

Q3 & 9M FY21 – FINANCIAL RESULTS

# JB CHEMICALS AND PHARMACEUTICALS LIMITED



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**Company Overview**



**Q3 & 9M FY21  
Financial Performance**



**Historical 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 80% of domestic formulations revenues

**29%**

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

**8**

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

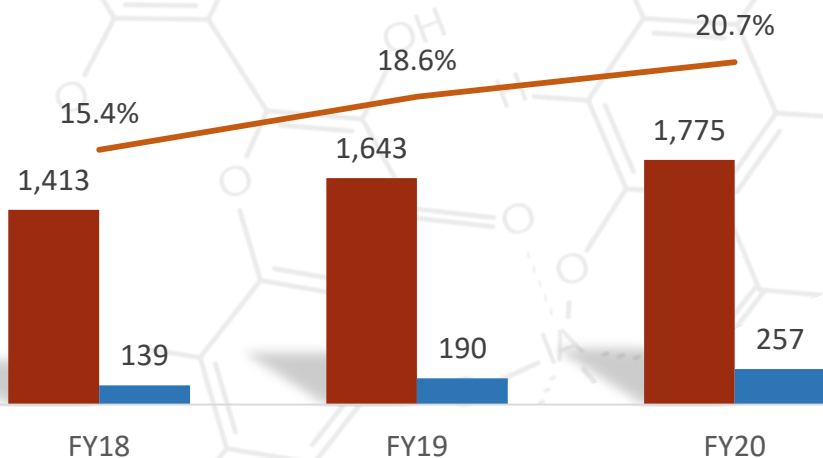
**\*\*28%**

ROCE with strong cash position and consistent cash flow generation

\* CAGR over FY16-FY20

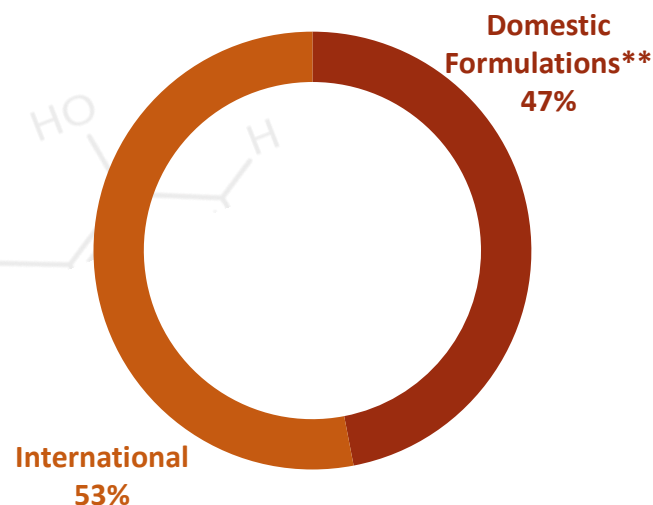
\*\* ROCE for FY20;  $ROCE = EBIT / (Net\ Worth + Debt - Mutual\ Fund\ Investments)$

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



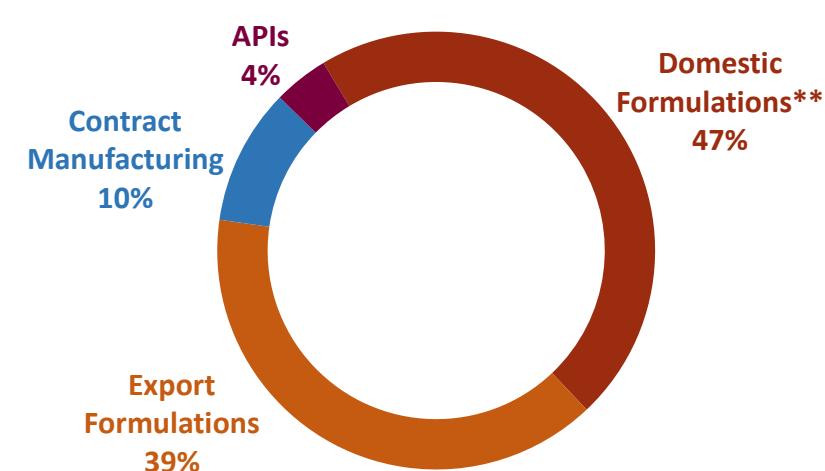
Financial Year ends on 31<sup>st</sup> March

