



# **Eris Acquires Oaknet Healthcare**

## **Deal Announcement**

4<sup>th</sup> May 2022

# Eris has consistently leveraged acquisitions/ alliances to create value



2017

## Deal

Acquisition of Domestic Formulations portfolio of Strides Shasun

## Rationale

- Entry into CNS therapy
- Flagship Reneve brand group

## Value Creation

- Launched several new products in Neurology and Psychiatry to build a CNS franchise growing at > 30% p.a.
- Flagship brand Reneve has grown from Rs. 77 crore p.a. to ~ Rs. 130 crore p.a. since acquisition
- Improved field-force productivity by ~ 3x
- Improved Gross Margin from 65% to ~ 80% through in-sourcing of manufacturing to Guwahati facility

2019

Acquisition of Zomelis (Vildagliptin) brand from Novartis

Strengthen position in the lucrative DPP4 inhibitors market

- Scaled up monthly revenue from Rs. 1 crore to Rs. 7 crore since acquisition
- Maintained #1 rank among 200+ Gx brands since acquisition
- Improved Gross Margin by 500+ bps by in-sourcing

2021

Equity Alliance with MJ Biopharm

Entry into Human Insulin, Analogues and GLP1 Agonists

- Launched Human Insulin in Feb 2022
- Glargine expected to be launched in calendar year 2023
- Liraglutide expected to be launched in calendar year 2024

# Oaknet fits a strategic gap in Eris' choice of therapeutic segments



Eris has identified 7 therapy areas as strategic segments for future investments and efforts

Eris' Strategic Segments

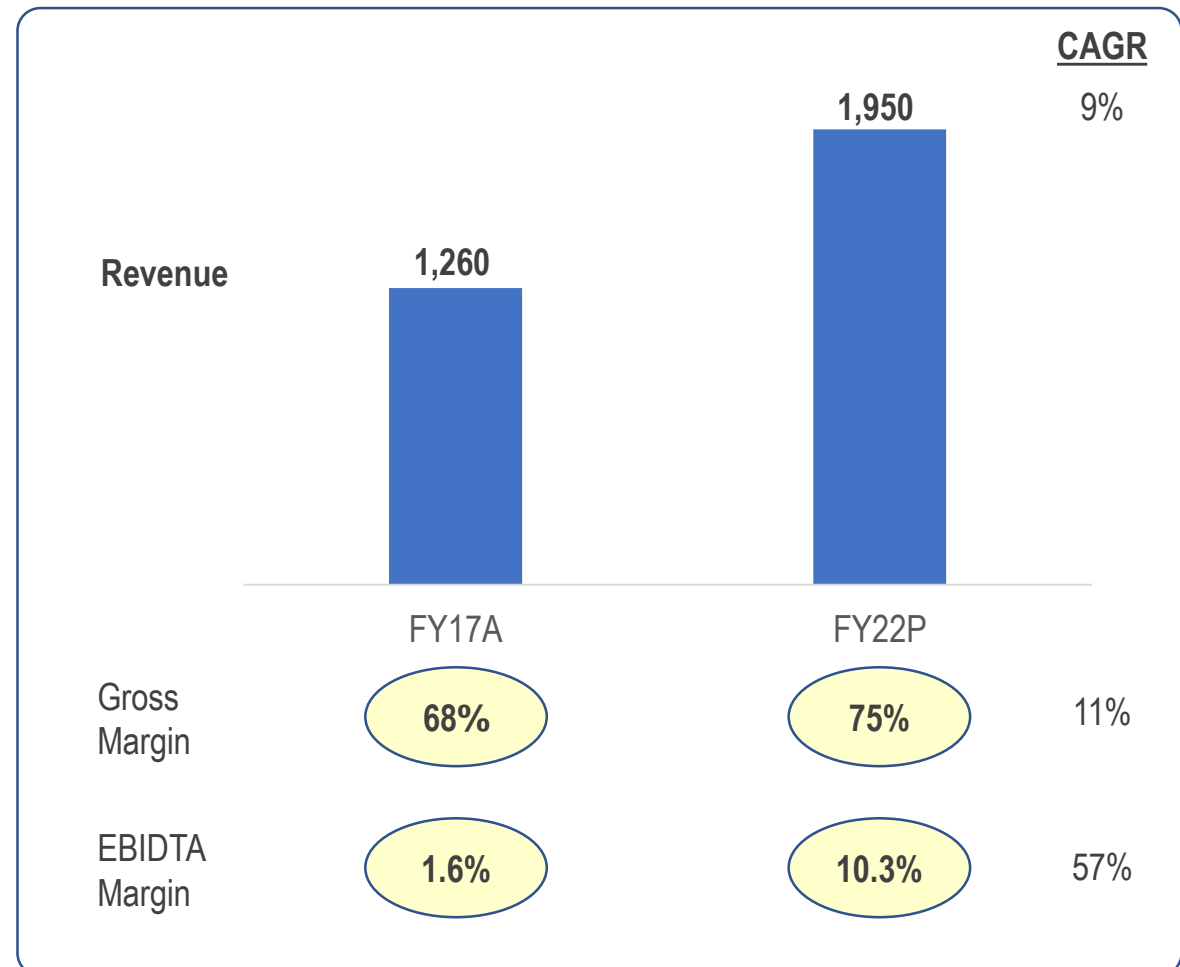
|                     | Eris | + | Oaknet | = | Eris Oaknet |
|---------------------|------|---|--------|---|-------------|
| Oral Diabetes Care  | ✓    |   |        |   | ✓           |
| Insulin             | ✓    |   |        |   | ✓           |
| Cardiovascular Care | ✓    |   |        |   | ✓           |
| Women's Health      | ✓    |   | ✓      |   | ✓           |
| VMN                 | ✓    |   |        |   | ✓           |
| CNS                 | ✓    |   |        |   | ✓           |
| Dermatology         | ✗    |   | ✓      |   | ✓           |

