LUPIN LIMITED

Investor presentation
Q2 FY 2019

Oct 31, 2018

Safe Harbor Statement

Materials and information provided during this presentation may contain 'forward-looking statements'. These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements.

Risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations. Risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited to, technological advances and patents obtained by competitors. Challenges inherent in new product development, including completion of clinical trials; claims and concerns about product safety and efficacy; obtaining regulatory approvals; domestic and foreign healthcare reforms; trends toward managed care and healthcare cost containment; and governmental laws and regulations affecting domestic and foreign operations.

Also, for products that are approved, there are manufacturing and marketing risks and uncertainties, which include, but are not limited to, inability to build production capacity to meet demand, unavailability of raw materials, and failure to gain market acceptance.

You are cautioned not to place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of this presentation.

The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

Lupin – Awards and Accolades

- **Dr. Desh Bandhu Gupta** inducted into the **'Hall of Fame',** CNBC-TV18 - **India Business Leader Awards 2018**
- **Vinita Gupta -** Vogue and IBM Business Woman of the Year - 2018
- **Innovator Award** from **BioNJ**, New Jersey - 2018
- **Walmart Supplier of the Year** Award - 2018
- **India Pharma Bulk Drug Company of the Year** - 2018 - Department of Pharmaceuticals, Govt. of India
- **Cardinal Supply Chain Excellence Award** - 2018
- **"BEST Award"** from **ATD** – 2018
- Lupin ranked **No.1 in the Biotech and Pharma**, and **No. 4 amongst large organisations** in the list of top 100 – **Great Place to Work 2017**
- **Dun & Bradstreet Corporate Award** in the Pharmaceutical Sector - 2017
- **Ramesh Swaminathan:** Best CFO - Best Inorganic Growth Strategy, 2017 by **BusinessWorld Best CFO Awards**
- **Forbes Global 2000** (The World's Biggest Public Companies), 2017

Forbes GLOBAL 2000
THE WORLD'S BIGGEST PUBLIC COMPANIES
Ranked #1,197 by market value globally
Ranked #1,326 by profit globally
Ranked #1,716 global 2000 (Overall Score)

CNBC TV18 INDIA BUSINESS LEADER AWARDS IBLA

2018 BEST AWARD WINNER

India's Best Companies To Work For 2017
A STUDY BY THE ECONOMIC TIMES GREAT PLACE TO WORK

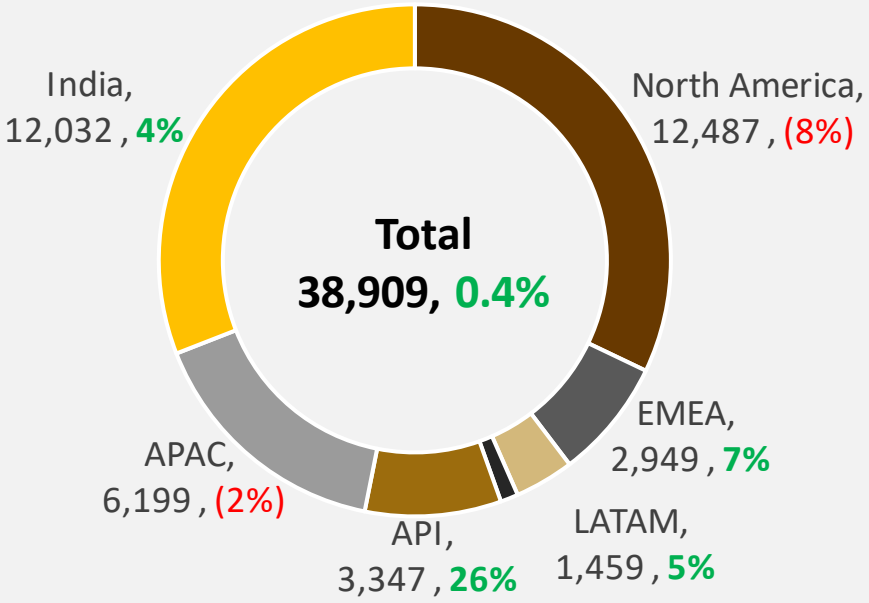
Walmart

dun & bradstreet

YES BANK Presents BW BUSINESSWORLD BEST CFO AWARDS

Q2FY19 Snapshot

Sales (INR mn, YoY growth)



