

Syngene

Putting Science to Work

Investor Presentation

April 2016

Quality
Innovation
Confidentiality
Science



Certain statements in this release concerning our future growth prospects are forward-looking statements, which are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in such forward-looking statements.

Important factors that could cause actual results to differ materially from our expectations include, amongst others general economic and business conditions in India, business outlook of our clientele and their research and development efforts our ability to successfully implement our strategy, our growth and expansion plans and technological changes, changes in the value of the Rupee and other currencies, changes in the Indian and international interest rates, change in laws and regulations that apply to the Indian and global biotechnology and pharmaceuticals industries, increasing competition, changes in political conditions in India and changes in the foreign exchange control regulations in India.

Neither the company, nor its directors and any of the affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after this date or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.



Putting Science to Work

Introduction

The Biocon Group

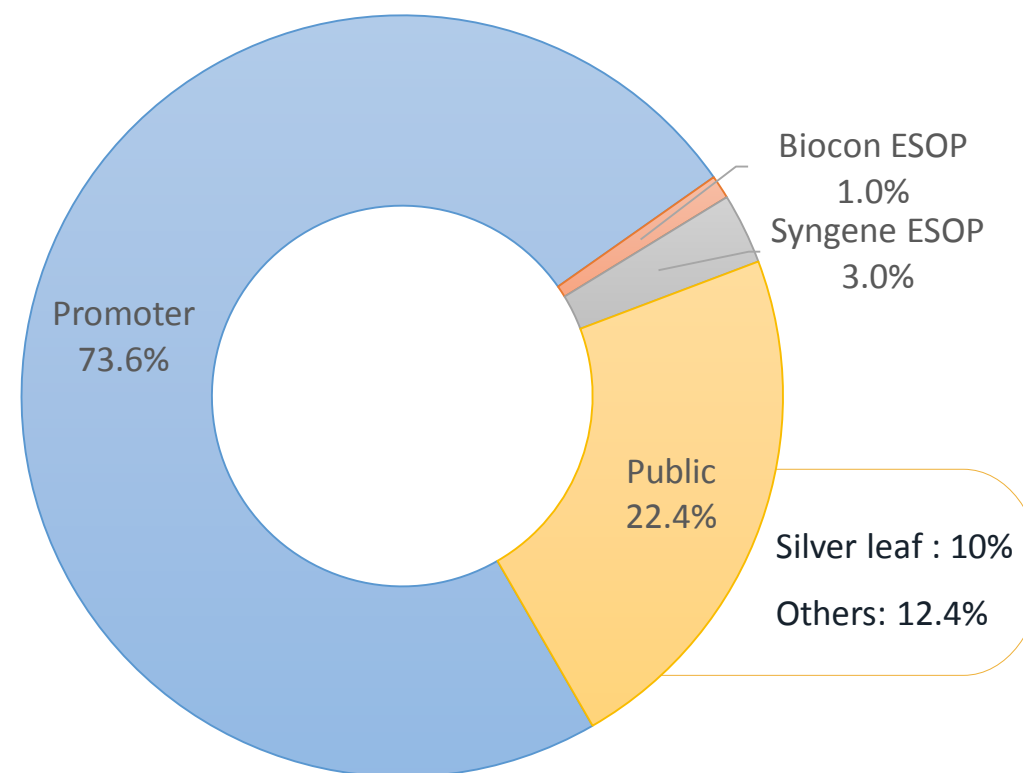
- Services Based
- Contract Discovery
- Contract Development
- Contract Manufacturing

Syngene

Biocon

- Product Based
- Biosimilars
- Formulations and Compounds
- Alternative Therapeutic Drugs

Syngene's Shareholding Pattern¹





- Established in 1994 as India's first Contract Research Organization – 21+ years of unparalleled experience in novel molecule discovery & development services
- Integrated Service Platform for small & large molecules including Antibody-drug conjugates and oligonucleotides
- World class Infrastructure audited successfully by US FDA, EMA, AAALAC and major life sciences partners

- Recorded an all round growth across all the three business verticals – dedicated R&D centres, discovery services and development and manufacturing services; especially in the chemical development segment
- Jonathan Hunt takes full charge as CEO
- Peter Bains to continue on the Board as a Non-Executive Director

All figures in INR Mn unless otherwise specified

P&L Summary	FY16	FY15	YoY Change
Revenue	11,131	8,716	28%
EBITDA	3,639	2,928	24%
<i>EBITDA Margin</i>	<i>33%</i>	<i>34%</i>	
PAT	2,212	1,750	26%
<i>PAT Margin</i>	<i>20%</i>	<i>20%</i>	

Balance Sheet (As on 31st Mar 2016) Highlights

<i>Gross block (tangible assets)</i>	<i>11,027</i>
<i>Total Debt (debt to equity)</i>	<i>8,910 (0.85)</i>

