



Investor Presentation

Q3 & 9MFY21 | 8th February 2021

BSE: 524404 | NSE: MARKSANS | ISIN: INE750C01026
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Safe Harbor

Certain statements in this presentation concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The company's results may be affected by factors including, but not limited to, the risks and uncertainties in pharmaceutical research and development; competitive developments; regulatory actions; the extent and duration of the effects of the COVID-19 pandemic; litigation and investigations; business development transactions; economic conditions; and changes in laws and regulations, including health care reform. The company undertakes no duty to update forward-looking statements except as required by applicable law.

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Management Commentary

“I am pleased to share that we delivered another outstanding quarter led by all round growth. We maintained our momentum with a 24.6% revenue growth and operational improvement with a record EBITDA of Rs. 91.1 crore. We remain cautiously positive of continuing the said traction in the forthcoming quarters in the light of gradual reopening of lockdowns in developed markets.”



24.6%

(YoY)

Revenue



92.6%

(YoY)

EBITDA



99.4%

(YoY)

PAT



195.6

(Dec'20)

Cash (₹ cr.)

Q3FY21 Performance Review

Financial Highlights

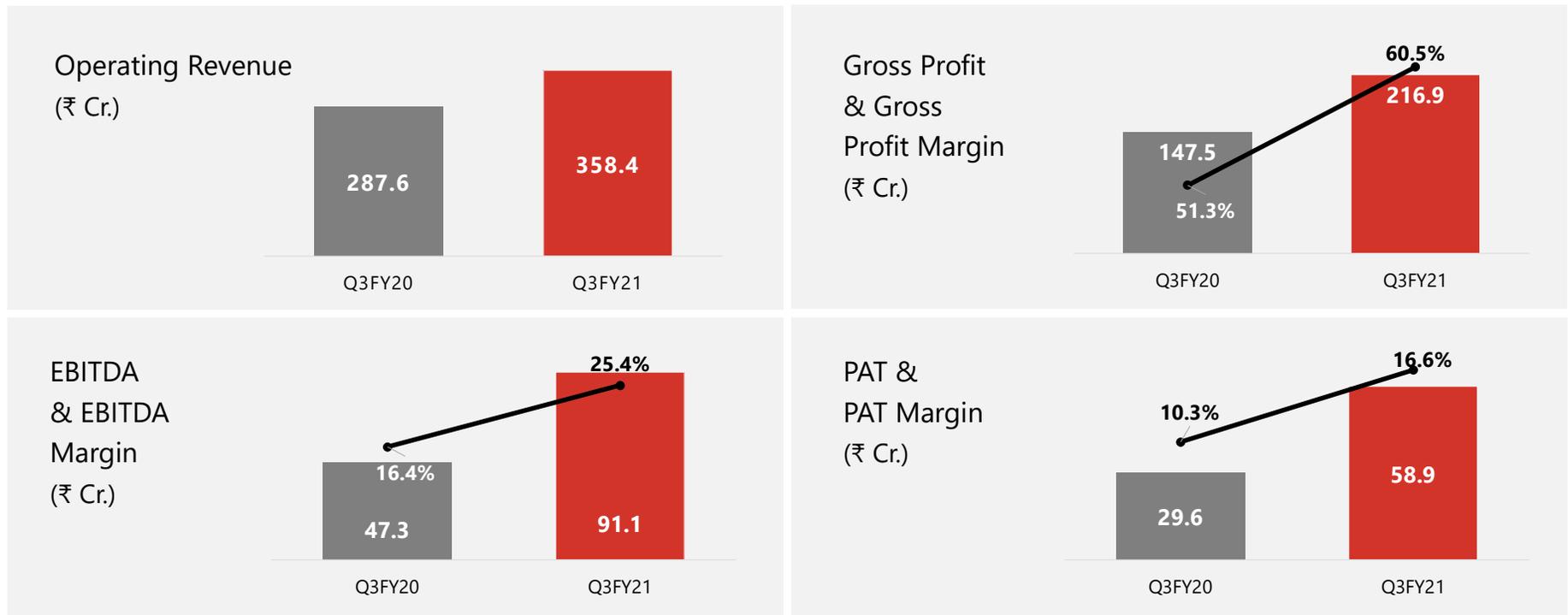
- **Q3FY21**
- Operating Revenue was ₹ 358.4 cr.; Y-o-Y growth of 24.6%
- EBITDA was ₹ 91.1 cr.; Y-o-Y growth of 92.6%
- EBITDA Margin stood at 25.4% for Q3FY21 as against 16.4% in Q3FY20
- PAT stood at ₹ 58.9 cr., Y-o-Y growth of 99.4%

9MFY21

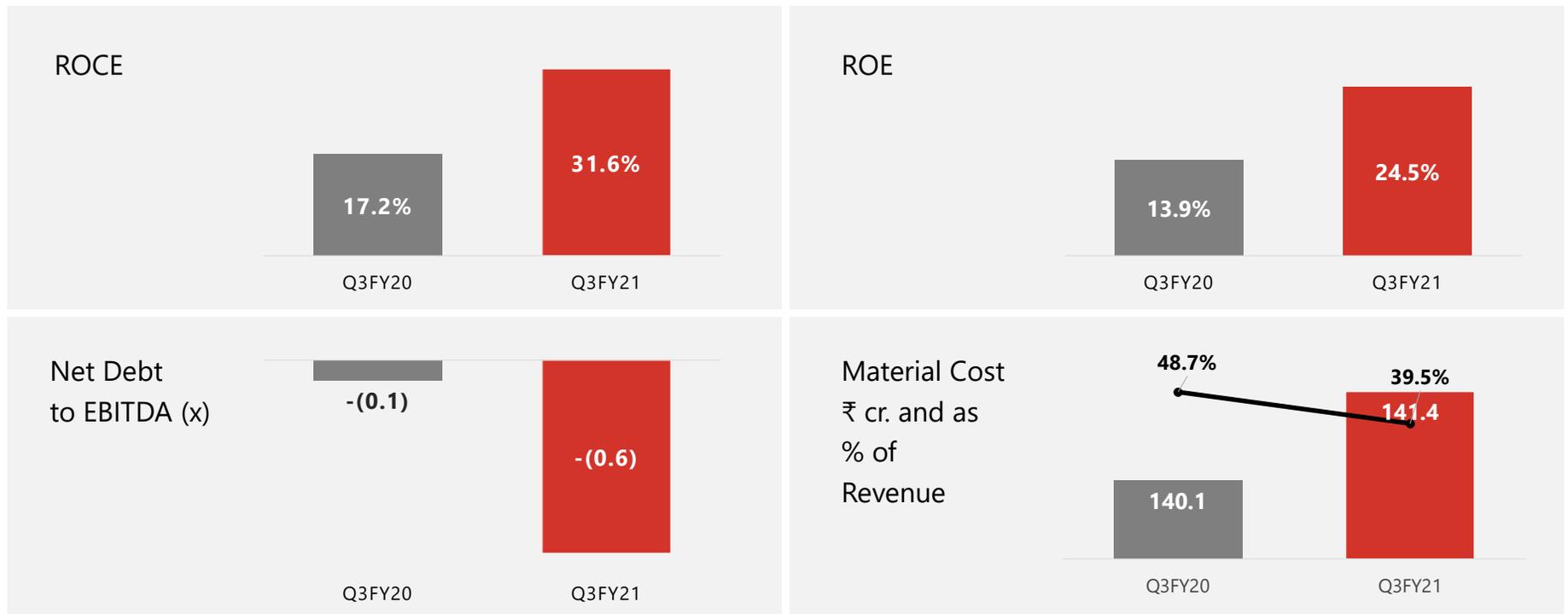
- Operating Revenue was ₹1,046.0 cr.; Y-o-Y growth of 30.9%
- EBITDA was ₹ 244.2 cr.; Y-o-Y growth of 98.5%
- EBITDA Margin stood at 23.3% for 9MFY21 as against 15.4% in 9MFY20
- PAT stood at ₹ 159.0 cr., Y-o-Y growth of 104%

