

SeQuent Announces Q4 and FY21 results Execution focus ensures momentum FY21 - Revenues at Rs. 13,616 Million up by 15.5%, Operating EBITDA at Rs. 2,375 Million up 35.1%

Mumbai, June 30, 2021

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

Consolidated Financial Highlights

	Rs. in millions					
	Q4 FY21	Q4 FY20	Growth (%)	FY21	FY20	Growth (%)
Revenues	3,618	3,006	20.4%	13,616	11,792	15.5%
Operating EBITDA*	611	511	19.5%	2,375	1,758	35.1%
EBITDA Margin %	16.9%	17.0%	(10bps)	17.4%	14.9%	250bps
PAT	206	169	22.4%	954	699	36.5%
PAT margin %	5.7%	6.1%	(40bps)	7.0%	5.9%	110bps

*Operating EBITDA accounting for one-off cost

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

Commenting on the Company's performance, **Manish Gupta, Managing Director** stated "We are pleased to report another strong year of performance in an operationally challenging pandemic year. Our global formulations drove growth and strong outperformance in the key markets of Brazil, Turkey, and India.

Revenue grew by 15.5% YoY to ₹ 13,616 Mn. Operating EBITDA increased to ₹ 2,375 Mn at 17.4%, a healthy expansion of 250 bps YoY. PAT grew 36.5% and the business generated ₹ 1.5 Bn+ in cash from operations enabling us to pare down debt, resulting in a two-notch improvement in credit rating. ROCE now exceeds 20%, reflecting the underlying strength of our business model we have built in Sequent 1.0. This confidence also reflects in the Board recommending a 25% dividend for the year.

I am very proud and grateful to our 1,700+ team, for their continued focus on relentless execution, during the Covid pandemic induced global disruptions. This year has been an eventful one, with onboarding of new promoters and reconstitution of Board with industry stalwarts.

As we embark on the journey of "SeQuent 2.0" under the guidance of our Board, I am confident that we will be able to accelerate the revenue growth in the coming years. As we expand our horizons, we remain committed to invest in building up capabilities that will propel us forward to be amongst the top animal health companies in the world."

Earnings Call with Investors

The Company will conduct an Earnings call at **9:00 AM IST on July 1, 2021** 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, 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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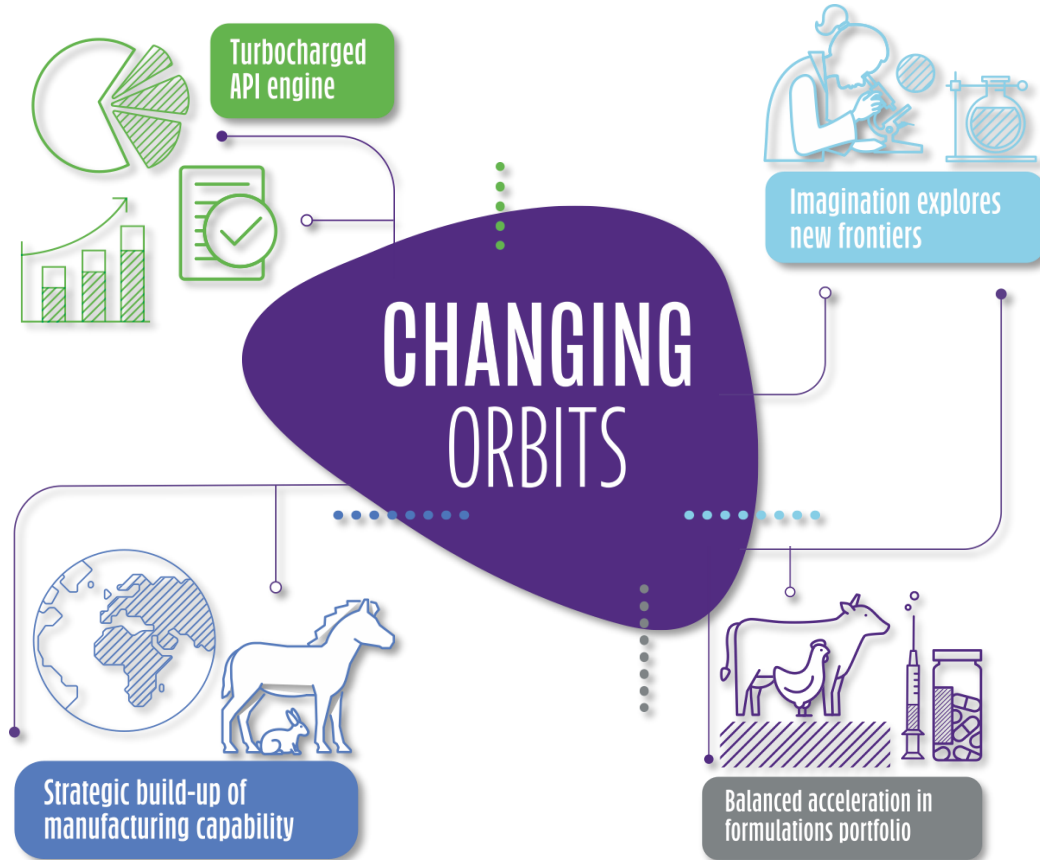
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BSE Code:512529 | NSE: SEQUENT

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.



