

SeQuent Scientific Announces Q1FY17 Financial Results

Bengaluru, August 12, 2016: SeQuent Scientific Limited, a leading Integrated Pharmaceutical Company with business across Animal Health, Niche Human APIs & Analytical Services today announced its financial results for the first quarter ended June 30th, 2016 (Q1FY17)

Consolidated Financial Performance (Q1FY17 vs Q1FY16)

- Operating revenue was **Rs. 1,768 mn** as compared to **Rs. 1,461 mn** in Q1FY16, **up by 21%**
- EBITDA at **Rs. 92 mn** as compared to **Rs. 186 mn** in Q1FY16
- EBITDA Margin at **5.2%** as against **12.7%** in Q1FY16
- Net Loss at **Rs. 102 mn** as compared to a profit of **INR 0.5 mn** in Q1FY16

While operationally all the businesses have performed well, the profits/margins were impacted due to:

- (a) Lower revenue contribution from Turkey, which is the most profitable market, on account of transition to GMP compliance. The Company has already transitioned 49 products under the new GMP regulations and operations are expected to be on growth track by H2 2017
- (b) One time expenses relating to acquisitions and integration of acquired entities
- (c) Enhanced R&D outlay in Alivira and IPC

Commenting on the Company's performance for Q1FY17, **Manish Gupta, Managing Director** said *"With the recent acquisitions, we have completed the phase 1 of our organization building, which was focused on scale, market-access and capabilities. Our efforts are now focused on consolidation and integration of our operations across multiple geographies. We are pleased to collaborate with eminent industry leaders Dr. George Gunn and Dr. Ruurd Stolp, who have joined the newly formed Global Advisory Board to guide the Alivira team in its quest to be a leading Global Veterinary business from India."*

Operational update

- Alivira – the Animal Health business is shaping up well and now accounts for over 60% of the revenues of Sequent with products being sold in over 55 countries.
- Filed 2 DMFs during the quarter
- Initiated an aggressive research and development program in Alivira with over 25 finished dosage products in various dosage forms including orals, solids, liquids, injectable, and pre-mixes.
 - 40% of these products are potential day 1 launch on expiry of respective patents
 - @40% of these products are integrated with in-house API development
- In Turkey, 49 products under the new GMP has been transitioned

Corporate Actions

- Completed acquisition of 70% stake in Interchange Indústria e Comércio de Produtos Veterinários S.A. Brazil (“Interchange”) to foray into highly attractive and fast growing Brazilian animal health market. Interchange (tradenname- Evance) is amongst the ‘Top 10’ Brazilian Companies in the veterinary health space with over 25 registered products consisting of antimicrobials, parasiticides, sanitizers and products largely in the poultry and swine segments.
- Completed acquisition of 60% stake in Vila Vina Participacions (“VVP”) which owns Karizoo Spain, Phytosolutions Spain, Covivet Spain and Karizoo Mexico to reinforce our European presence along with an EU approved manufacturing base and strong R&D capabilities. With presence in over 14 countries, VVP has 12 marketing authorizations in Spain, 65 in rest of European Union, 25 in Mexico and 15 in MENA region with a pipeline of 3 products under registration in EU. 25 products are under development in the areas of anesthetic gas, oral solutions, oral powders, oral suspensions and drug premix products

Global Advisory Board

The Company also announced the formation of a ‘Global Advisory Board’ with the induction of Dr. George Gunn and Dr. Ruurd Stolp as its founding members to facilitate and guide the Alivira team in its quest to be a leading Global Veterinary business from India.

Dr. George Gunn has been the President and CEO of Novartis Animal Health business till the time of its divesture to Elanco and President and CEO of Novartis Consumer Health Division prior to that. He also managed the full scope of integration planning for the sale of Novartis Animal Health business to Eli Lilly. Dr. Gunn is a Doctorate in Veterinary Medicine and Surgery.

Dr. Ruurd Stolp has been a Member of the Strategic Advisory Board of Elanco for 5 years. Prior to that, he spent 21 years with Intervet, including the last 6 years as President. Dr. Stolp is also a Doctorate in Veterinary Medicine.

Both Dr. Gunn’s and Dr. Stolp’s extensive global experience in the animal health industry would add immense value to Alivira’s strategy and direction and ensure that the Company is ahead of the curve in addressing and executing opportunities that the market presents.

About SeQuent Scientific Limited

SeQuent Scientific Limited (BSE-512529, NSE-SEQUENT) is an integrated pharmaceutical company with a global footprint, operating in the domains of Animal Health (API and formulation), Human Health (API) and Analytical Services. Headquartered in Mumbai, India, SeQuent has nine manufacturing facilities based in India, Turkey, Spain and Brazil with approvals from global regulatory bodies including USFDA, EUGMP, WHO, TGA among others.

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