



ALKEM

ALKEM LABORATORIES LTD.

Regd. Office : "ALKEM HOUSE", Senapati Bapat Marg,
Lower Parel, MUMBAI 400 013. Phone : 3982 9999, Fax : 022 - 2495 2955
Email : contact@alkem.com Website : www.alkemlabs.com
CIN no.:- L00305MH1973PLC174201



30th May, 2019

| | |
|---|--|
| The Corporate Relationship Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <i>Scrip Code: 539523</i> | National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051. <i>Scrip Symbol: ALKEM</i> |
|---|--|

Dear Sirs,

Sub: Press Release and Analyst Presentation on Q4FY19 and FY19 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q4FY19 and FY19 earnings and business updates and the same will be uploaded on the website of the Company.

Kindly take note of the same.

Sincerely,
For **Alkem Laboratories Limited**

Manish Narang
President - Legal, Company Secretary & Compliance Officer

Encl.: a/a



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Press Release

Alkem reports Q4FY19 and FY19 Results

Mumbai, May 30, 2019: Alkem Laboratories Ltd (Alkem) today announced its standalone and consolidated financial results for the fourth quarter & full year ending March 31, 2019. These results were taken on record by the Board of Directors at its meeting held in Mumbai today.

Key financial highlights of Q4FY19

- Revenue from Operations was Rs.18,542 million, year-on-year growth of 24.3%
 - India sales were Rs.12,176 million, year-on-year growth of 26.8%
 - International sales were Rs.6,097 million, year-on-year growth of 18.8%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.2,350 million, resulting in EBITDA margin of 12.7% vs. 6.9% in Q4FY18. EBITDA grew by 128.1% YoY
- R&D expenses for the quarter was Rs.1,392 million, or 7.5% of Revenue from Operations compared to Rs.1,117 million in Q4FY18 at 7.5% of Revenue from Operations
- Profit before tax (PBT) was Rs.1,988 million, a growth of 145.9% compared to Q4FY18
- Net Profit (after Minority Interest) was Rs.1,674 million, year-on-year growth of 149.5%

Key financial highlights of FY19

- Revenue from Operations was Rs.73,572 million, year-on-year growth of 14.9%
 - India sales were Rs.48,742 million, year-on-year growth of 8.6%
 - International sales were Rs.23,917 million, year-on-year growth of 31.2%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.11,148 million, resulting in EBITDA margin of 15.2% vs. 15.8% in FY18. EBITDA grew by 10.5% YoY
- R&D expenses for FY19 was Rs.4,622 million, or 6.3% of Revenue from Operations compared to Rs.3,646 million in FY18 at 5.7% of Revenue from Operations
- Profit before tax (PBT) was Rs.9,547 million, a growth of 3.1% compared to FY18
- Net Profit (after Minority Interest) was Rs.7,605 million, year-on-year growth of 20.5%

At the start of FY19, in order to streamline its distribution process, the Company made changes in its distribution policy which led to shifting of some of its India sales between the quarters and this eventually normalised on the full year basis. Domestic sales growth in Q4FY19 was helped by the change in distribution policy, adjusting for which the growth in YoY Q4FY19 was in early teens.

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "Financial year 2019 was a mixed year for the company. While the domestic business growth was impacted by FDC ban and relatively weak anti-infective season, the international business registered robust growth on the back of new product launches and market share gains in existing products. Higher API prices weighed on the profit margins during the year. The Company improved its working capital which led to significant improvement in the operating cashflows during the year. With large part of the investments in people and infrastructure already done, we look forward to leveraging them to deliver profitable growth."

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**Operational Highlights****India Business**

In Q4FY19, the Company's India sales grew by 26.8% YoY, recording a sales of Rs.12,176 million as compared to Rs.9,602 million in Q4FY18. For FY19, the Company's India sales was Rs.48,742 million compared to Rs.44,899 million in FY18, up 8.6% YoY.

As per IQVIA MAT March 2019, during the quarter, the Company registered value growth of 14.6% YoY, outperforming the Indian Pharmaceutical Market (IPM) growth of 7.7% YoY. Also for the full year, the company registered a growth of 14.3% compared to IPM growth of 10.5%. In its established therapy segments of Anti-Infectives, Gastro Intestinal, Vitamins / Minerals / Nutrients and Pain / Analgesic, the company retained its leading position on the back of strong brands, large field force and robust supply chain and distribution network. In its emerging therapy areas of Neuro / CNS, Derma, Cardiac and Anti-Diabetes, the Company grew significantly ahead of the market growth rate, thereby gaining market share and improving its market ranking. This was a result of its effective sales and marketing strategies and new product launches. Over the last two years, the Company has added more than 2,000 MRs to its field force in order to expand its reach in the India pharma market.

