

**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 • Website: www.alkemlabs.com
- CIN: L00305MH1973PLC174201

04th February, 2022

The Corporate Relationship Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <i>Scrip Code: 539523</i>	National Stock Exchange of India Limited 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 Q3FY22 and 9MFY22 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q3FY22 and 9MFY22 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 Q3FY22 and 9MFY22 results

Mumbai, February 4, 2022: Alkem Laboratories Ltd. (Alkem) today announced its standalone and consolidated financial results for the third quarter and nine months ended December 31, 2021. These results were taken on record by the Board of Directors at its meeting held in Mumbai today.

Key highlights of Q3FY22 financial performance

- Total Revenue from Operations was ₹ 26,190 million, year-on-year growth of 13.0%
 - India sales were ₹ 18,156 million, year-on-year growth of 19.9%
 - International sales were ₹ 7,709 million, year-on-year decline of 0.4%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 4,985 million, resulting in EBITDA margin of 19.0% vs. 22.8% in Q3FY21. EBITDA declined by 5.8% YoY
- R&D expenses for the quarter was ₹ 1,449 million, or 5.5% of total revenue from operations compared to ₹ 1,335 million in Q3FY21 at 5.8% of total revenue from operations
- Profit before tax (PBT) was ₹ 4,639 million, a decline of 14.6% compared to Q3FY21
- Net Profit (after Minority Interest) was ₹ 5,257 million, year-on-year growth of 16.6%

Key highlights of 9MFY22 financial performance

- Total Revenue from Operations was ₹ 81,503 million, year-on-year growth of 22.1%
 - India sales were ₹ 56,858 million, year-on-year growth of 34.5%
 - International sales were ₹ 23,664 million, year-on-year growth of 1.2%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 17,157 million, resulting in EBITDA margin of 21.1% vs. 24.7% in 9MFY21. EBITDA grew by 3.9% YoY
- R&D expenses for 9MFY22 was ₹ 4,039 million, or 5.0% of total revenue from operations compared to ₹ 3,914 million in 9MFY21 at 5.9% of total revenue from operations
- Profit before tax (PBT) was ₹ 16,016 million, a growth of 1.1% compared to 9MFY21
- Net Profit (after Minority Interest) was ₹ 15,380 million, year-on-year growth of 14.3%

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, *“Our India branded business delivered yet another quarter of market beating performance led by our acute portfolio which partly benefited from the COVID-19 tailwinds. Even our trade generic business continued its healthy growth momentum despite the high base of last year. However, our US business continues to face significant pricing pressure, which we are trying to mitigate through new product launches. We have generated healthy free cashflows during year which has further strengthen our balance sheet with net cash position of about ₹ 15bn.”*



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Operational Highlights

Domestic Business

In Q3FY22, the Company's India sales grew by 19.9% YoY, recording sales of ₹ 18,156 million as compared to ₹ 15,140 million in Q3FY21. For 9MFY22, the Company's India sales was ₹ 56,858 million compared to ₹ 42,264 million in 9MFY21 – growth of 34.5% YoY.

As per secondary sales data by IQVIA for the quarter ended December 31, 2021, the Company grew ahead of Indian Pharmaceutical Market (IPM) with growth of 16.0% YoY compared to IPM growth of 10.4% YoY. Even for 9MFY22, the Company outperformed the IPM with growth of 31.7% YoY compared to IPM growth of 21.1% YoY. This outperformance was largely driven by acute therapies like anti-infectives, gastro intestinal, vitamins/minerals/nutrients and pain management which witnessed a good growth during the first nine month of the financial year partly helped by COVID-19 tailwinds. During the financial year, Company's chronic therapies of neuro / CNS, anti-diabetes, cardiac and derma also grew faster than the segment growth rate, thereby gaining market share and improving their market rankings. Company's recent foray in the respiratory segment has also seen encouraging response with higher than market growth rate. Company's trade generic business continued its healthy growth during Q3FY22 and 9MFY22 despite the high base of the last financial year.

