

Q2 & H1 FY21 – FINANCIAL RESULTS

JB CHEMICALS AND PHARMACEUTICALS LIMITED



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**Company
Overview**



**Q2 & H1 FY21
Financial
Performance**



**Business
Overview**



**Historial
Financial
Performance**



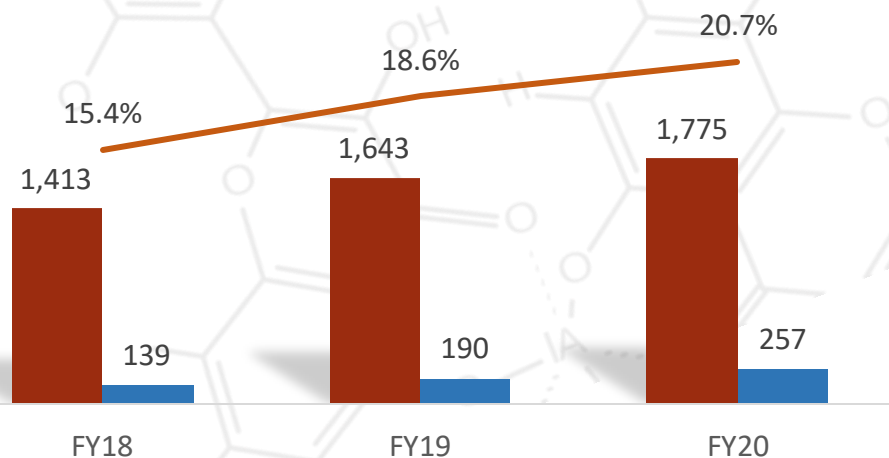
Company Overview

Corporate Snapshot



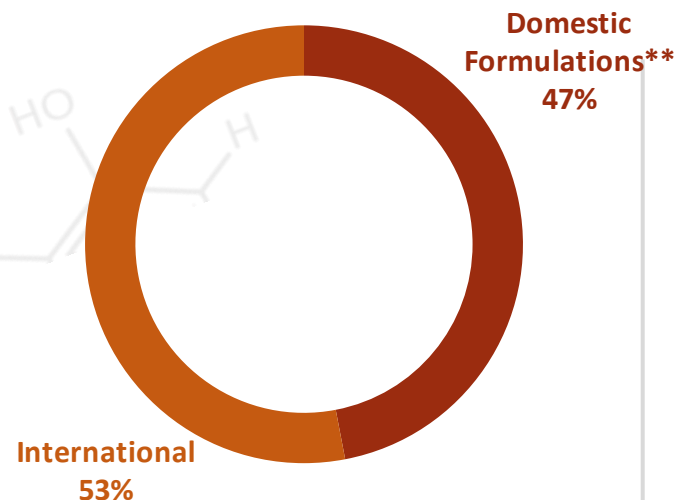
- Over four decades of business presence with established operations in India and international markets
- Strong brands, world-class production capabilities and established marketing/distribution provide strategic framework for growth
- Well-established domestic formulations franchise consistently growing faster than market driven by expansion in chronic therapies
- International operations spread across formulations, API's and contract manufacturing businesses
- Rich legacy of supporting marquee clients in creating big brands
- Equity control acquired by global investor KKR; JBCPL's board expanded with induction of three independent directors; professional top management team augmented

Revenue (INR cr) PAT (INR cr) EBITDA Margin (%)

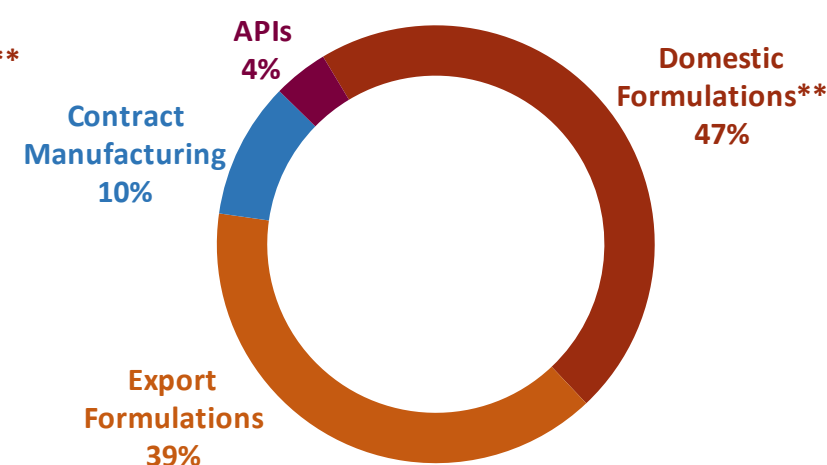


Financial Year ends on 31st March

Revenue Contribution*



Business-wise Revenues*



* Based on FY20 Revenues: 1,775 crore

** Includes Contrast Media

Multi-dimensional pharma company with several growth drivers



40+

Years of operations with consistent track record across multiple businesses

5

Brands among top 300 brands, contributing over 80% of domestic formulations revenues

29%

Growth in chronic therapies* in the domestic formulations business

2,100+

Field force, significantly expanded 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

8

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

****28%**

ROCE with strong cash position and consistent cash flow generation

* CAGR over FY16-FY20

** ROCE for FY20; $ROCE = EBIT / (Net\ Worth + Debt + Mutual\ Fund\ Investments)$

Change in controlling stake and management



KKR acquires controlling equity stake:

KKR has completed acquisition of 54% stake in JBCPL from the founding promoters of the company, funded from KKR's Asian Fund III, a \$9.3 billion fund focused on investments in private equity transactions across the Asia Pacific region

New management team additions:

- Nikhil Chopra appointed Chief Executive Officer & Whole Time Director of the company. Nikhil joined JBCPL after a 24-year stint at Cipla, including five years as CEO of Cipla's India business, where he spearheaded several business transformation initiatives, driving greater access to medicines, digital transformation of field force, direct-to-consumer, patient support and strategic partnerships with innovator companies.
- Kunal Khanna appointed President-Transformation of the company. Kunal comes with over 17 years of experience across life-sciences, healthcare services, logistics, strategy and performance improvement. This includes five years with Cipla India where he headed the Chronic & Emerging Cluster, led business development, drove restructuring of the India business, set up a commercial excellence practice and several strategic partnerships and in-licensing deals. Prior to that he was with IMS Consulting Unit IQVIA in South Asia.

