



VIVIMED LABS LIMITED

Earnings Presentation – Q3 - FY13



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YTD December 2013 & Q3– Performance Overview

- YTD Performance Remains Robust:
 - Total income up by 97%, EBITDA by 78%, PAT by 68%
- Q3 YOY Consolidated Results:
 - Total income up by 62%, EBITDA by 12%, PAT by 5%
- Q3 vs. Q2 (sequential QoQ) impacted by quarter-specific events
 - Total income declined by 0.5%, EBITDA down by 31%, PAT down by 34%
 - Quarter-specific one-off events summarized in this note
- However, significant progress with new client orders, products:
- **Pharmaceuticals:** \$20 mn CMO (Contract Manufacturing Outsourcing) deal with an innovator client for anti HIV drug, traction with other clients signal return to strong growth in Q4FY13 and 2013
- **Spechem:** New order wins, product approvals and entry into new segments with partners (fragrances, silicones)
- Management maintains FY13 consolidated revenue outlook of about INR11 billion and PAT of INR 900-950 million



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Financial Highlights

All Comments relate to Consolidated Financial Results



Q3 FY13 – YoY Financial Highlights

- Consolidated Results
 - Total Income of INR 2,744 million, an increase of 62%
 - EBITDA of INR 372 million, an increase of 12%
 - EBITDA margin at 13.5%
 - PAT of INR 169 million, an increase of 5%
 - PAT margin at 6.2%
- Spechem Performance Highlights
 - Total Income of INR 961 million, an increase of 14%
 - EBITDA of INR 188 million, an increase of 12%
 - EBITDA margin at 19.5%
 - PAT of INR 46 million, a decline of 34%
 - PAT margin at 4.8%
- Pharmaceuticals Performance Highlights
 - Total Income of INR 1,783 million, an increase of 109%
 - EBITDA of INR 184 million, an increase of 12%
 - EBITDA margin at 10.3%
 - PAT of INR 123 million, an increase of 36%
 - PAT margin at 6.9%



Q3 FY13 – QoQ Financial Highlights

- Total Income of INR 2,744 million, a marginal decline of 0.5%
- EBITDA of INR 371 million; a decline of 31% - EBITDA margin at 13.5%
- PAT of INR 169 million; a decline of 34 % - PAT margin at 6.2%

Spechem Division:

- Sales declined by 6% due to continuing low offtake of Triclosan and OMC
- Received order for Triclosan from Colgate; Supplies started in Q4 FY2013
- OMC facilities shifted to other products for optimal utilization
- Spechem margins impacted by lower revenues and one time severance cost in Europe

Notes:

QoQ refers to Quarter ended 31st December, 2012 Vs Quarter ended 30th September, 2012

YoY refers to Nine months ended 31st December, 2012 Vs Nine months ended 31st December, 2011



Q3 FY13 – QoQ Financial Highlights Contd.

Pharma Division:

- Pharma sales grew by 3%; muted growth due to planned holiday closure of Uquifa Spain and Mexico in December 2012

Uquifa Operations overview:

- EBITDA for Uquifa Spain impacted by one-off manufacturing costs:
 - Running validation batches for a new \$20 mn contract in Spain (which reported normal production in Q4 FY13) and
 - Provision for replacing an outsourced intermediate, Combined impact of Euro One million (approximately INR 70 million)
- Uquifa Mexico revenue remained stable with improved EBITDA margin
- Expect sales recovery at Uquifa to normalized operations in Q4 FY13
- Domestic India CMO business and exports to semi-regulated markets remained stable



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Key Business Highlights



Key Business Highlights – Spechem Division

- New Business Wins
 - Received order from Colgate for Triclosan worth INR 50.0 million
 - Anti-dandruff product with L'Oreal for INR 108.0 million
- Entered New Segments With Partners
 - JV with Sillage aromatique, Singapore, a leading fragrance manufacturing company
 - Initially to market imported products for JV in India, to upgrade to own manufacture in due course
 - Exclusive agreement with Resil Technologies, Bangalore, to exclusive supply of silicones for personal care industry
 - Worldwide marketing by Vivimed of products manufactured by Resil



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Key Business Highlights – Pharma Division

- **New Business Wins in Uquifa**
 - Received contract for API supply to a new innovator client worth \$20.0 million for an anti-HIV drug to be supplied during CY2013
 - Received order from Ranbaxy worth \$2.0 mn
- Also received approval to market **Omeprazole FDF** in Portugal
 - To start selling Finished Dosage Formulations in Europe
 - Applied for approval in another 9 countries, MRP (mutual recognition procedure) expected by March 2013
- **Klar Sehen** Hyderabad facilities accredited with CE approval for Nasal sprays
 - Company can now export to EU/USA
- **Contract Manufacturing and Exports(India):**
 - Added new customers in Ukraine; Acquired Pharma manufacturing plant at Bollaram to address capacity constraint in servicing domestic FDF market
- **India Formulations:**
 - New product Launches in ophthalmic /gynaecology segment, territory expansions in UP, Launch of ophthalmic division in MP

