



Alkem Laboratories Ltd

Investor Presentation Q4FY19 – May 30, 2019



Safe Harbor Statement

This presentation contains forward-looking statements and information that involve risks, uncertainties and assumptions. Forward-looking statements are all statements that concern plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact, including, but not limited to, those that are identified by the use of words such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “plans”, “predicts”, “projects” and similar expressions. Risks and uncertainties that could affect us include, without limitation:

- General economic and business conditions in India and other key global markets in which we operate;
- The ability to successfully implement our strategy, our research and development efforts, growth & expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Allocations of funds by the Governments in our key global markets;
- Changes in laws and regulations that apply to our customers, suppliers, and the pharmaceutical industry;
- Increasing competition in and the conditions of our customers, suppliers and the pharmaceutical industry; and
- Changes in political conditions in India and in our key global markets.

Should one or more of such risks and uncertainties materialize, or should any underlying assumption prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements.

Any forward-looking statement or information contained in this presentation speaks only as of the date of the statement. We are not required to update any such statement or information to either reflect events or circumstances that occur after the date the statement or information is made or to account for unanticipated events, unless it is required by Law.



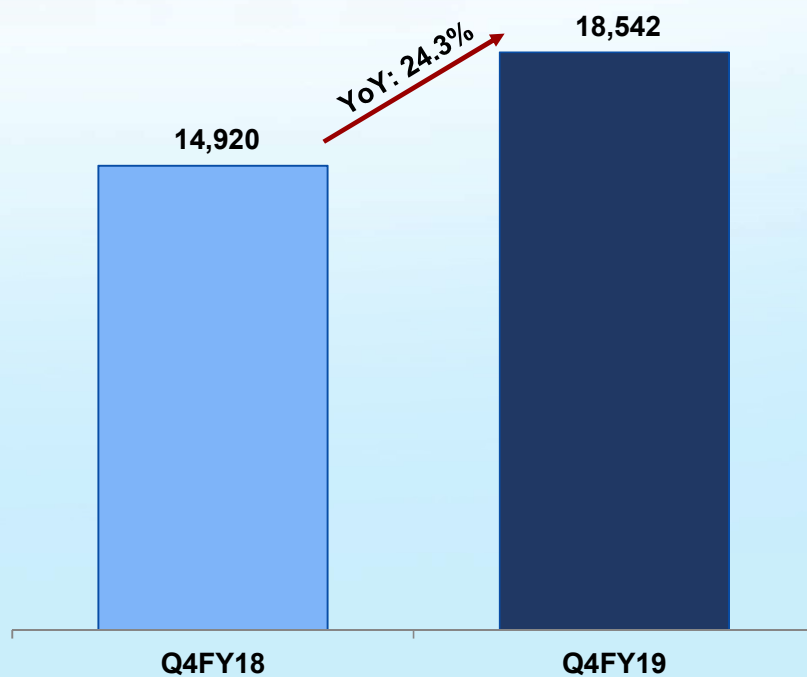
Key Highlights of Q4FY19 and FY19

- **India Business:** Company's India sales registered a growth of 26.8% YoY in Q4FY19 and 8.6% in FY19
 - Company's secondary sales in FY19 grew by 14.3% YoY - higher than IPM growth of 10.5% YoY (Source: IQVIA MAT March 2019)
- **International Business:** Company's International Business comprising of the US and Other International Markets registered a growth of 18.8% in Q4FY19 and 31.2% YoY in FY19
- **US Business** grew by 18.5% YoY in Q4FY19 and 38.8% YoY in FY19, largely driven by new product launches and market share gain in existing products
- **R&D** expenses in FY19 increased by 26.7% YoY and was at 6.3% of revenue from operations compared to 5.7% in FY18
- **ANDA filings:** The Company filed 23 ANDAs and received 21 ANDA approvals (including 6 tentative) from the US FDA in FY19 – highest in any year for the Company
- **Improvement in working capital and operating cashflows:** Better working capital management led to significant improvement in operating cashflows over the previous year

