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

12th August, 2019

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

Dear Sirs,

Sub: Press Release and Analyst Presentation on Q1FY20 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q1FY20 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 Q1FY20 Results

Mumbai, August 12, 2019: Alkem Laboratories Ltd (Alkem) today announced its standalone and consolidated financial results for the first quarter ending June 30, 2019. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key financial highlights of Q1FY20

- Revenue from Operations was Rs.18,495 million, year-on-year growth of 11.5%
  - India sales were Rs.12,222 million, year-on-year growth of 12.1%
  - International sales were Rs.5,912 million, year-on-year growth of 7.9%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.2,645 million, resulting in EBITDA margin of 14.3% vs. 12.3% in Q1FY19. EBITDA grew by 29.8% YoY
- R&D expenses for the quarter was Rs.1,034 million, or 5.6% of Revenue from Operations compared to Rs.986 million in Q1FY19 at 5.9% of Revenue from Operations
- Profit before tax (PBT) was Rs.2,100 million, a growth of 22.3% compared to Q1FY19
- Net Profit (after Minority Interest) was Rs.1,855 million, year-on-year growth of 36.2%

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "We have had a positive start to the financial year with both our key markets of India and US registering a healthy double digit growth during the quarter. Our EBITDA margin for the quarter also showed a good YoY improvement on the back of various cost optimization initiatives we have been taking. Our operating cashflows have also shown a mark improvement over the same quarter last year. We look forward to sustain this momentum for the rest of the year."

Operational Highlights

India Business

In Q1FY20, the Company's India sales grew by 12.1% YoY, recording a sales of Rs.12,222 million as compared to Rs.10,906 million in Q1FY19.

As per IQVIA data, for the twelve months ended June 2019, the Company gained one rank in the Indian Pharmaceutical Market (IPM) and now features amongst the top five pharmaceutical companies in India. During the quarter, the Company registered a value growth of 18.7% YoY, outperforming the IPM growth of 10.4% YoY.

In the Company's established therapy areas of anti-infectives, gastro-intestinal and vitamins/minerals/nutrients, it grew significantly ahead of the therapy growth rate led by strong brands, effective sales and marketing strategies and robust supply chain and distribution network. The

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Company also built upon its growing base in the chronic therapy areas of neuro/CNS, cardiac, anti-diabetes and derma. During the quarter, the Company gained two ranks in the neuro/CNS segment and is now positioned as the sixth largest neuro/CNS company in India. The Company also gained one rank in the anti-diabetes segment during the quarter. Over the last two years, the Company has also added more than 2,000 MRs to its field force in order to expand its reach in the India pharma market and increase focus on its key brands.

The performance highlights in the key therapeutic segments in Q1FY20 is as shown below:

Key Therapy segment	Q1FY20			
	Alkem Rank	YoY change in Rank*	YoY growth (Alkem)	YoY growth (IPM)
Anti-infectives	1	Unchanged	22.0%	10.5%
Gastro Intestinal	3	Unchanged	17.5%	8.8%
Pain / Analgesics	3	Unchanged	13.8%	12.0%
Vitamins / Minerals / Nutrients	4	Unchanged	23.5%	12.0%
Neuro / CNS	6	+2	13.9%	9.3%
Derma	16	Unchanged	2.6%	8.5%
Cardiac	26	Unchanged	27.1%	11.5%
Anti-Diabetic	21	+1	36.4%	12.3%
Total	**5**	+1	**18.7%**	**10.4%**

*Positive change in rank reflects improvement over same period previous year
Source: IQVIA data

International Business

In Q1FY20, the Company's International sales grew by 7.9% YoY, recording sales of Rs.5,912 million as compared to Rs.5,479 million in Q1FY19.

- **US sales** for the quarter was Rs.4,817 million, recording a year-on-year growth of 13.7%.
- **Other International Markets sales** for the quarter was Rs.1,095 million, compared to Rs.1,242 million in Q1FY19.

R&D Investments

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

As on June 30, 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 72 ANDAs (including 11 tentative approvals) and 1 NDA.

