

**ALKEM LABORATORIES LTD.**

Regd. Office : ALKEM HOUSE, Senapati Bapat Marg,
Lower Parel (West), Mumbai - 400 013, Maharashtra, India.

- Phone: +91-22-3982 9999 • Fax: 022-2495 2955
- Email: contact@alkem.com • Website: www.alkemlabs.com
- CIN: L00305MH1973PLC174201

05th February, 2021

The Corporate Relationship Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001. <i>Scrip Code: 539523</i>	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai 400 051. <i>Scrip Symbol: ALKEM</i>
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Dear Sirs,

Sub: Press Release and Analyst Presentation on Q3FY21 and 9MFY21 Results

With reference to relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith press release and analyst presentation on Q3FY21 and 9MFY21 earnings and business updates and the same will be uploaded on the website of the Company.

Kindly take note of the same.

Sincerely,
For Alkem Laboratories Limited


Manish Narang
President - Legal, Company Secretary & Compliance Officer

Encl.: a/a



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Press Release

Alkem reports Q3FY21 and 9MFY21 Results

Mumbai, February 5, 2021: Alkem Laboratories Ltd (Alkem) today announced its consolidated financial results for third quarter and nine months ended December 31, 2020. These results were taken on record by the Board of Directors at a meeting held in Mumbai today.

Key highlights of Q3FY21 financial performance

- Total Revenue from Operations was ₹ 23,181 million, year-on-year growth of 6.2%
 - India sales were ₹ 15,140 million, year-on-year growth of 6.3%
 - International sales were ₹ 7,739 million, year-on-year growth of 6.7%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 5,291 million, resulting in EBITDA margin of 22.8% vs. 20.8% in Q3FY20. EBITDA grew by 16.7% YoY
- R&D expenses for the quarter was ₹ 1,335 million, or 5.8% of total revenue from operations compared to ₹ 1,205 million in Q3FY20 at 5.5% of total revenue from operations
- Profit before tax (PBT) was ₹ 5,434 million, a growth of 34.3% compared to Q3FY20
- Net Profit (after Minority Interest) was ₹ 4,510 million, year-on-year growth of 18.1%

Key highlights of 9MFY21 financial performance

- Total Revenue from Operations was ₹ 66,728 million, year-on-year growth of 6.0%
 - India sales were ₹ 42,264 million, year-on-year growth of 0.7%
 - International sales were ₹ 23,382 million, year-on-year growth of 17.8%
- Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 16,513 million, resulting in EBITDA margin of 24.7% vs. 18.6% in 9MFY20. EBITDA grew by 41.1% YoY
- R&D expenses for 9MFY21 was ₹ 3,914 million, or 5.9% of total revenue from operations compared to ₹ 3,473 million in 9MFY20 at 5.5% of total revenue from operations
- Profit before tax (PBT) was ₹ 15,839 million, a growth of 54.6% compared to 9MFY20
- Net Profit (after Minority Interest) was ₹ 13,450 million, year-on-year growth of 43.3%

Commenting on the results, Sandeep Singh, Managing Director, Alkem said, "Over the last two quarters, our India business has shown a significant recovery from the lows of Q1FY21. Our key brands have grown ahead of their representative market, thereby gaining market share. Our International business has also delivered a healthy performance during the financial year driven by our US business. During the quarter we received 10 ANDA approvals from the US FDA which bodes well for our future growth in the US market. We continue to further strengthen our balance sheet with net cash position driven by improvement in profitability and cash flows. We look forward to end the financial year on a positive note and carry that momentum ahead in the next fiscal as well."



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Operational Highlights

Domestic Business

In Q3FY21, the Company's India sales grew by 6.3% YoY, recording a sales of ₹ 15,140 million as compared to ₹ 14,239 million in Q3FY20. For 9MFY21, the Company's India sales was ₹ 42,264 million compared to ₹ 41,964 million in 9MFY20 – growth of 0.7% YoY.

