Dr.Reddy's

Financial Results
Q4 FY21 & FY21

May 14, 2021

Safe Harbor Statement

This presentation contains forward-looking statements and information that involve risks, uncertainties and assumptions. Forward-looking statements are all statements that concern plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact, including, but not limited to, those that are identified by the use of words such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “predicts”, “projects” and similar expressions. Risks and uncertainties that could affect us include, without limitation:

- General economic and business conditions in India and other key global markets in which we operate;
- The ability to successfully implement our strategy, our research and development efforts, growth & expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Allocations of funds by the Governments in our key global markets;
- Changes in laws and regulations that apply to our customers, suppliers, and the pharmaceutical industry;
- Increasing competition in and the conditions of our customers, suppliers and the pharmaceutical industry; and
- Changes in political conditions in India and in our key global markets.

Should one or more of such risks and uncertainties materialize, or should any underlying assumption prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements.

For more detailed information on the risks and uncertainties associated with the Company’s business activities, please see the company’s annual report filed in Form 20-F with the US SEC for the fiscal year ended March 31, 2020 and quarterly financial statements filed in Form 6-K with the US SEC for the quarters ended Jun 30, 2020, Sep 30, 2020, Dec 31, 2020 and our other filings with US SEC. Any forward-looking statement or information contained in this presentation speaks only as of the date of the statement. We are not required to update any such statement or information to either reflect events or circumstances that occur after the date the statement or information is made or to account for unanticipated events.

Financial Highlights

Rs. Cr

Highest ever Revenues and EBITDA

	Q4 FY21	QoQ Gr%	YoY Gr%	FY21	YoY Gr%
Revenues	4,728	-4%	7%	18,972	9%
EBITDA	1,133	-4%	13%	4,748	2%
PBT	807	184%	13%	2,832	57%
PAT	554	2,695%	-28%*	1,915	-2%^

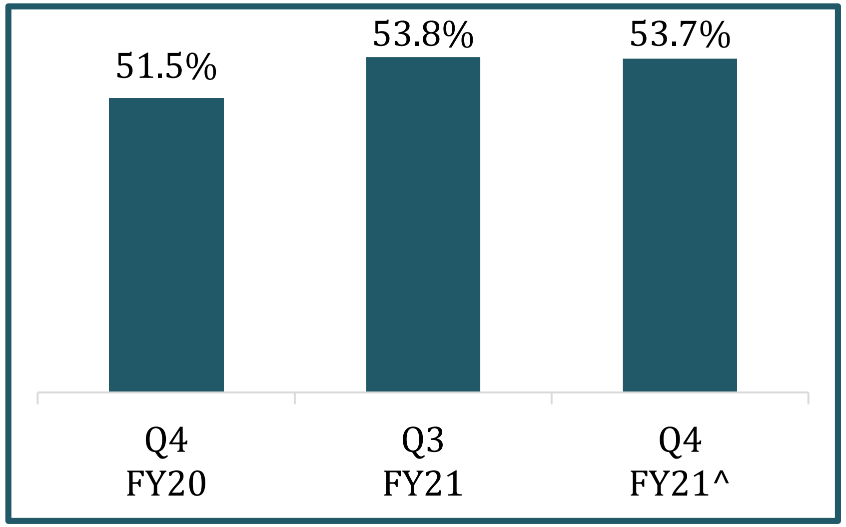
** Q4 FY21 PAT impacted due to derecognition of deferred tax asset (DTA) on goodwill depreciation (pursuant to change in tax regulation in India)*

