



Caplin Point
Laboratories Limited

We do things differently!

Investor Presentation

February 2019



The Presentation is to provide the general background information about the Company's activities as at the date of the Presentation. The information contained herein is for general information purposes only and based on estimates and should not be considered as a recommendation that any investor should subscribe / purchase the company shares. The Company makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information contained herein.

This presentation may include certain "forward looking statements". These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements. Important factors that could cause actual results to differ materially from our expectations include, amongst others, general economic and business conditions in India and abroad, ability to successfully implement our strategy, our research & development efforts, our growth & expansion plans and technological changes, changes in the value of the Rupee and other currencies, changes in the Indian and international interest rates, change in laws and regulations that apply to the Indian and global pharmaceuticals industries, increasing competition, changes in political conditions in India or any other country and changes in the foreign exchange control regulations in India. Neither the company, nor its Directors and any of the affiliates or employee have any obligation to update or otherwise revise any forward-looking statements. The readers may use their own judgment and are advised to make their own calculations before deciding on any matter based on the information given herein.

No part of this presentation may be reproduced, quoted or circulated without prior written approval from Caplin Point Laboratories Ltd.

Caplin Point Laboratories (CPL) at a Glance



Covers entire spectrum of pharmaceutical formulations with 400+ products, 36 Therapeutic Segments in 23 countries



10 ANDAs filed till date with 3 approved and 10 more to be filed by Dec 2019 in US



180+ Scientists



2850+ Products registered

9M FY19 Financial Highlights

- Operating Revenue of Rs.4,613 Mn
- Net Profit of Rs. 1267 Mn
- Zero debt company with cash and cash equivalents of Rs. 1243 Mn

Shift in Business Models

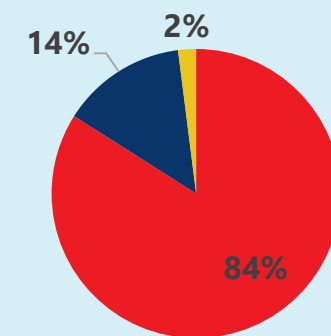
Shift in business models from:

- Distributors to Retail
- Generics to Brands
- Simple to Specialty generics

Manufacturing Facilities

- CP-I : Tablets, Capsules, Liquid Orals, Soft Gels, Suppositories, Ointments & Injections – Approved by WHO-GMP. Preparation ongoing for PIC/s.
- CP-IV : Injectables & Ophthalmics. Approved by US FDA & EU GMP

Revenue



■ Latin America ■ Africa ■ US

100% Revenue from Exports

Accreditations



Invested Rs. 380 Crs in Capex & Opex through internal accruals on Sterile plant, approved by FDA.

