

Investor Presentation

Q3 FY2020

Feb 07, 2020



BUILDING
A PROMISING FUTURE

Safe Harbor Statement



Materials and information provided during this presentation may contain ‘forward-looking statements’. These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements.

Risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations. Risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited to, technological advances and patents obtained by competitors. Challenges inherent in new product development, including completion of clinical trials; claims and concerns about product safety and efficacy; obtaining regulatory approvals; domestic and foreign healthcare reforms; trends toward managed care and healthcare cost containment; and governmental laws and regulations affecting domestic and foreign operations.

Also, for products that are approved, there are manufacturing and marketing risks and uncertainties, which include, but are not limited to, inability to build production capacity to meet demand, unavailability of raw materials, and failure to gain market acceptance.

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The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events, or otherwise.

Lupin - Awards and Accolades



- **McKesson Supplier of the Year Award - 2019**
- **Walmart Supplier of the Year Award - 2018**
- **Cardinal Supply Chain Excellence Award – 2018**
- **India Pharma Innovation of the Year 2019** - Department of Pharmaceuticals, Govt. of India
- **Operational Excellence** in Manufacturing – India Pharma 2019
- Excellence in **Corporate Social Responsibility** – India Pharma 2019
- Lupin ranked **No.1 in the Biotech and Pharma**, and **amongst Top 50 large organisations** in the list of top 100 – **Great Place to Work 2019**
- **“BEST Award”** from **ATD** – 2019
- **Dr. Desh Bandhu Gupta** inducted into the **‘Hall of Fame’**, **CNBC-TV18 – India Business Leader Awards 2018**
- **Vinita Gupta**: **Vogue and IBM Businesswoman of the year - 2018**
- **Vinita Gupta** listed in **Top 50 Most Powerful Women in Business** by **Fortune India – 2018**
- **India Pharma Bulk Drug Company of the Year 2018** - Department of Pharmaceuticals, Govt. of India

MCKESSON

Walmart 



CardinalHealth

2019
BEST
AWARD
WINNER

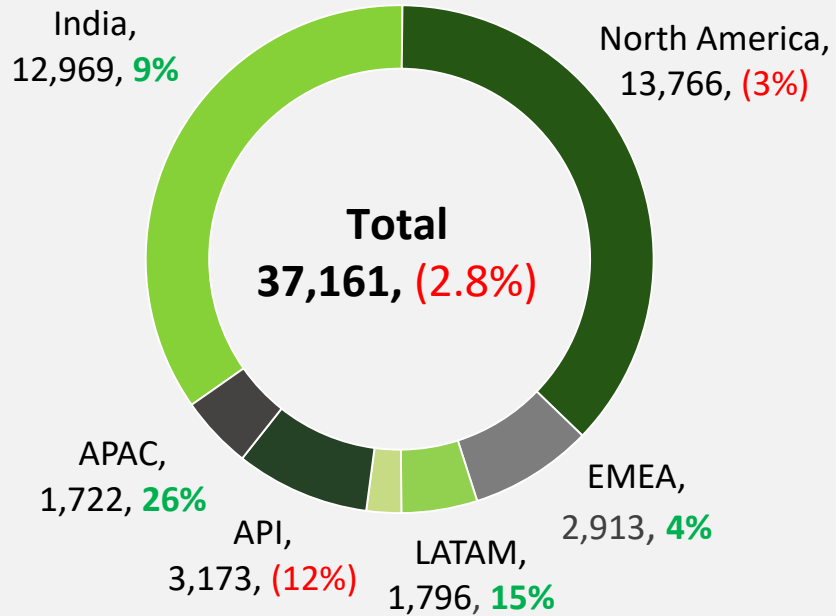
**Great
Place
To
Work**

Best Workplaces™
in Biotechnology & Pharmaceuticals
INDIA 2019

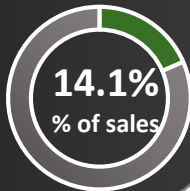
FORTUNE
INDIA

OUTLOOK
BUSINESS

Sales¹ (INR mn, YoY Growth)



