



***JUBILANT***  
***LIFESCIENCES***

## **Financial Results**

**Quarter Ended December 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 the limited reviewed 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. 66.16 as on December 31'15 & Rs. 67.93 as on December 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, February 07, 2017**

**Time : 05:00 pm IST**

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# Q3'17 Results Analysis

# Income Statement – Q3'FY17



Particulars	Q3'FY16	Q3'FY17	YoY Growth
	(Rs Crs)		(%)
<b>Total Income from Operations</b>	<b>1,401</b>	<b>1,492</b>	<b>7%</b>
Pharmaceuticals	684	785	15%
Life Science Ingredients	683	663	-3%
Drug Discovery Solutions	34	44	28%
Total Expenditure	1,095	1,160	6%
Other Income	3	5	80%
<b>EBITDA including Other Income</b>	<b>309</b>	<b>337</b>	<b>9%</b>
Pharmaceuticals	223	247	11%
Life Science Ingredients	97	99	2%
Drug Discovery Solutions	0.5	6	
Depreciation and Amortization	75	73	-3%
Finance Cost	89	98	11%
Normal	89	71	-20%
One-time	0	27	
<b>Profit before Tax</b>	<b>145</b>	<b>166</b>	<b>14%</b>
Exceptional Items - Gain/(Loss)	-0.2	0.4	
Tax Expenses (Net)	24	48	104%
Minority Interest	(1)	(1)	
<b>Net Profit After Tax and Minority Interest</b>	<b>123</b>	<b>120</b>	<b>-3%</b>
<b>Normalised Profit after Tax</b>	<b>123</b>	<b>145</b>	<b>18%</b>
<b>Earnings Per Share - Face Value Re. 1 (Rs.)</b>	<b>7.90</b>	<b>7.69</b>	<b>-3%</b>
<b>Normalised Earnings Per Share</b>	<b>7.90</b>	<b>9.30</b>	<b>18%</b>
	(%)		(bps)
EBITDA Margins - Company	22.0%	22.6%	55
Pharmaceuticals	32.6%	31.5%	(101)
Life Science Ingredients	14.2%	14.9%	67
Drug Discovery Solutions	1.3%	13.3%	1192
Net Margins	8.8%	8.0%	(75)

# Financial Highlights – Q3'FY17



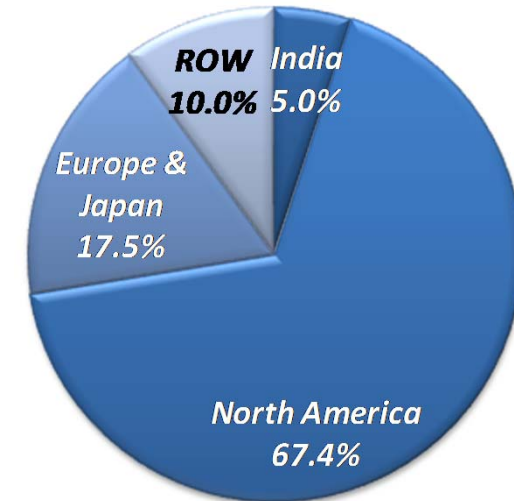
- **Consolidated revenue at Rs. 1,492 Crore; up 7% YoY**
  - Pharmaceuticals revenue at Rs. 785 Crore, contributing 53% to the revenues, up 15% YoY
  - Life Science Ingredients revenue at Rs. 663 Crore, down 3% YoY and up 8% QoQ
  - Drug Discovery Solutions revenue at Rs. 44 Crore, contributing 3% to 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 Q3'16**
  - 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 Q3'16; Contributes 28% to the company's EBITDA
  - Drug Discovery Solutions EBITDA at Rs. 6 Crore; margins at 13.3%, up from 1.3% in Q3'16
- **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**

# Pharma Business 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
  - 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 US launch in Q4'FY 17
- **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**

