



JUBILANT
LIFESCIENCES

Financial Results

Quarter Ended September 30, 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. 65.59 as on September 30'15 & Rs. 66.62 as on September 30'16*
- 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 : Thursday, October 27, 2016

Time : 05:00 pm IST

Primary Number:	+91 22 3938 1071
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Q2'17 Results Analysis

Income Statement – Q2'FY17



Particulars	Q2'FY16	Q2'FY17	YoY Growth
	(Rs Crs)		(%)
Total Income from Operations	1,492	1,419	-5%
Pharmaceuticals	710	769	8%
Life Science Ingredients	754	613	-19%
Drug Discovery Solutions	27	38	39%
Total Expenditure	1,169	1,079	-8%
Other Income	4	5	10%
EBITDA including Other Income	328	345	5%
Pharmaceuticals	225	256	14%
Life Science Ingredients	110	102	-7%
Drug Discovery Solutions	(2)	(1)	
Depreciation and Amortization	75	72	-4%
Finance Cost	92	80	-13%
Profit before Tax	160	193	21%
Tax Expenses (Net)	36	50	37%
Minority Interest	(2)	(1)	
Net Profit After Tax and Minority Interest	126	145	15%
Earnings Per Share - Face Value Re. 1 (Rs.)	8.10	9.29	
	(%)		(bps)
EBITDA Margins - Company	22.0%	24.3%	236
Pharmaceuticals	31.6%	33.3%	166
Life Science Ingredients	14.5%	16.7%	217
Drug Discovery Solutions	-6.5%	-4.0%	249
Net Margins	8.5%	10.2%	173

Financial Highlights – Q2'FY17



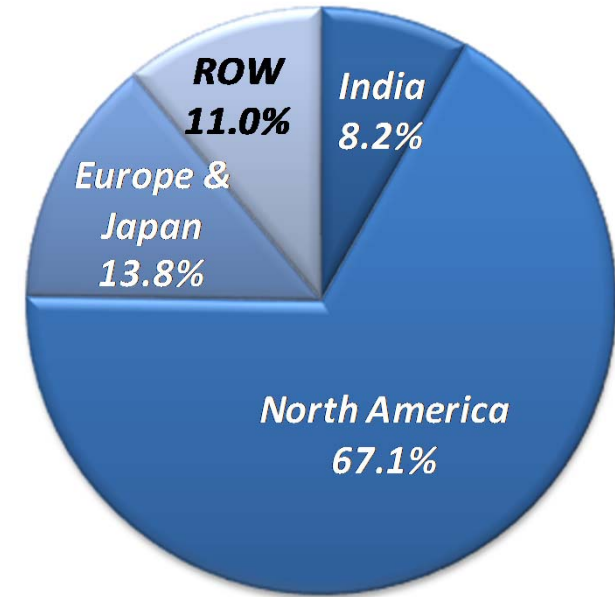
- **Consolidated revenue at Rs. 1,419 Crore**
 - Pharmaceutical revenue at Rs. 769 Crore, contributing 54% to the revenues, up 8% YoY
 - Life Science Ingredients revenue at Rs. 613 Crore, contributing 43% to the revenues
 - Drug Discovery Solutions revenue at Rs. 38 Crore, contributing 3% to the revenues, up 39% YoY
 - International revenues at Rs. 984 Crore, contributing 69% to the revenues
- **EBITDA at Rs. 345 Crore, up 5% YoY; EBITDA margins at 24.3%, up from 22% in Q2'16**
 - Pharmaceuticals segment EBITDA grew 14% to Rs. 256 Crore, with margins of 33.3%, up from 31.6% in Q2FY16; Contributes 72% to the company's EBITDA
 - Life Science Ingredients EBITDA at Rs. 102 Crore; margins at 16.7%, from 14.5% in Q2'16
 - Drug Discovery Solutions EBITDA margins at (4)%, up from (6.5)% in Q2'16
- **PAT at Rs. 145 Crore compared to Rs. 126 Crore in Q2 FY 16, up 15% YoY**
- **EPS of Rs. 9.29 in the quarter, up from 8.10 in Q2 FY 16**
- **Capital Expenditure of Rs. 71 Crore**
- **Net Debt reduction of Rs. 149 Crore**
- **Successful issuance of high yield bonds of US\$ 300 Million with yield of 4.875% maturing in 2021 rated by Fitch and S&P at BB and BB- respectively**

