

# Investor Presentation

## Q4 FY2020

May 29, 2020



**BUILDING**  
**A PROMISING FUTURE**

# Safe Harbor Statement

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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.

You are cautioned not to place undue reliance on these forward-looking statements, which reflect our opinions only as of the date of this presentation.

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

# — Covid-19 Update



# Covid-19: Our Response



## Employee Safety

- Travel restrictions enacted early to contain the spread
- Field and Office Staff rapidly converted to remote work (home) during local lockdowns
- Social Distancing and PPE SOPs applied to manufacturing and R&D environments
- Provision of essential PPE, sanitizers, safety and health information to all employees
- Increased workplace sanitizations



## Business Continuity

- R&D and Manufacturing facilities remained operational after establishing thorough SOPs
- Agile supply chain acted early to ensure continued supply of materials to / from our facilities
- Robust Leadership engagement across functions and regions
- Engaged customers early to fulfill stocking needs and shifts to 90 day refills in the U.S.
- Ramped up production of Covid-19 usage medicines



## Commercial Strategy

- **Lockdown Phase**
  - ✓ Digital engagement with HCP's, suppliers
- **Post Lockdown Phase**
  - ✓ Fieldwork resumed on a country by country, territory by territory basis within guidelines and proper PPE
  - ✓ Each business has prepared localized plans for resumption of work to ensure the safety of Lupin employees



## Employee Support

- Employee engagement through interactive leadership webinar series and online training for up skilling
- Enhanced communication from CEO & MD in global messages
- Medical & Life insurance covers doubled for India employees
- Helpline & SOS care for employees



# “New Normal” Playbook - Safeguarding Health & Safety

Masks, gloves, sanitizers and PPE kits provided to all employees and contractors, as per nature of work



Deep sanitization of all offices, factories and outstation vehicles



Daily Health Monitoring app and Thermal scanners at entry of all sites



Social Distancing mandated in common areas...



...while travelling in company buses...



...in conference rooms

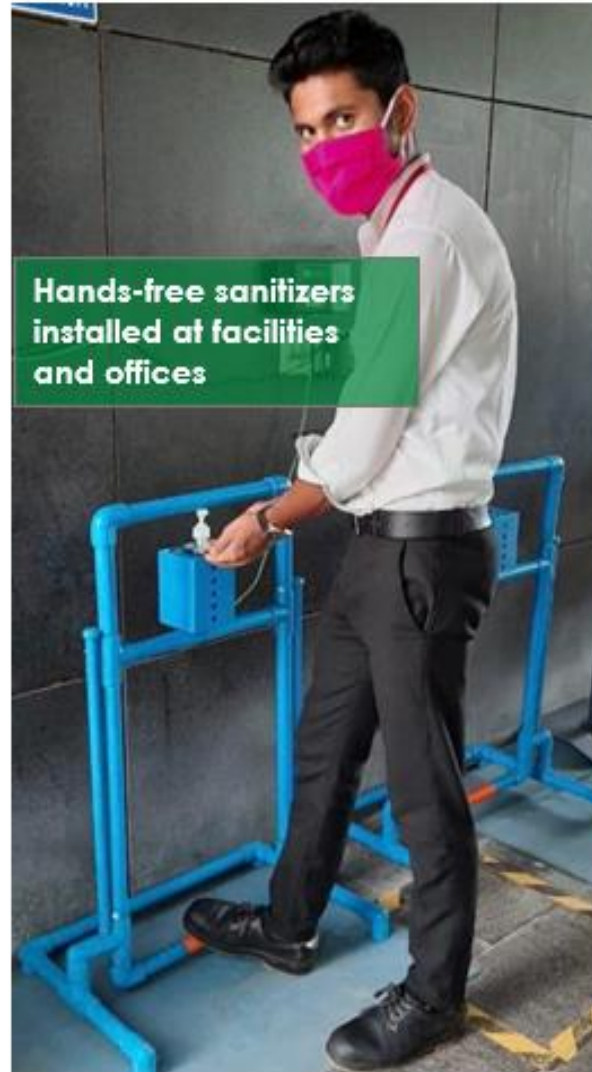


Clear SOPs on safety at all workplaces

# “New Normal” Playbook - Safeguarding Health & Safety



**Bonafide certificates and digital ID cards with employee's photo to facilitate field movement in IRF**



**Hands-free sanitizers installed at facilities and offices**



**Medical Reps practice utmost precautions while doing field work**

**Field employees (India) mandated to attain Red Cross certification on Covid19 knowledge and prevention measures**

# Covid-19: Supporting Communities



Launched a consolidated & very high Impact CSR program; Proactive coordination with Government agencies

