

SeQuent Scientific Announces Q3 FY20 Financial Results

Q3 FY20 - EBITDA up 36% with 56% growth in PAT

9M FY20 - EBITDA up 35% with 68% growth in PAT

Mumbai, January 28, 2020

SeQuent Scientific Limited (SeQuent), which has businesses across Animal Health (Alivira) & Analytical Services today announced its financial results for the quarter ended December 31, 2019.

Consolidated Financial Highlights

	Rs. in millions					
	Q3 FY20	Q3 FY19	Growth (%)	9M FY20	9M FY19	Growth (%)
Revenues	3,164	2,705	17.0%	8,787	7,574	16.0%
EBITDA	484	355	36.4%	1,247	924	34.9%
EBITDA %	15.3%	13.1%	220bps	14.2%	12.2%	200bps
PAT	203	130	55.9%	531	315	68.2%

Detailed presentation on the performance forms part of this press release.

Commenting on the Company's performance, **Manish Gupta, Managing Director** stated *"We are pleased with the financial outcome of Q3FY20, which is a good reflection of our consistent efforts towards growth and profitability. Whilst the EBITDA and PAT clocked healthy growth, we are particularly pleased that formulations has also started driving growth. The cash generation during the quarter resulted in substantial reduction in Net Debt to the tune of ~₹ 40Cr.*

We expect the momentum to continue and remain on course to meet our full year aspirations of high-teen revenue growth and 200+bps EBITDA margin expansion."

Earnings Call with Investors

The Company will conduct an Earnings call at **3:30 PM IST on January 28, 2020** where the Management will discuss the Company's performance and answer questions from participants. To participate in this conference call, please dial the numbers provided below ten minutes ahead of the scheduled start time. The dial-in numbers for this call are **+91 22 6280 1263 or +91 22 7115 8213**.

About SeQuent Scientific Limited

SeQuent Scientific Limited (BSE-512529, NSE-SEQUENT) headquartered in Mumbai, India with a global footprint, operates in the domains of Animal Health (Alivira) and Analytical Services. SeQuent has eight manufacturing facilities based in India, Spain, Germany, Brazil and Turkey with approvals from global regulatory bodies including USFDA, EUGMP, WHO, TGA among others. Its Vizag facility is India's first and only USFDA approved facility for veterinary APIs.

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Certain statements in this document that are not historical facts are forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. SeQuent Scientific Ltd. will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

AMBITION



EXECUTION

Earnings Presentation

Q3 & 9M FY20

January 28, 2020



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.