The performance highlights in the key therapeutic segments in Q4FY19 and FY19 is as shown below:

| Key Therapy segment | Q4FY19 | | | | FY19 | | | |
|---------------------------------|------------|---------------------|--------------------|------------------|------------|---------------------|--------------------|------------------|
| | Alkem Rank | YoY change in Rank* | YoY growth (Alkem) | YoY growth (IPM) | Alkem Rank | YoY change in Rank* | YoY growth (Alkem) | YoY growth (IPM) |
| Anti-infectives | 1 | Unchanged | 13.0% | 3.0% | 1 | Unchanged | 13.7% | 6.6% |
| Gastro Intestinal | 3 | Unchanged | 18.4% | 4.4% | 3 | Unchanged | 17.9% | 7.9% |
| Pain / Analgesics | 3 | Unchanged | 14.3% | 8.3% | 3 | Unchanged | 7.7% | 9.0% |
| Vitamins / Minerals / Nutrients | 4 | +1 | 20.3% | 8.7% | 4 | Unchanged | 15.4% | 12.0% |
| Neuro / CNS | 7 | +1 | 11.5% | 8.9% | 7 | +1 | 13.7% | 10.3% |
| Derma | 17 | Unchanged | 4.7% | 8.8% | 17 | +1 | 13.0% | 13.1% |
| Anti-Diabetic | 22 | +2 | 35.4% | 13.8% | 22 | +3 | 34.2% | 14.9% |
| Cardiac | 26 | +1 | 28.9% | 10.7% | 26 | +2 | 29.2% | 12.0% |
| Total | 6 | Unchanged | 14.6% | 7.7% | 6 | Unchanged | 14.3% | 10.5% |

*Positive change in rank reflects improvement over same period previous year

Source: IQVIA MAT March 2019

International Business

In Q4FY19, the Company's International sales grew by 18.8% YoY, recording sales of Rs.6,097 million as compared to Rs.5,130 million in Q4FY18. For FY19, the Company's International sales grew by 31.2% to Rs.23,917 million compared to Rs.18,231 million in FY18.

- **US sales** for the quarter was Rs.4,822 million, recording a year-on-year growth of 18.5%. For FY19, US sales was Rs.18,967 million, up 38.8% compared to FY18.



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- **Other International Markets sales** for the quarter was Rs.1,275 million, recording a year-on-year growth of 20.3%. For FY19, Other International Markets sales was Rs.4,950 million, up 8.4% compared to FY18.

R&D Investments

Company's revenue R&D expenses for the quarter was Rs.1,392 million, or 7.5% of revenue from operations. Similarly for FY19, Company's revenue R&D expenses was Rs.4,622 million, or 6.3% of total revenue from operations.

During the quarter, the Company filed 9 abbreviated new drug applications (ANDAs) with the US FDA and received 11 approvals (including 2 tentative approval). For FY19, the Company filed 23 ANDAs with the US FDA and received 21 approvals (including 6 tentative approval).

As on March 31, 2019, the Company has filed a total of 126 ANDAs and 1 new drug application (NDA) with the US FDA. Of these, it has received approvals for 69 ANDAs (including 11 tentative approvals) and 1 NDA.

Update on US FDA inspection

| Facility | Capability | Last inspection | Status post last inspection |
|--------------------|-------------|-----------------------|--|
| Baddi (India) | Formulation | May 2019 | Received Form 483 with 4 observations |
| St. Louis (US) | Formulation | February – March 2019 | Received Form 483 with 8 observations. Plant classified as OAI* |
| Daman (India) | Formulation | January 2019 | Successfully closed without any observations |
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*OAI – Official Action Indicated

EIR – Establishment Inspection Report



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Q4FY19 and FY19 Conference Call at 5:30pm IST, May 30, 2019

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Thursday, May 30, 2019 from 5:30 pm to 6:30 pm IST to discuss its Q4FY19 and FY19 financial results.

Alkem Laboratories Ltd. will be represented on the call by Mr. Sandeep Singh, Managing Director and the senior management team.

Motilal Oswal Securities will host the call.