Board re-constituted with the induction of eight new directors:

- Five nominees of Tau Investment Holdings Pte. Ltd. (indirect wholly-owned subsidiary of KKR Asian Fund III L.P.), including Nikhil Chopra
- Three independent directors

Strengthening of Board of Directors



- Three new non-executive and independent directors appointed
- The Board is Chaired by Mr. Ranjit Shahani



**Mr. Ranjit
Shahani**

Global business leader with over 40 years of global experience in healthcare, pharmaceuticals, health technology and other industries with a consistent record of creating sustained shareholder value. Mr. Shahani held the position of Vice Chairman and Managing Director of Novartis, India from 2002 to 2018 and prior to that he was the company's Chief Executive Officer. Through his career, he has also led several leading industry bodies and currently serves as an independent director on the boards of some leading companies.



**Mr. Sumit
Bose**

Former member of the Indian Administrative Services where he served as Union Finance Secretary (as Secretary, Department of Revenue) as well as Secretary in the Departments of Expenditure and Disinvestment and in the Thirteenth Finance Commission. During the course of his career, Mr. Bose has also been a consultant on several projects, including those of the World Bank, Commonwealth Secretariat and United Nations Development Programme both in India and internationally. He currently serves as an independent director on the board of several companies.



**Mrs. Padmini
Khare Kaicker**

Managing Partner of B. K. Khare & Co, a leading and reputed Indian accounting firm. Padmini is a qualified Chartered Accountant, a Certified Public Accountant (USA) and a Diploma in Business Finance from ICAI with over 24 years of wide and varied experience serving clients in a variety of businesses across sectors. Padmini serves as independent director on the boards of several reputed companies and also as audit committee chairperson in many of these companies.

KKR: Committed to transform JBCPL into a best-in-class pharma platform



KKR

- Kohlberg Kravis Roberts & Co. L.P. (“KKR”) is a leading global investment firm with industry-leading investment experience, in-depth industry knowledge, sophisticated processes for growing and improving businesses, and a strong culture committed to teamwork
- 44-year track record of quality private equity investing having completed transactions with over ~\$630 billion of total enterprise value in ~20 industries; current assets under management of ~\$233.8 billion
- Long track record of supporting companies in the pharmaceutical and healthcare sectors - invested ~\$14bn globally in healthcare since 2004
- Rich experience of investing in new innovative drug development, through the \$1.45bn Health Care Strategic Growth Fund, L.P., focused on US & Europe
- Experienced team of 1,000+ executives⁽¹⁾ around the globe and a network of consultants at KKR Capstone⁽²⁾

JBCPL Acquisition – Belief in Sustainable Growth Opportunity

Key Drivers.....

Leverage strengths across **new therapeutic segments in India**
Branded Formulations

Deeper penetration with existing customers in CMO

Strengthening of **R&D** and product portfolio in existing markets

Penetration in other **pharmerging** markets

Accretive **bolt-on acquisitions**

As of September 30, 2020.

1) Includes certain KKR executives working in legal, compliance, IT, IR, financial, tax and accounting functions. Excludes KKR Capstone.

2) References to “KKR Capstone” or “Capstone” are to all or any of KKR Capstone Americas LLC, KKR Capstone EMEA LLP, KKR Capstone EMEA (International) LLP, KKR Capstone Asia Limited and their Capstone-branded subsidiaries, which employ operating professionals dedicated to supporting KKR deal teams and portfolio companies. KKR acquired KKR Capstone effective January 1, 2020. References to operating executives, operating experts, or operating consultants are to such employees of KKR Capstone. In this presentation, views and other statements regarding the impact of initiatives in which KKR Capstone has been involved are based on KKR Capstone’s internal analysis and information provided by the applicable portfolio company. Such views and statements are based on estimates regarding the impact of such initiatives that have not been verified by a third party and are not based on any established standards or protocols. They can also reflect the influence of external factors, such as macroeconomic or industry trends, that are unrelated to the initiative presented.

KKR has invested ~\$14bn Globally in Health Care since 2004



Biopharmaceuticals



Medical Devices



Providers



Other Services



Life Sciences Tools/Diagnostics



As of September 30, 2020. Includes investments made by KKR's Private Equity, Growth Equity, and Core Investment Strategies, as well as the KKR Balance Sheet and KKR Managed SMAs. The specific investments identified are not representative of all of the investments purchased, sold or recommended for KKR or KKR investment funds, vehicles or accounts, and it should not be assumed that the investments identified were or will be profitable or the investment performance would be representative of the investment performance of investments that would be made by the Fund. There can be no assurance that investors in any KKR fund, vehicle or account will receive a return of capital. Past performance of these and any other investment is no guarantee of future results. See below for important disclosure regarding the calculation of Gross IRRs, Net IRRs, Gross Multiples and Net Multiples and the valuation of unrealized and partially unrealized investments.

Nikhil Chopra, CEO, JBCPL on Future Outlook:



"I am delighted to be at the helm of JBCPL, a company with a strong business model and multi-pronged drivers of long-term growth. With management control transitioning to KKR and the new management team coming on board, the company is uniquely positioned to capitalize on opportunities in formulations, contract manufacturing and API's.

We have a rich legacy to build on – supported with best in class manufacturing facilities, unique lozenges platform and strong brands. Our future path to value creation will focus on:

- *Portfolio ramp up and building bigger brands in domestic formulations*
- *Strengthening of R&D to support filings & dossier registrations in regulated and semi regulated markets*
- *Expansion of lozenges platform to support our CMO business*
- *Deeper focus on Business Development and Strategic Partnerships along with synergistic acquisitions*

As we embark on this new journey, Technology Enablement and People Empowerment will be reflected in every act we do.

So far, we have seen strong operating performance across business units first half of FY21. As we move into the second half of the financial year, we look forward to formulating and kickstarting several initiatives that we believe will enhance stakeholder value in line with potential."

