

31<sup>st</sup> January, 2017

**BSE Limited**

1<sup>st</sup> Floor, New Trading Wing,  
Rotunda Bldg, P.J. Towers,  
Dalal Street, Fort,  
Mumbai- 400 001

**National Stock Exchange of India Ltd.,**

Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No. C/1, G. Block,  
Bandra-Kurla Complex,  
Mumbai – 400 051.

Dear Sir / Madam,

**Ref: BSE SCRIP CODE - 500302**  
**NSE SYMBOL - PEL**

**Sub: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-  
Presentation to the Analyst/ Institutional Investor**

Further to our letter dated 30<sup>th</sup> January, 2017 whereby we had given the advance intimation of Conference Call with Analyst/Institutional Investor, enclosed please find the presentation to be made to Analyst/Institutional Investors.

Pursuant to Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the presentation is also hosted on the website of the Company.

Kindly take the above on record.

Thanking you,

Yours truly,

**For Piramal Enterprises Limited**



**Chanda Makhija Thadani**  
**Assistant Company Secretary**

**Encl: a/a**

**Piramal Enterprises Limited**

CIN : L24110MH1947PLC005719

Registered Office: Piramal Tower Ganpatrao Kadam Marg Lower Parel Mumbai 400 013.  
Secretarial Dept. : Piramal Tower Annexe 1st Floor Ganpatrao Kadam Marg Lower Parel Mumbai 400 013.

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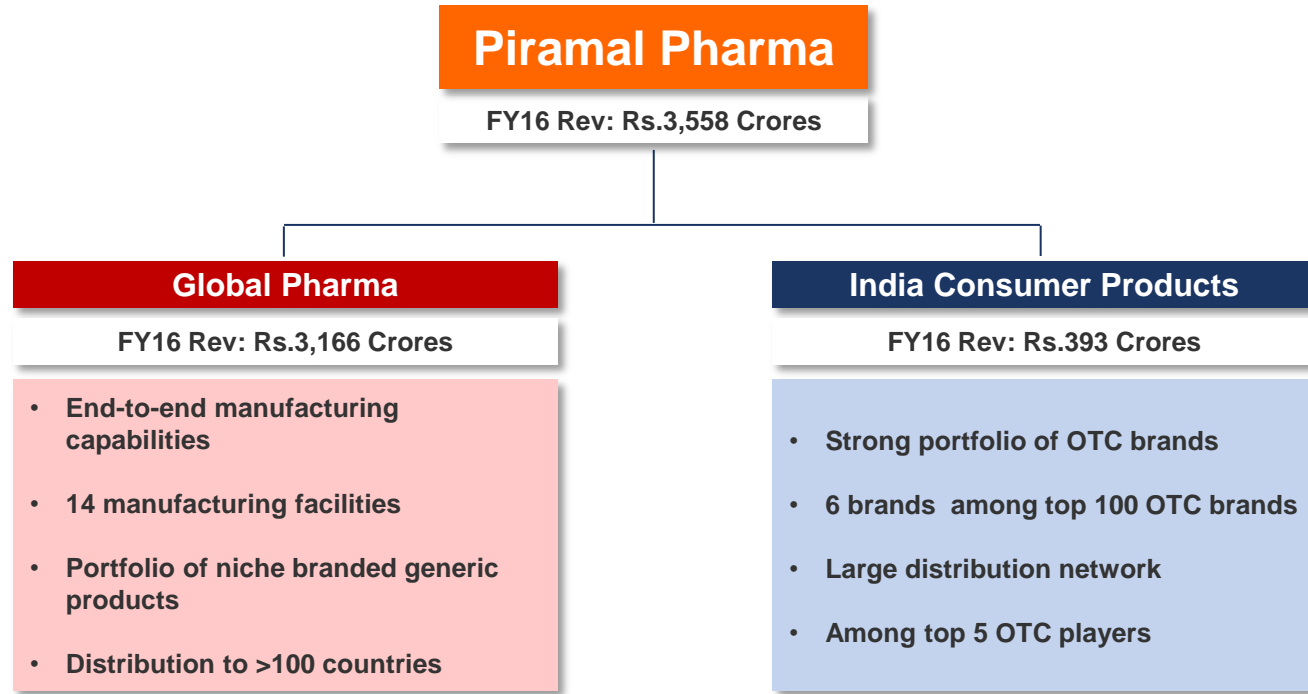


# **Piramal Enterprises Limited**

**Pharma Strategy**

**31<sup>st</sup> Jan 2017**

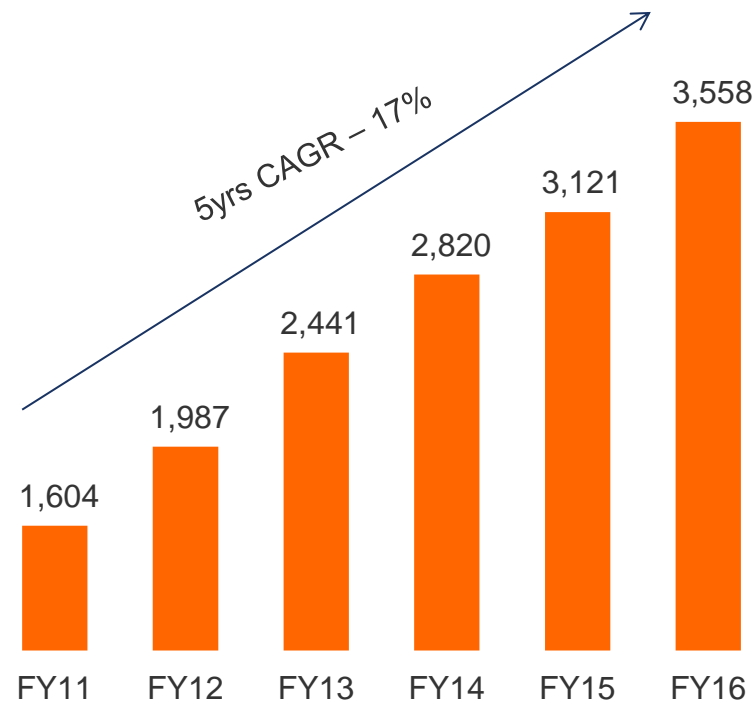
# Pharma business portfolio with strong presence both within and outside India