Supported



**PM CARES**  
Prime Minister's Citizen Assistance and Relief  
in Emergency Situations Fund

Set up

**Lupin COVID-19 Crisis  
Response Fund**

Dedicated fund to support communities



**LUPIN** जन कोविड हेल्पलाइन  
1800-572-6130

Let's #FightTheFear Together

Call us on  
**1800-572-6130**

COVID19 Helpline for COVID related respiratory and mental health disorders in **Mumbai, Bhopal and Indore.**

ALL 7 DAYS  
8AM TO 8PM

# Supporting Communities - #HeroesOfLupin



Lupin donates COVID testing machines – our small step towards a **bigger goal**



Heroes who Ramped up and Ensured Unhindered supply of Azithromycin API



Providing migrants at Aurangabad with water and **nutritional kits**



Heroes who supported Healthcare facilities with **Masks & Meals** across the US





# 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**
- **Lupin’s Ankleshwar Facility Wins Gold Award - American Society for Quality**
- **India Pharma Leader Award - India Pharma 2020 and India Medical Device 2020**
- **“BEST Award” from ATD – 2019**
- **Excellence in Corporate Social Responsibility – India Pharma 2019**
- **IDMA Corporate Citizen Award 2019 – Lupin Foundation**
- **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**
- **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, listed in Top 50 Most Powerful Women in Business by Fortune India – 2018**
- **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**



