



JUBILANT
LIFESCIENCES

Financial Results Analysis

Quarter ending June 30, 2011 (Q1'FY12)

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 presentation pertains to consolidated entity*
- 2. Closing Exchange Rate for USD 1 at Rs. 44.60 as on March 31, 2011 & Rs. 44.70 as on Jun 30, 2011*
- 3. Average Exchange Rate for USD 1 at Rs 45.65 in Q1'FY11, Rs 45.29 in Q4'FY11 and Rs 44.69 in Q1'FY12*
- 4. Numbers for each period are compared on Year on Year basis with same quarter in previous year and Quarter on Quarter basis with immediately preceding quarter*
- 5. The Company has exercised the option under AS 11 to account for the effect of restatement of loans in to Foreign Currency Monetary Items Translation Difference Account, which is amortized as required*

Financial Highlights



- **Income from Operations of Rs 948crore, for Q1'12, up 16% YoY and 6% QoQ**
 - Net Sales at Rs. 944crs for Q1'12, up 15% YoY and 6% QoQ
 - Revenue from Products at Rs 739crs grew 19% YoY and 6% QoQ
 - Revenue from Services Business at Rs 205crs grew 4% YoY and 7% QoQ
- **EBITDA at Rs. 190crore in Q1'12, up 32% YoY and 39% QoQ**
 - Margins at 20.1% for the quarter, grew 252bps on YoY and 472bps on QoQ basis
 - Product Business Margins at 23.1%, higher by 15bps on YoY and 343bps on QoQ basis
 - Services Business margins at 17.3%, higher by 1103 bps on YoY and 703bps on QoQ basis
- **Profit After Tax at Rs. 77crore in Q1'12, up 53% YoY and 25% QoQ**
 - Basic/Diluted Earnings Per Share for Re 1 FV equity share at Rs 4.84 in Q1'FY12
 - Recorded growth of 69% YoY and 38% QoQ on Fully Diluted EPS
- **Repaid USD 209Mn on account of FCCB including YTM, on due date in May, 2011**

Income Statement



Particulars	Q1'FY11	Q4'FY11	Q1'FY12	YoY Growth	QoQ Growth
	(Rs Crs)			(%)	
Net Sales	818	890	944	15%	6%
Other operating Income	1	4	4		
Income from Operations	819	894	948	16%	6%
Total Expenditure	677	762	762	12%	0%
Operating Profit	141	132	186	32%	41%
Other Income	2	5	4		
EBITDA including Other Income	144	137	190	32%	39%
Depreciation	48	33	50		
Interest (Net)	19	32	43		
Exceptional Item - Loss/(Gain)	21	15	4		
Tax Expenses (Net)	5	(5)	15		
Minority Interest	(1)	(0)	0		
Net Profit After Tax and Minority Interest	51	62	77	52%	25%
Paid-up share capital (Face value per share Re.1)	15.88	15.93	15.93		
Earnings Per Share - Diluted (Rs.)	2.86	3.50	4.84	69%	38%
	(%)			(bps)	
EBITDA Margins	17.6%	15.4%	20.1%	252	472
Net Margins	6.2%	6.9%	8.2%	204	130

Revenue Analysis – Business wise

	Q1'FY11	Q4'FY11	Q1'FY12	Revenue Mix (%)	YoY Growth %	QoQ Growth %
	(Rs crs)					
Life Science Ingredients (LSI)	523	573	608	64%	16%	6%
Generics (GX)	98	125	131	14%	33%	5%
Life Science Products	621	698	739	78%	19%	6%
CMO	140	133	151	16%	8%	13%
DDDS	54	56	52	5%	-5%	-8%
Others	3	3	3	0%	-5%	-5%
Life Science Services	197	192	205	22%	4%	7%
Total Net Sales	818	890	944	100%	15%	6%
Inter Divisional Sales (IDTs)	46	60	96	10%	111%	60%
Sales Including IDTs	863	950	1,040			

