

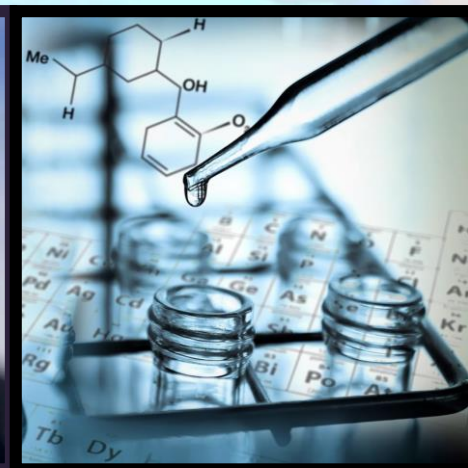
# Neogen Chemicals Ltd.

Q1 FY20 Earnings Presentation

August 2019



**NEOGEN**  
CHEMICALS LTD.



# Safe Harbour



*Certain statements in this document may be forward-looking statements. Such forward looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Neogen Chemicals Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

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# Neogen Chemicals – At a Glance



Leading manufacturer of Bromine and Lithium-based specialty chemicals, operating since 1991

Strong portfolio of Organic and Inorganic products

Customers across multiple industries including Pharma, Engineering and Agrochem

Key export geographies include USA, Europe, Japan and Middle East

Growing contribution from Custom Synthesis and Manufacturing

Executing Greenfield and Brownfield manufacturing capacity expansions

Promoters are pioneering technocrats with substantial domain expertise; cumulative experience of more than six decades