Particulars (₹ cr.)	Q3FY21	Q2FY21	Q3FY20	9MFY21	9MFY20
Operating Revenue	358.4	356.5	287.6	1,046.0	798.9
Gross Profit	216.9	192.8	147.5	601.3	401.8
<i>Gross Profit Margin %</i>	60.5%	54.1%	51.3%	57.5%	50.3%
EBITDA	91.1	83.2	47.3	244.2	123.1
<i>EBITDA Margin %</i>	25.4%	23.3%	16.4%	23.3%	15.4%
Finance Costs	1.7	1.9	1.6	5.2	6.7
Depreciation & Amortization	8.6	19.0	7.3	34.8	17.0
Other Income	(3.2)	3.7	0.0	0.7	0.3
Profit before tax	77.6	65.9	38.3	204.9	99.6
Taxes	18.7	15.2	8.8	45.9	21.6
Net Profit	58.9	50.7	29.6	159.0	78.0
Net Profit Margin %	16.6%	14.1%	10.3%	15.2%	9.8%
Diluted EPS (INR)	1.42	1.21	0.71	3.83	1.86

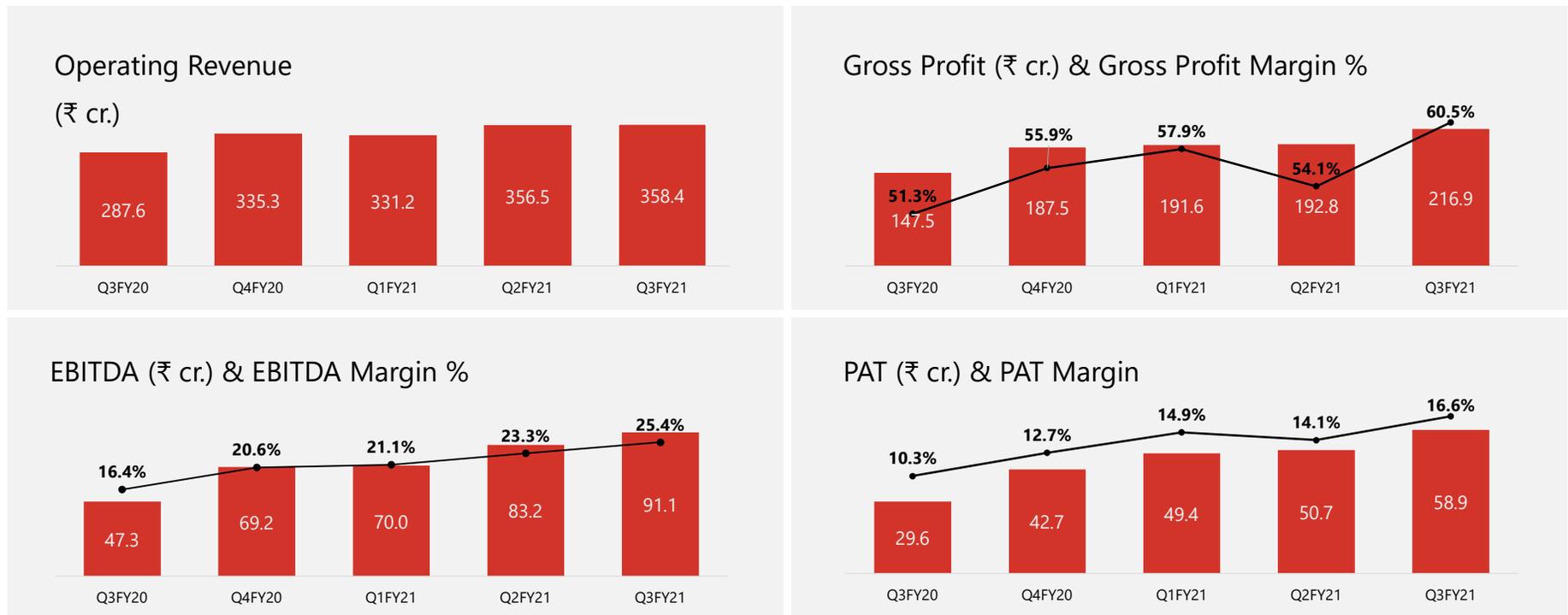
Strong growth in Revenue & Margins



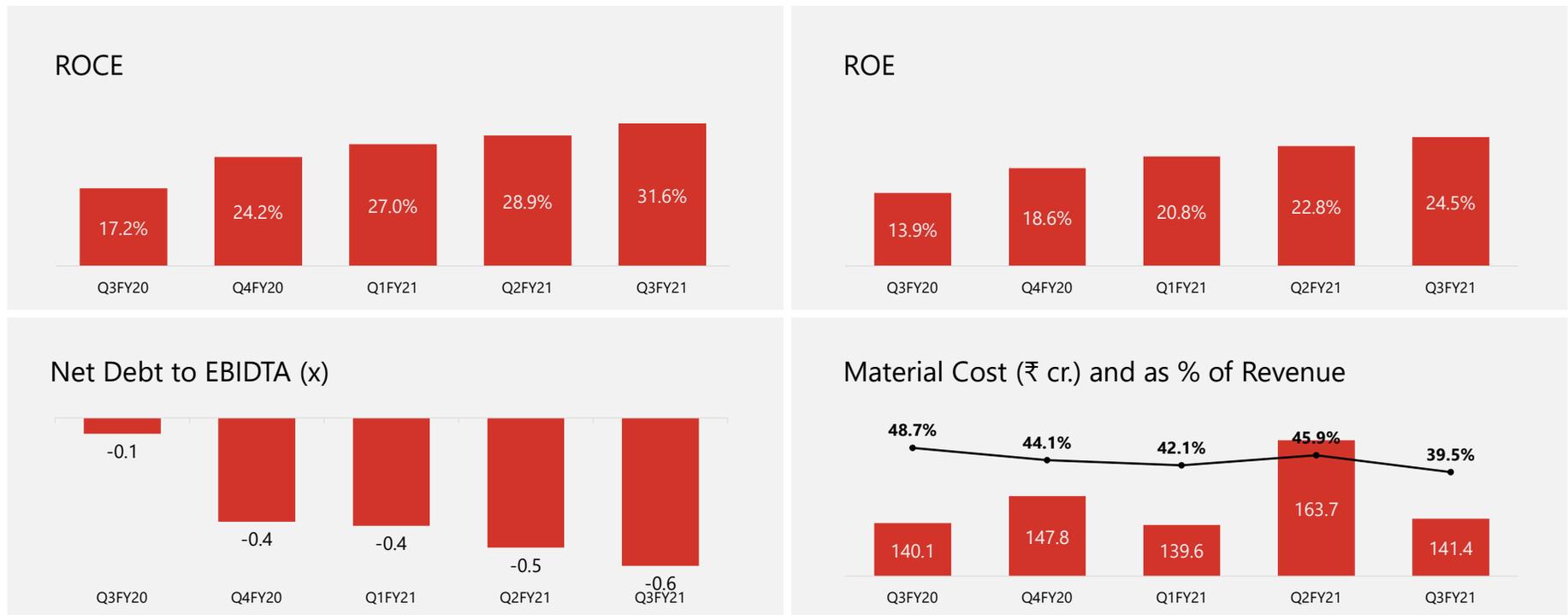
Improving Financial Ratios



Consistent Performance over Quarters

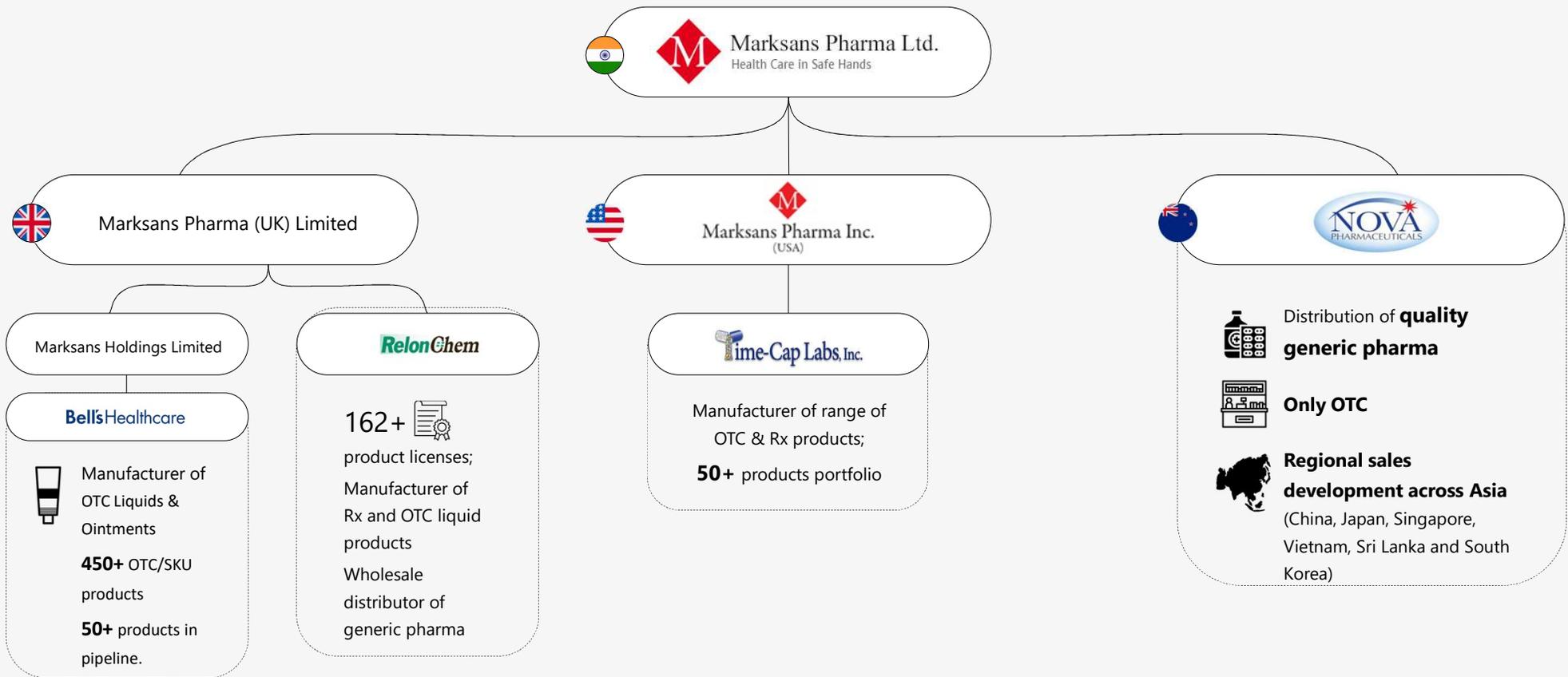


Resulting in improving metrics



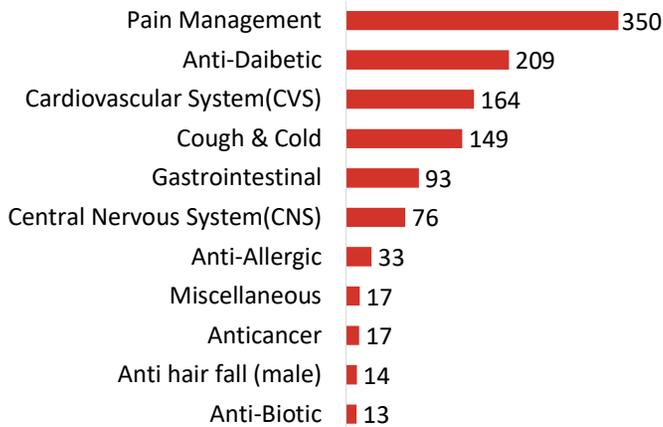
Company Overview

Company Structure - Parents & Subsidiary

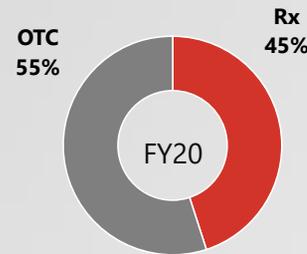


Business Overview

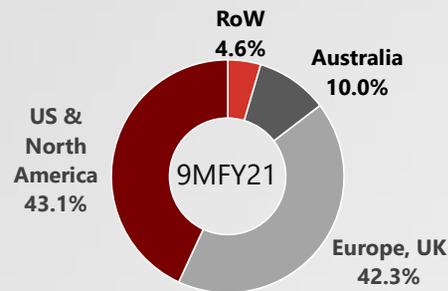
Product Portfolio FY20 (₹ Cr.)



