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**PRESS RELEASE**

**Noida, Tuesday, February 7, 2017**

# JUBILANT LIFE SCIENCES – Q3/9M FY2017 RESULTS

**JUBILANT REPORTS STRONG PERFORMANCE IN Q3 FY17; SALES AT Rs. 1,492 CRORE, UP BY 7% YOY**
**EBITDA AT Rs. 337 CRORE; UP 9% YOY WITH MARGINS OF 22.6%; PAT AT Rs. 120 CRORE**

The Board of Jubilant Life Sciences Limited, an integrated global pharmaceutical and life sciences company met today to approve financial results for the third quarter and nine-months ended December 31, 2016.

**Commenting on the Company's performance, Mr. Shyam S Bhartia, Chairman and Mr. Hari S Bhartia, Co-Chairman & Managing Director, Jubilant Life Sciences said:**

"We are happy to report continued strong financial results, led by high quality revenue growth in our Specialty Pharmaceuticals business where revenues grew 26% YoY. Recent initiatives, including the signing of long term contracts in our Radiopharma business and price increases announced in our Vitamin portfolio improve the visibility of earnings going forward. The proceeds from recent successful issuance of domestic non-convertible debentures will be mainly used for refinancing of existing high cost debt. We expect to continue our robust financial and operational performance going ahead."

## Q3 FY17 Highlights

- Consolidated revenue at Rs. 1,492 Crore; up 7% YoY
  - Pharmaceuticals revenue at Rs. 785 Crore, contributing 53% to the revenues, up 15% YoY
  - Life Science Ingredients revenue at Rs. 663 Crore, down 3% YoY and up 8% QoQ
  - Drug Discovery Solutions revenue at Rs. 44 Crore, contributing 3% to the revenues, up 28% YoY
  - International revenues at Rs. 1,062 Crore, contributing 71% to the revenues
- EBITDA at Rs. 337 Crore, up 9% YoY; EBITDA margins at 22.6%, up from 22% in Q3 FY16
  - Pharmaceuticals EBITDA grew 11% to Rs. 247 Crore, with margins of 31.5%; Contributes 70% to the company's EBITDA
  - Life Science Ingredients EBITDA at Rs. 99 Crore; margins at 14.9%, up from 14.2% in Q3 FY16; Contributes 28% to the company's EBITDA
  - Drug Discovery Solutions EBITDA at Rs. 6 Crore; margins at 13.3%, up from 1.3% in Q3 FY16
- PAT at Rs. 120 Crore with Net Margins at 8.0% and EPS of Rs. 7.69; Normalized PAT of Rs. 145 Crore, a growth of 18% YoY with Normalized EPS of Rs. 9.30
- Finance costs include Rs. 27 Crore one-time debit to P&L due to replacement of higher cost debt
- Capital Expenditure of Rs. 93 Crore
- Net Debt reduction of Rs. 55 Crore

- Successful issuance of Secured Rated Listed Redeemable Non-Convertible Debentures (NCDs) aggregating to INR 495 crores for cash at par on a private placement basis. The net proceeds of the NCDs shall be mainly used for refinancing of existing debt.

## 9M FY17 Highlights

- Consolidated revenue at Rs. 4,365 Crore
    - Pharmaceuticals revenue at Rs. 2,308 Crore, up 10% YoY, contributing 53% to the revenues
    - LSI revenue at Rs. 1,926 Crore, contributing 44% to the revenues
    - Drug Discovery Solutions revenue at Rs. 131 Crore, up 53% YoY, contributing 3% to the revenues
    - International revenues at Rs. 3,096 Crore, contributing 71% to the revenues
- EBITDA at Rs. 1,055 Crore, improving by 9% YoY with EBITDA margins at 24.2%, up from 22% in 9M FY16
    - Pharmaceuticals segment EBITDA grew 13% YoY to Rs. 759 Crore with margins at 32.9%, segment contributes 69% to total EBITDA
    - Life Science Ingredients EBITDA at Rs. 318 Crore; margins at 16.5%, up from 15% in 9M FY16
    - Drug Discovery Solutions EBITDA at Rs. 20 Crore; margins at 15.5%
- PAT at Rs. 426 Crore, up 12% YoY from 381 Crore in 9M'16, with an EPS of Rs. 27.35; Normalized PAT at Rs. 451 Crore, up 19% YoY with Normalized EPS of Rs. 28.95
- Finance costs include Rs. 27 Crore one-time debit to P&L due to replacement of higher cost debt
- Capital Expenditure of Rs. 206 Crore
- Net Debt reduction of Rs. 451 Crore

