



NAVIGATING THE NEXT WAVE

Morgan Stanley India Summit

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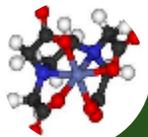
Q&A

Indian Pharma Evolution

India Pharma Industry Evolution

Indian Pharma Industry has evolved from almost being non-existent to one of the world's leading suppliers of generic drugs

1970



Wave 1:
Establishment of Domestic Pharma Industry with ROW Exports

2000

ANDA

Wave 2:
Dominated Developed Market Generics

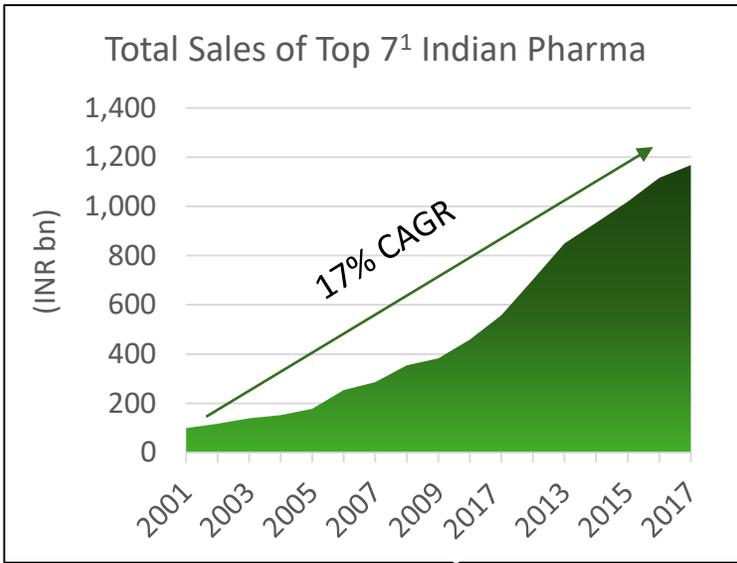
2016



Wave 3:
Build on Complex Generics, Biosimilars and Specialty

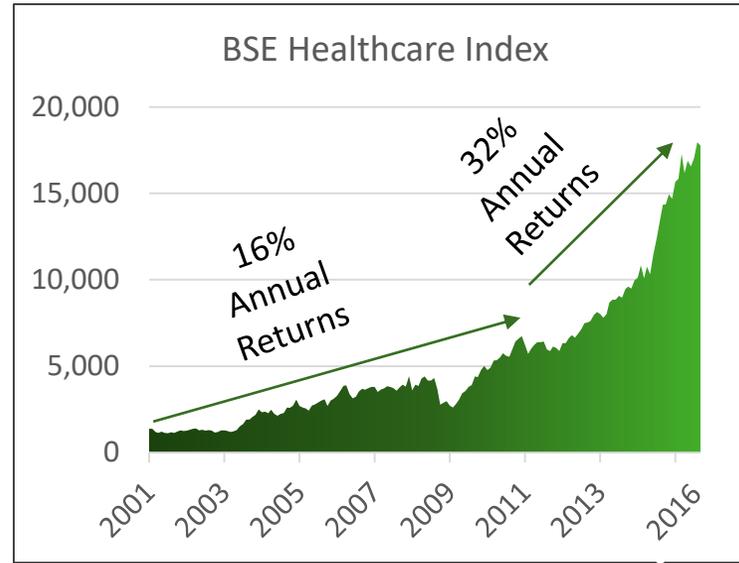
2001-2016: Golden age of India Pharma Industry

Sales mushroomed



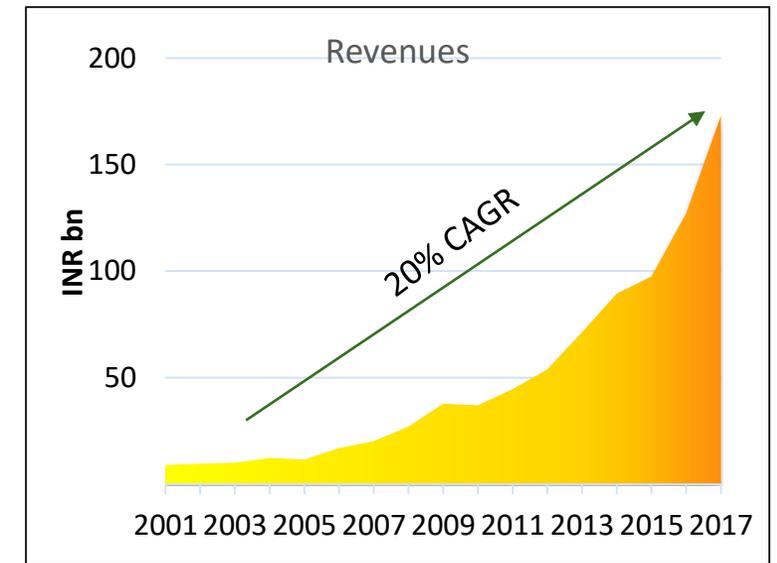
Industry grew at 17% during these 15 years

Valuations expanded



Returns doubled from 2010 to 2016

Lupin at the forefront



Lupin grew faster than market at 20% CAGR from FY'01 – FY'17

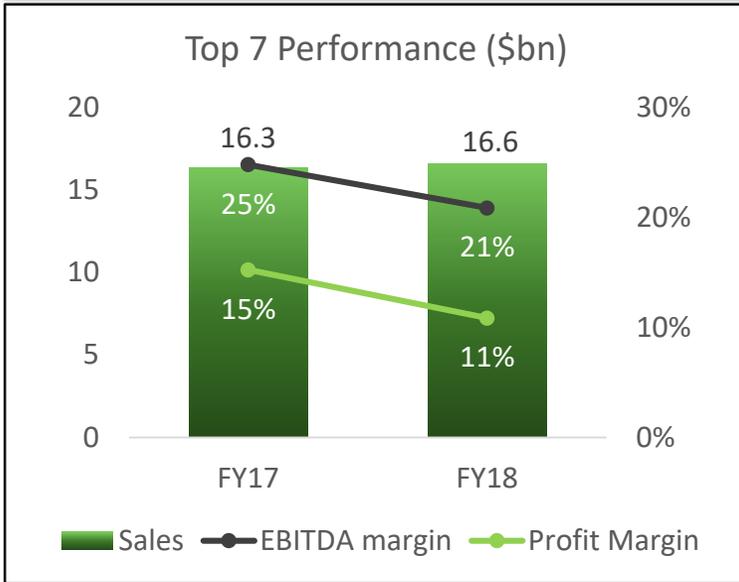
Pharma witnessed 17% CAGR and delivered 16-32% compounded returns
Once Lupin entered US, we spearheaded this growth wave

FY'18 was the toughest year for the Industry



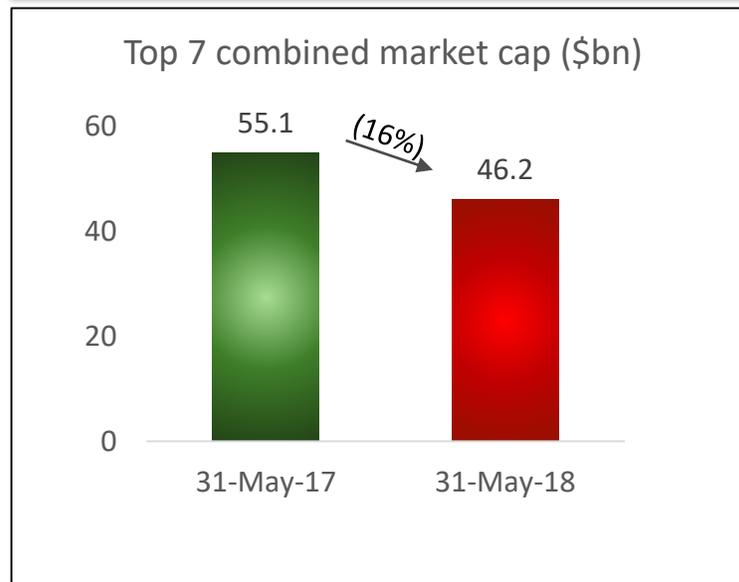
Sector witnessed muted revenue growth and margin pressures in FY'18

