

Leading with Vision.  
Building with Passion.  
India's No. 1 animal health company



**Investor Presentation | June 2018**

*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**  
Proven Ability In Life Sciences



ALIVIRA



**A New Horizon – Pure Play Animal Healthcare**

# Evolution to a robust SeQuent

Pre-2013

## Low margin business

- Formed by amalgamation of businesses
- API led strategy



- Low value APIs & specialty chemicals
- Unregulated market business

2013-16

## Re-strategized from 'Growth' to 'Value'

- **Established Alivira**- Global integrated animal health business
- **Refocused human pharma biz.** - mature APIs & regulated markets
- **Divested**- non-core specialty chemical business
- **Enhanced focus** - R&D



- **Strengthened balance sheet (Promoter infusion & QIP)**
- **Investment & ramp up in state of the art futuristic API facilities**

2016-17

## Sharpened Focus

- **De-merging^ Human API business into a new listed entity- Solara Active Pharma Sciences**
- **Niche Human API business with strong margins**
- **Solara to be amongst the largest standalone human API companies in the country**
- **Will possess the large scale API manufacturing capabilities of Strides Shasun and technical knowhow of Sequent.**



Today & Beyond

## Designed for growth Built for Value

- Creating disruptive value
- India's first global integrated animal health player with a \$150m+ annual rev. run rate
- Deepened know-how & front end footprint
- Only US FDA approved animal health API facility in India
- Organic & inorganic expansion
- Integration & cross leveraging
- Aggressive R&D in API & Formulations



# Differential market attributes, Alivira's distinctive approach



## Industry Dynamics



### Indian Pharma Approach

- Manufacturing driven strategy taken global
- India based management



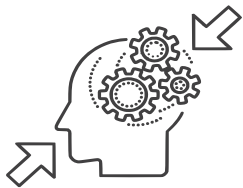
### Unique Animal Health/Veterinary characteristics

- Limited scale "in-market" local business
- Customer focused business with emphasis on relationships



### Alivira's Approach

- Applying cutting-edge resources to remain ahead of the curve in a rapidly growing industry
- Global management with international expertise and local knowhow



## Market Knowhow

- Strong market intelligence available - IMS database and trends
- A big advantage to begin, however leads to hyper strategy with "me-too" products

- No secondary market database and business built on local knowledge
- Complex & distinct regional needs
- Vet market : exemplified by regulatory barriers & FMCG characteristics

- Local know how with veterinarians connect
- Region specific portfolio
- Customer centric; relationship driven front end



# Differential market attributes, Alivira's distinctive approach



## Customer Acquisition



### Indian Pharma Approach

- Partner approach
- Price position with customers and gradually moving up the value chain



### Unique Animal Health/Veterinary characteristics

- Branded generics market
- Veterinarian connect is critical including the relationship with farmers



### Alivira's Approach

- Established global front end for last mile partnership



## Research

- Industry driven by patent expiry
- High R & D focus with large filings in US







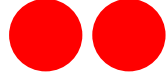









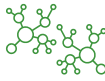

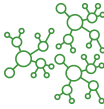
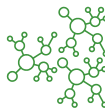










- Few products under patent protection
- Limited R&D focussed on drug delivery & ease of use
- Complex regulatory framework driving disproportionate R&D returns

### Customized R&D approach

- Smart program with focus on API & Formulations
- Multiple approaches leveraging local knowledge
- Smart usage of resources



# Animal Health- The BEST of both worlds

	FMCG	Specialty Pharma	Commodity Generic	Branded Generic	Global Animal Health
R&D Expenses					
Regulatory Barriers					
IP Barriers					
Brand Building & local distribution strength					
Local know how / information availability					
Management					

R&D for ease of use & drug delivery

Complex regulatory requirements leading to disproportionate R&D returns

Few products under patent protection

Veterinarian connect is critical including the relationship with farmers

No secondary market database hence, business developed on strong local knowledge  
Complex & distinct regional need



# Alivira- India's largest animal Health Company



## Formulations

- Focus on global livestock market with an organic-inorganic led strategy to accelerate expansion
- Strong presence in Europe, LATAM, Turkey, India, Africa & South East Asia
- Recent foray into France & Ukraine
- Global R&D approach with localised manufacturing capabilities in regulatory geographies.

95+

35+

R&D pipeline for API & Formulations

## APIs

- Wide range of products, predominantly in Anthelmintics & emerging NSAID portfolio
- Established relationship with top 10 veterinary companies with a steady customer base across US, Europe, LATAM & India
- India's only FDA approved API manufacturing facility in Vizag