As per IQVIA data, for the quarter and nine months ended December 31, 2020, the Company continues to feature amongst the top five companies in the Indian pharmaceutical market. The Company delivered a significant recovery in Q3FY21 with a growth of 5.4% YoY compared to YoY decline of 2.0% and 11.8% in Q2FY21 and Q1FY21 respectively. In most of the large therapy segments like Anti-Infectives, Gastro Intestinal, Vitamins / Minerals / Nutrients, Cardiac and Anti-Diabetes, the Company grew ahead of the segment growth rate, thereby gaining market share. Most of the Company's top brands also outperformed in their representative markets.

The performance highlights of the key therapeutic segments in Q3FY21 and 9MFY21 are as shown in the table below:

Key Therapy segment	Q3FY21				9MFY21			
	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	-3.9%	-5.9%	1	Unchanged	-12.1%	-13.9%
Gastro Intestinal	3	Unchanged	12.5%	12.9%	3	Unchanged	4.6%	2.8%
Pain / Analgesics	3	Unchanged	3.2%	3.1%	3	Unchanged	-5.2%	-3.4%
VMN**	2	+2	39.6%	16.3%	4	Unchanged	24.9%	8.7%
Neuro / CNS	8	-2	-2.2%	12.2%	10	-3	-8.8%	9.2%
Derma	17	-4	-11.2%	8.3%	18	-4	-20.8%	3.5%
Cardiac	27	-1	17.6%	15.2%	27	-1	16.3%	13.9%
Anti-Diabetic	19	+2	21.2%	10.5%	20	+1	15.4%	9.3%
Total	5	Unchanged	5.4%	8.4%	5	Unchanged	-2.5%	2.9%

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

**VMN – Vitamins / Minerals / Nutrients

Source: IQVIA Data

International Business

In Q3FY21, the Company's International sales grew by 6.7% YoY, recording sales of ₹ 7,739 million as compared to ₹ 7,254 million in Q3FY20. For 9MFY21, the Company's International sales grew by 17.8% to ₹ 23,382 million compared to ₹ 19,857 million in 9MFY20.

- **US sales** for the quarter was ₹ 6,156 million, recording a year-on-year growth of 5.5%. For 9MFY21, US sales was ₹ 19,078 million, up 19.8% compared to 9MFY20.
- **Other International Markets sales** for the quarter was ₹ 1,582 million, recording a year-on-year growth of 11.7%. For 9MFY21, Other International Markets sales was ₹ 4,303 million, up 9.6% compared to 9MFY20.



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R&D Investments

During the quarter, the Company received 10 approvals (including 2 tentative approvals) from the US FDA. For 9MFY21, the Company filed 5 ANDAs with the US FDA and received 16 approvals (including 4 tentative approvals).

As on December 31, 2020, the Company has filed a total of 147 ANDAs and 2 new drug application (NDA) with the US FDA of which it has received approvals for 100 ANDAs (including 14 tentative approvals) and 2 NDA.

Update on US FDA Inspections

Facility	Capability	Last inspection	Status post last inspection
St. Louis (US)	Formulation	February 2020	EIR# received in May 2020, thereby successfully closing the inspection
Baddi (India)	Formulation	February 2020	EIR# received in March 2020, thereby successfully closing the inspection
Daman (India)	Formulation	August 2019	EIR# received in October 2019, thereby successfully closing the inspection
California (US)	API	August 2018	Successfully closed without any observations
Ankleshwar (India)	API	December 2016	EIR# received in March 2017, thereby successfully closing the inspection
Mandva (India)	API	September 2015	EIR# received in March 2016, thereby successfully closing the inspection

EIR – Establishment Inspection Report



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Q3FY21 and 9MFY21 Conference Call at 5:30pm IST, February 5, 2021

Alkem will organize a conference call for investors and analysts on Friday, February 5, 2021 from 5:30pm to 6:30pm IST to discuss its Q3FY21 and 9MFY21 financial results.

Alkem Laboratories Ltd. 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: 5:30 pm IST (GMT + 5:30) on Friday, February 5, 2021

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

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 2020). 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

Gagan Borana

Investor Relations – Alkem Laboratories Ltd.

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Alkem Laboratories Ltd.



