

General Investor Presentation – August 2021

# JB CHEMICALS AND PHARMACEUTICALS LIMITED



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Company Overview



Domestic Business  
Overview



International  
Business Overview



Key Success Factors



Financial Performance



# Company Overview



# Corporate Snapshot



**40+**

Years of operations with consistent track record across multiple businesses

**5**

Brands among top 300 brands, contributing over 70% of domestic formulations revenues

**21%**

Growth in chronic therapies\* in the domestic formulations business

**#2,100+**

India field force expanded, significantly over FY17-FY20 with therapy-focused segmentation

**40+**

Regulated/semi-regulated markets of presence through direct operations and distributors

**Top 5**

Global manufacturer of medicated/herbal lozenges representing a substantial opportunity

**7**

Multi-location plants producing formulations and API's with key global approvals/compliances

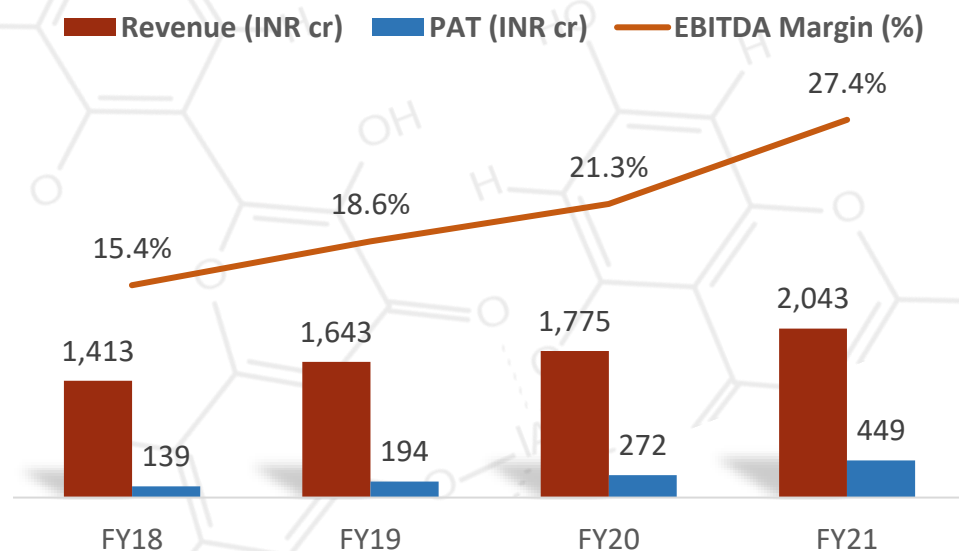
**\*\*42%**

ROCE with strong cash position and consistent cash flow generation

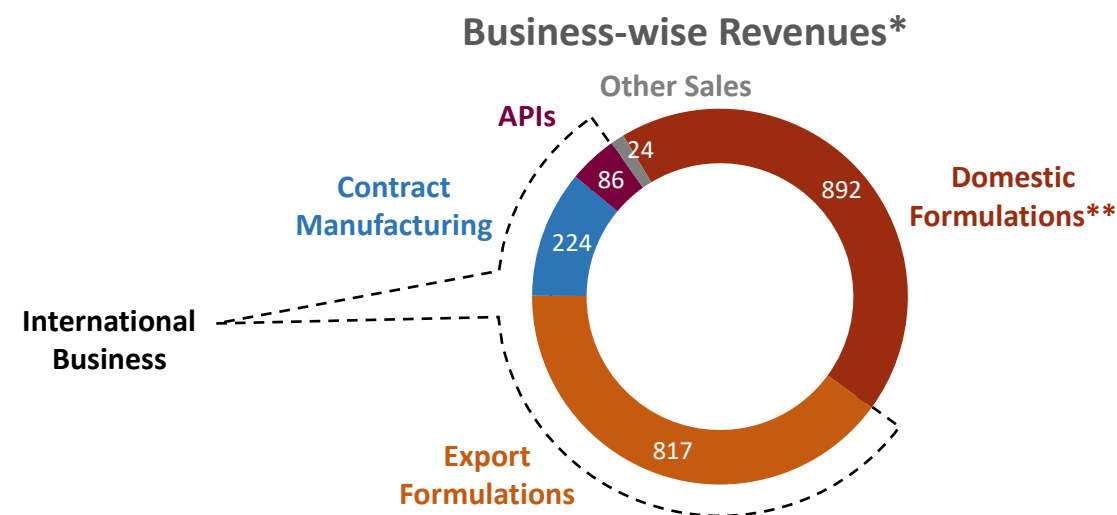
\* CAGR over FY17-FY21

# Includes MR and Supervisors

\*\* ROCE for FY21;  $ROCE = EBIT / (Net\ Worth + Debt - Mutual\ Fund\ Investments)$



Financial Year ends on 31<sup>st</sup> March



\* Based on FY21 Revenues: INR 2,043 crore \*\* Includes Contrast Media

# Solid Foundation – Accelerating our growth journey



## BUSINESS GROWTH

Therapy diversification in line with core strengths for Domestics Formulations

Leverage sizeable and differentiated CMO capabilities in Lozenges

Augment portfolio offering through R&D, BD/in-licensing and M&A opportunities

## PRODUCTIVITY IMPROVEMENT

Continuous thrust on improving productivity & cost structure

Progressive offerings to deepen presence with current customers and international markets

