



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

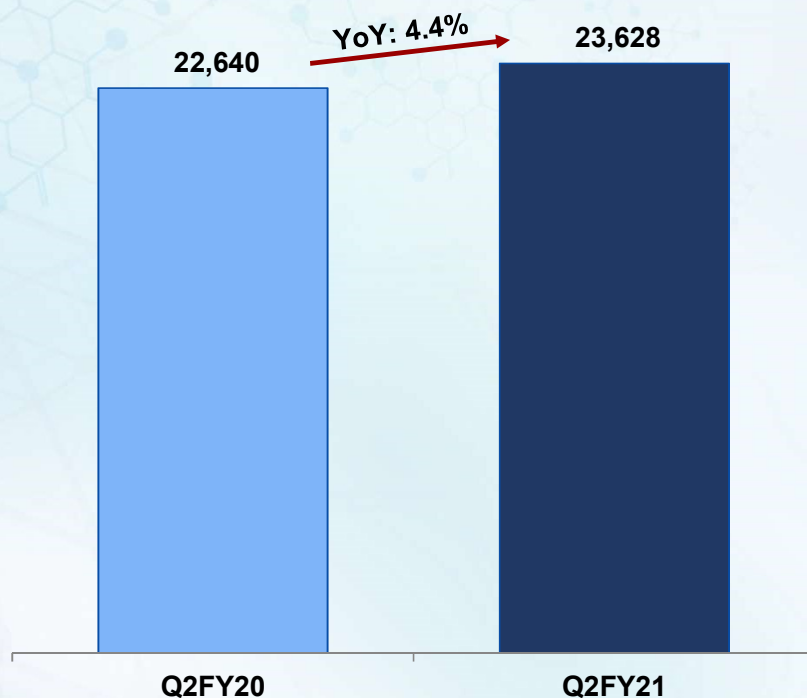
Recovery in India business, while International business continues its growth momentum

- **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

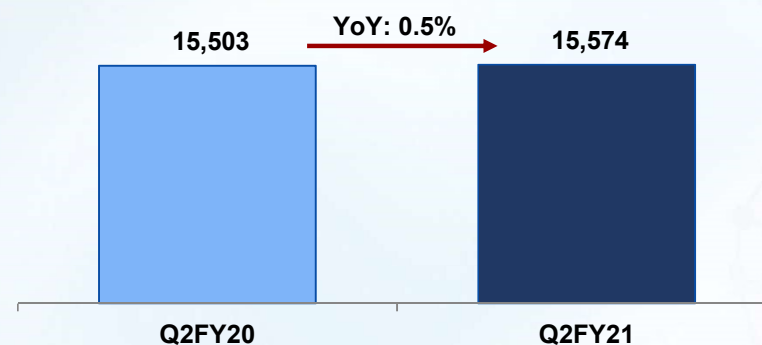
Key Financial Highlights – Q2FY21 (Consolidated)

All figures in ₹ mn

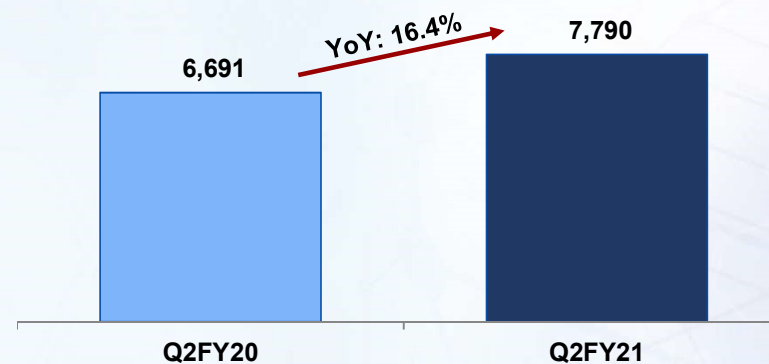
Revenue from Operations



India sales



International sales

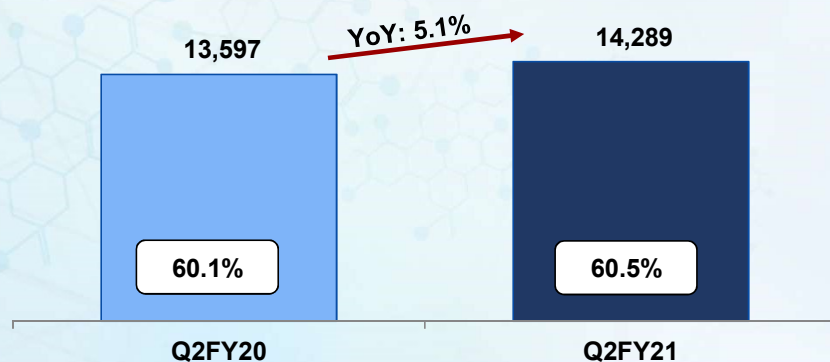


Key Financial Highlights – Q2FY21 (Consolidated)