Earnings Presentation

Q4 & FY21

June 30, 2021

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.

"We are pleased to report another strong year of performance in an operationally challenging pandemic year. Our global formulations drove growth and strong outperformance in the key markets of Brazil, Turkey and India.

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Manish Gupta, Managing Director

Revenues

₹ 13,616 Mn

↑ 15.5%

Operating EBITDA

₹ 2,375 Mn

↑ 250 bps

PAT

₹ 954 Mn

↑ 36.5%

Cash from Operations

₹ 1,585 Mn

↑ 24.7%





- **We are deeply thankful to all our employees and their families** for their **resilience and commitment** to support business in such difficult times
- **2nd wave of the pandemic** saddened us with the **loss of 2 employees**
- Our **top priority** continues to be the **safety of our employees**
- With our **employee first approach**, we have taken several steps:
 - **Access to critical medical support**
 - Comprehensive **increase in medical and term insurance coverage**
 - **Assisted inoculation program** for employees & their families
 - **Financial support for families of employees deceased due to Covid**

- Although the 1st wave impacted certain operations, the severity of **2nd wave has left considerable impact on our people, their families**
- Focus on building an **employee first approach**, with **hybrid working model**
- **Supply chain and logistics challenges** through the year, **however no material business & financial impact for the year**
- Impacted by **increased input costs and freight rates**, coupled with **long lead times**
- **Vizag and Mahad expansions completed**
- **Travel restrictions** due to pandemic impact **Germany facility upgradation / expansion**

- Organization working on a Business Continuity Plan to de-risk from the volatility and fluctuations in the value chain and sustainability of operations
- Developing **alternate vendor base** for key APIs and intermediates to **reduce single source dependency & cost-risks**
- Actively **engaging with local suppliers** to diversify KSMs procurement
- Preparing the organization for a possible 3rd wave to **manage operational challenges & ensuring employee well-being**
- **Accelerate inoculation - 90%+ employees** already vaccinated with at least one jab



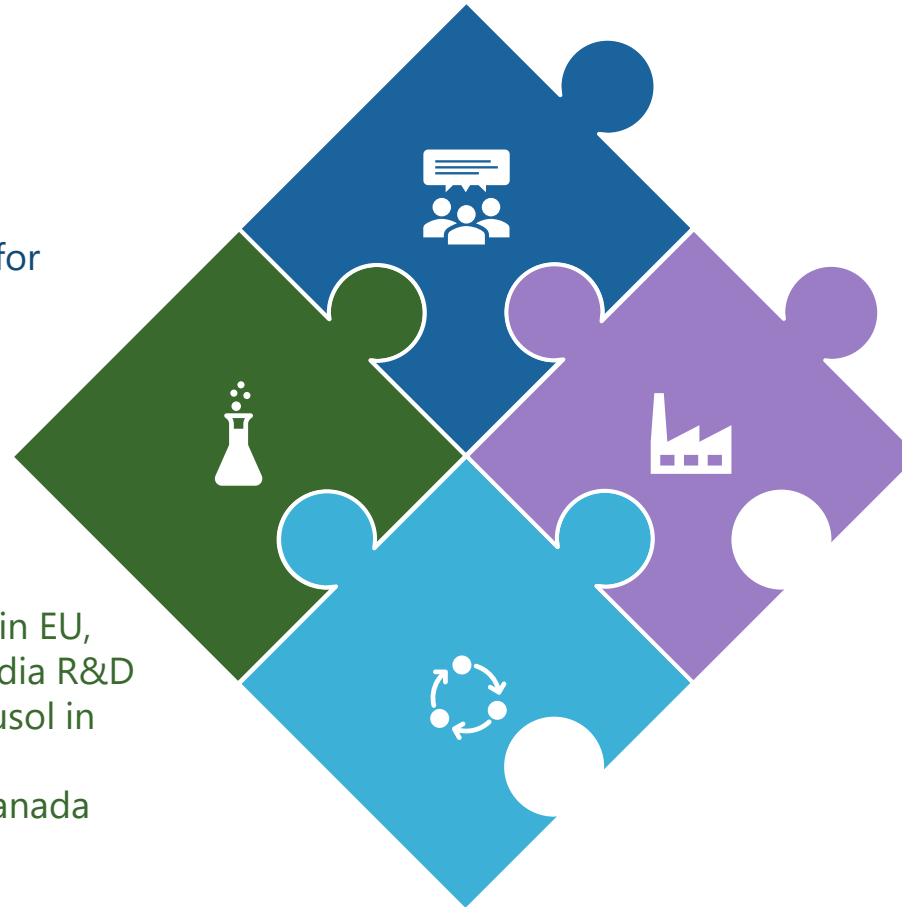
FY21: Several Initiatives across businesses to drive growth

