



# INVESTOR PRESENTATION

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## Q2 FY25

SEQUENT SCIENTIFIC LIMITED

14<sup>th</sup> Nov 2024

# Sequent Q2 FY25 – Earnings Release



The quarter under review (Q2 FY25) is significant for two reasons. Firstly, we continue to strengthen our performance in all parts of the business. Secondly, we announced the merger of Sequent Scientific Limited and Viyash Life Sciences to build a unique, differentiated, end-to-end integrated global pharmaceuticals platform supported by strong operating and R&D backbone

Our Q2FY25 revenues grew by 6.6% Year-on-Year (“YoY”) to Rs 3,686mn on the back of improved demand in key markets and expansion initiatives in formulations. This growth was on the back of a very strong performance in Formulations, where almost all markets grew in double digits. The API business had a flat quarter, while seeing continuing improvement on margins. When aggregated for the first half of the year, the overall revenue growth of the company is at 11.7 % YoY. Our gross margins have continued to trend upwards as we register the benefits of initiatives of cost improvement programs and superior portfolio mix. Our EBITDA (pre-esop costs) for the quarter of INR 447 Mn represents a 70% growth YoY, while the first half EBITDA (pre-esop) at Rs 930 Mn showed a growth of 161% YoY.

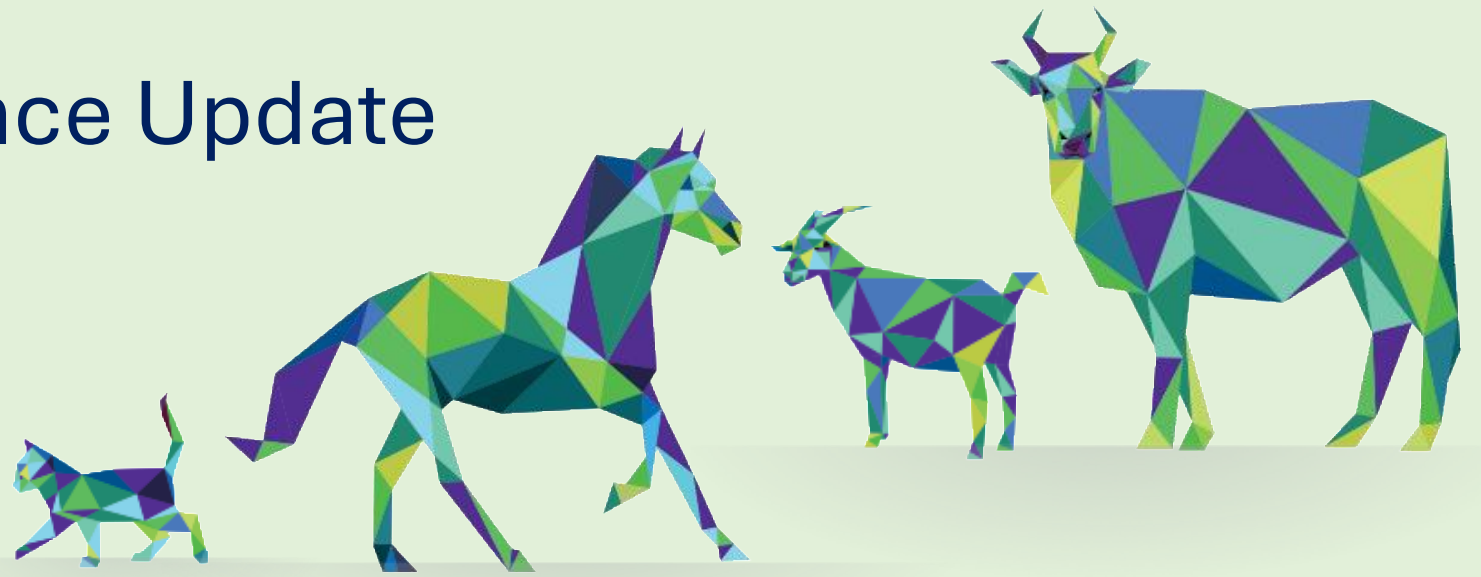
On September 26, 2024, we announced the proposal for a strategic merger with Viyash Life Sciences Private Limited (“Viyash”). The merger process is underway, and we expect to complete it in the next 12-15 months subject to regulatory approvals. We are also pleased to share that Viyash’s first half performance is ahead of plan with 5.4% revenue growth YoY and 31% EBITDA growth YoY along with acceleration in new product introductions and R&D activities

