

EARNINGS PRESENTATION H1 FY24

Rated #1 in India for *"Most Consistent Profitable Growth across the last 10 years"*

*Second Largest wealth creator for the decade ending 2020**

November 2023 | www.caplinpoint.net

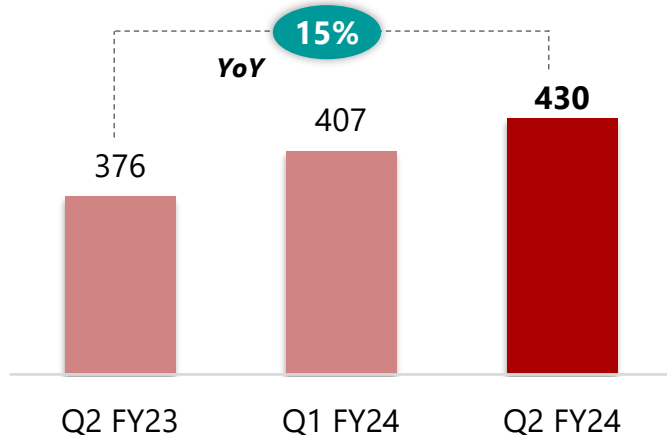
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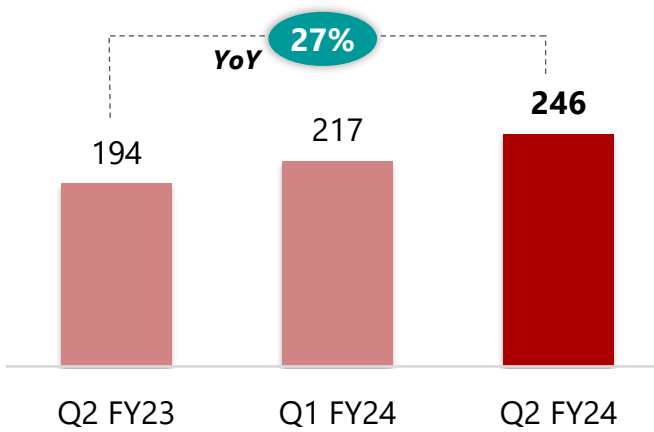
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Q2 FY24 Income Statement

