

26<sup>th</sup> July, 2018

<b>To,</b> <b>Department of Corporate Services</b> <b>Bombay Stock Exchange Ltd.</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.  <b>Ref.: Scrip Code No. : 540701</b>	<b>To,</b> <b>The Manager,</b> <b>Listing Department,</b> <b>National Stock Exchange of India Ltd.</b> “Exchange Plaza”, C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051.  <b>Ref. : (i) Symbol – DCAL</b> <b>(ii) Series – EQ</b>
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**SUB: INVESTORS PRESENTATION ON UN-AUDITED FINANCIAL RESULT –  
REGULATION: 30**

Dear Sir,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, kindly find enclosed herewith Presentation on financial result for the quarter ended 30<sup>th</sup> June, 2018 made to Analyst and Investors.

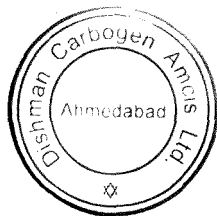
Kindly take the same on your record.

Thanking You,

Yours faithfully,

**For, Dishman Carbogen Amcis Limited**

  
**Shrima Dave**  
**Company Secretary**



Encl.: As above

**Dishman Carbogen Amcis Limited**

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CIN No. : L74900GJ2007PLC051338



# **DISHMAN CARBOGEN AMCIS LIMITED**

Q1 FY19 RESULTS UPDATE  
July 2018

# SAFE HARBOR STATEMENT

This presentation and the following discussion may contain “forward looking statements” by Dishman Carbogen Amcis Limited (‘Dishman’ or the ‘Company’) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of Dishman about the business, industry and markets in which Dishman operates.

These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond Dishman’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of Dishman.

In particular, such statements should not be regarded as a projection of future performance of Dishman. It should be noted that the actual performance or achievements of Dishman may vary significantly from such statements.

# DISCUSSION SUMMARY

- ❖ Q1 FY19 RESULTS UPDATE
- ❖ INDUSTRY OVERVIEW
- ❖ COMPANY OVERVIEW



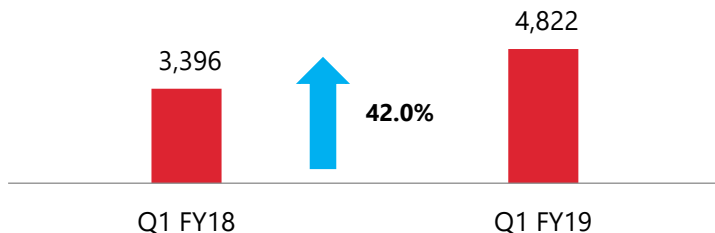
# Q1 FY19 RESULTS UPDATE



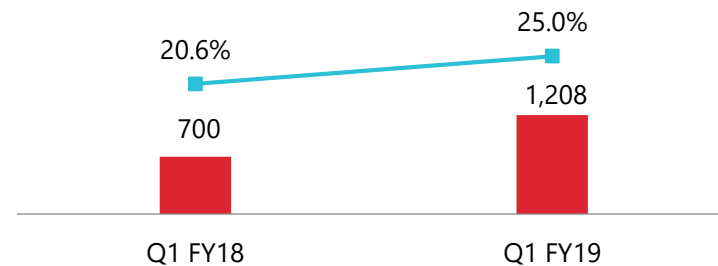
# Q1 FY19 RESULT HIGHLIGHTS

In Rs Mn

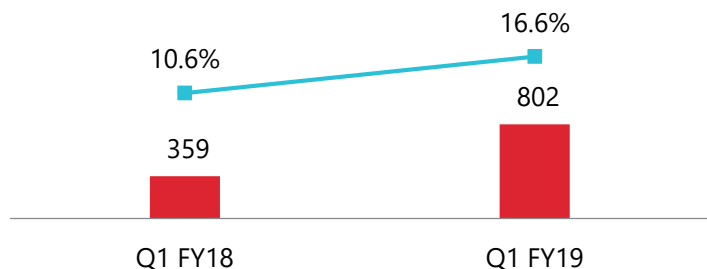
## REVENUES



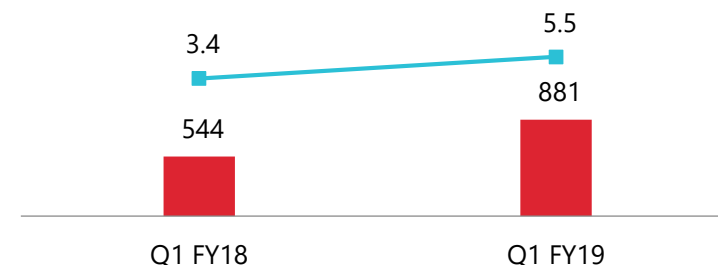
## EBITDA & EBITDA MARGIN \*



## ADJUSTED PBT # & PBT MARGIN



## CASH PAT @ & CASH EPS



\* EBITDA excluding other income

# PBT is adjusted to include the additional goodwill amortization of Rs. 221.1 mn in Q1 FY18 and Q1 FY19.

@ Cash PAT = Adjusted PAT + (Depreciation – additional goodwill amortization), adjusted for merger impact  
Adjusted PAT = Adjusted PBT – Normalized tax rate of 30%

