



AUROBINDO

Q3 FY16-17 EARNINGS PRESENTATION



9<sup>th</sup> February 2017

# 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.

Aurobindo Pharma undertakes no obligation to publicly revise any forward looking statements to reflect future events or circumstances.

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# Business Highlights



## Q3 FY16-17 Update

- Abbreviated New Drug Application (ANDA)
  - 9 ANDAs filed with USFDA (Oral – 5, Injectable – 4)
  - Received Final approval for 19 ANDAs (Oral - 17, Injectable - 2) and tentative approval for 3 ANDAs from USFDA.
- Launched 11 new products in US market; 8 Oral and 3 Injectables
- Cumulative transfer manufacturing of 42 products from Europe to India as on 31<sup>st</sup> December, 2016
- Vertical integration with in-house API for ~70% of its Formulation products, and greater than 90% of oral solids
- Global presence with 88% of sales from international markets, spanning across more than 150 countries

### Unit wise ANDA Filings as on 31-Dec-2016

Site	Details	Final Approval	Tentative Approval*	Under Review	Total
Unit III	Oral Formulations	99	16	10	125
Unit IV	Injectables & Ophthalmics	38	2	35	75
Unit VIB	Cephalosporins Oral	11			11
Unit VII (SEZ)	Oral Formulations	79	23	56	158
Unit X	Oral Formulations			2	2
Unit XII	Penicillin Oral & Injectables	19		1	20
Aurolife USA	Oral Formulations	16		10	26
AuroNext	Penem Injectables			4	4
<b>Total</b>		<b>262</b>	<b>41</b>	<b>118</b>	<b>421</b>

\*Tentative Approvals include 19 ANDAs approved under PEPFAR

# Consolidated Financial Highlights



➤ Operating Income (including excise duty) grew by 11.4% YoY to INR 3,906.2 cr (US\$ 580.6 Mn)

## Segment wise Sales in INR Cr

➤ Formulations –	3,130.2
➤ US –	1,745.1
➤ EU –	855.4
➤ ARV –	341.9
➤ Emerging Market –	187.8
➤ API –	775.9

➤ EBITDA at INR 894.8 cr representing 22.9% margin

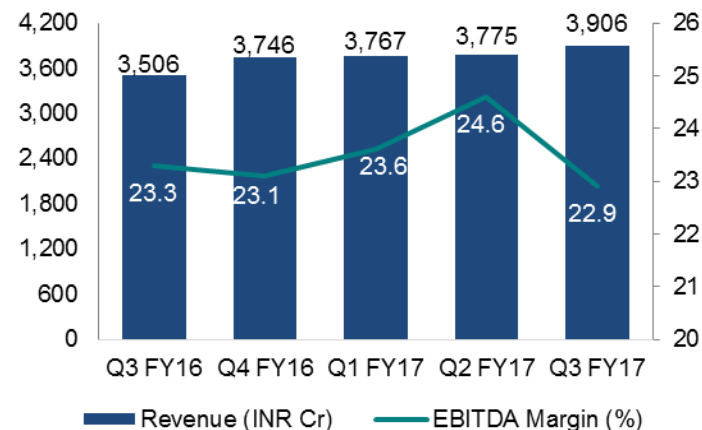
➤ R&D cost expensed is at INR 130.2 cr, 3.3% of sales