Q3 & 9M FY20 Performance Review



Strong quarter backed by operational excellence

Revenues



₹3,164

Million

17.0%
YoY

EBITDA margin



15.3%

220bps
YoY

PAT



₹203

Million

55.9%
YoY

Cash from operations

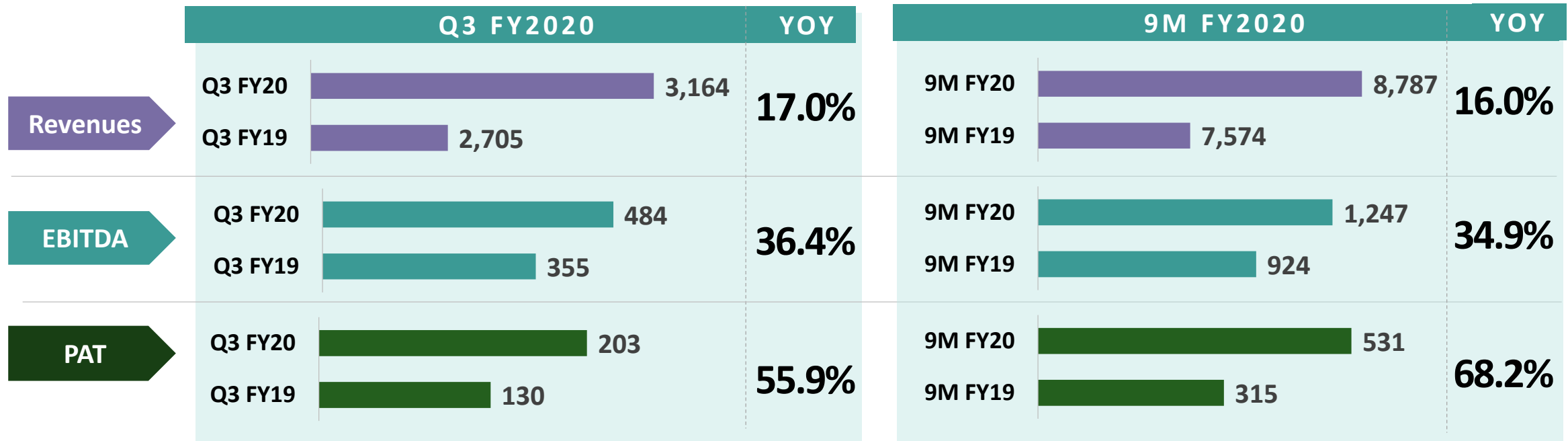


₹465

Million

2.4x
QoQ

Industry leading growth



“We are pleased with the financial outcome of Q3FY20, which is a good reflection of our consistent efforts towards growth and profitability. Whilst the EBITDA and PAT clocked healthy growth, we are particularly pleased that formulations has also started driving growth. The cash generation during the quarter resulted in substantial reduction in Net Debt to the tune of ~₹ 40Cr.

We expect the momentum to continue and remain on course to meet our full year aspirations of high-teen revenue growth and 200+bps EBITDA margin expansion.”

Manish Gupta, Managing Director

Strong performance across businesses

All values in ₹ Mn

Revenue Distribution	Q3 FY20	Q3 FY19	YoY%	YoY% (Constant currency)	9M FY20	9M FY19	YoY%	YoY% (Constant currency)
Formulations	2,113	1,812	16.6%	22.4%	5,856	5,338	9.7%	14.9%
Europe	974	946	3.0%	7.4%	2,700	2,774	(2.7%)	0.8%
Turkey	379	162	134.3%	150.3%	1,047	629	66.4%	86.7%
Emerging Markets	472	460	2.7%	5.3%	1,310	1,234	6.1%	7.7%
LATAM	287	245	17.3%	28.2%	799	700	14.1%	19.3%
APIs	1,052	893	17.7%	19.0%	2,931	2,236	31.1%	30.1%
Global Sales	3,164	2,705	17.0%	21.3%	8,787	7,574	16.0%	19.4%

Key Highlights

- Global sales grew 21.3% during Q3 FY20
 - Formulations drives growth, accelerates to 22.4%
 - Strong growth across key markets of Turkey, LATAM and EU
 - APIs growth momentum continues, grows at 19.0%