Journey Over the Years

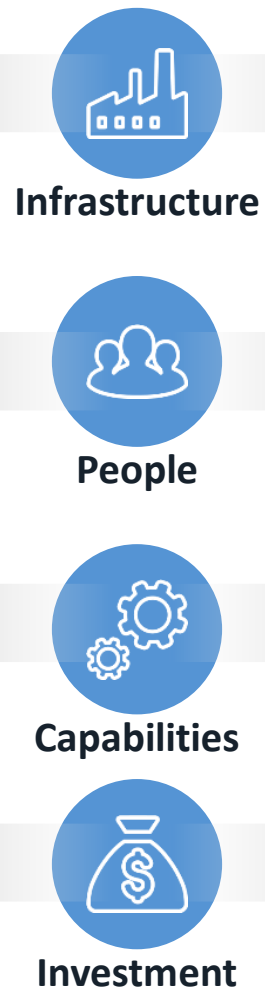
2002

20,000 sq ft facility

100+

- Chemistry
- Preliminary biology

\$5 million



Over 900,000 sq ft facility

2,900+

- End-to-End discovery, development and manufacturing capabilities

\$172 million

2016

One of the leading India-based CROs

Integrated discovery and development platform

Focus on novel molecular entities

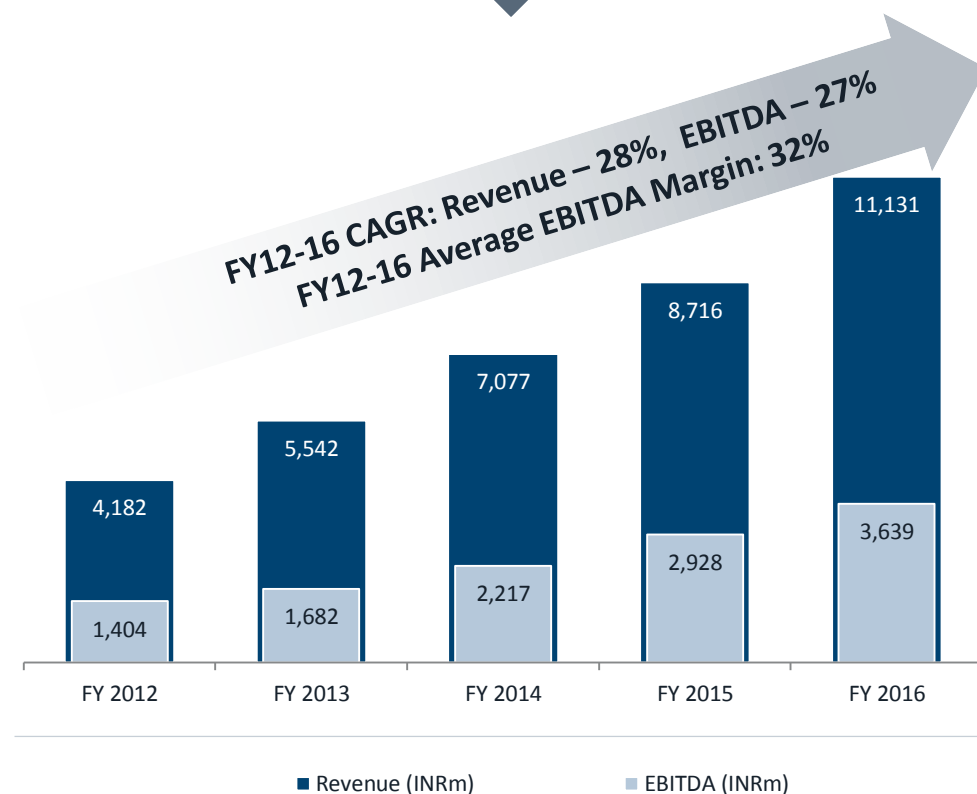
256⁽¹⁾ clients across multiple sectors

95%⁽¹⁾ of revenues from outside India

2,571⁽¹⁾ qualified scientists

World-class R&D and manufacturing infrastructure spread over 900,000 sq. ft.

Strong Growth and Profitability



Who we are and what we do

- Combining world class research talent and infrastructure with the Indian cost advantage
- Converting R&D to a variable cost for clients
- Moving beyond cost arbitrage to R&D productivity and innovation

