

July 27, 2023

To  The Corporate Relations Department BSE Limited Phiroz Jeejeebhoy Towers, 25 <sup>th</sup> Floor, Dalal Street Mumbai – 400001  <b>Code: 540222</b>	To  The Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051  <b>Code: LAURUSLABS</b>
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Dear Sirs,

Sub: **Investors/Analysts Presentation**

Please find enclosed the presentation to the Investors/Analysts on the Standalone and Consolidated Financial Results of the Company for the Quarter ended June 30, 2023, for the Investors/Analysts call scheduled on July 27, 2023, which was already intimated on July 21, 2023.

The presentation is also being uploaded on the website of the Company [www.lauruslabs.com](http://www.lauruslabs.com).

Please take the information on record.

Thanking you,

Yours sincerely,  
For **Laurus Labs Limited**

**G. Venkateswar Reddy**  
**Company Secretary &**  
**Compliance Officer**

Encl: As above

# Q1 FY 2024

## Financial Results and Business Update

July 27 , 2023



# Safe Harbor Statement

This presentation contains statements that constitute “forward looking statements” including and without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to our future business developments and economic performance. While these forward looking statements represent our judgment and future expectations concerning the development of our business, such statements reflect various assumptions concerning future developments and a number of risks, uncertainties and other important factors that could cause actual developments and results to differ materially from our expectations.

These factors include, but not limited to: 1) Change in the General market and macro-economic conditions for key global markets where we operate, 2) Governmental and regulatory trends, 3) Allocations of funds by the Governments in our key global markets, 4) Successful implementation of our strategy, R&D efforts, growth & expansion plans and technological changes, 5) Movements in currency exchange and interest rates, 6) Increase in the competitive pressures and Technological developments, 7) Changes in the financial conditions of third parties dealing with us, 8) Changes in laws and regulations that apply to our customers, suppliers and Pharmaceutical industry.

Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Laurus Labs Limited may vary materially from those described in the relevant forward-looking statements

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# Agenda

- 1 Financial Overview
- 2 Business Review & Strategy
- 3 Outlook

# Advancing operational excellence by signing new Multi year CDMO contract and deepening commitment to emerging CGT technology

## 1 Multi-Year Commercial Contract with leading Global Crop Science company

- Diversifies portfolio and enhances our sustainable CDMO growth engine
- Key Milestone and Opportunity to build leadership position in Crop Science Chemicals
- Healthy commercial opportunity with potential to drive long-term revenue and earnings

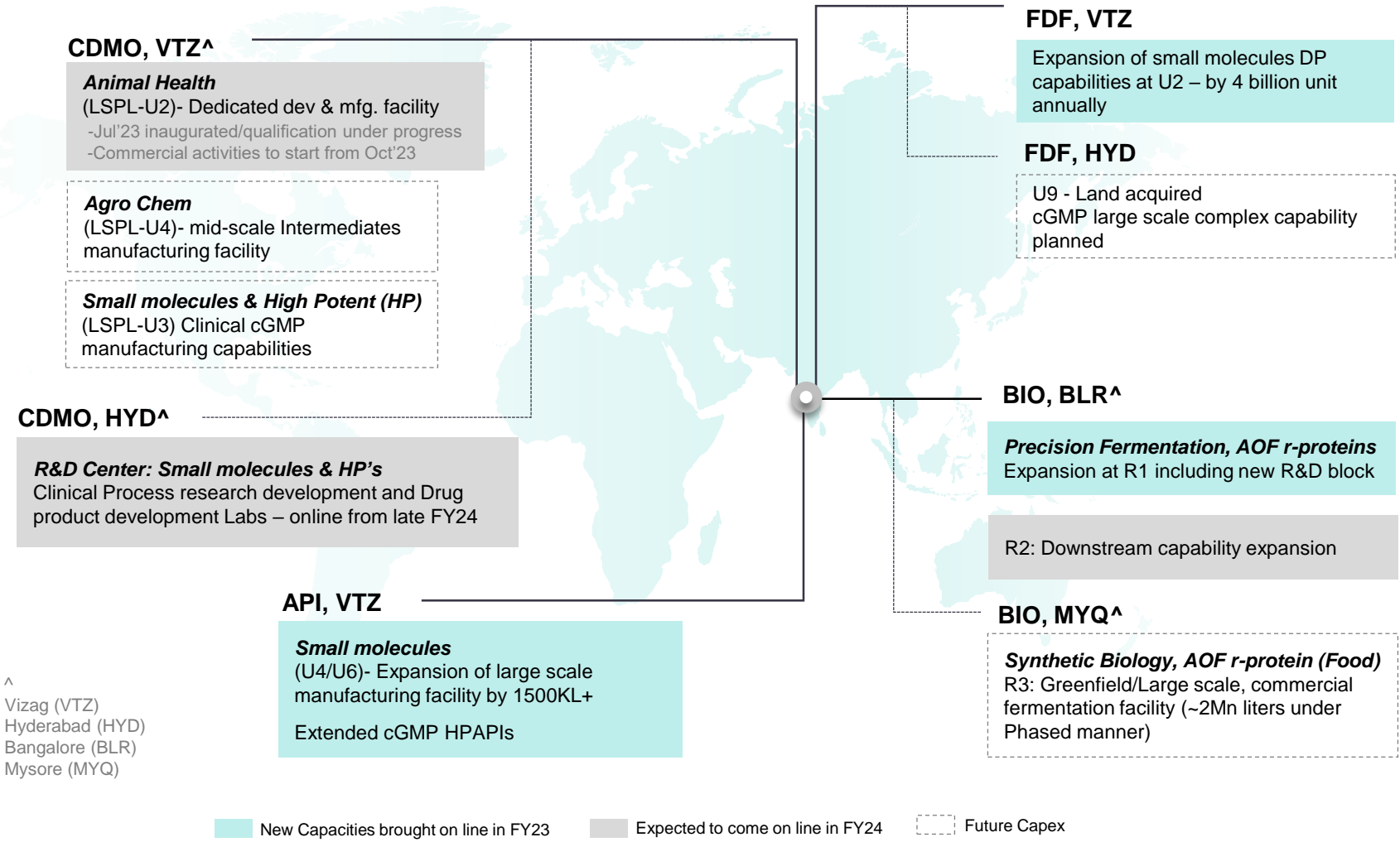
## 2 Collaboration with IIT Kanpur to invest in Advanced Gene therapy assets

- Strengthen Laurus presence in transformational CGT space
- Opportunity to access Novel therapies to Indian patients and offer CDMO services
- Laurus will in-licenses few gene therapy assets & provide funding for advancing these programs into clinical trials. It owns rights to launch these products in various geographies

## 3 Fresh infusion in Cell therapy company ImmunoAct

- Infused additional capital of ₹ 80 Cr in ImmunoAct; Laurus to hold 33.86% stake
- Fast track HCAR-19 Phase II/III India trails along with expansion of the multi-location GMP facilities for scalable manufacturing of CAR-T cells treatment
- Committed to promote novel technologies in auto immune diseases and oncology

