



Dedicated To Life

August 10, 2022

Listing Department  
**BSE LIMITED**  
P J Towers, Dalal Street, Fort,  
Mumbai-400 001

**Code: 532321**

Listing Department  
**NATIONAL STOCK EXCHANGE OF INDIA LIMITED**  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (E),  
Mumbai-400 051

**Code: ZYDUSLIFE**

Re: **Investor Presentation**

Dear Sir,

Please find attached the Investor Presentation on the unaudited financial results for the quarter ended on June 30, 2022.

Please find the same in order.

Thanking you,

Yours faithfully,  
For, **ZYDUS LIFESCIENCES LIMITED**

**DHAVAL N. SONI**  
**COMPANY SECRETARY**

Encl.: As above





# Zydus Lifesciences Limited

## Earnings Presentation

10<sup>th</sup> August, 2022

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# Q1 FY23: Financial Performance

## Total Revenues\*

**Rs. 40,727 mn**

↑ **2% YoY**

## R&D

**Rs. 2,842 mn**

**7% of revenues**

## EBITDA & Margin %

**Rs. 8,330 mn**

**20.5% of revenues**

↓ **14% YoY**

## Net Profit ex. Exceptional & Disc. Ops ^

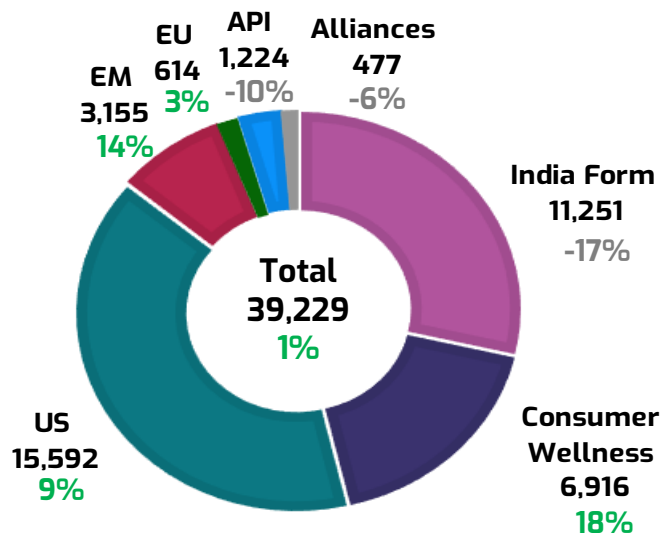
**Rs. 5,295 mn**

↓ **11% YoY**

## Key Highlights of Q1 FY23

- **Ex-COVID** related business, total revenues **grew 11% yoy**.
- **Branded portfolio** of India formulations business continued to progress well (**up 9% yoy**, ex-COVID) with **market share gain** in **key** therapy areas.
- **Consumer Wellness** business **rebounded** on the back of robust performance of **summer heavy brands** viz. **Glucon-D** and **Nycil**.
- **US formulations** business grew on the back of **volume expansion** and **new launches** during the quarter.
- Research & Development (R&D) spend: at Rs.2,842 mn (7% of revenues).
- Net cash: Rs. 5,628 mn (at 30-Jun'22) vs Rs. 569 mn (at 31-Mar'22).
- Capex for the quarter: Rs. 2,828 mn.

## Revenue Break-up (Rs. mn) and YoY Growth



## Moraiya USFDA Inspection Update

- USFDA inspected the facility from 26<sup>th</sup> July to 5<sup>th</sup> August, 2022.
- Inspection concluded with four Form 483 observations, none of which were related to data integrity.

