



***JUBILANT***  
***LIFESCIENCES***

## **Financial Results**

**Quarter Ended March 31, 2015**

*Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential product characteristics and uses, product sales potential and target dates for product launch are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. Jubilant Life Sciences may, from time to time, make additional written and oral forward looking statements, including statements contained in the company's filings with the regulatory bodies and our reports to shareholders. The company assumes no obligation to update forward-looking statements to reflect actual results, changed assumptions or other factors.*

## **NOTES:**

- 1. All Financial Data in this presentation is derived from audited Financial Results of the Consolidated entity*
- 2. The numbers for the quarter have been reclassified and regrouped wherever necessary*
- 3. Closing Exchange Rate for USD 1 at Rs. 59.91 as on March 31'14 & Rs. 62.50 as on March 31'15*
- 4. The Exchange fluctuation on long term forex loans in Indian books have been amortized over the tenure of the loan period as recommended under Indian Accounting Standards*

# Conference Call Details

**Date :** Tuesday, May 12, 2015

**Time :** 5:00 pm IST

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**Replay from :** 12 May, 2015 to 19 May, 2015

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# Q4'15 Results Analysis

# Key Business Segments – Q4'FY15

## Jubilant Life Sciences

### Pharmaceuticals (50%)

#### ▪ Generics

- Active Pharmaceutical Ingredients
- Solid Dosage Formulations

#### ▪ Specialty Pharmaceuticals (Sterile Products)

- Radiopharmaceuticals
- Allergy Therapy Products
- CMO of Sterile Injectables

#### ▪ Drug Discovery Solutions

- Indian Branded Pharmaceuticals

### Life Science Ingredients (50%)

#### Advanced Intermediates and Specialty Ingredients

#### Nutritional Products

#### Life Science Chemicals

# Income Statement – Q4'FY15

Particulars	Q4'FY14	Q3'FY15	Q4'FY15	YoY Growth	QoQ Growth
	(Rs Crs)			(%)	
<b>Total Income from Operations</b>	<b>1,562</b>	<b>1,445</b>	<b>1,537</b>	<b>-2%</b>	<b>6%</b>
Total Expenditure	1,317	1,260	1,289		
Other Income	5	6	6		
<b>EBITDA including Other Income</b>	<b>251</b>	<b>191</b>	<b>253</b>	<b>1%</b>	<b>32%</b>
Depreciation	69	80	66		
Finance Cost	65	86	80		
Forex Differential and Interest Swap Cost	10	10	6		
<b>Profit after Interest but before Exceptional Items</b>	<b>107</b>	<b>16</b>	<b>102</b>		
Exceptional Item - Gain/(Loss)	36	(0)	(34)		
Tax Expenses (Net)	35	20	25		
Minority Interest	10	7	0		
<b>Reported Net Profit After Tax and Minority Interest</b>	<b>99</b>	<b>(11)</b>	<b>43</b>		
<b>Normalized Net Profit After Tax</b>	<b>62</b>	<b>(11)</b>	<b>77</b>		
Paid-up share capital (Face value per share Re.1)	15.93	15.93	15.93		
<b>Earnings Per Share - Basic (Rs.)</b>	<b>6.20</b>	<b>(0.70)</b>	<b>2.68</b>		
Normalised Earnings Per Share - Basic (Rs.)	3.92	(0.69)	<b>4.81</b>		
Promoters and promoter group shareholding	54%	54%	54%		
	(%)			(bps)	
EBITDA Margins	16.1%	13.2%	16.5%	43	324
Normalized Net Margins	4.0%	-0.8%	5.0%	99	575

- **Income from Operations at Rs. 1,537 Crore**

- 8% YoY Growth in Pharmaceuticals segment revenues offset by lower revenues in Life Science Ingredients segment
- Geographical growth in North America, India and ROW markets offset by lower sales in China, Europe and Japan

- **EBITDA at Rs. 253 Crore**

- EBITDA contribution from Pharmaceuticals segment at Rs. 200 Crore and LSI at Rs. 66 Crore
- Pharmaceuticals segment margins at 26.2%, up from 18.8% in Q4 FY 14
- LSI margins at 8.5%, down from 15.3% in Q4 FY 14

