



Alkem Laboratories Limited

Investor Presentation Q2FY17

11th November 2016

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.

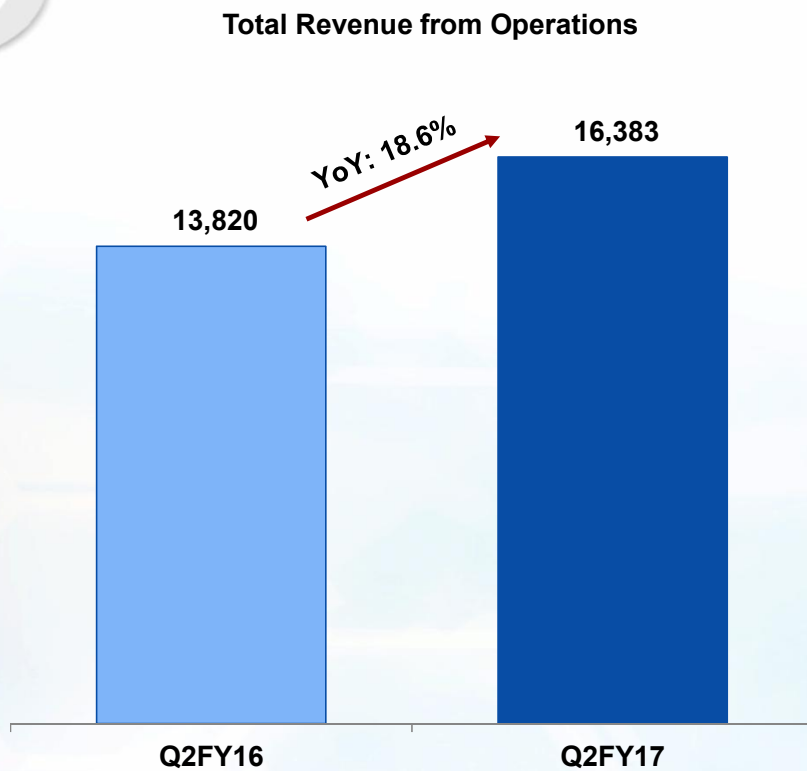


Key Financial Highlights of Q2FY17 (Consolidated)

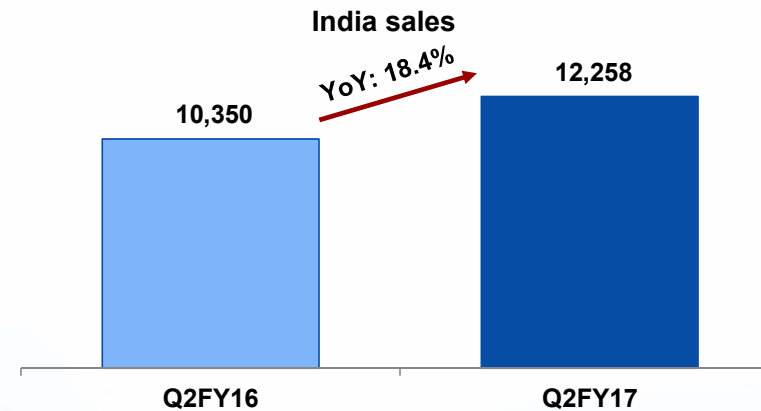
Key Financial Highlights – Q2FY17 Consolidated

