

**ALKEM LABORATORIES LTD.**

**Regd. Office :** ALKEM HOUSE, Senapati Bapat Marg,  
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

- Phone: +91-22-3982 9999 • Fax: 022-2495 2955
- Email: [contact@alkem.com](mailto:contact@alkem.com) • Website: [www.alkemlabs.com](http://www.alkemlabs.com)
- CIN: L00305MH1973PLC174201

05<sup>th</sup> August, 2022

<b>The Corporate Relationship Department BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <i>Scrip Code: 539523</i>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051. <i>Scrip Symbol: ALKEM</i>
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Dear Sirs,

**Sub: Press Release and Analyst Presentation on Q1FY23 Results**

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q1FY23 earnings and business updates and the same will be uploaded on the website of the Company.

Kindly take note of the same.

Sincerely,  
For **Alkem Laboratories Limited**

  
**Manish Narang**  
President - Legal, Company Secretary & Compliance Officer

Encl.: a/a



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### Press Release

#### Alkem reports Q1FY23 results

**Mumbai, August 5, 2022:** Alkem Laboratories Ltd. (Alkem) today announced its standalone and consolidated financial results for the first quarter ended June 30, 2022. These results were taken on record by the Board of Directors at its meeting held in Mumbai today.

#### Key highlights of Q1FY23 financial performance

- Total Revenue from Operations was ₹ 25,764 million, year-on-year decline of 5.7%
  - India sales were ₹ 17,815 million, year-on-year decline of 6.7%
  - International sales were ₹ 7,604 million, year-on-year decline of 3.8%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 2,032 million, resulting in EBITDA margin of 7.9% vs. 21.7% in Q1FY21. EBITDA declined by 65.7% YoY
- R&D expenses for the quarter was ₹ 1,320 million, or 5.1% of total revenue from operations compared to ₹ 1,183 million in Q1FY22 at 4.3% of total revenue from operations
- Profit before tax (PBT) was ₹ 1,519 million, a decline of 72.7% compared to Q1FY22
- Net Profit (after Minority Interest) was ₹ 1,276 million, year-on-year decline of 72.7%

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, *“We are starting the new fiscal year on a positive note, with yet another market beating performance in domestic market adjusting for huge base of last year [CAGR of 13.4%, Q1FY20-Q1FY23]. However, headwinds from price erosion in US market and inflationary environment has impacted margins for the quarter. As we move ahead, we remain focused on our journey of expanding margins through productivity improvement and various cost optimization initiatives across the organization. Our biosimilar franchise is shaping up well and we are looking forward to some exciting launches going ahead.”*



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### Operational Highlights

#### Domestic Business

In Q1FY23, the Company's India sales declined by 6.7% YoY, recording sales of ₹ 17,815 million as compared to ₹ 19,097 million in Q1FY22.

As per secondary sales data by IQVIA for the quarter ended June 30, 2022, the Company sales remained flat YoY compared to Indian Pharmaceutical Market (IPM) de-growth of 1.8% YoY due to huge base effect of last year. This outperformance was mainly driven by acute therapies like anti-infectives, respiratory and gastrointestinal. Pain management and gastrointestinal witnessed a good double digit growth even on huge base of last year. Company's chronic therapies like anti-diabetes and derma significantly outperformed the segment growth rate, thereby gaining market share and improving their market rankings. The Company continues to feature amongst the top five companies in the Indian pharmaceutical market and has maintained its leadership position in the anti-infective segment. The company has 18 brands which features among top 300 brands in IPM and have 15 brands with annual sales of over ₹ 1 bn.

The performance highlights of the key therapeutic segments in Q1FY23 are as shown below:

Key Therapy Segment	Q1FY23			
	Alkem Rank	YoY change in Rank*	YoY growth (Alkem)	YoY growth (IPM)
Anti-infectives	1	Unchanged	-12.4%	-17.9%
Gastro Intestinal	3	Unchanged	19.3%	12.9%
Pain / Analgesics	3	+1	10.0%	10.1%
VMN**	2	Unchanged	-12.7%	-7.8%
Neuro / CNS	8	Unchanged	11.0%	12.5%
Derma	18	+1	14.8%	2.9%
Cardiac	27	Unchanged	-7.9%	0.3%
Respiratory	17	+2	-7.1%	-16.3%
Anti-Diabetic	16	+4	19.5%	3.9%
<b>Total</b>	<b>5</b>	<b>Unchanged</b>	<b>0.0%</b>	<b>-1.8%</b>

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

\*\*VMN – Vitamins / Minerals / Nutrients

Source: IQVIA Data

#### International Business

In Q1FY23, the Company's International sales declined by 3.8% YoY, recording sales of ₹ 7,604 million as compared to ₹ 7,903 million in Q1FY22.

