

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



Investor Presentation | January 2018

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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 commodity 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 \$120m+ annual rev. run rate
- Deepened know-how & front end footprint
- Only US FDA approved 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







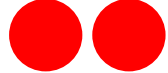









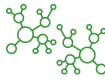


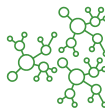










- Few products under patent protection
- Limited R&D focussed on drug delivery & ease of use
- Complex regulatory framework driving disproportionate R&D returns

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+

Countries

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+

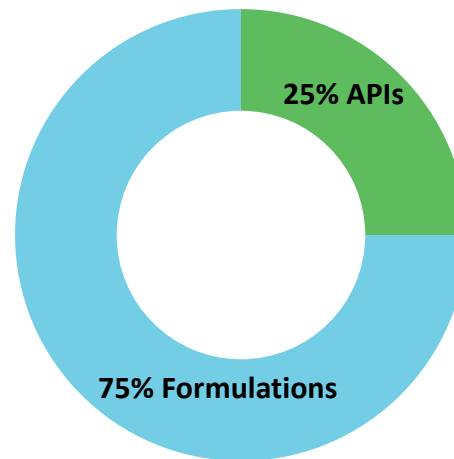
Finished Dosages

4

Manufacturing Facilities

12

Dosage Formats



23

Commercial APIs

2

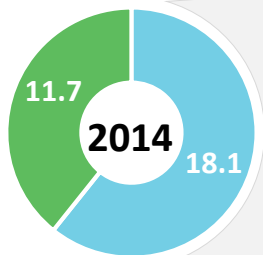
Manufacturing Facilities

30+

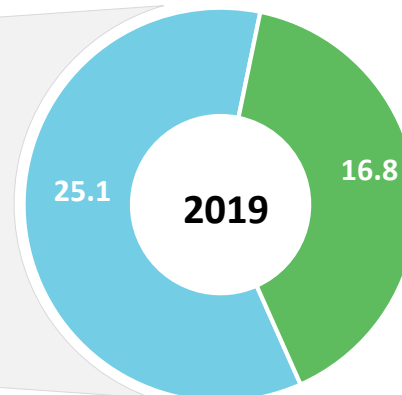
Filings



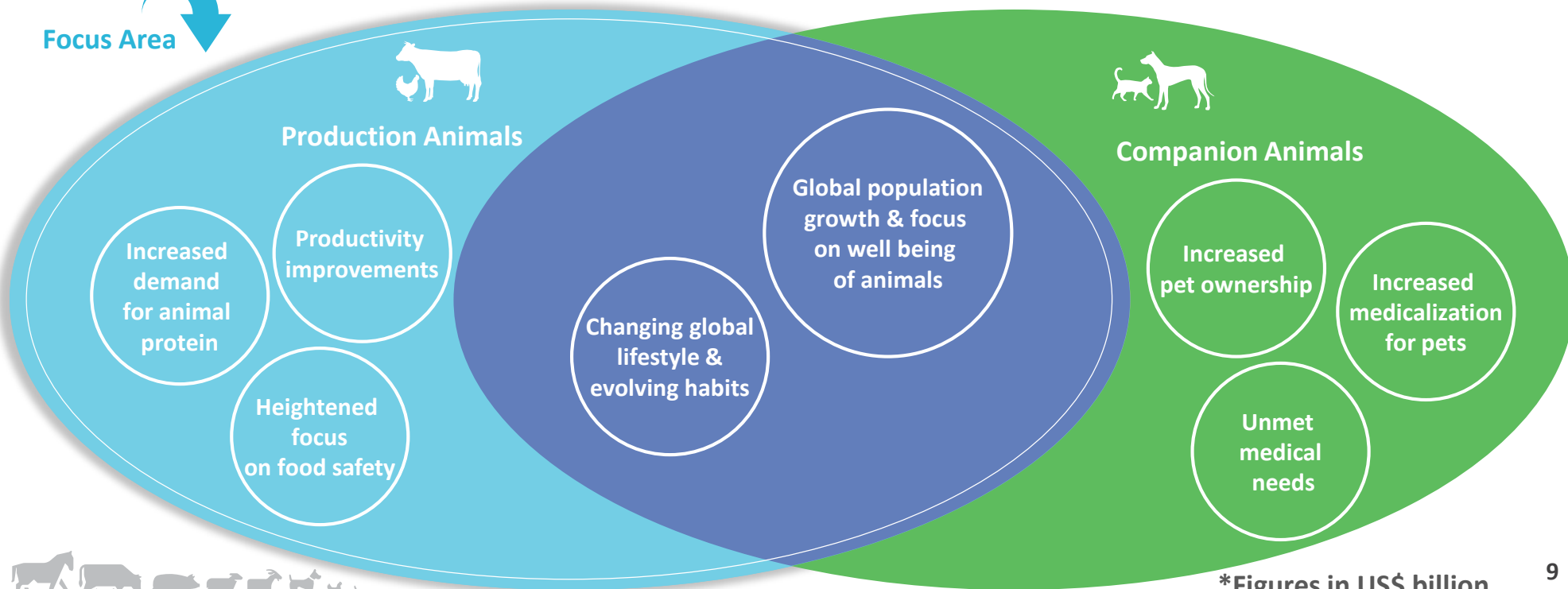
Advantageously placed in a growing opportunity