- **Profit After Tax at Rs. 43 Crore**

- Earnings Per Share for Re. 1 FV equity share at Rs. 2.68

# Segmental Revenue Analysis – Q4'FY15

Segmental Revenue Analysis	Revenue (Rs. Crs.)			Revenue Mix (%)	YoY Growth %	QoQ Growth %
	Q4'FY14	Q3'FY15	Q4'FY15			
Pharmaceuticals	705	701	763	50%	8%	9%
Life Science Ingredients	858	744	774	50%	-10%	4%
<b>Income from Operations</b>	<b>1,562</b>	<b>1,445</b>	<b>1,537</b>	<b>100%</b>	<b>-2%</b>	<b>6%</b>
Inter Divisional Sales (IDTs)	170	107	119		-30%	11%
IDT as a % of Income	11%	7%	8%			

- **Pharmaceuticals segment revenue at Rs. 763 Crore, contributing 50% to the revenue mix**
  - Revenue growth of 8% YoY, driven by strategic initiatives taken in Radiopharmaceuticals
  - Healthy growth also witnessed in CMO and APIs
- **LSI segment revenue at Rs. 774 Crore , contributing 50% to the revenue mix**
  - Nutritional Products and Fine Ingredients record healthy growth

# Business Highlights – Q4'FY 15

## Generics

### Active Pharmaceutical Ingredients

- Higher volumes witnessed during the quarter
- 2 DMFs filed during the quarter
- Launched two products including Alendronate and Paliperidone in Canada
- Total 39 commercial APIs, including 21 in North America, 24 in Europe and 26 in ROW

### Solid Dosage Formulations

- Successful inspection of Roorkee facility by USFDA
- Supplies to Japan resume, post receipt of approval from the regulatory authority.
- 48 commercial products, including 20+ in North America, 29 in Europe and 25 in ROW
- 4 ANDA approvals in the US during Q4'15 and 10 during FY 15; Cumulative filings in the US at 72 including 38 approvals
- New Launches: Solifenacin in Europe, Valsartan in US and many others in Emerging markets like Asia Pacific, Middle East and Africa etc.

## Specialty Pharmaceuticals (Sterile Products)

### Radiopharmaceuticals

- Continued strong performance with significant improvement in margins
- Strategic initiatives help improvement in business performance
- Preparing for launch of Ruby-fill in the US market, subject to final regulatory approval

### CMO of Sterile Injectables

- Volume uptrend witnessed in Spokane due to execution of order backlogs
- Approval received for two new products and four supplements by our clients post re-inspection of our Spokane facility
- Interactions with USFDA continue for resolution of Spokane Warning Letter

# Business Highlights – Q4'FY 15

## Advanced Intermediates, Specialty Ingredients and Nutritional Products

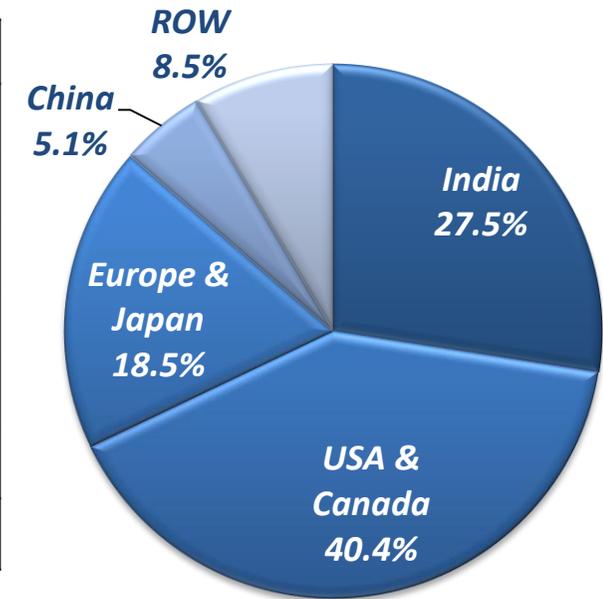
- Anti-dumping duty review petition in China accepted by MOFCOM in our Pyridine business
- Focus on sales in new markets to counter challenging business environment in China in Advanced Intermediates
- Growth in Nutritional Products aided by new orders and improvement in pricing and volumes
- Efforts to stabilize Symtet plant continue
- Zinc Pyrithione plant commissioning completed

