



Caplin Point
Laboratories Limited

Investor Presentation

December 2019

Proving Remedies
BRINGING SMILES to People

CIN: L24231TN1990PLC019053 | BSE: 524742 | NSE: CAPLIPOINT | ISIN: INE475E01026 | DUNS:86-148-4556 | WWW.CAPLINPOINT.NET

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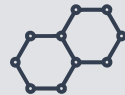
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Caplin Point Laboratories (CPL) at a Glance



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



12 ANDAs filed till date with 6 approved and 10 more to be filed by Dec 2020 in US



210+ Scientists



3100+ Products registered

H1 FY20 Financial Highlights

- Operating Revenue of Rs.4,198 Mn
- Net Profit of Rs. 1,073 Mn
- Zero debt company with cash and cash equivalents (including liquid investments) of Rs. 2450 Mn

Evolving Unique Business Models

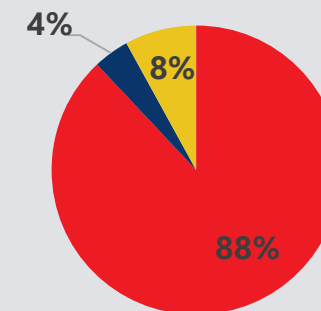
Shift in business models from:

- Distributors to Retail
- Generics to Branded Generics
- Simple to Complex products

Manufacturing Facilities

- CP-I : Tablets, Capsules, Soft Gels, Suppositories, Ointments & Injections – Approved by INVIMA & WHO-GMP.
- CP-IV : Injectables & Ophthalmics. Approved by US FDA, EU, INVIMA and WHO. (Caplin Steriles Ltd.)

Revenue



■ Latin America ■ Africa ■ US

100% Revenue from Exports

Invested around Rs. 400 Crs in Capex & Opex through internal accruals on Sterile plant, approved by FDA.

Accreditations



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

THEN

NOW

Market-led Company



Technology and research-led marketing Company

Focused on introducing products that plugged marketplace gaps



Launch speciality niche products that create new markets in varied therapy segments

Revenue from plain vanilla generic products



Revenues from mix of generics, branded generics and speciality molecules.

Negative-working capital business marked by no receivables on the book



Selective use of credit strategy to increase market share and remain cash surplus

Focused only on 2 main geographies 10 countries (Central America & Francophone Africa) for a number of years.



Extended to 23 countries comprising Central America, South America, Francophone & Portuguese Africa, with recent entry into USA, Canada and China



Unique geographical focus

One of the few Indian companies to have presence in LATAM with end-to-end business model



Strategic manufacturing base

In line with strategic lean manufacturing, Company manufactures 40% of products in-house, with the rest outsourced from quality-conscious facilities in China and India.



Growing presence in US Market

Strengthening the US credentials by entering niche high value Injectable/Ophthalmic segment.



Global Certifications

State of the art manufacturing facilities with global approvals from US FDA, EU-GMP, INVIMA, WHO.



Vertical and Horizontal integration

Manufacture APIs for critical & complex injectables, with control on Compliance, Cost and Control over supply.

