**Press Release**

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

# Quarter II, FY2017 - Results

## *Sales up 31.9%, EBITDA up 46.5% and Net profits up 57.8%*

**Mumbai, November 09, 2016**: Pharma Major Lupin Limited reported its performance for the second quarter ending September 30th, 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 31.9% to Rs. 42,112 m., as compared to Rs. 31,926 m. in Q2 FY2016
  - Net Sales in Q2 FY2017 decreased by 3.0% sequentially as compared to Rs. 43,418 m. in Q1 FY2017
  - **H1 FY2017:** Net sales grew by 35.8% to Rs. 85,530 m. as compared to Rs. 62,986 m. in H1 FY2016

- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for the quarter grew by 46.5% to Rs. 10,552 m., as compared to Rs. 7,204 m. in Q2 FY2016 and stood at 25.1% of sales
  - EBITDA in Q2 FY2017 decreased by 24.1% sequentially as compared to Rs. 13,907 m. in Q1 FY2017
  - **H1 FY2017:** EBITDA grew by 50.9% to Rs. 24,458 m. as compared to Rs. 16,209 m. in H1 FY2016

- Net profits for the quarter grew by 57.8% to Rs. 6,622 m. as compared to Rs. 4,198 m. in Q2 FY2016
  - Net profits in Q2 FY2017 decreased by 24.9% sequentially as compared to Rs. 8,820 m. in Q1 FY2017
  - **H1 FY2017:** Net profits grew by 56.2% to Rs. 15,441 m. as compared to Rs. 9,883 m. in H1 FY2016

- Investment in Research for the quarter was Rs. 5,716 m., 13.6% of sales

### Business Performance (Refer to Operational Highlights, Page 4)

- US formulation sales increased by 69.8% to USD 292 m. in Q2 FY2017, as compared to Q2 FY2016
- Japan sales increased by 35.2% to Rs. 4,368 m. in Q2 FY2017, as compared to Q2 FY2016

*Commenting on the results, Mr. Nilesh Gupta, Managing Director, Lupin Limited, said "We had an excellent first half for fiscal FY2017 driven by robust growth across businesses. The company continues to invest ahead of the curve be it research or manufacturing. The quarter's profits were impacted on count of higher research spend and forex. We remain committed to improving operational performance and delivering quality products".*

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**Consolidated financial Results - Quarter II, FY2017**

*Amount in Rs. m.*

| Particulars | Q2 FY2017 | % of sales | Q2 FY2016 | % of sales | YoY growth % | Q1 FY2017 | % of sales | QoQ growth % |
|---|---|---|---|---|---|---|---|---|
| Sales | 42,112 | *100.0%* | 31,926 | *100.0%* | *31.9%* | 43,418 | *100.0%* | *-3.0%* |
| Other operating income | 793 | *1.9%* | 1,371 | *4.3%* | *-42.2%* | 1,259 | *2.9%* | *-37.0%* |
| **Total revenue** | **42,905** | ***101.9%*** | **33,297** | ***104.3%*** | ***28.9%*** | **44,677** | ***102.9%*** | ***-4.0%*** |
| | | | | | | | | |
| Raw material consumed | 12,429 | *29.5%* | 11,249 | *35.2%* | *10.5%* | 12,719 | *29.3%* | *-2.3%* |
| **Gross margin (excl. other operating income)** | **29,683** | ***70.5%*** | **20,677** | ***64.8%*** | ***43.6%*** | **30,699** | ***70.7%*** | ***-3.3%*** |
| | | | | | | | | |
| Employees cost | 7,124 | *16.9%* | 5,328 | *16.7%* | *33.7%* | 7,059 | *16.3%* | *0.9%* |
| Manufacturing & other expenses | 13,072 | *31.0%* | 10,094 | *31.6%* | *29.5%* | 11,818 | *27.2%* | *10.6%* |
| **Operating margin** | **10,280** | ***24.4%*** | **6,626** | ***20.8%*** | ***55.1%*** | **13,081** | ***30.1%*** | ***-21.4%*** |
| | | | | | | | | |
| Other income | 272 | *0.6%* | 578 | *1.8%* | *-53.1%* | 826 | *1.9%* | *-67.2%* |
| **EBITDA** | **10,552** | ***25.1%*** | **7,204** | ***22.6%*** | ***46.5%*** | **13,907** | ***32.0%*** | ***-24.1%*** |
| | | | | | | | | |
| Depreciation & Amortization | 2,112 | *5.0%* | 1,155 | *3.6%* | *82.9%* | 2,027 | *4.7%* | *4.2%* |
| **EBIT** | **8,440** | ***20.0%*** | **6,049** | ***18.9%*** | ***39.5%*** | **11,880** | ***27.4%*** | ***-29.0%*** |
| | | | | | | | | |
| Finance cost | 263 | *0.6%* | 240 | *0.8%* | *9.3%* | 320 | *0.7%* | *-17.8%* |
| **PBT** | **8,177** | ***19.4%*** | **5,809** | ***18.2%*** | ***40.8%*** | **11,560** | ***26.6%*** | ***-29.3%*** |
| | | | | | | | | |
| Tax | 1,589 | | 1,591 | | *-0.1%* | 2,734 | | *-41.9%* |
| **PAT** | **6,587** | ***15.6%*** | **4,218** | ***13.2%*** | ***56.2%*** | **8,826** | ***20.3%*** | ***-25.4%*** |
| | | | | | | | | |
| Share of profit from Joint Venture | 42 | *0.1%* | 6 | *0.0%* | | - | *0.0%* | |
| Minority Interest | 8 | *0.0%* | 27 | *0.1%* | | 6 | *0.0%* | |
| **Net profit** | **6,622** | ***15.7%*** | **4,198** | ***13.1%*** | ***57.8%*** | **8,820** | ***20.3%*** | ***-24.9%*** |