We are now poised for accelerated growth while improving margins. With Viyash’s strong end-to-end industry capabilities, this merger will significantly enhance SeQuent’s scale, expand its capabilities, strengthen its supply chain, and position the combined entity as a dominant force in high-growth target markets

**Rajaram Narayanan**  
**Managing Director and CEO**

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SeQuent :  
Q2 FY25 Performance Update



# SeQuent Q2FY25: Continued growth in Revenue and earnings

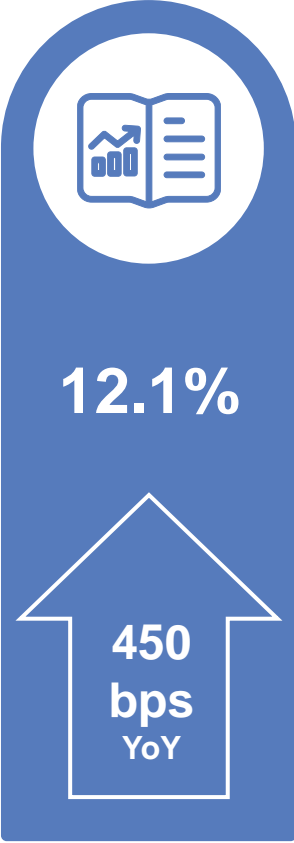
## Revenues



## EBITDA (Pre ESOP)



## EBITDA margin



## PAT



# SeQuent: H1FY25 - Continued growth in Revenue and earnings

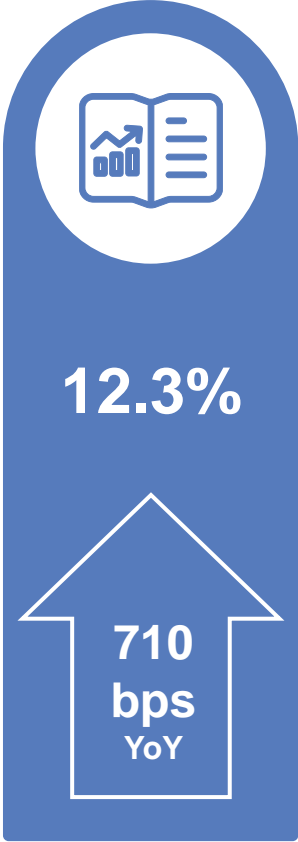
## Revenues



## EBITDA (Pre ESOP)



## EBITDA margin



## PAT



# SeQuent : Q2 FY25: Revenue Performance – by geography

All values in ₹ Mn

Revenue Distribution	Q2 FY25	Q2 FY24	YoY Gr%	YoY Gr% (In cc)	Q1 FY25	QnQ Gr%	QnQ Gr% (In cc)	H1 FY25	H1 FY24	YoY Gr%	YoY Gr% (In cc)
	<b>Formulations</b>	<b>2,836</b>	<b>2,532</b>	<b>12.0%</b>	<b>17.9%</b>	<b>3,002</b>	-5.5%	-3.8%	<b>5,837</b>	<b>5,014</b>	16.4%
Europe	1335	1191	12.1%	8.5%	1,571	-15.0%	-14.7%	2910	2,366	23.0%	21.0%
Emerging Markets	1160	1068	8.5%	26.5%	1,187	-2.3%	1.6%	2342	2,121	10.4%	30.3%
India	341	273	24.9%	24.9%	244	39.9%	39.9%	585	527	11.0%	11.0%
<b>APIs</b>	<b>773</b>	<b>804</b>	<b>-3.8%</b>	<b>-4.7%</b>	<b>924</b>	<b>-16.3%</b>	<b>-16.6%</b>	<b>1,709</b>	<b>1,611</b>	<b>6.1%</b>	<b>5.0%</b>
Other Sales	22	18	24.0%	24.0%	41	-46.1%	10.4%	51	49	4.3%	4.3%
<b>Global Sales</b>	<b>3,631</b>	<b>3,354</b>	<b>8.3%</b>	<b>12.1%</b>	<b>3,967</b>	<b>-8.5%</b>	<b>-7.2%</b>	<b>7,598</b>	<b>6,674</b>	<b>13.8%</b>	<b>18.8%</b>
One Offs #	13				-86			-74			
Adjustment* - Ind AS 29*	43	106			21			64	118		
<b>Reported Sales</b>	<b>3,686</b>	<b>3,460</b>	<b>6.6%</b>	<b>12.3%</b>	<b>3,902</b>	<b>-5.5%</b>	<b>-4.2%</b>	<b>7,589</b>	<b>6,792</b>	<b>11.7%</b>	<b>17.7%</b>