Developed strong R&D capabilities with dedicated in-house team

198

Products developed by in-house R&D

10%

Of workforce in R&D team

27

Exporting countries

ISO 9001:2015, ISO 14001:2015 & BS OHSAS 18001:2007

Manufacturing units certified on Quality & SHE management systems

26%

5-year Revenue CAGR

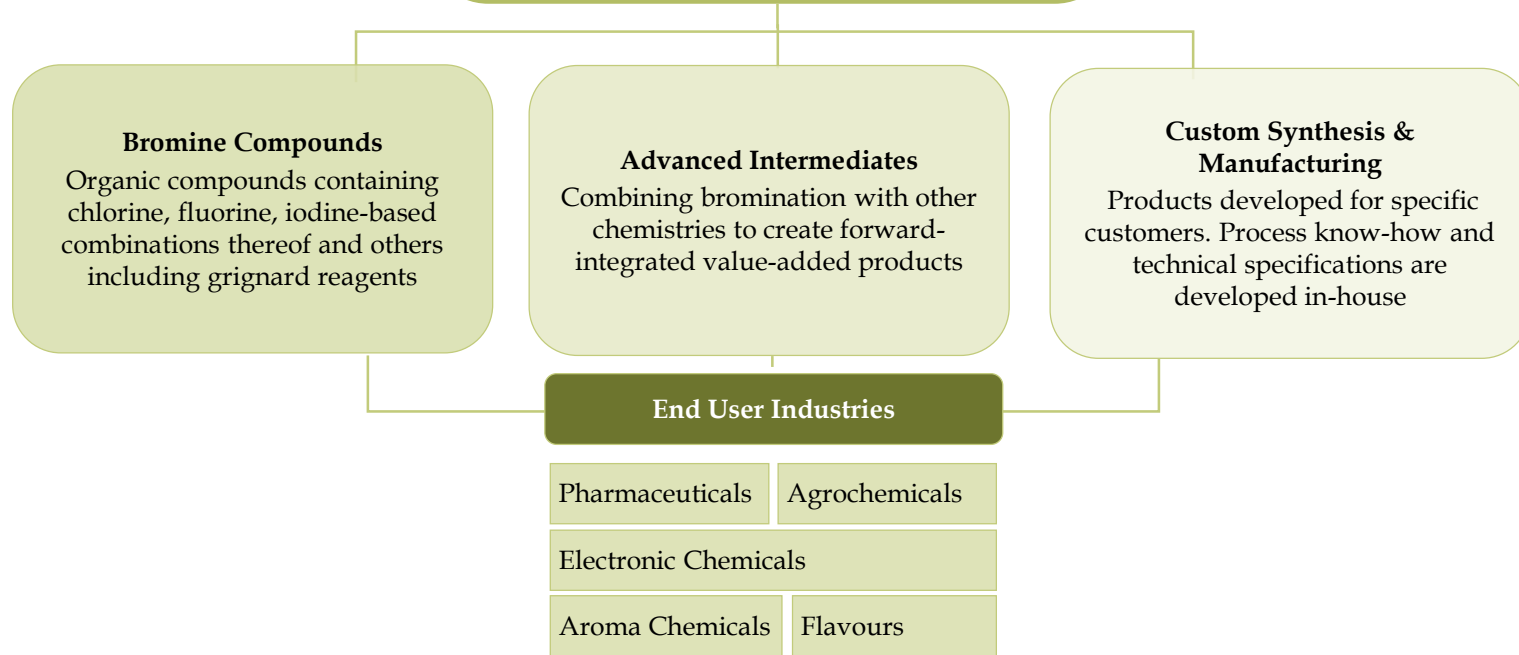
40%

5-year PAT CAGR

# Business Overview



## Organic Chemicals



## Inorganic Chemicals

The portfolio includes specialty, inorganic lithium-based chemical products which find applications across multiple industries

