



**ALKEM**

**ALKEM LABORATORIES LTD.**

Regd. Office : "ALKEM HOUSE", Senapati Bapat Marg,  
Lower Parel, MUMBAI 400 013. Phone : 3982 9999, Fax : 022 - 2495 2955  
Email : contact@alkem.com Website : www.alkemlabs.com  
CIN :- L00305MH1973PLC174201



**Press Release**

**Alkem reports Q2FY19 and H1FY19 Results**

**Mumbai, November 2, 2018:** Alkem Laboratories Ltd (Alkem) today announced its standalone and consolidated financial results for the second quarter & six months ending September 30, 2018. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

**Key financial highlights of H1FY19**

- Revenue from Operations was Rs.35,780 million, year-on-year growth of 12.9%
  - India sales were Rs.24,091 million, year-on-year growth of 6.0%
  - International sales were Rs.11,288 million, year-on-year growth of 33.7%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.5,680 million, resulting in EBITDA margin of 15.9% vs. 17.2% in H1FY18. EBITDA grew by 4.1% YoY
- R&D expenses for H1FY19 was Rs.2,035 million, or 5.7% of Revenue from Operations compared to Rs.1,602 million in H1FY18 at 5.1% of Revenue from Operations
- Profit before tax (PBT) was Rs.4,978 million compared to Rs.5,127 million in H1FY18
- Net Profit (after Minority Interest) was Rs.3,906 million compared to Rs.3,922 million in H1FY18

**Key financial highlights of Q2FY19**

- Revenue from Operations was Rs.19,189 million, year-on-year growth of 3.2%
  - India sales were Rs.13,184 million, year-on-year decline of 6.2% on the high base of Q2FY18 on account of GST led inventory restocking
  - International sales were Rs.5,809 million, year-on-year growth of 32.5%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.3,642 million, resulting in EBITDA margin of 19.0% vs. 24.4% in Q2FY18
- R&D expenses for the quarter was Rs.1,049 million, or 5.5% of Revenue from Operations compared to Rs.901 million in Q2FY18 at 4.8% of Revenue from Operations
- Profit before tax (PBT) was Rs.3,260 million compared to Rs.4,321 million in Q2FY18
- Net Profit (after Minority Interest) was Rs.2,545 million compared to Rs.3,207 million in Q2FY18

At the start of FY19, in order to streamline its distribution process, the Company has made changes in its distribution policy which has led to shifting of some of its India sales between the quarters and this will eventually normalise on the full year basis. Adjusting for this change in distribution policy, the India sales in H1FY19 would have reported higher growth, leading to higher growth in the revenue from operations and better EBITDA margin.

*Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "We have seen a steady progress in the first half of the financial year. Adjusting for the change in distribution policy and GST impact, our India business delivered a double digit growth in H1FY19, while our US business grew at close to 50% YoY. In terms of regulatory compliance, our formulation facility at Baddi and API facility at California successfully cleared the US FDA inspection without any observation. We look to build upon this momentum for the remaining half of the year, and close the financial year on a stronger note."*

**ALKEM****ALKEM LABORATORIES LTD.**

Regd. Office : "ALKEM HOUSE", Senapati Bapat Marg,  
Lower Parel, MUMBAI 400 013. Phone : 3982 9999, Fax : 022 - 2495 2955  
Email : contact@alkem.com Website : www.alkemlabs.com  
CIN :- L00305MH1973PLC174201



### Operational Highlights

#### India Business

In Q2FY19, the Company's India sales was Rs.13,184 million compared to Rs.14,056 million in Q2FY18 – YoY decline of 6.2%. For H1FY19, the Company's India sales was Rs.24,091 million compared to Rs.22,731 million in H1FY18 – YoY growth of 6.0%. Adjusting for the GST impact and change in distribution policy, the YoY growth in H1FY19 was in double digit.

As per IQVIA MAT September 2018, during the quarter, the Company's secondary sales registered value growth of 18.2% YoY, outperforming the Indian Pharmaceutical Market (IPM) growth of 13.3% YoY. Also for the six months ended September 2018, the Company's secondary sales growth was 16.4% YoY – higher than IPM growth of 12.1% YoY in the corresponding period. In most of the large therapy segments like anti-infectives, vitamins / minerals / nutrients, neuro / CNS, derma, cardiac and anti-diabetes, the Company outperformed the segment growth rate, thereby gaining market share and improving its market ranking. While the Company continues to feature amongst the top three companies in the acute segments of anti-infectives, gastro-intestinal and pain management, it is also building upon its base in the fast growing chronic segments of neuro / CNS, derma, cardiac and anti-diabetes.