Note: All growth % are in constant currency

Q3 & 9M FY20 Business Review



APIs

Scaling the capability curve

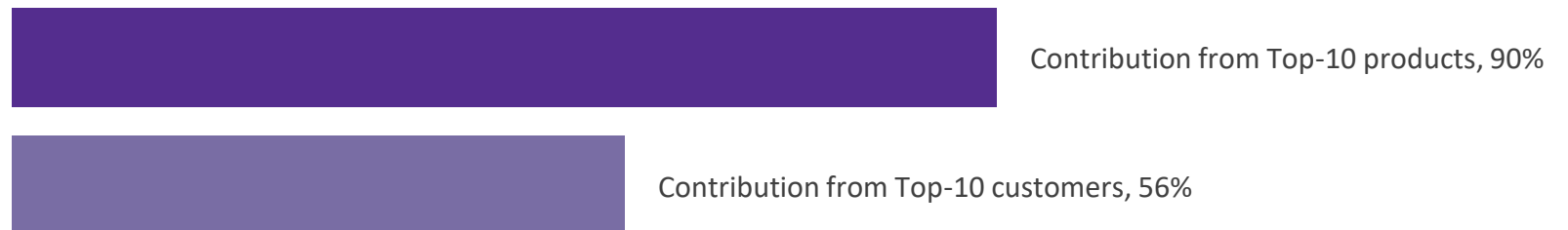
Revenues in ₹ Mn

9M FY20	9M FY19	YoY% (cc)
2,931	2,236	30.1%



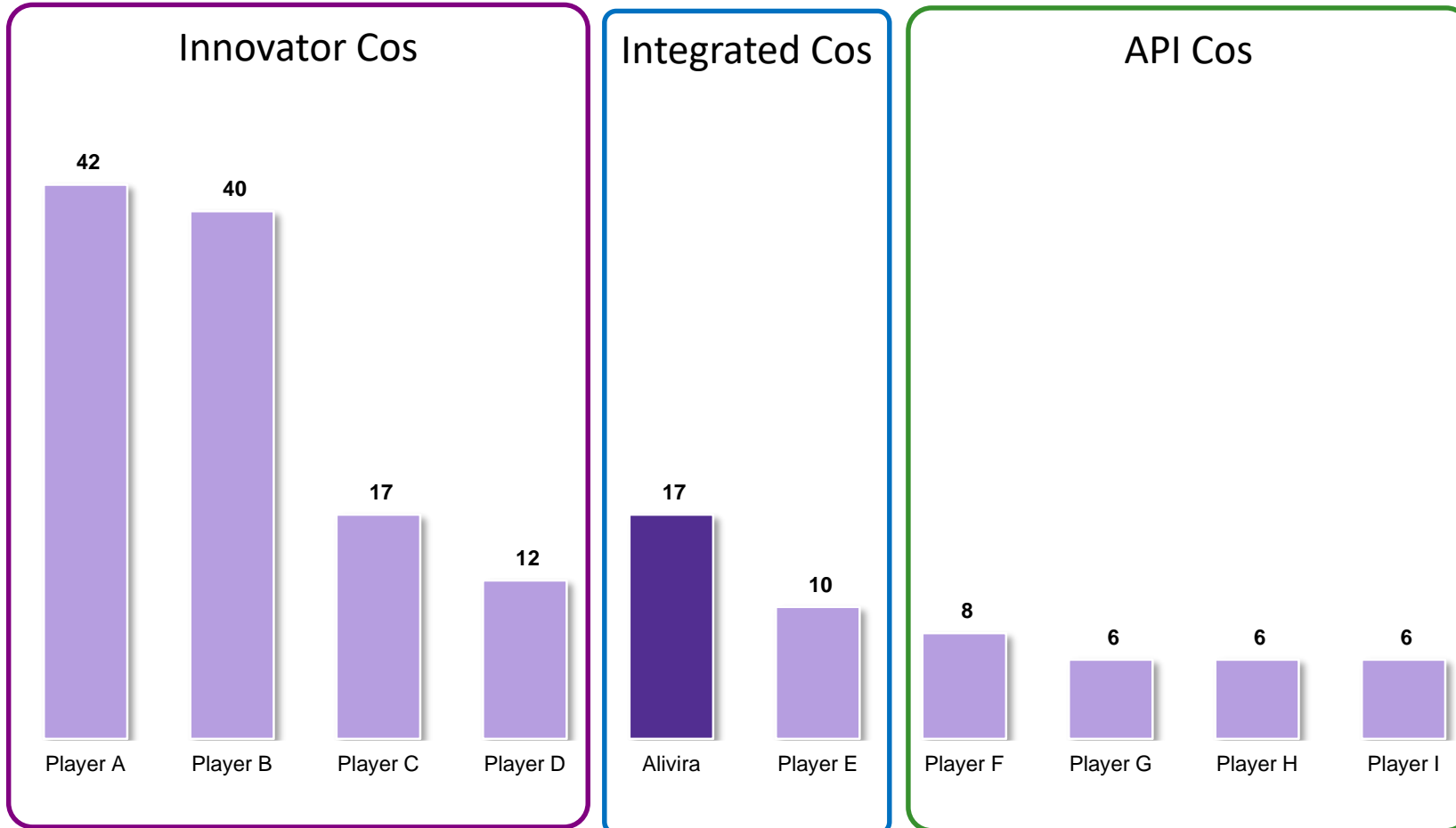
Highlights

- ✓ Focus on regulated markets/customers and high value products continues to drive up fixed asset turn for the business, now 2.3x
- ✓ Alivira is the # 1 Generic Animal Health USVMF Filer and # 3 Global Animal Health USVMF filer



