



# Investor Presentation

14<sup>th</sup> May, 2021

Dr. Reddy's Laboratories Limited

Hyderabad, India

BSE: 500124 | NSE: DRREDDY | NYSE: RDY | NSEIFSC: DRREDDY

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, 2020, quarterly financial statements filed in Form 6-K with the US SEC for the quarters ended June 30, 2020, September 30, 2020, December 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.

# More than ever people across the world need access to affordable healthcare

Our purpose and promises remain relevant to achieve this need

## OUR PURPOSE

Good Health  
Can't Wait.



## OUR PROMISES



Bringing expensive medicine within reach



Addressing unmet patient needs



Helping patients manage disease better

Enabling and helping our partners ensure our medicines are available where needed

Working with partners to help them succeed

We are committed to compliance, ethical behavior and sustainability

# Dr. Reddy's is uniquely positioned to create sustained Shareholder Value



Strong & Established Core businesses (API, Gx)

Diversified presence across markets (US, Europe, India, Russia, China, Brazil & other EM)



Strong portfolio with multiple growth opportunities

Array of long term growth opportunities (NCEs, Biosimilars)



Wide portfolio of Covid related drugs including a vaccine

Digitalization focus across marketing, R&D and manufacturing operations



Emphasis on productivity and efficient resource utilization

Compliance driven, Strong focus on Quality



High ESG focus with proactive initiatives

Strong Balance Sheet to support organic and inorganic moves



# FY 21: Consistent delivery across Performance & Health metrics

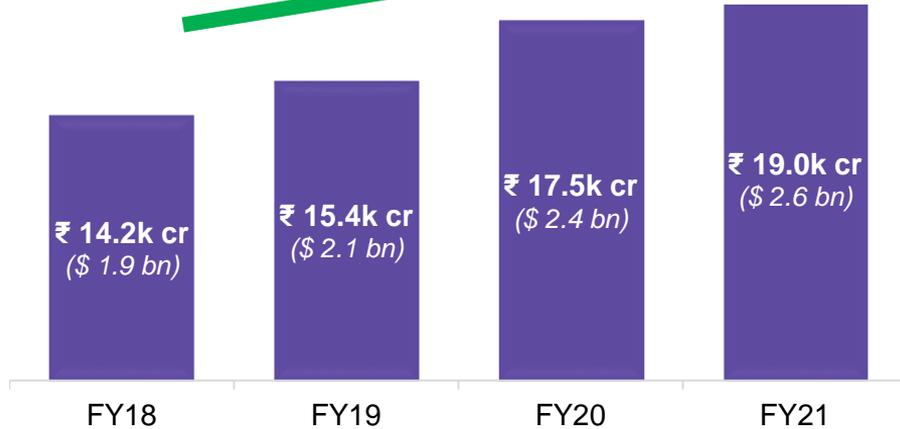
- 1 **Healthy growth across** our markets and **businesses**
- 2 Successful integration of acquired business from **Wockhardt**
- 3 Wide portfolio of **Covid-19 drugs**, including both preventive and curative treatment covering mild, moderate, severe, critical conditions
- 4 **Productivity improvement** across operations, marketing and R&D
- 5 **Investment in capabilities, brands and product pipeline** to support future growth
- 6 Improvement of **ROCE, PBT and EBIDTA**
- 7 Healthy **cash flow generation**, healthy balance sheet
- 8 First Indian pharmaceutical company to join and commit to **Science-Based Targets initiative (SBTi)**



