

Piramal Pharma Limited

Q2 & H1 FY2024 Results

October 2023



Piramal
Pharma Limited

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Note: Figures in previous periods might have been regrouped or restated, wherever necessary to make them comparable to current period. For the ease of presentation, certain financial information herein has been rounded off to one decimal place or two decimal places or whole numbers, as the case may be.

Key Performance Highlights of Q2 and H1 FY2024

Key Highlights of Q2 and H1 FY2024

- ❖ **Revenue from Operations** grew by 11% YoY in Q2 FY2024 and 14% YoY in H1 FY2024

Business Segment	YoY Revenue Growth	
	Q2 FY2024	H1 FY2024
Contract Development and Manufacturing (CDMO)	14%	15%
Complex Hospital Generic (CHG)	5%	13%
India Consumer Healthcare (ICH)	13%	13%

- ❖ **EBITDA margin** in Q2 FY2024 improved to 16% compared to 13% in Q2 FY2023 – primarily driven by operating leverage and cost optimization & operational excellence initiatives. EBITDA growth in Q2 and H1 FY2024 was 44% YoY and 58% YoY respectively

- ❖ **Business Performance:**

- **CDMO Business:** Continued momentum with over 40% YoY growth in new orders* in H1 FY2024 vs H1 FY2023
- **CHG Business:** Capacity expansion in progress to meet growing demand for Inhalation anaesthesia products
- **ICH Business:** Steady growth in the consumer business driven by new product launches and growth in power brands

- ❖ **Rights Issue:** Successfully completed our Rights Issue of Rs.1,050Cr with subscription of 128%. A significant part of these proceeds have been utilized for debt repayment – Net debt reduced by Rs.958Cr since March 2023

- ❖ **Sustainability:** Released our Sustainability Report for FY2023 highlighting our progress in the areas of Environment, Social and Governance (ESG). We have also taken a target to reduce Scope 1 and Scope 2 emissions by 42% by FY2030 (with baseline of FY2022), which is in accordance with 1.5 degree trajectory suggested by SBTi (Science Based Target initiative)

* New development and commercial orders. These are over and above the existing multi-year manufacturing relationships

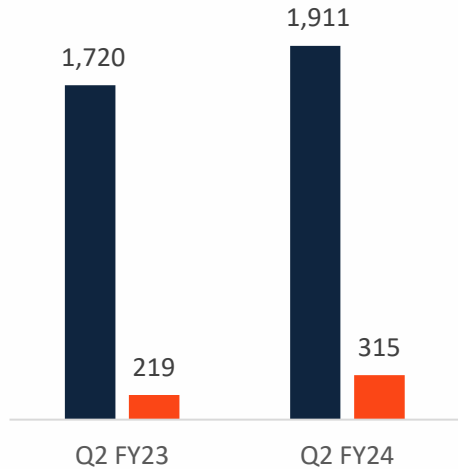
Financial Performance in Q2 and H1 FY2024

Q2 FY2024

(In INR Crore)

Revenue

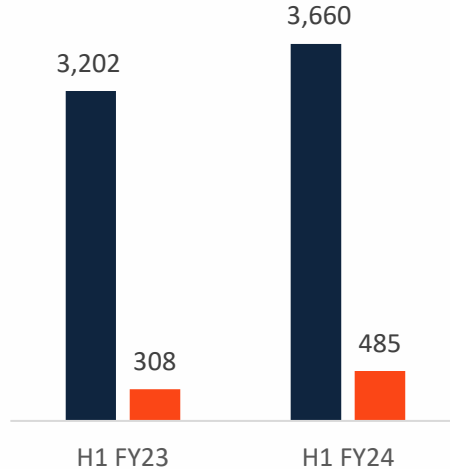
Revenue ↑ 11% YoY
EBITDA ↑ 44% YoY



H1 FY2024

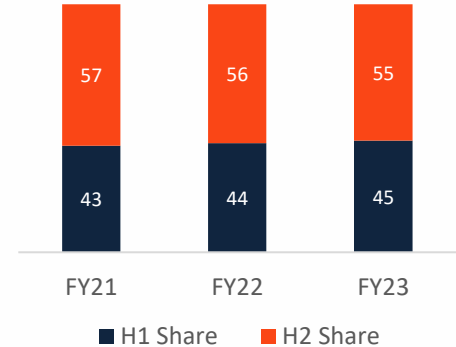
EBITDA

Revenue ↑ 14% YoY
EBITDA ↑ 58% YoY

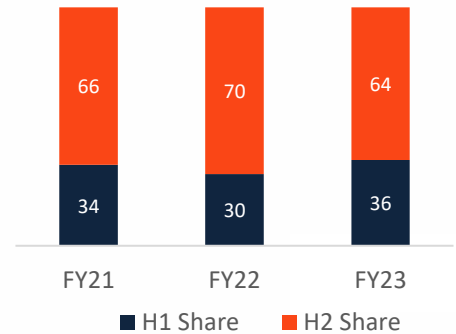


Historically, H2 has outperformed H1

% of Full Year Revenue



% of Full Year EBITDA



Business-wise Performance

Contract Development and Manufacturing Organization Business

Performance Highlights

❖ Continued momentum in order inflows in H1 FY2024:

