



ALKEM

ALKEM LABORATORIES LTD.

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CIN :- L00305MH1973PLC174201



Press Release

Alkem reports Q1FY19 Results

Mumbai, August 10, 2018: Alkem Labs Ltd (Alkem) today announced its consolidated financial results for the quarter ending June 30, 2018. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key financial highlights of Q1FY19

- Revenue from Operations was Rs.16,695 million, year-on-year growth of 27.2%
 - India sales were Rs.10,906 million, year-on-year growth of 25.7%
 - International sales were Rs.5,479 million, year-on-year growth of 35.1%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.2,142 million, resulting in EBITDA margin of 12.8% vs. 7.2% in Q1FY18. EBITDA grew by 127.0% YoY
- R&D expenses for the quarter was Rs.986 million, or 5.9% of revenue from operations compared to Rs.701 million in Q1FY18 at 5.3% of revenue from operations
- Profit Before Tax (PBT) was Rs.1,718 million, a growth of 112.9% compared to Q1FY18
- Net Profit (after Minority Interest) was Rs.1,362 million, year-on-year growth of 90.3%

In order to streamline its distribution process, the Company has made changes in its distribution policy due to which some portion of its India sales got deferred from Q1FY19 to Q2FY19. Adjusting for this change in distribution policy, the India sales would have reported a higher growth rate, leading to higher growth in the revenue from operations and better EBITDA margin in Q1FY19.

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "Financial year 2019 has started on a positive note with our Q1FY19 revenues growing at a healthy pace and Daman facility receiving an EIR from the US FDA. Both our key markets of India and the US reported robust growth driven by strong brands, effective sales and marketing strategies and new product launches. In order to continue with our growth momentum going forward in this rapidly evolving global pharmaceutical landscape, we have made significant investments in our infrastructure, capabilities and our people over the last two years. We are looking forward to leverage these investments to deliver a sustainable and a profitable growth going ahead."

Operational Highlights

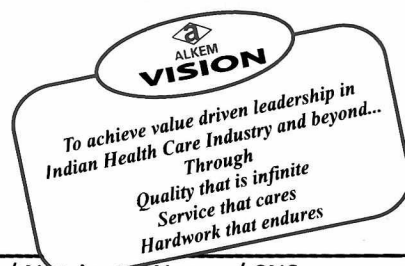
India Business

In Q1FY19, the Company's India sales grew by 25.7% YoY, recording a sales of Rs.10,906 million as compared to Rs.8,675 million in Q1FY18. Adjusting for the change in distribution policy, the India sales growth was even higher.

As per IQVIA MAT June 2018, during the quarter, the Company registered value growth of 14.2% YoY, outperforming the Indian Pharmaceutical Market (IPM) growth of 10.6% YoY. In most of the large

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therapy segments like Anti-infectives, Gastro Intestinal, Vitamins / Minerals / Nutrients, Neuro / CNS, Cardiac and Anti-diabetes, the Company grew significantly ahead of the segment growth rate, thereby gaining market share and improving its market ranking. This was a result of its strong brands, effective sales and marketing strategies, robust supply chain and distribution network and contribution from new product launches. Over the last two years, the Company has also added about 2,000 medical representatives to its field force in order to expand its reach in the India pharma market and enter newer therapy segments.

The performance highlights in the key therapeutic segments in Q1FY19 is as shown in the table below:

| Key Therapy segment | Q1FY19 | | | |
|---------------------------------|------------|---------------------|--------------------|------------------|
| | Alkem Rank | YoY change in Rank* | YoY growth (Alkem) | YoY growth (IPM) |
| Anti-infectives | 1 | Unchanged | 15.2% | 6.5% |
| Gastro Intestinal | 3 | Unchanged | 16.1% | 8.3% |
| Pain / Analgesics | 3 | Unchanged | 3.9% | 7.6% |
| Vitamins / Minerals / Nutrients | 4 | +1 | 16.4% | 11.7% |
| Neuro / CNS | 8 | +1 | 16.7% | 8.1% |
| Derma | 16 | +1 | 16.9% | 14.9% |
| Cardiac | 26 | +2 | 21.8% | 10.4% |
| Anti-Diabetic | 23 | +2 | 29.2% | 13.7% |
| Total | 6 | +1 | 14.2% | 10.6% |

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

Source: IQVIA MAT June 2018

International Business

In Q1FY19, the Company's International sales grew by 35.1% YoY, recording sales of Rs.5,479 million as compared to Rs.4,057 million in Q1FY18.

- **US sales** for the quarter was Rs.4,237 million, recording a year-on-year growth of 43.1%.
- **Other International Markets sales** for the quarter was Rs.1,242 million, recording a year-on-year growth of 13.4%.

R&D Investments

Company's revenue R&D expenses for the quarter was Rs.986 million, or 5.9% of revenue from operations.

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

As on June 30, 2018, the Company has filed a total of 110 ANDAs and 1 new drug application (NDA) with the US FDA of which 49 are Para IV filings including first-to-files (FTFs). Of these, it has received approvals for 51 ANDAs (including 7 tentative approvals) and 1 NDA.



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Q1FY19 Conference Call at 5:00pm IST, August 10, 2018

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Friday, August 10, 2018 from 5:00 pm to 6:00 pm IST to discuss its Q1FY19 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, August 10, 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

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: IQVIA 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

For further information or queries please contact

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