



October 30, 2023

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

The National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (E) Mumbai - 400 051

Scrip code: 532531

Scrip code: STAR

Dear Madam/ Sir,

Sub: Press Release

Please find enclosed herewith Press Release (along with Earnings presentation) issued by the Company titled:

**“Strides reports Strong Q2FY24 Performance
Revenues at ₹ 10,264m and EBITDA at ₹ 1,801m”**

This is for your information and records.

Thanks & Regards,
For **Strides Pharma Science Limited**,

Manjula Ramamurthy
Company Secretary
ICSI Membership No.: A30515



Encl. As above

Strides Pharma Science Limited

CIN: L24230MH1990PLC057062

Corp Off: Strides House, Bilekahalli, Bannerghatta Road, Bengaluru - 560 076, India | Tel: +91 80 6784 0000 Fax: +91 80 6784 0700

Regd Off: 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703, India | Tel: +91 22 2789 2924 / 3199 Fax: +91 22 2789 2942

corpcomm@strides.com, www.strides.com

Strides reports Strong Q2FY24 Performance

Revenues at ₹ 10,264m and EBITDA at ₹ 1,801m

Six consecutive quarters of growth leading to all time high Revenue and EBITDA in Q2FY24

- Reports quarterly sales of ₹10,264 million in Q2FY24, up 10% QoQ and 21% YoY
- Q2FY24 gross margins at 59.3%, absolute gross margin increase of ₹1,190 million YoY
- EBITDA at ₹1,801m for the quarter up 95% YoY, led by healthy Revenue & Gross margin expansion
- Q2FY24 adjusted¹ PAT at ₹405 million
- On Track to achieve the FY24 Outlook on all financial parameters
- Levers in place to deliver a strong performance in FY24 with improved profitability and a stronger balance sheet

Bangalore, India, Oct 30, 2023 - Strides Pharma Science Ltd (BSE: 532531, NSE: STAR) today announced its consolidated financial results for the quarter (Q2FY24) and six months (H1FY24) ended September 30, 2023.

Financial Highlights (In ₹ m)

Particulars	Q2FY24	Q1FY24	Q2FY23*	QoQ	YoY	H1FY24	H1FY23*	YoY
Revenues	10,264	9,320	8,482	10%	21%	19,583	16,868	16%
Gross Margin	6,083	5,470	4,893	11%	24%	11,553	9,338	24%
Gross Margin %	59.3%	58.7%	57.7%	57bps	158bps	59.0%	55.4%	363bps
EBITDA	1,801	1,686	925	7%	95%	3,486	1,413	147%
EBITDA %	17.5%	18.1%	10.9%	-54bps	663bps	17.8%	8.4%	943bps

¹ Adjusted PAT = Reported PAT without JV share, exceptional items and excluding tax credit of ₹172m

* Q2FY23 & H1FY23 numbers adjusted for UCL, Kenya operations which was deconsolidated effective Sep 30th, 2022

Arun Kumar, Founder, Executive Chairperson & Managing Director, commented on the performance and said, "We are pleased to report a strong Q2FY24, delivering YoY Revenue growth of 21% and achieving our highest ever reported Revenue and EBITDA. We remained focused on delivering consistent operating performance. We are on track to achieve the outlook we set out for FY24 at the beginning of this year on all financial parameters.

Revenues crossed ₹1000 crores in Q2FY24, a first time milestone for the company. A disciplined approach to product launches and sustainable market share on existing products and seeding new geographies will ensure we continue to grow from the base we have established for ourselves.

As part of our Reset Strategy, Network optimization was a key area of focus and with the divestment of Singapore facility our Network optimization for Regulated markets is now complete. Products

manufactured at Singapore have been successfully transferred to our Chestnut Ridge, New York facility. Closure of the transaction expected in Q3FY24, will be EPS accretive immediately and the proceeds will pare down the debt further.

We are confident of sustaining the momentum in performance driven by continuous improvement in the quality of business and delivering on all financial parameters.”