Revenue Contribution\*



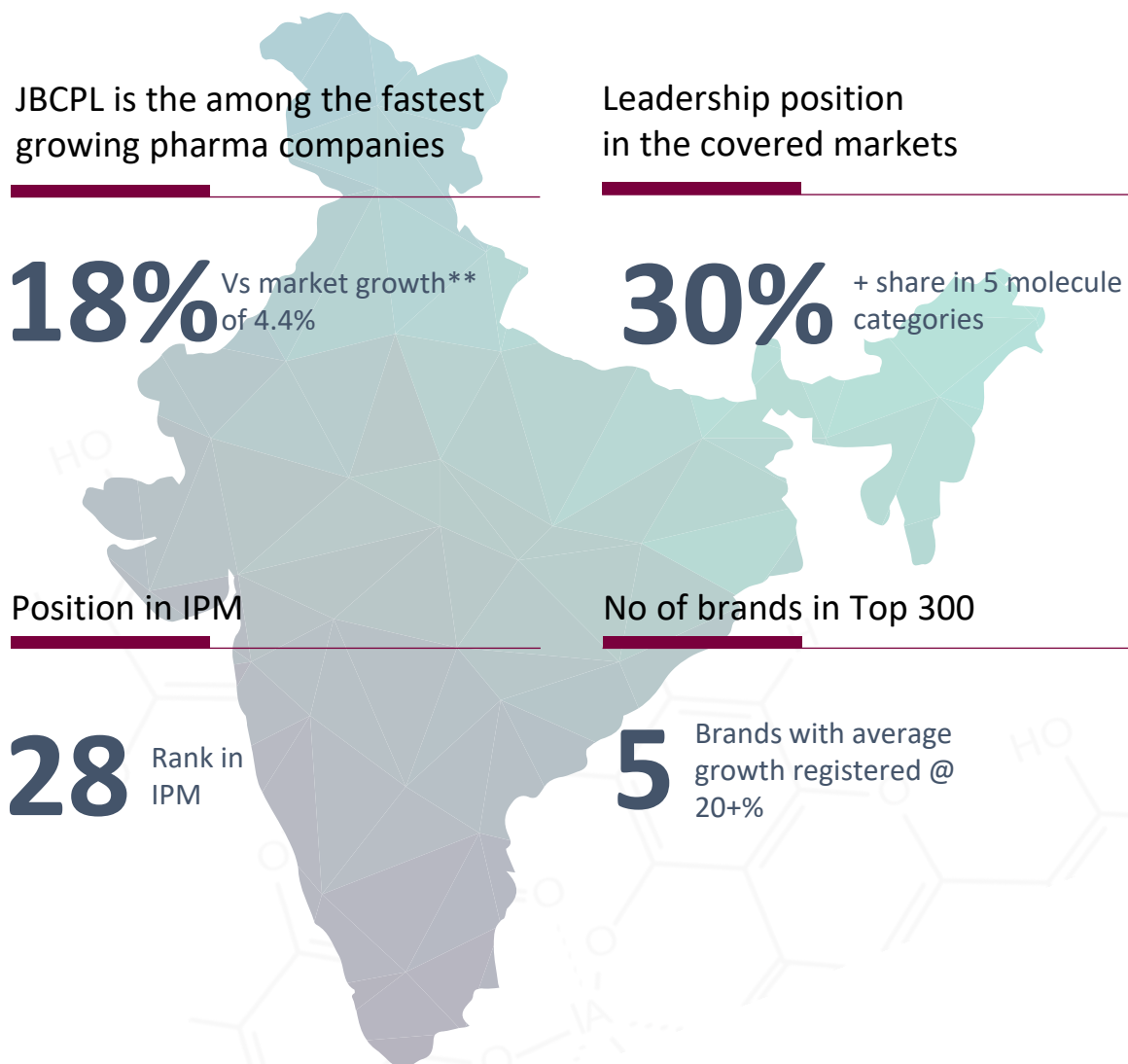
\* Based on FY20 Revenues: Rs. 1,775 crore

