

ERIS LIFESCIENCES LTD

Q2 FY 20

INVESTOR PRESENTATION

SAFE HARBOR STATEMENT

This presentation contains forward-looking statements and information that involve risks, uncertainties and assumptions. Forward-looking statements are all statements that concern plans, objectives, goals, strategies, future events or performance and the underlying assumptions and statements, other than those based on historical facts, including, but not limited to, those that are identified by the use of words such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “predicts”, “projects” and similar expressions. Risks and uncertainties that could affect us include, without limitation:

- General economic and business conditions in the markets in which we operate;
- The ability to successfully implement our strategy, our research and development efforts, growth & expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Allocations of funds by the Governments in the healthcare sector
- Changes in the laws and regulations that apply to our customers, suppliers, and the pharmaceutical industry;
- Increasing competition in and the conditions of our customers, suppliers and the pharmaceutical industry; and
- Changes in the political conditions in India and in other global economies.

Should one or more of such risks and uncertainties materialize, or should any underlying assumption prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements.

Any forward-looking statement or information contained in this presentation speaks only as of the date of the statement. We are not required to update any such statement or information to either reflect events or circumstances that occur after the date the statement or information is made or to account for unanticipated events, unless it is required by Law.

WHAT'S NEW AT ERIS

Our intense focus on **Patient Care Initiatives** provides **Eris** an unhindered mindspace and superior facetime with super specialist and specialist doctors



Eris Becomes The First Indian Pharma Company To Publish A Study Based On Indian Population

The study reinforces **Eris's** position in the league of **Thought Leaders** that relentlessly work towards creating a path breaking body of knowledge and thereby improving health outcomes



**59,000 ABPMs
30,000 Holter on Calls**



**1,24,000
Patients screened**



9,200 CGM conducted

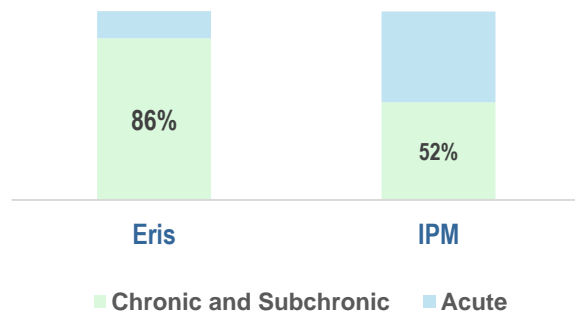


**1,00,000
Patients**

And many more

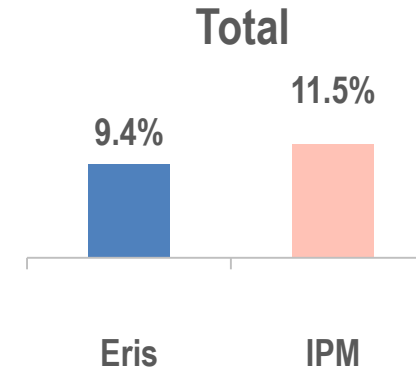
Q2 FY 20 – BUSINESS HIGHLIGHTS

- IPM regains growth as Acute therapies outperform
- Eris Q2 FY 20 yoy gr is 9.4% as per AIOCD
- Eris retains Strong Growth Momentum in Chronic and Sub Chronic segments (11.4 % yoy gr vs 10.6% for IPM)
- Business retains focus in faster growing Chronic and Subchronic segments

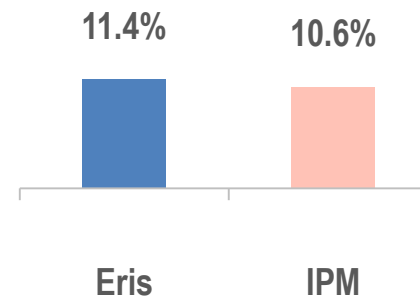


- Production – 60% products are manufactured at Guwahati Plant; expected to increase by Q4 20
- NLEM – 8.5% of Eris’ revenue comes from products under price control

