

**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

07th August, 2020

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 Q1FY21 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q1FY21 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 Q1FY21 Results

Mumbai, August 7, 2020: Alkem Laboratories Ltd (Alkem) today announced its standalone and consolidated financial results for the first quarter ended June 30, 2020. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key financial highlights of Q1FY21

- Revenue from Operations was ₹ 20,035 million, year-on-year growth of 8.3%
 - India sales were ₹ 11,550 million, year-on-year decline of 5.5%
 - International sales were ₹ 7,853 million, year-on-year growth of 32.8%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 5,332 million, resulting in EBITDA margin of 26.6% vs. 14.3% in Q1FY20. EBITDA grew by 101.6% YoY
- R&D expenses for the quarter was ₹ 1,186 million, or 5.9% of Revenue from Operations compared to ₹ 1,034 million in Q1FY20 at 5.6% of Revenue from Operations
- Profit before tax (PBT) was ₹ 4,928 million, a growth of 134.6% compared to Q1FY20
- Net Profit (after Minority Interest) was ₹ 4,220 million, year-on-year growth of 127.5%

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "In these unprecedented times, I am pleased to share that the Company responded well to various challenges that came up mainly in the areas of manufacturing and supply chain to ensure that there were no shortages of essential medicines. The Company delivered a resilient performance led by strong growth in its US business. While the India business was impacted by lockdown, the Company maintained its outperformance in its key established therapies of anti-infectives and gastro-intestinal. Superior revenue mix and savings on marketing activities helped Company register strong EBITDA margins. Going forward, while it's difficult to predict how the situation will unfold, the Company is taking all the necessary steps to ensure minimal impact on its operations."

Operational Highlights

India Business

In Q1FY21, the Company's India sales declined by 5.5% YoY, recording a sales of ₹ 11,550 million as compared to ₹ 12,222 million in Q1FY20.

COVID-19 led lockdown significantly impacted the new prescription generation during the quarter on account of shutdown of clinics, hospital OPDs and deferment of surgeries. As a result, Indian Pharmaceutical Market (IPM) registered a YoY decline of 4.9% during the quarter (Source: IQVIA data). The decline was sharper in the acute therapy areas of anti-infectives, gastro-intestinal, pain / analgesics and vitamins / minerals / nutrients compared to chronic therapy areas like neuro / CNS, cardiac and anti-diabetes which registered a YoY growth during the quarter.



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With a significant part of the Company's domestic sales coming from the acute therapy segments, the Company's secondary sales during the quarter recorded a decline of 11.8% YoY. However the Company continued its outperformance in therapy areas of anti-infectives, gastro-intestinal, vitamins / minerals / nutrients, cardiac and anti-diabetes. This was driven by the Company's strong brands, effective sales and marketing strategies, robust supply chain and distribution network and contribution from new product launches.

The performance highlights in the key therapeutic segments in Q1FY21 is as shown below:

Key Therapy segment	Q1FY21			
	Alkem Rank	YoY change in Rank*	YoY growth (Alkem)	YoY growth (IPM)
Anti-infectives	1	Unchanged	-22.1%	-24.9%
Gastro Intestinal	3	Unchanged	-4.0%	-8.4%
Pain / Analgesics	3	Unchanged	-14.1%	-12.1%
Vitamins / Minerals / Nutrients	4	Unchanged	3.9%	-3.5%
Neuro / CNS	11	-4	-14.7%	5.5%
Derma	22	-6	-35.7%	-5.1%
Cardiac	27	-1	13.9%	11.6%
Anti-Diabetic	21	Unchanged	11.7%	7.9%
Total	7	-2	-11.8%	-4.9%

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

Source: IQVIA Data June 2020

International Business

In Q1FY21, the Company's International sales grew by 32.8% YoY, recording sales of ₹ 7,853 million as compared to ₹ 5,912 million in Q1FY20.

- **US sales** for the quarter was ₹ 6,664 million, recording a year-on-year growth of 38.3%.
- **Other International Markets sales** for the quarter was ₹ 1,189 million, recording a year-on-year growth of 8.6%.

R&D Investments

During the quarter, the Company filed 4 abbreviated new drug applications (ANDAs) with the US FDA and received 2 approvals (including 1 tentative approval).

As on June 30, 2020, the Company filed a total of 146 ANDAs and 2 new drug applications (NDA) with the US FDA. Of these, it has received approvals for 88 ANDAs (including 13 tentative approvals) and 2 NDAs.



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Q1FY21 Conference Call at 4:45pm IST, August 7, 2020

Alkem will organize a conference call for investors and analysts on Friday, August 7, 2020 from 4:45pm to 5:30pm IST to discuss its Q1FY21 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 will host the call.

