



Zydus Lifesciences Limited

Earnings Presentation: Q4 and Full Year FY23

18th May, 2023

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Revenues from Operations*

Rs. 50,106 mn

↑ **32% YoY**

R&D

Rs. 3,541 mn

7.1% of revenues

EBITDA & Margin %

Rs. 12,556 mn

25.1% of revenues

↑ **75% YoY**

Net Profit ex. Exceptional

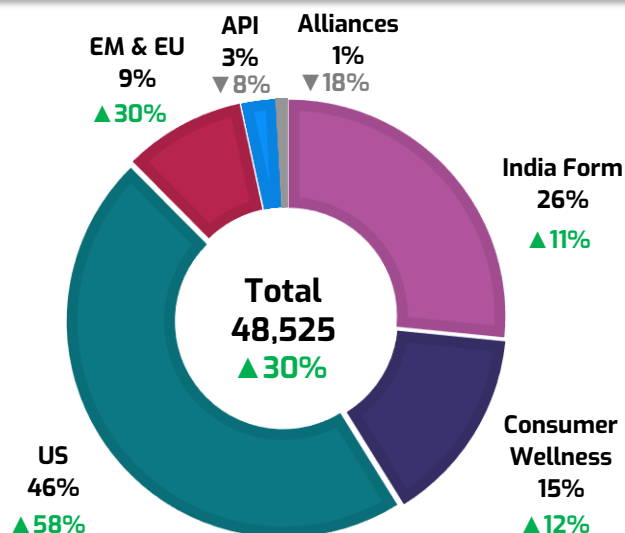
Rs. 8,979 mn

↑ **126% YoY**

Highlights of Q4 FY23

- Total revenues grew **32% yoy**, led by **US formulations business**.
- **India formulations business** continued to deliver consistent performance with **12% yoy** ex-COVID growth (reported growth was 11%).
- **Consumer Wellness** business continued to maintain **leadership position** in key brands despite softer consumer demand.
- **US formulations** business continued to grow on a **sequential basis**, aided by **volume expansion** in existing products and **new launches**.
- All **major** geographies of **Emerging markets** and **Europe** business posted **strong growth**.
- EBITDA margin stood at **25.1%**, up **620 bps yoy** and **260 bps qoq**.
- Net cash: Rs. 5,461 mn (at 31-Mar'23) vs Rs. 632 mn (at 31-Mar'22).
- Capex (organic) for the quarter: Rs. 2,040 mn.
- Net debt to EBITDA: (-) 0.14x (at 31-Mar'23) vs (-) 0.02x (at 31-Mar'22)

Business-wise Sales Break-up (Rs. mn) and YoY Growth

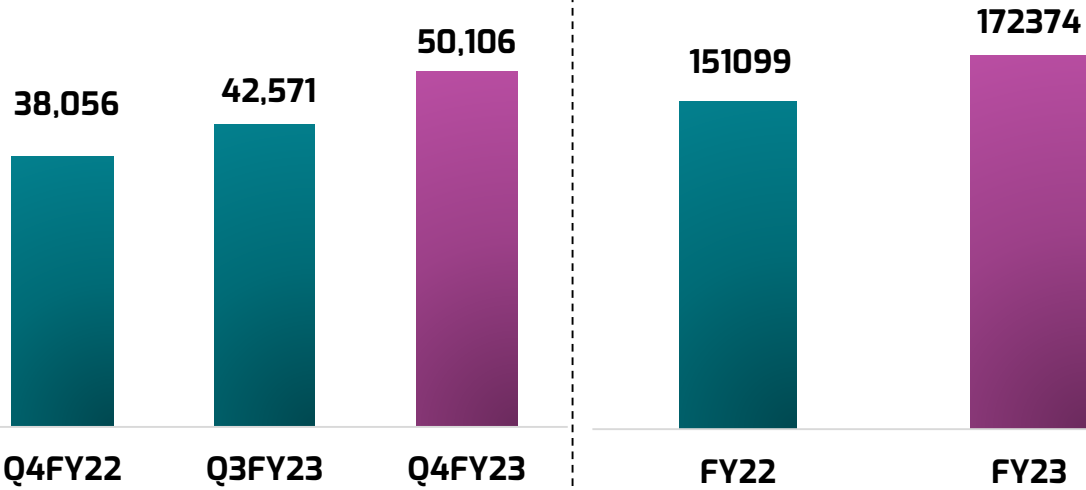


Note:

