Press Release

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

Quarter I, FY2019 - Results

Mumbai, August 08, 2018: Pharma Major Lupin Limited reported its financial performance for the first quarter ending June 30th, 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 were Rs. 37,746 m. compared to Rs. 39,785 m. in Q4 FY2018 and Rs. 38,068 m. in Q1 FY2018
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for the quarter was Rs. 7,112 m. compared to Rs. 8,536 m. in Q4 FY2018 and Rs. 8,003 m. in Q1 FY2018
- Net profits before exceptional items for the quarter were Rs. 2,028 m. compared to Rs. 3,586 m. in Q4 FY2018 and Rs. 3,581 m. in Q1 FY2018
- Investment in Research for the quarter was Rs. 3,753 m., representing 9.9% of sales
- Plans on Warning letter resolution on track

Commenting on the results, Mr. Nilesh Gupta, Managing Director, Lupin Limited said, "The first quarter of FY2019 has been subdued, primarily on account of the US and Japan. We have made meaningful progress in building our Complex Generics and Specialty business with the launch of Solosec™ in the US and our successful partnership to commercialize biosimilar Etanercept with Nichi-Iko for Japan and Mylan for Europe and other markets. We remain committed to accelerating new product introductions, evolving our business and delivering on operational and cost efficiencies."

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Consolidated Unaudited Financial Results - Quarter I, FY2019

Amount in Rs. m.

Particulars	Q1 FY2019	% of sales	Q4 FY2018	% of sales	QoQ Growth %	Q1 FY2018	% of sales	YoY Growth %
Sales	37,746	*100.0%*	39,785	*100.0%*	*-5.1%*	38,068	*100.0%*	*-0.8%*
Other operating income	814	*2.2%*	553	*1.4%*	*47.2%*	628	*1.6%*	*29.6%*
Total Revenue from operations	**38,560**	***102.2%***	**40,338**	***101.4%***	***-4.4%***	**38,696**	***101.6%***	***-0.4%***
Material cost	14,442	*38.3%*	13,626	*34.2%*	*6.0%*	12,326	*32.4%*	*17.2%*
Gross Profit (Excl. Other operating income)	**23,304**	***61.7%***	**26,159**	***65.8%***	***-10.9%***	**25,742**	***67.6%***	***-9.5%***
Employee cost	7,494	*19.9%*	7,286	*18.3%*	*2.8%*	7,180	*18.9%*	*4.4%*
Manufacturing & Other expenses	11,354	*30.1%*	12,338	*31.0%*	*-8.0%*	11,507	*30.2%*	*-1.3%*
Operating Profit	**5,270**	***14.0%***	**7,087**	***17.8%***	***-25.6%***	**7,683**	***20.2%***	***-31.4%***
Other Income	1,842	*4.9%*	1,449	*3.6%*	*27.1%*	320	*0.8%*	
EBITDA	**7,112**	***18.8%***	**8,536**	***21.5%***	***-16.7%***	**8,003**	***21.0%***	***-11.1%***
Depreciation & Amortization	2,590	*6.9%*	2,728	*6.9%*	*-5.1%*	2,605	*6.8%*	*-0.6%*
EBIT	**4,522**	***12.0%***	**5,808**	***14.6%***	***-22.1%***	**5,398**	***14.2%***	***-16.2%***
Finance cost	687	*1.8%*	585	*1.5%*	*17.4%*	439	*1.2%*	*56.5%*
PBT before exceptional item	**3,835**	***10.2%***	**5,223**	***13.1%***	***-26.6%***	**4,959**	***13.0%***	***-22.7%***
Exceptional item			14,644 [1]	*36.8%*				
PBT after exceptional item	**3,835**	***10.2%***	**(9,421)**	***-23.7%***		**4,959**	***13.0%***	***-22.7%***
Current tax	1,468		1,402			1,134		
Deferred tax	343		(3,034)[2]			234		
Tax	**1,811**	***4.8%***	**(1,632)**	***-4.1%***		**1,368**	***3.6%***	***32.4%***
(+) Share of Profit from Joint Controlled entity	7		13			(22)		
(-) Non-Controlling Interest	3		59			(12)		
Net Profit after exceptional items	**2,028**	***5.4%***	**(7,835)**	***-19.7%***		**3,581**	***9.4%***	***-43.4%***
Add: Exceptional items			11,421	*28.7%*				
Net Profit before exceptional items	**2,028**	***5.4%***	**3,586**	***9.0%***	***-43.4%***	**3,581**	***9.4%***	***-43.4%***

[1] The Company made impairment provision of Rs. 14,644 m. on certain intangible assets acquired as a part of Gavis group acquisition.

