

# Earnings Presentation

Q3 & 9M 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.*

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## Q3 & 9M FY-23 HIGHLIGHTS

## SUCHETH DAVULURI

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*“Over the 9-month period, we recorded healthy revenue increase led by continued growth in the high margin Specialty and CMS business. Further, the margin improvement reflects the operating leverage playing out. In line with our strategy, we are seeing a significant improvement in the quality of business which is reflected in healthy cashflows. We expect the current business momentum to continue going forward.”*

## SAHARSH DAVULURI

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*“Our investments in Unit 3 as well our emphasis on R&D and Project execution has resulted in our profitability seeing a marked increase. This was a significant quarter for CMS as we saw the impact of molecules transitioning from development to commercial leading to the highest ever commercial revenues. We expect the CMS business to scale greater heights over the foreseeable future led by steady additions to the pipeline.”*

Q3 FY23



## Business Highlights

- ❖ Specialty business driven by Apixaban and Ezetimibe
- ❖ CMS business driven by commercial molecules
- ❖ Prime segment revenues recovered backed by Mirtazapine, Ciprofloxacin, Labetalol



## Financial Highlights

- ❖ Total income was Rs. 270.2 crores in Q3FY23, an increase of 13.3% YoY
- ❖ EBITDA was Rs. 54.9 crore in Q3FY23, an increase of 60.5% YoY
- ❖ EBITDA margin increased by 600 bps YoY to 20.3% in Q3 FY23 from 14.3% due to
  - Easing of input prices
  - Shift towards higher margin products
- ❖ PAT increased by 139.0% YoY to Rs. 30.4 crores
- ❖ Debt: Equity stood at 0.13x due to Rs. 80 crores borrowings retired in Q3FY23

9M FY23



## Business Highlights

- ❖ Specialty business growth driven by Apixaban, Ezetimibe, Paliperidone, and Donepezil
- ❖ CMS revenues driven by commercial molecules some of which have transitioned recently
- ❖ In Prime segment Mirtazapine and Labetalol were the key molecules
- ❖ Sustainability rating of Silver given by ECOVADIS during the period



## Financial Highlights

- ❖ Total income was Rs. 785.8 crore in 9MFY23, an increase of 12.3% YoY
- ❖ EBITDA was Rs. 153.3 crore in 9MFY23, an increase of 46.1% YoY
- ❖ EBITDA margin increased by 450 bps YoY to 19.5% in 9M FY23 from 15.0% due to
  - Shift towards higher margin products
- ❖ PAT increased by 88.5% to Rs. 78.6 crores
- ❖ Debt: Equity stood at 0.13x due to retirement of Rs. 111 crores borrowings in 9MFY23

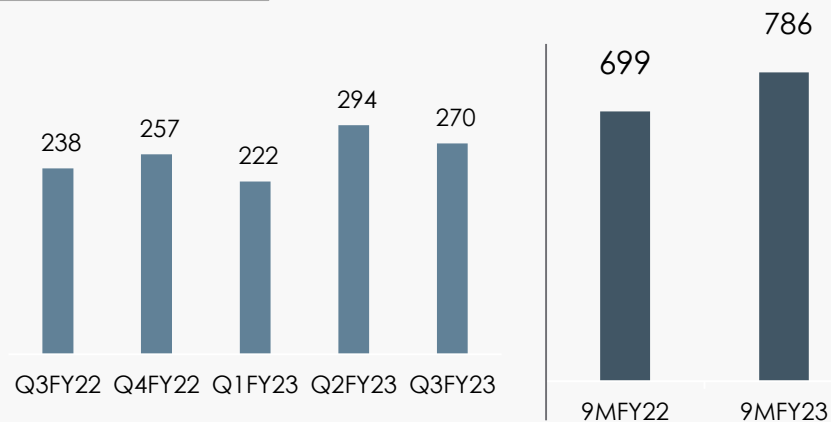
# Profit & Loss Snapshot (Standalone)

Particulars (Rs. Cr)	Q3FY23	Q2FY23	QoQ (%)	Q3FY22	YoY (%)	9MFY23	9MFY22	YoY (%)
Total Income	270.2	293.9	(8.1)%	238.4	13.3%	785.8	699.4	12.3%
EBITDA	54.9	69.4	(20.9)%	34.2	60.5%	153.3	104.9	46.1%
EBITDA Margin	20.3%	23.6%	(330) bps	14.3%	600 bps	19.5%	15.0%	450 bps
Profit Before Tax	38.8	53.1	(26.9)%	18.1	114.4%	105.2	57.6	82.6%
Profit Before Tax Margin	14.4%	18.1%	(370) bps	7.6%	680 bps	13.4%	8.2%	520 bps
Profit After Tax	30.4	38.3	(20.6)%	12.7	139.0%	78.6	41.7	88.5%
Profit After Tax Margin	11.3%	13.0%	(170) bps	5.3%	600 bps	10.0%	6.0%	400 bps
Earnings Per Share (Rs.)	23.7	29.9	(20.6)%	9.9	139.0%	61.3	32.5	88.5%

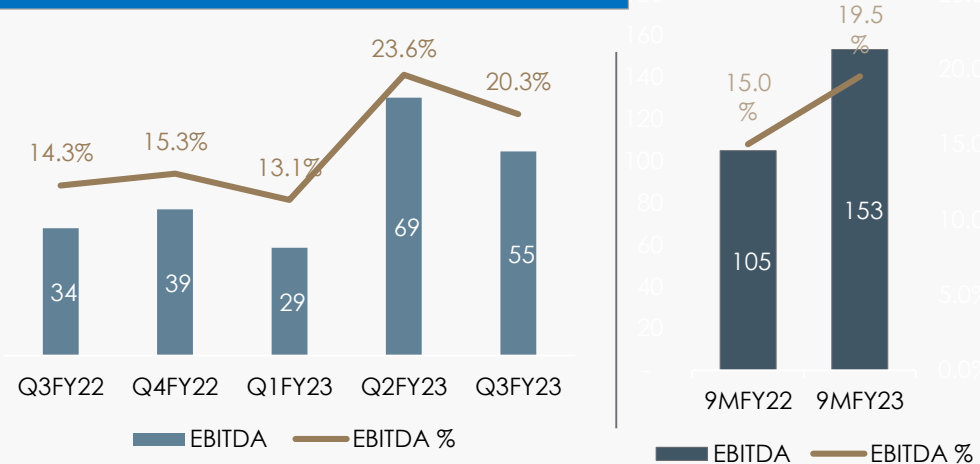


# Financials (standalone)

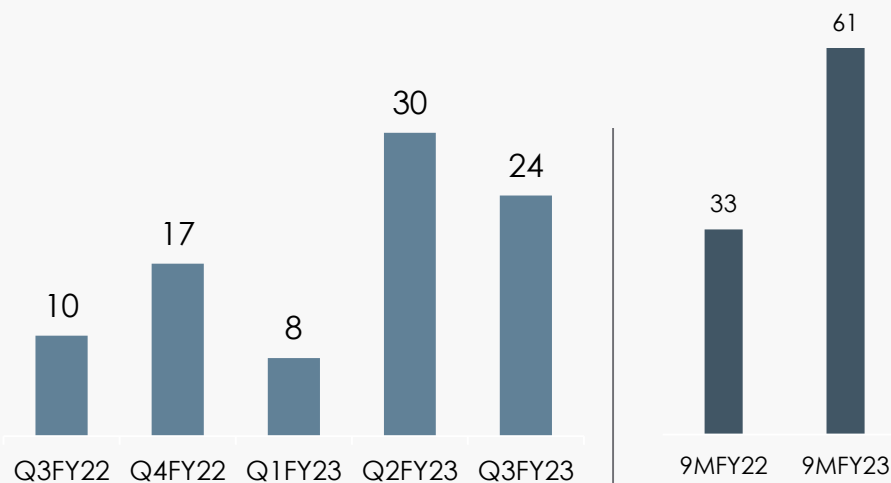
## Revenue (Rs. Cr)