# Sustaining Healthy growth in Revenue & EBITDA

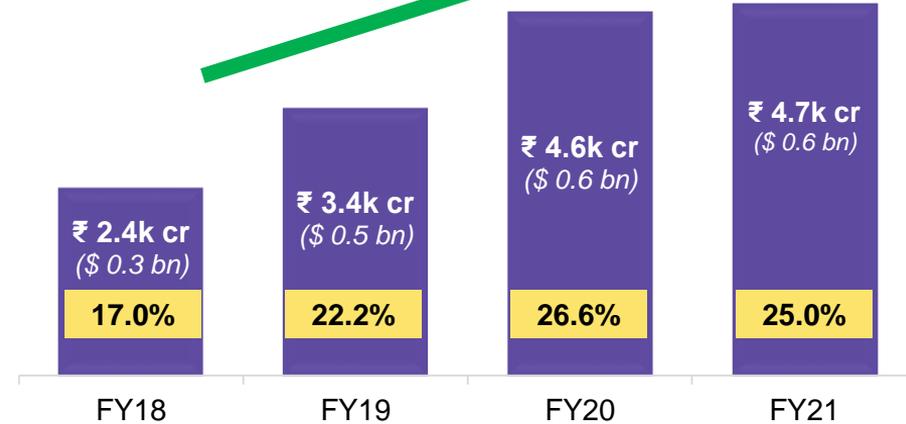
## Revenues

CAGR: 10.1%



## EBITDA

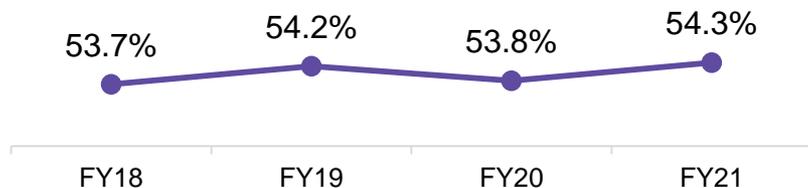
CAGR: 25.4%



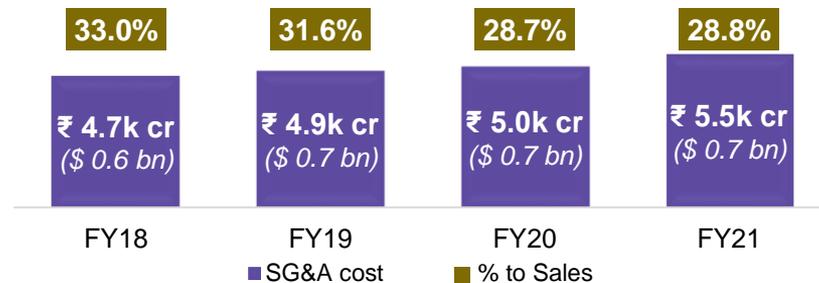
EBITDA% to Revenues

# While we continue to drive productivity, we are also investing for future growth

**Gross Margin:** Driving productivity offsetting price erosion

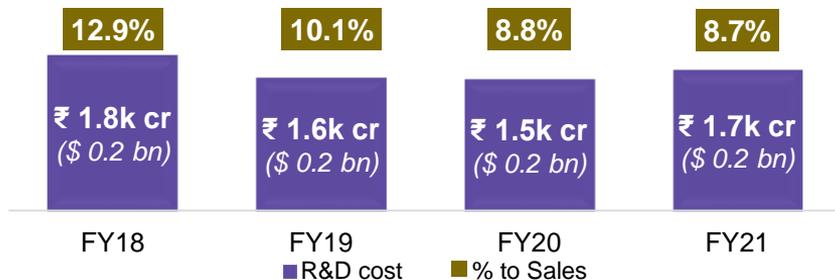


**SG&A:** Enhancing marketing capabilities through sales force effectiveness



\* Excluding impairment charge

