

# Press Presentation – Q4'18 & FY18



# 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, 2017, September 30, 2017, December 31, 2017 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.

# Dr. Reddy's welcomes Mr. Erez Israeli



Mr. Erez Israeli

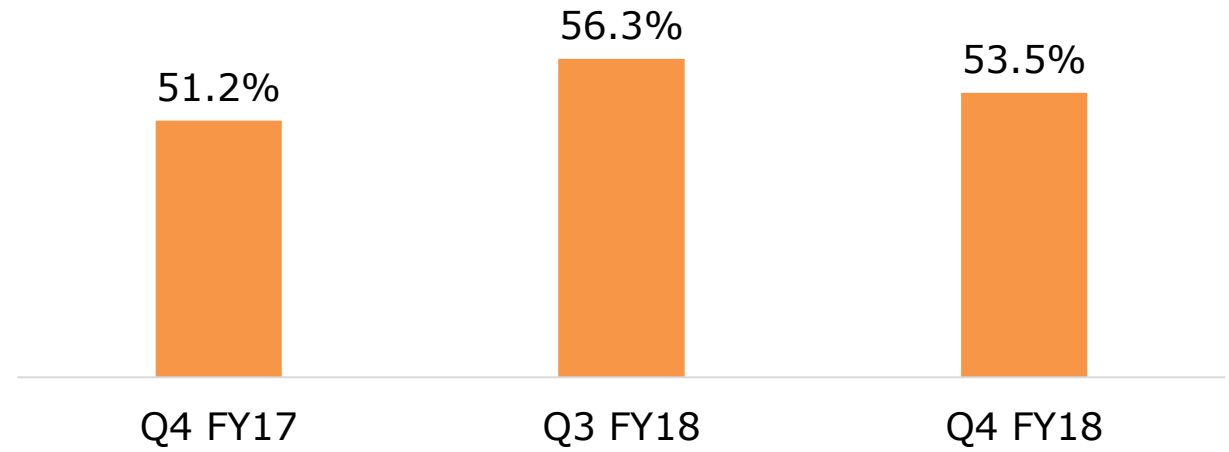
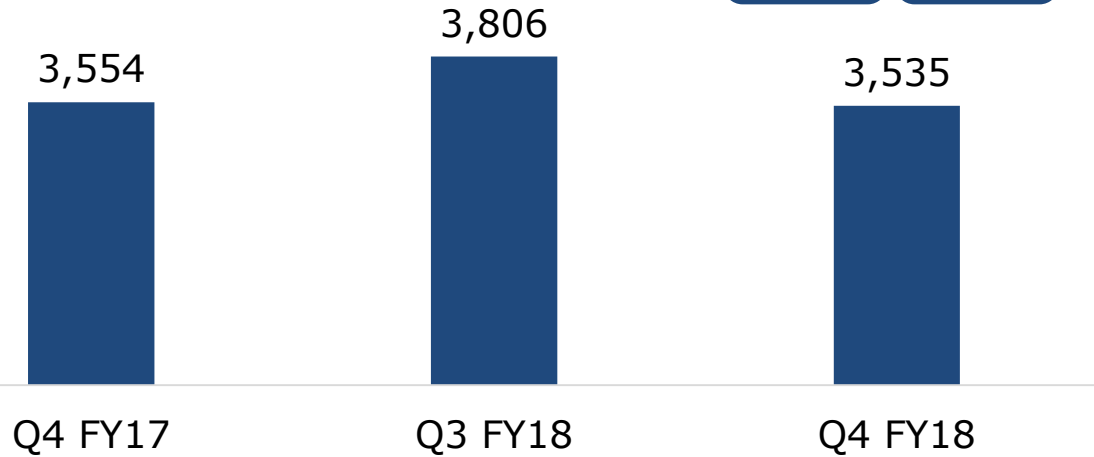
Chief Operating Officer and Global Head of Generics & PSAI

