

# **RANBAXY**

**Trusted medicines. Healthier lives**

## **Ranbaxy Laboratories Limited**



**FINANCIAL RESULTS:  
October – December 2012 (Q4 2012)  
Full Year 2012 (CY 2012)**

**ARUN SAWHNEY  
CEO & MD**

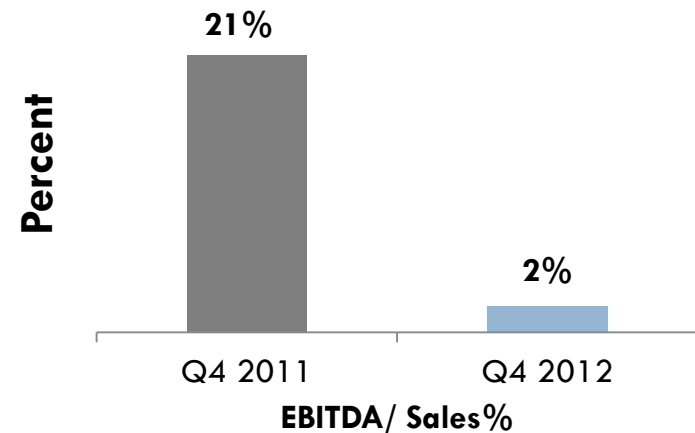
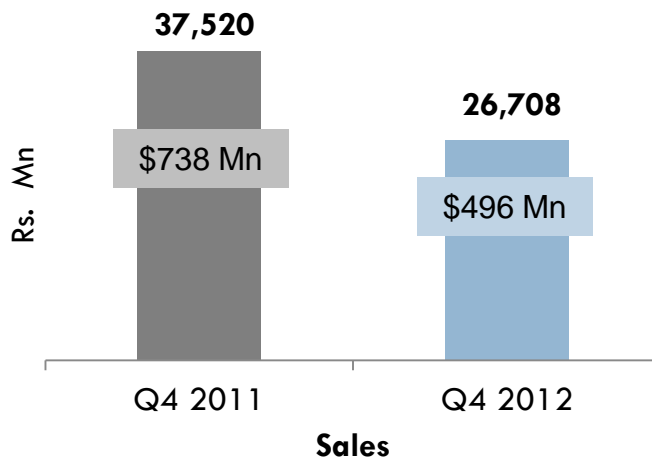
# Safe Harbor

Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as “will”, “aim”, “will likely result”, “would”, “believe”, “may”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “likely”, “project”, “should”, “potential”, “will pursue” and similar expressions or variations of such expressions may constitute “forward-looking statements”. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. Ranbaxy does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

# Key Achievements for Quarter 4, 2012

## Financial

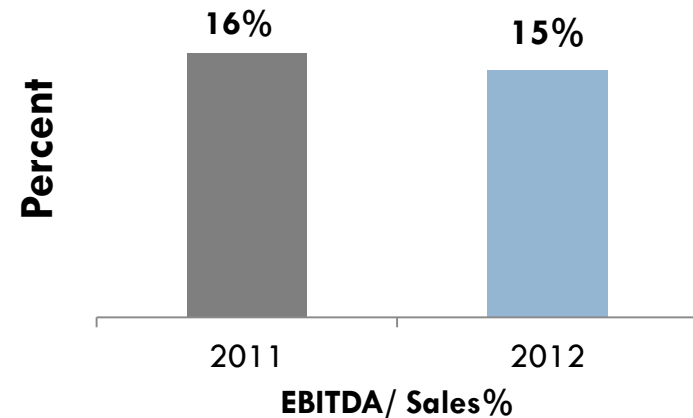
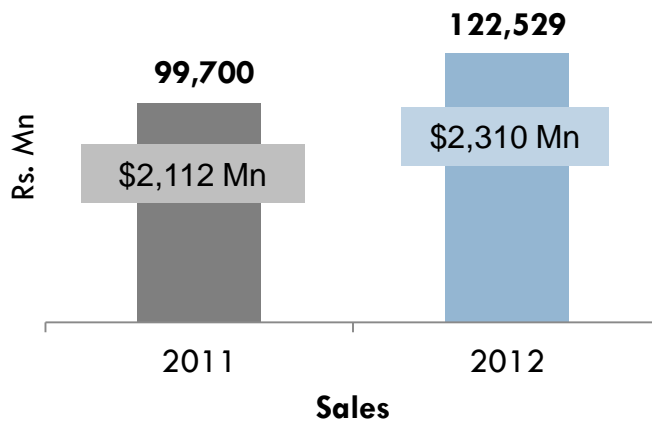
- Base sales increased by over 10%
- EBITDA margins impacted by expenses pertaining to (i) Higher R&D spend, (ii) Atorva recall, (iii) Organizational productivity projects



# Key Achievements for CY 2012

## Financial

- Sales grew 15% over the corresponding year to cross Rs.120 Bn; Base business sales also grew over 10%
- Base business EBITDA margins improved



# Key Achievements for Quarter 4 & CY 2012

## Business

Launched Absorica® & AG Actos® Gx/  
Pioglitazone during the year

- Emerging market: Rs.13,628 Mn for Q4; Rs.51,037 Mn for CY 12
  - 56% of DF sales for Q4; 44% for 2012
- Developed market: Rs.10,938 Mn for Q4; Rs.64,187 Mn for CY 12
  - 44% of DF sales for Q4; 56% for 2012