Details of the conference call are as under:

Time: 5:30 pm to 6:30 pm IST (GMT + 5:30) on Thursday, May 30, 2019.

Dial in Details:

India : +91 22 6280 1149 / +91 22 7115 8050

International Toll Free

USA : 1 866 746 2133

UK : 0 808 101 1573

Singapore : 800 101 2045

Hong Kong : 800 964 448

You are requested to dial in 10 mins ahead of the scheduled start time. A transcript of this conference call will also be available on our website www.alkemlabs.com

About Alkem Laboratories Ltd.

Established in 1973 and headquartered in Mumbai, Alkem (NSE: ALKEM, BSE: 539523, Bloomberg: ALKEM.IN, Reuters: ALKE.NS) is a leading Indian pharmaceutical company with global operations, engaged in the development, manufacture and sale of pharmaceutical and nutraceutical products. The Company produces branded generics, generic drugs, active pharmaceutical ingredients (APIs) and nutraceuticals, which it markets in India and International markets. With a portfolio of more than 800 brands in India, Alkem is ranked the sixth largest pharmaceutical company in India in terms of domestic sales (Source: IQVIA MAT March 2019). The Company also has presence in more than 50 international markets, with the United States being its key focus market.

For more information on Alkem Laboratories Ltd., please visit www.alkemlabs.com

For further information or queries please contact

Gagan Borana

Investor Relations – Alkem Laboratories Ltd.

Tel: +91 22 3982 9960 / Mobile: +91 98190 56333

E-mail: gagan.borana@alkem.com



Alkem Laboratories Ltd

Investor Presentation Q4FY19 – May 30, 2019

Safe Harbor Statement

This presentation contains forward-looking statements and information that involve risks, uncertainties and assumptions. Forward-looking statements are all statements that concern plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact, including, but not limited to, those that are identified by the use of words such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “predicts”, “projects” and similar expressions. Risks and uncertainties that could affect us include, without limitation:

- General economic and business conditions in India and other key global markets in which we operate;
- The ability to successfully implement our strategy, our research and development efforts, growth & expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Allocations of funds by the Governments in our key global markets;
- Changes in laws and regulations that apply to our customers, suppliers, and the pharmaceutical industry;
- Increasing competition in and the conditions of our customers, suppliers and the pharmaceutical industry; and
- Changes in political conditions in India and in our key global markets.

Should one or more of such risks and uncertainties materialize, or should any underlying assumption prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements.

Any forward-looking statement or information contained in this presentation speaks only as of the date of the statement. We are not required to update any such statement or information to either reflect events or circumstances that occur after the date the statement or information is made or to account for unanticipated events, unless it is required by Law.



