Q1FY25
FINANCIAL RESULTS

July 27, 2024

Dr.Reddy's

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, 2024 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.

Q1FY25 Performance

₹ **7,673** Cr
Revenues
14%YoY 8% QoQ

₹ **2,160** Cr | 28%
EBITDA | EBITDA %
1%YoY 15% QoQ

₹ **1,882** Cr | 25%
PBT | PBT %
2%YoY 18% QoQ

₹ **1,392** Cr | 18%
PAT | PAT %
0.7%YoY 7% QoQ

Another quarter of strong performance, with double-digit growth in revenues and stable margins

FINANCIAL HIGHLIGHTS

- **Highest ever quarterly revenues**
- **Robust EBITDA Margin** of **28%** & annualised **RoCE** at **33%**
- **Strong balance sheet** with **Net cash surplus** of ~**₹6,730 Cr**

OTHER UPDATES

- **70,000 sq. ft. Biologics CDMO** facility inaugurated
- **Form 483** with **2** and **4 observations received** post USFDA's inspection at two **formulation facilities** in **Duvvada, Visakhapatnam** and an **API facility in Srikakulam, Andhra Pradesh**, respectively.

ESG HIGHLIGHTS

- **Only Indian Pharma** featured in **2024 list** of **Global 500 Most Sustainable Companies** by Time Magazine and Statista
- Named **'Asia-Pacific Climate Leader'** by Financial Times
- Won **'Masters of Risk' award in 'Healthcare & Pharma'** at India Risk Management Awards
- Improved **FTSE Russel's ESG Score** from 3.9 to 4.2 out of 5

Q1FY25 Highlights : Collaborations & continued investment to drive future growth

STRATEGIC INITIATIVES

- Joint venture with **Nestlé India** to bring science-backed nutraceuticals to consumers in India. JV to become operational in **Q2FY25**
- In-licensed **Takeda's** novel gastrointestinal drug, Vonoprazan, to commercialise in India
- Launched **'DailyBloom IBS'** - India's first-ever digital integrated care plan to manage Irritable Bowel Syndrome
- Launched drug-free migraine management device, **Nerivio®**, in Germany, Spain, the UK and South Africa
- Collaborated with **Alvotech** for commercialization of **denosumab biosimilar** in the US (exclusively) as well as in Europe and the UK
- Received exclusive rights from **Ingenus Pharmaceuticals** to commercialize **Cyclophosphamide Injection** in the US
- Partnered with **Novartis Pharma LLC** to distribute leading anti-diabetes brands, Galvus® & Galvus Met®, in the Russian retail market

Nestlé Good Food, Good Life | Takeda | dailybloom

alvotech | ingenus Pharmaceuticals, LLC

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Acquisition of Nicotinell® & related brands from Haleon plc to build a global consumer health business outside the U.S.

ABOUT THE ACQUISITION

- **Nicotinell®** is the **2nd largest brand globally** (excl. the US) in the **Nicotine Replacement Therapy** category
- Acquisition also includes local market-leading brand names like **Nicabate®, Habitrol® and Thrive®** and pipeline
- Extensive footprint in **30+ countries**
- **CY23 revenues** of **GBP 217 mn**
- Total **consideration of GBP 500 mn**, with an upfront cash payment of GBP 458 mn and performance-based contingent payments of up to GBP 42 mn, payable in 2025 and 2026
- Transaction is expected to close in **early Q3FY25**

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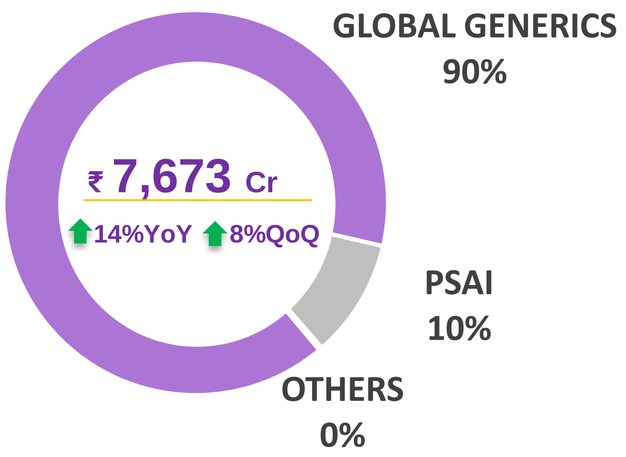
Q1FY25 growth driven by increase in base business volumes in US and revenues from Sanofi’s vaccine portfolio in India

