



MedPlus+



Roadshow Presentation

December 2021

Issue Summary

Company	<ul style="list-style-type: none">MedPlus Health Services Limited
Offering Type	<ul style="list-style-type: none">Initial Public Offer (“IPO”)Reg S / 144A
Offering Size	<ul style="list-style-type: none">A fresh issue of up to [•] equity shares aggregating up to ₹ 6,000 millionAn offer for sale of up to [•] equity shares aggregating up to ₹ 7,982.95 million<ul style="list-style-type: none">PI Opportunities Fund - I – up to ₹ 6,230.00 millionS. S. Pharma LLC – up to ₹ 1,070.00 millionShore Pharma LLC – up to ₹ 320.00 millionNatco Pharma Limited – up to ₹ 100.00 millionTime Cap Pharma Labs Private Limited – up to ₹ 100.00 million, among others
Objects of the Offer	<ul style="list-style-type: none">Net Proceeds shall be utilized towards the following objectives:<ul style="list-style-type: none">Investment into our Material Subsidiary, Optival Health Solutions Private Limited for funding working capital requirements of Optival Health Solutions Private Limited; andGeneral corporate purposes
BRLMs	   
Proposed Listed Venue	<ul style="list-style-type: none">Bombay Stock ExchangeNational Stock Exchange

Disclaimer

MedPlus Health Services Limited (the “Company”) is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its equity shares and has filed the red herring prospectus dated December 3, 2021 (“RHP”) with the Securities and Exchange Board of India (“SEBI”), Bombay Stock Exchange Limited (“BSE”), and National Stock Exchange of India Limited (“NSE”). The RHP is available on the websites of SEBI, BSE and NSE at www.sebi.gov.in, www.bseindia.com, www.nseindia.com, respectively and on the websites of the Book Running Lead Managers Credit Suisse Securities (India) Private Limited, Axis Capital Limited, Edelweiss Financial Services Limited and Nomura Financial Advisory and Securities (India) Private Limited (the “Book Running Lead Managers”) at www.credit-suisse.com, www.axiscapital.co.in, www.edelweissfin.com, www.nomuraholdings.com/company/group/asia/india/index.html, respectively. Any potential investors should note that investment in equity shares involves a high degree of risk and for details refer to the red herring prospectus, including the section titled “Risk Factors” on page 29 of the red herring prospectus. Potential investors should not rely on the RHP filed with the SEBI for making any investment decision.

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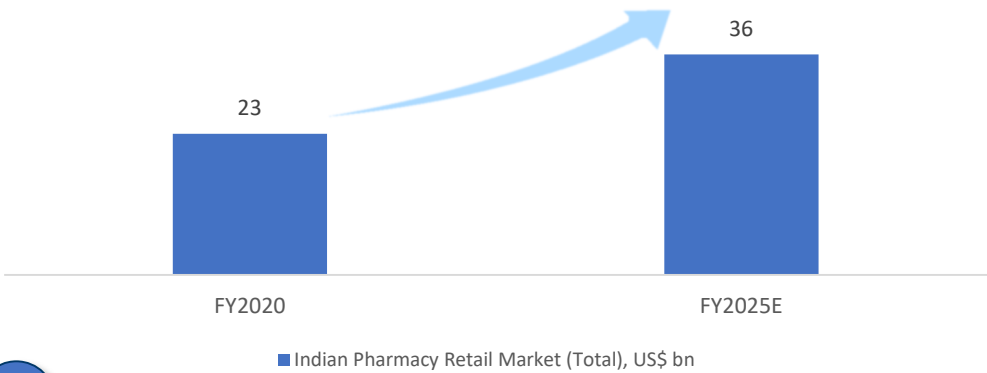
Pharmacy Retail

A fast growing market that MedPlus is poised to capture

MedPlus Is A Strong Play On One Of The Most Attractive Segments Of India Retail Market

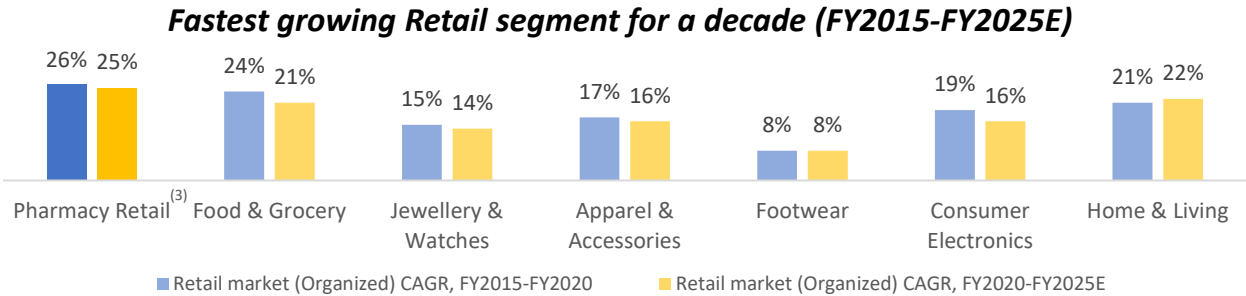
A

Pharmacy Retail presents fairly Large and Sizeable Market Opportunity



B

Pharmacy Retail offers Higher Growth compared to other India Retail market segments



By virtue of being an essential service, Pharmacy Retail in India has performed better than most other sectors over the last 18 months

C

Pharmacy Retail (Organized) operates with Better Unit Economics compared to other India Retail market segments

	1	2	3	4	5	6	7
	High revenue per sqft of store area	Lowest inventory costs / High inventory turns	Low promotional expenses / employee costs	Lowest store capex / Low store level payback period	Highest steady-state store level ROCE	Large headroom to grow	Best-in-class Omni-channel Readiness
Retail Segment	Average Revenue per sqft per year	Inventory costs Inventory turnover	Promotional expense ⁽¹⁾ Employee costs ⁽¹⁾	Capex (INR mn) Payback period	ROCE	Penetration of Organized Retail ⁽²⁾	Omni-channel readiness
Pharmacy	INR 30-50k	INR 1-2mn 4-6x	1% 3-5%	0.4-0.8 ~3 yrs	45-50%	10.0%	High
Food & Grocery	~INR 24k	INR 2.8-3.0mn 12-15x	1-2% 5-8%	3.2-3.5 3 yrs	30-35%	4.5%	High
Jewellery	~INR 140k	INR 300-400mn 2x	1-3% 1-2%	30-40 ~3-4 yrs	20-25%	32.0%	Low
Apparel	~INR 20k	~INR 7mn 3-4x	5-7% 8-10%	3.0-3.5 ~2-4 yrs	25-40%	32.5%	Medium
Food Services (QSR)	~INR 26k	INR 1.0-1.5mn 24x	4-5% 9-12%	15-25 ~3-4 yrs	25-35%	NA	Medium

Source: Technopak Analysis, Secondary Research, Primary Interviews

Notes: FY refers to financial year

1. As a % of store revenue

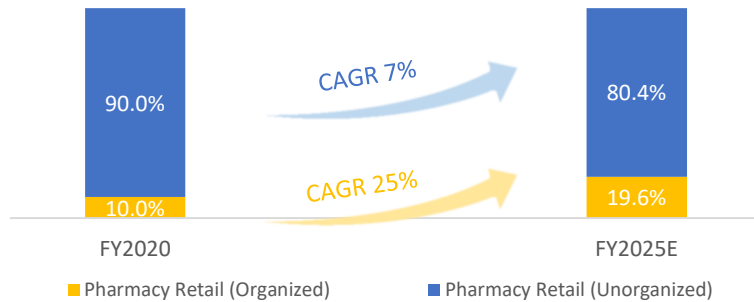
2. As of FY 2020

3. It represents the retail segment of the "Pharmacy & Wellness" market

MedPlus Is Uniquely Poised To Drive Growth In Pharmacy Retail (1/2)

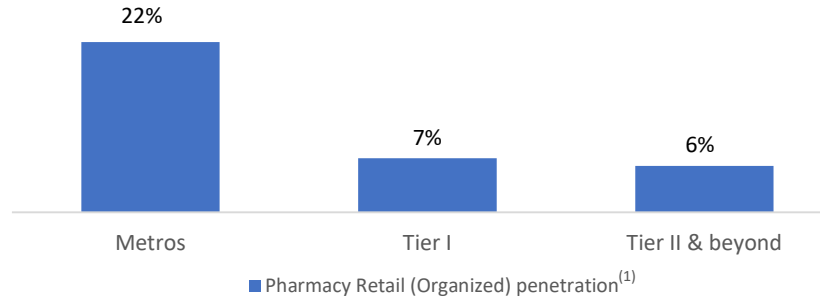
A

"Unorganized to Organized" shift will continue



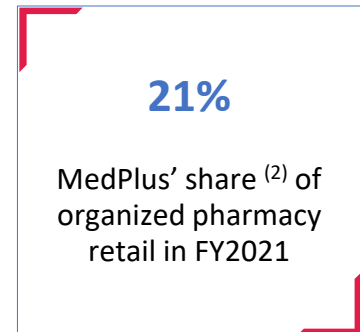
B

Organized penetration is very low in non-Metros. MedPlus is poised to take advantage



C

MedPlus is one of the few players driving change from Unorganized to Organized



D

Why Pharmacy Retail (Organized) will continue to gain market share from Pharmacy Retail (Unorganized)?

