ALKEM

Alkem Laboratories Ltd.

Investor Presentation Q2FY20 – November 11, 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.

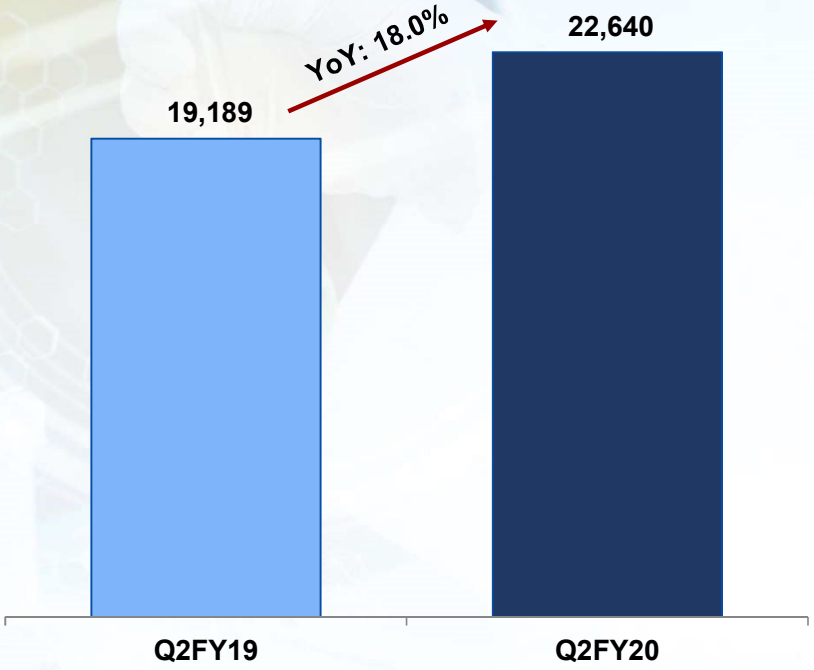
Key Highlights of Q2FY20 and H1FY20

- **Revenue from Operations** grew by 18.0% YoY during the quarter, accompanied by 100 bps YoY improvement in EBITDA margin
- **Profit After Tax** for the quarter grew by 45.7% compared to the previous year
- **India Business**: As per secondary sales data by IQVIA, the Company's secondary sales growth in Q2FY20 was 23.5% YoY – significantly higher than IPM growth of 13.1% YoY
  - The Company registered 30.8% YoY growth in the anti-infective segment during the quarter compared to therapy growth rate of 19.9% YoY (Source: IQVIA data)
- **US Business** grew in double digits during Q2FY20 and H1FY20, largely driven by new product launches and market share gain in existing products
- **R&D** expenses during the quarter was at 5.5% of revenue from operations
  - The Company has filed 7 ANDAs and received 12 ANDA approvals (including 4 tentative) from the US FDA in H1FY20
- **EIR for Daman and Baddi formulation facilities:** The Company received EIR of its manufacturing facilities located at Daman and Baddi which were inspected in the month of August 2019

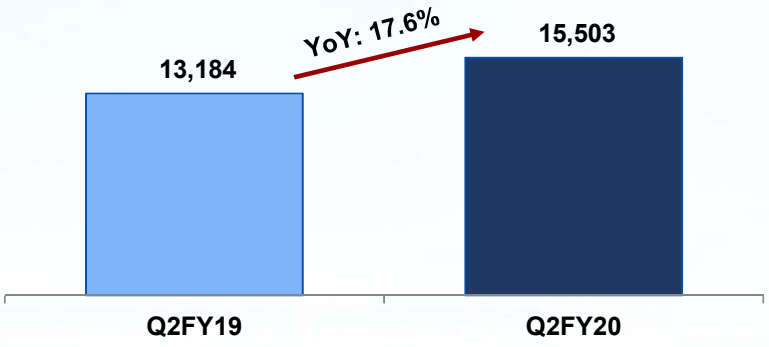
Key Financial Highlights – Q2FY20 (Consolidated)