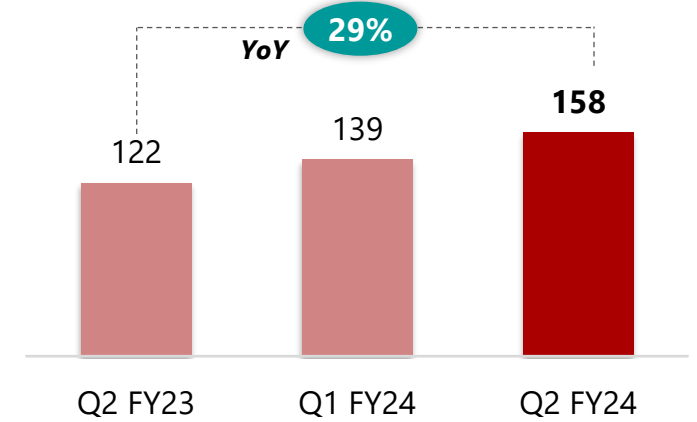
Revenue



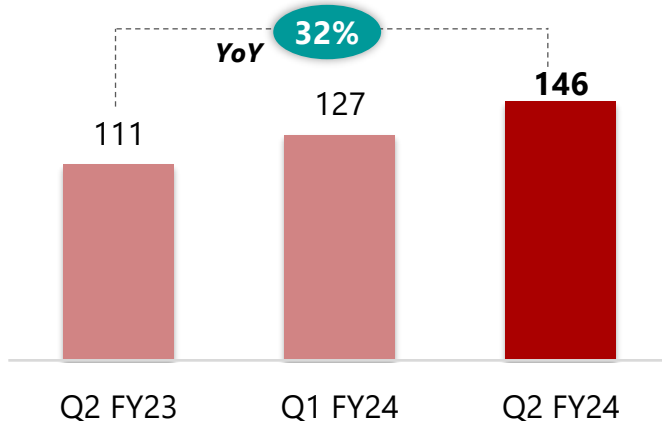
Gross Profit



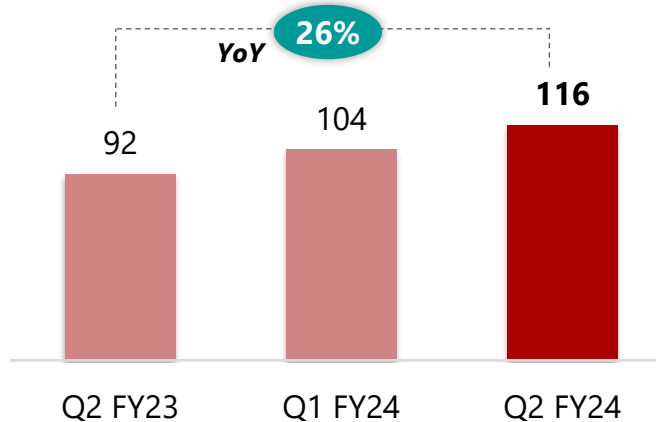
EBITDA



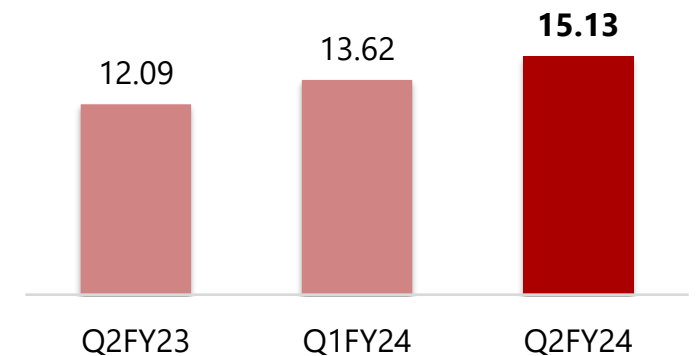
EBIT



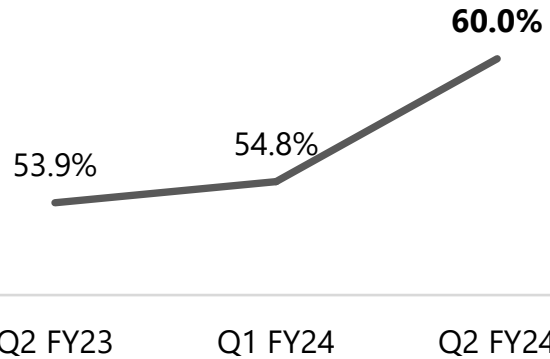
PAT



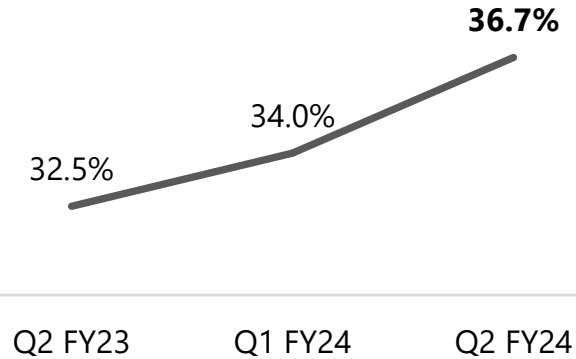
Earnings Per Share



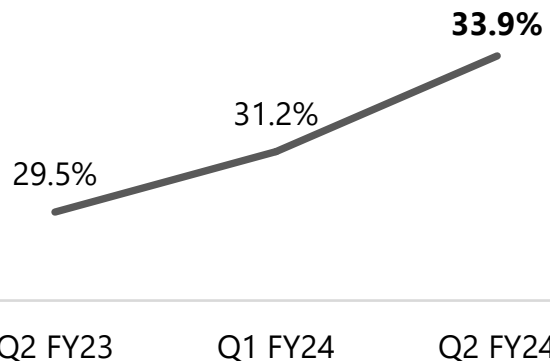
Gross Profit Margins (%)



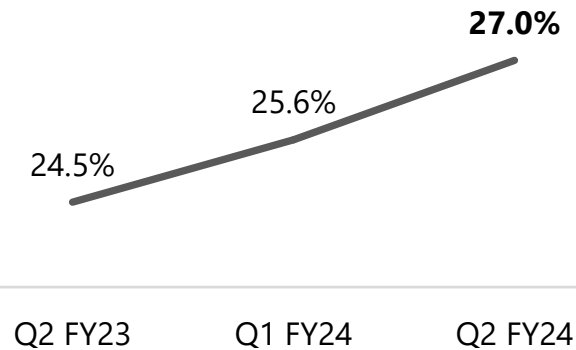
EBITDA Margins (%)



EBIT Margins (%)

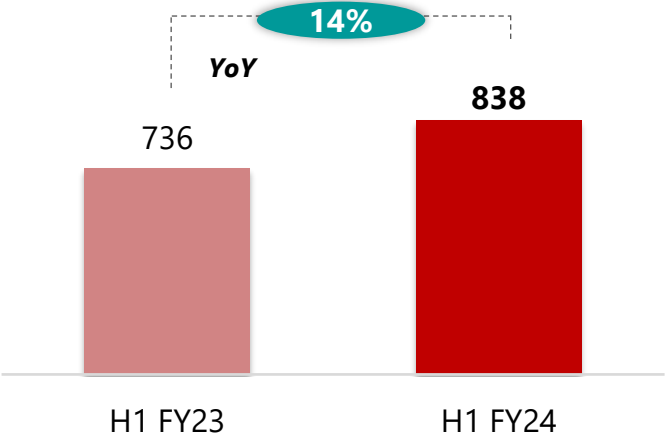


PAT Margins (%)