## STRONGER GOVERNANCE

Growth objectives supported by new management layer and strong governance framework



# Domestic Business Overview

# Consistent Outperformance in Domestic Formulations



JBCPL is the among the fastest growing pharma companies

Leadership position in the covered markets

**20%** 2x growth in the covered market

**30%** + share in 5 molecule categories

Position in IPM

**28** Rank in IPM; improved 4 ranks vs FY20

No of brands in Top 300

**5** Brands with average growth registered @ 20+%

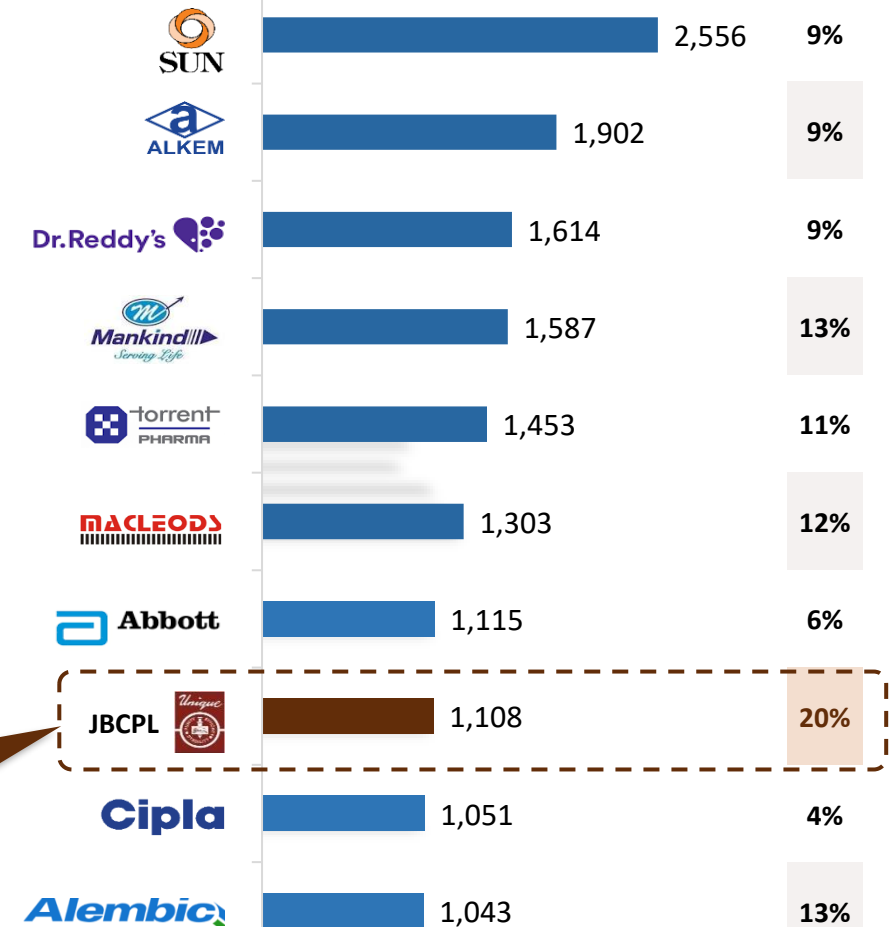
One of the fastest growing companies amongst top 10 players in the covered market

Market Size INR 154,385 crore

**4%** ↑

Covered Market INR 34,494 crore<sup>1</sup>

**10%** ↑



■ MAT JAN-21 REVENUES (INR crore) ■ Y-o-Y growth (IMS MAT Jan'20-IMS MAT Jan'21)

Source: IMS Data, 1. Covered market includes all of JBCPL's molecule segments

Note: Data excludes favipiravir



# Leveraging Front-ended Marketing Investments



## Market visibility enhanced by front end investments



Team segregated  
by therapy-based  
divisions

Wider coverage in  
North, West, Rural  
India



Deeper prescriber  
relationships

Investments in  
technology and  
training/develop  
ment



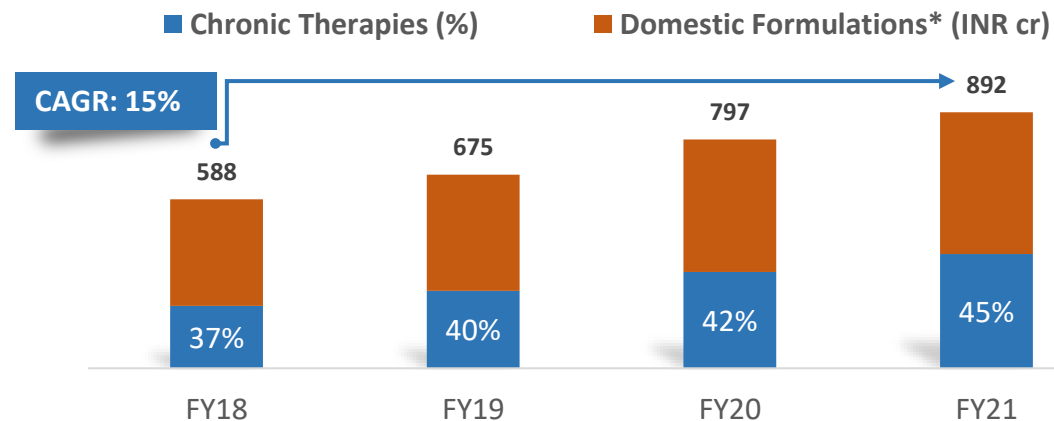
Pan-India presence with a >2,100 strong team provides  
significant scope for productivity expansion