# Pharma Business Highlights – Q3'FY17

Region-wise Revenue (Rs crs)	Q3'FY16	Q2'FY17	Q3'FY17	Mix %	YoY %	QoQ %
<b>International</b>	<b>644</b>	<b>706</b>	<b>745</b>	<b>95%</b>	<b>16%</b>	<b>6%</b>
North America	484	527	529	67%	9%	0%
Europe & Japan	94	93	138	18%	47%	49%
ROW	67	86	79	10%	17%	-8%
<b>India</b>	<b>40</b>	<b>63</b>	<b>39</b>	<b>5%</b>	<b>0%</b>	<b>-37%</b>
<b>Income from Operations</b>	<b>684</b>	<b>769</b>	<b>785</b>	<b>100%</b>	<b>15%</b>	<b>2%</b>

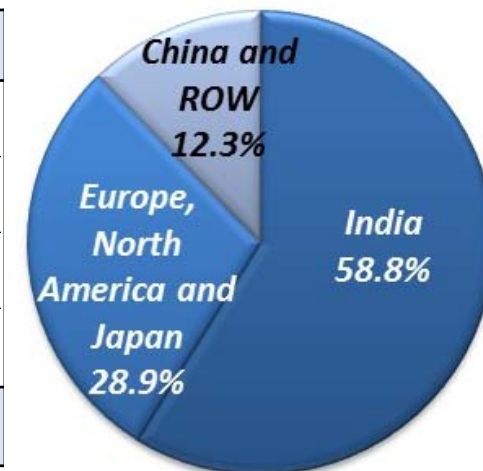


- International Revenues grow 16% YoY to Rs. 745 Crore
  - Revenues from North America at Rs. 529 Crore, contributing 67% to the revenues; up 9% YoY
- Ex-North America, international sales grew 35% YoY to Rs. 216 Crore
  - Revenues from Europe and Japan were at Rs. 138 Crore, up 47% YoY and contributing 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



# LSI Business Highlights – Q3'FY17

Region-wise Revenue (Rs crs)	Q3'FY16	Q2'FY17	Q3'FY17	Mix %	YoY %	QoQ %
<b>International</b>	<b>329</b>	<b>241</b>	<b>273</b>	<b>41%</b>	<b>-17%</b>	<b>13%</b>
Europe, North America and Japan	230	174	192	29%	-17%	10%
China and ROW	99	67	81	12%	-18%	22%
<b>India</b>	<b>354</b>	<b>371</b>	<b>390</b>	<b>59%</b>	<b>10%</b>	<b>5%</b>
<b>Income from Operations</b>	<b>683</b>	<b>613</b>	<b>663</b>	<b>100%</b>	<b>-3%</b>	<b>8%</b>



- 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 FY 18
- 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

# Drug Discovery Solutions Business Highlights – 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 Q3'16
- In Proprietary Drug Discovery, the pipeline of novel products continues to remain very strong.  
We continue to evaluate further licensing opportunities of some of our 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

# Nine-Monthly Results Analysis

# Income Statement – 9M'FY17



Particulars	9M'FY16	9M'FY17	YoY Growth
	(Rs Crs)		(%)
<b>Total Income from Operations</b>	<b>4,377</b>	<b>4,365</b>	<b>0%</b>
Pharmaceuticals	2,100	2,308	10%
Life Science Ingredients	2,191	1,926	-12%
Drug Discovery Solutions	86	131	53%
Total Expenditure	3,423	3,325	-3%
Other Income	11	14	29%
<b>EBITDA including Other Income</b>	<b>965</b>	<b>1,055</b>	<b>9%</b>
Pharmaceuticals	673	759	13%
Life Science Ingredients	330	318	-4%
Drug Discovery Solutions	(2)	20	
Depreciation and Amortization	220	216	-2%
Finance Cost	272	261	-4%
Normal	272	234	-14%
One-time	0	27	
<b>Profit before Tax</b>	<b>473</b>	<b>578</b>	<b>22%</b>
<b>Exceptional Items - Gain/(Loss)</b>	<b>0.8</b>	<b>0.6</b>	<b>-20%</b>
Tax Expenses (Net)	97	152	56%
Minority Interest	(5)	0	
<b>Net Profit After Tax and Minority Interest</b>	<b>381</b>	<b>426</b>	<b>12%</b>
<b>Normalised Profit after Tax</b>	<b>381</b>	<b>451</b>	<b>19%</b>
<b>Earnings Per Share - Face Value Re. 1 (Rs.)</b>	<b>24.50</b>	<b>27.35</b>	<b>12%</b>
<b>Normalised Earnings Per Share</b>	<b>24.50</b>	<b>28.95</b>	<b>19%</b>
	(%)		(bps)
EBITDA Margins - Company	22.0%	24.2%	211
Pharmaceuticals	32.1%	32.9%	82
Life Science Ingredients	15.0%	16.5%	148
Drug Discovery Solutions	-2.5%	15.5%	1799
Net Margins	8.7%	9.8%	105

