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PRESS RELEASE

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JUBILANT LIFE SCIENCES – Q2/H1 FY2017 RESULTS

JUBILANT REPORTS STRONG PROFITABILITY IN Q2'17
PAT AT Rs. 145 CRORE, UP 15% YOY
EBITDA AT Rs. 345 CRORE; EBITDA MARGINS INCREASE 236 BPS to 24.3%

The Board of Jubilant Life Sciences Limited, an integrated global pharmaceutical and life sciences company met today to approve financial results for the quarter and half-year ended September 30, 2016.

Commenting on the Company's performance, Mr. Shyam S Bhartia, Chairman and Mr. Hari S Bhartia, Co-Chairman & Managing Director, Jubilant Life Sciences said:

"We are pleased to share that the business has demonstrated continued strong profitability in an eventful quarter. We are excited about our Rubyfill approval by USFDA, which is expected to give a further boost to the revenues and profitability of the company along with the robust existing product base going forward. The proceeds from the successful issuance of Jubilant Pharma's US$300m unsecured high yield bond issue are being utilized to repay existing high-cost debt, leading to significant interest savings. We expect to deliver improved performance in the coming quarters, backed by new product launches in our Generics and Specialty businesses."

Q2 FY17 Highlights

- Consolidated revenue at Rs. 1,419 Crore
  - Pharmaceuticals revenue at Rs. 769 Crore, contributing 54% of the revenues, up 8% YoY
  - Life Science Ingredients revenue at Rs. 613 Crore, contributing 43% to the revenues; down 19% YoY
  - Drug Discovery Solutions revenue at Rs. 38 Crore, contributing 3% to the revenues, up 39% YoY
  - International revenues at Rs. 984 Crore, contributing 69% to the revenues
- EBITDA at Rs. 345 Crore, up 5% YoY; EBITDA margins at 24.3%, up from 22% in Q2'16
  - Pharmaceuticals segment EBITDA grew 14% to Rs. 256 Crore, with margins of 33.3%, up from 31.6% in Q2FY16; Contributes 72% to the company's EBITDA
  - Life Science Ingredients EBITDA at Rs. 102 Crore; margins at 16.7%, up from 14.5% in Q2'16
  - Drug Discovery Solutions EBITDA margins at (4)%, up from (6.5)% in Q2'16
- PAT at Rs. 145 Crore compared to Rs. 126 Crore in Q2 FY 16, up 15% YoY
- EPS of Rs. 9.29 in the quarter, up from 8.10 in Q2 FY 16
- Capital Expenditure of Rs. 71 Crore

- Net Debt reduction of Rs. 149 Crore
- Successful issuance of high yield bonds of US$ 300 Million with yield of 4.875% maturing in 2021 rated by Fitch and S&P at BB and BB- respectively. Bond proceeds are being used to repay existing high-cost debt resulting in savings of US$ 8.3 Million (Rs. 55.29 Crs) per annum.

H1 FY17 Highlights

- Consolidated revenue at Rs. 2,873 Crore
  - Pharmaceutical revenue at Rs. 1,524 Crore, up 8% YoY, contributing 53% to the revenues
  - LSI revenue at Rs. 1262 Crore, contributing 44% to the revenues
  - Drug Discovery Solutions revenue at Rs. 87 Crore, up 69% YoY, contributing 3% to the revenues
  - International revenues at Rs. 2,034 Crore, contributing 71% to the revenues
- EBITDA at Rs. 718 Crore, improving by 9% YoY with EBITDA margins at 25%, up from 22.1% in H1'16
  - Pharmaceuticals segment EBITDA grew 13% YoY to Rs. 512 Crore with margins at 33.6%, segment contributes 69% to total EBITDA
  - Life Science Ingredients EBITDA at Rs. 220 Crore; margins at 17.4%, up from 15.4% in H1'16
  - Drug Discovery Solutions EBITDA at Rs. 15 Crore; margins at 16.6%, up from (5)% in H1'16
- PAT at Rs. 306 Crore, up 19% YoY from 258 Crore in H1'16, with an EPS of Rs. 19.67
- Capital Expenditure of Rs. 113 Crore
- Net Debt reduction of Rs. 396 Crore

Pharmaceuticals Segment Highlights

Q2 FY17

- Revenues of Rs. 769 Crore, up 8% YoY
  - Specialty Pharmaceuticals (Sterile Products) revenues decline 5% YoY due to maintenance shutdown of CMO facility; contribute 49% to total segment sales
  - Generics revenues grew 25% YoY, led by strong growth in APIs and ROW business in Solid Dosage Formulations
  - USFDA approval received for Rubyfill 505(b)(2) filing with potential market size of US$ 250 Million by FY 21; Expected to be launched in Q3 FY17
  - Successfully completed USFDA inspection at CMO Spokane without any major observations
  - Received Australian approval for Lyophilized kit for the preparation of Tc 99m MAA Injection
- Region-wise Revenue break-up
  - Revenues from North America at Rs. 516 Crore, contributing 67% to the revenues
  - Revenues from Europe and Japan were at Rs. 106 Crore, up 10% YoY and contributing 14% to revenues
  - Revenues from Rest of the World stood at Rs. 85 crore, up 79% YoY and contributing 11% to the revenues
  - India Revenues grow 82% YoY to Rs. 63 Crore, contributing 8% to the revenues

