% subsidiary - Niche Generics, UK
- The subsidiary sells these regulatory dossiers and supply agreements to third party companies
 - Total # 37 products {(Own:# 34; In-Licensing: # 3) (Direct marketing by Niche#23)}
 - Packing facility at Ireland
- The subsidiary has direct sales operations in the U.K.
- The subsidiary trades across Europe and also looking to extend into other geographies
- The subsidiary to focus on developing markets for generics and identifying potential products that can drive the business in in UK and Europe
- Direct (Unichem) presence through contract manufacturing and supply agreements
- 2012-13 : 100% subsidiary in Ireland

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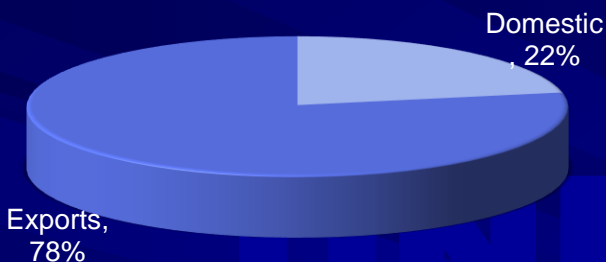
API-World class Manufacturing Facilities and Infrastructure

- Roha (Maharashtra) – Multiple plants
 - Regulatory Approvals – USFDA (Re-Certified recently), EDQM, PMDA, EU GMP, KFDA, ISO, OHSAS
- Pithampur (MP) – Multiple plants
 - Regulatory Approvals – USFDA (Re-Certified recently), EUGMP, COFEPRIS
- More than # 500 Regulatory filings (DMFs, EDMFs, e-CTDs, ACTDs etc)

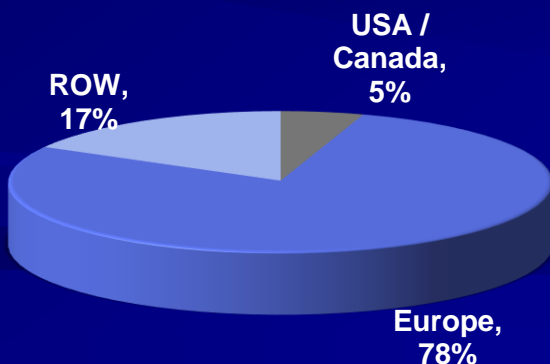
API - Total Revenue (Excluding Captive)

