

## Another quarter of Revenue and Margin momentum...

**Q2 FY21 - Revenues at Rs. 3,463 Million up by 21.8%, EBITDA at Rs. 598 Million up 58.2%,**

**Mumbai, November 6, 2020**

SeQuent Scientific Limited (SeQuent), which has businesses across Animal Health (Alivira) & Analytical Services today announced its financial results for the period ended September 30, 2020.

### Consolidated Financial Highlights

	Rs. in millions					
	Q2 FY21	Q2 FY20	Growth (%)	H1 FY21	H1 FY20	Growth (%)
<b>Revenues</b>	3,463	2,842	21.8%	6,565	5,622	16.8%
<b>EBITDA</b>	598	378	58.2%	1,119	763	46.7%
<b>EBITDA Margin %</b>	17.3%	13.3%	400bps	17.0%	13.6%	340bps

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

Commenting on the Company's performance, **Manish Gupta, Managing Director** stated "The quarter gone by has laid the foundation for the next chapter in SeQuent's journey or 'SeQuent 2.0'. With Carlyle Group as new owners and a revamped Board with experienced professionals from diverse fields and global connects, we are both excited and confident as SeQuent gears up for the next-orbit of growth.

On the performance front, we are pleased to report another strong quarter across all key parameters with sales growth of 22% and EBITDA growth of 58%. With ROCE now in early twenties and cash from operations in excess of Rs. 1 Billion in the first half of FY21, our net debt stands reduced sharply, leading to a further upgrade in our credit rating.

None of this would have been possible without the unflinching commitment of our 1700+ workforce especially in these challenging times. We would like to thank our erstwhile and new shareholders for their support as we rewarded the employees in this ownership transition, which led to a one-off cost in the quarter.

We are confident that this momentum will continue to drive the business in the second half of this fiscal and the foreseeable future."

## Earnings Call with Investors

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The Company will conduct an Earnings call at **4:30 PM IST on November 6, 2020** 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

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SeQuent Scientific Limited (BSE-512529, NSE-SEQUENT) headquartered in Mumbai, India with a global footprint, operates in the domains of Animal Health (Alivira) and Analytical Services. SeQuent has eight manufacturing facilities based in India, Spain, Germany, Brazil and Turkey with approvals from global regulatory bodies including USFDA, EUGMP, WHO, TGA among others. Its Vizag facility is India's first and only USFDA approved facility for veterinary APIs.

## For details, feel free to contact:

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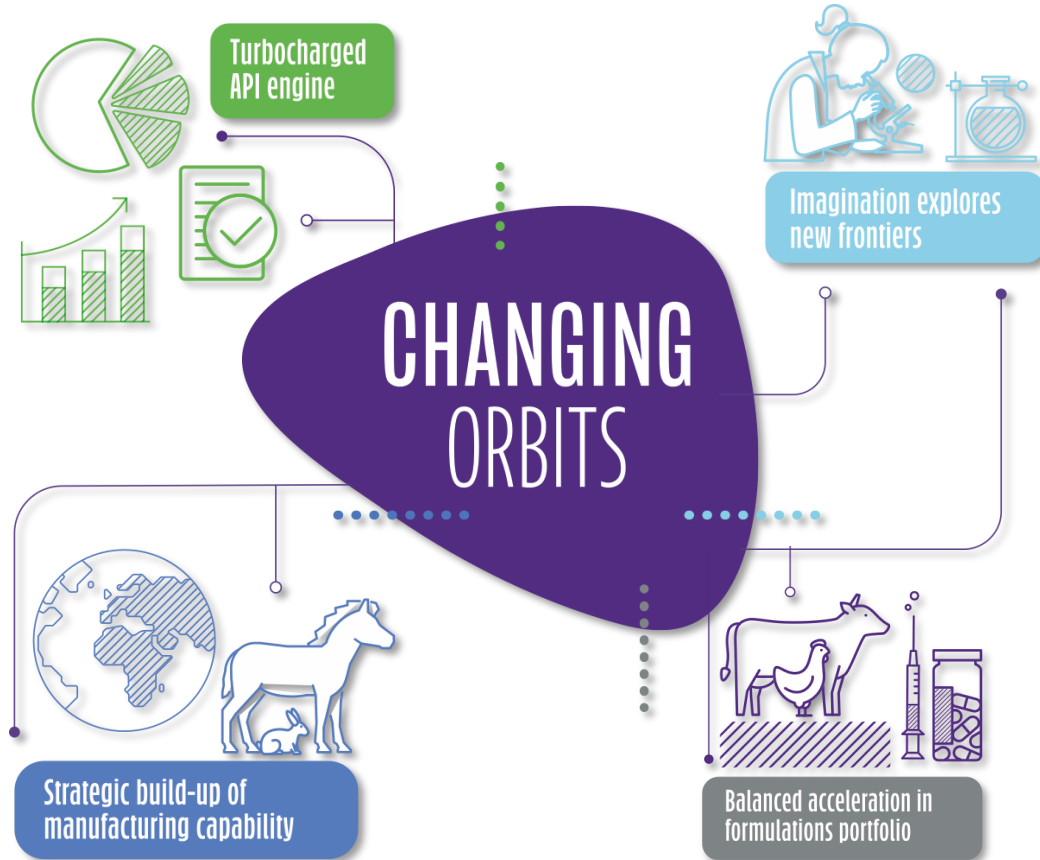
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BSE Code:512529 | NSE: SEQUENT

ISIN: INE807F01027 | REUTERS: EQU.BO

Websites: [www.sequent.in](http://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

Q2 & H1FY21

November 6, 2020

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.



**Managing Director,  
Manish Gupta**

“The quarter gone by has laid the foundation for the next chapter in SeQuent’s journey or ‘SeQuent 2.0’. With Carlyle Group as new owners and a revamped Board with experienced professionals from diverse fields and global connects, we are both excited and confident as SeQuent gears up for the next-orbit of growth.

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None of this would have been possible without the unflinching commitment of our 1700+ workforce especially in these challenging times. We would like to thank our erstwhile and new shareholders for their support as we rewarded the employees in this ownership transition, which led to a one-off cost in the quarter.