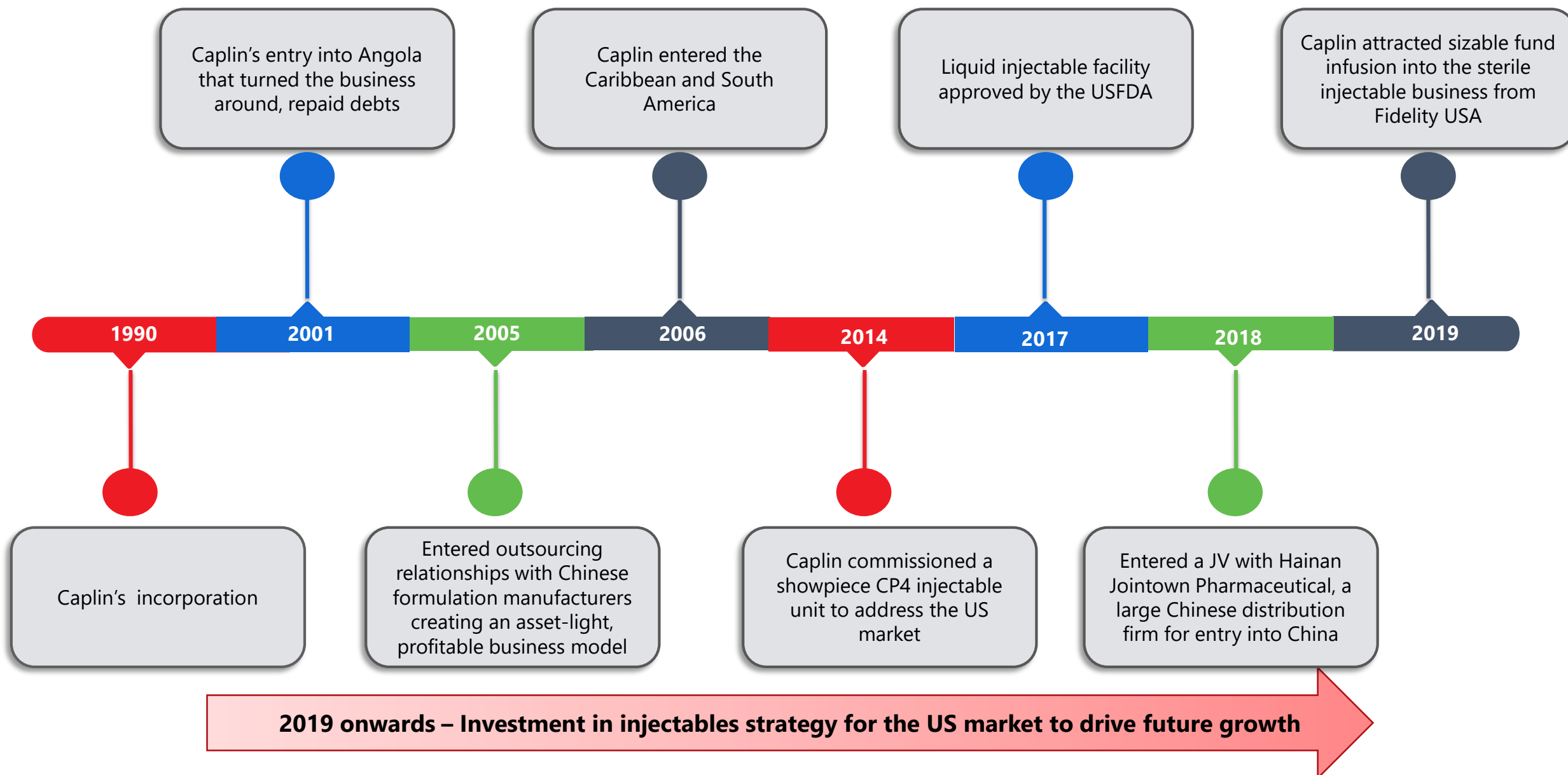
Established world class fully automated CRO for conducting BE/BA studies



Direct Servicing

Increasing revenue proportion from direct servicing to pharmacies, which reduces intermediaries, thereby moderating costs, enhancing margins

