

Alkem Laboratories Ltd.

Investor Presentation Q2FY23
November 11, 2022



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 Q2FY23

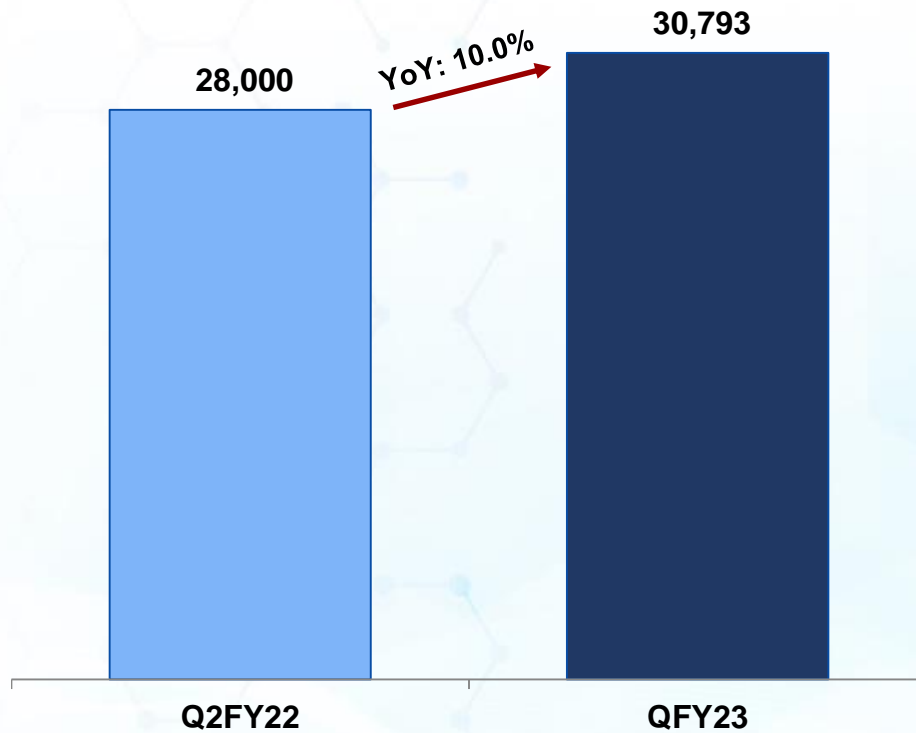


- **Revenue from Operations** grew by 10.0% YoY during the quarter, with EBITDA margin of 14.7% and Net Profit margin of 10.7%
- **India Business:** As per IQVIA, Company's sales in Q2FY23 registered growth of 13.2% YoY compared to IPM growth of 8.2% YoY
 - Market beating performance in domestic business
 - Volume and new launches led growth in domestic market
 - More than 3X market growth in anti-diabetic therapy supported by good launches
- **US Business** posted sequential growth of 8.5% QoQ compared to Q1FY23 and decline 0.9% YoY compared to Q2FY22
- **Non US Business** posted sequential growth of 10.4% QoQ compared to Q1FY23 and 15.2.% YoY compared to Q2FY22
- **R&D expenses** in the quarter was ₹1.3 billion at 4.2 % of revenue from operations
 - The Company filed 3 ANDAs with the US FDA and received 4 approvals (including 2 tentative approval) in Q2FY23
- **Healthy Balance Sheet** with net cash of ₹ 13.5 billion as on September 30, 2022

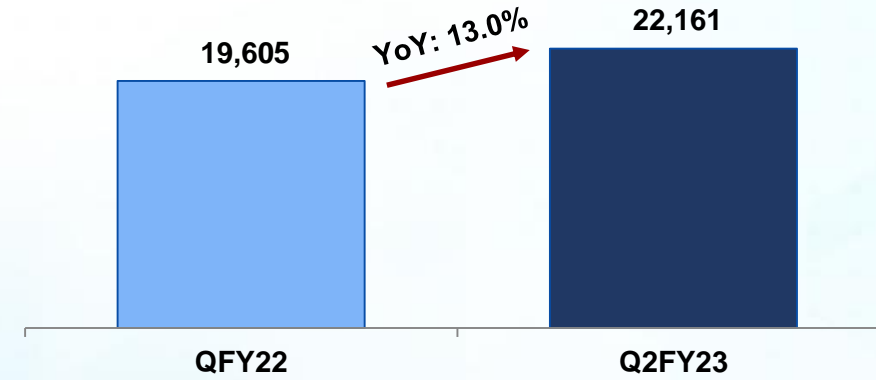
Key Financial Highlights – Q2FY23 (Consolidated)