TOTAL ANNUAL PRODUCT CAPACITY

1,000 Mn
Tablets

400 Mn
Capsules

65 Mn
Vials of Liquid
Injections

20 Mn
Liquid Injection
Ampoules

170 Mn
Soft Gels

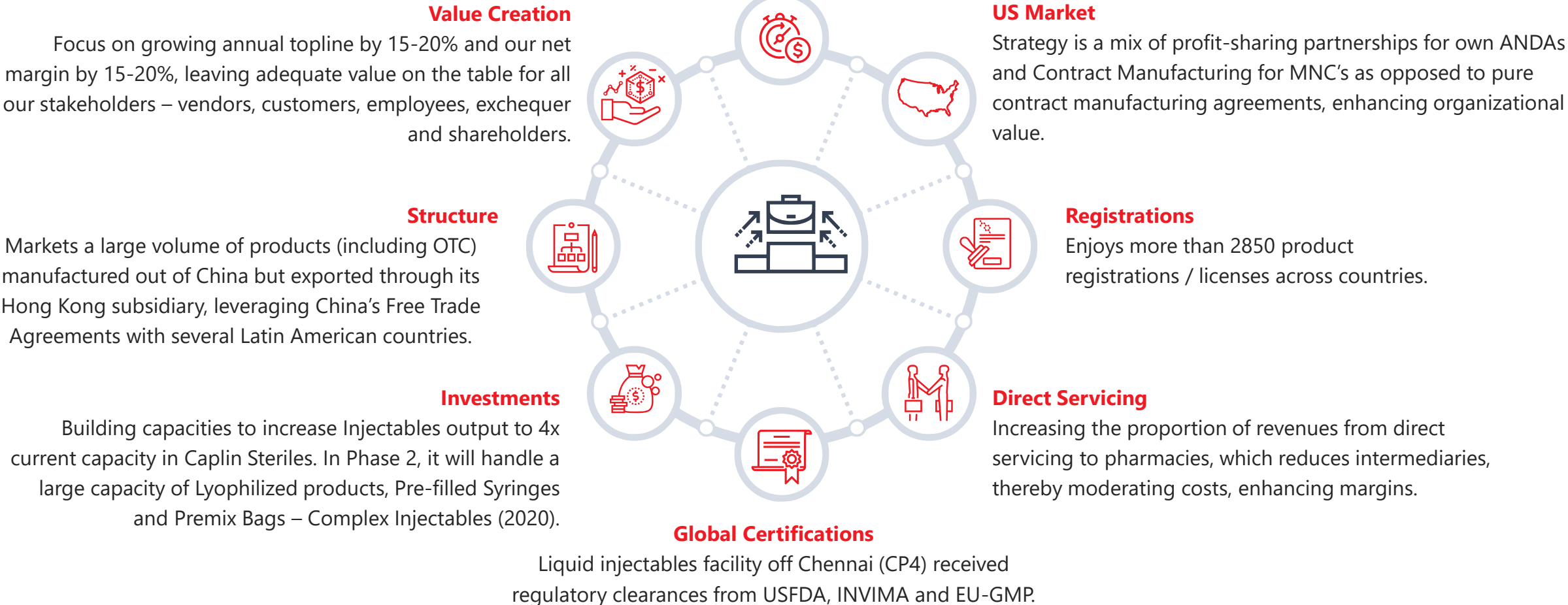
30 Mn
Suppositories

6 Mn
Bottles of Liquids

12 Mn
Pre-Filled
Syringes

12 Mn
Ophthalmic units
of liquid injection

Inventory turn of 9x, nearly twice the prevailing sectoral average.



Entered challenging unpenetrated markets



Prior to FY 2005

- Ventured into Angola in 1990s, overcame challenges such as limited presence of distributors and unsafe operating environment
- Entered various Latin American markets; challenges entailed existence of a web of scattered small sized countries, physically unsafe environment and unclear regulations
- Entered into outsourcing relationships with Chinese formulation manufacturers creating an asset-light, profitable business model, in 2005

Consolidated leadership in Latin America



FY 2006-2012

- Consolidated its position in Latin America and emerged as a market leader, pushed high standard products in the region, at affordable costs.
- High reliance on exclusive distribution arrangement for increasing pharmacy penetration
- Created last mile logistic solution for exclusive distribution agents in Latin America
- CPL maintained deep focus on Bottom of the Pyramid in private market with reduced exposure to Institutional sales.

Emergence of Caplin 2.0



FY 2013-2018

- Marginal shift in Latin America strategy - CPL focused more on direct selling. Also entering into larger markets of Latin America, with focus on well-regulated Tenders and Brand Marketing
- Commenced investment into liquid injectables facility in 2012, approved by US FDA and EU-GMP twice by 2018.
- 3 ANDAs approved as of March 2019
- JV with the ~USD 11bn distribution company Jointown to commence its trading in China

2019 onwards – Investment in injectables strategy to drive future growth

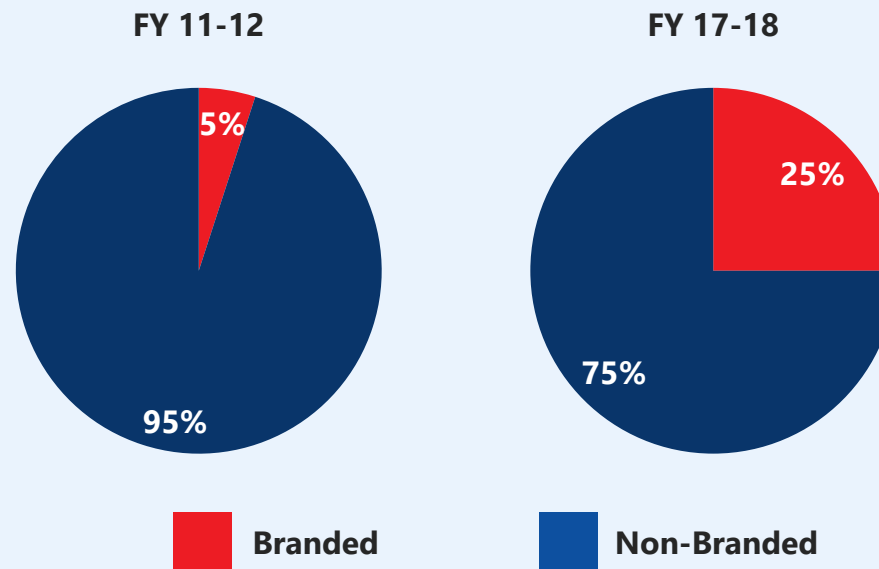
Diversified Product Portfolio

Caters to entire spectrum of pharmaceutical formulations, covering various dosage forms

Total of 2,850 product licenses spread across Latin America & Africa

- ✓ Tablets & capsules
- ✓ Injections (liquid & lyophilised, pre-filled syringes)
- ✓ Ophthalmics
- ✓ Liquid Orals
- ✓ Softgel Capsules
- ✓ Ointments, Creams & Gels
- ✓ IV infusion
- ✓ Inhalers
- ✓ Powder for injections
- ✓ Suppositories & Ovules
- ✓ Dermocosmetics
- ✓ Surgicals & Disposables

