

Twitter Thread by The Tycoon Mindset

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@tycoonmindset05



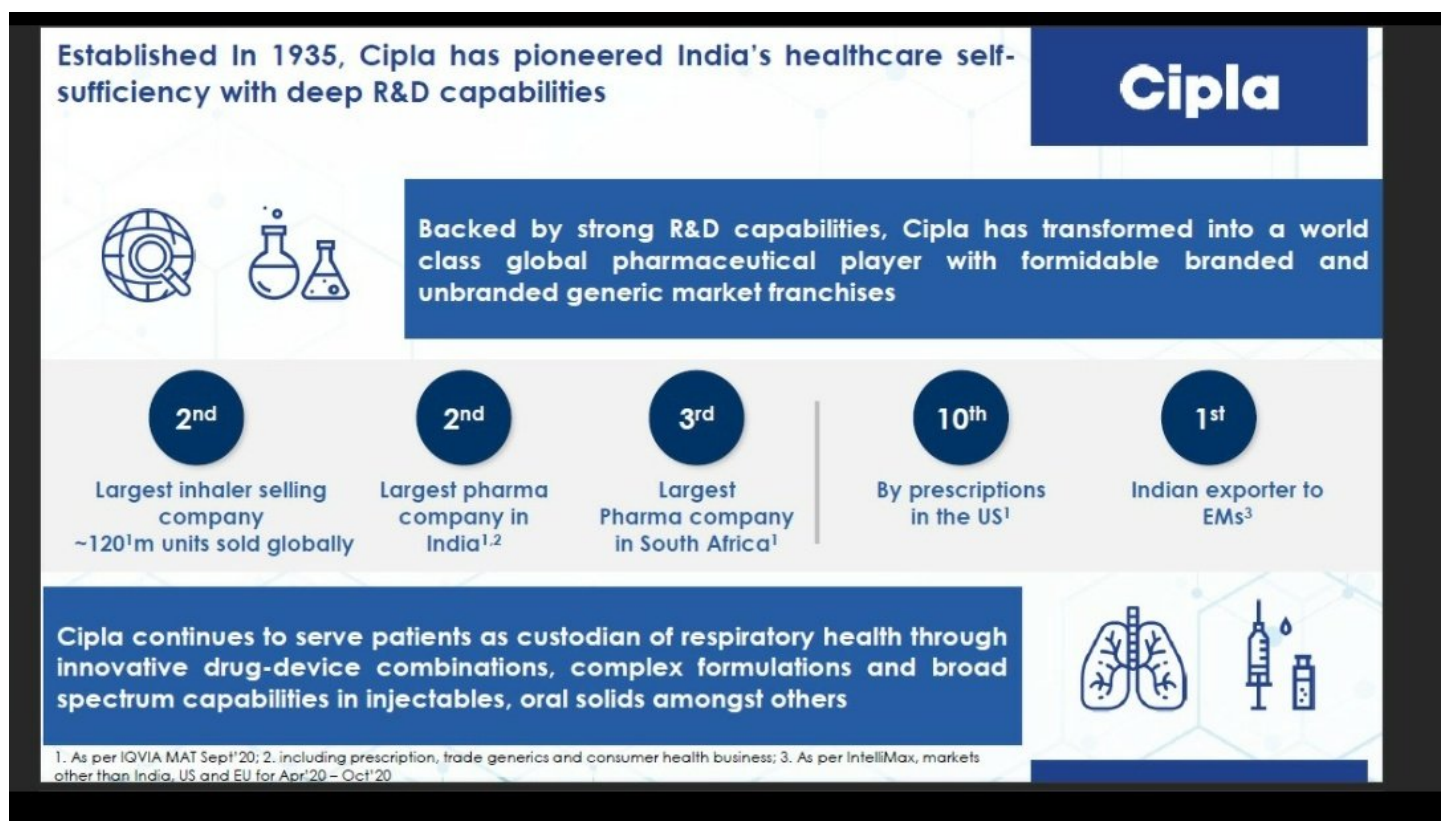
Cipla concall was today at 10:40 pm (late night)