450+

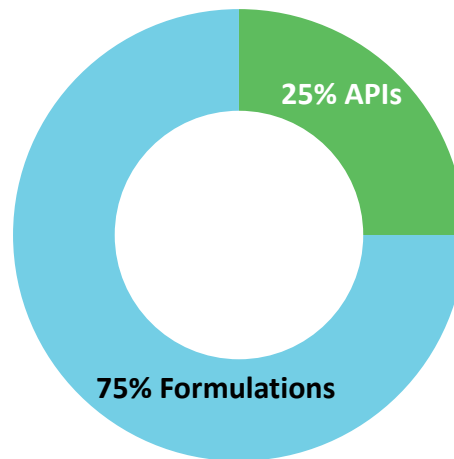
Finished Dosages

5

Manufacturing Facilities

13

Dosage Formats



23

Commercial APIs

2

Manufacturing Facilities

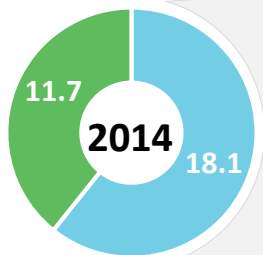
30+

Filings

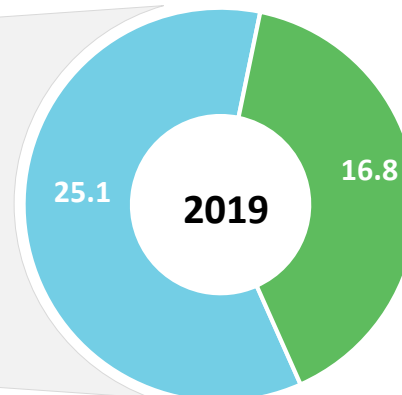




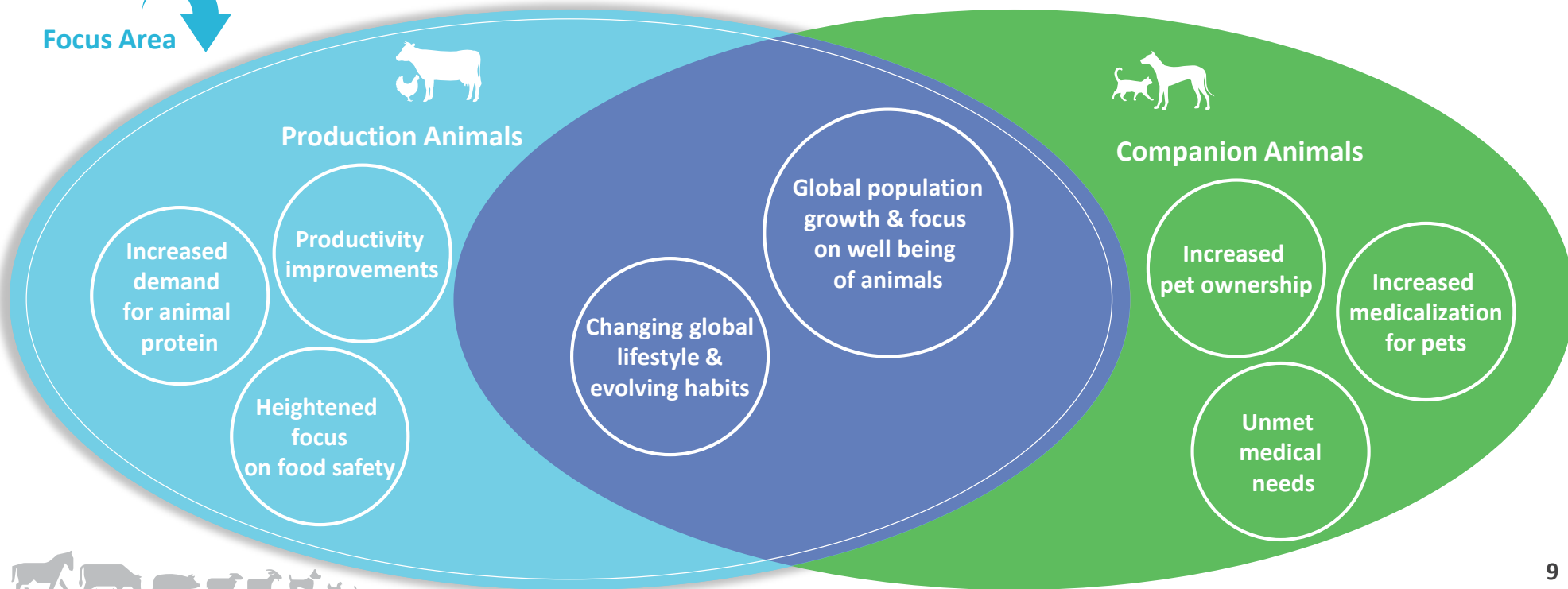
# Advantageously placed in a growing opportunity



Industry to grow at a CAGR of ~7%  
with Production animal segment  
having the larger pie



Focus Area

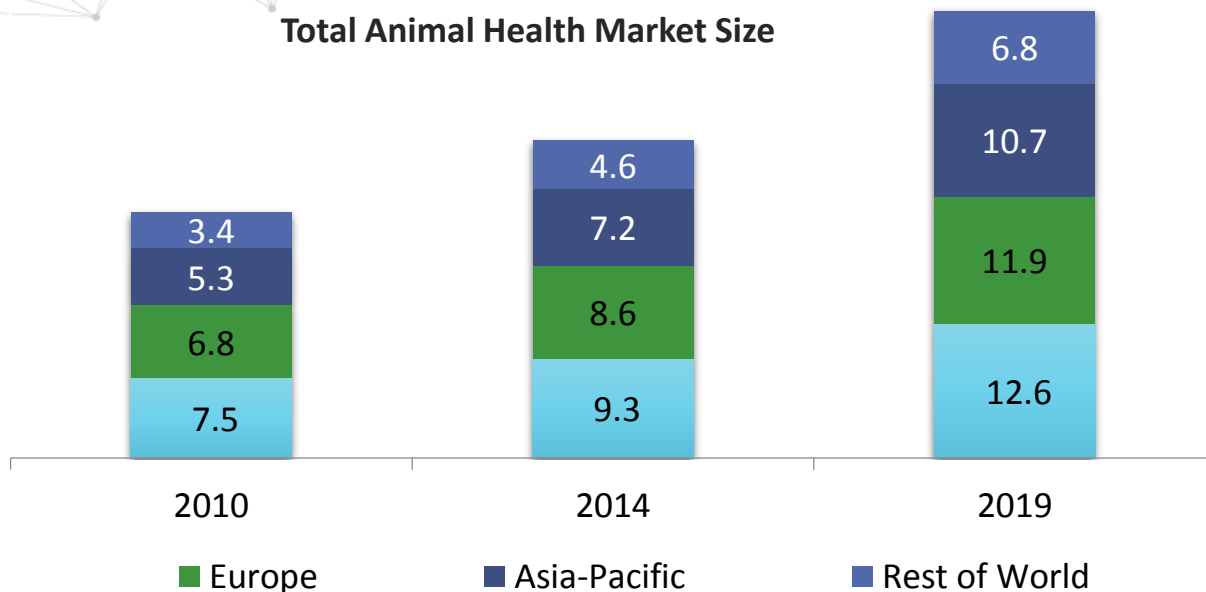


\*Figures in US\$ billion.

