



Earnings Presentation

Q2 & H1 FY19

NOVEMBER 2, 2018

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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.



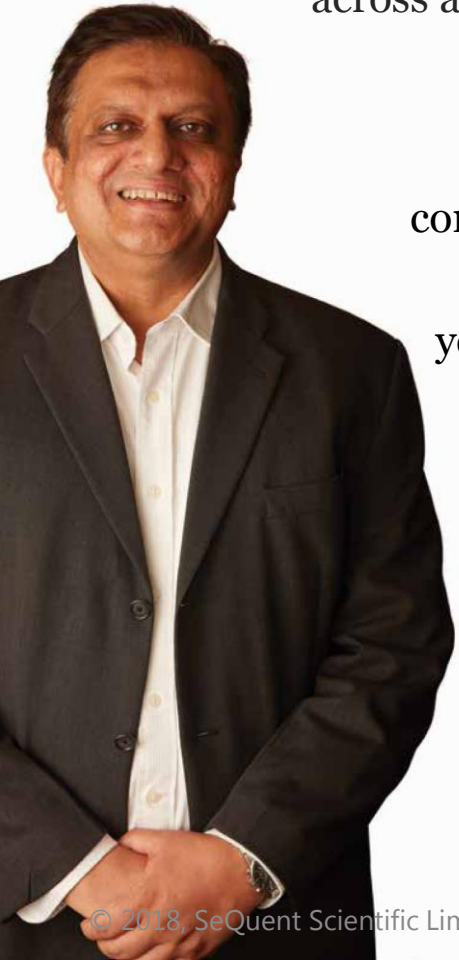
Q2 & H1 FY19 Performance Review

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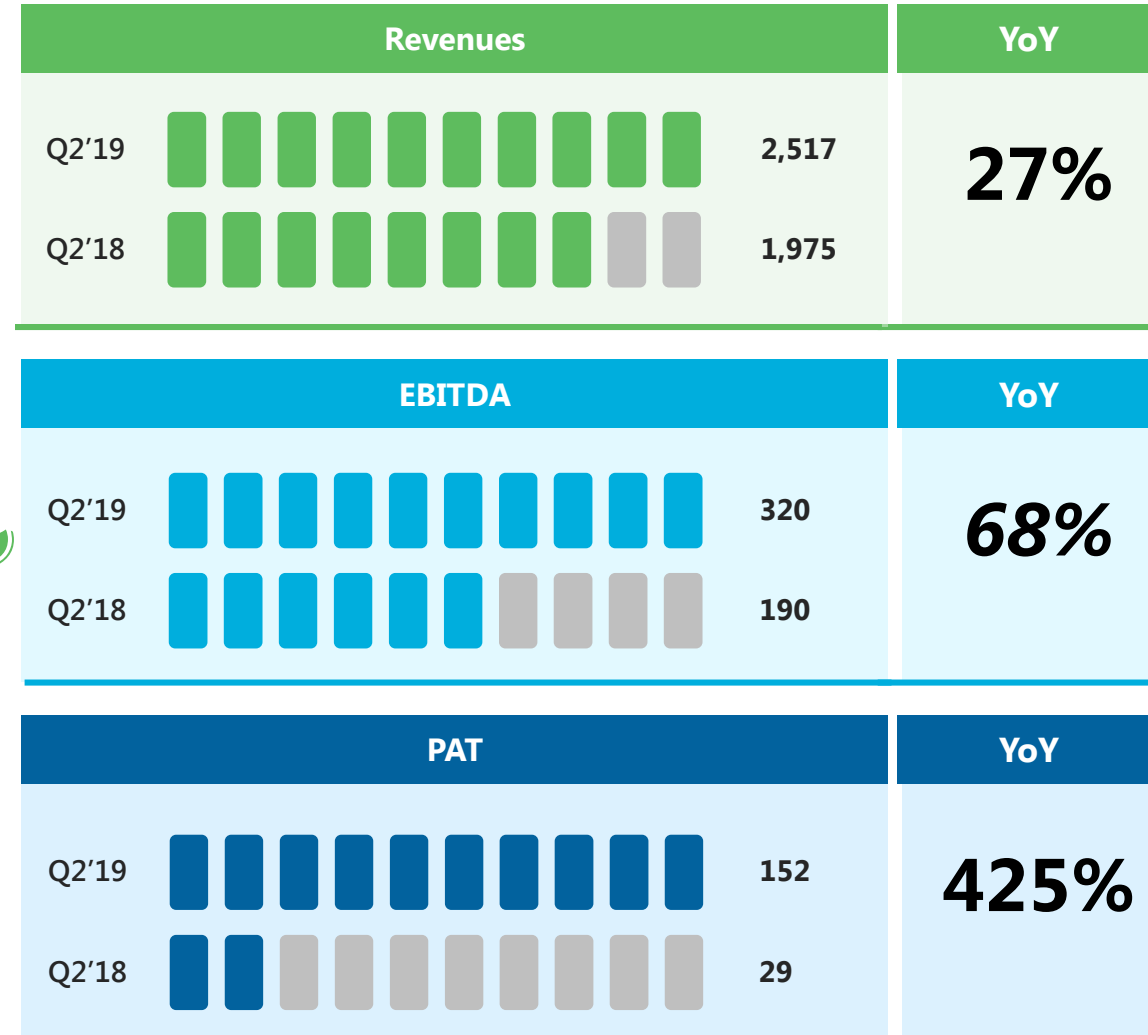
Consistent performance over quarters

