



JUBILANT
LIFESCIENCES

Financial Results

Quarter Ended March 31, 2016

Disclaimer



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. 62.50 as on March 31 '15 & Rs. 66.25 as on March 31 '16*
- 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 24, 2016

Time : 05:00 pm IST

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|-----------------------------|--|
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Q4'16 Results Analysis

Income Statement – Q4'FY16



| Particulars | Q4'FY15 | Q4'FY16 | YoY Growth |
|---|--------------|--------------|------------|
| | (Rs Crs) | | (%) |
| Total Income from Operations | 1,537 | 1,501 | -2% |
| Total Expenditure | 1,289 | 1,181 | |
| Other Income | 6 | 3 | |
| EBITDA including Other Income | 253 | 323 | 27% |
| Depreciation and Amortization | 66 | 126 | |
| Finance Cost | 85 | 92 | |
| Profit after Interest but before Exceptional Items | 102 | 105 | 3% |
| Exceptional Item - Gain/(Loss) | (34) | 16 | |
| Tax Expenses (Net) | 25 | 50 | |
| Net Profit After Tax and Minority Interest | 43 | 71 | 65% |
| Paid-up share capital (Face value per share Re.1) | 15.93 | 15.93 | |
| Earnings Per Share - Basic (Rs.) | 2.68 | 4.44 | |
| Promoters and promoter group shareholding | 54% | 54% | |
| | (%) | | (bps) |
| EBITDA Margins | 16.5% | 21.5% | 502 |
| Net Margins | 2.8% | 4.7% | 193 |

Financial Highlights – Q4'FY16



- **Income from Operations at Rs. 1,501 Crore, decline of 2% YoY**
 - Pharmaceuticals reports highest ever revenues of Rs. 839 Crores, growing 10% YoY and 15% QoQ; Contributes 56% to total revenues
 - 14% decline in Life Science Ingredients (2% growth QoQ) mainly due to lower input prices from lower crude prices resulting in decrease in prices of finished products
- **EBITDA at Rs. 323 Crore, compared to Rs. 253 Crore in Q4 FY 15**
 - EBITDA grows 27% YoY; Margins at 21.5%, up from 16.5% in Q4 FY15
 - Highest ever EBITDA in Pharmaceuticals segment at Rs. 230 Crore, growing 15% YoY with margins of 27.4%; EBITDA contribution of 68% to the total EBITDA
 - Life Science Ingredients segment's EBITDA at Rs. 106 Crore, up 61% YoY with margins of 16% as compared to 8.5% in Q4 FY15
- **Profit After Tax at Rs. 71 Crore, compared to Rs. 43 Crore in Q4 FY 15**
 - Earnings Per Share for Re. 1 FV equity share at Rs. 4.44, up from Rs. 2.68 in Q4 FY15

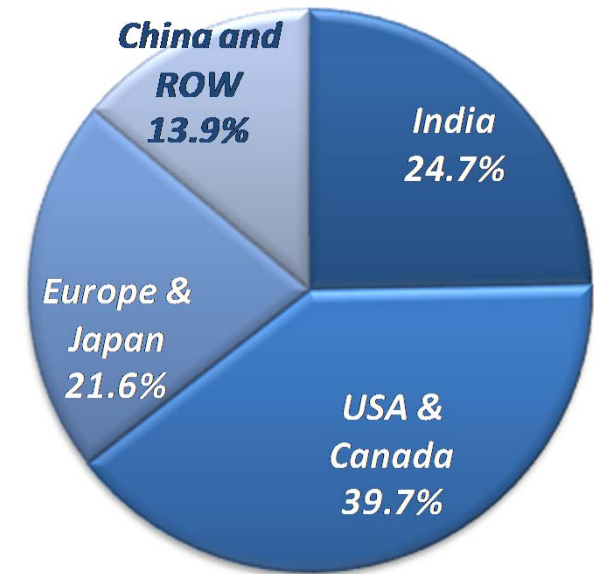
Segmental Revenue Analysis – Q4'FY16

| Segmental Revenue Analysis | Revenue (Rs. Crs.) | | Revenue Mix (%) | YoY Growth % |
|-------------------------------|--------------------|--------------|-----------------|--------------|
| | Q4'FY15 | Q4'FY16 | | |
| Pharmaceuticals | 763 | 839 | 56% | 10% |
| Life Science Ingredients | 774 | 662 | 44% | -14% |
| Income from Operations | 1,537 | 1,501 | 100% | -2% |