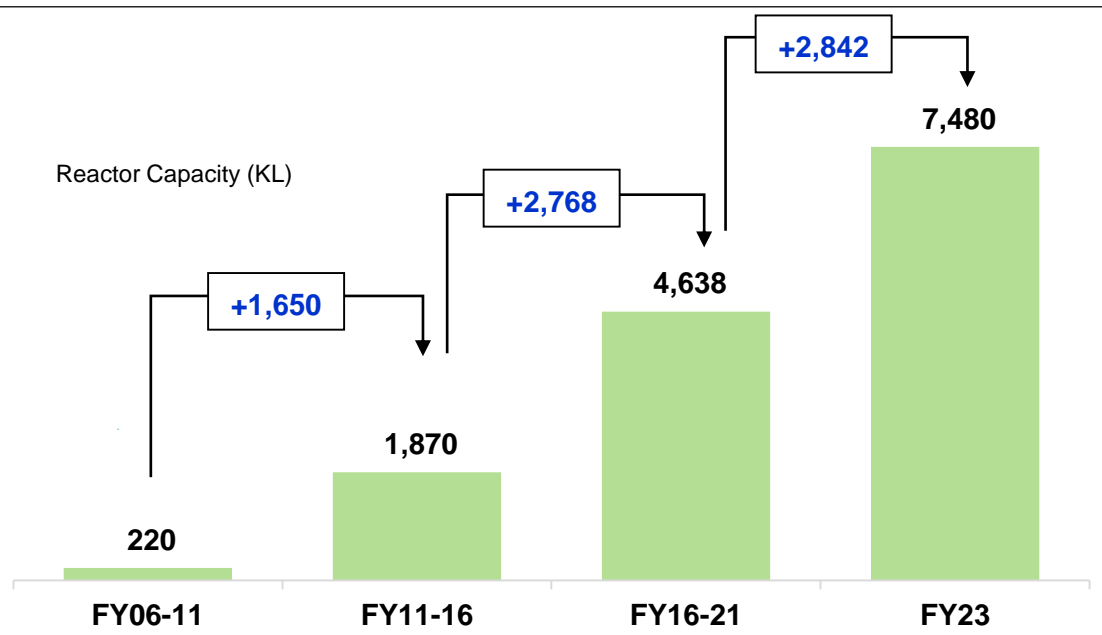
# Delivering Capex projects to support Long-Term growth



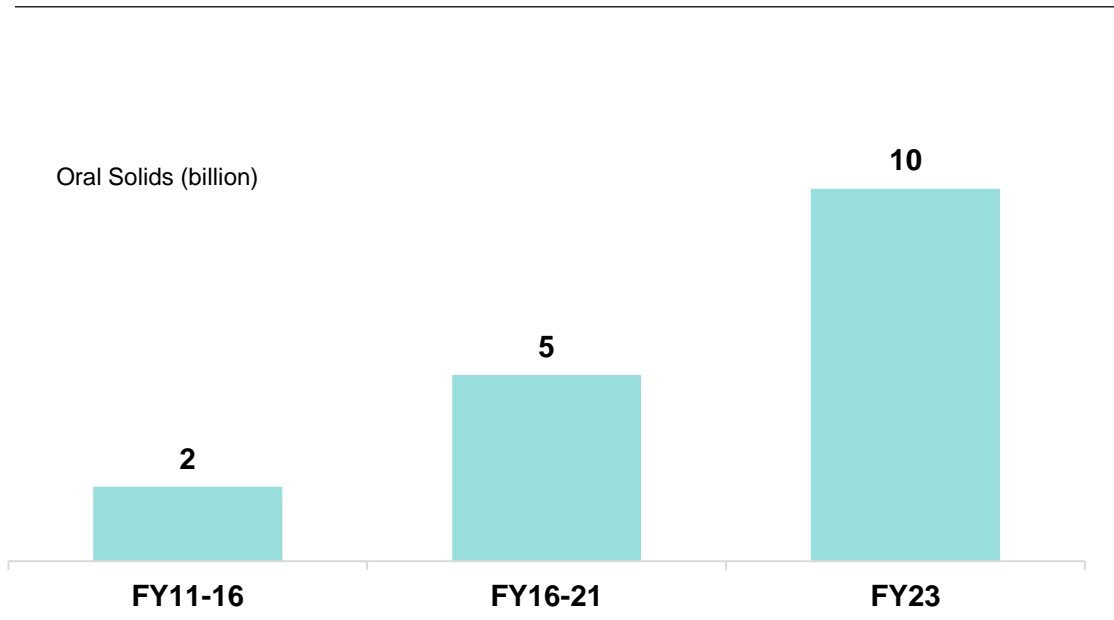
- **Continuous investment in diversified portfolio** to support growth momentum
- New capacities brought in FY23 to get **Optimally utilized by FY25**
- **US\$100mn+ CDMO investment on track**
- Expect to spend **Rs10bn in FY24 Capex**
- **Q1 Capex reported at ₹ 203 Cr; 17% of Revenues**

# Commercial Capacity Progress

Reactor Volumes



Drug Product Capacity



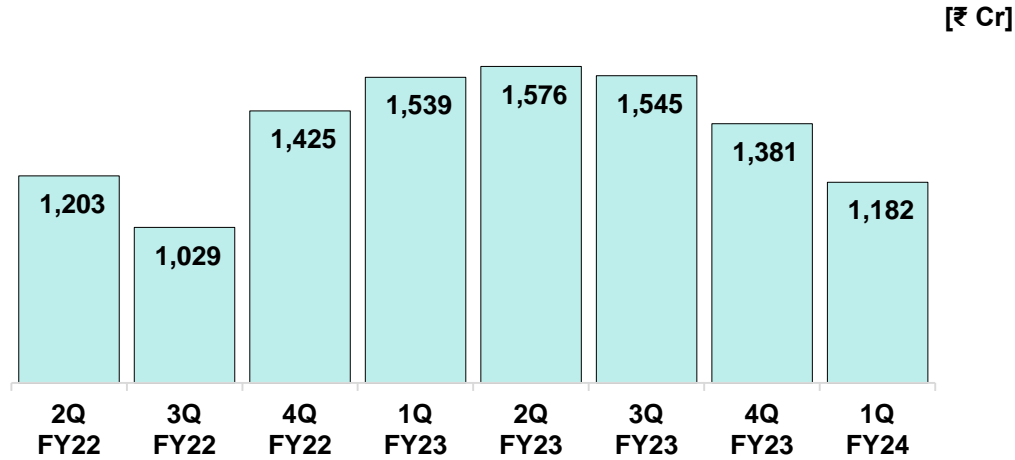
**+500 KL New capacity under construction for FY24 delivery**



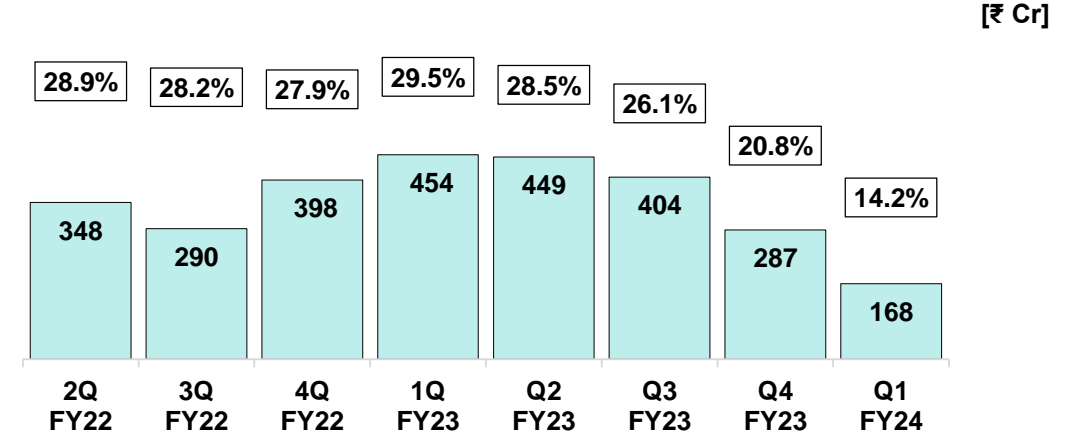
**Well Positioned to meet growing Global demand for DS and DP projects**

