

Piramal Pharma Limited

Q3 & 9M FY2024 Results

January 2024



Piramal
Pharma Limited

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Key Performance Highlights of Q3 and 9M FY2024

Key Highlights of Q3 and 9M FY2024

- ❖ **Revenue from Operations** grew by 14% YoY in both Q3 FY2024 and in 9M FY2024

Business Segment	YoY Revenue Growth	
	Q3 FY2024	9M FY2024
Contract Development and Manufacturing (CDMO)	12%	14%
Complex Hospital Generic (CHG)	12%	13%
India Consumer Healthcare (ICH)	12%	13%

- ❖ **EBITDA margin** in Q3 FY2024 improved to 17% compared to 10% in Q3 FY2023. Similarly for 9M FY2024, EBITDA margin improved to 15% compared to 10% in 9M FY2023. This was primarily driven by operating leverage, YoY reduction in raw material cost & energy prices, and cost optimization & operational excellence initiatives
- ❖ **Q3 FY2024 Adjusted PAT:** Q3 FY2024 reported PAT includes a non-recurring charge of Rs.32 crores related to product recall initiated by our third party supplier. Adjusting for this, PAT in Q3 FY2024 was Rs. 35 Crores
- ❖ **Business Performance:**
 - **CDMO Business:** Continued momentum with significant YoY growth in new orders* in 9M FY2024 vs 9M FY2023, more specifically in commercial manufacturing of on-patent molecules
 - **CHG Business:** Volume led growth in Inhalation Anaesthesia portfolio in the US and increasing traction in the non-US markets
 - **ICH Business:** Steady growth in the consumer business driven by new product launches and growth in power brands
- ❖ **Sustainability:** We have submitted our Scope 1, 2 and 3 GHG emission data to SBTi (Science Based Target initiative). 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° C trajectory suggested by SBTi. Further we have also taken a target to reduce Scope 3 emissions by 25% by FY2030 (with baseline of FY2022)

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

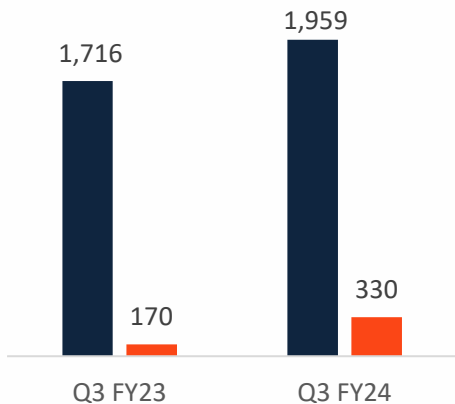
Financial Performance in Q3 and 9M FY2024

Q3 FY2024

(In INR Crore)

Revenue

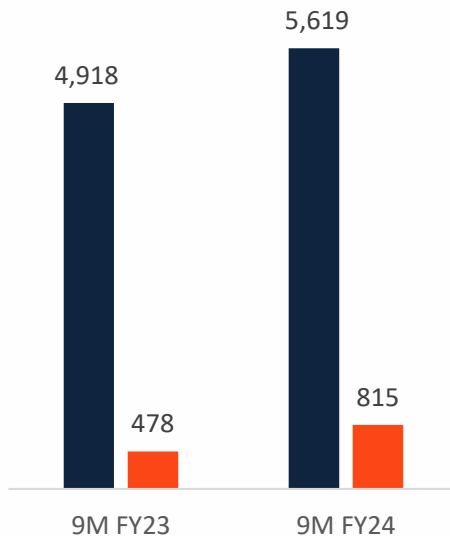
Revenue **↑** 14% YoY
EBITDA **↑** 94% YoY



