

SeQuent Announces Q1 FY23 Results

Revenues at ₹ 3,413 Million, up by 6.5%, Latam and Formulations drive growth

Mumbai, August 08, 2022

SeQuent Scientific Limited (SeQuent) which has businesses across Animal Health (Alivira) & Analytical Services today announced its financial results for the period ended June 30th, 2022

Consolidated Financial Highlights

₹ in Millions

	Q1 FY23	Q1 FY22
Revenues	3,413	3,205
EBITDA (pre-ESOP)	201	358
<i>EBITDA (pre-ESOP) %</i>	5.9%	11.2%
EBITDA	110	202
<i>EBITDA %</i>	3.2%	6.3%

Detailed presentation on the performance forms part of this press release

Commenting on the Company's performance, **Rajaram Narayanan, Managing Director** stated "Our overall sales in Q1 FY 23 grew 6.5% compared to corresponding quarter last year, reflecting a strong, resilient performance in a challenging environment. We continue to progress on our strategy to build a sustainable global business in the area of animal health.

The Formulations segment grew 19.5% on constant currency basis, driven by a strong performance in Brazil, within the overall Emerging Markets region. The API business results however, are subdued owing to the exceptional impact of the fire incident at our Vizag plant in May, which hampered operations for a few days. We have now restored the operations in full and are geared to complete the backlog of shipments over the rest of the year.

The macro environment will remain challenging on account of volatility in currencies and sustained inflationary cost pressures in raw materials and utilities. However, with our concerted efforts in engaging our long-term partners, cautious price increases, and initiatives on cost management, we expect acceleration in the second half of this financial year.

We continue to invest in deepening our partnerships with global players, upgrading our manufacturing facilities, expanding the product pipeline and developing our people.”

Earnings Call with Investors

The Company will conduct an Earnings call at **11:00 AM IST on Aug 09, 2022**, 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) is India’s largest and amongst the ‘Top 20’ global animal health companies, backed by global investment firm ‘The Carlyle Group’ as promoter. The company generated annual revenues of ~\$ 180 Mn in FY22 with ~2/3rd revenues from regulated markets. The company has 9 manufacturing facilities across Europe, Turkey, Brazil & India with the Vizag site being India’s only USFDA approved dedicated veterinary API facility.

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CIN: L99999MH1985PLC036685

BSE Code:512529 | NSE: SEQUENT

ISIN: INE807F01027 | REUTERS: EQU.BO

Websites: www.sequent.in

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.

AHEAD

with purpose
and
confidence

Earnings Presentation

Q1 FY23

09th Aug 2022

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 FY23 reflects a resilient performance in a challenging environment where our sales grew by 6.5% compared to Q1 FY22.

The Formulations business grew 19.5% on constant currency basis, driven by a strong performance in Latam within the overall Emerging Markets region. The API business was however subdued owing to the exceptional impact of a fire incident at our Vizag plant in May 2022, when the operations were hampered for a few days. The operations are now fully functional, and we are geared to complete the backlog of shipments over the rest of the year. We are also pleased to report that our Mahad facility received ISO certifications for Environment, Health & Safety.

The macro environment continues to remain challenging on account of volatility in currencies and sustained inflationary cost pressures in raw materials and utilities. However, with our concerted efforts in engaging long-term partners, undertaking cautious price increases, and driving cost management initiatives, we expect stronger growth in the second half of this financial year.

We will pursue with our commitment to deepen partnerships with global players, upgrading our manufacturing facilities, expanding product pipeline and harnessing talent to deliver on our strategy of building a sustainable global business in the area of animal health.