### □ India:

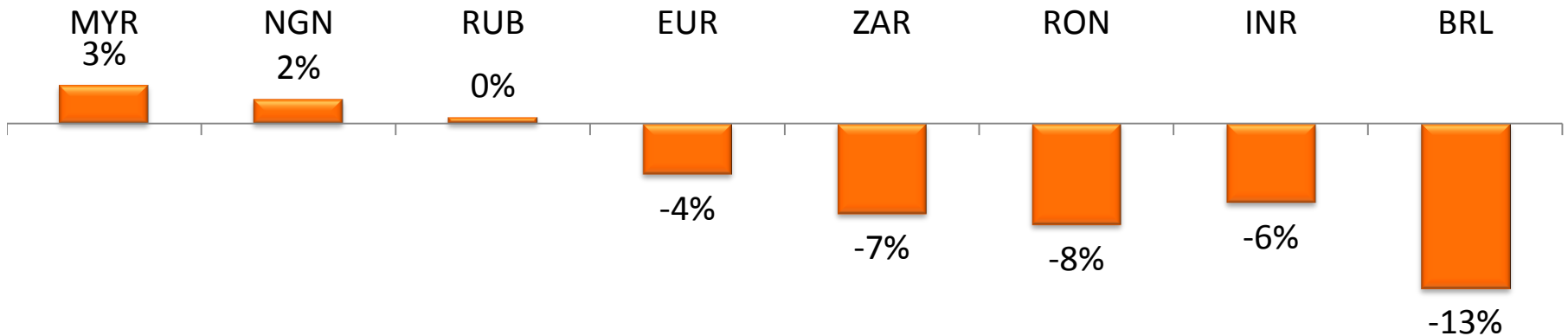
- Sales growth in India improved by year end to be in line with IPM
- Synriam™ 1<sup>st</sup> new product; strong sales growth
- Key EMs including East Europe + CIS & Africa grew in spite of appreciation of \$

### □ USA:

- Strong base business aided by post exclusivity sales of FTF during the year
- Cevimeline AG & Absorica® launched
- West Europe:
  - Focused sales

# \$ appreciated against most currencies Vs. previous year

## Q4 2011 Vs. Q4 2012



- \$ appreciated against most currencies vs. previous year
- Performance in \$ terms seems weaker compared to actual business performance in local currency
- For like to like performance, growth calculated at Constant Forex (i.e. same as previous period Forex rate )

# Functional Performance

## Manufacturing

- Received approval to set up a Greenfield manufacturing facility in Malaysia, during the year
- Established manufacturing base in Morocco

## Research & Development

- Filed 5 FTFs during 2012 (brand sales: \$4.3 Bn)
- Investment focused on differentiated products and generics

# Hybrid Business Model

## Synergy with Daiichi Sankyo

- Front end:
  - Ranbaxy and DS integrated their operations in Thailand to achieve potential synergies and optimize cost structure for both
  - Ranbaxy launched Evoxac<sup>®</sup> AG in the US
- Back end etc.:
  - Synergy through collaborative supply chain in Europe
  - Information technology savings through initiation of common procurement as far as plausible
- Ongoing:
  - R&D collaborations continue to address various markets and cost efficiencies



# Other Areas

## Regulatory

- Consent Decree: satisfactory progress
- Regulatory inspections by 15 country level authorities
- Voluntary recall of Atorvastatin from USA

## Derivatives Position

- Exposure down to ~\$1.07 Bn as on 31 Dec 2012 from ~1.27 Bn in Q3 2012. Maturity: ~\$40 Mn/Month

## Debt

- Total Debt \$885 Mn; Cash & Bank Bal \$840 Mn → Net Debt \$45 Mn (vs. CY 2011 Net Debt \$267 Mn)

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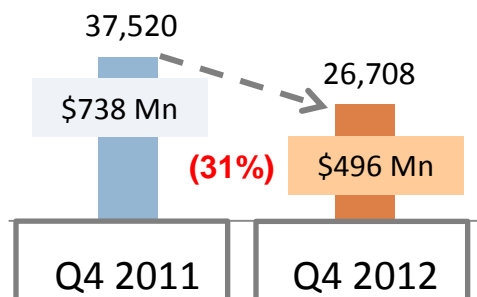


**FINANCIAL RESULTS:  
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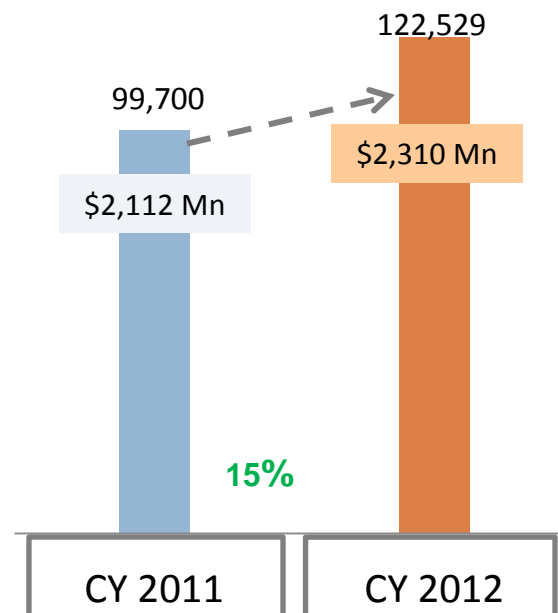
# Sales Performance

Rs. Mn.

