



## **Company Presentation**

**Jefferies Healthcare Conference, London**  
**November 2014**

## Important Disclosure

Materials and information provided during this presentation may contain 'forward-looking statements'. These statements are based on current expectations, forecasts and assumptions that are subject to risks and uncertainties which could cause actual outcomes and results to differ materially from these statements.

Risks and uncertainties include general industry and market conditions, and general domestic and international economic conditions such as interest rate and currency exchange fluctuations. Risks and uncertainties particularly apply with respect to product-related forward-looking statements. Product risks and uncertainties include, but are not limited, to technological advances and patents attained by competitors, challenges inherent in new product development, including completion of clinical trials; claims and concerns about product safety and efficacy; obtaining regulatory approvals; domestic and foreign healthcare reforms; trends toward managed care and healthcare cost containment, and governmental laws and regulations affecting domestic and foreign operations. Also, for products that are approved, there are manufacturing and marketing risks and uncertainties, which include, but are not limited, to inability to build production capacity to meet demand, unavailability of raw materials, and failure to gain market acceptance.

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## Agenda

**Introduction to Sequent**

**Animal health - an attractive opportunity**

**Well positioned to capitalise on the global animal health opportunity**

**Presence in niche human API**

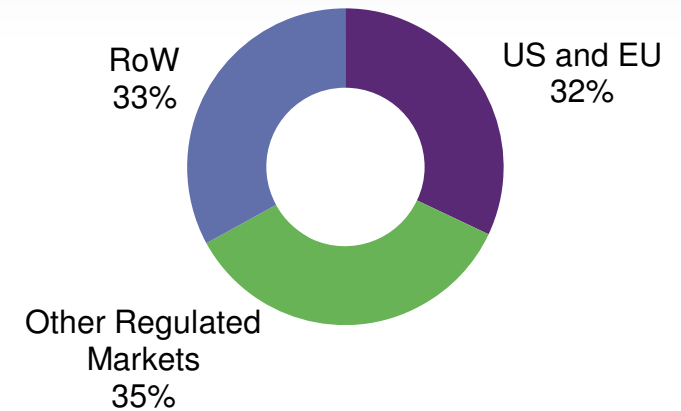
**Well invested operational and manufacturing infrastructure**

# Introduction to Sequent

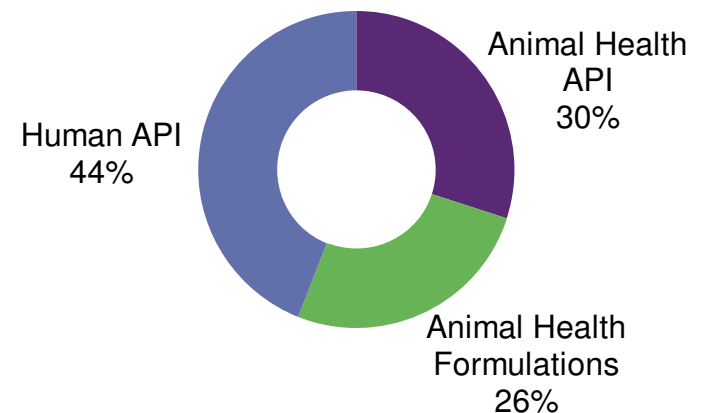
- Established in 2002 by the promoters of Strides Arcolab and listed on the Bombay Stock Exchange (BSE) in India with market capitalisation of c.\$200 million as on 14-Nov-2014
- Integrated pharmaceutical company operating in the domains of Animal Health (API and formulations) and Human Health (API)
- Amongst the very few Indian players in the Animal Health domain
- Four manufacturing centers of excellence equipped to handle a wide range of APIs and formulations
- State-of-the-art dedicated R&D center in Mangalore with 80 scientists
- Currently an API pipeline of 14 products in Animal Health and 16 in Human Health with a total addressable formulation market of \$5.8 billion
- Headquartered in India and employs over 1,100+ people
- Promoter shareholding of 65%; key institutional shareholders include Morgan Stanley, Merrill Lynch and State Bank of India

