

SeQuent Scientific Announces Q4 & FY18 Financial Results

FY18 Revenues at ₹ 8,494 mn up by 23.3%, EBITDA at ₹ 871 mn, up by 50.6%
Q4FY18 Revenues at ₹ 2,328 mn up by 16.2%, EBITDA at ₹ 308 mn up by 37.6%

Mumbai, May 24, 2018

SeQuent Scientific Limited (SeQuent), which has businesses across Animal Health (Alivira) & Analytical Services today announced its financial results for the fourth quarter and full year ended March 31, 2018.

Financial Highlights

₹ in millions

	FY18	FY17	Growth (%)	Q4FY18	Q4FY17	Growth (%)
Revenues	8,494	6,890	23.3	2,328	2,003	16.2
EBITDA	871	578	50.6	308	224	37.6
EBITDA %	10.3	8.4		13.2	11.2	

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

Commenting on the Company's performance, **Manish Gupta, Managing Director** stated "We complete our second quarter as a pure-play animal health company. A revenue growth of 16% and an operating margin improvement of 206 bps over the corresponding quarter are reflective of our focus on execution which is bearing fruit. The revenue growth was on the back of traction across geographies while the quarter also saw a milestone of commercialization of a key API in the US market.

At a strategic level, we made considerable progress in FY18 by executing our long-term strategy of becoming a global Animal Health player with successful integration of the various acquisitions globally over last 18 months. Our next level of growth will be driven by the commercialization of our R&D products, both APIs and formulations. Our recent acquisition of Bremer Pharma in Germany, which brought into fold an EU approved injectable facility will be a key driver for this portfolio enhancement."

About SeQuent Scientific Limited

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 seven manufacturing facilities based in India, Spain, Germany, Brazil and Turkey with approvals from global regulatory bodies including USFDA, EUGMP, WHO, TGA among others. Its API facility at Vizag is India's first and only USFDA approved facility for veterinary APIs.

The human API business of Sequent was recently demerged into Solara Active Pharma Sciences Ltd. (SAPS), with an appointed date of 1st October 2017.

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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.

Leading with Vision.
Building with Passion.
India's No. 1 animal health company



Q4 & FY18 Performance

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.





Manish Gupta
Managing Director

Commenting on the Q4 & FY18 performance, Manish said, “We complete our second quarter as a pure-play animal health company. A revenue growth of 16% and an operating margin improvement of 206 bps over the corresponding quarter are reflective of our focus on execution which is bearing fruit. The revenue growth was on the back of traction across geographies while the quarter also saw a milestone of commercialization of a key API in the US market.

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Key Updates

For the Quarter

- Revenues at Rs. 2,328 Mn, growth of 16.2%
- EBITDA at Rs. 308 Mn, growth of 37.6%
- EBITDA margin at 13.2%, up 206 bps
- First commercial supplies from Vizag for US markets

For the Year

- Revenues at Rs. 8,494 Mn, growth of 23.3%
- EBITDA at Rs. 871 Mn, growth of 50.6%
- EBITDA margin at 10.3%, up 190 bps
- Operating leverage driven by successful integration across acquisitions
- Completed 11 USVMF filings
- Paid dividend @ 10% after a gap of 6 years

Demerger

- Demerger of Human API Business to Solara completed, effective 31-Mar-18
- Now a pure-play Animal Health Business

Bremer Acquisition

- Fills the strategic gap of EUGMP injectable facility
- Integration on track

Alivira emerges as India's Largest animal health company within 3 years of operations