# Summary Quarterly Performance

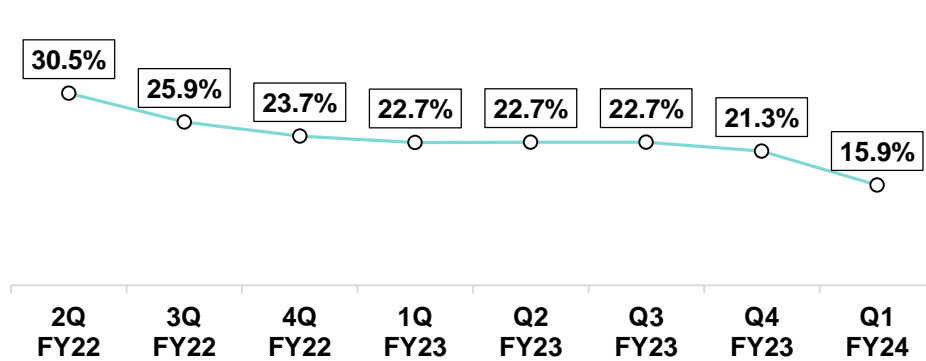
## Revenues



## EBITDA & Margins %

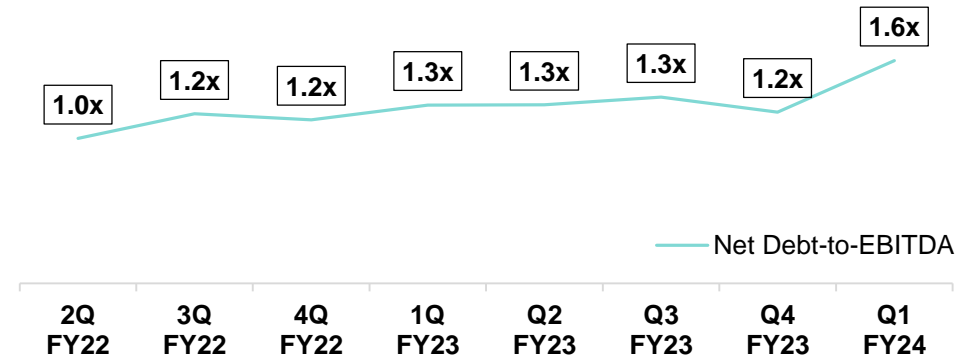


## RoCE^ %



^ EBIT (TTM)/Capital Employed

## Net Leverage\*



\* Net Debt/EBIDTA (TTM)



# Financial Performance 1Q/FY24

Negatively impacted; but underlying demand remains healthy

## 1Q/FY24 Consolidated Financials

[₹Crore]	4Q/FY23	1Q/FY24	1Q/FY23	Y-o-Y	Q-o-Q
<b>Revenues</b>	<b>1,381</b>	<b>1,182</b>	<b>1,539</b>	<b>-23%</b>	<b>-14%</b>
<i>Gross Margins</i>	<i>49.7%</i>	<i>50.6%</i>	<i>57.6%</i>	<i>-700bps</i>	<i>90bps</i>
<b>EBITDA</b>	<b>287</b>	<b>168</b>	<b>454</b>	<b>-63%</b>	<b>-41%</b>
<i>% to Revenues</i>	<i>20.8%</i>	<i>14.2%</i>	<i>29.5%</i>	<i>-1530bps</i>	<i>-660bps</i>
PBT	147	41	356	-88%	-72%
<b>Net Profit</b>	<b>103</b>	<b>25</b>	<b>251</b>	<b>-90%</b>	<b>-76%</b>
<i>% to Revenues</i>	<i>7.5%</i>	<i>2.1%</i>	<i>16.3%</i>		
<b>EPS</b>	<b>1.9</b>	<b>0.5</b>	<b>4.7</b>	<b>-89%</b>	<b>-74%</b>

## Comments

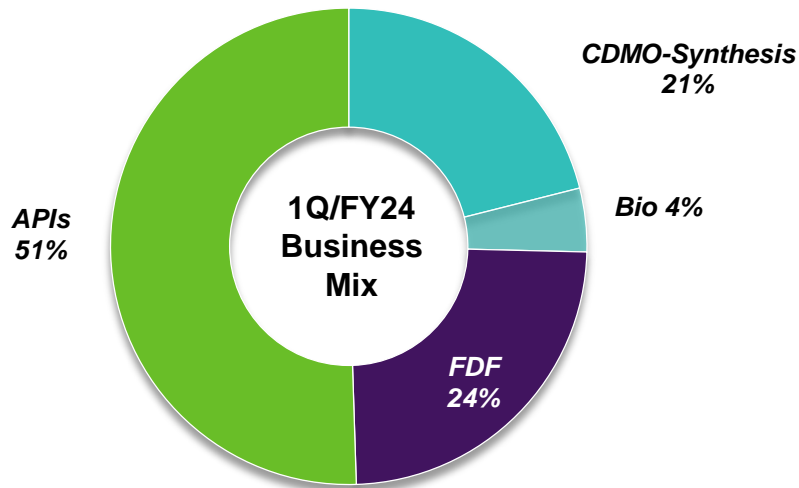
- Revenues : ₹ 1,182 Cr, declined 23% YoY, impacted by particularly strong CDMO-Synthesis revenues in base year, along with quarter-to-quarter variability in API and FDF revenues
- Gross Margins : 50.6%, decreased by 700 bps YoY and increased by 90 bps QoQ due to change in product mix
- EBITDA : ₹ 168 Cr, decreased by 63% YoY and decreased by 41 % QoQ
- EBITDA Margins : 14.2%, due to negative operating leverage
- Net Profits : ₹ 25 Cr
- Capex nearly in-line; as we continue to deliver on key projects

# Business Performance 1Q/FY24

Transient impact in Non-ARV API and FDF segment

## 1Q/FY24 Segment Performance

[₹ Crore]	4Q/FY23	1Q/FY24	1Q/FY23	Y-o-Y	Q-o-Q
FDF	393	285	349	-18%	-27%
APIs	714	597	583	2%	-16%
CDMO-Synthesis	228	250	577	-57%	10%
Bio	46	50	30	67%	9%
<b>Total Revenues</b>	<b>1,381</b>	<b>1,182</b>	<b>1,539</b>	<b>-23%</b>	<b>-14%</b>



- Formulation (FDF):** While the underlying demand trend is healthy, Q1 reported weak -18% YoY and -27% QoQ; mainly impacted by lower offtake in ARV business by global agencies. The ARV demand is firming up and expected to have better revenue in future. Higher generic volumes in existing/new launches in Developed Market to drive FY24 growth
- APIs:** Increased +2% YoY. Sequentially declined (-16%); Temporary impact in Other API (-42%) and Onco (-59%), expect to rebound from Q2 as CMO opportunities in high growth APIs continue to look better.
- CDMO-Synthesis:** Revenues declined due to a YoY comparison given large PO executed last year. Otherwise, Baseline business tracking healthy and project pipeline continues to scale up. Signed first Agro-chem manufacturing contract in Q1. Dedicated Animal Health manufacturing unit inaugurated and expect to initiate commercial scale validations from Oct'23
- Bio:** Delivered strong growth of +67% YoY (+9% QoQ), supported by traction in CDMO business. Greenfield R3 site to strengthen Laurus capabilities in AOF proteins and Growth factors

