

# Syngene

Putting Science to Work

## Investor Presentation

May 12, 2020

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.

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## Operating Highlights

- Continued growth in the Discovery Services and strong performance in Development Services business were the key growth drivers
- Successfully cleared the USFDA inspection of the small molecule bioanalytical laboratory within the Clinical Development service line with no observations – showcases our robust quality standards
- Commissioned first phase of a new research facility in Bengaluru that will house Discovery Biology, QC Microbiology and other research capabilities
- Completed construction of the API manufacturing facility in Mangaluru and commenced commissioning phase

## Financial Highlights

- Milestone quarter, with quarterly revenue crossing the INR 6,000 Mn mark for the first time
- Strong balance sheet with Rs 3,623 Mn Net cash position

|          | Q4 FY20 | Full Year FY20 |
|----------|---------|----------------|
| Revenues | 13%↑    | Revenues 10%↑  |
| EBITDA   | 24%↑    | EBITDA 14%↑    |
| PAT*     | 20%↑    | PAT* 10%↑      |



## Business operations temporarily suspended in the first few weeks of April, gradually resumed operations from April 20, 2020

- Invoked business continuity plans and implemented full employee protection measures
- Critical operations continued through the lockdown
- Leveraged IT solutions and technology to continue to Work From Home
- Infection risk reduction measures in place across all sites: zoning on site; compulsory twice-daily temperature checks; social distancing in canteens and in company transport; shift system to reduce density on site

### Priorities in these uncertain times



**Safety and wellbeing of our people**



**Working with customers to resume operations**



**Resilient supply chain in place**



**Focus on operating efficiencies**

| P&L Summary   | Q4 FY20 | Q4 FY19 | YoY Change |
|---------------|---------|---------|------------|
| Revenue       | 6,278   | 5,547   | 13%        |
| EBITDA        | 2,246   | 1,808   | 24%        |
| EBITDA Margin | 36%     | 33%     |            |
| PAT           | 1,202   | 1,001   | 20%        |
| PAT Margin    | 19%     | 18%     |            |

| P&L Summary                 | FY20   | FY19   | YoY Change |
|-----------------------------|--------|--------|------------|
| Revenue                     | 20,935 | 19,007 | 10%        |
| EBITDA                      | 6,995  | 6,119  | 14%        |
| EBITDA Margin               | 33%    | 32%    |            |
| PAT before exceptional gain | 3,662  | 3,316  | 10%        |
| PAT Margin                  | 17.5%  | 17.4%  |            |
| PAT after exceptional gain  | 4,121  | 3,316  | 24%        |

- Strong growth momentum witnessed across the business
- Q4 Revenue growth driven by very strong performance in Discovery and Development Services
- Full year EBITDA margin includes the impact of additional staff cost – additional facility in Hyderabad, Mangaluru and Bengaluru and strengthening of the organisational capabilities across mid and senior levels
- Very strong liquidity and cash position to fund capex plans – Net cash as on 31<sup>st</sup> March, 2020 at Rs 3,623 Mn

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## Who we are and what we do

- Offering integrated research, development and manufacturing services to take projects from target to the clinic
- Combining world class research expertise, technology and infrastructure to reduce costs and time to market
- Converting R&D to a variable cost for clients

**362 Clients – located globally**

**4,240 Scientists**

**World class technology, data management and quality assurance**

**Large and small molecule manufacturing infrastructure**



**Integrated service provider** offering end-to end drug discovery, development and manufacturing services on a single platform



**Talented scientific and techno-commercial teams,** led by experienced management, moving beyond cost arbitrage to innovation



