



ALKEM LABORATORIES LIMITED

Investor Presentation Q1FY19 – August 10, 2018

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 Q1FY19

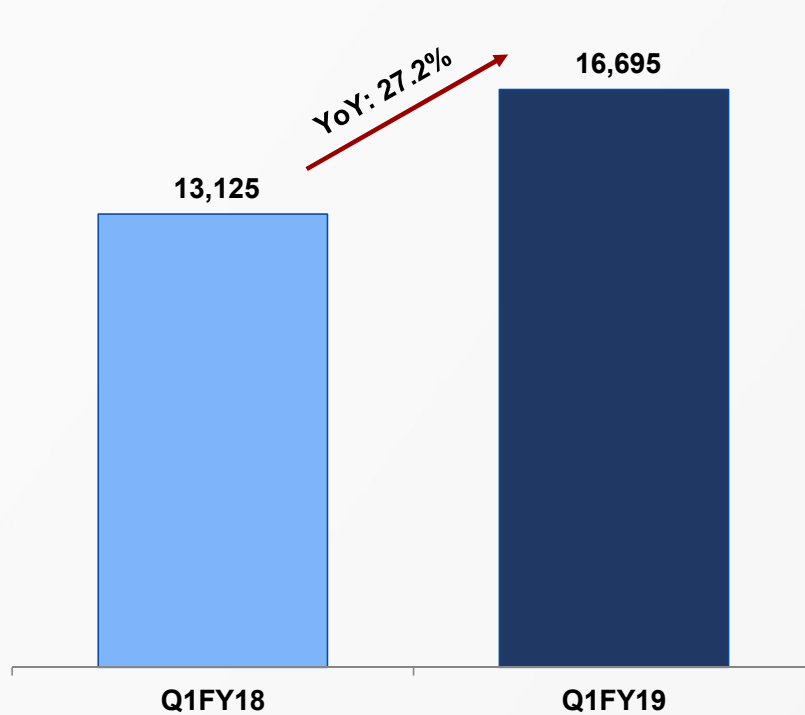
A positive start to the financial year 2019

- **India Business:** In Q1FY19, India sales grew by 25.7% YoY. Adjusting for the change in distribution policy, the growth was even higher. India sales were impacted in Q1FY18 on account of GST rollout
 - The Company outperformed the IPM with growth of 14.2% compared to IPM growth of 10.6% (Source: IQVIA data)
- **International Business:** Company's International Business comprising of the US and select international markets registered a robust growth of 35.1% YoY for the quarter ended June 30, 2018
- **US Business** grew by 43.1% YoY, driven by new product launches and market share gain in existing products
- **R&D** – Company's R&D expenses increased by 40.7% YoY and was at 5.9% of revenue from operations. The Company filed 4 ANDAs with the US FDA during the quarter
- **Received 2 ANDA approvals from the US FDA** during the quarter including one tentative approval
- **Update on the US FDA inspection at Daman:** The Company received an EIR from the US FDA for its Daman facility in July 2018, thereby successfully closing the inspection

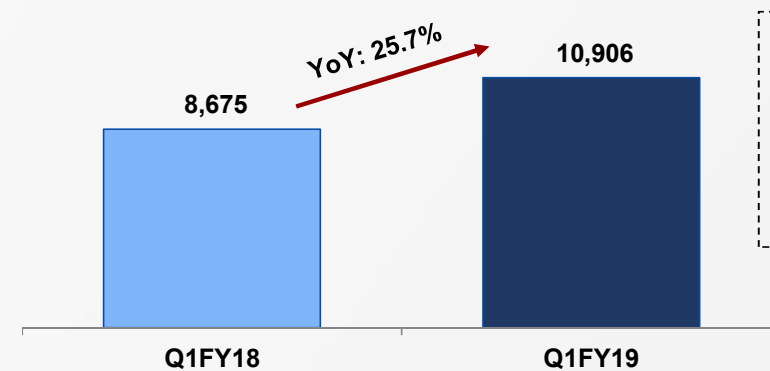
Key Financial Highlights – Q1FY19 (Consolidated)