All figures in ₹ mn

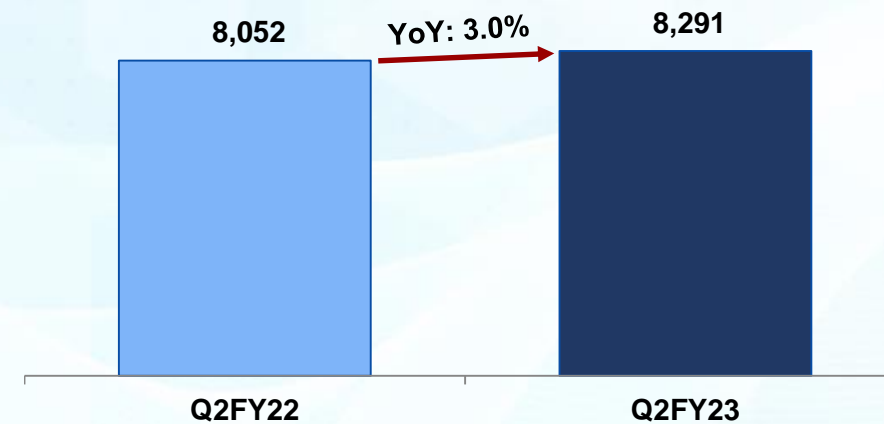
Revenue from Operations



India sales



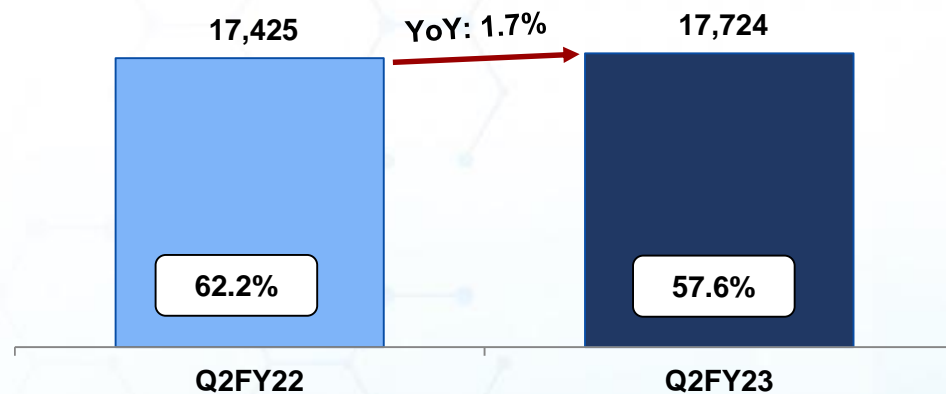
International sales



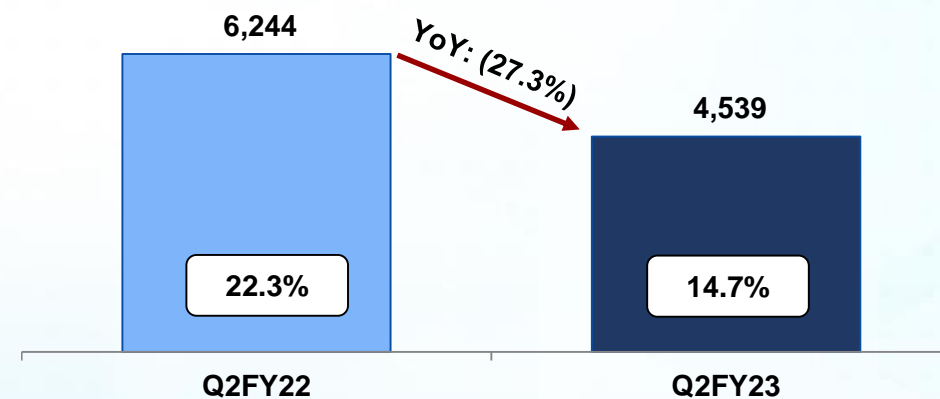
Key Financial Highlights – Q2FY23 (Consolidated)