# Animal health – Large Growing and Diverse Sector

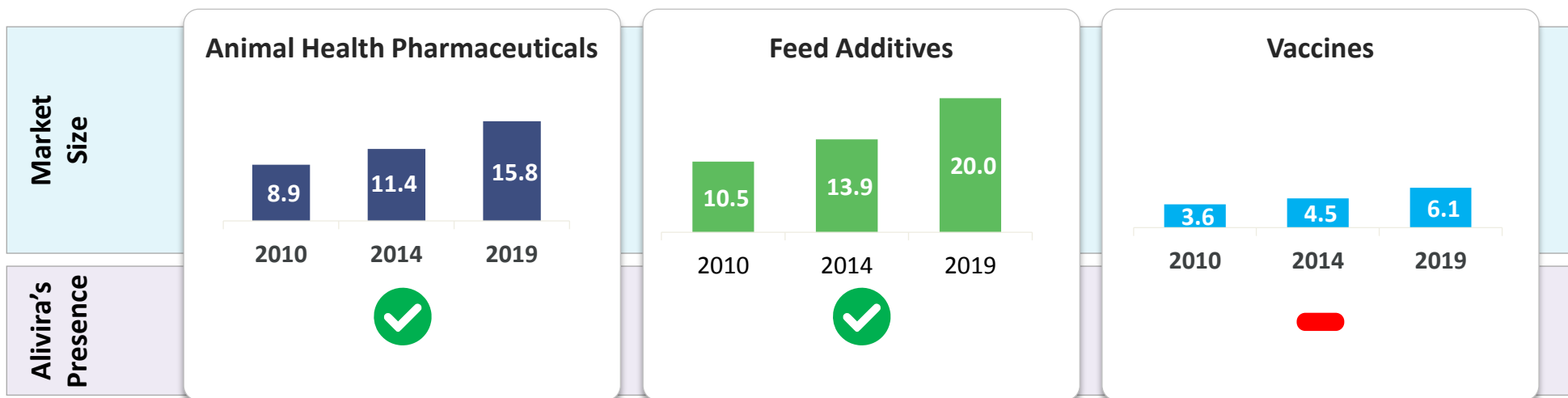


Total Animal Health Market Size



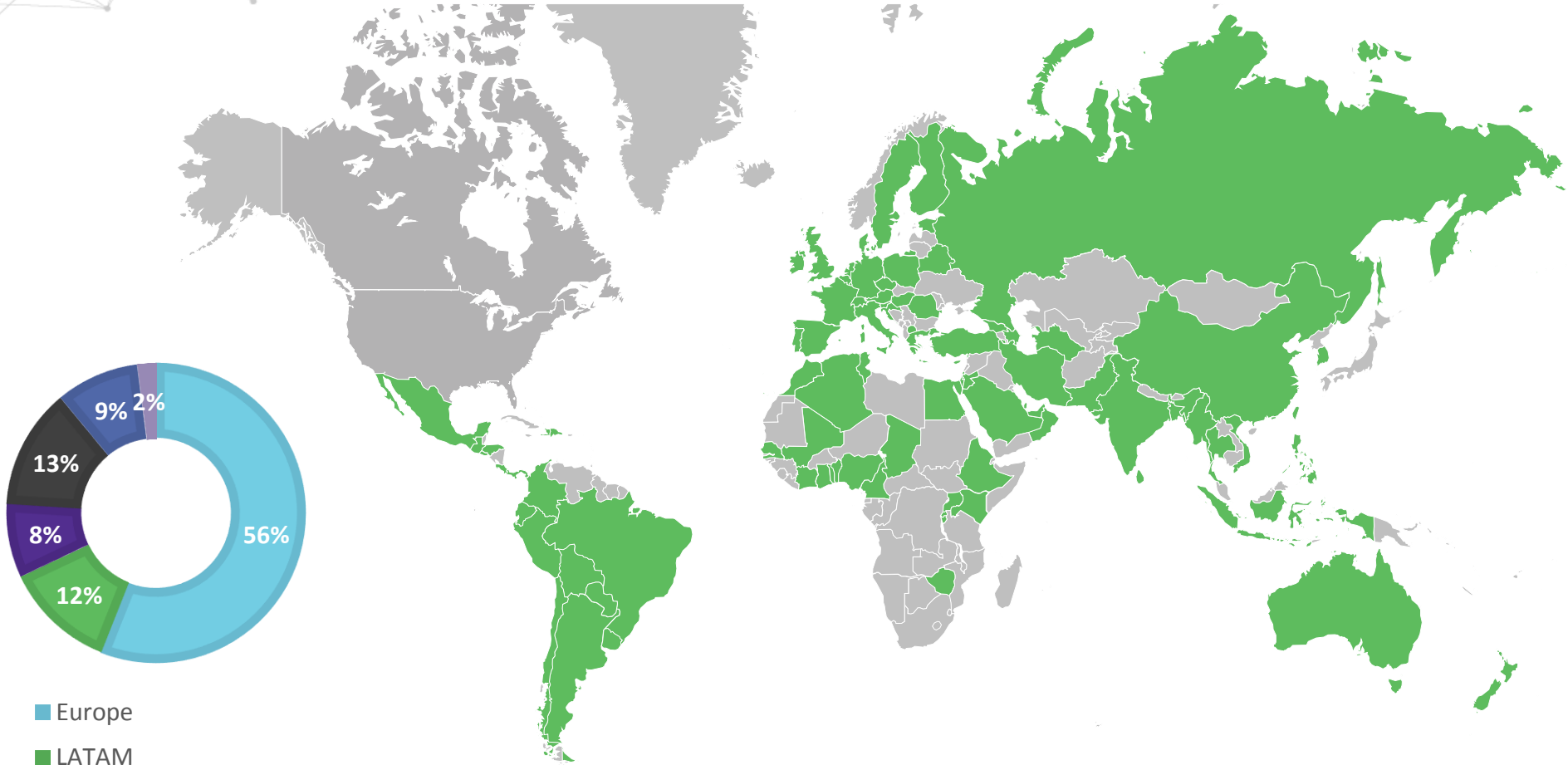
CAGR

	2010-14	2014-19
Rest of World	7.8%	8.1%
Asia-Pacific	8.0%	8.2%
Europe	6.0%	6.7%
Total	6.6%	7.2%



\*Figures in US\$ billion.

# Fast expanding market coverage







- Europe
- LATAM
- Emerging Markets
- Turkey
- India
- North America & ANZ

95+ countries and progressing



# Key Acquisitions

Acquired Entities & Markets	Provet/Topkim Turkey	Karizoo Spain	Evance Brazil	N-VET / Fendigo Rest of EU	Bremer Germany
 <p>Capabilities &amp; Domain</p>	<ul style="list-style-type: none"> <li>Presence in Turkey &amp; neighboring markets</li> <li>Manufacturing base</li> <li>120+ registered products</li> </ul>	<ul style="list-style-type: none"> <li>Presence in key EU countries &amp; Mexico</li> <li>Manufacturing base</li> <li>115+ registered products globally</li> </ul>	<ul style="list-style-type: none"> <li>Presence in Brazil</li> <li>Manufacturing base</li> <li>23+ registered products</li> </ul>	<ul style="list-style-type: none"> <li>Presence in 4 key EU markets</li> <li>Distribution of 250+ products</li> </ul>	<ul style="list-style-type: none"> <li>Presence in key EU markets</li> <li>Oral powders, Oral liquid and sterile injectables</li> <li>IP - 421 MA's including 56 in EU</li> </ul>
 <p>Decision Rationale</p>	<ul style="list-style-type: none"> <li>Strong front end presence in strategic Vet markets of Turkey</li> <li>7 manufacturing suits incl. injectables, approved under new regulations</li> </ul>	<ul style="list-style-type: none"> <li>Front end presence in Spain, presence in 15 key EU markets</li> <li>EU-GMP manufacturing incl. antibiotic. FAMI-QS Nutritional facility</li> </ul>	<ul style="list-style-type: none"> <li>Front end presence in key Brazil market</li> <li>MAPA approved manufacturing – antibiotics &amp; antibacterial</li> </ul>	<ul style="list-style-type: none"> <li>Front end presence &amp; relationships with Belgium, Netherlands, Luxembourg &amp; Sweden</li> <li>Strong distribution network</li> </ul>	<ul style="list-style-type: none"> <li>Access to EU approved facility, re-approved in March 2018 by LANUV</li> <li>Complimentary EM business</li> <li>Synergies with Spanish facility – Powders &amp; Oral liquids</li> </ul>
 <p>Ownership &amp; Valuation</p>	<ul style="list-style-type: none"> <li>60:40</li> <li>7.7 times EBITDA (Provet)</li> <li>4 times EBITDA (Topkim)</li> </ul>	<ul style="list-style-type: none"> <li>60%</li> <li>8 times EBITDA with follow on consideration on performance</li> </ul>	<ul style="list-style-type: none"> <li>70:30</li> <li>Mostly as infusion into the company</li> </ul>	<ul style="list-style-type: none"> <li>85:15</li> <li>@5.5 times EBITDA</li> </ul>	<ul style="list-style-type: none"> <li>100%</li> </ul>
 <p>FY17 Revenue</p>	<ul style="list-style-type: none"> <li>Provet: TRY 24.6 Mn</li> <li>Topkim: TRY 21.5 Mn</li> </ul>	<ul style="list-style-type: none"> <li>Karizoo: EUR 24.2 Mn (9 months)</li> </ul>	<ul style="list-style-type: none"> <li>Evance: BRL 14.2Mn (8 months)</li> </ul>	<ul style="list-style-type: none"> <li>N—vet: SEK 28.6Mn</li> <li>Fendigo: EUR 7.2Mn</li> </ul>	<ul style="list-style-type: none"> <li>Bremer: EUR 6.7Mn</li> </ul>



