

# 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

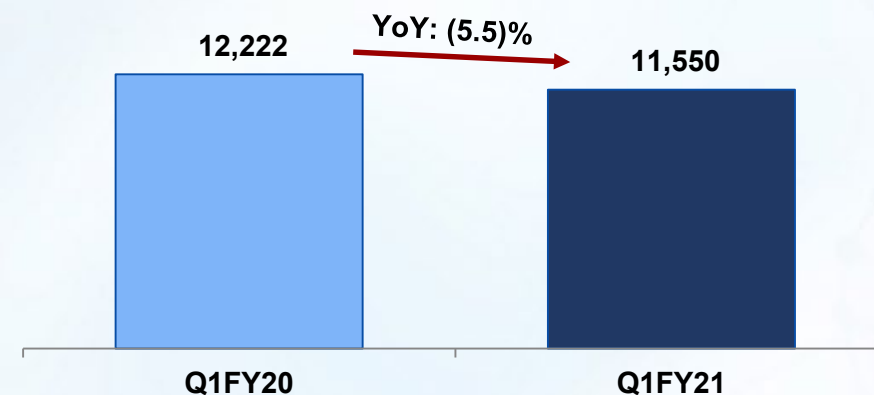
# Key Financial Highlights – Q1FY21 (Consolidated)

All figures in ₹ mn

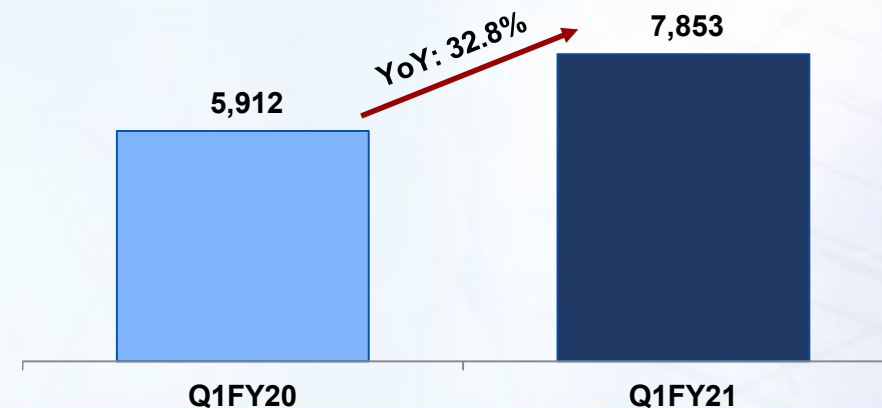
## Revenue from Operations



## India sales



## International sales

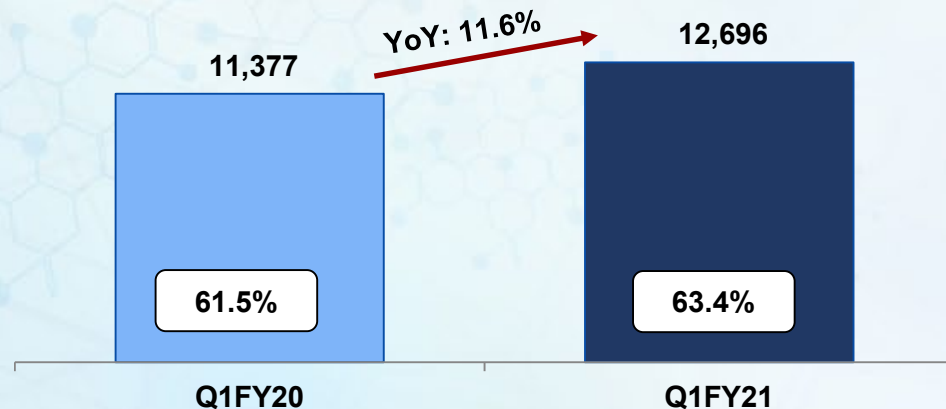


# Key Financial Highlights – Q1FY21 (Consolidated)

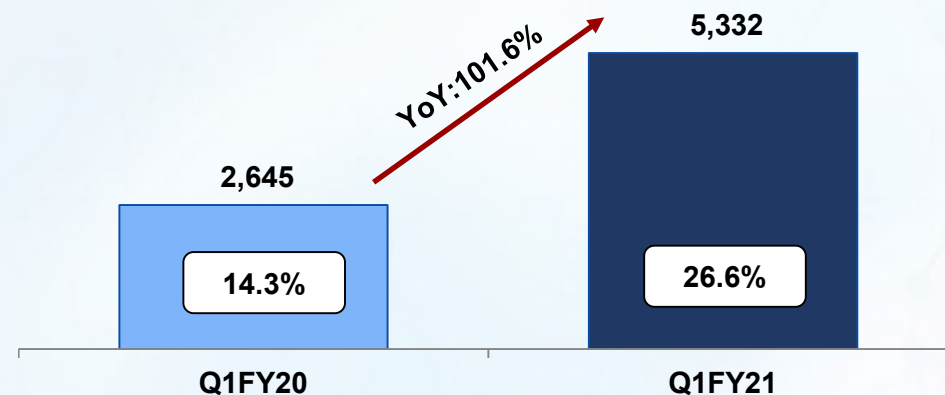


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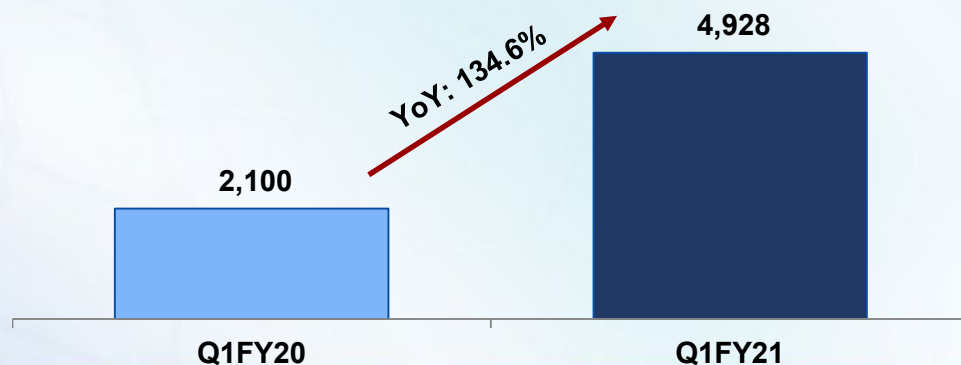
## Gross Profit and Gross Margin



