

**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

06th November, 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 Q2FY21 Results and H1FY21 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q2FY21 and H1FY21 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 Q2FY21 and H1FY21 Results

Mumbai, November 6, 2020: Alkem Laboratories Ltd. (Alkem) today announced its standalone and consolidated financial results for the second quarter & six months ending September 30, 2020. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key financial highlights of Q2FY21

- Revenue from Operations was ₹ 23,628 million, year-on-year growth of 4.4%
 - India sales were ₹ 15,574 million, year-on-year growth of 0.5%
 - International sales were ₹ 7,790 million, year-on-year growth of 16.4%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 6,005 million, resulting in EBITDA margin of 25.4% vs. 20.0% in Q2FY20. EBITDA grew by 32.7% YoY
- R&D expenses for the quarter was ₹ 1,393 million, or 5.9% of Revenue from Operations compared to ₹ 1,234 million in Q2FY20 at 5.5% of Revenue from Operations
- Profit before tax (PBT) was ₹ 5,478 million, a growth of 33.6% compared to Q2FY20
- Net Profit (after Minority Interest) was ₹ 4,721 million, year-on-year growth of 27.3%

Key financial highlights of H1FY21

- Revenue from Operations was ₹ 43,663 million, year-on-year growth of 6.1%
 - India sales were ₹ 27,124 million, year-on-year decline of 2.2%
 - International sales were ₹ 15,643 million, year-on-year growth of 24.1%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 11,337 million, resulting in EBITDA margin of 26.0% vs. 17.4% in H1FY20. EBITDA grew by 58.1% YoY
- R&D expenses for H1FY21 was ₹ 2,579 million, or 5.9% of Revenue from Operations compared to ₹ 2,268 million in H1FY20 at 5.5% of Revenue from Operations
- Profit before tax (PBT) was ₹ 10,405 million, a growth of 67.9% compared to H1FY20
- Net Profit (after Minority Interest) was ₹ 8,941 million, year-on-year growth of 60.7%

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, *“Even as we continue our fight against the COVID-19 pandemic, the Company witnessed a significant recovery in its India business driven by pick-up in new prescription generation as the Government announced multiple rounds of unlocking. Our International business also continued its healthy growth momentum led by our US business which delivered a robust growth of 28% YoY during the first half of the fiscal year. This along with cost savings has led to significant improvement in our EBITDA margins. While the uncertainty around COVID-19 continues, we are trying our best to serve the patients across our key markets and at the same time ensure the safety of our employees and business partners.”*



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Operational Highlights

India Business

In Q2FY21, the Company's India sales grew by 0.5% YoY, recording a sales of ₹ 15,574 million as compared to ₹ 15,503 million in Q2FY20. For H1FY21, the Company's India sales was ₹ 27,124 million compared to ₹ 27,725 million in H1FY20.

As per IQVIA data, there was a sequential recovery in the India Pharmaceutical Market (IPM) with IPM registering YoY growth of 4.0% in Q2FY21 compared to decline of 4.9% YoY in Q1FY21. Acute therapies like Anti-Infectives, Gastro Intestinal, Pain / Analgesics and Vitamins / Minerals / Nutrients witnessed a healthy pick-up in Q2FY21 from the lows of the Q1FY21 as gradual unlocking has resulted in some traction in new prescription generation. Chronic therapies like Neuro / CNS, Cardiac and Anti-Diabetes continued to grow however at a slower pace.

Amidst the above market scenario and with a significant part of the Company's domestic sales coming from the acute therapy segments, the Company's secondary sales also witnessed a sequential recovery during the quarter with a YoY decline of 2.0% compared to decline of 11.8% YoY in Q1FY21. In most of the large therapy segments like Anti-Infectives, Gastro Intestinal, Vitamins / Minerals / Nutrients, Cardiac and Anti-Diabetes, the Company grew ahead of the segment growth rate, thereby gaining market share and consolidating its position amongst the leading companies in the market. Most of the Company's top brands also outperformed in their representatives.

