



AUROBINDO

Q3 FY17-18 EARNINGS PRESENTATION

7<sup>th</sup> February 2018



# Disclaimer

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This presentation contains statements that constitute “forward looking statements” including and without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to our future business developments and economic performance.

While these forward looking statements represent our judgment and future expectations concerning the development of our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that we have indicated could adversely affect our business and financial performance.

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# Consolidated Financial & Business Highlights – Q3FY18



## **Key Financial Highlights**

- Revenue from operations at INR 4,336.1 crore, witnessed a growth of 11.0% YoY
- EBIDTA before forex and other income at INR 1,025.6 crore, up by 14.6% YoY; EBITDA margin at 23.7% in Q3FY18 as compared to 22.9% in Q3FY17
- In the United States of America, The Tax Cuts and Jobs Act of 2017 was approved and enacted into law on December 22, 2017 which has resulted in reduction in federal corporate tax from 35% to 21%. As a result, the Company has re-measured its U.S. deferred tax assets and liabilities based on the new tax law and has recognized a one-time charge of Rs. 66.4 Cr for the quarter
- Net Profit after JV share, minority interest at INR 595.0 crore vs. INR 578.6 in Q3FY17
- Basic & Diluted EPS is INR 10.16 per share
- Research & Development (R&D) spend at INR 157.0 crore, 3.6% of revenues
- Net Capex spent is ~US\$ 27 million

## **Key Business Highlights**

### **US Formulations**

- US sales of INR 1,909.6 Cr, witnessed a growth of 9.4% YoY. On constant currency basis, sales grew by 13.8% YoY to US\$ 295 million.
- Filed 2 ANDAs with USFDA
- Received final approval for 20 ANDAs and tentative approval for 2 ANDAs
- Launched 8 products during the quarter

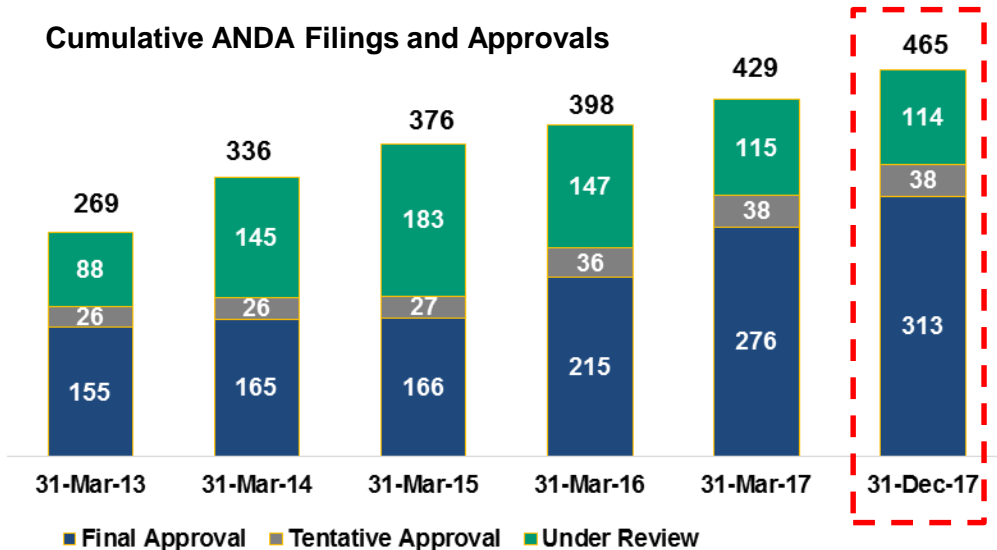
### **EU Formulations**

- Sales from EU formulations in Q3FY17-18 was at INR 1,171.6 Cr, an increase of 37.0% YoY. On constant currency basis, sales grew by 30.5% YoY
- As on 31<sup>st</sup> Dec, 2017, we have transferred manufacturing of 78 products from Europe to India

# US Filings Snapshot



Cumulative ANDA Filings and Approvals



Therapy	ANDAs	Addressable Market Size (US\$ Bn)
Anti Diabetic	13	4.8
ARV**	41	7.4
CNS	87	25.1
Controlled Substances	16	1.8
CVS	73	24.8
Gastroenterological	30	4.3
Ophthalmics	11	0.5
Others	139	14.6
Penem	4	0.5
Respiratory	11	0.7
Oncology & Hormones	10	1.9
SSP & Cephs	30	0.8
<b>Total</b>	<b>465</b>	<b>87.2</b>