Business-wise Revenues\*



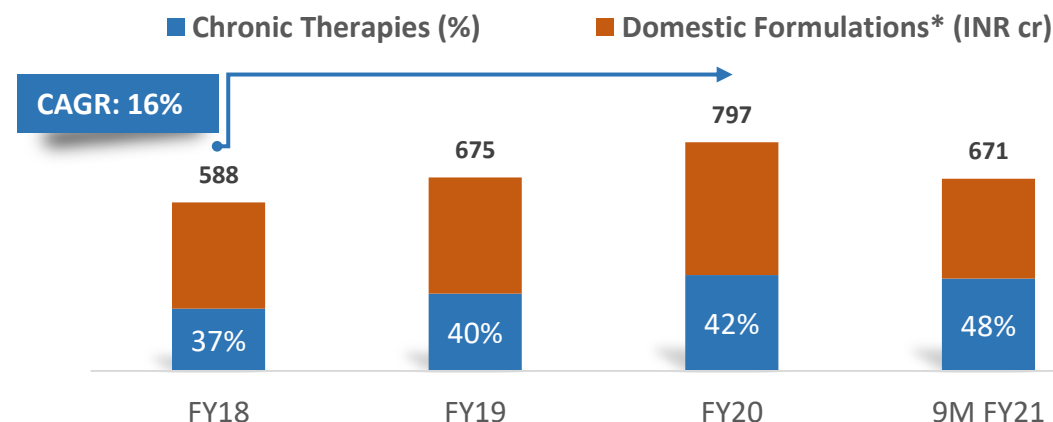
\*\* Includes Contrast Media

# Domestic Formulations: Outperformance Driven by Strong Brands



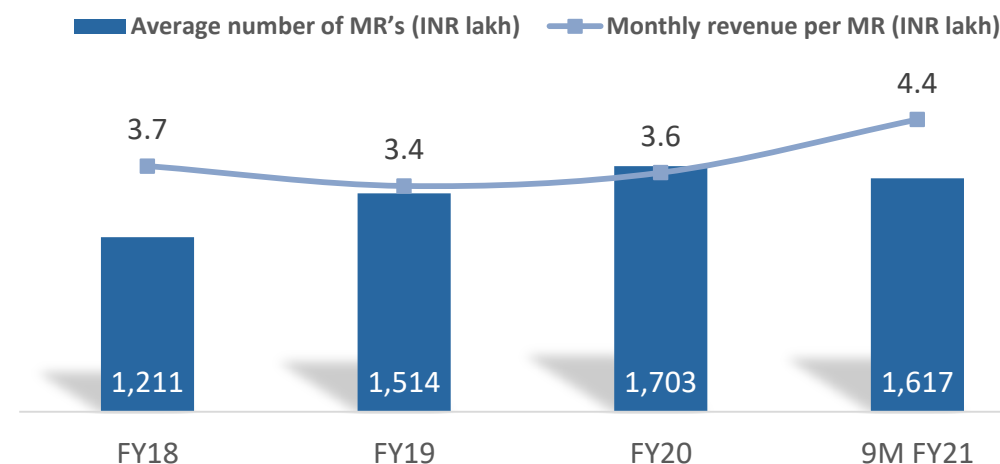
\*\*MAT Growth Dec 20 – IQVIA published

## Strong performance in chronic therapies



\*Includes Contrast Media

## Potential to further leverage investments made in distribution



# International Business: Clearly Defined Businesses Across Geographies

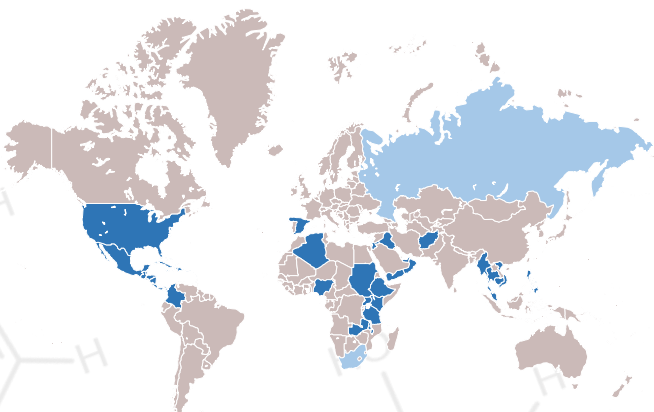


## International Formulations

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\*  
Rs. 944 crore

\*FY20

Formulations  
73.7%

CMO  
18.6%

APIs  
7.7%

## Nikhil Chopra, CEO, JBCPL on Business Outlook:



*"Overall, the business continued to show encouraging momentum and registered a very healthy growth rate in Q3. India business continues to witness a positive trend in the chronic segment and we are among the fastest growing companies in IPM."*

*Going forward, while our immediate focus will be to drive productivity enhancement opportunities within the India business along with a strong focus on cost optimization, over the medium to long term, we plan to scale up investments in R&D and other organizational enhancement initiatives to build a more forward looking progressive portfolio and drive value for all our stakeholders."*

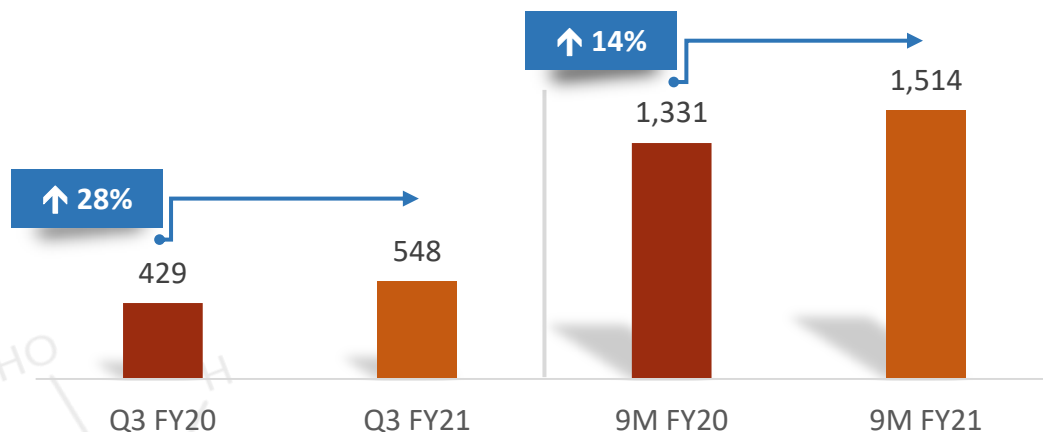


## Q3 & 9M FY21 Financial Performance

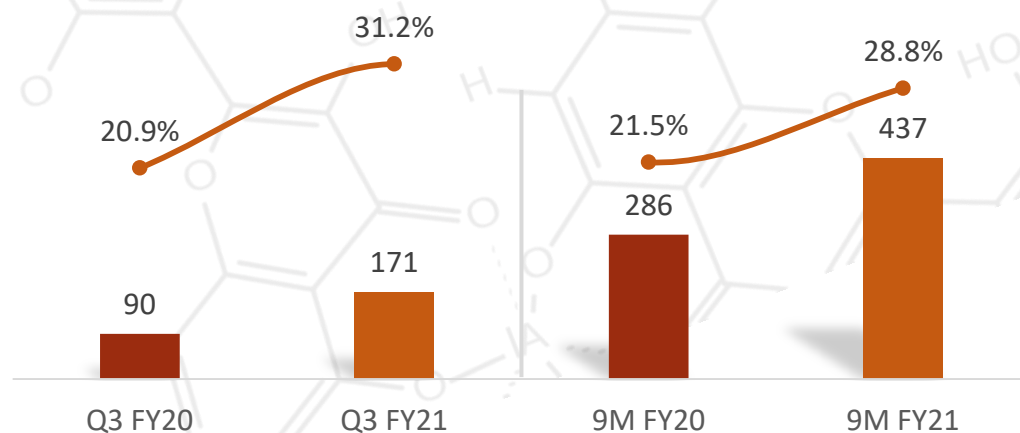
# Financial Overview



Revenues (INR cr)



EBITDA (INR cr)    Margin (%)



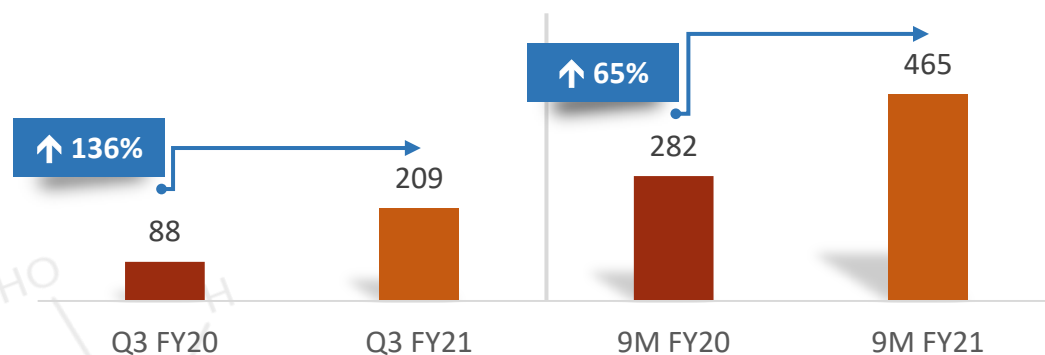
- Operational and revenue momentum continues – with strong contributions from Domestic Formulations and International Business
- Domestic Formulations maintains secular outperformance compared to IPM growth rates, driven by strength in chronic segments and expanding prescriber coverage
- QoQ improvement in acute segments, in line with internal expectations
- While Q3 FY21 has been incrementally strong, reported topline in the quarter also includes revenues deferred from Q2 FY21