# Q4 Financial highlights

## Revenues (₹ Cr)

YoY -1%  
QoQ -7%

## Gross profit (% to sales)

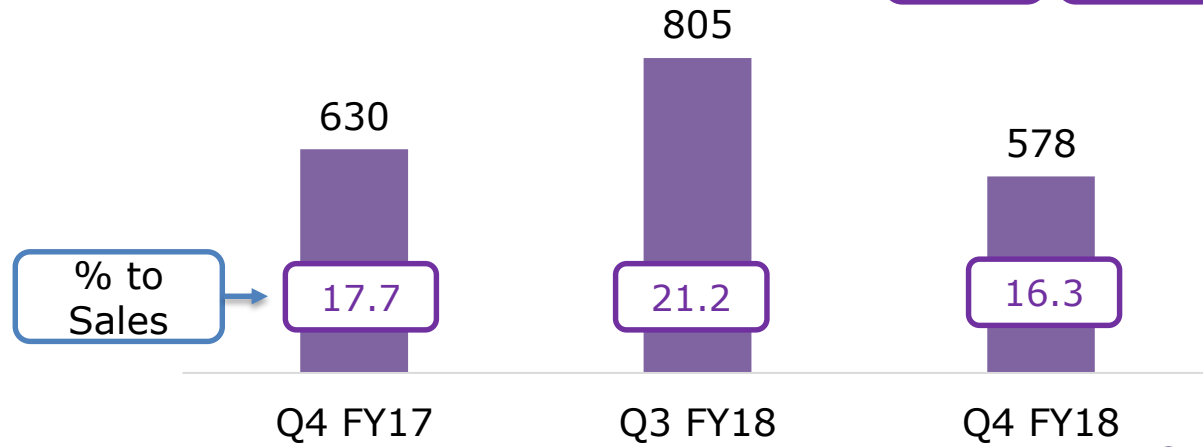
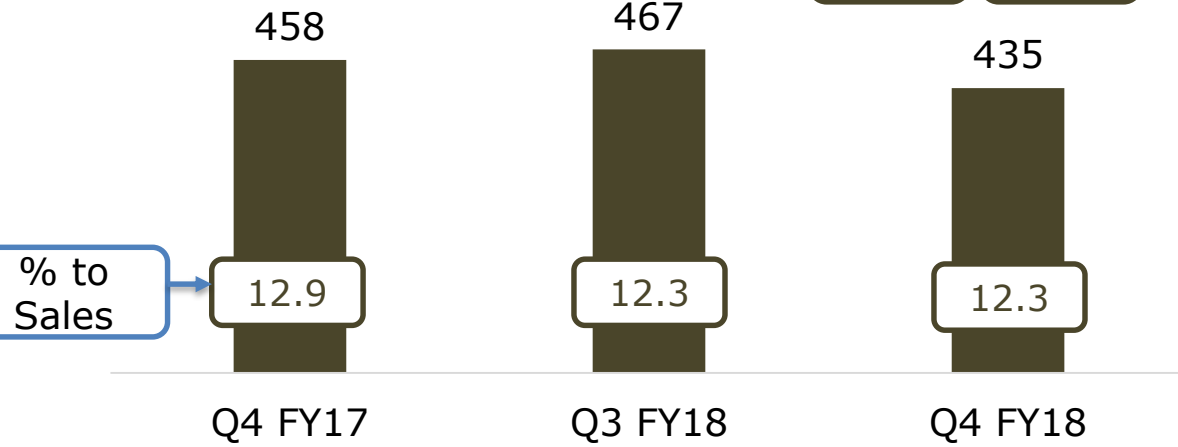


## R&D (₹ Cr)

YoY -5%  
QoQ -7%

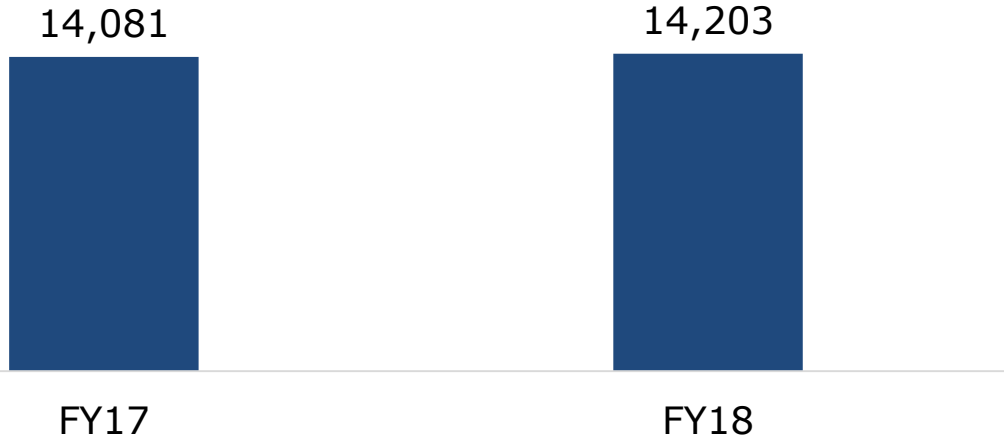
## EBITDA (₹ Cr)

YoY -8%  
QoQ -28%



# FY18 Financial highlights

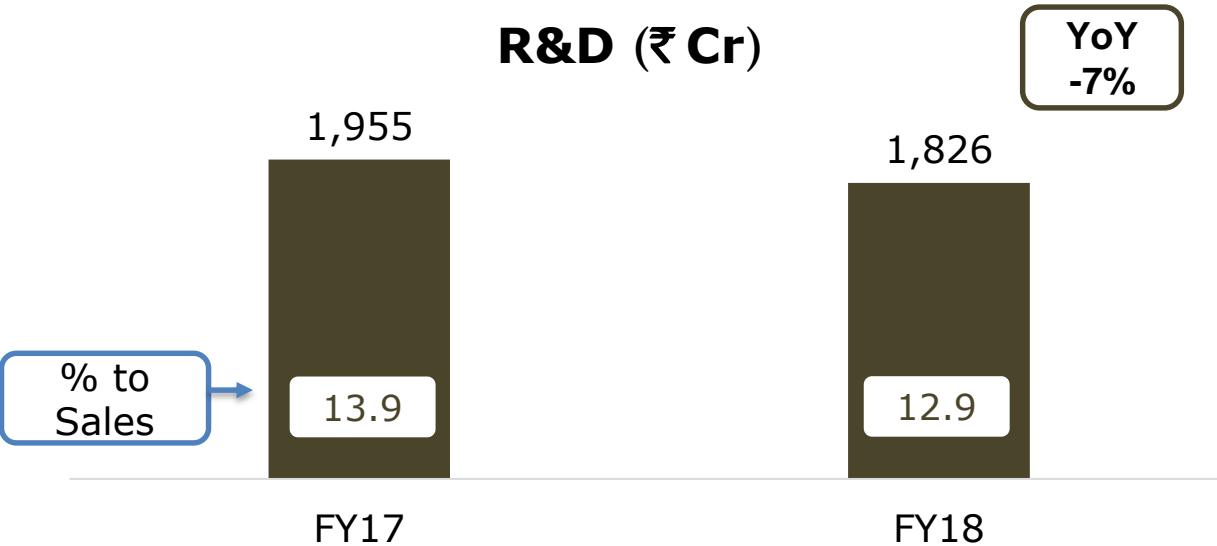
## Revenues (₹ Cr)