All figures in Rs mn

Revenue from Operations

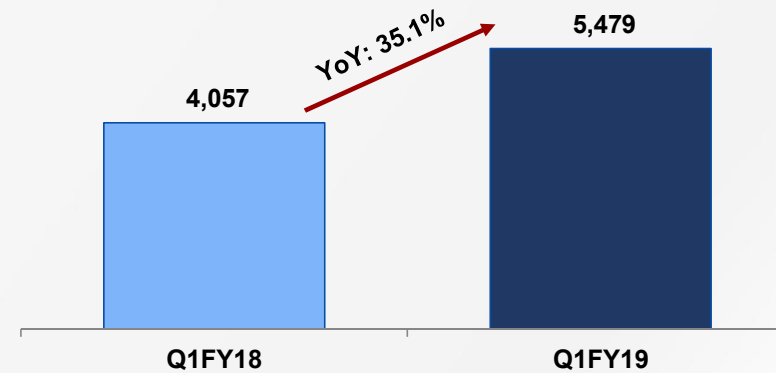


India sales



Adjusting for the change in distribution policy, YoY growth in Q1FY19 was even higher

International sales

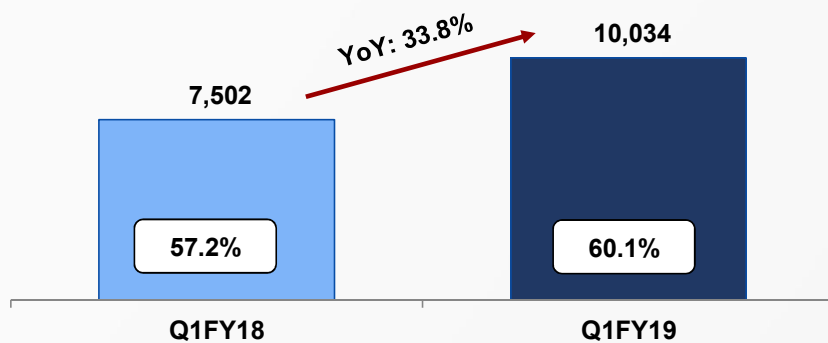


Notes: Post implementation of GST with effect from July 1, 2017, revenue from operations is disclosed net of GST. Revenue from operations for earlier periods includes excise duty. Accordingly, revenue from operations for the quarter ended June 30, 2018 is not strictly comparable with that of quarter ended June 30, 2017.

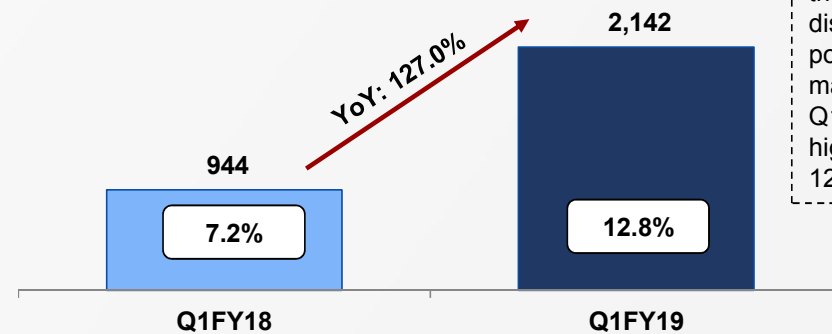
Key Financial Highlights – Q1FY19 (Consolidated)