- There are continuing logistics challenges, impacting the supply chain in the International business – however, production and dispatch processes are being re-aligned to mitigate the situation, bringing any spillover down to more normalized levels

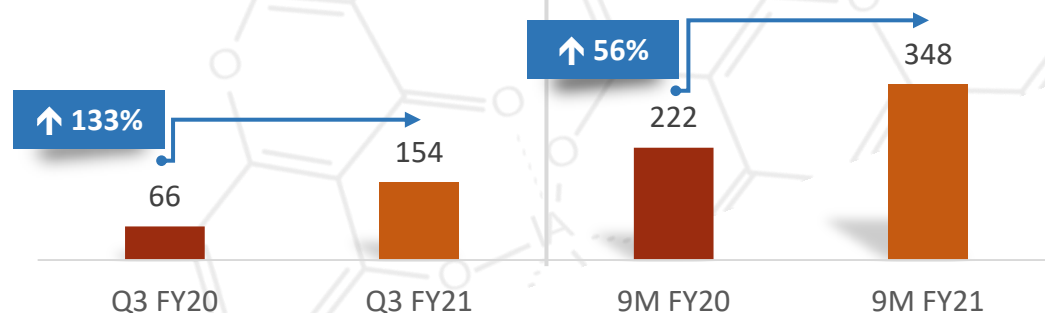
- Margin performance continues to be encouraging, driven by growth and operating leverage
- Endeavors to drive cost excellence will continue in the future
- Q3 FY21 margins are elevated and include the contribution from revenues deferred from Q2 FY21 into Q3 FY21
- 9M FY21 profitability is more representative of margin performance

- A&P spends have been lower than normal levels during the Covid period, some operating costs are expected to return and steadily regularize over the next few quarters

## Profit Before Tax (INR cr)



## Profit After Tax (INR cr)

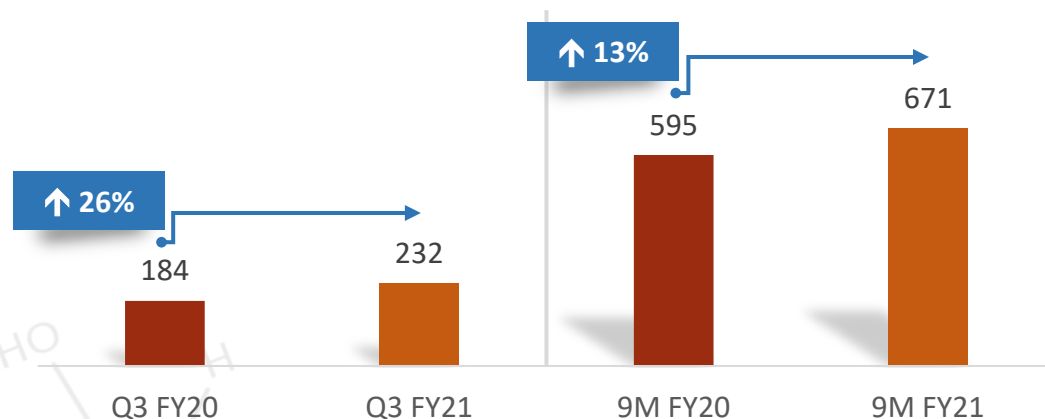


- Profit Before Tax for Q3 FY21 includes non-recurring income of ~Rs. 34 crore related to sale of product registration, marketing authorization along with trademark. The transacted asset has not been contributing to the company's revenues.
- Excluding the benefit of these non-recurring revenues, PBT performance has still been very encouraging for Q3/9M FY21 driven by operating leverage derived from revenue growth
- Effective Tax Rate to remain at the current level of ~25%
- Earnings Per Share at Rs. 19.94 during Q3 FY21 and at Rs. 44.95 per share for 9M FY21
- Interim dividend of Rs. 8.50 per share declared by the company's board
  - Interim dividend results in payout of Rs. 65.7 crore