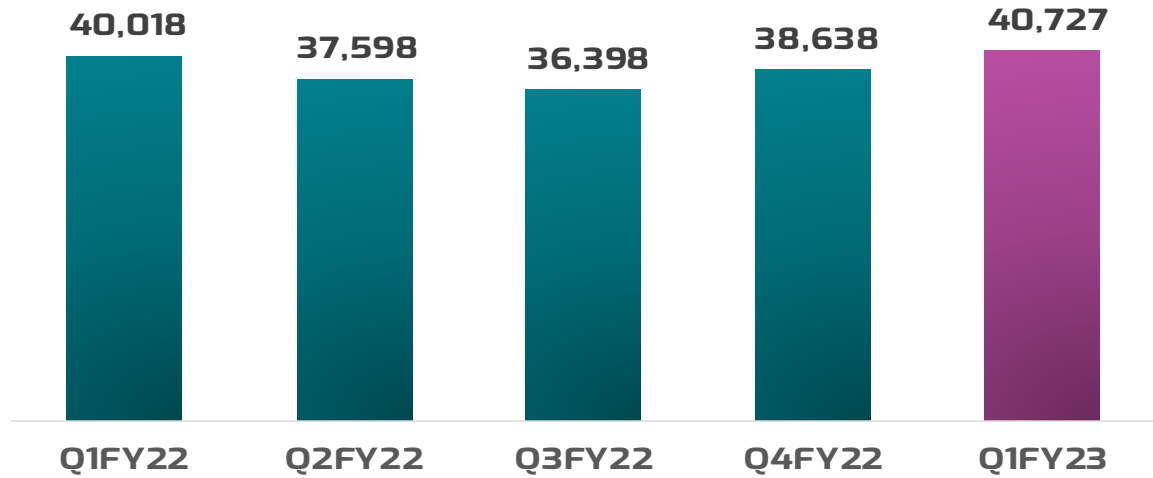
### Note:

\* Total Revenues include net sales and other operating income.

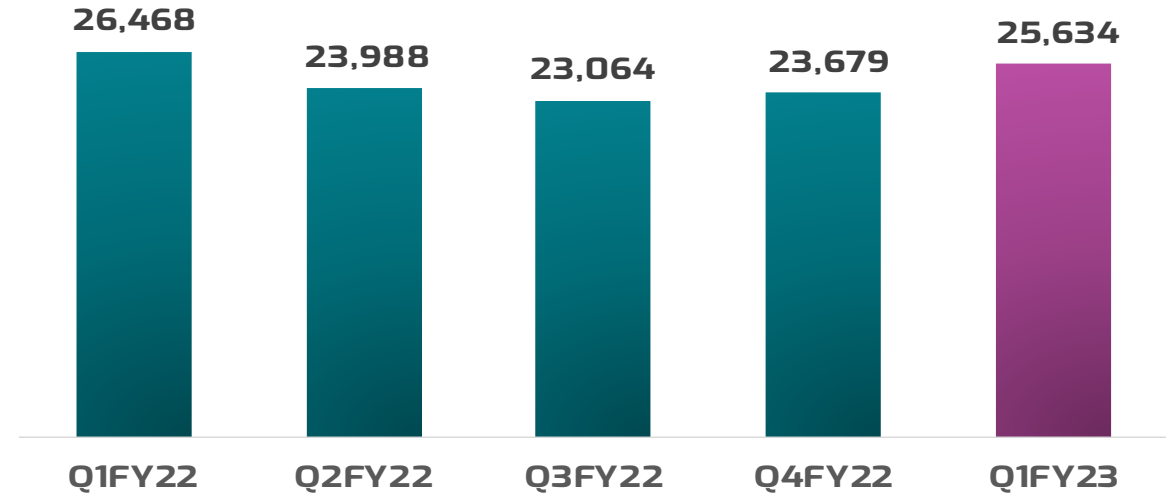
^ Adjusted for exceptional items and loss from discontinued operations.

# Key Financial Metrics (1/2)

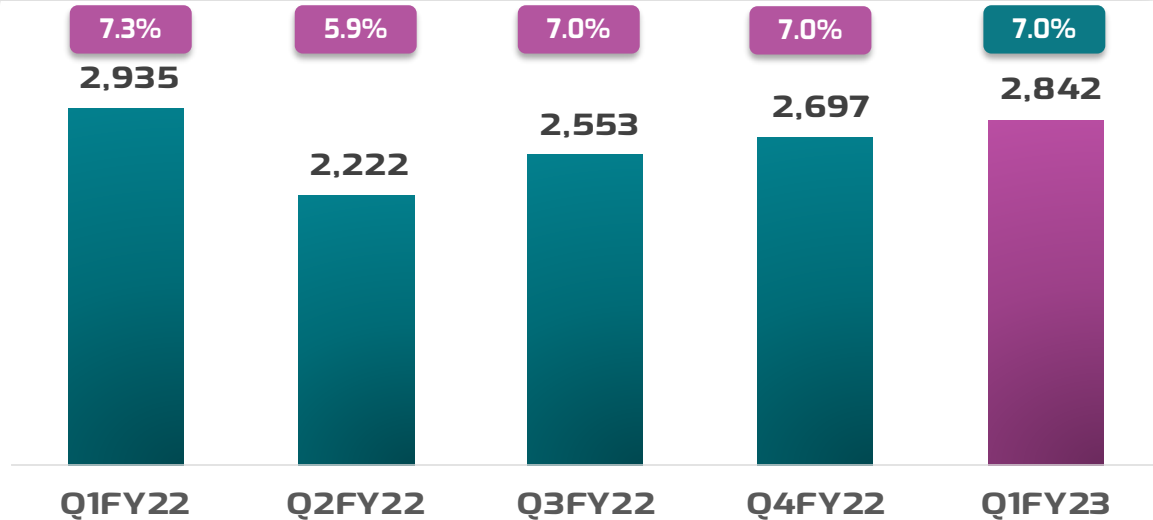
## Total Revenues (Rs. mn)