Sequent
Proven Ability In Life Sciences



ALIVIRA

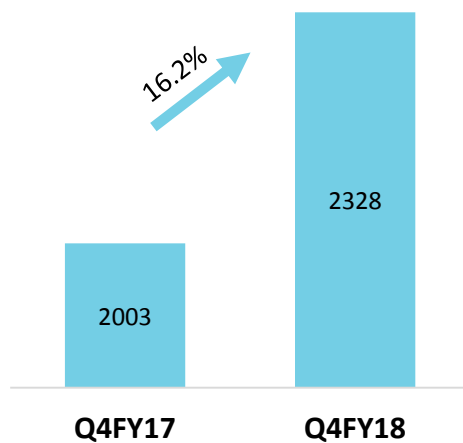


Consolidated Financials

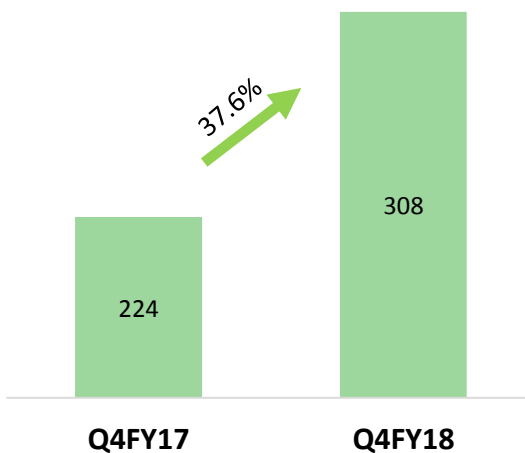
Q4FY18 Update

- Revenue at **Rs. 2,328 mn** as against Rs. 2,003 mn in Q4FY17, up by **16.2%**
- EBITDA at **Rs. 308 mn**, as against Rs. 224 mn, up by **37.6%**