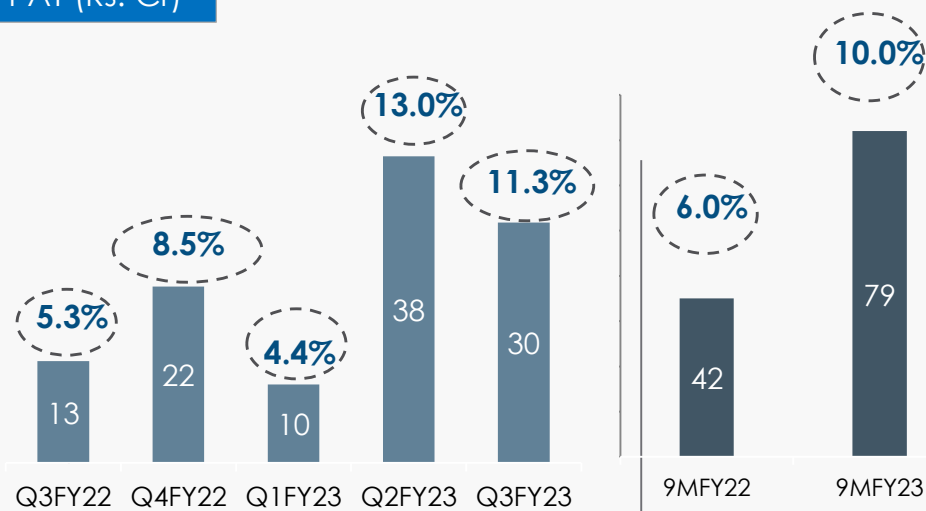
## EBITDA (Rs. Cr) and EBITDA Margin (%)



