

SeQuent Announces Q3FY22 Results

Revenues at ₹ 3,580 Million, PAT after minority interest at ₹171 Million

Mumbai, February 11, 2022

SeQuent Scientific Limited (SeQuent) which has businesses across Animal Health (Alivira) & Analytical Services today announced its financial results for the period ended December 31st, 2021

Consolidated Financial Highlights

₹ in millions

	Q3 FY22	Q2 FY22	Q3 FY21
Revenues	3,580	3,506	3,551
EBITDA (post-ESOP)	362	197	633
EBITDA %	10.1%	5.6%	17.8%
PAT after minority interest	171	143	355
PAT %	4.8%	4.1%	10.0%

Detailed presentation on the performance forms part of this press release

Commenting on the Company's performance, **Manish Gupta, Managing Director** stated "Q3 reflects the beginning of a recovery in business across both APIs and formulations. We saw a strong growth in our formulations business, which grew 18.5% on constant currency basis, driven by scale up across our key markets - Brazil, India, and Turkey. On API side, we had strong orderbook & dispatches. However, port congestion challenges impacted ~15% of dispatches, depressing revenues, and thereby overall profitability.

While the cost environment continues to be concerning for the industry, our concerted efforts towards price increases have started reflecting in our financial performance and we expect to see full benefit from Q4 FY22.

Performance in Turkey in a volatile currency environment is significant. Our robust manufacturing footprint in the country makes us extremely confident of our continuing growth in local and export markets.

Overall, we stay extremely confident of our unique, multi-pillar business model and envisage strong recovery in Q4 led by our API business and

normalization of performance across revenues and profitability in FY23.”

Earnings Call with Investors

The Company will conduct an Earnings call at **9:30 AM IST** on **Feb 12, 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 ~\$ 200 Mn in FY21 with ~2/3rd revenues from regulated markets. The company has 8 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

Q3 & 9M FY22

11th Feb 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.

“Q3 reflects the beginning of a recovery in business across both APIs and formulations. We saw a strong growth in our formulations business, which grew 18.5% on constant currency basis, driven by scale up across our key markets - Brazil, India and Turkey. On API side, we had strong orderbook & dispatches. However, port congestion challenges impacted ~15% of dispatches, depressing revenues and thereby overall profitability.

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Manish Gupta, Managing Director

Business

- Revenues at ₹3.5 Bn+; +4.8%
- Formulations: +18.5% (cc), ₹ 2,554 Mn
 - Brazil, India & Turkey drive growth
- API: Sales decline by 20.1% (cc), ₹ 1,026 Mn
 - ~15% dispatches stuck at ports

Corporate Updates

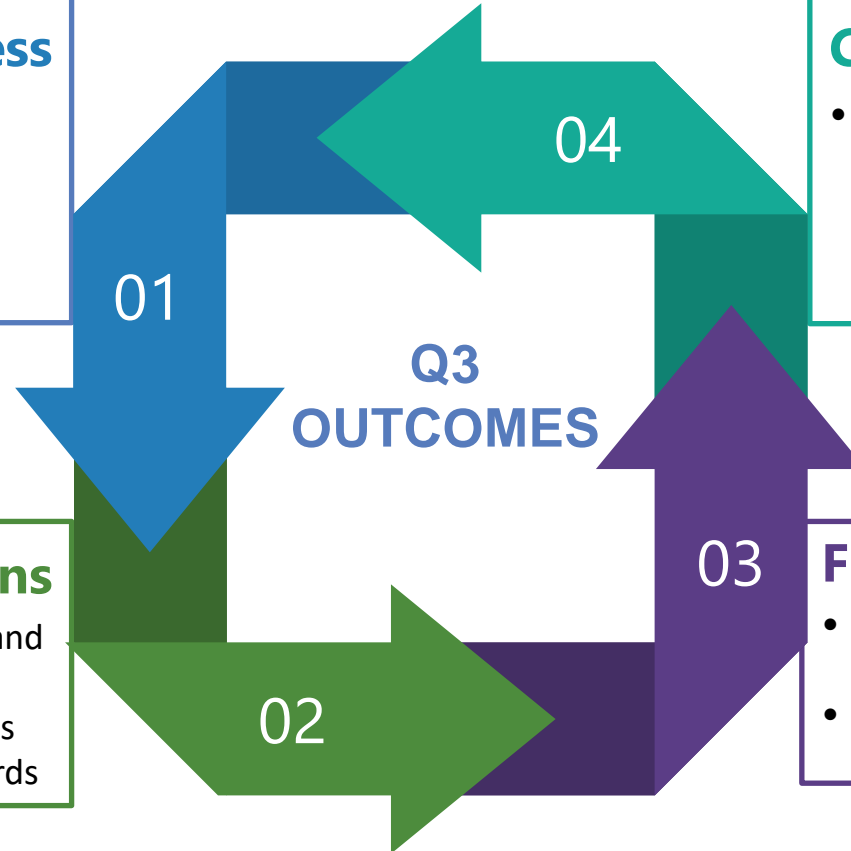
- Brazil:
 - Binding agreement for Nourie acquisition
 - Consolidation of minority stake, completed on 15th January 2022