Pharma Business Highlights – Q2'FY17

- **Revenues of Rs. 769 Crore, up 8% YoY**
 - Specialty Pharmaceuticals (Sterile Products) revenues decline 5% YoY due to maintenance shutdown of CMO facility; contribute 49% to the sales
 - Generics revenues grew 25% YoY, led by strong growth in APIs and ROW business in Solid Dosage Formulations
 - USFDA approval received for Rubyfill 505(b)(2) filing with potential market size of US\$ 250 Million by FY 21; Expected to be launched in Q3 FY17
 - Received Australian approval for Lyophilized kit for the preparation of Tc 99m MAA Injection
 - Successfully completed USFDA inspection at CMO Spokane without any major observations
- **EBITDA of Rs 256 Crore, growth of 14% YoY with margins at 33.3%, up from 31.6% in Q2 FY16; aided by improvement in Generics; Segment contributes to 72% of the company's EBITDA**
- **R&D spent during the quarter of Rs. 46 Crore – 6% to segment sales. R&D charged to P&L is Rs. 29 Crore**

Pharma Business Highlights – Q2'FY17

Region-wise Revenue (Rs crs)	Q2'FY16	Q2'FY17	Mix %	YoY %
International	676	706	92%	4%
North America	533	516	67%	-3%
Europe & Japan	96	106	14%	10%
ROW	47	85	11%	79%
India	35	63	8%	82%
Income from Operations	710	769	100%	8%



- International Revenues grow 4% YoY to Rs. 706 Crore
 - Revenues from North America at Rs. 516 Crore, contributing 67% to the revenues
- Ex-North America, international sales grew 33% YoY to Rs. 190 Crore
 - Revenues from Europe and Japan were at Rs. 106 Crore, up 10% YoY and contributing 14% to revenues
 - Revenues from Rest of the World stood at Rs. 85 crore, up 79% YoY and contributing 11% to the revenues
- India Revenues grow 82% YoY to Rs. 63 Crore, contributing 8% to the revenues

Portfolio of R&D products – Filings and Approvals



Product pipeline as on Sept 30, 2016						
Region	Dosage (Orals)			Sterile including JDI		
	Total Filings	Approval	Pending	Total Filings	Approval	Pending
US	72	47	25	12	9	3
Canada	21	19	2	14	14	0
Europe	100	96	4	12	10	2
ROW	596	434	162	44	40	4
Total	789	596	193	82	73	9

We have a total of 871 filings across geographies

- 789 filings in Dosage (Orals)
- 82 filings in Sterile products including JDI
- Of this, 669 filings (596 Dosage (Orals) and 73 Sterile Products) have been approved
- 202 filings (193 Dosage (Orals) and 9 Sterile Products) are pending approval

Portfolio of Radiopharmaceuticals Sterile Products – Filings and Approvals

- **USFDA approval received for Rubyfill; On track for expected launch in Q3 FY17**
- **Filing status as on September 30, 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 2 are pending for approval
 - In ROW countries, we have a total of 44 registrations/licenses, of which 4 are pending for approval
- **During the quarter, we made one filing and received one approval**

Portfolio of Radiopharmaceuticals Sterile Products – Filings and Approvals

- **Orphan Drug I-131 MIBG – NDA filing in US**
 - i. Jubilant has received Orphan drug status with eligibility for accelerated approval
 - ii. Indicated for treatment of paediatric Neuroblastoma, accounting for 6% 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 a 65 patient pivotal phase II trial is expected to start by H2 FY17; Agreement with USFDA for fast track approval post these trials
 - v. We expect approval in FY19

- **Exametazime – 505 (b) (2) filing in US**
 - i. Approved for brain imaging; Can be utilized for SPECT or Planar Imaging of Infection
 - ii. Submission study report and analysis completed with robust data
 - iii. Filed under the 505 (b) (2) regulatory pathway in July 2016; Expect approval in H2 FY18

- Further, we are working on 7 other products for the US market, and we plan to file at least one product in FY 17 and balance in coming years. These are expected to be very niche and differentiated products including some 505 (b) (2) filings.

