

# Dr. Reddy's Laboratories Ltd

## Q2 FY13 Press Meet

October 30, 2012



# 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;
- The ability to successfully implement our strategy, our research and development efforts, growth and 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 Government;
- Changes in laws and regulations that apply to our customers, suppliers, and the pharmaceutical industry;
- Increasing competition and the conditions of our customers, suppliers and the pharmaceutical industry; and
- Changes in political conditions in India.

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. 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.

# Q2 FY 13 Business Highlights



**27%**

growth in Net Revenues

Launched metoprolol succinate ER, montelukast and amoxicillin in the US

Strong performance by PSAI segment

**77%**

GROWTH IN ADJUSTED PAT

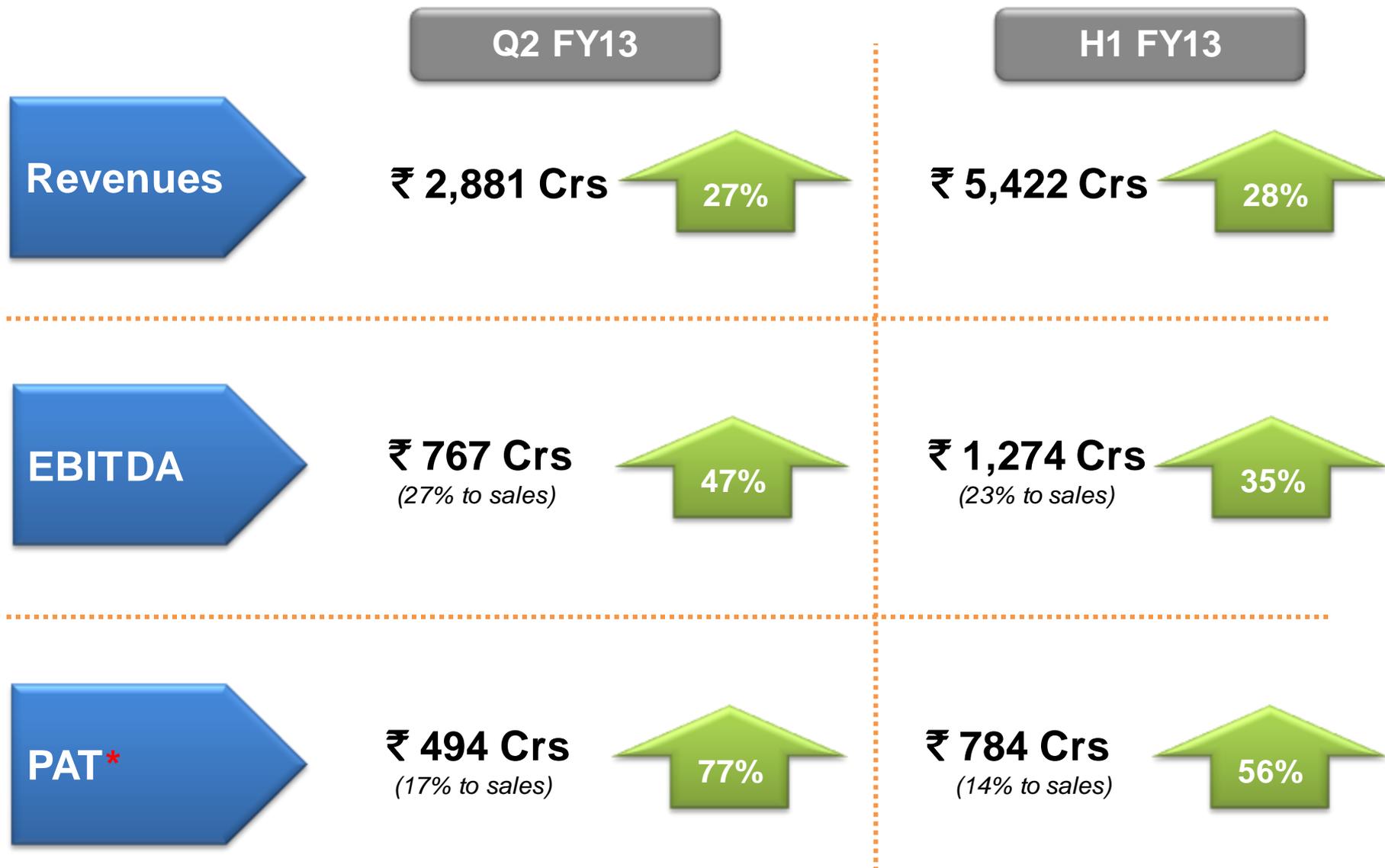
**767 Cr.**  
**EBITDA**

Healthy growth registered in key geographies of US, India and Emerging markets

# Q2 FY13 → New Product Launches

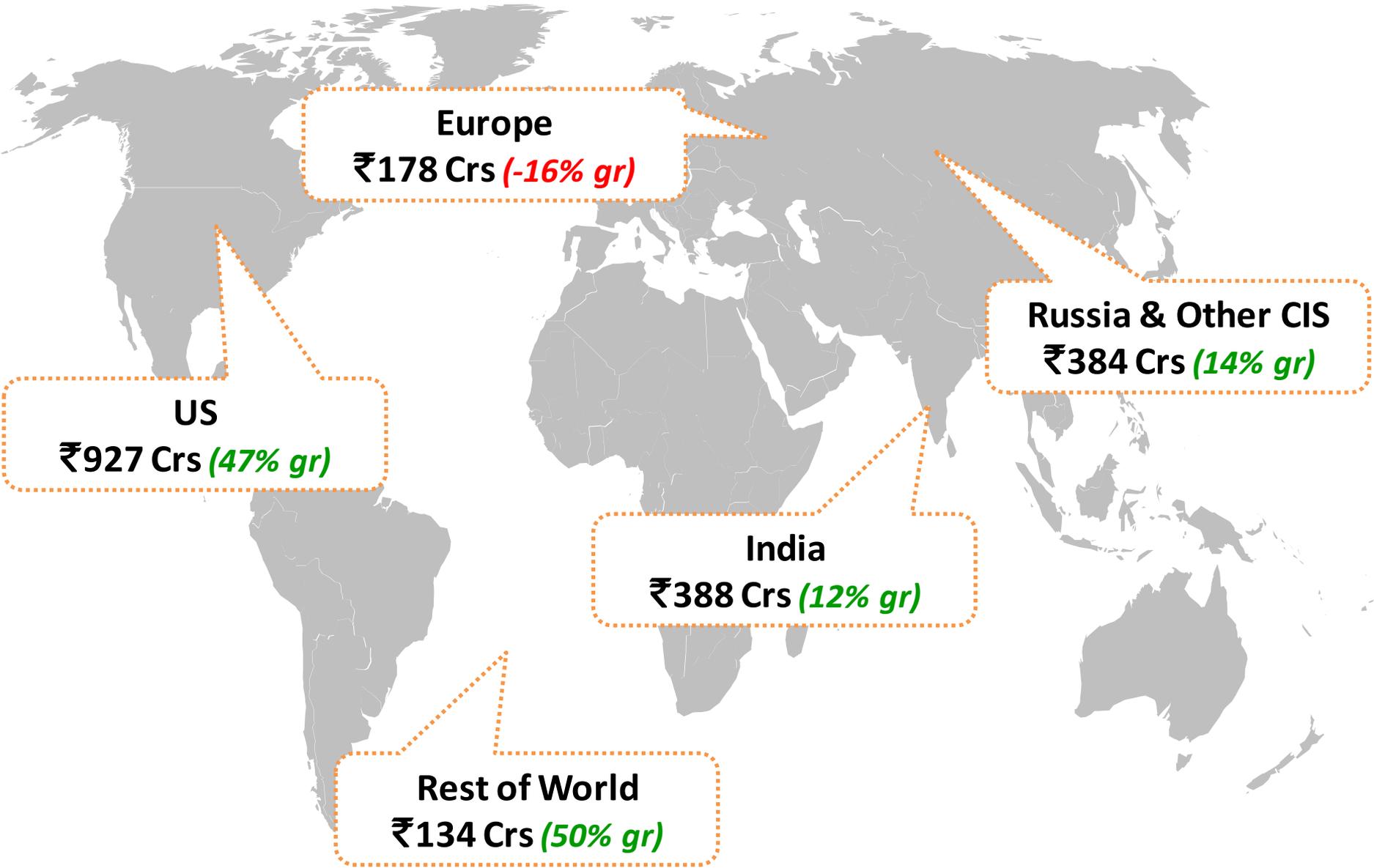