# Financial Highlights – 9M'FY17



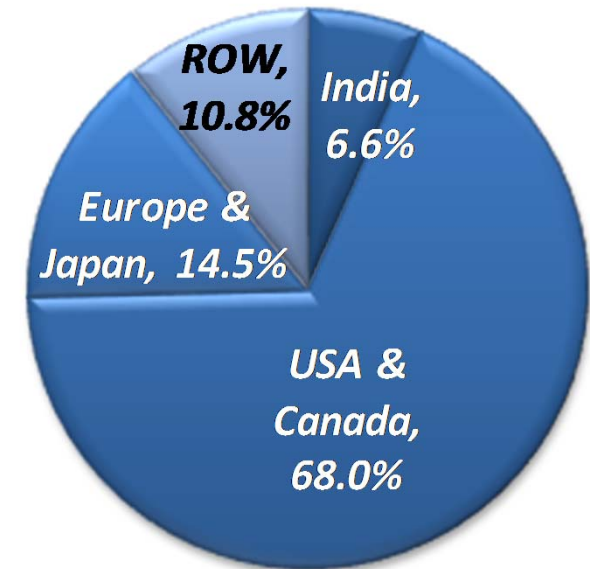
- **Consolidated revenue at Rs. 4,365 Crore**
  - Pharmaceuticals revenue at Rs. 2,308 Crore, up 10% YoY, contributing 53% to the revenues
  - LSI revenue at Rs. 1,926 Crore, contributing 44% to the revenues
  - Drug Discovery Solutions revenue at Rs. 131 Crore, up 53% YoY, contributing 3% to the revenues
  - 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'16**
  - 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'16
  - 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**
- **Received payment of US\$ 2 Million with contingent payment totaling up to US\$ 180 Million for out-licensing of Novel BET Inhibitors in Drug Discovery Solutions**

# Pharma Business Highlights – 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
  - USFDA inspections of Roorkee, Radiopharmaceuticals, CMO Montreal and Spokane facilities successfully completed
- **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**

# Pharma Business Highlights – 9M'FY17

Geo-wise Revenue (Rs crs)	9M'FY16	9M'FY17	Mix %	YoY %
<b>International</b>	<b>1,985</b>	<b>2,156</b>	<b>93%</b>	<b>9%</b>
USA & Canada	1,547	1,570	68%	1%
Europe & Japan	263	336	15%	28%
ROW	175	250	11%	43%
<b>India</b>	<b>115</b>	<b>152</b>	<b>7%</b>	<b>32%</b>
<b>Income from Operations</b>	<b>2,100</b>	<b>2,308</b>	<b>100%</b>	<b>10%</b>



- International Revenues grow 9% YoY to Rs. 2,156 Crore
  - Revenues from North America were at Rs. 1,570 Crore, contributing 68% to the revenues
- Ex-North America, international sales grew 34% YoY to Rs. 586 Crore
  - 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

# Portfolio of R&D products – Filings and Approvals

Product pipeline as on December 31, 2016						
Region	Dosage (Orals)			Sterile including JDI		
	Total Filings	Approval	Pending	Total Filings	Approval	Pending
US	73	49	24	12	9	3
Canada	22	19	3	14	14	0
Europe	99	96	3	12	11	1
ROW	618	458	160	44	40	4
<b>Total</b>	<b>812</b>	<b>622</b>	<b>190</b>	<b>82</b>	<b>74</b>	<b>8</b>

## We have a total of 894 filings across geographies

- 812 filings in Dosage (Orals)
- 82 filings in Sterile products including JDI
- Of this, 696 filings (622 Dosage (Orals) and 74 Sterile Products) have been approved
- 198 filings (190 Dosage (Orals) and 8 Sterile Products) are pending approval