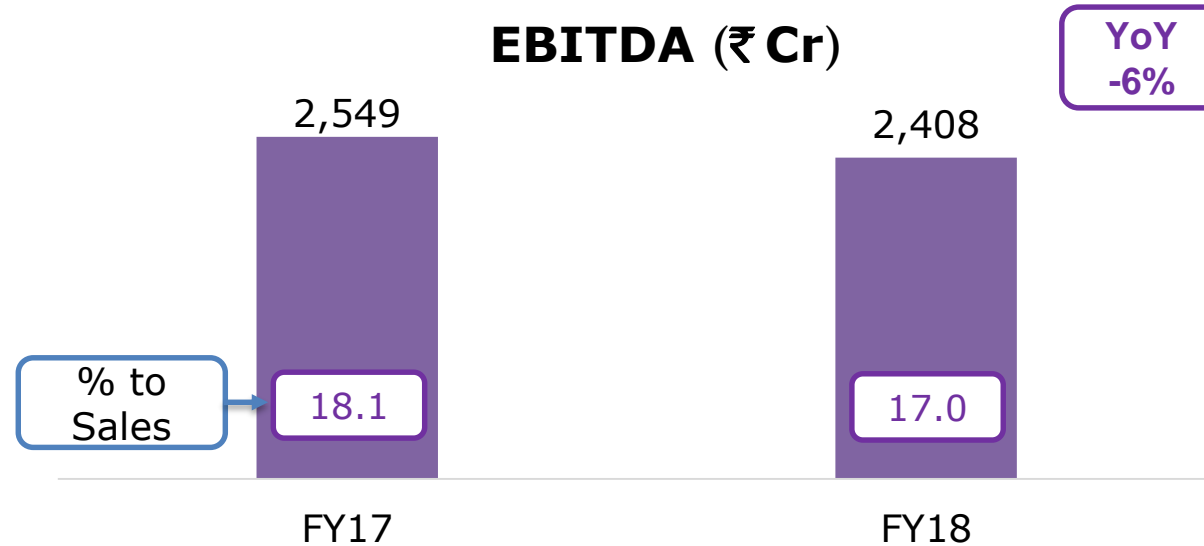
## Gross profit (% to sales)



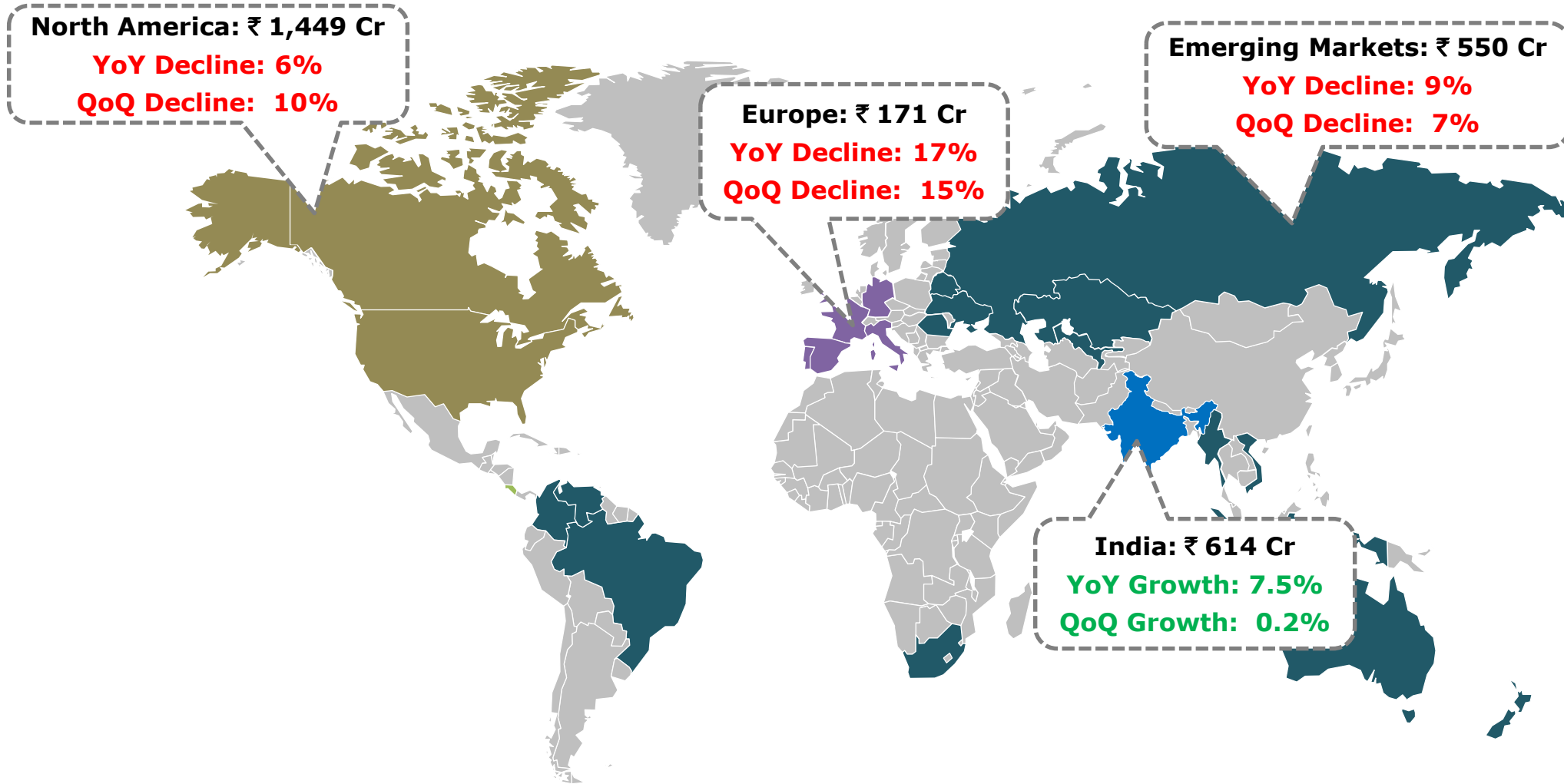
## R&D (₹ Cr)