- New orders# in H1FY24 higher by over 40% YoY - driving good revenue growth visibility for FY2024
- Healthy demand for our innovation* related work and differentiated offerings
- YoY pick-up in demand in our generic API business
- Driving growth through better execution in FY 2024 vs FY 2023

❖ **Improved Profitability:** Gross margins in Q2 improved YoY due to favorable revenue mix and normalizing raw material costs. This along with cost optimization (both direct and indirect spends) and operational excellence enhanced EBITDA margins

❖ **Expansion at Grangemouth facility:** Added two new suites, taking total to 5 suites. Earned our first revenue milestone from the new expanded facility in Q2FY24

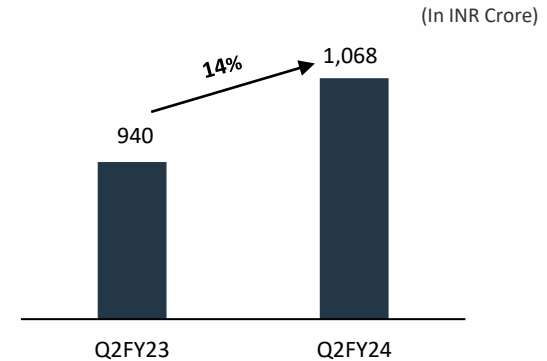
❖ **US FDA inspections** at five facilities (Digwal, Pithampur, Riverview, Sellersville and Lexington) contributing about 50% of our CDMO revenues have been successfully closed since November 2022. Maintain our track record of zero OAIs since FY2012

❖ **Key Challenges:** Only partial recovery in biotech funding environment, geopolitical uncertainty, clinical attrition at customer end and Inflation Reduction Act (US)

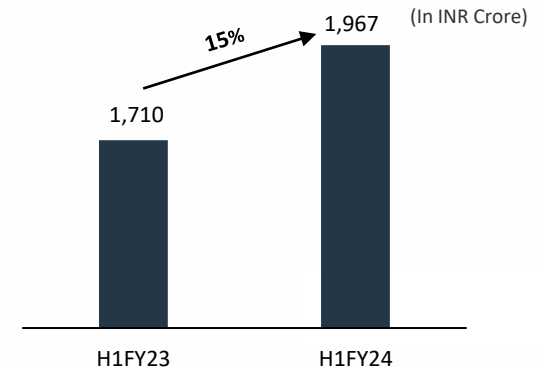
* Discovery + Development + Commercial Manufacturing of products under patent;

New development and commercial orders. These are over and above the existing multi-year manufacturing relationships

Revenue performance in Q2 FY2024



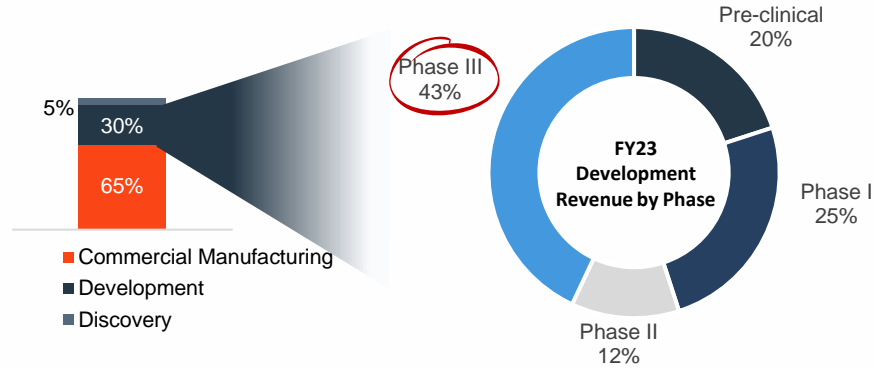
Revenue performance in H1 FY2024



Deep Pipeline of Development Projects across Multiple Phases

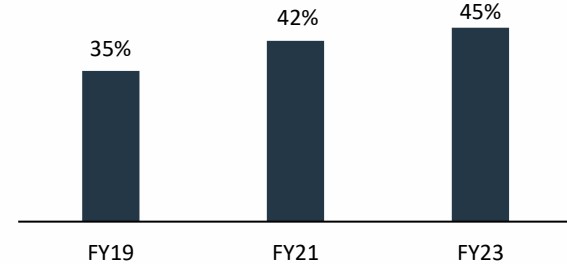
High proportion of Commercial and Phase III development revenue