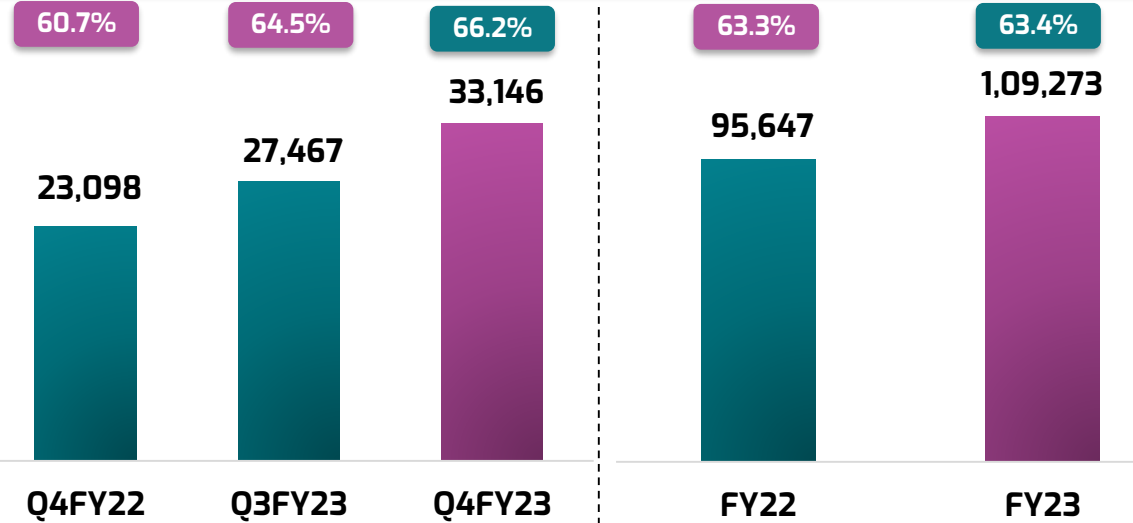
* Revenues from Operations include net sales and other operating income.

Key Financial Metrics (1/2)

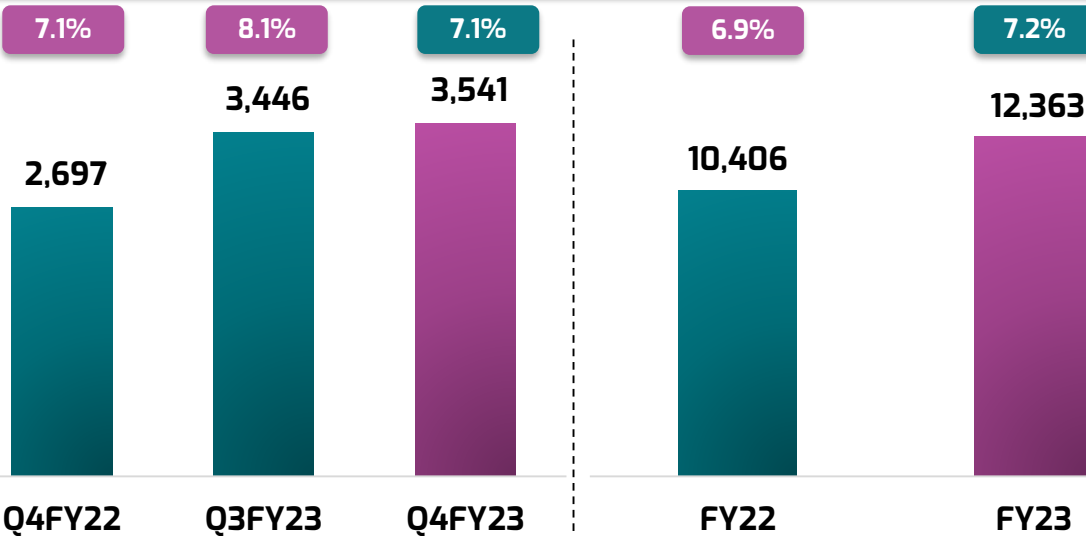
Total Revenues (Rs. mn)



