Press Release

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

Quarter III Results, FY2017

Sales up 31.5%, EBITDA up 44.6% and Net profits up 20.7%

Mumbai, February 09, 2017: Pharma Major Lupin Limited reported its performance for the third quarter ending December 31st, 2016. These results were taken on record by the Board of Directors at a meeting in Mumbai today.

Key Financial & Performance Highlights

- Net Sales for the quarter grew by 31.5% to Rs. 44,049 m., as compared to Rs. 33,503 m., Q3 FY2016
  - Net Sales in Q3 FY2017 increased by 4.6% sequentially as compared to Rs. 42,112 m., Q2 FY2017
  - **9M FY2017:** Net sales grew by 34.3% to Rs. 129,579 m. as compared to Rs. 96,489 m., 9M FY2016

- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for the quarter grew by 44.6% to Rs. 13,194 m. (30.0% of sales), as compared to Rs. 9,125 m., Q3 FY2016
  - EBITDA in Q3 FY2017 increased by 25.0% sequentially as compared to Rs. 10,552 m., Q2 FY2017
  - **9M FY2017:** EBITDA grew by 49.4% to Rs. 37,652 m. as compared to Rs. 25,209 m., 9M FY2016

- Net profits for the quarter grew by 20.7% to Rs. 6,331 m. as compared to Rs. 5,246 m., Q3 FY2016
  - Net profits in Q3 FY2017 decreased by 4.4% sequentially as compared to Rs. 6,622 m., Q2 FY2017
  - **9M FY2017:** Net profits grew by 43.9% to Rs. 21,773 m. as compared to Rs. 15,129 m., 9M FY2016

- Investment in Research for the quarter stood at Rs. 5,682 m., 12.9% of sales

Business Performance (Refer to Operational Highlights, Page 4)

- US formulation sales increased by 53.4% to USD 316 m. in Q3 FY2017, as compared to Q3 FY2016
- Japan sales increased by 20.3% to Rs. 4,492 m. in Q3 FY2017, as compared to Q3 FY2016

Commenting on the results, Mr. Nilesh Gupta, Managing Director, Lupin Limited, said "This has been a particularly strong year for our US Generic business. We had another strong quarter driven by consistent growth across key markets be it the US, India, Japan, EMEA, APAC and Latin America. I am also happy to share that we have made significant progress on evolving our complex generic pipeline and our stellar compliance record continues".

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Consolidated financial Results - Quarter III, FY2017

Amount in Rs. m.

Particulars	Q3 FY2017	% of sales	Q3 FY2016	% of sales	YoY growth %	Q2 FY2017	% of sales	QoQ growth %
Sales	44,049	*100.0%*	33,503	*100.0%*	*31.5%*	42,112	*100.0%*	*4.6%*
Other operating income	780	*1.8%*	1,974	*5.9%*		793	*1.9%*	*-1.6%*
Total revenue	**44,829**	***101.8%***	**35,477**	***105.9%***	***26.4%***	**42,905**	***101.9%***	***4.5%***
Raw material consumed	13,016	*29.5%*	11,232	*33.5%*	*15.9%*	12,429	*29.5%*	*4.7%*
Gross margin (excl. other operating income)	**31,033**	***70.5%***	**22,271**	***66.5%***	***39.3%***	**29,683**	***70.5%***	***4.5%***
Employees cost	7,312	*16.6%*	5,435	*16.2%*	*34.5%*	7,124	*16.9%*	*2.6%*
Manufacturing & other expenses	12,343	*28.0%*	10,349	*30.9%*	*19.3%*	13,072	*31.0%*	*-5.6%*
Operating margin	**12,158**	***27.6%***	**8,461**	***25.3%***	***43.7%***	**10,280**	***24.4%***	***18.3%***
Other income	1,036	*2.4%*	664	*2.0%*	*56.0%*	272	*0.6%*	
EBITDA	**13,194**	***30.0%***	**9,125**	***27.2%***	***44.6%***	**10,552**	***25.1%***	***25.0%***
Depreciation & Amortization	2,309	*5.2%*	1,216	*3.6%*	*89.9%*	2,112	*5.0%*	*9.3%*
EBIT	**10,885**	***24.7%***	**7,909**	***23.6%***	***37.6%***	**8,440**	***20.0%***	***29.0%***
Finance cost	459	*1.0%*	99	*0.3%*		263	*0.6%*	
PBT	**10,426**	***23.7%***	**7,810**	***23.3%***	***33.5%***	**8,177**	***19.4%***	***27.5%***
Tax	4,095	*9.3%*	2,557	*7.6%*	*60.1%*	1,589		*157.7%*
Share of profit from Joint Venture	24		5			42		
Non-Controlling Interest	24		12			8		
Net profit	**6,331**	***14.4%***	**5,246**	***15.7%***	***20.7%***	**6,622**	***15.7%***	***-4.4%***