## Consolidated Sales Q4 2012



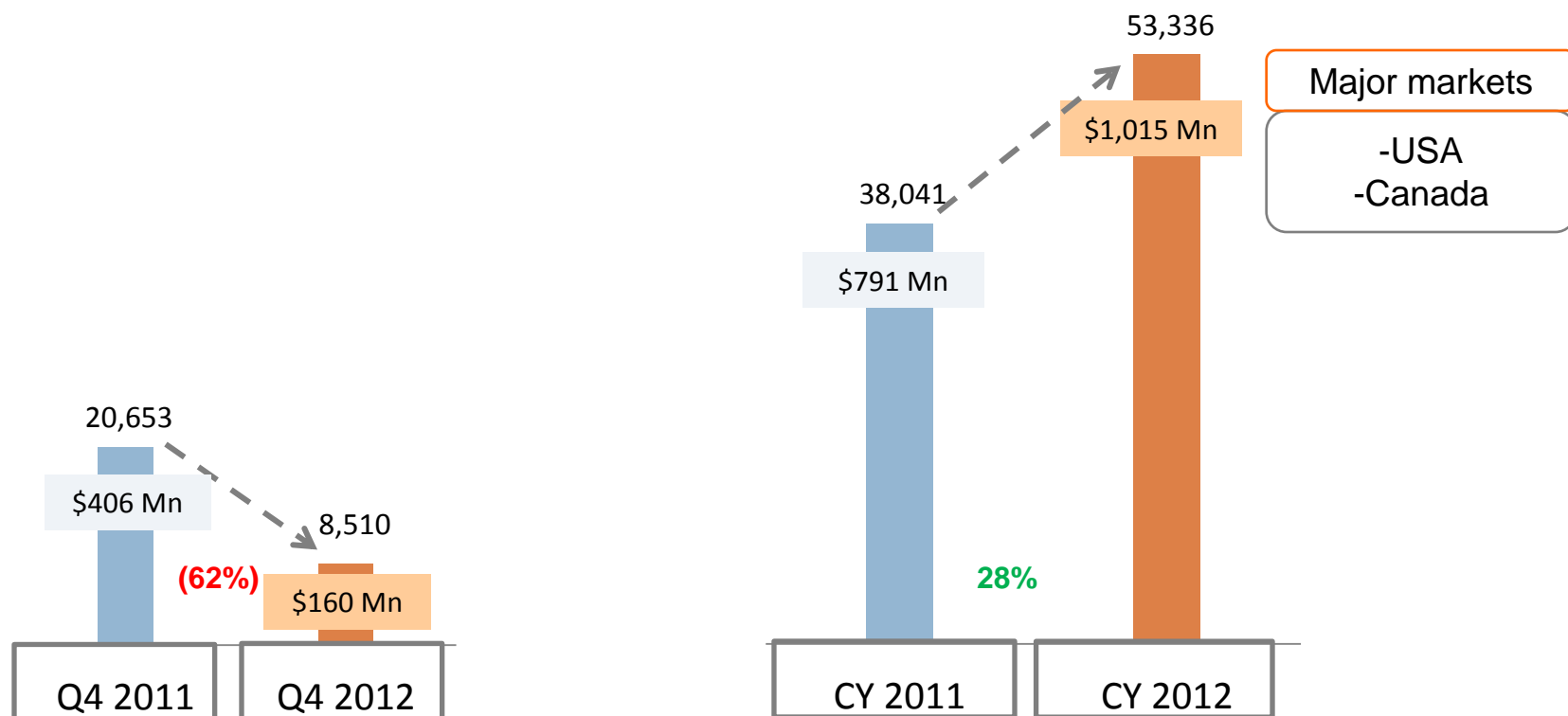
## Consolidated Sales CY 2012



- Base business sales grew by >10% over the corresponding period
  - Sales grew across key emerging markets during the quarter and year
  - FTF opportunities and post exclusivity sales supported growth during the year

# North America

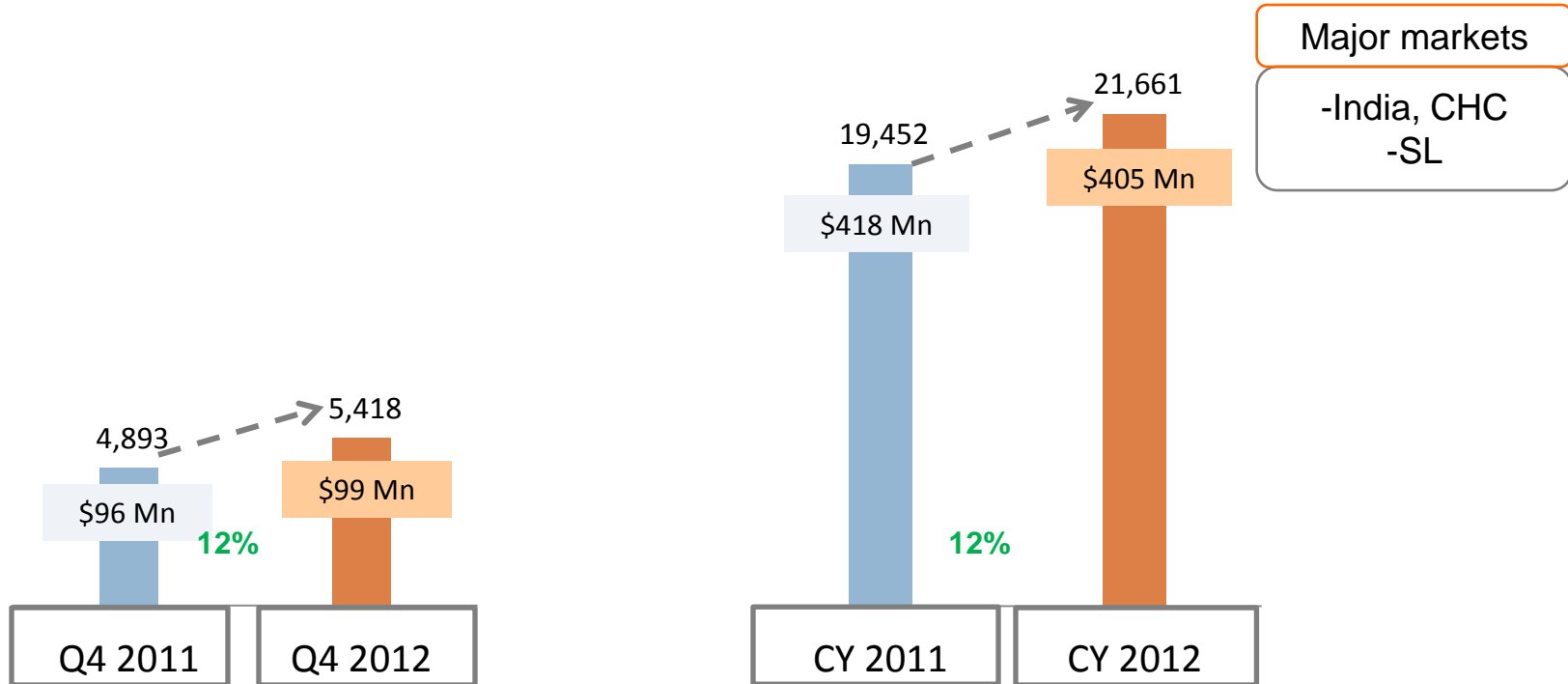
Rs. Mn.