### End User Industries

Eco-friendly VAM for cooling air/water/process equipment

Pharmaceuticals

Specialty Polymers

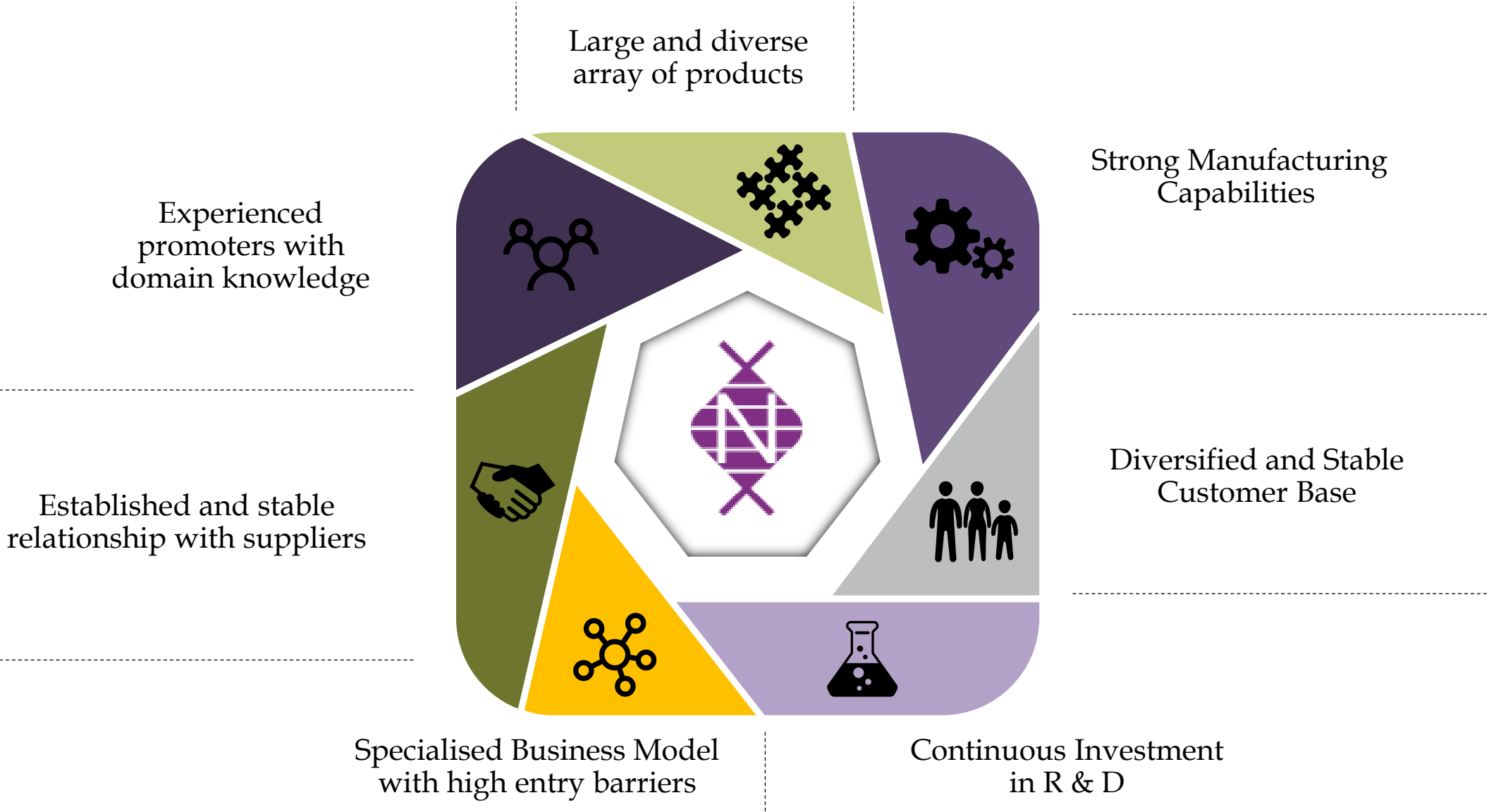
Construction Chemicals

Select Clientele



A TATA Enterprise

# Competitive Advantages



# Key Performance Highlights - Q1 FY20



**Rs. 64.4 cr**  **66%**

**Revenues**

**Rs. 11.5 cr**  **70%**

**EBITDA**

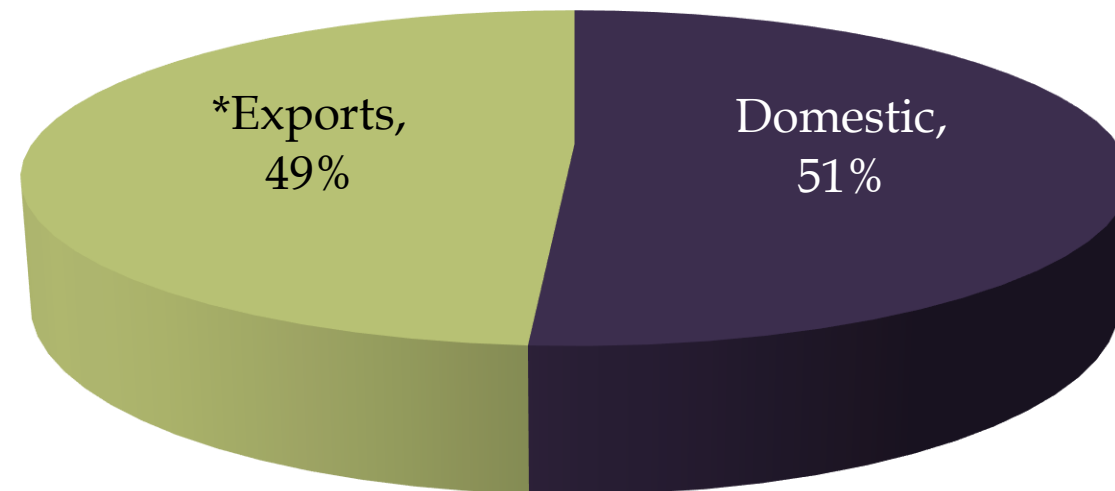
**Rs. 7.5 cr**  **104%**

**Profit Before Tax**

**Rs. 5.5 cr**  **92%**

**Profit After Tax**

## Revenue break-up



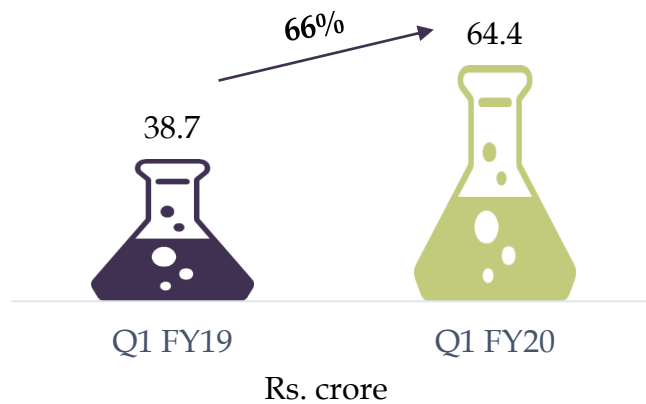
*\*Including deemed exports*

*Note: Growth for Q1 FY20 is compared to Q1 FY19*

# Financial Summary – Q1 FY20



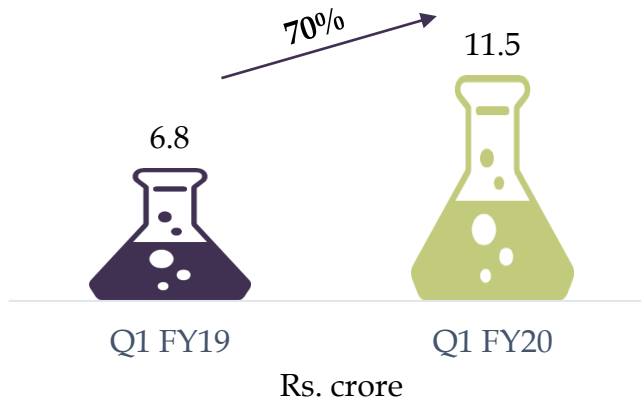
## REVENUE



Strong growth on lower base as major overhaul in the corresponding quarter last year had resulted in lower production/revenues at the Vadodara facility