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Q1FY20 Conference Call at 11:00 am IST, August 13, 2019

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Tuesday, August 13, 2019 at 11:00 am IST to discuss its Q1FY20 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: 11:00 am IST (GMT + 5:30) on Tuesday, August 13, 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 June 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.
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Alkem Laboratories Ltd.

Investor Presentation Q1FY20 – August 12, 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.

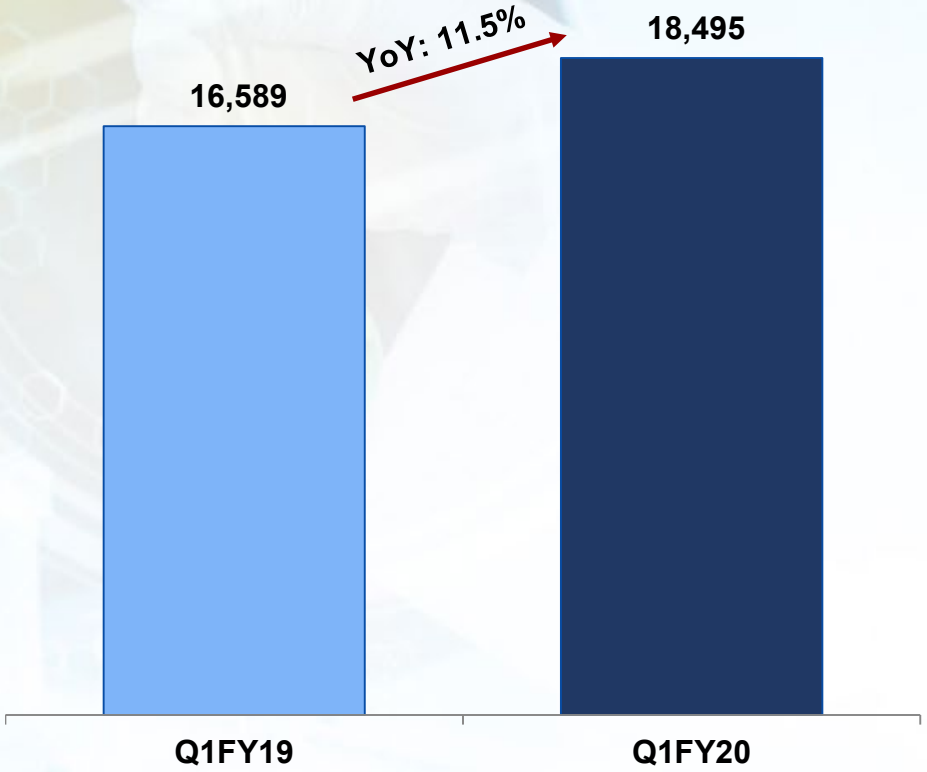
Key Highlights of Q1FY20

- Revenue from Operations grew by 11.5% YoY during the quarter, accompanied by 200 bps YoY improvement in EBITDA margin
- Profit After Tax grew by 36.2% compared to the previous year
- India Business : As per secondary sales data by IQVIA, for the twelve months ending June 2019, Alkem gained one rank and now features amongst the top 5 pharmaceutical companies in India
  - Company's secondary sales in Q1FY20 grew by 18.7% YoY – significantly higher than IPM growth of 10.4% YoY (Source: IQVIA data)
- US Business grew by 13.7% YoY in Q1FY20, largely driven by new product launches and market share gain in existing products
- R&D expenses during the quarter was at 5.6% of revenue from operations
  - The Company filed 2 ANDAs and received 5 ANDA approvals (including 2 tentative) from the US FDA in Q1FY20
- Improvement in working capital and operating cashflows : Improvement in profit margins along with better working capital management led to significant improvement in operating cashflows over the previous year

