



Dr.Reddy's 

Press Presentation

Q1 FY18

July 27, 2017



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:

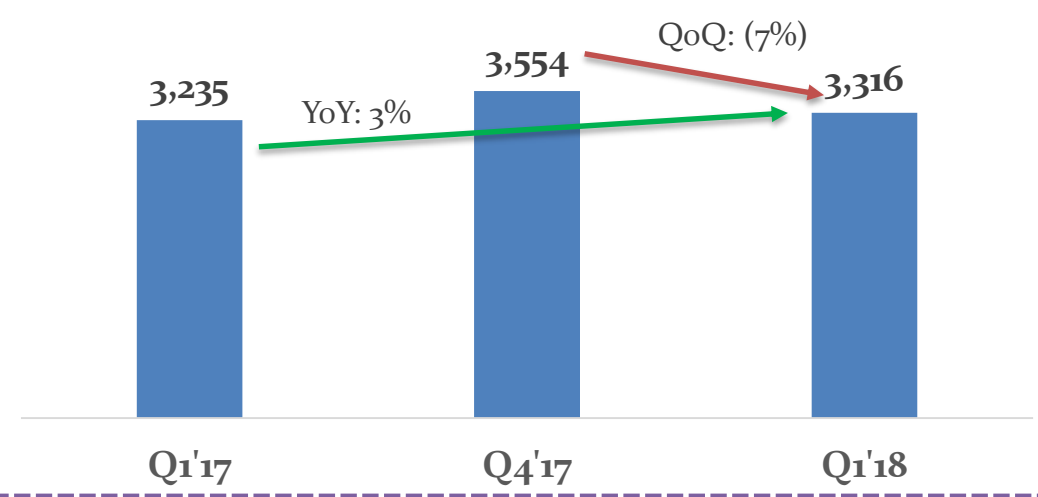
- General economic and business conditions in India and other key global markets in which we operate;
- The ability to successfully implement our strategy, our research and development efforts, growth & expansion plans and technological changes;
- Changes in the value of the Rupee and other currency 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.

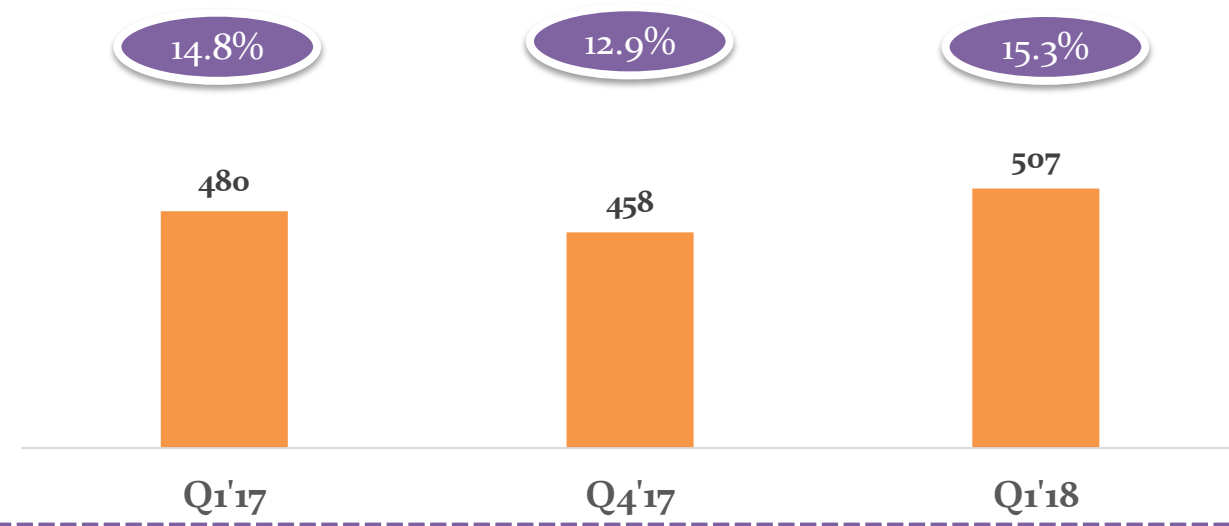
For more detailed information on the risks and uncertainties associated with the Company’s business activities, please see the company’s annual report filed in Form 20-F with the US SEC for the fiscal year ended March 31, 2017 and quarterly financial statements filed in Form 6-K with the US SEC for the quarters ended June 30, 2016, September 30, 2016 and December 31, 2016 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.

