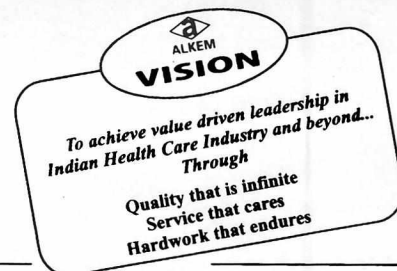




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CIN :- L00305MH1973PLC174201



Press Release

Alkem reports Q4FY18 and FY18 Results

Mumbai, May 30, 2018: Alkem Laboratories Ltd (Alkem) today announced its consolidated financial results for fourth quarter & twelve months ending March 31, 2018. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key highlights of Q4FY18 financial performance (Refer Notes below)

- Total Revenue from Operations was Rs.15,132 million, year-on-year growth of 20.9%
 - India sales were Rs.9,602 million, year-on-year growth of 12.1%
 - International sales were Rs.5,236 million, year-on-year growth of 35.9%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.1,138 million, resulting in EBITDA margin of 7.5% vs. 11.9% in Q4FY17. Other Expenses for Q4FY18 and FY18 includes Rs.283 million and Rs.263 million respectively on account of net loss on fair valuation of current investments, including loss of Rs.369 million and Rs.380 million respectively on account of fair valuation of investment in real estate fund as per report of independent valuers
- R&D expenses for the quarter was Rs.1,117 million, or 7.4% of total revenue from operations compared to Rs.915 million in Q4FY17 at 7.3% of total revenue from operations
- Profit before tax (PBT) was Rs.809 million, compared to Rs.1,361 million in Q4FY17
- Net Profit (after Minority Interest) was Rs.671 million, compared to Rs.1,370 million in Q4FY17
- During the quarter, the Company utilized its previously derecognised MAT credit amounting to Rs.218 million. Thus the current tax charge for Q4FY18 is after MAT credit

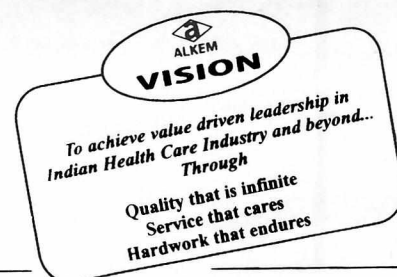
Key highlights of FY18 financial performance (Refer Notes below)

- Total Revenue from Operations was Rs.64,312 million, year-on-year growth of 9.9%
 - India sales were Rs.44,900 million, year-on-year growth of 6.5%
 - International sales were Rs.18,336 million, year-on-year growth of 17.1%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was Rs.10,284 million, resulting in EBITDA margin of 16.0% vs. 17.1% in FY17. Other Expenses includes net loss on fair valuation of current investments as discussed above
- R&D expenses for FY18 was Rs.3,646 million, or 5.7% of total revenue from operations compared to Rs.3,204 million in FY17 at 5.5% of total revenue from operations
- Profit before tax (PBT) was Rs.9,260 million, compared to Rs.9,646 million in FY17
- Net Profit (after Minority Interest) was Rs.6,309 million, compared to Rs.8,920 million in FY17
- Tax expenses in FY18 includes one-off charge of Rs.449 million (accounted in Q3FY18) on account of significant changes to the US corporate income tax system and utilization of previously derecognised MAT credit amounting to Rs.218 million (accounted in Q4FY18)

Notes: Post implementation of Goods and Service Tax (GST) with effect from July 1, 2017 and as per Ind AS 18, Revenue from operations is disclosed net of GST. Revenue from operations for the quarter and for the year ended March 31, 2017 included excise duty which is now subsumed under GST. Revenue from operations for the year ended March 31, 2018 includes excise duty up to June 30, 2017. Accordingly, revenue from operations for the quarter and year ended March 31, 2018 are not strictly comparable with those of the previous periods presented.

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Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "I am pleased with the progress that the Company has made in FY18 which otherwise has been a challenging year for the pharma industry. Adjusting for the GST impact, our domestic business registered a healthy double digit growth which was well complemented by our International business growing in high teens. To sustain this performance going forward, we continue to invest in our people, capabilities and infrastructure to build levers for future growth."

