

Syngene

Putting Science to Work

Investor Presentation
March 2018

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

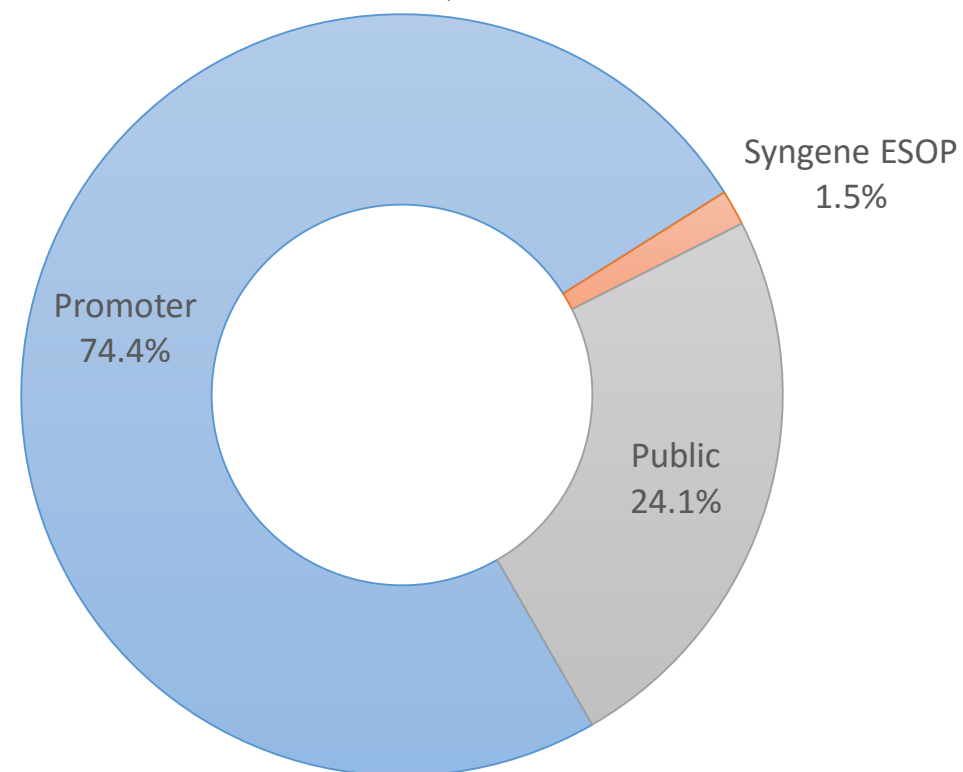
- Services Based
- Contract Discovery
- Contract Development
- Contract Manufacturing

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 – 24 years of unparalleled experience in novel molecule discovery & development services
- Integrated service platform for small & large molecules, antibody-drug conjugates and oligonucleotides
- World class infrastructure audited successfully by US FDA, EMA, AAALAC and major life sciences partners
- 316* global clients across industries ranging from pharma, biotech, nutrition, agrochemicals, animal health, specialty chemicals, consumer goods, academic and nonprofit organizations
- 1.3 Mn sq. ft. world-class R&D & manufacturing infrastructure; ~4,100 professional workforce including ~3500 qualified scientists*

Quarter Highlights:

- Strong revenue growth momentum in Q4 FY18 due to good underlying business performance with Chemical Development and Discovery services continued to drive revenue growth, strongly supported by our Biologics business.
- Signed a strategic partnership with GSK that will focus on accelerating drug discovery services and extended a long standing collaboration with Merck kGaA until 2019 to work on various discovery research projects.
- Successfully cleared the Japanese PDMA audit for our manufacturing facility.

All figures in INR Cr unless otherwise specified

P&L Summary	Q4 FY18	Q4 FY17	YoY Change
Revenue	426	315	35%
EBITDA	146	124	18%
<i>EBITDA Margin</i>	34%	39%	
PAT	84	78	8%
<i>PAT Margin</i>	20%	25%	

P&L Summary	FY18	FY17	YoY Change
Revenue	1,485	1,271	17%
EBITDA	527	478	10%
<i>EBITDA Margin</i>	35%	38%	
PAT	305	287	6%
<i>PAT Margin</i>	21%	23%	

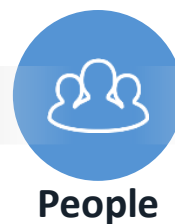
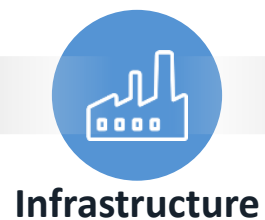
2002