Q1 FY18 : Financial highlights

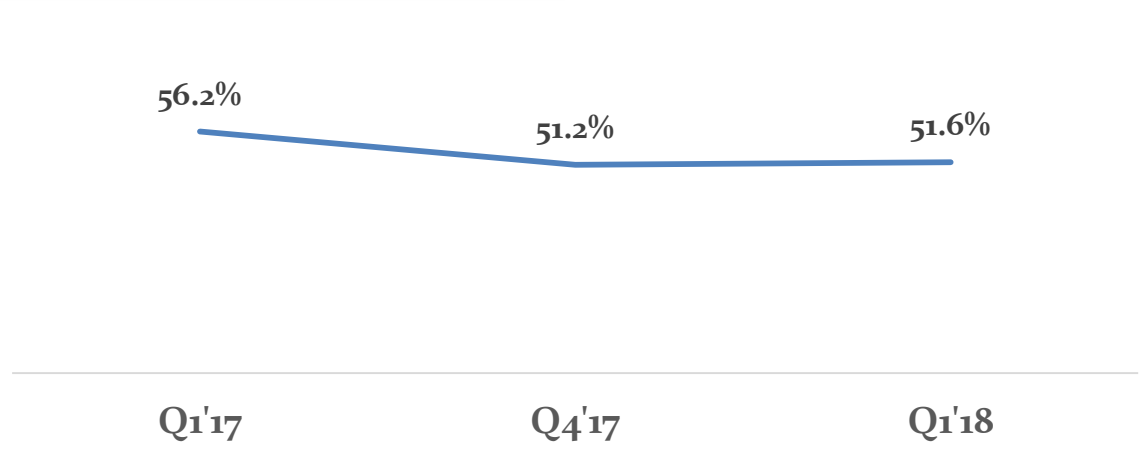
Revenues (₹ Cr)



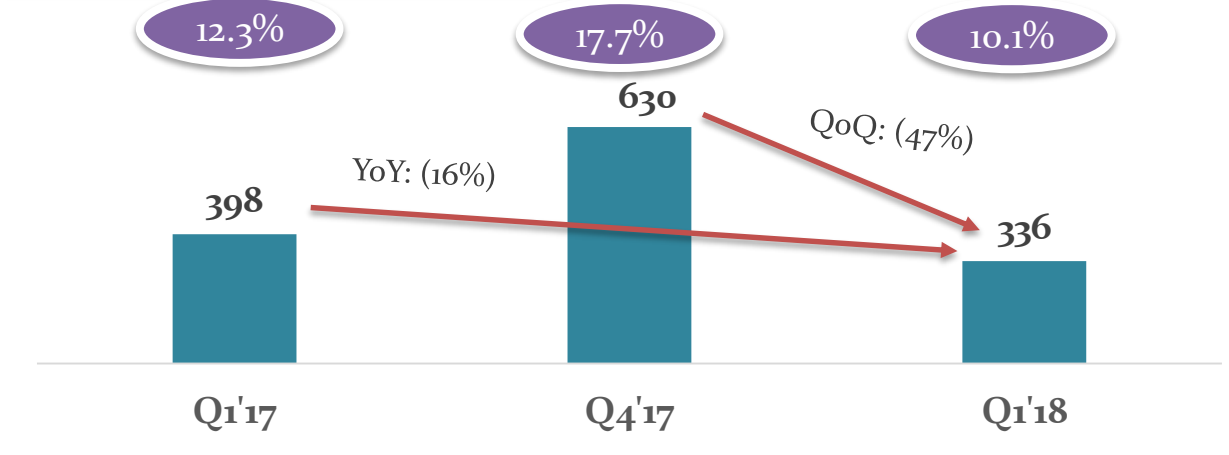
R&D (₹ Cr)