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Profit & loss highlights

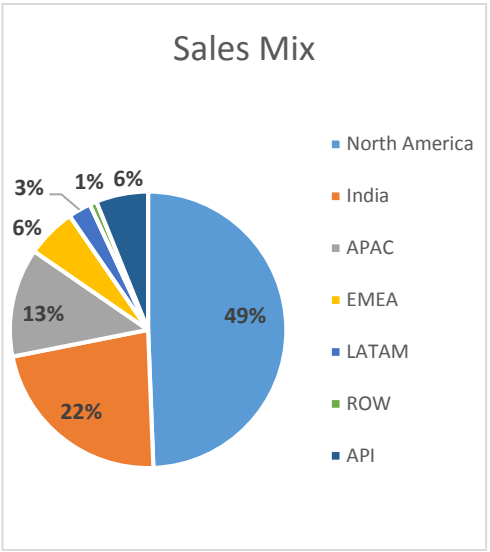
- Material cost decreased by 4.0% to 29.5% of sales, at Rs. 13,016 m., as compared to Rs. 11,232 m. in Q3 FY2016
- Personnel cost increased by 0.4% to 16.6% of sales, at Rs. 7,312 m., as compared to Rs. 5,434 m. in Q3 FY2016
- Manufacturing and other expenses decreased by 2.9% to 28.0% of sales at Rs. 12,343 m., as compared to Rs. 10,349 m. in Q3 FY2016
- Investment in Research for the quarter was Rs. 5,682 m., 12.9% of sales

Balance sheet highlights

- Operating working capital increased to Rs. 49,691 m. as on December 31st, 2016 as against Rs. 48,166 m. as on September 30th, 2016. The working capital number of days stands at 105 days as on December 31st, 2016 as against 103 days on September 30th, 2016
- Capital Expenditure for the quarter was Rs. 2,095 m.
- Net Debt-Equity ratio for the company stands at 0.41:1

Business Segments - Sales Mix

Particulars	Q3 FY2017	Q3 FY2016	YoY growth %	Q2 FY2017	QoQ growth %
Formulations	**41,365**	**30,668**	**34.9%**	**39,193**	***5.5%***
North America	21,755	13,805	*57.6%*	19,978	*8.9%*
India	9,912	8,860	*11.9%*	9,958	*-0.5%*
APAC	5,601	4,634	*20.9%*	5,520	*1.5%*
EMEA	2,555	2,187	*16.8%*	2,355	*8.5%*
LATAM	1,175	885	*32.8%*	986	*19.2%*
ROW	367	297	*23.2%*	396	*-7.3%*
API	**2,684**	**2,835**	***-5.3%***	**2,919**	***-8.1%***
Total	**44,049**	**33,503**	***31.5%***	**42,112**	***4.6%***



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Operational Highlights

North America

Lupin' North America sales grew by 57.6% to Rs. 21,755 m. during Q3 FY2017 as compared to Rs. 13,805 m. during Q3 FY2016; contributing 49% of Lupin's global sales. North America sales increased by 8.9% sequentially as compared to Rs. 19,978 m. during Q2 FY2017. Sales has grown by 70.3% during 9M FY2017.

- US sales grew by 53.4% to USD 316 m. during Q3 FY2017 as compared to USD 206 m. during Q3 FY2016. US sales increased by 8.2% during Q3 FY2017 as compared to USD 292 m. during Q2 FY2017. Sales has grown by 66.4% during 9M FY2017.
- The Company launched 4 products in the US market during the quarter having received 11 approvals from the US FDA. The Company now has 128 products in the US generics market.
- Lupin is now the market leader in 45 products in the US generics market and amongst the Top 3 in 78 of its products (market share by prescriptions, IMS Health, December 2016)

India

Lupin's India formulation sales grew by 11.9% to Rs. 9,912 m. during Q3 FY2017 as compared to Rs. 8,860 m. during Q3 FY2016; contributing 22% of Lupin's global sales. The India Formulation business decreased by 0.5% sequentially as compared to Rs. 9,958 m. during Q2 FY2017. Sales has grown by 9.7% during 9M FY2017.