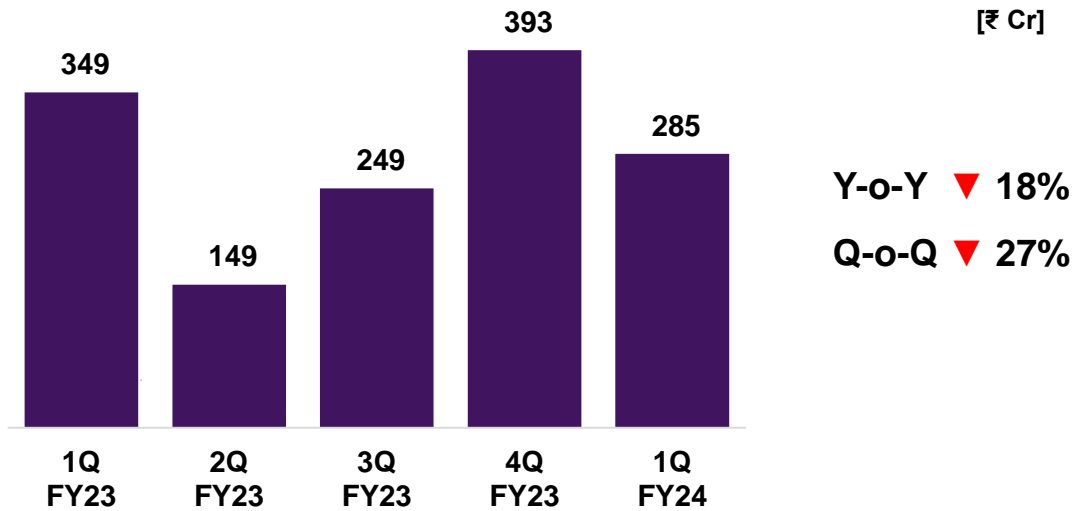


## 2. Business review & Strategy

# Generic FDF

ARV weakness temporary; Market dynamics stable

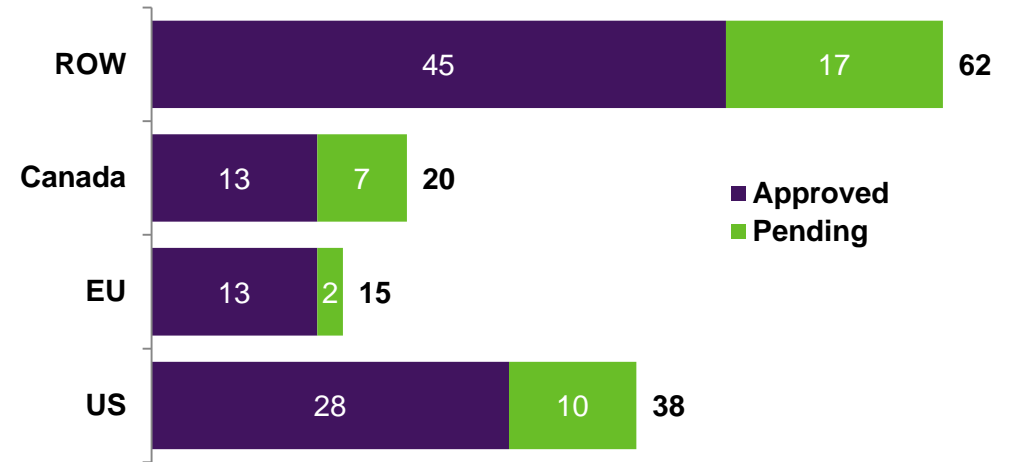
## Revenue Growth



## Comments

- Q1 mainly impacted by lower offtake in ARV business coupled with weak pricing. Market volumes stable with Global funds supplies on going. Developed market revenue increased on higher volumes
- Rebound expected in ensuing quarters; supported by underlying healthy demand trends across portfolio
- FY24 holds good potential; with higher volumes of existing products driving Europe revenues and New approvals from North America

## Global Filings



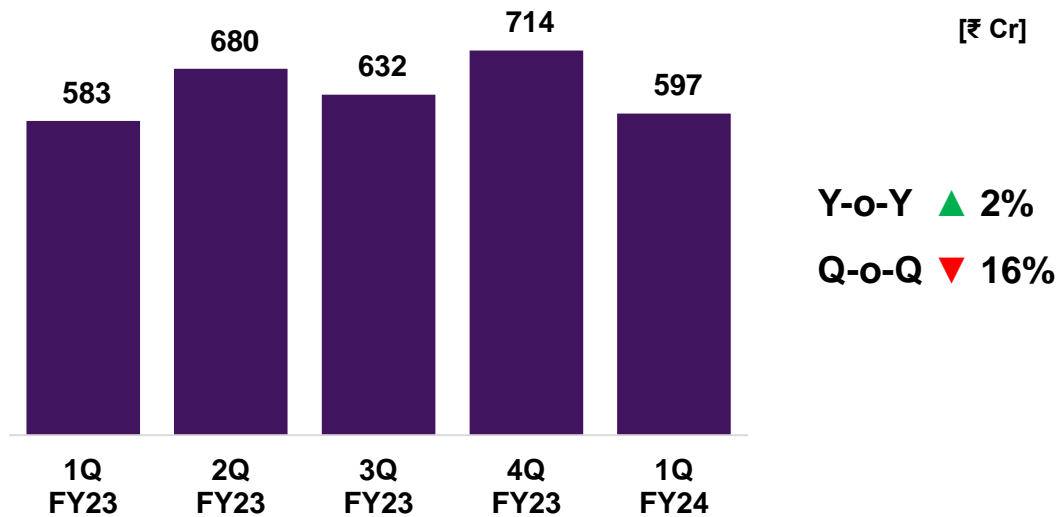
\* Includes 13 Tentative approvals in US

- Small molecules DP capacities at 10 billion unit annually - gradual ramp-up through FY24
- **Q1FY24 Developed Market filings:** 1 product dossiers were filed and a total of 3 approvals received (including Tentative approvals)

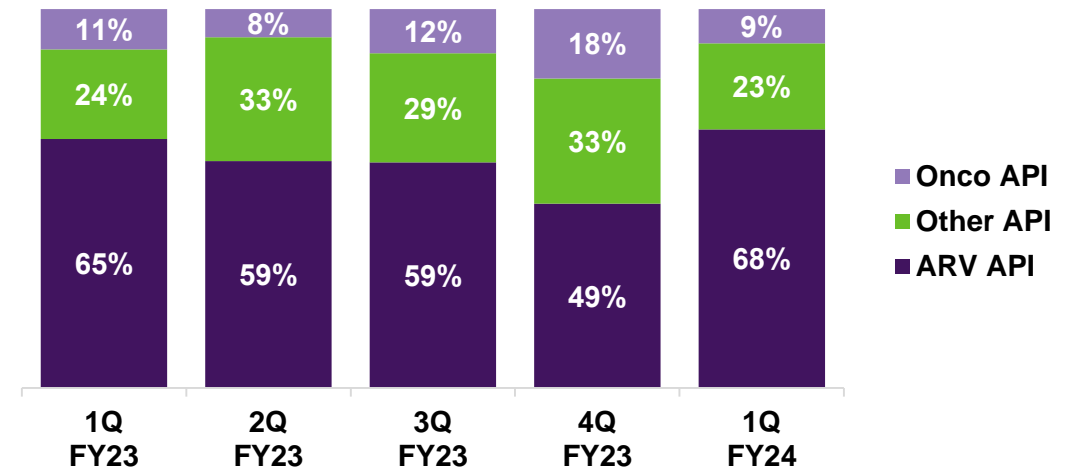
# Generic APIs

Transitory weakness; stabilization visible

### Revenue Growth



### API Sales mix



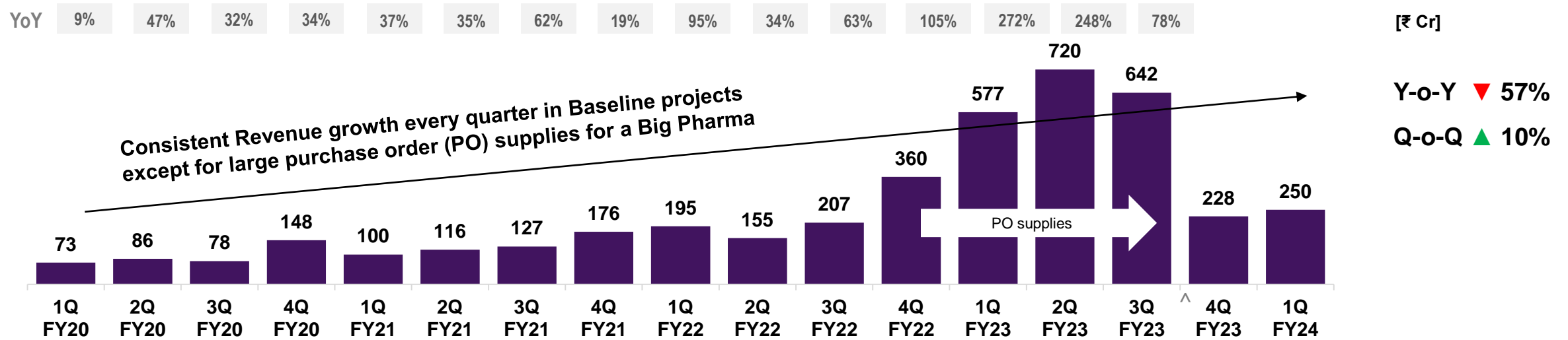
## Comments

- API business down 16% sequentially driven by transitory shipment impact in non-ARVs; while YoY increased 2%
- ARV business continues steady momentum and witnessed volume led improvement, growing +6% YoY and +17% sequentially. Severe impact in ARV pricing have slowed down

- Other APIs for Q1 impacted; -1% YoY (-42% QoQ); stabilization visible in Q2 as CMO order book continue to look better
- Oncology revenues were lumpy; declined 13% during Q1