All figures in INR mn

Total Revenue from Operations



India sales



International sales

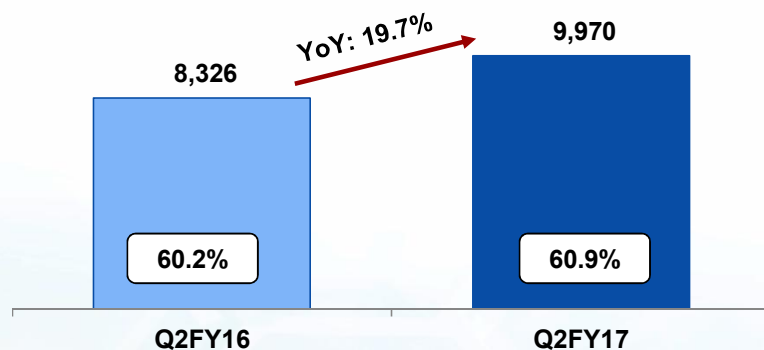


Highest ever quarterly sales for the Company

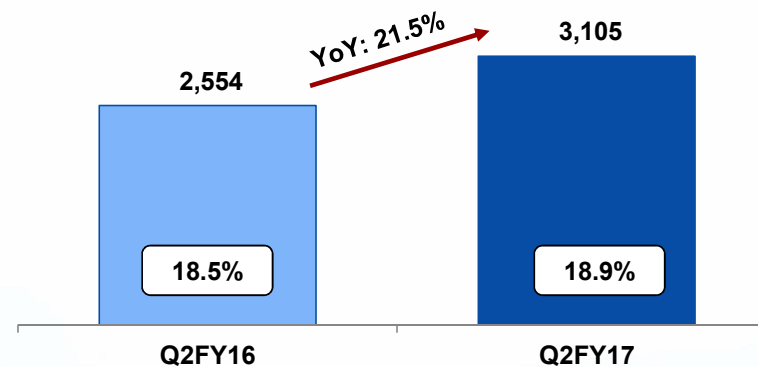
Key Financial Highlights – Q2FY17 Consolidated

All figures in INR mn

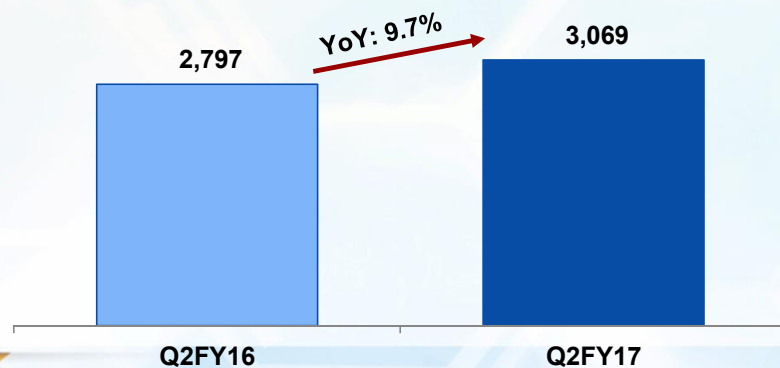
Gross Profit and Gross Margin



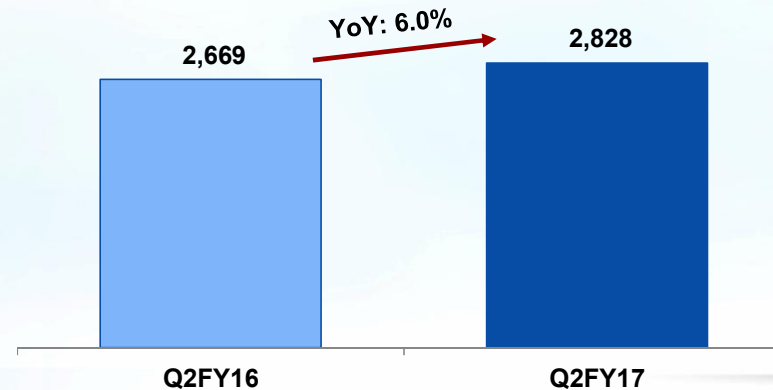
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Improved profitability despite regulatory price cuts