“ We delivered robust 27% growth in revenue & 310 basis points margin expansion driven by improved performance across all business verticals. This has resulted in 4 fold increase in profitability for the quarter.

This is the tenth consecutive quarter of consistent growth. We believe this is the result of the well defined strategy we set ourselves few years ago and our relentless focus on execution.”



Manish Gupta
Managing Director, Sequent



All values in ₹ Mn

Strong performance across businesses

Revenue Distribution	Q2'19	Q2'18	YoY%	YoY% (Constant currency)
Formulations	1,777	1,449	22.7%	25.7%
<i>Europe</i>	902	720	25.3%	16.1%
<i>Turkey</i>	224	246	-8.8%	34.7%
<i>Emerging Markets</i>	402	279	44.0%	32.2%
<i>LATAM</i>	249	204	22.4%	40.2%
APIs	740	527	40.4%	28.7%
Global Sales	2,517	1,975	27.4%	26.5%

Revenue Distribution	H1'19	H1'18	YoY%	YoY% (Constant currency)
Formulations	3,527	2,870	22.9%	22.3%
<i>Europe</i>	1,829	1,440	27.0%	15.2%
<i>Turkey</i>	467	491	-4.9%	25.4%
<i>Emerging Markets</i>	776	545	42.4%	33.7%
<i>LATAM</i>	456	394	15.6%	28.9%
APIs	1,342	1,048	28.1%	18.7%
Global Sales	4,869	3,918	24.3%	21.4%

Key Highlights

Overall business delivered strong 27.4% growth YoY

- **API business** grew 40.4% - strategic focus on global top 10 animal health players bearing fruit
 - Revenue contribution from global top 10 animal health players stands at 39% vs. 28% in H1 FY16
 - Well poised to capitalise on the increasing API opportunities, given the challenges in global supply chain
- **Formulations business** grew 22.7% - significantly ahead of single digit industry growth
 - Regulated markets contribute over 50% of sales
 - Sequential improvement in Turkey post regulatory changes in Q1, on track for normalcy in H2



