



# Ranbaxy Laboratories Limited

**FINANCIAL RESULTS:  
April – June 2011 (Q2)  
YTD June 30, 2011 (H1)**

**ARUN SAWHNEY  
Managing Director**

05 August 2011

Post Results Conference Call

# Safe Harbor

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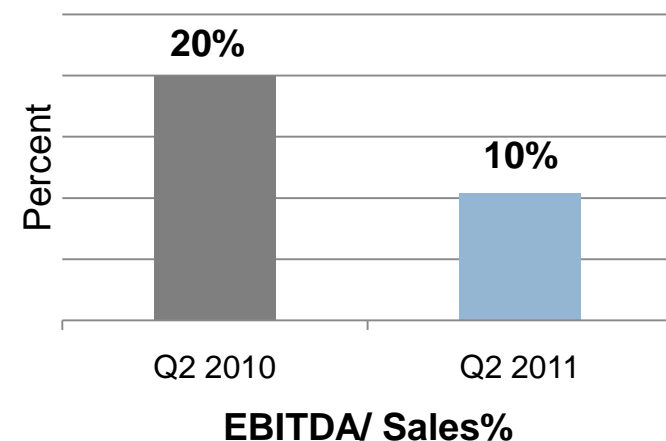
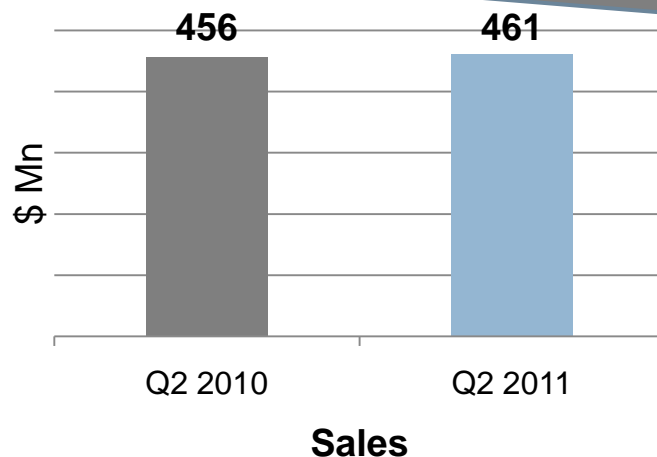
# Key Achievements for Quarter 2, 2011

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## Financial

- Sales across businesses continued robust performance
  - Base business sales improved
  - Q2 2010 margins higher, aided by higher FTF contribution
- FTF exclusivity for Donepezil ended in the Quarter



# Key Achievements for Quarter 2, 2011

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## Business

- Emerging market sales \$261Mn
  - Growth 14%; 62% of DF sales
- Developed market sales \$157 Mn
  - 38% of DF sales

- India: Market share improvement and faster than IPM growth aided by Project Viraat and CHC business
- Africa: Robust growth in the region with higher tender sales contribution

- Europe: Major markets perform well: France and Romania grow
- USA: Donepezil exclusivity period ended; base business sales strong

## Manufacturing

- Remain positive about Ranbaxy 's preparedness for audit by regulators
- Initiatives taken to build meaningful partnerships with key sourcing partners
- Plan to strengthen manufacturing in Africa region countries

## Research & Development

- Improvement in filings and approvals
  - DF filings: 38; DF approvals: 26
- Anti-malarial drug in H2 2011

## Synergy with Daiichi Sankyo

- Study businesses of both DS and Ranbaxy in various geographies to evolve a stronger business model for the group and individual Companies
- Front end:
  - Study various businesses for optimal value capture
- Back end:
  - Multiple opportunities pursued in manufacturing, cost reduction etc.
- Ongoing:
  - Successful launch of innovator products, R&D collaboration, cost efficiencies

## Regulatory

- Continue to work together for a comprehensive resolution with the USFDA/ DOJ: negotiations progressing well
- Multiple regulatory approvals received