Details of the conference call are as under:

Time: 4:45 pm to 5:30 pm IST (GMT + 5:30) on Friday, August 7, 2020.

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 800 brands in India, Alkem is ranked the fifth largest pharmaceutical company in India in terms of domestic sales (Source: IQVIA data March 2020). 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 – Alkem Laboratories Ltd.

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Alkem Laboratories Ltd.

Investor Presentation Q1FY21 – August 7, 2020



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 Q1FY21

Resilient performance amidst unprecedented times

- **Revenue from Operations** grew by 8.3% YoY during the quarter, accompanied by significant expansion in EBITDA margin to 26.6% compared to 14.3% in Q1FY20
- **Profit After Tax** grew by 127.5% compared to the previous year
- **India Business:** Lower patient footfalls and shutdown of hospital OPDs and private clinics impacted the new prescription generation during the quarter. IPM registered a decline of 4.9% YoY with steeper decline in acute therapies
 - Company's secondary sales declined by 11.8% YoY (Source: IQVIA data)
 - Company maintained its outperformance in its key established therapies of anti-infectives and gastro-intestinal (Source: IQVIA data)
- **US Business** grew by 38.3% YoY during the quarter, largely driven by new product launches
- **R&D** expenses during the quarter was at 5.9% of revenue from operations compared to 5.6% in Q1FY20
 - The Company filed 4 ANDAs and received 2 ANDA approvals (including 1 tentative approval) from the US FDA in Q1FY21

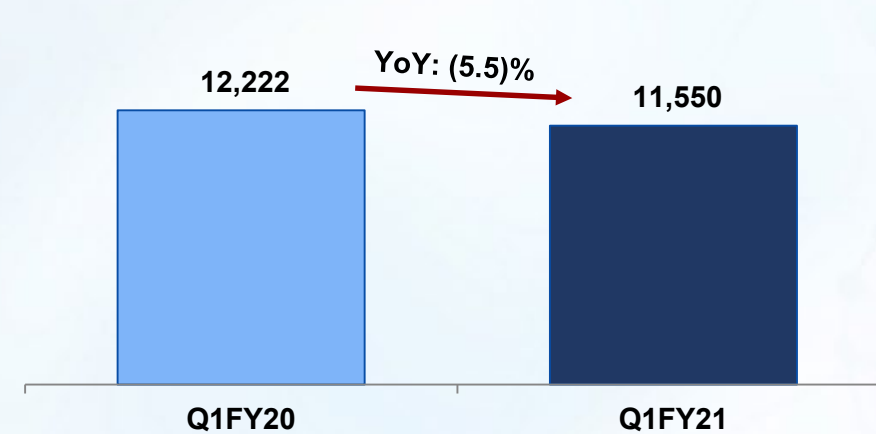
Key Financial Highlights – Q1FY21 (Consolidated)