LUPIN

# Business Review



# Lupin Today

Leading global pharmaceutical player



## Financial Metrics

Market Cap <sup>(3)</sup> INR 401.6 bn

Revenue (FY20) INR 151.4 bn

EBITDA (FY20) INR 28.4 bn

## Globally

**8<sup>th</sup>**

Largest Generic company  
*(by sales<sup>1</sup>)*

**3<sup>rd</sup>**

Largest Indian Pharma  
*(by global sales<sup>1</sup>)*

## Major Markets

**3<sup>rd</sup>**

Largest in the US  
*(by prescriptions<sup>2</sup>)*

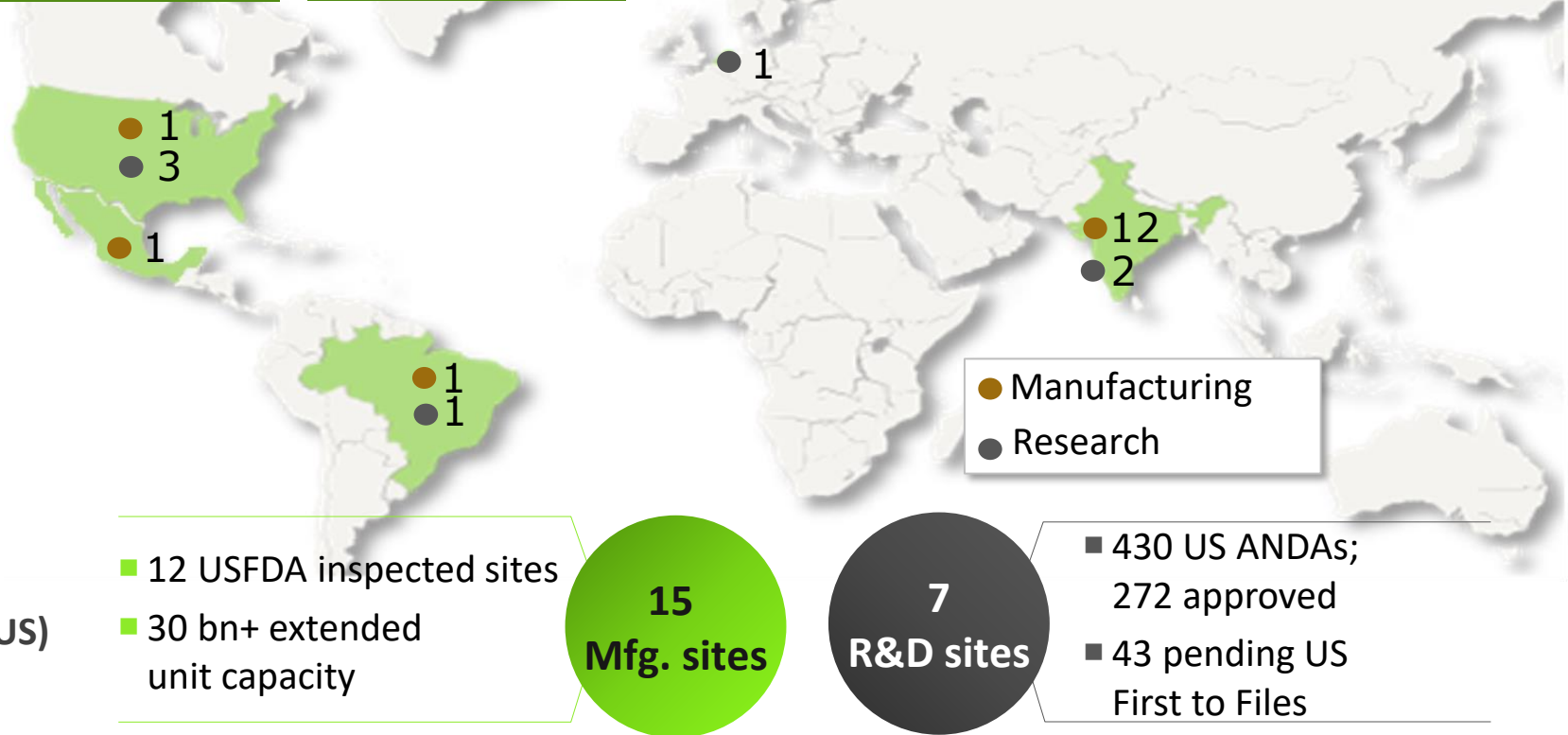
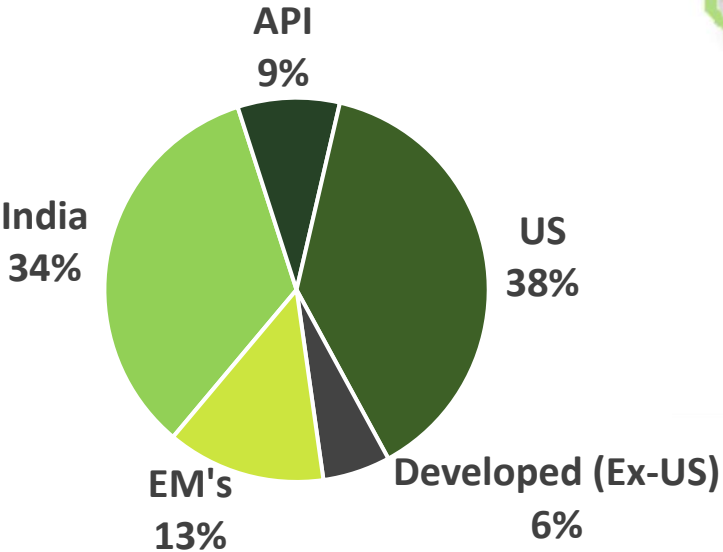
**6<sup>th</sup>**