## Derivatives Position

- Exposure of \$1.7Bn in 2007. Down to ~\$750 Mn in Q2 2011
- Expire by 2015-16

## Debt Position

- Total Debt ~\$630 Mn; Net Debt ~\$260 Mn

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## Financial Performance

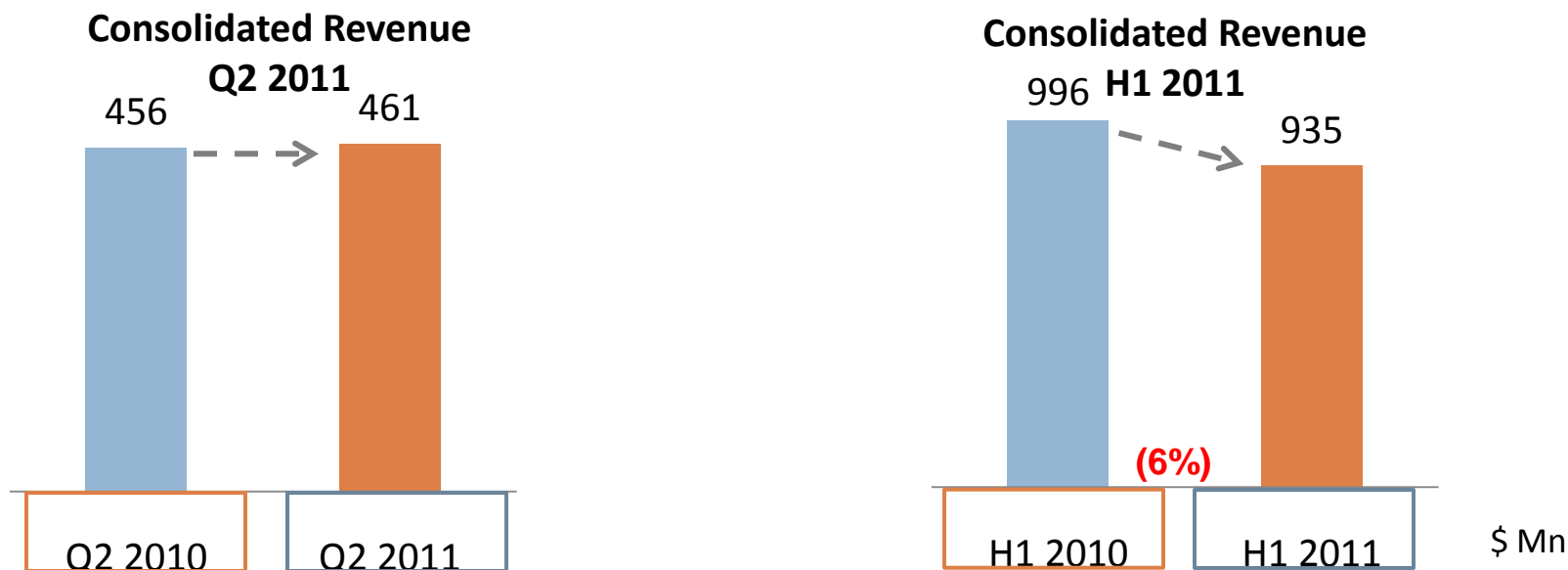
Investors Call



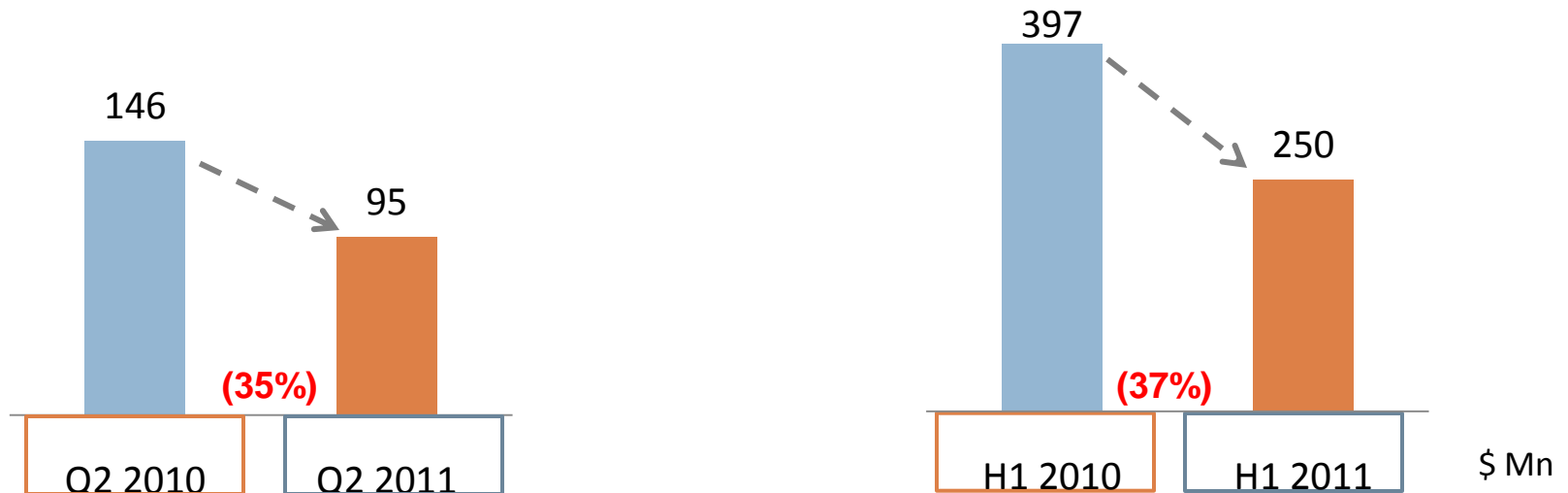
# Sales Performance

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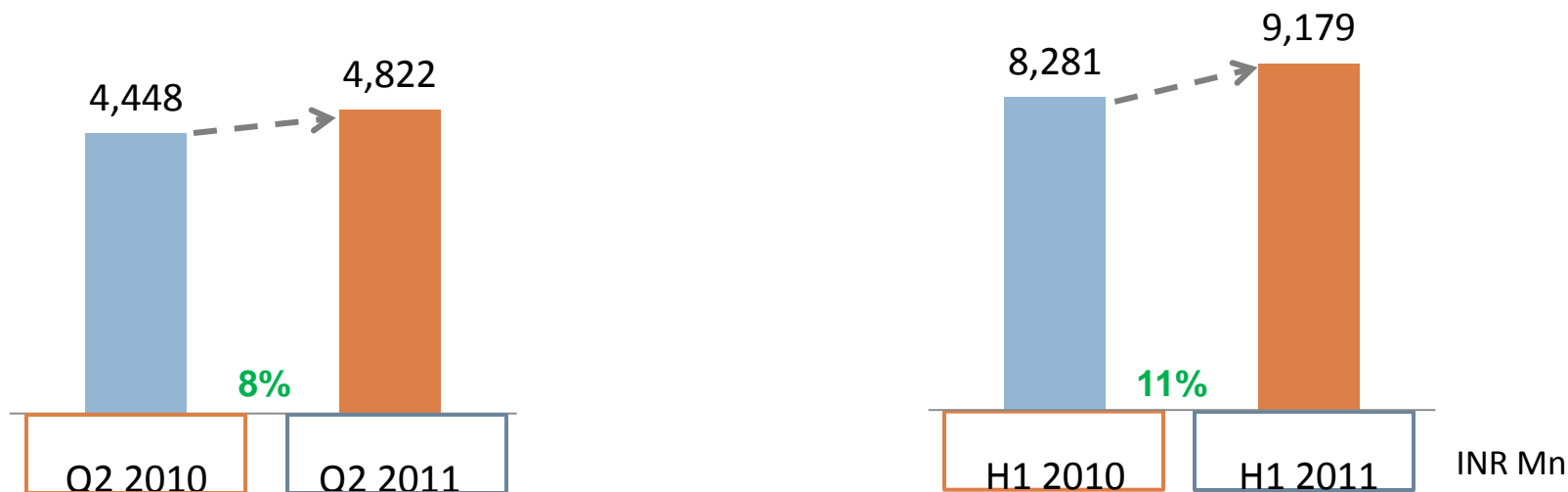
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- Healthy improvement in base business sales across all key geographies on Quarter and YTD basis
- Q2 2011 sales higher than Q2 2010 sales notwithstanding lower FTF contribution in the current Quarter



- Current Quarter sales are comparatively lower due to lower contribution from Donepezil FTF (exclusivity expired, Q2 2011) vs. relatively higher Valacyclovir FTF contribution from the previous year
- Base business growth continued

