



Piramal Healthcare

knowledge action care

Analyst Presentation FY2009 – Q2 & H1 Results

22 October 2008

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Table of contents

- Financial highlights
- Operational highlights
- FY09 Guidance review

Financial highlights

Q2 FY2009

Profit & Loss Account – Consolidated Q2-FY2009

Rs. million

Period ended - Consolidated	Q2 Ended			H1 Ended			Year
	30-Sep-08	30-Sep-07	% Growth	30-Sep-08	30-Sep-07	% Growth	FY2008
Total operating income	8,892.8	7,611.1	17%	15,976.0	13,644.0	17%	28,674.8
OPBIDTA	1,418.5	1,329.2	7%	2,613.8	2,169.6	20%	5,416.9
OPM % (w/o FOREX impact)	20.5%	17.0%		20.4%	15.3%		18.7%
OPM %	16.0%	17.5%		16.4%	15.9%		18.9%
EBIDTA	1,419.0	1,329.2	7%	2,615.4	2,189.8	19%	5,477.6
Interest (Net)	170.3	111.0	53%	290.6	222.4	31%	463.1
Depreciation	288.3	263.3	9%	557.9	512.2	9%	947.3
Operating Profit before tax	959.9	954.9	1%	1,765.3	1,435.0	23%	4,006.5
Profit before tax (before exceptional)	960.4	954.9	1%	1,766.9	1,455.2	21%	4,067.2
Exceptional items	95.5	26.9		136.1	30.3		339.3
Income tax	114.0	79.7	43%	200.6	142.8	40%	376.6
Profit after tax	733.9	847.9	-13%	1,414.8	1,282.0	10%	3,337.8
Minority interest	17.0	0.4		15.4	0.1		13.5
Preference dividend (Rs.)	-	5.6		-	11.2		15.7
EPS (Rs.)	3.5	4.0	-13%	6.8	6.1	11%	15.9
EPS before exp items and Forex (Rs)	5.6	4.0	41%	10.1	5.9	72%	17.1

Operating Profit Margin for Q2FY09 excluding the effect of forex loss of Rs.408.1 million is 20.5%

Profit & Loss Account – Consolidated Q2-FY2009

Ratios

No.	Particulars	Q2 Ended		H1 Ended		Previous year
		30-Sep-08	30-Sep-07	30-Sep-08	30-Sep-07	31-Mar-08
1	Net Operating Income	100	100	100	100	100.0
2	Total Expenditure	79.5	83.0	79.6	84.7	81.3
	Material cost	37.6	38.5	36.7	37.5	38.1
	Staff cost	16.0	17.0	16.5	17.8	16.4
	Marketing & selling expenses	13.8	10.3	12.6	10.4	10.8
	Research and Development Expenses	2.6	5.6	2.8	5.7	2.8
	Other expenditure (Net)	9.5	11.7	11.1	13.3	13.2
3	OPBIDTA (Without FOREX)	20.5	17.0	20.4	15.3	18.7
	Net Forex Expenditure	4.6	(0.5)	4.0	(0.6)	(0.2)
	OPBIDTA	16.0	17.5	16.4	15.9	18.9
4	Interest (Net)	1.9	1.5	1.8	1.6	1.6
5	Depreciation	3.2	3.5	3.5	3.8	3.3
6	Operating Profit before Tax & Exceptional Item	10.8	12.5	11.0	10.5	14.0
7	Profit before Tax and after Exceptional Items	9.7	12.2	10.2	10.4	13.0
8	PAT	8.3	11.1	8.9	9.4	11.6

Note: **Conversion, Marketing & selling expenses are excluding Staff cost. All manpower costs are grouped under the head "Staff Cost". Marketing and selling expenses include Promotion costs

Balance Sheet – Consolidated Q2-FY2009

Rs. million

Period ended- Consolidated	Period Ended		Year Ended
	30-Sep-08	30-Sep-07	31-Mar-08
Equity capital	418.0	418.0	418.0
Reserves & Surplus	11,818.9	11,377.1	10,507.9
Networth	12,236.9	11,795.1	10,925.9
Preference shares	-	383.7	-
Minority interest	67.8	12.9	48.6
Deferred tax liability (Net)	941.3	896.1	896.7
Loan funds	11,570.1	6,313.6	7,163.3
Total	24,816.1	19,401.4	19,034.5
Net fixed assets	15,765.5	12,923.1	12,585.4
Investments	657.4	432.8	652.5
Net current assets	8,393.2	6,045.5	5,796.6
Inventories	4,732.7	4,492.0	4,032.0
Sundry debtors	5,185.0	4,194.8	4,457.2
Other current assets	4,639.4	2,682.9	3,205.1
Current liabilities	6,163.9	5,324.2	5,897.7
Total	24,816.1	19,401.4	19,034.5

Balance Sheet – Consolidated Q2-FY2009

Ratios

Rs. million

No.	Period ended- Consolidated	Period Ended		Year ended
		30-Sep-08	30-Sep-07	31-Mar-08
1	Debt/equity ratio: *	0.9	0.6	0.7
	Networth	12,236.9	11,795.1	10,925.9
	Total debt	11,570.1	6,697.3	7,163.3
2	Book value (Rs./share)	58.5	56.4	52.3
3	Net Sales/Net fixed assets ratio	2.0	2.1	2.3
4	Current assets ratios: +			
i.	Net current assets	94	79	72
ii	Inventories	53	58	50
iii	Receivables	58	55	55
5	ROCE %	20.3	18.8	27.8
6	RONW %	25.1	21.5	33.2

Note: *Preference shares included in Debt, excluded from Networth, +Current asset ratios are Days of Gross Sales which now includes other operating income also. Previous year numbers accordingly have been restated