Operating margins contracted



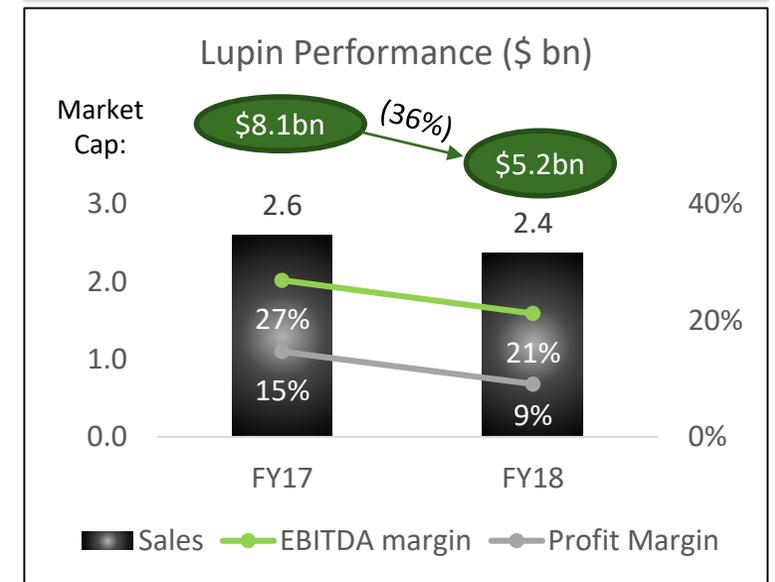
Sales were flat but overall margins declined in FY'18

Valuations declined



Sector valuations contracted by 16%

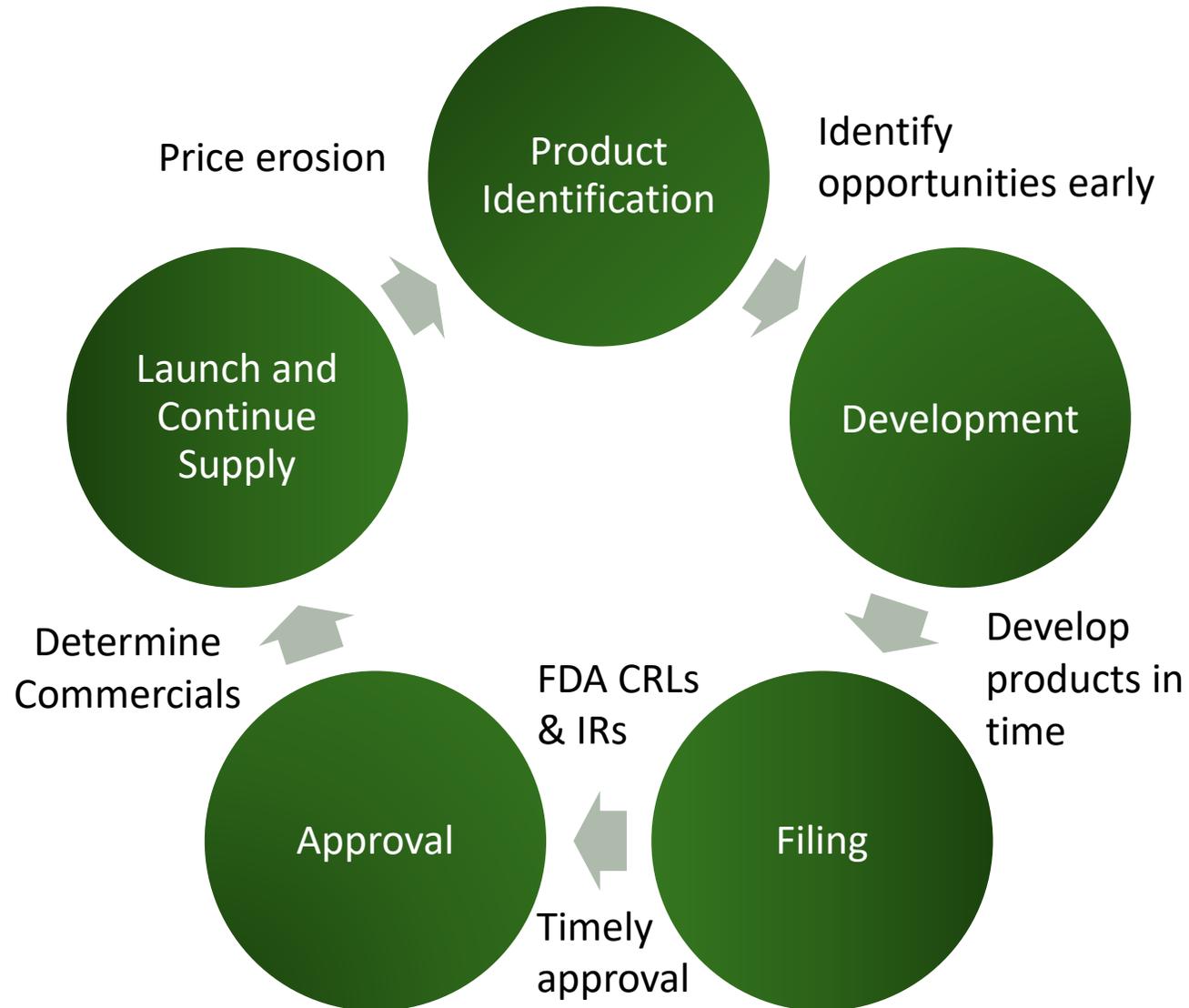
Lupin also under pressure



Lupin sales declined 10% but market cap and margin saw much higher decline

FY'18 has brought the outlook of the entire sector into question

Execution – Running on a Treadmill



Execution has become very challenging today as high # of uncertainties at each stage

Compliance is an additional challenge

With significant base, Indian companies now need significant new product launches each year just to maintain their position

The Old Model just does NOT work anymore

The Next Wave of Growth



Wave 3: Three Key Drivers of Growth

Complex Generics

- Indian companies have only 19% penetration in complex generics compared to 34% penetration in simple generics
- Big classes of Complex products are not genericized or are still semi-exclusive
- Exclusive and Para 4 opportunities will remain lucrative

Biosimilars

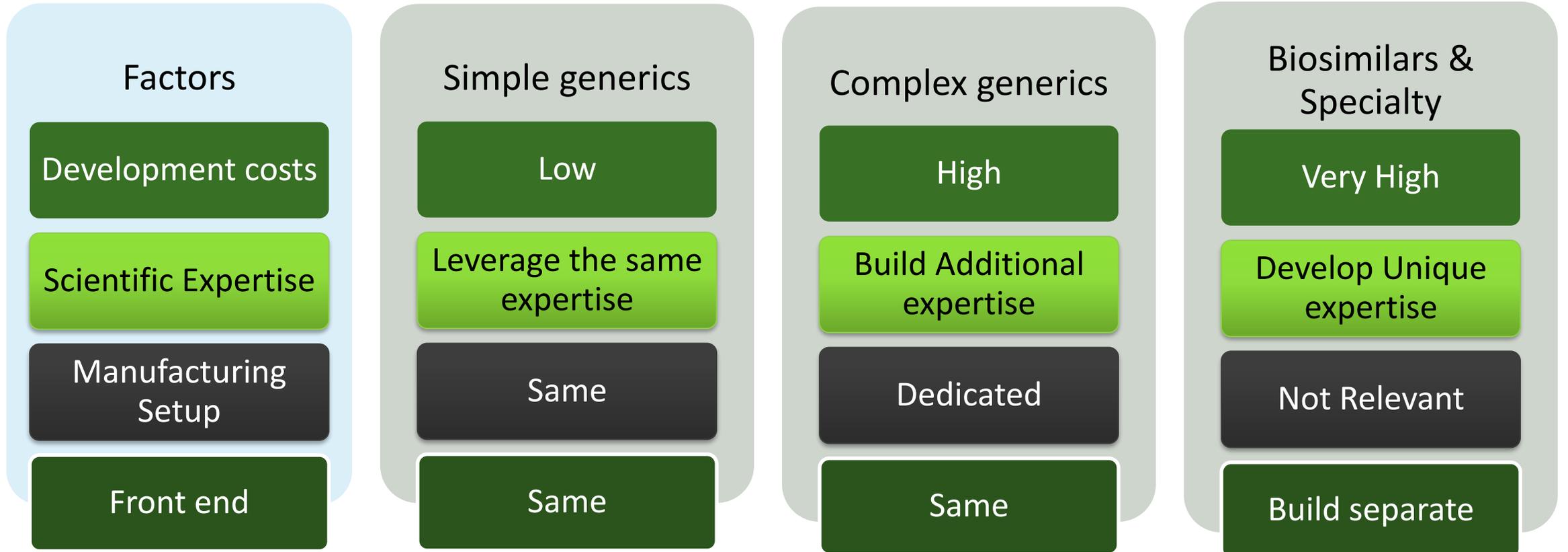
- Current biologics market worldwide is estimated to be ~\$240 bn
- Of this, biosimilars contribute only ~\$4-6 bn
- US and EU are opening up differently due to patent expiries
- Still considerable marketing / regulatory challenges in EU and US