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**Profit & loss highlights**

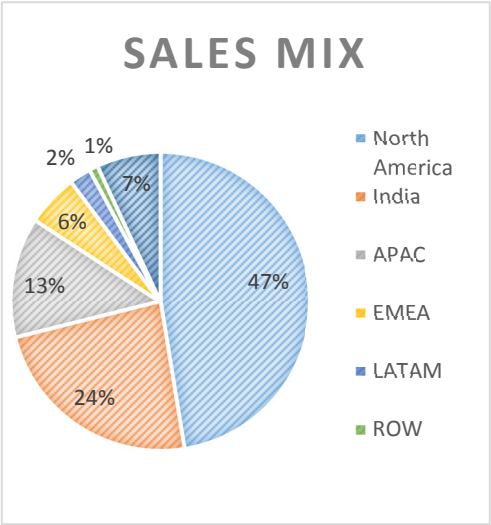
- Material cost decreased by 5.7% to 29.5% of sales, at Rs. 12,429 m., as compared to Rs. 11,249 m. in Q2 FY2016
- Personnel cost increased by 0.2% to 16.9% of sales, at Rs. 7,124 m., as compared to Rs. 5,328 m. in Q2 FY2016
- Manufacturing and other expenses decreased by 0.6% to 31.0% of sales at Rs. 13,072 m., as compared to Rs. 10,094 m. in Q2 FY2016
- Investment in Research for the quarter was Rs. 5,716 m., 13.6% of sales

**Balance sheet highlights**

- Operating working capital decreased to Rs. 48,166 m. as on September 30th, 2016 as against Rs. 48,857 m. as on June 30th, 2016. The working capital number of days stands at 103 days as on September 30th, 2016 as against 102 days on June 30th, 2016
- Capital Expenditure for the quarter was Rs. 3,057 m.
- Net Debt-Equity ratio for the company stands at 0.41:1

**Business Segments - Sales Mix**

| Particulars | Q2 FY2017 | Q2 FY2016 | YoY growth % | Q1 FY2017 | QoQ growth % |
|---|---|---|---|---|---|
| **Formulations** | **39,193** | **28,596** | **37.1%** | **40,452** | ***-3.1%*** |
| **North America** | 19,978 | 11,539 | *73.1%* | 21,886 | *-8.7%* |
| **India** | 9,958 | 8,881 | *12.1%* | 9,499 | *4.8%* |
| **APAC** | 5,520 | 4,462 | *23.7%* | 5,416 | *1.9%* |
| **EMEA** | 2,355 | 2,218 | *6.2%* | 2,194 | *7.3%* |
| **LATAM** | 986 | 1,082 | *-8.9%* | 1,089 | *-9.5%* |
| **ROW** | 396 | 414 | *-4.3%* | 368 | *7.6%* |
| | | | | | |
| **API** | **2,919** | **3,330** | ***-12.3%*** | **2,966** | ***-1.6%*** |
| **Total** | **42,112** | **31,926** | ***31.9%*** | **43,418** | ***-3.0%*** |



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## Operational Highlights

**North America**

Lupin' North America sales grew by 73.1% to Rs. 19,978 m. during Q2 FY2017 as compared to Rs. 11,539 m. during Q2 FY2016; contributing 47% of Lupin's global sales. North America sales declined by 8.7% sequentially as compared to Rs. 21,886 m. during Q1 FY2017. H1 FY2017 sales growth was 77.8%.