The performance highlights in the key therapeutic segments in Q2FY19 and H1FY19 is as shown below:

Key Therapy segment	Q2FY19				H1FY19			
	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	18.9%	9.7%	1	Unchanged	17.3%	8.3%
Gastro Intestinal	3	Unchanged	21.2%	11.5%	3	Unchanged	18.7%	9.9%
Pain / Analgesics	3	Unchanged	5.6%	10.7%	3	Unchanged	4.9%	9.2%
Vitamins / Minerals / Nutrients	4	Unchanged	15.4%	14.9%	4	+1	15.7%	13.4%
Neuro / CNS	8	+1	18.9%	13.4%	8	+1	17.8%	10.7%
Derma	14	+4	26.7%	17.7%	16	+2	22.4%	16.4%
Cardiac	26	+2	32.0%	14.0%	26	+2	26.8%	12.2%
Anti-Diabetic	22	+3	37.7%	15.3%	22	+3	34.7%	14.6%
<b>Total</b>	<b>5</b>	<b>Unchanged</b>	<b>18.2%</b>	<b>13.3%</b>	<b>6</b>	<b>Unchanged</b>	<b>16.4%</b>	<b>12.1%</b>

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

Source: IQVIA MAT September 2018

#### International Business

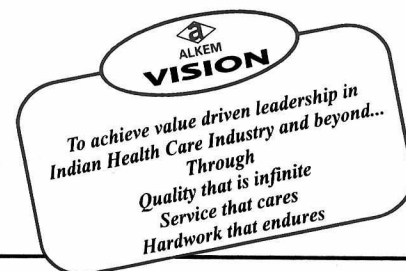
In Q2FY19, the Company's International sales grew by 32.5% YoY, recording sales of Rs.5,809 million as compared to Rs.4,384 million in Q2FY18. For H1FY19, the Company's International sales grew by 33.7% to Rs.11,288 million compared to Rs.8,441 million in H1FY18.



**ALKEM**

**ALKEM LABORATORIES LTD.**

**Regd. Office :** "ALKEM HOUSE", Senapati Bapat Marg,  
Lower Parel, MUMBAI 400 013. Phone : 3982 9999, Fax : 022 - 2495 2955  
Email : [contact@alkem.com](mailto:contact@alkem.com) Website : [www.alkemlabs.com](http://www.alkemlabs.com)  
CIN :- L00305MH1973PLC174201



- **US sales** for the quarter was Rs.4,725 million, recording a year-on-year growth of 55.3%. For H1FY19, the US sales was Rs.8,962 million, up 49.3% compared to H1FY18.
- **Other International Markets sales** for the quarter was Rs.1,084 million, recording a year-on-year decline of 19.3%. For H1FY19, Other International Markets sales was Rs.2,326 million, a decline of 4.6% compared to H1FY18.

**R&D Investments**

Company's revenue R&D expenses for the quarter was Rs.1,049 million, or 5.5% of revenue from operations. Similarly for H1FY19, Company's revenue R&D expenses was Rs.2,035 million, or 5.7% of total revenue from operations.

During the quarter, the Company filed 7 abbreviated new drug applications (ANDAs) with the US FDA and received 2 approvals (including 1 tentative approval). For H1FY18, the Company filed 11 ANDAs with the US FDA and received 4 approvals (including 2 tentative approval).

As on September 30, 2018, the Company has filed a total of 117 ANDAs and 1 new drug application (NDA) with the US FDA of which 52 are Para IV filings including first-to-files (FTFs). Of these, it has received approvals for 52 ANDAs (including 7 tentative approvals) and 1 NDA.

**Update on the US FDA inspection**

Facility	Capability	Inspection Date	Update
Daman (India)	Formulations	March 2018	EIR received in July 2018
Baddi (India)	Formulations	August 2018	Successfully closed the inspection with zero observations
Ankleshwar (India)	API	December 2016	EIR received in March 2017
Mandva (India)	API	September 2015	EIR received in March 2016
St. Louis (USA)	Formulations	March 2018	Received one observation – CAPA filed with the US FDA
California (USA)	API	August 2018	Successfully closed the inspection with zero observations



**ALKEM**

**ALKEM LABORATORIES LTD.**

Regd. Office : "ALKEM HOUSE", Senapati Bapat Marg,  
Lower Parel, MUMBAI 400 013. Phone : 3982 9999, Fax : 022 - 2495 2955  
Email : [contact@alkem.com](mailto:contact@alkem.com) Website : [www.alkemlabs.com](http://www.alkemlabs.com)  
CIN :- L00305MH1973PLC174201



**Q2FY19 and H1FY19 Conference Call at 5:00pm IST, November 2, 2018**

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Friday, November 2, 2018 from 5:00 pm to 6:00 pm IST to discuss its Q2FY19 and H1FY19 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 will host the call.

**Details of the conference call are as under:**

**Time:** 5:00 pm to 6:00 pm IST (GMT + 5:30) on Friday, November 2, 2018.

**Dial in Details:**

India : +91 22 6280 1149 / +91 22 7115 8050

**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](http://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 750 brands in India, Alkem is ranked the sixth largest pharmaceutical company in India in terms of domestic sales (Source: IMS TSA MAT March 2018). 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](http://www.alkemlabs.com)

**For further information or queries please contact**

**Gagan Borana**

Investor Relations – Alkem Laboratories Ltd.

Tel: +91 22 3982 9960 / Mobile: +91 98190 56333

E-mail: [gagan.borana@alkem.com](mailto:gagan.borana@alkem.com)