

# **AstraZeneca Pharma India Limited (AZPIL)**

## **Corporate Presentation**

**May 07, 2013**



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# Overview

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# Overview

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## AstraZeneca Plc Overview



# AstraZeneca Plc: Business Overview

- Global research and innovation driven Integrated biopharmaceutical Company focusing on the discovery, development & commercialization of prescription medicines in 3 core therapeutic areas namely Cardio-metabolism, Oncology and Respiratory & Inflammation, and also present in the therapeutic areas of Neuroscience and Infection & Vaccines, on an opportunity-driven basis
- Formed in April 1999 through the merger of Astra AB of Sweden and Zeneca Group Plc of UK
- Ranks among the top 10 pharmaceutical companies globally with CY2012 revenues of \$ 27.97 bn and CY2012 core operating profits of \$ 10.43 bn, with a market capitalization of \$ 64.91 bn (as on May 03, 2013)
- Sixth fastest growing MNC pharmaceutical company across emerging markets (Emerging Markets revenue was up 9% in Q1CY13 vis-a-vis Q1CY12 (CER))
- Operations in more than 100 nations globally and employs around 51,700 employees worldwide

## Strong Brand Portfolio

**8 brands with Sales of more than \$1billion in 2012**



## Global Sales (Geographical Split)



Source: AstraZeneca Plc, Annual Reports and Investor Presentations



# AstraZeneca Plc: Vision & Identified Growth Platforms

## Vision

- To be a global biopharmaceutical business delivering great medicines to patients through innovative science and excellence in development and commercialization
  - A science-led, innovation strategy
  - Broad R&D platform focused on 3 core Therapeutic Areas (TAs)
  - Balanced portfolio of specialty and primary care products
  - Global commercial presence, with strength in emerging markets

## Identified Growth Platforms



### 1. Cardiovascular / Brilinta



### 2. Diabetes



### 3. Emerging Markets



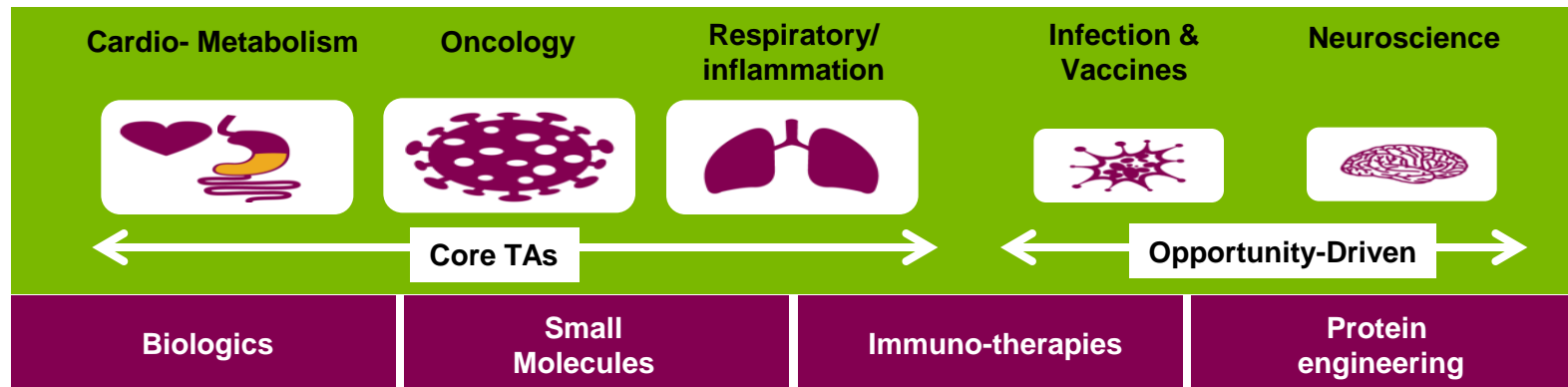
### 4. Respiratory



### 5. Japan



# AstraZeneca Plc: Focus on distinctive science in 3 core therapy areas



## Key Products and Brands

### Cardiovascular

**Atacand**  
for hypertension and heart failure

2010: \$1,483m  
2011: \$1,450m

2012  
**\$1,009m**  
(-27%)

**Crestor**  
for managing cholesterol levels

2010: \$5,691m  
2011: \$6,622m

2012  
**\$6,253m**  
(-4%)

**Seloken/Toprol-XL**  
for hypertension, heart failure and angina

2010: \$1,210m  
2011: \$986m

2012  
**\$918m**  
(-4%)

### Gastrointestinal

**Nexium**  
for acid-reflux

2010: \$4,969m  
2011: \$4,429m

2012  
**\$3,944m**  
(-10%)

### Infection

**Synagis**  
for RSV, a respiratory infection in infants

2010: \$1,038m  
2011: \$975m

2012  
**\$1,038m**  
(+6%)

### Neuroscience

**Seroquel IR**  
for schizophrenia and bipolar disorder

2010: \$4,148m  
2011: \$4,338m

2012  
**\$1,294m**  
(-70%)

**Seroquel XR**  
for schizophrenia, bipolar disorder and major depressive disorder

2010: \$1,154m  
2011: \$1,490m

2012  
**\$1,509m**  
(+4%)

### Oncology

**Zoladex**  
for prostate and breast cancer

2010: \$1,115m  
2011: \$1,179m

2012  
**\$1,093m**  
(-5%)

### Respiratory & Inflammation

**Pulmicort**  
for asthma and chronic obstructive pulmonary disease

2010: \$872m  
2011: \$892m

2012  
**\$866m**  
(-1%)

**Symbicort**  
for asthma and chronic obstructive pulmonary disease

2010: \$2,746m  
2011: \$3,148m

2012  
**\$3,194m**  
(+5%)



# AstraZeneca Plc: R&D Overview

- Over \$4.5 billion investment in R&D in CY2012, with nearly 9,800 employees working in R&D Division
- R&D presence in 10 principal R&D centres in six countries (including one in India), covering both small molecules and biologics
- Strong and growing R&D presence in Asia
- R&D efforts focused on three key therapy areas: Cardio-metabolism, Oncology and Respiratory & Inflammation; opportunistic R&D investment in Infection & Vaccines and Neuroscience
- Collaborations with different companies globally which has further augmented the current R&D pipeline, with approximately 40% being sourced externally
- Setting up strategic research and development centers in the U.K., U.S. and Sweden to improve pipeline productivity and to aide in establishing AstraZeneca as a global leader in biopharmaceutical innovation

## Key Strategic Centers for R&D activities



**Gaithersburg**

Primary location for Company's biologics activities, and Global Medicines; Development activities for small and large molecules



**Mölndal**

Global centre for research and development, with a primary focus on small molecules



**Cambridge**

Set up of New site in Cambridge with close proximity to University of Cambridge and world class UK Bioscience community.

Note: These three strategic sites will be supported by other existing AstraZeneca facilities around the world, including Boston, Massachusetts, US which will continue to be a centre for research and development, with a primary focus on small molecules





# AstraZeneca Plc: Major Interest Areas and Recent product launches / partners



# AstraZeneca Plc: Robust R&D Pipeline...

## Phase I 26 NMEs

Small Molecules	Large Molecules
AZD2014	moxetumomab*
volitinib*	MEDI0639*
AZD1208	MEDI3617*
AZD9150	MEDI-565*
AZD8330*	MEDI6469*
AZD5363*	MEDI4736*
AZD8848*	MEDI4212
AZD7594*	MEDI2070*
AZD7624	MEDI9929*
AZD1446*	MEDI5872*
AZD3293*	MEDI5117
ATM AVI	MEDI-557
	MEDI-559
	MEDI-550

## Phase II 21 NMEs

Small Molecules	Large Molecules
AZD4547	MEDI-551*
Olaparib <sup>#</sup>	tremelimumab
selumetinib*	MEDI-573*
AZD5069	benralizumab*
AZD2115*	mavrilimumab*
AZD5423*	MEDI8968*
AZD1722*	sifalimumab*
AZD6765	MEDI-546*
AZD5213	tralokinumab
AZD3241	MEDI7183*
AZD5847	

<sup>#</sup>Decision to accelerate Olaparib to Phase III, and committed to EU filing in 2013

## Phase III / Registration 6 NMEs

Small Molecules	Large Molecules
lesinurad	brodalumab*
fostamatinib*	metreleptin*
naloxegol*	
CAZ AVI*	

### Legend

Oncology
R&I
CVMD
Neuroscience
Infection

Changes since FY2012: MEDI-575 and MEDI7814 discontinued; AZD3480 returned to Targacept; AZD7624 progressed into Phase I; and AZD1722 progressed into Phase II.

Note: CXL status is pending an FDA discussion.

Parallel indications not shown above: fostamatinib (haematological malignancies); MEDI-551 (multiple sclerosis); and tralokinumab (ulcerative colitis).