Operations

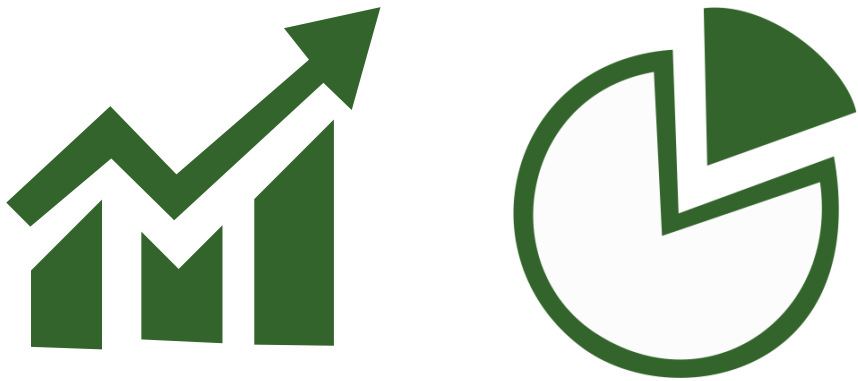
- Stabilizing cost environment across materials and operations
- Significant investments for enhanced capacities to support strong API growth from FY23 onwards

Finance

- Improved operating performance, to gain further traction from Q4
- Impact of CEO resignation
 - Reversal of ESOP cost, replacement cost