Operational Highlights**Domestic Business**

Our Domestic sales for Q4FY18 grew by 12.1% YoY, recording a sales of Rs.9,602 million as compared to Rs.8,563 million for Q4FY17. For FY18, our Domestic sales grew by 6.5% YoY to Rs.44,900 million compared to Rs.42,153 million in FY17. Adjusting for the impact of GST, like-to-like YoY growth was higher for the quarter and twelve months ended March 31, 2018.

As per IMS Data, for the quarter ended March 31, 2018, we grew by 16.6% YoY compared to IPM growth of 11.1%. This outperformance was largely driven by strong growth in the anti-infective segment where we grew by 21.8% compared to market growth of 16.2%. We also maintained our leading positions in our established therapy areas of Anti-infectives, Gastro Intestinal, Pain / Analgesic and Vitamins / Minerals / Nutrients. In our emerging therapy segments of Neuro / CNS, Cardiac and Anti-Diabetes we registered strong performance relative to the market with improvement in market share and rankings. For the full year ending March 31, 2018, we registered a growth of 7.2% compared to IPM growth of 6.3%.

The performance highlights of the key therapeutic segments in Q4FY18 and FY18 are as shown in the table below:

| Key Therapy segment | Q4FY18 | | | | FY18 | | | |
|---------------------------------|------------|---------------------|--------------------|------------------|------------|---------------------|--------------------|------------------|
| | Alkem Rank | YoY change in Rank* | YoY growth (Alkem) | YoY growth (IPM) | Alkem Rank | YoY change in Rank* | YoY growth (Alkem) | YoY growth (IPM) |
| Anti-infectives | 1 | Unchanged | 21.8% | 16.2% | 1 | Unchanged | 2.7% | 1.5% |
| Gastro Intestinal | 3 | Unchanged | 9.1% | 8.6% | 3 | Unchanged | 6.6% | 5.3% |
| Pain / Analgesics | 3 | Unchanged | 10.7% | 7.1% | 3 | Unchanged | 10.6% | 3.5% |
| Vitamins / Minerals / Nutrients | 5 | +1 | 16.0% | 10.3% | 4 | +1 | 11.5% | 6.0% |
| Neuro / CNS | 8 | +2 | 16.0% | 5.4% | 9 | +1 | 12.1% | 3.8% |
| Derma | 17 | -1 | 11.2% | 11.5% | 18 | -1 | 19.4% | 13.8% |
| Cardiac | 27 | +1 | 23.3% | 8.7% | 28 | Unchanged | 17.6% | 6.0% |
| Anti-Diabetic | 24 | +3 | 21.9% | 10.6% | 25 | +2 | 20.3% | 11.8% |
| Total | 6 | +3 | 16.6% | 11.1% | 6 | Unchanged | 7.2% | 6.3% |

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

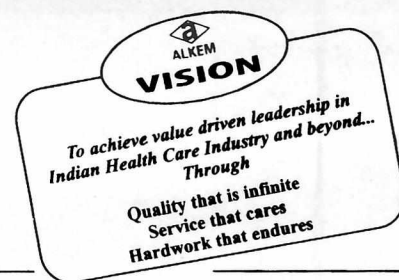
Source: IMS MAT March 2018



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International Business

Our International sales for Q4FY18 grew by 35.9% YoY, recording sales of Rs.5,236 million as compared to Rs.3,853 million for Q4FY17. For FY18, our International sales grew by 17.1% to Rs.18,336 million compared to Rs.15,659 million in FY17.

- **US sales** for the quarter was Rs.4,071 million, recording a year-on-year growth of 40.0%. For FY18, US sales was Rs.13,667 million, up 13.6% compared to FY17. In USD terms, the YoY growth was even higher.
- **Other International Markets sales** for the quarter were Rs.1,165 million, recording a year-on-year growth of 23.2%. For FY18, Other International Markets sales were Rs.4,670 million, up 28.9% compared to FY17.

R&D Investments

Our Revenue R&D expenses for the quarter were Rs.1,117 million, or 7.4% of total revenue from operations. Similarly for FY18, our Revenue R&D expenses were Rs.3,646 million, or 5.7% of total revenue from operations.

During the quarter, we filed 11 abbreviated new drug applications (ANDAs) with the US FDA and received 1 approvals. For FY18, we filed 19 ANDAs with the US FDA and received 13 approvals (including 1 tentative approvals).

As on March 31, 2018, we have filed a total of 107 ANDAs and 1 new drug application (NDA) with the US FDA of which 47 are Para IV filings including first-to-files (FTFs). Of these, we have received approvals for 49 ANDAs (including 6 tentative approvals) and 1 NDA.

