

## Ranbaxy Q1 2007 Net Profit Rises 79% to Rs.129 Crores

*Operating profit before tax doubles (Rs 1,597 Mn, up 100%); Consolidated Revenues at Rs.15,644 Mn; up 23% compared to corresponding quarter.*

Gurgaon, Haryana, April 30, 2007 /[India PRwire](#)/ -- The Board of Directors of Ranbaxy Laboratories Limited (RLL) at their meeting held today, took on record the unaudited results for the quarter ended March 31, 2007. The Company also announced the Consolidated Global Results for the first quarter (Q1) of 2007.

### Key Achievements:

- Net Profit at Rs 1,287 Mn (USD 29 Mn), records robust growth of 79%.
- Operating profit before tax doubles (Rs 1,597 Mn, up 100%)
- Consolidated Revenues at Rs.15,644 Mn; up 23% compared to corresponding quarter.
- EBIDTA at Rs 1,908 Mn registers an increase of 34%.
- The Company receives a significant approval from the US FDA for the launch of Pravastatin 80 mg tablets with a 180 days marketing exclusivity.
- Emerging Markets continue their robust growth momentum. These comprise 54% of global sales and record a 53% growth in Q1 2007.
- Successful start in the European continent with key markets delivering strong growth. Sales in Europe up 78% to USD 93 Mn.
- The Company enters the Biosimilars, Oncology & Peptides therapeutic segments through strategic alliances.
- The Canadian Federal Court grants favorable decision to Ranbaxy, invalidates Pfizer's Canadian Atorvastatin patent CA 2,021,546.
- Company's NDDR (New Drug Discovery Research) team enters into a Multiyear R&D agreement with GSK; Ranbaxy could receive over USD100 Mn in potential milestone payments for a product developed and up to double digit royalties on worldwide net sales. The Ranbaxy-GSK team approves candidate selection of a compound for Respiratory Inflammation
- Company out-licenses novel NCE (New Chemical Entity) statin molecule to PPD, USA; will receive milestone payments upon the occurrence of specified clinical events and royalties on sales of the product commercialized.

Consolidated Results (Ranbaxy Laboratories Limited and Subsidiaries)

### Quarter ended March 31, 2007 (Q1)

For Q1, the Company achieved Consolidated Sales of Rs. 15,644 Mn [USD 355 Mn] (2006: Rs. 12,753 Mn, USD 287 Mn), a growth of 23%. Profit before interest, depreciation, tax and amortization was Rs. 1,908 Mn [USD 43 Mn] (2006: Rs. 1,423 Mn, USD 32 Mn), an increase of 34%. Operating profit before tax at Rs 1,597 Mn [USD 36 Mn] recorded an increase of 100% ( 2006: Rs 798 Mn, USD 18 Mn). Profit before tax was at Rs 1,642 Mn [USD 37 Mn] (2006: Rs 853 Mn, USD 19 Mn), a growth of 93%. Operating Profit after Tax without considering foreign exchange gains/losses on translation were at Rs 1046 Mn, + 42 %. Profit after tax was at Rs.1,287 Mn [USD 29 Mn] (2006: Rs. 718 Mn, USD 16 Mn), up 79%.

Earnings per share on a fully diluted basis were Rs. 2.61 (2006: Rs. 1.91).

Commenting on the business results, Mr. Malvinder Mohan Singh, CEO and MD, Ranbaxy, said, "Robust growth across geographies driven by new product flow in most of our key markets has been the main theme this quarter. In particular, stellar performances in the Emerging Markets and the European Continent underpin the strong numbers, declared today. I expect this growth to continue and accelerate as we progress through the year."

### Global Sales

For Q1, consolidated sales stood at USD 355 Mn, an increase of 24%. Sales in the Company's Emerging Market geographies were at USD 192 Mn, constituting 54% to global sales and recording a robust growth of 53%. The

performance from the countries in the Emerging Markets is in line with the Company's increasing focus to capitalize on the opportunities in these fast growing and profitable economies. This segment comprises amongst others, key countries of India, Romania, CIS, South Africa, Central & Eastern European nations, CIS and Latin America. The Developed Markets, primarily USA, Canada, countries in Western Europe and Japan recorded sales of USD 140 Mn, a growth of 7%. These markets comprise 39% of global sales. The Company's international business recorded sales of USD 281 Mn, up 23% and contributed 79 % to total sales.

