

**FOR IMMEDIATE RELEASE**

## **Sun Pharma reports Q2 & H1 FY16 results**

*Net Sales Rs. 6,803 crores, Net Profit Rs. 1,107 crores*

Mumbai, November 07, 2015: Sun Pharmaceutical Industries Ltd. (Reuters: SUN.BO, Bloomberg: SUNP IN, NSE: SUNPHARMA, BSE: 524715, Sun Pharma) reported financials for the second quarter and first half ending September 30<sup>th</sup>, 2015.

### **Highlights of Q2FY16 consolidated financials**

- Net sales / Income from operations at Rs. 6,803 crores down 15% over same quarter last year.
- India sales at Rs. 1,819 crores
- US finished dosage sales at US\$ 510 million
- Emerging Markets sales at US\$ 140 million
- Rest of World sales at US\$ 76 million
- R&D investments at Rs. 498 crores, 7.3% of net sales
- EBITDA at Rs. 1,899 crores, resulting EBITDA margin of 28% compared to 38% for Q2 last year. The Company had benefitted significantly in Q2FY15 from the 180-day exclusivity on Valsartan tablets in the US resulting in a higher base.
- Net profit for the quarter was at Rs. 1,107 crores

### **Highlights of H1FY16 consolidated financials**

- Net sales / Income from operations at Rs. 13,329 crores down 7% over same period last year
- India sales in India at Rs. 3,602 crores
- US finished dosage sales at US\$ 998 million
- Emerging Markets sales at US\$ 273 million
- Rest of World sales at US\$ 167 million
- R&D investments at Rs. 1,009 crores, 7.6% of net sales
- EBITDA at Rs. 3,514 crores, resulting EBITDA margin of 26%. EBITDA for H1FY16 includes certain one-time charges related to restructuring and other write-offs. Excluding these one-time items, adjusted EBITDA margin was at 28% compared to 34% for H1 last year. The Company had benefitted significantly in Q2FY15 from the 180-day exclusivity on Valsartan tablets in the US resulting in a higher base.
- Other operating income for the first half FY16 includes the proceeds from brand divestments as mandated by various competition authorities pertaining to the Ranbaxy acquisition.
- Net profit for the first half FY16 was adversely impacted by the above mentioned one-time items as well as exceptional charges of Rs. 685 crores in Q1FY16. These exceptional charges relate to impairment of fixed assets and goodwill and other related costs and have arisen on account of integration and optimization measures. As a result, the net profit for the first half FY16 was at Rs. 1,586 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 performance for the quarter and first half FY16 has been impacted by lower sales growth, volatile currency movements and supply constraints. Nonetheless, we continue to invest significantly in enhancing our specialty and complex generics pipeline. Integration of Ranbaxy is progressing well and while some of the costs have been incurred, the benefits will be visible going forward. We also continue to evaluate opportunities to expand our global footprint."

## **India Business – Market Leadership**

Sale of branded formulations in India for Q2FY16 was Rs. 1,819 crores, up 1% from the corresponding quarter last year and accounting for 26% of total sales. Sales growth was adversely impacted due to conscious efforts to control overall inventory with the trade. In addition, sales in the acute segment were lower due to withdrawal of bonus offers and a relatively soft season for the acute segment. For the first half, sales were at Rs. 3,602 crores, higher by 6% over same period last year. Despite a muted growth in first line sales, growth in the second line sales for the quarter and the first half is 10% over corresponding periods of last year. Sun Pharma is ranked No. 1 and holds approximately 8.9% market share in the Rs. 93,000 crore pharmaceutical markets as per Sept-2015 AIOCD-AWACS report.

As per latest SMSRC report, Sun Pharma is ranked no. 1 based on share of prescriptions with 13 classes of doctors: psychiatrists, neurologists, cardiologists, ophthalmologists, orthopedicians, nephrologists, gastroenterologists, diabetologists, urologists, dermatologists, oncologists, chest physicians and consultant physicians. 7 products for quarter and 14 products for the first half were launched in the Indian market.

## **US Formulations**

Sales in the US were US\$ 510 million for the quarter, down by 28% over Q2 last year and accounted for 48% of total sales. For the first half, sales were US\$ 998 million recording a decline of 18%. Sales for the quarter were impacted primarily due to competitive pressure on some products and temporary supply constraints arising from remediation efforts at the Halol facility. The Company had benefitted significantly in Q2FY15 from the 180-day exclusivity on Valsartan tablets in the US resulting in a higher base.

Taro recently posted Q2 FY16 sales of US\$ 212 million. For the first half, sales were US\$ 427 million, up by 12% over first half last year. Taro's net profit for Q2 was US\$ 133 million. Net profit for H1FY16 was at US\$ 237 million, up by 25% over first half last year.

## **Emerging Markets**

Our sales in emerging markets were at US\$ 140 million for Q2, down by 16% from the corresponding quarter last year and accounted for 13% of total sales. For the first half, sales were US\$ 273 million, down by 16% over first half last year. The decline is the result of volatile currency movements in certain emerging markets and a strategic decision of not participating in low margin businesses.

## **Rest of World Markets**

Formulation sales in Rest of World (ROW) markets excluding US and Emerging Markets were US\$ 76 million in Q2 FY16, down 30% from the corresponding quarter last year. For the first half, sales were US\$ 167 million, down by 19% over first half last year. A conscious effort at reducing the participation in non-remunerative businesses has contributed to de-growth in the business. ROW markets accounted for approximately 7% of revenues for Q2 FY16.

## **Active Pharmaceutical Ingredients (API): Strategic strength**

The API business is of strategic importance to us due to benefits from vertical integration. We increased the API supply for captive consumption significantly for key products. As a result, for Q2FY16, external sales of API were at Rs. 315 crores, up by 13% over Q2 last year. For the first half, API sales were up by 21% to Rs. 586 crores.

On 31-August-2015, we closed the acquisition of GSK's Opiates business in Australia.

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## Research – Investing for future

Consolidated R&D expense for Q2 FY16 was Rs. 498 crores, or 7.3% of sales. For H1, R&D spend was Rs. 1,009 crores at 7.6% of sales. This includes significant investments on account of funding the clinical development of MK-3222, the IL-23 monoclonal anti-body in-licensed from MSD (US).

Our comprehensive product offering in the US market consist of with approved ANDAs for 445 products while filings for 154 products await US FDA approval, including 12 tentative approvals. For the second quarter, 4 approvals were received. In the first half, ANDAs for 6 products were filed and 8 approvals were received.

## Earnings Call (06.30 pm IST, November 07, 2015)

The Company will host an earnings call at 06.30 pm IST on November 07, 2015, 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  
Secondary number: +91 22 6746 8324

*Playback of call: +91 22 3065 2322 Conference ID: 61080*

*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 50 manufacturing facilities spread across 6 continents, R&D centres across the globe and a multi-cultural workforce comprising over 50 nationalities. The consolidated revenues for 12 months ending March 2015 are approximately US\$ 4.5 billion, of which US contributes US\$ 2.2 billion. In India, the company enjoys leadership across 13 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 4 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 over 7% 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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