



Alkem Laboratories Ltd.

Investor Presentation Q2FY18

10th November 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 Highlights For The Quarter

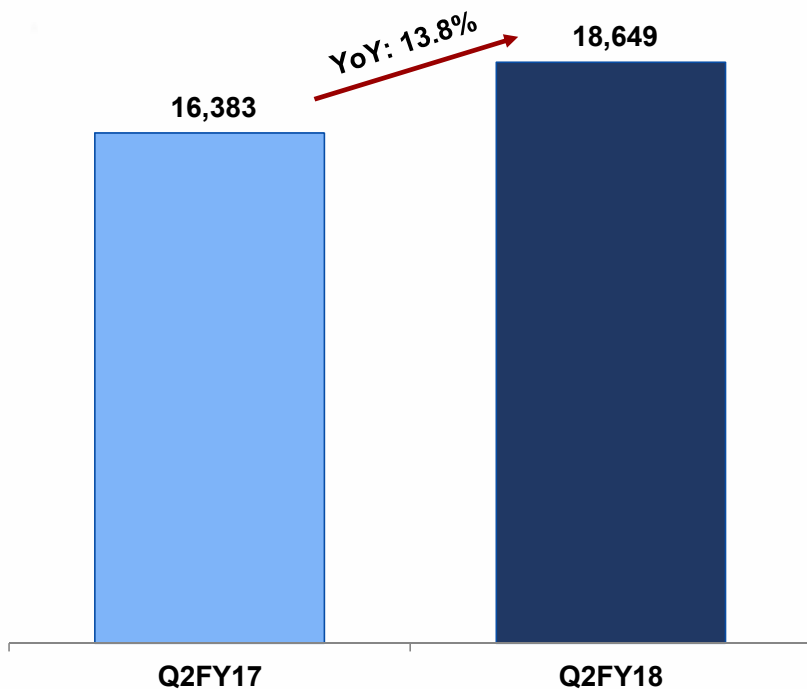
Robust quarter – Strong revenue growth accompanied with improved EBITDA margins

- **Strong growth in the India Business:**
 - Strong bounce back in Q2FY18 following a weak Q1FY18 performance helped by channel filling post the GST roll-out
 - Company's mega brands continued to deliver healthy growth. Also the Company's emerging therapy areas of Cardiac, Anti-Diabetes, Neuro / CNS and Derma reported market outperformance
- **Healthy double digit growth in the International Business:** Company's key select International markets registered healthy growth. Growth was even better in local currency terms
- **Continued investments in R&D:** R&D investments during the quarter was up 38.5% YoY. The Company filed 6 ANDAs and received 5 final approvals from the US FDA during the first half of the financial year
- **US FDA inspections:**
 - The Company successfully closed the US FDA inspection at its bioequivalence facility at Taloja, India without any Form 483 observations
 - For its manufacturing facility at Baddi, the Company received 2 observations, to which it has responded with a comprehensive corrective and preventive plan to the US FDA

Key Financial Highlights - Q2FY18 (Consolidated)