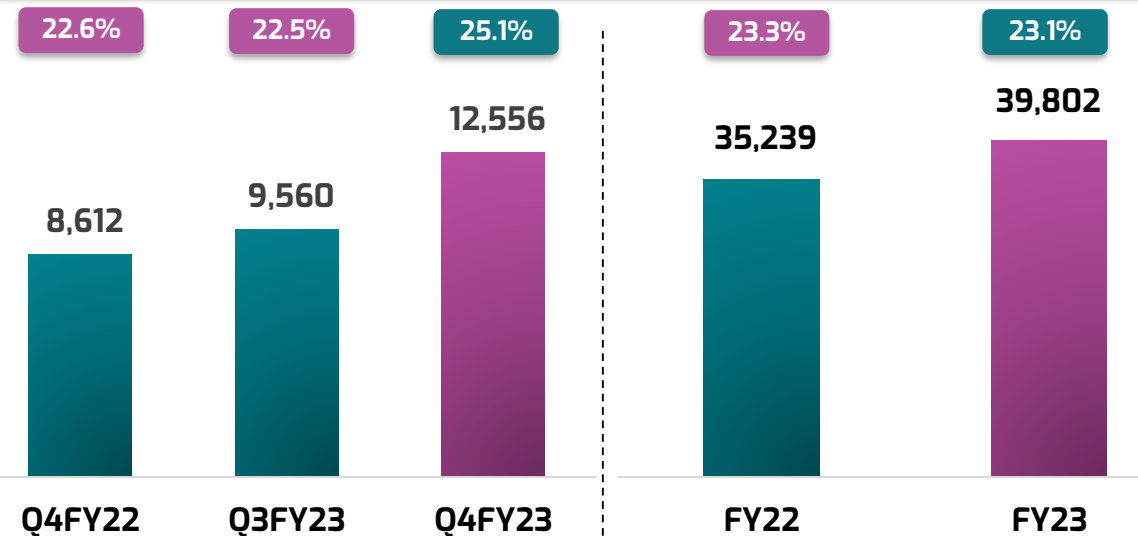
Gross Profit (Rs. mn) and Gross Margin %



