Neogen Chemicals Ltd.

Q4 & FY19 Earnings Presentation

May 27, 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

Bromine Compounds
Organic compounds containing chlorine, fluorine, iodine-based combinations thereof and others including grignard reagents

Advanced Intermediates
Combining bromination with other chemistries to create forward-integrated value-added products

Custom Synthesis & Manufacturing
Products developed for specific customers. Process know-how and technical specifications are developed in-house

End User Industries

- Pharmaceuticals
- Agrochemicals
- Electronic Chemicals
- Aroma Chemicals
- Flavour

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 Polymer
- Construction Chemicals

Select Clientele

AUSTIN
SOLVAY
Divis Laboratories Ltd.
LAURUS Labs
Knowledge . Innovation . Excellence
CBC Co.,Ltd
CBC GROUP
THERMAX
VOLTAS
A TATA Enterprise

Competitive Advantages

Large and diverse array of products

Experienced promoters with domain knowledge

Strong Manufacturing Capabilities

Established and stable relationship with suppliers

Diversified and Stable Customer Base

Specialised Business Model with high entry barriers

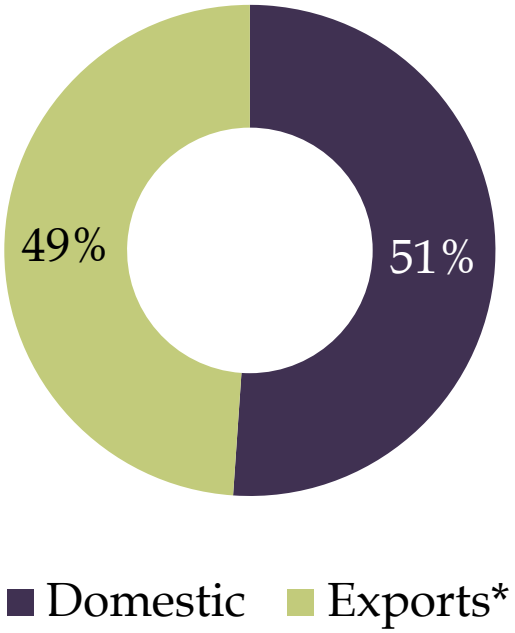
Continuous Investment in R & D

Key Performance Highlights – Q4 & FY2019

	FY19		Q4 FY19	
Revenues	₹ 239 cr	46%	₹ 80 cr	35%
EBITDA	₹ 43 cr	50%	₹ 16 cr	40%
Profit Before Tax	₹ 29 cr	67%	₹ 12 cr	39%
Profit After Tax	₹ 21 cr	97%	₹ 9 cr	27%

Note: Growth for FY19 is compared to FY18 and growth for Q4 FY19 is compared to Q4 FY18

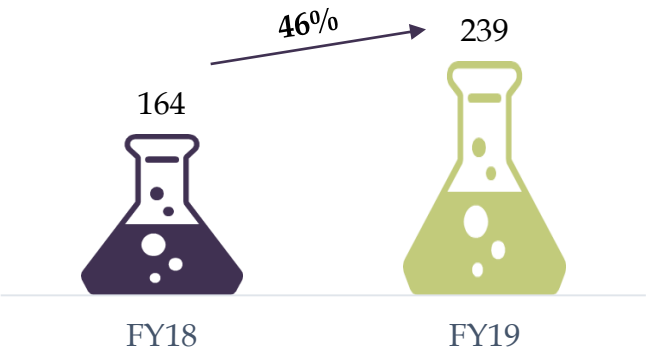
FY19 Revenue break-up



**Including deemed exports*

Financial Summary – FY2019

REVENUE

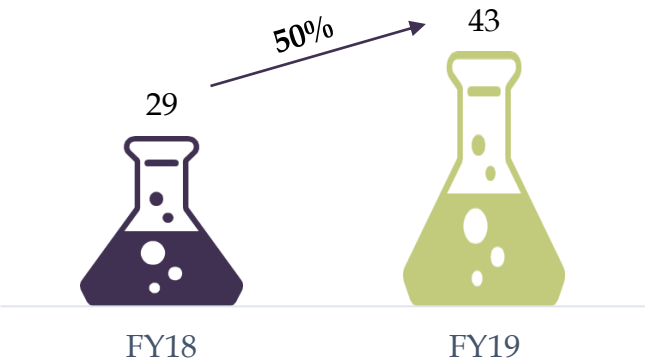


Rs. crore

Strong revenue growth was led by combination of factors including:

- Better Capacity Utilization
- Improvement in productivity at Vadodara
- Favorable product-mix