# Q1 FY19 SEGMENT-WISE REVENUE ANALYSIS

In Rs Mn

Revenues – Segment wise Breakup	Q1 FY19	Q1 FY18	YoY%	FY18
<b>CRAMS (% of Total)</b>	<b>75.2%</b>	<b>72.9%</b>		<b>75.7%</b>
CRAMS – India	598.2	327.3	82.8%	2,287.3
CRAMS – CAAG+RIOM*	2,643.5	2,060.6	28.3%	9,733.3
CRAMS – UK	132.0	79.8	65.5%	495.5
<b>CRAMS Total</b>	<b>3,373.7</b>	<b>2,467.6</b>	<b>36.7%</b>	<b>12,516.1</b>
<b>Marketable Molecules (% of Total)</b>	<b>24.8%</b>	<b>27.1%</b>		<b>24.3%</b>
Carbogen Amcis BV**	669.1	473.8	41.2%	1,962.6
Others#	444.5	443.2	0.3%	2,048.4
<b>Marketable Molecules Total</b>	<b>1,113.6</b>	<b>917.0</b>	<b>21.4%</b>	<b>4,011.0</b>
<b>Grand Total</b>	<b>4,487.3</b>	<b>3,384.6</b>	<b>32.6%</b>	<b>16,527.1</b>

\* CRAMS – CAAG+RIOM includes DCAL's Switzerland (Carbogen Amcis AG) and France (Riom) facilities

\*\* Carbogen Amcis BV is Dishman Netherlands

# Others includes Carbogen Amcis Shanghai

# Q1 FY19 SEGMENT-WISE MARGIN ANALYSIS

EBITDA Margin % – Segment wise	Q1 FY19	Q1 FY18	FY18
<b>CRAMS</b>			
CRAMS – India	55.6%	39.5%	54.1%
CRAMS – CAAG+RIOM*	19.1%	17.0%	20.2%
CRAMS – UK	15.1%	11.0%	23.4%
<b>Marketable Molecules</b>			
Carbogen Amcis BV**	44.9%	34.6%	38.2%
Others#	10.8%	10.7%	18.7%

\* CRAMS – CAAG+RIOM includes DCAL's Switzerland (Carbogen Amcis AG) and France (Riom) facilities

\*\* Carbogen Amcis BV is Dishman Netherlands

# Others includes Carbogen Amcis Shanghai



# Q1 FY19 RESULT HIGHLIGHTS

## Financial Highlights:

- ❑ **Total Revenues increased by 42.0% YoY to Rs 4,822.4 mn in Q1 FY 2019.**
- ❑ CRAMS revenue grew by 36.7% YoY primarily due to increase in revenues at DCAL, CGAM AG and CGAM BV and realized gains on foreign currency hedges entered into by the company.
  - CRAMS India revenue grew by 82.8% YoY mainly due to increase in sales of certain commercial molecules such as Eprosartan in the first quarter as compared to that in the corresponding quarter last year.
  - CRAMS Carbogen Amcis grew by 28.3% YoY due to strong commercial and development orders.
  - Carbogen Amcis BV sales grew due to increase in sales of Vitamin D analogues and cholesterol sales.
  - Other operating income includes realized foreign exchange gain on the hedges for the sales of Rs. 278.4 mn.
- ❑ **EBITDA Margin increased by 443 bps to 25.0% in Q1 FY 2019 from 20.6% in Q1 FY 2018.**
- ❑ EBITDA Margin across segments improved on a YoY basis due to higher sales leading to positive operating leverage.
  - EBITDA margin in CRAMS India was higher in Q1 FY 2019 due to sale of more commercial molecules and higher realized operating foreign exchange gains.
  - EBITDA margin in Carbogen Amcis BV increased due to increase in sale of high margin Vitamin D analogues and cholesterol, as stated above.
  - Other expenditure was in line with Q1 FY 2018 but showed an increase compared to Q4 FY 2018 on account of reversal of certain provisions in Q4 FY 2018 and accounting of foreign exchange loss of Rs. 31.2mn in Q1 FY 2019.
- ❑ **Net debt as on June 30, 2018 was similar to that as on March 31, 2018 i.e. USD 134.74 mn.**

