

NATCO PHARMA LIMITED

INVESTOR PRESENTATION
Q2 FY 2022-23

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Diversified enterprise focused in pharmaceutical sector with presence across geographies - India, US and ROW.

Strong brand position in domestic pharma segments

- Well established player in oncology with brands catering to diseases including breast, bone, lung and ovarian cancer
- Expanding reach to wider pool of doctors through NATCO REACH

Focused on complex generics for the US Markets with niche Para IV and Para III filings

- Established front-end presence through Dash acquisition.

Two R&D centers with over 425 employees⁽¹⁾

Targeting growth in Crop Health Sciences business with state-of-the-art manufacturing facilities for both technical and formulation

Total revenues⁽²⁾ of INR million 20,438 for the financial year ended 31st March 2022

Listed on BSE and NSE with a market capitalisation⁽³⁾ of USD 1.36 billion

Incorporated in 1981 and headquartered in Hyderabad with around 4,800 employees across all locations⁽¹⁾



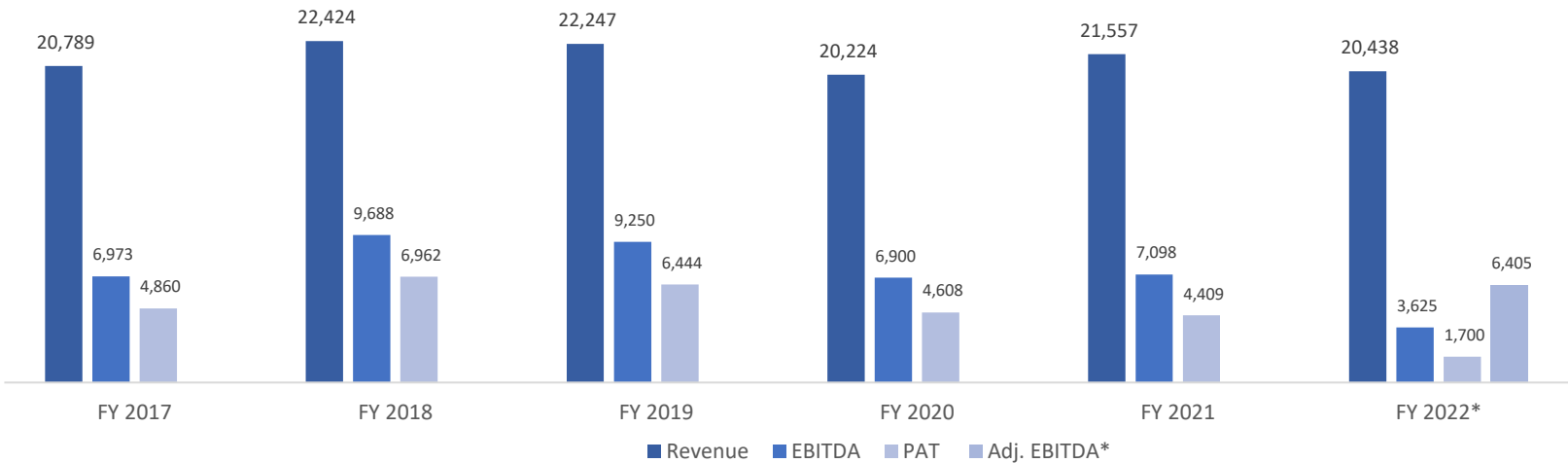
(1) As of March 31, 2022

(2) Represents consolidated revenue

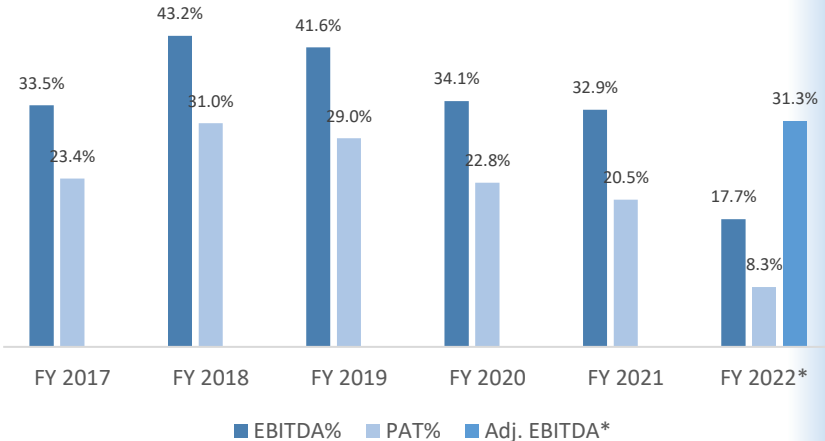
(3) Market capitalization as of Sep 30, 2022 using INR / USD exchange rate of ₹ 81.5522

