



Investor Presentation

August, 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, 2021, quarterly financial statements filed in Form 6-K with the US SEC for the quarters ended September 30, 2020, December 31, 2020, June 30, 2021, 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.

All financial numbers in this presentation are as per IFRS consolidated financial statements

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

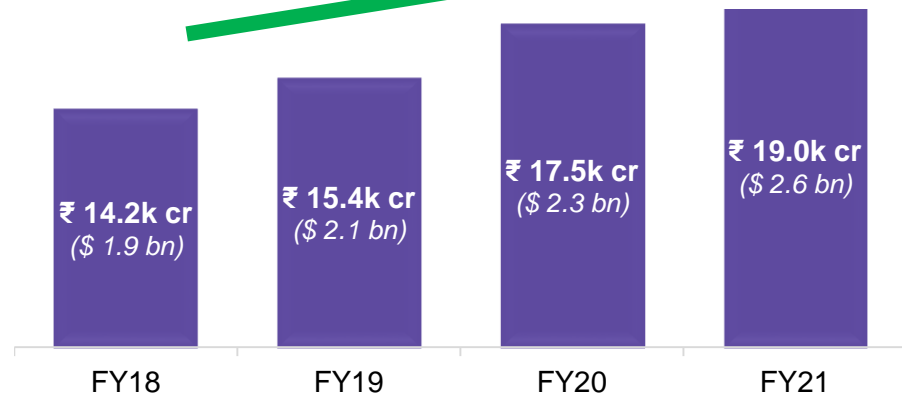
Strong Balance Sheet to support organic and inorganic moves



Sustaining Healthy growth in Revenue & EBITDA

Revenues

CAGR: 10.1%



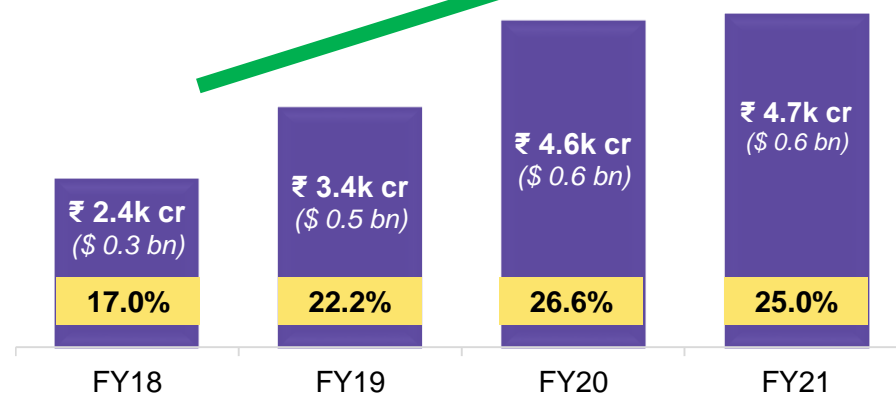
Q1 FY22

₹ 4.9k cr (\$ 0.7 bn)

YoY Gr: 11%

EBITDA

CAGR: 25.3%



Q1 FY22

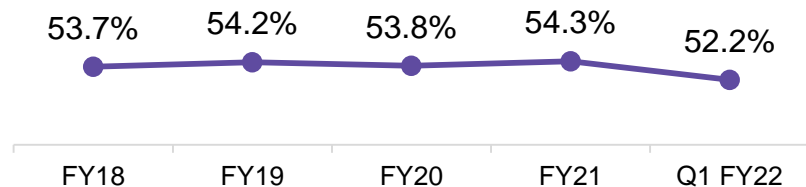
₹ 1.0k cr (\$ 0.1 bn)