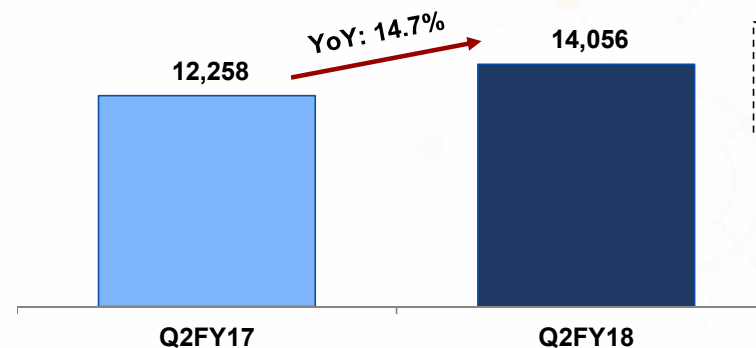
All figures in Rs mn

Total Revenue from Operations



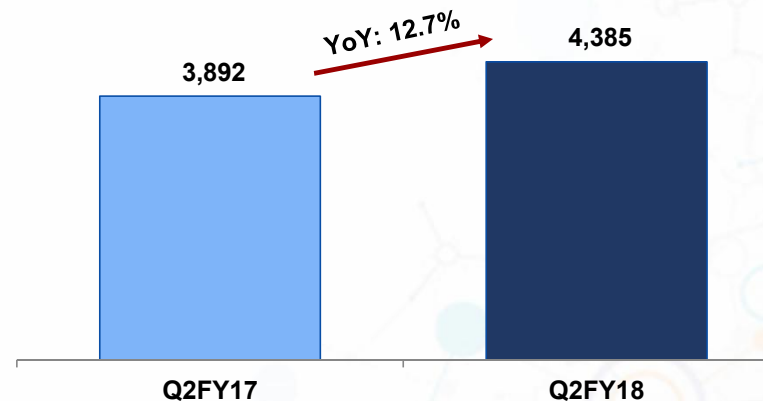
Notes: Post implementation of GST with effect from 1st July 2017 and as per Ind AS 18, Revenue from Operations is disclosed net of GST. Revenue from Operations for earlier periods includes excise duty. Accordingly, Revenue from Operations for the quarter and six months ended 30 September 2017 are not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

India sales



Adjusting for the impact of GST, YoY growth was higher

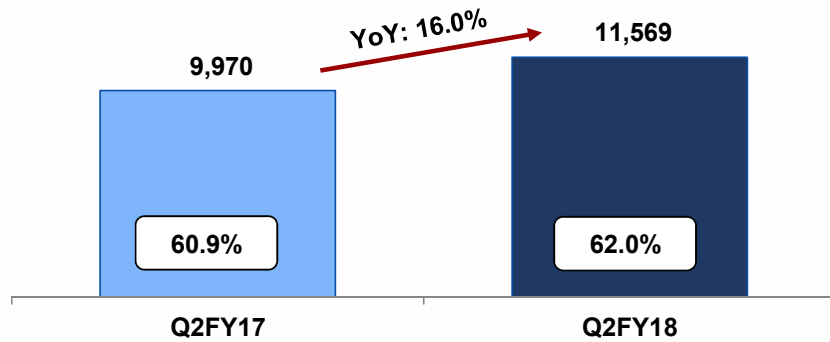
International sales



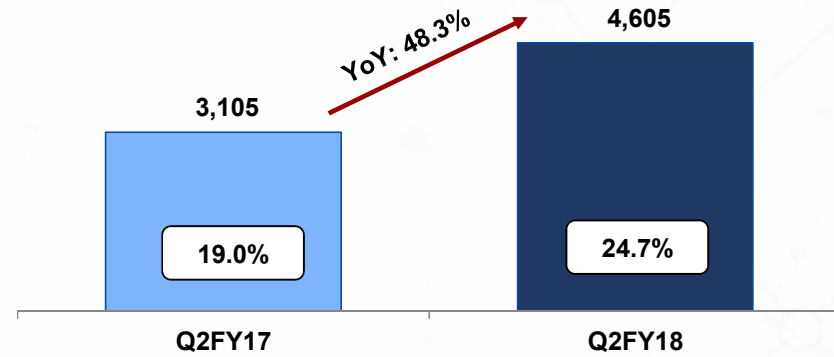
Key Financial Highlights - Q2FY18 (Consolidated)