# Provision for customer claim on shipments in prior years

- **Europe:** Volume growth and improved product mix (Q1FY25 includes exceptional sale of vaccine)
- **Emerging Markets:** Turkey sales growth is driven by recovery of volume losses and selective price increases
- **India:** Project Udaan (Geo-expansion) implemented. Some impact of discontinued portfolios remains
- **API -** Spill over of sales from Q2 to Q3. Strong y-o-y revenue growth in the anthelmintic portfolio



\*Adjustment on account of hyperinflation in Turkey as per Ind AS 29

# SeQuent : Q2 FY25 Business Performance

All values in ₹ Mn



## Formulations

- ✓ **Europe:** Successful Launch of Vomnil, new brand partnerships in Europe
- ✓ **Emerging Markets:** Renewal of Euro GMP certificate in Turkey
- ✓ **LATAM:** New Latam organization to support expansion into adjacent markets
- ✓ **India :** Field expansion supporting higher growth



**1,000+**  
FDFs



**90+**  
Countries



**5**  
Manufacturing  
Facilities

## API

- ✓ Received **WHO prequalification** for Albendazole API
- ✓ Vizag facility received **98.5 score with A+ grading** by Department of Industrial safety and Health (Factories dept.)
- ✓ Mahad site **awarded by the National Safety Council** (Maharashtra) for maintaining a low accident rate and an extended accident-free period
- ✓ One new USVMFs in the quarter. Total USVMF filings = 32, CEP approvals =16



**32**  
APIs



**50+**  
Countries



**2**  
Manufacturing  
facilities



# SeQuent : Q2 FY25 Consolidated Financials

All values in ₹ Mn



Particulars	Q2 FY25	Q2 FY24	Grw YoY %	Q1 FY25	Grw QnQ %	H1 FY25	H1 FY24	Grw YoY %
Revenue from Operations	3,686	3,460	7%	3,902	-6%	7,589	6,792	12%
Material Consumption	(1,953)	(1,898)	3%	(2,143)	-9%	(4,096)	(3,846)	7%
<b>Gross Margin</b>	<b>1,734</b>	<b>1,562</b>	<b>11%</b>	<b>1,759</b>	<b>-1%</b>	<b>3,493</b>	<b>2,946</b>	<b>19%</b>
%	47.0%	45.1%		45.1%		46.0%	43.4%	
Employee Benefit Expenses	(603)	(602)	0%	(579)	4%	(1,183)	(1,180)	0%
Operating Expenses	(683)	(697)	-2%	(697)	-2%	(1,380)	(1,410)	-2%
<b>EBITDA (pre-ESOP)</b>	<b>447</b>	<b>263</b>	<b>70%</b>	<b>483</b>	<b>-7%</b>	<b>930</b>	<b>356</b>	<b>161%</b>
%	12.1%	7.6%		12.4%		12.3%	5.2%	
ESOP cost	(67)	(62)		(41)		(108)	(126)	
<b>EBITDA</b>	<b>380</b>	<b>201</b>	<b>89%</b>	<b>442</b>	<b>-14%</b>	<b>821</b>	<b>231</b>	<b>256%</b>
%	10.3%	5.8%		11.3%		10.8%	3.4%	
Exceptional Items	(43)	81		-		(43)	(154)	
IndAS 29 Adjustment	25	(25)		(8)		17	(52)	
Exchange Gain / (Loss)	(14)	(25)		(14)		(28)	(110)	
Other Income	45	16		27		72	24	
Finance Cost	(143)	(126)		(164)		(307)	(231)	
Depreciation	(171)	(154)		(162)		(333)	(296)	
<b>Earnings Before Tax</b>	<b>79</b>	<b>(31)</b>	<b>NM</b>	<b>120</b>	<b>-34%</b>	<b>199</b>	<b>(588)</b>	<b>NM</b>
Taxes	(16)	(38)		(29)		(45)	172	
<b>Earnings After Tax</b>	<b>63</b>	<b>(69)</b>	<b>NM</b>	<b>91</b>	<b>-30%</b>	<b>154</b>	<b>(416)</b>	<b>NM</b>
Minority Interest	37	15		25		63	17	
<b>Earnings after Minority Interest</b>	<b>26</b>	<b>(84)</b>	<b>NM</b>	<b>65</b>	<b>-60%</b>	<b>91</b>	<b>(432)</b>	<b>NM</b>