The below table highlights the therapy-wise growth rates in Q1FY21 and the recovery in Q2FY21:

Key Therapy segment	Q1FY21		Q2FY21				H1FY21			
	YoY growth (Alkem)	YoY growth (IPM)	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	-22.1%	-24.9%	1	Unchanged	-12.2%	-13.5%	1	Unchanged	-16.4%	-18.2%
Gastro Intestinal	-4.0%	-8.4%	3	Unchanged	6.0%	4.3%	3	Unchanged	1.1%	-1.7%
Pain / Analgesics	-14.1%	-12.1%	3	Unchanged	-5.4%	-2.5%	3	Unchanged	-9.4%	-6.8%
VMN**	3.9%	-3.5%	4	Unchanged	30.3%	12.9%	4	Unchanged	18.0%	5.1%
Neuro / CNS	-14.7%	5.5%	10	-3	-9.8%	9.5%	11	-4	-12.2%	7.6%
Derma	-35.7%	-5.1%	17	-4	-19.2%	5.5%	18	-4	-26.3%	0.9%
Cardiac	13.9%	11.6%	26	Unchanged	17.1%	14.6%	26	Unchanged	15.6%	13.3%
Anti-Diabetic	11.7%	7.9%	20	+1	13.2%	9.3%	21	Unchanged	12.5%	8.8%
Total	-11.8%	-4.9%	5	-1	-2.0%	4.0%	5	Unchanged	-6.4%	-0.03%

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

**VMN – Vitamins / Minerals / Nutrients

Source: IQVIA Data

International Business

In Q2FY21, the Company's International sales grew by 16.4% YoY, recording sales of ₹ 7,790 million as compared to ₹ 6,691 million in Q2FY20. For H1FY21, the Company's International sales grew by 24.1% to ₹ 15,643 million compared to ₹ 12,603 million in H1FY20.



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- **US sales** for the quarter was ₹ 6,258 million, recording a year-on-year growth of 18.6%. For H1FY21, US sales was ₹ 12,921 million, up 28.0% compared to H1FY20.
- **Other International Markets sales** for the quarter was ₹ 1,532 million, recording a year-on-year growth of 8.3%. For H1FY21, Other International Markets sales was ₹ 2,722 million, up 8.4% compared to H1FY20.

R&D Investments

During the quarter, the Company filed 1 abbreviated new drug applications (ANDAs) with the US FDA and received 4 approvals (including 1 tentative approval). For H1FY21, the Company filed 5 ANDAs with the US FDA and received 6 approvals (including 2 tentative approval).

As on September 30, 2020, the Company has filed a total of 147 ANDAs and 2 new drug applications (NDA) with the US FDA of which it has received approvals for 91 ANDAs (including 13 tentative approvals) and 2 NDA.

Update on US FDA inspection

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

EIR – Establishment Inspection Report



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Q2FY21 and H1FY21 Conference Call at 5:30pm IST, November 6, 2020

Alkem will organize a conference call for investors and analysts on Friday, November 6, 2020 from 5:30pm to 6:30pm IST to discuss its Q2FY21 and H1FY21 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: 5:30pm to 6:30pm IST (GMT + 5:30) on Friday, November 6, 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 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

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Alkem Laboratories Ltd.

Investor Presentation Q2FY21 – November 6, 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 Q2FY21 and H1FY21

Recovery in India business, while International business continues its growth momentum

- **Revenue from Operations** grew by 4.4% YoY during the quarter, accompanied by significant expansion in EBITDA margin to 25.4% compared to 20.0% in Q2FY20
- **Profit After Tax** during the quarter grew by 27.3% compared to the previous year
- **India Business:** India business recovered from the lows of Q1FY21 with QoQ growth of 34.8%. The Company's India business registered a YoY growth of 0.5% in Q2FY21 compared to decline of 5.5% in Q1FY21
 - Many of the Company's top brands outperformed in their respective markets (Source: IQVIA data)
 - Company maintained its outperformance in key therapies of Anti-infectives, Gastro-intestinal, Vitamins / Minerals, Cardiac and Anti-diabetes (Source: IQVIA data)
- **US Business** grew by 18.6% 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 5.5% in Q2FY20
 - The Company filed 5 ANDAs and received 6 ANDA approvals (including 2 tentative approval) from the US FDA in H1FY21
- **Healthy Balance Sheet** with net cash of ₹ 4.2bn as on September 30, 2020