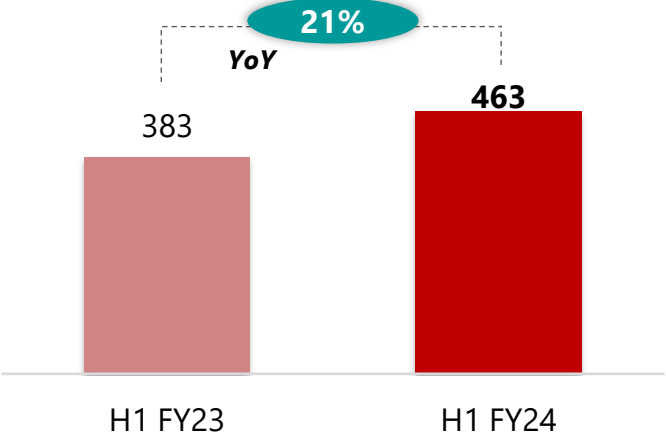


H1 FY24 Income Statement

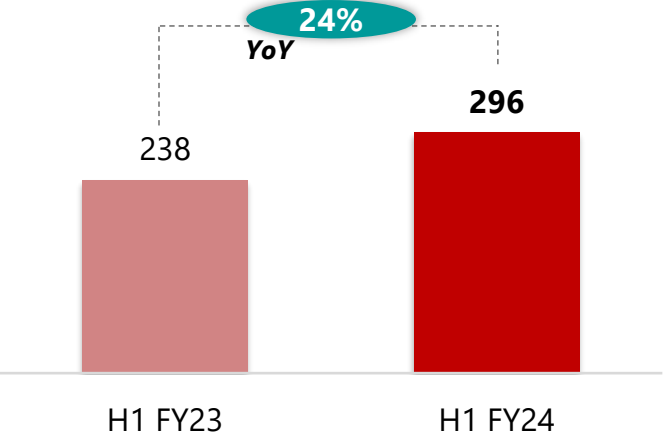
Revenue



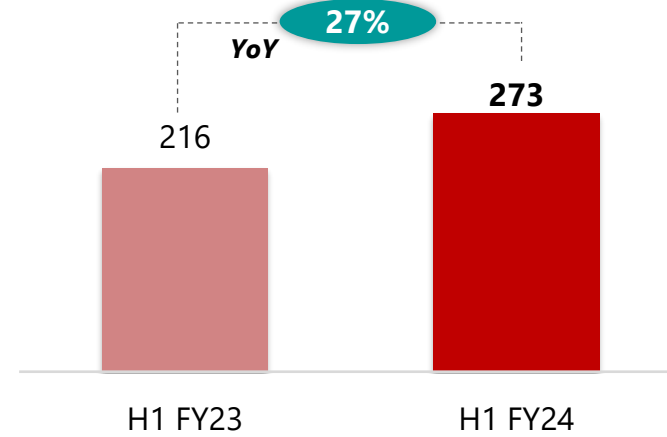
Gross Profit



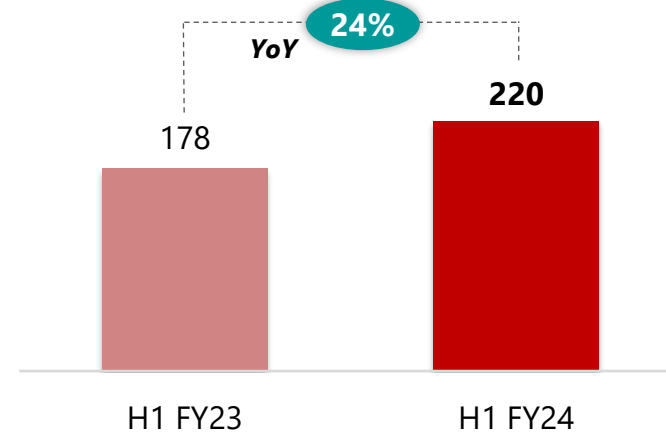
EBITDA



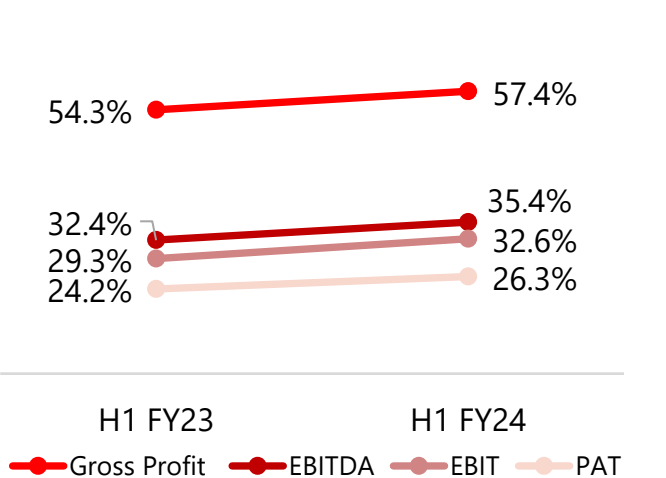
EBIT



PAT



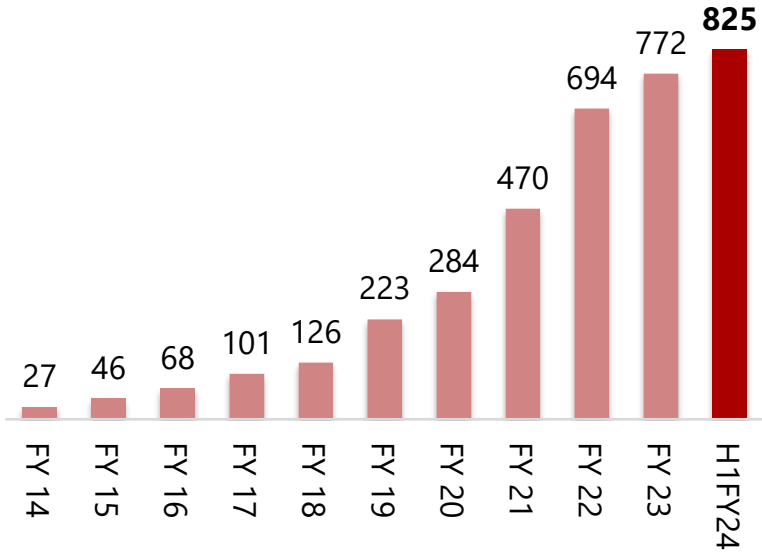
Profit Margins



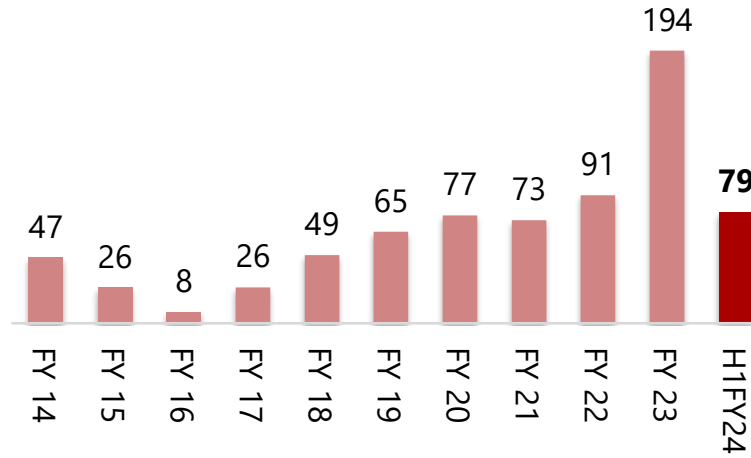
(All figures in Rs. Crores)

H1 FY24 Cash and Cash Equivalents and other Key Metrics

Cash and Cash Equivalents



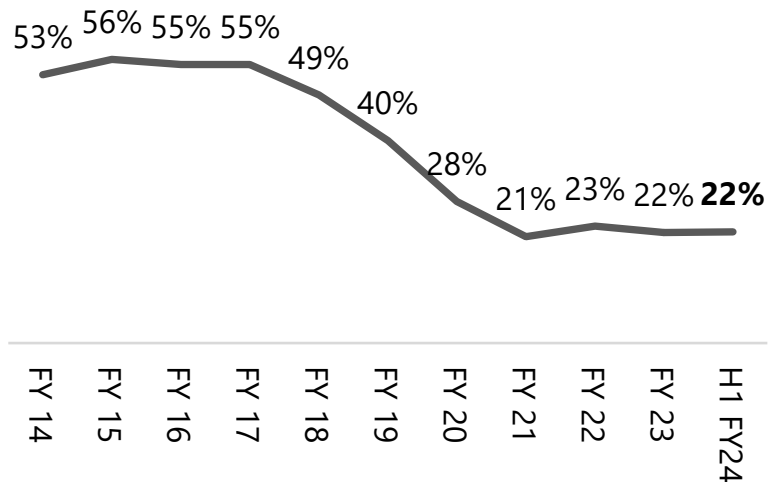
Capital Investment Lifecycle



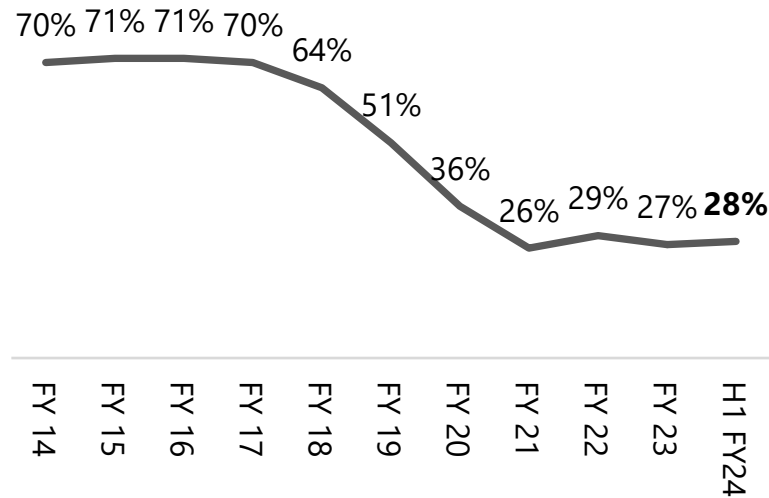
Cash Flow from
Operation: Rs. 129 Cr

Free Cashflow: Rs. 50 Cr

ROE (%)



ROCE (%)



Receivables: 103 Days

Chairman Perspectives



Commenting on the recent performance, Mr. C.C. Paarthipan, Chairman of Caplin Point Laboratories said:

"We have multiple levers of high quality and consistent growth at Caplin, with the major one being our growth in existing markets in Latin America. This is evidenced by the fact that Q2 FY24 revenue of Rs.430 Cr and PAT of Rs.116 Cr are higher than the FY17 full year revenue (Rs.412 Cr) and PAT (Rs.96 Cr) respectively. Our US business also continues this pattern, as our H1FY24 revenue is higher than our FY22 full year revenue. With our sharp focus towards enhancing our presence in the larger markets such as US, Mexico and Chile, we expect the next few years to be crucial and exciting for the company. Our initiatives into backward integration (API) and forward integration (front end presence) will adequately support the company's prospects for top and bottom line growth, with stable cashflows. We remain steadfast in our commitment to driving sustainable growth with benchmark cashflows and robust bottom line."

Management Team

Dr. Sridhar Ganesan

- Managing Director



Mr. Vivek Partheeban

- Chief Operating Officer



Mr. D Muralidharan

- Chief Financial Officer



Mr. Ashok Partheeban

- Business Head, LATAM



01

Company's unique end to end business model in LatAm continues to drive robust growth in top and bottom line, with new product launches supporting growth in profits.