**R&D:** Increased filings across markets & cost improvement

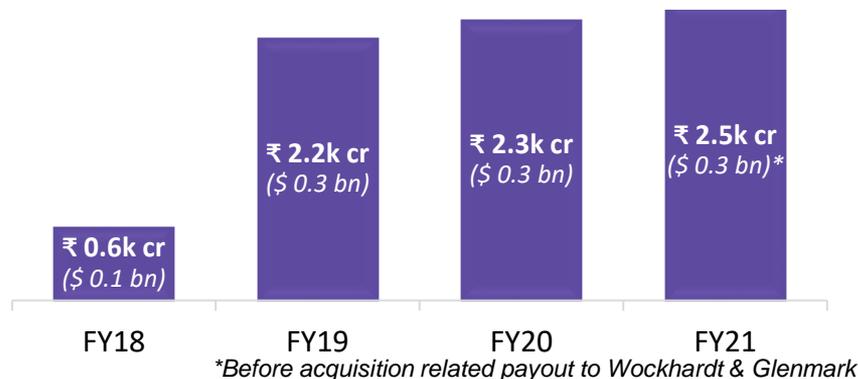


**Capital expenditure:** Selectively investing to augment capabilities

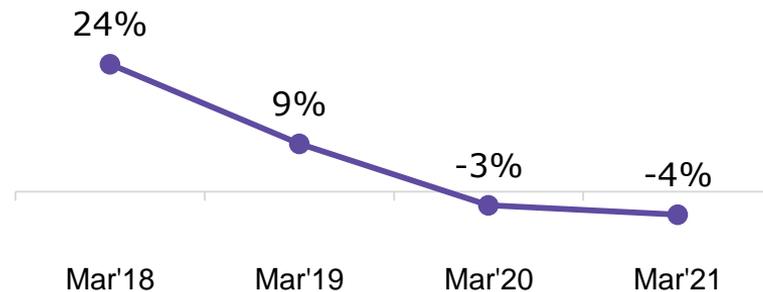


# Improving Return Metrics and Strong Balance Sheet, provides us an opportunity to grow further

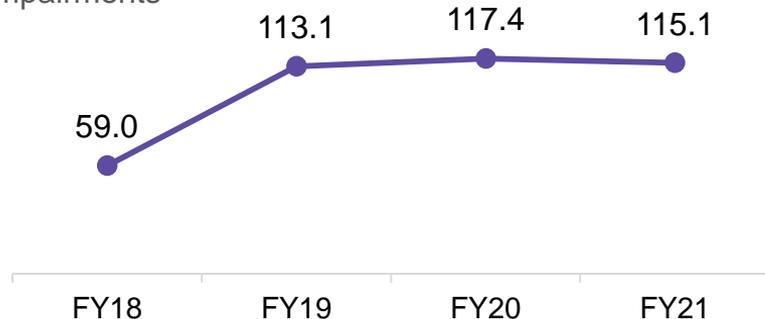
**Free cash flow:** Consistent generation of strong cash-flows



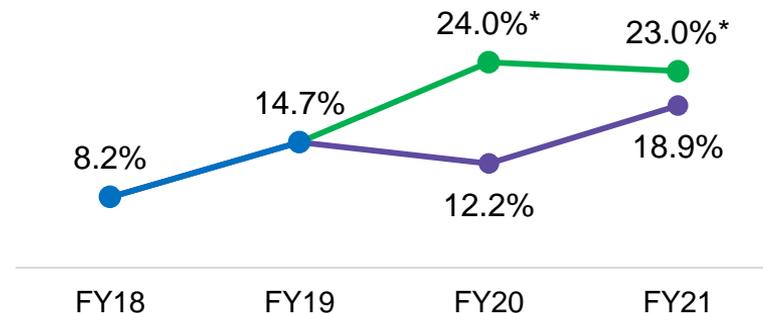
**Net Debt / Equity:** cash surplus; providing strength for expansion