PERFORMANCE AT A GLANCE

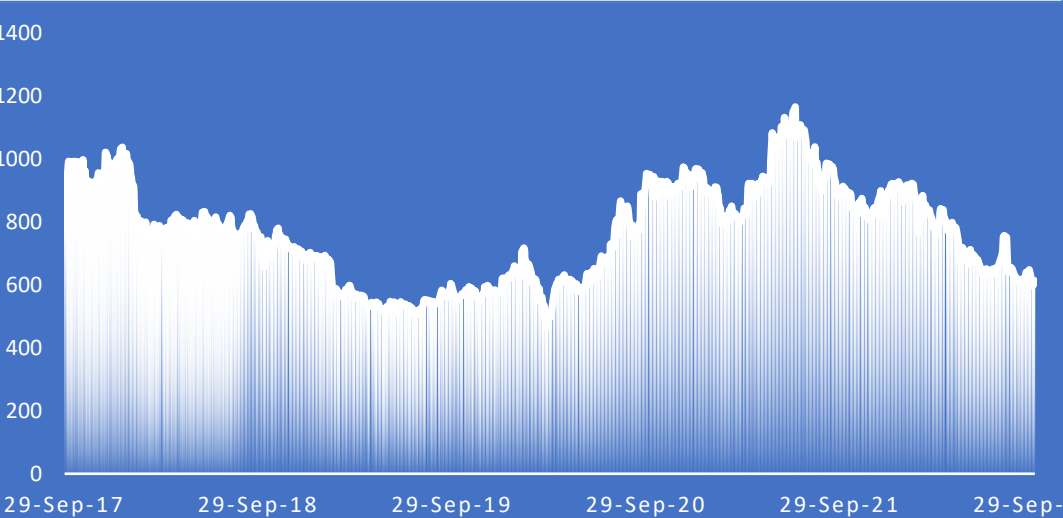
Financial Performance⁽¹⁾ (₹ in million)



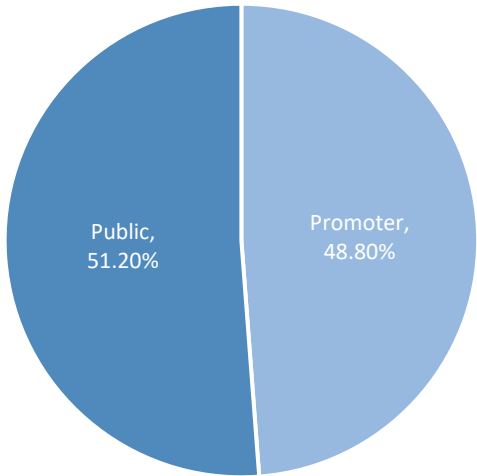
Profitability Margins



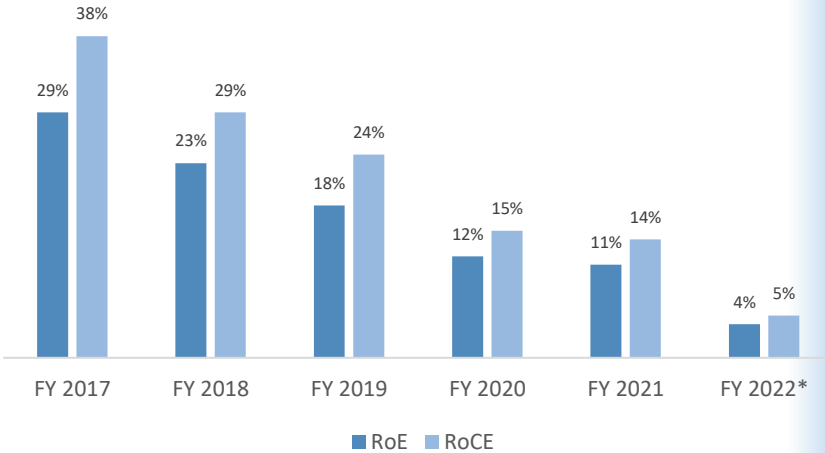
NATCO Pharma Stock Performance



Ownership Structure⁽³⁾



Efficiency Ratios



FY numbers have been prepared under Ind AS
 (1)Represents consolidated gross revenue and includes other income
 (3)As on June 30, 2022

