

**PRESS RELEASE**

**FY 2012**

**Highest Ever Income from Operations – Rs. 4,278 crore, up 24% YoY**

**EBITDA – Rs. 893 crore, up 57% YoY**

**EBITDA margins at 20.9% from 16.5% in FY 11**

**Expect FY13 Revenue growth at 20-22%**

**Board recommends higher dividend of 300%**

**Noida, Monday, May 07, 2012**

The Board of Jubilant Life Sciences Limited, an integrated pharmaceutical and life science industry player met today to approve financial results for the fourth quarter and year ended March 31, 2012.

**Commenting on the results, Mr. Shyam S Bhartia, Chairman & Managing Director and Mr. Hari S Bhartia, Co-Chairman & Managing Director, Jubilant Life Sciences said:**

*“Our performance this year was characterised by strong revenue growth of 24% and profit growth of 57% demonstrating robust business momentum across all segments growing globally with a focus on pharmaceutical business. Our International business which accounts for 70% of income recorded 27% growth and with about 50% assets outside India, Jubilant is now truly transformed into a Global Life Sciences Company. Our strategy of continuously moving up the value chain into pharmaceutical and Life Sciences with expanded geographic reach and ongoing investments in R&D for new product launches has yielded excellent results. Consequently, Board has proposed 300% dividend for the year.*

*We will continue to demonstrate robust growth in revenue driven by higher capacity utilisation of newly added capacities and ensuing capacity addition in Life Science Ingredients business with stable EBITDA margins.”*

In the fourth quarter of FY2012, the Company recorded Income from Operations of Rs 1,176 crore, growing 31% YoY. The Company EBITDA was Rs. 248 crore up 82% YoY with margins at 21.1%, compared to 15.2%. Profit before exceptional items, tax and minority interest was Rs. 124crore, recording YoY growth of 73%. The Company reported Loss after tax of Rs. 64crs in Q4'FY12. However, Normalised Profit After Tax is Rs.83crore after adjusting for Exceptional Items.

In FY2012, the Company recorded Income from Operations of Rs 4,278 crore, growing 24% YoY. The Company EBITDA was Rs. 893 crore up 57% YoY with margins at 20.9%, compared to 16.5% in FY11. Profit before exceptional items, tax and minority interest was Rs. 463crore, recording YoY growth of 64%. The Company reported Profit After Tax of Rs 15crs in FY12. However, Normalised Profit After Tax is Rs 363 crore for FY12 after adjusting for Exceptional Items of Rs 349 crore on account of impairment of goodwill in US clinical research business and unrealised exchange losses.



During the year the Company promptly repaid the only outstanding FCCBs of US\$ 202Mn. In order to augment the capacities in Life Science Ingredients business and further strengthening the products portfolio of API and Generics business, the Company invested sum of Rs 515crore in FY12.

### **Business Review**

Considering the evolution that has transpired in the business lines, the Company has reclassified its businesses into two verticals namely Pharmaceuticals and Life Science Ingredients.

**Pharmaceuticals Business** – This comprises revenue lines of APIs, Generics, Speciality Pharma, CMO, DDDS and Healthcare. In FY12, the Income from operations of Rs 2,175crs recorded growth of 41% YoY, contributing 51% to the revenue mix. EBITDA stood at Rs 580crs, up from Rs 167crs in previous year reporting growth of 247% year on year. EBITDA margins stood at 26.7% in FY12, up from 10.8% in previous year.

The revenue and margins growth was mainly driven by new launches, better pricing and demand for current niche products in Generics business, income for which was Rs 537crs with growth of 161% YoY. As of March 31<sup>st</sup>, 2012, the Company has 48 cumulative US ANDA filings of which 19 are approved, 35 Dossier filings in EU of which 31 are approved, 9 filings in Canada and 264 in ROW of which 38 are approved.

API business reported revenue of Rs 449crs with 33% growth driven by new launches in Sartans, Donepezil in US and Olanzapine in Europe. At the end of March 2012, the Company has 58 DMF filings in the US, 29 CEPs in Europe, 29 in Canada and 6 in Japan besides over 65 filings in ROW which indicate a strong pipeline for future launches.

Specialty Pharmaceutical revenue comprising Radiopharmaceuticals and Allergy Products business at Rs. 311crs witnessed 25% YoY growth backed by entry into new geographies. Approval for Rubidium Generator used for PET Myocardial Perfusion Imaging is expected from Health Canada and USFDA in FY13 for launch in these 2 geographies. Revenue growth in Allergy business was marked by enhanced international sales and market expansion in key products and devices.

CMO of sterile injectibles and non sterile products business revenue at Rs 621crs had a growth of 17% over previous year driven by increased capacity utilisation in FY12. Margins for the business stood at 19.2%, up 2 times from 9.5% in FY11.