Key Differentiators of Growth



Scalable



Predictable



De-risked



Profitable

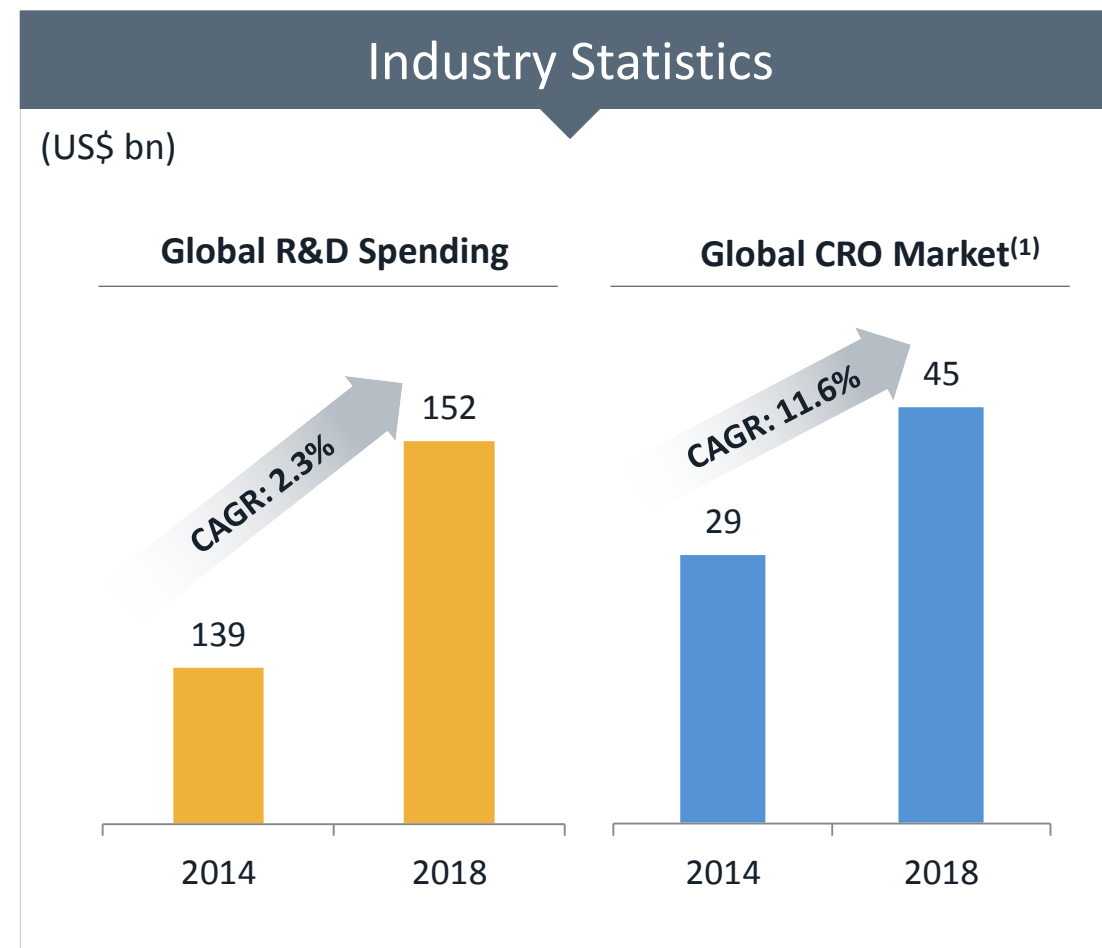




Putting Science to Work

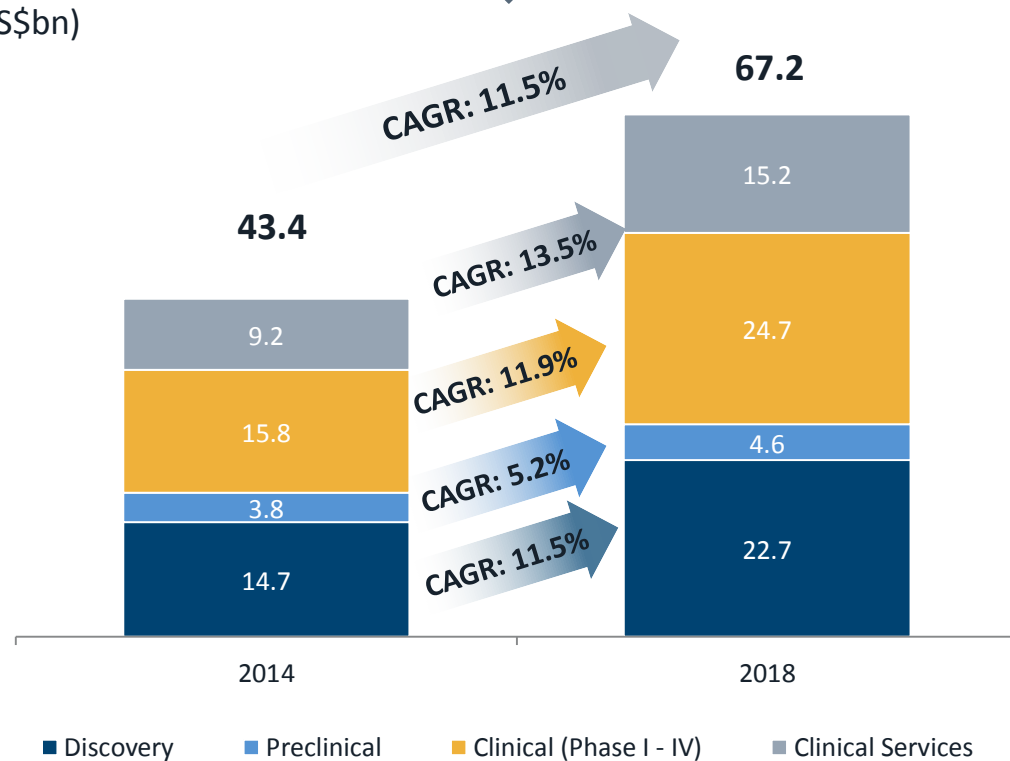
Our Industry

- **Large and growing addressable market**
 - Global R&D expenditure expected to increase from \$139bn in 2014 to \$152bn in 2018 (CAGR of 2.3%)
 - 75% of R&D spend can be potentially outsourced
- **Increasing per unit R&D cost for pharma**
 - 8x increase in cost per Novel Molecular Entity from \$140m in the mid-1970s to \$1,200m early-2000s
- **Increasing outsourcing penetration driven by:**
 - Focus on core competencies
 - Emergence of “virtual” companies
 - Shift from fixed to variable cost models



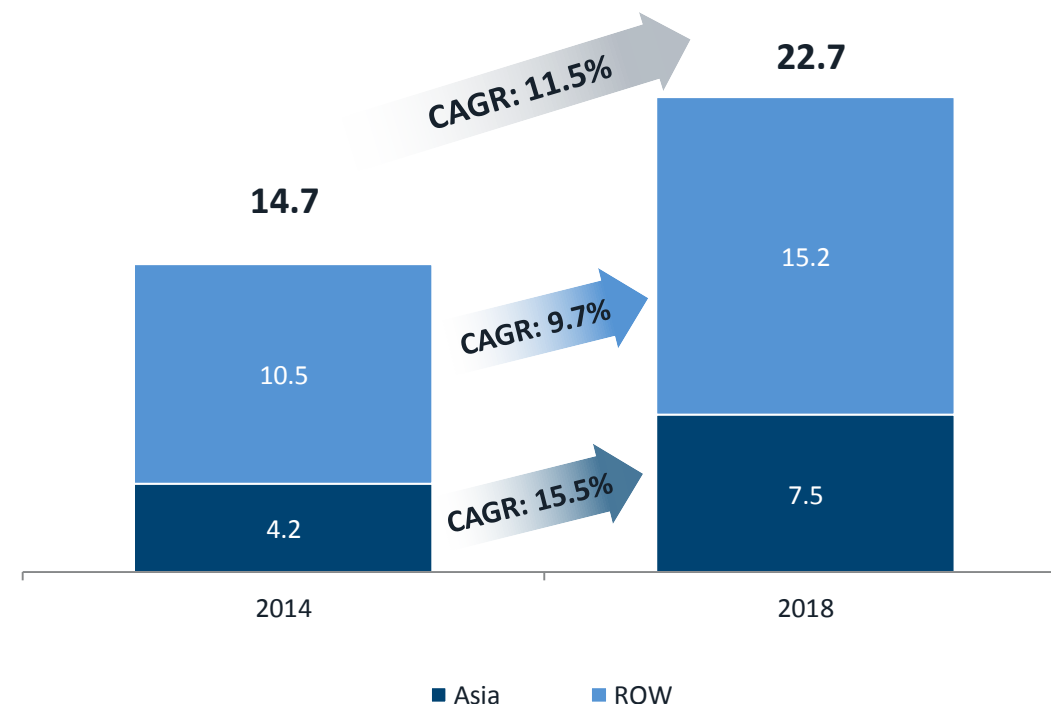
Outsourcing Market by Stage of DD Continuum

(US\$bn)



Significant Growth in APAC

Global NME Discovery Outsourcing Market (US\$bn)