Rajaram Narayanan, Managing Director

BUSINESS

- Overall Q1 FY23 Revenues at ~₹ 3.41 Bn; + 6.5% growth (+12.8% in cc)
- Formulations revenues at ~₹ 2.45 Bn, +19.5% (cc)
 - Latam drives strong growth
 - India maintains momentum in a challenging environment
 - Europe & Turkey grew in cc terms
- API revenues at ₹ 888 Mn, declined by 5.9% (cc) – impacted by supply disruption due to a fire incident

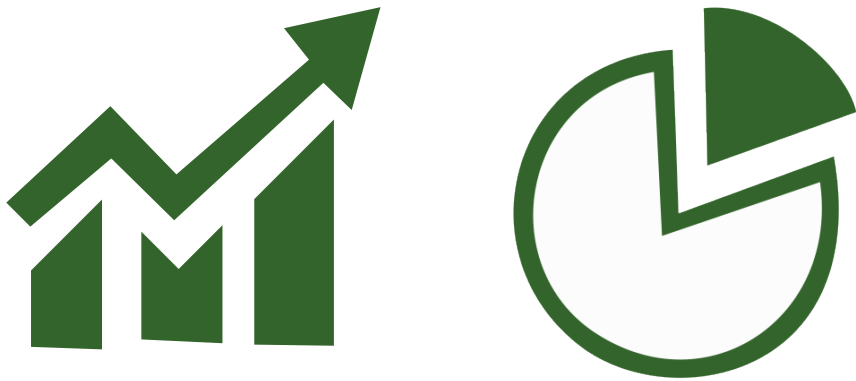
MANUFACTURING

- Vizag API facility operations impacted by fire incident in May
- Significant investments being made to meet new business opportunities and standards
- Mahad site ISO certified from TÜV NORD CERT GmbH

FINANCE

- Completed Nourrie's integration in Brazil
- Stable Gross margin in sequential quarters
- Inflationary input cost pressures continue
- Structured initiatives for cost management and de-risking currency volatility

Performance Overview



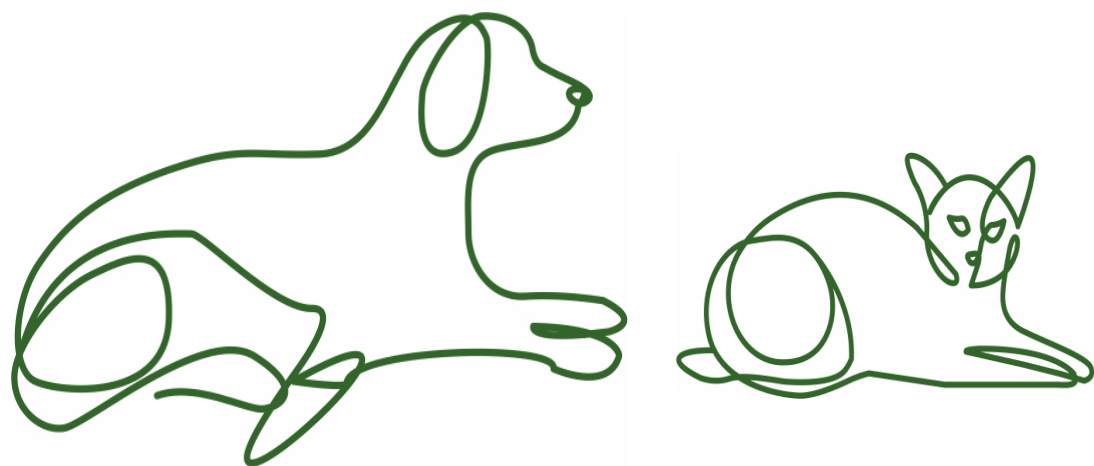
Q1 FY23 : Sustained growth, Formulations leading the way

All values in ₹ Mn

Revenue Distribution	Q1 FY23	Q1 FY22	YoY Gr%	YoY Gr% (In cc)
Formulations	2,448	2,269	7.9%	19.5%
Europe	1,036	1,053	(1.6%)	6.5%
Emerging Markets (EMs)	1,175	989	18.8%	28.3%
<i>LATAM</i>	674	510	32.2%	17.3%
<i>Turkey</i>	311	291	7.0%	90.9%
<i>Other EMs</i>	190	188	0.7%	6.3%
India	237	227	4.7%	4.7%
APIs	888	911	(2.5%)	(5.9%)
Other Sales	47	26	NM	NM
Global Sales	3,383	3,205	5.6%	12.8%
Adjustment* – Ind AS 29	30	-	-	-
Reported Sales	3,413	3,205	6.5%	12.8%