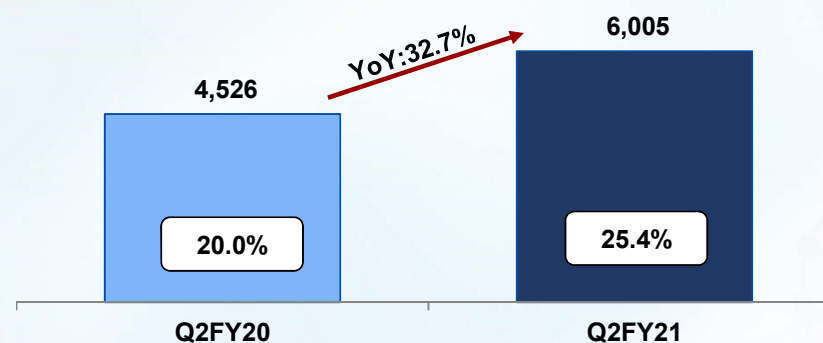


All figures in ₹ mn

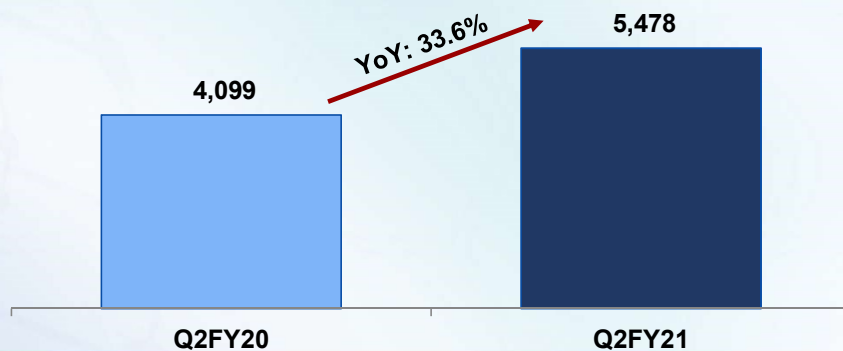
Gross Profit and Gross Margin



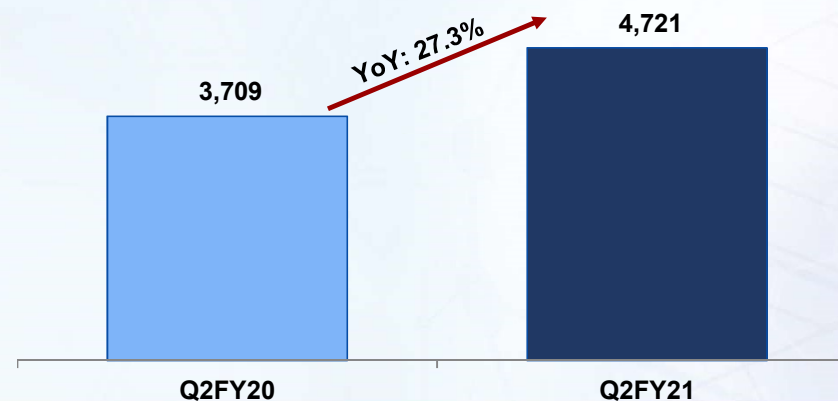
EBITDA and EBITDA Margin



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

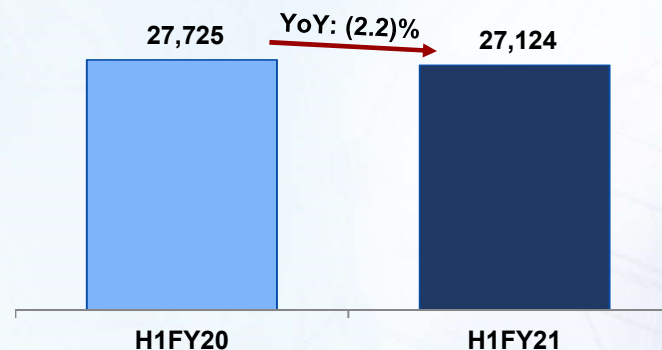
India Business: Q2FY21 Sales of ₹ 15,574 million (0.5% YoY growth)

- 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)