# CONSOLIDATED P&L STATEMENT

Particulars (In Rs. Mn.)	Q1 FY19	Q1 FY18	YoY %	Q4 FY18	QoQ %	FY18
Revenue from Operations	4,487.3	3,384.6	32.6%	4,525.5	-0.8%	16,527.1
Other Operating Income	335.1	11.8	-	-10.6	-	420.8
<b>Total Revenues</b>	<b>4,822.4</b>	<b>3,396.4</b>	<b>42.0%</b>	<b>4,514.9</b>	<b>6.8%</b>	<b>16,947.9</b>
COGS	1,102.2	474.3	132.4%	1,066.3	3.4%	3,369.3
Employee Expenses	1,721.2	1,434.0	20.0%	1,717.2	0.2%	6,254.0
Other Expenses	791.4	787.9	0.4%	520.0	52.2%	2871.1
<b>EBITDA</b>	<b>1,207.6</b>	<b>700.2</b>	<b>72.5%</b>	<b>1,211.4</b>	<b>-0.3%</b>	<b>4,453.5</b>
<b>EBITDA Margin %</b>	<b>25.0%</b>	<b>20.6%</b>	<b>443bps</b>	<b>26.8%</b>	<b>-179bps</b>	<b>26.3%</b>
Other Income	61.1	65.6	-6.9%	155.0	-60.6%	456.9
Depreciation & Amortization	541.1	514.1	5.3%	504.8	7.2%	2,114.2
Finance Cost (Incl. Forex Impact)	147.0	113.8	29.2%	112.8	30.3%	488.3
<b>Profit Before Tax</b>	<b>580.6</b>	<b>137.9</b>	<b>321.0%</b>	<b>748.8</b>	<b>-22.5%</b>	<b>2,307.9</b>
Current Tax	163.4	54.7	-	90.0	81.6%	487.2
Deferred Tax	20.8	-46.9	-	147.4	-85.9%	275.0
<b>Tax Expense</b>	<b>184.2</b>	<b>7.8</b>	<b>-</b>	<b>237.4</b>	<b>-22.4%</b>	<b>762.2</b>
% Tax Rate	31.7%	5.7%	-	31.7%	2bps	33.0%
<b>Profit After Tax</b>	<b>396.4</b>	<b>130.1</b>	<b>204.7%</b>	<b>511.4</b>	<b>-22.5%</b>	<b>1,545.7</b>
<b>PAT Margin %</b>	<b>8.2%</b>	<b>3.8%</b>	<b>439bps</b>	<b>11.3%</b>	<b>-311bps</b>	<b>9.1%</b>



# INDUSTRY OVERVIEW

# GLOBAL SPENDING ON MEDICINE

Outlook of Leading Therapy Areas Spending and Growth, Constant US \$ Bn

Therapy Areas	Spending 2017	2012-17 CAGR	Spending 2022	2017-22 CAGR
<b>Oncology</b>	<b>81.1</b>	<b>11.8%</b>	<b>115-130</b>	<b>7-10%</b>
Cardiovascular	40.6	-1.8%	36-44	(-2%) – 1%
Pain	76.1	5.7%	80-95	2-5%
Diabetes	72.2	16.9%	105-115	8-11%
Respiratory	38.5	4.8%	40-50	2-5%
Antibiotics and Vaccines	38.3	3.2%	40-48	1-4%
Autoimmune	47.5	16.8%	65-75	7-10%
Mental Health	36.1	-2.6%	32-38	(-2%) – 1%
Antivirals EX – HIV	23.8	25.0%	16-20	(-7%) – (-4%)
HIV	26.7	11.5%	32-40	5-8%
All Others	368.3	5.1%	445-460	3-6%