EBITDA
INR 7,803 mn
20.1% % of sales

PAT
INR 2,660 mn
6.8% % of sales

Mr. Nilesh.D.Gupta
Managing Director
Lupin Limited

"This quarter we saw promising developments on the specialty front with the Solosec launch in full swing and a positive CHMP opinion for NaMuscla. Aided by forex and markets like the US starting to stabilize, we are now getting back on growth mode. We have made meaningful progress on our cost optimization efforts and these should start playing out from the next fiscal. Our growth will be fueled by new product launches in the near term and meaningful evolution of products in the complex generic, biosimilar and specialty space in the mid to long-term"

Important developments

Regulatory

- Warning Letter resolution on track
- Nagpur, Tarapur and Pithampur (Unit 3) facilities underwent USFDA inspections

Pipeline

- NaMuscla™ received positive CHMP opinion
- Filed 4 ANDA's and received 5 approvals from the USFDA

Commercial

- Solosec™ – Strong momentum on managed care side
- Expanded anti diabetes partnership with Eli Lilly for a once-weekly injection for India
- US Generics and Global head – Generics R&D and Biosimilars appointed

Tracking FY19 priorities: H1FY19 scorecard

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Generics

- ✓ Gaining market share in the US - Average market share for Lupin products inched up to 32.8% in Q2 FY19[1] (vs 31.3% in Q4 FY18)
- ✓ Maintaining superior growth momentum in India - Expanded anti diabetes partnership with Boehringer Ingelheim and Eli Lilly
- ✓ Cost control - Kicked off Global Transformation Project with top tier consultants in the world
- ○ Final Warning Letter response sent to USFDA – closely tracking the commitments

Complex generics

- ✓ bEtanercept filed in EU and Japan - Partnered with Mylan and Nichi-iko for EU and Japan respectively
- ✓ Tiotropium DPI filed, FTF confirmed and PAI done

Specialty

- ✓ Successfully launched Solosec – sustain investments in sales force/promotions; strong momentum achieved on managed care side
- ○ NaMuscla™ received positive CHMP opinion – on course for EU launch in FY19

H1FY19 financials

- ✓ EBITDA margins: 19.5% (tracking in line with the 18-20% management guidance for FY19)
- ✓ R&D: INR 7.5 bn (tracking in line with the INR 15 -16 bn guidance for FY19)
- ✓ Capex: INR 3.6 bn (vs INR 12 bn guidance for FY19)
- ○ US revenues: US$ 339 mn (~US$ 800 mn - FY19 guidance reliant on product launches (gRanexa), flu season, Solosec ramp up)

Note: 1. As per IQVIA

Our Strategic Vision: Well-Diversified Pharma business

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Strong Foundation

Amongst the Top 10 generic companies in the World

Complex Generics Focus

Investing heavily in developing high barrier products

Specialty Focus

Committed to building a strong specialty business

Sustain and Grow

- Major revenue contributor currently
- Maximize on capability to maintain leadership in US generics
- Continue growth momentum in India and other emerging markets

Evolve portfolio

- Deliver on key complex generics, esp. Inhalation and Injectables
- Continue filing of P4 and semi-exclusive generics
- Successfully file and partner biosimilars

Build

- Create a meaningful women's health franchise in US
- Neurology / CNS focus in other developed markets

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Q2FY19 Financial Results Review