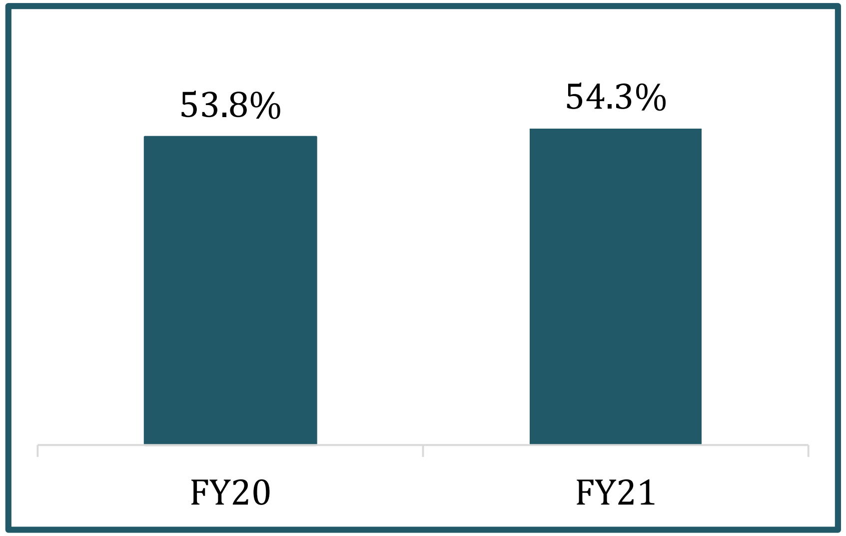
^ FY21 PAT growth impacted primarily due to recognition of DTA on MAT credit in FY20

P&L Metrics – We continue to drive productivity while investing in future growth drivers