Update on US FDA Inspections

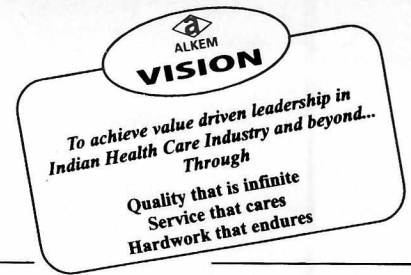
During the quarter, the US FDA conducted inspections at our formulation manufacturing facilities located at Daman, India and St. Louis, US. At the end of the inspection, Form 483 were issued with 1 observation and 13 observations for St. Louis and Daman facilities respectively. We have replied to the US FDA within the stipulated timelines with detailed corrective and preventive action plans to address the observations.



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Q4FY18 and FY18 Conference Call at 5:00pm IST, May 30, 2018

Alkem Laboratories Ltd. will organize a conference call for investors and analysts on Wednesday, May 30, 2018 at 5:00 pm IST to discuss its Q4FY18 & FY18 financial results.

Alkem Laboratories Ltd. will be represented on the call by Mr. Sandeep Singh, Managing Director 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 Wednesday, May 30, 2018.

Dial in Details:

India : +91 22 6280 1149 / +91 22 7115 8050

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 sixth largest pharmaceutical company in India in terms of domestic sales (Source: IMS MAT March 2018). 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



ALKEM LABORATORIES LTD.
Investor Presentation Q4FY18 – May 30, 2018

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 For Q4FY18 and FY18

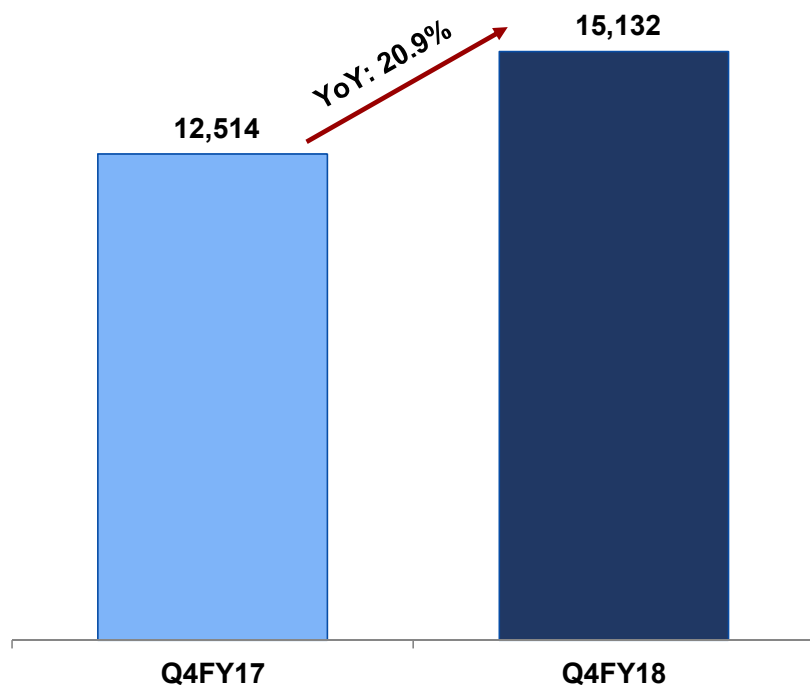
Healthy revenue growth in key markets of India and US

- **India Business – double digit underlying growth:** Adjusted for the GST impact, the India business grew in double digit for the quarter and year ended March 31, 2018. As per IMS data, the Company outperformed the India pharmaceutical market (IPM) across most of the major therapy areas
- **Healthy growth in the International Business:** Company's International Business including US and select international markets registered a healthy high teen growth for the year ended March 31, 2018
- **US Business** across crossed US\$200mn in revenues in the year ended March 31, 2018
- **Filed 19 ANDAs** with the US FDA during the year
- **Received 13 ANDA approvals from the US FDA** during the year including one tentative approval
- **US FDA inspections at Daman and St. Louis:** The Company has replied to the US FDA within the stipulated timelines with a detailed corrective and preventive action plan to address the observations

Key Financial Highlights – Q4FY18 (Consolidated)