\* Partnered product

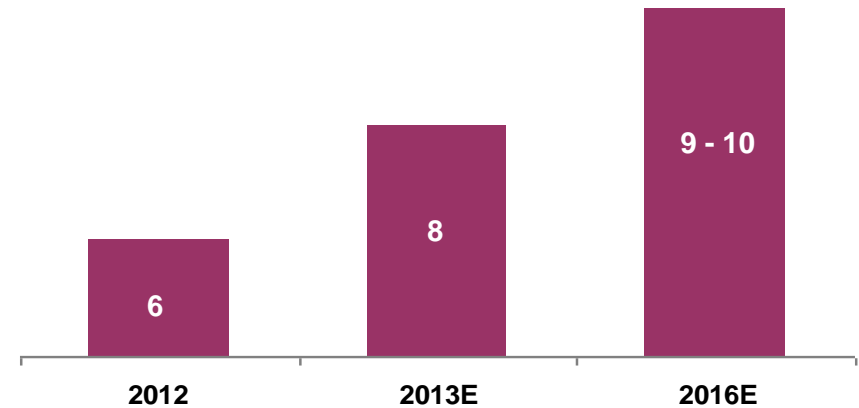


# ...With Impressive Phase III Portfolio...

## Near Term

- In 2013 – 2014, AstraZeneca Plc anticipates ~5 – 7 NME Phase III starts
- 10 potential NME submission opportunities between now and 2016
- By 2016, AstraZeneca Plc will reach its target volume in Phase III and Registrations

## Phase III & Registration NME pipeline volume (#)



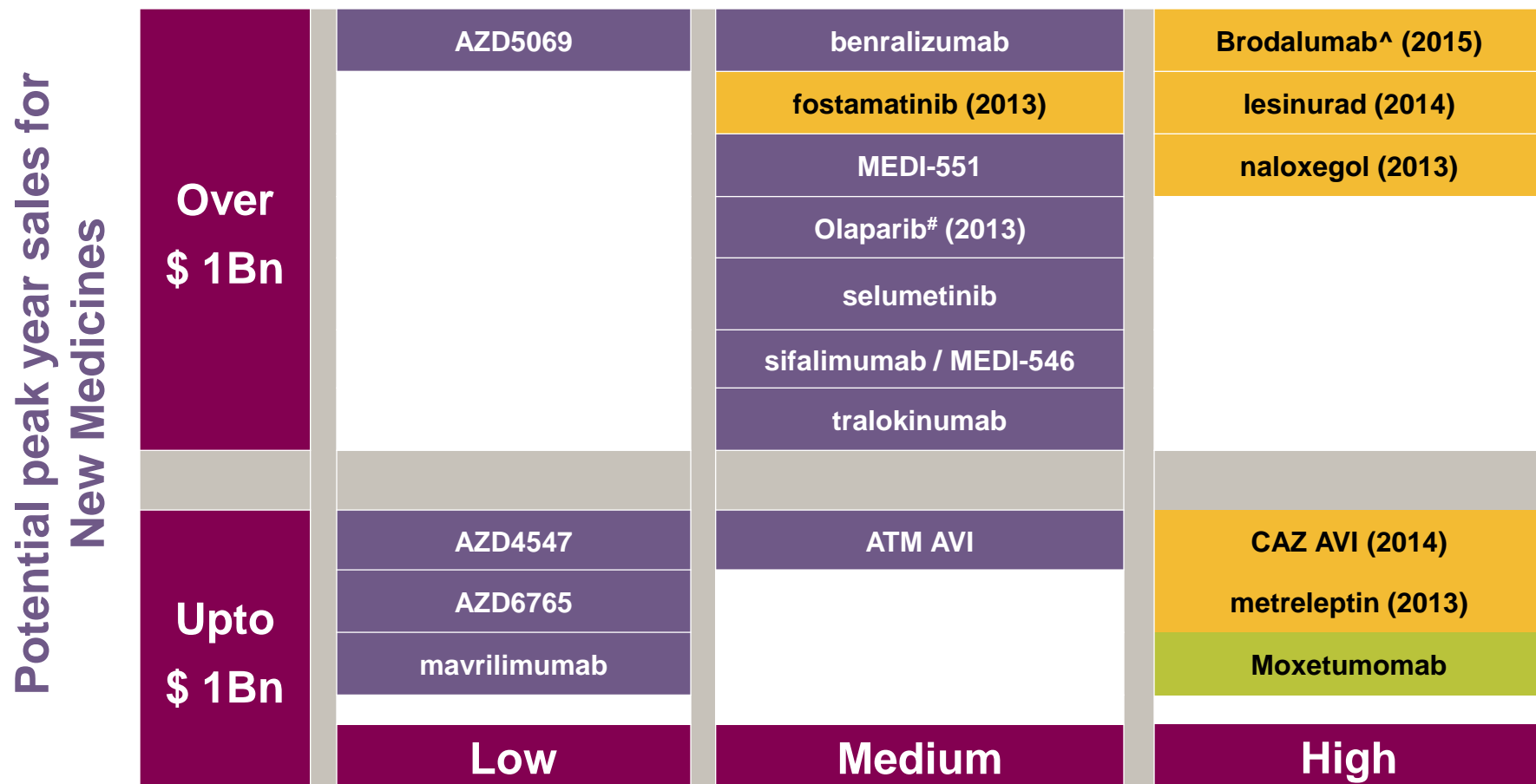
## Anticipate ~5-7 NME Phase III Starts

2013	2014	
benralizumab asthma	AZD6765 depression	ATM AVI serious infections
Olaparib <sup>#</sup> solid tumours	sifalimumab/MEDI-546 systemic lupus erythematosus	AZD4547 gastric cancer
moxetumomab pasudotox hairy cell leukaemia	mavrilimumab rheumatoid arthritis	AZD5069 asthma
selumetinib non-small cell lung cancer	MEDI-551 haematological malignancies	tralokinumab asthma

<sup>#</sup>Decision to accelerate Olaparib to Phase III, and committed to EU filing in 2013



# ...Providing Attractive growth opportunities



#Decision to accelerate Olaparib to Phase III, and committed to EU filing in 2013

KEY: (20xx) Year in brackets represents planned year of regulatory submission

^Gross revenue – not AZ share for Brodalumab

Peak Year Sales (PYS) includes lifecycle management opportunities

## Legend

Phase III
Phase II
Phase I



# AstraZeneca Plc: Expanding partnership pipeline

## Phase II

## Phase III/ Registration

## Launched/ Approved (2012)

### Oncology



Tremelimumab

AMGEN

MEDI-575



Selumetinib

### CNS

NEKTAR

Naloxegol

### Oncology



RANMARK (Japan)

### Respiratory & Inflammation

PULMOGEN

AZD2115



AZD5423

AMGEN

AMG139  
AMG157  
AMG181  
AMG557  
MEDI-8968



Benralizumab

MEDAREX

Sifalimumab  
MEDI-546

RIGEL

Fostamatinib



Lesinurad

AMGEN

Brodalumab

### Diabetes



Bristol-Myers Squibb



Once-weekly  
BYDUREON

FORXIGA

komboglyze

ONCE A DAY  
kombiglyze XR

onglyza

AstraZeneca Plc has also recently entered into an exclusive development agreement with Moderna Therapeutics, collaboration with Karolinska Institutet and announced the acquisition of AlphaCore Pharma