# Strong Management team



**Manish Gupta**  
CEO



**Sharat Narasapur**  
*Global Manufacturing strategy*



**Tushar Mistry**  
*Global Finance*



**Shrikant Makode**  
*Global API Head*



**Ramon Vila**  
*Business Europe*



**Jose Nunes Filho**  
*Business LATAM*



**Dr. Huseyn Aydin**  
*Business Turkey*



**Sequent**  
Proven Ability In Life Sciences



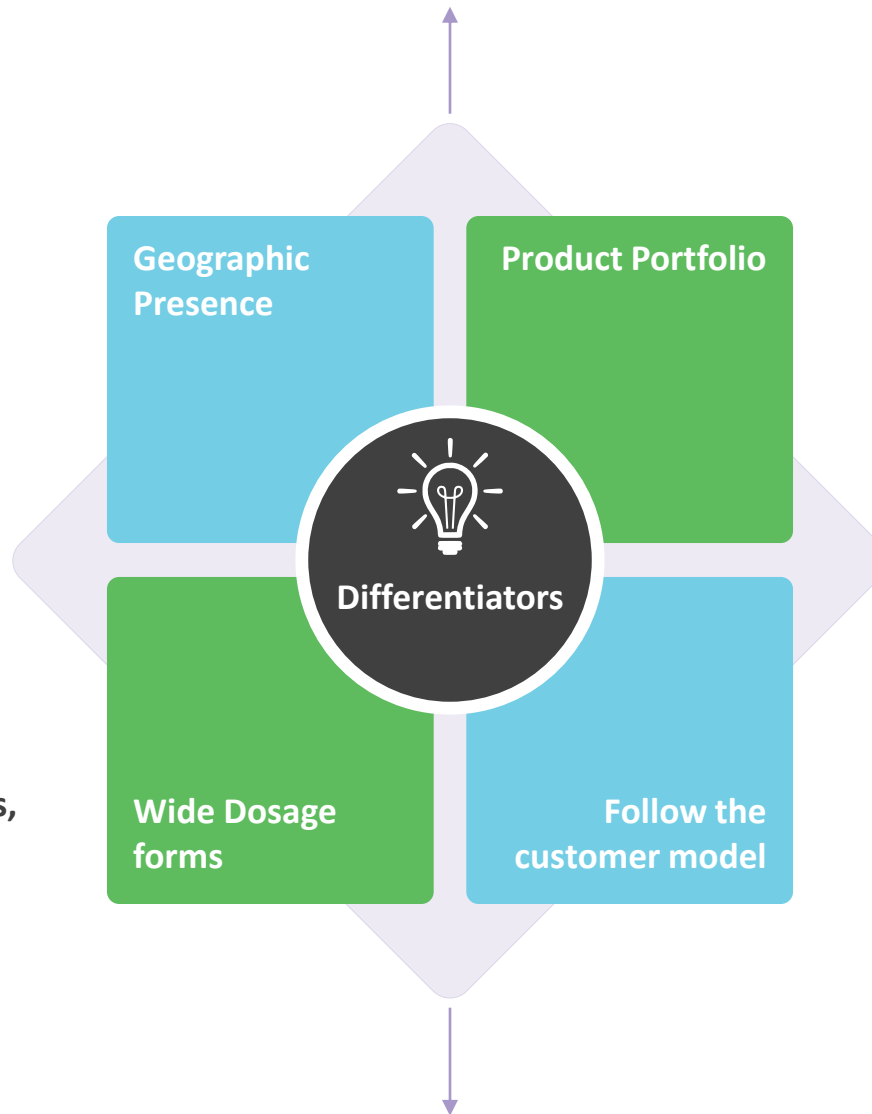
ALIVIRA



**Formulations – Skill & Scale**

# A steady foundation for global expansion

- Europe, LATAM, Turkey, India, Africa and SE Asia
- Recent foray into France & Ukraine



- Comprehensive portfolio covering feed, nutritional and therapeutic classes
- Addresses multitude of species across therapy classes

- Possess a wide range of dosage forms including injectables, powders, granules, solutions, suspensions and topicals

- Diversified manufacturing and R & D base globally
- Customised market centric formulations



# Across Multiple Geographies



## Geography

## Our Presence

## Growth Drivers & Focus Areas

### Europe

- Front end team of 35+ with presence in 6 of the top 10 EU countries (ES, NL, BE, SE, DE, GR) and 15 other EU markets through distributors
- 95+ product registrations with last mile channel partnership for 27 EU companies
- Manufacturing base at Spain & Germany, R&D base at Barcelona

- Establish Alivira front end presence across all top 10 markets
- Expand distribution reach across all EU countries (29)
- Robust R&D pipeline (Cattle, Poultry & Swine)
- Addition of nutritional additives & supplements

### Turkey

- 3<sup>rd</sup> largest Animal Health Company in Turkey (~10% market share)
- Largest producer of veterinary pharmaceuticals
- Portfolio of 120+ products & 40+ field force
- Robust manufacturing capabilities

- Enhanced presence in cattle & sheep segment
- Strategic tie-up for entry into vaccine segment for cattle
- Foray into poultry market





# Across Multiple Geographies



## Geography

## Our Presence

## Growth Drivers & Focus Areas

### LATAM

- Brazil- 25+ registered products; GMP manufacturing facility approved by MAPA, Field force 11+
- Mexico- 28+ registered products; Field force of 7+

- Addition of therapeutic products, nutritional additives & supplements
- Cross leverage of group portfolio
- In-license products leveraging EU relationships
- Expand into other LATAM markets

### Emerging Markets

- Africa- 14 key countries, 85+ approved products - 14 field force (direct & indirect)
- South East Asia- 5 countries, 11 Indirect field force, 65+ approved products
- MENA - 6 countries, 12 Indirect field force, 24 registrations
- CIS Ukraine – Field force 3 & 3 registrations
- India Cattle & Poultry - 160+ field force; 44 approved products

- Established front end in parts of East Africa & South East Asia
- New markets : Egypt, Saudi, Thailand, Tanzania, CIS & Qatar
- Focus on innovative Non-antibiotic product portfolio

### India:

- Poultry : Leveraging Alivira global presence
- Ruminants : Focused approach on selected - therapies, brands & territories
- Entry into vaccines for marketing in India– tie up with IDT Biologika, Germany
- Foray into pet portfolio



# End to end capabilities for an integrated play



ALIVIRA

## Manufacturing facilities

Dosage Form	Spain	Turkey	Brazil	India	Germany
APIs				✓	
Oral Solution	✓	✓	✓	✓	✓
Liquid for inhalation	✓				
Oral Suspension	⚪			✓	
Water Soluble Powder	✓		✓	✓	✓
Drug Premix	✓				
Nutritional Feed Add.	✓				
Tablets	⚪				✓
Pre Filled Syringes		✓			
Injectable					
Inj. Solution		✓			✓
Inj. Suspension		✓			✓
Granules for Injection				✓	
Gases					
Aerosols		✓			
Pour On / Spot On	⚪	✓			
Disinfectants	⚪				✓

## R&D capabilities

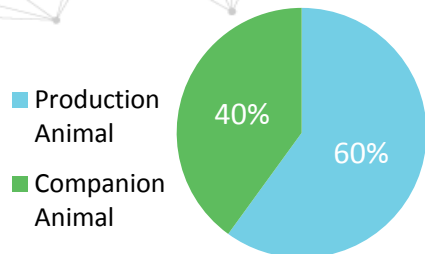
Dosage Form	Spain	Turkey	India
APIs			✓
Oral Solution	✓	✓	
Liquid for inhalation	✓		
Oral Suspension	✓	✓	
Water Soluble Powder	✓		
Drug Premix	✓		
Nutritional Feed Add.	✓		
Tablets			✓
Pre Filled Syringe		✓	
Injectable			
Inj. Solution			✓
Inj. Suspension			✓
Granules for Injection			
Gases			
Aerosols		✓	
Pour-on/ Spot-on	⚪	✓	
Disinfectants	⚪		