Alivira amongst 'Top 3' US FDA VMF Filers

US Veterinary Master File



Strategic product selection

API Filings	Competition
5	Alivira only
7	< 3 competitors
5	5+ competitors

Formulations

Value creation

Revenues in ₹ Mn

9M FY20	9M FY19	YoY% (cc)
5,856	5,338	14.9%

35+

Products Under Development

80+

Countries with marketing presence

1,000+

FDFs

50+%

Sales to regulated markets

Highlights

- ✓ Regulatory headwinds completely behind in Turkey; revenue grew 86.7% in 9M
- ✓ EU reported ahead of industry growth for the quarter at 7.4%. Expect momentum to sustain going forward
- ✓ LATAM grew high-teens with both Brazil and Mexico witnessing steady growth
- ✓ Emerging markets grew by 7.7% in 9M
 - ✓ EM ex-India reported healthy double-digit growth
 - ✓ India dragged performance in EM, due to overall slowdown



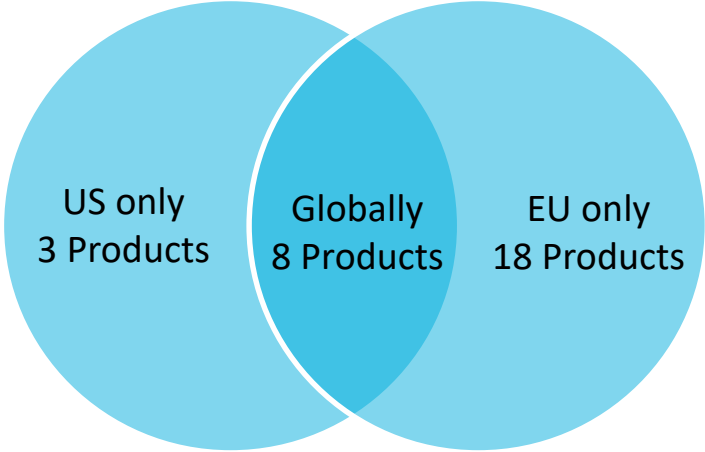
Scaling value curve

API

Pipeline	US filed / approved	EU-CEP approvals
14+	18	10

✓ 2 US filings during the financial year

Formulations



- ✓ New R&D facility established in Mumbai to build regulated market pipeline
- ✓ 10 new filings in US in next 3 years
- ✓ First time capabilities established to execute Ecotoxicity and Bio Equivalence studies in India
- ✓ On-track for first US injectable filing in Q4 FY20

Filed world's largest animal injectable product in EU with an addressable global market of ~USD 350mn

R&D facility established in Mumbai



State of the Art Global infrastructure and Multifaceted Capability

- Footprint - 3,200 sq. ft
- Multi Dosage Capability – 8
 - Specialized in Injectables & Tablets
- Robust scalability - Lab to Pilot