# Key Financial Highlights



• Adjusted PAT – after considering AETR for FY13, before impairment charge and VRS effect (Q2FY12)

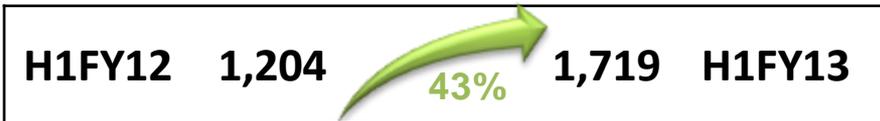
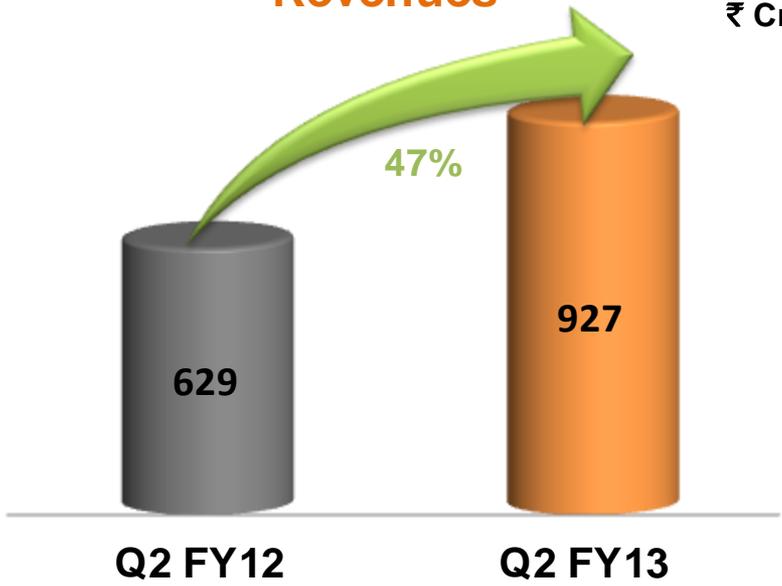
# Global Generics → ₹2,010 Crs (25% gr)



# Global Generics : US

## Revenues

₹ Crs



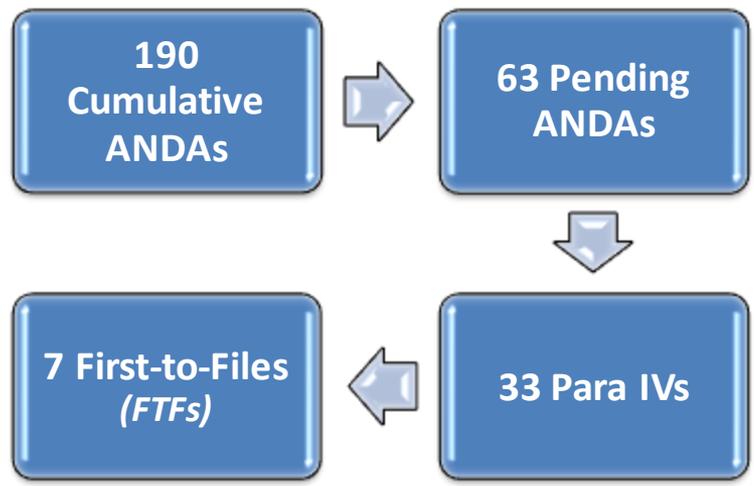
- ❑ Growth driven by ziprasidone, tacrolimus fondaparinux, clopidogrel, products from Shreveport facility and antibiotics portfolio
- ❑ 30 Rx products among Top 3 ranks in market shares