Strategic Reorientation

- ❑ Change of control with onboarding of Carlyle
- ❑ Experts engaged to reorient strategic plan & identify areas for driving operational efficiencies
- ❑ Minority stake consolidations

New Products

- ❑ Commercialized Tulathromycin in EU, 1st formulation developed by India R&D
- ❑ Launched Citramox LA & Halofusol in EU markets
- ❑ 1st formulation filings in USA, Canada and Australia



Operations

- ❑ Capacity expansion at Vizag & Mahad API facilities
- ❑ Supply chain de-risking
- ❑ Capability enhancement in technical functions

New Initiatives

- ❑ Commercialized Zoetis distribution arrangement in India
- ❑ Signed CDMO/ CMO contract with a major animal healthcare company
- ❑ Onboarded sectoral experts to support new growth initiatives



Our Global and Diverse Board



Dr. Kamal K Sharma

Non-Executive Chairman

Expertise in operations, corporate development & executive management



Mr. Milind Sarwate

Independent Director

Expertise in corporate finance, value creation, capability building & effective governance



Dr. Fabian Kausche

Director (Carlyle Nominee)

Animal health expertise in areas of R&D, product innovation, scientific advisory



Mr. Gregory John Andrews

Director (Carlyle Nominee)

Technical expert in animal health for the developed markets



Dr. Kausalya Santhanam

Independent Director

Intellectual property, patent strategy and research expertise in US and India



Mr. Neeraj Bharadwaj

Non-Executive Director (Carlyle Nominee)

Expertise in large growth capital & buyout opportunities, scaling up existing investments



Mr. Rahul Mukim

Non-Executive Director (Carlyle Nominee)

Expertise in India buyout opportunities, healthcare growth investments



Mr. Manish Gupta

Managing Director

Experience in leading global businesses along with driving performance enhancement



Mr. Sharat Narasapur

Joint Managing Director

Expertise in Techno-commercial operations, SCM, manufacturing, QMS/RA, NPD, project management





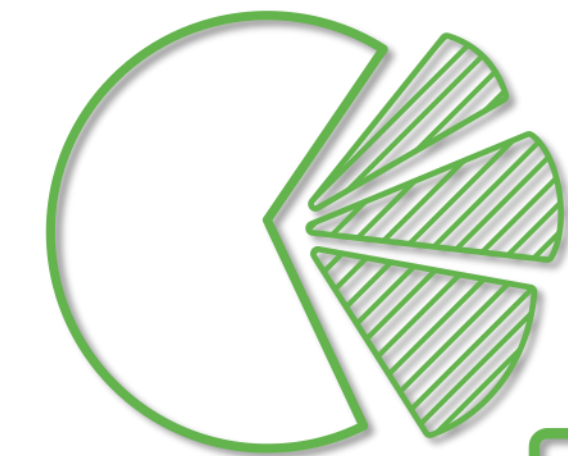
George Heidgerken

- First advisor on boarded – Founder of George Heidgerken Consultancy LLC
- To advice & mentor animal health companies in value creation and strategic business transformation
- Over 2 decades of experience in executive positions with Boehringer Ingelheim Animal Health (BIAH)
- Instrumental in leading the strategy for BIAH at global role in Germany, transforming BIAH into the 2nd largest global animal health company
- Delivered significant gains in market share and profitability, inspiring further investments and key acquisitions in the US
- Key influencer in building global animal health industry – past President of “HealthforAnimals” (Brussels, Belgium) and Chair of the “Kansas City Animal Health Corridor” (Kansas, USA)





Performance Overview



Execution focus ensures momentum

All values in ₹ Mn

Business	Q4 FY21	Q4 FY20	YoY%	YoY% (Constant Currency)	FY21	FY20	YoY%	YoY% (Constant Currency)
Formulations	2,506	1,934	29.6%	34.3%	9,055	7,789	16.3%	19.8%
<i>Europe</i>	1,113	945	17.7%	7.0%	4,163	3,645	14.2%	3.8%
<i>Turkey</i>	552	386	42.0%	71.3%	1,649	1,435	14.9%	37.3%
<i>LATAM</i>	450	302	48.9%	82.4%	1,561	1,101	41.8%	78.5%
<i>Emerging Markets</i>	212	219	(2.9%)	(13.3%)	906	1,217	(25.5%)	(31.3%)
<i>India</i>	179	78.9	126.7%	126.7%	776	391	98.4%	98.4%
APIs	1,113	1,072	3.8%	3.3%	4,561	4,004	13.9%	9.9%
Global Sales	3,618	3,006	20.4%	23.2%	13,616	11,792	15.5%	16.4%

- ⑥ Q4 – Formulations performance drive highest ever quarterly sales of ₹ 3,618 Mn with 20.4% growth
 - ⑥ Growth driven by key markets of India, LATAM and Turkey
 - ⑥ Europe back on faster growth, +17.7% in Q4
- ⑥ FY21 – Overall growth of 15.5%, Formulations outpace APIs