All figures in Rs mn

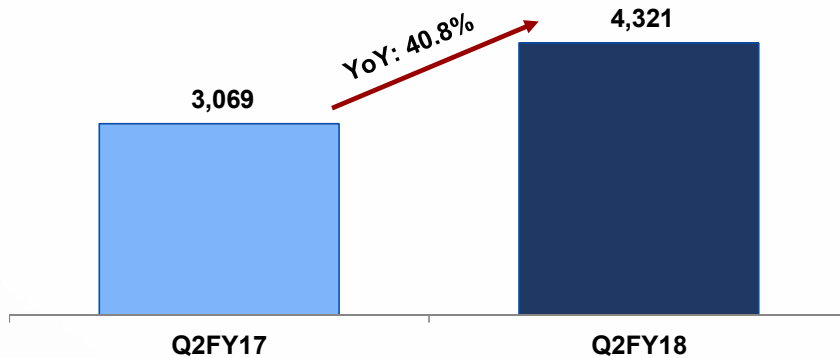
Gross Profit and Gross Margin



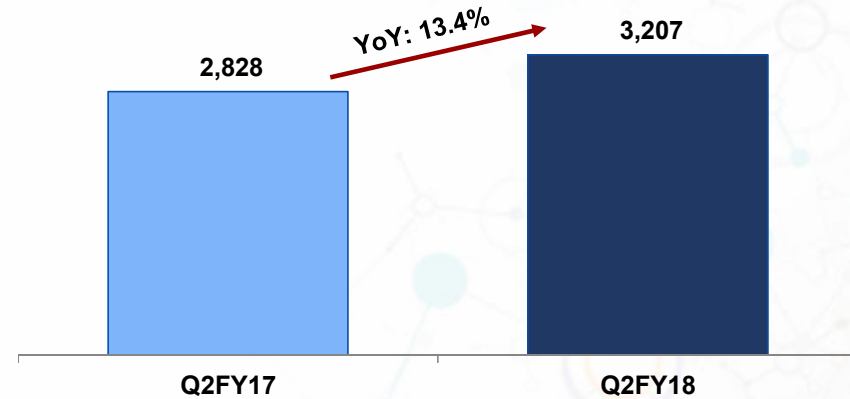
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights - H1FY18 (Consolidated)

Particulars (Rs mn)	H1FY18	H1FY17	YoY growth
Revenue from Operations	31,602	31,192	1.3%
Gross Profit	18,897	18,989	-0.5%
Gross Profit margin	59.8%	60.9%	
EBITDA	5,548	5,816	-4.6%
EBITDA margin	17.6%	18.6%	
PBT	5,127	5,732	-10.5%
PBT margin	16.2%	18.4%	
PAT (After Minority Interest)	3,922	5,216	-24.8%
PAT margin	12.4%	16.7%	
EPS (Rs / share)	32.80	43.63	-24.8%

YoY performance in H1FY18 was mainly impacted by significant level of destocking that took place in the domestic pharma market in Q1FY18 in the run-up to the implementation of GST on 1st July 2017

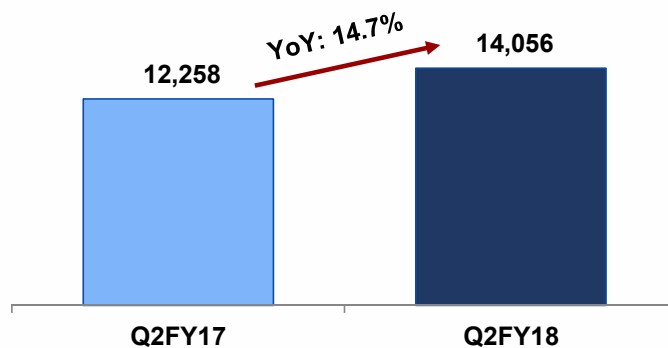
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India Business

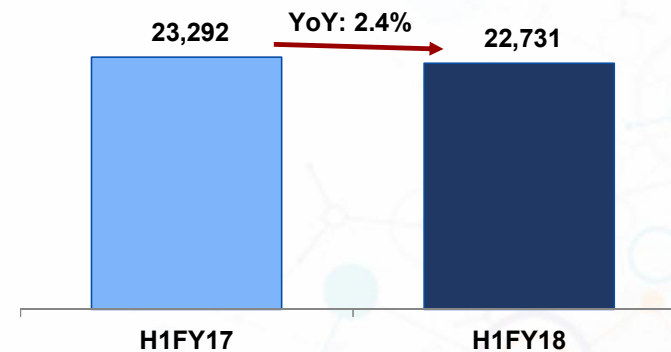
India Business: Q2FY18 Sales of Rs.14,056 million (14.7% growth YoY)

