



ALKEM

ALKEM LABORATORIES LTD.

Regd. Office : " ALKEM HOUSE", Senapati Bapat Marg,
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Email : contact@alkem.com Website : www.alkemlabs.com
CIN :- L00305MH1973PLC174201



Press Release

Alkem reports Q2FY18 and H1FY18 Results

Mumbai, November 10, 2017: Alkem Laboratories Ltd (Alkem) today announced its consolidated financial results for second quarter & six months ending September 30, 2017. These results were taken on record by the Board of Directors at a Meeting held in Mumbai today.

Key highlights of Q2FY18 financial performance (Refer Notes below)

- Total Revenue from Operations was Rs.18,649 million, year-on-year growth of 13.8%
 - India sales were Rs.14,056 million, year-on-year growth of 14.7%
 - International sales were Rs.4,385 million, year-on-year growth of 12.7%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.4,605 million, resulting in EBITDA margin of 24.7% vs. 19.0% in Q2FY17. EBITDA grew by 48.3% YoY
- R&D expenses for the quarter was Rs.901 million, or 4.8% of total revenue from operations compared to Rs.650 million in Q2FY17 at 4.0% of total revenue from operations
- Profit before tax (PBT) was Rs.4,321 million, a growth of 40.8% compared to Q2FY17
- Net Profit (after Minority Interest) was Rs.3,207 million, year-on-year growth of 13.4%

Key highlights of H1FY18 financial performance (Refer Notes below)

- Total Revenue from Operations was Rs.31,602 million, year-on-year growth of 1.3%
 - India sales were Rs.22,731 million, year-on-year decline of 2.4%
 - International sales were Rs.8,441 million, year-on-year growth of 12.8%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.5,548 million, resulting in EBITDA margin of 17.6% vs. 18.6% in H1FY17. EBITDA declined by 4.6% YoY
- R&D expenses for H1FY18 was Rs.1,602 million, or 5.1% of total revenue from operations compared to Rs.1,438 million in H1FY17 at 4.6% of total revenue from operations
- Profit before tax (PBT) was Rs.5,127 million, compared to Rs.5,732 million in H1FY17
- Net Profit (after Minority Interest) was Rs.3,922 million, compared to Rs.5,216 million in H1FY17

Notes: Post implementation of GST with effect from 1st July 2017 and as per Ind AS 18, Revenue from Operations is disclosed net of GST. Revenue from Operations for earlier periods included excise duty which is now subsumed under GST. Revenue from Operations for the six months ended 30 September 2017 includes excise duty up to 30 June 2017. Accordingly, Revenue from Operations for the quarter and six months ended 30 September 2017 are not comparable with those of previous period presented.

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "Q2FY18 has been a robust quarter for the Company helped by post-GST channel filing in the India Business and a healthy double digit growth in the International Business. Amidst the changing regulatory and competitive landscape in our key markets of India and the US, we look to drive growth through new product launches, market share acquisition in our existing products, building market leading brands in India, investing in R&D to strengthen our product pipeline and focusing on executional excellence."



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Operational Highlights

Domestic Business

Our Domestic sales for Q2FY18 grew by 14.7% YoY, recording a sales of Rs.14,056 million as compared to Rs.12,258 million for Q2FY17. For H1FY18, our Domestic sales was Rs.22,731 million compared to Rs.23,292 million in H1FY17. Adjusting for the impact of GST, like-to-like YoY growth was higher for the quarter and six months ended 30 September 2017.

As per IMS SSA MAT September 2017, for the quarter and six months ended 30 September 2017, we continue to rank amongst the top five companies in the India Pharma Market. We have maintained our leading positions in our established therapy areas of Anti-Infectives, Gastro Intestinal, Pain / Analgesic and Vitamins / Minerals / Nutrients, and have also further improved our market shares and rankings in our emerging therapy segments of Neuro / CNS, Derma, Cardiac and Anti-Diabetes.