All figures in Rs mn

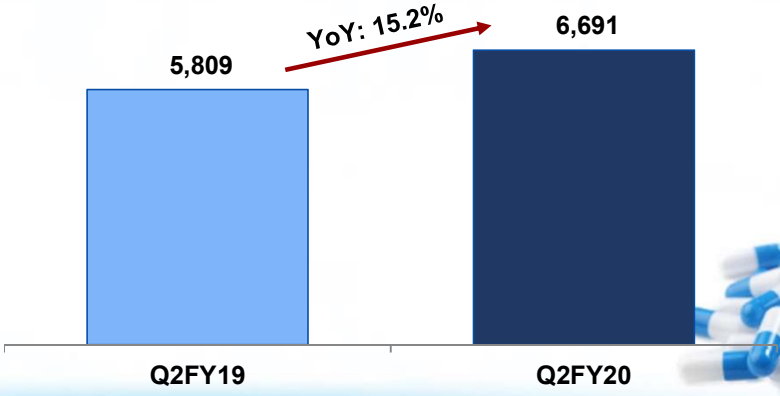
Revenue from Operations



India sales



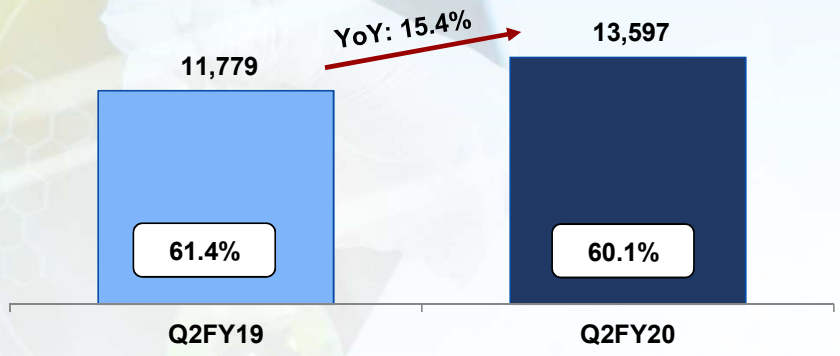
International sales



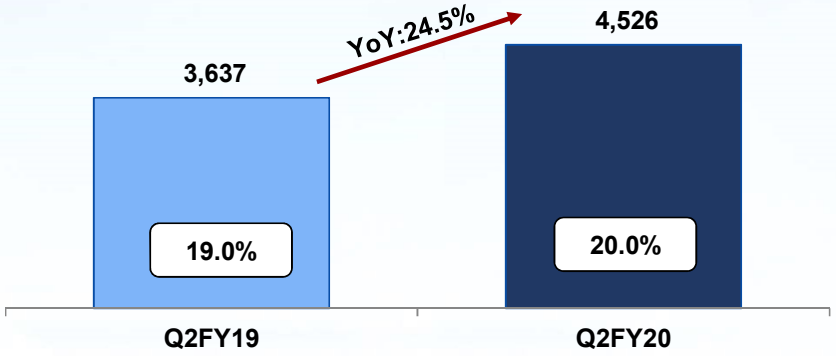
Key Financial Highlights – Q2FY20 (Consolidated)