- India sales contributed 76.2% to total sales in Q2FY18
- YoY growth during the quarter was helped by post-GST channel filling
- The Company maintained its leading positions in its established therapy areas of Anti-Infectives, Gastro-Intestinal, Pain Management and Vitamins / Minerals / Nutrients (Source: IMS TSA MAT September 2017)
- The Company also outperformed the market in its emerging therapy areas of Cardiac, Anti-diabetes, Neuro / CNS and Derma, thereby gaining market share and ranking (Source: IMS TSA MAT September 2017)
- The Company invested in brand building and promotional activities to build formidable brands in the OTC space

Q2FY18 – India Sales (Rs mn)



H1FY18 - India sales (Rs mn)

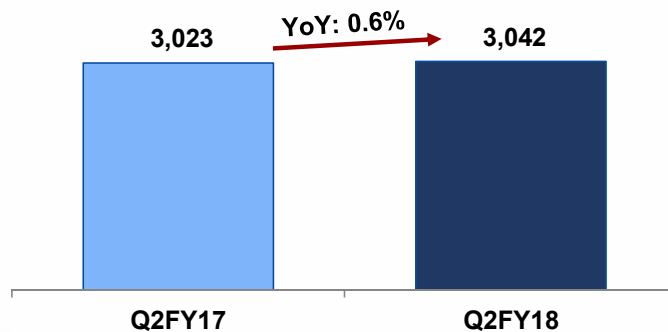


US Business

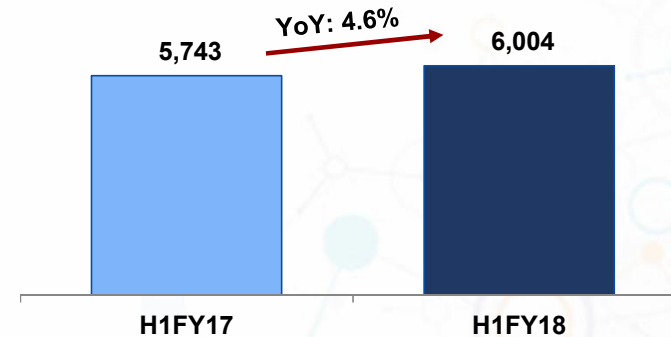
US Business: Q2FY18 Sales of Rs.3,042 million (0.6% growth YoY)

- US sales contributed 16.5% to total sales in Q2FY18
- YoY growth during the quarter was partly impacted by adverse currency movement
- In Q2FY18, the Company filed 4 ANDAs with the US FDA and received 3 final approvals
- As on 30th September 2017, the Company has filed a total of 95 ANDAs (including 1 NDA) with the US FDA and has received 43 approvals (including 5 tentative approvals and 1 NDA)
- US FDA inspected the Company's bioequivalence facility at Talaja, India in July 2017. No Form 483 was issued
- US FDA inspected the Company's formulation manufacturing facility at Baddi, India in September 2017. Form 483 was issued with 2 observations. The Company has replied to the US FDA with comprehensive corrective and preventive measures

Q2FY18 – US Sales (Rs mn)



H1FY18 - US sales (Rs mn)

