

**ALKEM LABORATORIES LTD.**

Regd. Office : ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

- Phone: +91-22-3982 9999 • Fax: 022-2495 2955
- Email: contact@alkem.com • Website: www.alkemlabs.com
- CIN: L00305MH1973PLC174201

11th November, 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 Q2FY20 Results and H1FY20 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q2FY20 and H1FY20 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



ALKEM LABORATORIES LTD.

Regd. Office : ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

- Phone: +91-22-3982 9999 • Fax: 022-2495 2955
- Email: contact@alkem.com • Website: www.alkemlabs.com
- CIN: L00305MH1973PLC174201

Press Release

Alkem reports Q2FY20 and H1FY20 Results

Mumbai, November 11, 2019: Alkem Laboratories Ltd (Alkem) today announced its standalone and consolidated financial results for the second quarter & six months ending September 30, 2019. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key financial highlights of Q2FY20

- Revenue from Operations was Rs.22,640 million, year-on-year growth of 18.0%
 - India sales were Rs.15,503 million, year-on-year growth of 17.6%
 - International sales were Rs.6,691 million, year-on-year growth of 15.2%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.4,526 million, resulting in EBITDA margin of 20.0% vs. 19.0% in Q2FY19. EBITDA grew by 24.5% YoY
- R&D expenses for the quarter was Rs.1,234 million, or 5.5% of Revenue from Operations compared to Rs.1,049 million in Q2FY19 at 5.5% of Revenue from Operations
- Profit before tax (PBT) was Rs.4,099 million, a growth of 25.7% compared to Q2FY19
- Net Profit (after Minority Interest) was Rs.3,709 million, year-on-year growth of 45.7%

Key financial highlights of H1FY20

- Revenue from Operations was Rs.41,135 million, year-on-year growth of 15.0%
 - India sales were Rs.27,725 million, year-on-year growth of 15.1%
 - International sales were Rs.12,604 million, year-on-year growth of 11.7%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.7,171 million, resulting in EBITDA margin of 17.4% vs. 15.9% in H1FY19. EBITDA grew by 26.4% YoY
- R&D expenses for H1FY20 was Rs.2,268 million, or 5.5% of Revenue from Operations compared to Rs.2,035 million in H1FY19 at 5.7% of Revenue from Operations
- Profit before tax (PBT) was Rs.6,199 million, a growth of 24.5% compared to H1FY19
- Net Profit (after Minority Interest) was Rs.5,563 million, year-on-year growth of 42.4%

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "Q2FY20 has been a strong quarter for the Company marked by robust growth across most of our key therapy segments in India and healthy growth in our International business. Our ongoing efforts towards cost optimisation and productivity improvement are yielding results with YoY improvement in EBITDA margins during the quarter and six months ending September 2019. We look forward to carry this momentum for the remaining part of the year as we leverage the investments we have made in our infrastructure, capabilities and our people over the last two years."



ALKEM LABORATORIES LTD.

Regd. Office : ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

- Phone: +91-22-3982 9999 • Fax: 022-2495 2955
- Email: contact@alkem.com • Website: www.alkemlabs.com
- CIN: L00305MH1973PLC174201

Operational Highlights

India Business

In Q2FY20, the Company's India sales grew by 17.6% YoY, recording a sales of Rs.15,503 million as compared to Rs.13,184 million in Q2FY19. For H1FY20, the Company's India sales grew by 15.1% to Rs.27,725 million compared to Rs.24,091 million in H1FY19.

As per IQVIA data September 2019, during the quarter, the Company registered value growth of 23.5% YoY, outperforming the Indian Pharmaceutical Market (IPM) growth of 13.1% YoY. In the anti-infective segment, which is the largest therapy segment for the Company, Alkem grew significantly ahead of the market growth rate, thereby further consolidating its leadership position in the segment. Also in other large therapy segments like Gastro-Intestinal, Vitamins / Minerals / Nutrients, Neuro / CNS, Cardiac and Anti-Diabetes, the Company's growth rate was higher than the market growth rate leading to market share gains and improvement in market rankings. This outperformance was a result of Company's strong brands, effective sales and marketing strategies, robust supply chain and distribution network and contribution from new product launches.

