



Alkem Laboratories Limited

Investor Presentation Q4FY20
June 5, 2020





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 Q4FY20 and FY20

Steady revenue growth accompanied by improvement in EBITDA margin

- **Revenue from Operations** in Q4FY20 grew by 10.6% YoY, accompanied by 220bps YoY improvement in EBITDA margin. Adjusting for the delay in transportation due to lockdown in the month of March 2020, the growth would have been higher
- **Profit After Tax** for the quarter grew by 12.8% compared to the previous year
- **India Business:** As per secondary sales data by IQVIA, the Company's secondary sales growth in Q4FY20 was 8.8% YoY. Similarly for the twelve months ended March 2020, secondary sales growth was 16.9% YoY
- **US Business** grew by 25.8% YoY in Q4FY20 and 16.0% YoY in FY20, largely driven by new product launches
 - The US business crossed an important revenue milestone of US\$300mn during the financial year
- **US FDA inspection** - All the 6 manufacturing facilities which have been inspected by the US FDA has an EIR
- **R&D expenses** during the quarter was at 6.1% of revenue from operations and 5.7% for the financial year
- **ANDA filings:** The Company filed 18 ANDAs and received 22 ANDA approvals (including 6 tentative) from the US FDA during the year

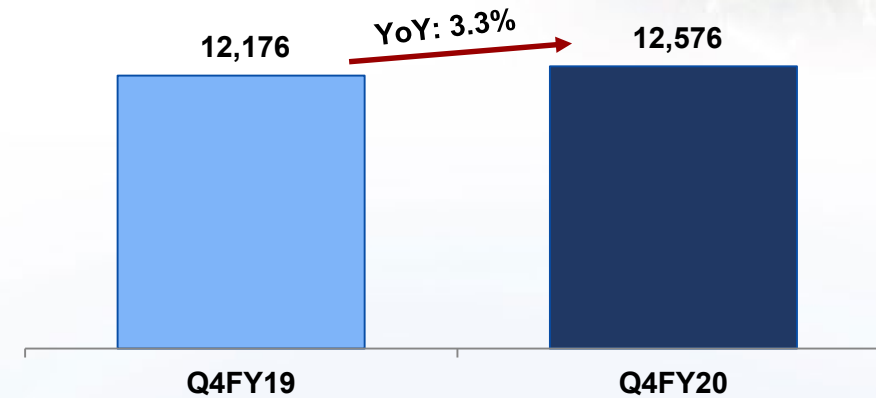
Key Financial Highlights – Q4FY20

All figures in ₹ mn

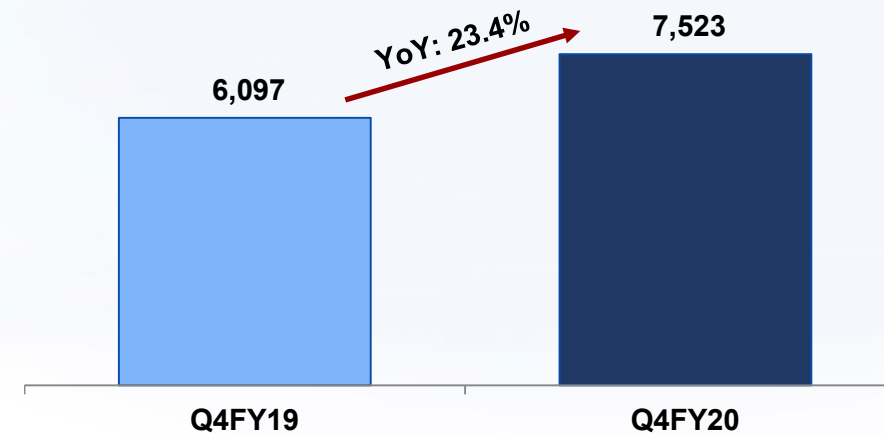
Revenue from Operations



India sales



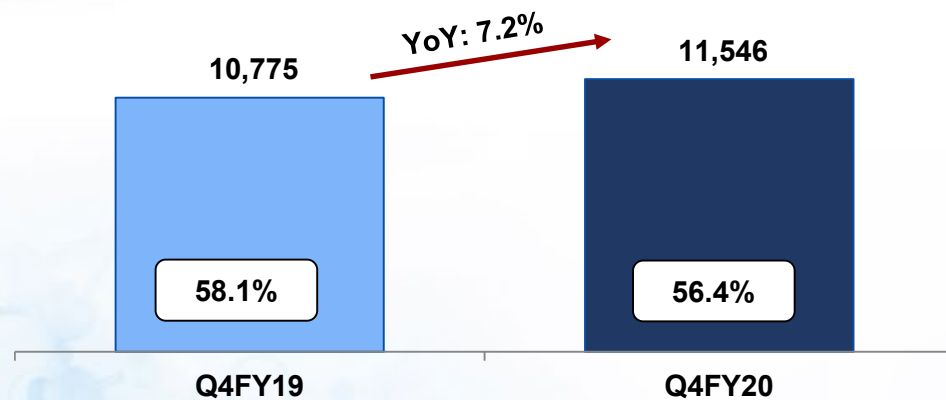
International sales



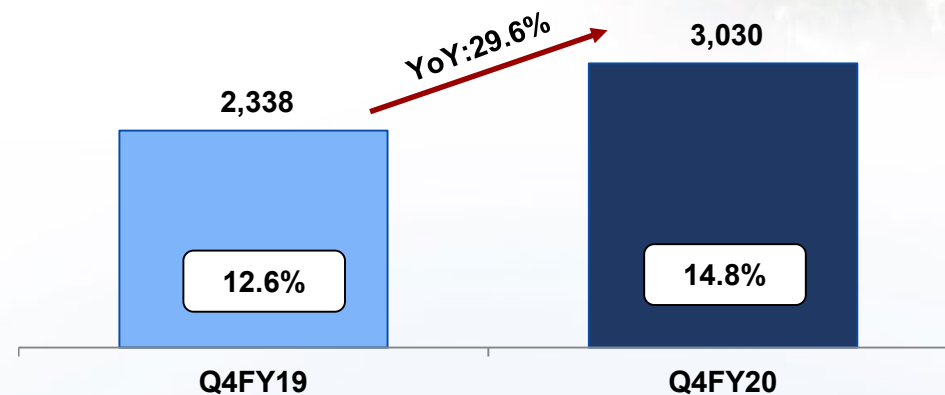
Key Financial Highlights – Q4FY20

All figures in ₹ mn

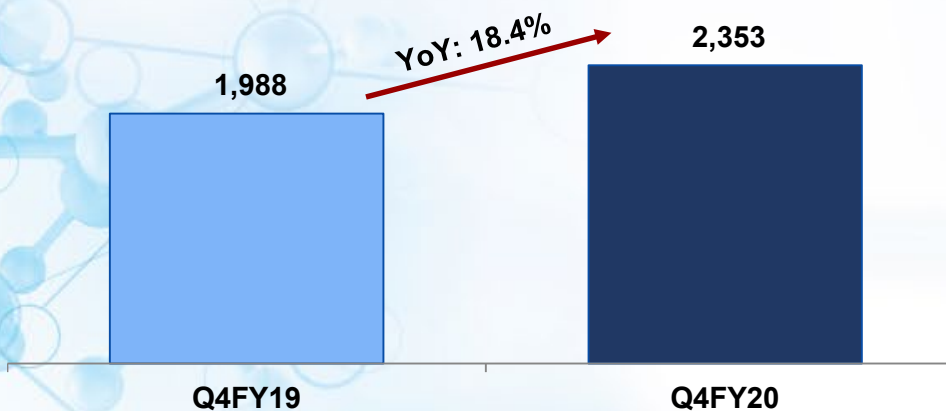
Gross Profit and Gross Margin



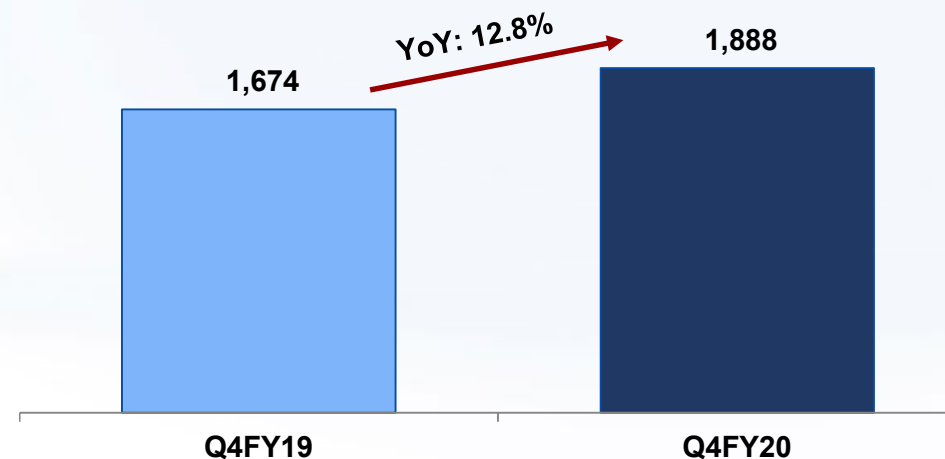
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights

Consolidated Financials

Particulars (₹ mn)	FY20	FY19	YoY growth
Revenue from Operations	83,444	73,572	13.4%
Gross Profit	49,994	44,122	13.3%
Gross Profit margin	59.9%	60.0%	
EBITDA	14,734	11,148	32.2%
EBITDA margin	17.7%	15.2%	
PBT	12,598	9,547	32.0%
PBT margin	15.1%	13.0%	