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## Focus

Transitioned from multi-business model to a focused, pure-play animal health business



## Scale

Established scale in the chosen business to emerge as India's largest and now amongst 'Top 20' global animal health companies



## Capability

Comprehensive capabilities across APIs and Formulations - front-end presence in key markets, global manufacturing (incl. India's first USFDA approved facility), R&D & management team. Strong framework of governance and compliance



## Financials

Transformation across key financial parameters – mid-teen EBITDA margin, low leverage of 0.2, ROCEs in early 20s and robust cash flows leading to a 6 step improvement in credit rating



# Rewiring SeQuent for the next orbit in progress..

Focus on operational excellence and relentless execution has ensured consistent financial outcomes in current challenging times

**Delivering focused financial outcomes**



**Ownership Change**



Reconstitution of the Board with a more global representation under the aegis of the new promoters, The Carlyle Group

Internal corporate realignment with consolidation of shareholding in Turkey & Netherlands

**Consolidation of Minority Holdings**



**Management Continuity**

Existing management to drive the future strategy thereby ensuring continuity



# Key Corporate Developments





# The Carlyle Group assumes charge as the new promoter...



## Change of control

Carlyle acquired 25.20% and became the new Promoter on August 17, 2020 and acquired additional 27.82% on September 8, 2020



## Industry leaders join the Board

Dr. Kamal Sharma, Non-Executive Chairman & Mr. Milind Sarwate appointed as Independent Directors



## Induction of Carlyle nominees

Mr. Neeraj Bharadwaj, Mr. Rahul Mukim & Mr. Gregory John Andrews join the Board as Carlyle nominees



# ...prompting a broad-basing of the Board with global outlook



**Dr. Kamal K Sharma**  
*Independent Director*  
*Non-Executive Chairman*

- BE-IITK; PGDIM-JBIMS; PhD-IIT Mum.
- 48 years CXO experience
- Expertise in creating & leading large chemical and pharmaceutical companies



**Mr. Milind Sarwate**  
*Independent Director*

- ACA, ACS, ACMA, B Com, CII-Fulbright Fellow
- 37 years' experience- incl CFO, CHRO roles
- Independent Directorship in listed & unlisted Cos
- Expertise in value creation, effective governance & capability building



**Dr. Kausalya Santhanam**  
*Independent Director*

- M.Sc; Ph.D; LLB (Intellectual Property)
- Registered Patent Agent
- Patent law practitioner with US in-house experience in biopharmaceutical industry.



**Mr. Neeraj Bharadwaj**  
*Non-Executive Director*  
*(Carlyle Nominee)*

- BS-Wharton; MBA-Harvard
- MD, Carlyle India
- Expertise in large growth capital & buyout opportunities



**Mr. Gregory John Andrews**  
*Director*  
*(Carlyle Nominee)*

- BSc (Hons); PGDBM
- Animal health consultant in USA & France
- 30 years CXO experience in animal health



**Mr. Rahul Mukim**  
*Non-Executive Director*  
*(Carlyle Nominee)*

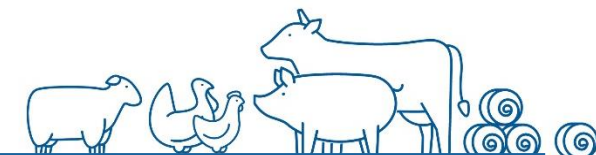
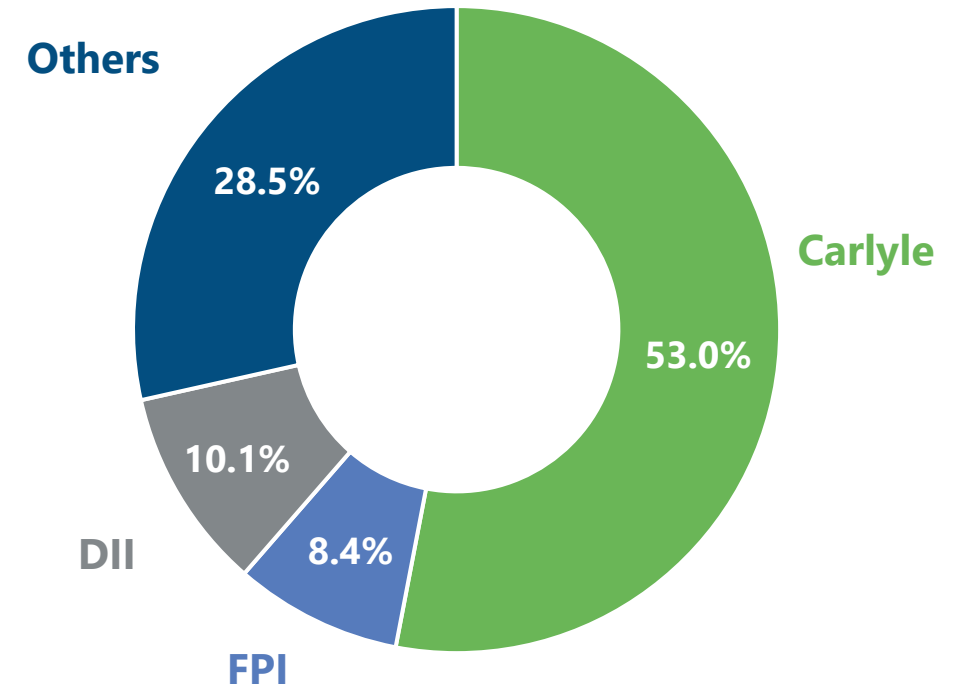
- BE-VJTI; MBA-IIM Lucknow
- Director, Carlyle India
- Expertise in buyout opportunities, healthcare growth investment



