Neuland Q3 FY19 income at Rs. 1,718.7 mn, up 40% YoY

Concludes another successful USFDA audit

Hyderabad, India, February 12, 2019 – Neuland Laboratories Limited (NLL) (NSE: NEULANDLAB; BSE-Scrip Code:524558), a pharmaceutical manufacturer providing active pharmaceutical ingredients (APIs), complex intermediates and custom manufacturing solutions services to customers located in around 80 countries, today announced financial results for the third quarter (Q3FY19) ended December 31, 2018.

Financial Highlights

Standalone Q3FY19 (Y-o-Y)

- Total Revenue was Rs. 1,718.7 mn as compared to Rs. 1,231.3 mn, reflecting an increase of 39.6%
- EBITDA stood at Rs. 162.5 mn as compared to Rs. 104.4 mn
- EBITDA Margin at 9.5% for Q3FY19 as against 8.5%
- Net profit stood at Rs. 46.0 mn for Q3FY19 as compared to Rs. 7.4 mn
- Basic EPS stood at Rs. 3.59 as against Rs. 0.66

Standalone Q3FY19 (Q-o-Q)

- Total Revenue was Rs. 1,718.7 mn as compared to Rs. 1,693.8 mn
- EBITDA stood at Rs. 162.5 mn as compared to Rs. 152.9 mn
- EBITDA Margin at 9.5% for Q3FY19 as against 9.0%
- Net profit stood at Rs. 46.0 mn for Q3 FY19 as compared to Rs. 44.0 mn
- Basic EPS stood at Rs. 3.59 as against Rs. 3.43

Standalone 9MFY19 (Y-o-Y)

- Total income was Rs. 4,963.3 mn as compared to Rs. 3,731.8 mn, an increase of 33%
- EBITDA stood at Rs. 416.3 mn as compared to Rs. 354.9 mn, up by 17.3%
- EBITDA Margin at 8.4% for 9MFY19 as against 9.5%
- Net profit stood at Rs. 94.1 mn for 9MFY19 as compared to Rs. 37.6 mn, an increase of 150.7%
- Basic EPS stood at Rs. 7.53 as against Rs. 3.37, an increase of 123.6%

Commenting on the performance Mr. Sucheth Davuluri, Vice-Chairman and Chief Executive Officer of the Company said *"We continue to build on the revenue growth we have seen in the first half of the year and see the momentum picking up in this quarter too. While the profitability margins haven't fully recovered from the impact of raw materials price increase, we believe we have bottomed out with respect to raw material prices." He also added "We are pleased to see that our continuous efforts to ensure Quality has been further validated by another successful USFDA audit"*

In addition, **Mr. Saharsh Davuluri, Joint Managing Director, Neuland Labs added** "*The GDS (Generic Drug Substances) business has been the primary driver of growth this year and we are happy with growth across products. While we have a reasonable contribution from the CMS business this quarter, it is still slightly below expectation. From a Sales perspective, we would consider this quarter as a baseline for future performance as we see increasing traction in the CMS business. We added 9 new projects this quarter, 4 of which are commercial stage Intermediates."*

He also said "We are in the process of scaling up an intermediate for backward integration at Unit-3 for one of our key products, which will be completed by Q4 FY19"

Business Performance

Operational Highlights

- Continued momentum in new CMS business with a number of new projects being added this quarter
- USFDA Audit for Unit-2 completed with no observations
- Filed USDMF for Apremilast, a PDE-4 inhibitor indicated for use in Psoriasis and Psoriatic Arthritis
- GDS Growth being driven by a number of products such as Dorzolamide and Levofloxacin

Business Saliency

- The operating revenues for the Q3FY19 account for 49% (60% for Q3FY18 and 67% for Q2FY19) from prime products, 34% (27% for Q3FY18 and 25% for Q2FY19) from niche APIs and 17% (13% for Q3FY18 and 8% for Q2FY19) from CMS business.
- From a project perspective, the Company derived CMS revenues from 13 projects (6 for Q3FY18 and 9 for Q2FY19) of which 4 are in commercial stage and remaining 9 being in the clinical stage.

CMS Pipeline Details

Q3 FY19	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	9	4	2	4	5	5	29
Intermediate	0	2	0	6	7	10	25
Grand Total	**9**	**6**	**2**	**10**	**12**	**15**	**54**

Q2 FY19	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	7	2	1	4	6	5	25
Intermediate	1	2		8	3	7	21
Grand Total	**8**	**4**	**1**	**12**	**9**	**12**	**46**

Q3 FY18	Pre-Clinical	P-1	P-2	P-3	Development	Commercial	Grand Total
API	7	2	4	4	6	5	28
Intermediate	1	1		7		5	14
Grand Total	**8**	**3**	**4**	**11**	**6**	**10**	**42**

Q3 FY19 Earnings Call

The company will conduct a one-hour Earnings call at **11:00 AM IST** on **Wednesday, February 13th, 2019** where the management will discuss the Company's performance and answer questions from participants. To participate in this conference call, please dial the numbers provided below ten minutes ahead of the scheduled start time. The dial-in numbers for this call are **+91 22 6280 1107 / +91 22 7115 8008**. Other numbers are listed in the conference call invite which is posted on our website. Please note that the transcript of the conference call will be uploaded on the company website in due course.

About Neuland Laboratories Limited

Neuland Labs is a leading pharmaceutical company engaged in the manufacturing of APIs through its cGMP manufacturing facilities, working with customers in over 80 countries. Neuland Labs has filed around 55 U.S. drug master files (USDMFs) and a total of around 675 Regulatory filings in the European Union (EU) and other jurisdictions. Its manufacturing facilities are inspected and approved by the U.S. FDA and other leading regulatory agencies. Its record of quality manufacturing and reliability is highlighted by cGMP certifications that include the U.S. FDA, TGA (Australia), EDQM (EU), German Health Authority, ANVISA (Brazil), EMA (EU), Cofepris (Mexico), KFDA (Korea), PMDA (Japan), Health Canada, CFDA (China), ISO 9001, ISO14001, OHSAS18001 and ISO 27001. For more information, visit www.NeulandLabs.com.

If you have any questions or require further information, please feel free to contact

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