**International accreditations** –US FDA, EMA, PMDA, GLP, AAALAC



**Flexible and varied business models.**



**25+ years** of unparalleled experience



**Consistent growth** in revenue and profits

### Expand/Extend Existing Clients

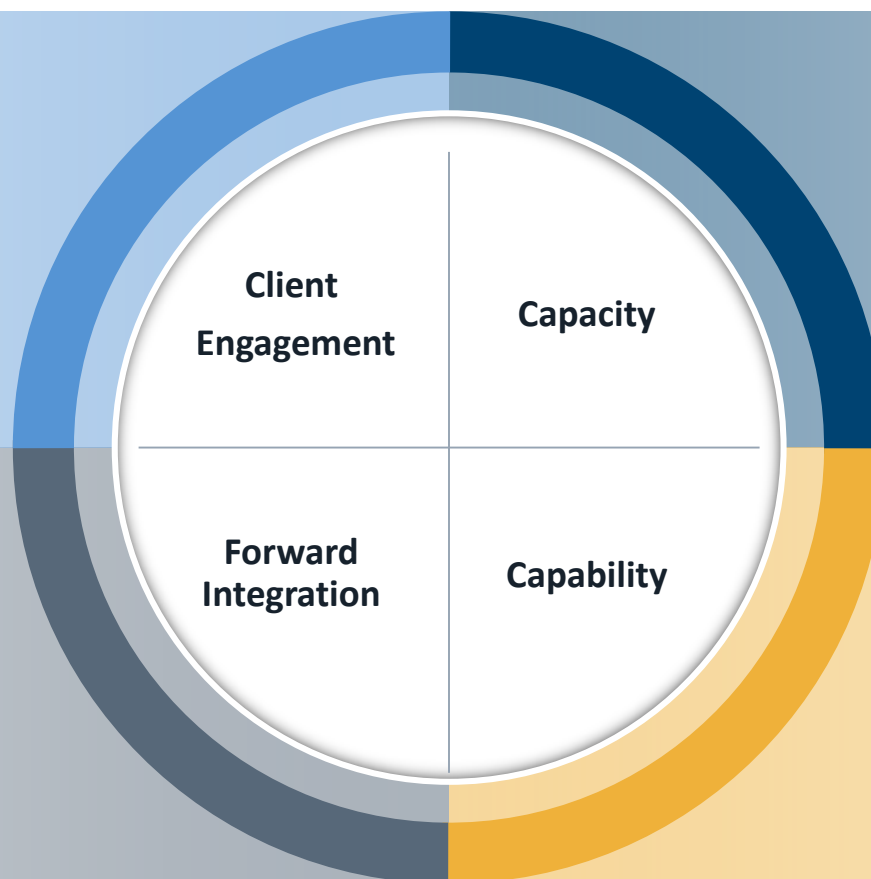
- High service integration
- Dedicated centers model

### 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 investment
- FTE services, manufacturing, formulation, biologics, stability

### Capability Additions

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



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- **Biocon Limited**, founded in 1978, is an innovation-led global biopharmaceuticals company
- **Syngene**, a subsidiary of Biocon Limited, was established in 1993 as India's first Contract Research Organization - Company has 25 years plus of unparalleled experience in novel molecule discovery, development and manufacturing services
- **Biocon Biologics**, another subsidiary of Biocon Limited, consolidates the development, manufacturing and commercialization operations of Biocon's biosimilars business

### Integrated services:

- Discovery
- Development
- Manufacturing sml/lg mol.s

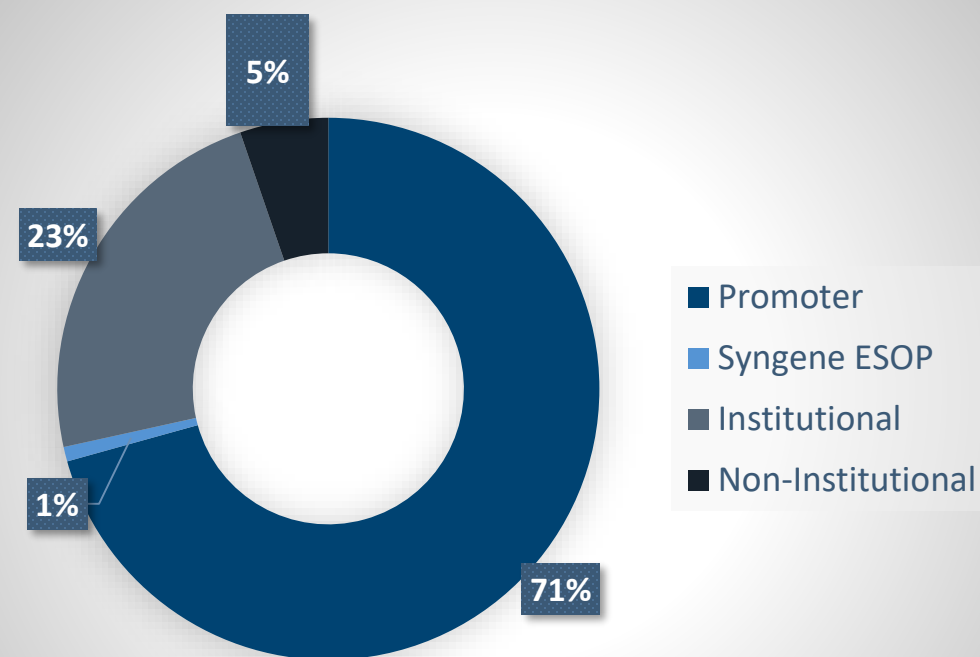
**Syngene**

**Biocon**

**Biocon  
Biologics**

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

### Syngene's Shareholding Pattern\*





### Foundation

- Operations started
- Expansion of R&D Lab
- Granted 100% Export Oriented Unit (EOU) status by the Government of India