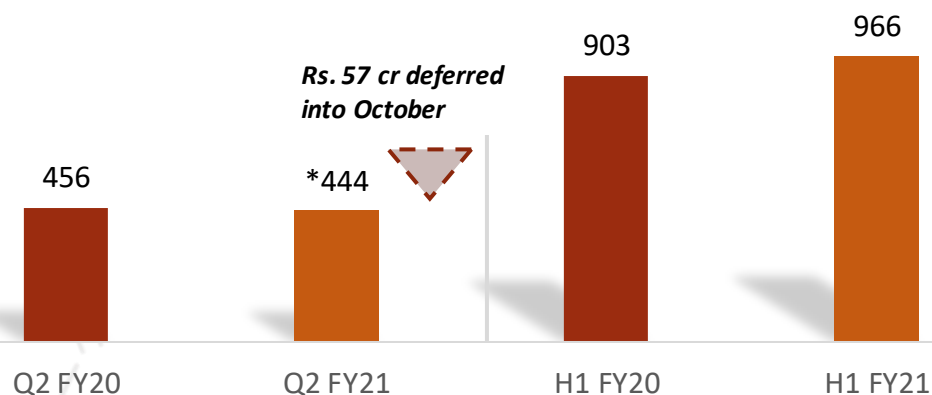


Q2 & H1 FY21 Financial Performance

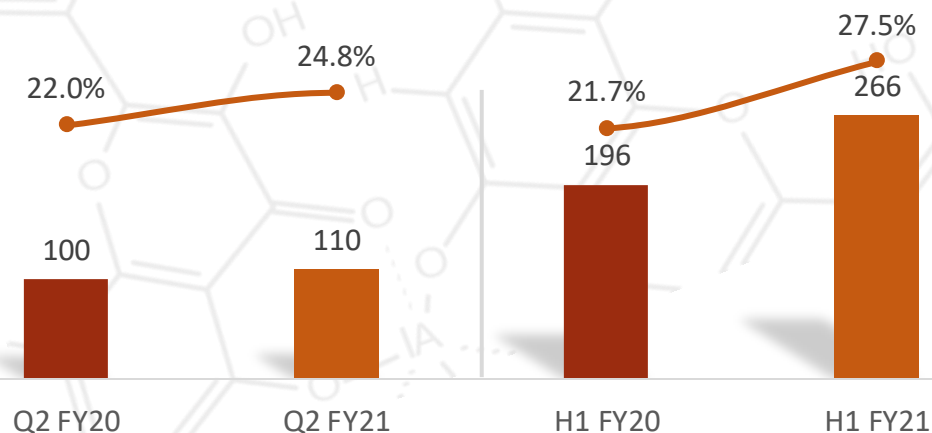
Financial Overview



Revenues (INR cr)



EBITDA (INR cr) and Margin (%)



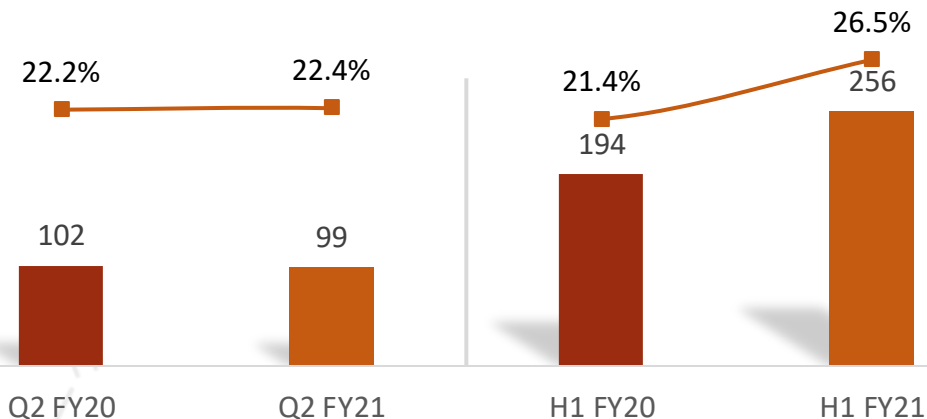
- Domestic Formulations and International businesses maintain positive momentum
- *** Exports order book remains healthy (Sep 20 order book growth of 39% over Sep 19) – however, Rs. 57 crore of planned Q2 dispatches have been deferred to October due to constrained availability of ships /containers**
- Domestic Formulations business continues to outpace IPM growth rates, driven by sales performance in chronic therapies
- Slowdown in demand in the acute segment due to COVID-19 related lockdowns, is now gradually reverting to regular levels

- EBITDA performance continues to be encouraging – expands by 10% in Q2 FY21 despite deferment of export orders of Rs. 57 crore to October
- Relatively better gross margin profile and continued control on operating expenditure (including A&P and admin expenses) resulted in EBITDA margin expansion of 290 basis points YoY
- **35% EBITDA growth in H1 FY21**

Financial Overview

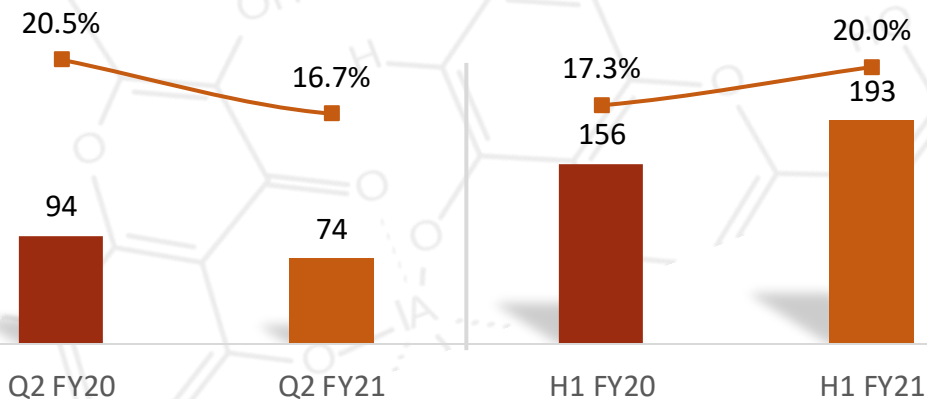


■ Profit Before Tax (INR cr) —■ Margin (%)



- Marginal decline in Profit Before Tax during Q2 FY21 due to:
 - Deferment of export shipments of Rs. 57 crore to October
 - Lower other income earned during Q2 FY21 consequent to marked-to-market mark-downs on investment portfolio due to declining bond yields

■ Profit After Tax (INR cr) —■ Margin (%)