20,000 sq. ft facility

100+

- Chemistry
- Preliminary biology

\$5 million



1.3 million sq. ft facility

~4,100

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

\$255 million

2018*

One of the leading India-based CROs

Integrated discovery and development platform

Focus on novel molecular entities

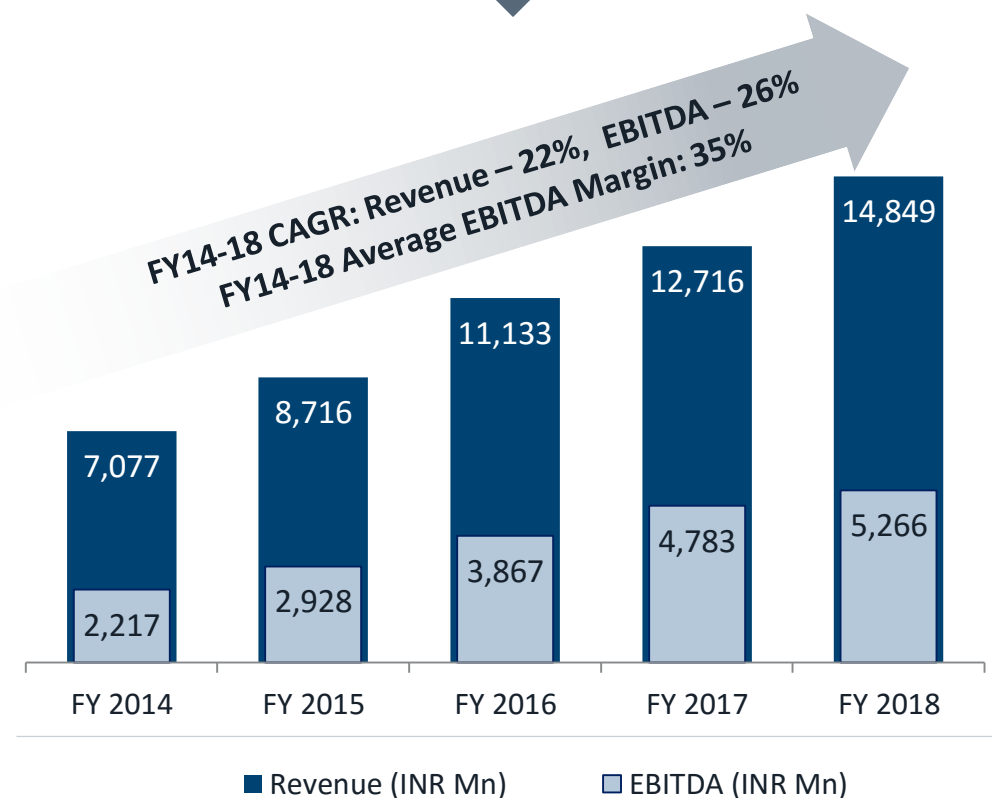
316⁽¹⁾ clients across multiple sectors

95%⁽¹⁾ of revenues from outside India

3,500⁽¹⁾ qualified scientists

World-class R&D and manufacturing infrastructure spread over 1.3⁽¹⁾ Million sq. ft facility.

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

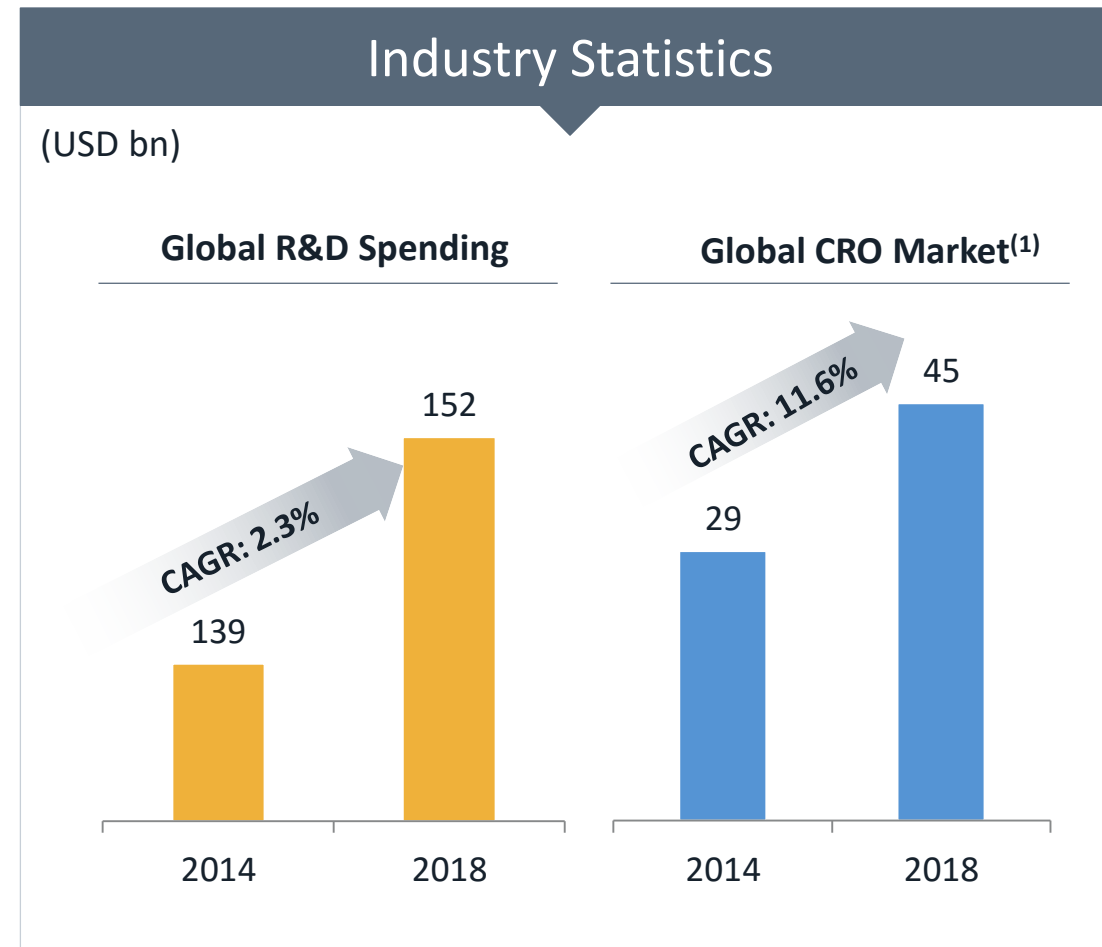




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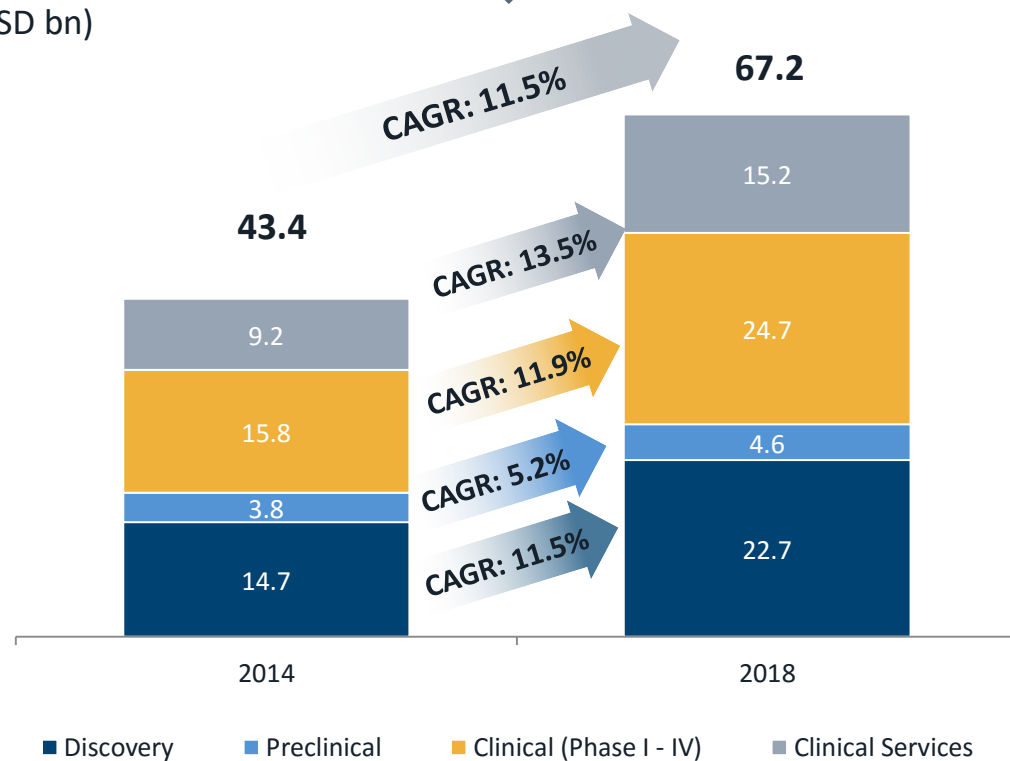
Our Industry

