



Earnings Presentation

Q4 & FY19

MAY 14, 2019

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Q4 & FY19 Performance Review

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Momentous Year

“ This has been a year of strong performance wherein our Revenue and EBITDA grew by 22% and 52% respectively, with a 250 bps margin improvement and a 5.6x growth in PAT. The all-round growth was fueled by execution excellence across both APIs and formulations.

We have significantly scaled up our capabilities during FY19 with the addition of an injectable manufacturing facility in EU, expanding our formulations R&D capabilities and commercialisation of two products in US from our API facility in Vizag.

With the twin levers of scale and operating efficiencies playing out, our return ratios have improved resulting in robust operational cashflow. This reflects in the upward revision of credit rating during the year to **A-**.

With a differentiated strategy, favourable environment and all the building blocks in place, we are well on course to create sustainable value for our stakeholders. ”

Manish Gupta, *Managing Director, Sequent*

Results at a glance

All values in ₹ Mn

FY2019	Revenues		YoY
	FY19	 10,393	22%
	FY18	 8,495	
	EBITDA		YoY
FY19	 1,327	52%	
FY18	 871		
PAT		YoY	
FY19	 570	5.6x	
FY18	 102		

Q4 FY2019	Revenues		YoY
	4Q19	 2,819	21%
	4Q18	 2,328	
	EBITDA		YoY
4Q19	 402	31%	
4Q18	 308		
PAT		YoY	
4Q19	 214	2.5x	
4Q18	 84		

Board recommends a dividend of ₹0.2 per equity share (10%)

Strong performance across businesses

Revenue Distribution	FY19	FY18	YoY%	YoY% (Constant currency)
Formulations	7,145	6,307	13.3%	13.8%
<i>Europe</i>	3,664	3,168	15.7%	7.8%
<i>Turkey</i>	962	1,160	(17.1%)	7.4%
<i>Emerging Markets</i>	1,583	1,163	36.1%	25.5%
<i>LATAM</i>	937	816	14.8%	24.3%
APIs	3,248	2,188	48.5%	38.3%
Global Sales	10,393	8,495	22.4%	21.5%

Revenue Distribution	Q4'19	Q4'18	YoY%	YoY% (Constant currency)
Formulations	1,807	1,750	3.3%	7.2%
<i>Europe</i>	890	817	8.9%	7.6%
<i>Turkey</i>	333	401	(17.1%)	6.5%
<i>Emerging Markets</i>	349	315	10.6%	1.0%
<i>LATAM</i>	236	216	9.2%	15.8%
APIs	1,012	578	75.0%	63.8%
Global Sales	2,819	2,328	21.1%	21.2%

All values in ₹ Mn

Key Highlights

For FY19: Overall business growth of 22.4%

- **API business** grew 48.5% on the back of increasing penetration with top 10 animal health players
- **Formulations business** grew 13.3% compared to industry growth of 4%,
 - Turkey impacted by currency headwinds. Business has grown 7.4% on constant currency (cc) basis
 - Europe grew 7.8% on cc basis, almost twice the industry growth rate

For Q4'19: Overall business grew by 21.1%

- **API Business** grew 75%, 63.8% on cc basis
- **Formulation business** grew 3.3%, growth of 7.2% cc basis.
 - Europe grew 7.6% for the quarter, partially impacted by product availability issues as overhang of Brexit continues

FY19 Business Review

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Formulations

Leading revenue driver

Revenues in ₹ Mn

FY19	FY18	YoY% (cc)
7,145	6,307	13.8%

35+

Products Under Development

80+

Countries with marketing presence

35+

Launches

50%+

Sales to regulated markets

Key Highlights

- ✓ Robust growth across geographies, driven by 35+ launches and improved market share across key geographies
- ✓ Lack of clarity around Brexit continued to cast an overhang and resulted in some supply chain challenges. Europe as a result grew 7.8% which was slightly below our expectations
 - ✓ Launched 18 new products in EU
- ✓ Turkey recovered from the regulatory headwinds and grew 7.4% on constant currency basis
- ✓ Strengthened leadership team – Induction of **Sirjiwan Singh** – Thrust on Injectables development and manufacturing at Bremer
 - ✓ Sirjiwan Singh was earlier responsible for managing a very successful injectable business in Europe for 15+ years