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



Focus Area



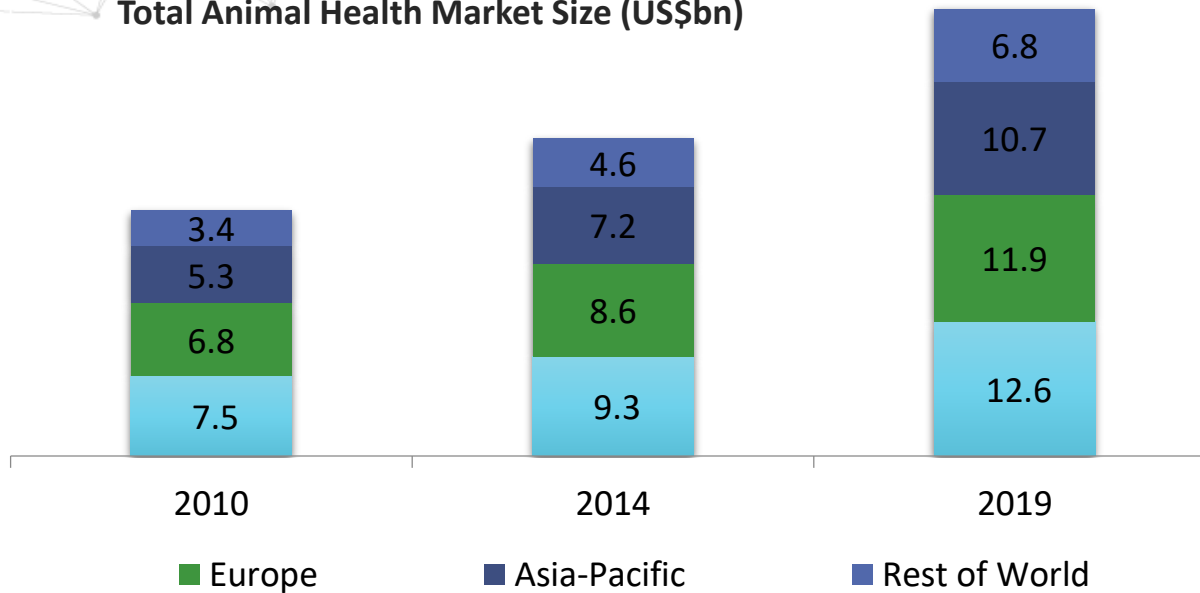
*Figures in US\$ billion.