Delivering operational performance

All values in ₹ Mn

	Q4 FY21		YoY	FY21		YoY
Revenues	Q4 FY21	3,618	20.4%	FY21	13,616	15.5%
	Q4 FY20	3,006		FY20	11,792	
Operating EBITDA	Q4 FY21	611	19.5%	FY21	2,375	35.1%
	Q4 FY20	511		FY20	1,758	
Reported EBITDA	Q4 FY21	442	(13.5%)	FY21	2,163	23.0%
	Q4 FY20	511		FY20	1,758	
PAT	Q4 FY21	206	22.4%	FY21	954	36.5%
	Q4 FY20	169		FY20	699	



Operating EBITDA margin at 17.4% for FY21

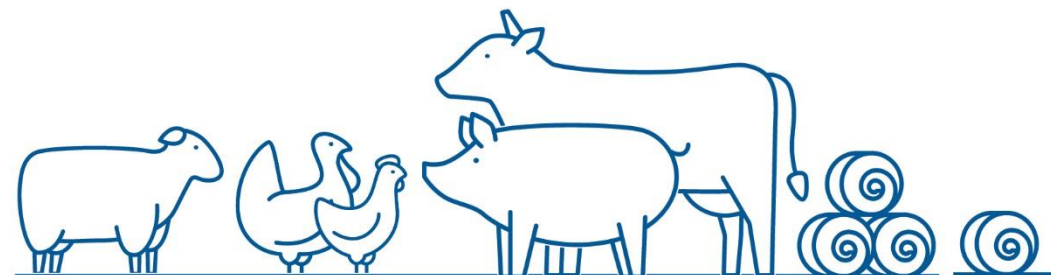
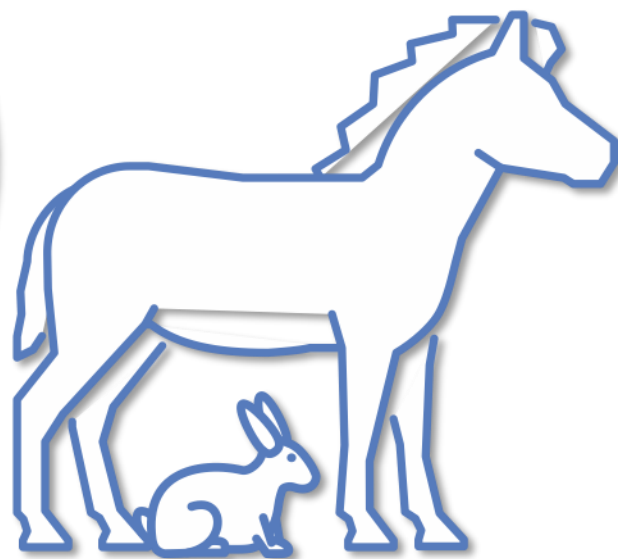
All values in ₹ Mn

	Q4 FY21	FY21	Remarks
Reported EBITDA	442	2,163	
Non-Operational/ One-time costs			
External Advisors	54	89	Strategic, Operational & Governance areas
Ambernath facility write-off	22	22	Write-off of old Ambernath API building given non-use
Past period expenses	28	33	ETP expenses – Enhanced claims for the period FY14 - FY20
Others	11	14	Inorganic initiatives, Increase in Capital
Total Non-Operational/ One-time costs	115	158	
Operating EBITDA Post ESOP	557	2,321	
New ESOP Scheme	54	54	One month impact, Non-cash expense
Operating EBITDA	611	2,375	
<i>Operating EBITDA Margin</i>	<i>16.9%</i>	<i>17.4%</i>	





Business Highlights



Formulations delivered strong growth across key geographies

Highlights

- ⦿ Europe business accelerates in Q4, driven by new launches
 - ⦿ Tulathromycin, first in-house developed injectable for global markets
 - ⦿ Citramox LA, first long acting injectable & Halofusol, in-house developed oral solution
- ⦿ Turkey growth momentum owing to market share gains in antibacterial & intramammary products
- ⦿ Brazil records strong growth led by new launches and fresh tender wins
- ⦿ India revenues double, strong performance around cattle, commercialization of Zoetis distribution arrangement
- ⦿ Submitted first filings in US, Canada and Australia from India R&D

All values in ₹ Mn

Q4FY21	Q4FY20	YoY% (cc)	FY21	FY20	YoY% (cc)
2,506	1,934	34.3%	9,055	7,789	19.8%

FDFs

1000+

Manufacturing facilities

5

Sales to regulated markets

64%

Countries with marketing presence

80+



API delivers steady performance

Highlights

- ⦿ FY21 growth at 13.9% YoY driven by recent commercializations
- ⦿ Commercialized 3 new APIs & submitted 4 VMF filings, taking total to 23 USVMF filings and 11 CEP approvals in Europe
- ⦿ Capacity expansion completed at Vizag & Mahad to maintain business growth momentum
- ⦿ Long term arrangement with major animal health company for CDMO and product supplies – co-investments at Vizag, commercialization in 2023
- ⦿ Supply chain de-risking & backward integration through in-house manufacturing of key KSMs