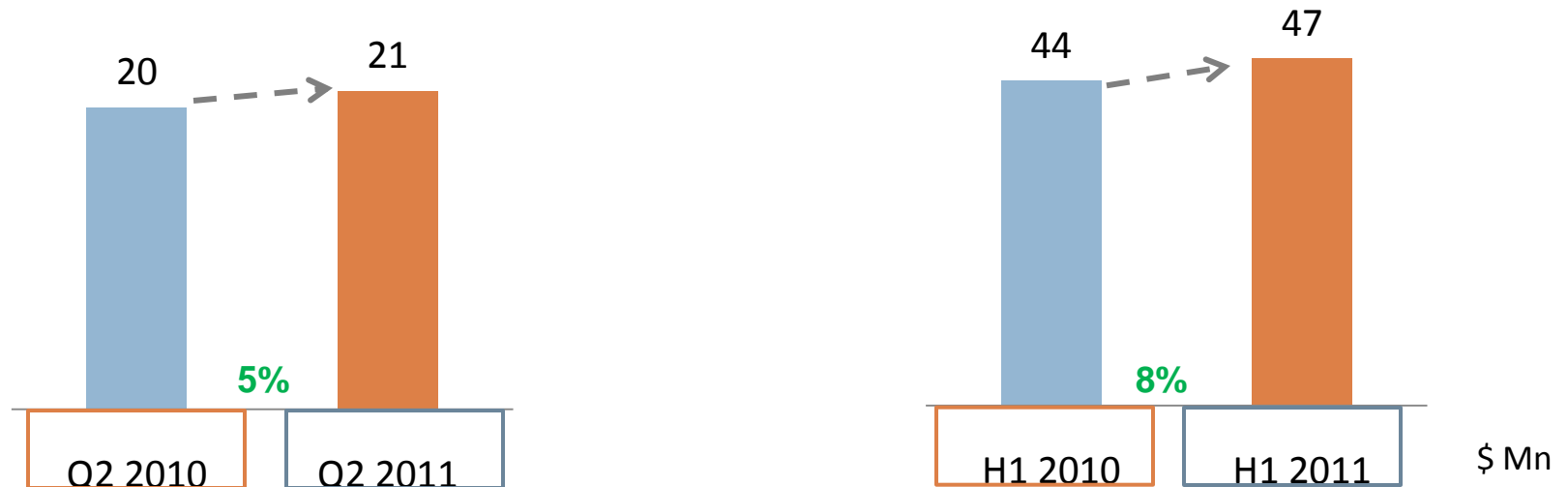


- Market Share improvement in the IPM with faster than market growth on YTD and MAT basis
- CHC, ranked number 1 in its represented market, also contributed

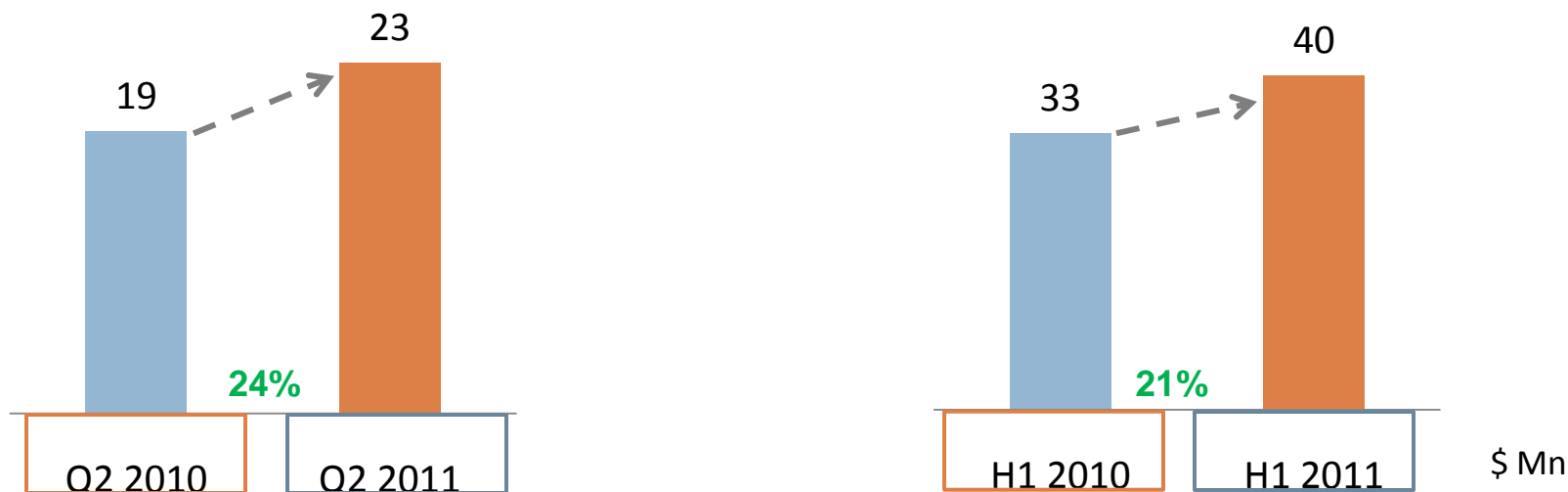


□ Sales growth in major markets including robust improvement in Romania, better sales in France; Day 1 launches helped the business