Turkey & Europe

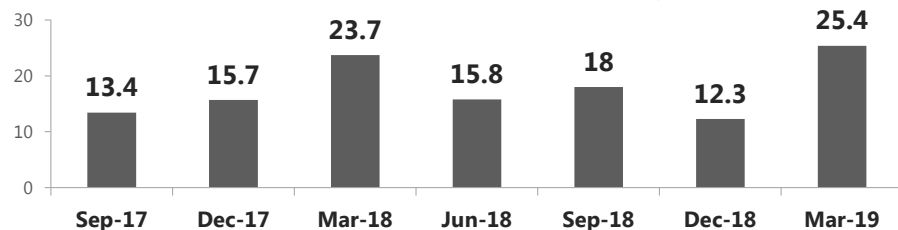
Key Highlights - Turkey

- ✓ Turkey had implemented two key initiatives – E-Prescription and Veterinary Pharmaceutical Product Tracking. Q4 saw normalcy in sales after 3 quarters of slow down due to implementation of these measures
- ✓ Biz. grew 7.4% in challenging environment. However, weakness in currency meant lower rupee realisation despite this growth
- ✓ With regulatory impact behind us, we expect an improved performance in FY20

Key Highlights - Europe

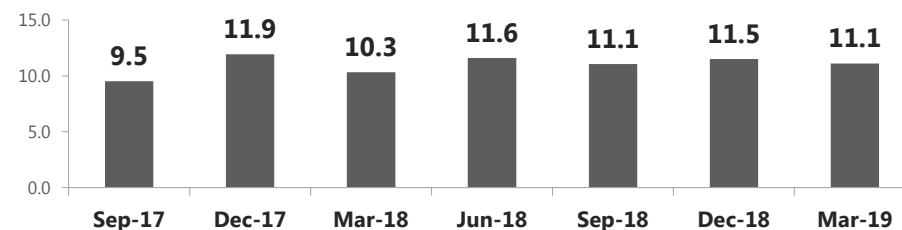
- ✓ Supply chain challenges continue in Europe; region grew 7.8% during the year, over 2x industry growth rate
- ✓ The overhang due to lack on clarity around Brexit to continue into first half of FY20

■ Turkey Revenue in TRY Mn



*Growth is in constant currency (cc)

■ Europe Revenue in Euro Mn



APIs

Scaling the capability curve

Revenues in ₹ Mn

FY19	FY18	YoY% (cc)
3,248	2,188	38.3%

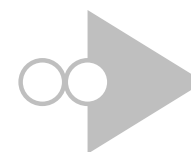
26 Commercial APIs	3 Manufacturing facilities	1.9x Asset turn	50%+ Incremental growth from global top 10 vs FY16
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Key Highlights

- ✓ Margin expansion through focus on regulated markets and high value products
- ✓ Deepening relationships with global top 10 paying off with a new milestone of clocking revenues of Rs. 1.0 billion in a single quarter from API
- ✓ Fixed Asset turn for the business now exceeds 1.9x for the year and we expect growth momentum to sustain
- ✓ US Business driving growth with commercialisation of 2nd product
- ✓ Entry into the highly regulated Japanese market with successful registration of 2 products

Growth driven by top-5 customers

Customer	Growth FY19 vs. FY18	% Contribution of sales
Customer A	2.0x	11%
Customer B	2.3x	8%
Customer C	2.7x	7%
Customer D	5.0x	5%
Customer E	1.9x	5%



