Glenmark Pharmaceuticals Announces Proposed Divestment of Majority Stake in Glenmark Life Sciences

Glenmark
A new way for a new world

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- *General economic and political conditions in our key markets, government policies and other incidental factors;*
- *Changes in the overall macro-economic parameters including changes in the currency and interest rates either in India and / or globally;*
- *Ability to successfully implement our strategic plan, including research and development efforts;*
- *Changes in laws and regulations that apply to the pharmaceutical industry and its suppliers and customers; and*
- *Increasing competition in and the conditions of our customers, suppliers and the pharmaceutical industry*

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Transaction Information

+ Glenmark Pharmaceuticals Limited ("GPL") has entered into a definitive agreement with Nirma Limited ("Nirma") to divest 75%[1] stake in its subsidiary, Glenmark Life Sciences Limited ("GLS"), at a price of INR 615/- per share for an aggregate consideration of INR 56,515 Mn, implying an equity valuation of INR 75,354 Mn

+ Glenmark Pharmaceuticals Ltd. will own 7.84%[1] in Glenmark Life Sciences Ltd. after the divestment

+ Transaction is subject to closing adjustments and customary conditions precedent, including receipt of regulatory and shareholder approvals

+ Nirma Ltd. will make a mandatory open offer to all public shareholders of GLS

1. Basis current shares outstanding

Transaction Rationale

Diverging business models leading to decreasing synergies between GPL and GLS

+ GPL constantly moving up the value chain through launch of branded / innovative products
+ Heightened focus to increase contribution from branded business globally and complex generics
+ Changing dynamics of the U.S. generics market
+ GPL's future pipeline focused on Dermatology, Respiratory and Oncology plus complex generics
+ Opportunity to enhance shareholder value by deleveraging and improving overall return profile

API: Active Pharmaceutical Ingredient
CDMO: Contract Development and Manufacturing Organization

GPL Future Roadmap – FY25 and beyond

Revenue

+ *Target high double-digit CAGR in Europe and RoW markets*
+ *Expand contribution of RYALTRIS® in the U.S., Europe and RoW markets*
+ *Sustain strong growth in India*
+ *Generate ~2/3rds of consolidated revenue from branded products / markets*
+ *Launch multiple complex generics (injectable, respiratory, dermatology) in the U.S. market*
+ *Target commercial launch of one innovative asset between GPL and Ichnos[1]*

Profitability

+ *Gross margin improvement through greater contribution from branded markets*
+ *EBITDA margin improvement on account of multiple factors:*
  - *Increasing contribution of RYALTRIS® plus other branded / differentiated products*
  - *Lower R&D expenditure to 7-8% of consolidated revenue*
  - *Higher operating leverage through greater scale in Europe and Latin America regions from FY25*
+ *Significantly lower interest costs going forward to help improve overall PAT margin*

Balance Sheet

+ *Net cash positive post the completion of the transaction*
+ *Prudent capital expenditure going forward to support overall revenue growth*
+ *Strong organic cash flow generation*
+ *Evaluate select in-licensing opportunities to further strengthen the portfolio*
+ *No high-value M&A opportunities over the next two years*
+ *Ensure Ichnos is self-funded (through partnerships, external capital raise / listing)*

1. By GPL or / and via partners

RoW: Rest of the World
R&D: Research & Development
M&A: Mergers and Acquisitions

CAGR: Compound Annual Growth Rate
EBITDA: Earnings Before Interest, Tax, Depreciation & Amortization
PAT: Profit After Tax

GPL Key Focus Areas

Consistent Revenue Growth

Return on Capital Employed

Net Cash Positive

Shareholder Value Creation

Thank You

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https://glenmarkpharma.com/