Animal health – Large Growing and Diverse Sector

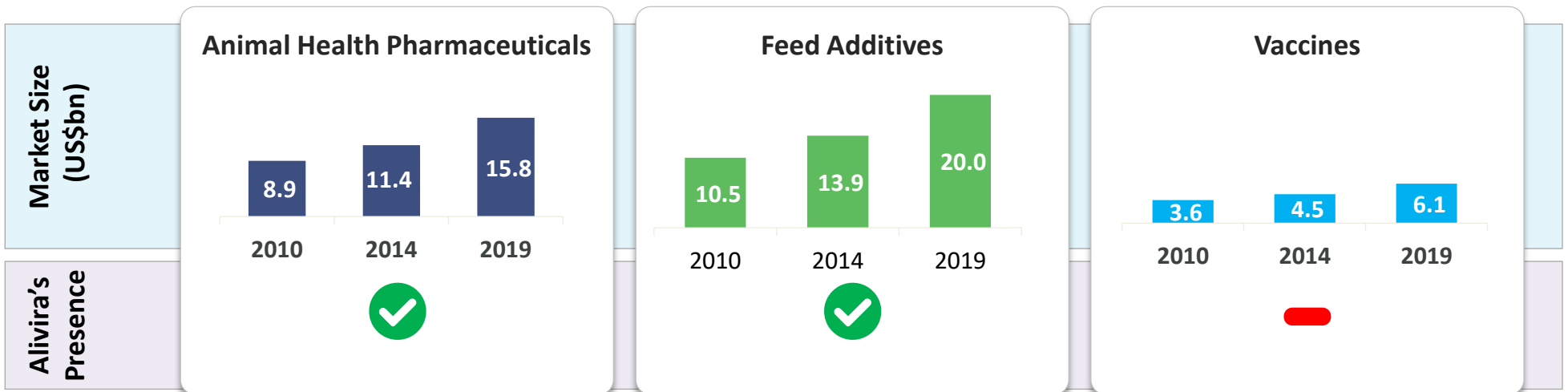


Total Animal Health Market Size (US\$bn)

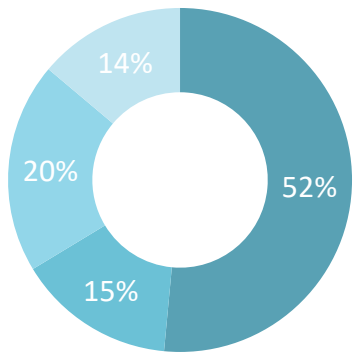


CAGR

	2010-14	2014-19
Rest of World	6.6%	7.2%
Asia-Pacific	7.8%	8.1%
Europe	8.0%	8.2%
Rest of World (Total)	6.0%	6.7%
Europe (Total)	5.5%	6.3%



Fast expanding market coverage



- Europe
- LATAM
- Emerging Markets
- Turkey

95+ countries and progressing



Strategic Market Entry



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Acquired Entities & Markets

Provet/Topkim
Turkey

Karizoo
Spain

Evance
Brazil

N-VET / Fendigo
Rest of EU

Lyka Animal Health
India



Capabilities & Domain

- Presence in Turkey & neighboring markets
- Manufacturing base
- 120+ registered products

- Presence in key EU countries & Mexico
- Manufacturing base
- 115+ registered products globally

- Front end presence in Brazil
- Manufacturing base
- 23+ registered products

- Front end presence in 4 key EU markets
- Distribution of 250+ products

- Front end presence
- 120+ registered products



Decision Rationale

- Strong front end presence in key Vet markets of Turkey
- EU GMP manufacturing capability with injectables

- Front end presence in Spain with presence in 15 EU key markets
- EU approved manufacturing including antibiotic & nutritional

- Front end presence in Brazil
- Manufacturing base – antibiotics & antibacterial

- Front end presence & relationships with Belgium, Netherlands, Luxembourg & Sweden
- Strong distribution network

- Strong Cattle portfolio
- Deep PAN India presence including strong front end visibility



Ownership & Valuation

- 60:40
- 7.7 times EBITDA (Provet)
- 4 times EBITDA (Topkim)

- 60%
- 8 times EBITDA with follow on consideration on performance

- 70:30
- Distress buyout

- 85:15
- 4.5 times EBITDA

- 100%



Current Revenue FY17

- Provet: TRY 24.6 Mn
- Topkim: TRY 21.5 Mn

- Karizoo: Euro 24.2 Mn (9m – from date of acquisition)

- Evance: BRL 14.2Mn (8m – from date of acquisition)