**Earnings Per Share (in INR):** Remains strong despite impairments



**Return on Capital Employed:** Good improvement in returns

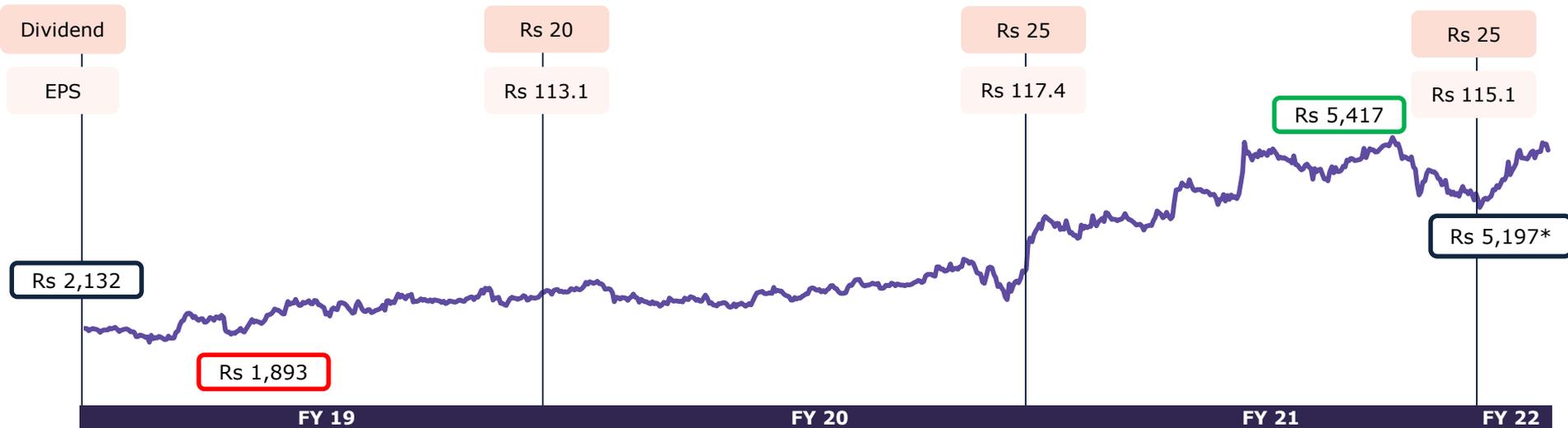


\*Adjusted for the impairment charge of 1,677 cr taken during FY20 & 677 cr during FY21

USD / INR = ₹ 73.14 (rate as on 31<sup>st</sup> Mar, 2021)

PROPRIETARY

# 3-year Total Shareholder Return



\*Closing rate of May 14<sup>th</sup>, 2021

Total Shareholder Return  
(Last 3 Financial Years)