Detailed investor communication on the performance of the Company is attached.

About Strides

Strides, listed on the BSE Limited (532531) and National Stock Exchange of India Limited (STAR), is a global pharmaceutical company headquartered in Bengaluru, India. The Company mainly operates in the regulated markets and has an “in Africa for Africa” strategy along with an institutional business to service donor-funded markets. The Company’s global manufacturing sites are located in India (Chennai, Puducherry, and two locations in Bengaluru), Singapore, Italy (Milan), Kenya (Nairobi), and the United States (New York). The Company focuses on “difficult to manufacture” products sold in over 100 countries. Additional information is available at the Company’s website at www.strides.com.

For further information, please contact:

<p><u>Strides</u> Badree Komandur Executive Director – Finance & Group CFO +91 80 6784 0747</p> <p><u>Strides Pharma Science Limited</u> CIN: L24230MH1990PLC057062</p> <p>Regd. Office: 201, ‘Devavrata’, Sector - 17, Vashi, Navi Mumbai - 400 703</p> <p>Corp. Office: Strides House, Bannerghatta Road, Bengaluru – 560076</p>	<p><u>Corporate Communication</u> Pallavi Panchmatia: +91 80 6784 0193 Email: pallavi.panchmatia@strides.com</p> <p><u>PR Consultancy</u> Fortuna PR K Srinivas Reddy: +91 90005 27213 srinivas@fortunapr.com Boni Mukherjee: +91 96186 82208 boni@fortunapr.com</p>
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Striding Ahead

Q2FY24 Earnings Presentation | October 30, 2023

Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward-looking statements involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

	Q2FY24	Q2FY23 ¹	YoY
Revenues	₹10,264m	₹8,482m	21% ↑
Gross Margins	₹6,083m 59.3%	₹4,893m 57.7%	24% ↑ 158 bps
EBITDA*	₹1,801m 17.5%	₹925m 10.9%	95% ↑ 663 bps
Adj. PAT²	₹405m 3.9%		

* Personnel cost in Q2FY24 has one-off cost increase of ₹150m

1 – Q2FY23 numbers adjusted for UCL, Kenya operations which got deconsolidated effective Sep 30th 2022

2 – Adjusted PAT = Reported PAT without JV share, exceptional items and excluding tax credit of ₹ 172m



We are pleased to report a strong Q2FY24, delivering YoY Revenue growth of 21% and achieving our highest ever reported Revenue and EBITDA. We remained focused on delivering consistent operating performance. We are on track to achieve the outlook we set out for FY24 at the beginning of this year on all financial parameters.

Revenues crossed ₹1000 crores in Q2FY24, a first time milestone for the company. A disciplined approach to product launches and sustainable market share on existing products and seeding new geographies will ensure we continue to grow from the base we have established for ourselves.

