

Earnings Presentation

Q1 FY 23

Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

Table of Contents



Q1FY-23
HIGHLIGHTS



BUSINESS OVERVIEW



CAPABILITIES



FINANCIALS



OUTLOOK



Q1FY-23 HIGHLIGHTS

SUCHETH DAVULURI



"We had a volatile quarter in which the GDS business saw a decline in revenue as the Prime segment performed below par and impacted EBITDA margins by around 300 bps. However, we witnessed an improved business mix as we saw GDS Specialty revenues from customer launches and pipeline products. We expect the shift in the portfolio to continue and deliver annual performance in line with our plans."

SAHARSH DAVULURI



"Although the CMS segment saw delays arising from technical complexities, we see promising growth ahead backed by addition of new projects. Our focus internally is on execution excellence and optimization of costs to ensure mitigation against external events. We remain optimistic that our overall business will grow in line with our long-term plans and reflect higher margins due to our focus on delivering challenging projects in line with our clients' technical needs. "

Q1 FY23



Business Highlights

- ❖ In Prime segment Levofloxacin, Ciprofloxacin, Mirtazapine and Labetalol performed well
- ❖ Specialty had a decent growth quarter with revenues coming from Donepezil, Salmeterol, Apixaban and Paliperidone Palmitate
- ❖ CMS revenues driven by two baseline products as well as products in various phases of development



Financial Highlights

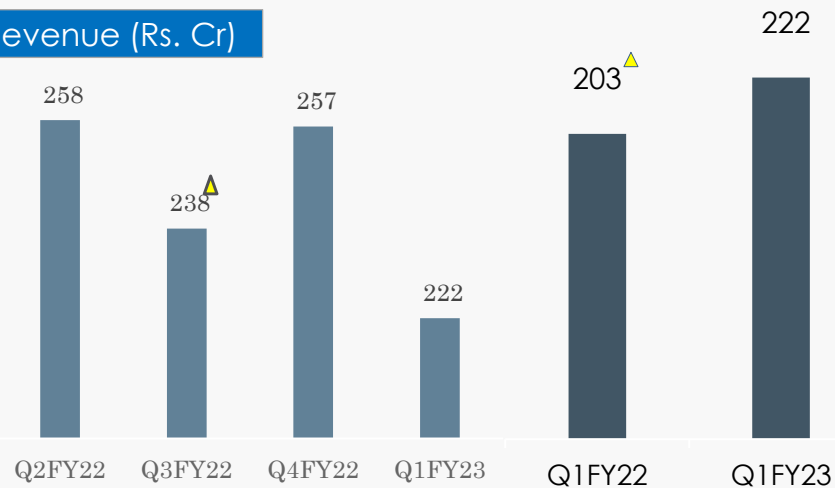
- ❖ Total income was Rs. 221.7 crore in Q1FY23, an increase of 9.2% YoY
- ❖ EBITDA margin decreased by 50 bps from 13.6% to **13.1%** in Q1FY23 due to
 - Increase in input prices, shipping costs and logistics issues
- ❖ PAT increased by 13.8% to Rs. 9.8 crores.

Profit & Loss Snapshot (Standalone)

Particulars (Rs. Cr)	Q1FY23	Q4FY22	QoQ (%)	Q1FY22	YoY (%)
Total Income	221.7	256.5	(13.6)%	202.9	9.2 %
EBITDA	29.0	39.3	(26.3)%	27.7	4.8%
<i>EBITDA Margin</i>	13.1%	15.3%	(220) Bps	13.6%	(50) Bps
Profit Before Tax	13.3	24.1	(44.7)%	12.0	11.2%
<i>Profit Before Tax Margin</i>	6.0%	9.4%	(340) Bps	5.9%	10 bps
Profit After Tax	9.8	21.8	(54.9)%	8.6	13.8%
<i>Profit After Tax Margin</i>	4.4%	8.5%	(410) Bps	4.3%	10 Bps
Earnings Per Share (Rs.)	7.7	17.0	(54.9)%	6.7	13.8%

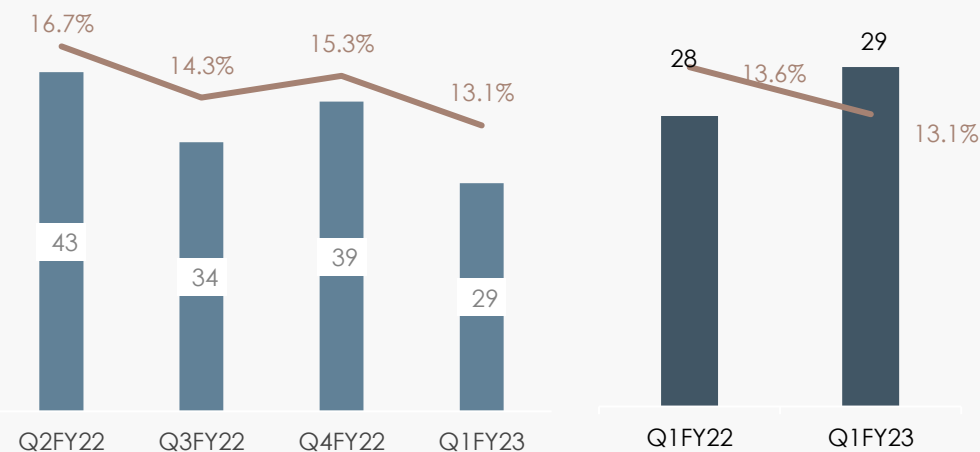
Financials (standalone)

Revenue (Rs. Cr)

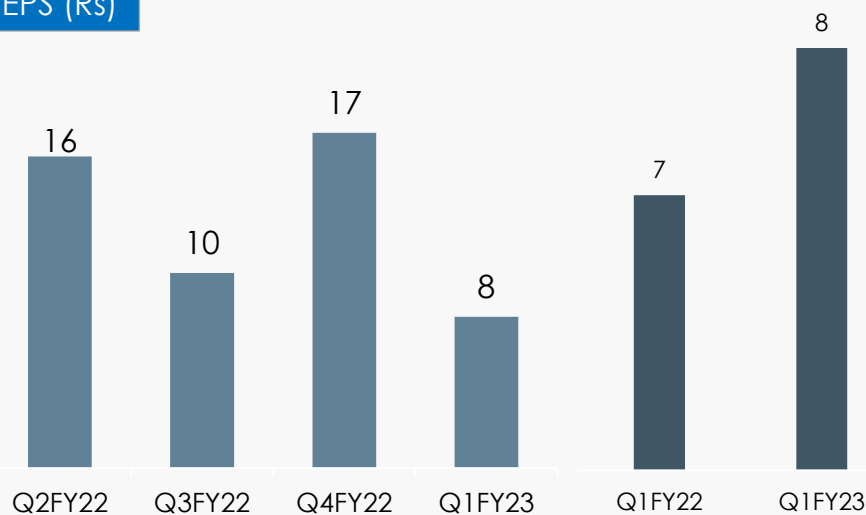


▲ Certain items classified as revenue in Q1 & Q3 have been reclassified as expenses to the tune of Rs. 2.8 Cr