The performance highlights in the key therapeutic segments in Q2FY20 and H1FY20 are as shown below:

Key Therapy segment	Q2FY20				H1FY20			
	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	30.8%	19.9%	1	Unchanged	26.9%	15.7%
Gastro Intestinal	3	Unchanged	17.5%	12.1%	3	Unchanged	17.5%	10.5%
Pain / Analgesics	3	Unchanged	17.1%	15.2%	3	Unchanged	15.1%	13.8%
Vitamins / Minerals / Nutrients	4	Unchanged	29.0%	13.3%	4	Unchanged	27.5%	12.8%
Neuro / CNS	6	+1	14.5%	9.8%	6	+2	14.2%	9.6%
Derma	13	+2	9.5%	9.6%	16	-1	6.9%	9.2%
Cardiac	26	Unchanged	26.4%	11.7%	26	Unchanged	26.8%	11.6%
Anti-Diabetic	21	+1	35.3%	13.2%	21	+1	35.9%	12.8%
Total	4	+1	23.5%	13.1%	5	+1	21.4%	11.9%

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

Source: IQVIA September 2019

International Business

In Q2FY20, the Company's International sales grew by 15.2% YoY, recording sales of Rs.6,691 million as compared to Rs.5,809 million in Q2FY19. For H1FY20, the Company's International sales grew by 11.7% to Rs.12,604 million compared to Rs.11,288 million in H1FY19.

- **US sales** for the quarter was Rs.5,276 million, recording a year-on-year growth of 11.7%. For H1FY20, US sales was Rs.10,093 million, up 12.6% compared to H1FY19.



ALKEM LABORATORIES LTD.

Regd. Office : ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

- Phone: +91-22-3982 9999 • Fax: 022-2495 2955
- Email: contact@alkem.com • Website: www.alkemlabs.com
- CIN: L00305MH1973PLC174201

- **Other International Markets sales** for the quarter was Rs.1,415 million, recording a year-on-year growth of 30.6%. For H1FY20, Other International Markets sales was Rs.2,511 million, up 7.9% compared to H1FY19.

R&D Investments

During the quarter, the Company filed 5 abbreviated new drug applications (ANDAs) with the US FDA and received 7 approvals (including 2 tentative approval). For H1FY20, the Company filed 7 ANDAs with the US FDA and received 12 approvals (including 4 tentative approval).

As on September 30, 2019, the Company has filed a total of 131 ANDAs and 1 new drug application (NDA) with the US FDA. Of these, it has received approvals for 77 ANDAs (including 11 tentative approvals) and 1 NDA.

Update on US FDA inspections

Facility	Capability	Last inspection	Status post last inspection
Baddi (India)	Formulation	August 2019	Successfully closed without any observations
Daman (India)	Formulation	August 2019	EIR [#] received in October 2019, thereby successfully closing the inspection
St. Louis (US)	Formulation	February – March 2019	Received Form 483 with 8 observations. Plant classified as OAI*
California (US)	API	August 2018	Successfully closed without any observations
Ankleshwar (India)	API	December 2016	EIR [#] received in March 2017, thereby successfully closing the inspection
Mandva (India)	API	September 2015	EIR [#] received in March 2016, thereby successfully closing the inspection

*OAI – Official Action Indicated

EIR – Establishment Inspection Report



ALKEM LABORATORIES LTD.

Regd. Office : ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

- Phone: +91-22-3982 9999 • Fax: 022-2495 2955
- Email: contact@alkem.com • Website: www.alkemlabs.com
- CIN: L00305MH1973PLC174201

Q2FY20 and H1FY20 Conference Call at 5:00 pm IST, November 11, 2019

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Monday, November 11, 2019 at 5:00 pm IST to discuss its Q2FY20 and H1FY20 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: 5:00 pm IST (GMT + 5:30) on Monday, November 11, 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 fifth largest pharmaceutical company in India in terms of domestic sales (Source: IQVIA MAT September 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 Q2FY20 – November 11, 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 Q2FY20 and H1FY20



- **Revenue from Operations** grew by 18.0% YoY during the quarter, accompanied by 100 bps YoY improvement in EBITDA margin
- **Profit After Tax** for the quarter grew by 45.7% compared to the previous year
- **India Business:** As per secondary sales data by IQVIA, the Company's secondary sales growth in Q2FY20 was 23.5% YoY – significantly higher than IPM growth of 13.1% YoY
 - The Company registered 30.8% YoY growth in the anti-infective segment during the quarter compared to therapy growth rate of 19.9% YoY (Source: IQVIA data)
- **US Business** grew in double digits during Q2FY20 and H1FY20, largely driven by new product launches and market share gain in existing products
- **R&D** expenses during the quarter was at 5.5% of revenue from operations
 - The Company has filed 7 ANDAs and received 12 ANDA approvals (including 4 tentative) from the US FDA in H1FY20
- **EIR for Daman and Baddi formulation facilities:** The Company received EIR of its manufacturing facilities located at Daman and Baddi which were inspected in the month of August 2019