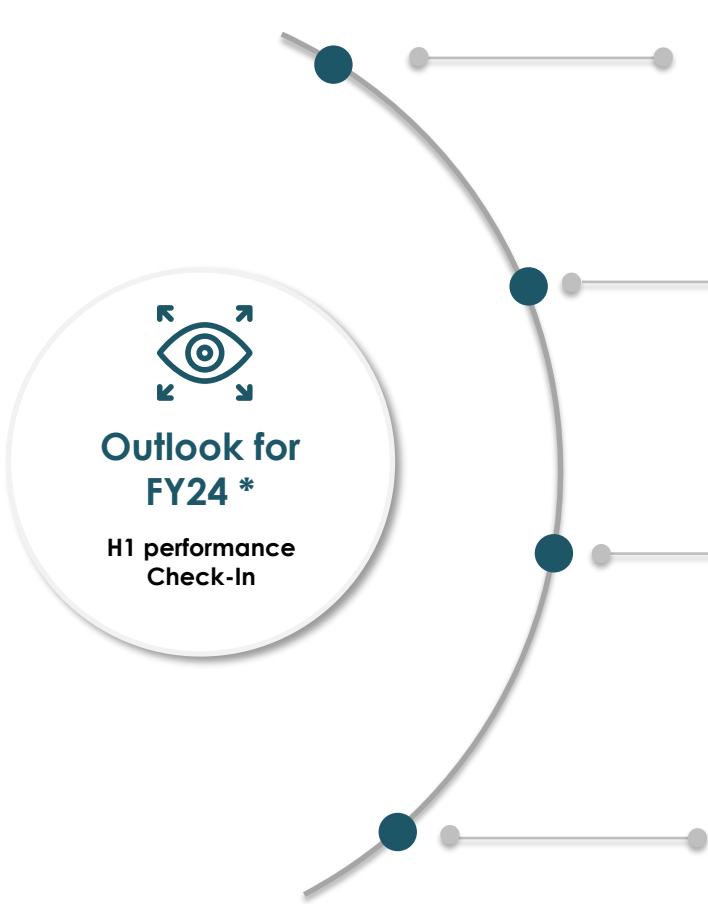
As part of our Reset Strategy, Network optimization was a key area of focus and with the divestment of Singapore facility our Network optimization for Regulated markets is now complete. Products manufactured at Singapore have been successfully transferred to our Chestnut Ridge, New York facility. Closure of the transaction expected in Q3FY24, will be EPS accretive immediately and the proceeds will pare down the debt further.

We are confident of sustaining the momentum in performance driven by continuous improvement in the quality of business and delivering on all financial parameters.

Arun Kumar

Founder, Executive Chairperson & Managing Director





CONTINUING BUSINESS REVENUES TO GROW AT 15% YOY

- H1 Revenues grew by 16%
- *Historically H2 is stronger, we are confident of beating the Revenue outlook*



STRIDES IS AIMING FOR AN EBITDA OF ₹ 7,000M – 7,500M

- H1 EBITDA at ₹3,486m – Inline with Outlook
- *Guiding Outlook towards higher end of the EBITDA range*



STRIDES NET DEBT TO EBITDA < 3x

- FY23 Net Debt to EBITDA of the company stood at 5.3x, as of H1 FY24 improved to 3.3x and with our EBITDA trending towards higher end of the Outlook, we are currently on course to meet Net Debt to EBITDA target < 3x in FY24



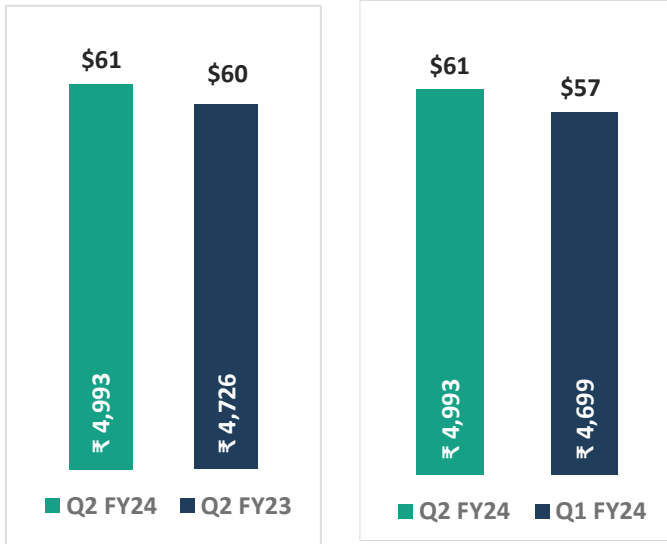
EMPHASIS ON MANUFACTURING NETWORK OPTIMIZATION AND CASH GENERATION

- As part of our Reset Strategy our Network optimization was a key area of focus. With the exit of our Singapore facility our Network optimization for Regulated markets is now complete
- Strong operating cash flow generation ensured 16% Revenue growth with no incremental growth capital
- Net Debt reduced by ₹624m in H1FY24