- **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



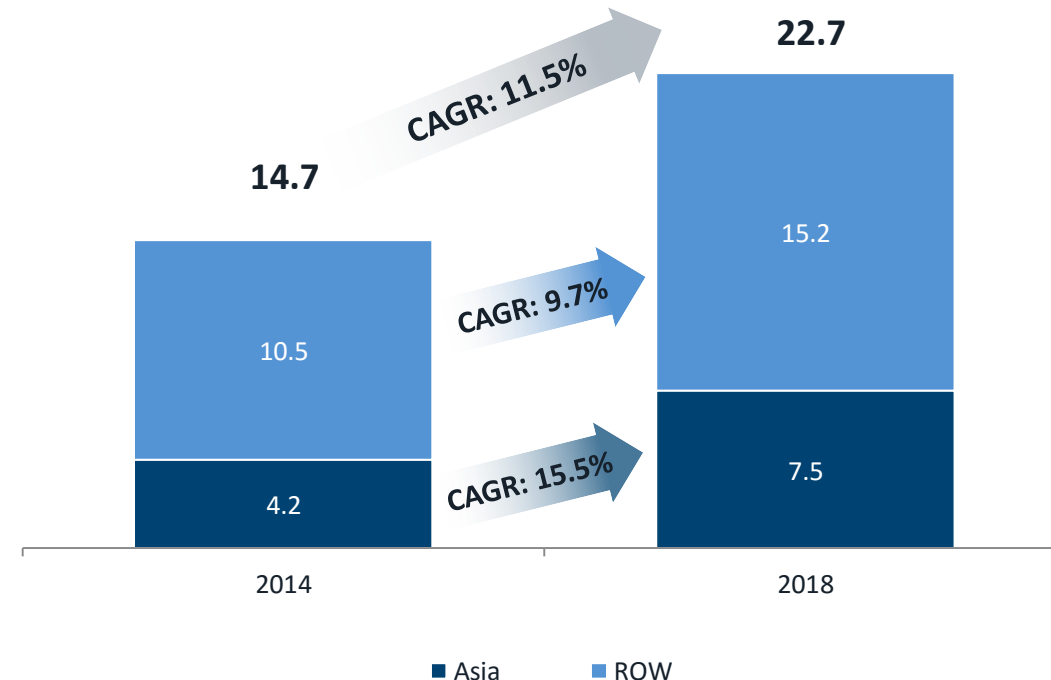
Outsourcing Market by Stage of DD Continuum

(USD bn)



Significant Growth in APAC

Global NME Discovery Outsourcing Market (USD bn)