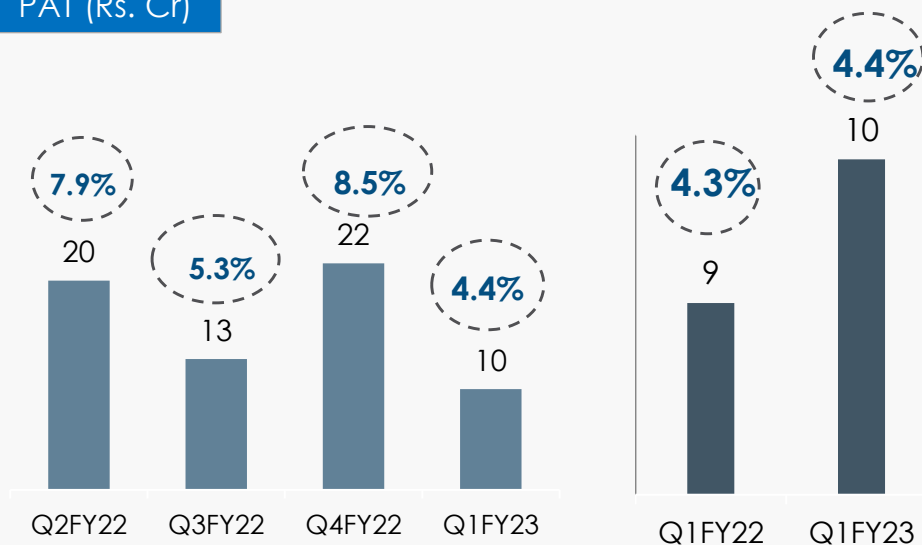
EBITDA (Rs. Cr) and EBITDA Margin (%)



EPS (Rs)



PAT (Rs. Cr)



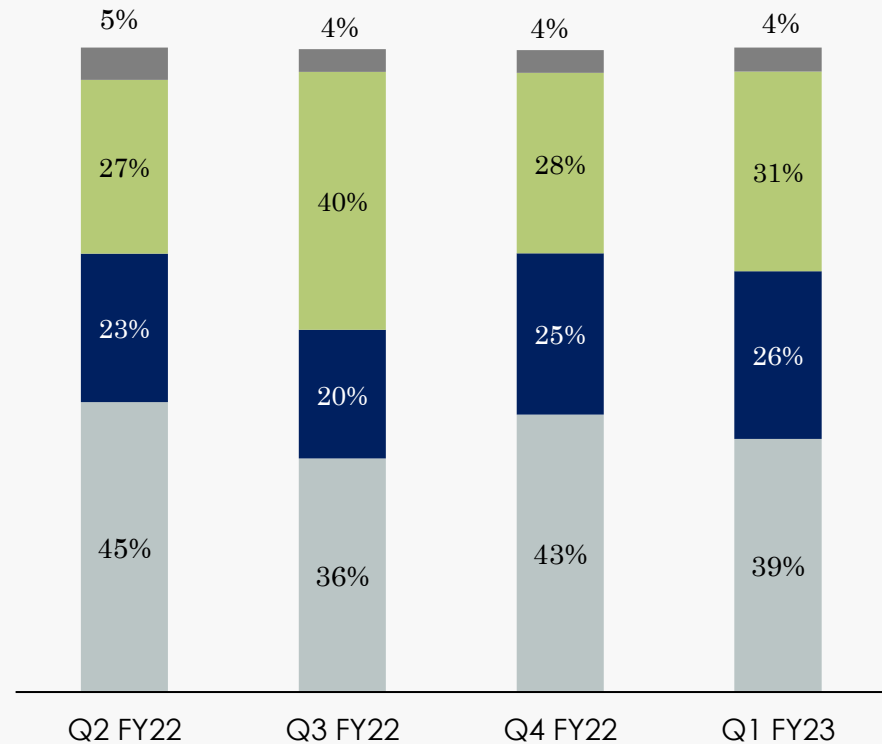
* FY21 Total Income included other income of Rs. 13.09 crores towards profit on sale of investment property

Key Operating Metrics

YoY Analysis



Quarter on Quarter Movement

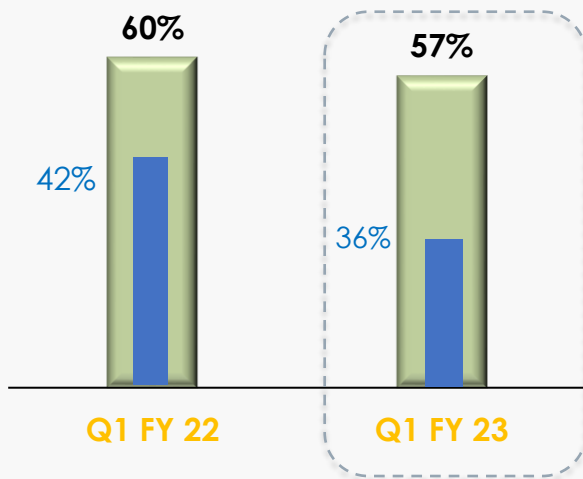


□ Prime ■ Specialty ■ CMS ■ Others

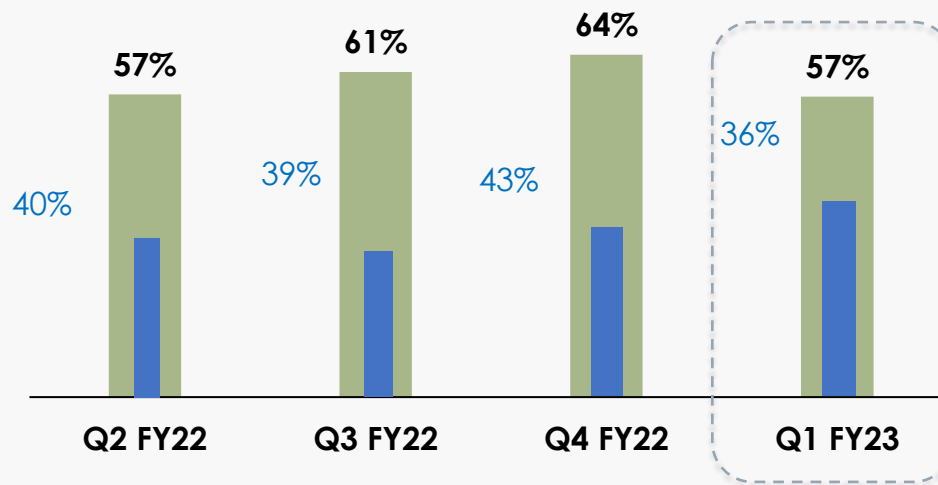
Business Salience (Overall Company)

