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Sun Pharma reports Q2FY21 results

*Q2 Gross Sales at Rs. 8,459 crores up 6% YoY
Q2 Adjusted Net Profit at Rs. 1,590 crores up 49% YoY*

Mumbai, November 03, 2020: Sun Pharmaceutical Industries Limited (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715) reported financials for the 2nd quarter & first half ending September 30th, 2020.

Highlights of Q2FY21 consolidated financials

- Consolidated sales from operations at Rs. 8,459 crores, growth of 6% over Q2 last year and up by 13% over Q1FY21.
- India sales at Rs. 2,531 crores, growth of 1% over Q2 last year and up by 6% over Q1FY21
- US finished dosage sales at US\$ 335 million, flat over Q2 last year and up by 19% compared to Q1FY21
- Emerging Markets sales at US\$ 210 million, up by 4.5% over Q2 last year and up by 21% over Q1FY21
- Rest of World sales at US\$ 178 million, growth of 10% over Q2 last year and up by 31% compared to Q1FY21
- R&D investments at Rs. 613 crores (7.2% of sales) compared to Rs. 488 crores (6.1% of sales) for Q2FY20 and Rs. 421 crores (5.6% of sales) for Q1FY21
- EBITDA at Rs. 2,099 crores, up by 30% over Q2 last year, with resulting EBITDA margin of 24.8%. Sequentially, EBITDA was up 22% with EBITDA margin improvement of 170bps and was driven by gradual recovery in overall business coupled with control on expenses, despite higher R&D spending and forex losses.
- Adjusted net profit for Q2 was Rs. 1,590 crores, up by 49% over Q2 last year, with resulting net profit margin of 18.8%. Compared to Q1FY21 adjusted net profit was up 39%. Reported net profit for Q2FY21 was at Rs. 1,813 crores, up by 70% over Q2 last year.

Highlights of H1FY21 consolidated financials

- Consolidated sales from operations at Rs. 15,926 crores, decline of 1.7% over same period last year.
- India sales at Rs. 4,920 crores, up by 2% over H1 last year.
- US finished dosage sales at US\$ 617 million down by 19.2% over H1 last year. Sales for H1 last year included a one-time contribution from the special business in US and hence the numbers are not strictly comparable.
- Emerging Markets sales at US\$ 383 million down by 3% over H1 last year.
- Rest of World sales at US\$ 314 million, down by 4.5% over H1 last year.
- EBITDA at Rs. 3,824 crores up by 9.4% over H1 last year, with resulting EBITDA margin of 24%.
- Excluding the exceptional items, adjusted net profit for H1FY21 was at Rs. 2,736 crores, up 12% YoY, with resulting net profit margin at 17.2%. Reported net profit for H1FY21 was at Rs. 157 crores.

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

Dilip Shanghvi, Managing Director of the Company said, "Our Q2 performance reflects our focus on business improvement which has enabled a gradual recovery in all our businesses compared to Q1, despite market conditions that have not fully normalized. Sales of our specialty products have improved sequentially with Ilumya and Cequa reaching pre-Covid levels. We continue to focus on growing our topline, gaining market share, cost control and business continuity. We also continue to serve our patients and customers while ensuring safety of our employees."

Debt Repayment

The company has repaid debt of over US\$ 300 million in H1FY21 compared to the debt as of March 31, 2020.

Sun Pharmaceutical Industries Limited

SUN HOUSE, CTS No. 201 B/1,
Western Express Highway, Goregaon (E),
Mumbai 400063, India
Tel.: (91-22) 4324 4324 Fax.: (91-22) 4324 4343
CIN: L24230GJ1993PLC019050
www.sunpharma.com



India Business – Market Leadership

Sale of branded formulations in India for Q2FY21 was Rs. 2,531 crores, up by 1% over Q2 last year and up by 6% over Q1FY21, accounting for 30% of total sales. For the first half, sales were at 4,920 crores, up by 2% over same period last year.

Sun Pharma is ranked No. 1 and holds approximately 8.1% market share in the over Rs. 142,000 crore Indian pharmaceutical market as per AIOCD AWACS MAT September-2020 report. For Q2FY21, the company launched 22 new products in the Indian market.

US Formulations (including Taro)

Sales in the US were US\$ 335 million, flat over Q2 last year and up by 19% compared to Q1FY21, accounting for about 30% of total consolidated sales. For first half sales were US\$ 617 million recording a de-growth of 19.2% over same period last year. Sales for H1 last year included a one-time contribution from the special business in US and hence the H1 numbers are not strictly comparable.

Taro Performance

Taro posted Q2FY21 sales of US\$ 143 million, down 11.2% over Q2 last year and up by 21% over Q1FY21. Taro's net profit for Q2 was US\$ 45 million, down by 19.7% over Q2 last year, but was up by 55% compared to the adjusted net profit for Q1FY21. For the first half, sales were US\$ 261 million, down by 19.1% over first half last year. Excluding the one-time settlement charge of US\$ 478.9 million, adjusted net profit for H1FY21 was US\$74.2 million compared to US\$ 122 million in H1FY20. Taro's reported net loss for H1FY21 was US\$ 390 million.