✓

Pharmacy Retail (Organized) is significantly **better on unit economics**

Average Order Value (excl. GST)	Organized Retail	Unorganized Retail
Revenue per store per day ⁽³⁾	INR 30,000 - 50,000	INR 4,000 - 6,000
SKU stocking	4,000 - 10,000	2,000 - 6,000
Gross margins	17 - 22%	12 - 14%
Store level operating EBITDA	9-12%	3-6%
Discounts ⁽⁴⁾	Up to 20%	Up to 10%

✓

Improved retail environment

✓

Better availability of brands and prescription fulfilment

✓

Transparent discount and lower pricing to customer

✓

For Pharmacy Retail (Unorganized), **stocking of unreliable medicines** in some cases

✓

Higher gross margins due to **scale advantage** and **vertical integration**

✓

Ability to drive **omni-channel** operations

"Unorganized to Organized" continues to present a high growth opportunity, and MedPlus is well-positioned to drive bulk of this substitution

Source: Technopak Analysis, Primary Research, Secondary Research, Company Filings

Notes: FY refers to financial year

1. For FY2021 2. Based on number of stores as of 31 March 2021 3. Based on per store metrics of major retailers 4. Discounts based on MRP of products retailed from pharmacy

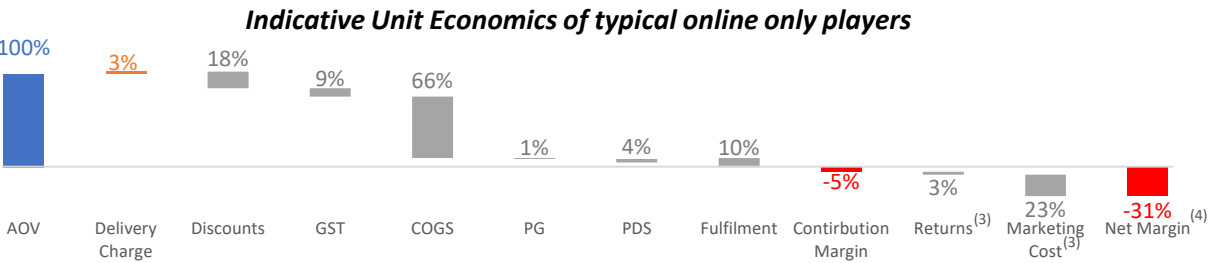
MedPlus Is Uniquely Poised To Drive Growth In Pharmacy Retail (2/2)

Within Pharmacy Retail, Omni-channel is expected to grow at the fastest pace

	B&M only	Omni-Channel		Online Only
		B&M component	E-commerce component	
Key players	Frank Ross Pharmacy, Thulasi Pharmacy	MedPlus, Apollo Pharmacy, Wellness Forever		PharmEasy, NetMeds, Tata 1mg
FY20-25 India market size CAGR	18%	19%	48%	43%

MedPlus is well positioned to benefit from the expected high growth in Omni-channel

- ✓ MedPlus' pricing strategy is in line with online only players
- ✓ MedPlus' cost structure allows higher profitability, unlike online only players



Strong Cluster Based Network

Strong network of 2,165 stores⁽²⁾ across metros, Tier I, Tier II cities and beyond

allows omni-channel offerings beyond metro, tier I, Tier II cities where e-pharmacies will not be able to operate meaningfully

Ability to service 100% market – acute + chronic

as opposed to online only players that largely cater to only chronic segment (37%⁽¹⁾ of the market)

2- hour delivery

online only players cannot match this proposition given lack of 'hyperlocal store presence'

Lower customer acquisition cost

as existing stores act as branding sites

Lower delivery costs

because of the hyperlocal presence of MedPlus' 2,165 stores⁽²⁾

Source: Technopak Analysis, Primary Research, Secondary Research, Annual Reports

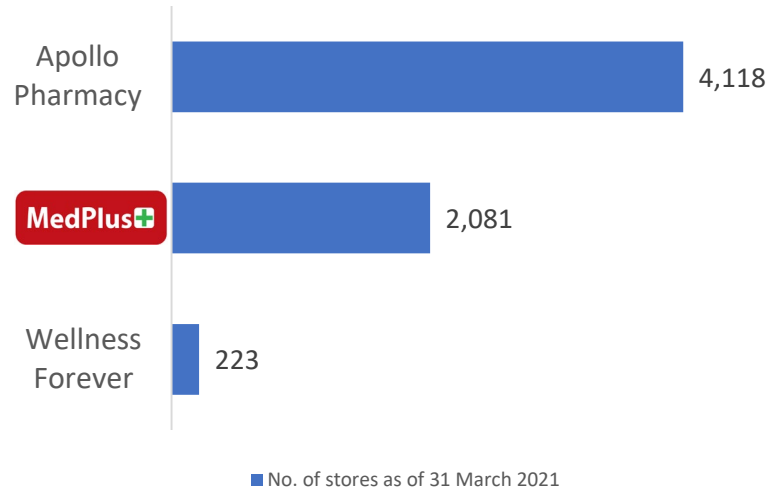
Notes: FY refers to financial year

1. For 2020; % of domestic pharmaceutical market 2. As of 30th June 2021 3. Apportioned on a per order basis

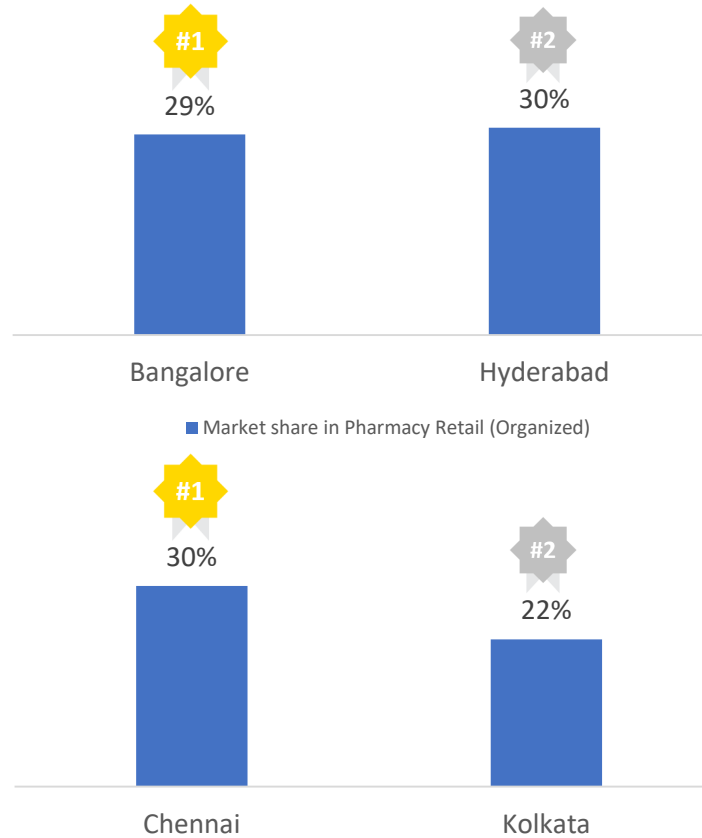
4. Contains variable expenses; fixed expenses such as corporate overheads and investments are not included

MedPlus Has Created Leadership, Scale, And Ability To Address All Customer Needs

MedPlus is the 2nd largest Pharmacy Retailer in India



MedPlus holds leadership position ⁽²⁾ and high market share in its focus cities



Thought Leadership

✓ MedPlus is one of the very **few players to offer omni-channel** (others being Apollo Pharmacy and Wellness Forever)

✓ MedPlus was the **first player to offer omni-channel services**

✓ MedPlus is **scaling up its omni-channel** quickly – it accounts for 9.0% FY2021 revenue from operations

✓ MedPlus has **9.3x stores** vis-à-vis the 3rd largest player

✓ MedPlus has a **significant presence across states** while presence of other players is more localized ⁽¹⁾

Source: Technopak Analysis, Company Information

Note: FY refers to financial year

1. The third largest player in the market ie. Wellness Forever has a significant presence in Maharashtra with 193 stores, limited presence in Karnataka with 15 stores and with 15 additional stores in other states as of 31 March 2021.

2. Market shares shown are based on FY2021 revenues in the Pharmacy Retail (Organized) market and ranking is based on number of stores as of 31st March 2021



MedPlus

A legacy of offering value proposition to customers and successful execution

MedPlus' Business Model: Key Differentiators

1 Successful cluster based expansion strategy propelling growth and maintaining profitability



2 Consistently delivered compelling customer value proposition – catering to needs of all customer segments (value pricing and <2 hour deliveries)



3 Omni-channel model completes the customer value proposition – MedPlus is online ready



4 Successful Execution – 'The MedPlus Advantage'



In-house integrated technology infrastructure to support the entire business value chain



Created **large scale of operations**



Integrated supply chain & distribution infrastructure help us generate **high margins**



