Financial Results

Quarter Ended December 31, 2021

Conference Call Details

Date : February 04, 2022
Time : 05:00 pm IST

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Replay: Feb 4 to Feb 11, 2022
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Chairmen's Message

Jubilant Pharmova Q3 and 9M FY22

Particulars[1,2]	Q3'FY21	Q3'FY22	9M' FY21	9M' FY22
Total Revenue from Operations	**1,771**	**1,311**	**4,519**	**4,603**
Reported EBITDA	**496**	**200**	**1,033**	**923**
Reported EBITDA margin (%)	28.0%	15.3%	22.9%	20.1%
Profit After Tax	**219**	**51**	**401**	**354**
PAT margin (%)	12.4%	3.9%	8.9%	7.7%
EPS (Rs)	**13.75**	**3.20**	**25.19**	**22.26**

Commenting on Company's performance, Mr. Shyam S Bhartia, Chairman and Mr. Hari S Bhartia, Co-Chairman & Managing Director, Jubilant Pharmova Limited said:

"The Company's performance during the quarter was affected by headwinds witnessed in Pharmaceuticals segment, which was partly mitigated by continued robust performance in the Contract Research and Development Services (CRDS) segment.

In the Pharmaceuticals segment, while the Radiopharma business witnessed improved performance, Generics business was affected by lower volumes due to Import Alert at Roorkee plant, latest sartan impurities issue and pricing pressure in the US generics market. Tapering of COVID related opportunities led to lower revenue and profitability in the CMO business. API business was affected due to lower volumes resulting from an unplanned plant shutdown during the quarter. Performance of API business expected to normalize in Q4'FY22.

In our Contract Research and Development Services business, we continue to witness strong growth on a YoY basis driven by robust demand from our customers for our Drug Discovery Services.

In the Proprietary Novel Drugs business, our lead program – LSD1/HDAC6 inhibitor has successfully received FDA clearance for IND filing and is on track for initiation of Phase 1 trials in Q4'FY22. Additional IND filings for pipeline programs to follow in FY 23.

I would like to mention that over the medium term, we have strong growth levers in all our businesses. To drive growth in these businesses, Company will continue to invest accordingly."

1. *All figures are in Rs Crore unless otherwise stated*
2. *Q3'FY21 and 9M'FY21 financials include only continuing business*

Q3'FY22 Results Analysis

Q3'FY22 Financial Highlights

Particulars[1,2]	Q3'FY21	Q3'FY22	YoY (%)
Revenue			
Pharmaceuticals	**1,692**	**1,186**	**(30%)**
Contract Research and Development Services	**79**	**120**	**51%**
Proprietary Novel Drugs	**0**	**0**	**-**
Unallocable Corporate Income	0	4	-
Total Revenue from Operations	**1,771**	**1,311**	**(26%)**
EBITDA			
Pharmaceuticals	**499**	**178**	**(64%)**
Contract Research and Development Services	**29**	**46**	**59%**
Proprietary Novel Drugs	**(7)**	**(11)**	**-**
Total EBITDA	**520**	**214**	**(59%)**
Unallocated Corporate Expenses	(24)	(13)	
Reported EBITDA	**496**	**200**	**(60%)**
Profit before Tax	**340**	**70**	**(79%)**
Tax Expenses (Net)	121	19	(84%)
PAT	**219**	**51**	**(77%)**
EBITDA Margins			
Pharmaceuticals	**29.5%**	**15.0%**	
Contract Research and Development Services	**36.4%**	**38.5%**	
Reported EBITDA	**28.0%**	**15.3%**	
Net Margin	**12.4%**	**3.9%**	

Geography wise revenue

Particulars	Q3'FY21	Q3'FY22	YoY (%)
India	109	42	(61%)
North America	1,353	1,121	(17%)
Europe and Japan	128	60	(53%)
RoW	181	87	(52%)
Total	**1,771**	**1,311**	**(26%)**