## EBITDA (₹ Cr)

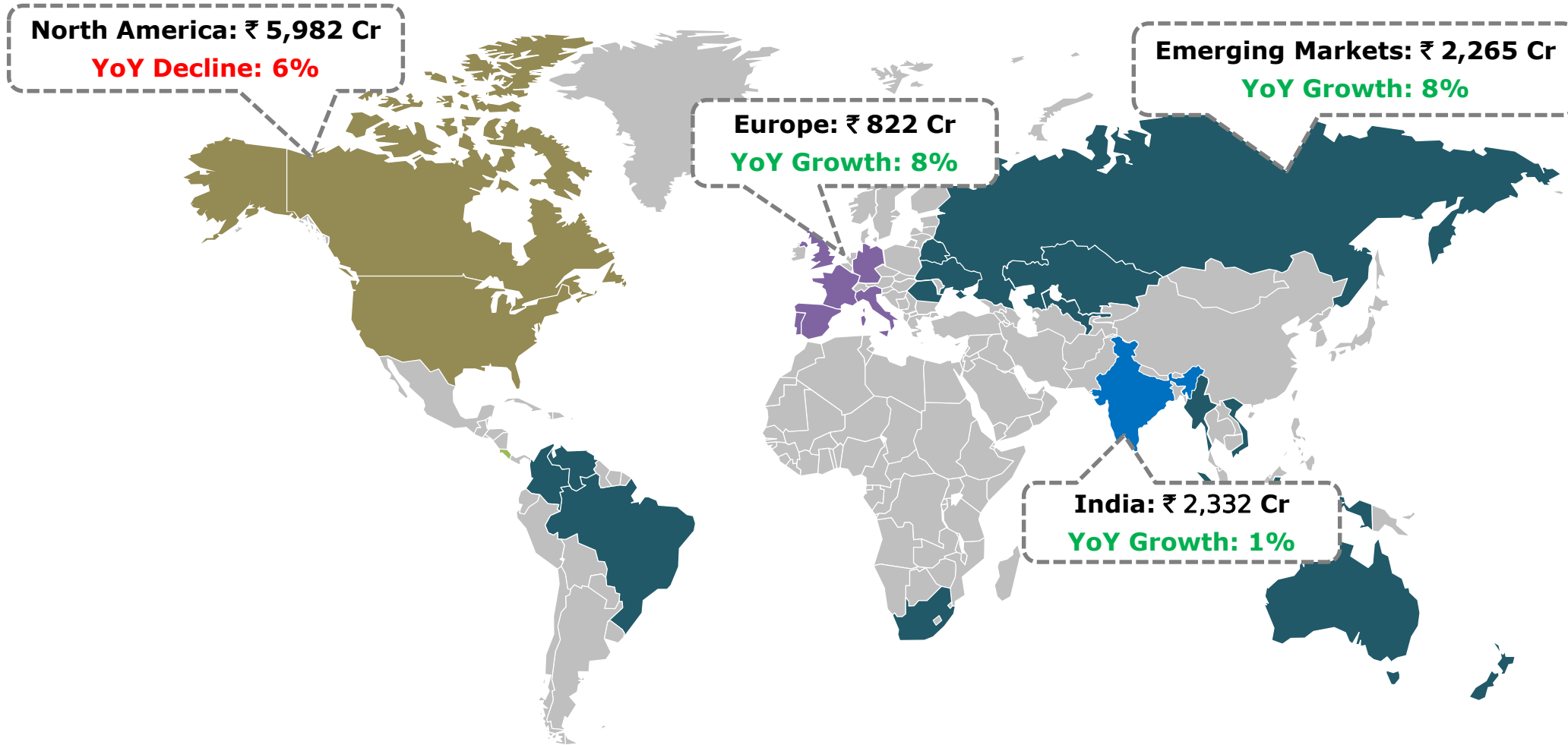


# Q4 FY18: Global Generics revenues of Rs. 2,784 Cr (YoY 4% Decline, QoQ 8% Decline)



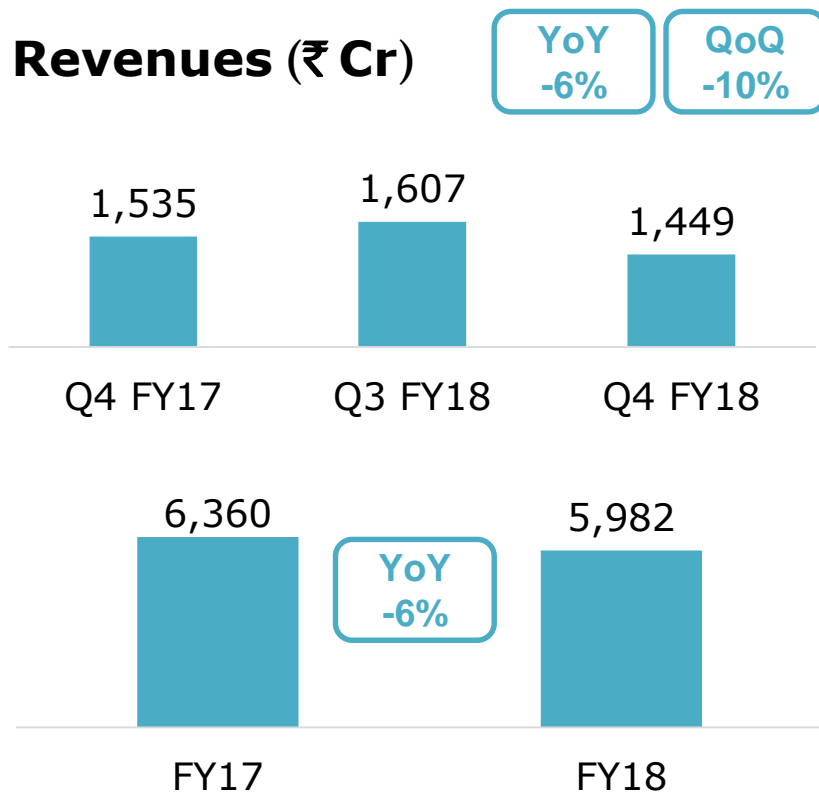


# FY18: Global Generics revenues of Rs. 11,401 Cr (YoY 1% Decline)



# North America Generics

## Revenues (₹ Cr)



## Market Share

Product	Dec-17	Mar-18
Liposomal Doxorubicin	33%	38%
Decitabine	54%^	54%^
Ezeti+Simva	40%	35%
Metoprolol ER	23%	31%
Azacitidine	28%	25%
Sevelamer	23%	22%
Esomeprazole DR	27%^	28%^
Atorvastatin	10%	10%