Built an end to end business with focus on bottom of the pyramid



Branded sales increased from 5% of total revenues in 2012 to 25%

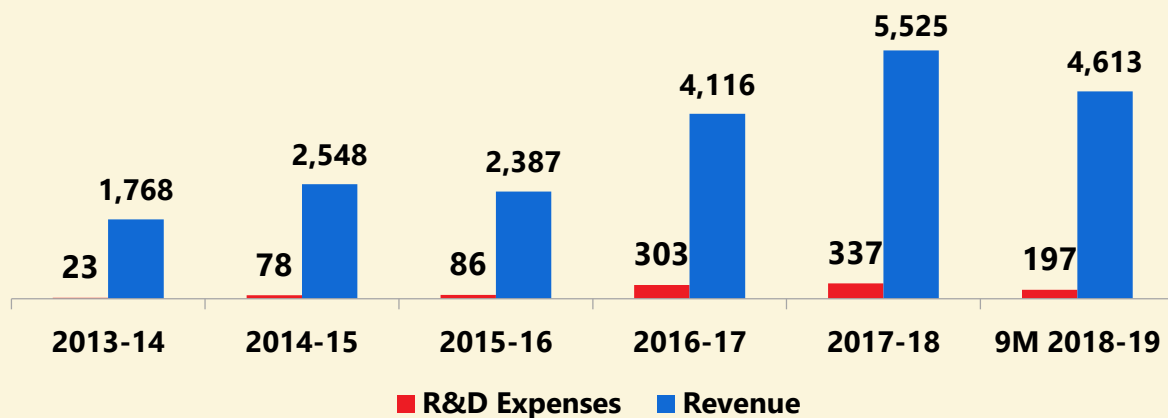
- ✓ Early adopters from Indian pharmaceutical sector to enter West Africa, Central America and the Caribbean
- ✓ Product mix covers 50%+ of WHO essential drug list in countries of operations
- ✓ ~90% of the revenues derived from simple generics to complex lifesaving products
- ✓ Latest focus towards complex spaces (Softgels, Long acting Injectables and Ophthalmics, Suppositories)
- ✓ Accounts for larger shelf share across pharmacies on account of a widening product basket
- ✓ Only player in current size segment to have a US FDA approved Injectable plant.

Research & Development Capabilities

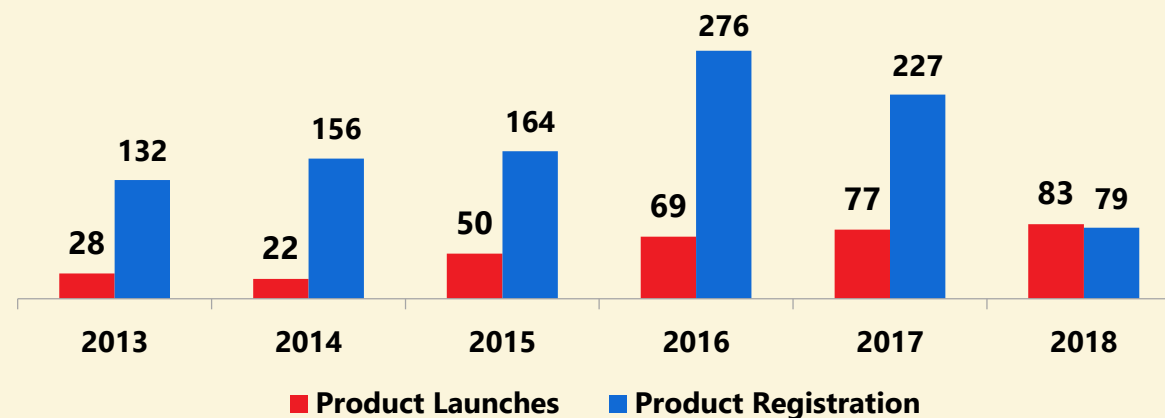
Overview

- 5 dedicated R&D setups (3 – DSIR approved and 2 under approval) with capabilities to develop safe and effective formulations.
- 180+ scientists working on development of varied dosage forms such as Complex Injectables, Liposomes, Microspheres, Suspension Injectables, Modified Release Oral Solid Dosages, Softgel capsules, Suppositories, Ophthalmic Suspensions/Emulsions, and Topicals.
- Around 25% of current PAT is investment into R&D in 2017-18 – a high number for a company in our size segment.
- Latest R&D facility at Hyderabad focuses on API R&D in a Kilo lab setup. Scale up and Commercial manufacturing of APIs will be done at CP-2 plant in Gummidipoondi.
- Separate teams work on formulation development and analytical studies of molecules for regulated and emerging markets.
- ANDAs
 - 10 ANDAs filed, 3 approved and commercial, 10 more filings under Caplin's name by Dec 2019.
 - 35 Simple & complex formulations targeted for filing by 2023, under Caplin's name.

Research & Development Spend (INR Million)