Drug Discovery & Development Solutions reported Rs 244crs income from operations with 16% YoY growth and recorded EBITDA margins of 9.2% from negative margins last year. However, the US Clinical research business witnessed de-growth in the year and incurred a loss which has depressed overall DDDS margins.



In order to bring the US clinical trial business back on track, during the last few years, the Company has taken steps to arrest the cash outflow by various measures including business development, operational efficiencies and cost reduction measures etc. However, CRO consolidation in US and Europe and consequent depletion in size of new business as well as delayed financing arrangements across the venture world resulted in sharp decline in backlog, cancellation of existing studies and delay in commencement of new awards impacting the turnaround plans of this business, during the year. Accordingly a provision for impairment of carrying value of goodwill of Rs 150crs has been made in the books.

**Life Science Ingredients Business** – Ingredients business comprises Proprietary Products and Exclusive Synthesis, Nutrition Ingredients and Life Science Chemicals. In FY12, Income from operations at Rs. 2,103crore recorded an increase of 11% YoY and contributed 49% to the Revenue Mix. EBITDA stood at Rs 354crs with 16.8% margins for the year compared to Rs 468crs and 24.6% margins in FY11. The margin reduction is mainly on account of competitive pricing to enhance market share and higher input material costs. The situation is expected to get corrected during FY13 due to cost rationalization and operating leverage.

During the year, the Company commissioned its manufacturing facility at SEZ in Gujarat with commercial production of 10,000 TPA Niacinamide and an Intermediate, 3-Cyanopyridine, to cater to the growing global needs of Nutrition Ingredients. Products from new plants have already been approved by all the major international customers and regular supplies have commenced. Niacinamide's global demand is growing at the rate of 4-5% per annum whereas the annual demand growth in Asia Pacific, India and China is 7-8%. Jubilant being the lowest cost producer for Niacinamide globally due to its vertically integrated feedstock, is very well placed to effectively compete in the market place and achieve higher capacity utilisation and better margins.

The expanded Pyridine and Beta Picoline capacity during the year will further strengthen vertical integration and company's global leadership position. Supplies from this facility will be used for meeting both the external demand and the growing internal demand for manufacture of value added products in newly added capacities of Symtet and Niacinamide.

The Company also commissioned its additional capacity of Life Science Chemical plant and started supplies to European markets to expand its geographic reach.

### **Geographical Overview**

Jubilant's continued focus on business development in the regulated markets (US, Canada, Europe and Japan) has resulted in strong growth in margins with 37% revenue growth. Income from North America stood at Rs. 1,681crs contributing 39% to the revenue mix and recording growth of 32% YoY; whereas 19% of the revenue came from Europe and Japan at Rs. 804crores, recording a growth of 49% YoY. About 30% of the revenue came from domestic market at Rs. 1,267crores recording a growth of 18% YoY. Revenues from China stood at Rs. 289crores, 7% of the revenue mix and Emerging Markets revenue stood at Rs. 237crores, 5% of the mix.



Going forward, while the regulated markets will continue to grow and shall be the main stay of the future growth but with new product launches in China and Emerging markets, substantial increase in revenues from these markets can be expected in FY 13.

### **Dividend**

The Board has recommended dividend of 300%, for the year compared to 200% in FY 11.

### **Outlook**

The Company believes it is on a strong trajectory to achieve a compounded annual revenue growth of over 20% for next 3 years with improved EBITDA margins. The strong operational result will lead to robust balance sheet with the debt to equity below 1 and debt to EBITDA multiple below 2.5 times.

In FY13, the Company expects to achieve 20-22% revenue growth with EBITDA margins sustainable at current levels. The Company is confident of achieving this growth on account of higher utilisation of new, expanded and existing capacities in Life Science Ingredients and CMO business along with new product launches as well as expansion in new territories in APIs, Generics and Specialty Pharma businesses. Also the Company has been making continuous efforts to improve global competitiveness through increased vertical integration, improvement in yields and realigning costs with revenues.

### **About Jubilant**

Jubilant Life Sciences Limited is global Pharmaceutical and Life Sciences Company engaged in manufacture and supply of APIs, Generics, Specialty Pharmaceuticals and Life Science Ingredients. It also provides Services in Contract Manufacturing and Drug Discovery and Development. The Company's strength lies in its unique offerings of Pharmaceutical and Life Sciences products and services across the value chain. With 10 world-class manufacturing facilities in India, US and Canada and a team of ~6300 multicultural people across the globe, the Company is committed to deliver value to its customers spread across 75 countries. The Company is well recognized as a 'Partner of Choice' by leading pharmaceuticals and life sciences companies globally. For more info: [www.jubl.com](http://www.jubl.com)

**For more information please contact:**

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