Financial Results

Quarter Ended December 31, 2014

Disclaimer

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential product characteristics and uses, product sales potential and target dates for product launch are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. Jubilant Life Sciences may, from time to time, make additional written and oral forward looking statements, including statements contained in the company's filings with the regulatory bodies and our reports to shareholders. The company assumes no obligation to update forward-looking statements to reflect actual results, changed assumptions or other factors.

NOTES:

1. *All Financial Data in this presentation is derived from audited Financial Results of the Consolidated entity*
2. *The numbers for the quarter have been reclassified and regrouped wherever necessary*
3. *Closing Exchange Rate for USD 1 at Rs. 61.81 as on December 31'13 & Rs. 63.03 as on December 31'14*
4. *The Exchange fluctuation on long term forex loans in Indian books have been amortized over the tenure of the loan period as recommended under Indian Accounting Standards*

Conference Call Details

Date : Tuesday, February 03, 2015
Time : 5:00 pm IST

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Q3’15 Results Analysis

Key Business Segments – Q3'FY15

JUBILANT LIFESCIENCES

Jubilant Life Sciences

Pharmaceuticals (48%)

- Generics
  - Active Pharmaceutical Ingredients
  - Solid Dosage Formulations
- Specialty Pharmaceuticals (Sterile Products)
  - Radiopharmaceuticals
  - Allergy Therapy Products
  - CMO of Sterile Injectables
- Drug Discovery Solutions and Others

Life Science Ingredients (52%)

- Advanced Intermediates and Specialty Ingredients
- Nutritional Products
- Life Science Chemicals

Income Statement – Q3'FY15

JUBILANT LIFESCIENCES

Particulars	Q3'FY14	Q2'FY15	Q3'FY15	YoY Growth	QoQ Growth
	(Rs Crs)			(%)	
Total Income from Operations	**1,444**	**1,371**	**1,445**	**0%**	**5%**
Total Expenditure	1,193	1,260	1,260		
Other Income	4	26	6		
EBITDA including Other Income	**255**	**137**	**191**	**-25%**	**39%**
Depreciation	73	69	80		
Finance Cost	65	74	86		
Interest Swap Cost	20	22	10		
Profit after Interest but before Exceptional Items	**97**	(28)	16		
Exceptional Item - Gain/(Loss)	11	5	(0)		
Tax Expenses (Net)	(49)	65	20		
Minority Interest	13	6	7		
Reported Net Profit After Tax and Minority Interest	**143**	**(94)**	**(11)**		
Normalized Net Profit After Tax	**133**	**(99)**	**(11)**		
Paid-up share capital (Face value per share Re.1)	15.93	15.93	15.93		
Earnings Per Share - Basic (Rs.)	9.00	(5.91)	**(0.70)**		
Normalised Earnings Per Share - Basic (Rs.)	8.35	(6.20)	**(0.69)**		
Promoters and promoter group shareholding	54%	54%	54%		
	(%)			(bps)	
EBITDA Margins	17.7%	10.0%	13.2%	(444)	322
Normalized Net Margins	9.2%	-7.2%	-0.8%	(996)	644

Financial Highlights – Q3'FY15

JUBILANT LIFESCIENCES

- **Income from Operations at Rs. 1,445 Crore**
  - Flat YoY growth with QoQ growth of 5%
  - Growth in Pharmaceuticals segment revenues has been offset by lower revenues in Life Science Ingredients segment
  - Geographical growth in India and ROW markets offset by lower sales in China, Europe and Japan
- **EBITDA at Rs. 191 Crore**
  - EBITDA contribution from Pharmaceuticals segment at Rs. 140 Crore and LSI at Rs. 61 Crore
  - Pharmaceuticals segment drives 39% QoQ growth; YoY decline due to pricing pressure in Advanced Intermediates
  - Operating EBITDA Margins at 16.9% as compared to Reported EBITDA Margins of 13.2% on account of one-off expenses of Rs. 53 Crore to correct CMO operations
- **Profit After Tax at Rs. (11) Crore**
  - Earnings Per Share for Re. 1 FV equity share at Rs. (0.7)