# Revenue Analysis

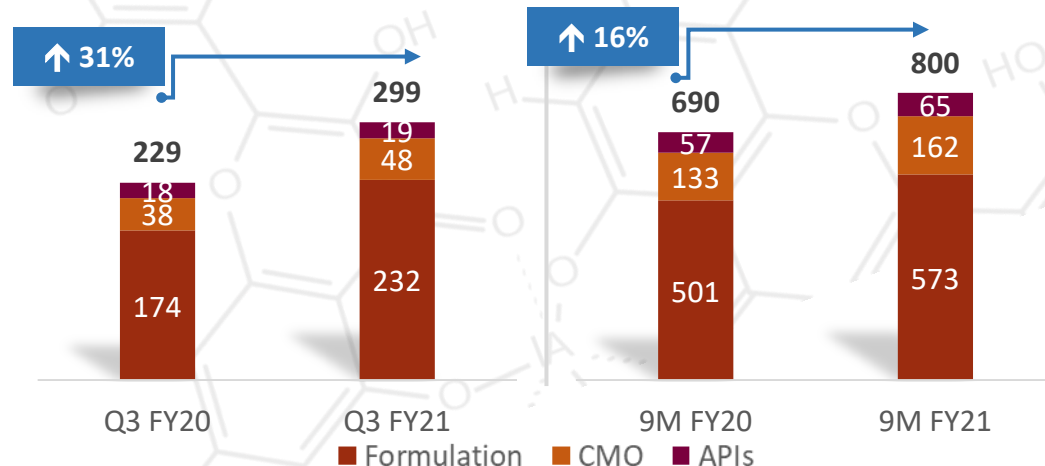


## Domestic Formulations\* (INR cr)



- India formulations business continues to witness healthy trend in the chronic segment – JBCPL remains one of the fastest growing companies as per IPM:
  - Growth driven by key chronic segments of presence – cardiovascular/anti-hypertensive
  - Consistently outpaced market (18% vs 4.4% market for MAT Dec 20) resulting in rank improvement from 32 to 28 over the same period
- With improved doctor/prescriber coverage trends and anticipated revival in acute, expect the healthy domestic trend to continue

## International Business\*\* (INR cr)



- Exports order book remains strong
- South Africa and USA have been major growth contributors
- Order flows from Contract Manufacturing clients are gradually improving
- API demand has stabilized vs H1, segment continues to deliver healthy growth performance
- With Covid situation normalizing, expect demand revival going forward in Latin America, Russia/CIS, Africa and South East Asia

# Q3 & 9M FY21 – Financial Performance

Particulars (Rs. Crore)	Q3 FY21	Q3FY20	YoY Growth	9M FY21	9M FY20	YoY Growth	FY20
<b>Revenue from Operations</b>	<b>548.2</b>	<b>428.6</b>	<b>27.9%</b>	<b>1,514.1</b>	<b>1,331.2</b>	<b>13.7%</b>	<b>1,774.7</b>
Cost of Goods Sold	186.9	150.3	24.3%	507.0	483.8	4.8%	630.8
Employee Benefit Expenses	84.7	82.3	2.9%	254.4	237.4	7.2%	322.9
Other Expenses	105.6	106.4	-0.7%	316.1	324.1	-2.5%	443.4
<b>EBITDA</b>	<b>171.0</b>	<b>89.6</b>	<b>90.8%</b>	<b>436.5</b>	<b>285.8</b>	<b>52.7%</b>	<b>377.6</b>
<b>EBITDA Margin</b>	<b>31.2%</b>	<b>20.9%</b>		<b>28.8%</b>	<b>21.5%</b>		<b>21.3%</b>
Depreciation	17.4	16.7	3.8%	52.1	48.9	6.5%	66.3
Finance Costs	1.1	0.9	27.9%	6.6	2.5	158.9%	3.0
Other Income	56.0*	16.4	241.6%	87.0	47.5	83.2%	50.7
<b>Profit Before Exceptional Items and Tax</b>	<b>208.5</b>	<b>88.4</b>	<b>135.9%</b>	<b>464.9</b>	<b>281.9</b>	<b>64.9%</b>	<b>358.9</b>
Exceptional Items	0.0	0.0		0.0	0.0		10.0
Profit Before Tax	208.5	88.4	135.9%	464.9	281.9	64.9%	348.9
Tax Expenses	54.2	21.9	147.1%	117.2	59.5	96.7%	76.5
<b>Net Profit After Tax</b>	<b>154.3</b>	<b>66.4</b>	<b>132.2%</b>	<b>347.7</b>	<b>222.3</b>	<b>56.4%</b>	<b>272.4</b>
Paid-up Equity Share Capital	15.5	16.0	-3.7%	15.5	16.0	-3.7%	15.5
<b>Diluted EPS (Rs.)</b>	<b>19.94</b>	<b>8.26</b>		<b>44.95</b>	<b>27.66</b>		<b>34.20</b>

\* Profit Before Tax for Q3 FY21 includes non-recurring income of ~Rs. 34 crore related to sale of product registration, marketing authorization along with trademark. The transacted asset has not been contributing to the company's revenues.