India Pharma Market Rank<sup>2</sup>

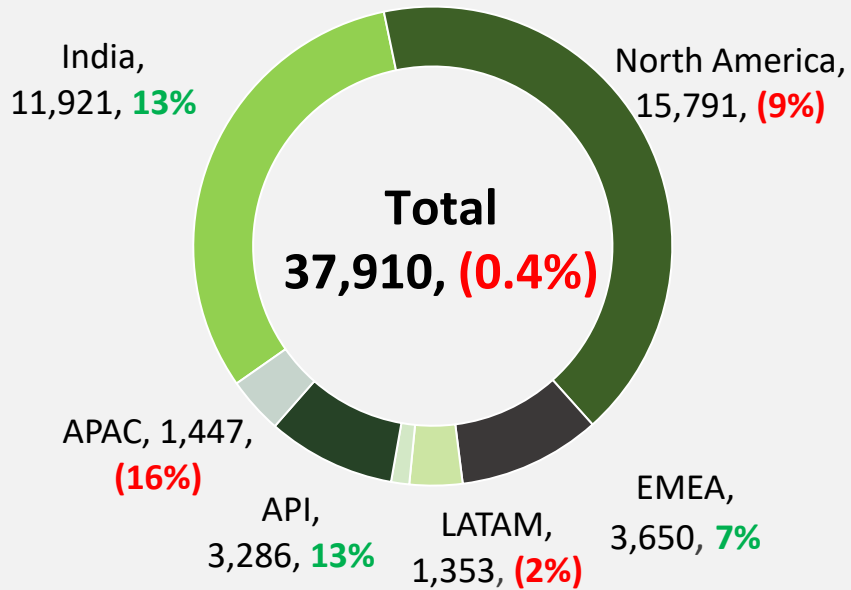
**4<sup>th</sup>**

Largest South Africa Generics  
*(by prescriptions<sup>2</sup>)*

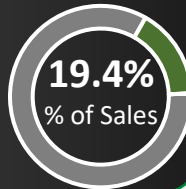
## FY20 Revenues split



## Sales<sup>1</sup> (INR mn, YoY Growth)



**EBITDA**  
INR 7,339 mn



**R&D**  
INR 3,442 mn



**Mr. Nilesh.D.Gupta**  
Managing Director  
Lupin Limited

“We closed the year with strong growth across all our key markets, and significant strengthening of our profitability and balance sheet. We have had strong momentum in our two major markets, the US and India, and on compliance across our facilities. Importantly, in the current times, we have been able to ensure business continuity while safeguarding the health and safety of our employees”

## Important developments

### Commercial

- Robust growth in US led by seasonality and Levothyroxine ramp up
- India Region Formulations outperformed (15% YoY)
- Solosec™ - Preferred Status on Express Scripts

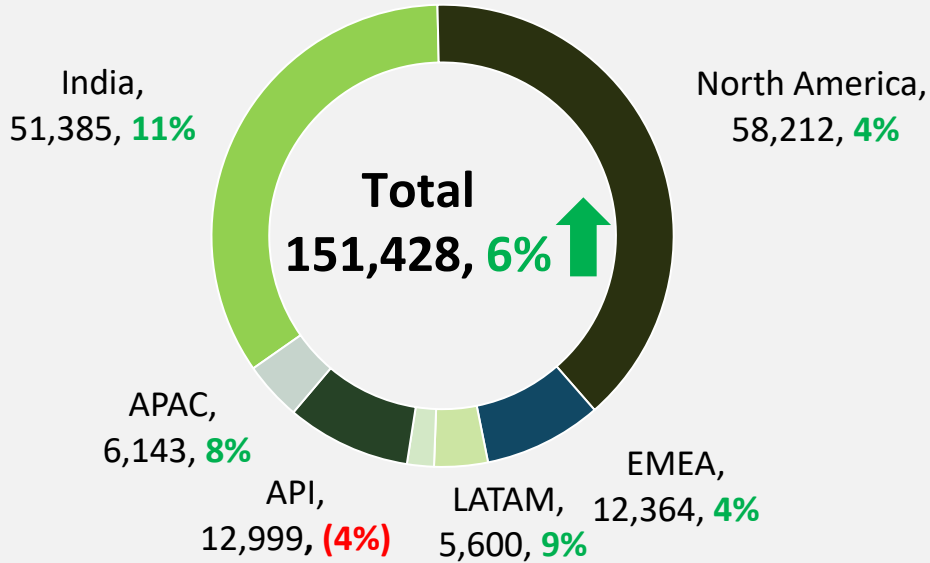
### Pipeline

- Positive CHMP opinion recommending approval of Nepexto (bEnbrel) in EU for all indications
- Positive top-line results in Phase 3 clinical trials for single-dose Solosec™ in Trichomoniasis indication
- Tentative approval of gBrovana (inhalation)
- Another inhalation (MDI) product filed in the US

### Regulatory

- EIR's for Vizag, Nagpur, Aurangabad, Pithampur Unit I, Mandideep Unit II, Coral Springs in Mar-May'20
- 'Quality First' program rolled out in Goa

## FY2020 Sales (INR mn, YoY Growth)



## Important developments

### Commercial

- Divested Japan Generics businesses (Kyowa and Kyowa CritiCare)
- bEnbrel launched in Japan
- Levothyroxine approval and launch of 3 RLD's
- Robust growth and consistent performance in India Region Formulations of 13% YoY
- Management team strengthened with the appointment of Johnny Mikell, Jon Stelzmler, J. Alan Butcher and Ramesh Swaminathan