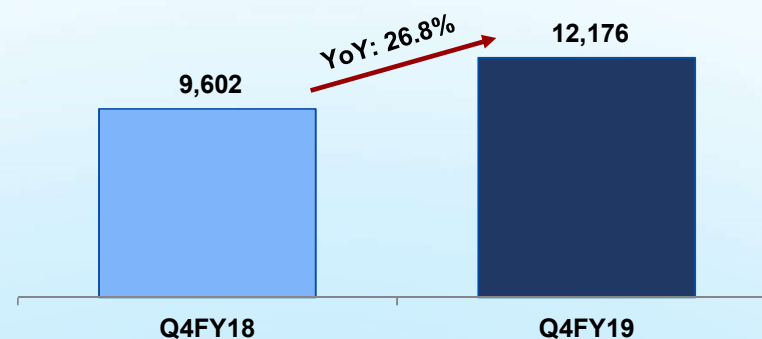
Key Financial Highlights – Q4FY19 (Consolidated)

All figures in Rs mn

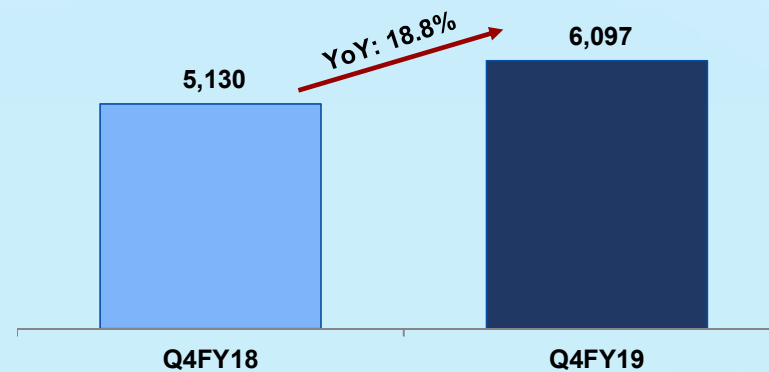
Revenue from Operations



India sales



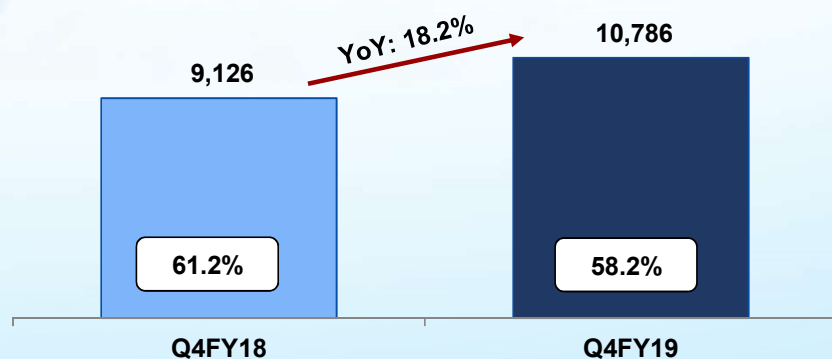
International sales



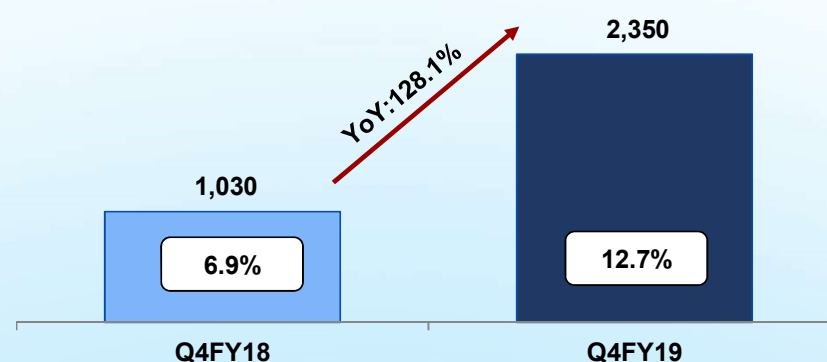
Key Financial Highlights – Q4FY19 (Consolidated)