- **US sales** for the quarter was ₹ 5,565 million, recording a year-on-year decline of 7.9%.
- **Other International Markets sales** for the quarter was ₹ 2,039 million, recording a year-on-year growth of 9.6%.



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### R&D Investments

During the quarter, the Company filed 3 abbreviated new drug applications (ANDAs) with the US FDA and received 4 approvals (including 1 tentative approval).

As on June 30, 2022, the Company filed a total of 164 ANDAs and 2 new drug applications (NDA) with the USFDA. Of these, it has received approvals for 124 ANDAs (including 13 tentative approvals) and 2 NDAs.

### Update on US FDA Inspections

Facility	Capability	Last inspection	Status post last inspection
Indore (India)	Formulations	July 2022	Received 1 observation. The Company has already submitted a detailed response to the US FDA on the corrective and preventive actions it is taking to address them.
St. Louis (US)	Formulations	June 2022	Received 3 observations. The Company has already submitted a detailed response to the US FDA on the corrective and preventive actions it is taking to address them.
Taloja (India)	Bioequivalence Centre	April 2022	Successfully closed without any observations.
Baddi (India)	Formulations	February 2020	EIR# received in March 2020, thereby successfully closing the inspection
Daman (India)	Formulations	August 2019	EIR# received in October 2019, thereby successfully closing the inspection
California (US)	APIs	August 2018	Successfully closed without any observations. EIR received in October 2018
Ankleshwar (India)	APIs	December 2016	EIR# received in March 2017, thereby successfully closing the inspection
Mandva (India)	APIs	September 2015	EIR# received in March 2016, thereby successfully closing the inspection

# EIR – Establishment Inspection Report



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### **Q1FY23 Conference Call at 4:00pm IST, August 5, 2022**

Alkem will organize a conference call for investors and analysts on Friday, August 5, 2022 from 4:00pm to 5:00pm IST to discuss its Q1FY23 financial results.

Alkem 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:** 4:00 pm IST (GMT + 5:30) on Friday, August 5, 2022

#### **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

#### **Express Join with Diamond Pass**

<https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=6573919&linkSecurityString=1d6ca845e8>

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](http://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 800 brands in India, Alkem is ranked the fifth largest pharmaceutical company in India in terms of domestic sales (Source: IQVIA March 2021). The Company also has presence in more than 40 international markets, with the United States being its key focus market. For more information on Alkem Laboratories Ltd., please visit [www.alkemlabs.com](http://www.alkemlabs.com)

#### **For further information or queries, please contact**

##### **Amit Kumar Khandelia**

AVP Finance

Tel: +91 22 3982 9999 / Mobile: +91 99309 70362

E-mail: [amit.khandelia@alkem.com](mailto:amit.khandelia@alkem.com)