- US sales grew by 69.8% to USD 292 m. during Q2 FY2017 as compared to USD 172 m. during Q2 FY2016. US sales declined by 9.3% during Q2 FY2017 as compared to USD 322 m. during Q1 FY2017. H1 FY2017 sales growth was 74.3%.
- The Company launched 2 products in the US market during the quarter. The Company now has 124 products in the US generics market.
- Lupin is now the market leader in 42 products marketed in the US generics market and amongst the Top 3 in 79 of its marketed products (market share by prescriptions, IMS Health, September 2016)

**India**

Lupin's India formulation sales grew by 12.1% to Rs. 9,958 m. during Q2 FY2017 as compared to Rs. 8,881 m. during Q2 FY2016; contributing 24% of Lupin's global sales. The India Formulation business grew by 4.8% sequentially as compared to Rs. 9,499 m. during Q1 FY2017. H1 FY2017 sales growth was 8.7%.

**Asia-Pacific (APAC)**

Lupin's APAC sales grew by 23.7% to Rs. 5,520 m. during Q2 FY2017 as compared to Rs. 4,462 m. during Q2 FY2016; contributing 13% of Lupin's global sales. APAC sales grew by 1.9% sequentially as compared to Rs. 5,416 m. during Q1 FY2017. H1 FY2017 sales growth was 28.1%.

Lupin's Japan sales grew by 10.4% to JPY 6,700 m. during Q2 FY2017 as compared to JPY 6,071 m. during Q2 FY2016 and decreased by 2.5% sequentially as compared to JPY 6,868 m. during Q1 FY2017. H1 FY2017 sales growth was 10.7%.

Lupin's Philippines sales decreased by 16.4% to PHP 448 m. during Q2 FY2017 as compared to PHP 536 m. during Q2 FY2016 and decreased by 11.9% sequentially as compared to PHP 508 m. during Q1 FY2017. H1 FY2017 sales growth was 14.7%.

**Europe, Middle-East and Africa (EMEA)**

Lupin's EMEA sales grew by 6.2% to Rs. 2,355 m. during Q2 FY2017 as compared to Rs. 2,218 m. during Q2 FY2016; contributing 6% of Lupin's global sales. EMEA sales increased by 7.3% sequentially as compared to Rs. 2,194 m. during Q1 FY2017. H1 FY2017 sales growth was 12.6%.

Lupin's South Africa sales grew by 27.0% to ZAR 252 m. during Q2 FY2017 as compared to ZAR 199 m. during Q2 FY2016 and increased by 23.0% sequentially as compared to ZAR 205 m. during Q1 FY2017. H1 FY2017 sales growth was 29.2%. Lupin remains the 4$^{th}$ largest generic player in the South African market.

Lupin's Germany sales grew by 31.3% to Euro 6.4 m. during Q2 FY2017 as compared to Euro 4.9 m. during Q2 FY2016 and increased by 0.7% sequentially. H1 FY2017 sales growth was 53.5%.

**Latin America (LATAM)**

Lupin's LATAM sales decreased by 8.9% to Rs. 986 m. during Q2 FY2017 as compared to Rs. 1,082 m. during Q2 FY2016; contributing 2% of Lupin's global sales. LATAM sales decreased by 9.5% sequentially as compared to Rs. 1,089 m. during Q1 FY2017. H1 FY2017 sales growth was 22.2%.

Lupin's Brazil sales grew by 10.9% to BRL 31 m. during Q2 FY2017 as compared to BRL 28 m. during Q2 FY2016 and grew by 0.9% sequentially.

Lupin's Mexico sales decreased by 31.9% to MXN 93 m. during Q2 FY2017 as compared to MXN 136 m. during Q2 FY2016 and decreased by 29.6% sequentially as compared to MXN 132 m. during Q1 FY2017.

**API**

Global API sales declined by 12.3% to Rs. 2,919 m. during Q2 FY2017 as compared to Rs. 3,330 m. during Q2 FY2016; contributing 7% of Lupin's global sales. Global API sales decreased by 1.6% sequentially as compared to Rs. 2,966 m. during Q1 FY2017.

**R&D**

Revenue expenditure on R&D for Q2 FY2017 amounted to Rs. 5,716 m., 13.6% of net sales.

Lupin filed 4 ANDAs and received 9 approvals from the US FDA during the quarter. Cumulative ANDA filings with the US FDA stood at 338 as of September 30th, 2016, with the company having received 196 approvals to date. The Company now has 45 First-to-Files (FTF) filings including 25 exclusive FTF opportunities. Cumulative DMF filings stands at 172 as of September 30th, 2016.

The Company filed 1 MAA with the European authority during the quarter. Cumulative filings with European authorities now stands at 64 with the company having received 54 approvals to date.

**About Lupin Limited**

Lupin is an innovation led transnational pharmaceutical company producing and developing 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 largest generics player in the US (5.51% generic market share by prescriptions – IMS Health, National Prescription Audit, MAT March 2016) and the 2nd largest Indian pharmaceutical company by market capitalization. The Company is also the 9th 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 2.09 billion) and Rs. 22,607 million (USD 345 million) respectively. Please visit http://www.lupin.com for more information.

You could also follow us on Twitter – www.twitter.com/lupinlimited

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*Safe Harbor Statement*