(2)Represents PAT after minority interest

* EBITDA and PAT dip is due to one-time inventory write-off of ₹ 2,320 million and estimated receivables write-off of ₹ 460 million for FY 2022

	DOMESTIC FORMULATIONS	EXPORT FORMULATIONS	SUBSIDIARIES	API BUSINESS
Overview ⁽¹⁾	<ul style="list-style-type: none"> Three key business segments: Oncology, Specialty Pharma, Cardiology and Diabetology Strong brand position in the domestic oncology Specialist sales force of nearly 650 personnel and over 800 distributors Initiated Natco Reach sales force targeting wider net of doctors through additional 200+ sales force Targeting 10 product launches a year with over 12% growth Strengthening the gastroenterology, critical care, oncology and cardio-diabetes portfolios 	<ul style="list-style-type: none"> Focused on niche opportunities in the US Acquired Dash Pharmaceuticals LLC to build a frontend presence in the US Focus on Para IV and First-to-File molecules Strengthening presence in Asia and other ROW markets by registering our niche product portfolio in these countries Started winning tenders in Asian markets including Malaysia and Thailand 	<ul style="list-style-type: none"> Operations in Brazil, Canada, Singapore, Australia and Philippines In Canada, strong portfolio with 30+ products including Oncology, cardiovascular and CNS therapies In Brazil, continued to increase our presence in the Oncology and primary healthcare segments with strong market share in both Everolimus and Oseltamivir Building a strong product portfolio in Singapore in both Tender and Private segments 10+ product approvals in Singapore 	<ul style="list-style-type: none"> Strategically important division 44 active DMFs⁽¹⁾ in the US with niche products under development Exports focused on US, Europe and emerging markets Oncology APIs and specialty products Attempting difficult-to-make chemistry with long synthesis Expanding our oligo-nucleotide portfolio
FY 2021 Revenue (₹ in million)	4,101	6,760	4,011	5,120
FY 2022 Revenue ⁽²⁾ (₹ in million)	4,771	10,028	1,814	2,481
FY 2022 Revenue Composition	23.3%	49.1%	8.9%	12.1%

1.As of March 31, 2022
2. Balance percentage is from other operating and non-operating income

US MARKET FOCUS- COMPLEX GENERICS & FRONTEND

Predominantly focused on high-barrier-to-entry products that are typically characterized by one or more of the following:

- Intricate Chemistry
- Challenging delivery systems
- Difficult or complex manufacturing process

Acquired DASH Pharmaceuticals LLC to build our frontend presence in the US

Will continue to work with partners for complex products or those involving unique patent challenges

Low risk business model; through partnerships with global pharmaceutical players

- Marketing partner typically responsible for litigation and regulatory process to secure ANDA approval.
- Multi-site approvals
- Multi-sourcing arrangements

PIPELINE OF NICHE AND ACTIVE PRODUCTS IN THE US

26 active commercial products ⁽²⁾

19 Para IVs in the pipeline of which 11 are approved ⁽²⁾

1. As of June 30, 2022

2. As of March 31, 2022. Approval received either by Natco or its marketing partner

KEY PRODUCTS IN THE PORTFOLIO ⁽¹⁾

Key Brand	Molecule	Therapeutic Segment / Primary Indication
Copaxone	Glatiramer Acetate	CNS/Multiple Sclerosis
Tamiflu	Oseltamivir	Anti-Viral/Influenza
Afinitor(2.5 mg, 5 mg, 7.5 mg and 10 mg)	Everolimus (higher strength)	Cancer/Breast
Fosrenol	Lanthanum Carbonate	Renal disease
Doxil	Liposomal Doxorubicin	Cancer/ Ovarian and other
Tykerb	LapatinibDitosylate	Cancer/Breast
Zortess	Everolimus (lower strength)	ImmuneSupression/Organ Transplant
Revlimid	Lenalidomide	Cancer/Multiple Myeloma
Nexavar	Sorafenib	Cancer/Kidney & Liver