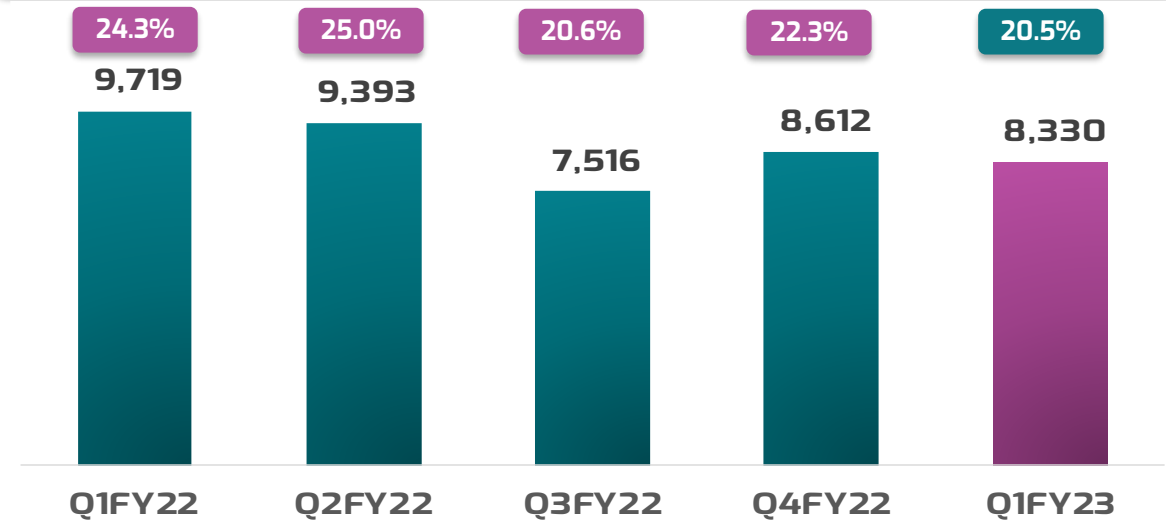
## Gross Profit (Rs. mn)