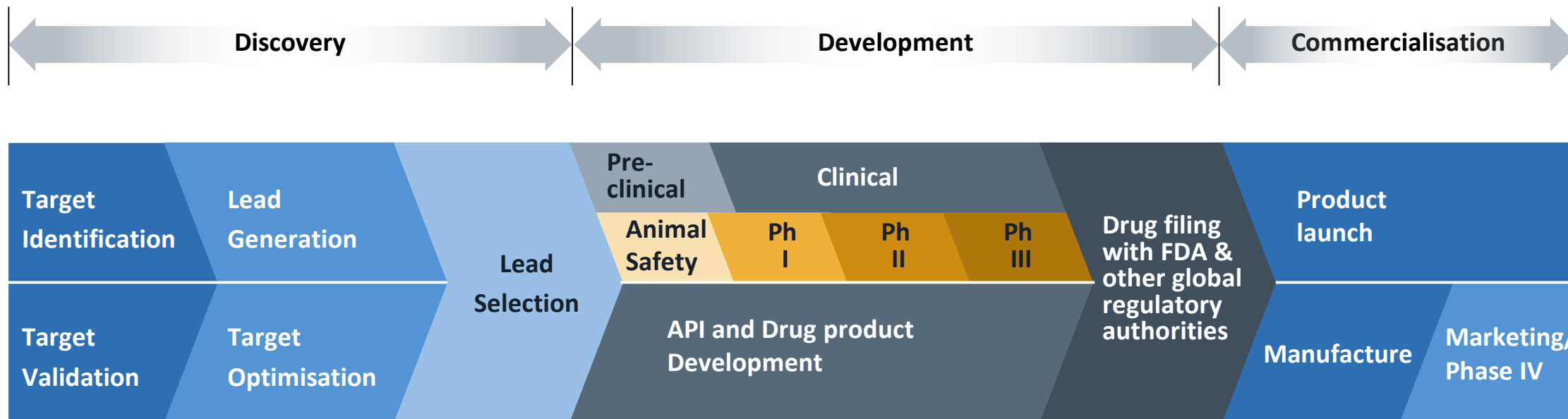




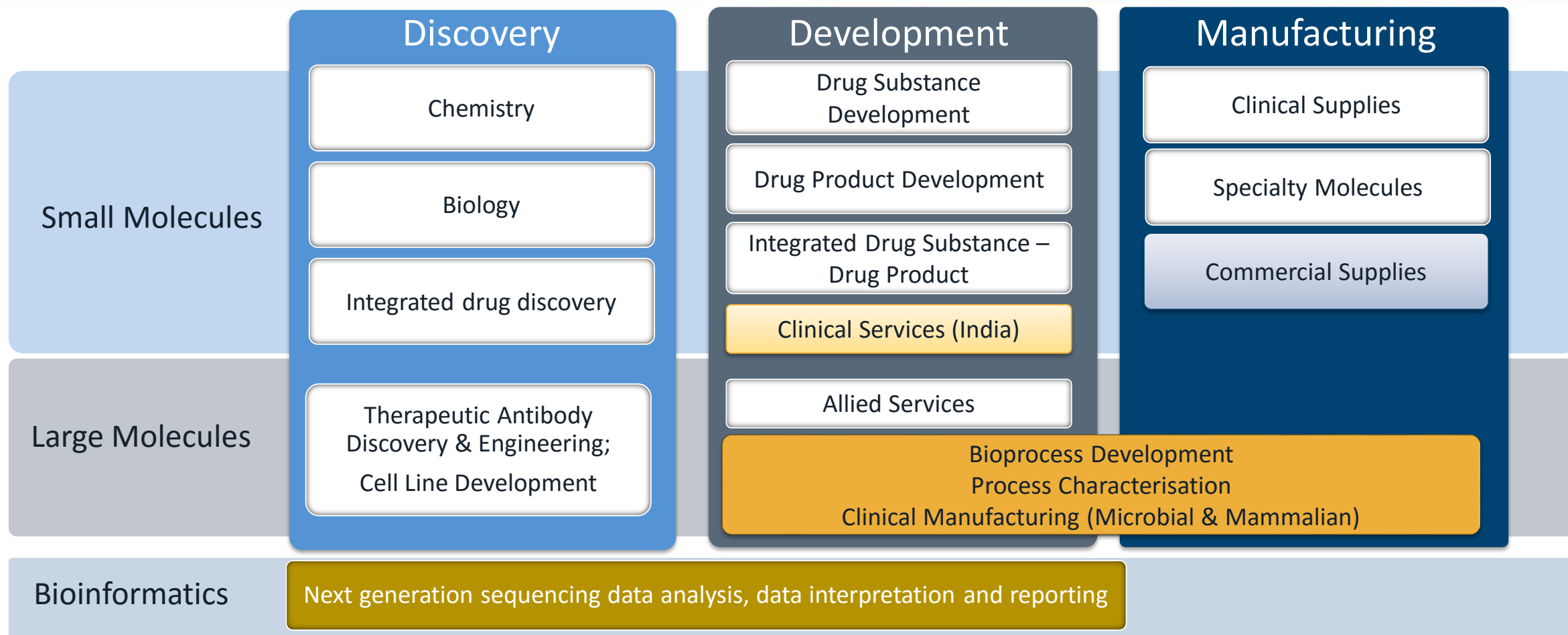
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Business Overview