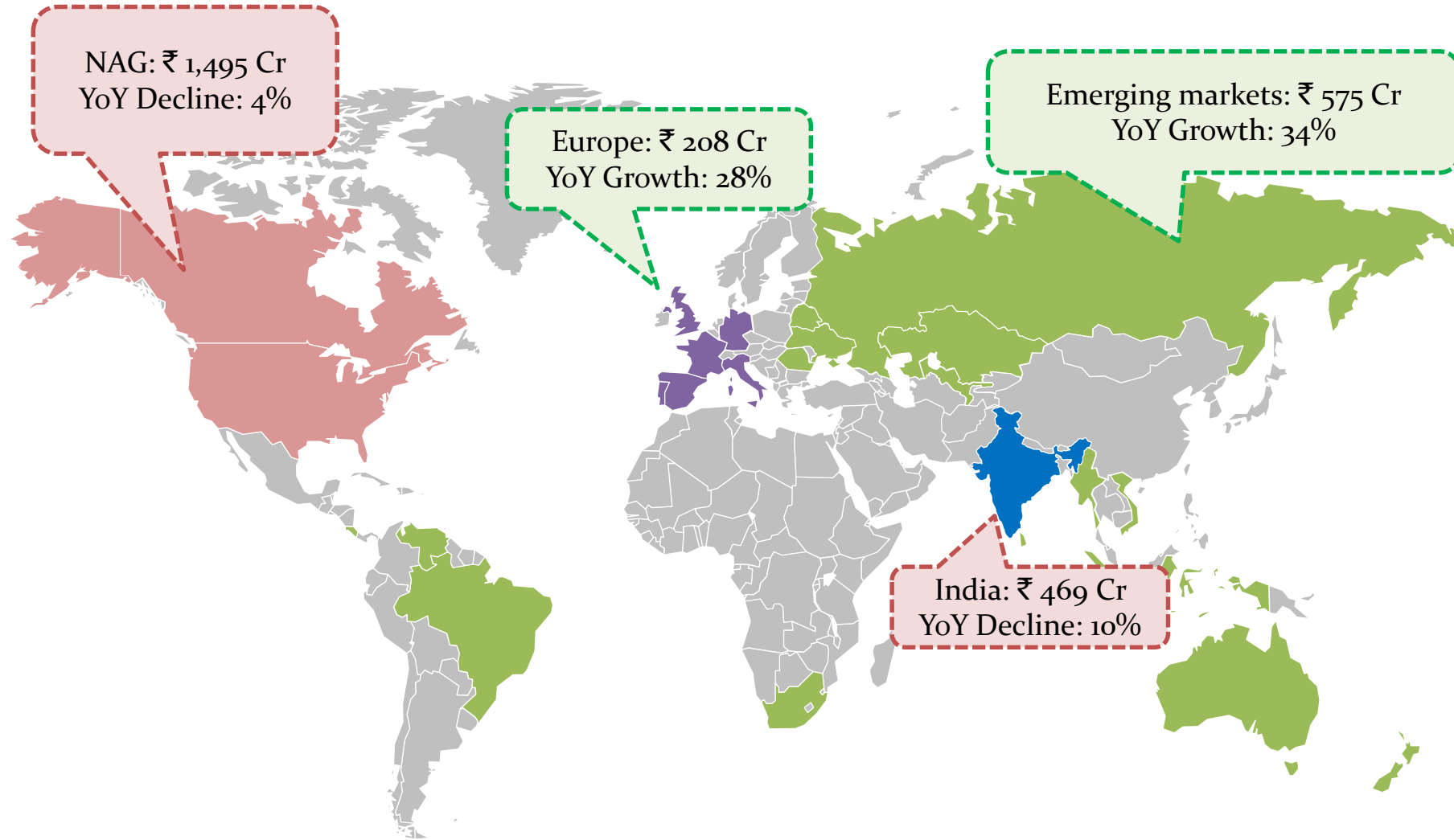
Gross profit (%)