- N—vet: SEK 28.6Mn
- Fendigo: EUR 7.2Mn



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



Dr. Sumit Saxena
Business Emerging Markets



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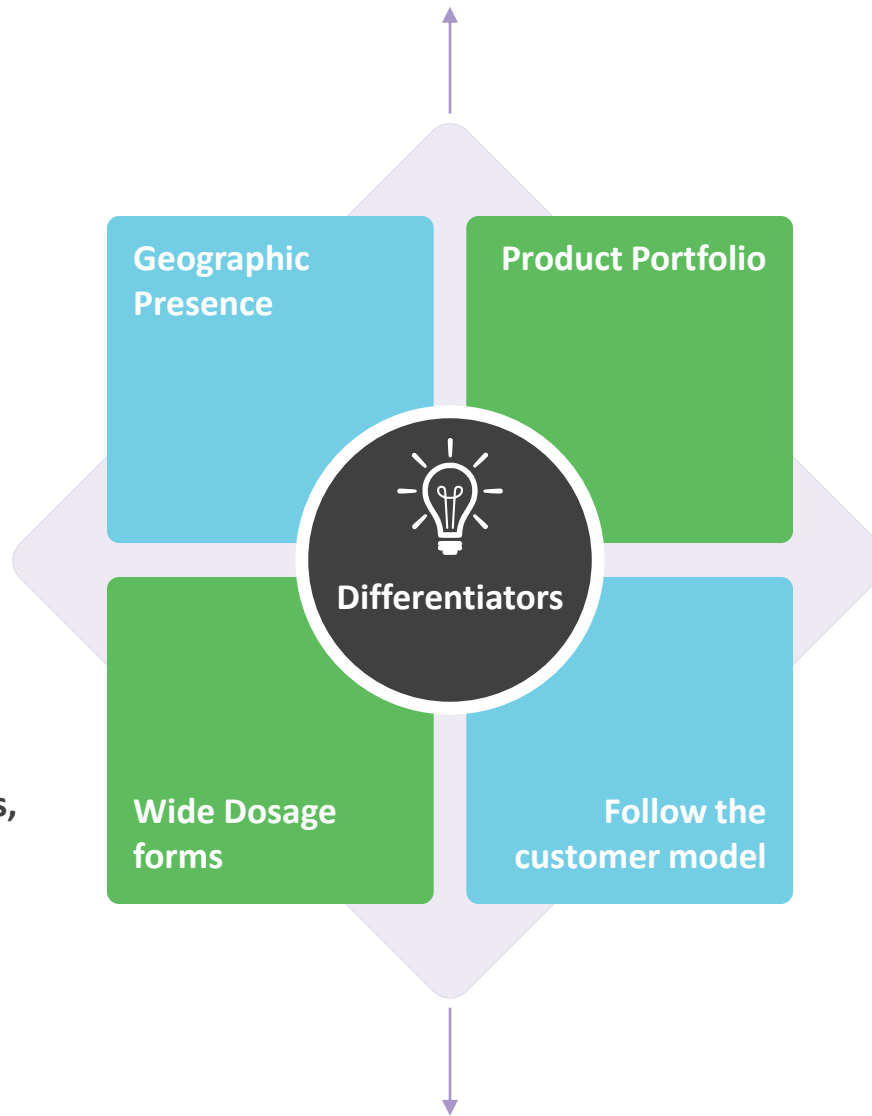
ALIVIRA



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 4 of the top 10 EU countries (ES, NL, BE, SE) and 15 other EU markets through distributors
 - 95+ product registrations with last mile channel partnership for 27 EU companies
 - Manufacturing & 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

- 3rd 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

- Establish 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 - a leading EU company
- Foray into pet portfolio



End to end capabilities for an integrated play



ALIVIRA

Manufacturing facilities

Dosage Form	Spain	Turkey	Brazil	India
APIs				✓
Oral Solution	✓	✓	✓	✓
Liquid for inhalation	✓			
Oral Suspension	⚪			✓
Water Soluble Powder	✓		✓	✓
Drug Premix	✓			
Nutritional Feed Add.	✓			
Pre Filled Syringes		✓		
Tablet	⚪			
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

⚪ In Process

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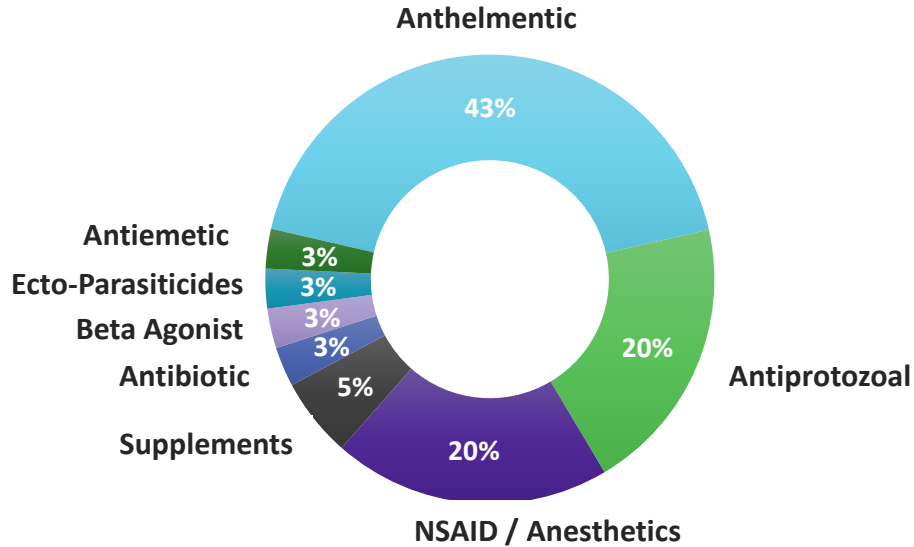
API Edge In Animal Health