All values in ₹ Mn

Q4FY21	Q4FY20	YoY% (cc)	FY21	FY20	YoY% (cc)
1,113	1,072	3.3 %	4,561	4,004	9.9%

Commercial APIs **30**

Manufacturing facilities **3**

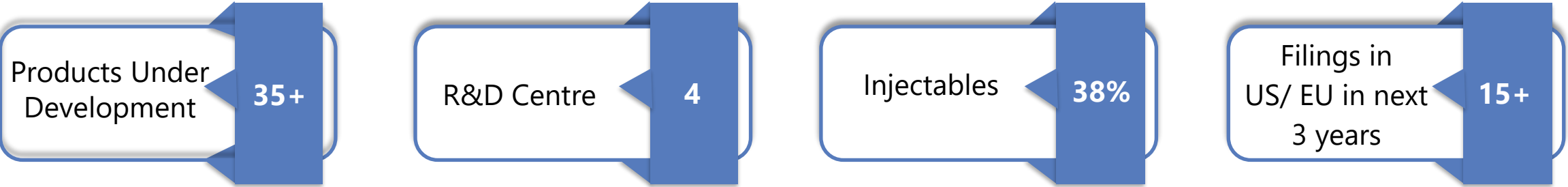
Sales to regulated markets **67%**

Asset turnover ratio **2.4x**



Focused R&D Initiatives to drive future growth

Formulations



API





Financials



Consolidated Financials

All values in ₹ Mn

Particulars	Q4 FY21 Audited	Q4 FY20 Audited	FY21 Audited	FY20 Audited
Revenue from Operations	3,618	3,006	13,616	11,792
Material Consumption	(1,857)	(1,494)	(6,947)	(6,051)
Gross Margin	1,761	1,512	6,670	5,742
%	48.7%	50.3%	49.0%	48.7%
Employee Benefit Expenses	(539)	(417)	(1,872)	(1,651)
Operating Expenses	(780)	(583)	(2,634)	(2,333)
EBITDA	442	511	2,163	1,758
%	12.2%	17.0%	15.9%	14.9%
Exchange Gain / (Loss)	(9)	(64)	(42)	(55)
Other Income	14	18	84	101
Finance Cost	(32)	(93)	(244)	(357)
Depreciation	(127)	(131)	(506)	(506)
Exceptional Items	2	-	(88)	-
Earnings Before Tax	290	241	1,366	941
Taxes	(55)	(59)	(322)	(120)
Earnings After Tax	235	182	1,045	820
Minority Interest	29	14	90	121
Earnings after Minority Interest	206	169	954	699
Earnings per share ₹	0.84	0.69	3.85	2.85
Operating EBITDA	611	511	2,375	1,758
%	16.9%	17.0%	17.4%	14.9%



Key Balance Sheet Items

All values in ₹ Mn

Particulars	Mar-21	Mar-20
Shareholders Funds	7,277	6,871
Minority Interest	487	447
Net Debt	1,628	2,282
Investments	769*	1,313**
Tangible Assets	3,479	3,560
Intangible Assets	2,186	2,340
Working Capital	3,218	3,127