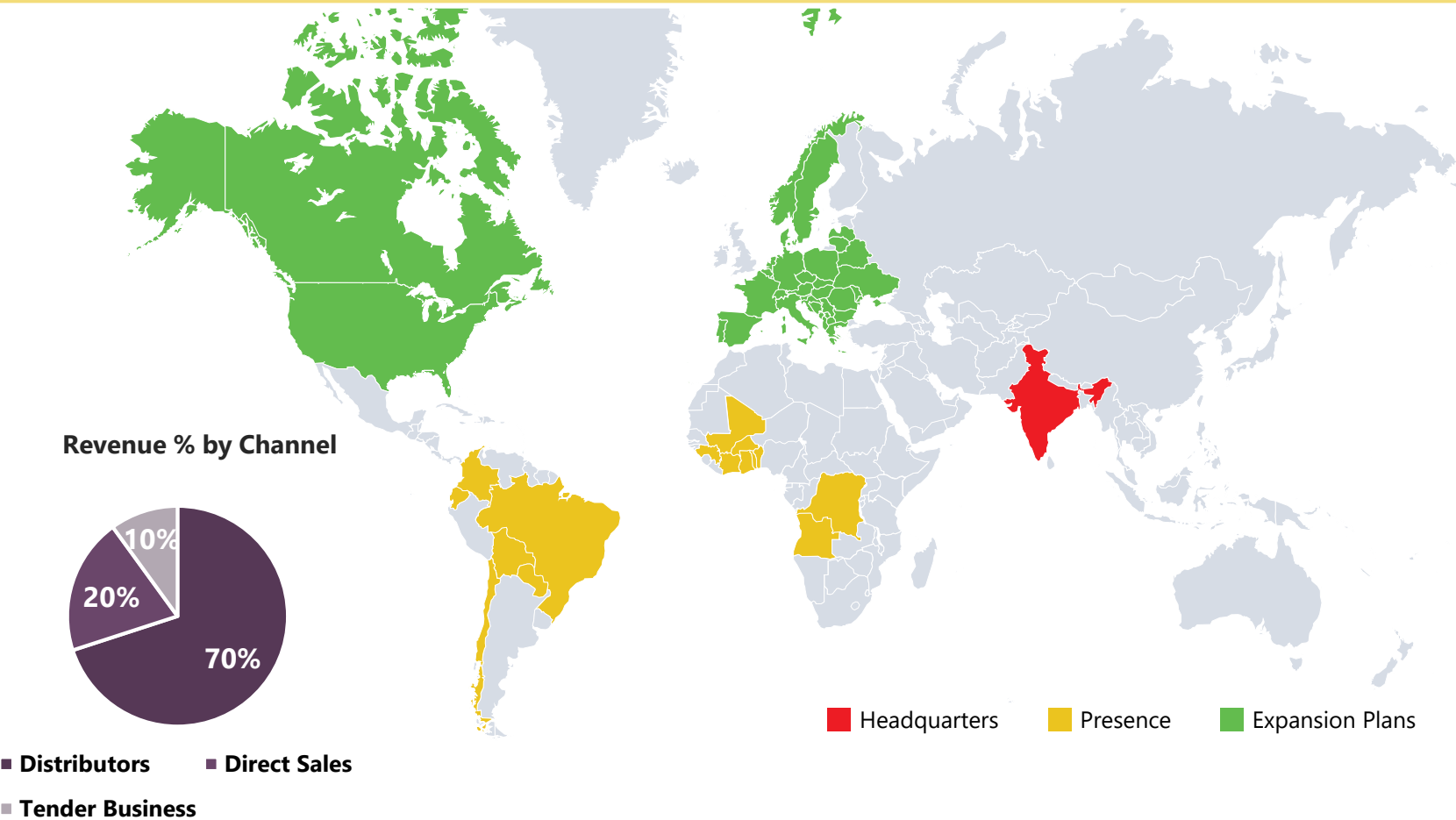


Product Launches & Registration



Robust Distribution Network & Targeted Marketing

Work closely with pharmacists and trade intermediaries in the regions of its presence to ensure that medicines that are prescribed are in stock just when consumers need them



Having invested in developing the distribution network, Caplin is in a pole position to evolve from being a distributor led player to one which is directly engaged with retailers

1 Plant to Portal

Proposed extension from product manufacture to retail interface through Healthcare portal automating pharmacies, clinics and diagnostic labs

2 Direct approach

Direct marketing to pharmacies and wholesalers; circumventing trade channels




3 Forward integration

Caplin intends to move further up the Value Chain with its Channel partners at Latin America, thereby controlling manufacturing, export, import, distribution with direct access to retailers and wholesalers.

4 Widen interface

With 12,000 pharmacies to address bottom-of-the-pyramid customers and engage with doctors

Emerging Markets - Driving Growth and Profitability of Business

	Overview	Strategic Focus
 South America	<ul style="list-style-type: none">▪ No. 1 Indian player in Central America▪ Invested ~ Rs.380 crore in Capex and Opex in the last 5 years through internal accruals to enter the US and Regulated markets.▪ Last decade increased its Latin American footprint from two countries to 10 countries.	<ul style="list-style-type: none">▪ Enlarging focus from Central America to mainland South American countries such as Chile, Colombia, Brazil and Paraguay.▪ Pharmacy automation in Central America to increase profitability and augment strong capabilities in the Supply Chain.
 Africa	<ul style="list-style-type: none">▪ Among the First Indian pharmaceutical companies to extend to West Africa with Brand Marketing.▪ High Recall of CPL's brands across Francophone and Portuguese Africa.▪ Entry into Pharmacy sales through Healthcare portal, for higher margins and offtake.	<ul style="list-style-type: none">▪ Revenues doubled in Francophone Africa in the last 4 years due to continued focus on innovative products through Brand Marketing.▪ Pharmacy Automation creates new niches in Africa with first mover advantage.
 Rest of the World	<ul style="list-style-type: none">▪ Started JV with large Chinese distribution firm JointOwn Pharmaceuticals for entry into China with Intermediates, API and Formulations.▪ Entered US Market in 2017-18 with launch of Ketorolac Inj. through Cycle Pharma initially and later with Baxter.▪ Agreements in place for CDMO with Fresenius-Kabi.	<ul style="list-style-type: none">▪ Focus on Intermediates and API supply to China due to many Chinese plants being shutdown on environmental concerns.▪ JointOwn, a USD14 billion company, shall distribute Caplin's formulation products at a later stage.▪ Filing a mix of Simple and Complex injectables in US.

