

**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

12th November, 2021

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 Q2FY22 Results and H1FY22 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q2FY22 and H1FY22 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 Q2FY22 and H1FY22 results

Mumbai, November 12, 2021: Alkem Laboratories Ltd. (Alkem) today announced its standalone and consolidated financial results for the second quarter and six months ended September 30, 2021. These results were taken on record by the Board of Directors at its meeting held in Mumbai today.

Key highlights of Q2FY22 financial performance

- Total Revenue from Operations was ₹ 28,000 million, year-on-year growth of 18.5%
 - India sales were ₹ 19,605 million, year-on-year growth of 25.9%
 - International sales were ₹ 8,052 million, year-on-year growth of 3.4%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 6,244 million, resulting in EBITDA margin of 22.3% vs. 25.4% in Q2FY21. EBITDA grew by 4.0% YoY
- R&D expenses for the quarter was ₹ 1,407 million, or 5.0% of total revenue from operations compared to ₹ 1,393 million in Q2FY21 at 5.9% of total revenue from operations
- Profit before tax (PBT) was ₹ 5,815 million, a growth of 6.2% compared to Q2FY21
- Net Profit (after Minority Interest) was ₹ 5,443 million, year-on-year growth of 15.3%

Key highlights of H1FY22 financial performance

- Total Revenue from Operations was ₹ 55,314 million, year-on-year growth of 27.0%
 - India sales were ₹ 38,702 million, year-on-year growth of 42.7%
 - International sales were ₹ 15,955 million, year-on-year growth of 2.0%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 12,172 million, resulting in EBITDA margin of 22.0% vs. 25.8% in H1FY21. EBITDA grew by 8.5% YoY
- R&D expenses for H1FY22 was ₹ 2,590 million, or 4.7% of total revenue from operations compared to ₹ 2,579 million in H1FY21 at 5.9% of total revenue from operations
- Profit before tax (PBT) was ₹ 11,377 million, a growth of 9.3% compared to H1FY21
- Net Profit (after Minority Interest) was ₹ 10,124 million, year-on-year growth of 13.2%

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, *“First six months of the financial year has been a very healthy period for the Company’s India business with over 40% YoY growth mainly driven by the acute therapies. Even in chronic therapies and trade generic business, the Company continues to grow ahead of the market. In the US business, new product launches have helped to offset significant pricing pressure in the base business. Our continuous efforts towards cost optimization and driving process efficiencies are also showing good results with improvement in profitability.”*



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Operational Highlights

Domestic Business

In Q2FY22, the Company's India sales grew by 25.9% YoY, recording sales of ₹ 19,605 million as compared to ₹ 15,574 million in Q2FY21. For H1FY22, the Company's India sales was ₹ 38,702 million compared to ₹ 27,124 million in H1FY21 – growth of 42.7% YoY.

As per secondary sales data by IQVIA for the quarter ended September 30, 2021, the Company grew ahead of Indian Pharmaceutical Market (IPM) with growth of 25.1% YoY compared to IPM growth of 15.4% YoY. Even for H1FY22, the Company outperformed the IPM with growth of 40.4% YoY compared to IPM growth of 26.4% YoY. This outperformance was mainly driven by acute therapies like anti-infectives, vitamins/minerals/nutrients and pain management which witnessed a good volume growth during the first six month of 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. The Company continues to feature amongst the top five companies in the Indian pharmaceutical market. The Company has 16 brands which feature amongst the top 300 brands in IPM and have 13 brands with annual sales of over ₹ 1bn. Company's trade generic business also delivered healthy growth during Q2FY22 and H1FY22.