Here are the key takeaways ■

@unseenvalue @darshanvmehta1 @AlgoBoffin @iramneek

Introduction

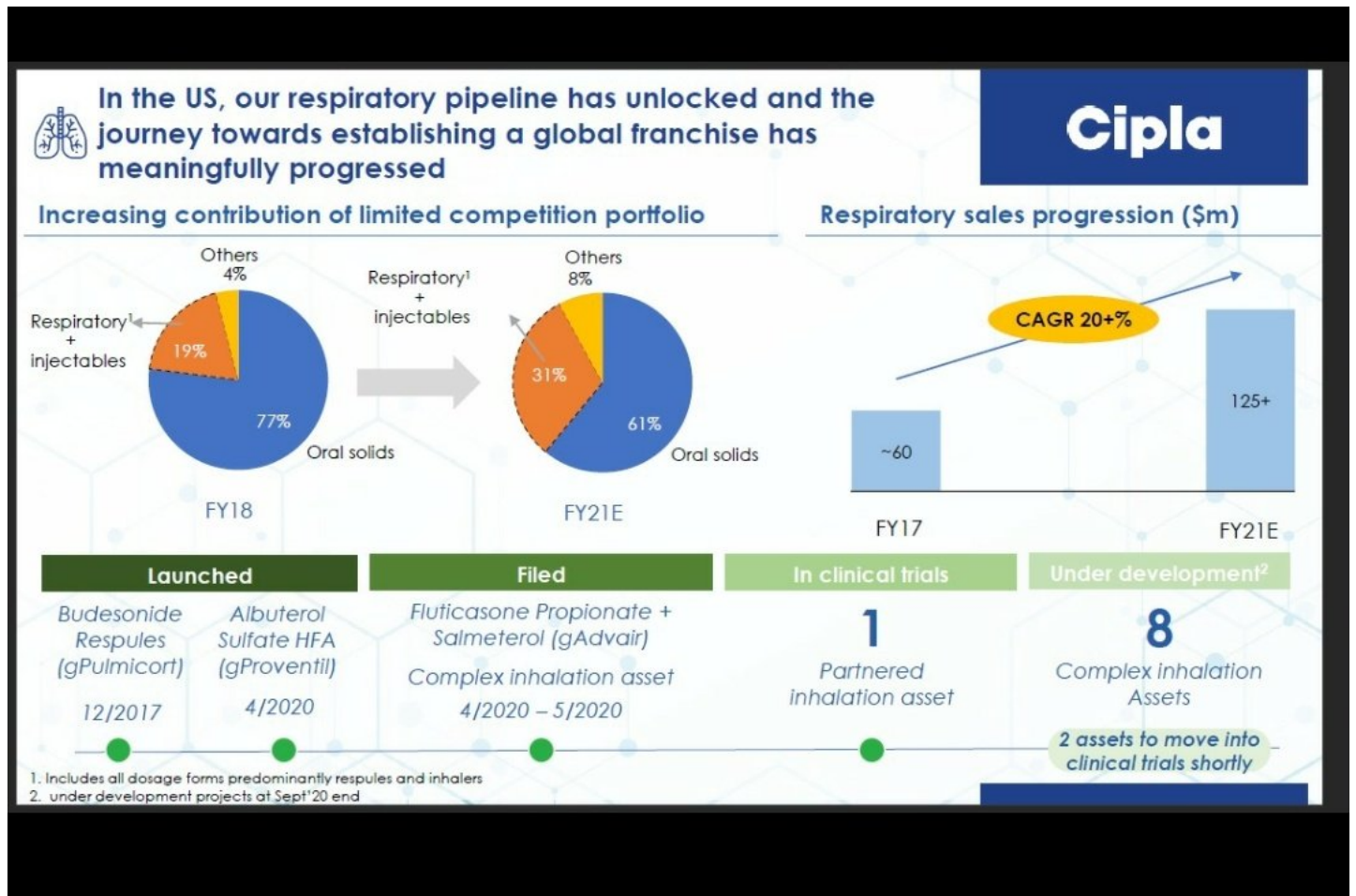
- Company being the first one to launch Remdesivir and the whole portfolio for covid 19
- Company is no.2 in lung leadership. Will try to unlock the complex generics in US.
- Growing faster than the average market growth.