- **Pharmaceuticals segment revenue at Rs. 839 Crore, contributing 56% to the total revenue**
 - Revenue growth of 10% YoY, led by 11% growth in volumes; growth witnessed in both key businesses of Generics and Specialty Pharmaceuticals (Sterile Products)
 - Specialty Pharmaceuticals (Sterile Products) contributes 51% to total Pharmaceuticals segment sales
- **Life Science Ingredients segment revenue at Rs. 662 Crore, contributing 44% to the total revenue**
 - LSI revenues impacted mainly due to lower input prices from lower crude prices resulting in decrease in prices of finished products
 - Pricing growth witnessed in Specialty Intermediates and Nutritional Products

Company Revenue – Geography wise – Q4'FY16

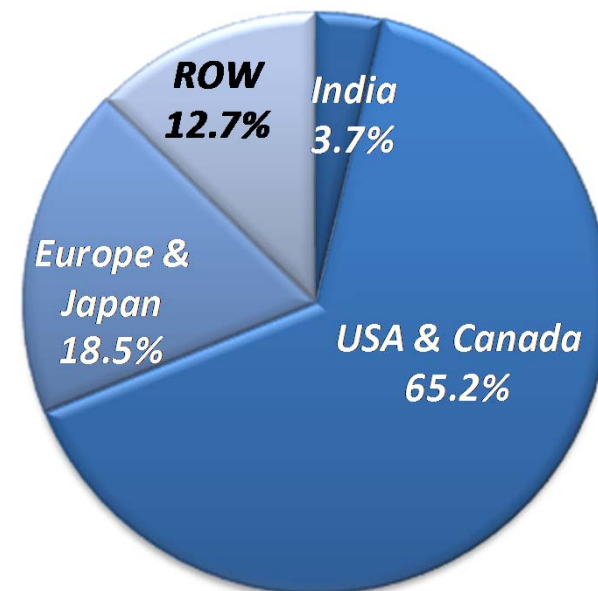
| Geo-wise Revenue (Rs crs) | Q4'FY15 | Q4'FY16 | Mix % | YoY % |
|-------------------------------|--------------|--------------|-------------|-------------|
| International | 1,111 | 1,130 | 75% | 2% |
| USA & Canada | 630 | 597 | 40% | -5% |
| Europe & Japan | 283 | 325 | 22% | 15% |
| China and ROW | 199 | 209 | 14% | 5% |
| India | 425 | 371 | 25% | -13% |
| Income from Operations | 1,537 | 1,501 | 100% | -2% |



- **75% of Income from International Markets, at Rs. 1,130 Crore**
 - Key developed markets share at 61% of revenue
 - Other international markets share stood at Rs. 209 Crore, 14% of the revenues, growing 5% YoY
- **25% Income from India at Rs. 371 Crore in the quarter**

Pharma Revenue – Geography wise – Q4'FY16

| Geo-wise Revenue (Rs crs) | Q4'FY15 | Q4'FY16 | Mix % | YoY % |
|-------------------------------|------------|------------|-------------|------------|
| International | 738 | 808 | 96% | 10% |
| USA & Canada | 579 | 547 | 65% | -5% |
| Europe & Japan | 104 | 155 | 18% | 49% |
| ROW | 55 | 106 | 13% | 93% |
| India | 25 | 31 | 4% | 26% |
| Income from Operations | 763 | 839 | 100% | 10% |