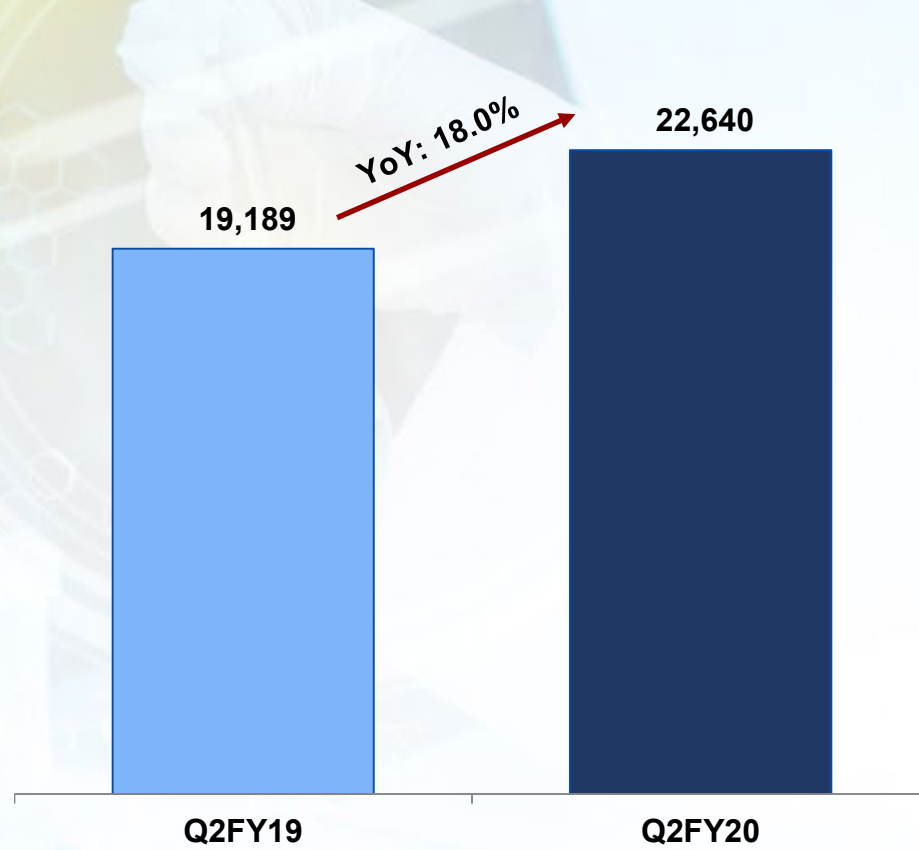


Key Financial Highlights – Q2FY20 (Consolidated)