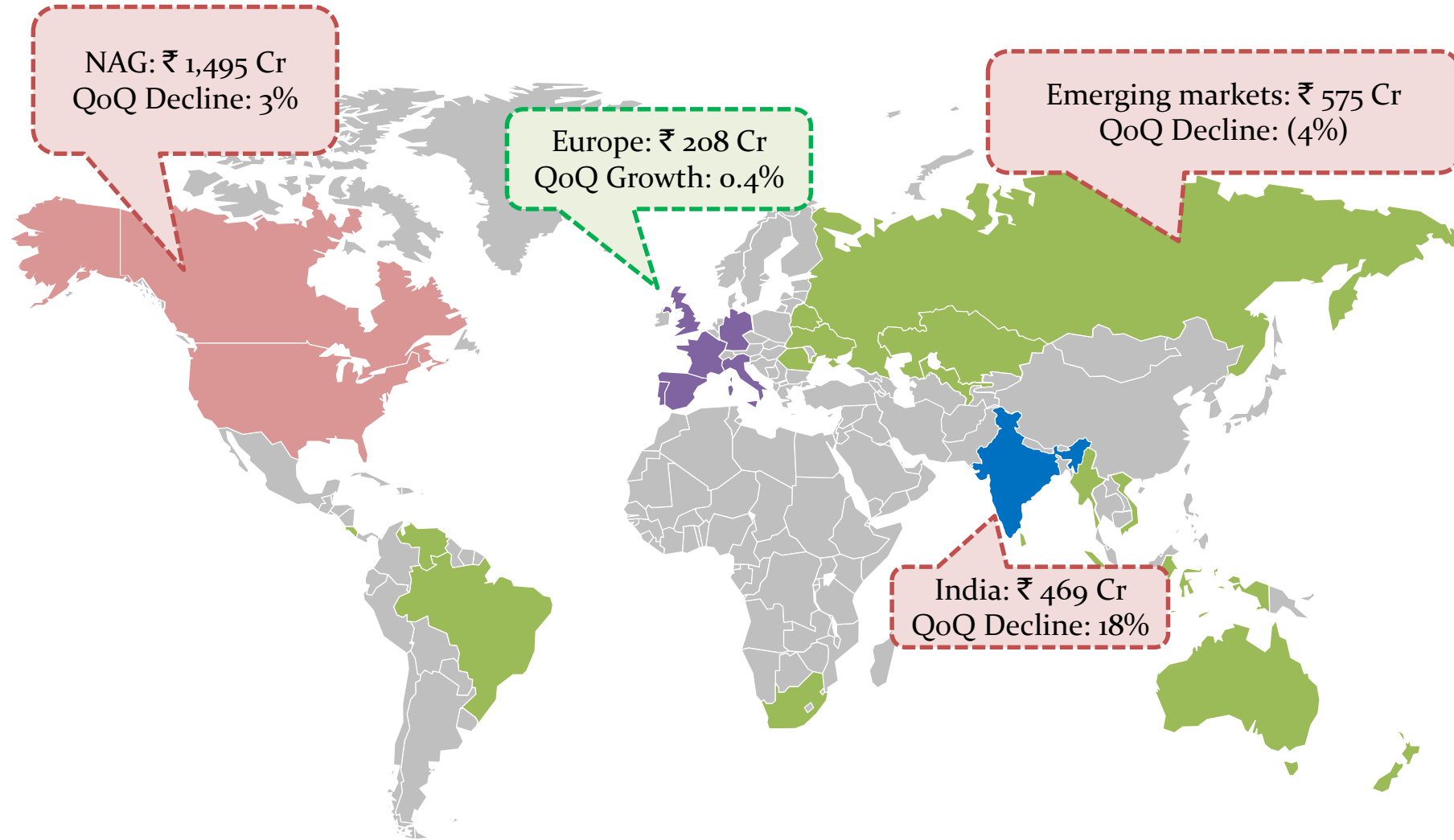
EBITDA (₹ Cr)



Global Generics: Q1 FY18 Revenues of ₹ 2,746 Cr (YoY 3% Growth)