EBITDA

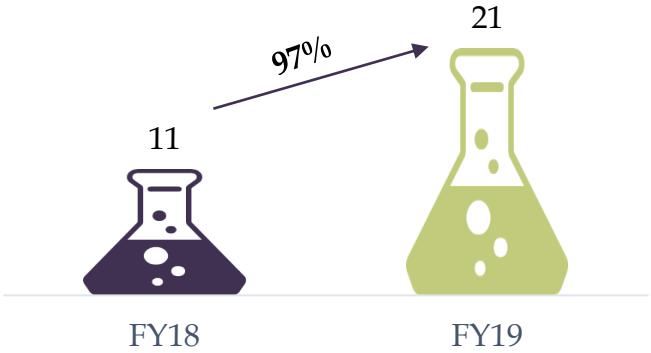


Rs. crore

EBITDA expanded on account of:

- Better Capacity utilization
- Improving efficiencies on larger scale of operations
- Favorable product mix

PAT



Rs. crore

Profit After Tax improved due to:

- Strong operating performance
- Lower finance cost due to higher export and improved rating
- Lower tax rate in financial year 2019

Revenue break-up – FY2019

	FY2019	FY2018
82%	Rs. 193 cr.	Rs. 106 cr.
(17%)	Rs. 48 cr.	Rs. 57 cr.

Organic Chemicals

Robust growth was driven by higher capacity utilisation and better efficiency of operations

Inorganic Chemicals

Subdued growth was a result of lower prices of lithium RM as well as softer demand from customers

Financial Table – Profit & Loss Statement (Standalone)

Particulars (Rs. crore)	Q4 FY2019	Q4 FY2018	Growth (%)	FY2019	FY2018	Growth (%)
Revenue	**79.8**	**58.9**	**35%**	**239.1**	**164.0**	**46%**
Expenditure	63.5	47.3	34%	195.6	135.0	45%
EBITDA	**16.3**	**11.6**	**40%**	**43.4**	**29.0**	**50%**
Margins	20.4%	19.7%		18.2%	17.8%	
Depreciation	0.7	0.5	57%	2.8	1.9	53%
EBIT	**15.6**	**11.2**	**39%**	**40.6**	**27.1**	**50%**
Interest	3.4	2.7	25%	11.9	10.4	15%
Other Income	0.05	0.3	-83%	0.7	0.8	-13%
Profit Before Tax	**12.2**	**8.8**	**39%**	**29.3**	**17.5**	**67%**
Margins	15.3%	14.9%		12.3%	10.7%	
Tax Expense	3.5	1.9	87%	8.3	6.8	21%
Profit After Tax	**8.7**	**6.9**	**27%**	**21.0**	**10.7**	**97%**
Margins	11.0%	11.7%		8.8%	6.4%	
Earnings Per Share (Rs.)	**4.36**	**3.45**	**26%**	**10.48**	**5.35**	**96%**

Balance Sheet Snapshot (Standalone)

Particulars (Rs. In crore)	As on March 31, 2019	As on March 31, 2018
Assets		
Non-current assets	86.6	73.7
Current assets	160.1	106.9
Total Assets	***246.7***	***180.6***
Liabilities		
Shareholders' Funds	70.5	50.6
Non-current liabilities	59.5	46.4
Current liabilities	116.7	83.6
Total Liabilities	***246.7***	***180.6***

Management Commentary

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

"I am pleased to share our first financial and operational performance as a listed company after successfully concluding the IPO. I also humbly welcome on board all our new shareholders to be a part of ***Neogen family's*** *exciting growth journey ahead.*

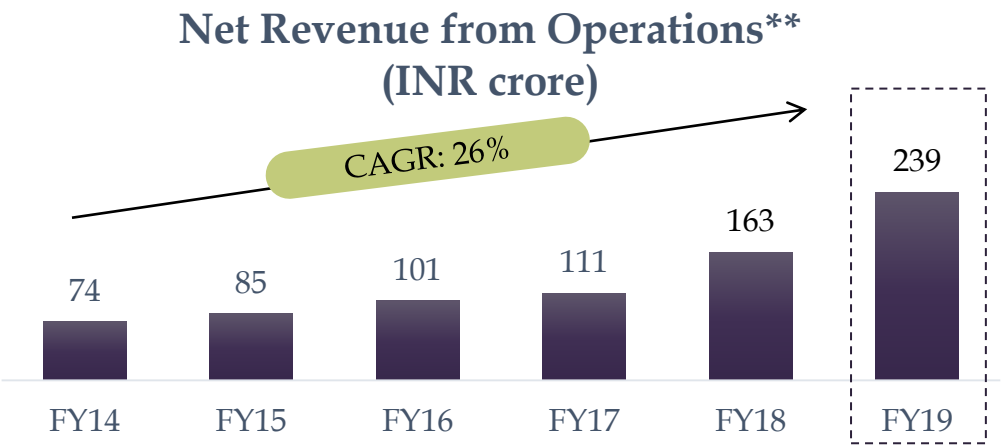
Over the last 28 years, we have meticulously worked to build a niche business model with strong expertise in Bromine and Lithium chemistries which is now extended across several chemistries. Throughout this period, we have continued to abide by our fundamental guiding principles of honesty, integrity and governance, to create a robust platform from which we hope to build sustained value for all our stakeholders."