FY23 Revenue by Services



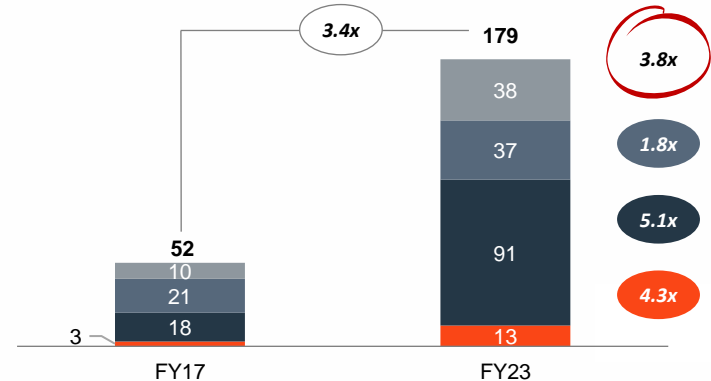
Increasing share of Innovation* related work

Contribution from Innovation related work



Strengthened molecule pipeline across clinical phases since FY2017

■ Pre-Clinical ■ Phase I ■ Phase II ■ Phase III



Strong Growth in Commercial Products Under Patent

2x

Growth in number of commercial products under patent (9 in FY19 to 18 in FY23)

\$52mn

Revenue from commercial products under patent in FY23, up from \$19mn in FY19

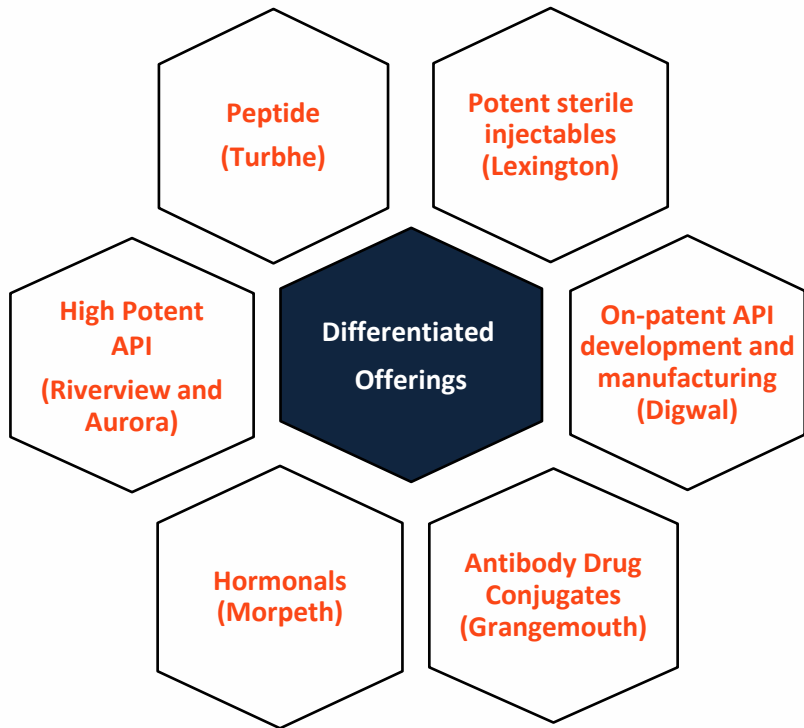
* Discovery + Development + Commercial Manufacturing of products under patent