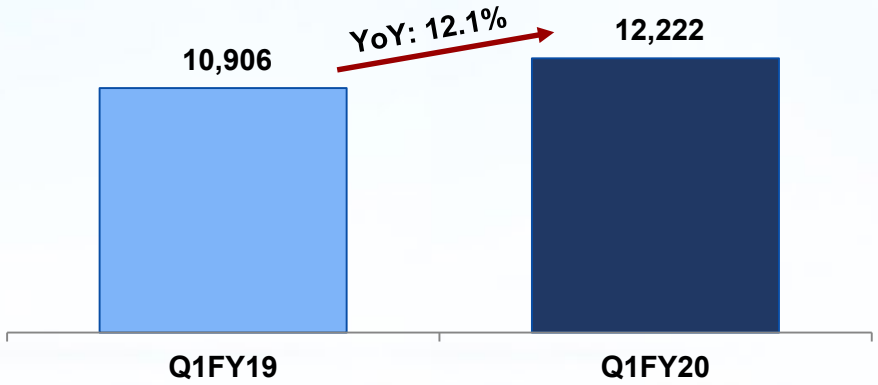
Key Financial Highlights – Q1FY20 (Consolidated)

All figures in Rs mn

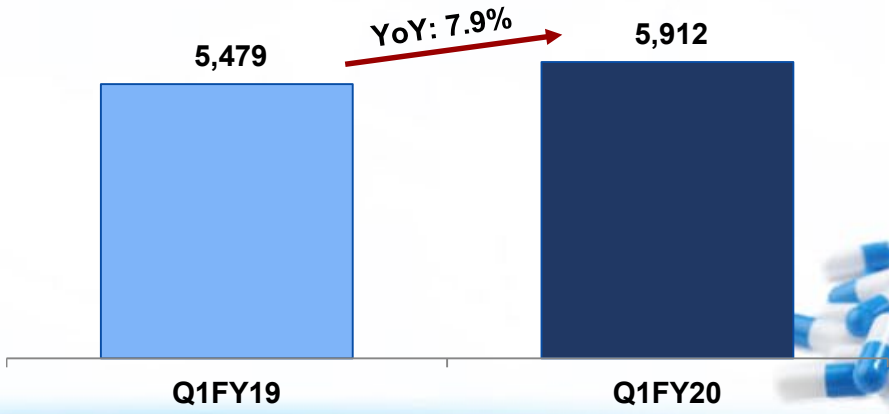
Revenue from Operations



India sales



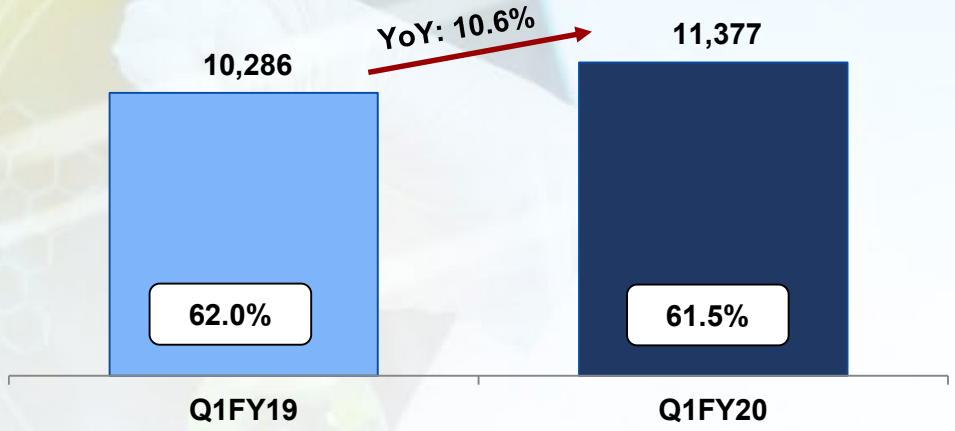
International sales