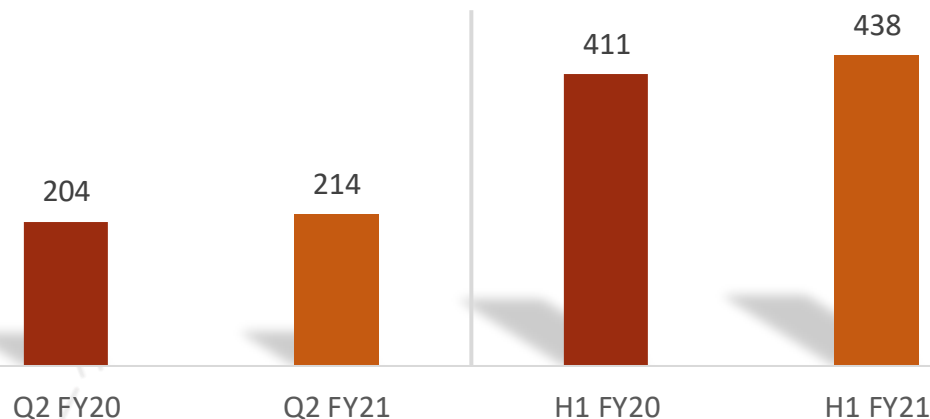


- Profit After Tax during Q2 FY21 impacted by significant variance in effective tax rate (ETR) on YoY basis:
 - Q2 FY21 ETR at 25.6% vs exceptionally low ETR of 7.6% in Q2 FY21 following adoption of lower tax rate option in the latter period
 - ETR in H1 FY21 and H1 FY20 is more normalized
- Earnings Per Share at Rs. 9.55 during Q2 FY21

Revenue Analysis

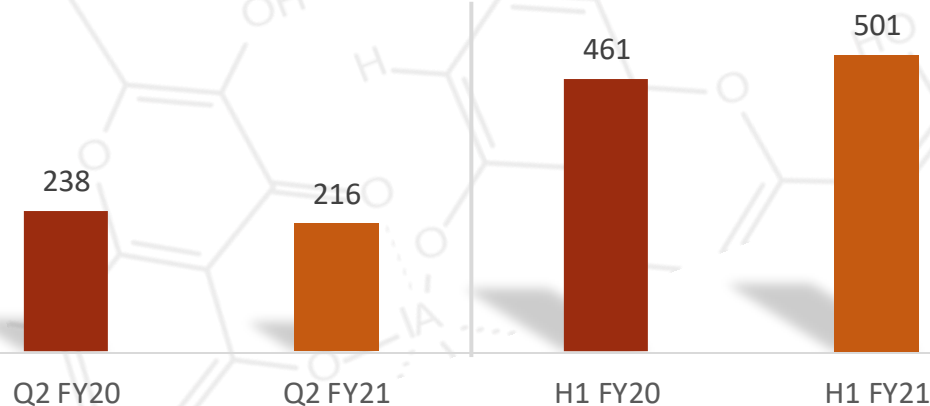


Domestic Formulations* (INR cr)



- JBCPL is among the fastest growing companies as per IPM data:
 - July-Sep'20: JBCPL 21.5% vs market growth rate at 4%
- Robust growth in Cardiac segment
- Gradual demand recovery in acute segment
- Increasing level of digital engagement with doctors yielding good results
- Hospital business for Contrast Media expected to revive going forward

International Business** (INR cr)



- Very healthy order book trends in H1 FY21, up 39% YoY as on Sep 20
- Demand for the company's products across various markets remains healthy – however, Rs. 57 crore of dispatches planned in Q2 have been deferred to October due to constrained availability of ships/containers
- Certain semi-regulated markets in Latin America, Africa and South East Asia are showing healthy growth
- Good order flows from major contract manufacturing and API customers

*includes Contrast Media

**consists of Export Formulations, Contract Manufacturing and APIs

Abridged Balance Sheet



Balance Sheet	Sep-20	Mar-20
Net Worth	1,629	1,438
Debt	31	32
Other Liabilities	138	103
Total Liabilities	1,798	1,573
Non-Current Assets	688	741
Net Working Capital (Receivables + Inventories - Payables)	531	380
Cash and Cash Equivalents	485	365
Other Current Assets	94	87
Total Assets	1,798	1,573

All values in INR crore

- Cash position continues to improve with no major spending during H1 – net debt-free, cash-positive status
- Higher inventory position reflective of:
 - Deferment of Q2 FY21 export shipments to October
 - Raw materials/inputs build-up to ensure supply security due to COVID-19 pandemic
- Receivables position in domestic business expected to normalize Q3 FY21 onwards – higher receivables reflective of temporary support to customers during the lockdown period



Business Overview

Fast growing Domestic Formulations business



JBCPL is amongst the fastest growing pharma companies

15%

Vs market growth* of 5%

Leadership position in the covered markets

30%

+ share in 5 molecule categories

Extensive doctor and patient connect

4 Team Structure Pan India

HCP coverage

75,000 doctors

40,000 doctors

120,000 doctors

60,000 doctors

Market visibility enhanced by front end investments



Team segregated by four therapy-based divisions



Wider coverage in North, West, Rural India

Deeper prescriber relationships

Investments in technology and training/development



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

Position in IPM.

32

Rank in the IPM

No of brands in Top 300

5

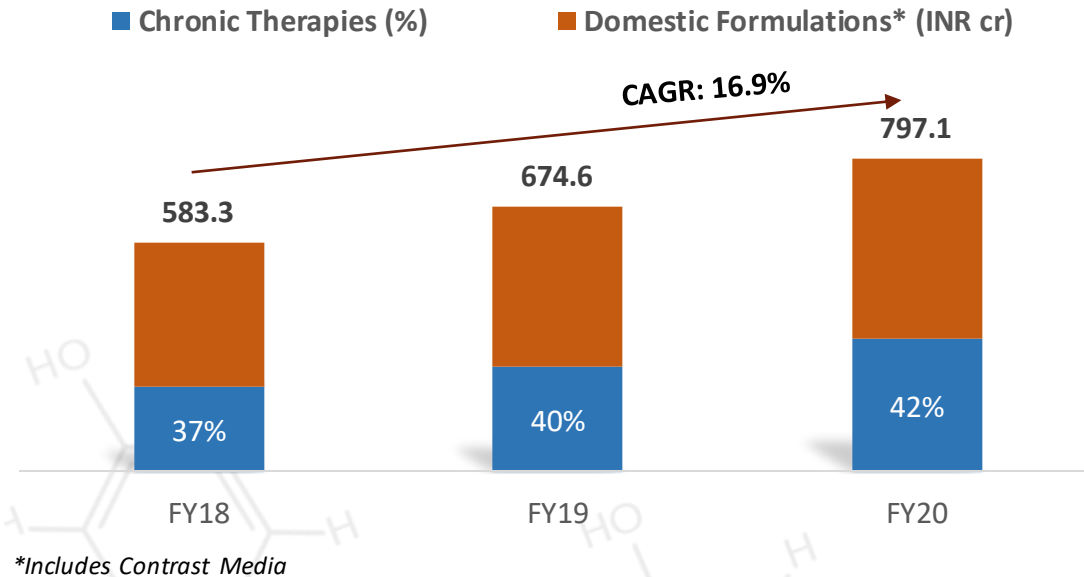
Brands with average growth registered @ 20+%

