



Lupin Ltd.

Investor Meet

FY15

May 13, 2015

fortomorrow

Lupin's Journey



Parameter	2005	2015	
Market Cap	Rs. 22 bn.	Rs. 796 bn.	CAGR 43%
Revenues	Rs. 12,123 mm.	Rs. 125,997 mm.	CAGR 26%
PAT	Rs. 844 mm.	Rs. 24,032 mm.	CAGR 40%
PAT%	7%	19%	
Finished dosage mix	45%	90%	



fortomorrow

Today Lupin is a Globally Dominant Force



Advanced Markets

5th

largest US
(by prescriptions¹)

8th

largest
Japanese
generics²

Emerging Markets

10th

India Pharma
Market Rank

4th

largest South
Africa generics³

Globally

8th

largest generic
globally
(by market cap⁴)

10th

largest generic
company
(by sales⁴)

3rd

largest Indian
Pharma
(by total sales)

#1

in Anti-TB &
Cephalosporins
(globally)



Sources:

1 IMS MAT Dec 14

2 IMS MAT Dec 14

3 IMS MAT Mar 15

4 Bloomberg BI GNRC, Mar 2015

fortomorrow

Lupin – Generics to Specialty



2015

Primarily a Generic /
Branded Generic
Business
3 strong geographies

2018

Leading generics player
with a larger specialty
business
Stronger geographic
spread
New Generic Platforms -
Inhalation/Derm
Advanced market
Biosimilar launch

2020+

Leading global generics
player
Significant Specialty
business
Inhalation Specialty
Vertical
Derm Specialty Vertical
Biosimilars
commercialization
NCE's



fortomorrow



FY15 and Q4 FY15 PERFORMANCE HIGHLIGHTS

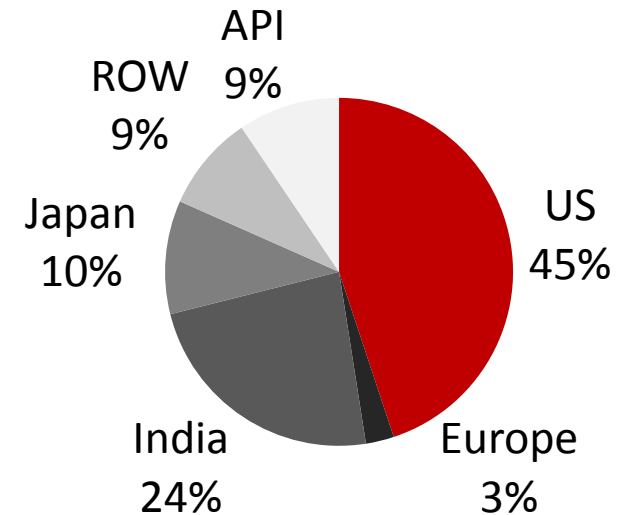
for tomorrow

Business Update – FY15



- **Top-line increasing by 14% YoY driven by:**
 - US: Strong volume growth and new launches
 - Fx depreciation effect seen in Japan and South Africa
 - India business showing good growth in chronic TAs
- **EBITDA margins at ~31% levels and PAT at 19% levels:**
 - Operational excellence resulting in cost improvements
 - Improving business mix
- **Continues to enjoy “Debt free” status**

FY15 Sales Breakdown



P&L Highlights – FY15



Particulars (Rs mn)	FY15	% of net sales	FY14	% of net sales	% YoY growth
Net sales	125,997	100.0	110,866	100.0	14%
Other operating income	1,703	1.4	2,000	1.8	(15%)
Total revenue	127,700	101.4	112,868	101.8	13%
Gross margin (excl. other operating income)	84,427	67.0	72,693	65.6	16%
EBITDA	38,593	30.6	31,193	28.1	24%
EBIT	34,246	27.2	28,583	25.8	20%
Net profit	24,032	19.1	18,364	16.6	31%



fortomorrow

P&L Highlights – Q4FY15 YoY



Particulars (Rs mn)	Q4FY15	% of net sales	Q4FY14	% of net sales	% YoY growth
Net sales	30,540	100.0	30,515	100.0	0.1%
Other operating income	241	0.8	690	2.3	
Total revenue	30,781	100.8	31,205	102.3	(1.4%)
Gross margin (excl. other operating income)	20,977	68.7	20,711	67.9	1.3%
EBITDA	8,066	26.4	8,821	28.9	(8.6%)
EBIT	6,995	22.9	8,078	26.5	(13.4%)
Net profit	5,470	17.9	5,530	18.1	(1.1%)

- Higher price erosion in FY 2013-14 launched products
- Price erosion in in-line products due to customer consolidation
- Limited new launches in US
- Currency depreciation in JPY and ZAR
- Increased research and manpower spend