## Extensive doctor and patient connect

Divisional teams service 300K Health Care Practitioners across the country

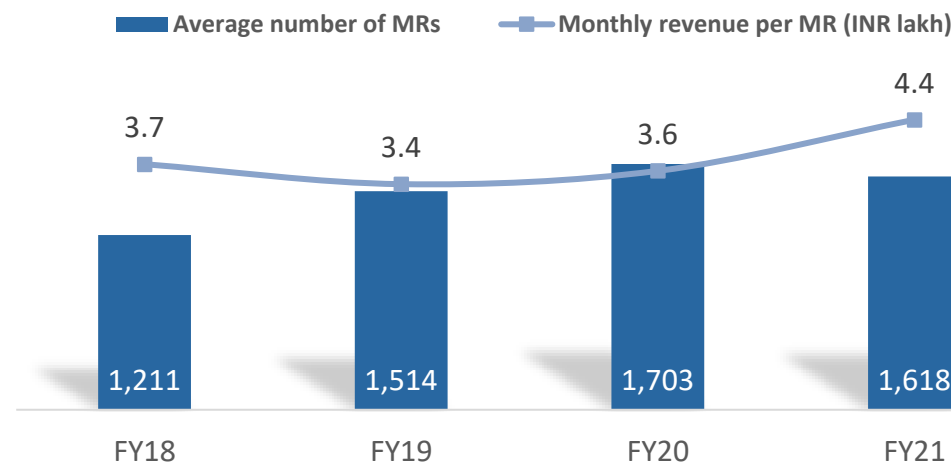
| Key Specialists       | Unique DRs covered |
|-----------------------|--------------------|
| Cardiologists         | 5,000+             |
| Gastroenterologists   | 1,800              |
| Nephrologists         | 1,600+             |
| Consulting Physicians | ~18,000            |
| Gynacs                | ~20,000            |
| Pediatricians         | ~20,000            |

## Strong performance in chronic therapies



\*Includes Contrast Media

## Potential to further leverage investments made in distribution



# Our future priorities for India business



|  |   |  | Growth | Productivity |
|--|---|--|--------|--------------|
|  | <b>Strengthen the Core in Chronic – Cardio Metabolic</b>        | <ul style="list-style-type: none"> <li>○ Lead Therapy Shaping initiatives in anti hypertension segment – CCB, ARBs through deeper engagement with other ecosystem providers such as pharmacies</li> <li>○ Expansion in Diabetes through new launches</li> </ul>  | ✓      | ✓            |
|  | <b>Explore adjacencies by re-alignment of current divisions</b> | <ul style="list-style-type: none"> <li>○ Expansion in synergetic therapies areas by leveraging our speciality strengths</li> <li>○ Deployment of same field force numbers across specialist groups</li> <li>○ Moving up prescriber pyramid, deeper penetration with: Gastro   Nephrology   Paedia   ENT/ Chest</li> </ul>              | ✓      | ✓            |
|  | <b>Thrust on Sales Force Automation</b>                         | <ul style="list-style-type: none"> <li>○ Through Sales Force Excellence, tighter monitoring for field operations</li> <li>○ Improved operating leverage</li> <li>○ Roll out of Ipads for entire field force</li> <li>○ In-clinic effectiveness through adoption of Digital Technology and Closed Loop Marketing initiatives</li> </ul> |        | ✓            |
|  | <b>Life Cycle Management for Bigger Brands</b>                  | <ul style="list-style-type: none"> <li>○ Innovative ways for distribution of bigger brands</li> <li>○ Expansion beyond tier 2 towns</li> </ul>   | ✓      | ✓            |
|  | <b>Partnerships &amp; acquisitions in core TAs</b>              | <ul style="list-style-type: none"> <li>○ Bolt on acquisitions</li> <li>○ In-licensing</li> <li>○ BD/ Partnerships for differentiated formulations</li> </ul>   | ✓      |              |

# Core Objectives and Underlying Initiatives



Current Position

Medium-term  
Objective

|  | Top 30                                      | Top 20                                       |
|--|---|--|
| Improving IPM Position                     |   |  |
| Higher Contribution from Chronic Therapies | <50% of Domestic Formulations               | ~60% of Domestic Formulations                |
| Expanding Portfolio of Top Brands          | Five brands in Top 300 across 2/3 therapies | 8 to 10 sizeable brands across 4/5 therapies |
| More New Launches                          | 1-2 annual launches                         | 6-8 annual launches                          |
| Scale-up in Prescriber Relationships       | Physician relationships                     | Specialist relationships e.g. Cardio/Nephro  |
| Field Force Productivity                   | On par with industry                        | ~12-14% ramp up from current levels          |