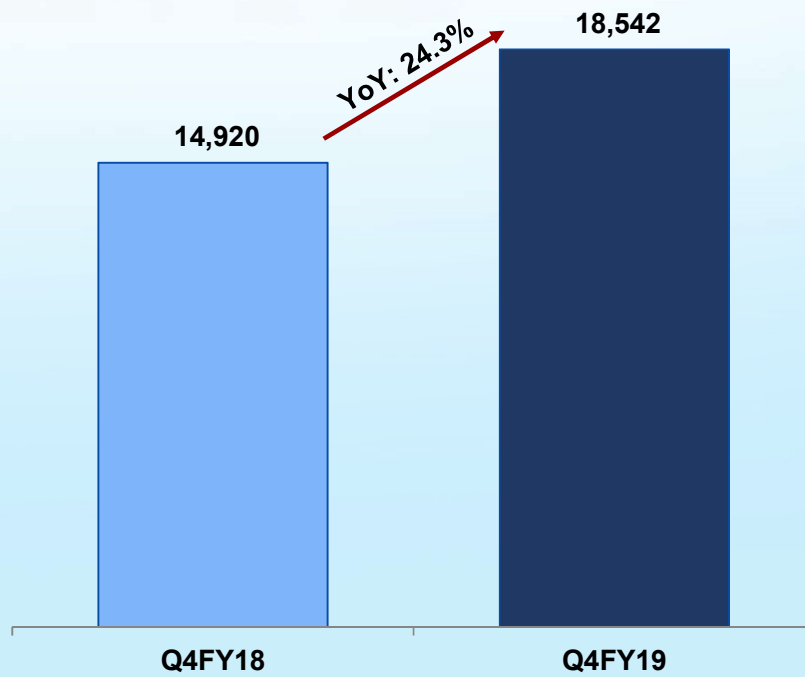
Key Highlights of Q4FY19 and FY19

- **India Business:** Company's India sales registered a growth of 26.8% YoY in Q4FY19 and 8.6% in FY19
 - Company's secondary sales in FY19 grew by 14.3% YoY - higher than IPM growth of 10.5% YoY (Source: IQVIA MAT March 2019)
- **International Business:** Company's International Business comprising of the US and Other International Markets registered a growth of 18.8% in Q4FY19 and 31.2% YoY in FY19
- **US Business** grew by 18.5% YoY in Q4FY19 and 38.8% YoY in FY19, largely driven by new product launches and market share gain in existing products
- **R&D** expenses in FY19 increased by 26.7% YoY and was at 6.3% of revenue from operations compared to 5.7% in FY18
- **ANDA filings:** The Company filed 23 ANDAs and received 21 ANDA approvals (including 6 tentative) from the US FDA in FY19 – highest in any year for the Company
- **Improvement in working capital and operating cashflows:** Better working capital management led to significant improvement in operating cashflows over the previous year

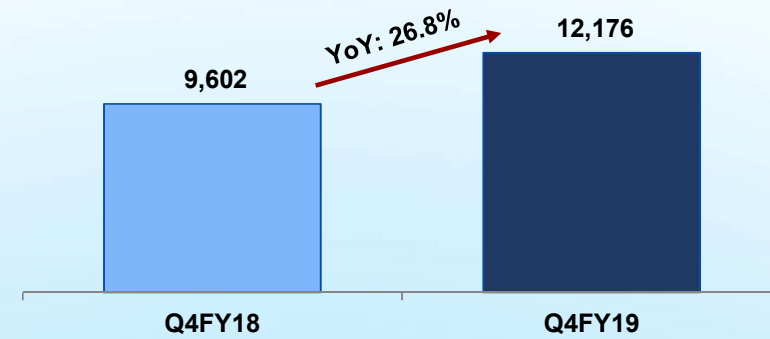
Key Financial Highlights – Q4FY19 (Consolidated)