The performance highlights of the key therapeutic segments in Q2FY18 and H1FY18 are as shown in the table below:

| Key Therapy segment | Q2FY18 | | | | H1FY18 | | | |
|---------------------------------|------------|---------------------|--------------------|------------------|------------|---------------------|--------------------|------------------|
| | 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 | -18.1% | -13.5% | 1 | Unchanged | -13.5% | -8.6% |
| Gastro Intestinal | 3 | Unchanged | 0.2% | -1.3% | 3 | Unchanged | 2.3% | 1.7% |
| Pain / Analgesics | 3 | Unchanged | 2.4% | -3.0% | 3 | Unchanged | 6.5% | -0.2% |
| Vitamins / Minerals / Nutrients | 4 | +1 | 8.1% | 0.4% | 4 | Unchanged | 7.3% | 2.2% |
| Neuro / CNS | 10 | +1 | 5.5% | -0.7% | 10 | +1 | 8.6% | 1.9% |
| Derma | 17 | Unchanged | 17.2% | 12.9% | 18 | Unchanged | 20.1% | 13.1% |
| Cardiac | 29 | +1 | 11.3% | 3.4% | 29 | +1 | 15.4% | 4.2% |
| Anti-Diabetic | 25 | +1 | 11.8% | 11.2% | 25 | +2 | 14.1% | 13.6% |
| Total | 5 | Unchanged | -6.9% | -0.8% | 5 | Unchanged | -2.9% | 2.0% |

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

Source: IMS SSA MAT September 2017

International Business

Our International sales for Q2FY18 grew by 12.7% YoY, recording sales of Rs.4,385 million as compared to Rs.3,892 million for Q2FY17. For H1FY18, our International sales grew by 12.8% to Rs.8,441 million compared to Rs.7,482 million in H1FY17.

- **US sales** for the quarter was Rs.3,042 million, recording a year-on-year growth of 0.6%. For H1FY18, US sales was Rs.6,004 million, up 4.6% compared to H1FY17.
- **Other International Markets sales** for the quarter were Rs.1,342 million, recording a year-on-year growth of 54.5%. For H1FY18, Other International Markets sales were Rs.2,437 million, up 40.1% compared to H1FY17.



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R&D Investments

Our Revenue R&D expenses for the quarter were Rs.901 million, or 4.8% of total revenue from operations. Similarly for H1FY18, our Revenue R&D expenses were Rs.1,602 million, or 5.1% of total revenue from operations.

During the quarter, we filed 4 abbreviated new drug applications (ANDAs) with the US FDA and received 3 final approvals. For H1FY18, we filed 6 ANDAs with the US FDA and received 5 final approvals.

As on 30th September 2017, we have filed a total of 94 ANDAs and 1 new drug application (NDA) with the US FDA of which 38 are Para IV filings including first-to-files (FTFs). Of these, we have received approvals for 42 ANDAs (including 5 tentative approvals) and 1 NDA.

Update on US FDA Inspections

During the quarter, the US FDA conducted an inspection at our Bioequivalence facility located at Taloja, India from 10 July 2017 to 14 July 2017. At the end of the inspection, no Form 483 was issued.

The US FDA also conducted an inspection at our manufacturing facility located at Baddi, India from 11 September 2017 to 15 September 2017. At the end of the inspection, the US FDA issued a Form 483 with two observations. We have replied to the US FDA within the stipulated timelines with detailed corrective and preventive measures to address the observations.



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Q2FY18 and H1FY18 Conference Call at 5:00pm IST, November 10, 2017

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Friday, November 10, 2017 at 5:00 pm IST to discuss its Q2FY18 & H1FY18 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 Ltd. will host the call.

Details of the conference call are as under:

Time: 5:00 pm IST (GMT + 5:30) on Friday, November 10, 2017

Dial in Details:

India : +91 22 3938 1079

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 700 brands in India, Alkem is ranked the fifth largest pharmaceutical company in India in terms of domestic sales (Source: IMS SSA MAT March 2017). 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

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