Comprehensive API Business



Our dedicated USFDA approved facility at Vizag – 1st in the world

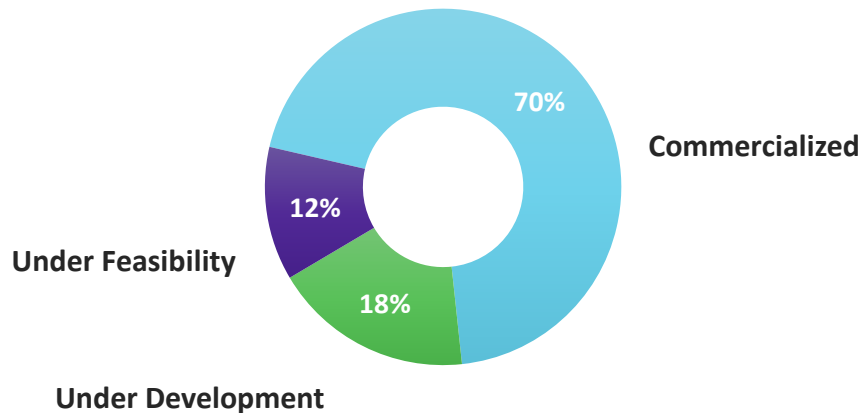


Business

- Offers a 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 more than 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



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Future Strategy

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



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Human APIs



Strategic Focus



Focus on low volume, mature APIs for Regulated Markets

Pre- 2013

- Spot business
- Unregulated market
- Low margin

2016-17

- Niche & regulated business
- Long term contracts & profit sharing model
- Stable cash flows

Moving Ahead

- De-merging Human API business of SeQuent into a new listed entity
- New entity to have select API business of Strides Shasun Limited thereby providing critical size to this business
- Proposed Company to be amongst the largest standalone API companies

Pre-2013

12

Countries

12

Commercial APIs

19

Regulated Market Filings

20%

Regulated Market

2016-17

45+

Countries

27+

Commercial APIs & 11 Under Development

55+

Regulated Market Filings

80%

Regulated Market



Evolution to a compelling B2B business



Demerged the commodity API business of Strides Shasun while retaining the captive APIs for the formulations operations

Expansion across the regulated markets with key approvals and compliance record

Investments across the facilities to make it future ready on quality and EHS

Strides Arcolab merged with Shasun Pharma to integrate its formulations and secure API capabilities

Demerged Human API business from SeQuent to operate as Pure Play animal healthcare company

Organic growth with over 80% regulated market business along with profit sharing partnerships

Strategic recourse to focus on market APIs offering supply chain security for regulated markets

Started journey as an unregulated API manufacturer





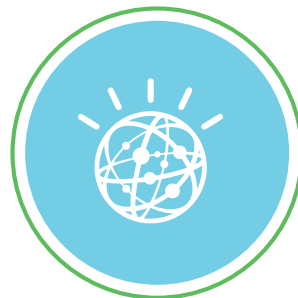
Capabilities

Complex chemistry capabilities including handling catalytic hydrogenation, hydride reductions, organometallic and amongst others



Infrastructure

5 Globally compliant API facilities with all regulatory approvals, presence in 40+ countries, 75%+ regulated market sales and 70+ filings



Orientation

Consciously favouring value over volumes thereby limiting pricing pressure in the long term and creating capacities after assuring demand



Research

Pipeline of 30+ products under different stages of development



Compliance

Commitment to highest levels of compliance, consistency and quality to enable exemplary customer experience and loyalty

