

RadioPharma & Sterile Injectibles to drive growth, Big Positive as Generics business also comes in Profits

CMP: INR 1,058

Rating: HOLD

Target Price: INR 1,174

Stock Info

BSE	530019
NSE	JUBLPHARMA
Bloomberg	JUBLPHAR IN
Reuters	JUBA.NS
Sector	Pharma
Face Value (INR)	1
Equity Capital (INR Mn)	159
Mkt Cap (INR Mn)	1,69,650
52w H/L (INR)	1,247 / 370
Avg Yearly Vol (in 000')	423

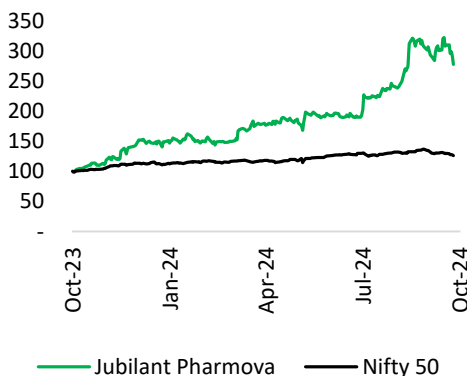
Shareholding Pattern %

(As on Sept, 2024)

Promoters	50.67
Public & Others	49.33

Stock Performance (%)	1m	6m	12m
JUBLPHARMA	7.2	55.6	180.0
Nifty 50	-5.2	8.1	27.8

Jubilant Pharmova Vs Nifty



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In Q2FY25 JPL posted revenue of INR 17,422 mn up 1.3% YoY/ up 4.5% QoQ, EBITDA of INR 2,793 mn up 16.3% YoY/ up 22.4% QoQ and PAT of INR 1,025 mn , up 4.6% YoY (exceptional gain of INR 3,959 mn in Q1FY25). JPL announced in their yesterday's filing that the growth and Profitability was attributed to the growth in their CDMO segment, along with Sterile Injectibles, CRDMO and Generics segment. The Company received proceeds from sale of stakes in Sofie Biosciences Inc., totaling up to USD 115.9 million, and made a voluntary debt repayment of USD 75 million, equivalent to INR 6,260 mn in Q1FY25. As a result, the net debt to EBITDA has come down for the company to 1.5x as of Sept 2024 against 2.5x in March 2024. The RadioPharma segment revenue grew by 10.66% YoY contributing 46.8% of the Company's revenue mix, and maintained the EBITDA Margins at 48%. The CDMO sterile Injectibles saw a flat quarter due to Seasonality of the business.

Segment wise: RadioPharmaceuticals segment saw a flat revenue growth annually with EBITDA margins at 48% while the RadioPharmacies revenues increased by 15.9% YoY with EBITDA margins at 1%. The Allergy Immunotherapy segment also saw flattish revenue growth due to Seasonality factors. The Capex in the Sterile Injectable segment is said to be on track for the company with the Line 3 & Line 4 to commence commercial productions from FY26 & FY28 respectively. The Combined revenue potential of Line 3 & 4 is USD 160-180 mn annually. The Company saw the generics segment register good growth in terms of EBITDA which came positive during the quarter as the EBITDA margins for the business came at 12%. However, going ahead, we believe this will be beneficial for the overall company as the Generics negative EBITDA used to drag the overall company's Profits down.

Strategic partnership with Pierre Fabre:

The Jubilant Pharmova announced strategic partnership with Pierre fabre of France, under which the Jubilant's subsidiary would acquire 80% equity capital in Jasmin, with which the Company intends to expand their footprint in Europe in areas like Biologics and Antibody Drug Conjugates, in addition to the existing services including integrated drug discovery services from India.

Proposed Investment in PET radiopharmacy network: Jubilant has proposed an investment of USD 50 mn for PET RadioPharmacy network which is underway. This will allow Jubilant to increase their RadioPharmacy network to 52 sites from current 46 sites.

Valuation & View: Jubilant Pharmova's future revenues will be driven by the company's high margin RadioPharmaceuticals division that has consistently posted ~50% EBITDA margins and is complemented by the RadioPharmacies that operates a network of 46 Radio Pharmacies administering nuclear medicines, and is adding 6 more pharmacies in the future. The combined RadioPharma business contributes around 48% of the consolidated revenue and will keep on increasing in the mix in the future driving the overall margins. The Capex for the CDMO Sterile Injectibles business will also be second growth driver for the company as we expect the Sterile Injectibles contribution in the revenue mix to increase from 19% to more than 25% over the next 2-3 years. The generics business turned Profitable during Q2FY25, and the Company plans to introduce 6-8 new products in that segment in the medium term. **We believe Jubilant Pharmova will see a revenue jump of 10% on a CAGR basis and with the Proceeds from the stake sale in Sofie, the company will have more capital to focus on expanding their RadioPharma and Sterile Injectibles business while their debt comes down. We value the stock at an EV/EBITDA multiple of 10x on FY27E EBITDA of INR 21 bn and maintain our Target Price of INR 1,174 per share.**

Link to Our Previous Report: <https://bit.ly/46WbA5v>

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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