- Revenue was at Rs 1,311 Crore versus Rs 1,771 Crore in Q3'FY21
  - Pharmaceuticals revenue at Rs 1,186 Crore as compared to Rs 1,692 Crore in Q3'FY21
  - Contract Research and Development Services witnessed strong growth with revenue at Rs 120 Crore as against Rs 79 Crore in Q3'FY21
- Reported EBITDA at Rs 200 Crore versus Rs 496 Crore in Q3'FY21
  - Pharmaceuticals EBITDA at Rs 178 Crore as against Rs 499 Crore in Q3'FY21 with margin of 15.0% as compared to 29.5% in Q3'FY21
  - Contract Research and Development Services EBITDA at Rs 46 Crore as compared to Rs 29 Crore in Q3'FY21; Q3'FY22 margin at 38.5% vs. 36.4% in Q3'FY21
- Finance costs at Rs 37 Crore vs. Rs 46 Crore in Q3'FY21. Lower finance cost was due to lower gross debt and lower cost of debt in Q3'FY22 vs Q3 last year.
- Effective Tax Rate of 27.7% vs. 35.6% in Q3'FY21. Current quarter benefited from reversal of certain deferred tax liabilities.
- PAT was at Rs 51 Crore as compared with Rs 219 Crore in Q3'FY21
- EPS is Rs 3.2 versus Rs 13.75 in Q3'FY21
- Capital expenditure for the quarter was Rs 112 Crore

1. *All figures are in Rs Crore unless otherwise stated*
2. *Q3'FY21 and 9M'FY21 financials include only continuing business*

Pharmaceuticals Segment Highlights – Q3'FY22 (1/2)

Particulars[1,2]	Q3'FY21	Q3'FY22	YoY (%)
Revenue	**1,692**	**1,186**	**(30%)**
Specialty Pharma	582	633	9%
CDMO	650	373	(43%)
Generics	460	181	(61%)
Reported EBITDA	499	178	(64%)
Reported EBITDA Margin (%)	29.5%	15.0%	

Geography Wise Revenue

Particulars	Q3'FY21	Q3'FY22	YoY (%)
India	108	37	(65%)
North America	1,299	1,019	(22%)
Europe and Japan	109	48	(56%)
RoW	177	82	(54%)
Total	**1,692**	**1,186**	**(30%)**

- Pharmaceuticals revenue at Rs 1,186 Crore vs. Rs 1,692 Crore in Q3'FY21

Specialty Pharmaceuticals[3]

- Radiopharma business witnessed improvement in sales YoY, however on a sequential basis performance was lower due to customers order scheduling and the surge in COVID cases in North America, especially in Dec 2021
  - We continue to maintain majority market share
  - Spike in COVID cases impacted Ruby-Fill installations during the quarter and pushed out new installs to the fourth quarter. Strong performance on new installs expected in Q4 as it generally witnesses higher installations
  - NDA for I131 MIBG clinical trials both for phase II and phase III is progressing satisfactorily.
  - Radiopharmacy business witnessed steady performance YoY. Turnaround plan is on track with positive outcome over the last 2-3 quarters, subject to continuing Covid ups and downs.
- Allergy Immunotherapy reported robust performance YoY and stable performance sequentially. Business continues to operate at volumes higher than pre-COVID levels

1. *All figures are in Rs Crore unless otherwise stated*
2. *Q3'FY21 financials include only continuing business*
3. *Specialty Pharmaceuticals comprises Radiopharma and Allergy Immunotherapy (AIT) Products*

Pharmaceuticals Segment Highlights – Q3'FY22 (2/2)

USFDA Inspection Details

Facility	Last Inspection
Montreal, Radiopharma	Sep, 2017
Montreal, CMO	May, 2018
Nanjangud	Dec, 2018
Salisbury	Feb, 2020
Roorkee	Mar, 2021
Spokane	Aug, 2021

Product Pipeline as on Dec 31, 2021

Dosage (Orals) (#)			
	Filings	Approved	Pending
US	98	61	37
Canada	24	23	1
Europe	37	34	3
ROW	42	40	2
Steriles (#)			
	Filings	Approved	Pending
US	17	13	4
Canada	18	18	0
Europe	2	2	0
ROW	11	10	1

CDMO[1]

- CMO business revenue was affected as revenue related to COVID related one-off deals tapered off and also because of customer scheduling
- API business was affected due to lower volumes resulting from an unplanned plant shutdown during the quarter.

Generics[2]

- Business performance was driven by
  - Impurity issue in certain sartan products, which is an industry wide issue
  - Lower volumes due to import alert at Roorkee plant
  - Pricing pressure in the US market
  - Lower Remdesivir sales due to fewer hospitalisations
- With regards to Roorkee import alert, our remediation activities are ongoing as per plan and we expect to complete the same in H1CY2022.

