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Sun Pharma reports Q4FY20 results

*Q4 Gross Sales at Rs. 8,078 crores
Q4 Adjusted Net Profit at Rs. 660 crores*

Mumbai, May 27, 2020: Sun Pharmaceutical Industries Ltd. (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715) reported financials for the fourth quarter & full year ending March 31st, 2020.

Highlights of Q4FY20 consolidated financials

- Sales / Income from operations at Rs. 8,078 crores, a growth of about 15% over same quarter last year.
- India sales at Rs. 2,365 crores for Q4FY20. Sales for same period last quarter include a one-time impact of approximately Rs. 1,085 crores related to the change in distribution for India business. Adjusted for this impact, India sales have grown 8% YoY for the quarter.
- US finished dosage sales at US\$ 375 million, decline of 15% over same quarter last year. Sales for Q4 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\$ 187 million, up by 8% over Q4 last year.
- Rest of World sales at US\$ 155 million, up by 1% over Q4 last year.
- R&D investments at Rs. 536 crores (6.6% of sales) compared to Rs. 567 crores for Q4FY19.
- EBITDA at Rs. 1,256 crores, with resulting EBITDA margin of 15.5%. Approximately 50% of the EBITDA margin decline versus Q3FY20 is due to the adverse impact of forex loss in Q4FY20.
- Adjusted net profit for quarter was at Rs. 660 crores excluding the impact of exceptional items of Rs. 260 crores. Reported net profit for Q4FY20 was at Rs. 400 crores.

Highlights of FY20 consolidated financials

- Sales / Income from operations at Rs. 32,325 crores, growth of about 13% over same period last year.
- India sales at Rs. 9,710 crores, up 32% YoY. Excluding the one-time impact mentioned above, the adjusted growth was 15% YoY.
- US finished dosage sales at US\$ 1,487 million, decline of 2% over same period last year.
- Emerging Markets sales at US\$ 776 million, up by 1% over same period last year.
- Rest of World sales at US\$ 638 million, growth of 29% over same period last year. This growth was partly driven by the full year consolidation of Pola Pharma acquisition in Japan.
- EBITDA at Rs. 6,477 crores up by 9% over same period last year, with resulting EBITDA margin of 20%.
- Excluding the exceptional items for both FY20 and FY19, net profit for FY20 was at Rs. 4,026 crores, up approximately 4% over FY19. Reported net profit for FY20 was at Rs. 3,765 crores.

These results were taken on record by the Board of Directors at a meeting held in Mumbai today. The Board has proposed a final dividend of Re. 1 per share for the full year FY20.

Dilip Shanghvi, Managing Director of the Company said, "I am happy to see that we are able to maintain business continuity in these challenging times, so that patients continue to get access to their much needed medications. We are also supporting various Governments in their efforts to combat Covid-19. In terms of business performance, we have done well and have started gaining market share in India. Our global specialty business has also gained reasonable traction with Ilumya recording approximately US\$ 94 million sales globally in the first full year of commercialization. Our endeavor will be to gain market share in each of our businesses by doing better, despite the near term uncertainties related to Covid-19."

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COVID-19 Risk Response

The Covid-19 pandemic has resulted in most countries imposing lockdowns on almost all economic activities, temporary bans on travel & transportation, restrictions on people-to-people physical contact and closure of business operations for most of the industries. The pharmaceutical sector, being a supplier of essential items, has been relatively better-off compared to most other industries.

Sun Pharma has promptly formed multiple Covid-19 Risk Response Teams under the guidance of senior management to tackle the challenges resulting from the pandemic. Following are some of key focus areas for Sun Pharma to ensure business continuity:

1. Employee protection - Keep workplace Covid-19 free, working remotely wherever feasible
2. Doctor & patient engagement – Focus on digital engagement with doctors, patients, healthcare providers
3. Supply chain protection - Keep plants operational with all safety protocols, ensure adequate stock levels at plants and timely delivery of stocks, enhance captive consumption, work closely with vendors to ensure continuity of supply chain
4. Support systems and infrastructure - Enable work-from-home and collaboration tools, strengthen security related controls, enable access for remotely operating vendors
5. Financial health – Focus on cash collections and debtor management, maintain adequate liquidity

Despite our proactive Covid risk response initiative, we do estimate some softening of sales in the near term due to the lockdown and stocking up by customers, although it is difficult to quantify the impact as of now. Our endeavour will be to ensure that we are least impacted.