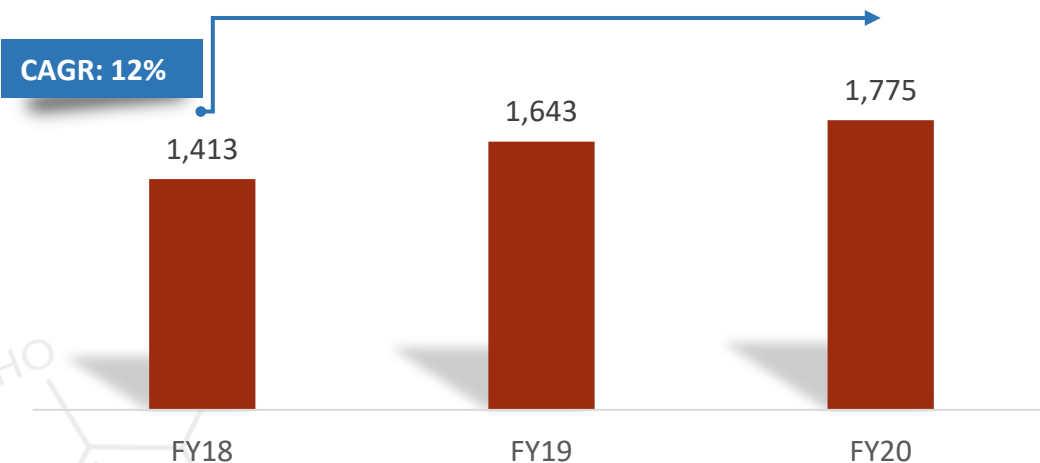


# Historical Financial Performance

# Strong revenue growth and margin expansion

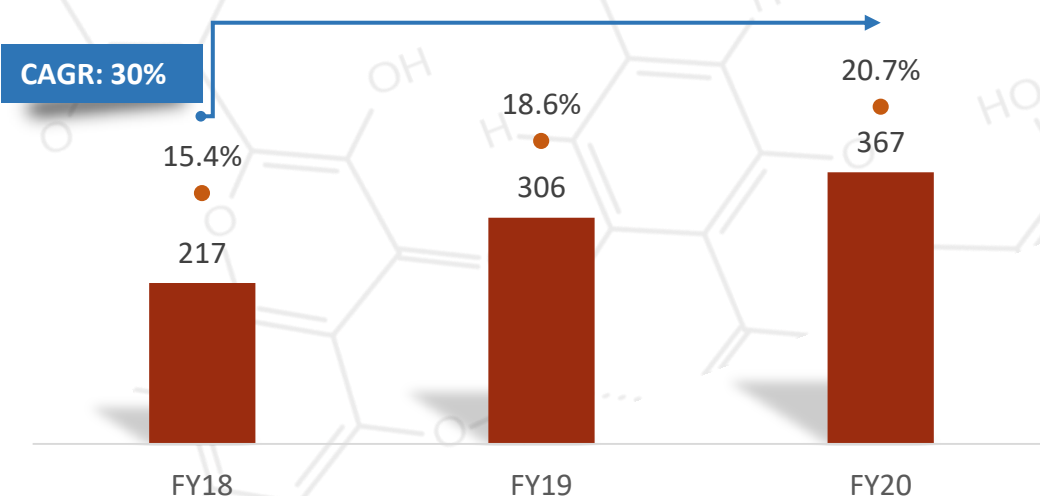


Revenues (INR cr)



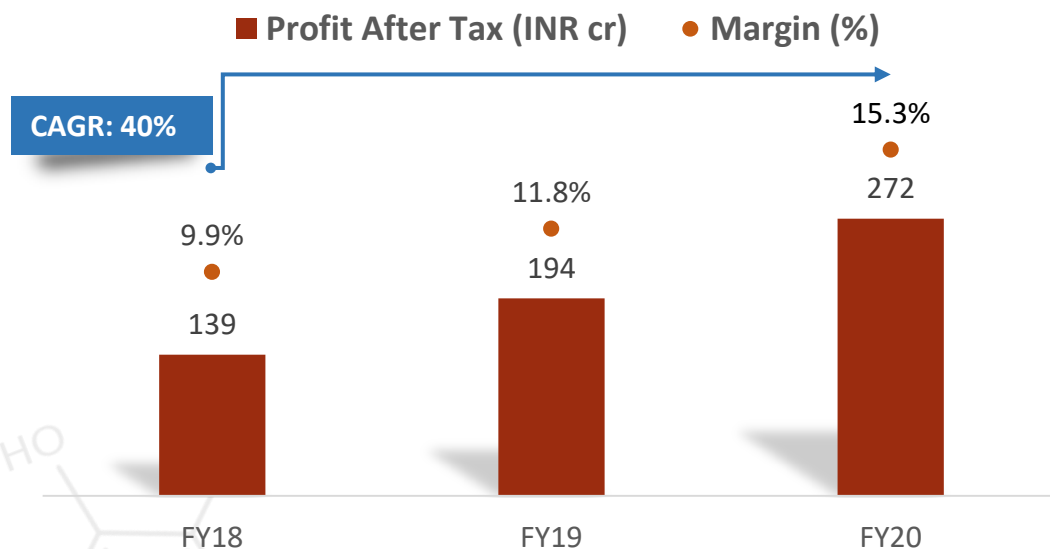
- Growth acceleration following realignment of go-to-market model and expansion of sales force in India with greater focus on chronic therapies
- Expansion of global footprint, leveraging existing products along with growing opportunities in CMO and API segments

■ EBITDA (INR cr) ● Margin (%)

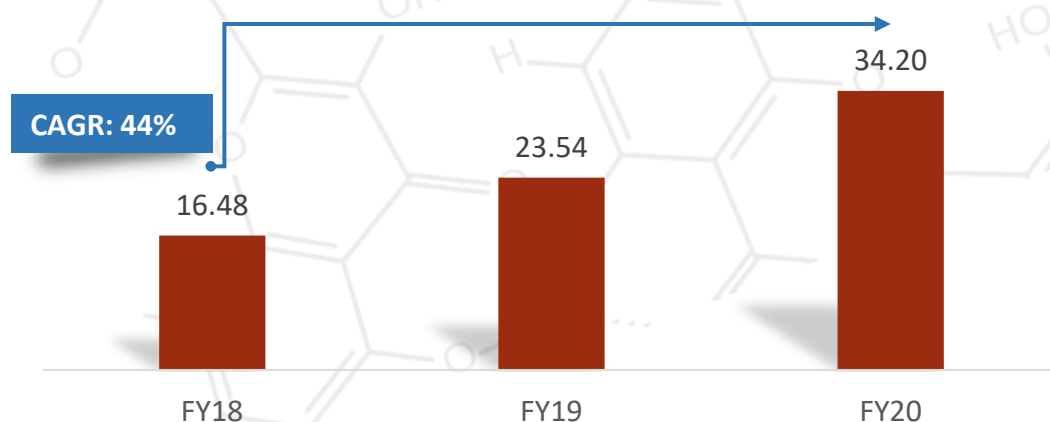


- Favorable product mix in both domestic and international businesses has expanded gross margins
- Operating leverage benefits from volume expansion based on a relatively steady fixed cost that has further scope to drive higher business volumes