# Alkem Laboratories Ltd.

Investor Presentation Q1FY23  
August 5, 2022



# 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 Q1FY23



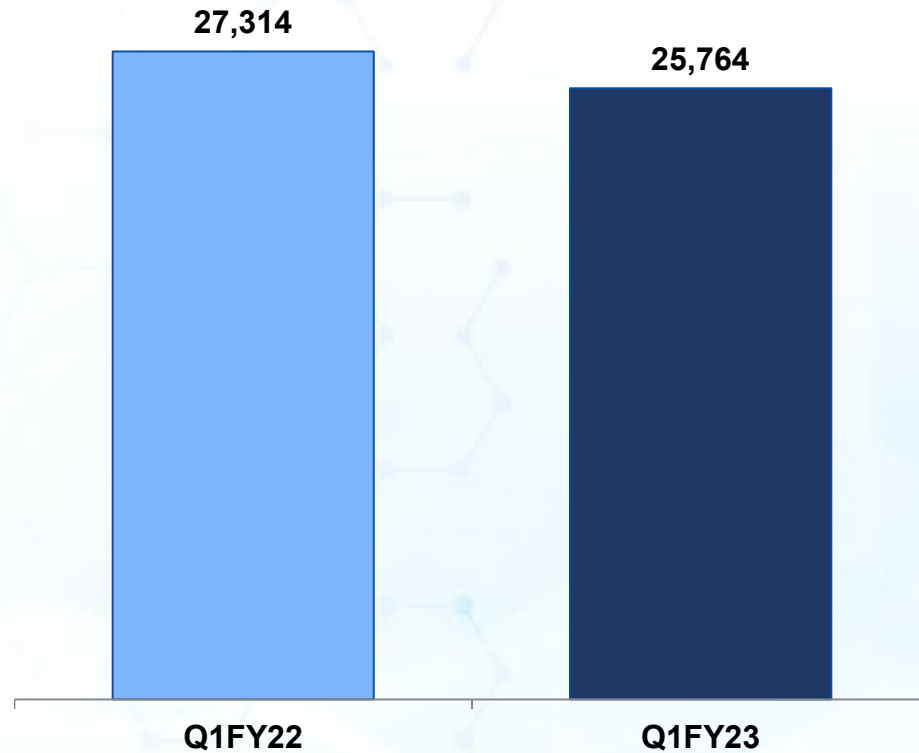
- **Revenue from Operations** declined by 5.7% YoY during the quarter, with EBITDA margin of 7.9% and Net Profit decline of 72.7% YoY
- **India Business:** Company's secondary sales remained flat compared to IPM decline of 1.8% YoY (Source: IQVIA data)
  - Market beating performance in domestic business
  - Faster than market growth and encouraging response in recently launched Pulmocare division
- **US Business** posted sequential growth of 2.7% QoQ compared to Q4FY22
- **Non US Business** posted sequential growth of 2.4% QoQ compared to Q4FY22 and 9.6% YoY compared to Q1FY22
- **R&D expenses** in the quarter was ₹ 1.3 billion at 5.1 % of revenue from operations
  - The Company filed 3 ANDAs with the US FDA and received 4 approvals (including 1 tentative approval) in Q1FY23
- **Enzene Biosciences** - Encouraging response from 3 products launched in Indian market.
- **Healthy Balance Sheet** with net cash of ₹ 9.5 billion as on June 30, 2022



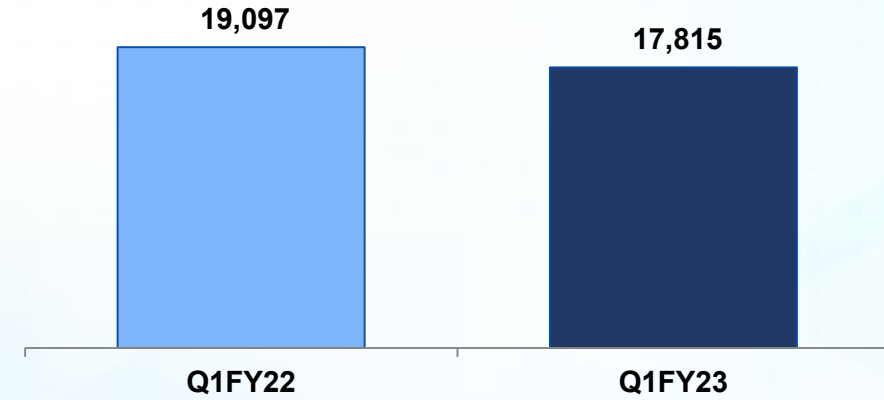
# Key Financial Highlights – Q1FY23 (Consolidated)