- Eris is now present in **87%** of the Rs. 55,000 crore **Chronic Market**, with a **leading presence** in the **major Chronic Therapies** in the IPM – **Cardiology, Oral diabetes care, Insulin, Neuro/CNS** and **Dermatology**
- Oaknet has **deep coverage** of the **Dermatology** specialty in India
  - **Near 100%** coverage of Dermatologists across India with a **60% penetration**
  - Derives **43%** of its total **prescriptions** (in the Dermatology business) from **Dermatologists** – compared to **38% for the market** – hence Oaknet has a stronger **Specialty** presence compared to the market
  - **Very strong in Medical Dermatology** which is curative and, in a tropical country like India, will always remain the **bedrock of Dermatology** business
  - Gives an opportunity to **scale-up the Cosmetology** franchise, which is largely **driven** by **Dermatologists**
- **Eris** is in a **high-growth phase** in the **Women's Health** category (**24%** yoy gr in FY22); the addition of Oaknet will provide the **opportunity to cross-sell** the Oaknet portfolio as well

## Business Overview

- Revenue base of **INR 1,950 mn** in FY22 (P)
- Ranked among the **Top 10 Dermatology** companies in the covered market
- Leading brands in the Dermatology segment
  - **Cosvate** ranked **#4** in its segment
  - **Cosmelite** ranked **#5** in its segment
  - 4 out of Top-5 Derma brands are ranked among the **Top-5** in their respective segments
- Pan India field force of ~ **650 MRs** covering a total of 60,000 doctors including ~ **11,000 Dermatologists**
- **NLEM** exposure ~**10%** of portfolio
- Debtor Days ~ **25**

## Financial Overview (INR Millions)



- Eris will acquire **100% equity stake** in Oaknet at an Equity Valuation of **INR 6,500 mn**
- The business will be housed in **Eris Oaknet Healthcare Ltd.**, a wholly owned subsidiary of Eris Lifesciences
- The deal will be financed with a **judicious mix** of **internal accruals** (INR 3,000 mn) and **borrowings**
- We expect the transaction to achieve **financial closure** before the end of **May 2022**
- Growth Projections (FY24)
  - Revenue – INR 2,500 mn
  - EBIDTA – INR 500 mn
- Key **value creation levers**
  - **Expansion** of medical **dermatology franchise**
  - New product **launches** – **Cosmetology**
  - Cross-selling in **Women's Health** franchise
  - Improvement in **field-force productivity**
  - **COGS reduction** through **in-sourcing of manufacturing**



**THANK YOU**

**KRUTI RAVAL**

**INVESTOR RELATIONS**  
**[kruti@erislifesciences.com](mailto:kruti@erislifesciences.com)**