## Market Shares → Key Products

	Aug-12	Mar-12	Rank
Tacrolimus	44%	22%	1
Lansoprazole	22%	19%	2
Ziprasidone	23%	27%	2
Omeprazole	16%	15%	4
Fondaparinux	28%	24%	2

(Volume – Generics Market; Source: IMS Health Inc Aug 2012)

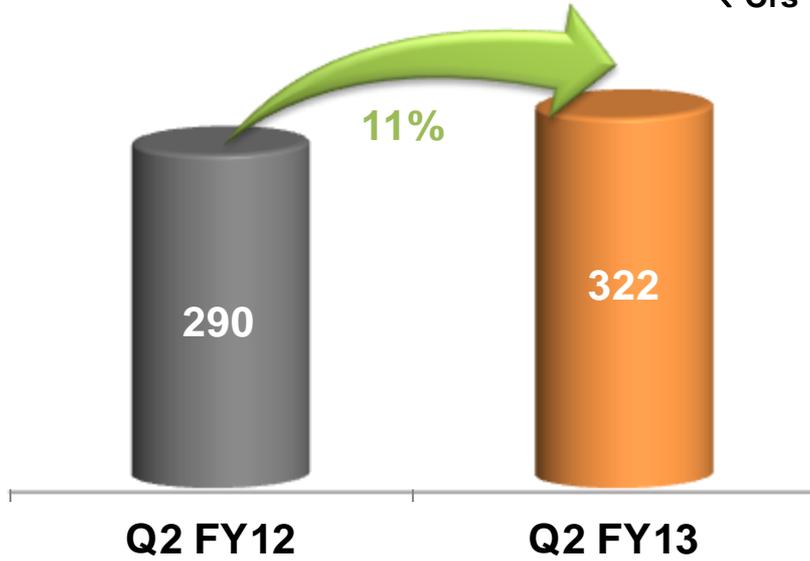
## Pipeline



# Global Generics : Russia

## Revenues

₹ Crs



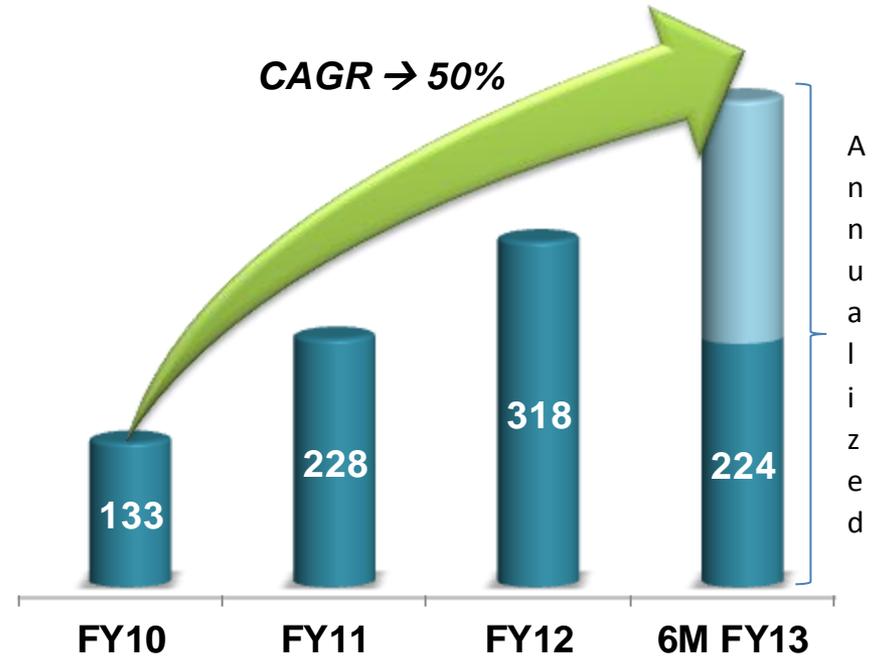
H1FY12 539      673      H1FY13

25%

## OTC Revenues

₹ Crs