Inflection points in Caplin's existence

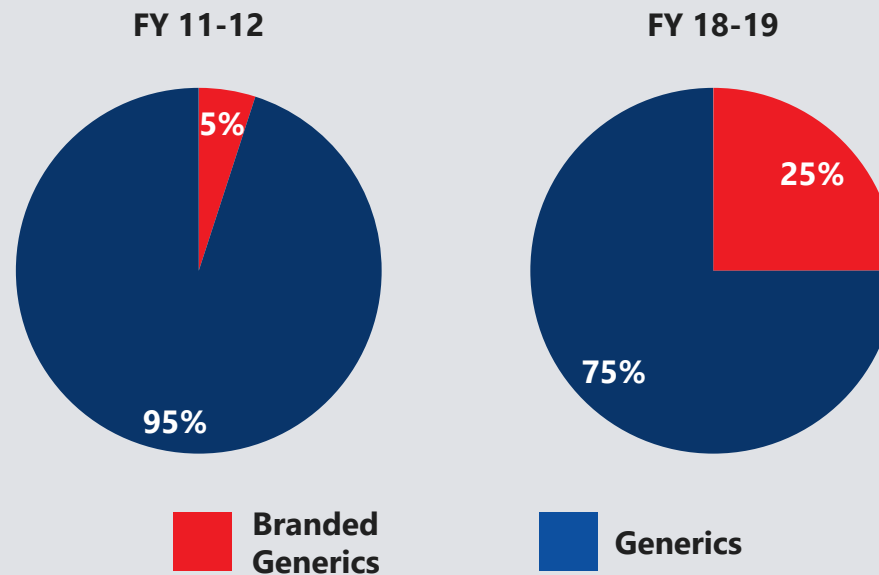


Caters to entire spectrum of pharmaceutical formulations, covering various dosage forms

