



# Striding Ahead

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Warm Welcome to Shareholders

Strides Pharma Science Limited  
Annual General Meeting  
August 28, 2023

STRIDES AT A GLANCE



FY23 PERFORMANCE



OUTLOOK & STELIS UPDATES



AGM AGENDA



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

### Revenues

- ▶ Reports highest-ever annual sales of INR 37,042 million, a 20% year-over-year (YoY) increase.
- ▶ US sales of \$232 million, the all-time high for Strides, increased 58% YoY from \$157 million in FY22.
- ▶ Other regulated markets (ORM) recorded the highest sales at \$157 million.

### Gross margins

- ▶ FY23 gross margins at 56.1%, absolute gross margin increase of INR 4,850 million in FY23
- ▶ Q4FY23 gross margins at 59.5%, up 868bps year-over-year, returning to the historical peak of 60%

### EBITDA

- ▶ FY23 EBITDA at INR 4,460 million, an increase of INR 4,418 million over FY22 EBITDA
- ▶ Q4FY23 EBITDA at INR 1,596 million, a 33% sequential increase; EBITDA margins at 16.1%, trending positively towards the company's historical margins

### Debt

- ▶ Strides' gross debt was reduced by ~INR 2,500 million despite an increase in sales and GM of ~INR 6,000 million & ~INR 4,800 million, respectively.
- ▶ From 8.3x in Q1FY23, Net Debt to Q4FY23 Annualized EBITDA is 3.4x, closer to the targeted ratio of <3x

### Dividend

- ▶ The Board has recommended a dividend of INR 1.5 per share

### Yearly Performance (₹m)

Particulars	FY23	FY22	Growth
Revenues	37,042	30,946	20%
Gross Margin	20,773	15,923	30%
Gross Margin %	<b>56.1%</b>	<b>51.5%</b>	<b>463bps</b>
EBITDA	4,460	42	100+%
EBITDA %	<b>12.0%</b>	<b>0.1%</b>	<b>1190bps</b>

### Market Wise Performance – Year on year (₹m)

Particulars	FY23	FY22	Growth
US	18,447	11,650	58%
Other Reg Mkt	12,503	11,180	12%
<b>Total Reg Mkt</b>	<b>30,950</b>	<b>22,830</b>	<b>36%</b>
Emerging Mkt	6,092	8,117	-25%
<b>Total</b>	<b>37,042</b>	<b>30,946</b>	<b>20%</b>

- ▶ Strides reported its highest-ever annual sales in the US of \$232m (\$157m in FY22, 58% YoY growth), in line with the growth outlook indicated by the management at the beginning of the year.
- ▶ Revenues from the new B2B business and the geographic expansion to LATAM and APAC initiated at the start of the year drove most of the revenue growth.
- ▶ The Branded generics business maintained a robust growth rate for another quarter due to field force efficiencies and the continued rollout of new products within the focus therapies.
- ▶ As the new tender off-take for antiretrovirals has begun, the access markets returned to growth in the last quarter. Given the nature of donor-funded purchases, the business will continue to be lumpy.
- ▶ Significant advancements in R&D and Manufacturing Science and Technology (MSAT) to drive portfolio expansion for accelerated growth in emerging markets and relaunches of dormant products in regulated markets.
- ▶ Improvements in product-level costs, alternative vendor development, the efficiency of processes, and yield loss minimization have all contributed to the company's rising gross margins.

# Q1FY24 Performance

	Q1FY24	Q1FY23 <sup>1</sup>	YoY
<b>Revenues</b>	₹9,320m	₹8,386m	11% ↑
<b>Gross Margins</b>	₹5,470m 58.7%	₹4,445m 53.0%	23% ↑ 570 bps
<b>EBITDA</b>	₹1,686m 18.1%	₹488m 5.8%	3.4x ↑ 1230 bps
<b>Adj. PAT<sup>2</sup></b>	₹295m	-ve	100+% ↑

Strides had guided for a less than 3x Debt/EBITDA

Q1'24 Debt Book Updates	Jun'23	Mar'23
Working Capital Loans	15,025	14,472
Long Term Loans	7,482	7,617
<i>Add: US Long Term Revolver Facility*</i>	4,174	4,507
<b>Gross Debt</b>	<b>26,861</b>	<b>26,596</b>
<i>Less: Cash and Cash Equivalents**</i>	<i>-4,058</i>	<i>-3,115</i>
<b>Net Debt</b>	<b>22,803</b>	<b>23,481</b>

\* Long-term revolver is asset-based financing backed purely by local assets, mainly US receivables with no recourse to Indian operations

\*\* Cash and cash equivalents INR 4,058m includes INR 571m of deferred consideration