P&L Highlights – Q2 FY19

Amount in INR mn	Q2 FY19	*% of sales*	Q1 FY19	*% of sales*	*QoQ growth*	Q2 FY18	*% of sales*	*YoY growth*
Net sales	**38,909**	***100.0%***	**37,746**	***100.0%***	*3.1%*	**38,742**	***100.0%***	*0.4%*
Other operating income	601		814			778		
Total revenue	**39,510**		**38,560**		***2.5%***	**39,520**		***0.0%***
Gross profit *(excl. other operating income)*	24,981	*64.2%*	23,304	*61.7%*	*7.2%*	25,877	*66.8%*	*(3.5%)*
EBITDA	**7,803**	***20.1%***	**7,112**	***18.8%***	***9.7%***	**9,271**	***23.9%***	***(15.8%)***
PBT	4,410	*11.3%*	3,835	*10.2%*	*15.0%*	6,070	*15.7%*	*(27.3%)*
Net Profit	**2,660**	***6.8%***	**2,028**	***5.4%***	***31.2%***	***4,550***	***11.7%***	***(41.5%)***

P&L Highlights – H1 FY19

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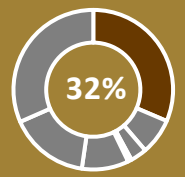
Amount in INR mn	1H FY19	*% of sales*	1H FY18	*% of sales*	*YoY growth*
Net sales	**76,655**	***100.0%***	**76,810**	***100.0%***	*(0.2%)*
Other operating income	1,415		1,404		
Total revenue	**78,070**		**78,214**		***(0.2%)***
Gross profit *(excl. other operating income)*	48,285	*63.0%*	51,618	*67.2%*	*(6.5%)*
EBITDA	**14,915**	***19.5%***	**17,274**	***22.5%***	***(13.7%)***
PBT	8,245	*10.8%*	11,029	*14.4%*	*(25.2%)*
Reported Net profit	**4,687**	***6.1%***	**8,131**	***10.6%***	***(42.4%)***

North America



Q2FY19	
YoY	QoQ
↓ 8.3%	↑ 5.3%

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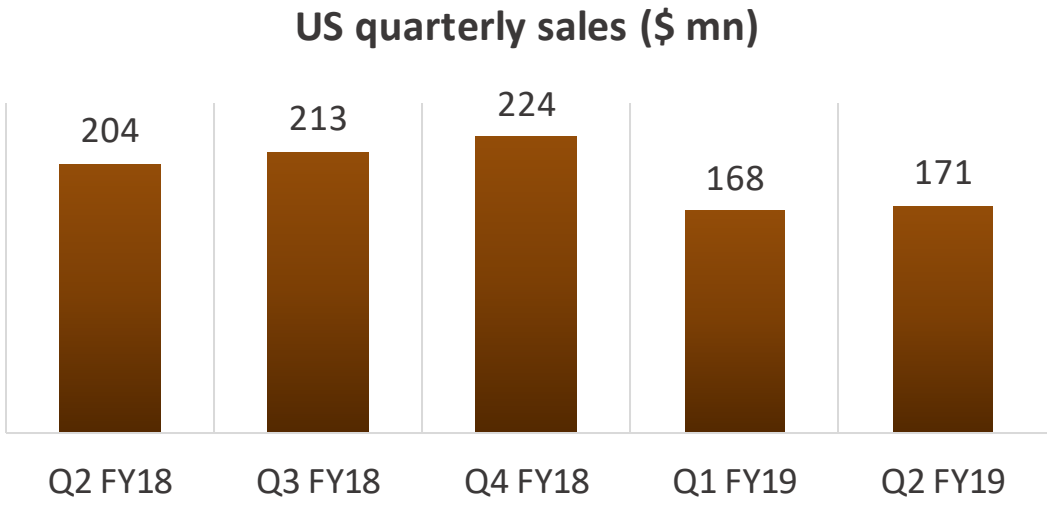
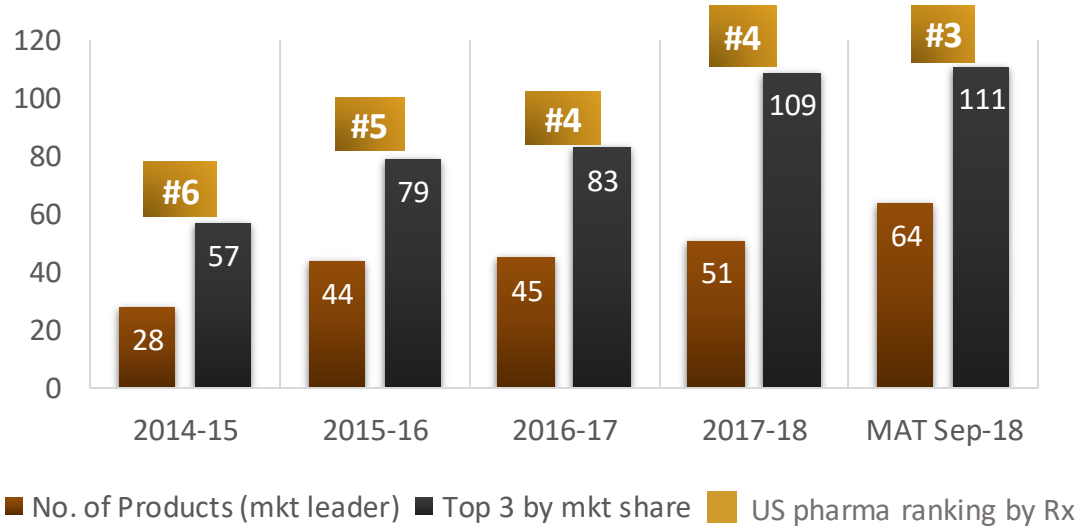
US revenues stabilizing