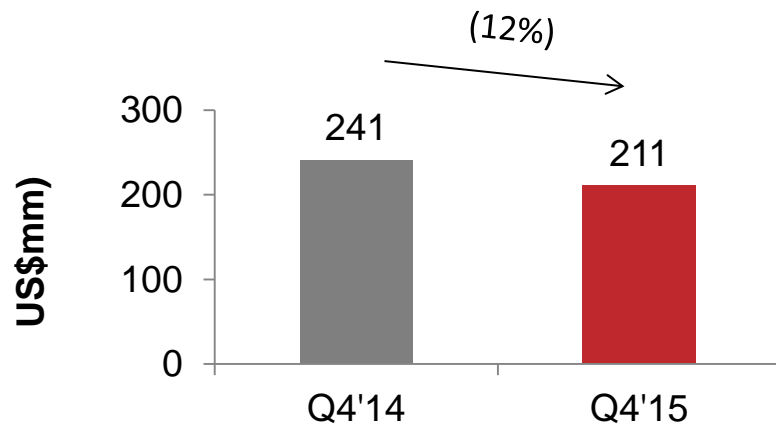
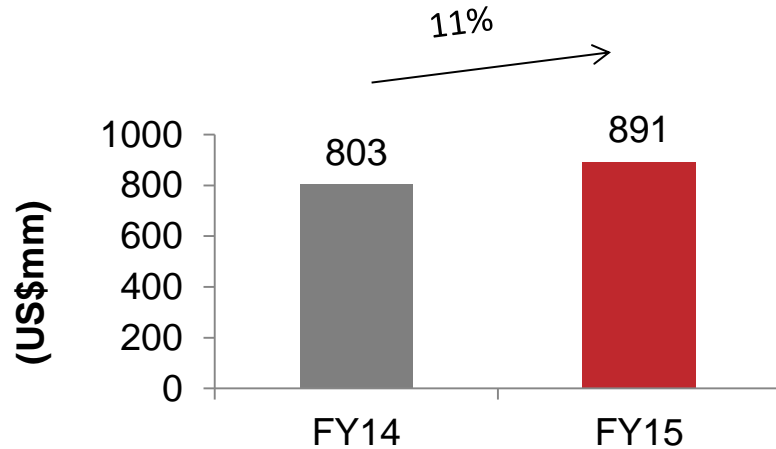
P&L Highlights – Q4FY15 QoQ



Particulars (Rs mn)	Q4FY15	% of net sales	Q3FY15	% of net sales	% QoQ growth
Net sales	30,540	100.0	31,449	100.0	(2.9%)
Other operating income	241	0.8	327	1.0	
Total revenue	30,781	100.8	31,776	101.0	(3.1%)
Gross margin <i>(excl. other operating income)</i>	20,977	68.7	21,214	67.5	(1.1%)
EBITDA	8,066	26.4	9,663	30.7	(16.5%)
EBIT	6,995	22.9	8,560	27.2	(18.3%)
Net profit	5,470	17.9	6,015	19.1	(9.1%)

- Fx loss Rs 367mm vs gain of Rs 169mm in Q3FY15; Adverse variance of Rs 536 mm QoQ
- Gross margins improved due to product mix
- Higher research and manpower spend
- Lower tax rate due to YE inventory rationalization in US





FY15 Commentary

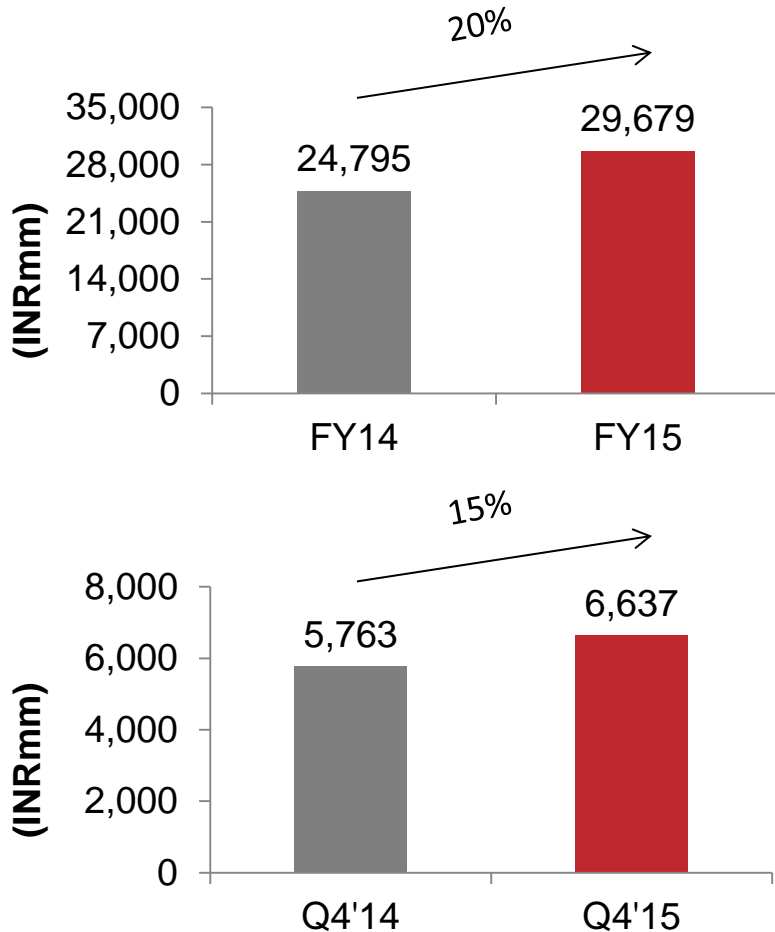
- US business grew 16% in INR terms to Rs. 56,576 mm (including IP)
- QoQ decline of 3% in USD terms
- Lupin now has 5% prescription share and retains 5th rank
- Total of 12 new product launches in FY15; Portfolio of 77¹ products
- US Market Share: No. 1 in 28 & top 3 in 57 products²
- Total of 210 ANDA filings till date, of which 111 have been approved (12 approvals in FY15)