FDF: Finished Dosage Formulations



Finoso Acquisition



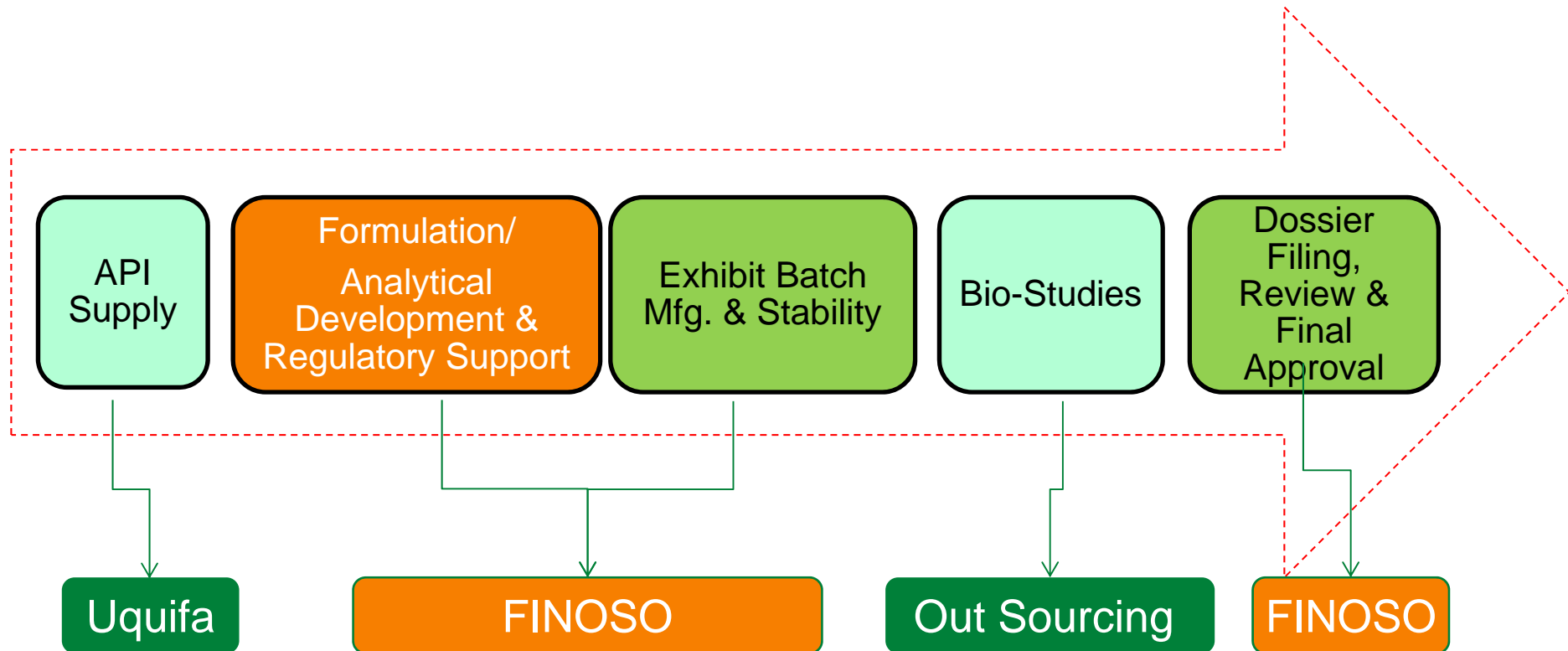
Finoso Acquisition

- Propose to acquire Hyderabad based Finoso Pharma Pvt Ltd, a pharmaceutical development services company, focussed on formulations product development efforts for multiple markets and develops globally accepted dossiers
- Finoso will become Vivimed's R&D unit to support innovators, generics and licensing efforts
- Proposed to be acquired debt free, subject to contract, for a total consideration of INR 150.0 million comprising cash, stock and deferred payment
- Finoso is founded by Dr RK Kumar, who previously was in Perrigo USA and has experience of over 2 decades
 - Dr Kumar will enter into appropriate management contracts and employment agreements on completion of the Transaction
- Supported by an experienced team of professionals
- Finoso recorded a Revenue and EBITDA of INR 52 million and 16 million respectively in FY 2012
- State-of-the-art facility situated in Alexandria Techno Park, Hyderabad
- Existing clients include reputable multinationals and Indian companies
- Business Services include Formulation Development Services, Regulatory Services, Analytical Development Services and Quality Systems for:
 - Product Development of Generics
 - Product Development for Innovators
 - Out Licensing of dossiers developed by Finoso