Performance Overview

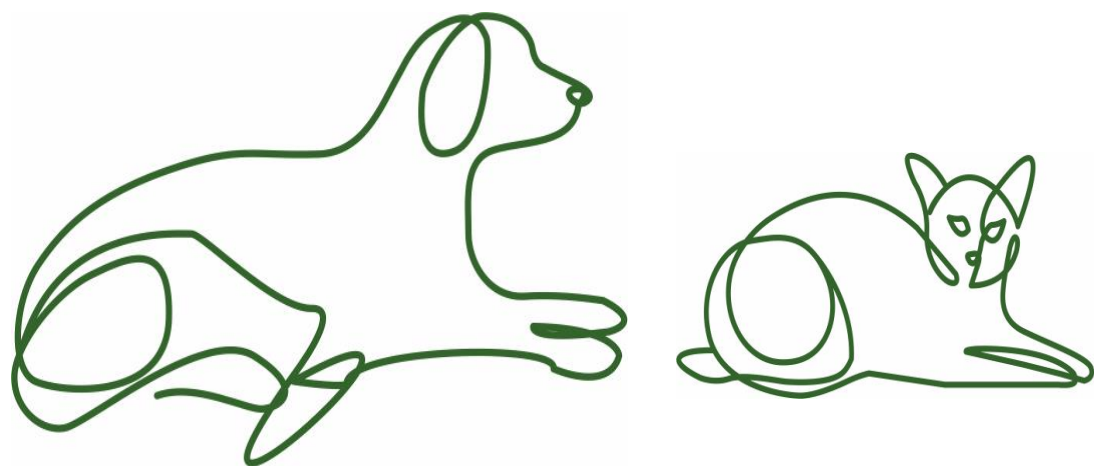


Q3 FY22 – Formulations lead the way

Revenue Distribution	Q3 FY22	Q3 FY21	YoY Gr%	YoY Gr% (In cc)
Formulations	2,554	2,287	11.7%	18.5%
<i>Europe</i>	1,053	1,035	1.8%	4.7%
<i>LATAM</i>	615	412	49.0%	52.6%
<i>Turkey</i>	354	343	3.0%	34.2%
<i>Emerging Markets</i>	244	257	(5.1%)	(3.4%)
<i>India</i>	289	240	20.5%	20.5%
APIs	1,026	1,264	(18.8%)	(20.1%)
Global Sales	3,580	3,551	0.8%	4.8%

- ❖ Overall business grew by 4.8% cc YoY; Formulations +18.5% cc YoY
 - ❖ LATAM and India drives formulations growth
 - ❖ Turkey performs well, however impacted by currency depreciation
 - ❖ Europe sales back on growth track
 - ❖ API sales - Expect strong recovery from Q4 onwards

Business Review



Formulations : Strong growth across geographies

Key Updates

- ❖ Sales of ₹ 2.5+ Bn, 18.5% cc growth vs Q3'21
- ❖ Europe: +4.7% (cc) driven by recovery in Spain
- ❖ Latam continues to outshine with +52.6% (cc) growth
- ❖ Turkey: Strong performance of 34% (cc) YoY growth in volatile currency environment
- ❖ India business performed well across both Cattle & Poultry segments