Lupin consolidating its position in US[1]



US portfolio progressing

4
No of filings
(during the quarter)

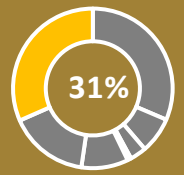
162
Products marketed
(cumulative)

158
Filings pending approval
(cumulative)

- US business is starting to stabilize, and getting back on growth mode
- Solosec™ – achieved good unrestricted formulary coverage; continuing focus on generating pull through Physicians and Pharmacies
- 39 FTF's incl. 14 exclusive awaiting approval

Note:
1. IQVIA MAT Sep-18

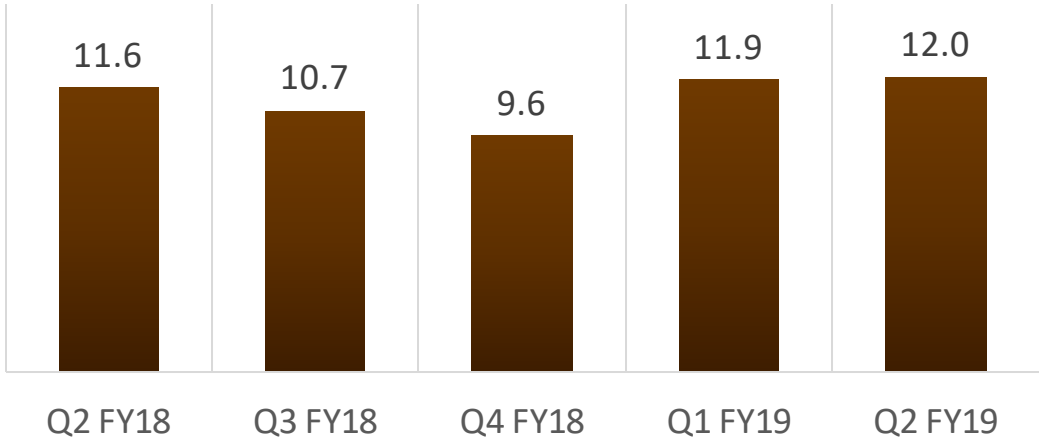
India



Q2FY19	
YoY	QoQ
↑ 3.8%	↑ 0.9%

Modest YoY growth on high base

India quarterly Sales (INR bn)