All figures in ₹ mn

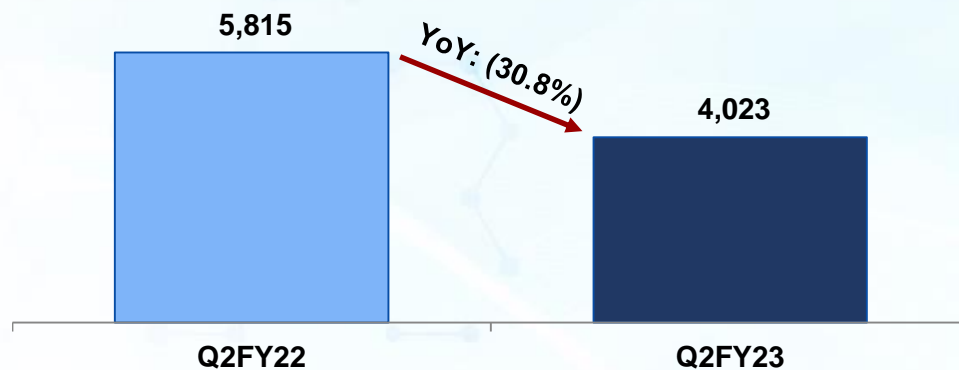
Gross Profit and Gross Margin



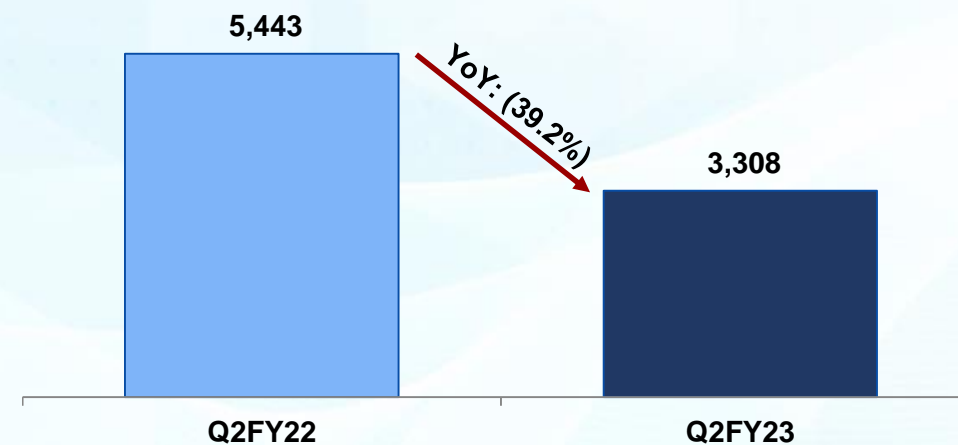
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights – H1FY23 (Consolidated)



All figures in ₹ mn

Particulars (₹ mn)	H1FY23	H1FY22	YoY growth
Revenue from Operations	56,558	55,314	2.2%
Gross Profit	32,534	33,791	-3.7%
Gross Profit margin	57.5%	61.1%	
EBITDA	6,572	12,172	-46.0%
EBITDA margin	11.6%	22.0%	
PBT	5,542	11,377	-51.3%
PBT margin	9.8%	20.6%	
PAT (After Minority Interest)	4,585	10,124	-54.7%
PAT margin	8.1%	18.3%	
EPS (₹ / share)	38.35	84.67	-54.7%

India Business

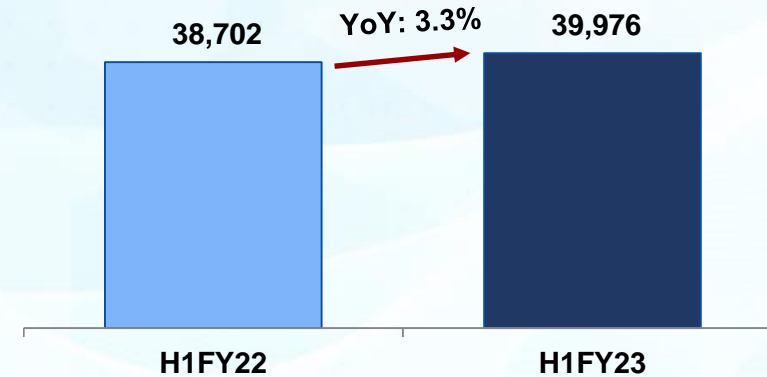
India Business: Q2FY23 Sales of ₹ 22,161 million (13.0% YoY growth)