*MAT Growth Sept 20 – IQVIA published

HCP: Health Care Practitioner

Fueled by growth in chronic segment and big brands becoming bigger

Increasing contribution from chronic therapies leading to industry outperformance



Growth Levers

Portfolio expansion in chronic segment

BD/ In-licensing and strategic partnerships

Continued expansion & penetration of prescribers, especially with specialists

Diversification across newer therapies in line with core therapeutic strengths

Strengthening of R&D

Five brands are segment leaders (within Top 300 of IPM) and contribute ~80% to domestic formulations revenues

Brand	Therapy	Segment	Segment Position	Market Share	Revenues**	Growth**
Cilacar	Cardiovascular	Calcium channel blocker	#1	50%	238	24%
Nicardia	Cardiovascular	Calcium channel blocker	#1	87%	97	31%
Metrogyl	Gastrointestinal	Amoebicide	#1	47%	86	16%
Rantac	Gastrointestinal	Anti-peptic ulcerant	#2	40%	238	20%
Cilacar T	Cardiovascular	CCB + ARB	#1	35%	78	32%

**Brand sales are IQVIA published numbers based on MAT Sept 20. Growth rate calculated from MAT18-20
The chronic and overall business split is based on internal reported numbers

Clearly defined businesses across key geographies

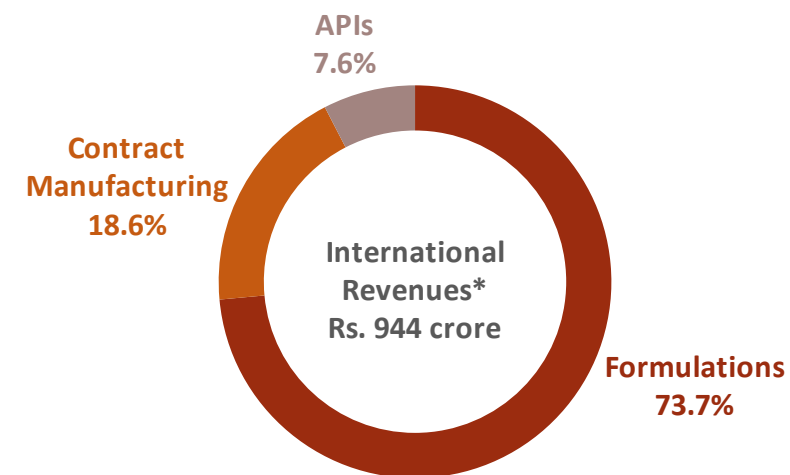
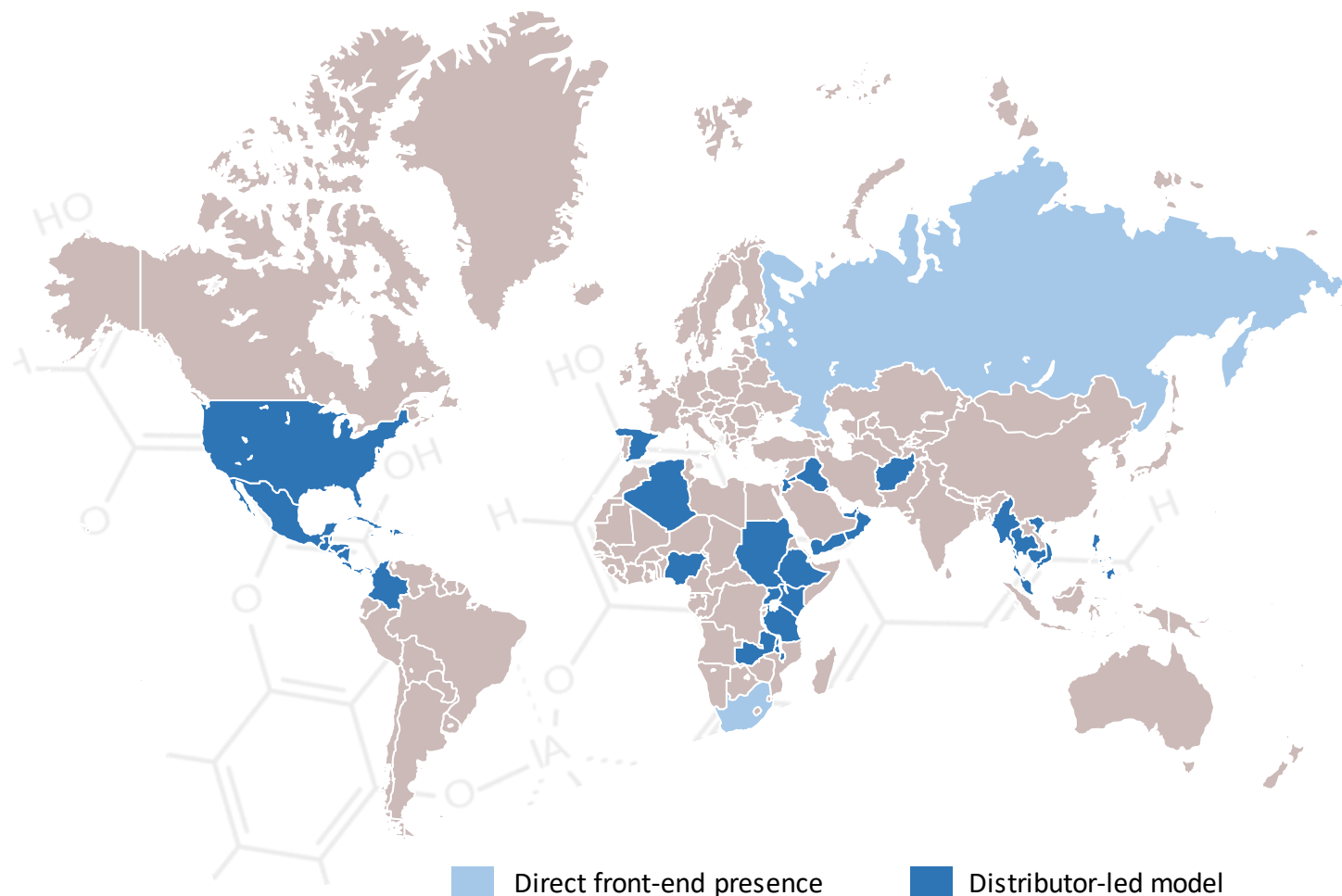