Commenting on the performance, Dr. Harin Kanani, Joint Managing Director at Neogen Chemicals said:

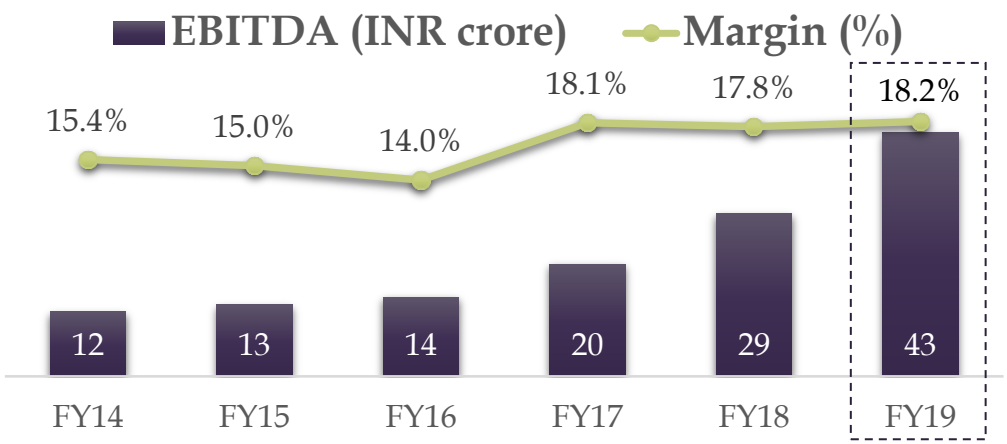
"Financial Year 2019 has been a remarkable year for us and I am delighted to share that we have reported significant improvement in revenues and profits once again, in line with the consistent trajectory charted over the last several years. Robust revenue growth of 46% and PAT growth of 97% in FY19 was driven by our emphasis of operating our plants at optimal utilisation levels driven by encouraging demand scenario across industries.

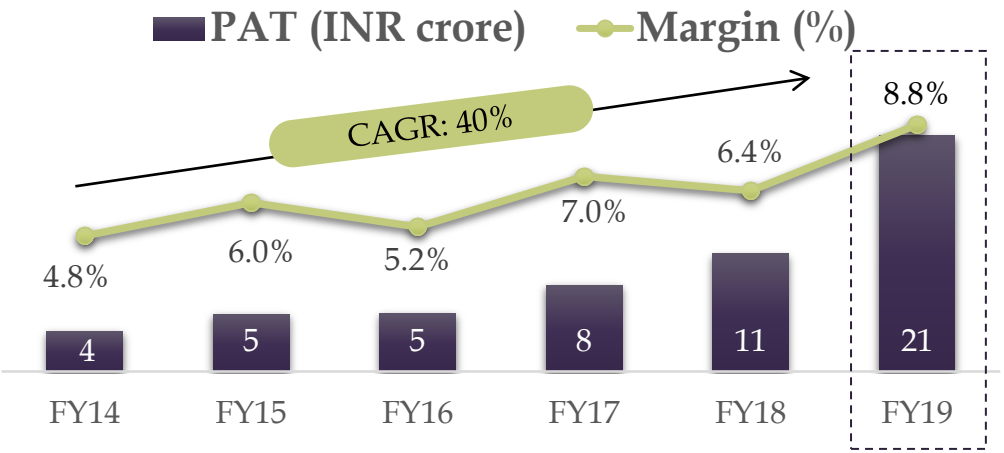
Following the IPO, we have created a strong capital base that we expect to leverage to drive several growth initiatives. The road ahead appears promising and we are committed to demonstrate solid performance over the next few years led by our planned capacity expansions and improvement in product mix with efficient innovative process."