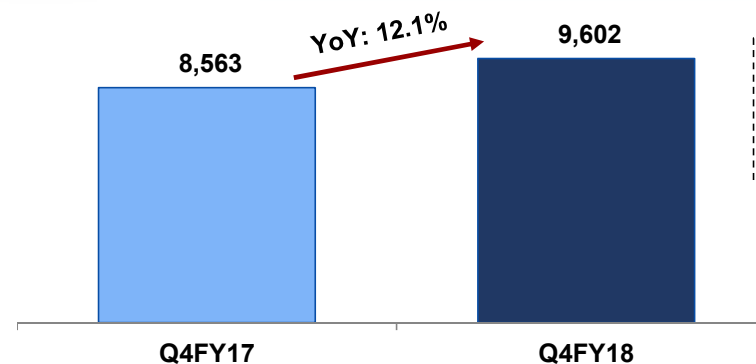
All figures in Rs mn

Total Revenue from Operations



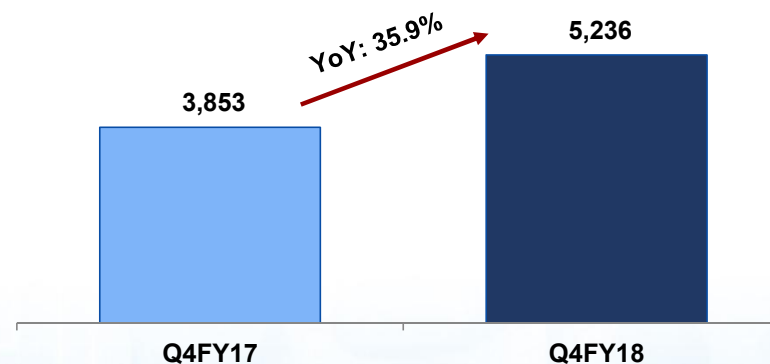
Notes: Post implementation of GST with effect from July 1, 2017 and as per Ind AS 18, Revenue from Operations is disclosed net of GST. Revenue from Operations for earlier periods includes excise duty. Accordingly, Revenue from Operations for the quarter and twelve months ended March 31, 2018 are not strictly comparable with those of previous period presented.

India sales



Adjusting for the impact of GST, YoY growth was even higher

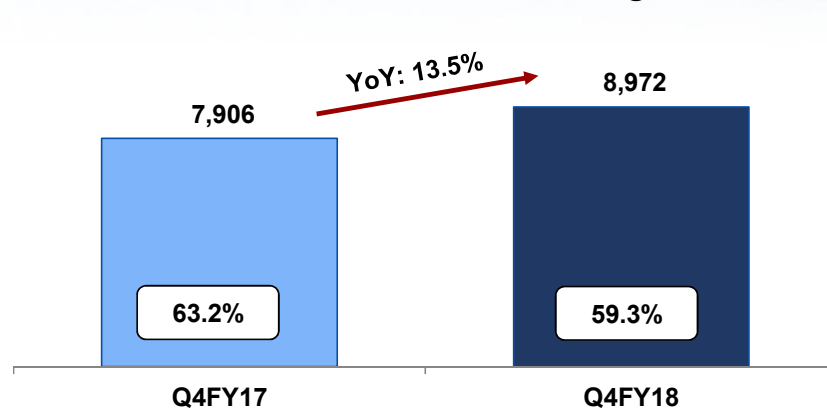
International sales



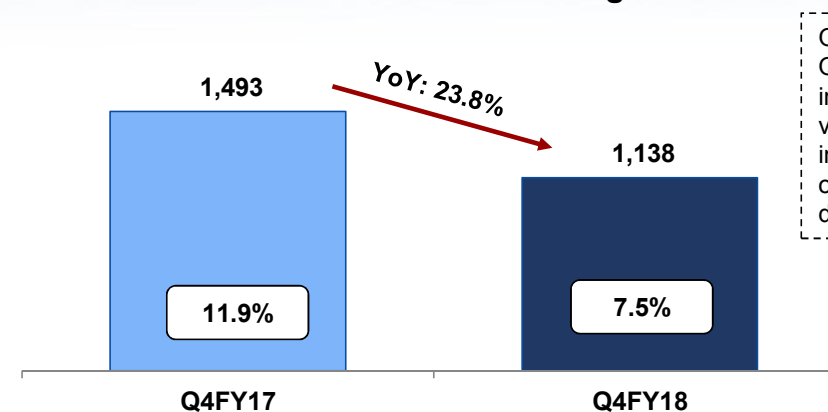
Key Financial Highlights – Q4FY18 (Consolidated)