## Revenue Split

### By Geography



### By Segment



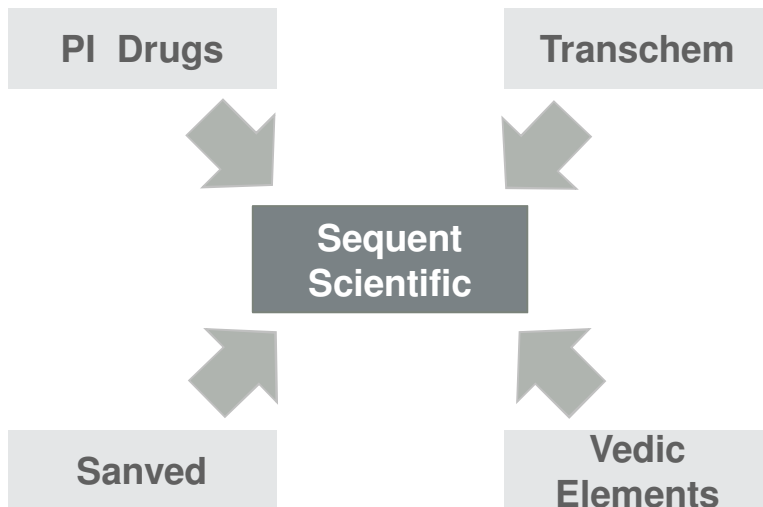
# Sequent – the journey so far...

2005

2012

2014 - onwards

*Formed as an amalgamation of multiple companies*



*Re-focused strategy from 'Growth' to 'Value'*

- ✓ Equity infusion commitment from Promoters of \$40 million of which \$25 million has been infused with balance to come in early 2015
- ✓ Animal Health Business transferred to a subsidiary of the listed entity and re-branded as 'Alivira'
- ✓ Joint Venture with Shasun Pharmaceuticals for Animal Health
- ✓ Infusion of equity by Ascent Capital into 'Alivira'
- ✓ Acquisition of majority stake in Turkish Animal Health company - Provet
- ✓ Divestiture of specialty chemical business

**VISION – 'To become a power-house in the Global Animal Health business with a portfolio of niche human APIs'**

# Evolution of new strategy has begun

## Evolution of business strategy from 'Growth' to 'Value'

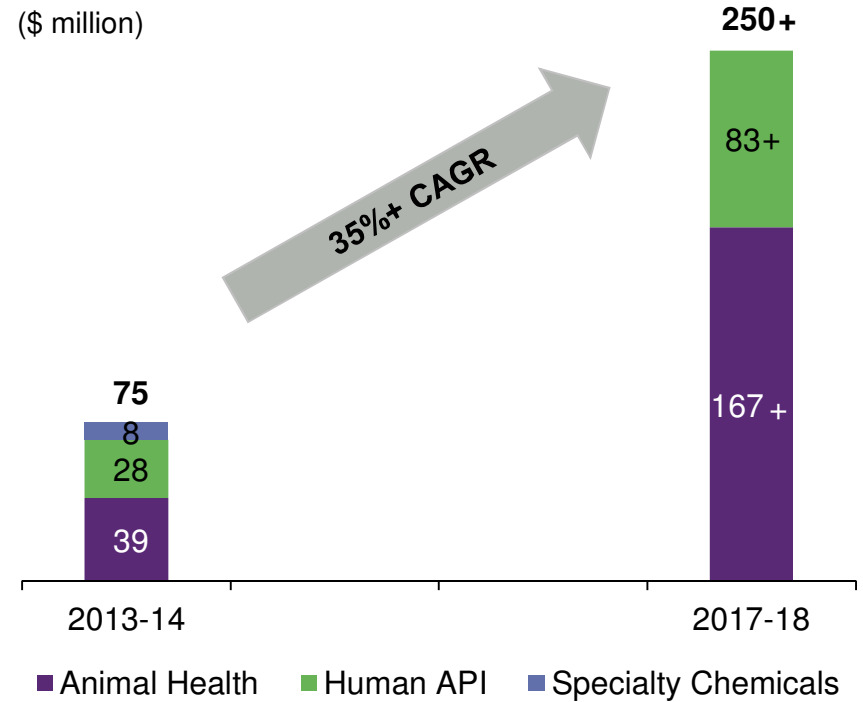
Aggressive growth strategies for each business vertical