## **North America**

Sales in North America were at USD 91 Mn, recording an increase of 3%. For the quarter, USA recorded sales of USD 86 Mn, at similar levels to the corresponding previous quarter.

The Company received approval for 4 ANDA's which included Zolpidem Tartrate Tablets, 5 /10 mg, Sertraline Hydrochloride Tablets 25/50/100/150/200 mg, Amoxicillin and Clavulanate Potassium Oral Suspension USP, 600 mg/ 5 ml and Valacyclovir Tablets 500 mg/ 1g. The combined innovator market size for these products is in excess of USD 6 Bn (Source : IMS).

Amongst the most significant ANDA approvals received recently was the US FDA approval for Pravastatin Sodium Tablets (Pravastatin), 10/ 20/ 40/ 80 mg, with a 180 days marketing exclusivity for the 80 mg dosage strength. The total annual market sales for all strengths stood at USD 1.19 Bn (IMS - MAT: December 2006) and for the 80 mg alone was at USD 209 Mn. The Company expects to garner a significant market share of the Pravastatin 80 mg product during the exclusivity period.

On the branded business, the Company's key product Sotret (Isotretinoin) became the largest selling brand in its category garnering a market share of 36% (as against 22% in the corresponding previous period). The 30 mg strength has captured a 65% prescriptions market share in its represented category(Source : IMS).

The Company continues to strengthen its US product pipeline and presently has 88 ANDA's pending approval with the US FDA. These products at an innovator market size are valued at USD 56 Bn and comprise a well-balanced mix of plain vanilla generics, niche & potential First to File products. The Company believes that it has a First to File status on approximately 20 Para IV ANDA filings, with an innovator market size in excess of USD 25 Bn.

Ranbaxy in Canada achieved the 9th position with a 1.2% market share of the total generics market and a 13% market share in the represented molecules (Source: IMS). During the quarter, the Company received approval to manufacture and market RAN(tm)-Cefprozil Tablets, 250mg and 500mg, and RAN(tm)-Cefprozil Powder for Oral Suspension, 250mg/5mL from Health Canada. The total market size for Cefzil(tm) in Canada was USD 25 Mn (IMS-MAT: Dec 2006).

## **Europe**

In Q1 2007, Europe (including Romania) registered sales of USD 93 Mn, 78% higher than the corresponding previous period. The improved performance was a result of robust sales growth in most key EU countries. Subsequent to Romania joining the EU effective January 1, 2007, it becomes the Company's third largest market globally and the largest in Europe. Rest of Europe continued to exhibit buoyant growth led by the important markets of Spain, Italy and Poland.

Romania recorded sales of USD 37 Mn for the quarter, registering a growth of 50%. With the integration of Terapia into the Ranbaxy fold having been completed, the combined entity Terapia Ranbaxy in the quarter received marketing authorization for 20 new products to be launched in the coming months. It also obtained the new Manufacturing & Import Authorization as per EU norms and standards consequent to the alignment of the quality systems of Terapia Ranbaxy with EU norms. With a market share of 5.2%, Terapia Ranbaxy is ranked 6th in the marketplace. It has the largest field force of around 350 people and is the biggest generics producer in Romania.

The Company's operations in the Western Europe countries of UK, Germany and France, recorded a combined turnover of USD 34 Mn for the quarter, registering a growth of 7%.

Sales in UK were at USD 12 Mn, an increase of 77% over previous year. While market conditions remained competitive, the restructuring undertaken in 2006, coupled with the launch of new products have resulted in a much-improved performance. The branded division performed well with the launch of Easyhaler Formoterol, adding to the Company's existing products in the respiratory segment.