Balance Sheet Highlights

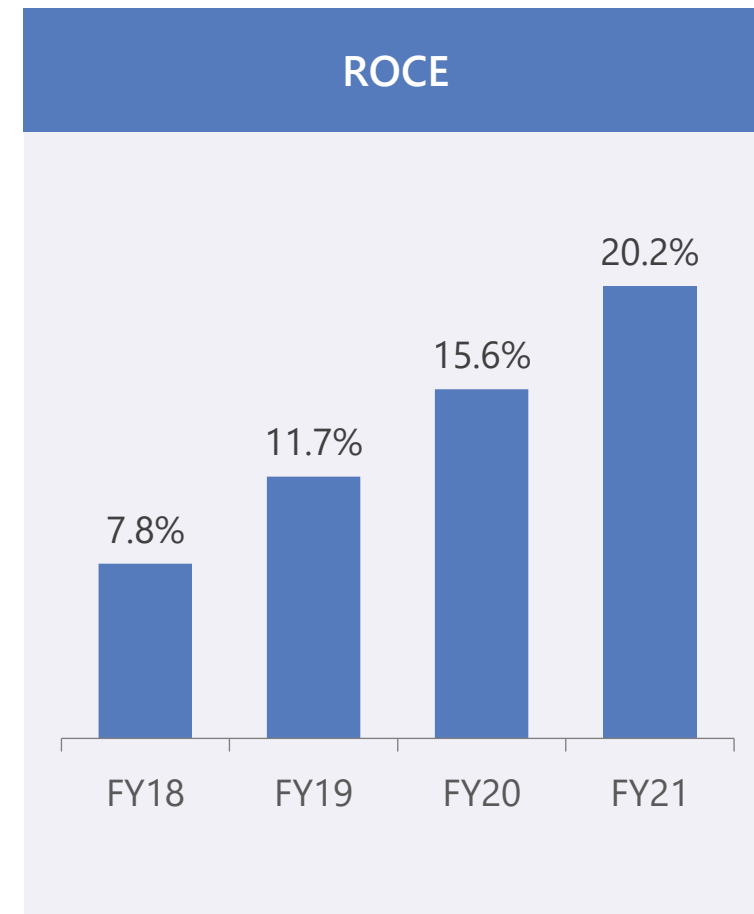
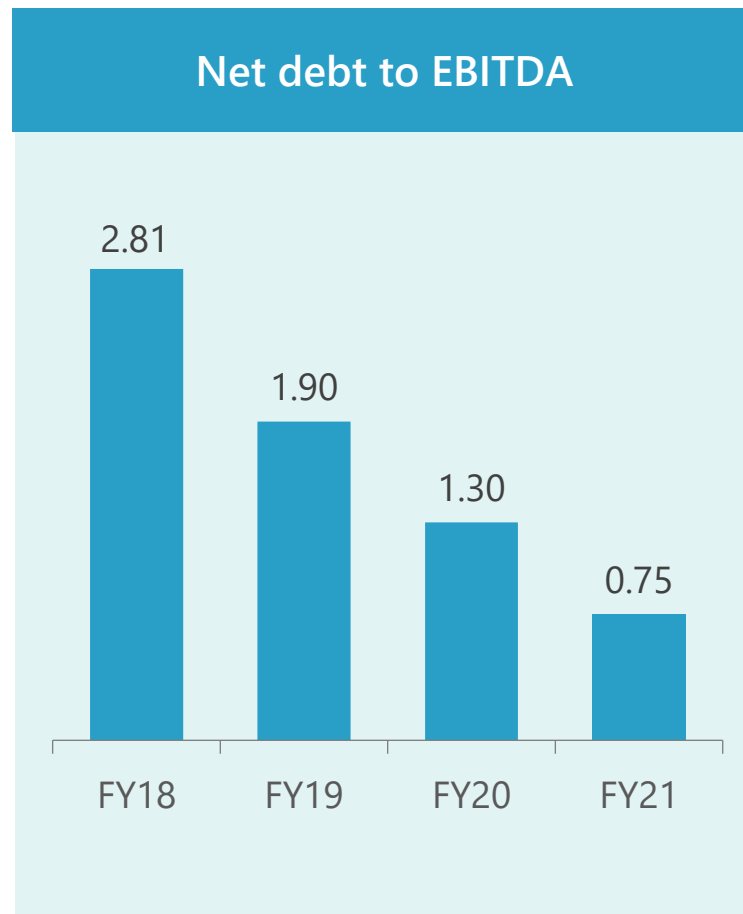
- ⦿ Driving growth in consonance with continued focus on Working Capital
- ⦿ Cash flow generation of ₹ 1.5 Bn+ from operations drives net debt reduction of ₹ 646 Mn
- ⦿ Benefit of Interest cost reduction from Q4 with the prepayment of all INR denominated term loans of ₹ 1,250 Mn
- ⦿ Consolidation of minority interest in Turkey, Netherlands and Belgium completed

*Represents market value of Solara shares

**Represents market value of Strides and Solara shares



Strengthening financial performance over the years



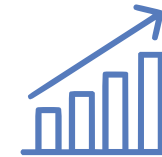
*Operating EBITDA at 17.4%





Outlook

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



FY21 status

- 15.5% revenue growth
- 250 bps margin expansion



Amongst Top 20 Animal Health companies globally USFDA Approved dedicated Animal Health API facility

2015

- ✓ LRM dependent
- ✓ Largely API driven
- ✓ Genericized; multiple segments

- 🏭 Limited Vet portfolio
- 🏭 Primarily anti-parasitics

- 🏭 **Formulations**
- Turkey: Turkish GMP
- India: cGMP

API

- 2 cGMP

- ₹ ~80% revenue contribution from EMs

- 🔬 Limited capabilities

2020

- ✓ Pivoted to pure play AH company
- ✓ Amongst Top 20 AH companies globally
- ✓ Multiple acquisitions – Multi geography operations

- 🏭 Formulations driven
- 🏭 Food animals focused
- ~10x increase in US/ EU API filings

- 🏭 **Formulations**
- Germany, Spain: EUGMP
- Turkey: EU, Turkish GMPs
- Brazil: MAPA
- India: cGMP

API

- Vizag: USFDA
- Mahad: EUGMP; Tarapur: cGMP

- ₹ ~67% revenue contribution from Reg markets

- 🔬 5 global centres, R&D driven new products
- 🔬 USFDA approved analytical services laboratory



