



ALKEM

ALKEM LABORATORIES LTD.

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Email : contact@alkem.com Website : www.alkemlabs.com
CIN :- L00305MH1973PLC174201



Press Release

Alkem reports Q1FY18 Results

Mumbai, August 11, 2017: Alkem Laboratories Ltd (Alkem) today announced its consolidated financial results for the first quarter of financial year 2018. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key highlights of Q1FY18 financial performance

- Total Income from Operations was Rs.12,952 million, year-on-year decline of 12.5%
 - India sales were Rs.8,675 million, year-on-year decline of 21.4%
 - International sales were Rs.4,057 million, year-on-year growth of 13.0%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.944 million, resulting in EBITDA margin of 7.3% vs. 18.3% in Q1FY17. EBITDA declined by 65.2% YoY
- R&D expenses for the quarter was Rs.701 million, or 5.4% of total income from operation compared to Rs.788 million in Q1FY17 at 5.3% of total income from operation
- Profit before tax (PBT) was Rs.807 million, a decline of 69.7% compared to Q1FY17
- Net Profit (after Minority Interest) was Rs.716 million, year-on-year decline of 70.0%

Commenting on the results, Prabhat Agrawal, CEO, Alkem said, "Q1FY18 has been a below par quarter, not only for the Company but for the entire Indian Pharmaceutical Market as the stockist and other trade partners operated at a significantly lower inventory levels in the run-up to the GST roll-out on 1st July 2017. However, we expect the inventory levels to gradually normalise over the remaining part of the financial year, leading to a pick-up in growth rates in the domestic business. Our International business delivered a steady growth rate during the quarter driven by market share gains in existing products as well as contributions from new product launches. Also our Bioequivalence facility at Taloja underwent successful inspection by the USFDA with zero 483 observations, thereby extending our good compliance track record. We look forward to adapt well to the evolving regulatory landscape in our key markets and deliver sustainable and profitable growth."

Operational Highlights

Domestic Business

Our Domestic business recorded a sales of Rs.8,675 million in Q1FY18, compared to Rs.11,033 million in Q1FY17. The year-on-year decline in our domestic sales was mainly on account of GST led destocking by the stockist and trade partners.

As per IMS TSA MAT June 2017, during the quarter we registered a year-on-year growth of 1.7%, compared to the Indian Pharmaceutical Market (IPM) which grew by 4.8% YoY. While the Emerging therapy segments of the Company; neuro / CNS, derma, cardiac and anti-diabetes; continued to



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deliver robust year-on-year growth during the quarter, a subdued growth in the Company's key therapy segments of anti-infectives and gastro intestinal mainly led by price cuts taken during the financial year 2017, pulled back the overall year-on-year growth rate of the Company.

Our continued focus on developing our presence in the chronic segment is showing encouraging results with the Company now featuring amongst the top 10 companies in India in the therapy segment of neuro / CNS as per IMS TSA data for the quarter ended June 2017. We also improved our market rankings in other chronic therapy areas like derma, cardiac and anti-diabetes.

Our performance in the key therapeutic segments during Q1FY18 is as shown in the table below:

Key Therapy segment	Q1FY18 [#]			
	Alkem Rank	YoY change in Rank*	YoY growth (Alkem)	YoY growth (IPM)
Anti-infectives	1	Unchanged	-7.4%	-2.1%
Gastro Intestinal	3	Unchanged	3.4%	4.5%
Pain / Analgesics	3	Unchanged	11.5%	2.8%
Vitamins / Minerals / Nutrients	5	Unchanged	6.3%	3.8%
Neuro / CNS	10	+1	11.8%	4.4%
Derma	17	+1	23.4%	13.0%
Cardiac	29	+1	19.3%	4.8%
Anti-Diabetic	25	+2	16.6%	15.9%
Total	6	-1	1.7%	4.8%

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

[#]Source: IMS TSA MAT June 2017

International Business

Our International sales for Q1FY18 grew by 13.0% YoY, recording sales of Rs.4,057 million as compared to Rs.3,590 million for Q1FY17.

- **US sales** for the quarter was Rs.2,962 million, recording a year-on-year growth of 8.9%.
- **Other International Markets sales** for the quarter was Rs.1,095 million, recording a year-on-year growth of 25.8%.

R&D Investments

Our Revenue R&D expenses for the quarter were Rs.701 million, or 5.4% of total income from operation.

During the quarter, we filed 2 abbreviated new drug applications (ANDAs) with the US FDA and received 2 final approvals. As on 30th June 2017, we have filed a total of 92 ANDAs and 1 new drug application (NDA) with the US FDA of which 37 are Para IV filings including first-to-files (FTFs). Of these, we have received approvals for 39 ANDAs (including 6 tentative approvals) and 1 NDA.



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Invite for Q1FY18 Conference Call at 5:00pm IST, August 11th, 2017

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Friday, August 11th, 2017 at 5:00pm IST to discuss its Q1FY18 financial results. The conference call follows the announcement of the Company's Q1FY18 financial results on Friday, August 11th, 2017.

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: 5:00 pm IST (GMT + 5:30) on Friday, August 11th, 2017.

Dial in Details:

India : +91 22 3938 1079

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

For further information or queries please contact

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