## Key Notes Q2 FY25 Y-o-Y :

### + 1.9% on YoY Gross

Margin improvement in Q2 FY25:

•**Formulations:** Ongoing advantages from portfolio initiatives in Europe and pricing adjustments in Turkey

•**API:** Cost and operational excellence initiatives under Project Pragati led to an expansion in margins

- Operating expenses decrease YoY (despite inflationary pressures) due to restructuring initiatives and operational efficiencies.
- Increase in finance cost on account of restructuring of debt arrangements.

NM = Not measurable



# SeQuent - Key Balance Sheet Items

All values in ₹ Mn



Particulars	Sep-24	Mar-24*
Shareholders' Funds	6,796	6,566
Minority Interest	623	564
Net Debt	3,774	3,788
Investments	4	9
Tangible Assets	3,060	3,112
Intangible Assets	3,031	2,967
Working Capital	4,442	4,201

- **Net Debt** is maintained
- **Working capital** increase to support increased sales despatches planned for Turkey and Spain.



\*Adjustment on account of hyperinflation in Turkey as per Ind AS 29



# Viyash: Business Update

# Viyash: Q2 FY25 – Strong quarterly performance with high growth, profitability improvement and reduction in net debt



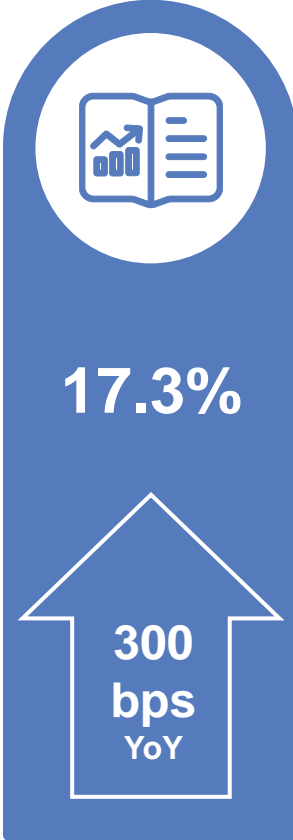
## Revenues



## Adj. EBITDA<sup>1</sup>



## EBITDA margin



## Net Debt to LTM Adj. EBITDA<sup>1</sup>



Notes: 1. EBITDA for Viyash is adjusted for ESOP costs and call option charge  
Source: Viyash Life Sciences website published Investor Presentation

# Viyash: H1 FY25 – Strong H1FY25 performance with revenue growth, improvement in profitability and reduction in net debt



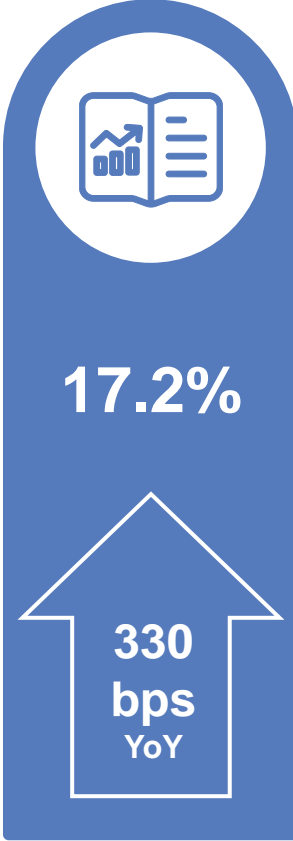
## Revenues



## Adj. EBITDA<sup>1</sup>



## EBITDA margin

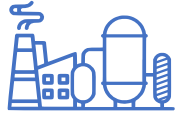


## Net Debt to LTM Adj. EBITDA<sup>1</sup>



Notes: 1. EBITDA for Viyash is adjusted for ESOP costs and call option charge  
Source: Viyash Life Sciences website published Investor Presentation

# Key updates from H1FY25



## Facility Inspections

- ✓ **2 EIRs** received from US FDA
- ✓ ANVISA (Brazil)
- ✓ **99** Customer audits



## Regulatory Approvals

- ✓ **5 APIs:** US (1), EDQM (3), China (1)
- ✓ **1 FDFs:** US (1)



## Innovator Business

- ✓ **1 API & 1 Intermediate** (validation quantities supplied)