Focus on private label and FMCG products



5 MedPlus' Execution Excellence - 'Store Level Execution Focus'



Key benefits

Allows High Growth

Allows High Margins

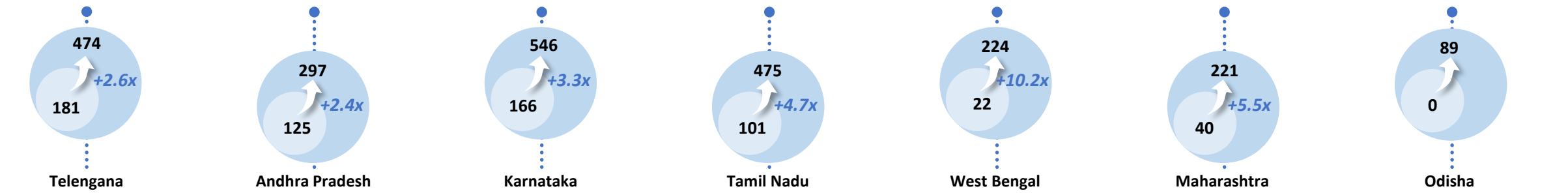
Allows High Returns

Allows Compelling
Customer Value
Proposition

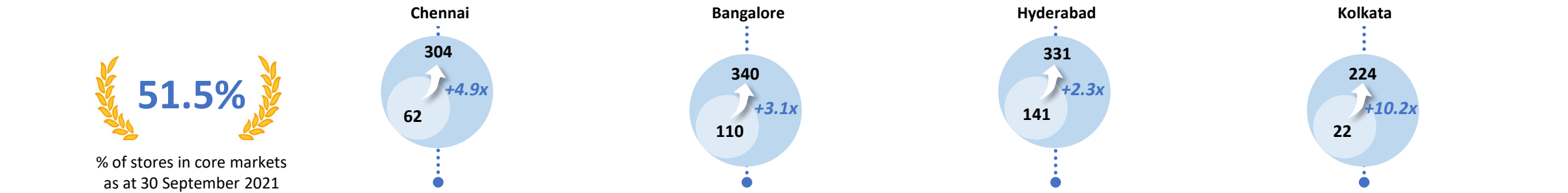
1 Successful Track Record Of Expansion Using A Distinct Cluster-Based Expansion Approach

We employ a data-analytics driven cluster-based approach to our store network expansion, whereby we first achieve high store density in a densely-populated residential area within a target city before expanding our store network in the surrounding areas within that city, followed by expansion into other adjacent cities

Leveraging a cluster based approach, MedPlus has expanded from **48** stores in 2006 to **2,326** stores as at 30 September 2021



MedPlus has focused more on increasing presence in key core markets ⁽¹⁾



Benefits of cluster based expansion strategy

- ✓ Allows us to create **high brand visibility** for customers within our key cities, through focused implementation of marketing and advertising initiatives
- ✓ Allows us to **replicate similar success in adjacent under-served cities** and areas, as we develop presence in existing clusters and develop new clusters
- ✓ Leads to our achieving a **leading market share** in our key cities
- ✓ Allows **higher margins** given higher density of store networks

Source: Company Information

Note:

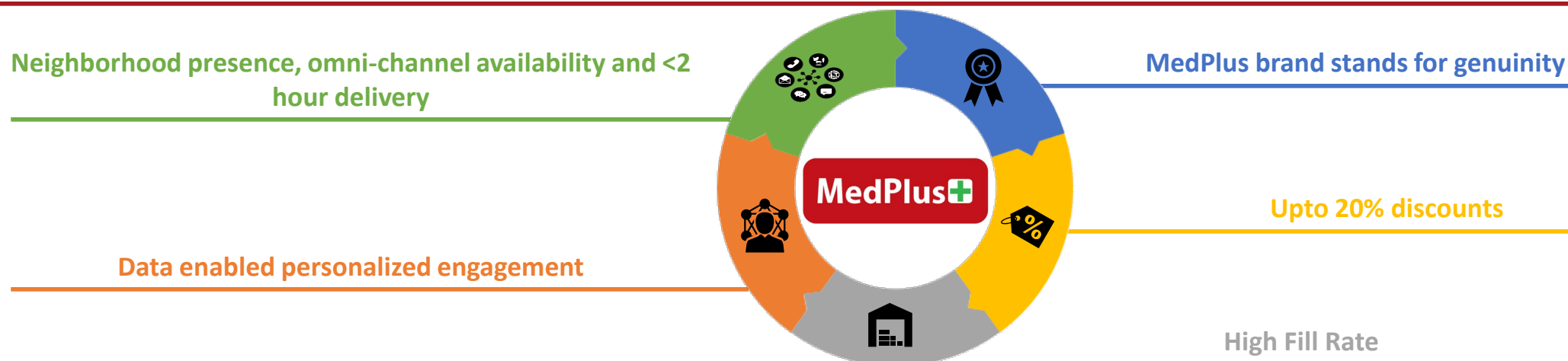
1. Core markets include Chennai, Bangalore, Hyderabad, and Kolkata

■ Number of stores as at 31 March 2010

■ Number of stores as at 30 September 2021

2 MedPlus Has Consistently Delivered Compelling Customer Value Proposition

MedPlus' positioning



Select examples of how MedPlus delivers strong value proposition to all customers



Discount seekers

- Able to offer **discounts up to 20%** to customers given integrated supply chain and cost efficient model
- One of the highest discounts as compared to any offline pharmacy retailer or e-pharmacies, while maintaining profitability



Customers with urgent needs

- Wholly managed and operated last mile delivery from stores allows **<2 hour delivery** in select cities
- Stores act as **'hyper local' delivery centers** - this proposition can only be offered at scale by MedPlus and Apollo in India
- In select micro-markets of Hyderabad, **93% of online delivery purchases were delivered in <2 hours** ⁽²⁾



Customers who value convenience

- Offer **wide range of products** across offline and online channels
- Customers can purchase products through extensive offline network of stores or online (through website and app)
- Our customers also have the **option to return any items** purchased at their preferred stores

Average Order Value (excl. GST)	Discounts on Pharma Products	Discounts on FMCG Products ⁽⁴⁾
> INR 1000	Upto 20% ⁽³⁾	Upto 5%
INR 200 -1000	Upto 10%	Upto 5%
< INR 200 ⁽⁵⁾	0%	0%

We have developed a better understanding of our customers' requirements through (i) years of operational experience, (ii) active customer engagement, and (iii) leveraging our real time data analytics platform

Source: Company Information

Note:

1. As at 30 June 2021
2. As per the pilots conducted in July 2021
3. Up to 20% discount is offered for bills above INR 1,000 across online and offline stores except the stores operating in Odisha and stores operating in hospitals
4. For both branded and private label products; discount of up to 5% on MRP or any manufacturer sponsored discounts or any special discounts on our private label whichever is higher
5. Minimum threshold of INR 200 in Hyderabad and Bangalore. In all other cities minimum threshold is INR 50

3 Our High Density Store Network Enhances Our Omni-Channel Proposition

MedPlus' thought leadership



Pharmacy retailer in India to offer omni-channel medicine delivery in 2015, including through 'Click and Pick'

Online channel accounted for

~9.0% of MedPlus' revenue from operations in FY2021

Already evolved into a 'seamlessly integrated omni-channel medicine delivery platform'

Transparent and same pricing / discounts across offline and online channels

- Customers are not confused with different discounts across channels

Wholly managed and operated value chain

- Consistency of service offerings
- <2 hour deliveries being offered currently in Hyderabad, Bangalore, Kolkata, Pune and Nagpur
- <2 hour deliveries will be offered in Chennai and Mumbai by end-2021

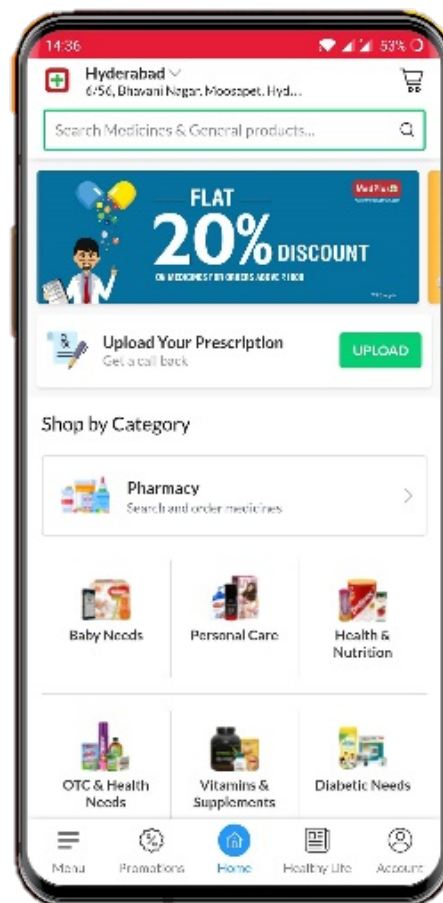
Fully integrated value chain

- Fully integrated value chain allows MedPlus to be profitable despite high discounts across omni-channel deliveries

Source: Company Information
Note: FY refers to financial year

'MedPlus Mart'

An e-commerce portal to provide a *seamless consumer experience*



Advantages of MedPlus' omni-channel strategy

- ✓ Deepen and extend our customer reach from, and **expand the total addressable market** for, each of our stores
- ✓ Further enhance "**convenience**" as one of our core customer value propositions
- ✓ **Lower incremental cost** of operations for delivery orders (as our stores act as branding sites and lower cost of online customer acquisition)
- ✓ **Retain offline and online customers** within our customer ecosystem
- ✓ **Consistent brand experience**, irrespective of channel used
- ✓ **Integration** of supply chain, logistics, warehousing, technology and inventory across the channels

4 MedPlus' Execution Excellence – 'The MedPlus Advantage' (1/2)

A

Our in-house integrated **technology infrastructure** supports our entire business value chain – from sourcing of products, to warehousing, to distribution to our stores, to store operations and interfacing with customers, and to last mile delivery



Supply Chain



Stores



Consumer experience



Our supply chain is supported by an **algorithm driven automated replenishment and stock picking system** that is driven by a real time inventory analytics platform



Technologically enabled warehouses form hubs for our stores



Centralized inventory management system that is capable of **tracking the sales and inventory levels** at our stores and warehouses in real-time

- Helps us maintain **optimum inventory levels** at stores
- **Identify, track, and redistribute** products that are **nearing their expiry date** and other **non-moving stock**