Note:

1 As of 31-Mar-15

2 IMS MAT Dec 2014

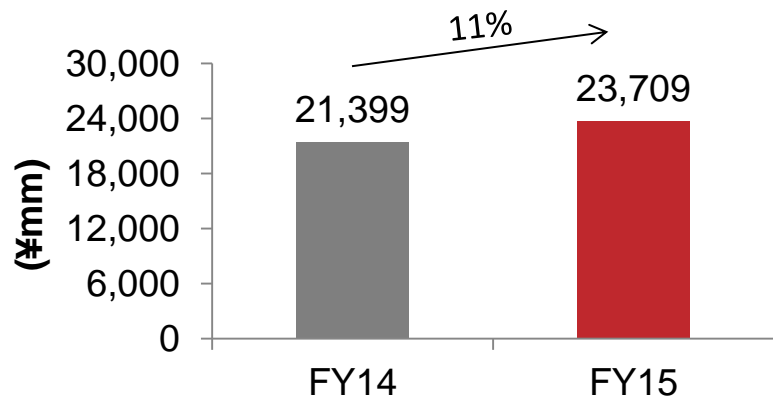


FY15 Commentary

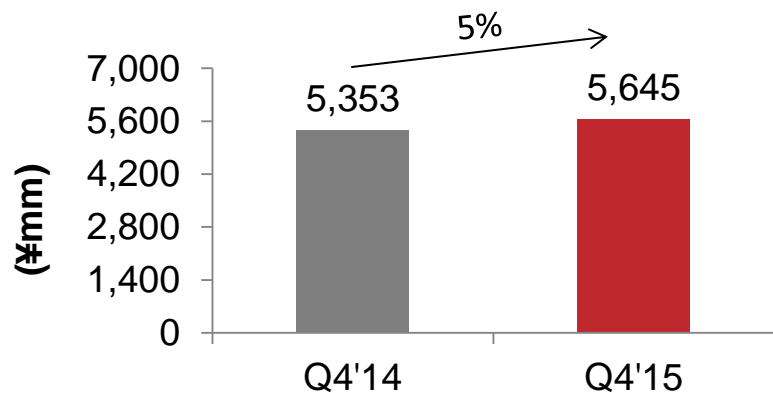
- India business grew 20% to Rs. 29,680mm
- IRF business YoY growth in Q4 FY15 at 19.4%
- IMS growth of 15% YoY¹ vs IPM growth of 12%¹
- Ranked 10th in the IPM¹
- Current field force of ~5,500
- Cumulative 17 brands and 52 launches for FY15
- Chronic portfolio contributed 66% to total sales
- Chronic areas of Asthma, Diabetes, CVS, CNS and GI leading the growth