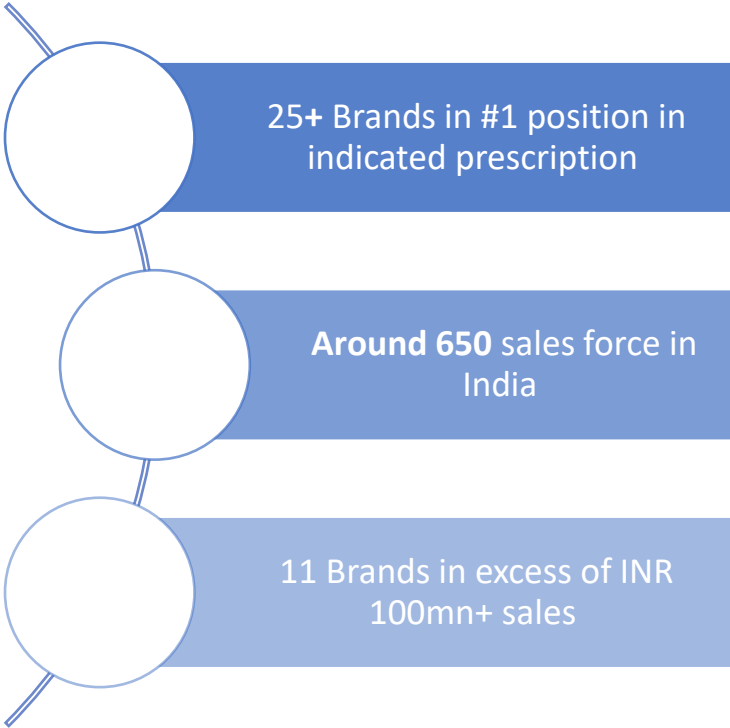
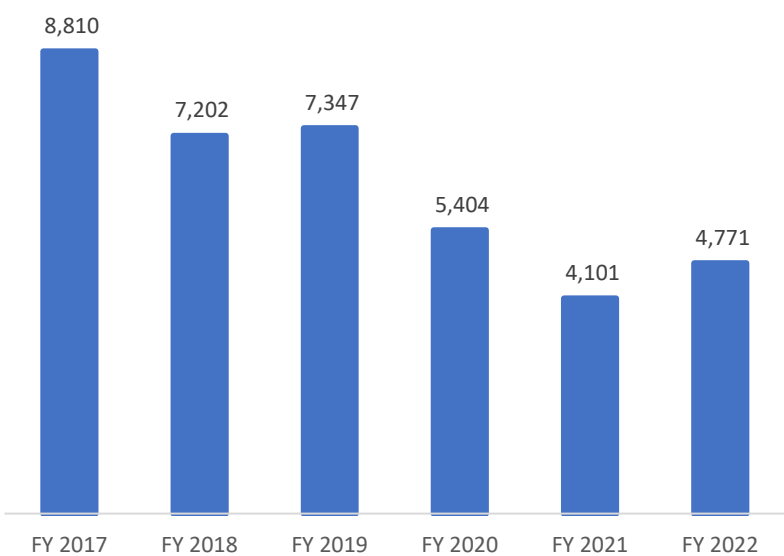
KEY PARA IV PRODUCTS IN THE PIPELINE ⁽¹⁾

Key Brand	Molecule	Therapeutic Segment / Primary Indication
Aubagio	Teriflunomide	CNS/Multiple Sclerosis
Kyprolis	Carfilzomib	Cancer/Multiple Myeloma
Pomalyst	Pomalidomide	Cancer/Multiple Myeloma
Sovaldi	Sofosbuvir	Anti-Viral / Hep C
Ibruvica	Ibrutinib	Cancer/Leukaemia
Lonsurf	Trifluridine/Tipracil	Metastatic colorectal cancer
TracleerTFOS	Bosentan	Pulmonary Arterial Hypertension
Yondelis	Trabectedin	Advanced soft-tissue sarcoma/ ovarian cancer
Acalabrutinib Capsules	Acalabrutinib	Cancer/Blood
Ozempic	Semaglutide pen	Diabetes
Zydelig	Idelalisib	Cancer

OVERVIEW OF DOMESTIC PHARMA BUSINESS

- Three key business segments: Oncology, Pharma specialty and Cardiology & Diabetology
- Focus on niche molecules with high barriers to entry. Majority of launches in India are first-time generics
- Expect unlocking of value in future with existing and other molecules in the pipeline
- Launched 14 products across the three business segments during FY 2021-22. Targeting 10 – 15% growth in the near term

DOMESTIC FORMULATION SALES⁽¹⁾ (₹ IN MILLION)



ONCOLOGY

- One of the leaders in the sale of branded oncology medicines in India
- Two decades of strong presence in oncology segment.
- Portfolio of well recognized brands – 7 brands with INR 100mn+ sales in the oncology segment
- Widened its oncology product range from 6 in 2003-04 to 39⁽¹⁾ in 2021-22