All figures in ₹ mn

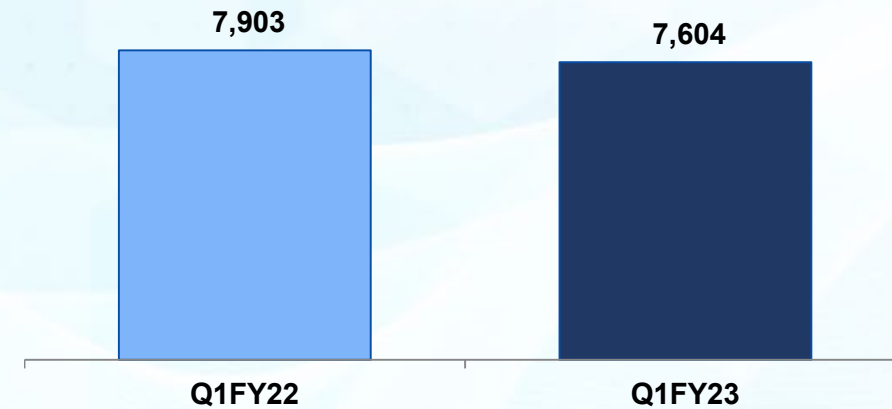
## Revenue from Operations



## India sales



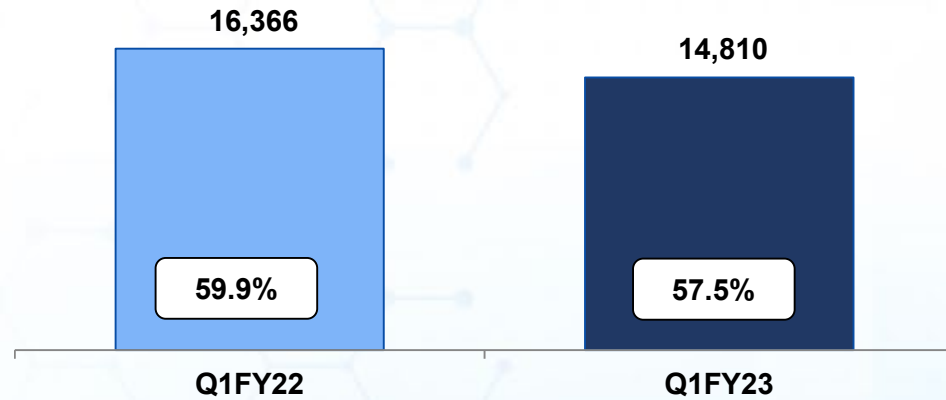
## International sales



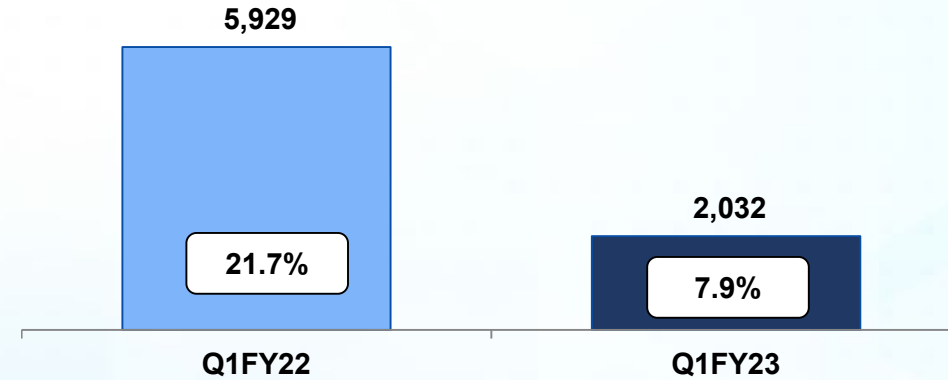
# Key Financial Highlights – Q1FY23 (Consolidated)