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

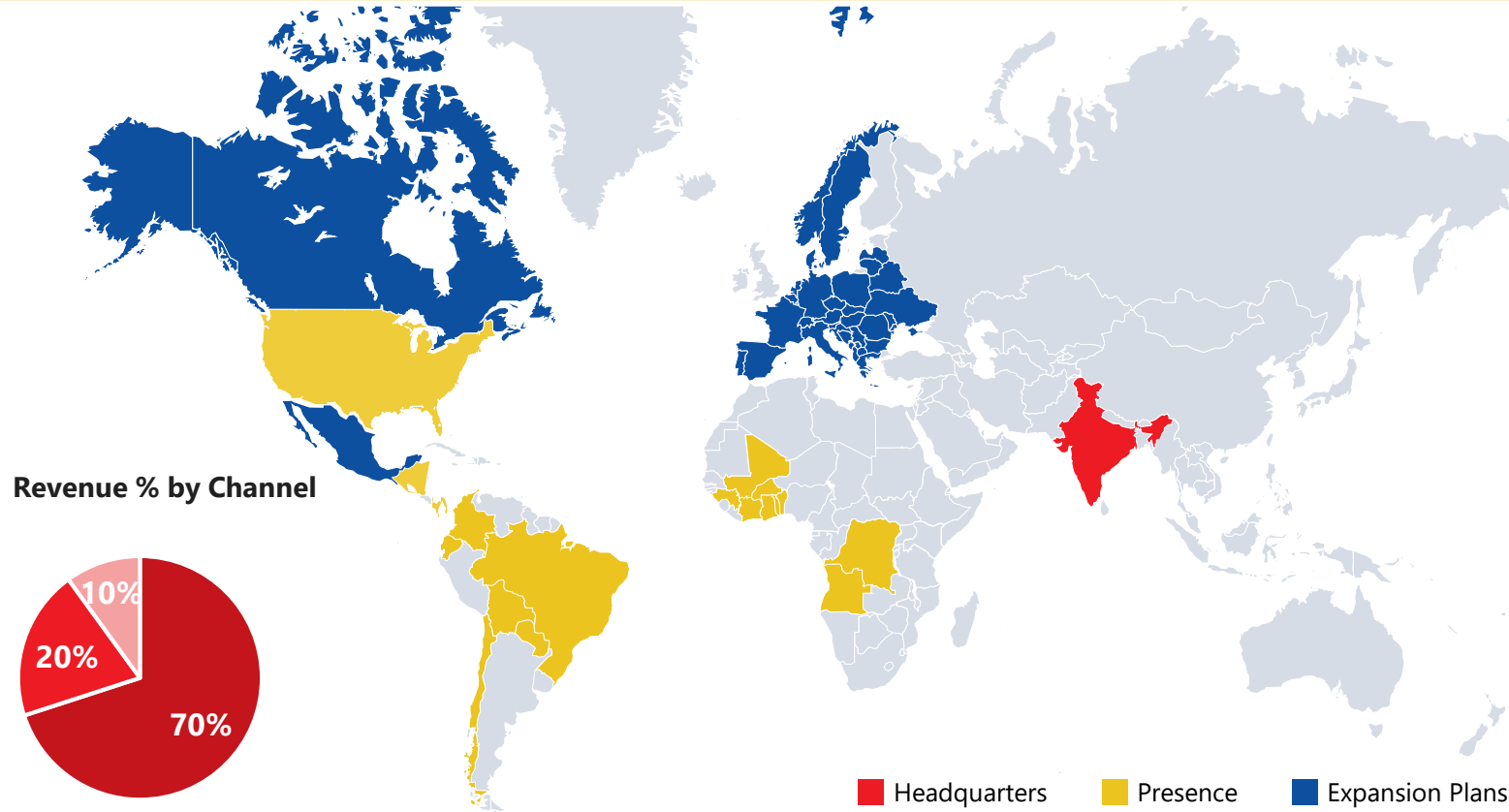


Branded Generic sales increased from 5% of total revenues in 2012 to 25%

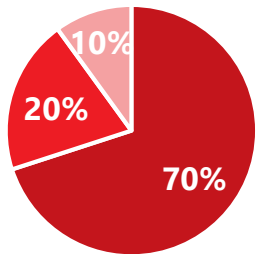
- Early adopters from Indian pharmaceutical sector to enter West Africa, Central America and the Caribbean
- Product mix covers 50%+ of WHO essential drug list in countries of operations
- ~90% of the revenues derived from Latin American market through differentiated end to end business model.
- Latest focus towards complex spaces (Pharmaceutical 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 an Injectable plant that is approved several times by US FDA, EU-GMP etc.

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



Revenue % by Channel



- Distributors
- Direct Sales
- Tender Business

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

Scaling up the Value Curve

Plant to Portal

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

Direct approach

Direct marketing to pharmacies and wholesalers; circumventing trade channels

Forward integration

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

Widen interface

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

Overview

Strategic Focus



South America

- **No. 1 Indian player in Central America**
- **Invested ~ Rs.400 crore in Capex and Opex** in the last 5 years through internal accruals to enter the US and Regulated markets
- **Increased its LATAM footprint** from two countries to 10 countries within a decade

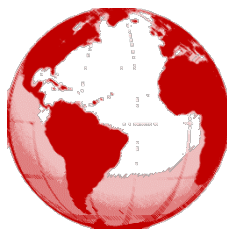
- Increasing focus to **mainland Latin American countries** (Chile, Colombia, Brazil and Mexico)
- **Pharmacy automation** to increase profitability and augment strong capabilities in the Supply Chain



Africa

- **One of the first few Indian pharmaceutical companies to extend to West Africa** with Brand Marketing
- **High Recognition** of CPL's brands across Francophone and Portuguese Africa
- **Entry into Pharmacy sales through Healthcare portal**, for higher margins and offtake.

- 2X Revenue 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

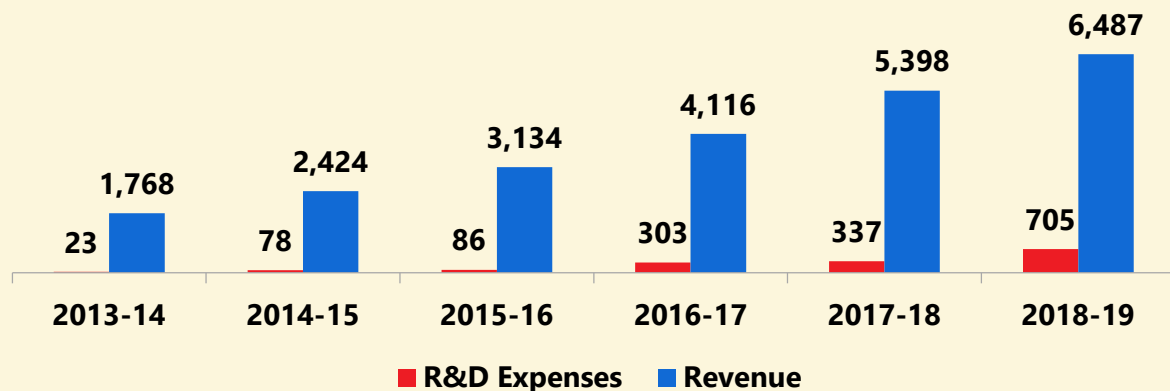
- Started JV with large Chinese distribution firm Jointown Pharmaceuticals for **entry into China**.
- **Entered US Market in 2017-18** with launch of Ketorolac Inj, currently owned by Baxter
- Launched **4 more products in US through Fresenius Kabi**, and **Caplin's own products – Glycopyrrolate and Sodium Nitroprusside through Meitheal USA**

