

Corporate Update

December 22, 2020



Largest Pureplay

Animal Health Company
from India



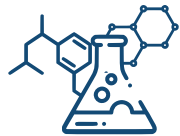
8 Global Manufacturing Assets

in India, Spain, Germany,
Brazil and Turkey



100+

Country Presence



27

Commercial APIs



1,000+

FDFs across 12 dosage forms



\$100 Mn

Investment in R&D,
manufacturing & market
presence



1,700+

Member Global Team



2.0x Scale

Revenue scale-up in 4 years to current
run rate of \$200 Mn



USFDA Approval

India's only USFDA approved
animal health API facility

The Journey

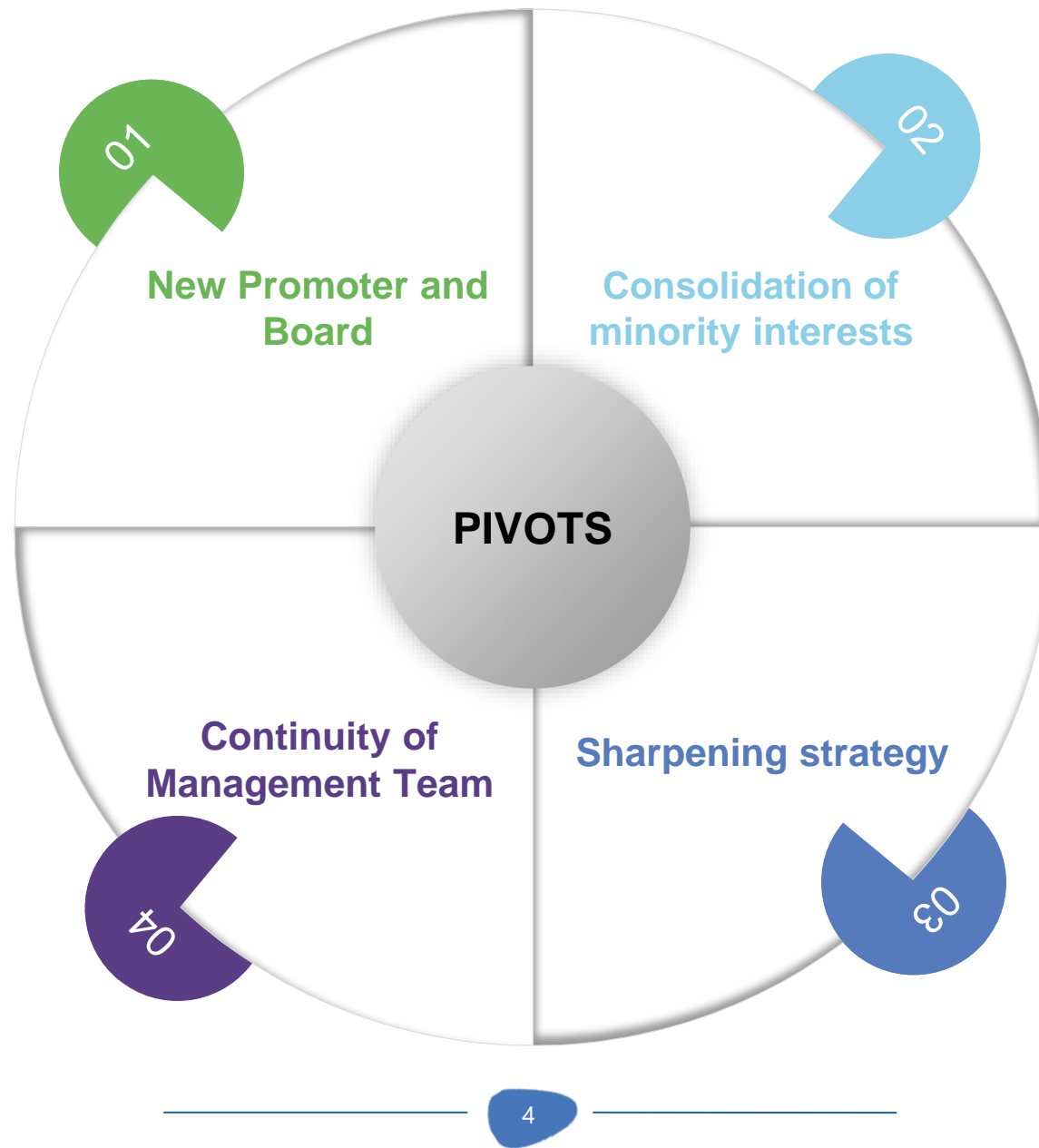
		FY15	FY20
BUSINESS	Markets	EM: 100%	EM: 21% US & EU: 47% Other regulated: 32%
	Formulations	250+	1000+
PRODUCTS	API	9	27
	Formulations	1 EM GMP	3 EU GMP 1 MAPA 1 EM cGMP
MANUFACTURING	API	1 cGMP 1 Intermediate	1 USFDA+EUGMP+WHO 1 EU GMP 1 Intermediate
	Formulations	Centre: Nil	4 centres 25+ product pipeline
R & D	API	Common R&D with human APIs 3 US & EU filings	1 centre 20 US filings, 11 CEPs