- ❖ Overall business grows by 12.8% cc during Q1
 - ❖ Formulations maintains growth momentum with 19.5% cc growth
 - ❖ Europe and Turkey businesses grow at cc, however impacted by currency depreciations, India sustains growth despite challenging environment
 - ❖ Latam performs exceptionally well leading Emerging Markets (EMs) overall with +17% cc growth in Q1
 - ❖ API performance subdued, impacted by Vizag fire; down time leveraged to strategically upgrade processes and infrastructure

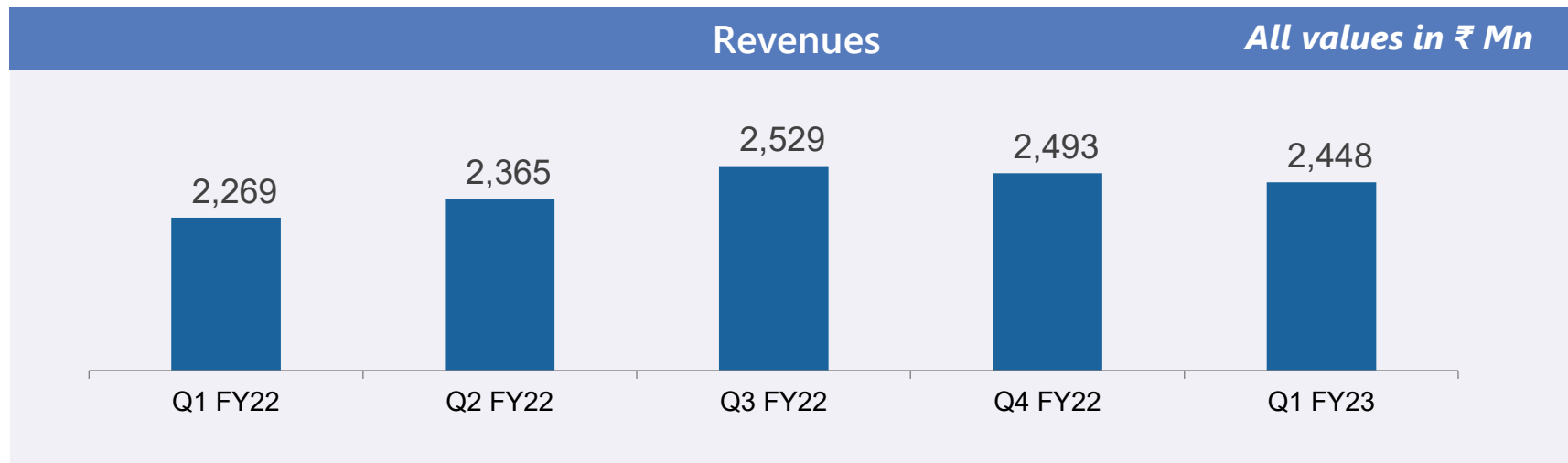
Business Review



Formulations : Growth momentum continues

Key Updates

- ❖ Q1 revenues at ₹ 2.45 Bn, constant currency growth in all geographies and markets
- ❖ Demand stable, however input cost pressures and supply chain weaknesses continue to impact
- ❖ Latam outperforms, driving overall EMs growth; expansion continues with Nourrie's integration
- ❖ Europe, Turkey and Other EMs – all grow in cc terms, however impacted by currency volatilities
- ❖ India business performed well across Cattle & Poultry segments despite tough market conditions



cc- Constant Currency

- FDFs **1000+**
- Manufacturing facilities **6**
- R&D Centres **5**
- Countries with marketing presence **80**