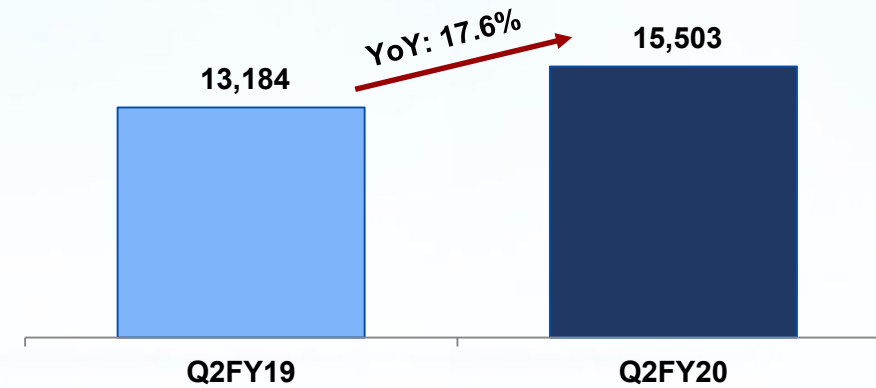


All figures in Rs mn

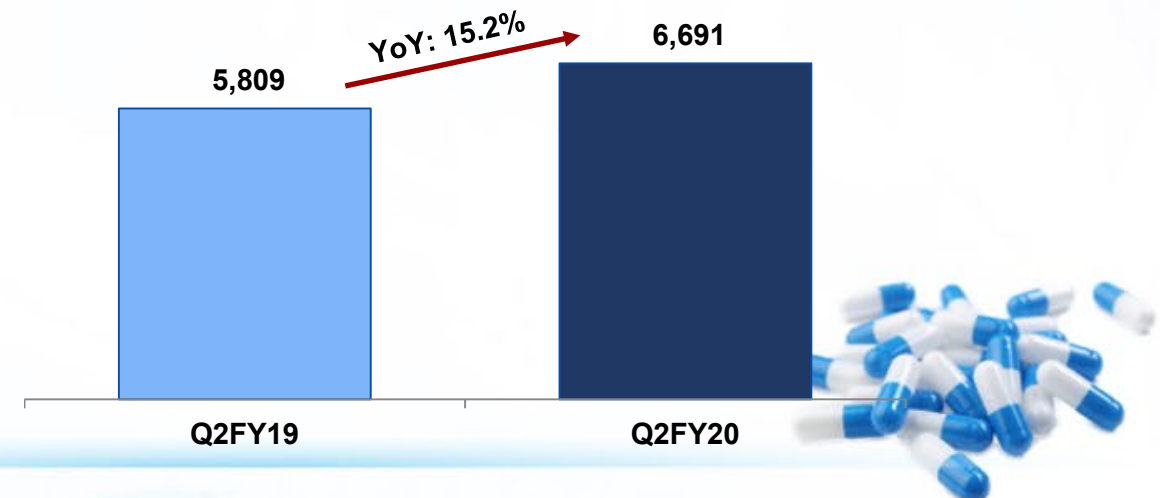
Revenue from Operations



India sales



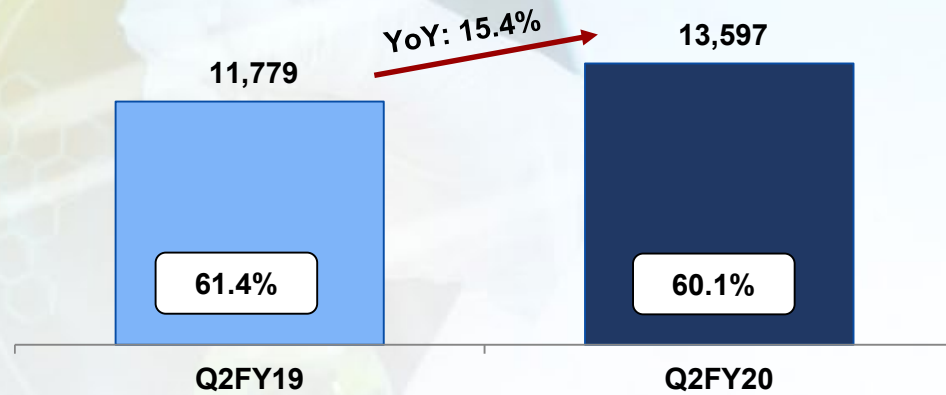
International sales



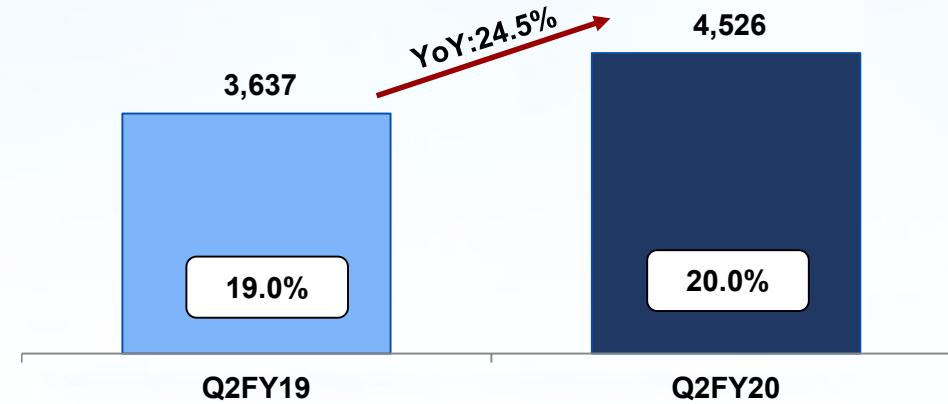
Key Financial Highlights – Q2FY20 (Consolidated)