- **Focus on Intermediates and API supply to China** as 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**

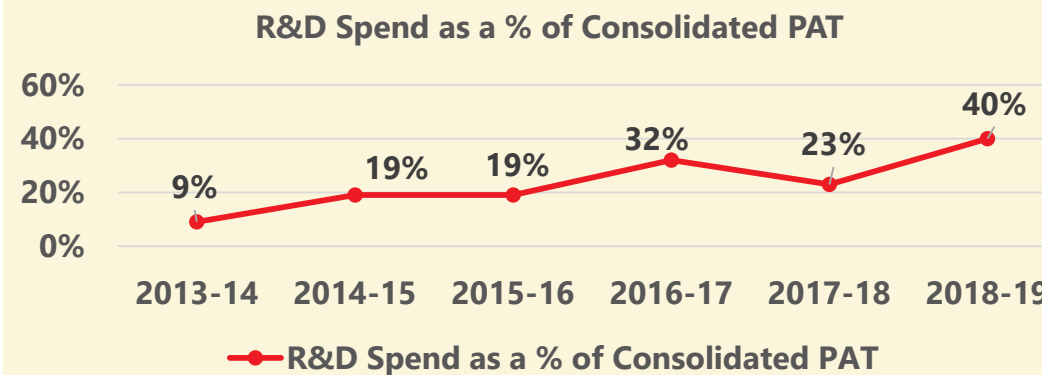
Overview

- 5 dedicated R&D setups (3 – DSIR approved and 2 under approval) with capabilities to develop safe and effective formulations.
- 210+ 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 40% of current PAT is investment into R&D in 2018-19 – 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
 - 12 ANDAs filed, 6 approved and commercial, 10 more filings under Caplin's name by Dec 2020.
 - 35 Simple & complex formulations targeted for filing within 2023, under Caplin's name.

Research & Development Spend (INR Million)



R&D Spend as a % of Consolidated PAT



Perungudi R&D
Centre



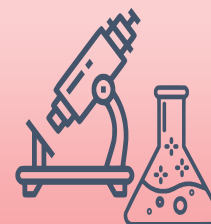
API R&D Center



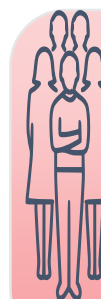
Highlights

- 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 29cr – 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.
- Completed and commenced operations in December,2019.
- Approved by DGCI.

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



72 Total
Clinical Beds



≈ 70 Total Staff
Strength

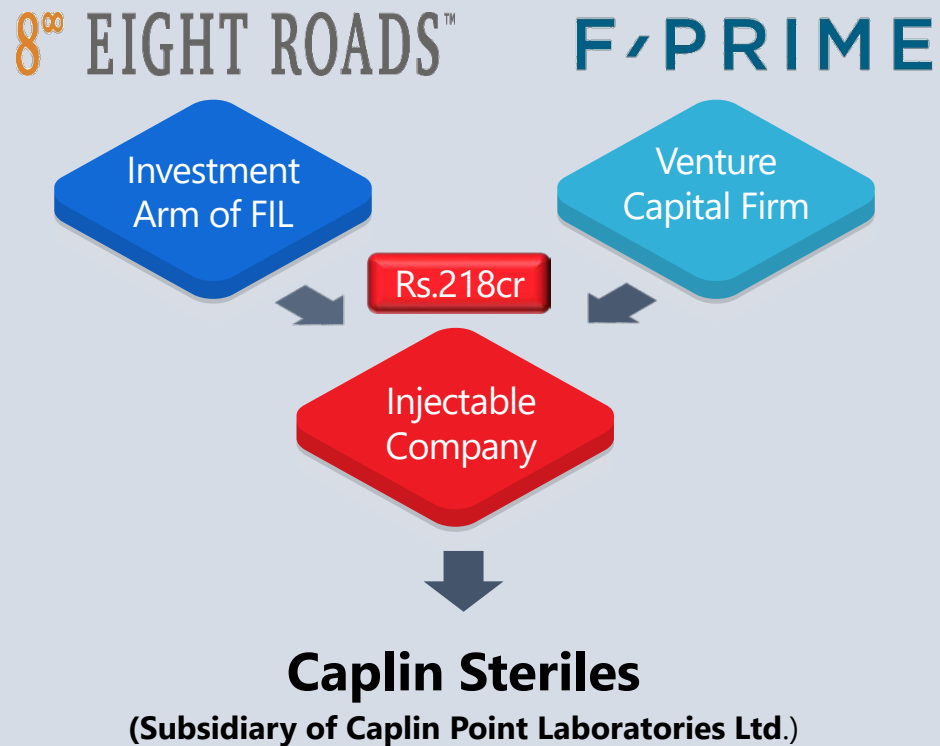
HAMILTON AUTOMATED SAMPLE ACCESS MANAGER(SAM HD)