EBITDA
INR 5,227 mn



R&D
INR 4,277 mn



Mr. Nilesh.D.Gupta
Managing Director
Lupin Limited

“There are a lot of one-times in the numbers this quarter. The reported performance was significantly affected by exceptional events, including the impairment of the Gavis portfolio and our divestiture of Kyowa. Sequentially, the profitability in the quarter was impacted by lumpiness in some of the spend but we see improved margins hereon. The resilience of the India branded business, stabilization of the US generic base business and growth in new launches will drive growth for the Company. Quality remains our top-most priority and we are making steady progress on remediation measures across our manufacturing footprint”

Important developments

Commercial

- India branded formulations (up 11.9% YoY in 9MFY20) continued to outpace IPM growth
- Divested Japan Generics businesses (Kyowa and Kyowa CritiCare) strengthening our balance sheet and freeing up bandwidth and capital for our strategic priorities

Pipeline

- Received USFDA approval for 4 ANDAs; 152 ANDAs pending review
- Expansion of our product portfolio with the launch of our 1st injectable in the US

Regulatory

- Investing in our Quality Culture - Global Quality Transformation Program underway
- Received EIR for Nagpur formulation facility
- Tarapur API facility classified as OAI by USFDA

Strategic Vision

Well Diversified Pharma Business



Strong Foundation

Amongst the Top 10 generic companies in the World

Complex Generics Focus

Investing heavily in developing high barrier products

Specialty Focus

Committed to building a strong specialty business

Sustain and Grow

- Continue filing 18-20 high value generics in the US, each year
- Become a Top 3 player in India
- Self sustenance in other EM's
- Deliver operational efficiencies

Portfolio Execution

- Execute on our Inhalation portfolio
- Continue developing our Biosimilar portfolio
- Build our Generic Injectables franchise

Build

- Strengthen our Women's Health business in the US
- Efficiently commercialize NaMuscla in Europe
- Monetize our NCE portfolio



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Q3 FY2020 Financial Results Review

P&L Highlights - Q3 FY2020



Amount in INR mn	Q3 FY20	% of sales	Q2 FY20	% of sales	QoQ growth	Q3 FY19	% of sales	YoY growth
Net sales	37,161	100.0%	38,202	100.0%	(2.7%)	38,212	100.0%	(2.8%)
Other operating income	532		620			1,262		
Total revenue	37,693		38,822		(2.9%)	39,474		(4.5%)
Gross profit (excl. other operating income)	23,568	63.4%	24,763	64.8%	(4.8%)	24,728	64.7%	(4.7%)
EBITDA	5,227	14.1%	7,686	20.1%	(32.0%)	7,218	18.9%	(27.6%)
PBT before exceptional item	1,809	4.9%	4,334	11.3%	(58.3%)	4,243	11.1%	(57.4%)
Exceptional item	2,887		5,465 ^[2]		-	3,422 ^[1]	-	-
PBT after exceptional item	(1,078)	(2.9%)	(1,131)	(3.0%)	(4.7%)	821	2.1%	-
Profit after Tax	(8,748)	(23.5%)	(1,826)	(4.8%)		(1,633)	(4.3%)	
Net Profit from continuing operations	(8,685)	(23.4%)	(1,853)	(4.9%)	-	(1,615)	(4.2%)	-
Profit/(Loss) from discontinued operations	335	0.9%	582	1.5%	-	96	-	-
Profit/(Loss) for the period	(8,350)	(22.5%)	(1,271)	(3.3%)	-	(1,519)	(4.0%)	-

Exceptional Items - Q3 FY2020



Kyowa Divestiture

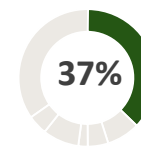
- Divested entire stake (99.82%) in our erstwhile Japanese subsidiary, Kyowa Pharmaceutical to Unison Capital. The deal was concluded on December 17, 2019
- The transaction resulted in a pre-tax exceptional gain of INR 12.9 bn and subsequent tax charge of INR 2.9 bn
- Net exceptional gain of ~INR 10 bn for Q3 FY20 pertaining to divestiture of our stake in Kyowa