All figures in Rs mn

Gross Profit and Gross Margin

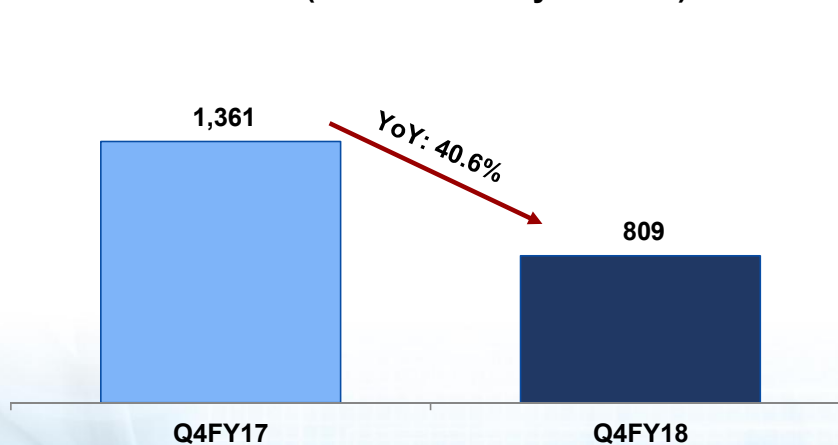


EBITDA and EBITDA Margin

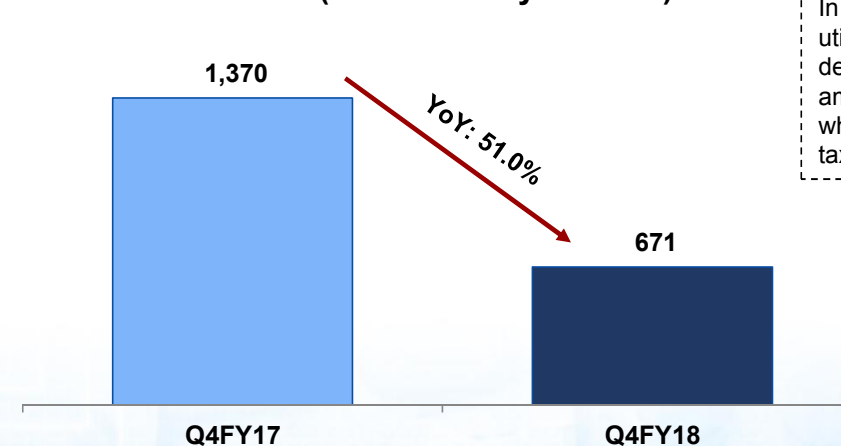


Other Expenses for Q4FY18 and FY18 includes net loss on fair valuation of current investments (Please refer our press release for details)

PBT (before Minority Interest)



PAT (after Minority Interest)



In Q4FY18, the Company utilized its previously derecognised MAT credit amount to Rs.218mn which is included under tax expenses

Key Financial Highlights – FY18 (Consolidated)

| Particulars (Rs mn) | FY18 | FY17 | YoY growth |
|-------------------------------|--------|--------|------------|
| Revenue from Operations | 64,312 | 58,525 | 9.9% |
| Gross Profit | 39,183 | 36,310 | 7.9% |
| Gross Profit margin | 60.9% | 62.0% | |
| EBITDA | 10,284 | 9,990 | 2.9% |
| EBITDA margin | 16.0% | 17.1% | |
| PBT | 9,260 | 9,646 | (4.0)% |
| PBT margin | 14.4% | 16.5% | |
| PAT (After Minority Interest) | 6,309 | 8,920 | (29.3)% |
| PAT margin | 9.8% | 15.2% | |
| EPS (Rs / share) | 52.77 | 74.61 | (29.3)% |

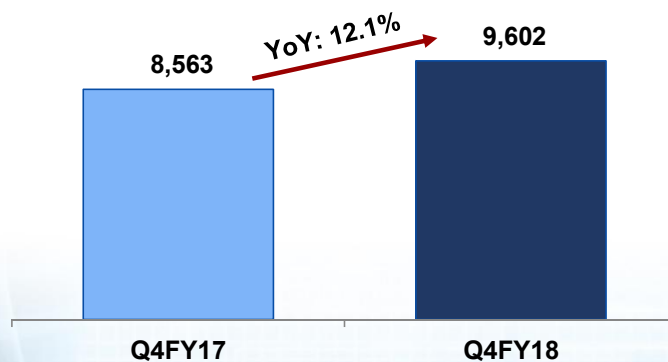
Notes: Post implementation of GST with effect from July 1, 2017 and as per Ind AS 18, Revenue from Operations is disclosed net of GST. Revenue from Operations for earlier periods includes excise duty. Accordingly, Revenue from Operations for the quarter and twelve months ended March 31, 2018 are not strictly comparable with those of previous period presented.