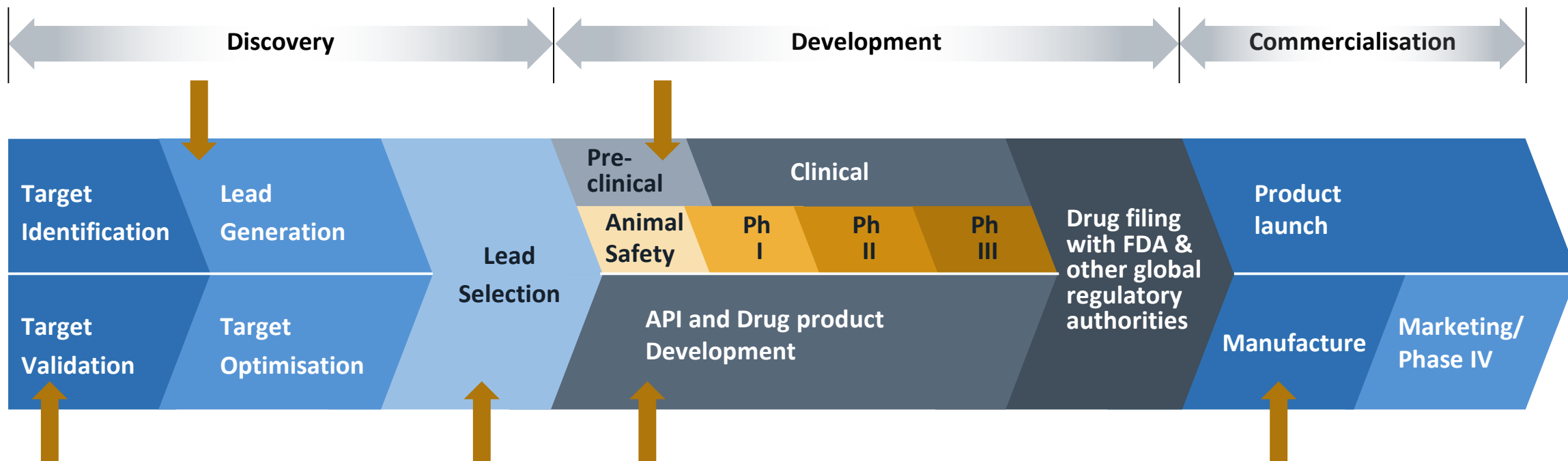
The Drug Discovery Continuum



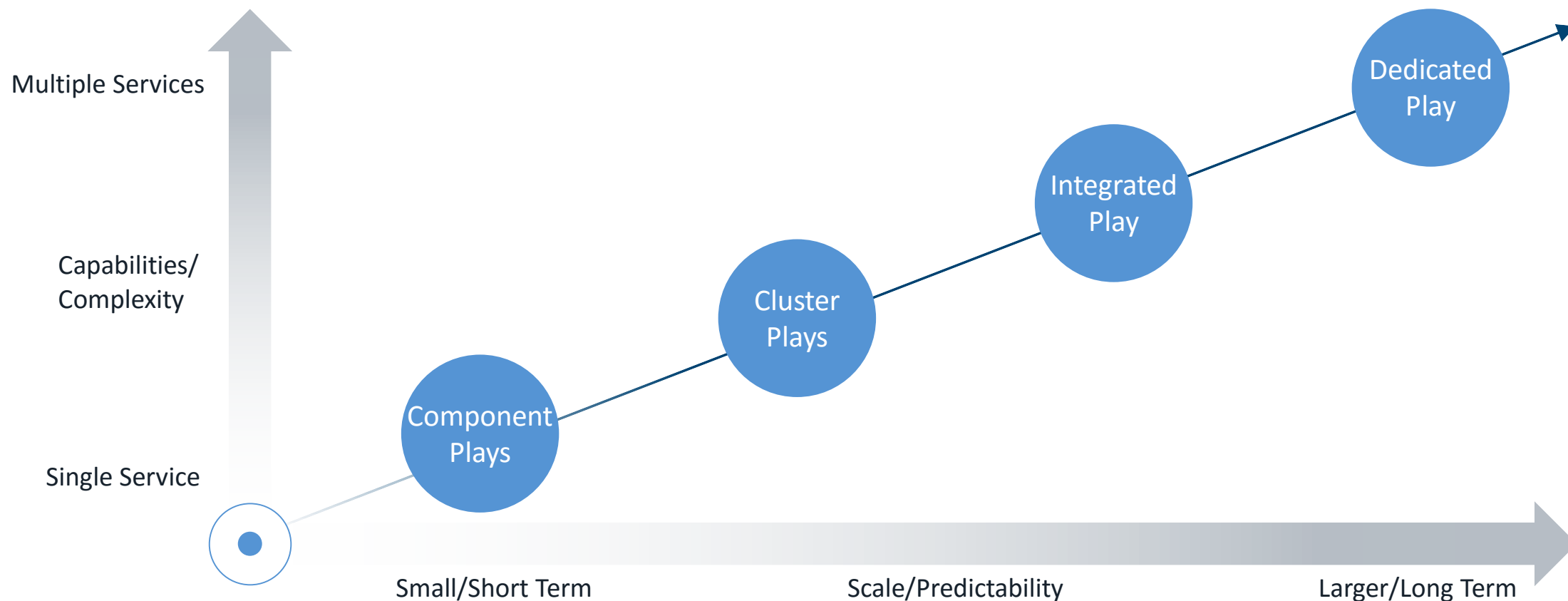
Syngene offers an **Integrated Service Platform** for both small and large molecules



Wide Spectrum of Services Across a Range of Molecules Including Antibody-Drug Conjugates and Oligonucleotides



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 4 in place: BBRC, BGRC SARC and Herbalife Nutrition Research Centre

Discovery Services

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

Development & Manufacturing Services

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



Bristol-Myers Squibb

Largest R&D Center in Asia for BMS (2009). Contract extended till 2026.

Dedicated Center of research excellence with world class facilities.

500 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.

Baxter

Dedicated R&D Center in India for Baxter (2013).

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

Engages multidisciplinary team of ~150 scientists.

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

AMGEN

Exclusive R&D Center for Amgen Inc. in India (2016).

State-of-the-art dedicated Center supporting variety of discovery & development projects for biotechnology and small molecule medicines.

Engages a multidisciplinary team of 185 scientists.

Focus on medicinal & process chemistry, biologics, bioprocess, drug metabolism, pharmacokinetics, bioanalytical research and pharmaceutical development.