2.4x

Growth with top-5 customers

54%

Contribution of top 10 customers to API sales

Scaling value curve

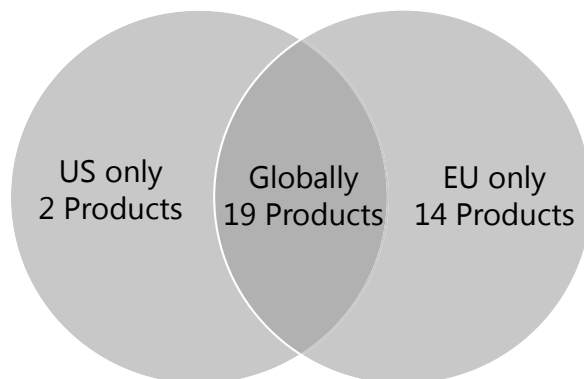
API

Pipeline	US filed / approved	EU-CEP approvals
14	17	10

- ✓ 5 US and 3 CEP filings during the year

Formulations

Pipe Line of 35+ products



- ✓ Expanded R&D team in India, adept to execute 10+ projects per annum
- ✓ 20+ new filings in US in next 3 years with a market size of US\$ 500Mn+
- ✓ Developed capabilities to execute ecotoxicity studies and Bio Equivalence studies in India - 30%+ cost reductions
- ✓ First US injectable filing expected in Q2 FY20

Validated world's largest injectable product with an addressable market of USD 100mn+ at our facility in Germany

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Proven Ability In Life Sciences



