Press Release

BSE: 500257	NSE: LUPIN	REUTERS: LUPIN.BO	BLOOMBERG: LPC IN

Lupin Quarter III, FY2019 - Results

Mumbai, February 6, 2019: Pharma major Lupin Limited reported its financial performance for the quarter ended December 31st, 2018. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key Financial & Performance Highlights

- Sales for the quarter grew by 12.5% to Rs. 43,779 m. compared to Rs. 38,909 m. in Q2 FY2019
  - Sales for the quarter excluding NCE licensing income grew by 7.1% to Rs. 41,676 m. as compared to Q2 FY2019
  - Sales for the quarter increased by 12.2% compared to Rs. 39,004 m. in Q3 FY2018
  - **9M FY2019:** Sales grew by 4% to Rs. 120,434 m. compared to Rs. 115,814 m. in 9M FY2018

- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for the quarter grew by 2% to Rs. 7,960 m. (18.2% of sales) compared to Rs. 7,803 m. (20.1% of sales) in Q2 FY2019
  - EBITDA for the quarter increased by 11 % compared to Rs. 7,168 m. in Q3 FY2018
  - **9M FY2019:** EBITDA was Rs. 22,875 m. compared to Rs. 24,442 m. in 9M FY2018

- Net profit before exceptional items for the quarter was Rs. 1,905 m. compared to Rs. 2,660 m.in Q2 FY2019 and Rs. 2,217 m. in Q3 FY2018; Net loss after exceptional items for the quarter was Rs. 1,517 m.

- Exceptional item includes provision of EUR 42.8 m. (INR 3,422.2 m.) made including interest of EUR 2.8 m (INR 222.7 m.) for fine upheld by the General Court of the European Union in Lupin's appeal against the European Commission's (EC) 2014 decision in the Perindopril litigation.

- Investment in Research for the quarter was Rs. 4,257 m., 9.7% of sales

Commenting on the results, Mr. Nilesh Gupta, Managing Director, Lupin Limited said*, "After a tough H1, we are now starting to see growth in the US. The growth momentum in the US will continue into the next quarter as we are on track with important launches like Levothyroxine and Ranolazine. Monetization of our innovative R&D molecule was an important milestone achieved during the quarter. We are also on track to deliver on our cost optimization efforts and expect meaningful benefit next fiscal onwards."*

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Consolidated Unaudited Financial Results - Quarter III, FY2019

Amount in Rs. m.

Particulars	Q3 FY2019	% of sales	Q2 FY2019	% of sales	QoQ Growth %	Q3 FY2018	% of sales	YoY Growth %
Sales	43,779[1]	*100.0%*	38,909	*100.0%*	*12.5%*	39,004	*100.0%*	*12.2%*
Other operating income	1,269	*2.9%*	601	*1.5%*	*111.1%*	753	*1.9%*	*68.5%*
Total Revenue from operations	**45,048**	***102.9%***	**39,510**	***101.5%***	***14.0%***	**39,757**	***101.9%***	***13.3%***
Material cost	16,010	*36.6%*	13,928	*35.8%*	*14.9%*	13,927	*35.7%*	*15.0%*
Gross Profit (Excl. Other operating income)	**27,770**	***63.4%***	**24,981**	***64.2%***	***11.2%***	**25,077**	***64.3%***	***10.7%***
Employee cost	8,085	*18.5%*	7,938	*20.4%*	*1.9%*	6,931	*17.8%*	*16.6%*
Manufacturing & Other expenses	13,429	*30.7%*	12,148	*31.2%*	*10.5%*	12,015	*30.8%*	*11.8%*
Other Income	434	*1.0%*	2,307	*5.9%*	*-81.2%*	284	*0.7%*	*52.8%*
EBITDA	**7,960**	***18.2%***	**7,803**	***20.1%***	***2.0%***	**7,168**	***18.4%***	***11.0%***
Depreciation & Amortization	2,798	*6.4%*	2,655	*6.8%*	*5.4%*	2,804	*7.2%*	*-0.2%*
EBIT	**5,161**	***11.8%***	**5,148**	***13.2%***	***0.3%***	**4,364**	***11.2%***	***18.3%***
Finance cost	798	*1.8%*	738	*1.9%*	*8.1%*	540	*1.4%*	*47.8%*
PBT before exceptional item	**4,364**	***10.0%***	**4,410**	***11.3%***	***-1.0%***	**3,824**	***9.8%***	***14.1%***
Exceptional item	3,422[2]	*7.8%*	-	-	-	-	-	-
PBT after exceptional item	**942**	***2.2%***	**4,410**	***11.3%***	***-78.6%***	**3,824**	***9.8%***	***-75.4%***
Current tax	2,164		1,843			1,346		
Deferred tax	314		-114			261		
Tax	**2,478**	***5.7%***	**1,729**	***4.4%***	***43.3%***	**1,608**	*4.1%*	***54.1%***
(+) Share of Profit from Joint Controlled entity	12		4			6		
(-) Non-Controlling Interest	(6)		25			5		
Net Profit after exceptional items	**(1,517)**	***-3.5%***	**2,660**	***6.8%***	**-**	**2,217**	***5.7%***	**-**
Add: Exceptional items	3,422	*7.8%*	**-**	**-**	**-**	-	-	-
Net Profit before exceptional items	**1,905**	***4.4%***	**2,660**	***6.8%***	***-28.4%***	**2,217**	***5.7%***	***-14.1%***