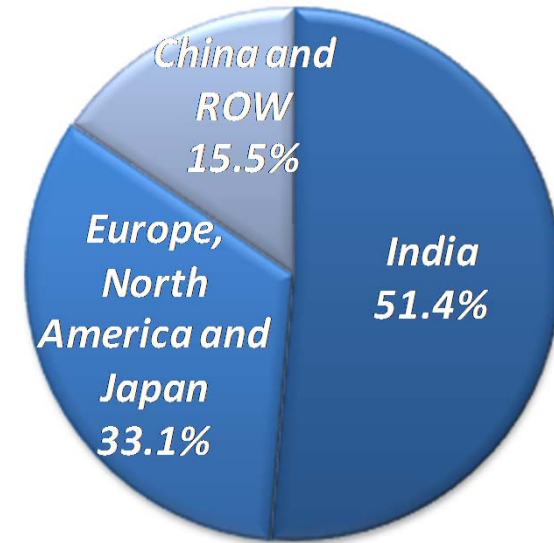
- **96% of Income from International Markets, at Rs. 808 Crore**
 - Key developed markets share at 84% of revenue, growing 3% YoY
 - ROW markets contribute 13% to revenue, up 93% YoY
- **4% Income from India at Rs. 31 Crore in the quarter, mainly in Generics**

Pharma Business Highlights – Q4'FY16

- 8 API filings, including 2 in US (Febuxostat and Olanzapine) and CEP (Solifenacin)
- Launched Eslicarbazepine API for ROW market
- 4 Solid Dosage Formulations filings, including Niacin in US, Escitalopram in Canada and Olmesartan in Japan; 12 approvals received including Olanzapine in Japan
- Finalized commercial Agreements with key customers for Solid Dosage Formulations in Ethiopia, South Africa, and UK
- Ramp up of operations in CMO of Sterile Injectables in line with expectations
- Radiopharmaceuticals business continues to deliver strong performance and we expect to launch new products going forward
- Received US\$ 7.5 Million against sale of investments with a profit of US\$ 5.7 Million

LSI Revenue – Geography wise – Q4'FY16

| Geo-wise Revenue (Rs crs) | Q4'FY15 | Q4'FY16 | Mix % | YoY % |
|---------------------------------|------------|------------|-------------|-------------|
| International | 373 | 322 | 49% | -14% |
| Europe, North America and Japan | 230 | 219 | 33% | -4% |
| China and ROW | 144 | 103 | 15% | -29% |
| India | 401 | 340 | 51% | -15% |
| Income from Operations | 774 | 662 | 100% | -14% |



- Decline in revenues mainly due to lower input prices from lower crude prices resulting in decrease in prices of finished products
- **49% of Income from International Markets, at Rs. 322 Crore**
 - Europe, North America and Japan markets share at 33% of revenue
 - Other international markets share stood at Rs. 103 Crore, 15% of revenue
- **51% Income from India at Rs. 340 Crore in the quarter**

LSI Business Highlights – Q4'FY16

- Strategic initiatives of retrofitting the plants to increase the capacity utilization is well in progress
 - Started supplies of a Pharma intermediate
 - Commercial supplies to start in Q4 FY17 for two products for Agro-intermediates
 - These are all developed with existing processes to meet enhanced customer requirements
- Key customer audits completed for Specialty Intermediates
- Signed new contracts across Europe, Korea, Middle East, China and a few other markets in Nutritional Products
- New contracts signed across Brazil, Europe, USA and Asia for key Life Science Chemicals products

Expenditure Analysis – Q4'FY16

| Expenses (Rs Crs) | Q4 FY15 | % of Sales | Q4 FY16 | % of Sales | YoY Growth % |
|-------------------------------|-------------|------------|-------------|------------|--------------|
| Material Cost | 714 | 46% | 568 | 38% | -20% |
| Power & Fuel Expense | 79 | 5% | 79 | 5% | 0% |
| Employee Benefits Expense | 275 | 18% | 284 | 19% | 3% |
| Other Expenses | 205 | 13% | 250 | 17% | 22% |
| Total Expenses | 1273 | 83% | 1181 | 79% | -7% |
| Exceptional Items | (34) | | 16 | | |
| Depreciation and Amortization | 66 | | 126 | | 90% |

- **Material Costs** as percentage of sales lower due to better operational efficiencies, price realizations, lower input prices and sales mix
- **Power & Fuel** as stable due to operational efficiency and lower energy costs
- **Employee benefits expense** increase marginally
- **Other Expenses** as percentage of sales increase due to packing material costs, repairs and promotion costs
- **Exceptional items** of Rs. 16 Crore includes profit of Rs. 41 Crore on account of sale of investments and Forex loss of Rs. (23) Crore
- **Depreciation and Amortization** includes depreciation of Rs. 73 Crores and amortization of product development expenditure of Rs. 53 Crores on account of impairment of intangibles