International Business

Business interests across formulations, CMO and API's

Direct presence in Russia and South Africa

Distributor relationships in the US, Asia, Africa and Latin America



*FY20

Formulations presence in 40+ regulated/semi-regulated markets



International Business



Direct presence with own field force in high-potential branded generics emerging markets

Expanding focus on private markets in South Africa; consolidating in public, veterinary, hospitals and export markets



Prescription-led branded generics business with strong brand equity in Russia built over three decades of presence



Asset-light, distributor-led presence in the US, Latin America, CIS, Asia and Africa

US generics business focused on high-potential products with 16 approved ANDA's and four in the pipeline

Branded generics in Africa, Mexico, Australia, Sri Lanka, Singapore, Ukraine, Uzbekistan etc, leveraging existing portfolio



Exploring additional high-potential markets to supplement distribution network

CMO and API leverage organizational strengths



International Business

Contract Manufacturing



Projects focused on lozenges, syrups, tablets, ointments and creams

- Top 5 manufacturer of medical/herbal lozenges with significant market opportunity
- Capability to manufacture other dosage forms



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

- Potential to expand in existing/new markets with already committed investments



Manufacturing, regulatory, development support mechanisms in place



Increasing momentum of product registrations



Marquee global pharma/consumer client base

APIs



Regulated markets focus – exports to European MNCs



Leading position in Diclofenac (NSAID) market where India is the significant supplier



Expanding client base and driving new product registrations



Sufficient capacity to expand production with existing investments



Provides backward integration backbone to formulations export business, being leveraged for expansion into new products

Growth Levers



International Business

International Formulations



Expand into additional high potential emerging markets

Strengthen position in established markets, adding products/brand extensions

Focus on niche, difficult to produce or limited competition products in the US

API



Well-positioned to capitalize on supply chain reorientation towards India

Opportunity to add new clients and expand existing client wallet share

Registering new products

CMO



Deeper penetration with existing customers, new opportunities, geographies

Deeper focus on high-potential lozenges segment

Expand to semi-regulated/other RoW markets

Sustainable growth opportunity leveraging business strengths and existing investments, driven by a re-energized corporate framework

Manufacturing Facilities



Facility	Products	Compliance approvals
Panoli, Gujarat (Campus 1)	Tablets, capsules	USFDA, UK, AU, SA, EU
	IV infusions	SA, Russia, EU
	Liquids	AU, EU, Russia, Ukraine
	Topicals	AU, EU, Russia, Ukraine
Panoli, Gujarat (Campus 2)	Vials	Brazil, Russia, Ukraine
	IV infusions	Russia, Ukraine
	Tablets	USFDA, UK, SA, EU
Panoli, Gujarat (Campus 3) – API	Bulk Drugs	USFDA, EU. MOH Japan. MOH Korea
Ankleshwar, Gujarat	Tablets	Semi-regulated markets
	Liquids	Semi-regulated markets
Kadalya, Daman	Lozenges	UK, AS, SA, EU, Canada, Russia, Ukraine
	Tablets	Russia, Ukraine
	Sachets	Russia, Ukraine



7 Formulations plants and 1 API plant in India with capabilities across wide range of dosage forms

Cost-efficient, EBMR (Electronic Batch Manufacturing Record) compliant facilities create strong differentiation

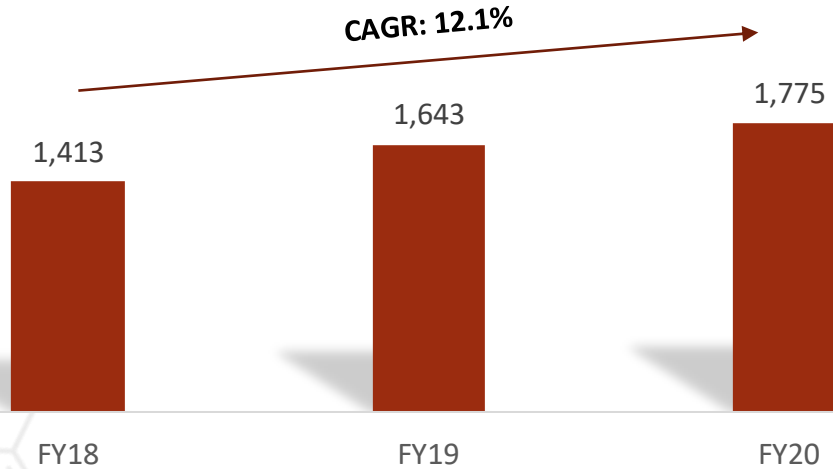


Historical Financial Performance

Strong revenue growth and margin expansion

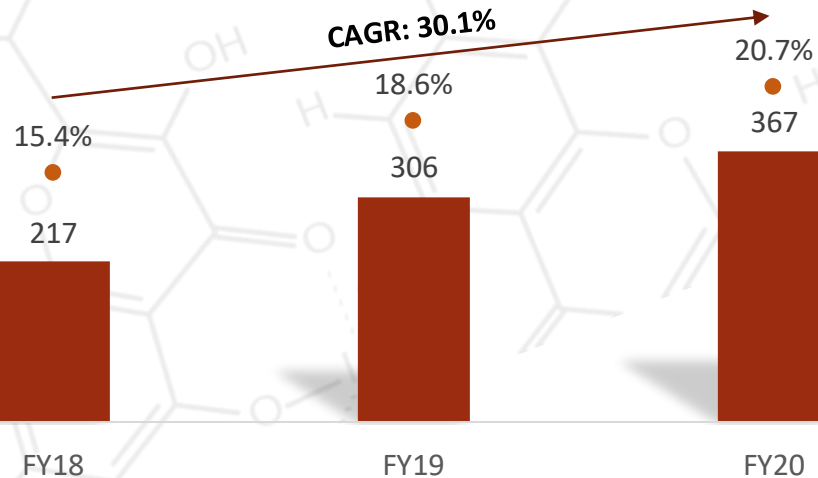


Revenues (INR cr)