# Delivering solid growth track record. Acquisitions to boost it further

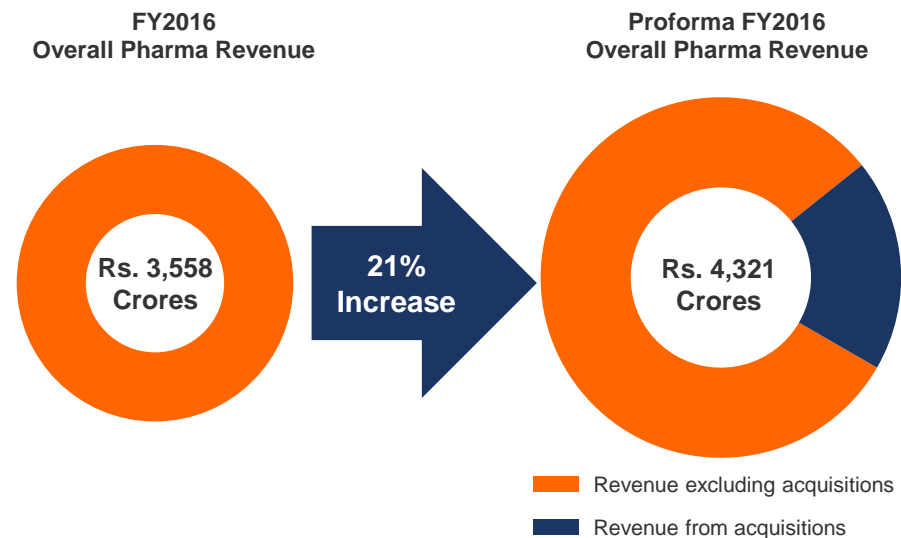
## Growing largely organically since Abbott deal

Pharma Revenues (in Rs. Crores)



## Seven acquisitions in last two years significantly expanding the revenue base

(in Rs. Crores)



*Note : Proforma FY2016 numbers assumes all the acquisitions (that happened in FY2016 or later) were part of our businesses at the beginning of FY2016*



# **Global Pharma business**

# How are we rapidly moving up the value chain ?

## 1 Acquired global businesses to enter into niche capabilities

**Injectable**



**HPAPI**



## 2 Expanding manufacturing capacities in niche areas

**ADC**



**Injectable**



**Inhalation Anaesthesia**



**Drug Discovery**



# How are we rapidly moving up the value chain ?

## 3 Adding differentiated hospital branded generic products organically and inorganically

### Controlled substances



### Injectable Anaesthesia



### Desflurane



### Intrathecal



- **Leverage global distribution network** by adding differentiated products
- **Differentiated offerings** – Niche branded generics and controlled substances

## 4 Strong product portfolio to leverage global distribution network

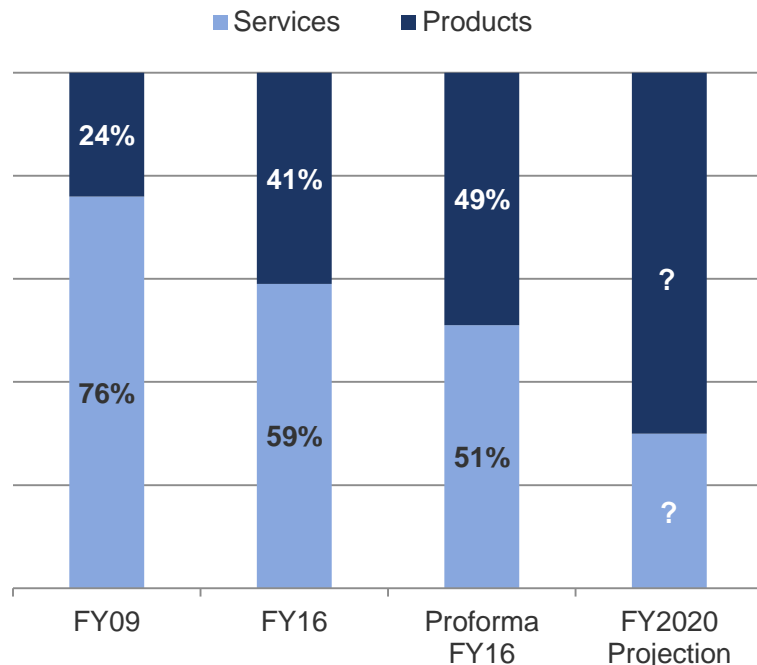


- **Entry barrier** – Complex to manufacture, sell and distribute resulting in limited competition
- **Expands addressable market size** from US\$ 1 bn Inhalation Anaesthesia market to US\$20 bn generic hospital product market