The performance highlights of the key therapeutic segments in Q3FY22 and 9MFY22 are as shown in the table below:

Key Therapy segment	Q3FY22				9MFY22			
	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	15.2%	17.2%	1	Unchanged	40.0%	41.5%
Gastro Intestinal	3	Unchanged	21.2%	12.8%	3	Unchanged	21.3%	20.3%
Pain / Analgesics	3	Unchanged	15.4%	16.3%	3	Unchanged	25.9%	24.4%
VMN**	2	+1	12.1%	5.3%	3	+1	33.8%	19.0%
Neuro / CNS	8	Unchanged	8.5%	10.5%	8	+2	27.7%	12.3%
Derma	17	Unchanged	11.7%	3.9%	18	Unchanged	32.0%	12.1%
Cardiac	27	Unchanged	2.3%	7.8%	27	Unchanged	12.0%	11.5%
Anti-Diabetic	17	+2	27.2%	6.2%	18	+2	29.6%	8.0%
Total	5	Unchanged	16.0%	10.4%	5	Unchanged	31.7%	21.1%

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

**VMN – Vitamins / Minerals / Nutrients

Source: IQVIA Data

International Business

In Q3FY22, the Company's International sales declined by 0.4% YoY, recording sales of ₹ 7,709 million as compared to ₹ 7,738 million in Q3FY21. For 9MFY22, the Company's International sales grew by 1.2% to ₹ 23,664 million compared to ₹ 23,381 million in 9MFY21.



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- **US sales** for the quarter was ₹ 5,731 million compared to ₹ 6,156 million in Q3FY21, recording a year-on-year decline of 6.9%. For 9MFY22, US sales was ₹ 17,871 million, compared to ₹ 19,078 million in 9MFY21 - a year-on-year decline of 6.3% YoY.
- **Other International Markets sales** for the quarter was ₹ 1,978 million compared to ₹ 1,582 million in Q3FY21, recording a year-on-year growth of 25.0%. For 9MFY22, Other International Markets sales was ₹ 5,793 million compared to ₹ 4,303 million in 9MFY21 - a year-on-year growth of 34.6% YoY.

R&D Investments

During the quarter, the Company filed 1 abbreviated new drug applications (ANDAs) with the US FDA and received 6 approvals (including 1 tentative approvals). For 9MFY22, the Company filed 9 ANDAs with the US FDA and received 18 approvals (including 3 tentative approvals).

As on December 31, 2021, the Company has filed a total of 158 ANDAs and 2 new drug applications (NDA) with the US FDA. Of these, it has received approvals for 122 ANDAs (including 15 tentative approvals) and 2 NDAs.

Update on US FDA Inspections

Facility	Capability	Last inspection	Status post last inspection
Taloja (India)	Bioequivalence Centre	July 2021	Successfully closed inspection without any observations
St. Louis (US)	Formulations	June 2021	Received 2 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
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 inspection 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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Q3FY22 and 9MFY22 Conference Call at 8:00pm IST, February 4, 2022

Alkem will organize a conference call for investors and analysts on Friday, February 4, 2022 from 8:00 pm to 9:00 pm IST to discuss its Q3FY22 and 9MFY22 financial results.

Alkem will be represented on the call by Mr. Rajesh Dubey, Chief Financial Officer and the senior management team.

Motilal Oswal Securities Ltd. will host the call.

Details of the conference call are as under:

Time: 8:00 pm IST (GMT + 5:30) on Friday, February 4, 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=7734368&linkSecurityString=1f6089c600>

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 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

For further information or queries, please contact

Gagan Borana

Investor Relations

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ALKEM LABORATORIES LIMITED



Investor Presentation
Q3FY22 February 4, 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.