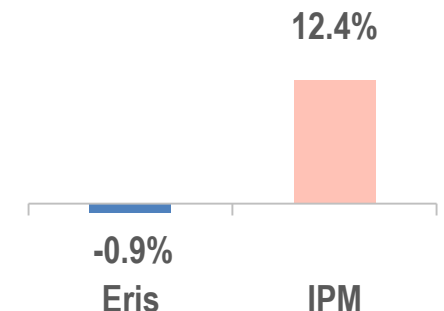
Q2 FY 20 yoy GR



Chronic + Sub Chronic Therapies



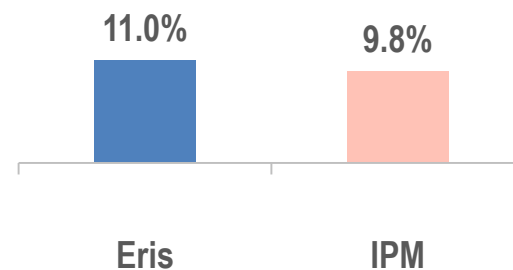
Acute Therapies



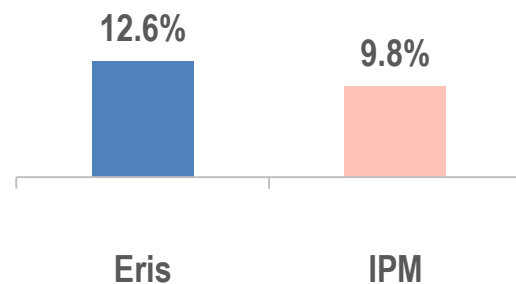
* Source: AIOCD Sep'19

H1 FY 20 yoy GR

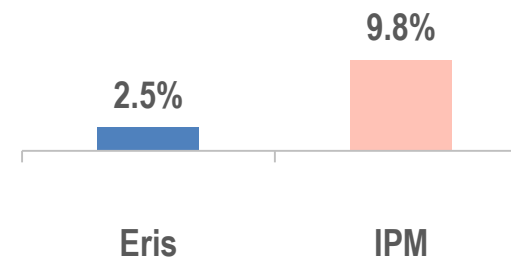
Total



Chronic + Sub Chronic Therapies



Acute Therapies



Q2 FY 20 - PRESCRIPTIONS RANKING

Prescription Ranking*



CARDIOLOGY



DIABETOLOGY



GASTRO



NEUROLOGY



CONSULTING
PHYSICIAN

FY 20 – The Path Ahead

- Sharper and Stronger Brands in the Core portfolio post tail rationalisation maintain growth momentum
 - Rationalised portfolio growing at **12.6% yoy in Q2 20** and **13.3% in H1 20**
- H2 20 – Planned Expansion/ launch of Cardio Metabolic division and Dermatology Business with ~300 people
- Newer Businesses launched in the recent past to gain traction – **IVF and Nutrition**
- In-licensing opportunities
 - Sideral** Eris partners with Pharmanutra SPA to launch Sucrosomial Iron
 - TPIAO** Eris partners with 3SBio of China, for its patented drug for increasing platelet count awaiting regulatory approval
- Off Patent Opportunities

Q2 FY 20 – FINANCIAL HIGHLIGHTS

Q2 FY 20 Financial Performance

7.6 %

yoy growth in Sales

9.1 %

yoy growth in EBITDA

8.4 %

yoy growth in Net Profit

- 12.6 % yoy growth in sales after adjusting for previous year's FDC ban and tail rationalisation
- YPM = 4.4 with Number of MRs as on 30 Sept 2019 – 2,145
Added 145 people in H1 20
- The Company's board of directors has approved buy back of shares amounting to INR 1,000 millions in meeting held on July 03, 2019. The Company has filed a Letter of Offer with SEBI in relation to such proposed buyback and is waiting for regulatory approval of the same, and has also sought a confirmation from the Ministry of Finance in relation to the applicability of the "buyback tax" announced in the Union Budget on July 5, 2019.