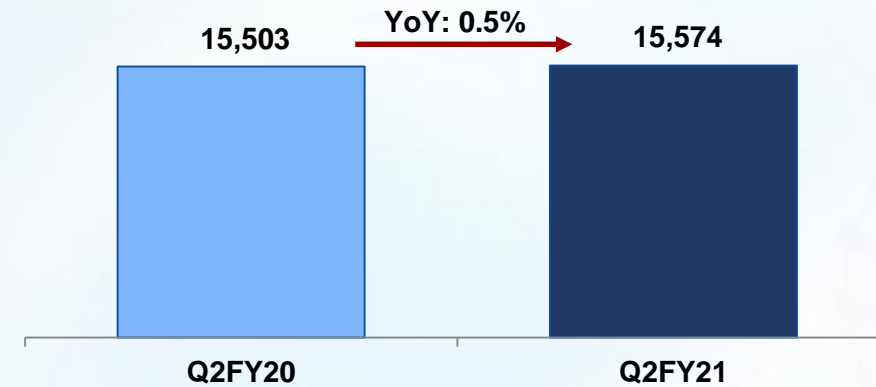
Key Financial Highlights – Q2FY21 (Consolidated)

All figures in ₹ mn

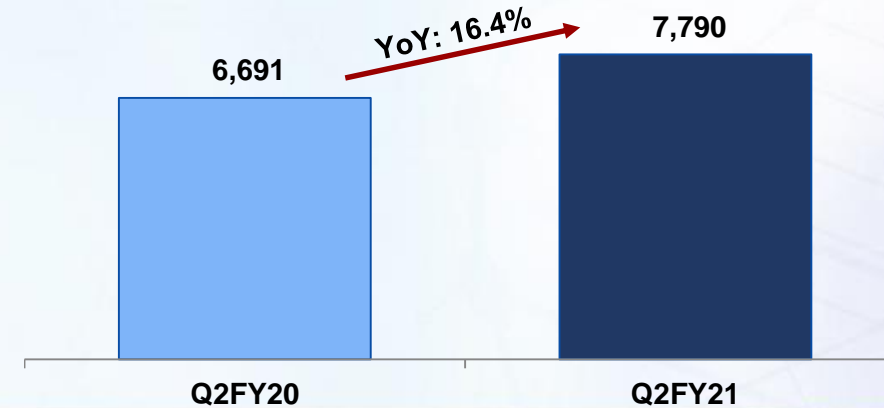
Revenue from Operations



India sales



International sales

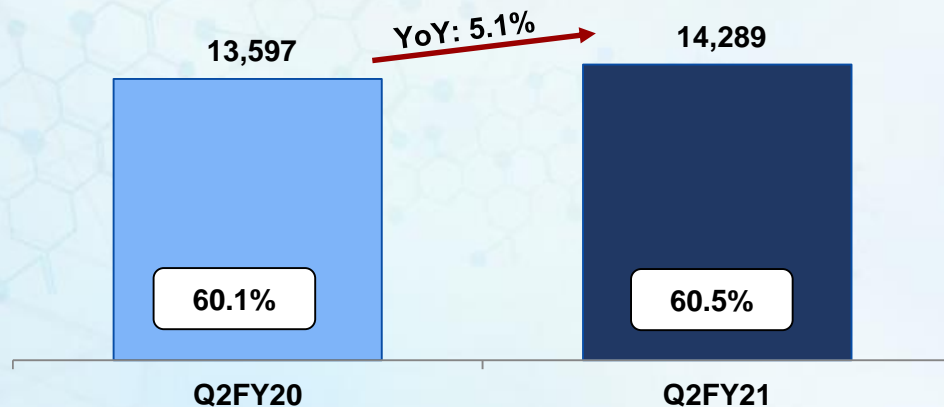


Key Financial Highlights – Q2FY21 (Consolidated)

