



Alkem Laboratories Ltd.

Investor Presentation Q3FY17

10th February 2017

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.

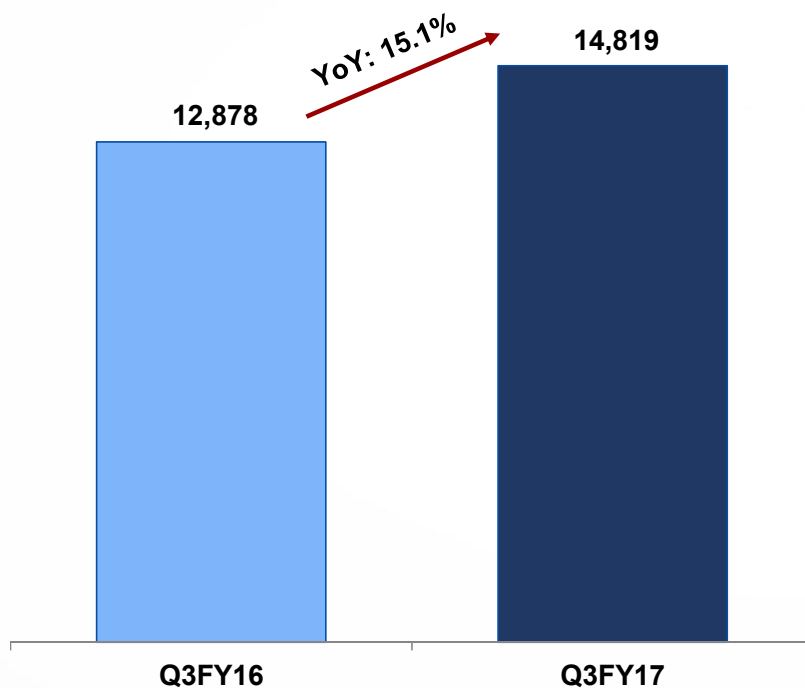
Should one or more of such risks and uncertainties materialize, or should any underlying assumption prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements.

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.

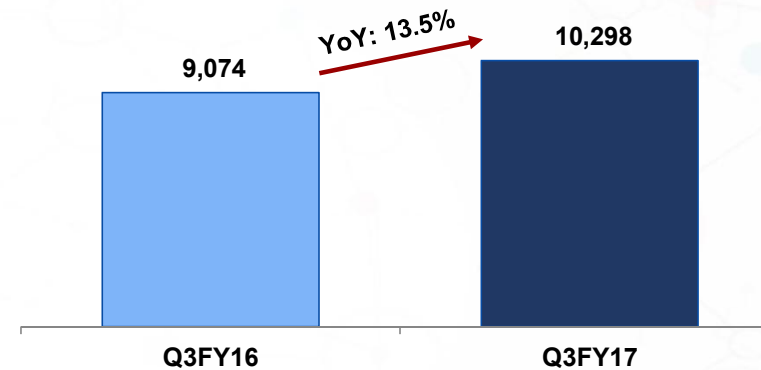
Key Financial Highlights of Q3FY17 (Consolidated)