Pure Play API company with rich capabilities



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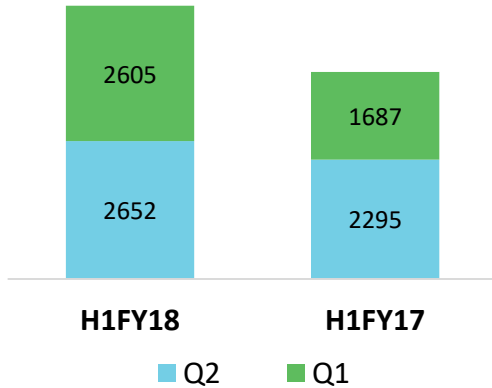
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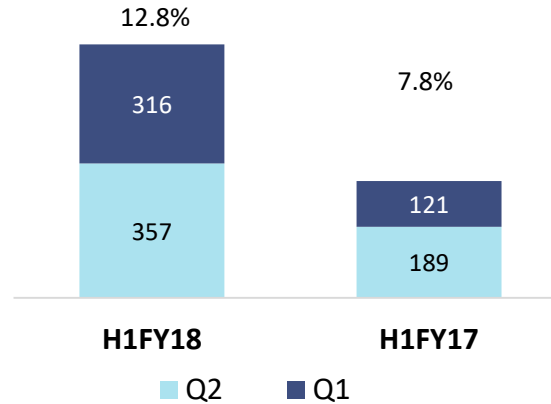
Financials

Q2 Update

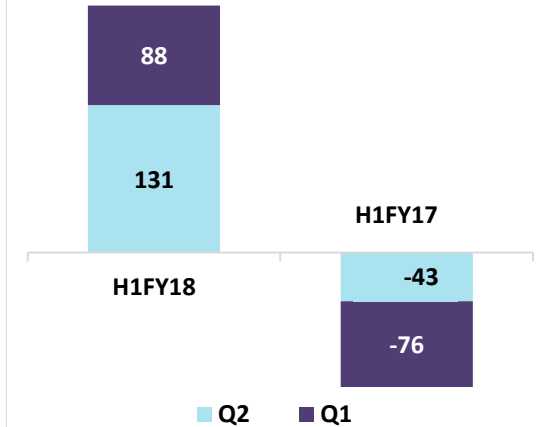
Net Sales (INR mn)



EBITDA (INR mn)



Net Profit (INR mn)



Key Highlights

Formulations

- Significant YoY growth
 - Europe- 10%
 - Brazil- 54%
 - Turkey-50%
- Established presence in France
- Recorded first commercial sale in Ukraine