Shutter App – in-house mobile application for managing the new store opening process



Vendor App - facilitating orders from vendors



Delivery App - managing last mile deliveries



In-house developed **point-of-sale system** – Supports billing, pricing and payment systems integrations and helps the staff in catering to the needs of the customers in an effective way

Our technology platform at stores allows

- **Analyzing customer purchase history**
- **Predict fill rates** at different stores in different cities based on underlying demand patterns, which allows for **continuously improving fill rates** at each store with time



MedPlus Mart, MedPlus Lens, MedPlus Labs – enable our customers to view and purchase our products online via our website and app



We utilise **search-engine optimization** technologies, referral programs and promotions and facilitate online customer support **through the use of bots** to attract new customers and retain existing customers



Optimized recommendations for clients through **predictive algorithms**

- Employ more **targeted advertising** and provide our customers with **prompts for refills** and/or relevant **new product recommendations**
- Provides us with **additional monetization opportunities** with pharmaceutical companies, as we would be able to provide them with useful insights

4 MedPlus' Execution Excellence – 'The MedPlus Advantage' (2/2)

B

Created large scale of operations

✓ **Economies of scale** and higher resulting profitability

✓ **Cost efficient procurement:** Developed strong relationships with suppliers over time – **80.8% procured directly** from pharma companies or their carry-forward agents; better able to manage replacement of damaged goods

✓ **Hub and spoke model** provides significant leverage to scale our business

✓ **Centralized inventory management system** capable of real time tracking of sales and inventory levels

C

Integrated supply chain & distribution infrastructure help us generate high margins

✓ **Low "value leakage"** enabled by **efficient procurement** and **integrated value chain**

✓ **Self-managed vehicles and delivery personnel** for transportation of inventory between warehouses and stores

Daily inventory replenishment for stores located in densely populated metropolitan areas and **thrice per week** for stores in other cities

✓ Ability to **deliver in <2 hours** given hyperlocal store presence and own delivery from stores

D

Focus on private label and FMCG products

Focus on improving gross margins

13.5%

Private Label % of H1FY2022 revenue ⁽¹⁾

Highest current revenue contribution from private label, higher than Apollo Pharmacy

Focus on improving revenue per store

18.5%

FMCG contribution to FY2021 revenue from sale of goods ⁽²⁾

20-24%

Private label % of sales at large US retailers such as CVS, Walgreen Boots, Rite Aid

✓ **Industry leaders like MedPlus with established brand** have an edge when it comes to private label

Source: Technopak Analysis, Company Information

Note: FY refers to financial year

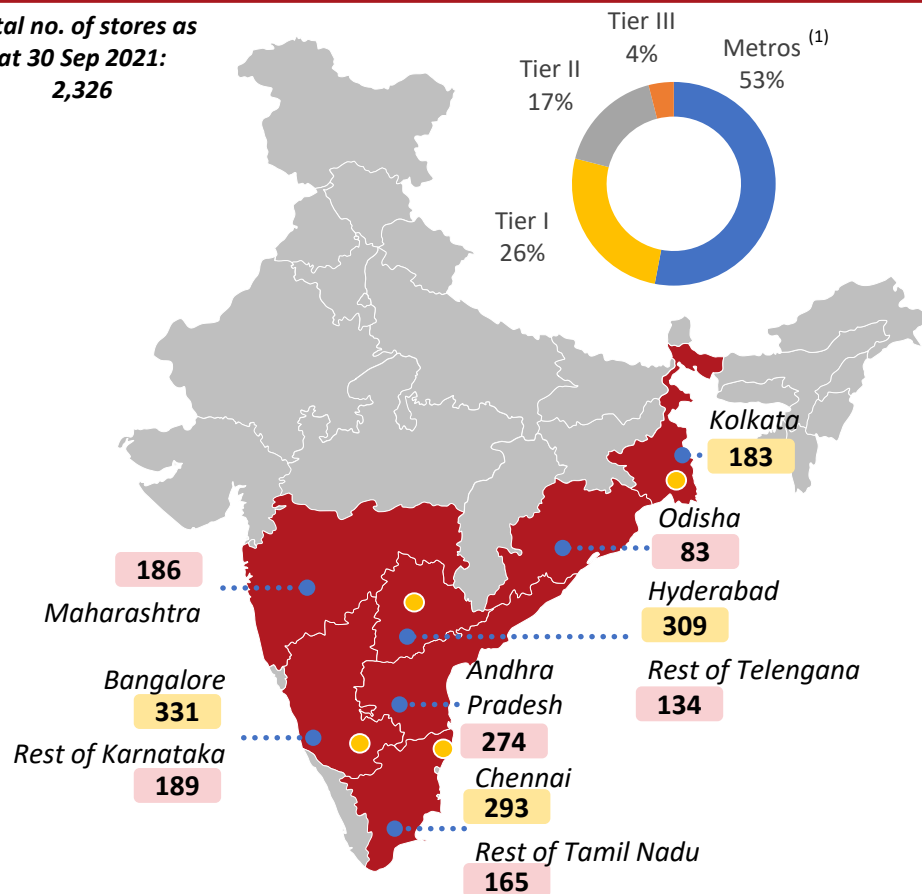
1. Includes trade generics

2. Calculated as sum of 11.6% revenue contribution from branded FMCG and 6.9% revenue contribution from private label FMCG

5 MedPlus' Execution Excellence - 'Store Level Execution Focus'

Present in seven states in India,
evenly distributed across metros and other cities

Total no. of stores as
at 30 Sep 2021:
2,326



Source: Technopak Analysis, Primary Research, Secondary Research, Company Filings, Company information

Note: FY refers to financial year

1. City wise breakup of 2,081 stores as at 31 March 2021
2. Based on 882 stores opened during FY18-21
3. As of 31 March 2021
4. For FY2021, 2020 and 2019, mature stores are defined as stores that were opened by end of FY2017, 2016, and 2015 respectively
5. As at 30 June 2021
6. Average revenue per store computed as revenue for the financial year divided by average store count for the financial year (Average store count for the year = Store count at the beginning of the year + Store count at the end of year)/2)
7. Calculated without taking into consideration the restructuring that the company undertook in September 2020
8. Operating EBITDA plus corporate level expenses which includes 1) procurement, storing and distribution expense, marketing expenses and other corporate overheads. Store Level Operating EBITDA Margin is the percentage of Store Level Operating EBITDA divided by revenue from operations
9. (Store Level Operating EBITDA for Mature Stores minus depreciation of capital expenditure incurred for these stores) divided by capital employed for Mature Stores. Capital employed for Mature Stores is computed as store level inventory for Mature Stores at the end of the year + capital expenditure incurred for Mature Stores + security deposit paid for these stores.

Streamlined store opening process
focused on sustainability and profitability...

- ✓ 'Shutter App' backed data driven model of identifying and opening new store locations
- ✓ Each new store would be in a catchment area serving at least **10,000 to 15,000 people**
- ✓ 3-5 personnel per store
- ✓ Stores are **~550 to 600 sqft**, with uniform design, format and layout, which lend to very short lead times between store location identification, set-up and commencement
- ✓ Technology based inventory monitoring

...while maintaining healthy store level economics

Store level break even period	Payback period	High # of non-mature store	
<6 months	INR 0.6mn	<3 years ⁽³⁾	51.6%
EBITDA breakeven period for 75% stores ⁽²⁾	Capital expenditure for each store	Median payback period for mature store ⁽⁴⁾	% of total stores ⁽⁵⁾ with <4 years of operation
SSSG	Sales per store	Steady state store EBITDA	Steady state store ROCE
8.3%	INR15.9mn	11.6%	>60%
FY19-21 compounded average SSSG for mature stores ⁽⁴⁾	FY21 average revenue per store ⁽⁶⁾ vs. INR14.2mn for Apollo Pharmacy ⁽⁷⁾	H1FY22 store level operating EBITDA margin ⁽⁸⁾ for mature stores ⁽⁴⁾	FY21 operating ROCE ⁽⁹⁾ for mature stores ⁽⁴⁾

MedPlus Strategy: Key Pillars

MedPlus+



Growth in existing clusters and develop new clusters

- Significant room for growth in **existing core cities**

Only 6-7% ⁽¹⁾

Pharmacy Retail (Organized) penetration In Tier I, Tier II cities and beyond

- **Further grow in cities where we have market leadership** - first Tier I followed by Tier II and beyond
- **Replicate our leadership** in markets where we have entered but yet to attain market leadership, including Mumbai and Nashik followed by Tier II cities



Increase contribution from omni-channel sales

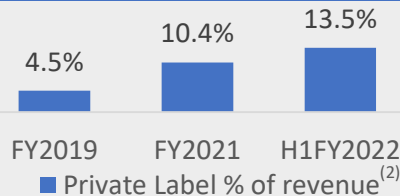
~9.0%

Online % of revenue from operations in FY21

- **Expand our TAM** via omni-channel offering
- Launch of **<2 hour medicine delivery to more locations**
 - Currently in Bangalore and Hyderabad, Kolkata, Pune and Nagpur, expected launch in Chennai and Mumbai by end 2021



Increase share of private label - higher margins



- Increase private label contribution in pharma products, especially in **sub-chronic and chronic ailments**
 - The share of private brands in retail sales is **20-24%** large US retailers such as CVS, Walgreen Boots, Rite Aid
- Increase private label contribution in FMCG products, especially in **nutrition and wellness**
- **Increase SKU mix** of private label products at stores



Increase share of customer wallet

- Generate **customer data insights** to understand customer consumption patterns and preferences, for more targeted **recommendations and marketing efforts**



Continued improvement in operational efficiency

- Continued focus on **cost reduction** throughout the **entire value chain**
- Plan to increase **automation at warehouses**, which would allow us to **optimally utilise our workforce** at our warehouses, **increase efficiencies**, **scale our operations** and **reduce cost**

Source: Technopak Analysis, Company Information

Notes: FY refers to financial year

1. For FY2021 2. Includes trade generics

Strong Corporate Governance, Experienced Management Team Backed By Marquee Investors

Experienced management team



Madhukar Reddy Gangadi
Managing Director
& CEO



Cherukupalli Bhaskar Reddy
COO-Outlet Operations



Surendranath Mantena
COO – Meplus mart



Hemanth Kundavaram
CFO



Parag Jain
Company secretary &
Compliance officer



Venugopal Siripuram
CTO, Optival



Kandasamy Vairaperumal
Head Supply Chain,
Optival



Lakshman Kandarpa
Chief Retail Officer, Optival

A committed board...