REVENUE MIX -



GEOGRAPHIC MIX -



BUSINESS MODEL -

95%

of revenues comes from regulated markets



Forward-integrated business model



Presence in niche **softgel segment**

BUSINESS DESCRIPTION -

- ✓ Marksans Pharma Ltd., headquartered at Mumbai, is engaged in **Research, Manufacturing & Marketing of generic pharmaceutical formulations**
- ✓ Key focus areas lie in **OTC & prescription (Rx) drugs**
- ✓ Company manufactures **tablets** (plain, enteric coated and film coated), **hard & soft gelatin capsule, oral liquids and ointments**
- ✓ Its manufacturing facilities are accredited by **USFDA, UKMHRA and Australian TGA**

Focussed Business Model



Focus on Regulated Markets

- Marksans commenced business with CRAMS directed at the UK and Australian markets
- Entered the regulated Australian market with the acquisition of Nova in 2005
- Entered the regulated UK market with the acquisition of Bell Sons & Company Ltd. in 2007 and Relonchem Limited in 2008
- Entered the US market in 2011-12 and acquired Time-Cap Laboratories in 2015
- The Company now has a global presence across 25 countries



Forward Integrated Business Model

- Marksans commenced operations as a formulations manufacturing enterprise
- The Company entered front-end marketing in regulated markets through acquisitions
- The Company was among a few Indian mid-sized companies with frontend marketing capabilities
- The Company invested in a state-of-the-art R&D facility, strengthening integration



Wider Product Basket

- Marksans commenced its journey with products addressing the pain management segment
- The Company focused on high-growth areas impacted by lifestyle disorders
- The Company launched soft gelatin capsules, a niche category
- The Company now offers products across > 10 therapeutic segments

Forward Integrated Business Model



Long-term Strategy

Strategic Focus on Regulated Markets



Global Footprint

Marksans Pharma entered into **strategic tie-ups** and **acquired key players** in major markets to expand its global footprint



Higher Margins

Company can generate higher margins **by eliminating third parties** from the value chain



25+ Countries

Currently, the **company markets products in 25+ countries** with the **UK and the US being the largest**



European Countries

Other prominent markets include **Australia, New Zealand, Canada** and several other European countries



Regulatory Approvals

These markets are empowered with regulatory approvals which allows the **company to sell its products without restrictions**



Proprietary Marketing Presence

Marksans is among a handful of Indian players with a proprietary marketing presence **in the world's largest pharma market such as US, UK and Australia**



Expansion in Regulated Markets

The Company expects to expand in the regulated markets **through integrated product development, cGMP compliance, regulatory compliance and utilization of latest technologies**



~95%

Marksans Pharma **generates ~95% of its revenues from regulated markets**



Niche Formulations with few Competitors



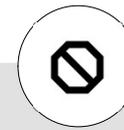
DIFFERENTIATED OFFERINGS

Focused on softgel capsules with a view to build a differentiated set of offerings in the crowded generics market



LIMITED COMPETITION

Given the challenges in preparing Softgel formulations plus other economic, technical and patent constraints there are not many players in this segment



HIGH BARRIERS TO ENTRY

High capex requirements and operational costs further restrict entry



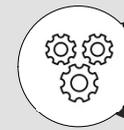
SELECTIVELY TARGETED LARGER MARKETS

Marksans has filed softgel products in all major markets including USA, UK, Europe, Canada, Australia & Russia. Of this, US alone is potentially a USD9 billion market



NEW APPROVALS

6 new approvals are awaited in US



MANUFACTURING CAPABILITIES WITH REGULATORY APPROVALS

Marksans' Goa facility has a capacity to turn out 2.4 billion softgel capsules per annum, and has all the necessary approvals by USFDA, UKMHRA, TGA & other key regulatory authorities

Marksans Pharma is currently one of the most active Indian firms focused in Softgel segment

Business & Opportunity by Market Size

UK Business & Opportunity by market size

OVERVIEW OF THE MARKET

The UK & EU pharmaceutical market is estimated to grow from **~USD 468 billion in 2016 to ~USD 585 billion by 2030**, at a CAGR of 1.6%, driven primarily by a robust life sciences industry.*

COMPANY PRESENCE

- One of the top 5 Indian pharma companies in the UK.
- UK business is driven by its two subsidiaries, Relonchem and Bell.
- Bell has a strong OTC portfolio with 450+ OTC/SKU products and 50+ products in pipeline.
- Relonchem's portfolio comprises 162 MA's.

OUTLOOK

- Company has 50+ products in the pipeline in different stages to cater to UK market.
- Company is awaiting approval for ~20 MAs in the UK market.

* Source: Cefic.org



The UK
(9MFY21)



442.4
(₹ Cr.)
Total Revenue



22.6%
Y-o-Y Growth



42.3%
Contribution to Total
Revenues

Expansion Strategy for UK

REVENUE FY20

- Wide UK customer base and 100% reach within the distribution channel.
- Broad and diversified range of product portfolio with well recognized brands.
- Captured a large share of OTC and generic markets.



ORGANIC GROWTH

- Working on receiving USFDA approval for Southport facility to commence exports to USA.
- Increase in partnership with major national distributors, pharmacies, retailers and chemist wholesalers.



NEW PRODUCTS IN PIPELINE

- Developing a range of narcotic & dermatology products
- Range of oral solid products under-development to increase market share in generic and OTC markets
- Investment in manufacturing facility to develop oral liquid solutions



INORGANIC GROWTH

- For rapid expansion into various therapy areas and other markets including UK and Europe, the company plans to acquire product licenses.



REVENUE FY25

- Sustainable revenue growth
- Consistently delivering on profit margins
- Focus towards Europe, USA and other export destinations
- One of the key OTC product supplier and private label manufacturer in the industry



US Business & Opportunity by market size

OVERVIEW OF THE MARKET

The US holds over 30-40% of the global pharmaceutical market. Nominal spend on medicine was **USD 511 billion in 2019**, and is expected to grow at projected **CAGR of 4-5%** over near term, due to favorable government programs and policies.

COMPANY PRESENCE

- In June 2015, **Marksans acquired Time-Cap Labs** which enabled Marksans to expand its offering in US market.
- **50+ products** in various therapy area segments.
- Proprietary marketing presence with **100% integration** of Time-Cap Laboratories.
- **Strong distribution channel** marketing for both OTC and Rx products.