- India sales contributed 72.8% to total sales in Q2FY23
- As per IQVIA, In Q2FY23, the Company's secondary sales grew by 13.2% compared to IPM growth of 8.2% YoY.
- Outperformance in acute therapies was mainly led by anti-infectives, vitamins / minerals / nutrients, gastrointestinal and pain management segment.
- Outperformance in the chronic therapies was driven by anti-diabetes and urology during the quarter.
- Trade Generic continues to play an important role in growth of the company.

Q2FY23 – India Sales (₹ mn)



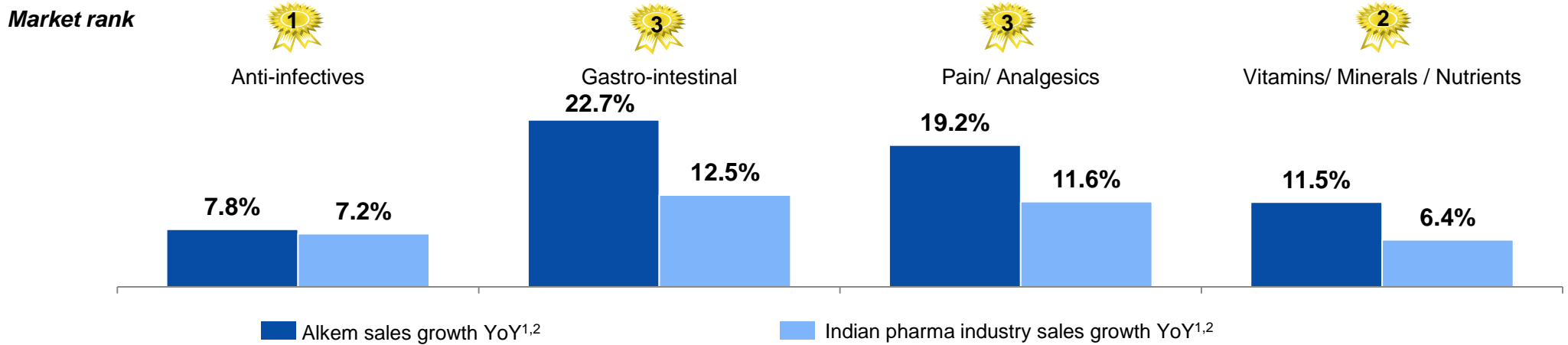
H1FY23 – India Sales (₹ mn)