Specialty / Branded

- Target areas which have unmet needs and provide clinical advantage
- Acquire opportunities which are in late stage of development
- Supplement with internal pipeline eventually
- Focus would be primarily US but also developed markets like Europe and Japan

India Pharma is at End of Wave 2

We are at the end of Wave 2 and Wave 3 is still to kick in
The Next 12 months are going to be challenging
We are investing for Wave 3 now but Returns will start only in next two years



Not so much about giving up the Old but embracing the New



Lupin's Strategic Vision

Our Strategic Vision: Well-Diversified Pharma business

Strong Foundation

Amongst the Top 10 generic companies in the World

Complex Generics Focus

Investing heavily in developing high barrier products

Specialty Focus

Committed to building a strong specialty business

Sustain and Grow

- Major revenue contributor currently
- Maximize on capability to maintain leadership in US Generics
- Continue growth in India and other emerging markets

Evolve portfolio

- Deliver on key complex generics, especially Inhalation and Injectables
- Continued filing of P4 and semi-exclusive generics
- Successfully file and commercialize biosimilars

Build

- Create a meaningful women's health franchise in US
- Neurology / CNS focus in other developed markets

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Global Generics Markets – Build on the Strong Foundation



Varying growth trends seen within the ~US\$ 300 bn global generics market

Developed markets exhibiting stronger growth in Specialty¹ except Japan where Gx penetration increased

Market	Generics		Specialty	
	US\$ bn	4 yr CAGR	US\$ bn	4 yr CAGR
US	68	2%	389	9%
EU5	42	(1%)	105	1%
Japan	8	9%	68	(4%)

We have built a solid foundation that we can build on Generics industry facing challenges and growth slowing

US Generics grew slower than Specialty

- Customer consolidation continues to limit bargaining power
- New generic entrants and ramp-up in approvals exert additional pressure
- However, customers now talking of supply continuity
- Industry leaders talking about unsustainability of price pressure

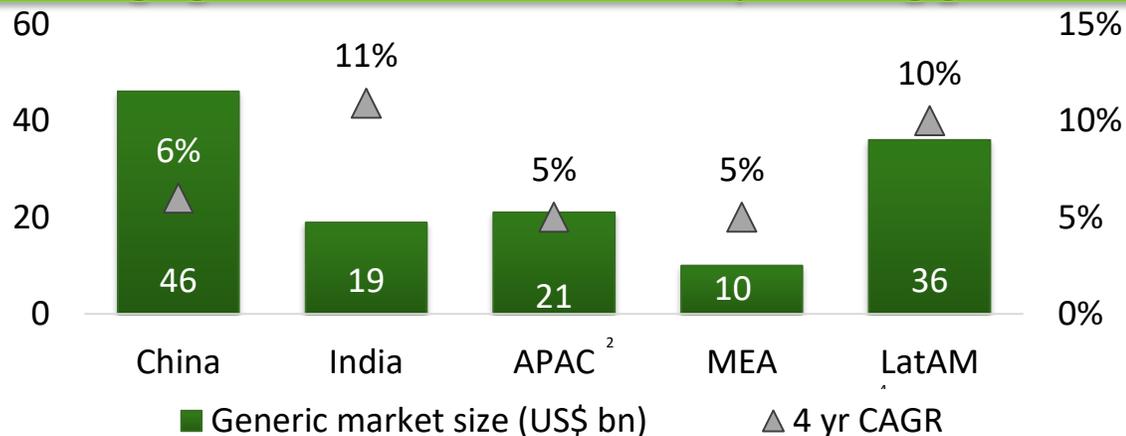
India

- Growing well at double digit rates
- Still underpenetrated and high growth potential

Other

- Emerging markets saw 10% CAGR driven by increasing penetration

Emerging markets continue to show promising growth¹



Despite challenges, US shall remain the biggest market, including the biggest Generic Market

Source:

1. IQVIA MAT DEC 2017; US and Japan Generics include only unbranded products; India includes total market; Rest of the markets include both non-original branded products and unbranded products

2. APAC – ex Japan/China/India

Lupin - Leadership in Global Generics



Globally

8th
largest generic company
(by sales¹)

3rd
largest Indian Pharma
(by global sales¹)

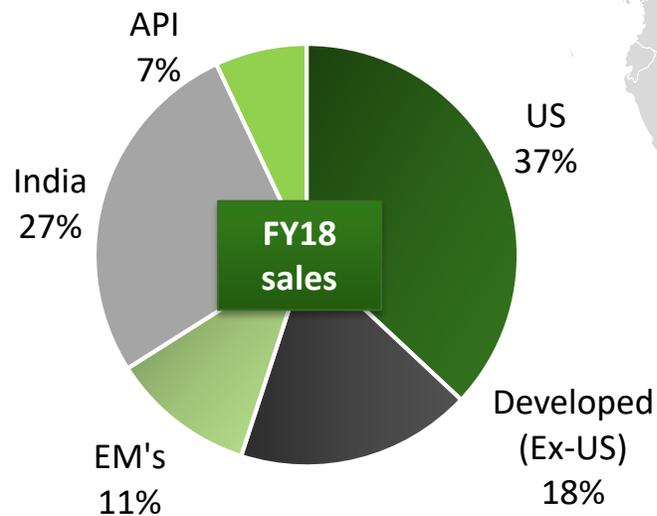
Major Markets

4th
largest US
(by prescriptions²)

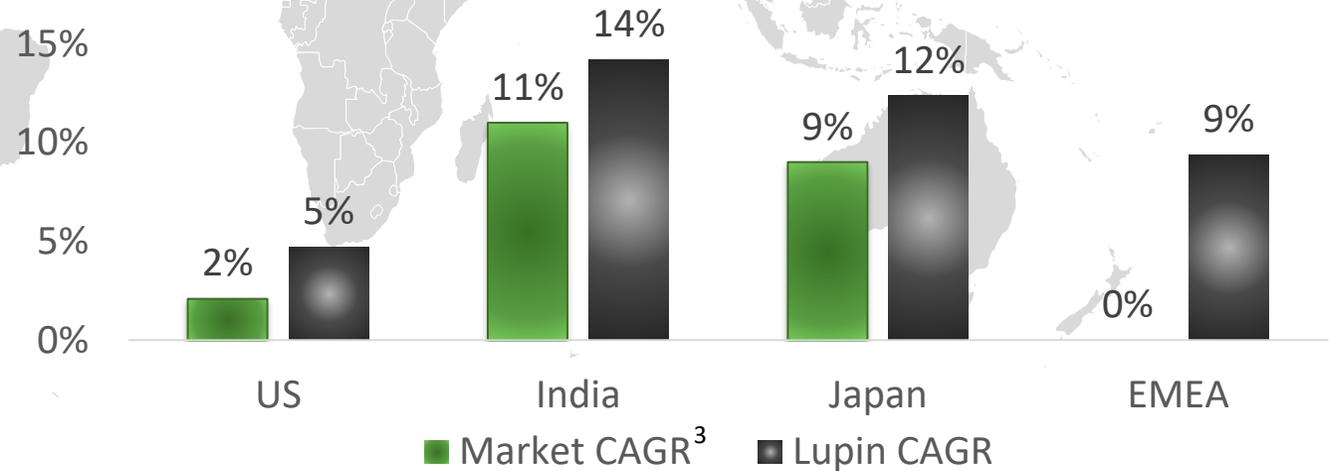
5th
India Pharma Market Rank²

6th
largest Japanese Gx²

Diversified geographical footprint and strong growth profile



4 yr. Market vs Lupin CAGR



Sources:

1. LTM sales available as of 31st Dec 2017

2. IQVIA MAT Mar-18 for respective markets

3. QVIA MAT Dec-17

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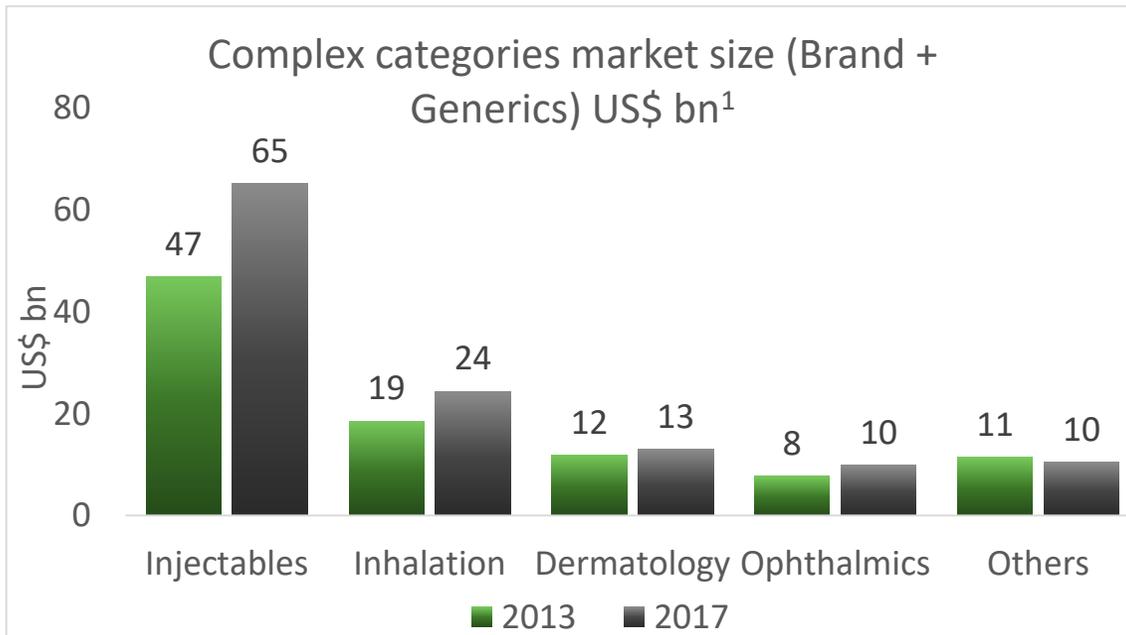
Complex Generics and Biosimilars Opportunity

Opportunities exist in products with barriers to entry

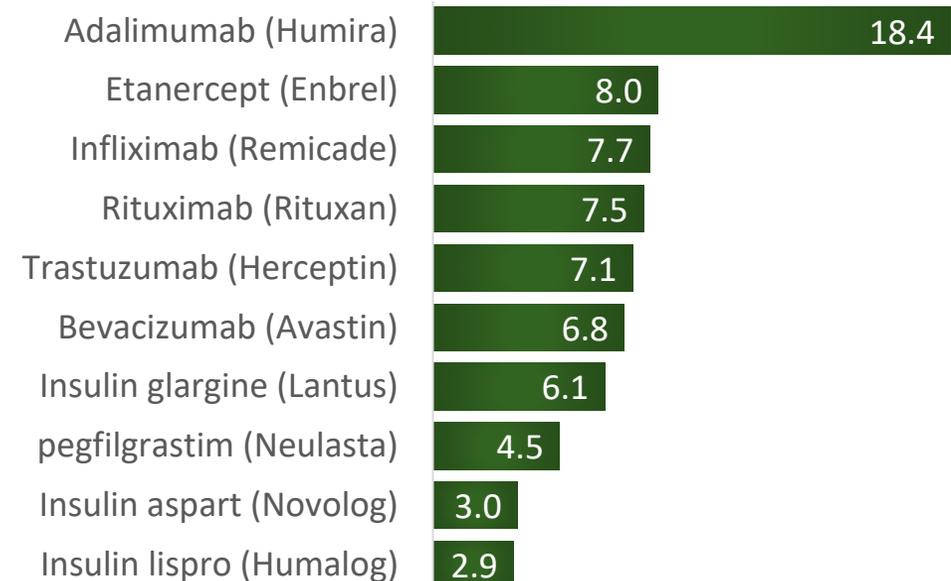
Potential exists in various categories like

- First to market / first to file opportunities
- Complex molecules and formulations in orals
- Complex dosage forms like injectables, inhalation, dermatology and ophthalmics

Global Biosimilars opportunity is evolving as biosimilars have seen good adoption in Europe and gaining adoption in US



2017 Sales US \$bn²



Source:
1. IQVIA MIDAS MAT Dec 2013 and Dec 2017; Injectables includes NFC starting with F,G and excludes large biologics (antibodies, TNF and insulin); Inhalation NFC code R; Derma NFC codes M; Ophthalmics NFC code N; Others include NFC codes H, I, J, K, P, Q, T

2. Reported sales

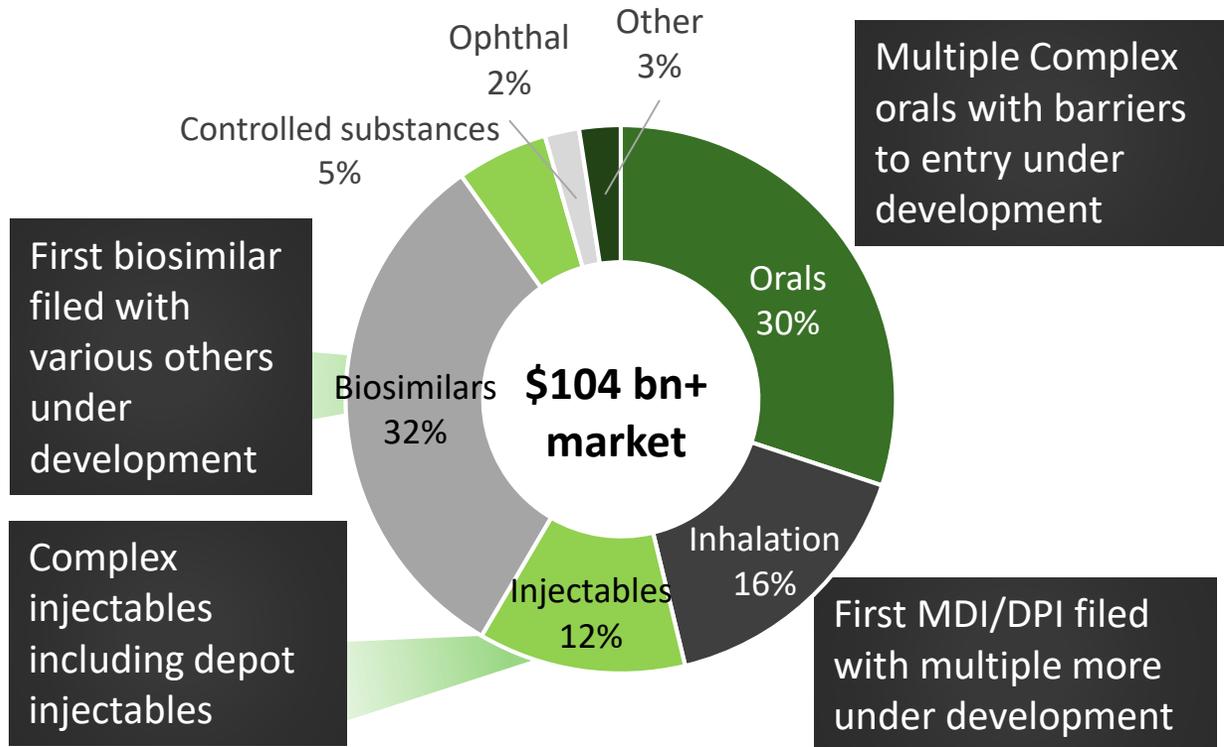
Lupin - Complex generics and Biosimilars Overview