All figures in Rs mn

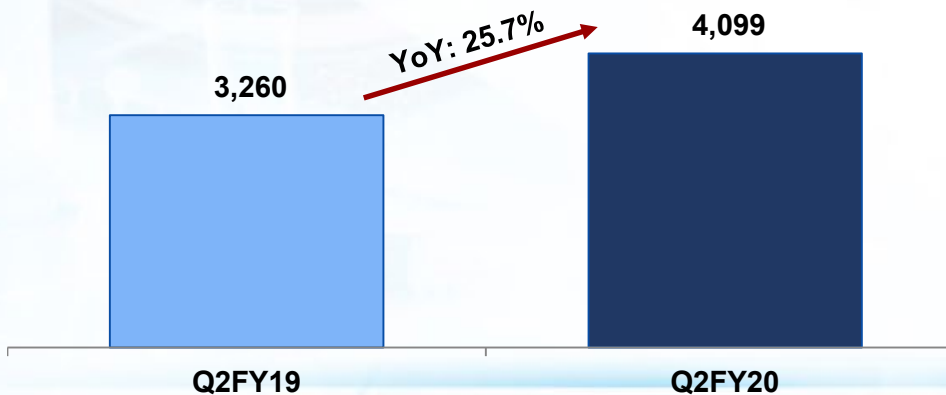
Gross Profit and Gross Margin



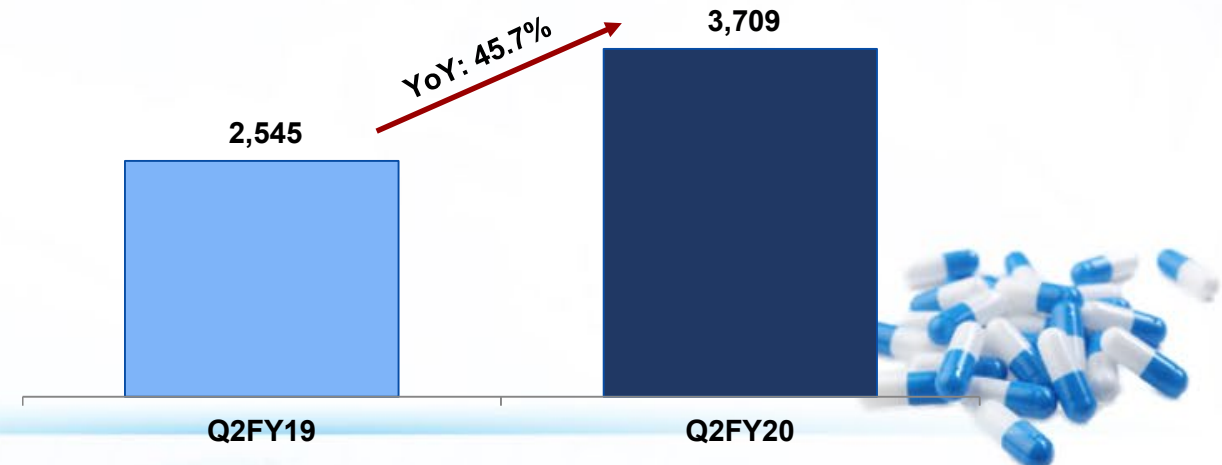
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights – H1FY20 (Consolidated)



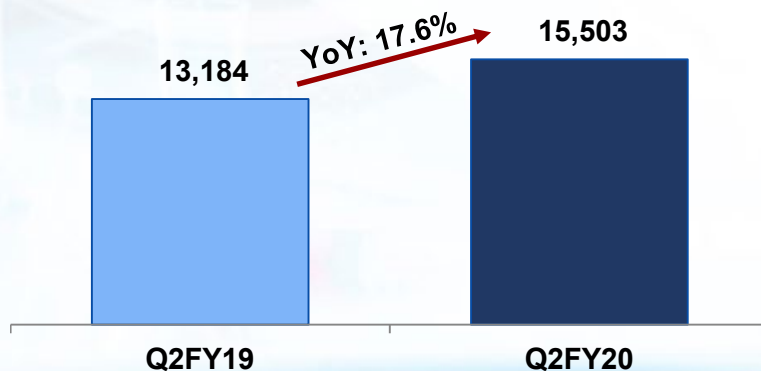
Particulars (Rs mn)	H1FY20	H1FY19	YoY growth
Revenue from Operations	41,135	35,778	15.0%
Gross Profit	24,974	22,064	13.2%
Gross Profit margin	60.7%	61.7%	
EBITDA	7,171	5,674	26.4%
EBITDA margin	17.4%	15.9%	
PBT	6,199	4,978	24.5%
PBT margin	15.1%	13.9%	
PAT (After Minority Interest)	5,563	3,906	42.4%
PAT margin	13.5%	10.9%	
EPS (Rs / share)	46.53	32.67	



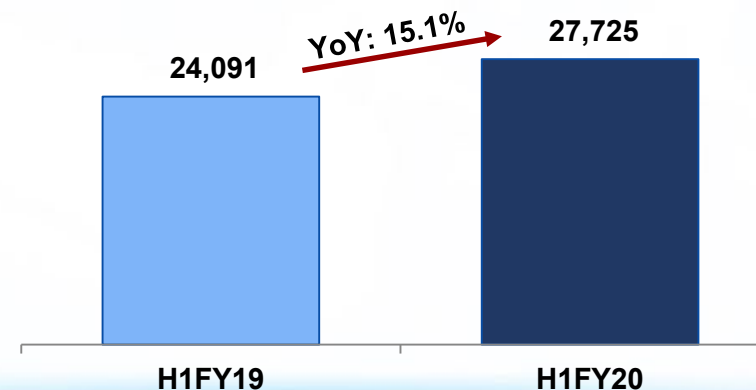
India Business: Q2FY20 Sales of Rs.15,503 million (17.6% YoY growth)

