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Sun Pharma reports Q3FY19 results

*Q3 Gross Sales at Rs. 7,657 crores up 16%
Q3 Adjusted Net Profit at Rs. 1,242 crores up 49%*

Mumbai, February 12, 2019: Sun Pharmaceutical Industries Ltd. (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715) reported financials for the third quarter & nine month ending December 31st, 2018.

Highlights of Q3FY19 consolidated financials

- Sales / Income from operations at Rs. 7,657 crores, growth of 16% over same quarter last year.
- India sales at Rs. 2,235 crores, growth of 7%.
- US finished dosage sales at US\$ 362 million up by 10% over Q3 last year.
- Emerging Markets sales at US\$ 203 million, growth of 7% over Q3 last year.
- Rest of World sales at US\$ 125 million, growth of 4% over Q3 last year.
- R&D investments at Rs. 465 crores (6.1% of sales) compared to Rs. 473 crores (7.2% of sales) for Q3FY18.
- EBITDA at Rs. 2,069 crores grew by 48% with resulting EBITDA margin of 27%. Margins were partly driven by forex gains.
- Net profit for Q3FY19 was at Rs. 1,242 crores with resulting net profit margin at 16.2%. Net profit for Q3 last year was adversely impacted by one-time deferred tax adjustment of Rs. 513 crores related to changes in US tax rates. Adjusted for this, net profit growth for Q3FY19 was 49% YoY.

Highlights of 9m FY19 consolidated financials

- Sales / Income from operations at Rs. 21,642 crores, growth of 12% over same period last year.
- India sales at Rs. 6,247 crores, up by 3% over 9m last year.
- US finished dosage sales at US\$ 1,083 million up by 10% over 9 months last year.
- Emerging Markets sales at US\$ 594 million up by 8% over 9 months last year.
- Rest of World sales at US\$ 340 million, de-growth of 2% over 9 months last year.
- EBITDA at Rs. 5,031 crores, resulting EBITDA margin of 23%.
- Reported net profit for 9m FY19 was at Rs. 2,029 crores versus Rs. 753 crores for 9 months last year. Excluding the one-time impact of Modafinil antitrust litigation in the US and the deferred tax adjustment stated above, the adjusted net profit for 9m FY19 was at Rs. 3,244 crores, up by 46% YoY, with adjusted net profit margin at 15%.

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 focus on execution is reflected in the Q3 performance. We remain committed towards executing our global specialty strategy, strengthening our core operations and enhancing our overall efficiencies. The Ilumya launch in US has been well received by doctors. We recently commercialized Xelpros in the US and are preparing to launch Cequa in the coming months."

India Business – Market Leadership

Sale of branded formulations in India for Q3FY19 was Rs. 2,235 crores, up by 7% and accounting for 29% of total sales. For the nine month, sales were at 6,247 crores, up by 3% over same period last year.

Sun Pharma is ranked No. 1 and holds approximately 8.2% market share in the over Rs. 129,000 crore Indian pharmaceutical market as per AIOCD AWACS December-2018 report. For Q3FY19, the company launched 20 new products in the Indian market.

US Formulations

Sales in the US were US\$ 362 million for the quarter, a growth of 10% over same period last year and accounted for 34% of total sales. For nine month period, sales were US\$ 1,083 million recording a growth of 10% over same period last year.

At the same time, Taro posted Q3FY19 sales of US\$ 176 million, up 13% over Q3 last year. For the nine month, sales were US\$ 490 million, marginally up over nine-month last year. Taro's net profit for Q3 was US\$ 93 million while for the nine month period, it reported a net profit of US\$ 223 million.

Emerging Markets

Our sales in emerging markets were at US\$ 203 million for Q3; up 7% over same quarter last year and accounted for 19% of total sales. For the nine month, sales were US\$ 594 million, up by 8% over the nine-month period last year.

Rest of World Markets

Formulation sales in Rest of World (ROW) markets excluding US and Emerging Markets were US\$ 125 million in Q3FY19, a growth of 4% over Q3 last year and accounting for approximately 12% of revenues. For the nine month, sales were US\$ 340 million, down 2% over nine-month 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 Q3FY19, external sales of API were at Rs. 426 crores, up by 15% over Q3 last year. For the nine month, API sales were at Rs. 1,247 crores, up by 17% over nine-month last year.

Research – Investing for future

Consolidated R&D expense for Q3FY19 was Rs. 465 crores, or 6.1% of sales compared to Rs. 473 crores or 7.2% of sales for Q3 last year. For the nine month, R&D expense was Rs. 1,417 crores, or 6.5% of sales.

We have a comprehensive product offering in the US market consisting of approved ANDAs for 441 products while filings for 123 ANDAs await US FDA approval, including 15 tentative approvals. For the quarter, 5 ANDAs were filed and 10 approvals were received. Additionally, the pipeline includes 49 approved NDAs while 6 NDAs await US FDA approval.

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Earnings Call (06.30 pm IST, February 12, 2019)

The Company will host an earnings call at 06.30 pm IST on February 12, 2019, 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: 58575

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 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 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 10 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 & follow us on Twitter @SunPharma_Live

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