Emerging Markets

Our sales in Emerging Markets were at US\$ 210 million for Q2, a growth of 4.5% over Q2 last year and up by 21% over Q1FY21. Overall sales in Emerging Markets accounted for about 18% of total consolidated sales for the quarter. For the first half, sales were US\$ 383 million, down by 3% over first half last year.

Rest of World Markets

Formulation sales in Rest of World (ROW) markets, excluding US and Emerging Markets, were US\$ 178 million in Q2FY21, up by 10% over Q2 last year and up by 31% compared to Q1FY21, accounting for approximately 16% of total consolidated sales. For the first half, sales were US\$ 314 million, down by 4.5% over first half last year.

Active Pharmaceutical Ingredients (API): Strategic strength

In Q2FY21, external sales of API were at Rs. 510 crores, a growth of 9% over Q2 last year and lower by 8% compared to Q1FY21. For the first half, API sales were at Rs. 1,064 crores, up by 14% over first half last year. Our API business imparts benefits of vertical integration and continuity of supply chain for our formulations business. We continue to increase the API supply for captive consumption for key products.

Research – Investing for future

Consolidated R&D investment for Q2FY21 was Rs. 613 crores, or 7.2% of sales as compared to Rs. 488 crores (6.1% of sales) for Q2 last year. For the first half, R&D expense was Rs. 1,033 crores, or 6.5% of sales.

We have a comprehensive product offering in the US market consisting of approved ANDAs for 495 products while filings for 92 ANDAs await US FDA approval, including 20 tentative approvals. For the quarter, 1 ANDA was filed and 4 approvals were received. Additionally, the pipeline includes 55 approved NDAs while 6 NDAs await US FDA approval.

Update on AQCH – a phytopharmaceutical drug being tested for treatment of COVID-19

Based on the results from the Phase II clinical trial, Sun Pharma submitted an application for emergency use authorization (EUA) of AQCH to the Central Drugs Standard Control Organisation (CDSCO). The COVID-19 subject expert committee (SEC) deliberated on Sun Pharma's application and declined EUA for AQCH. Sun Pharma believes AQCH is effective and well tolerated in moderate Covid-19 patients, based on clinical study data, and has the potential to reduce the overall burden on the healthcare system. The Company is in the process of providing additional analysis and clarifications to the regulator based on the queries raised during its presentation to the SEC. Sun Pharma has been conducting Phase II clinical trial on AQCH since May 2020.

Sales and R&D

Particulars	Quarter ended			Half Year ended	
	30.09.2020	30.06.2020	30.09.2019	30.09.2020	30.09.2019
India Formulations	2,531.13	2,388.43	2,514.75	4,919.56	4,828.42
US Formulations	2,491.98	2,136.41	2,389.77	4,628.39	5,337.20
Emerging Market	1,558.78	1,316.06	1,411.69	2,874.84	2,760.26
ROW Formulations	1,321.95	1,029.97	1,137.09	2,351.92	2,296.22
Total Formulations	7,903.84	6,870.87	7,453.30	14,774.71	15,222.10
Bulk	510.44	553.74	468.12	1,064.18	929.30
Others	44.49	42.58	27.77	87.07	57.09
Total Sales	8,458.77	7,467.19	7,949.19	15,925.96	16,208.49
Total R&D Expenditure	612.73	420.60	488.12	1,033.33	910.45
Capital	15.27	5.41	8.16	20.68	23.83
Revenue	597.46	415.19	479.96	1,012.65	886.62
Exchange Rates : \$ 1 = Rs	74.37	75.86	70.41		

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. The Company undertakes no obligation to update or revise forward looking statements to reflect developments or circumstances that arise or to reflect the occurrence of unanticipated developments/circumstances after the date hereof.

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Earnings Call (06.30 pm IST, November 03, 2020)

The Company will host an earnings call at 06.30 pm IST on November 03, 2020, 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
Universal number: +91 22 5064 1325

*Pre-registration details
(to avoid wait time)* Click here [DiamondPassRegistration](#)

Playback of call: +91 22 71945757/ +91 22 66635757, Conference ID: 98421

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 Limited (CIN - L24230GJ1993PLC019050):

Sun Pharma is the world's fourth largest specialty generic pharmaceutical company and India's top pharmaceutical company. A vertically integrated business and a skilled team enables it to deliver high-quality products, trusted by customers and patients in over 100 countries across the world, at affordable prices. Its global presence is supported by manufacturing facilities spread across 6 continents and approved by multiple regulatory agencies, coupled with a multi-cultural workforce comprising over 50 nationalities. Sun Pharma fosters excellence through innovation supported by strong R&D capabilities across multiple R&D centers, with investments of approximately 6% of annual revenues in R&D. For further information, please visit www.sunpharma.com & follow us on Twitter @SunPharma_Live

Contacts

Investors:

Nimish Desai
Tel +91 22 4324 4324, Xtn 2778
Tel Direct +91 22 4324 2778
Mobile +91-98203 30182
E mail nimish.desai@sunpharma.com

Media:

Gaurav Chugh
Tel +91 22 4324 4324, Xtn 5373
Tel Direct +91 22 4324 5373
Mobile +91 98104 71414
E mail Gaurav.chugh@sunpharma.com