PAT (After Minority Interest)	11,271	7,605	48.2%
PAT margin	13.5%	10.3%	
EPS (₹ / share)	94.26	63.61	

India Business

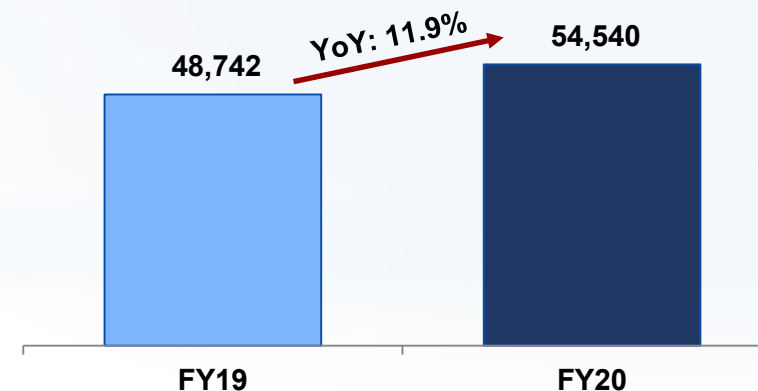
India Business: Q4FY20 Sales of ₹ 12,576 million (3.3% YoY growth)

- India sales contributed 62.6% to total sales in Q4FY20
- In Q4FY20, Company's secondary sales grew by 8.8% YoY vs. IPM growth of 9.6% YoY. In FY20, the Company's secondary sales grew ahead of the IPM with growth of 16.9% vs. IPM growth of 10.8% (Source: IQVIA data)
- This outperformance during the year was mainly led by Anti-Infectives segment where the Company grew at more than 1.5x the therapy growth rate and maintained its leadership position. In Vitamins / Minerals / Nutrients segment also, the Company grew at 2x the therapy growth rate (Source: IQVIA data)
- During the year, the Company improved its ranking in the chronic therapy segments like Derma and Anti-Diabetes. In therapy areas of Neuro / CNS and Cardiac, the Company grew significantly ahead of the therapy growth rates (Source: IQVIA data)

Q4FY20 – India Sales (₹ mn)



