

SeQuent Scientific Announces Q1 FY20 Financial Results

**Revenues at Rs. 2,780 mn up by 18%, EBITDA at Rs.385 mn up by 54%
PAT at Rs. 115 Mn, up 3.5x**

Mumbai, July 31, 2019

SeQuent Scientific Limited (SeQuent), which has businesses across Animal Health (Alivira) & Analytical Services today announced its financial results for the quarter ended June 30, 2019.

Consolidated Financial Highlights

	Rs. in millions		
	Q1FY20	Q1FY19	Growth (%)
Revenues	2,780	2,352	18.2%
EBITDA	385	250	54.2%
EBITDA %	13.9%	10.6%	330bps
PAT	115	33	3.5x
Net margin %	4.1%	1.4%	270bps

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

Commenting on the Company's performance, **Manish Gupta, Managing Director** stated *"We have started the new financial year on a positive note and carried forward the growth momentum of the previous year. The first quarter has seen **revenue** growth of 18.2% (**22.4% on constant currency terms**) while our **EBITDA** has grown by 54%, with a **330 bps margin expansion**."*

The growth was strong all-round, API grew 46.2% and formulations at 14.6% on a constant currency basis. The performance is even more satisfying given the challenging environment of extreme weather (India & EU) and currency (EU & Turkey).

We stay confident of delivering our FY20 objectives, both in terms of strategic deliverables and financial outcomes."

Earnings Call with Investors

The Company will conduct an Earnings call at **3:00 PM IST on July 31, 2019** 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.



Earnings Presentation

Q1 FY20

July 31, 2019

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Disclaimer

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.



Q1 FY20 Performance Review

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Secular Growth



We have started the new financial year on a positive note and carried forward the growth momentum of the previous year. The first quarter has seen revenue growth of 18.2% (22.4% on constant currency terms) while our EBITDA has grown by 54%, with a 330 bps margin expansion.

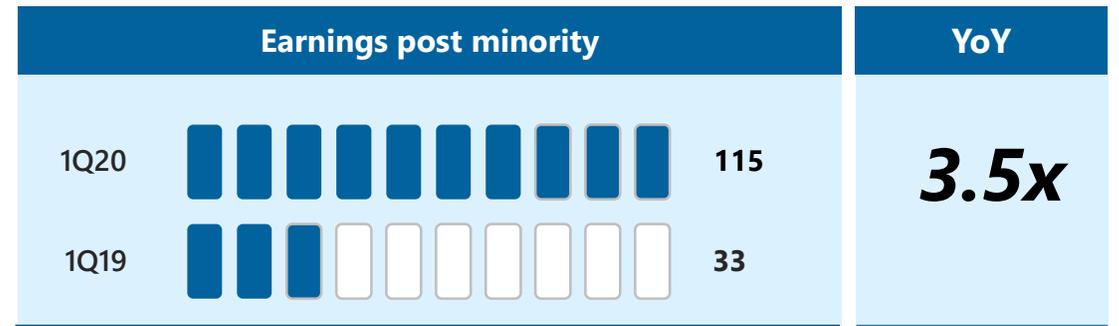
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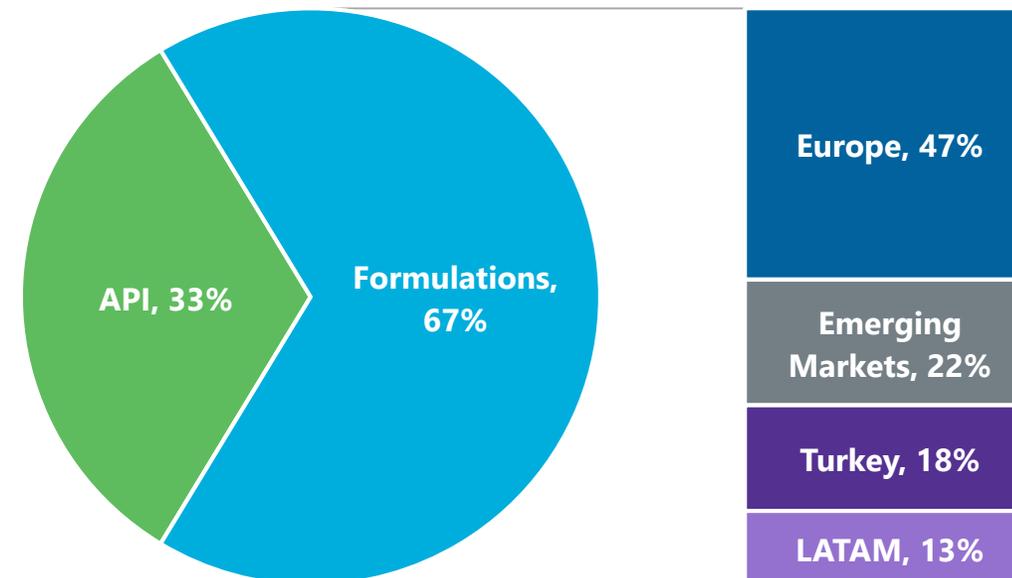
Manish Gupta, Managing Director, Sequent