- Growth acceleration following realignment of go-to-market model and expansion of sales force in India with greater focus on chronic therapies
- Expansion of global footprint, leveraging existing products along with growing opportunities in CMO and API segments

■ EBITDA (INR cr) ● Margin (%)

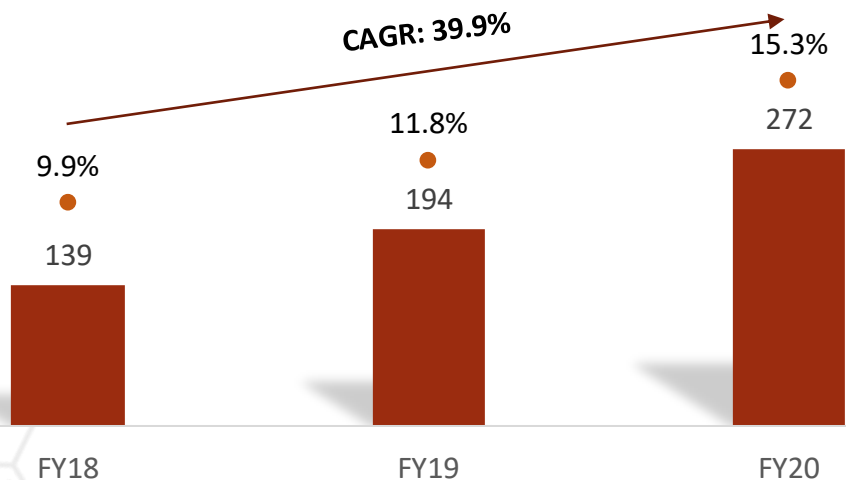


- Favorable product mix in both domestic and international businesses has expanded gross margins
- Operating leverage benefits from volume expansion based on a relatively steady fixed cost that has further scope to drive higher business volumes

Accelerated profit growth

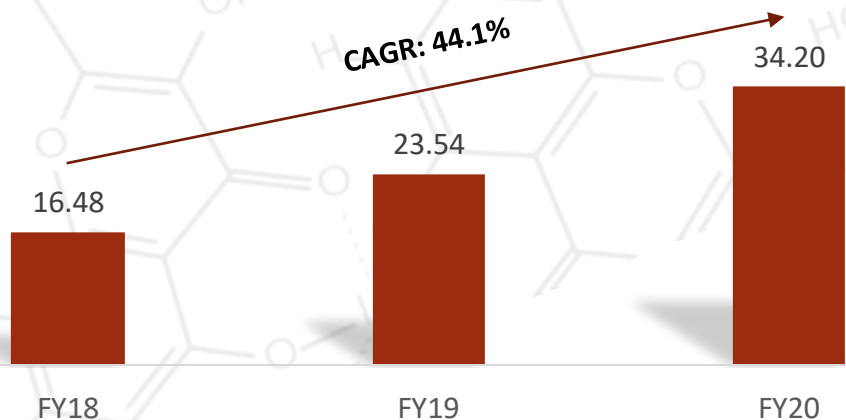


■ Profit After Tax (INR cr) ● Margin (%)



- Growth initiatives delivered on a largely stable capital base through higher utilization of capacities
- Debt-free, cash surplus status maintained despite increasing pay-outs to shareholders

Earnings Per Share (INR)

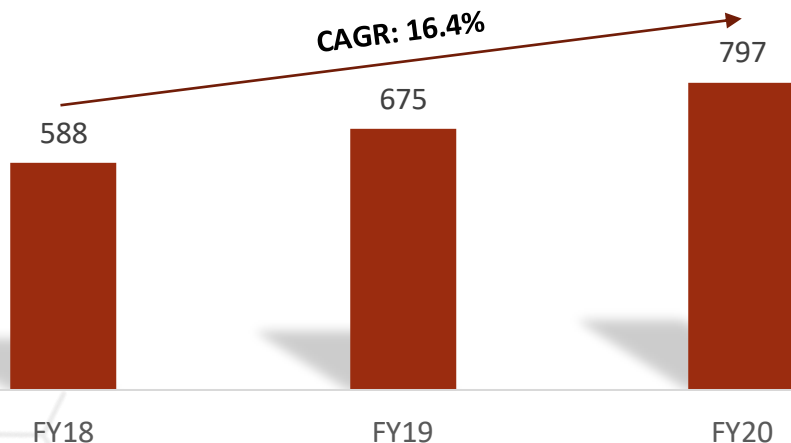


- Shareholders rewarded through increasing payouts from growing profits

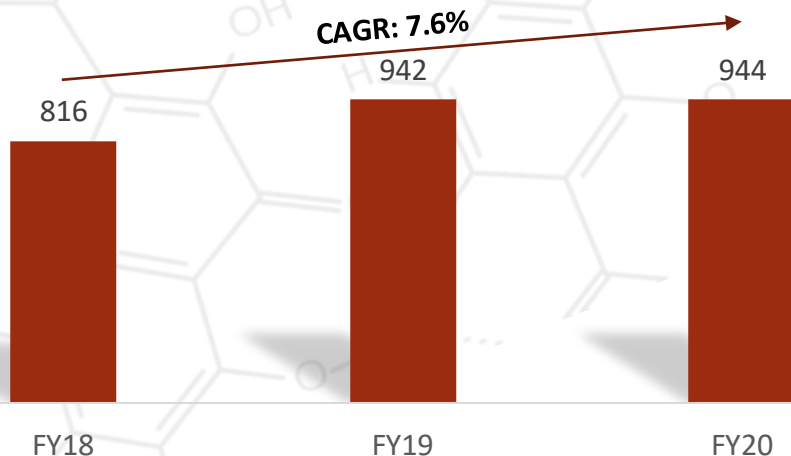
Broad-based growth contribution



Domestic Formulations* (INR cr)



International Business** (INR cr)