All figures in INR mn

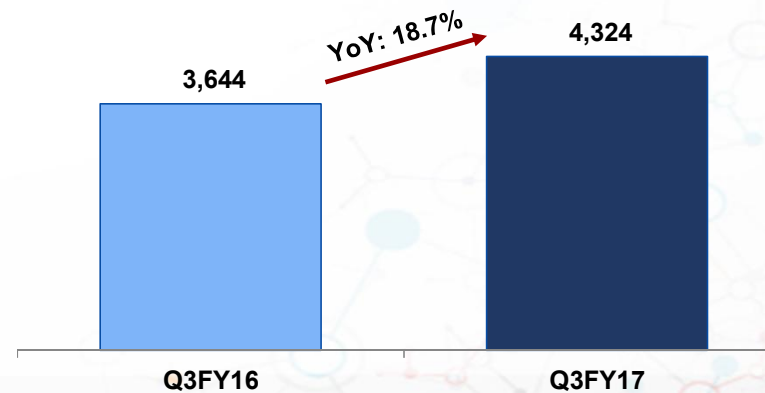
Total Revenue from Operations



India sales



International sales



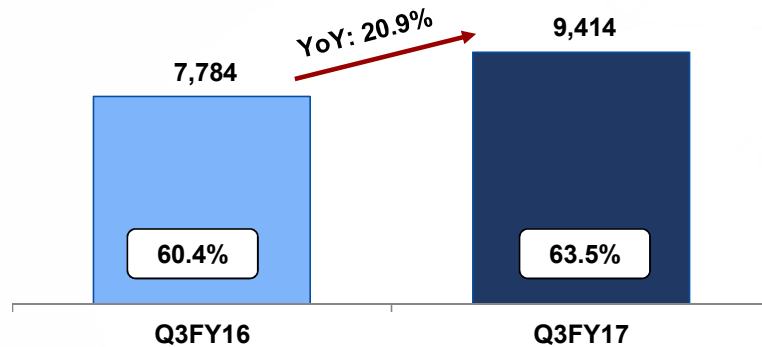
Healthy growth in key markets of India and US amidst tough business environment



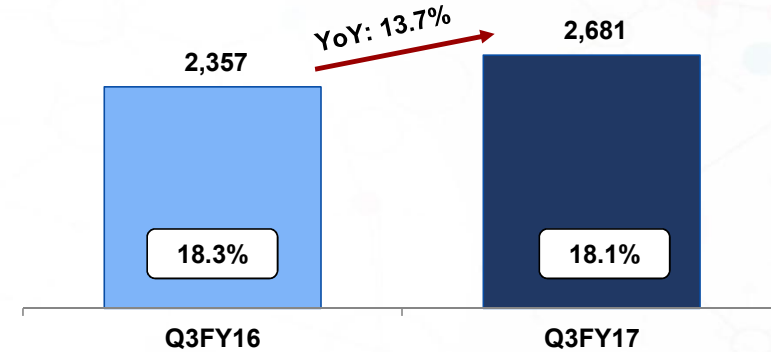
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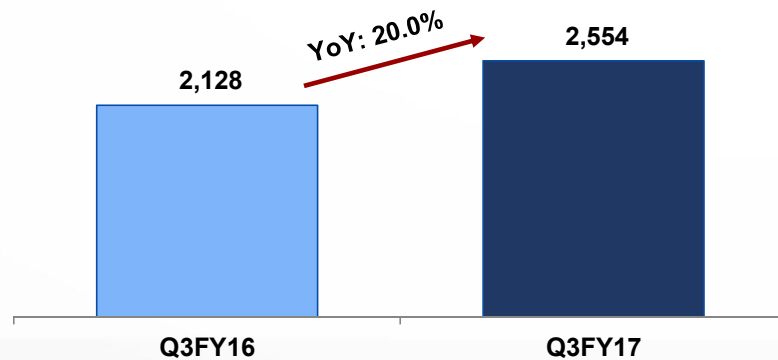
Gross Profit and Gross Margin



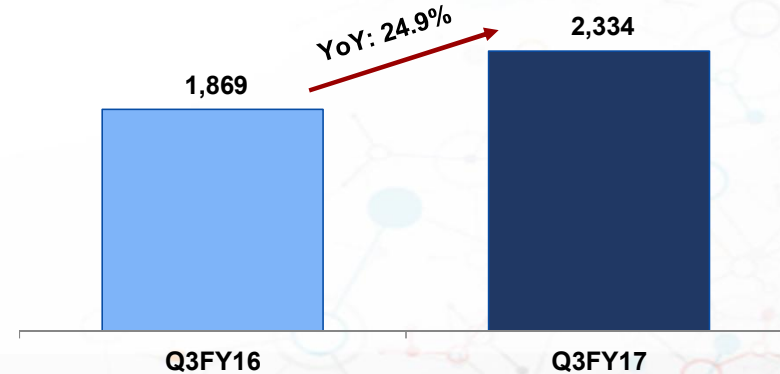
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Continued efforts towards improving profitability showing results



Key Financial Highlights – 9MFY17 (Consolidated)