Total R&D (Rs. mn) and % to Revenues

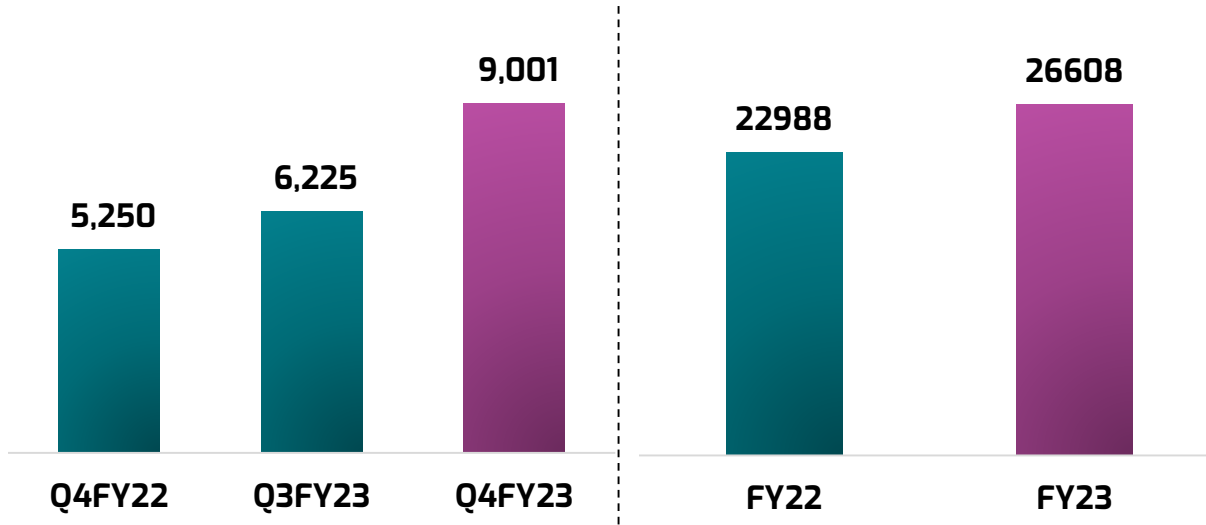


EBITDA ex one-offs (Rs. mn) and EBITDA Margin %

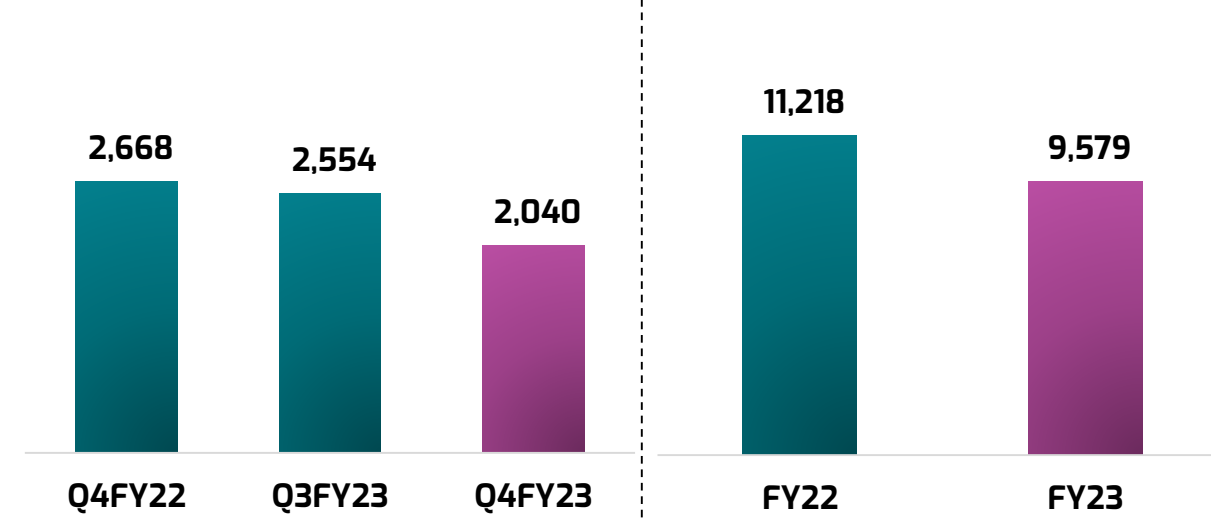


Key Financial Metrics (2/2)

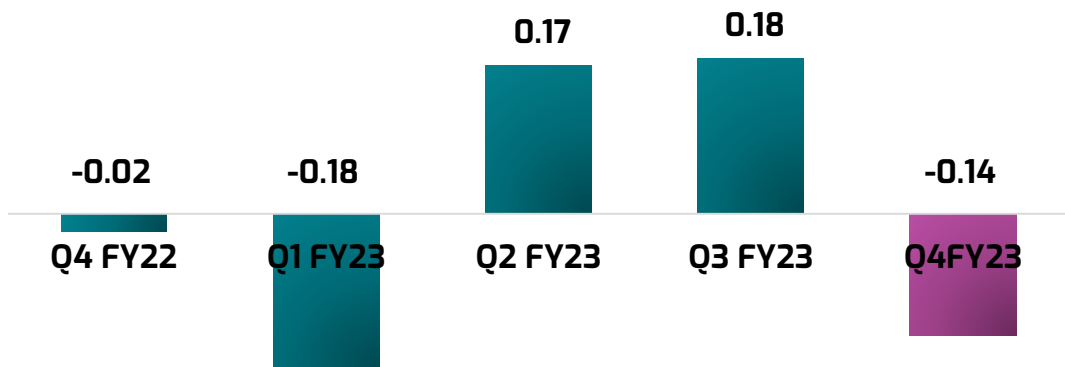
PAT ex. Exceptional, One-offs and Discontinued ops. (Rs. mn)



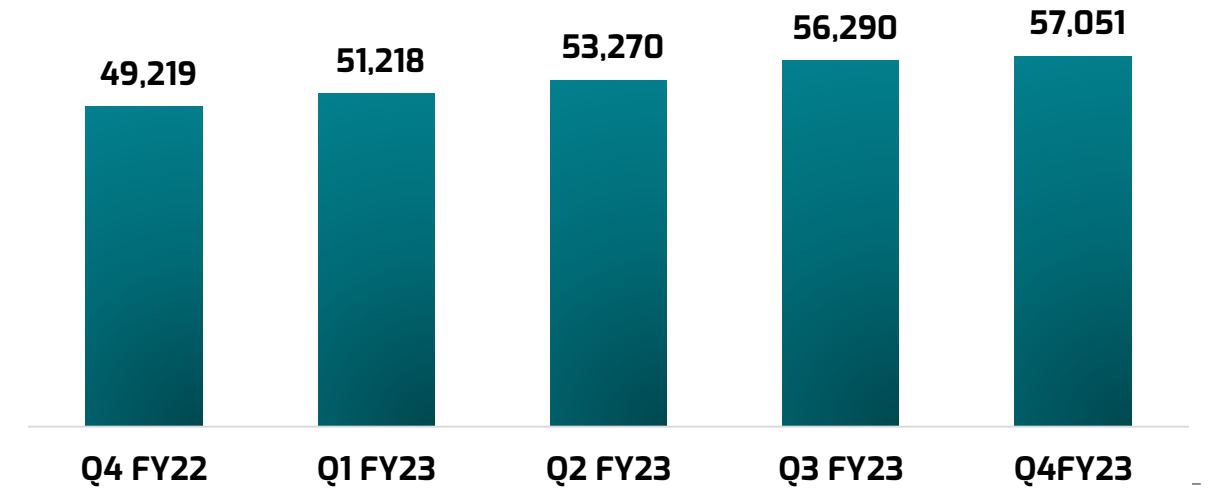
Organic Capex (Rs. mn)