All values in ₹ Mn



Mixed performance across segments

Revenue Distribution	Q1'20	Q1'19	YoY%	YoY% (Constant currency)
Formulations	1,874	1,750	7.1%	14.6%
Europe	882	927	(4.9%)	(2.8%)
Turkey	342	243	40.8%	82.2%
Emerging Markets	408	374	9.4%	9.7%
LATAM	241	206	16.8%	22.1%
APIs	907	602	50.7%	46.2%
Global Sales	2,780	2,352	18.2%	22.4%



Key Highlights

For Q1'20 : Overall business grew at 22.4% on constant currency (cc) basis. Euro decline by 2.1%, TL decline by 22.7%, partly offset by Rupee decline by 3.8% against the USD

- **API business** grew 46.2% on the back of increasing penetration with top 10 animal health players
- **Formulations business** grew 14.6% driven by strong growth across all geographies (except EU), compared to industry growth of 4%



Q1 FY20 Business Review

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Formulations

Value creation

Revenues in ₹ Mn

1Q20	1Q19	YoY% (cc)
1,874	1,750	14.6%

35+

Products Under Development

80+

Countries with marketing presence

18

Launches

50%+

Sales to regulated markets

Key Highlights

- ✓ Robust performance across geographies, except EU
- ✓ Strong recovery in Turkey; recovered with a growth of 82.2% - currency weakness continues
- ✓ Emerging markets grew 9.7%, overcoming challenging weather conditions in India (heat-wave)
- ✓ LATAM grows at a healthy 22.1% with both Brazil and Mexico witnessing steady growth
- ✓ EU performance below expectations with a decline of 2.8%
 - ✓ Brexit challenge continues, impacting supply chain
 - ✓ Unprecedented weather conditions in parts of EU

APIs

Scaling the capability curve

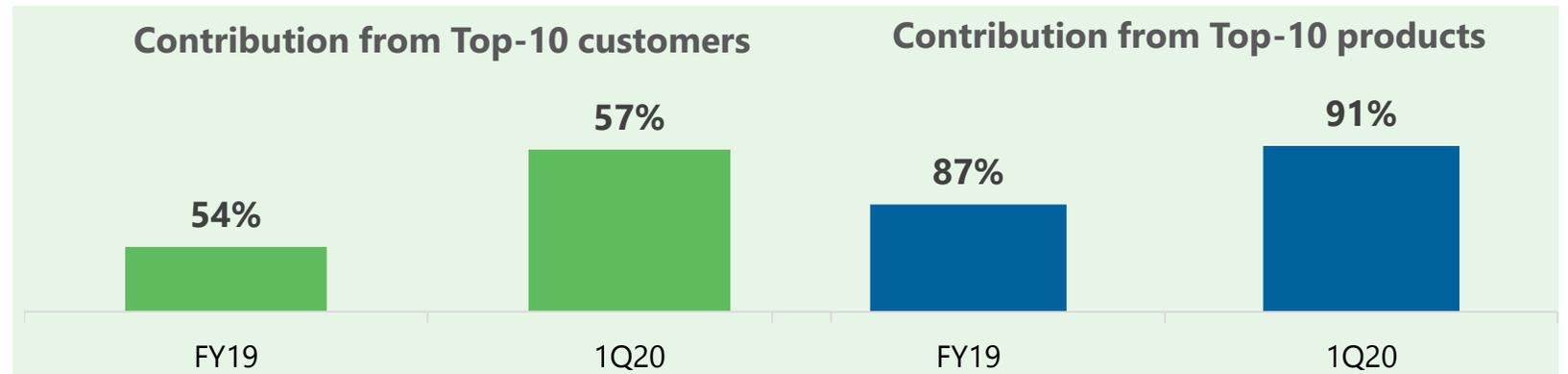
Revenues in ₹ Mn

1Q20	1Q19	YoY% (cc)
907	602	46.2%



Key Highlights

- ✓ Margin expansion through higher priced business – Driven by focus on regulated markets/customers and high value products
- ✓ Sweating of Assets – Improving fixed asset turn for the business, now exceeds 2.0x