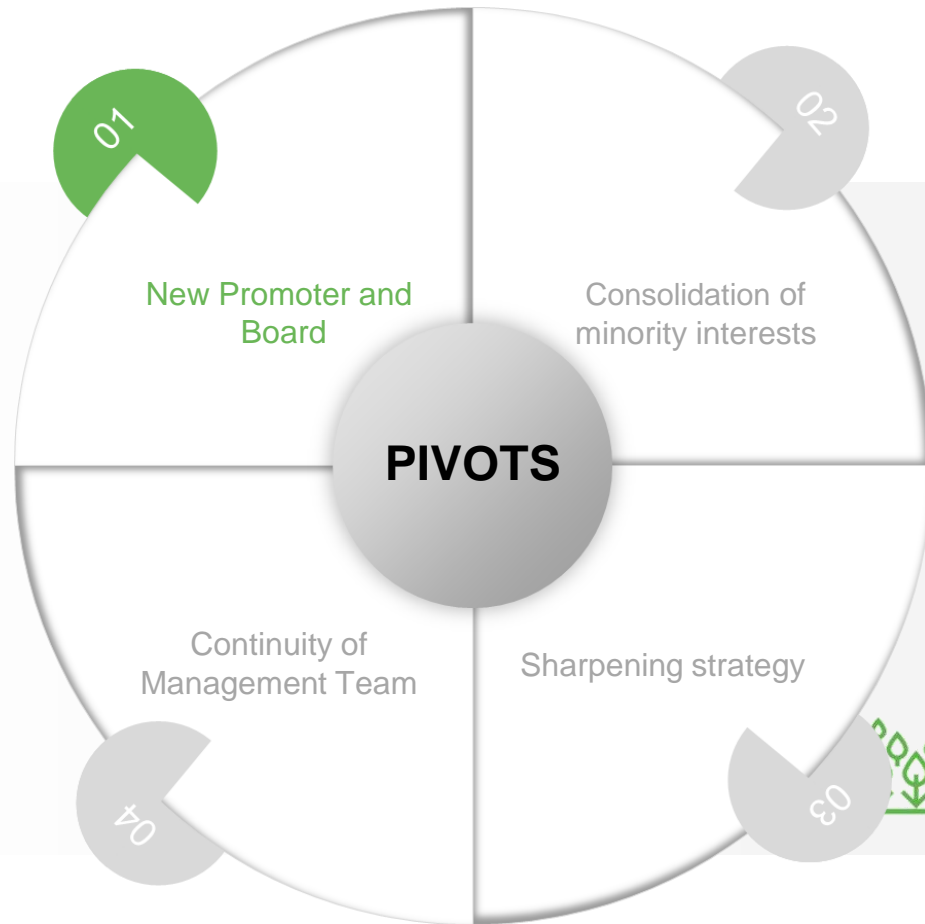
Financial Performance

Particulars	FY15	FY20
Revenue (₹Mn)	4,654	11,792
EBITDA (₹Mn)	206	1,758
EBITDA Margin (%)	4.4%	14.9%
PAT (₹ Mn)	-107	699
Net Debt to Equity (x)	5.2	0.2
ROCE %	-	14.9%