Key Financial Highlights – H1FY17 Consolidated

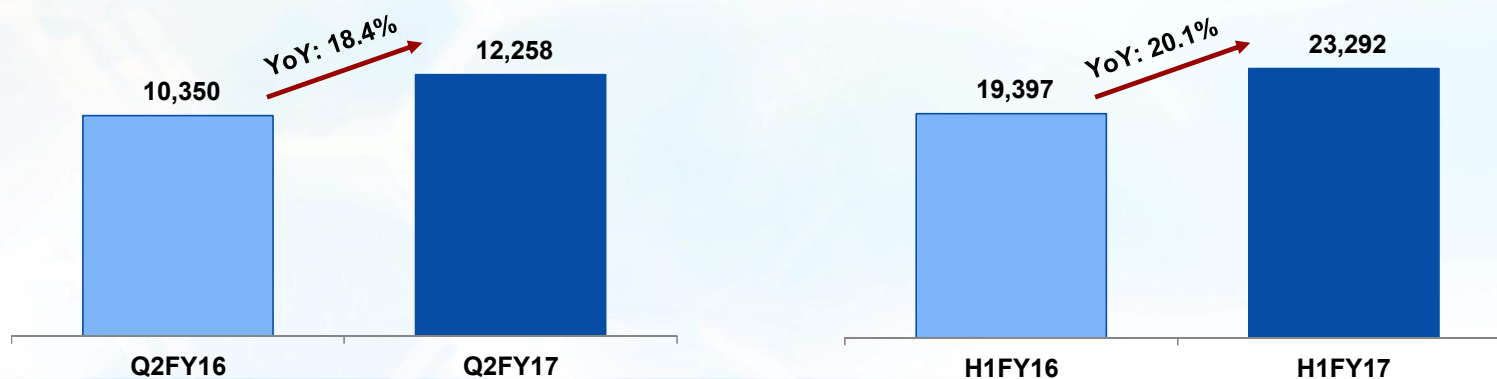
Particulars (Rs mn)	H1FY17	H1FY16	YoY growth
Income from Operations	31,192	26,115	19.4%
Gross Profit	18,989	15,877	19.6%
Gross Profit margin	60.9%	60.8%	
EBITDA	5,816	4,617	26.0%
EBITDA margin	18.6%	17.7%	
PBT	5,732	4,904	16.9%
PBT margin	18.4%	18.8%	
PAT (After Minority Interest)	5,216	4,680	11.5%
PAT margin	16.7%	17.9%	
EPS (Rs / share)	43.63	39.14	11.5%

India Business – Highest ever quarterly sales

India Business: Q2FY17 Net Sales of Rs.12,258 million (18.4% growth YoY)

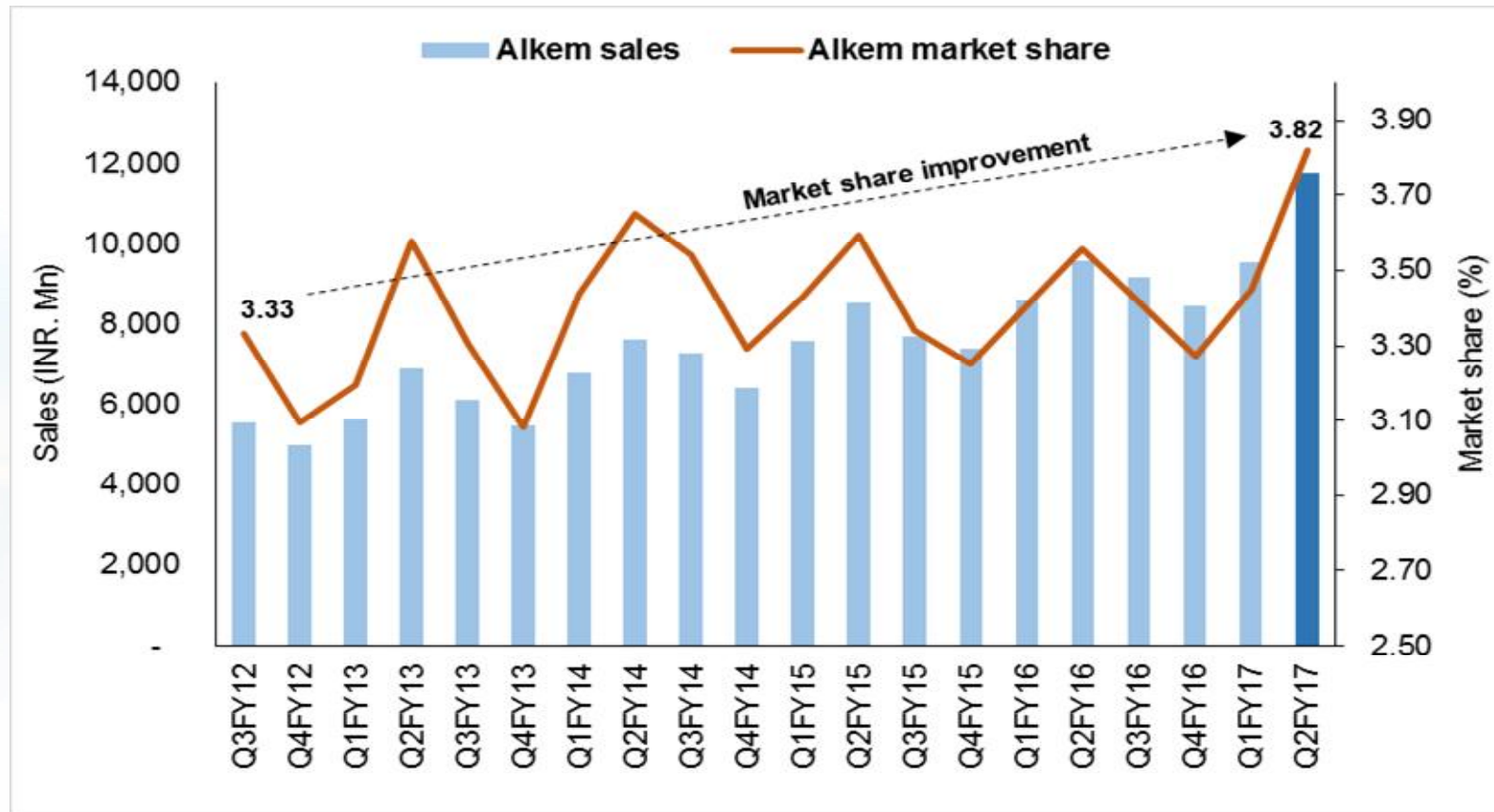
- India sales contributed 75.9% to total net sales for Q2FY17
- During the quarter Company's secondary sales¹ grew by 22.9% – higher than corresponding IPM growth of 14.5%
- The robust growth during the quarter was delivered despite the regulatory headwinds like expansion of NLEM list, WPI led price cuts and NPPA led downward price revision in some of our key brands