^Based on total market

## Generics filings update

**Filed 10 ANDA during the quarter**

**276 cumulative filings**  
(272 ANDAs, 4 NDAs)

**110 pending approvals**  
(107 ANDAs, 3 NDAs)

**63 Para IV filings**  
30 First to files

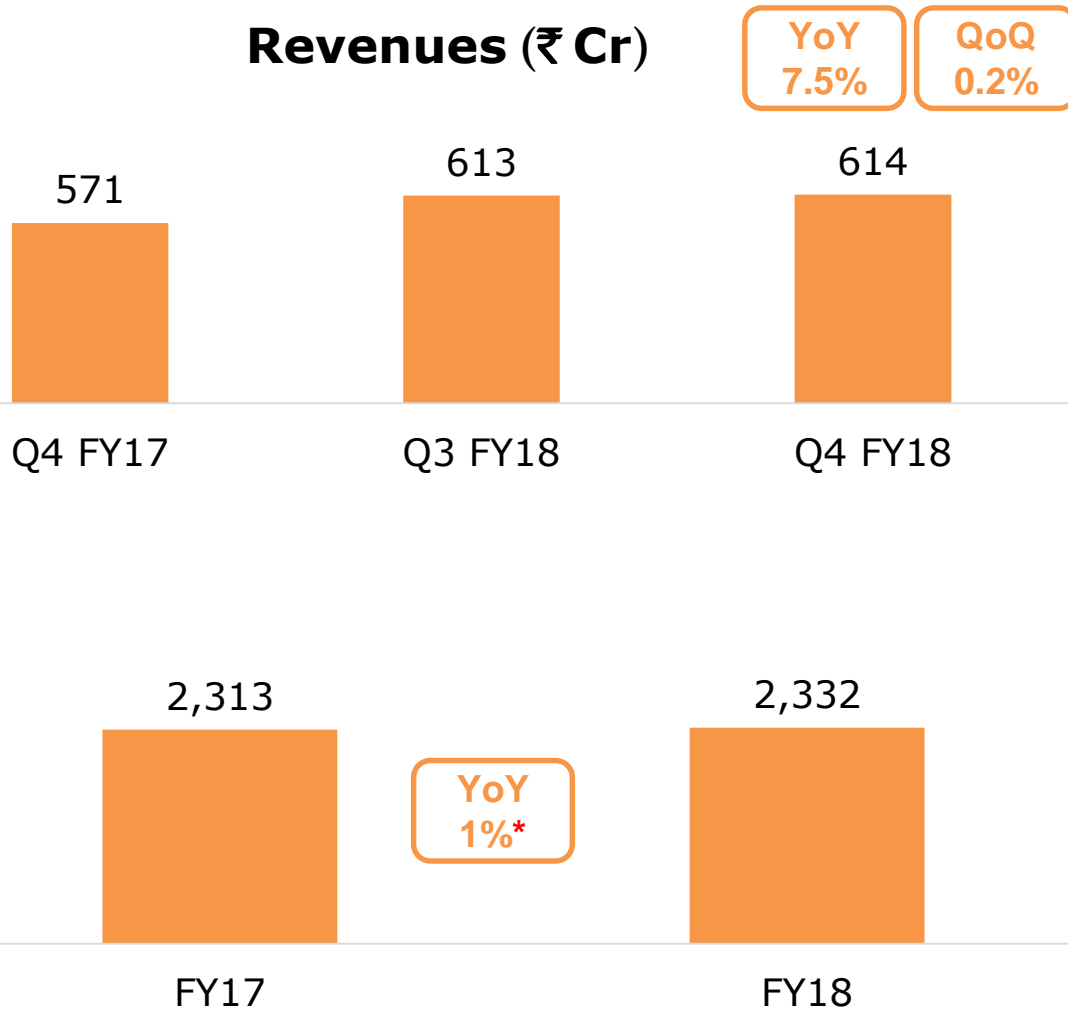
## Q4 FY18 Remarks

- YoY decline primarily due to price erosions on account of channel consolidation and increased competition in key products.
- QoQ decline majorly due to lower Sevelamer sales coupled with full quarter impact of WBAD-Econdisc consolidation.
- 3 new products launched in the US (Palonosetron Inj, OTC Levocetirizine and Tetrabenazine)



# India

## Revenues (₹ Cr)



### Q4 FY18 Remarks

- Normalizing for GST transition related adjustments, YoY growth is @16%
- Y-O-Y growth driven by higher volumes and new products
- 2 new products launched during the quarter, Protectis & Rebalanz

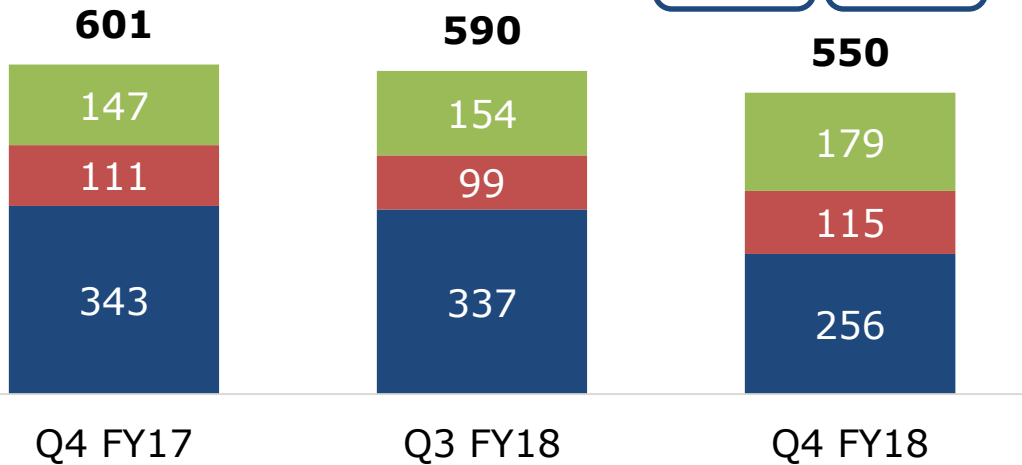
\* GST adjusted FY18 growth is 8%

%

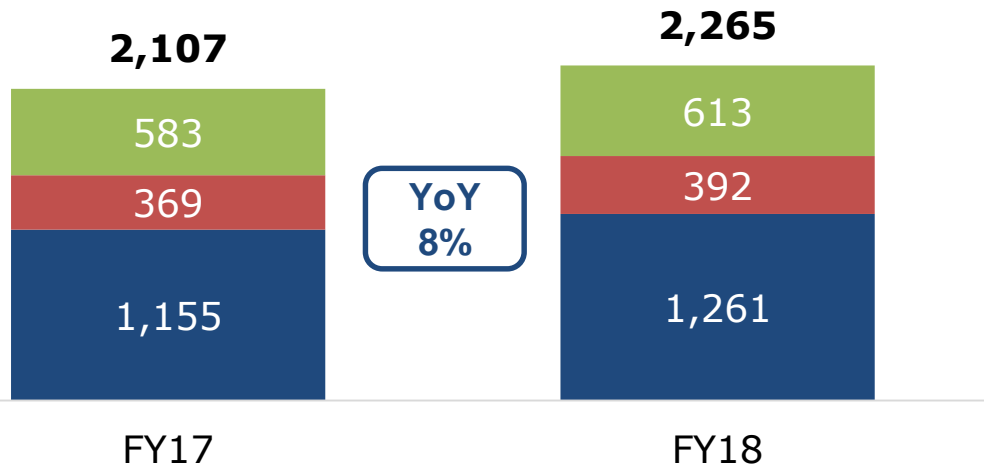
Indicates Growth %

# Emerging Markets

## Revenues (₹ Cr)



■ Russia ■ CISR ■ RoW



## Q4 FY18 Remarks

### Russia

- Year-on-year decline of 25%, majorly on account of lower off-take due to shift in the channel purchasing pattern.
- As per IMS, MAT Mar'18, Dr. Reddy's volume decline of 3.3% against Russia market volume decline of 2.1%