The Company's German business recorded sales of USD 10 Mn, an increase of 11% over the corresponding previous period. 11 products of the Company's German subsidiary Basics GmbH were listed with AOK, Germany's largest health insurance Company, representing 35% of all health insurance policy holders in the country. The growth in Germany was despite stagnation in the market due to the recent regulatory changes. Based on highly competitive costs of India based supplies, the company is able to meet the requirements of the German market by operating at the lower price levels which is critical for future growth as compared with the top ranked companies with much higher costs coming from local setup & infrastructure.

The Company's sales in Rest of Europe were at USD 22 Mn, a growth of 46% over the corresponding previous period. The growth was led by robust performances in all markets including Poland, countries of Central Europe, Spain, Italy & Belgium. Spain registered sales of USD 4 Mn for the quarter while Poland recorded sales of USD 6 Mn, a growth of 52%.

### **Asia Pacific & CIS**

The Asia Pacific & CIS region recorded combined sales of USD 115 Mn for the quarter, 32% better than the previous year. The performance was a result of the improved performances from all geographies, with the CIS region and India maintaining its strong growth momentum.

### **India**

The sales for the quarter were at USD 65 Mn, 26% better than the corresponding previous period. In rupee terms, the India region sales grew by 24%. The growth was led equally by Acute and Chronic businesses, both growing in excess of 20%. During the quarter, the India business launched 18 new products. Restructuring of domestic operations in line with customer groups, coupled with high growth contribution from several new products introduced over the last year has fueled the business growth for Ranbaxy in India.

During MAT period February 2007 Ranbaxy has garnered 5.1% market share. Contribution of Chronic therapy portfolio to total sales stood at 23.6% (Moving Quarter February 2007) as against 22.0% over the corresponding period last year. Ranbaxy's Chronic Portfolio has grown faster than the market. (Source: ORG-IMS, February, 2007).

The contribution of the Novel Drug Delivery System (NDDS) portfolio to total Ranbaxy sales stood at 8.8% (Moving Quarter February 2007) and the Company continues to be the leader with a 7.7% market share in the NDDS segment. (MAT February 2007) (Source : ORG-IMS, February, 2007).

Ranbaxy has 20 brands in the Top 300 brands with 9 brands featuring amongst the Top 100 list. Amongst the new products introduced over the last one year, three of Ranbaxy's brands - Synasma (Oral anti-asthma), Cefditran (3rd generation cephalosporin) and Soliten (for treatment of overactive bladder) feature amongst the Top 30 brands of the Industry (MAT February 2007) (Source : ORG-IMS, February, 2007).

Reinforcing the Company's commitment in the NDDS segment, Ranbaxy launched 6 NDDS products in the last quarter. Two of these NDDS formulations have been launched in the Urology segment - Nifran 100mg Capsules (Nitrofurantoin modified release) developed using the Company's R&D capabilities & Eligard 22.5mg & 45mg (Leuprolide Depot), in-licensed from QLT Inc., USA.

Continuing with its focus on first time launches in the market, the Company launched Osovair (Formoterol + Ciclesonide) inhalation capsules for the treatment of asthma, in India. This product further strengthens the Company's presence in this segment complementing its earlier novel launches in 2006 of Osonide (Ciclesonide) and Synasma (Doxophylline).

## **CIS: Russia & Ukraine**

Recorded sales of USD 18 Mn (+61%) for the quarter. Russia & the Ukraine belt recorded sales of USD 9 Mn each with a growth of 71% and 51% respectively.

Asia Pacific (excluding India) registered sales of USD 24 mn, an increase of 33% over the previous period. The growth in the quarter was driven by an all round better performance from key markets such as the Middle East, Thailand, Malaysia, China and Japan.

The Company's Global Consumer Healthcare Business recorded sales of USD 8 Mn, a growth of 26% over the corresponding previous year. Revital, the Company's flagship brand continues to perform well and has garnered a market share of 76.8% in its segment, up from 67.9% in the corresponding previous period. The business has recorded a healthy growth of 63% over last year (ORG - SSA Mat Feb '07).