OUTLOOK

- **Strengthen company's US operations** in the coming years
- **Add 4-5 new products** to its portfolio during the year under review

*Source: PwC



The United States
(9MFY21)



450.5

(₹ Cr.)

Total Revenue



45.3%

Y-o-Y Growth



43.1%

Contribution to Total
Revenues

Expansion Strategy for US

REVENUE FY20

- 50+ products in various therapy area segments
- Positioned in the niche soft gel category
- Strong distribution channel marketing for both OTC and RX products
- 23 ANDAs filled till date

ORGANIC GROWTH

- Expanding presence in other North American region
- Increase in ANDA fillings for soft gel dosage
- Partnership with leading retailers
- Exploiting untapped potential of drugs going off patent

NEW PRODUCTS IN PIPELINE

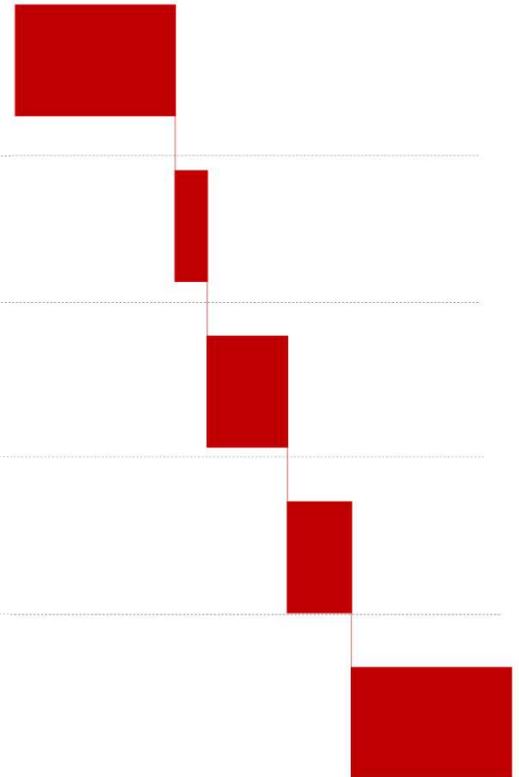
- 25 products identified with a focus on soft gels and OTC products
- 15 products in R&D

INORGANIC GROWTH

- Planning to acquire ANDAs to cut short development time
- Increasing capacity in India and US facility to meet future requirements

REVENUE FY25

- Expected to grow rapidly to achieve a high growth platform in FY25



Australia Region Business & Opportunity by market size

OVERVIEW OF THE MARKET

Australia's pharmaceutical market is set to rise from **\$30.5 billion in 2018 to US\$ 40.1 billion by 2024** registering a CAGR of 5.1%*

COMPANY PRESENCE

- Marksans carries out business operations in Australia and New Zealand through its **subsidiary Nova Pharmaceuticals**.
- Nova is one of the **leading generics and private label suppliers** in Australia.
- **Tie-ups with topmost retailers & pharmacies** in Australia, like Woolworths Ltd., Coles Mayer Ltd., Aldis, Metcash and Fauldings.
- Presence in **key therapeutic areas**.

OUTLOOK

- Australia and New Zealand will continue to remain focus markets for the Company.

*Source: IBIS 2018



Australia & New Zealand
(9MFY21)



104.2
(₹ in Cr.)
Total Revenue



11.8%
Y-o-Y Growth



10.0%
Contribution to Total
Revenues

Emerging Market Business & Opportunity by market size

OVERVIEW OF THE MARKET

ROW includes markets of South East Asia, MENA, Russian Federation & Africa

COMPANY PRESENCE

- Presence in emerging markets such as South East Asia, MENA, LATAM, CIS and Africa
- Targeting four major clusters such as South East Asia, Russia & CIS, Middle East and Africa
- In these countries, specific countries like Kenya, Ukraine, Sri Lanka, Cambodia and Myanmar are targeted

OUTLOOK

- In process of launching new products and obtaining product registration for ~175 developed products in emerging markets.



Rest of the World
(9MFY21)



49.0

(₹ in Cr.)

Total Revenue



39.0%

Y-o-Y Growth



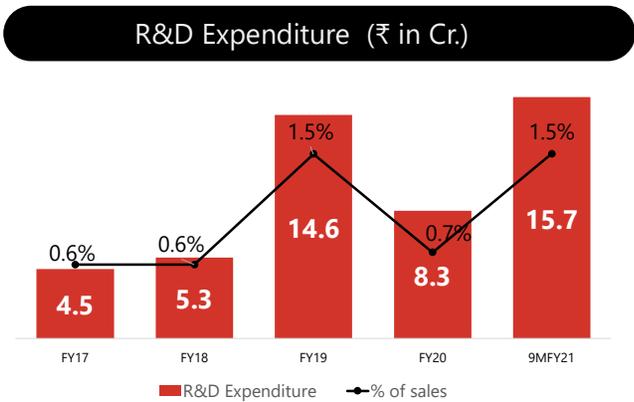
4.7%

Contribution to Total
Revenues

Manufacturing Capabilities

 <p>Goa, India</p> 	<ul style="list-style-type: none"> Manufactures oral solid tablets, and soft and hard gelatin capsules One of the biggest manufacturing facility in Asia 	<p>CAPACITY</p> <p>2.4 bn softgel and hard gelatin capsules per annum</p> <p>6 bn solid tablets per annum</p>	<p>ACCREDITATIONS</p>    
 <p>Southport, UK</p> 	<ul style="list-style-type: none"> Manufactures non-sterile liquids, ointments and powder sachets Supplies to UK, West Africa & Middle East 	<p>CAPACITY</p> <p>2 bn bottles per annum</p> <p>1 bn tubes per annum</p> <p>1 bn sachets per annum</p>	<p>ACCREDITATIONS</p> 
 <p>Farmingdale, USA</p> 	<ul style="list-style-type: none"> Manufactures hard gels, tablets and capsules Spread across an area of 7000 sq. m "Made in the USA" product offering 	<p>CAPACITY</p> <p>6 bn tablets and hard capsules per annum</p>	<p>ACCREDITATIONS</p> 

R&D and Product Launches Highlights



RECENT KEY PRODUCT LAUNCHES

Brand	Composition	Therapy Segment	Market
IMURAN (Q3FY21)	AZATHIOPRINE 50 MG	Immunosuppressant	UK
TOFRANIL (Q3FY21)	IMIPRAMINE 25 MG	Central Nervous System	UK
LORATIDINE SGC (Q3FY21)	CLARITIN	Antihistamine	Australia
RISPERDAL	Risperidone	Central Nervous System	UK
KEPPRA	Levetiracetam – 750mg, 1000mg	Central Nervous System	UK
ZOLOFT	Sertraline – 100mg	Central Nervous System	UK
ADVIL MINI	Ibuprofen(Min) SGC – 200mg	Pain Management	UK
PANADOL RAPID	Paracetamol (Rapid) 650mg	Pain Management	Australia
MUCINEX	Mucinex Fast / Sinus Max	Cough & Cold	USA
VICKS DQ/NQ	Day quil / Nightquil SGC	Cough & Cold	USA
ALKASELTZER	Alka Seltzer Plus	Gastrointestinal	USA