03

Current breakup of revenue segments at LatAm:

- Wholesalers : 55%
- Direct to Retail : 25%
- Institutional : 20%

05

Company ties up with existing and new third-party manufacturers with Regulatory Approvals, for key Mexico market, especially in areas such as Penicillin, Cephalosporin range of products.

Emerging Markets Business Highlights

Company starts to supply major orders for Specialty products in LatAm, serviced using CMOs before transitioning to the Company's own high potent manufacturing site in the coming months.

02

Successfully completed the development of 80+ APIs in both General Category and Oncology at R&D scale, ready to be scaled up once the API units go live in the coming months.

04

Q2 FY24 Highlights (US and Regulated markets)

01

Company's high speed Vial filling line from new expansion Capex commercialized, which will further boost revenues in the coming quarters.

03

Company has filed 3 Ready-To-Use Bag products with FDA, a niche segment with limited competition. Company has also filed its first Emulsion injection with partner, with FDA.

05

Company's current revenue mix remains stable with 70% from Product supplies and 30% from Milestone and Profit-share.

US & Regulated Markets Business Highlights

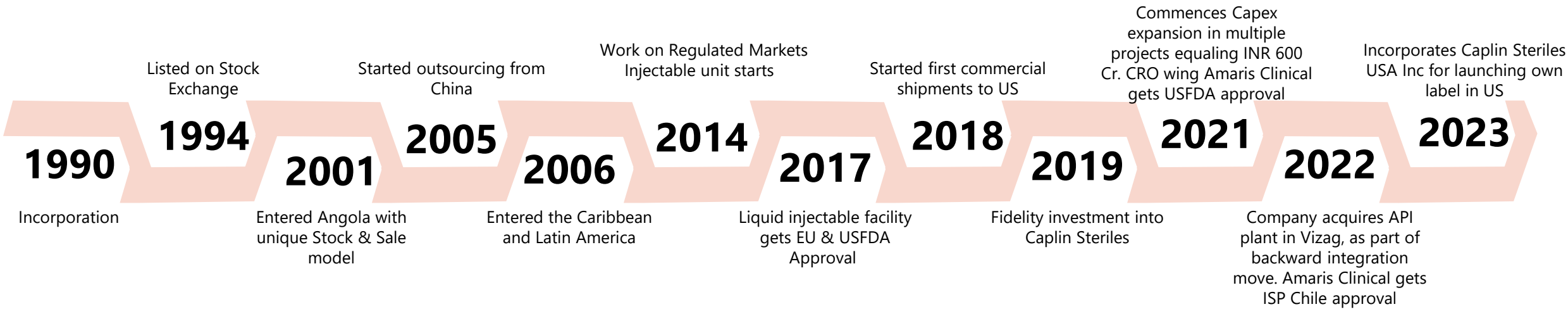
Company establishes Caplin Steriles USA Inc at Hamilton, New Jersey, the front-end arm of Caplin Steriles Ltd. Licensing process for all 50 states underway. Plans to launch 15+ own-label products in the US within the first 12 months of incorporation

02

Company will be filing additional products in niche categories in the coming months, comprising of Suspension Injectables, Emulsion Injectables, Emulsion Ophthalmic and Plastic Vial injections, within 2 Quarters

04






Evolution Over the Decades








Contract manufacturer

-  Market-led Company
-  Plain vanilla generic products
-  Introducing products that plugged marketplace gaps
-  Negative-working capital business
-  2 main geographies 10 countries (Latin America & Francophone Africa)

Becoming a responsible pharma company

-  Technology and research-led marketing Company
-  Mix of generics, branded generics and specialty molecules and Injectables
-  Launch specialty niche products that Create new markets in varied therapy segments
-  Selective use of Credit strategy to increase market share and remain cash surplus
-  Extended to Regulated markets like USA with recent entry into Canada, Australia, Mexico and Brazil shortly

Diversified Product Portfolio

-  4000+ Products registered and 650+ Pharmaceutical formulations
-  36 Therapeutic Segments
-  Product mix covers over 65% of WHO essential drug list
-  Latest focus towards complex spaces
-  Accounts for larger shelf share across pharmacies on account of a widening product basket

Research & Development Capabilities

1 Caplin has 5 dedicated R&D setups (3 – DSIR approved and 2 under approval)

2 Continuous capex investment of over INR 550 Cr over last 7 years towards enhanced manufacturing and R&D capabilities, from internal accruals.

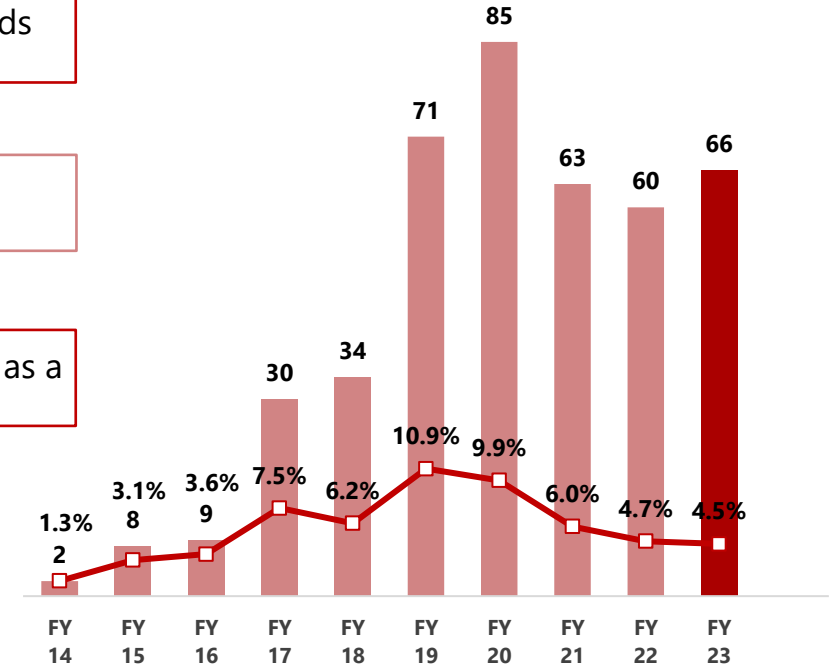
3 Total R&D Spends (Capex + Opex) is 17% of FY23 PAT