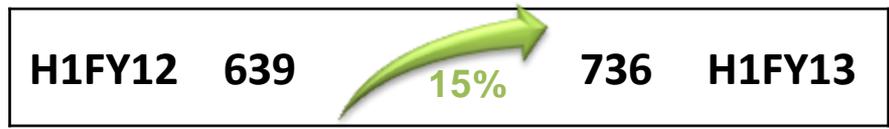
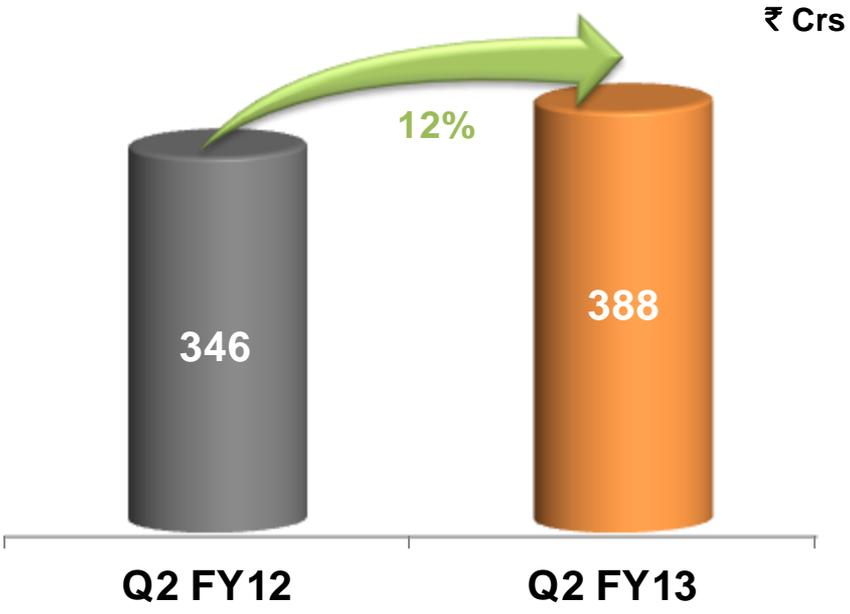
CAGR → 50%



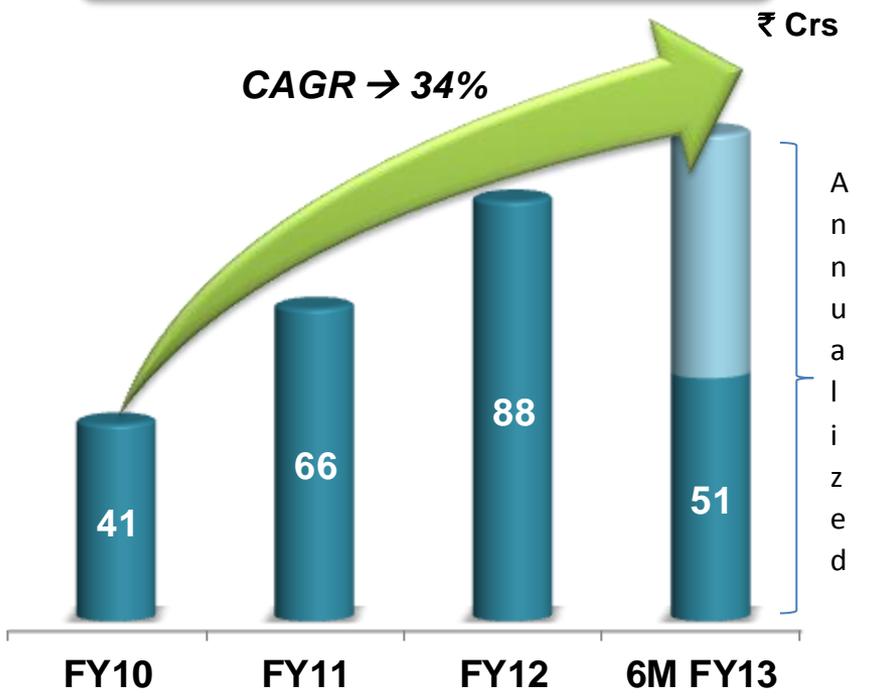
- ❑ Growth driven by top products Nise, Omez, Cetrine and new product launches
- ❑ Delayed onset of season (*winter*)
- ❑ Strong traction in OTC – growth of 24% YoY for H1
- ❑ Top 6 Rx products among Top 2 ranks in market shares
- ❑ Market Rank – 13<sup>th</sup> (*Source: Pharmexpert Sept-12 Report*)