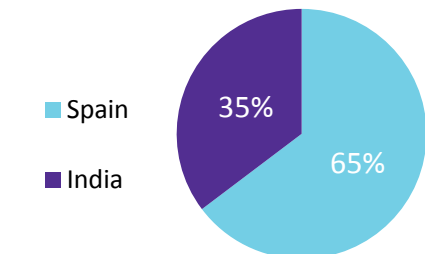
⚪ In Process ⚪ To be decided

⚪ In Process 18

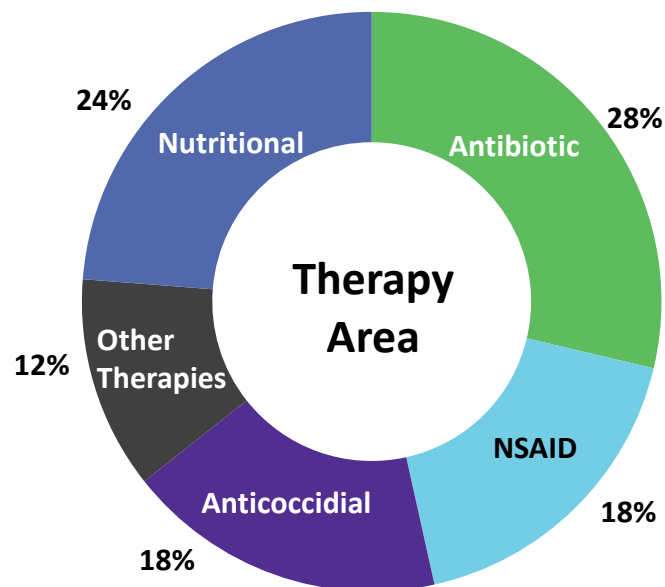
# R&D Pipeline



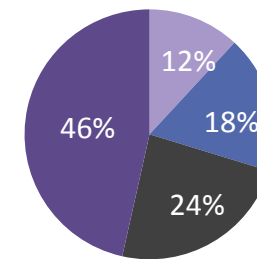
**Species**



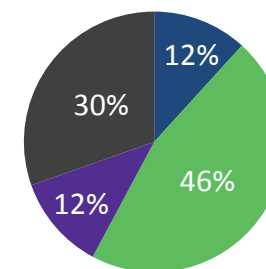
**Development Location**



**Therapy Area**



**Dosage form**



**Product Categories**

■ Injectables

■ Solids

■ Liquids

■ Powders / Premixes

■ Day 1 opp.

■ First generic

■ Incremental Innovation

■ Generics

**Portfolio of ~20 products under development, market opportunity of \$ 500 Mn+**



*\*Of the product pipeline, 2 are nearing FTF date*

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Proven Ability In Life Sciences



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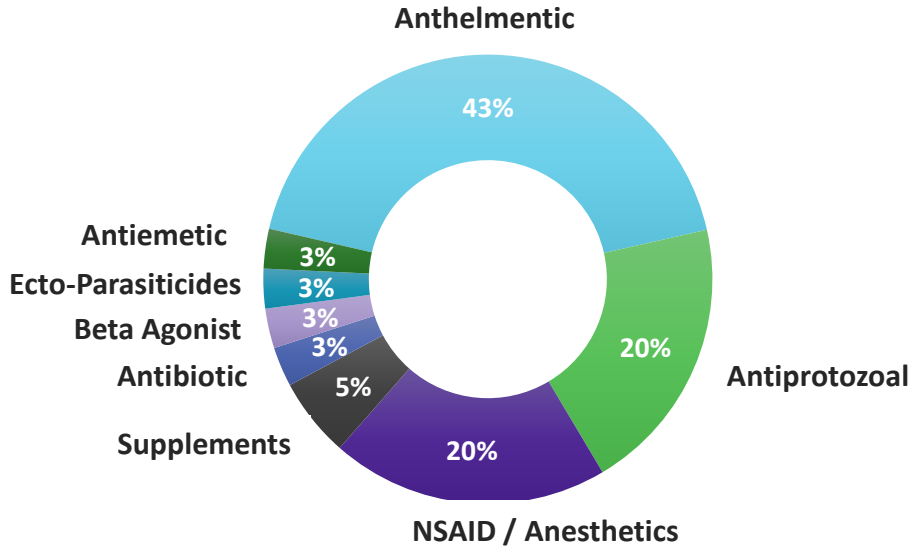
**API Edge In Animal Health**



# Comprehensive API Business



## Our dedicated USFDA approved facility at Vizag – 1<sup>st</sup> in India

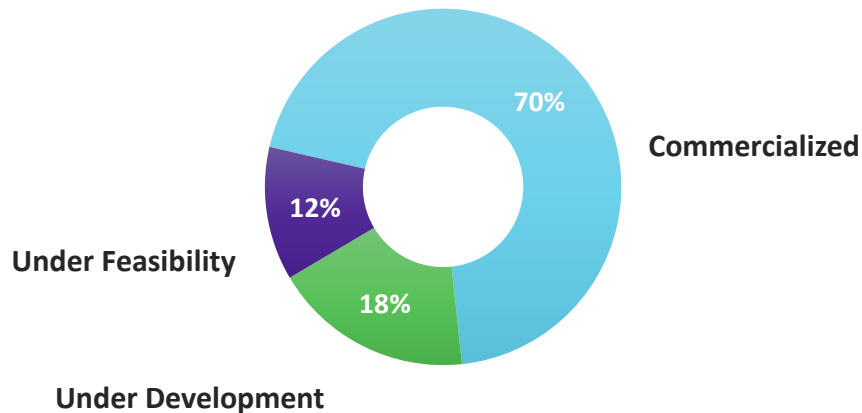


### Business

- Offers 23 products globally
- Long standing relationships with global Top 10 animal health companies

### Key Products

- Triclabendazole, Flunixin, Clorsulon, Fenbendazole, Albendazole & Praziquantel
- R&D pipeline of 10+ products



### Strategic Progression

- Expanding portfolio into newer therapeutic segments
- Leveraging key existing customer relationships to expand product basket across geographies



# USFDA Approved Veterinary API facility



- World Class, State of the art manufacturing facility at Vizag with annual capacity of 1,000 MT
- 224.6kl reactor capacity with six clean rooms and multi product capabilities
- 45 acre land area with significantly enhanced capacities & room for further growth
- Compliant to latest EHS regulations
- USFDA approved facility for foray into United States - the largest animal health market – Key growth driver



Intermediates Facility : Tarapur, Maharashtra, India



# Relationship with Top 10 Global Animal Health Players – An Edge



Top 10 Animal Health Companies	Under Discussion	Under Qualification	Commercialized
Company A	2	0	4
Company B	6	4	5
Company C	4	0	4
Company D	1	1	1
Company E	4	1	4
Company F	5	3	3
Company G	1	3	5
Company H	1	1	1
Company I	4	4	3
Company J	6	2	6



**Sequent**  
Proven Ability In Life Sciences



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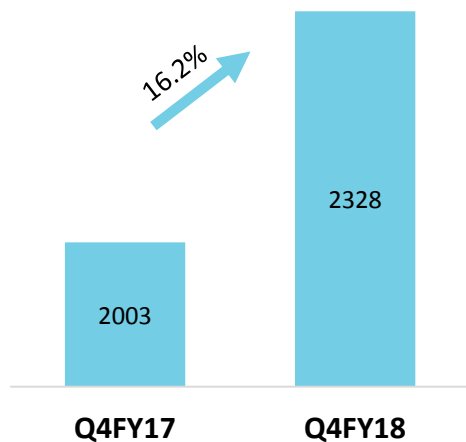
**Financials**