India sales (INR mn)



¹ Source: IMS TSA MAT September 2016

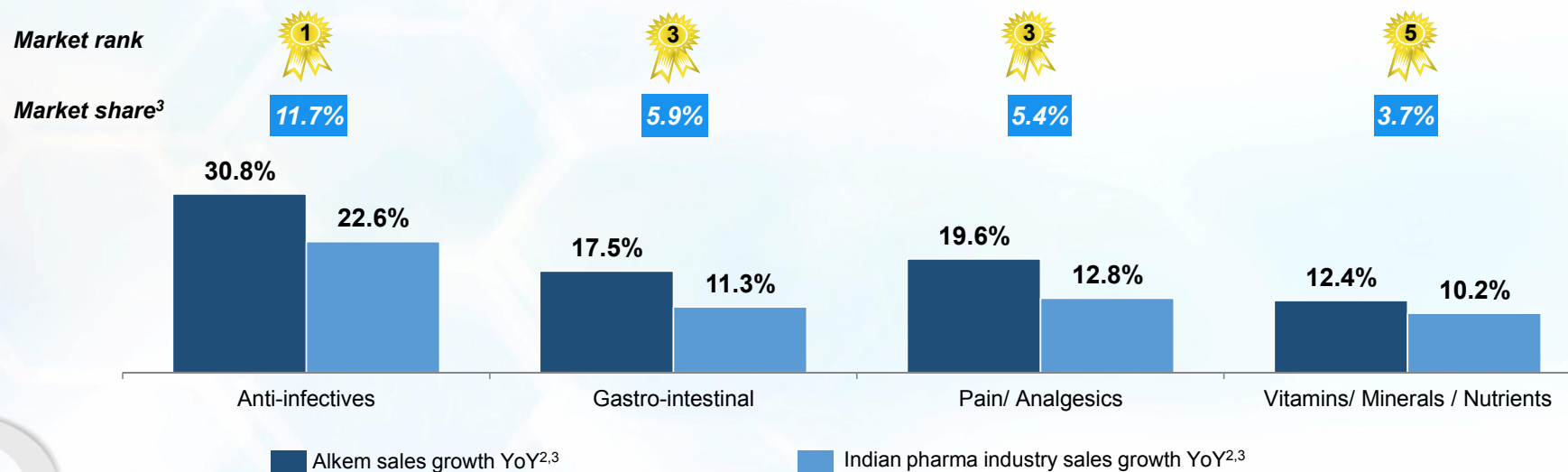
India Business – Market share improvement



Established Therapies – Continued Outperformance

- During the quarter, the Company delivered more than 600bps of outperformance to the market in Anti-Infectives, Gastro-Intestinal and Pain / Analgesic segments
- Mega brands registered strong volume led growth despite the regulatory price cuts
- Strong uptick in Anti-infective market supported by good seasonal monsoon
- Company maintained its leading position in the established therapies along with market share gain