Q2 & H1 FY19 Business Review

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APIs

Scaling the capability curve

Revenues in ₹ Mn

H1 FY19	H1 FY 18	YoY%
1,342	1,048	28.1%

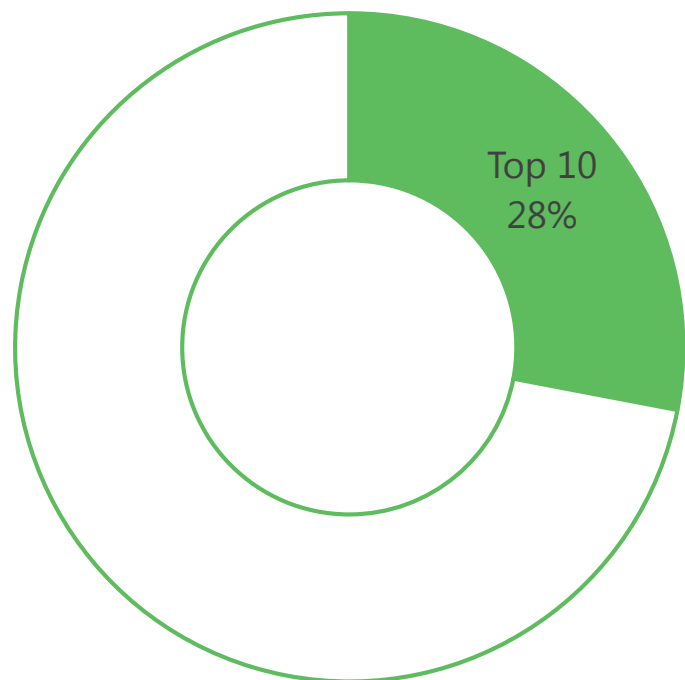


Key Highlights

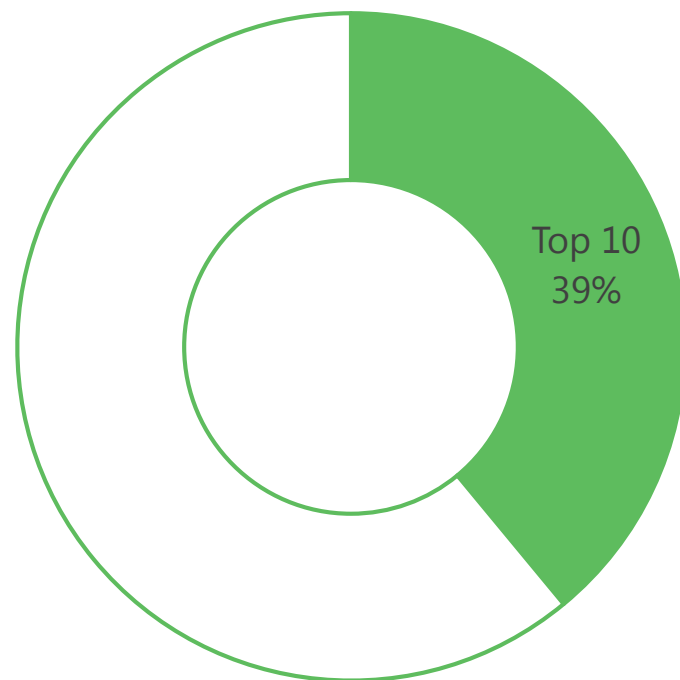
- ✓ Commercial supplies commenced to US, the largest animal health market
 - ✓ Largest filings amongst generic animal health companies in US
- ✓ Margin expansion through focus on better business mix and asset utilisation
 - ✓ Deepening key customer relationships
- ✓ New product strategy around patent expiry and market scarcity

Deepening key customer relationships

API Sales



H1 FY16



H1 FY19

Growth Driven by Global Top 10

51%

Incremental sales between H1 FY 16 and H1 FY 19 from Global top 10 animal health

Acquired EU-GMP API facility at Mahad

Complements our current manufacturing at Vizag (USFDA approved) and Tarapur (Intermediates)

Comprehensive manufacturing facility spread over 6 acres of land with 23 reactors having cumulative capacity of 76KL

