

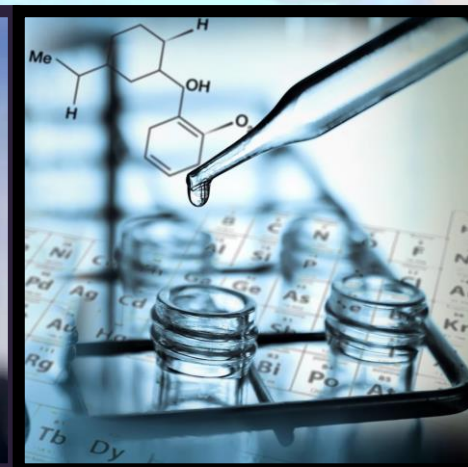
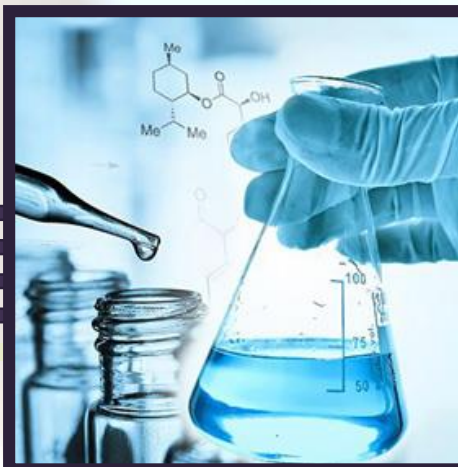
Neogen Chemicals Ltd.

Q3 & 9M FY20 Earnings Presentation

February 2020



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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The table of contents is presented as a horizontal row of seven colored, rounded rectangular boxes. Above each box is a decorative graphic consisting of several small circles in various colors (purple, green, yellow, grey) arranged in a cluster. The background of the slide features a faint, light blue molecular structure with spheres and connecting lines.

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Introduction to Neogen Chemicals	Competitive Advantages	Q3 & 9M FY20 Financial Performance	Management Commentary	Historical Financial Trends	Way Forward	Contact Us