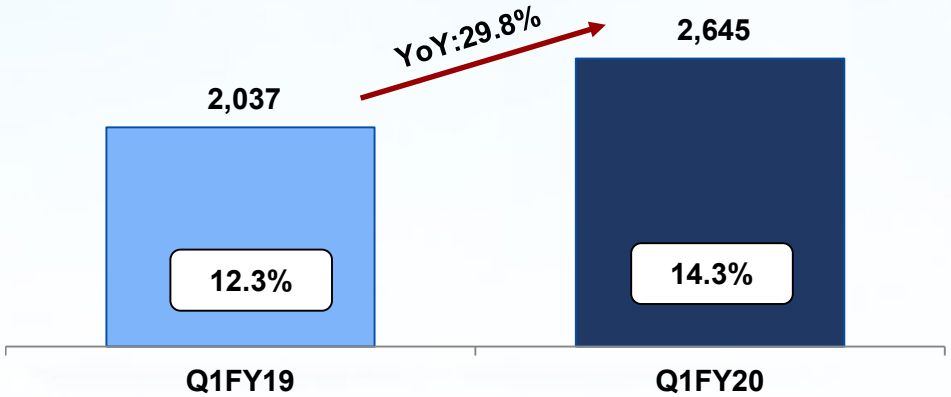
Key Financial Highlights – Q1FY20 (Consolidated)

All figures in Rs mn

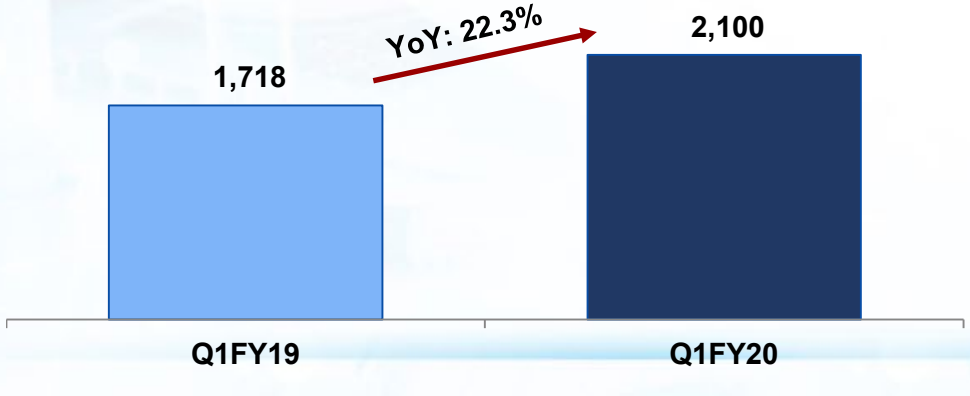
Gross Profit and Gross Margin



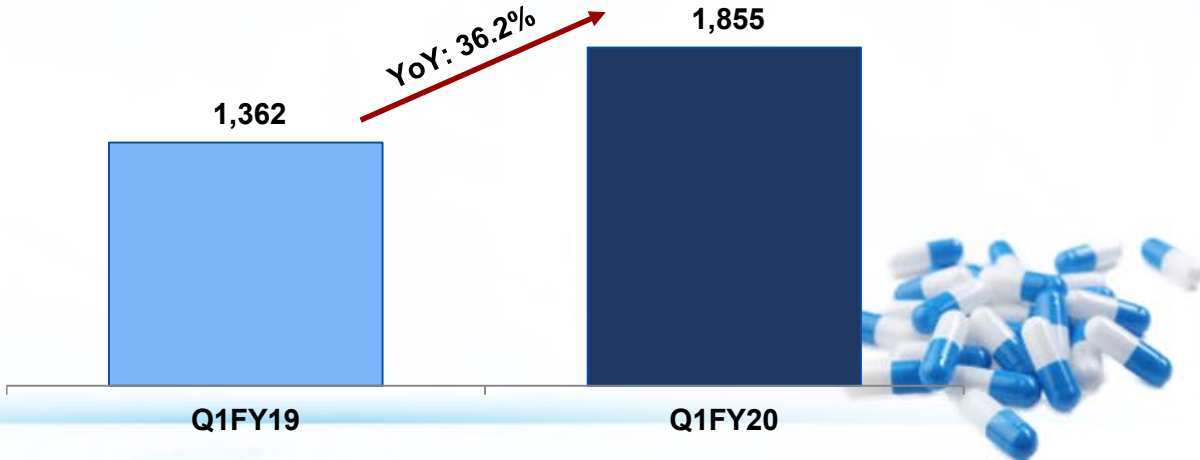
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)