# CDMO - Synthesis

Strong momentum in Ongoing projects; Signed First multi-year contract in Agro-chemicals



- Q1 decline due to PO supplies last year. **Baseline projects continue to accelerate** and expect to lead the upcoming growth, supported by solid outsourcing trend
- **60+ active projects** (Phase I, II and III + CMO). On-going supplies for 10 projects (**4 API's & several intermediates**)
- **Integrated capability expansion on track** – AH unit inaugurated and commercial validations to begin from Oct'23. R&D center on line by FY24 end

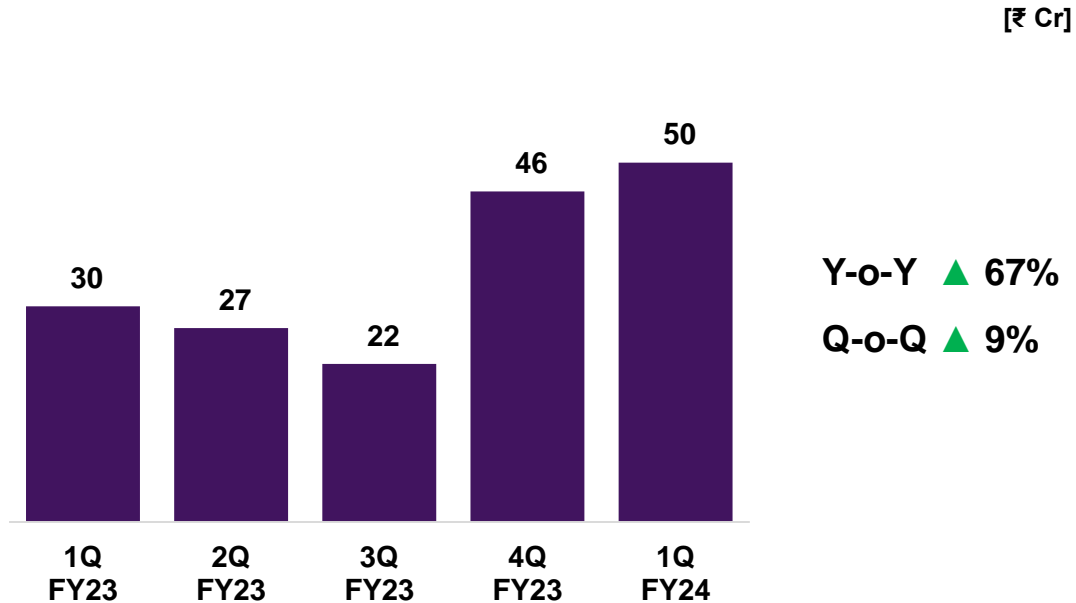
Capitalising on scientific excellence Laurus achieved important milestone in Q1; **Signed maiden multi-year agreement with a leading Global Crop protection major** for manufacturing & supply of critical APIs. **Manufacturing to begin in 2HFY25**

^ Completed PO related material supplies in Dec'22

# Laurus Bio - Bio business

Growth momentum continues

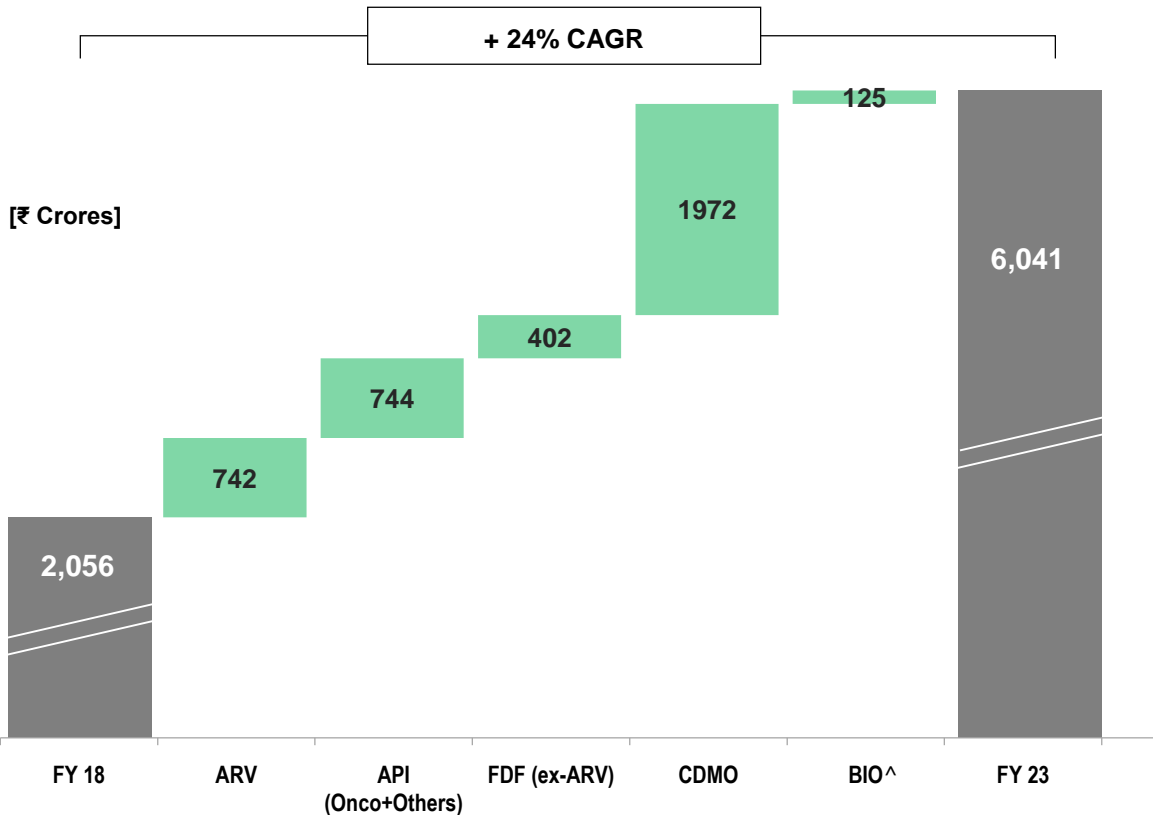
## Revenue Growth



## Comments

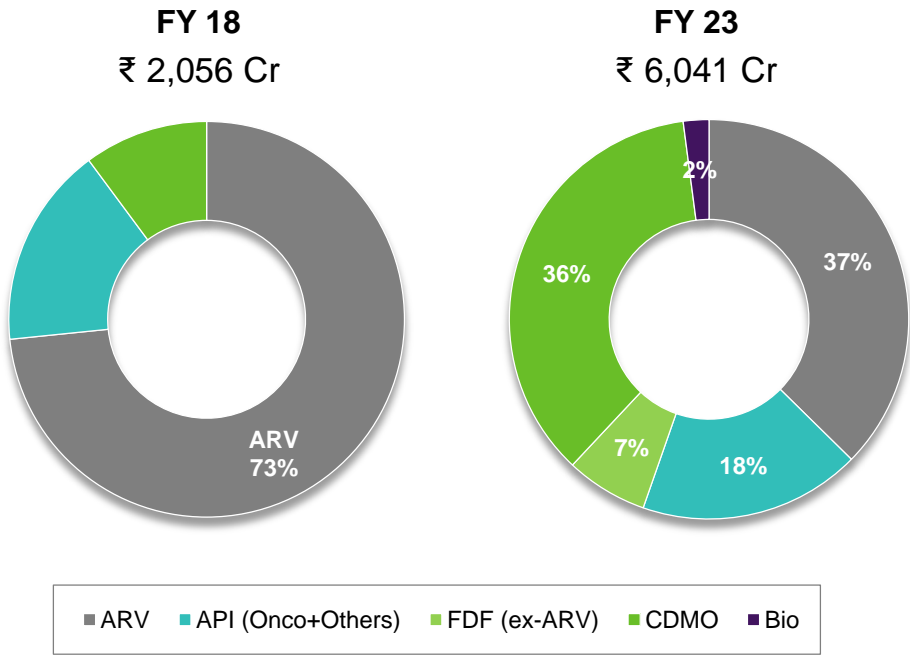
- Strong growth continued with +67% YoY growth and sequentially in Q1 with revenues of ₹ 50 cr.
- Driven by growth in CDMO services (AOF proteins, growth factors), expanded customer base and recognition of few delayed shipments
- New Capacity implemented at R2 in the ramp up phase and further expect debottlenecking to complete in next 3-4 months
- Enhanced technical expertise in bio-enzyme catalysis to promote application in small molecule commercial DS projects and explore new opportunities in Semi-synthetic biology
- Large scale fermentation capacity R3 to be executed in phased manner