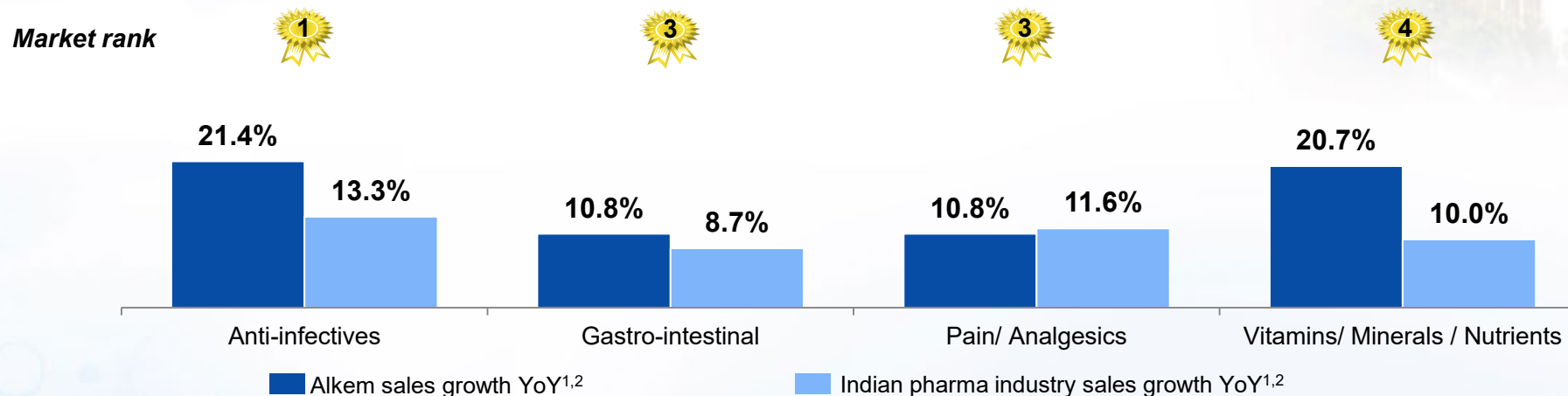
FY20 – India Sales (₹ mn)