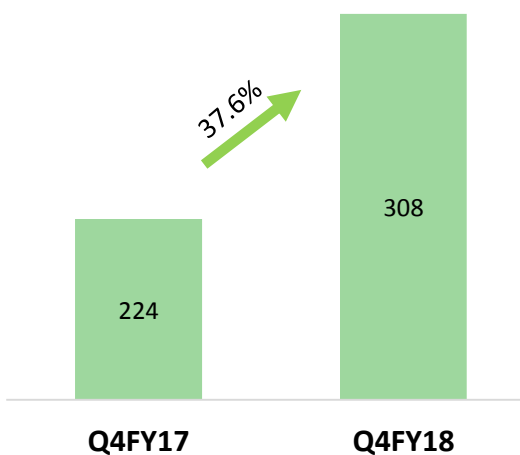
# Q4FY18 Update

- **First commercial supplies from Vizag for US markets**
- Revenue at **Rs. 2,328 mn** as against Rs. 2,003 mn in Q4FY17, up by **16.2%**
- EBITDA at **Rs. 308 mn**, as against Rs. 224 mn, up by **37.6%**
- EBITDA margin at **13.2%** in Q4FY18, up **206 bps**

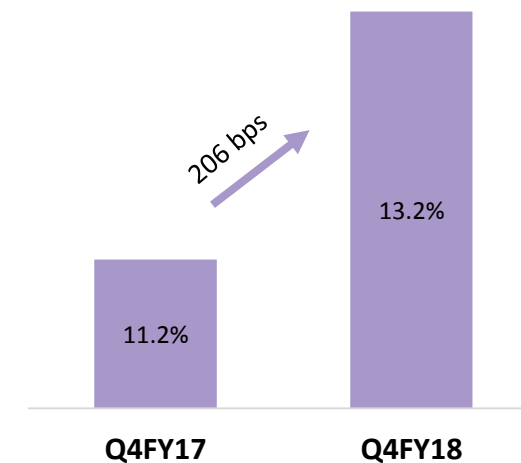
Revenue (INR mn)



EBITDA (INR mn)

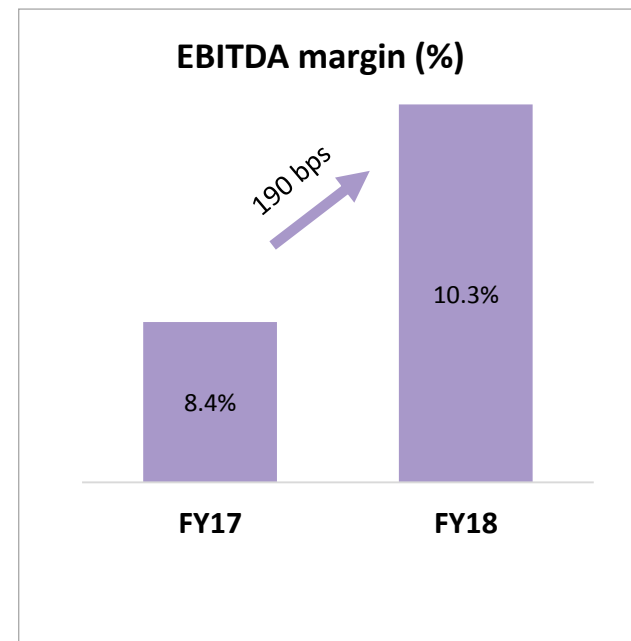
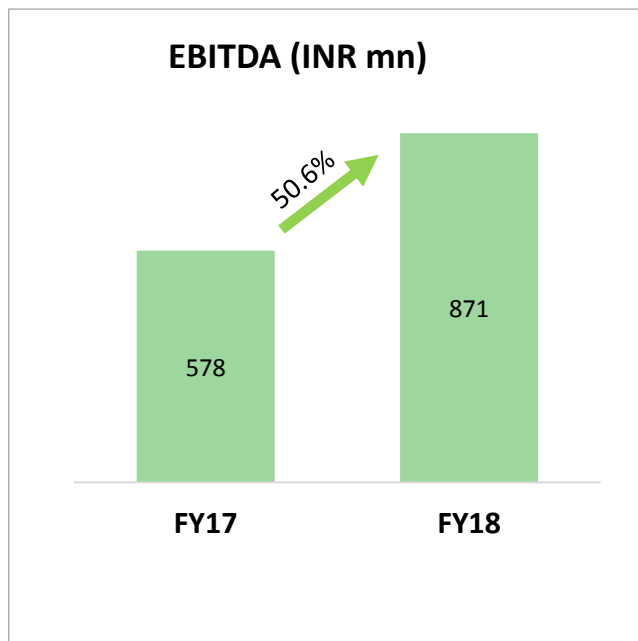
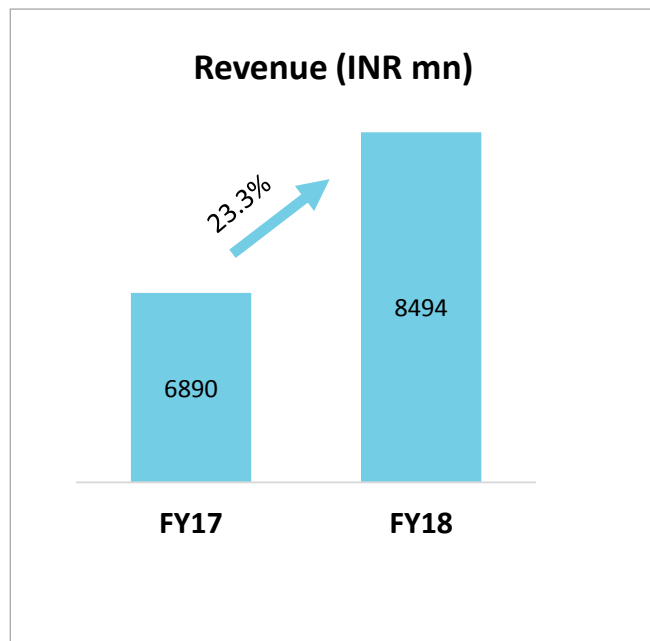


EBITDA Margin (%)