- **Products Business contributes 78% to Revenue Mix, grows 19% YoY, 6% QoQ at Rs 739crs**
 - APIs in LSI and Solid Dosage Forms in GX drive top line growth for Products business
- **Services Business contributes 22% to Revenue Mix, grows 4% YoY, 7% QoQ at Rs 205crs**
 - CMO shows healthy growth indicating steady recovery
 - DDDS reaches early discovery milestones, focus continues on margin improvement
- **Increased Vertical Integration - IDTs of Rs 96crs at 10% of Net Sales; 6% in Q1'11 & 7% in Q4'11**

Highlights – Life Science Products



Life Science Products Revenue at Rs 739cr in Q1'12, contributed 78% to Net Sales

- Grew 19.1% YoY with volume and positive price variance of 20.3%, negative fx impact of 1.2%
- Grew 5.9% QoQ with volume and positive price variance of 6.7%, negative fx impact 0.8%

1. Life Science Ingredients – Rs 608cr in Q1'12, 64% of Revenue Mix

- Constitutes APIs, Nutrition Ingredients, PPES and Life Science Chemicals business
- Grew 16.3% YoY with volume and positive price variance of 17.6%, negative fx impact 1.3%
- Grew 6.2% QoQ with volume and positive price variance of 6.9%, negative fx impact of 0.7%

2. Generics Business – Revenues of Rs 131cr in Q1'12, 14% of Revenue Mix

- Constitutes Solid Dosage Forms, Radiopharma and Allergy Products business
- Grew 33.6% YoY with volume and positive price variance of 34.4%, negative fx impact of 0.7%
- Grew 4.8% QoQ with volume and positive price variance of 5.7%, negative fx impact of 0.9%

Highlights – Life Science Services



Life Science Services Business Revenues at Rs205cr in Q1'FY12

- Contributed 22% share to Net Sales
- Grew 4% YoY and 7% QoQ

1. CMO Services of Sterile and Non-sterile at Rs 151crs

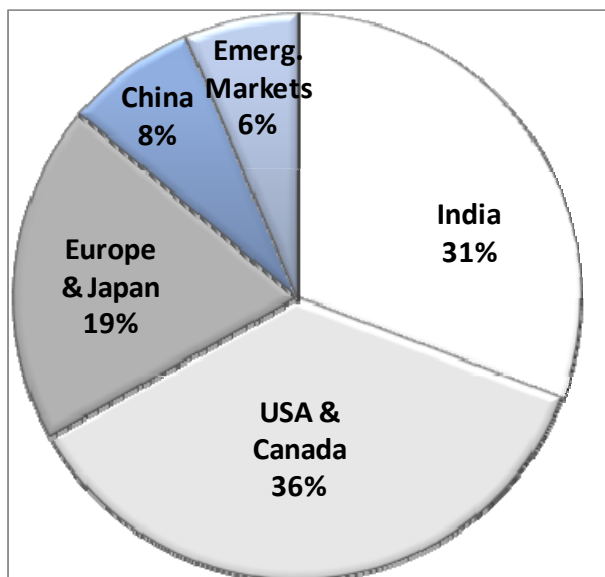
- Contributed 16% to revenue, growing 8% YoY and 13% QoQ
- Increased capacity utilisation and improved product mix resulted in higher revenues and profitability
- Revenue growth momentum is likely to continue in following quarters

2. Drug Discovery and Development Services at Rs 52crs

- Contributed 5% to revenue, lower by 5% on YoY and 8% on QoQ basis
- Substantial improvement in margins due to better business mix and cost control measures
- Focus on improvement in operating profits, revenue growth to come back by Q4'FY12

Revenue Analysis – Geography wise

Q1'12 Geo-Mix



(Rs crs)	Q1 FY11	Q4 FY11	Q1 FY12	YoY %	QoQ %
India	248	289	291	17%	1%
International	570	601	653	15%	9%
USA & Canada	311	333	340	9%	2%
Europe & Japan	121	132	182	50%	38%
China	86	71	71	-17%	-1%
Emerging Markets	52	66	60	16%	-8%
Net Sales	818	890	944	16%	6%