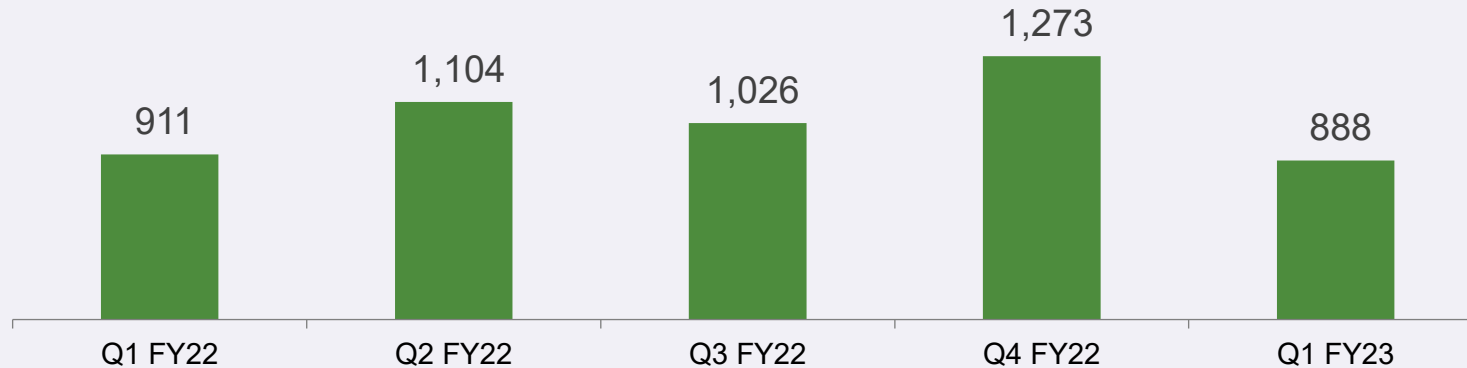
API : Impacted by one-off incident, but quick recovery underway

Key Updates

- ❖ API sales declined to ₹ 888 Mn, exceptional one-off of fire incident at Vizag facility in May; Operations resumed with full normalcy
- ❖ Significant initiatives made in building resilience in infrastructure and processes and preparing for new businesses. CDMO business progression on track for the year
- ❖ Submitted 1 VMF filing – Total 25 USVMF filings, 11 CEP approvals
- ❖ Mahad site ISO certified from TÜV Nord for 14001 – Environment & 45001 – Health & Safety