- EBITDA of Rs. 256 Crore, growth of 14% YoY with margins at 33.3%, up from 31.6% in Q2 FY16; aided by improvement in Generics; Segment contributes to 72% of the company's EBITDA
- R&D spent during the quarter of Rs. 46 Crore – 6% to segment sales. R&D charged to P&L is Rs. 29 Crore

H1 FY17

- Pharmaceutical revenue at Rs. 1,524 Crore, up 8% YoY, contributing 53% to the revenues:
  - Specialty Pharmaceuticals (Sterile Products) revenues grow 4% YoY; contribute 51% to total Pharmaceuticals segment sales
  - Generics revenues grew 12% YoY, led by strong growth in APIs and ROW business in Solid Dosage Formulations
- Region-wise Revenue break-up
  - Revenues from North America were at Rs. 1,017 Crore, contributing 67% to the revenues
  - Revenues from Europe and Japan were at Rs. 225 Crore, higher by 33% YoY and contributing 15% to the revenues
  - Revenues from Rest of the World stood at Rs. 169 crore, up 56% YoY and contributing 11% to the revenues
  - India Revenues grow 49% YoY to Rs. 113 Crore, contributing 7% to the revenues
- EBITDA of Rs 512 cr, growth of 13% YoY with margins at 33.6%, up from 31.8% in H1 FY16; aided by improvement in Generics; Segment contributes to 69% of the company's EBITDA
- R&D spend during H1'17 is Rs. 100 Crore; 6.6% to segment sales. R&D charged to P&L is Rs. 60 Crore
- Received 5 approvals from USFDA including 2 in Dosage (Orals), 2 injectables and 1 in Radiopharmaceuticals

Portfolio of R&D products – Filings and Approvals

We have a total of 871 filings across geographies including 789 filings in Dosage (Orals) and 82 filings in Sterile products including JDI. Of this, 669 filings (596 Dosage (Orals) and 73 Sterile Products) have been approved while 202 filings (193 Dosage (Orals) and 9 Sterile Products) are pending approval.

I. Portfolio of Radiopharmaceuticals Sterile Products – Filings and Approvals
   a. USFDA approval received for Rubyfill; On track for expected launch in Q3 FY17
   b. Filing status as on September 30, 2016:
      i. 7 approved registrations and 2 pending approvals in the US
      ii. 14 registrations in Canada which are all approved
      iii. 12 registrations in Europe of which 2 are pending for approval
      iv. In ROW countries, we have a total of 44 registrations/licenses, of which 4 are pending for approval
   c. During the quarter, we made 1 filing and received 1 approval
   d. Orphan Drug I-131 MIBG – NDA filing in US
      i. Jubilant has received Orphan drug status with eligibility for accelerated approval
      ii. Indicated for treatment of paediatric Neuroblastoma, accounting for 6% of cancers in children

iii. Jubilant's MIBG has already been used for over a decade in USFDA approved expanded access trials and two academic consortiums – NANT (New Approaches to Neuroblastoma Therapy) and COG (Children Oncology Group)
iv. Enrolment for a 65 patient pivotal phase II trial is expected to start by H2 FY17; Agreement with USFDA for fast track approval post these trials
v. We expect approval in FY19

e. Exametazime – 505 (b) (2) filing in US
i. Approved for brain imaging; Can be utilized for SPECT or Planar Imaging of Infection
ii. Submission study report and analysis completed with robust data
iii. Filed under the 505 (b) (2) regulatory pathway in July 2016; Expect approval in H2 FY18

f. Further, we are working on 7 other products for the US market, and we plan to file at least one product in FY 17 and balance in coming years. These are expected to be very niche and differentiated products including some 505 (b) (2) filings.

II. Portfolio of Generics – Filings and Approvals
a. Dosage (Orals)
i. Filed 72 ANDAs in the US
1. 47 ANDAs have been approved and 25 ANDAs are pending approval
2. We plan to file about 10 ANDAs in FY17
ii. Made 717 filings in ROW markets including Canada, Europe and Japan
1. 549 filings have been approved and 168 filings are pending approval

b. Injectables and Others
i. Filed 3 products in the US, and approvals for 2 have been received