- A first of its kind in India, SAM HD is a completely automated sample management system ensuring high integrity and speed of processing.
- Amaris Clinical is the first CRO in India to have this Automated Storage System.

ANDREW ALLIANCE - AUTO PIPETTING SYSTEM

The pipetting robot. This liquid handling robot ensures fully traceable and reproducible experiments by automation of complete laboratory workflows – using conventional pipettes and labware.

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**.
- **Eight Roads Ventures and F-Prime Capital** 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 **12 ANDAs** on its own and through partners with the **US FDA**, with 6 **approvals**.

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. K.C.John
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 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.

Key Updates

Expansion completed at Unit-1 in Pondicherry which 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

CP-4 has undergone 3 US FDA and 2 EU GMP audits successfully since 2016.



Capacity enhancement upto 2x of Oral Solid Dosages and Softgel Capsules completed



CRO wing of company completed and Global approvals like FDA, EU, ANVISA targeted for 2020/21.



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



Backward integration into API for Complex injectable products to drive profits, compliance and cost control.



Growth Drivers



Continuous **capex investment of over INR 1.6 Bn over last 5 years** towards enhanced manufacturing and R&D capabilities

As on July 2019, **12 ANDA's filed with 6 approved and 10 more to be filed** by Dec 2020.



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

CRO wing of Caplin Point completed, which will cover BE/BA studies for own products, before scaling up as a commercial CRO. **Targeted markets are China, US, EU and LatAm**



Entry into US market for injectables in Vials, Lyophilised Vials and Ophthalmic dosages

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



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

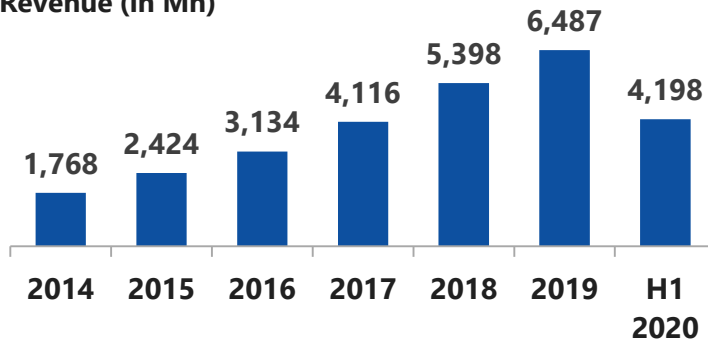
Continued focus towards Bottom of the Pyramid, creating a stickiness factor for Caplin's products



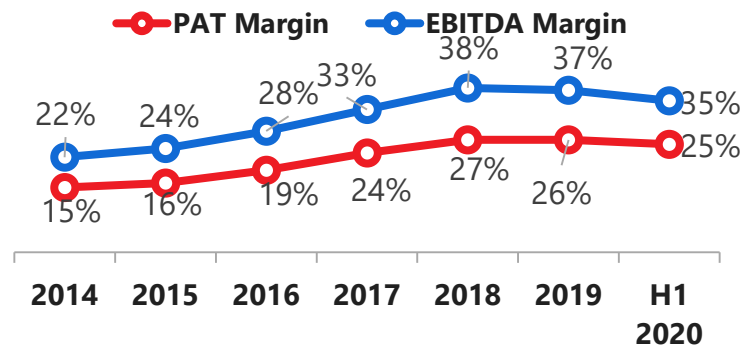
Strongly Positioned to Deliver Robust Profitable Growth & Returns