All figures in Rs mn

Gross Profit and Gross Margin

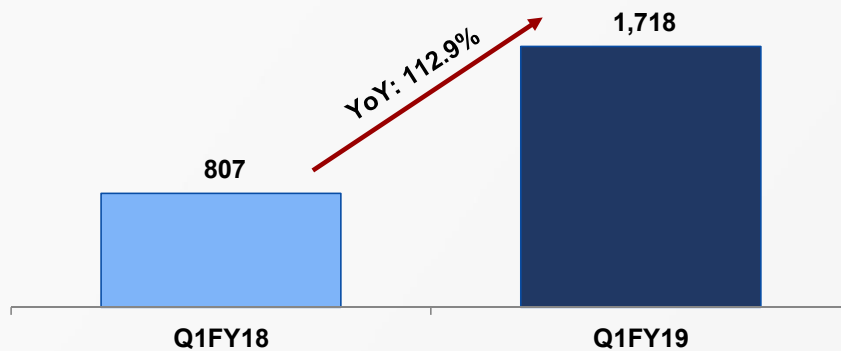


EBITDA and EBITDA Margin

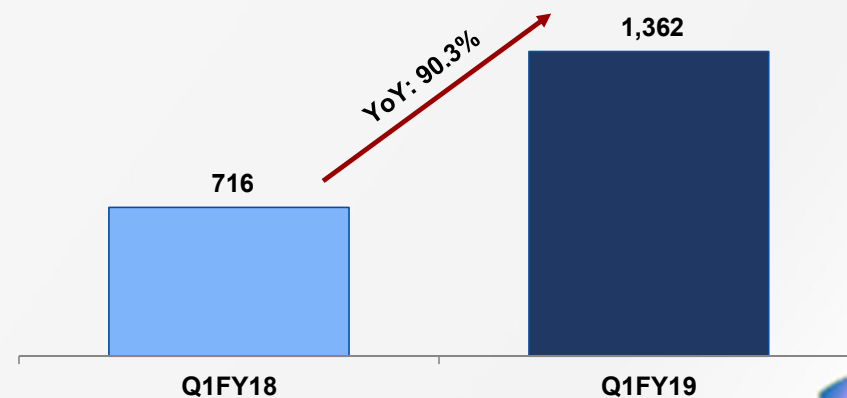


Adjusting for the change in distribution policy, EBITDA margin in Q1FY19 was higher than 12.8%

PBT (before Minority Interest)



PAT (after Minority Interest)

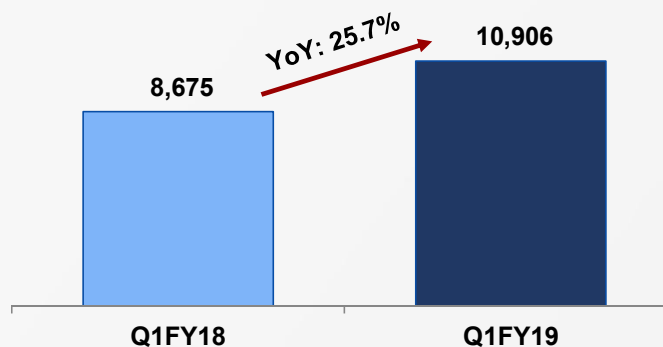


India Business

India Business: Q1FY19 Sales of Rs.10,906 million (25.7% growth YoY)

- India sales contributed 66.6% to total sales in Q1FY19
- Adjusting for the change in distribution policy, YoY growth during the quarter was even higher
- The Company has added about 2,000 MRs in the last two years as it entered new therapy segments and expanded its reach in the India Pharmaceutical Market (IPM). Its current field force strength is 8,000+ MRs
- For the quarter ended June 30, 2018, the Company continues to feature amongst the top 5 companies in the acute therapy areas of Anti-infectives, Gastro-intestinal, Pain / Analgesic and Vitamins / Minerals / Nutrients (Source: IQVIA data)
- The Company continued its strong growth performance in the chronic therapy areas of Cardiac, Anti-diabetes, Neuro / CNS and Derma, thereby improving its market share and rankings. The Company currently ranks as the 8th largest company in the CNS / Neuro segment for the quarter ended June 30, 2018 (Source: IQVIA data)

