

SeQuent Announces Q3 FY23 Results

Revenues at ₹ 3,753 Million, up by 10% over Q2 FY23 as EBITDA grows by 85%

Mumbai, February 14, 2023

SeQuent Scientific Limited (SeQuent) which has businesses across Animal Health (Alivira) & Analytical Services today announced its financial results for the period ended December 31st, 2022.

Consolidated Financial Highlights

₹ in Millions

	Q3 FY23	Q2 FY23	9M FY23	9M FY22
Revenues	3,753	3,376	10,542	10,291
EBITDA (pre-ESOP)	277	150	628	1,037
<i>EBITDA (pre-ESOP) %</i>	7.4%	4.4%	6.0%	10.1%
EBITDA	188	51	350	761
<i>EBITDA %</i>	5.0%	1.5%	3.3%	7.4%

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

Commenting on the Company's performance, **Rajaram Narayanan, Managing Director** stated "Q3 FY23 reflects the strengthening of our business, across both APIs and key formulations markets, with overall revenue growth of 10.0% in constant currency terms over Q2 FY23. While the cost environment continues to be challenging for the industry, gross margins have remained stable. EBITDA before ESOP costs stood at ₹277 Mn for the quarter, an 85% growth (300 bps improvement) over Q2 FY23.

Formulations sustained q-o-q growth momentum, growing by 5.1% on constant currency basis, driven by a strong quarter for Europe business with 11.3% cc growth over Q2 FY23, other geographies performance in line with the market situation and seasonal variations. While the Turkey business performed well, currency depreciation impacted the financials. On the API side, business strengthened in Q3, achieving 13.6% growth in constant currency terms over Q2 FY23. Our efforts on quality, R&D and cost competitiveness are yielding results. The contribution of Regulated markets in our business continues to remain high, as we deepen our partnerships with the Top Animal Health companies in the world.

The company has undertaken a comprehensive profitability improvement program with initiatives across API and formulation businesses, to strengthen cost competitiveness, meet the changing demand landscape, and remain resilient in the current global macro environment. SeQuent has a robust and diversified business model, and we remain confident that the outcomes of such wide-ranging initiatives and investments in strengthening our capabilities will help us deliver on our long-term growth plans.”

Earnings Call with Investors

The Company will conduct an Earnings call at **09:00 AM IST** on **Feb 15, 2023**, 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

Website: 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.

Earnings Presentation

Q3 & 9M FY23

15th February 2023

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.

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Rajaram Narayanan, Managing Director

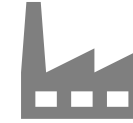
Q3 FY23 : Revenues up by 10% as EBITDA grows by 85%