Q2 FY 20 and H1 FY 20 – INCOME STATEMENT

Consolidated INR millions	Q2 FY 20	Q2 FY 19	Q2 FY 20 yoy GR	H1 FY 20	H1 FY 19	H1 FY 20 yoy GR
Sale of Products	2,805	2,606	7.6%	5,523	5,076	8.8%
Other Operating Income	43	36	19.8%	67	73	-7.6%
Revenue from Operations	2,848	2,642	7.8%	5,591	5,149	8.6%
Gross Profit	2,391	2,236	6.9%	4,675	4,355	7.3%
Gross Profit Margins	83.9%	84.6%		83.6%	84.6%	
Employee cost	505	469	7.7%	977	960	1.8%
as % of Revenue	17.7%	17.8%		17.5%	18.6%	
Other Expenses	787	760	3.5%	1,555	1,503	3.4%
as % of Revenue	27.6%	28.8%		27.8%	29.2%	
EBITDA	1,098	1,007	9.1%	2,144	1,892	13.3%
EBITDA margin	38.6%	38.1%		38.3%	36.7%	
EBIT	981	924	6.2%	1,911	1,737	10.0%
EBIT margin	34.5%	35.0%		34.2%	33.7%	
Finance cost	5	62	-91.8%	14	134	-89.4%
Other Income	52	62	-16.0%	80	97	-17.4%
PBT	1,028	923	11.3%	1,977	1,700	16.3%
PBT margin	36.1%	34.9%		35.4%	33.0%	
Taxes	101	68	47.8%	209	129	61.7%
Net Profit	927	855	8.4%	1,768	1,571	12.5%
Net Profit margin	32.6%	32.4%		31.6%	30.5%	

Source: Unaudited Financial Statements

Q2 FY 20 and H1 FY 20 – ENTITY WISE SALES

Consolidated INR millions	Q2 FY 20	Q2 FY 19	Q2 FY 20 yoy GR	H1 FY 20	H1 FY 19	H1 FY 20 yoy GR
Sale of Products	2,805	2,606	7.6%	5,523	5,076	8.8%
Other Operating Income						
Revenue from Operations						
Gross Profit						
Gross Profit Margins						
Employee cost as % of Revenue						
Other Expenses as % of Revenue						
EBITDA						
EBITDA margin						
EBIT						
EBIT margin						
Finance cost						
Other Income						
PBT						
PBT margin						
Taxes						
Net Profit						
Net Profit margin						



Sale of products INR millions	Q2 FY 20	Q2 FY 19	Q2 FY 20 yoy GR	H1 FY 20	H1 FY 19	H1 FY 20 yoy GR
Consolidated	2,805	2,606	7.6%	5,523	5,076	8.8%
Stand alone	2,684	2,371		5,281	4,598	
Base Including UTH products	2,046	1,915	6.8%	4,061	3,752	8.2%
Strides	534	456	17.1%	985	846	16.4%
Kinedex	81	-	-28.3%	190	-	-18.5%
Inter Company Sales	23	-		45	-	
Subsidiaries	144	236		288	483	
Aprica	144	120	20.0%	288	245	17.6%
Kinedex	-	113		-	233	
UTH	-	3		-	5	
Inter Company Sales	-24	-1		-46	-5	

Sale of Products
Growth rate after adjusting for
FDC ban and tail rationalisation
of previous year