Approved by EU-GMP & COFEPRIS Mexico, WHO-Geneva approval expected shortly

Major products: Albendazole and Ricobendazole

Consideration of ₹ 464 Mn, including working capital

Acquisition effective 1st August 2018

Formulations

Leading revenue driver

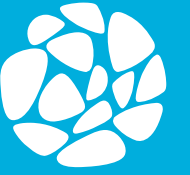
Revenues in ₹ Mn

H1 FY19	H1 FY 18	YoY%
3,527	2,870	22.9%

35+ Products Under Development	80+ Countries with marketing presence	20+ Products Launched	50%+ Sales to regulated markets
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Key Highlights

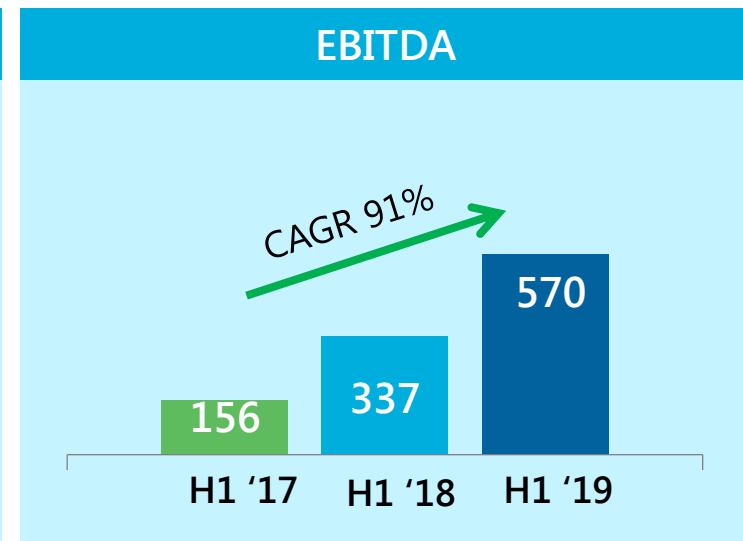
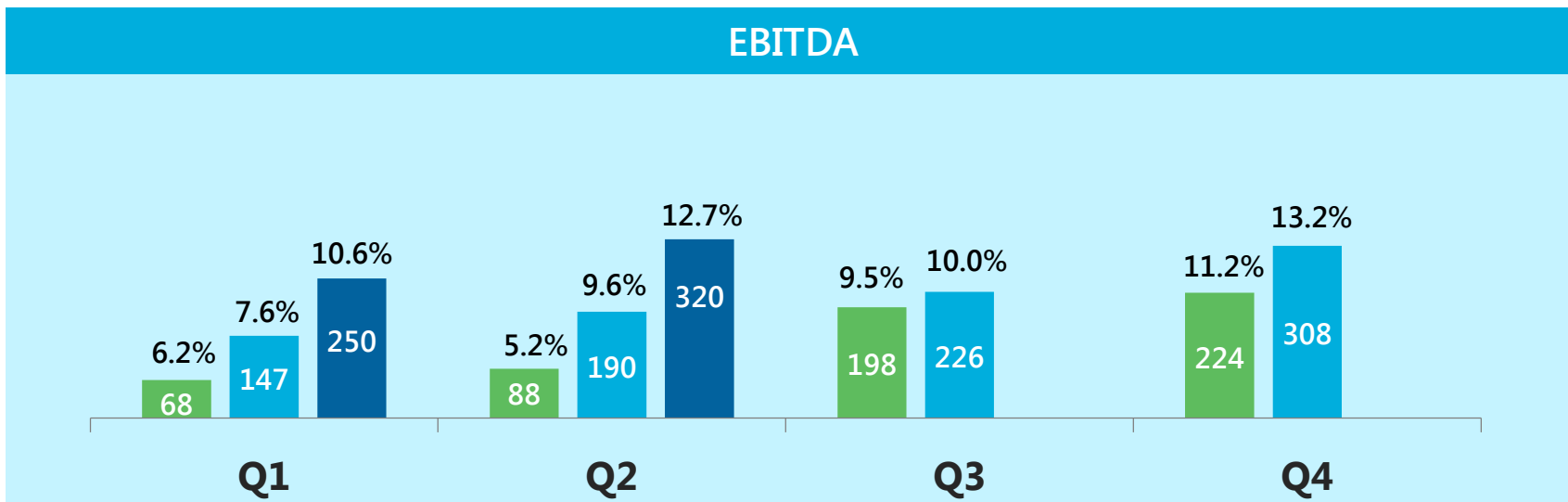
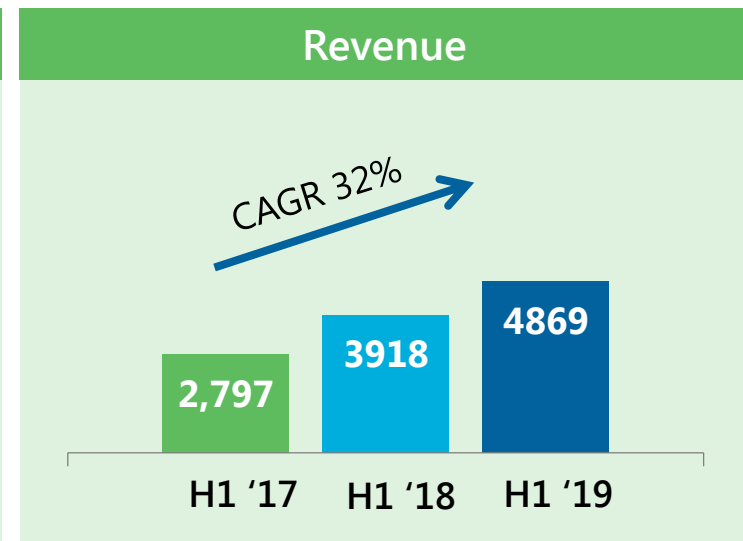
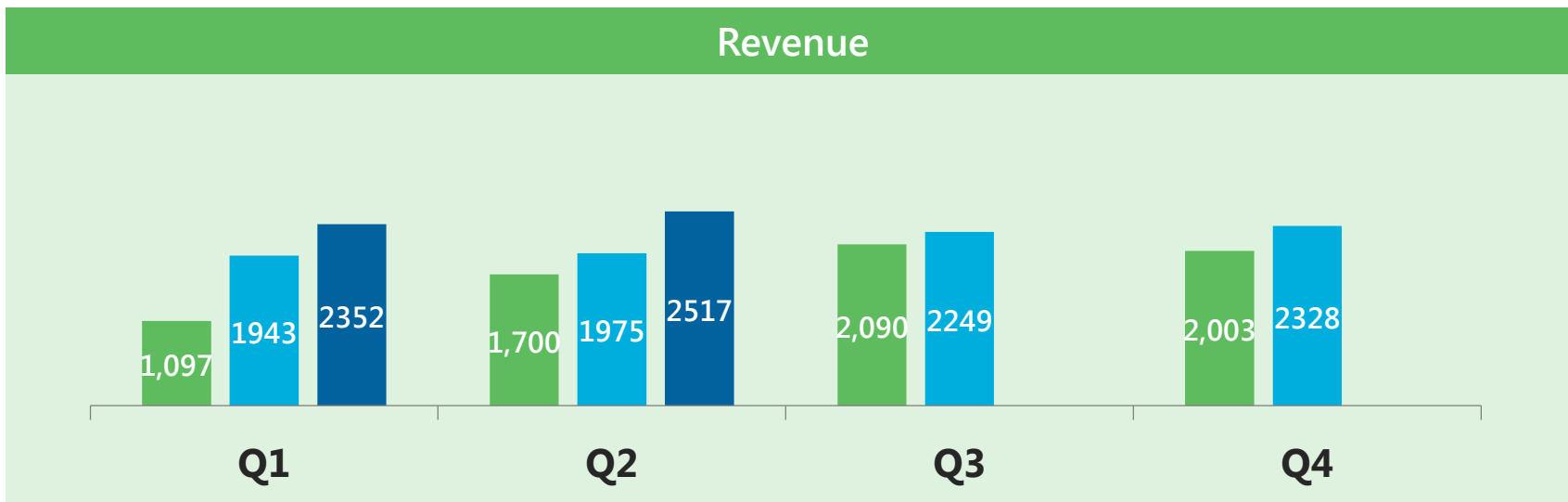
- ✓ Robust growth across geographies, driven by 20+ launches and improved market share across key products
- ✓ Turkey – Sequential improvement with strong 25% growth in constant currency
- ✓ Bremer - On track for sustainable break-even by end of FY 19
- ✓ Strong R&D pipeline to maintain growth momentum – 35+ products under development