Three Broad Archetypes of CDMO Companies

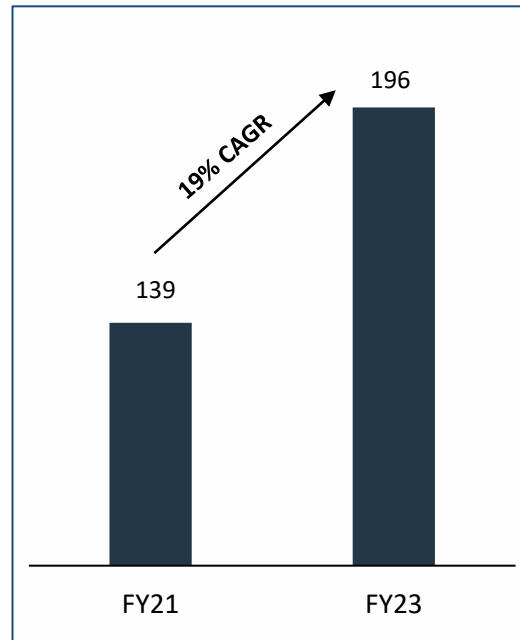
Archetype	Description	What have players done to win
Pure Play CDMOs	Integrated Services End-to-end value chain coverage during the lifecycle of molecule (e.g., discovery, development, commercial manufacturing)	<ul style="list-style-type: none"> Consistent investment over the years to develop capabilities across value chain 'Strategic partnership discussions' to build long term relationship Increase share of development to commercial on-patent molecules Deliver consistent experience across the network and provide integrated project management for multi site project
	Technology Specialists Strong capability in specialized technologies, (e.g. ADC, Biologics etc.)	<ul style="list-style-type: none"> Focused on targeted product / technology specific pipeline and taken the lead in adding adjacent capabilities
	Value Maximisers High quality and reliability at affordable prices	<ul style="list-style-type: none"> Focus/expand operations to low-cost countries Increase and optimize utilization at existing facilities through operational excellence programs
Pharma Players Offering CDMO Services Large volume play: High economies of scale, cost efficiency and established track record	<ul style="list-style-type: none"> Offer existing spare capacity for contract manufacturing (typically API manufacturing) 	

Piramal Pharma has chosen to become an 'integrated services' player driven by customer relationships and evolving customer needs

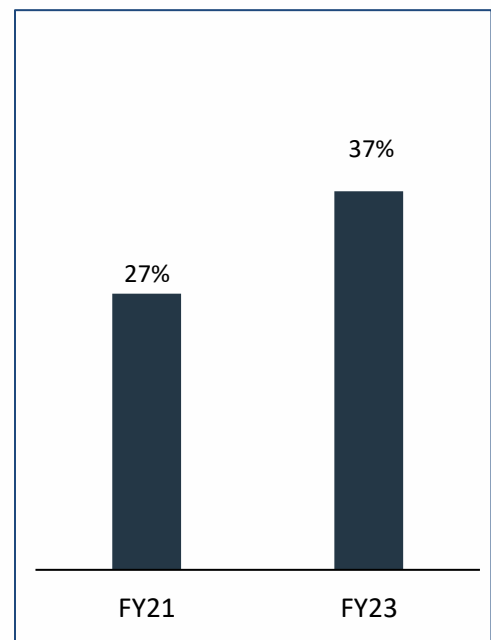
Providing Integrated Services with Differentiated Offerings