## Life Sciences Chemicals

- Enhanced sales volume witnessed in Acetic Anhydride
- Pricing and volume pressures witnessed in key export markets in Ethyl Acetate
- Maintained leadership positions for key products in the Indian market

# Revenue Analysis – Geography wise – Q4'FY15

Geo-wise Revenue (Rs crs)	Q4'FY14	Q3'FY15	Q4'FY15	Mix %	YoY %
<b>India</b>	<b>403</b>	<b>409</b>	<b>422</b>	<b>27%</b>	<b>5%</b>
<b>International</b>	<b>1,159</b>	<b>1,037</b>	<b>1,115</b>	<b>73%</b>	<b>-4%</b>
USA & Canada	581	567	621	40%	7%
Europe & Japan	320	283	284	19%	-11%
China	161	65	79	5%	-51%
ROW	97	120	130	8%	34%
<b>Income from Operations</b>	<b>1,562</b>	<b>1,445</b>	<b>1,537</b>	<b>100%</b>	<b>-2%</b>



- **73% of Income from International Markets, at Rs. 1,115 Crore**
  - Key developed markets share at 59% of revenue mix
  - Other international markets share stood at Rs. 209 Crore, 14% of the revenue mix
- **27% Income from India at Rs. 422 Crore in the quarter, up 5% YOY**
  - Growth driven by Life Science Chemicals

# Operating Expenditure Analysis – Q4'FY15

Expenses (Rs Crs)	Q4 FY14	% of Sales	Q3 FY15	% of Sales	Q4 FY15	% of Sales	YoY Growth %	QoQ Growth %
Material Cost	695	44%	623	43%	714	46%	3%	15%
Power & Fuel Cost	96	6%	99	7%	95	6%	-1%	-4%
Employee Cost	284	18%	272	19%	275	18%	-3%	1%
Other Expenses	242	15%	267	18%	205	13%	-15%	-23%
<b>Total Expenses</b>	<b>1317</b>	<b>84%</b>	<b>1260</b>	<b>87%</b>	<b>1289</b>	<b>84%</b>	<b>-2%</b>	<b>2%</b>

- **Material Costs** as percentage of sales higher due to change in product mix and services
- **Power & Fuel** as percentage of sales and **employee costs** stable
- **Other Expenses** as percentage of sales decline QoQ excluding one-off expenses
- **One-off expenses** of Rs. 11 Crore (Rs. 8 Crore in Material Cost and Rs. 3 Crore in others)

# EBITDA Analysis – Q4'FY15

EBITDA (Rs. Crs)					
Business Segments	Q4'FY14	Q3'FY15	Q4'FY15	YoY Growth %	QoQ Growth %
Pharmaceuticals	132	140	200	51%	43%
Life Science Ingredients	131	61	66	-50%	7%
Less: Corp Expenses	-13	-10	-13		
<b>Reported EBITDA</b>	<b>251</b>	<b>191</b>	<b>253</b>	<b>1%</b>	<b>32%</b>
Margins (%)					
				YoY Variance (Bps)	QoQ Variance (Bps)
Pharmaceuticals	18.8%	19.9%	26.2%	745	631
Life Science Ingredients	15.3%	8.2%	8.5%	-683	26
<b>Reported EBITDA</b>	<b>16.1%</b>	<b>13.2%</b>	<b>16.5%</b>	<b>43</b>	<b>324</b>

- EBITDA of Rs. 253 Crore in the quarter, Overall EBITDA Margins of 16.5%
- Pharmaceuticals segment EBITDA margins at 26.2% (adjusted for one-offs, margins at 27.6%), up from 18.8% in Q4 FY14; aided by improvement in Radiopharmaceuticals business performance and normalization of operations in Spokane
- Life Science Ingredients EBITDA margins at 8.5%, impacted due to unabsorption cost in Symtet and volume and margin reduction due to anti-dumping duty in China in Advanced Intermediates