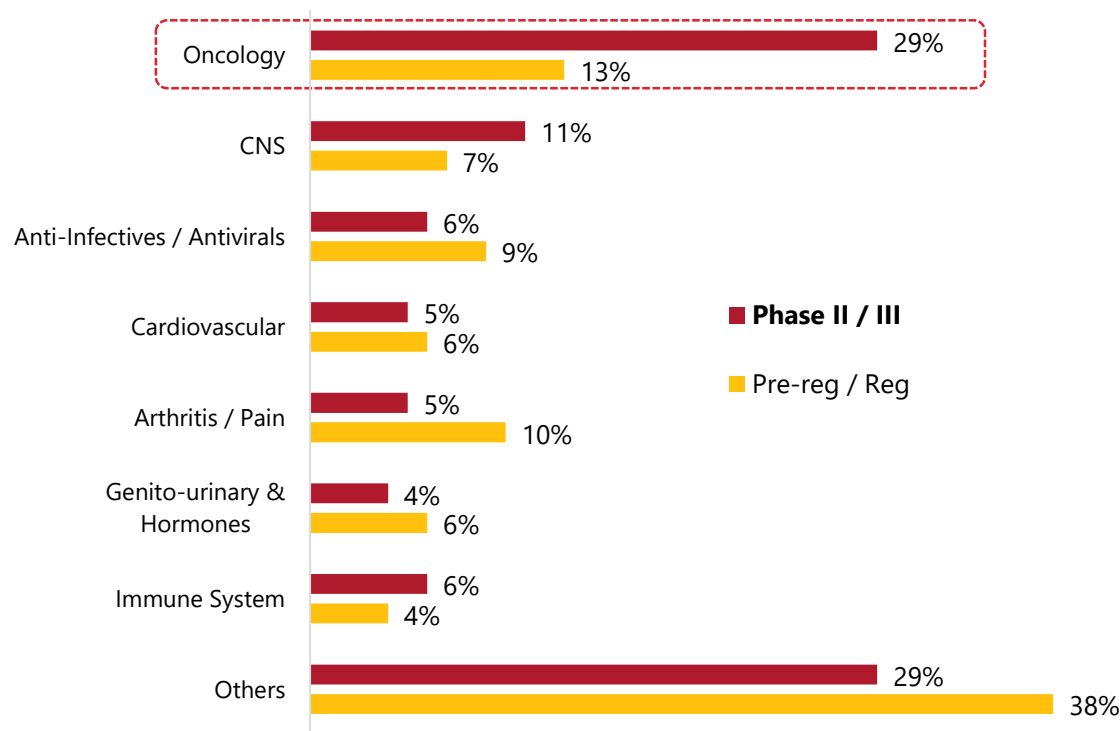
- Oncology is expected to be the most critical therapeutic segment driving the global spend on medicine in future.
- According to the QuintilesIMS Institute, Oncology is projected to touch US\$ 115-130 Bn in spending in the leading developed and pharmerging markets of the world.
- Growth in Oncology is led by a constant upsurge of the immune-oncology treatment which drastically improves outcomes and resistance for patients.

- **Oncology as a therapeutic segment is a key focus area for Dishman.**
- **Currently, around 50% of Dishman's annual revenues come from Oncology therapeutic segment.**

Source: IQVIA Therapy Prognosis, Sep 2017; IQVIA Institute, Oct 2017

Note: Includes 8 developed and 6 pharmerging countries: U.S., EUS, Japan, Canada, China, Brazil, Russia, India, Turkey, Mexico