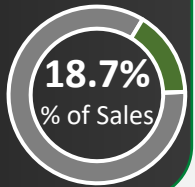
### Pipeline

- 23 US Filings (21 ANDAs & 2 NDAs) with 3 Injectable and 1 Inhalation Filing
- MEK Inhibitor licensed to Boehringer Ingelheim, our 2<sup>nd</sup> NCE licensing deal
- Positive CHMP Opinion for bEnbrel in EU for all indications
- Advanced Inhalation pipeline; 1<sup>st</sup> injectable launched in the US

### Regulatory

- 'Quality First' - Global Quality transformation program rolled out
- 8 sites received consecutive positive outcomes from major agencies (Mar-May'20)

**EBITDA**  
INR 28,386 mn



**R&D**  
INR 15,538 mn



# Key Exceptional Items - 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
- Prior to that, had divested Kyowa's erstwhile subsidiary Kyowa CritiCare (injectable business) in August 2019
- The above transactions resulted in a total pre-tax exceptional gain of INR 12.2 bn and subsequent tax charge of INR 2.9 bn
- Net exceptional gain of ~INR 9.3 bn for FY20 pertaining to divestiture of Japan Generics business

## 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 15.9 bn for FY20
- Re-measurement of deferred tax assets pertaining to Gavis amounted to INR 4.01 bn charge for FY20
- Total exceptional impairment charge related to Gavis of ~INR 19.9 bn (~US\$ 285 mn) for FY20

**On account of the above exceptional items, we expect (i) ROCE improvement and (ii) Lower amortization expense in the consolidated financials on an annualized basis**



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# — Financial Results Review



# P&L Highlights - Q4 FY2020



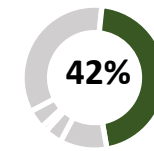
Amount in INR mn	Q4 FY20	% of sales	Q3 FY20	% of sales	QoQ growth	Q4 FY19	% of sales	YoY growth
<b>Net sales</b>	<b>37,910</b>	<b>100.0%</b>	<b>37,161</b>	<b>100.0%</b>	<b>2.0%</b>	<b>38,070</b>	<b>100.0%</b>	<b>(0.4%)</b>
Other operating income	547		532			796		
<b>Total revenue</b>	<b>38,457</b>		<b>37,693</b>		<b>2.0%</b>	<b>38,866</b>		<b>(1.1%)</b>
Gross profit (excl. other operating income)	23,860	62.9%	23,568	63.4%	1.2%	26,246	68.9%	(9.1%)
<b>EBITDA</b>	<b>7,339</b>	<b>19.4%</b>	<b>5,227</b>	<b>14.1%</b>	<b>40.4%</b>	<b>8,525</b>	<b>22.4%</b>	<b>(13.9%)</b>
<b>PBT before exceptional item</b>	<b>4,123</b>	<b>10.9%</b>	<b>1,809</b>	<b>4.9%</b>	<b>127.9%</b>	<b>5,492</b>	<b>14.4%</b>	<b>(24.9%)</b>
Exceptional item	(831) <sup>1</sup>		2,887		-	(22) <sup>[2]</sup>	-	-
<b>PBT after exceptional item</b>	<b>4,954</b>	<b>13.1%</b>	<b>(1,078)</b>	<b>(2.9%)</b>	<b>NA</b>	<b>5,514</b>	<b>14.5%</b>	<b>(10.2%)</b>
<b>Profit after Tax</b>	<b>3,903</b>	<b>10.3%</b>	<b>(8,748)</b>	<b>(23.5%)</b>	<b>NA</b>	<b>2,572</b>	<b>6.8%</b>	<b>51.8%</b>
<b>Net Profit from continuing operations</b>	<b>3,896</b>	<b>10.3%</b>	<b>(8,685)</b>	<b>(23.4%)</b>	<b>NA</b>	<b>2,518</b>	<b>6.6%</b>	<b>54.7%</b>
Profit/(Loss) from discontinued operations	0	0%	335	0.9%	-	378	-	NA
<b>Profit/(Loss) for the period</b>	<b>3,896</b>	<b>10.3%</b>	<b>(8,350)</b>	<b>(22.5%)</b>	<b>NA</b>	<b>2,896</b>	<b>7.6%</b>	<b>34.5%</b>