EBITDA Analysis – Q4'FY16



| EBITDA (Rs. Crs) | | | |
|--------------------------|--------------|--------------|--------------------|
| Business Segments | Q4'FY15 | Q4'FY16 | YoY Growth % |
| Pharmaceuticals | 200 | 230 | 15% |
| Life Science Ingredients | 66 | 106 | 61% |
| Less: Corp Expenses | (13) | (13) | |
| Reported EBITDA | 253 | 323 | 27% |
| Margins (%) | | | |
| | | | YoY Variance (Bps) |
| Pharmaceuticals | 26.2% | 27.4% | 112 |
| Life Science Ingredients | 8.5% | 16.0% | 752 |
| Reported EBITDA | 16.5% | 21.5% | 502 |

- EBITDA of Rs. 323 Crore in the quarter, growing 27% YoY; Overall EBITDA Margins of 21.5%
- Pharmaceuticals segment EBITDA growth of 15% YoY with margins at 27.4%, up from 26.2% in Q4 FY15; aided by APIs and ramp-up in Roorkee and CMO Spokane facilities
- Life Science Ingredients EBITDA growth of 61% YoY with margins at 16%, up from 8.5% in Q4 FY15; improvement in margins due to various cost-control initiatives and process efficiencies

Annual Results Analysis

Income Statement – FY16

| Particulars | FY15 | FY16 | YoY Growth |
|---|--------------|--------------|-------------|
| | (Rs Crs) | | (%) |
| Total Income from Operations | 5,826 | 5,802 | 0% |
| Total Expenditure | 5,137 | 4,525 | |
| Other Income | 42 | 14 | |
| EBITDA including Other Income | 732 | 1,291 | 76% |
| Depreciation and Amortization | 288 | 346 | |
| Finance Cost | 355 | 379 | |
| Profit after Interest but before Exceptional Items | 88 | 567 | 541% |
| Exceptional Item - Gain/(Loss) | (48) | 17 | |
| Tax Expenses (Net) | 80 | 153 | |
| Minority Interest | 18 | 0 | |
| Net Profit After Tax and Minority Interest | (58) | 431 | |
| Paid-up share capital (Face value per share Re.1) | 15.93 | 15.93 | |
| Earnings Per Share - Basic (Rs.) | (3.63) | 27.09 | |
| | (%) | | (bps) |
| EBITDA Margins | 12.6% | 22.3% | 970 |
| Net Margins | -1.0% | 7.4% | 843 |