### Infection

CAZ AVI

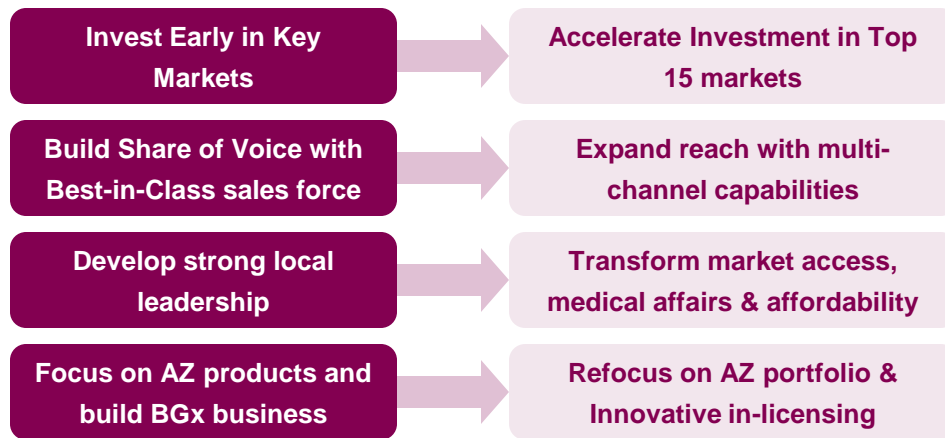


EU

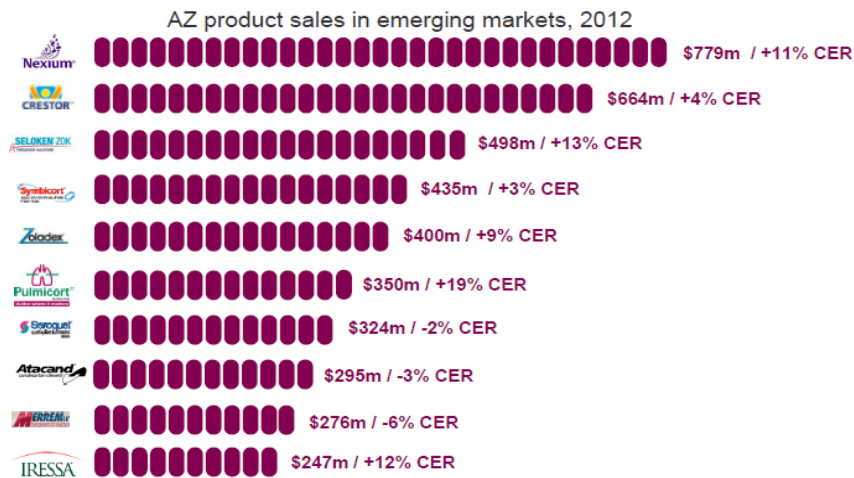


# Focus on Emerging markets– A platform for sustained growth

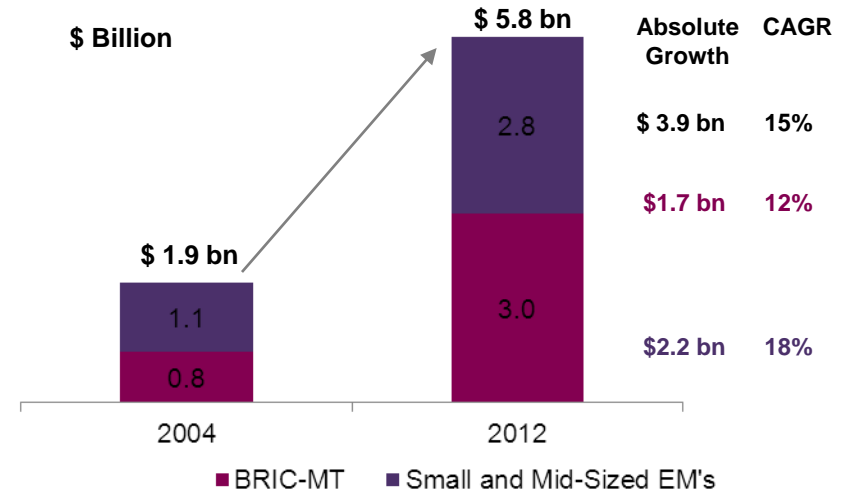
## Emerging Market Strategy



## Successful Portfolio of Brands across EM's (in \$ mn)

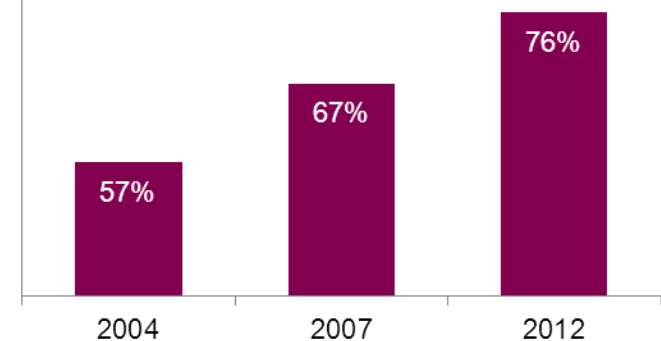


## Emerging Markets Growth



## Improving profitability\* across emerging markets

Company's current emerging markets margins are similar to its Europe business 7-8 years back



\*pre-R&D emerging markets operating margin (excluding central costs), indexed to 2012 margins in established markets

Source: AstraZeneca Plc, Annual Reports and Investor Presentations



# Overview

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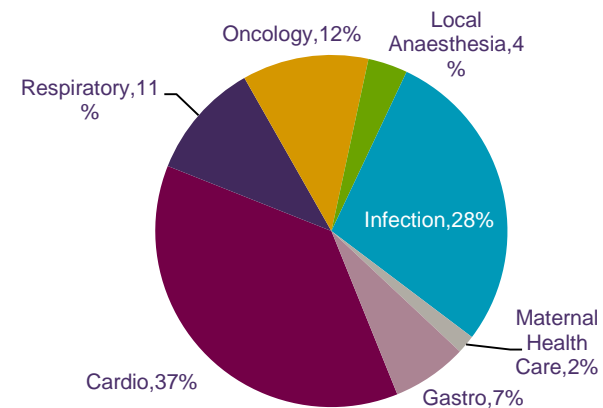
**AZPIL: Business Overview**



# AZPIL: Business Overview

- AZPIL is a subsidiary of AstraZeneca Pharmaceuticals AB Sweden (89.99% shareholding), which is in turn a wholly owned subsidiary of AstraZeneca Plc, UK, and has been present in India since 1979, with its corporate headquarters located in Bengaluru, Karnataka
- AZPIL is present in the therapeutic areas of Cardio-metabolism, Oncology, Respiratory & Inflammation, Infection, Local Anesthesia and Maternal Healthcare
- AZPIL's manufacturing facilities are spread across 64 acres at Bengaluru, and commenced commercial production in 1982
- AZPIL is currently setting-up a state-of-the-art tablet manufacturing facility with a capacity of 1.2 billion tablets per year at a cost of Rs. 1,005 million
- AZPIL has a total employee strength of ~1,588 including dedicated sales force of ~1,166 FTEs (March 31, 2013)
- AZPIL has been regularly launching products from its global portfolio in India over the past years, leading to the development of several domestic power brands including Crestor, Seloken XL, Meronem, Arimidex, Zoladex, Nexsium and most recently Brilinta

## FY13 Therapeutic Area-Wise Sales Contribution (%)



## AZPIL Top 10 Brands (Based on FY12 Sales)

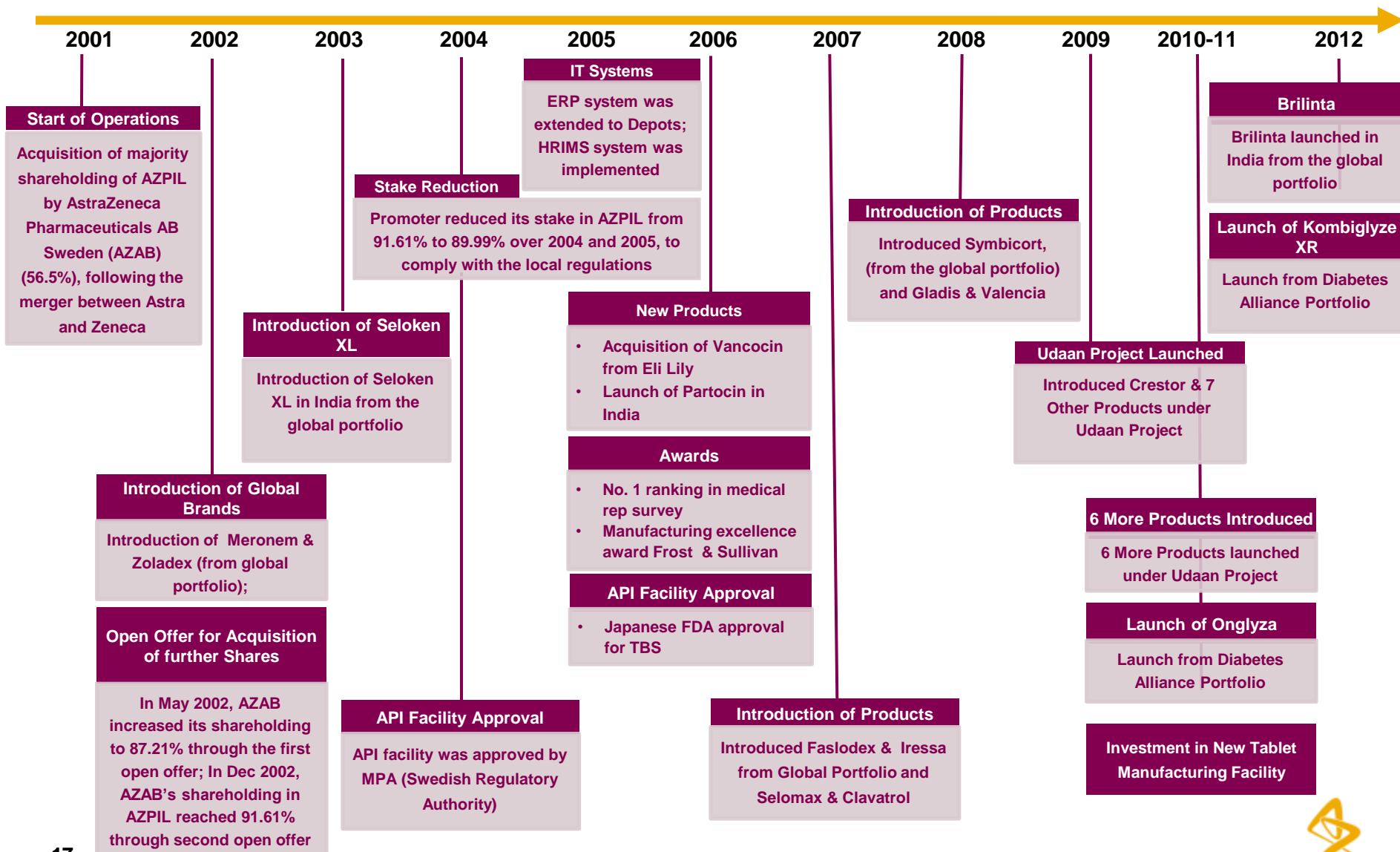
Brand	Therapeutic Area	Total Sales (Rs. mn)		
		FY 11	FY 12	FY13
Meronem	Anti-Infectives	769	819	764
Linctus Codeinae	Respiratory	518	489	150
Seloken XL	Cardiac	317	381	386
Xylocaine	Pain / Analgesics	393	377	64
Betaloc	Cardiac	345	352	234
Imdur	Cardiac	324	339	195
Neksium	Gastro Intestinal	162	212	235
Crestor	Cardiac	155	212	230
Zoladex	Oncology	135	137	162
Arimidex	Oncology	122	130	123

Highlighted brands have been impacted on account of the voluntary recall initiated by AZPIL in Q4FY12