10% cc growth for overall business; EBITDA (pre-ESOP) **+300 bps** over Q2



Europe stabilizing, +11.3% cc, driving overall Formulations



API business revives, +13.6% cc, quality & compliance focused



Strong focus on Top AH customers and Regulated markets drives API growth

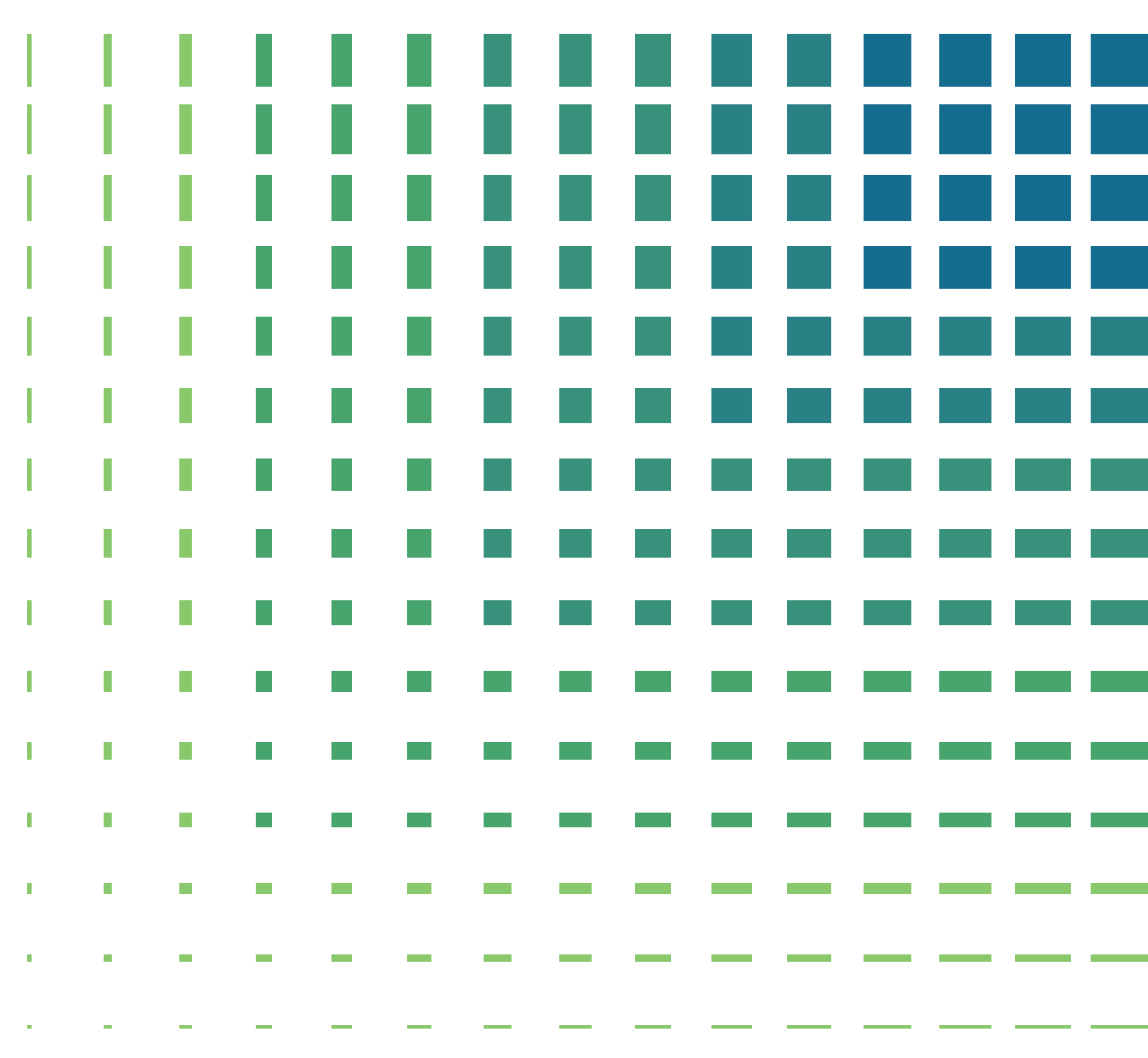


Comprehensive cost reduction and process efficiency improvement program ongoing



Deeper customer engagement, accelerating new product pipeline

Performance Overview



Revenue performance by Geography

All values in ₹ Mn

Revenue Distribution	Q3 FY23	Q2 FY23	QoQ Gr%	QoQ Gr% (In cc)	Q3 FY22	YoY Gr%	YoY Gr% (In cc)	9M FY23	9M FY22	YoY Gr%	YoY Gr% (In cc)
Formulations	2,588	2,395	8.0%	5.1%	2,529	2.4%	7.9%	7,430	7,167	3.7%	13.7%
Europe	1,050	899	16.8%	11.3%	1,044	0.6%	2.3%	2,983	3,151	(5.3%)	0.5%
Emerging Markets	1,252	1,178	6.3%	4.4%	1,196	4.7%	8.0%	3,604	3,212	12.2%	22.1%
India	286	319	(10.4%)	(10.4%)	289	(1.0%)	(1.0%)	843	804	4.9%	4.9%
APIs	1,072	920	16.5%	13.6%	1,026	4.4%	(3.5%)	2,880	3,041	(5.3%)	(9.4%)
Other Sales	25	26	NM	NM	25	NM	NM	99	83	NM	NM
Global Sales	3,685	3,341	10.3%	10.2%	3,580	2.9%	4.6%	10,409	10,291	1.1%	6.9%
Adjustment* - Ind AS 29	69	35	-	-	-	-	-	134	-	-	-
Reported Sales	3,753	3,376	11.2%	10.0%	3,580	4.8%	4.5%	10,542	10,291	2.4%	6.8%

- ❖ Overall business with 10.0% cc growth in Q3 FY23 vs. Q2 FY23, 9M YTD in-market growth of 6.8% y-o-y in cc terms
 - ❖ Formulations sustains momentum in Q3 with 5.1% cc growth q-o-q, and 7.9% cc growth on y-o-y basis
 - ❖ Europe returns to growth in Q3 with double-digit growth of 11.3% over Q2 FY23 – focus on cost efficiencies to continue
 - ❖ Emerging Markets led by LATAM continue to grow during the year; currency pressures in Turkey mask in-market gains
 - ❖ API starts strengthening, improvement over Q2 FY23 by 13.6% cc – growth driven by Regulated markets customers, Top AH players
 - ❖ Efforts continue to mitigate pressures from impact of global uncertainties and macro weaknesses during recent times