EBITDA

- EBITDA was recorded at Rs 178 Crore as compared with Rs 499 Crore in Q3'FY21. EBITDA margin of 15.0% as compared to 29.5% in Q3'FY21
- Lower profits in Pharma business due to the impact of Import alert, voluntary withdrawal of Losartan, continued tapering of COVID related one-off deals in CMO business and pricing pressure in the US generics market

1. *Contract Development and Manufacturing (CDMO) business comprises CMO and API businesses*
2. *Generics business refers to the company's solid dosage formulations business and the India Branded Pharmaceuticals business*

Contract Research and Development Services – Q3'FY22

Particulars[1,2]	Q3'FY21	Q3'FY22	YoY (%)
Revenue	79	120	51%
Reported EBITDA	29	46	59%
Reported EBITDA Margin (%)	36.4%	38.5%	

Geography Wise Revenue

Particulars	Q3'FY21	Q3'FY22	YoY (%)
India	1	0	(71%)
North America	55	102	87%
Europe and Japan	19	12	(37%)
RoW	5	5	14%
Total	**79**	**120**	**51%**

- Contract Research and Development Services business through Jubilant Biosys Limited provides innovative and collaborative research and development services from world class research centers in Noida and Bangalore in India
- State of the art Greater Noida facility was commissioned in September 2021
- Revenue at Rs 120 Crore increased by 51% YoY led by robust volume growth
  - Higher demand from biotech companies for integrated services, functional chemistry and DMPK, Discovery Biology and Clinical trial data management support trough Trial stat, Canada.
  - Volumes increase supported by the recently commissioned facility at Greater Noida
  - Continue to witness strong demand conditions in this business
- Reported EBITDA at Rs 46 Crore vs. Rs 29 Crore in Q3'FY21 with a margin of 38.5% vs. 36.4% in Q3'FY21

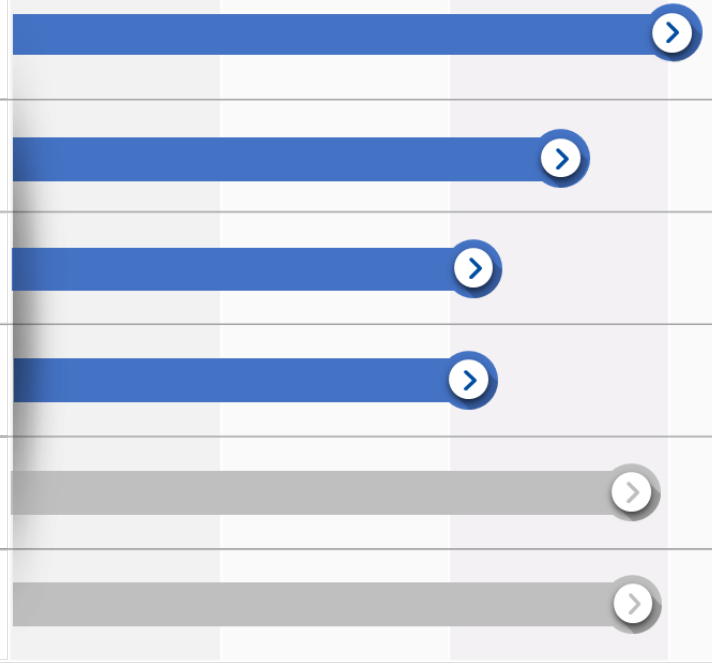
1. *All figures are in Rs Crore unless otherwise stated*
2. *Q3'FY21 financials include only continuing business*

Jubilant Therapeutics: Developing best-in-class precision therapies to address significant unmet medical needs in oncology and autoimmune diseases

State-of-the-art Discovery Engine	Proven discovery engine with structure-based drug discovery expertise and a track record of partnerships with biotech and large pharma. Rapid discovery capabilities for first-in-class and validated but intractable targets in oncology & autoimmune diseases
Differentiated Pipeline	Novel first-in-class dual LSD1/HDAC6 inhibitor (JBI-802) with synergistic anti-tumor activity Potential best-in-class PRMT5 inhibitor (JBI-778) with differentiated safety and exposure Oral brain penetrant PD-L1 inhibitor – First ever potential checkpoint therapy for brain tumors Novel PAD4 inhibitor with potential first-in-class profile in tumor metastasis and autoimmune disorders
Multiple Near-Term Catalysts	Dual LSD1/HDAC6 IND accepted by FDA, FIH studies planned in 1H 2022 Anticipating the submission of additional INDs by end of 2022
Experienced Leadership	Management Team, Board of Directors, and Scientific Advisory Board comprised of leading experts with decades of highly relevant experience in drug discovery and development
Premier Academic Collaborations	Multiple academic collaborations and partnerships with premier institutions including Wistar Institute, Boston Children's Hospital, Harvard Medical School and Tel Aviv University, Israel