All figures in Rs mn

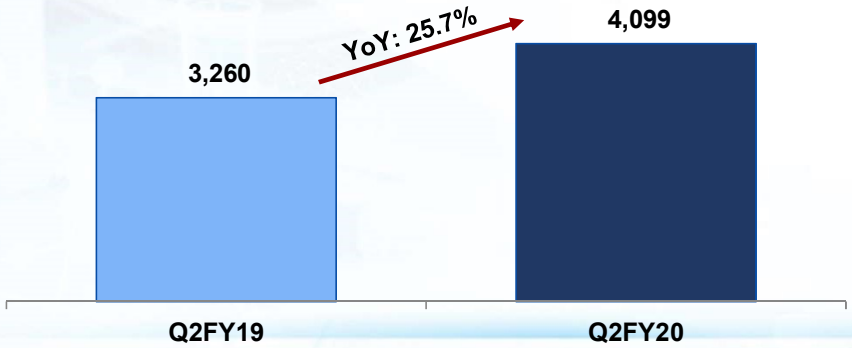
Gross Profit and Gross Margin



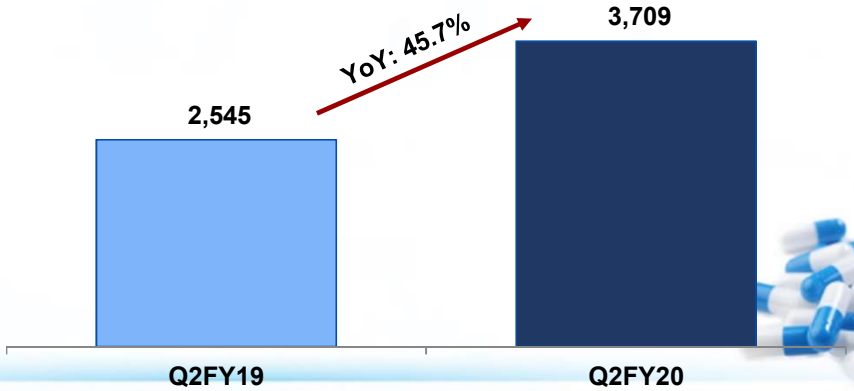
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights – H1FY20 (Consolidated)

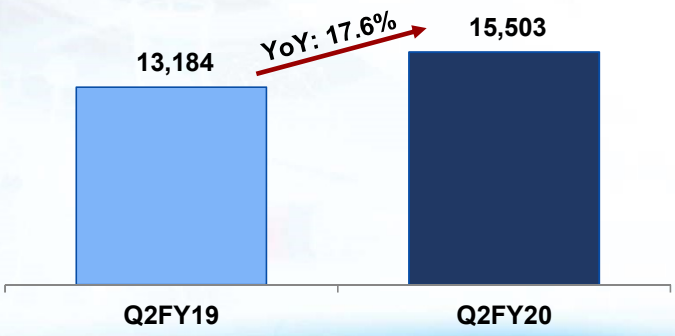
Particulars (Rs mn)	H1FY20	H1FY19	YoY growth
Revenue from Operations	41,135	35,778	15.0%
Gross Profit	24,974	22,064	13.2%
Gross Profit margin	60.7%	61.7%	
EBITDA	7,171	5,674	26.4%
EBITDA margin	17.4%	15.9%	
PBT	6,199	4,978	24.5%
PBT margin	15.1%	13.9%	
PAT (After Minority Interest)	5,563	3,906	42.4%
PAT margin	13.5%	10.9%	
EPS (Rs / share)	46.53	32.67	

India Business

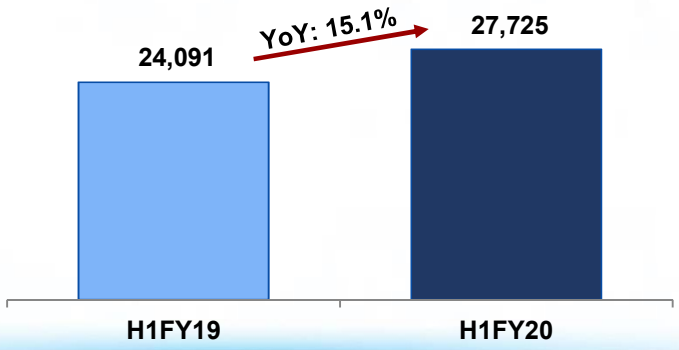
India Business: Q2FY20 Sales of Rs.15,503 million (17.6% YoY growth)

