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Quarter IV and Annual Results, FY2017

Proposed Dividend 375%

Sales up 24.4%, EBITDA up 18.8% and Net profits up 13.1%

Mumbai, May 24, 2017: Pharma Major Lupin Limited reported its financial performance for the fourth quarter and fiscal year ending March 31st, 2017. These audited results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key Financial & Performance Highlights

Net Sales for FY2017 increased by 24.4% to Rs. 171,198 m. compared to Rs. 137,579 m. in FY2016

- Net sales for the quarter increased by 1.3% to Rs. 41,619 m. compared to Rs. 41,090 m. in Q4 FY2016
- Net Sales in Q4 FY2017 decreased by 5.5% sequentially compared to Rs. 44,049 m. in Q3 FY2017
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for FY2017 increased by 18.8% to Rs. 45,997 m. compared to Rs. 38,705 m. in FY2016
 - EBITDA for the quarter was Rs. 8,267 m. compared to Rs. 13,497 m. in Q4 FY2016
 - EBITDA in Q4 FY2017 decreased by 37.5% sequentially compared to Rs. 13,219 m. in Q3 FY2017

- Net profit increased by 13.1% to Rs. 25,575 m. compared to Rs. 22,607 m. in FY2016
 - Net profit for the quarter was Rs. 3,802 m. compared to Rs. 7,479 m. in Q4 FY2016
 - Net profit in Q4 FY2017 decreased by 39.9% sequentially compared to Rs. 6,331 m. in Q3 FY2017
- Investment in Research for the year was Rs. 23,101 m., 13.5% of sales
 - Investment in Research for the quarter was Rs. 6,709 m., 16.1% of sales
- EBITDA includes impact of the following items:
 - During Q4 FY2017, the Company made a provision for liability towards its Australian subsidiary amounting to Rs. 1,559 m., in respect of compensation for patent litigation towards its Isabelle generic launch in Australia.
 - Net Impact of foreign exchange fluctuation on EBITDA was a loss of Rs. 1,680 m. during Q4 FY2017 compared to a gain of Rs. 267 m. during Q4 FY2016 and a gain of Rs. 276 m. during Q3 FY2017

Commenting on the results, Mr. Nilesh Gupta, Managing Director, Lupin Limited, said “We have had a stellar year with strong double-digit growth across all our regions. Steady progress on our complex generic pipeline, our impeccable record of compliance and focus on operational excellence will help sustain our growth momentum in the mid to long-term”.

Consolidated Audited financial Results – FY2017

Amount in Rs. m.

Particulars	FY2017	% of sales	FY2016	% of sales	Growth %
Sales	171,198	100.0%	137,579	100.0%	24.4%
Other operating income	3,745	2.2%	4,976	3.6%	-24.7%
Total Revenue from operations	174,943	102.2%	142,555	103.6%	22.7%
Material cost	50,014	29.2%	43,326	31.5%	15.4%
Gross Profit (Excl. Other operating income)	121,184	70.8%	94,253	68.5%	28.6%
Employee cost	28,495	16.6%	21,416	15.6%	33.1%
Manufacturing & Other expenses	51,502 ^[1]	30.1%	40,960	29.8%	25.7%
Operating Profit	44,932	26.2%	36,853	26.8%	21.9%
Other Income	1,065	0.6%	1,852	1.3%	-42.5%
EBITDA	45,997	26.9%	38,705	28.1%	18.8%
Depreciation & Amortization	9,122	5.3%	4,871	3.5%	87.3%

EBIT	36,875	21.5%	33,834	24.6%	9.0%
Finance cost	1,525	0.9%	595	0.4%	156.3%
PBT	35,350	20.6%	33,239	24.2%	6.3%
Tax	9,785	5.7%	10,593	7.7%	-7.6%
Share of Profit from Jointly controlled entity	82	0.0%	49	0.0%	
Non-Controlling Interest	72	0.0%	88	0.1%	
Net Profit	25,575	14.9%	22,607	16.4%	13.1%

[1] The Company made a provision for liability towards its Australian subsidiary amounting to Rs. 1,559 m., in respect of compensation for patent litigation towards its Isabelle generic launch in Australia.