All figures in Rs mn

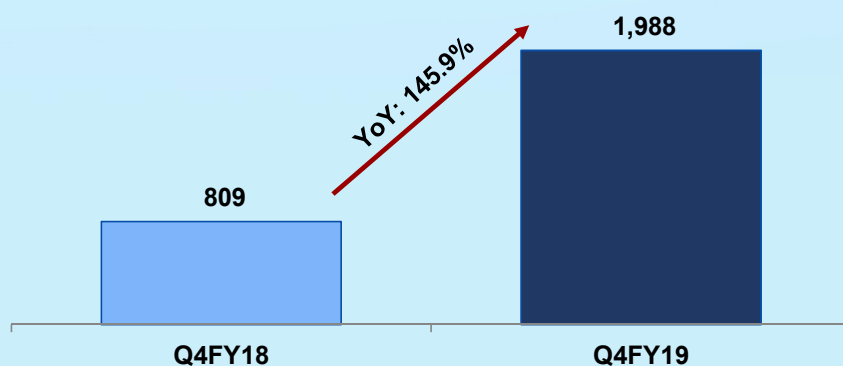
Gross Profit and Gross Margin



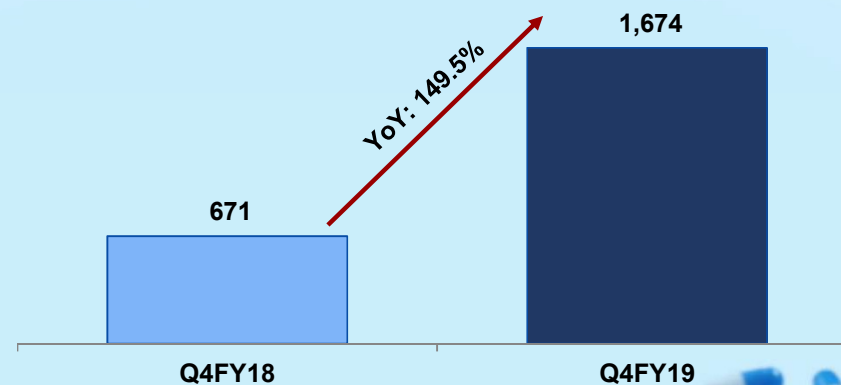
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights – FY19 (Consolidated)

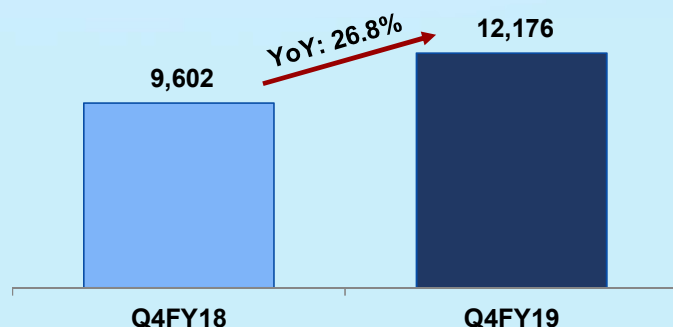
Particulars (Rs mn)	FY19	FY18	YoY growth
Revenue from Operations	73,572	64,012	14.9%
Gross Profit	44,122	40,184	9.8%
Gross Profit margin	60.0%	62.8%	
EBITDA	11,148	10,089	10.5%
EBITDA margin	15.2%	15.8%	
PBT	9,547	9,260	3.1%
PBT margin	13.0%	14.5%	
PAT (After Minority Interest)	7,605	6,309	20.5%
PAT margin	10.3%	9.9%	
EPS (Rs / share)	63.61	52.77	20.5%

India Business

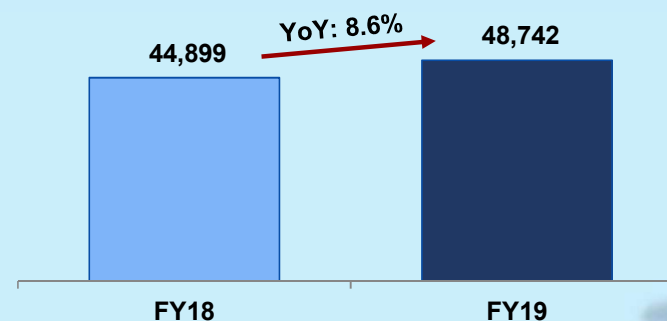
India Business: Q4FY19 Sales of Rs.12,176 million (26.8% YoY growth)