- India sales contributed 69.9% to total sales in Q2FY20
- In Q2FY20, Company's secondary sales grew by 23.5% YoY - significantly ahead of the IPM growth of 13.1% YoY. Similarly in H1FY20 also, the Company grew ahead of the IPM with growth of 21.4% compared IPM growth of 11.9% (Source: IQVIA data)
- As a result of this outperformance, for the quarter ended September 2019, Alkem gained one rank and featured amongst the top four pharmaceutical companies in India (Source: IQVIA data)
- This outperformance was largely led by Anti-Infectives segment where the Company continues to maintain its leadership position (Source: IQVIA data)
- During the quarter, the Company also improved its ranking in the chronic therapy segments like Neuro / CNS, Derma and Anti-Diabetes (Source: IQVIA data)

Q2FY20 – India Sales (Rs mn)

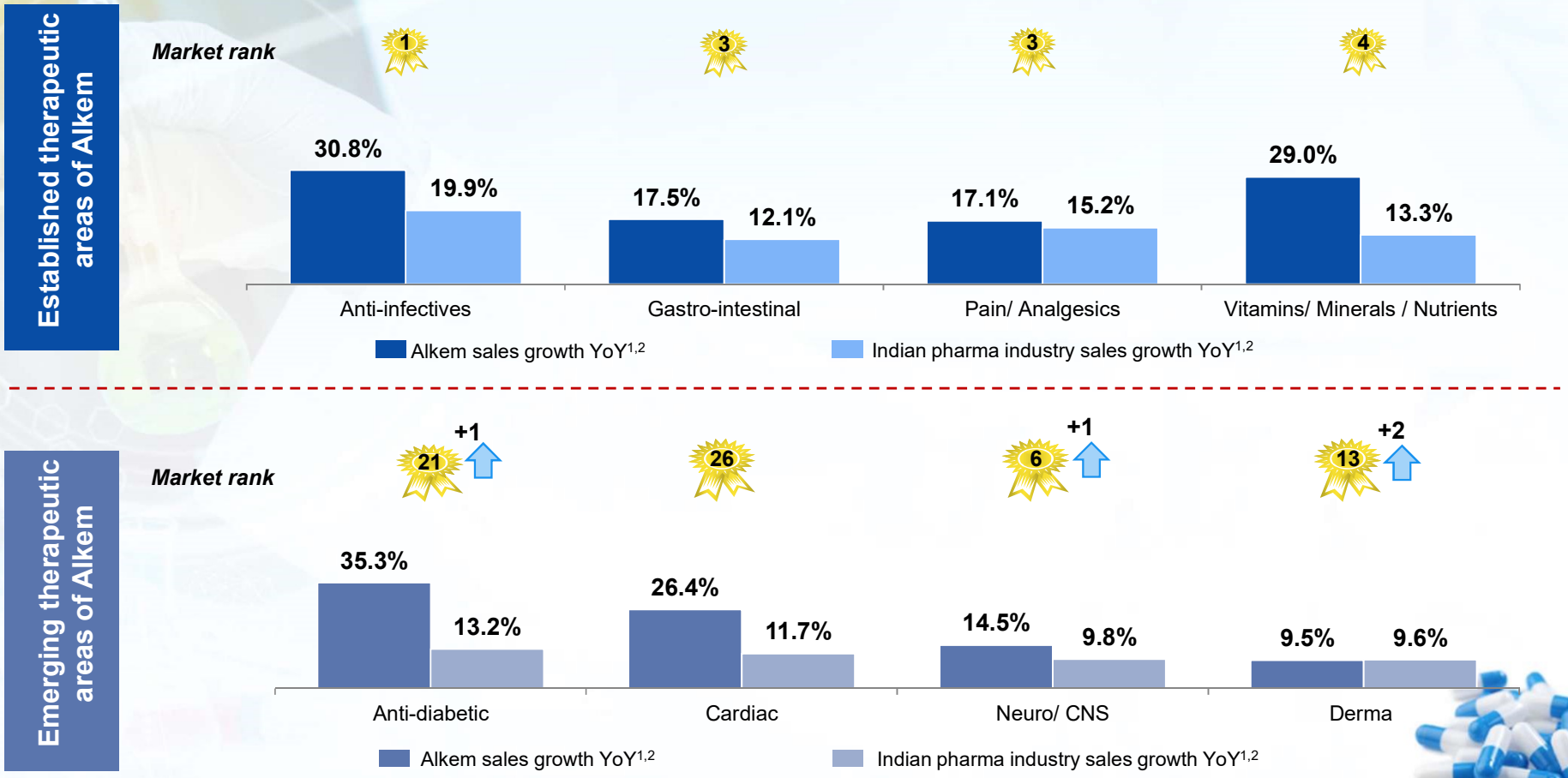


H1FY20 – India Sales (Rs mn)