* shared along with Q4FY23 results

Region-wise Performance

Financial Performance(₹/\$M)



YoY	QoQ
6%	6%

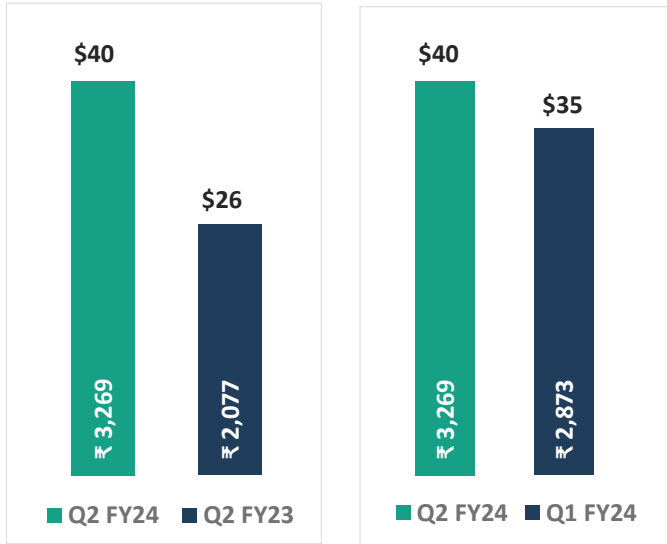
Quarterly Updates

- ▶ Q2FY24 Revenues of ₹ 4,993m(\$ 61m), higher by 6% vs Q1FY24 Revenues of ₹ 4,699m (\$ 57m)
- ▶ 4 New product launches in H1 and sustained market share across the product portfolio enabled YoY growth
- ▶ H1FY24 Revenues ₹ 9,692m (\$ 118m), higher by 17% vs H1FY23 Revenues of ₹ 8,278m (\$ 106m)
- ▶ Of 60 commercial products, Strides is ranked in the Top 3 in 34 products which contribute ~75% of the total U.S. revenues
- ▶ All facilities supporting US business continue to be USFDA compliant

Business Outlook

- ▶ The focus remains on the fast-tracked launches from our approved basket of ANDAs (260+ active ANDAs with 230+ approvals)
- ▶ Calibrated portfolio expansion to drive growth with 10-15 new launches annually

Financial Performance(₹/\$M)



YoY	QoQ
57%	14%

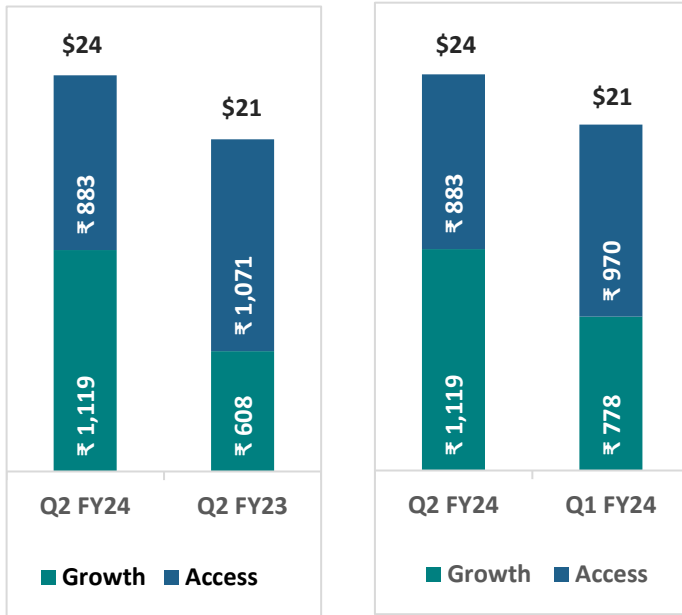
Quarterly Updates

- ▶ All regulated markets ex-US form part of the Other Regulated markets
- ▶ Q2FY24 Revenues of ₹ 3,269m (\$ 40m), higher by 14% vs Q1FY24 Revenues of ₹ 2,873m (\$ 35m)
- ▶ H1FY24 Revenues ₹ 6,142m (\$ 75m), higher by 35% vs H1FY23 Revenues of ₹ 4,565m (\$ 58m)
- ▶ Strong funnel for the European B2B partnerships under synergICE to drive growth