# GLOBAL MEDICINES IN LATE STAGE DEVELOPMENT

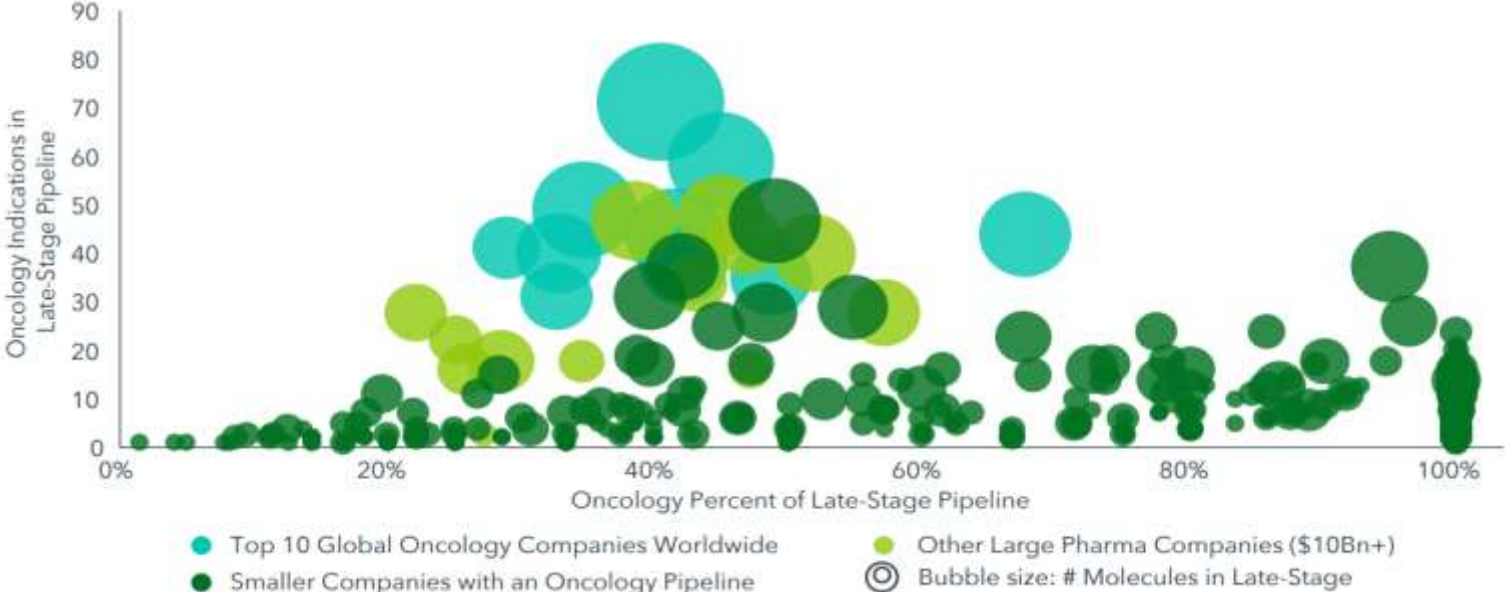


Source: IQVIA Market Prognosis, Sep 2017; IQVIA Institute, Oct 2017

- Oncology has become one of the major focus areas for pharmaceutical and biotechnology companies.
- Around 29% of the Phase II / III clinical trials are in the Oncology segment.
- Oncology (cancer treatment) requires highly potent drugs which are highly effective at much smaller dosages and have the ability to target only the diseased cells.

- **Dishman's High Potency API (HIPO) facility at Bavla, India is the largest facility in Asia and one of its kind facility in the World.**
- **Currently, Dishman has 20 molecules in early phase III and 18 molecules in late phase III. Out of these, 50% molecules are in Oncology segment.**

# GLOBAL ONCOLOGY MEDICINE PIPELINE



- 710 Molecules in late-stage development and 700+ companies with late-stage oncology drugs.
- Top companies with combined sales of \$10bn+ have ~40% of their product pipeline in oncology.
- 455 smaller companies with 90%+ product pipeline in oncology, are involved in 1,692 product indications which represent 45% of overall cancer pipeline.

Source: IQVIA R&D Intelligence, Dec 2017; IQVIA Institute, Apr 2018 (Global Oncology Trends 2018)



# COMPANY OVERVIEW



# BRIEF PROFILE



## BUSINESS OVERVIEW

- Integrated CRAMS company with strong capabilities right from process research & development to late stage clinical and commercial manufacturing.
- Global presence with manufacturing sites in Switzerland, UK, France, Netherlands, India and China.
- Comprehensive product offerings – APIs, High Potent APIs, Intermediates, Phase Transfer Catalysts, Vitamin D Analogues, Cholesterol, Lanolin-related products, Antiseptic and Disinfectant formulations.



## KEY STRENGTHS

- Preferred global outsourcing partner with capabilities across the entire CRAMS value chain.
- Strong chemistry skills.
- Upfront investment of more than Rs 10,000 Mn in large scale multi-purpose manufacturing capacities.
- The HIPO facility at Bavla, India is the largest HIPO facility in Asia. Dishman is at forefront to gain from the high margin HIPO opportunity in the Oncology space.



## FINANCIAL OVERVIEW

- Consolidated Revenues, EBITDA and Adj. PAT of Rs 16,948 Mn, Rs 4,454 Mn and Rs 2,235 Mn in FY18.
- Strong balance sheet with D:E ratio of 0.21x as on Mar-18.
- Improving profitability and return ratios over FY13 to FY18
  - EBITDA margin – 22.8% to 26.3%
  - PAT margin – 7.9% to 13.2%
  - ROCE – 11.1% to 13.1% \*
  - ROE – 10.2% to 15.2% #

# FY18 ROE = Adj. PAT / Average (Equity – Goodwill), Adj. PAT = Rs 2,235 Mn (adjusted to exclude merger impact)

\* FY18 ROCE = Adj. EBIT / Average (Equity – Goodwill + Debt), Adj. EBIT = EBIT + Rs 884.6 Mn of additional goodwill amortization on account of merger



# RECENT CORPORATE RESTRUCTURING

## SCHEME OF ARRANGEMENT & AMALGAMATION

- The Board Of Directors approved the Scheme of Arrangement and Amalgamation on 24<sup>th</sup> February 2016, which involves merger of Dishman Pharmaceuticals and Chemicals Limited ('DPCL') and Dishman Care Limited ('DCL') with Carbogen Amcis (India) Limited ('CAIL').
- Post the merger, DPCL will now be known as Dishman Carbogen Amcis (India) Limited ('DCAL').