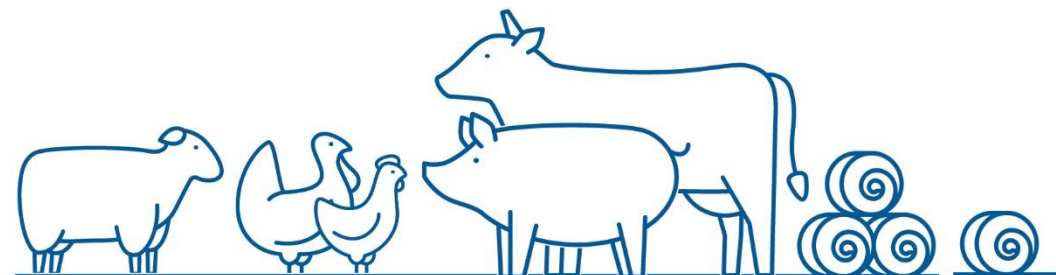
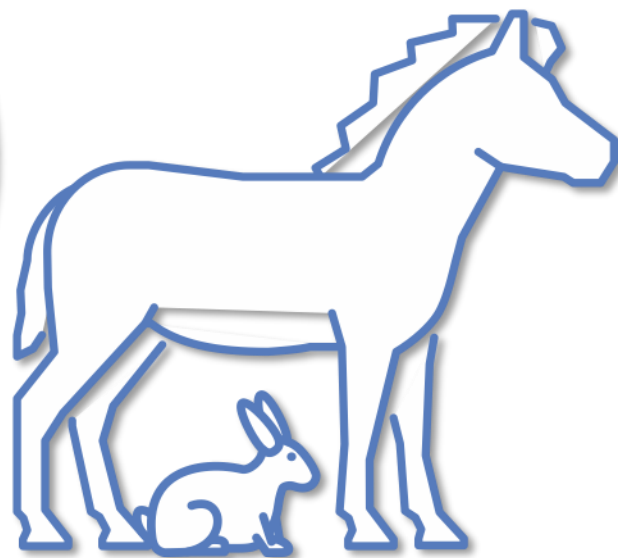
# Ownership structure

Shareholding as on 30 <sup>th</sup> September 2020	(% of Total Equity)
Carlyle	53.0%
FPI	8.4%
DII	10.1%
Others	28.5%

Nil shares pledged as on September 30, 2020



# Unlocking Value Creation



## Consolidation of Subsidiaries

### Provet

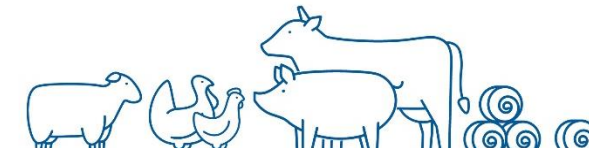
- ⌚ Amongst the top 3 and the largest local veterinary medicines company in Turkey having market share of ~10% with more than 120 product registrations
- ⌚ 8 manufacturing lines in various dosage forms including injectables, oral solutions, aerosols and intrauterine
- ⌚ Caters to bacterial, parasitic, anthelmintic, antiparasitic, nutritional for the ruminant therapeutics segment
- ⌚ Acquired 40% of Provet making it a wholly owned subsidiary

### Fendigo

- ⌚ Netherlands based veterinary marketer for pets, farm animals, horses and poultry health products
- ⌚ Acquired 15% of Fendigo making it a wholly owned subsidiary

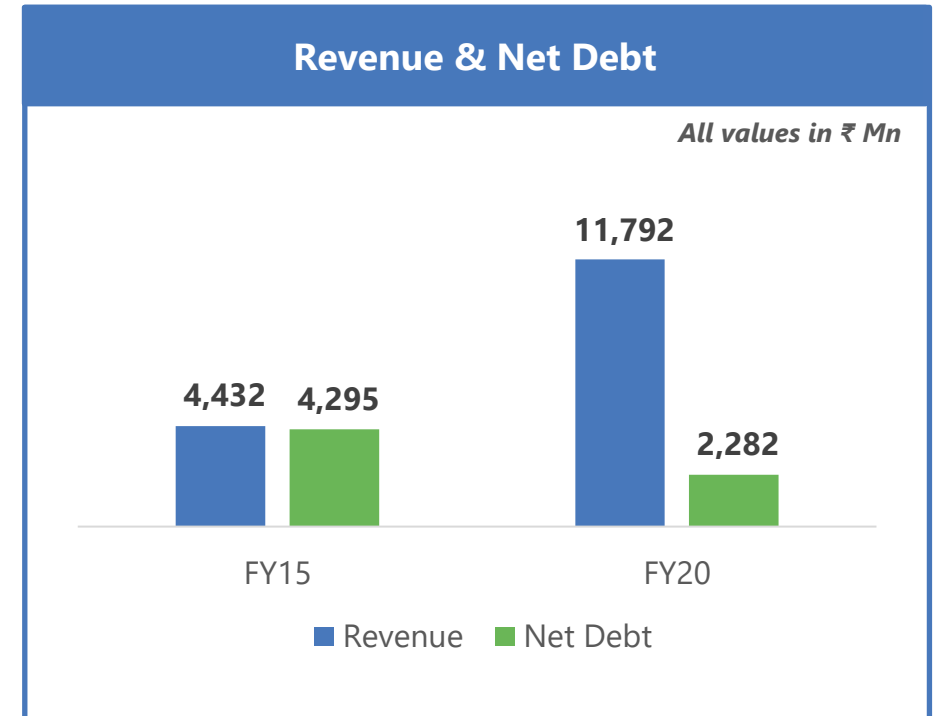
## Source of Funds

Consolidation funded by sale of treasury holding in Strides Pharma Science Limited