Investor Presentation Q3FY21
February 5, 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 Q3FY21 and 9MFY21

Growth returning back in India business, International business maintaining its quarterly momentum

- **Revenue from Operations** grew by 6.2% YoY during the quarter, accompanied by 200bps expansion in EBITDA margin to 22.8% compared to 20.8% in Q3FY20
- **Profit After Tax** during the quarter grew by 18.1% compared to the previous year
- **India Business:** Company's secondary sales registered a healthy recovery with 5.4% YoY growth in Q3FY21 compared to a YoY decline of 2.0% and 11.8% in Q2FY21 and Q1FY21 respectively (Source: IQVIA data)
 - Company's top brands continue to grow ahead of 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 5.5% YoY during the quarter and 19.8% YoY in 9MFY21, largely driven by new product launches
- **R&D expenses** during the quarter was at 5.8% of revenue from operations compared to 5.5% in Q3FY20
 - The Company received 10 ANDA approvals (including 2 tentative approval) from the US FDA in Q3FY21
- **Healthy Balance Sheet** with net cash of ₹ 7.8bn as on December 31, 2020

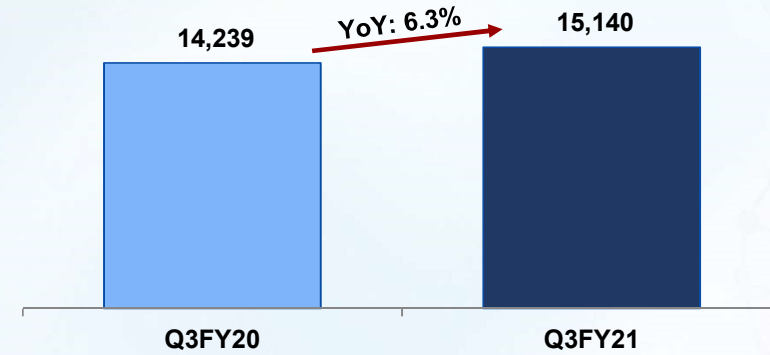
Key Financial Highlights – Q3FY21 (Consolidated)

All figures in ₹ mn

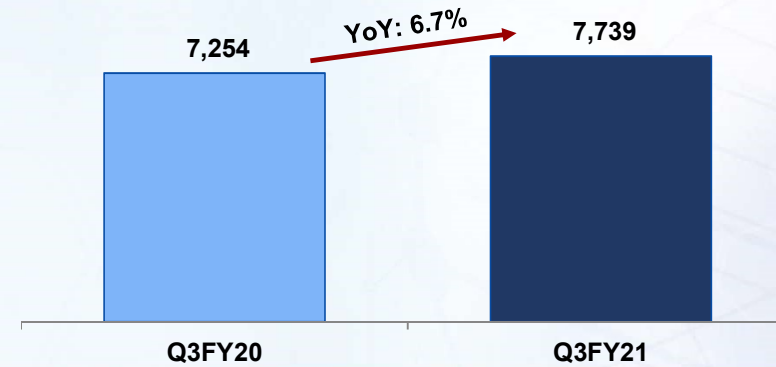
Revenue from Operations



India sales



International sales

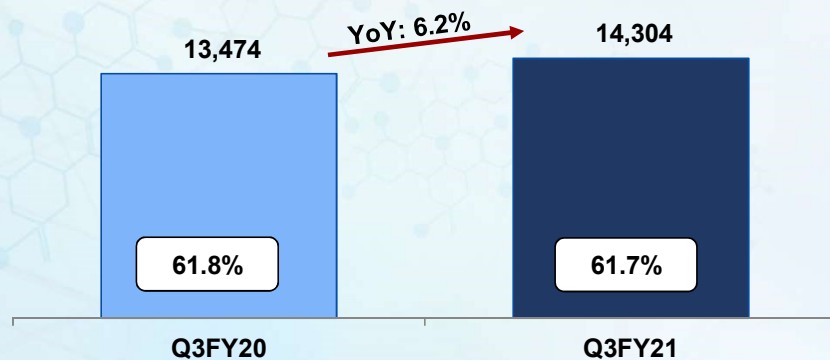


Key Financial Highlights – Q3FY21 (Consolidated)