9M FY2024

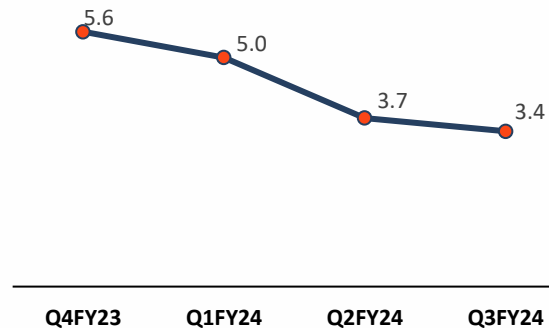
EBITDA

Revenue **↑** 14% YoY
EBITDA **↑** 71% YoY



Net Debt / EBITDA*

Improving Net Debt / EBITDA



- ❖ Successfully completed **Rights Issue** of Rs.1,050 Crores in Q2FY24
- ❖ 9MFY24 **EBITDA** has grown by **71% YoY**

* EBITDA is trailing 12 months EBITDA

Business-wise Performance

Contract Development and Manufacturing Organization Business

Performance Highlights

❖ Continued momentum in order inflows in 9M FY2024:

- Despite challenging funding environment, our new orders# in 9MFY24 grew significantly, driving healthy revenue growth in FY2024 and building order book for FY2025
- Healthy demand for our innovation* related work and differentiated offerings – especially for commercial manufacturing of on-patent molecules
- Received first integrated anti-body drug conjugate (ADC) order involving monoclonal antibodies. 3 sites involved – Lexington, Grangemouth and Yapan

❖ Improved profitability driven by cost optimization, strategizing procurement and operational excellence initiatives

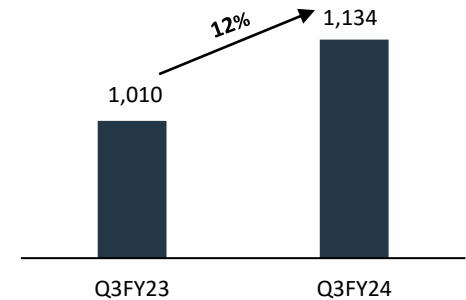
❖ Expansion at Grangemouth: MHRA (UK) inspection of the newly commissioned multipurpose state-of-the-art ADC manufacturing facility at Grangemouth is scheduled for February 2024

❖ Quality and compliance: All our recently audited facilities by the US FDA have an EIR. Also, successfully closed over 140 customer audits in 9M FY2024

❖ Key challenges: Incomplete recovery in biotech funding environment and clinical / regulatory attrition at customer end

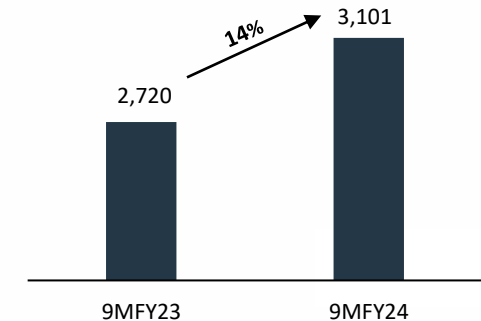
Revenue performance in Q3 FY2024

(In INR Crore)



Revenue performance in 9M FY2024

(In INR Crore)

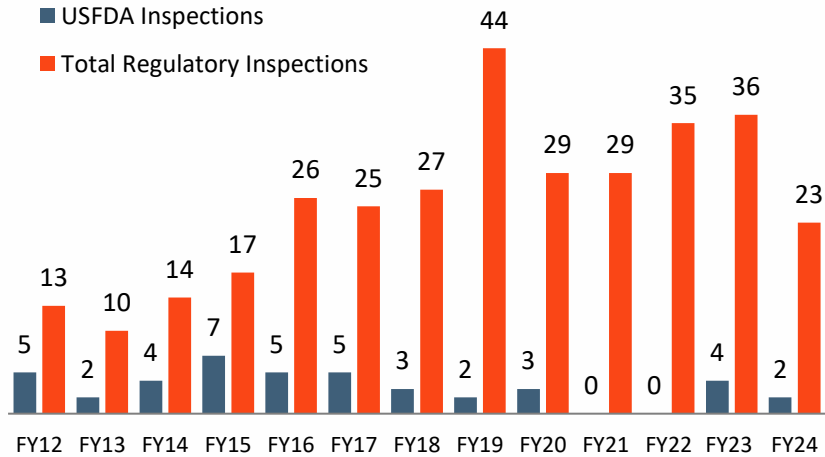


* Discovery + Development + Commercial Manufacturing of products under patent;