# AZPIL: History & Key Milestones



# AZPIL: Key Therapy Areas & Brands

## Leading Brands Across Therapeutic Areas

Cardiovascular	Respiratory	Maternal Healthcare	Oncology	Infection	Neuroscience	Gastrointestinal
<ul style="list-style-type: none"> <li>•Brilinta^</li> <li>•Onglyza*^</li> <li>•Crestor^</li> <li>•Seloken XL^</li> <li>•Betaloc, Betaloc H \$</li> <li>•Imdur\$</li> <li>•Ramace, Ramace H \$</li> <li>•Plendil \$</li> <li>•Zestril \$</li> <li>•Selomax @</li> <li>•Seloram #</li> <li>•Vigocil, Vigocil M #</li> <li>•Nitract SR</li> <li>•Valfect, Valfect H #</li> <li>•Olways, Olways H, Olways AM #</li> <li>•Kombiglyze XR*</li> </ul>	<ul style="list-style-type: none"> <li>•Symbicort^</li> <li>•Bricanyl \$</li> <li>•Mit's Linctus Codeinae Co %</li> <li>•Mit's Linctus DX %</li> <li>•Bricarex, Bricarex A %</li> <li>•Bricacef, Bricacef PED #</li> <li>•Rhinoxef #</li> <li>•Rhinoxax #</li> <li>•Rhinoxort \$</li> <li>•Pulmicort Respules \$</li> </ul>	<ul style="list-style-type: none"> <li>•Prostodin %</li> <li>•Cerviprime %</li> <li>•Primiprost %</li> <li>•Partocin @</li> <li>•Gladis @</li> <li>•Valenzia @</li> </ul>	<ul style="list-style-type: none"> <li>•Zoladex ^</li> <li>•Arimidex ^</li> <li>•Nolvadex ^</li> <li>•Iressa ^</li> <li>•Casodex ^</li> <li>•Faslodex ^</li> </ul>	<ul style="list-style-type: none"> <li>•Meronem^</li> <li>•Vancocin CP</li> <li>•Actamase #</li> <li>•Enclere #</li> <li>•Remergin #</li> <li>•Rescade #</li> </ul>	<ul style="list-style-type: none"> <li>•Diprivan^</li> <li>•Xylocaine \$</li> <li>•Sensorcaine \$</li> <li>•Naropin #</li> </ul>	<ul style="list-style-type: none"> <li>•Neksium^</li> </ul>

## Key Brand Highlights

- Meronem has consistently been the No.1 brand in Carbapenems category and is also the No. 1 Brand in the Hospital Market Segment as per IMS MAT Mar'13
- Seloken XL has been the No.1 brand in the Metoprolol Once Daily market, since last 5 years and has been growing faster than the category
- Brilinta has been amongst the most successful product launches in the Indian Pharmaceutical market, clocking sales of Rs. 51 million within 6 months of launch
- Neksium has been growing faster than the gastro-intestinal therapeutic segment, where it is present

Source: IMS Health

\* In alliance with Bristol Myers Squibb

^ Global products introduced after 2001,

\$ Global products introduced prior to 2001

# BGx Udaan Products

% AZPIL Local portfolio introduced prior to 2001

@ AZPIL Local products introduced after 2001 (but before Udaan Project)



# AZPIL: Manufacturing Facilities



## Existing Formulation Facility

- Capacity: 690 mn tablets
- Commercial Production  
Commencement : 1982
- Location: Bengaluru
- No. of Employees: 210

## Existing API Facility

- Capacity: 3600 Kgs
- Commercial Production  
Commencement : 1982
- Location: Bengaluru
- No. of Employees: 37

## New Tablet Manufacturing Facility - Formulations

- Capacity: 1.2 billion tablets per year
- Construction completed (Validation ongoing)
- Location: Bengaluru
- Expected Commencement of Commercial  
Production: Q1FY14



# AZPIL: Managing Director

## Mr. Sanjay Murdeshwar



- Sanjay, aged 46 years joined AZPIL as the Managing Director on May 02, 2013 and has over 17 years of diverse experience in the Pharmaceutical Industry working across various roles and regions with Bayer AG
- Most recently, he was working as the Vice President and Head, Commercial Operations for Bayer Healthcare – Pharmaceuticals for Asia Pacific region. He was responsible for marketing, strategy development, sales and marketing excellence, and business development for the Company for Asia Pacific countries
- Prior to this role, he was the Country Head – Bayer Healthcare India, and Managing Director of Bayer Pharmaceuticals Private Limited
- Previously, he has also held position for Country Head and General Manager for Bayer Healthcare, Philippines
- Graduate in Chemical Engineering from Mumbai University and has completed Masters in Business Management from Asian Institute of Management, Philippines



# AZPIL: Whole Time Director & VP – India Operations

## Mr. Robert Ian Haxton



- Rob, aged 43 years joined AZPIL as the Whole Time Director and Vice President – India Operations on February 01, 2013 and has over 20 years of diverse experience in the Pharmaceutical Industry working across various roles and regions with AstraZeneca
- Most recently, he was working as the Head of Regional External Supply (EMEA), for AstraZeneca Plc. He managed a multicultural and multi geographic team located in UK, Turkey, Russia, South Africa, Egypt and Israel. He developed the 5 year category strategy for the EMEA contractor supply base
- Prior to this role, he was Supplier Account Manager – Global External Sourcing, and Product Supply Chain Manager with AstraZeneca Plc
- Previously, he has also been Plant Manager in factories across the AstraZeneca Global network
- Graduate (BSc. Hons) in Biomedical Technology from Sheffield Hallam University



# AZPIL: Non-Executive Directors (AZ Group)

## **Mr. Ian Brimicombe** **Non-Executive Director**

Mr. Ian Brimicombe aged 49 years, is a graduate from King's College, London. He has exposure on audit, tax and corporate finance at Coopers & Lybrand, London (now PricewaterhouseCoopers) from 1986, qualifying as a Chartered Accountant and a Chartered Tax Adviser.

He has been with AstraZeneca since 1994 and has held various senior positions in Corporate Finance and Taxation. From 2001, he has been Director of Group Tax, responsible for global tax operations and delivery of AstraZeneca's group tax targets. Currently, he is the Vice President – Corporate Finance for AstraZeneca Plc. He has been on the Board of AZPIL since September 2006

## **Mr. Justin Ooi** **Non-Executive Director**

Mr. Justin Ooi, aged 42 years has completed post graduate qualification at MGSM (Australia) and executive programmes at INSEAD and London Business School.

He has over 25 years of experience. He has been with AstraZeneca for over 19 years and has gained comprehensive experience across both commercial and financial functions - with the last 10 years being part of the Senior Executive Team. He is currently the Area Finance Director for AstraZeneca International Region (including Asia and India). Prior to this role, he has held various senior level positions including Area Finance Director for AstraZeneca Asia Pacific Region, and Sales & Marketing Director and Chief Financial Officer for AstraZeneca Australia.



# AZPIL: Independent Directors

## **Mr. D. E. Udawadia, Chairman Independent Director**

Mr. D E Udawadia, aged 73 years, holds Degree in BA (Hons) and LLB and also holds Master's Degree in Political Science and History. He has over 48 years of active corporate law practice and wide-ranging professional experience. He is an Advocate and a Solicitor by profession. He is a Solicitor and Advocate of the Bombay High Court and a Solicitor of the Supreme Court of England. He is a Senior Partner of M/s. Udawadia, Udeshi & Argus Partners, a reputed law firm.

Mr. Udawadia has been on the Board of AZPIL from inception and since September 2000, as Chairman of the Board. He is also on the Board of several other reputed companies.

## **Mr. K. S. Shah Independent Director**

Mr. K S Shah, aged 72 years, is a Graduate in Commerce and a Fellow Member of the Institute of Chartered Accountants and a Fellow Member of the Institute of Company Secretaries of India.

He has rich experience in industry including general management and administration. Prior to his appointment in the Company, he was the Finance Director and Deputy Managing Director of May & Baker (I) Ltd. He has been on the Board of AZPIL since November 2001, and was the Managing Director of Astra IDL from July 1988 to September 1991. He is also Chairman of the Audit Committee of the Board.

## **Mr. Narayan K Seshadri Independent Director**

Narayan K Seshadri aged 56 years, is a Chartered Accountant by profession with over thirty years of professional experience.

He is the founder of Tranzmute Capital & Management Private Limited. Earlier, he had founded Halcyon Resources & Management that had partnered with a US investment management group. Prior to establishing Halcyon, he was the Managing Partner at KPMG's Business Advisory Services Practice and was also a member on Andersen's global CEO advisory council. He holds Board positions in many companies. He has been on the Board of AZPIL since December 2012.





# AZPIL: Key Event Update

In Q4FY12, AZPIL initiated a voluntary recall of twelve products following AZ Worldwide Audit Group's (WWAG) quality audit, on account of which it faced supply issues in FY13, which are currently in the final stages of being remediated

## Voluntary Recall initiated in Q4FY12

- Voluntary recall was initiated for twelve products manufactured at Bengaluru plant, following the AstraZeneca Worldwide Audit Group's (WWAG) quality audit
- As a precautionary measure, production was also voluntarily & temporarily suspended to review manufacturing & quality practices at the plant, and undertake remedial measures
- This resulted in further impact on other non-recalled products as well, and led to losses in FY13

## Remedial Measures

- 54 experienced personnel from AstraZeneca Global were seconded to India on short as well as longer term assignments to help address these manufacturing / quality issues
- Site Investment with Managerial, leadership, process and equipment changes
- Comprehensive training plan delivered
- Recruitment of diploma level education shop floor workmen