**Our strategy of moving up the value chain will enable us boost growth and enhance margins significantly**

# How are we increasing the share of products?

## Global Pharma Revenue Mix (%)

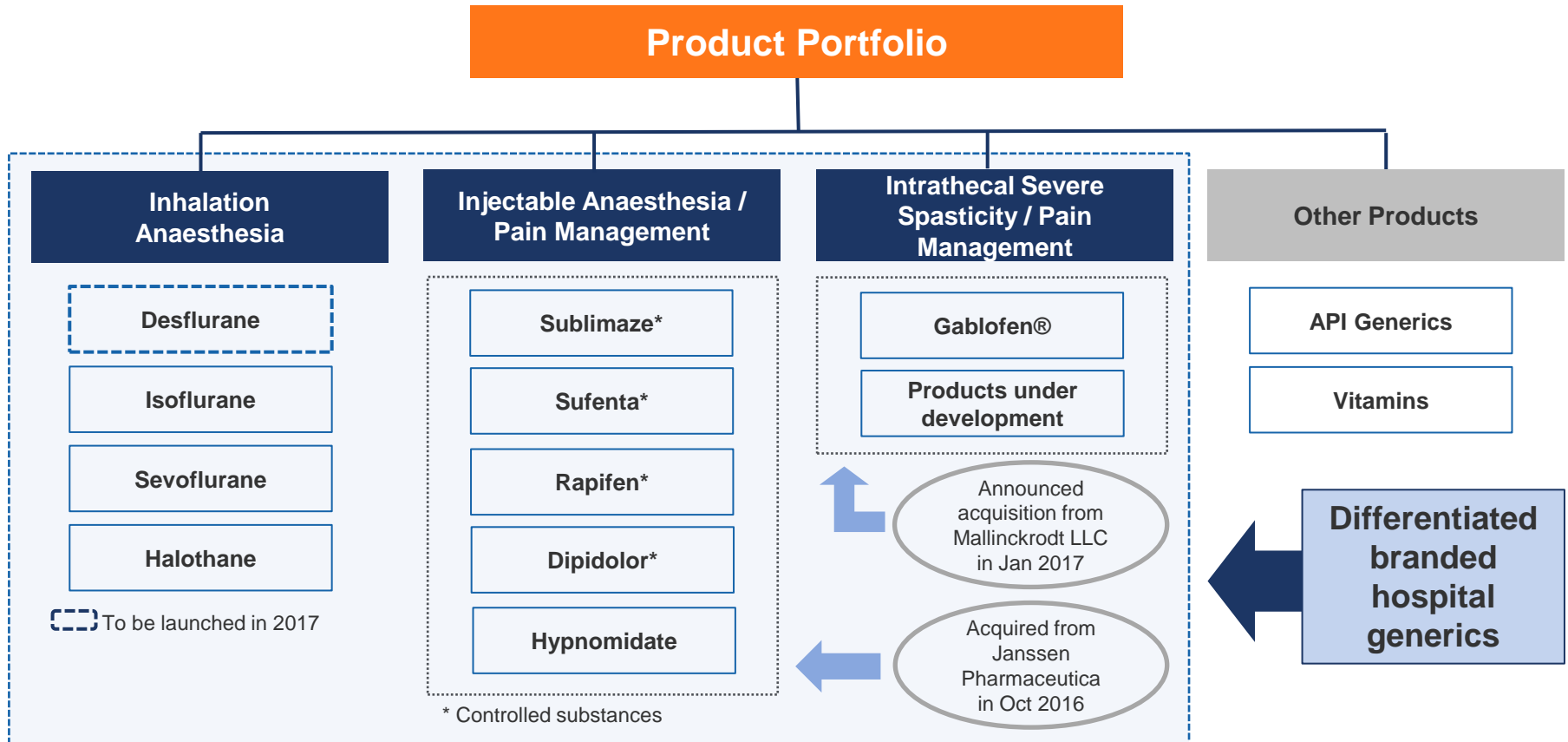


- Revenue from products grew at a 22% CAGR over last 7 years. Revenue from services continues to grow well driven by niche North American assets & API business in India.
- Acquired niche product portfolios of branded generics
  - Complex in manufacturing, selling and distribution
- Significantly grown our market share in existing portfolio of Inhalation Anaesthesia
- Entered new markets and significantly expand our presence in key markets

**Addition of high margin niche products with limited competition will increase the EBITDA margin**



# Creating a solid product portfolio



# Acquired a portfolio of drugs from Mallinckrodt in Jan 2017

**Products :** Agreed to acquire a portfolio of intrathecal spasticity and pain management drugs from Mallinckrodt LLC.

- Product portfolio includes :
  - Gablofen® (baclofen), an intrathecal administration for treatment of severe spasticity
  - Two under development intrathecal pain management products
- Currently marketed in the US; approved for launch in 8 European Countries
- In the twelve months ending September 30, 2016, the acquired portfolio generated revenues of US\$ 44.6 million

**Consideration :** Upfront cash consideration of US\$171 million (~INR 1,160 Crores)

- Up to US\$32 million (~INR 215 Crores) payable based on financial performance of acquired assets over next 3 years

**Gablofen® Prefilled syringes (PFS)**



**Gablofen® Vials**



**Convenience Kit**



# What makes this acquisition attractive?

## Product Fit

- Gablofen® used by doctors and hospitals leverage our US operations and capabilities
- Gablofen® as treatment for severe spasticity and the pain management products under development complement our existing critical care portfolio

## Product Differentiation

- Gablofen® is the only baclofen drug currently available in prefilled syringes and vials
- Gablofen® presentations are preferred by users due to safety and convenience benefits