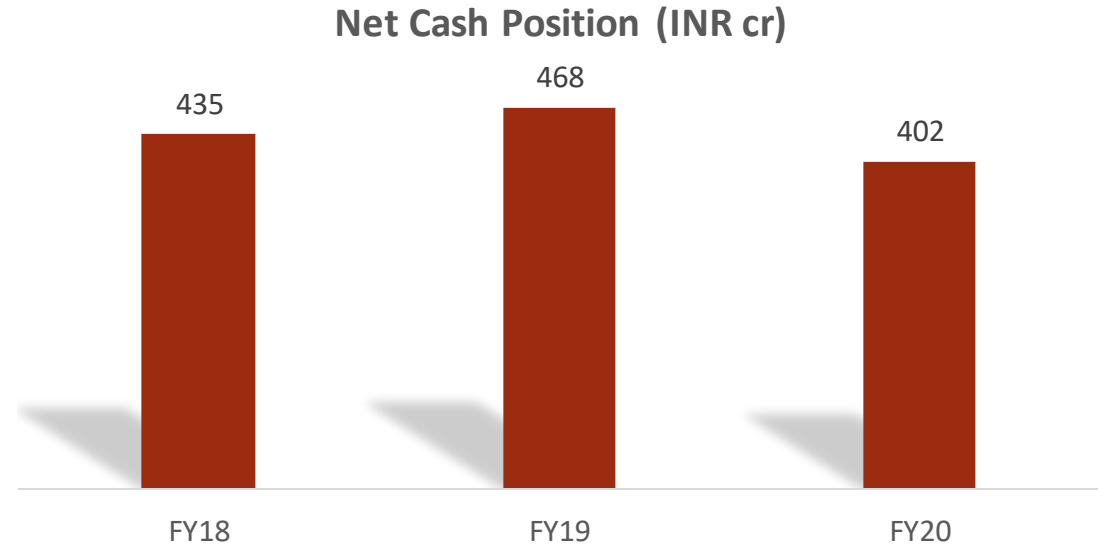
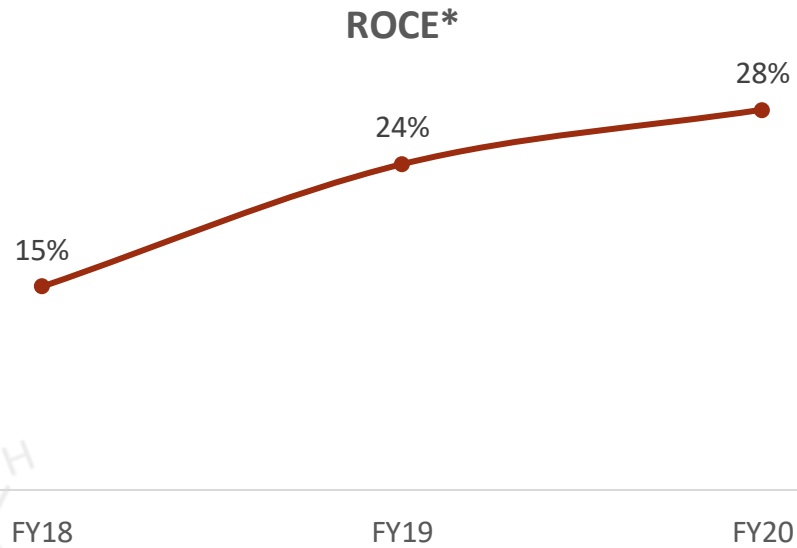
- Consistently outpaced the market by focusing on key brands and chronic therapies
- Sales Force expansion and divisionalization over the last three years has enabled therapy focus, resulting in:
 - Top 5 brands improving their market position, rankings with 20% + growth rate
- Created new markets beyond Tier 2 towns for legacy brands such as Rantac and Metrogyl
- Steady pipeline of brand extensions has supported Life Cycle Management

- Expanding presence and market visibility enables leverage of product pipeline across several countries – LATAM, Central America, Asia Pac
- Wide range of products with large number of marquee pharma and consumer clients, especially in the Lozenges segment
- Extensive product capabilities opening up contract manufacturing opportunities – extended development support, right from product conceptualization stage, regulatory approvals and commercialization
- Successful ANDA approvals track record, gradually building the pipeline of approvals

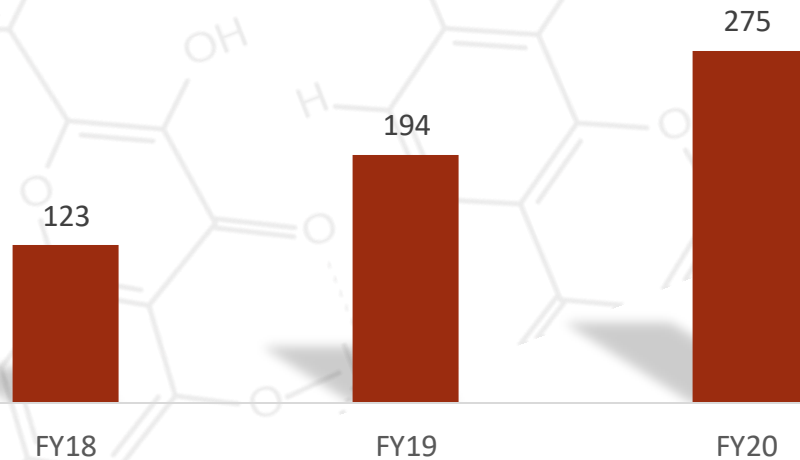
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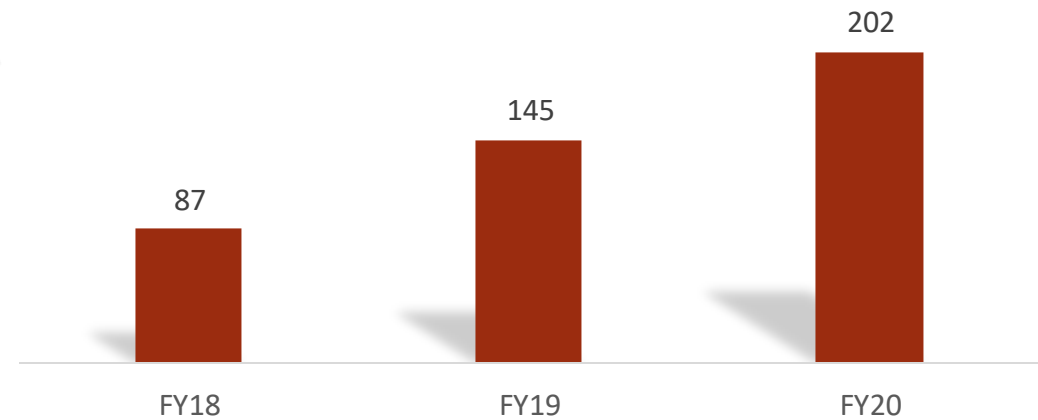
Substantial improvements in shareholder returns and consistent cash generation



Operating Cash Flow (INR cr)



Free Cash Flow (INR cr)



* 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.

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Thank You