## EPS (Rs)

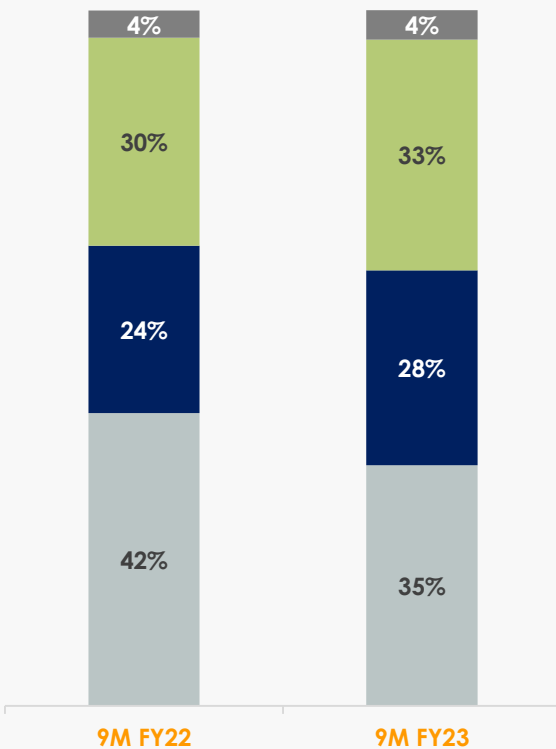


## PAT (Rs. Cr)

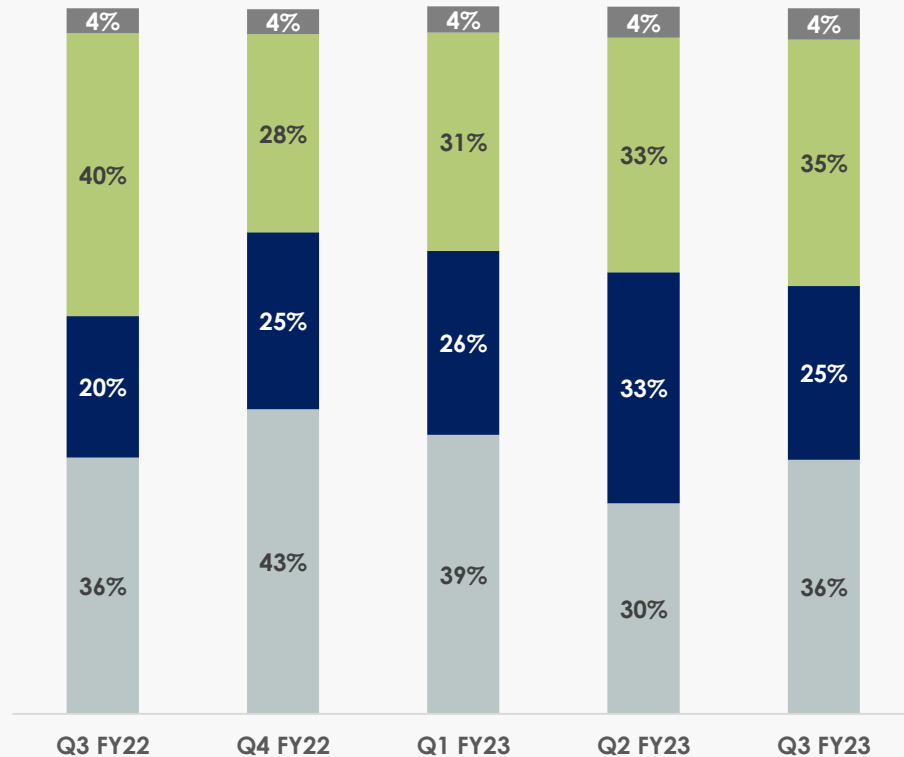


# Key Operating Metrics

## YoY Analysis



## QoQ Movement

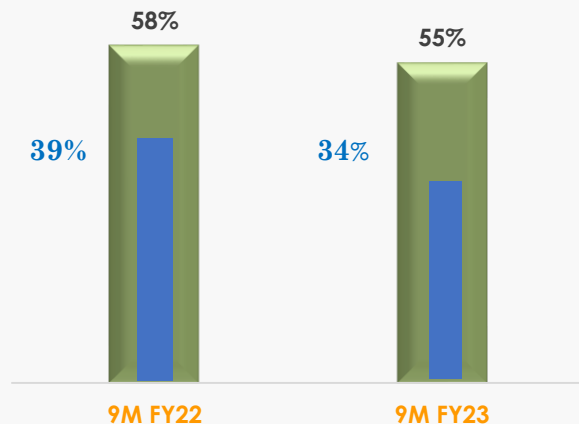


■ Prime ■ Specialty ■ CMS ■ Others

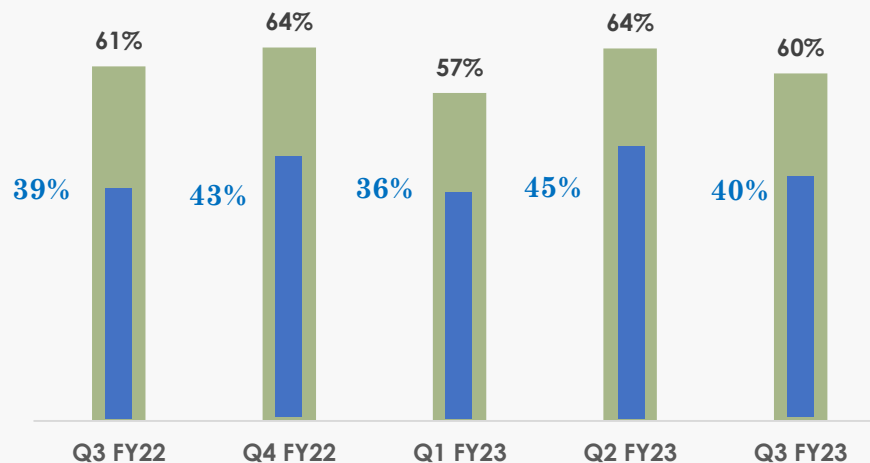
# Business Salience (Overall Company)

## PRODUCT

### YoY Analysis



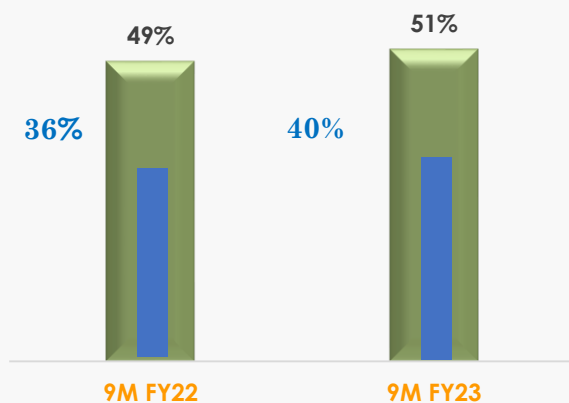
### QoQ Movement



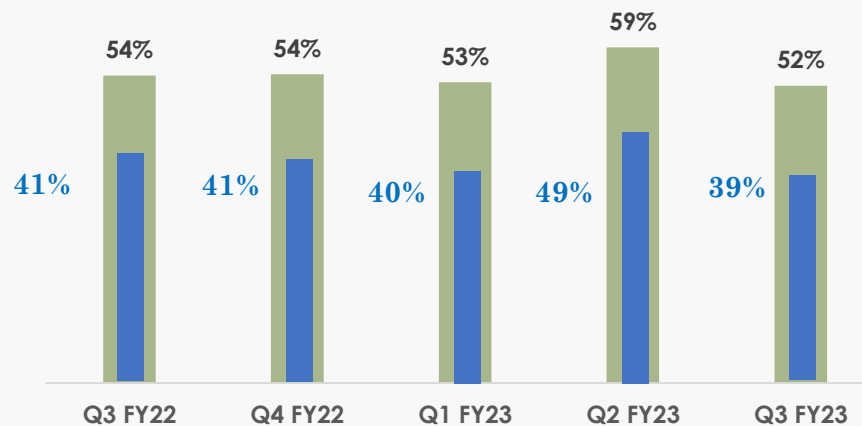
TOP 10  
TOP 5

## CUSTOMER

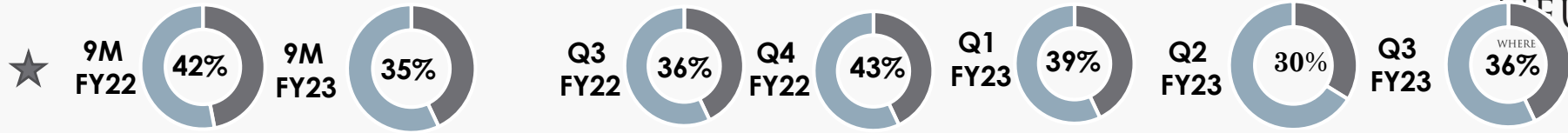
### YoY Analysis



### QoQ Movement



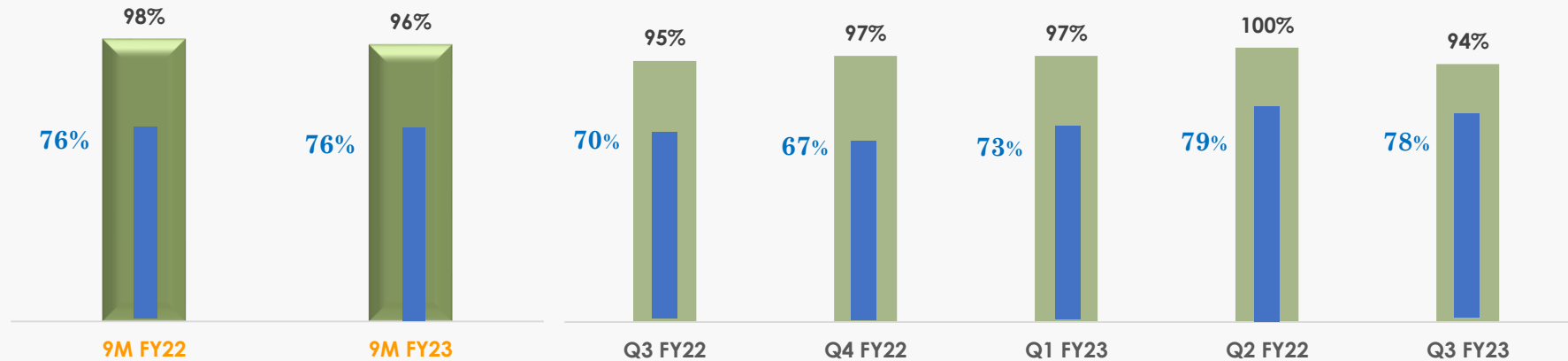
# Business Salience (Prime)



