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# Lupin Quarter II, FY 2020 Results

**Mumbai, November 6, 2019:** Pharma major Lupin Limited reported its financial performance for the quarter and six months ended September 30, 2019. 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 were INR 42,969 m. compared to INR 43,558 m. in Q1 FY2020
  - Sales for quarter increased by 10.4% compared to INR 38,909 m. in Q2 FY2019
  - **H1 FY2020:** Sales were INR 86,527 m., up 12.9% as compared to INR 76,655 m. in H1 FY2019
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) for the quarter was INR 8,643 m. (20.1% of sales) compared to INR 9,325 m. (21.4% of sales) in Q1 FY2020
  - EBITDA for the quarter increased by 10.8% compared to 7,803 m. in Q2 FY2019
  - **H1 FY2020:** EBITDA was INR 17,967 m., up 20.5% compared to INR 14,915 m. in H1 FY2019
- Net profit before exceptional items was INR 2,582 m. compared to INR 3,031 m. in Q1 FY2020
  - Net profit for the quarter decreased by 2.9% compared to INR 2,660 m. in Q2 FY2019
  - **H1 FY2020:** Net profit was INR 5,613 m., up 19.8% compared to INR 4,687 m. in H1 FY2019
- Investment in Research for the quarter was INR 4,356 m., 10.1% of sales

- The Company has agreed to pay USD 63.5 million (INR 4,500.6 m.) as settlement in connection with the State of Texas lawsuit in the US and accordingly a provision of USD 53.5 million (INR 3,791.8 m.) [net of earlier provision of USD 10 m. (INR 708.8 m.)] has been made during the quarter
- During the quarter, the divestment of Kyowa CriteCare Co Ltd (KCC) was completed. This was a strategic move to streamline our Japanese operations due to limited synergy potential of KCC business with the Company's operations. The resultant loss on divestment was INR 1,673 m.

Commenting on the results, Mr. Nilesh Gupta, Managing Director, Lupin Limited said, "The reported performance for the quarter was bolstered by the NCE licensing income but impacted by one-off items, adjusted for which, the operational performance was as expected. The US business has now stabilized and will grow based on ramp up of our in-line products and levothyroxine and the launch of our injectables portfolio. Markets like India continue to deliver solid growth. The next financial year is now looking very strong with important growth drivers like India, the in-line generic business in the US coupled with important launches like generic Albuterol in US and Fostair and Etanercept in Europe. Regulatory compliance remains a top organizational priority and we are making steady progress"

### Consolidated Unaudited Financial Results – Quarter II, FY2020

Amount in INR m.

Particulars	Q2 FY2020	% of sales	Q1 FY2020	% of sales	QoQ Growth %	Q2 FY2019	% of sales	YoY Growth %
Sales	42,969	100.0%	43,558	100.0%	-1.4%	38,909	100.0%	10.4%
Other operating income	628	1.5%	626	1.4%	0.3%	601	1.5%	4.4%
<b>Total Revenue from operations</b>	<b>43,597</b>	<b>101.5%</b>	<b>44,184</b>	<b>101.4%</b>	<b>-1.3%</b>	<b>39,510</b>	<b>101.5%</b>	<b>10.3%</b>
Material cost	15,273	35.5%	15,500	35.6%	-1.5%	13,928	35.8%	9.7%
<b>Gross Profit (Excl. Other operating income)</b>	<b>27,696</b>	<b>64.5%</b>	<b>28,058</b>	<b>64.4%</b>	<b>-1.3%</b>	<b>24,981</b>	<b>64.2%</b>	<b>10.9%</b>
Employee cost	8,503	19.8%	8,072	18.5%	5.3%	7,938	20.4%	7.1%
Manufacturing & Other expenses	12,511	29.1%	12,009	27.6%	4.2%	12,148	31.2%	3.0%
Other Income	1,333	3.1%	722	1.7%	84.6%	2,307	5.9%	-42.0%
<b>EBITDA</b>	<b>8,643</b>	<b>20.1%</b>	<b>9,325</b>	<b>21.4%</b>	<b>-7.3%</b>	<b>7,803</b>	<b>20.1%</b>	<b>10.8%</b>
Depreciation & Amortization	3,215	7.5%	3,171	7.3%	1.4%	2,655	6.8%	21.1%
<b>EBIT</b>	<b>5,428</b>	<b>12.6%</b>	<b>6,154</b>	<b>14.1%</b>	<b>-11.8%</b>	<b>5,148</b>	<b>13.2%</b>	<b>5.5%</b>
Finance cost	864	2.0%	856	2.0%	1.1%	738	1.9%	17.2%