API

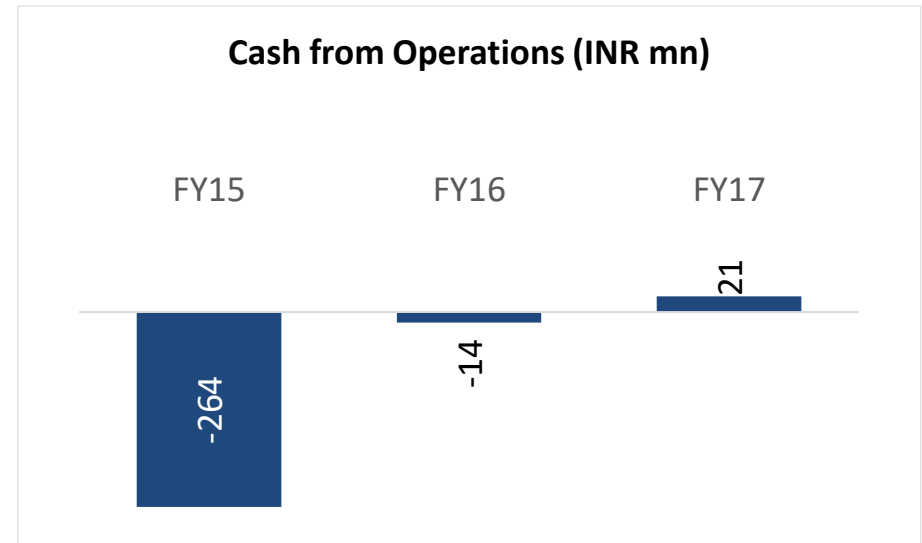
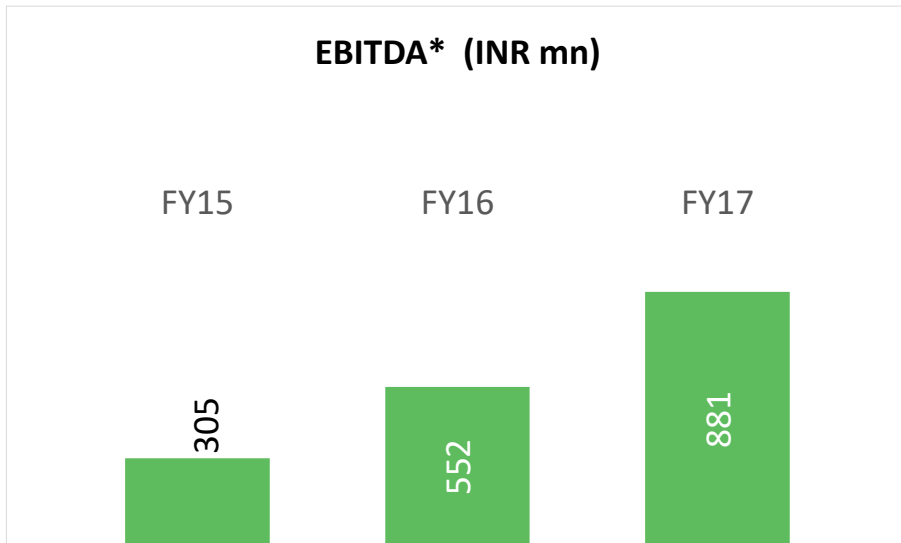
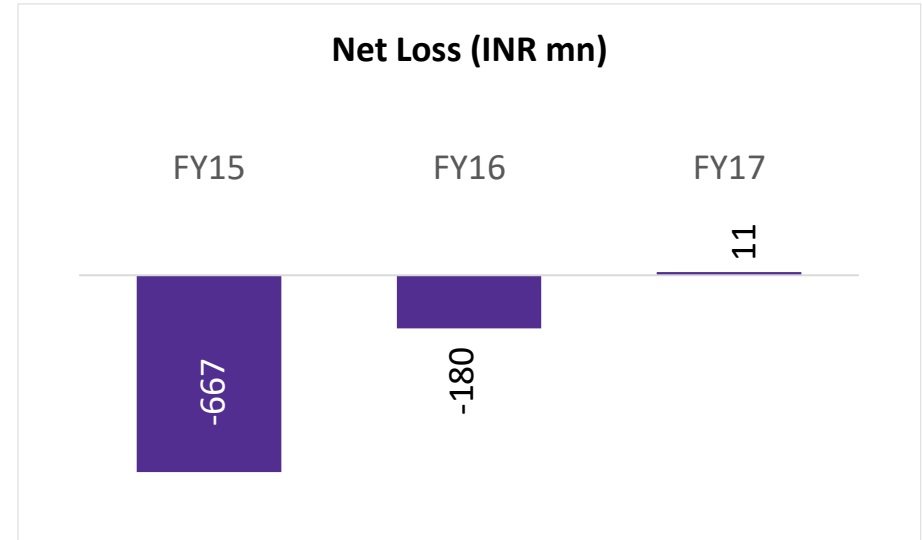
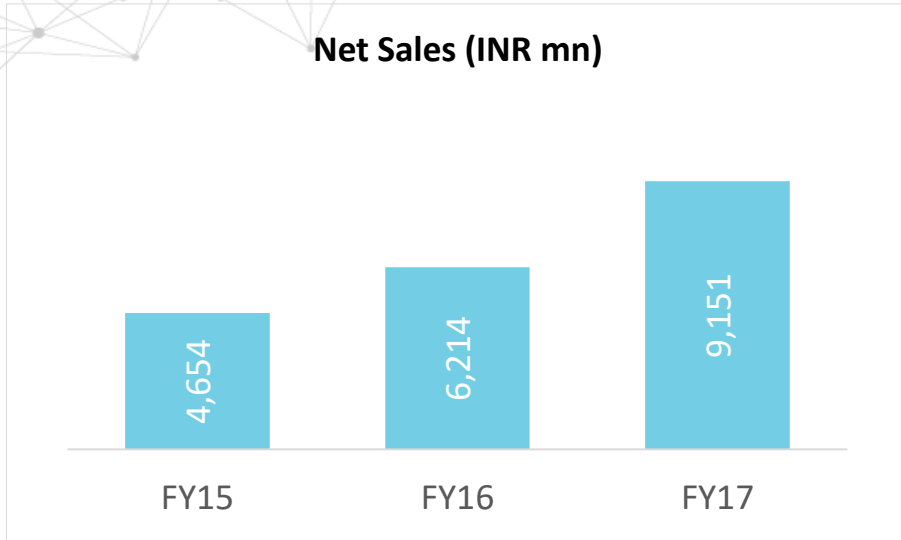
- VET business grew by 9% YoY
- US market: To gain momentum with commercialization of key APIs in H2FY18

