

# GlaxoSmithKline Pharmaceuticals Limited Annual Analyst Meet, 2017

1 September 2017



# GlaxoSmithKline Pharmaceuticals Limited

## Analyst Update

1 September 2017

A. Vaidheesh, Managing Director  
Andrew Aristidou, CFO

# Disclaimer

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Beginning April 1, 2016, the Company has for the first time adopted Ind AS with a transition date of April 1, 2015. The statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.

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# Agenda



## **Our Business & Business Dynamics (30mins)**

A. Vaidheesh,  
Managing Director



## **2016/2017 Financial Performance (30 mins)**

Andrew Aristidou,  
Chief Financial Officer

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**Q&A (30 mins)**

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**Informal reception**

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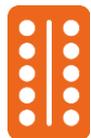
do more  
feel better  
live longer



# Our Business

## Pharmaceuticals

We import and manufacture medicines to treat a range of conditions across disease therapy areas.



**6 products**  
in the Top 50  
Industry brands \*

## Vaccines

We import and manufacture vaccines for children and adults that protect against infectious diseases



**Leader**  
in private segment



**Total Revenue from Operations**

**₹ 2994 crores**

**Profit before tax**

**₹ 511 crores**

(includes Exceptionals of 46 Cr)

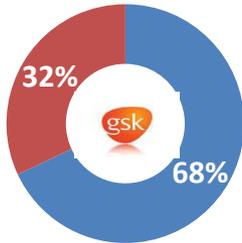
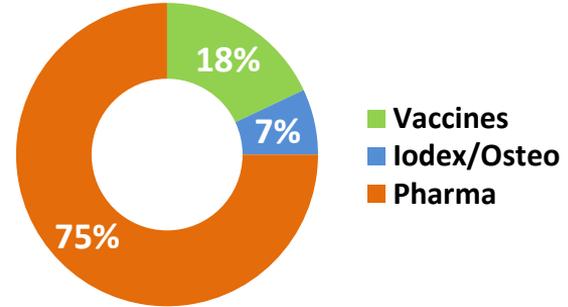
# Products



GSK has a portfolio of over 140 brands and 250 SKUs in India.

## Pharmaceuticals

Anti-Infectives  
Respiratory  
Dermatology  
Hormones  
Pain / Analgesics  
Nutrition/Vitamins  
Gastrointestinal