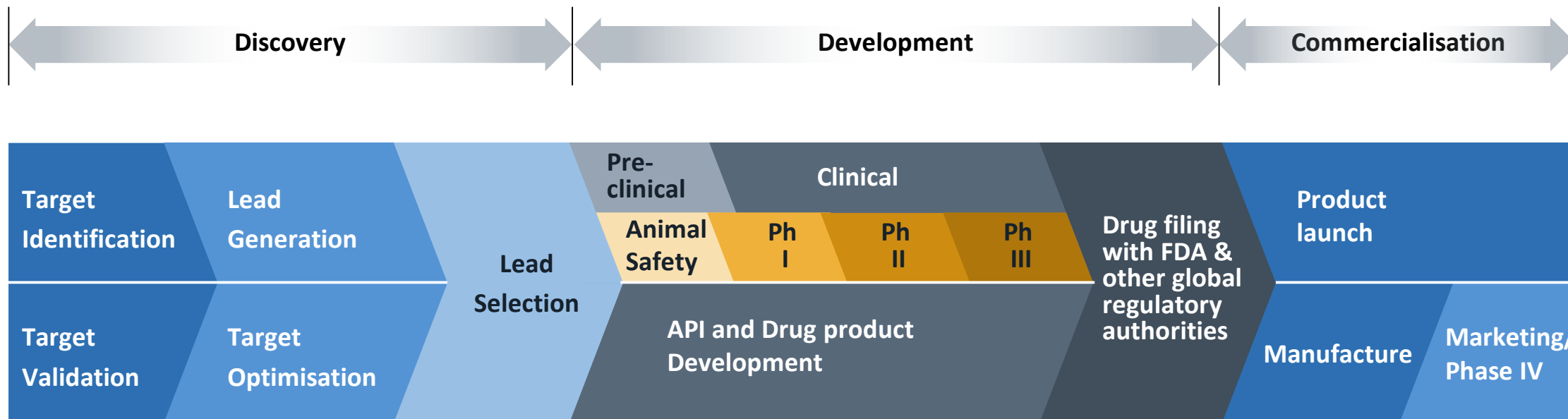




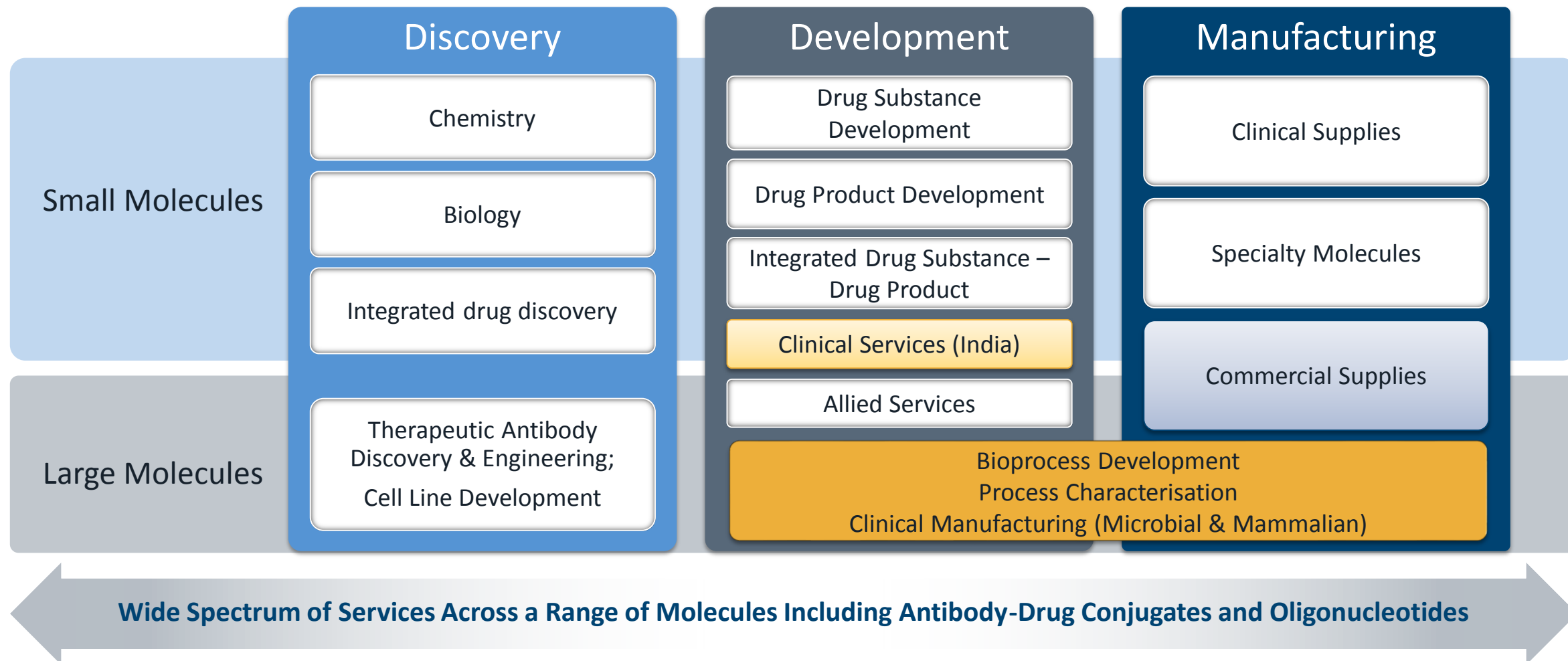
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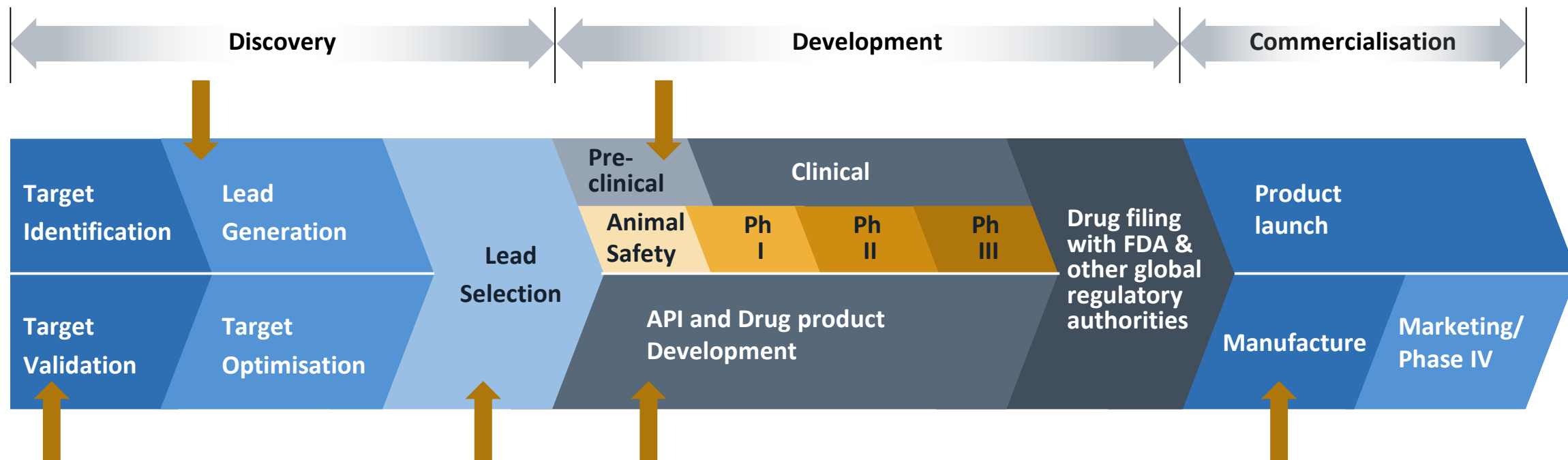
Business Overview