- Sales in USA impacted due to absence of large exclusivity sales compared to the corresponding quarter
    - Continued to maintain strong market share in post exclusivity products
- Pioglitazone AG, maintain >30% market share in a competitive market
  - Launched Absorica<sup>®</sup>, differentiated derma product end Nov 2012

# India

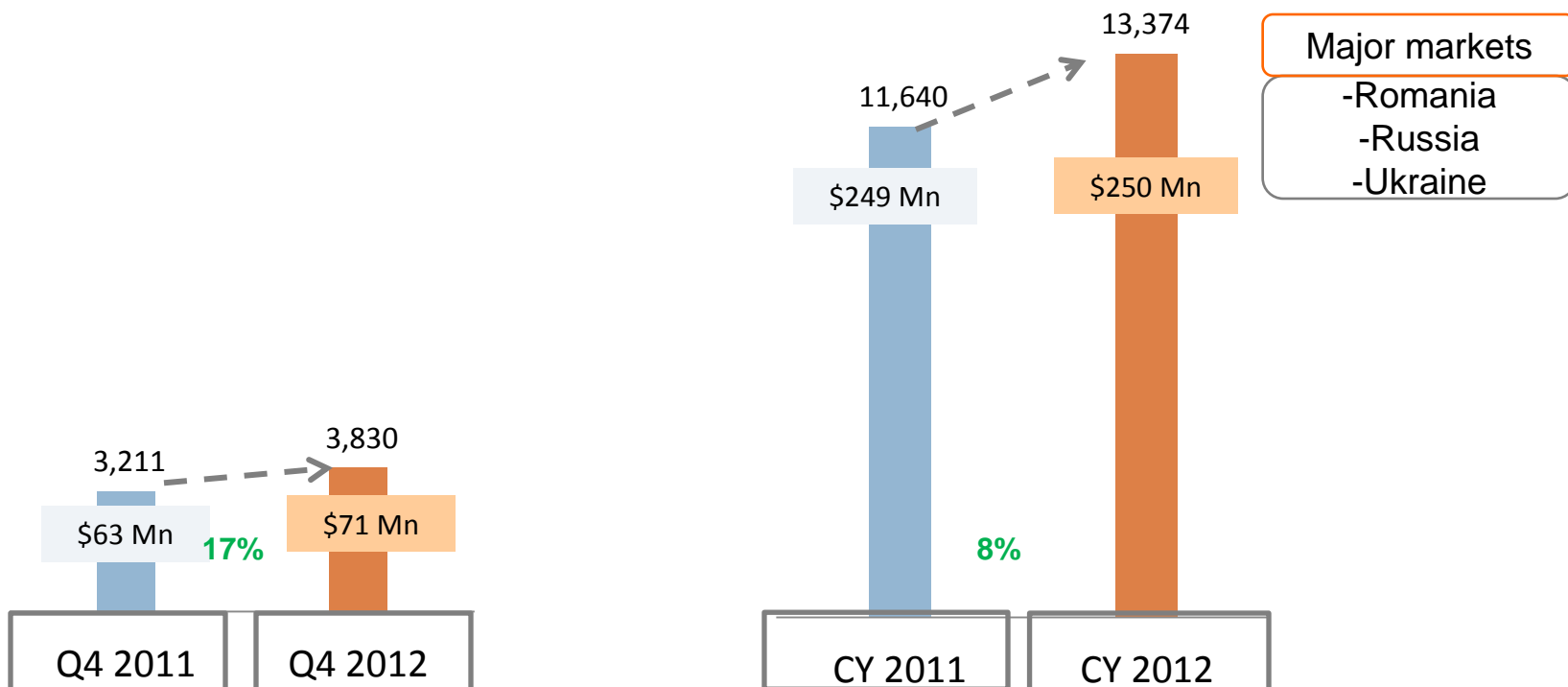
Rs. Mn.