# P&L Highlights - FY2020



Amount in INR mn	FY20	% of sales	FY19	% of sales	YoY growth
<b>Net sales</b>	<b>151,428</b>	<b>100.0%</b>	<b>143,181</b>	<b>100.0%</b>	<b>5.8%</b>
Other operating income	2,320		3,465		
<b>Total revenue</b>	<b>153,748</b>		<b>146,646</b>		<b>4.8%</b>
Gross profit (excl. other operating income)	97,122	64.1%	93,720	65.5%	3.6%
<b>EBITDA</b>	<b>28,386</b>	<b>18.7%</b>	<b>28,937</b>	<b>20.2%</b>	<b>(1.9%)</b>
<b>PBT before exceptional item</b>	<b>15,054</b>	<b>9.9%</b>	<b>17,452</b>	<b>12.2%</b>	<b>(13.7%)</b>
Exceptional item <sup>1</sup>	7,521		3,400		-
<b>PBT after exceptional item</b>	<b>7,533</b>	<b>5.0%</b>	<b>14,052</b>	<b>9.8%</b>	<b>-46.4%</b>
<b>Profit after Tax</b>	<b>(4,038)</b>	<b>(2.7%)</b>	<b>5,173</b>	<b>3.6%</b>	<b>NA</b>
<b>Net Profit from continuing operations</b>	<b>(3,995)</b>	<b>(2.6%)</b>	<b>5,121</b>	<b>3.6%</b>	<b>-178.0%</b>
Profit/(Loss) from discontinued operations	1,301	0.9%	945	0.7%	37.7%
<b>Profit/(Loss) for the period</b>	<b>(2,694)</b>	<b>(1.8%)</b>	<b>6,066</b>	<b>4.2%</b>	<b>-144.4%</b>