PRODUCT

YoY Analysis



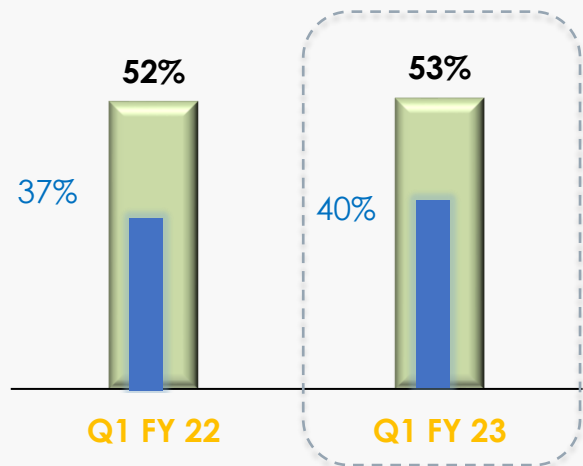
QoQ Movement



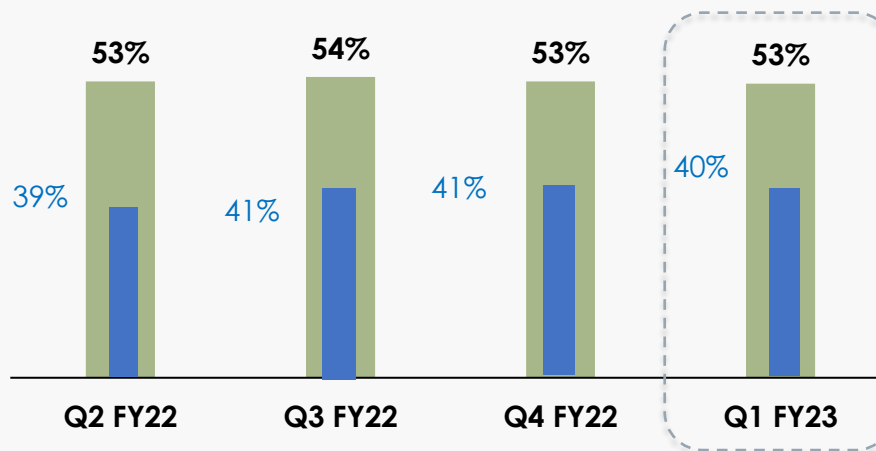
TOP 10
TOP 5
% of Total revenue

CUSTOMER

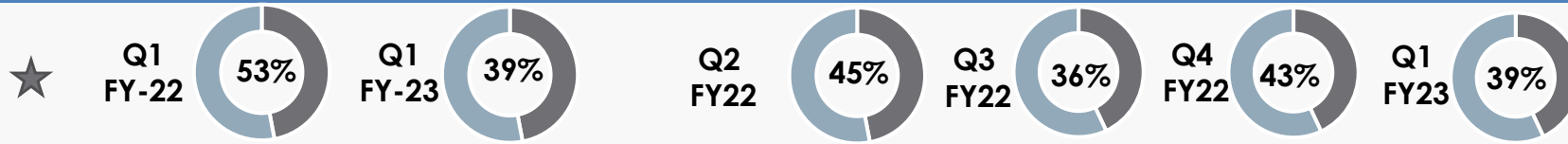
YoY Analysis



QoQ Movement

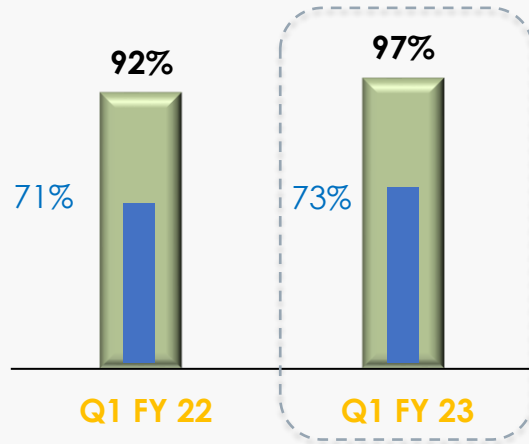


Business Salience (Prime)

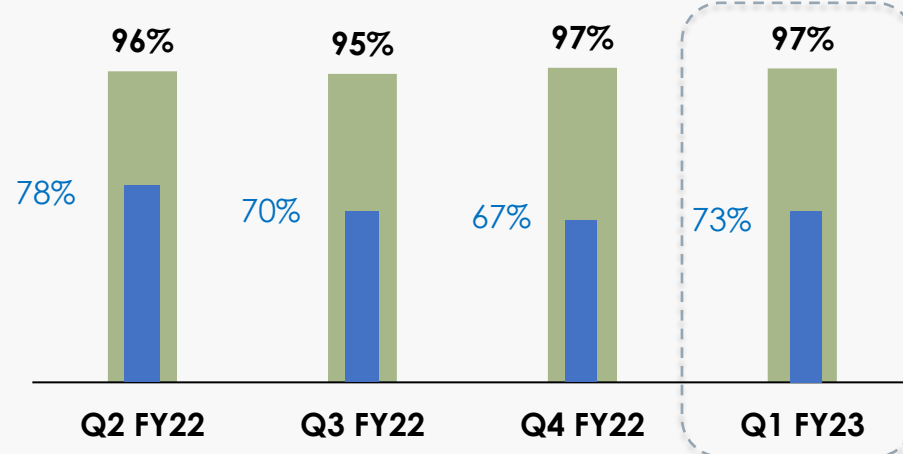


PRODUCT

YoY Analysis



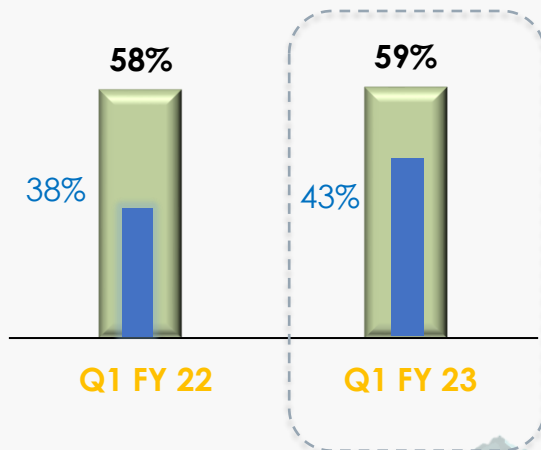
QoQ Movement



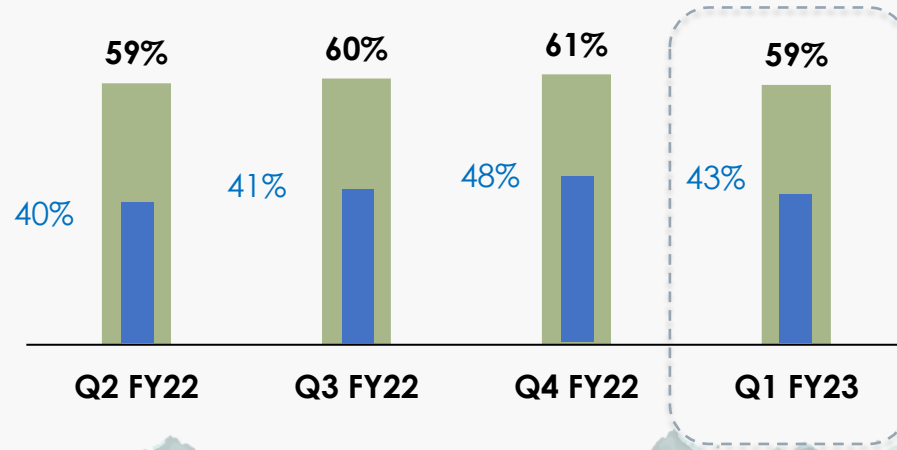
TOP 10
TOP 5
(of Prime revenue)

CUSTOMER

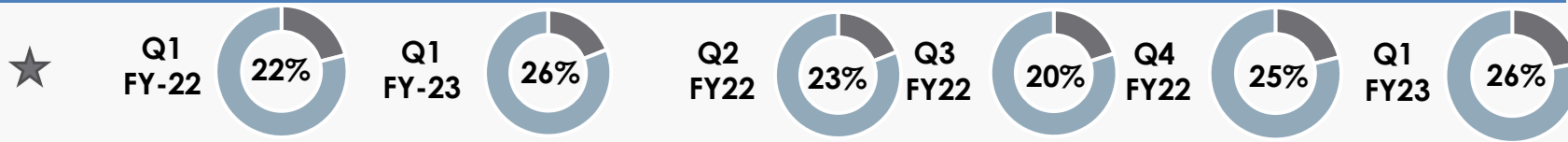
YoY Analysis



QoQ Movement

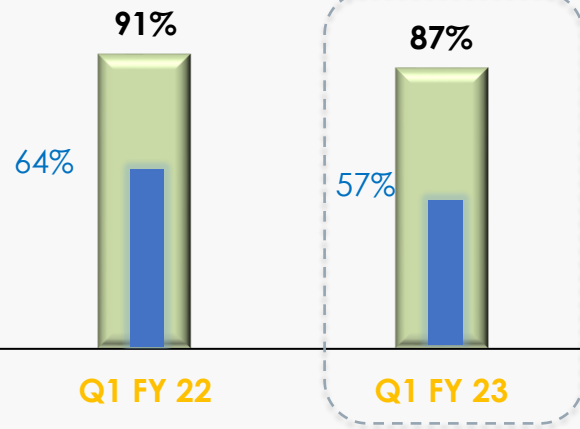


Business Salience (Specialty)