- Sales growth in line with IPM sales growth
- Strong OTC sales performance continued
- Launched Synriam™, 1<sup>st</sup> NCE from India; # 6 amongst new product launches

# East Europe & CIS

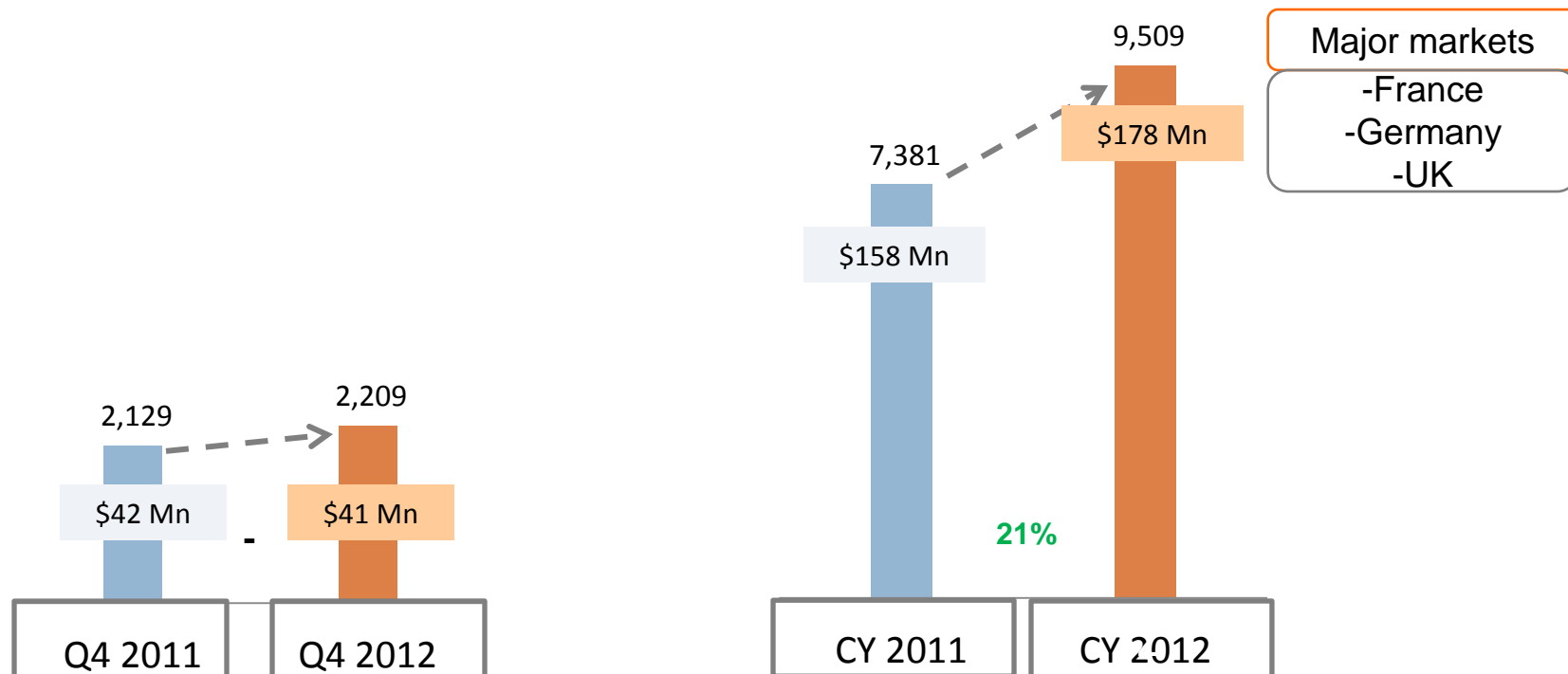
Rs. Mn.



- Sales improved over the corresponding period
  - Business was affected by regulatory changes including 'claw-back', more stringent re-registration norms and restrictions on advertising
- Continued leadership in represented markets of Romania and Russia

# West Europe

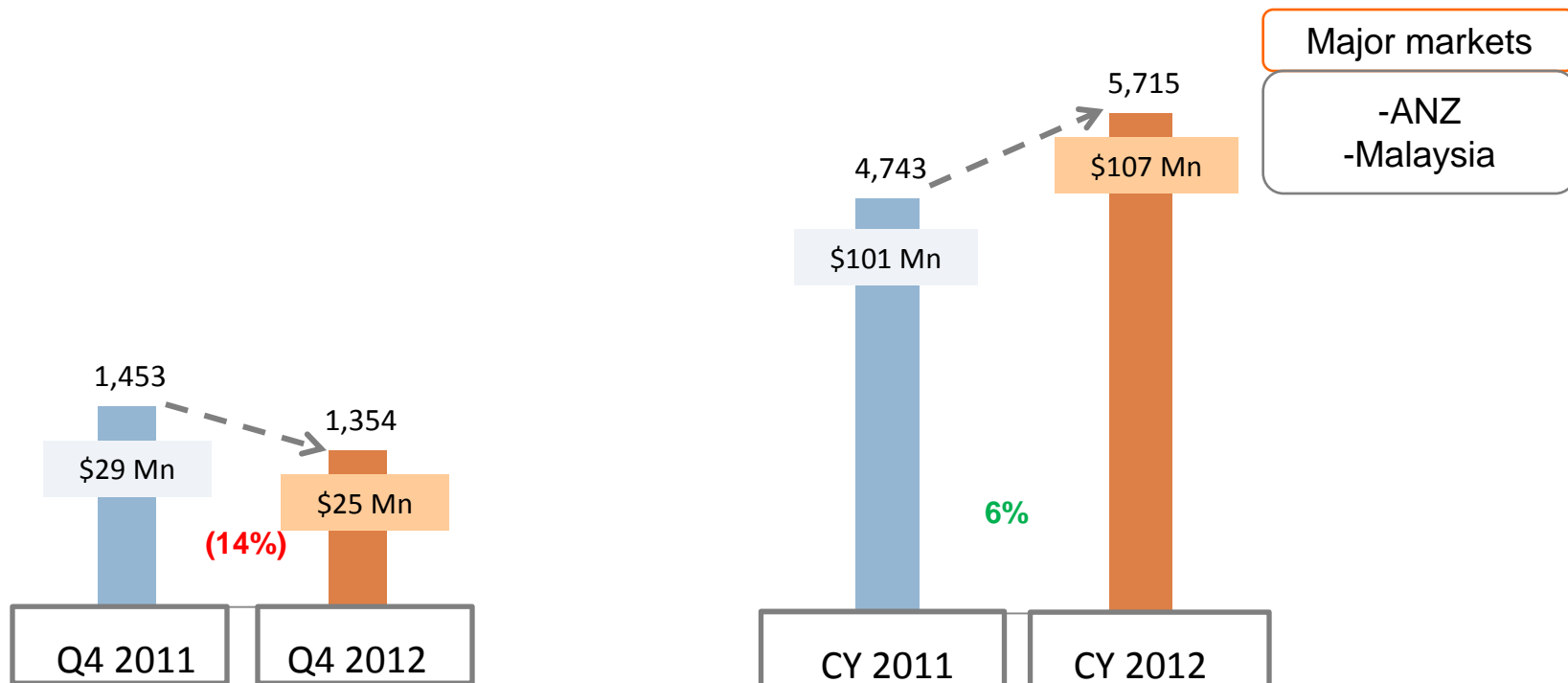
Rs. Mn.