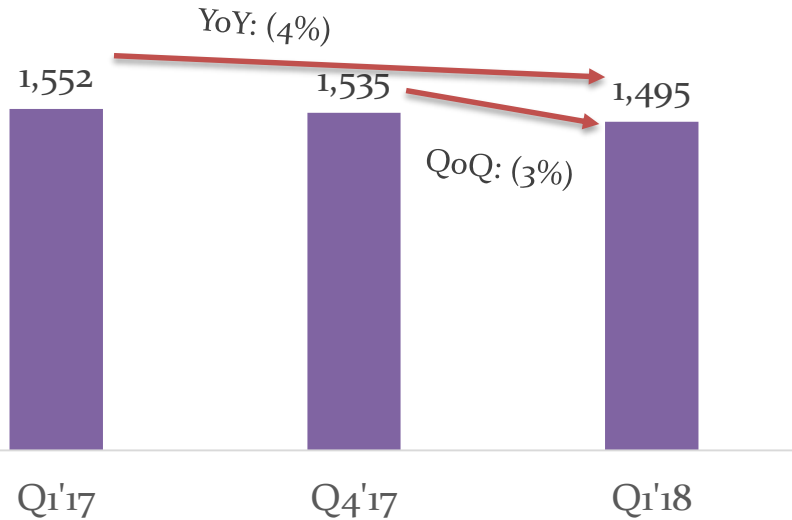


Global Generics: Q1 FY18 Revenues of ₹ 2,746 Cr (QoQ 6% Decline)



Global generics: US

Revenues (₹ Cr)



Market share

Product	Feb-17	May-17
Decitabine Injection	71%	76%
Azacitidine	50%	45%
Metoprolol ER	26%	25%
Esomeprazole^	19%	20%
Valgancyclovir	43%	32%
Sumatriptan Inj	29%	26%
Atorvastatin	15%	14%

^ -Based on Total Market

Generics filings Pipeline

258 cumulative filings
(255 ANDAs, 3 NDAs)

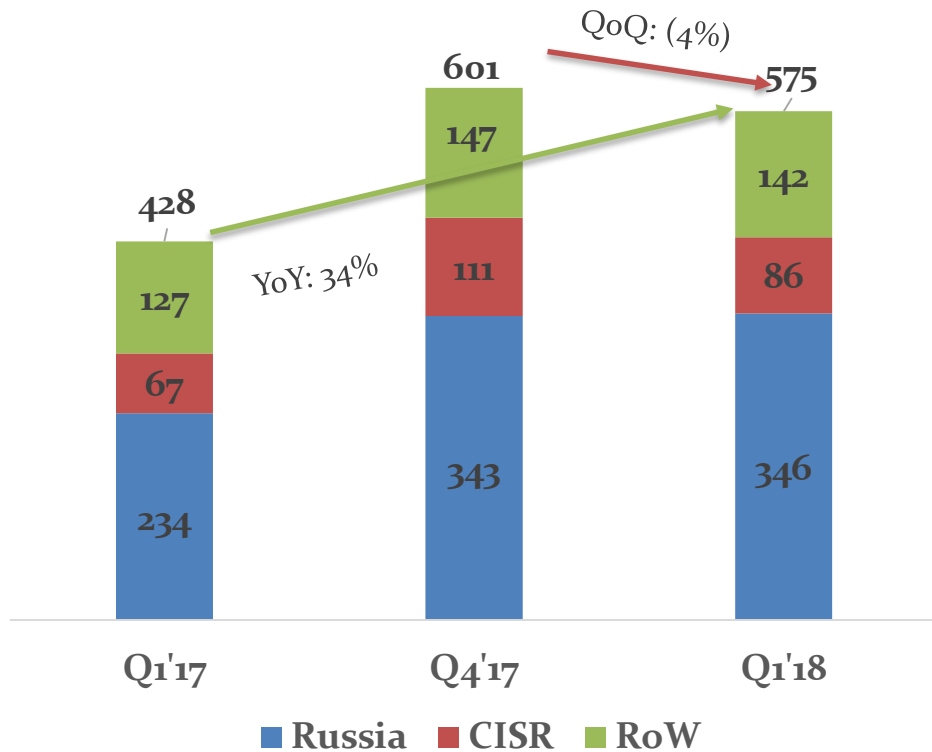
99 pending approvals
(97 ANDAs, 2 NDAs)

59 Para IV filings
26 First to files

- Ranked 9th amongst the Generics Rx Players in the US [IMS]
- Enhanced channel consolidation impact coupled with increased competition in key molecules leading to higher price erosion
- Four new products launched during the quarter, expecting a gradual build up. Key ones:
 - **Ezetimibe Simvastatin:** First asset commercialized from the acquired pipeline from Teva
 - **Liposomal Doxorubicin:** it is one of its kind, complex injectable product
- 2 ANDA's filed during the period - focus on pipeline augmentation continues