% Revenue from Operations

■ Non NLEM  
■ NLEM

## Vaccines

Paediatric  
Adolescent  
Adult



# Industry valued at 1,15,052crs

## MAT growth at +6% impacted by GST

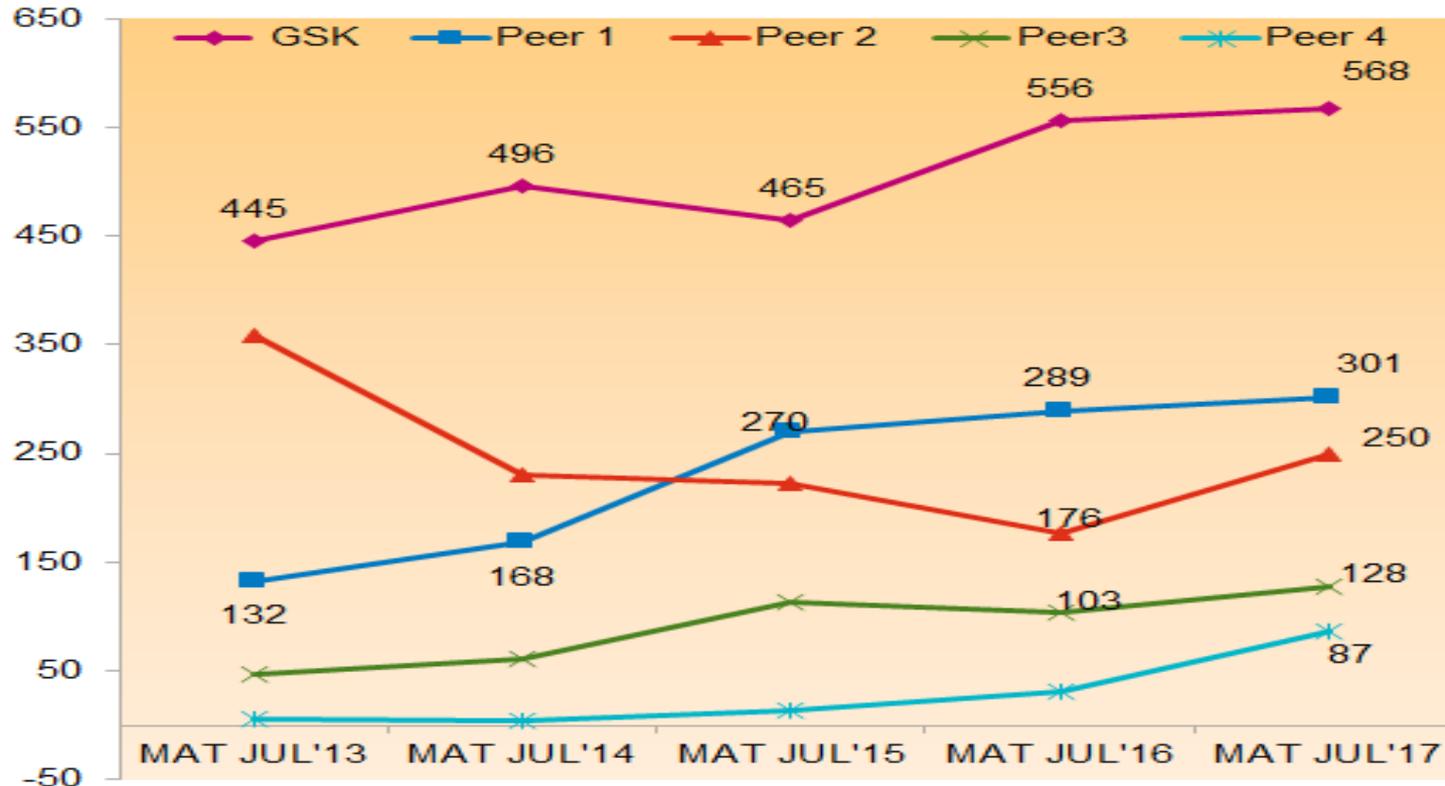


RANKINGS			CORPORATIONS	YTD			MAT			
				VAL IN CRS	% MS	% VAL GRW	VAL IN CRS	% MS	% VAL GRW	VAL EI
MAT	YTD	MON	SELECTED TOTAL	65880.8	100.0	3.8	115051.8	100.0	6.1	100
1	1	1	SUN	5405.2	8.2	5.8	9350.5	8.1	8.3	102
2	2	2	ABBOTT	4278.0	6.5	5.7	7410.5	6.4	7.6	101
3	3	3	CIPLA	3430.8	5.2	4.6	6005.8	5.2	6.1	100
4	4	4	MANKIND	2534.4	3.9	4.3	4382.7	3.8	6.1	100
5	6	5	ALKEM	2172.7	3.3	-0.2	3942.6	3.4	5.2	99
6	5	6	LUPIN LIMITED	2239.7	3.4	10.7	3886.8	3.4	13.3	107
7	7	7	GLAXOSMITHKLINE	2161.7	3.3	4.1	3729.1	3.24	3.6	98
8	8	9	ZYDUS CADILA	2092.3	3.2	-2.5	3705.4	3.2	0.7	95
9	9	8	MACLEODS PHARMA	2078.6	3.2	1.5	3677.0	3.2	6.2	100
10	10	10	INTAS PHARMA	1896.1	2.9	4.4	3250.5	2.8	5.8	100

(Source: IMS SSA/TSA Jul'17 dataset)