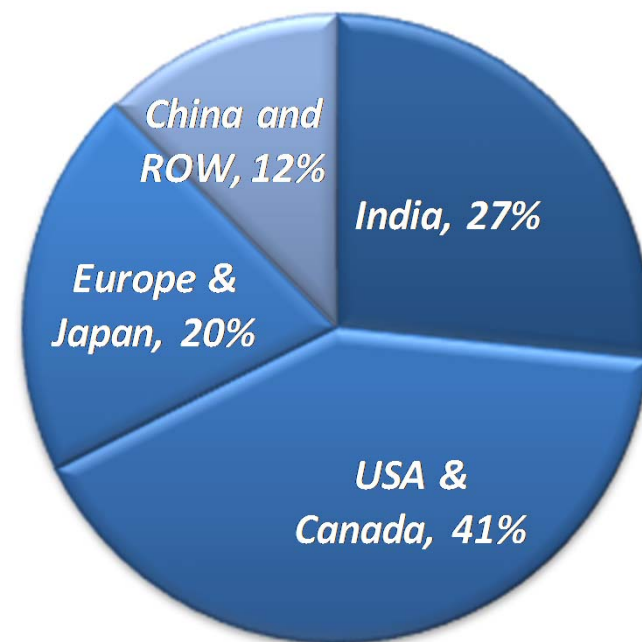
Financial Highlights – FY16



- **Income from Operations at Rs. 5,802 crs**
 - 14% increase in Pharmaceuticals revenues driven by CMO, Radiopharmaceuticals and APIs
 - 13% decline in Life Science Ingredients mainly due to competition from crude-derived substitutes and Chinese competition
- **EBITDA at Rs. 1,291 crs, compared to Rs. 732 Crore in FY 15**
 - EBITDA grows 76% YoY; Margins at 22.3%, up from 12.6% in FY15
 - Pharmaceuticals segment's EBITDA at Rs. 889 Crore, growth of 100% YoY with margins of 29.1% as compared to 16.6% in FY15; EBITDA contribution of 67% to the total EBITDA, compared to 58% in FY15
 - Life Science Ingredients segment's EBITDA at Rs. 447 Crore, growth of 39% with margins of 16.3% as compared to 10.2% in FY15; EBITDA contribution of 33% to the total EBITDA
- **Profit After Tax at Rs. 431 Crore, compared to Rs. (58) Crore in FY15**
 - Earnings Per Share for Re. 1 FV equity share at Rs. 27.09 up from Rs. (3.63) in FY15

Company Revenue – Geography wise – FY16

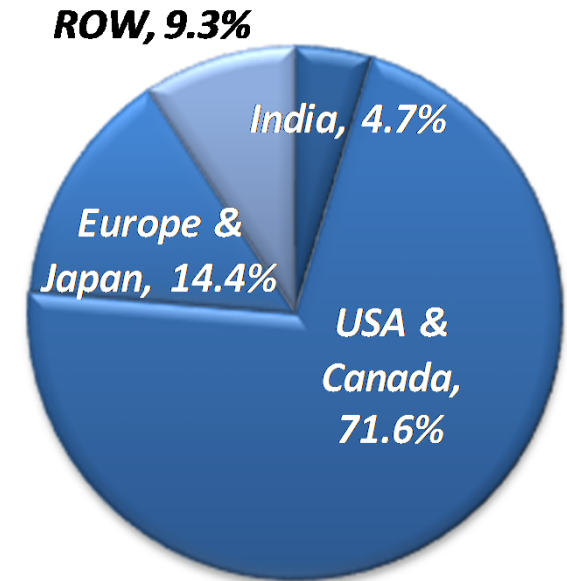
| Geo-wise Revenue (Rs crs) | FY15 | FY16 | Mix % | YoY % |
|-------------------------------|--------------|--------------|-------------|------------|
| International | 4,137 | 4,260 | 73% | 3% |
| USA & Canada | 2,199 | 2,380 | 41% | 8% |
| Europe & Japan | 1,166 | 1,155 | 20% | -1% |
| China and ROW | 772 | 724 | 12% | -6% |
| India | 1,690 | 1,543 | 27% | -9% |
| Income from Operations | 5,826 | 5,802 | 100% | 0% |



- **73% of Income from International Markets, at Rs. 4,260 crs, grew 3% YoY**
 - Regulated Markets - USA, Canada, Europe & Japan contribute 61% to revenue
 - Growth of 8% in USA and Canada primarily driven by Specialty Pharmaceuticals
- **27% Income from India at Rs. 1,543 crs**

Pharma Revenue – Geography wise – FY16

| Geo-wise Revenue (Rs crs) | FY15 | FY16 | Mix % | YoY % |
|-------------------------------|--------------|--------------|-------------|------------|
| International | 2,560 | 2,913 | 95% | 14% |
| USA & Canada | 1,964 | 2,189 | 72% | 11% |
| Europe & Japan | 386 | 440 | 14% | 14% |
| ROW | 210 | 284 | 9% | 35% |
| India | 122 | 142 | 5% | 16% |
| Income from Operations | 2,682 | 3,055 | 100% | 14% |



- **95% of Income from International Markets, at Rs. 2,913 crs, grew 14% YoY**
 - Regulated Markets - USA, Canada, Europe & Japan contribute 86% to revenue
 - Growth of 11% in USA and Canada primarily driven by Specialty Pharmaceuticals
 - ROW markets grow 35% YoY
- **5% Income from India at Rs. 142 crs, up 16% YoY**

