Press Release

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

Lupin Quarter III, FY2018 - Results

Mumbai, February 6, 2018: Pharma Major Lupin Limited reported its financial performance for the third quarter ending December 31st, 2017. 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 stood at Rs. 39,004 m. compared to Rs. 38,742 m. in Q2 FY2018
  - Sales for the quarter decreased by 11.5% compared to Rs. 44,049 m. in Q3 FY2017
  - **9M FY2018:** Sales were Rs. 115,814 m. compared to Rs. 129,579 m. in 9M FY2017

- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for the quarter decreased by 22.7% to Rs. 7,168 m. (18.4% of sales) compared to Rs. 9,271 m. in Q2 FY2018
  - EBITDA for the quarter decreased by 45.8% compared to 13,219 m. in Q3 FY2017
  - **9M FY 2018:** EBITDA was Rs. 24,442 m. compared to Rs. 37,729 m. in 9M FY2017

- Net profit for the quarter decreased by 51.3% to Rs. 2,217 m. compared to Rs. 4,550 m. in Q2 FY2018
  - Net profit for the quarter decreased by 65% compared to Rs. 6,331 m. in Q3 FY2017
  - **9M FY2018:** Net profit was Rs. 10,348 m. compared to Rs. 21,772 m. in 9M FY2017

- EBITDA includes net impact of foreign exchange fluctuation loss of Rs. 821 m. during Q3 FY2018 compared to a gain of Rs. 570 m. during Q2 FY2018 and a gain of Rs. 276 m. during Q3 FY2017

- Net profit for the quarter includes impact of Rs. 361 m. on account of remeasurement of deferred tax assets/liabilities pertaining to US operations based on enactment of the new tax regime

- Investment in Research for the quarter was Rs. 4,757 m., representing 12.2% of sales

Commenting on the results, Mr. Nilesh Gupta, Managing Director, Lupin Limited, said "The quarterly performance was muted on the back of business mix as well as forex losses. We continue to grow strong in all our markets while the US business is now starting to stabilize at the current level. Our near-term priorities are to successfully commercialize Solosec, resolve the warning letter on Goa and Indore Unit 2 and continue to evolve our complex generic pipeline while accelerating growth in our other markets."

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Consolidated unaudited financial Results - Quarter III, FY2018

Amount in Rs. m.

Particulars	Q3 FY2018	% of sales	Q2 FY2018	% of sales	QoQ Growth %	Q3 FY2017	% of sales	YoY Growth %
Sales	39,004	*100.0%*	38,742	*100.0%*	*0.7%*	44,049	*100.0%*	*-11.5%*
Other operating income	753	*1.9%*	778	*2.0%*	*-3.2%*	779	*1.8%*	*-3.3%*
Total Revenue from operations	**39,757**	***101.9%***	**39,520**	***102.0%***	***0.6%***	**44,828**	***101.8%***	***-11.3%***
Material cost	13,927	*35.7%*	12,865	*33.2%*	*8.3%*	13,016	*29.5%*	*7.0%*
Gross Profit (Excl. Other operating income)	**25,077**	***64.3%***	**25,877**	***66.8%***	***-3.1%***	**31,033**	***70.5%***	***-19.2%***
Employee cost	6,931	*17.8%*	7,250	*18.7%*	*-4.4%*	7,286	*16.5%*	*-4.9%*
Manufacturing & Other expenses	12,015	*30.8%*	10,874	*28.1%*	*10.5%*	12,340	*28.0%*	*-2.6%*
Operating Profit	**6,884**	***17.6%***	**8,531**	***22.0%***	***-19.3%***	**12,186**	***27.7%***	***-43.5%***
Other Income	284	*0.7%*	740	*1.9%*	*-61.6%*	1,033	*2.3%*	*-72.5%*
EBITDA	**7,168**	***18.4%***	**9,271**	***23.9%***	***-22.7%***	**13,219**	***30.0%***	***-45.8%***
Depreciation & Amortization	2,804	*7.2%*	2,722	*7.0%*	*3.0%*	2,309	*5.2%*	*21.4%*
EBIT	**4,364**	***11.2%***	**6,549**	***16.9%***	***-33.4%***	**10,910**	***24.8%***	***-60.0%***
Finance cost	540	*1.4%*	479	*1.2%*	*12.7%*	484	*1.1%*	*11.6%*
PBT	**3,824**	***9.8%***	**6,070**	***15.7%***	***-37.0%***	**10,426**	***23.7%***	***-63.3%***
Tax	1,608	*4.1%*	1,541	*4.0%*	*4.3%*	4,095	*9.3%*	*-60.7%*
(+) Share of Profit from Joint Controlled entity	6		39			24		
(-) Non-Controlling Interest	5		18			24		
Net Profit	**2,217**	***5.7%***	**4,550**	***11.7%***	***-51.3%***	**6,331**	***14.4%***	***-65.0%***