## Attractive Niche Market

- Intrathecal baclofen serves an important medical need for severe spasticity patients.
- Access to this niche market diversifies our offerings in the US market and allows further growth within the global generic hospital drug market of more than US\$ 20 billion in size

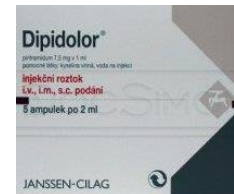
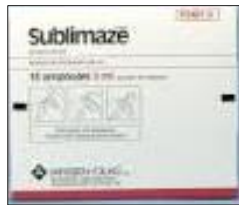
## Limited Competition

- Limited alternate treatments are available or under development for these patients
- Few competitors offering intrathecal baclofen

**High EBITDA margin of the acquired products to enhance our profitability**

# Acquired portfolio of niche branded generics from Janssen in Oct 2016

- **Products** : Acquired a portfolio of five injectable anaesthesia & pain management products from Janssen - Sublimaze, Sufenta, Rapifen, Dipidolor, and Hypnomidate
  - Acquisition includes brand names and all related IP associated with products, including know-how to make both API & finished products
  - Janssen to continue to supply finished dosage forms for up to 3 years and API for up to 5 years
  - Janssen to continue to sell the products until Marketing Authorisations are transferred
- **Consideration** : Upfront consideration of US\$155 million (~INR 1,030 crores)
  - Up to US\$20 million (~INR 130 crores), if the product portfolio achieves certain agreed financial milestones over the next 30 months



# What makes this acquisition attractive?

## Product fit

- Injectable anaesthesia and pain management products with MA in >50 countries
- All these products fit well with our existing Critical Care product portfolio
- Branded generics (original innovator product was first made by Janssen)

## Leverage global distribution

- Maximize value from existing sales infrastructure and partner network into hospitals
- Potential to expand revenue as acquired products are currently not actively promoted in most countries

## Large addressable market

- Gives deeper access to the global generic hospital drug market, which is >US\$20 billion in size

## Greater access to large markets

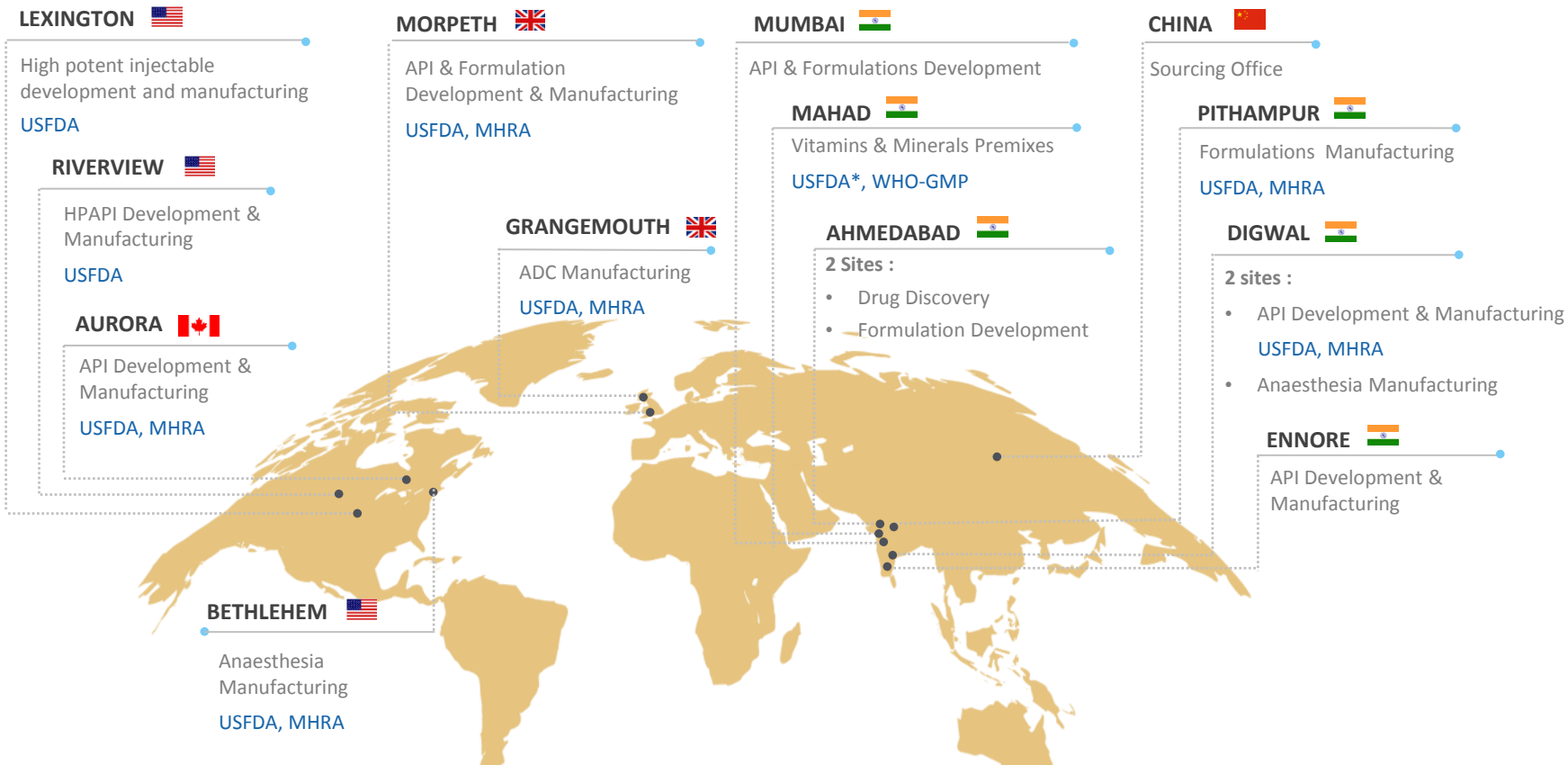
- Significantly expands our presence in EU, Japan & large EMs
- Increasing presence in these markets likely to boost sales of our existing products

## High entry barriers

- 4 out of 5 products are controlled substances. Restricted market entry on account of regulations around controlled substances.