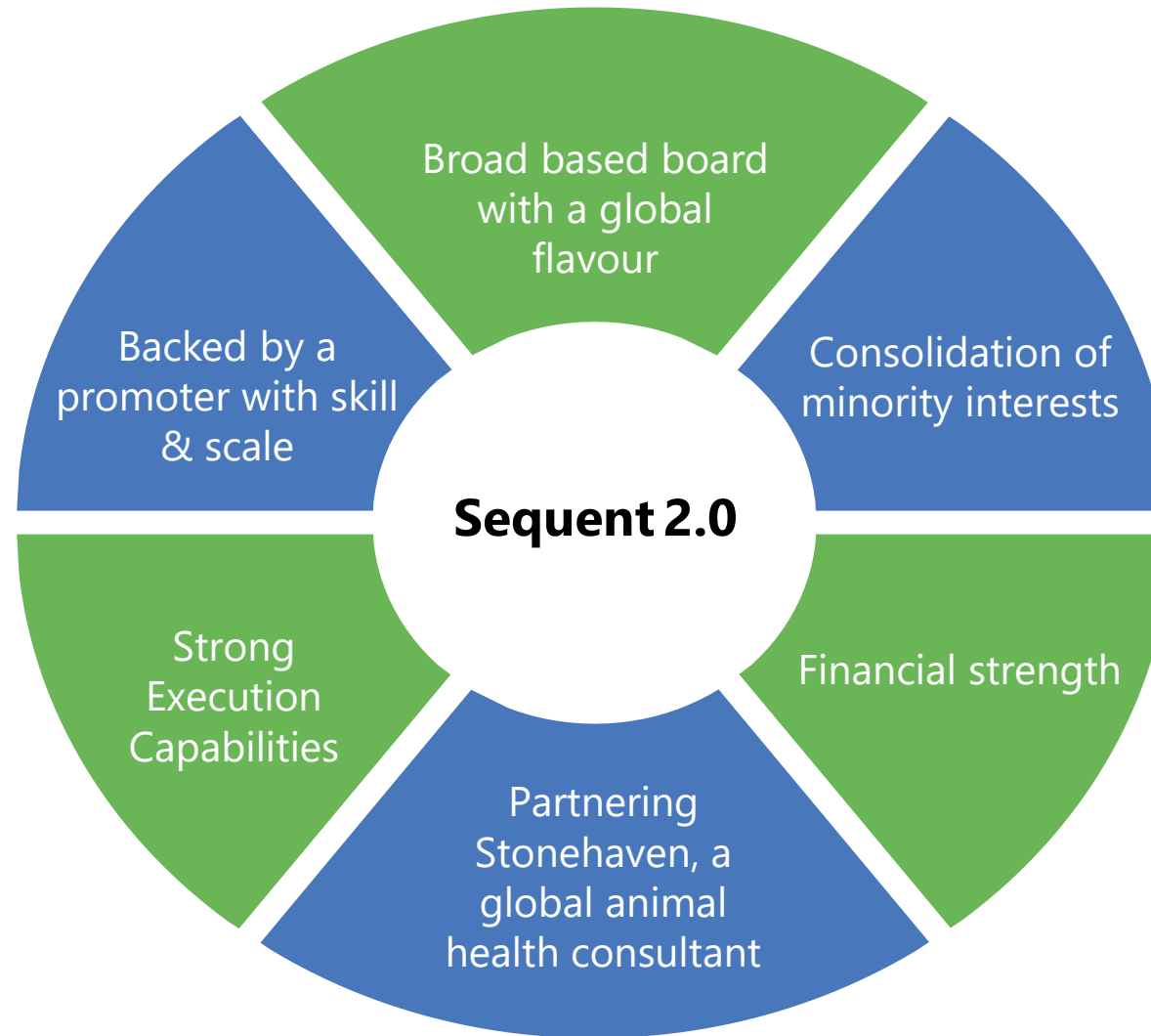


## ... supplemented by a Credit Rating Upgrade

- ⑥ India Ratings upgraded long term credit rating of SeQuent from IND A- (Stable) to **IND A (Positive)**
- ⑥ Consistent financial performance and debt reduction lead to 6 step improvement over last 5 years
- ⑥ Confidence in strength of business model with diversified revenue mix underpinned with relentless focus on execution making SeQuent amongst the 'Top 20' animal health industry players globally
- ⑥ Further facilitated by the financial and global strength of the new promoters – 'Carlyle Group'
- ⑥ Alivira Animal Health Limited credit rating also upgraded from IND A- (Stable) to **IND A (Positive)**



# ... foundations in place for Sequent 2.0



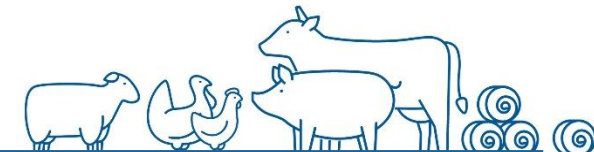
# Successfully Negotiating the Covid Storm





# Responsible operations in challenging environment...

- ⑥ Collaborative efforts to maintain eco-system & manage stakeholders with larger interest in mind
  - ⑥ Complete support to vendors & employees, timely payments to all including banks
  - ⑥ Enhanced medical insurance coverage across the organisation
- ⑥ Operations continued across all sites in India and overseas under heightened care
- ⑥ Supply chain team support ensured availability of materials despite significant logistical challenges
- ⑥ Field operations was streamlined for safety, field visits replaced by phone calls to customers
- ⑥ Extra-ordinary co-ordination between Marketing, Operations, Finance and HR ensured near execution of the plan across the three quarters



## India

- ⑥ Mahad operations suspended for 10 days in Q2 FY21 due to Covid cases in the region;
- ⑥ No perceptible impact on other sites with stray Covid cases
- ⑥ Vizag plant expansion project extended by 3 months