## Total exceptional items for Q4'FY15 – Rs. (34) Crore

- **Unrealized Mark to Market book loss - Rs. 8 Crore mainly on account of**
  - Currency movement of USD, from Rs. 63.03 as on December 31, 2014 to Rs. 62.50 as on March 31, 2015, with respect to Rupee Loan swapped into USD Loan, which was entirely repaid during the quarter
- **FCMITDA Amortisation of Rs. (5) Crore**
  - Unrealised exchange loss on Long Term Foreign Currency Loan amortised over the tenure of the Loan, as recommended under Indian Accounting Standards
- **Others Rs. (37) Crore**
  - Forex gains at Rs. 25 Crore
  - Interest Swap gains of Rs. 7 Crore
  - Asset Write-offs of Rs. (64) Crore
  - Others at Rs. (5) Crore

# Year End Results Analysis

# Income Statement – FY15

Particulars	FY14	FY15	YoY Growth
	(Rs Crs)		(%)
<b>Total Income from Operations</b>	<b>5,803</b>	<b>5,826</b>	<b>0%</b>
Total Expenditure	4,796	5,137	
Other Income	19	42	
<b>EBITDA including Other Income</b>	<b>1,027</b>	<b>732</b>	<b>-29%</b>
Depreciation	281	288	
Finance Cost	261	303	
Forex Differential and Interest Swap Cost	62	53	
<b>Profit after Interest but before Exceptional Items</b>	<b>422</b>	<b>88</b>	
Exceptional Item - Gain/(Loss)	(214)	(48)	
Tax Expenses (Net)	70	80	
Minority Interest	29	18	
<b>Reported Net Profit After Tax and Minority Interest</b>	<b>109</b>	<b>(58)</b>	
Normalised Net Profit After Tax	324	(10)	
Paid-up share capital (Face value per share Re.1)	15.93	15.93	
Earnings Per Share - Basic (Rs.)	6.84	(3.63)	
<b>Normalised Earnings Per Share - Basic (Rs.)</b>	<b>20.31</b>	<b>(0.61)</b>	
	(%)		(bps)
EBITDA Margins	17.7%	12.6%	(513)
Normalized Net Margins	5.6%	-0.17%	(574)

# Financial Highlights – FY15

- **Income from Operations at Rs. 5,826 Crore**
  - Operations grew 11% YoY excluding CMO and Advanced Intermediates
  - Indian markets grew 13% YoY to Rs 1,669 Crore; International markets contribute 71% to the overall revenues
  - Growth driven by revenue increases in Radiopharmaceuticals, Life Science Chemicals and Fine Ingredients and volume uptrend in Nutritional Products
- **EBITDA at Rs. 732 Crore**
  - Margins at 12.6%; EBITDA contribution from Pharmaceuticals at Rs. 445 Crore and Life Science Ingredients at Rs. 322 Crore
  - Excluding one-offs, Pharmaceuticals margins at 21.0%
  - EBITDA includes profit on sale of land of Rs. 22 Crore and one time expenses of Rs. 118 Crore
- **Profit After Tax at Rs. (58) Crore in FY15**
  - Earnings Per Share for Re. 1 FV equity share at Rs (3.63) for the full year