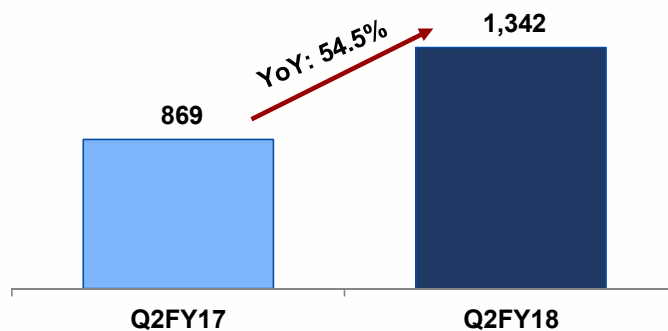


Other International Business

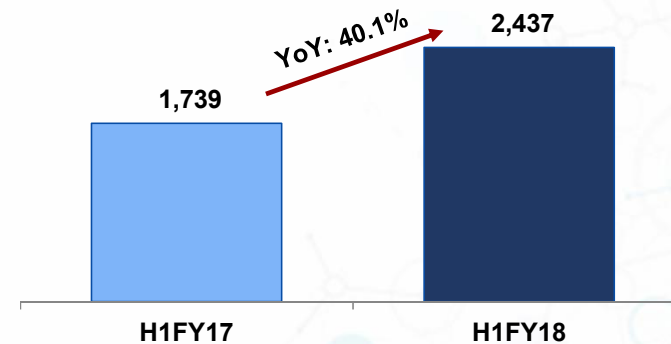
Other International Business: Q2FY18 Sales of Rs.1,342 million (54.5% growth YoY)

- Other International Market sales contributed 7.3% to total sales in Q2FY18
- Company's key markets including Australia, Philippines, Chile and Kazakhstan recorded healthy growth
- YoY growth was higher in local currency

Q2FY18 – Other International Sales (Rs mn)



H1FY18 – Other International Sales (Rs mn)



Consistent Strategy, Strong Execution

1

India Sales: Consolidate Company's leadership position in the acute segment by driving growth in its mega brands

2

India Sales: Increase Company's market share in the chronic segment through market share acquisition and new product introductions

3

Improve field force productivity through SFE (Sales Force Effectiveness) initiatives

4

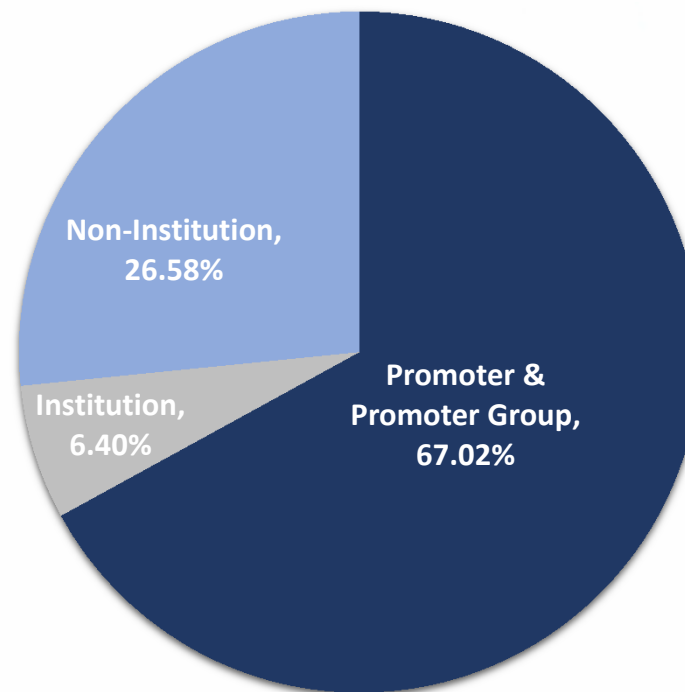
Continued focus on R&D to accelerate ANDA filings for the US market and develop differentiated portfolio

5

Strategic partnerships / collaborations to enhance capabilities and product portfolio for focus markets

Latest Shareholding Pattern

Shareholding pattern as on 30th September 2017



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

The background of the slide features a complex network diagram. It consists of numerous small, light-colored nodes connected by thin, grey lines. Some nodes are highlighted with larger, semi-transparent circles in shades of blue, orange, and red. The overall aesthetic is clean and technical, suggesting a theme of connectivity or data analysis.

Thank You