## EU

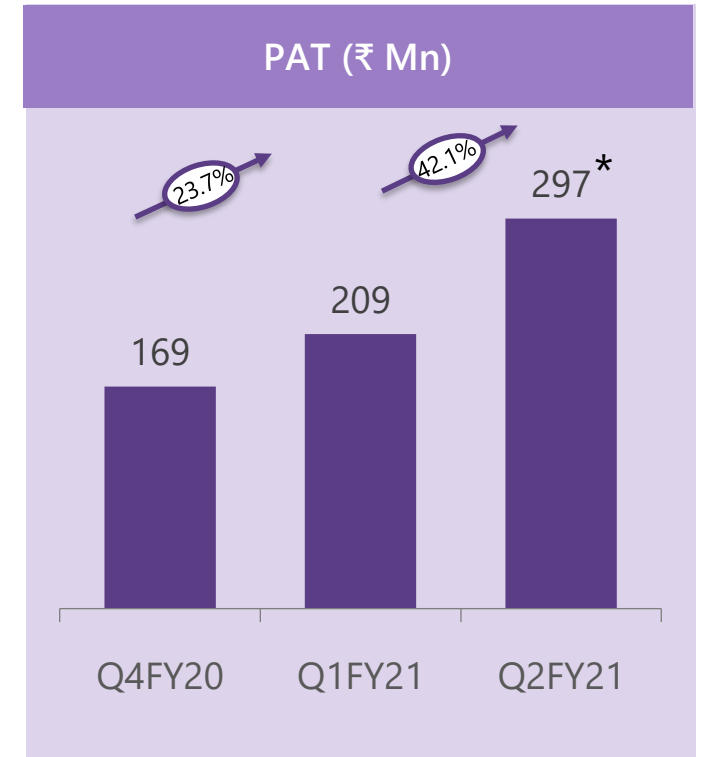
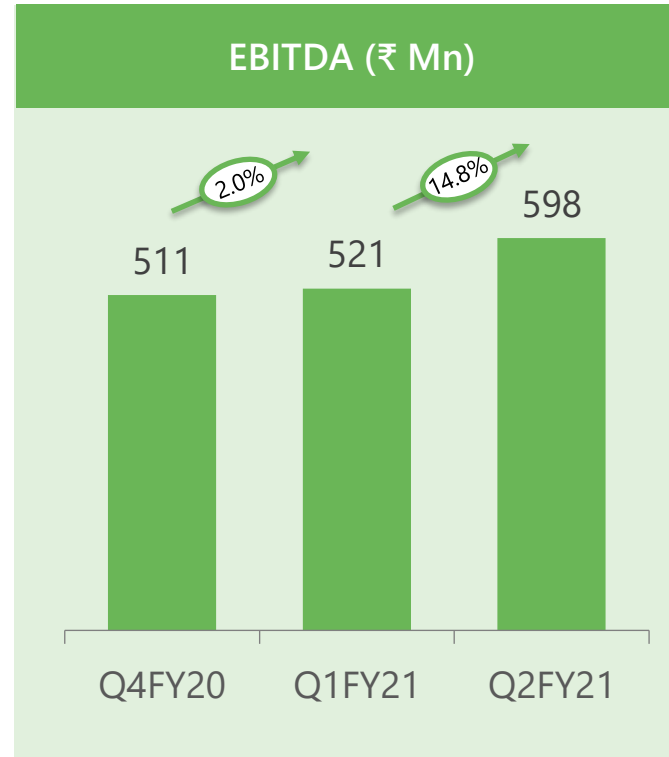
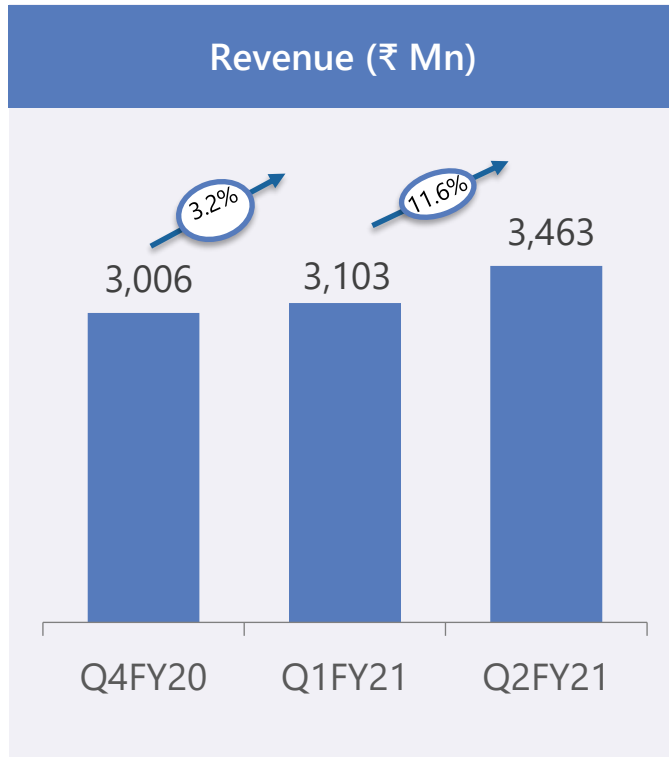
- ⑥ Prioritisation of plant operations by diverting technical resources from R&D to QC operations
- ⑥ Building safety inventories for possible supply chain disruptions
- ⑥ Bremer capex plans deferred to next year due to execution challenges

## Other Location

- ⑥ All operations continue unaffected in both Brazil and Turkey with sound safety measures in place