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

205

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

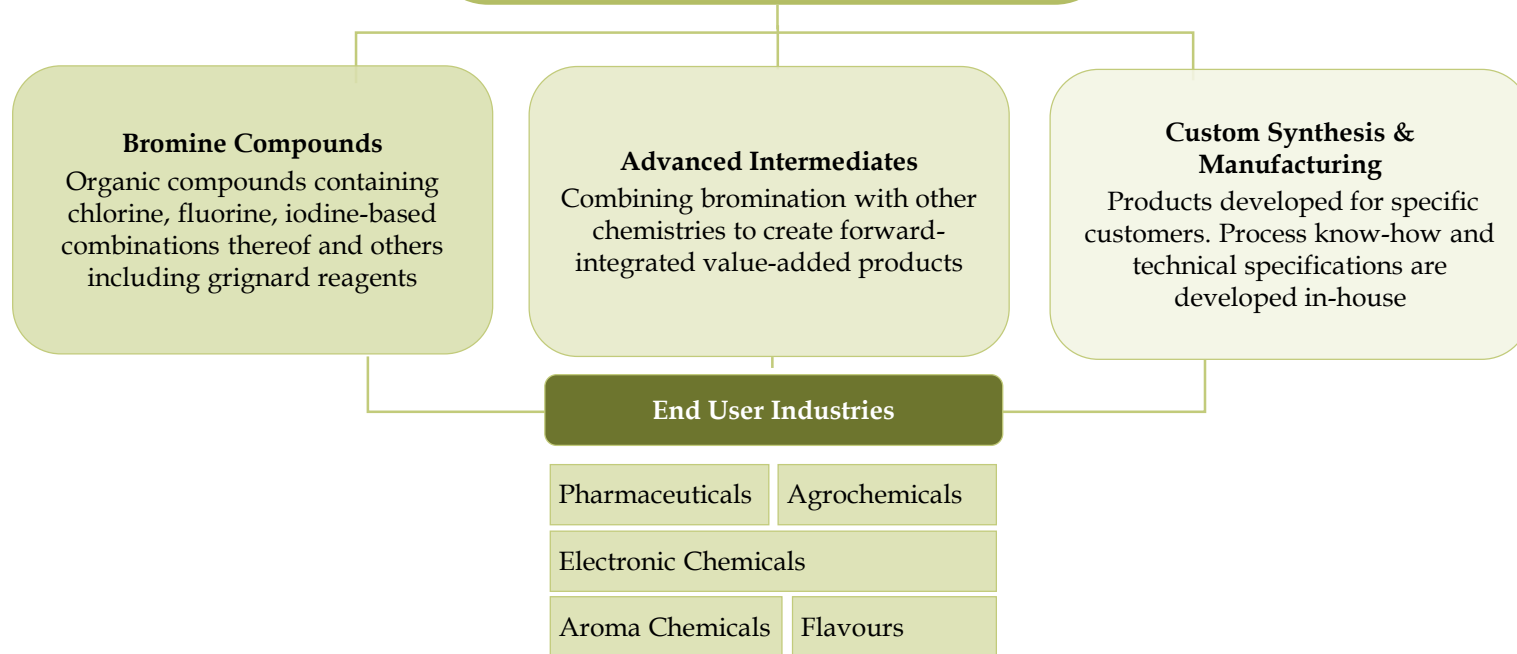
40%

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



Divis Laboratories Ltd.