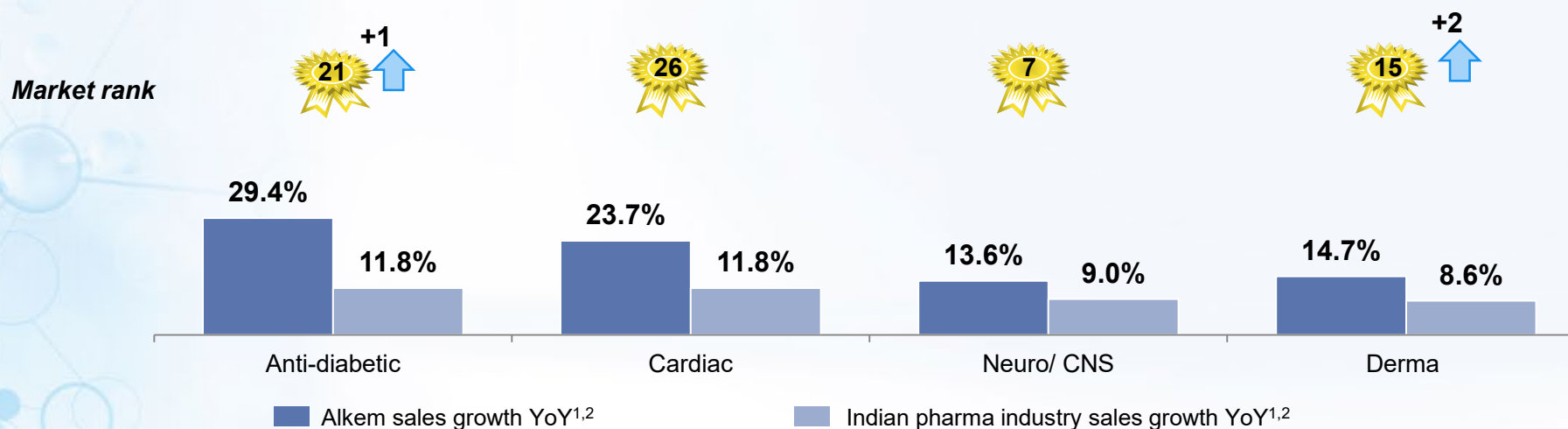
Secondary Sales Performance

Outperformance across most of the major therapeutic areas in FY20

Established therapeutic areas of Alkem



Emerging therapeutic areas of Alkem



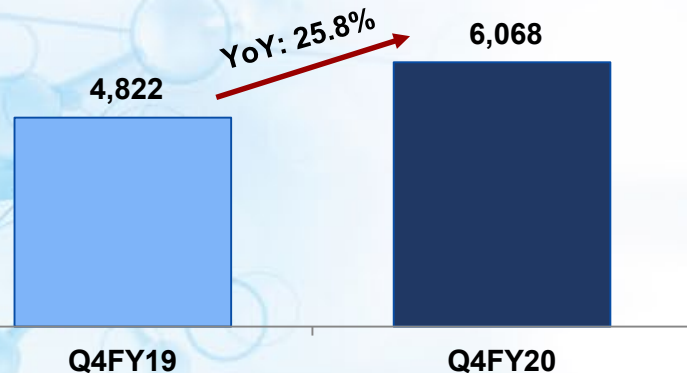
Source: IQVIA data ¹ Domestic formulations sales; ² For 12 months ended March 31, 2020

US Business

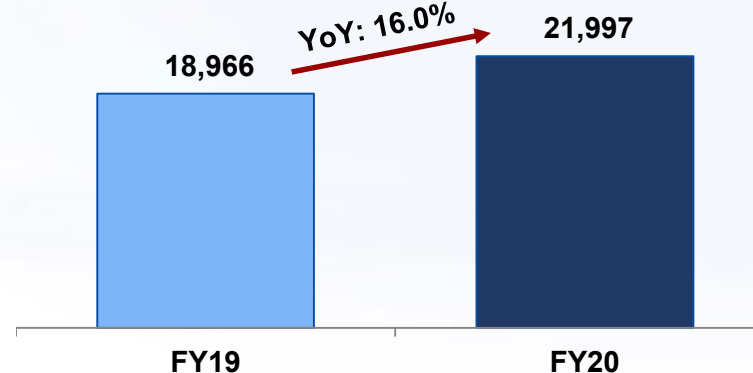
US Business: Q4FY20 Sales of ₹ 6,068 million (25.8% growth YoY)

- US sales contributed 30.2% to total sales in Q4FY20
- Growth in US dollar terms was 22.7% YoY during the quarter - mainly driven by new product launches and market share gains
- The US business crossed revenue milestone of US\$300 mn during the financial year
- In Q4FY20, the Company filed 7 ANDAs with the US FDA and received 7 approvals (including 2 tentative approval)
- As on March 31, 2020, the Company has filed a total of 144 ANDAs (including 2 NDA) with the US FDA and has received 89 approvals (including 13 tentative approvals and 2 NDA)

Q4FY20 – US Sales (₹ mn)



FY20 – US Sales (₹ mn)



Update on the US FDA inspection

EIR for all the six facilities inspected by the US FDA

Facility	Scope	Last inspection	Status post last inspection
St. Louis (US)	Formulation	February 2020	EIR# received in May 2020, thereby successfully closing the inspection
Baddi (India)	Formulation	February 2020	EIR# received in March 2020, thereby successfully closing the inspection
Daman (India)	Formulation	August 2019	EIR# received in October 2019, thereby successfully closing the inspection
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