Team

- Multidisciplinary Team of 20 scientists
100+ years of cumulative experience

Milestones

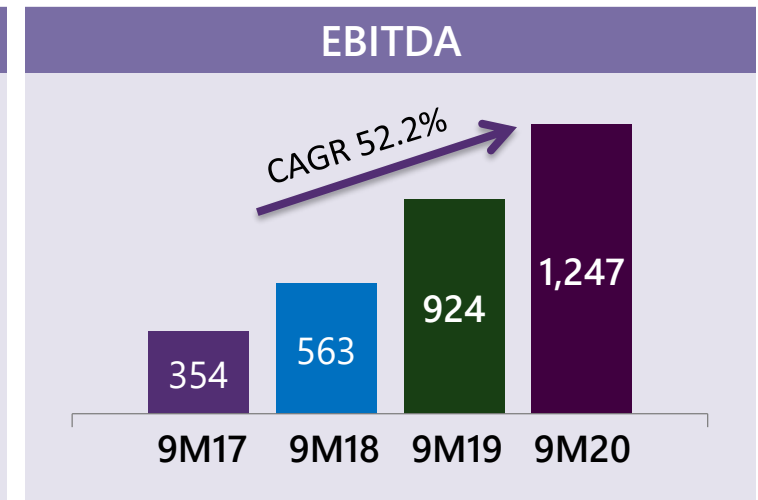
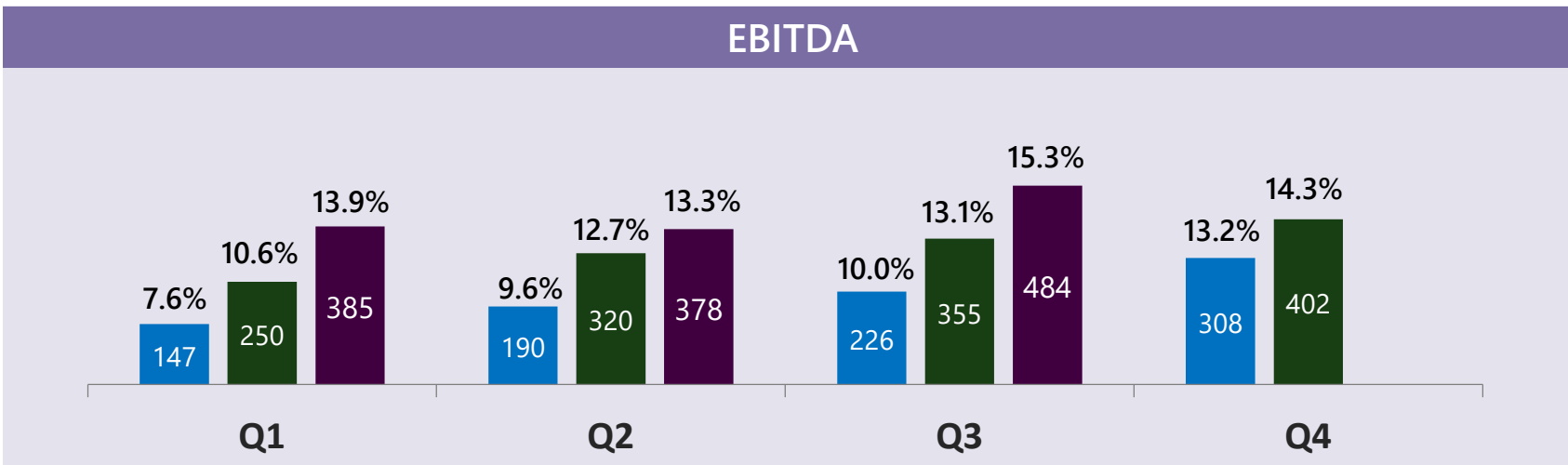