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

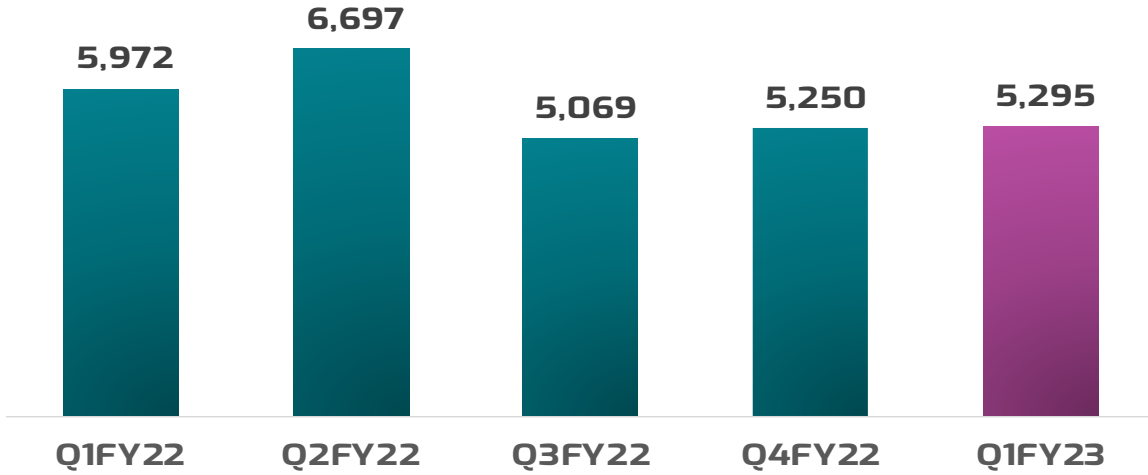


## EBITDA ex. one-offs (Rs. mn) and Margin %

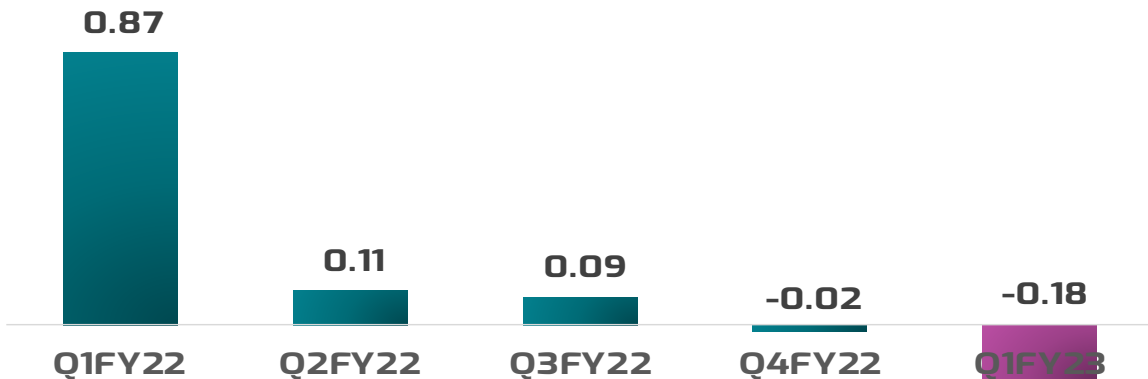


# Key Financial Metrics (2/2)

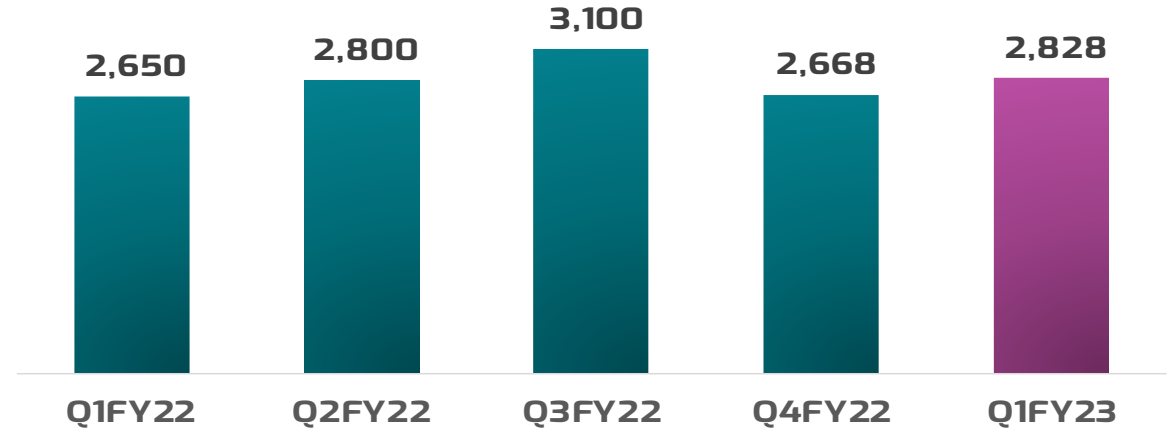
## PAT ex. Exceptional, One-offs and Discontinued ops.(Rs. mn)