# Global Generics : India

## Revenues



## Strong growth in biosimilars

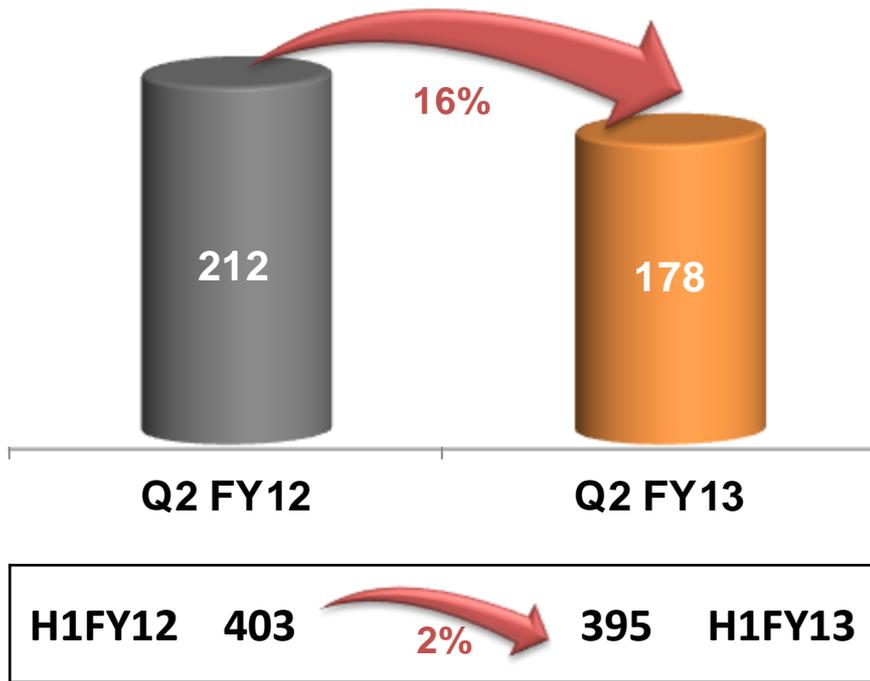


- ❑ Highest ever quarterly sales registered
- ❑ Growth driven by new product launches and volume increase in key brands – Stamlo, Reditux, OmezD, Econorm, Atocor & Razo
- ❑ 4 new launches during the quarter (14 new launches in six months)