The performance highlights of the key therapeutic segments in Q2FY22 and H1FY22 are as shown in the table below:

Key Therapy segment	Q2FY22				H1FY22			
	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	32.8%	30.6%	1	Unchanged	54.9%	55.5%
Gastro Intestinal	3	Unchanged	11.6%	14.6%	3	Unchanged	21.3%	23.4%
Pain / Analgesics	3	Unchanged	22.2%	21.9%	4	-1	31.5%	28.3%
VMN**	2	+2	16.0%	8.2%	2	+2	45.2%	25.5%
Neuro / CNS	8	+2	38.2%	12.3%	8	+3	38.6%	12.9%
Derma	14	+3	40.8%	9.4%	19	-1	45.0%	16.0%
Cardiac	27	-1	10.0%	6.9%	27	-1	17.2%	13.0%
Anti-Diabetic	18	+2	27.8%	5.7%	19	+2	30.9%	8.5%
Total	4	+1	25.1%	15.4%	5	Unchanged	40.4%	26.4%

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

**VMN – Vitamins / Minerals / Nutrients

Source: IQVIA Data

International Business

In Q2FY22, the Company's International sales grew by 3.4% YoY, recording sales of ₹ 8,052 million as compared to ₹ 7,790 million in Q2FY21. For H1FY22, the Company's International sales grew by 2.0% to ₹ 15,955 million compared to ₹ 15,643 million in H1FY21.



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- **US sales** for the quarter was ₹ 6,097 million compared to ₹ 6,528 million in Q2FY21, recording a year-on-year decline of 2.6%. For H1FY22, US sales was ₹ 12,140 million, compared to ₹ 12,921 million in H1FY21 - a year-on-year decline of 6.0% YoY.
- **Other International Markets sales** for the quarter was ₹ 1,954 million compared to ₹ 1,532 million in Q2FY21, recording a year-on-year growth of 27.5%. For H1FY22, Other International Markets sales was ₹ 3,815 million compared to ₹ 2,722 million in H1FY21 - a year-on-year growth of 40.2% YoY.

R&D Investments

During the quarter, the Company filed 6 abbreviated new drug applications (ANDAs) with the US FDA and received 7 approvals (including 2 tentative approvals). For H1FY22, the Company filed 8 ANDAs with the US FDA and received 12 approvals (including 2 tentative approvals).

As on September 30, 2021, the Company has filed a total of 157 ANDAs and 2 new drug applications (NDA) with the US FDA. Of these, it has received approvals for 116 ANDAs (including 14 tentative approvals) and 2 NDAs.

Update on US FDA Inspections

Facility	Capability	Last inspection	Status post last inspection
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 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

The US FDA had also conducted a remote and virtual Bio-Analytical inspection of the Company's Bioequivalence Center located at Taloja, Maharashtra from 26 to 28 July, 2021. At the end of the inspection, no Form 483 was issued.



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Q2FY22 and H1FY22 Conference Call at 8:00pm IST, November 12, 2021

Alkem will organize a conference call for investors and analysts on Friday, November 12, 2021 from 8:00 pm to 9:00 pm IST to discuss its Q2FY22 and H1FY22 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: 8:00 pm IST (GMT + 5:30) on Friday, November 12, 2021

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=5628564&linkSecurityString=1603896b58>

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

Tel: +91 22 3982 9960 / Mobile: +91 98190 56333

E-mail: gagan.borana@alkem.com



ALKEM LABORATORIES LIMITED

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Investor Presentation Q2FY22
November 12, 2021



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 Q2FY22 and H1FY22

Strong growth in the India business and new product launches in US driving the performance

- **Revenue from Operations** grew by 18.5% YoY during the quarter, with EBITDA margin of 22.3% and Net Profit growth of 15.3% YoY
- **India Business:** Company's secondary sales in Q2FY22 registered growth of 25.1% YoY compared to IPM growth of 15.4% YoY (Source: IQVIA data)
 - During the quarter, the Company launched Pulmocare division to build its presence in the respiratory therapy
 - Strong volume led growth in the acute therapies
 - Faster than market growth in chronic therapies
 - Trade Generic business continues to deliver robust growth
- **US Business** – New product launches helped offset significant pricing pressure in the base business
- **R&D** expenses in the quarter was ₹ 1.4 billion at 5.0% of revenue from operations
 - The Company filed 6 ANDAs with the US FDA and received 7 approvals (including 2 tentative approvals) in Q2FY22
- In Q2FY22, Company's Bioequivalence centre **successfully closed the US FDA inspection** without any observations
- **Healthy Balance Sheet** with net cash of ₹ 11.6 billion as on September 30, 2021