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Income Statement highlights – Q3 FY2018

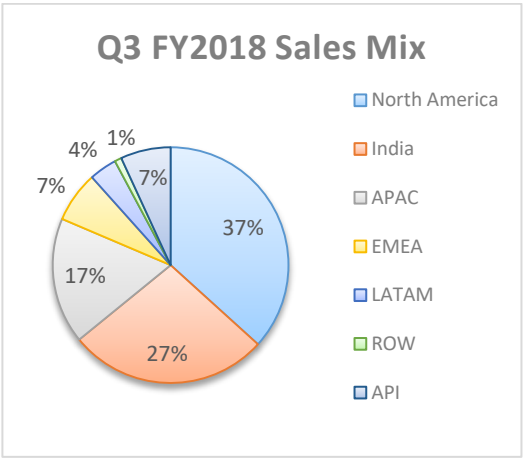
- Material cost increased by 250 bps to 35.7% of sales, at Rs. 13,927 m. compared to Rs. 12,865 m. in Q2 FY2018
- Personnel cost decreased by 90 bps to 17.8% of sales, at Rs. 6,931 m. compared to Rs. 7,250 m. in Q2 FY2018
- Manufacturing and other expenses increased by 270 bps to 30.8% of sales at Rs. 12,015 m. compared to Rs. 10,874 m. in Q2 FY2018
- Investment in Research for the quarter was Rs. 4,757 m. representing 12.2% of sales

Balance Sheet highlights

- Operating working capital increased to Rs. 57,610 m. as on December 31st, 2017 compared Rs. 57,139 m. as on September 30th, 2017. The working capital number of days stands at 134 days as on December 31st, 2017 compared to 128 days as on September 30th, 2017
- Capital Expenditure for the quarter was Rs. 2,540 m.
- Net Debt-Equity ratio for the company stands at 0.40:1

Sales Mix

Particulars	Q3 FY2018	Q2 FY2018	QoQ growth %	Q3 FY2017	YoY growth %
Formulations	**36,324**	**36,092**	**0.6%**	**41,365**	**-12.2%**
North America	14,321	13,611	5.2%	21,755	-34.2%
India	10,688	11,593	-7.8%	9,912	7.8%
APAC	6,742	6,357	6.0%	5,601	20.4%
EMEA	2,721	2,758	-1.3%	2,555	6.5%
LATAM	1,481	1,395	6.2%	1,175	26.0%
ROW	371	378	-1.9%	367	1.2%
API	**2,680**	**2,650**	**1.1%**	**2,684**	**-0.1%**
Total	**39,004**	**38,742**	**0.7%**	**44,049**	**-11.5%**



Operational Highlights

North America

Lupin's North America sales grew by 5.2% to Rs. 14,321 m. during Q3 FY2018 compared to Rs. 13,611 m. during Q2 FY2018 and decreased by 34.2% compared to Rs. 21,755 m. during Q3 FY2017; accounting for 37% of Lupin's global sales.

- Q3 FY2018 sales were USD 213 m. compared to USD 204 m. during Q2 FY2018 and USD 316 m. during Q3 FY2017
- The Company launched 3 products in the US market during the quarter. The Company now has 149 products in the US generics market

- Lupin is now the market leader in 50 products in the US generics market and amongst the Top 3 in 107 of its products (market share by prescriptions, IQVIA, December 2017)

India

Lupin's India formulation sales decreased by 7.8% to Rs. 10,688 m. during Q3 FY2018 compared to Rs. 11,593 m. during Q2 FY2018 and increased by 7.8% compared to Rs. 9,912 m. during Q3 FY2017; accounting for 27% of Lupin's global sales.