Leveraging long-standing customer relationships in Regulated markets

World-class manufacturing facility raising standards in veterinary API industry

Focused R&D program to build pipeline for consistent growth

## Translating into 'Top 10' Global Animal Health Company by 2018



Note: Exchange rate used for all conversions: 1 US\$ = 60 INR

# Wide range of product portfolio and pipeline

## Alivira – Animal Health

### Formulations

- Strategic focus on food producing animals
- Portfolio catering to all the major therapeutic segments
- Targeting product gaps which are overlooked by major animal health companies

### API

- Leading position in anthelmintics
- Current portfolio of 19 products with 14 additional products in pipeline
- Active R&D program to develop a broad portfolio of Animal Health APIs

## Human

### API

- Portfolio of several niche high value, low volume APIs across anti-malarial, anthelmintic, anti-infective, CNS, anti-viral and dermatology
- Current portfolio of 17 products with 16 additional products in pipeline
- Strategic tie-up with companies on profit / revenue-sharing basis for difficult-to-make APIs

### Aggressive expansion of product portfolio

- Launched 18 new products in the formulations business and four new APIs during 2013-14
- Currently a pipeline of 14 products in Animal Health and 16 in Human Health with a total addressable formulation market of \$5.8 billion

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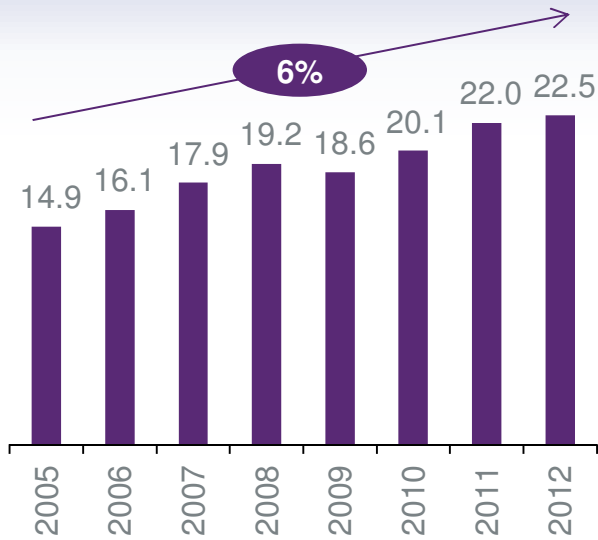
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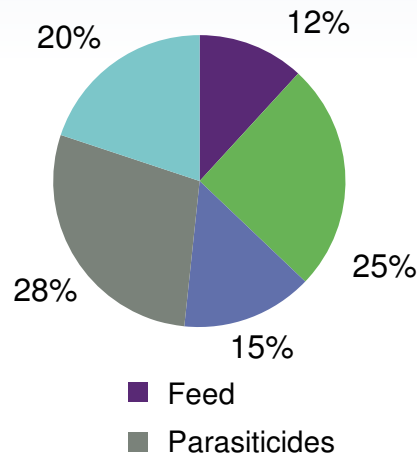
# Animal health - an attractive opportunity

Market size (\$ billion)

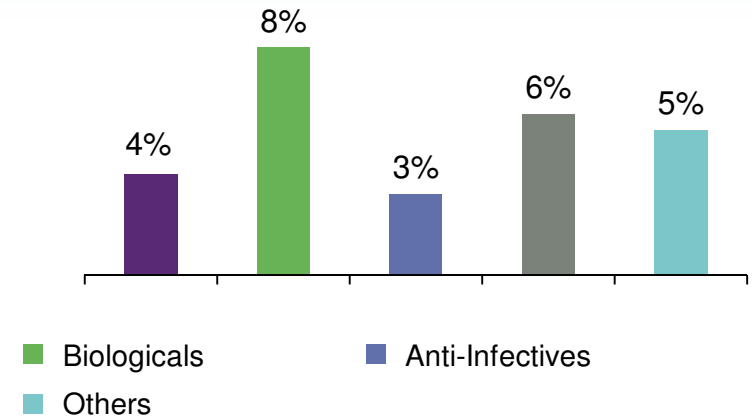


Market by therapeutic area

2012 Market size breakdown



2005-12 CAGR (%)