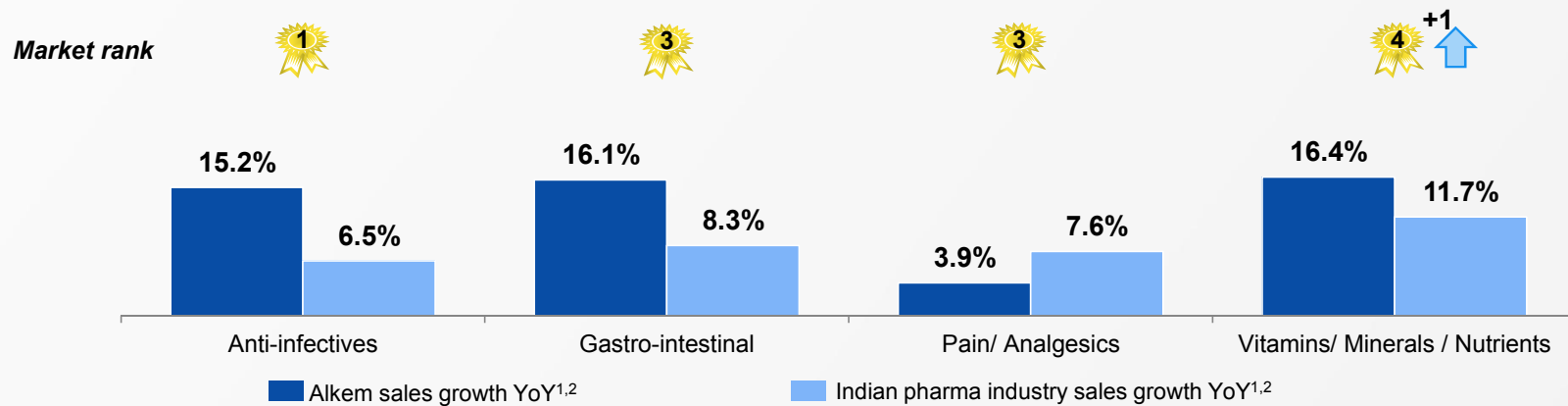
Q1FY19 – India Sales (Rs mn)



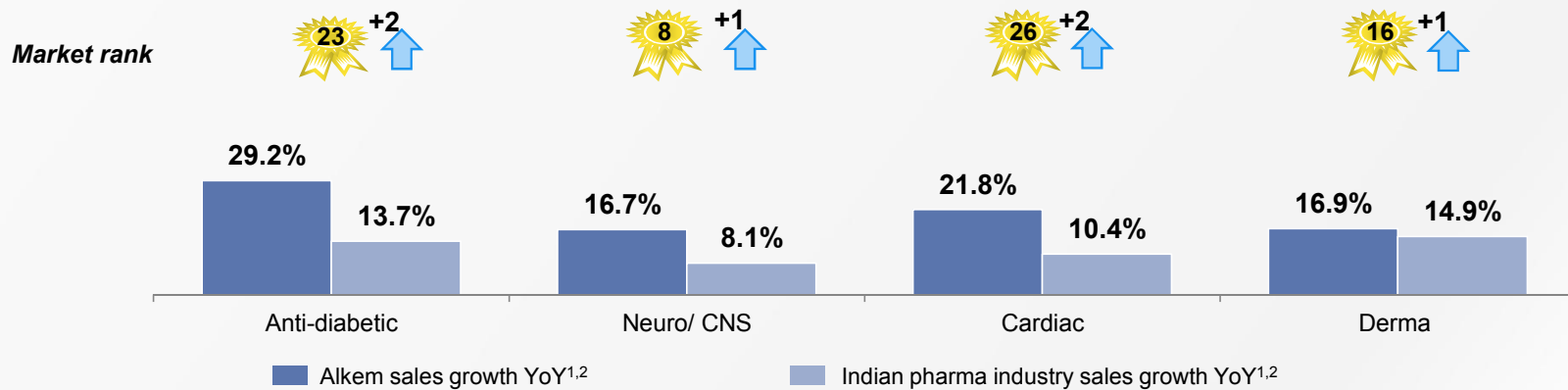
India Business – Secondary Sales Performance

Outperformance across all the major therapeutic areas in Q1FY19

Established therapeutic areas of Alkem



Emerging therapeutic areas of Alkem



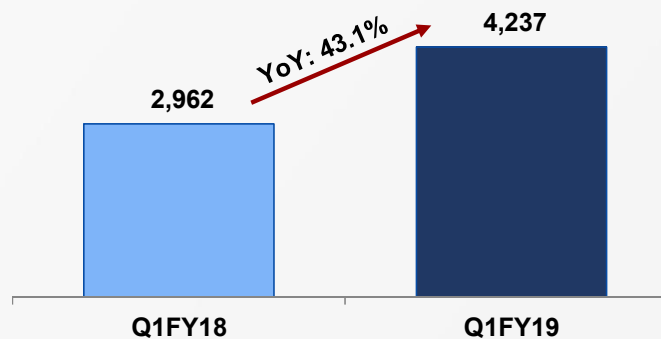
Source: IQVIA data ¹ Domestic formulations sales; ² For 3 months ended June 30, 2018