Madhukar Reddy Gangadi
Managing Director & CEO

Founded MedPlus and has led its operations since inception



Anish Kumar Saraf
Non-Executive Director

MD at Warburg Pincus India Pvt. Ltd., has 15+ years of experience in investing



Atul Gupta
Non-Executive Director

An investment partner at Premji Invest, he has over 13 years of experience in the investment industry



Murali Sivaraman
Independent Non-Executive Director

He is a Chartered Accountant, a graduate from IIM Ahmedabad



Madhavan Ganesan
Independent Non-Executive Director

Has 34+ years of experience, and served at leadership roles in Reliance, Wipro



Hiroo Mirchandani
Independent Non-Executive Director

An experienced professional in healthcare and consumer sector, sits on boards of multiple companies

...backed by marquee investors

PremjiInvest

- A leading private equity and venture capital investments firm that provides equity & debt financing for early, later and growth stage capital requirements

WARBURG PINCUS

- Lavender Rose, belonging to the Warburg Pincus group, a leading global private equity firm focused on growth investing

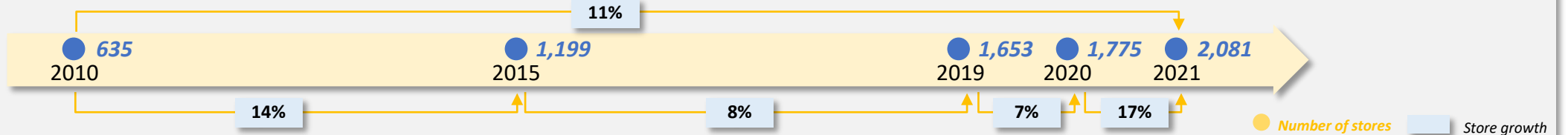


MedPlus journey in numbers

MedPlus Growth Story: In Numbers

Accelerating store growth

MedPlus has accelerated expansion of store network, with the number of stores growing at double digits during the last 10 years



Large white space to fuel growth

47%

MedPlus stores ⁽¹⁾ are in non-metros where Pharmacy Retail (Organized) penetration is only **6-7% ⁽²⁾**

High revenue and EBITDA growth

16%

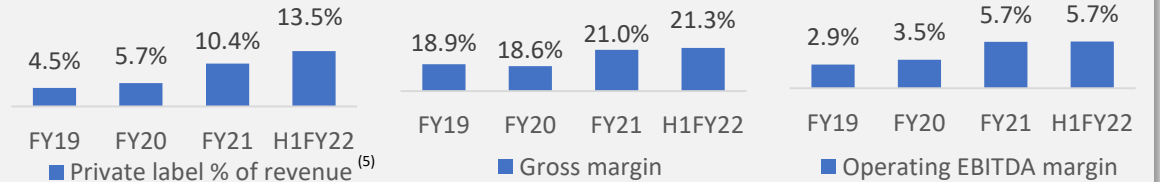
Revenue CAGR⁽³⁾

63%

Operating EBITDA ⁽⁴⁾ CAGR ⁽³⁾

Significant improvement in margin profile

Margins increased significantly on the back of backward integration growing private label sales



Liquidity

Net cash balance sheet

Turned net cash in FY2020

High returns

~27%

Operating ROCE ^(6,10) in FY2021 driven by high operating EBITDA margin

Best-in-class store level economics

SSSG

8.3%

FY19-21 compounded average SSSG for mature stores ⁽⁷⁾

Sales per store

INR15.9mn

FY21 average revenue per store ⁽⁸⁾ vs. INR14.2mn for Apollo Pharmacy ⁽⁹⁾

Steady state store ROCE

>60%

FY21 operating ROCE ⁽¹⁰⁾ for mature stores ⁽⁷⁾

Source: Technopak Analysis, Primary Research, Secondary Research, Company Filings, Company information

Note: FY refers to financial year

- Based on number of stores as of 31 March 2021
- For FY2021
- For FY19-21
- EBITDA plus Employees stock option compensation expenses and Net loss on fair value changes, minus interest income minus rental expenses.
- Includes trade generics
- Operating EBIT (=Operating EBITDA minus Depreciation and amortisation expense, plus amortisation of right of use assets) divided by average capital employed (=Total Equity attributable to the owners of the Company plus borrowing minus cash and cash equivalents and bank balances).
- For FY2021, 2020 and 2019, mature stores are defined as stores that were opened by end of FY2017, 2016, and 2015 respectively
- Average revenue per store computed as revenue for the financial year divided by average store count for the financial year (Average store count for the year = Store count at the beginning of the year + Store count at the end of year)/2)
- Calculated without taking into consideration the restructuring that the company undertook in September 2020
- (Store Level Operating EBITDA for Mature Stores minus depreciation of capital expenditure incurred for these stores) divided by capital employed for Mature Stores. Capital employed for Mature Stores is computed as store level inventory for Mature Stores at the end of the year + capital expenditure incurred for Mature Stores + security deposit paid for these stores.
- Annualized figure; calculated as 2 times the half-yearly operating ROCE of 13.4%

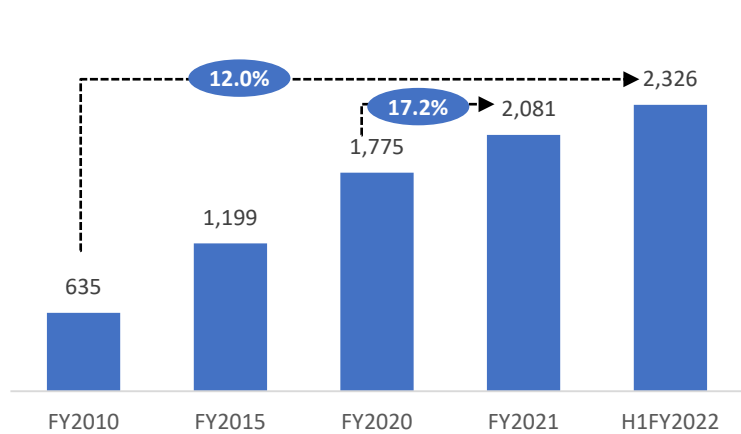


Appendix

MedPlus Growth Story: Key Financial And Operational Metrics

Number of stores ⁽¹⁾

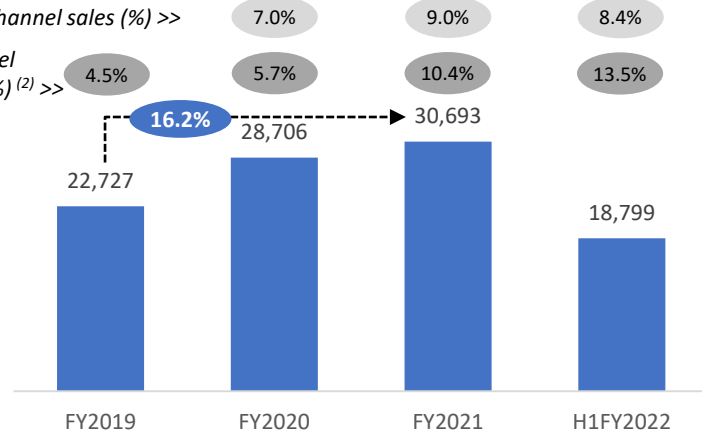
(in #)



Revenue

(in INR mn)

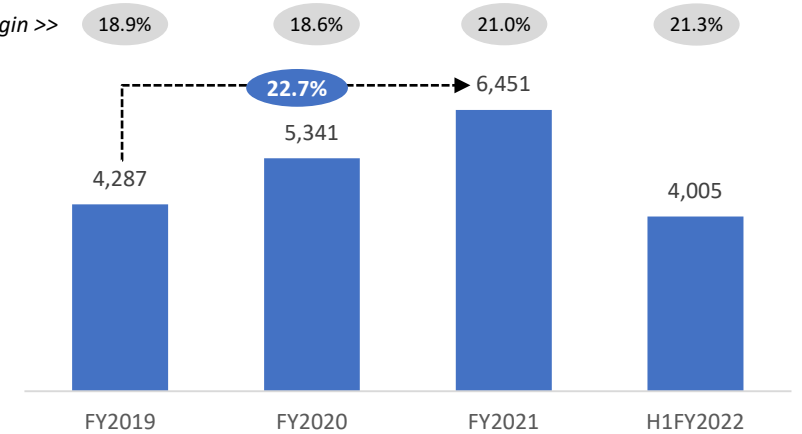
Omni-channel sales (%) >> 7.0%
Pvt Label sales (%) ⁽²⁾ >> 4.5%