Consolidated Audited financial Results – Quarter IV, FY2017

Amount in Rs. m.

Particulars	Q4 FY2017	% of sales	Q4 FY2016	% of sales	YoY Growth %	Q3 FY2017	% of sales	QoQ Growth %
Sales	41,619	100.0%	41,090	100.0%	1.3%	44,049	100.0%	-5.5%
Other operating income	914	2.2%	884	2.2%	3.4%	780	1.8%	17.2%
Total Revenue from operations	42,533	102.2%	41,974	102.2%	1.3%	44,829	101.8%	-5.1%
Material cost	11,851	28.5%	11,010	26.8%	7.6%	13,016	29.5%	-9.0%
Gross Profit (Excl. Other operating income)	29,768	71.5%	30,080	73.2%	-1.0%	31,033	70.5%	-4.1%
Employee cost	7,077	17.0%	5,681	13.8%	24.6%	7,287	16.5%	-2.9%
Manufacturing & Other expenses	15,791 ^[2]	37.9%	12,135	29.5%	30.1%	12,343	28.0%	27.9%
Operating Profit	7,814	18.8%	13,148	32.0%	-40.6%	12,183	27.7%	-35.9%

Other Income	453	1.1%	349	0.8%	29.8%	1,036	2.4%	-56.3%
EBITDA	8,267	19.9%	13,497	32.8%	-38.7%	13,219	30.0%	-37.5%
Depreciation & Amortization	2,674	6.4%	1,488	3.6%	79.7%	2,309	5.2%	15.8%
EBIT	5,593	13.4%	12,009	29.2%	-53.4%	10,910	24.8%	-48.7%
Finance cost	406	1.0%	310	0.8%	31.0%	484	1.1%	-16.1%
PBT	5,187	12.5%	11,699	28.5%	-55.7%	10,426	23.7%	-50.2%
Tax	1,367	3.3%	4,188	10.2%	-67.4%	4,095	9.3%	-66.6%
Share of Profit from Joint Controlled entity	16	0.0%	19	0.0%		24	0.1%	
Non-Controlling Interest	34	0.1%	51	0.1%		24	0.1%	
Net Profit	3,802	9.1%	7,479	18.2%	-49.2%	6,331	14.4%	-39.9%

^[2] The Company made a provision for liability towards its Australian subsidiary amounting to Rs. 1,559 m., in respect of compensation for patent litigation towards its Isabelle generic launch in Australia.

Income Statement highlights – Q4 FY2017

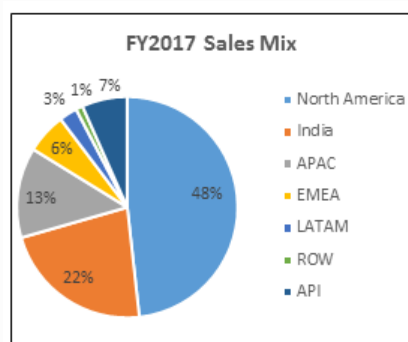
- Material cost increased by 170 bp to 28.5% of sales, at Rs. 11,851 m. compared to Rs. 11,010 m. in Q4 FY2016
- Personnel cost increased by 320 bp to 17.0% of sales, at Rs. 7,077 m. compared to Rs. 5,681 m. in Q4 FY2016
- Manufacturing and other expenses increased by 840 bp to 37.9% of sales at Rs. 15,791 m. compared to Rs. 12,135 m. in Q4 FY2016
- Investment in Research for the quarter was Rs. 6,709 m. representing 16.1% of sales
- Net Impact of foreign exchange fluctuation on EBITDA was a loss of Rs. 1,680 m. during Q4 FY2017 as compared to a gain of Rs. 267 m. during Q4 FY2016 and a gain of Rs. 276 m. during Q3 FY2017