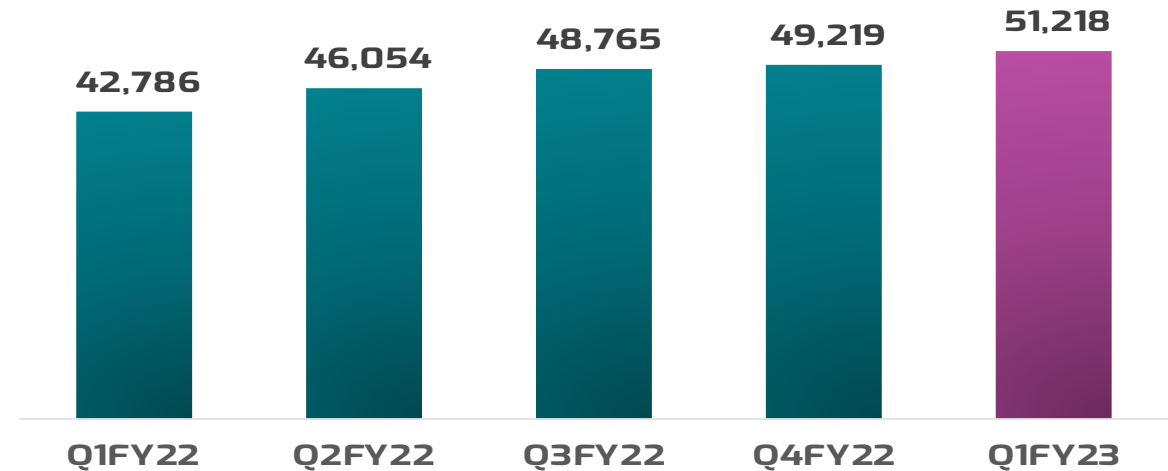
## Net Debt/ EBITDA



## Capex (Rs. mn)



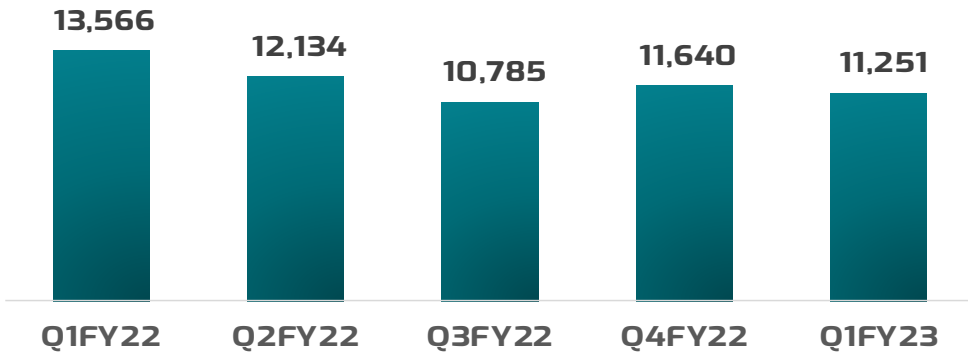
## Net Working Capital\* (Rs. mn)



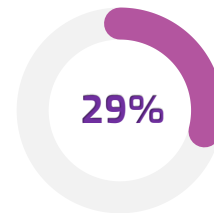
\*Net working capital includes Inventory, Trade receivables and Trade payables.

## Focus on execution to accelerate growth

India Formulations Sales (Rs. mn)



Q1 FY23 Revenue Contribution



Q1 FY23 Gr.



