

May 15, 2024

To,

BSE Limited

Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001.

National Stock Exchange of India Limited

Listing Department
Exchange Plaza, Bandra-Kurla Complex,
Bandra (East),
Mumbai – 400 051.

Scrip code: 512529

Symbol: SEQUENT

Dear Sir/ Madam,

Sub: Investor Presentation

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Investor Presentation on Audited Standalone and Consolidated Financial Results for the quarter and year ended March 31, 2024.

This is for your information and records.

Thanking you,

Yours faithfully,

For **Sequent Scientific Limited**

Phillip Trott

Company Secretary & Compliance Officer

Encl.: A/a



SeQuent Scientific Limited

Earnings Presentation Q4 FY24

May 2024

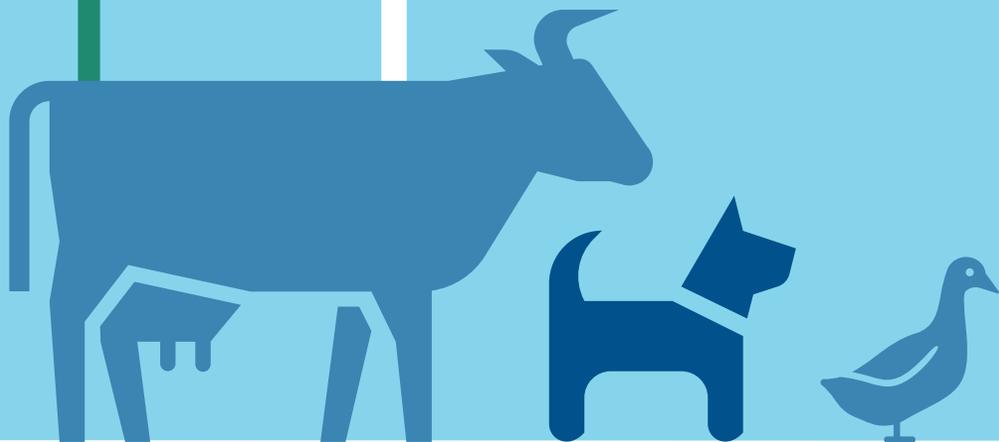


Disclaimer

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.



Sequent – At a glance





Sequent Scientific – At a glance

30+
*Years of
Market
Excellence*



India's Only

USFDA approved API facility dedicated for Animal Health APIs



Largest

Animal Health company from India



5

Global R&D centres



7*

State of the art manufacturing facilities



9

Strategic acquisitions



100+

Countries with marketing presence

We Offer:

- API
- Formulations
- Analytical Services



1,000+

Product registrations across 12 dosage forms



1,500+

Globally diversified workforce



\$100M+

Invested in R&D, Manufacturing capabilities and building market presence



**Discontinued manufacturing operations at Tarapur facility effective 13th July 2023*



Global presence – Seven manufacturing plants spread across three continents

Barcelona, Spain

Capabilities:

Dedicated beta-lactum powder block & nutritional

Dosage forms:

Oral solutions/ suspensions, powders and premixes

Approvals: EUGMP

Ambernath, India

Capabilities: Sterile granules

Dosage forms: Oral solutions/suspensions, powders and premixes

Approvals: cGMP, India, Uganda, Ethiopia, Ke.

Minas, Brazil

Dosage forms: Powder, Paste & Tablets

Approvals: MAPA

Campinas, Brazil

Dosage forms: Powders and premixes

Approvals: MAPA

Ankara, Turkey

Capabilities: Beta-lactam block, Hormones

Dosage forms: Sterile suspensions & Injectable, dry powder, aerosols, intramammaries, pour-on/spot-on, oral solutions/ suspensions