➤ PAT after JV share, minority interest and OCI at INR 575.8 cr; Margin at 14.7%

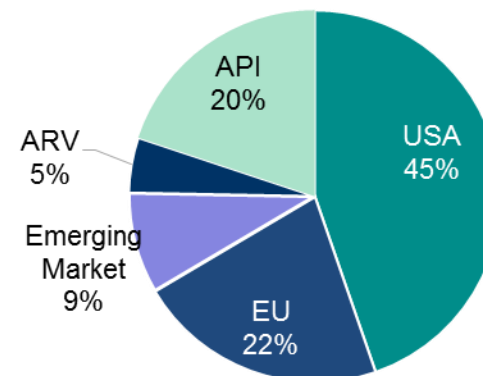
➤ Effective Tax Rate at 27.4%

➤ Capex spent is ~US\$ 55 Mn

## Gross Operating Income (INR Cr)



## Q3 FY16-17 Sales Breakup



As per Ind AS

OCI – Other Comprehensive Income

# Consolidated Financial Performance



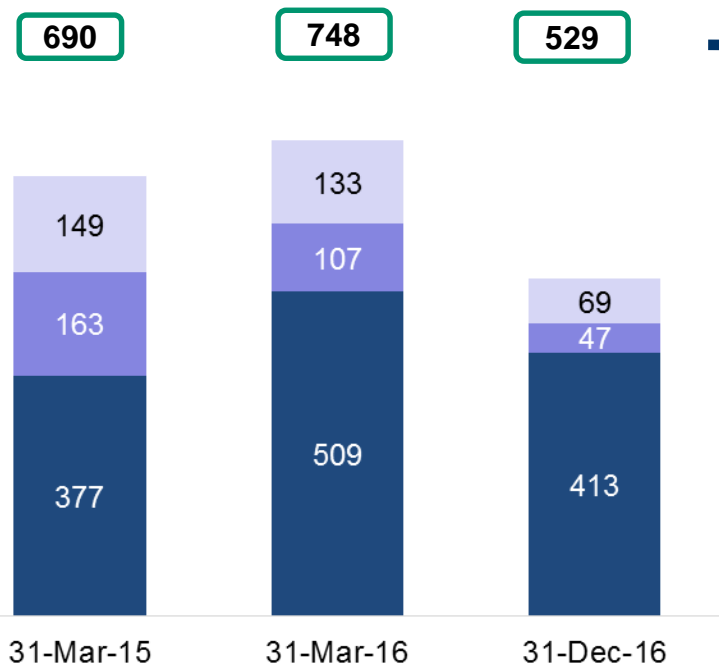
Value INR Cr	Q3 FY17	Q3 FY16	% Chg	Q2 FY17	% Chg
Formulations	3,130.2	2,809.4	11.4	3,003.8	4.2
API	775.9	695.1	11.6	768.8	0.9
<i>Formulations % of sales</i>	<i>80.1%</i>	<i>80.2%</i>		<i>79.6%</i>	
<b>Operating Income (including excise duty)</b>	<b>3,906.2</b>	<b>3,505.6</b>	<b>11.4</b>	<b>3,775.5</b>	<b>3.5</b>
<b>Gross Margin</b>	2,196.5	1,954.8	12.4	2,145.6	2.4
	<b>56.2%</b>	<b>55.8%</b>	<b>40 bps</b>	<b>56.8%</b>	<b>(60 bps)</b>
Overheads	1,301.6	1,137.1	14.5	1,216.4	7.0
<b>EBIDTA (excl. Fx &amp; other income)</b>	894.8	817.7	9.4	929.2	(3.7)
	<b>22.9%</b>	<b>23.3%</b>	<b>(40 bps)</b>	<b>24.6%</b>	<b>(170 bps)</b>
Fx (Gain) / Loss	(15.8)	(14.0)		(20.2)	
Other Income	7.9	7.5		8.3	
Finance Cost	14.3	22.7		17.5	
Depreciation	111.1	99.4		110.2	
<b>PBT from ordinary activities</b>	<b>793.2</b>	<b>717.2</b>	<b>10.6</b>	<b>829.9</b>	<b>(4.4)</b>
<b>PAT (after JV share, minority interest &amp; OCI)</b>	<b>575.8</b>	<b>545.5</b>	<b>5.6</b>	<b>602.6</b>	<b>(4.5)</b>
<b>EPS</b>	<b>9.9</b>	<b>9.3</b>		<b>10.3</b>	
<b>Avg Fx Rate US\$ 1= INR</b>	<b>67.2189</b>	<b>65.7659</b>		<b>66.872</b>	