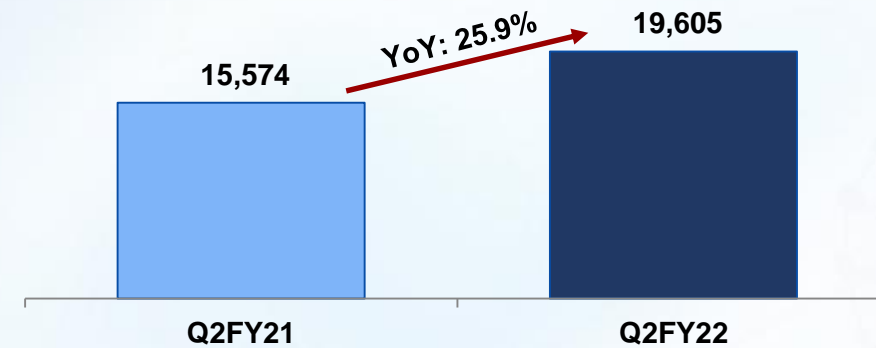
Key Financial Highlights – Q2FY22 (Consolidated)

All figures in ₹ mn

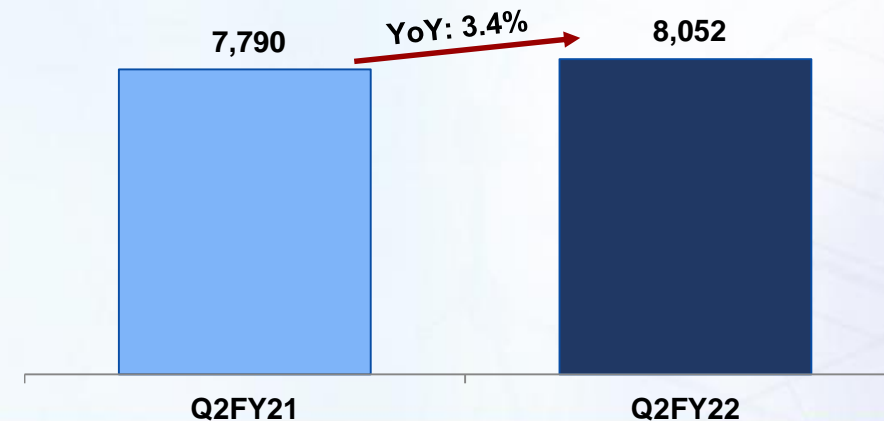
Revenue from Operations



India sales



International sales

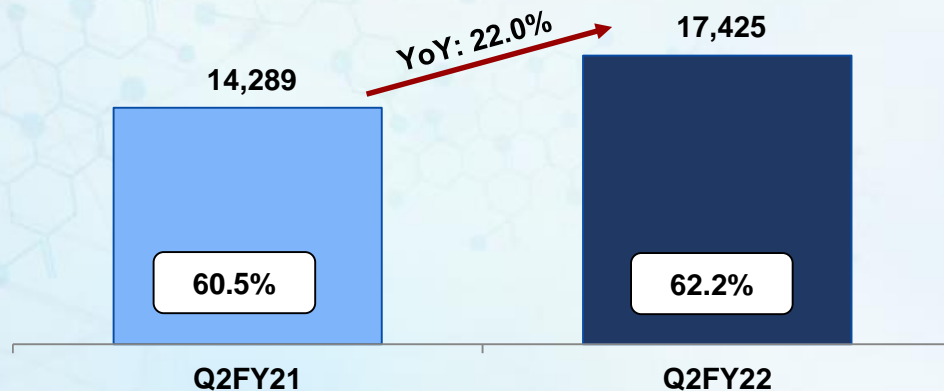


Key Financial Highlights – Q2FY22 (Consolidated)