Currently, both plants are operating at high utilization

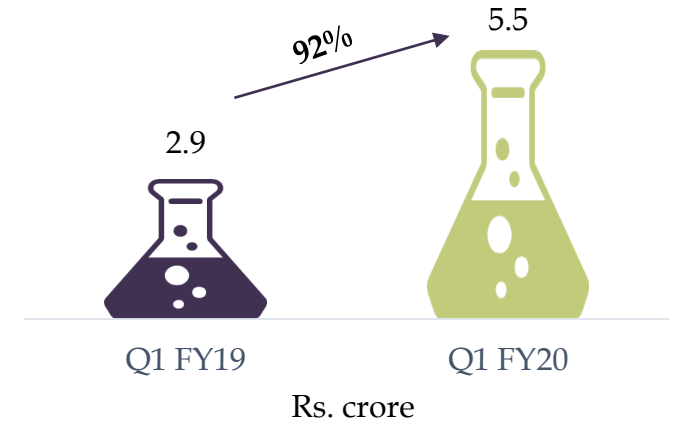
## EBITDA



EBITDA expanded in-line with growth in revenues, driven by:

- Higher capacity utilization at both plants
- Better efficiencies on larger scale of operations

## PAT



Profit After Tax improved due to robust operating performance

IPO proceeds have been used in repayment of debt and preference shares during the course of Q1



# Revenue break-up - Q1 FY20



	Q1 FY20	Q1 FY19		
<b>83%</b>	Rs. 48.4 cr.	Rs. 26.5 cr.	<b>Organic Chemicals</b>	<b>Solid growth based on higher capacity utilisation and increased efficiency of operations post major plant overhaul which took place last year</b>
<b>31%</b>	Rs. 16.1 cr.	Rs. 12.2 cr.	<b>Inorganic Chemicals</b>	<b>Strong performance was led by positive demand scenario</b>