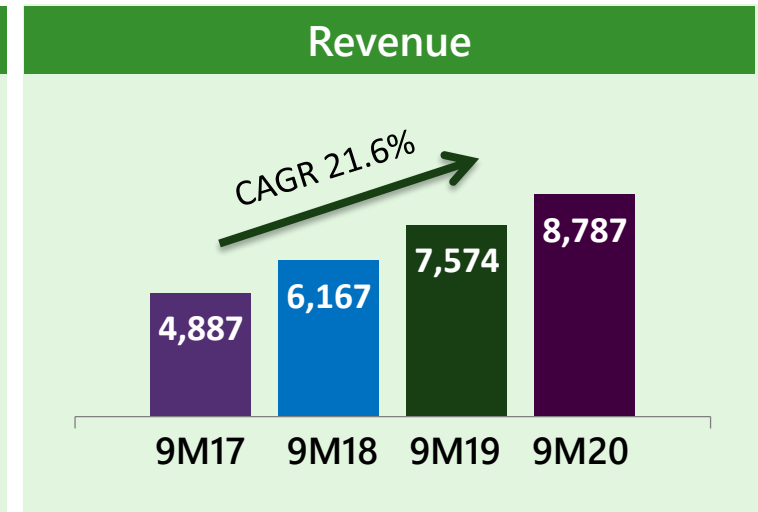
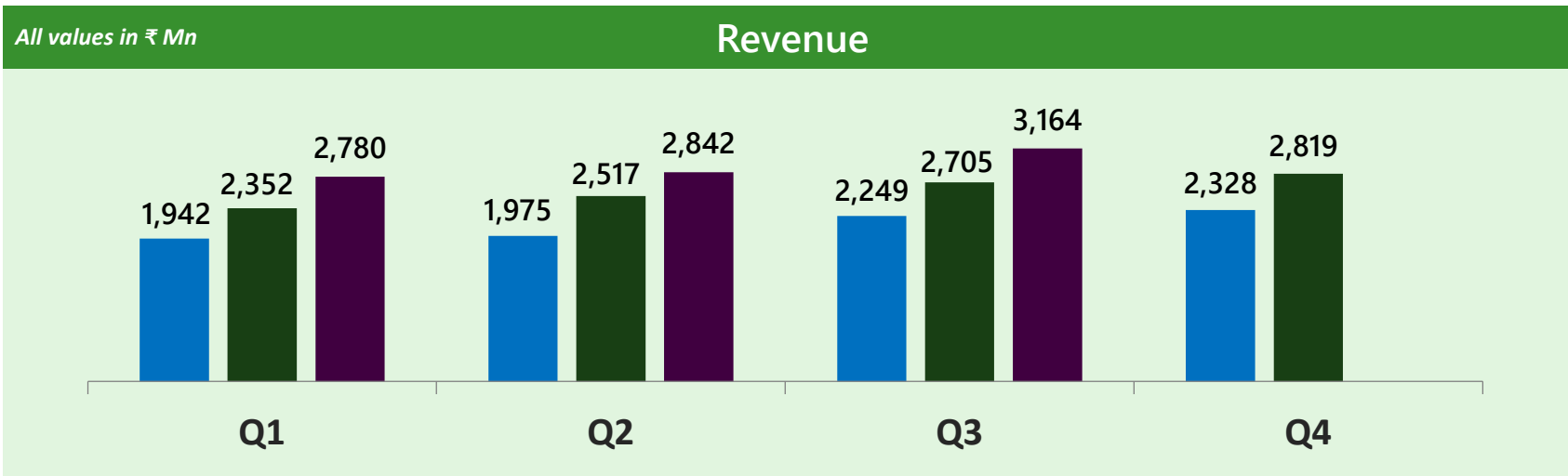
- 1st & World's largest Livestock injectable filed in EU
- Filings Planned FY21 – 4 (3 Inj., 1 tab.)