As per IMS MAT Dec 2017, addressable Market at US\$ 87.2 Bn including ~US\$ 61.2 Bn for Under Review and Tentatively approved ANDAs

## Unit wise ANDA Filings as on 31-Dec-2017

Site	Details	Final Approval	Tentative Approval*	Under Review	Total
Unit III	Oral Formulations	103	14	9	126
Unit IV	Injectables & Ophthalmics	50	2	37	89
Unit VIB	Cephalosporins Oral	11			11
Unit VII (SEZ)	Oral Formulations	112	22	26	160
Unit X	Oral Formulations			18	18
Unit XII	Penicillin Oral & Injectables	19		1	20
Aurolife USA	Oral Formulations	17		10	27
AuroNext	Penem Injectables	1		3	4
Eugia	Oral & Injectable Formulations			10	10
<b>Total</b>		<b>313</b>	<b>38</b>	<b>114</b>	<b>465</b>

\*Tentative Approvals include 11 ANDAs approved under PEPFAR; \*\* Does not include the addressable market of the products approved under PEPFAR

# Consolidated Financial Performance – Q3FY18 YoY



Value INR Cr	Q3 FY18	Q3 FY17	% Chg
Formulations	3,570.2	3,130.2	14.1
API	765.7	775.9	-1.3
<i>Formulations % of sales</i>	<i>82.3%</i>	<i>80.1%</i>	
<b>Revenue from operations</b>	<b>4,336.1</b>	<b>3,906.2</b>	<b>11.0</b>
Gross Profit	2,518.6	2,196.5	14.7
Overheads	1,493.0	1,301.6	14.7
<b>EBIDTA (before Forex &amp; other income)</b>	<b>1,025.6</b>	<b>894.8</b>	<b>14.6</b>
	<b>23.7%</b>	<b>22.9%</b>	
Fx Gain / (Loss)	7.3	15.8	
Other Income	25.8	7.9	225.6
Finance Cost	18.9	14.3	32.2
Depreciation	138.1	111.1	24.2
PBT from ordinary activities	901.7	793.2	13.7
<b>PAT (after JV share, minority interest)</b>	<b>595.0</b>	<b>578.6</b>	<b>2.8</b>
<b>Diluted EPS</b>	<b>10.16</b>	<b>9.88</b>	
<b>Avg Fx Rate US\$ 1= INR</b>	<b>64.6791</b>	<b>67.2819</b>	

## Revenue from Operations - Breakup

Value in INR Cr	Q3FY18	Q3FY17	% Chg
USA	1,909.6	1,745.1	9.4
EU	1,171.6	855.4	37.0
Growth markets	250.2	187.8	33.2
ARV	238.9	341.9	-30.1
<b>Total Formulations</b>	<b>3,570.2</b>	<b>3,130.2</b>	<b>14.1</b>
Betalactum	536.6	525.0	2.2
Non Betalactum	229.2	250.9	-8.7
<b>Total API</b>	<b>765.7</b>	<b>775.9</b>	<b>-1.3</b>
Dossier Income	0.1	0.1	
<b>Revenue from operations</b>	<b>4,336.1</b>	<b>3,906.2</b>	<b>11.0</b>

Post implementation of GST with effect from July 1, 2017, revenue from operations of Q2FY18 & Q3FY18 is net of GST

# Consolidated Financial Performance – 9MFY18 YoY



Value INR Cr	9M FY18	9M FY17	% Chg
Formulations	10,284.6	9,166.0	12.2
API	2,162.6	2,279.2	-5.1
<i>Formulations % of sales</i>	<i>82.6%</i>	<i>80.1%</i>	
<b>Revenue from operations</b>	<b>12,450.7</b>	<b>11,448.2</b>	<b>8.8</b>
Gross Profit	7,367.5	6,476.1	13.8
Overheads	4,383.0	3,763.1	16.5
<b>EBIDTA (before Forex &amp; other income)</b>	<b>2,984.5</b>	<b>2,713.0</b>	<b>10.0</b>
	<b>24.0%</b>	<b>23.7%</b>	
Fx Gain / (Loss)	-0.8	43.0	
Other Income	58.2	32.1	81.2
Finance Cost	53.0	52.4	1.1
Depreciation	401.3	327.6	22.5
PBT from ordinary activities	2,587.5	2,408.1	7.4
<b>PAT (after JV share, minority interest)</b>	<b>1,894.7</b>	<b>1,769.2</b>	<b>7.1</b>
<b>Diluted EPS</b>	<b>32.34</b>	<b>30.23</b>	
<b>Avg Fx Rate US\$ 1= INR</b>	<b>64.4303</b>	<b>66.9937</b>	