# International Business Overview

# International Business: Clearly Defined Businesses Across Geographies

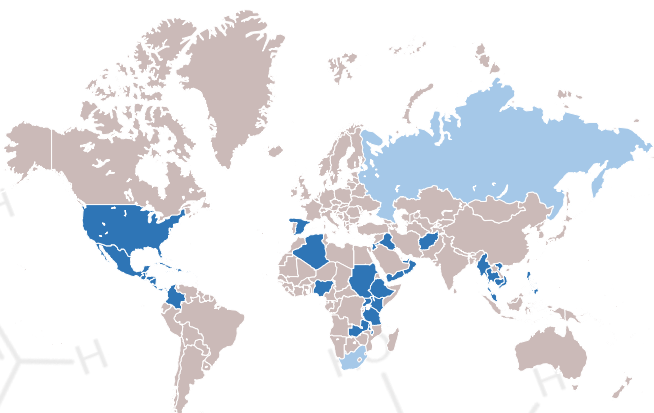


## International Formulations

Direct presence in Russia and South Africa

Distributor relationships in the US, Asia, Africa and LatAm

Direct front-end presence    Distributor-led model



## CMO

Leading global position in \$4.6 bn lozenges market opportunity

Marquee global clients in pharma and consumer sectors

## APIs

Leading capabilities with deep customer relationships

Substantial available capacities to drive growth

## Manufacturing Capabilities

Tablets, Capsules, Sachets, Liquids, Topicals, Vials, Lozenges, IV Infusions, Bulk Drugs,

## Compliance Approvals

USFDA, UK, EU, Australia, Canada, Russia, Ukraine, South Africa, Brazil, MOH Japan, MOH Korea, Semi-regulated Markets

International Business Revenues  
FY 21 Rs.1,127 crore



\* As % to international revenue



# Strong Branded Generics Franchises in International Home Markets (1/2)



## Current Position

## Strategic Objectives

### Russia/CIS



- \$22 billion EM with high entry barriers, high reliance on imported drugs and strong presence of Indian players
- Prescription-led branded generics business with strong brand equity built over three decades of presence
- Strong legacy of building brands – Doktor Mom, Rinza
- Well established relationships with pharmacy chains
- 80-people sales force in Russia, distributors in other CIS countries

- Deeper penetration of 4 key existing brands
- Leverage market position to expand OTC presence – Cough & Cold, Respiratory, Gastro
  - 2 products under launch in FY22
- Accelerated filing of at-least 4 assets by end of FY22 – Identified and under development
- Selective In-license opportunistic products to be launched in < 2 years
- Maximize CIS business opportunity
- Leverage presence to expand footprint in CMO business – Addition of selected customers over next 1-2 years

# Strong Branded Generics Franchises in International Home Markets (2/2)



## Current Position

## Strategic Objectives

### South Africa



- \$3.3 billion market with 90% contribution from branded products (BGx, OTC) and a sizeable private market
- 30-people sales force, leveraging product pipeline with increasing attention on private sales channels
- Well entrenched in GX and public market
- Strong relationships with major retail pharmacy chains
- Diversified sourcing strategy of products from JBCPL and outside JBCPL

- Expansion of current Gx model through portfolio augmentation
- Expand base in public market for acquired dossiers – consequently providing opportunities in private market
- Drive COGS and margin improvement to be more competitive in public market
- Potential acquisition of registered dossiers
- Opportunistically explore OTC categories which leverage existing endowment of pharmacy relationships

# Distributor-led Presence in International Markets



## Current Position

## Strategic Objectives

### United States



- Generics business focused on delayed release OSD forms, other niche products
- Selective play
- Asset-light, distributor-led model

- Ramp up ANDA filings to 4-6 per year (over next 2 years)
- Monograph products
- Work on backward API integration

### ROW



- Asset-light presence across Asia, Africa, Latin America

- Deeper penetration in existing markets only – Depth instead of adding new markets
- Setting up pipeline for portfolio expansion

### APIs



- Regulated markets focus, positioned to benefit from India's growing prominence in pharma supply chains
- Backward integration backbone to formulations export business
- Leading position in Diclofenac (NSAID) market

- Expand client base and drive selective product registrations
- Introduction of 3 to 4 new products which comprise a mix of ROW markets and support our ANDA strategy

# Specialized CMO Business with Leading Global Position in Lozenges



## Contract Manufacturing



Top 5 manufacturer of medical/herbal lozenges with significant market opportunity



Projects also focused on syrups, tablets, ointments and creams



Experience in working with marquee global pharma/consumer client base



Approvals from US, UK, EU, Australia, South Africa, Russia/CIS and Japan



Manufacturing, regulatory, development support mechanisms in place – capacities can support growth objectives

## Growth Levers

Deeper penetration with existing customers: explore new opportunities in more geographies

Expand focus on high-potential lozenges segment

Coverage into semi-regulated/other RoW markets

Volume scale-up on existing capacity

Leverage capabilities to manufacture wide variety of dosage forms

## Strategic Objectives

Expanding marquee relationships and creating new opportunities in more geographies

Life Cycle Management by entering into contracts during the earlier stage of brand development

Focusing on incremental innovation – eg: center-fill



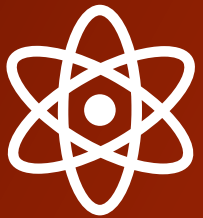
## Key Success Factors



# Re-investing Operating Surpluses to Accelerate Growth



- Operating scale – Therapy diversification with existing field force in near term
- Higher utilization of manufacturing/distribution assets
- Cost rationalization initiatives



## Margin Drivers

## Key Investment Areas



- R&D investments
- Investments in adjacent therapies
- Adoption of digital technologies
- Expanding reach beyond Tier 2 towns
- Bolt on M&A