4 Caplin ranks amongst the top companies in India, for R&D spend as a percentage of Revenue on average in the past 5 years.*

5 Completed R&D for 80+ APIs to be used for backward integration in US and Emerging markets. On track for first DMF filing by FY25

R&D Expense (Rs. Crore)

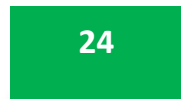
R&D Expense as a % of Operating Revenue



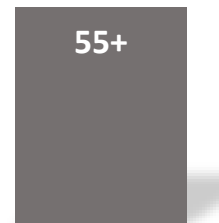
340
Strength of
R&D Team



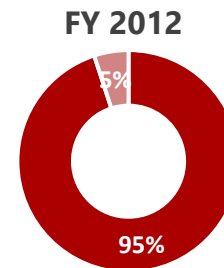
Filed



Approved

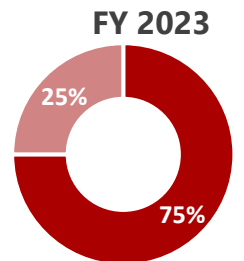


Pipeline for 3-4 years



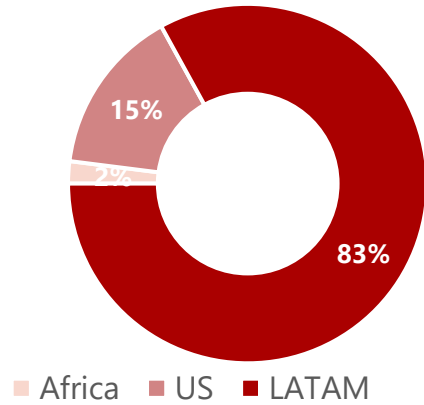
Research and Development along with conscious conversion of certain fast-selling generics into Branded Generics for better profitability

Generics Branded Generics

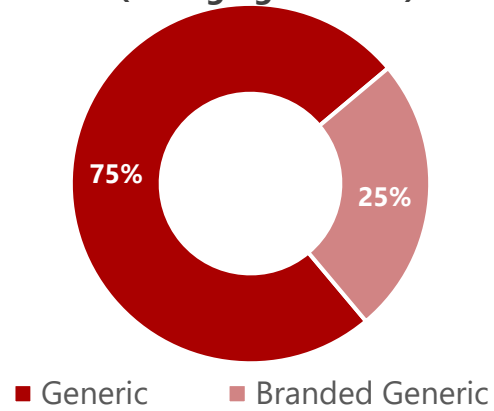


Revenue Break up and Manufacturing Strategy

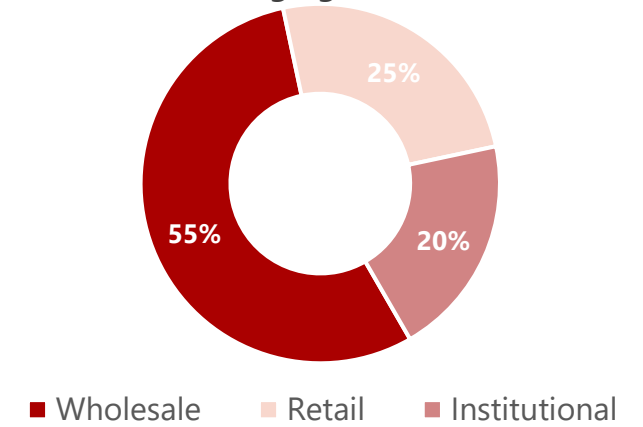
FY23 Operating Revenue



Revenue by Business Segment
(Emerging Markets)

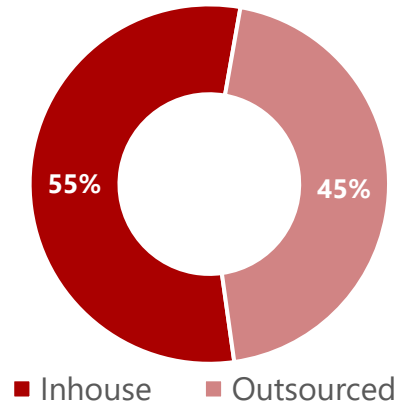


Revenue by Channel
(Emerging Markets)