- India sales contributed 66.6% to total sales in Q4FY19
- Adjusting for the impact of change in distribution policy, the YoY growth in domestic business in Q4FY19 was in early teens
- In Q4FY19, Company's secondary sales grew by 14.6%, outperforming the IPM growth of 7.7% (Source: IQVIA data)
- The Company grew ahead of the market in its established therapy areas of Anti-infectives, Gastro-intestinal, Pain / Analgesic and Vitamins / Minerals / Nutrients, thereby retaining its leading position in acute therapies (Source: IQVIA data)
- In the chronic therapy areas of Cardiac, Anti-diabetes, Neuro / CNS and Derma, the Company continued to build on its base and improve its market share. Company also improved its market ranking in therapy areas of Cardiac, Anti-diabetes and Neuro / CNS (Source: IQVIA data)

Q4FY19 – India Sales (Rs mn)



FY19 – India Sales (Rs mn)

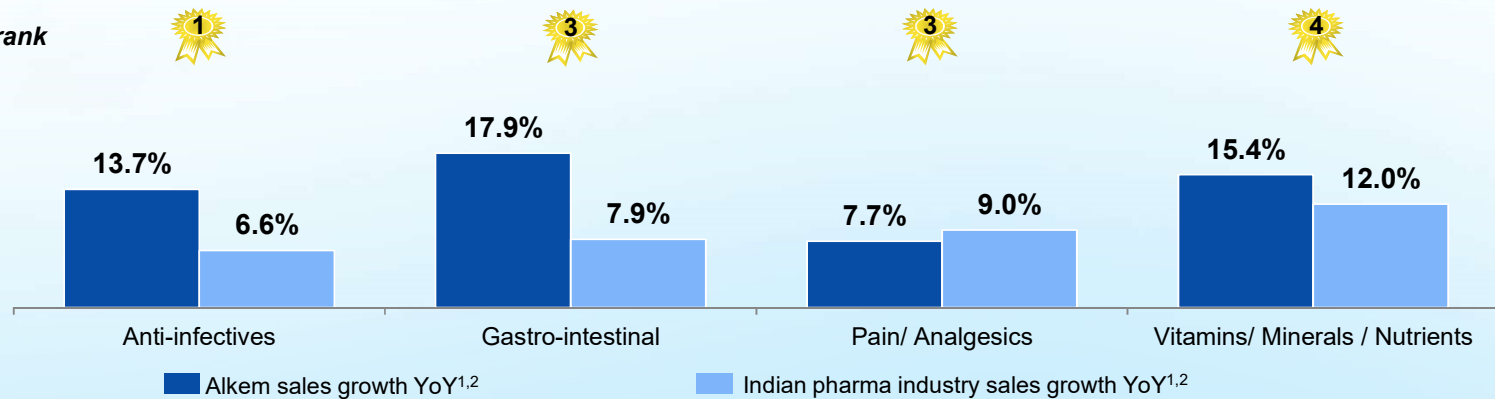


India Business – Secondary Sales Performance