**High EBITDA margin of the acquired products to enhance our profitability**

# 14 manufacturing facilities both in East and West – All key sites USFDA approved



# How are we performing in the areas of compliance, quality and reliability ?

In last 5 years, cleared all inspections :

- 24 USFDA inspections
- 43 other regulatory inspections
- 560 customer audits

Recognized at reputed global forums :

- Rated among best global CDMO in quality, reliability & regulatory —2 years in a row
- Rated as '**API Supplier of the Year**'
- Business head awarded '**CEO of the year**'
- Head of Quality rated among '**50 most Influential People in Quality**'



# Strengthening presence in key geographies



## Strong presence in North America



## Expanding presence in Europe

### Manufacturing Facilities

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Aurora : API Development &amp; manufacturing</li> <li>• Lexington : Sterile Development &amp; Manufacturing</li> <li>• Riverview : HPAPI Development &amp; Manufacturing</li> <li>• Bethlehem : Anaesthesia Manufacturing</li> </ul> | <ul style="list-style-type: none"> <li>• Grangemouth : ADC Manufacturing</li> <li>• Morpeth : API &amp; Formulation Development &amp; Manufacturing</li> </ul> |
|---|--|

### % Global Business Revenues

35%

34%

### % Global Business Assets

31%

40%

### Distribution Presence

30% market share in US in Inhalation Anaesthesia

Expanding presence in key countries including UK, Italy, Germany, etc.

### Distribution Model

Through direct sales force

Through direct sales force and distributors



# Strengthening presence in key geographies



## Strong presence in India

- Manufacturing facilities in India
  - Mumbai : API & Formulations Development
  - Digwal : API Development & Manufacturing and Anaesthesia Manufacturing
  - Pithampur : Formulations Manufacturing
  - Ahmedabad : Drug Discovery and Formulations Development
  - Ennore : API Development & Manufacturing
  - Mahad : Vitamins & Minerals Premixes
- 28% of Total Assets of Global business is in India



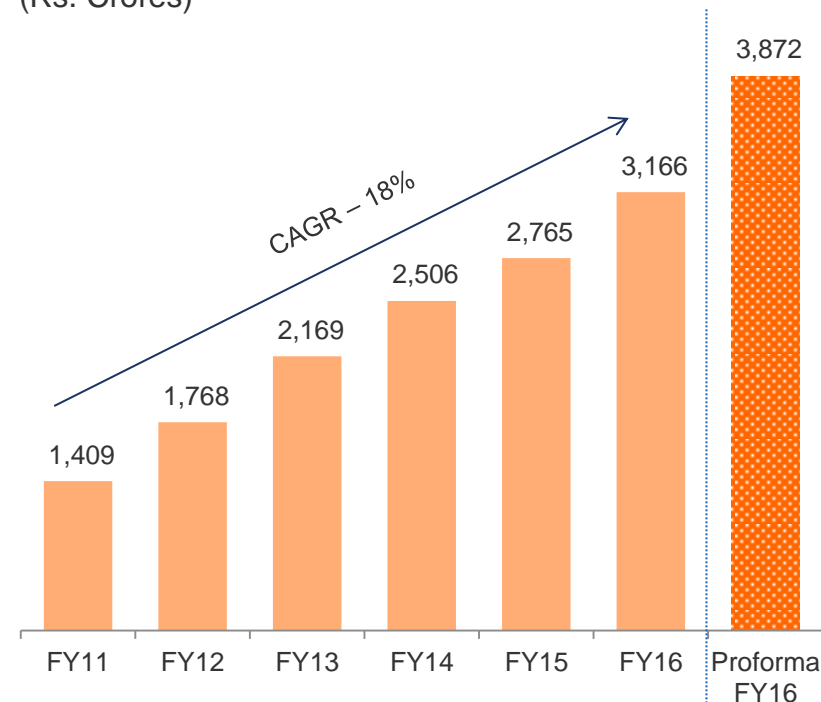
## Expanding Presence in Japan

- Significantly improved Sevoflurane market share in Japan to 56%
- Leading market share for Fentanyl with the only currently approved generic in the market