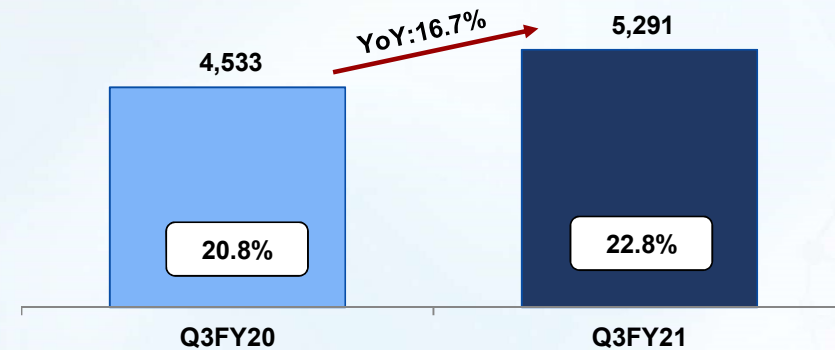


All figures in ₹ mn

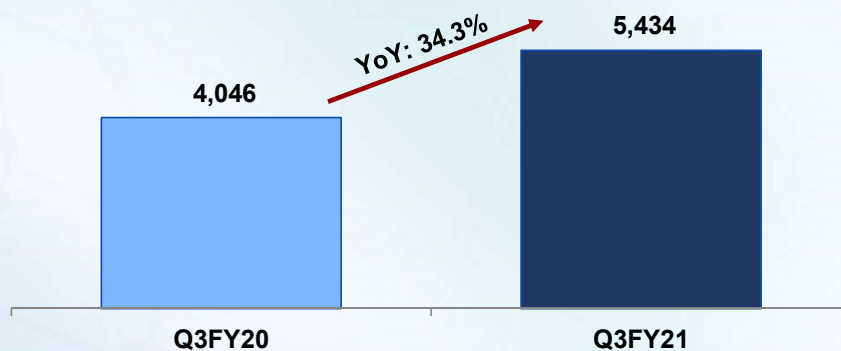
Gross Profit and Gross Margin



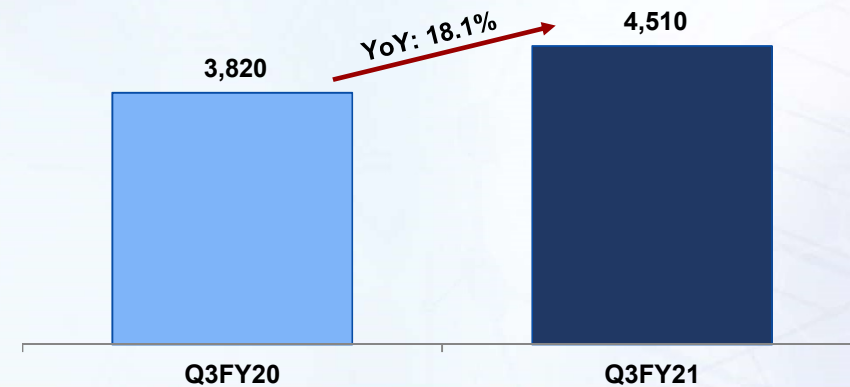
EBITDA and EBITDA Margin



PBT (before Minority Interest)



PAT (after Minority Interest)



Key Financial Highlights – 9MFY21 (Consolidated)



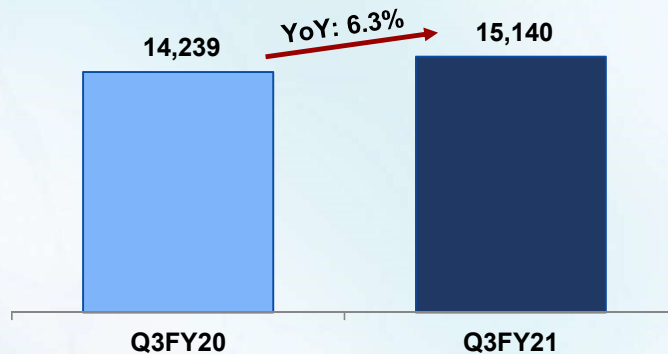
Particulars (₹ mn)	9MFY21	9MFY20	YoY growth
Revenue from Operations	66,728	62,954	6.0%
Gross Profit	41,174	38,448	7.1%
Gross Profit margin	61.7%	61.1%	
EBITDA	16,513	11,704	41.1%
EBITDA margin	24.7%	18.6%	
PBT	15,839	10,245	54.6%
PBT margin	23.7%	16.3%	
PAT (After Minority Interest)	13,450	9,383	43.3%
PAT margin	20.2%	14.9%	
EPS (₹ / share)	112.49	78.48	43.3%