Revenue Tripled in the last 4 years

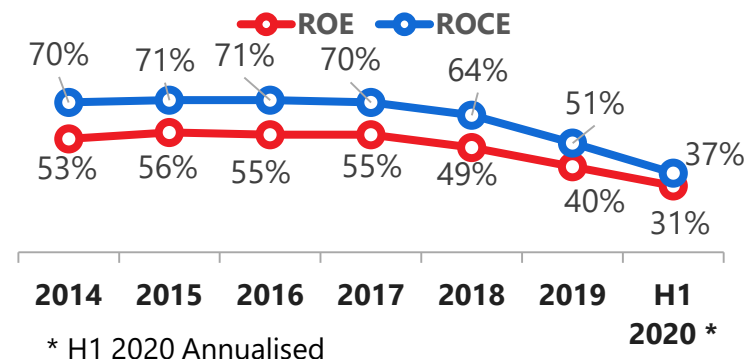
Revenue (in Mn)



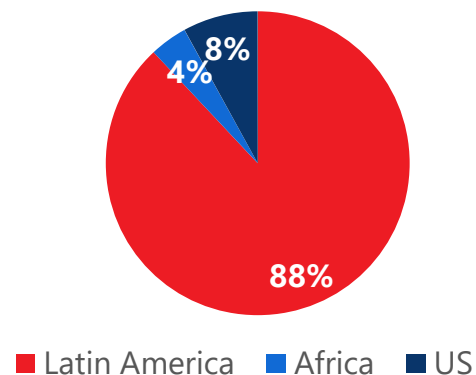
Robustly growing EBITDA & PAT margins



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

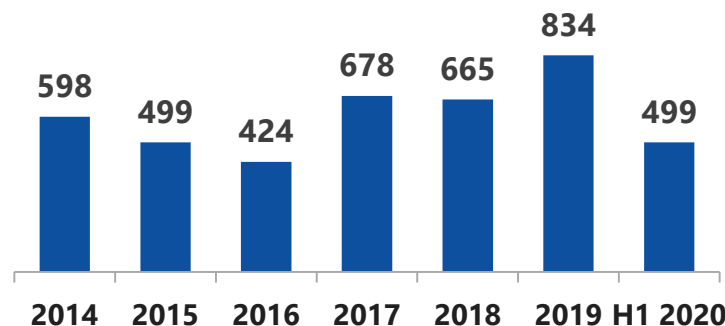


100% of revenues from Exports



Generated CF to meet its CAPEX requirements

Cash Flow from Operations (INR Mn)