20.7%

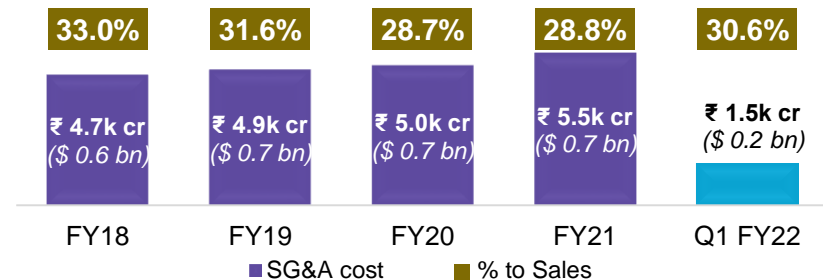
EBITDA% to Revenues

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

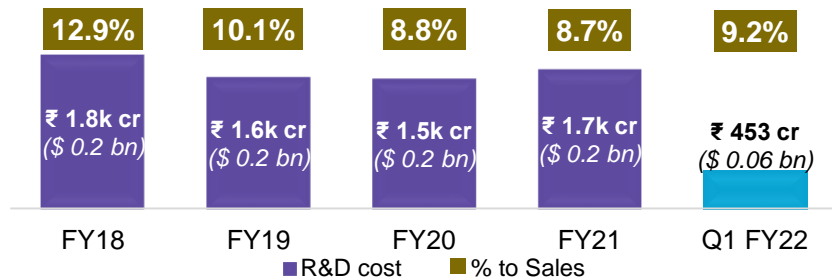
Gross Margin: Driving productivity offsetting price erosion



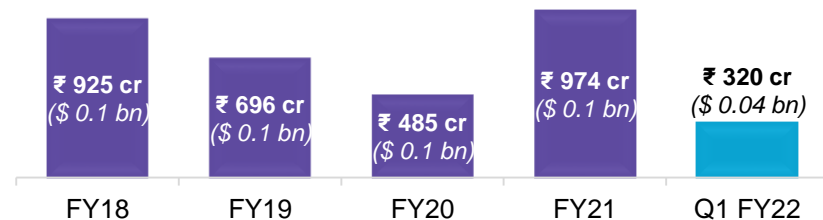
SG&A: Enhancing marketing capabilities through sales force effectiveness



R&D: Increased filings across markets & cost improvement

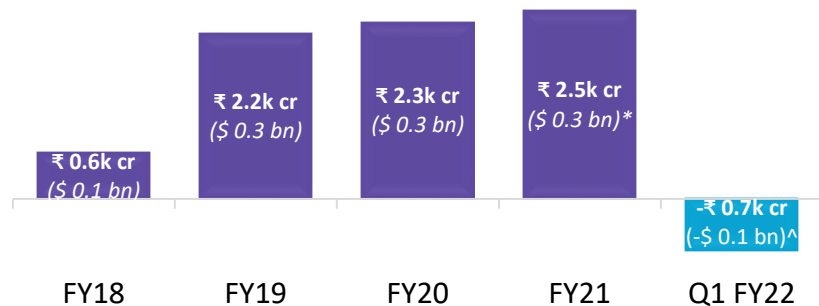


Capital expenditure: Selectively investing to augment capabilities



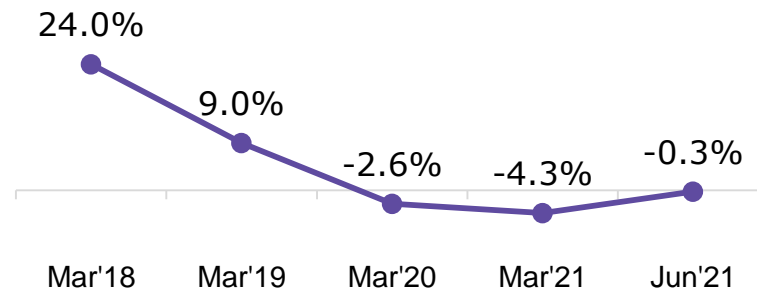
Improving Return Metrics and Strong Balance Sheet, provides us an opportunity to grow further

Free cash flow: Consistent generation of strong cash-flows

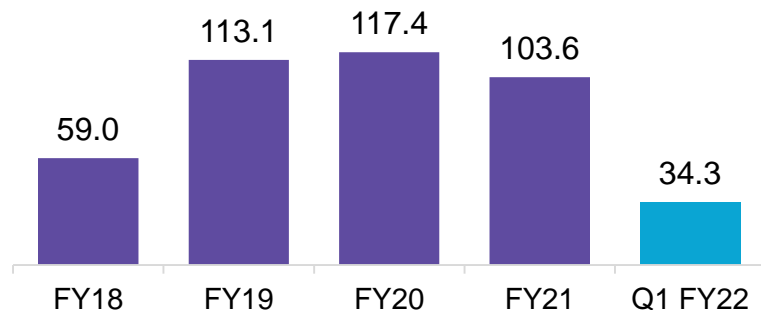


*Before acquisition related payout to Wockhardt & Glenmark
^Impacted due to planned unwinding of receivable discounting