# Filings and Approvals

## Dosage (Orals)

- **Filed 73 ANDAs in the US**
  - i. 49 ANDAs have been approved and 24 ANDAs are pending approval
  - ii. We plan to file about 8 ANDAs in FY 17
  
- **Made 739 filings in ROW markets including Canada, Europe and Japan**
  - i. 573 filings have been approved and 166 filings are pending approval
  
- **Inlicensing of two products in the US market**

## Injectables and Others

- Total 3 products filed and approvals for 2 have been received

## Radiopharmaceuticals

- **Filing status as on December 31, 2016:**
  - 7 approved registrations and 2 pending approvals in the US
  - 14 registrations in Canada which are all approved
  - 12 registrations in Europe of which 1 is pending for approval
  - In ROW countries, we have a total of 44 registrations/licenses, of which 4 are pending for approval

# Portfolio of Radiopharmaceuticals Sterile Products – Filings and Approvals

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

# LSI Business Highlights – 9M'FY17

Geo-wise Revenue (Rs crs)	9M'FY16	9M'FY17	Mix %	YoY %
<b>International</b>	<b>1,025</b>	<b>810</b>	<b>42%</b>	<b>-21%</b>
Europe, North America and Japan	687	575	30%	-16%
China and ROW	338	235	12%	-30%
<b>India</b>	<b>1,167</b>	<b>1,115</b>	<b>58%</b>	<b>-4%</b>
<b>Income from Operations</b>	<b>2,191</b>	<b>1,926</b>	<b>100%</b>	<b>-12%</b>



- 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'16; improvement in margins due to due to better performance in Life Science Chemicals and our focus on profitable sales, cost-optimization initiatives and process efficiencies

# Drug Discovery Solutions Business Highlights – 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'16
- Proprietary Drug Discovery
  - **Out-licensing of family of patents covering compounds that inhibit BRD4, a member of the BET (Bromodomain and Extra Terminal) for cancer treatment**
    - i. We have entered into exclusive out-licensing agreement with Checkpoint Therapeutics for Novel BET Inhibitors
    - ii. 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
    - iii. Jubilant will receive research funding and royalty payments on successful commercialization of the compounds
    - iv. 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**
    - i. Received upfront payment of US\$ 4.6 Million in Q4'16 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

# Debt Profile

Particulars	31-Mar-16	30-Sep-16	31-Dec-16
<b>Foreign Currency Loans</b>	<b>(\$ Mn)</b>	<b>(\$ Mn)</b>	<b>(\$ Mn)</b>
Standalone	55	35	19
Subsidiaries	320	267	403
<b>Total</b>	<b>375</b>	<b>302</b>	<b>422</b>
<b>Rupee Loans</b>	<b>(Rs. Crs)</b>	<b>(Rs. Crs)</b>	<b>(Rs. Crs)</b>
Standalone	1,422	1,485	1,253
Subsidiaries	626	624	41
<b>Total</b>	<b>2,047</b>	<b>2,109</b>	<b>1,294</b>
Gross Debt	4,534	4,122	4,158
Cash & Equivalent	344	317	348
Net Debt	4,190	3,805	3,809
Change in debt on account of exchange rate difference from 31-March, 2016		-11	-71
Net Debt - Adjusted for foreign exchange difference	4,190	3,794	3,739
Net Debt Reduction quarter wise		149	55
Closing Exchange Rate (Rs./USD)	66.25	66.62	67.93

- **Net debt** at Rs. 3,809 Crore compared to Rs. 4,190 Crore on 31-March-16 on constant currency basis
  - Net debt reduction of Rs. 55 Crore in Q3'17, adjusted for exchange difference
  - Net debt reduction of Rs. 451 Crore in 9M'17, adjusted for exchange difference
- Post NCD and CP issuance, **blended interest rate** at 6.37% pa – Re loans @ 8.56%, \$ loans @ 5.39%

- **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:**
  - In Pharmaceuticals segment:
    - 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
  
- **Endeavours to reduce debt will continue**
  - Net debt reduction of Rs. 451 Crore in 9M FY 17
  - Focus on generating free cash flow and improving key financial ratios

# For more information



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