



ALKEM LABORATORIES LTD.

Regd. Office : ALKEM HOUSE, Senapati Bapat Marg,
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- CIN: L00305MH1973PLC174201

Press Release

Alkem reports Q3FY23 and 9MFY23 results

Mumbai, February 10, 2023: Alkem Laboratories Ltd. (Alkem) today announced its standalone and consolidated financial results for the third quarter and nine months ended December 31, 2022. These results were taken on record by the Board of Directors at its meeting held in Mumbai today.

Key highlights of Q3FY23 financial performance

- Total Revenue from Operations was ₹ 30,409 million, year-on-year growth of 16.1%
 - India sales were ₹ 19,922 million, year-on-year growth of 9.7%
 - International sales were ₹ 9,928 million, year-on-year growth of 28.8%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 5,990 million, resulting in EBITDA margin of 19.7% vs. 19.0% in Q3FY22. EBITDA grew by 20.2% YoY
- R&D expenses for the quarter was ₹ 1,297 million, or 4.3% of total revenue from operations compared to ₹ 1,449 million in Q3FY22 at 5.5% of total revenue from operations
- Profit before tax (PBT) was ₹ 5,389 million, a growth of 16.2% compared to Q3FY22
- Net Profit (after Minority Interest) was ₹ 4,547 million, year-on-year decline of 13.5%

Key highlights of 9MFY23 financial performance

- Total Revenue from Operations was ₹ 86,967 million, year-on-year growth of 6.7%
 - India sales were ₹ 59,898 million, year-on-year growth of 5.3%
 - International sales were ₹ 25,823 million, year-on-year growth of 9.1%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 12,562 million, resulting in EBITDA margin of 14.4% vs. 21.1% in 9MFY23. EBITDA declined by 26.8% YoY
- R&D expenses for 9MFY23 was ₹ 3,922 million, or 4.5% of total revenue from operations compared to ₹ 4,039 million in 9MFY22 at 5.0% of total revenue from operations
- Profit before tax (PBT) was ₹ 10,931 million, a decline of 31.7% compared to 9MFY22
- Net Profit (after Minority Interest) was ₹ 9,132 million, year-on-year decline of 40.6%

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, *“Building on the pace of Q1 and Q2, our domestic branded franchise delivered strong growth in Q3, beating market by more than 600 basis points [16.7% Alkem Vs 10.0% IPM]. After two quarters of subdued performance, our US business posted strong growth in Q3 on the back of good season. In a recent development, our biosimilar franchise, Enzene Biosciences, raised about ₹ 161 Crs and partnered with Eight Roads Ventures and F-Prime Capital. This further instils our confidence and reaffirms our journey towards building a leading global biologics company that leverages innovation to enhance global health. During the quarter, the company generated healthy cash flows in excess of ₹ 5 bn which has helped us further strengthen our balance sheet with strong net cash position of ₹ 19 bn.”*



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Operational Highlights

Domestic Business

In Q3FY23, the Company's India sales grew by 9.7% YoY, recording sales of ₹ 19,922 million as compared to ₹ 18,156 million in Q3FY22. For 9MFY23, the Company's India sales was ₹ 59,898 million as compared to ₹ 56,858 million in 9MFY22 – growth of 5.3% YoY.

As per secondary sales data by IQVIA for the quarter ended December 31, 2022, the Company sales grew ahead of Indian Pharmaceutical Market (IPM) with growth of 16.7% YoY compared to IPM growth of 10.0% YoY. Even for 9MFY23, the Company outperformed the IPM with growth of 10.0% YoY compared to IPM growth of 5.6% YoY. This outperformance was driven by all round strong outperformance across acute therapies like anti-infective, gastrointestinal, vitamins/minerals/nutrients and pain management both in Q3FY23 and 9MFY23. In Q3FY23, Company's chronic therapies like anti-diabetes and Neuro/ CNS grew in excess of 30% gaining three ranks in anti- diabetes and two rank in Neuro/ CNS. The Company continues to feature amongst the top five companies in the Indian pharmaceutical market. The Company has 19 brands which feature among top 300 brands in IPM and have annual sales of over ₹ 1bn.