# Growth Strategy : Will continue to deliver strong growth in future

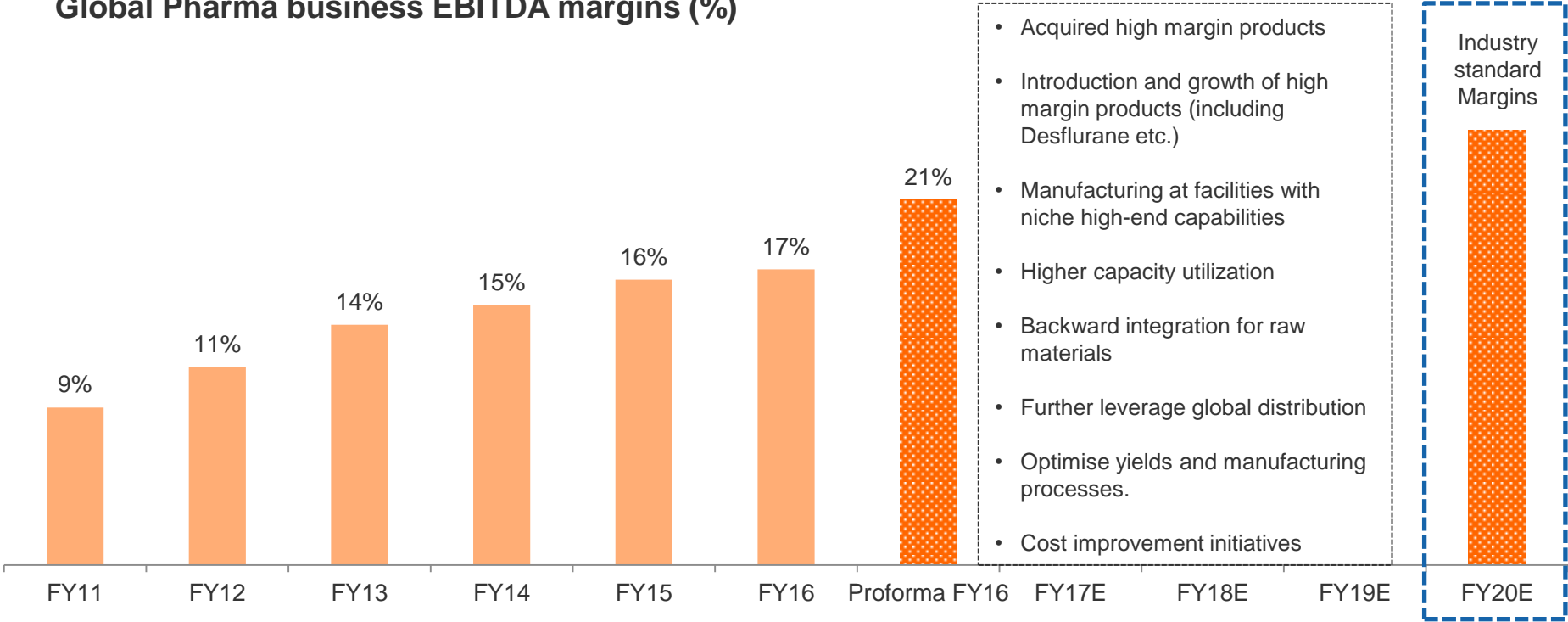
- **Continue to add more products** both organically and inorganically to leverage our strong sales and distribution network
  - Continue to look for acquisition opportunities in complex products
  - Launching latest generation Inhalation Anaesthesia i.e. Desflurane
  - Integrate the acquired products and generate synergies
- **Leverage and expand our end to end manufacturing and service delivering capabilities** (especially in niche capabilities i.e. injectable, HPAPI, ADC etc.)
  - Good traction for development business and integrated offerings
  - Injectable and HPAPI acquisitions will enable us to cross sell our capabilities of Discovery, ADCs and development & commercial scale manufacturing of Formulations and APIs.
- **Further expand our presence in strong markets** including US, Europe, Japan etc.
- **Continue to maintain focus on quality and compliance**

## Strong revenue growth track record (Rs. Crores)



**Continue to actively look for organic and inorganic opportunities to enhance growth**

## Global Pharma business EBITDA margins (%)



**EBITDA Margins to significantly improve in coming years**

# Why can we create a large and profitable global pharma business ?



Significant market opportunity



End-to-end manufacturing capabilities with niche offerings



Investing to move up the value chain



Strong focus on compliance, quality and reliability



Potential to grow rapidly and expand margins

**Well-positioned to create a large, well-diversified and profitable global pharma business**



Strong presence in US, Europe, Japan and India



Growing organically and inorganically



Offering complete pool of services to large & mid sized Pharma Companies



Strong portfolio of niche products and services



Large distribution network reaching >100 countries



# India Consumer Products

# Strong product portfolio

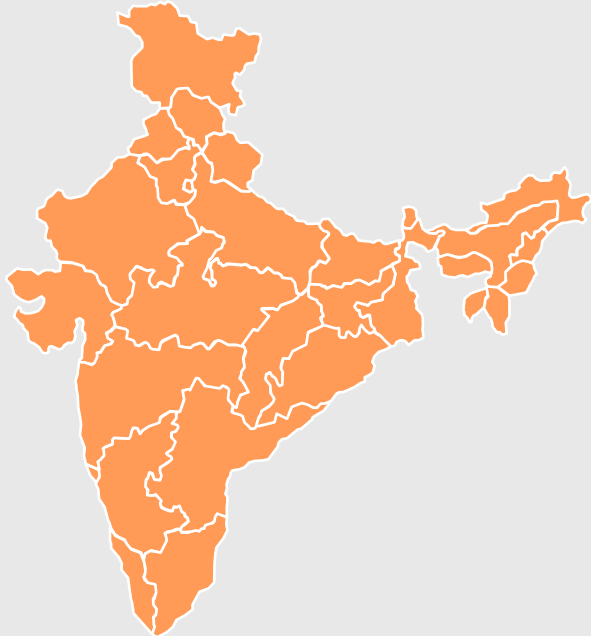
Six brands among India's top 100 OTC brands








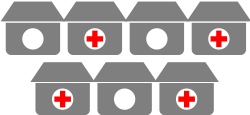

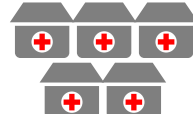
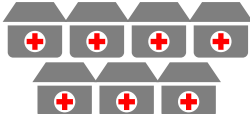