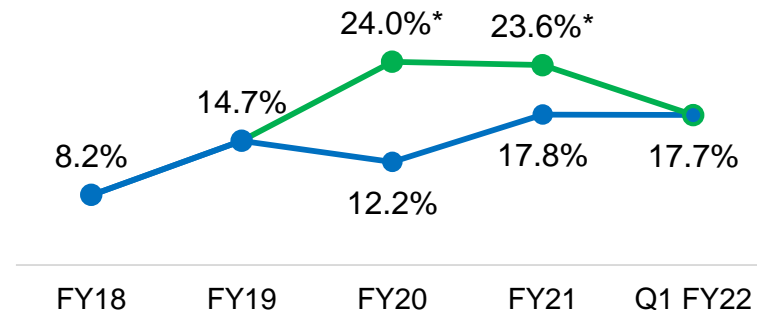
Net Debt / Equity: cash surplus; providing strength for expansion



Earnings Per Share (in INR)



Return on Capital Employed: Good improvement in returns

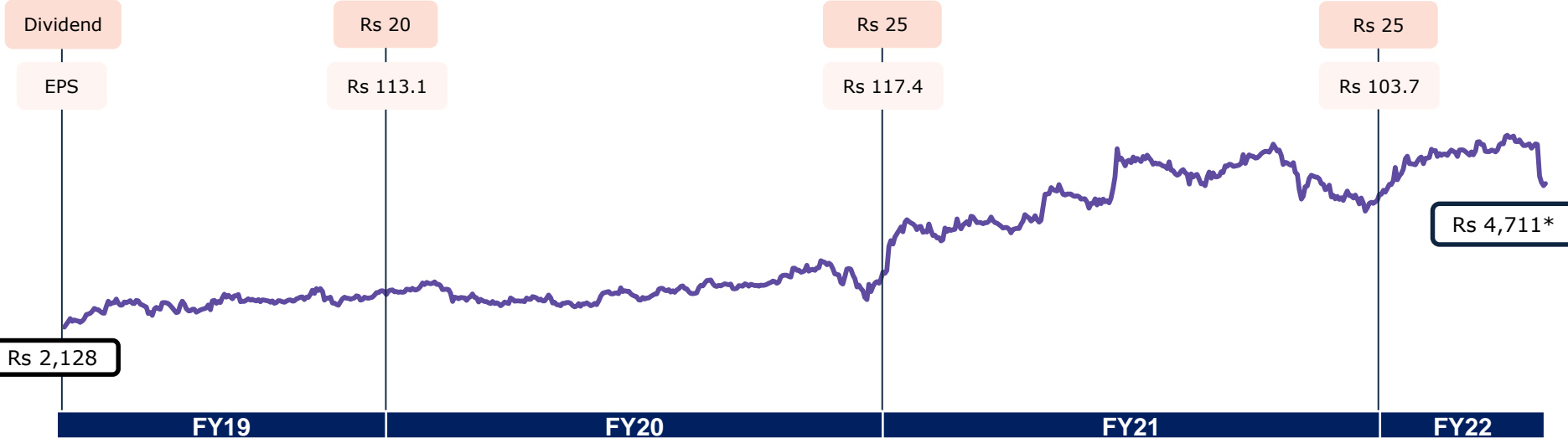


*Adjusted for the impairment charge of 1,677 cr taken during FY20 & 859 cr during FY21

USD / INR = ₹ 74.33 (rate as on 30th Jun, 2021)