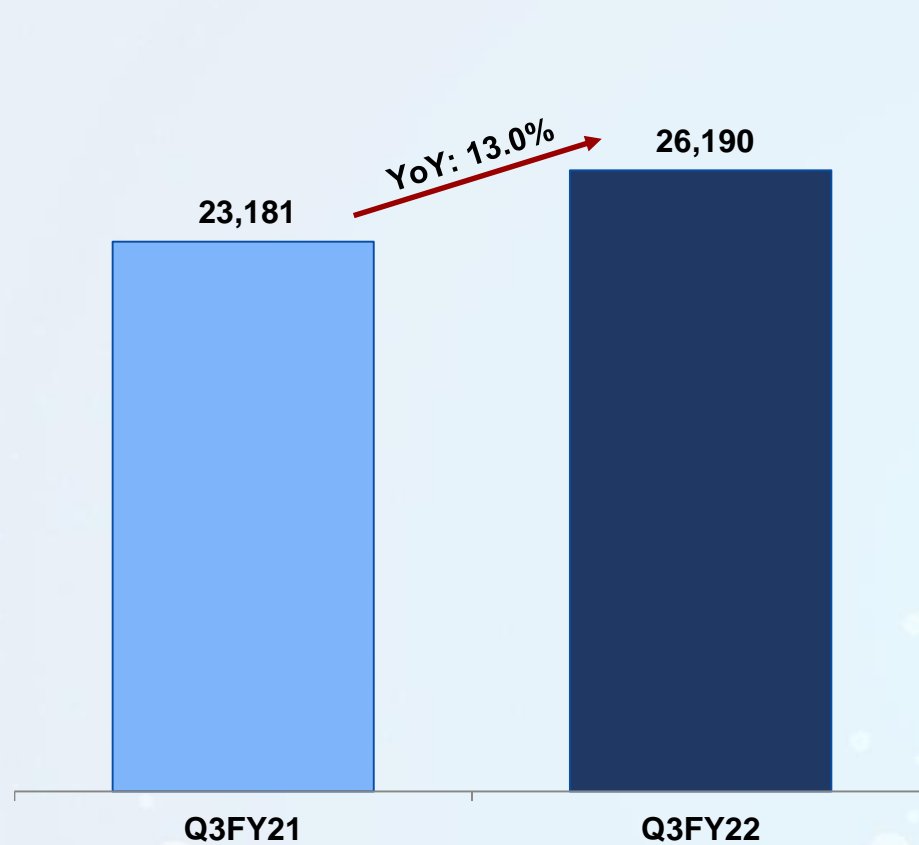
Key Highlights of Q3FY22 and 9MFY22

- **Revenue from Operations** grew by 13.0% YoY during the quarter, with EBITDA margin at 19.0% and Net Profit growth of 16.6% YoY
- **India Business:** Company's secondary sales in Q3FY22 registered growth of 16.0% YoY compared to IPM growth of 10.4% YoY (Source: IQVIA data)
 - Strong volume led growth in the acute therapies partially helped by COVID-19
 - Faster than market growth in chronic therapies during 9MFY22
 - Trade Generic business continues to deliver robust growth despite the high base of last year
 - Recently launched Pulmocare division (in respiratory segment) saw encouraging response with higher than market growth rate
- **US Business** – Continue to face pricing pressure on the base business, partially being mitigated by new product launches
- **R&D** expenses in the quarter was ₹ 1.4 billion at 5.5% of revenue from operations
 - The Company filed 1 ANDAs with the US FDA and received 6 approvals (including 1 tentative approvals) in Q3FY22
- **Healthy Balance Sheet** with net cash of ₹ 14.9 billion as on December 31, 2021

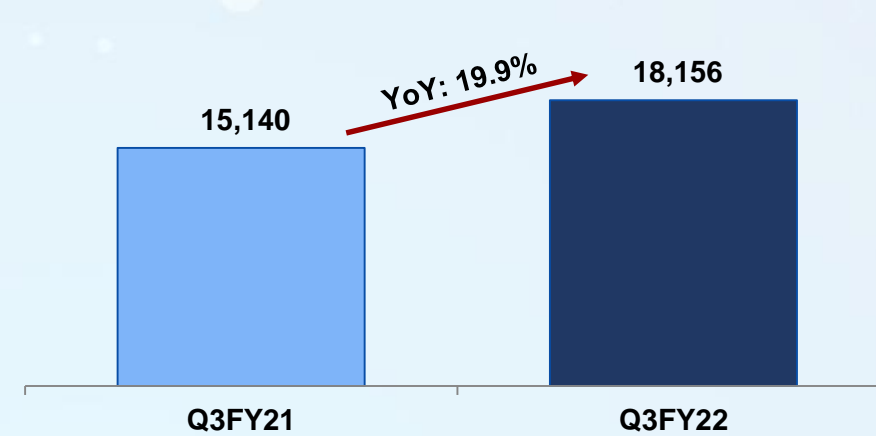
Key Financial Highlights – Q3FY22 (Consolidated)