All figures in Rs mn

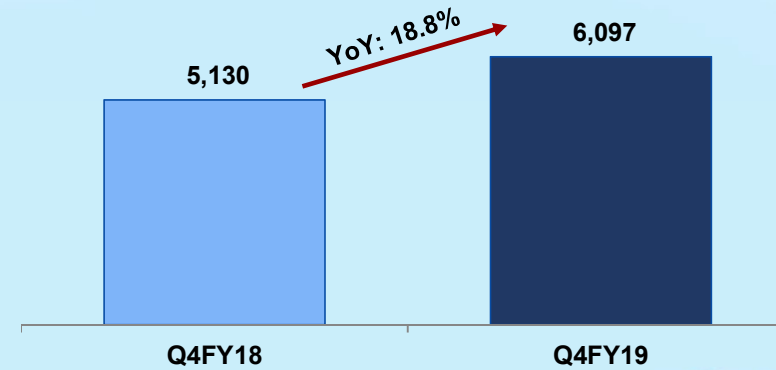
Revenue from Operations



India sales



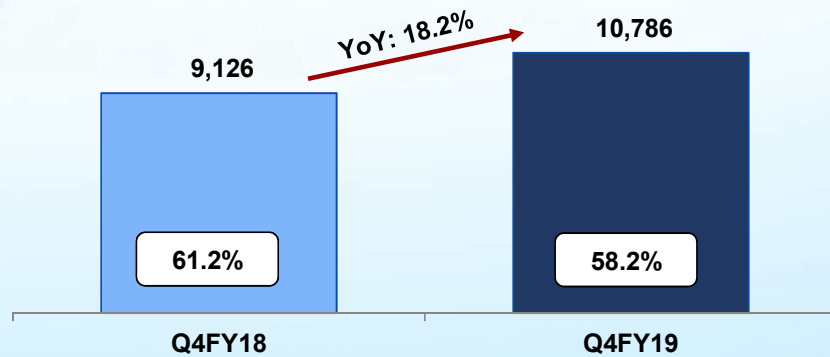
International sales



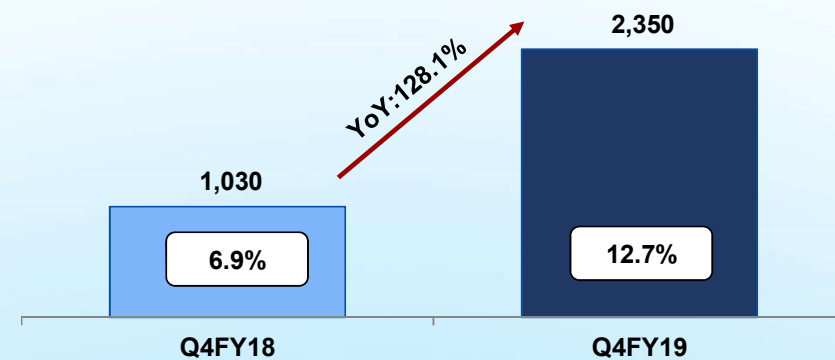
Key Financial Highlights – Q4FY19 (Consolidated)

All figures in Rs mn

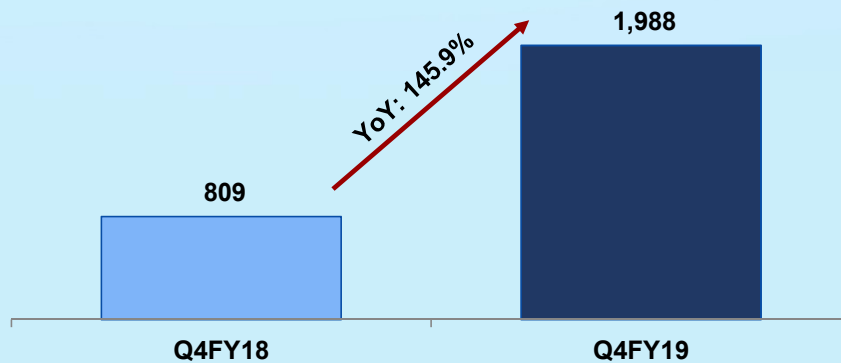
Gross Profit and Gross Margin



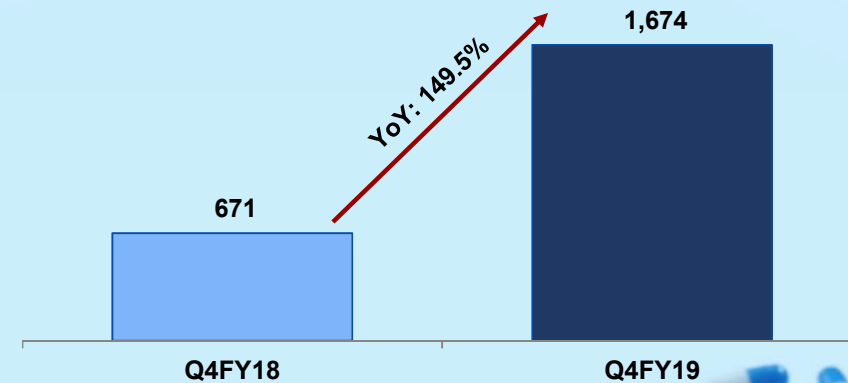
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights – FY19 (Consolidated)

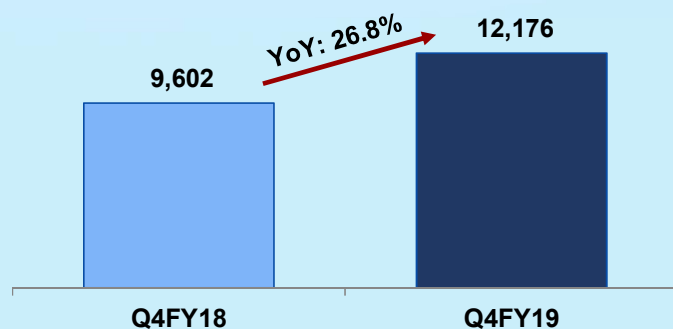
| Particulars (Rs mn) | FY19 | FY18 | YoY growth |
|-------------------------------|--------|--------|------------|
| Revenue from Operations | 73,572 | 64,012 | 14.9% |
| Gross Profit | 44,122 | 40,184 | 9.8% |
| Gross Profit margin | 60.0% | 62.8% | |
| EBITDA | 11,148 | 10,089 | 10.5% |
| EBITDA margin | 15.2% | 15.8% | |
| PBT | 9,547 | 9,260 | 3.1% |
| PBT margin | 13.0% | 14.5% | |
| PAT (After Minority Interest) | 7,605 | 6,309 | 20.5% |
| PAT margin | 10.3% | 9.9% | |
| EPS (Rs / share) | 63.61 | 52.77 | 20.5% |

