ALKEM LABORATORIES LIMITED

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

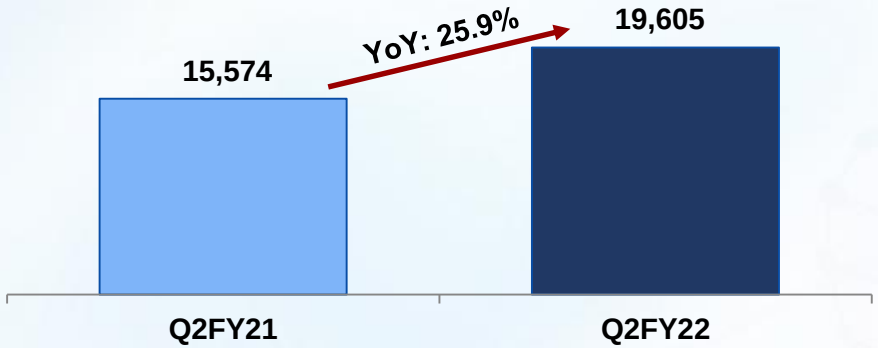
- **Revenue from Operations** grew by 18.5% YoY during the quarter, with EBITDA margin of 22.3% and Net Profit growth of 15.3% YoY
- **India Business**: Company's secondary sales in Q2FY22 registered growth of 25.1% YoY compared to IPM growth of 15.4% YoY (Source: IQVIA data)
  - During the quarter, 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)