✓ **Continued focus on R&D investments** leading to a robust pipeline of new developed & pipeline products

✓ Plans to enhance portfolio with **addition of 12-13 products every year**

✓ Focus is on **developing soft gels and different delivery system** like extended release, liquid, OTC products and ointments

4 R&D Centres

50+ Scientists

50+ Products in Pipeline

350+ Dossiers filed

300 Approved ANDAs/MAs

25+ Filed ANDAs/MAs

Key Focus Area

Key Focus Areas

STRATEGY

GROWTH LEVERS

1

Expansion

Expansion of current product portfolio in regulated market



The company generates **~95% of its revenue from regulated markets** and expects to further expand in these markets through continued push of existing products in regulated and other related geographies

2

Product Launch

New product development and launch



The company has prepared a pipeline of new products for the UK and USA markets that are **expected to drive revenue growth by FY25**

3

Inorganic Expansion

Inorganic expansion to enhance manufacturing capabilities and product portfolio



The company has **plans to acquire manufacturing assets** in India as well as **marketing licenses** in Europe and USA to expand business operations in regulated markets

4

Backward Integration

Backward integration into API manufacturing



The company has a robust forward integrated business model and **plans to backward integrate into API manufacturing** (for captive consumption thereby having presence in the entire value chain)

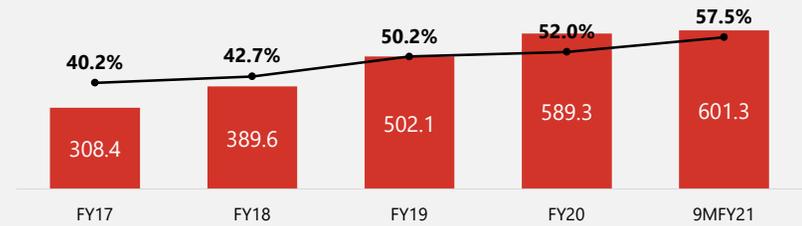
5 Years Performance Review

Financial Highlights

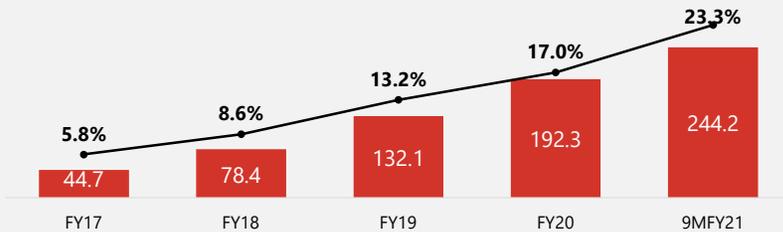
Operating Revenue (₹ cr.)



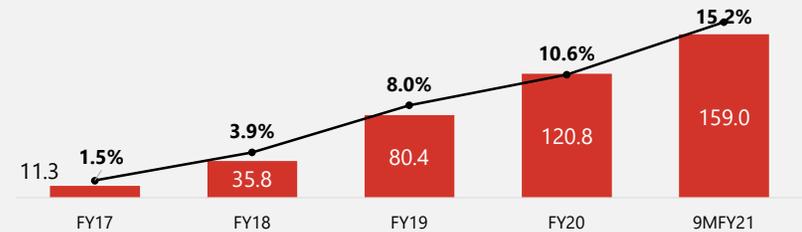
Gross Profit (₹ cr.) & Gross Profit Margin



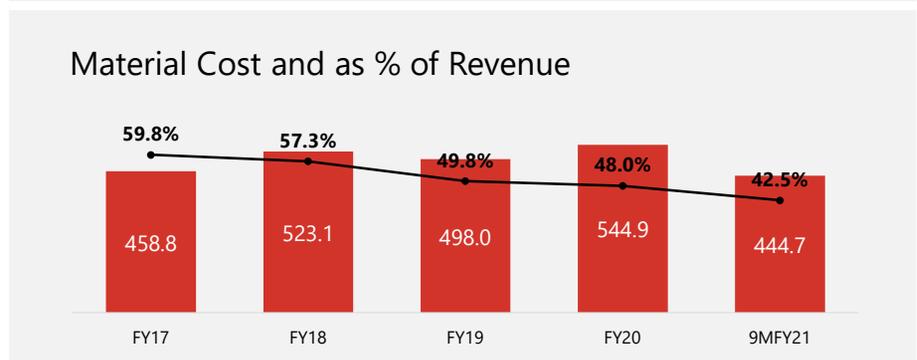
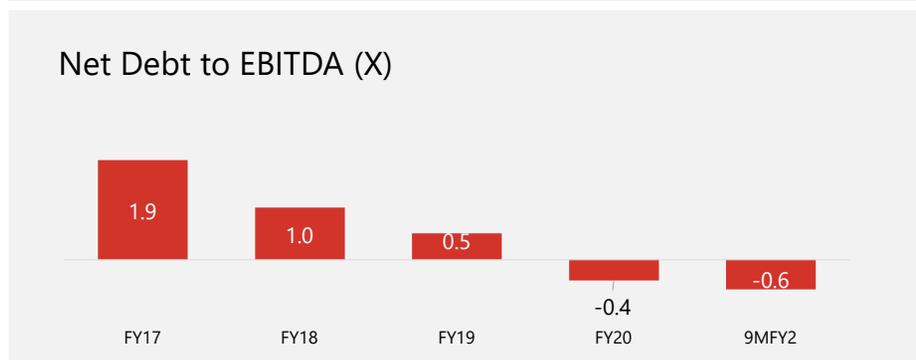
EBITDA (₹ cr.) & EBITDA Margin