All figures in ₹ mn

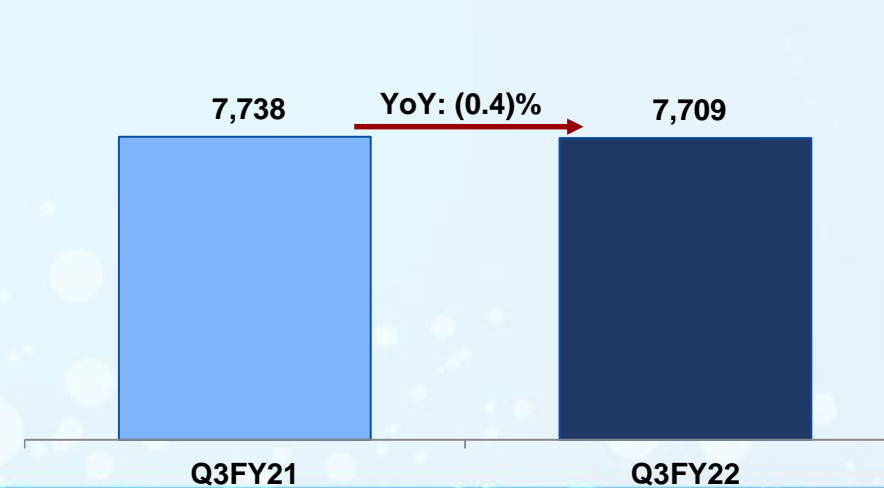
Revenue from Operations



India sales



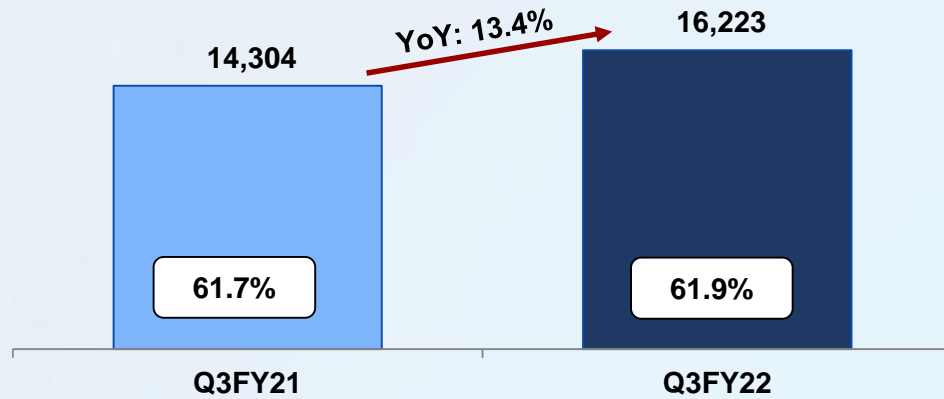
International sales



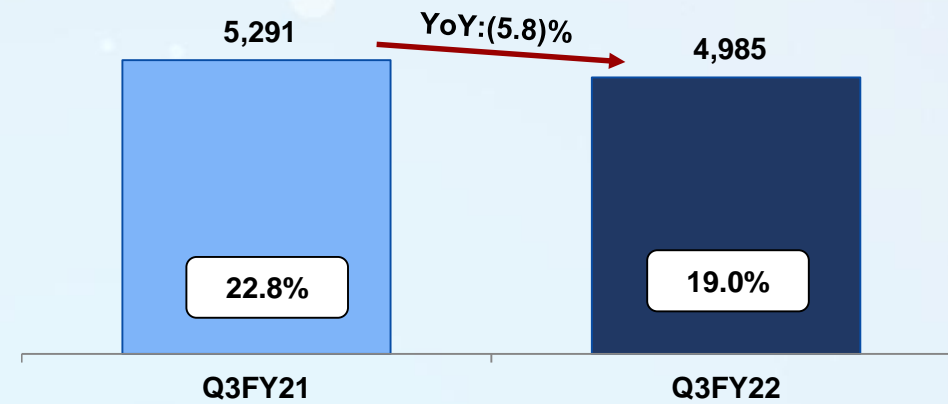
Key Financial Highlights – Q3FY22 (Consolidated)