Gavis Impairment

- Changes in the pipeline value of Gavis portfolio, resulted in reassessment of the fair value of Gavis and exceptional impairment charge of INR 15.8 bn for Q3FY20
- Re-measurement of deferred tax assets pertaining to Gavis amounted to INR 4.05 bn charge for Q3 FY20
- Total exceptional impairment charge related to Gavis of ~INR 19.8 bn (~US\$ 285 mn) for Q3 FY20

Aggregate one-time exceptional charge of ~INR 9.9 bn in Q3 FY20 impacted P&L

Above exceptional items, would result in lower amortization expense of ~INR 1.7 bn in the consolidated financials on an annualized basis

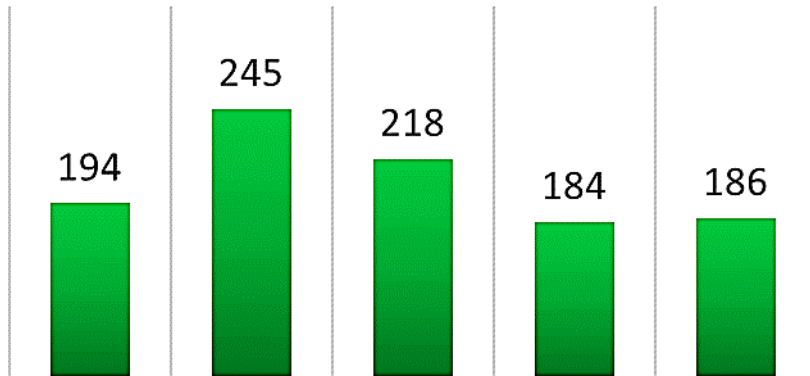


Q3FY20	
YoY	QoQ
↓ 2.9%	↑ 3.9%



Stabilized base business

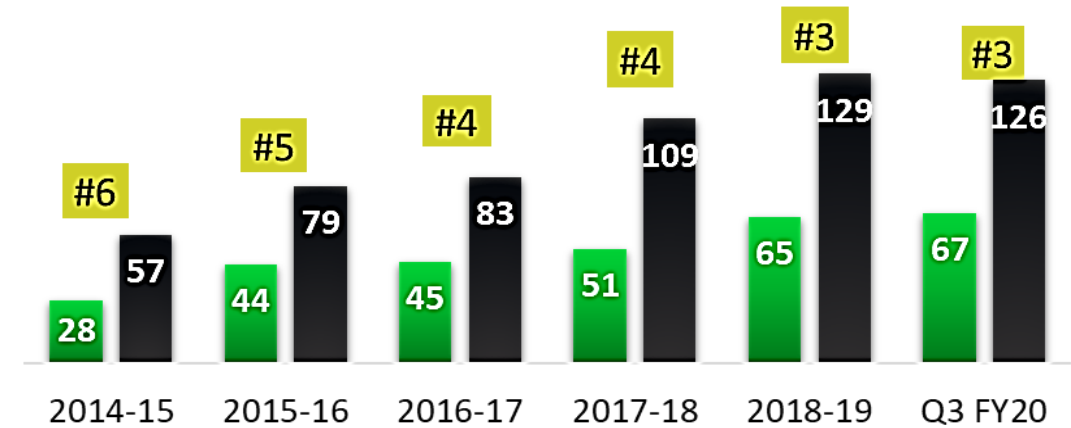
US quarterly sales (\$ mn)



31% average market share¹

Q3 FY19 Q4 FY19 Q1 FY20 Q2 FY20 Q3 FY20

Consolidating our position in the US¹



■ No. of Products (mkt leader) ■ Top 3 by mkt share ■ US Rx pharma ranking

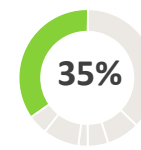
US portfolio progressing

4
No of launches
(during the quarter)

175
Products marketed
(cumulative)

152
Filings pending approval
(cumulative)

- Maximize uptake for Levothyroxine, post planned capacity expansion
- Base business stabilized
- Solosec™: Initial response to redesigned sales promotion strategy - Positive
- 43 FTF's incl. 14 exclusive FTF await USFDA approval