Business Outlook

- ▶ Expansion of product portfolio and new customer acquisitions to drive sustainable growth
- ▶ Conversion of existing strong funnel of new opportunities to deliver growth
- ▶ Continued momentum in filings and approvals to fast track growth

Financial Performance(₹/\$M)



YoY	QoQ
19%	15%

Quarterly Updates

Growth Markets:

- ▶ Growth Markets includes Africa operations and new geographies of LATAM, MENA, CIS, APAC
- ▶ Q2FY24 Revenues of ₹ 1,119m (\$14m), higher by 44% vs Q1FY24 Revenues of ₹ 778m (\$9m)
- ▶ H1FY24 Revenues ₹ 1,896 (\$23m), higher by 16% vs H1FY23 Revenues of ₹ 1,628 (\$21m)

Access Markets:

- ▶ Access markets Revenues continues to be lumpy as the business is Tender driven
- ▶ Q2FY24 Revenues of ₹ 883m (\$11m), lower by 9% vs Q1FY24 Revenues of ₹ 970m (\$12m)
- ▶ H1FY24 Revenues ₹ 1,853 (\$23m), lower by 23% vs H1FY23 Revenues of ₹ 2,397 (\$30m)

Business Outlook

Growth Markets:

- ▶ Strong funnel of business prospects and product registrations in newer geographies will drive growth in the near term

Access Markets:

- ▶ Continued focus on CIPs with vendors to reduce COGS and enhance competitiveness

Financial Performance

Income statement (₹m)

Particulars	Q2FY24	Q1FY24	Q2FY23*	QoQ	YoY
Revenues	10,264	9,320	8,482	10%	21%
EBITDA**	1,801	1,686	925	7%	95%
EBITDA %	17.5%	18.1%	10.9%		

Reconciliation of EBITDA (₹m)

As per SEBI results	Q2FY24	Q1FY24
Profit before exceptional items & tax	503	392
<i>Less: Interest, Dividend income</i>	89	67
<i>Add : Depreciation and Amortization</i>	601	596
<i>Add : Finance costs</i>	786	764
Consolidated EBITDA as per press note	1,801	1,686

** Personnel cost in Q2FY24 has one-off cost increase of ₹150m

* Q2FY23 numbers adjusted for UCL, Kenya operations which got deconsolidated effective Sep 30th 2022

Rationale for Sale

- As part of manufacturing network optimization, Strides had last year mothballed the Singapore manufacturing operations
- Transaction is the culmination of manufacturing network optimization plans of the company announced as part of FY23 reset strategy
- With the acquisition and successful integration of Chestnut Ridge site in US, the Singapore site has been made redundant in the strides network
- Transaction to be EPS accretive with no impact on Revenues

TRANSACTION DETAILS

- Strides entered into a binding agreement with Rxilient Biohub for Sale of the company's Singapore manufacturing facility for a consideration of \$15m
- Transaction expected to close in Q3FY24

ONE –OFF IMPACT ON STRIDES FINANCIALS

- Strides reported net loss of \$15.7m (₹1,294m) in exceptional items and tax lines in Q2FY24 financials
- Entire proceeds from the sale to be utilized for debt reduction

POSITIVE FINANCIAL IMPACTS

- Yearly Operating cost reduction of \$2m (₹180m)
- Depreciation & lease expenses to be reduced by \$7m (₹570m)
- Annual PAT improvement by \$9m (₹750m)
- EPS accretion of ~₹ 7/share
- Improved ROCE