Gross Profits

(in INR mn)

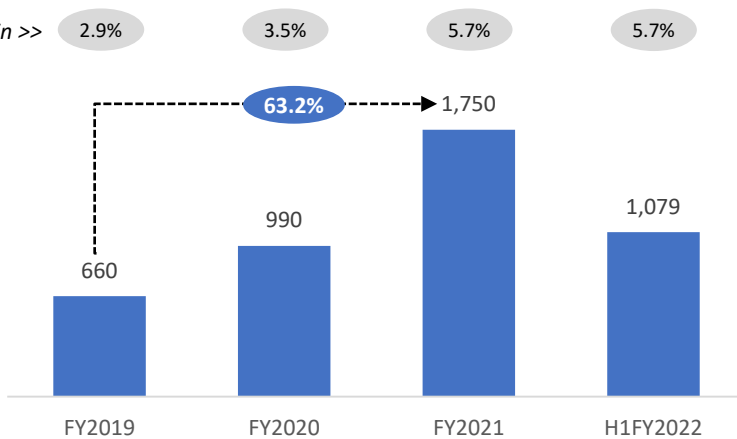
Margin >> 18.9%



Operating EBITDA ⁽³⁾

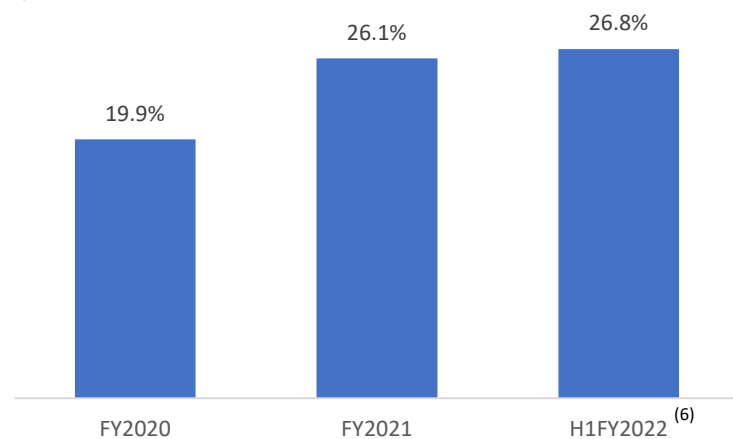
(in INR mn)

Margin >> 2.9%



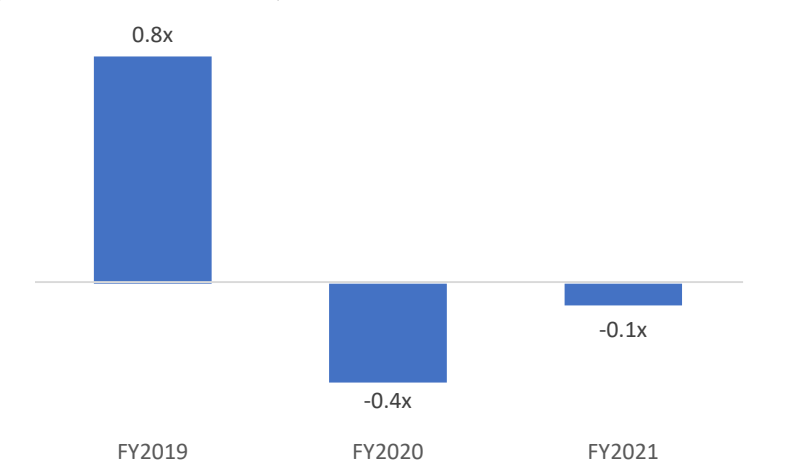
Operating RoCE ⁽⁴⁾

(in %)



Leverage

(Net Debt ⁽⁵⁾ / EBITDA, in no. of times)



Source: Company information

Note: FY refers to financial year

1. End of period numbers
2. Includes trade generics
3. EBITDA plus Employees stock option compensation expenses and Net loss on fair value changes, minus interest income minus rental expenses.
4. Operating EBIT divided by average capital employed. Operating EBIT is calculated as Operating EBITDA minus Depreciation and amortisation expense, plus amortisation of right of use assets. Capital employed is calculated as Total Equity attributable to the owners of the Company plus borrowing minus cash and cash equivalents and bank balances.
5. Excludes lease liabilities
6. Annualized figure; calculated as 2 times the half-yearly operating ROCE of 13.4%

Detailed Financials (Income Statement)

All numbers in INR mn, unless noted otherwise

	Particulars	FY2019	FY2020	FY2021	H1FY2022	CAGR (FY2019-21)
A	Revenue from operations	22,727	28,706	30,693	18,799	16.2%
	YoY growth (%)		26.3%	6.9%		
	Cost of Goods sold	(18,714)	(25,807)	(25,214)	(15,297)	
	Cost of materials consumed	(17)	(39)	(82)	(74)	
	Increase in inventories of finished goods and work in progress	290	2,480	1,054	577	
B	Gross Profit	4,287	5,341	6,451	4,005	22.7%
	Gross Margin (%)	18.9%	18.6%	21.0%	21.3%	
C	Employee benefit expenses	(2,114)	(2,724)	(3,387)	(1,798)	
	Finance Costs	(500)	(468)	(548)	(313)	
	Depreciation and amortisation expense	(586)	(748)	(883)	(548)	
	Net loss on fair value changes	0	(323)	0	0	
	Other expenses	(982)	(957)	(898)	(620)	
	Other income	122	173	215	110	
	Profit before Tax	228	294	951	836	104.4%
	Tax expenses					
	Current tax including taxes relating to earlier years amounting to Rs.(0.05 millions) (31 March 2020: Rs.(23.28) millions, 31 March 2019: Rs.5.12 millions)	119	173	307	206	
	Deferred tax	(11)	103	13	(34)	
	Total Tax expenses	108	276	320	172	
	Profit for the year	119	18	631	664	130.1%
D	Normalized Profit for the year ⁽¹⁾	119	341	1,031	664	194.0%
	Normalized PAT Margin (%)	0.5%	1.2%	3.4%	3.5%	

- A**
- MedPlus' recorded a revenue CAGR of 16% from FY19-21
 - The growth was driven by both opening of new stores, as well as strong SSSG of 8.3%

- B**
- MedPlus' gross margin improved by 241 bps to 21.0% in FY21 from 18.6% in FY20

- C**
- Employee expenses for MedPlus grew at 26.6% CAGR over FY19-21
 - This growth is mainly driven by hiring of new employees for the new stores
 - In FY21, MedPlus also recorded an ESOP expense of INR 400mn

- D**
- Normalized PAT for the company grew at a CAGR of 194% over FY19-21
 - Normalized profit margin increased by 283bps over FY19-21, from 0.5% in FY19 to 3.4% in FY21

Note: FY refers to financial year ending 31st March

1. Excludes one-time ESOP expense of INR 399.6mn for FY2021, and Net loss on fair value changes of INR 323mn for FY2020

Detailed Financials (Balance Sheet)

All numbers in INR mn, unless noted otherwise

	FY2019	FY2020	FY2021	H1FY2022
ASSETS				
Non-current Assets				
Property, Plant and Equipment	470	598	872	1,075
Capital work-in-progress	14	28	55	78
Goodwill	415	415	415	415
Other Intangible assets	12	18	38	46
Intangible assets under development		22		6
Right-of-Use Asset	2,877	3,164	3,849	4,643
Financial assets				
Loans				
Others	392	473	551	614
Deferred tax assets (net)	498	402	386	414
Non-current tax assets	159	156	119	127
Other non-current assets (net)	52	55	141	171
Total Non-current Assets	4,890	5,329	6,426	7,588
Current Assets				
Inventories	3,941	6,436	7,500	8,100
Current Investments		3	0	0
Financial Assets				
Trade receivables	88	64	54	72
Cash and cash equivalents	251	1,139	1,068	257
Bank balances other than above	248	268	118	704
Others	88	109	360	436
Other current assets	83	140	132	309
Total Current Assets	4,697	8,158	9,231	9,877
Total Assets	9,587	13,487	15,657	17,465

	FY2019	FY2020	FY2021	H1FY2022
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	2	2	4	64
Other equity	2,911	5,276	7,301	7,945
Equity attributable to owners of the company	2,913	5,278	7,306	8,010
Non controlling Interest	0	13	6	0
Total equity	2,914	5,291	7,311	8,010
LIABILITIES				
Non current Liabilities				
Financial liabilities				
Borrowings				
Lease Liability	2,840	3,193	4,001	4,624
Other financial liabilities	26	14	12	11
Deferred tax Liability(net)	0			
Provisions	82	177	184	177
Total Non-current Liabilities	2,948	3,385	4,196	4,812
Current Liabilities				
Financial liabilities				
Borrowings	1,044	1,051	1,352	567
Trade payables				
Dues of micro enterprises and small enterprises	4	15	2	8
Dues of creditors other than micro and small enterprises	1,577	2,327	1,479	2,227
Lease Liability	401	529	549	800
Other financial liabilities	267	437	373	551
Other current Liabilities	109	127	109	169
Provisions	120	171	195	187
Deferred revenue	200	130	82	75
Current tax liabilities(net)	4	24	8	58
Total Current Liabilities	3,725	4,811	4,149	4,643
Total Liabilities	6,674	8,196	8,346	9,455
Total Equity and Liabilities	9,587	13,487	15,657	17,465

Inventory days increased from 63 days in FY19 to 89 days in FY21

Payable days reduced slightly from 25 days in FY19 to 18 days in FY21

Note: FY refers to financial year ending 31st March

Detailed Financials (Cash Flow Statement)