# Vaccine market: 1779crs, growing at +8%

GSK continues to be leader based on Mat Jul'17 sales figure



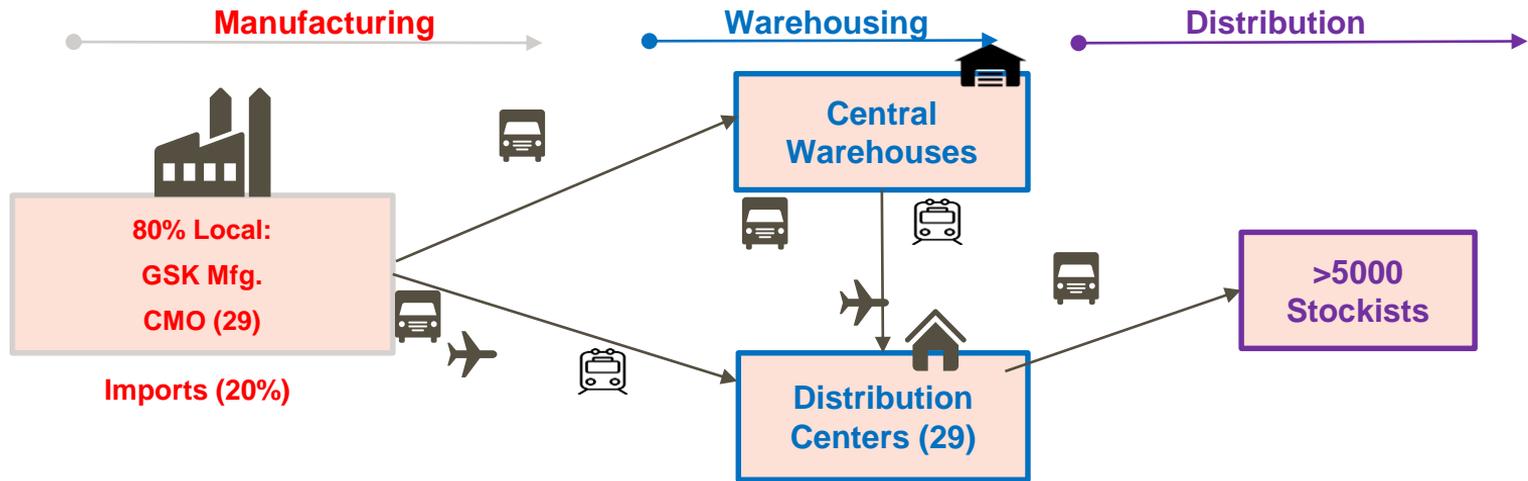
(Source: IMS SSA/TSA Jul'17 dataset)

# Manufacturing, Warehousing & Distribution Network



## Key Attributes of GSK India

- 4,700 employees
- 250+ SKUs with cool chain and ambient requirements
- Local volume sold in India >20% of GSK Group volume
- India local Mfg: 80% (in-house 40%, CMO 60%) ; Imports: 20%