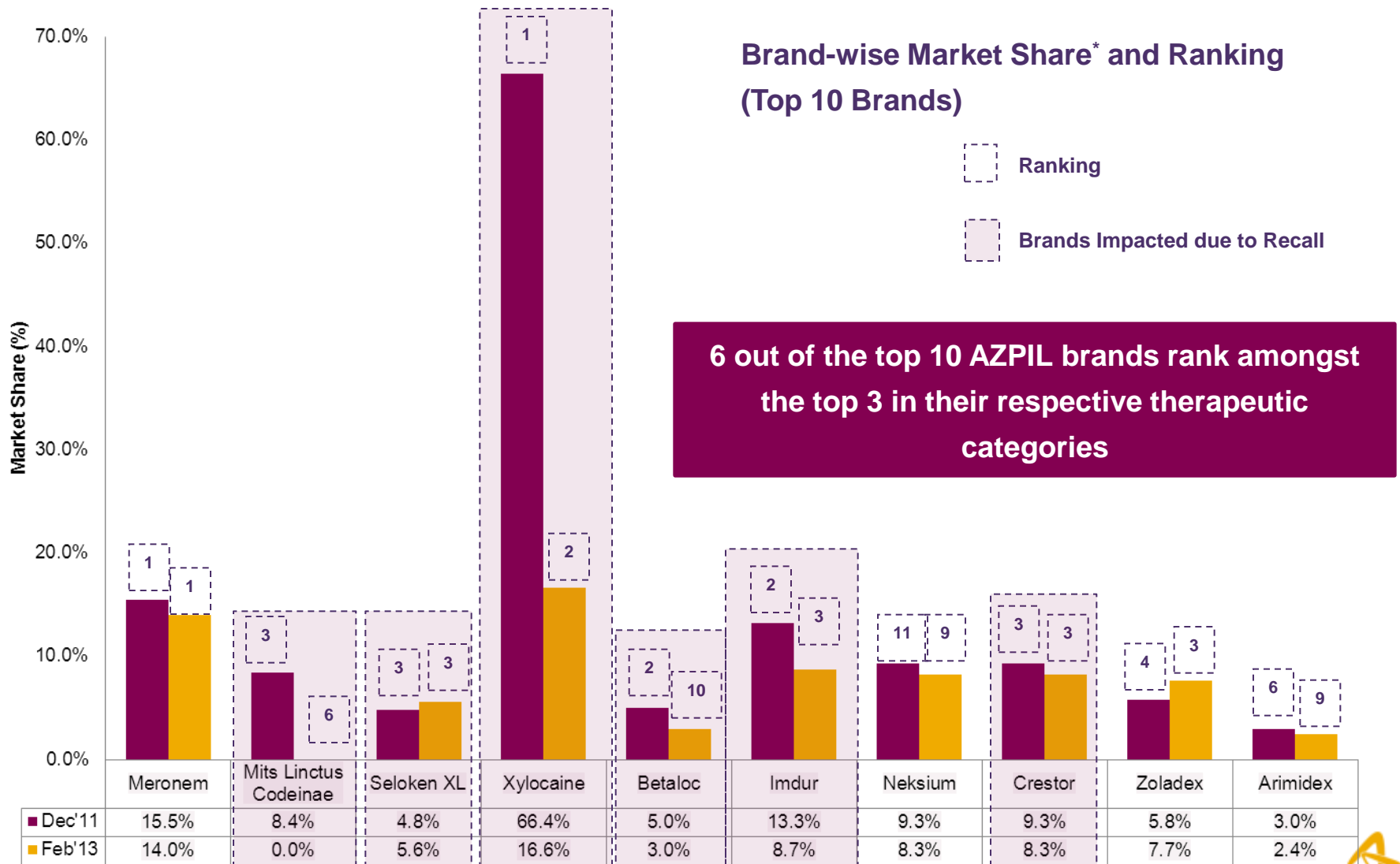
## Present Situation

- Key impacted products like Xylocaine (Injection), Prostodin, Seloken XL and Sensorcaine have already been re-introduced in the market
- The manufacturing of the non tablet impacted products has been outsourced to select contract manufacturers in India
- Efforts are in place to reintroduce the remaining impacted products and re-establish AZPIL's market position



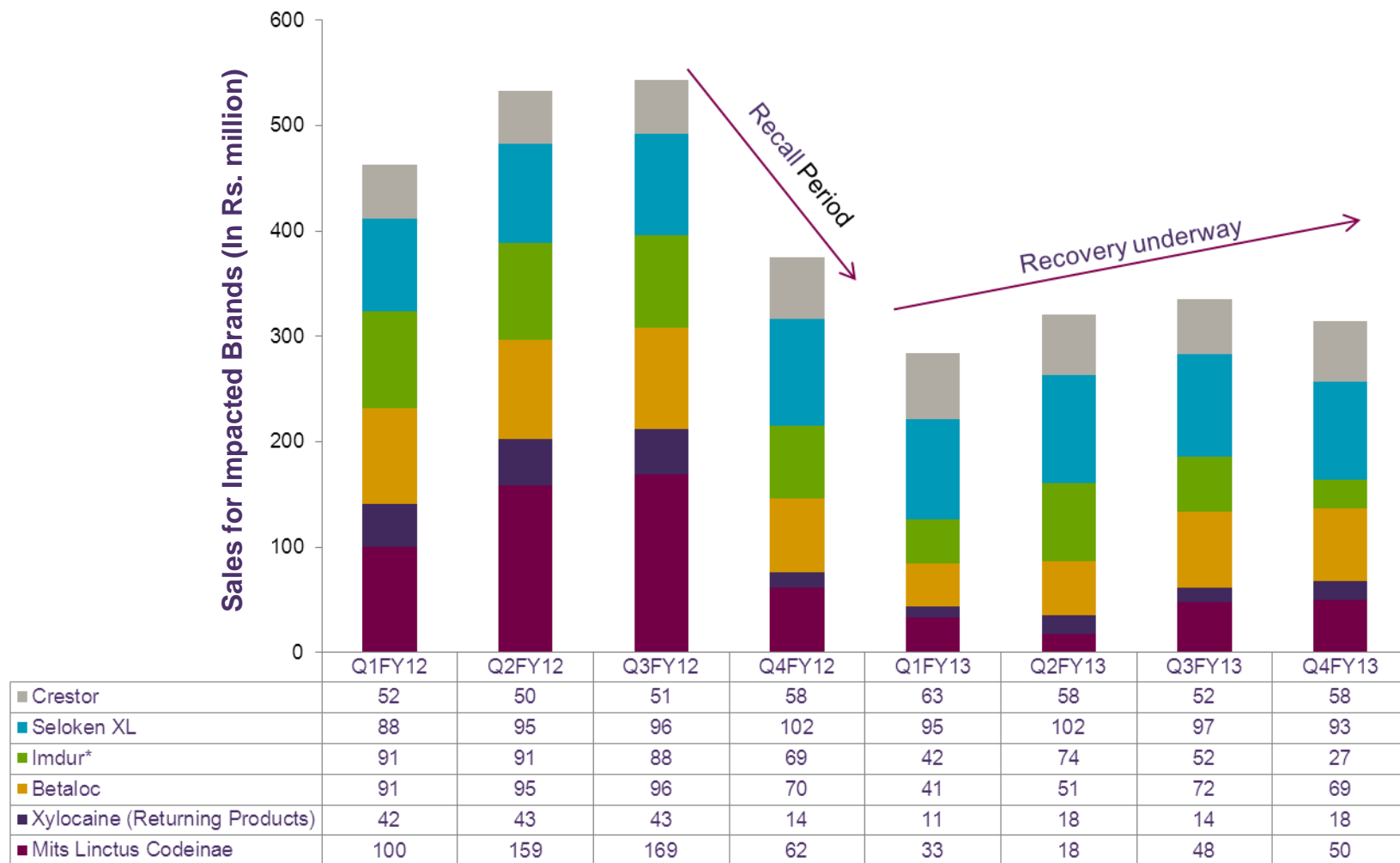


# AZPIL: Non-Impacted Brands continue to deliver Resilient Performance



# AZPIL: Steady Recovery Under-way

Remediation of Supply Issues enabling recovery across Key Impacted Brands



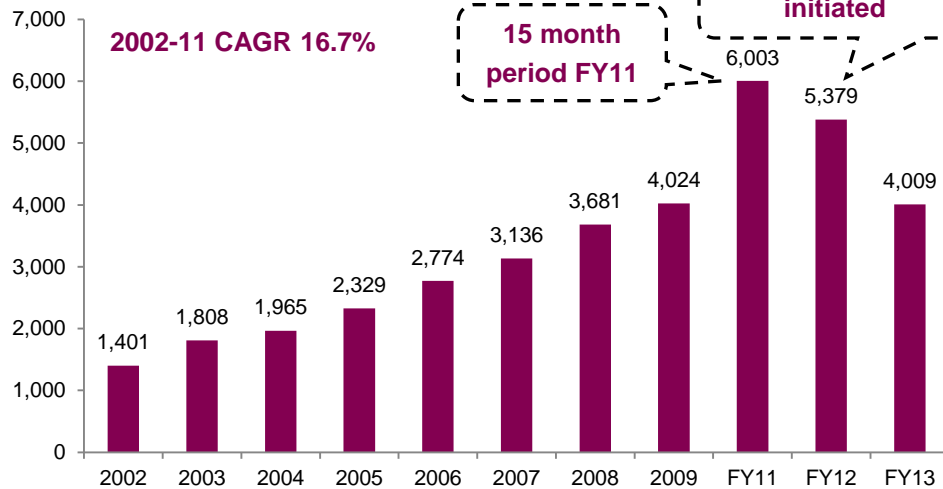
**Products representing 8 – 10% of the revenues are being discontinued in the current financial year (FY14)**

*\*Imdur sales were impacted between Q2FY13 and Q4FY13 on account of certain supply issues, which are currently being remediated*

