Neuland Q3 FY17 income at 1,324 mn; up 8% YoY

CMS Business Scales up 4 new products

Hyderabad, India, February 10, 2017 - 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(Q3FY17) and nine months ended (9MFY17) ended December 31st, 2016.

Financial Highlights

Standalone 9MFY17 (Y/Y%)

- Total Operating income was 4,317.9 mn for 9MFY17 as compared to 3,749.3 mn in the 9MFY16, an increase of 15%
- EBITDA stood at 657.1 mn as compared to 605.6 mn during the same period in the previous year (9MFY16), up by 8%
- EBITDA Margin at 15% for 9MFY17 as against 16% in 9MFY16
- Net profit stood at 239.1 mn for 9MFY17 as compared to 197.8 mn in 9MFY16, an increase of 21%
- Basic EPS stood at 26.92 as against 22.27 in 9MFY16, an increase of 21%

Standalone Q3FY17 (Y/Y%)

- Total Operating income was 1,324.3 mn for Q3FY17 as compared to 1,230.3 mn in the corresponding period of the previous year reflecting an increase of 7.6%
- EBITDA stood at 155.1 mn as compared to 194.4 mn during the corresponding period of previous year
- EBITDA Margin at 11.7 % for Q3FY17 as against 15.8% in Q3FY16
- Net profit stood at 38.1 mn for Q3FY17 as compared to 62.8 mn in the corresponding period of the previous year
- Basic EPS stood at 4.30 as against 7.07 in the corresponding quarter of last fiscal

Commenting on the performance Mr. Sucheth Davuluri, Vice-Chairman and CEO of the Company said *"The performance this quarter was below our expectations. The revenue was largely affected on account of spill over of few shipments to the next quarter which was beyond our control. We believe this aberration in the performance is transitory and we expect to close the full year as per plan. The business continues to be robust and healthy in the long term"*

In addition, **Mr. Saharsh Davuluri, Joint Managing Director, Neuland Labs added** "*While the performance got affected due to temporary issues, one significant highlight of the quarter has been the robust pickup in the custom manufacturing business of the group. It contributed a significant 25% of revenues to the company.*"

Business Performance

Operational Highlights

- Scaled up three products for GDS business (Aripiprazole, Apixaban, Ticagrelor)
- Continued momentum in CMS business, as we scaled-up four new products in the plant and added new projects

Business Saliency

- The total operating revenues for the Q3FY17 account for 56% (57% for Q3FY16 and 53% for Q2FY17) from prime products, 19% (26% for Q3FY16 and 29% for Q2FY17) from niche APIs and the remaining 25% (16% for Q3FY16 and 19% from Q2FY17) from CMS business.
- From a project perspective, the Company derived CMS revenues from 12 projects (3 in Q3FY16 and 8 in Q2FY17) of which 9 are in commercial stage and remaining 3 being in the clinical stage

Update on Merger Scheme

The Company has received Observation Letters from the Stock Exchanges conveying their No Objection to file the draft Scheme, and is in the process of filing an application with the National Company Law Tribunal (NCLT), Hyderabad, for seeking direction.

Q3FY17 Earnings Call

The company will conduct a one hour Earnings call at **04:00 PM IST** on **Friday, February10th,2017**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 number for this call is **+91 22 3960 0644**. 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

For 32+ years, Neuland Labs has been at the forefront of manufacturing APIs through its cGMP manufacturing facilities, working with customers in around 80 countries. Neuland Labs has developed more than 300 processes and 75 APIs, and it has filed around 48 U.S. drug master files (DMFs) and a total of around 400 DMFs in the European Union (EU) and other countries. 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), 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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