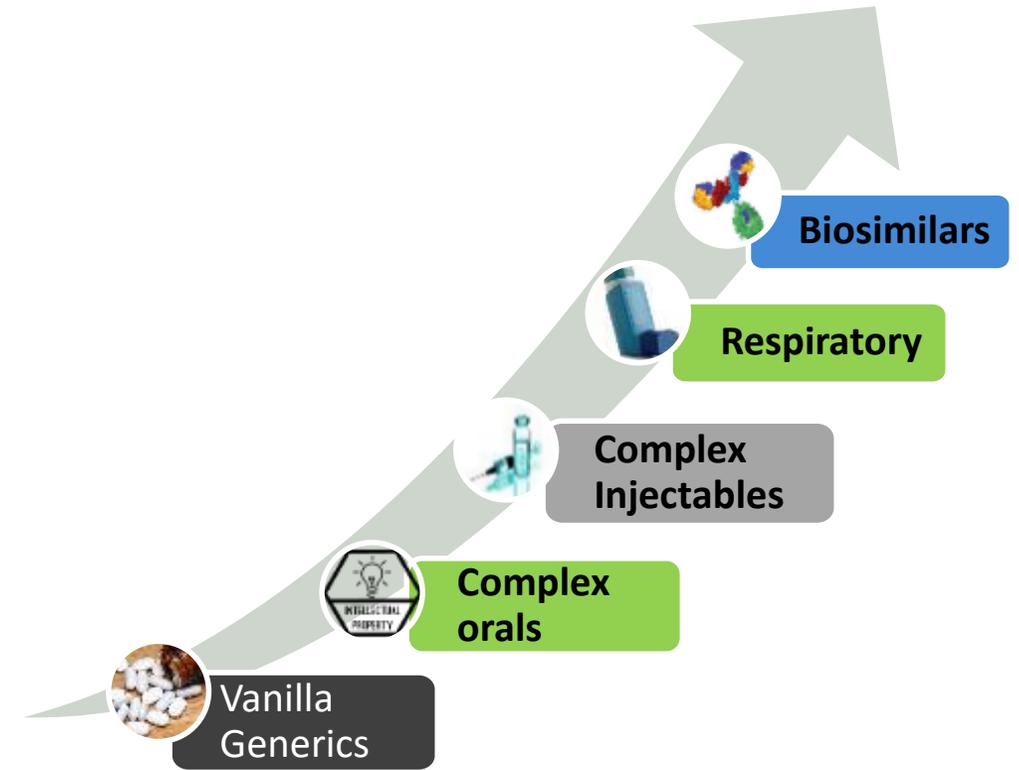
Accelerating investments towards complex generics and global biosimilars

- Prioritizing complex generics pipeline
- Products in development target US\$104 bn of which complex categories account for ~70%
- Inhalation, biosimilars first filings done

Pipeline under development - Market Size Split¹



Lupin Focus Shift



1. Sales: IQVIA MAT Jan 2018 / Company reported sales

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Specialty Focus

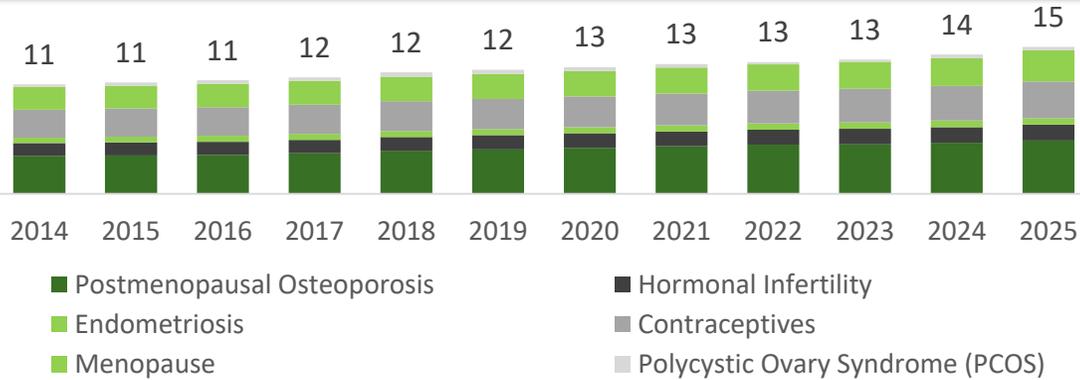
Committed to building a strong specialty business

Specialty: Women's Health and CNS



Women's health represents large market with areas of unmet needs

US Women's Health market by therapies²



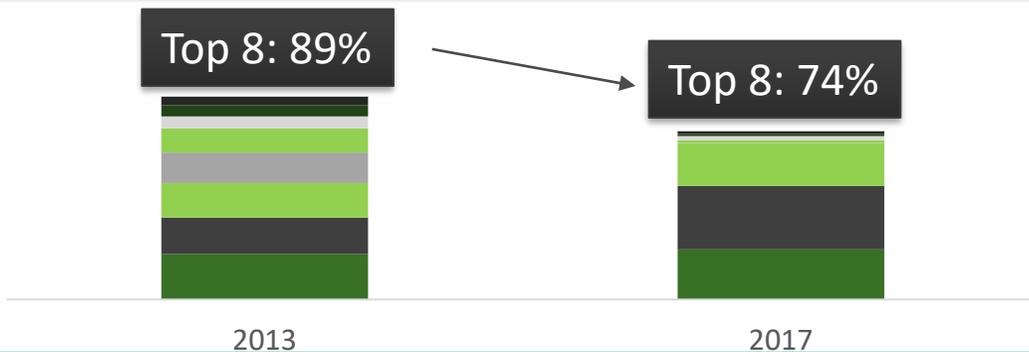
Commentary

Large market worldwide and growing steadily

- US market estimated at about ~US\$ 12 bn and growing
- Global market at US\$ 31- 35 bn now growing at single digit to as much as US\$ 45 - 50 bn by 2025

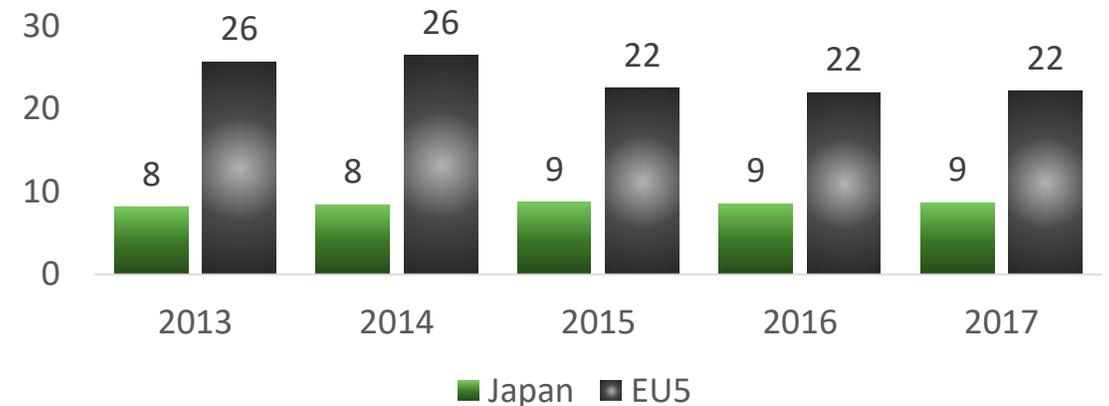
Market share of Branded players in WH¹

Big Pharma defocusing on this space Top 8 share declined from 89% to 74% in last 4 years



CNS

CNS market size EU5 + Japan (US\$ bn)



Sources:
1. IQVIA MAT Dec 17
2. Grand View Research 2025

Solosec: Opportunity and Launch Plan

Bacterial Vaginosis: Scope of the Problem

- Most prevalent US gynecological infection¹
- Prevalence: 29.2%
- 22 million US women aged 14-49¹
- High recurrence rate: 43% at 3 months, 58% at 12 months^{2,3}
- >4 million women treated annually⁴
- Large untreated population
- Significant impact to QOL⁵ and has serious health consequences⁶