Global generics: Emerging Markets

Revenues (₹ Cr)



Russia

- In Ruble terms, sales grew by 31% YoY
- As per IMS, YTD June' 17, Dr. Reddy's volume growth is at 4.1% vs. Russian market volume growth of 3.6%.
- Rituximab supplies under National Tender carried out during the quarter
- Focus on portfolio enhancement through new product launches

CISR

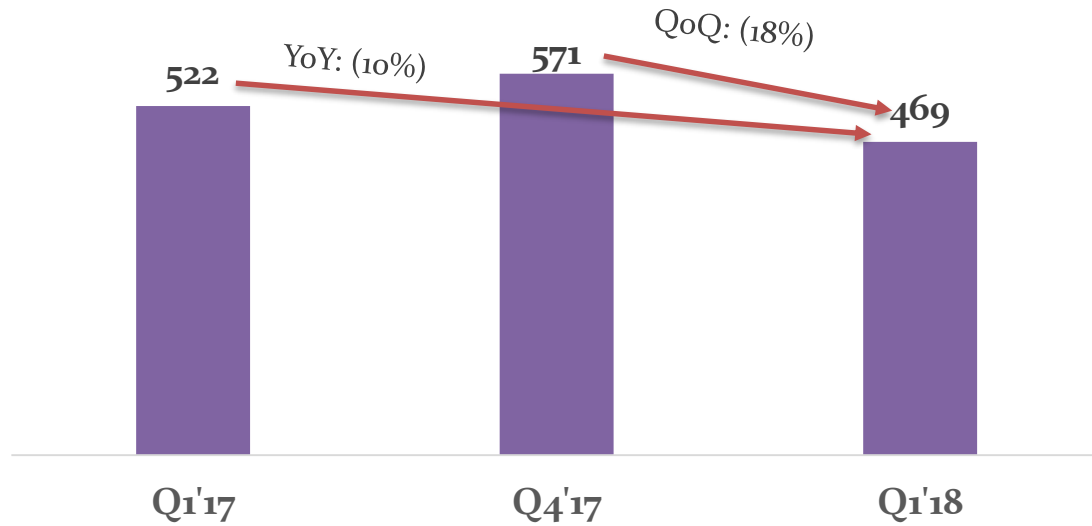
- Y-O-Y growth of 28%, majorly driven by higher volumes

ROW

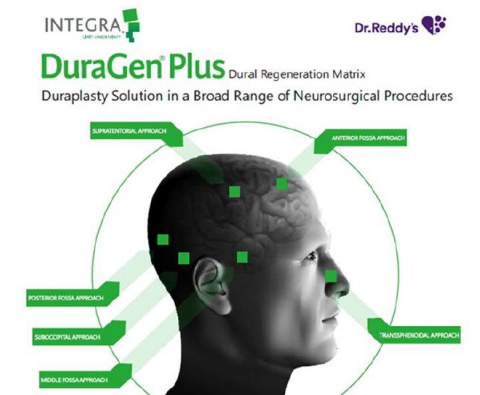
- Y-O-Y growth of 13%, majorly driven by higher sales in China
- New markets of Brazil & Colombia, are showing gradual pick in line with expectation

Global generics: India

Revenues (₹ Cr)