Particulars (INR mn)	9MFY17	9MFY16	YoY growth
Income from Operations	46,011	38,994	18.0%
Gross Profit	28,404	23,661	20.0%
Gross Profit margin	61.7%	60.7%	
EBITDA	8,497	6,974	21.8%
EBITDA margin	18.5%	17.9%	
PBT	8,286	7,032	17.8%
PBT margin	18.0%	18.0%	
PAT (After Minority Interest)	7,550	6,549	15.3%
PAT margin	16.4%	16.8%	
EPS (Rs / share)	63.15	54.77	15.3%

A satisfying year so far with healthy revenue growth accompanied by improved margin profile

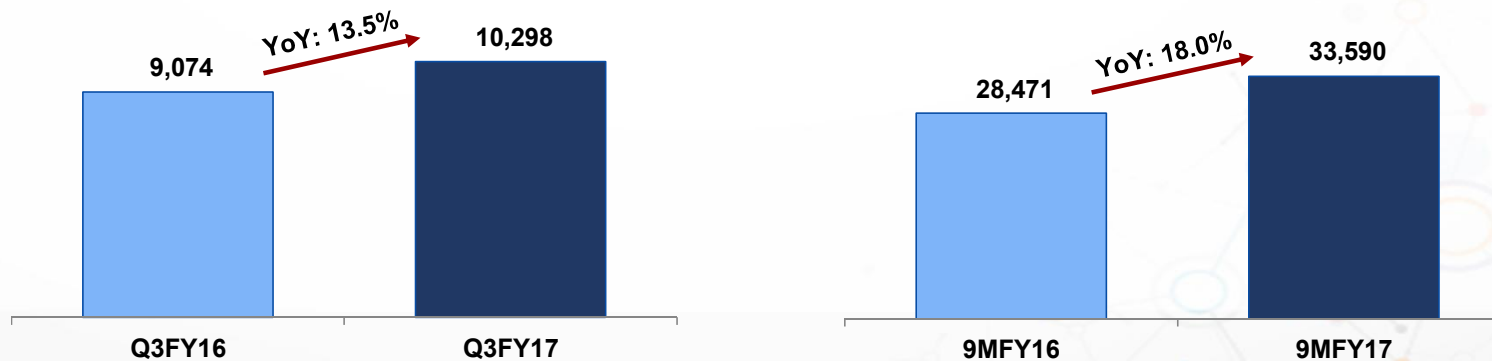


India Business – Continued Outperformance

India Business: Q3FY17 Sales of Rs.10,298 million (13.5% growth YoY)

- India sales contributed 70.4% to total sales for Q3FY17
- During the quarter, Company's secondary sales¹ grew by 6.2% – higher than corresponding IPM growth of 5.7%
- This outperformance was achieved amidst a challenging business environment, especially for the acute business which was impacted by demonetization, coupled with a weak anti-infective season
- For 9MFY17, Company's secondary sales¹ growth was 13.5% – 360bps higher than corresponding IPM growth of 9.9%
- The Company entered into an alliance with Haw Par India Pvt Ltd. to exclusively market, sell and distribute Tiger Balm range of products in India. This alliance will lend significant thrust to the Company's domestic OTC business

India sales (INR mn)