FDFs

1000+

Manufacturing facilities

5

Sales to regulated markets

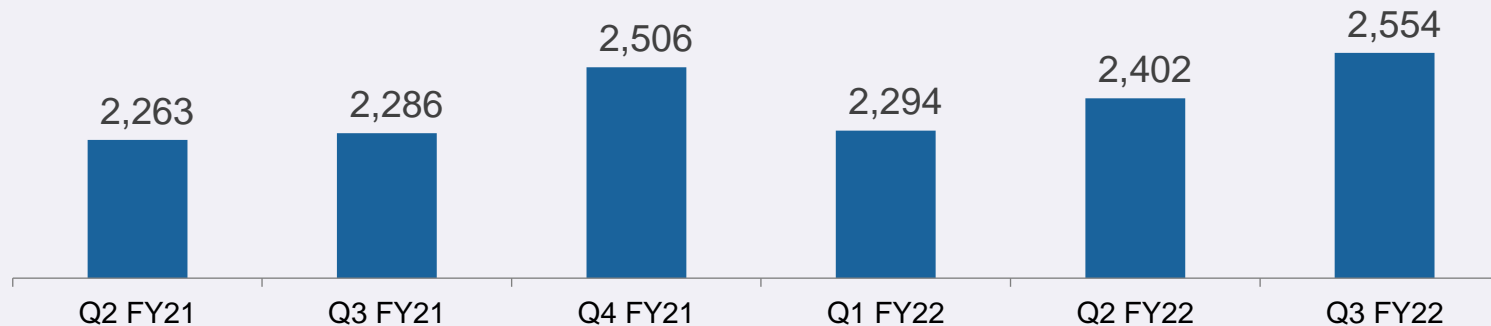
55%

Countries with marketing presence

80

Revenues

All values in ₹ Mn



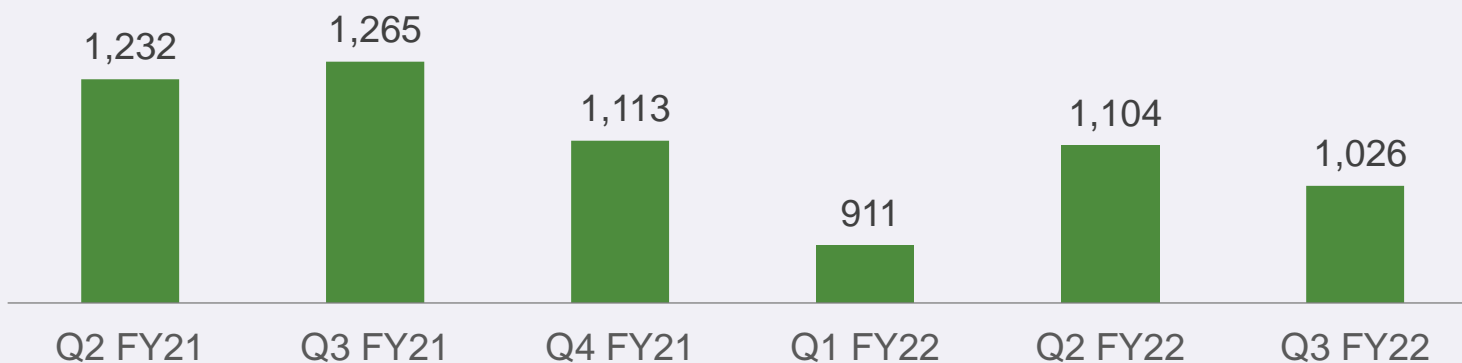
API : On a recovery path

Key Updates

- ❖ Strong Q3 orderbook, dispatches. Logistical challenges (port congestion, vessel availability) mute reported revenue by ~15%
- ❖ Portfolio ex-Albendazole grew 28%+, recovery in albendazole visible from Q4
- ❖ Filed 1 USVMF in Q3 - Portfolio of 11 CEPs & 24 US filings/ approvals
- ❖ Strong Q4 orderbook, FY23 outlook driven by commercialization of multi-year supply agreement with a "Top 10" animal health company