All figures in ₹ mn

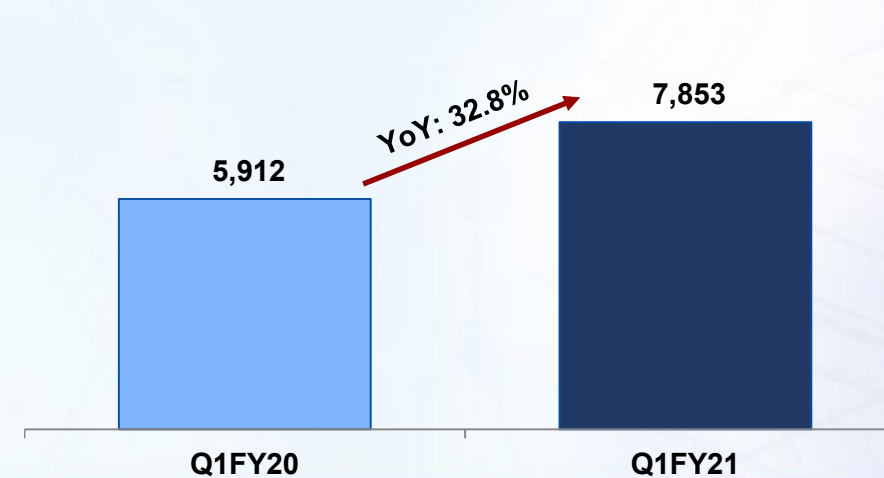
Revenue from Operations



India sales



International sales

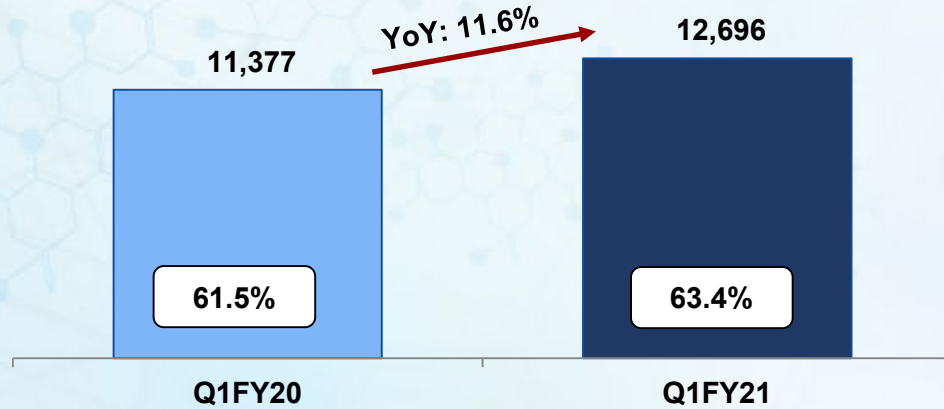


Key Financial Highlights – Q1FY21 (Consolidated)

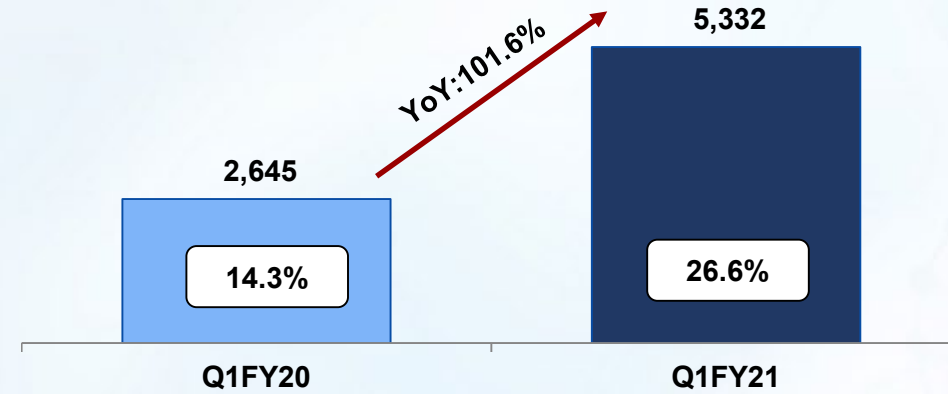


All figures in ₹ mn

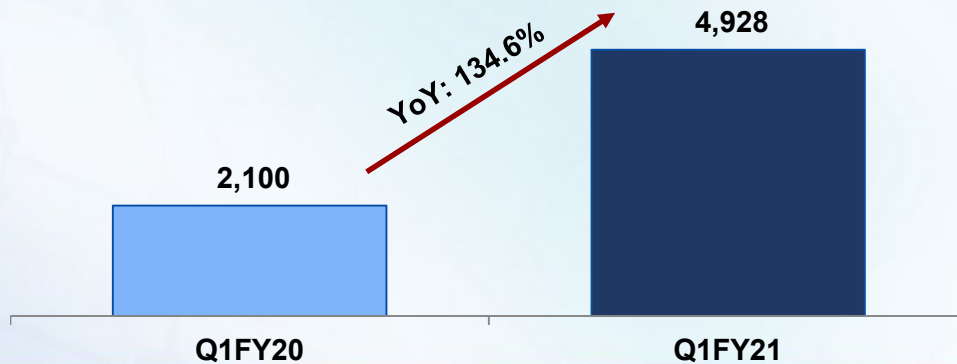
Gross Profit and Gross Margin



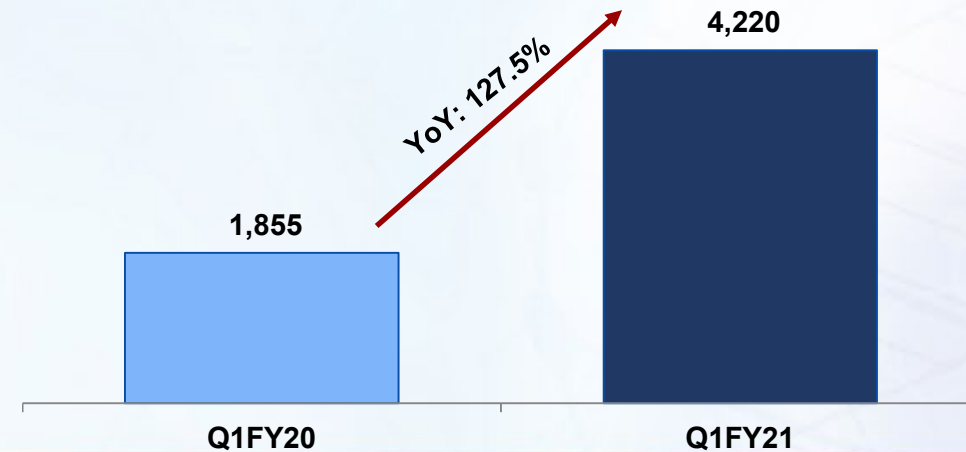
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)