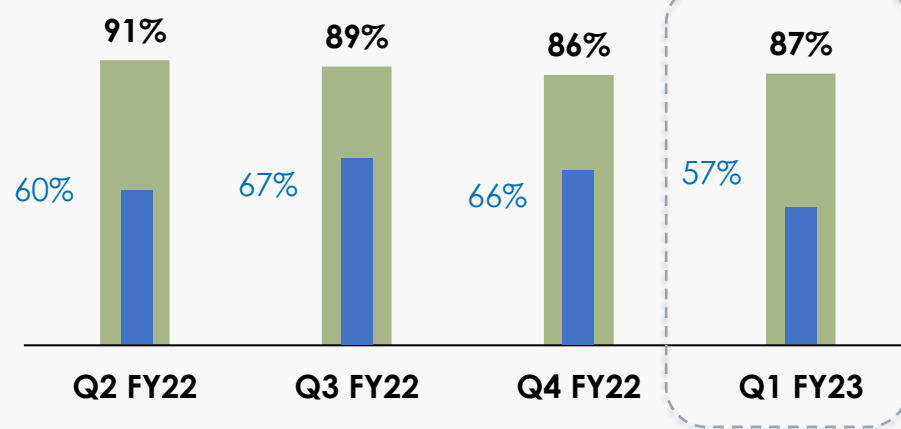


PRODUCT

YoY Analysis



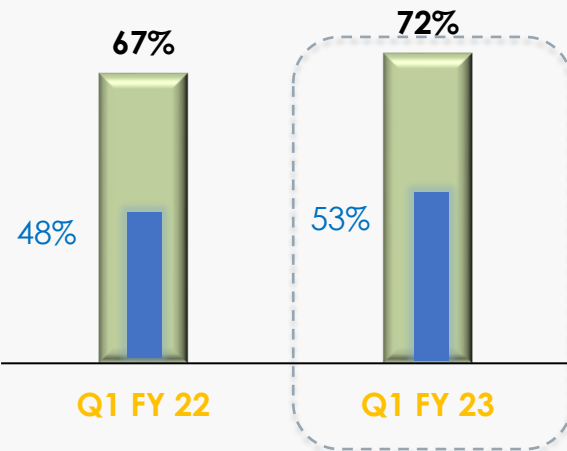
QoQ Movement



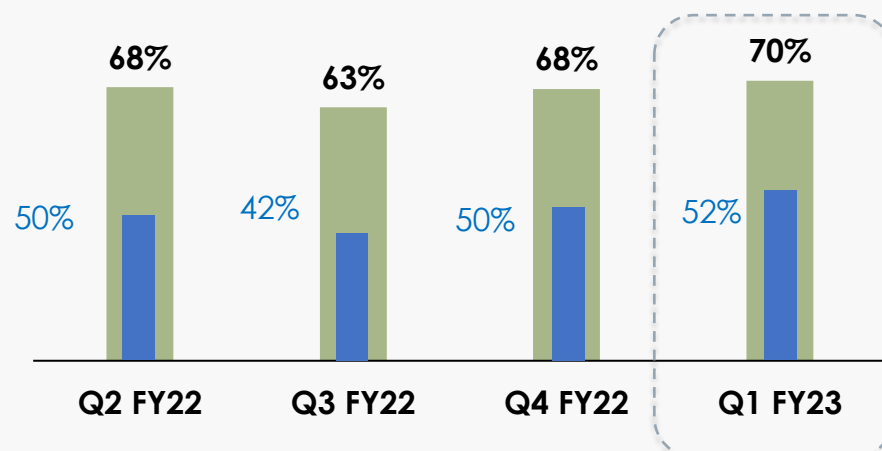
TOP 10
TOP 5
(of Specialty Revenue)

CUSTOMER

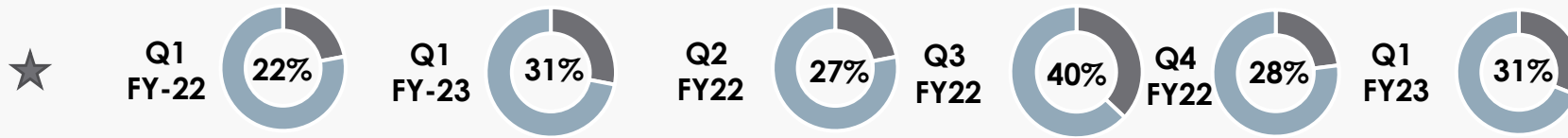
YoY Analysis



QoQ Movement

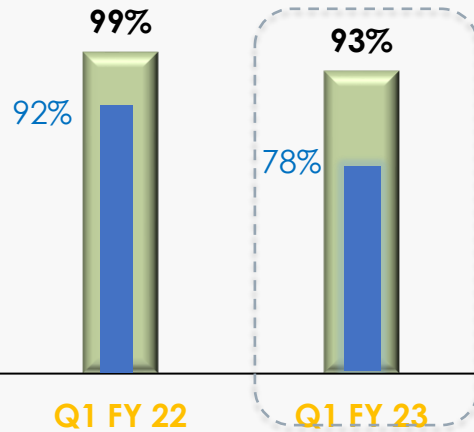


Business Salience (CMS)

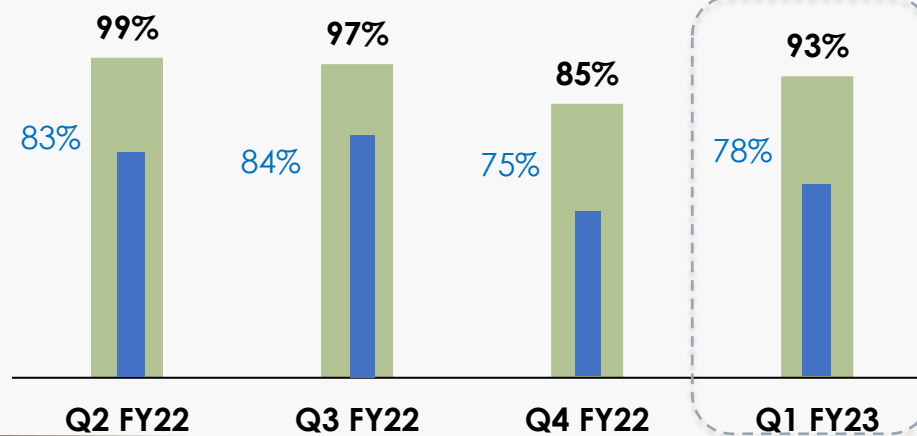


PRODUCT

YoY Analysis



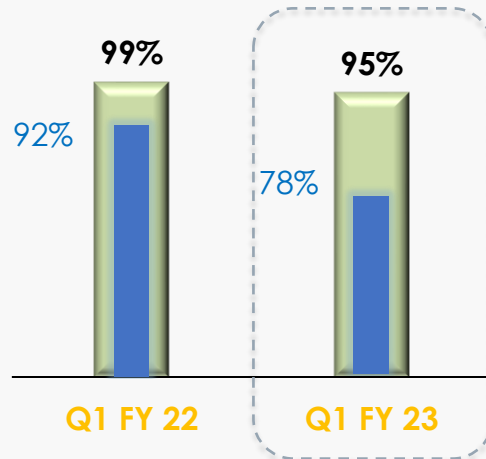
QoQ Movement



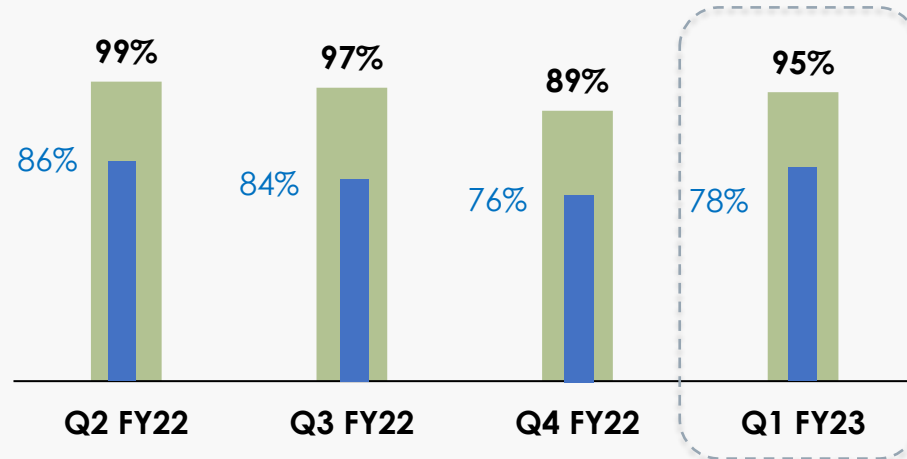
TOP 10
TOP 5
(of CMS revenue)