Approvals: EUGMP, Turkish GMP

Mahad, India

Capabilities

API facility with reactor capacity of 80KL with 2 clean rooms

Approvals

EUGMP, COFEPRIS Mexico

Certifications

ISO14001 and ISO45001

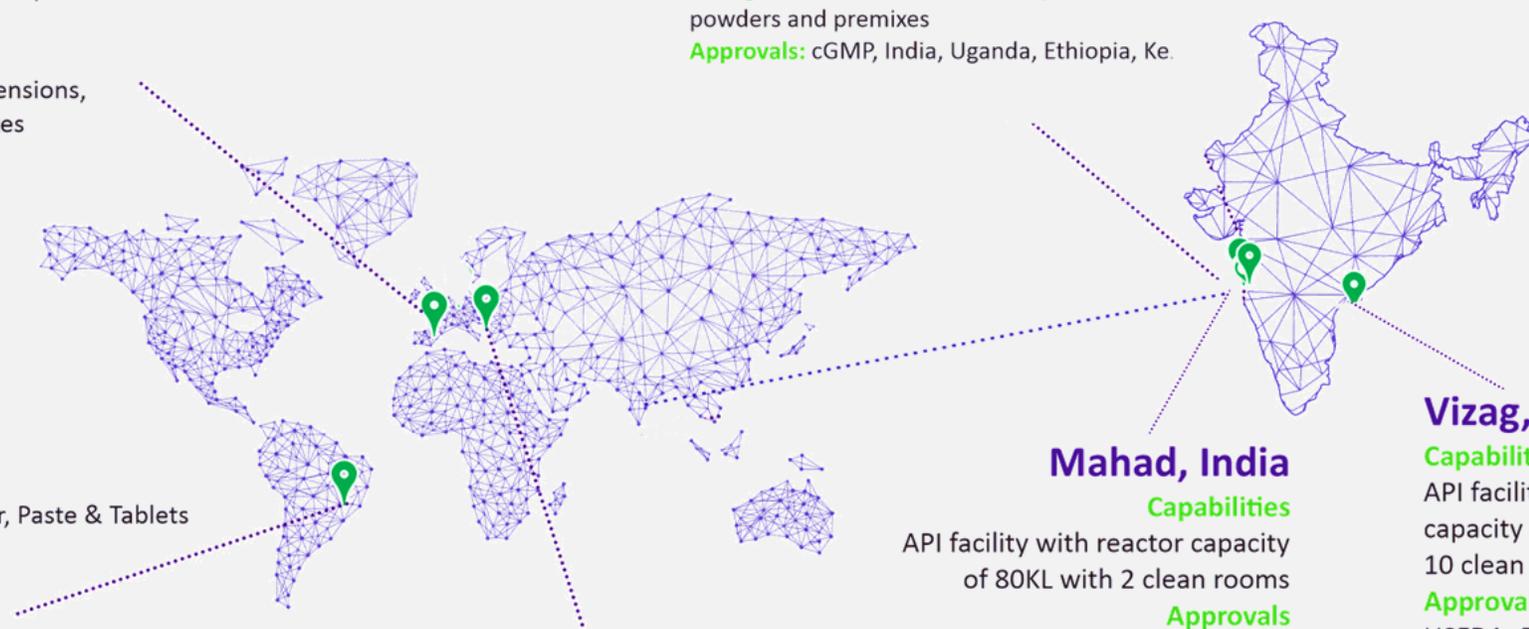
Vizag, India

Capabilities

API facility with reactor capacity of 290 KL with 10 clean rooms

Approvals

USFDA, EUGMP, WHO – Geneva





An unwavering commitment to a culture of quality and responsible business operations

	Mahad	Vizag
Regulatory certifications	<ul style="list-style-type: none"> • WHO – Geneva • EDQM (Sept-16) • CEP – Albendazole • Maharashtra FDA (Feb-24) • GMP 	USFDA
Last regulatory inspection	WHO – Geneva (Sept-22)	USFDA (Sept-23)
Regulatory audits till date	5	5
Customer audits till date	20+	90+



Solar Energy

- Installed 73 kW of solar capacity in Mahad in Jul-23
- 45040 kWh generated till Mar-24



