

**FOR IMMEDIATE RELEASE**

## **Sun Pharma reports Q2FY18 results**

*Q2 Gross Sales at Rs. 6,590 crores*

*Q2 Net Profit at Rs. 912 crores*

Mumbai, November 14, 2017: Sun Pharmaceutical Industries Ltd. (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715) reported financials for the second quarter & first half ending September 30<sup>th</sup>, 2017.

Sales and Net Profit for Q2FY18 and H1FY18 are not comparable with relevant periods of last year due to:

- US sales for Q2 and H1 last year includes the benefit of the 180-day exclusivity for Imatinib which expired in July-2016.
- Post the implementation of Goods and Service Tax (GST) with effect from 01-July-2017, India sales are now reported net of GST while sales in Q2 and H1 last year included excise duty which is now subsumed in GST.

### **Highlights of Q2FY18 consolidated financials**

- Sales / Income from operations at Rs. 6,590 crores, de-growth of 15% over same quarter last year.
- India sales at Rs. 2,221 crores, growth of 11% over Q2 last year.
- US finished dosage sales at US\$ 309 million down by 44% over Q2 last year.
- Emerging Markets sales at US\$ 196 million up by 16% over Q2 last year.
- Rest of World sales at US\$ 111 million, growth of 40% over Q2 last year.
- R&D investments at Rs. 511 crores (7.7% of sales) compared to Rs. 570 crores (7.4% of sales) for Q2FY17.
- EBITDA at Rs. 1,315 crores, resulting EBITDA margin of 20%.
- Net profit for the quarter at Rs. 912 crores, down 59% over Q2 last year, resulting net profit margin of 14%.

### **Highlights of H1FY18 consolidated financials**

- Sales / Income from operations at Rs. 12,757 crores, de-growth of 19% over same period last year.
- India sales at Rs. 3,982 crores, up by 3% over H1 last year.
- US finished dosage sales at US\$ 660 million down by 43% over H1 last year.
- Emerging Markets sales at US\$ 363 million up by 13% over H1 last year.
- Rest of World sales at US\$ 226 million, growth of 39% over H1 last year.
- EBITDA at Rs. 2,369 crores, resulting EBITDA margin of 18.6%.
- Net profit for the H1FY18 at Rs. 487 crores, was adversely impacted by settlements with certain plaintiffs related to the Modafinil antitrust litigation in the US, with the settlement amounting to Rs. 951 crores reported in Q1FY18. Excluding the Modafinil settlement, the adjusted net profit for H1FY18 was at Rs. 1,438 crores, down 66% over H1 last year, with resulting adjusted net profit margin of 11.3%.

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, "A challenging US generic pricing environment coupled with continued investments in building our global specialty business has impacted our Q2 performance. We expect our performance to gradually improve in the second half of this year. I would also like to welcome Mr. Vivek Chaand Sehgal who has joined us as an independent director as of today. Mr. Sehgal is a very successful entrepreneur and is the Chairman of Samvardhana Motherhood Group and Motherhood Sumi Systems Ltd. Under the leadership of Mr. Sehgal, Samvardhana Motherhood Group has evolved into a US\$ 9 billion leading full system solutions provider to the global automotive industry, starting with an initial equity capital of US\$ 17 in 1977. I believe that Sun Pharma will benefit from his experience and guidance."

## **India Business – Market Leadership**

Sale of branded formulations in India for Q2FY18 was Rs. 2,221 crores, up 11% and accounting for 34% of total sales. For the first half, sales were at 3,982 crores, up by 3% over same period last year. While there is a gradual recovery post the implementation of GST in India; the underlying growth remains robust.

Sun Pharma is ranked No. 1 and holds approximately 8.5% market share in the over Rs. 114,000 crore Indian pharmaceutical market as per September-2017 AIOCD-AWACS report. As per latest SMSRC report, Sun Pharma is ranked no. 1 based on share of prescriptions with 11 classes of doctors. For Q2FY18, the company launched 14 new products in the Indian market.

## **US Formulations**

Sales in the US were US\$ 309 million for the quarter, a de-growth of 44% over same period last year and accounted for 30% of total sales. For first half sales were US\$ 660 million recording de-growth of 43% over same period last year. Sales for first half last year included the benefit of generic Imatinib exclusivity which expired in July-2016. Besides Imatinib, the overall pricing pressure in the US generics market also impacted the YoY growth.

At the same time, Taro posted Q2 FY18 sales of US\$ 170 million, down 26% over Q2 last year. For the first half, sales were US\$ 331 million, down 28% over first half last year. Taro's net profit for Q2 was US\$ 52 million, down by 58% over Q2 last year. Net profit for H1FY18 was US\$ 107 million, down by 54% over first half last year.

## **Emerging Markets**

Our sales in emerging markets were at US\$ 196 million for Q2; a growth of 16% compared to the same quarter last year and accounted for 19% of total sales. For the first half, sales were US\$ 363 million, up by 13% over first half last year. While the growth was broad-based across various markets, it was partly boosted by the consolidation of the Biosintez acquisition in Russia.

## **Rest of World Markets**

Formulation sales in Rest of World (ROW) markets excluding US and Emerging Markets were US\$ 111 million in Q2FY18, a growth of 40% from Q2 last year and accounting for approximately 11% of revenues. For the first half, sales were US\$ 226 million, up by 39% over first half last year. The growth was partly boosted by the consolidation of revenues from the acquisition of 14 brands from Novartis in Japan.

## **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 Q2FY18, external sales of API were at Rs. 388 crores, up by 6% over Q2 last year. For the first half, API sales were at Rs. 697 crores, down by 17% over first half last year.

## **Research – Investing for future**

Consolidated R&D expense for Q2FY18 was Rs. 511 crores, or 7.7% of sales compared to Rs. 570 crores or 7.4% of sales for Q2 last year. For the first half, R&D expense was Rs. 1,033 crores, or 8.1% of sales. This R&D expenditure includes investments on account of funding the clinical development of our global specialty pipeline.

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We have a comprehensive product offering in the US market consisting of approved ANDAs for 422 products while filings for 136 ANDAs await US FDA approval, including 15 tentative approvals. For the quarter, 4 ANDAs were filed and 3 approvals were received. Additionally, the pipeline includes 37 approved NDAs while 4 NDAs await US FDA approval.

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**Earnings Call** (06.00 pm IST, November 14, 2017)

The Company will host an earnings call at 06.00 pm IST on November 14, 2017, 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 3960 0899  
Playback of call: +91 22 3065 2322, Conference ID: 42321

*Web-cast* More details will be provided through our website, [www.sunpharma.com](http://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](http://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 41 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 11 different classes of doctors with 30 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](http://www.sunpharma.com) & follow us on Twitter @SunPharma\_Live

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