PHARMA SPECIALTY

- In the pharma specialty space, target to strengthen the product range through launch of anti-infective therapy molecules

CARDIOLOGY&DIABETOLOGY

- Portfolio of the segment consists of select few but strong set of products. Strengthened the portfolio with anticoagulants as first-time generics
- Expanding reach to wider base of doctors through NATCO Reach by adding significant number of marketing representatives

FY numbers have been prepared under Ind AS
 (1) Represents gross revenue

EXPANDING ROW PRESENCE



CANADA

Strong portfolio with 30+ products including Oncology, cardiovascular and CNS therapies

25 approvals in place

Launched Nat-Lenalidomide in the market



BRAZIL

Launched Azacitidine in Brazil, second generic in the market

Continue to be the single source for Everolimus for the fourth consecutive year

Strong market share for Oseltamivir



PHILIPPINES

Launched Bendamustine Injection and Anastrozole tablets by our subsidiary Natco Lifesciences Philippines Inc

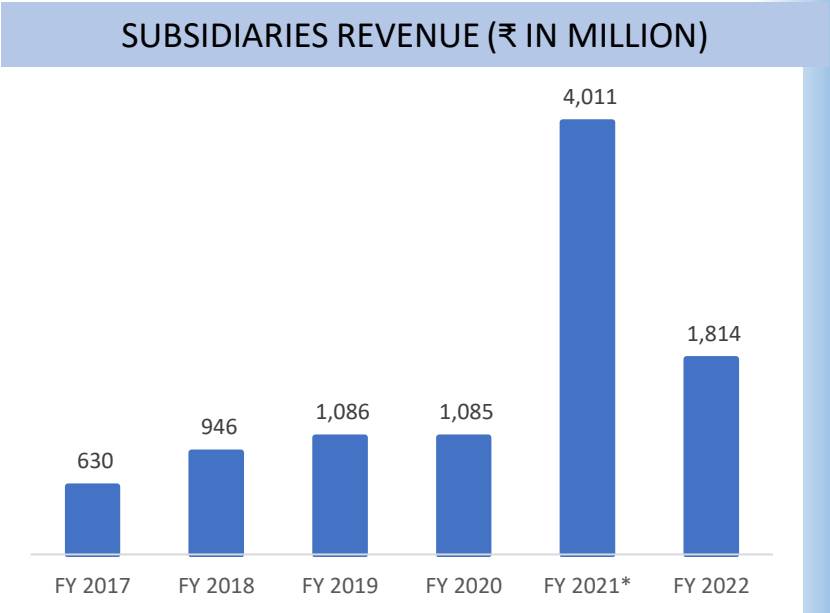


ASIA-PACIFIC

Increasing our presence in Singapore with tenders

First generic, Sorafenib tablets launched in Taiwan via Para IV challenge with one year exclusivity

Launched first generic of Abiraterone tablets in Taiwan & Indonesia



Natco has 8 subsidiaries including two step-down subsidiaries

* Includes one-time licensing fee

Strategically important business – develops APIs primarily for third party sales and also for captive consumption
Portfolio of 44 ⁽¹⁾ active US DMFs with niche products under development
Focuses on complex molecules in oncology and CNS segments
Other therapeutic areas of focus includes Anti-asthmatic, Anti-depressant, Anti-migraine, Anti-osteoporosis and G I Disorders
Exports are focused on the US, EU, Latin America and RoW markets.
Vertical integration for several APIs a key competitive advantage

STRENGTHS

Well established process safety engineering lab
Complex multi-step synthesis & scale-up
Advanced synthetic/separation technologies
Containment facility for handling High potency APIs
Peptide (Solid phase) pharmaceuticals
Oligo nucleotide Pharmaceuticals
Well established NCEs screening (including Zebra fish) facility

(1) As of March 31, 2022



MEKAGUDA TELANGANA

Oncology API's and speciality products

Approvals from USFDA, PMDA (Japan), COFEPRIS (Mexico), EDQM (Europe), Korean FDA, WHO, EU GMP (Germany)

Last USFDA audit successfully completed and EIR received in September 2019



CHENNAI TAMIL NADU

USFDA audit with Establishment Inspection Report (EIR) received in July 2019

FORMULATION FACILITIES

INTERNATIONAL MARKETS



KOTHUR TELANGANA

Oral and solid dosages including cytotoxic Orals and cytotoxic injectables.