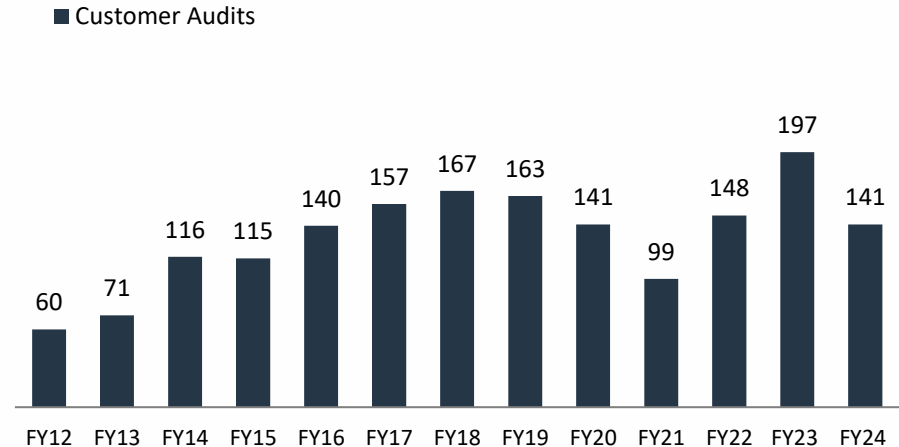
New development and commercial orders. These are over and above the existing multi-year manufacturing relationships

Continue to Maintain Best-in-Class Quality Track Record

300+ Regulatory Inspections# since FY12 with zero OAI*



~125 audits annually by customers



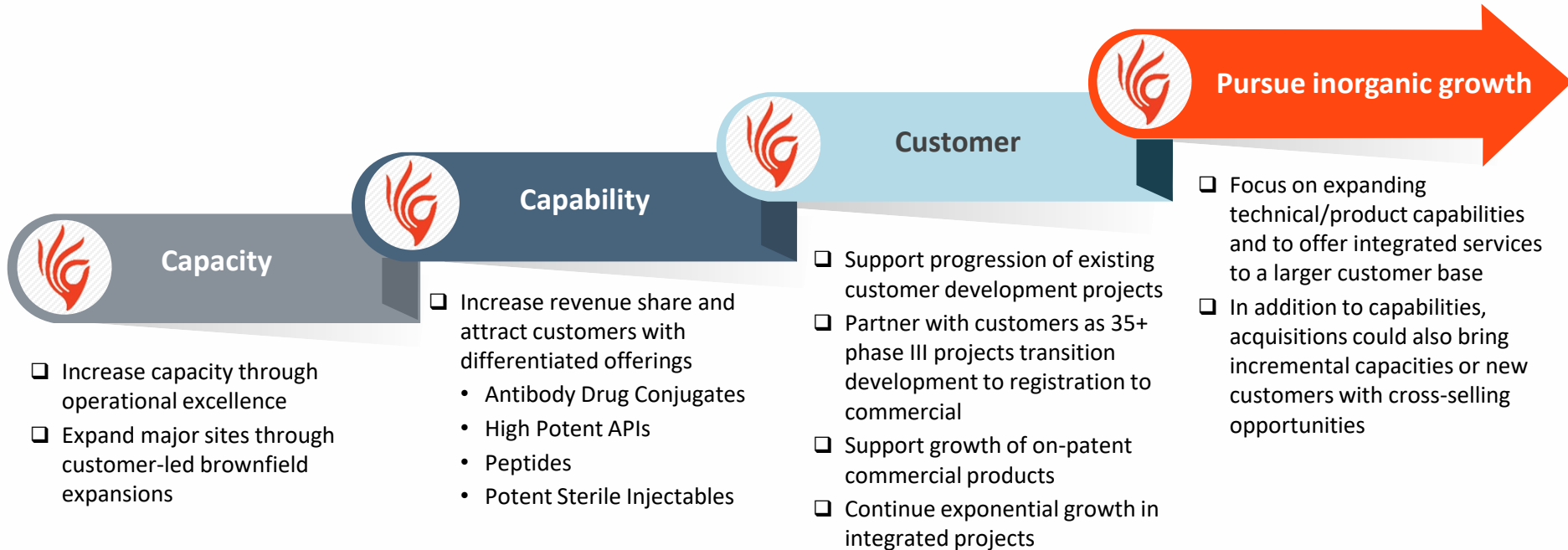
- ❖ Successfully cleared 42 USFDA inspections, 328 total regulatory inspections and 1,715 customer audits since FY2012
- ❖ Successfully cleared 23 regulatory inspections and 141 customer audits in 9M FY2024
- ❖ No 'Official Action Indicated (OAI)' for any of our US FDA audits
- ❖ Strong quality function with ~1,000 people across sites
- ❖ Independent Quality function reporting directly to the Company Chairperson