[2] Deferred tax includes deferred tax assets of Rs. 3,223 m. created on difference between tax and book value of certain intangible assets of Gavis.

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Income Statement highlights – Q1 FY2019

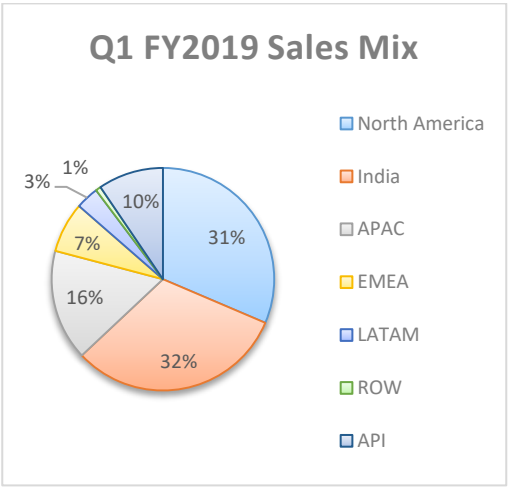
- Material cost increased by 410 bp to 38.3% of sales, at Rs. 14,442 m. compared to Rs. 13,626 m. in Q4 FY2018
- Personnel cost increased by 160 bp to 19.9% of sales, at Rs. 7,494 m. compared to Rs. 7,286 m. in Q4 FY2018
- Manufacturing and other expenses decreased by 90 bp to 30.1% of sales at Rs. 11,354 m. compared to Rs. 12,338 m. in Q4 FY2018
- Investment in Research for the quarter was Rs. 3,753 m., representing 9.9% of sales

Balance Sheet highlights

- Operating working capital decreased to Rs. 56,395 m. as on June 30th, 2018 compared to Rs. 58,883 m. as on March 31st, 2018. The working capital number of days improved to 133 days as on June 30th, 2018 compared to 138 days as on March 31st, 2018
- Capital Expenditure for the quarter was Rs. 1,833 m.
- Net Debt-Equity ratio for the company stands at 0.40:1

Sales Mix

Particulars	Q1 FY2019	Q4 FY2018	QoQ growth %	Q1 FY2018	YoY growth %
Formulations	**34,165**	**36,977**	**-7.6%**	**35,275**	**-3.1%**
North America	11,858	14,990	-20.9%	16,018	-26.0%
India	11,924	9,647	23.6%	9,324	Note 1
APAC	6,077	6,637	-8.4%	5,989	1.5%
EMEA	2,760	3,513	-21.4%	2,259	22.2%
LATAM	1,256	1,645	-23.6%	1,269	-1.0%
ROW	290	545	-46.6%	416	-30.2%
API	**3,581**	**2,808**	**27.5%**	**2,793**	**Note 2**
Total	**37,746**	**39,785**	**-5.1%**	**38,068**	**Note 3**



Note [1] - Adjusted for excise duty growth for India business – 30.7%
Note [2] - Adjusted for excise duty growth for API business – 31.9%
Note [3] - Adjusted for excise duty growth for company – (0.1%)

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Operational Highlights

North America

Lupin's North America sales for Q1 FY2019 were Rs. 11,858 m. compared sales of Rs. 14,990 m. during Q4 FY2018 and Rs. 16,018 m. during Q1 FY2018; accounting for 31% of Lupin's global sales.

