

## Press Release

### Strides Arcolab reports Q3 FY 2014-15 Results

**Pharma Revenues at INR 3,261 Mn with an EBITDA of INR 664 Mn  
EBITDA Margin at 20%**

**Bangalore, February 2, 2015:** Strides Arcolab (BSE: 532531, NSE: STAR) today announced its financial results for the Quarter ending December 31, 2014

#### Consolidated Financial & Performance Highlights (Pharma & Biotech)

|               | INR Mn             |         |          |                    |                 |          |
|---------------|--------------------|---------|----------|--------------------|-----------------|----------|
|               | Oct-Dec<br>FY13-14 | Q3 FY15 | Growth % | Apr-Dec<br>FY13-14 | YTD Dec<br>FY15 | Growth % |
| Revenues      | 3,256              | 3,261   | -        | 8,002              | 8,805           | 10%      |
| EBITDA        | 603                | 654     | 8%       | 1,404              | 1,806           | 29%      |
| EBITDA %      | 19%                | 20%     |          | 18%                | 21%             |          |
| Adjusted PAT* |                    | 415     |          |                    | 1,279           |          |
| PAT Margin %  |                    | 13%     |          |                    | 15%             |          |
| Adjusted EPS* |                    | 6.97    |          |                    | 21.47           |          |

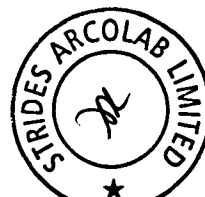
*\*PAT & EPS adjusted for income on growth funds not accrued INR 94 Mn for Q3 FY15 and INR 295 Mn for YTD Dec FY15 and excluding merger related expenses of INR 42Mn for Q3 FY15 and INR 93 Mn for YTD Dec FY15*

*\*PAT and EPS not comparable with the corresponding periods in the previous year*

#### Corporate Updates

- Scheme of Amalgamation with Shasun Pharmaceuticals Ltd.
  - Received No Objection from NSE and BSE
  - CCI and FIPB approvals awaited
  - Application filed with the Hon'ble High Courts of Bombay and Madras seeking directions to convene a Shareholders' meeting
- Singapore's Economic Development Board grants International Headquarter Status to Strides Pharma Global Pte. Ltd., Singapore

Commenting on the results, Arun Kumar, Founder and Group CEO, stated "We had a steady quarter across our businesses with strong US filings of our niche products. We are particularly delighted with the ramp-up of Anti-Malarial business and our recent partnerships with Gilead."



## Performance Highlights

### Global Pharma

|          | INR Mn             |         |          |                    |                 |          |
|----------|--------------------|---------|----------|--------------------|-----------------|----------|
|          | Oct-Dec<br>FY13-14 | Q3 FY15 | Growth % | Apr-Dec<br>FY13-14 | YTD Dec<br>FY15 | Growth % |
| Revenues | 3,256              | 3,261   | -        | 8,002              | 8,805           | 10%      |
| EBITDA   | 605                | 664     | 10%      | 1,404              | 1,859           | 32%      |
| EBITDA % | 19%                | 20%     |          | 18%                | 21%             |          |

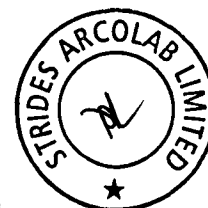
- Adjusting for one time revenues in Oct-Dec FY13-14, Q3 FY15 Revenues grew by 19%
- Revenue growth driven by:
  - First full quarter of Raricap in our Brands India business
  - Commencement of Anti-Malarial supplies
- Q3 FY15 EBITDA grew by 10% to INR 664 Mn against INR 605 Mn in Oct-Dec FY13-14
  - Increase in R&D spend with 4 US filings during the quarter
  - Significantly lower Profit Share recognized on Vancomycin, pending reconciliation of chargebacks and other costs with the partner
- YTD Dec FY15 Revenues grew by 10% and EBITDA grew by 32%

### Pharma R&D and Regulatory Update

- Continued US FDA approval status for Oral Dosage Facility at Bangalore
- 4 Product Filings with USFDA during Q3 FY15
- Received USFDA Product approval for Calcitriol Softgel Capsules (Market Value ~USD 50 Mn)
- Continued niche product approvals in Europe
- Net R&D spend at INR 109 Mn during Q3 FY15, against INR 57 Mn in Q2 FY15
- Net R&D spend at INR 204 Mn during YTD Dec FY15, against INR 120 Mn in Apr-Dec FY13-14

### Biotech

- Net R&D Spend for Q3 FY15 at INR 10 Mn and at INR 53 Mn during YTD Dec FY15
- Commenced construction of Multi Product Biologics facility at Bioxcell Biotechnology Park, Johor, Malaysia



## Revenue Composition by Business - Global Pharma

INR Mn

|                        | Q2 FY15      | %<br>Composition | Q3 FY15      | %<br>Composition | QoQ<br>Growth % |
|------------------------|--------------|------------------|--------------|------------------|-----------------|
| Regulated Markets      | 1,093        | 37%              | 966          | 30%              | -12%            |
| Institutional Business | 813          | 28%              | 1,284        | 39%              | 58%             |
| Emerging Markets       | 1,022        | 35%              | 1,011        | 31%              | -1%             |
| <b>Total Revenues</b>  | <b>2,929</b> | <b>100%</b>      | <b>3,261</b> | <b>100%</b>      | <b>11%</b>      |

### Regulated Markets

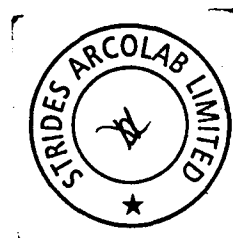
- Revenues at INR 966 Mn in Q3 FY15, representing 30% of the total revenues
- Revenues decreased to INR 966 Mn against INR 1,093 Mn in Q2 FY15, on account of lower profit share recognized during the quarter
- Successfully launched 2 new products in the US - Buspirone Hydrochloride Tablets and Tacrolimus Capsules

### Institutional Business

- Revenues at INR 1,284 Mn in Q3 FY15, representing 39% of the total revenues
- Revenues increased by 58% to INR 1,284 Mn against INR 813 Mn in Q2 FY15, driven by Anti-Malarial supplies in the quarter
- Collaboration with Medicines for Malaria Venture (MMV) for the development of rectal artesunate for pre-referral treatment of children with severe malaria
- Partnership with Gilead Sciences Inc. to manufacture and distribute Tenofovir Alafenamide (TAF) based HIV treatments in 112 developing countries
- Licensing Agreement of Hepatitis C with Gilead expanded to include Investigational Pan-Genotypic Agent

### Emerging Markets

- Revenues at INR 1,011 Mn in Q3 FY15, representing 31% of the total revenues
- Revenues steady at INR 1,011 Mn against INR 1,022 Mn in Q2 FY15
- Successful integration of the Raricap business enabling pan India presence



**About Strides Arcolab**

Strides Arcolab, listed on the Bombay Stock Exchange Limited (532531) and National Stock Exchange of India Limited (STAR), is a global pharmaceutical company headquartered in Bangalore, India that develops and manufactures a wide range of IP-led niche pharmaceutical products.

The Company has 8 manufacturing facilities presence in more than 75 countries in developed and emerging markets.

Additional information is available at the Company's website at [www.stridesarco.com](http://www.stridesarco.com).

**For further information, please contact:**

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