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

Growth Drivers for CDMO Business

Near-term Visible Revenue Growth Levers

Upsides Beyond the Plan



Complex Hospital Generics Business

Performance Highlights

❖ YoY revenue growth in Q3 and 9M FY2024 driven by:

- Volume growth in the inhalation anaesthesia portfolio in the US, partly offset by lower market prices
- Increasing traction in the inhalation anaesthesia portfolio in the non-US markets
- Launch of 3 new injectable products in Q3 FY2024 in the US and Europe
- Maintaining leading market share in the intrathecal baclofen in the US market

❖ **Improvement in profitability** during Q3 and 9M FY2024 mainly led by cost optimization initiatives, yield improvement and better product and market mix

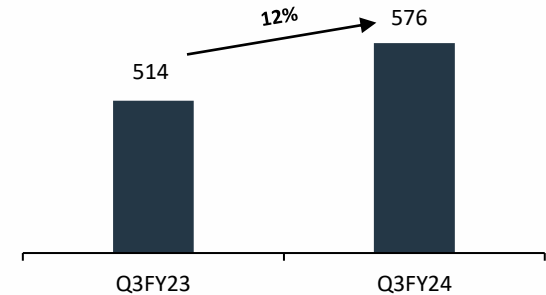
❖ **New product pipeline:** Building pipeline of 25 new products which are under various stages of development with current addressable market size of over \$2bn

❖ **Capacity utilization:** All the three inhalation anaesthesia facilities in India and US are operating at capacities with focus on operational efficiencies and timely execution of planned capacity expansions

❖ **Key challenges:** Geopolitical risk, adverse currency movement (presence in over 100 countries), price erosion / lower realizations due to higher competition, and third-party development and supply chain risk in the injectable portfolio

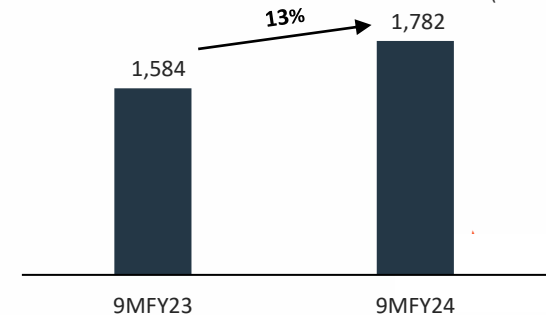
Revenue growth in Q3 FY2024

(In INR Crore)