Finoso Acquisition Rationale

Value Chain





Financials



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Standalone P&L (Q3)

INR mn

Income Statement	Q3-FY13	Q3-FY12	YoY Change	Q2-FY13	QoQ Change
Total Income *	1,148	928	23.7%	1,111	3.3%
Total Expenses	904	737	22.6%	860	5.1%
EBITDA	244	191	27.7%	252	-3.0%
<i>EBITDA Margin</i>	21.3%	20.6%	0.7%	22.6%	-1.4%
Depreciation	39	21	83.5%	38	1.2%
Interest	79	52	51.5%	68	15.6%
PBT	127	118	7.3%	146	-12.8%
Tax	24	24	3.0%	54	-54.7%
Profit After Tax	103	95	8.4%	92	11.8%
<i>PAT Margin</i>	8.9%	10.2%	-1.3%	8.3%	0.7%
Basic EPS (INR)	7.4	6.8		6.6	
Diluted EPS (INR)	6.4	5.9		5.7	

* Total Income is inclusive of other income



Consolidated P&L (Q3)

INR mn

Income Statement	Q3-FY13	Q3-FY12	YoY Change	Q2-FY13	QoQ Change
Total Income *	2,744	1,696	61.8%	2,758	-0.5%
Total Expenses	2,372	1,364	73.9%	2,219	6.9%
EBITDA	371	332	11.9%	539	-31.1%
<i>EBITDA Margin</i>	13.5%	19.6%	-6.0%	19.5%	-6.0%
Depreciation	143	69	107.1%	141	1.6%
Interest	98	59	68.0%	108	-8.5%
PBT	130	205	-36.4%	291	-55.2%
Tax	(39)	44	-188.9%	35	-210.8%
Profit After Tax	169	161	5.5%	255	-33.7%
<i>PAT Margin</i>	6.2%	9.5%	-3.3%	9.3%	-3.1%
Basic EPS (INR)	12.1	11.5		18.3	
Diluted EPS (INR)	10.5	10.0		15.9	

* Total Income is inclusive of other income



Standalone P&L (YTD)

INR mn

Income Statement	YTD-FY13	YTD-FY12	YoY Change
Total Income	3,175	2,921	8.7%
Total Expenses	2,447	2,310	5.9%
EBITDA	728	611	19.2%
<i>EBITDA Margin</i>	22.9%	20.9%	2.0%
Depreciation	114	60	90.0%
Interest	236	180	31.1%
PBT	378	371	2.0%
Tax	99	74	33.9%
Profit After Tax	279	296	-6.0%
<i>PAT Margin</i>	8.8%	10.2%	-1.4%
EPS (INR)	20.0	21.3	
Diluted EPS (INR)	17.4	18.5	



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Consolidated P&L (YTD)

INR mn

Income Statement	YTD-FY13	YTD-FY12	YoY Change
Total Income	8,245	4,190	96.8%
Total Expenses	6,716	3,332	101.5%
EBITDA	1,530	858	78.3%
<i>EBITDA Margin</i>	18.6%	20.5%	-1.9%
Depreciation	425	133	218.7%
Interest	365	203	79.9%
PBT	740	522	41.8%
Tax	54	114	-52.4%
Profit After Tax	686	408	68.0%
<i>PAT Margin</i>	8.3%	9.7%	-1.4%
EPS (INR)	49.2	29.3	
Diluted EPS (INR)	42.7	25.4	



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Segmental Financials – Standalone

				INR mn
Segment	Revenue			
	Q3 ' FY13	Q3' FY12	YTD' FY13	YTD' FY12
Specialty Chemicals	885	670	2,428	2,122
Pharmaceuticals	256	258	720	796
Segment	EBIT			
	Q3 ' FY13	Q3' FY12	YTD' FY13	YTD' FY12
Specialty Chemicals	148	108	481	368
Pharmaceuticals	57	62	134	183



Segmental Financials – Consolidated

				INR mn
Segment	Revenue			
	Q3 ' FY13	Q3' FY12	YTD' FY13	YTD' FY12
Specialty Chemicals	955	840	3,529	2,553
Pharmaceuticals	1,766	840	4,578	1,619
Segment	EBIT			
	Q3 ' FY13	Q3' FY12	YTD' FY13	YTD' FY12
Specialty Chemicals	143	138	529	451
Pharmaceuticals	86	125	576	274





Thank you