PEL has strong brand portfolio: Most brands are among the top two in their respective representative market

# Developed a large India-wide distribution network

## Wide Distribution Network



Our chemist coverage is now comparable with the top 3 OTC players

	FY2008	FY2012	Now
No. of towns present	 16	 481	 1,500
Total Outlet presence	 24,000	 200,000	 400,000
Chemist Outlet presence	 16,000	 100,000	 220,000
Field Force	 80	 800	 2,000

# Adding products organically and inorganically

## Products added organically



**Instant pain relieving  
mouth ulcer gel**



**A non-drowsy anti-  
allergy OTC brand**



**A sore throat pain  
relief product**



**A pregnancy test kit**



**Ovulation test kit**



**Detoxifies the after effects  
of socializing, etc.**

## Product portfolios added through acquisition



**4 brands from Pfizer Ltd**



**5 brands from Organon India & MSD BV**



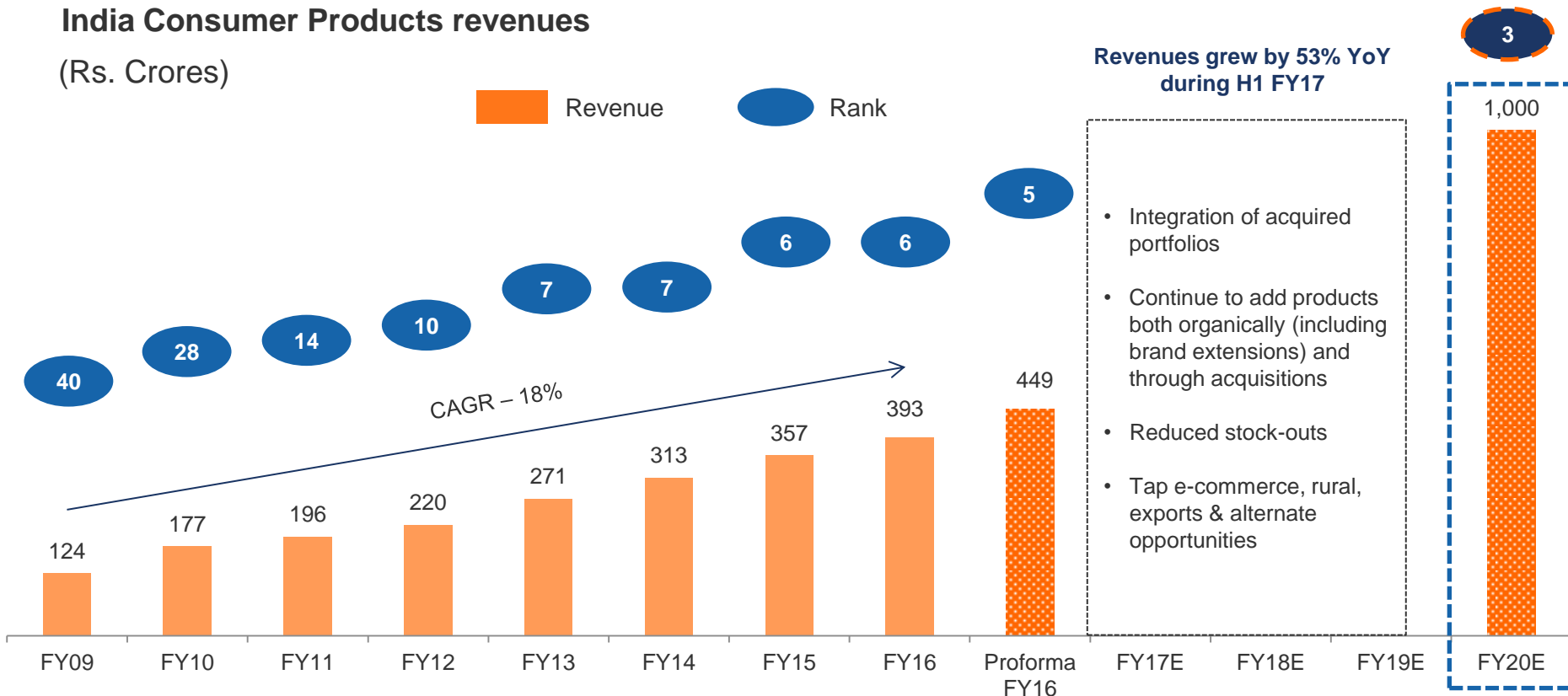
**Baby-care brand 'Little's'**



# Strong growth track record

## India Consumer Products revenues

(Rs. Crores)



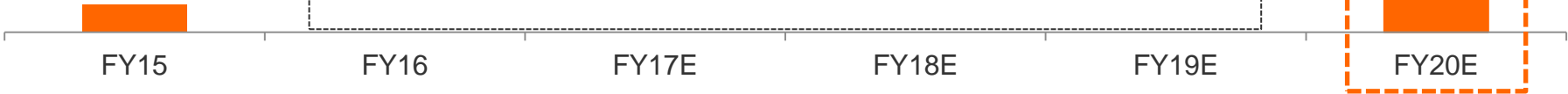
# Significantly enhancing EBITDA Margin

Conscious choice over last few years to re-invest profits for scaling up the business - Aim to be among top 3 OTC players in India by 2020

Near break-even EBITDA Margin

- Significant addition of new products / brands / brands extensions both organically and inorganically will leverage the domestic distribution network and aid fixed cost amortization resulting in higher margins
- Using third party vendors has maximised competitiveness through lower manufacturing cost.
- High variable compensation structure for the sales staff will keep overheads low and incentivise higher performance.