Revenues

All values in ₹ Mn



Commercial APIs

30

Manufacturing facilities

3

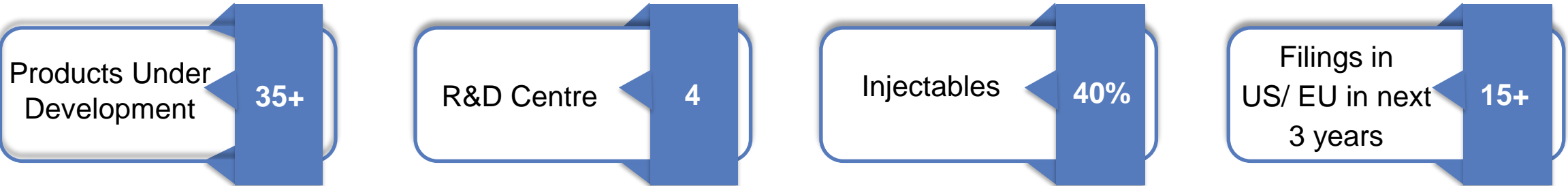
Sales to regulated markets

67%

Asset turnover ratio

2.0x

Formulations



API



Financials



Consolidated Financials

All values in ₹ Mn

Particulars	Q3 FY22 Unaudited	Q2 FY22 Unaudited	Q3 FY21 Unaudited	9M FY22 Unaudited	9M FY21 Unaudited	FY21 Audited
Revenue from Operations	3,580	3,506	3,551	10,291	9,998	13,616
Material Consumption	-2,075	-2,004	-1,772	-5,742	-5,089	-6,947
Gross Margin	1,505	1,501	1,779	4,549	4,909	6,670
%	42.0%	42.8%	50.1%	44.2%	49.1%	48.9%
Employee Benefit Expenses	-488	-475	-459	-1,466	-1,333	-1,818
Operating Expenses	-680	-682	-688	-2,046	-1,855	-2,634
EBITDA (pre ESOP)	337	344	633	1,037	1,721	2,217
%	9.4%	9.8%	17.8%	10.1%	17.2%	16.3%
ESOP cost	25	-147	-	-276	-	-54
EBITDA	362	197	633	761	1,721	2,163
%	10.1%	5.6%	17.8%	7.4%	17.2%	15.9%
Exchange Gain / (Loss)	29	-0	12	40	-33	-42
Other Income	8	8	28	31	70	84
Finance Cost	-35	-33	-62	-97	-212	-244
Depreciation	-128	-132	-116	-386	-379	-506
Exceptional Items	-	-	-	-	-90	-88
Earnings Before Tax	236	39	495	348	1,076	1,366
Taxes	-50	99	-116	2	-267	-322
Earnings After Tax	186	138	380	350	809	1,045
Minority Interest	-14	-5	25	27	61	90
Earnings after Minority Interest	171	143	355	323	748	954

Operating Performance reconciliation

All values in ₹ Mn

	Q3 FY22	9M FY22	Remarks
Reported EBITDA (Pre-ESOP)	336.8	1,036.8	
Strategic Initiatives/ Projects	8.4	59.7	Consolidation of minority interest, acquisitions
Recruitment cost (One-off)	22.7	22.7	CEO recruitment
Covid death compensation	-	7.0	
One-offs	24.5	38.7	Loss in MEIS value, others
Operating EBITDA	392.4	1,164.9	
<i>Operating EBITDA %</i>	<i>10.9%</i>	<i>11.3%</i>	

Key Balance Sheet Items

All values in ₹ Mn

Particulars	Dec-21	Sep-21	Mar-21
Shareholders Funds	6,898	7,602	7,277
Minority Interest	466	477	487
Net Debt	1,929	1,898	1,628
Investments	563	883	769
Tangible Assets	3,270	3,384	3,479
Intangible Assets	1,994	2,167	2,186
Working Capital	4,093	4,244	3,653
Put Option Liabilities	450	456	426

Balance Sheet Highlights

- ❖ Turkish Lira depreciation impact net worth - ₹ 650 Mn
- ❖ Net Debt on a consol. basis remains stable since Q2'21
- ❖ Decrease in investments due to MTM impact

Geographies	Q4 FY22 Scenario	FY23 Outlook
Formulations		
<i>Europe</i>	<ul style="list-style-type: none"> <input type="checkbox"/> Price corrections led improvement in margins 	<ul style="list-style-type: none"> <input type="checkbox"/> New launches to drive growth
<i>LATAM</i>	<ul style="list-style-type: none"> <input type="checkbox"/> Strong growth to continue with margin improvement 	<ul style="list-style-type: none"> <input type="checkbox"/> Growth momentum to sustain, additional growth around companion animal business
<i>Turkey</i>	<ul style="list-style-type: none"> <input type="checkbox"/> Stable performance, impact of currency depreciation in consolidation 	<ul style="list-style-type: none"> <input type="checkbox"/> Strong outperformance on account of local manufacturing as compared to key competitors
<i>Emerging Markets</i>	<ul style="list-style-type: none"> <input type="checkbox"/> Improving outlook due to stable environment 	<ul style="list-style-type: none"> <input type="checkbox"/> Focus on growth backed by market and currency stability <input type="checkbox"/> Leverage Turkey manufacturing to drive growth
<i>India</i>	<ul style="list-style-type: none"> <input type="checkbox"/> Strong growth to continue 	<ul style="list-style-type: none"> <input type="checkbox"/> Multiple initiatives across portfolio including vaccines to support robust growth
APIs	<ul style="list-style-type: none"> <input type="checkbox"/> Strong orderbook to drive growth <input type="checkbox"/> Positive impact of price increases on margins 	<ul style="list-style-type: none"> <input type="checkbox"/> Return to historical growth rates driven by improving demand outlook & commercialisation of recent, multi-year supply agreement with a "Top 10" animal health company