# ... while delivering strong financials

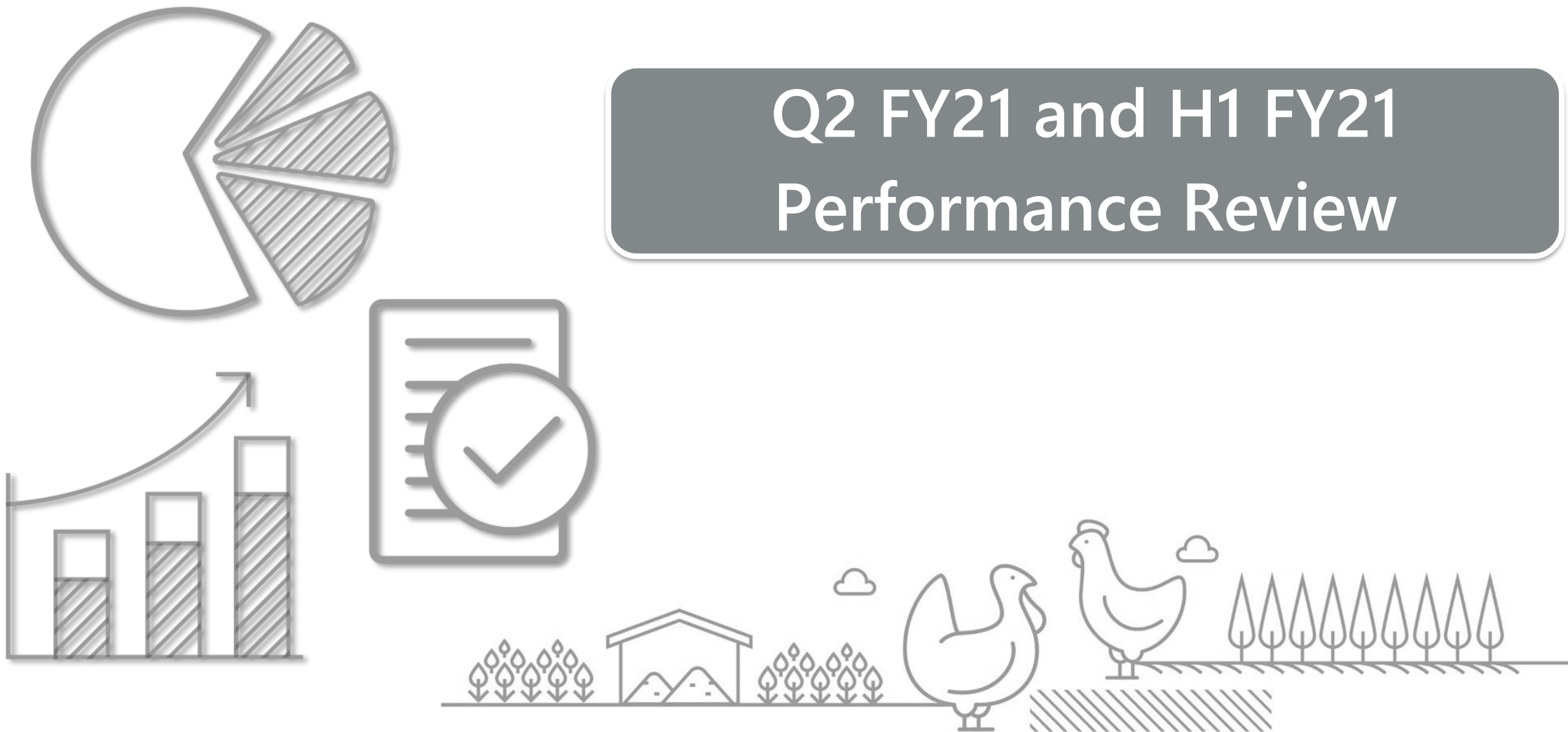


\*Adjusted PAT accounting for one-off cost





# Q2 FY21 and H1 FY21 Performance Review



# Another quarter of Revenue and Margin momentum...

	Q2 FY21		YoY	H1 FY21		YoY
<b>Revenues</b>	Q2 FY21	3,463	<b>21.8%</b>	H1 FY21	6,565	<b>16.8%</b>
	Q2 FY20	2,842		H1 FY20	5,622	
<b>EBITDA</b>	Q2 FY21	598	<b>58.2%</b>	H1 FY21	1,119	<b>46.7%</b>
	Q2 FY20	378		H1 FY20	763	
<b>Adjusted PAT*</b>	Q2 FY21	297	<b>39.4%</b>	H1 FY21	506	<b>28.8%</b>
	Q2 FY20	213		H1 FY20	327	
<b>Cash from Operations</b>	Q2 FY21	607	<b>2.8x</b>	H1 FY21	1,016	<b>3.3x</b>
	Q2 FY20	218		H1 FY20	306	

\*Adjusted PAT accounting for one-off cost



# Strong performance across businesses drives new revenue peak

All values in ₹ Mn

Revenue Distribution	Q2'21	Q2'20	YoY%	YoY% (Constant currency)	H1'FY21	H1,FY20	YoY%	YoY% (Constant currency)
<b>Formulations</b>	<b>2,263</b>	1,869	21.1%	24.7%	<b>4,264</b>	3,743	13.9%	16.5%
<i>Europe</i>	<b>952</b>	844	12.8%	1.6%	<b>2,028</b>	1,726	17.5%	7.7%
<i>Turkey</i>	<b>400</b>	325	23.1%	48.5%	<b>757</b>	668	13.3%	28.9%
<i>Emerging Markets</i>	<b>558</b>	429	30.0%	25.2%	<b>792</b>	837	(5.3%)	(8.2%)
<i>LATAM</i>	<b>353</b>	271	30.3%	67.3%	<b>687</b>	512	34.2%	70.5%
<b>APIs</b>	<b>1,200</b>	973	23.3%	18.3%	<b>2,301</b>	1,880	22.4%	20.2%
<b>Global Sales</b>	<b>3,463</b>	2,842	21.8%	22.5%	<b>6,565</b>	5,622	16.8%	17.8%

## Key Highlights

### Revenues breach ₹3.4bn (+22.5%), up 10% over previous peak

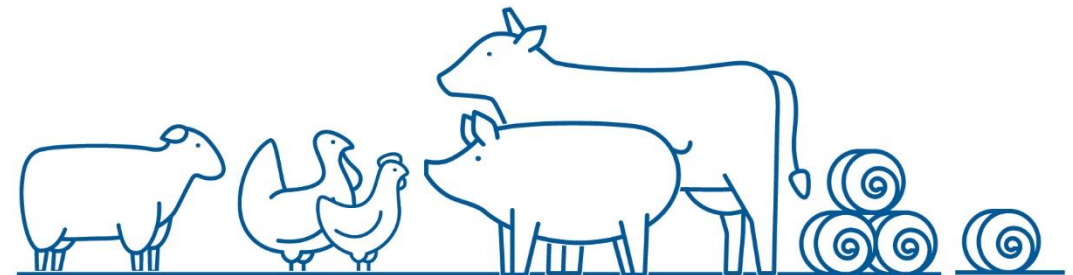
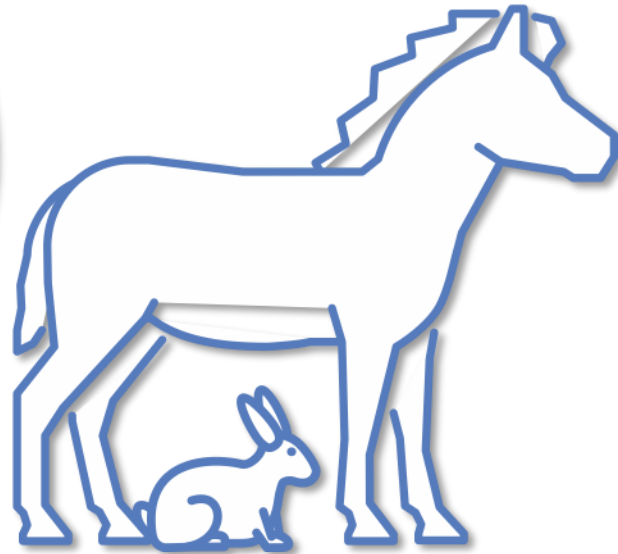
- Formulations drives growth for the quarter, +24.7%
- Strong performance across key geographies of Latam and Turkey
- India drives strong recovery in Emerging Markets
- API Business: Highest quarterly sales of ₹1,200Mn, +18.3%