Consistent delivery

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Delivering consistent outcome over 10 quarters



Consolidated Income Statement

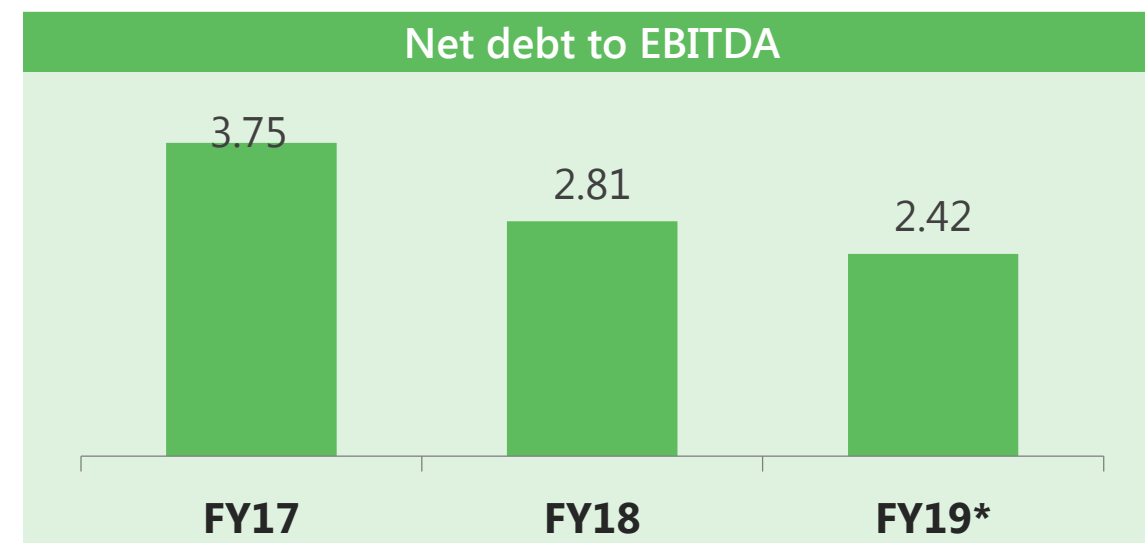
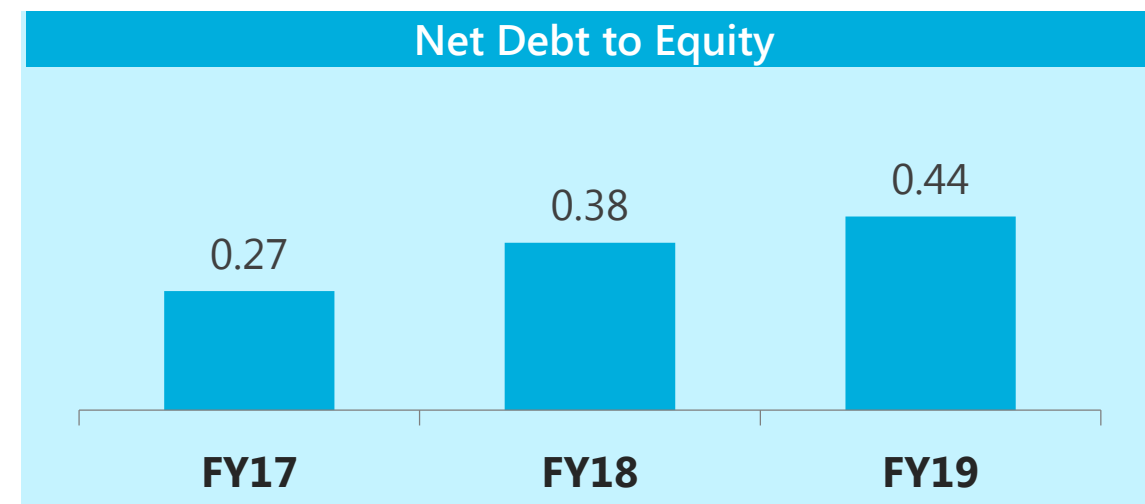
All values in ₹ Mn