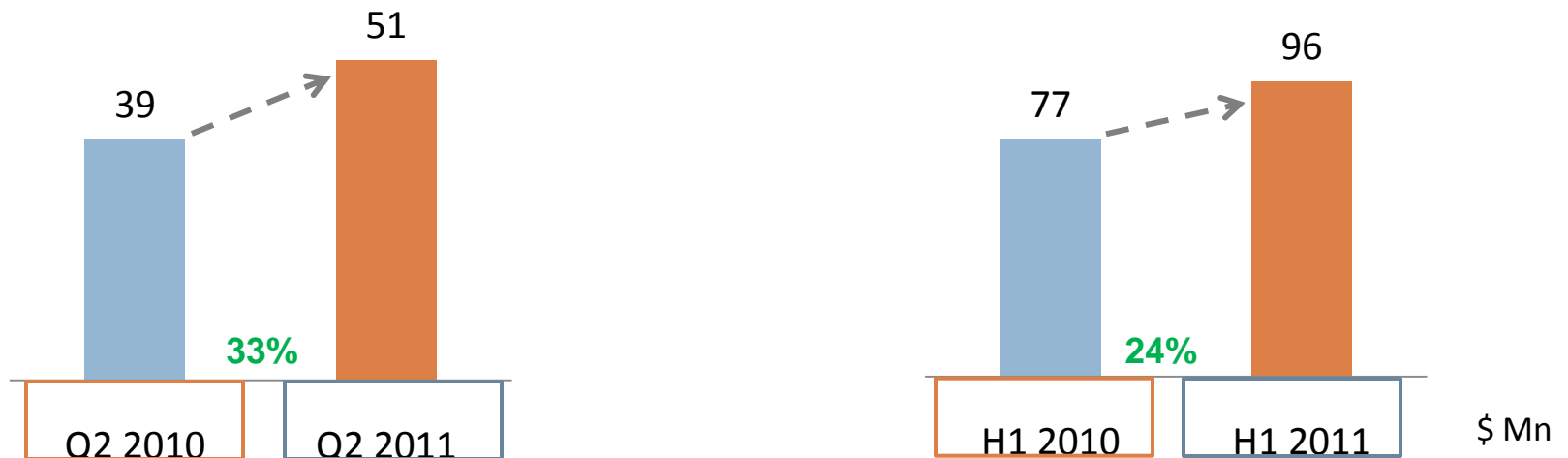
□ Macro-economic indicators on country level continue to be areas of concern



- In Russia and Ukraine, among the two largest CIS markets; Ranbaxy continued to be ranked number 1 in its represented market
- Clear direction on macro-issues yet to evolve in the CIS



- Strong sales in most of the larger markets



- ARV tender sales have started to contribute to the region's top line
- Nigeria, one of the larger markets in Africa affected by liquidity crunch and other macro factors; plan to strengthen manufacturing in the country



- Completion of Tender supplies, in the previous quarter; transient issues wrt key products reasons for de-growth in the region