Financials

Sequent
Proven Ability In Life Sciences



Relentless Execution



 FY18  FY19  FY20

Consolidated Financials

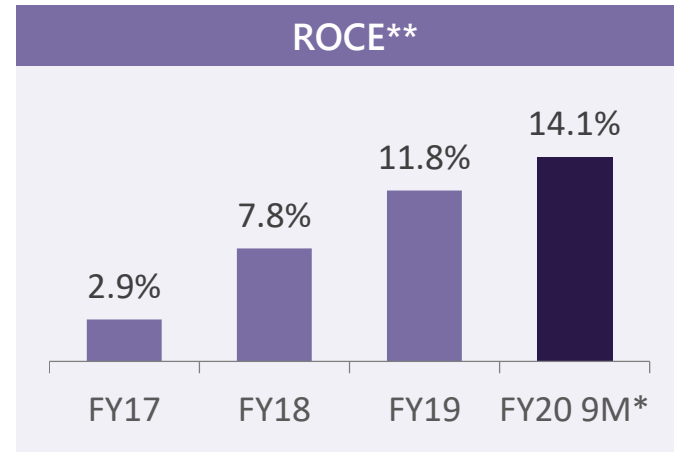
PARTICULARS	Q3 FY20 Unaudited	Q2 FY20 Unaudited	Q3 FY19 Unaudited	9M FY20 Unaudited	9M FY19 Unaudited	FY19 Audited
Revenue from Operations	3,164	2,842	2,705	8,787	7,574	10,393
Material Consumption	(1,617)	(1,508)	(1,412)	(4,557)	(3,988)	(5,430)
Gross Margin	1,547	1,335	1,293	4,230	3,586	4,963
%	48.9%	47.0%	47.8%	48.1%	47.3%	47.8%
Operating Expenses	(1,063)	(957)	(938)	(2,983)	(2,661)	(3,635)
EBITDA	484	378	355	1,247	924	1,327
%	15.3%	13.3%	13.1%	14.2%	12.2%	12.8%
Exchange Gain / (Loss)	16	(6)	2	9	(65)	(77)
Other Income	10	60	20	83	63	87
Finance Cost	(96)	(78)	(83)	(264)	(239)	(328)
Depreciation	(131)	(125)	(112)	(375)	(310)	(419)
Earnings Before Tax	283	228	182	699	373	589
Taxes	(42)	16	(26)	(61)	(17)	(20)
Earnings After Tax	241	245	156	638	356	569
Minority Interest	38	32	26	107	40	82
Earnings after Minority Interest	203	213	130	531	315	487

Key Balance Sheet items

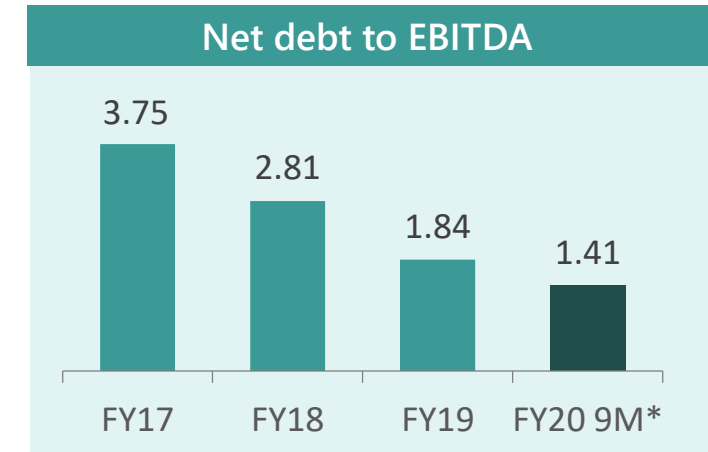
All values in ₹ Mn

Particulars	Dec-19	Sep-19
Shareholders' funds	7,342	6,878
Minority Interest	428	401
Net Debt	2,340	2,736
Investments	1,440	1,226
Tangible Assets [#]	3,576	3,555
Intangible Assets	2,833	2,777
Working Capital	3,004	3,208

[#] Lease assets under Ind (AS) shown as Tangible assets



*9M Annualised **Adjusted for investments



Highlights

- Operating leverage drives ROCEs higher
- Net Debt to EBITDA declines to 1.41x, adjusted for investments at 0.55x
- Net Working Capital days improves by 15 days
- Strong cash flow generation of ₹465Mn brings down net debt

FY20 Outlook

Sequent
Proven Ability In Life Sciences



Remain confident on achieving FY20 outlook



FY20 Outlook

- High-teen revenue growth
- 200+ bps margin expansion



9M FY20 status

- 16.0% revenue growth
- 200 bps margin expansion



Thank You

SeQuent Scientific Limited

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