



ALKEM

ALKEM LABORATORIES LTD.

Regd. Office : " ALKEM HOUSE", Senapati Bapat Marg,
Lower Parel, MUMBAI 400 013. Phone : 3982 9999, Fax : 022-2495 2955
Email : contact@alkem.com Website : www.alkemlabs.com
CIN no :- U00305MH1973PLC174201



Press Release

Alkem reports Q1FY17 Results

Mumbai, August 12, 2016: Alkem Labs Ltd (Alkem) today announced its consolidated financial results for first quarter of financial year 2017. These results were taken on record by the Board of Directors at a Meeting held in Mumbai today.

Key highlights of Q1FY17 financial performance

- Net Income from Operations was Rs.14,579 million, year-on-year growth of 20.7%
 - India sales were Rs.10,803 million, year-on-year growth of 22.4%
 - International sales were Rs.3,590 million, year-on-year growth of 14.6%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.2,711 million, resulting in EBITDA margin of 18.6% vs. 17.1% in Q1FY16. EBITDA grew by 31.5% YoY
- R&D expenses for the quarter was Rs.788 million, or 5.4% of net operating income
- Profit before tax (PBT) was Rs.2,663 million, a growth of 26.4% compared to Q1FY16
- Net Profit (after Minority Interest) was Rs.2,388 million, year-on-year growth of 18.7%.

Commenting on the results, Prabhat Agrawal, CEO, Alkem said, "Q1FY17 has been an impressive start to the year for the Company with a good all-round performance. Despite the regulatory headwinds in the form of NLEM / WPI led price cuts, we have delivered a robust and a broad based growth. We have also worked upon various cost optimization measures which along with operating leverage has helped us offset the adverse impact of regulatory price cuts on our EBITDA margins. Further we also successfully closed the regulatory issues with the UK MHRA at our Talaja Bioequivalence centre. We look forward to take this momentum ahead as we continue to focus on executional excellence without deviating from our core strategy of outperforming in our core markets and strengthening our presence in the emerging ones."

Operational Highlights

Domestic Business

Our Domestic sales for Q1FY17 grew by 22.4% YoY, recording a sales of Rs.10,803 million as compared to Rs.8,827 million for Q1FY16.

As per IMS SSA, during the quarter we registered value growth of 10.6% YoY, outperforming the Indian Pharmaceutical Market (IPM) which grew by 8.6% YoY. We maintained our fifth rank in the Indian Pharmaceutical market during the quarter with year-on-year improvement in market share. Also for twelve months ending June 2016, we grew ahead of IPM with YoY growth of 13.8% compared to IPM growth of 12.3%.



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The outperformance during the quarter was driven by continued market share gain in our established therapy segments of Anti-Infectives, Gastro Intestinal, Pain / Analgesic and Vitamins / Minerals / Nutrients, as well as robust growth in our emerging therapy segments of Neuro / CNS, Cardiac and Anti-Diabetes. In our key therapy areas of Anti-Infectives and Gastro Intestinal, we grew more than 600bps ahead of the segment growth during the quarter. This was mainly driven by robust volume growth even as we took NLEM / WPI led price cuts in some of our key brands during the quarter. We maintained our leadership position in our established therapies while improving our ranks in emerging therapies of Neuro / CNS, Cardiac and Anti-Diabetes.

The performance highlights of the key therapeutic segments in Q1FY17 are as shown in the table below:

Key Therapy segment	Q1FY17			
	Alkem Rank	YoY change in Rank*	YoY growth (Alkem)	YoY growth (IPM)
Anti-infectives	1	Unchanged	9.4%	3.3%
Gastro Intestinal	3	Unchanged	14.6%	7.0%
Pain / Analgesics	3	Unchanged	8.0%	5.8%
Vitamins / Minerals / Nutrients	5	Unchanged	10.4%	9.0%
Respiratory	19	-1	0.0%	2.4%
Neuro / CNS	12	+1	22.7%	11.2%
Derma	18	-3	10.9%	12.5%
Cardiac	30	+1	13.8%	9.7%
Anti-Diabetic	26	+3	22.9%	15.8%
Total	5	Unchanged	10.6%	8.6%

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

Source: IMS SSA June 2016

International Business

Our International sales for Q1FY17 grew by 14.6% YoY, recording sales of Rs.3,590 million as compared to Rs.3,134 million for Q1FY16.

- **US sales** for the quarter was Rs.2,719 million, recording a year-on-year growth of 11.8%
- **Other International Markets sales** for the quarter were Rs.871 million, recording a year-on-year growth of 24.0%

R&D Investments

Our Revenue R&D expenses for the quarter were Rs.788 million, or 5.4% of net operating income.

During the quarter, we received 3 tentative approvals, taking our cumulative ANDA approvals to 33 (including 7 tentative approvals) and 1 NDA - as on 30th June'16.

As on 30th June 2016, we have filed a total of 76 ANDAs and 1 new drug application (NDA) with the US FDA of which 32 are Para IV filings including first-to-files (FTFs).



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Q1FY17 Conference Call at 4:30pm IST, August 12th, 2016

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Friday, August 12th, 2016 from 4:30 pm to 5:30 pm IST to discuss its Q1FY17 financial results.

Alkem Laboratories Ltd. will be represented on the call by Mr. Prabhat Agrawal, Chief Executive Officer and the senior management team.

Motilal Oswal Securities Ltd. will host the call.

Details of the conference call are as under:

Time: 4:30 pm to 5:30 pm IST (GMT + 5:30) on Friday, August 12th, 2016.

Dial in Details:

India : +91 22 3938 1079 / 6746 8356

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 700 brands in India, Alkem is ranked the fifth largest pharmaceutical company in India in terms of domestic sales (Source: IMS SSA MAT March 2016). 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