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Jubilant Life Sciences reports Q1 FY2018 results

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Jubilant reports Q1 FY2018 revenue of Rs. 1596 Crore, up 10 per cent Year-on-Year



The Board of Jubilant Life Sciences Limited, an integrated global pharmaceutical and life sciences company met today to approve financial results for the quarter ended June 30, 2017.

Commenting on the Company's performance, Mr. Shyam S Bhartia, Chairman and Mr. Hari S Bhartia, Co-Chairman & Managing Director, Jubilant Life Sciences said, "We have started FY18 on a steady note, with our Pharma segment recording its highest ever revenues during the quarter despite margin contraction in the US generics business. This performance has been led by our injectable business of niche Specialty Pharma which has shown double-digit growth in the last few quarters. Our Life Science Ingredients segment delivered improved results on account of better demand and strong price environment. We continue to focus on operating cash generation to reduce our debt levels and strengthen the balance sheet."

Q1 FY18 Highlights

- Consolidated revenue at Rs. 1,596 Crore; up 10% YoY
  - Pharmaceuticals revenue at record Rs. 818 Crore, contributing 51% to the revenues, up 8% YoY
  - Life Science Ingredients revenue at Rs. 737 Crore, contributing 46% to the revenues, up 13% YoY
  - Drug Discovery Solutions revenue at Rs. 41 Crore, contributing 3% to the revenues
  - International revenues at Rs. 1,131 Crore, contributing 71% to the revenues; growing 8% YoY
- EBITDA at Rs. 344 Crore, EBITDA margins at 21.6%
  - Pharmaceuticals EBITDA at Rs. 252 Crore, with margins of 30.8%; Contributes 70% to the company's EBITDA as against 66% in Q1'FY17
  - Life Science Ingredients EBITDA at Rs. 108 Crore; margins at 14.7%, Contributes 30% to the company's EBITDA
  - Drug Discovery Solutions segment breaks even at EBITDA level
- Finance costs lower 17% YoY at Rs. 69 Crore from Rs. 83 Crore in Q1'FY17. This includes Rs. 14 Crore (Q1'FY17 – Rs. 9 Crore) for charge on stock settlement instrument
- PAT at Rs. 147 Crore, with Net Margins at 9.2% and EPS of Rs. 9.44 for Re. 1 FV
- Capital Expenditure of Rs. 98 Crore
- Net Debt reduction of Rs. 113 Crore

Pharmaceuticals Segment Highlights

Q1 FY18

- Highest-ever Revenues of Rs. 818 Crore, up 8% YoY
  - Specialty Pharmaceuticals - Injectables revenues of Rs. 469 Crore reported robust growth of 16% YoY and 7% QoQ; contributing 57% to Pharma segment sales and 29% to Company revenue
  - Generics revenues at Rs. 349 crore, contributing 43% to segment sales, showing flat growth YoY
- Region-wise Revenue break-up
  - Revenues from North America at Rs. 610 Crore, contributing 75% to the revenues; up 19% YoY and 5% QoQ
  - Revenues from Europe and Japan were at Rs. 102 Crore, contributing 12% to revenues
  - Revenues from Rest of the World stood at Rs. 65 Crore, contributing 8% to the revenues
  - India revenues stood at Rs. 40 Crore, Contributing 5% to the revenues
- EBITDA of Rs. 252 Crore, with margins at 30.8%; aided by improvement in Specialty Pharmaceuticals - Injectables
- R&D spent during the quarter of Rs. 51 Crore – 6% to segment sales. R&D charged to P&L is Rs. 27 Crore – 3% to segment sales
- Ramp up of CMO business underway with strong order book of US$ 630 Million and addition of three new clients

Portfolio of R&D products – Filings and Approvals

The Company has a total of 936 filings across geographies including 857 filings in Dosage (Orals) and 79 filings in Injectables. Of this, 714 filings (642 Dosage (Orals) and 72 Injectables) have been approved while 222 filings (215 Dosage (Orals) and 7 Injectables) are pending approval.

1. **Portfolio of Generics – Filings and Approvals**
    1. Dosage (Orals)
        1. Filed 84 ANDAs in the US
            1. 53 ANDAs have been approved and 31 ANDAs are pending approval
            2. Filed 2 ANDAs in Q1 FY 18
        2. Made 773 filings in ROW markets including Canada, Europe and Japan

1. 589 filings have been approved and 184 filings are pending approval

- In-licensing of two products in the US market

1. Injectables and Others
    1. Total 3 ANDAs filed and approvals for 2 have been received

1. **Portfolio of Radiopharmaceuticals Injectables – Filings and Approvals**
    1. Filing status as on June 30, 2017:
        1. 7 approved registrations and 2 pending approvals in the US
        2. 13 registrations in Canada which are all approved

- 10 registrations in Europe of which are all approved

1. In ROW, we have a total of 44 registrations/licenses, of which 4 are pending for approval

1. There are 10 products under development, of which 2 are under review by the USFDA. We plan to file 2 products in FY18 and the remaining over the next 3 years

Life Science Ingredients Segment Review

Q1 FY18

- Revenues at Rs. 737 Crore; Contributes 46% to total company revenues; up 13% YoY
    - International markets share stood at Rs. 312 Crore, 42% of segment revenues, up 6% YoY
    - Revenues from Key Developed Markets stood at Rs. 204 Crore, contributing 28% to segment revenues
    - India business was at Rs. 425 Crore, up 20% YoY
- Revenue growth was led by Vitamins and Advance Intermediates
- Price increase of up to 15% announced for Vitamin B3
- EBITDA margins at 14.7%; EBITDA margins impacted due to increase in raw material input costs and changes in product mix offset by better pricing in Vitamins

Drug Discovery Solutions Segment Review

Q1 FY18

- Revenues at Rs. 41 Crore, Contributes 3% to total revenues
    - Revenues from North America stood at Rs. 30 Crore, contributing 72% to segment revenues
    - Europe and Japan business was at Rs. 10 Crore, contributing 25% to segment revenues
- Pipeline of Integrated Drug Discovery Projects, functional projects & FTE business continues to be strong

Outlook

We expect continued robust growth going forward, led by momentum in our Specialty Pharmaceuticals - Injectables and Life Science Ingredient business. In FY2018, improvement in revenues and profitability is expected

- Specialty Pharmaceuticals - Injectables
    - Existing business: Growth from existing product portfolio, new product launches, and ramp up of operations in CMO of Sterile Injectables and Allergy Therapy Products
    - Strategic acquisition: The integration of Triad acquisition is expected to give benefit of a niche Specialty injectable portfolio with additional revenues of about US$ 200 mn
- Generics: New product launches combined with benefit from capacity expansions
- Life Science Ingredients: Better demand, strong price environment, capacity expansion and launch of new products
- Drug Discovery Solutions: Addition of new customers and milestone revenues from existing and new out-licensing opportunities

Our endeavours to reduce debt and improve financial ratios will continue.