CUSTOMER

YoY Analysis



QoQ Movement

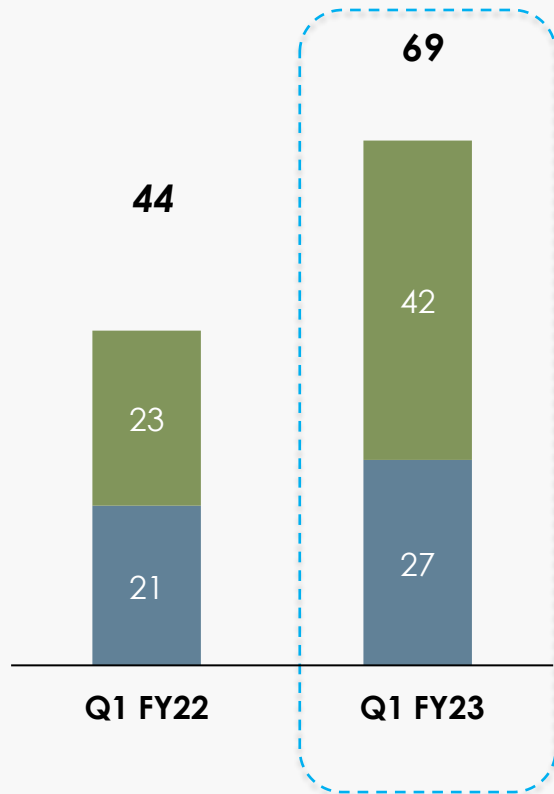


Key Operating Metrics – CMS Revenue Split

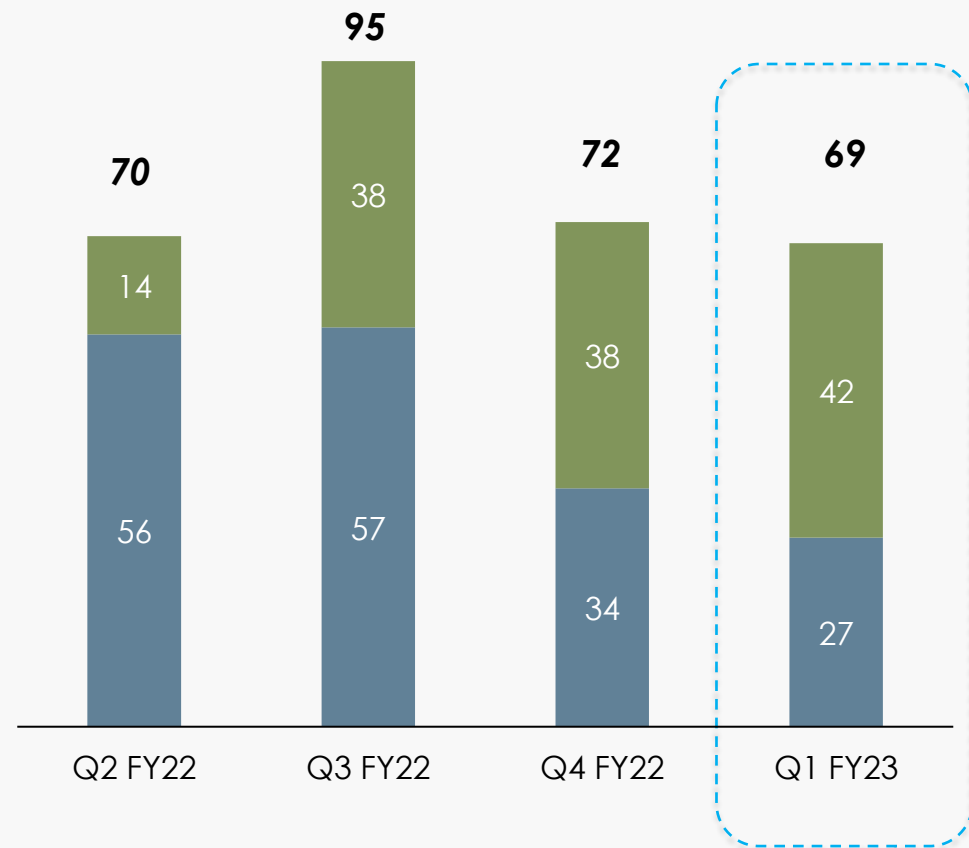
Rs. In Cr

■ Commercial ■ Development

YoY Analysis



Quarter on Quarter Movement



Number of Active CMS Projects

Q1 FY23	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	16	4	7	7	7	9	50
Intermediate	7	5	2	0	8	12	34
Grand Total	23	9	9	7	15	21	84

Q1 FY22	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	15	3	7	3	12	6	46
Intermediate	7	4	2	0	8	11	32
Grand Total	22	7	9	3	20	17	78

Q1 FY21	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	12	4	5	4	9	6	40
Intermediate	7	4	2	6	8	9	36
Grand Total	19	8	7	10	17	15	76

Q1 FY20	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	10	4	5	4	5	6	34
Intermediate	1	3	1	5	9	10	29
Grand Total	11	7	6	9	14	16	63



BUSINESS OVERVIEW

Our Journey – Key Milestones



Successfully
cleared 15
USFDA
inspections.

Multiple audits
passed with
no major
observations

Laying Strong Foundation 1984 - 2003

Deepening Our Capabilities 2004 - 2012

Increased Sustainable Growth 2013 - Today

1984

Incorporated

1986

First API sale of
Salbutamol
Sulphate /
Albuterol Sulphate

1994

Neuland
goes public

1997

First
US FDA Audit

2004

USA
Operation

2007

Japan
Subsidiary

2008

R&D Centre
established; EDQM
Audit of Unit-1

2009

PMDA, Japan
Approval
First NCE
Approval

2013

Strategic
alignment of
business
towards niche
API's & Custom
Manufacturing
Solutions

2015

10th
US FDA Audit

2016

R&D Facility
approved by US
FDA

2017

Among first 3
API facilities in
India to be
audited by
CFDA (Unit-1)
EDQM
Audit of Unit-2

2018

Acquisition of
advanced
intermediates
& API Facility

2019

Increased flow of
projects from
CMS Japan
Active emphasis
on supply chain
de-risking

2020

100 Mn+
Revenue over
75 Live CMS
Projects 15th
US FDA Audit of
Unit-2

2021

Unit - 3
Commercializat
ion 271 KL
Reaction
volume

Generic Drug Substance (GDS)

We started as a Prime API manufacturer...

..Added Speciality molecules for complex products..



Capability

- ✓ 3 US FDA and EU GMP compliant manufacturing facilities
- ✓ Collective capacity: ~860 KL



Business Approach

- ✓ Work on molecules either with a business leadership approach or partnership with client
- ✓ Ensure uninterrupted supply with quality commitment



Strategy Forward

- ✓ Maintain leadership position in key molecules
- ✓ Work on process optimization to improve yields, productivity and thus margins



Capability

- ✓ High end complex chemistry capabilities
- ✓ Backend support by R&D department
- ✓ Experience of hurdle free scale up



Business Approach

- ✓ Work with leading companies and help them to meet their technical requirements while being competitive



Strategy Forward

- ✓ Focus on niche APIs with complex chemistry
- ✓ File IP for non infringing processes

Robust manufacturing base placed on the foundation of quality and pureplay API commitment

On path to being a preferred partner in CMS..