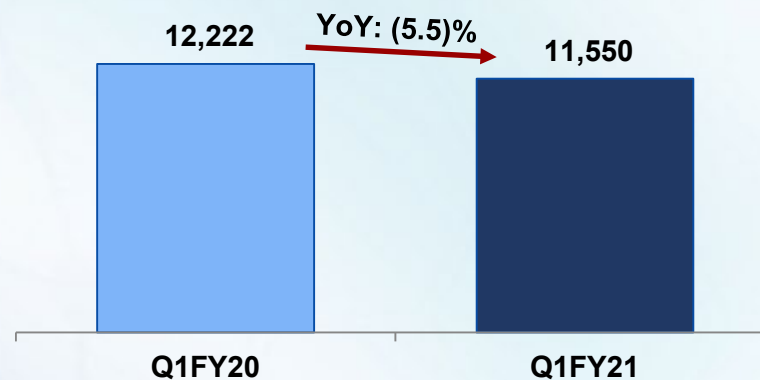


India Business

India Business: Q1FY21 Sales of ₹ 11,550 million (5.5% YoY decline)

- India sales contributed 59.5% to total sales in Q1FY21
- Shutdown in clinics, hospital OPDs and deferment of surgeries due to COVID-19 lockdown significantly impacted the new prescription generation during the quarter
- As a result, IPM's secondary sales for the quarter ended June 2020 declined by 4.9% YoY, with sharper decline in acute therapies like anti-infectives, gastro-intestinal and pain / analgesics. Alkem's secondary sales dipped by 11.8% YoY in Q1FY21
- The Company grew ahead of the market in the therapy areas of Anti-infectives, Gastro-intestinal, Vitamins / Minerals / Nutrients, Cardiac and Anti-diabetes

Q1FY21 – India Sales (₹ mn)



Therapy-wise performance in Q1FY21

Therapy segment	YoY growth (Alkem)	YoY growth (IPM)
Anti-infectives	-22.1%	-24.9%
Gastro Intestinal	-4.0%	-8.4%
Pain / Analgesics	-14.1%	-12.1%
Vitamins / Minerals / Nutrients	3.9%	-3.5%
Neuro / CNS	-14.7%	5.5%
Derma	-35.7%	-5.1%
Cardiac	13.9%	11.6%
Anti-Diabetic	11.7%	7.9%

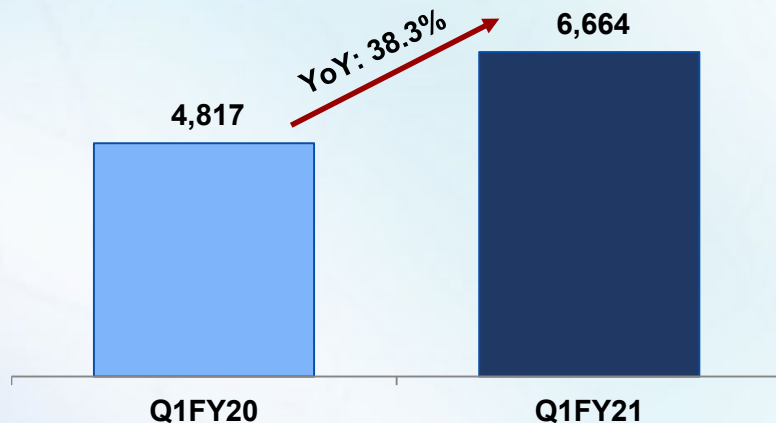
Source: IQVIA data

US Business

US Business: Q1FY21 Sales of ₹ 6,664 million (38.3% growth YoY)

- US sales contributed 34.3% to total sales in Q1FY21
- Growth in US dollar terms was 28.4% YoY
- In Q1FY21, the Company filed 4 ANDAs with the US FDA and received 2 approvals (including 1 tentative approval)
- As on June 30, 2020, the Company has filed a total of 148 ANDAs (including 2 NDA) with the US FDA and has received 90 approvals (including 13 tentative approvals and 2 NDA)