The Drug Discovery Continuum

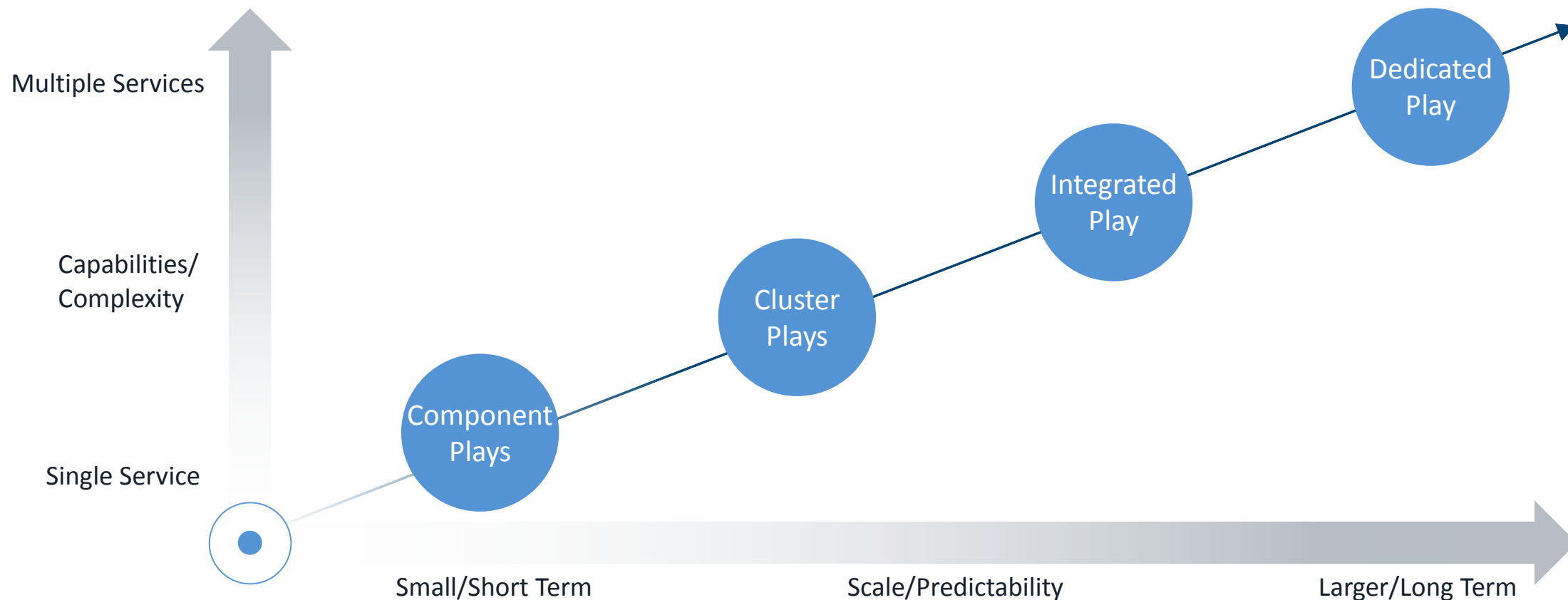


Syngene offers an **Integrated Service Platform** for both small and large molecules





Entry points create opportunity for customer engagement expansion

Customer Focus**Cost Arbitrage****R&D Productivity****Innovation**



Dedicated centers

- Integrated Services
- Dedicated Infrastructure customized for client's requirements
- Long term, FTE based contracts
- Currently 3 in place: BBRC, ANRD and BGRC



Discovery Services

- Discovery Chemistry, Discovery Biology and in-vivo services
- Multi-client infrastructure
- Largely FTE based engagements, typically renewed annually
- High renewal rates



Development & Manufacturing Services

- Preclinical studies, Stability, formulation, CMC and Clinical supplies, Clinical development etc.
- Largely FFS based services (both short and long term)
- High renewal rates in Manufacturing services



Largest R&D Centre in Asia for BMS (2009). Contract extended till 2020.

Dedicated centre of research excellence with world class facilities.

Over 400 scientists supporting Novel Molecule research in small and large molecules.

Produced nine drug candidates for further study and advanced new compounds for first-in-human studies.



Dedicated research centre in India for Baxter (2013).

State of the art facility supporting R&D of medical products and devices worldwide.

Engages a multidisciplinary team of ~150 scientists.

R&D activities centred on product and analytical development, preclinical evaluation in parenteral nutrition and renal therapy.