Financial Summary Q2-FY09 – Consolidated Financials

■ Sales:

- Total Operating Income : Rs. 8.9 billion, ↑ 16.8%
- Pharma Solution Sales : Rs. 2.7 billion; ↑ 8.5 %

■ Profit Margins:

- GC : 62.4%, (Q2FY08 61.5%)
- OPM : 16.0%, (Q2FY08 17.5%)
- PAT : 8.3%, (Q2FY08 11.1%)

■ Debt Position:

- Debt/Equity : 0.9 from 0.6 in Q2FY2008

■ Working capital:

- NCA Level : 94 from 79 in Q2FY2008

Operational highlights

Q2 FY2009

Business mix – Consolidated Q2-FY2009

Rs. million

No.	Net Sales break-up	Quarter 2 ended				H1 Ended			Year Ended
		% sales	30-Sep-08	30-Sep-07	% Growth	30-Sep-08	30-Sep-07	% Growth	31-Mar-08
1	Healthcare Solutions	50.5%	4,491.0	3,542.6	26.8%	7,990.8	6,450.0	23.9%	12,913.5
2	Pharma Solutions	31.0%	2,752.6	2,538.0	8.5%	5,023.7	4,527.1	11.0%	10,080.7
	From Assets in India	10.3%	912.3	694.0	31.5%	1,501.2	968.1	55.1%	2,258.6
	From Assets O/s India	20.7%	1,840.3	1,844.0	-0.2%	3,522.5	3,559.0	-1.0%	7,822.1
3	Pathlabs	5.1%	453.6	311.7	45.5%	858.5	563.6	52.3%	1,194.0
4	Others	13.4%	1,195.6	1,218.8	-1.9%	2,103.0	2,103.4	0.0%	4,486.7
	Total	100%	8,892.8	7,611.1	16.8%	15,976.0	13,644.0	17.1%	28,674.8

Note: 1. Others include MMBB (Inhalation Anaesthetics, Vitamin A, and APIs), Diagnostic Devices and Other Operating Income

2. Pharma Solutions excludes MMBB.

Branded Formulations – Consolidated Q2-FY2009

TA-wise sales break-up:

Rs. million

No.	Therapeutic area PHL Consolidated	PHL Consolidated Quarter II Ended				PHL Consolidated Half 1 Ended				ORG-IMS Data
		Saliency	30-Sep-08	30-Sep-07	Growth	Saliency	30-Sep-08	30-Sep-07	Growth	Market growth
		%	Rs. million	Rs. million	%	%	Rs. million	Rs. million	%	%
1	Respiratory	16.0%	718.5	663.9	8.2	14.5%	1,156.0	930.4	24.2	11.9%
2	Anti-Infective	15.1%	677.5	584.1	16.0	14.6%	1,168.1	959.8	21.7	15.4%
3	CVS	11.8%	530.2	428.6	23.7	13.2%	1,053.3	859.9	22.5	18.5%
4	CNS	9.2%	414.4	331.9	24.9	10.8%	860.9	754.3	14.1	11.8%
5	Nutritionals	6.8%	303.5	311.7	-2.6	6.9%	548.2	609.0	-10.0	8.0%
6	Biotek	1.5%	67.1	62.7	7.0	1.7%	137.7	114.1	20.7	
7	Anti-Diabetic	5.4%	241.3	201.3	19.9	6.1%	487.0	416.6	16.9	20.9%
8	Gastro-intestinal	6.0%	268.2	144.9	85.2	5.5%	441.6	300.0	47.2	9.2%
9	Dermatology	3.5%	158.8	142.1	11.8	3.7%	298.2	254.6	17.1	8.5%
10	NSAIDs	4.5%	202.2	192.9	4.9	5.2%	419.3	383.3	9.4	6.8%
11	OTC	4.4%	198.6	169.6	17.1	4.8%	380.9	331.8	14.8	
12	Others	12.5%	559.4	207.0	170.2	9.4%	748.0	310.5	140.9	
13	Ophthalmology	3.4%	151.2	102.1	48.2	3.7%	291.7	226.0	29.1	10.3%
	Healthcare Solutions	100%	4,491.0	3,542.7	26.8	100%	7,990.8	6,450.1	23.9	14.1%

Formulations portfolio details:

- Top-10 Brands : 22.6% of Q2FY09 sales
- Lifestyle products : 27.9% of Q2FY09 Sales
- New products : 7.6% of Q2FY09 Sales;
- New products launched during the quarter : 10

- Global Business Portfolio:

Number of molecules

Business segment	PDS				PMS		Total
	Pre-clinical	Phase-I	Phase-II	Phase-III	Launched (< 5 years)	Late Lifecycle (> 5 years)	
2007	11	26	44	12	12	39	144
2008	12	29	64	18	12	45	180
H12009 (new wins)	5	49	39	9	3	29	134

6 Phase III molecules are expected to move to commercial manufacturing

FY2009 Guidance Review

H1 FY2009: guidance and performance

■ Guidance:

- Continuing business growth 16%
- Pharma Solutions sales from Indian assets: Rs. 4 billion
- OPBDITA Margin to be 20.5%
- EPS (w/o exceptional items) to be Rs. 21.0
- Capex: Rs. 1.5 billion

■ Performance: H1FY09

- Continuing business grew 17%
- Pharma Solutions sales from Indian assets: Rs.1.5 billion
- OPBDITA Margin* was 20.5%
- EPS (not annualized)* was Rs. 10.1
- Capex was Rs. 839 million, Acquisition related spent was Rs. 2.9 billion

* Excluding FOREX and exceptional items

Thank you

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