Net Debt/ EBITDA



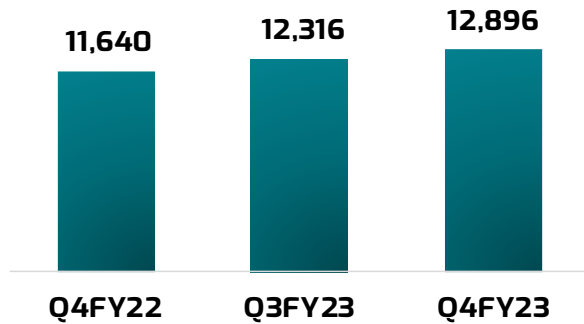
Net Working Capital* (Rs. mn)



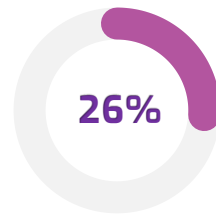
*Net working capital includes Inventory, Trade receivables and Trade payables.

Sustained growth momentum driven by focused execution

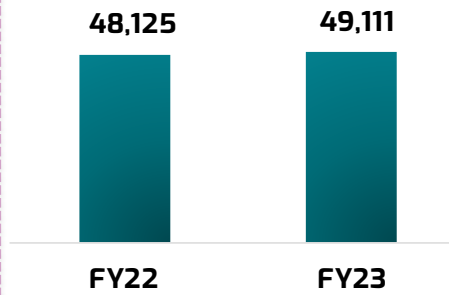
India Formulations Sales (Rs. mn)



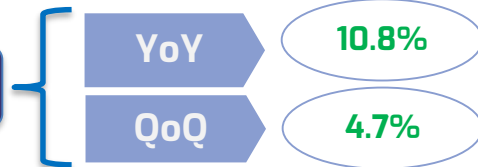
Q4 FY23 Revenue Contribution



India Formulations Sales (Rs. mn)



Q4 FY23 Gr.



FY23 Gr.