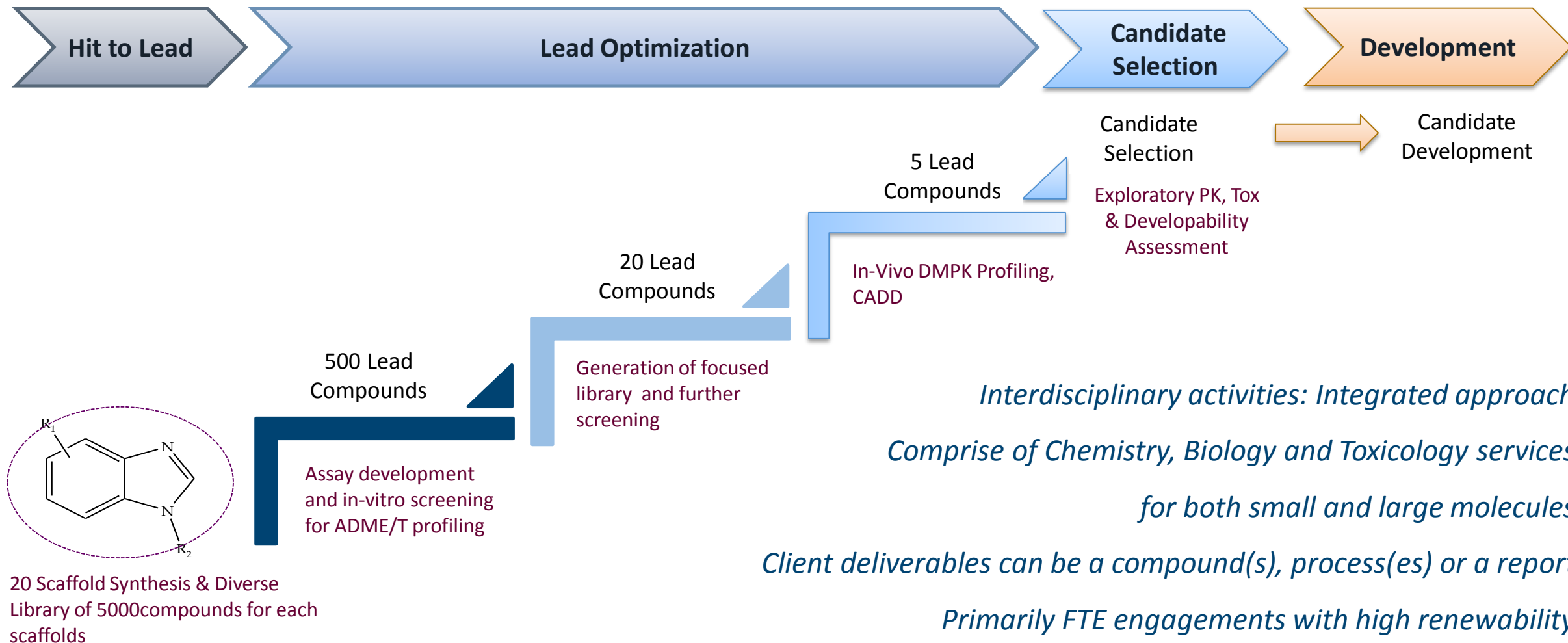


Abbott Nutrition's 1st R&D centre in India set up in collaboration with Syngene (2012).

Dedicated research centre supporting development of affordable, nutrition products.

~30 multi-disciplinary scientists engaged in product development lifecycle.

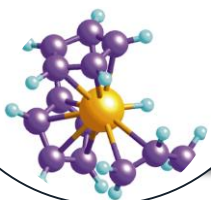
Focus on maternal, pediatric, neo-natal nutrition and diabetes care in line with emerging market needs.





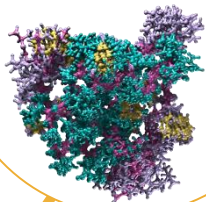
- *Encompass activities across multiple disciplines as a molecule moves from pre-clinical to clinical trials*
- *Key activities include:*
 - *Drug substance development (process r&d and optimization)*
 - *Drug product development (pre-formulation and formulation development)*
 - *Allied services (stability services, viral testing, bioanalytical)*
 - *Primarily FFS engagements which increase in volume/scale over time*

Small Molecules



- A State-of-the-art cGMP facility to Manufacture NCEs
- Designed to support multi gram to 100s of kgs/ batch of Intermediates, & APIs for Clinical Trials; Current capacity can support initial commercial supplies
- New greenfield investment being made in Mangalore to support larger commercial scale requirements

Large Molecules



- Mammalian and microbial capabilities
- Can support early stage supply requirements (toxicology, preclinical, phase 1 & II a)
- Capacities being expanded at Bangalore to support large volumes for late stage clinical requirements



Expand/Extend existing clients

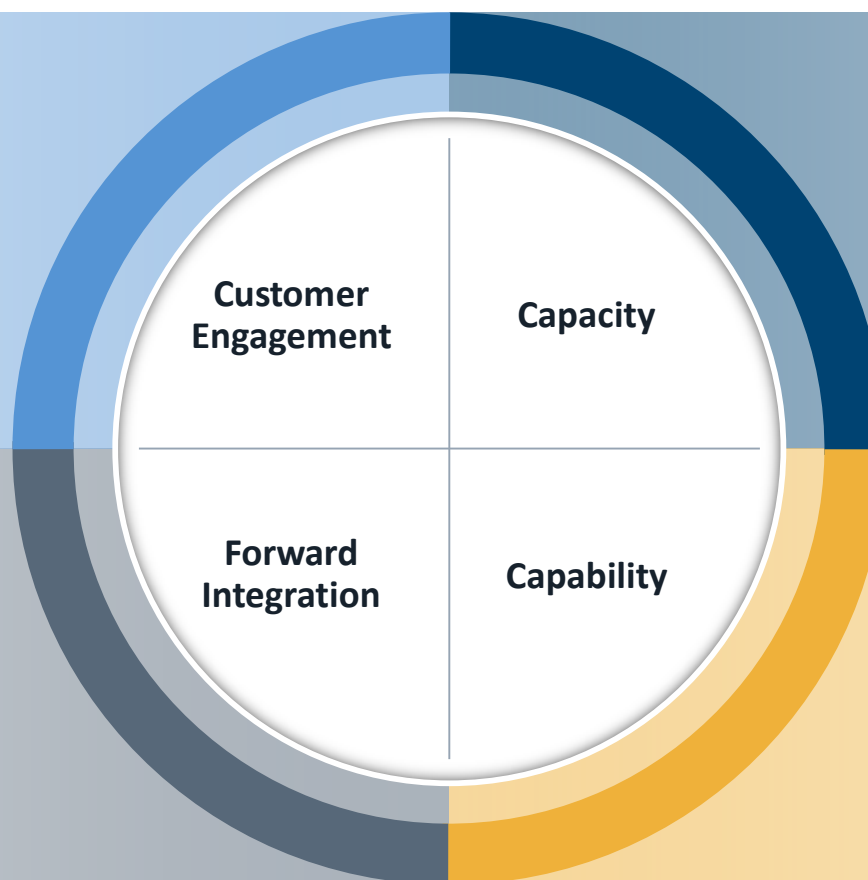
- High service integration
- Dedicated centres model

Engage New Clients

- Tailored service offerings and dedicated personnel

Moving from CRO to CRAMS with commercial manufacturing

- “Follow the molecule” by expanding into commercialisation




Capacity Expansion

- Consistent expansion
- FTE services, manufacturing, formulation, biologics, stability

Capability Additions

- New capabilities across multiple domains incl. the allied sectors
- Stability, analytical & bio-analytical services, viral testing
- New platforms: siRNA, ADC