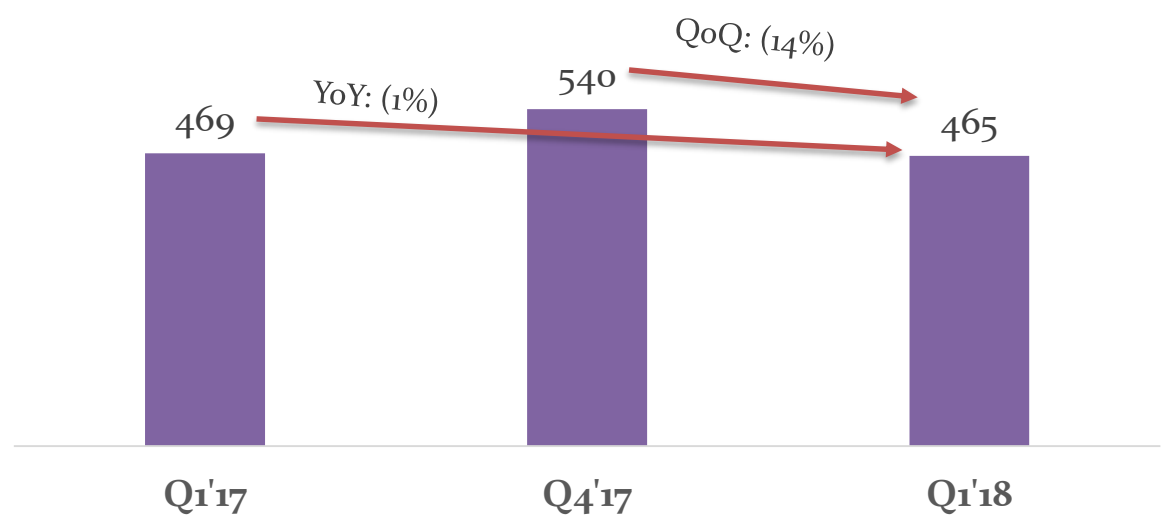


- Significant destocking by the channel due to GST transition. The same is expected to normalize over period
- Three new products launched in the period – RESOF Total, DuraGen Plus & Norilet Oz



Pharmaceutical services and active ingredients

Revenues (₹ Cr)



PSAI

- Lower sales in PSAI business majorly due to lower sales of Naproxen / Naproxen Sodium to Bayer & Roche
- Gaining traction in API+ business
- Globally, 15 DMFs filed in Q1'18; out of which 4 are in the US

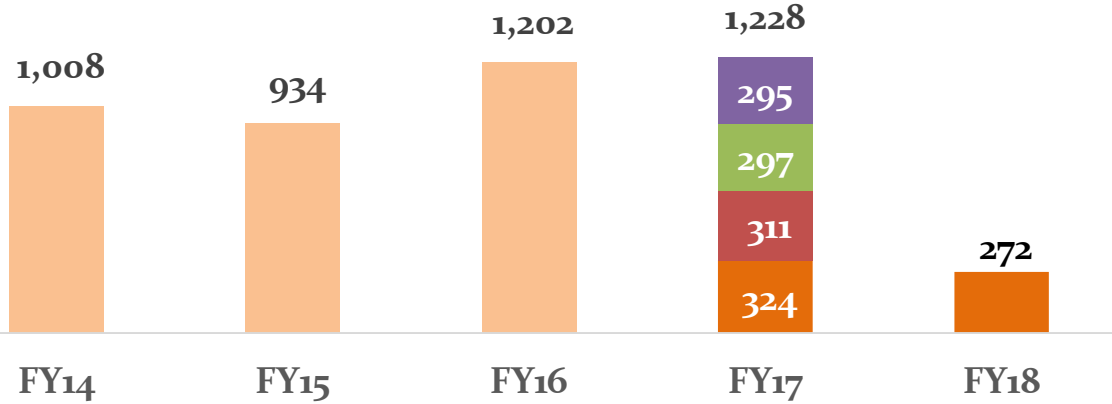
DMF filings

Region	Filings
US	205
Europe	165
Canada	72
RoW	325
Cumulative	767

Capex, R&D and Free cash flows

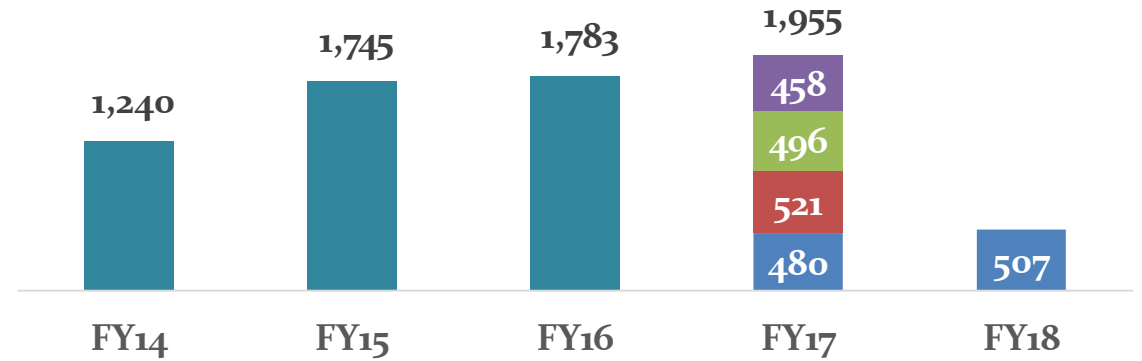
Capex (₹ Cr)