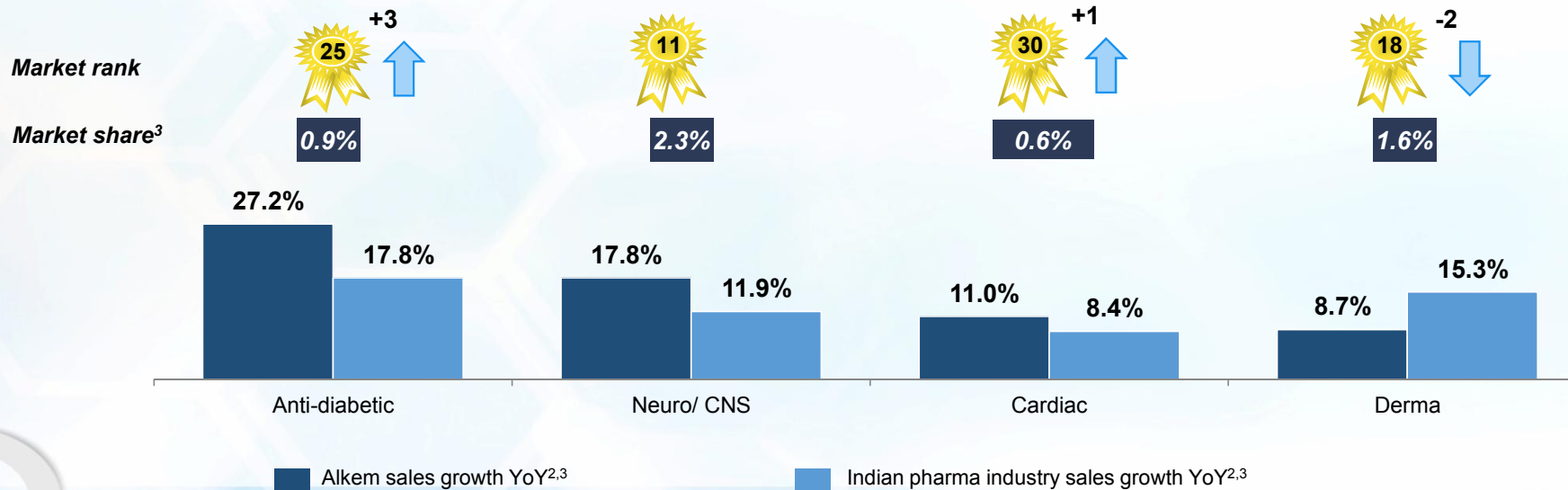
Secondary sales performance in Q2FY17



Emerging Therapies – Building on the Base

- Emerging therapies of the company also registered a healthy performance led by strong secondary sales growth in Anti-diabetic (up 27.2% YoY) and Neuro / CNS (up 17.8% YoY)
- Company moved up the ranking in the important therapy areas of Anti-diabetic and Cardiac
- Continued market share acquisition through new product launches, sustained marketing efforts and building traction with the prescriber base