# Global Generics : Europe

## Revenues

₹ Crs

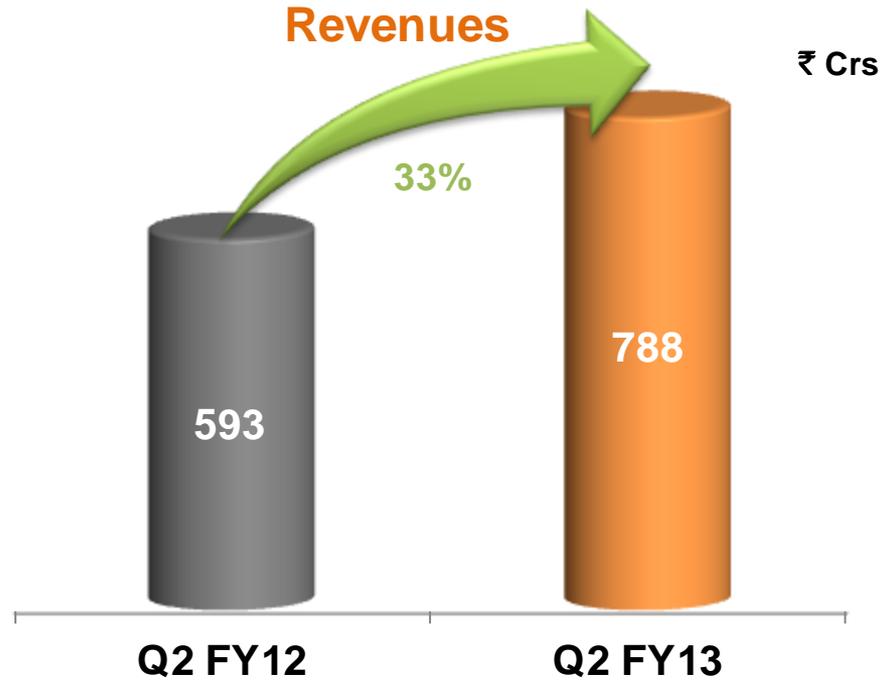


## New Launches (H1)

Molecule	Country
Ibandronsäure Injections	Germany
Aricia beta (OC)	Germany
Quetiapine	Germany
Rivastigmine	Germany
Lonicera(OC)	Germany
Atorvastatin	UK
Rivastigmine	UK

- ❑ New product launches partially offset the negative price variance
- ❑ Strong cost control measures adopted
- ❑ 5 new dossier filings in H1FY13
- ❑ Selective approach in picking new products: 7 new products launched in H1FY13

## Revenues



## Pipeline - DMFs

US	→	181
Europe	→	154
RoW	→	217
<b>Cumulative</b>	<b>→</b>	<b>552</b>

- ❑ Strong growth driven by :
  - Active Ingredients** → new launches to generic customers on the back of many patent expiries
  - Services segment** → new customer orders
- ❑ 10 DMF filings during the quarter
- ❑ Expect a continued growth momentum in the near term driven by launch supplies to generic customers and revival in the market

# Other Updates

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## ❑ Infrastructure expansion

→ Capex spend for the Quarter → ₹ 185 Crs

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## ❑ Mexico Facility Update

→ On July 26, 2012 the import alert on the Mexico facility has been lifted; and has received clearance from the USFDA

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## ❑ Awards & Recognition

→ **India's Best Companies to Work for 2012** – Was ranked 2<sup>nd</sup> in Biotechnology & Pharmaceutical Industry in a study conducted by Great Place to Work Institute and The Economic Times

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## ❑ Outlook

- Intention to acquire OctoPlus N.V.; a service based specialty pharmaceutical company
- Expansion in the areas of activated mPEG manufacturing and development and manufacture of NCE APIs

# Q&A Session

October 30, 2012



# P&L → Q2 FY13

₹ Crs

Particulars	Q2 FY13	Q2 FY12	Gr%
Revenue	2,881	2,268	27%
Gross Profit	1,531	1,221	25%
<i>% to sales</i>	53%	54%	
SG&A	801	722	11%
<i>% to sales</i>	28%	32%	
R&D	176	146	21%
<i>% to sales</i>	6%	6%	
EBITDA	767	520	47%
<i>% to sales</i>	27%	23%	
PAT	407	308	32%
<i>% to sales</i>	14%	14%	

# P&L → H1 FY13

₹ Crs

Particulars	H1 FY13	H1 FY12	Gr%
Revenue	5,422	4,246	28%
Gross Profit	2,885	2,276	27%
<i>% to sales</i>	53%	54%	
SG&A	1,629	1,397	17%
<i>% to sales</i>	30%	33%	
R&D	332	266	25%
<i>% to sales</i>	6%	6%	
EBITDA	1,274	940	35%
<i>% to sales</i>	23%	22%	
PAT	743	571	30%
<i>% to sales</i>	14%	13%	

# Key Balance Sheet Items

₹ Crs

Particulars	Sep 12	Jun 12
Cash & Cash Equivalents	2,064	2,135
Trade & Other receivables	2,625	2,498
Inventories	2,189	2,058
Property, plant & equipment	3,530	3,455
Loans & borrowings (current & non current)	3,490	3,543
Trade accounts payable	1,041	875

**Net Debt – Equity ratio at 0.23 in Sep 12**



L I F E . R E S E A R C H . H O P E

**THANK YOU**