<b>PBT before exceptional item</b>	<b>4,564</b>	<b>10.6%</b>	<b>5,298</b>	<b>12.2%</b>	<b>-13.9%</b>	<b>4,410</b>	<b>11.3%</b>	<b>3.5%</b>
Exceptional items <sup>(1)</sup>	5,465	12.7						
<b>PBT after exceptional items</b>	<b>-901</b>	<b>-2.1%</b>	<b>5,298</b>	<b>12.2%</b>		<b>4,410</b>	<b>11.3%</b>	
Current tax	549		1,816			1,843		
Deferred tax	-206		464			-114		
<b>Tax</b>	<b>343</b>	<b>0.8%</b>	<b>2,280</b>	<b>5.2%</b>		<b>1,729</b>	<b>4.4%</b>	
(+) Share of Profit from Joint Controlled entity	9		10			4		
(-) Non-Controlling Interest	36		-3			25		
<b>Net Profit after exceptional items</b>	<b>-1,271</b>	<b>-3.0%</b>	<b>3,031</b>	<b>7.0%</b>		<b>2,660</b>	<b>6.8%</b>	
Add: Exceptional items (net off tax)	<b>3,853</b>							
<b>Net Profit before exceptional items</b>	<b>2,582</b>	<b>6.0%</b>	<b>3,031</b>	<b>7.0%</b>	<b>-14.8%</b>	<b>2,660</b>	<b>6.8%</b>	<b>-2.9%</b>

<sup>(1)</sup>Exceptional items include:

1. Provision of USD 53.5 m. (INR 3,791.8 m.) [net off earlier provision of USD 10 m. (INR 708.8 m.)] as the company agreed to settle the lawsuit with State of Texas in the US at USD 63.5 m.
2. Loss of INR 1,673 m. on divestment of shares of Kyowa CritiCare Co., Ltd

### Income Statement highlights – Q2 FY2020

- Material cost remained flat at 35.5% of sales, at INR 15,273 m. compared to INR 15,500 m. in

### Q1 FY2020

- Personnel cost was 19.8% of sales, at INR 8,503 m. compared to INR 8,072 m. in Q1 FY2020
- Manufacturing and other expenses was 29.1% of sales at INR 12,511 m. compared to INR 12,009 m. in Q1 FY2020

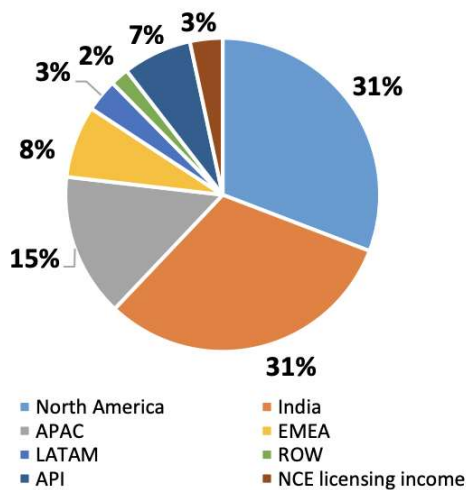
### Balance Sheet highlights

- Operating working capital increased to INR 59,242 m. as on September 30, 2019 from INR 58,018 m. as on June 30, 2019. The working capital number of days improved to 125 days as on September 30, 2019 compared to 127 days as on June 30, 2019
- Capital Expenditure for the quarter was INR 1,260 m.
- Net Debt-Equity ratio for the company stands at 0.32:1 as on September 30, 2019

## Sales Mix

Particulars	Q2 FY2020	Q1 FY2020	QoQ growth %	Q2 FY2019	YoY growth %
Formulations	38,476	40,069	-4.0%	35,562	8.2%
North America	13,244	15,412	-14.1%	12,487	6.1%
India	13,419	13,077	2.6%	12,032	11.5%
APAC	6,352	6,717	-5.4%	6,199	2.4%
EMEA	3,196	2,604	22.7%	2,949	8.3%
LATAM	1,445	1,550	-6.8%	1,459	-1.0%
ROW	820	709	15.7%	436	88.2%
API	3,052	3,489	-12.5%	3,347	-8.7%
NCE Licensing income	1,441				
Total	42,969	43,558	-1.4%	38,909	10.4%

## Q2 FY2020 Product Sales Mix



## Operational Highlights

## North America

Lupin's North America sales for Q2 FY2020 were INR 13,244 m. compared to sales of INR 15,412 m. during Q1 FY2020 and INR 12,487 m. during Q2 FY2019; accounting for 31% of Lupin's global sales.