Segmental Revenue Analysis – Q3'FY15

Segmental Revenue Analysis	Revenue (Rs. Crs.)			Revenue Mix (%)	YoY Growth %	QoQ Growth %
	Q3'FY14	Q2'FY15	Q3'FY15			
Pharmaceuticals	677	614	701	48%	4%	14%
Life Science Ingredients	767	757	744	52%	-3%	-2%
Income from Operations	**1,444**	**1,371**	**1,445**	**100%**	**0%**	**5%**
Inter Divisional Sales (IDTs)	158	125	107		-32%	-14%
IDT as a % of Income	11%	9%	7%			

- **Pharmaceuticals segment revenue at Rs. 701 Crore, contributing 48% to the revenue mix**
  - 14% QoQ growth and 4% YoY growth
  - Revenue growth of 14% YoY excluding CMO of Sterile Injectables
  - Growth driven by Radiopharmaceuticals and APIs, lowered because of CMO operations due to USFDA Warning Letter issues
- **LSI segment revenue at Rs. 744 Crore , contributing 52% to the revenue mix**
  - Lower revenue mainly due to pricing pressure in Advanced Intermediates
  - Revenue growth of 7% YoY excluding Advanced Intermediates
  - Fine Ingredients and Nutritional Products record healthy growth

Business Highlights – Q3'FY 15

JUBILANT LIFESCIENCES

Generics

Active Pharmaceutical Ingredients

- Volume buoyancy and realizing benefits of cost rationalization efforts
- 37 commercial APIs, including 19 in North America, 24 in Europe and 26 in ROW
- Launched Aripiprazole in US.
- 4 filings during the quarter – 1 in Japan and 3 in ROW.

Solid Dosage Formulations

- 48 commercial products, including 20+ in NA, 29 in Europe and 25 in ROW
- New Launches: Zolmitriptan ODT, Irbesartan, Amlodipine in Canada and many others in Emerging markets like APAC and ME and Africa etc.
- 8 approvals across regions including 4 in USA
- Entry into new markets and launch of new products to drive business growth

Business Highlights – Q3'FY 15

JUBILANT LIFESCIENCES

Specialty Pharmaceuticals (Sterile Products)

Radiopharmaceuticals

- Strategic initiatives help improvement in performance and successful scale up of the business
- Leadership positions in key products
- Strategic initiatives and Rubyfill launch to drive growth going forward

CMO of Sterile Injectables

- Resumption of operations in the quarter in Spokane
- Significant order backlog due to back orders in Spokane
- Interactions with the USFDA continue for speedy resolution of the USFDA Warning Letter
- Focus on profitable growth with commensurate cost structures to match revenue expectations

Business Highlights – Q3'FY 15

JUBILANT LIFESCIENCES

Advanced Intermediates, Specialty Ingredients and Nutritional Products

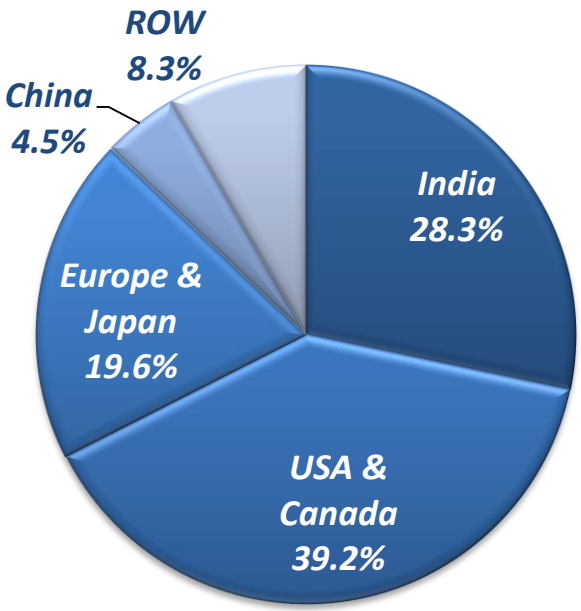
- Advanced Intermediates business grew 11% QoQ despite subdued demand and soft pricing in Chinese market; Specialty Ingredients too grew 11% QoQ
- Fine Ingredients and Nutritional Products record healthy growth
- Submitted anti-dumping duty review petition for China
- Started dispatch of Symtet to a European Company; production challenges continue but efforts continuing to achieve break-even level in operations
- Specialty Ingredients and Nutritional Products manufacturing units audited by key customers