## EBITDA and EBITDA Margin



## PBT (before Minority Interest)



## PAT (after Minority Interest)

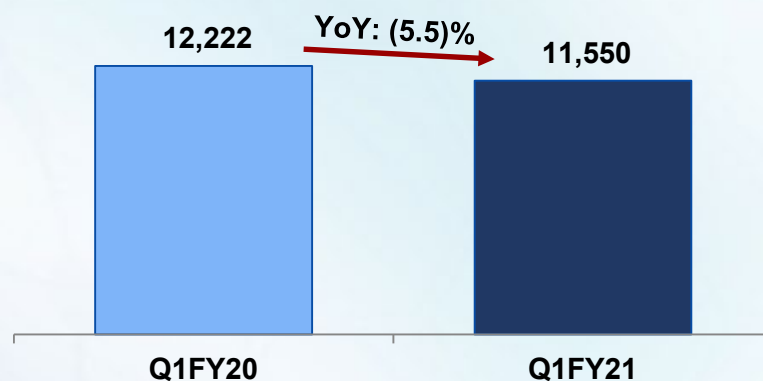


# India Business

## 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

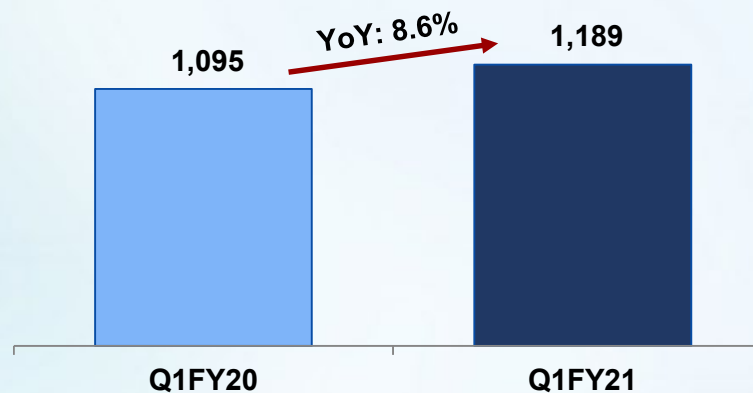
# EIR – Establishment Inspection Report indicating successful close of inspection

# Other International Business

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

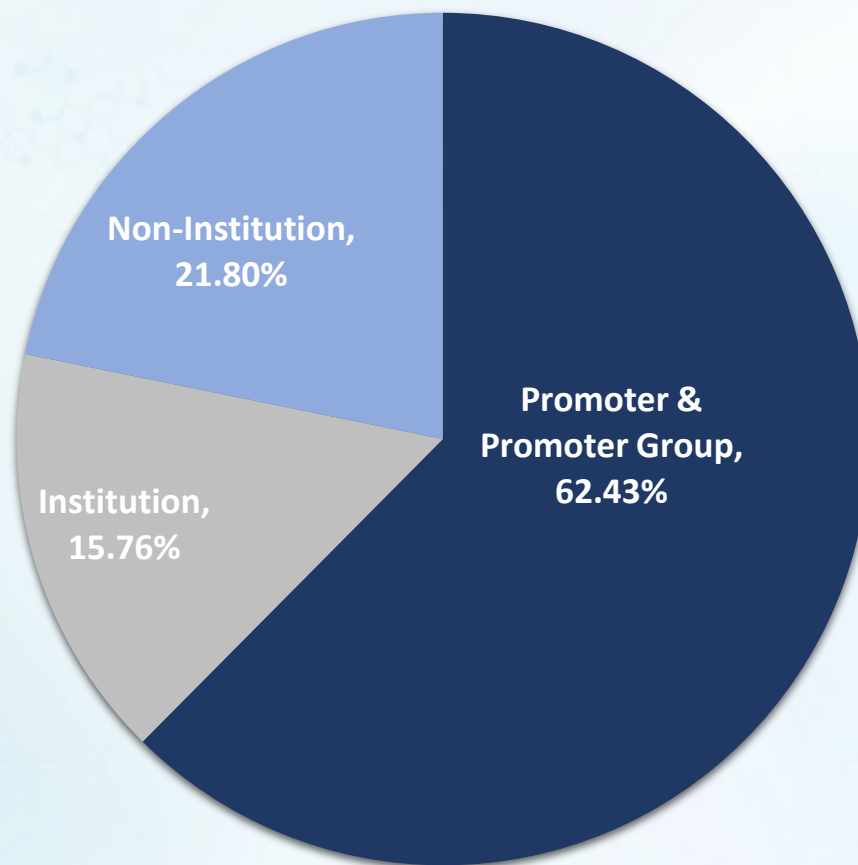
- Other International Market sales contributed 6.1% to total sales in Q1FY21
- The Company has presence in Australia, Europe, South East Asia, Latin America, Africa and CIS
- Chile and Kazakhstan registered healthy growth during the quarter

**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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