Revenue growth in 9M FY2024

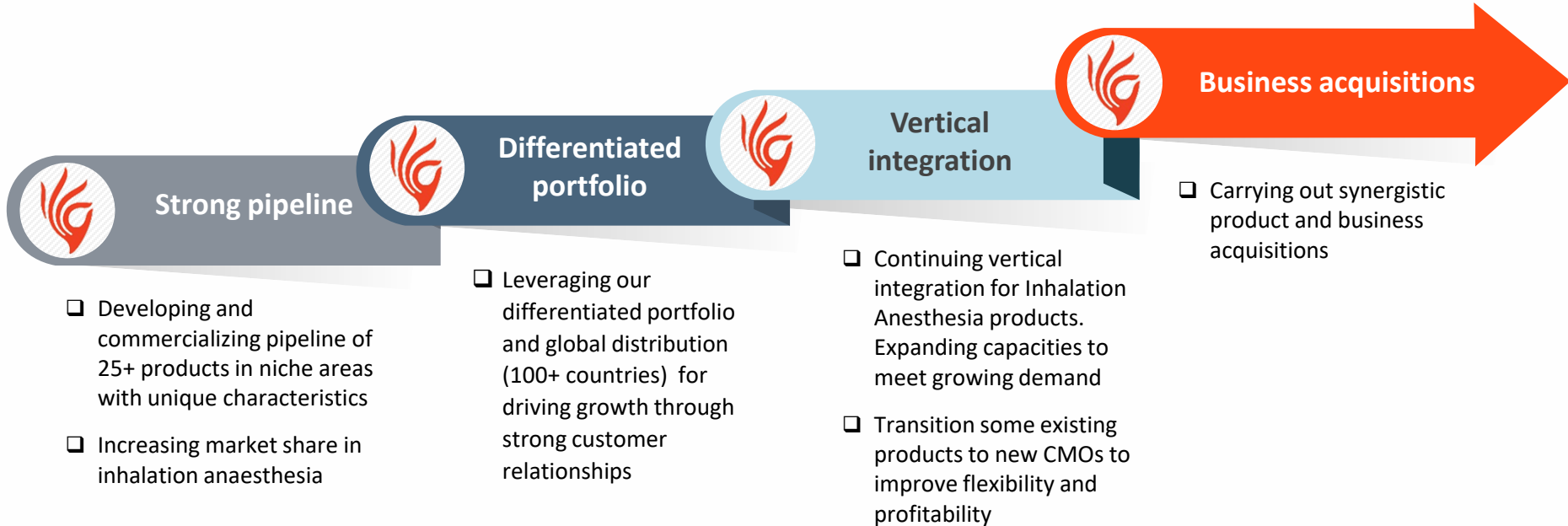
(In INR Crore)



Growth Drivers for CHG Business

Near-term Visible Revenue Growth Levers

Upsides Beyond the Plan



India Consumer Healthcare Business

Performance Highlights

❖ **New Product launches** - 6 new products and 3 new SKUs launched in Q3 FY2024. New products launched in last 24 months contribute to 13% of sales



❖ **Power Brands** comprising of Lacto Calamine, Little's, Polycrol, Tetmosol and I-range, registered YoY growth of 8% during Q3 FY2024 and 12% during 9M FY2024

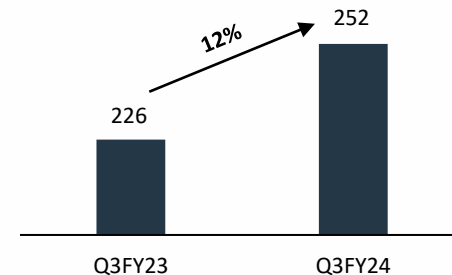
- Little's and I-range grew at about 14% and 12% respectively in Q3 FY2024
- Growth in Tetmosol was impacted by lower demand due to unseasonal rains in summer season
- Power Brands contributed to 41% of total ICH sales in 9M FY2024

❖ **E-commerce** sales grew at over 17% YoY in Q3 FY2024 and contributed 16% to ICH revenues

❖ **Promotional spends** during 9M FY2024 was at 13% of ICH revenue

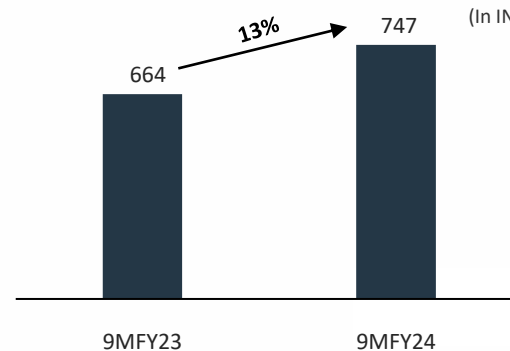
Revenue growth in Q3 FY2024

(In INR Crore)



