



JUBILANT
LIFESCIENCES

Financial Results

Quarter Ended June 30, 2014

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 audited 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. 59.39 as on June 30'13 & Rs. 60.18 as on June 30'14*
- 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, August 05, 2014
Time : 05:00 pm IST

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Replay from : August 05, 2014 to August 11, 2014

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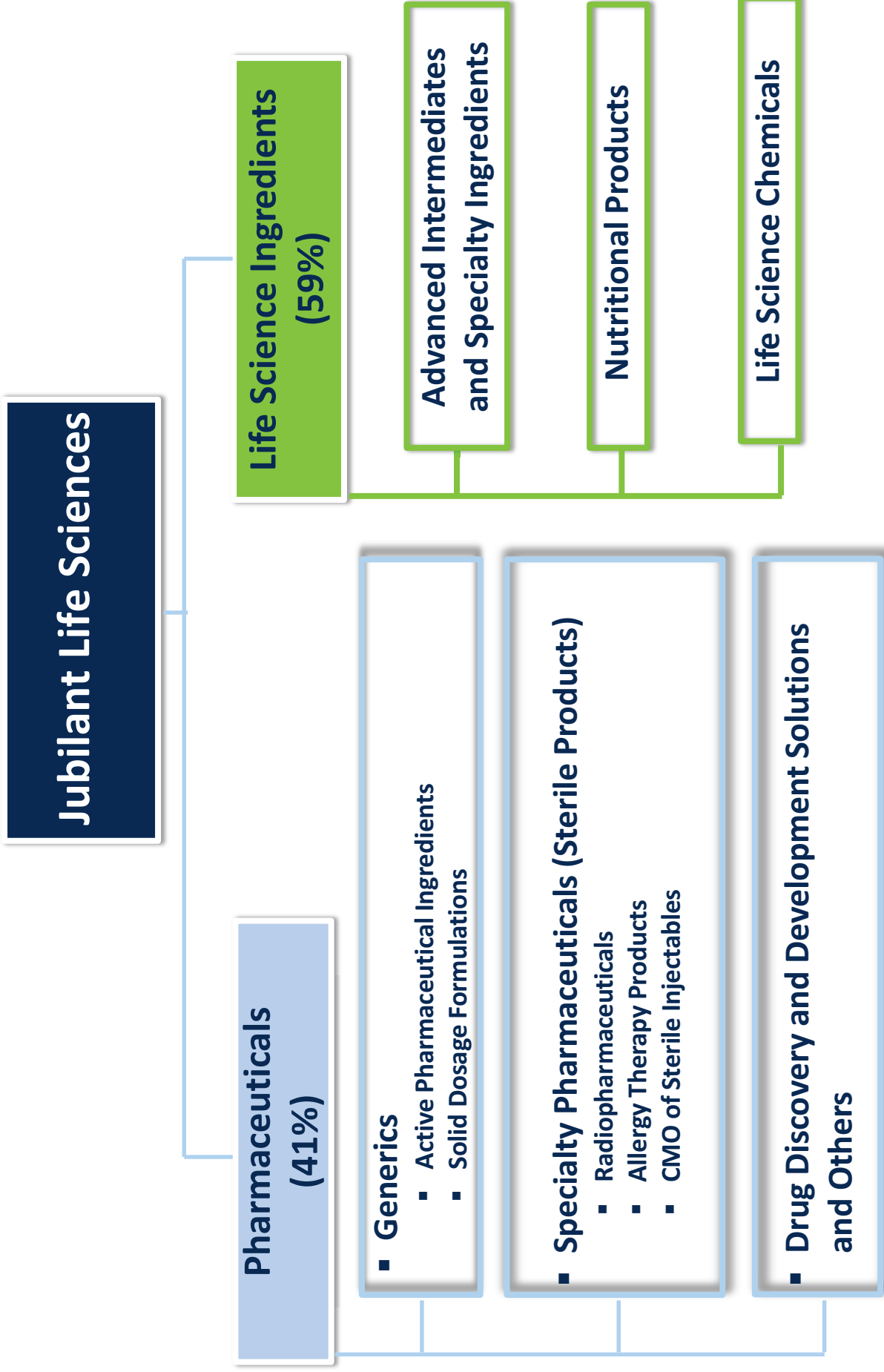
CORPORATE ACTIONS