Balance Sheet highlights

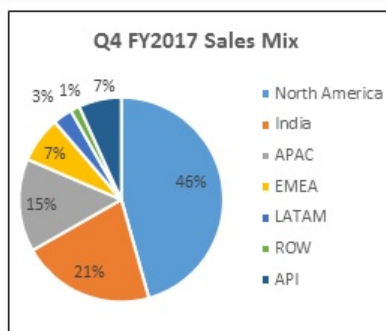
- Operating working capital decreased to Rs. 48,960 m. as on March 31st, 2017 compared to Rs. 49,691 m. as on December 31st, 2016. The working capital number of days stands at 105 days as on March 31st, 2017 compared to 105 days as on December 31st, 2016
- Capital Expenditure for the year was Rs. 16,634 m.
- Net Debt-Equity ratio for the company stands at 0.38:1

Sales Mix

Particulars	FY2017	FY2016	YoY growth %
Formulations	159,815	125,110	27.7%
North America	82,627	59,249	39.5%
India	38,157	34,486	10.6%
APAC	22,655	17,705	28.0%
EMEA	10,115	8,676	16.6%
LATAM	4,519	3,507	28.9%
ROW	1,742	1,487	17.1%
API	11,383	12,469	-8.7%
Total	171,198	137,579	



Particulars	Q4 FY2017	Q4 FY2016	YoY growth %	Q3 FY2017	QoQ growth %
Formulations	38,804	38,137	1.7%	41,365	-6.2%
North America	19,007	21,901	-13.2%	21,755	-12.6%
India	8,788	7,722	13.8%	9,912	-11.3%
APAC	6,118	4,532	35.0%	5,601	9.2%
EMEA	3,012	2,452	22.8%	2,555	17.9%
LATAM	1,269	924	37.3%	1,175	8.0%
ROW	610	606	0.7%	367	66.2%
API	2,815	2,953	-4.7%	2,684	4.9%
Total	41,619	41,090	1.3%	44,049	-5.5%



Operational Highlights

North America

Lupin's North America FY2017 sales increased by 39.5% to Rs. 82,627 m. compared to FY2016; accounting for 48% of Lupin's global sales. Q4 FY2017 sales were Rs. 19,007 m. compared to Rs. 21,901 m. during Q4 FY2016 and Rs. 21,755 m. during Q3 FY2017.

- FY2017 sales increased by 36.5% to USD 1,207 m. compared to FY2016. US sales were USD 276 m. during Q4 FY2017 compared to USD 325 m. during Q4 FY2016 and USD 316 m. during Q3 FY2017.
- The Company launched 9 products in the US market during the quarter. The Company now has 139 products in the US generics market.
- Lupin is now the market leader in 45 products in the US generics market and amongst the Top 3 in 83 of its products (market share by prescriptions, IMS Health, March 2017).

India

Lupin's India formulation FY2017 sales increased by 10.6% to Rs. 38,157 m. compared to FY2016; accounting for 22% of Lupin's global sales. Q4 FY2017 sales increased by 13.8% to Rs. 8,788 m. compared to Rs. 7,722 m. India Formulation business decreased by 11.3% sequentially compared to Rs. 9,912 m. during Q3 FY2017.

Asia-Pacific (APAC)

Lupin's APAC FY2017 sales increased by 28.0% to Rs. 22,655 m. compared to FY2016; accounting for 13% of Lupin's global sales. Q4 FY2017 sales increased by 35.0% to Rs. 6,118 m. compared to Rs. 4,532 m. during Q4 FY2016. APAC sales grew by 9.2% sequentially compared to Rs. 5,601 m. during Q3 FY2017.

Lupin's Japan FY2017 sales increased by 14.7% to JPY 28,756 m. compared to FY2016. Q4 FY2017 sales increased by 34.0% to JPY 7,944 m. compared to JPY 5,929 m. during Q4 FY2016 and increased by 9.7% sequentially compared to JPY 7,244 m. during Q3 FY2017.