Note:
1 IMS MAT Mar 2015



¥ growth: Kyowa: 15%, I'rom: 1%
INR growth: 2%



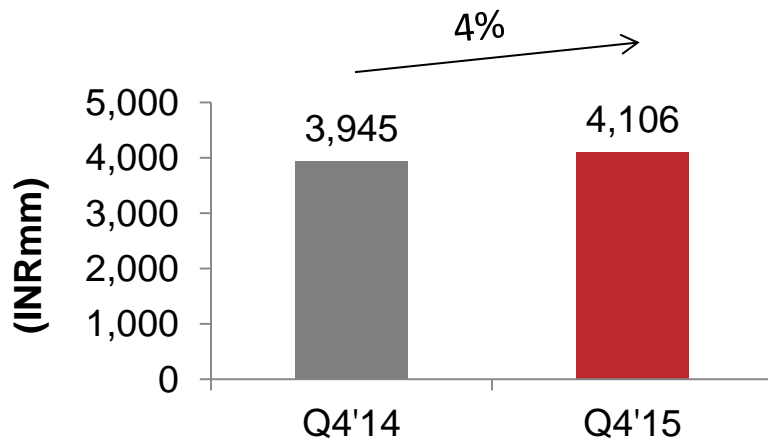
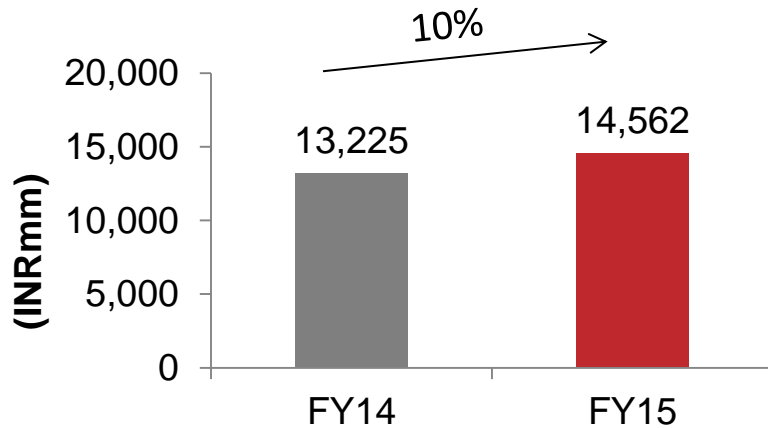
¥ growth: Kyowa: 5%, I'rom: 6%
INR growth: (8%)

FY15 Commentary

- Japan business grew by 2% in INR terms to Rs. 13,239 mm
 - Kyowa performance reflects growth despite Yakka cuts (effect seen in Q4FY15)
- I'rom: New product launches during the year contributed to growth
- Turnaround in I'rom business



Rest of Business



FY15 Commentary

South Africa

- Growth of 19% in local currency
- 4th largest generic company¹ & #1 CVS player¹

Philippines

- Growth of 26% in local currency
- IMS growth of 26%² vs industry growth of 3%²
- Rank: 27²

Mexico

- IMS 16%³ growth vs 6% Ophthal market growth
- 3rd largest ophthal company
- 28% YoY topline growth for the 6 months

Europe

- Hormosan growth 48% in EUR
- UK business turnaround

Canada

- Commenced operations
- GI play with in-licensed Salix portfolio

Note:

1 SA IMS MAT Dec 2014

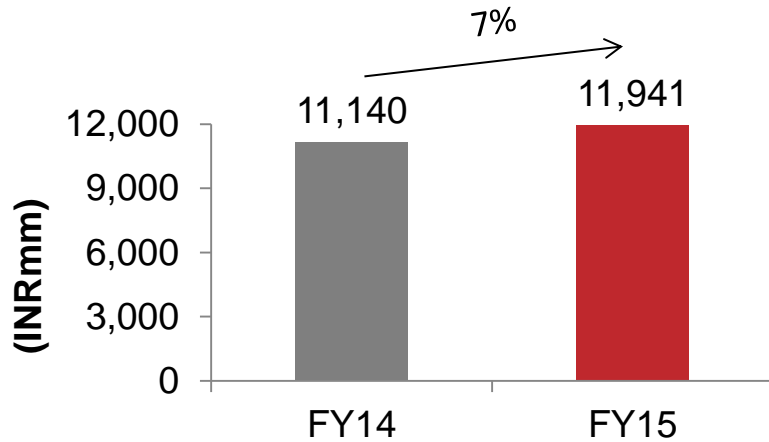
2 Philippines IMS MAT Feb 2015

3 Mexico IMS MAT Feb 2015

4 Rest of Business: Includes Europe, ROW (South Africa, Philippines, Mexico, Australia and others) and non-US IP income

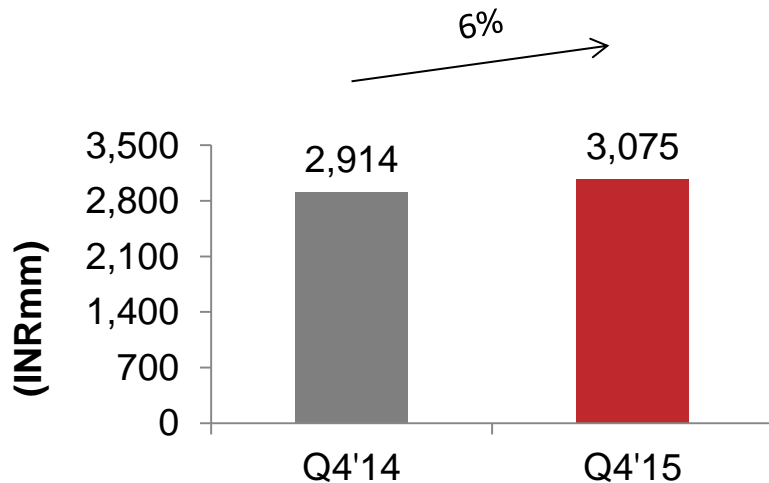
fortomorrow

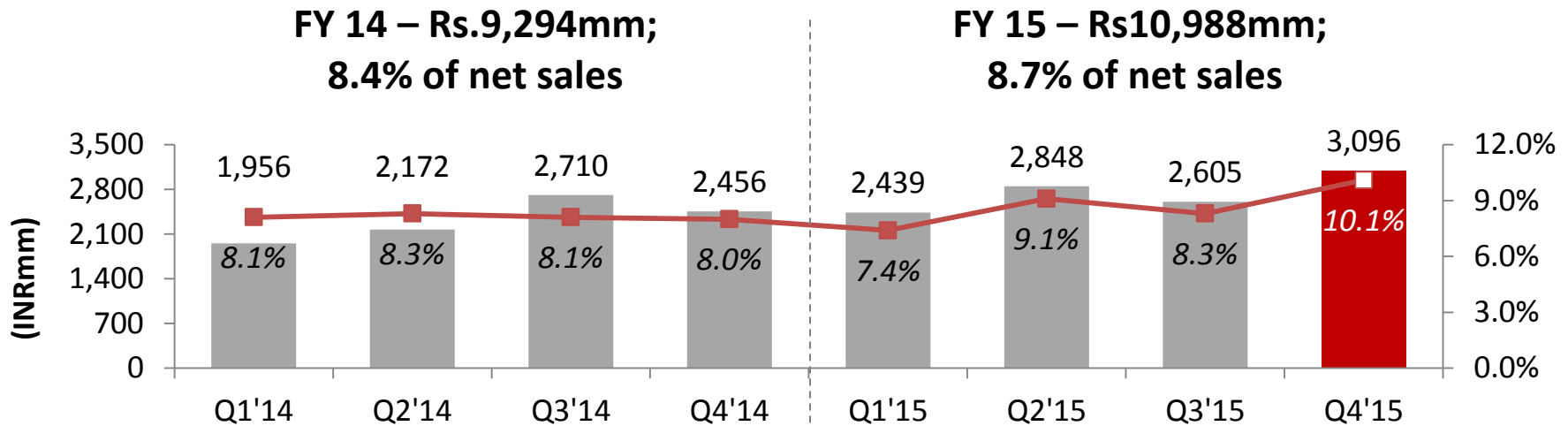




FY15 Commentary

- API business grew by 7% to Rs. 11,941mm
- Domestic business grew by 22%
- Emerging markets saw 4% increase
- Enhanced focus on pipeline of complex and first-to-file APIs





- R&D expenses for Q4FY15 were Rs. 3,096mm, at 10.1% of net sales vs 2,456 mm in Q4FY15
- Talent pool of 1400+ scientists
- 210 ANDA filings till date, of which 111 have been approved (12 in FY15)
- FTFs - 34 filings till date (US\$ 12.5 bn¹) with 15 exclusives (US\$ 3.1 bn¹)



Note: 1. IMS MAT Dec 2014



INDUSTRY TRENDS AND OUTLOOK

fortomorrow

Heightened Consolidation in BioPharma Industry



M&A valuations in 2014 reached ~\$225 billion; YTD 2015 announced deals size of \$195bn

Large Cap Pharma



Specialty Generics



Source: Mergermarket and broker notes



fortomorrow

Customer Consolidation & Price erosion



Channel Consolidation

- Significant channel consolidation with CVS-Caremark, Medco-Express Scripts and Walgreen-Alliance Boots mergers
- Majority of price erosion has already taken place
- Generic companies experienced double digit price erosion