Organic growth to sustain at a higher pace than industry

Infrastructure and resources available to support growth in near and mid term

Incremental focus on R&D

Prudently investing business gains in growth initiatives

Well-considered evaluation of synergistic and value-accretive M&A opportunities



# Financial Performance

# Q4 & FY21 – Financial Performance



| Particulars (Rs. Crore)                        | Q4 FY21 | Q4 FY20 | YoY Growth    | FY21    | FY20    | YoY Growth   |
|--|---------|---------|---------------|---------|---------|--------------|
| <b>Revenue from Operations</b>                 | 528.5   | 443.5   | <b>19%</b>    | 2,042.5 | 1,774.7 | <b>15%</b>   |
| Cost of Goods Sold                             | 194.5   | 147     | 32%           | 701.5   | 630.8   | 11%          |
| Employee Benefit Expenses                      | 86.2    | 85.5    | 0.8%          | 340.6   | 322.9   | 5.5%         |
| Other Expenses                                 | 123.9   | 119.3   | 3.9%          | 440     | 443.4   | -0.8%        |
| <b>EBITDA</b>                                  | 123.9   | 91.7    | <b>35.1%</b>  | 560.4   | 377.6   | <b>48.4%</b> |
| <b>EBITDA Margin</b>                           | 23.4%   | 20.7%   |               | 27.4%   | 21.3%   |              |
| Depreciation                                   | 16.5    | 17.4    | -5.2%         | 68.7    | 66.3    | 3.6%         |
| Finance Costs                                  | 0.7     | 0.5     | 40.0%         | 7.2     | 3       | 140.0%       |
| Other Income                                   | 25.3    | 3.2     | 690.6%        | 112.4   | 50.7    | 121.7%       |
| <b>Profit Before Exceptional Items and Tax</b> | 132.0   | 77.0    | <b>71.4%</b>  | 596.9   | 358.9   | <b>66.3%</b> |
| Exceptional Items                              | 0.0     | 10      |               | 0       | 10      |              |
| Profit Before Tax                              | 132.0   | 67.0    | 97.0%         | 596.9   | 348.9   | 71.1%        |
| Tax Expenses                                   | 31.2    | 16.9    | 84.6%         | 148.4   | 76.5    | 94.0%        |
| <b>Net Profit After Tax</b>                    | 100.80  | 50.1    | <b>101.2%</b> | 448.5   | 272.4   | <b>64.6%</b> |
| <b>Other Comprehensive Income (OCI)</b>        | -5.7    | -18.1   | 68.5%         | 0.3     | -15     | 102.0%       |
| <b>Net Profit After OCI</b>                    | 95.1    | 32.0    | 197.2%        | 448.8   | 257.4   | 74.4%        |
| Paid-up Equity Share Capital                   | 15.5    | 15.5    | 0             | 15.5    | 15.5    | 0            |
| <b>Diluted EPS (Rs.)</b>                       | 13.02   | 6.30    | <b>106.6%</b> | 57.96   | 34.20   | <b>69.4%</b> |

# Strong revenue growth



Domestic Formulations\* (INR cr)

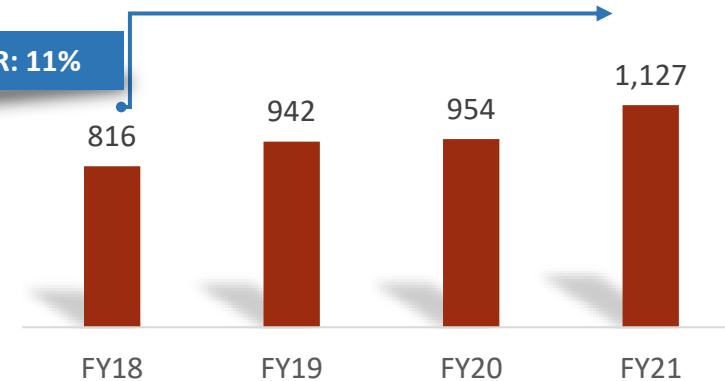
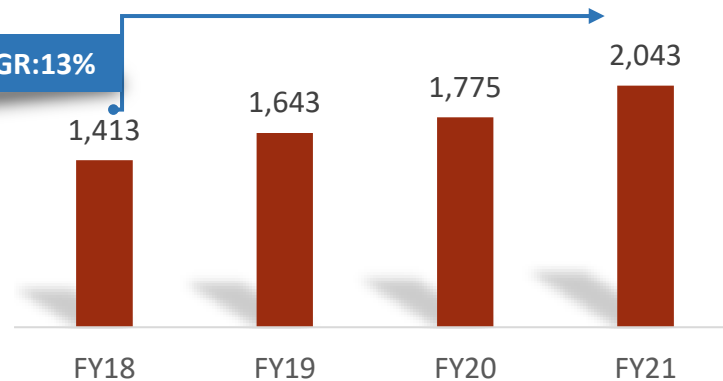
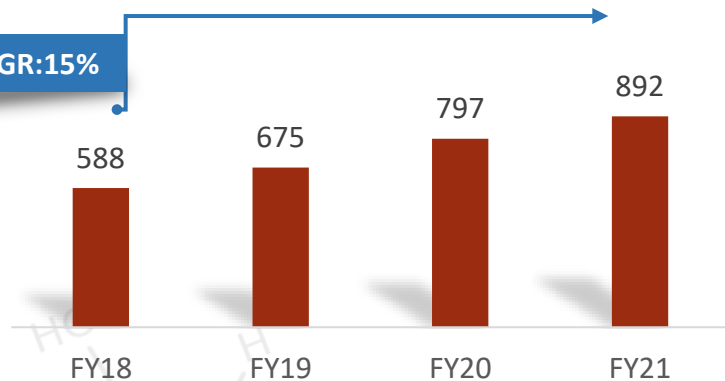
Revenues (INR cr)