Revenues

All values in ₹ Mn



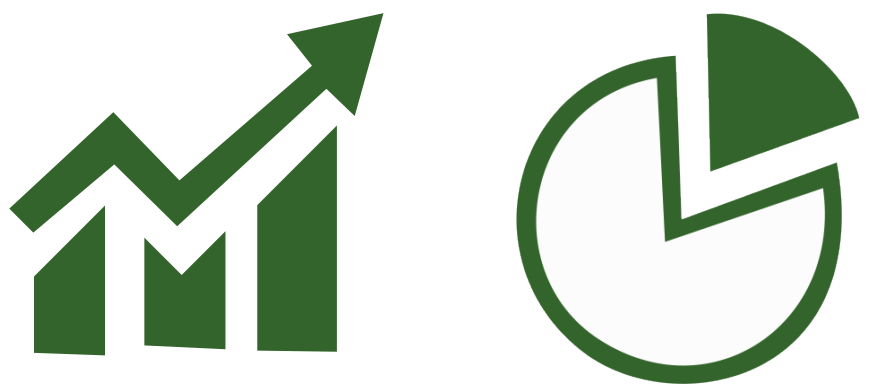
Commercial APIs 33

Manufacturing facilities 3

R&D Centre 1

Asset turnover ratio 2.0x

Financials



Consolidated Financials

All values in ₹ Mn

Particulars	Q1 FY23*	Q4 FY22	Q1 FY22	FY22
	Unaudited	Audited	Unaudited	Audited
Revenue from Operations	3,413	3,837	3,205	14,128
Material Consumption	(1,967)	(2,188)	(1,663)	(7,930)
Gross Margin	1,446	1,649	1,542	6,198
%	42.4%	43.0%	48.1%	43.9%
Employee Benefits	(554)	(519)	(499)	(1,985)
Operating Expenses	(691)	(744)	(684)	(2,791)
EBITDA (pre ESOP)	201	386	358	1,423
%	5.9%	10.1%	11.2%	10.1%
ESOP cost	(91)	(53)	(156)	(329)
EBITDA	110	333	202	1,094
%	3.2%	8.7%	6.3%	7.7%
Exceptional Items	(32)	-	-	-
Ind AS 29 Adjustment	(40)	-	-	-
Exchange Gain / (Loss)	(49)	23	12	63
Other Income	9	15	15	45
Finance Cost	(68)	(60)	(30)	(158)
Depreciation	(126)	(125)	(126)	(511)
Earnings Before Tax	(196)	186	72	534
Taxes	52	(86)	(46)	(82)
Earnings After Tax	(144)	100	26	452
Minority Interest	(4)	10	18	38
Earnings after Minority Interest	(141)	90	9	414

- ❖ Exceptional Items related to Vizag fire loss on account of Inventory & Fixed assets; Insurance claim under progress

*Q1 FY23 reported numbers are after taking impact of hyperinflation accounting in Turkey financials as per IndAS 29

Key Balance Sheet Items

All values in ₹ Mn

Particulars	Jun-22*	Mar-22
Shareholders Funds	6,548	6,924
Minority Interest	466	480
Net Debt	2,918	2,542
Investments	179	368
Tangible Assets	3,251	3,253
Intangible Assets	2,311	2,413
Working Capital	4,216	4,222
Put / Buyout Liabilities	-	159

Balance Sheet Highlights


- ❖ Decrease in Shareholders fund owing to loss during the quarter, MTM impact of investment & translation impact
- ❖ Rise in net debt on account of Nourrie Acquisition – ₹ 376 Mn
- ❖ Inventory build-up for future sales plan
- ❖ Buyout Liabilities of ₹ 159 Mn paid on account of Nourrie acquisition


*Jun'22 numbers before hyperinflation impact in Turkey as per Ind AS 29 - 'Accounting for Hyperinflationary economies'

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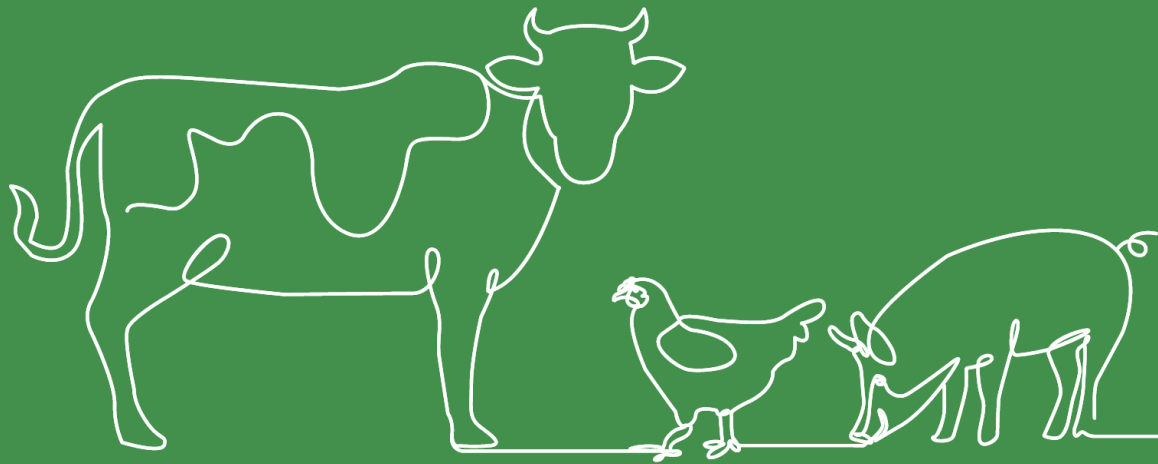
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Thank You