Human Health

- Human health business grew by 23% during the quarter



Business Performance



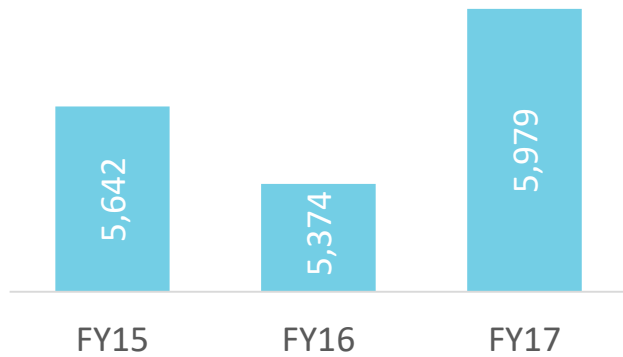
Strong focus on execution leading to profitable operations



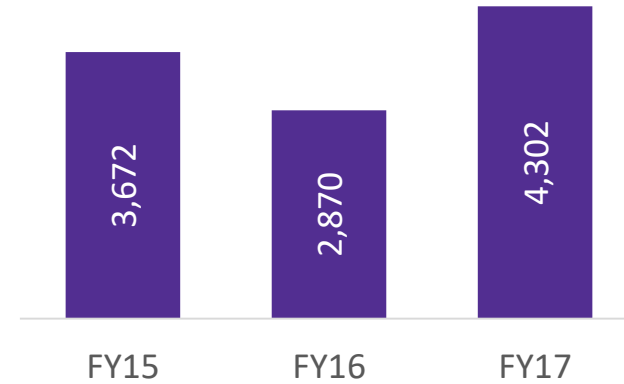
* FY16-17 & FY15-16 figures as per Ind AS; FY14-15 as per Indian GAAP

Strengthened Balance sheet

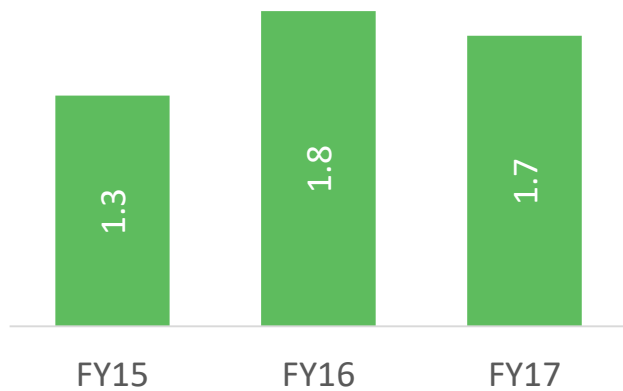
Gross Block & CWIP (INR mn)



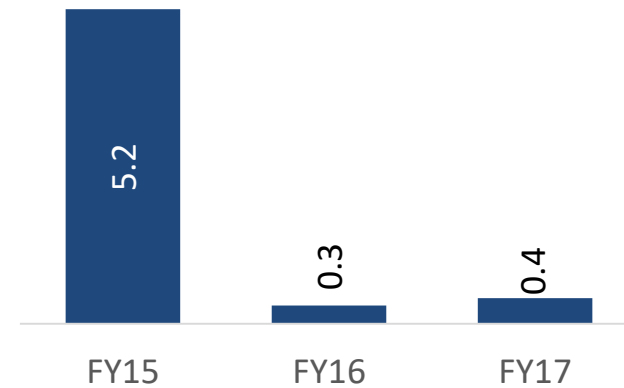
Total Debt (INR mn)



Current Ratio (x)



Debt to Equity (x)



Investment to acquire growth assets, key ratios improved

* FY16-17 & FY15-16 figures as per Ind AS; FY14-15 as per Indian GAAP



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



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Thank You

SeQuent Scientific Limited
CIN: L99999MH1985PLC036685

Registered Office:

301, 3rd Floor, Dosti Pinnacle, Plot No. E7, Road No. 22,
Wagle Industrial Estate, Thane (W) - 400 604, Maharashtra

Tel No: +91 22 4111 4777 | Fax No: +91 22 4111 4754

Website: www.sequent.in | E-mail id: info@sequent.in