PROPRIETARY

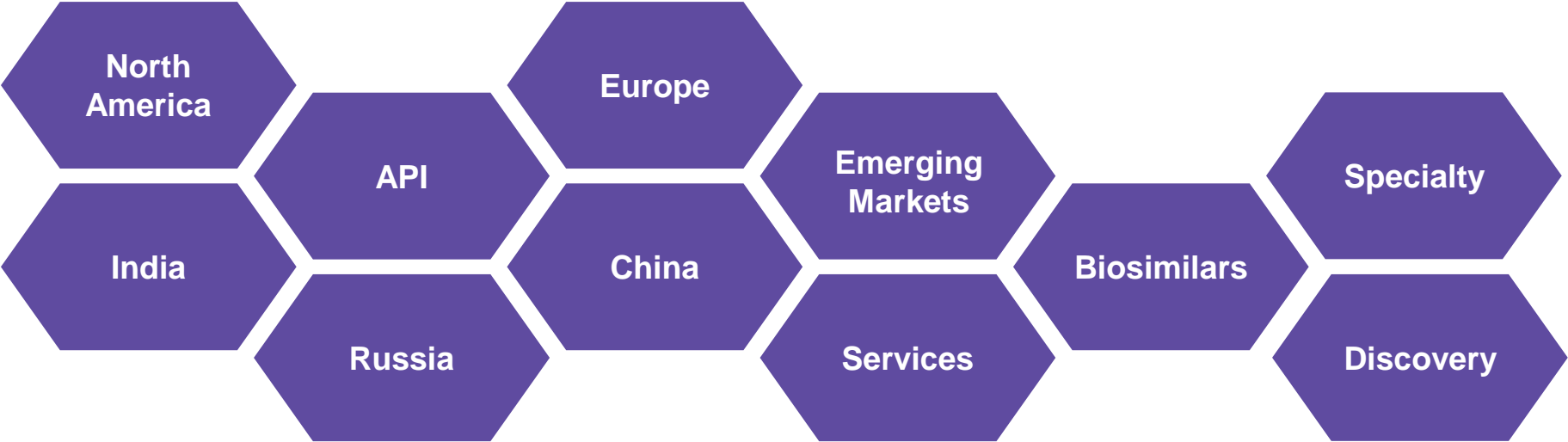
3-year Total Shareholder Return



*Closing rate of Jul 31st, 2021

Total Shareholder Return (3 Years)
=
Dividend + Capital Gains
Rs. 2,653
→
CAGR
→
31.0%

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, commercial scale-up in progress

- 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 60th 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

Covid-19 treatment drugs – We continue to be at the forefront of COVID response

Remdesivir – Moderate to Severe

- **Partner** : Gilead
- Currently sold in India
- Scaled up production and capacity
- Extension –
 - 1 ml liquid (IV/SC) Injection

Favipiravir – Mild to Moderate

- **Partner** : Fujifilm
- Launched in India & a few other countries
- Manufacturing by Fuji film and also by Dr Reddy's

2-DG – Moderate to Severe

- **Partner** : DRDO (INMAS)
- Launched in India
- Extension –
 - Label expansion for mild patients
 - Ph. 3 for expanded indication planned

Molnupiravir – Mild to Moderate

- **Partner** : MSD
- **Status** :
- Clinical trial in progress with collaboration of voluntary license holders.
- Interim Data shared with the DCGI

Liposomal Amphotericin B - Mucormycosis

- Re-purposed drug for Mucormycosis
- India approval received in Jun'21
- Launch planning on-going