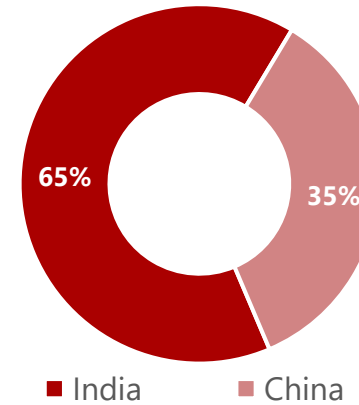


Caplin covers a wide spectrum of pharmaceutical formulations and therapeutic segments across 23 countries with operating revenue of Rs. 1,523 Cr in FY23

Manufacturing & Outsourcing



Exports



- The products produced **inhouse**
- The products are **outsourced** from quality-conscious partners in India and China

Caplin's smart strategy of balanced manufacturing and outsourcing makes it possible to be a lean organisation as well as de-risk against cost escalations, currency fluctuations and other headwinds

Generics and Branded Generics Product Mix



Non-Steroidal Antiinflammatory
Drugs-NSAIDS



Anthelmintics/ Dewormer



Analgesic



Antibiotic and Antifungal



Antihypertensive drug



Electrolytes

Caplin Point Laboratories
(BSE: 524742 | NSE: CAPLIPOINT)

Subsidiary

Caplin Steriles Ltd
(India)

100%
wholly
owned
subsidiary

Caplin Steriles USA Inc
(US)

Manufacturing Units:

- CP I: Puducherry
- CP II: Gummidipoondi
- CP X: Vishakhapatnam

Manufacturing Unit:

- CP IV: Gummidipoondi

Distribution:

- Front-end office for the sales of products in the USA

Research & Development:

- CP III: Amaris Clinical CRO, Chengalpattu
- CP VI: API's, Intermediates and Key Starting Materials for regulated and semi – regulated markets, Hyderabad
- CP VII: TICEL Bio-Park Bioequivalent dosage forms, Taramani, Chennai
- CP VIII: API's, Intermediates and Key Starting Materials for regulated and semi – regulated markets, Perungudi, Chennai

Research & Development:

- CP V: Dedicated R&D facility for a wide range of products like Liquid Injectables in Vial and PFS presentations, Ophthalmic products and Lyophilized products, Perungudi, Chennai
- This facility especially caters to regulated markets like the U.S. and EU

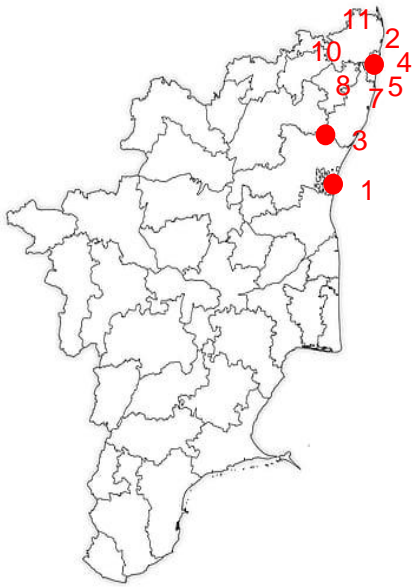
Subsidiaries

- Caplin One Labs Limited
- Argus Salud Pharma LLP
- Caplin Point (S) Pte Ltd
- Sunsole Solar Private Limited
- Caplin Point Far East Limited

Step down Subsidiaries*

- Caplin Point Laboratories Colombia SAS
- Caplin Point El Salvador, S.A. DE C.V.
- Drogueria Saimed de Honduras S.A
- Neoethicals CIA. LTDA Ecuador
- Neo Ethicals S.A. Nicaragua
- Nuevos Eticos Neo Ethicals S.A. Guatemala

Tamil Nadu, India



Location of Plants and Facilities

1. Puducherry (CP I)
2. Gummidipoondi (CP II)
3. Chengalpattu (CP III)
4. Gummidipoondi (CP IV)
5. Chennai (CP V)
6. Hyderabad (CP VI)
7. Chennai (CP VII)
8. Chennai (CP VIII)
9. Thiruvallur (CP IX)
10. Visakhapatnam (CP X)
11. Corporate Office and other R&D Units, Chennai

Andhra Pradesh, India



**CP I
Puducherry**



**CP III
Chengalpattu**



**CP IV
Gummidipoondi**



**CP VI
Hyderabad**



**Corporate Office and
other R&D units:
Chennai**



**CP VII
Chennai**

Project Summary					
Facility	Location	Product	Target Market	Status	Timeline
Caplin Point Unit-I	CP1, Suthukeny, Puducherry	Softgel	Existing Markets	Completed	Q4 FY23
Caplin Steriles Phase II	CP4, Gummidipoondi	Injectable Vials and Pre-Filled Syringes	Regulated Markets	Line 5 – Commissioned in Oct'23. Line 6 – Qualifications ongoing.	Q4 FY24
API Facility	Visakhapatnam, Andhra Pradesh	General API	Existing and Regulated Markets	Ongoing	Q1 FY25
Oncology Facility	SIDCO, Kakkalur (Near Chennai)	OSD & Injectable phase	Existing and Regulated Markets	Ongoing	OSD –Q4 FY24 Injectable – Q2 FY25
Oncology API Facility	SIDCO, Kakkalur, (Near Chennai)	Oncology API	Existing and Regulated Markets	Commencing Shortly	Q3 FY25
OSD Facility	Thervoy SIPCOT, Chennai	Oral Solid Dosages	Existing Market along with Mexico, Brazil, US and EU	Commencing Shortly	Q4 FY25

Caplin Point has allocated an overall Capex budget of approximately ₹600-650 Crores for the investment projects (most of which are nearing completion) to expand existing capacities, widen its product portfolio and backward integrate the majority of the products. All of the planned Capex is funded through internal accruals only.