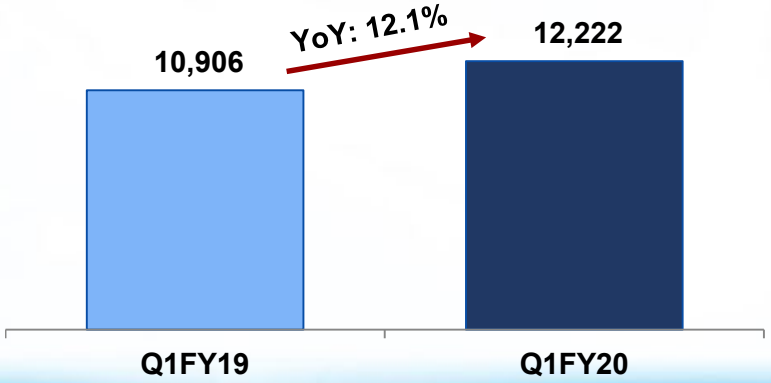


India Business

India Business: Q1FY20 Sales of Rs.12,222 million (12.1% YoY growth)

- India sales contributed 67.4% to total sales in Q1FY20
- As per secondary sales data by IQVIA, for the twelve months ended June 2019, Alkem gained one rank and now features amongst the top five pharmaceutical companies in India
- In Q1FY20, Company's secondary sales grew by 18.7% YoY, outperforming the IPM growth of 10.4% YoY (Source: IQVIA data)
- The Company grew significantly ahead of the market in its established therapy areas of Anti-infectives, Gastro-intestinal and Vitamins / Minerals / Nutrients (Source: IQVIA data)
- In the chronic therapy area of Neuro / CNS, the Company gained two ranks and now positioned as the 6th largest Neuro / CNS company in India. In Anti-diabetes segment, the Company gained one rank (Source: IQVIA data)

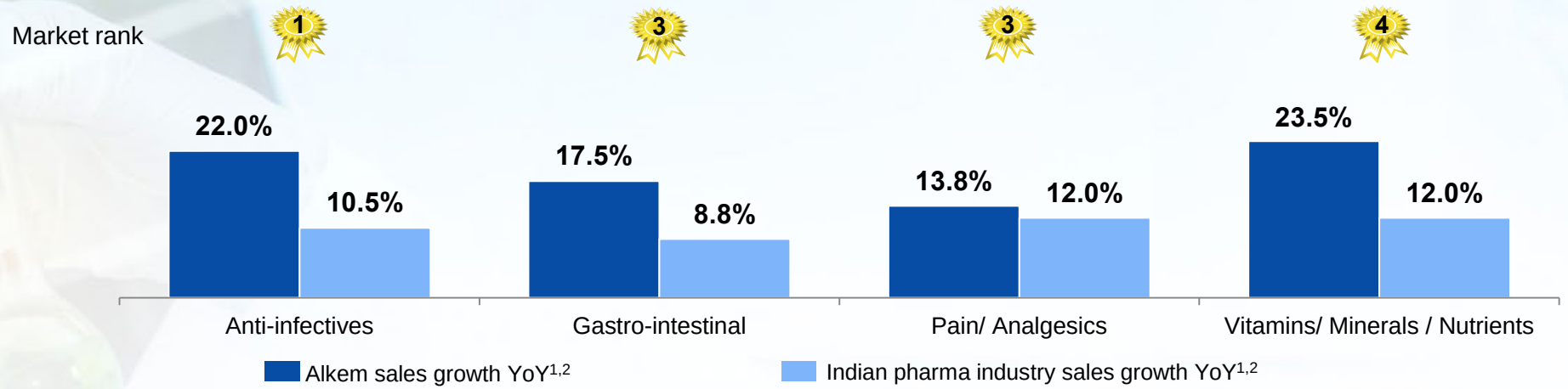
Q1FY20 – India Sales (Rs mn)