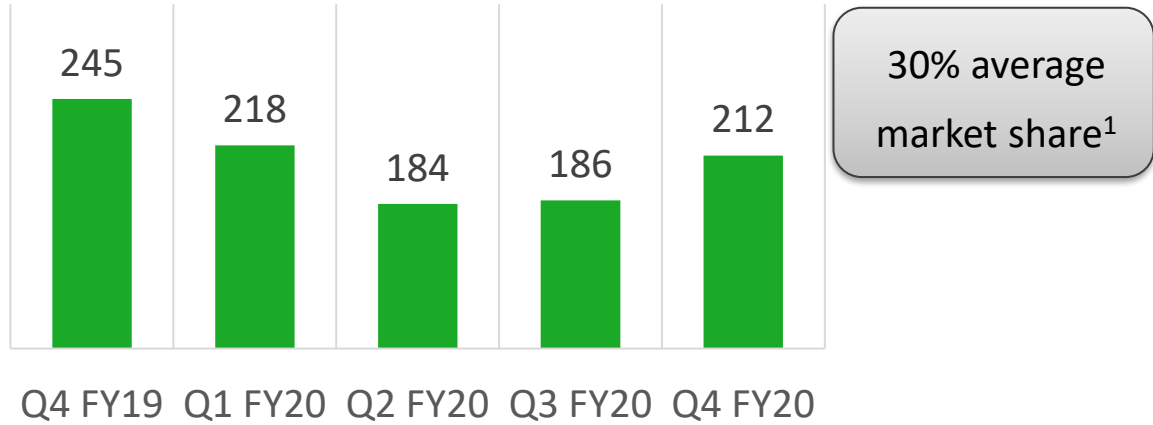


Q4FY20	
YoY	QoQ
↑ 4.1%	↑ 14.7%

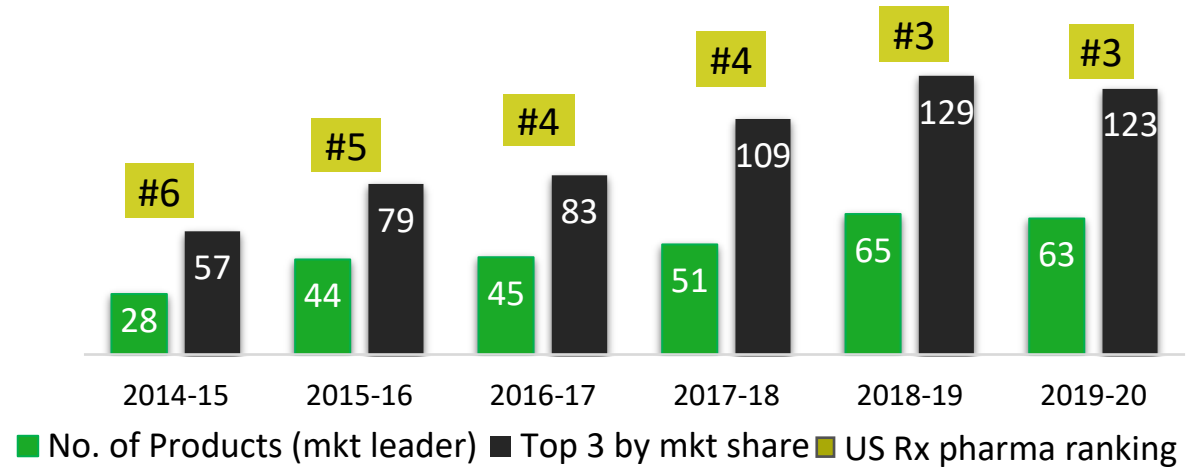


## Strong QoQ growth on seasonality & Levo ramp up

US quarterly sales (\$ mn)



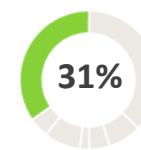
## Consolidating our position in the US<sup>1</sup>



## US portfolio progressing

<h1>8</h1> <p>ANDA filings <i>(during the quarter)</i></p>	<h1>174</h1> <p>Products marketed <i>(cumulative)</i></p>	<h1>158</h1> <p>Filings pending approval <i>(cumulative)</i></p>
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- Levothyroxine: Further build up expected in FY21
- Solosec™ - New operating model with improved cost basis and virtual capabilities, in place
- Covid-19 usage medicines – Further progress with FDA on Albuterol; Doubled capacity and adding US site for Azithromycin (#1 market share)
- 43 FTF's incl. 14 exclusive FTF await USFDA approval

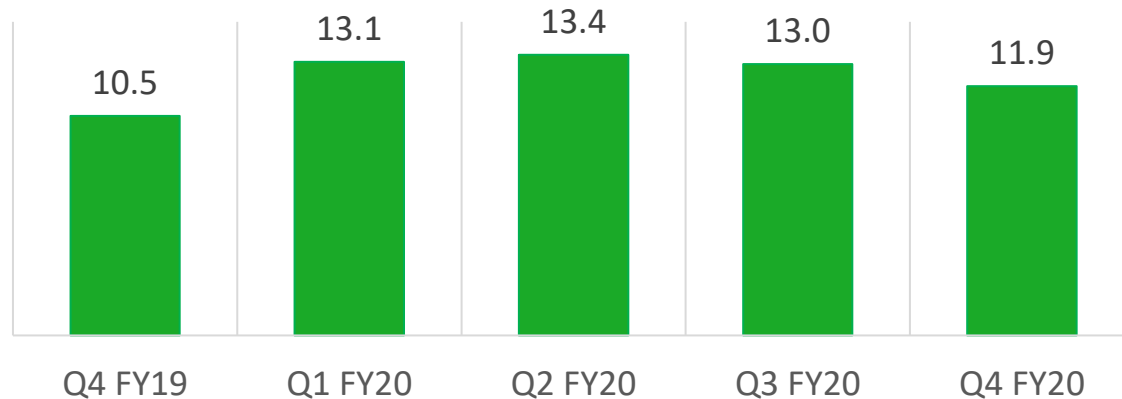


Q4FY20	
YoY	QoQ
↑ 10.8%	↓ 8.1%



## India business continues to be robust

India quarterly Sales (INR bn)



## Strong portfolio

**3 brands in Top 100**

**10 brands in Top 300**

BRANDS	RANK (MAT Mar'20)
GLUCONORM-G	40
HUMINSULIN	66
BUDAMATE	95
GIBTULIO	155
ONDERO	189
TONACT	191
RABLET – D	264
CIDMUS	268
IVABRAD	289
ONDERO MET	293

## Leadership across cardiac, diabetes, and respiratory

Therapy	4 Year CAGR%		Lupin Rank <sup>1</sup>	
	Market	Lupin	MAT Mar-16	MAT Mar-20
Acute	9%	7%	13	13
Chronic	11%	15%	5	4
Cardiac	10%	11%	3	3
Anti-diabetics	14%	23%	5	3
Respiratory	11%	16%	3	2