India Business

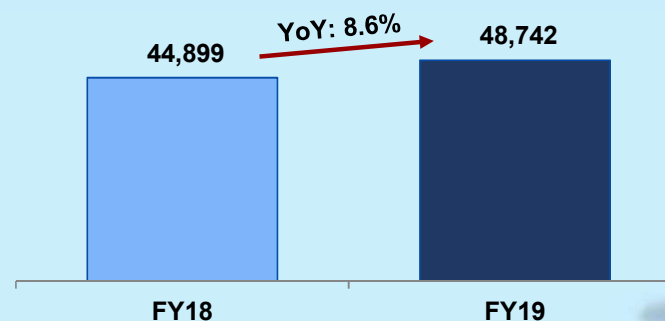
India Business: Q4FY19 Sales of Rs.12,176 million (26.8% YoY growth)

- India sales contributed 66.6% to total sales in Q4FY19
- Adjusting for the impact of change in distribution policy, the YoY growth in domestic business in Q4FY19 was in early teens
- In Q4FY19, Company's secondary sales grew by 14.6%, outperforming the IPM growth of 7.7% (Source: IQVIA data)
- The Company grew ahead of the market in its established therapy areas of Anti-infectives, Gastro-intestinal, Pain / Analgesic and Vitamins / Minerals / Nutrients, thereby retaining its leading position in acute therapies (Source: IQVIA data)
- In the chronic therapy areas of Cardiac, Anti-diabetes, Neuro / CNS and Derma, the Company continued to build on its base and improve its market share. Company also improved its market ranking in therapy areas of Cardiac, Anti-diabetes and Neuro / CNS (Source: IQVIA data)

Q4FY19 – India Sales (Rs mn)



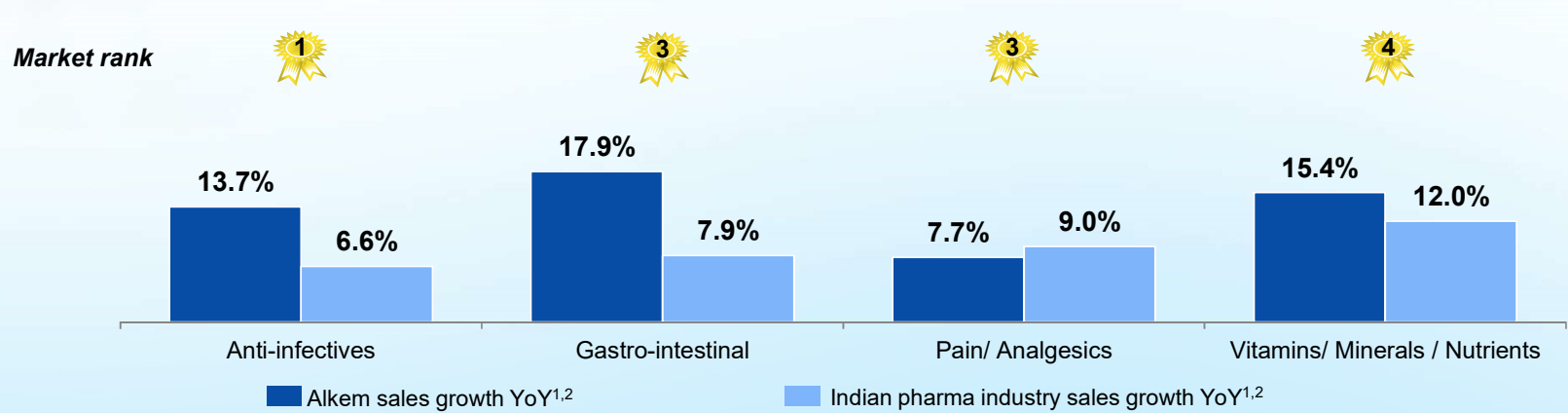
FY19 – India Sales (Rs mn)