# Our India Footprint

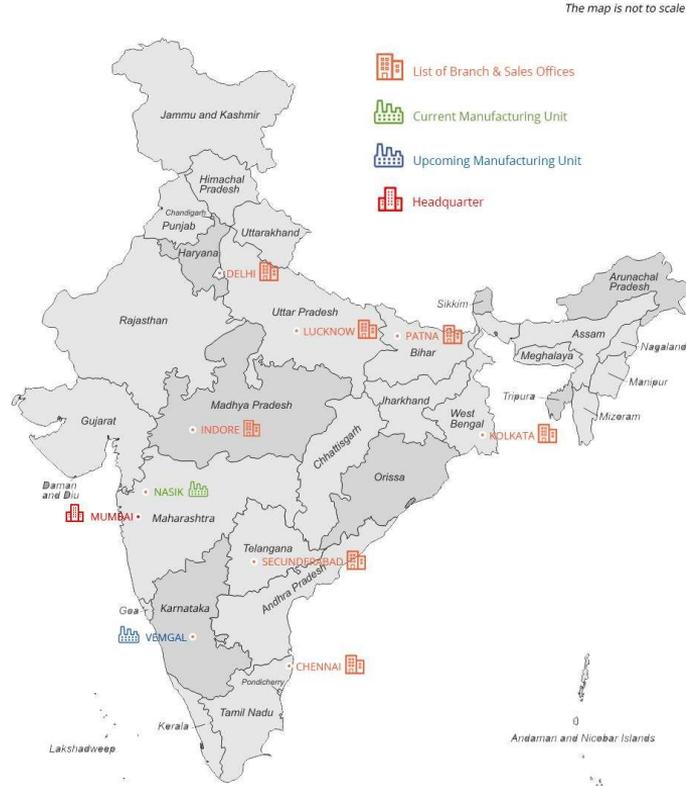


**1** Further investment at existing site at Nashik under review

**2** New site at Vemgal to serve patients across the country :

- Production Q4 2018/2019

**3** Approximately, 20% of revenue comes from imported products



# Our leading brands



By value

## Pharmaceuticals

**BETNOVATE<sup>®</sup>** X 2

**AUGMENTIN<sup>®</sup>**

**Calpol<sup>®</sup>**  
Paracetamol

**Zinetac<sup>®</sup>**  
Ranitidine hydrochloride 150mg/300mg Tablets

**ELTROXIN<sup>®</sup>**

## Vaccines

  
**Synflorix<sup>®</sup>**

**RABIPUR<sup>®</sup>**  
Rabies vaccine

**Havrix<sup>®</sup>**  
Inactivated Hepatitis A Vaccine (Adsorbed)

**Rotarix<sup>®</sup>**  
Rotavirus Vaccine (RIX-4414) Live Attenuated

**Varilrix<sup>™</sup>**  
VARICELLA VACCINE LIVE

# Newly launched & our potential pipeline over the next 3 years



## Vaccines



- **Newly launched Priorix Tetra™ July 2016**  
A combined measles, mumps, rubella and varicella vaccine
- **Infanrix hexa™ (DTPa-HepB-Hib-IPV)**  
Protects against diphtheria, tetanus, pertussis (whooping cough), hepatitis B, Haemophilus Type B and polio
- **Menveo™** A meningococcal vaccine

## Pharma



- **Re-launch of Neosporin™ in Jan 2017**
- **Newly launched probiotic in Jan 2017**

## Respiratory

- **Seretide™ 28-dose pack launched**
- **Relvar™** Fluticasone Furoate + Vilanterol inhalation powder for Asthma & COPD (Chronic Obstructive Pulmonary Disorder)
- **Nucala™** mepolizumab injection for severe asthma
- **Anoro™** umeclidinium + vilanterol inhalation powder for COPD

## Business Development



Complements organic growth strategy to grow at least in line with the market

# GSK Vemgal - India Pharma New Factory

8 billion tablets + 1 billion capsules





# Financial Performance 2016/2017

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# Full Year 2016/17



## Headline Sales growth +6%; PAT -10%

Sales

**2921 Cr**

+ 6%

- Volume growth + 10% ( Rx + 7%, Vx + 28%)
- Excluding NLEM price impact, Headline sales growth +11%

Profit from Ops

**394 Cr**

- 13 %

- Consumption margin decline by - 3% from price erosion
- Employee Benefits growth at 9% v prior year and in line with wage inflation
- Opex contained at a growth of 3% v prior year

Profit After Tax

**337 Cr**

- 10%

- Other income reducing from 122Cr to 72 Cr from interest rates reduction and capex spend of 321 Cr
- Exceptional Income (net) increases from 2 Cr to 46 Cr from surplus property sales and brand disposals
- Excluding NLEM impact, PAT growth + 12%