## IMPACT OF MERGER

- The amalgamation has been accounted under the "Purchase Method" as per AS14.
- Accordingly the assets and liabilities of DPCL and DCL have been recorded at fair value as on Appointed Date of 1<sup>st</sup> January 2015.
- The purchase consideration of Rs. 48.1 Bn has resulted in goodwill of Rs. 13.3 Bn which represents the excess consideration payable over the net assets.
- This goodwill will be amortized over the period of 15 years starting from the Appointed Date of 1<sup>st</sup> January 2015.

### KEY FINANCIALS EXCLUDING MERGER IMPACT

Particulars (Rs Mn)	FY18	FY17	YoY %
<b>Total Revenues</b>	<b>16,947.9</b>	<b>17,136.9</b>	<b>-1.1%</b>
<b>Adjusted PBT #</b>	<b>3,192.5</b>	<b>3,045.4</b>	<b>4.8%</b>
Tax Expense	957.8	913.7	4.8%
<b>Adjusted PAT after MI, share of associates</b>	<b>2,234.8</b>	<b>2,131.8</b>	<b>4.8%</b>

# PBT is adjusted to exclude the additional goodwill amortization of Rs. 884.6 mn in FY18 and FY17 on account of merger

### Key Benefits:

- Strengthened Balance Sheet and Consolidation of operating entities for improved operational control.
- Amortisation of goodwill will lead to significant tax savings over coming 15 years

# PREFERRED GLOBAL OUTSOURCING PARTNER

**INTEGRATED  
ACROSS THE VALUE  
CHAIN**

**STRONG  
CHEMISTRY  
CAPABILITIES**

**CLOSE PROXIMITY  
TO CLIENTS WITH  
GLOBAL PRESENCE**

**LARGE SCALE  
MANUFACTURING  
CAPACITIES**

**Integrated CRAMS Player present along the entire value chain from building blocks to commercialization and product launch stage**

## **Drug Lifecycle Management**

- Preclinical to commercial manufacturing capabilities.
- Ensures seamless process & technology transfer from lab to plant.
- Single partner for R&D, process development and commercial production.

## **Strong R&D Capabilities**

- Globally, Dishman group has ~600 scientists, with 50+ doctorates as senior scientists.

## **Close Proximity to Clients**

- Local representation, local support in all major markets.
- Front end via CA with access to more than 200 established customer relationships of CA.
- Trust & Confidence of customers for entire drug life-cycle engagement.

## **Large Scale Mfg Capacity**

- Dedicated USFDA inspected production facilities.
- Asia's largest HIPO facility in Bavla.
- Large capacities provide competitive edge to win big long-term contracts

# INTEGRATED CRAMS PLAYER

**Integrated CRAMS Player – Strong Capabilities across the Value Chain**



**Carbogen Amcis (CA)  
Strong Research Capabilities**

- Focus is on supporting the development process from bench to market.
- Process research and development to the supply of APIs for preclinical studies, clinical trials and commercial use.

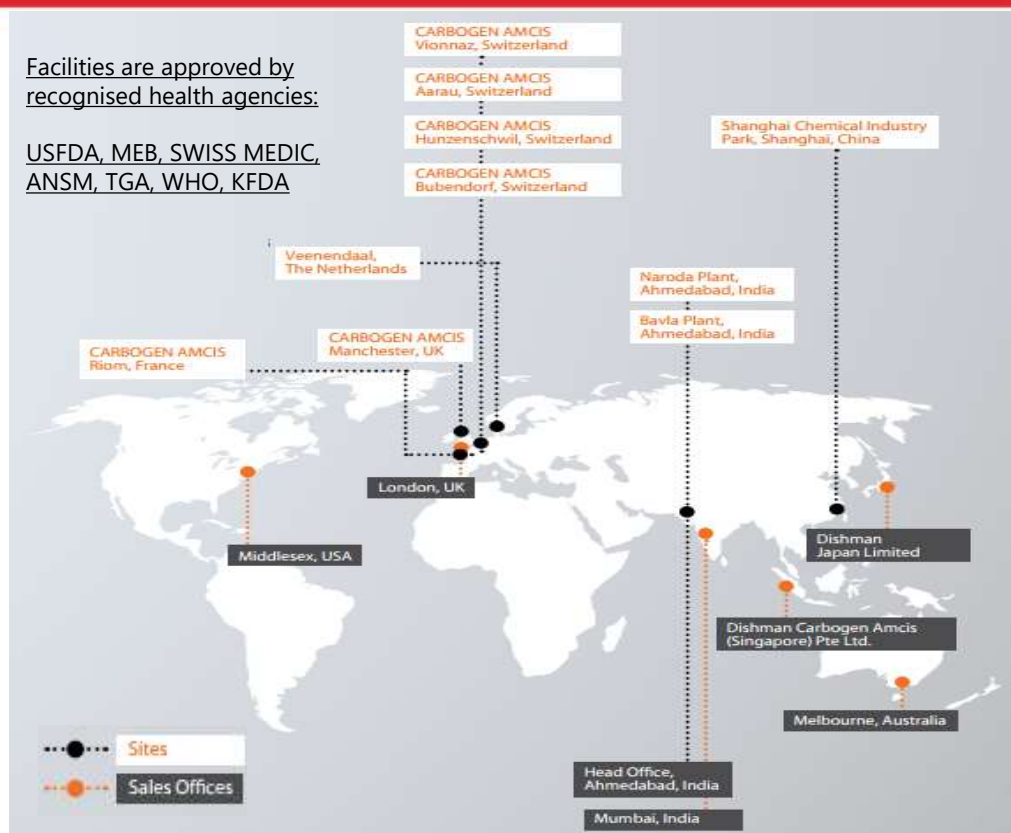
**Dishman India  
Strong Manufacturing Capabilities**

