

Press Release

Strides Arcolab announces Q1 FY16 Results

Q1 FY16 Pharma Revenues up 6% YoY at INR 2,761 Mn

Pharma EBITDA up 5% YoY at INR 572 Mn

EBITDA Margin at 21%

Mumbai, July 30, 2015: Strides Arcolab (BSE: 532531, NSE: STAR) today announced its financial results for the quarter ending June 30, 2015 (FY16)

Consolidated Financial & Performance Highlights (Pharma & Biotech)

	Q1 FY15	Q1 FY16	INR Mn Growth vs. Q1 FY15
Revenues	2,596	2,761	6%
EBITDA	523	533	2%
EBITDA %	20%	19%	
PAT	190	419	120%
EPS	3.19	7.02	120%

Commenting on the results, Arun Kumar, Founder and Group CEO, stated "In version 2 of Strides, we focus on achieving key strategic and operational goalposts. Quarterly performance is not a guidance of near term financial results. We continue to ramp up R&D initiatives with the focus on building a disruptive model. Having stated that, Q1 FY16 was a challenging quarter for the business mainly led by a subdued performance in our emerging market operations in Africa."



Performance Highlights – Q1 FY16

Global Pharma

	Q1 FY15	Q1 FY16	INR Mn Growth vs. Q1 FY15
Revenues	2,596	2,761	6%
EBITDA	543	572	5%
EBITDA %	21%	21%	

- Q1 FY16 revenues at INR 2,761 Mn, growth of 6% YoY
- EBITDA for the quarter at INR 572 Mn, growth of 5% YoY. EBITDA margins consistent at 21%

Pharma R&D and Regulatory Update

- R&D spend for Q1 FY16 at INR 86 Mn, against INR 56 Mn in Q1 FY15
- 34 cumulative ANDA filings (non-PEPFAR) with USFDA , 1 ANDA filing made during the quarter
- 17 ANDA filings pending approval from USFDA, 2 product approvals received during the quarter
- 18 cumulative PEPFAR filings with 17 tentative approvals

Biotech

- R&D spend during the quarter at INR 40 Mn, against INR 20 Mn in Q1 FY15
- The two products that reached animal toxicity stage in last fiscal are on track to move into the next phase of development
- The bio-pharmaceutical manufacturing facility is now being constructed in India instead of Malaysia. The Karnataka State Government has allocated land for the purpose in Doddaballapur, Bangalore



Revenue Composition by Business - Global Pharma

	INR Mn			
	Q1 FY15	Q1 FY16	YoY %	Composition
Regulated Markets	884	899	2%	33%
Institutional Business	787	986	25%	35%
Emerging Markets	925	877	-5%	32%
Total Revenues	2,596	2,761	6%	100%

Regulated Markets

- Revenues at INR 899 Mn in Q1 FY16, representing 33% of total revenues
- Revenues grew 2% YoY to INR 899 Mn against INR 884 Mn in Q1 FY15
- North America front end operations delivered a strong quarter. Growth during the quarter impacted by lower revenues in Europe
- Received 2 product approvals during the quarter. Cumulative market size of approved products at US\$ 140 Mn

Institutional Business

- Revenues at INR 986 Mn in Q1 FY16, representing 35% of total revenues
- Revenues grew 25% YoY to INR 986 Mn against INR 787 Mn in Q1 FY15
- Signed a sub-licensing agreement with the Medicines Patent Pool (MPP) to develop Dolutegravir (DTG) for treatment of HIV in developing countries

Emerging Markets

- Revenues at INR 877 Mn in Q1 FY16, representing 32% of total revenues
- Revenues declined 5% YoY to INR 877 Mn in Q1 FY16 against INR 925 Mn in Q1 FY15
- Exchange rate volatility impacted demand for products during the quarter
- Initiated actions to improve ROE's for our channel partners by matching primary and secondary sales in our branded business

Corporate Updates

Acquisition of generic pharmaceutical business in Australian business from Aspen

- Received no objection letter from Foreign Investment Review Board, Australia and Australian Competition & Consumer Commission
- Transaction expected to close in Q2 FY16



Merger with Shasun Pharmaceuticals Ltd

- Received approvals from Hon'ble High Court of Madras
- Awaiting approvals from FIPB and Hon'ble High Court of Bombay
- Transaction expected to close in Q2/Q3 FY16

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 and presence in more than 85 countries in developed and emerging markets. Additional information is available at the Company's website at www.stridesarco.com.

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