- **Consolidation of Pharmaceutical business under Jubilant Pharma completed**
- Completed the consolidation of all our Pharmaceutical business under Jubilant Pharma, Singapore with effect from 1st July, 2014.
- Financed by US\$ 147.5m funding from IFC
- IFC funding includes the following:
 - 7-year term loan financing of US\$ 87.5m
 - US\$ 60m of zero coupon optionally convertible loan having a tenure of 6 years
- A further loan of US\$ 52.5m for 5 years to be syndicated by IFC

Q1 FY15 Results Analysis

Key Business Segments – Q1'FY15



Income Statement – Q1'FY15

Particulars	Q1'FY14	Q4'FY14	Q1'FY15	YoY Growth	QoQ Growth
	(Rs Crs)			(%)	
Total Income from Operations	1,359	1,562	1,473	8%	-6%
Total Expenditure	1,121	1,317	1,328		
Other Income	6	5	4		
EBITDA including Other Income	244	251	150	-39%	-40%
Depreciation	68	69	73		
Finance Cost	65	65	63		
Forex Diff and Interest Swap Cost	16	10	14		
Profit after Interest but before Exceptional Items	95	107	-1		
Exceptional Item - Gain/(Loss)	-111	36	-19		
Tax Expenses (Net)	31	35	-29		
Minority Interest	5	10	5		
Reported Net Profit After Tax and Minority Interest	-53	99	5		
Normalized Net Profit After Tax	59	62	23		
Paid-up share capital (Face value per share Re.1)	15.93	15.93	15.93		
Earnings Per Share - Basic (Rs.)	-3.30	6.20	0.30		
Normalised Earnings Per Share - Basic (Rs.)	3.68	3.92	1.47	-60%	-62%
Promoters and promoter group shareholding	49%	54%	54%		
	(%)			(bps)	
EBITDA Margins	17.9%	16.1%	10.2%	-779	-590
Normalized Net Margins	4.3%	4.0%	1.6%	-272	-240

Financial Highlights – Q1'FY15



- **Income from Operations at Rs. 1,473 crs, up 8% YoY**
 - Backed by 5% price increase
 - International revenues grew 5% YoY at Rs. 1,051 crs; contribute 71% to total sales
 - Entered Indian branded pharmaceuticals market during the quarter
- **EBITDA at Rs. 150 crs**
 - EBITDA Margins at 10.2%
 - EBITDA contribution from Pharmaceuticals segment at Rs. 36 crs and Life Science Ingredients at Rs. 133 crs
- **Reported Profit After Tax at Rs. 5 crs**
 - Normalized Profit After Tax at Rs. 23 crs

Segmental Revenue Analysis – Q1'FY15



Segmental Revenue Analysis	Revenue (Rs. Crs.)			Revenue Mix (%)	YoY Growth %	QoQ Growth %
	Q1'FY14	Q4'FY14	Q1'FY15			
Pharmaceuticals	653	705	604	41%	-7%	-14%
Life Science Ingredients	706	858	869	59%	23%	1%
Income from Operations	1,359	1,562	1,473	100%	8%	-6%
Inter Divisional Sales (IDTs)	130	170	140		8%	-18%
IDT as a % of Income	10%	11%	9%			

- **Pharmaceuticals segment revenue at Rs. 604 crs**
 - Revenue growth of 8% YoY excluding CMO of Sterile Injectables
 - Revenue increase witnessed in key Radiopharmaceuticals products
- **LSI segment revenue at Rs. 869 crs, up 23% YoY**
 - Price and volume gains in key businesses
 - Further price increase of 9% taken in Niacinamide

Business Highlights – Q1'FY 15



Generics

Active Pharmaceutical Ingredients

- 31 commercial APIs, including 19 in North America, 24 in Europe and 26 in ROW
- 39 filings globally during the quarter and launched Paroxetine in Japan
- Expecting commercialization of some key products such as Telmisartan, Olmesartan and Eslicarbazepine and Linezolid
- Expect to file 7 DMFs in FY 2015