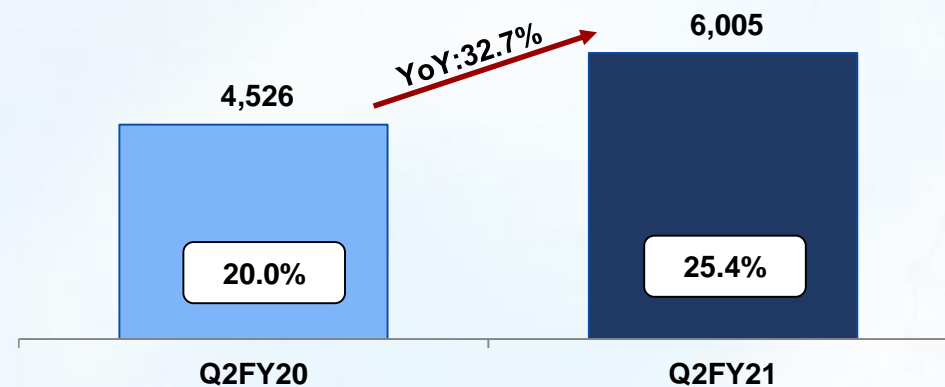


All figures in ₹ mn

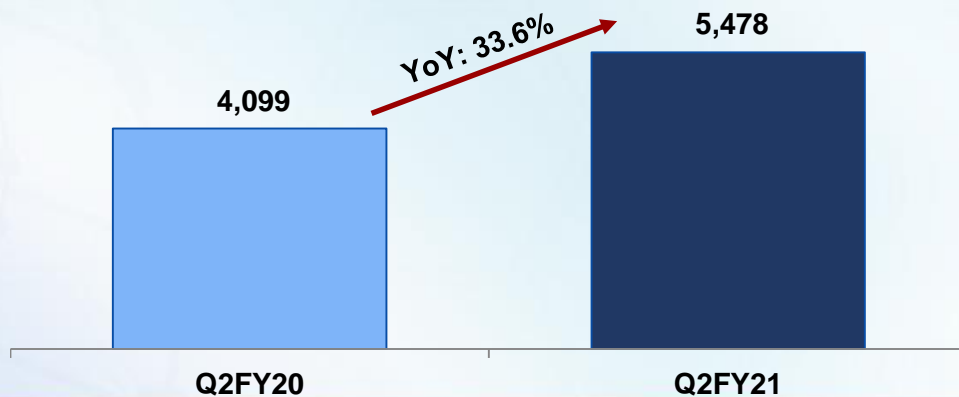
Gross Profit and Gross Margin



EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights – H1FY21 (Consolidated)



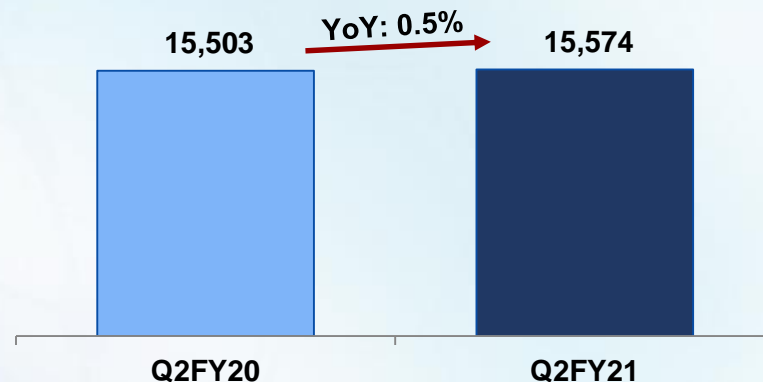
Particulars (₹ mn)	H1FY21	H1FY20	YoY growth
Revenue from Operations	43,663	41,135	6.1%
Gross Profit	26,985	24,974	8.1%
Gross Profit margin	61.8%	60.7%	
EBITDA	11,337	7,171	58.1%
EBITDA margin	26.0%	17.4%	
PBT	10,405	6,199	67.9%
PBT margin	23.8%	15.1%	
PAT (After Minority Interest)	8,941	5,563	60.7%
PAT margin	20.5%	13.5%	
EPS (₹ / share)	74.78	46.53	60.7%