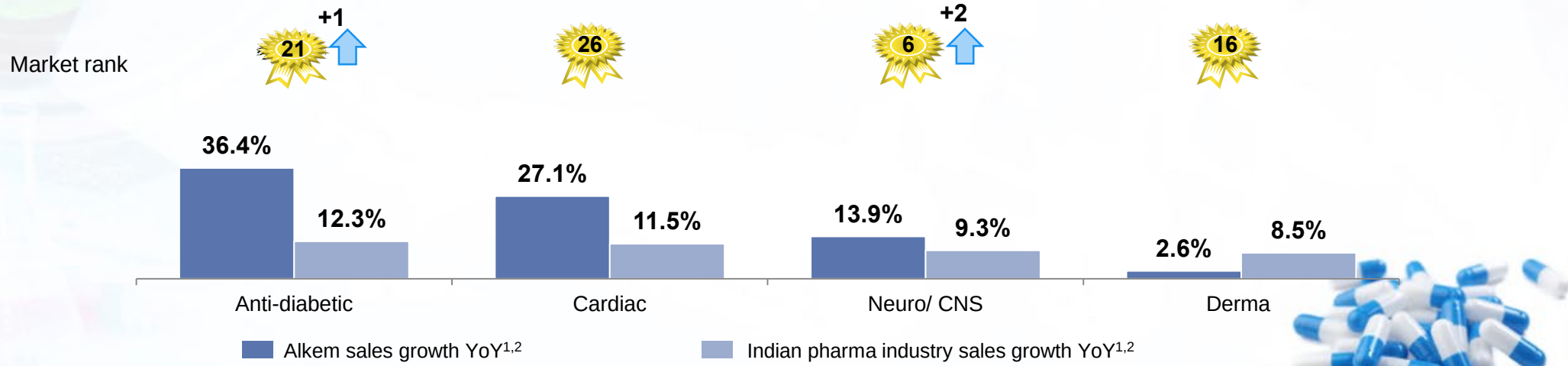
India Business – Secondary Sales Performance

Outperformance across most of the major therapeutic areas in Q1FY20

Established therapeutic areas of Alkem



Emerging therapeutic areas of Alkem



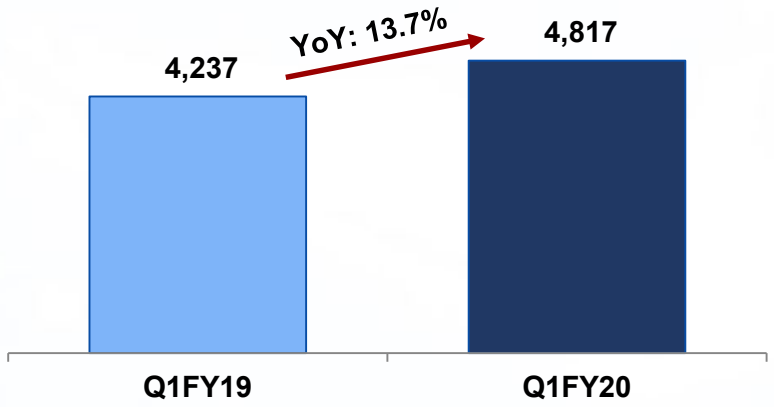
Source: IQVIA data [1] Domestic formulations sales; [2] For 3 months ended June 30, 2019

US Business

US Business: Q1FY20 Sales of Rs.4,817 million (13.7% growth YoY)

- US sales contributed 26.6% to total sales in Q1FY20
- In Q1FY20, the Company filed 2 ANDAs with the US FDA and received 5 approvals (including 2 tentative approval)
- As on June 30, 2019, the Company has filed a total of 127 ANDAs (including 1 NDA) with the US FDA and has received 73 approvals (including 11 tentative approvals and 1 NDA)
- Recently, the Company received an EIR for its formulation manufacturing facility at Baddi (India) which was inspected in May 2019

Q1FY20 – US Sales (Rs mn)