Healthy growth seen across therapy groups

	Q2 FY19 Growth[1]		Lupin Rank[1]	
Therapy	Market	Lupin	MAT Sep-14	MAT Sep-18
Acute	12	11	14	12
Chronic	15	22	5	4
Cardiac	14	21	2	3
Anti-diabetics	15	25	5	3
Respiratory	16	21	6	2

Strong portfolio

7
Brands in top 300 in Q2FY19
(IQVIA Jul-Sep'18)

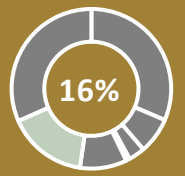
8
SKU's launched
(during the quarter)

84%
Chronic + Semi Chronic contribution
(IQVIA MAT Jun-18)

- **5th** rank in the IPM[1] (6th in Q2FY18)
- India business maintained outperformance with **14.5% growth in H1FY19** (vs 12.1% for IPM)
- Expanded partnership with Eli Lilly to market a once injection for type 2 diabetes treatment — **Aplevant®** (dulaglutide)
- **>6,900** domestic sales force strength

Note: 1. As per IQVIA Sep-18

APAC



Q2FY19	
YoY	QoQ
↓ 2.5%	↑ 2.0%

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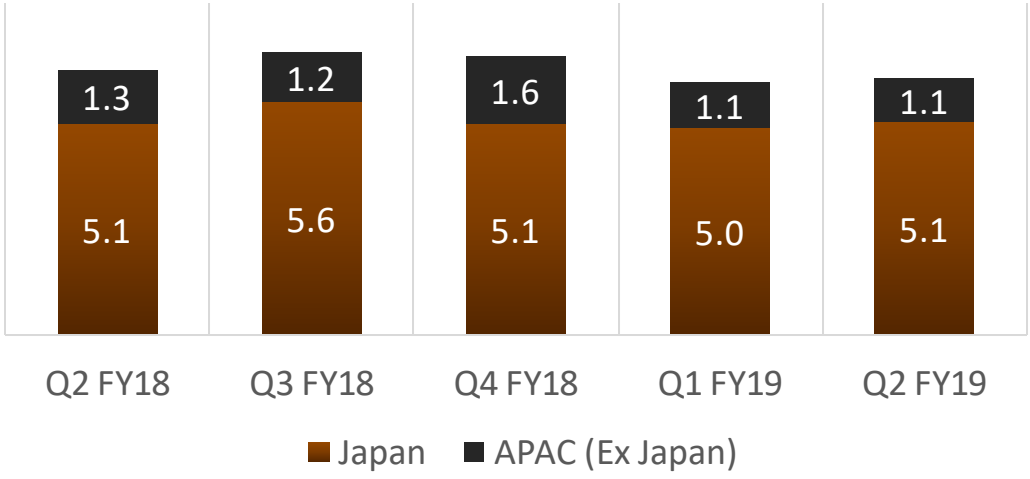
APAC sales evolution (INR bn)



Japan business snapshot

6th
Largest generic pharma company in Japan[1]

6%
decline in cc revenues
(during the quarter)

18%
Kyowa - non generic revenue contribution[3]
(during the quarter)

Performance highlights

Japan
- Biennial pricing cuts impacted Japan pharma market growth

Philippines
- Ranked 5th branded Gx player[2]
- Growth of 10.4%[2] against industry growth of 10.8%[2]

Australia
- Moved up to become the 4th largest Gx player[1]

Note:
1. IQVIA MAT Sep-18 2. IQVIA MAT Aug-18 3. LLP's + Specialty

Other markets

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Developed

EU5

- Germany: EUR 7.3 mn sales in Q2FY19
- ARV's, Women´s Health and CNS are the key focus therapeutic segments
- NaMuscla™ (Mexiletine) received positive CHMP opinion

Emerging markets

South Africa

- 4th largest generics player & #3 generic company by prescriptions
- Q2FY19 revenues grew 5% YoY to ZAR 283 mn
- Market leader in CVS space