## PRODUCT

### YoY Analysis

### QoQ Movement

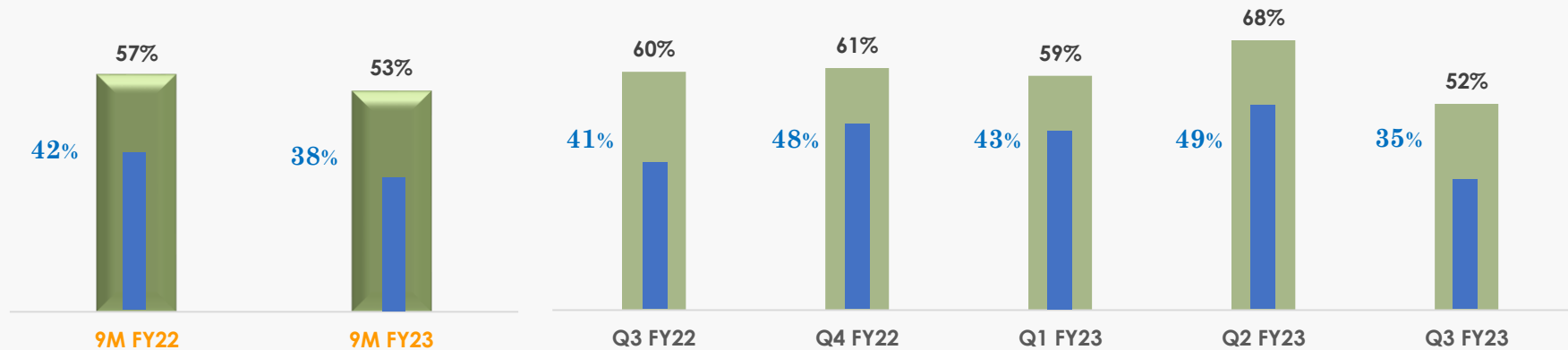


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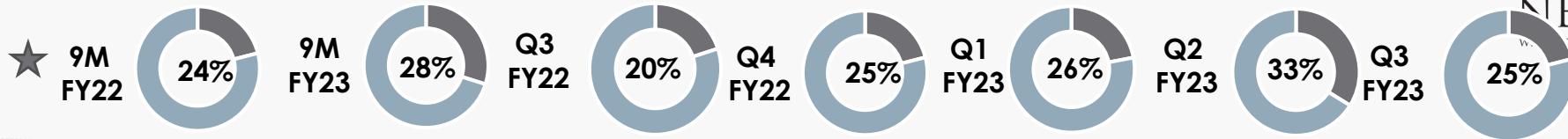
## CUSTOMER

### YoY Analysis

### QoQ Movement



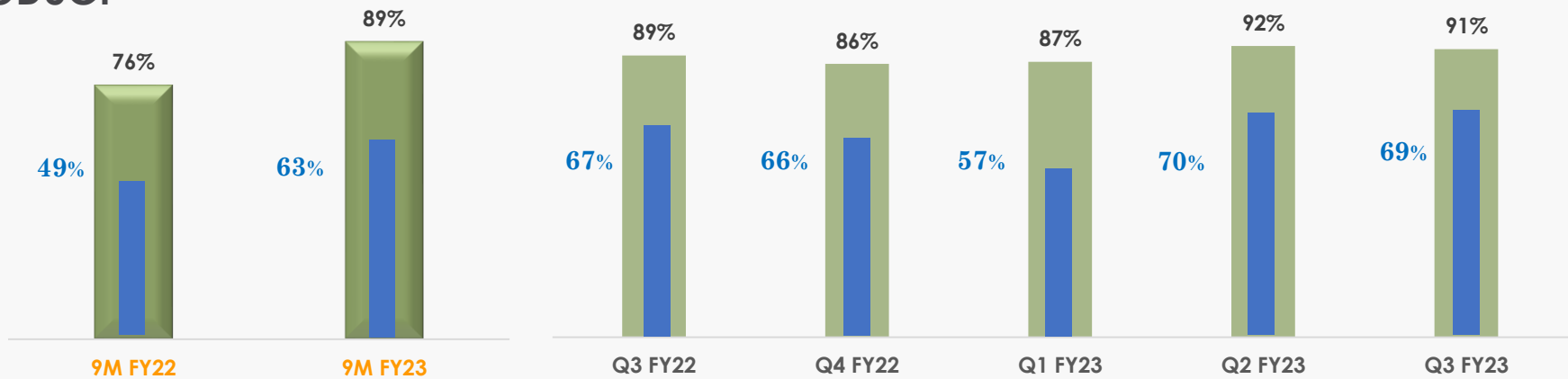
# Business Salience (Specialty)



## PRODUCT

### YoY Analysis

### QoQ Movement

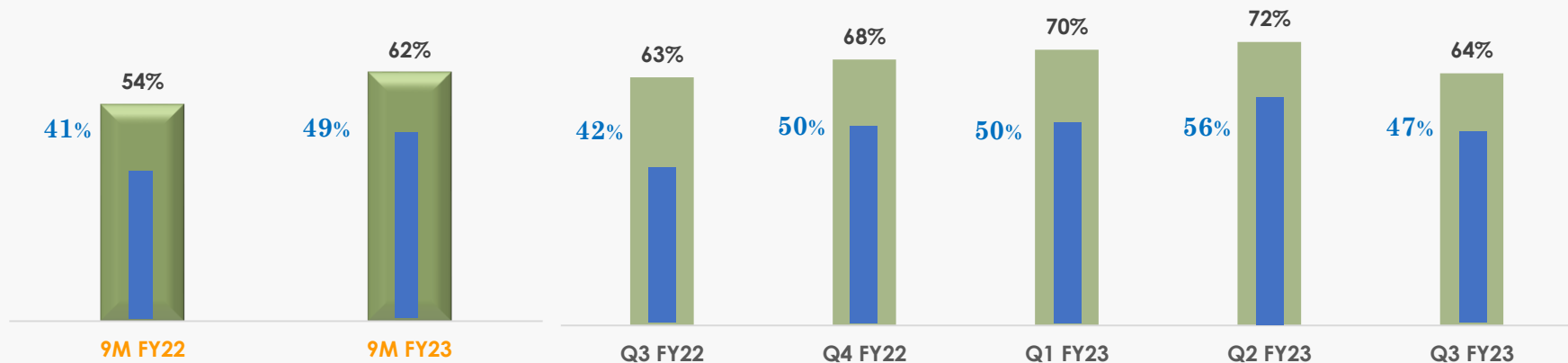


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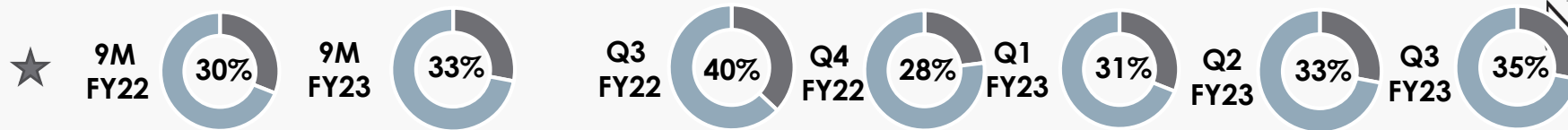
## CUSTOMER