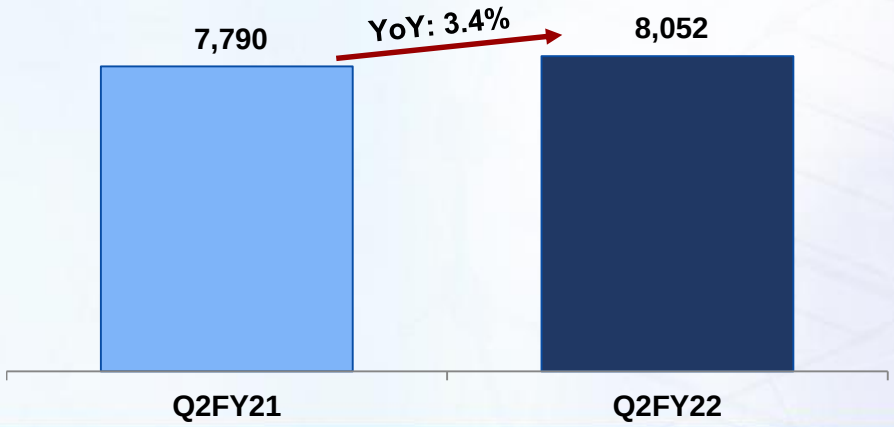
All figures in ₹ mn

Revenue from Operations

India sales



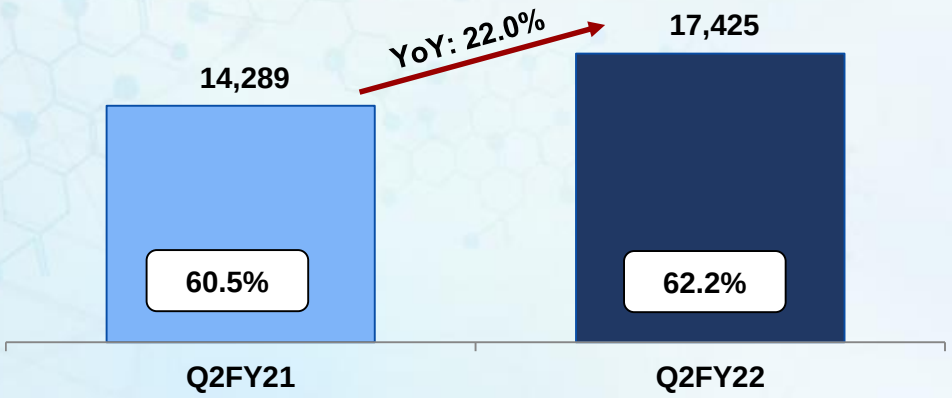
International sales



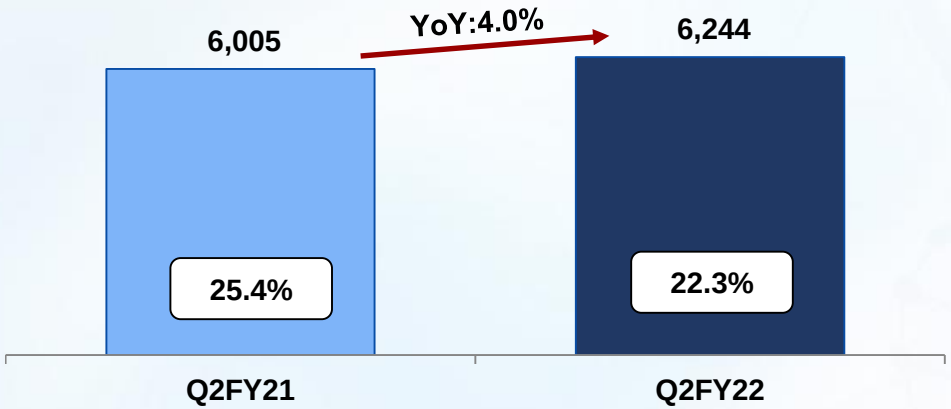
Key Financial Highlights – Q2FY22 (Consolidated)

All figures in ₹ mn

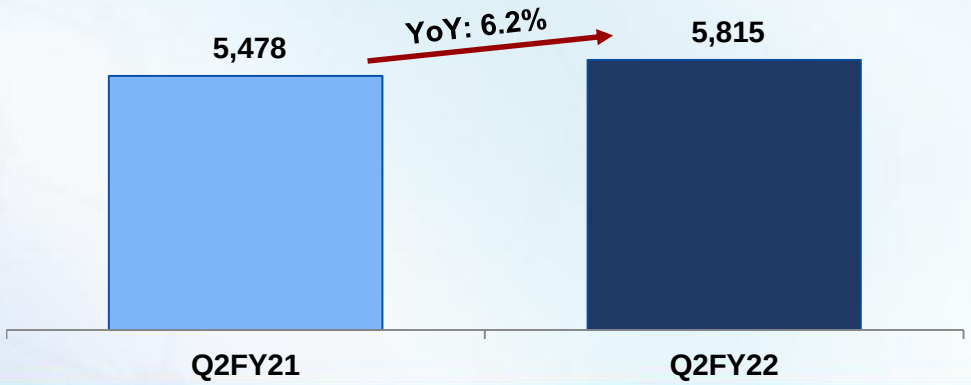
Gross Profit and Gross Margin



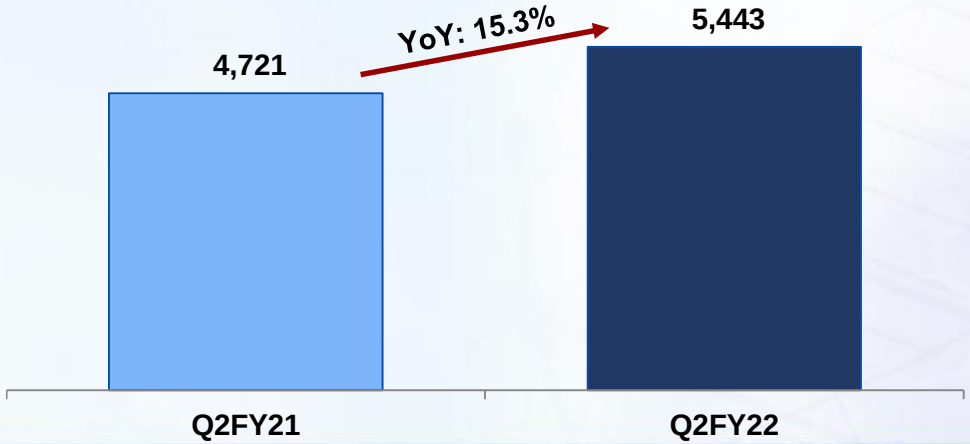
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights – H1FY22 (Consolidated)

All figures in ₹ mn

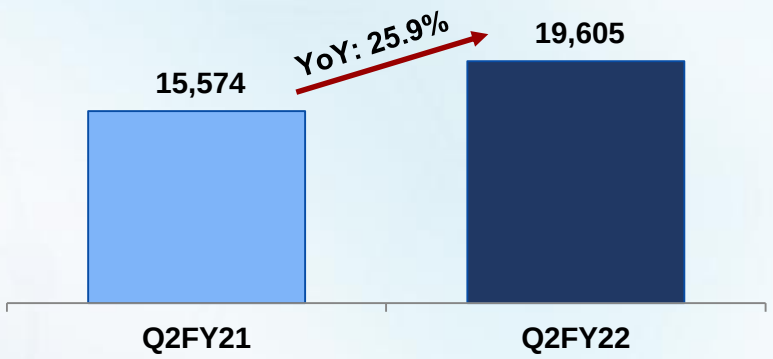
Particulars (₹ mn)	H1FY22	H1FY21	YoY growth
Revenue from Operations	55,314	43,548	27.0%
Gross Profit	33,791	26,870	25.8%
Gross Profit margin	61.1%	61.7%	
EBITDA	12,172	11,222	8.5%
EBITDA margin	22.0%	25.8%	
PBT	11,377	10,405	9.3%
PBT margin	20.6%	23.9%	
PAT (After Minority Interest)	10,124	8,941	13.2%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