EPS

**39.8 INR**

- 10%

- EBITDA margin 14%

Free Cashflow

pre Capex

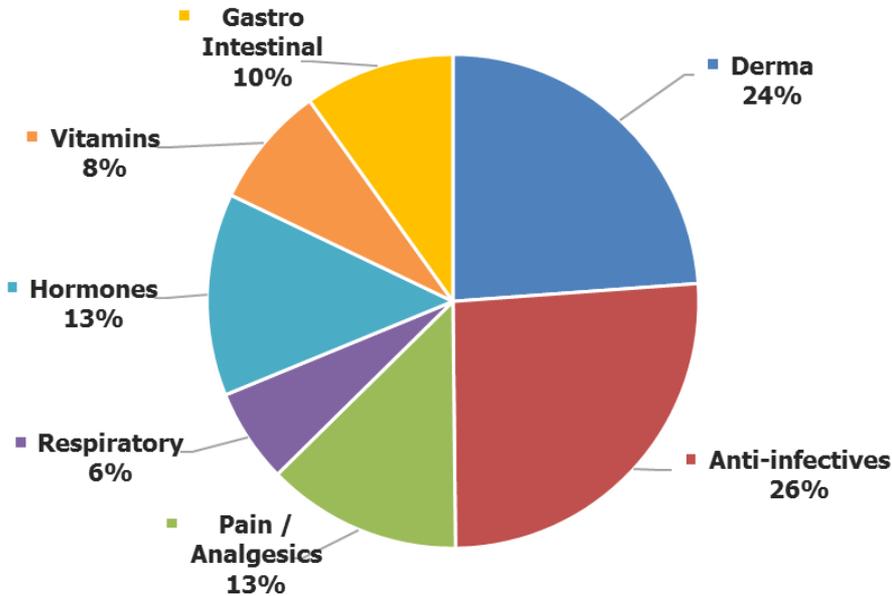
**356 Cr**

+ 21%

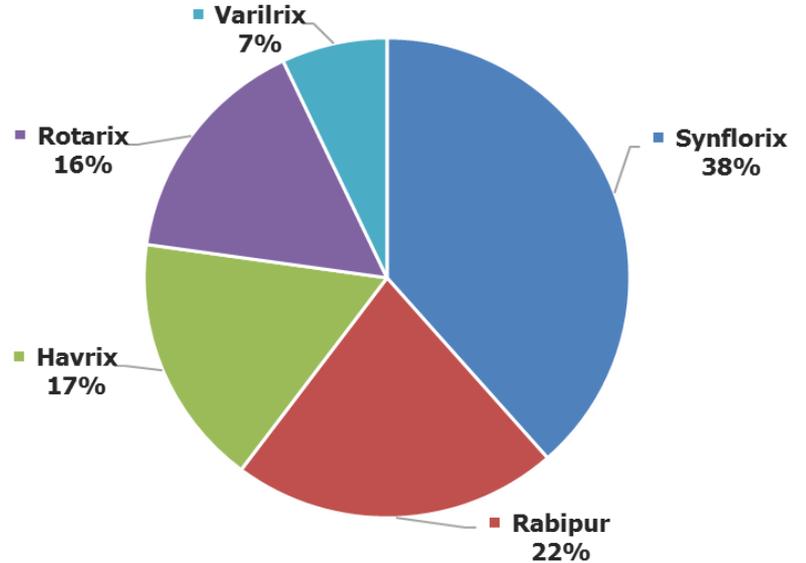
- Working capital improvements
- Investment income cashflow decline of 57 Cr partially offset by increase in Exceptional Income by 40 Cr

# Therapeutic & Product Categories

## Pharmaceuticals



## Vaccines





# Quarter ending 30<sup>th</sup> June 2017

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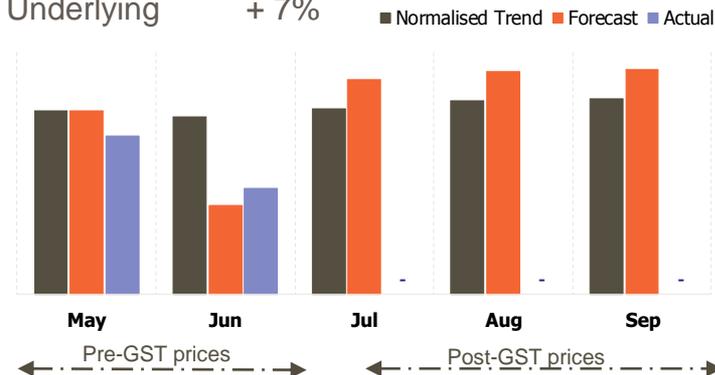
# Quarter 1 2017/18 – Performance v Prior year



## GST Experience

Column heading	7 <sup>th</sup> June	14 <sup>th</sup> June	21 <sup>st</sup> June	28 <sup>th</sup> June	7 <sup>th</sup> July
Total Pharma Market	27	24.3	22.1	17.4	17.6
Abbott India	28	23	23	17	18
Astra Zeneca	19	16	15	12	12
BI	15	14	12	8	10
Eli Lilly	20	21	17	15	12
<b>GSK</b>	<b>21</b>	<b>18</b>	<b>16</b>	<b>13</b>	<b>13</b>
MSD	17	13	14	13	14
Mylan	56	26	21	17	11
Novartis	16	13	12	12	11
Pfizer	25	24	21	18	15
Sanofi	18	15	14	14	14

- Inventory days at stockist: app 2 weeks destock impacting sales est 110 Cr
- Q1 2017/2018 Revenue from Ops of 607 Cr growing:
  - Headline -14%
  - Underlying +7%



- GST Rates: Rx: 12%, Vx: mainly 5%
- GST Rates deflates Topline Sales by app 7%; profit neutral



# Market Dynamics

**GST trade channel stock recovery**

**GST deflating Headline Sales; Profit mainly neutral**

**New Pharmaceutical Policy**

**Irrational FDC**



**Interim Market Outlook**

# New Pharmaceutical Policy – main themes

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✓ Local API encouragement

✓ Drug Discovery

✓ Quality - Bio Equivalent Studies, GMP

✓ Marketing Ethics

✓ Accelerating Regulatory Approval

✓ DPCO monitoring & NPPA stakeholders

↔ Generic prescription

↔ One brand, one molecule

## **GSK – capturing the opportunity**

- ❖ Readiness for new product launches
- ❖ Capital investments to serve our future growth
- ❖ Reduced impact of stock constraints
- ❖ Drive towards margin improvement



**Thank You**