All numbers in INR mn, unless noted otherwise

	FY2019	FY2020	FY2021	H1FY2022
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Profit before tax	228	294	951	836
Adjustments ⁽¹⁾	1,175	1,554	1,774	906
Operating profit before working capital changes	1,403	1,848	2,725	1,741
Movements in working capital:				
(Increase) in inventories	(308)	(2,495)	(1,064)	(601)
(Increase) in non-current financial assets	(20)	(98)	(101)	(65)
(Increase) in current financial assets	(24)	(20)	(242)	(91)
Decrease/(increase) in other assets	15	(59)	7	(155)
(Decrease)/increase in current financial liabilities	471	913	(911)	877
(Decrease)/increase in other current liabilities	69	48	(17)	60
(Decrease) in provisions	(14)	(54)	(81)	(38)
Income tax paid (net)	(125)	(149)	(287)	(163)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	1,467	(66)	29	1,565
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment and intangibles including capital work-in-progress and capital advances	(218)	(302)	(543)	(449)
Proceeds from sale of property, plant and equipment	1	1	2	33
Proceeds from sale of investments	-	-	2	-
Acquisition of subsidiary, net of cash and cash equivalents	-	(9)	-	-
Proceeds from/(Investment in) bank deposits (net)	(13)	(20)	150	(586)
Interest received	36	54	43	16
NET CASH USED IN INVESTING ACTIVITIES	(193)	(276)	(345)	(985)
(C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of equity shares/equity shares under ESOP	-	7	-	5
Proceeds from issue of Compulsorily Convertible Preference Shares	-	2,038	980	-
Payment of Lease liabilities	(647)	(756)	(953)	(584)
Repayment of long term borrowings	(80)	-	-	-
Proceeds from/(repayments) of short term borrowings	40	(325)	-	-
Interest paid	(141)	(66)	(83)	(27)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(828)	898	(56)	(606)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	445	557	(373)	(27)
Cash and cash equivalents at the beginning of the year - as per Ind AS	(913)	(468)	89	(284)
Cash and cash equivalents at the end of the year - as per Ind AS	(468)	89	(284)	(311)
Cash credit from bank	719	1,051	1,352	567
Cash and cash equivalents at the end of the year - Balance Sheet	251	1,139	1,068	257

Note: 1. Includes adjustments arising from Depreciation of property, plant and equipment, Amortisation of intangible assets, Amortisation on right-of-use Assets, Provision for gratuity and leave benefits, Provision for doubtful debts, deposits and advances, Finance costs, Interest on lease liability, Loss on sale/ discard of fixed assets, Advances/debts written off, Interest income, Employees stock option compensation expenses, Net loss on fair value changes, Deferred revenue, Gain on de-recognition of Right-of-use assets, Estimated future loss on sales returns, and Liabilities no longer required written back

A

- Cash flow from operations in FY20 was negatively impacted by a 2x increase in inventories
- Cash flow from operations in FY21 was negatively impacted by a decrease in payables

B

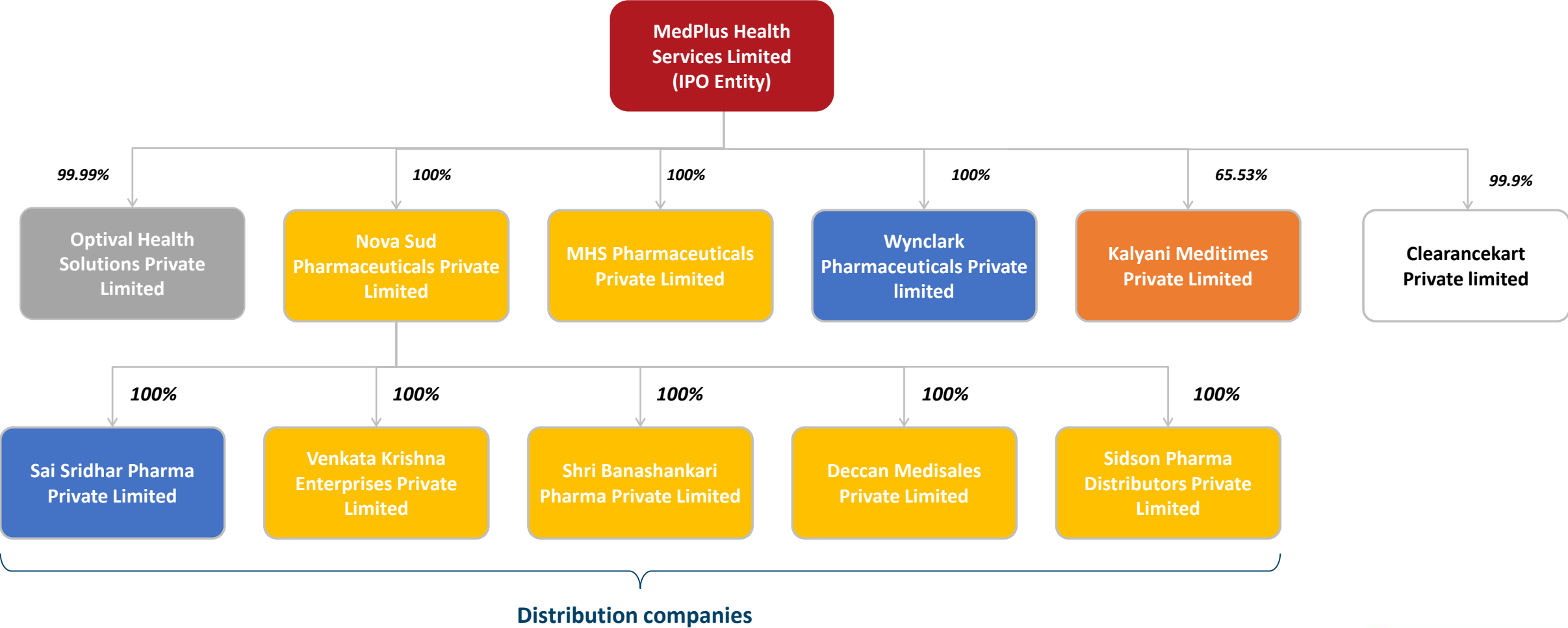
- Cash flow from investments are mainly driven by the addition of new stores

C

- The positive cash flows represent the investments from Premji Invest and Lavender Rose, belonging to the Warburg Pincus Group

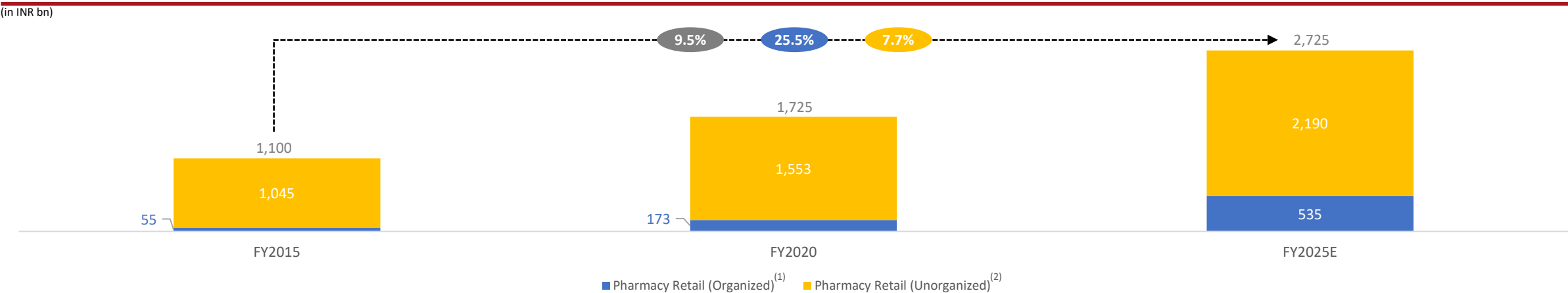
Legal and Corporate Entity Structure

MedPlus has a **fully integrated value chain** that leads to **reduced margin leakage**