REVENUE BY SEGMENT



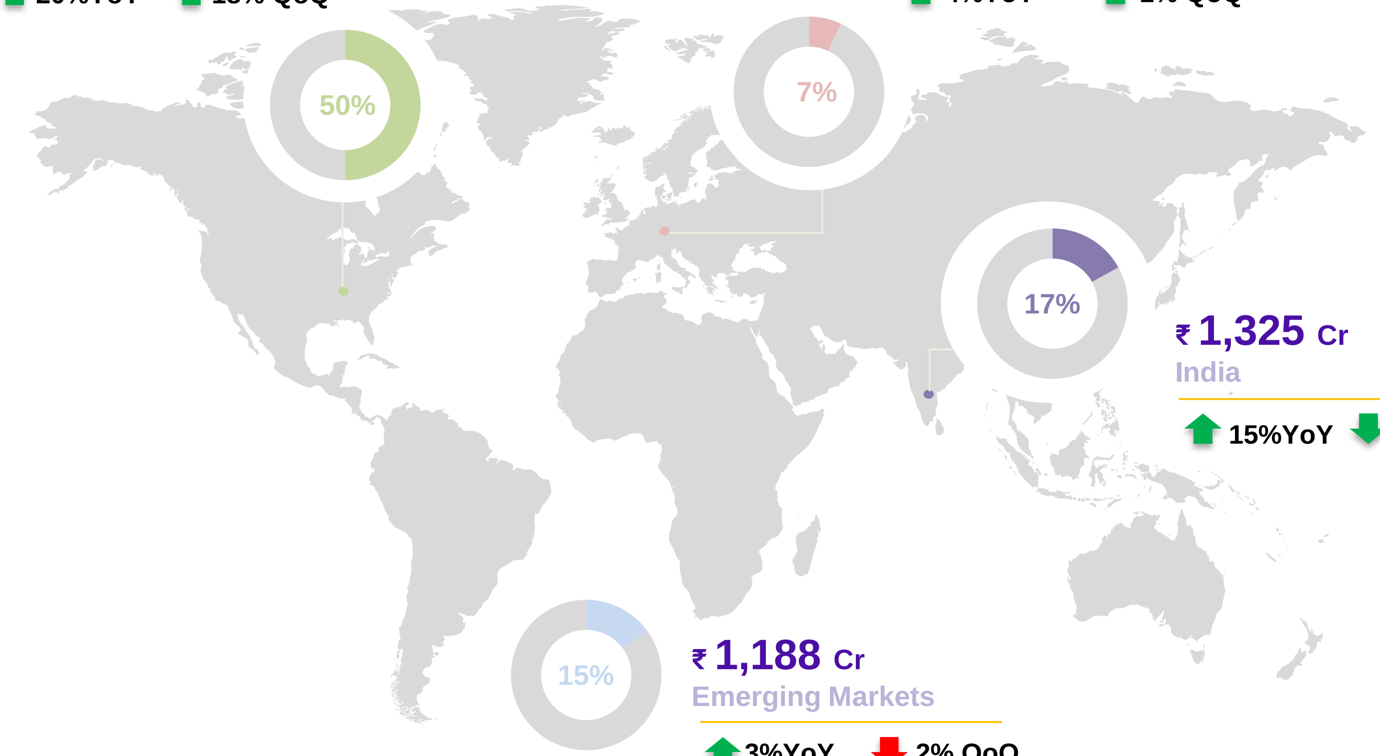
₹ 6,886 Cr
Global Generics
15%YoY 13% QoQ