Services

- ✓ Manufacturing API to customer specifications
- ✓ Designing and developing manufacturing processes
- ✓ Process optimization for competitiveness
- ✓ Complete CMC partner for the API
- ✓ Patent protection for processes



Business Approach

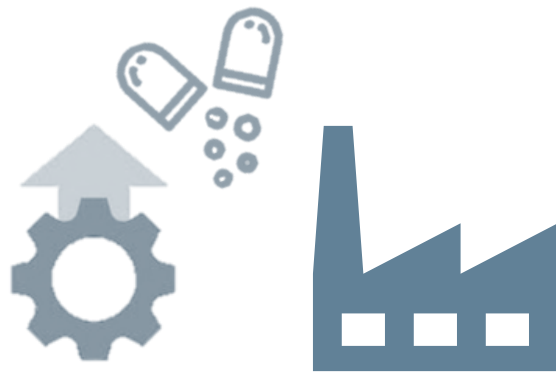
- ✓ Local presence in US, Europe and Japan with technical as well as commercial employees
- ✓ Consultative approach on customer relationships
- ✓ Business targeted on Neuland's technology capabilities and perceived customer needs leading to increased traction



Strategy Forward

- ✓ Add depth in technical capabilities
- ✓ Investment in QBD labs, process engineering and foray into new areas of customer solutions
- ✓ Work effectively on customer relationships and leverage on portfolio expansion
- ✓ Targeting molecules in the later stages of the clinical cycle

Create a sustainable CMS business that is driven by technology and strong customer relationships



CAPABILITIES

Scaled up Manufacturing Facilities over the years



UNIT-1 233 KL
Bonthapally, Hyderabad



UNIT-2 363 KL
Pashamylaram, Hyderabad



UNIT-3 305 KL
Gaddapotharam, Hyderabad

Year of Establishment	1986	1994	2017*
Blocks	Block - 1, 2, 3, 4, H, KL & S	34 Block-1, 2, 3, FC, NMSM, Mini plant 6	Block - 1, 2, 4, 5
Hydrogenation Reaction Volume	7.4KL	6 KL	Facility creation under process
Solvent Recovery System	100KLD	20KLD	50KLD
Cryogenic Reaction Volume	25KL	15 KL	15KL
Regulatory	USFDA, EDQM, CFDA, PMDA, et. al	USFDA, EDQM, PMDA, ANVISA et. al	Desktop Inspection by USFDA in 2020; ANVISA (Brazil) 2022