Life Sciences Chemicals

- Witnessing better cost situation and stable pricing across markets for key products
- Looking forward to increase presence in a few new markets

Revenue Analysis – Geography wise – Q3'FY15

Geo-wise Revenue (Rs crs)	Q3'FY14	Q2'FY15	Q3'FY15	Mix %	YoY %
India	**350**	**416**	**409**	**28%**	**17%**
International	**1,095**	**955**	**1,037**	**72%**	**-5%**
USA & Canada	567	513	567	39%	0%
Europe & Japan	324	277	283	20%	-13%
China	113	72	65	5%	-42%
ROW	89	93	120	8%	35%
Income from Operations	**1,444**	**1,371**	**1,445**	**100%**	**0%**



- **72% of Income from International Markets, at Rs. 1,037 Crore**
  - Key developed markets share at 59% of revenue mix
  - Other international markets share stood at Rs. 186 Crore, 13% of the revenue mix
- **28% Income from India at Rs. 409 Crore in the quarter, up by 17%**
  - Growth driven by Life Science Chemicals

Operating Expenditure Analysis – Q3'FY15

Expenses (Rs Crs)	Q3 FY14	% of Sales	Q2 FY15	% of Sales	Q3 FY15	% of Sales	YoY Growth %	QoQ Growth %
Material Cost	595	41%	606	44%	623	43%	5%	3%
Power & Fuel Cost	99	7%	100	7%	99	7%	0%	-1%
Employee Cost	281	19%	271	20%	272	19%	-3%	0%
Other Expenses	218	15%	283	21%	267	18%	23%	-6%
Total expenses	**1,193**	83%	**1,260**	92%	**1,260**	87%	**6%**	**0%**

- **Material Costs** as percentage of sales higher due to change in product mix and services
- **Power & Fuel** as percentage of sales and **Employee costs** stable for the quarter
- **One-off expenses** of Rs. 53 Crore (Rs. 20 Crore in Material Cost and Rs. 33 Crore in others) to correct CMO operations

EBITDA Analysis – Q3'FY15

EBITDA (Rs. Crs)					
Business Segments	**Q3'FY14**	**Q2'FY15**	**Q3'FY15**	**YoY Growth %**	**QoQ Growth %**
Pharmaceuticals	151	69	140	-8%	102%
Life Science Ingredients	118	62	61	-48%	-1%
Less: Corp Expenses	-14	6	-10		
Reported EBITDA	**255**	**137**	**191**	**-25%**	**39%**
Margins (%)					
				YoY Variance (Bps)	**QoQ Variance (Bps)**
Pharmaceuticals	22.3%	11.3%	19.9%	-240	866
Life Science Ingredients	15.4%	8.2%	8.2%	-716	8
Reported EBITDA	**17.7%**	**10.0%**	**13.2%**	**-444**	**322**

- EBITDA of Rs. 191 Crore in the quarter, Overall EBITDA Margins of 13.2%
- Pharmaceuticals segment EBITDA margins at 19.9%; aided by improvement in Radiopharmaceuticals business performance
- Operating Pharmaceuticals EBITDA Margins at 27.4% after adjusting for one-off expenses of Rs. 53 Crore to correct CMO operations which is higher than Q3 FY 2014
- Life Science Ingredients EBITDA margins at 8.2%, impacted due to unabsorption cost in Symtet and price pressure in China in Advanced Intermediates due to new entrant