Asia-Pacific (APAC)

Lupin's APAC sales grew by 6.0% to Rs. 6,742 m. during Q3 FY2018 compared to Rs. 6,357 m. during Q2 FY2018 and increased by 20.4% compared to Rs. 5,601 m. during Q3 FY2017; accounting for 17% of Lupin's global sales.

Lupin's Japan sales increased by 11.8% to JPY 9,711 m. during Q3 FY2018 compared to JPY 8,685 m. during Q2 FY2018 and increased by 34.1% compared to JPY 7,244 m. in Q3 FY2017.

Lupin's Philippines sales decreased by 9.6% to PHP 456 m. during Q3 FY2018 compared to PHP 504 m. during Q2 FY2018 and increased by 14.3% compared to PHP 399 m. during Q3 FY2017.

Europe, Middle-East and Africa (EMEA)

Lupin's EMEA sales decreased by 1.3% at Rs. 2,721 m during Q3 FY2018 compared to sales of Rs. 2,758 m. during Q2 FY2018 and increased by 6.5% compared to Rs. 2,555 m. during Q3 FY2017; accounting for 7% of Lupin's global sales.

Lupin's South Africa sales decreased by 4.6% at ZAR 257 m. during Q3 FY2018 compared to ZAR 270 m. during Q2 FY2018 and increased by 12.0% compared to ZAR 230 m. during Q3 FY2017. Lupin remains the 4th largest generic player in the South African market (IQVIA MAT December 2017).

Lupin's Germany sales increased by 13.5% at Euro 8.7 m. during Q3 FY2018 compared to Euro 7.6 m. during Q2 FY2018 and increased by 21.0% compared to Euro 7.2 m. during Q3 FY2017.

Latin America (LATAM)

Lupin's LATAM sales grew by 6.2% at Rs. 1,481 m. during Q3 FY2018 compared to Rs. 1,395 m. during Q2 FY2018 and grew by 26.0% as compared to Rs. 1,175 m. during Q3 FY2017; accounting for 4% of Lupin's global sales.

Lupin's Brazil sales decreased by 7.7% to BRL 37 m. during Q3 FY2018 compared to BRL 40 m. during Q2 FY2018 and increased by 25.9% compared to BRL 29 m. during Q3 FY2017.

Lupin's Mexico sales increased by 12.0% to MXN 173 m. during Q3 FY2018 compared to MXN 154 m. during Q2 FY2018 and increased by 9.7% compared to MXN 157 m. during Q3 FY2017.

Global API

Global API sales increased by 1.1% at Rs. 2,680 m. during Q3 FY2018 compared to Rs. 2,650 m. during Q2 FY2018 and decreased by 0.1% to Rs. 2,684 m. during Q3 FY2017; accounting for 7% of Lupin's global sales.

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Research and Development

Revenue Expenditure on R&D during Q3 FY2018 amounted to Rs. 4,757 m., 12.2% of sales as against Rs. 4,739 m., 12.2% of sales during Q2 FY2018 and Rs. 5,682 m., 12.9% of sales during Q3 FY2017.

Lupin filed 5 ANDA and received 6 approvals from the US FDA during the quarter. Cumulative ANDA filings with the US FDA stood at 382 as of December 31st, 2017, with the company having received 231 approvals to date. The Company now has 33 First-to-Files (FTF) filings including 16 exclusive FTF opportunities. Cumulative DMF filings stands at 190 as of December 31st, 2017.

The Company filed 1 MAA and received 1 approval from the European authority during the quarter. Cumulative filings with European authorities now stands at 62 with the company having received 59 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 11th and 7th largest generics pharmaceutical company by market capitalization (December 31st, 2017, Bloomberg) and revenues (September 30th 2017, Bloomberg LTM) respectively. The Company is the 4th largest pharmaceutical player in the US by prescriptions (IQVIA MAT December 2017); 2nd largest Indian pharmaceutical company by global revenues (September 30th 2017, Bloomberg LTM); 6th largest generic pharmaceutical player in Japan and 5th largest company in Indian Pharmaceutical Market (IQVIA MAT December 2017).

For the financial year ended 31st March, 2017, Lupin's Consolidated sales and Net profit stood at Rs. 171,198 million (USD 2.55 billion) and Rs. 25,575 million (USD 381 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