R&D Facility, Hyderabad

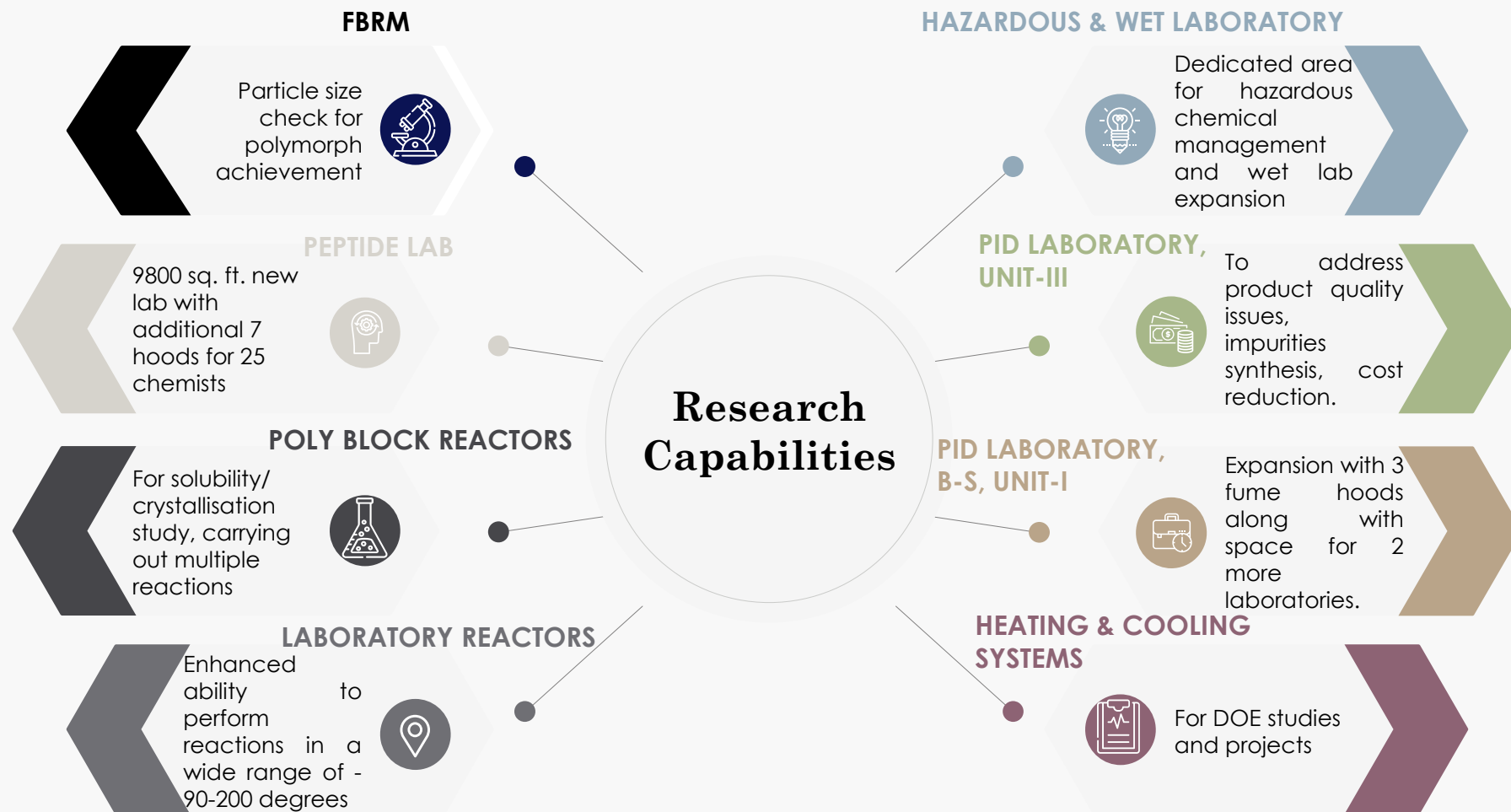


Infrastructure

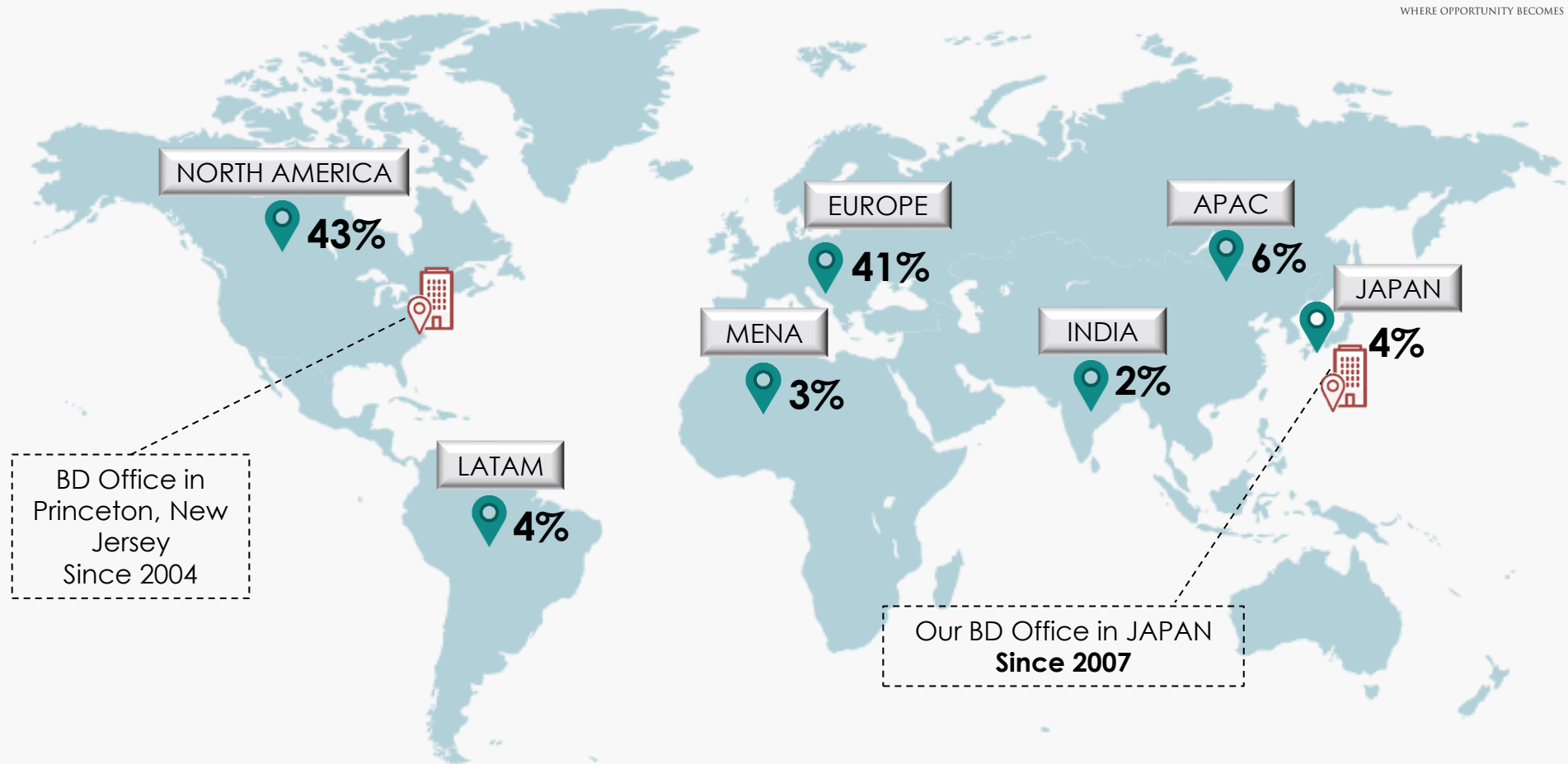
- 15 Development Labs with space for expansion
- 60 Fume hoods
- Analytical Labs
- Dedicated kilo Lab for Scale up
- Dedicated Labs for Peptides
- Separate facility for D2 analogues

Significant R&D Achievements

- Several NCE APIs added in NDA or commercial stage drugs
- Support for multiple APIs each year in Phase 2 and Phase 3 clinical candidates
- Generic API business -
 - ✓ 900+ DMFs filed
 - ✓ 300+ API processes developed
 - ✓ 204+ patents filed. Received USPTO patent for improved process synthesis of Paliperidone Palmitate



Global Presence



% Refers to Q1 FY23 Sales by End market

Regulatory Filings Across Geographies



62

DMFs with
USFDA



Health
Canada

30

Filings with
Health Canada



10

Japanese DMF filed

NMPA

国家药品监督管理局
National Medical Products Administration

20

China DMF filed



Korea Food & Drug Administration
식품의약품안전청

19

filings with
KFDA Korea



Australian Government

Department of Health

Therapeutic Goods Administration

23

filings with TGA



233

ROW filings
including Turkey,
Mexico, Brazil etc

~497

EUDMF filings
across
Germany,
France, Poland,
Italy etc



COUNCIL OF EUROPE



CONSEIL DE L'EUROPE

27

CEPs Received
for different
products

916+

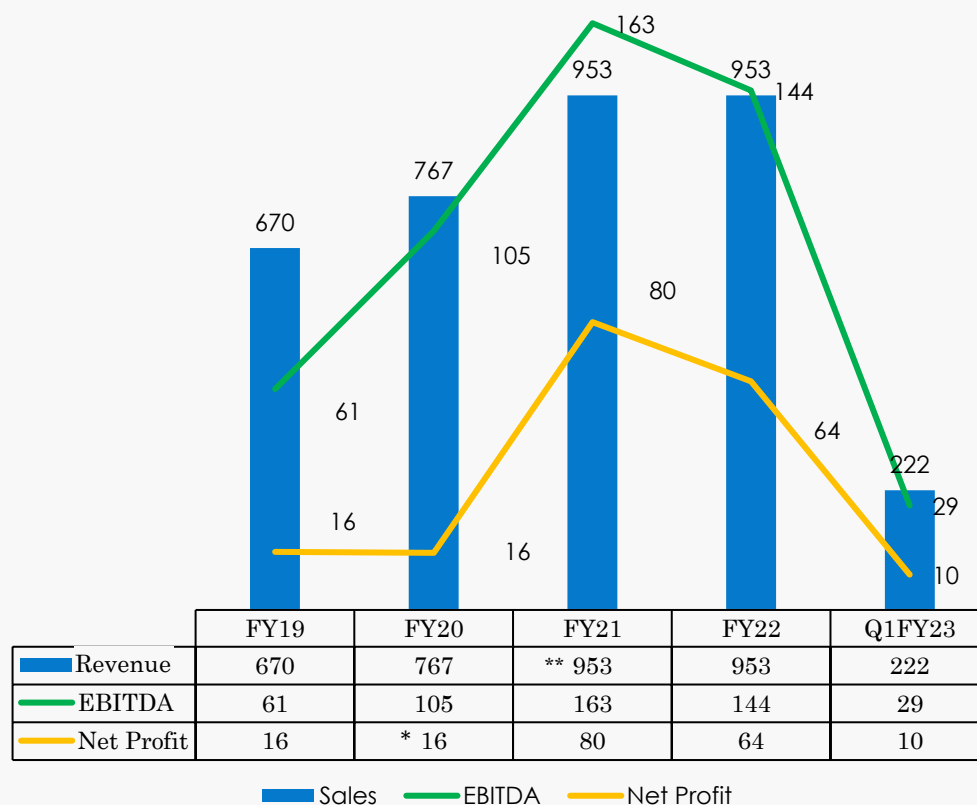
Filings till date

** The numbers on this slide reflect the number of filings, the number of active filings could vary as geographic filings are merged and changes in product portfolio .