# Transformation over Last 5 Years - Diversified underlying business growth



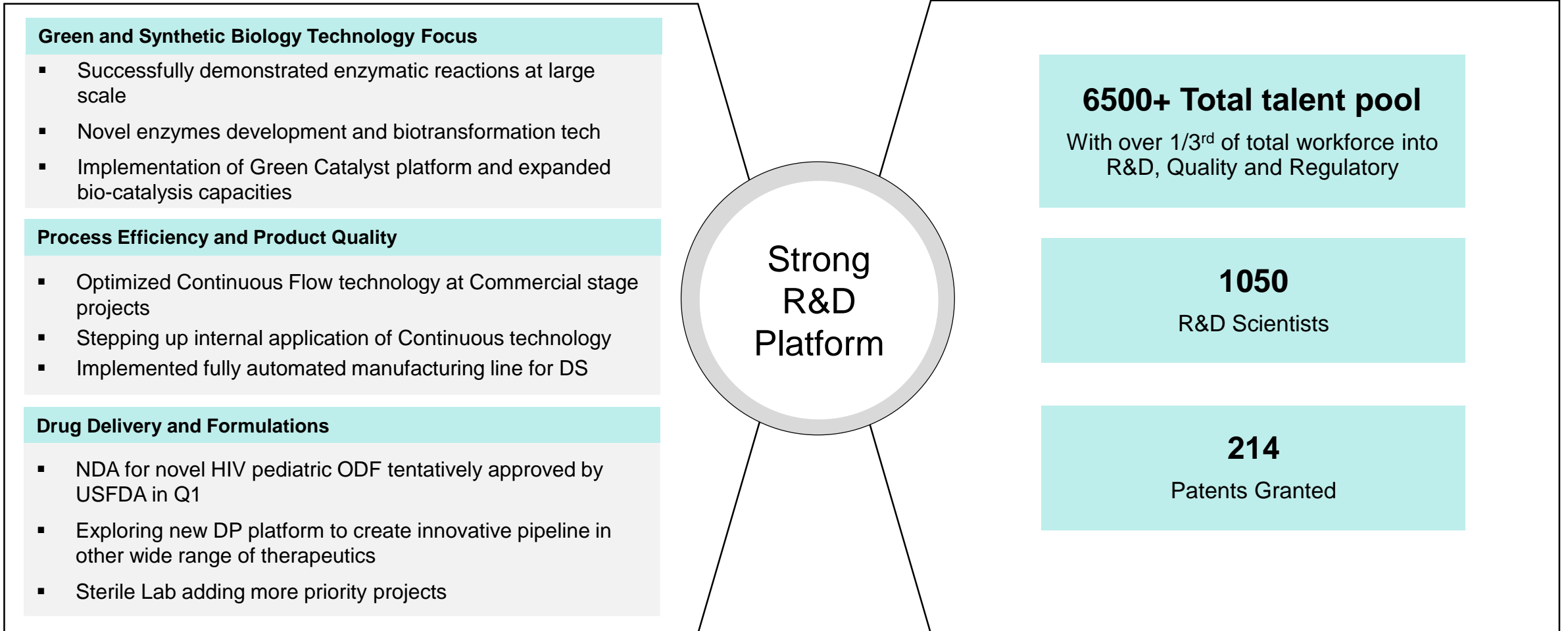
<sup>^</sup> Reflects revenues since Feb 2021, when we acquired Laurus Bio

## Diversification of Laurus business













# Strengthening R&D platform





# Manufacturing footprint - Enabling Customers with Integrated capabilities



## Visakhapatnam

<p><b>API CDMO</b> <b>U1</b></p>  <p>334 R<sup>1</sup> 1,240 KL</p>	<p><b>API</b> <b>U3</b></p>  <p>296 R &amp; R&amp;D 2,295 KL</p>	<p><b>CDMO<sup>^</sup></b> <b>U5</b></p>  <p>51 R 151 KL</p>	<p><b>API CDMO</b> <b>LSPL U1</b></p>  <p>42 R + 3 AGR<sup>2</sup> 139 KL</p>
<p><b>FDI API</b> <b>U2</b></p>  <p>10Bn units, 12 R 89 KL</p>	<p><b>API CDMO</b> <b>U4</b></p>  <p>212 R 1,960 KL</p>	<p><b>API Intermediates</b> <b>U6</b></p>  <p>112 R 1479 KL</p>	<p><b>API CDMO</b> <b>Kilo Lab</b></p>  <p>43 R + R&amp;D block 4.3 KL</p>

## Hyderabad

<p><b>API Intermediates</b> <b>Sriam Lab</b></p>  <p>31 R 81 KL</p>
<p><b>API CDMO</b> <b>Kilo Lab</b></p>  <p>43 R + R&amp;D block 4.3 KL</p>

## Bangalore

<p><b>Bio-Ingredients</b> <b>R1</b></p>  <p>5 Fermenters &amp; R&amp;D 10 KL *</p>	<p><b>Bio-Ingredients</b> <b>R2</b></p>  <p>4 Fermenters 180 KL *</p>
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**7.5 Million Lts** Reactor Volumes  
**190 Kilo Lts** Fermentation Capacity

**11** Sites including R&D

**API / Drug Substance: 8**

**FDI: 1**

**CDMO: 5**

**Bio-Ingredients: 2**



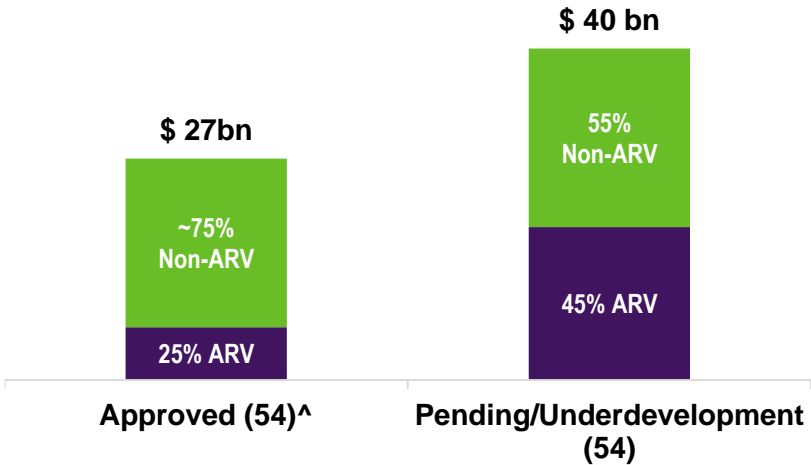
Australian Government  
Department of Health and Aged Care  
Therapeutic Goods Administration



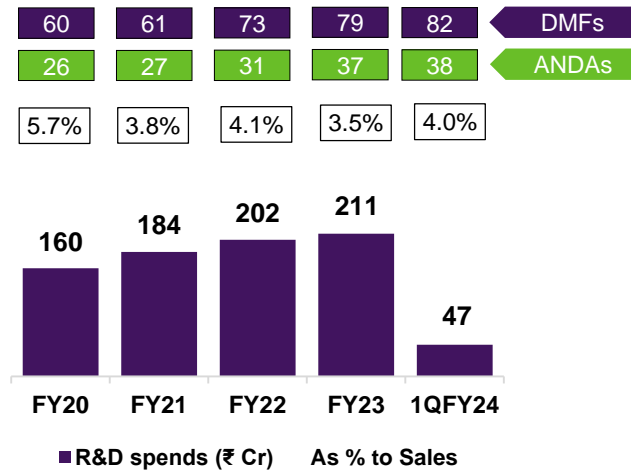
\* Fermentation Capacity in Ltr  
1 Reactors  
2 All Glass line Reactors  
^ Hormone and Steroid facility