All figures in ₹ mn

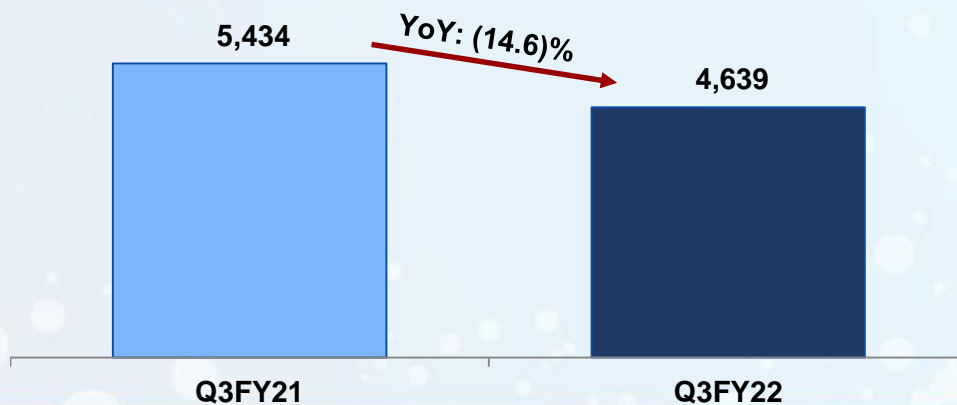
Gross Profit and Gross Margin



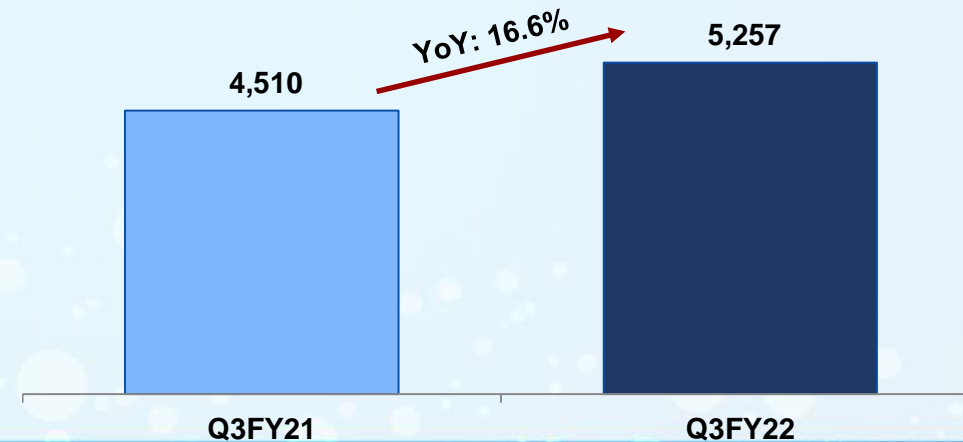
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights – 9MFY22 (Consolidated)

All figures in ₹ mn

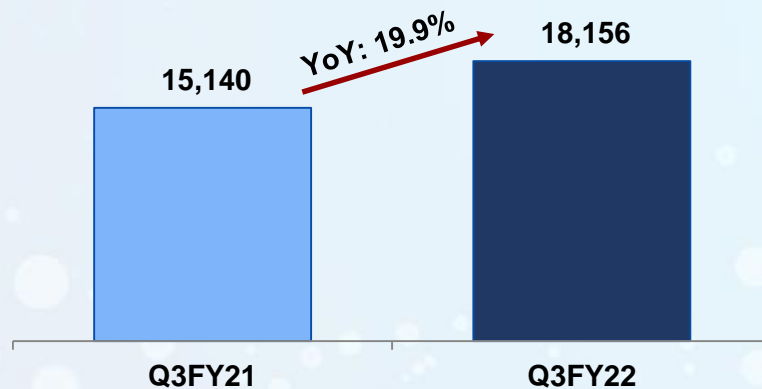
Particulars (₹ mn)	9MFY22	9MFY21	YoY growth
Revenue from Operations	81,503	66,729	22.1%
Gross Profit	50,014	41,174	21.5%
Gross Profit margin	61.4%	61.7%	
EBITDA	17,157	16,513	3.9%
EBITDA margin	21.1%	24.7%	
PBT	16,016	15,839	1.1%
PBT margin	19.7%	23.7%	
PAT (After Minority Interest)	15,380	13,450	14.3%
PAT margin	18.9%	20.2%	
EPS (₹ / share)	128.64	112.49	14.3%

India Business

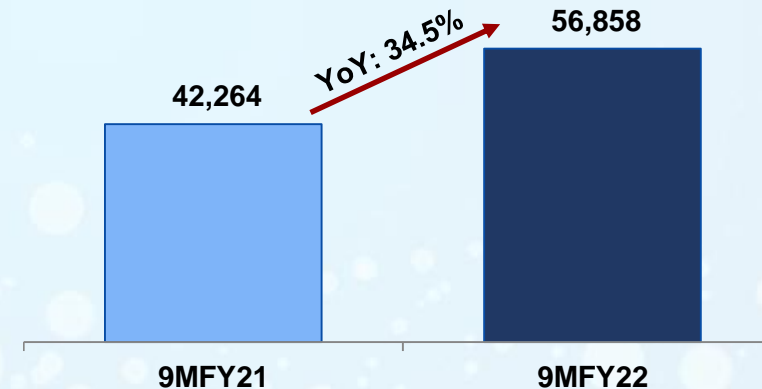
India Business: Q3FY22 Sales of ₹ 18,156 million (19.9% YoY growth)