Commercial

- 166 Field Sales Reps calling on WH Providers
- 70% of # of reps have WH experience (Average ~7 years)

R&D and Manufacturing

Lupin
capabilities



- Recently launched in the US
- First and only BV treatment designed to deliver a complete course of therapy in just one oral dose
- Designated as a Qualified Infectious Disease Product (QIDP) with 10 years of exclusivity



Medical

- Leadership: MDs with clinical practice experience and WH expertise
- MSLs focused on other medical activities

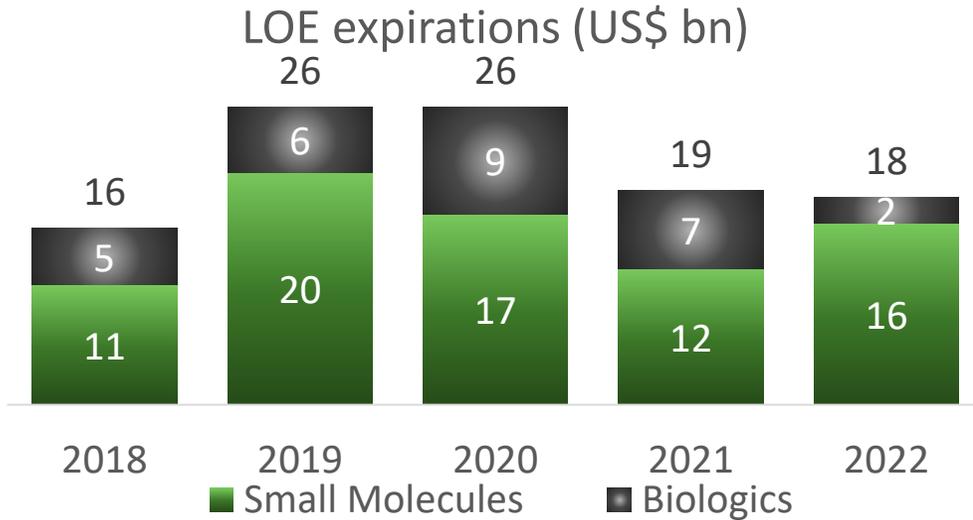
Business Development

1. KoumansEH, et al. *Sex TransmDis*.2007;34:864-9.
2.NagarajaP. *Indian J Med Microbiol*. 2008;26:155-157.
3.Ferris MJ et al. *BMC Infect Dis*. 2004;4:1-8

4. IQVIA LRx, Dx, 2014
5. BilardiJE et al. *PLoSOne*. 2013;8:1-11.
6. BrotmanRM et al. *JID*. 2010:1907-1915.

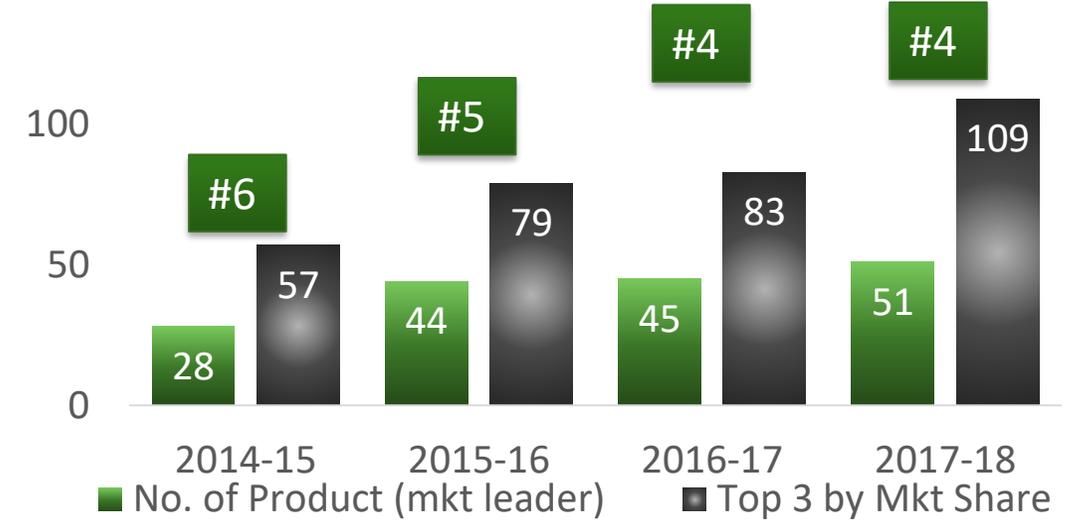
Emerging Regional Trends

US generics opportunity remains significant



- Small molecules still form 72% of exclusivity expirations (~US\$ 76 bn) over next 5 years
- Severe pricing pressure to subside as customers additionally factor in consistent supply rather than price alone

Lupin continues to consolidate its position

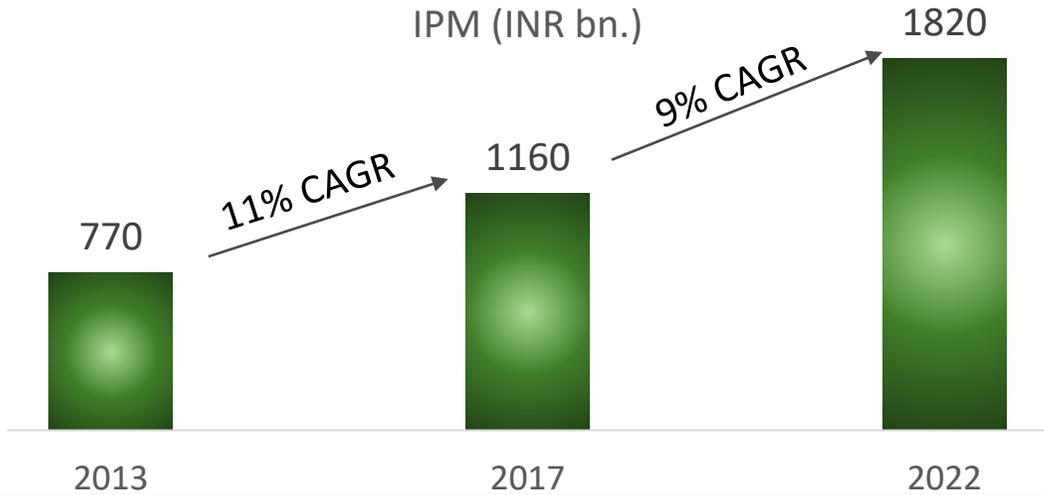


- Moved from #6 to #4 in US (Rx terms)
- Launched 23 products in FY18 with record 11 launches in Q4 FY18
- Lupin to continue to outpace market growth with monetization of complex generics - Inhalation and Injectables
- 36 FTF's incl. 15 exclusive awaiting approval

India – Outpacing Industry Growth



India market to witness 9% CAGR¹



- Affordability is expanding the market
- Increasing new patented drug launches and partnerships among Indian and innovator companies seen
- India is witnessing significant regulatory changes in-line with global trends
- Increasing awareness and trend of self-medication for common disease areas to expand OTC market

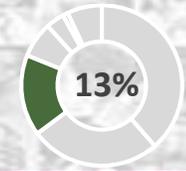
3 therapies have crossed INR 500 cr annual sales

Therapy	CAGR FY 14-18 ²		Lupin Rank ²	
	Market	Lupin	FY14	FY18
Acute	10	13	13	11
Chronic	13	22	6	4
Cardiac	11	15	3	3
Anti-diabetics	17	40	7	4
Respiratory	10	20	6	2
Gynaecology	9	26	16	9