- Large dedicated R&D center with multiple shift R&D operations (India)
- Multi-purpose and dedicated production facilities for APIs, intermediates (India, Europe and China)
- Dedicated API manufacturing capacities (India, China)

# STRONG CHEMISTRY SKILLS & GLOBAL PRESENCE

Facilities are approved by recognised health agencies:

USFDA, MEB, SWISS MEDIC, ANSM, TGA, WHO, KFDA



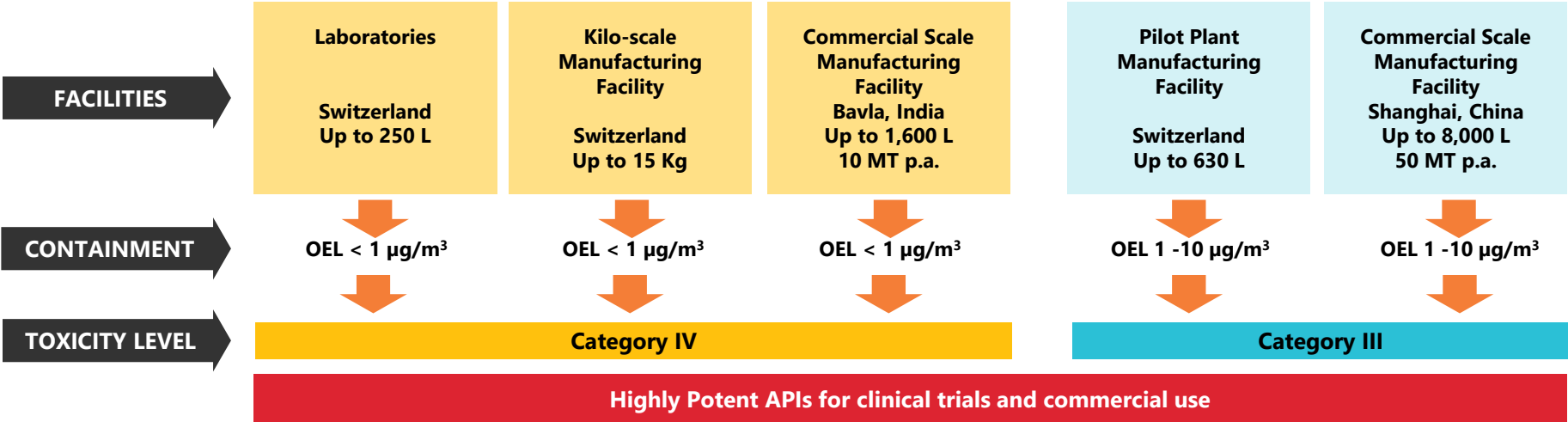
## Superior Chemistry Skills & Capabilities

- 28 dedicated R&D labs with multiple-shift R&D operations, including HIPO labs
- 25 multi-purpose facilities at Bavla, Naroda, Manchester, Switzerland, Netherlands and Shanghai
- 1 dedicated production facility for APIs and Intermediates at Bavla
- 7,500 m<sup>2</sup> floor space of R&D at Switzerland, Manchester and Bavla
- Asia's largest HIPO facility at Bavla, India
- 750 m<sup>3</sup> of reactor capacity at Bavla, 230 m<sup>3</sup> at Naroda and 63 m<sup>3</sup> at Shanghai

