

RANBAXY DELIVERS STRONG OVERALL BASE BUSINESS PERFORMANCE AND IMPROVEMENT IN EBITDA MARGINS

[Nov 09, 2011:](#)

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 ended September 30, 2011 (the "Q3'11") under Indian GAAP.

Key Financial Highlights

Financial Performance for the quarter ended September 30, 2011 (Q3'11)

- Consolidated sales were \$443 Mn (₹20,280 Mn) [Q3'10: Sales \$404 Mn (₹ 18,809 Mn)] (Base business, excluding FTF growth 10% over the corresponding quarter).
- Earnings before Interest, Tax, Depreciation & Amortization (EBITDA) was 11% of Sales at \$51 Mn (₹2,332 Mn) [Q3'10: EBITDA \$29 Mn (₹1,386 Mn)]
- Profit After Tax (PAT) was -\$103 Mn (₹4,646 Mn) [Q3'10: \$66 Mn, (₹3,079 Mn)]
- The company's profitability below EBITDA line was impacted adversely owing largely to the requirement to mark-to-market (MTM) the long dated derivative transactions entered into by the company in earlier years and which remain currently outstanding as well as on the forex denominated loans.

Financial Performance for the nine months ended September 30, 2011 (FY YTD Sep'11)

- Consolidated net sales were \$1,378 Mn (₹62,336 Mn) [FY YTD Sep'10: Sales \$1,401 Mn (₹64,600 Mn)] (Base business, excluding FTF growth ~13% over the corresponding period)
- Earnings before Interest, Tax, Depreciation & Amortization (EBITDA) was 14% of Sales at \$193 Mn (₹8,751 Mn) [FY YTD Sep'10: EBITDA \$349 Mn (₹16,087 Mn)]
- Profit After Tax (PAT) was \$18 Mn (₹830 Mn) [FY YTD Sep'10: \$346 Mn, (₹ 15,942 Mn)].
- Revenue and profitability numbers for FY YTD Sep'11 ended September 30, 2011 includes adverse impact arising out of MTM of forex exposure.

Commenting on the business results for the quarter, Mr. Arun Sawhney, CEO & Managing Director, Ranbaxy, said, "Ranbaxy's focus on long term improvement of its base business and margins has begun to reflect in the Company's performance. This is resulting from an increased focus on strengthening manufacturing processes while re-aligning our products and markets for value creation."

Key Highlights/Developments

Business

- Sales and EBITDA margins on base business continued to improve.
- Growth in most major markets including CIS, Africa, Europe, Asia Pacific, and Active Pharmaceutical Ingredients business (API).
- In India, Ranbaxy's growth was 18% compared to 15% for the Indian Pharma market (IMS SSA Sep 2011). Market share of the Company also improved to 4.76% (IMS SSA Sep 2011), when compared with 4.61% (IMS SSA Audit Sep 2010).
- USA base business continued to be strong.
- Ranbaxy launched Letrozole Tablets, the generic version of Femara, on Day-1 in the UK, France and Romania. Letrozole is the innovator product of Novartis with a market size of \$155 Mn. The Company also launched Eesomeprazole Tablets, the first generic version of Nexium in the UK. Nexium is an AstraZeneca product and has a market size of £60 Mn in the UK (IMS June 2011).
- The OTC business division of Ranbaxy, launched "Volini Duo", India's first approved two-in-one pain killer, a unique bi-layered Acetaminophen tablet, specially formulated to give dual pain relief to chronic back and joint pains.

Regulatory, Research & Development

- Ranbaxy continues to co-operate and negotiate with the USFDA and the Department of Justice for a comprehensive settlement to address its regulatory issues.
- During the Quarter, 11 regulatory agencies from across the globe including the World Health Organization, European Union, African regulatory authorities etc., inspected Ranbaxy's API and Dosage Form (DF) facilities, in various locations across the world, including India.
- The Company made 55 Dosage Form (DF) filings and received 32 approvals. For APIs, Ranbaxy made 38 Drug Master Filings during the Quarter.

Global Sales

□ Consolidated sales for the Quarter were \$443 Mn (₹20,280 Mn) as compared to \$404 Mn (₹18,809 Mn) in the corresponding quarter, of the previous year. Emerging markets contributed \$262 Mn, accounting for ~60% of total sales. Developed markets recorded \$145 Mn of sales and contributed 33% to total sales for the Company. API and others accounted for the rest of the revenue for the Quarter.

- North America: The region sales were \$103 Mn (₹4,720 Mn). USA recorded total sales of \$84 Mn (₹3,858 Mn) in the Quarter; base business sales continued to be healthy.
- India: In the home market, Ranbaxy sales were ₹5,157 Mn (\$ 113 Mn), up from ₹4,844 Mn (\$104 Mn). Consumer Healthcare, or the OTC business contributed ₹866 Mn (\$19 Mn), while the acute therapy part of business was impacted by industry-wide slow-down in the anti-infective space.

- Europe: The region recorded sales of \$72 Mn (₹3,308 Mn), a growth of 21% year on year. The Branded Generics markets of Romania, South & Central Europe had strong growth when compared to the previous year; In France business recovery was healthy.
- CIS: Sales in the region were \$32 Mn (Rs. 1,456 Mn), a smart growth of 22% over the corresponding quarter.
- Africa: Sales in the region were \$44 Mn (Rs. 2,009 Mn), a growth of over 20%, aided by tender sales in the region.
- Asia Pacific (including Middle East and Sri Lanka): The region recorded sales of \$28 Mn (Rs. 1,266 Mn). Sales in LATAM were \$16 Mn. (Rs. 746 Mn).
- Active Pharmaceutical Ingredients (API) and others had strong revenues of \$35 Mn (Rs.1,618 Mn).

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 125 countries and has an expanding international portfolio of affiliates, joint ventures and alliances, ground operations in 46 countries and manufacturing operations in 7 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.