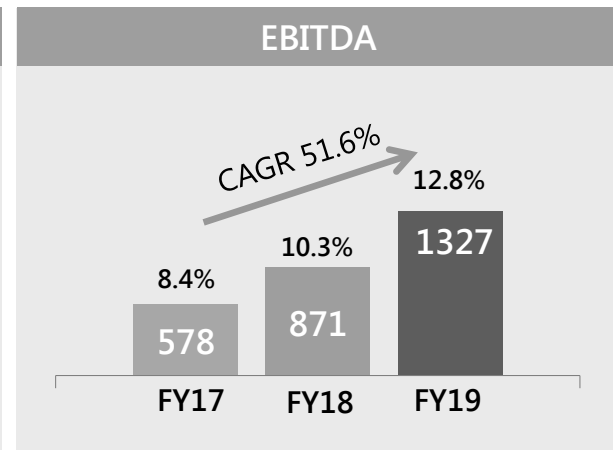
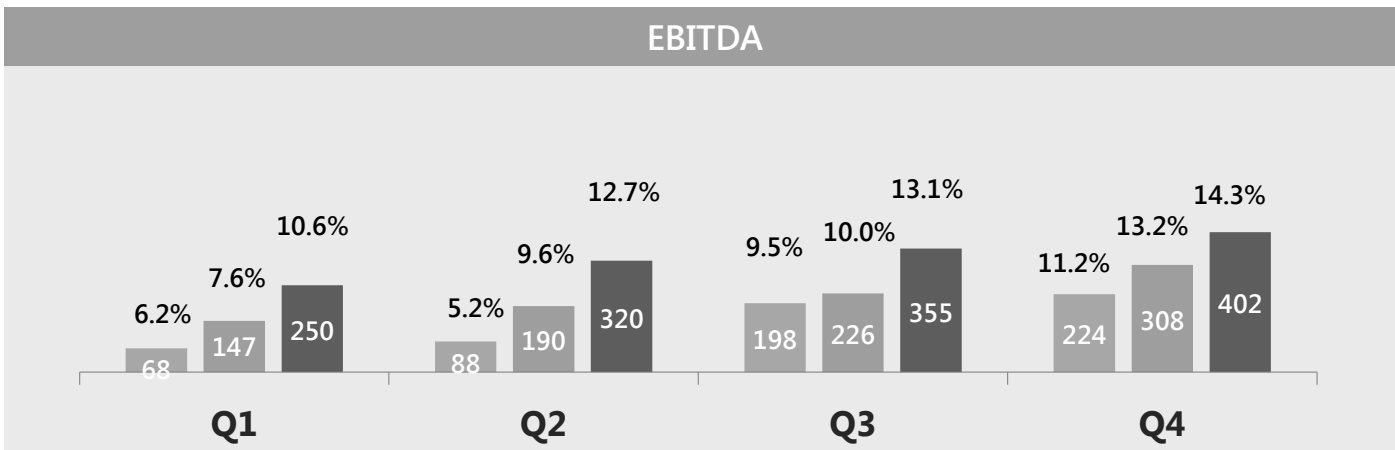
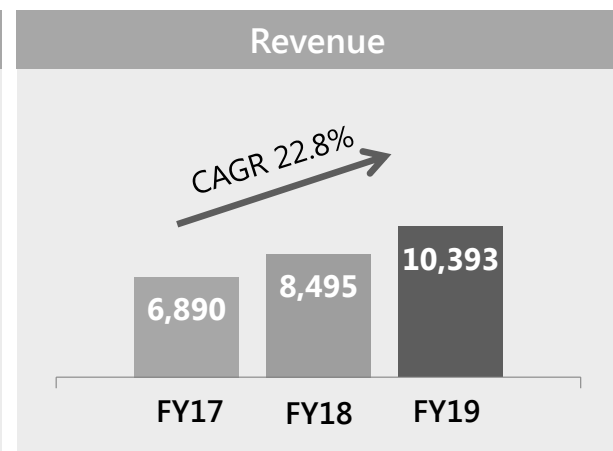
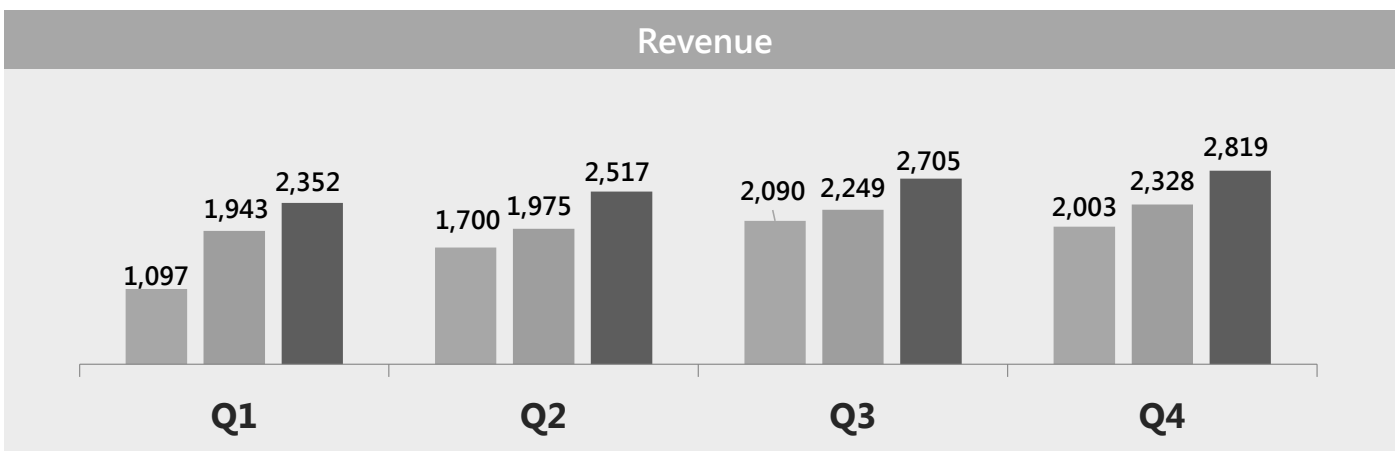
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Consistent delivery

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Delivering consistent outcome