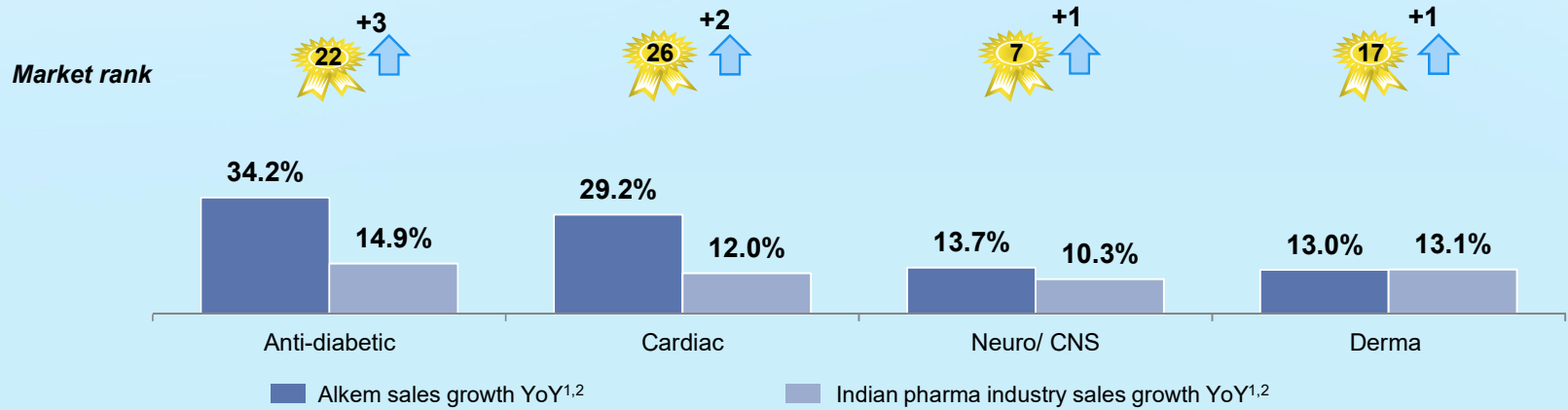
India Business – Secondary Sales Performance

Outperformance across most of the major therapeutic areas in FY19

Established therapeutic areas of Alkem



Emerging therapeutic areas of Alkem



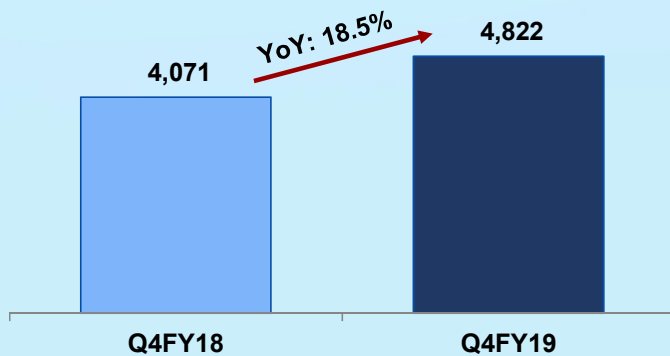
Source: IQVIA data ¹ Domestic formulations sales; ² For 12 months ended March 31, 2019

US Business

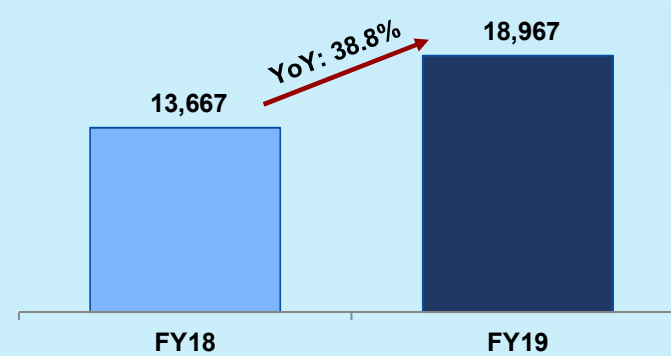
US Business: Q4FY19 Sales of Rs.4,822 million (18.5% growth YoY)

- US sales contributed 26.4% to total sales in Q4FY19
- In Q4FY19, the Company filed 9 ANDAs with the US FDA and received 11 approvals (including 2 tentative approval)
- In FY19, the Company filed 23 ANDAs with the US FDA and received 21 approvals (including 6 tentative approval) – highest in any year by the company
- As on March 31, 2019, the Company has filed a total of 127 ANDAs (including 1 NDA) with the US FDA and has received 70 approvals (including 11 tentative approvals and 1 NDA)

Q4FY19 – US Sales (Rs mn)



FY19 – US Sales (Rs mn)