India Business

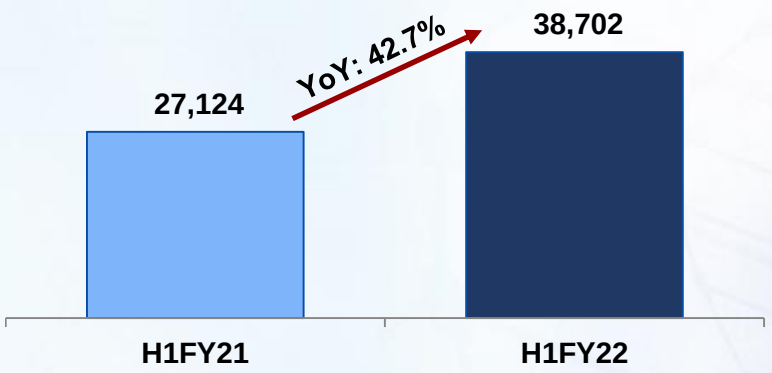
India Business: Q2FY22 Sales of ₹ 19,605 million (25.9% YoY growth)

- 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)



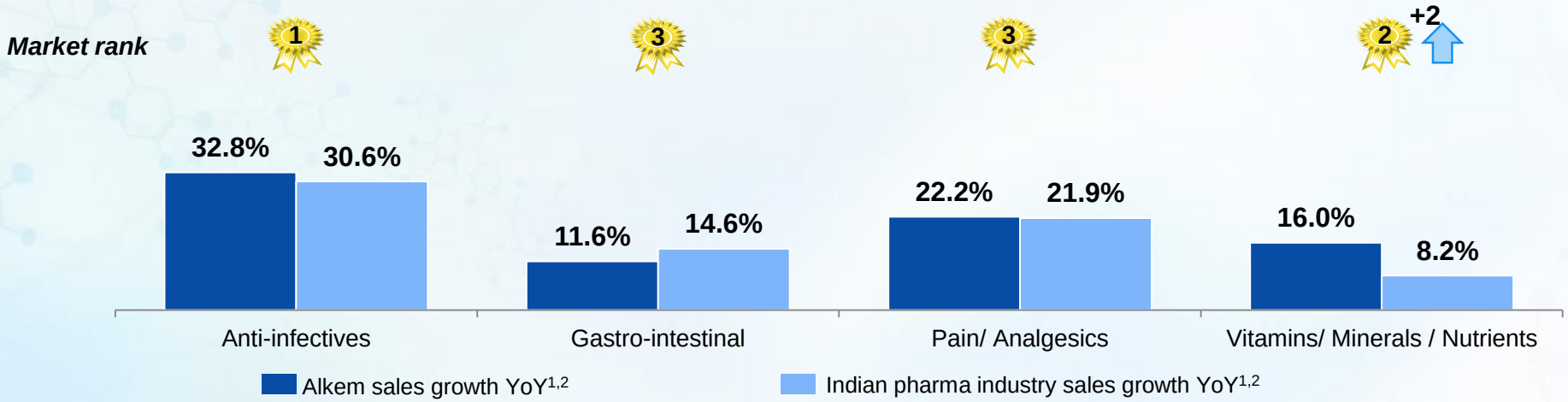
H1FY22 – India Sales (₹ mn)