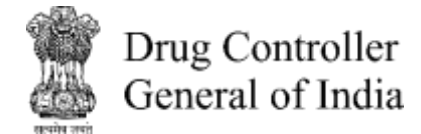
Amaris Clinical - CRO Division of Caplin Point

Highlights

- ✓ CRO division started for Captive BA/BE studies of own products, for LatAm, US and China.
- ✓ Cost per study reduces by around 50%
- ✓ Project cost at INR 25cr – internally accrued.
- ✓ 72-bed state of the art facility.
- ✓ Targeting US FDA, EMA, ANVISA and Chinese SFDA clearances.
- ✓ Technologically advanced volunteer tracking and management system to ensure compliance.
- ✓ High level of data integrity compliance through end to end automation.
- ✓ Targeted completion – April 2019 : Bioanalytical & July 2019 - Clinical.



- LCMS-MS
- Sciex 4500+ : 2
- Sciex 6500+ : 1
- UPLC - Shimadzu



72 Total
Clinical Beds



95 Total Staff
Strength

Visionary Promoters & Experienced Management

Mr. C.C.Paarthipan
Chairman



- 30+ Years of experience in the pharmaceutical industry
- Spearheading the group in its multi-pronged growth approach
- First Gen Entrepreneur with a focus towards bottom of the pyramid

Dr. Sridhar Ganesan
Managing Director



- 35+ Years experience in Pharmaceutical Industry
- Previously, held leadership positions in several international assignments
- Has been a Faculty in BITS

Dr. B. Philip Ashok
Whole-time Director



- 25+ Years of experience in the industry
- Holds a doctorate in quality management and has demonstrated a proven ability to build teams who work with a high level of integrity, skills and knowledge

Dr. K.C.John
Independent Director



- 30+ yrs experience in spheres of technology & entrepreneurship
- Holds Ph.D from IIM Ahmedabad
- Visiting Professor at Great Lakes Institute

Mr. D.P. Mishra
Director



- 30+ yrs experience in the area of Medicines and formulations
- Post Graduate in Chemistry

Dr. K Nirmala Prasad
Director



- Academician by profession;
- Expert in area of commerce & Management
- Doctorate in Commerce

Dr R Ravichandran
Director



- Management and Finance professional, having rich experience of 38+ yrs in manufacturing and services

D Sathyanarayanan
Director



- 30+ yrs experience in application dev. & implementation
- MS from Stanford University and bachelors from IIT-Madras

Mr V Thirumalai
Director



- 50+ yrs experience in the field of finance, HR, management & industrial relations
- Post Graduate in Commerce

R Viswanathan
Director

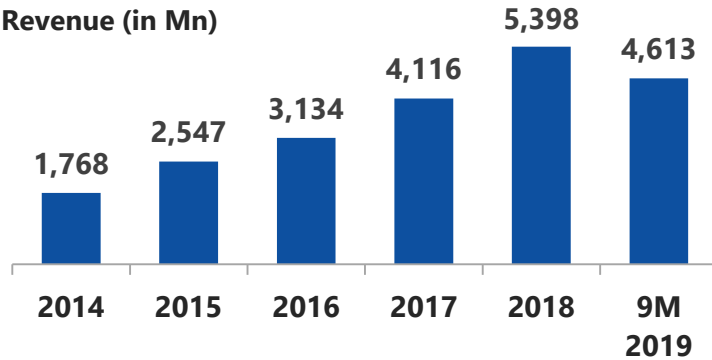


- Retired ambassador of India to Argentina, Uruguay & Paraguay – 2007 to 2012
- Latin American expert, widely renowned for his initiatives bringing Latin America closer to India.

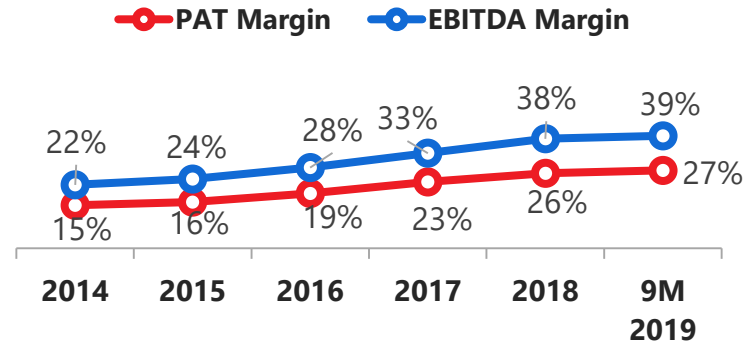
Strongly Positioned to Deliver Robust Profitable Growth & Returns