### YoY Analysis

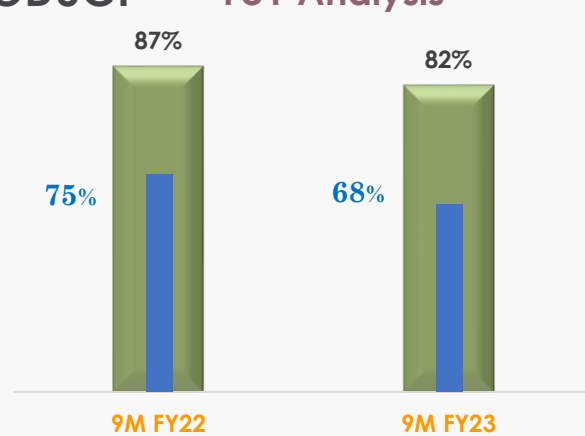
### QoQ Movement



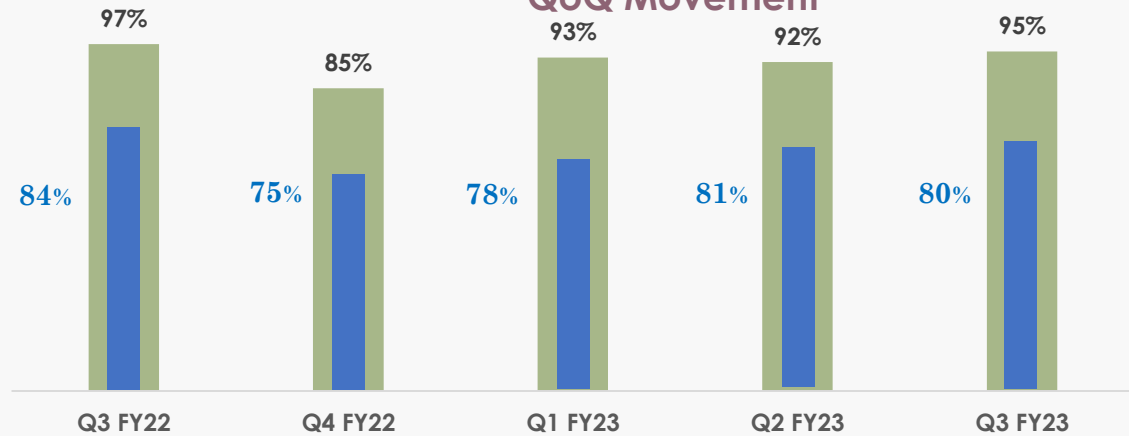
# Business Salience (CMS)