- EBITDA margin at **13.2%** in Q4FY18, up **206 bps**

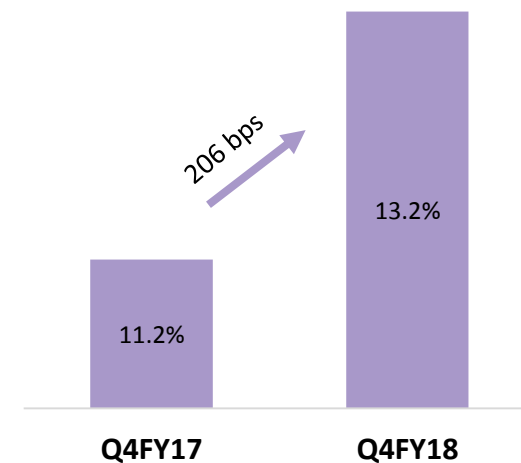
Revenue (INR mn)



EBITDA (INR mn)

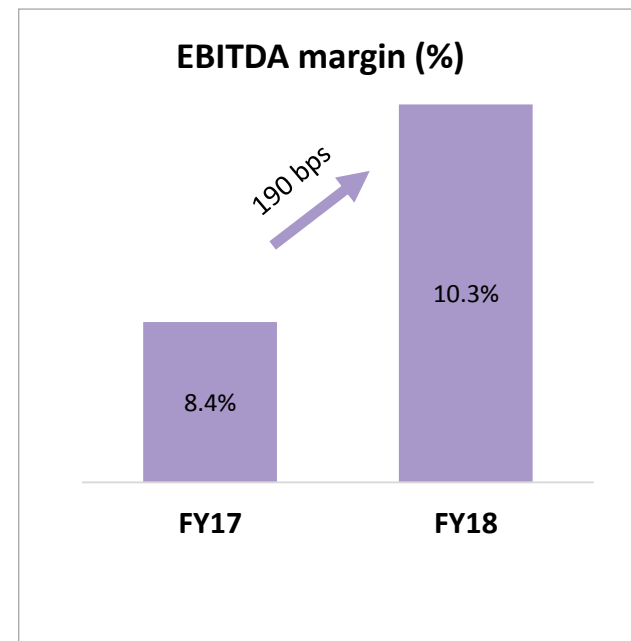
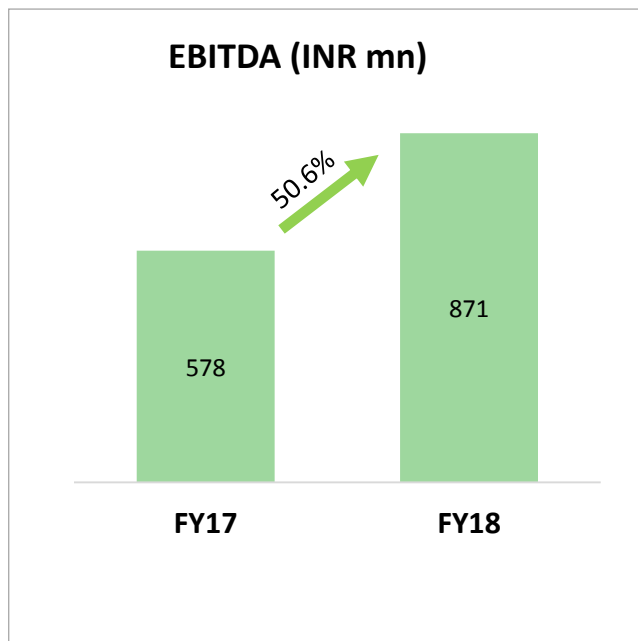
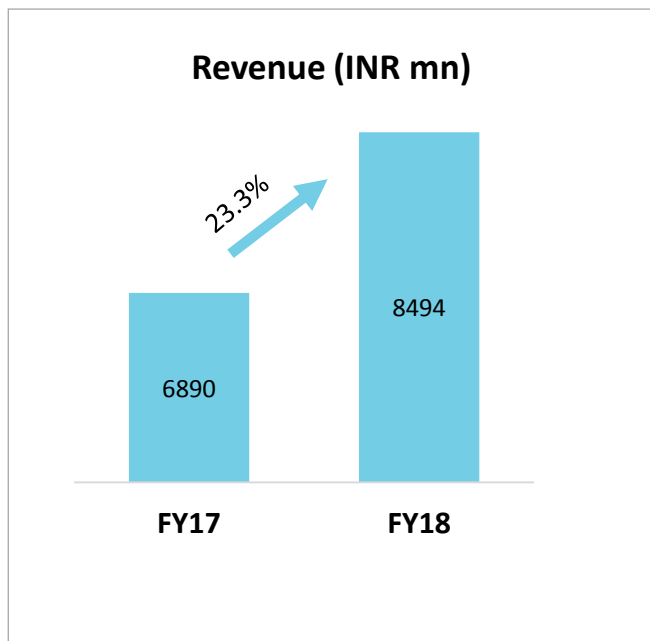