Critical to be a valued partner of choice

Key Consolidators



Partnered with



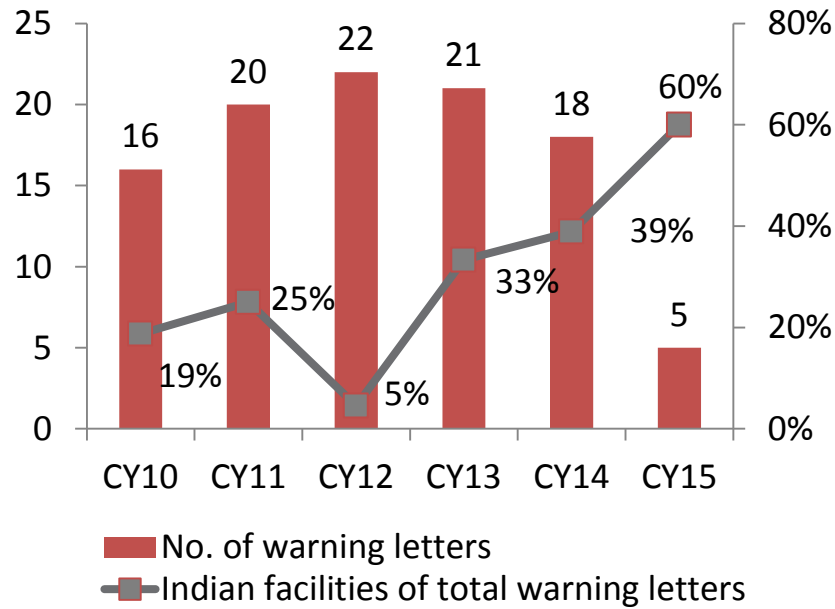
Source: Company website, Bloomberg

fortomorrow

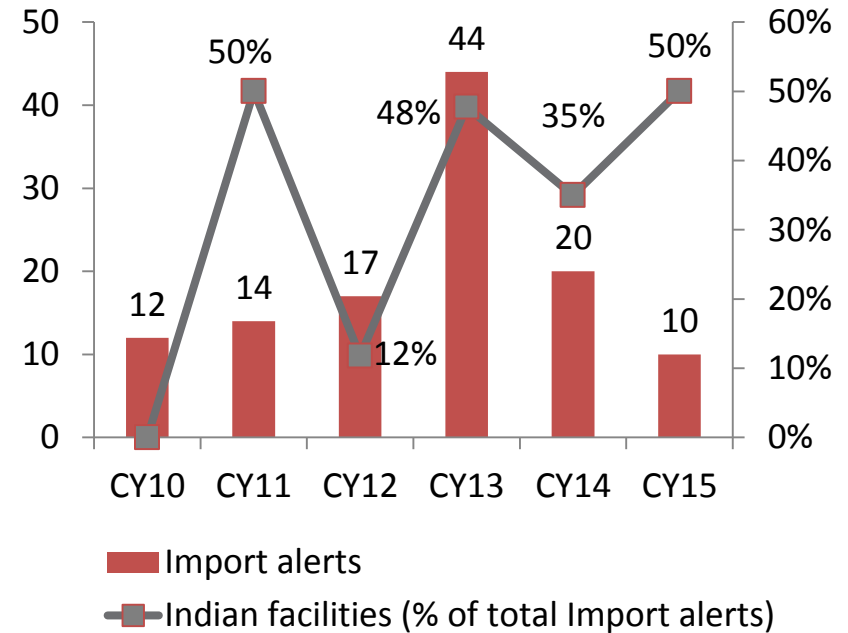
Increased USFDA Regulatory Scrutiny



With increasing percentage of warning letters being issued in last 2 years...



...50% of the facilities receiving import alerts are from India in YTD 2015



Quality and compliance absolutely non-negotiable

Source: Company websites and Broker notes

fortomorrow

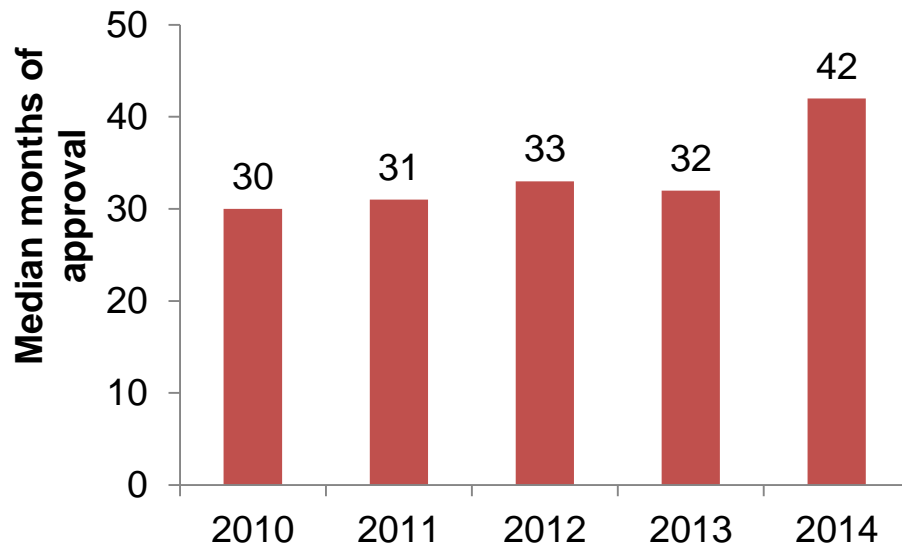


Slower Approvals



Slower Approvals

Median ANDA approval timelines have increased to 42 months in CY14



Approvals for Indian companies fell to **76** in 2014 vs. an average of **110** (5 yr)

ANDA approvals	CY 2014	CY 2013
Lupin	14	30
Sun + Ranbaxy	24	33
Dr Reddy	12	16
Aurobindo	8	26
Cadila	18	9
Total Indian Gx	76	114

Mylan	40	27
Teva	29	30
Actavis	19	31
Sandoz	16	17
Total Top 4 Global Gx	104	105

Source: Company website, and Bloomberg



What does this mean for Lupin?