CBC Co.,Ltd



THERMAX

VOLTAS

A TATA Enterprise



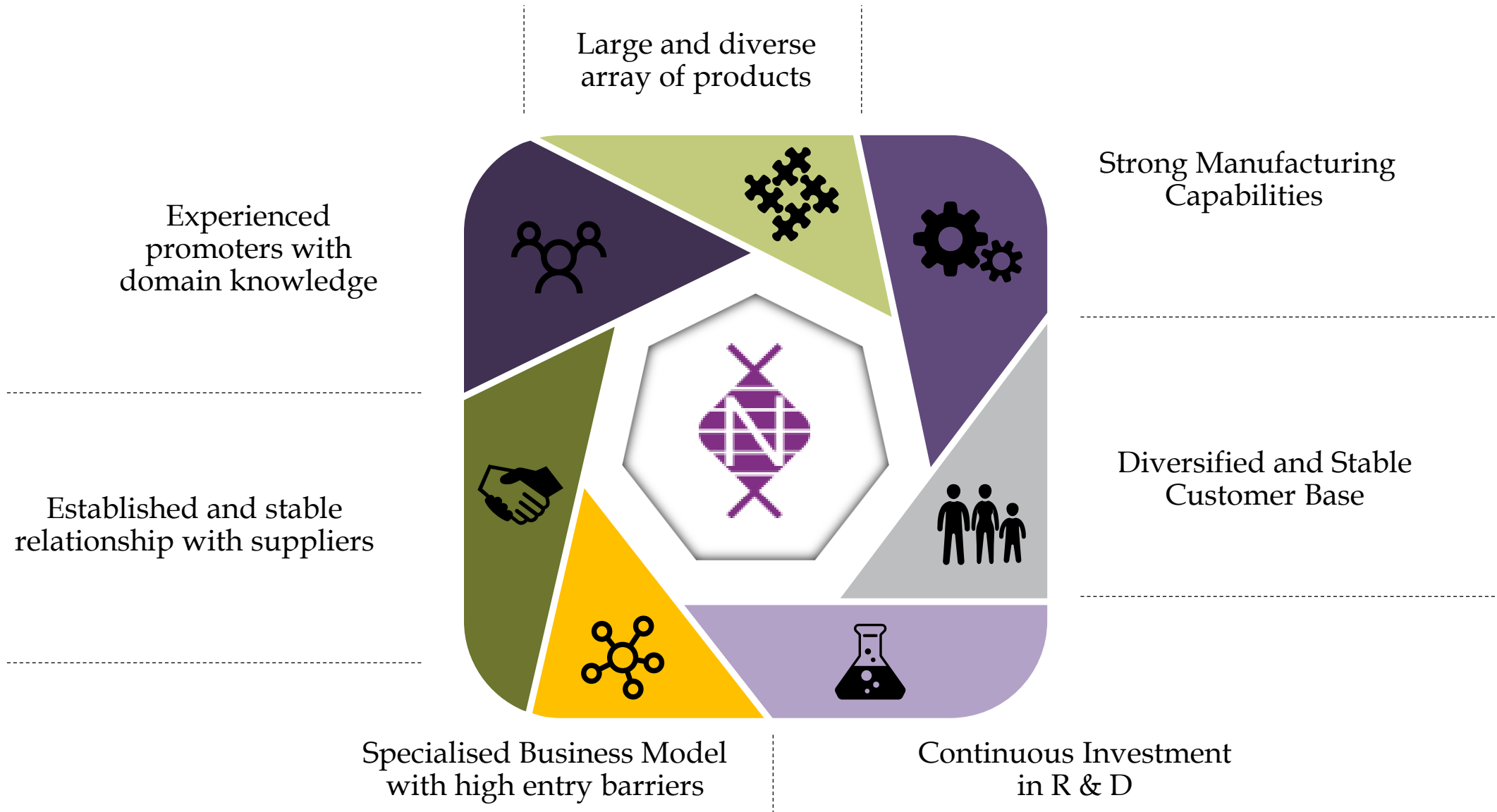
HETERO



Enriching Lives



Competitive Advantages



Key Performance Highlights - Q3 FY20



Rs. 82.29 cr  **30.2%**

Revenues

Rs. 15.99 cr  **53.8%**

EBITDA

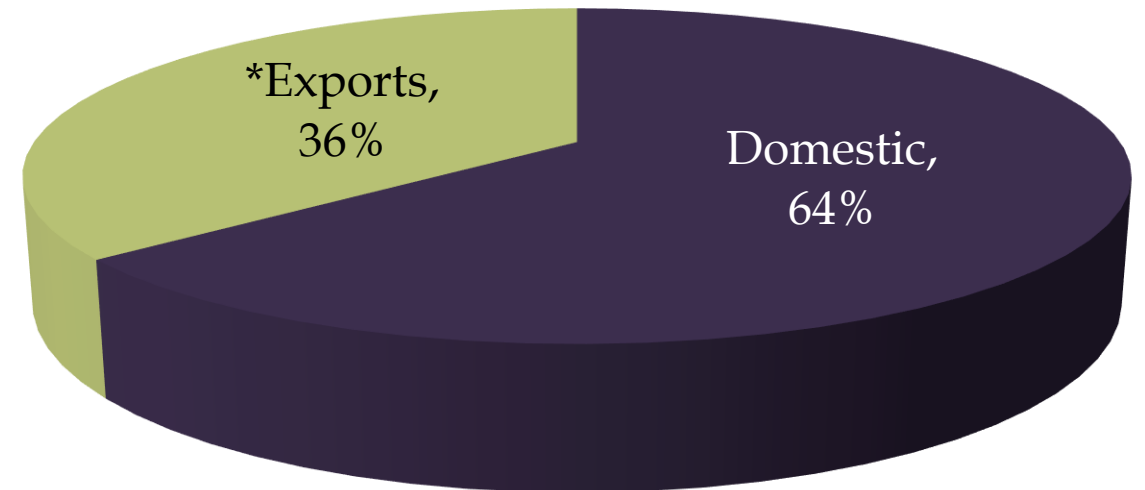
Rs. 11.53 cr  **69.1%**

Profit Before Tax

Rs. 8.22 cr  **90.7%**

Profit After Tax

Revenue break-up



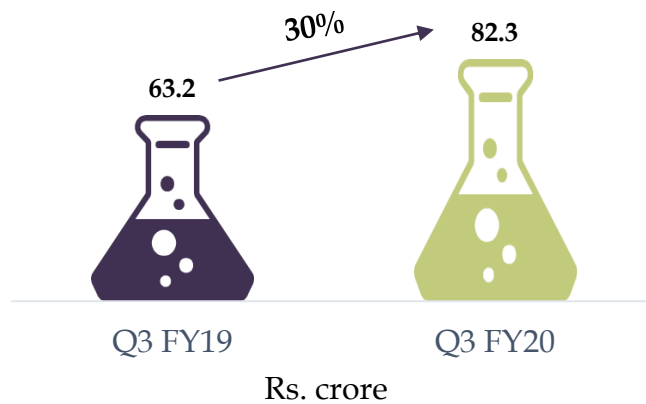
**Including deemed exports*

Note: Growth for Q3 FY20 is compared to Q3 FY19

Financial Summary – Q3 FY20



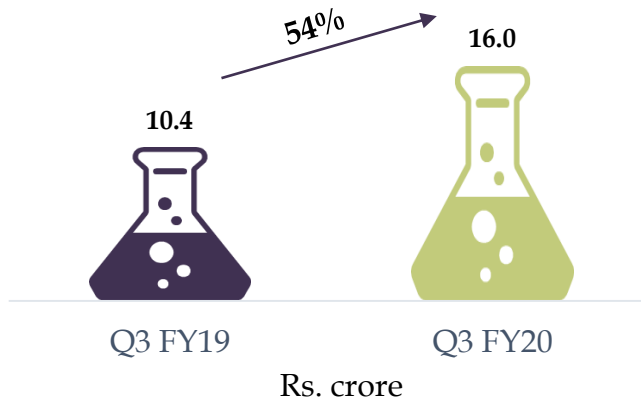
REVENUE



Growth momentum in Q3 FY20 continued on the back of higher utilization of existing capacities

Q3 FY19 was the first quarter of production after maintenance shut down at the Vadodara facility

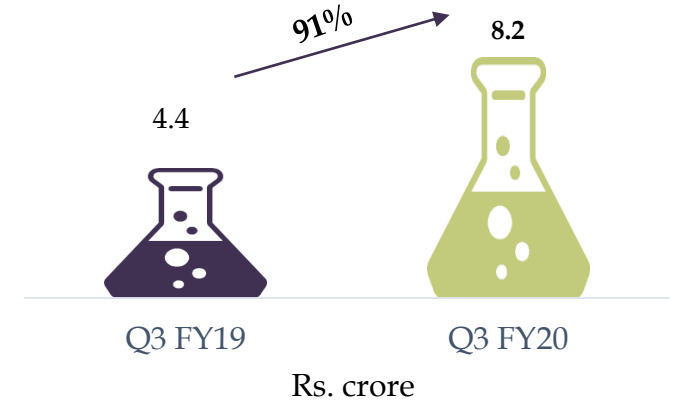
EBITDA



EBITDA demonstrated strong growth with margin expansion led by:

- Topline growth and higher capacity utilization
- Better efficiencies on larger scale of operations
- Control over operating expenses

PAT



All round robust performance supported PAT margin expansion based on:

- Healthy operating performance
- Stable fixed cost structure

Revenue break-up



	Q3 FY20	Q3 FY19		9M FY20	9M FY19	
23%	Rs. 70 cr.	Rs. 57 cr.	44%	Rs. 182 cr.	Rs. 126 cr.	Organic Chemicals