Portfolio of Generics – Filings and Approvals

Dosage (Orals)

- **Filed 72 ANDAs in the US**
 - i. 47 ANDAs have been approved and 25 ANDAs are pending approval
 - ii. We plan to file about 10 ANDAs in FY 17

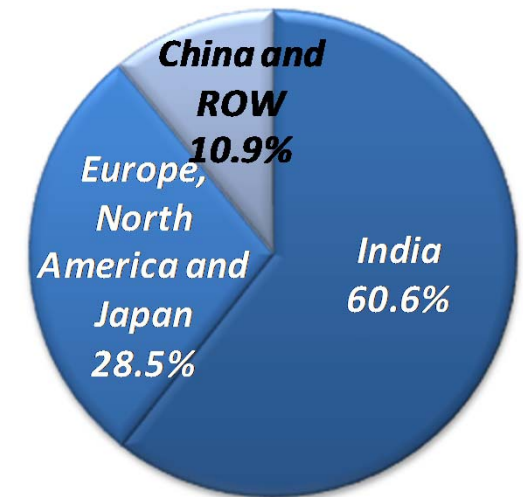
- **Made 717 filings in ROW markets including Canada, Europe and Japan**
 - i. 549 filings have been approved and 168 filings are pending approval

Injectables and Others

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

LSI Business Highlights – Q2'FY17

Region-wise Revenue (Rs crs)	Q2'FY16	Q2'FY17	Mix %	YoY %
International	341	241	39%	-29%
Europe, North America and Japan	224	174	28%	-22%
China and ROW	116	67	11%	-43%
India	414	371	61%	-10%
Income from Operations	754	613	100%	-19%



- Revenues at Rs. 613 Crore; Contributes 43% to total revenues
 - International markets share stood at 39% of total revenues
 - Revenues from Key Developed Markets stood at Rs. 174 Crore, contributing 28% to segment revenues; India business was at Rs. 371 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
- Life Science Chemicals won a contract of US\$ 10 Million from a major European customer
- Alpha Gamma plant commissioned; Launched Alpha Picoline and Gamma Picoline
- EBITDA margins at 16.7%, up from 14.5% in Q2 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 – Q2'FY17



- Revenues at Rs. 38 Crore, grew 39% YoY; Contributes 3% to total revenues
- EBITDA at Rs. (1) Crore, up from Rs. (2) Crore in Q2'16; EBITDA margins at (4)%, up from (6.5)% in Q2'16
- 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 Projects, GMP (Good Manufacturing Practice) Chemistry FTE, DMPK including Toxicology functional business gains traction; strong client interest witnessed

Half-Yearly Results Analysis

Income Statement – H1'FY17



Particulars	H1'FY16	H1'FY17	YoY Growth
	(Rs Crs)		(%)
Total Income from Operations	2,977	2,873	-3%
Pharmaceuticals	1,417	1,524	8%
Life Science Ingredients	1,509	1,262	-16%
Drug Discovery Solutions	52	87	69%
Total Expenditure	2,329	2,165	-7%
Other Income	8	9	11%
EBITDA including Other Income	656	718	9%
Pharmaceuticals	451	512	13%
Life Science Ingredients	233	220	-6%
Drug Discovery Solutions	(3)	15	
Depreciation and Amortization	145	144	-1%
Finance Cost	183	163	-11%
Profit before Tax	328	411	26%
Tax Expenses (Net)	74	104	41%
Minority Interest	(3)	1	
Net Profit After Tax and Minority Interest	258	306	19%
Earnings Per Share - Face Value Re. 1 (Rs.)	16.56	19.67	
	(%)		(bps)
EBITDA Margins - Company	22.1%	25.0%	293
Pharmaceuticals	31.8%	33.6%	175
Life Science Ingredients	15.4%	17.4%	196
Drug Discovery Solutions	-5.0%	16.6%	2164
Net Margins	8.7%	10.7%	199