### CISR

- Year-on-year growth driven by new launches across markets; and Ukraine base business

### ROW

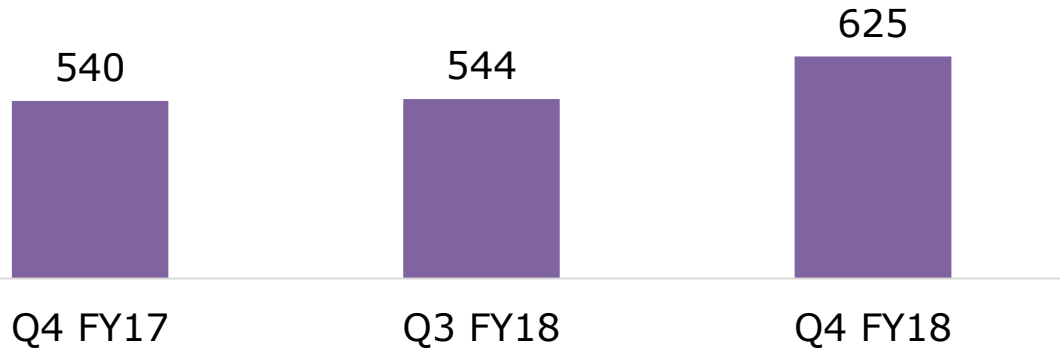
- Year-on-year growth driven by China and new markets - Brazil & Colombia

# Pharmaceutical Services & Active Ingredients

## Revenues (₹ Cr)

YoY  
16%

QoQ  
15%



## Q4 FY18 Remarks

- Year-on-year growth driven by key molecules in the API business
- Sequentially growth driven by higher sales in custom pharmaceutical business.
- During the Quarter, we have filed 5 DMFs in the US and cumulatively 207 filings as of March 31, 2018.