Q1 Q2 Q3 Q4



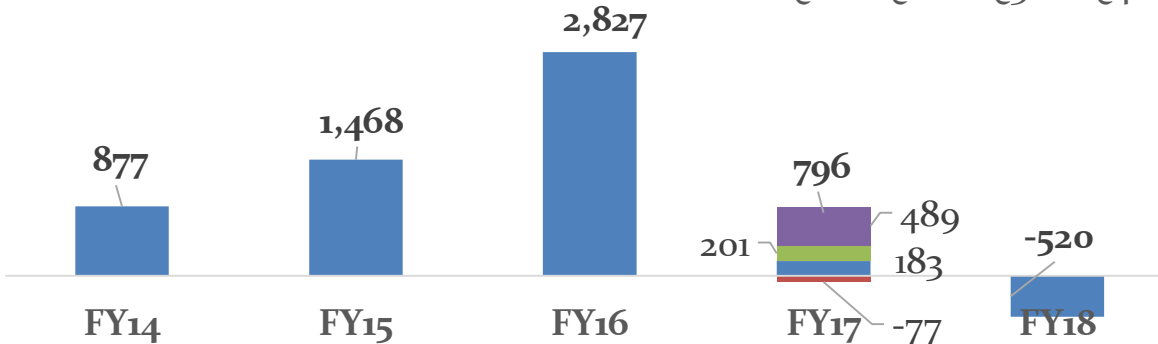
R&D (₹ Cr)

Q1 Q2 Q3 Q4



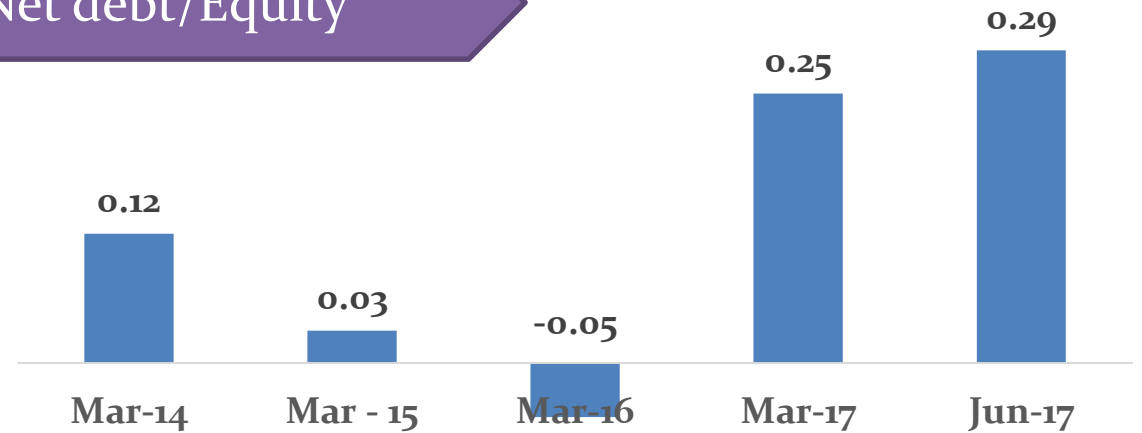
Free cash flows (₹ Cr)

Q1 Q2 Q3 Q4



FCF as above is before acquisition related pay-outs

Net debt/Equity



Key Priorities



Focus on improving spend productivity across the R&D, SG&A and Capex investments



Resolution of FDA observations, and continue to enhance our capabilities towards any time audit readiness



Resolution of open queries / deficiencies on ANDA's, for faster access to market



Portfolio enrichment across our existing markets

Q&A SESSION



**GOOD
HEALTH
CAN'T
WAIT.**

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