₹ 766 Cr
Pharmaceutical Services & Active Ingredients (PSAI)
14%YoY 7% QoQ

GLOBAL GENERICS REVENUE BY GEOGRAPHY

₹ 3,846 Cr
North America
20%YoY 18% QoQ

₹ 527 Cr
Europe
4%YoY 1% QoQ



₹ 1,325 Cr
India
15%YoY 18% QoQ

₹ 1,188 Cr
Emerging Markets
3%YoY 2% QoQ

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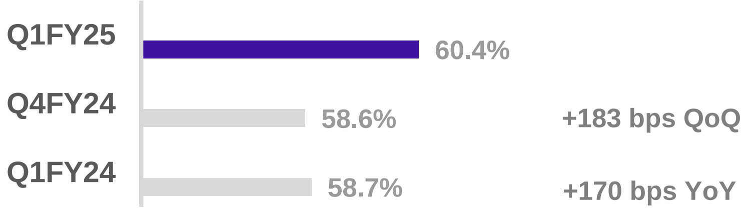
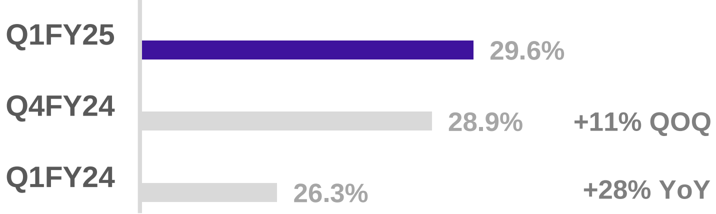
Investing to strengthen our brands & creating future growth platforms

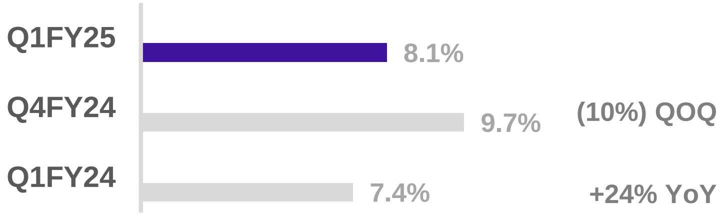
GROSS MARGINS (% of Revenue)



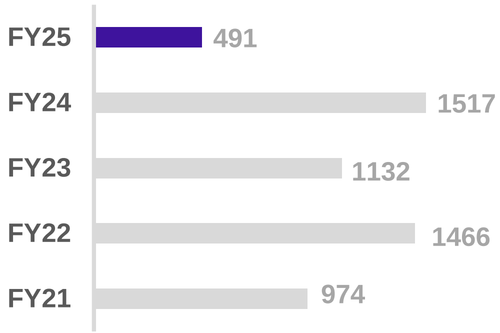
SG&A EXPENSES (% of Revenue)



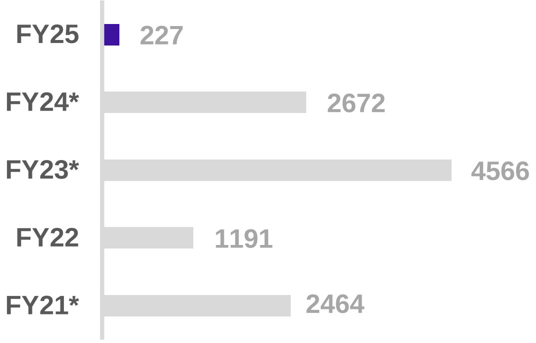
R&D EXPENSES (% of Revenue)



CAPEX (₹ Cr)

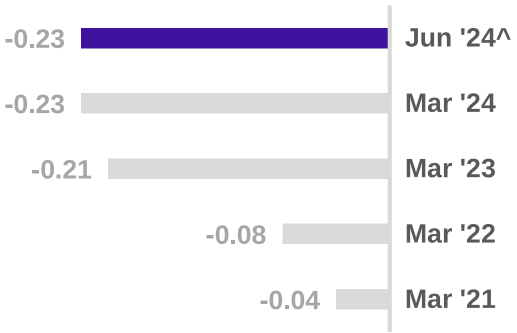


FREE CASH FLOW (₹ Cr)



