



Moving ahead with conviction

[Warm Welcome to Shareholders](#)

Strides Pharma Science Limited
Annual General Meeting
September 2022

Agenda

Strides at a Glance



FY22 Performance



FY23 Outlook & Stelis Updates



AGM Agenda



Strides is a global generic formulations Player with presence across key regulated and emerging markets



Core Business Fundamentals

Propelling Growth & Value Creation



Diversified presence in Regulated and Emerging markets



High End Manufacturing



Integrated R&D Base



Defensible IP Led Portfolio



Technology Led Compliance



Global Leadership

Strong go to market capabilities in US, UK, Europe, Australia, South Africa Sub-Saharan Africa

Efficient R&D infrastructure to build a wide portfolio with differentiated and limited competition products

Global manufacturing base with eight facilities in India, Milan(Italy), Nairobi (Kenya), Singapore and New York (US)

Significant investments in IT already made in deploying best in class technology across all processes

FY22 has been a difficult year with Strides reporting its lowest ever EBITDA performance

Consolidated Performance (₹m)

Particulars	FY22	FY21	YoY
Revenues	30,946	33,308	-7% ▼
Gross Margin	15,923	19,980	-20% ▼
Gross Margin %	51.5%	60.0%	- 850bps ▼
EBITDA	43	6,497	-99% ▼
EBITDA %	0.1%	19.5%	

Market Wise Performance (₹m)

Particulars	FY22	FY21	YoY
US	11,650	15,936	-27% ▼
Other Reg Mkt	11,180	10,700	4% ▲
Total Reg Mkt	22,830	26,636	-14% ▼
Inst. Biz	4,906	3,894	26% ▲
Africa	3,210	2,778	16% ▲
Total EM	8,116	6,672	22% ▲
Total	30,946	33,308	-7% ▼



Challenging business environment

- ◎ Fall in US revenues due to covid-related headwinds leading to drop in volumes
- ◎ Significant margin compression due to the heightened competitive intensity and higher channel inventory.
- ◎ ORM had a tepid growth impacted by Covid for two quarters; however, Q4 witnessed a pull back with the business surpassing its previous peak.



Supply Chain headwinds

- ◎ Significant increase in the cost of operations during the year with intermittent shutdowns during covid waves in India
- ◎ Increase in raw material prices with disruption in the global supply chain
- ◎ Strides logistics and warehousing cost at 10% of sales in FY22 versus 6% in FY21



Puducherry inspection delay

- ◎ Due to the lack of field inspections by the USFDA witnessed in FY22, we are still unable to resolve our OAI Status in Puducherry.
- ◎ However, the third-party status of compliance has been submitted to the FDA.



Financial performance

- ◎ Strides reported a weak financial performance in FY22
- ◎ Increase in the working capital cycle due to inventory build-up owing to lower offtake
- ◎ Increase in financial leverage on the balance sheet
- ◎ Strides' credit rating downgraded during the year



Growth

Bounce back in the US markets led by new product launches from the approved portfolio to achieve \$250m+ guidance

Continued growth momentum in ORM aided by new product approval and new customer acquisition in territories that we do not operate through an IP-led B2B model.

With a significant US portfolio, which allows us early or easy access to several countries in GCC and LATAM, we have identified organic growth expansion into these regions

Increasing portfolio in our Brands Africa division and focusing on productivity improvement of our field force to drive growth with improved flow through to EBITDA

Exiting businesses where we do not control cashflows or will not add significantly to the long-range reset plan of the Company



Cost Improvement Plan (CIPs)

A significant reduction in investments in R&D for the US, considering we have over 150+ ANDAs to be launched from the current basket

Focusing on CIPs through alternative API vendors and manufacturing network optimization to achieve improved COGS and operating leverage

Shifting R&D focus to ORM and other geographies by leveraging vast regulated markets portfolio already approved

Reduced operating cost by austerity measures without impacting business continuity

Enhance Sales and Operational Planning (S&OP) processes to reduce our logistics cost by 300 basis point (% to sales)



Debt Reduction target of ~ ₹10bn in FY23

Target to reduce the gross debt of INR 28b by INR 10b, targeting Net Debt to EBITDA under 3x

Superior free cash flow generation from operations and optimizing Cash to Cash cycles

Deliver performance to enable re-instatement of previous credit rating for Strides



While the operating environment continues to be challenging and ambiguous, we are confident of a bounce-back in FY23 through a disciplined and focused execution

Strides reported improved performance in Q1'23



Q1FY23 Consolidated Performance (₹m)