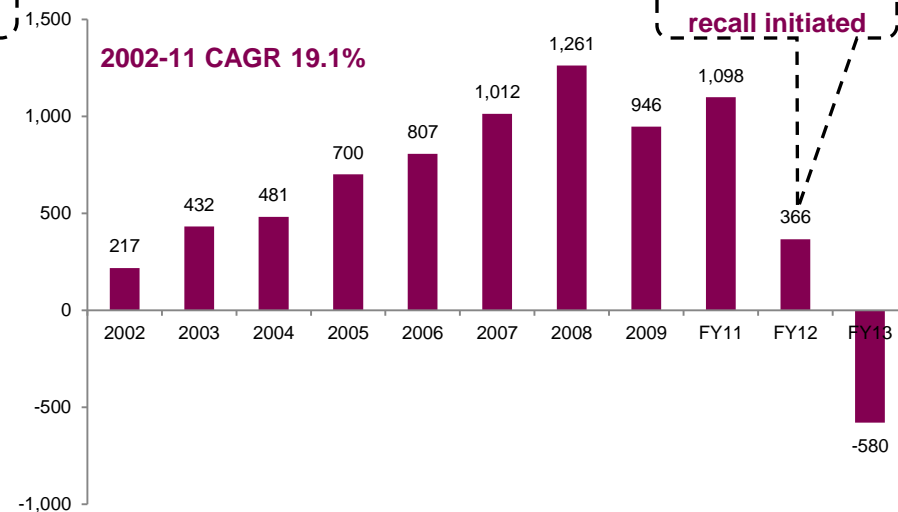


# AZPIL: Financial Overview

**Total Income (Rs. million)**



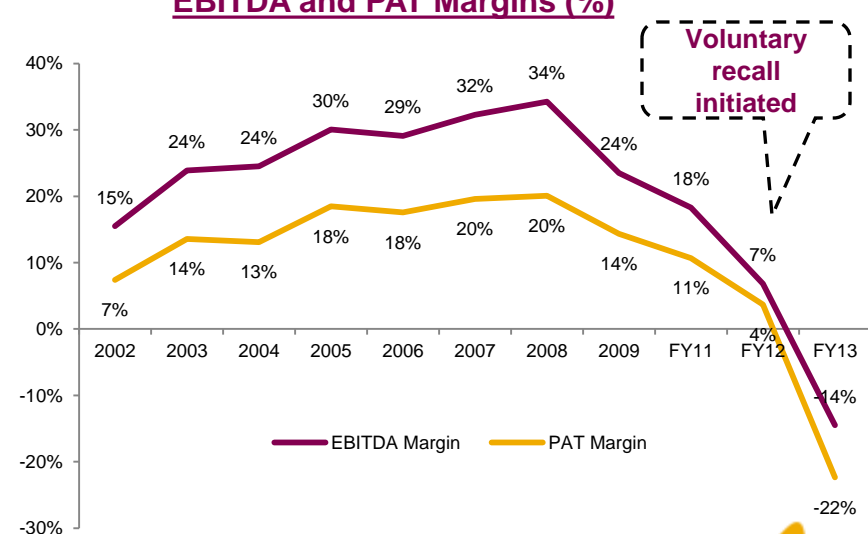
**EBITDA (Rs. million)**



**PAT (Rs. million)**

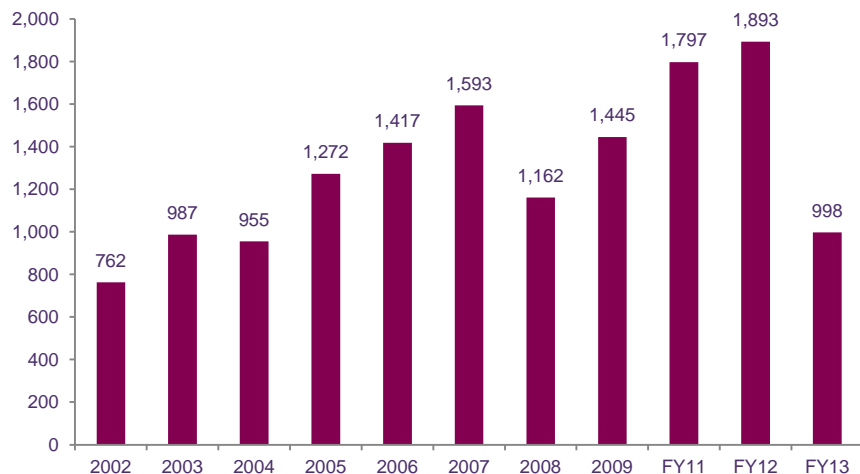


**EBITDA and PAT Margins (%)**

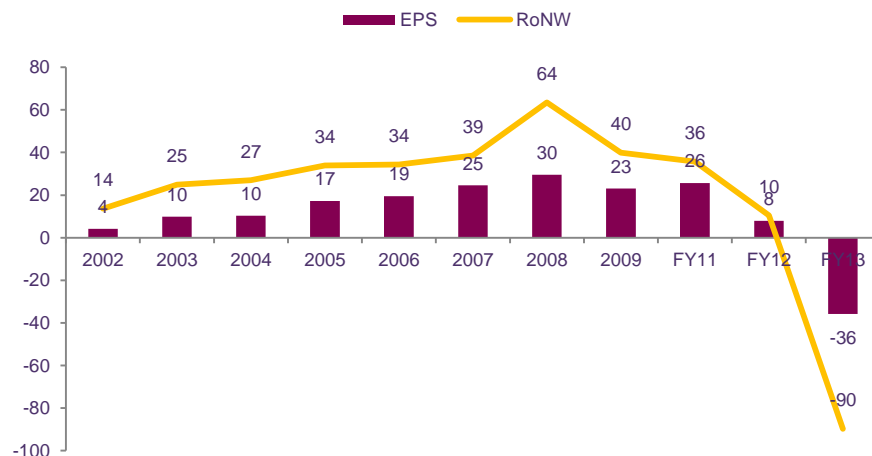


# AZPIL: Financial Overview

Net worth (Rs. million)



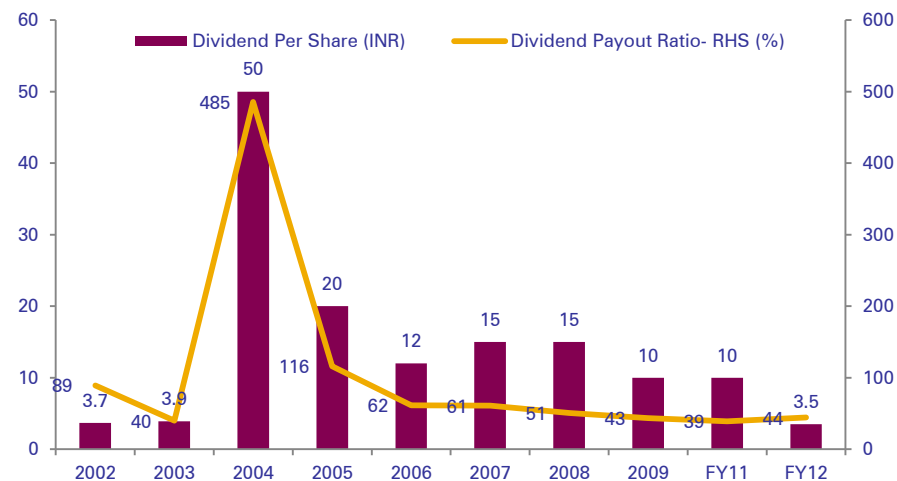
EPS (Rs.) / Return on Net worth



Book Value Per Share (BVPS in Rs.)



Dividend Per Share/ Dividend Payout Ratio (%)



# Overview

3

**AZPIL: Key Highlights**



# AZPIL: Key Investment Highlights

## ✓ **Leveraging Global Strength**

Outstanding Parent profile providing significant technical & financial backing;  
Consistent product launches from Parent's portfolio

## ✓ **Strong Pipeline Potential**

Significant launches planned in India from global portfolio and partnerships.

## ✓ **Significant Growth Levers**

Favorably positioned to benefit from India's fast growing Pharma market

## ✓ **High Corporate Governance Standards**

High corporate governance;  
Passion for quality and patient safety , demonstrated by initiating voluntary recall based on findings of AstraZeneca Worldwide Audit Group's (WWAG) quality audit

## ✓ **Re-focused for Delivery**

Resolution of Supply Issues in India and taking steps towards its strengthening position in the Indian Market

## ✓ **Long Term Commitment to India**

Among the first MNCs to establish India presence; Focus on India in-line with Global strategy to ramp-up business in emerging markets



# AZPIL: Leveraging Global Strength

## Product launches from Parent's portfolio

	2002	2003	2004	2005	2006	2007	2008	2009	FY11	FY12	FY13
Cardiovascular								Crestor			Brilinta
Respiratory								Symbicort Turbuhaler			
Antibiotic/ Infection	Meropenem								Relaunch of Diprovan		
Oncology	Zoladex	Arimidex Relaunch of Nolvadex	Zoladex (10.8 mg)		Casodex	Iressa	Faslodex				
Anaesthesia		Diprovan									
Maternal Healthcare											
Gastro Intestinal						Nexium					
Diabetes Alliance									Onglyza	Kombiglyze XR	



# AZPIL: Strong Pipeline Potential

Significant technical support and robust Global Pipeline & launches from collaborations offers significant future growth visibility