Solid Dosage Formulations

- 47 commercial products, including 21 in North America, 27 in Europe and 27 in ROW
- New Launches: Spironolactone in USA, Losartan in Latin America, and many others in Emerging markets such as Taiwan, Hong Kong etc.
- Approvals: 21 approvals including 2 in North America and 1 in Europe
- 19 filings including 7 ANDAs in the USA and 3 dossiers in Europe
- Expect multiple approvals across key geographies including 3-5 ANDAs in the US

Business Highlights – Q1'FY 15



Specialty Pharmaceuticals (Sterile products)

Radiopharmaceuticals

- Revenue increase witnessed in key Radiopharmaceuticals products
- Executed multi-year supply agreements with key customers
- Ruby-Fill expected to be launched in Q4 FY2015, subject to necessary regulatory approvals

CMO of Sterile Injectables

- Montreal facility:
 - Successful completion of Health Canada inspection
 - Facility back to normal production post warning letter lifted by the USFDA
 - Experiencing an uptick in new business opportunities. Two new business wins in OCL
- Spokane facility:
 - Inspection by the USFDA in April 2014. Responses submitted to the USFDA
 - Site resumed production after shutdown of around 10 weeks
 - Expected to get back to normal operations and profitability in the coming quarters

Business Highlights – Q1'FY 15



India Branded Pharmaceuticals

- Made a foray into the Indian Pharmaceuticals Market with a field strength of 200 plus
- Launch of a Cardiovascular-Diabetic Division

Advanced Intermediates and Specialty Ingredients

- Volume growth in Pyridine
- Order wins continue to add to momentum in Pyridine and its derivatives
- Robust demand and firm pricing environment for Symtet witnessed, however production challenges continue

Nutritional Products

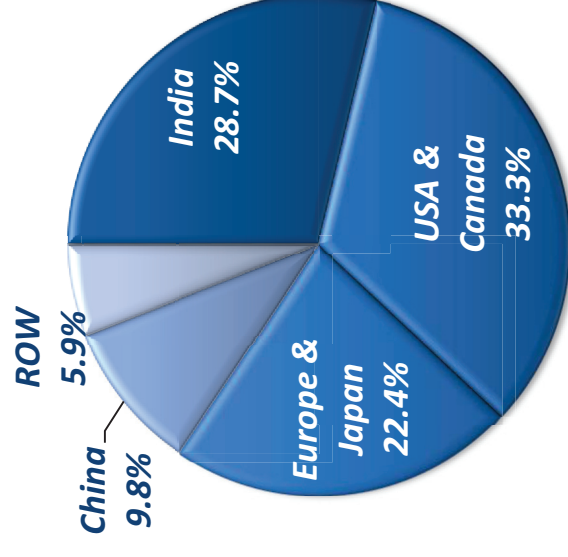
- 9% Price increase in Niacinamide during the quarter
- Volume gains recorded with capacity utilization at high levels

Life Science Chemicals

- Strong pricing and volume trends
- Majority market share for Acetic Anhydride and Ethyl Acetate in the Indian market
- Looking at growing presence in Europe

Revenue Analysis – Geography wise- Q1'FY15

Geo-wise Revenue (Rs crs)	Q1'FY14	Q4'FY14	Q1'FY15	Mix %	YoY %
India	359	403	422	29%	18%
International	1,001	1,159	1,051	71%	5%
USA & Canada	522	581	490	33%	-6%
Europe & Japan	273	320	330	22%	21%
China	123	161	144	10%	17%
ROW	82	97	87	6%	5%
Income from Operations	1,359	1,562	1,473	100%	8%



- **71% of Income from International Markets, at Rs. 1,051 crs, up 5% YoY**

- Key developed markets share at 56% of revenue mix with 3% YoY growth
 - Growth of 21% in Europe and Japan primarily driven by Nutritional Products and Life Science Chemicals
 - Growth of 12% in other markets driven by Advanced Intermediates and Speciality Ingredients

- **29% Income from India at Rs. 422 crs, up by 18%**

Operating Expenditure Analysis – Q1'FY15

Expenses (Rs Crs)	Q1'FY14	% of Sales	Q4'FY14	% of Sales	Q1'FY15	% of Sales	YoY Growth %	QoQ Growth %
Material Cost	582	43%	695	44%	719	49%	24%	4%
Power & Fuel Cost	92	7%	96	6%	99	7%	8%	3%
Employee Cost	256	19%	284	18%	272	18%	6%	-4%
Other Expenses	192	14%	242	15%	237	16%	24%	-2%
Total expenses	1121	82%	1317	84%	1328	90%	18%	1%