Brazil

- BRL 42 mn sales in Q2FY19; up 4% YoY
- Making inroads into niche cosmeceutical segment

Mexico

- MXN 164 mn sales in Q2FY19: up 6% YoY led by steady market share gains
- Grin is #4 ophthalmic player

API + Global Institutional

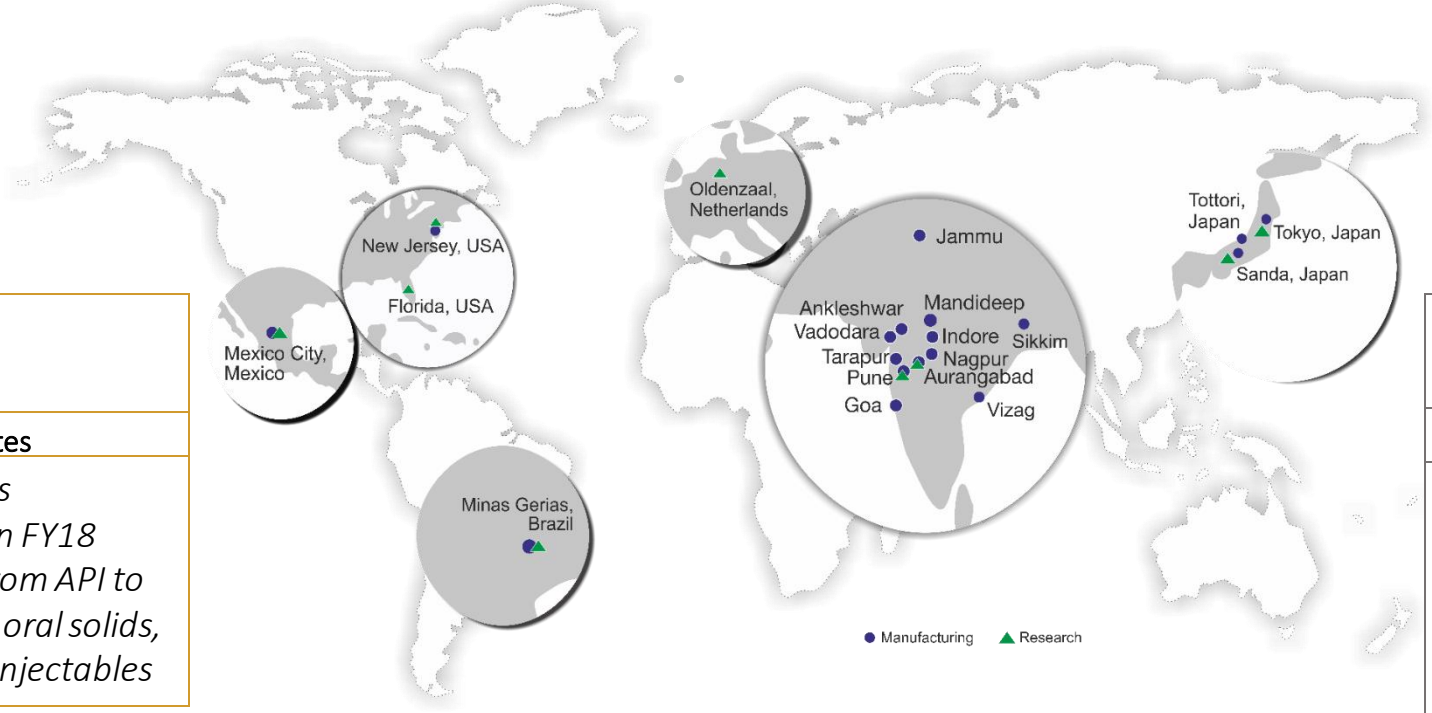
- Q2FY19 revenues grew 26% YoY
- Leadership in TB institutional business