# Financials Q2 2011: \$

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Q2'10	Q2'11	Particulars in \$ Mn	H1'10	H1'11
<b>456</b>	<b>461</b>	<b>Sales</b>	<b>996</b>	<b>935</b>
1	1	Less : Excise duty	2	2
<b>455</b>	<b>460</b>	<b>Net sales</b>	<b>994</b>	<b>933</b>
11	9	Other operating income	72	17
<b>466</b>	<b>468</b>	<b>Total Operating Income</b>	<b>1,067</b>	<b>950</b>
<b>167</b>	<b>183</b>	<b>Total Consumption</b>	<b>329</b>	<b>349</b>
(6)	(7)	<b>Operating Forex expense/ (gain)</b>	9	(13)
82	94	Employee cost	165	186
133	151	Other Operating expenses	252	285
<b>375</b>	<b>420</b>	<b>Total other expenditure</b>	<b>753</b>	<b>807</b>
<b>91</b>	<b>48</b>	<b>EBITDA</b>	<b>313</b>	<b>143</b>
15	16	Depreciation and amortization	37	33
25	7	Interest (Cost)/Income & Other Income	20	18
25	4	Foreign exchange (gain)/ loss on loans	(3)	9
<b>76</b>	<b>34</b>	<b>Profit/(loss) from ordinary activities before tax</b>	<b>299</b>	<b>119</b>
		<b>Exceptional Items</b>		
47	-	Exceptional Items (Profit on sale of investments)	47	-
(51)	25	Forex (loss)/ gain on foreign currency option derivatives	33	25
<b>72</b>	<b>59</b>	<b>Net EBT</b>	<b>380</b>	<b>144</b>
<b>72</b>	<b>55</b>	<b>Net profit/ (loss) from ordinary activities after tax</b>	<b>282</b>	<b>123</b>
16%	12%	PAT%	28%	13%
<b>71</b>	<b>54</b>	<b>Net profit/ (loss) from ordinary activities after tax and minority interest &amp; Share in (loss)/ profit of associates</b>	<b>280</b>	<b>122</b>
16%	12%	PAT% (after minority interest & Share in (loss)/ profit of associates)	28%	13%

# Operational Performance (excluding Forex and Excep items)

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Q2'10	Q2'11	Particulars in \$ Mn	H1'10	H1'11
456	461	Sales	996	935
91	48	EBITDA	313	143
20%	10%	% to Sales	31%	15%
72	59	EBT	380	144
16%	13%	% to Sales	38%	15%

91	48	EBITDA	313	143
6	7	Forex Gain/(Loss)	(9)	13
84	41	Operational EBITDA	322	130
19%	9%	% to Sales	32%	14%

72	59	EBT	380	144
(25)	(4)	Forex Gain/(Loss) on FC Borrowings	3	(9)
(45)	32	Other Forex Gain/(Loss) (incl. Derivatives)	25	38
47		Exceptional Items (Profit on sale of inv.)	47	
94	31	Operational EBT	305	115
21%	7%	% to Sales	31%	12%

# Financials Q2 2011: INR

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Q2'10	Q2'11	Particulars in Rs. Mn	H1'10	H1'11
<b>20,953</b>	<b>20,593</b>	<b>Sales</b>	<b>45,791</b>	<b>42,056</b>
41	48	Less : Excise duty	76	86
<b>20,911</b>	<b>20,545</b>	<b>Net sales</b>	<b>45,715</b>	<b>41,970</b>
517	386	Other operating income	3320	765
<b>21,428</b>	<b>20,931</b>	<b>Total Operating Income</b>	<b>49,035</b>	<b>42,736</b>
<b>7,661</b>	<b>8,167</b>	<b>Total Consumption</b>	<b>15,102</b>	<b>15,690</b>
(287)	(319)	<b>Operating Forex expense/ (gain)</b>	391	(571)
3,752	4,188	Employee cost	7,564	8,359
6,134	6,760	Other Operating expenses	11,569	12,839
<b>17,260</b>	<b>18,796</b>	<b>Total other expenditure</b>	<b>34,625</b>	<b>36,316</b>
<b>4,168</b>	<b>2,135</b>	<b>EBITDA</b>	<b>14,410</b>	<b>6,419</b>
695	735	Depreciation and amortization	1700	1471
1,162	306	Interest (Cost)/Income & Other Income	911	806
1,158	184	Foreign exchange (gain)/ loss on loans	(139)	410
<b>3,477</b>	<b>1,522</b>	<b>Profit/(loss) from ordinary activities before tax</b>	<b>13,760</b>	<b>5,344</b>
		<b>Exceptional Items</b>		
2,178		Exceptional Items (Profit on sale of investments)	2,178	
(2,337)	1,118	Forex (loss)/ gain on foreign currency option derivatives	1,535	1,138
<b>3,318</b>	<b>2,640</b>	<b>Net EBT</b>	<b>17,473</b>	<b>6,482</b>
<b>3,320</b>	<b>2,455</b>	<b>Net profit/ (loss) from ordinary activities after tax</b>	<b>12,951</b>	<b>5,516</b>
16%	12%	PAT%	28%	13%
<b>3,257</b>	<b>2,432</b>	<b>Net profit/ (loss) from ordinary activities after tax and minority interest &amp; Share in (loss)/ profit of associates</b>	<b>12,863</b>	<b>5,476</b>
16%	12%	PAT% (after minority interest & Share in (loss)/ profit of associates)	28%	13%



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## Questions & Answers

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