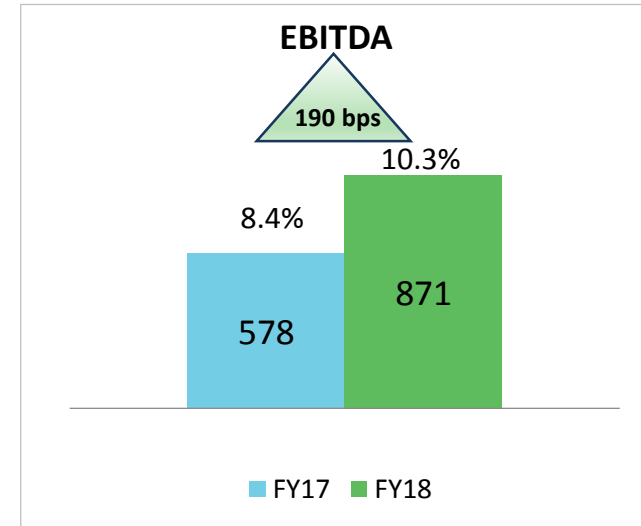
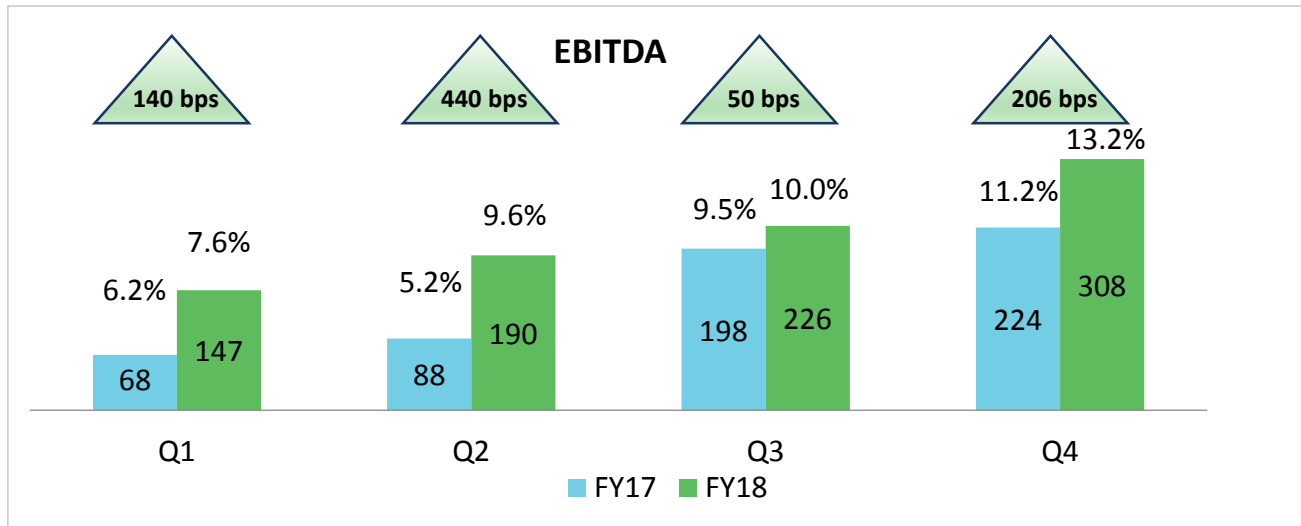
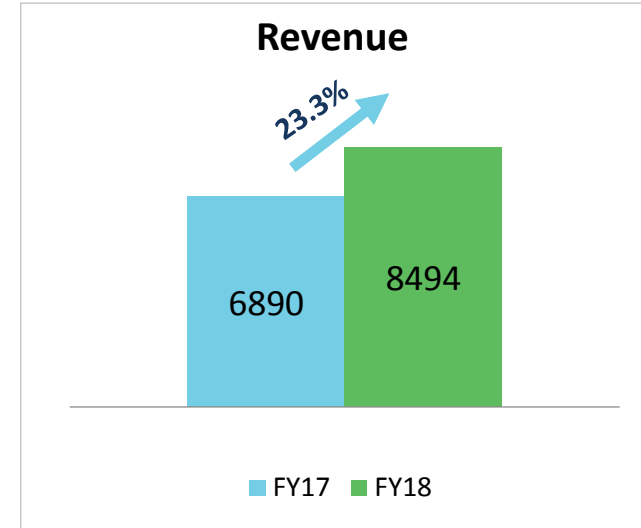
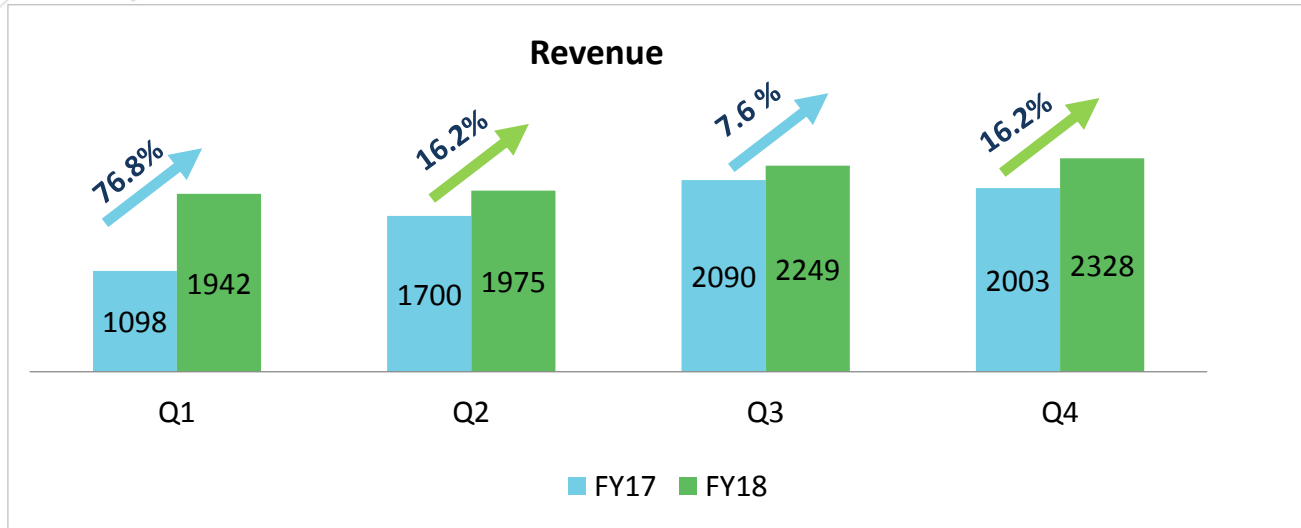
# FY18 Update

- Revenue at **Rs. 8,494 mn** as against Rs. 6,890 mn in FY17, up by **23.3%**
- EBITDA at **Rs. 871 mn**, as against Rs. 578 mn, in the previous year up by **50.6%**
- EBITDA margin at **10.3 %** in FY18, up **190 bps**
- Operating leverage driven by successful integration across acquisitions
- Completed 11 USVMF filings
- Paid dividend @ 10% after a gap of 6 years



# Relentless focus on execution

All values in Rs mn



# Revenue Distribution

All values in Rs Mn

Geography-wise Sales	Q4FY18	Q4FY17	Growth %	FY18	FY17	Growth %
<b>APIs</b>	<b>578</b>	<b>569</b>	<b>1.6%</b>	<b>2,188</b>	<b>1,965</b>	<b>11.3%</b>
<b>Formulations</b>	<b>1,750</b>	<b>1,434</b>	<b>20.4%</b>	<b>6,307</b>	<b>4,925</b>	<b>27.6%</b>
<b>Europe</b>	817	626	30.4%	3,168	2,208	43.4%
<b>Turkey</b>	401	282	42.1%	1,160	980	18.4%
<b>Emerging Markets</b>	315	353	-10.6%	1,163	1,283	-9.4%
<b>LATAM</b>	216	173	25.3%	816	454	79.7%
<b>Global Sales</b>	<b>2,328</b>	<b>2,003</b>	<b>16.2%</b>	<b>8,494</b>	<b>6,890</b>	<b>23.3%</b>

## API

- API contributed ~1/4<sup>th</sup> of sales
- First commercial supplies for the US market from Vizag in Q4
- US supplies scale-up to drive business going forward

## Formulations

- Formulations contributed ~3/4<sup>th</sup> of sales
- Successful integrations across acquisitions driving growth and margin expansion
- Scaled-up R&D capabilities, portfolio of 20+ products under development across India & Spain