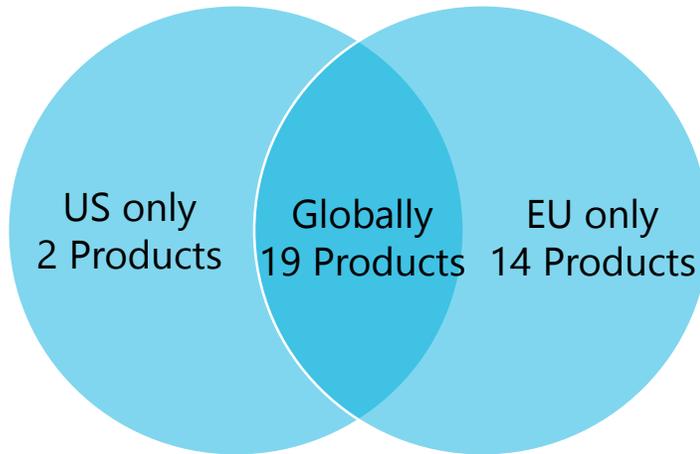
Scaling value curve

API

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

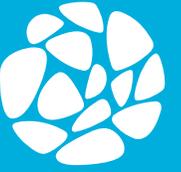
- ✓ 1 US filing during the quarter, total 18

Formulations



- ✓ Expanded R&D team in India, adept to execute 10+ projects per annum
- ✓ 20+ new filings in US in next 3 years
- ✓ Developed capabilities to execute ecotoxicity studies and Bio Equivalence studies in India - 30%+ cost reductions
- ✓ On-track for first US injectable filing in FY21