EBITDA Margin (%)



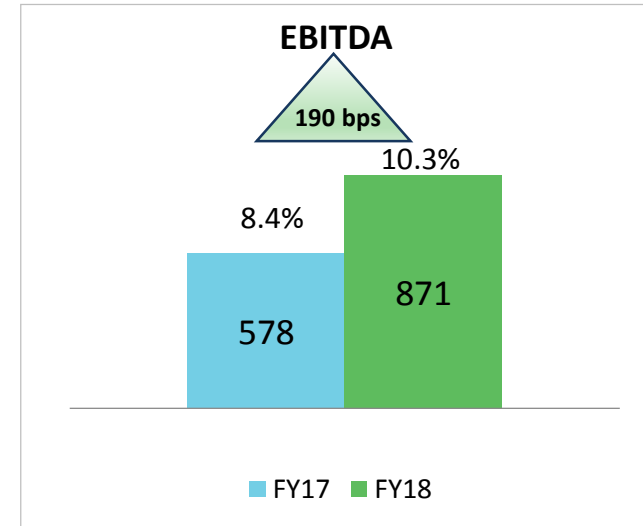
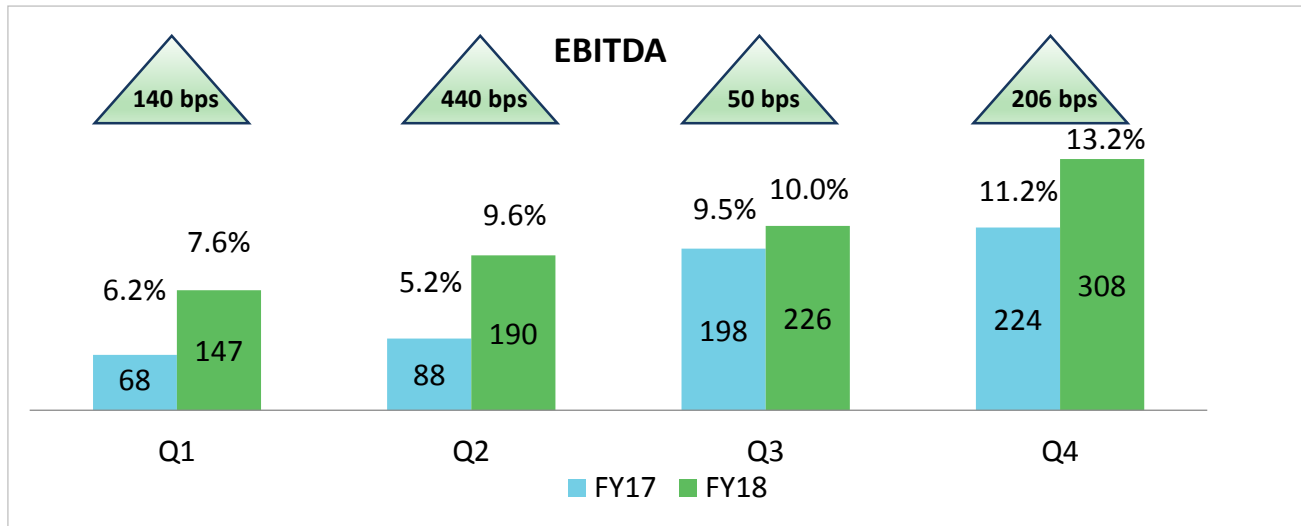
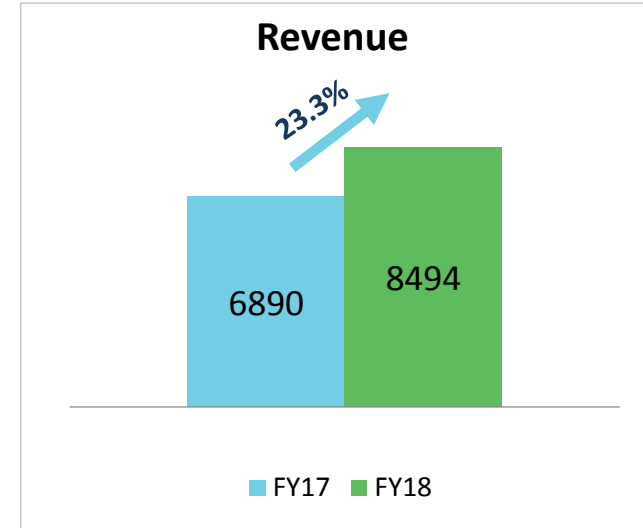
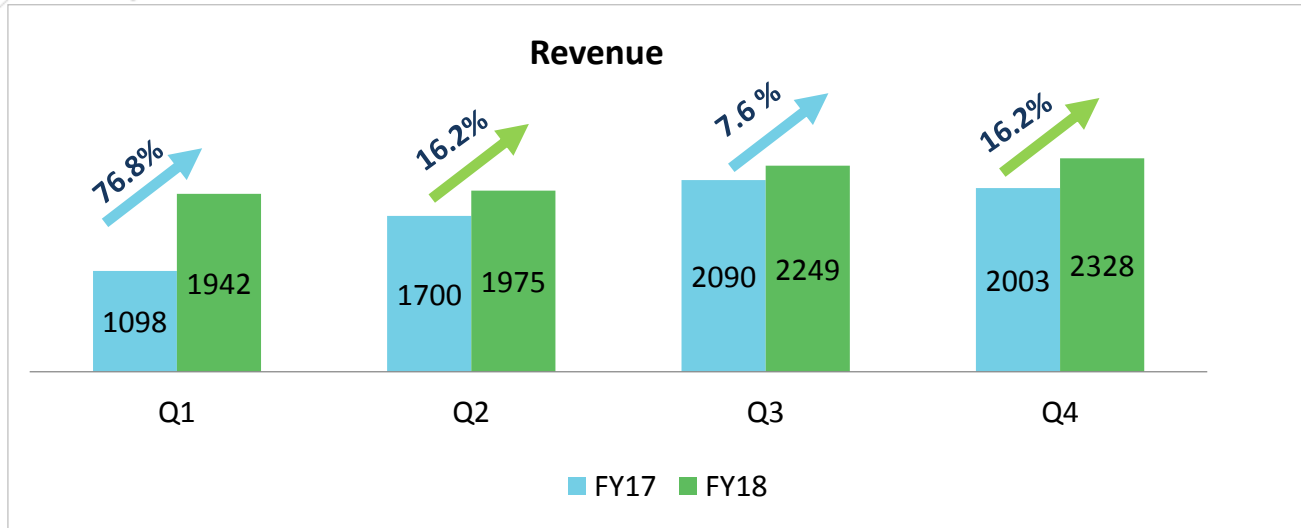
FY18 Update