## **Rest of the World (RoW)**

Africa recorded sales of USD 24 Mn, a growth of 28%. The performance was led by key markets in Nigeria, Egypt and the countries in Central and South East Africa. The Company's core business in Africa (excluding the ARV business) grew at 30%. While South Africa recorded sales of USD 7 Mn, marginally higher than the previous period. Sales in Rest of Africa were USD 17 Mn, +42%.

The Company's acquisition of Be-Tabs, the 5th largest branded generics Company in South Africa has received the necessary approval from the South African Competition Council. The Integration team is in place and work related to the alignment of the IT systems, Human Resources, Marketing & Sales and other support functions of Be-Tabs with Ranbaxy's existing functions are being firmed up.

Brazil registered sales of USD 6 Mn for the quarter, recording a growth of 14% over the corresponding previous period. The Company has maintained its Rank at # 6 in the generic market in Brazil.

## **Mergers & Acquisitions**

During the quarter, Ranbaxy made an entry into Biosimilar segment by signing a global development & marketing agreement with a strategic partner in India, for its first biosimilar product, G-CSF (filgrastim). Ranbaxy will commit its resources to introduce the G-CSF product first in the EU markets and later in the US and other countries. The worldwide market for neutropenia treatment is in excess of USD 4 Billion, while the global G-CSF market is about USD 1.6 Bn.

The Company also signed a term sheet with another strategic partner in India for a global supply agreement of Peptides. The aforesaid alliance will provide the Company with access to the fast growing & niche therapeutic segment of Peptides and will further strengthen the Company's product portfolio in the complex products category. Under the terms, Ranbaxy has the opportunity to acquire a strategic stake of 14.9%.

## **Research & Development**

During the Quarter, Ranbaxy filed 3 ANDAs with the US FDA and received approval for 4 taking the cumulative filings to date to 199 with 111 approvals. In the European Union (EU), the Company made 10 National filings in 9 Reference Member States (RMS) and received 9 approvals in 4 RMS.

In the area of NDDR, Ranbaxy achieved a significant milestone by entering into a multiyear collaboration with GSK that provides Ranbaxy expanded drug-development responsibilities and significant financial benefits. Under the new agreement, Ranbaxy will advance leads beyond candidate selection to completion of clinical proof of concept. GSK thereafter will conduct further clinical development for each program and take resulting products through the regulatory approval process to final commercialization. Ranbaxy could receive over USD 100 Mn in potential milestone payments for a product developed by Ranbaxy and subsequently launched by GSK in multiple indications and up to double digit royalties on worldwide net sales.

The joint team has recently approved the candidate selection of a compound for Respiratory Inflammation. Ranbaxy will take it forward to the pre-clinical stage. The Company will progress this drug candidate through pre-clinical studies needed to support an Investigational New Drug (IND) application and will be responsible for conducting Phase I and Phase II clinical studies through to Proof of Concept. GSK will then have the option to conduct further development through to final commercialization.

In another separate development, Ranbaxy out-licensed its novel Statin NCE molecule to PPD, Inc. USA, the world's leading contract research organization. PPD will acquire the exclusive worldwide license to develop, manufacture and market the novel statin and Ranbaxy will be entitled to receive milestone payments upon the occurrence of specified clinical events and also receive royalties on sales of the drug and sales-based milestones, retaining co-marketing rights to the compound in India as and when commercialised.

In March 2007, Ranbaxy strengthened its R&D leadership with Dr. Himadri Sen joining the organization as President - R&D (Generics & NDDS). His appointment will add significant weight to the Research and Development effort currently underway at Ranbaxy.

## **Notes to Editor**

### **About Ranbaxy Laboratories**

Ranbaxy Laboratories Limited, headquartered in India, 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 markets and significant progress in New Drug Discovery Research. The Company's foray into Novel Drug Delivery Systems has led to proprietary "platform technologies", resulting in a number of products under development. The Company is serving its customers in over 125 countries and has an expanding international portfolio of affiliates, joint ventures and alliances, ground operations in 49 countries and manufacturing operations in 9 countries.

For more information, visit [www.ranbaxy.com](http://www.ranbaxy.com).

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