Revenue Tripled in the last 4 years

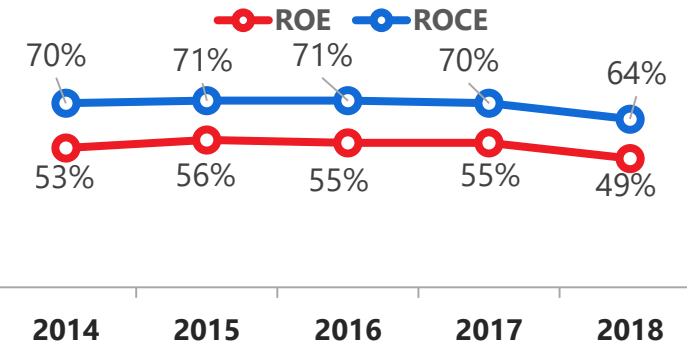
Revenue (in Mn)



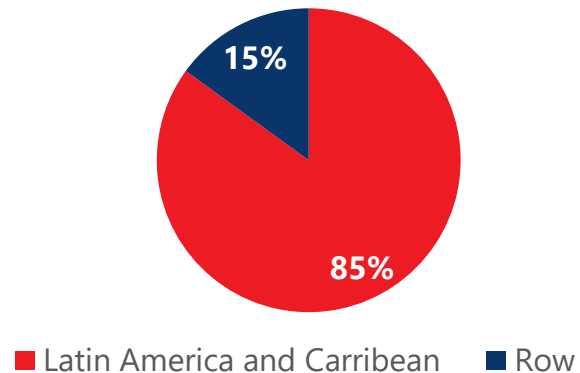
Robustly growing EBITDA & PAT margins



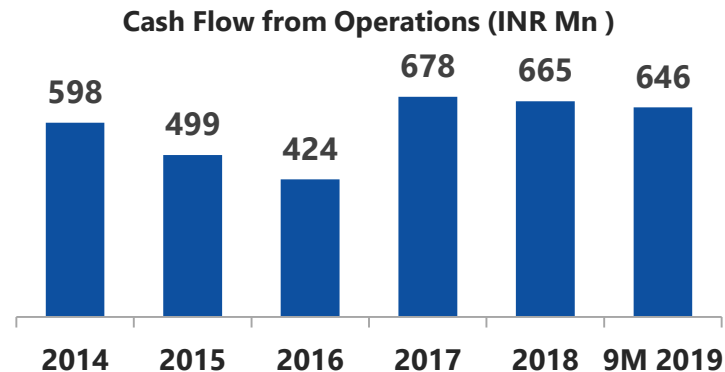
Significant growth in Return Ratios adds further impetus to the growth story



100% of revenues from Exports



Generated CF to meet its CAPEX requirements



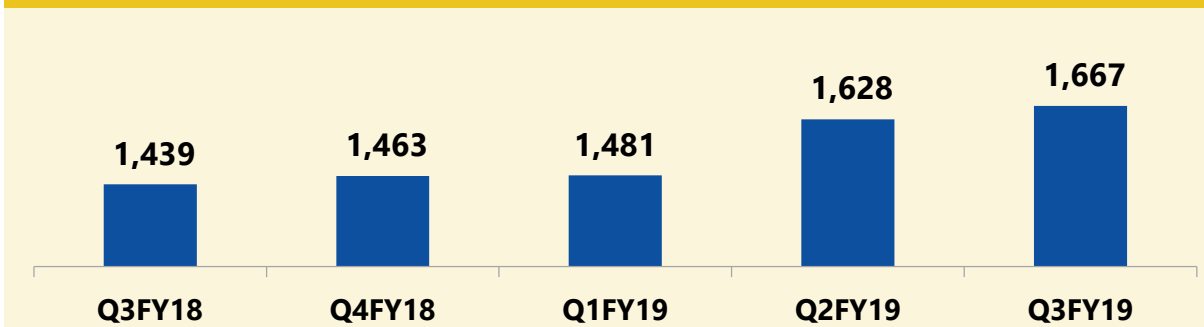
Other key parameters

- ✓ **Debt-free:** Zero debt on the books
- ✓ **Cash balance:** INR 1243 Mn
- ✓ **Natural hedge:** Around 65% of products manufactured in-house, 35% outsourced from India and China.
- ✓ **Inventory turnover:** 9x

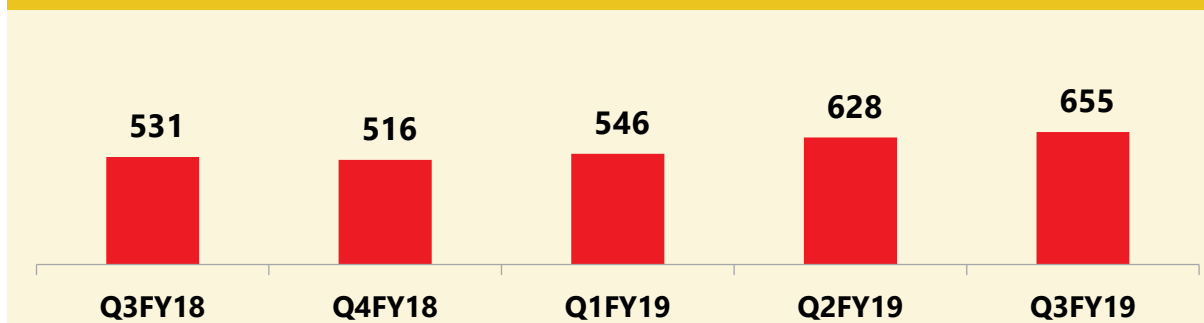
Goal: To convert Top Line of 2015/16 into the Bottom Line of 2021/22.