R&D Delivery

- Deliver on complex generics (Dermatology, Inhalation, Long-acting injectables and Biosimilars)
- Focus on pipeline of niche branded opportunities
- Successfully license out NDDD pipeline

Execution

- Maintain high levels of service with high fill rates and large product portfolio
- Continued focus on operational excellence across supply chain and manufacturing to achieve cost leadership
- Be best-in-class when it comes to quality and compliance

M&A

- Complementary generic platforms
- Specialty products and companies
- Geographic diversification



Specialty & Complex Gx Areas - Snapshot



	Key Complex focus areas	Update on development efforts	Brands / Gx focus	US Target Filings Market Size ¹ (\$bn)
Complexity ↑	NDDDs	10 NCEs across therapies in development		
	Biosimilars	10 under development; Japan trials started	G	8.4
	Respiratory	Developments of Nasal sprays, MDIs and DPIs	B / G	15.0
	Injectables	Developing a basket of general & complex Gx	G	16.6
	Dermatology	Filings commenced; FDA inspected facility	B / G	2.3 0.5
	Ophthalmology	Products launched in US	G	0.2 1.6
	Controlled Subst.	First filing made; 11 products in pipeline	B / G	6.7 0.7
	OC's	30 filings and 15 products in market	G	2.3

Lupin targeting total complex generics filings US market size of \$51.2bn

■ Development
■ Filed

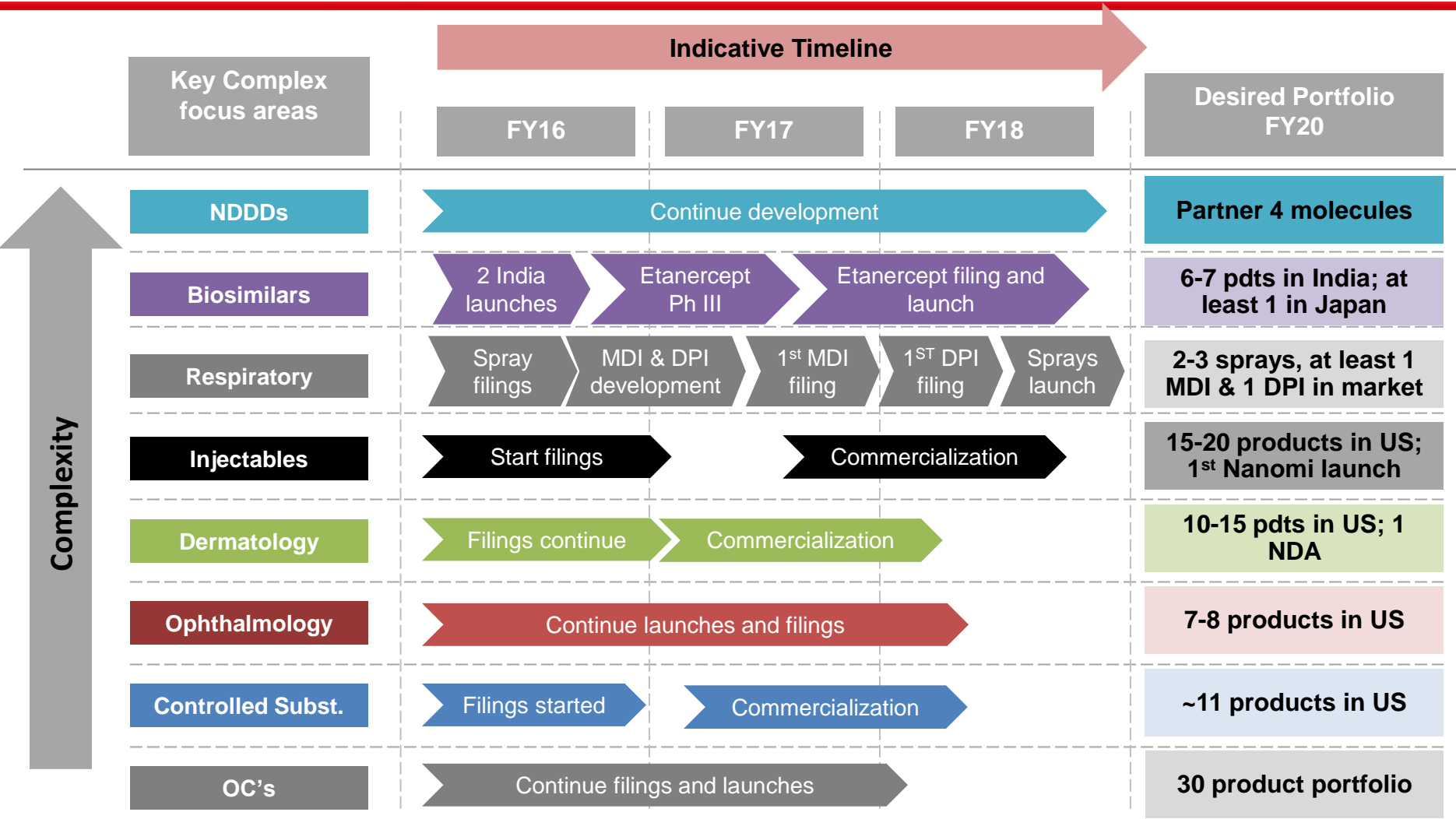


Note: 1. IMS MAT Dec 2014

Also developing hormones, soft gel capsules and sublingual films

fortomorrow

Specialty & Complex Gx Areas - Timelines



Compliance

- Successful inspections in FY15
 - USFDA at 5 facilities
 - MHRA at Goa
 - TGA at Dabhasa
 - WHO at 2 facilities
 - BfArM at Germany
- QbD implemented in R&D
- 6 FDA approved formulations sites

Operational Excellence

- Throughput management, Yield improvement and Quality Assurance via
 - Lean Six Sigma
 - TPM
 - MOST
 - People Training