- India sales contributed 70.2% to total sales in Q3FY22
- In 9MFY22, the Company's secondary sales grew by 31.7% YoY compared to IPM growth of 21.1% YoY (Source: IQVIA data)
- Growth was mainly led by acute therapies like anti-infectives, vitamins / minerals / nutrients, gastrointestinal and pain management segment helped by COVID-19 tailwinds
- During 9MFY22, the Company also outperformed IPM in the chronic therapies like neuro / CNS, cardiac, anti-diabetes and derma
- Company's Trade Generic business delivered a robust growth during the quarter and nine months, despite the high base of last financial year

Q3FY22 – India Sales (₹ mn)

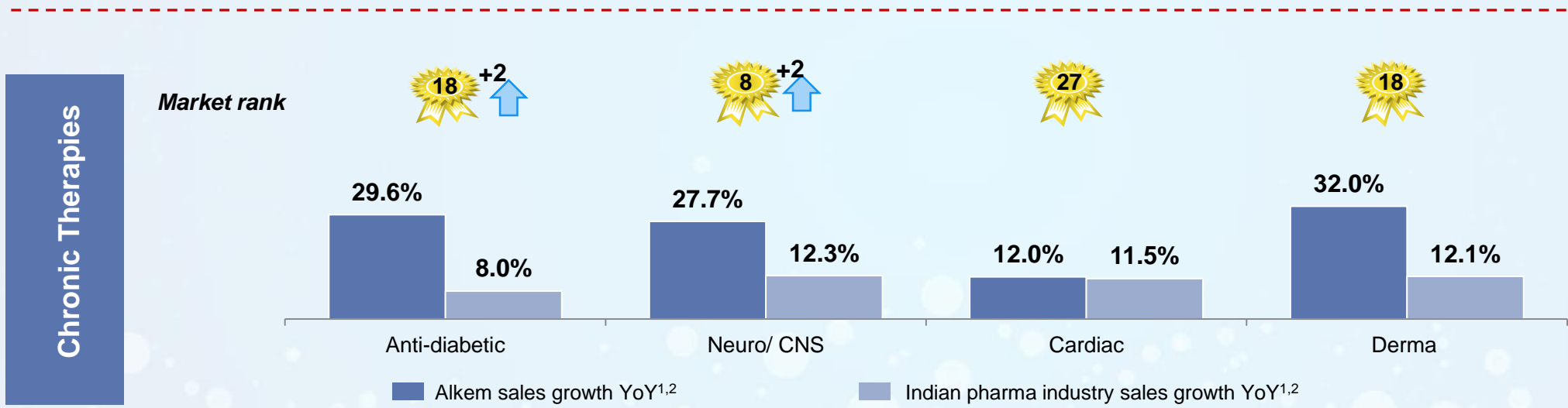
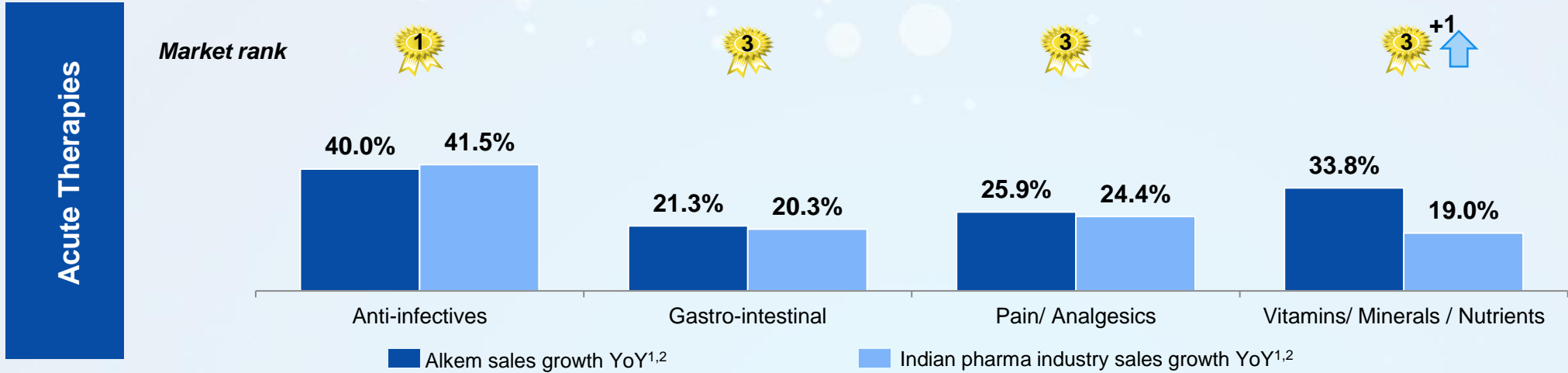