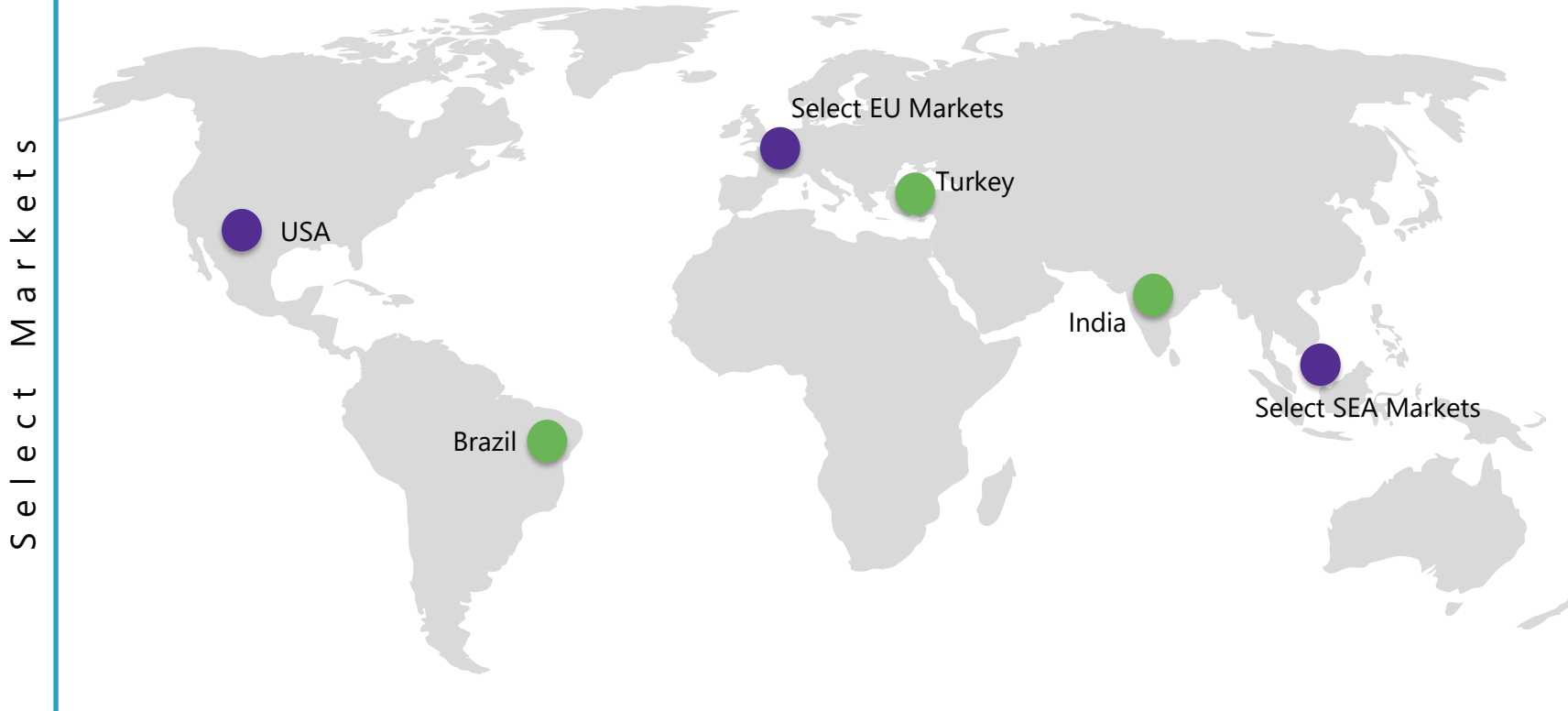
AHEAD

with purpose
and
confidence



Significant capability built-up planned for execution

● Geographical Expansion ● New Segments



Capabilities

Marketing

Global Alivira Brands

Formulations

Sterile Manufacturing
Value added products

API

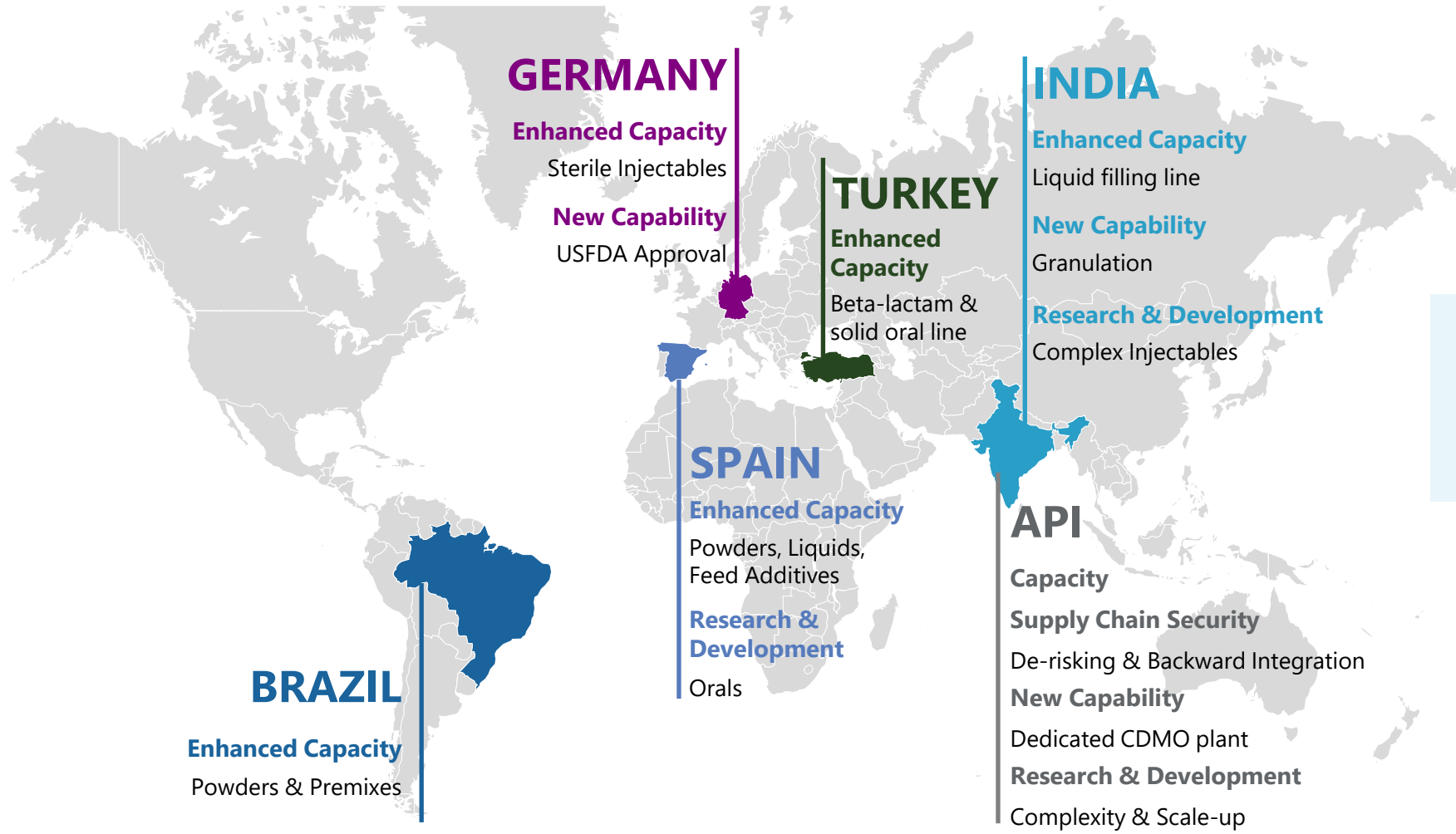
Technical Marketing
CMO/ CDMO

Efficiencies

Centralization

Rationalization





~₹2 Bn Investments
over 24 months



High Quality Generic Supplier

Portfolio



High Quality,
Specialty Generics

R&D



Complex Gx
Development

Commercial
Footprint



Selective
Presence

Key areas to
invest



Differentiated
Generics

API – Integrated, but separated

- ⦿ **Independent business unit** with own portfolio & pipeline decisions