USFDA, GMP, (DCA), German, Health Authority, Australia TGA, ANVISA (Brazil)

USFDA audit with Establishment Inspection Report (EIR) received in August 2019



VISAKAPATNAM ANDHRA PRADESH

Solid oral tablet and capsule manufacturing

Site approval received from USFDA. Targeted towards US & other International regulated markets

Located in a Special Economic Zone (SEZ)



NAGARJUNASAGAR TELANGANA

Oncology, Antibiotics and Antiviral

ANVISA (Brazil), WHO GMP and Kenya MOH



GUWAHATI ASSAM

Tablets, Capsules

GMP Compliant facility



DEHRADUN-UNIT VI UTTARAKHAND

Tablets, Capsules, Injectables

GMP Compliant facility

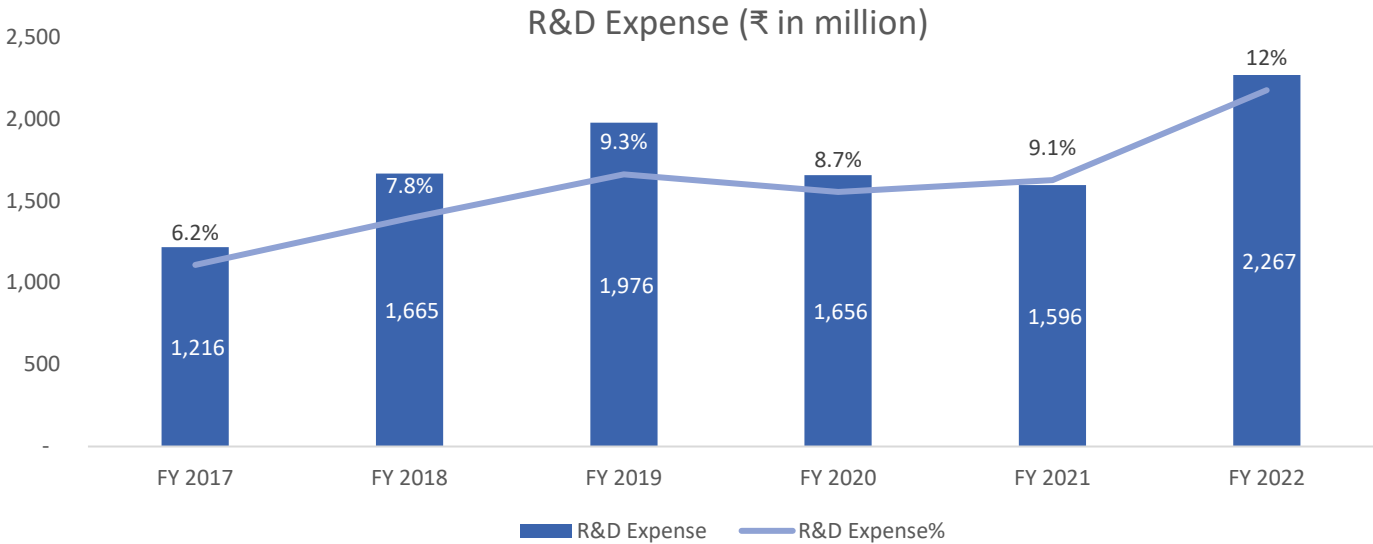


DEHRADUN UNIT VII UTTARAKHAND

Tablets, Capsules

GMP, Public Health Service of the Netherlands (EU GMP)