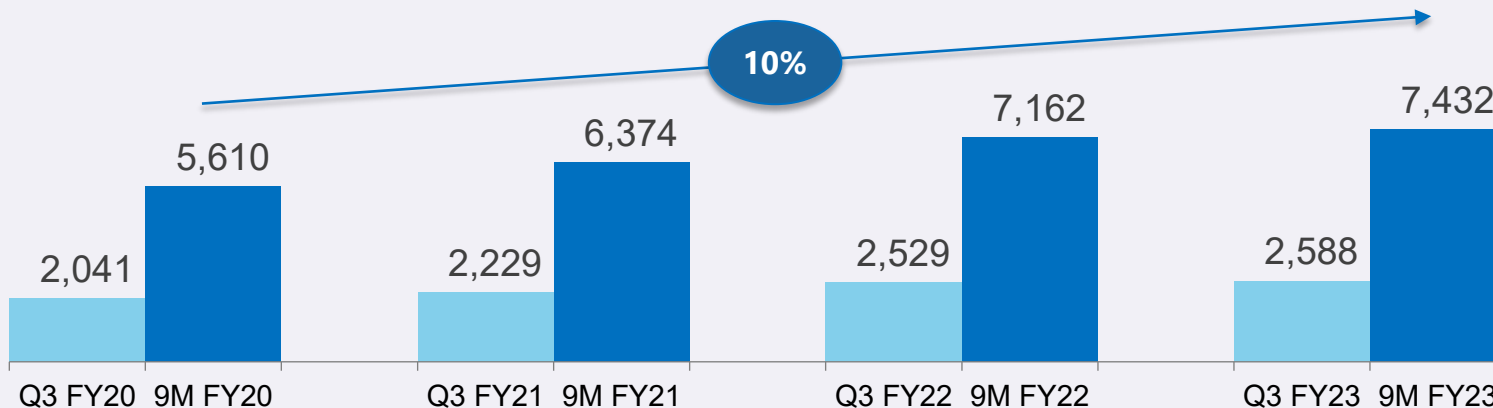
Formulations : Sustaining growth momentum

Key Updates

- ❖ Q3 revenues at ₹ 2.59 Bn, +7.9% y-o-y (cc); 9M YTD revenues at ₹ 7.43 Bn, +13.7% y-o-y (cc)
- ❖ Q3 Performance demonstrates underlying strength of our globally diversified business model
- ❖ Europe stabilizes, driving overall formulations growth; focus on structural actions to continue
- ❖ Emerging markets led by LATAM continue to perform well for the year, +22.1% y-o-y in cc terms
- ❖ India flat on y-o-y basis, in-line with seasonal variations and enduring impact of market headwinds
- ❖ Near-term focus on driving cost efficiencies to counter macro environment and industry challenges

Revenues

All values in ₹ Mn



FDFs

1000+

Manufacturing facilities

6

R&D Centres

4

Countries with marketing presence

80+

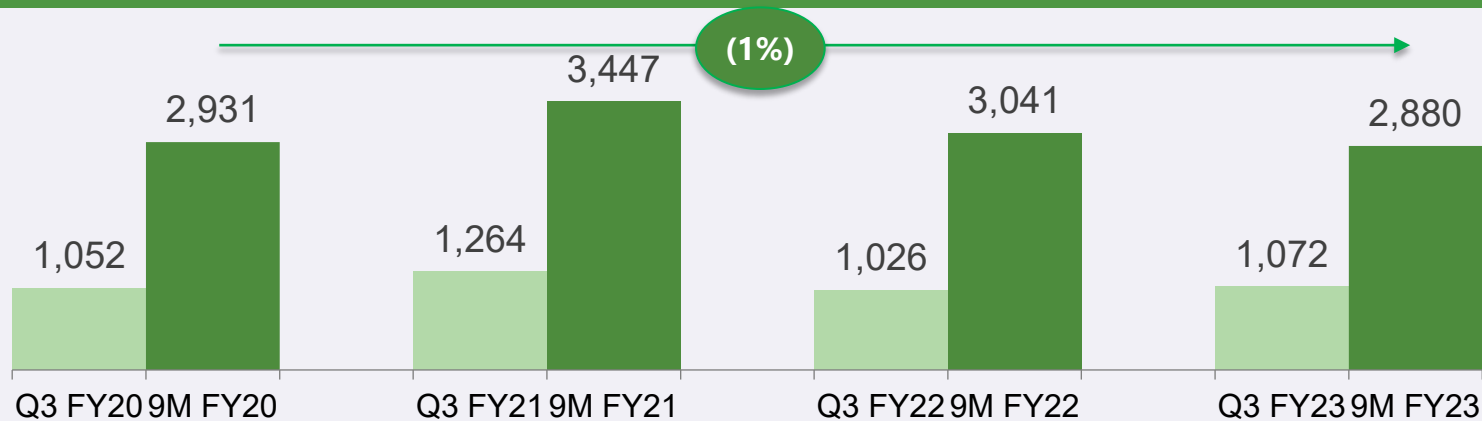
API : Continued strength in regulated markets