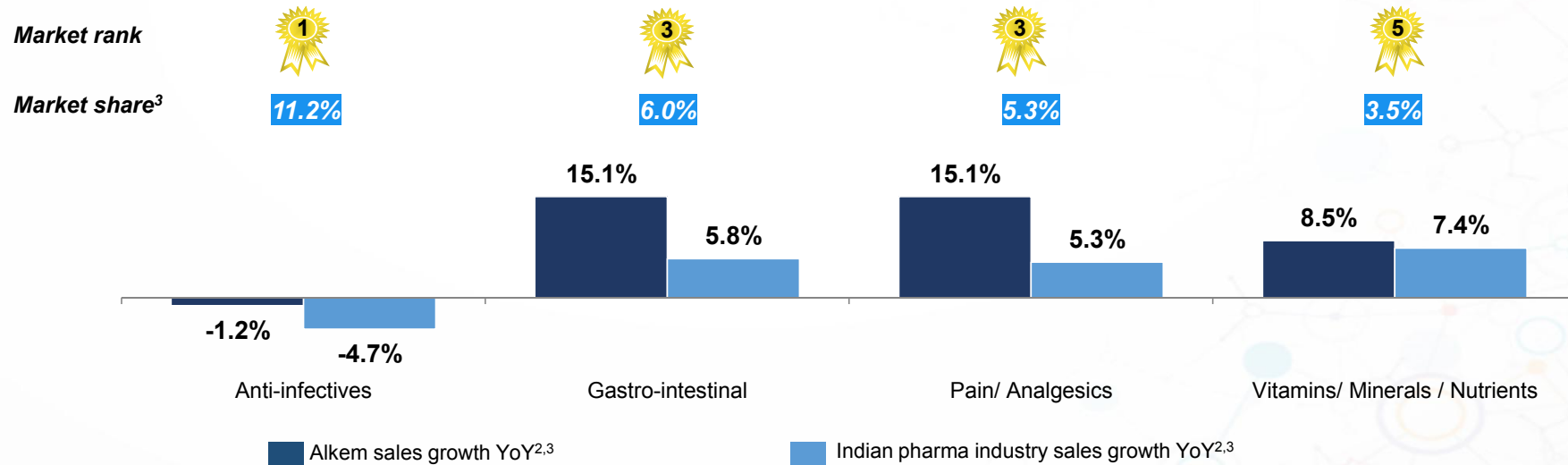


¹ Source: IMS TSA MAT December 2016

Established Therapies – Maintain our leading positions

- During the quarter, the Company delivered more than 350bps of outperformance to the market in its established therapy areas of Anti-Infectives, Gastro-Intestinal and Pain / Analgesic
- During the quarter, the Indian anti-infective market registered a YoY de-growth partly impacted by demonetization
- Company maintained its leading position in the established therapies along with market share gains

Secondary sales performance in Q3FY17



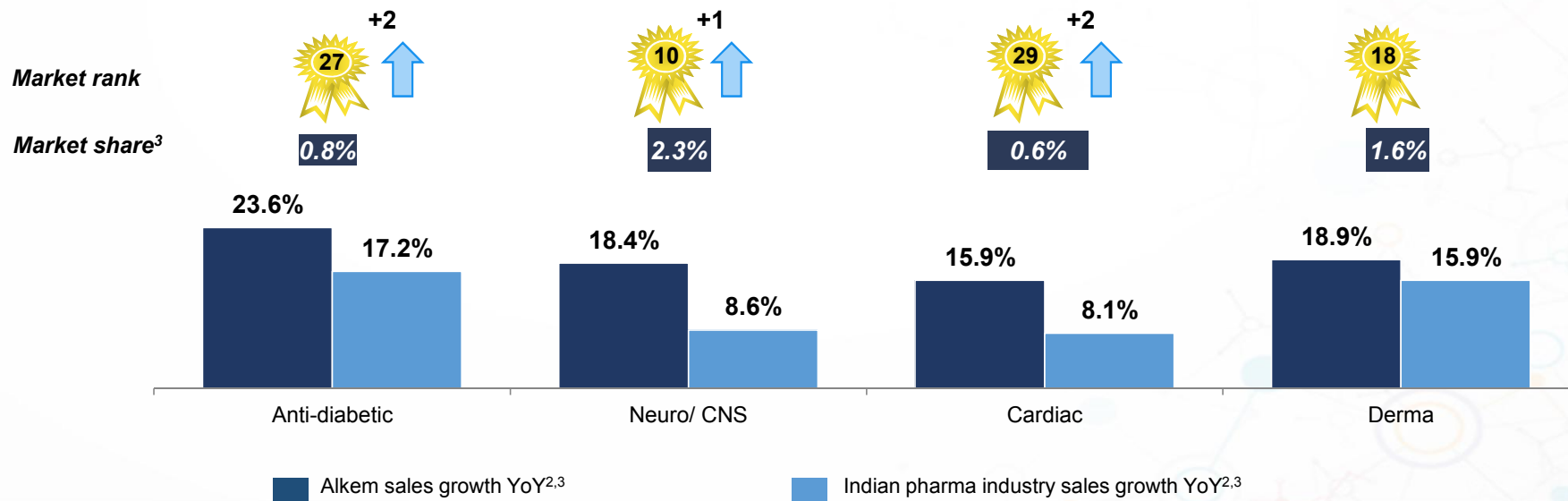
Source: IMS TSA MAT December 2016 ² Domestic formulations sales; ³ For 3 months ended December '16