All figures in ₹ mn

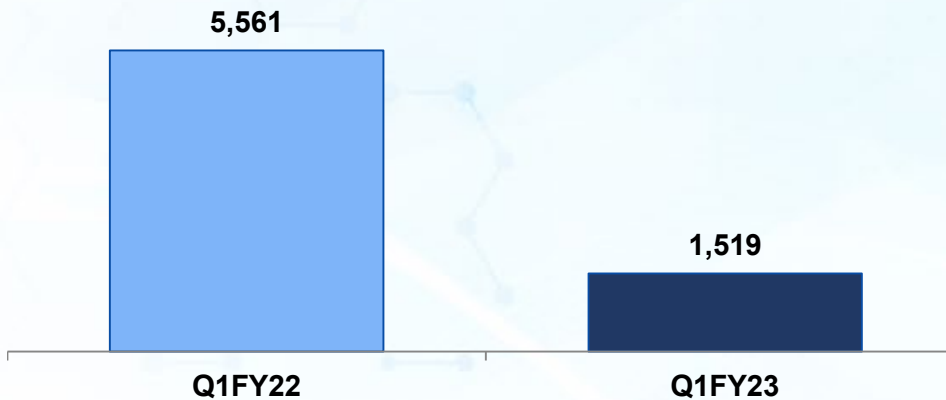
## Gross Profit and Gross Margin



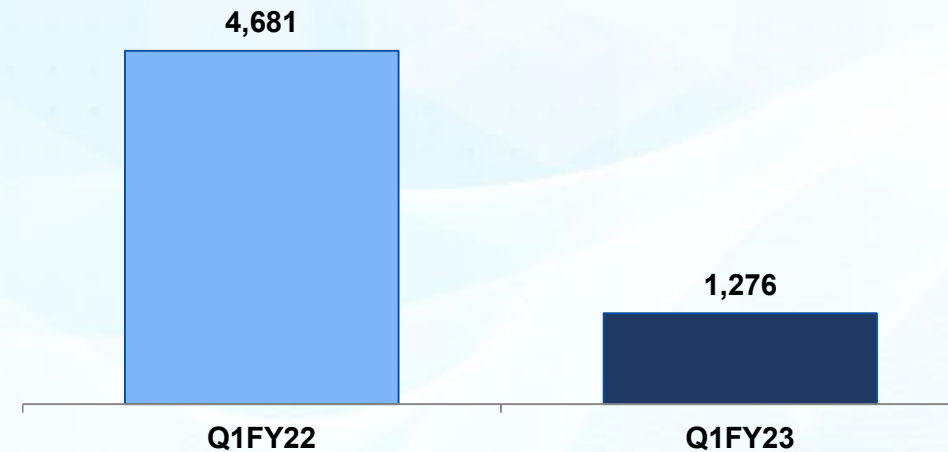
## EBITDA and EBITDA Margin



## PBT (before Minority Interest)



## PAT (after Minority Interest)

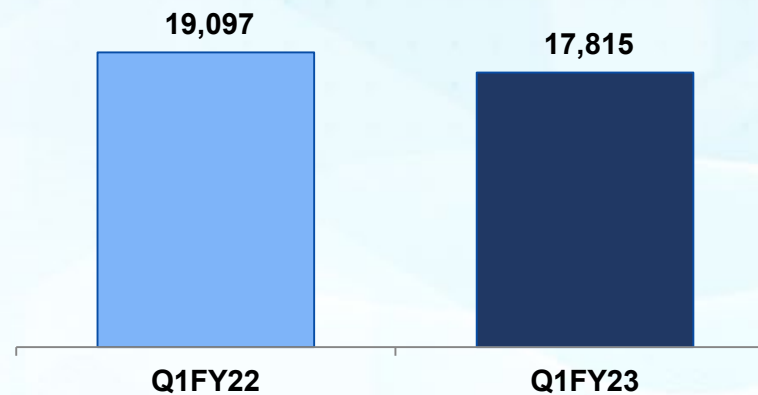


# India Business

## India Business: Q1FY23 Sales of ₹ 17,815 million (6.7% YoY decline)

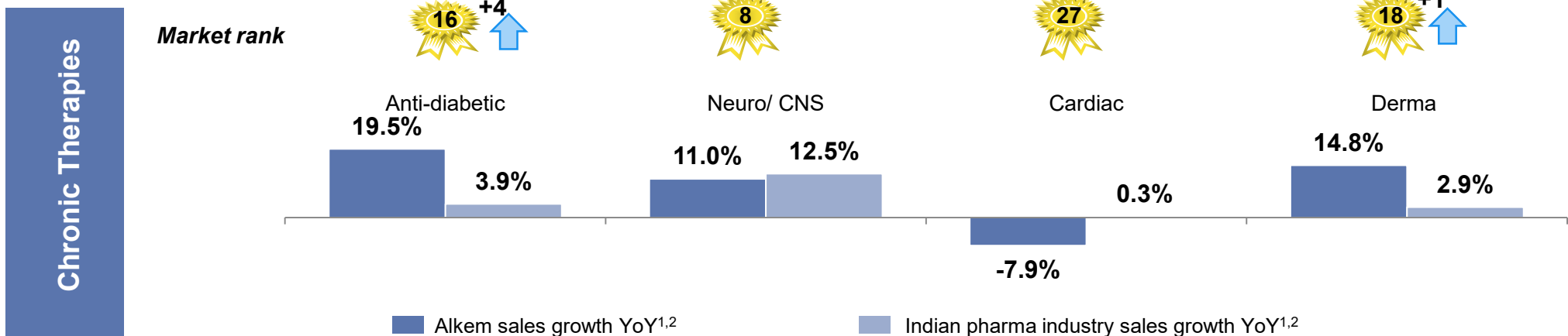
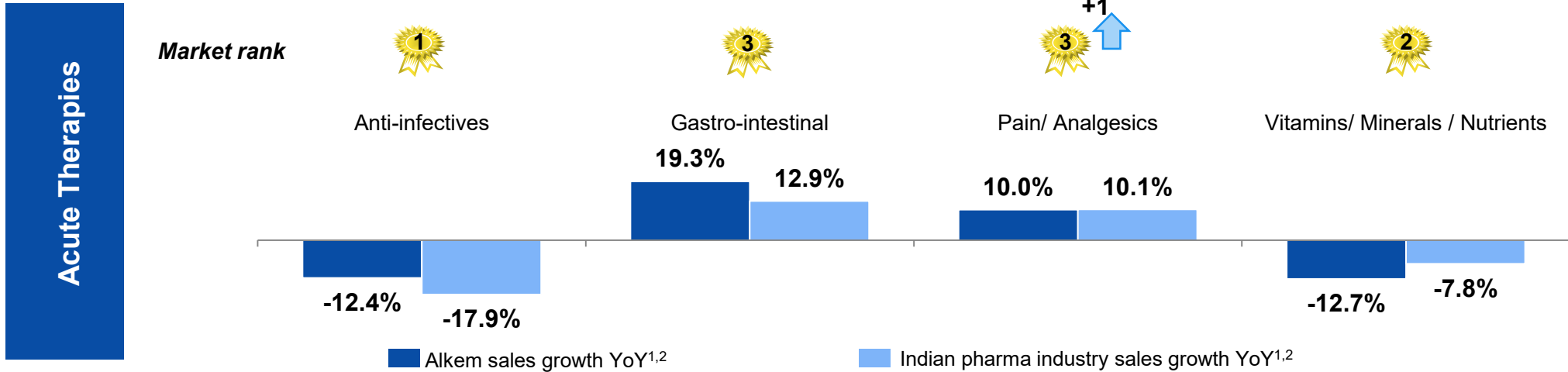
- India sales contributed 70.1% to total sales in Q1FY23
- In Q1FY23, the Company's secondary sales remained flat compared to IPM decline of 1.8% YoY (Source: IQVIA data)
- Outperformance was mainly led by acute therapies like anti-infectives and gastrointestinal
- The Company also outperformed in the chronic therapies like anti-diabetes, respiratory and derma during the quarter