Reforestation

Planted 1,400 trees near MIDC area across FY23 and FY24 spanning 7,400 sq. m



Hazardous Waste Reduction

27% reduction in hazardous waste in FY24



Water Conservation

Achieved 3% reduction in water usage, equivalent to 4734 KL



Effluent Recycling

35% of treated effluent recycled in FY24, vs. 28% in FY23



Alternative Fuel

- Accelerated adoption of bio-briquette in Mahad plant
- Undertaking similar actions in Vizag



The background features a stylized landscape. On the left, there are three trees with rounded, cloud-like tops in shades of green and white. In the foreground, there are silhouettes of a cow, a dog, and a duck. The right side of the image is dominated by a large, light blue semi-circle that curves from the top right towards the center.

Q4 and FY24 Performance Update



Sequent Q4 FY24 – Earnings Release

It gives me immense satisfaction to share that our transformation program, which began late last year, has continued to deliver according to plan. In Q4 FY24, the company achieved its highest EBITDA (pre-ESOP costs) in the last 12 quarters of INR 411mn. The EBITDA margin for Q4 FY24 at 11.4% is in line with our target to exit FY24 with double-digit EBITDA margins. Revenues for the quarter Q4 FY24 grew sequentially at 7% in constant currency, and 2% on a reported basis. Adjusting for discontinued business units and currency accounting adjustments in Turkey, our revenues grew 6% y-o-y in INR terms and 11.4% in constant currency terms, setting the base for higher growth in the coming year.

I am particularly pleased to share the strong performance delivered by our API business this quarter – 39% sequential increase in API revenues combined with sustained segment margin improvement. This is the outcome of our focus on the quality of business combined with operational excellence initiatives undertaken under Project Pragati. Our stable base of business in regulated markets has allowed us to selectively participate in promising semi-regulated markets witnessing growing volumes. During the quarter, we filed 2 new products, one each in the companion and production animal segments, the commercialization for which too is now expected to pick up. The company has also completed WHO audits and is preparing to get prequalified for WHO supplies.

Despite seasonality factors that affect the Jan-March period, our formulations geographies continued to perform well during Q4 FY24, led by strong y-o-y growth in Europe (+8%) and India (+9%). The proactive pricing and portfolio actions in Turkey continue to support margin growth. Some emerging markets in North Africa and Middle East have seen currency issues, delaying execution of a few orders. We are accelerating our initiatives on margin improvement and new business development across all markets. We have already started expanding our footprint in India and should see results from mid-year.

We continue to evaluate inorganic actions for strategic growth in formulations and APIs, to support our operations and emerge as a larger participant in the growing Animal Health industry.

Rajaram Narayanan
MD & CEO





Sequent Q4 FY24 – Key Highlights

Business Results

- Highest EBITDA (pre-ESOP cost) in twelve quarters at INR 411 mn; Pre-ESOP cost EBITDA growth of 36% / 221% q-o-q / y-o-y
- 11.4% EBITDA margin – expanded by 220 / 790 bps q-o-q / y-o-y
- Q4FY24 Revenue 9.7% q-o-q reported (+7.5% in constant currency) API business +39% q-o-q; FY24 Revenue -3.6% y-o-y reported
- Growth for continuing business and post Turkey currency accounting adjustments at +6% y-o-y reported (+11% in constant currency) in Q4; FY24 Revenue +1.5% y-o-y reported

Formulations

- **Europe:** Continued progress on portfolio revitalization drove **8% y-o-y growth**; sequential performance lower due to seasonality in Jan-Mar quarter
- **Emerging Markets: Decisive pricing actions taken in Turkey driving recovery**; proactively **evaluating further hikes given macro and currency volatility**; muted performance in MENA markets owing to currency availability issues
- **India Formulations: 9% y-o-y growth driven by 3 product launches during Q4**; initiated a **large-scale business expansion plan** for India Formulations