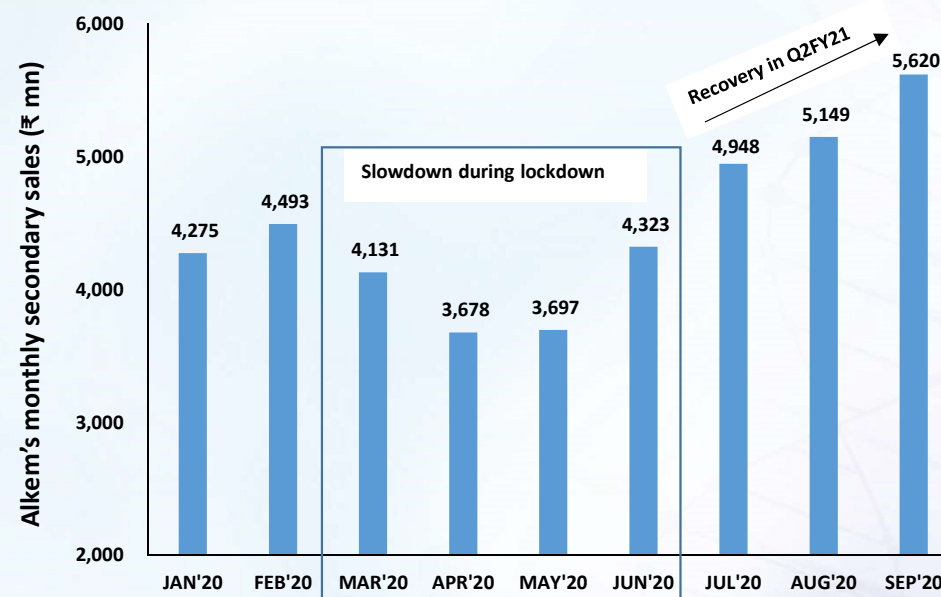


Secondary Sales Performance

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)



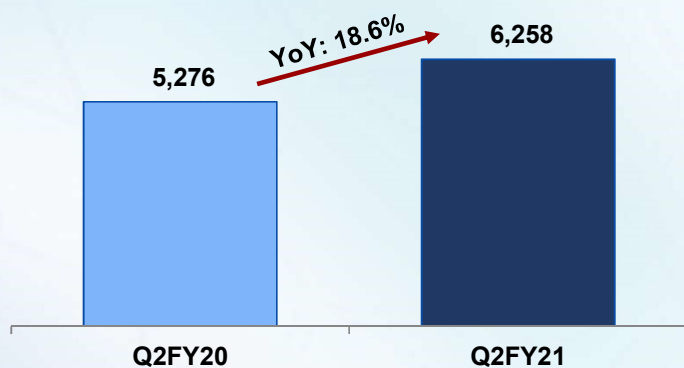
(Source: IQVIA data)

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

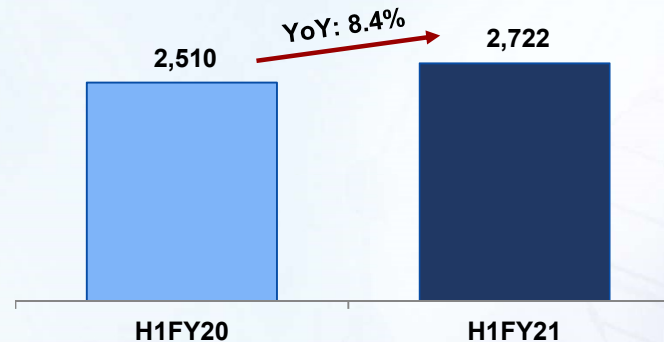
Other International Business: Q2FY21 Sales of ₹ 1,532 million (8.3% YoY growth)

- 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)

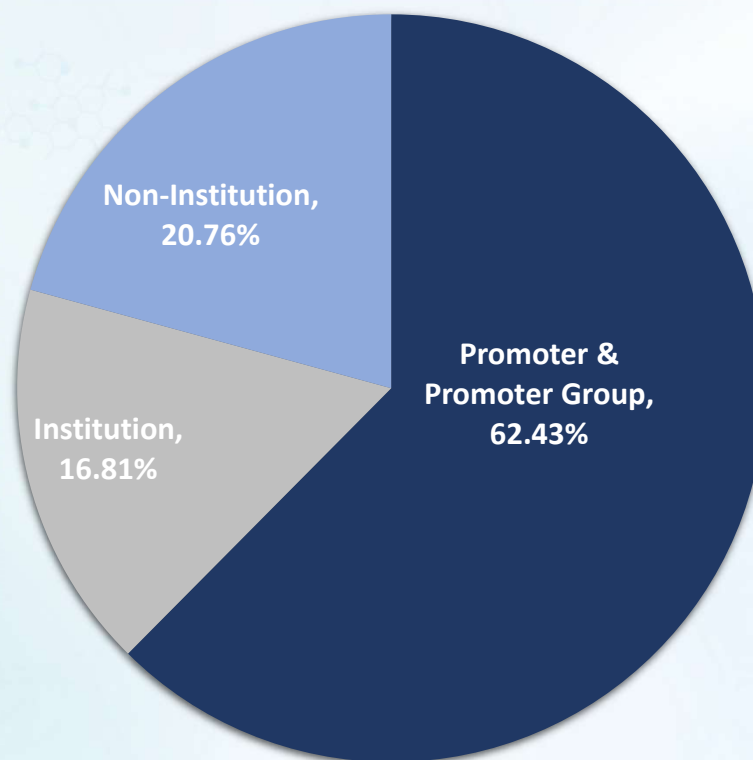


H1FY21 – Other International Sales
(₹ mn)



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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