Jubilant Therapeutics: Differentiated portfolio in oncology & autoimmune diseases

PROGRAM	INDICATIONS	NEXT MILESTONES	COMMERCIAL RIGHTS
JBI-802 LSD1/HDAC6 Dual Inhibitor	Neuroendocrine Tumors, SCLC, AML, MPN, MDS	Phase I 1H 2022	Jubilant Therapeutics
JBI-778 PRMT5 Inhibitor	Glioblastoma, Brain Metastases, MCL	IND 2022	Jubilant Therapeutics
JBI-2174 PD-L1 Inhibitor	Brain tumor and Metastases, GI Track Cancers	IND 2022	Jubilant Therapeutics
JBI-1044 PAD4 Inhibitor	RA, HS, Vasculitis, Liver Metastases	IND 2022	Jubilant Therapeutics
EFGR[1]	Oncology		Frazier Healthcare Partners
BRD4	Oncology		Checkpoint Therapeutics



Multiple difficult-to-target precision therapeutics oncology programs in discovery stage

[1]*Blueprint Medicines acquired Lengo Therapeutics (Frazier Healthcare entity) for $250M in cash plus $215M in milestone payments*

9M'FY22 Results Analysis

9M'FY22 Financial Highlights

Particulars[1,2]	9M' FY21	9M' FY22	YoY (%)
Revenue			
Pharmaceuticals	**4,304**	**4,271**	**(1%)**
Contract Research and Development Services	**211**	**315**	**49%**
Proprietary Novel Drugs	**4**	**2**	**(50%)**
Unallocable Corporate Income	0	14	-
Total Revenue from Operations	**4,519**	**4,603**	**2%**
EBITDA			
Pharmaceuticals	**1,020**	**864**	**(15%)**
Contract Research and Development Services	**67**	**116**	**72%**
Proprietary Novel Drugs	**(8)**	**(22)**	
Total EBITDA	**1,079**	**958**	**(11%)**
Unallocated Corporate Expenses	(46)	(35)	
Reported EBITDA	**1,033**	**923**	**(11%)**
Exceptional Items	(11)	0	
Profit before Tax	**615**	**525**	**(15%)**
Tax Expenses (Net)	214	171	(20%)
PAT	**401**	**354**	**(12%)**
EBITDA Margins			
Pharmaceuticals	**23.7%**	**20.2%**	
Contract Research and Development Services	**31.9%**	**36.7%**	
Reported EBITDA	**22.9%**	**20.1%**	
Net Margin	**8.9%**	**7.7%**	

Geography wise revenue

Particulars	9M' FY21	9M' FY22	YoY (%)
India	224	281	26%
North America	3,550	3,717	5%
Europe and Japan	377	281	(25%)
RoW	368	323	(12%)
Total	**4,519**	**4,603**	**2%**

1. *All figures are in Rs Crore unless otherwise stated*
2. *9M'FY21 financials include only continuing business*

- Revenue was Rs 4,603 Crore versus Rs 4,519 Crore in 9M'FY21
  - Pharmaceuticals revenue at Rs 4,271 Crore as compared to Rs 4,304 Crore in 9M'FY21
  - Contract Research and Development Services witnessed strong growth with revenue at Rs 315 Crore as against Rs 211 Crore in 9M'FY21
- Reported EBITDA at Rs 923 Crore versus Rs 1,033 Crore in 9M'FY21
  - Pharmaceuticals EBITDA at Rs 864 Crore as against Rs 1,020 Crore in 9M'FY21 with margin of 20.2% as compared to 23.7% in 9M'FY21
  - Contract Research and Development Services EBITDA at Rs 116 Crore as compared to Rs 67 Crore in 9M'FY21; 9M'FY22 margin at 36.7% vs. 31.9% in 9M'FY21
- Finance costs at Rs 106 Crore vs. Rs 141 Crore in 9M'FY21
- Average blended interest rate for 9M'FY22 improved to 4.58% from 5.15% in 9M'FY21
- Effective Tax Rate of 32.6% vs. 34.8% in 9M'FY21. Current period benefited from reversal of certain deferred tax liabilities in Q3'FY22.
- PAT was at Rs 354 Crore as compared with Rs 401 Crore in 9M'FY21
- EPS is Rs 22.26 versus Rs 25.19 in 9M'FY21
- Capital expenditure for the period was Rs 350 Crore

