

Financial Results Q1 FY21

Jul 29, 2020

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, 2019, Sep 30, 2019, Dec 31, 2019 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.

Covid-19 Update

- Continued business operations despite the challenges being faced, ensuring continued availability of medicines to our patients and customers across geographies
- Precautionary measures such as social distancing norms, sanitization of our premises, usage of protective wears being followed, to safeguard the health and safety of our employees
- Usage of digi-channels to enable work from home and reaching out to doctors, customers and vendors
- Working towards launching Avigan (Favipiravir) & Remdesivir for treatment of Covid-19

Financial Highlights

Rs. Cr

Healthy EBITDA margins at 26.3%

	Q1 FY21	YoY Gr%	QoQ Gr%
Revenues	4,418	15%	-0.3%
EBITDA	1,162	2%*	16%
PBT	879	3%*	23%
PAT	579	-13%	-24%

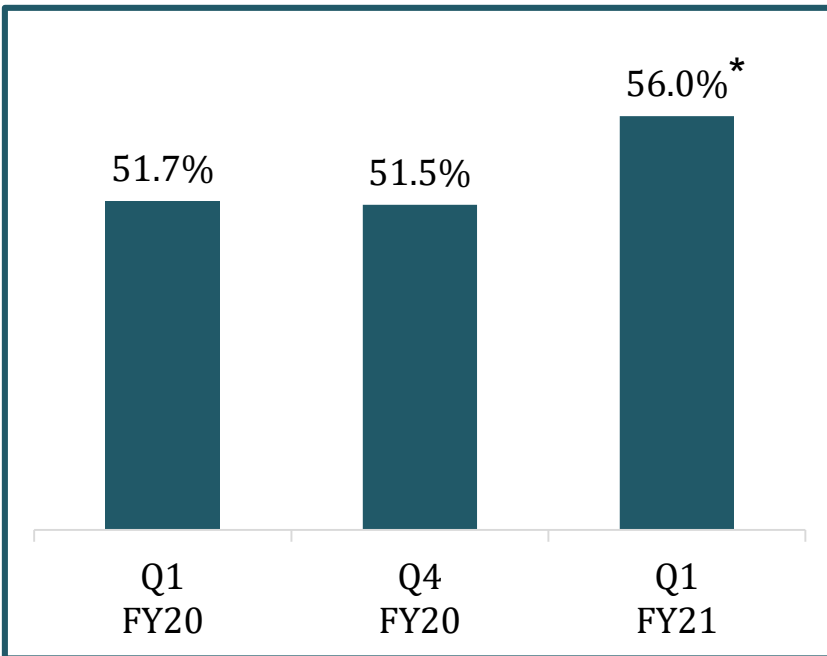
- Revenue - supported by good performance in PSAI and Europe markets
- EBITDA & PBT - supported by improved gross margins
- PAT - declined due to discontinuation of weighted deduction on R&D and completion of tax holiday for one of our plants

* Q1 FY20 includes settlement income of Rs. 346 Cr. Adjusted for it, EBITDA grew by 47% & PBT grew by 74%