## PRODUCT YoY Analysis

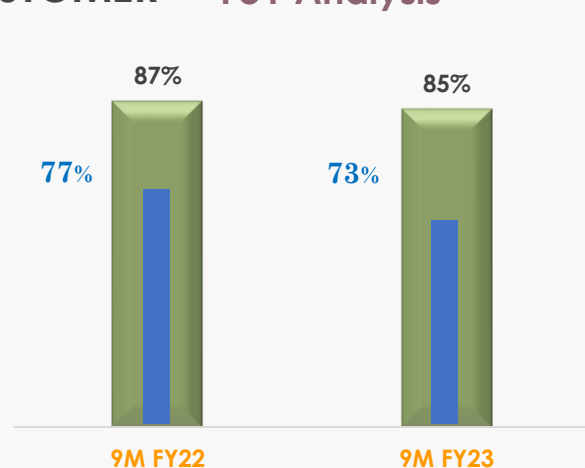


## QoQ Movement

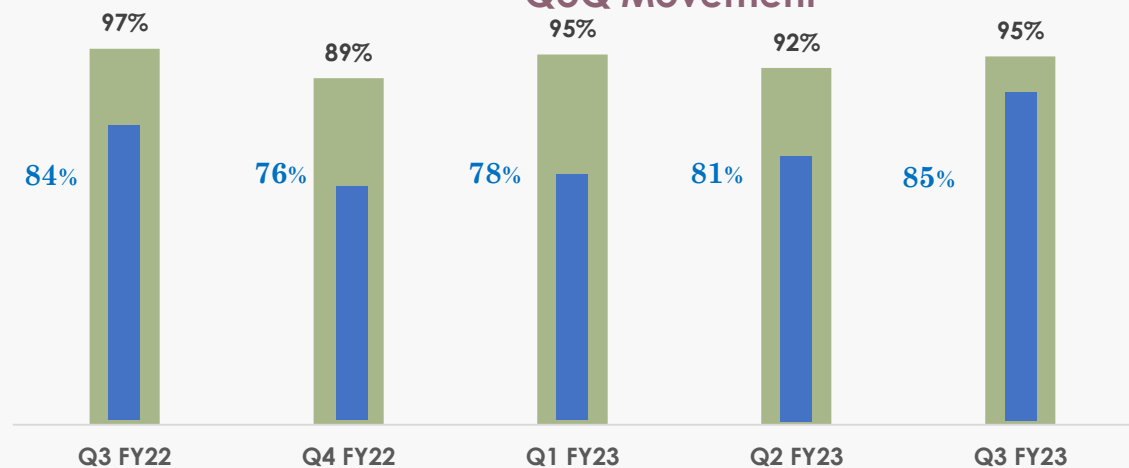


TOP 10  
TOP 5

## CUSTOMER YoY Analysis



## QoQ Movement

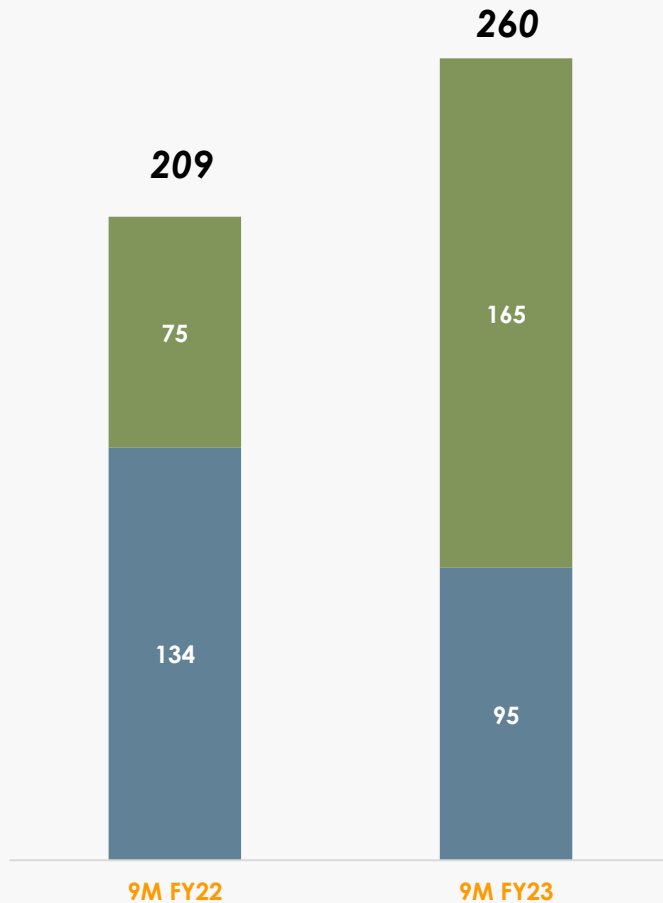


# Key Operating Metrics – CMS Revenue Split

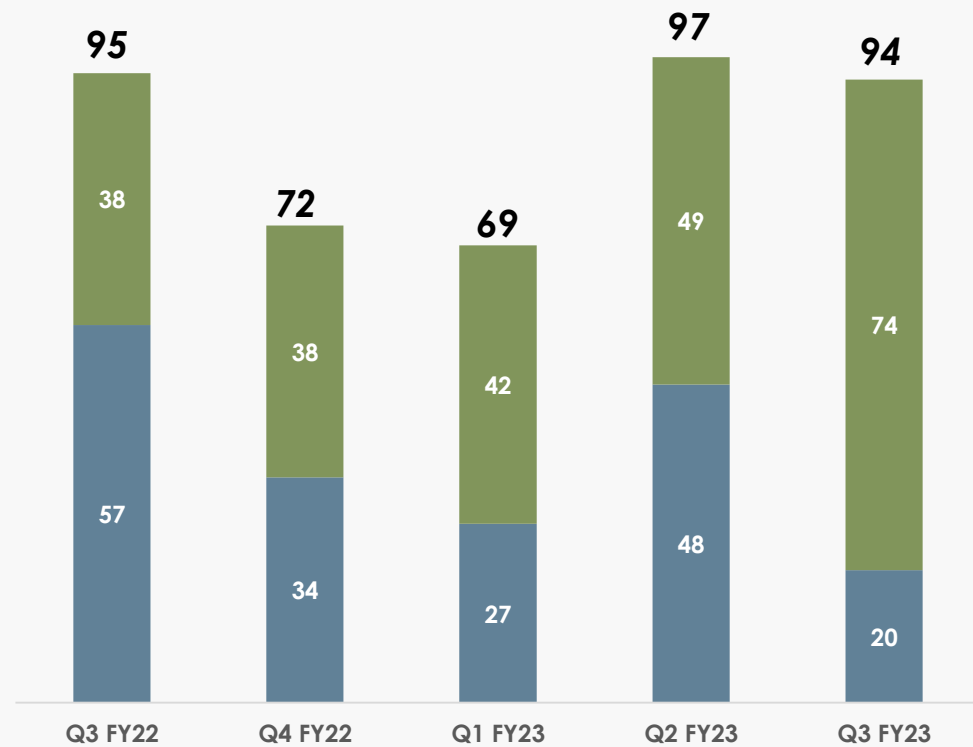
Rs. In Cr

■ Commercial ■ Development

## YoY Analysis



## QoQ Movement



# Number of Active CMS Projects

Q3 FY-23	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	17	4	7	5	8	9	50
Intermediate	10	4	4	2	7	12	39
Grand Total	27	8	11	7	15	21	89

Q3 FY-22	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	15	3	8	5	10	7	48
Intermediate	7	5	2	0	8	11	33
Grand Total	22	8	10	5	18	18	81

Q3 FY-21	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	14	4	6	3	10	6	43
Intermediate	7	4	2	3	8	9	33
Grand Total	21	8	8	6	18	15	76

Q3 FY-20	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	12	4	4	5	9	6	40
Intermediate	7	3	2	5	8	9	34
Grand Total	19	7	6	10	17	15	74





# 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 Commercialization  
271 KL Reaction volume

# Generic Drug Substance (GDS)

We started as a Prime API manufacturer...

..Added complex molecules for Speciality 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