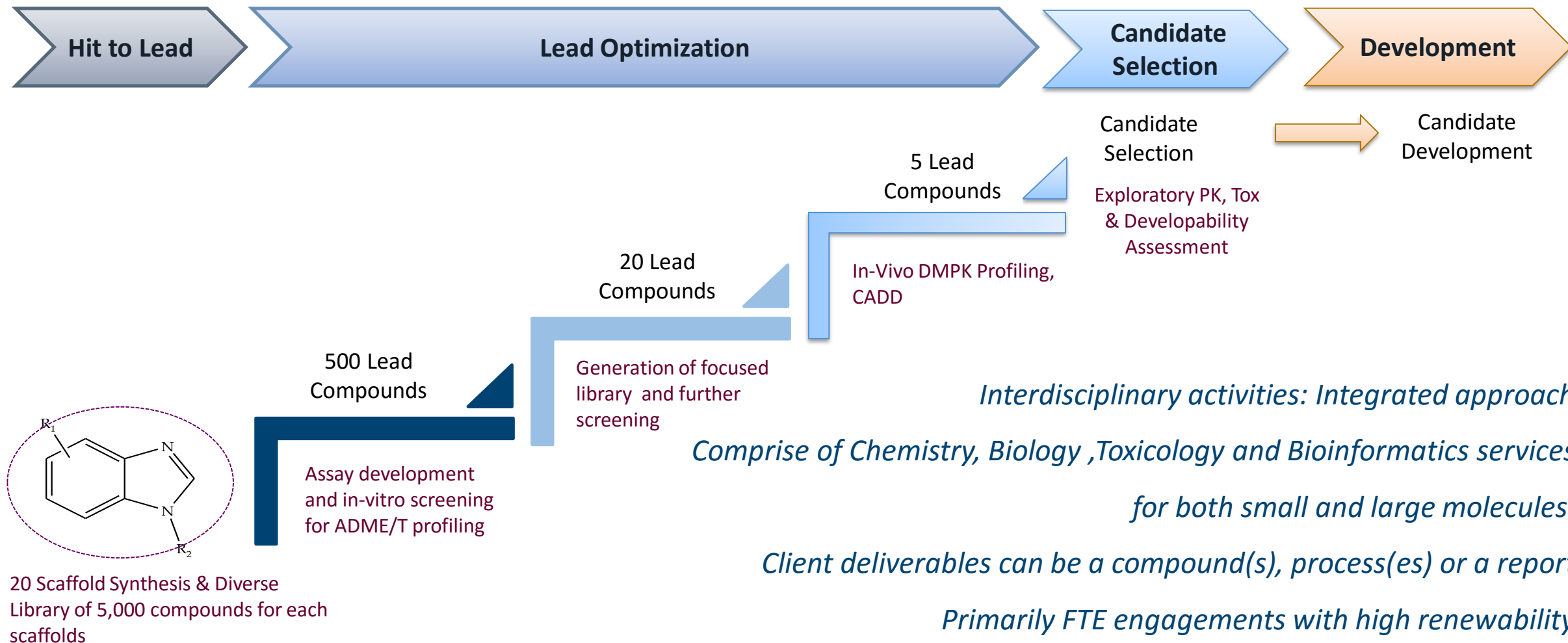


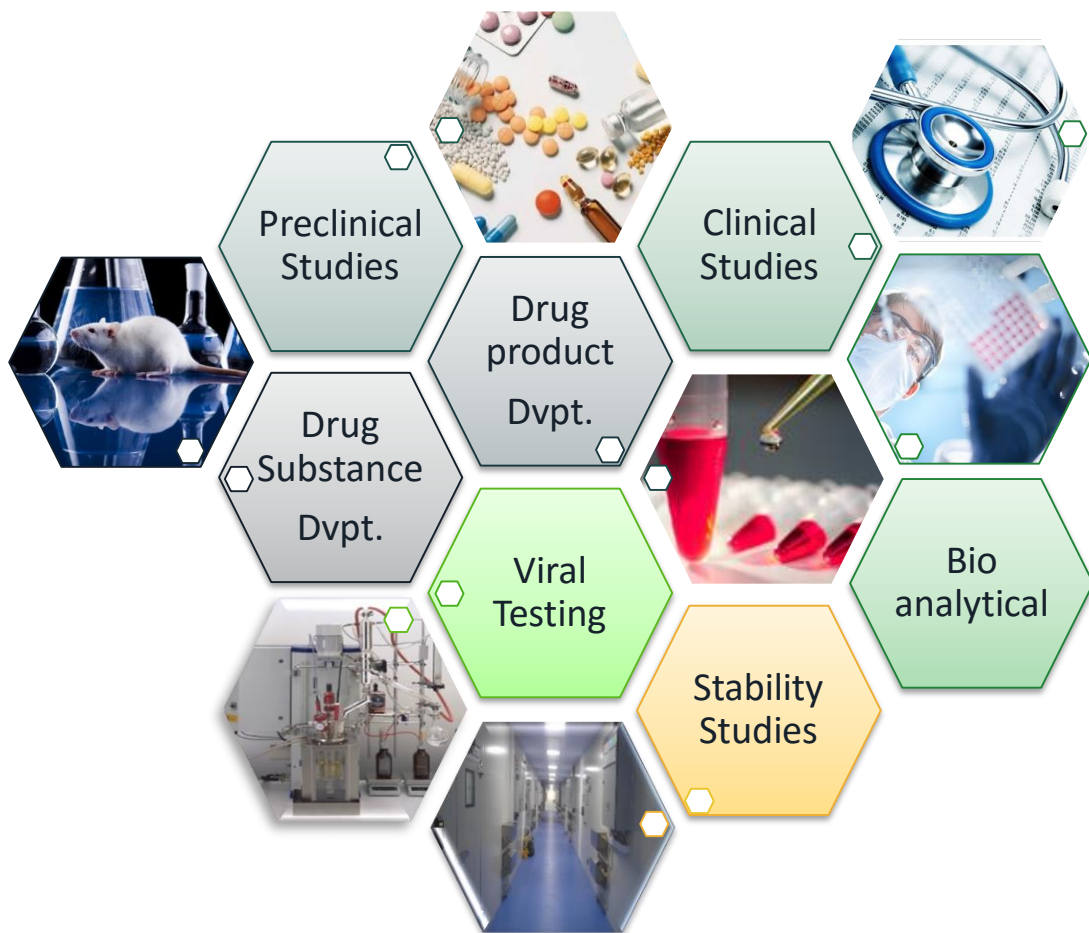
HERBALIFE
Independent Distributor

Herbalife's 1st Nutrition Research and Development Lab in India (2016).

Dedicated Center spans at 3,000 sq. ft. and houses cGMP formulation lab to support product testing, sampling and end-product development.

Focus on product development, sensory evaluation and testing, scientific content writing, project management, formulation development, analytical service, stability study and other related services.





- 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



- 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

Biologics



- Mammalian and Microbial capabilities
- Can support early stage, late stage and commercial launch supply requirements in mammalian
- Capacities to support large volumes for late stage clinical requirements



Syngene's USFDA approved manufacturing facility at Bangalore

Multiple Layers of Growth

Expand/Extend existing clients

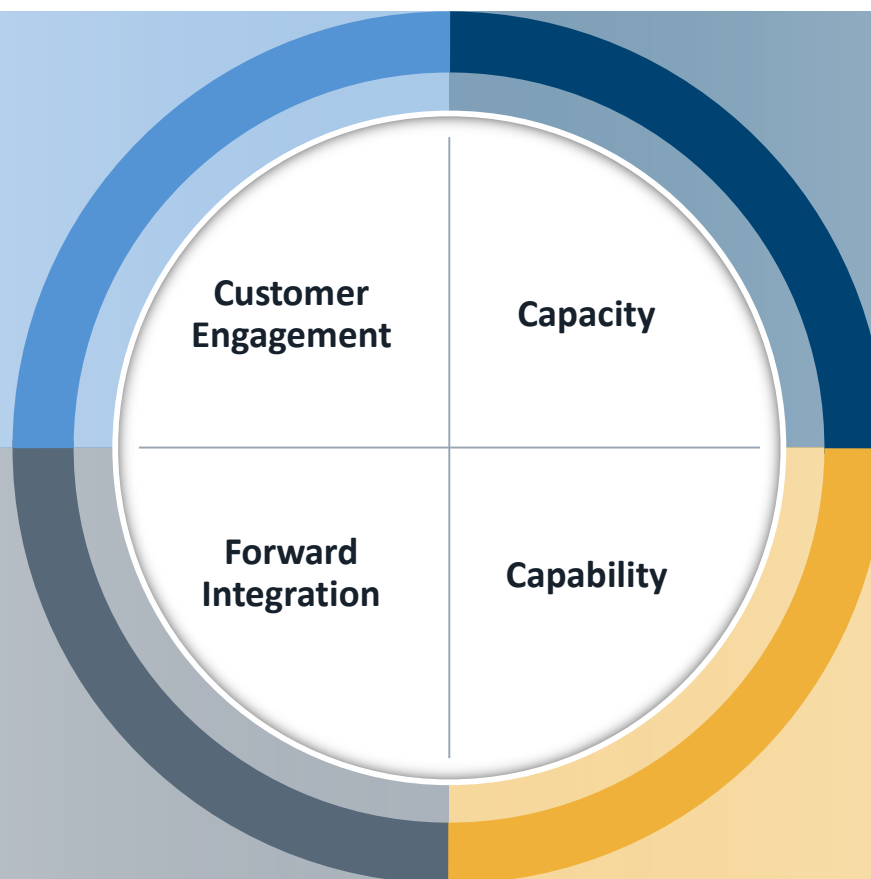
- High service integration
- Dedicated centres model