India Business

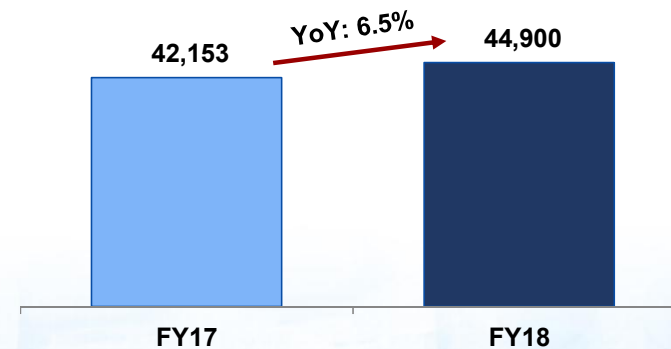
India Business: Q4FY18 Sales of Rs.9,602 million (12.1% growth YoY)

- India sales contributed 64.7% to total sales in Q4FY18
- Adjusting for the GST impact, YoY growth during the quarter and year ending March 31, 2018 was even higher
- During the quarter and year ended March 31, 2018, the Company outperformed the IPM across all the major therapy segments (Source: IMS data)
- The Company maintained its leading position in acute therapy areas of Anti-infectives, Gastro-intestinal, Pain / Analgesic and Vitamins / Minerals / Nutrients (Source: IMS data)
- The Company improved its market share and rankings in chronic therapy areas of Cardiac, Anti-diabetes and Neuro / CNS. The Company now ranks 8th (YoY improvement of 2 ranks) in the CNS / Neuro segment for Q4FY18 (Source: IMS data)

Q4FY18 – India Sales (Rs mn)



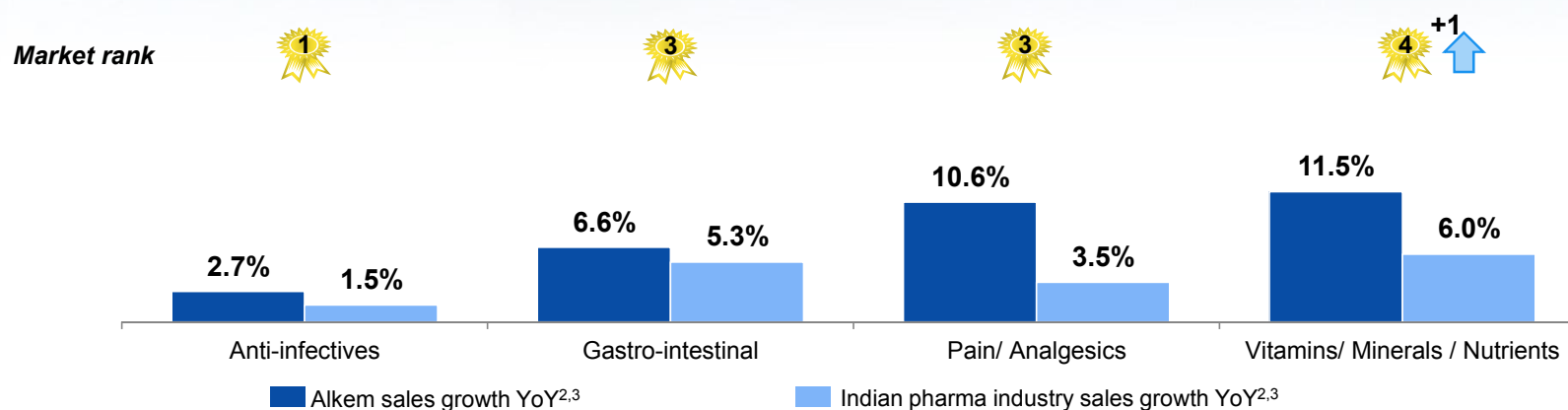
FY18 - India sales (Rs mn)