India Business

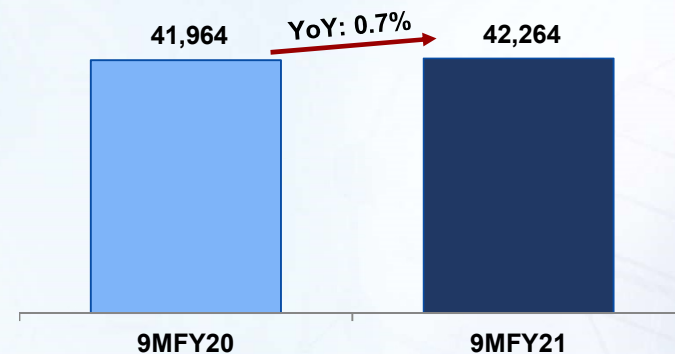
India Business: Q3FY21 Sales of ₹ 15,140 million (6.3% YoY growth)

- India sales contributed 66.2% to total sales in Q3FY21
- Significant recovery witnessed in acute therapeutic areas of anti-infectives, gastro intestinal, pain / analgesics and vitamins / minerals / nutrients with the Government announcing various rounds of unlocking
- In Q3FY21, the Company's secondary sales grew by 5.4% YoY compared to YoY decline in H1FY21 (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)

Q3FY21 – India Sales (₹ mn)



9MFY21 – India Sales (₹ mn)



Secondary Sales Performance

Company's India business recovering from the lows of Q1FY21

Therapy segment	Alkem's YoY growth in Q1FY21	Alkem's YoY growth in Q2FY21	Alkem's YoY growth in Q3FY21
Anti-infectives	-22.1%	-12.2%	-3.9%
Gastro Intestinal	-4.0%	6.0%	12.5%
Pain / Analgesics	-14.1%	-5.4%	3.2%
Vitamins / Minerals / Nutrients	3.9%	30.3%	39.6%
Neuro / CNS	-14.7%	-9.8%	-2.2%
Derma	-35.7%	-19.2%	-11.2%
Cardiac	13.9%	17.1%	17.6%
Anti-Diabetic	11.7%	13.2%	21.2%
Total	-11.8%	-2.0%	5.4%

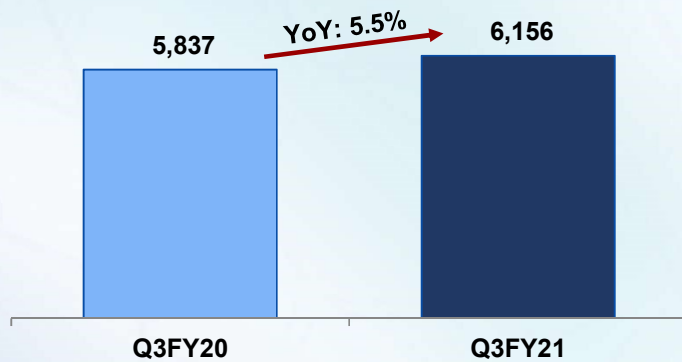
(Source: IQVIA data)

US Business

US Business: Q3FY21 Sales of ₹ 6,156 million (5.5% YoY growth)

- US sales contributed 26.9% to total sales in Q3FY21
- In 9MFY21, the Company received 16 approvals (including 4 tentative approval)
- As on December 31, 2020, the Company has filed a total of 149 ANDAs (including 2 NDAs) with the US FDA and has received 102 approvals (including 14 tentative approvals and 2 NDAs)