12.6%
Q2 20
Adjusted yoy GR

13.3%
H1 20
Adjusted yoy GR

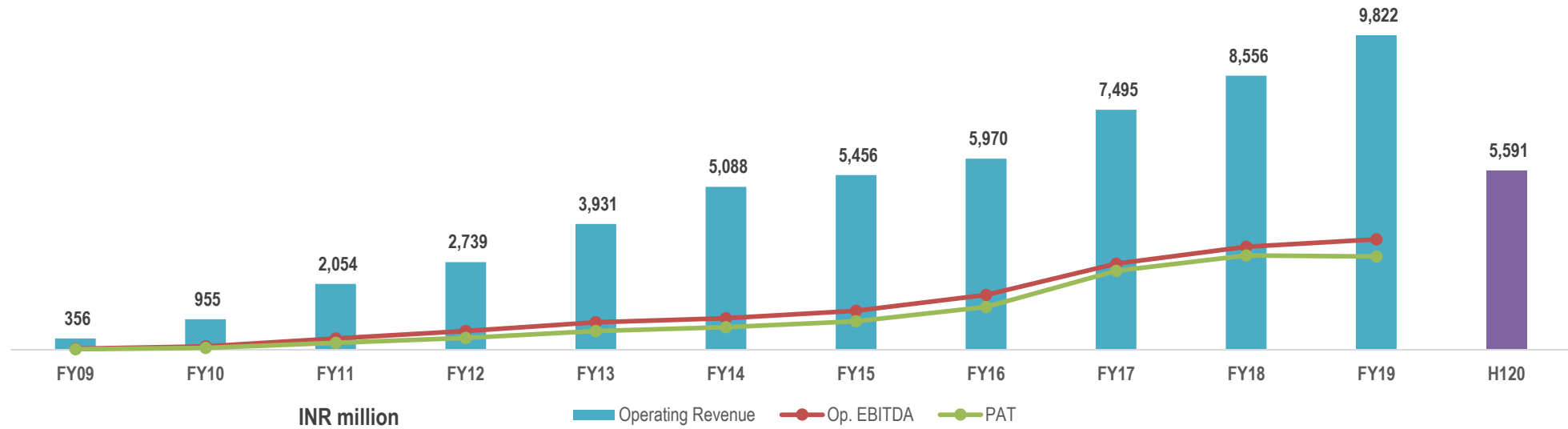
Q2 FY 20 and H1 FY 20 – BALANCE SHEET AND CASH FLOW

INR million	as on 30 Sep 19	as on 31 Mar 19	as on 30 Sep 18
Equity	13,239	11,688	10,447
Debt	4	1,764	2,765
	13,243	13,453	13,212
Tangible Assets	951	561	590
Intangible Assets	7,020	7,072	7,129
Net Current Assets	2,638	2,186	1,982
Treasury	2,634	3,634	3,511
	13,243	13,453	13,212

INR million	for 6 m ending 30 Sep 19	for 12 m ending 31 Mar 19	for 6 m ending 30 Sep 18
Net Operating Cash Flow	1,335	2,230	966
Operating ebitda to OCF	62%	65%	51%

To support stockists facing pressure due to channel disruption, we have increased credit terms from 7/ 14 days to 21 days, which results in increase in our working capital as on 30 Sep 19