- Atorvastatin launches in West Europe helped sales growth in the year
  - Sales in Spain and Italy businesses stronger
- Concerns on Macro-economic indicators continue: business opportunity as budget conscious governments promote generics

# Asia Pacific & Middle East

Rs. Mn.

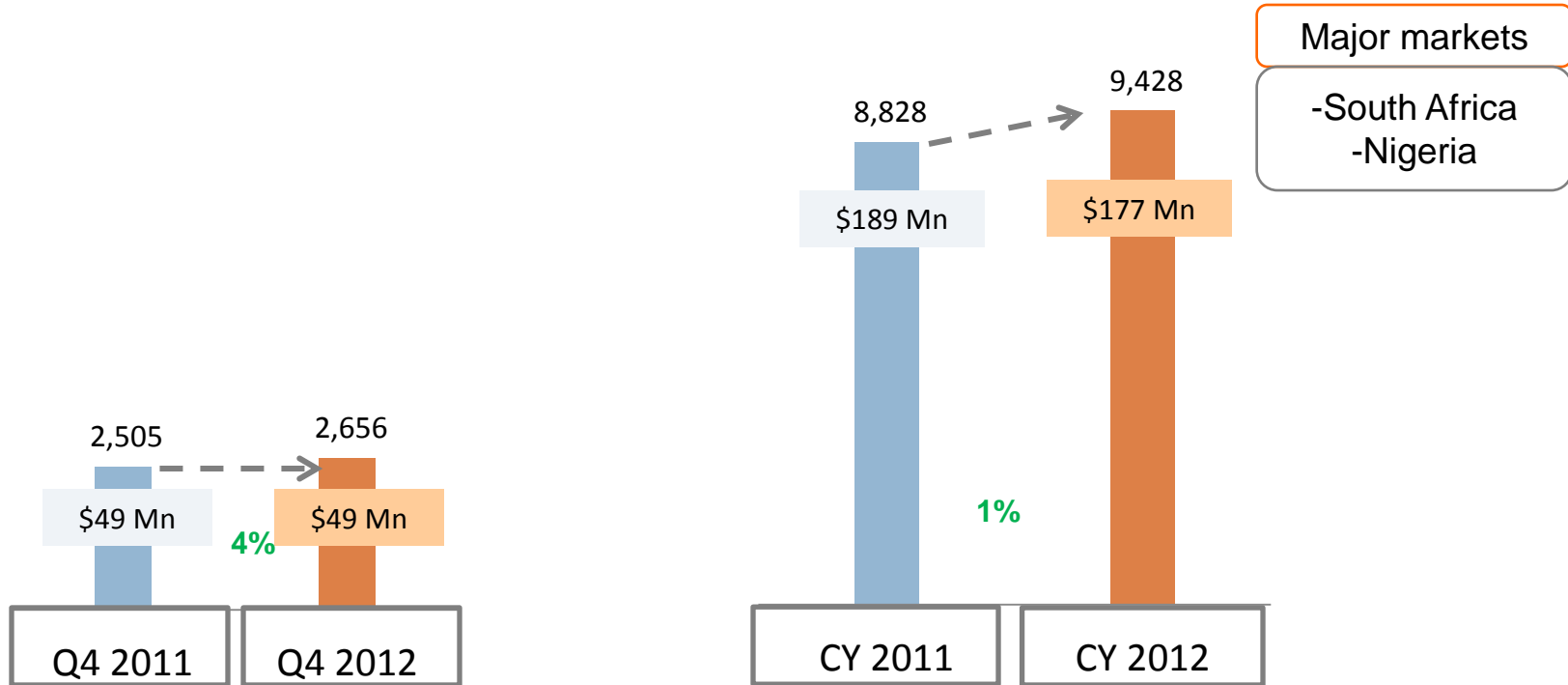


- Received permission for a greenfield manufacturing facility from the government of Malaysia
- Pursuant to Hybrid strategy work together with DS in Thailand