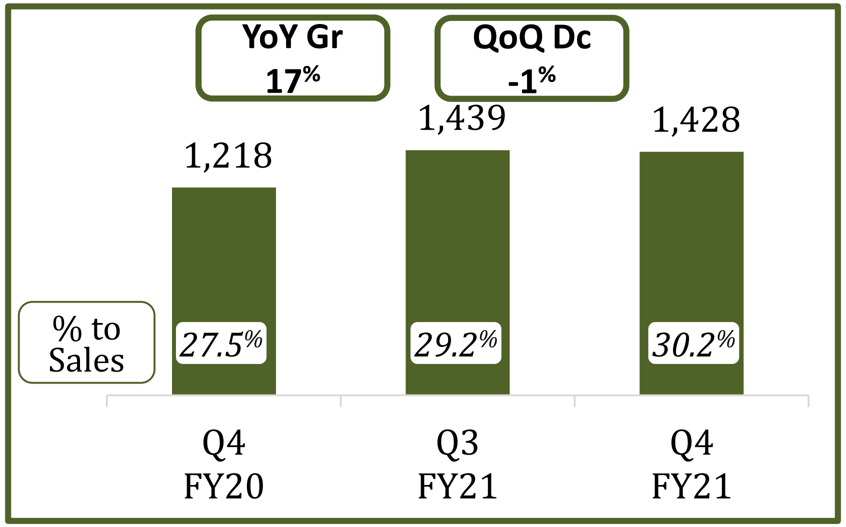
Rs. Cr

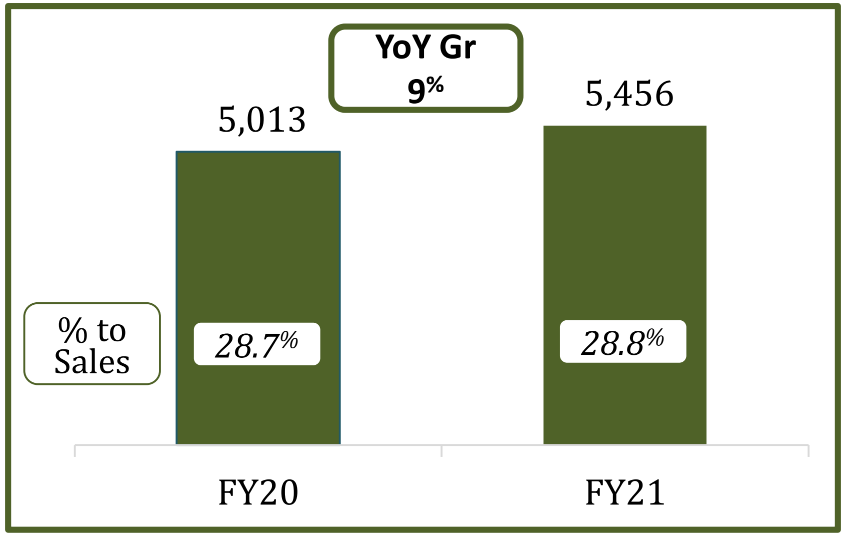
Gross margin



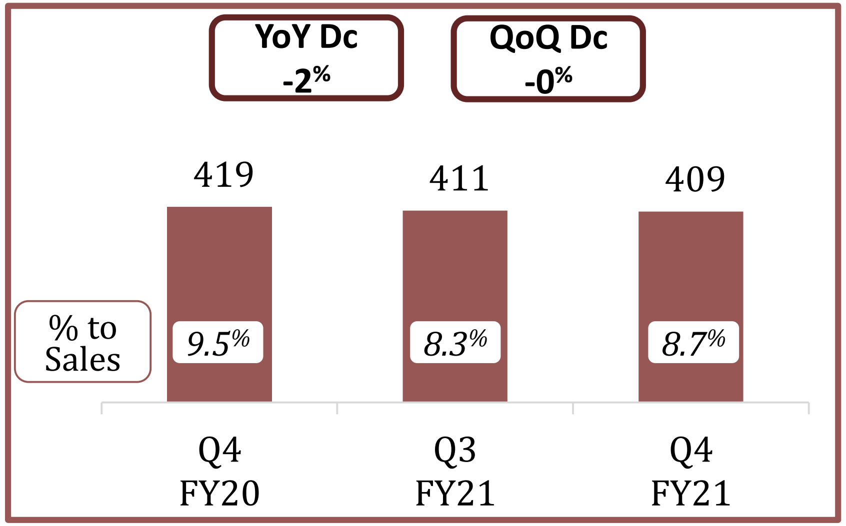


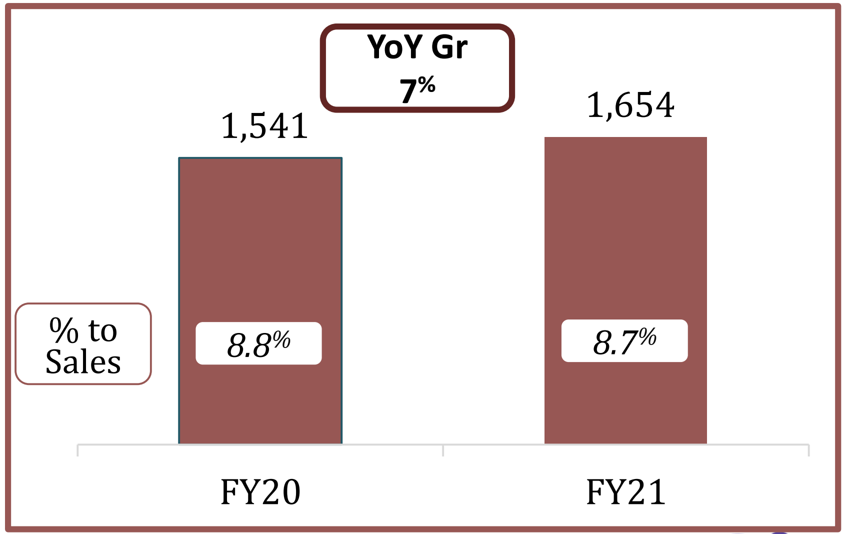
SG&A Expenses





R&D Expenses





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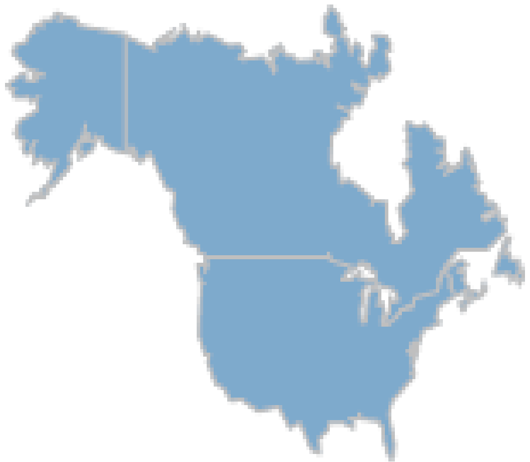
North America – Growth aided by new products launches