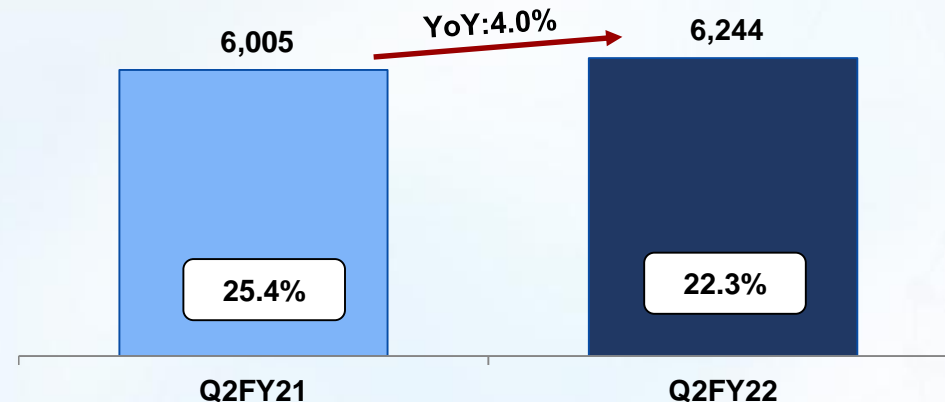


All figures in ₹ mn

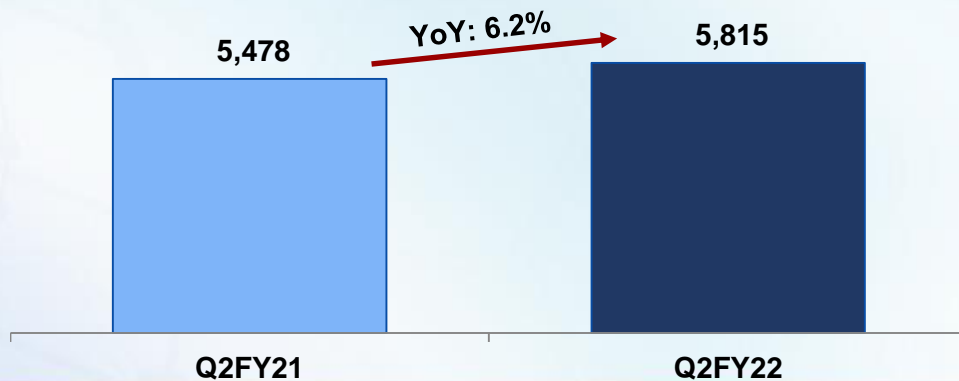
Gross Profit and Gross Margin



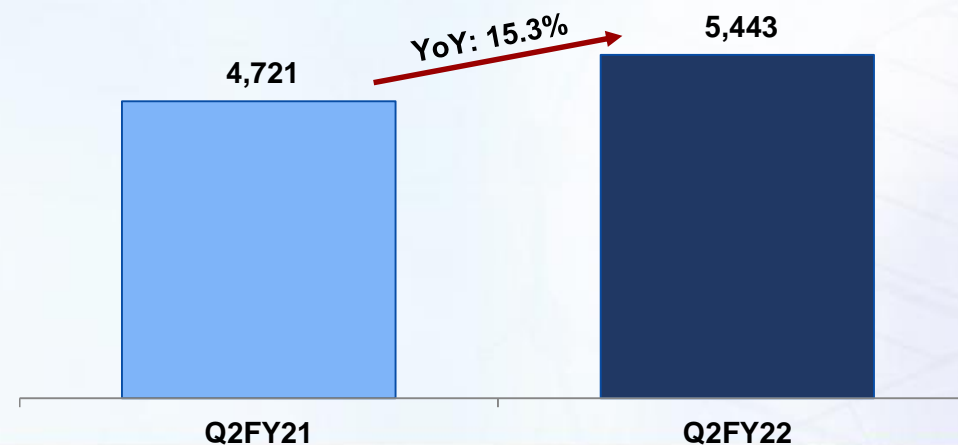
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights – H1FY22 (Consolidated)