Update on the US FDA inspection

| Facility | Scope | Last inspection | Status post last inspection |
|---------------------------|-------------|-----------------------|--|
| Baddi (India) | Formulation | May 2019 | Received Form 483 with 4 observations |
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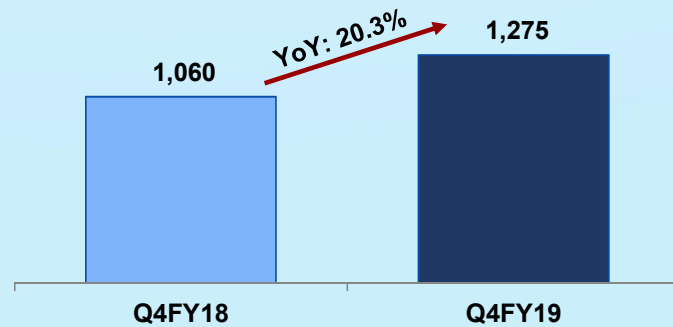
EIR – Establishment Inspection Report

Other International Business

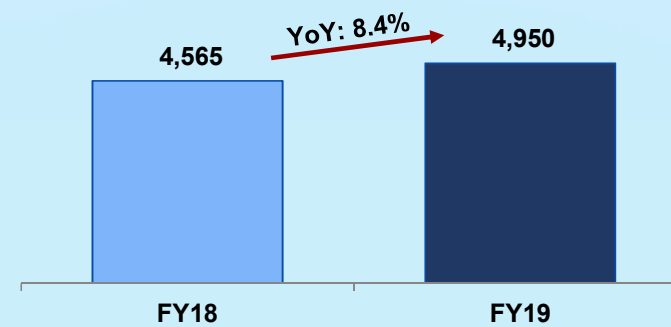
Other International Business: Q4FY19 Sales of Rs.1,275 million (20.3% YoY growth)

- Other International Market sales contributed 7.0% to total sales in Q4FY19
- The Company has presence in Australia, Europe, South East Asia, Latin America, Africa and CIS
- Chile and Philippines registered healthy growth during the quarter

**Q4FY19 – Other International Sales
(Rs mn)**

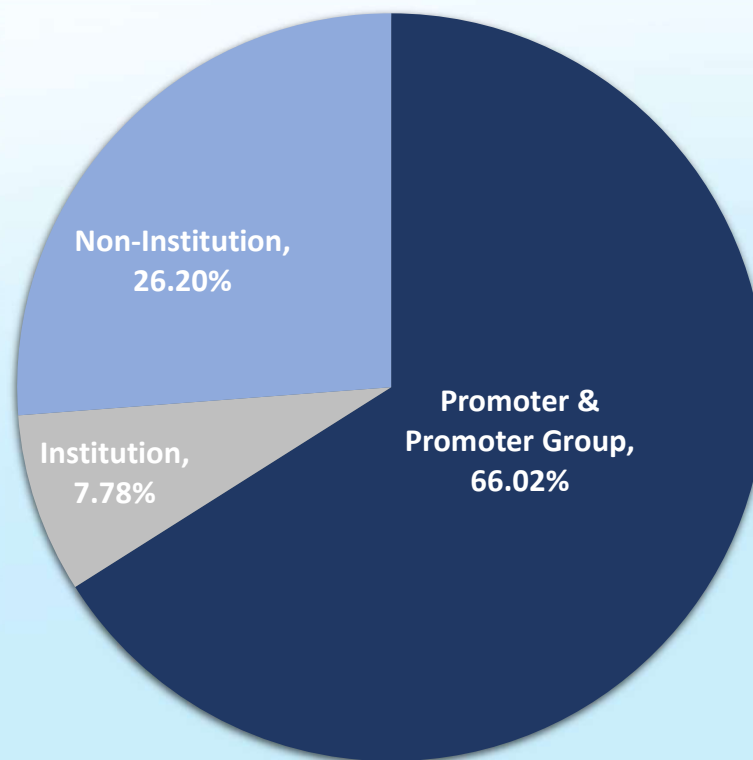


**FY19 – Other International Sales
(Rs mn)**



Latest Shareholding Pattern

Shareholding pattern as on March 31, 2019



Institution – Mutual Funds, Alternate Investment Funds, Foreign Portfolio Investors, Financial Institutions / Banks

Non-Institution – Public, Other Bodies Corporates, Clearing Members, Non Resident Indians, Hindu Undivided Family and Trusts

The background of the slide is a light blue gradient. In the top left corner, there is a semi-transparent image of a person wearing a white surgical mask and clear safety goggles. In the bottom right corner, there is a small, semi-transparent image of several blue and white capsules or pills.

Thank You