The performance highlights of the key therapeutic segments in Q3FY23 and 9MFY23 are as shown in the table below:

| Key Therapy segment | Q3FY23 | | | | 9MFY23 | | | |
|---------------------|------------|---------------------|--------------------|------------------|------------|---------------------|--------------------|------------------|
| | 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 | 1 | Unchanged | 14.0% | 11.3% | 1 | Unchanged | 3.0% | 0.2% |
| Gastro Intestinal | 3 | Unchanged | 12.8% | 8.1% | 3 | Unchanged | 18.2% | 11.5% |
| Pain / Analgesics | 3 | Unchanged | 21.0% | 12.0% | 3 | Unchanged | 16.9% | 11.4% |
| VMN** | 2 | Unchanged | 10.2% | 7.9% | 2 | Unchanged | 2.6% | 1.9% |
| Neuro / CNS | 7 | +2 | 31.1% | 10.4% | 8 | Unchanged | 15.2% | 11.0% |
| Anti-Diabetic | 15 | +3 | 31.2% | 6.1% | 16 | +3 | 26.8% | 6.0% |
| Derma | 18 | -1 | 20.5% | 7.3% | 18 | Unchanged | 11.0% | 5.2% |
| Cardiac | 28 | -1 | 7.7% | 11.2% | 28 | -1 | -0.8% | 7.2% |
| Total | 5 | Unchanged | 16.7% | 10.0% | 5 | Unchanged | 10.0% | 5.6% |

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

**VMN – Vitamins / Minerals / Nutrients

Source: IQVIA Data



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International Business

In Q3FY23, the Company's International sales grew by 28.8% YoY, recording sales of ₹ 9,928 million as compared to ₹ 7,710 million in Q3FY22. For 9MFY23, the Company's International sales grew by 9.1% to ₹ 25,823 million compared to ₹ 23,665 million in 9MFY22.

- **US sales** for the quarter was ₹ 7,612 million, recording a year-on-year growth of 32.8%. For 9MFY23, US sales was ₹ 19,217 million, compared to ₹ 17,871 million in 9MFY22 - a growth of 7.5% YoY.
- **Other International Markets sales** for the quarter was ₹ 2,316 million, recording a year-on-year growth of 17.1%. For 9MFY23, Other International Markets sales was ₹ 6,606 million compared to ₹ 5,793 million in 9MFY22 - a growth of 14.0% YoY.

R&D Investments

During the quarter, the Company filed 2 abbreviated new drug applications (ANDAs) with the US FDA and received 3 approvals (including 1 tentative approval). For 9MFY23, the Company filed 8 abbreviated new drug applications (ANDAs) with the US FDA and received 11 approvals (including 4 tentative approvals).

As on December 31, 2022, the Company filed a total of 169 ANDAs and 2 new drug applications (NDA) with the USFDA. Of these, it has received approvals for 129 ANDAs (including 14 tentative approvals) and 2 NDAs.

Update on US FDA Inspections

| Facility | Capability | Last inspection | Status post last inspection |
|--------------------|-----------------------|-----------------|--|
| St. Louis (US) | Formulations | November 2022 | EIR# received in December 2022, thereby successfully closing the inspection. |
| Taloja (India) | Bioequivalence Centre | October 2022 | Successfully closed without any observations. |
| Indore (India) | 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. |
| Baddi (India) | Formulations | February 2020 | EIR# received in March 2020, thereby successfully closing the inspection. |
| Daman (India) | Formulations | August 2019 | EIR# received in October 2019, thereby successfully closing the inspection. |
| California (US) | APIs | August 2018 | Successfully closed without any observations. EIR received in October 2018. |
| Ankleshwar (India) | APIs | December 2016 | EIR# received in March 2017, thereby successfully closing the inspection. |
| Mandva (India) | APIs | September 2015 | EIR# received in March 2016, thereby successfully closing the inspection. |

EIR – Establishment Inspection Report



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Q3FY23 and 9MFY23 Conference Call at 5:00pm IST, February 10, 2023

Alkem will organize a conference call for investors and analysts on Friday, February 10, 2023 from 5:00 pm to 6:00 pm IST to discuss its Q3FY23 and 9MFY23 financial results.

Alkem will be represented on the call by Mr. Sandeep Singh, Managing Director and the senior management team.

Motilal Oswal Securities Ltd. will host the call.

Details of the conference call are as under:

Time: 5:00 pm IST (GMT + 5:30) on Friday, November 11, 2022

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

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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 2022). 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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