PAT (₹ cr.) & PAT Margin

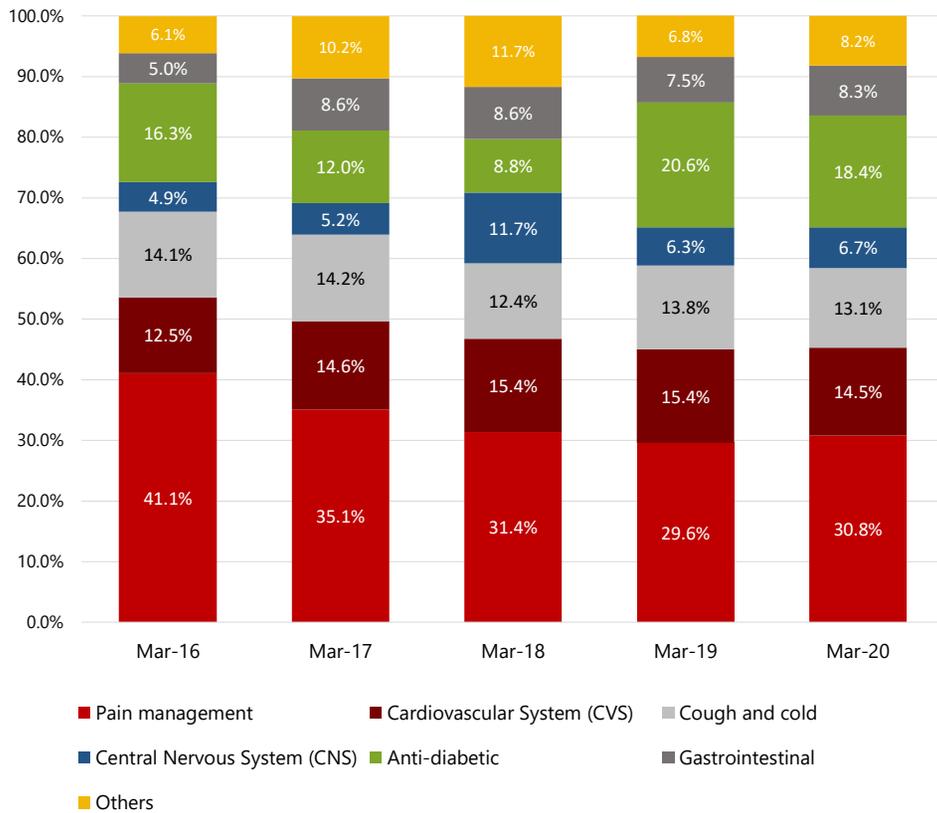


Financial Ratios

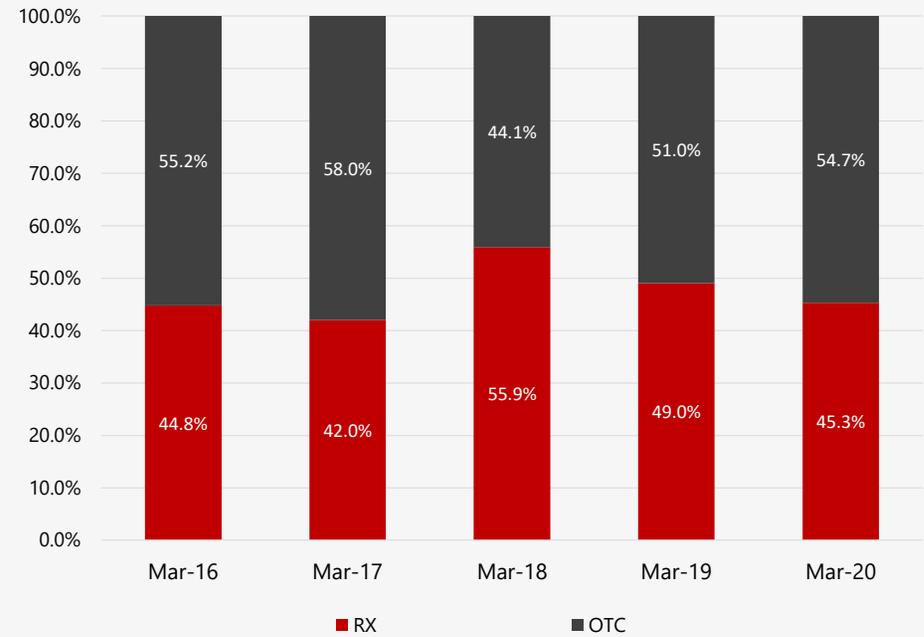


Segmental Mix

Therapeutic Segment-Wise YoY



Segment Revenue YoY

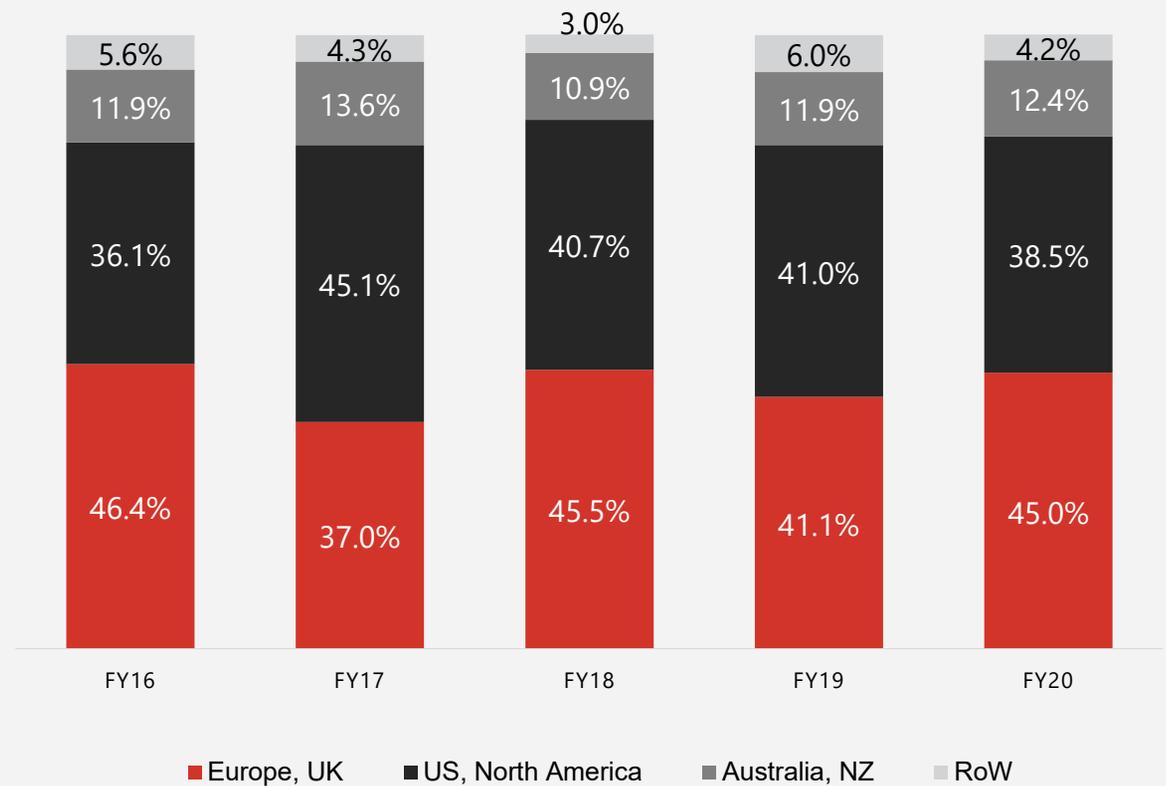


Global Reach Enables Reduction in Country Risk

Company's business is classified under 4 heads:

- 1 North America/ US generics
- 2 Europe/UK generics
- 3 Australia and New Zealand
- 4 Rest of the world (RoW) generics (CIS, Middle Eastern, African and South-East Asian countries)

REVENUE MIX



Leadership Team



MR. MARK SALDANHA

Managing Director & CEO

Mr. Saldanha is the founder promoter of the company. Prior to Marksans, he had been associated with Glenmark Pharmaceutica's Ltd. as a Whole Time Director. He is well versed with the overall management of the company and has vast experience across the marketing, production and finance functions.