# Accelerated profit growth



## Earnings Per Share (INR)



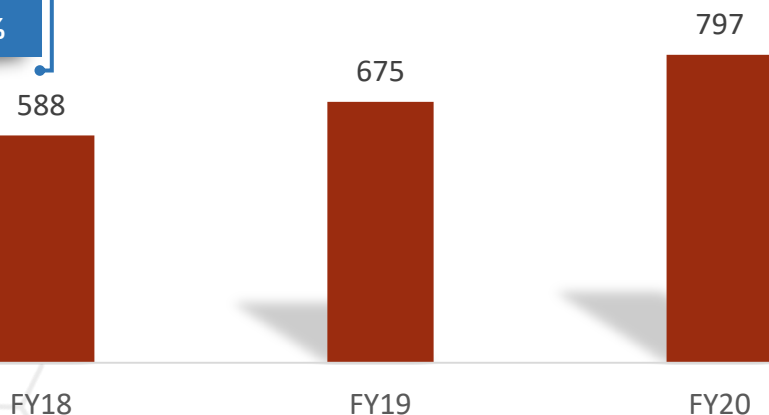
- Growth initiatives delivered on a largely stable capital base through higher utilization of capacities
- Debt-free, cash surplus status maintained despite increasing pay-outs to shareholders
- Shareholders rewarded through increasing payouts from growing profits

# Broad-based growth contribution



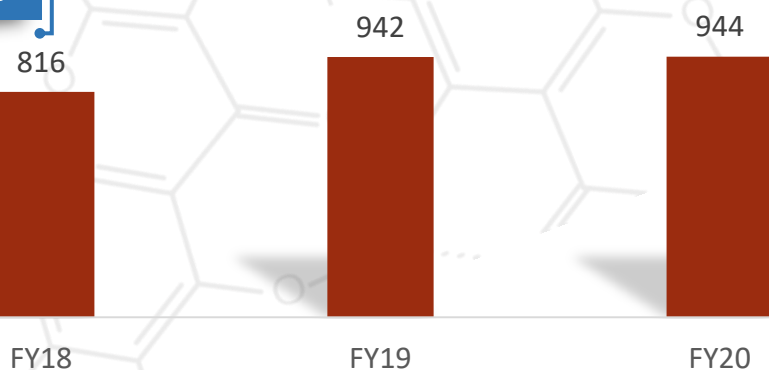
## Domestic Formulations\* (INR cr)

CAGR: 16%



## International Business\*\* (INR cr)

CAGR: 16%



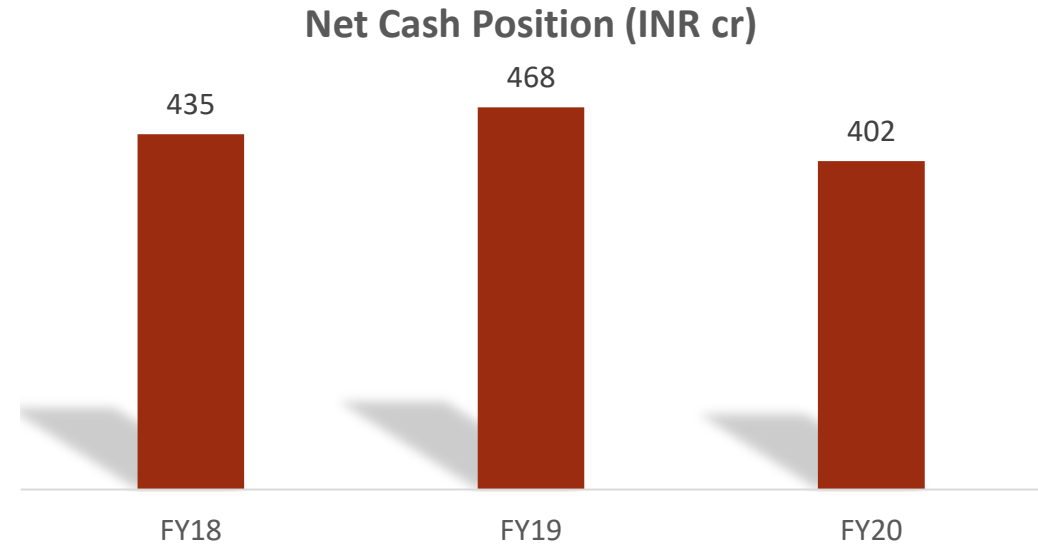
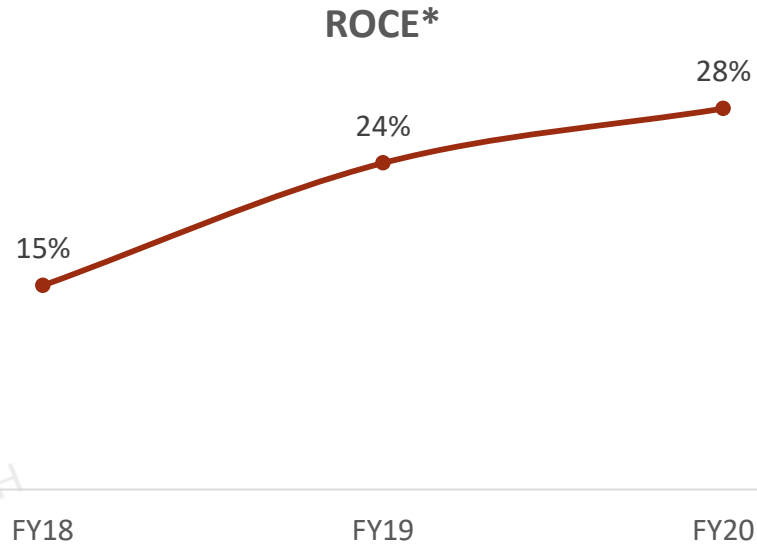
- Consistently outpaced the market by focusing on key brands and chronic therapies
- Sales Force expansion and divisionalization over the last three years has enabled therapy focus, resulting in:
  - Top 5 brands improving their market position, rankings with 20% + growth rate
- Created new markets beyond 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