2,128



FY17

2,199



FY18

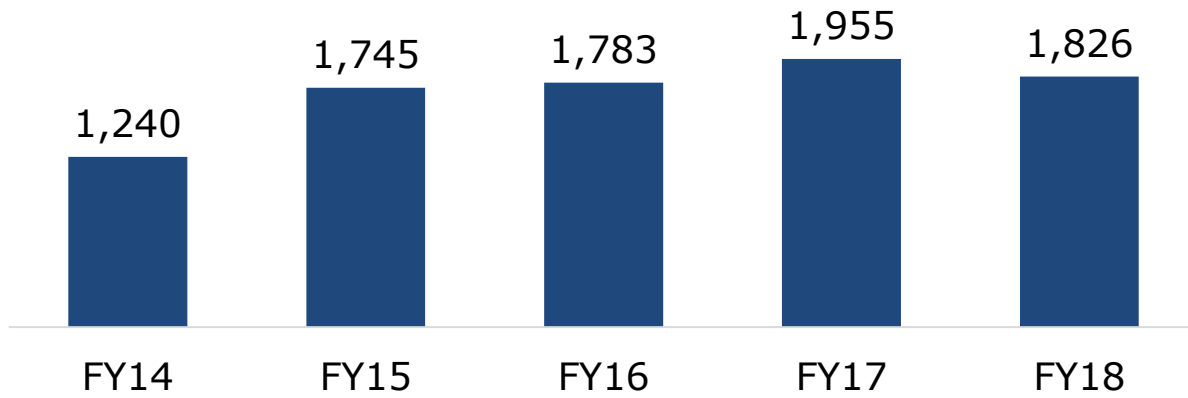
YoY  
3%

%

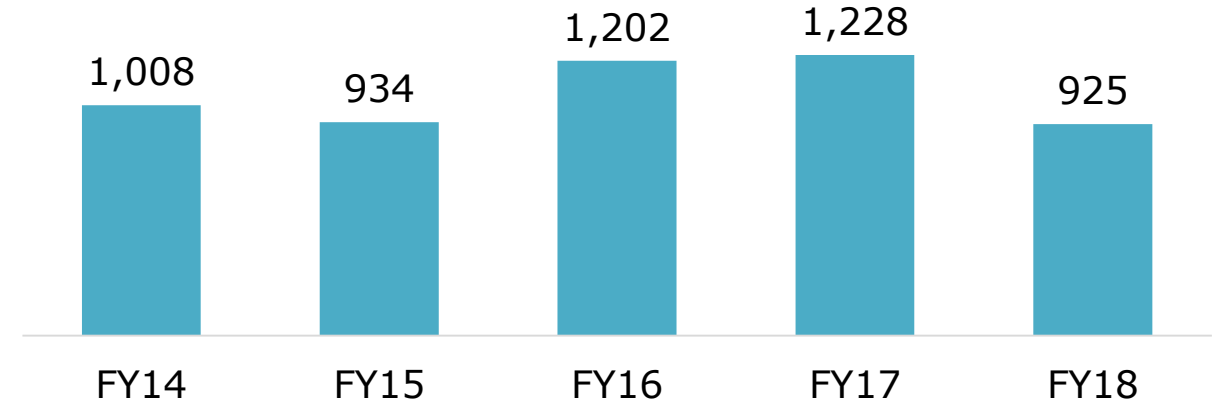
Indicates Growth %

# Capex, R&D & free cash flows

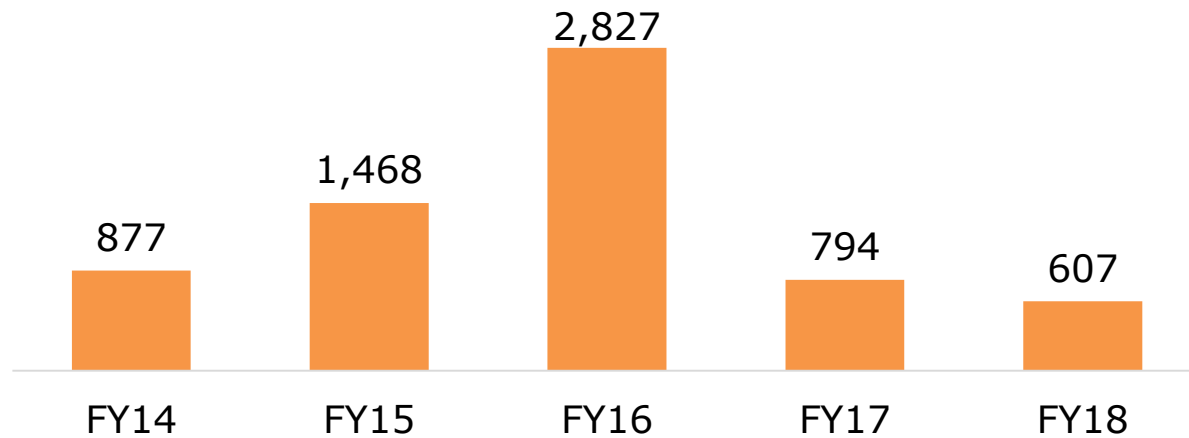
## R&D expenses (₹ Cr)



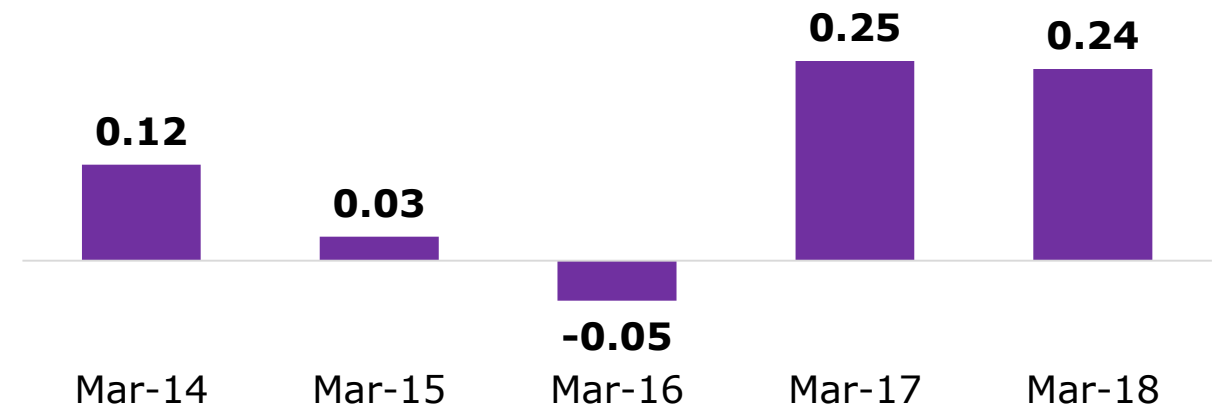
## Capex (₹ Cr)



## Free cash flow (₹ Cr)



## Net Debt / Equity



FCF as above is before acquisition related pay-outs

# Key Priorities



Actively work with the regulatory agencies for accelerating the new product approvals



Continue on our journey of strengthening the quality systems and processes



Strengthening our portfolio across markets, and grow better than the market growth rate



Cost optimization and productivity improvement of R&D, Manufacturing and Marketing spends

# **Q&A SESSION**

**THANK YOU**







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**About Dr. Reddy's:** Dr. Reddy's Laboratories Ltd. (BSE: 500124, NSE: DRREDDY, NYSE: RDY) is an integrated pharmaceutical company, committed to providing affordable and innovative medicines for healthier lives. Through its three businesses - Pharmaceutical Services & Active Ingredients, Global Generics and Proprietary Products – Dr. Reddy's offers a portfolio of products and services including APIs, custom pharmaceutical services, generics, biosimilars and differentiated formulations. Our major therapeutic areas of focus are gastro-intestinal, cardiovascular, diabetology, oncology, pain management and dermatology. Dr. Reddy's operates in markets across the globe. Our major markets include – USA, India, Russia and other CIS countries. For more information, log on to: [www.drreddys.com](http://www.drreddys.com)  
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