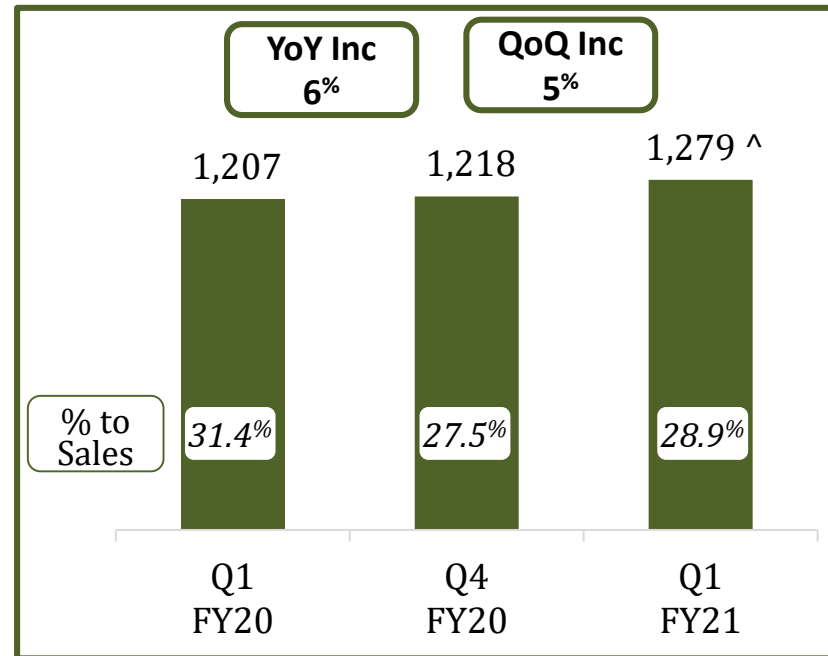
P&L Metrics - Quarterly

Rs. Cr

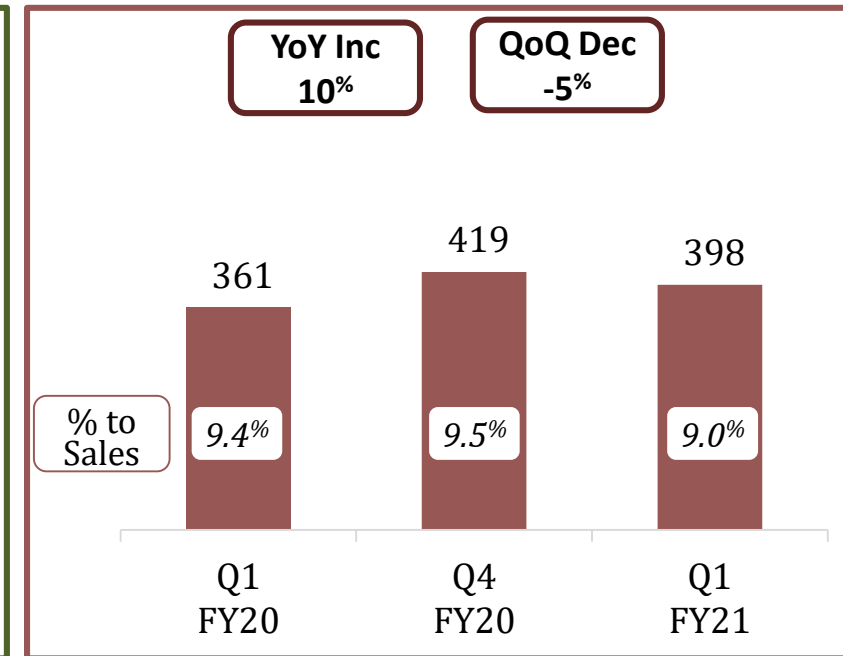
Gross margin



SG&A Expenses



R&D Expenses



* Q1 FY21 gross margins were mainly benefited from product mix and favourable forex

[^] The increase in SG&A was primarily attributable to the higher freight cost due to COVID-19

North America – New launch momentum continues

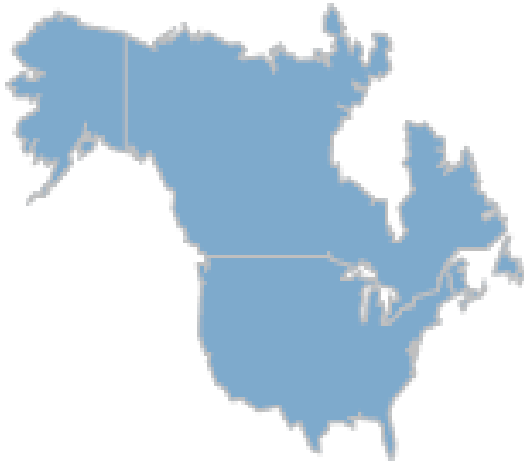
Revenues

Q1 FY21

Rs. 1,728 cr

YoY Gr
6%

QoQ Dec
-4%



▪ Revenue:

- YoY – benefited from new products and favourable forex partly offset by price erosion
- QoQ – Impacted due to decline in volumes from base products; albeit, benefited from favourable forex