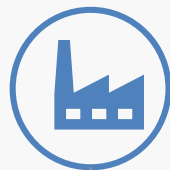


## Strategy Forward

- ✓ 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

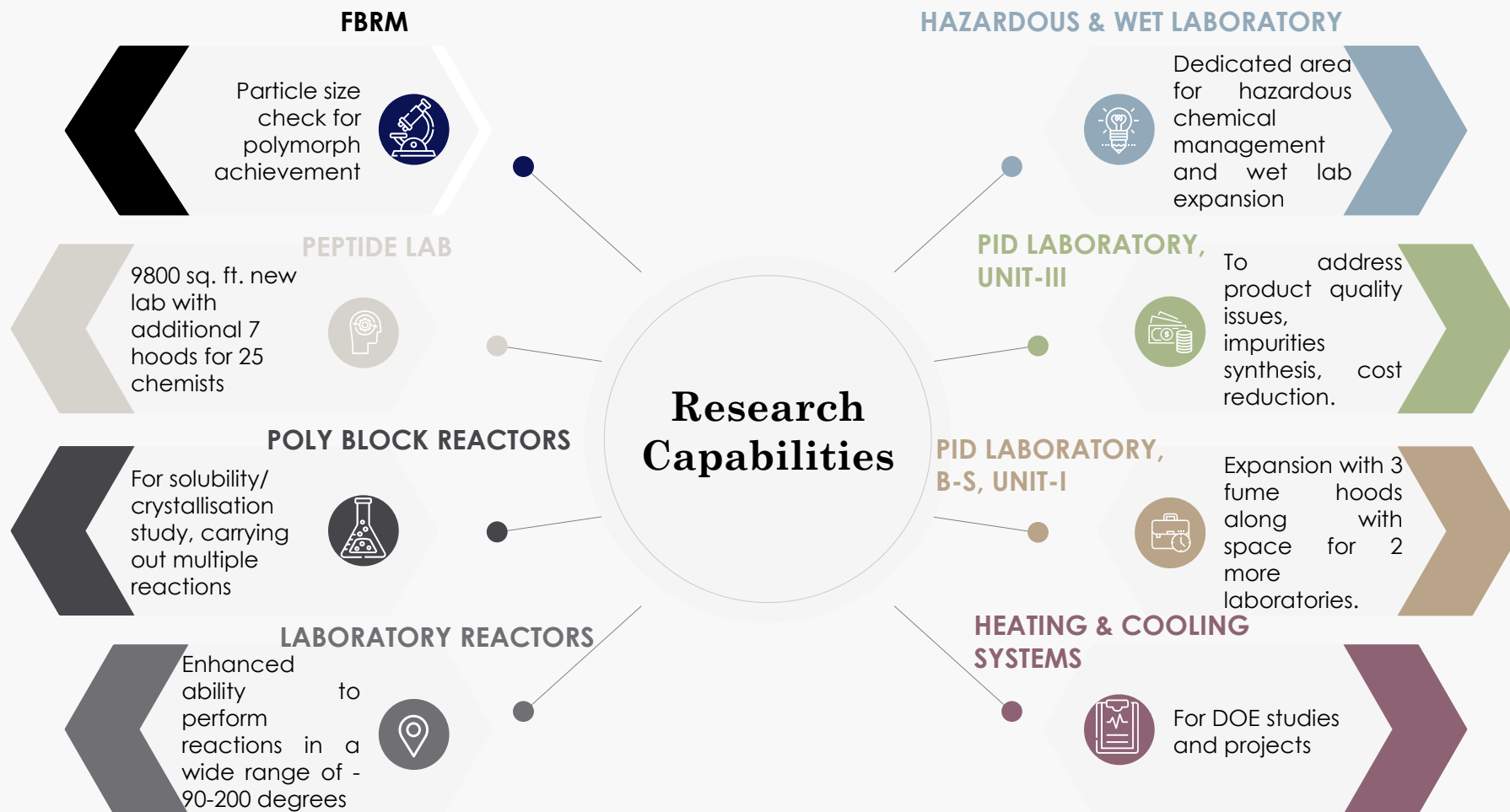


## Infrastructure

- 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

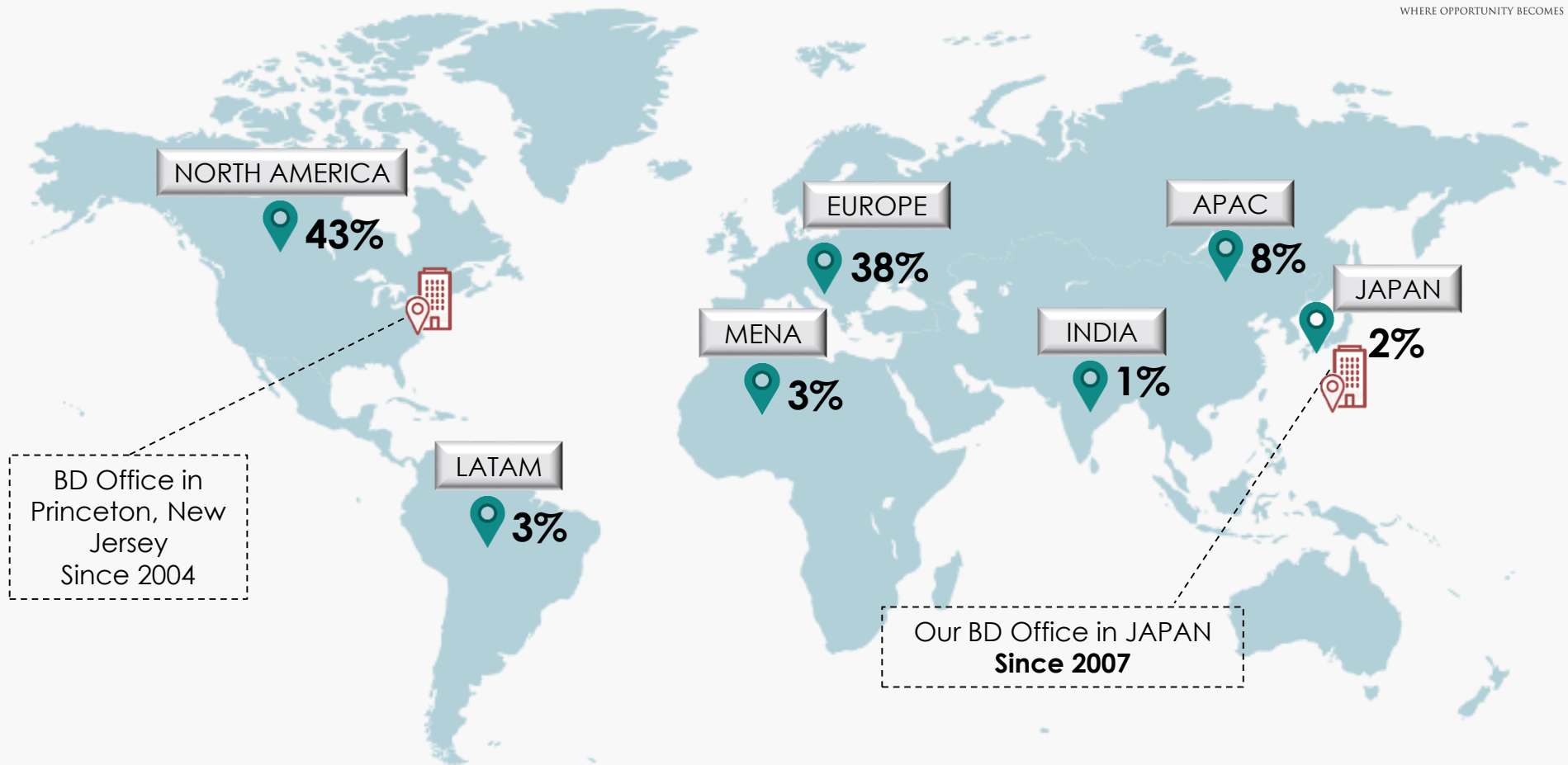
## Significant R&D Achievements

- 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 9M FY23 Sales by End market