Q3FY21 – US Sales (₹ mn)



9MFY21 – 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

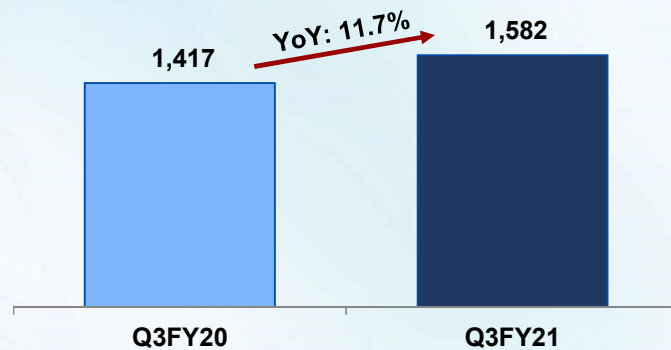
EIR – Establishment Inspection Report indicating successful close of inspection

Other International Business

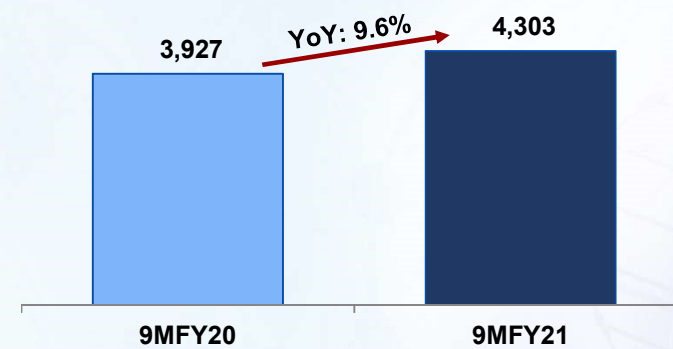
Other International Business: Q3FY21 Sales of ₹ 1,582 million (11.7% YoY growth)

- Other International Market sales contributed 6.9% to total sales in Q3FY21
- The Company has presence in Australia, Europe, South East Asia, Latin America, Africa and CIS
- Australia and Chile registered healthy growth during the quarter

**Q3FY21 – Other International Sales
(₹ mn)**

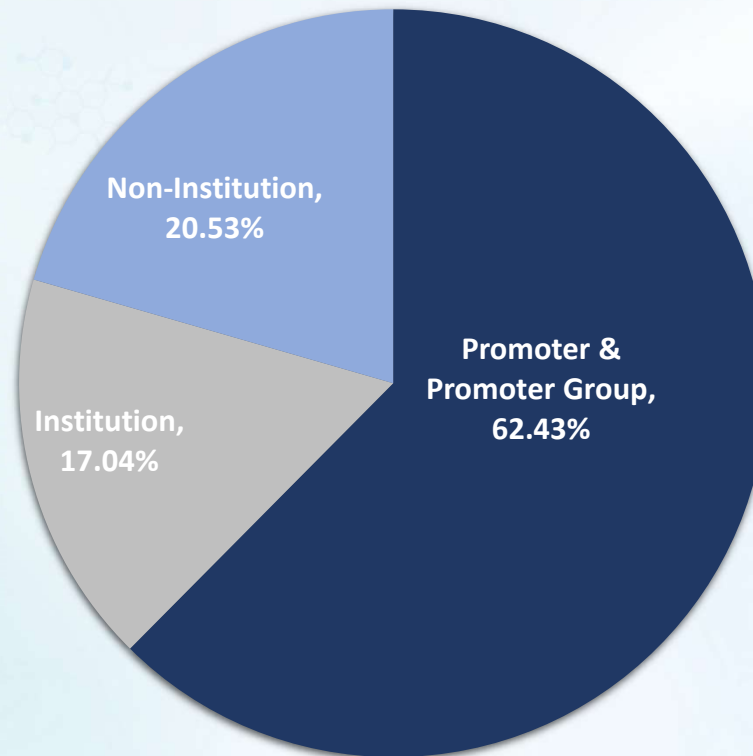


**9MFY21 – Other International Sales
(₹ mn)**



Latest Shareholding Pattern

Shareholding pattern as on December 31, 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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