Core Business to show consistent growth

Caplin's core business which is focused on Latin America and Francophone Africa is expected to grow at a steady pace with industry-average margins and benchmark cashflows

US Business to Boost the Growth

Aspiration is to have exceptional compliance record and focus on niche products which continues to be in shortage in US market. Caplin believes US business to be one of its primary engines that will drive growth

Backed by Enhanced Value Chain

Backward and forward integration to help save cost, capture more market and control supply chain which is expected to boost earnings

Strong Balance Sheet

Caplin's DNA of remaining debt-free and self-sustenance is highlighted by increasing cash surplus over the years. Strong Balance sheet of Caplin acts as an anchor for our long-term vision

Expansion into Other Geographies and Widening of the Portfolio

Caplin plans to enter more regulated markets such as Canada, Australia, MENA, Russia/CIS as well as enter the bigger LATAM markets of Mexico and Brazil in the near to medium term horizon

Strong operational performance driven by key pillars of Caplin's Engines

Experienced and Visionary Board of Directors



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

The Government of India's Pharmaceutical Export Promotion Council of India has designated him as an "Honorary Expert"

Has been a Faculty in BITS



D Sathyanarayanan
Independent Director

30+ years experience in application dev. & implementation

MS from Stanford University and bachelor from IIT-Madras

Brother of Global Valuations Icon Aswath Damodaran.



Dr. C K Gariyali, IAS
Independent Director

Retired IAS Officer and holds a Doctorate in Women Studies

Was Principal Secretary to the Governor of Tamil Nadu from 2005-08

Was Secretary to Hon'ble CM of Tamil Nadu

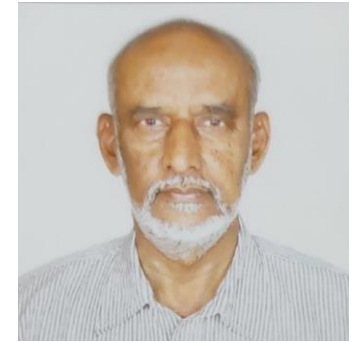
Worked with various International Agencies like World Bank etc.



Dr. R Nagendran
Independent Director

Ph.D in Ecology and Ethology and M.SC in Zoology

Former Expert Member of the National Green Tribunal and former Head of Department of Environmental Science in St. Joseph's College, Bangalore.



Mr S Deenadayalan
Independent Director

Post Graduate degree in Social Work from Madras School of Social Work and Under Graduate degree in Sociology from Annamalai University

Has extensively worked and mentors individuals enabling them to become successful professionals and more than 30,000 municipal school students have been benefitted by his idealistic model.

P&L for the Q2 FY24 – Consolidated

Value (INR Cr)	Q2 FY24	Q2 FY23	YoY (%)	Q1 FY24	QoQ (%)	H1 FY24	H1 FY23	YoY (%)
Revenue from Operation	410.06	359.05	14.2%	395.32	3.7%	805.38	705.38	14.2%
Other Income	20.43	16.48		12.04		32.47	30.42	
Total Revenue	430.49	375.53	14.6%	407.36	5.7%	837.85	735.80	13.9%
Cost of Goods sold	164.10	165.48	(0.8)%	178.60	(8.1)%	342.70	322.71	6.2%
Gross Profit	245.96	193.57	27.1%	216.72	13.5%	462.68	382.67	20.9%
<i>Gross Profit Margin (on Rev from Operations)</i>	60.0%	53.9%		54.8%		57.4%	54.3%	
Employee Benefit Expenses	35.08	34.02	3.1%	35.07	0.0%	70.15	66.45	5.6%
Research and Development expenses	17.86	15.15	17.9%	13.81	29.3%	31.67	27.67	14.4%
Other operating expenses	55.62	38.82	43.3%	41.31	34.6%	96.93	80.79	20.0%
Total expenditure	108.56	87.99	23.4%	90.19	20.4%	198.75	174.91	13.6%
EBITDA	157.83	122.06	29.3%	138.57	13.9%	296.40	238.18	24.4%
<i>EBITDA Margin</i>	36.7%	32.5%		34.0%		35.4%	32.4%	
Depreciation and Amortisation	11.76	11.46	2.6%	11.38	3.3%	23.14	22.43	3.2%
EBIT	146.07	110.60	32.1%	127.19	14.8%	273.26	215.75	26.7%
<i>EBIT Margin</i>	33.9%	29.5%		31.2%		32.6%	29.3%	
Finance Cost	0.18	0.14		0.28		0.46	0.20	
Share of Profit in associates	0.11	(0.01)		0.08		0.19	(0.01)	
Profit Before Tax	146.00	110.45	32.2%	126.99	15.0%	272.99	215.54	26.7%
<i>PBT Margin</i>	33.9%	29.4%		31.2%		32.6%	29.3%	
Tax	29.86	18.42		22.76	31.2%	52.62	37.20	41.4%
Profit after Tax	116.14	92.03	26.2%	104.23	11.4%	220.37	178.34	23.6%
<i>PAT Margin</i>	27.0%	24.5%		25.6%		26.3%	24.2%	

INVESTOR RELATIONS AT CAPLIN

Mr G Venkatram

investors@caplinpoint.net

CHURCHGATE PARTNERS

Rajiv Pandya / Paresh Rohra

caplinpoint@churchgatepartners.com

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