- Largely generic business, less than 20% of business protected by patents
- Market is dominated by top 10 companies accounting for 60% of global market share
- Top 10 companies have diversified but limited, non-over-lapping product portfolio
- Market characterised by higher brand loyalty - Importance of quality, safety & commercial concerns for decision-makers
- Diversified decision makers – Veterinarians, Farm, Dairy owners & Feed mills

# Animal health - strong growth drivers

## Food Animals

## Companion Animals

Global population growth

Growing middleclass & Urbanization, particularly in Emerging markets

Increased demand for animal protein

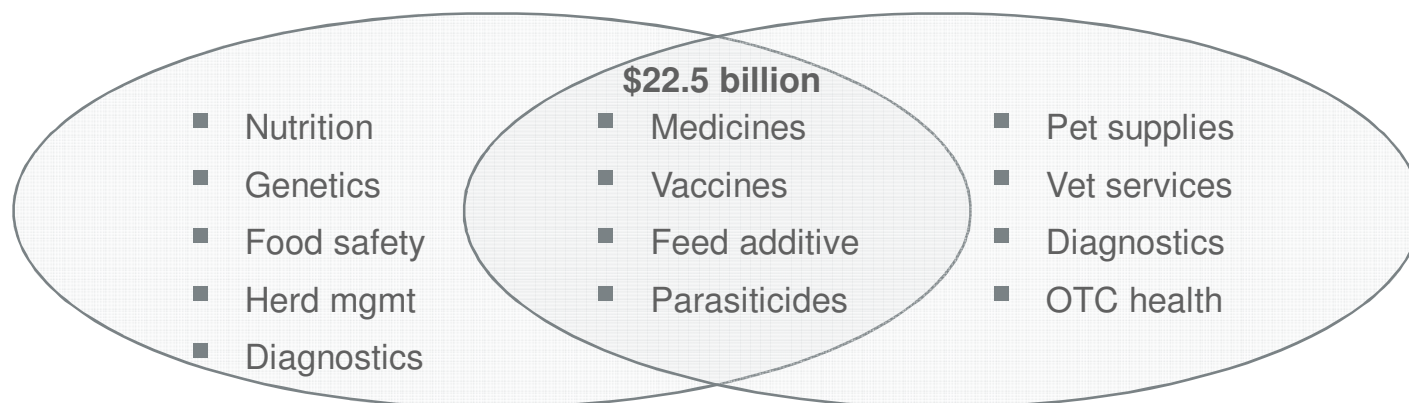
Increased pet ownership

Productivity improvements

Increased medicalisation of pets

Heightened focus on food safety

Unmet medical needs



## Attractive industry dynamics

### Consolidated market

- Top 10 companies account for 60% of global market

### Distinct Product Portfolio

- Non overlapping product portfolio of 'Top 10' companies

### Limited Pricing Pressure

- Self-pay nature of the business, no pressure of payors like insurance companies or Government
- Higher brand loyalty
- Few products protected by patents

### Limited Competitive Intensity

- Market dominated by Big pharma and a few European companies
- No India-based player with scale in animal health API & formulation segment
- Increasing regulatory scrutiny forcing companies seeking compliant & dependable suppliers

### Few products under patent /exclusivity

- Limited R&D in the industry, keeps R&D cost low
- Most of animal health drugs were originally developed for human health or crop protection