## Large brands - a key growth driver

# of Brands

1000+

9

500 to 1000

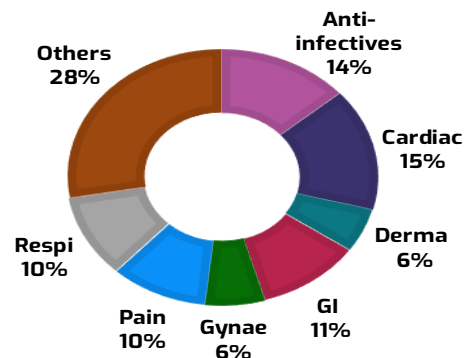
27

250 to 500

38

Brand Value (Rs. Mn)\*

## TA-wise Break-up\*



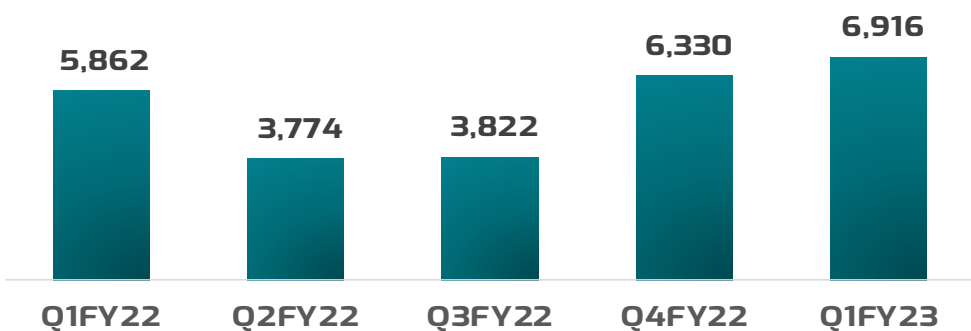
## Highlights for the quarter

- Branded prescription business **grew by 9% YoY**, ex-COVID opportunities, Gx portfolio and divested products,.
- Gained market share and improved ranking in key therapies viz. cardiovascular, gynecology, respiratory and pain management on a YoY basis#.
- Lipaglyn®** stood at **66<sup>th</sup>** position# in Indian Pharma Market (IPM) viz-a-viz 79<sup>th</sup> rank during Q4 FY22.
- On the Super Specialty front,
  - Retained **leadership** position in **Nephrology** segment\* and
  - Gained multiple ranks in **Oncology** segment and are now amongst **top two** players in India.

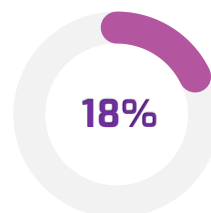
\*Source: AWACS MAT Jun 22  
#Source: AWACS Apr – Jun 22

## The business rebounded and registered strong growth

Consumer Wellness Sales (Rs. mn)



Q1 FY23 Revenue Contribution



Q1 FY23 Gr.

YoY

18.0%

QoQ

9.3%

## Key brands continued to hold dominant market share

Brand Name



Market Share#

60.4%

34.2%

95.5%

6.6%

41.8%

76.0%

4.8%

Facial  
Cleansing \*

Scrub

Peel  
Off

## Highlights for the quarter

- Timely onset of summer and **improved distribution reach** helped to re-recruit consumers for summer heavy brands like Glucon-D and Nycil. Both brands **grew in double digits** during the quarter.
- Gross margins improved sequentially on the back of price increase, cost improvement measures and product mix.
- Inflation showed signs of moderation as key input prices eased towards the end of the quarter.

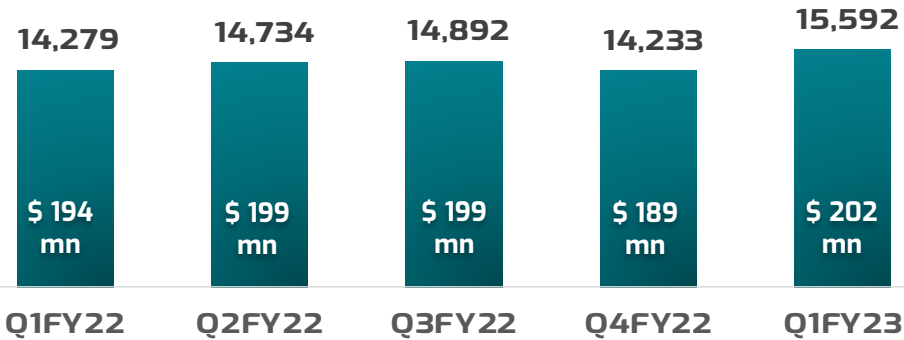
#Source: Nielsen and IQVIA MAT June 2022 report

\* Facial cleansing segment includes Face wash, Scrub and Peel-off.

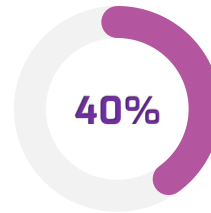


## Consolidating the position amidst challenging environment

US Formulations Sales (Rs. mn)



Q1 FY23 Revenue Contribution



Q1 FY23 Gr.