Revenues

Q4 FY21 Rs. **1,749 cr**

YoY Dc **-3%**

QoQ Gr **1%**



FY21 Rs. **7,049 cr**

YoY Gr **9%**

- Q4 FY21:
  - YoY decline due to higher sales in previous year owing to panic buying & stocking by distributors
  - 6 new product launches including Vigabatrin tabs which has been granted with CGT status
- FY21:
  - Continued traction in base business and new product launches
  - 28 new products including 4 in Canada and 1 re-launch
- **U.S. Generics filing update:**

	Q4 FY21	FY21
ANDA filed	12 (incl. 1 NDA)	21 (incl. 1 NDA)
Pending for approval: 95 (92 ANDAs + 3 NDAs)		
47 Para IV filings & 23 expected to have FTF status		

India – YoY growth driven by new products & portfolio acquired from Wockhardt

Revenues

Q4 FY21 Rs. **845 cr**

YoY Gr 23%

QoQ Dc -12%

FY21 Rs. **3,342 cr**

YoY Gr 15%

- Q4 FY21 & FY21 YoY revenue growth is primarily due to acquired portfolio from Wockhardt and new products contribution
- Q4 FY21 QoQ revenue decline due to reduction in Covid portfolio sales & seasonality

IQVIA growth rates

Mar 2021	FTM	MQT	MAT
IPM	16.4%	8.5%	4.3%
Dr. Reddy's	**17.6%**	**9.7%**	**3.1%**

- *Ranked 11th on MAT basis vs. 13th in Mar 2020*

FTM: For the month | MQT: Moving quarterly total | MAT: Moving annual total

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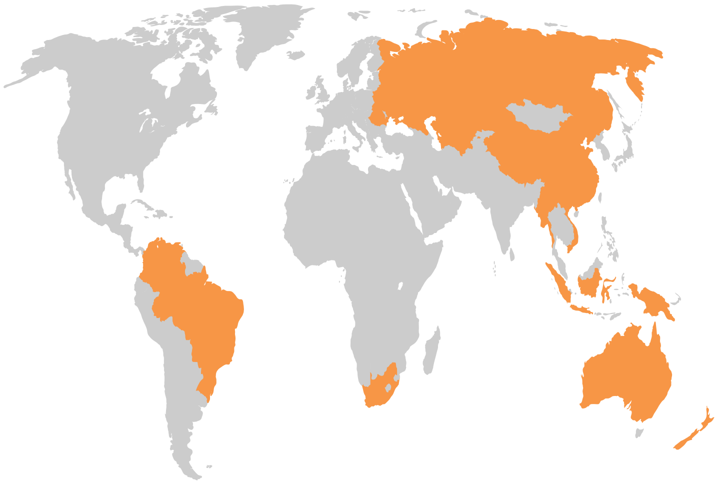
Emerging Markets – Strong FY21 growth in CISR & RoW | Russia impacted due to adverse forex

Revenues

Q4 FY21 Rs. **885 cr**

YoY Gr 10%

QoQ Dc -8%



FY21 Rs. **3,509 cr**

YoY Gr 7%

₹ Cr

Region	Q4 FY21	YoY Gr	QoQ Gr	FY21	YoY Gr
Russia	404	*3%*	*-11%*	1,582	*-6%*
CISR	190	*7%*	*-11%*	743	*15%*
RoW	291	*24%*	*-1%*	1,184	*25%*
EM	**885**	***10%***	***-8%***	**3,509**	***7%***

Russia:

- Growth impacted due to weakening Ruble
- FY21 constant currency growth @ 1%

CISR:

- YoY growth primarily driven by Kazak, Romania & Uzbek

RoW

- YoY growth led by China, Vietnam, Myanmar & Jamaica

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Europe – Strong growth momentum continues