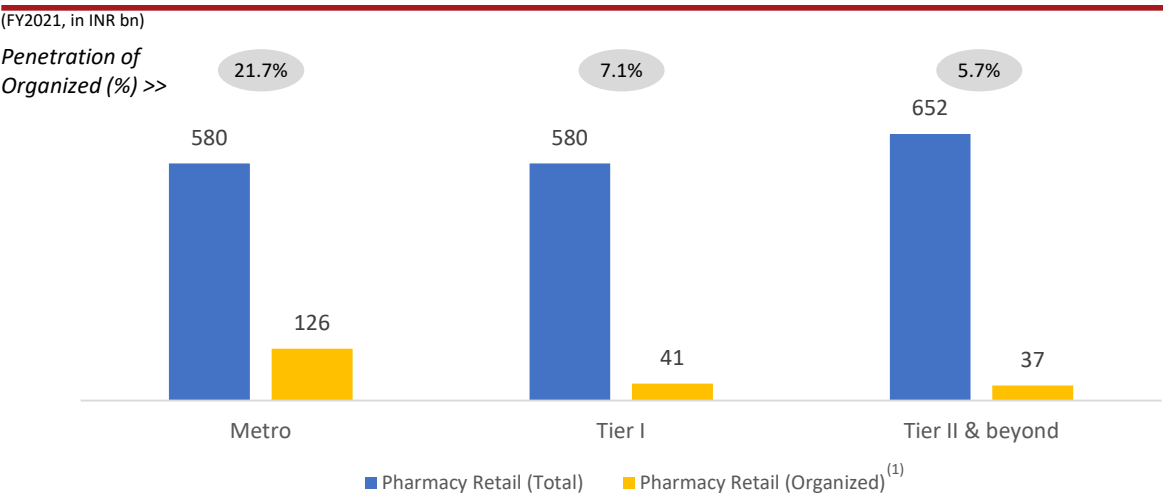


Industry Overview

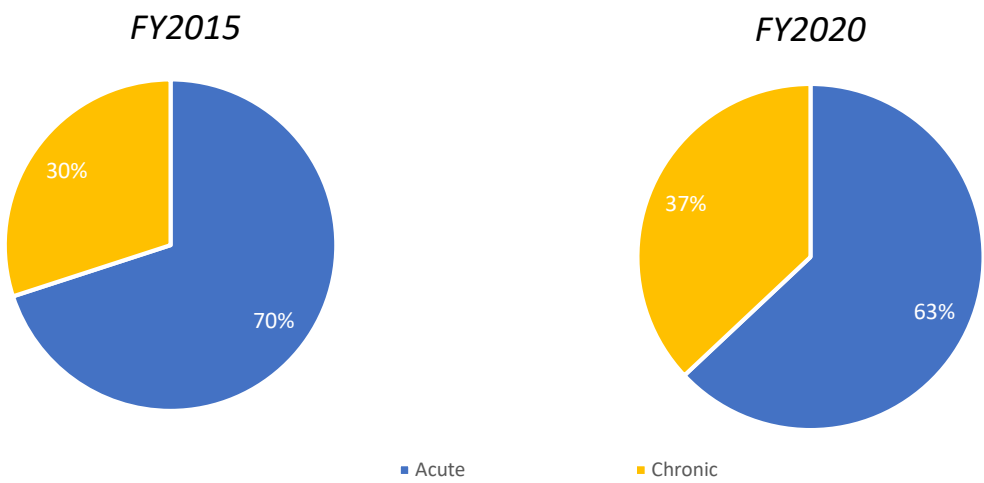
Pharmacy Retail Market



Pharmacy Retail Market – city type-wise split



Domestic Pharmacy Market – therapy-wise split

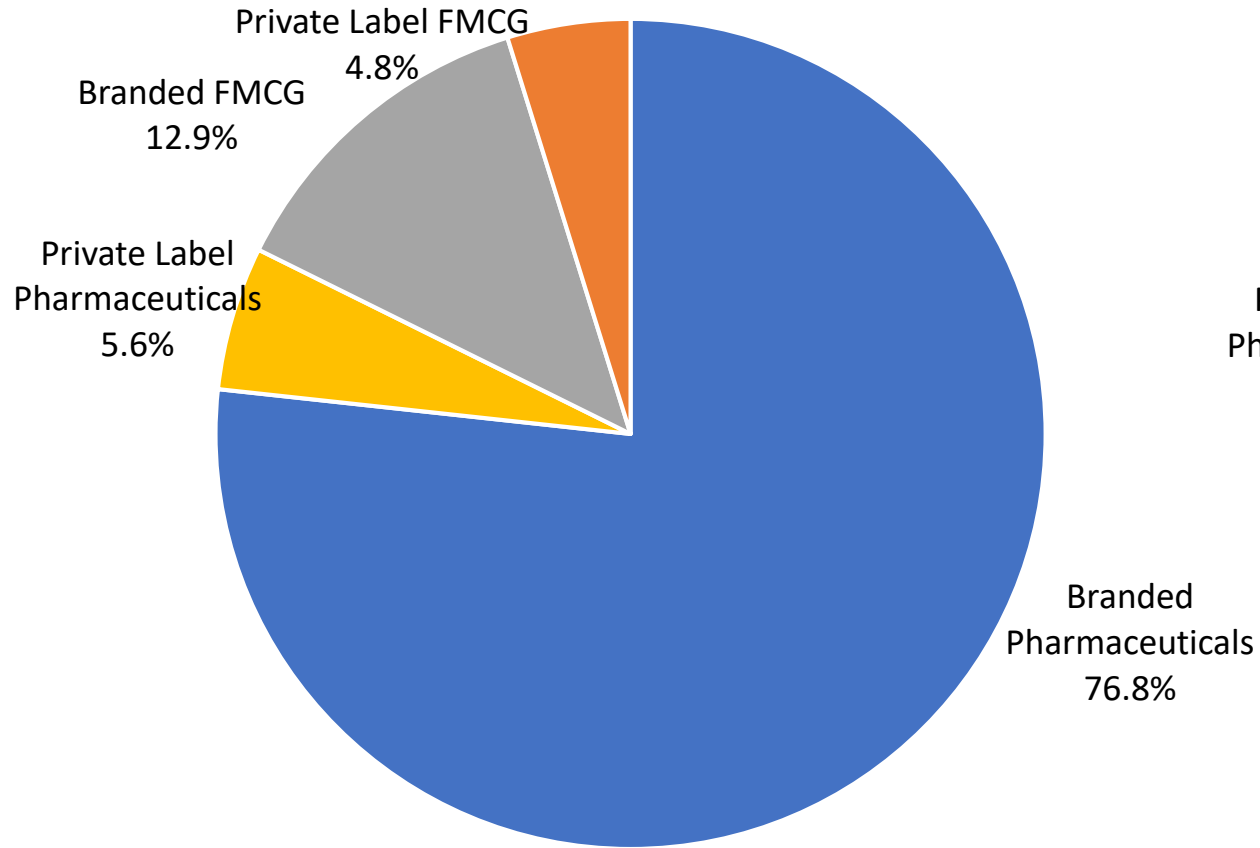


Source: Technopak Research

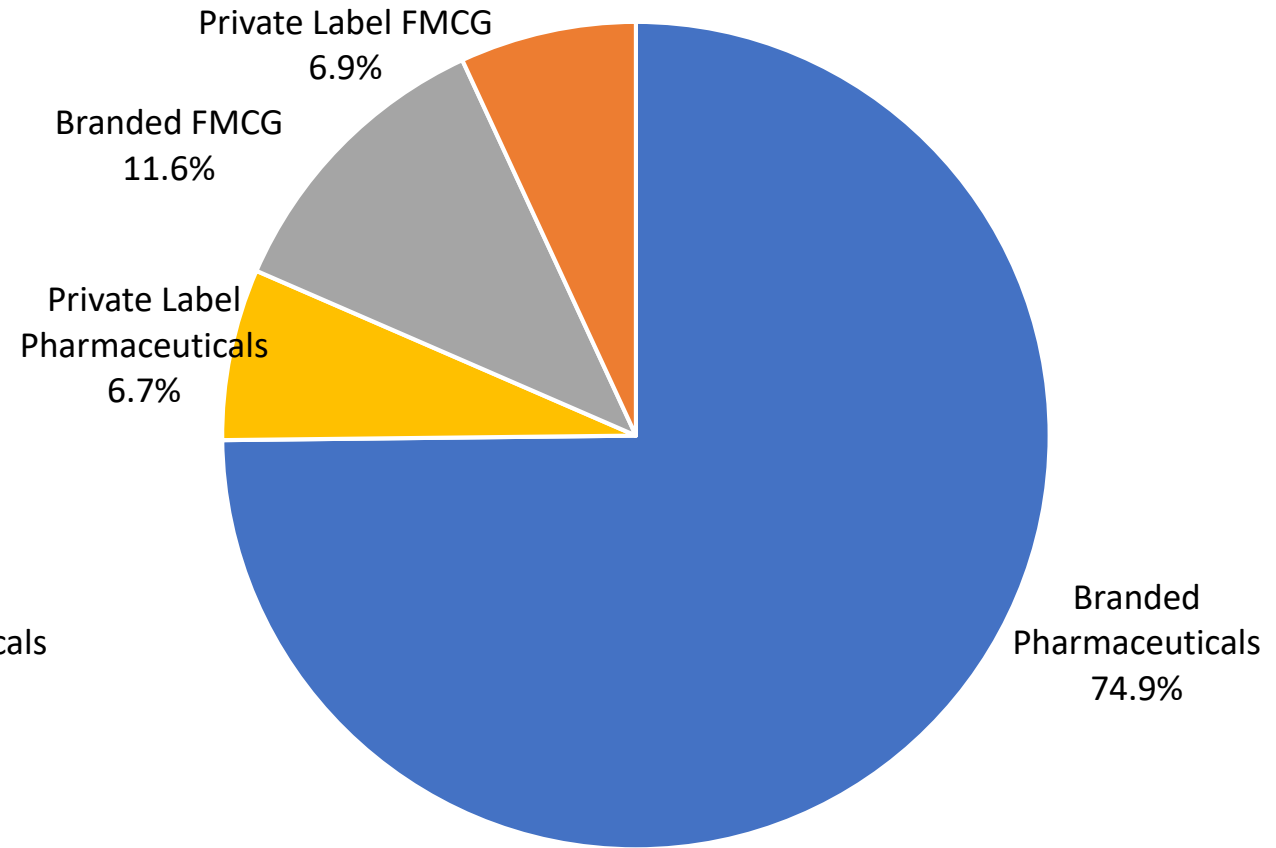
Notes: FY refers to financial year

1. Refers to Modern Retail channels that include E-commerce (which further includes Omni-Channel Players, and Online only players), and Brick & Mortar stores. E-commerce includes digitally (voice and data) enabled sales by Brick chains and sales by online only players
2. Refers to Traditional Retail

MedPlus Business Mix (FY2021 & H1FY2022)



FY2021 Revenue from Sale of Goods: INR 30,485mn



H1FY2022 Revenue from Sale of Goods: INR 18,630mn



Thank you