▪ New launches:

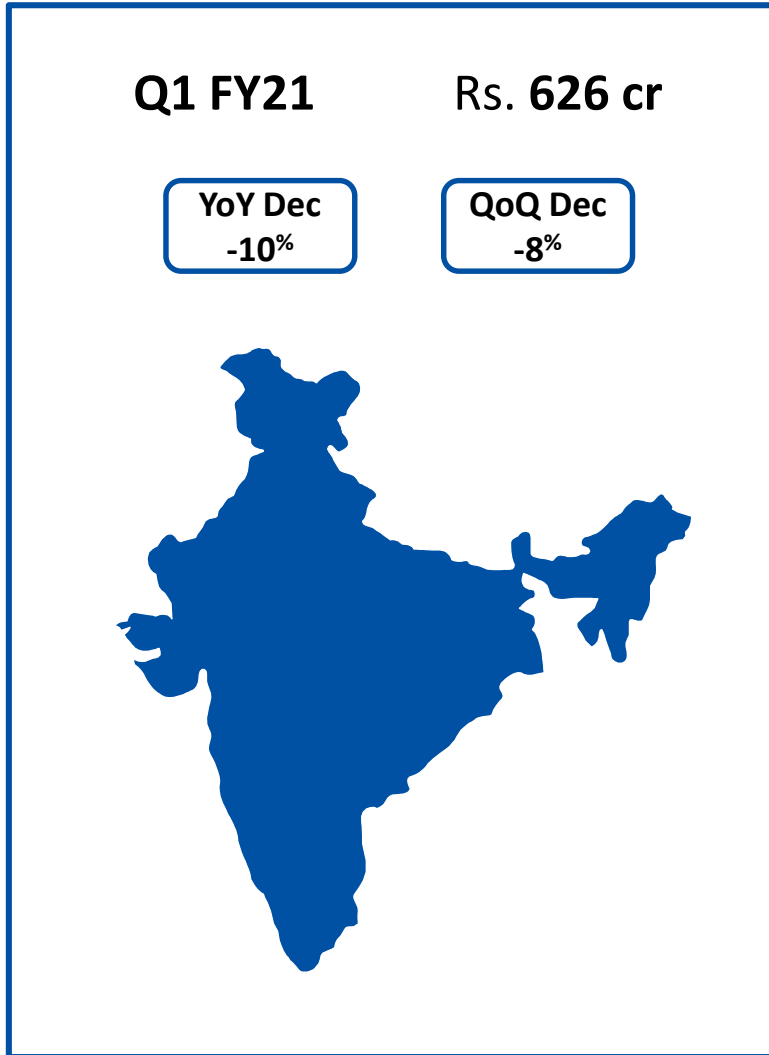
- 6 new products - (Fenofibrate Tablets, Nitroglycerin Patch, Amphetamine Sulfate Tablets, Desmopressin Acetate Ampules, Colchicine Tablets and Abiraterone Acetate Tablets)

▪ US filing update:

	Q1 FY21
ANDAs filed	5
Pending for approval: 101 (99 ANDAs + 2 NDAs)	
54 Para IV filings 28 expected to have FTF status	

India – Sales impacted due to Covid-19 lockdowns

Revenues



- Revenue - declined on account of lower sales volume owing to lower prescriptions and fall in patient footfall in pharmacies/clinics due to Covid-19
- Completed the acquisition of select business from Wockhardt including the manufacturing plant located in Baddi
- New launches:
 - 4 new brands launched during the quarter
- We are at market rank of 12th position as per IQVIA on MAT basis, an improvement by one position after Wockhardt integration.

