



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

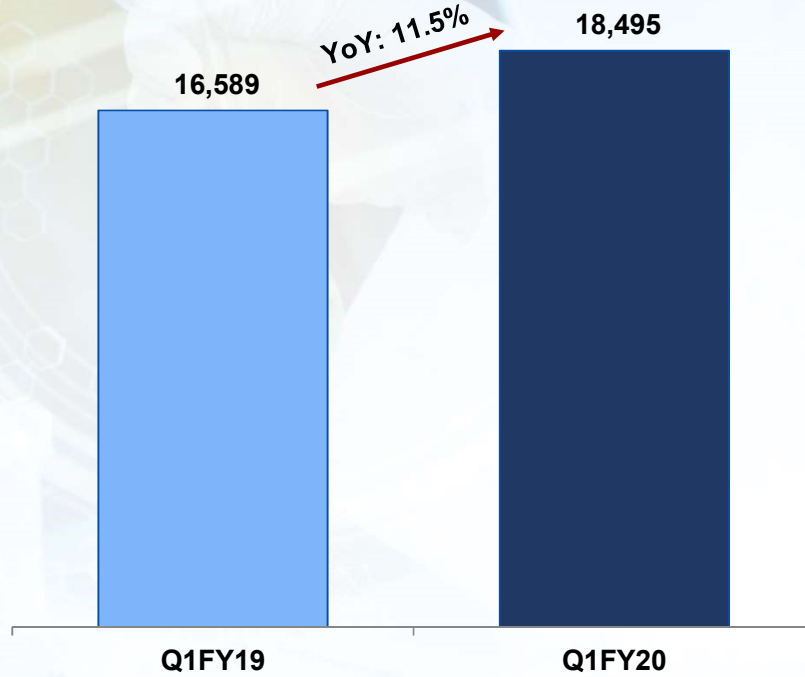


Key Financial Highlights – Q1FY20 (Consolidated)