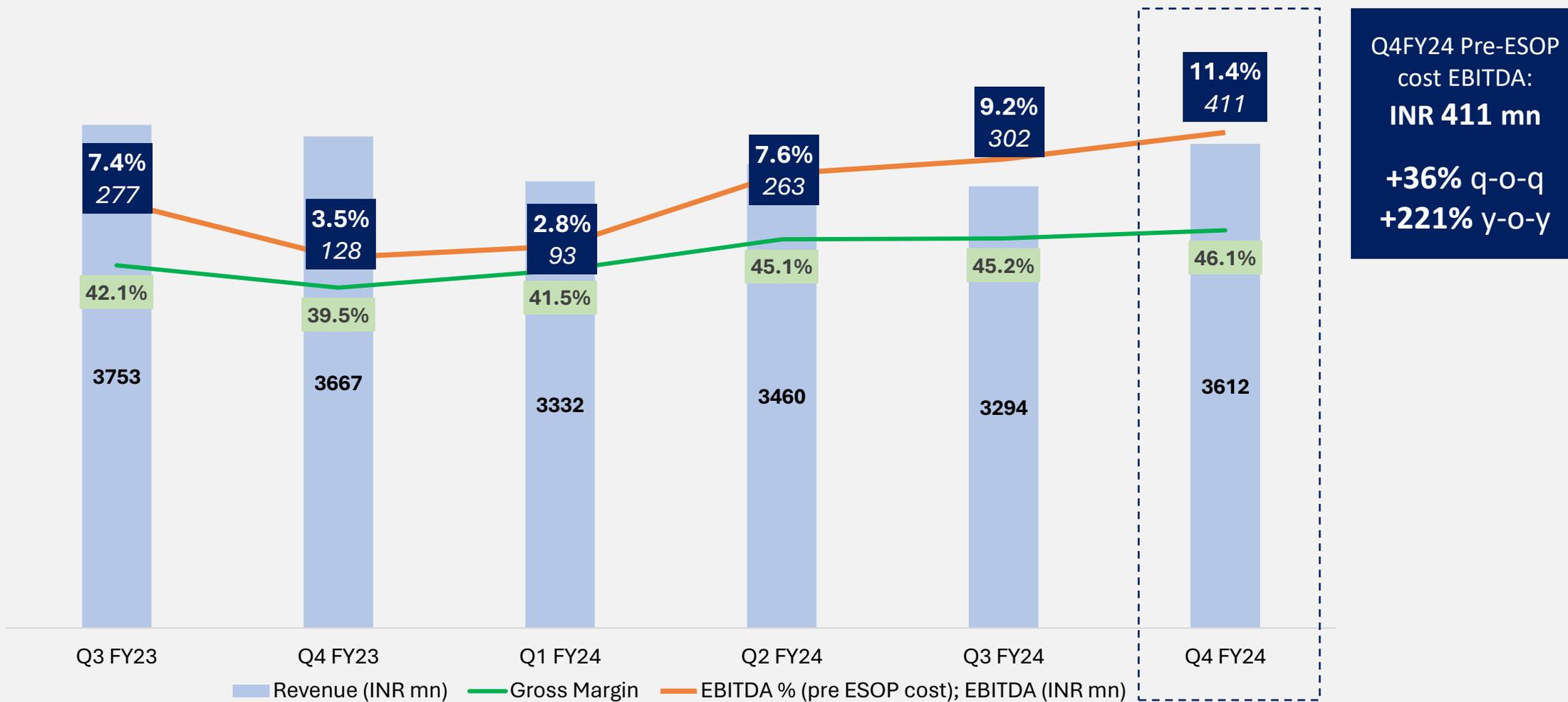
API

- **Healthy recovery in Regulated Market business** driven by execution of key orders scheduled in H2FY24 getting delivered in Q4FY24; segment **revenue growth of 39% / 2% q-o-q / y-o-y**
- **Filed 2 new products**, one each in the companion and production animal segments
- **Continuing progress on operating excellence initiatives under Project Pragati** aided segment margin improvement; expect to benefit from annualization of initiatives in FY25





