

**RadioPharma & Sterile Injectibles to drive growth, shut down of loss making Generics manufacturing facility a big Positive**

**CMP: INR 750**

**Rating: BUY**

**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)	1,19,400
52w H/L (INR)	800 / 319
Avg Yearly Vol (in 000')	423

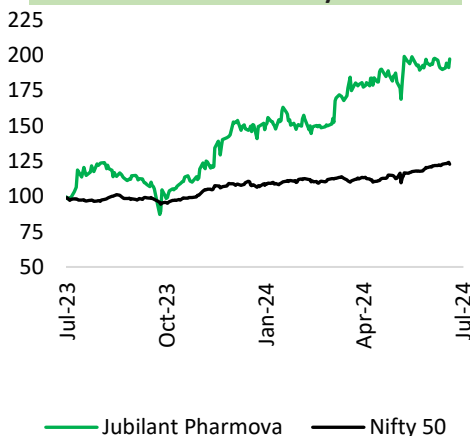
**Shareholding Pattern %**

(As on June, 2024)

Promoters	50.67
Public & Others	49.33

Stock Performance (%)	1m	6m	12m
JUBLPHARMA	0.7	38.1	94.4
Nifty 50	4.1	15.5	22.8

**Jubilant Pharmova Vs Nifty**



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In Q1FY25 JPL posted revenue of INR 17,204 mn up 9.8% YoY/ down 1.5% QoQ, EBITDA of INR 2,660 mn up 50% YoY/ down 8.05% QoQ and PAT of INR 4,820 mn against a loss of INR 620 mn and up by 1,055% YoY. JPL announced in their yesterday's filing that US FDA has completed its audit of their Montreal facility for the RadioPharmaceuticals manufacturing, and has indicated Voluntary Action on part of the Company. 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. As a result, the net debt has gone down to INR 18,690 mn from INR 25,090 mn. Net debt/ EBITDA for the company has also improved to 1.7x from 2.5x. The RadioPharma segment revenue grew by 20.41% YoY contributing 48% of the Company's revenue mix. The CDMO sterile Injectibles revenue also grew by 27.56% YoY during the quarter and makes 18.7% of the mix.

**Segment wise:** RadioPharmaceuticals segment saw revenue growth of 28.4% YoY with EBITDA margins at 48% while the RadioPharmacies revenues increased by 28.4% YoY with EBITDA margins at 2% against 0% in Q1FY24. The Allergy Immunotherapy segment grew by 11.3% YoY with 38% Margins while Sterile Injectables revenue grew by 27.56% YoY with 18% margins. 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. However, there was de-growth of revenues in other segments like Generics business as the Company had to shut down their generics manufacturing facility in the US due to it incurring almost INR 1,000 mn losses annually. The Generics business saw a revenue degrowth of 22.7% YoY. However, going ahead, we believe this will be beneficial for the overall company as we expect the Generics business to break even in FY25, and post positive EBITDA margins from FY26 and beyond.

**Recently, JPL completed the Stakes sale in Sofie Biosciences Inc.:**

Jubilant Pharmova, 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. As a result, the net debt has gone down to INR 18,690 mn from INR 25,090 mn. Net Debt/EBITDA for the Company has also improved to 1.7x from 2.5x. Jubilant Pharmova will be receiving another tranche of USD 25.8 mn, i.e, equivalent to INR 2,160 mn on achievement of contingent milestones. **JPL has a Net Debt of INR 18.69 bn** as of 30<sup>th</sup> June 2024. **We believe JPL's Net Debt/Equity at 0.32x at 30<sup>th</sup> June 2024, can be brought down further to as low as 0.26x in the near future.**

**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 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. **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 FY26E 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**

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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