International Business\*\* (INR cr)

CAGR:15%

CAGR:13%

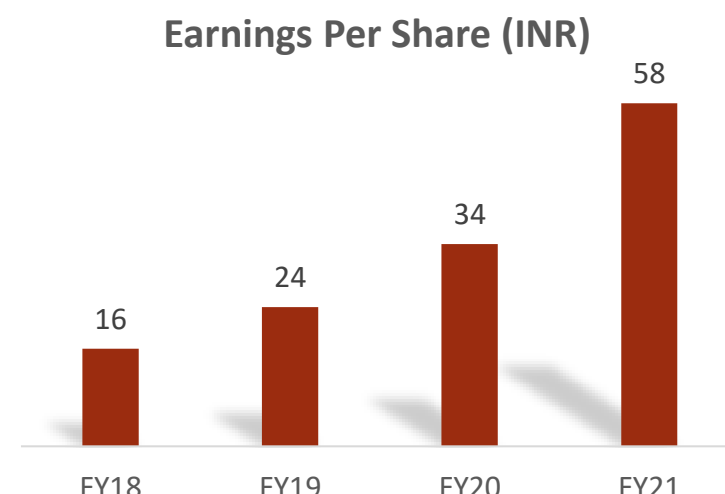
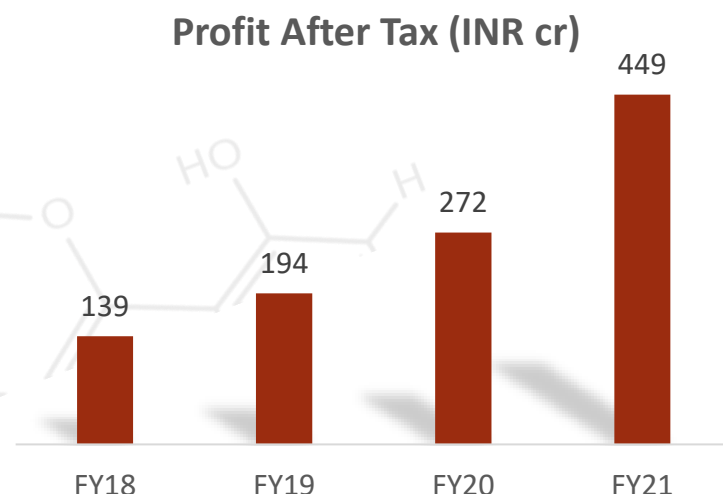
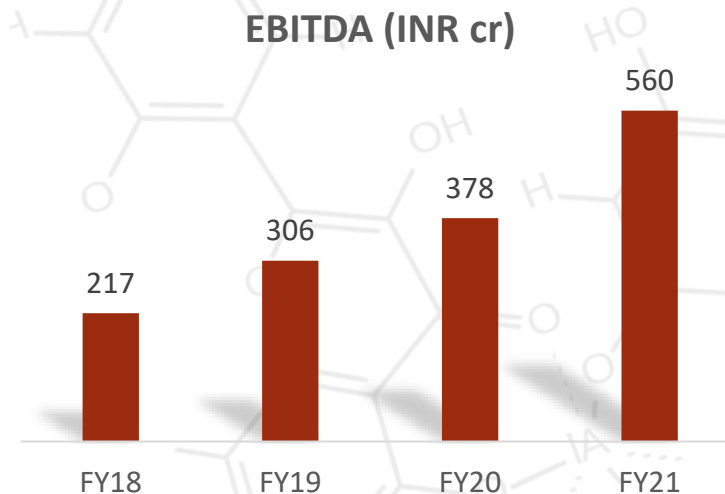
CAGR: 11%



EBITDA (INR cr)

Profit After Tax (INR cr)

Earnings Per Share (INR)