Note: All growth % are in constant currency





# Q2 & H1FY21 Business Review



# Formulations Continue to Create Value...

## Highlights

- ⦿ Outperformance continues in Brazil and Turkey with new product launches coupled with market share gains for existing products
- ⦿ Benelux drives EU, Spain subdued in the quarter
- ⦿ Strong recovery in India, commercialised Zoetis products in India, achieve 2x scale
- ⦿ Cautious approach continue for rest of Emerging markets
- ⦿ EU approvals received for:
  - ⦿ World's largest injectable filing within 11 months of filing
  - ⦿ 3 products approvals from Spain's R&D development
  - ⦿ Commercialisation to drive H2 performance

*All values in ₹ Mn*

Q2FY21	Q2FY20	YoY% (cc)	H1 FY21	H1 FY20	YoY% (cc)
<b>2,263</b>	1,869	24.7%	<b>4,264</b>	3,743	16.5%

FDFs

1000+

Manufacturing facilities

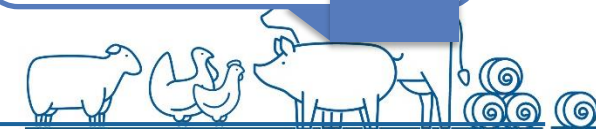
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Sales to regulated markets

65%+

Countries with marketing presence

80+





# ... While APIs scale the Capability Curve

## Highlights

- ⦿ Highest quarterly sales of ₹1,200Mn with a growth of 18.3%
- ⦿ CDMO model initiated with one of the largest AH player – 2 products under execution
- ⦿ 1 USVMF filing in the quarter, 20 US filings in total,
- ⦿ Enhanced production capacity at Mahad, Vizag expansion to be completed in Q4

All values in ₹ Mn

Q2FY21	Q2FY20	YoY% (cc)	H1 FY21	H1 FY20	YoY% (cc)
<b>1,200</b>	973	18.3%	<b>2,301</b>	1,880	20.2%

Commercial APIs

27

Manufacturing facilities

3

Sales to regulated markets

75%+

Asset turnover ratio

2.5x



## Formulations

Products Under Development

35+

R&D Centres

4

Injectables

38%

New filings in US next 3 years

10

## API

Molecules in pipeline

14+

R&D Centre

1

US Filings

20

CEP Filings

11





# Financials



# Strong Consolidated Financials trend continues ...

PARTICULARS	Q2 FY21 Unaudited	Q1 FY21 Unaudited	Q2 FY20 Unaudited	H1 FY21 Unaudited	H1 FY20 Unaudited	FY20 Audited
Revenue from Operations	3,463	3,103	2,842	6,565	5,622	11,792
Material Consumption	(1,807)	(1,594)	(1,508)	(3,401)	(2,939)	(6,051)
<b>Gross Margin</b>	<b>1,656</b>	<b>1,508</b>	<b>1,335</b>	<b>3,164</b>	<b>2,684</b>	<b>5,742</b>
%	47.8%	48.6%	47.0%	48.2%	47.7%	48.7%
Operating Expenses	(1,058)	(987)	(957)	(2,045)	(1,921)	(3,984)
<b>EBITDA</b>	<b>598</b>	<b>521</b>	<b>378</b>	<b>1,119</b>	<b>763</b>	<b>1,758</b>
%	17.3%	16.8%	13.3%	17.0%	13.6%	14.9%
Exchange Gain / (Loss)	(34)	(11)	(6)	(45)	(7)	(55)
Other Income	26	15	60	42	73	101
Finance Cost	(74)	(76)	(78)	(150)	(168)	(357)
Depreciation	(133)	(130)	(125)	(263)	(245)	(506)
Exceptional Items	(90)	-	-	(90)	-	-
<b>Earnings Before Tax</b>	<b>293</b>	<b>319</b>	<b>228</b>	<b>612</b>	<b>416</b>	<b>941</b>
Taxes	(80)	(74)	16	(154)	(19)	(120)
<b>Earnings After Tax</b>	<b>214</b>	<b>245</b>	<b>245</b>	<b>458</b>	<b>398</b>	<b>820</b>
Minority Interest	1	36	32	37	70	121
<b>Earnings after Minority Interest</b>	<b>213</b>	<b>209</b>	<b>213</b>	<b>422</b>	<b>327</b>	<b>699</b>
<b>Earnings per share ₹</b>	<b>0.86</b>	<b>0.85</b>	<b>0.87</b>	<b>1.70</b>	<b>1.34</b>	<b>2.85</b>



## ...adjusted PAT for one-off cost

Excluding the one-time non-recurring expenses, the Normalised PAT is:

PARTICULARS	Q2 FY21 Unaudited	Q1 FY21 Unaudited	Q2 FY20 Unaudited	H1 FY21 Unaudited	H1 FY20 Unaudited	FY20 Audited
Reported PAT (including exceptional items)	213	209	213	423	327	699
Non-recurring expenses (net of tax)	84	-	-	84	-	-
<b>Adjusted PAT</b>	<b>297</b>	<b>209</b>	<b>213</b>	<b>506</b>	<b>327</b>	<b>699</b>