Particulars	Sep'23	Mar'23
Working Capital Loans	15,722	14,472
Long Term Loans	7,162	7,617
Add: US Long Term Revolver Facility*	3,848	4,507
Gross Debt	26,732	26,596
Less: Cash and Cash Equivalents**	-3,875	-3,115
Net Debt	22,857	23,481

* 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 ₹ 3,875m includes ₹ 549m of deferred consideration

Strides had guided for < 3x Net Debt to EBITDA in FY24

Asset-based revolver line in the US, backed primarily by US receivables, without recourse to India was renewed in FY23 for five years

Continued focus on debt reduction with free cash generation and network optimization in FY24

Particulars	Consolidated			
	3 months ended Sep 30, 2023 (Q2FY24)	Corresponding 3 months ended Sep 30, 2022 (Q2FY23) #	Preceding 3 months ended Jun 30, 2023 (Q1FY24)	Previous year ended March 31, 2023 (FY23)
Revenue from Operations	9,994	8,971	9,300	36,884
Other Income	269	24	20	158
Revenue	₹ m	10,264	8,995	9,320
Material Costs	₹ m	-4,181	-3,871	-3,849
Gross Margin	₹ m	6,083	5,125	5,470
Gross Margin %	%	59.3%	57.0%	58.7%
Personnel Cost *	₹ m	-1,999	-1,917	-1,675
Other Opex	₹ m	-2,283	-2,202	-2,109
Total Opex	₹ m	-4,282	-4,119	-3,785
EBITDA	₹ m	1,801	1,006	1,686
EBITDA Margin %	%	17.5%	11.2%	18.1%
Depreciation	₹ m	-601	-617	-596
Finance Cost	₹ m	-786	-676	-764
Finance Income	₹ m	89	210	67
Net Finance Cost	₹ m	-697	-466	-697
Exceptional Items	₹ m	-1,649	145	-60
JV share of loss	₹ m	-423	-448	-329
Profit Before Tax	₹ m	-1,569	-381	3
Tax	₹ m	-98	384	-97
Tax Credit on SPG & ITB	₹ m	172		
Profit After tax	₹ m	-1,495	3	-94
Adjusted PAT **	₹ m	405		
	%	3.9%		

* Personnel cost in Q2FY24 has one-off cost increase of ₹150m

** Adjusted PAT = Reported PAT without JV share, exceptional items and excluding tax credit of ₹ 172m

Q2FY23 as per Reported numbers, adjusted for deconsolidated UCL, Kenya operations Revenues at ₹8,482m and EBITDA at ₹925m



invites you to interact with the senior management on Q2FY24 Performance

October 30, 2023
4:00pm IST / 11:30am BST / 6:30am EDT / 6:30pm HKT



Arun Kumar

Founder, Executive Chairperson & Managing Director

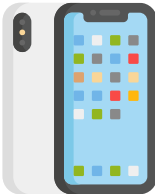


Badree Komandur

Executive Director - Finance & Group CFO



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India Primary	+91 22 6280 1434 / +91 22 7115 8838		
USA	18667462133	Singapore	8001012045
UK	08081011573	Hongkong	800964448

Stelis Update

- ✓ Syngene transaction expected to close by Q3FY24
 - Proceeds goes to planned debt reduction
 - Release of Corporate Guarantees of Strides

- ✓ We continue to gain significant pipeline of new projects and expect the business to be EBITDA positive in H2 FY24 and PAT positive from FY25

- ✓ OneSource
 - Scheme filed with Stock exchanges and addressing queries
 - We expect the NCLT process to complete by Q3 / Q4 FY25.

Thank you

Strides Pharma Science Limited

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Registered Office

201, Devavrata, Sector 17, Vashi, Navi Mumbai - 400 703, India, Tel.: +91 22 2789 2924/2789 3199
Email: corpcomm@strides.com Website: www.strides.com

Corporate Office

Strides House, Bannerghatta Road, Bengaluru - 560 076, India
Tel.: +91 80 6784 0000/ 6784 0290