- Q2 FY2020 sales were USD 184 m. compared to USD 218 m. during Q1 FY2020 and USD 171 m. during Q2 FY2019
- The Company launched 3 products in the US market during the quarter. The Company now has 171 products in the US generics market.
- Lupin is the 3<sup>rd</sup> largest pharmaceutical player in the US by prescriptions (IQVIA MAT September 2019)
- Lupin is now the market leader in 65 products in the US generics market and amongst the Top 3 in 123 of its products (market share by prescriptions, IQVIA September 2019)

## India

Lupin's India formulation sales for Q2 FY2020 were INR 13,419 m. compared to sales of INR 13,077 m. during Q1 FY2020 and INR 12,032 m. during Q2 FY2019; accounting for 31% of Lupin's global sales.

Lupin is the 6<sup>th</sup> largest company in the Indian Pharmaceutical Market (IQVIA MAT September 2019).

## Asia-Pacific (APAC)

Lupin's APAC sales were INR 6,352 m. for Q2 FY2020 compared to sales of INR 6,717 m. during Q1 FY2020 and INR 6,199 m. during Q2 FY2019; accounting for 15% of Lupin's global sales.

Lupin's Japan sales were JPY 7,788 m. for Q2 FY2020 compared to JPY 8,858 m. during Q1 FY2020 and JPY 8,151 m. in Q2 FY2019.

Lupin is the 5<sup>th</sup> largest generic player in Japan (IQVIA MAT September 2019).

Lupin's Philippines sales were PHP 448 m. during Q2 FY2020 compared to PHP 323 m. during Q1 FY2020 and PHP 383 m. during Q2 FY2019.

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

Lupin's EMEA sales were INR 3,196 m. for Q2 FY2020, up 22.7% compared to sales of INR 2,604 m. during Q1 FY2020, up 8.3% as compared to sales of INR 2,949 m. during Q2 FY2019; accounting for 8% of Lupin's global sales.

Lupin's South Africa sales were ZAR 307 m. for Q2 FY2020 compared to ZAR 250 m. during Q1 FY2020 and

ZAR 283 m. during Q2 FY2019.

Lupin is the 3<sup>rd</sup> largest generic player in the South African market by prescription (IQVIA September 2019).

Lupin's Germany sales were EUR 9.6 m. for Q2 FY2020 compared to EUR 7.8 m. during Q1 FY2020 and EUR 7.3 m. during Q2 FY2019.

### Latin America (LATAM)

Lupin's LATAM sales were INR 1,445 m. for Q2 FY2020 compared to INR 1,550 m. during Q1 FY2020 and INR 1,459 m. during Q2 FY2019; accounting for 3% of Lupin's global sales.

Lupin's Brazil sales were BRL 45 m. for Q2 FY2020 compared to BRL 47 m. during Q1 FY2020 and BRL 42 m. during Q2 FY2019.

Lupin's Mexico sales were MXN 167 m. for Q2 FY2020 compared to MXN 167 m. during Q1 FY2020 and MXN 164 m. during Q2 FY2019.

### Global API

Lupin's Global API sales were INR 3,052 m. for Q2 FY2020 as compared to INR 3,489 m. during Q1 FY2020 and INR 3,347 m. during Q2 FY2019, accounting for 7% of Lupin's global sales.

### Research and Development

Revenue Expenditure on R&D during Q2 FY2020 amounted to INR 4,356 m. (10.1% of sales) as against INR 3,785 m. (8.7% of sales) during Q1 FY2020 and INR 3,758 m. (9.7% of sales) for Q2 FY2019.

Lupin received approvals for 4 ANDA from the US FDA during the quarter. Cumulative ANDA filings with the US FDA stood at 427 as of September 30, 2019, with the company having received 274 approvals to date.

The Company now has 40 First-to-Files (FTF) filings including 14 exclusive FTF opportunities. Cumulative DMF filings stands at 205 as of September 30, 2019.

### About Lupin Limited

Lupin is an innovation led transnational pharmaceutical company developing and delivering a wide range of branded and generic formulations, biosimilar 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.

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