➤ North America Strategy

• Generics

- Pipeline includes total 72 ANDA filings (including 44 approved) in US and 22 filings (including 18 approved) in Canada till 31st March 2016
- 1 filing and 8 approvals in US and 4 filings and 2 approvals in Canada in FY 16
- Leverage strength in sterile manufacturing to file differentiated products in Injectables (two) and Ophthalmics (one)

• Radiopharmaceuticals

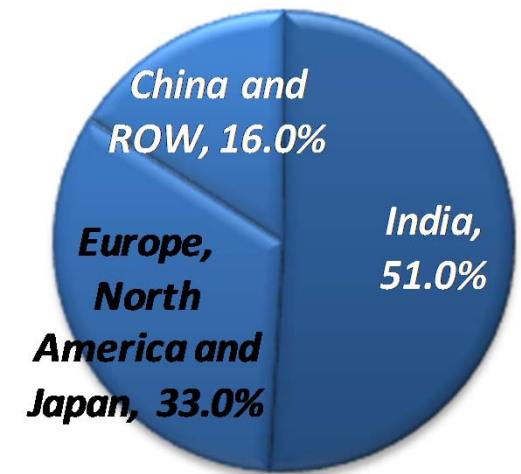
- To build a unique and differentiated pipeline of products leveraging our core competency in Radiopharmaceuticals and Lyophilized Kits
- Rubyfill is a 505(b)(2) filing for diagnosis of coronary heart disease through PET procedures. Under active review by FDA with an expected launch by Q4FY2017

➤ Increased geographical diversification

- Leveraging product filings through partnership and distribution agreements for ROW
 - 599 filings and 409 approvals in ROW till 31st March, 2016 including 38 filings in FY 16
 - Pursuing product specific partnership with players in Japan – already filed two products
 - Focus on Australia, South Africa and Brazil

LSI Revenue – Geography wise – FY16

| Geo-wise Revenue (Rs crs) | FY15 | FY16 | Mix % | YoY % |
|---------------------------------|--------------|--------------|-------------|-------------|
| International | 1,577 | 1,347 | 49% | -15% |
| Europe, North America and Japan | 1,015 | 906 | 33% | -11% |
| China and ROW | 562 | 441 | 16% | -22% |
| India | 1,567 | 1,401 | 51% | -11% |
| Income from Operations | 3,144 | 2,748 | 100% | -13% |



- **49% of Income from International Markets, at Rs. 1,347 crs**
 - Europe, North America and Japan markets share at 33% of revenue
 - Other international markets share stood at Rs. 441 Crore, 16% of revenue
- **51% Income from India at Rs. 1,401 crs in the period**

LSI Business Highlights – FY16

- Better price realization in Specialty Intermediates and Nutritional Products
- Volume reduction in Advanced Intermediates due to lower demand of agrochemicals and increased competition in China
- Lower revenue in Life Science Chemicals due to increased price led competition from crude derived substitutes and lower demand
- Better performance in Fine Ingredients aided by improvement in pricing and volumes

Expenditure Analysis – FY16

| Expenses (Rs Crs) | FY15 | % of Sales | FY16 | % of Sales | YoY Growth % |
|-------------------------------|--------------|------------|--------------|------------|--------------|
| Material Cost | 2,662 | 46% | 2,117 | 36% | -20% |
| Power & Fuel Expense | 393 | 7% | 367 | 6% | -7% |
| Employee Benefits Expense | 1,090 | 19% | 1,127 | 19% | 3% |
| Other Expenses | 992 | 17% | 914 | 16% | -8% |
| Total Expenses | 5,137 | 88% | 4,525 | 78% | -12% |
| Exceptional Items | (48) | -1% | 17 | 0% | |
| Depreciation and Amortization | 288 | 5% | 346 | 6% | 20% |

- **Material Costs** as percentage of sales lower due to better operational efficiencies, price realizations, lower input prices and sales mix
- **Power & Fuel** as percentage of sales lower due to operational efficiency and lower energy costs; **Employee benefits expense** increase marginally
- **Other Expenses** as percentage of sales lower due to lower legal & consultancy, and freight & forwarding charges
- **Exceptional items** of Rs. 17 Crore includes profit of Rs. 41 Crore on account of sale of investments and FCMITDA loss of Rs. (25) Crore
- **Depreciation and Amortization** includes depreciation of Rs. 287 Crores and amortization of product development expenditure of Rs. 59 Crores