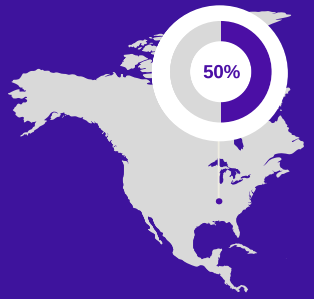
**Before acquisition related payouts*

NET DEBT / EQUITY



^Net Cash Surplus (Adjusted for non-current cash & borrowings) stood at ₹ 6,730 Cr. as on 30th Jun 2024

North America Q1FY25 Performance



Revenues

₹ **3,846** Cr

20%YoY   18% QoQ

GROWTH DRIVERS

- Driven by **market share expansion** in base business, **new product launches**, partially offset by price erosion

Volume led growth in our base business

MARKET PERFORMANCE

14.2% vs. 5.2%

DRL Growth vs. US Generic Market Growth*

*As per IQVIA MAT for May' 24

NEW LAUNCHES

3

Q1

PENDING APPROVAL

75	**5**
ANDA	NDA

Includes 45 Para IVs & 23 FTFs

PRICE EROSION

STABLE

NEW FILINGS

1

Q1

ANDA

STRATEGIC HIGHLIGHTS

- Exclusive rights from Ingenus Pharma to commercialize Cyclophosphamide Inj

ingenus Pharmaceuticals, LLC

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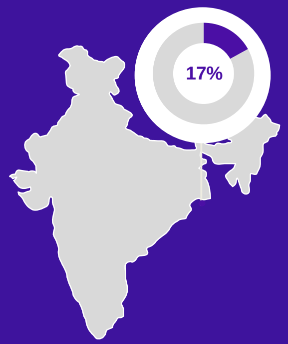
India Q1FY25 Performance



Revenues

₹ **1,325** Cr

15%YoY   18% QoQ

GROWTH DRIVERS

- **New product launches,** incl. recently in-licensed vaccine portfolio from **Sanofi**

Double-digit growth driven by Sanofi vaccine portfolio; continued focus on strategic collaborations

MARKET PERFORMANCE

8.5% vs. 7.6%

DRL Growth vs. IPM Growth*

*As per IQVIA MAT Jun' 24

MARKET RANKING

10th

As per IQVIA Jun'24

NEW BRAND LAUNCHES

13 + Sanofi

Q1

STRATEGIC HIGHLIGHTS

Nestlé Good Food, Good Life

- Nutraceuticals JV with **Nestlé India**

Takeda

- In-licensed Takeda's novel gastro drug, Vonoprazan

dailybloom

- Launched **'DailyBloom IBS' -** India's 1st ever digital, integrated IBS Care plan

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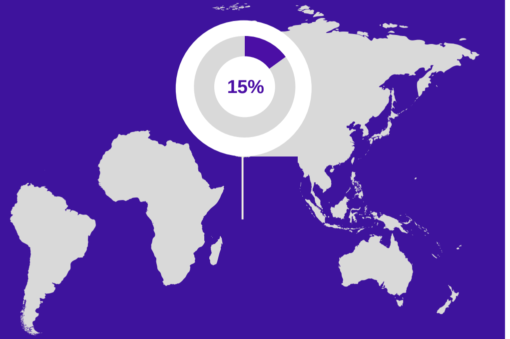
Emerging Markets Q1FY25 Performance



Revenues

₹ **1,189** Cr

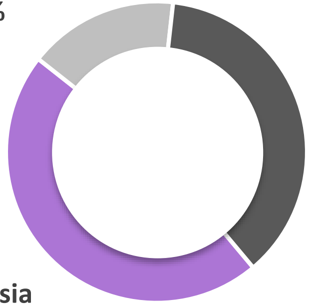
3%YoY 2% QoQ

GROWTH DRIVERS

- Revenues from **new launches in RoW** and **higher volumes** in base business, offset by **unfavourable forex** & **price erosion**
- **10% YoY growth in Constant Currency**

Growth driven by new product launches and market share expansion; offset by unfavourable forex