## Revenue from operations - Breakup

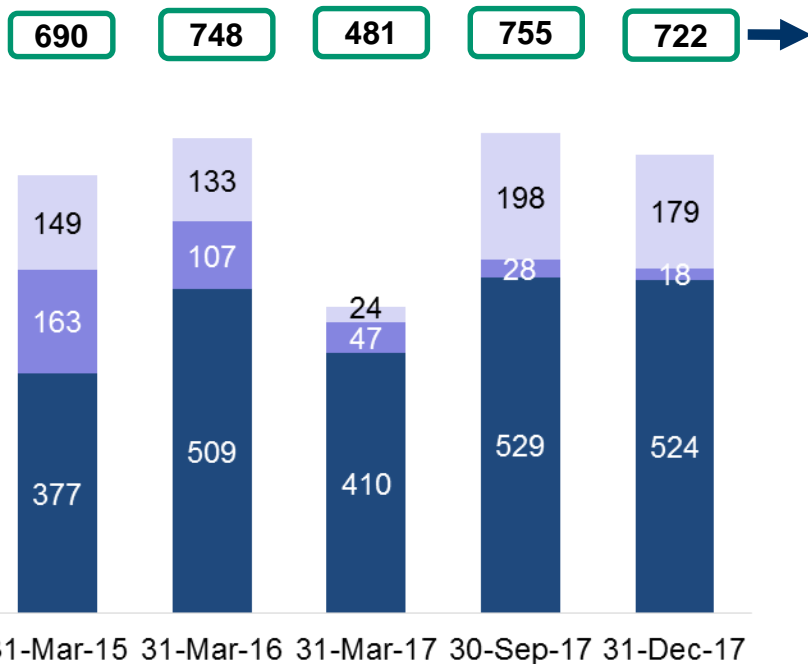
Value in INR Cr	9MFY18	9MFY17	% Chg
USA	5,703.3	5,184.1	10.0
EU	3,202.7	2,499.9	28.1
Growth markets	687.5	558.5	23.1
ARV	691.0	923.5	-25.2
<b>Total Formulations</b>	<b>10,284.6</b>	<b>9,166.0</b>	<b>12.2</b>
Betalactam	1,459.6	1,531.2	-4.7
Non Betalactam	703.0	748.0	-6.0
<b>Total API</b>	<b>2,162.6</b>	<b>2,279.2</b>	<b>-5.1</b>
Dossier Income	3.6	3.0	
<b>Revenue from operations</b>	<b>12,450.7</b>	<b>11,448.2</b>	<b>8.8</b>

Post implementation of GST with effect from July 1, 2017, revenue from operations of Q2FY18 & Q3FY18 is net of GST

# Debt Profile



## Fx Loan US\$ Mn



Debt as on (INR Cr)	Mar-16	Mar-17	Sep-17	Dec-17
Closing Rate <sup>1</sup> US\$ = INR	66.255	64.85	65.285	63.875
Fx Loan restated in INR	4,956.7	3,121.5	4,930.6	4,608.8
Rupee Loan	46.9	244.8	70.1	92.9
Sales Tax Deferment	41.9	0.0	0.0	0.0
<b>Gross Debt</b>	<b>5,045.6</b>	<b>3,366.3</b>	<b>5,000.7</b>	<b>4,701.7</b>
Cash Balance	805.2	519.5	976.3	1,252.2
<b>Net Debt</b>	<b>4,240.3</b>	<b>2,846.9</b>	<b>4,024.5</b>	<b>3,449.5</b>
<b>Net Debt (US\$ Mn)</b>	<b>640.0</b>	<b>439.0</b>	<b>616.4</b>	<b>540.0</b>
<b>Average Finance Cost</b>	<b>1.8%</b>	<b>1.5%</b>	<b>1.6%</b>	<b>1.6%</b>

- Other Term Loans (Subsidiaries) & Unsecured Loans
- ECB - APL
- Working Capital

Fx Debt and Fx Cash Balance are reinstated

# Thank You



For updates and specific queries, please visit our website [www.aurobindo.com](http://www.aurobindo.com)

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