

**ALKEM LABORATORIES LTD.**

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

• Phone: +91-22-3982 9999 • Fax: 022-2495 2955
• Email: contact@alkem.com • Website: www.alkemlabs.com
• CIN: L00305MH1973PLC174201

7th February, 2020

| | |
|---|--|
| The Corporate Relationship Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <i>Scrip Code: 539523</i> | National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051. <i>Scrip Symbol: ALKEM</i> |
|---|--|

Dear Sirs,

Sub: Press Release and Analyst Presentation on Q3FY20 and 9MFY20 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q3FY20 and 9MFY20 earnings and business updates and the same will be uploaded on the website of the Company.

Kindly take note of the same.

Sincerely,
For **Alkem Laboratories Limited**


Manish Narang
President - Legal, Company Secretary & Compliance Officer



Encl.: a/a



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Press Release

Alkem reports Q3FY20 and 9MFY20 Results

Mumbai, February 7, 2020: Alkem Laboratories Ltd (Alkem) today announced its standalone and consolidated financial results for the third quarter & nine months ending December 31, 2019. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key financial highlights of Q3FY20

- Revenue from Operations was Rs.21,818 million, year-on-year growth of 13.3%
 - India sales were Rs.14,239 million, year-on-year growth of 14.1%
 - International sales were Rs.7,253 million, year-on-year growth of 11.0%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.4,533 million, resulting in EBITDA margin of 20.8% vs. 16.3% in Q3FY19. EBITDA grew by 44.6% YoY
- R&D expenses for the quarter was Rs.1,205 million, or 5.5% of Revenue from Operations compared to Rs.1,195 million in Q3FY19 at 6.2% of Revenue from Operations
- Profit before tax (PBT) was Rs.4,046 million, a growth of 56.8% compared to Q3FY19
- Net Profit (after Minority Interest) was Rs.3,820 million, year-on-year growth of 88.6%

Key financial highlights of 9MFY20

- Revenue from Operations was Rs.62,954 million, year-on-year growth of 14.4%
 - India sales were Rs.41,964 million, year-on-year growth of 14.8%
 - International sales were Rs.19,857 million, year-on-year growth of 11.4%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.11,704 million, resulting in EBITDA margin of 18.6% vs. 16.0% in 9MFY20. EBITDA grew by 32.9% YoY
- R&D expenses for 9MFY20 was Rs.3,473 million, or 5.5% of Revenue from Operations compared to Rs.3,230 million in 9MFY19 at 5.9% of Revenue from Operations
- Profit before tax (PBT) was Rs.10,245 million, a growth of 35.5% compared to 9MFY19
- Net Profit (after Minority Interest) was Rs.9,383 million, year-on-year growth of 58.2%

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "Q3FY20 has been a strong quarter for the Company marked by double digit revenue growth and significant expansion in our EBITDA margins. We continued our outperformance in the India market driven by strong brands, effective sales and marketing strategies and new product launches. In the US market also we grew at a healthy pace on the back of new product launches. Our efforts towards cost optimization and process improvement are steadily reflecting in our financials. We look forward to carry this momentum and deliver a sustainable and profitable growth going ahead."



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Operational Highlights

India Business

In Q3FY20, the Company's India sales grew by 14.1% YoY, recording a sales of Rs.14,239 million as compared to Rs.12,475 million in Q3FY19. For 9MFY20, the Company's India sales grew by 14.8% to Rs.41,964 million compared to Rs.36,565 million in 9MFY19.

As per IQVIA Data, during the quarter, the Company registered value growth of 15.4% YoY, outperforming the Indian Pharmaceutical Market (IPM) growth of 9.6% YoY. In the anti-infectives segment, which is the Company's largest therapy segment, it grew at almost 1.5x the therapy growth rate. Also in the vitamins / minerals / nutrient segment, the Company grew at more than 2x the therapy growth rate, thereby gaining one rank in the market. In the chronic therapy segments like neuro / CNS, cardiac, anti-diabetes and derma, the Company continued to grow significantly ahead of the therapy growth rate, thereby gaining market share and improving its market ranking. The Company now features amongst the top six neuro/CNS companies and amongst the top fifteen derma companies in India. This is a result of its 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 Q3FY20 and 9MFY20 is as shown below:

| Key Therapy segment | Q3FY20 | | | | 9MFY20 | | | |
|---------------------------------|------------|---------------------|--------------------|------------------|------------|---------------------|--------------------|------------------|
| | 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 | 20.8% | 12.1% | 1 | Unchanged | 24.8% | 14.6% |
| Gastro Intestinal | 3 | Unchanged | 7.6% | 7.0% | 3 | Unchanged | 14.3% | 9.4% |
| Pain / Analgesics | 3 | Unchanged | 8.4% | 9.7% | 3 | Unchanged | 12.8% | 12.4% |
| Vitamins / Minerals / Nutrients | 4 | +1 | 17.3% | 7.3% | 4 | Unchanged | 23.9% | 11.0% |
| Neuro / CNS | 6 | +2 | 16.4% | 7.0% | 6 | +2 | 15.1% | 8.8% |
| Derma | 13 | +4 | 19.2% | 8.9% | 14 | +3 | 13.3% | 9.3% |
| Cardiac | 26 | Unchanged | 17.0% | 9.6% | 26 | Unchanged | 23.3% | 11.0% |
| Anti-Diabetic | 21 | +1 | 23.5% | 9.4% | 21 | +1 | 31.5% | 11.7% |
| Total | 5 | Unchanged | 15.4% | 9.6% | 5 | +1 | 19.5% | 11.2% |

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

Source: IQVIA Data December 2019

International Business

In Q3FY20, the Company's International sales grew by 11.0% YoY, recording sales of Rs.7,253 million as compared to Rs.6,532 million in Q3FY19. For 9MFY20, the Company's International sales grew by 11.4% to Rs.19,857 million compared to Rs.17,820 million in 9MFY19.

- **US sales** for the quarter was Rs.5,837 million, recording a year-on-year growth of 12.6%. For 9MFY20, US sales was Rs.15,930 million, up 12.6% compared to 9MFY19.

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- **Other International Markets sales** for the quarter was Rs.1,416 million, recording a year-on-year growth of 5.0%. For 9MFY20, Other International Markets sales was Rs.3,927 million, up 6.8% compared to 9MFY19.

R&D Investments

During the quarter, the Company filed 4 abbreviated new drug applications (ANDAs) with the US FDA and received 4 approvals (including 1 tentative approval). For 9MFY20, the Company filed 11 ANDAs with the US FDA and received 15 approvals (including 4 tentative approval).

As on December 31, 2019, the Company has filed a total of 135 ANDAs and 1 new drug application (NDA) with the US FDA. Of these, it has received approvals for 80 ANDAs (including 11 tentative approvals) and 1 NDA.

Update on US FDA inspection

| Facility | Capability | Last inspection | Status post last inspection |
|--------------------|-------------|-----------------|--|
| St. Louis (US) | Formulation | February 2020 | Received Form 483 with 3 observations |
| 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 |
| 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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Q3FY20 and 9MFY20 Conference Call at 5:00pm IST, February 7, 2020

Alkem will organize a conference call for investors and analysts on Friday, February 7, 2020 from 5:00pm to 6:00pm IST to discuss its Q3FY20 and 9MFY20 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, February 7, 2020.

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 data December 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**Gagan Borana**

Investor Relations – Alkem Laboratories Ltd.

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

E-mail: gagan.borana@alkem.com