Sustained margin expansion throughout FY24 – exited FY24 at 11.4%, in line with guidance





Q4 FY24: Revenue Performance – by geography

All values in ₹ Mn

Revenue Distribution	Q4 FY24	Q3 FY24	QnQ Gr%	QnQ Gr% (In cc)	Q4 FY23	YoY Gr%	YoY Gr% (In cc)	FY24	FY23	YoY Gr%	YoY Gr% (In cc)
Formulations	2,476	2,510	-1.4%	-2.1%	2,559	-3.3%	2.2%	9,997	10,021	-0.2%	-0.5%
Europe	1,236	1,269	-2.5%	-3.2%	1,146	7.9%	5.6%	4,868	4,158	17.1%	9.5%
Emerging Markets	1,007	963	4.5%	3.4%	1,201	-16.2%	-2.3%	4,091	4,807	-14.9%	-8.8%
India	232	278	-16.3%	-16.3%	213	9.3%	9.3%	1,038	1,055	-1.7%	-1.7%
APIs	959	690	39.0%	38.5%	941	1.9%	1.1%	3,260	3,807	-14.4%	-16.3%
Other Sales	37	43	-13.3%	-13.3%	10	264.7%	264.7%	133	91	46.5%	46.5%
Global Sales[#]	3,472	3,243	7.1%	6.4%	3,511	-1.1%	2.6%	13,390	13,920	-3.8%	-4.4%
Adjustment* - Ind AS 29	140	51			156			307	289		
Reported Sales	3,612	3,294	9.7%	7.5%	3,667	-1.5%	2.0%	13,697	14,209	-3.6%	-4.2%

#Y-o-y Revenue growth adjusted for discontinued businesses & currency accounting in Turkey: Q4 – Overall: +6% in translated INR terms / +11% in cc terms; FY24 revenue growth of +2% in translated INR terms / flat in cc terms

- **Europe:** Continued progress on portfolio revitalization initiatives in Spain (towards higher-growth, higher-margin products) along with increase in distribution business in Benelux driving y-o-y growth; sequential decline largely attributable to seasonality as seen in Jan-Mar quarter in Europe
- **Emerging Markets:** Sustained momentum in Turkey sales driven by decisive price and incentive actions throughout 9MFY24 although currency fluctuation persisted; muted performance in EM exports to MENA markets owing to currency availability issues
- **India:** 9% y-o-y growth driven by three new product launches during the quarter; sequential performance muted on account of seasonality in Jan-Mar period
- **API:** Strong sequential sales uptick mainly on account of a) execution of key Regulated Markets orders scheduled for H2FY24, received in Q4 b) improved demand for deworming portfolio in Europe and select Less / semi-Regulated Markets



*Adjustment on account of hyperinflation in Turkey as per Ind AS 29



Q4 and FY24 Consolidated Financials

All values in ₹ Mn



Particulars	Q4 FY24	Q3 FY24	Q4 FY23	Grw QnQ %	Grw YoY %	FY24	FY23	Grw YoY %
Revenue from Operations	3,612	3,294	3,667	10%	-1%	13,697	14,209	-4%
Material Consumption	(1,945)	(1,806)	(2,217)			(7,597)	(8,338)	
Gross Margin	1,667	1,487	1,449	12%	15%	6,100	5,871	4%
%	46.1%	45.2%	39.5%			44.5%	41.3%	
Employee Benefit Expenses	(577)	(527)	(570)			(2,283)	(2,230)	
Operating Expenses	(679)	(659)	(751)			(2,748)	(2,886)	
EBITDA (pre-ESOP)	411	302	128	36%	221%	1,068	756	41%
%	11.4%	9.2%	3.5%			7.8%	5.3%	
ESOP cost	(45)	(52)	(76)			(222)	(354)	
EBITDA	366	250	52	46%	600%	846	402	111%
%	10.1%	7.6%	1.4%			6.2%	2.8%	
Exceptional Items	(47)	28	(616)			(174)	(658)	
IndAS 29 Adjustment*	(20)	(6)	(56)			(78)	(158)	
Exchange Gain / (Loss)	(23)	(21)	(30)			(154)	(114)	
Other Income	40	45	17			110	64	
Finance Cost	(124)	(126)	(109)			(481)	(355)	
Depreciation	(165)	(155)	(147)			(615)	(557)	
Earnings Before Tax	27	15	(888)	77%	103%	(546)	(1,377)	60%
Taxes	(14)	92	(36)			245	157	
Earnings After Tax	13	107	(924)	88%	101%	(302)	(1,220)	75%
Minority Interest	22	24	11			63	(8)	
Earnings after Minority Interest	(9)	82	(936)	111%	99%	(364)	(1,212)	70%