1 - Q1FY23 numbers adjusted for UCL, Kenya operations which got deconsolidated effective Sep 30<sup>th</sup> 2022

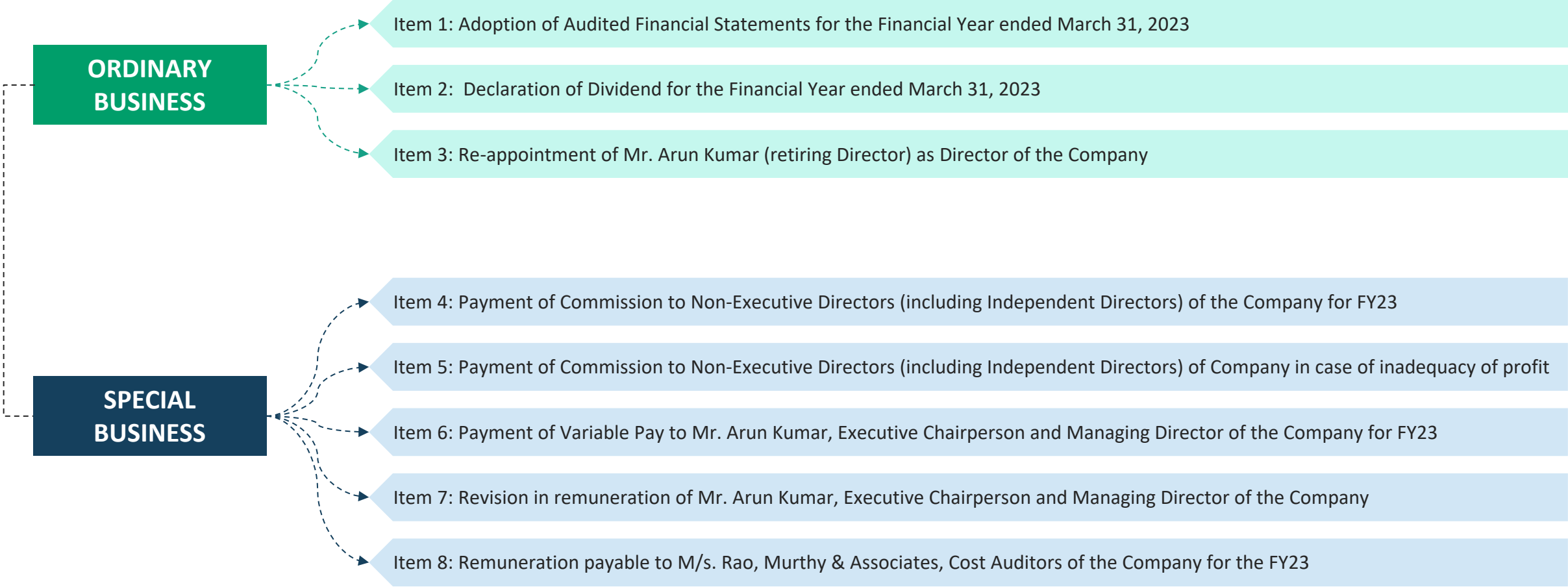
2 – Adjusted PAT = Reported PAT without JV share and exceptional items

# Update on Stelis Biopharma



- ▶ Stelis's CDMO business continues to grow as the company propelled its geographical marketing efforts and attracted new partners.
- ▶ The Company's contracting of new manufacturing services agreements (MSAs) has intensified. From FY20 to Q1FY24, the company secured \$58 million in MSAs, of which \$25.1 million were secured in Q1FY24 alone.
- ▶ In Q1FY24, four new partners have been added to our total unique clientele of 15.
- ▶ Stelis secured its first significant DS contract with a top 10 global pharmaceutical company for an important product. In addition, the company won several new contracts from its existing partners, demonstrating its execution capabilities for their existing projects with a strong focus on client satisfaction and on-time delivery.
- ▶ The Company also made its first commercial shipment, indicating the beginning of commercial supplies for its partnered products. Most Commercial Supply Agreements (CSAs) commence in H2, ensuring the company breaks even on EBITDA in the second half of FY24. In FY25, Stelis will have a positive PAT.
- ▶ On July 4, 2023, Stelis entered into a binding term sheet with Syngene International Limited (Syngene) to divest its multi-modal manufacturing facility at Bommasandra Industrial Area, Bengaluru, India (Unit 3 facility). Syngene shall acquire Unit 3 on a slump sale basis for a gross value of INR 7,020 million.
- ▶ As the transaction with Syngene approaches closing, Stelis would use the proceeds to reduce its debt and restore its balance sheet strength. Stelis anticipates its External debt will decrease from ~INR 7,400 million in March 2023 to about INR 3,000 million by the end of FY24.

# AGM Agenda



# Thank you

## Strides Pharma Science Limited

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