- Revenue at **Rs. 8,494 mn** as against Rs. 6,890 mn in FY17, up by **23.3%**
- EBITDA at **Rs. 871 mn**, as against Rs. 578 mn, in the previous year up by **50.6%**
- EBITDA margin at **10.3 %** in FY18, up **190 bps**



Relentless focus on execution

All values in Rs mn



Revenue Distribution

All values in Rs Mn

Geography-wise Sales	Q4FY18	Q4FY17	Growth %	FY18	FY17	Growth %
APIs	578	569	1.6%	2,188	1,965	11.3%
Formulations	1,750	1,434	20.4%	6,307	4,925	27.6%
Europe	817	626	30.4%	3,168	2,208	43.4%
Turkey	401	282	42.1%	1,160	980	18.4%
Emerging Markets	315	353	-10.6%	1,163	1,283	-9.4%
LATAM	216	173	25.3%	816	454	79.7%
Global Sales	2,328	2,003	16.2%	8,494	6,890	23.3%

API

- API contributed ~1/4th of sales
- First commercial supplies for the US market from Vizag in Q4
- US supplies scale-up to drive business going forward

Formulations

- Formulations contributed ~3/4th of sales
- Successful integrations across acquisitions driving growth and margin expansion
- Scaled-up R&D capabilities, portfolio of 20+ products under development across India & Spain



Consolidated Income Statement

All values in Rs Mn

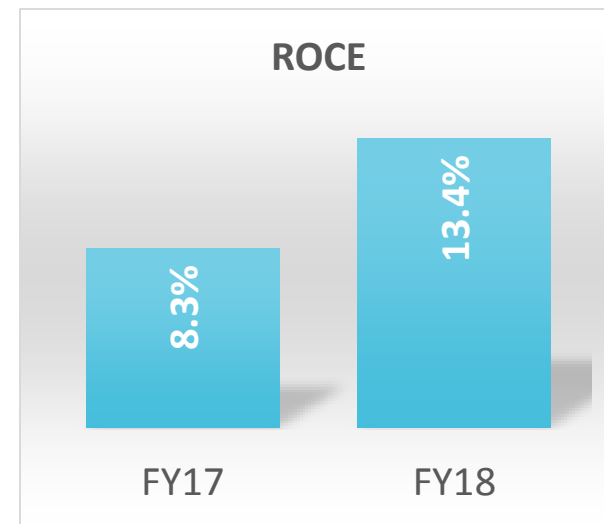
PARTICULARS	Q4FY18 Audited	Q3FY18 Unaudited	Q4FY17 Audited	FY18 Audited	FY17 Audited
Revenue from Operations	2,328	2,249	2,003	8,494	6,890
Material Consumption	(1,235)	(1,201)	(1,038)	(4,625)	(3,567)
Gross Margin	1,093	1,048	966	3,870	3,323
%	46.9%	46.6%	48.2%	45.6%	48.2%
Operating Expenses	(785)	(822)	(742)	(2,998)	(2,745)
EBITDA without Forex	308	226	224	871	578
%	13.2%	10.0%	11.2%	10.3%	8.4%
Exchange Gain / (Loss)	(6)	(38)	9	(41)	(149)
EBITDA	302	188	233	830	429
Other Income	29	34	1	166	111
Finance Cost	(97)	(99)	(73)	(331)	(283)
Depreciation	(95)	(117)	(95)	(413)	(401)
Exceptional Items	(15)	-	-	(15)	-
Earnings Before Tax	125	6	67	237	(144)
Taxes	(41)	(36)	48	(135)	5
Earnings After Tax	84	(30)	115	102	(139)
Minority Interest	52	28	37	93	(26)
Earnings from continued operations	33	(58)	78	10	(113)