Particulars	H1FY20	H1FY21
Revenue (₹Mn)	5,622	6,565
EBITDA (₹Mn)	763	1,119
PAT (₹ Mn)	327	506







New Promoter and Board



The Carlyle Group assumed 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 9, 2020



Industry leaders join the Board

Dr. Kamal Sharma - Non-Executive Chairman and Mr. Milind Sarwate - Independent Directors appointed



Induction of Carlyle nominees

Neeraj Bharadwaj & Rahul Mukim join as Carlyle nominees
Gregory Andrews & Dr. Fabian Kausche join as Global Industry experts



...leading to well-rounded Board with a global expertise



Dr. Kamal K Sharma
Non-Executive Chairman

- All round perspective in global pharma business
- Expertise in operations, corporate development & executive management



Mr. Milind Sarwate
Independent Director

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



Dr. Kausalya Santhanam
Independent Director

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



...leading to well-rounded Board with a global expertise



Mr. Neeraj Bharadwaj

*Non-Executive Director
(Carlyle Nominee)*

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



Mr. Rahul Mukim

*Non-Executive Director
(Carlyle Nominee)*

- Expertise in India buyout opportunities, healthcare growth investment



Dr. Fabian Kausche

Director

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



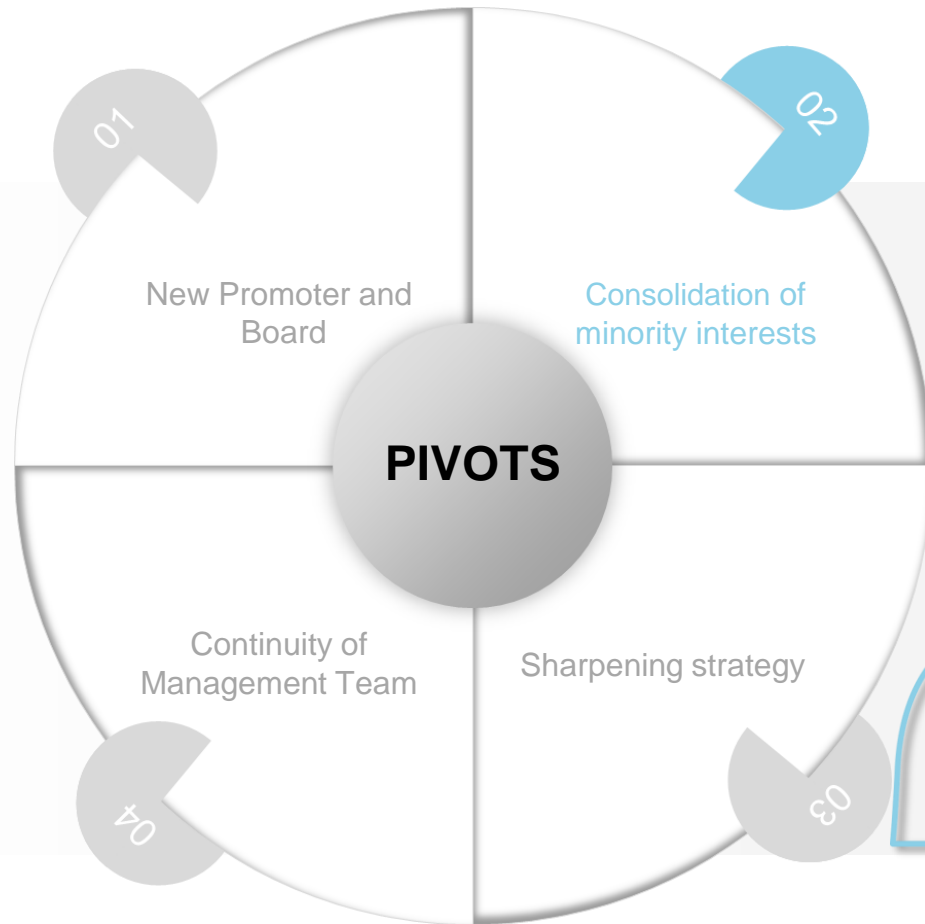
Mr. Gregory John Andrews

Director

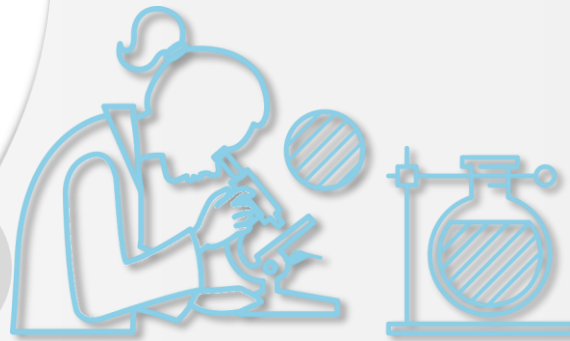
- Commercial expertise in animal health for the developed markets

Manish Gupta and Sharat Narasapur to continue in their executive position as Managing Director and Joint Managing Director





Consolidation of Minority Interests



Consolidation of Subsidiaries

Provet

- ⌚ Amongst the top 3 and the largest 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% minority stake making it a wholly owned subsidiary