All figures in ₹ mn

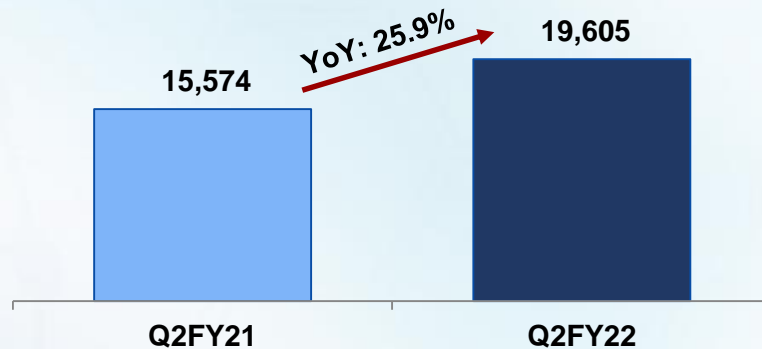
Particulars (₹ mn)	H1FY22	H1FY21	YoY growth
Revenue from Operations	55,314	43,548	27.0%
Gross Profit	33,791	26,870	25.8%
Gross Profit margin	61.1%	61.7%	
EBITDA	12,172	11,222	8.5%
EBITDA margin	22.0%	25.8%	
PBT	11,377	10,405	9.3%
PBT margin	20.6%	23.9%	
PAT (After Minority Interest)	10,124	8,941	13.2%
PAT margin	18.3%	20.5%	
EPS (₹ / share)	84.67	74.78	13.2%

India Business

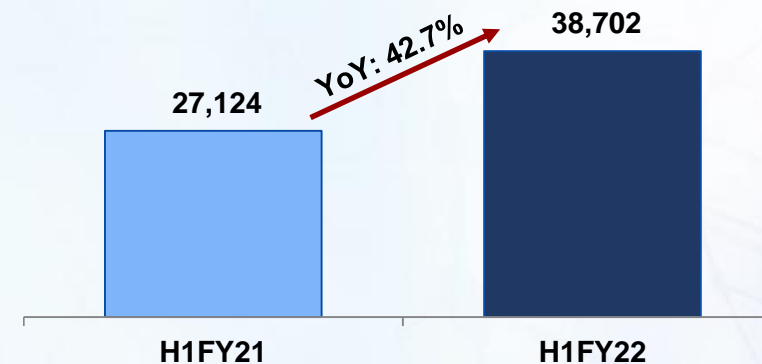
India Business: Q2FY22 Sales of ₹ 19,605 million (25.9% YoY growth)

- India sales contributed 70.9% to total sales in Q2FY22
- In H1FY22, the Company's secondary sales grew by 40.4% YoY compared to IPM growth of 26.4% YoY (Source: IQVIA data)
- Growth was mainly led by acute therapies like anti-infectives, vitamins / minerals / nutrients, gastrointestinal and pain management segment
- The Company also outperformed in the chronic therapies like neuro / CNS, cardiac, anti-diabetes and derma during the quarter
- Company's Trade Generic business delivered a robust growth during the quarter

Q2FY22 – India Sales (₹ mn)