Brand building - a key growth driver

of Brands

1000+

12

500 to 1000

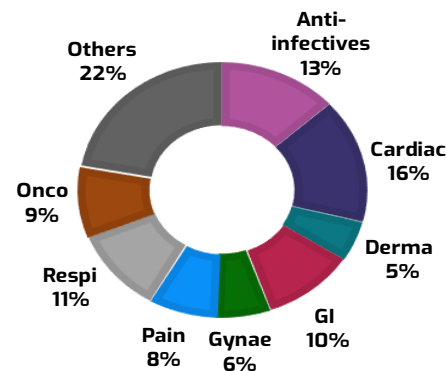
23

250 to 500

38

Brand Value (Rs. Mn)*

Therapy-wise Break-up*

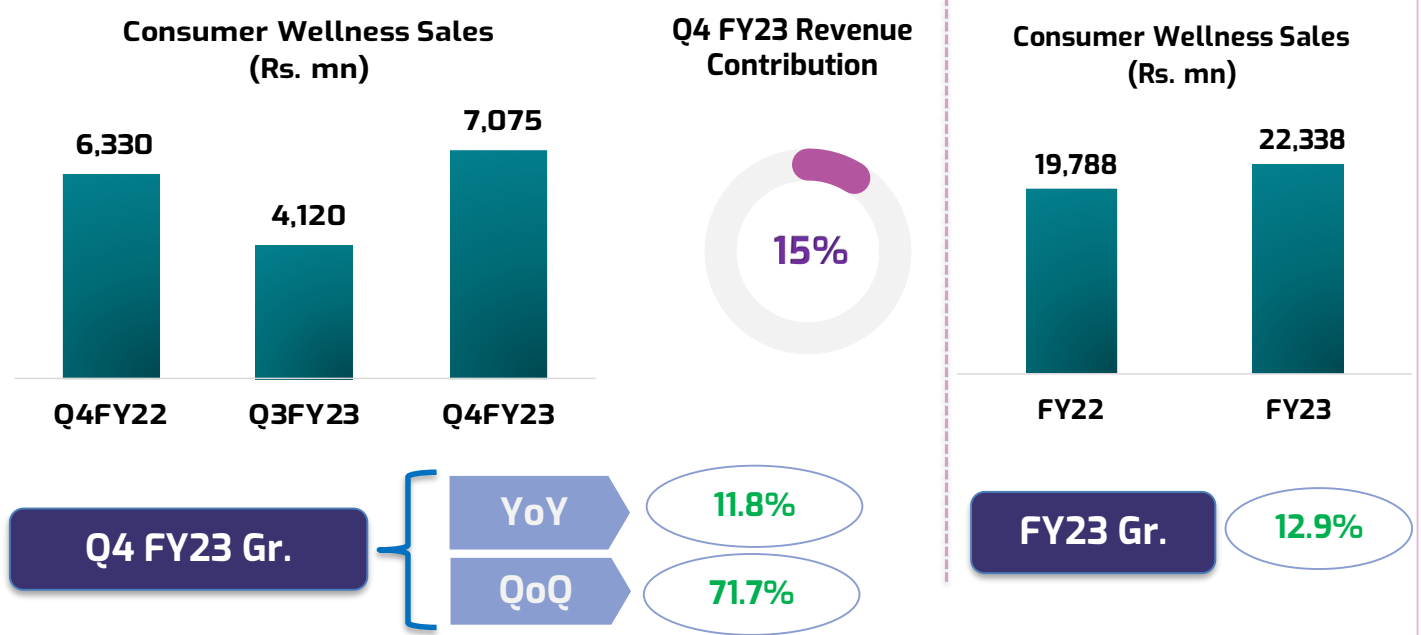


Highlights for the quarter

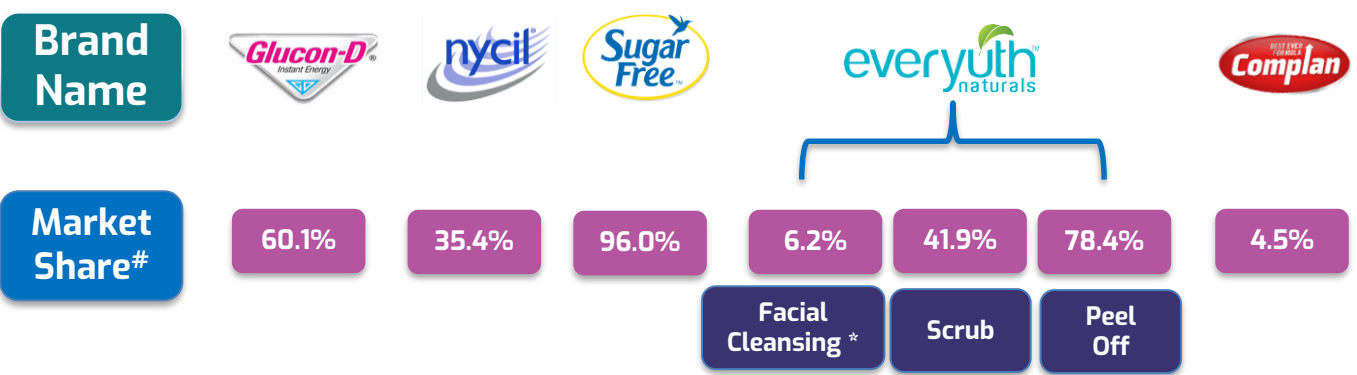
- The business **grew by 11% YoY**, ex-COVID opportunities, the **growth was 12% YoY**.
- Continued to work towards **strengthening** the presence in **focused** therapy areas.
- **Lipaglyn®** brand continued to **enhance the reach** as it **expanded** the patient base by **37%** in FY23.
- On the Super Specialty front,
 - Retained **leadership** position in **Nephrology** segment and
 - **Fastest** growing Company in **Oncology** segment.

*Source: AWACS MAT Mar 23

Leveraging strong brand equity to navigate through challenging times



Key brands continued to hold dominant market share



Highlights for the quarter

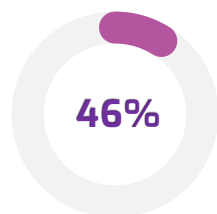
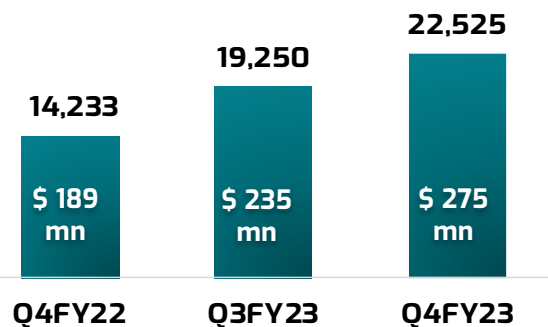
- Consumer sentiments **recovered gradually** during the quarter. However, **urban demand** remained **better** than the **rural demand**.
- Slowdown** in rural demand seems to have **bottomed out**. Expects **recovery** going forward.
- Gross margins **improved** on the back of **price increases** taken across portfolio over last few quarters and **stabilizing inflation** in key inputs except milk.
- Despite challenging macro environment, **continued to gain market share** in key brands viz. **Glucon-D, Nycil** and **EverYuth** (Scrub and Peel-Off).