## Launches

- ✓ **2 EU** launches



## Products Filed

- ✓ **17 APIs:** US (11), EDQM (3), Brazil (2), WHO (1)
- ✓ **2 FDFs:** US (2)



## Validations Completed

- ✓ **9** Validations



## R&D Pipeline

- ✓ **25+** products

# Strong Business Profile

**Diversified:** Top 10 products account for 62% of FY24 API Revenue; diversified markets and customer base

**Cash Flow:** INR 100cr+ in Free Cash Generation in H1FY25

**High Gross Margin:** Sustainable GM with YoY expansion due to full backward integration, early product entry & focus on complex products

**High Market Share:** Market leader in regulated markets for 6 of top 10 APIs

**5+ New Partnerships** with Innovator companies & major pharmaceutical players

**High Growth:** Top 10 FY24 APIs have grown at 22% CAGR over FY22-24



# Viyash: Financial performance

All values in ₹ Mn



Particulars	Q2	Q2	Grw YoY %	Q1	Grw QnQ %	H1	H1	Grw YoY %
	FY25	FY24		FY25		FY25	FY24 <sup>2</sup>	
Revenue from Operations	3,632	3,300	10.1%	3,400	6.8%	7,032	6,671	5.4%
Material Consumption	(1,624)	(1,599)	1.6%	(1,580)	2.8%	(3,204)	(3,279)	-2.3%
<b>Gross Profit</b>	<b>2,008</b>	<b>1,701</b>	<b>18.1%</b>	<b>1,820</b>	<b>10.3%</b>	<b>3,828</b>	<b>3,392</b>	<b>12.9%</b>
%	55.3%	51.5%		53.5%		54.4%	50.8%	
Employee Benefit Expenses	(555)	(508)	9.3%	(547)	1.5%	(1,102)	(1,002)	9.9%
Other Operating Expenses	(841)	(779)	8.0%	(702)	19.8%	(1,543)	(1,481)	4.2%
Foreign Exchange Gain / (Loss)	17	57		9		26	17	
<b>Adj. EBITDA<sup>1</sup></b>	<b>628</b>	<b>471</b>	<b>33.4%</b>	<b>580</b>	<b>8.3%</b>	<b>1,208</b>	<b>925</b>	<b>30.6%</b>
%	17.3%	14.3%		17.1%		17.2%	13.9%	

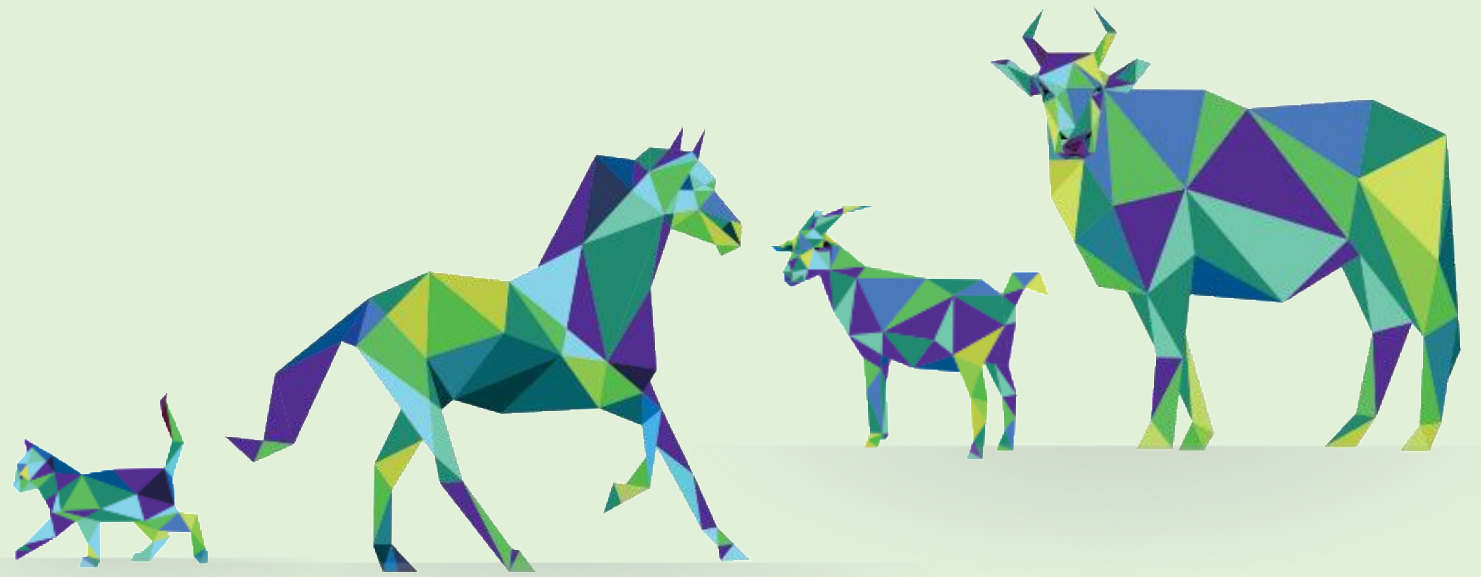
Note: 1. EBITDA for Viyash is adjusted for ESOP costs and call option charge (INR 217mn in Q2FY25 vs. INR 59mn in Q1FY25; Higher in Q2 due to accelerated vesting of warrants)