# Regulatory Filings Across Geographies



62

DMFs with  
USFDA



Health  
Canada

31

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

26

filings with TGA



248

ROW filings including  
Turkey, Mexico, Brazil etc

~499

EUDMF filings across  
Germany, France,  
Poland, Italy etc



COUNCIL OF EUROPE



CONSEIL DE L'EUROPE

28

CEPs Received for  
different products

943+

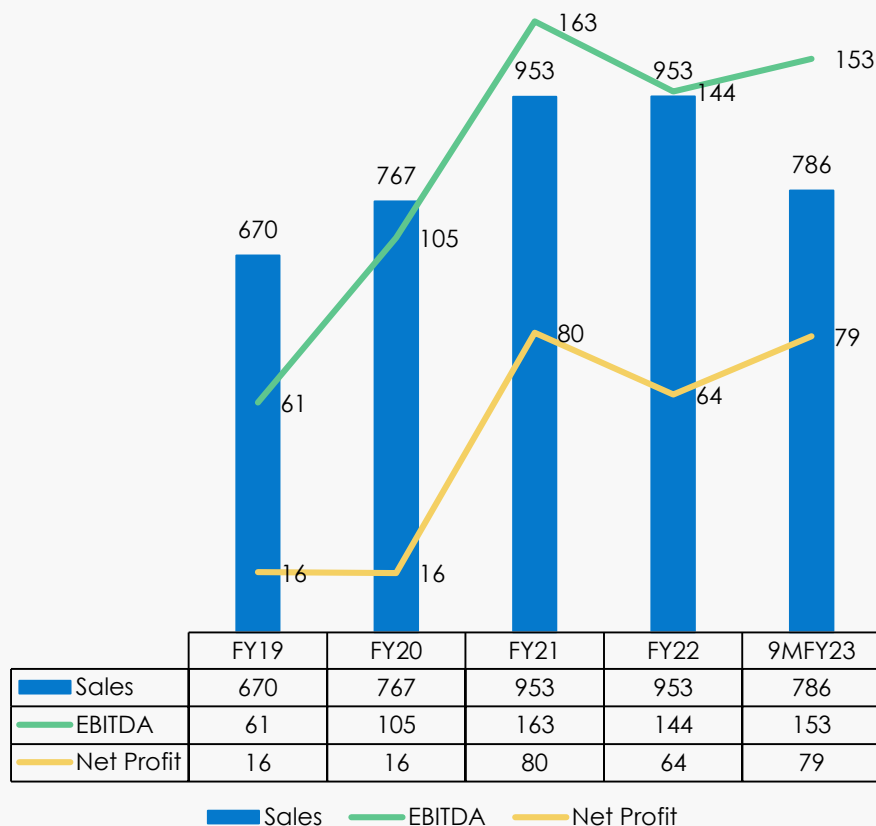
Filings till date

\*\* 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

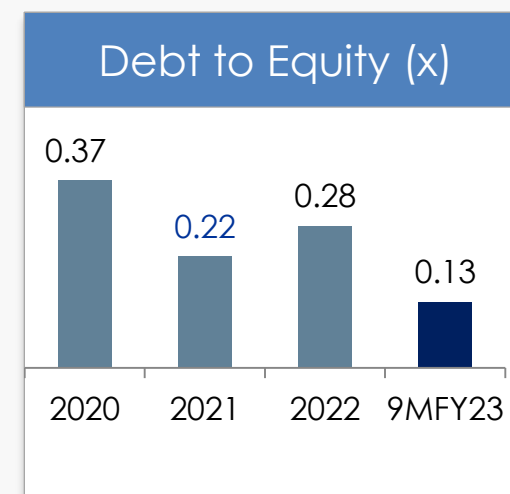
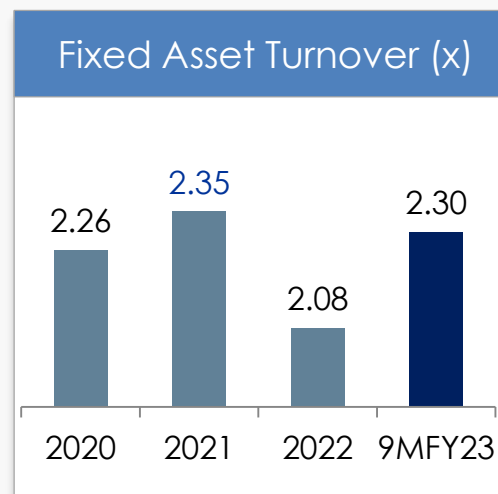
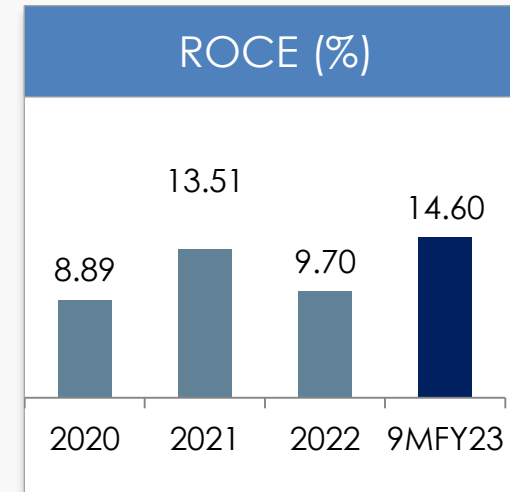
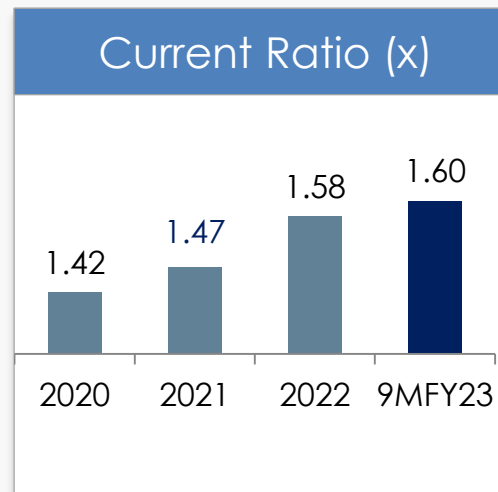
- Revenue CAGR of 12.5% for FY 19-22 led by growth in all 3 businesses
- EBITDA growth of 33.0% CAGR in FY 19-22 due to balanced contribution from both GDS and CMS business
- Shift to CMS and Specialty in overall revenue mix along with resource efficiency steps accelerated profitability

\*\* 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	Dec-22
Shareholders' funds	706	782	836	906
Net Debt	214	152	212	72
Investments	8	7	4	2
Tangible Assets	391	438	497	508
Intangible Assets (Excluding Goodwill)	2	3	2	2
Working Capital	289	309	382	391

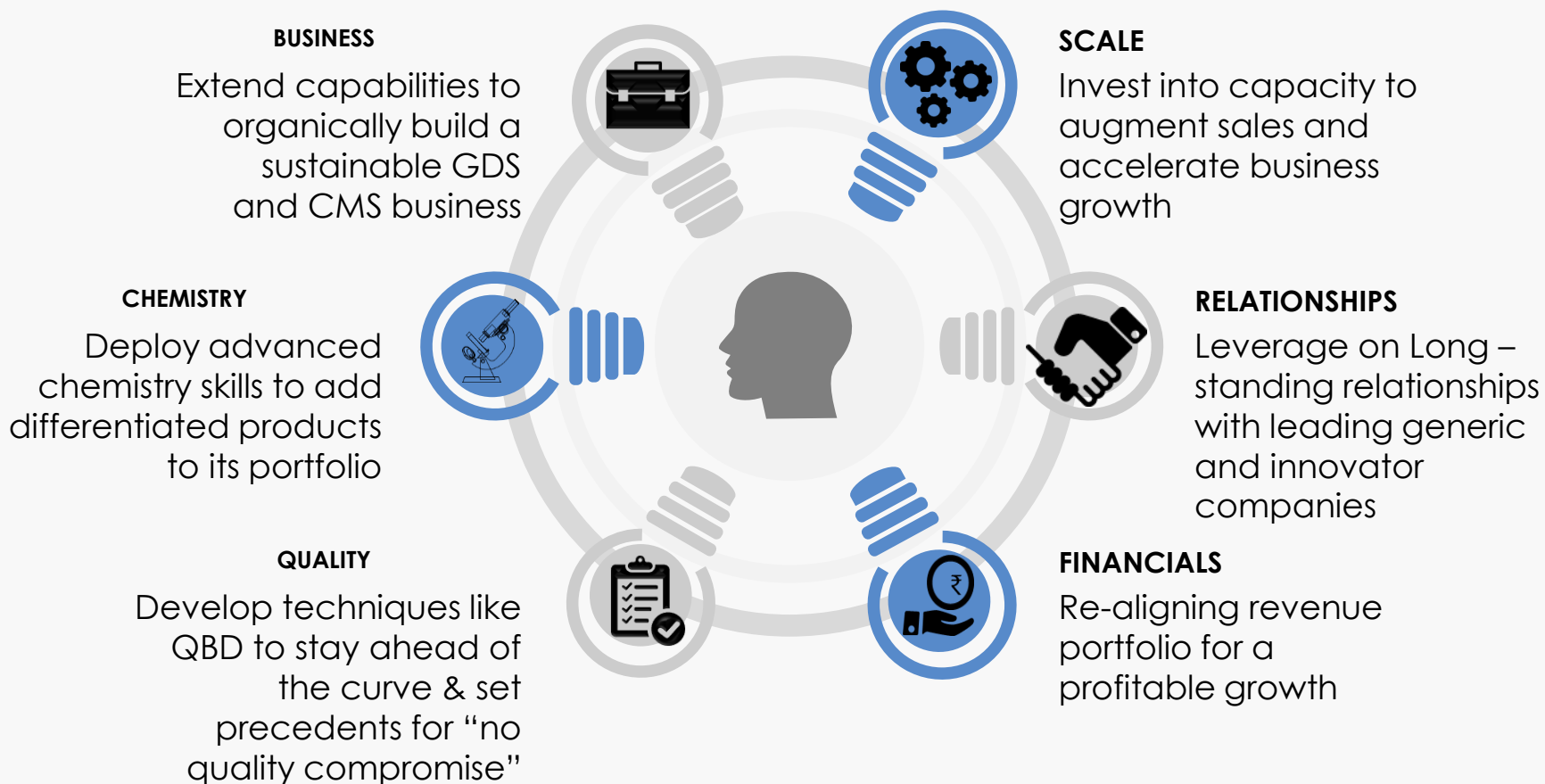




# OUTLOOK

# ..Laying Foundation for our Growth Strategy

## CREATE AN ORGANIZATION THAT RESULTS IN VALUE FOR ALL STAKEHOLDERS



# Contact Us



For over 39 Years, Neuland Laboratories Ltd. (BSE:524558, NSE: NEULANLAB) 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.

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# Thank You