F Y 2016

Revenue Break-up by Segment



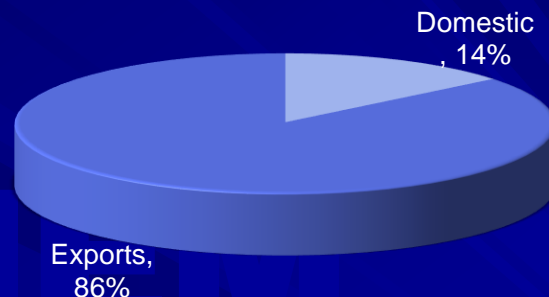
Export Revenue Break-up by Region



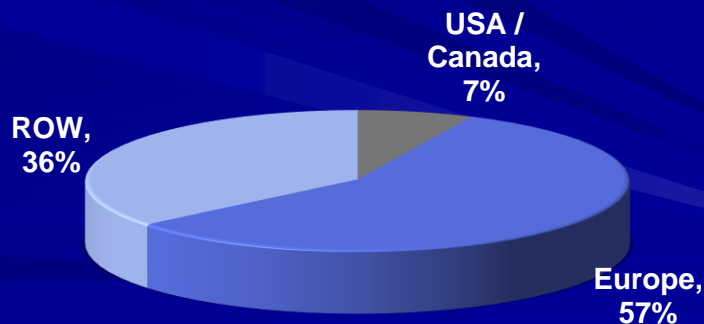
Total API Revenue : Rs.93 Crores

F Y Q1 2017

Revenue Break-up by Segment



Export Revenue Break-up by Region



Total API Revenue : Rs. 18 Crores

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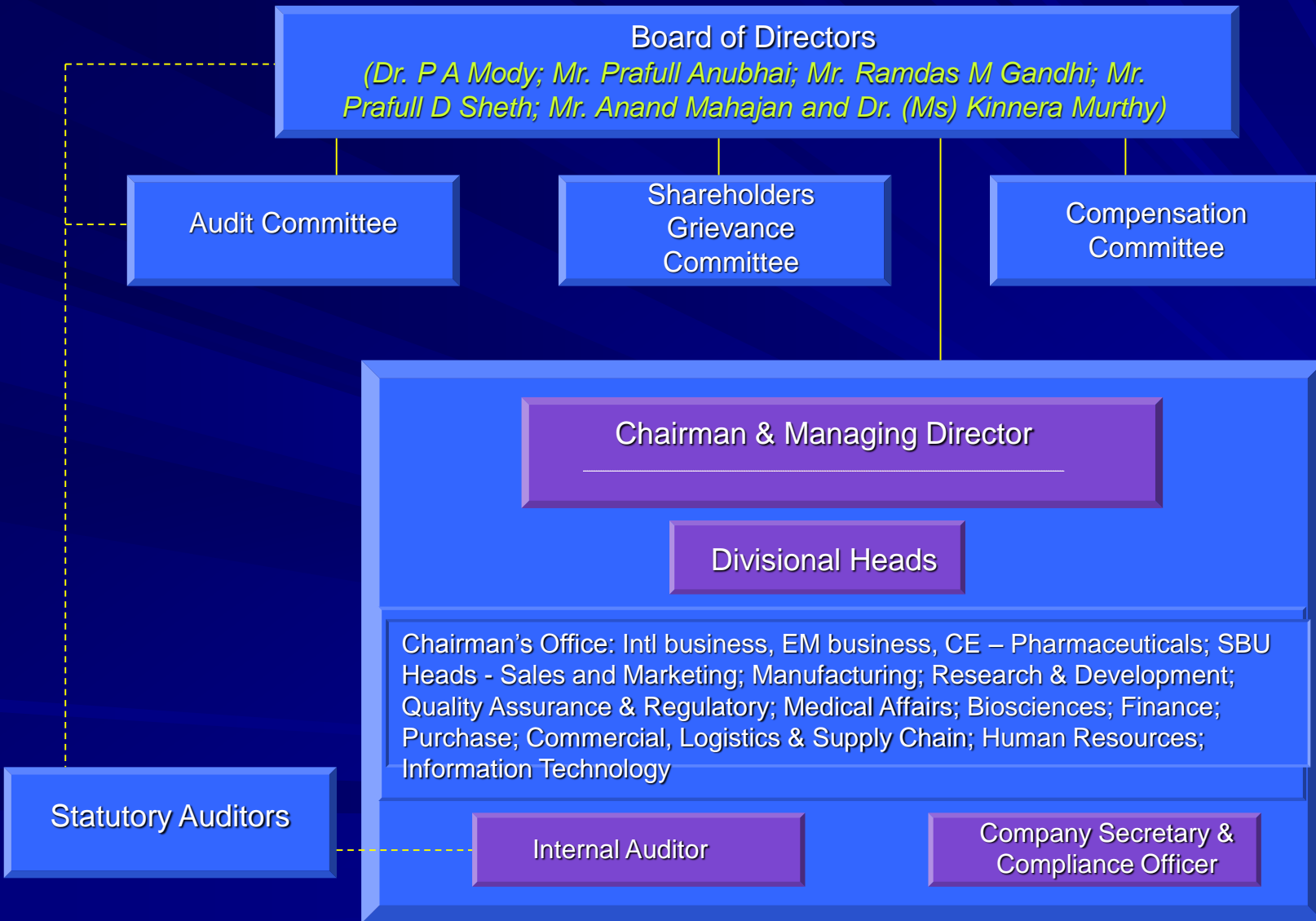
Focus

- Unichem has a two fold R&D strategy
 - Development of patent non-infringing processes for APIs
 - Development of Novel Drug Delivery Systems (NDDS)
- Chemical R&D
 - Centre of Excellence at Goa offering the most conducive environment for value added research
 - Developed novel, innovative & efficient processes for 45 new generation molecules in various therapeutic categories
 - Strong synthesis & analytical team fully equipped with latest facilities
- Formulations R&D
 - State-of-the-art Pharma R & D facilities to undertake formulation development of Tablets, Capsules, Liquid Orals, Creams, Ointments & Injectibles
 - Separate facilities for antibiotics
 - Pre-formulation laboratories to carry out drug-excipient compatibility studies and physical characterization of API regarding compressibility and flow characteristics
 - Formulation services on contract research and development projects for a number of leading European companies
 - Formulation Development and ANDA filings following QbD protocol
- Biosimilar products at various stages of development
 - Recombinant DNA Technique
 - Fermentation based products
 - Monoclonal Anti Bodies
- Total R & D spending of ~5 % of sales
 - More than # 300 Scientists (including # 30 PhDs) in R & D activities

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Management & Governance



Maintains high standards of Corporate Governance

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Standalone Financials *(INR Lakhs)*

STAND ALONE FINANCIALS - IND-AS (INR Lakhs)			
Particulars	Three months ended June 30, 2016	Three months ended June 30, 2015	% Growth
Sales Income from Operations:			
<i>Domestic Operations</i>			
Formulations	22,154	19,696	12%
API	295	657	-55%
<i>International Operations</i>			
Formulations	9,715	8,328	17%
API	1,780	2,127	-16%
Other Operating Income	253	432	-41%
Total Income	34,197	31,240	9%
Expenditure:			
Material Consumption	12,384	11,469	8%
% Sales Income	36.2%	36.7%	
Staff Cost	6,323	5,480	15%
Other Expenditure	11,066	9,999	11%
EBITDA	4,424	4,292	
% Total Income	12.9%	13.7%	
Interest	60	54	11%
Depreciation	976	880	11%
Total Expenditure	30,808	27,881	10%
% Total Income	90.1%	89.2%	
Operating Income	3,389	3,358	
% Total Income	9.9%	10.8%	
Other Income	504	618	-18%
Profit before Tax	3,893	3,976	-2%
% Total Income	11.4%	12.7%	
Income Tax	1,316	1,077	22%
Net Profit before Exceptional Items	2,577	2,899	-11%
% Total Income	7.5%	9.3%	
Other Comprehensive Income - Net of Tax	-22.33	37.60	
Total Comprehensive Income after Tax	2,555	2,937	-13%
% Total Income	7.5%	9.4%	
Earning Per Share- Basic	2.84	3.19	-11%
Earning Per Share- Diluted	2.83	3.19	-11%

Notes: The previous period figures have been regrouped wherever necessary.

Thank You