\*includes Contrast Media

\*\*consists of Export Formulations, Contract Manufacturing and APIs

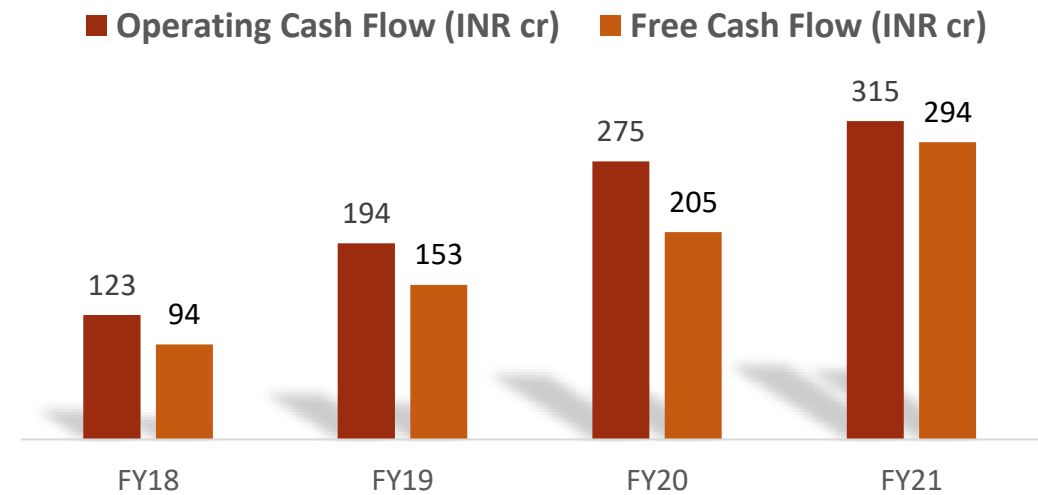
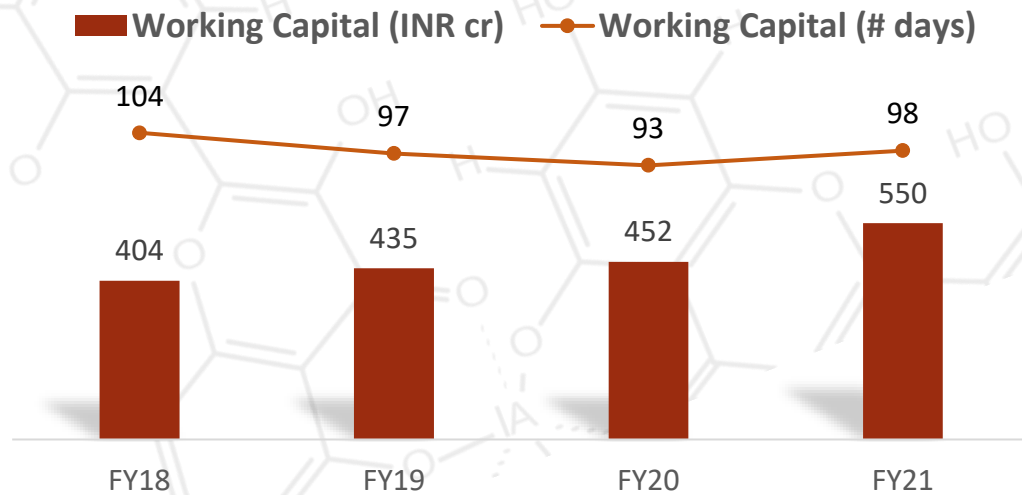
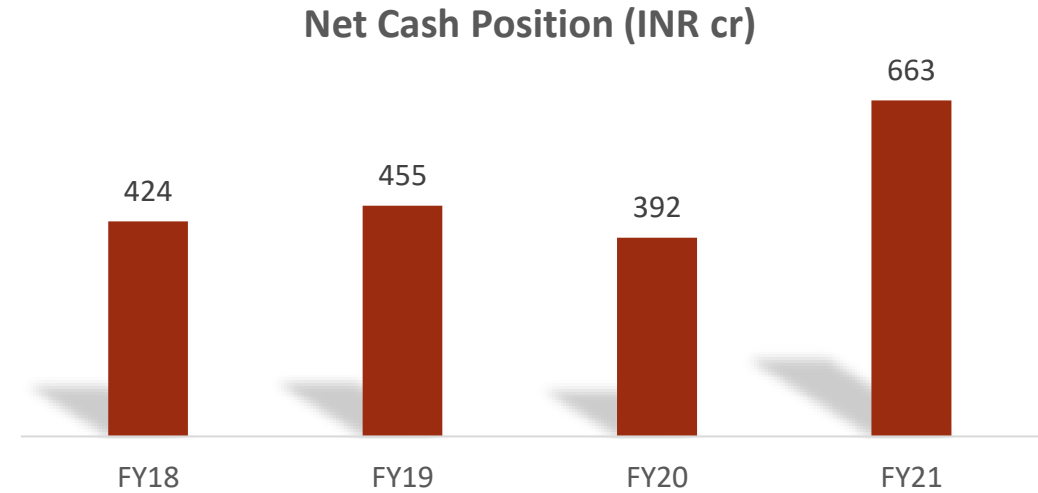
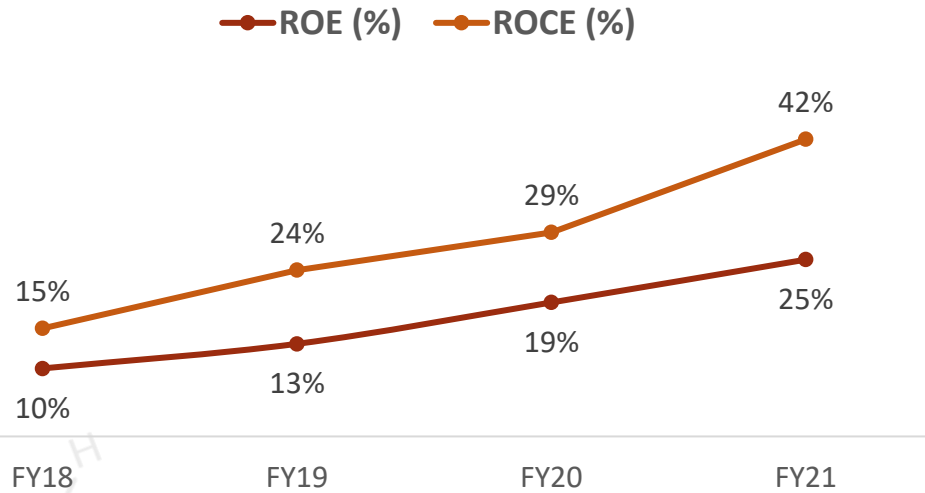