[1] Sales for Q3FY2019 include NCE Licensing Income of INR 2,103 m. on license of MALT1 inhibitors to AbbVie Inc.

[2] Includes provision of Rs. 3,422 m. for fine related to Perindopril Litigation

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Income Statement highlights – Q3 FY2019

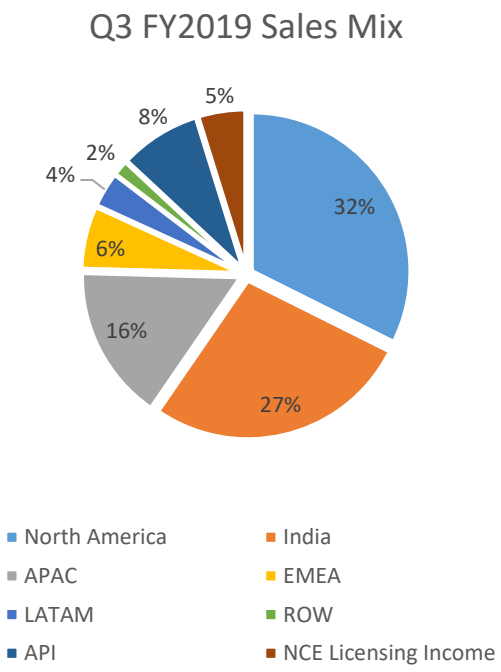
- Material cost increased by 80 bps to 36.6% of sales, at Rs. 16,010 m. compared to Rs. 13,928 m. in Q2 FY2019
- Personnel cost decreased by 190 bps to 18.5% of sales, at Rs. 8,085 m. compared to Rs. 7,938 m. in Q2 FY2019
- Manufacturing and other expenses decreased by 50 bps to 30.7% of sales at Rs. 13,429 m. compared to Rs. 12,148 m. in Q2 FY2019
- Investment in Research for the quarter was Rs. 4,257 m. representing 9.7% of sales.

Balance Sheet highlights

- Operating working capital increased to Rs. 61,299 m. as on December 31st, 2018 compared to Rs. 59,853 m. as on September 30th, 2018. The working capital number of days stands at 140 days as on December 31st, 2018 compared to 141 days as on September 30th, 2018.
- Capital Expenditure for the quarter was Rs. 1,433 m.
- Net Debt-Equity ratio for the company stands at 0.42:1

Sales Mix

Particulars	Q3 FY2019	Q2 FY2019	QoQ growth %	Q3 FY2018	YoY growth %
Formulations	**38,052**	**35,562**	**7.0%**	**36,324**	**4.8%**
North America	14,174	12,487	13.5%	14,321	-1.0%
India	11,902	12,032	-1.1%	10,688	11.4%
APAC	6,936	6,199	11.9%	6,742	2.9%
EMEA	2,800	2,949	-5.1%	2,721	2.9%
LATAM	1,557	1,459	6.7%	1,481	5.2%
ROW	683	436	56.7%	371	84.1%
API	**3,624**	**3,347**	**8.3%**	**2,680**	**35.2%**
NCE Licensing Income	**2,103**				
Total	**43,779**	**38,909**	**12.5%**	**39,004**	**12.2%**



Operational Highlights

North America

Lupin's North America sales for Q3 FY2019 were Rs. 14,174 m. compared sales of Rs. 12,487 m. during Q2 FY2019 and Rs. 14,321 m. during Q3 FY2018; accounting for 32% of Lupin's global sales.

- Q3 FY2019 sales were USD 194 m. compared to USD 171 m. during Q2 FY2019 and USD 213 m. during Q3 FY2018
- The Company launched 6 products in the US market during the quarter. The Company now has 168 products in the US generics market.
- Lupin is the 3rd largest pharmaceutical player in the US by prescriptions for the Total Market (IQVIA MAT December 2018)
- Lupin is now the market leader in 68 products in the US generics market and amongst the Top 3 in 120 of its products (market share by prescriptions, IQVIA December 2018)

India

Lupin's India formulation sales for Q3 FY2019 decreased by 1.1% to Rs. 11,902 m. as compared to Rs. 12,032 m. in Q2 FY2019 and increased by 11.4% as compared to Rs 10,688 m. in Q3 FY2018.