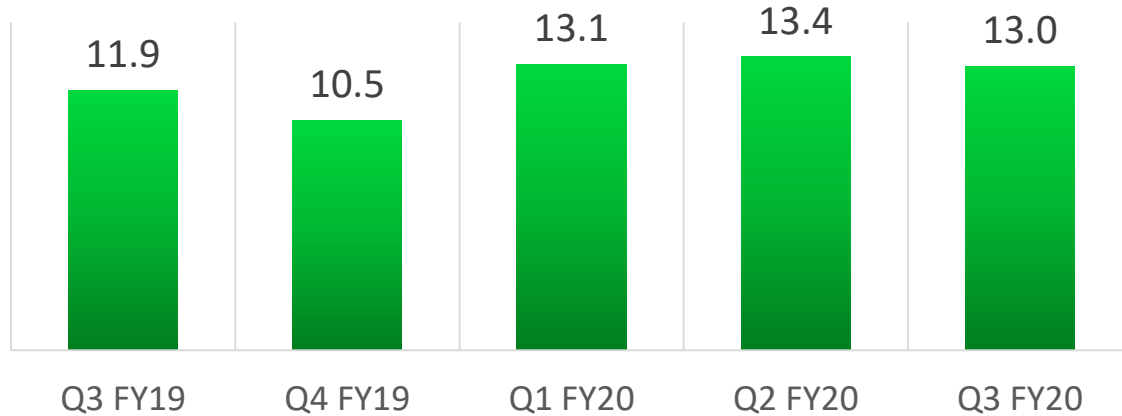


Q3FY20	
YoY	QoQ
↑ 9.0%	↓ 3.4%



India business continues to be robust

India quarterly Sales (INR bn)



Strong portfolio

2 brands in Top 100

9 brands in Top 300

BRANDS	RANK (MAT Dec'19)
GLUCONORM-G	38
HUMINSULIN	61
BUDAMATE	103
GIBTULIO	161
TONACT	194
ONDERO	200
RABLET – D	253
IVABRAD	295
ONDERO MET	296

Leadership across cardiac, diabetes, and respiratory

Therapy	3 Year CAGR%		Lupin Rank ¹	
	Market	Lupin	MAT Dec-16	MAT Dec-19
Acute	8%	6%	12	13
Chronic	11%	15%	5	4
Cardiac	9%	10%	3	3
Anti-diabetics	13%	23%	4	3
Respiratory	9%	15%	3	2

- Branded formulations up 10.6% YoY in Q3FY20 (9.6% for IPM); up 11.9% YoY in 9MFY20 (vs 11.2% for IPM)
- 61% Chronic contribution¹; Our chronic segment grew 12.9% against 10% chronic market growth in Q3FY20
- PCPM tracking at INR 0.73 mn per month in Q3FY20 (INR 0.70 mn in FY19; INR 0.63 mn in FY18)
- Consumer Healthcare: Launched Intimate hygiene product for women (V-Bath)

Other Markets

Developed

EU5

- Germany: EUR 9.5 mn sales in Q3 FY20 (up 38% YoY)
- ARV's, Women's Health and CNS are the key focus therapeutic segments
- NaMuscla™ - Broadening direct presence and partnering with country specific distribution partners

Australia

- 4th largest generics player¹
- Biosimilar Etanercept approved in Australia

Emerging markets

South Africa

- 4th largest Rx generics player²; Market leader in CVS space
- Q3 FY20 revenues were ZAR 289 mn (up 5.5% YoY)

Brazil

- BRL 48 mn sales in Q3 FY20 (up 14% YoY)
- Significantly outperformed market growth across the generics and OTC segment