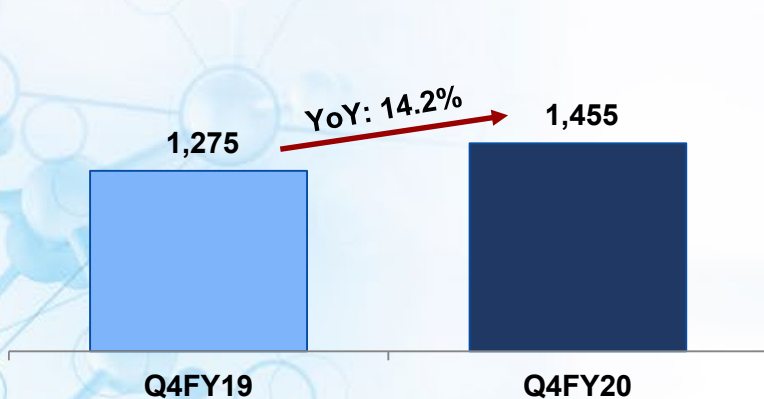
EIR – Establishment Inspection Report

Other International Business

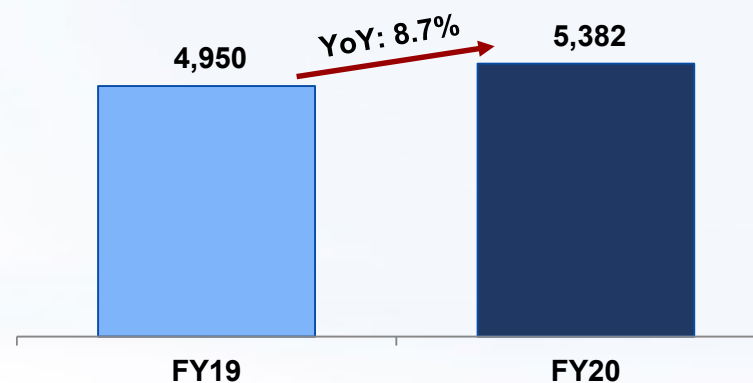
Other International Business: Q4FY20 Sales of ₹ 1,455 million (14.2% growth YoY)

- Other International Market sales contributed 7.2% to total sales in Q4FY20
- The Company has presence in Australia, Europe, South East Asia, Latin America and Africa
- Company's key markets like Australia, Chile, Philippines and Kazakhstan registered healthy YoY growth during the quarter and FY20

Q4FY20 – Other International Sales
(₹ mn)

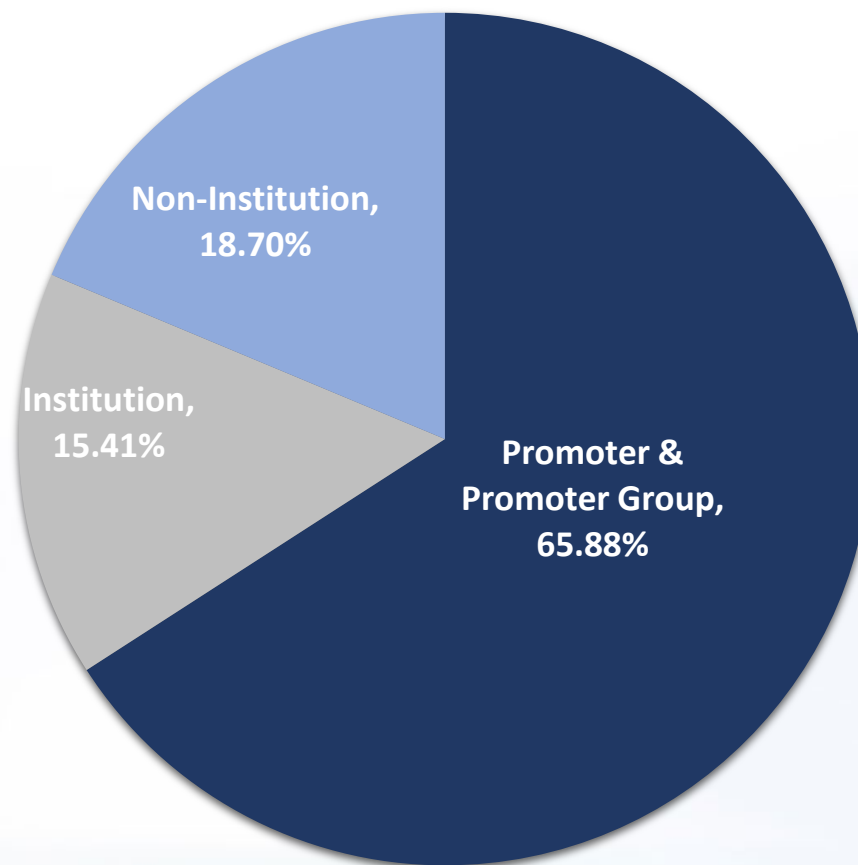


FY20 – Other International Sales
(₹ mn)



Latest Shareholding Pattern

Shareholding pattern as on March 31, 2020



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

For further information or queries please contact

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