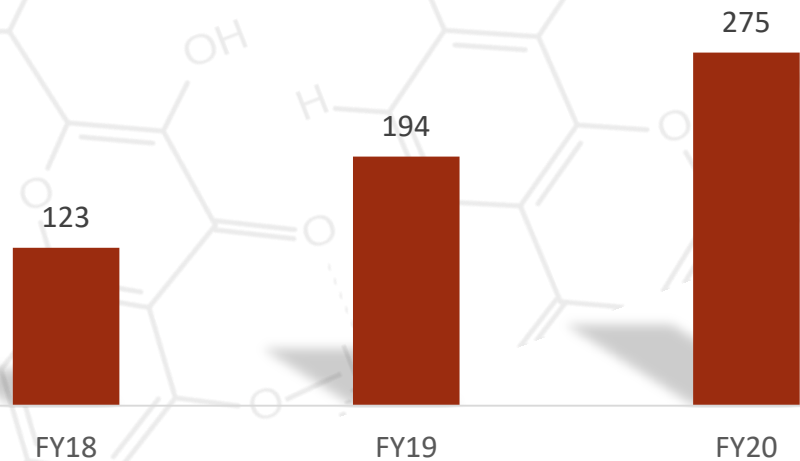
\*includes Contrast Media

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

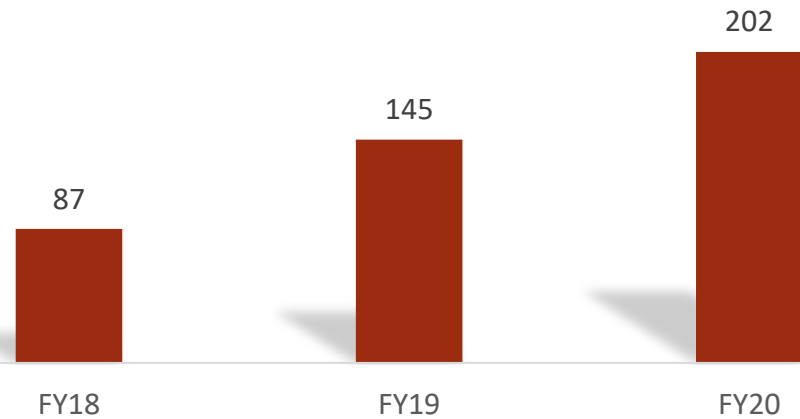
# Substantial improvements in shareholder returns and consistent cash generation



**Operating Cash Flow (INR cr)**



**Free Cash Flow (INR cr)**



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

**Save the Date**



## **J. B. Chemicals & Pharmaceuticals Limited**

**CORDIALLY INVITES YOU TO A VIRTUAL INVESTOR & ANALYST MEETING,  
a platform for business and strategic discussions with the Company's management**

**2nd March 2021 | 03:30 PM – 06:00 PM IST**

*Registration and log-in details for the event to follow*

# 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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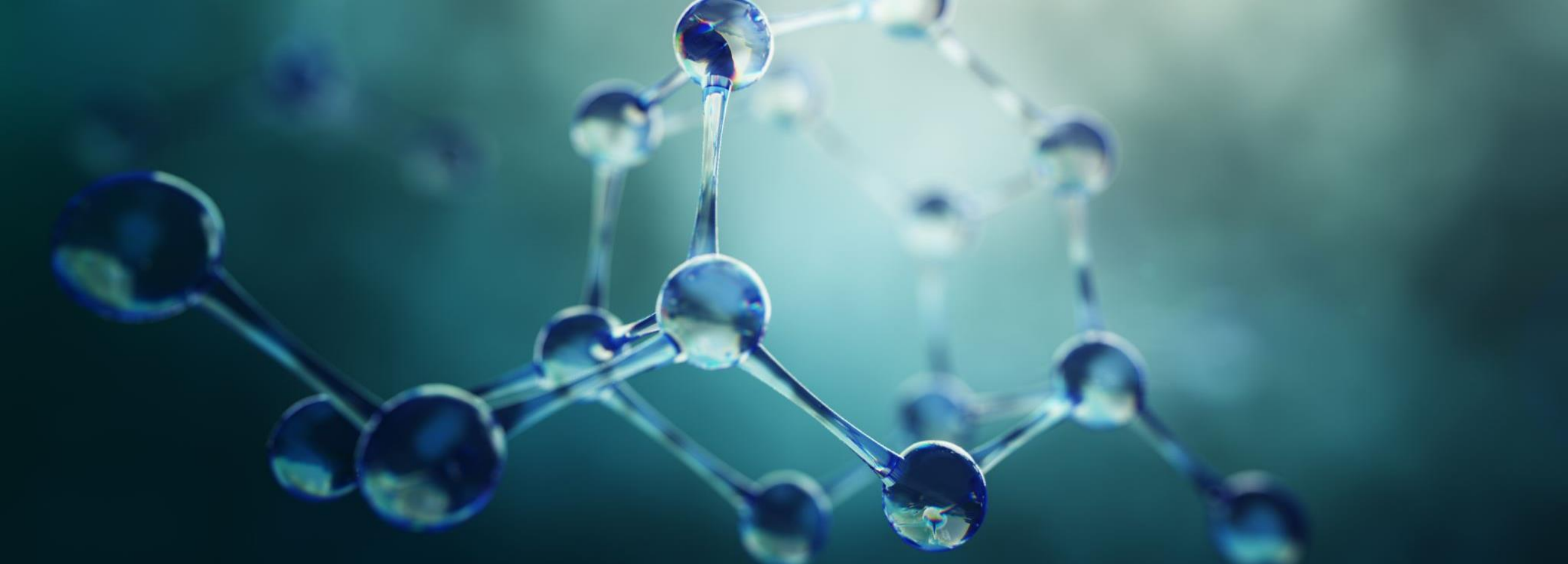
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**Thank You**