- Q1 FY2019 sales were USD 168 m. compared to USD 224 m. during Q4 FY2018 and USD 238 m. during Q1 FY2018
- The Company launched 3 products in the US market during the quarter. The Company now has 160 products in the US generics market
- Lupin is the 4th largest pharmaceutical player in the US by prescriptions (IQVIA MAT June 2018)
- Lupin is now the market leader in 61 products in the US generics market and amongst the Top 3 in 112 of its products (market share by prescriptions, IQVIA June 2018)

India

Lupin's India formulation sales grew by 23.6% to Rs. 11,924 m. during Q1 FY2019 as compared to Q4 FY2018 and grew by 30.7% (adjusted for excise duty) compared to Q1 FY2018; accounting for 32% of Lupin's global sales.

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

Asia-Pacific (APAC)

Lupin's APAC sales were at Rs. 6,077 m. during Q1 FY2019 compared to sales of Rs. 6,637 m. during Q4 FY2018 and Rs. 5,989 m. during Q1 FY2018; accounting for 16% of Lupin's global sales.

Lupin's Japan sales were JPY 8,129 m. during Q1 FY2019 compared to JPY 8,497 m. during Q4 FY2018 and JPY 8,585 m. in Q1 FY2018.

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

Lupin's Philippines sales were PHP 352 m. during Q1 FY2019 compared to PHP 760 m. during Q4 FY2018 and PHP 350 m. during Q1 FY2018.

Europe, Middle-East and Africa (EMEA)

Lupin's EMEA sales were Rs. 2,760 m for Q1 FY2019 compared to sales of Rs. 3,513 m. during Q4 FY2018 and Rs. 2,259 m. during Q1 FY2018; accounting for 7% of Lupin's global sales.

Lupin's South Africa sales were ZAR 261 m. during Q1 FY2019 compared to ZAR 310 m. during Q4 FY2018 and ZAR 209 m. during Q1 FY2018.

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

Lupin's Germany sales were Euro 7.5 m. during Q1 FY2019 compared to Euro 8.1 m. during Q4 FY2018 and Euro 6.7 m. during Q1 FY2018.

Latin America (LATAM)

Lupin's LATAM sales were Rs. 1,256 m. during Q1 FY2019 compared to Rs. 1,645 m. during Q4 FY2018 and Rs. 1,269 m. during Q1 FY2018; accounting for 3% of Lupin's global sales.

Lupin's Brazil sales were BRL 25 m. during Q1 FY2019 compared to BRL 44 m. during Q4 FY2018 and BRL 36 m. during Q1 FY2018.

Lupin's Mexico sales were MXN 159 m. during Q1 FY2019 compared to MXN 167 m. during Q4 FY2018 and MXN 149 m. during Q1 FY2018.

Global API

Global API sales increased by 27.5% to Rs. 3,581 m. during Q1 FY2019 as compared to Rs. 2,808 m. during Q4 FY2018 and by 28.2% compared to Rs. 2,793 m. during Q1 FY2018 (adjusted for excise duty growth - 31.9%); accounting for 10% of Lupin's global sales.

Research and Development

Revenue Expenditure on R&D during Q1 FY2019 amounted to Rs. 3,753 m., 9.9% of sales as against Rs. 4,015 m., 10.1% of sales during Q4 FY2018 and Rs. 4,999 m., 13.1% of sales during Q1 FY2018.

Lupin filed 4 ANDA and received 5 approvals from the US FDA during the quarter. Cumulative ANDA filings with the US FDA stood at 402 as of June 30th, 2018, with the company having received 240 approvals to date.
The Company now has 38 First-to-Files (FTF) filings including 16 exclusive FTF opportunities. Cumulative DMF filings stands at 193 as of June 30th, 2018.

The Company received approval for 1 MAA from the European authority during the quarter. Cumulative filings with European authorities now stands at 61 with the company having received 58 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 8th largest generics pharmaceutical company both in terms of market capitalization (30th June 2018, Bloomberg) and revenues (31st March 2018, Bloomberg LTM) globally. The Company is the 4th largest pharmaceutical player in the US by prescriptions (IQVIA MAT June 2018); 3rd largest Indian pharmaceutical company by global revenues (31st March 2018, Bloomberg LTM); 6th largest generic pharmaceutical player in Japan and 5th largest company in the Indian Pharmaceutical Market (IQVIA MAT June 2018).

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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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