YoY

9.2%

QoQ

10.0%

## Continued investment to build the generics pipeline

ANDAs	Q1 FY23	Cumulative
Filings	8	428
Approvals	7 <sup>^</sup>	315

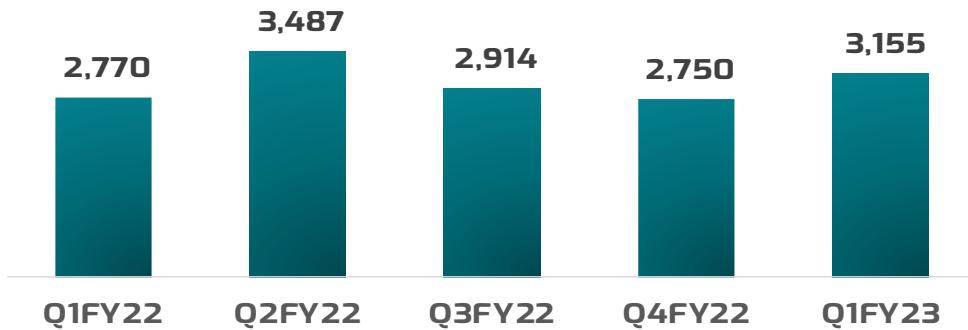
## Highlights for the quarter

- Maintained **top 3** ranking in ~ **60% of the product families** in the US.
- Received **7 new product approvals** (incl. 1 tentative approval) and **launched 8 new products**.
- Approvals for the quarter include **1 first cycle approval**.
- Filed 8 ANDAs** during the quarter including **3 filings** designated as **Competitive Generic Therapies (CGT)**.
- 113 ANDAs** pending approval with the USFDA.
- On the Specialty front, **commenced commercial shipment** of NULIBRY<sup>®</sup> (Fosdenopterin for Injection) during the quarter.

<sup>^</sup> includes 1 tentative approval.

## Base business continued to display growth

EM Formulations Sales (Rs. mn)



Q1 FY23 Gr.

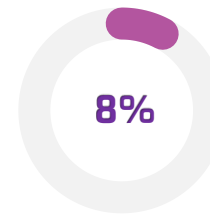
YoY

13.9%

QoQ

14.7%

Q1 FY23 Revenue Contribution



## Highlights for the quarter

- With receding impact of pandemic, the business grew in double digit. The growth was **broad based** across most of the geographies.
- Filed **1 new product dossier** with ANVISA and received approval for **3 new products** during the quarter.

## NCE: Saroglitazar Magnesium

- Global pivotal Phase II(b)/III CT viz. EPICS-III™ to evaluate the efficacy and safety of the molecule in patients with PBC and Phase II global CT for NASH/ Fibrosis are ongoing for the US market.
- Clinical trials are currently ongoing for PCOS and NAFLD indications.
- Completed hepatic impairment studies in NASH and normal PBC patients, results of which will be submitted in near-term.

## NCE: Desidustat

- Completed Phase I(b) CT in the US for CIA in cancer patients.
- Pre-IND meeting with the USFDA is scheduled in current quarter to seek further guidance.

## NCE: ZYIL1 (NLRP3 inhibitor)

- Completed recruitment of patients for Phase II CT in Australia.
- Plan to initiate global pivotal CT in the near-term.
- The molecule is targeted at Cryopyrin-Associated Periodic Syndrome (CAPS), a rare indication.

## Biosimilars

- Received marketing approval for drug substance of biosimilar Adalimumab from the Russian regulatory authority.
- Continue to file new products in existing emerging market countries and enter new markets through partnerships to ensure long-term, sustainable growth for the business.

## 505(b)(2) and Specialty initiatives

- Continue to run various programs to expand awareness and early diagnosis of Molybdenum cofactor deficiency (MoCD) type A and Menkes diseases, both of which are life-threatening, paediatric genetic disorders.
- Recently, Nulibry<sup>®</sup> received positive opinion from the Committee for Medicinal Products for Human Use (CHMP) for Nulibry<sup>®</sup> for the treatment of patients with Molybdenum Cofactor deficiency (MoCD) Type A.
- The brand also received Industry Innovation Award, 2022 from the National Organization for Rare Disorders (NORD), US.

# Zydus at a Glance

**>\$2**  
bn

Global Revenues<sup>1</sup>

**5<sup>th</sup>**

Largest generic Co. in US  
in terms of prescription<sup>3</sup>

**7**

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

**Over**  
**50%**

Revenues from branded  
business (India, EM and  
Wellness)

**Among**  
**Top 3**

In 60% of product  
families marketed in US<sup>4</sup>

**1<sup>st</sup>**

Approved product for  
NASH in India - (Bilypsa<sup>®</sup> -  
Saroglitazar)

**\$4.6**  
bn

Market Capitalization<sup>2</sup>

**12**

Brands among Top  
300 in India<sup>5</sup>

**1<sup>st</sup>**

OSD formulation for anemia  
associated with CKD –  
Oxemia<sup>™</sup> (Desidustat)