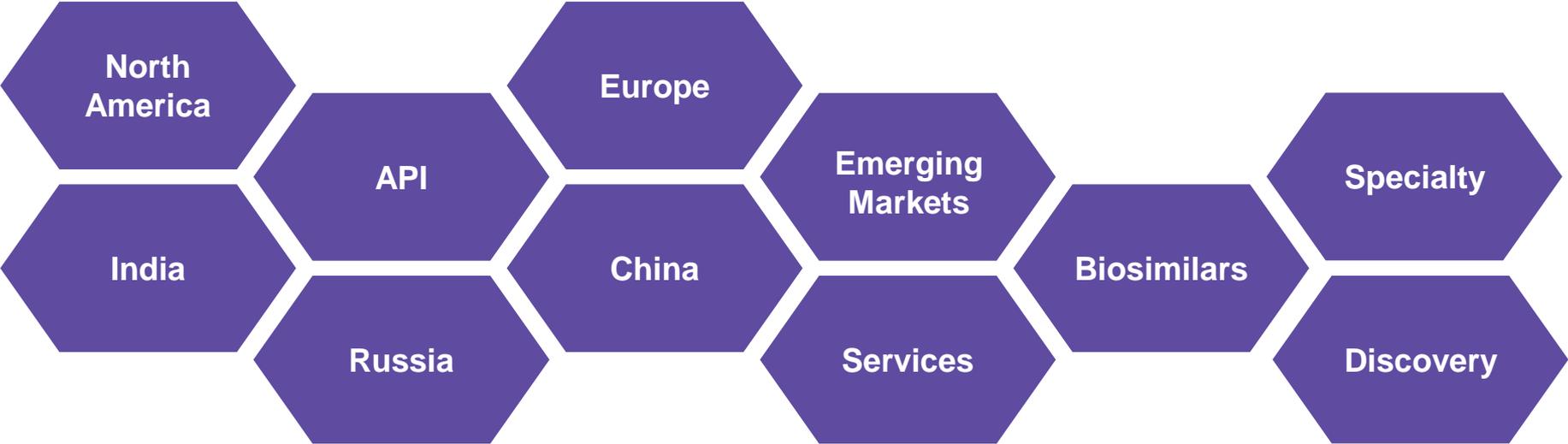
Dividend + Capital Gains  
Rs. 2,454

CAGR

29.1%

Growth of 46% in FY21

# Multiple avenues provide us a good visibility for a long-term sustainable growth



**We also continue to evaluate Inorganic Growth Opportunities across markets and value chain**

# Our Strategic Aspirations – Core Businesses

## North America (US & Canada):

- Augment Portfolio to over 300 products
- Focus on complex generics delivery
- Augment 'Go-to-market' model into newer channels

## Europe (Germany, UK & others):

- Enhance presence from EU-5 to EU-15
- Scale-up Hospital segment across markets
- Leverage our existing Global portfolio

## Emerging Markets (India, Russia, China & others):

- Building bigger & differentiated brands
- Leverage inorganic growth opportunities
- Building digital marketing capabilities

## PSAI (API & CDMO):

- Cost leadership to drive market share gains
- Strong pipeline of new products
- Accelerate growth in CDMO

# Creating a Pipeline of Differentiated Products

## Discovery

- Engaged in the discovery of novel therapeutics in the areas of **Oncology & Inflammation** and has **12 drugs under various stages of discovery & clinical trials**
- **Drug Discovery & Development** collaborations with several pharma and biotech companies in the US and Europe

## Biosimilars

- **Commercial portfolio of 6 products** being marketed in India and Emerging markets
- Progressing on **Phase-3 trials for Rituximab** (for EU & US)
- Potential launch of **Pegfilgrastim**, filed with our partner
- Multiple other **biosimilar assets are under development** in various stages



# COVID-19: Sputnik-V vaccine launched on 14<sup>th</sup> May, 2021

- 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 60<sup>th</sup> 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%. Hope to also bring single dose vaccine to India
- 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