#Source: Nielsen and IQVIA MAT March 2023 report
 * Facial cleansing segment includes Face wash, Scrub and Peel-off.

Delivering sustained sequential growth through the year

US Formulations Sales
(Rs. mn)

Q4 FY23 Revenue
Contribution



Q4 FY23 Gr.

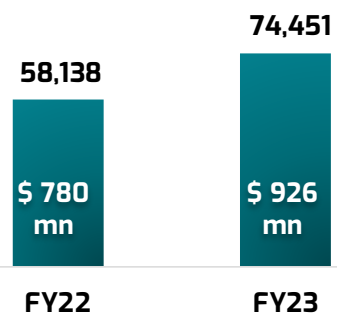
YoY

58.3%

QoQ

17.0%

US Formulations Sales
(Rs. mn)



FY23 Gr.

28.1%

Continued investment to build the generics pipeline

ANDA filings and approvals -
Q4 FY23

28 ^



Filings Approvals

ANDA filings and approvals -
FY23

63



Filings Approvals

ANDA filings and approvals -
Cumulative

442

364



Filings Approvals

Highlights for the quarter

- Received **28 new product approvals** (incl. 5 tentative approvals) and launched **8 new products**.

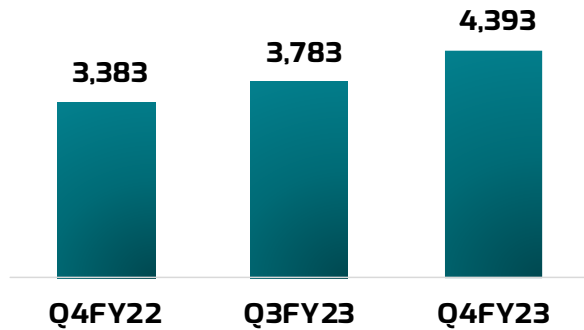
New launches for the quarter include **Topiramate Extended Release Capsules** which was the **first generic launch** of the product.

- Filed **2 ANDAs** during the quarter.
- 78 ANDAs** pending approval with the USFDA.

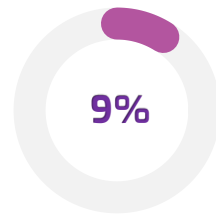
^ includes 5 tentative approvals.

Base business continued to display robust growth

EM & EU Formulations Sales
(Rs. mn)



Q4 FY23 Revenue
Contribution



Q4 FY23 Gr.

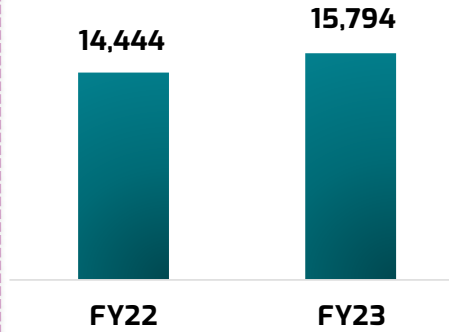
YoY

29.9%

QoQ

16.1%

EM & EU Formulations
Sales (Rs. mn)



FY23 Gr.

9.3%

Highlights for the quarter

- The business **grew by 34% YoY**, excluding revenue of COVID related products from the base.
- Maintained **growth momentum** on the back of **robust performance across key markets**.

NCE: Saroglitazar Magnesium

- The molecule is undergoing Phase II(b) clinical trials for NASH indication for the US market. It received approval from the regulatory authority of Turkey to conduct clinical trials for this indication.

NCE: ZYIL1 (NLRP3 inhibitor)

- USFDA granted an ODD status to the molecule during the quarter.

Vaccines

- On the global development front, submitted the dossier of one of the vaccines to WHO for the purpose of pre-qualification.
- This is the second submission to WHO. Rabies vaccine has already received pre-qualification from WHO.