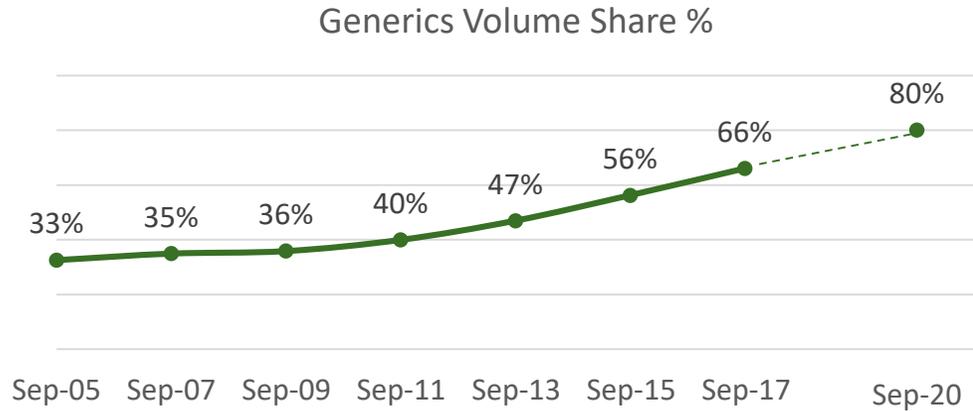
- Lupin continues to strengthen its position
- PCPM tracking at INR 6.3 lakhs per month in FY'18 (INR 5.6 lakhs per month in FY'17)
 - 8 brands enter top 300 in March 2018 as compared to 5 brands for FY'17
 - Rich in-licensed portfolio of 32 brands
 - Ranked #2 amongst new introductions in FY'18
 - Softovac OTC gaining market share amongst bulk laxatives; Launched Corcal OTC brand

Note:
 1. IQVIA MAT Mar'14 – Mar'18
 2. Calendar Years
 3. Adjusted for excise duty

Japan – Focus On Operational Efficiencies

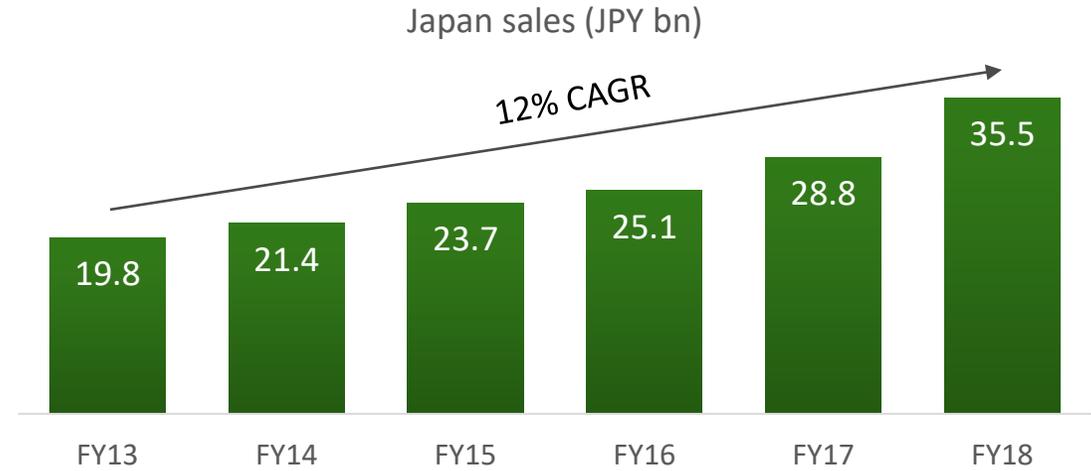


Generics Market expected to grow in volume as it reaches 80% penetration targeted by Government



- Generics’ market volume share has risen around 20% in the last three years alone
- New pricing rules, annual price declines and LLPs addition to pricing rules expected to result in 12-14% price cuts for major generics
- Discount pricing not sustainable now as resulting in low margins

Lupin’s Japan business witnessed 12% CAGR



- Lupin has recorded steady growth
- LLP price reforms affected 4 of 18 brands
- Enhanced focus on research and manufacturing efficiencies
- Successfully launched Bipresso - exclusively in-licensed CNS specialty product from Astellas

Other markets

Developed

EU5

- Germany: EUR 31 mn sales in FY'18; up 18% YoY
- ARV's, Women's Health and CNS are the key focus therapeutic segments
- Filed Namuscla (Mexiletine), orphan drug for movement disorder

Canada

- CAD 17 mn sales in FY'18; up 57% YoY
- Focus on specialty GI and Women's Health with dedicated specialty field force

Emerging markets

South Africa

- 4th largest generics player & #3 generic company by prescriptions
- Market leader in CVS space

Brazil

- BRL 157 mn sales in FY'18; up 25% YoY led by branded generics segment
- Making inroads into niche cosmeceutical segment
- Focus to strengthen portfolio through organic route/strategic alliances

Mexico

- MXN 643 mn sales in FY'18: up 21% YoY on new product launches
- Grin is #4 ophthalmic player

API + Global Institutional

- Enhanced focus on mainstay product APIs
- Leadership in TB institutional business
- Robust ARV pipeline under development

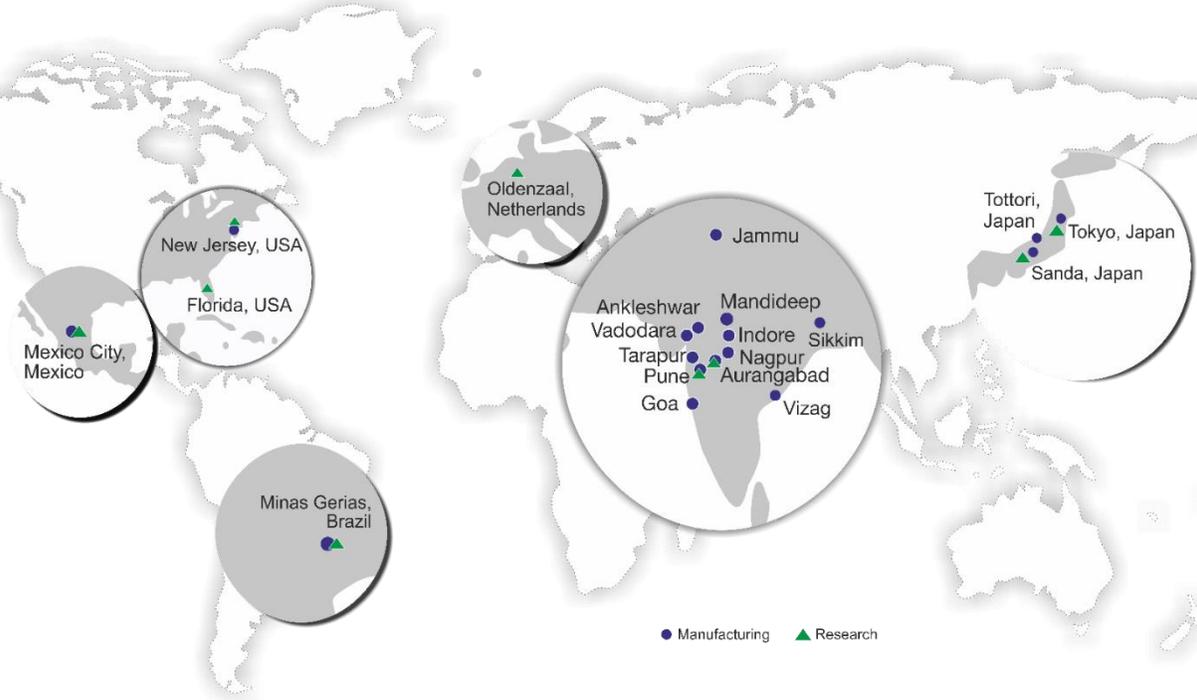
Global Operational Footprint

Manufacturing and R&D – Diverse Global Network

Global Commercial Presence		
100	25	9
Countries where products are sold	Countries with marketing offices	Countries with subsidiaries



18
Manufacturing Sites
<ul style="list-style-type: none"> • 8 USFDA approved sites • 12 USFDA inspections in FY18 • Range of capabilities from API to formulations including oral solids, topicals, ophthalmics, injectables