IQVIA growth rates

Jun 2020	MQT	MAT
IPM	-4.9%	6.9%
Dr. Reddy's*	-19.3%	2.1%

* Including Wockhardt portfolio

Emerging Markets – Strong growth in RoW mMarkets

₹ Cr

Revenues

Q1 FY21

Rs. 798 cr

YoY Gr
9%

QoQ Dec
-1%



Region	Q1'21	YoY Gr	QoQ Gr
Russia	327	-17%	-16%
CISR	139	15%	-22%
RoW	332	56%	41%
EM	798	9%	-1%

YoY

- **Russia:** Decline driven by lower volumes due to Covid-19
- **CISR:** Growth supported by higher volumes and new product launches
- **RoW:** Growth on account of base business and new products in new markets

QoQ sales decline in Russia & CISR, primarily due to lower volumes owing to Covid-19, offset with RoW

Europe – Significant YoY growth across markets

₹ Cr

Revenues

Q1 FY21

Rs. 355 cr

YoY Gr
48%

QoQ Gr
3%



Region	Q1'21	YoY Gr	QoQ Gr
Germany	221	41%	6%
UK/OL	102	43%	-4%
New Markets	33	172%	11%
Europe	355	48%	3%

YoY

- Growth driven by the new product launches and increased volumes across all the markets

QoQ

- Germany growth supported by increase in volumes and forex benefit
- UK/OL declined because of lower volumes
- New markets (France, Italy & Spain) supported by new products and forex benefits

PSAI – Strong YoY & QoQ growth

Revenues

Q1 FY21

Rs. 855 cr

YoY Gr
88%

QoQ Gr
19%



Revenue:

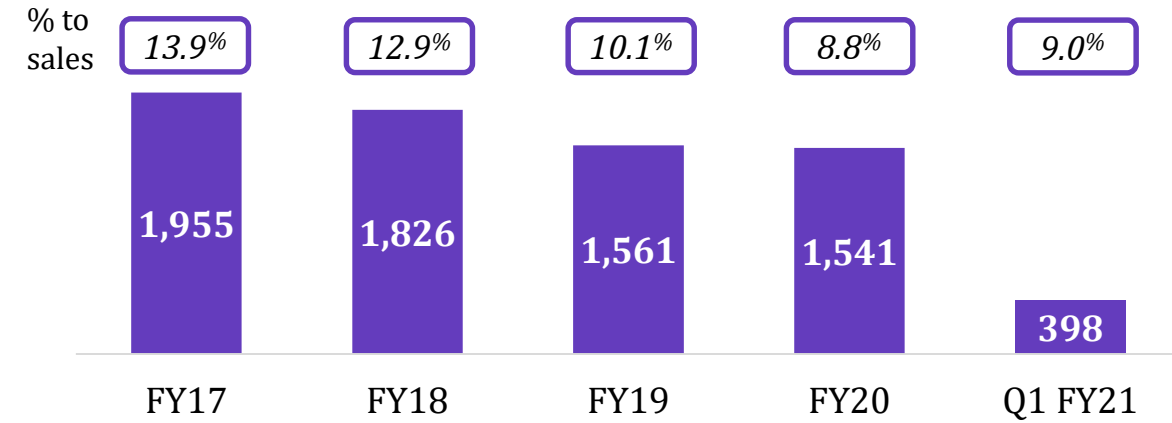
- Growth largely driven by
 - Good order book position leading to increase in volumes
 - New products sales
 - Favourable forex movement

▪ Filings:

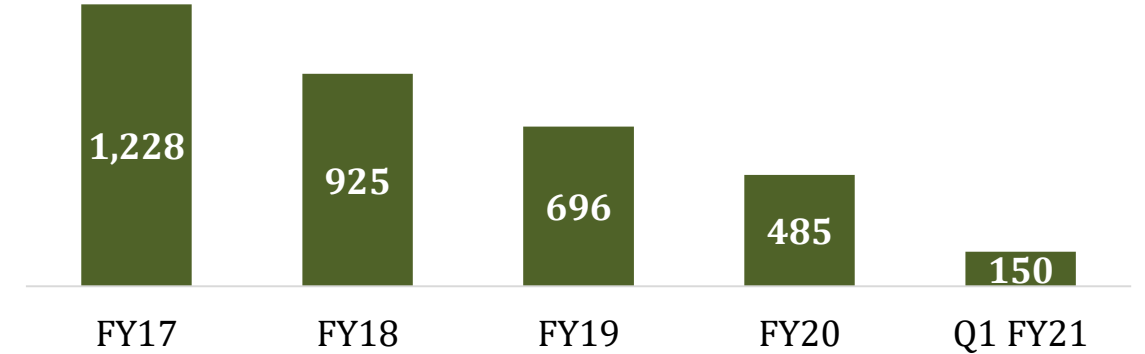
	Q1 FY21
Global DMFs filed incl. US DMFs	16
US DMFs	1