# Seasonal Variance Factors



- Neogen's business has some seasonal drivers, due to which the company tends to deliver stronger financial performance in the second half of the financial year (October to March). Seasonal variance is driven by strong demand from Europe as orders tend to scale up in October-November and further accelerate from January after the holiday season
- Lithium demand tends to be strong in Q4 as demand from HVAC segment is linked to capital expenditure that enjoys 100% depreciation benefits for air-conditioning/cooling machines
- Demand from the agrochemicals segment is linked to the crop cycle and is weaker during Q1
- Consequently, investors are urged to compare financial performance of each quarter only with that of the corresponding quarter previous year to evaluate business progress on a like-to-like basis

# Financial Table – Profit & Loss Statement (Standalone)



Particulars (Rs. crore)	Q1 FY20	Q1 FY19	Growth (%)	FY19
<b>Revenue</b>	<b>64.4</b>	<b>38.7</b>	<b>66.4%</b>	<b>239.1</b>
Expenditure	52.9	32.0	65.6%	195.6
<b>EBITDA</b>	<b>11.5</b>	<b>6.8</b>	<b>70.2%</b>	<b>43.4</b>
<i>Margins</i>	17.8%	17.4%		18.2%
Depreciation	0.9	0.6	58.0%	2.8
<b>EBIT</b>	<b>10.6</b>	<b>6.2</b>	<b>71.3%</b>	<b>40.6</b>
Interest	3.2	2.5	25.2%	11.9
Other Income	0.1	0.0	114.9%	0.7
<b>Profit Before Tax</b>	<b>7.5</b>	<b>3.7</b>	<b>103.8%</b>	<b>29.3</b>
<i>Margins</i>	11.6%	9.5%		12.3%
Tax Expense	2.0	0.8	145.7%	8.3
<b>Profit After Tax</b>	<b>5.5</b>	<b>2.9</b>	<b>91.9%</b>	<b>21.0</b>
<i>Margins</i>	8.5%	7.4%		8.8%
<b>Earnings Per Share (Rs.)</b>	<b>2.35</b>	<b>1.43</b>	<b>64.3%</b>	<b>10.48</b>



Commenting on the Q1 FY20 performance, Mr. Haridas Kanani, Chairman & Managing Director, at Neogen Chemicals said:

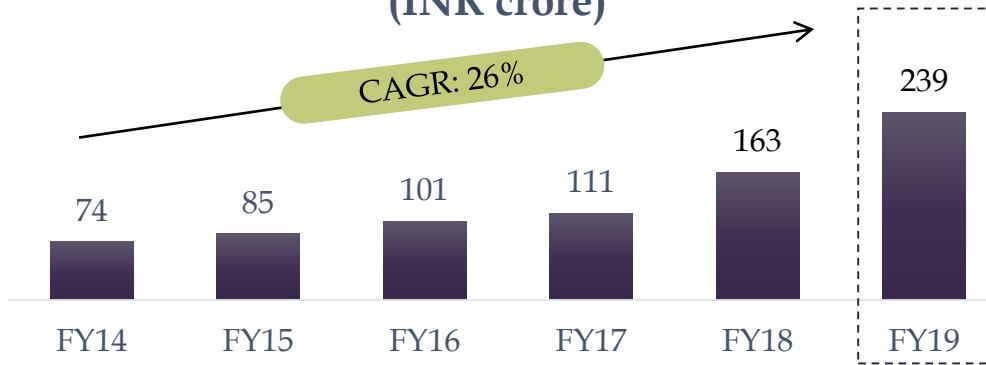
*“I am glad to report a strong earnings performance in the first full quarter after our initial public offering. Performance was led by positive demand environment across our key product offerings and higher capacity utilisation at our plants. Both revenues and profit after tax grew strongly Y-o-Y by 66% and 92% respectively. We have already repaid term debt and preference shares of aggregate value Rs. 34 crore, thereby strengthening the balance sheet.*