Financial Highlights – Q3 FY19

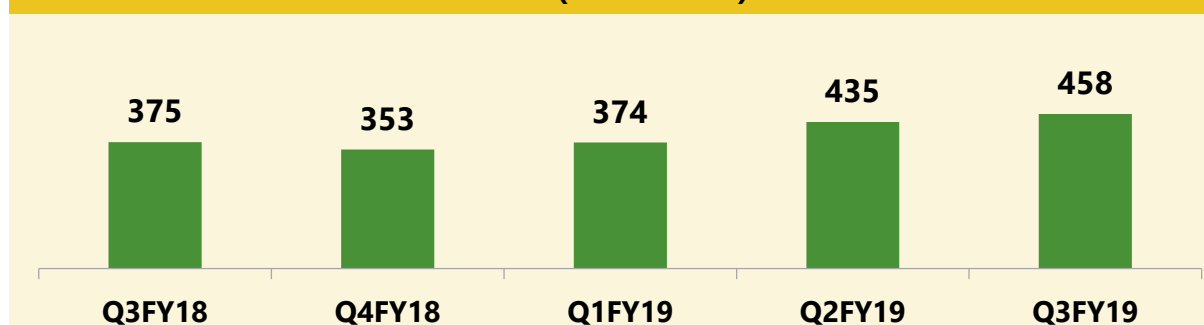
Revenue (INR Million)



EBITDA (INR Million)



PAT (INR Million)



Q3FY19 Highlights

- Target to file 10 more ANDAs before Dec 19
 - Taking the tally to 20 ANDAs filed from Caplin with 3 approvals already received
- Moved injectable plant and other assets for US market into our subsidiary 'Caplin Steriles Ltd'
 - Attracted investment from a globally renowned player - Fidelity's investment arms Eight Roads and F-Prime Capital.
- Expansion plans at CP-1, emerging market plant, has been completed with commercial manufacturing of injectables set to commence in the Q4FY19
 - Colombia approval targeted within Aug 2019
- R&D team recruitment for Complex injectables and Oral Solid Dosages completed
 - R&D lab expansion underway, likely to be completed by March 2019
- COSCO and DSIR approvals for Caplin's CRO wing targeted by March 2019

Key Updates

Expansion plans at Unit-1 in Pondicherry nearing completion, it includes addition of Injectable lines including Lyophilized Injectables and Pre-filled Syringes, for Emerging Markets

Five State of art R&D sites established, covering entire spectrum of Dosage Forms and targeting backward integration into API.

Preparation underway to file products in China that have been filed/approved in the US

US FDA audit completed with Zero 483s, for Unit-4, this is the second US FDA audit at this plant



Capacity enhancement of Oral Solid Dosages and Softgel Capsules undertaken

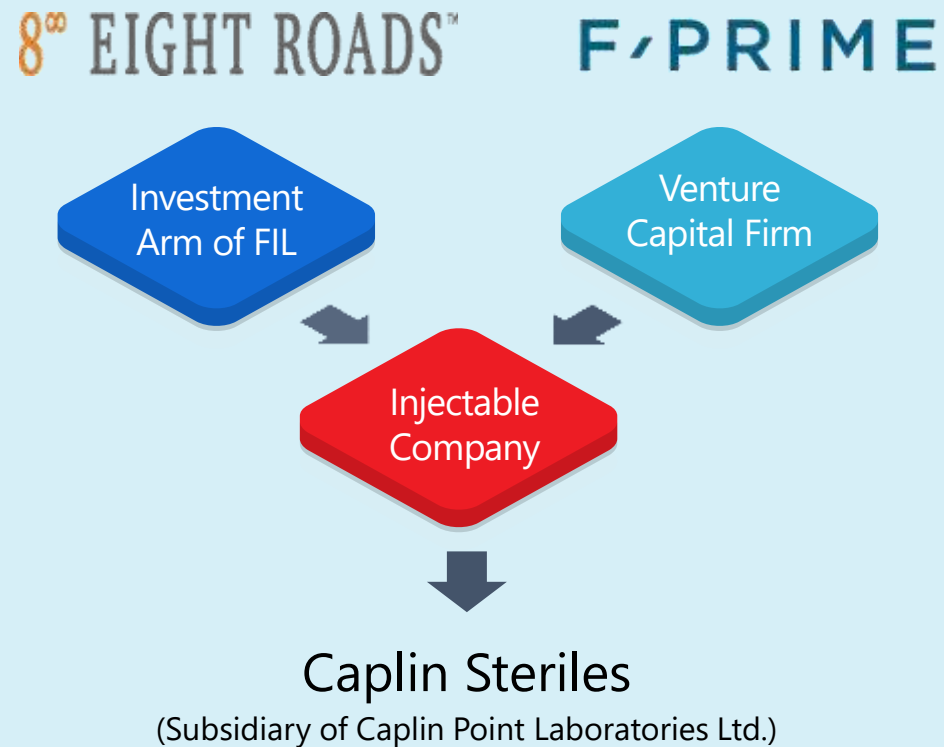
CRO wing nearing completion and likely to be operational before Q2, FY20

3x Capacity expansion underway at Caplin Steriles (CP-4 plant)
Rs 218 cr investment by Fidelity USA, to drive strategy

EU-GMP renewal inspection successfully completed for Unit-4

“Capital Plus” partner for Caplin Steriles Ltd.