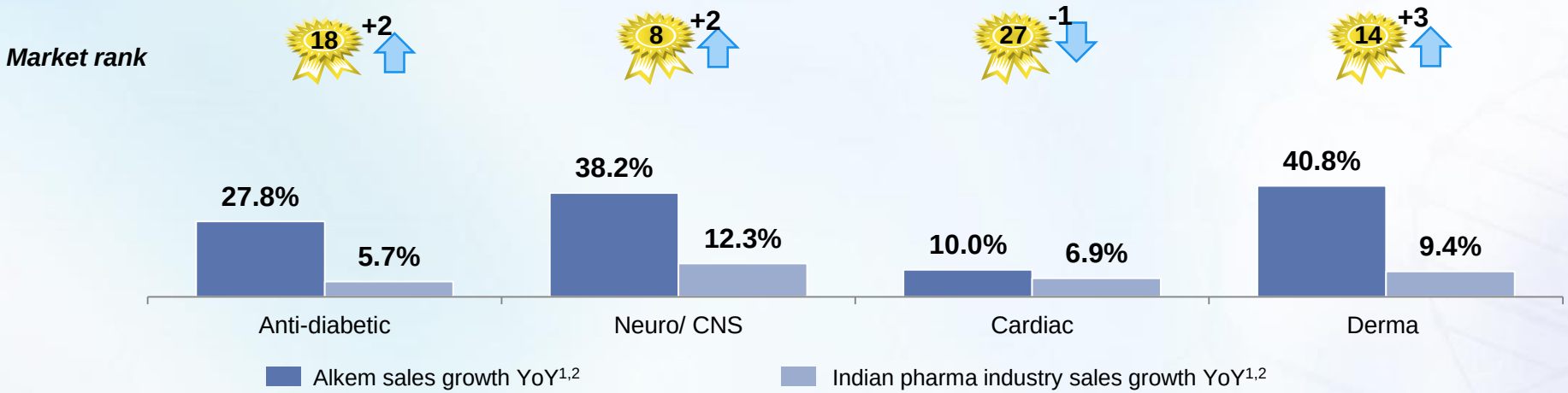
Secondary Sales Performance

Robust growth across all the major therapeutic segments in Q2FY22

Acute Therapies



Chronic Therapies



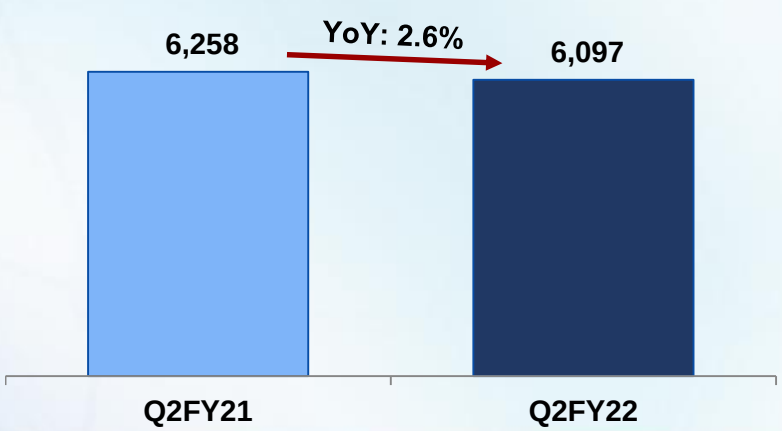
Source: IQVIQ data [1] Domestic formulations sales; [2] For 3 months ended September 30, 2021

US Business

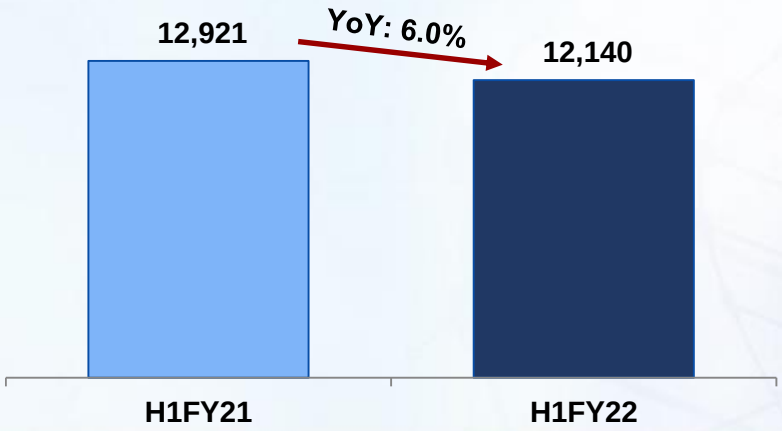
US Business: Q2FY22 Sales of ₹ 6,097 million (YoY decline of 2.6%)