Life Science Ingredients Segment Review

Q2FY17

- Revenues at Rs. 613 Crore; Contributes 43% to total revenues
  - International markets share stood at 39% of total segment revenues
  - Revenues from Key Developed Markets stood at Rs. 174 Crore, contributing 28% to segment revenues; India business was at Rs. 371 Crore
- Revenues decline mainly due to lower input prices from lower crude prices resulting in decrease in prices of finished products and focus on some profitable markets
- Life Science Chemicals won a contract of US$ 10 Million from a major European customer
- Alpha Gamma plant commissioned; Launched Alpha Picoline and Gamma Picoline
- EBITDA margins at 16.7%, up from 14.5% in Q2 FY16; improvement in margins due to better performance in Life Science Chemicals and focus on profitable sales, cost-optimization initiatives and process efficiencies

H1 FY17

- Revenues at Rs. 1,262 Crore; Contribute 44% to total revenues
  - International markets share stood at 43% of total segment revenues

- Revenues from Key Developed Markets stood at Rs. 383 Crore, contributing 30% to revenues; India business was at Rs. 725 Crore

- Revenues decline mainly due to lower input prices from lower crude prices resulting in decrease in prices of finished products and focus on some profitable markets
- Witnessed robust growth in Fine Ingredients business
- EBITDA margins at 17.4%, up from 15.4% in H1'16; improvement in margins due to due to better performance in Life Science Chemicals and our focus on profitable sales, cost-optimization initiatives and process efficiencies

Drug Discovery Solutions Segment Review

Q2'17

- Revenues at Rs. 38 Crore, grew 39% YoY; Contributes 3% to total revenues
- EBITDA at Rs. (1) Crore, up from Rs. (2) Crore in Q2'16
- EBITDA margins at (4)%, up from (6.5)% in Q2'16
- In Proprietary Drug Discovery, the pipeline of novel products continues to remain very strong. We continue to evaluate further licensing opportunities of some of our existing pipeline
- Business contracts renewed with existing clients and several new clients on boarded across all regions
- Integrated Projects, GMP (Good Manufacturing Practice) Chemistry FTE, DMPK including Toxicology functional business gains traction; strong client interest witnessed

H1'17

- Revenues at Rs. 87 Crore, grow 69% YoY; Contributes 3% to total revenues
- EBITDA at Rs. 15 Crore, including out-licensing income of US$ 2 Million, up from Rs. (3) Crore in H1'16
- Out-licensing of family of patents covering compounds that inhibit BRD4, a member of the BET (Bromodomain and Extra Terminal) for cancer treatment
    - We have entered into exclusive out-licensing agreement with Checkpoint Therapeutics for Novel BET Inhibitors.
    - This includes upfront payment of US$ 2 Million and Contingent pre-clinical, clinical and regulatory payments including commercial milestones totaling up to US$ 180 Million.
    - Jubilant will receive research funding and royalty payments on successful commercialization of the compounds.
- The pipeline of novel products is very strong. We continue to evaluate further licensing opportunities of some of our existing pipeline and one of the asset is under due diligence
- Strategic investments in Drug Discovery ventures
    - Received upfront payment of US$ 4.6 Million in Q4'16 and contingent payment up to US$ 18 Million based on the achievement of certain pre-determined clinical and regulatory milestones from 10% interest as a limited partner in one of the venture funds specialized in seeding and investing in early stage drug discovery firms. These payments are on account of an acquisition by a large pharma company of one of their investee companies having assets in early stage clinical development

Outlook

In H2 FY2017, we are confident of improving our performance. In Pharmaceuticals segment, profitability is expected to be higher on account of new product launches in Generics and Specialty products, growth in ROW business and ramp-up of operations and new customer acquisitions in CMO of Sterile Injectables. Our focus will be on generating operating cash in Life Science Ingredients by retrofitting plants for better capacity utilization with new product introductions. In Drug Discovery Solutions, the focus will be on revenue growth aided by strong pipeline and onboarding of new customers. Our endeavours to reduce debt through operating cash flow and to improve key financial ratios will continue.

About Jubilant Life Sciences Limited

Jubilant Life Sciences Limited is an integrated global pharmaceutical and life sciences company engaged in Pharmaceuticals, Life Science Ingredients and Drug Discovery Solutions. The Pharmaceuticals segment, through its wholly owned subsidiary Jubilant Pharma Limited, is engaged in manufacture and supply of APIs, Solid Dosage Formulations, Radiopharmaceuticals, Allergy Therapy Products and Contract Manufacturing of Sterile and Non-sterile products through 6 USFDA approved manufacturing facilities in India, USA and Canada. The Life Science Ingredients segment, is engaged in Specialty Intermediates, Nutritional Products and Life Science Chemicals through 5 manufacturing facilities in India. The Drug Discovery Solutions segment, provides proprietary in-house innovation & collaborative research and partnership for out-licensing through 3 world class research centres in India and USA. Jubilant Life Sciences Limited has a team of around 6,600 multicultural people across the globe and is committed to deliver value to its customers across over 100 countries. The Company is well recognized as a 'Partner of Choice' by leading pharmaceuticals and life sciences companies globally. For more info: www.jubl.com.

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