Generics / Technology Platforms

- Generic assets with complementary pipeline / technology capabilities
- Controlled substances, Injectables, dermatology and US Govt business access

Specialty / Brand

- Primary Focus US / EU / potentially Japan
- Focus on Pediatrics, Dermatology, GI, Ophthalmics

Geographic Expansion

- Focus on
 - EU (Russia & CEE)
 - LatAm



Awards & Accolades



- **CNBC TV18:**
 - **Outstanding Company of the Year - India Business Leadership Awards, 2014-15**
 - **Firm of the year in Pharma sector: India Risk Management Award**
- **ICAI - winner of “GOLD SHIELD” for Excellence in Financial Reporting** for the year 2013-14
- **ATD BEST Award 2014** for Learning & Development
- Consistently ranked among **top 2 Pharma** companies for past 4 years by **Great Place to Work**
- Economic Times 500 rankings - **India’s Most Resilient Companies – 2013-14**
- **Business Today:**
 - Dr Kamal Sharma - **Best CEO – BT Awards 2013**
 - Vinita Gupta – **Most Powerful Women (MPW 2014)**
- **Forbes:**
 - Made it to the **Asia Fab 50 2014** 2nd year running
 - Dr Desh Bandhu Gupta – Among the 29 Asia Philanthropists 2014
 - Ms. Vinita Gupta – **Asia Businesswomen - Power 50**

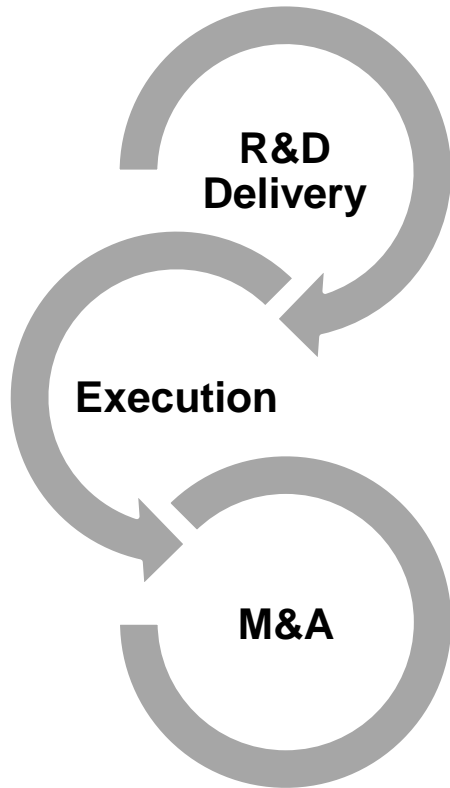


fortomorrow

The Way Forward....



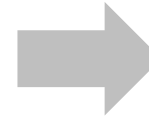
Ingredients for Superior Performance



Key Enablers

Actions

- **Specialty / Complex Gx**
- **Technology platforms**



- Focus on generics
- Pipeline evolution into dermatology, injectables, inhalation and biosimilars

- **Cost Management**
- **People, Process, Systems**



- Six Sigma
- Supply chain
- Sales force productivity
- Global Talent pool

- **Specialties**
- **Complex generics**
- **Geographies**



- Multiple opportunities being pursued
- Focus on value creation

Execution is KEY



fortomorrow



THANK YOU

fortomorrow