**35**

Mfg. sites Producing  
>28 bn pills annually

**23 K**

Zydans globally incl.  
1400 scientists (R&D)

**22**

Biosimilars in portfolio  
including 13 launched in  
India

1. In FY22, assuming exchange rate of Rs. 74.5 per USD  
2. As on 8<sup>th</sup> August, 2022, exchange rate of Rs. 79.5 per USD  
3. IQVIA Regulatory Insights, MAT June 2022 TRx

4. IQVIA Regulatory Insights, June 2022 TRx  
5. As per AWACS MAT June 2022

# Consolidated Financial Performance (reported)

Rs. mn	Q1 FY23	Q1 FY22	YoY gr.	Q4 FY22	QoQ gr.
<b>Total Income from Ops.</b>	<b>40,727</b>	<b>40,018</b>	<b>1.8%</b>	<b>38,638</b>	<b>5.4%</b>
Gross Contribution (GC)	25,634	26,468	-3.2%	23,680	8.3%
Gross Margin %	62.9%	66.1%		61.3%	
Employee benefits expenses *	6,042	5,674	6.5%	5,401	11.9%
R&D expenses	2,842	2,935	-3.2%	2,697	5.4%
Other operating expenses	8,420	8,140	3.4%	8,405	0.2%
<b>EBITDA</b>	<b>8,330</b>	<b>9,719</b>	<b>-14.3%</b>	<b>7,177</b>	<b>16.1%</b>
EBITDA Margin %	20.5%	24.3%		18.6%	
Other Income	659	316	108.5%	791	-16.7%
Finance cost	343	273	25.6%	385	-10.9%
Depreciation and amortization	1,807	1,733	4.3%	1,854	-2.5%
<b>Profit before exceptional items</b>	<b>6,839</b>	<b>8,029</b>	<b>-14.8%</b>	<b>5,729</b>	<b>19.4%</b>
<b>Profit after exceptional items</b>	<b>6,810</b>	<b>8,029</b>	<b>-15.2%</b>	<b>5,729</b>	<b>18.9%</b>
Tax expenses	1,184	1,574	-24.8%	1,092	8.4%
Share of profit from JVs	221	70	215.7%	46	380.4%
Profit from discontinued operations #	-83	-100	17.0%	-150	44.7%
Minority Interest	581	553	5.1%	559	3.9%
<b>Reported Net Profit</b>	<b>5,183</b>	<b>5,872</b>	<b>-11.7%</b>	<b>3,974</b>	<b>30.4%</b>

## Comments for Q1 FY23:

- YoY decline in GC is due to pricing pressure in the US and input cost increase.
- QoQ growth in employee benefit expenses is due to yearly increments, one-time performance link reward and actuarial valuation impact.
- Net Profit adjusted for one-time inventory provision, loss from disc. ops. and exceptional expenses was 5,295 mn, down 11% YoY and up 1% QoQ.

\* Excludes Research related expenses

# Discontinued operations refer to expenses incurred in connection with cessation of operations of one of the manufacturing facilities of Zydus Wellness Ltd.

# Details of Exchange Rate Fluctuations

Rs. mn	Q1 FY23	Q1 FY22	YoY gr.
<b>A. On operating transactions (above EBIDTA line)</b>	<b>-998</b>	<b>-481</b>	<b>-107.6%</b>
a. Included in other operating income	-1,083	-527	-105.5%
b. Included in COGS	86	47	83.9%
c. Included in other operating expenses	-	-	
<b>B. On other income</b>	<b>-149</b>	<b>-182</b>	<b>18.1%</b>
<b>C. On foreign currency borrowings (part of finance cost)</b>	<b>1</b>	<b>-</b>	
<b>Total Exchange Rate Fluctuations ('+' = loss, '-' = gain)</b>	<b>-1,146</b>	<b>-663</b>	<b>-72.9%</b>



# Thank you

For any queries, please contact  
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+91-79-71800839

For more information, please visit  
[www.zyduslife.com](http://www.zyduslife.com)



## Registered Office:

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Khoraj (Gandhinagar), Nr. Vaishnodevi Circle,  
Sarkhej-Gandhinagar Highway,  
Ahmedabad – 382 481  
Gujarat, India