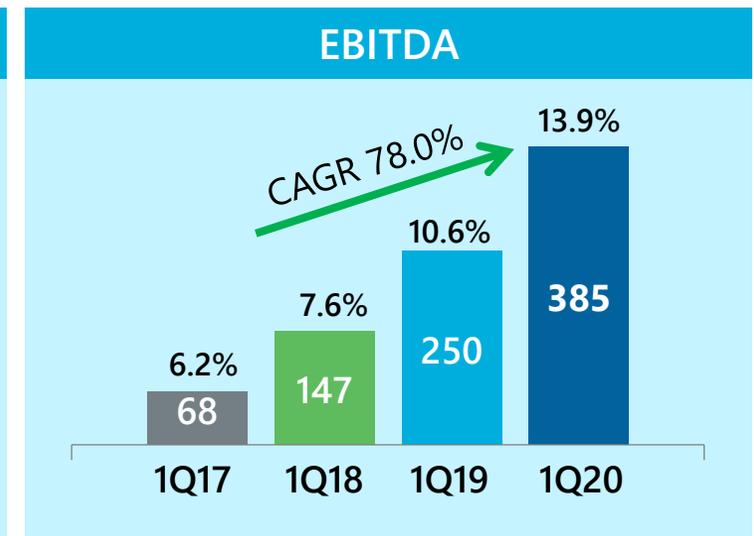
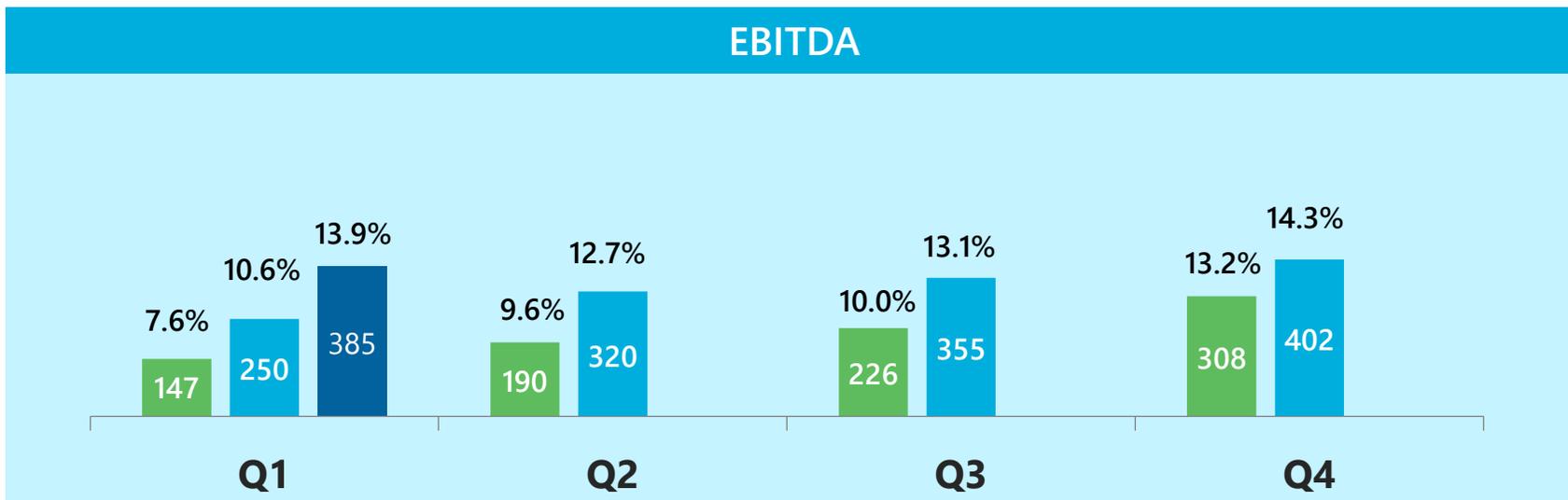
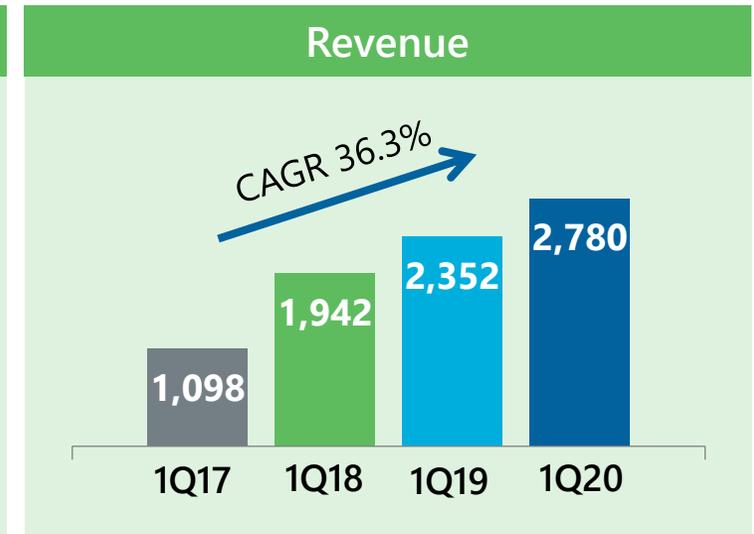
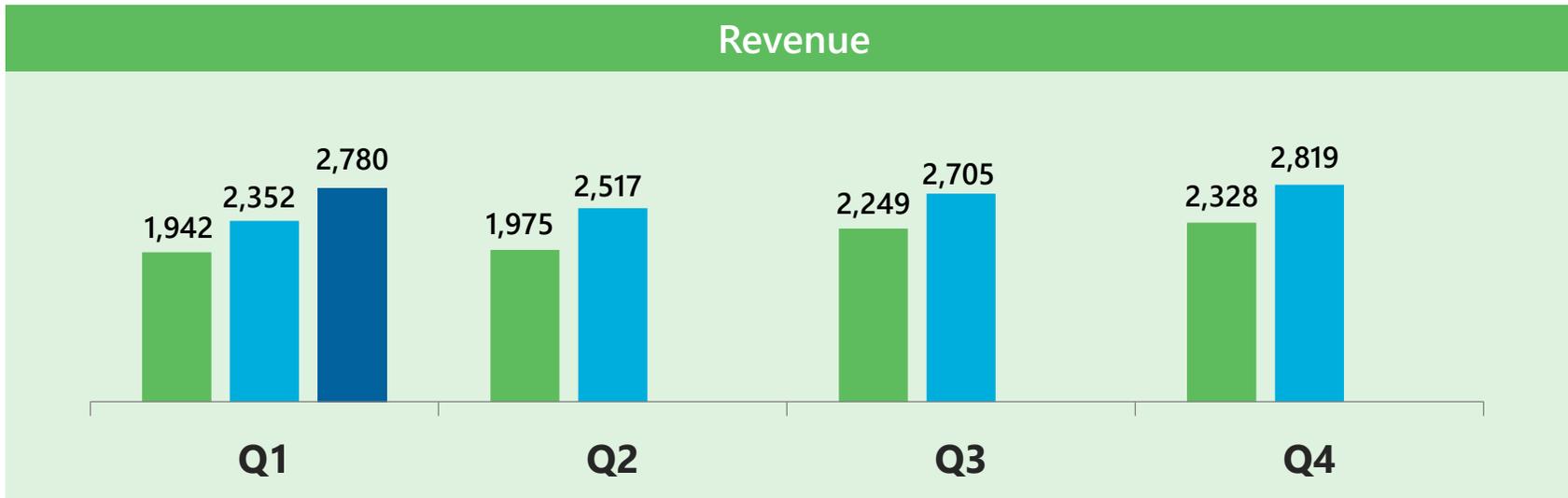
Portfolio of 35+ products under development, market opportunity of \$ 1 Bn+