India Business

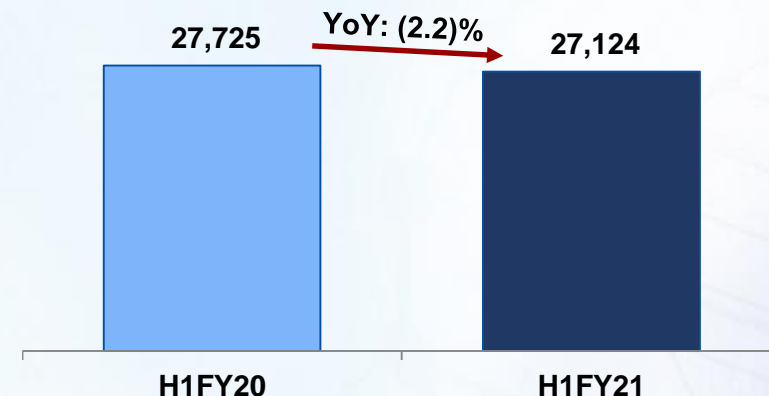
India Business: Q2FY21 Sales of ₹ 15,574 million (0.5% YoY growth)

- India sales contributed 66.7% to total sales in Q2FY21
- The Company witnessed recovery in its India sales in Q2FY21 as the Government announced multiple rounds of unlocking
- During the quarter, the Company launched Alfluenza (Favipiravir) in India for the treatment of mild to moderate COVID-19
- In Q2FY21, the Company's secondary sales declined by 2.0% YoY compared to IPM growth of 4.0% YoY (Source: IQVIA data)
- During the quarter, the Company grew ahead of the market in the therapy areas of Anti-infectives, Gastro-intestinal, Vitamins / Minerals / Nutrients, Cardiac and Anti-diabetes (Source: IQVIA data)

Q2FY21 – India Sales (₹ mn)



H1FY21 – India Sales (₹ mn)

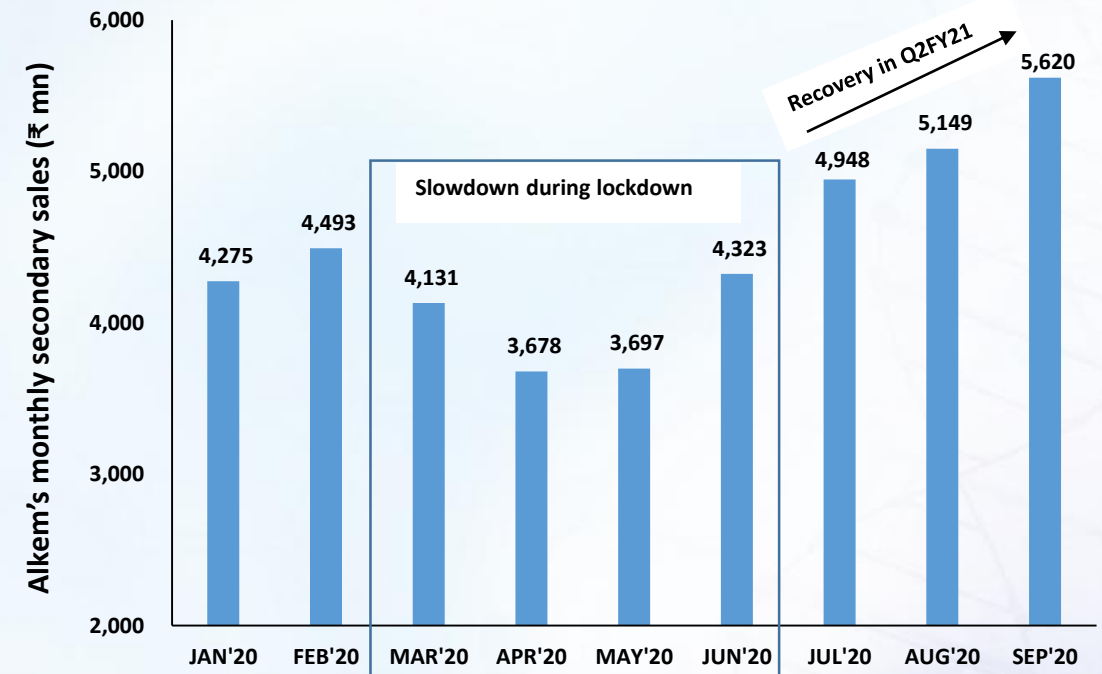


Secondary Sales Performance

Company's India business witnessed a recovery in Q2FY21 vs Q1FY21

Therapy segment	Alkem's YoY growth in Q1FY21	Alkem's YoY growth in Q2FY21	Alkem's YoY growth in H1FY21
Anti-infectives	-22.1%	-12.2%	-16.4%
Gastro Intestinal	-4.0%	6.0%	1.1%
Pain / Analgesics	-14.1%	-5.4%	-9.4%
Vitamins / Minerals / Nutrients	3.9%	30.3%	18.0%
Neuro / CNS	-14.7%	-9.8%	-12.2%
Derma	-35.7%	-19.2%	-26.3%
Cardiac	13.9%	17.1%	15.6%
Anti-Diabetic	11.7%	13.2%	12.5%
Total	-11.8%	-2.0%	-6.4%