India formulation sales for 9M FY2019 grew by 13.5% to Rs. 35,857 m. as compared to Rs. 31,606 m. during 9M FY2018.

Lupin is the 5th largest company in the Indian Pharmaceutical Market (IQVIA MAT December 2018).

Asia-Pacific (APAC)

Lupin's APAC sales for Q3 FY2019 increased by 11.9% to Rs. 6,936 m. compared to sales of Rs. 6,199 m. in Q2 FY2019 and increased by 2.9% as compared to Rs. 6,742 m. in Q3 FY2018.

Lupin's Japan sales were JPY 9,028 m. during Q3 FY2019 compared to JPY 8,151 m. in Q2 FY2019 and JPY 9,711 m. in Q3 FY2018.

Lupin remains the 6th largest generic player in Japan (IQVIA MAT December 2018).

Lupin's Philippines sales were PHP 404 m. during Q3 FY2019 compared to PHP 383 m. in Q2 FY2019 and PHP 456 m. in Q3 FY2018.

Europe, Middle-East and Africa (EMEA)

Lupin's EMEA sales were Rs. 2,800 m. for Q3 FY2019 compared to sales of Rs. 2,949 m. in Q2 FY2019 and Rs. 2,721 m. in Q3 FY2018.

Lupin's South Africa sales were ZAR 276 m. during Q3 FY2019 compared to ZAR 283 m. in Q2 FY2019 and ZAR 257 m. in Q3 FY2018.

Lupin remains the 4th largest generic player in the South African market (IQVIA MAT December 2018).

Lupin's Germany sales were Euro 6.9 m. during Q3 FY2019 compared to Euro 7.3 m. in Q2 FY2019 and Euro 8.7 m. in Q3 FY2018.

Latin America (LATAM)

Lupin's LATAM sales increased by 6.7% to Rs. 1,557 m. during Q3 FY2019 compared to Rs. 1,459 m. in Q2 FY2019 and by 5.2% from Rs. 1,481 m. in Q3 FY2018.

Lupin's Brazil sales were BRL 42 m. during Q3 FY2019 compared to BRL 42 m. in Q2 FY2019 and BRL 37 m. in Q3 FY2018.

Lupin's Mexico sales were MXN 173 m. during Q3 FY2019 compared to MXN 164 m. in Q2 FY2019 and MXN 173 m. in Q3 FY2018.

Global API

Global API sales were Rs. 3,624 m. during Q3 FY2019 as compared to Rs. 3,347 m. during Q2 FY2019 and Rs. 2,680 m. during Q3 FY2018; accounting for 8% of Lupin's global sales.

Global API sales for 9M FY2019 grew by 29.9% to Rs. 10,553 m. as compared to Rs. 8,123 m. during 9M FY2018.

Research and Development

Revenue Expenditure on R&D during Q3 FY2019 amounted to Rs. 4,257 m., 9.7% of sales as against Rs. 3,758 m., 9.7% of sales during Q2 FY2019 and Rs. 4,757 m., 12.2% of sales during Q3 FY2018.

Lupin filed 8 ANDA and received 11 approvals from the US FDA during the quarter. Cumulative ANDA filings with the US FDA stood at 412 as of December 31st, 2018, with the company having received 258 approvals to date. The Company now has 41 First-to-Files (FTF) filings including 15 exclusive FTF opportunities. Cumulative DMF filings stands at 194 as of December 31st, 2018.

About Lupin Limited

Lupin is an innovation led transnational pharmaceutical company developing and delivering a wide range of branded & generic formulations, biotechnology products and APIs globally. The Company is a significant player in the Cardiovascular, Diabetology, Asthma, Pediatric, CNS, GI, Anti-Infective and NSAID space and holds global leadership position in the Anti-TB segment.

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Lupin is the 8th largest generics pharmaceutical company in terms of market capitalization (28th December 2018, Bloomberg) and the 8th largest generics pharmaceutical company in terms of revenues (30th September 2018, Bloomberg LTM) globally. The Company is the 3rd largest pharmaceutical player in the US by prescriptions for the Total Market (IQVIA MAT December 2018); 3rd largest Indian pharmaceutical company by global revenues (30th September 2018, Bloomberg LTM); 6th largest generic pharmaceutical player in Japan (IQVIA MAT December 2018) and 5th largest company in the Indian Pharmaceutical Market (IQVIA MAT December 2018).

For the financial year ended 31st March, 2018, Lupin's Consolidated sales and Net profits before exceptional items were at Rs. 155,598 million (USD 2.41 billion) and Rs. 13,934 million (USD 216 million) respectively. Please visit http://www.lupin.com for more information. You could also follow us on Twitter – www.twitter.com/lupinglobal

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