Lupin's Philippines FY2017 sales increased by 22.6% to PHP 1,969 m. compared to FY2016. Q4 FY2017 sales increased by 35.5% to PHP 615 m. compared to PHP 454 m. during Q4 FY2016 and increased by 54.2% sequentially compared to PHP 399 m. during Q3 FY2017.

Europe, Middle-East and Africa (EMEA)

Lupin's EMEA FY2017 sales increased by 16.6% to Rs. 10,115 m. compared to FY2016; accounting for 6% of Lupin's global sales. Q4 FY2017 sales increased by 22.8% to Rs. 3,012 m. compared to Rs. 2,452 m. during Q4 FY2016. EMEA sales increased by 17.9% sequentially as compared to Rs. 2,555 m. during Q3 FY2017.

Lupin's South Africa FY2017 sales increased by 21.1% to ZAR 1,012 m. compared to FY2016. Q4 FY2017 sales increased by 26.0% to ZAR 325 m. compared to ZAR 258 m. during Q4 FY2016 and increased by 41.3%

sequentially compared to ZAR 230 m. during Q3 FY2017. Lupin remains the 4th largest generic player in the South African market.

Lupin's Germany FY2017 sales increased by 24.4% to Euro 26 m. compared to FY2016. Q4 FY2017 sales were Euro 6.5 m. compared to Euro 7.2 m. during Q4 FY2016 and Q3 FY2017.

Latin America (LATAM)

Lupin's LATAM FY2017 sales increased 28.9% to Rs. 4,519 m. compared to FY2016; accounting for 3% of Lupin's global sales. Q4 FY2017 sales increased by 37.3% to Rs. 1,269 m. compared to Rs. 924 m. during Q4 FY2016. LATAM sales increased by 8.0% sequentially compared to Rs. 1,175 m. during Q3 FY2017.

Lupin's Brazil FY2017 sales increased by 52.9% to BRL 126 m. compared to FY2016. Q4 FY2017 sales increased by 28.5% to BRL 35 m. compared to BRL 27 m. during Q4 FY2016 and increased by 18.1% sequentially compared to BRL 29 m. during Q3 FY2017.

Lupin's Mexico FY2017 sales increased by 5.4% to MXN 530 m. compared to FY2016. Q4 FY2017 sales increased by 27.3% to MXN 148 m. compared to MXN 116 m. during Q4 FY2016 and decreased by 6.1% sequentially compared to MXN 157 m. during Q3 FY2017.

Global API

Global API sales declined by 8.7% to Rs. 11,383 m. compared to FY2016; accounting for 7% of Lupin's global sales. Q4 FY2017 sales declined by 4.7% to Rs. 2,815 m. compared to Rs. 2,953 m. during Q4 FY2016. Global API sales increased by 4.9% sequentially compared to Rs. 2,684 m. during Q3 FY2017.

Research and Development

Revenue Expenditure on R&D FY2017 amounted to Rs. 23,101 m., 13.5% of sales as against Rs. 16,038 m., 11.7% of net sales for FY2016. Revenue expenditure on R&D for Q4 FY2017 amounted to Rs. 6,709 m., 16.1% of sales.

Lupin filed 25 ANDAs and received 7 approvals from the US FDA during the quarter. Cumulative ANDA filings with the US FDA were 368 as of March 31st, 2017, with the company having received 214 approvals to date. The Company now has 45 First-to-Files (FTF) filings including 23 exclusive FTF opportunities. Cumulative DMF filings stands at 187 as of March 31st, 2017.

The Company received approval for 2 MAA from the European authority during the quarter. Cumulative filings with European authorities now stands at 62 with the company having received 55 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 4th and the 6th largest generics pharmaceutical company by market capitalization (March 31st, 2017, Bloomberg) and sales globally (December 31st, 2016, Bloomberg). The Company is the 5th largest pharmaceutical player in the US by prescriptions (4.52% market share – IMS Health, February 2017); the 2nd largest Indian pharmaceutical company by sales; the 6th largest generic pharmaceutical player in Japan and the 4th largest generic pharmaceutical company in South Africa (IMS Health, March 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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