US Business

US Business: Q1FY19 Sales of Rs.4,237 million (43.1% growth YoY)

- US sales contributed 25.9% to total sales in Q1FY19
- Growth in the US business was driven by combination of new product launches and market share gains in the existing products
- In Q1FY19, the Company filed 4 ANDAs with the US FDA and received 2 approvals (including 1 tentative approval)
- As on June 30, 2018, the Company has filed a total of 111 ANDAs (including 1 NDA) with the US FDA and has received 52 approvals (including 7 tentative approvals and 1 NDA)
- **Status of the US FDA inspection at Daman:** In the month of July 2018, the Company received an EIR from the US FDA for its Daman plant which was inspected in March 2018, thereby successfully closing the inspection

Q1FY19 – US Sales (Rs mn)

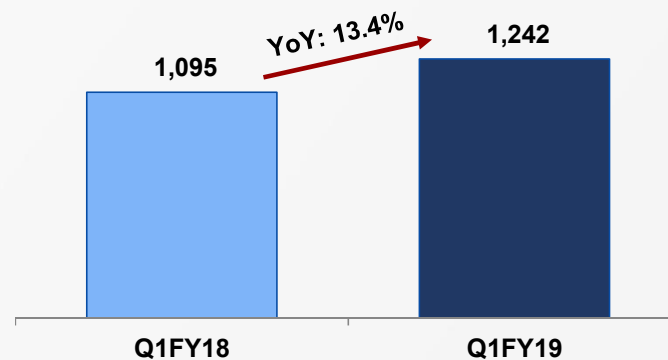


Other International Business

Other International Business: Q1FY19 Sales of Rs.1,242 million (13.4% growth YoY)

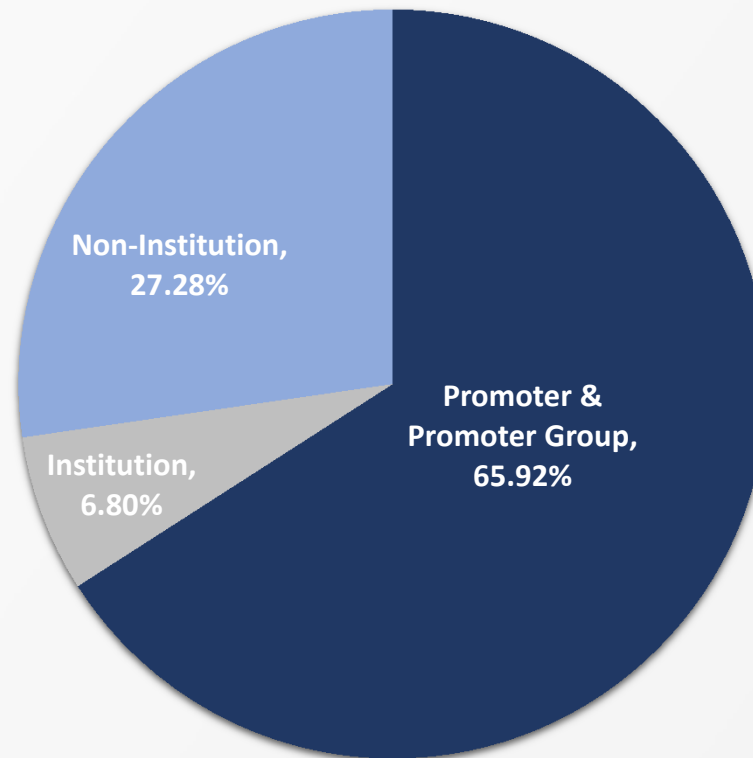
- Other International Market sales contributed 7.6% to total sales in Q1FY19
- Company's key markets including Australia and Chile recorded healthy growth for the quarter ending June 30, 2018

**Q1FY19 – Other International Sales
(Rs mn)**



Latest Shareholding Pattern

Shareholding pattern as on June 30, 2018



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