Emerging Therapies – Building on the Base

- Emerging therapies of the Company registered a healthy performance led by strong secondary sales growth in Anti-diabetic, Neuro / CNS, Cardiac and Derma
- Company moved up the ranking in the important therapy areas of Anti-diabetic, Neuro / CNS and Cardiac
- The Company continued to acquire market share through new product launches, sustained marketing efforts and building traction with the prescriber base

Secondary sales performance in Q3FY17



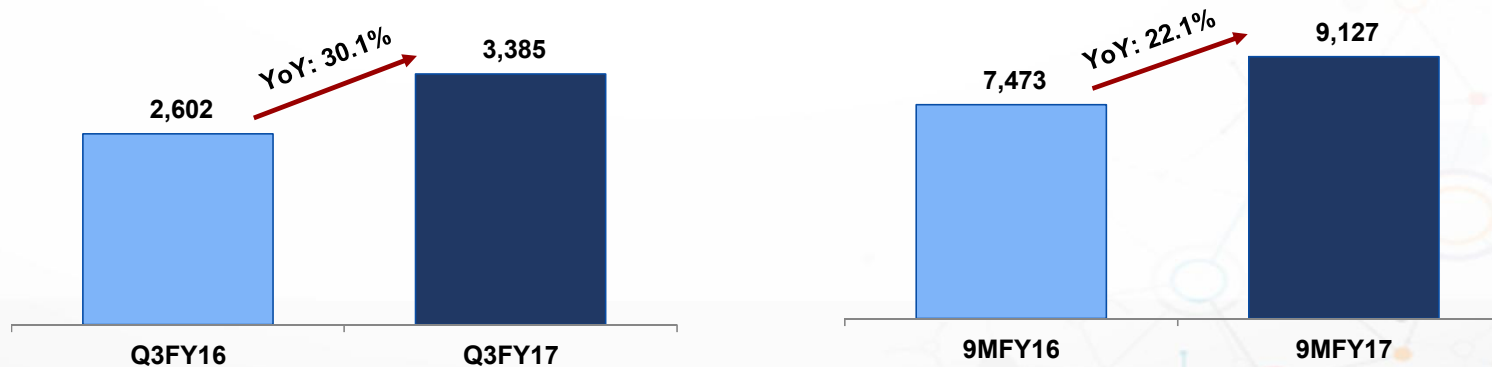
Source: IMS TSA MAT December 2016 ² Domestic formulations sales; ³ For 3 months ended December '16

US Business – Healthy growth largely led by market share gains

US Business: Q3FY17 Sales of Rs.3,385 million (30.1% growth YoY)

- US sales contributed 23.1% to total sales for Q3FY17
- Good winter season helped the QoQ growth during the quarter
- The Company launched 1 new products during the quarter, taking the total to 5 new products launches in 9MFY17
- In Q3FY17, the Company filed 1 ANDA and received one tentative approval, taking the cumulative ANDA approvals to 35 (including 8 tentative approvals) and 1 NDA - as on 31st December 2016
- **Update on USFDA inspections**
 - The Company successfully closed the USFDA inspection at the Daman formulation facility with an EIR in December 2016
 - The Company received 3 observations for its Ankleshwar API facility which was inspected in December 2016. The Company has replied to the USFDA with a detailed corrective and preventive plan within the stipulated timelines.

US sales (INR mn)