# Africa

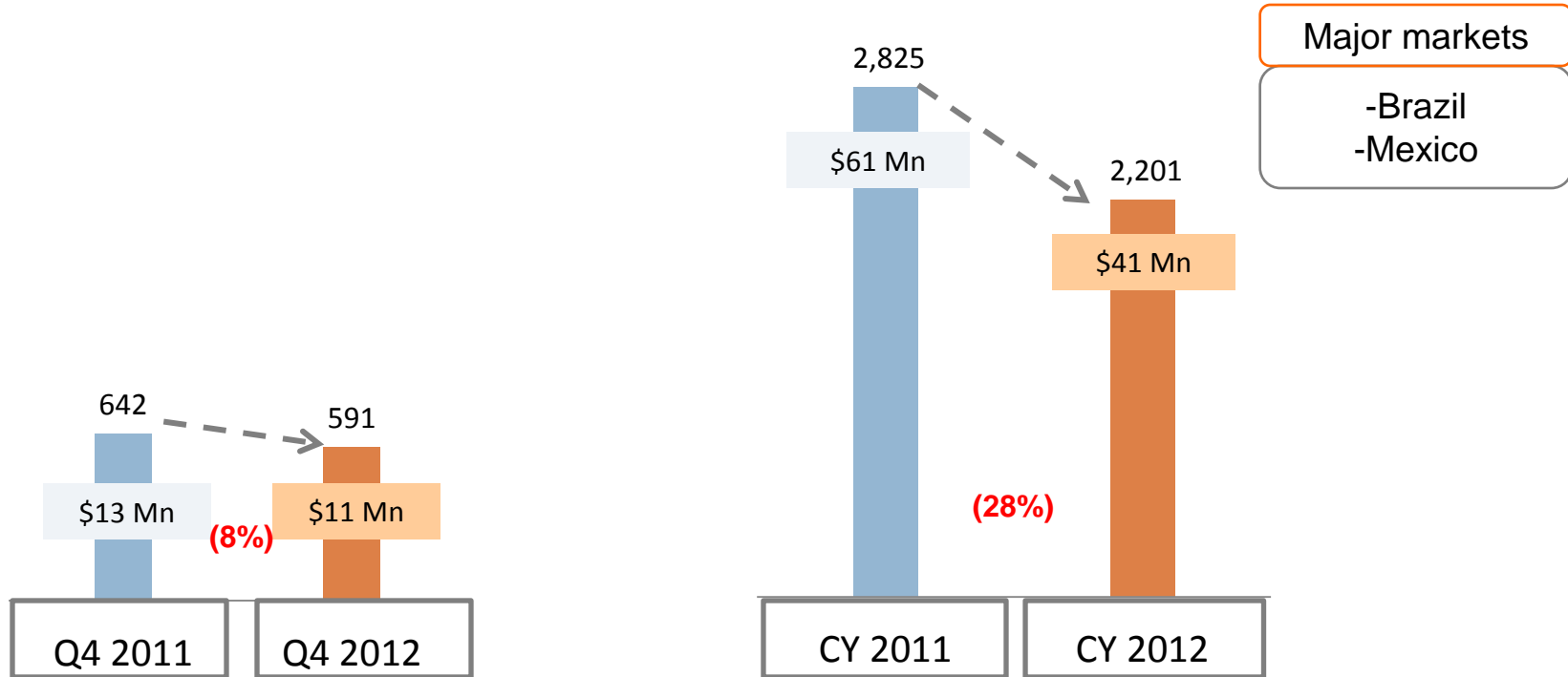
Rs. Mn.



- Sales in the region impacted by adverse exchange rate movement
- North Africa (Morocco) business growth in line with plans; established new manufacturing base paving the way for a direct business presence in the region

# Latin America

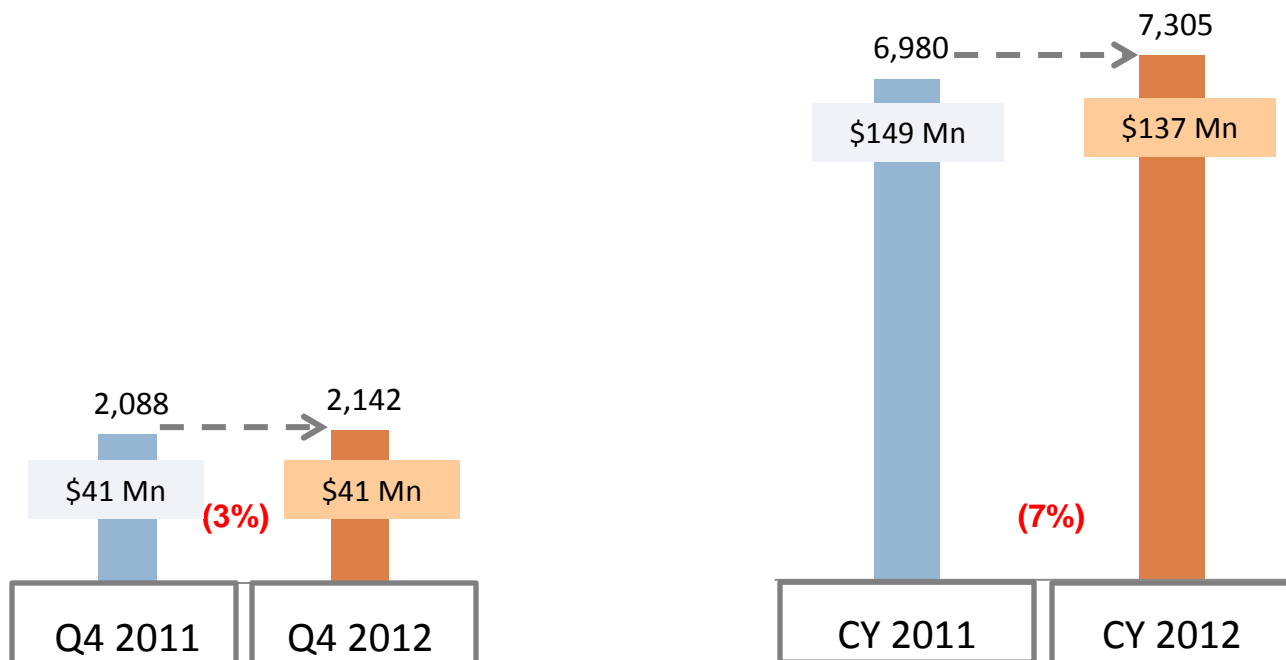
Rs. Mn.