- 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

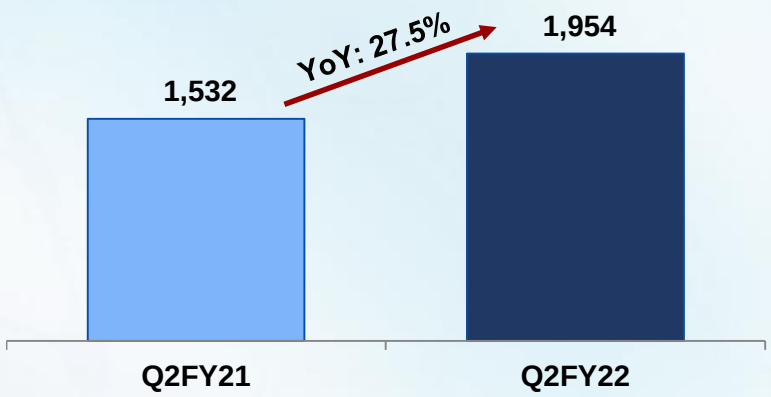
The US FDA had also conducted a remote and virtual Bio-Analytical inspection of the Company's Bioequivalence Center located at Taloja, Maharashtra from 26th to 28th July, 2021. At the end of the inspection, no Form 483 was issued.

Other International Business

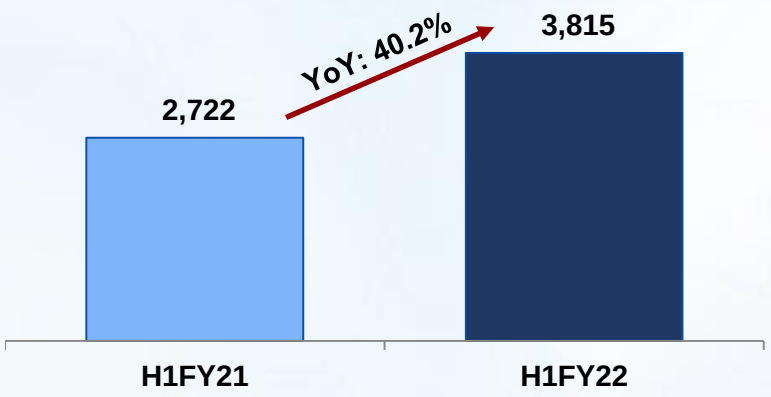
Other International Business: Q2FY22 Sales of ₹ 1,954 million (27.5% YoY growth)

- 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)

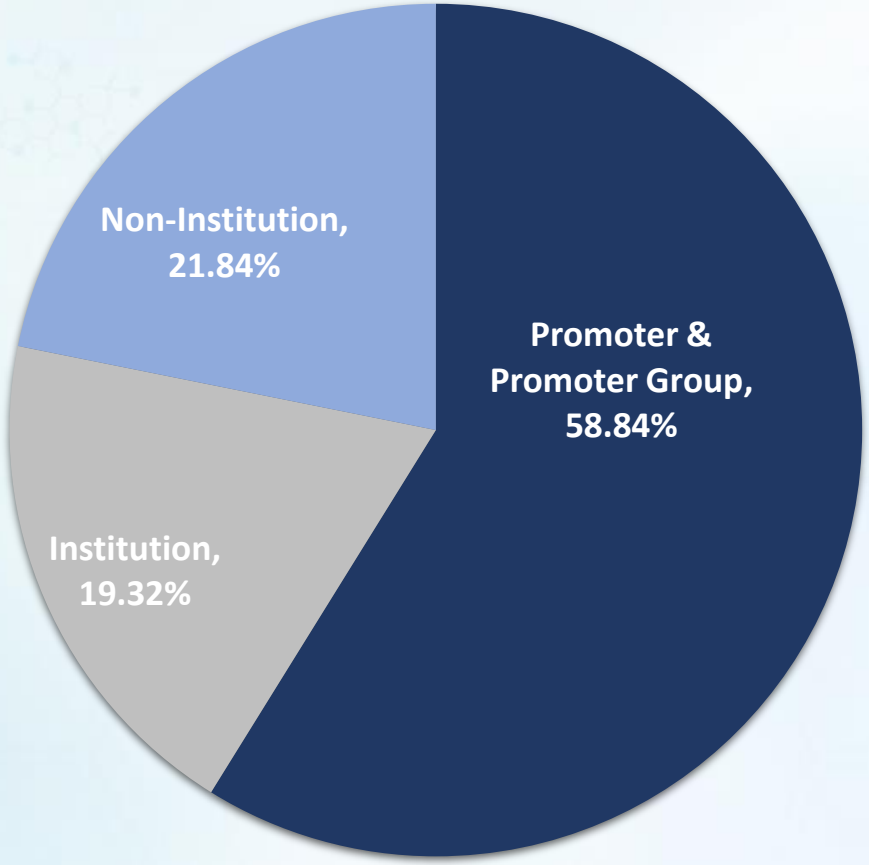


H1FY22 – Other International Sales (₹ mn)



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