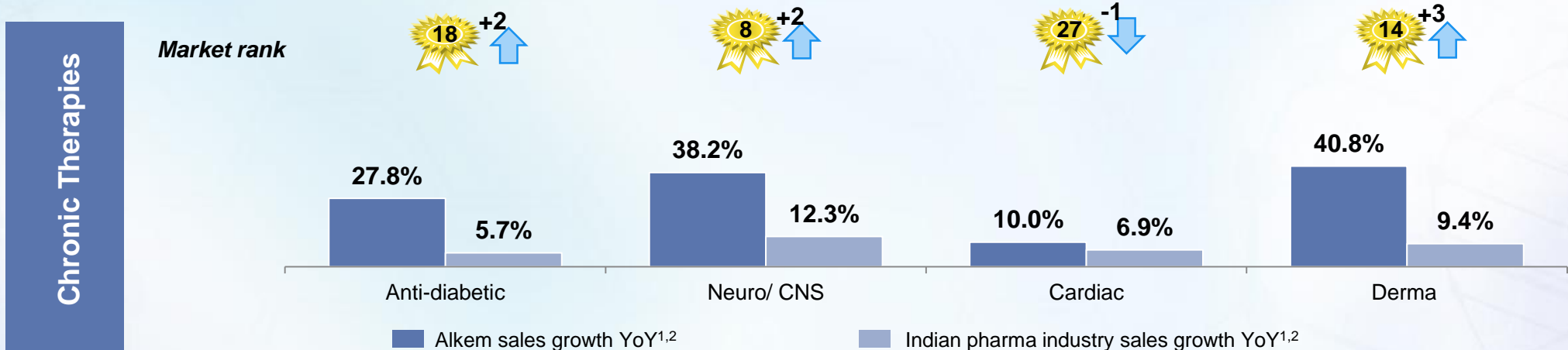
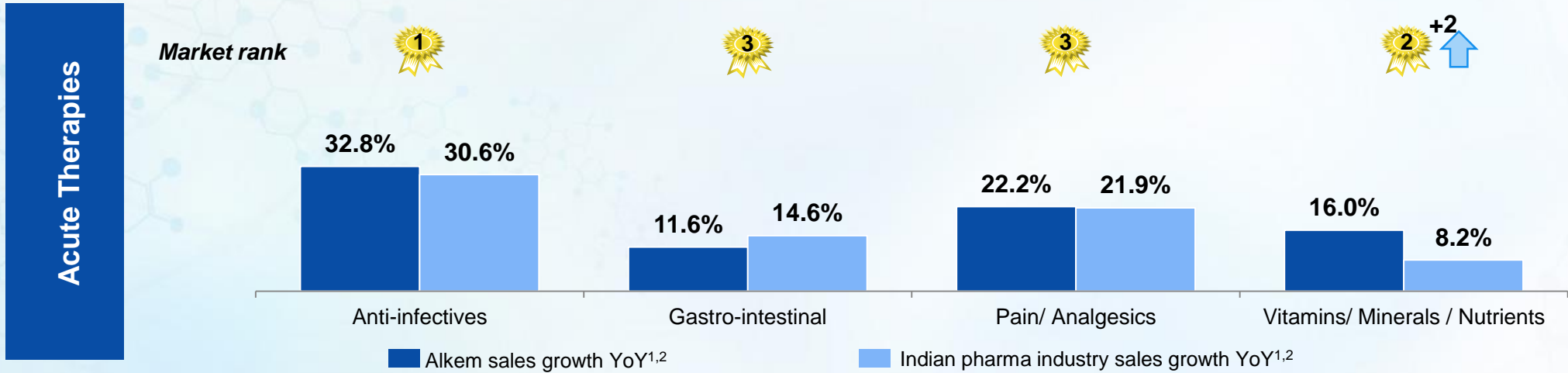


H1FY22 – India Sales (₹ mn)



Secondary Sales Performance

Robust growth across all the major therapeutic segments in Q2FY22



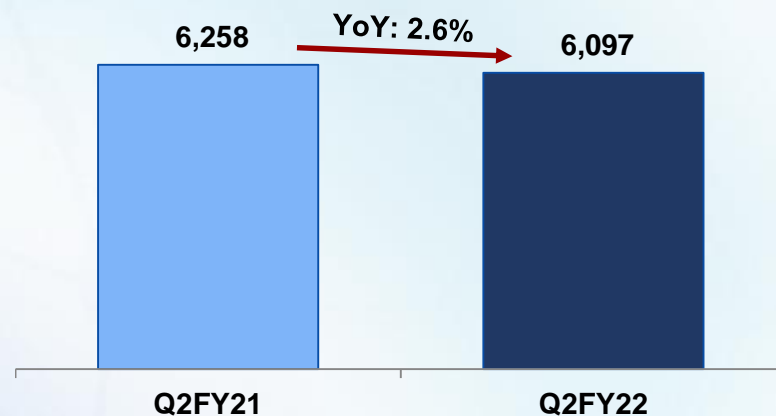
Source: IQVIA data ¹ Domestic formulations sales; ² For 3 months ended September 30, 2021