Exceptional Items – Q3'FY15

JUBILANT LIFESCIENCES

Total exceptional items for Q3'FY15 – Rs. (0.2) Crore

- **Unrealized Mark to Market book loss - Rs. (14) Crore mainly on account of**
  - Currency movement of USD, from Rs. 61.75 as on September 30, 2014 to Rs. 63.03 as on December 31, 2014, with respect to Rupee Loan of Rs. 700 Crore swapped into USD Loan

- **FCMITDA Amortisation of Rs. (7) Crore**
  - Unrealised exchange loss on Long Term Foreign Currency Loan amortised over the tenure of the Loan, as recommended under Indian Accounting Standards

- **Others Rs. 21 Crore**
  - Forex gains at Rs. 10 Crore
  - Interest Swap gains of Rs. 11 Crore

Corporate Actions

- **Tender Offer for acquisition of minority shares of Cadista Holdings Inc.**
  - Jubilant Generics Inc., an indirect wholly-owned subsidiary of Jubilant Life Sciences Limited successfully completed Tender Offer for all of the outstanding shares of Cadista Holdings Inc. common stock not owned by Jubilant Generics or its affiliates
  - All shares of Cadista Holdings held by the remaining minority stockholders of Cadista Holdings have been cancelled and, subject to appraisal rights under Delaware Law, converted into the right to receive a $1.60 per share in cash, without interest and less any required withholding taxes.
  - Cadista Holdings has now become a wholly-owned subsidiary of Jubilant Life Sciences Limited

- **Appointment of separate CEOs for Pharmaceuticals and Life Science Ingredients**
  - Mr. Gurpartap Singh Sachdeva appointed as CEO of Jubilant Pharma and Mr. Pramod Yadav and Mr. Rajesh Srivastava as co-CEOs of Life Science Ingredients
  - Management consolidation of our business verticals now complete

Nine Monthly Results Analysis

Income Statement – 9M'FY15

Particulars	9M FY14	9M FY15	YoY Growth
	(Rs Crs)		(%)
Total Income from Operations	**4,241**	**4,290**	**1%**
Total Expenditure	3,479	3,848	
Other Income	14	37	
EBITDA including Other Income	**776**	**478**	**-38%**
Depreciation	213	222	
Finance Cost	197	223	
Interest Swap Cost	52	47	
Profit after Interest but before Exceptional Items	**315**	**(13)**	
Exceptional Item - Gain/(Loss)	(251)	(14)	
Tax Expenses (Net)	34	55	
Minority Interest	19	18	
Reported Net Profit After Tax and Minority Interest	**10**	**(100)**	
Normalised Net Profit After Tax	261	(86)	
Paid-up share capital (Face value per share Re.1)	15.93	15.93	
Earnings Per Share - Basic (Rs.)	0.64	(6.31)	
Normalised Earnings Per Share - Basic (Rs.)	**16.39**	**(5.41)**	
	(%)		(bps)
EBITDA Margins	18.3%	11.2%	(714)
Normalized Net Margins	6.2%	-2.0%	(817)

Financial Highlights – 9M'FY15

JUBILANT LIFESCIENCES

- **Income from Operations at Rs. 4,290 Crore**
  - Operations grew 1% YoY (8% YoY excluding CMO)
  - Indian markets grew 16% YoY to Rs 1,248 Crore; International markets contribute 71% to the overall revenues
  - Growth driven by revenue increases in Radiopharmaceuticals and stable pricing in Life Science Chemicals