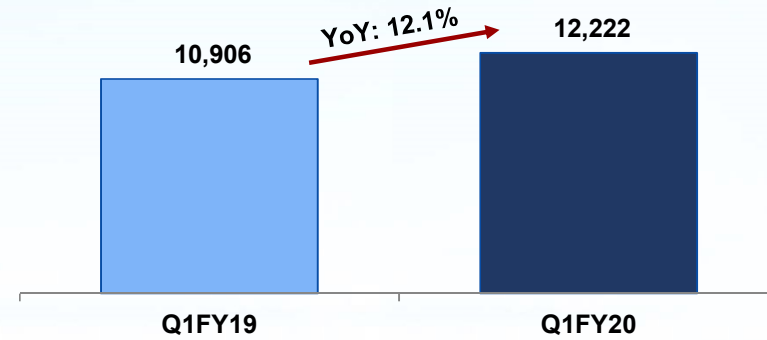


All figures in Rs mn

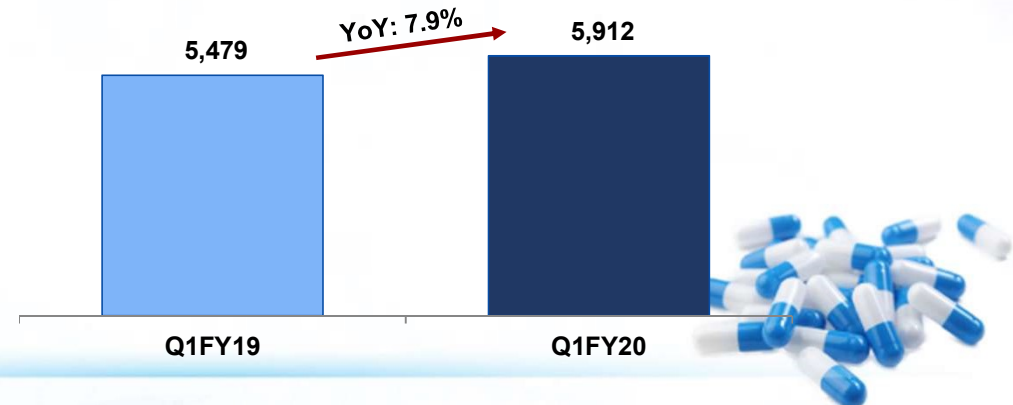
Revenue from Operations



India sales



International sales

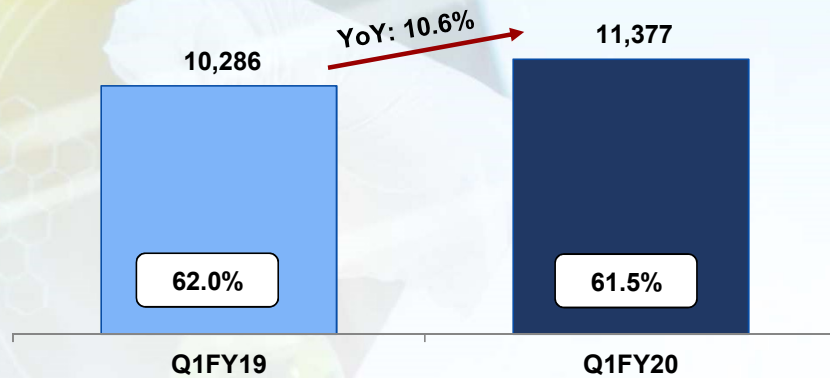


Key Financial Highlights – Q1FY20 (Consolidated)

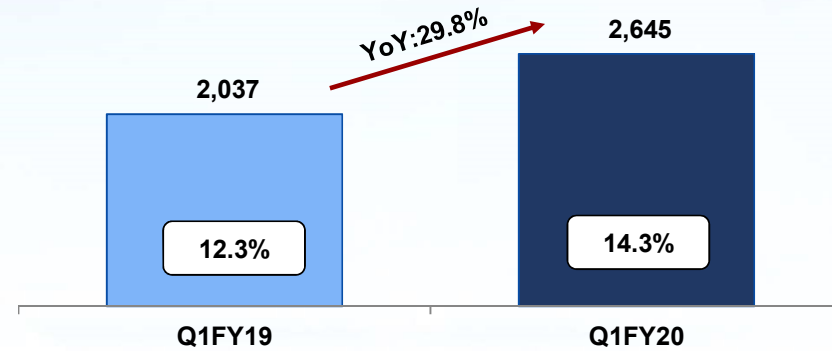


All figures in Rs mn

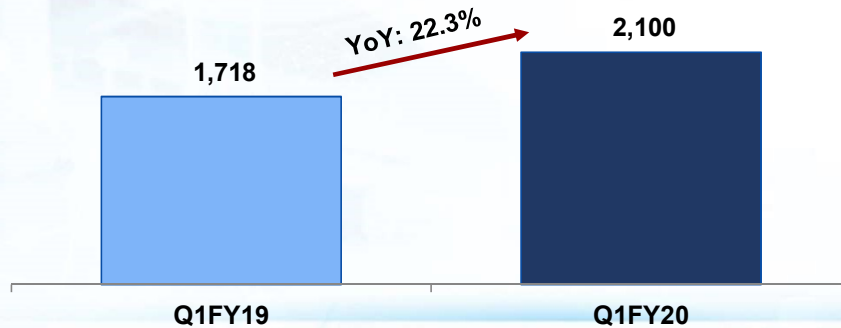
Gross Profit and Gross Margin



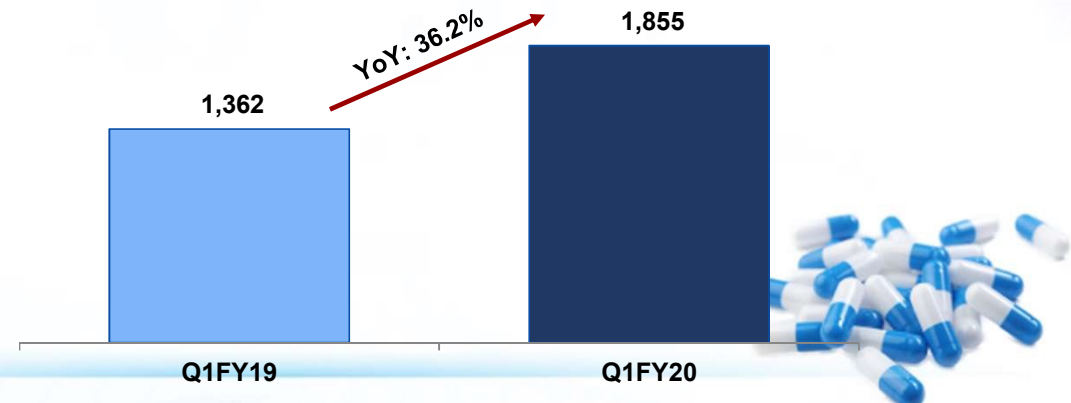
EBITDA and EBITDA Margin



PBT (before Minority Interest)