Revenue (US\$ mn) from Differentiated Offerings

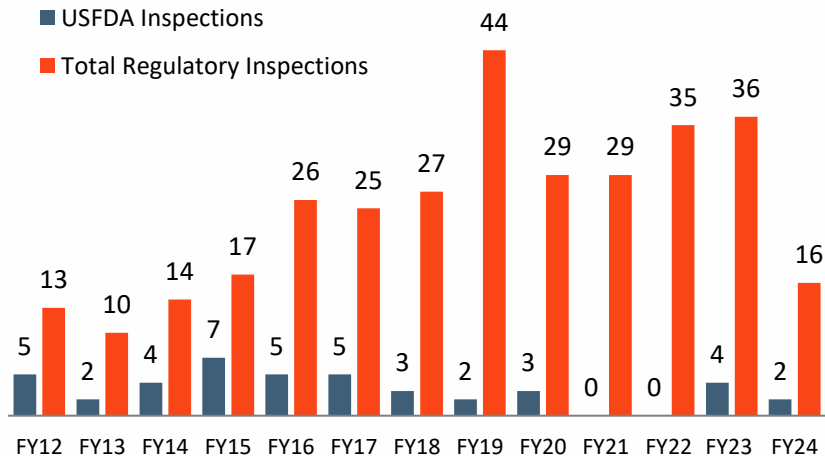


Contribution of Differentiated Offerings to CDMO revenue

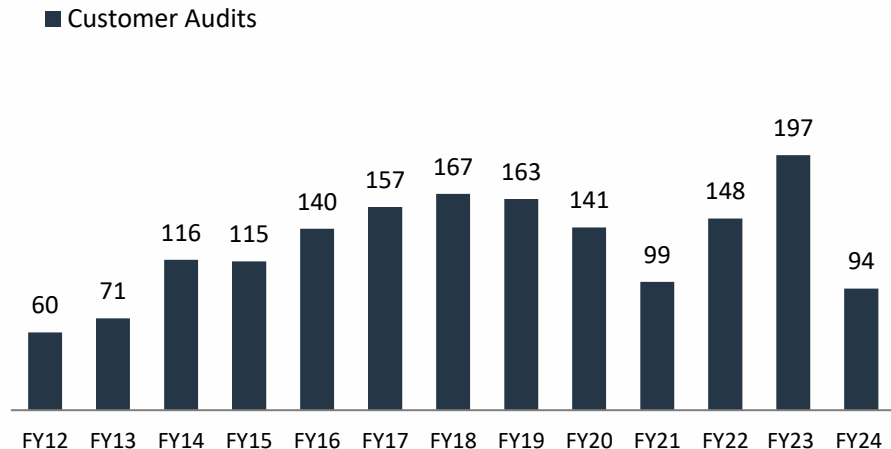


Continue to Maintain Best-in-Class Quality Track Record

300+ Regulatory Inspections# since FY12 with zero OAI*



~125 audits annually by customers



- ❖ Successfully cleared 42 USFDA inspections, 321 total regulatory inspections and 1,668 customer audits since FY2012
- ❖ 16 regulatory inspections and 94 customer audits in H1 FY2024
- ❖ Strong quality function with 1,000 people across sites and reporting directly to the Chairperson
- ❖ Advancement in journey to imbibe Quality Culture with focus on ownership at all levels continues

*OAI - Official Action Indicated; # Regulatory inspections include inspections for CDMO and CHG facilities

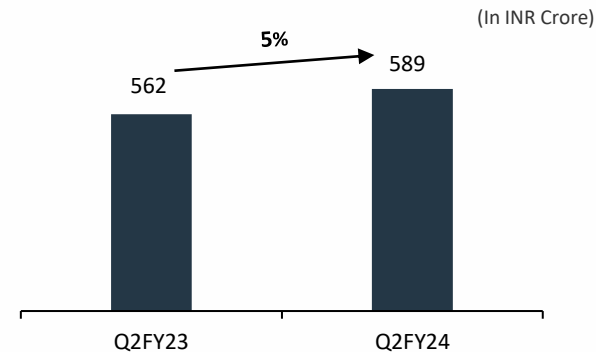
Complex Hospital Generics Business

Performance Highlights

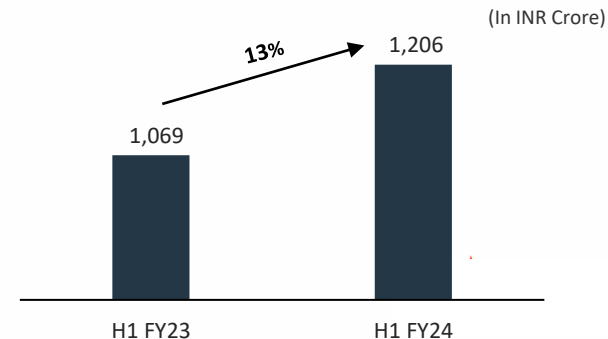
- ❖ **Steady revenue growth of 13% YoY in H1 FY2024** primarily on account of healthy volume led growth in Inhalation Anesthesia (IA) products
 - **Sevoflurane** – Continued volume growth in the US and ROW markets, partially offset by lower realization
 - **Gaining market share* in US Sevoflurane market** - Volume market share of 44% in 2023 (MAT Q2 2023) vs 30% in 2020 (MAT Q2 2020)
- ❖ **Improvement in EBITDA margin** during H1 FY2024 led by better product and market mix along with cost optimization measures
- ❖ Continue to **maintain our leading positions*** in Baclofen pre-filled syringe and vial market in the US with volume market share# of 76% (MAT Q2 2023)
- ❖ **New product Pipeline:** Building pipeline of 28 new products which are under various stages of development with addressable market size of over \$2bn
- ❖ **US FDA Inspection:** Concluded inspection at Bethlehem facility with two observations. Both observations relate to system improvement, none related to data integrity
- ❖ **Key challenges:** Geopolitical risk, adverse currency movement (presence in over 100 countries), price erosion / lower realizations, third party supply chain risk

*As per IQVIA Data

Revenue growth in Q2 FY2024



Revenue growth in H1 FY2024



Key Priorities

Expand capacities to meeting growing demand of IA products

Inhalation anesthesia facility (Digwal, India)