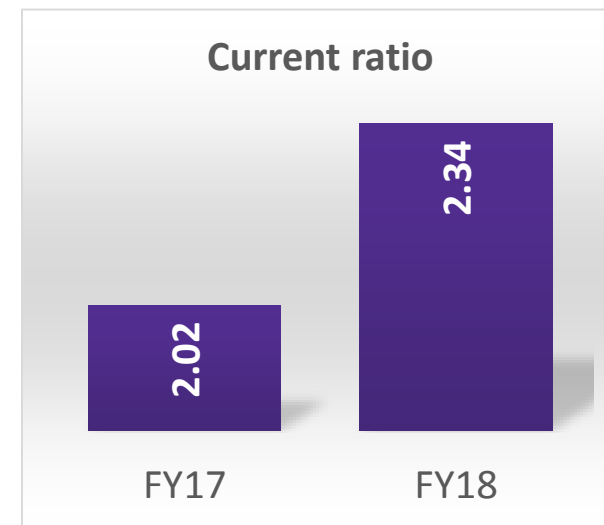
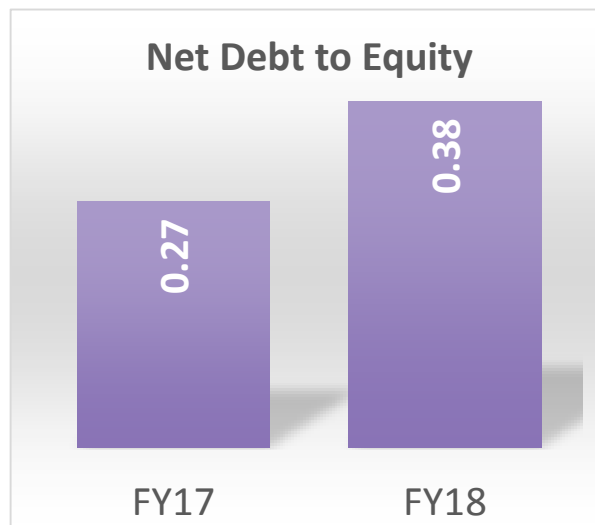
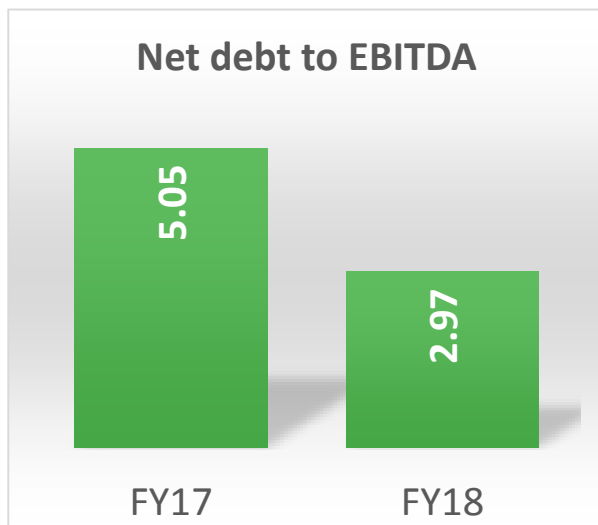
Key Balance Sheet items

All values in Rs Mn

Particulars	31-Mar-18
Shareholders' funds	6,476
Minority Interest	370
Borrowings	3,046
Cash	598
Investments	2,217
Tangible Assets	2,269
Intangible Assets	2,671
Working Capital	2,483



ROCE based on annualised 4th quarter



Adjusted for Investment in Strides, Net Debt to EBITDA is 0.28 as of 31-Mar-18

Bremer Germany



Company details

- Founded in 1982 in Germany with focus on cattle and swine segments
- Products registered across Europe, Far East, LATAM, MENA & Africa operating in antibiotics, vitamins and hormones
- Employee Strength - 63



Capabilities & Domain

Manufacturing Capabilities

- EUGMP injectable facility, re-approved in March 2018 by LANUV
- Dosage forms – Oral powders, Oral liquid and sterile injectables including Beta-lactams, hormones
- IP - 421 MA's including 56 in EU



Decision Rationale

Rationale

- Access to EU approved Injectable facility
- Complimentary Emerging Markets business
- Synergies with Spanish facility – Powders & Oral liquids



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ALIVIRA



Road Ahead



Takeaway- Aiming to become a Top 10 Animal Health Company by FY22

Business Model

- Capabilities and Scale with an established business model
- Enter new geographies and expand product offerings



Compliance and Standards

- Strict adherence to global standards of quality & compliance
- Setting standards for the veterinary industry
- Robust Governance practices

Leadership

- Strategic decision to create global leadership for the business
- On-going partnership with the erstwhile management in inorganic acquisitions

Operating Performance

- Strong operating performance with asset sweating and robust margins



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Thank You

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