9MFY22 – India Sales (₹ mn)



Secondary Sales Performance

Robust growth across all the major therapeutic segments in 9MFY22



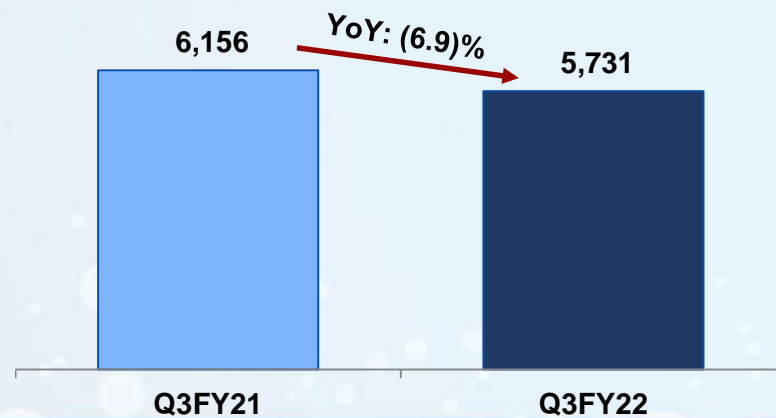
Source: IQVIA data ¹ Domestic formulations sales; ² For 9 months ended December 31, 2021

US Business

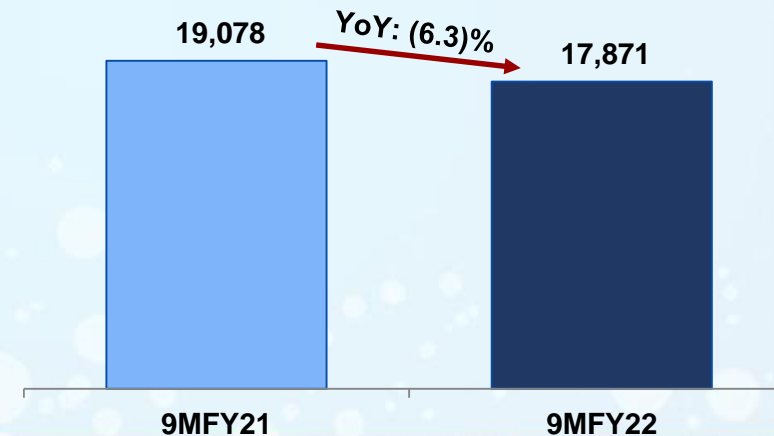
US Business: Q3FY22 Sales of ₹ 5,731 million (YoY decline of 6.9%)

- US sales contributed 22.2% to total sales in Q3FY22
- YoY decline was mainly on account of significant pricing pressure on the base business which was partially offset by new product launches
- In 9MFY22, the Company filed 9 ANDAs with the US FDA and received 18 approvals (including 3 tentative approvals)
- As on December 31, 2021, the Company has filed a total of 160 ANDAs (including 2 NDAs) with the US FDA and has received 124 approvals (including 15 tentative approvals and 2 NDAs)

Q3FY22 – US Sales (₹ mn)



9MFY22 – US Sales (₹ mn)



US Business

Update on US FDA inspections

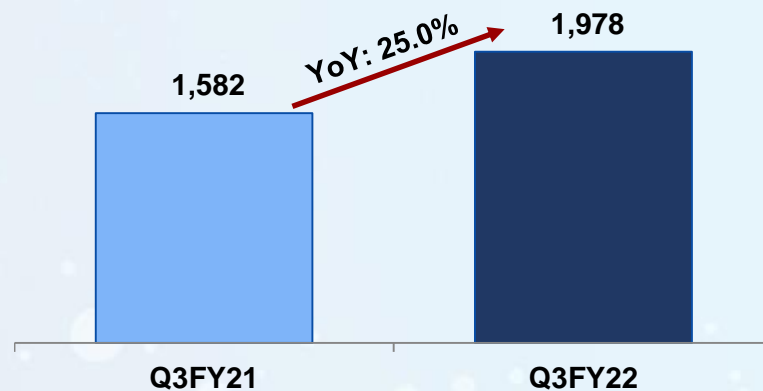
Manufacturing Facility	Capability	Last inspection	Status post last inspection
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Other International Business