EBITDA Analysis – FY16

| EBITDA (Rs. Crs) | | | |
|--------------------------|--------------|--------------|--------------------|
| Business Segments | FY15 | FY16 | YoY Growth % |
| Pharmaceuticals | 445 | 889 | 100% |
| Life Science Ingredients | 322 | 447 | 39% |
| Less: Corp Expenses | (35) | (45) | |
| Reported EBITDA | 732 | 1,291 | 76% |
| EBITDA Margins (%) | | | |
| | | | YoY Variance (Bps) |
| Pharmaceuticals | 16.6% | 29.1% | 1254 |
| Life Science Ingredients | 10.2% | 16.3% | 602 |
| Reported EBITDA | 12.6% | 22.3% | 970 |

- EBITDA of Rs. 1,291 Crore in FY 16, growing 76% YoY; Overall EBITDA Margins of 22.3%
- Pharmaceuticals segment EBITDA growth of 100% YoY with margins at 29.1%, up from 16.6% in FY15; aided by improvement in performance of Specialty Pharmaceuticals (Sterile Products)
- Pharmaceuticals segment EBITDA contributes 67% to total EBITDA; up from 58% in FY 15
- Life Science Ingredients EBITDA growth of 39% YoY with margins at 16.3%, up from 10.2% in FY15; improvement in margins due to various cost-control initiatives and process efficiencies

Debt Profile

| Particulars | 31-Mar-15 | 31-Dec-15 | 31-Mar-16 |
|---|------------------|------------------|------------------|
| Foreign Currency Loans | (\$ Mn) | (\$ Mn) | (\$ Mn) |
| Standalone | 105 | 65 | 55 |
| Subsidiaries | 338 | 347 | 320 |
| Total | 443 | 412 | 375 |
| Rupee Loans | (Rs. Crs) | (Rs. Crs) | (Rs. Crs) |
| Standalone | 1,513 | 1,263 | 1,401 |
| Subsidiaries | 509 | 542 | 626 |
| Total | 2,022 | 1,805 | 2,026 |
| Gross Debt | 4,790 | 4,529 | 4,514 |
| Cash & Equivalent | 394 | 205 | 344 |
| Net Debt | 4,396 | 4,324 | 4,169 |
| Change in debt on account of exchange rate difference from 31-March, 2015 | | (151) | (141) |
| Net Debt - Adjusted for foreign exchange difference | 4,396 | 4,173 | 4,028 |
| Net Debt in US\$ | 703 | 654 | 629 |
| Working Capital Debt | 1,231 | 1,085 | 1,066 |
| Net Long Term debt | 3,165 | 3,239 | 3,103 |
| Net Debt Reduction (from 31 st March, 2015) | | (223) | (368) |
| Closing Exchange Rate (Rs./USD) | 62.50 | 66.16 | 66.25 |

- **Net debt** at Rs. 4,028 Crore compared to Rs. 4,396 Crore in March'15 on constant currency basis
 - Net debt reduction of Rs. 368 Crore in FY 16, adjusted for exchange difference
- **Blended interest rate** for the borrowings at 7.6% pa – Re loans @ 11.6% pa, \$ loans @ 4.9%

➤ **In FY 2017, expect to continue the growth momentum of the company**

- Revenue growth in Pharmaceuticals segment expected to be driven by:
 - New product launches in Generics and Radiopharmaceuticals
 - Growth in ROW business
 - Ramp up of Operations in CMO of Sterile Injectables and Oral-Solid facilities
- Life Science Ingredients margins segment performance expected to improve, due to:
 - Strategic initiatives by retrofitting the existing plants to improve product mix
 - Reduced cost and improved efficiency by process improvements and capacity optimization
 - Revenue growth in Nutritional Products and Fine Ingredients

➤ **Endeavours to strengthen Balance Sheet will continue**

- Net debt reduction of Rs. 368 Crore in FY 16
- Focus on generating free cash flow from business to reduce debt

For more information



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