Attractive global industry lacking a credible Indian company

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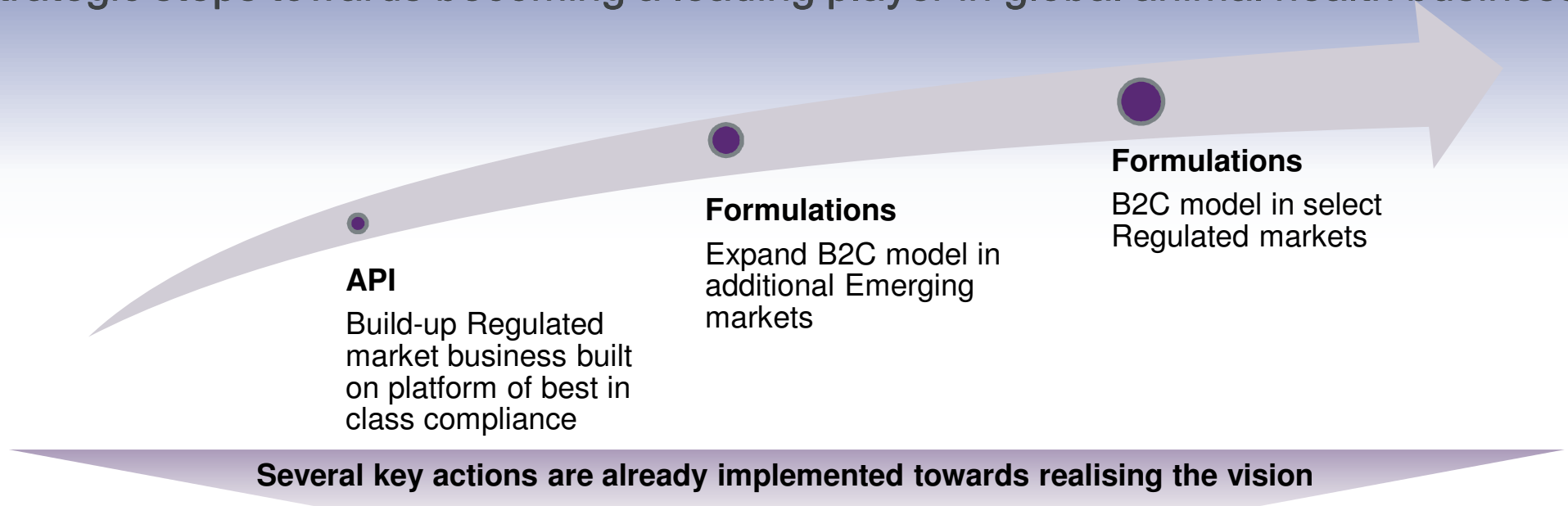
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**Well invested operational and manufacturing infrastructure**

# Strategic steps towards becoming a leading player in global animal health business



- **Animal health business moved to a separate subsidiary and rebranded as 'Alivira'**
- **PE investment from Ascent Capital**
  - Growth capital to fund overseas acquisitions in high growth, Emerging markets
- **Strategic JV with Shasun**
  - Develop, manufacture and sell veterinary products at the state-of-the-art new large manufacturing facility at Vizag
  - Significantly enhances time to market for 'Alivira'
- **Acquisition of 60% equity stake in Provet, Turkey**
  - Acquisition aimed to fast track the formulation footprint of Alivira to new markets including Regulated markets
  - 100+ product portfolio from Provet to significantly expand market presence

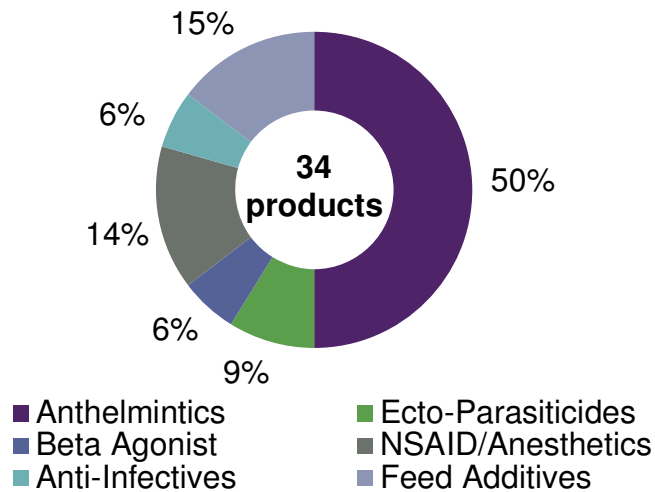
# API – India's largest producer of Animal Health APIs