Pharmaceuticals Segment Highlights – 9M'FY22

Particulars[1,2]	9M' FY21	9M' FY22	YoY (%)
Revenue	**4,304**	**4,271**	**(1%)**
Specialty Pharma	1,701	1,917	13%
CDMO	1,435	1,409	(2%)
Generics	1,167	946	(19%)
Reported EBITDA	1,020	864	(15%)
Reported EBITDA Margin (%)	23.7%	20.2%	

Geography Wise Revenue

Particulars	9M' FY21	9M' FY22	YoY (%)
India	220	266	21%
North America	3,395	3,465	2%
Europe and Japan	330	234	(29%)
RoW	358	307	(14%)
Total	**4,304**	**4,271**	**(1%)**

- Pharmaceuticals revenue at Rs 4,271 Crore vs. Rs 4,304 Crore in 9M'FY21
- Pharmaceuticals EBITDA at Rs 864 Crore vs. Rs 1,020 Crore in 9M'FY21. EBITDA margin of 20.2% as compared to 23.7% in 9M'FY21

Specialty Pharma

- Radiopharmaceuticals business saw recovery in first nine months.
- Radiopharmacy business came close to pre-COVID levels with pick up in nuclear medicine procedures in Q1'FY22 but was again impacted by COVID-19 in Q2'FY22 and Q3'FY22. Turnaround plan is on track
- Allergy Immunotherapy reported robust performance with strong recovery from COVID-19 backed by healthy growth in revenues resulting from volumes higher than pre COVID levels

CDMO

- Growth in CMO business led by strong demand witnessed from customers as we leveraged our capabilities to meet significant COVID-19 related demands. However, COVID-19 demand tapered off in Q3'FY22
- API revenue lower during the period, as Q3'FY22 performance was impacted due to lower volumes resulting from an unplanned plant shutdown.

Generics

- Revenue during the period stood lower due to the impact of Import Alert, lower remdesivir sales in Q3'FY22, one-time impact of voluntary withdrawal of some sartan products in Q2'FY22 and pricing pressure in the US market

1. *All figures are in Rs Crore unless otherwise stated*
2. *9M'FY21 financials include only continuing business*

Contract Research and Development Services – 9M'FY22

Particulars[1,2]	9M' FY21	9M' FY22	YoY (%)
Revenue	**211**	**315**	**49%**
Reported EBITDA	67	116	72%
Reported EBITDA Margin (%)	31.9%	36.7%	

Geography Wise Revenue

Particulars	9M' FY21	9M' FY22	YoY (%)
India	4	1	(67%)
North America	151	251	66%
Europe and Japan	46	47	2%
RoW	10	16	56%
Total	**211**	**315**	**49%**

- Contract Research and Development Services business through Jubilant Biosys Limited provides innovative and collaborative research and development services from world class research centers in Noida and Bangalore in India
- Revenue at Rs 315 Crore increased by 49% YoY led by robust volume growth
  - Higher demand from biotech companies for integrated services, functional chemistry and DMPK, Discovery Biology and Clinical trial data management support trough Trial stat, Canada.
  - Continue to witness strong demand conditions in this business
- Reported EBITDA at Rs 116 Crore vs. Rs 67 Crore in 9M'FY21 with a margin of 36.7% vs. 31.9% in 9M'FY21

1. *All figures are in Rs Crore unless otherwise stated*
2. *9M'FY21 financials include only continuing business*

Debt Profile

Particulars[1]	31-03-21	30-06-21	30-09-21	31-12-21
Gross Debt				
Long Term	2,580	2,630	2,635	2,825
Short Term	20	0	91	33
Total	**2,600**	**2,630**	**2,726**	**2,859**
Cash & Equivalent	671	937	863	1,022
Net Debt (On a Constant Currency Basis)	**1,928**	**1,651**	**1,823**	**1,792**

- **Net Debt (constant currency) reduction of Rs 137 Crore in 9M'FY22**
- **Average blended interest rate for 9M'FY22 improved to 4.58% from 5.15% in 9M'FY21**

1. All figures are in Rs Crore unless otherwise stated

Business outlook

- **Pharma:** In radiopharma, we continue to build a long term pipeline of diagnostic and therapeutic radiopharmaceuticals and are executing a turnaround plan of radiopharmacies. Medium-long term outlook remains robust. Allergy business well placed to grow strongly with healthy margins over the medium term. We expect the CDMO segment to witness near term correction as COVID related product demand has subsided. Performance of API business expected to normalize in Q4'FY22. Generics business' performance to improve going forward as the sartans impurity issue stands resolved and exempted products sales in the US has restarted, however pricing pressure in the US market is an overhang. Resolution of regulatory issues to further improve performance of this business.