Industry Standard Margins



# How Consumer Products business can become a significant player for us?





**Overall**

# Overall Revenue and Profitability performance

Overall Pharma	FY2016	FY2020 Projections
Revenue	Rs. 3,558 Crores	Rs. 6,500 - 7,000 Crores
<i>Imaging</i>	<i>(Rs. 168 Crores)</i>	<i>NIL</i>
EBITDA Margins	Single Digit	20% - 25%



# Appendix

# Seven value-accretive acquisitions in last two years to boost future growth

## Pharma Businesses

### Coldstream (Injectables)



### Ash Stevens (HPAPI)



## Pharma Products

### Injectable anaesthesia & pain management products



### Intrathecal Severe Spasticity & Pain Management



## Consumer Products

### 4 brands from Pfizer Ltd



### 5 brands from Organon India & MSD BV



### Baby-care brand “Little’s”



Invested ~Rs.3,000 Crores through these acquisitions

# End-to-end manufacturing capabilities for both APIs and Formulations

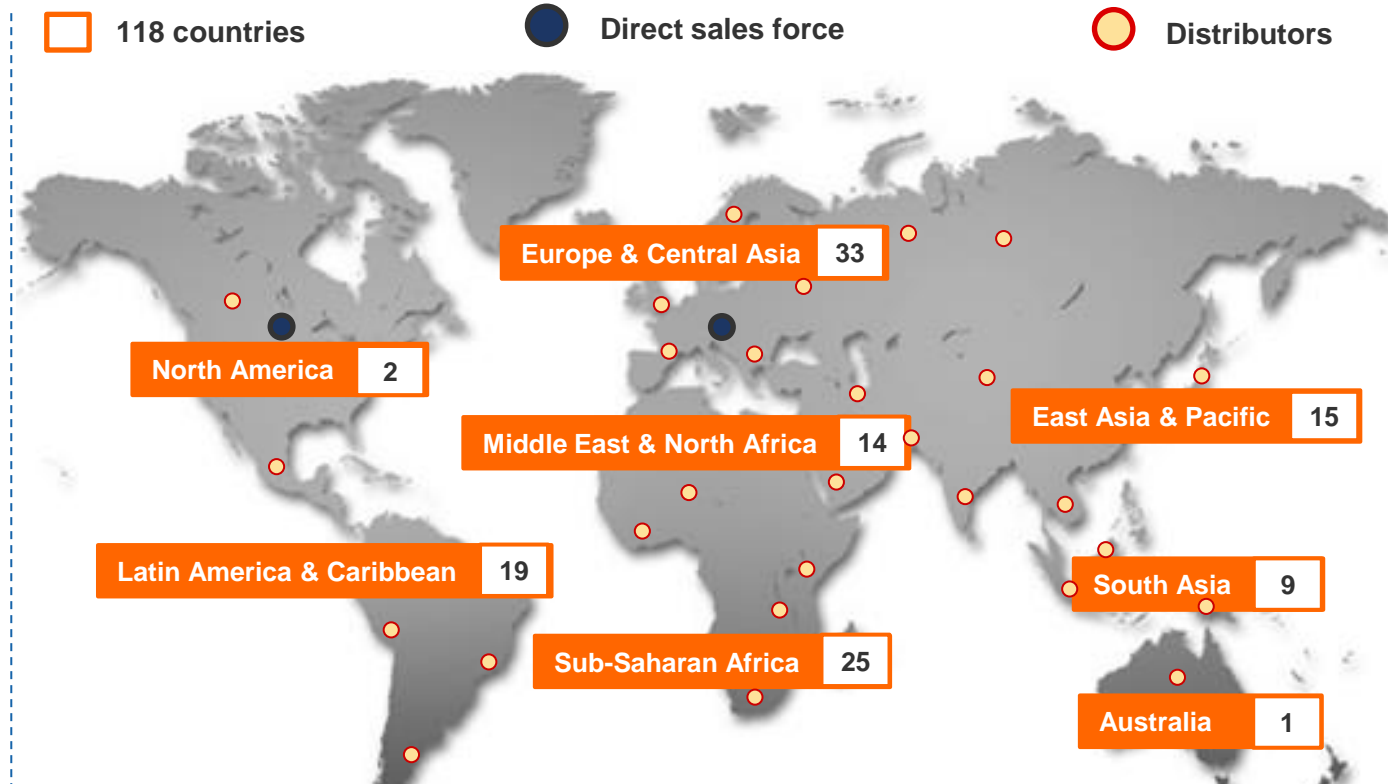


Discovery	Early phase API	Late phase API
<b>Medicinal &amp; Synthetic chemistry services –</b>  India - Ahmedabad	India – Ennore Canada – Aurora US – Riverview (HPAPI)	India – Digwal, Ennore Canada – Aurora UK – Morpeth US – Riverview (HPAPI)
	<b>Early phase Formulations</b>  UK – Grangemouth (ADC) India – Ahmedabad, Mumbai US – Lexington (Injectables)	<b>Late phase Formulations (OSD's &amp; Steriles)</b>  UK – Morpeth, Grangemouth (ADC) India – Pithampur, Digwal US – Lexington (Injectables), Bethlehem



# Large global distribution network reaching to over 100 countries

- Presence in 118 countries
- Serving over 6,000 hospitals in the world
- **Both product acquisitions :**
  - Strengthen presence in US, EU, Japan & EMs
  - Enable higher fixed cost amortisation to improve margins



Larger product portfolio will significantly leverage our global distribution capabilities