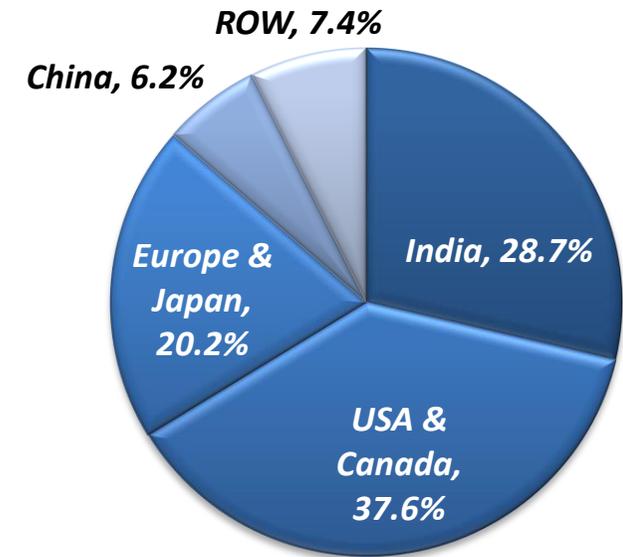
# Segmental Revenue Analysis – FY 15

Segmental Revenue Analysis	Revenue (Rs. Crs.)		Revenue Mix (%)	YoY Growth %
	FY14	FY15		
<b>Pharmaceuticals</b>	<b>2,728</b>	<b>2,682</b>	<b>46%</b>	<b>-2%</b>
Active Pharmaceutical Ingredients	528	541	9%	2%
Solid Dosage Formulations	876	851	15%	-3%
CMO of Sterile Injectables	696	448	8%	-36%
Radiopharmaceuticals	238	525	9%	120%
Allergy Therapy Products	183	187	3%	2%
Drug Discovery Solutions	183	123	2%	-32%
Indian Branded Pharmaceuticals and Healthcare	22	7	0%	-69%
<b>Life Science Ingredients</b>	<b>3076</b>	<b>3144</b>	<b>54%</b>	<b>2%</b>
Advanced Intermediates and Specialty Ingredients	1328	1179	20%	-11%
Nutritional Products	396	486	8%	23%
Life Science Chemicals	1352	1480	25%	9%
<b>Income from Operations</b>	<b>5803</b>	<b>5826</b>	<b>100%</b>	<b>0%</b>
Inter Divisional Sales (IDTs)	610	490		-20%
IDT as a % of Income	11%	8%		

- **Company reports revenue of Rs. 5,826 Crore**
  - Price increase of 6%
- **Pharmaceuticals segment reports revenue of Rs 2,682 Crore**
  - Radiopharmaceuticals register revenue increases across key products
  - Revenue affected on account of Warning Letter in the CMO business and delay in new product launches in Solid Dosage Formulations
- **LSI segment posts income of Rs 3,144 Crore, 2% YoY growth**
  - Revenue increase in Life Science Chemicals and Fine Ingredients
  - Price and Volume growth in Nutritional Products
  - Volume reduction in Advanced Intermediates due to anti-dumping in China and increased competition

# Revenue Analysis – Geography wise – FY15

Geo-wise Revenue (Rs crs)	FY14	FY15	Mix %	YoY %
<b>India</b>	<b>1,477</b>	<b>1,669</b>	<b>29%</b>	<b>13%</b>
<b>International</b>	<b>4,326</b>	<b>4,157</b>	<b>71%</b>	<b>-4%</b>
USA & Canada	2,231	2,191	38%	-2%
Europe & Japan	1,224	1,175	20%	-4%
China	507	360	6%	-29%
ROW	364	431	7%	18%
<b>Income from Operations</b>	<b>5,803</b>	<b>5,826</b>	<b>100%</b>	<b>0%</b>



- **71% of Income from International Markets, at Rs. 4,157 Crore**
  - Key Developed Markets contribute 58% to revenue mix
  - Other international markets share stood at Rs. 791 Crore, 14% of the revenue mix
- **29% Income from India at Rs. 1,669 Crore, up 13% YoY**
  - Growth driven by Life Science Chemicals

# Operating Expenditure Analysis – FY15

Expenses (Rs Crs)	FY14	% of Sales	FY15	% of Sales	YoY Growth %
Material Cost	2442	42%	2662	46%	9%
Power & Fuel Cost	390	7%	393	7%	1%
Employee Cost	1105	19%	1090	19%	-1%
Other Expenses	859	15%	992	17%	15%
<b>Total Expenses</b>	<b>4796</b>	<b>83%</b>	<b>5137</b>	<b>88%</b>	<b>7%</b>

- **Material Costs** to Sales higher due to change in product mix and services
- **Power & Fuel Costs** to sales and **Staff Costs** stable
- **Other Expenses** higher at 17% as percentage of sales due to increase in packing material costs, freight costs
- **One-off expenses** of Rs. 118 Crore (Rs. 51 Crore in Material Cost and Rs. 67 Crore in others)