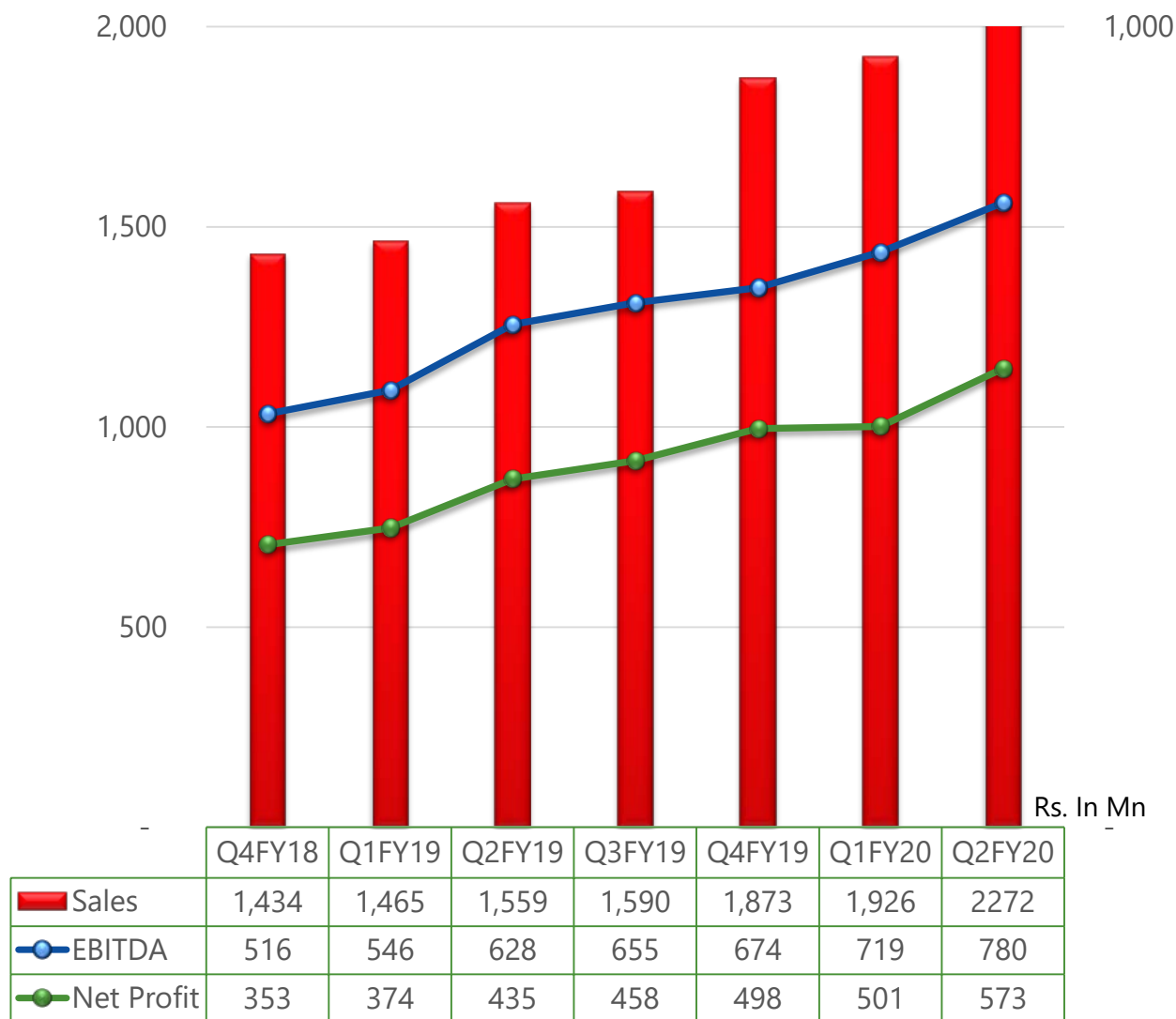


Other key parameters

- ✓ **Debt-free:** Zero debt on the books
- ✓ **Cash balance:** INR 2450 Mn
- ✓ **Natural hedge:** Around 60% of products manufactured in-house, 40% outsourced from China.

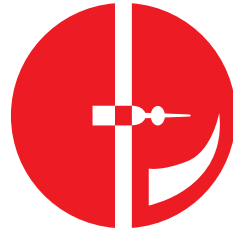
Goal: To convert Top Line of 2015/16 into the Bottom Line of 2021/22.

Financial Highlights – Q2 FY20



Q2 FY20 Highlights

- Target to file 10 more ANDAs before Dec 2020
 - Taking the tally to 20 ANDAs filed from Caplin with 6 approvals already received
 - Target to file 6 API DMF filings for captive use in FY 20-21
- Expansion plans at CP-1, emerging market plant, has been completed with commercial manufacturing of injectables commenced.
 - INVIMA (Colombia) approval received
- Capacity Expansion on-going at our Caplin Steriles manufacturing facility, likely to be completed by Mar' 2020
 - Post expansion output will enhance by 3x
- R&D team recruitment for Complex injectables and Oral Solid Dosages completed
- Caplin's CRO wing successfully completes DCGI Inspection. DSIR approval expected to be received in H2 2020



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