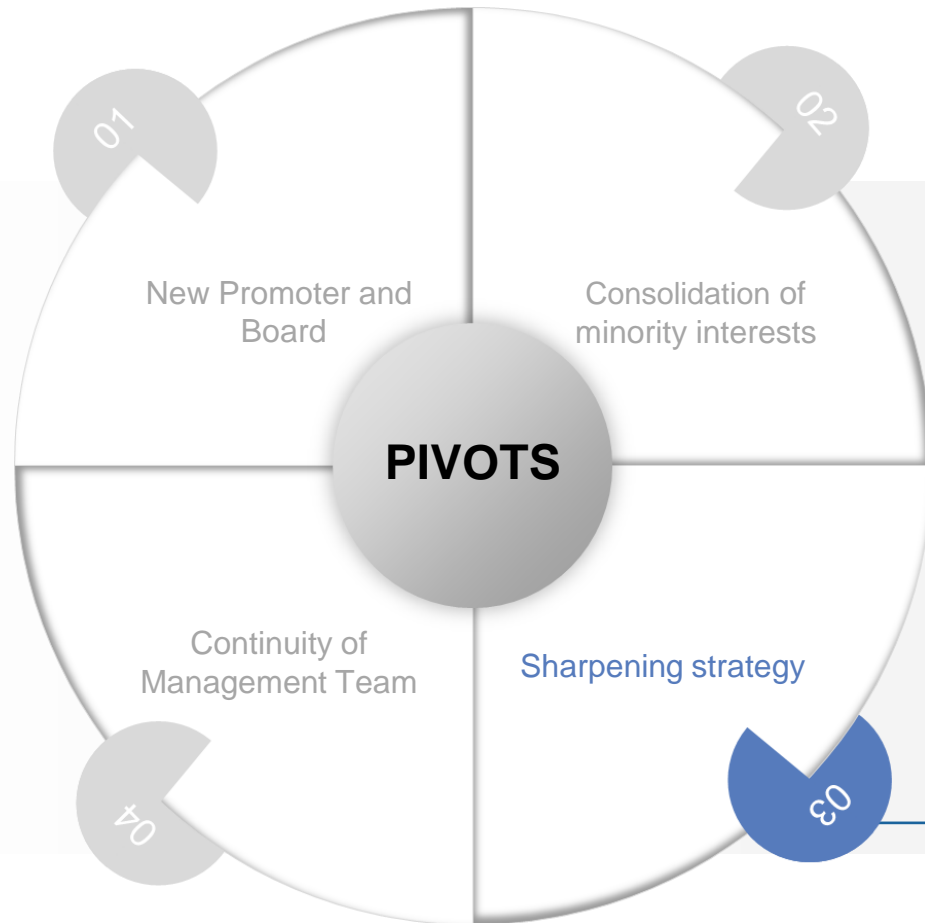
Fendigo

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

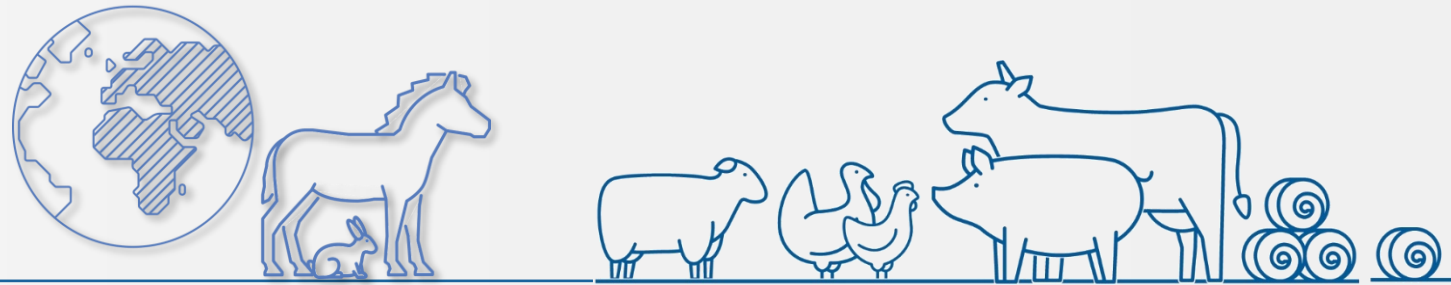
Source of Funds

Consolidation funded by sale of shares of Strides Pharma Science Limited and internal accruals