India Business – Secondary Sales Performance

Outperformance across most of the major therapeutic areas in Q2FY20



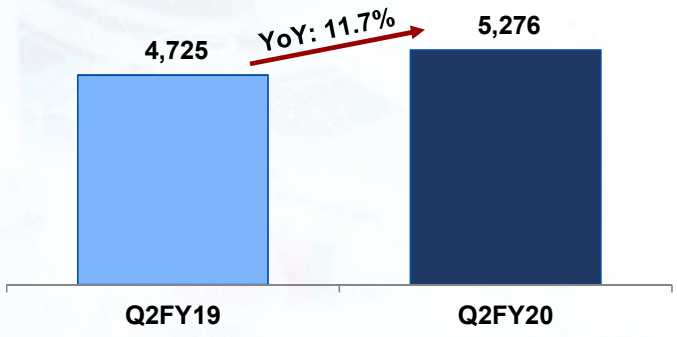
Source: IQVIA data [1] Domestic formulations sales; [2] For 3 months ended September 30, 2019

US Business

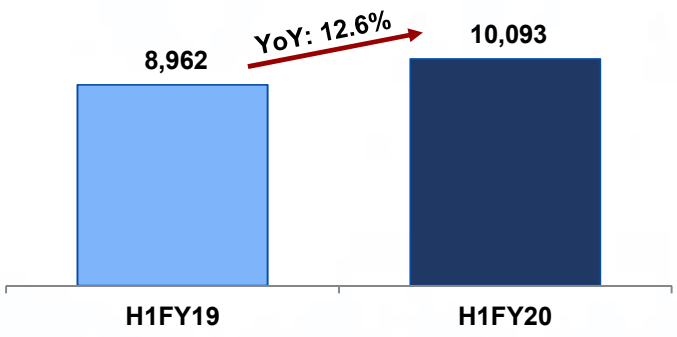
US Business: Q2FY20 Sales of Rs.5,276 million (11.7% growth YoY)

- US sales contributed 23.8% to total sales in Q2FY20
- In Q2FY20, the Company filed 5 ANDAs with the US FDA and received 7 approvals (including 2 tentative approval)
- As on September 30, 2019, the Company has filed a total of 132 ANDAs (including 1 NDA) with the US FDA and has received 78 approvals (including 11 tentative approvals and 1 NDA)
- Recently, the Company received EIR for its formulation manufacturing facilities at Daman and Baddi (India) which were inspected in August 2019

Q2FY20 – US Sales (Rs mn)



H1FY20 – US Sales (Rs mn)