(Source: IQVIA data)



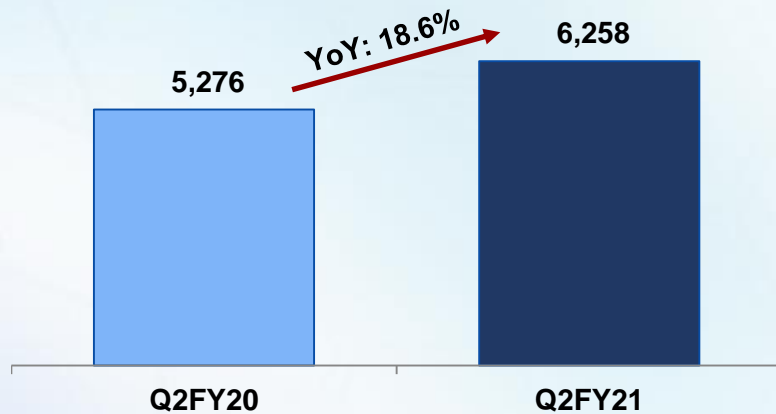
(Source: IQVIA data)

US Business

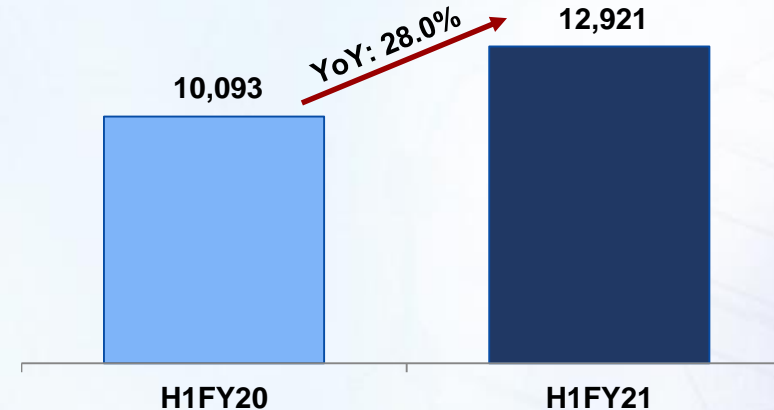
US Business: Q2FY21 Sales of ₹ 6,258 million (18.6% YoY growth)

- US sales contributed 26.8% to total sales in Q2FY21
- Growth in US dollar terms was 12% YoY mainly driven by new product launches
- In Q2FY21, the Company filed 1 ANDA with the US FDA and received 4 approvals (including 1 tentative approval)
- As on September 30, 2020, the Company has filed a total of 149 ANDAs (including 2 NDAs) with the US FDA and has received 93 approvals (including 13 tentative approvals and 2 NDAs)

Q2FY21 – US Sales (₹ mn)



H1FY21 – US Sales (₹ mn)



US Business



EIR for all the six facilities inspected by the US FDA

Facility	Capability	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

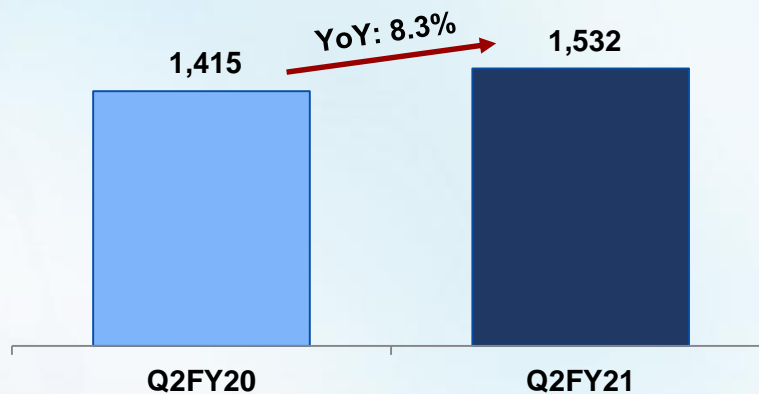
EIR – Establishment Inspection Report indicating successful close of inspection