Manufacturing and R&D – Diverse Global Network

Global Commercial Presence		
100	25	9
Countries where products are sold	Countries with marketing offices	Countries with subsidiaries

OPERATIONS

RESEARCH



18

Manufacturing Sites

- *8 USFDA approved sites*
- *12 USFDA inspections in FY18*
- *Range of capabilities from API to formulations including oral solids, topicals, ophthalmics, injectables*

9

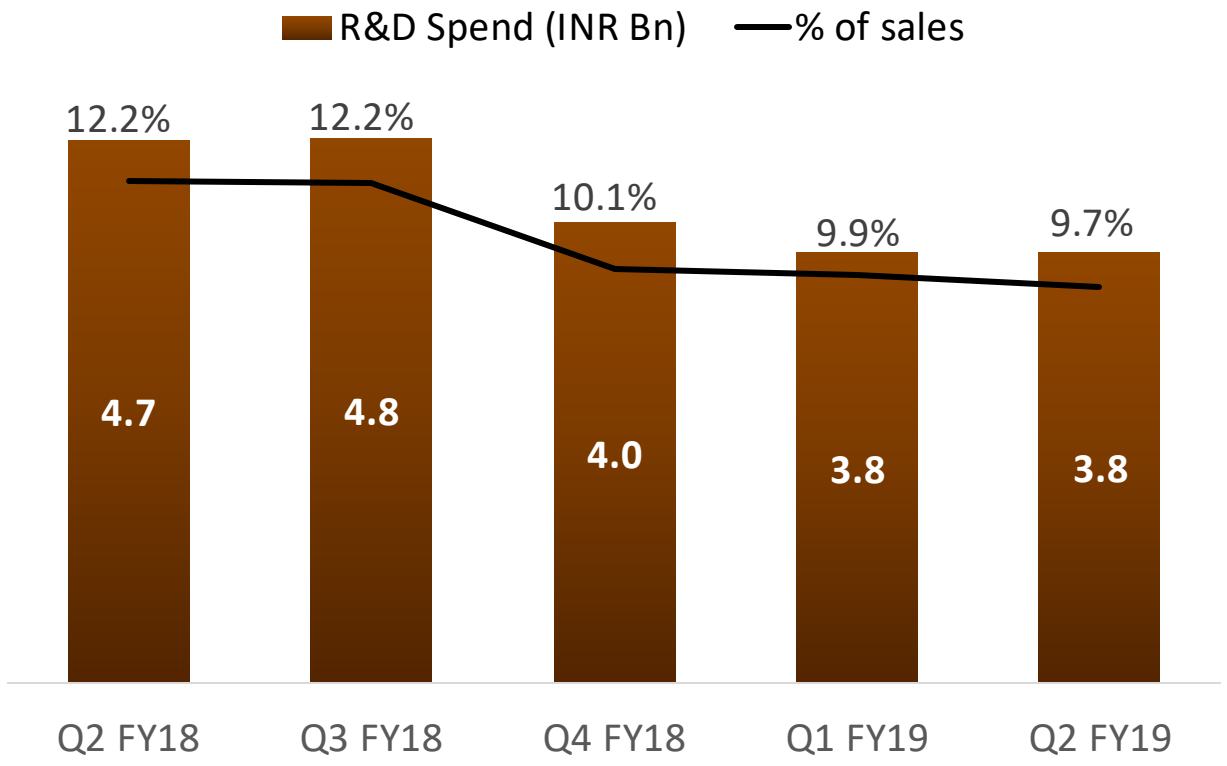
R&D Sites

- *405 US ANDAs; 247 approved*
- *39 pending US First to Files*
- *>3,000 patents filed globally*
- *>1,700 scientists at Global locations*

Continued investments in growth initiatives

Invested INR 3.8 bn or 9.7% of sales on R&D in Q2FY19 at 9 R&D sites globally

Optimizing R&D spend



US Pipeline

405 cumulative filings

158 pending approval

39 First to files
(14 excl. FTF's)

THANK YOU!