Key Updates

- ❖ Q3 revenues at ₹ 1.07 Bn, strong performance delivering 13.6% q-o-q growth in cc terms
- ❖ 9M YTD revenues at ₹ 2.88 Bn, 3-year CAGR flat, however business contribution from regulated market customers & Top Animal Health players well sustained
- ❖ Strong customer engagement driving near-term growth, despite slow improvement on demand side and increasing intensity of price competition
- ❖ Profitability improvement program ongoing to drive material, input cost optimization
- ❖ Submitted 1 new US VMF and CEP filings – total 27 USVMF filings, 12 CEP approvals

Revenues

All values in ₹ Mn



Commercial APIs

35

Manufacturing facilities

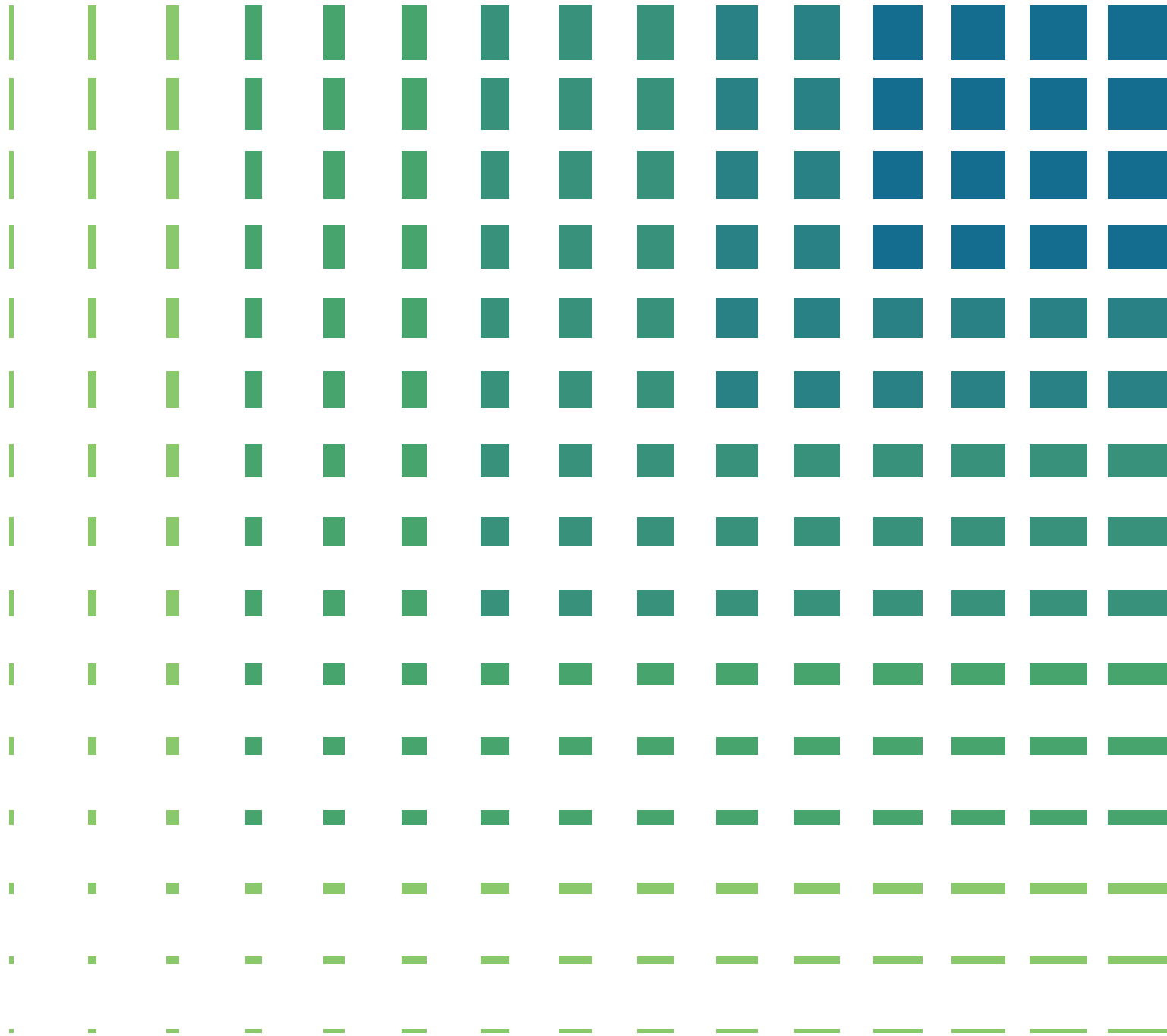
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R&D Centre