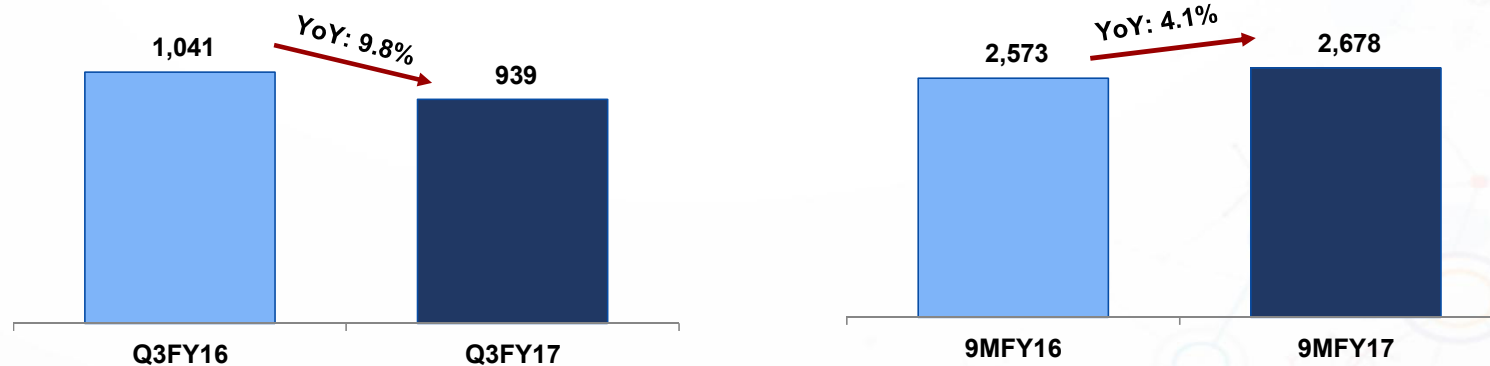


Other International Markets – Focusing on select markets

Other International Markets : Q3FY17 Sales of Rs.939 million (9.8% de-growth YoY)

- Other International sales contributed 6.4% to total sales for Q3FY17
- During 9MFY17, Company's key markets of Australia, Chile and Kazakhstan recorded healthy growth in local currency terms
- **Depth over breadth** - The Company is focusing on key select markets rather than spreading itself thin over too many markets

Other International Markets sales (INR mn)

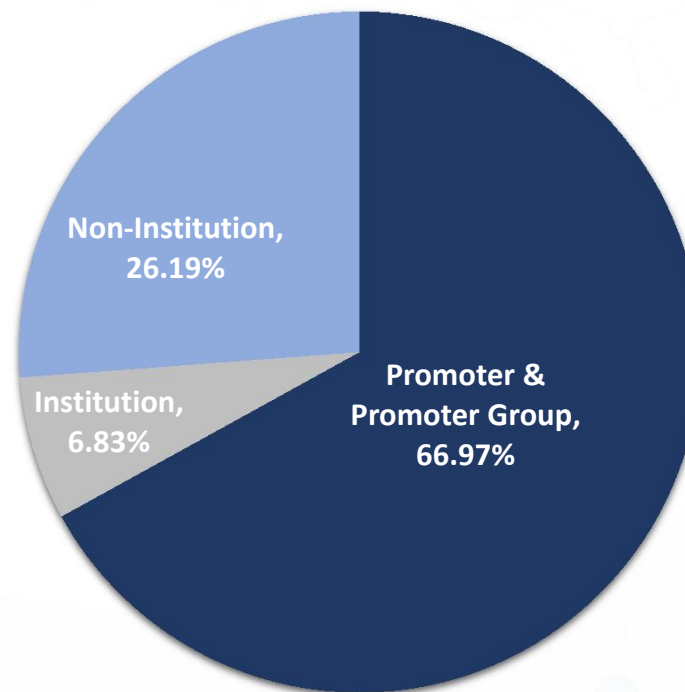


Strategy going forward

- 1 *India Sales: Consolidate our leadership position in the acute segment by driving growth in our mega brands*
- 2 *India Sales: Increase our market share in the chronic segment through market share acquisition and new product introductions*
- 3 *Improve our field force productivity through SFE (Sales Force Effectiveness) initiatives*
- 4 *Continued focus on R&D to accelerate ANDA filings for the US markets and develop differentiated portfolio*
- 5 *Strategic partnerships / collaborations to enhance capabilities and product portfolio for focus markets*

Latest Shareholding Pattern

Shareholding pattern as on 31th December 2016



*Institution – Mutual Funds, Financial Institutions, Foreign Portfolio Investors, Foreign Institutional Investors, Nationalised and Non-Nationalised Banks
Non-Institution – Public, Other Bodies Corporates, Clearing Members, Non Resident Indians, Hindu Undivided Family and Trusts*



Thank You

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