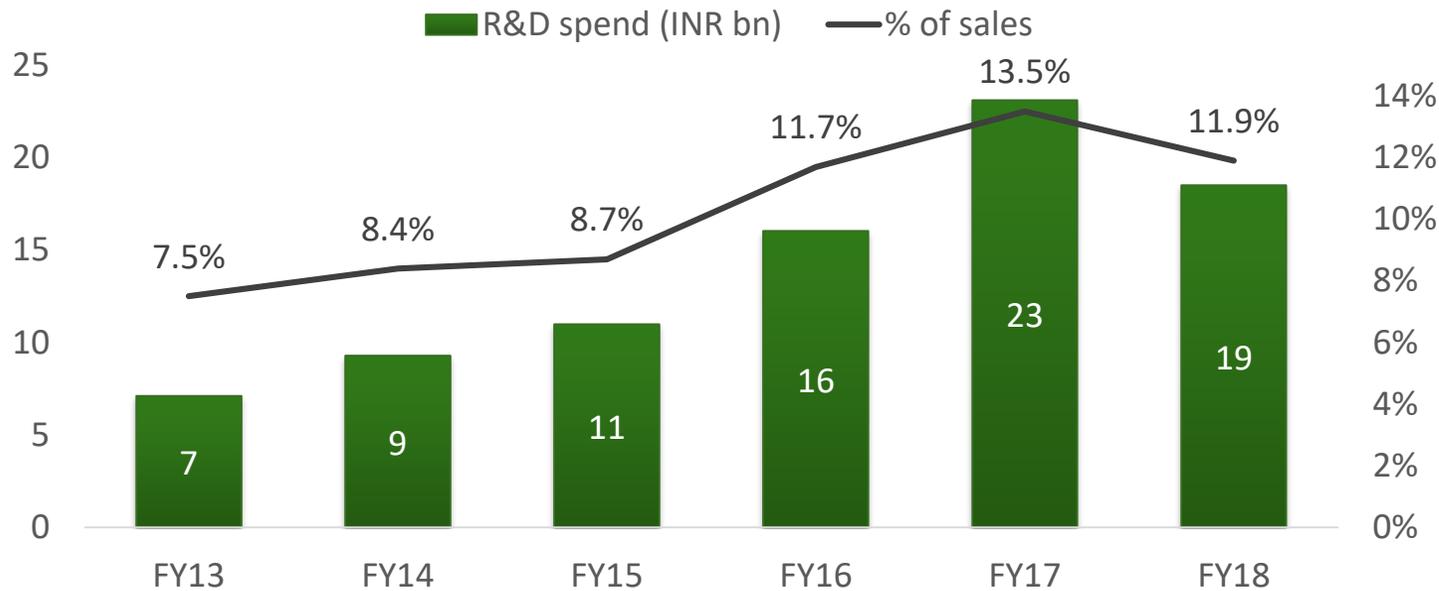


9
R&D Sites
<ul style="list-style-type: none"> • 398 US ANDAs; 235 approved • 36 pending US First to Files • >2,800 patents filed globally • >1,700 scientists at Global locations

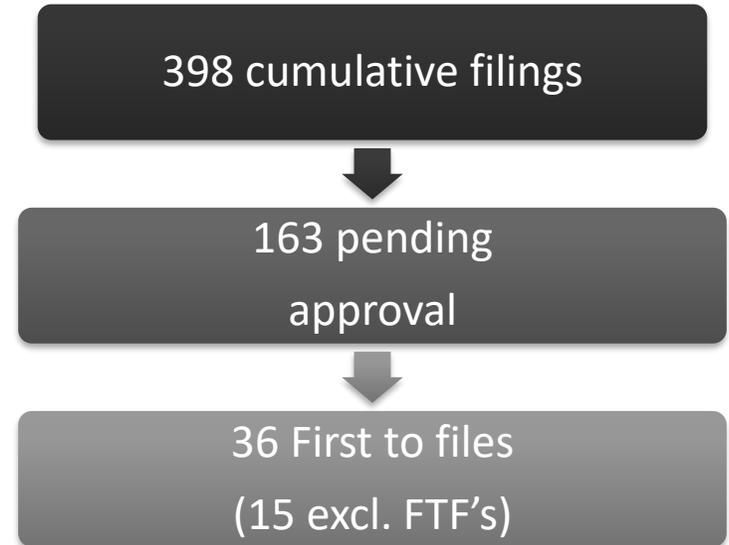
R&D investment for the future

Invested INR 18.5 bn or 11.9% of sales on R&D in FY18 at 9 R&D sites globally

R&D spend



Generics filings Pipeline



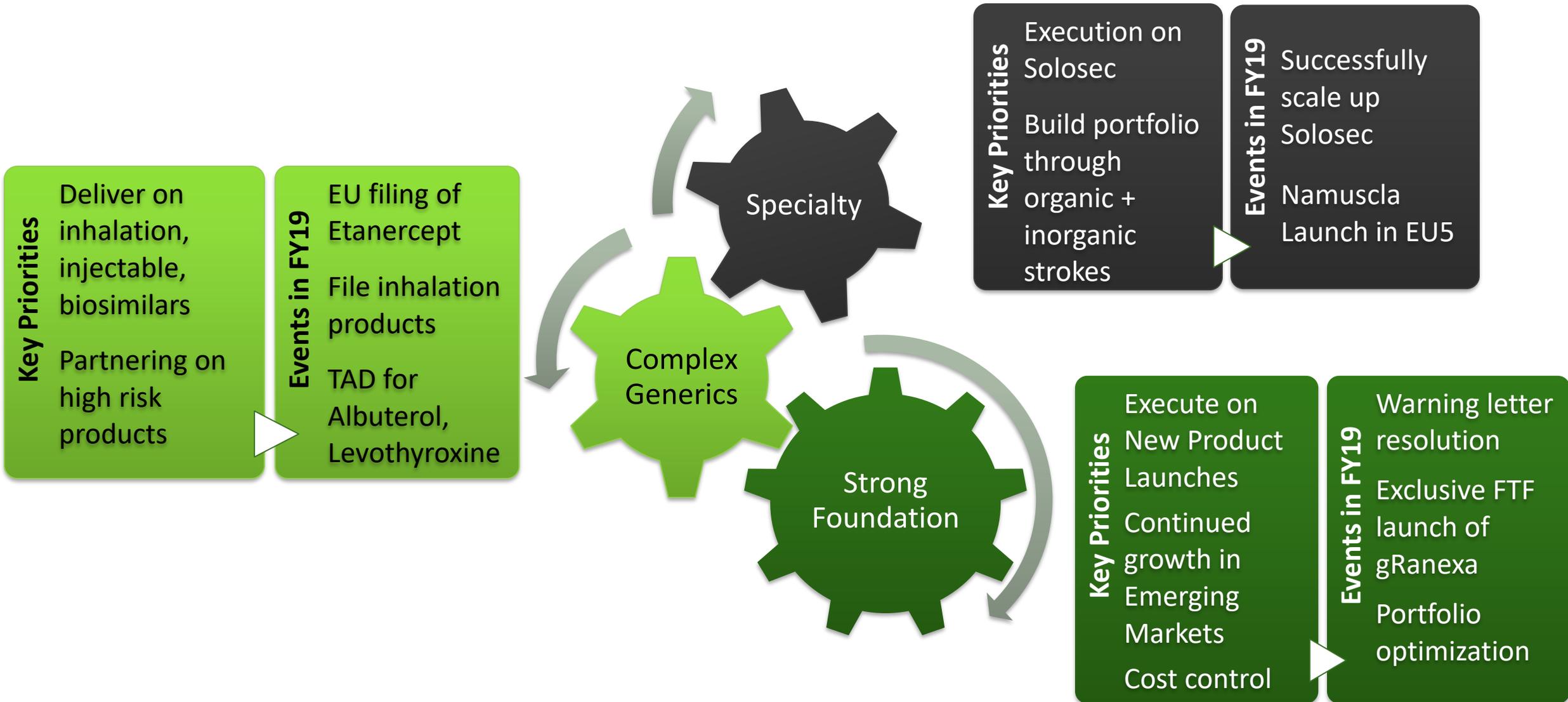
Optimizing R&D spend

Targeting >US\$ 180 bn brand + generics sales, of which

- Filed products target US\$ 77 bn and
- Products in development target US\$ 104 bn of which complex categories account for ~70%
- 36 First-to-Files (FTF) filings including 15 exclusive FTF opportunities targeting US\$ 23 bn

Near Term Priorities

Near Term Focus on Execution





Lupin is at the Tipping
Point of its **Heritage** and
its **Destiny**

Dr. Desh Bandhu Gupta



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Morgan Stanley India Summit

Nilesh D. Gupta

Managing Director
Lupin Ltd.

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