Proposed Transaction Structure



Transaction Details

Objective

- Increase R&D capabilities to include Complex Injectable and Ophthalmic products portfolio, and enhance capacities at Plant.
- **Eight Roads and F-Prime Capital – Fidelity** together bring access to a powerful investment platform spanning **Asia, Europe and the US**.

Key Transaction Highlights

- Caplin Steriles, subsidiary of Caplin Point Laboratories Ltd. will cater to the rapidly growing demand for **injectable products** in the regulated markets, especially the **US and Europe**.
- Fidelity invests **218cr for Minority** stake, with cash infusion coming into Caplin Steriles Ltd.
- **Fidelity** known to be a long term knowledge partner with over 50% of worldwide investments into Healthcare.
- The subsidiary has already filed **10 ANDAs** on its own and through partners with the **US FDA**, with **3 approvals**.

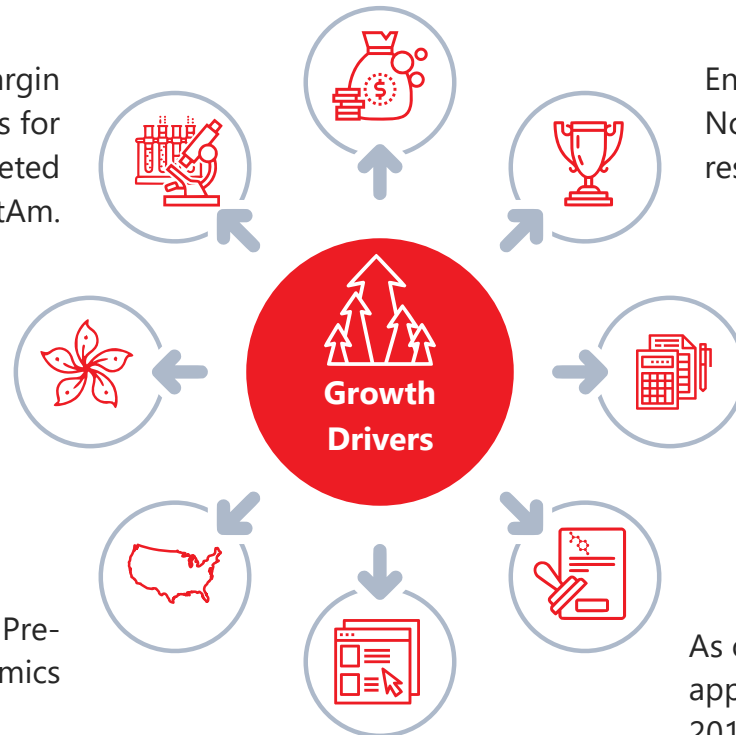
Growth Drivers

Continuous capex investment of over INR 1.6 Bn over last 5 years towards enhanced manufacturing capabilities

Progress underway for CRO wing of Caplin Point, a high margin segment of the industry, which would cover BE/BA studies for own products, before scaling up to a commercial CRO. Targeted markets are China, US, EU and LatAm.

Subsidiaries created in Hong Kong, Colombia, El Salvador and more in progress for a complete end to end business model, resulting in comfortable cashflows, reasonable profits.

Entry into US market for injectables in Vials, Pre-filled syringes, Lyophilised Vials and Ophthalmics

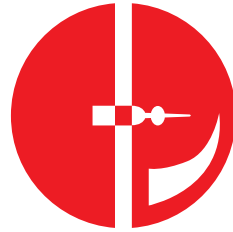


End to end business model offering Quality, Price, Variety, Novelty and a logistical advantage to the Consumer – resulting in a stickiness factor at Bottom of the Pyramid.

Debt free, no equity infusion, high EBIDTA (38%)

As on Feb 2019, 10 ANDA's filed with 3 approved. 10 more to be filed by Dec 2019.

Digital intervention – deployment of healthcare portal that would generate big data for generics, for better product positioning



Caplin Point Laboratories Limited

For further information, please contact:

Company Investor Relations contact

Vinod Kumar

☎ +91 44 24968119

✉ investors@caplinpoint.net

Christensen IR

Dikshita Jain

☎ 022-42150210

✉ djain@christensenir.com



524742



CAPLIPOINT



CAPL.NS

© 2018 Caplin Point Laboratories Limited, All Rights Reserved.

"Caplin Point" and The Caplin Point Logo are trademarks of Caplin Point Laboratories Limited. In addition to Company data, data from market research agencies, Stock Exchanges and industry publications has been used for this presentation. This material was used during an oral presentation; it is not a complete record of the discussion. This work may not be used, sold, transferred, adapted, abridged, copied or reproduced in whole or in part in any manner or form or in any media without the prior written consent. All product names and company names and logos mentioned herein are the trademarks or registered trademarks of their respective owners.