100%	Rs. 12 cr.	Rs. 6cr.	27%	Rs. 42 cr.	Rs. 33 cr.	Inorganic Chemicals

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 H1.
- 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.
- Investors may also note that following the plant maintenance activity in H1 FY19, utilization has scaled up and remains at higher levels starting from H2 FY19. Hence, volume growth seen in the first half of FY20 from a lower base is not expected to continue at the same level in H2 FY20.

Financial Table – Profit & Loss Statement (Standalone)



Particulars (Rs. crore)	Q3 FY20	Q3 FY19	Growth (%)	9 M FY20	9 M FY19	Growth (%)
Revenue	82.3	63.2	30.2%	223.8	159.2	40.6%
Expenditure	66.3	52.8	25.6%	181.6	132.1	37.5%
EBITDA	16.0	10.4	53.8%	42.2	27.1	55.7%
<i>Margins</i>	19.4%	16.5%		18.9%	17.0%	
Depreciation	1.4	0.9	55.6%	3.5	2.1	66.7%
EBIT	14.6	9.5	53.7%	38.7	25.0	54.8%
Interest	3.2	3.0	6.7%	9.0	8.6	4.7%
Other Income	0.1	0.3	-66.7%	0.3	0.7	-57.1%
Profit Before Tax	11.5	6.8	69.1%	30.0	17.1	75.4%
<i>Margins</i>	14.0%	10.8%		13.4%	10.7%	
Tax Expense	3.3	2.5	32.0%	8.5	4.8	77.1%
Profit After Tax	8.2	4.4	90.7%	21.5	12.3	74.8%
<i>Margins</i>	10.0%	6.8%		9.6%	7.7%	
Earnings Per Share (Rs.)	3.46	2.17	59.4%	9.03	6.12	47.5%



Commenting on the Q3 FY20 performance, Mr. Haridas Kanani, Chairman & Managing Director, at Neogen Chemicals said:

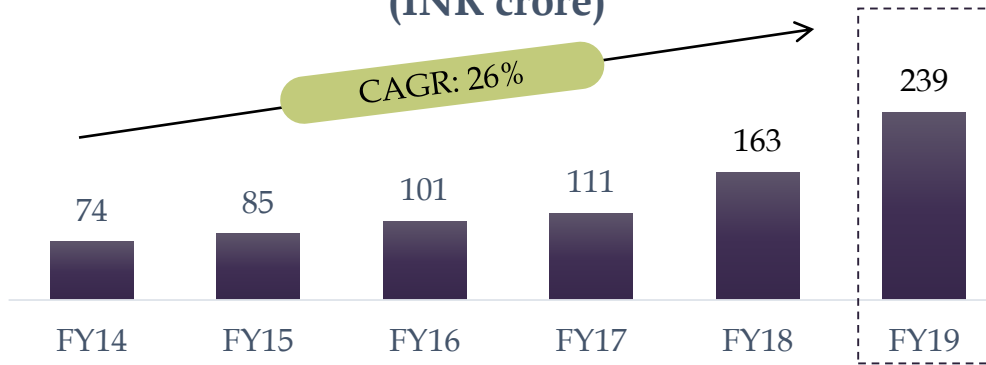
"I am glad to state that we have sustained our growth momentum during the quarter under review, on the back of expected gains in both Organic as well as Inorganic Chemicals segment. Overall, we recorded 30% revenue growth and 91% expansion in Profit After Tax, driven by better demand scenario as well as higher production at our facilities. Further, I am happy to underline that we have commenced commercial production of Inorganic Chemicals at our new commissioned Greenfield facility at Dahej SEZ.

Neogen Chemicals is best placed to capture the ongoing growth opportunities present in the end-user industries given its expertise as well as wide portfolio of offerings. We remain on track to deliver accelerated performance in the years to come backed by revenues from the newly constructed Inorganic facility at Dahej SEZ as well as de-bottlenecking initiatives at the existing plants. The performance will be further bolstered by upcoming Organic expansion which will come in towards the end of next financial year. All-in-all, we are excited with the business momentum and remain confident of executing the growth opportunities in the space."