US Business

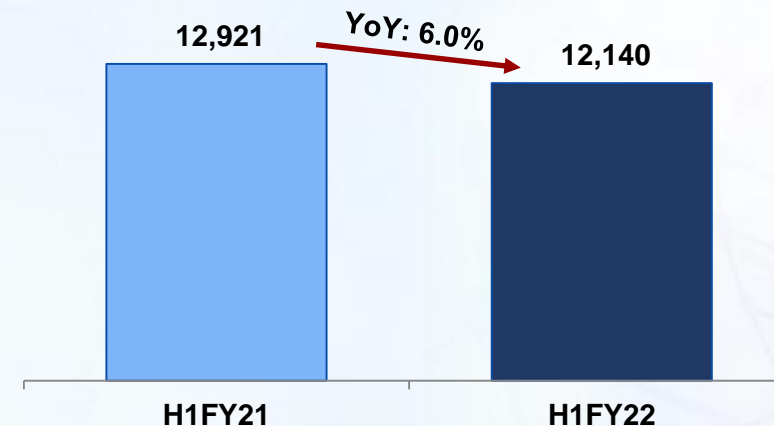
US Business: Q2FY22 Sales of ₹ 6,097 million (YoY decline of 2.6%)

- US sales contributed 22.0% to total sales in Q2FY22
- During the quarter, the US business registered sequential growth of 0.9% over Q1FY22. Significant pricing pressure on the base business was offset by new product launches
- In H1FY22, the Company filed 8 ANDAs with the US FDA and received 12 approvals (including 2 tentative approvals)
- As on September 30, 2021, the Company has filed a total of 159 ANDAs (including 2 NDAs) with the US FDA and has received 118 approvals (including 14 tentative approvals and 2 NDAs)

Q2FY22 – US Sales (₹ mn)



H1FY22 – US Sales (₹ mn)



US Business

Update on US FDA inspections

Manufacturing Facility	Capability	Last inspection	Status post last inspection
St. Louis (US)	Formulations	June 2021	Received 2 observations. Already sent a detail response to the US FDA on the corrective and preventive actions being taken
Baddi (India)	Formulations	February 2020	EIR# received in March 2020
Daman (India)	Formulations	August 2019	EIR# received in October 2019
California (US)	APIs	August 2018	EIR# received in October 2018
Ankleshwar (India)	APIs	December 2016	EIR# received in March 2017
Mandva (India)	APIs	September 2015	EIR# received in March 2016

EIR – Establishment Inspection Report indicating successful closure of inspection

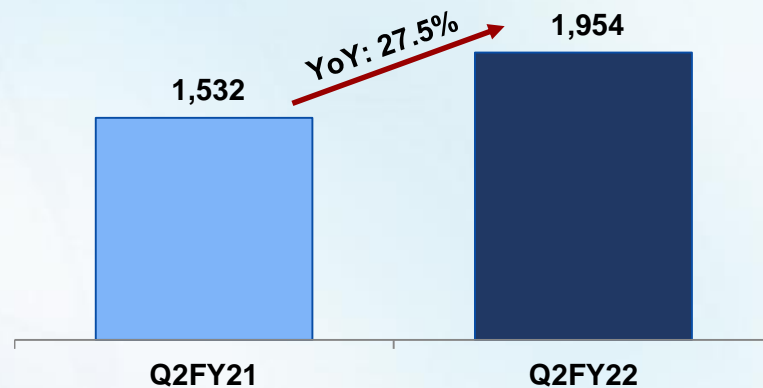
The US FDA had also conducted a remote and virtual Bio-Analytical inspection of the Company's Bioequivalence Center located at Taloja, Maharashtra from 26th to 28th July, 2021. At the end of the inspection, no Form 483 was issued.

