



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 no.:- L00305MH1973PLC174201



Press Release

Alkem reports Q4FY19 and FY19 Results

Mumbai, May 30, 2019: Alkem Laboratories Ltd (Alkem) today announced its standalone and consolidated financial results for the fourth quarter & full year ending March 31, 2019. These results were taken on record by the Board of Directors at its meeting held in Mumbai today.

Key financial highlights of Q4FY19

- Revenue from Operations was Rs.18,542 million, year-on-year growth of 24.3%
 - India sales were Rs.12,176 million, year-on-year growth of 26.8%
 - International sales were Rs.6,097 million, year-on-year growth of 18.8%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.2,350 million, resulting in EBITDA margin of 12.7% vs. 6.9% in Q4FY18. EBITDA grew by 128.1% YoY
- R&D expenses for the quarter was Rs.1,392 million, or 7.5% of Revenue from Operations compared to Rs.1,117 million in Q4FY18 at 7.5% of Revenue from Operations
- Profit before tax (PBT) was Rs.1,988 million, a growth of 145.9% compared to Q4FY18
- Net Profit (after Minority Interest) was Rs.1,674 million, year-on-year growth of 149.5%

Key financial highlights of FY19

- Revenue from Operations was Rs.73,572 million, year-on-year growth of 14.9%
 - India sales were Rs.48,742 million, year-on-year growth of 8.6%
 - International sales were Rs.23,917 million, year-on-year growth of 31.2%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.11,148 million, resulting in EBITDA margin of 15.2% vs. 15.8% in FY18. EBITDA grew by 10.5% YoY
- R&D expenses for FY19 was Rs.4,622 million, or 6.3% of Revenue from Operations compared to Rs.3,646 million in FY18 at 5.7% of Revenue from Operations
- Profit before tax (PBT) was Rs.9,547 million, a growth of 3.1% compared to FY18
- Net Profit (after Minority Interest) was Rs.7,605 million, year-on-year growth of 20.5%

At the start of FY19, in order to streamline its distribution process, the Company made changes in its distribution policy which led to shifting of some of its India sales between the quarters and this eventually normalised on the full year basis. Domestic sales growth in Q4FY19 was helped by the change in distribution policy, adjusting for which the growth in YoY Q4FY19 was in early teens.

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "Financial year 2019 was a mixed year for the company. While the domestic business growth was impacted by FDC ban and relatively weak anti-infective season, the international business registered robust growth on the back of new product launches and market share gains in existing products. Higher API prices weighed on the profit margins during the year. The Company improved its working capital which led to significant improvement in the operating cashflows during the year. With large part of the investments in people and infrastructure already done, we look forward to leveraging them to deliver profitable growth."

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**Operational Highlights****India Business**

In Q4FY19, the Company's India sales grew by 26.8% YoY, recording a sales of Rs.12,176 million as compared to Rs.9,602 million in Q4FY18. For FY19, the Company's India sales was Rs.48,742 million compared to Rs.44,899 million in FY18, up 8.6% YoY.

As per IQVIA MAT March 2019, during the quarter, the Company registered value growth of 14.6% YoY, outperforming the Indian Pharmaceutical Market (IPM) growth of 7.7% YoY. Also for the full year, the company registered a growth of 14.3% compared to IPM growth of 10.5%. In its established therapy segments of Anti-Infectives, Gastro Intestinal, Vitamins / Minerals / Nutrients and Pain / Analgesic, the company retained its leading position on the back of strong brands, large field force and robust supply chain and distribution network. In its emerging therapy areas of Neuro / CNS, Derma, Cardiac and Anti-Diabetes, the Company grew significantly ahead of the market growth rate, thereby gaining market share and improving its market ranking. This was a result of its effective sales and marketing strategies and new product launches. Over the last two years, the Company has added more than 2,000 MRs to its field force in order to expand its reach in the India pharma market.

The performance highlights in the key therapeutic segments in Q4FY19 and FY19 is as shown below:

Key Therapy segment	Q4FY19				FY19			
	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	13.0%	3.0%	1	Unchanged	13.7%	6.6%
Gastro Intestinal	3	Unchanged	18.4%	4.4%	3	Unchanged	17.9%	7.9%
Pain / Analgesics	3	Unchanged	14.3%	8.3%	3	Unchanged	7.7%	9.0%
Vitamins / Minerals / Nutrients	4	+1	20.3%	8.7%	4	Unchanged	15.4%	12.0%
Neuro / CNS	7	+1	11.5%	8.9%	7	+1	13.7%	10.3%
Derma	17	Unchanged	4.7%	8.8%	17	+1	13.0%	13.1%
Anti-Diabetic	22	+2	35.4%	13.8%	22	+3	34.2%	14.9%
Cardiac	26	+1	28.9%	10.7%	26	+2	29.2%	12.0%
Total	6	Unchanged	14.6%	7.7%	6	Unchanged	14.3%	10.5%

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

Source: IQVIA MAT March 2019

International Business

In Q4FY19, the Company's International sales grew by 18.8% YoY, recording sales of Rs.6,097 million as compared to Rs.5,130 million in Q4FY18. For FY19, the Company's International sales grew by 31.2% to Rs.23,917 million compared to Rs.18,231 million in FY18.

- **US sales** for the quarter was Rs.4,822 million, recording a year-on-year growth of 18.5%. For FY19, US sales was Rs.18,967 million, up 38.8% compared to FY18.

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- **Other International Markets sales** for the quarter was Rs.1,275 million, recording a year-on-year growth of 20.3%. For FY19, Other International Markets sales was Rs.4,950 million, up 8.4% compared to FY18.

R&D Investments

Company's revenue R&D expenses for the quarter was Rs.1,392 million, or 7.5% of revenue from operations. Similarly for FY19, Company's revenue R&D expenses was Rs.4,622 million, or 6.3% of total revenue from operations.

During the quarter, the Company filed 9 abbreviated new drug applications (ANDAs) with the US FDA and received 11 approvals (including 2 tentative approval). For FY19, the Company filed 23 ANDAs with the US FDA and received 21 approvals (including 6 tentative approval).

As on March 31, 2019, the Company has filed a total of 126 ANDAs and 1 new drug application (NDA) with the US FDA. Of these, it has received approvals for 69 ANDAs (including 11 tentative approvals) and 1 NDA.

Update on US FDA inspection

Facility	Capability	Last inspection	Status post last inspection
Baddi (India)	Formulation	May 2019	Received Form 483 with 4 observations
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



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Q4FY19 and FY19 Conference Call at 5:30pm IST, May 30, 2019

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Thursday, May 30, 2019 from 5:30 pm to 6:30 pm IST to discuss its Q4FY19 and FY19 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: 5:30 pm to 6:30 pm IST (GMT + 5:30) on Thursday, May 30, 2019.

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

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 800 brands in India, Alkem is ranked the sixth largest pharmaceutical company in India in terms of domestic sales (Source: IQVIA MAT March 2019). 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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