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, Oligonucleotide bioinformatics
- New platforms: siRNA, ADC

Investment of upto \$200 Mn in expansion of our facilities over FY16 to FY19



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Financial Highlights

Q4 FY18 Financial Highlights

All figures in INR Mn unless otherwise specified

Particulars	Q4 FY18	Q4 FY17	YoY Change
Revenue	4,257	3,152	35%
Material & Power costs	1,352	883	53%
Employee costs	1,041	779	34%
Gross Margin	1,864	1,490	25%
Gross Margin (%)	44%	47%	
Foreign Exchange (net)	(309)	(160)	93%
Other Expenses	716	407	76%
EBITDA	1,457	1,243	18%
EBITDA Margin (%)	34%	39%	
Depreciation, Interest & tax	612	459	33%
Profit After Tax	845	784	8%
PAT Margin (%)	20%	25%	

All figures in INR Mn unless otherwise specified

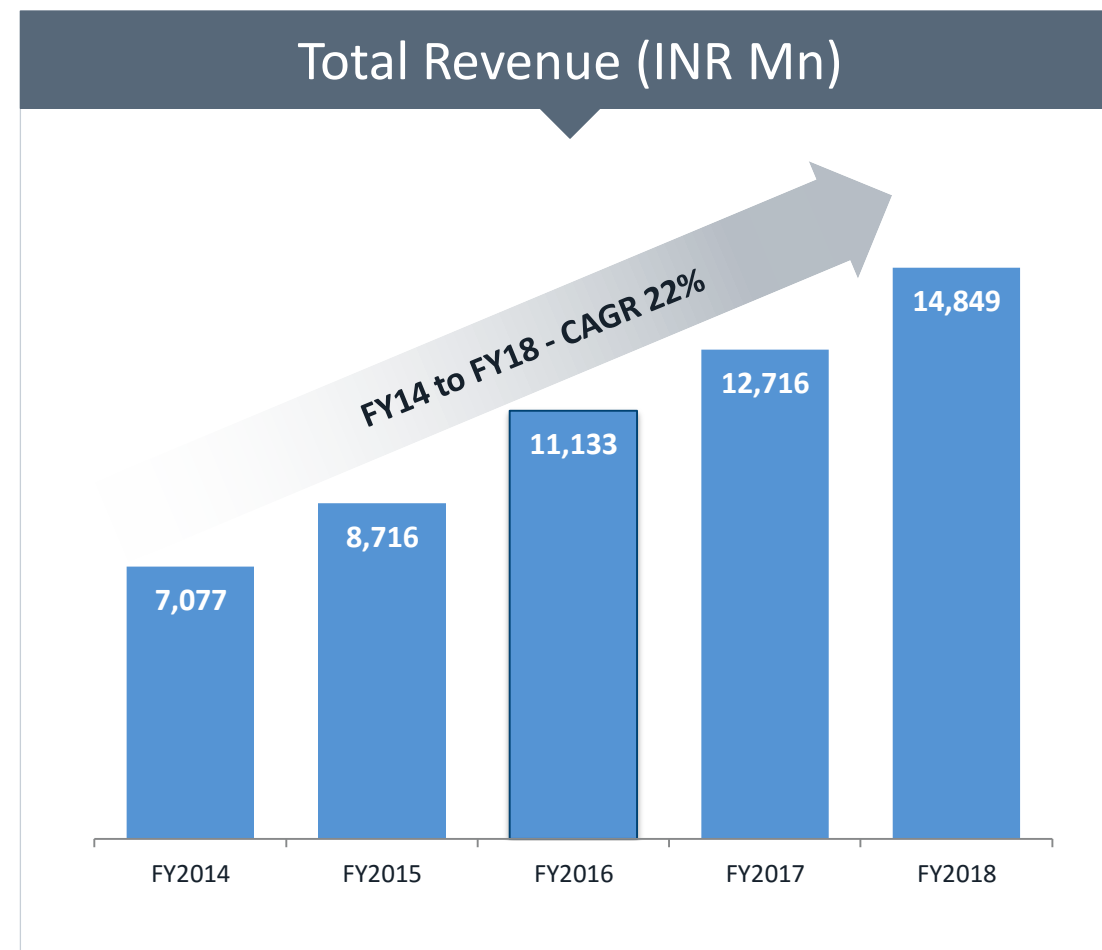
Particulars	FY18	FY17	YoY Change
Revenue	14,849	12,716	17%
Material & Power costs	4,164	3,522	18%
Employee costs	3,796	3,086	23%
Gross Margin	6,889	6,108	13%
Gross Margin (%)	46%	48%	
Foreign Exchange (net)	(739)	(229)	223%
Other Expenses	2,362	1,554	52%
EBITDA	5,266	4,783	10%
EBITDA Margin (%)	35%	38%	
Depreciation, Interest & tax	2,212	1,910	16%
Profit After Tax	3,054	2,873	6%
PAT Margin (%)	21%	23%	