2. H2FY24 based on management accounts that have not been subject to limited review by auditors

Source: Viyash Life Sciences website published Investor Presentation

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# Merger Update





# Q2FY25: Combined business performance

Q2 FY25 (For the quarter)	Viyash	+	Sequent Proven Ability In Life Science	=	Combined	YoY Growth % (Combined)
Revenue (INR Mn)	3,632		3,686		7,318	8.3%
EBITDA <sup>1</sup> (INR Mn)	628		447		1,075	46.5%
EBITDA Margin %	17.3%		12.1%		14.7%	+380bps
Net Debt to LTM EBITDA	0.7x		2.3x		1.4x	

# H1FY25: Combined business performance

H1 FY25 (For the quarter)	Viyash	+	Sequent Proven Ability In Life Science	=	Combined	YoY Growth % (Combined)
Revenue (INR Mn)	7,032		7,589		14,621	8.6%
EBITDA <sup>1</sup> (INR Mn)	1,208		930		2,138	66.9%
EBITDA Margin %	17.2%		12.3%		14.6%	+510bps
Net Debt to LTM EBITDA	0.7x		2.3x		1.4x	

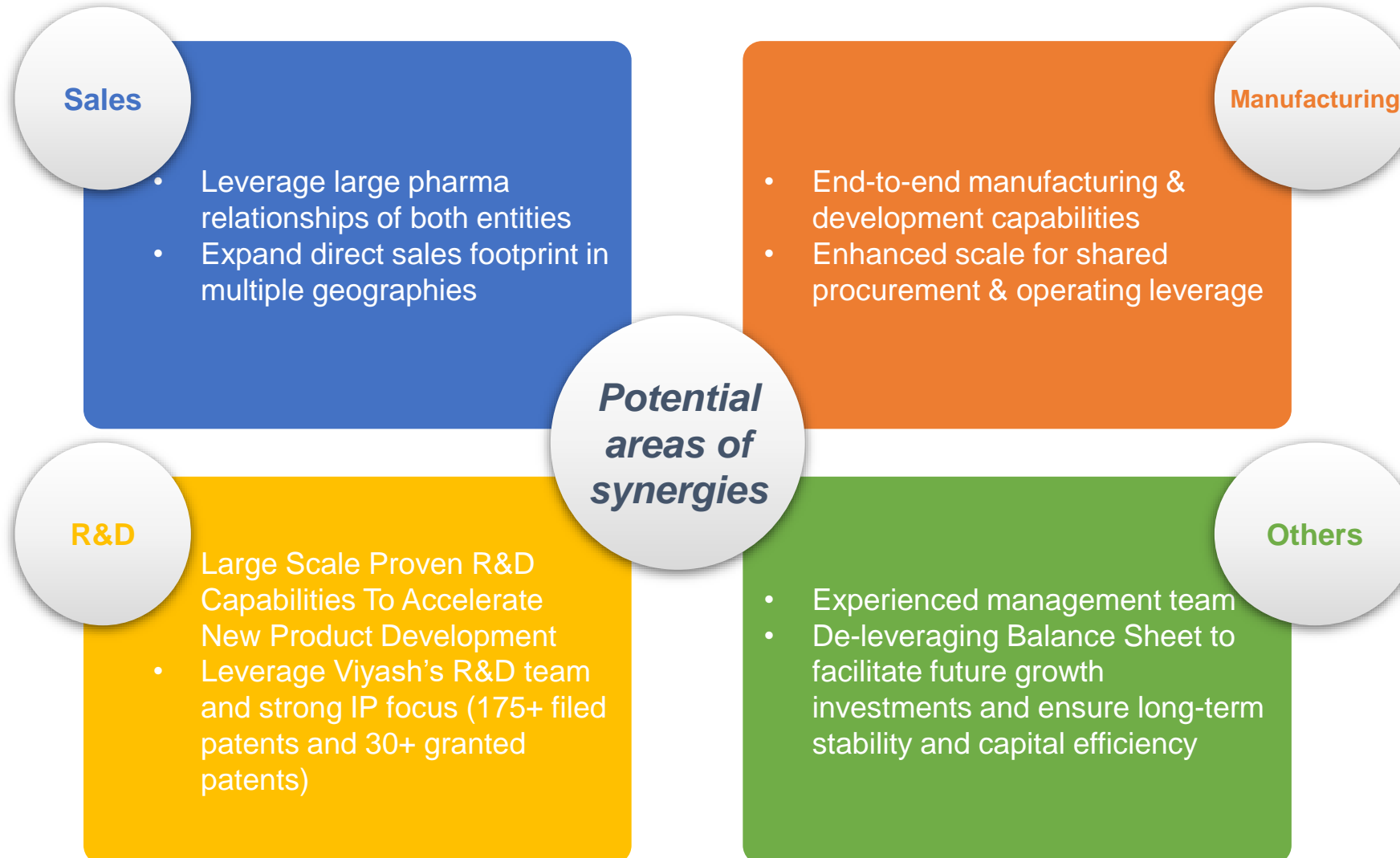
# Strong R&D, Superior Scale, Integrated Supply Chain, and Enhanced Front-end Presence