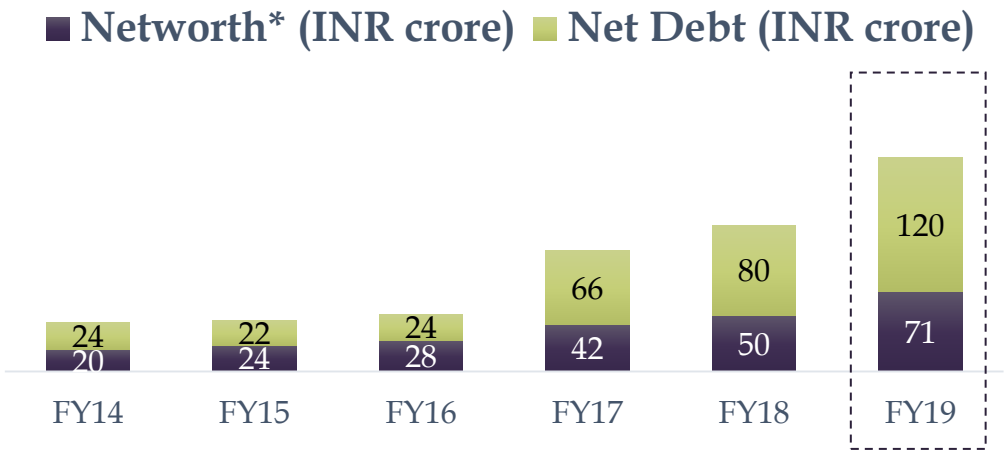
Historical Financial Performance



** *Revenue is Net of Excise*

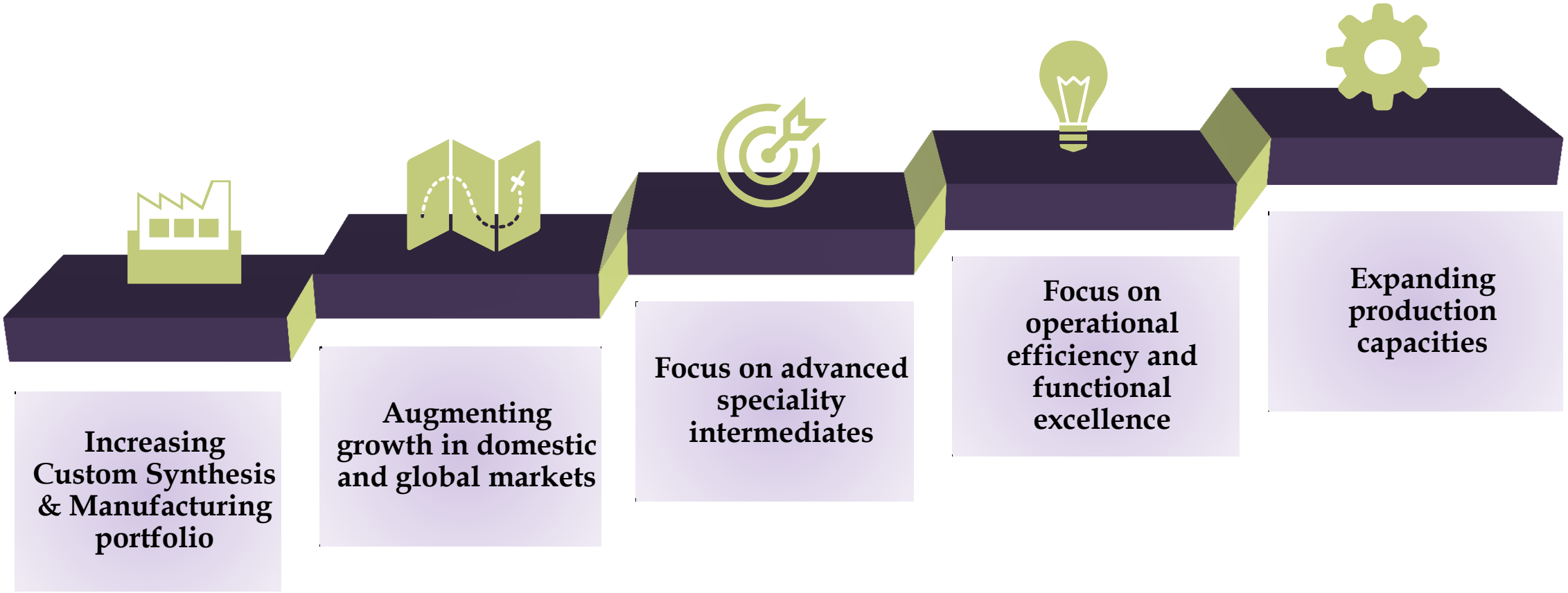






* *Net Debt includes preference share capital*

Way Forward


Increasing Custom Synthesis & Manufacturing portfolio
Augmenting growth in domestic and global markets
Focus on advanced speciality intermediates
Focus on operational efficiency and functional excellence
Expanding production capacities

About Us

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. It's 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

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