REVENUE SPLIT



₹ **555** Cr
Russia

2%YoY 11% QoQ

- Growth in Constant currency : **+12% YoY**

₹ **192** Cr
CISR

2%YoY 11% QoQ

- Growth impacted by lower sales volumes

₹ **441** Cr
RoW

11%YoY 11% QoQ

- YoY growth driven by market share expansion & new launches

OTHER HIGHLIGHTS

NEW LAUNCHES

17
Q1
New Products across markets

STRATEGIC HIGHLIGHTS

- Partnered with **Novartis** to distribute, **Galvus® & Galvus Met®**, in Russian retail market

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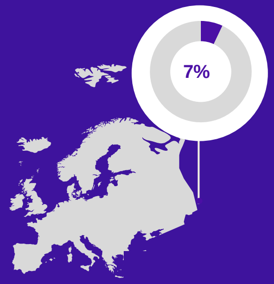
Europe Q1FY25 Performance



Revenues

₹ **527** Cr

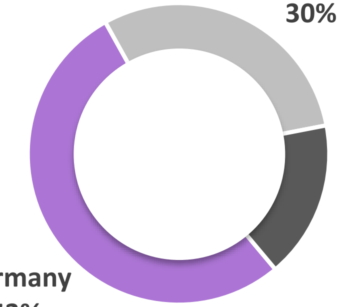
⬆ 4%YoY ⬆ 1% QoQ

GROWTH DRIVERS

- Higher base business **volumes,** contribution from **new product launches,** partially offset by **price erosion**

Continued momentum in base business & new product launches driving growth; offset by price erosion

REVENUE SPLIT



₹ **279** Cr
Germany

⬆ 14%YoY ⬇ 1% QoQ

₹ **158** Cr
UK

⬇ 7%YoY ⬆ 5% QoQ

₹ **89** Cr
France, Italy, Others

⬆ 1%YoY 0% QoQ

OTHER HIGHLIGHTS

NEW LAUNCHES

12
Q1

New Products across markets

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PSAI Q1FY25 Performance

12%

Revenues

₹ **766** Cr

14%YoY 7% QoQ

GROWTH DRIVERS

- Growth driven by **higher volumes** and **new product launches**

Growth led by higher sales volumes & new product launches; investing to build capabilities for future growth

GROSS MARGINS

23% Q1

23% FY24

Q1FY24 margins @15%

NEW FILINGS (DMFs)

11 Q1

STRATEGIC HIGHLIGHTS

- Our CRDMO, **Aurigene Pharmaceutical Services** Ltd., inaugurated a **70,000 sq.ft. Biologics facility** in Genome Valley, Hyderabad
- **Process & analytical development laboratories** are **operational. Manufacturing capacity** to be commissioned in **2024**

In Summary

A diversified business model with broad based levers

STRENGTHEN CORE BUSINESSES ACROSS MARKETS WITH A ROBUST PRODUCT PORTFOLIO

INVEST IN INNOVATIVE & DIFFRENTIATED PRODUCTS (NCEs, CDMO, NUTRA, D2C, OTHERS)

FOCUS ON QUALITY AND COMPLIANCE

STRENGTHEN CAPABILITIES – PEOPLE, DIGITAL, PROCESSES

DRIVE OPERATIONAL EFFICIENCY & PRODUCTIVITY

INTEGRATE ESG INTO BUSINESS

About key metrics and non-GAAP Financial Measures

This press presentation contains non-GAAP financial measures within the meaning of Regulation G and Item 10(e) of Regulation S-K. Such non-GAAP financial measures are measures of our historical performance, financial position or cash flows that are adjusted to exclude or include amounts, as the case may be, from the most directly comparable financial measure calculated and presented in accordance with IFRS.

The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS. Our non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles. These measures may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparison purposes.

We believe these non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and allow for greater transparency with respect to key metrics used by management in operating our business.

For more information on our non-GAAP financial measures and a reconciliation of GAAP to non-GAAP measures, please refer to "Reconciliation of GAAP to Non-GAAP Results" table in the press release.

Good Health Can't Wait.