Zydus at a Glance

~\$2.15
bn
Global Revenues¹

5th
Largest generic Co. in US
in terms of prescription³

7
R&D Centers
For NCE, APIs, Gx formulations,
Biosimilars and Vaccines

>40%
Revenues from India
Geography (Formulations
and wellness)

**Among
Top 3**
In 65% of product
families marketed in US⁴

1st
Approved product for
NASH in India - (Bilypsa[®] -
Saroglitazar)

\$6.4
bn
Market Capitalization²

12
Brands among Top
300 in India⁵

1st
OSD formulation for anemia
associated with CKD –
Oxemia[™] (Desidustat)

36
Mfg. sites having
capabilities across
dosage forms

23 K
Zydans globally incl.
1400 scientists (R&D)

23
Biosimilars in portfolio
including 13 launched in
India

1. In FY23, assuming exchange rate of Rs. 80.4 per USD
2. As on 17th May, 2023, exchange rate of Rs. 82 per USD
3. IQVIA MAT March 2023 TRx

4. IQVIA MAT March 2023 TRx
5. As per AWACS MAT March 2023

Consolidated Financial Performance (reported)

Comments for Q4 FY23

- YoY growth in total income from operations was led by US formulations business.
- YoY improvement in GC margin, largely attributable to improvement in GC margin across businesses and lower base on account of COVID related inventory provision.
- YoY growth in employee benefit expenses is on account of lower base created due to gain in actuarial valuation in Q4 FY22.
- YoY growth in other operating expenses is mainly on account of lower base.

Rs. mn	Q4 FY23	Q4 FY22	YoY gr.	Q3 FY23	QoQ gr.	FY23	FY22	YoY gr.
Total Income from Ops.	50,106	38,056	31.7%	42,571	17.7%	1,72,374	1,51,099	14.1%
Gross Contribution (GC)	33,146	23,098	43.5%	27,467	20.7%	1,09,273	95,647	14.2%
Gross Margin %	66.2%	60.7%		64.5%		63.4%	63.3%	
Employee benefits expenses *	6,507	5,401	20.5%	6,282	3.6%	24,827	21,974	13.0%
R&D expenses	3,541	2,697	31.3%	3,446	2.8%	12,363	10,406	18.8%
Other operating expenses	9,957	8,405	18.5%	9,231	7.9%	36,328	31,413	15.6%
Net (gain)/loss on foreign currency transactions	585	-582	200.5%	-1,052	155.6%	-2,844	-1,553	-83.1%
EBITDA	12,556	7,177	75.0%	9,560	31.3%	38,599	33,407	15.5%
EBITDA Margin %	25.1%	18.9%		22.5%		22.4%	22.1%	
Other Income	378	791	-52.2%	385	-1.8%	1,866	2,247	-17.0%
Finance cost	277	385	-28.1%	328	-15.5%	1,299	1,270	2.3%
Depreciation and amortization	1,786	1,854	-3.7%	1,816	-1.7%	7,227	7,130	1.4%
PBT before exceptional items	10,871	5,729	89.8%	7,801	39.4%	31,939	27,254	17.2%
Exceptional Expenses/ (Incomes)	6,013	-		-		6,042	-1,127	636.1%
Profit before Tax	4,858	5,729	-15.2%	7,801	-37.7%	25,897	28,381	-8.8%
Tax expenses	1,372	1,092	25.6%	1,952	-29.7%	5,878	5,117	14.9%
Share of profit from JVs	118	46	156.5%	459	-74.3%	946	462	104.8%
Profit/(loss) from discontinued ops. #	-22	-150	85.3%	4	-650.0%	-46	22,457	
Minority Interest	616	559	10.2%	83	642.2%	1,316	1,310	0.5%
Reported Net Profit	2,966	3,974	-25.4%	6,229	-52.4%	19,603	44,873	-56.3%

* Excludes Research related expenses

Profit/ (loss) from discontinued operations in FY23 refers to discontinuation of Neshor and Hercon business while in FY22, it refers to profit on divestment of India-centric Animal Health Business and discontinuation of Neshor and Hercon business.

Details of Exchange Rate Fluctuations

Rs. mn	Q4 FY23	Q4 FY22	YoY gr. %	FY23	FY22	YoY gr. %
A. On operating transactions (above EBITDA line)	590	-516	214.2%	-3,049	-1,468	-107.7%
a. Included in COGS	5	66	-93%	-205	85	-341.1%
b. Part of other operating expenses (shown separately)	585	-582		-2,844	-1,553	
B. On other income	-5	-200	97.5%	-258	-646	60.1%
C. On foreign currency borrowings (part of finance cost)	-	71	-100.0%	1	71	-98.6%
Total Exchange Rate Fluctuations ('+' = loss, '-' = gain)	585	-645	190.6%	-3,306	-2,043	-61.8%

Thank you

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