Revenue growth in 9M FY2024

(In INR Crore)

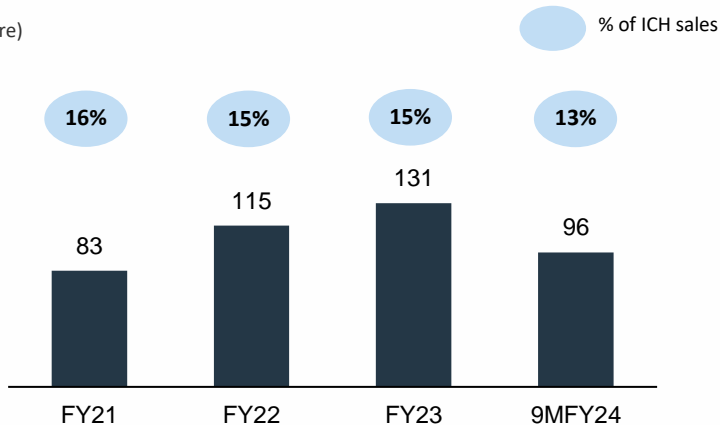


Focus on Power Brands with Continuous Investments in Brand Promotion and Marketing

Investments in brand promotion and marketing

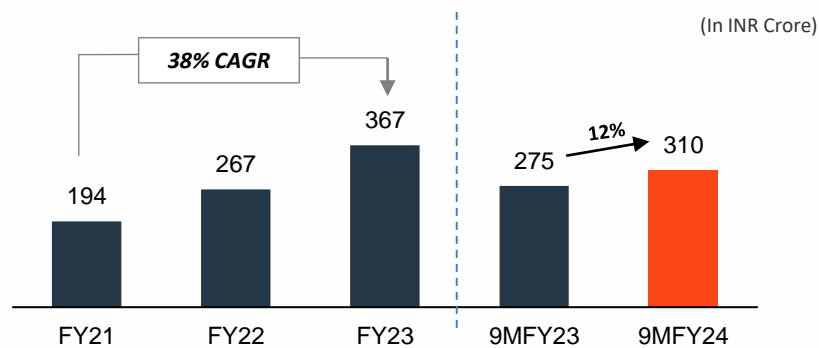
(In INR Crore)

% of ICH sales



Strong growth in our power brands

(In INR Crore)



Revenues contribution from our power brands



Sourav Ganguly
Polycrol



Ajay Devgan
Tetmosol

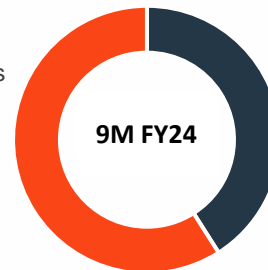


i-pill Daily
New Media launch



Kareena Kapoor
Little's

Other Brands
59%



Power Brands
41%

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

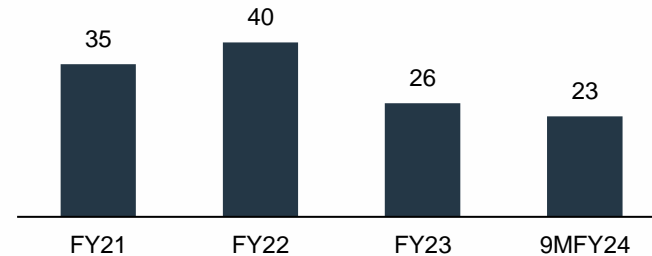
Presence in ~180K chemists and cosmetics stores and 10K+ kids, toys and gift shops



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 in **glaucoma, dry eye, infections and inflammation**

Key Brands
Refresh, Ozurdex, Combigan, Lumigan, Alphagan, Predforte

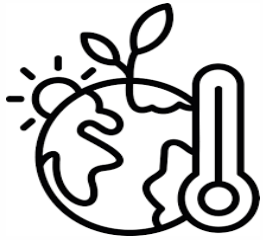
* Previously known as Allergan India Pvt. Ltd. Abbvie acquired Allergan in 2020