## Overview

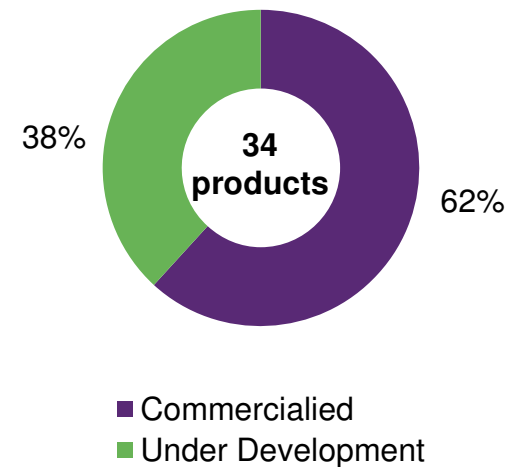
- Offers a wide range of products in Anthelmintics; ranks amongst the world's largest producer of Anthelmintics
- Expanding portfolio into newer segments like NSAIDS, Beta Agonist, Feed Additives & Ecto-Parasiticides to leverage current relationships
- Serves over 85 customers in Europe, LATAM & India with 14 DMFs/CEPs in Animal Health APIs
- Infrastructure with flexibility to manufacture large volume APIs for various markets as well as specific molecules for individual customers on an exclusive basis

## Product portfolio being aggressively extended

### By Therapeutic Area



### By Development Status



# API – Manufacturing capabilities being significantly enhanced

## Joint Venture with Shasun Pharmaceuticals Limited

- Recent Joint Venture with Shasun to develop, manufacture and sell veterinary products
  - Shasun brings in its state of the art new large manufacturing facility at Vizag
  - SeQuent bring in its IP/Contracts/Business/Employees and formulation manufacturing facility at Ambarnath
- Manufacturing facility capable of manufacturing 800 tons of API's for the Animal Health Market

## Strategic Rationale for JV

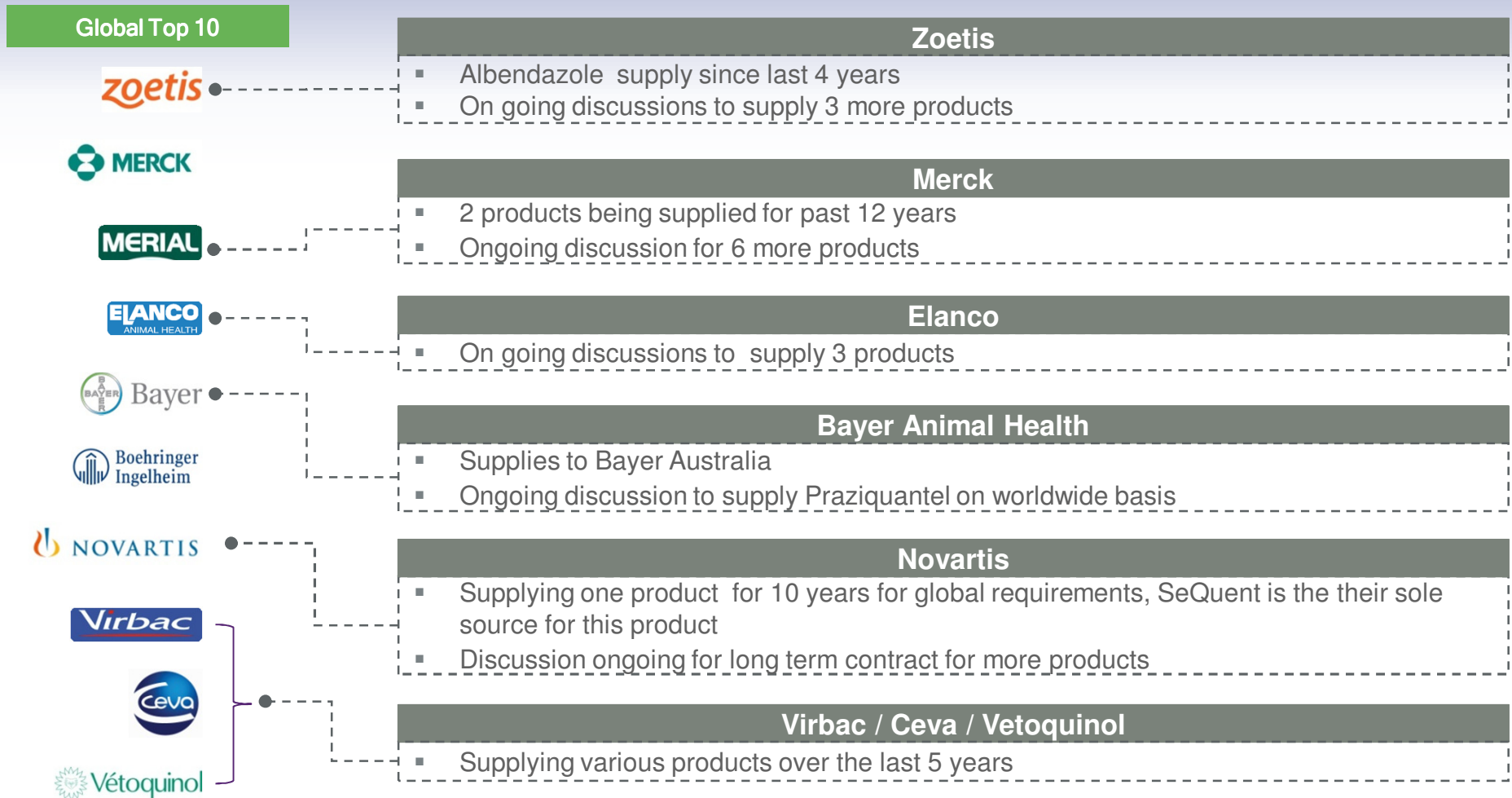
- Saving of 18-24 months in time to market
- Part of well-established SEZ with significant common services
- 45 acre plot with significantly enhanced capacities and room for further growth
- Efficiency driven by single API location
- Setting standards of regulatory compliance including upgraded EHS