# R&D focus – Promising product pipeline

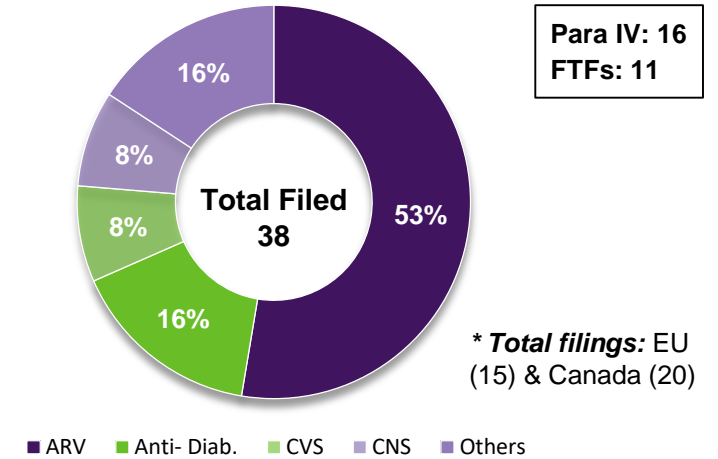
## US/EU pipeline by Addressable market



## R&D spent & Filing trend



## US Filings by Therapy Mix



- Q1 R&D spends at ₹ 47 Cr; 4% of Revenues
- Continue to invest in Portfolio with Product Specific Approach (Complexity and Scale focus)
- R&D pipeline with Addressable market at US\$ 40bn+ (>55% of opportunity in Non-ARVs space)

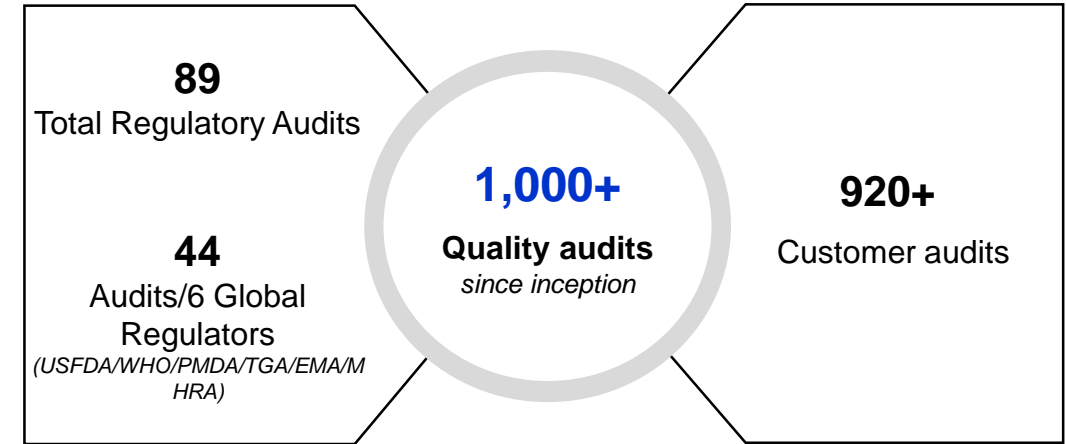
- Multiple First-to-file opportunities
- Diverse portfolio & pipeline including novel and 505b(2) products franchise (ARV, CV/D, CNS, GI)
- Progress on Developed Market pipeline – Q1FY24 Total # filings: 1 & Approval Received: 3 (incl. TAs) taking total filings to 73 till date

# Robust Regulatory and Quality Foundation

Laurus Philosophy

“One Quality Standard for All Markets”

Facility	Regulatory Certifications	Year started	Last US FDA – Inspection status	No of USFDA audits (since inception)
Kilo Lab – R&D	USFDA, TGA, KFDA, PMDA, ANVISA Brazil	2008	2021 – USFDA	4
Unit 1	USFDA, TGA, MHRA-UK, KFDA, WHO-Geneva, PMDA, NIP-Hungary, Russian GMP, Mexican, ANVISA	2008	2019 - EIR Received	6
Unit 2	USFDA, BGV-Hamburg, WHO-Geneva, ZAZIBONA, Tanzania-FDA, NDA-Uganda, PMPB-Malawi, KENYA, MCAZ-Zimbabwe, JAZMP-Slovenia, Ethiopia-FDA, Kazakhstan, EMA	2016	2023 – EIR Received	5
Unit 3	USFDA, WHO-Geneva, NIP-Hungary, Russian GMP, Mexican, JAZMP-Slovenia, KFDA, ANVISA	2015	2019 – EIR received	4
Unit 4	WHO-Geneva, USFDA & Mexican	2018	2019 – EIR received	1
Unit 5	USFDA	2017	2022 – EIR received	1
Unit 6	USFDA	2018	2018 – EIR received	1
Sriam Labs	None	2018	Nil	Nil
LSPL-1	None	2020	Nil	Nil



- **On-going improvement in QMS** and implementation across different functions, incl. R&D, Quality and Technical operations
- **#31 Quality audits** in Q1: Regulatory #2 & Customer #29
- **Received EIR from USFDA for FDF Unit-2** (inspected between 6-10 Feb'23)

# Strong commitment to Environment & ESG

## Sustainability Technologies

### Ongoing investments into Green Technology Platforms

- Biocatalysis
- Continuous Flow Chemistry

### Sustainability Management across All Sites

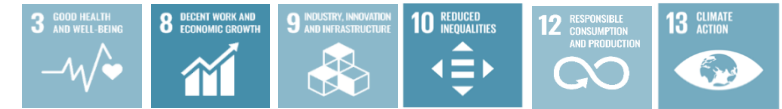
- Carbon Emission Intensity (FY23 vs. 22 per Revenue): ↓6%^
- Water Intensity (FY23 vs. 22 per Revenue): ↓14%
- 4% Energy from Renewable sources
- 77% of hazardous waste recycled / co-processed

## Accreditation & Progress

- **Recognition from external ESG rating Agencies** including MSCI, S&P Dow Jones Sustainability Index (DJSI), CRISIL and EcoVadis.
- **Won Several Awards** on EHS best and innovative practices
- **Initiated new system certification ISO 50001:2018** across company
- **Climate risk assessment study completed** during FY23 and adaptable measures being worked out
- Concept of **double materiality assessment introduced** (aligned with GRI, SASB) to create greater impact

^ Scope 1,2 and 3

## ESG Focus on UN SDG Priorities



## Well Recognized from ESG Rating agencies



Consecutive "BBB" rated by MSCI ESG Ratings in FY22 & 23



Moved to Top quartile for the first time in Dec-22 review



Score improved by 30 points to 43/100 vs LY





## 3. Outlook

# Growth strategies to drive sustainable growth



- 1 Build a bigger CDMO and CMO service business and capitalise on diversification of Outsourcing and Dual sourcing trend
- 2 Leveraging Comprehensive capabilities and Technology links to further enhance Co positioning and fully capture cross business synergies, as a Trusted and Reliable partner
- 3 Invest in disruptive technology and access new market opportunities
- 4 Strengthen systems and processes via automation and Digital initiatives to optimize efficiency and delivery
- 5 Consolidate ARV share and Strengthen Global leadership in Oncology, HP APIs & Scaling up of Anti-diabetic, PPI, and CV portfolio
- 6 Talent attraction to support new Growth investments coming on line
- 7 Efficient Capital allocation and advancing ESG

# FY 2024 : Sales outlook retained

## Sales drivers



CDMO: Revenue expansion of base pipeline projects and 2H Animal health contract supplies kick-off

Generics<sup>1</sup>: Growth in existing and new CMO contracts (Diabetic & CV portfolio) across key markets, Key product approvals and better visibility in ARV business