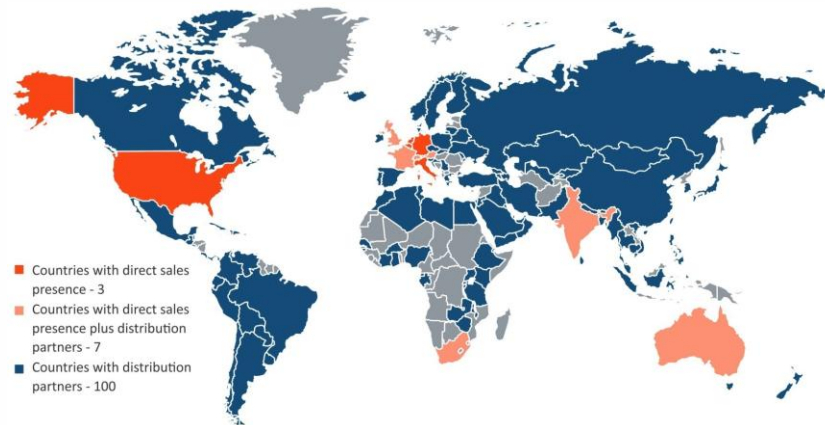
Setting up manufacturing lines for Sevoflurane in our Digwal facility to cater to the growing demands in emerging markets

Specialty Fluorochemicals facility (Dahej, India)



Significantly increasing the capacity of KSM (key starting material) at our Dahej facility to increase vertical integration

Leverage worldwide marketing and sales network



- ❖ We have established channel relationships and distribution network in over 100 countries across the globe
- ❖ We are looking to leverage this reach to introduce existing and new products across different markets

India Consumer Healthcare Business

Performance Highlights

❖ **New Product launches** - 7 new products and 2 new SKUs launched in Q2 FY2024. New products launched in last 24 months contribute to 16% of sales



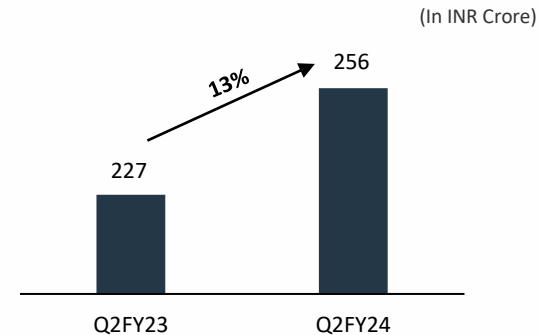
❖ **Power Brands** comprising of Lacto Calamine, Littles, Polycrol, Tetmosol and I-range, registered YoY growth of 14% during Q2 FY2024 and 15% during H1 FY2024

- Little's and Lacto Calamine grew at about 24% and 19% respectively in Q2 FY2024
- Power Brands contributed to 42% of total ICH sales in H1FY2024

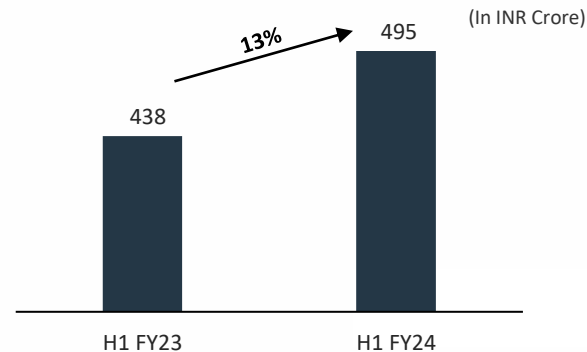
❖ **E-commerce** sales grew at over 34% YoY in Q2 FY2024 and contributed 16% to ICH revenues

❖ **Promotional spends** during H1 FY2024 was at 14% of ICH revenue

Revenue growth in Q2 FY2024



Revenue growth in H1 FY2024

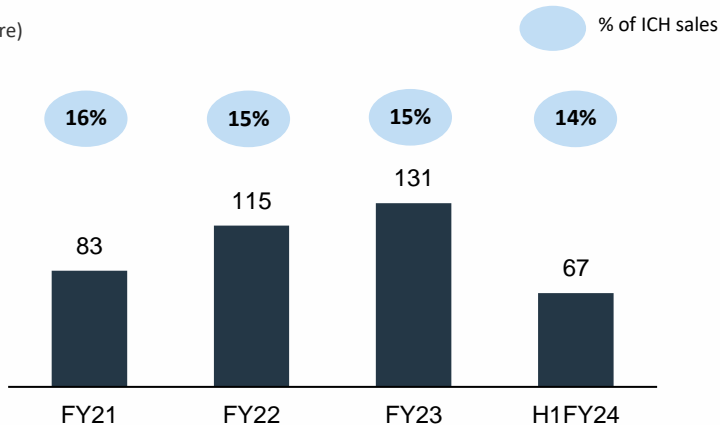


Focus on Power Brands with Continuous Investments in Brand Promotion and Marketing