India Business – Market Leadership

Sale of branded formulations in India for Q4FY20 was Rs. 2,365 crores, and accounted for about 29% of total consolidated sales. For full year FY20, sales were at 9,710 crores, accounting for about 30% of overall revenues. Adjusted for the one-time impact of approximately Rs. 1,085 crores related to the change in distribution for India business in Q4 last year, the India business has recorded a YoY growth of 8% for Q4 and 15% for full year FY20.

Sun Pharma is ranked No. 1 and holds approximately 8.2% market share in the over Rs. 143,000 crore Indian pharmaceutical market as per AIOCD AWACS MAT March-2020 report. The market share has improved to about 8.4% in Q4FY20.

US Formulations (including Taro)

Sales in the US were US\$ 375 million for the quarter, down by 15% over same period last year and accounted for about 34% of total consolidated sales. Sales for Q4 last year included a one-time contribution from the special business in US and hence the numbers are not strictly comparable. For full year FY20 sales were US\$ 1,487 million recording a marginal decline of 2% over same period last year.

Taro Performance

Taro posted Q4FY20 sales of US\$ 175 million, down 3% over Q4 last year. For the full year FY20, sales were US\$ 645 million, down by 4% over same period last year. Taro's net profit for Q4 was US\$ 54 million down by 7% over same period last year and for full year FY20 was US\$ 244 million, down by 13% over same period last year.

Emerging Markets

Our sales in emerging markets were at US\$ 187 million for Q4, a growth of 8% over same quarter last year. Overall sales in emerging markets accounted for about 17% of total consolidated sales for the quarter. For full year FY20, sales were US\$ 776 million, up by 1% over same period last year.

Rest of World Markets

Formulation sales in Rest of World (ROW) markets excluding US and Emerging Markets were US\$ 155 million in Q4FY20, up by 1% over Q4 last year and accounted for approximately 14% of total consolidated sales. For full year FY20, sales were US\$ 638 million, up by 29% over same period last year. This growth was partly driven by the full year consolidation of Pola Pharma acquisition in Japan.

Active Pharmaceutical Ingredients (API): Strategic strength

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. For Q4FY20, external sales of API were at Rs. 483 crores, flat over Q4 last year. For full year FY20, API sales were at Rs. 1,916 crores, up by about 11% over same period last year.

Research – Investing for future

Consolidated R&D investment for Q4FY20 was Rs. 536 crores, or 6.6% of sales as compared to Rs. 567 crores for Q4 last year. For full year FY20, R&D Investment was Rs. 1,974 crores, or 6.1% of sales.

We have a comprehensive product offering in the US market consisting of approved ANDAs for 483 products while filings for 98 ANDAs await US FDA approval, including 20 tentative approvals. For the quarter, 6 ANDAs were filed and 2 approvals were received. Additionally, the pipeline includes 55 approved NDAs await US FDA approval.

Sales and R&D

Particulars	Quarter ended			Year ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
India Formulations	2,364.80	2,516.99	1,101.32	9,710.21	7,348.30
US Formulations	2,712.88	2,492.42	3,123.83	10,542.50	10,671.31
Emerging Market	1,353.97	1,390.14	1,219.94	5,504.37	5,362.45
ROW Formulations	1,121.22	1,103.52	1,078.04	4,520.96	3,455.39
Total Formulations	7,552.87	7,503.07	6,523.13	30,278.04	26,837.45
Bulk	483.43	503.18	483.74	1,915.91	1,730.29
Others	41.73	32.40	37.39	131.22	118.54
Total Sales	8,078.03	8,038.65	7,044.26	32,325.17	28,686.28
Total R&D Expenditure	536.00	527.13	567.49	1,973.58	1,984.69
Capital	15.49	9.09	32.63	48.41	71.82
Revenue	520.51	518.04	534.86	1,925.17	1,912.87
Exchange Rates : US\$ 1 = ₹	72.42	71.26	70.54		

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Earnings Call (06.30 pm IST, May 27, 2020)

The Company will host an earnings call at 06.30 pm IST on May 27, 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
Primary number: +91 22 6280 1278 / +91 22 7115 8179
Playback of call: +91 22 7194 5757 / +91 22 6663 5757, Conference ID: 75224

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 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 7% of annual revenues in R&D. For further information, please visit www.sunpharma.com & follow us on Twitter @SunPharma_Live

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