Revenues

Q4 FY21 Rs. **396 cr**

YoY Gr 15%

QoQ Dc -5%

FY21 Rs. **1,540 cr**

YoY Gr 32%

₹ Cr

Region	Q4 FY21	*YoY Gr*	*QoQ Gr*	*FY21*	*YoY Gr*
Germany	223	*7%*	*-10%*	921	*28%*
UK/OL	96	*15%*	*6%*	322	*16%*
New Markets	77	*50%*	*-1%*	267	*88%*
Europe	**396**	***15%***	***-5%***	**1,540**	***32%***

- <u>Q4 FY21 & FY21 YoY growth</u> driven by new product launches, traction in base business and favourable forex partly offset with price erosion
- <u>Q4 FY21 QoQ decline</u> in Germany impacted by covid and higher competitive intensity
- During the year, we forayed in Austria with Azacitidine launch

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PSAI – New products and volume off-take drive the sales growth

Revenues

Q4 FY21 Rs. **792 cr**

YoY Gr 10%

QoQ Gr 13%

FY21 Rs. **3,198 cr**

YoY Gr 24%

Revenue:

- Growth driven by –
  - New / Developmental products
  - Pick-up in base volumes
- Partly offset with
  - Price erosion

Filings:

	Q4 FY21	FY21
Global DMFs filed incl. in US	57	149
US DMFs	7	14

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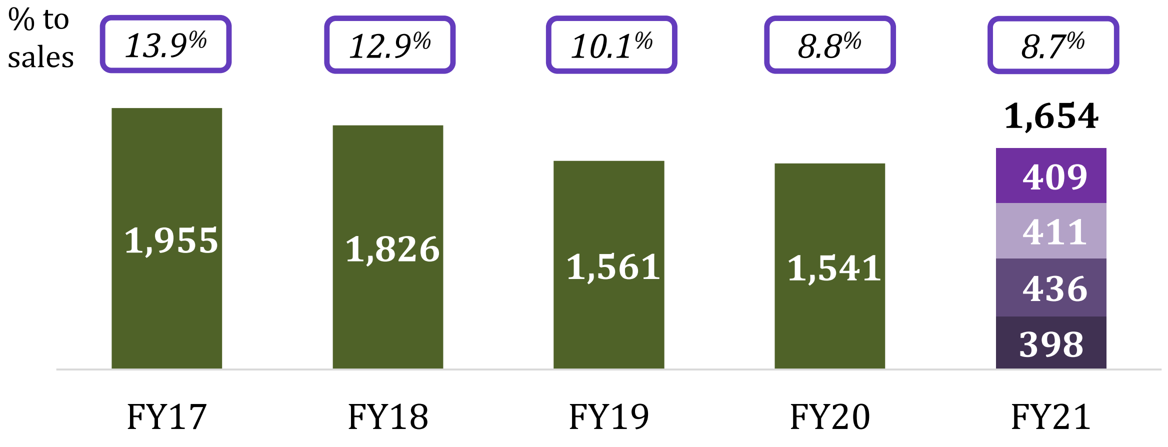
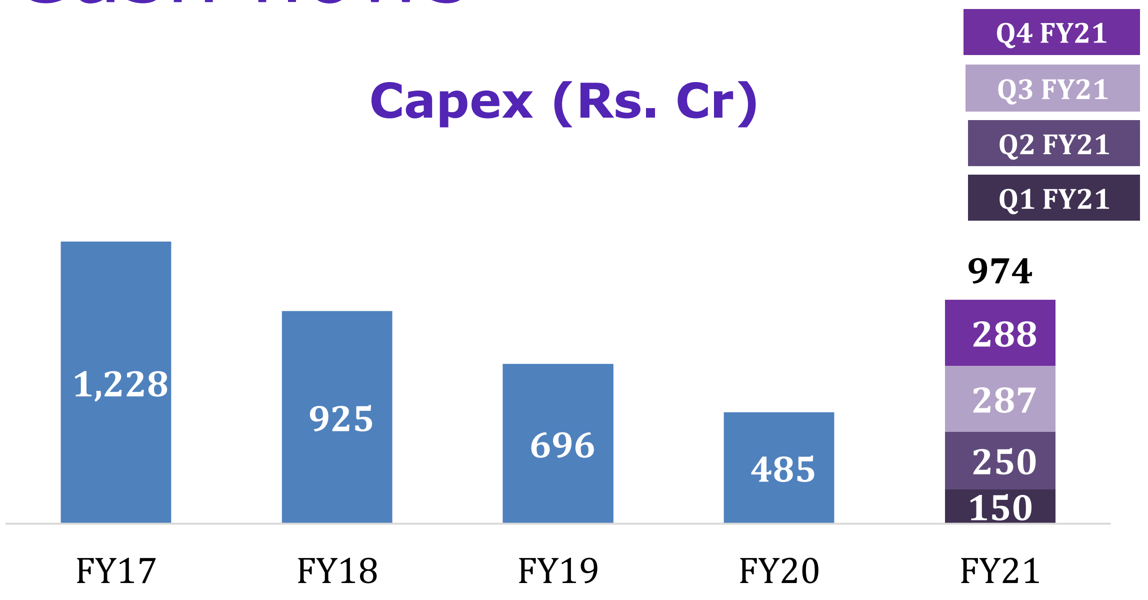
R&D, Capex & Cash flows