Investments in brand promotion and marketing

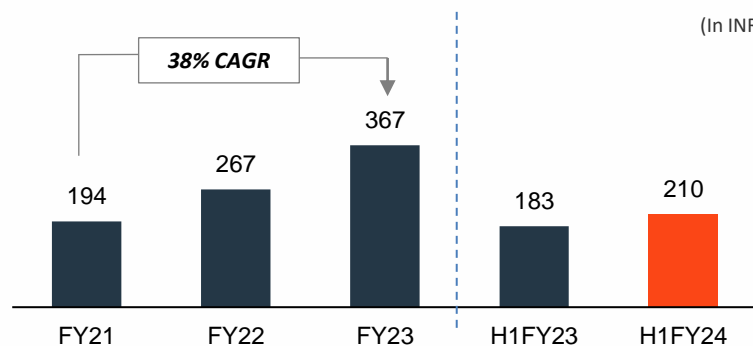
(In INR Crore)

% of ICH sales



Strong growth in our power brands

(In INR Crore)



Revenues contribution from our power brands



Sourav Ganguly
Polycrol



Ajay Devgan
Tetmosol

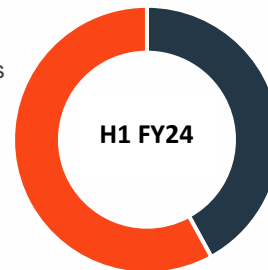


i-pill Daily
New Media launch



Kareena Kapoor
Little's

Other Brands
58%



Power Brands
42%


Power Brands - Lacto, Littles, Polycrol, Tetmosol and I-range

Leverage Multi-channel Distribution Network and New Product Launches


Presence across traditional and alternate trade channels

Presence in ~180K chemists and cosmetics stores and 10K+ kids, toys and gift shops

wellify.in Launched



Presence in over 8,700 Modern Trade Stores




E-commerce crosses

of E-commerce platforms

Year	# of E-commerce platforms
FY18	2
FY23	24

Launching new products on e-commerce

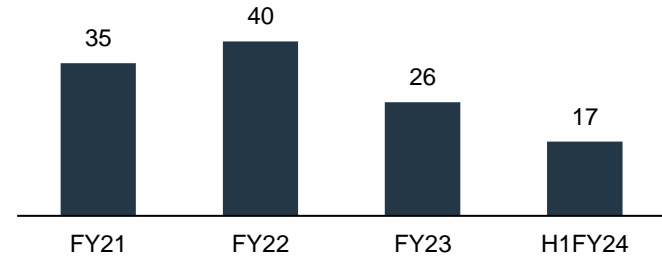


Alternate Channels

Regular new product launches contributing to growth

Over 100 new products launched in the last three years

New product launches



Abbvie Therapeutics India Private Limited*

Joint Venture Arrangement



Ownership
49%



Ownership
51%

In FY2023, the JV reported[#] revenue of Rs.446Cr with PAT margin of 25%

Continue to be one of the **market leaders** in the Indian Ophthalmology segment

400+
employees including sales force

Strong presence **glaucoma, dry eye, infections and inflammation**

40+ Brands
Refresh Tears, Combigan and Lumigan

* Previously known as Allergan India Pvt. Ltd. Abbvie acquired Allergan in 2020

Source: Piramal Pharma FY23 Annual Report, page 258

Sustainability Initiatives

Piramal Pharma Sustainability Report FY2022-23

Sustainability Report FY2022-23

Piramal Pharma released its Sustainability Report FY2023, articulating its ESG journey to accelerate the pace of integrating sustainable practices

ESG Targets:

- ❖ **Reduce Carbon Footprint:** Reduce Scope 1 and Scope 2 emission by 42% by FY2030 (against the baseline of FY2022) – in-line with 1.5 degree pathway suggested by SBTi
- ❖ **Waste Management:** Achieve zero hazardous waste to landfill by FY2025
- ❖ **Water Conservation:** Withdrawal reduction potential of 400 KLD of fresh water at India sites identified through Comprehensive Water use Assessment study. Initiatives underway
- ❖ **Responsible Supply Chain:** Assess 70% of critical suppliers by FY2026
- ❖ **Gender Diversity:** Achieve 16% women in the workforce globally by FY2025
- ❖ **Employee Safety:** Maintain LTIR < 0.2 per 200,000 person-days worked

Link to Piramal Pharma Sustainability Report FY2022-23

<https://www.piramal.com/wp-content/uploads/2023/09/Piramal-Pharma-Sustainability-Report-2022-2023.pdf>



Key ESG Highlights in FY2023

“Climate change is one of the world’s most pressing concerns, and its debilitating effects are evident in every aspect of life. We, at Piramal Pharma, are committed to conserving resources as we recognize the importance of preserving the environment, and intend to give back to the planet.”