# Financial Performance Analysis



| Particulars                 | FY18  | FY19  | FY20  | FY21  |
|-----------------------------|-------|-------|-------|-------|
| Gross Margin                | 61.9% | 63.7% | 64.5% | 65.7% |
| Employee Cost/Revenues      | 17.8% | 17.5% | 18.2% | 16.7% |
| Operating Expenses/Revenues | 28.8% | 27.5% | 25.0% | 21.5% |
| EBITDA Margin               | 15.4% | 18.6% | 21.3% | 27.4% |
| EBIT Margin                 | 11.3% | 15.2% | 17.5% | 24.1% |
| Net Margin                  | 10.0% | 11.8% | 15.3% | 22.0% |

# Substantial improvements in shareholder returns and consistent cash generation



\* ROCE = EBIT/(Net Worth + Debt + Mutual Fund Investments)

# About J.B. Chemicals & Pharmaceuticals Limited



*J.B. Chemicals and Pharmaceuticals Limited (JBCPL) (BSE: 506943 | NSE: JBCHEPHARM | ISIN: INE572A01028), established in 1976, is one of India's leading pharmaceutical companies. An integrated, publicly-listed organization with a focus on supplying affordable, quality products both in India and internationally, JBCPL is trusted by healthcare professionals globally. Today, JBCPL exports to over 40 countries across the world and earns more than half its revenue from its international business. JBCPL is widely committed to manufacturing a range of innovative specialty products that include various pharmaceutical dosage forms like tablets, injectable (vials, ampoules, form fill seal), creams & ointments, lozenges, herbal liquids and capsules. JBCPL has its headquarters in India's financial capital, Mumbai. With a domestic sales force of 2,000 people, several internationally approved state-of-the-art manufacturing units, a research and development center, and subsidiaries abroad, JBCPL has a consistent track record of enhancing value for its shareholders.*

*For more details on J.B. Chemicals and Pharmaceuticals Limited, please visit [www.jbcpl.com](http://www.jbcpl.com).*

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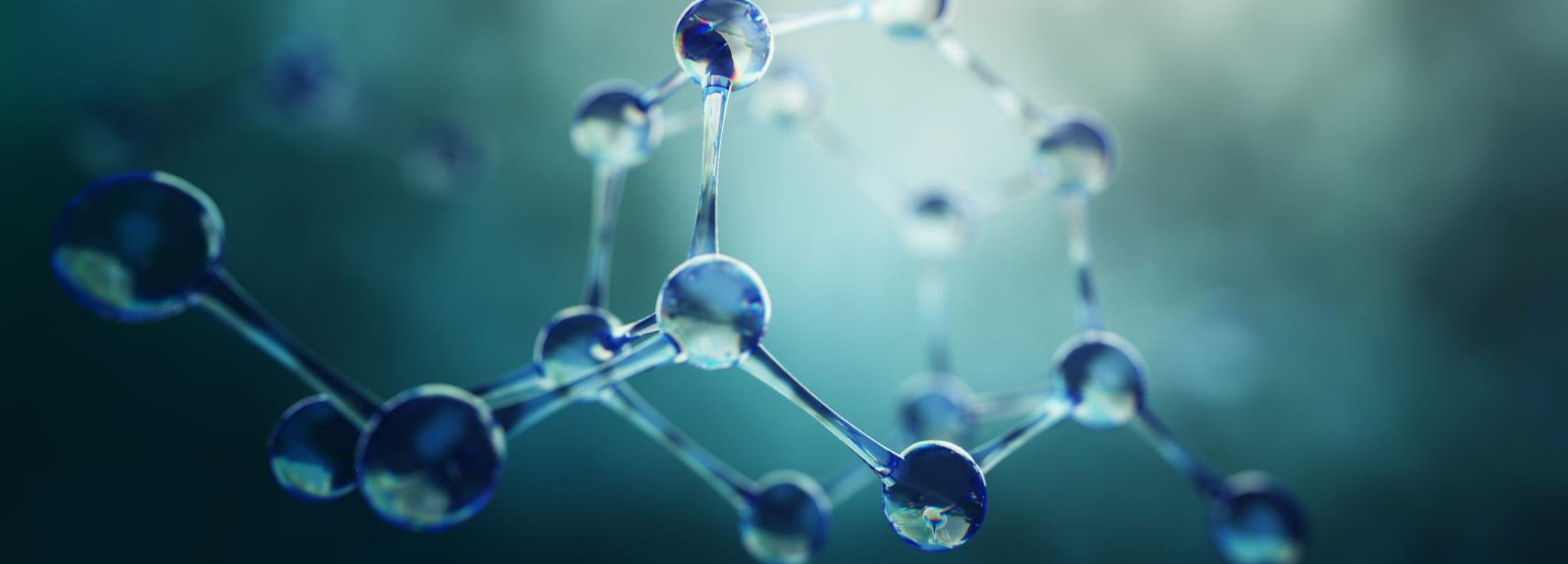
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**Thank You**