- **Material Costs** as percentage of sales increase due to change in mix of product and services
- **Power & Fuel Costs** and **Employee costs** stable as percentage of sales
- One-off expenses of Rs. 10 crs on account of higher consultancy fees and discounts in **Other expenses**

EBITDA Analysis – Q1'FY15



EBITDA (Rs. Crs)						
Business Segments	Q1'FY14	Q4'FY14	Q1'FY15	YoY Growth %	QoQ Growth %	
Pharmaceuticals	150	132	36	-76%	-73%	
Life Science Ingredients	109	131	133	23%	1%	
Less: Corp Expenses	-15	-13	-19			
Reported EBITDA	244	251	150	-39%	-40%	
Margins (%)						
				YoY Variance (Bps)	QoQ Variance (Bps)	
Pharmaceuticals	23.0%	18.8%	5.9%	-1710	-1289	
Life Science Ingredients	15.4%	15.3%	15.3%	-3	2	
Reported EBITDA	17.9%	16.1%	10.2%	-779	-590	

- EBITDA of Rs. 150 crs in the quarter, Overall EBITDA Margins of 10.2%
- Pharmaceuticals segment EBITDA margins at 5.9%, impacted mainly due to reported loss in CMO business on account of Warning Letter and extended shut-down to correct USFDA issues and delayed off-take of certain key products by some customers in Solid Dosage Formulations
- Life Science Ingredients EBITDA margins at 15.3%, impacted due to unabsorption cost in Symtet on account of lower capacity utilization

Exceptional Items – Q1'FY15

Total exceptional items for Q1'FY15 – Rs. (19) crs

- **Unrealized Mark to Market book gain - Rs. 2 crs mainly on account of**
 - Currency movement of USD, from Rs. 59.91 as on March 31, 2014 to Rs. 60.18 as on June 30, 2014, with respect to Rupee Loan of Rs. 850 crs swapped into USD Loan
- **FCMITDA Amortisation of Rs. (24) crs**
 - Unrealised exchange loss on Long Term Foreign Currency Loan amortised over the tenure of the Loan, as recommended under Indian Accounting Standards
- **Others gain of Rs. 3 crs**
 - Forex losses of Rs. (9) crs largely on account of exchange losses on short term loans
 - Interest Swap gains of Rs. 12 crs.

Debt Profile

Particulars	30-Jun-13		31-Mar-14		30-Jun-14	
	(\$ Mn)		(\$ Mn)		(\$ Mn)	
Foreign Currency Loans						
Standalone	281		265		264	
Swapped loan in Standalone	202		189		189	
Subsidiaries	182		199		253	
Total	665		652		706	
Rupee Loans						
Standalone	531		480		160	
Total	531		480		160	
Gross Debt	4,479		4,393		4,712	
Cash & Equivalent	283		480		755	
Net Debt	4,196		3,913		3,957	
Change in debt on account of exchange rate difference from 30-Jun-13	0		-24		-41	
Net Debt - Adjusted for foreign exchange difference	4,196		3,889		3,917	
Working Capital Debt	1,193		2,081		1,722	
Net Long Term debt	3,003		1,832		2,235	
Closing Exchange Rate (Rs./USD)	59.39		59.91		60.18	

- **Net debt** at Rs. 3,917 crs compared to Rs. 3,889 crs in Mar'14 post adjustment for fx difference
- **Average interest rate** for outstanding loans at 7% pa – Re loans @ 12% pa, \$ loans @ 4%

Outlook

Robust Outlook going forward

- Sales and EBITDA growth in Pharmaceuticals on account of resolution of Warning Letter in Montreal and revenue increase in key Radiopharmaceuticals products
- Life Science Ingredients to deliver robust performance on account of higher capacity utilization and better pricing of our key products
- Expected strong operational results to lead to robust balance sheet with Debt to EBITDA multiples below 2.5 times in medium term.
- Prudence in Capital Expenditure to continue to conserve cash and reduce the debt levels

For more information

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