■ FY17 ■ FY18 ■ FY19

Consolidated Financials

All values in ₹ Mn

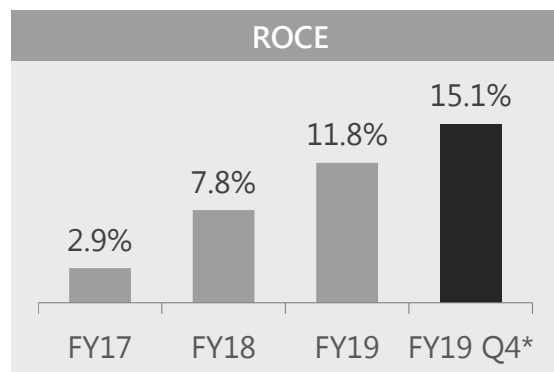
PARTICULARS	Q4'19 Audited	Q3'19 Unaudited	Q4'18 Audited	FY19 Audited	FY18 Audited
Revenue from Operations	2,819	2,705	2,328	10,393	8,494
Material Consumption	(1,442)	(1,413)	(1,235)	(5,430)	(4,625)
Gross Margin	1,377	1,293	1,093	4,963	3,870
%	48.9%	47.8%	46.9%	47.8%	45.6%
Operating Expenses	(974)	(938)	(785)	(3,635)	(2,999)
EBITDA	402	355	308	1,327	871
%	14.3%	13.1%	13.2%	12.8%	10.3%
Exchange Gain / (Loss)	(12)	2	(6)	(77)	(41)
Other Income	24	20	29	87	166
Finance Cost	(89)	(83)	(97)	(328)	(331)
Depreciation	(109)	(112)	(95)	(419)	(413)
Exceptional Items	-	-	(15)	-	(15)
Earnings Before Tax	216	182	125	589	236
Taxes	(3)	(26)	(41)	(20)	(135)
Earnings After Tax	213	156	84	569	102
Minority Interest	42	25	52	82	93
Earnings after Minority Interest	171	130	33	487	9

**Board
recommends a
dividend of
₹0.2 per equity
share (10%)**

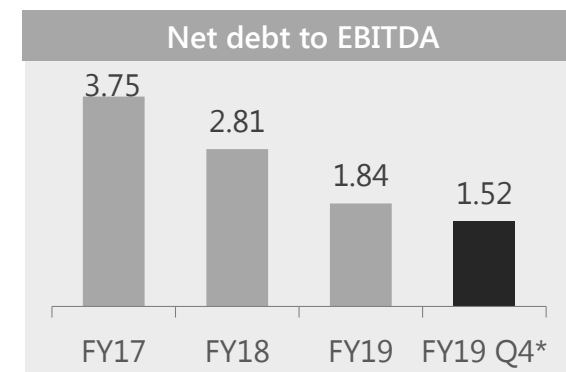
Key Balance Sheet items

All values in ₹ Mn

Particulars	Mar-19	Mar-18
Shareholders' funds	7,067	6,476
Minority Interest	403	370
Net Borrowings	2,452	2,451
Investments	1,797	2,217
Tangible Assets	2,442	2,269
Intangible Assets	2,765	2,671
Working Capital	2,640	2,486



*Quarter Annualised



Highlights

- 22% growth in revenue with flat Working Capital
 - Working Capital reduced from 107 to 92 days
- Fixed Asset turnover ratio increased from 1.7 to 2.0
- Net Debt to EBITDA improved from 2.8 to 1.8, 1.5 for Q4 annualised
- Cash generated from operations in the year Rs. 1,154 Mn vs Rs. 541 Mn in LY

Net result - Improvement in Credit rating to 'A-'




FY19 snapshot & FY20 Outlook

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Creating value for all stake-holders

Delivered on Expectations in FY19



What we planned?

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



What we delivered?

- Revenue up 22%
- EBITDA expansion 250 bps YoY



FY20 Outlook

- ✓ Maintain Top line growth momentum
- ✓ Margin expansion of 200bps

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Thank You

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