FINANCIALS

Rs. In Cr



FINANCIAL PERFORMANCE HIGHLIGHTS

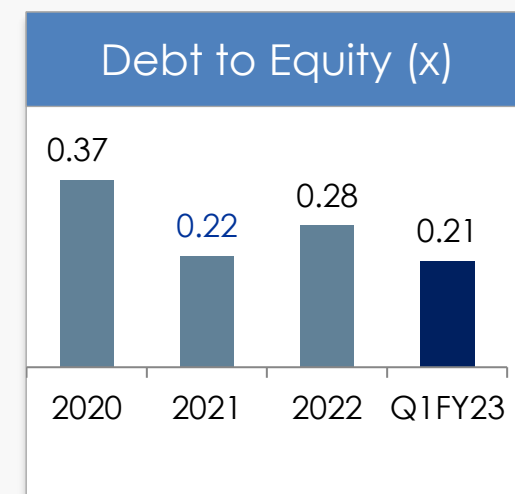
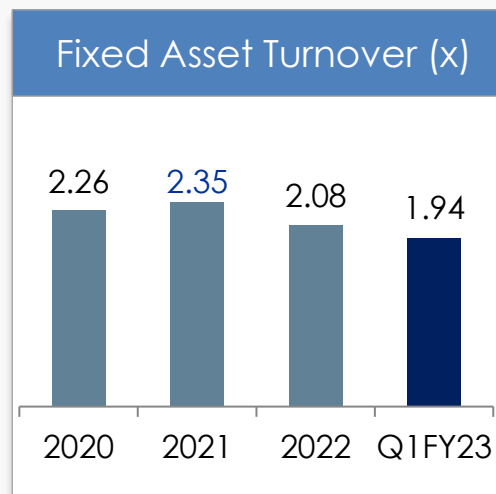
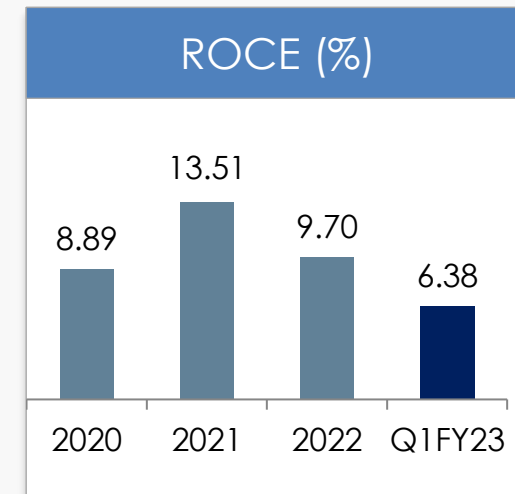
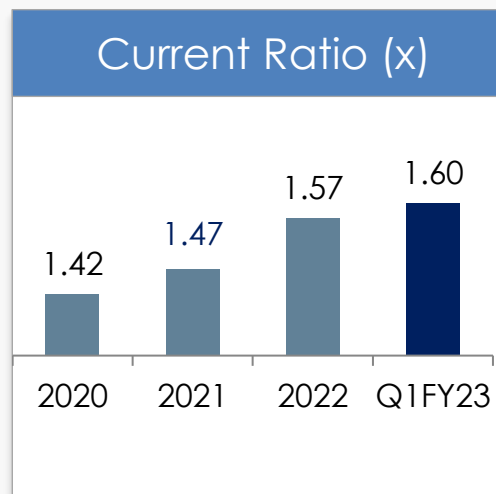
- Revenue CAGR of 12.5% for FY 19-22 led by growth in all 3 businesses
- EBITDA growth of 33.0% CAGR in FY 19-22 due to balanced contribution from both GDS and CMS business
- Shift to CMS and Specialty in overall revenue mix along with resource efficiency steps accelerated profitability

** FY21 included other income of Rs. 13.09 crores towards profit on sale of investment property

* This was after a one-time tax charge of Rs. 23.2 Cr in Q4FY20 that the Company chose to exercise under Section 115BAA of the IT act

Stable Balance Sheet..

Particulars (Rs. Cr)	Mar-20	Mar-21	Mar-22	Jun-22
Shareholders' funds	706	782	836	846
Net Debt	214	152	212	160
Investments	8	7	4	4
Tangible Assets	391	438	497	500
Intangible Assets (Excluding Goodwill)	2	3	2	2
Working Capital	289	309	382	361

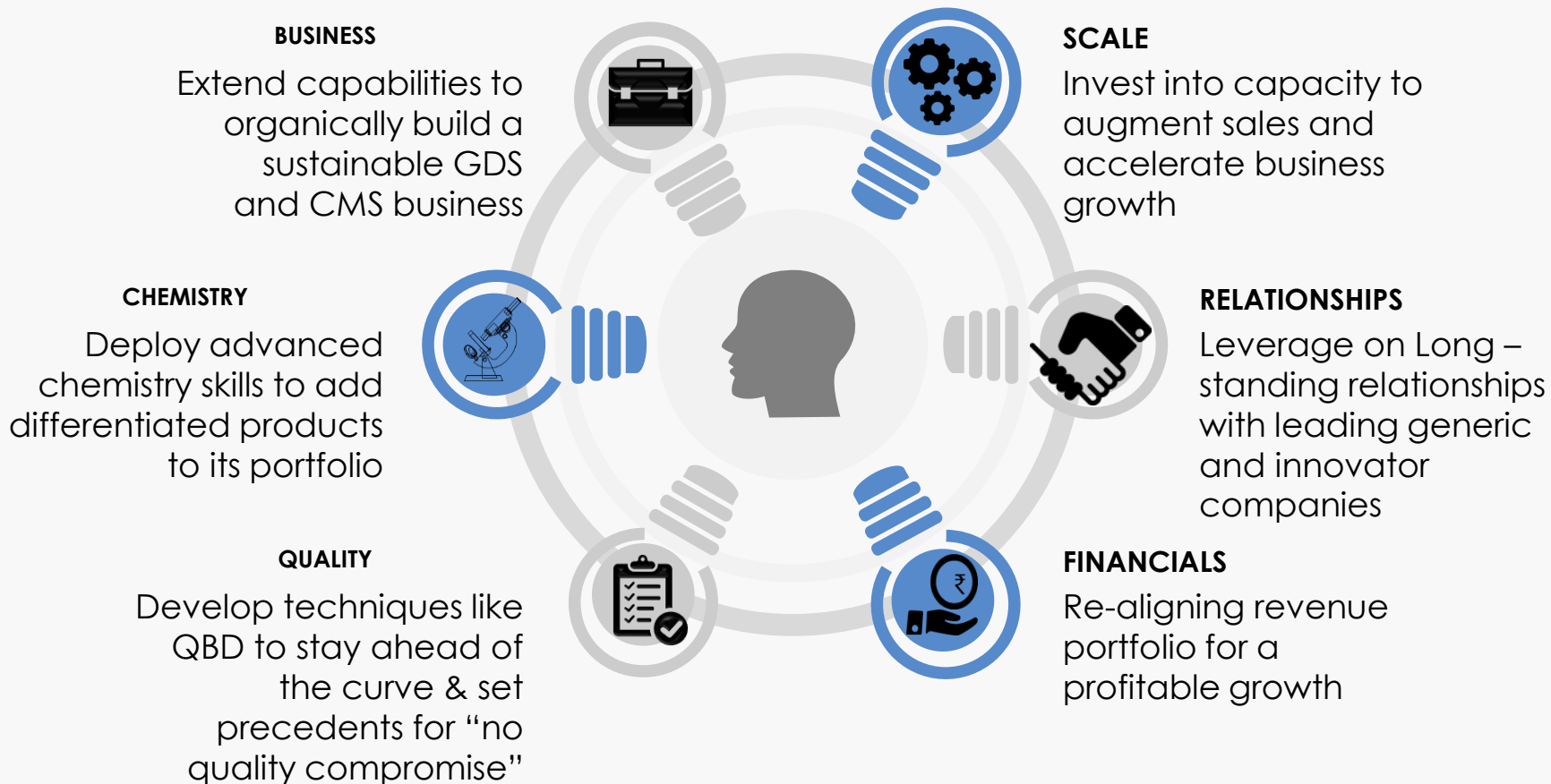




OUTLOOK

..Laying Foundation for our Growth Strategy

CREATE AN ORGANIZATION THAT RESULTS IN VALUE FOR ALL STAKEHOLDERS



Contact Us



For over 38 Years, Neuland Laboratories Ltd. (BSE:524558, NSE: NEULANDLAB) has been at the forefront of manufacturing APIs through its cGMP manufacturing facilities, working with customers in close to 80 countries.

Neuland Labs has developed more than 300 processes and 75 APIs and has filed over 900+ Regulatory filings in the US (62 active US DMFs), the European Union (EU) and other geographies. Its manufacturing facilities are inspected and approved by the U.S. FDA and other leading regulatory agencies. Its record of quality manufacturing and reliability is highlighted by cGMP certifications that include the U.S. FDA, TGA (Australia), EDQM (EU), German Health Authority, ANVISA (Brazil), EMA (EU), Cofepris (Mexico), KFDA (Korea), PMDA (Japan), CFDA (China), FSI "SID & GP" Russia, Health Canada, ISO 9001, ISO14001, OHSAS18001 and ISO 27001.

For further information contact

IR Desk

Neuland Labs

+91 40 6761 1600

ir@Neulandlabs.com

Ravi Udeshi

EY IR

+91 22 6192 0000

Ravi.udeshi@in.ey.com



Thank You