PARTICULARS	Q2'19 Unaudited	Q1'19 Unaudited	Q2'18 Unaudited	H1'19 Unaudited	H1'18 Unaudited	FY18 Audited
Revenue from Operations	2,517	2,352	1,975	4,869	3,918	8,494
Material Consumption	(1,310)	(1,264)	(1,128)	(2,576)	(2,189)	(4,625)
Gross Margin	1,207	1,086	847	2,293	1,729	3,869
%	47.9%	46.2%	42.9%	47.1%	44.1%	45.6%
Operating Expenses	(887)	(836)	(657)	(1,723)	(1,392)	(2,998)
EBITDA	320	250	190	570	337	871
%	12.7%	10.6%	9.6%	11.7%	8.6%	10.3%
Exchange Gain / (Loss)	(42)	(25)	(1)	(67)	2	(41)
Other Income	24	18	66	43	102	166
Finance Cost	(78)	(78)	(74)	(156)	(135)	(331)
Depreciation	(102)	(96)	(101)	(198)	(201)	(413)
Exceptional Items	-	-	-	-	-	(15)
Earnings Before Tax	122	69	80	191	105	237
Taxes	33	(24)	(38)	9	(58)	(135)
Minority Interest	(3)	(12)	(13)	(15)	(13)	(93)
Earnings After Tax	152	33	29	185	35	102

Key Balance Sheet items

All values in ₹ Mn

Particulars	Mar-18	Sep-18	Comments
Shareholders' funds	6,476	6,254	Fair valuation of Strides / Solara shares
Minority Interest	370	416	
Borrowings	3,049	3,405	Mahad acquisition
Cash	598	648	
Investments	2,217	1,608	Fair valuation of Strides / Solara shares
Tangible Assets	2,269	2,514	Mahad and Bremer
Intangible Assets	2,671	2,905	Currency impact
Working Capital	2,486	2,446	

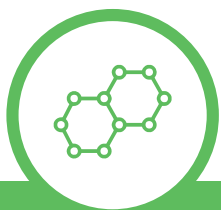


*EBITDA is H1 annualised



FY 19 Drivers

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APIs

- API business to accelerate, driven by commercialisation in US and Mahad
- Increasing penetration with 'Top 10' global animal health companies
- 4 new products to be validated, more filings in both US and EU
- 14+ API Pipeline



Formulations

- Maintain above industry growth across geographies
- Bremer to achieve breakeven by Q4'19
- 5 new product validations planned (including 2 injectables)
- 35+ FDF Pipeline



H1 Performance

- Revenue up 27% YoY
- EBITDA expansion 310 bps YoY
- Regulatory tailwinds aiding near to mid term momentum in API sales
- Regulated and key EMs driving formulation growth



FY 19

- Business on track to achieve FY19 objectives**
- 200 bps margin expansion
 - High-teen revenue growth

Sequent
Proven Ability In Life Sciences



ALIVIRA

Thank You

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