- Trying to bring respiratory technology in China and in Brazil.
- There is a fair amount of unlocking through digitalization.
- ESG to improve in future. Becoming carbon neutral and water neutral.

US business

- Were able to add
- would be doubling the revenue in US.
- The pipeline is nicely diversified , now the products are diversified into respiratory + injectable around 30%



Indian market: One india strategy

- To cosumerize the business.
- Generic business is no.1 in india.
- Brand is moving from generic business to consumer business.
- Goal is to keep beating market growth by expanding the depth in portfolio.



In India, we are driving smooth execution of our One India strategy

Cipla

One India: Initiatives to drive market beating growth



Portfolio

- Making big brands bigger by leveraging consumer platforms for OTX brands



Distribution

- Synergized distribution and channel engagement (stockiest & retailers) for prescription, trade generics and consumer health



Access

- Direct to consumer with therapy shaping initiatives and ecosystem partnerships



\$1bn+

One India franchise



Consistently delivering **market beating** growth



500bps+ expansion¹ in chronic share of prescription business over the last 4 years



500bps+ EBITDA expansion² in prescription business over the last 4 years

Targeting to continue the upward trajectory

1. IQVIA MAT Mar'16 - 20; 2. Over FY17 - H1FY21

- There has been a deeper distribution system because the generic business is moving faster than expected.

- Synergizing the distribution channel for prescription, trade generics, and consumer health.

Consumer wellness

- Goal is to make 12- 15% of revenue in next 3 to 5 years. Right now ots around 5 percent.



We are well poised to build a global consumer wellness franchise

Cipla



Share of consumer brands in overall business

5%+



12%-15%

Share of consumer brands in overall business by FY25

1

Brand building & Organic growth

2

Leveraging consumer potential

3

New categories and launches

4

Inorganic growth

Consumer Health - India

Existing products

30%+ CAGR
Over FY16-FY21E

INR 250 cr+
Annualized business

Brands with high consumer potential across trade generics and prescription business

INR 350cr+
Annualized business

5 Categories



Consumer reach - # of outlets touched

225k+
Chemists

700+
Modern trade

40k+
Grocer & others

9
E-commerce

Consumer Health - South Africa

Over the counter products

ZAR ~1.2bn
Annualized business

Fastest growing OTC corporation in South Africa private market (IQVIA MAT Oct'20)

Cough & Cold | Immune boosters, Vitamins, Minerals & Nutritional supplements | Respiratory

Significant growth drivers over 2016-2020

(IQVIA MAT Oct'20)

South African business

- Going relatively fast in CNS and respiratory business.
- Nice portfolio in HIV.

Emerging markets

- Solid partnership are present in these market.

Digital initiative

- Can unlock a great potential in profit through digitalization
- Automation in manufacturing and digitization of data.
- Company is re imagining the business to be more digital.

ROIC story

- Capital is being diverted to respiratory division. Comaony likes this category.
- 50 to 60% will come from new launch of products and rest would be through cost control.
- In india company want to expand a bit but the major focus is to push the revenues higher.

Respiratory portfolio

- The company has a para 4 filing and has a partnership with a generic company.

Future acquisition

- Company is open to acquisition which would be easy to digest

- India and us business are very attractive but company is not seeing huge potential in capital allocation towards acquisition.