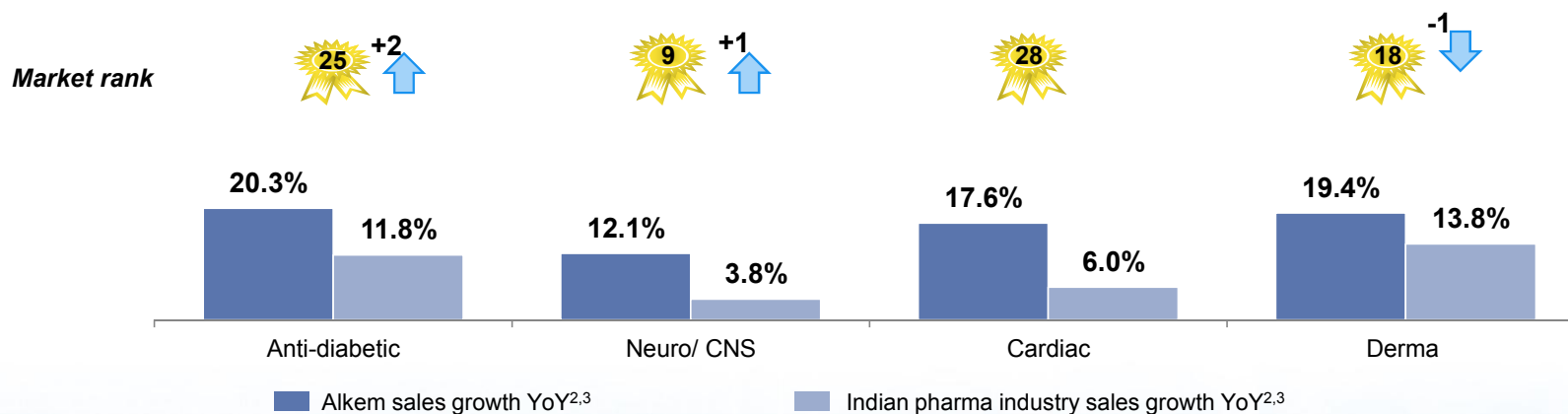
India Business – Secondary Sales Performance

Outperformance across all the major therapeutic areas in FY18

Established therapeutic areas of Alkem



Emerging therapeutic areas of Alkem



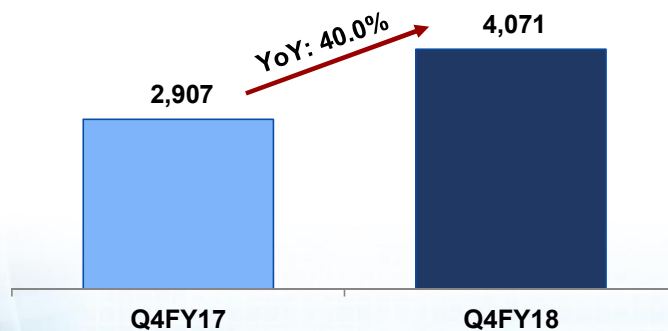
Source: IMS TSA data ² Domestic formulations sales; ³ For 12 months ended March 2018

US Business

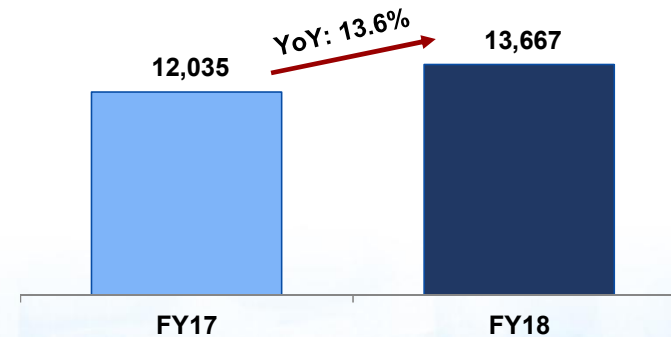
US Business: Q4FY18 Sales of Rs.4,071 million (40.0% growth YoY)

- US sales contributed 27.4% to total sales in Q4FY18
- In FY18, US revenues crossed US\$200mn
- In Q4FY18, the Company filed 11 ANDAs with the US FDA and received 1 approval
- As on March 31, 2018, the Company has filed a total of 108 ANDAs (including 1 NDA) with the US FDA and has received 50 approvals (including 6 tentative approvals and 1 NDA)
- **Status of US FDA inspection:** The Company has submitted a detailed corrective and prevention action plan to the US FDA within the stipulated timelines in response to the observations it received in Form 483 for its Daman (India) and St. Louis (US) plant