Other International Business

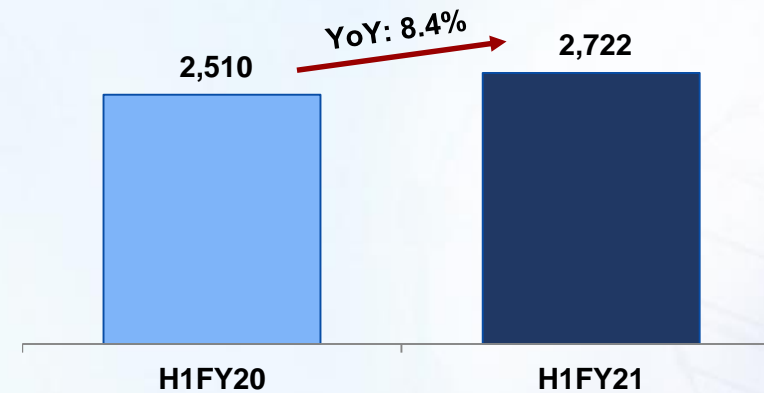
Other International Business: Q2FY21 Sales of ₹ 1,532 million (8.3% YoY growth)

- Other International Market sales contributed 6.6% to total sales in Q2FY21
- The Company has presence in Australia, Europe, South East Asia, Latin America, Africa and CIS
- Chile and Kazakhstan registered healthy growth during the quarter

**Q2FY21 – Other International Sales
(₹ mn)**

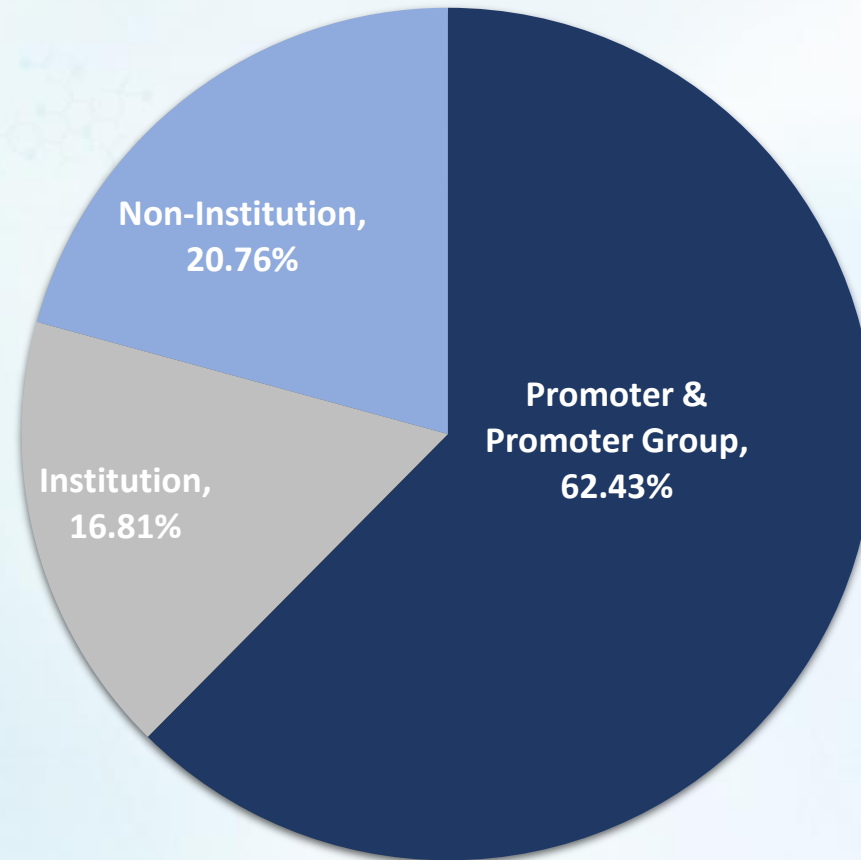


**H1FY21 – Other International Sales
(₹ mn)**



Latest Shareholding Pattern

Shareholding pattern as on September 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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