Bio: Ramp-up of new capacity implemented



Completion of Large Purchase order in FY2023

Pricing Headwinds in ARV APIs and FDF



▪ **Year of Consolidation**

<sup>1</sup> Including API and Formulation



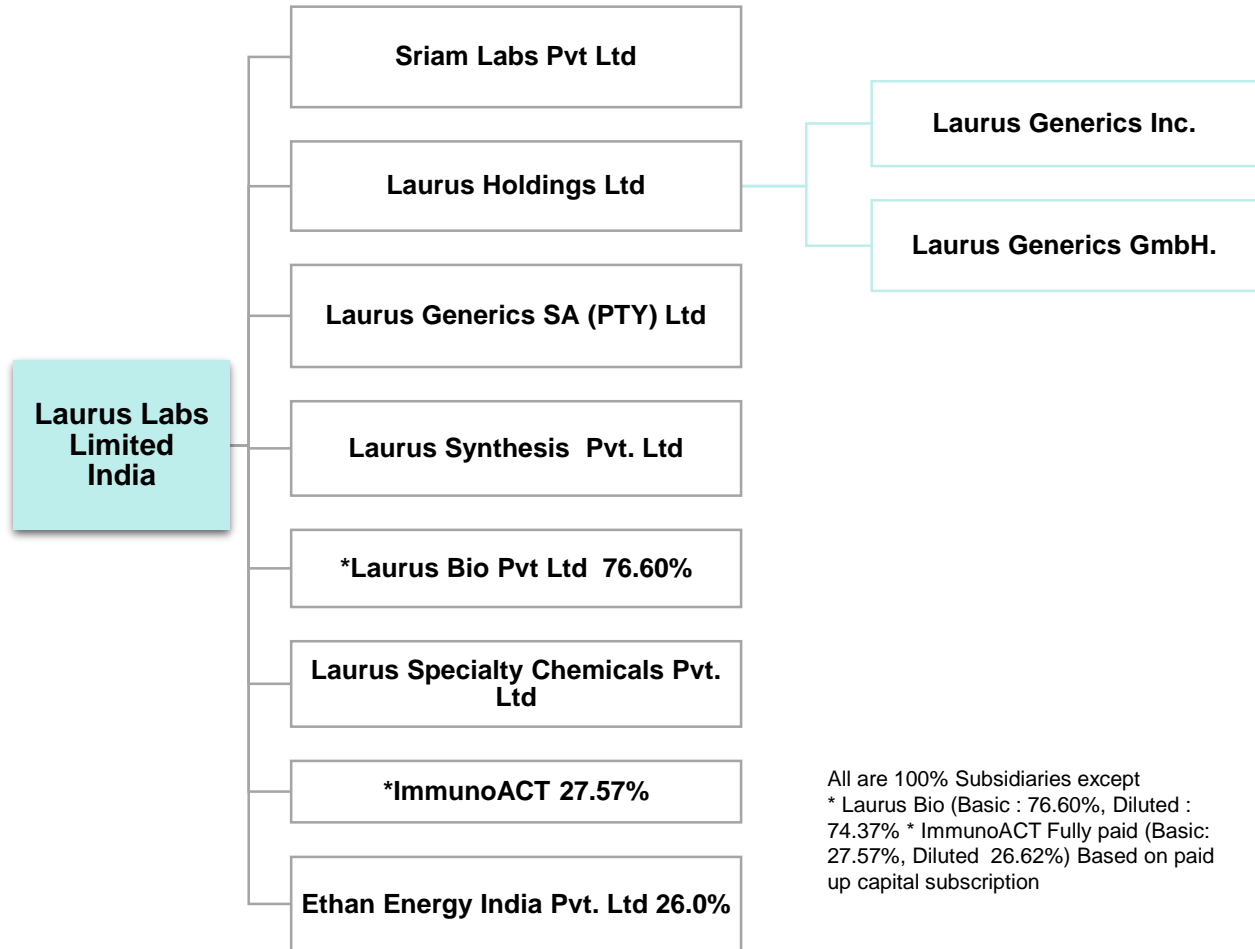
# Our Recognitions

- International Safety Awards 2023 from British Safety Council – Unit-1,3
- “Best Performance Award in Environmental Management” 2023 from AP PCB – Unit-5
- "Best Supplier of the Year 2022" Award from Teva
- OSH India Award – 2022 under the category Health and Safety Initiatives – Unit-4
- CII Industrial Safety Excellence Award 2022 in recognition of Best EHS Innovative practices
- Fortune India – Featured in Best CEOs of Year 2022
- AIMA Award - Emerging Business Leader of the Year 2021
- Most Promising company of Year 2021 - CNBC-TV18 Indian Business Leader Awards
- Business Today – Best CEO of Year 2021
- E&Y, Entrepreneur of the Year 2021 - Health Care and Life Sciences Segment
- ET Corporate Excellence Awards - Emerging Company of Year 2021
- Business Person of the Year 2021 - Awarded by Sakshi Excellence Awards
- India Pharma Leader Award 2020
- Golden Peacock Award - For Excellence in Corporate Governance 2020

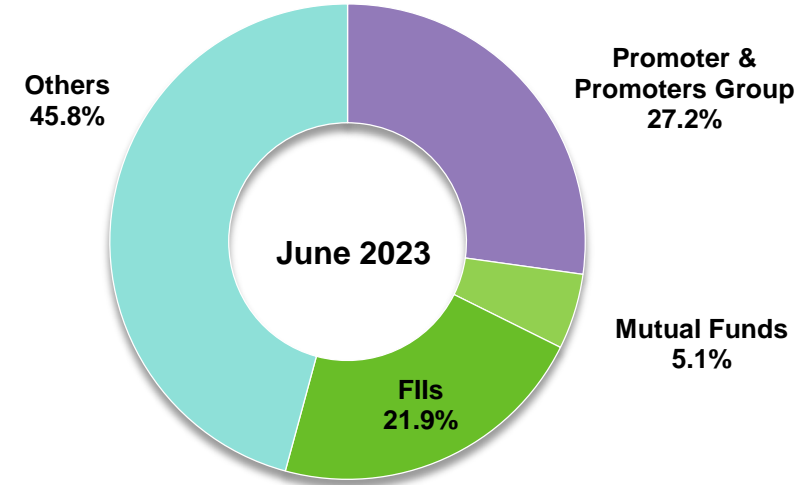


# Corporate Structure and Shareholding Details

## Corporate Structure



## Shareholding Pattern



### Top 5 Holders (Institution / Non-Promoter)

Holder	Stake
New World Fund	5.3%
Amansa Holdings	4.2%
SmallCap World Fund	3.4%
LIC	2.7%
Vanguard	2.6%

# Conference Call Details

**Laurus Labs Results Conference Call to be held on Thursday, 27<sup>th</sup> July 2023 at 5:00 PM IST**

## Dial – In – Details

Universal Dial-In	+91 22 6280 1342
India Local access Number	+91 22 7115 8243
Singapore	800 101 2045
Hong Kong	800 964 448
USA	1 866 746 2133
UK	0 808 101 1573

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# About Laurus Labs

Founded in 2005, Laurus Labs is a research-driven pharmaceutical and biotechnology company with an aim to improve the quality of life for millions around the world. We have a global leadership position in select Active Pharmaceutical Ingredients (APIs) including anti-retroviral, oncology drugs (incl High Potent APIs), Cardiovascular, and Gastro therapeutics. We also offer integrated CMO and Contract Development and Manufacturing Organization (CDMO) services to Global Innovators from Clinical phase drug development to commercial manufacturing.

We are passionate about continuous technological advances for Smart and Green chemistry skills to driven efficiencies and sustainable manufacturing backed by proven regulatory inspection and quality foundation. Laurus employs 6500+ people, including around 1050+ scientists at more than 11 facilities approved by global agencies USFDA, WHO-Geneva, Japan-PDMA, UK-MHRA, EMA, TGA etc. During FY2023 Laurus generated ₹ 6,041 crore in annual revenue and is listed on the BSE (Bombay Stock Exchange) and the NSE (National Stock Exchange) in India. Laurus' proactive stance to conduct business with utmost Transparency, Integrity and Respect for environment & communities have earned it a place in Governance benchmark, consistently Certified Great Place to Work and Rated "BBB" by leading MSCI ESG Ratings. Corporate Identification No: L24239AP2005PLC047518.

## Investor relations contact

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E: [vivek.k@lauruslabs.com](mailto:vivek.k@lauruslabs.com)

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