Climate Change Management

Reduced Scope 1 and Scope 2 GHG emissions reduced YoY by 6.4% and 9.8% respectively. 12% of energy from clean fuels such as bio-briquettes and renewable electricity



Water Stewardship

9,760 KL fresh water saved by collecting rain water and reusing it. 32.8% of waste water generated was recycled and reused in utilities



Waste Management

Diverted 1,477 MT of hazardous waste from incineration and landfill to pre-processing/co-processing. Reduced hazardous waste generation of about 1,000 MT by commissioning of paddle dryer and polyhouse



Afforestation

Company has about 82,000 trees across its facilities globally. ~33% of plot area across sites covered by green belt



Responsible Supply Chain

SAQ (Supplier Assessment Questionnaire) deployed in May'23 for assessment of existing and new suppliers on ESG parameters and help them align with our sustainability goals

Key ESG Highlights in FY2023

“Overall, sustainability for us is more than just being compliant with regulatory norms and standards. It is about giving back to the environment and community through purpose-driven operations and responsible governance.”



Strong Set of Policies

Adopted and published Global Human Rights Policy, Anti-Corruption & Anti-Bribery Policy, Code of Conduct & Ethics



Diversity and inclusion

15.3% of the workforce represented by women. 30% of the Company’s Board represented by women. Female hiring in FY23 was 18.3%



Occupational Health and Safety

Zero fatalities and LTIR (Lost Time Injury Rate) of 0.10 LTIR per 200,000 person days. Conducted over 15 hours of safety training per employee

Committed to SBTi



Climate Change and Water Security



Member of UNGC



Member of PSCI



Key Strategic Priorities

Key Strategic Priorities

Track record of building scalable differentiated pharma businesses with world class talent in attractive markets through profitable organic and inorganic growth

1

Drive demand in CDMO business by increasing the proposal velocity and win rate

2

Delivering consistent revenue growth and improving profitability

3

Pursuing organic and inorganic growth opportunities leveraging fresh capital

- ✓ **Capacity expansion** across multiple sites
- ✓ Acquisitions of **differentiated manufacturing capabilities** for CDMO
- ✓ Add new complex hospital generics through **in-licensing, acquisitions and capital investments**
- ✓ Organically and inorganically add **Consumer Healthcare products** to further leverage India-wide distribution platform

4

Maintaining robust quality culture across manufacturing/development facilities globally

5

Continued focus on patient needs, customer experience, and ESG initiatives

Financials

Consolidated Financials Highlights

(In INR Crores or as stated)

Particulars	Q2 FY2024	Q2 FY2023	YoY Change	Q1 FY2024	QoQ Change
Revenue from Operations*	1,911	1,720	11%	1,749	9%
CDMO	1,068	940	14%	898	19%
CHG	589	562	5%	617	-5%
ICH	256	227	13%	239	7%
EBITDA	315	219	44%	171	85%
EBITDA Margin	16%	13%		10%	
PAT	5	-37		-99	
PAT Margin	0%	-2%		-6%	

Particulars	H1 FY2024	H1 FY2023	YoY Change
Revenue from Operations*	3,660	3,202	14%
CDMO	1,967	1,710	15%
CHG	1,206	1,069	13%
ICH	495	438	13%
EBITDA	485	308	58%
EBITDA Margin	13%	10%	
PAT	-94	-146	
PAT Margin	-3%	-5%	

Note: * Revenue from Operations includes foreign exchange gains/losses. # H1 FY2023 EBITDA had one-time inventory margin impact of INR 68 Crore

Consolidated Financials Highlights – Balance Sheet

(In INR Crores)

Key Balance Sheet Items	As on 30-Sep-23	As on 31-Mar-23
Total Equity	7,758	6,773
Net Debt	3,823	4,781
Total	11,581	11,555
Net Fixed Assets	9,038	8,887
Tangible Assets	4,691	4,441
Intangible Assets including goodwill	4,347	4,446
Net Working Capital	2,148	2,307
Other Assets#	395	361
Total	11,581	11,555

Other Assets include Investments and Deferred Tax Assets (Net)

Dial-in details for Q2 FY2024 Earnings Conference Call

Event	Location & Time	Telephone Number
Conference Call on 30 th October 2023	India – 09:00 AM IST	+91 22 6280 1461 / +91 22 7115 8320 (Primary Number)
		1 800 120 1221 (Toll free number)
	USA – 11:30 PM (Eastern Time – New York)	Toll free number 18667462133
	UK – 3:30 AM (London Time)	Toll free number 08081011573
	Singapore – 11:30 AM (Singapore Time)	Toll free number 8001012045
	Hong Kong – 11:30 AM (Hong Kong Time)	Toll free number 800964448
Express Join with Diamond Pass™	Please use this link for prior registration to reduce wait time at the time of joining the call – https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=7279153&linkSecurityString=28e77c0997	

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