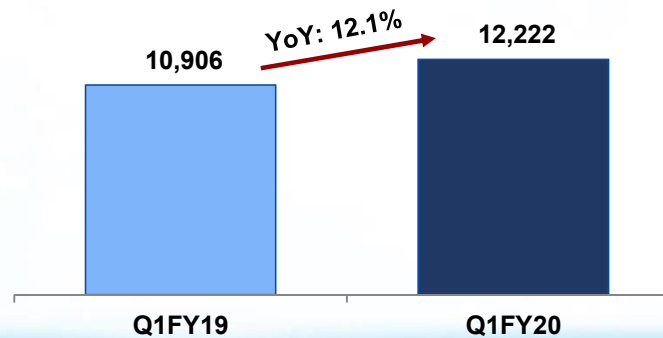
PAT (after Minority Interest)



India Business: 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)

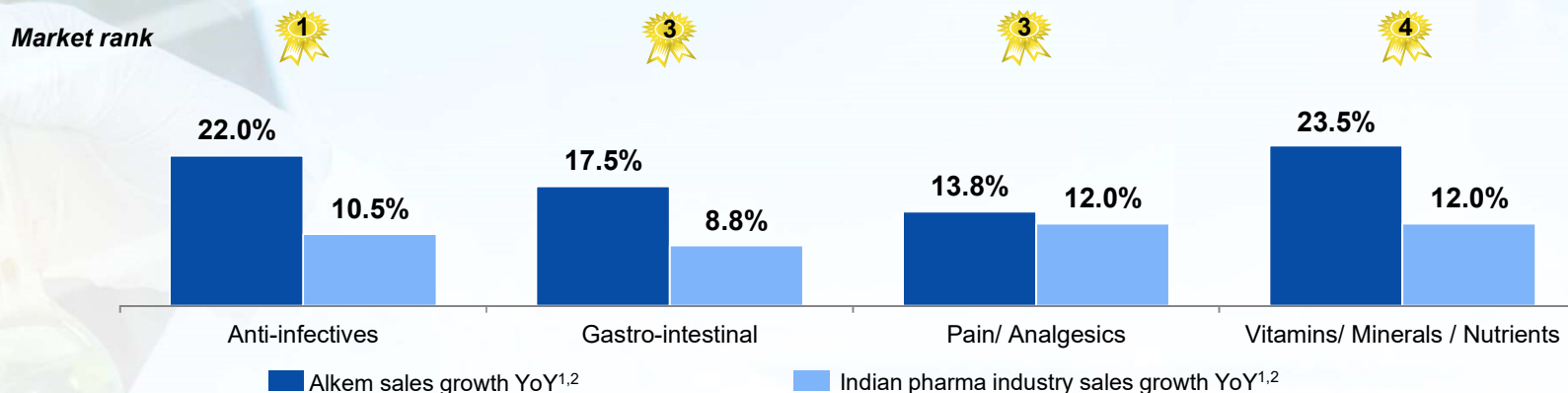


India Business – Secondary Sales Performance

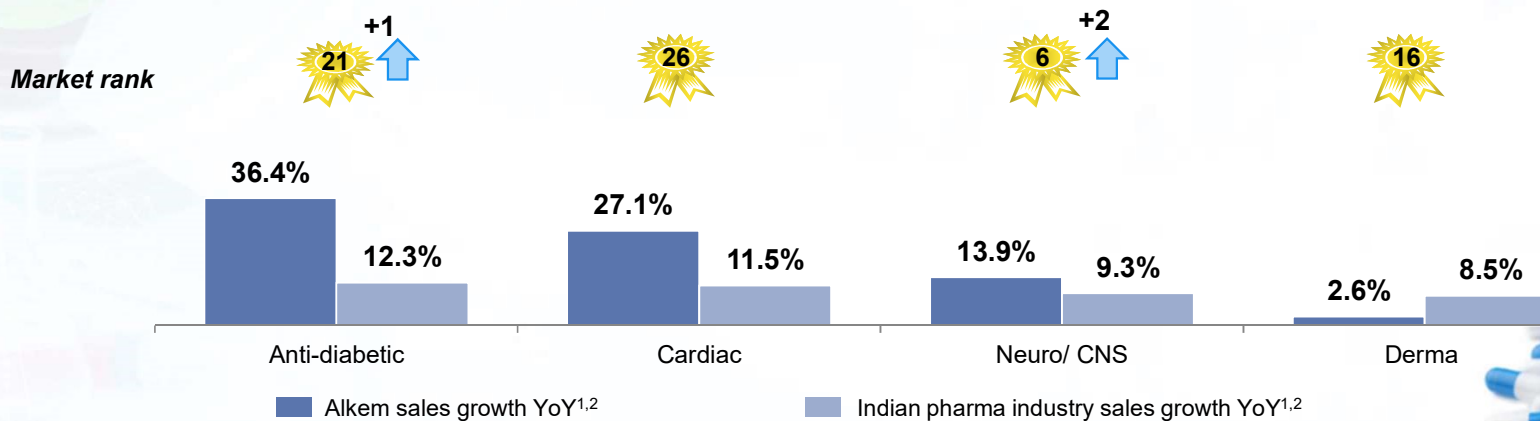


Outperformance across most of the major therapeutic areas in Q1FY20

Established therapeutic areas of Alkem



Emerging therapeutic areas of Alkem