Particulars	Q1 FY23	Q1 FY22	YoY
Revenues	9,457	6,919	37% ▲
Gross Margin	4,741	3,428	38% ▲
Gross Margin %	50%	50%	60 bps ▲
EBITDA	657	-468	100%+ ▲
EBITDA %	7%	-7%	1380 bps ▲

Q1FY23 Market Wise Performance (₹m)

Particulars	Q1 FY23	Q1 FY22	YoY
US	3,552	3,016	18% ▲
Other Reg Mkt	3,047	2,232	37% ▲
Total Reg Mkt	6,599	5,248	26% ▲
Inst. Biz	2,013	970	108% ▲
Africa	845	701	21% ▲
Total EM	2,858	1,671	71% ▲
Total	9,457	6,919	37% ▲

US business continues its growth momentum

- ▶ US revenues at ₹3,552m (\$46m) for Q1FY23 versus ₹3,016m (\$41m) in Q1FY22 up 18% YoY
- ▶ Adjusted for customer transition spill for Chestnut ridge portfolio of \$5m, Q1FY23 revenues in the US were at \$51m versus \$41m in Q1FY22
- ▶ Launched three new products in Q1; Plan to launch 20 new products in current fiscal

Focus on portfolio expansion in Other Regulated markets

- ▶ Other regulated markets revenues at ₹3,047m (\$39m) for Q1FY23 versus ₹2,232m (\$30m) in Q1FY22 up 37% YoY
- ▶ Continue to have a strong order book visibility for the business
- ▶ Focus on portfolio maximization opportunities for Rx and OTC products
- ▶ Prioritizing scaling up of partnership franchise in Europe and other geographies through strategic tie-ups

Strong performance across emerging markets

- ▶ Emerging markets revenues at ₹2,858m (\$37m) for Q1FY23 versus ₹1,671m (\$22m) in Q1FY22, up 71% YoY
- ▶ Institutional business revenues at ₹2,013m (\$26m), up 108 %YoY vs. ₹970m (\$13m) in Q1FY22, driven by improved offtake from partners
- ▶ Africa business revenues of ₹845m, up 2% YoY, driven by improved field force productivity

Cost control programs enabling operating leverage

- ▶ Efficiency and optimization measures have started yielding results with visible improvement in operating leverage
- ▶ Logistics cost reduction of ~21% YoY led by superior supply chain execution that enabled a favorable sea-to-air shipments ratio

Update on Stelis Biopharma

A high capital long gestation investment now ready for significant growth and operational profitability

- Stelis has emerged as a biopharmaceutical company with integrated capabilities in developing, scale-up, and commercial manufacturing biologics, bio betters, biosimilars, and vaccines.
- Stelis today operates two independent divisions- a global pure-play biological CDMO and a product division with a pipeline of biosimilars and vaccines (Being carved out separately).
- The CDMO business has started generating revenues nearing the operational break even. However, Stelis would achieve the cash break even after ramping up revenue from the phase 2 investments.
- As of March 31, 2022, Stelis has over \$300 million of capital invested, of which \$225 million has been invested as equity from Strides, promoters, and global marquee investors such as TPG Growth, Think Investment, Route One, GMS, and the family office of S Manekar.

CDMO Division (Stelis)- \$250m+ Investments



- Fully integrated CDMO, offering the complete spectrum of services, from cell line tech transfer to clinical and commercial manufacturing.
- Three state-of-the-art facilities with ~900,000 square feet of Process Development(PD) and manufacturing space for mammalian, microbial, and other modalities
- Amongst the highest CDMO capacity in APAC, including multi-modality bioreactor suites



Products Division (Biolexis) -\$50m+ Investments

- Building a portfolio of leading products with cost leadership through efficient processes and low-cost devices
- Attaining strong partnerships in commercializing high-quality, affordable products with deep technical expertise
- Near-term opportunities with covid-19 vaccines, including AmbiVax-C™, a first-of-its-kind thermostable vaccine

AGM Agenda

ORDINARY BUSINESS

Item 1: Adoption of Audited Financial Statements for the Financial Year ended March 31, 2022

Item 2: Re-appointment of Mr. Badree Komandur, retiring director, as an Executive Director

Item 3: Re-appointment of M/s. B S R & Co. LLP as Statutory Auditors of the Company

SPECIAL BUSINESS

Item 4: Remuneration payable to M/s. Rao, Murthy & Associates, Cost Auditors of Company for financial year ended March 31, 2022



Thank You

Strides Pharma Science Limited

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