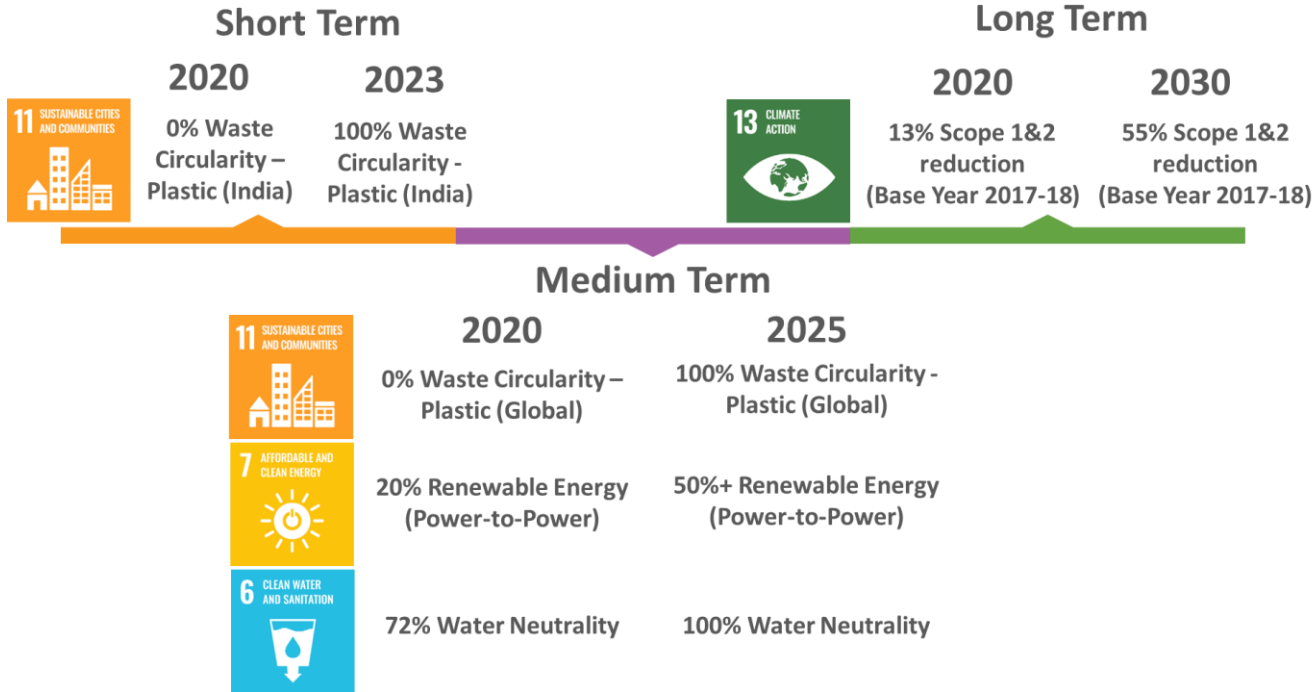
Other Drugs

- Additionally, we are working on re-purposing other covid treatment drugs for patients with mild, moderate, severe and critical conditions

Sustainability & Compliance is our way of life



Sustainability: Targets & Global Alignment



Global sustainability frameworks we align to



MEMBER OF
Dow Jones Sustainability Indices



In collaboration with 

FTSE4Good

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

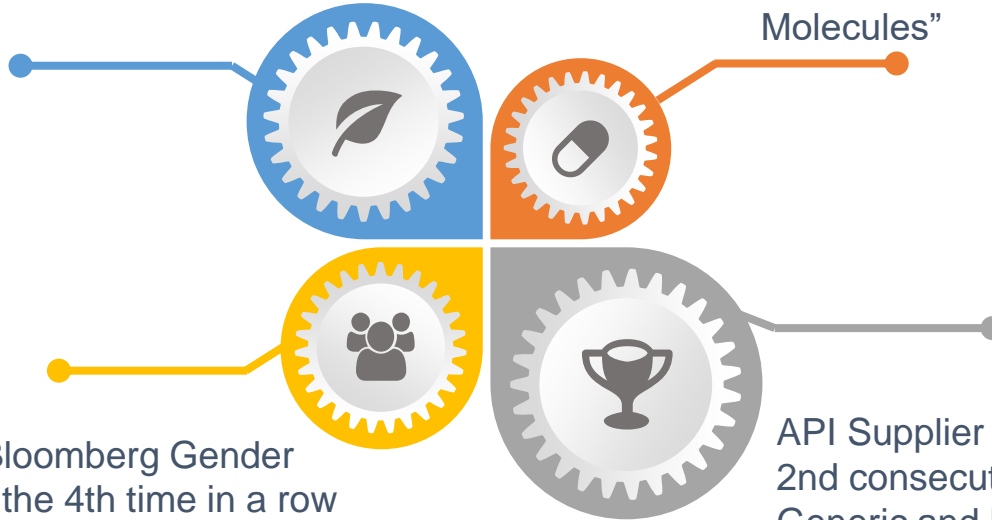
 **PSCI** PHARMACEUTICAL SUPPLY CHAIN INITIATIVE
Building responsible supply chains

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

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

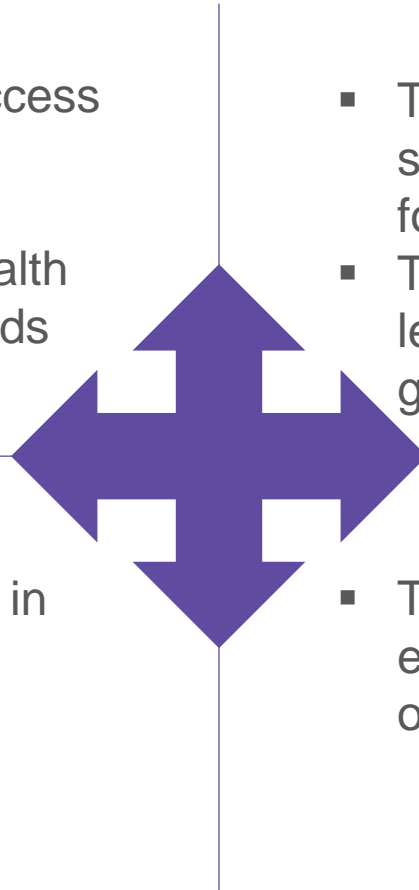
- To continue to drive total shareholder return (TSR) through focused strategy
- To create more opportunities with less risk and strong cash generation

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