- India sales contributed 69.9% to total sales in Q2FY20
- In Q2FY20, Company's secondary sales grew by 23.5% YoY - significantly ahead of the IPM growth of 13.1% YoY. Similarly in H1FY20 also, the Company grew ahead of the IPM with growth of 21.4% compared IPM growth of 11.9% (Source: IQVIA data)
- As a result of this outperformance, for the quarter ended September 2019, Alkem gained one rank and featured amongst the top four pharmaceutical companies in India (Source: IQVIA data)
- This outperformance was largely led by Anti-Infectives segment where the Company continues to maintain its leadership position (Source: IQVIA data)
- During the quarter, the Company also improved its ranking in the chronic therapy segments like Neuro / CNS, Derma and Anti-Diabetes (Source: IQVIA data)

Q2FY20 – India Sales (Rs mn)



H1FY20 – India Sales (Rs mn)

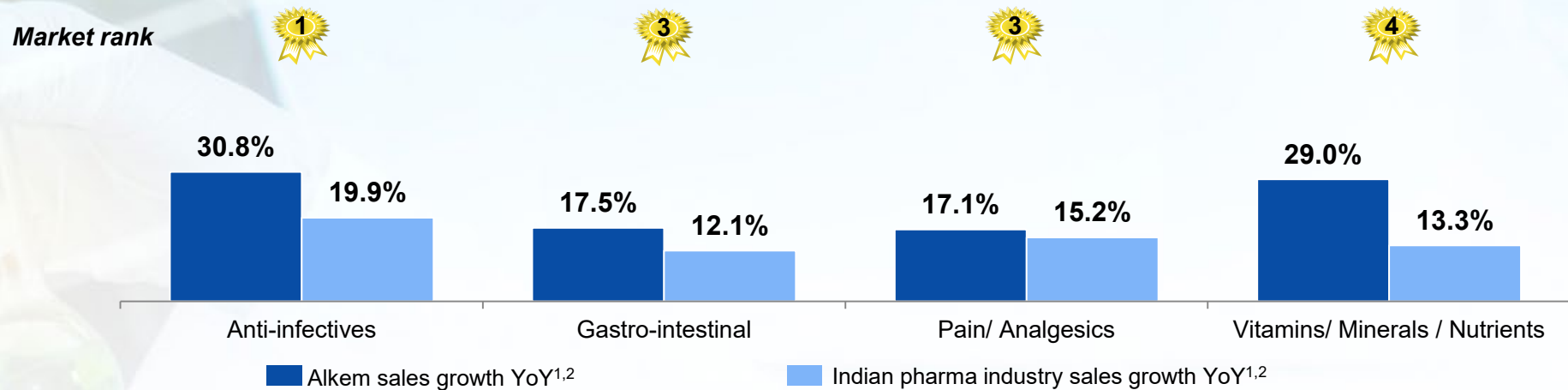


India Business – Secondary Sales Performance

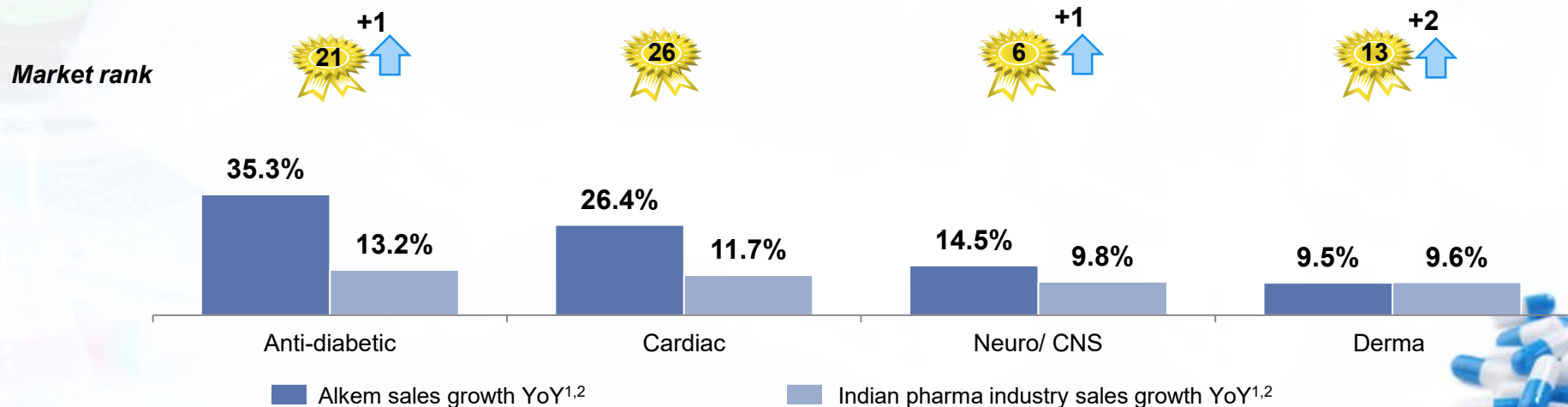


Outperformance across most of the major therapeutic areas in Q2FY20

Established therapeutic areas of Alkem



Emerging therapeutic areas of Alkem

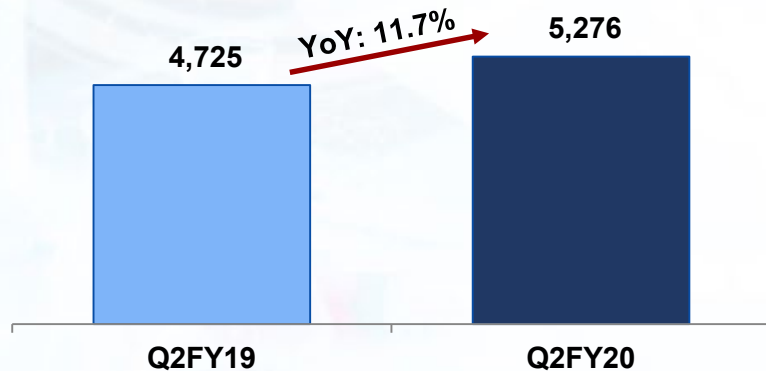


Source: IQVIA data ¹ Domestic formulations sales; ² For 3 months ended September 30, 2019

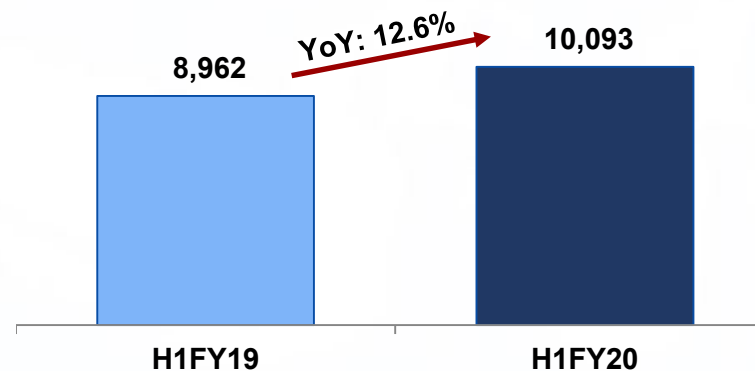