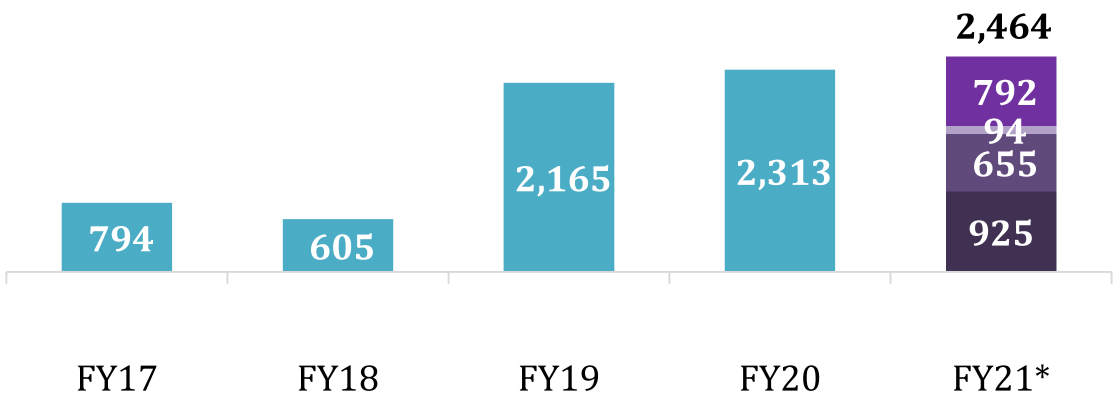
R&D expenses (Rs. Cr)



Capex (Rs. Cr)

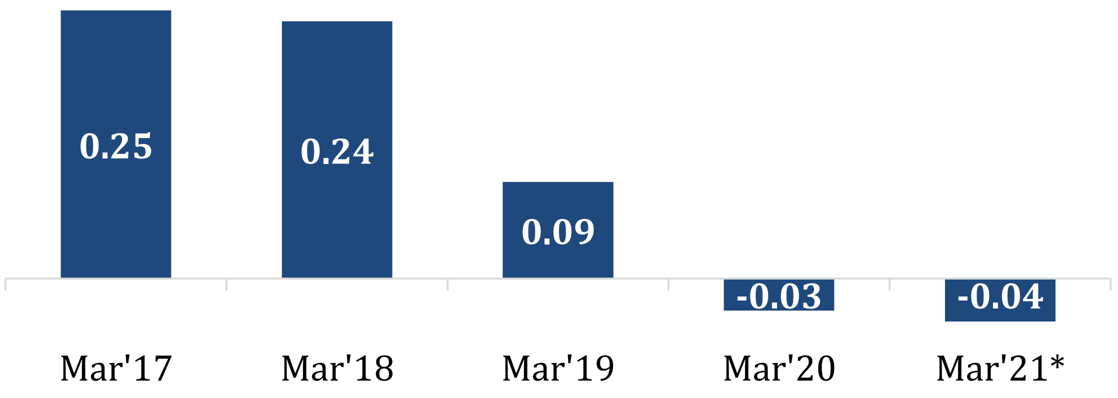


Free cash flow (Rs. Cr)