- **660 bps of y-o-y Gross Margin improvement in Q4 FY24:**
 - **Formulations:** Continuing benefits from Europe mix improvement and Turkey price actions
 - **API:** Uptick in Regulated Market business along with cost / operational excellence initiatives under Project Pragati
- Employee benefit expenses held flat. Operating expenses lower due to restructuring initiatives and operational efficiencies
- Exceptional item: Accrual of domain expert advisory fees for API revamp in manufacturing and procurement processes – this was due to higher than estimated savings from the initiatives



*Adjustment on account of hyperinflation in Turkey as per Ind AS 29



Q4 and FY24 Consolidated B/S – Key Items

All values in ₹ Mn

Particulars	Mar-24*	Dec-23	Mar-23*
Shareholders' Funds	6,566	6,631	6,981
Minority Interest	564	557	500
Net Debt	3,788	3,917	3,654
Investments	9	4	0
Tangible Assets	3,112	3,226	3,622
Intangible Assets	2,967	3,009	3,085
Working Capital	4,201	4,173	4,354

- Net Debt – Part repayment of existing loans
- Working Capital – Receivables increase on account of higher dispatches in API and Turkey in Q4

**Mar'24 & Mar'23 reported numbers are adjusted for impact of hyperinflation accounting in Turkey as per IndAS 29 - 'Accounting for Hyperinflationary economies'*





Recap of key initiatives in FY24

Project Pragati - APIs	Large scale operational excellence program focused on cost optimization and margin improvement started in H2FY23; meaningful benefits in H2FY24 with further improvement anticipated in FY25
Network Optimization	<ul style="list-style-type: none">• Discontinuation of API / Intermediates manufacturing operations in Tarapur – transferred to Vizag / Mahad facilities and CMOs• Discontinuation of Germany manufacturing operations – production moved to Turkey / CMOs
Turkey business revival	<ul style="list-style-type: none">• Two price hikes implemented in FY24 to counter inflationary pressure and currency fluctuations• Accelerated exports and new product launches – launched Tulaject, a generic of injectable Tulathromycin in Q3FY24
Europe portfolio revival	<ul style="list-style-type: none">• Exited low-end commodity businesses across manufacturing and distribution segments in Spain• Increased focus on more attractive high-growth and high-margin segments such as gut health with an aim to expand across multiple adjacent markets
New brand launches in India	Launched 3 new brands from the Global Formulations portfolio in India – first such instance of cross-border extension – to be further accelerated in FY25





For details, feel free to contact:

Phillip Trott

Company Secretary

 +91 22 4111 4777

 investorrelations@sequent.in

Abhishek Singhal

Investor Relations Consultant

 abhishek.s@sequent.in

Registered Office: 301/A, 'Dosti Pinnacle', Plot No. E7, Road No. 22, Wagle Industrial Area, Thane (W), Maharashtra, India

Websites: www.sequent.in, www.alivira.co | **CIN:** L99999MH1985PLC036685 | **BSE Code:**512529 | **NSE:** SEQUENT | **ISIN:**

INE807F01027

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.



Thank You