Balance Sheet Highlights

As on 31st March 2018

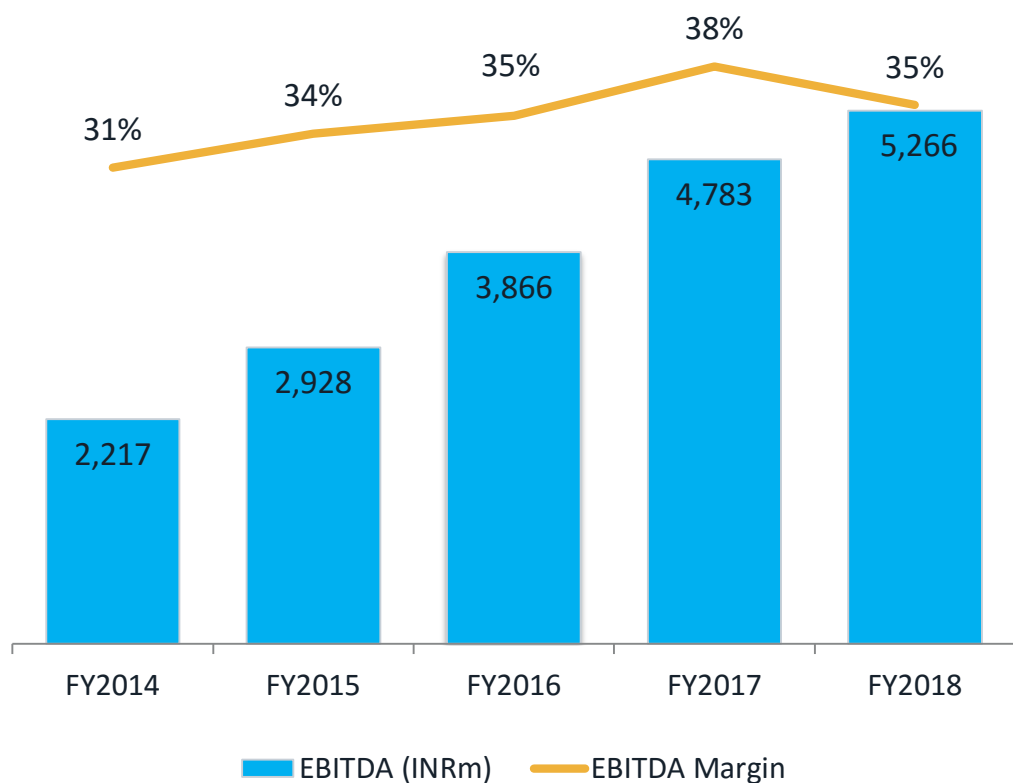
Shareholders' funds	17,204
Net Fixed assets	11,858
Other net assets ⁽¹⁾	2,146
Net cash/(debt) ⁽²⁾	3,200
Total Use of Funds	17,204

- 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

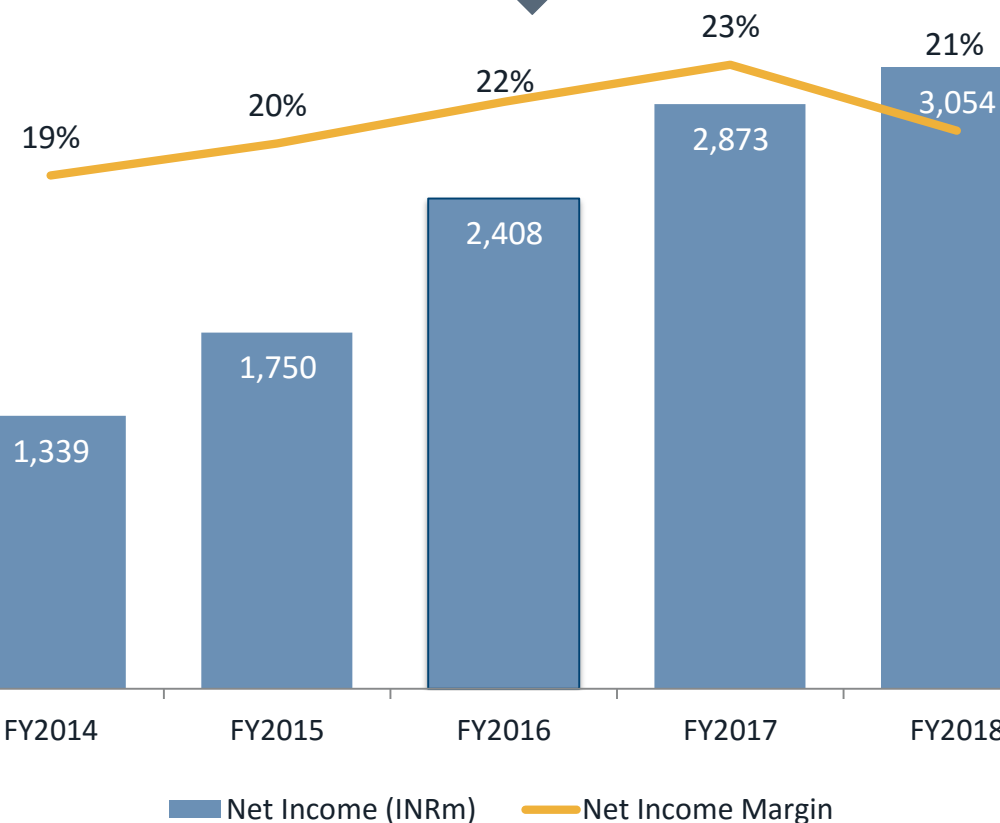


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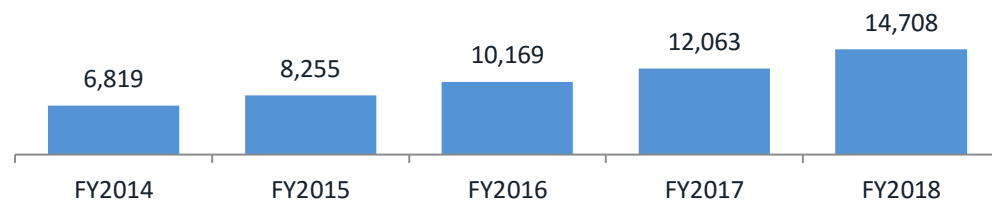
Operating Margin (EBITDA)



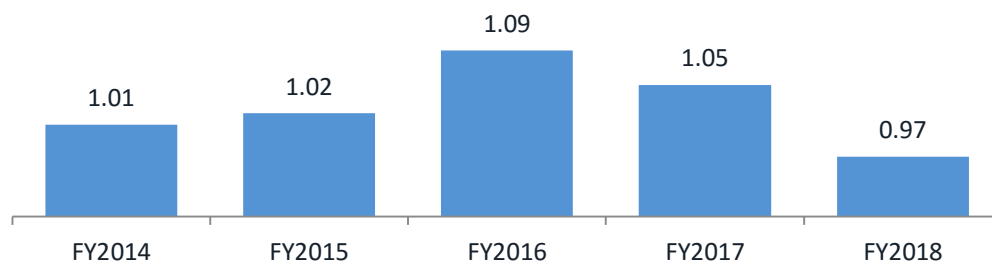
Profit After Tax Margin (Net Income)



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 Baxter, Amgen, Herbalife, new formulation facility and new biologics plant

Planned Capital Expenditure

- Expansion Capex of US\$200 million envisaged over FY16 to FY19
- 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
- Bioinformatics

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

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