## New world class API facility at Visakhapatnam



**Acquisition ensured saving of 18-24 months in time to market**

# API – Vizag plant will help scale up business with top global animal health companies



Relationships with other majors in the animal health industry – Chanelle, Bimeda, Norbrook, etc



# Formulations – Provet acquisition provides a strategic growth platform



## Overview

- Ranked among top-5 companies in highly attractive Turkish veterinary market with an estimated market size of \$400m and estimated to grow at CAGR of 8%
- Turkey's unique geographic position and favorable political environment provides market access to Europe, CIS as well as MENA countries
- Deep product portfolio of 140+ product registrations across multiple therapy segments with strong focus on sterile injectables
- EU-GMP compliant facility to provide platform for future expansion into the Regulated markets of EU, Canada, RSA & Australia

## Products

- Beta-Lactam injectable suspension
- Non-Beta Lactam injectable solution
- Intramammary injectable suspension
- Oral Solutions
- Aerosol
- Pour on / Spot on

## Regulatory Status

- EU-GMP compliant facility

## Annual Production

- 5 million units

Fast tracks Alivira's vision to become a formidable player in global veterinary formulations business

# Formulations – Focus on aggressive growth built on market & portfolio expansion

## Overview

- Forayed into the formulation exports as a forward integration for animal health APIs in 2006
- Sales made through distributors primarily in Africa and South-East Asia
- Launched formulation business in India in 2012 focusing on cattle and poultry segments with direct sales through own field force
- Indian veterinary market estimated at \$500 million in 2014 and expected to grow to \$800 million by 2017
  - Ranked as the fastest growing companies in the country
- Manufacturing site at Ambernath supplies granules and liquid formulations for Emerging markets



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# Presence in niche human API












## Overview

- Integrated, multipurpose, API and intermediates manufacturing facility located in Mangalore, Karnataka
- Investments made to enhance capacities and achieve critical size
- Approved by US FDA; currently supplying to US, EU and Semi-regulated markets
- Signed non-exclusive licensing agreement with Gilead to make generic version of hepatitis C drug Sofosbuvir and Ledispavir
- Focus on small volume products with limited competition
- Strategic tie-up with companies on profit/revenue-sharing basis for difficult-to-make APIs
- Current portfolio of 23 DMFs/CEPs across anti-infectives, antiviral and niche CNS, and dermatology

## Key capabilities

|                       |   |
|-----------------------|---|
| <b>API</b>            | Multipurpose design   |
| <b>Intermediates</b>  | Integrated intermediate production block capable of fully meeting API production requirements |
| <b>R&amp;D</b>        | Extensive state-of-the-art R&D analytical laboratories located on same site                   |
| <b>Niche Products</b> | Capabilities to manufacture niche products such as Citicoline and Succinylcholine Chloride    |