- Company's Trade Generic continues to play an important role in growth of the company

Q1FY23 – India Sales (₹ mn)



# Secondary Sales Performance

## Market beating performance across major therapeutic segments in Q1FY23



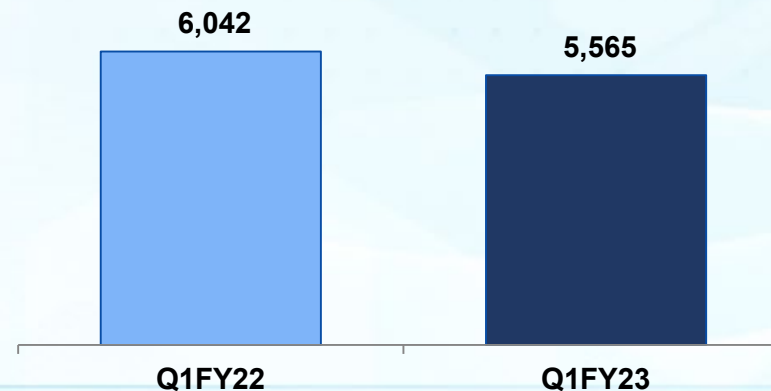
Source: IQVIA data <sup>1</sup> Domestic formulations sales; <sup>2</sup> For 3 months ended June 30, 2022

# US Business

## US Business: Q1FY23 Sales of ₹ 5,565 million (YoY decline of 7.9%)

- US sales contributed 21.9% to total sales in Q1FY23
- During the quarter, the US business registered sequential growth of 2.7% over Q4FY22
- In Q1FY23, the Company filed 3 ANDAs with the US FDA and received 4 approvals (including 1 tentative approval)
- As on June 30, 2022, the Company filed a total of 164 ANDAs and 2 new drug applications (NDA) with the US FDA and has received approvals for 124 ANDAs (including 13 tentative approvals) and 2 NDAs.