10 YEAR FINANCIAL HIGHLIGHT



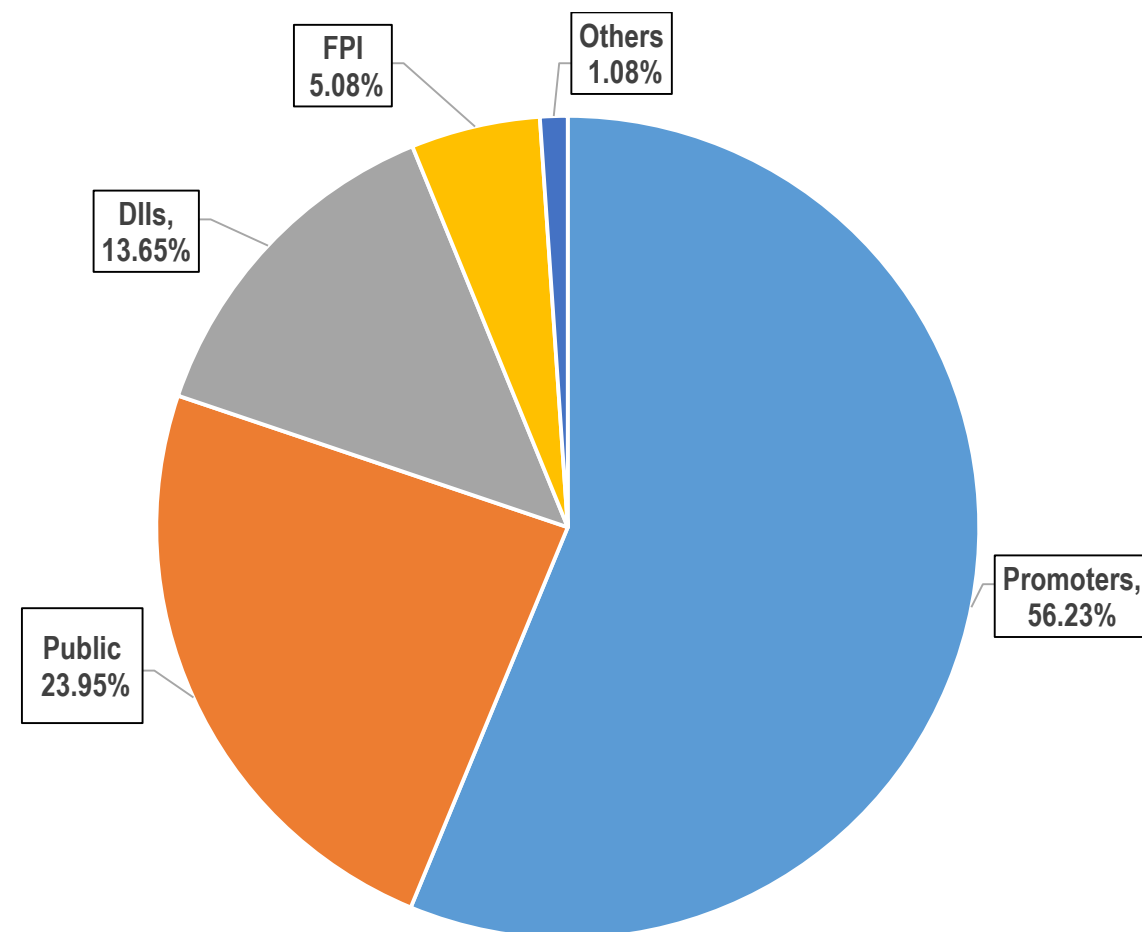
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
RoE	-86%	193%	166%	143%	106%	83%	96%	131%	94%	61%	37%
RoCE	302%	82%	123%	163%	139%	110%	128%	171%	99%	38%	39%

Strategic investments for future growth lead to interim dip in Return metrics

SHAREHOLDER PROFILE

Shareholding of Promoters and Top 15 Institutional Investors

Sr no	Name of Shareholder	As on 30-Sep-2019	As on 30-Jun-2019	As on 31-Mar-2019
		451*	509*	645*
	Promoters	56.23%	56.23%	56.10%
1	Motilal Oswal Mutual Fund	3.87%	3.97%	3.97%
2	Aditya Birla Sun Life Mutual Fund	3.85%	3.84%	3.85%
3	UTI Mutual Fund	2.65%	1.32%	1.05%
4	Franklin Templeton	1.31%	-	-
5	Fundsmith Emerging Equities Trust	1.11%	1.11%	1.00%
6	Abu Dhabi Investment Authority	1.01%	1.01%	1.01%
7	Morgan Stanley	1.01%	0.96%	0.99%
8	Vanguard	0.85%	0.97%	0.93%
9	Goldman Sachs	0.76%	0.93%	0.98%
10	Norges Bank - Government Global Pension Fund	0.08%	0.65%	0.71%
11	Kotak Mutual Fund	0.47%	0.60%	0.60%
12	Edelweiss Alternate Investment Fund	0.48%	0.48%	0.48%
13	Tata Mutual Fund	0.44%	0.29%	0.29%
14	L and T Mutual Fund	0.27%	0.27%	0.27%
15	Shinsei UTI JV	0.20%	0.15%	0.12%



* Closing share price as per NSE

THANK YOU

ERIS LIFESCIENCES LTD

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INVESTOR RELATIONS
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