## Supplying to marquee clients across Regulated and Emerging markets

|                        |   |
|------------------------|---|
| <b>Marquee Clients</b> |       |
| <b>Key Approvals</b>   |  <b>USA</b>  <b>EU</b>  <b>Canada</b>  <b>Australia</b>  <b>WHO</b>  <b>Montenegro</b>  <b>Israel</b> |

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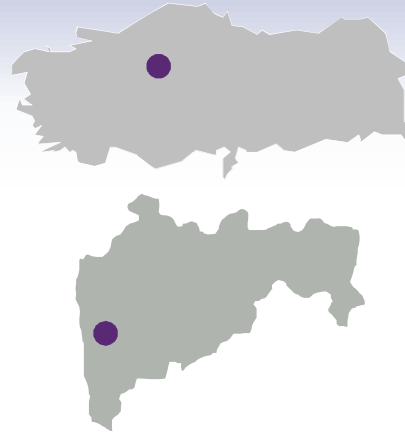
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# Well-invested manufacturing facilities in India and Turkey

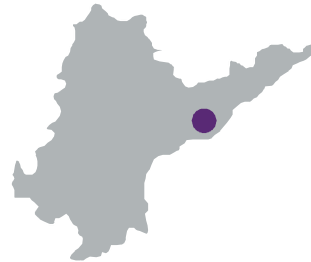
- Manufacturing facilities equipped to handle a range of formulations including injectable suspensions, granules for injections, oral solutions / suspension, aerosol and pour-on / spot-on
- Manufacturing facilities equipped to handle a wide range of reactions in synthetic chemistry
- Manufacturing facilities strictly adhering to global standards
- Works closely with customers with a focus on long-lasting relationships

## Animal Health Formulations



- **Ankara, TURKEY**  
Animal Health Formulations (Strong focus on injectables)  
EU-GMP compliant facility
- **Ambernath, Maharashtra, INDIA**  
Animal Health Formulations  
cGMP approved

## Animal Health API



- **Vizag, Andhra Pradesh, INDIA**  
Animal Health APIs (Largest integrated Animal Health API manufacturing facility in India)  
EU and US filings under progress

## Human API



- **Mangalore, Karnataka, INDIA**  
Manufacturing capabilities for large and small molecules with R&D centre (Niche Human APIs)  
TGA, USFDA, EU, ISO 14001, WHO PQ approved

## State-of-the-art dedicated research center in Mangalore

- 80 scientists; including 11 PhDs and 35 Masters in Science
- 8 world-class labs of 70-75 sq.mt. each and accommodating 80 fume hoods
- Ability to handle a wide range of reactions in synthetic chemistry
- Strong expertise in carbohydrate chemistry and heterocyclic chemistry
- Cumulative research experience of the team is more than 300 years
- Center recognized by DSIR, Government of India
- Strong IP capabilities with 50 patents and 196 publications till date
- Strong regulatory capabilities with 23 DMF/CEP filings for Human API and 14 DMF/CEP filings for Animal Health API



# Sequent is well positioned to capitalise on the global animal health opportunity

| Market Characteristics                                 | SeQuent Advantage  |
|--|--|
| Limited competitive intensity from India               | <ul style="list-style-type: none"><li>▪ Only credible Indian player with critical mass in the space</li></ul>  |
| Partnerships critical for success in Regulated markets | <ul style="list-style-type: none"><li>▪ Long, established relationships with Big Pharma and top Regulated market Veterinary Players</li></ul>  |
| Importance of portfolio development                    | <ul style="list-style-type: none"><li>▪ Strong R&amp;D capabilities to enable SeQuent to quickly roll out a broad portfolio of drugs for global markets, fill portfolio gaps of 'Top 10'</li></ul> |
| Growing sophistication of Emerging markets             | <ul style="list-style-type: none"><li>▪ Creating a strong portfolio of products for Emerging markets like LATAM, Far East, India, MENA &amp; Africa</li></ul>                                      |
| Integrated manufacturing                               | <ul style="list-style-type: none"><li>▪ Established India manufacturing capability allows SeQuent to emerge as a partner of choice for both API and FDF</li></ul>                                  |