## Pharmaceuticals Segment Highlights

Q3 FY17

- Revenues of Rs. 785 Crore, up 15% YoY
    - Specialty Pharmaceuticals (Sterile Products) revenues reported robust growth of 26% YoY; contributing 56% to segment sales
    - Generics revenues grew 3% YoY, led by growth in APIs business
- Region-wise Revenue break-up
    - Revenues from North America at Rs. 529 Crore, contributing 67% to the revenues; up 9% YoY
    - Revenues from Europe and Japan were at Rs. 138 Crore, up 47% YoY and contributing 18% to revenues
    - Revenues from Rest of the World stood at Rs. 79 crore, up 17% YoY and contributing 10% to the revenues
    - India Revenues at Rs. 39 Crore, contributing 5% to the revenues
- EBITDA of Rs. 247 Crore, growth of 11% YoY with margins at 31.5%; aided by improvement in Specialty Pharmaceuticals (Sterile Products) and APIs
- R&D spent during the quarter of Rs. 67 Crore – 8.5% to segment sales. R&D charged to P&L is Rs. 36 Crore – 4.6% to segment sales
- Successfully completed USFDA inspection at CMO Montreal and Radiopharmaceuticals facilities.

- Signed long-term contracts in Radiopharmaceuticals business with distribution networks in the US to supply products over a period of 39 months effective from January 2017
- Rubyfill on track for a US launch in Q4 FY17

9M FY17

- Revenues of Rs. 2,308 Crores, up 10% YoY
  - Specialty Pharmaceuticals (Sterile Products) revenues grow 11% YoY; contribute 53% to segment sales
  - Generics revenues grew 9% YoY, led by strong growth in APIs business
- Region-wise Revenue break-up
  - Revenues from North America were at Rs. 1,570 Crore, contributing 68% to the revenues
  - Revenues from Europe and Japan were at Rs. 336 Crore, up 28% YoY and contributing 15% to the revenues
  - Revenues from Rest of the World stood at Rs. 250 crore, up 43% YoY and contributing 11% to the revenues
  - India Revenues grow 32% YoY to Rs. 152 Crore, contributing 7% to the revenues
- EBITDA of Rs. 759 Crore; growth of 13% YoY with margins at 32.9%, aided by improvement across all verticals; Segment contributes to 69% of the company's EBITDA
- R&D spend during 9M FY17 is Rs. 190 Crore – 8.2% to segment sales. R&D charged to P&L is Rs. 96 Crore – 4.2% to segment sales
- USFDA inspections of Roorkee, Radiopharmaceuticals, CMO Montreal and Spokane facilities successfully completed

## Portfolio of R&D products – Filings and Approvals

We have a total of 894 filings across geographies including 812 filings in Dosage (Orals) and 82 filings in Sterile products including JDI. Of this, 696 filings (622 Dosage (Orals) and 74 Sterile Products) have been approved while 198 filings (190 Dosage (Orals) and 8 Sterile Products) are pending approval.

I. Portfolio of Generics – Filings and Approvals
   a. Dosage (Orals)
      i. Filed 73 ANDAs in the US
         1. 49 ANDAs have been approved and 24 ANDAs are pending approval
         2. We plan to file about 8 ANDAs in FY17
      ii. Made 739 filings in ROW markets including Canada, Europe and Japan
         1. 573 filings have been approved and 166 filings are pending approval
      iii. Inlicensing of two products in the US market
   b. Injectables and Others
      i. Total 3 products filed and approvals for 2 have been received

II. Portfolio of Radiopharmaceuticals Sterile Products – Filings and Approvals
   a. Filing status as on December 31, 2016:
      i. 7 approved registrations and 2 pending approvals in the US
      ii. 14 registrations in Canada which are all approved
      iii. 12 registrations in Europe of which 1 is pending for approval

iv. In ROW countries, we have a total of 44 registrations/licenses, of which 4 are pending for approval

b. Orphan Drug I-131 MIBG – potential NDA filing in US
   i. Jubilant has received Orphan drug status with eligibility for accelerated approval
   ii. Indicated for paediatric Neuroblastoma, accounting for 6-10% of cancers in children
   iii. Jubilant's MIBG has already been used for over a decade in USFDA approved expanded access trials and two academic consortiums – NANT (New Approaches to Neuroblastoma Therapy) and COG (Children Oncology Group)
   iv. Enrolment for pivotal phase II trial is expected to start by FY18; Agreement with USFDA for fast track approval post these trials

c. Exametazime – 505 (b) (2) filing in US
   i. Approved for brain imaging; Can be utilized for SPECT or Planar Imaging of Infection

d. We have 7 products in various stages of development in our development pipeline, two of which are currently under active review by the US FDA. Our plan is to complete development of the additional 5 products and to submit all of these product dossiers to the US FDA over the next 3 years

## Life Science Ingredients Segment Review

Q3 FY17

- Revenues at Rs. 663 Crore; Contributes 44% to total revenues; down 3% YoY and up 8% QoQ
  - International markets share stood at Rs. 273 Crore, 41% of segment revenues
  - Revenues from Key Developed Markets stood at Rs. 192 Crore, contributing 29% to segment revenues; India business was at Rs. 390 Crore, up 10% YoY
- Announced price increase of upto 15% for Beta Picoline, 3-Cyanopyridine and Vitamin B3
- New orders received for Nutritional Products across India and other key international markets
- Retrofitting and capacity expansion on certain products is as per schedule; Introduction of new products in Specialty Intermediates business in FY18
- EBITDA margins at 14.9%, up from 14.2% in Q3 FY16; improvement in margins due to better performance in Life Science Chemicals and focus on profitable sales, cost-optimization initiatives and process efficiencies