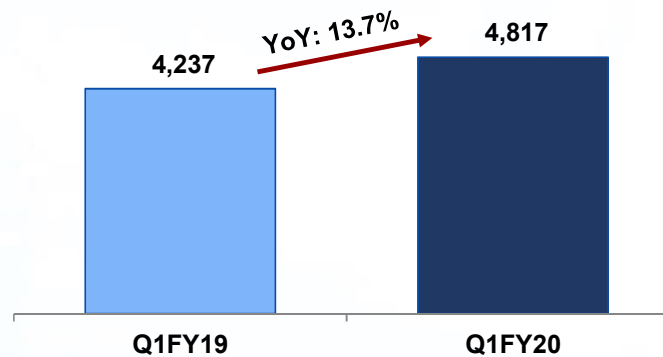


Source: IQVIA data ¹ Domestic formulations sales; ² For 3 months ended June 30, 2019

US Business: 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



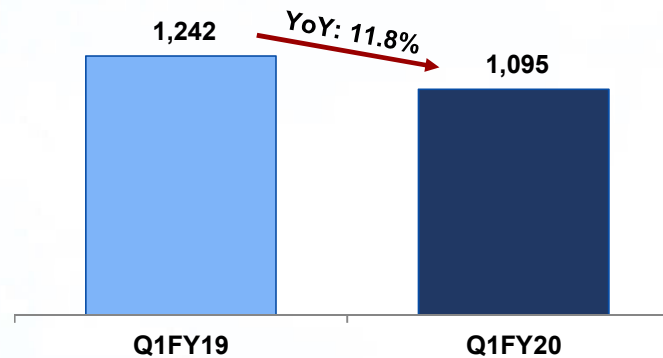
Other International Business



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

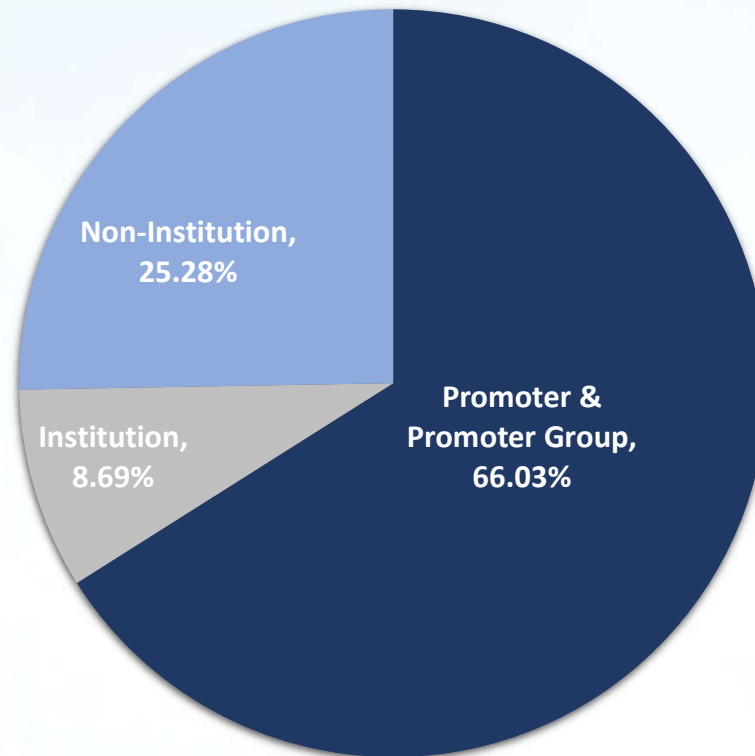
Q1FY20 – Other International Sales
(Rs mn)



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