Outperformance across most of the major therapeutic areas in FY19

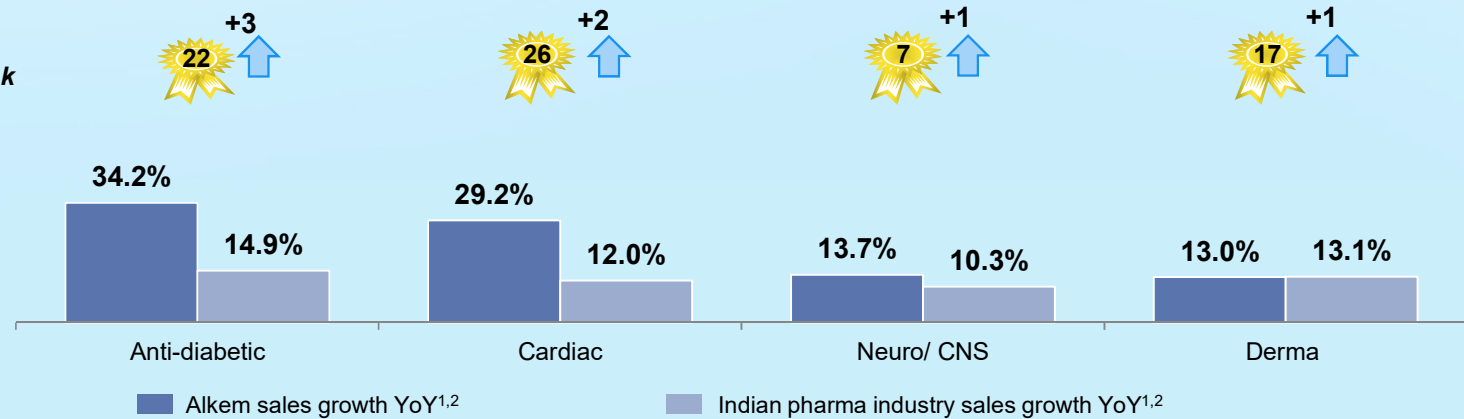
Established therapeutic areas of Alkem

Market rank



Emerging therapeutic areas of Alkem

Market rank



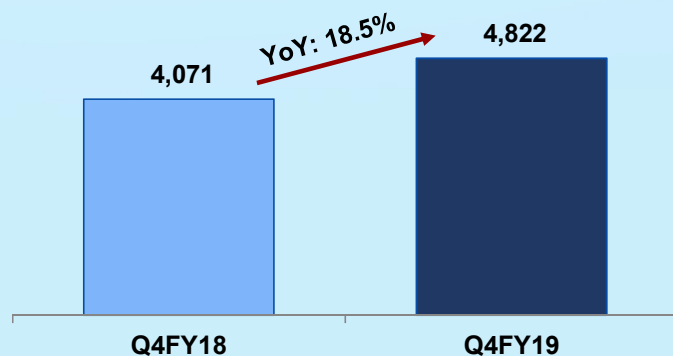
Source: IQVIA data ¹ Domestic formulations sales; ² For 12 months ended March 31, 2019

US Business

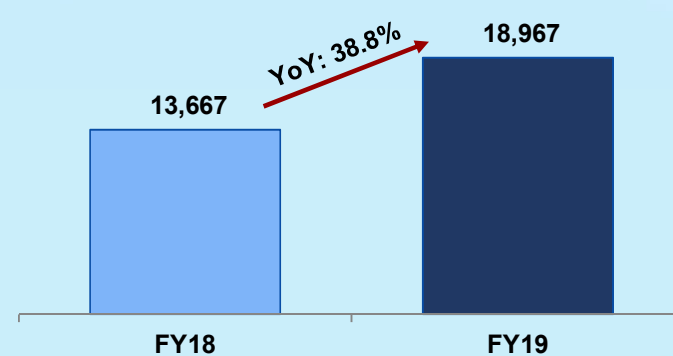
US Business: Q4FY19 Sales of Rs.4,822 million (18.5% growth YoY)

- US sales contributed 26.4% to total sales in Q4FY19
- In Q4FY19, the Company filed 9 ANDAs with the US FDA and received 11 approvals (including 2 tentative approval)
- In FY19, the Company filed 23 ANDAs with the US FDA and received 21 approvals (including 6 tentative approval) – highest in any year by the company
- As on March 31, 2019, the Company has filed a total of 127 ANDAs (including 1 NDA) with the US FDA and has received 70 approvals (including 11 tentative approvals and 1 NDA)

Q4FY19 – US Sales (Rs mn)



FY19 – US Sales (Rs mn)