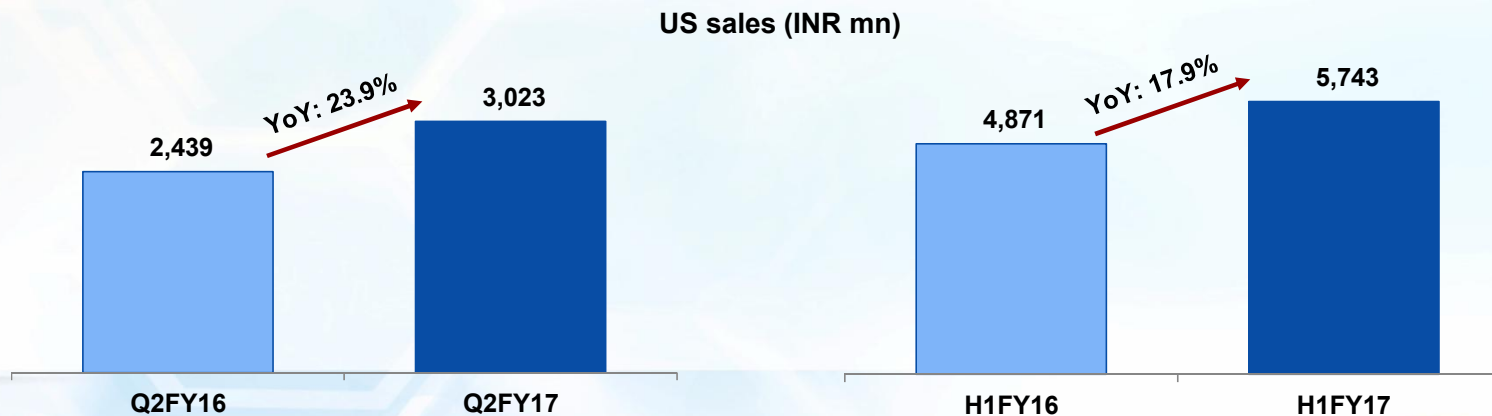
Secondary sales performance in Q2FY17



US Business – A steady quarter

US Business: Q2FY17 Net Sales of Rs.3,023 million (23.9% growth YoY)

- US sales contributed 18.7% to total net sales for Q2FY17
- The Company launched 1 new products during the quarter - in-licensed product
- In Q2FY17, the Company received one approval, taking the cumulative ANDA approvals to 34 (including 7 tentative approvals) and 1 NDA - as on 30th Sep.'16
- **Daman Inspection** – US FDA had inspected the facility in September 2016, post which it had issued thirteen 483 observations. Company has submitted a detailed response to the USFDA within the stipulated timelines
 - Daman facility was again inspected by the US FDA in October 2016, specifically for bio-analytical studies performed for 2 ANDAs and passed with zero 483 observations



Other International Markets – Looking for depth over breadth

Other International Markets : Q2FY17 Net Sales of Rs.869 million (4.7% growth YoY)

- Other International sales contributed 5.4% to total net sales for Q2FY17
- The growth was driven by strong underlying demand in key markets such as Australia, Chile and Kazakhstan
 - In Australia, the Company continues to register strong growth in Osteomol (Company's Paracetamol 665mg brand in Australia)
 - Subsidiary in Chile continued its strong growth with focus on Institutional and Retail business



Strategy going forward

1

India Sales: Consolidate our leadership position in the acute segment by driving growth in our mega brands

2

India Sales: Increase our market share in the chronic segment through market share acquisition and new product introductions

3

Improve our field force productivity through SFE (Sales Force Effectiveness) initiatives

4

Continued focus on R&D to accelerate ANDA filings for the US markets and develop differentiated portfolio

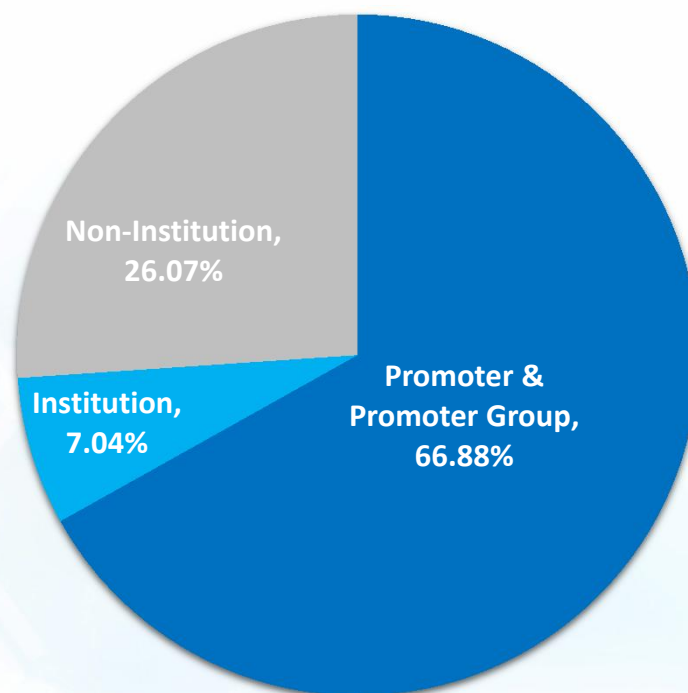
5

Strategic partnerships / collaborations to enhance capabilities and product portfolio for focus markets



Latest Shareholding Pattern

Shareholding pattern as on 30th September 2016



*Institution – Mutual Funds, Financial Institutions, Foreign Portfolio Investors, Foreign Institutional Investors, Nationalised and Non-Nationalised Banks
Non-Institution – Public, Other Bodies Corporates, Clearing Members, Non Resident Indians, Hindu Undivided Family and Trusts*



Thank You