## 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

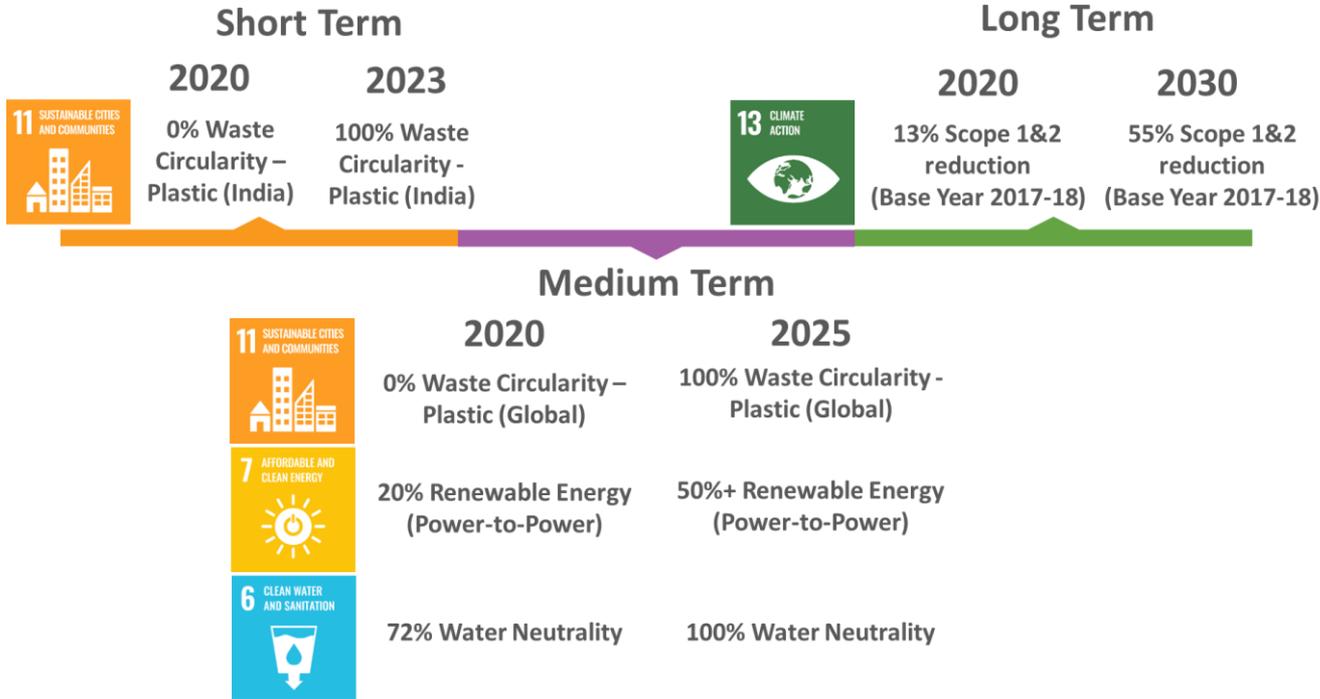
## Other Drugs

- Additionally, we are working on the development and commercialization of several other Covid-19 treatment drugs for patients with mild, moderate, severe and critical conditions

# Sustainability & Compliance is our way of life

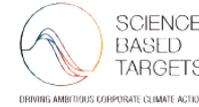


# Sustainability: Targets & Global Alignment



Dow Jones Sustainability Index 2020: we have been placed at rank 10<sup>th</sup> in pharma sector globally

Global sustainability frameworks we align to



MEMBER OF  
Dow Jones  
Sustainability Indices



In collaboration with  
S&P  
AM

FTSE4Good

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

 **PSCI** PHARMACEUTICAL SUPPLY CHAIN INITIATIVE  
Building responsible supply chains

# Awards & Recognitions

Retained our position on the Dow Jones Sustainability Index for the 5th consecutive year

Our Co-chairman & MD featured in one of the top 20 leaders in the Medicine Maker's Power List under the category of "Small Molecules"



Part of the 2021 Bloomberg Gender Equality Index for the 4th time in a row

API Supplier of the Year award for the 2nd consecutive year at Global Generic and Biosimilar Awards 2020

# We remain committed to our core stakeholders...

## Our Customers

- To continue to accelerate access to affordable and innovative medicines and services
- To focus on patients and health system with high unmet needs

## Our Shareholders

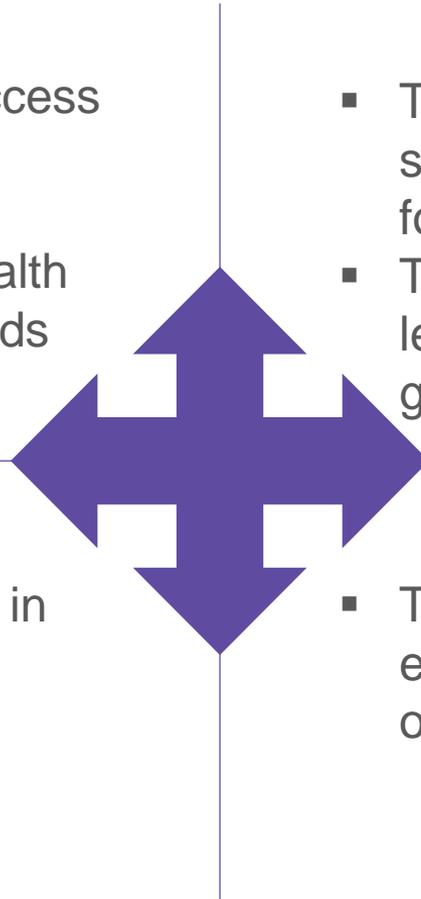
- To continue to drive total shareholder return (TSR) through focused strategy
- To create more opportunities with less risk and strong cash generation

## Our Communities

- To create positive outcomes in our communities
- To ensure compliance, sustainability and caring in everything we do

## Our Employees

- To enable an exciting journey to explore and allow new opportunities and horizons





**THANK YOU**