69% of Sales from International Markets in Q1, at Rs 653crs, grow 15% YoY, 9% QoQ

- Regulated Markets - USA, Canada, Europe & Japan - 55% of sales mix
- Revenue Growth
 - Europe and Japan markets - 50% YoY, 38% QoQ
 - Emerging Markets - 16% YoY
- Revenue growth in China expected to pick up in ensuing quarters
- Enhanced reach to 75 countries in the world with entry into Ecuador and Venezuela

31% Sales from India, at Rs 291crs in the quarter, up 17% YoY, 1% QoQ growth

- Healthy traction in Life Science Chemicals business drives domestic growth

Operating Expenditure Analysis



Expenses (Rs Crs)	Q1'FY11	% of Sales	Q4'FY11	% of Sales	Q1'FY12	% of Sales	YoY Growth %	QoQ Growth %
Material	366	45%	390	44%	418	44%	14%	7%
Manufacturing	66	8%	86	10%	78	8%	18%	-9%
Staff	177	22%	183	21%	190	20%	7%	4%
SG & A	67	8%	89	10%	73	8%	8%	-18%
Exchange Loss/ (gain)	1	0%	14	2%	3	0%		

- Share of Material Costs to sales in line with increase in volume growth; witnessed increase in prices of some of the raw materials which we were able to pass on with some lag effect
- Manufacturing costs including power & fuel expenses optimised due to economies of scale and energy cost efficiencies
- Staff cost at 20% of sales reflect improving productivity
 - Over 5800 people on rolls, net addition of 70 resources in the quarter with primary additions in manufacturing function in India
 - Over 1450 stationed internationally
 - strong scientists talent pool of over 1300 across multiple R&D centres

EBITDA Analysis



EBITDA (Rs Crs)	Q1'FY11	Q4'FY11	Q1'FY12	YoY Growth %	QoQ Growth %
Products	142	137	171	20%	24%
Services	13	20	35	183%	80%
EBITDA	155	157	206	33%	31%
Corp. Allocations	11	20	16		
Margins (%)	Q1'FY11	Q4'FY11	Q1'FY12	bps variance	bps Variance
Products	22.9%	19.6%	23.1%	15	343
Services	6.3%	10.3%	17.3%	1103	703
Company	17.6%	15.4%	20.1%	252	472

Company reported margins of over 20% for Q1'12, up by 252bps on YoY and 472bps on QoQ basis

- Products business EBITDA was Rs 171crs, witnessed sequential margin improvement on account of successful implementation of enhanced vertical integration, innovation led cost optimisation and improved capacity utilisation
- In Services business, successful implementation of margin improvement initiatives and increased capacity utilisation resulted in improvement of 1103bps on YoY basis and 703bps on QoQ basis to report margins of 17.3% for the quarter

Debt Profile

Particulars		In Rs Crs		%
		31-Mar-11	30-Jun-11	Interest Rate
Jubilant Standalone	Foreign Currency	847	1,782	5.1%
	Rupee	1509	652	11.0%
	FCCB	634	0	
Subsidiaries	Foreign Currency	868	930	4.2%
	Rupee	26	0	
Gross Debt		3,884	3,364	6.0%
Accrued Interest on FCCBs		261	0	
Cash & equivalents		1,046	81	
Net Debt		3,099	3,284	

- Increase in Net Debt due to repayment of accrued interest in Q1'FY12
- FCCB along with accrued interest obligation repaid on due date in May' 2011
- Average cost of total borrowings at 6% per annum
- Net Debt to Equity stands at 1.48 as on June 30, 2011

- **In subsequent quarters of FY12**, the Company expects to continue to build on the robust sustainable revenue and margin growth momentum recorded in the first quarter
- **In Products business**
 - revenue growth would be driven by commissioning of new capacities, innovation led product launches and geographic expansion into high growth markets
 - operating profit growth would be backed by improved capacity utilisation and increased vertical integration
- **In Services business**
 - focused margin improvement initiatives of increased capacity utilisation, higher margin product mix and innovation led cost optimization would continue to lead to higher profitability

For more information



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