Historical Financial Trends

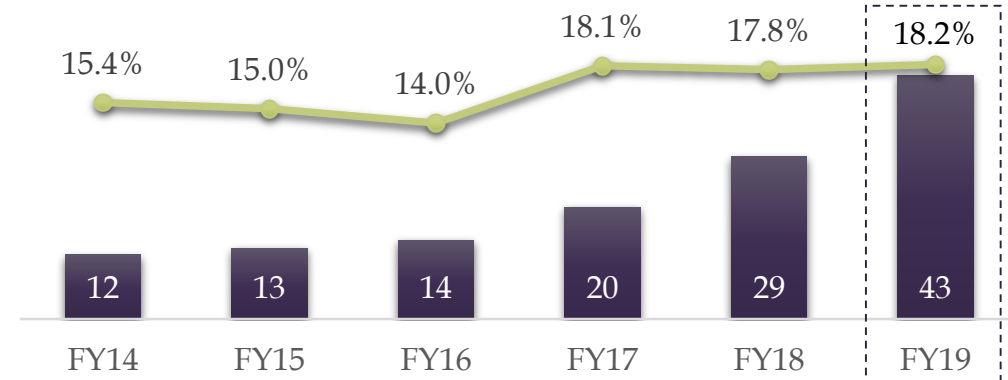


Net Revenue from Operations
(INR crore)**

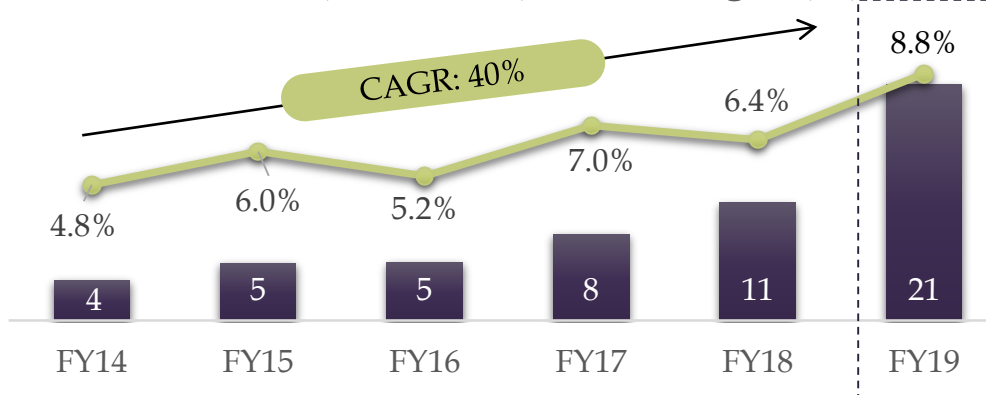


** Revenue is Net of Excise

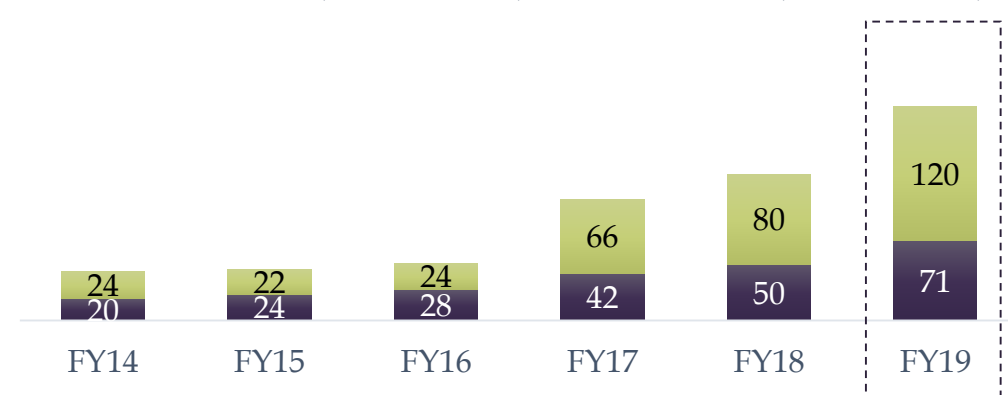
EBITDA (INR crore) Margin (%)



PAT (INR crore) Margin (%)

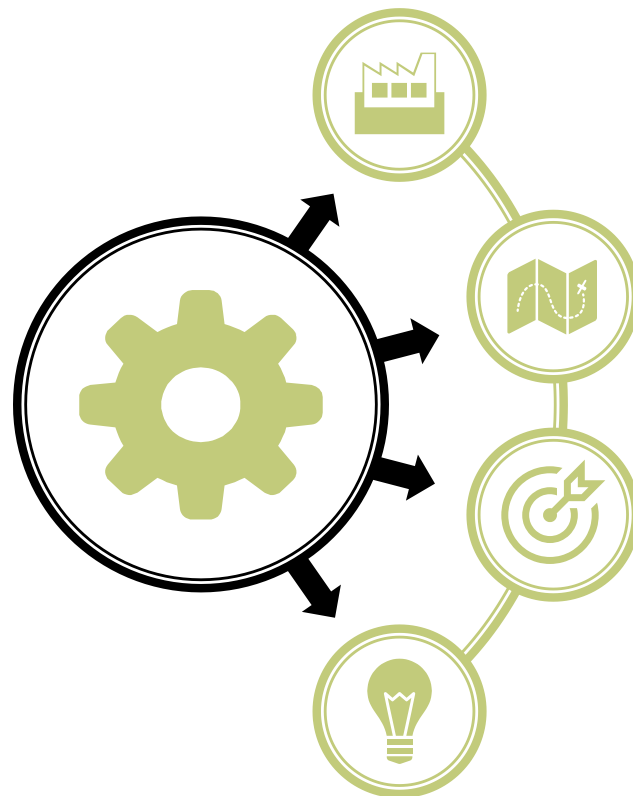


Networth* (INR crore) Net Debt (INR crore)



* 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.

For further information, please contact:

Mahesh Tanna
Neogen Chemicals Ltd.
Tel: +91 22 2549 7365 / 66
E-mail: mahesh@neogenchem.com

Shiv Muttoo / Nishid Solanki
CDR India
Tel: +91 98335 57572 / +91 22 6645 1221
Email: shiv@cdr-india.com
nishid@cdr-india.com



Thank You



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