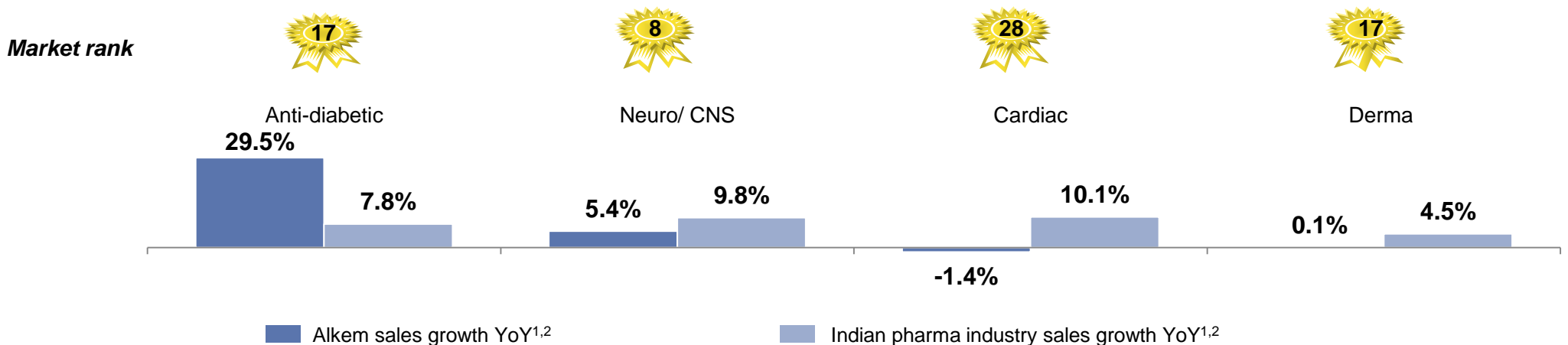
Secondary Sales Performance

Market beating performance across major therapeutic segments in Q2FY23

Acute Therapies



Chronic Therapies



Source: IQVIA data ¹ Domestic formulations sales; ² For 3 months ended September 30, 2022

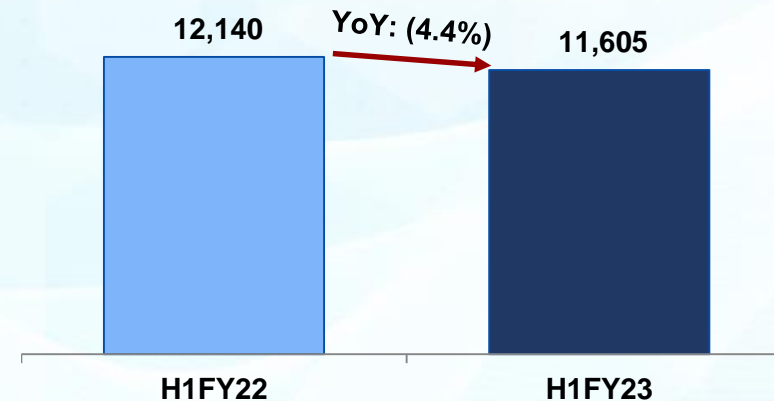
US Business: Q2FY23 Sales of ₹ 6,040 million (YoY decline of 0.9%)

- US sales contributed 19.8% to total sales in Q2FY23
- During the quarter, the US business registered sequential growth of 8.5% over Q1FY23
- In Q2FY23, the Company filed 3 ANDAs with the US FDA and received 4 approvals (including 2 tentative approvals)
- As on September 30, 2022, the Company filed a total of 167 ANDAs and 2 new drug applications (NDA) with the US FDA and has received approvals for 128 ANDAs (including 15 tentative approvals) and 2 NDAs.

Q2FY23 – US Sales (₹ mn)



H1FY23 – US Sales (₹ mn)



US Business



Update on US FDA inspections

Facility	Capability	Last inspection	Status post last inspection
Indore	Formulations	July 2022	Received 1 observation. The Company has already submitted a detailed response to the US FDA on the corrective and preventive actions it is taking to address them.
St. Louis (US)	Formulations	November 2022	Received 3 new observations. The Company is preparing the response for USFDA.
Taloja (India)	Bioequivalence Centre	April 2022	Successfully closed inspection without any observations
Baddi (India)	Formulations	February 2020	Inspection is closed. EIR# received in March 2020
Daman (India)	Formulations	August 2019	Inspection is closed. EIR# received in October 2019
California (US)	APIs	August 2018	Inspection is closed. EIR# received in October 2018
Ankleshwar (India)	APIs	December 2016	Inspection is closed. EIR# received in March 2017
Mandva (India)	APIs	September 2015	Inspection is closed. EIR# received in March 2016