	<i>R&amp;D Expertise</i>	<i>Manufacturing Scale</i>			<i>Robust Supply Chain</i>	<i>Front-end Presence</i>
	R&D Team size	Manufacturing capacity	Manufacturing facilities	USFDA approved units	Minimizing External Dependencies	Marquee Customers (\$1Bn+ annual revenue)
	200+	2,040 kL	9	9	<p><i>In-sourcing manufacturing given end-to-end integrated capabilities</i></p> <p><i>Scale to deliver procurement savings</i></p>	5
	35+	370 kL	7	1		5
	235+	2,400 kL	16	10		10

**Merger will enable a unique, differentiated, and end-to-end integrated global animal health player**

Source: Management data & commercial due diligence analysis

# Multiple potential areas of synergies



# Merger – process update

## Merger process status update

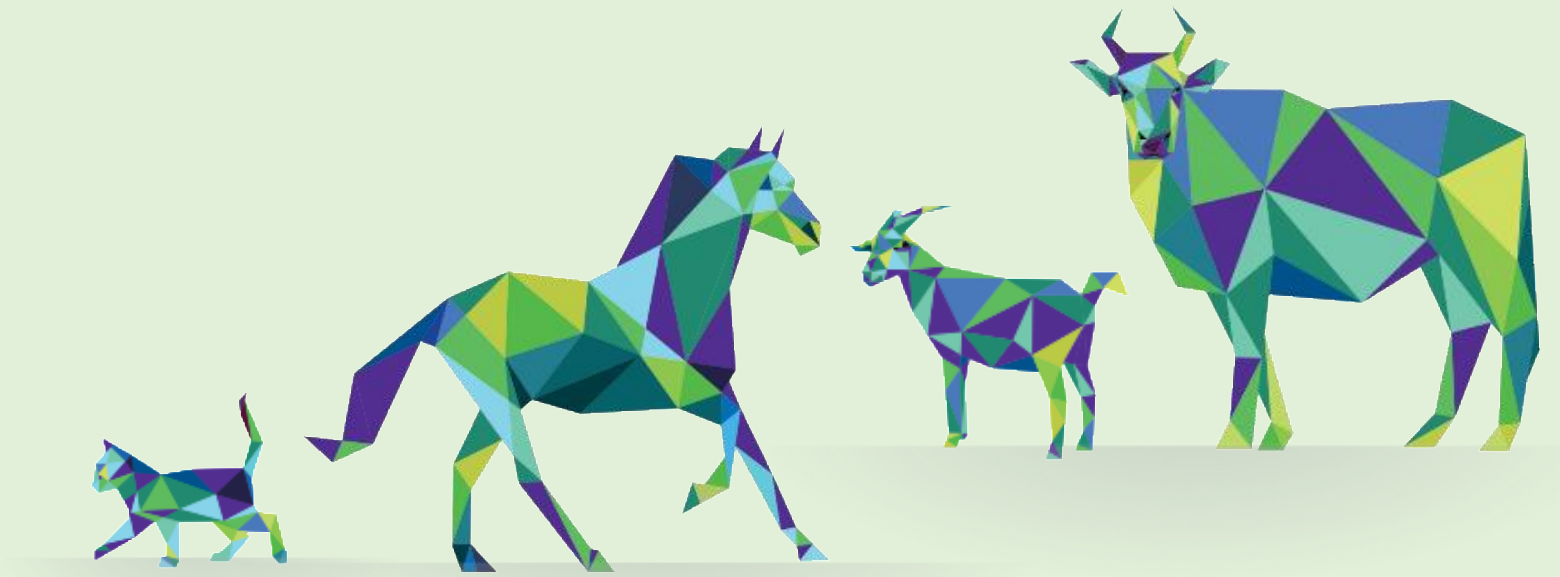
- We have filed with NSE and BSE and are currently addressing their queries
- Post NSE and BSE feedback, the Company will file with SEBI
- Post SEBI feedback, the Company will approach NCLT
- Pursuant to this, NCLT to call for shareholders' vote
- Other regulatory approvals, if any to follow