*Free Cash Flow before acquisition related payout of Rs. 1,551 Cr to Wockhardt & Rs. 152 Cr to Glenmark

Net Debt / Equity



* Net cash surplus (Adjusted for non-current cash & borrowings) stood at Rs. 751 Cr as on March 31st, 2021

Key Priorities

- Covid portfolio supplies including Sputnik-V
- Ensure uninterrupted operations during Covid-19 times
- Achieve market leading growth across businesses
- Build healthy pipeline of products
- Continue with the productivity improvements
- Investment in capabilities and brands
- Execute Strategic initiatives & moves

Covid portfolio Update

Sputnik-V vaccine launched and 1st dose has been administered today

- Partnered with RDIF to conduct clinical trials and distribution of Sputnik V vaccine in India
- Current product (Sputnik V) is a 2-dose product with 2 different components
- Phase-II & Phase -III clinical trials undertaken in Russia and India. Trials also undertaken in UAE.
- Trials demonstrated efficacy @ ***91.6%***, consistent safety and immunogenicity results
- Received Emergency Use Authorization (EUA) in April, 2021. India became the 60th country in the world to approve Sputnik
- Rights for first 125 Million people doses (i.e. 250 Million shots) in India
- Current product requires storage of (-) 18 degree temperature. Product with 2 to 8 degree temperature conditions is under stability testing
- Sputnik Light single dose vaccine has been approved in Russia with an efficacy of 79.4%. It can be a very important aspect of India's endeavor to maximize access

Sputnik-V vaccine launched and 1st dose has been administered today

There are 3 key pillars to our vision for Sputnik

i. Widest reach in the shortest possible time: we plan to vaccinate 125 Mn people in the next 8-12 months

ii. High efficacy, quality and safety: Sputnik has 92% efficacy. We plan to build genuine conviction and support for the clinical value proposition

iii. Equitable offering keeping public interest at heart: Fair access to all relevant channels

Supply

i. Initial supplies would be from imported route (~15 – 20% of the total requirement)

ii. Six CMO's from India are working towards manufacture & supply of vaccines and this would form major part of supplies

iii. We have received 150,000 doses and will steadily ramp up over May and June

Go to market / roll out strategy

i. We will be an integral part of the Government's vaccination campaigns

ii. We also aim to serve the Private channel via hospitals and corporate partnerships

iii. The requirements of our cold chain infrastructure (-18 degrees) means that we will begin with Metros and Tier 1 cities and scale up to the rest of India

Pricing

i. Sputnik V will be priced at Rs. 948+GST which translates to Rs. 995 per dose. This considers the import, logistics & distribution cost. Prices may come down once domestic manufactured supplies start

Sputnik Light: Hope to also bring single dose vaccine to India

Other markets: Working with RDIF to launch in few other markets

We have a wide range of Covid-19 treatment drugs

Remdesivir – Moderate to Severe

- **Partner : Gilead**
- **Status :**
  - Launched brand "Redyx" in India
  - Capacities ramped-up to increase the availability.

Avigan® (Favipiravir) – Mild to Moderate

- **Partner : Fujifilm**
- **Status :**
  - Launched in India & few other countries
  - On going ph. 3 study in outpatient setting for mild to moderate symptoms in North America

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2-deoxy-D-glucose (2-DG) – Moderate to Severe

- **Partner : DRDO lab**
- **Status :**
  - The drug received EUA for hospitalized moderate to severe Covid-19 patients
  - Preparing for launch

Molnupiravir – Mild to Moderate

- **Partner : MSD**
- **Status :**
  - Filing completed with DCGI
  - Clinical trials to be initiated for India upon SEC approval.

Baricitinib – Cytokine Storm

- **Partner : Lilly**
- **Status :**
  - The drug received EUA for hospitalized adults
  - Preparing for filing & launch

Other Drugs

- Additionally, we are working on the development and commercialization of several other covid treatment drugs for patients with mild, moderate, severe and critical conditions


THANK YOU
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