- **Contract Research and Development Services (CRDS):** The business will continue to grow especially with commissioning of the State of the art Greater Noida facility. DMPK expansion at the Greater Noida is underway. We are committing further investments towards capex in this business as we have high capacity utilizations amid strong demand climate.

- **Investments and Growth:** We are accelerating capacity expansions to create new capabilities by almost tripling the investment over previous year. We expect to incur capex of around Rs 500 Crore in FY22 that includes expansion at Spokane site by 50% by end of CY 24 and enhancement of CRDS capabilities and capacities. In view of the strong demand from our customers, we have approved further expansion of the Greater Noida facility which will deliver both Chemistry and DMPK services

- **Proprietary Novel Drugs**: We are on track to take our lead drug candidate to Phase I clinical trials in Q4'FY22 and have received FDA clearance of IND filing for same. Additional IND filings for pipeline programs expected in 2022. We are transforming Jubilant Therapeutics to a clinical stage biotech with higher value creation opportunities through potential partnering deals/ capital markets access subject to the emerging scientific results.

- **Consolidated effective tax rate:** ETR of Jubilant Pharmova Limited for 9M'FY22 is 32.6%. The company's cash tax rate is estimated to be at approximately 25% for the next three years based on the current tax structure in key geographies.

Appendix

Income Statement – Q3 & 9M FY22

Particulars[1,2]	Q3'FY21	Q3'FY22	YoY (%)	9M' FY21	9M' FY22	YoY (%)
Total Revenue from Continuing Operations						
Pharmaceuticals	**1,692**	**1,186**	**(30%)**	**4,304**	**4,271**	**(1%)**
Contract Research and Development Services	**79**	**120**	**51%**	**211**	**315**	**49%**
Proprietary Novel Drugs	**0**	**0**	**-**	**4**	**2**	**-**
Unallocable Corporate Income	**0**	**4**	**-**	**0**	**14**	**-**
Total Revenue	**1,771**	**1,311**	**(26%)**	**4,519**	**4,603**	**2%**
EBITDA from Continuing Operations						
Pharmaceuticals	**499**	**178**	**(64%)**	**1,020**	**864**	**(15%)**
Contract Research and Development Services	**29**	**46**	**59%**	**67**	**116**	**72%**
Proprietary Novel Drugs	**(7)**	**(11)**	**-**	**(8)**	**(22)**	**-**
Unallocated Corporate (Expenses)/Income	(24)	(13)	-	(46)	(35)	-
Reported EBITDA	**496**	**200**	**(60%)**	**1,033**	**923**	**(11%)**
Depreciation and Amortization	96	93	**(3%)**	263	281	**7%**
Finance Cost	46	37	**(21%)**	141	106	**(25%)**
Profit / (Loss) from Associates	(3)	0	-	(3)	(11)	-
Exceptional Items	(11)	0		(11)	0	
Profit before Tax	**340**	**70**	**(79%)**	**615**	**525**	**(15%)**
Tax Expenses (Net)	121	19	(84%)	214	171	(20%)
PAT	**219**	**51**	**(77%)**	**401**	**354**	**(12%)**
EPS	**13.75**	**3.20**	**(77%)**	**25.19**	**22.26**	**(12%)**
Margins						
Pharmaceuticals	**29.5%**	**15.0%**		**23.7%**	**20.2%**	
Contract Research and Development Services	**36.4%**	**38.5%**		**31.9%**	**36.7%**	
Reported EBITDA Margin	**28.0%**	**15.3%**		**22.9%**	**20.1%**	
Net Margin	**12.4%**	**3.9%**		**8.9%**	**7.7%**	

1. *All figures are in Rs Crore unless otherwise stated*
2. *Q3'FY21 and 9M'FY21 financials include only the continuing business*

For more information

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