- LATAM sales lower due to product supply disruption in the region and adverse currency movement

# API & Others

Rs. Mn.



- Focus on profitability

# Financials Q4 and Full Year 2012 \$ Mn

Q4'11	CY'11	Particulars	Q4'12	CY'12
99	424	-Within India	101	412
639	1,688	- Outside India	395	1,899
<b>738</b>	<b>2,112</b>	<b>Sales</b>	<b>496</b>	<b>2,310</b>
15	56	Other operating income	7	39
<b>752</b>	<b>2,168</b>	<b>Total Operating Income</b>	<b>503</b>	<b>2,349</b>
206	711	Total Material Consumption	213	759
77	357	Employee cost	89	362
137	141	Claims and contractual payments	9	228
158	604	Other Operating expenses	174	627
18	19	Exchange loss/ (gain) others, net	5	20
<b>595</b>	<b>1,832</b>	<b>Total expenditure</b>	<b>491</b>	<b>1,996</b>
<b>157</b>	<b>335</b>	<b>EBITDA</b>	<b>13</b>	<b>353</b>
21%	16%	% Sales	3%	15%
33	83	Depreciation, amortization and Impairment	15	60
<b>124</b>	<b>252</b>	<b>Profit/(loss) from operations before other income and interest</b>	<b>-2</b>	<b>293</b>
17%	12%	% Sales	0%	13%
8	31	Interest and other income	14	51
<b>132</b>	<b>283</b>	<b>Profit/ (loss) from ordinary activities before finance cost and exceptional items</b>	<b>12</b>	<b>345</b>
7	17	Interest expense	10	34
11	49	Foreign exchange (gain)/ loss on loans	15	23
<b>115</b>	<b>218</b>	<b>Profit/(loss) from ordinary activities before tax</b>	<b>-13</b>	<b>288</b>
0	8	Exceptional Item		
-521	-521	Settlement provision		
		Product Recall	-34	-34
-165	-228	Foreign exchange (loss)/gain on foreign currency option derivatives	-33	-4
<b>-571</b>	<b>-523</b>	<b>Profit/(loss) after exceptional items before tax</b>	<b>-81</b>	<b>249</b>
<b>15</b>	<b>42</b>	<b>Tax expense/ (benefit) -current period</b>	<b>6</b>	<b>56</b>
-586	-564	Net profit/ (loss) from ordinary activities after tax	-87	193
0	1	- Share in loss/ (profit) of associates, net	0	4
1	2	- Minority interest	1	2
<b>-586</b>	<b>-568</b>	<b>Net profit/ (loss) from ordinary activities after tax and minority interest &amp; Share in (loss)/ profit of associates</b>	<b>-88</b>	<b>188</b>

# Financials Q4 and Full Year 2012 INR Mn

Rs. Mn.

Q4'11	CY'11	Particulars	Q4'12	CY'12
5,037	19,756	-Within India	5,477	22,008
32,483	79,944	- Outside India	21,231	100,521
<b>37,520</b>	<b>99,700</b>	<b>Sales</b>	<b>26,708</b>	<b>122,529</b>
742	2,595	Other operating income	404	2,068
<b>38,262</b>	<b>102,295</b>	<b>Total Operating Income</b>	<b>27,112</b>	<b>124,597</b>
10,474	33,335	Total Material Consumption	11,545	40,601
3,904	16,595	Employee cost	4,818	19,293
6,968	7,147	Claims and contractual payments	506	11,795
8,027	28,217	Other Operating expenses	9,434	33,529
906	962	Exchange loss/ (gain) others, net	282	1,152
<b>30,278</b>	<b>86,255</b>	<b>Total expenditure</b>	<b>26,584</b>	<b>106,370</b>
<b>7,984</b>	<b>16,040</b>	<b>EBITDA</b>	<b>528</b>	<b>18,227</b>
21%	16%	% Sales	2%	15%
1,681	3,940	Depreciation, amortization and Impairment	805	3,202
<b>6,302</b>	<b>12,100</b>	<b>Profit/(loss) from operations before other income and interest</b>	<b>-277</b>	<b>15,025</b>
17%	12%	% Sales	-1%	12%
432	1,444	Interest and other income	767	2,732
<b>6,734</b>	<b>13,544</b>	<b>Profit/ (loss) from ordinary activities before finance cost and exceptional items</b>	<b>490</b>	<b>17,757</b>
331	795	Interest expense	537	1,796
578	2,269	Foreign exchange (gain)/ loss on loans	820	1,240
<b>5,825</b>	<b>10,480</b>	<b>Profit/(loss) from ordinary activities before tax</b>	<b>-867</b>	<b>14,721</b>
0	378	Exceptional Item	-	-
-26,480	-26,480	Settlement provision	-	-
-	-	Product recall	-1,860	-1,860
-8,379	-11,243	Foreign exchange (loss)/gain on foreign currency option derivatives	-1,799	-412
<b>-29,034</b>	<b>-26,865</b>	<b>Profit/(loss) after exceptional items before tax</b>	<b>-4,525</b>	<b>12,449</b>
747	1,969	Tax expense/ (benefit) -current period	340	2,939
-29,781	-28,834	Net profit/ (loss) from ordinary activities after tax	-4,866	9,510
18	66	- Share in loss/ (profit) of associates, net	25	186
29	97	- Minority interest	34	96
<b>-29,828</b>	<b>-28,998</b>	<b>Net profit/ (loss) from ordinary activities after tax and minority interest &amp; Share in (loss)/ profit of associates</b>	<b>-4,924</b>	<b>9,228</b>

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## Questions & Answers

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