*The road ahead appears encouraging and growth will be driven by optimal utilisation of existing capacities through the current fiscal year. Greenfield expansion is now planned in both Organic and Inorganic segments at Dahej SEZ. I am happy to share that we have already started construction of the Inorganic facility and remain on track to commission the plant as per the targeted timeline. Developing our Organic expansion is also planned at Dahej SEZ due to encouraging enquiries in the export business which would allow us better tax benefits. These expansions, based on demand visibility and positive business landscape, also position us favourably for medium term growth as per plan.”*

# Historical Financial Trends

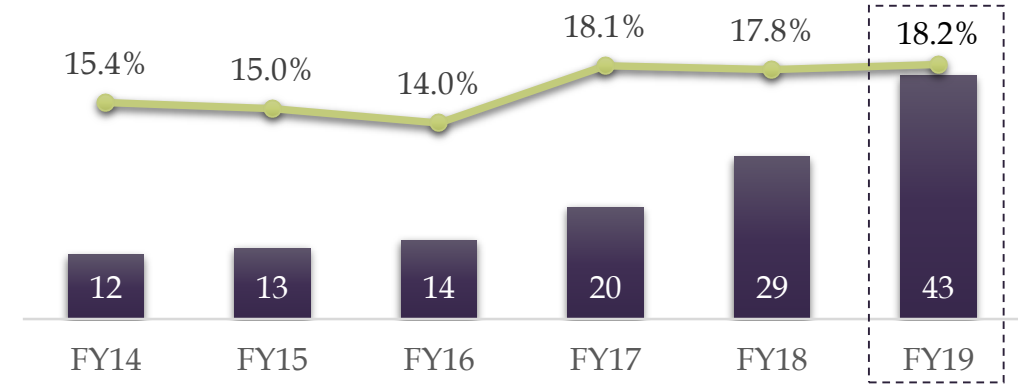


**Net Revenue from Operations\*\*  
(INR crore)**

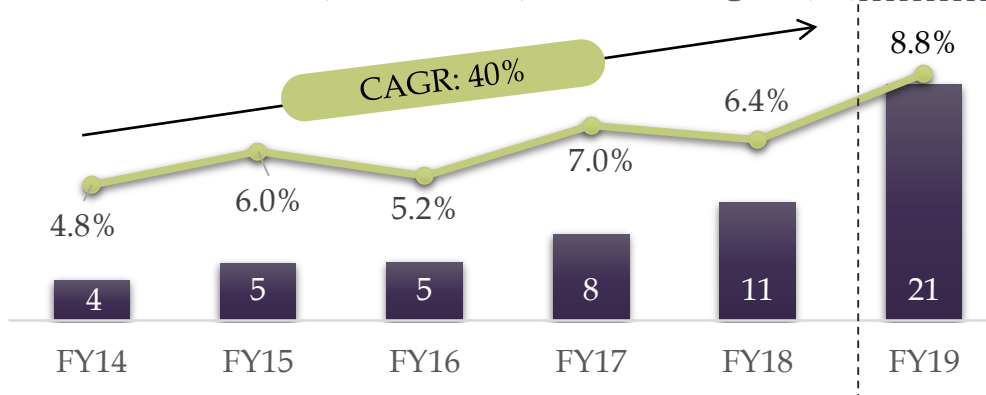


\*\* Revenue is Net of Excise

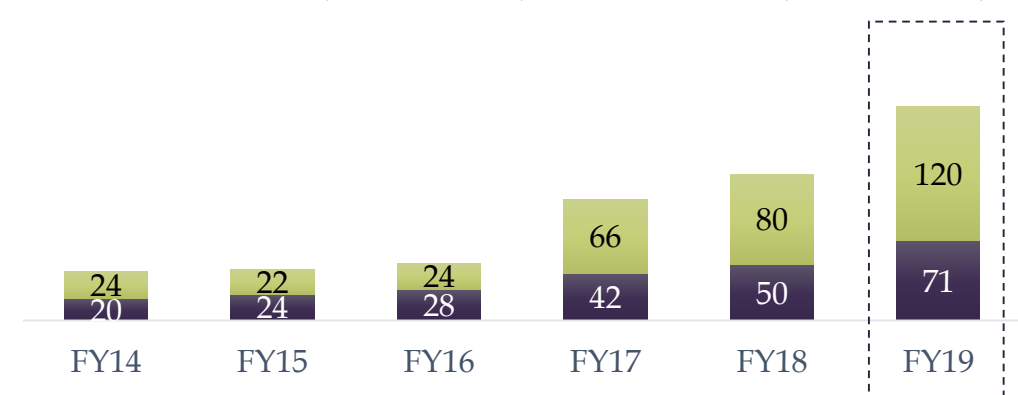
**EBITDA (INR crore)    Margin (%)**



**PAT (INR crore)    Margin (%)**



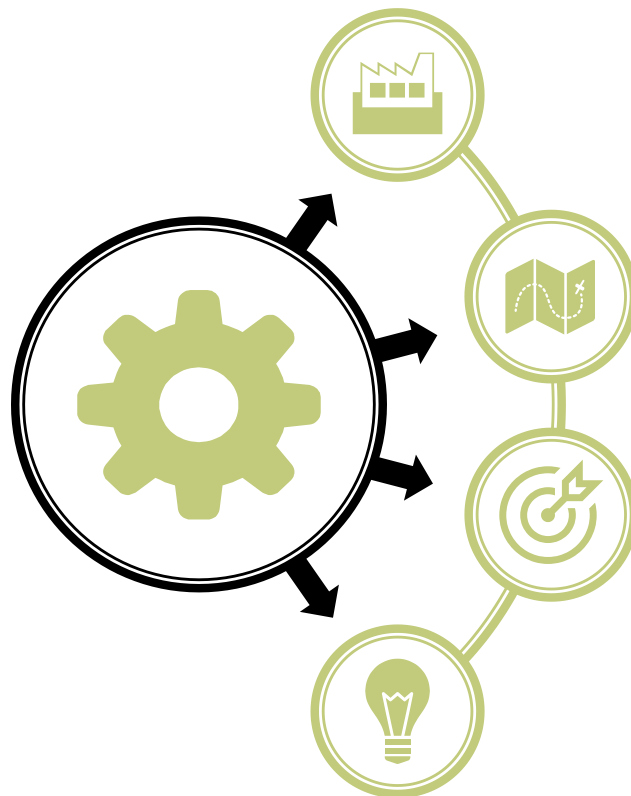
**Networth\* (INR crore)    Net Debt (INR crore)**



\* Net Debt includes preference share capital



**Expanding production capacities**



**Increasing Custom Synthesis & Manufacturing portfolio**

**Augmenting growth in domestic and global markets**

**Focus on advanced speciality intermediates**

**Focus on operational efficiency and functional excellence**



## About Neogen Chemicals Limited

Incorporated in 1991, **Neogen Chemicals Ltd.** (NSE Code: NEOGEN; BSE Code: 542665) is one of India's leading manufacturers of Bromine-based and Lithium-based specialty chemicals. Its specialty chemicals product offerings comprise of Organic as well as and Inorganic chemicals. Its products are used in pharmaceutical and agrochemical intermediates, engineering fluids, electronic chemicals, polymer additives, water treatment, construction and aroma chemicals, flavours and fragrances, specialty polymers, chemicals and VAM original-equipment manufacturers. Over the years, Neogen has expanded its range of products and, presently, manufactures an extensive range of specialty chemicals which find application across various industries in India and globally. It has a product portfolio of 198 products comprising 181 organic chemicals and 17 inorganic chemicals.

In addition to manufacturing speciality chemicals, Neogen also undertakes custom synthesis and manufacturing where the product is developed and customized primarily for a specific customer, but process know-how and technical specifications are developed in-house.

The Company operates out of its two manufacturing facilities located in Mahape, Navi Mumbai in Maharashtra, and Karakhadi, Vadodara in Gujarat. It is presently, developing a Greenfield manufacturing unit in Dahej SEZ, in Gujarat.

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Thank You