R&D, Capex & Cash flows

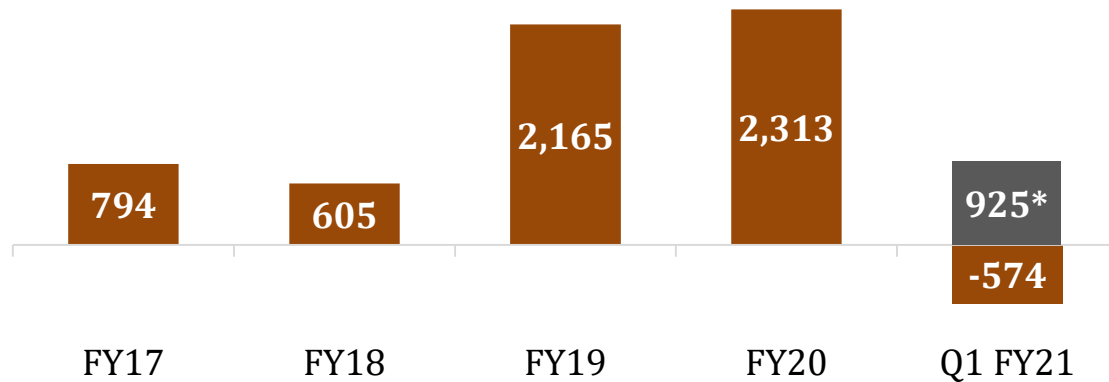
R&D expenses (Rs. Cr)



Capex (Rs. Cr)

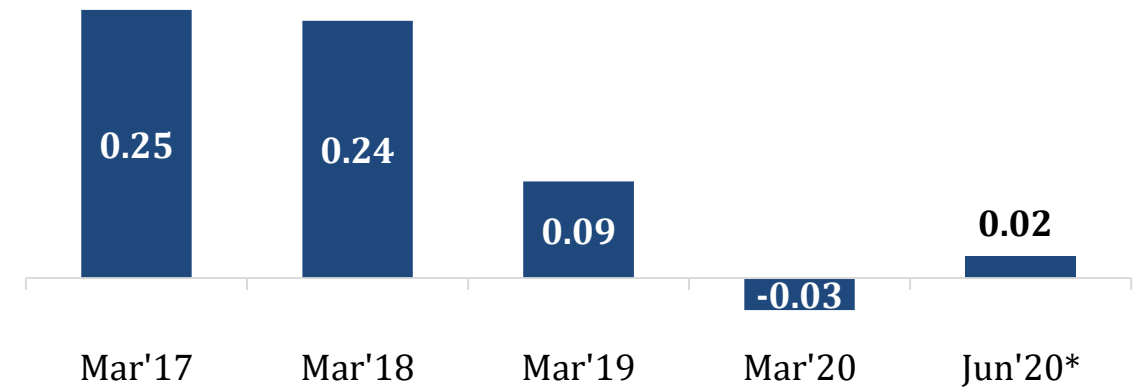


Free cash flow (Rs. Cr)



*Free Cash Flow of Rs. 925 cr from operations before acquisition related payout of Rs. 1,499 cr to Wockhardt

Net Debt / Equity



* Net debt stood at Rs. 336 Cr as on June 30th, 2020

Key Priorities



Launching Covid-19 drugs Avigan & Remdesivir in various markets

Ensure uninterrupted operations during Covid-19 times

Achieve market leading growth across businesses

Build healthy pipeline of products

Continue with the productivity improvements

Drive innovation and digitalization to fuel future growth

Execution of Strategic initiatives & moves



THANK YOU