**Alivira emerges as India's Largest animal health company within 3 years of operations**



# Consolidated Income Statement

All values in Rs Mn

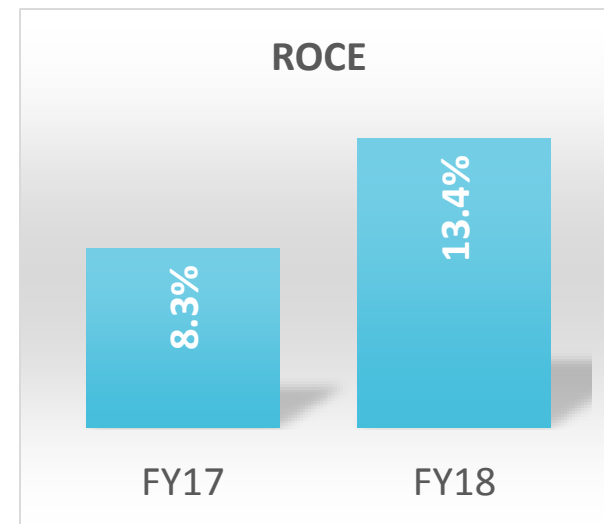
PARTICULARS	Q4FY18 Audited	Q3FY18 Unaudited	Q4FY17 Audited	FY18 Audited	FY17 Audited
Revenue from Operations	2,328	2,249	2,003	8,494	6,890
Material Consumption	(1,235)	(1,201)	(1,038)	(4,625)	(3,567)
<b>Gross Margin</b>	<b>1,093</b>	<b>1,048</b>	<b>966</b>	<b>3,870</b>	<b>3,323</b>
%	46.9%	46.6%	48.2%	45.6%	48.2%
Operating Expenses	(785)	(822)	(742)	(2,998)	(2,745)
<b>EBITDA without Forex</b>	<b>308</b>	<b>226</b>	<b>224</b>	<b>871</b>	<b>578</b>
%	13.2%	10.0%	11.2%	10.3%	8.4%
Exchange Gain / (Loss)	(6)	(38)	9	(41)	(149)
<b>EBITDA</b>	<b>302</b>	<b>188</b>	<b>233</b>	<b>830</b>	<b>429</b>
Other Income	29	34	1	166	111
Finance Cost	(97)	(99)	(73)	(331)	(283)
Depreciation	(95)	(117)	(95)	(413)	(401)
Exceptional Items	(15)	-	-	(15)	-
<b>Earnings Before Tax</b>	<b>125</b>	<b>6</b>	<b>67</b>	<b>237</b>	<b>(144)</b>
Taxes	(41)	(36)	48	(135)	5
<b>Earnings After Tax</b>	<b>84</b>	<b>(30)</b>	<b>115</b>	<b>102</b>	<b>(139)</b>
Minority Interest	52	28	37	93	(26)
<b>Earnings from continued operations</b>	<b>33</b>	<b>(58)</b>	<b>78</b>	<b>10</b>	<b>(113)</b>



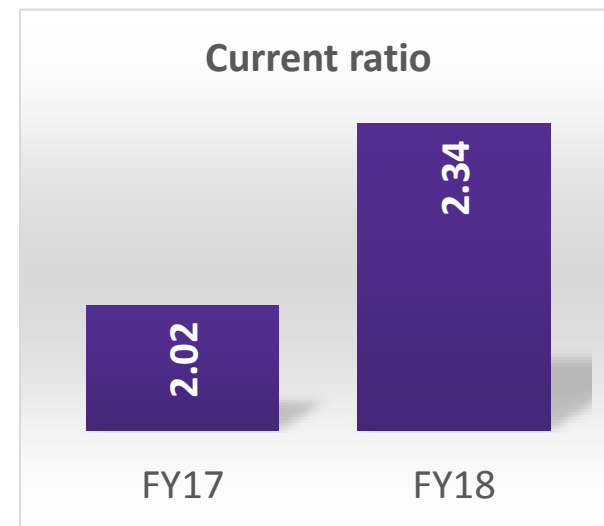
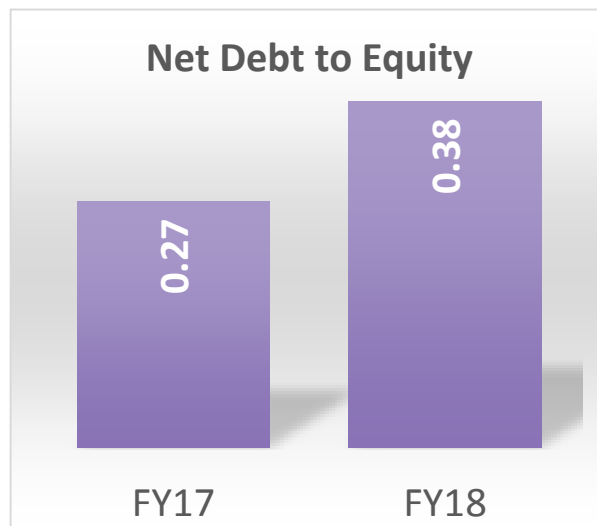
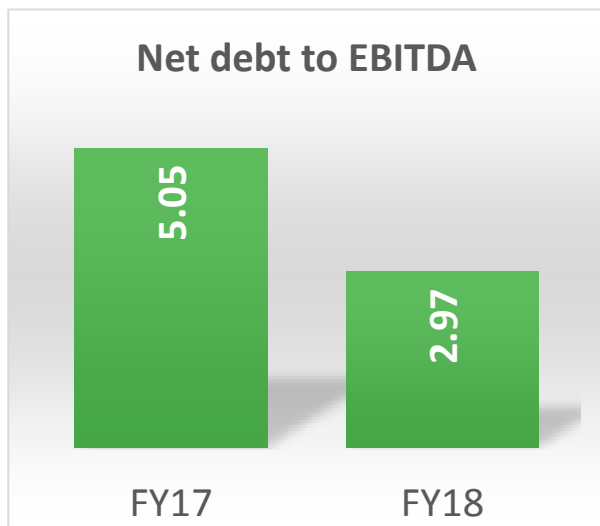
# Key Balance Sheet items

All values in Rs Mn

Particulars	31-Mar-18
Shareholders' funds	6,476
Minority Interest	370
Borrowings	3,046
Cash	598
Investments	2,217
Tangible Assets	2,269
Intangible Assets	2,671
Working Capital	2,483



ROCE based on annualised 4<sup>th</sup> quarter



Adjusted for Investment in Strides, Net Debt to EBITDA is 0.28 as of 31-Mar-18

**Sequent**  
Proven Ability In Life Sciences



ALIVIRA



**Road Ahead**

## New Markets



- Expand presence in Top 10 EU markets
- Enter new Emerging markets across MENA, South East Asia & LATAM
- Exploring North American opportunity
- Building the Global ALIVIRA Brand

## New Segments



- Commercialization of Formulations R&D pipeline across EU
- Expand range of Phyto-solutions and probiotics product & technical offering
- Focus on R&D in new high value APIs

## New Capabilities



- Expand EU manufacturing capability-
  - spot on
  - Pour on &
  - Injectables
- Investing heavily into R&D to forward integrate APIs into formulations.



**Establish Alivira as a top 10 global animal health company by FY2022**





# Takeaway- Aiming to become a Top 10 Animal Health Company by FY22

## Business Model

- Capabilities and Scale with an established business model
- Plans to enter new geographies and expand product offerings



## Leadership

- Strategic decision to create global leadership for the business
- On-going partnership with the erstwhile management in inorganic acquisitions

## Compliance and Standards

- Strict adherence to global standards of quality & compliance
- Setting standards for the veterinary industry
- Robust Governance practices

## Operating Performance

- Strong operating performance with asset sweating and robust margins



**Sequent**  
Proven Ability In Life Sciences

**Thank You**

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