R&D CAPABILITIES



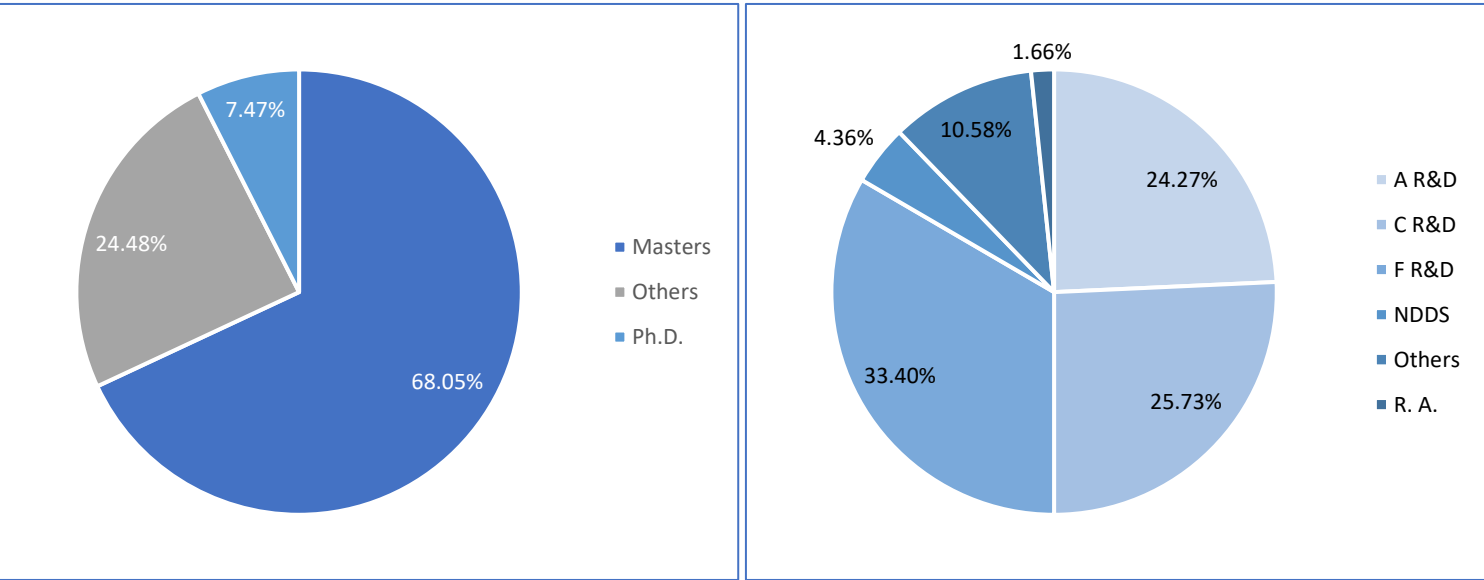
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%

R&D capabilities demonstrated by its complex and niche product filings in formulations and API segments

Two research facilities with capabilities across synthetic chemistry, nano pharmaceuticals, new drug discovery and cell biology

Over 40 R&D laboratories in two research facilities

Talented Pool of Scientists (Total no: 482)⁽¹⁾



BREAKDOWN OF SCIENTISTS

FINISHED DOSAGE FORMULATIONS (FDF) ⁽²⁾	ACTIVE PHARMACEUTICAL INGREDIENTS (API)
26 commercial products	54 Cumulative DMFs filed
19 Para IV ANDAs in pipeline	44 active DMFs ⁽²⁾

FY numbers have been prepared under Ind AS
 (1) As of March 31, 2022
 (2) As of March 31, 2022. Does not include integrated DMFs filed with ANDAs

- Completed state-of-the-art greenfield manufacturing facilities for agro technical and formulation products, with a total Capex spend of over INR 150 crores
- Targeting two categories of products – bioproducts and pesticides.
Launched first pheromone-based mating disruption product for management of Pink Bollworm pest for cotton
- Targeting other niche molecules in both product categories mentioned above during the current year

R&D

- Development of niche molecules with emphasis on greener chemistry products
- On field Product testing near Hyderabad
- Development of R&D lab at Natco Research Center near Hyderabad

PRODUCT DEVELOPMENT

- Field testing and wide area demonstrations of newer chemistries pan India
- Village adoption programs across different states for pest management
- Farmer trainings about new technologies