Q1FY23 – US Sales (₹ mn)



# US Business



## Update on US FDA inspections

Facility	Capability	Last inspection	Status post last inspection
<b>Indore</b>	Formulations	July 2022	Received 1 observation. The Company has already submitted a detailed response to the US FDA on the corrective and preventive actions it is taking to address them.
<b>St. Louis (US)</b>	Formulations	June 2022	Received 3 observations. The Company has already submitted a detailed response to the US FDA on the corrective and preventive actions it is taking to address them.
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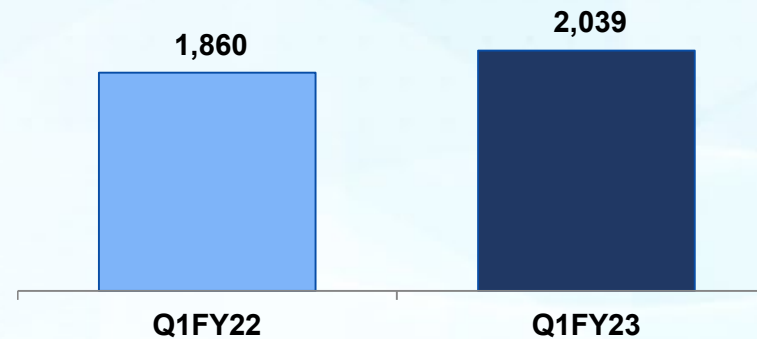
# EIR – Establishment Inspection Report

# Other International Business

## Other International Business: Q1FY23 Sales of ₹ 2,039 million (9.6% YoY growth)

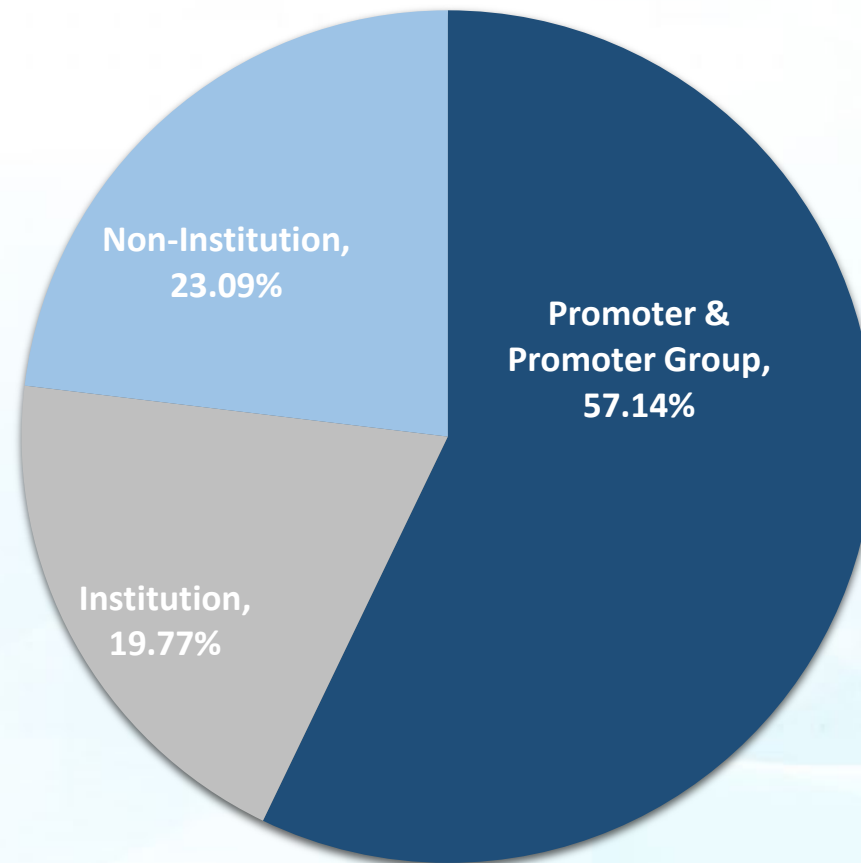
- Other International Market sales contributed 8.0% to total sales in Q1FY23
- The Company has presence in Australia, Europe, South East Asia, Latin America, Africa and CIS
- Key markets like Australia, Philippines and Kazakhstan registered healthy growth during Q1FY23.

**Q1FY23 – Other International Sales  
(₹ mn)**



# Latest Shareholding Pattern

Shareholding pattern as on June 30, 2022



*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

**For further information or queries, please contact**

**Amit Kumar Khandelia**

AVP Finance

Tel: +91 22 3982 9999

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