Source: Piramal Pharma FY23 Annual Report, page 258

Sustainability Initiatives

Key Sustainability Highlights

Climate Change Management



Piramal Pharma has taken a target to reduce its Scope 1 and 2 GHG emissions by 42% by FY2030 with a baseline of FY2022. This is in-line with the SBTi's# 1.5° C pathway to limit global warming to 1.5°C above pre-industrial levels

Further we have also taken a target to reduce our Scope 3 GHG emissions by 25% by FY2030 with a baseline of FY2022

We have committed to SBTi and have also submitted our Scope 1, 2 and 3 GHG emission data with them for their verification

We have developed a carbon reduction plan to reduce our GHG emissions through:

- ❖ Increase use of **renewal energy** such as solar power, hydroelectric power, bio-based fuel
- ❖ Deploying **energy efficient technologies**
- ❖ Conducting energy audits to identify energy hotspots and deploy **operational excellence initiatives** to mitigate them
- ❖ Assess and build **awareness amongst our supply chain partners** to reduce GHG emission in our value chain



Link to PPL Sustainability Report FY2022-23

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

Key Sustainability Highlights

Waste Management



On track to achieve **Zero Hazardous Waste to Landfills** by March 2024

Afforestation



Planted **2,400+ trees and sapling** in 9M FY2024 across Indian sites

Responsible Supply Chain



Released **PPL Sustainable Chain Policy**
 Conducted **capacity building sessions** for our supply chain partners on sustainability

Diversity & Inclusion



Women in global workforce increased to over 17%
 Conducted **sensitization workshops on DIBA** (Diversity Inclusion Belonging Accessibility)

Third Party Assessment



Participated in **Ecovadis assessment**

Key Sustainability Highlights

Committed to SBTi



Climate Change and
Water Security
Disclosures



Member of UNGC



Member of PSCI



“We will continue to make judicious investments to expand sustainable practices across our operations to minimise our environmental footprint and empower our people and communities to create a greener tomorrow and a better future for all.”

Nandini Piramal & Peter DeYoung

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	Q3 FY2024	Q3 FY2023	YoY Change	Q2 FY2024	QoQ Change
Revenue from Operations*	1,959	1,716	14%	1,911	2%
CDMO	1,134	1,010	12%	1,068	6%
CHG	576	514	12%	589	(2)%
ICH	252	226	12%	256	(2)%
EBITDA	330	170	94%	315	5%
EBITDA Margin	17%	10%		16%	
PAT (after exceptional item)	10	(90)	NA	5	101%
PAT (before exceptional item) @	35	(90)	NA	5	594%

Particulars	9M FY2024	9M FY2023	YoY Change
Revenue from Operations*	5,619	4,918	14%
CDMO	3,101	2,720	14%
CHG	1,782	1,584	13%
ICH	747	664	13%
EBITDA#	815	478	71%
EBITDA Margin	15%	10%	
PAT (after exceptional item)	(83)	(237)	NA
PAT (before exceptional item) @	(59)	(231)	NA

Note: * Revenue from Operations includes foreign exchange gains/losses

9M FY2023 EBITDA had one-time inventory margin impact of INR 68 Crores

@ Q3 FY24 Exceptional item of Rs.32 Crores is related to non-recurring charges towards product recall triggered by our third-party supplier

Dial-in details for Q3 and 9M FY2024 Earnings Conference Call

Event	Location & Time	Telephone Number
Conference Call on 31 st January 2024	India – 05:00 PM IST	+91 22 6280 1461 / +91 22 7115 8320 (Primary Number)
		1 800 120 1221 (Toll free number)
	USA – 06:30 AM (Eastern Time – New York)	Toll free number 18667462133
	UK – 11:30 AM (London Time)	Toll free number 08081011573
	Singapore – 07:30 PM (Singapore Time)	Toll free number 8001012045
	Hong Kong – 07:30 PM (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=2184854&linkSecurityString=cc1d80a24	

For Investor Queries:

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