# CUTTING-EDGE HIPO CAPABILITIES

## World Class HIPO capabilities

- Facilities range from laboratory scale for process research and development to large scale manufacturing on **8,000 L** scale, with an ability to handle the highest category IV compounds (high toxicity levels).
- State-of-the-art containment services, with all cGMP compliant facilities with an ability to operate for preclinical testing, clinical trials and commercial use.
- **The HIPO facility at Bavla, India, is one of the kind facility in the world and the largest facility in Asia.** The facility has a sound mix of Kilo-lab and full scale manufacturing units to cater to both small volume and large volume orders



# BUSINESS STRATEGY & OUTLOOK

Currently working on 425+ molecules at the Group Level with the backing of a steady order influx.

## Favorable Revenue-Mix

- Carbogen Amcis Mix: ~65% from Contract Research and ~35% from Contract Manufacturing.
- Dishman India Mix: ~80% from Contract Manufacturing and ~20% from Contract Research.
- Oncology Segment generates 45% of CRAMS Revenue.
- Client concentration down to 35-40% from top-10 customers, from 85% earlier.

## Improvement in Margins

- Better churning of existing capacities with focus on low volume high value orders resulting into better margins.
- Incremental Revenues from HIPO APIs where EBITDA margins are higher at 40-50%.
- The High-margin Oncology Segment generates ~45% of CRAMS Revenue.
- The shift from the commoditized Vitamin D3 business to high-margin Vitamin-D analogues segment, will fuel the growth in operating profit.

## Higher Asset Turnover with Efficient Capacity Utilization

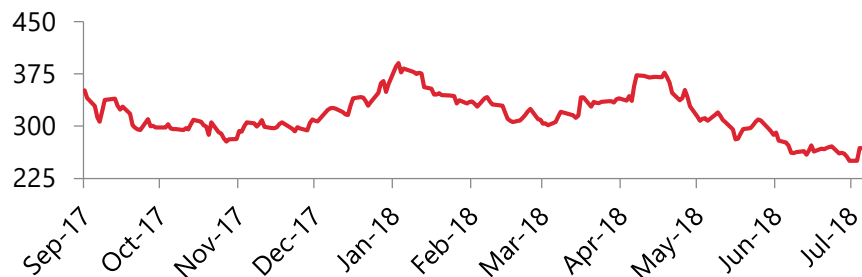
- Consistent addition of small and mid-sized companies in development pipeline.
- Improvement in China operations (currently 30% utilization).
- Strong Phase III molecules pipeline leading to pickup in revenues from drug commercialization in near term.
- Increased order flow at the HIPO facility.
- Focus on niche generic APIs to leverage spare capacities.

## Healthy Balance Sheet Improving Return Ratios

- Limited annual capex of Rs 2 bn annually over the next two years for maintenance, additional lines at HIPO facility and upgradation of new building at Carbogen Amcis to expand custom synthesis business.
- Improving capacity utilisation and healthy operating cash flows will lead to robust balance sheet and better return ratios.

# SHAREHOLDING STRUCTURE

Share Price Performance

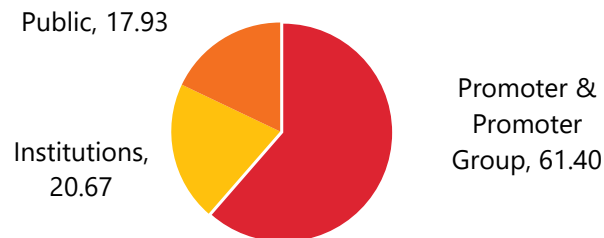


## Market Data

As on 25.07.18 (BSE)

Market capitalization (Rs Mn)	43,286
Price (Rs.)	268.2
No. of shares outstanding (Mn)	161.4
Face Value (Rs.)	2.0
52 week High-Low (Rs.)	396.5–250.2

## % Shareholding – June 2018



Source: BSE

## Key Institutional Investors as at June - 18

% Holding

L&T Mutual Fund	4.17%
IDFC Mutual Fund	2.27%
Government Pension Fund Global	1.90%
LSV Emerging Markets Equity Fund LP	1.34%
Aditya Birla SunLife Mutual Fund	1.27%
Tata Mutual Fund	0.97%



ENERGISE YOUR  
SCIENCE FOR LIFE

FOR FURTHER QUERIES:



**Mr. Harshil Dalal**

Senior Vice President – Accounts & Finance  
Email: [harshil.dalal@dishmangroup.com](mailto:harshil.dalal@dishmangroup.com)



**Mr. Arun Prakash / Nilesh Dalvi**

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