US Business: Q2FY20 Sales of Rs.5,276 million (11.7% growth YoY)

- US sales contributed 23.8% to total sales in Q2FY20
- In Q2FY20, the Company filed 5 ANDAs with the US FDA and received 7 approvals (including 2 tentative approval)
- As on September 30, 2019, the Company has filed a total of 132 ANDAs (including 1 NDA) with the US FDA and has received 78 approvals (including 11 tentative approvals and 1 NDA)
- Recently, the Company received EIR for its formulation manufacturing facilities at Daman and Baddi (India) which were inspected in August 2019

Q2FY20 – US Sales (Rs mn)



H1FY20 – US Sales (Rs mn)



Update on the US FDA inspection



Facility	Scope	Last inspection	Status post last inspection
Baddi (India)	Formulation	August 2019	Successfully closed without any observations
Daman (India)	Formulation	August 2019	EIR# received in October 2019, thereby successfully closing the inspection
St. Louis (US)	Formulation	February - March 2019	Received Form 483 with 8 observations. Plant classified as OAI*
California (US)	API	August 2018	Successfully closed without any observations
Ankleshwar (India)	API	December 2016	EIR# received in March 2017, thereby successfully closing the inspection
Mandva (India)	API	September 2015	EIR# received in March 2016, thereby successfully closing the inspection

