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Sun Pharma reports Q2FY19 results

*Q2 Gross Sales at Rs. 6,846 crores
Q2 Adjusted Net Profit at Rs. 996 crores*

Mumbai, November 13, 2018: Sun Pharmaceutical Industries Ltd. (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715) reported financials for the second quarter & first half ending September 30th, 2018.

Highlights of Q2FY19 consolidated financials

- Sales / Income from operations at Rs. 6,846 crores, growth of 4% over same quarter last year.
- India sales at Rs. 1,860 crores, de-growth of 16%.
- US finished dosage sales at US\$ 342 million up by 11% over Q2 last year.
- Emerging Markets sales at US\$ 195 million flat over Q2 last year.
- Rest of World sales at US\$ 108 million, de-growth of 2% over Q2 last year.
- R&D investments at Rs. 452 crores (6.6% of sales) compared to Rs. 511 crores (7.7% of sales) for Q2FY18.
- EBITDA at Rs. 1,440 crores, resulting EBITDA margin of 21%.
- Adjusted net profit for Q2FY19 was at Rs. 996 crores with resulting adjusted net profit margin at 14.5%. After accounting for the provision of Rs. 1,214 crores for the estimated settlement amount payable to all the remaining plaintiffs related to the Modafinil antitrust litigation in the US, the net loss for the quarter was at Rs.219 crores.

Highlights of H1FY19 consolidated financials

- Sales / Income from operations at Rs. 13,985 crores, growth of 10% over same period last year.
- India sales at Rs. 4,012 crores, up by 1% over H1 last year.
- US finished dosage sales at US\$ 721 million up by 9% over H1 last year.
- Emerging Markets sales at US\$ 391 million up by 8% over H1 last year.
- Rest of World sales at US\$ 216 million, de-growth of 5% over H1 last year.
- EBITDA at Rs. 2,961 crores, resulting EBITDA margin of 21%.
- Adjusted net profit for H1FY19 was at Rs. 1,978 crores, up 38% over H1 last year, with resulting adjusted net profit margin of 14%. The reported net profit for the H1FY19 at Rs. 764 crores, was after providing an amount of Rs. 1,214 crores for the estimated settlement amount payable to all the remaining plaintiffs related to the Modafinil antitrust litigation in the US.

These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Dilip Shanghvi, Managing Director of the Company said, "Our soft Q2 performance is not a reflection of the underlying health of the overall business. We continue to focus on strengthening our core operations and enhancing our overall efficiencies. We are fairly positive on our performance for the rest of the year. We are excited with the successful launch of Ilumya in the US."

India Business – Market Leadership

Sale of branded formulations in India for Q2FY19 was Rs. 1,860 crores, down by 16% mainly due to a planned one-time inventory reduction in the supply chain coupled with a higher base of Q2 last year. The business accounted for 27% of total sales. For the first half, sales were at 4,012 crores, up by 1% over same period last year.

Sun Pharma is ranked No. 1 and holds approximately 8.3% market share in the over Rs. 126,000 crore Indian pharmaceutical market as per AIOCD AWACS September-2018 report. As per latest SMSRC report, Sun Pharma is ranked no. 1 based on share of prescriptions with 12 classes of doctors. For Q2FY19, the company launched 13 new products in the Indian market.

US Formulations

Sales in the US were US\$ 342 million for the quarter, a growth of 11% over same period last year and accounted for 35% of total sales. For first half sales were US\$ 721 million recording growth of 9% over same period last year.

At the same time, Taro posted Q2FY19 sales of US\$ 159 million, down 6% over Q2 last year. For the first half, sales were US\$ 314 million, down 5% over first half last year. Taro's net profit for Q2 was US\$ 63 million, up by 19% over Q2 last year. Net profit for H1FY19 was US\$ 130 million, up by 21% over first half last year.

Emerging Markets

Our sales in emerging markets were at US\$ 195 million for Q2; flat over same quarter last year and accounted for 20% of total sales. For the first half, sales were US\$ 391 million, up by 8% over first half last year.

Rest of World Markets

Formulation sales in Rest of World (ROW) markets excluding US and Emerging Markets were US\$ 108 million in Q2FY19, a de-growth of 2% from Q2 last year and accounting for approximately 11% of revenues. For the first half, sales were US\$ 216 million, down by 5% over first half last year.

Active Pharmaceutical Ingredients (API): Strategic strength

Our API business imparts benefits of vertical integration for our formulations business. We continue to increase the API supply for captive consumption for key products. For Q2FY19, external sales of API were at Rs. 426 crores, up by 10% over Q2 last year. For the first half, API sales were at Rs. 820 crores, up by 18% over first half last year.

Research – Investing for future

Consolidated R&D expense for Q2FY19 was Rs. 452 crores, or 6.6% of sales compared to Rs. 511 crores or 7.7% of sales for Q2 last year. For the first half, R&D expense was Rs. 952 crores, or 6.8% of sales.

We have a comprehensive product offering in the US market consisting of approved ANDAs for 432 products while filings for 134 ANDAs await US FDA approval, including 15 tentative approvals. For the quarter, 4 ANDAs were filed and 4 approvals were received. Additionally, the pipeline includes 48 approved NDAs while 6 NDAs await US FDA approval.

Disclaimer:

Statements in this "Document" describing the Company's objectives, projections, estimates, expectations, plans or predictions or industry conditions or events may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results, performance or achievements could differ materially from those expressed or implied.

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Earnings Call (06.30 pm IST, November 13, 2018)

The Company will host an earnings call at 06.30 pm IST on November 13, 2018, where senior management will discuss the Company's performance and answer questions from participants. This call will be accessible through an audio dial-in and a web-cast.

Audio conference

Participants can dial-in on the numbers below

Primary number: +91 22 6280 1278 / +91 22 7115 8179

Playback of call: +91 22 7194 5757 / +91 22 6663 5757, Conference ID: 37145

Web-cast

More details will be provided through our website, www.sunpharma.com

To participate in the audio call, please dial the numbers provided above five to ten minutes ahead of the scheduled start time. The operator will provide instructions on asking questions before the call. The transcript of the event will be available at www.sunpharma.com. The playback will be available for a few days.

About Sun Pharmaceutical Industries Ltd. (CIN - L24230GJ1993PLC019050):

Sun Pharma is the world's fourth largest specialty generic pharmaceutical company and India's top pharmaceutical company. A vertically integrated business, economies of scale and an extremely skilled team enable us to deliver quality products in a timely manner at affordable prices. It provides high-quality, affordable medicines trusted by customers and patients in over 150 countries across the world. Sun Pharma's global presence is supported by 42 manufacturing facilities spread across 6 continents, R&D centres across the globe and a multi-cultural workforce comprising over 50 nationalities. In India, the company enjoys leadership across 12 different classes of doctors with 27 brands featuring amongst top 300 pharmaceutical brands in India. Its footprint across emerging markets covers over 100 markets and 6 markets in Western Europe. Its Global Consumer Healthcare business is ranked amongst Top 10 across 3 global markets. Its API business footprint is strengthened through 14 world class API manufacturing facilities across the globe. Sun Pharma fosters excellence through innovation supported by strong R&D capabilities comprising about 2,000 scientists and R&D investments of approximately 8% of annual revenues. For further information, please visit www.sunpharma.com & follow us on Twitter @SunPharma_Live

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