Update on the US FDA inspection

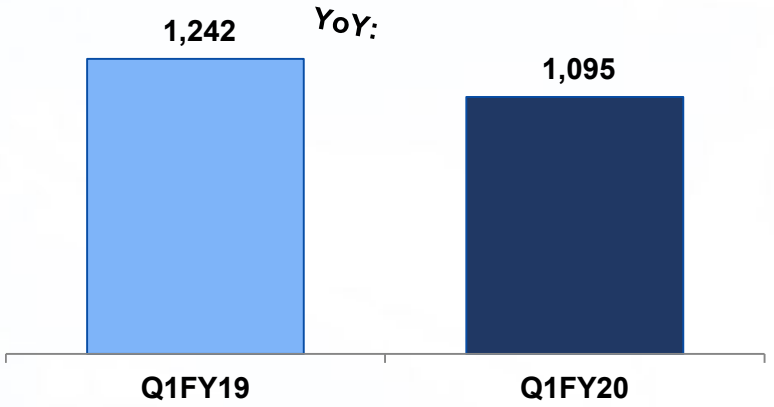
Facility	Scope	Last inspection	Status post last inspection
Baddi (India)	Formulation	May 2019	EIR# received in July 2019, thereby successfully closing the inspection
St. Louis (US)	Formulation	February – March 2019	Received Form 483 with 8 observations. Plant classified as OAI*
Daman (India)	Formulation	January 2019	Successfully closed without any observations
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

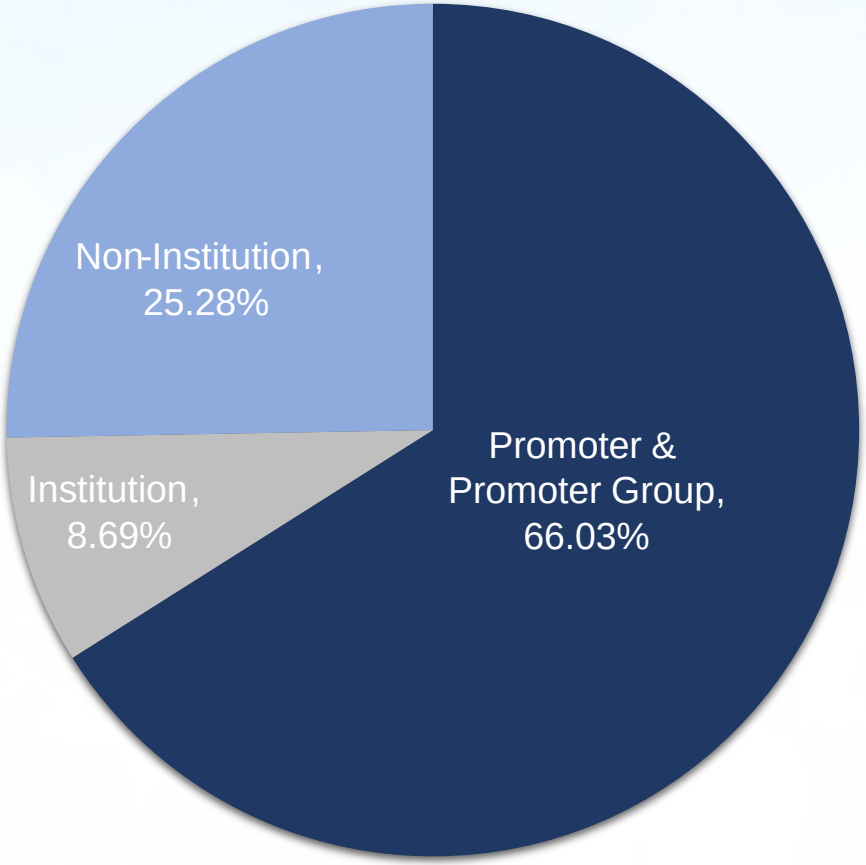
Other International Business: Q1FY20 Sales of Rs.1,095 million (decline of 11.8% YoY)

- Other International Market sales contributed 6.0% to total sales in Q1FY20
- The Company has presence in Australia, Europe, South East Asia, Latin America, Africa and CIS
- Chile and Philippines registered healthy growth during the quarter



Latest Shareholding Pattern

Shareholding pattern as on June 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