Mr. Rajaram Narayanan - appointment as MD & CEO w.e.f 11th April



- 25+ years of experience, with a strong track record of leading revenue and profitability growth across multiple industries including pharmaceuticals
- Currently with Sanofi India Limited, as Managing Director and Country Chair, India. Led strategic reorientation of India business operations, resulting in accelerated growth in key therapies and significant transformation of market operations. Previously, he was Chief Marketing Officer at Airtel, India's leading telecommunications company.
- Career of over 18 years at HUL including various leadership roles in India and other Asian markets, building and managing many iconic consumer brands.
- Holds a Degree in BE (Hons)-Electrical & Electronics from BITS, Pilani, MBA from IIFT-Delhi and Advanced Management Program from Harvard Business School, USA



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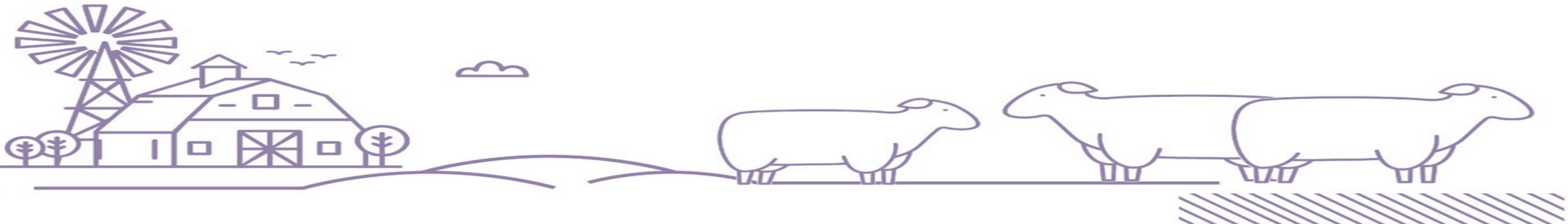
Abhishek Singhal
Investor Relations Consultant

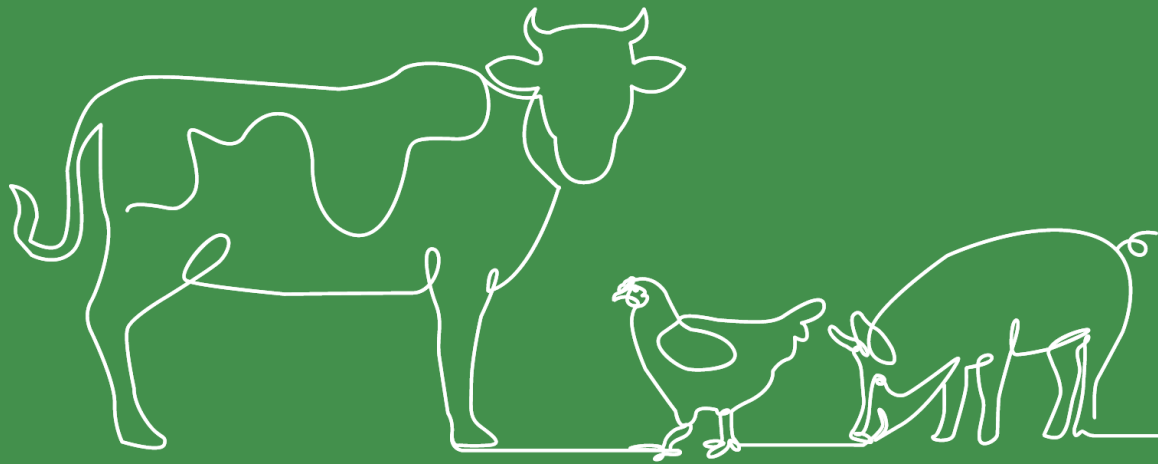
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Thank You