Update on the US FDA inspection

Facility	Scope	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

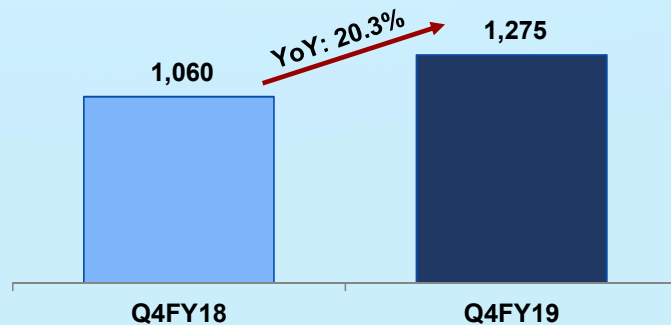
EIR – Establishment Inspection Report

Other International Business

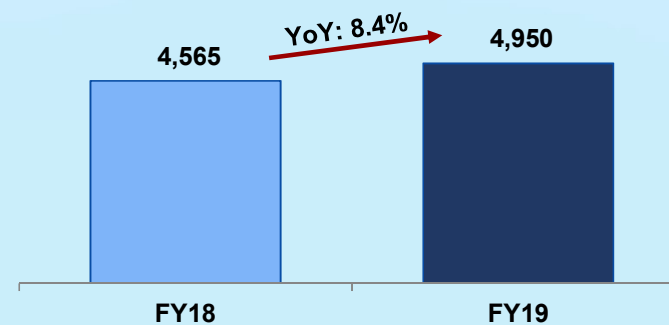
Other International Business: Q4FY19 Sales of Rs.1,275 million (20.3% YoY growth)

- Other International Market sales contributed 7.0% to total sales in Q4FY19
- The Company has presence in Australia, Europe, South East Asia, Latin America, Africa and CIS
- Chile and Philippines registered healthy growth during the quarter

**Q4FY19 – Other International Sales
(Rs mn)**

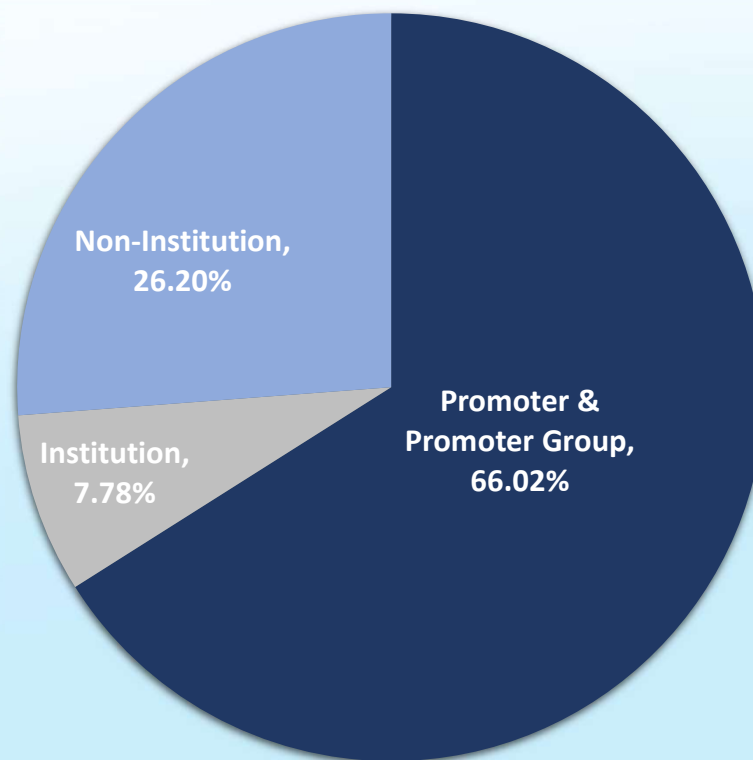


**FY19 – Other International Sales
(Rs mn)**



Latest Shareholding Pattern

Shareholding pattern as on March 31, 2019



Institution – Mutual Funds, Alternate Investment Funds, Foreign Portfolio Investors, Financial Institutions / Banks

Non-Institution – Public, Other Bodies Corporates, Clearing Members, Non Resident Indians, Hindu Undivided Family and Trusts



Thank You