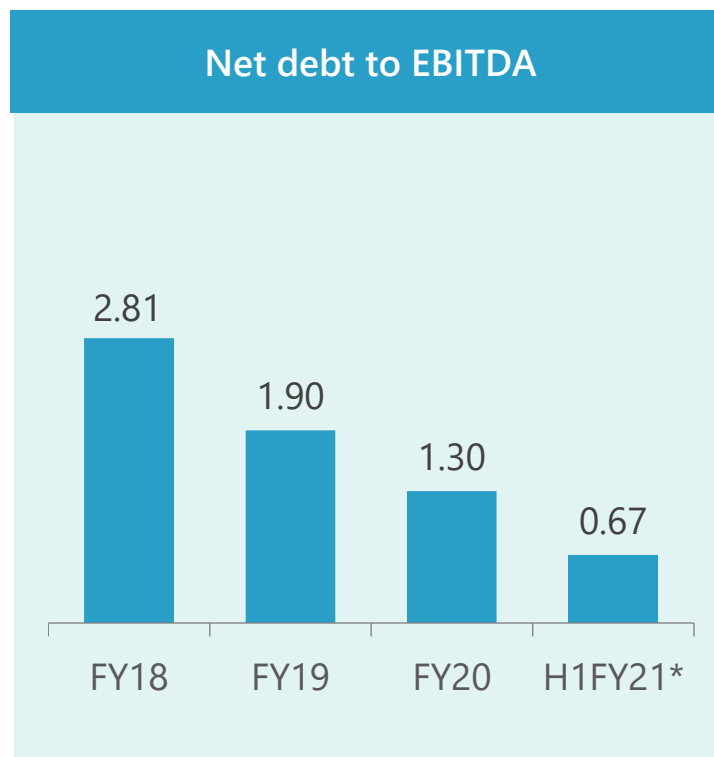
Break-up of Non-recurring expenses:	Amount
One-time Bonus to employees & Accelerated vesting of ESOPs on change of control	52.1
Alivira France operations discontinued due to adverse business environment	38.3
<b>Total</b>	<b>90.4</b>



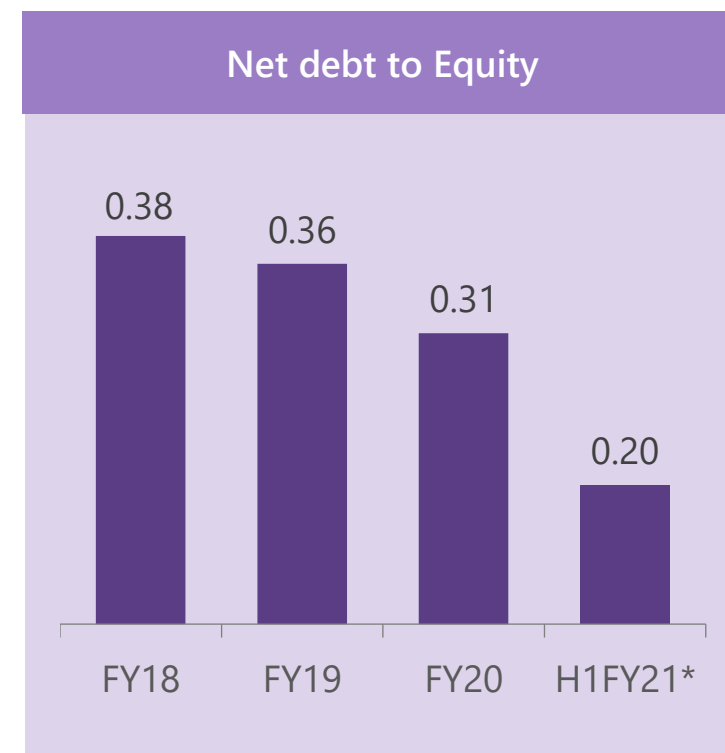
# ... resulting in a strong Balance Sheet, and

All values in ₹Mn

Particulars	Sep-20	Mar-20
Shareholders Funds	7,483	7,428
Minority Interest	478	447
Net Debt*	1,496	2,282
Investments	594	1,313
Tangible Assets	3,375	3,560
Intangible Assets	2,737	2,897
Working Capital	3,042	3,127



\*H1 Annualized

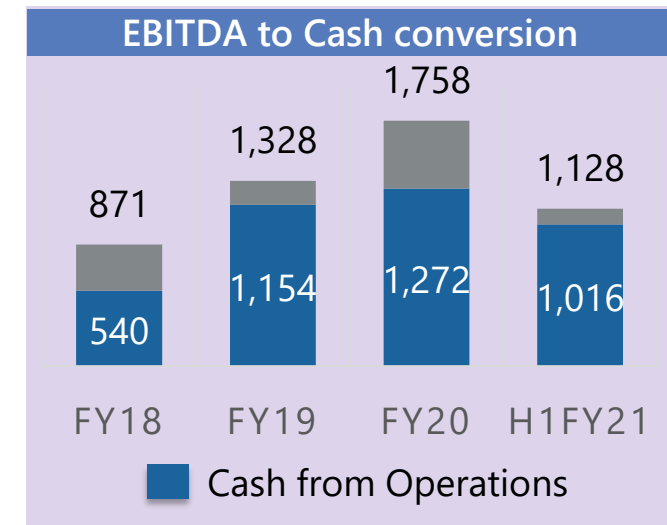
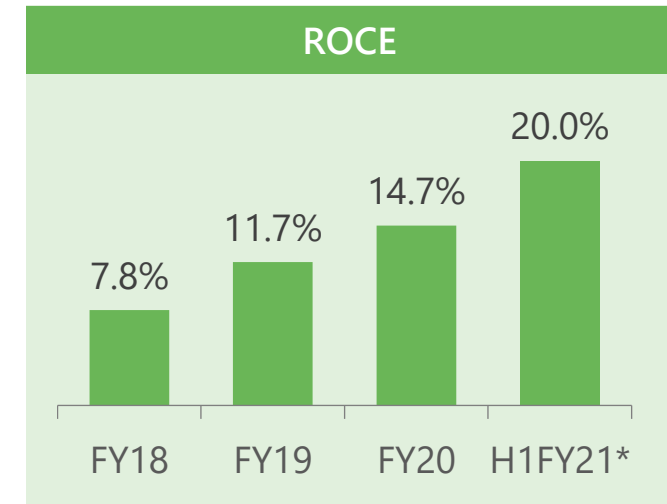


\*Net Debt considers payout for consolidation of Turkey



## Balance Sheet Highlights

- ⑥ Focus on profitability resulting in strong cash flow from operations
- ⑥ Cash flow generation aids net debt reduction and lower gearing
- ⑥ Well integrated acquisitions with a focus on front end formulation business leading to higher return ratios
- ⑥ Judicious capital allocation leading to scale up in ROCE

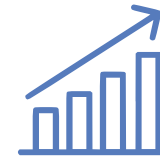


## FY21 Delivering on guidance



### **FY21 Outlook**

- High-teen revenue growth
- 200+ bps margin expansion



### **H1FY21 status**

- 16.8% revenue growth
- 340 bps margin expansion





# Thank You



***For details, feel free to contact:***

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