## Robust Global Pipeline

Phase I 26 NMEs		Phase II 21 NMEs		Phase III/ Registration 6 NMEs	
AZD2014	moxetumomab*	AZD4547	MEDI-551*	lesinurad	brodalumab*
volitinib*	MEDI0639*	Olaparib#	tremelimumab	fostamatinib*	metreleptin*
AZD1208	MEDI3617*	selumetinib*	MEDI-573*	naloxegol*	
AZD9150	MEDI-565*	AZD5069	benralizumab*	CAZ AVI*	
AZD8330*	MEDI6469*	AZD2115*	mavrilimumab*		
AZD5363*	MEDI4736*	AZD5423*	MEDI8968*		
			sifalimumab*		
AZD8848*	MEDI4212	AZD1722*			
AZD7594*	MEDI2070*	AZD6765	MEDI-546*		
AZD7624	MEDI9929*	AZD5213	Tralokinumab		
AZD1446*	MEDI5872*	AZD3241	MEDI7183*		
AZD3293*	MEDI5117	AZD5847			
ATM AVI	MEDI-557	#Decision to accelerate Olaparib to Phase III, and committed to EU filing in 2013			
	MEDI-559				
	MEDI-550				

### Legend

Oncology

Respiratory & Inflammation

CVMD

Neuroscience

Infection

## World Class R&D and Technology Support

R&D Support	Investment >\$4 billion each year
	9,800 Employees
	Spread across 10 principal R&D centers in 6 countries
	Collaborated with different companies including Bristol-Myers Squibb & Amgen and acquisitions like Ardea Biosciences, MedImmune & Amylin Pharmaceuticals (in alliance with BMS), which has further augmented current R&D pipeline, with approximately 40% being sourced externally
Technology Support	Launched five of its global blockbuster products in the Indian Market
	Access to global technical knowledge and Product portfolio

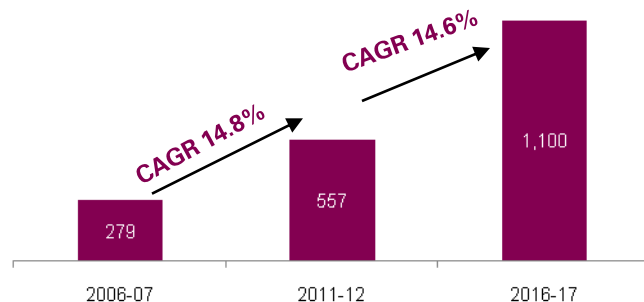




# AZPIL: Significant Growth Levers

## Favorably positioned to benefit from India's fast growing Pharma Market

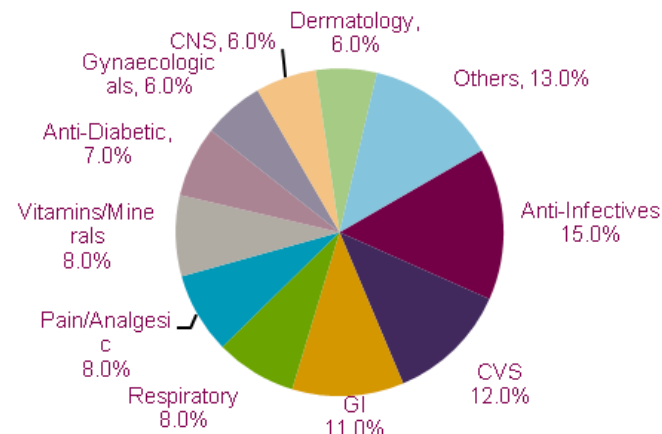
Domestic Formulations Market (in Rs. Bn)



Source: Industry Research

- Expected CAGR of 14 - 17% over the next 5 years with the market size expected to cross Rs. 1 trillion
- High growth expected in Specialty therapies (Diabetes, Oncology, CVS, CNS, among others); Mass therapies such as anti-Infective and Gastro segments also expected to continue growing steadily
- Top 10 therapies have remained constant over the last 5 years, consistently contributing more than 85% of the market in value terms

Split by therapeutic segment



India's improving ranking in Global Pharma Space

2006 Rankings		2011 Rankings		2016 Rankings	
1	United States	1	United States	1	United States
2	Japan	2	Japan	2	China
3	France	3	China	3	Japan
4	Germany	4	Germany	4	Brazil
5	China	5	France	5	Germany
6	Italy	6	Brazil	6	France
7	Spain	7	Italy	7	Italy
8	UK	8	Spain	8	<b>India</b>
9	Canada	9	Canada	9	Russia
10	Brazil	10	UK	10	Canada
11	Australia	11	Russia	11	UK
12	Mexico	12	Australia	12	Spain
13	South Korea	13	<b>India</b>	13	Australia
14	Russia	14	South Korea	14	Argentina
15	<b>India</b>	15	Mexico	15	South Korea

Ranking in all years based on spending in constant US\$ at Q4 2011 exchange rates