**Expected timelines for the completion of the merger process as indicated before: 12-15 months (from merger announcement in September 2024)**



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# Appendix



# Combined P&L – Snapshot

Particulars	Viyash		SeQuent		Combined	
	FY24	H1FY25	FY24	H1FY25	FY24	H1FY25
Revenue from Operations	13,110	7,032	13,697	7,589	26,807	14,621
Material Consumption	(6,142)	(3,204)	(7,597)	(4,096)	(13,739)	(7,300)
<b>Gross Margin</b>	<b>6,968</b>	<b>3,828</b>	<b>6,100</b>	<b>3,493</b>	<b>13,068</b>	<b>7,321</b>
%	53.2%	54.4%	44.5%	46.0%	48.7%	50.1%
Employee Benefit Expenses	(2,126)	(1,102)	(2,283)	(1,183)	(4,409)	(2,285)
Operating Expenses	(3,206)	(1,543)	(2,748)	(1,380)	(5,954)	(2,923)
Operating Exchange Gain / (Loss)	34	26	-	-	34	26
<b>Adjusted EBITDA</b>	<b>1,671</b>	<b>1,208</b>	<b>1,068</b>	<b>930</b>	<b>2,739</b>	<b>2,138</b>
%	12.7%	17.2%	7.8%	12.3%	10.2%	14.6%
ESOP cost	(127)	(63)	(222)	(108)	(349)	(171)
Exceptional Items <sup>1</sup>	(58)	(213)	(174)	(43)	(232)	(256)
Ind AS 29 Adjustment	-	-	(78)	17	(78)	17
Exchange Gain / (Loss)	-	-	(154)	(28)	(154)	(28)
Other Income	502	89	110	72	612	161
Finance Cost	(332)	(144)	(481)	(307)	(813)	(451)
D&A	(718)	(353)	(539)	(297)	(1,257)	(650)
Amortization of Acquisition Intangibles	(935)	(469)	(76)	(36)	(1,011)	(505)
<b>Earnings Before Tax</b>	<b>3</b>	<b>54</b>	<b>(546)</b>	<b>199</b>	<b>(543)</b>	<b>253</b>
Taxes	(88)	(148)	250	(45)	162	(193)
<b>Earnings After Tax</b>	<b>(85)</b>	<b>(94)</b>	<b>(296)</b>	<b>154</b>	<b>(381)</b>	<b>60</b>
Minority Interest	(46)	51	(63)	(63)	(109)	(12)
Earnings after Minority Interest	(131)	(43)	(359)	91	(491)	50
<b>Adjusted PAT<sup>2</sup></b>	<b>908</b>	<b>588</b>	<b>(46)</b>	<b>233</b>	<b>862</b>	<b>821</b>

1. Exceptional Items include cost of accelerated vesting for share warrants and call option charge (Viyash)


2. PAT adjusted for Amortization of acquisition intangibles and Exceptional Items


Source: Viyash Life Sciences website published Investor Presentation for Viyash numbers

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***INE807F01027***

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