- India Region Formulations up 15% YoY in Q4FY20 (9.6% for IPM<sup>1</sup>); up 13% YoY in FY20 (vs 10.8% for IPM<sup>1</sup>)
- 62% Chronic contribution<sup>1</sup>; Our chronic segment grew 17% against 13% chronic market growth in Q4FY20
- PCPM tracking at INR 0.73 mn in FY20 (INR 0.70 mn in FY19; INR 0.63 mn in FY18)
- Three new divisions (Dermatology, Urology & Pediatric Respiratory) launched in FY20

# Other Markets

## Developed

EU5

- Germany: EUR 9.3 mn sales in Q4 FY20 (up 31% YoY). EUR 36.2 mn sales in FY20 (up 26% YoY)
- ARV's, Inhalation and CNS are the key focus therapeutic segments
- NaMuscla™ - Broadening direct presence and partnering with country specific distribution partners

Australia

- 4<sup>th</sup> largest generics player<sup>1</sup>
- Biosimilar Etanercept approved in Australia

## Emerging markets

South Africa

- 4<sup>th</sup> largest Rx generics player<sup>2</sup>; Market leader in CVS space
- Q4 FY20 revenues were ZAR 374 mn (up 9% YoY); FY20 revenues up 5% YoY to ZAR 1,219 mn

Brazil

- BRL 37 mn sales in Q4 FY20 (up 3% YoY); BRL 177 mn sales in FY20 (up 22% YoY)
- Outperformed market growth across the generics and OTC segment

Mexico

- MXN 172 mn sales in Q4FY20; MXN 691 mn sales in FY20 (up 2% YoY)
- #2 (in units) ophthalmic player

API + Global Institutional

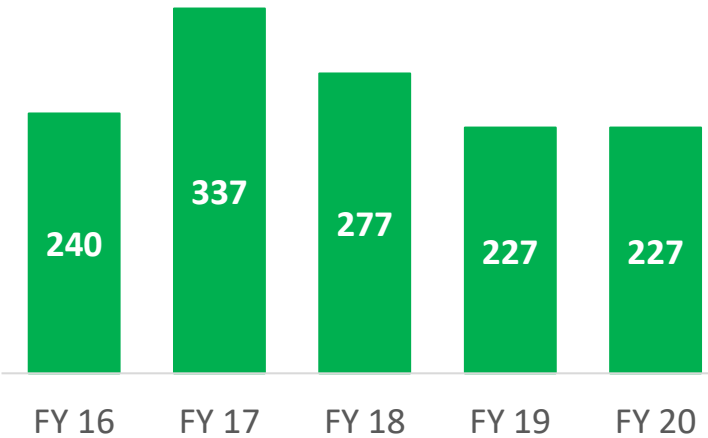
- API revenues grew 13% YoY in Q4 FY20; INR 13 bn sales in FY20
- Continued leadership in anti-TB Institutional business

# R&D Investment - US\$1 bn+ on R&D over the last 4 years



## R&D spend (US\$ mn)

11.7% 13.5% 11.9% 10.5% 10.3%



■ R&D (US \$ mn) ■ R&D as % of Sales

## Strong FTF/Complex Gx launch pipeline (projection)



■ Targeted Market Size (US \$ bn) of brands + generics in complex / FTF categories

■ Expected number of launches through FY25E



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# Regulatory Update



# Quality and Compliance- Staying the Course



8 sites received consecutive positive outcomes from USFDA and other major agencies

Agency	Site	Status
USFDA	Coral Spring, US	EIR in Mar-20
	Aurangabad	EIR in Apr-20
	Nagpur	EIR in Apr-20
	Mandideep Unit-2	EIR in Apr-20
	Pithampur Unit-1	EIR in Apr-20
	Vizag	EIR in May-20
MHRA UK	Pithampur Unit-1, 2 and 3	GMP Certificate received in May-20 (valid for 3 years)
Cofepris Mexico	Mandideep Unit-2	GMP Certificate received in Apr-20 (valid for 2 years)

Multiple initiatives spearheaded by Global Quality Teams and Teams underway

In FY21, we target to continue the positive momentum, through robust Manufacturing efforts in implementing important initiatives like Quality First as well as undertaking specific remediation activities



# THANK YOU

SEE [WWW.LUPIN.COM](http://WWW.LUPIN.COM) FOR DETAILS

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