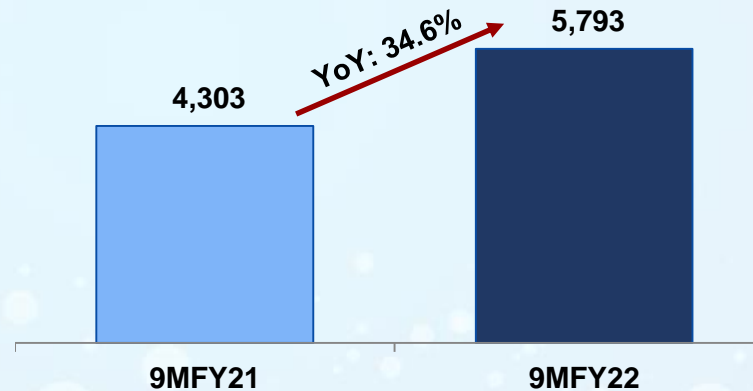
Other International Business: Q3FY22 Sales of ₹ 1,978 million (25.0% YoY growth)

- Other International Market sales contributed 7.6% to total sales in Q3FY22
- The Company has presence in Australia, Europe, South East Asia, Latin America, Africa and CIS
- Key markets like Australia, Chile, Philippines and Kazakhstan registered healthy growth during Q3FY22 and 9MFY22

Q3FY22 – Other International Sales
(₹ mn)

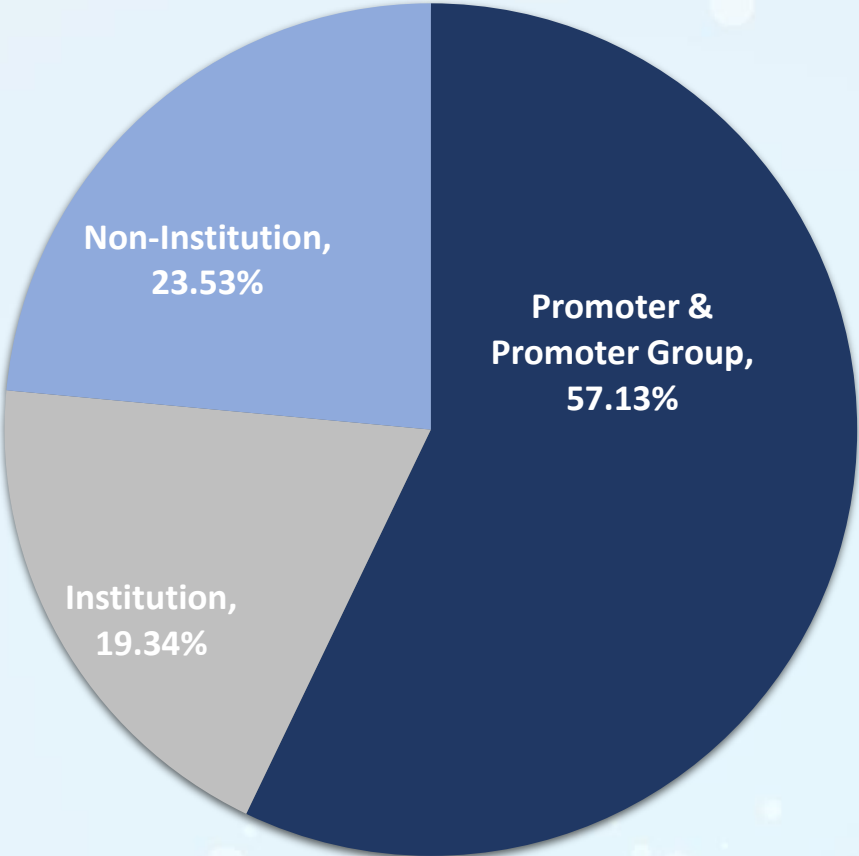


9MFY22 – Other International Sales
(₹ mn)



Latest Shareholding Pattern

Shareholding pattern as on December 31, 2021



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

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