MR. VARDDHMAN JAIN

Whole-Time Director.

Mr. V.V. Jain, M. Pharm (Pharmaceuticals) has 25 years experience in Pharmaceutical industry with various multinational organizations. He is specialized in the area of manufacturing, quality R&D, compliance & regulatory affairs both for API and FDF manufacturing. Mr. Jain has successfully handled several regulatory inspection including USFDA, MHRA, PMDA Japan and WHO & also built sound Internal processes to clear the said tests.



MR. SATHISH KUMAR

MD – Marksans Pharma UK Ltd.

Mr. Sathish Kumar is Managing Director of Marksans Pharma (UK) Ltd. & manages affairs of Bells & Sons (Druggists) Ltd and Relonchem Ltd, both step down operating subsidiaries of Marksans Pharma (UK) Ltd. He has done masters in pharmacy and has over 20 years of experience in Pharma industry working across Production, Planning and inventory Management, Formulation development, Regulatory, Technical, Commercial, Sales and Business development.



MR. DAVID MOHAMMED

MD- Pharmaceuticals Australasia Pty Ltd

Mr. Mohammed held the positions of the Managing Director Australasia and Marketing Director Asia, Africa and Australasia at Valeant Pharmaceuticals for over 7 years, prior to Nova Pharmaceuticals.



MR. JITENDRA M SHARMA

Chief Financial Officer

Mr. Sharma is a qualified chartered accountant and cost accountant with over 20 years experience in financial functions including treasury and forex management. He has expertise in the areas of costing, fund raising and internal control systems. He is a director in MPL's subsidiaries, Marksans Pharma (UK) Ltd, Marksans Pharma Inc. (USA), Nova Pharmaceuticals, Australia and Relonchem, UK.

Investment Rationale



Widening Product Portfolio

Company is widening its products portfolio in the **complex and high-margin generics** segment.



Key Markets

The **US, the UK and Australia** are the key Marksans' markets with all of them being now empowered with all regulatory approvals.



Amongst Largest Pharma Market

Marksans is **among a handful of Indian players with a proprietary marketing presence** in the US which is world's largest pharma market.



Engaging R&D Team

Marksans is among a few mid and small-sized pharma companies to have **created an integrated business model** by **engaging R&D team** in creating and filing dossiers across major markets.



New R&D Center in Navi Mumbai

The new state-of-the-art **R&D center in Navi Mumbai (Nerul)** is focused on formulations and novel drug delivery systems.



Deleveraged the Balance Sheet

Company has **repaid long-term loans, deleveraged the Balance Sheet and reinvested the surplus in R&D**, capacity creation and brownfield expansion.

Investment Rationale

- 1 Sustainable business model with strategic focus on regulated markets with **markets of USA, UK, Australia and New Zealand** contributing to c. 96% of total revenues.
- 2 USFDA, UKMHRA, TGA-**Australia accredited and GMP compliant facilities** across its key regions providing for a low-cost manufacturing base.
- 3 Experienced and **professional management team** with strong line of operations.
- 4 Company has ability to **pursue value-accretive and prudent M&A opportunities** and has a successful track record of integrating acquisitions.
- 5 Forward integrated business model with **presence across the pharma value chain** including in-house R&D centers, **owned and outsourced manufacturing** set up and widespread supply chain and distribution set up through subsidiaries in USA, UK and Australia.
- 6 **Wide range of product offering** with and one of the most active Indian firms focused in Soft gel.
- 7 Continued **focus on R&D investments** leading to a robust pipeline of new developed and under development products to **add onto its existing 300+ approved ANDAs/Mas.**
- 8 Delivering robust and consistent financial performance with FY20 revenue at rowing 13% Y-o-Y and FY20 EBITDA growing 41% Y-o-Y and a net cash balance sheet.

ESG Philosophy



ENVIRONMENTAL

- **Efficient use of resources** to minimize the waster generation.
- Priority to **energy conservation measures** including regular review of energy generation and consumption and **effective control on utilization of energy**.
- Committed to **protect environment and ecological balance** also maintaining quality of soil, air and water.



SOCIAL

- Company is actively contributing to the **social and economic development** and build a better sustainable way of life for weaker sections of society.
- **Ensures social and economic dignity and freedom** regardless of nationality, gender, race, economic status or religion to all its talents at all level.
- Committed **to improving the quality of life of the local community** and society at large.



GOVERNANCE

- Committed to good corporate governance to **achieve long term corporate goals** and **to enhance shareholders value**.
- **Highly competent** and diverse board of directors.
- **Highest degree of transparency, responsibility** and delegation in all facets.
- **Internal Control & Policy** for managing conflict of interest and code of conduct.

ESG at Marksans

HELPING WOMEN & CHILD DEVELOPMENT

Marksans along with Ministry of Health, Government of Goa is helping in Women and child development, professionalizing Anganwadis and national nutrition mission in Goa.

PROVIDE FIRE EXTINGUISHING EQUIPMENT'S

Company has provided fire extinguishing equipment to the fire department, Government of Goa.

PARTNER WITH "CHILD LIFE INDIA FOUNDATION"

Partnering with "Cherish Life India Foundation" we provided medical treatment to under privileged society suffering from cancer and other blood disorders.

DISTRIBUTED FREE MEDICINES TO BACKWARD SEGMENT

Marksans & "Sri Sathya Sai Mobile Medicare Project" has distributed Free medicines to the needy and backward segment of society.

Corporate Governance Philosophy

We at Marksans Pharma Ltd adhere to following principles :

- 1 Conducting Business in Ethical, Transparent and Accountable manner.
- 2 Producing goods which have a sustainable life cycle.
- 3 Adherence to ethical working standards to ensure the wellbeing of all employee.
- 4 Effective management and distribution of wealth.
- 5 Maintain a strong track record of withholding & promotion of Human rights.
- 6 Tracing Emission/Waste and maintain them below permissible levels
- 7 Application of Best management practices.
- 8 Business continues to create value for customer and consumer in a responsible manner.

Contact Us

INVESTOR RELATIONS TEAM AT MARKSANS PHARMA

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