Update on the US FDA inspection

Facility	Scope	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

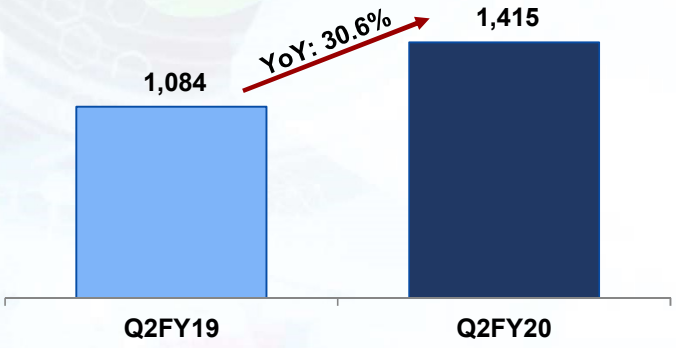
*OAI – Official Action Indicated
EIR – Establishment Inspection Report

Other International Business

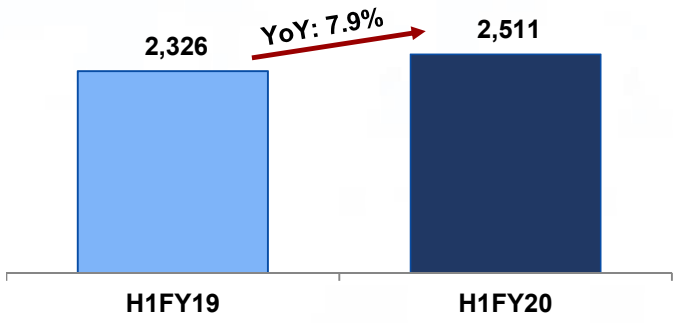
Other International Business: Q2FY20 Sales of Rs.1,415 million (30.6% growth YoY)

- Other International Market sales contributed 6.4% to total sales in Q2FY20
- The Company has presence in Australia, Europe, South East Asia, Latin America and Africa
- Australia, Chile, Kazakhstan and Europe registered healthy YoY growth during the quarter

Q2FY20 – Other International Sales (Rs mn)

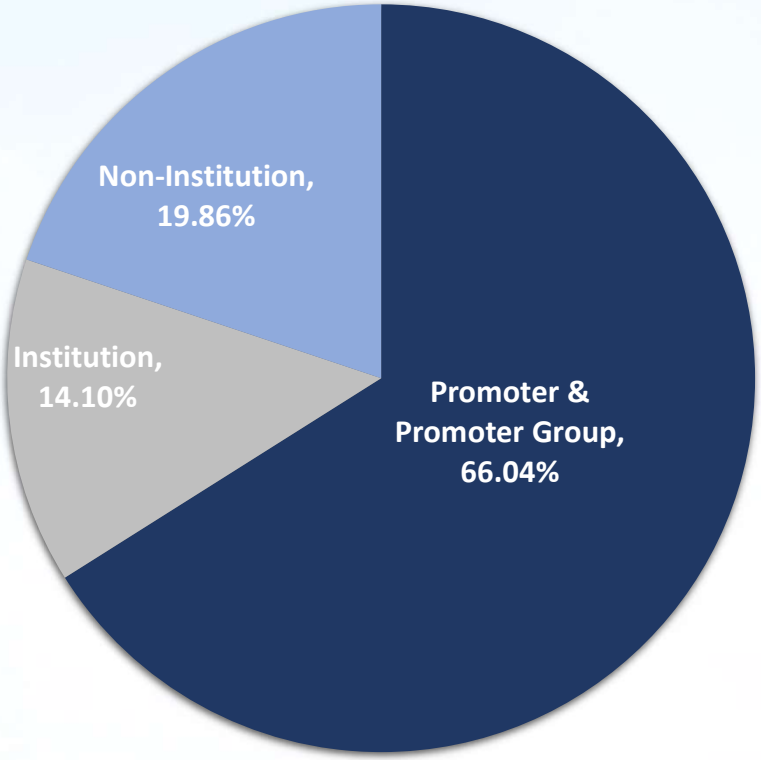


H1FY20 – Other International Sales (Rs mn)



Latest Shareholding Pattern

Shareholding pattern as on September 30, 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