

Ranbaxy Q2 CY 2013 Sales Rs.26,332 Mn. H1 CY2013 Sales Rs.50,730 Mn Base business sales and margins grow

Gurgaon, India / Moscow, Russia, Aug 07, 2013: The Board of Directors of Ranbaxy Laboratories Limited (RLL, NSE: RANBAXY, BSE: 500359), at their meeting held today, took on record the unaudited results for the Quarter and Half Year ended June 30, 2013 (“Q2’13” and “H1’13” respectively) under Indian GAAP.

Key Financial Highlights

Financial Performance for the quarter ended June 30, 2013 (Q2’13)

- Consolidated sales were Rs.26,332 Mn [Q2’12: Sales Rs.32,046 Mn]. Absolute sales were lower than the corresponding quarter sales as Q2’12 sales included contribution from exclusivities.
- Base business sales continued to register double digit growth.
- Earnings before Interest, Tax, Depreciation & Amortization (EBITDA) was Rs.1,996 Mn. Base business margins continued to improve in the Quarter.

Financial Performance for YTD ended June 30, 2013 (H1’13)

- Consolidated sales were Rs.50,730 Mn [H1’12: Sales Rs.69,136 Mn].
- Earnings before Interest, Tax, Depreciation & Amortization (EBITDA) was Rs.3,545 Mn.

The following exceptional items impacted profitability at the Profit After Tax (PAT) level:

The depreciation of the INR against the US\$, though favourable to Ranbaxy’s export business had an adverse impact on the current Quarter profitability mainly on account of application of the accounting standards that require Marking to Market the entire derivatives and foreign currency denominated loans outstanding. There was a net charge of Rs.5,403 Mn during Q2’13 and Rs.4,954 Mn during H1’13 on the P&L on account of the forex items.

The macroeconomic environment continued to be challenging in certain countries in Western Europe. Specifically in France, the Generic Pharma industry has been impacted by continuing pricing and trade challenges. The Company has accordingly taken an impairment of goodwill of Rs.1,192 Mn in France in line with the accounting standards.

Net (Loss) after tax, minority interest and share in loss of associate was Rs.5,242 Mn, however, Profit After Tax excluding the impact of forex and exceptional item was Rs.1,352 Mn.

Commenting on the business results for the quarter, Mr. Arun Sawhney, CEO & Managing Director, Ranbaxy, said, “The Company continued its focus on branded markets and business which will help navigate the growth of Ranbaxy in the coming years. While on the one hand, we are making commitments to growth, we are also consciously working on areas of efficiency improvement across the organization.

At all times, we will work under the paradigm of ‘Quality and Patients First.’ Mr. Sawhney further added, “In the interest of all stakeholders we successfully concluded the previously disclosed investigation by the U.S. Department of Justice (“DOJ”). With the payment of \$500 Mn, provisioned earlier, we have settled both the civil and criminal settlements with the DOJ. This should allow us to focus our resources and energies to drive future growth.”

Key Highlights/ Developments

Business

- Base business sales in Q2'13 improved by double digits over the corresponding period.
 - Sales grew in the Emerging Markets of LATAM and branded business of Africa, APAC and Russia
- Market share gain in Absorica™, isotretinoin NDA has been promising. As of June 28, 2013 Ranbaxy's market share was at 13.7%.
- Ranbaxy capitalized on its strength, retaining strong market share for its products post-exclusivity:
 - The exclusivity period for Pioglitazone hydrochloride authorised generic (AG) came to an end in mid February 2013. Ranbaxy continues to hold ~24% market share
 - Ranbaxy has 43% of the market share in Cevimeline hydrochloride 30 mg. capsules (Evoxac®) in the USA, the authorised generic product of Daiichi Sankyo.
- In closure to the earlier settlement with the Department of Justice, the Company paid the settlement amount during the Quarter. Provision for this charge was created in the books in 2011.

Regulatory, Research & Development and Manufacturing

- Implementation of the Consent Decree, signed in January 2012, progressed per plan.
- During the Quarter, 1 ANDA was filed for the USA market.
- Greenfield manufacturing initiated in growth markets of Africa.
- Focus on efficiency improvement through benchmarking and review of raw material costs, solvent recoveries and capacities.

Global Sales

- Consolidated sales for the Quarter were Rs.26,332 Mn as compared to Rs.32,046 Mn in the corresponding quarter. On a like-to-like basis, sales grew in double digits over the corresponding quarter.
 - Branded and OTC category contributed Rs.13,445 Mn accounting for 51% of total sales during the Quarter. Generics including API category recorded Rs.12,887 Mn of sales for the Company during the Quarter.
- **North America:** Sales for the Quarter were Rs.8,516 Mn. Sales were lower in comparison to the corresponding quarter due to large contribution to sales from exclusivity opportunities in the earlier quarter.
 - In the USA, sales for the Quarter were Rs.7,700 Mn. Strong Base business sales encouraged by prescription growth in Absorica™.
- **India (including CHC):** In the domestic market, sales for the Quarter were Rs.5,426 Mn, in-line with the corresponding quarter. The new government pricing policy and trade related challenges impacted performance.
 - OTC business (Consumer Healthcare) contributed Rs.1,034 Mn, a growth of 8% over the corresponding quarter.
- **East Europe & CIS:** The region recorded sales of Rs.3,260 Mn.
- **West Europe:** Sales for the Quarter were Rs.1,958 Mn, a decline of 31% over the corresponding quarter.
- **Africa and Middle East:** Sales for the Quarter were Rs.2,828 Mn, a growth of 9%.

- **Asia Pacific and LATAM** (including Sri Lanka): Sales for the Quarter were Rs.2,082 Mn, a growth of 13%.
- **API business** and others had revenues of Rs.2,263 Mn. Focus on select markets and products helped business grow by 31% over the corresponding quarter.

About Ranbaxy Laboratories Limited

Ranbaxy Laboratories Limited, India's largest pharmaceutical company, is an integrated, research based, international pharmaceutical company producing a wide range of quality, affordable generic medicines, trusted by healthcare professionals and patients across geographies. Ranbaxy's continued focus on R&D has resulted in several approvals, in developed and emerging markets many of which incorporate proprietary Novel Drug Delivery Systems (NDDS) and technologies, developed at its own labs. The company has further strengthened its focus on generics research and is increasingly working on more complex and specialty areas. Ranbaxy serves its customers in over 150 countries and has an expanding international portfolio of affiliates, joint ventures and alliances, ground operations in 43 countries and manufacturing operations in 8 countries. Ranbaxy is a member of the Daiichi Sankyo Group. Through strategic in-licensing opportunities and its hybrid business model with Daiichi Sankyo, a leading global pharma innovator headquartered in Tokyo, Japan, Ranbaxy is introducing many innovator products in markets around the world, where it has a strong presence. This is in line with the company's commitment to increase penetration and improve access to medicines, across the globe. For more information, please visit www.ranbaxy.com.