Asia-Pacific (APAC)

Lupin's APAC sales grew by 20.9% to Rs. 5,601 m. during Q3 FY2017 as compared to Rs. 4,634 m. during Q3 FY2016; contributing 13% of Lupin's global sales. APAC sales grew by 1.5% sequentially as compared to Rs. 5,520 m. during Q2 FY2017. Sales has grown by 25.5% during 9M FY2017.

Lupin's Japan sales grew by 5.3% to JPY 7,244 m. during Q3 FY2017 as compared to JPY 6,883 m. during Q3 FY2016 and increased by 8.1% sequentially as compared to JPY 6,700 m. during Q2 FY2017. Sales has grown by by 8.4% during 9M FY2017.

Lupin's Philippines sales increased by 24.7% to PHP 399 m. during Q3 FY2017 as compared to PHP 320 m. during Q3 FY2016 and decreased by 10.9% sequentially as compared to PHP 448 m. during Q2 FY2017. Sales has grown by 17.5% during 9M FY2017.

Europe, Middle-East and Africa (EMEA)

Lupin's EMEA sales grew by 16.8% to Rs. 2,555 m. during Q3 FY2017 as compared to Rs. 2,187 m. during Q3 FY2016; contributing 6% of Lupin's global sales. EMEA sales increased by 8.5% sequentially as compared to Rs. 2,355 m. during Q2 FY2017. Sales has grown by 14.1% during 9M FY2017.

Lupin's South Africa sales grew by 2.8% to ZAR 230 m. during Q3 FY2017 as compared to ZAR 223 m. during Q3 FY2016 and decreased by 8.9% sequentially as compared to ZAR 252 m. during Q2 FY2017. Sales has grown by 19% during 9M FY2017. Lupin remains the 4th largest generic player in the South African market.

Lupin's Germany sales grew by 26.1% to Euro 7.2 m. during Q3 FY2017 as compared to Euro 5.7 m. during Q3 FY2016 and increased by 12.1% sequentially. Sales has grown by 42.4% during 9M FY2017.

Latin America (LATAM)

Lupin's LATAM sales increased by 32.8% to Rs. 1,175 m. during Q3 FY2017 as compared to Rs. 885 m. during Q3 FY2016; contributing 3% of Lupin's global sales. LATAM sales increased by 19.2% sequentially as compared to Rs. 986 m. during Q2 FY2017. Sales has grown by 25.8% during 9M FY2017.

Lupin's Brazil sales increased by 22.9% to BRL 29 m. during Q3 FY2017 as compared to BRL 24 m. during Q3 FY2016 and decreased by 4.6% sequentially as compared to BRL 31 m. during Q2 FY2017.

Lupin's Mexico sales increased by 31.4% to MXN 157 m. during Q3 FY2017 as compared to MXN 120 m. during Q3 FY2016; an increase of 69.7% sequentially as compared to MXN 93 m. during Q2 FY2017.

Global API

Global API sales declined by 5.3% to Rs. 2,684 m. during Q3 FY2017 as compared to Rs. 2,835 m. during Q3 FY2016; contributing 6% of Lupin's global sales. Global API sales decreased by 8.1% sequentially as compared to Rs. 2,919 m. during Q2 FY2017. Sales has decreased by 10.0% during 9M FY2017.

R&D

Revenue expenditure on R&D for Q3 FY2017 amounted to Rs. 5,682 m., 12.9% of sales.

Lupin filed 6 ANDAs and received 11 approvals from the US FDA during the quarter. Cumulative ANDA filings with the US FDA stood at 344 as of December 31st, 2016, with the company having received 207 approvals to date. The Company now has 44 First-to-Files (FTF) filings including 23 exclusive FTF opportunities. Cumulative DMF filings stands at 173 as of December 31st, 2016.

The Company filed 2 MAA with the European authority during the quarter. Cumulative filings with European authorities now stands at 66 with the company having received 54 approvals to date.

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.

Lupin is the 5th and the 6th largest generics pharmaceutical company by market capitalization (December 31st, 2016, Bloomberg) and sales globally (September 30th, 2016, Bloomberg). The Company is the 5th largest pharmaceutical player in the US by prescriptions (4.68% market share – IMS Health, National Prescription Audit, March 2016); the 2nd largest Indian pharmaceutical company by revenues; the 6th largest generic pharmaceutical player in Japan and the 4th largest generic pharmaceutical company in South Africa (IMS Health, March 2016).

For the financial year ended 31st March, 2016, Lupin's Consolidated sales and Net profit stood at Rs. 137,579 million (USD 2.1 billion) and Rs. 22,607 million (USD 345 million) respectively. Please visit http://www.lupin.com for more information.

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