Other International Business

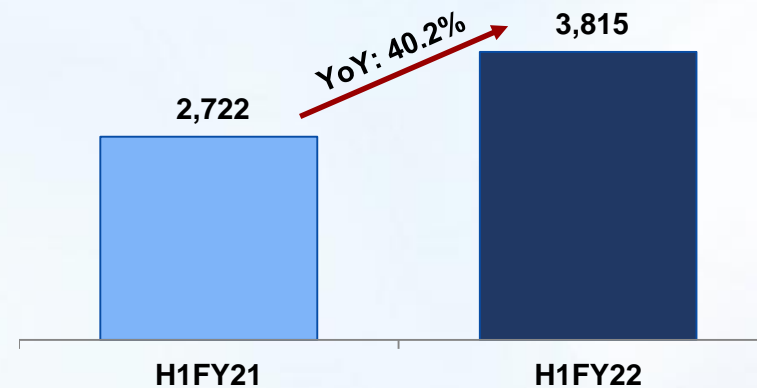
Other International Business: Q2FY22 Sales of ₹ 1,954 million (27.5% YoY growth)

- Other International Market sales contributed 7.1% to total sales in Q2FY22
- The Company has presence in Australia, Europe, South East Asia, Latin America, Africa and CIS
- Key markets like Australia, Chile, Philippines and UK registered healthy growth during H1FY22

**Q2FY22 – Other International Sales
(₹ mn)**

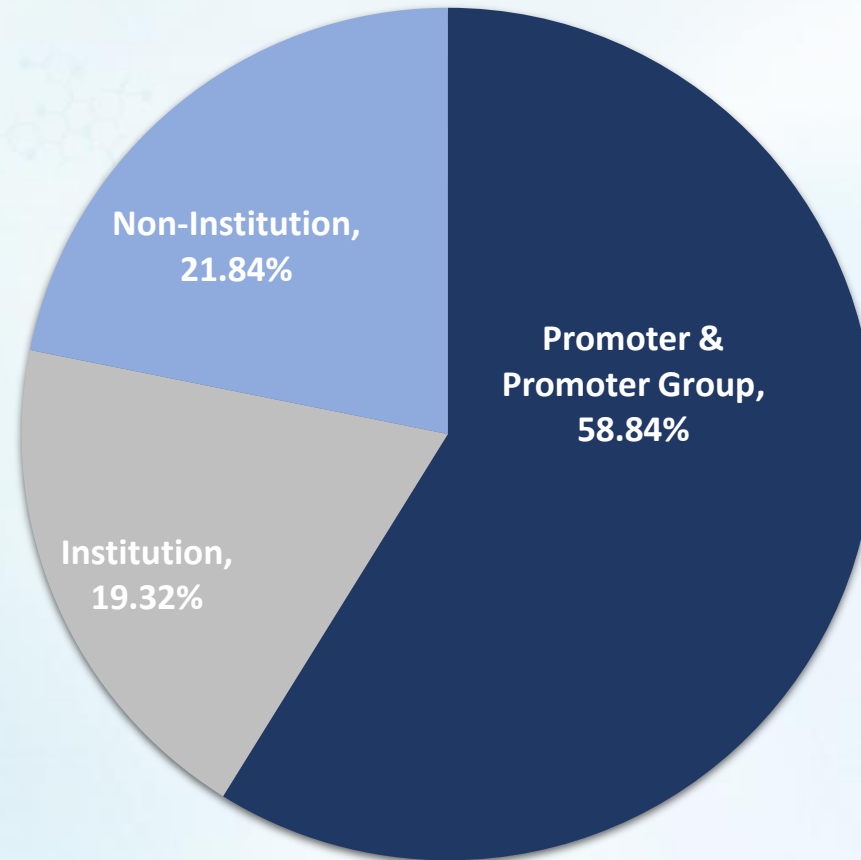


**H1FY22 – Other International Sales
(₹ mn)**



Latest Shareholding Pattern

Shareholding pattern as on September 30, 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

Gagan Borana

Investor Relations

Tel: +91 22 3982 9960

E-mail: gagan.borana@alkem.com