*OAI – Official Action Indicated

EIR – Establishment Inspection Report

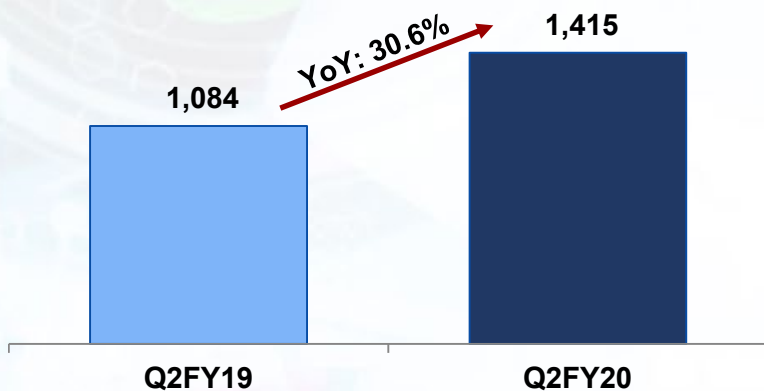


Other International Business

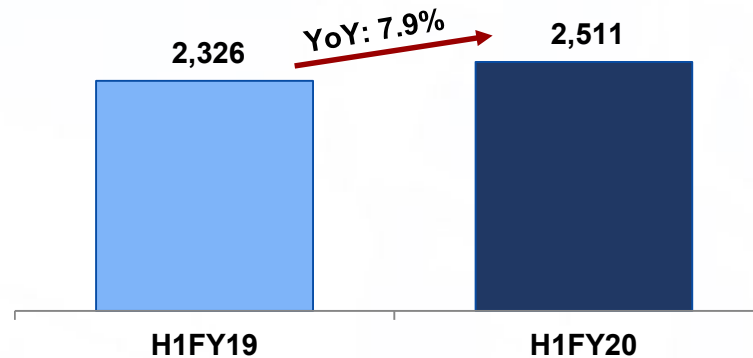
Other International Business: Q2FY20 Sales of Rs.1,415 million (30.6% growth YoY)

- Other International Market sales contributed 6.4% to total sales in Q2FY20
- The Company has presence in Australia, Europe, South East Asia, Latin America and Africa
- Australia, Chile, Kazakhstan and Europe registered healthy YoY growth during the quarter

**Q2FY20 – Other International Sales
(Rs mn)**



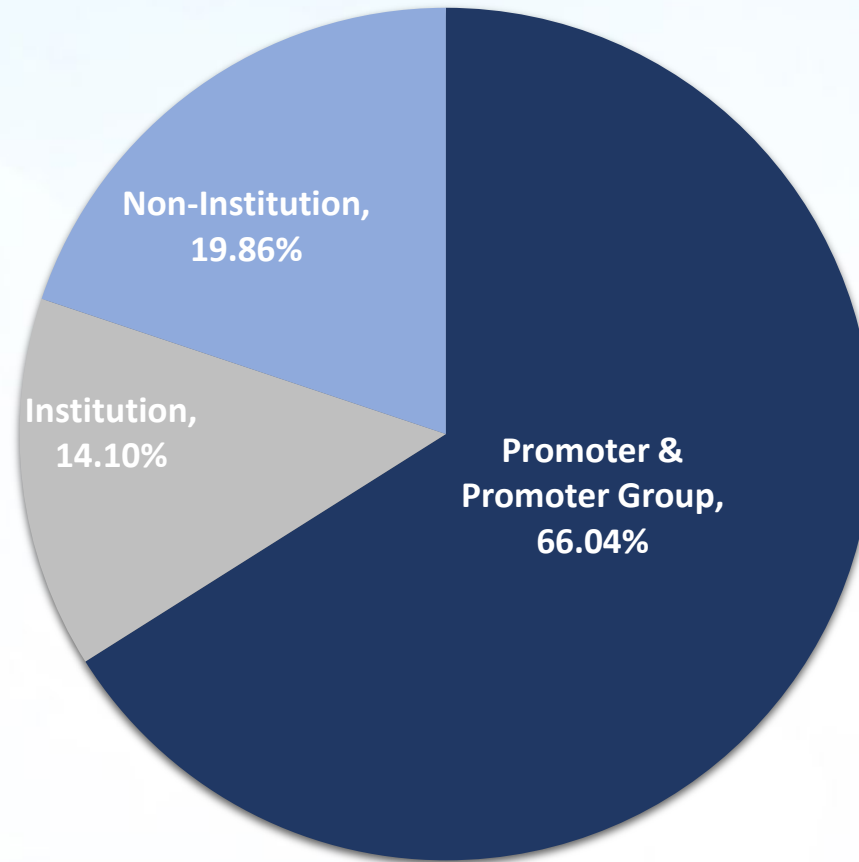
**H1FY20 – Other International Sales
(Rs mn)**



Latest Shareholding Pattern



Shareholding pattern as on September 30, 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



Thank You