9M FY17

- Revenues at Rs. 1,926 Crore; Contribute 44% to total revenues
  - International markets share stood at 42% of total segment revenues at Rs. 810 Crore
  - Revenues from Key Developed Markets stood at Rs. 575 Crore, contributing 30% to revenues; India business was at Rs. 1,115 Crore
- Revenues decline mainly due to lower input prices from lower crude prices resulting in decrease in prices of finished products and focus on some profitable markets
- Witnessed robust growth in Fine Ingredients business
- Alpha Gamma plant commissioned; Launched Alpha Picoline and Gamma Picoline

- EBITDA margins at 16.5%, up from 15% in 9M FY16; improvement in margins due to due to better performance in Life Science Chemicals and focus on profitable sales, cost-optimization initiatives and process efficiencies

## Drug Discovery Solutions Segment Review

Q3 FY17

- Revenues at Rs. 44 Crore, grew 28% YoY; Contributes 3% to total revenues
- EBITDA at Rs. 6 Crore, EBITDA margins at 13.3%, up from 1.3% in Q3 FY16
- In Proprietary Drug Discovery, the pipeline of novel products continues to remain very strong. We continue to evaluate further licensing opportunities of some of the existing pipeline
- Business contracts renewed with existing clients and several new clients on boarded across all regions
- Integrated Drug Discovery Projects and functional business gained traction and strong client interest was witnessed

9M FY17

- Revenues at Rs. 131 Crore, grow 53% YoY; Contributes 3% to total revenues
- EBITDA at Rs. 20 Crore, including out-licensing income of US$ 2 Million, up from Rs. (2) Crore in 9M FY16
- Out-licensing of family of patents covering compounds that inhibit BRD4, a member of the BET (Bromodomain and Extra Terminal) for cancer treatment
    - We have entered into exclusive out-licensing agreement with Checkpoint Therapeutics for Novel BET Inhibitors
    - This includes upfront payment of US$ 2 Million and Contingent pre-clinical, clinical and regulatory payments including commercial milestones totaling up to US$ 180 Million
    - Jubilant will receive research funding and royalty payments on successful commercialization of the compounds
    - The IND enabling studies for the BRD4 is progressing well at Biosys and Chemsys and expected to complete by March 17 for further commercial development
- The pipeline of novel products is very strong and the company is aggressively pursuing internally as well as with academics to increase the portfolio of assets. We continue to evaluate further licensing opportunities of some of our existing pipeline and one of the asset is under due diligence
- Strategic investments in Drug Discovery ventures
    - Received upfront payment of US$ 4.6 Million in Q4 FY16 and contingent payment up to US$ 18 Million based on the achievement of certain pre-determined clinical and regulatory milestones from 10% interest as a limited partner in one of the venture funds specialized in seeding and investing in early stage drug discovery firms. These payments are on account of an acquisition by a large pharma company of one of their investee companies having assets in early stage clinical development

## Outlook

The revenue and profitability is expected to be robust, led by better revenue quality in our Specialty Pharmaceuticals (Sterile Products) business. Going forward, the growth will be driven by:

- Specialty Pharmaceuticals (Sterile Products): Growth in Radiopharmaceuticals and Allergy Therapy Products and ramp up of operations in CMO of Sterile Injectables
- Generics: New product launches and capacity expansions
- Life Science Ingredients: Additional capacity due to retrofitting and new product introductions
- Drug Discovery Solutions: Onboarding of new customers

Our endeavours to reduce debt through operating cash flow and to improve key financial ratios will continue.

## About Jubilant Life Sciences Limited

Jubilant Life Sciences Limited is an integrated global pharmaceutical and life sciences company engaged in Pharmaceuticals, Life Science Ingredients and Drug Discovery Solutions. The Pharmaceuticals segment, through its wholly owned subsidiary Jubilant Pharma Limited, is engaged in manufacture and supply of APIs, Solid Dosage Formulations, Radiopharmaceuticals, Allergy Therapy Products and Contract Manufacturing of Sterile and Non-sterile products through 6 USFDA approved manufacturing facilities in India, USA and Canada. The Life Science Ingredients segment, is engaged in Specialty Intermediates, Nutritional Products and Life Science Chemicals through 5 manufacturing facilities in India. The Drug Discovery Solutions segment, provides proprietary in-house innovation & collaborative research and partnership for out-licensing through 3 world class research centres in India and USA. Jubilant Life Sciences Limited has a team of around 6,600 multicultural people across the globe and is committed to deliver value to its customers across over 100 countries. The Company is well recognized as a 'Partner of Choice' by leading pharmaceuticals and life sciences companies globally. For more info: www.jubl.com.

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