PAT Reconciliation (INR Cr)	Q3 FY16
As per IGAAP	535.0
Impact on deferred tax (including on unrealized intragroup profits on inventories)	10.2
Impact on foreign currency exchange differences	(0.11)
Difference in measurement of employee benefit expenses	(1.26)
Other Ind AS adjustments	0.5
<b>As per Ind AS</b>	<b>544.3</b>
Other Comprehensive Income	1.2
<b>Profit after OCI</b>	<b>545.5</b>

# Debt Profile



## Fx Loan US\$ Mn



Debt as on (INR Cr)	Mar-15	Mar-16	Dec-16
Closing Rate <sup>1</sup> US\$ = INR	62.50	66.255	67.925
Fx Loan restated in INR	4,312.3	4,956.7	3,593.7
Rupee Loan	37.3	46.9	61.9
Sales Tax Deferment	54.9	41.9	0.5
<b>Gross Debt</b>	<b>4,404.5</b>	<b>5,045.6</b>	<b>3,656.0</b>
Cash Balance	450.8	805.2	872.6
<b>Net Debt</b>	<b>3,953.6</b>	<b>4,240.3</b>	<b>2,783.4</b>
<b>Net Debt (US\$ Mn)</b>	<b>632.6</b>	<b>640.0</b>	<b>409.8</b>
<b>Finance Cost</b>	<b>1.9%</b>	<b>1.8%</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



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# Gross Sales Break-Up



INR Bn	FY15					FY16					FY17			
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	9M
USA	11.1	11.6	11.8	13.3	47.7	14.1	14.7	15.6	16.3	60.8	17.0	17.4	17.5	51.8
Europe	8.0	7.7	8.6	7.7	31.9	7.4	7.6	7.8	8.4	31.3	8.3	8.1	8.6	25.0
Emerging Market	1.2	1.4	1.2	1.2	4.9	1.6	1.6	1.6	1.6	6.5	1.9	1.8	1.9	5.6
ARV	2.2	1.4	3.3	2.7	9.6	3.0	2.8	3.1	3.3	12.1	3.0	2.8	3.4	9.2
<b>Formulations Sales</b>	<b>22.5</b>	<b>22.0</b>	<b>24.9</b>	<b>24.8</b>	<b>94.2</b>	<b>26.2</b>	<b>26.7</b>	<b>28.1</b>	<b>29.7</b>	<b>110.6</b>	<b>30.3</b>	<b>30.0</b>	<b>31.3</b>	<b>91.7</b>
Betalactum	4.5	4.5	4.6	4.4	17.9	4.8	4.3	4.5	5.0	18.6	4.9	5.1	5.3	15.3
Non-Betalactum	2.2	2.4	2.2	2.4	9.1	2.5	2.6	2.5	2.7	10.3	2.4	2.6	2.5	7.5
<b>API Sales</b>	<b>6.7</b>	<b>6.9</b>	<b>6.7</b>	<b>6.8</b>	<b>27.1</b>	<b>7.2</b>	<b>6.9</b>	<b>7.0</b>	<b>7.7</b>	<b>28.8</b>	<b>7.3</b>	<b>7.7</b>	<b>7.8</b>	<b>22.8</b>
Gross Sales	29.2	28.9	31.6	31.6	121.3	33.4	33.6	35.0	37.4	139.5	37.7	37.7	39.1	114.5
<b>Formulations as % of Gross Sales</b>	<b>77%</b>	<b>77%</b>	<b>79%</b>	<b>79%</b>	<b>78%</b>	<b>78%</b>	<b>80%</b>	<b>80%</b>	<b>80%</b>	<b>79%</b>	<b>80%</b>	<b>80%</b>	<b>80%</b>	<b>80%</b>

- Formulations segment witnessed continuous growth and is now 80% of total sales up from 63% in Q1 FY14
- Vertical integration with in-house API for around 70% of its Formulation products