Investment of upto \$200 Mn in our facilities over FY16 to FY18



Putting Science to Work

Financial Highlights

All figures in INR Mn unless otherwise specified

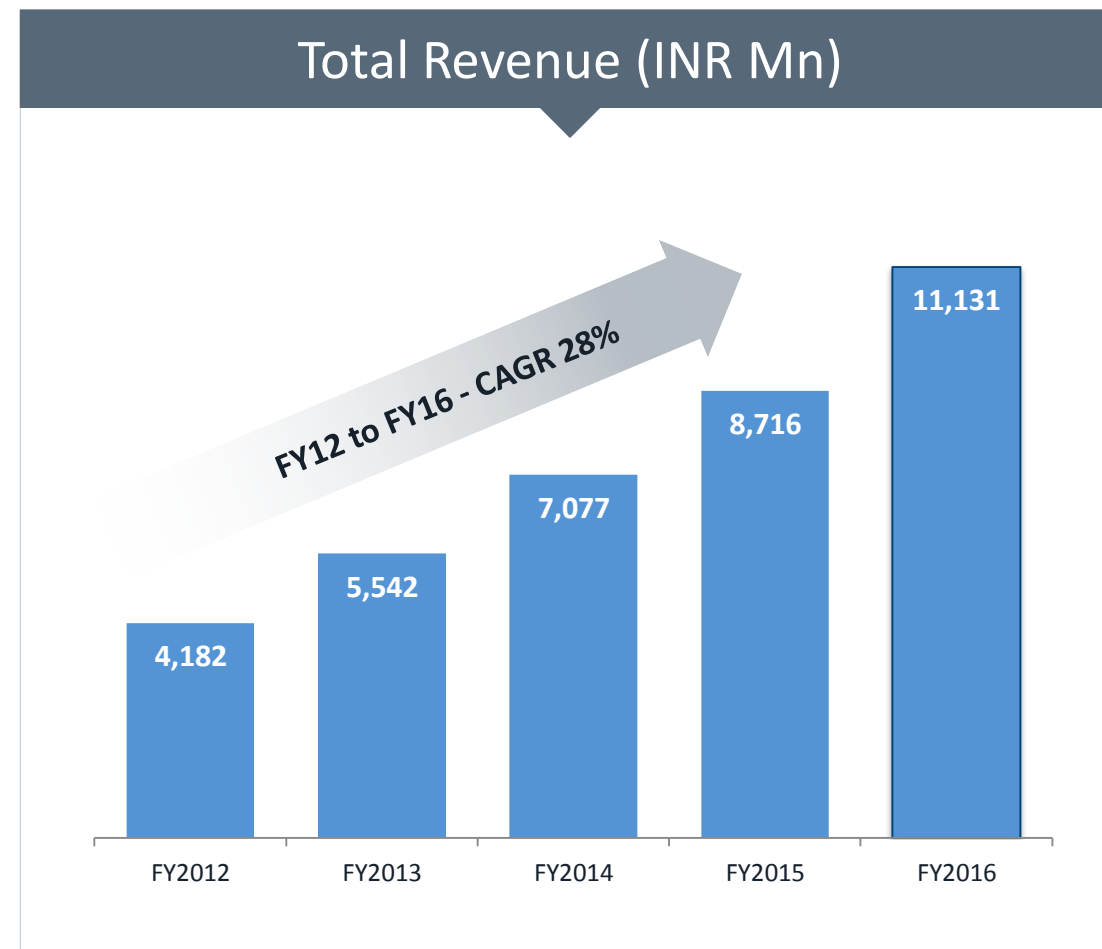
	FY16	FY15	YoY Change
Revenue	11,131	8,716	28%
Material & Power costs	3,412	2,665	28%
Employee costs	2,503	2,019	24%
Gross Margin	5,216	4,032	
Gross Margin (%)	47	46	
Other Expenses	1,577	1,104	43%
EBITDA	3,639	2,928	24%
EBITDA Margin (%)	33	34	
Depreciation, Interest & tax	1,427	1,178	21%
Profit After Tax	2,212	1,750	26%
PAT Margin (%)	20	20	

Balance Sheet Highlights

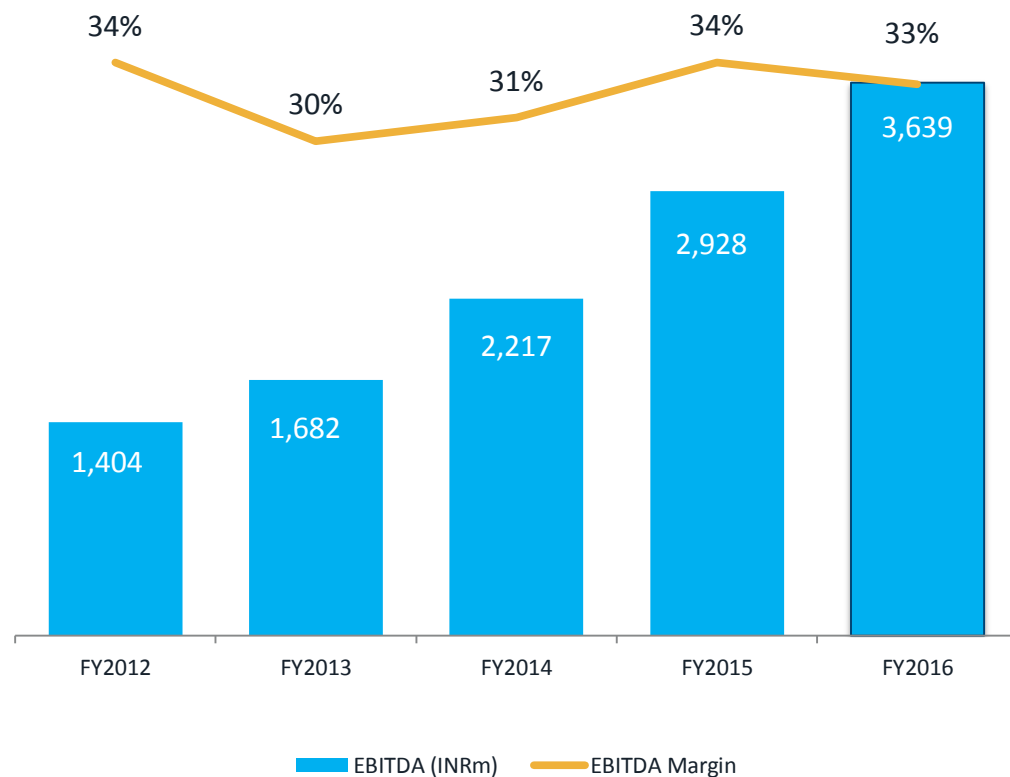
As at 31st March 2016

Shareholders' funds	10,528
Net Fixed assets	8,170
Other net assets ⁽¹⁾	1,305
Net cash ⁽²⁾	1,053
Total Use of Funds	10,528