Financial Highlights – H1'FY17



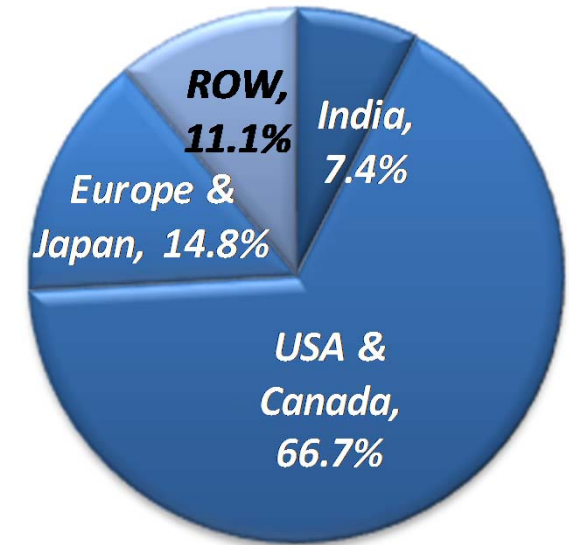
- **Consolidated revenue at Rs. 2,873 Crore**
 - Pharmaceuticals revenue at Rs. 1,524 Crore, up 8% YoY, contributing 53% to the revenues
 - LSI revenue at Rs. 1,262 Crore, contributing 44% to the revenues
 - Drug Discovery Solutions revenue at Rs. 87 Crore, up 69% YoY, contributing 3% to the revenues
 - International revenues at Rs. 2,034 Crore, contributing 71% to the revenues
- **EBITDA at Rs. 718 Crore, improving by 9% YoY with EBITDA margins at 25%, up from 22.1% in H1'16**
 - Pharmaceuticals segment EBITDA grew 13% YoY to Rs. 512 Crore with margins at 33.6%, segment contributes 69% to total EBITDA
 - Life Science Ingredients EBITDA at Rs. 220 Crore; margins at 17.4%, up from 15.4% in H1'16
 - Drug Discovery Solutions EBITDA at Rs. 15 Crore; margins at 16.6%, up from (5)% in H1'16
- **PAT at Rs. 306 Crore, up 19% YoY from 258 Crore in H1'16, with an EPS of Rs. 19.67**
- **Capital Expenditure of Rs. 113 Crore**
- **Net Debt reduction of Rs. 396 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 – H1'FY17

- **Revenues of Rs. 1,524 Crores, up 8% YoY**
 - Specialty Pharmaceuticals (Sterile Products) revenues grow 4% YoY; contribute 51% to segment sales
 - Generics revenues grew 12% YoY, led by strong growth in APIs and ROW business in Solid Dosage Formulations
 - USFDA inspections of our Roorkee and CMO Spokane facilities completed
 - Received 5 approvals from USFDA including 2 in Dosage (Orals), 2 injectables and 1 in Radiopharmaceuticals
- **EBITDA growth of 13% YoY with margins at 33.6%, aided by improvement in Generics and CMO of Sterile Injectables; Segment contributes 69% to the company's EBITDA**
- **R&D spend during H1'17 is Rs. 100 Crore – 6.6% to segment sales. R&D charged to P&L is Rs. 60 Crore**

Pharma Business Highlights – H1'FY17

Geo-wise Revenue (Rs crs)	H1'FY16	H1'FY17	Mix %	YoY %
International	1,341	1,411	93%	5%
USA & Canada	1,063	1,017	67%	-4%
Europe & Japan	170	225	15%	33%
ROW	108	169	11%	56%
India	76	113	7%	49%
Income from Operations	1,417	1,524	100%	8%



- International Revenues grow 5% YoY to Rs. 1,411 Crore
 - Revenues from North America were at Rs. 1,017 Crore, contributing 67% to the revenues
- Ex-North America, international sales grew 42% YoY to Rs. 394 Crore
 - Revenues from Europe and Japan were at Rs. 225 Crore, higher by 33% YoY and contributing 15% to the revenues
 - Revenues from Rest of the World stood at Rs. 169 crore, up 56% YoY and contributing 11% to the revenues
- India Revenues grow 49% YoY to Rs. 113 Crore, contributing 7% to the revenues