- **EBITDA at Rs. 478 Crore**
  - Margins at 11.2%; EBITDA contribution from Pharmaceuticals at Rs. 245 Crore and Life Science Ingredients at Rs. 256 Crore
  - EBITDA includes profit on sale of land of Rs. 22 Crore and one time expenses of Rs. 107 Crore

- **Profit After Tax at Rs. (100) Crore in 9M'FY15**
  - Earnings Per Share for Re. 1 FV equity share at Rs (6.31) for the nine months

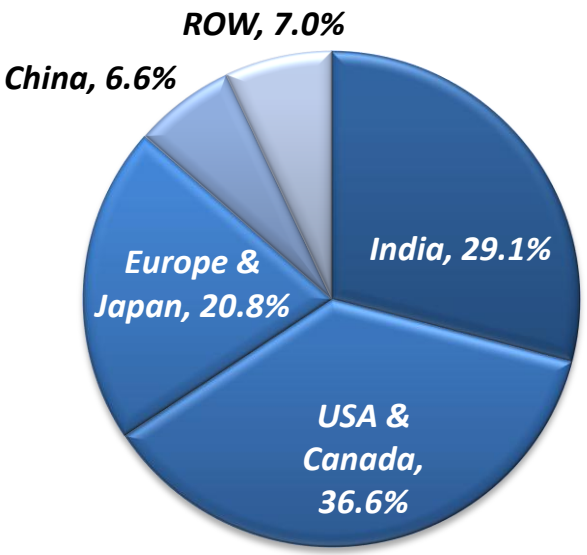
Segmental Revenue Analysis – 9M'FY15

Segmental Revenue Analysis	Revenue (Rs. Crs.)		Revenue Mix (%)	YoY Growth %
	9M'FY14	9M'FY15		
Pharmaceuticals	2,023	1,919	45%	-5%
Life Science Ingredients	2,218	2,370	55%	7%
Income from Operations	**4,241**	**4,290**	**100%**	**1%**
Inter Divisional Sales (IDTs)	440	371		-16%
IDT as a % of Income	10%	9%		

- **Company reports revenue of Rs. 4,290 Crore**
  - Backed by 7% price increase
- **Pharmaceuticals segment reports revenue of Rs 1,919 Crore**
  - Contributes 45% to revenue mix
  - Revenue increases in Radiopharmaceuticals
- **LSI segment posts income of Rs 2,370 Crore, 7% YoY growth**
  - Stable pricing in Life Science Chemicals
  - Price and Volume growth in Nutritional Products

Revenue Analysis – Geography wise – 9M'FY15

Geo-wise Revenue (Rs crs)	9M'FY14	9M'FY15	Mix %	YoY %
India	**1,074**	**1,248**	**29%**	**16%**
International	**3,167**	**3,042**	**71%**	**-4%**
USA & Canada	1,650	1,570	37%	-5%
Europe & Japan	904	891	21%	-1%
China	347	281	7%	-19%
ROW	267	300	7%	13%
Income from Operations	**4,241**	**4,290**	**100%**	**1%**



- **71% of Income from International Markets, at Rs. 3,042 Crore**
  - Key Developed Markets - USA, Canada, Europe & Japan contribute 57% to revenue mix

- **29% Income from India at Rs. 1,248 Crore, up 16% YoY**
  - Growth driven by Life Science Chemicals

Operating Expenditure Analysis – 9M'FY15

Expenses (Rs Crs)	9M'FY14	% of Sales	9M'FY15	% of Sales	YoY Growth %
Material Cost	1,747	41%	1,948	45%	11%
Power & Fuel Cost	293	7%	298	7%	2%
Employee Cost	821	19%	815	19%	-1%
Other Expenses	617	15%	787	18%	27%
Total expenses	**3,479**	82%	**3,848**	90%	**11%**

- **Material Costs** to Sales higher at 45% with increase in Raw Material Costs
- **Power & Fuel Costs** to sales and **Staff Costs** stable
- **One-off expenses** of Rs. 107 Crore (Rs. 43 Crore in Material Cost and Rs. 64 Crore in others) to correct CMO operations