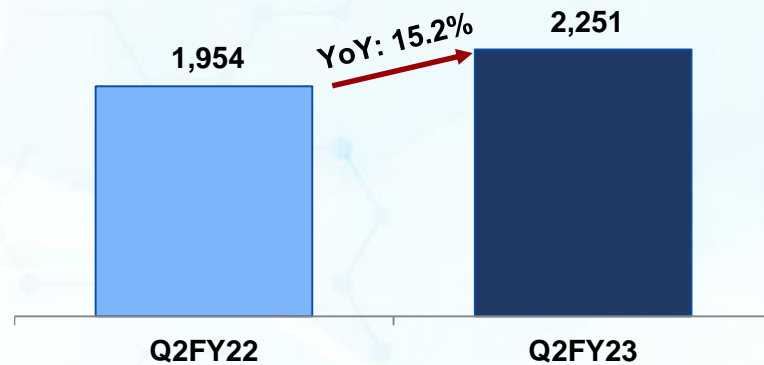
EIR – Establishment Inspection Report

Other International Business

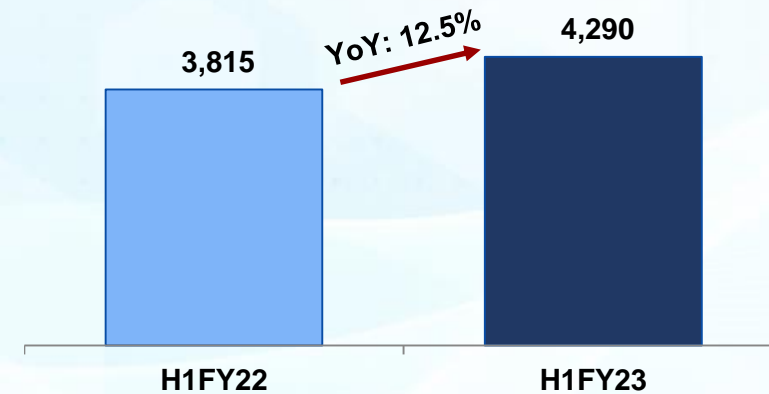
Other International Business: Q2FY23 Sales of ₹ 2,251 million (15.2% YoY growth)

- Other International Market sales contributed 7.4 % to total sales in Q2FY23
- The Company has presence in Australia, Europe, South East Asia, Latin America, Africa and CIS
- Key markets like Australia and UK registered healthy growth during Q2FY23.

Q2FY23 – Other International Sales
(₹ mn)

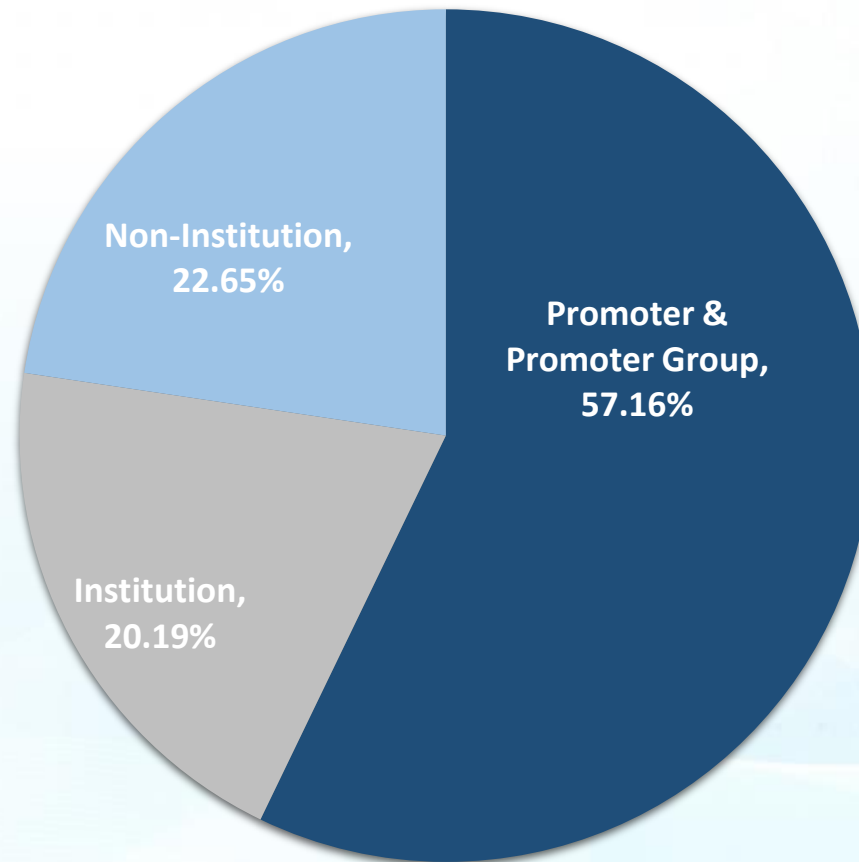


H1FY23 – Other International Sales
(₹ mn)



Latest Shareholding Pattern

Shareholding pattern as on September 30, 2022



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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