Q4FY18 – US Sales (Rs mn)



FY18 - US sales (Rs mn)

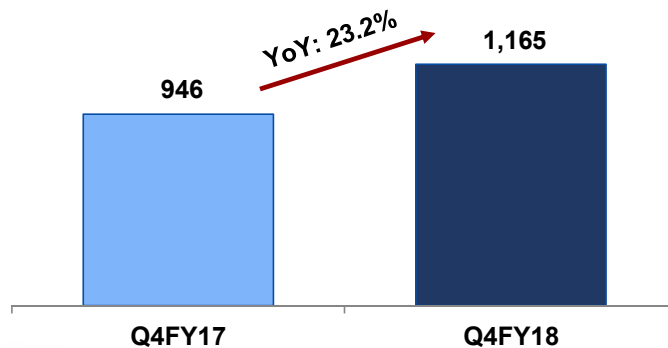


Other International Business

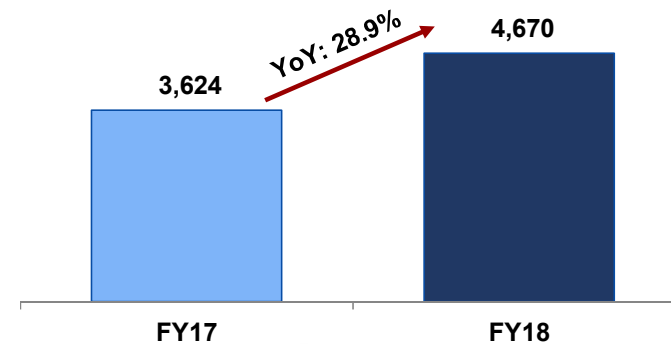
Other International Business: Q4FY18 Sales of Rs.1,165 million (23.2% growth YoY)

- Other International Market sales contributed 7.9% to total sales in Q4FY18
- Company's key markets including Australia, Philippines, Chile and Kazakhstan recorded healthy growth for the quarter and year ending March 31, 2018

Q4FY18 – Other International Sales (Rs mn)

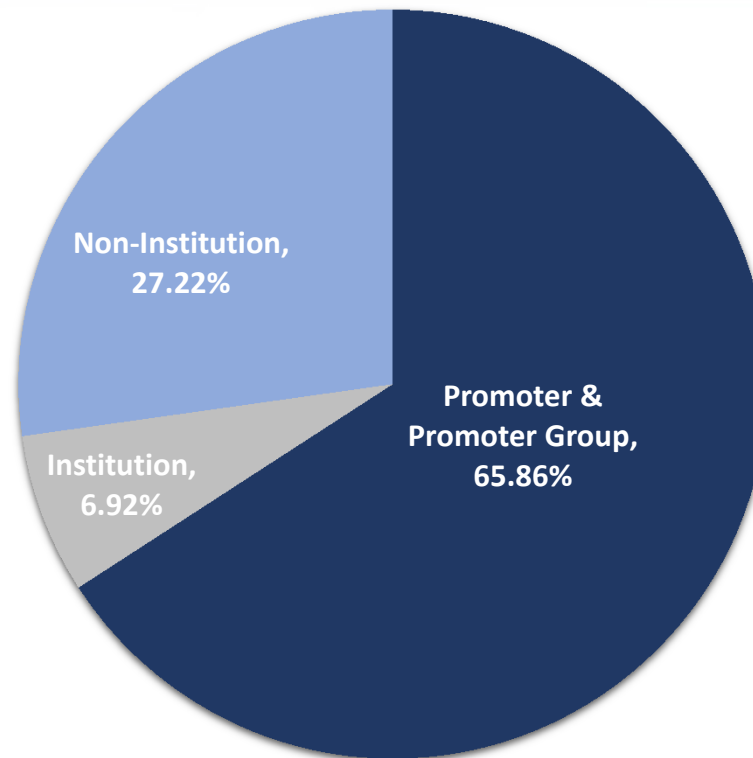


FY18 – Other International Sales (Rs mn)



Latest Shareholding Pattern

Shareholding pattern as on March 31, 2018



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