EBITDA Analysis – 9M'FY15

EBITDA (Rs. Crs)			
Business Segments	**9M'FY14**	**9M'FY15**	**YoY Growth %**
Pharmaceuticals	478	245	-49%
Life Science Ingredients	352	256	-27%
Less: Corp Expenses	-54	-22	
Reported EBITDA	**776**	**478**	**-38%**
EBITDA Margins (%)			
			YoY Variance (Bps)
Pharmaceuticals	23.6%	12.7%	-1087
Life Science Ingredients	15.9%	10.8%	-505
Reported EBITDA	**18.3%**	**11.2%**	**-714**

- EBITDA of Rs. 478 Crore, Margins of 11.2%
- Pharma segment EBITDA at Rs. 245 Crore, Margins at 12.7%; impacted due to USFDA Warning Letter at our CMO facility in Spokane
- Operating Pharmaceuticals EBITDA Margins at 18.3% after adjusting for one-off expenses of Rs. 107 Crore
- Life Science Ingredients EBITDA margins at 10.8%, impacted due to unabsorption cost in Symtet and price pressure in China in Advanced Intermediates due to new entrant

Exceptional Items – 9M'FY15

JUBILANT LIFESCIENCES

Total exceptional items for 9M'FY15 at Rs (14) Crore

- **Unrealized Mark to Market book loss Rs (33) Crore on account of**
  - Currency movement of USD, from Rs 59.91 as on March 31, 2014 to Rs 63.03 as on December 31, 2014, with respect to Rupee Loan of Rs 700 Crore swapped into USD Loan

- **FCMITDA Amortisation of Rs (39) Crore**
  - Unrealised exchange loss on Long Term Foreign Currency Loan amortised over the tenure of the Loan, as recommended under Indian Accounting Standards

- **Others Rs 58 Crore**
  - Interest Swap gains of Rs. 35 Crore
  - Forex gain of Rs. 24 Crore

Debt Profile

Particulars	31-Dec-13	30-Sep-14	31-Dec-14
Foreign Currency Loans	**($ Mn)**	**($ Mn)**	**($ Mn)**
Standalone	219	130	95
Swapped loan in Standalone	202	156	156
Subsidiaries	172	302	361
Total	**593**	**587**	**611**
Rupee Loans	**(Rs. Crs)**	**(Rs. Crs)**	**(Rs. Crs)**
Standalone	432	413	334
Subsidiaries	0	453	523
Total	**432**	**866**	**857**
Gross Debt	4,096	4,492	4,709
Cash & Equivalent	240	412	425
Net Debt	3,856	4,080	4,284
Change in debt on account of exchange rate difference from 31-Dec-13	0	3	-56
Net Debt - Adjusted for foreign exchange difference	3,856	4,083	4,228
Working Capital Debt	1,193	1,449	1,436
Net Long Term debt	2,663	2,631	2,848
Closing Exchange Rate (Rs./USD)	61.81	61.75	63.03

- **Net debt** at Rs. 4,228 Crore compared to Rs. 3,856 Crore in Dec'13 post adjustment for fx difference
- Increase in Debt due to acquisition of the minorities in Jubilant Cadista
- **Average interest rate** for outstanding loans at 6% pa – Re loans @ 11% pa, $ loans @ 5%

Outlook

JUBILANT LIFESCIENCES

Expect to deliver continued improvement and stable performance in our business

- Pharmaceuticals segment expected to drive growth on account of:
  - Market leadership position in Radiopharmaceuticals
  - Normalization of CMO business
  - Growth in Generics from entry into new markets and launch of new products
- Growth in Life Science Ingredients business is expected from improved performance in our Specialty Ingredients business and expected stabilization of Symtet
- Prudence in Capital Expenditure to continue to conserve cash and reduce the debt levels

For more information

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