Sharpening strategy

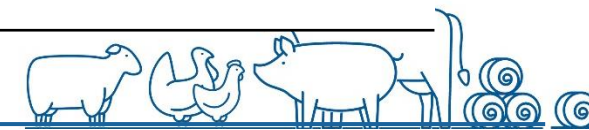


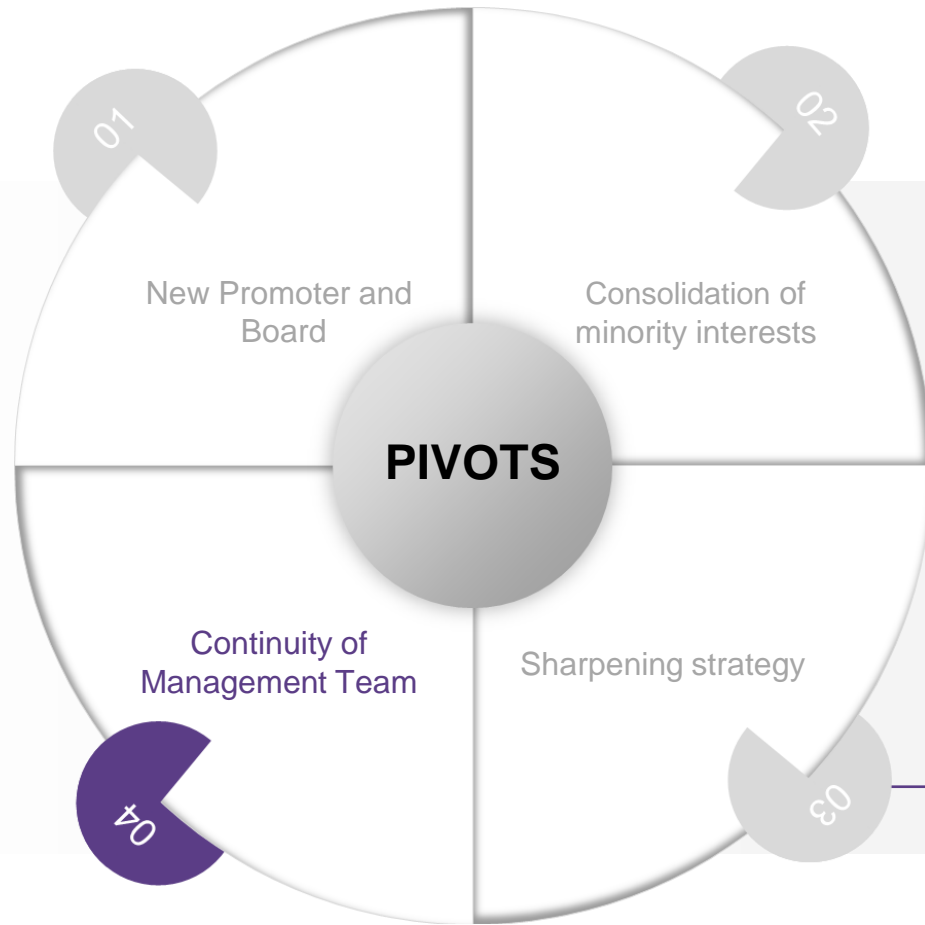
Stonehaven – Focus on Business Strategy

Business	Existing Business	US Market	Other initiatives
Scope	<ul style="list-style-type: none"> Increasing wallet share with global leaders for API biz. Assessing/driving head-room for growth with current product portfolio Accelerate growth in key markets – Turkey, Brazil, EU and India 	<ul style="list-style-type: none"> Develop market entry strategy Acquisition strategy 	<ul style="list-style-type: none"> Drive global portfolio strategy Accelerate R&D strategy Identification of value creation opportunities Assessment of build vs acquire towards strategic portfolio gaps
Outcomes	<ul style="list-style-type: none"> Refined growth and margin enhancement strategy for the business New market entry and value creation frame-work Realigned organisation structure for stretch goals and targets 		

PwC – Focus on Costs and Operations

Region	India and Spain – Accounting for 75% of cost structure
Scope	<ul style="list-style-type: none"> Material sourcing – costs and security Supply chain analysis & plant overheads costs
Outcomes	<ul style="list-style-type: none"> Peer benchmarking analysis Optimise organisational spent across complete supply chain Organisational frame-work for sustainable/efficient supply chain





Continuity of Management Team



Led by a stable global leadership team

Corporate Head



Manish Gupta
Managing Director
since 2014



Tushar Mistry
Chief Financial Officer
since 2014



Sharat Narasapur
Technical Operations
since 2015

Business Head



Allen Kelly
United States
since 2019



Jose Nunes Filho
LATAM
since 2016



Sirjiwan Singh
Technical Operations- Injectables
since 2019



Ashish Kakabalia
Business Development and R&D
since 2015



Ramon Vila
Europe
since 2016



Yawar Abbas
Emerging Markets
since 2018



Murat Mentis
Turkey
since 2015



Shrikant Makode
API
since 1999



Introduction of new ESOP plan

Empirical research has proven that ESOP companies are more productive, faster growing, more profitable and lower turnover – benefits that ultimately accrue to all shareholders

Retaining the management team which drove the growth of SeQuent 1.0

Aligning the leadership to the long-term goals of the Company as well as shareholders

Enhance the Company's ability to attract and retain new global talent

Ensure that the stake motivates them to participate in the future growth of the business

The scheme is spread over 7 years to ensure stickiness of the employees



Salient features of ESOP Scheme Plan 2020

The notable characteristics of the Scheme are indicated below:

- ⑥ ESOP's to consist of 3 performance criteria : Retention/continuity, share-holder outcome and Individual targets
- ⑥ Initial grant at ₹ 86/- per share, the price paid by Carlyle to acquire controlling interest in SeQuent
 - ⑥ The price to be applicable only to the continuing management team from change of control
- ⑥ Creation and grant of 18.5 million stock options each convertible into 1 equity share of ₹ 2/-, constituting 7.55% of current paid up share capital and 6.93% of the fully diluted share capital
- ⑥ Eligibility and exclusions
 - ⑥ Eligibility: Directors / permanent employees of the Company and its subsidiaries in India and abroad
 - ⑥ Exclusions: Promoter Directors and Independent Directors

Reflecting the commitment of existing management team, Manish Gupta has agreed to roll-over his existing vested ESOPs from the old scheme



Class A

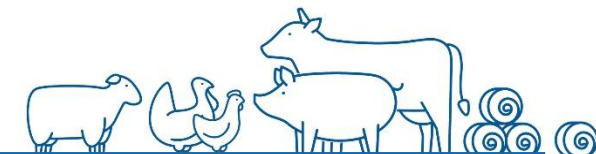
- ⑥ The Class A Options granted under the Scheme shall vest in 5 (five) equal annual tranches as under:
 - ⑥ First tranche to vest at the end of 12 months from the date of grant in compliance with SEBI Regulations
 - ⑥ Subsequent 4 (four tranches) to vest on 8th September of every year commencing from 8th September 2022, which is the anniversary of Carlyle taking control of the Company.

Class B

- ⑥ The Class B Options granted under the Scheme shall vest on earlier of;
 - ⑥ Completion of 7th year commencing from the date of grant of options, OR
 - ⑥ On Change of Control (cessation of control by the majority shareholder) combined with achieving the pre-determined Market Cap of the Company as compared to the market Cap as on September 30, 2020In any case, the vesting will be subject to completion of one year from the date of the grant.

Class C

- ⑥ The Class C Options granted under the Scheme shall vest on earlier of;
 - ⑥ Completion of 7th year commencing from the date of grant of options, OR
 - ⑥ On achieving the Financial Outcomes, either in terms of Revenue, EBITDA, PAT or such other quantifiable financial matrix either on a Group Level or on a Regional Level or Divisional level ('Financial Outcome') to be agreed to between the NRC and the Optionee at the time of grant of the Option.In any case, the vesting will be subject to completion of one year from the date of the grant



- ⑥ The accounting for the said scheme is to be done as per the fair value method determined by the Black Scholes model for option valuation
- ⑥ The ESOP scheme is expected to be rolled out by February 2021 (subject to share-holder approval)
- ⑥ Based on the current market price, the estimated accounting impact of the scheme to range between ₹1.6 billion to ₹1.85 billion spread over 7 years on a diminishing value basis – impact dependent on the prevalent stock price, the time value and the vesting period
 - ⑥ ~29% in year 1 of the total impact with the same going down to 7% in year 7
- ⑥ Actual amount to be determined based on the fair value on the date of grant (@February 2021)
- ⑥ No further issuance under the existing ESOP scheme, namely SeQuent Scientific Employee Stock Option Scheme 2010

Board of Directors have also approved payment of commission to the Non-Executive Directors not exceeding 2% of the net profits of the Company (subject to shareholder approval)



Thank You



For details, feel free to contact:

Tushar Mistry

Chief Financial Officer

+91 22 4111 4717
tushar.m@sequent.in

Diwakar Pingle

Christensen Investor Relations

+91 22 4215 0210
dpingle@christensenir.com

Abhishek Singhal

Investor Relations Consultant

abhishek.s@sequent.in

Registered Office: 301/A, 'Dosti Pinnacle', Plot No. E7, Road No. 22, Wagle Industrial Area, Thane (W), Maharashtra, India

Websites: www.sequent.in, www.alivira.co | CIN: L99999MH1985PLC036685 | BSE Code:512529 | NSE: SEQUENT | ISIN: INE807F01027

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.