Q1FY21 – US Sales (₹ mn)



EIR for all the six facilities inspected by the US FDA

Facility	Scope	Last inspection	Status post last inspection
St. Louis (US)	Formulation	February 2020	EIR# received in May 2020
Baddi (India)	Formulation	February 2020	EIR# received in March 2020
Daman (India)	Formulation	August 2019	EIR# received in October 2019
California (US)	API	August 2018	Successfully closed without any observations
Ankleshwar (India)	API	December 2016	EIR# received in March 2017
Mandva (India)	API	September 2015	EIR# received in March 2016

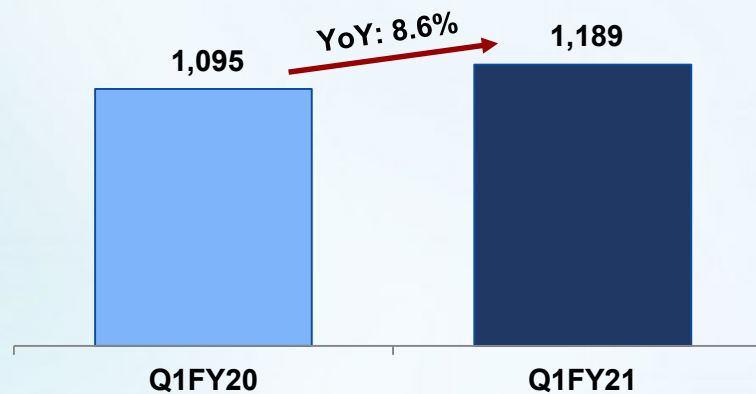
EIR – Establishment Inspection Report indicating successful close of inspection

Other International Business

Other International Business: Q1FY21 Sales of ₹ 1,189 million (8.6% YoY growth)

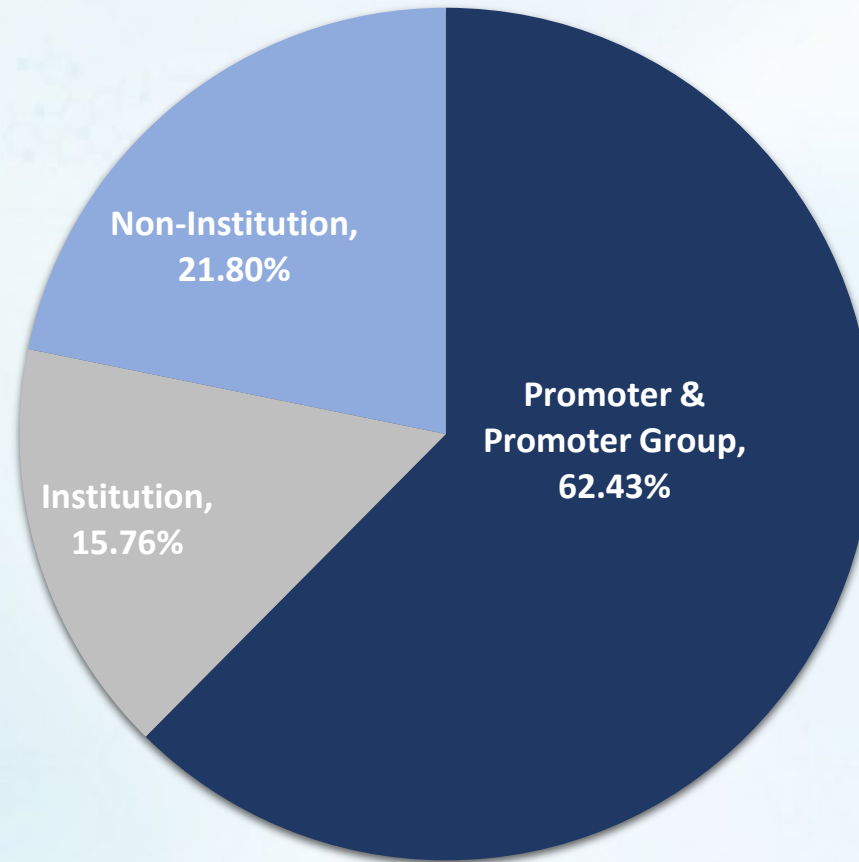
- Other International Market sales contributed 6.1% to total sales in Q1FY21
- The Company has presence in Australia, Europe, South East Asia, Latin America, Africa and CIS
- Chile and Kazakhstan registered healthy growth during the quarter

**Q1FY21 – Other International Sales
(₹ mn)**



Latest Shareholding Pattern

Shareholding pattern as on June 30, 2020



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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