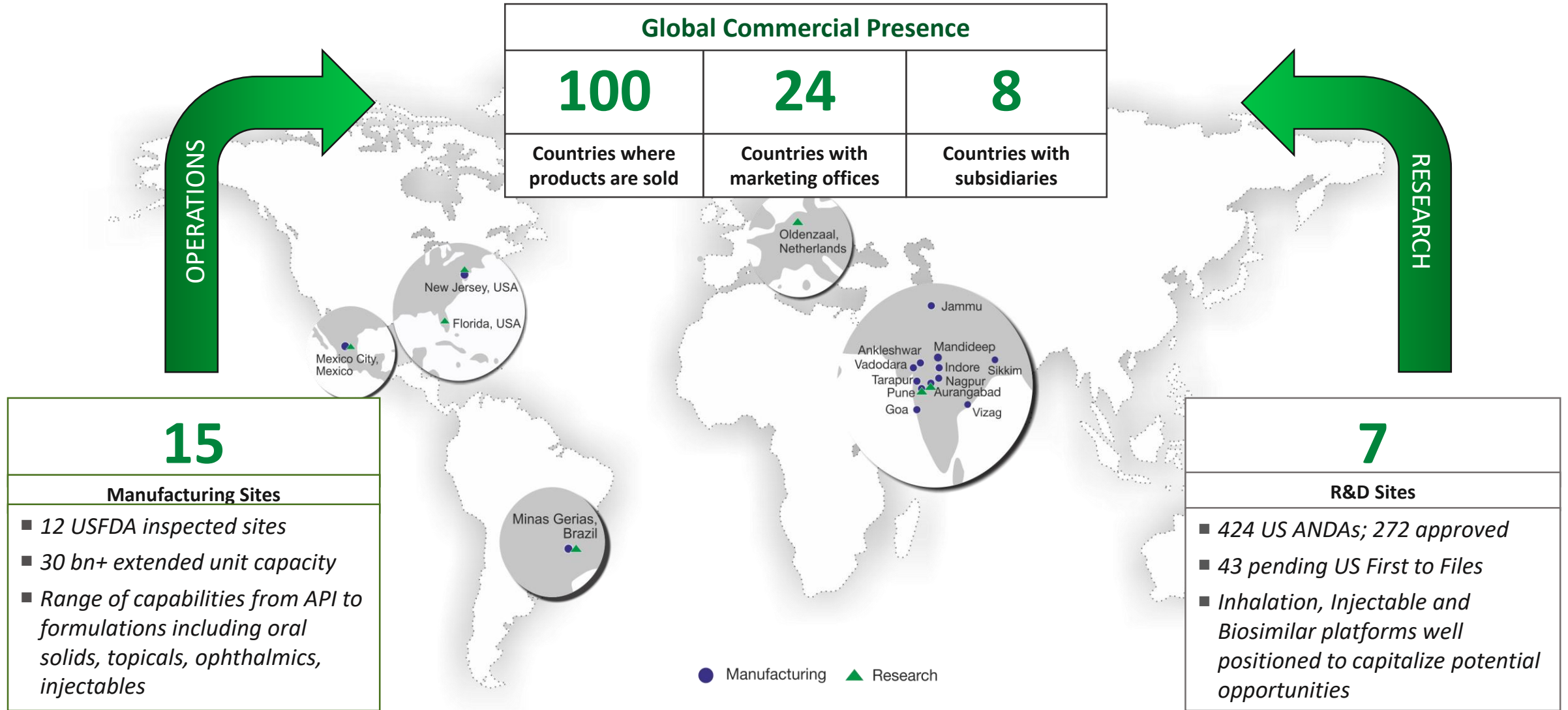
Mexico

- MXN 185 mn sales in Q3FY20 (up 7% YoY);
- #2 (in units) ophthalmic player

API + Global Institutional

- API revenues contracted by 12.4% YoY in Q3 FY20
- Continued leadership in anti-TB Institutional business

Manufacturing and R&D - Diverse Global Network



THANK YOU



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