

**FOR IMMEDIATE RELEASE**

## **Sun Pharma reports Q3FY18 results**

*Q3 Gross Sales at Rs. 6,598 crores  
Q3 Adjusted Net Profit at Rs. 878 crores*

Mumbai, February 14, 2018: Sun Pharmaceutical Industries Ltd. (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715) reported financials for the third quarter & nine month ending December 31<sup>st</sup>, 2017.

### **Highlights of Q3FY18 consolidated financials**

- Sales / Income from operations at Rs. 6,598 crores, de-growth of 14% over same quarter last year. The decline is primarily driven by the US business. All other businesses have grown for the quarter.
- India sales at Rs. 2,085 crores, growth of 6% over Q3 last year.
- US finished dosage sales at US\$ 328 million down by 35% over Q3 last year. The reduction is partly driven by the YoY decline in sales of generic Imatinib and Olmesartan authorized generics.
- Emerging Markets sales at US\$ 189 million up by 10% over Q3 last year.
- Rest of World sales at US\$ 120 million, growth of 6% over Q3 last year.
- R&D investments at Rs. 473 crores (7.2% of sales) compared to Rs. 613 crores (8% of sales) for Q3FY17.
- EBITDA at Rs. 1,398 crores, resulting EBITDA margin of 21.2%.
- Adjusted net profit for the quarter at Rs. 878 crores while reported net profit was at Rs. 365 crore. Reported net profit was adversely impacted by one-time deferred tax adjustment of Rs. 513 crores related to changes in US tax rates.

### **Highlights of 9mFY18 consolidated financials**

- Sales / Income from operations at Rs. 19,355 crores, de-growth of 17% over same period last year.
- India sales at Rs. 6,067 crores, up by 4% over 9 month period last year.
- US finished dosage sales at US\$ 988 million down 41% over 9 month last year. US sales for 9 month period last year included benefits of the 180-day exclusivity for generic Imatinib and Olmesartan authorized generics.
- Emerging Markets sales at US\$ 552 million up by 12% over 9 month last year.
- Rest of World sales at US\$ 346 million, growth of 25% over 9 month last year.
- EBITDA at Rs. 3,767 crores, resulting EBITDA margin of 19.5%.
- Net profit at Rs. 853 crores, was adversely impacted by a one-time deferred tax adjustment of Rs. 513 crores related to changes in US tax rates and 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 both these one-time impact, the adjusted net profit for 9m FY18 was at Rs. 2,316 crores.

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 Q3 performance reflects a gradual improvement in profitability over the first half of this year, despite a challenging US generic pricing environment. During the quarter, we took another step forward in enhancing our specialty business by reporting acceptance of NDA filing for OTX-101 by the US FDA. We will continue to evaluate opportunities in the specialty segment to further enhance this business."

### **India Business – Market Leadership**

Sale of branded formulations in India for Q3FY18 was Rs. 2,085 crores, up 6% and accounting for 32% of total sales. For the 9 month period, sales were at 6,067 crores, up by 4% over same period last year. Sales growth for

the quarter and nine month period is not strictly comparable to YoY periods due to GST implementation. 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. 116,000 crore Indian pharmaceutical market as per December-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. The ranking in the ophthalmology segment has improved to No. 1 compared to No. 2 previously. For Q3FY18, the company launched 16 new products in the Indian market.

### **US Formulations**

Sales in the US were US\$ 328 million for the quarter, a de-growth of 35% over same period last year and accounted for 32% of total sales. This decline was driven by the overall pricing pressure in the US generics market and the YoY reduction in sales of generic Imatinib and Olmesartan authorized generics. For the 9 month period, sales were US\$ 988 million recording a de-growth of 41% over same period last year. Sales for nine month 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 and lower authorized generic sales also impacted the YoY growth.

At the same time, Taro posted Q3 FY18 sales of US\$ 156 million, down 30% over Q3 last year. For the nine month, sales were US\$ 487 million, down 29% over nine month last year. Taro's net profit for Q3 was US\$ 18 million, down by 87% over Q3 last year. Net profit for 9m FY18 was US\$ 125 million, down by 67% over nine month last year. Taro's net profit for Q3FY18 and 9m FY18 includes a US\$38.0 million expense for the estimated impact of the re-measurement of Taro's estimated net deferred tax asset at December 31, 2017, as a result of the Tax Cuts and Jobs Act in the US.

### **Emerging Markets**

Our sales in emerging markets were at US\$ 189 million for Q3; a growth of 10% compared to the same quarter last year and accounted for 19% of total sales. For the nine month, sales were US\$ 552 million, up by 12% over nine month 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\$ 120 million in Q3FY18, a growth of 6% from Q3 last year and accounting for approximately 12% of revenues. For the nine month, sales were US\$ 346 million, up by 25% over nine month last year. The growth for 9m FY18 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 Q3FY18, external sales of API were at Rs. 370 crores, flat over Q3 last year. For the nine month, API sales were at Rs. 1,067 crores, down by 11% over nine month last year.

### **Research – Investing for future**

Consolidated R&D investments for Q3FY18 was Rs. 473 crores, or 7.2% of sales compared to Rs. 613 crores or 8% of sales for Q3 last year. For the nine month, R&D expense was Rs. 1,506 crores, or 7.8% 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 418 products while filings for 126 ANDAs await US FDA approval, including 14 tentative approvals. For the quarter, 4 ANDAs were filed and 5 approvals were received. The pipeline also includes 37 approved NDAs while 4 NDAs await US FDA approval.

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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.

**Earnings Call** (06.30 pm IST, February 14, 2018)

The Company will host an earnings call at 06.30 pm IST on February 14, 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 3960 0899  
*Playback of call:* +91 22 3065 2322, Conference ID: 56894

*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 fifth 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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