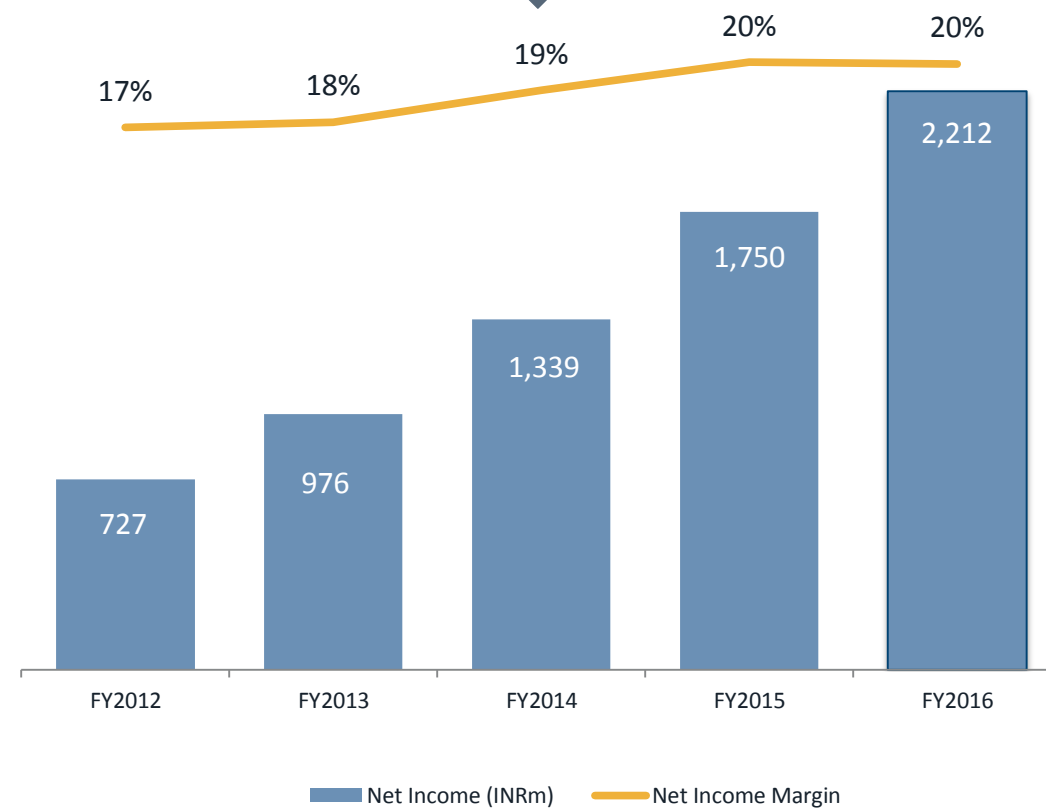
- Growth driven by increase in sales from existing clients and acquisition of new clients
- “Engage, expand and extend” strategy to extend client relationship over a longer period of time
 - Growth in total number of clients
 - Increase in average revenue from largest clients
 - Increase in number of services offered to clients



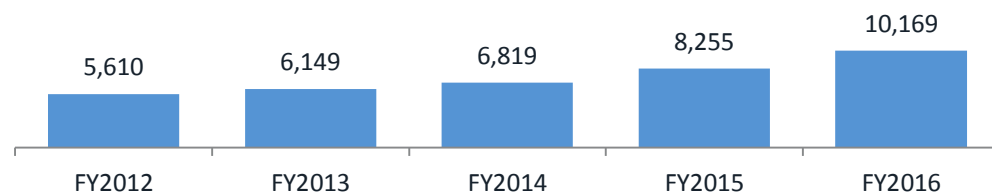
Operating Margin (EBITDA)



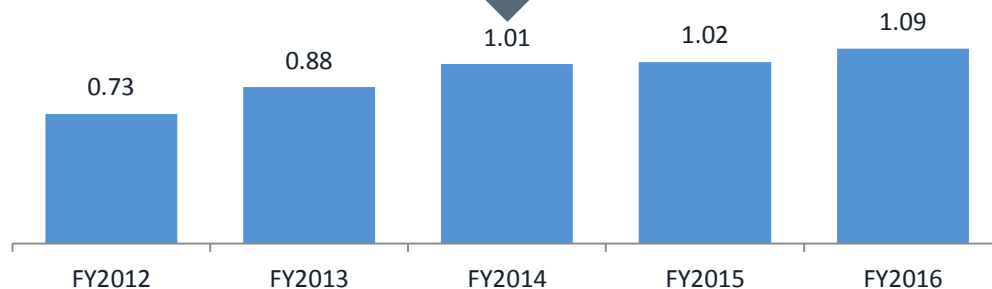
Profit After Tax Margin (Net Income)



Historical Capital Investments – Average Gross Block (INR Mn)



Gross Block Turnover Ratio⁽¹⁾



- Capex towards capacity expansions, capability additions and technology up-gradations
- Key facility additions during the last three years include dedicated facility for Abbott and Baxter

Planned Capital Expenditure

- Capex of US\$200 million envisaged over FY16 to FY18
- Future funding requirements to be met through internal accruals & debt

Capex investment area

- Research centre
- Formulation centre

Late stage & commercial manufacturing

- Expansion of API plant
- Commercial NCE manufacturing plant
- Biologics manufacturing plant

Other services & new capabilities

- Oligonucleotides
- Viral testing services
- ADCs

Risk	Mitigation
Client growth and sustained retention	<i>Proactive client engagement and sustained quality</i>
Currency fluctuation (USD/INR)	<i>Comprehensive hedging policy and tracking mechanism in place</i>
Significant capex investment over next few years	<i>Staggered investments in line with business visibility</i>
Sustainability of margin profile	<i>Strong cost control systems, productivity improvement initiatives</i>

THANK YOU

www.syngeneintl.com

For more details

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Infrastructure

- End-to-end discovery and development services on a single platform (Gross block of Rs. 11,027 Mn*)
- International accreditations
- Operate to standards that are consistent with large global clients



Scientific Talent

- Highly Experienced and Qualified Team of Scientists (2,571*)
- Recruitment from top Indian and International research institutions: 11% with a Doctorate & 77% with a Master's Degree
- One of the lowest attrition levels in industry



Systems & Processes

- High focus on quality: accreditations from AAALAC, US FDA, EMA
- Cleared 3 US FDA audits in the last 18 months
- cGMP, GLP and GCP compliant
- Impeccable track record in IP protection



Customer Base

- Customers across multiple industries (Pharma, biotech, animal health, nutrition etc.)
- Client base includes 8 of the top 10 global pharma company by 2014 sales
- 8 of top 10 clients have been associated for more than 5 years