FY17 numbers are as per Ind AS



# Filing details as on 31<sup>st</sup> Dec 2016



Category	As at Mar 13	As at Mar 14	As at Mar 15	As at Mar 16	As at Dec 16	Approvals
Formulations						
US*	269	336	376	398	421	303 (FA: 262, TA:41)
Europe**	1,341	1,542	1,756	2,224	2,428	1,574 Dossiers (175 products)
SA**	314	334	345	376	396	182 Registrations (89 products)
Canada***	49	72	83	105	115	94 products
<b>Total</b>	<b>1,973</b>	<b>2,284</b>	<b>2,560</b>	<b>3,103</b>	<b>3,360</b>	
API						
US	172	181	192	205	214	
Europe**	1,443	1,504	1,601	1,689	1,724	
CoS	109	106	114	118	123	
Others**	565	627	681	715	742	
<b>Total</b>	<b>2,289</b>	<b>2,418</b>	<b>2,588</b>	<b>2,727</b>	<b>2,803</b>	

In total 404 APIs are filed across geographies with multiple registrations

\*Includes filings made from AuroLife Pharma LLC, USA (net of ANDAs withdrawn)

\*\*includes multiple registration; \*\*\*excludes withdrawn

For Europe Formulations, as on 31<sup>th</sup> Dec, 2016 additional 1,468 MAs have been transferred from Actavis

# Extensive Manufacturing Base with High Quality Control and Compliance



## Finished Dose Formulations

Site	Product Capabilities
Unit III	Non antibiotics, ARVs / Orals
Unit IV	Injectables (Non-antibiotics)&Ophthalmics
Unit VI B	Cephalosporin / Orals
Unit VII	Non antibiotics, ARVs / Orals
Unit XII	Antibiotics, injectables, Orals
AuroNext	Penem formulations
Brazil Unit	Antibiotics
Eugia*	Oncology & Hormones
AuroLife	Non antibiotic & Controlled substances
AuroHealth	Pharma OTC / Orals and Liquids
Natrol	Nutraceuticals
Unit X*	Non antibiotics, Solid Orals
Unit XV	Non antibiotics, Solid & Liquid Orals (EU)
Unit XVI	Antibiotics, Injectables
APL Healthcare	Pharma OTC, Solid Orals

Large manufacturing capabilities approved by key regulators for a diversified product portfolio with technology & expertise for specialty formulations

Vertically integrated operations from conception to commercialization

\* Under construction / Yet to be operationalized

## Active Pharma Ingredients

Site	Product Capabilities
Unit I	CVS, CNS, Anti-Allergics, Non-Sterile
Unit IA	Cephalosporin
Unit II	Intermediates for non antibiotics, Penems
Unit V	Antibiotics (Sterile & Non-sterile)
Unit VIA	Cephalosporins (Sterile)
Unit VIII	ARV, CVS, CNS (Non-sterile)
Unit IX	Intermediates
Unit XI	Non antibiotics
Unit XI U	Antibiotics (Non-sterile)
Unit XIV	CVS, Anti fungal
Silicon LS	Penems (Non-sterile)
AuroNext	Penems (Sterile)
AuroPeptide	Peptides

High specification manufacturing plants approved by key regulators equipped by site dedicated control laboratories located in India

API plants equipped with particle size modifications systems to supply compacted and micronized materials

# Shareholding Pattern



Group	As on 31 Mar 15	As on 31 Mar 16	As on 31 Dec 16
Promoter Group	54.0%	53.9%	51.9%
FII	29.6%	27.4%	24.1%
MF / Insurance	6.2%	7.2%	10.6%
Other Bodies Corporates	1.6%	2.4%	3.8%
Retail Investors	8.6%	9.1%	9.6%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Equity Shares (in Cr)	29.2	58.5	58.5
Face Value (INR)	1	1	1
Equity Capital (INR Cr)	29.2	58.5	58.5
M-Cap at close (INR Bn)	356.7	435.9	432.9
Shareholder family (# '000)	75.2	115.9	167.6

## Non-Promoter Holding 48.1%