- ⦿ **Internal API supply** for FDF business with strategic advantage, value added products
- ⦿ **Value growth** through:
 - ⦿ Big-4 AH penetration
 - ⦿ Pipeline (High value APIs)
 - ⦿ CDMO/ CMO business
- ⦿ **Key Differentiators:** Supply security, Quality and Compliance

FDF – Growth from the Core

- ⦿ **Deeper penetration in current key strategic animal health markets**
 - ⦿ Europe, India, Turkey, Brazil
- ⦿ **Select expansion into new geographies**
 - ⦿ USA, select EU and select South-East Asia
- ⦿ **Value added/ Specialty products**



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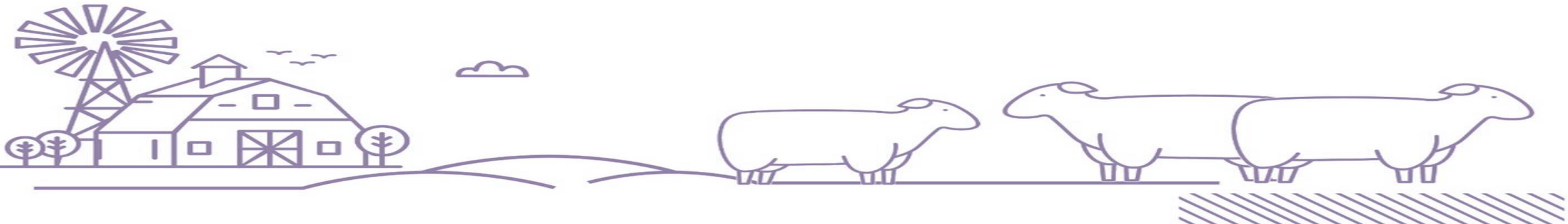
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Thank You