# EBITDA Analysis – FY15

EBITDA (Rs. Crs)			
Business Segments	FY14	FY15	YoY Growth %
Pharmaceuticals	610	445	-27%
Life Science Ingredients	483	322	-33%
Less: Corp Expenses	-67	-35	
<b>Reported EBITDA</b>	<b>1,027</b>	<b>732</b>	<b>-29%</b>
EBITDA Margins (%)			
			YoY Variance (Bps)
Pharmaceuticals	22.4%	16.6%	-579
Life Science Ingredients	15.7%	10.2%	-547
<b>Reported EBITDA</b>	<b>17.7%</b>	<b>12.6%</b>	<b>-513</b>

- EBITDA at Rs. 732 Crore, Margins of 12.6%
- Pharmaceuticals segment EBITDA at Rs. 445 Crore, Margins at 16.6% (Excluding one-offs, margins at 21.0%); impacted due to USFDA Warning Letter at our CMO facility in Spokane
- Life Science Ingredients EBITDA at Rs. 322 Crore, margins at 10.2%; impacted due to unabsorption cost in Symtet and volume and margin reduction due to anti-dumping duty in China in Advanced Intermediates

## Total exceptional items for FY15 at Rs (48) Crore

- **Unrealized Mark to Market book loss Rs (25) Crore on account of**
  - Currency movement of USD, from Rs 59.91 as on March 31, 2014 to Rs 62.50 as on March 31, 2015, with respect to Rupee Loan swapped into USD Loan, which was entirely repaid during the year
- **FCMITDA Amortisation of Rs (45) Crore**
  - Unrealised exchange loss on Long Term Foreign Currency Loan amortised over the tenure of the Loan, as recommended under Indian Accounting Standards
- **Others Rs 22 Crore**
  - Interest Swap gains of Rs. 42 Crore
  - Forex gain of Rs. 49 Crore
  - Asset Write-offs of Rs. (64) Crore
  - Others at Rs. (5) Crore

# Debt Profile

Particulars	31-Mar-14	31-Dec-14	31-Mar-15
<b>Foreign Currency Loans</b>	<b>(\$ Mn)</b>	<b>(\$ Mn)</b>	<b>(\$ Mn)</b>
Standalone	265	95	105
Swapped loan in Standalone	189	156	0
Subsidiaries	199	361	338
<b>Total</b>	<b>652</b>	<b>611</b>	<b>443</b>
<b>Rupee Loans</b>	<b>(Rs. Crs)</b>	<b>(Rs. Crs)</b>	<b>(Rs. Crs)</b>
Standalone	480	334	1,513
Subsidiaries	0	523	509
<b>Total</b>	<b>480</b>	<b>857</b>	<b>2,022</b>
Gross Debt	4,393	4,709	4,790
Cash & Equivalent	480	426	394
Net Debt	3,913	4,283	4,396
Change in debt on account of exchange rate difference from 31-March, 2014		-142	-115
Net Debt - Adjusted for foreign exchange difference	3,913	4,141	4,281
Working Capital Debt	2,081	1,436	1,231
Net Long Term debt	1,832	2,848	3,165
Closing Exchange Rate (Rs./USD)	59.91	63.03	62.50

- **Net debt** at Rs. 4,281 Crore compared to Rs. 4,141 Crore in Dec'14 post adjustment for fx difference
- Increase in debt mainly due to acquisition of minorities in Jubilant Cadista
- **Blended interest rate** for the borrowings at 6% pa – Re loans @ 11.9% pa, \$ loans @ 4.7%

## In FY 2016, Pharmaceuticals segment to drive revenue growth with improvement in profitability across key businesses

- Pharmaceuticals segment expected to drive growth on account of:
  - Strong performance of Radiopharmaceuticals
  - Normalization of CMO business operations
  - Entry into new markets and new product launches in Generics
  - API volumes growth
- Growth in Life Science Ingredients led by:
  - Higher volumes in Nutritional Products and Fine Ingredients
  - Improved profitability across key businesses
  - Better price realization in Nutritional Products
- Endeavours to strengthen Balance Sheet to continue

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