LSI Business Highlights – H1'FY17

Geo-wise Revenue (Rs crs)	H1'FY16	H1'FY17	Mix %	YoY %
International	696	537	43%	-23%
Europe, North America and Japan	456	383	30%	-16%
China and ROW	239	154	12%	-36%
India	813	725	57%	-11%
Income from Operations	1,509	1,262	100%	-16%



- Revenues at Rs. 1,262 Crore; Contribute 44% to total revenues
 - International markets share stood at 43% of total segment revenues
 - Revenues from Key Developed Markets stood at Rs. 383 Crore, contributing 30% to revenues; India business was at Rs. 725 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 17.4%, up from 15.4% in H1'16; 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 – H1'FY17



- Revenues at Rs. 87 Crore, grow 69% YoY; Contributes 3% to total revenues
- EBITDA at Rs. 15 Crore, including out-licensing income of US\$ 2 Million, up from Rs. (3) Crore in H1'16
- 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.
 - **The pipeline of novel products is very strong. 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-Jun-16	30-Sep-16	After Bond Issue
Foreign Currency Loans	(\$ Mn)	(\$ Mn)	(\$ Mn)	(\$ Mn)
Standalone	55	35	35	35
Subsidiaries	320	287	267	417
Total	375	322	302	452
Rupee Loans	(Rs. Crs)	(Rs. Crs)	(Rs. Crs)	(Rs. Crs)
Standalone	1,422	1,522	1,485	1,160
Subsidiaries	626	584	624	16
Total	2,047	2,105	2,109	1,176
Gross Debt	4,534	4,280	4,122	4,185
Cash & Equivalent	344	296	317	348
Net Debt	4,190	3,984	3,805	3,837
Change in debt on account of exchange rate difference from 31-March, 2016		-41	-11	-17
Net Debt - Adjusted for foreign exchange difference	4,190	3,943	3,794	3,821
Net Debt Reduction for Q2			149	
Closing Exchange Rate (Rs./USD)	66.25	67.52	66.62	66.62

- **Net debt** at Rs. 3,794 Crore compared to Rs. 3,943 Crore on 30-June-16 on constant currency basis
 - Net debt reduction of Rs. 149 Crore in Q2'17, adjusted for exchange difference
 - Net debt reduction of Rs. 396 crore in H1'17, adjusted for exchange difference
- **Blended interest rate** for the borrowings at 7.95% pa – Re loans @ 11.03% pa, \$ loans @ 5.19%
- Bond proceeds are being used to repay INR debt of Rs. 933 Crore and USD debt of US\$ 150.5 Million, leading to average interest rate reduction to 6.76% from 7.95%, with an estimated annualized savings of US\$ 8.3 Million (Rs. 55.29 Crs).

- **In H2 FY 2017, key initiatives across segments to result in improved performance**
 - In Pharmaceuticals segment, higher profitability is expected on account of:
 - New product launches in Generics and Specialty
 - Continued growth in ROW business in Solid Dosage Formulations
 - Ramp-up of operations and new customer acquisitions in CMO of Sterile Injectables
 - Focus on generating operating cash in Life Science Ingredients by:
 - Retrofitting plants for better capacity utilization with new product introductions
 - In Drug Discovery Solutions, focus on revenue growth aided by strong pipeline and onboarding of new customers

- **Endeavours to reduce debt will continue**
 - Net debt reduction of Rs. 396 Crore in H1 FY 17
 - Focus on generating free cash flow and improving key financial ratios

For more information



For Investors:

Ravi Agrawal

Jubilant Life Sciences Limited
Ph: +91-120-436 1002
E-mail: ravi_agrawal@jubl.com

Siddharth Rangnekar

CDR India
Ph: +91-22-6645 1209
E-mail: siddharth@cdr-india.com

For Media:

Sudhakar Safaya

Jubilant Life Sciences Limited
Ph: +91-120 436 1034
E-mail: sudhakar_safaya@jubl.com

Siddhartha Bhatnagar

Perfect Relations
Ph: +91 9873198502
E-mail: sbhatnagar@perfectrelations.com

Visit us at www.jubl.com