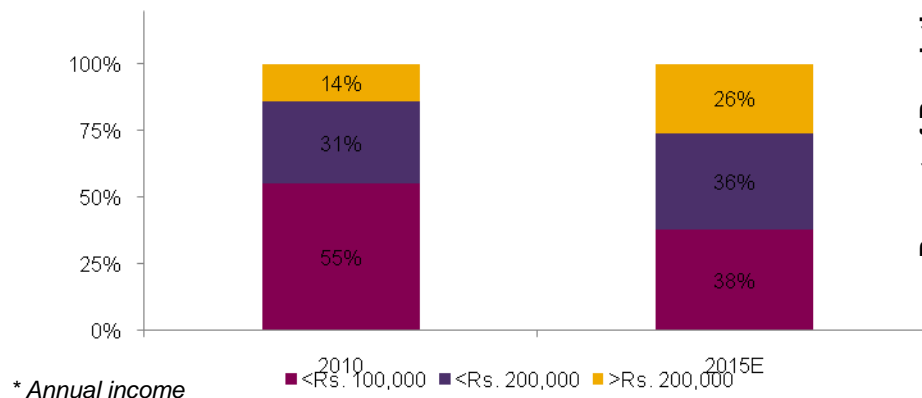
Source: IMS Market Prognosis, May 2012



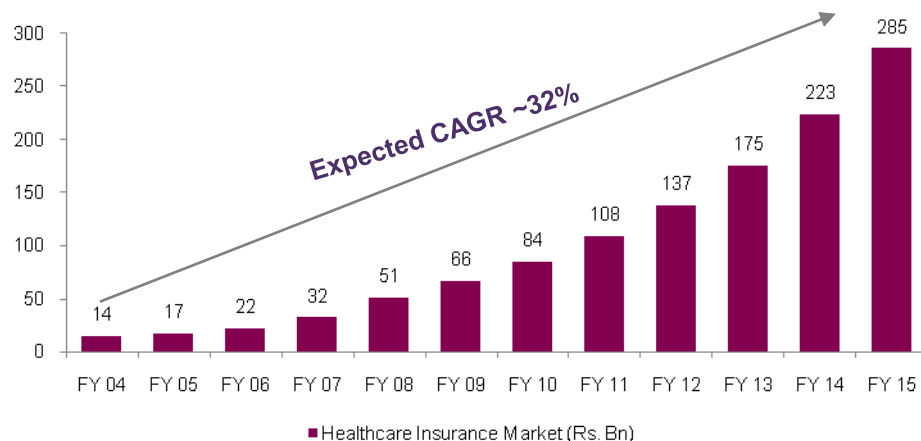
# AZPIL: Significant Growth Levers

Favorably positioned to benefit from India's fast growing Pharma Market

## Household incomes\* to drive healthcare spending

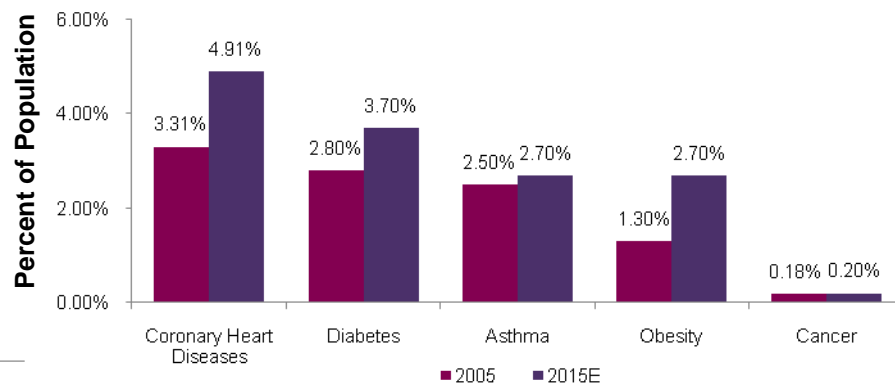


## Growing health insurance market

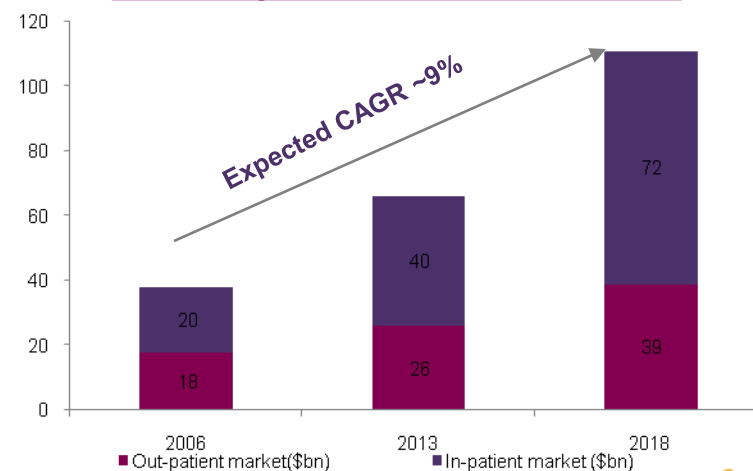


Source: HealthCare Market Research

## Rising prevalence of several chronic diseases



## Expanding healthcare delivery market



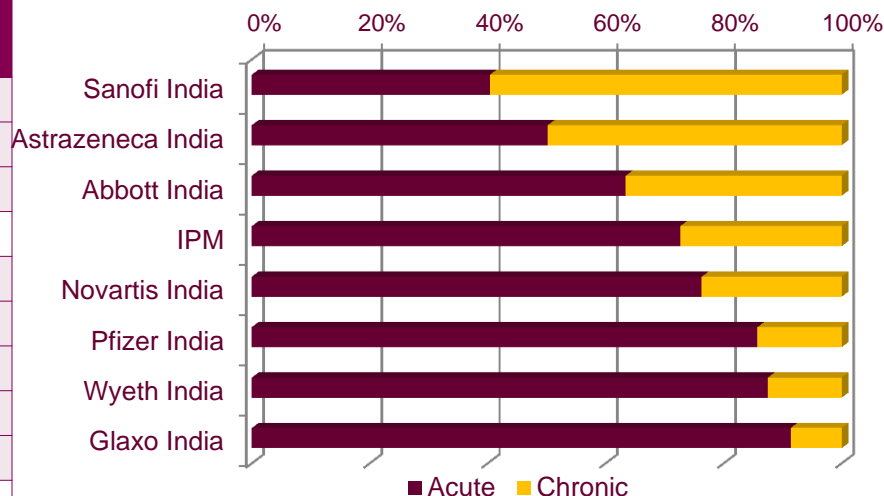
# AZPIL: Significant Growth Levers

## Favorably positioned to benefit from India's fast growing Pharma Market

### Catering to majority segments of the Indian Pharma Market

Therapeutic Segments (Rs. billion)	2006-07	2011-12E	2016-17P
Anti Diabetic	12.4	36.5	80 – 87
Anti Infectives	49.7	91.3	147 – 161
CVS	28.2	66.7	128 – 140
Dermatology	15.5	31.0	62 – 68
Gastro Intestinal	30.5	59.2	109 – 119
Gynaecologicals	15.2	31.5	58 – 61
Neuro / CNS	15.0	31.4	63 – 69
Pain / Analgesics	26.3	46.4	82 – 89
Respiratory	25.8	47.3	83 – 91
Vitamins / Minerals	23.8	44.4	85 – 93
Others	36.4	70.9	125 – 137
<b>Total</b>	<b>279.0</b>	<b>556.6</b>	<b>1050 – 1100</b>

### Favorable product mix of AZPIL



Source: Industry Research; E – Estimated; P – Projected; Therapeutic segments where AZPIL has presence have been highlighted

- Though traditionally, acute therapies have dominated the Indian pharma market, holding a significantly higher share than chronic segments, but with changing lifestyles and demographics, the disease profile of the Indian population is shifting towards chronic ailments, leading to faster growth in chronic segment (CAGR of 17-19% over FY09-12 as compared to the CAGR of 11-14% recorded by the acute segment during the same period)
- AZPIL's portfolio is favorably positioned to capture this re-alignment in the Indian Pharma market from acute therapies to chronic therapies, over the long term
- AZPIL is also considering select marketing tie-ups for some of the products, in order to improve their market penetration and revenues



# AZPIL: High Corporate Governance Standards

## Voluntary Recall upholds Global Quality and Corporate Governance Standards

- Stringent and superior global quality and manufacturing standards
- Undertook a voluntary recall of sterile products manufactured at its Bengaluru plant, following AstraZeneca Worldwide Audit Group's (WWAG) quality audit in Q4FY12
- As a precautionary measure, also voluntarily suspended production temporarily to review manufacturing and quality practices at the plant, and undertake remedial measures
- Resulted in near-term adverse financial impact, but was done in the overall interests of the Indian consumers and doctor fraternity, in line with its global best practices
- Upholds High Corporate Governance standards of the AstraZeneca Group

## High Operating Values & Ethics

- Emphasis on consistent global standards of sales and marketing practices
- Maintaining a strong focus on patient safety
- Exploring ways of increasing access to healthcare for more people, tailored locally to different patient needs

## Robust Board Composition

- AZPIL's Board has historically been composed of non-executive and independent directors, with the promoter representative directors forming the rest
- AZPIL's Chairman is a Non-Executive and Independent director, Mr. D. E. Udawadia, who is an M.A L.L.B. (Hons.) by qualification and has over 48 years of active corporate law practice and wide-ranging professional experience; He is a solicitor and advocate of the Bombay High Court, and solicitor of the Supreme Court of England, and brings with him significant legal expertise



# AZPIL: Re-focused for Delivery

## Re-Focused to deliver products and performance

### Reintroduction of products

- Prior to the recall, AZPIL was one of the fastest growing MNC pharma companies in India
- On account of the recall, AZPIL faced certain supply issues in FY2013, which are in the process of being remediated and addressed, with key products like Xylocaine (Injection), Prostodin, Seloken XL and Sensorcaine already being re-introduced in the market

### Commencement of New Tablet Facility

- State of the art manufacturing facility being established in Bengaluru, Karnataka with capacity to manufacture 1.2 billion tablets, expected to commence operations from Q1FY2014

### Launching Global Products in India

- To launch products suitable for the Indian market from its global portfolio and alliance partners, which shall augment the existing product portfolio

### Outsourcing

- Manufacturing of injectables and liquids are being outsourced by AZPIL to selected contract manufacturers in India



# AZPIL: Re-focused for Delivery

## Re-alignment of Manufacturing Strategy

### Tablet Manufacturing Facility

- The new tablet manufacturing facility is expected to commence commercial production in Q1FY2014
- As on March 31, 2013, Rs. 737 million has been incurred towards the manufacturing facility, and an additional Rs. 80 million is proposed to be incurred before commencement of commercial production
- Further, additional investment of Rs. 188 million has been approved towards the manufacturing facility, which shall be spent over FY14-FY15

### API Facility

- Agreement with AZAB Sweden for supply of TBS over the next three years

### Existing Formulations Manufacturing Facility

- The existing manufacturing facility is proposed to be closed by end FY14, once the new tablet manufacturing facility commences production, the technology transfer of products is completed and the production stabilizes
- This would allow us to consolidate our operations leaving approximately 30 acres of land unutilized



# AZPIL: Long-Term Commitment to India

## In-line with the Global Emerging Market Strategy

<b>Long-standing presence in India</b>	<ul style="list-style-type: none"> <li>➤ Present in India for more than 34 years</li> <li>➤ Existing formulations manufacturing facility commenced commercial production in 1982 and has been supplying products for the Indian and global markets for more than 30 years</li> <li>➤ Among the earliest MNC pharma companies to enter the Indian market</li> </ul>
<b>Strategic Growth Market for AZ Global</b>	<ul style="list-style-type: none"> <li>➤ India remains a key strategic growth market for the AZ group, among the emerging markets                             <ul style="list-style-type: none"> <li>➤ Finds mention as one of the fastest growing markets for the Group</li> <li>➤ Presents significant potential in terms of AZ's diabetes alliance product portfolio, on account of the significant diabetic population</li> </ul> </li> </ul>
<b>Investment Commitment</b>	<ul style="list-style-type: none"> <li>➤ Establishing New state-of-the-art manufacturing facility with an investment of Rs 1,005 million</li> <li>➤ Significant Human capital investment as well, in terms of bringing experienced personnel within the group to manage the commencement and stabilization of the new manufacturing facility</li> <li>➤ Voluntary non-repayable financial grant by the promoter AstraZeneca Pharmaceuticals AB Sweden of approximately USD 22.5 mio (Rs. 1,192 mio) to USD 26.5 mio (Rs. 1,404 mio) over the three years period FY14 – FY16 under a subvention agreement, of which the first tranche of USD 14 mio (Rs. 740 mio) shall be provided to the company in the current financial year FY14</li> </ul>
<b>Voluntary recall Initiative</b>	<ul style="list-style-type: none"> <li>➤ The voluntary recall initiated by AZPIL is indicative of AstraZeneca group's commitment to providing high quality medicines, and ensuring patient safety, while demonstrating its long term commitment to the Indian market</li> </ul>



# AZPIL: Going Forward

Company's revenues to grow ahead of market over this period

Re-establish its market position in the impacted products portfolio

Return to profitability in the current financial year and deliver PBT margin in high teens from the next financial year

National Pharmaceuticals Pricing Policy (NPPP), if implemented could have an adverse impact of 10 – 15% to the sales of AZPIL





# AZPIL: Assumptions Underlying Way Forward

## Industry Outlook and Regulatory Environment

- The Indian Pharma market continues to grow in double digits over the next 2-3 years
- There are no adverse changes in the proposed NPPP (incremental), Patent product pricing, Pharma Marketing Policy, Patent Act or significant shift in government view on Product Patents
- There are no adverse changes in Government policies on import of medicines in bulk or tablet form and those on clinical trials or associated compensation rules
- There are no adverse changes in custom or import duties
- The Government continues to provide an un-interrupted supply of Codeinae
- There is no adverse impact of generic entry in the patented products space

## Internal Factors and Business Environment

- Strong performance of key AZPIL brands and products
- Remediation Strategy remains on track without any further supply issues, both in-house and from outsourcing suppliers
- Ability to overcome any resistance in re-establishing the impacted products back in market
- No delay in new product launches on account of regulatory approvals / any other reasons
- Restructuring exercise completed smoothly within estimated timelines and budgeted costs
- Commencement of new tablet manufacturing facility along expected timelines and within the estimated costs, and stabilization of the facility in line with current plans

## General Risk

- No Adverse impact of any other macro-economic & Industry / Company specific developments and any unforeseen circumstance



# Thank You