Consistent delivery

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Delivering consistent outcome



■ FY17 ■ FY18 ■ FY19 ■ FY20

Consolidated Financials

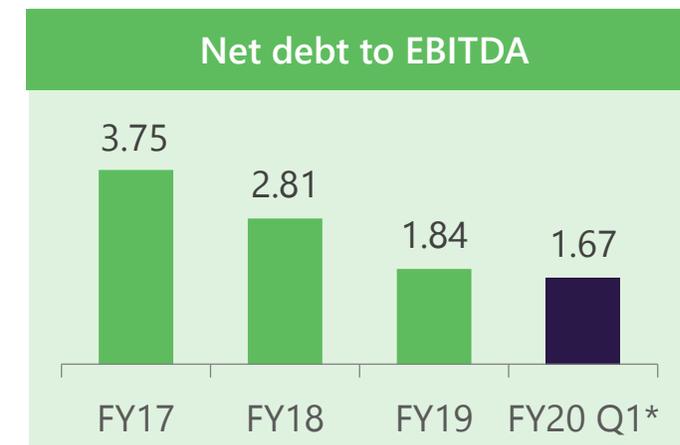
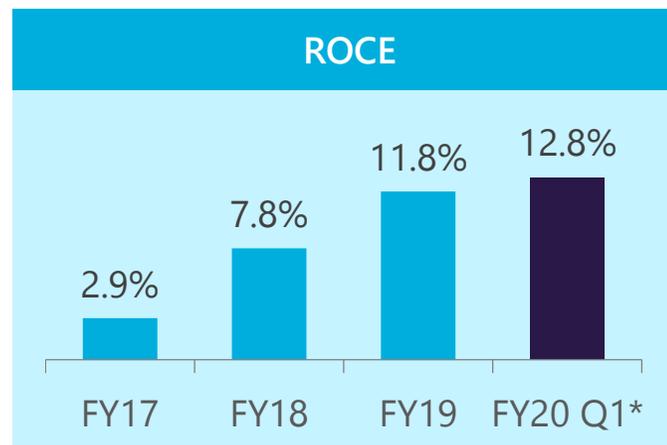
All values in ₹ Mn

PARTICULARS	Q1'20 Unaudited	Q4'19 Audited	Q1'19 Unaudited	FY19 Audited	FY18 Audited
Revenue from Operations	2,780	2,819	2,352	10,393	8,494
Material Consumption	(1,431)	(1,442)	(1,265)	(5,430)	(4,625)
Gross Margin	1,349	1,377	1086	4,963	3,870
%	48.5%	48.9%	46.2%	47.8%	45.6%
Operating Expenses	(964)	(974)	(837)	(3,635)	(2,999)
EBITDA	385	402	250	1,327	871
%	13.9%	14.3%	10.6%	12.8%	10.3%
Exchange Gain / (Loss)	(1)	(12)	(25)	(77)	(41)
Other Income	13	24	18	87	166
Finance Cost	(90)	(89)	(78)	(328)	(331)
Depreciation	(120)	(109)	(96)	(419)	(413)
Exceptional Items	-	-	-	-	(15)
Earnings Before Tax	188	216	69	589	236
Taxes	(35)	(3)	(24)	(20)	(135)
Earnings After Tax	153	213	45	569	102
Minority Interest	38	42	12	82	93
Earnings after Minority Interest	115	171	33	487	9

Key Balance Sheet items

All values in ₹ Mn

Particulars	Jun-19	Mar-19
Shareholders' funds	6,931	7,067
Minority Interest	406	403
Net Borrowings	2,574	2,452
Investments	1,569	1,797
Tangible Assets	2,447	2,442
Intangible Assets	3,882	2,765
Working Capital	2,846	2,640



*Quarter Annualised

Commentary

- Impact of Ind-AS 116 on Intangible assets
 - Leasehold land reclassification → ₹ 626Mn
(Land at Vizag, Mahad and Tarapur)
 - Other leased assets (Right to use) → ₹ 511Mn
(Various other arrangements like warehouses, equipment's and vehicles)
- Net Debt to EBITDA improved from 1.84 last year to 1.67 for Q1 annualised



FY20 Outlook

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Delivered on Expectations



FY20 Outlook

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



1Q FY20 status

- Revenue up 18%
- EBITDA expansion 330 bps YoY

Sequent
Proven Ability In Life Sciences



ALIVIRA

Thank You

SeQuent Scientific Limited

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