PRODUCT PORTFOLIO

- Pesticides
- Biopesticides



Technical Unit, Nellore, AP



Formulation Unit, Nellore, AP

CONSOLIDATED PROFIT & LOSS STATEMENT (₹ IN MILLION)			
S.No.	Particulars	Year ended	
		31 March 2022	31 March 2021
	Income		
1	Revenue from operations	19,448	20,521
2	Other income	990	1,036
3	Total income (1+2)	20,438	21,557
4	Expenses		
	Cost of materials consumed	5,192	3,729
	Purchases of stock-in-trade	585	1,866
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(168)	(481)
	Employee benefits expense	4,448	4,149
	Finance costs	177	133
	Depreciation and amortisation expense	1,426	1,169
	Other expenses	6,756	5,196
	Total expenses	18,416	15,761
5	Profit before exceptional items and tax (3-4)	2,022	5,796
6	Exceptional items	-	-
7	Profit before tax (5-6)	2,022	5,796
8	Tax expense		
	(i) Current tax	478	1,478
	(ii) Income-tax for earlier years	-	-
	(iii) Deferred tax charge /(credit)	(156)	(106)
	Total tax expense	322	1,372
9	Profit for the period/year (7-8)	1,700	4,424
10	Other comprehensive income (net of tax)		
	A. Items that will not be reclassified subsequently to profit or loss:		
	Remeasurement of defined benefit plans	6	(8)
	Net gains / (losses) from investments in equity instruments designated at Fair value through other comprehensive income (FVTOCI)	442	143
	Income-tax relating to items that will not be reclassified to profit or loss	(44)	(10)
	B. Items that will be reclassified subsequently to profit or loss:		
	Exchange differences on translation of foreign operations	93	(38)
	Total other comprehensive income (net of tax) (A+B)	93	(38)
	Total comprehensive income for the period/ year (9+10)	497	87
11	Total comprehensive income for the period/ year (9+10)	2,197	4,511
12	Profit for the period/year attributable to:		
	Owners of the Company	1,700	4,409
	Non-controlling interests*	-	15
13	Other comprehensive income attributable to:		
	Owners of the Company	497	87
	Non-controlling interests	-	-
14	Total comprehensive income attributable to:		
	Owners of the Company	2,197	4,496
	Non-controlling interests*	-	15
15	Paid-up equity share capital (face value of ₹2 each)	365	365
16	Other equity	42,271	40,851
17	Earnings per share (face value ₹2 each)		
	Basic (in ₹)	9.32	24.20
	Diluted (in ₹)	9.32	24.16

CONSOLIDATED BALANCE SHEET (₹ IN MILLION)		
	As of 31 March 2022	As of 31 March 2021
I Assets		
(1) Non-current assets		
(a) Property, plant and equipment	21,789	20,138
(b) Capital work-in-progress	1,295	2,234
(c) Goodwill	507	-
(d) Intangible assets	822	94
(e) Financial assets		
(i) Investments	1,044	1,519
(ii) Loans	-	14
(iii) Other financial assets	193	187
(f) Other non-current assets	469	285
Total non-current assets	26,119	24,471
(2) Current assets		
(a) Inventories	7,620	7,982
(b) Financial assets		
(i) Investments	2,037	1,518
(ii) Trade receivables	6,206	4,129
(iii) Cash and cash equivalents	1,111	258
(iv) Bank balances other than (iii) above	950	2,577
(v) Loans	104	131
(vi) Other financial assets	3,901	4,270
(c) Other current assets	3,043	2,583
Total current assets	24,972	23,448
Total assets	51,091	47,919
II EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity share capital	365	365
(b) Other equity	42,271	40,851
Equity attributable to owners of the Company	42,636	41,216
(c) Non-controlling interest	-	18
Total equity	42,636	41,234
(2) Liabilities		
(A) Non-current liabilities		
(a) Financial liabilities		
(i) Lease Liabilities	80	9
(ii) Other financial liabilities	13	11
(b) Provisions	957	996
(c) Deferred tax liabilities, net	301	413
Total non-current liabilities	1,351	1,429
(B) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	4,040	2,658
(ii) Lease liabilities	35	9
(iii) Trade payables		
- Dues of micro and small enterprises	132	75
- Dues of creditors other than micro and small enterprises	1,486	1,387
(iv) Other financial liabilities	833	864
(b) Other current liabilities	399	122
(c) Provisions	170	128
(d) Current tax liabilities, net	9	13
Total current liabilities	7,104	5,256
Total liabilities	8,455	6,685
Total equity and liabilities	51,091	47,919

SEGMENTAL BREAKDOWN (₹ IN MILLION)				
Revenue Division	Q2FY23	Q2FY22	FY 22	FY21
A) API Revenue ⁽¹⁾ :-	441	763	2,481	5,120
B) Formulation:-				
B1) Formulation - Exports (incl profit share, license income, export service income & Subsidiaries)	2,834	1,905	11,842	10,771
B2) Formulation - Domestic	935	998	4,771	4,101
Formulations Total Revenue (B1+B2)	3,769	2,903	16,612	14,873
C) Crop Health Sciences	30	35	51	21
D) Other Operating & Non - operating incomes	286	451	1,293	1,543
Consolidated Total Revenue	4,526	4,152	20,438	21,557

CONSOLIDATED FINANCIAL RESULTS (₹ IN MILLION)				
	Q2FY23	Q2FY22	FY22*	FY21
Total Revenues	4,526	4,152	20,438	21,557
EBITDA	1,158	1,085	3,625	7,098
EBITDA Margin (%)	25.6%	26.1%	17.7%	32.9%
PAT (after minority interest)	568	651	1,700	4,409
PAT Margin (%)	12.5%	15.7%	8.3%	20.5%