1

Sales to Regulated Markets

65%+



Financials

Consolidated Financials

Particulars	Q3 FY23 Unaudited	Q2 FY23 Unaudited	Q3 FY22 Unaudited	9M FY23 Unaudited	9M FY22 Unaudited	FY22 Audited
Revenue from Operations	3,753	3,376	3,580	10,542	10,291	14,128
Material Consumption	(2,174)	(1,979)	(2,075)	(6,120)	(5,742)	(7,930)
Gross Margin	1,579	1,397	1,505	4,422	4,549	6,198
%	42.1%	41.4%	42.0%	41.9%	44.2%	43.9%
Employee Benefit Expenses	(580)	(526)	(488)	(1,660)	(1,466)	(1,985)
Operating Expenses	(722)	(721)	(680)	(2,134)	(2,047)	(2,791)
EBITDA (pre ESOP)	277	150	337	628	1,037	1,423
%	7.4%	4.4%	9.4%	6.0%	10.1%	10.1%
ESOP cost	(89)	(98)	25	(278)	(276)	(329)
EBITDA	188	51	362	350	761	1,094
%	5.0%	1.5%	10.1%	3.3%	7.4%	7.7%
Exceptional Items / Acquisition cost*	(10)	-	-	(42)	-	-
IndAS 29 Adjustment	(28)	(33)	-	(102)	-	-
Exchange Gain / (Loss)	(46)	11	29	(84)	40	63
Other Income	29	9	8	47	31	45
Finance Cost	(97)	(81)	(35)	(246)	(97)	(158)
Depreciation	(137)	(134)	(128)	(410)	(386)	(515)
Earnings Before Tax	(102)	(177)	236	(489)	348	529
Taxes	4	133	(50)	193	2	(82)
Earnings After Tax	(98)	(44)	186	(295)	350	448
Minority Interest	(9)	(7)	14	(20)	27	38
Earnings after Minority Interest	(89)	(38)	171	(276)	323	410

* Q3 FY23 ₹10 Mn acquisition related cost and 9M FY 23 includes ₹ 32 Mn of Vizag fire related cost

Key Balance sheet Items

All values in ₹ Mn

Particulars	Dec- 22*	Sep-22*	Mar-22``
Shareholders Funds	7,715	7,375	6,921
Minority Interest	482	443	480
Net Debt	3,631	3,405	2,542
Investments	0	1	368
Tangible Assets	3,780	3,565	3,263
Intangible Assets	3,186	2,981	2,498
Working Capital	4,804	4,604	4,222
Put / Buyout Liabilities		-	^159

Balance Sheet Highlights

- ❖ Rise in Net Debt on account of additional working capital facility in India – ₹ 191 Mn and fresh borrowing of ₹ 133 Mn at Ireland
- ❖ Capex increase in Vizag ~ ₹ 150 Mn
- ❖ Strong operational initiatives – Inventory reduction by 10+ days

*Sep'22 & Dec'22 reported numbers are adjusted for impact of hyperinflation accounting in Turkey as per IndAS 29 - 'Accounting for Hyperinflationary economies'

^ Buyout Liabilities of ₹ 159 Mn in Mar'22 paid on account of Nourrie acquisition

`` Mar'22 restated on account of Nourrie amalgamation

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Thank You