



ALKEM LABORATORIES LTD.

Regd. Office : ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

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- CIN: L00305MH1973PLC174201

Press Release

Alkem reports Q2FY20 and H1FY20 Results

Mumbai, November 11, 2019: Alkem Laboratories Ltd (Alkem) today announced its standalone and consolidated financial results for the second quarter & six months ending September 30, 2019. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key financial highlights of Q2FY20

- Revenue from Operations was Rs.22,640 million, year-on-year growth of 18.0%
 - India sales were Rs.15,503 million, year-on-year growth of 17.6%
 - International sales were Rs.6,691 million, year-on-year growth of 15.2%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.4,526 million, resulting in EBITDA margin of 20.0% vs. 19.0% in Q2FY19. EBITDA grew by 24.5% YoY
- R&D expenses for the quarter was Rs.1,234 million, or 5.5% of Revenue from Operations compared to Rs.1,049 million in Q2FY19 at 5.5% of Revenue from Operations
- Profit before tax (PBT) was Rs.4,099 million, a growth of 25.7% compared to Q2FY19
- Net Profit (after Minority Interest) was Rs.3,709 million, year-on-year growth of 45.7%

Key financial highlights of H1FY20

- Revenue from Operations was Rs.41,135 million, year-on-year growth of 15.0%
 - India sales were Rs.27,725 million, year-on-year growth of 15.1%
 - International sales were Rs.12,604 million, year-on-year growth of 11.7%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.7,171 million, resulting in EBITDA margin of 17.4% vs. 15.9% in H1FY19. EBITDA grew by 26.4% YoY
- R&D expenses for H1FY20 was Rs.2,268 million, or 5.5% of Revenue from Operations compared to Rs.2,035 million in H1FY19 at 5.7% of Revenue from Operations
- Profit before tax (PBT) was Rs.6,199 million, a growth of 24.5% compared to H1FY19
- Net Profit (after Minority Interest) was Rs.5,563 million, year-on-year growth of 42.4%

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "Q2FY20 has been a strong quarter for the Company marked by robust growth across most of our key therapy segments in India and healthy growth in our International business. Our ongoing efforts towards cost optimisation and productivity improvement are yielding results with YoY improvement in EBITDA margins during the quarter and six months ending September 2019. We look forward to carry this momentum for the remaining part of the year as we leverage the investments we have made in our infrastructure, capabilities and our people over the last two years."



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Operational Highlights

India Business

In Q2FY20, the Company's India sales grew by 17.6% YoY, recording a sales of Rs.15,503 million as compared to Rs.13,184 million in Q2FY19. For H1FY20, the Company's India sales grew by 15.1% to Rs.27,725 million compared to Rs.24,091 million in H1FY19.

As per IQVIA data September 2019, during the quarter, the Company registered value growth of 23.5% YoY, outperforming the Indian Pharmaceutical Market (IPM) growth of 13.1% YoY. In the anti-infective segment, which is the largest therapy segment for the Company, Alkem grew significantly ahead of the market growth rate, thereby further consolidating its leadership position in the segment. Also in other large therapy segments like Gastro-Intestinal, Vitamins / Minerals / Nutrients, Neuro / CNS, Cardiac and Anti-Diabetes, the Company's growth rate was higher than the market growth rate leading to market share gains and improvement in market rankings. This outperformance was a result of Company's strong brands, effective sales and marketing strategies, robust supply chain and distribution network and contribution from new product launches.

The performance highlights in the key therapeutic segments in Q2FY20 and H1FY20 are as shown below:

Key Therapy segment	Q2FY20				H1FY20			
	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	30.8%	19.9%	1	Unchanged	26.9%	15.7%
Gastro Intestinal	3	Unchanged	17.5%	12.1%	3	Unchanged	17.5%	10.5%
Pain / Analgesics	3	Unchanged	17.1%	15.2%	3	Unchanged	15.1%	13.8%
Vitamins / Minerals / Nutrients	4	Unchanged	29.0%	13.3%	4	Unchanged	27.5%	12.8%
Neuro / CNS	6	+1	14.5%	9.8%	6	+2	14.2%	9.6%
Derma	13	+2	9.5%	9.6%	16	-1	6.9%	9.2%
Cardiac	26	Unchanged	26.4%	11.7%	26	Unchanged	26.8%	11.6%
Anti-Diabetic	21	+1	35.3%	13.2%	21	+1	35.9%	12.8%
Total	4	+1	23.5%	13.1%	5	+1	21.4%	11.9%

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

Source: IQVIA September 2019

International Business

In Q2FY20, the Company's International sales grew by 15.2% YoY, recording sales of Rs.6,691 million as compared to Rs.5,809 million in Q2FY19. For H1FY20, the Company's International sales grew by 11.7% to Rs.12,604 million compared to Rs.11,288 million in H1FY19.

- **US sales** for the quarter was Rs.5,276 million, recording a year-on-year growth of 11.7%. For H1FY20, US sales was Rs.10,093 million, up 12.6% compared to H1FY19.



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- **Other International Markets sales** for the quarter was Rs.1,415 million, recording a year-on-year growth of 30.6%. For H1FY20, Other International Markets sales was Rs.2,511 million, up 7.9% compared to H1FY19.

R&D Investments

During the quarter, the Company filed 5 abbreviated new drug applications (ANDAs) with the US FDA and received 7 approvals (including 2 tentative approval). For H1FY20, the Company filed 7 ANDAs with the US FDA and received 12 approvals (including 4 tentative approval).

As on September 30, 2019, the Company has filed a total of 131 ANDAs and 1 new drug application (NDA) with the US FDA. Of these, it has received approvals for 77 ANDAs (including 11 tentative approvals) and 1 NDA.

Update on US FDA inspections

Facility	Capability	Last inspection	Status post last inspection
Baddi (India)	Formulation	August 2019	Successfully closed without any observations
Daman (India)	Formulation	August 2019	EIR# received in October 2019, thereby successfully closing the inspection
St. Louis (US)	Formulation	February – March 2019	Received Form 483 with 8 observations. Plant classified as OAI*
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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Q2FY20 and H1FY20 Conference Call at 5:00 pm IST, November 11, 2019

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Monday, November 11, 2019 at 5:00 pm IST to discuss its Q2FY20 and H1FY20 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 IST (GMT + 5:30) on Monday, November 11, 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 fifth largest pharmaceutical company in India in terms of domestic sales (Source: IQVIA MAT September 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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