1993 -  
2000

2001 -  
2009

2010 -  
2014

2015 -  
2020

### Globalization and strategic acquisition

- Expanded into formulations development
- Contract with Endo Pharmaceuticals to develop novel anti cancer biological therapeutic molecules
- Collaboration with Baxter and Abbott to set up dedicated R&D centers
- Extension of collaboration with BMS for BBRC; Merger of Clinigene
- Crossed annual turnover of INR 5,000 Mn

### Expansion

- Expanded service offerings to include Chemical Development, Safety Assessment, Biologics Development
- Collaboration with BMS for setting up BBRC, Syngene's first dedicated R&D Center
- Crossed annual turnover of INR 1,000 Mn

### Next stage of growth

- IPO and listing
- Collaboration with Amgen and Herbalife for setting up dedicated R&D centers
- Acquisition of bioinformatics assets of Strand Life Sciences
- Crossed annual turnover of INR 20,000 Mn in 2020
- Expands collaboration with Baxter till 2024; BMS till 2026

### Overview

- Integrated Drug Discovery, Development and Manufacturing service provider
- Small and Large Molecules, ADCs, Oligonucleotides
- Listed on Indian Stock Exchanges (NSE and BSE)
- 362 active marquee clients\*

### Quality and Certifications

- Quality driven organization
- Excellent track record of compliance with global regulators
- US FDA, EMA and PMDA approved, GLP Certified, AAALAC Accredited facility
- Over 15 regulatory and 244 client audits in the last 3 years

### Track Record

- Collaborations and partnerships to deliver numerous clinical candidates
- Delivery history for integrated CMC programs towards FIH and beyond
- 25+ years of Scientific Excellence

### Scientific Ecosystem

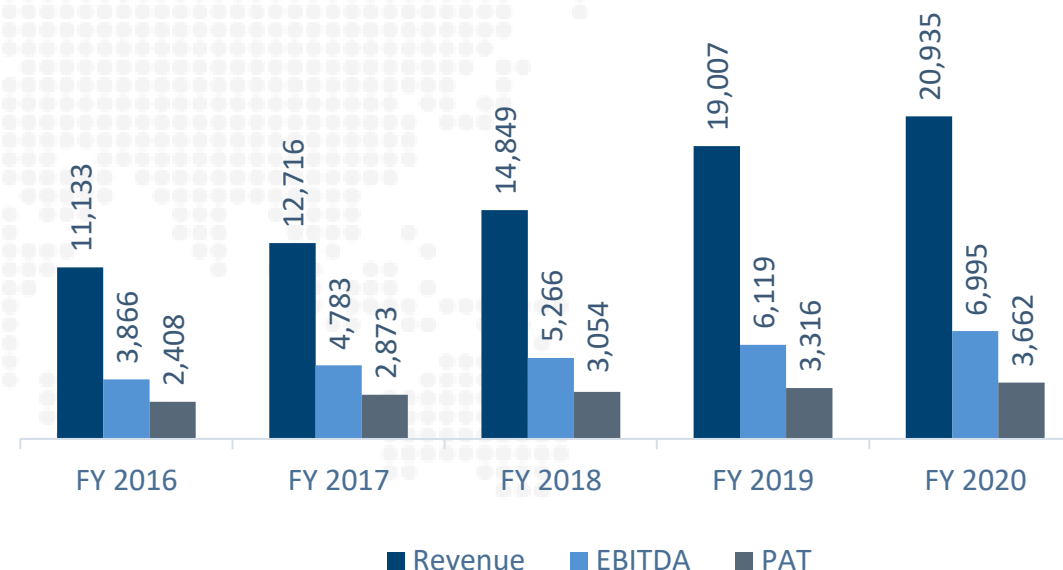
- 1.9 Mn sq. ft. world-class R&D and Manufacturing infrastructure\*
- ~5000 professional workforce including 4240 qualified scientists\*
- World class Supply Chain practices to support business



### Our Vision

To be a world class partner delivering innovative scientific solutions.

### Strong financial track record





### Dedicated R&D labs

- Dedicated scientific and support personnel, customised and managed to partner requirements
- Dedicated infrastructure implemented and maintained by Syngene based upon partner specifications
- Access to additional R&D, Manufacturing and support functions at Syngene
- Long-term contractual commitment



### Full-time equivalent (FTE)

- Dedicated scientific resources selected from partner-specified disciplines
- Deliverables and team composition evolve as project advances
- Typically ~3 year contract term ensures team continuity, adjustable with specified notice period
- Effective for longer-term research commitments

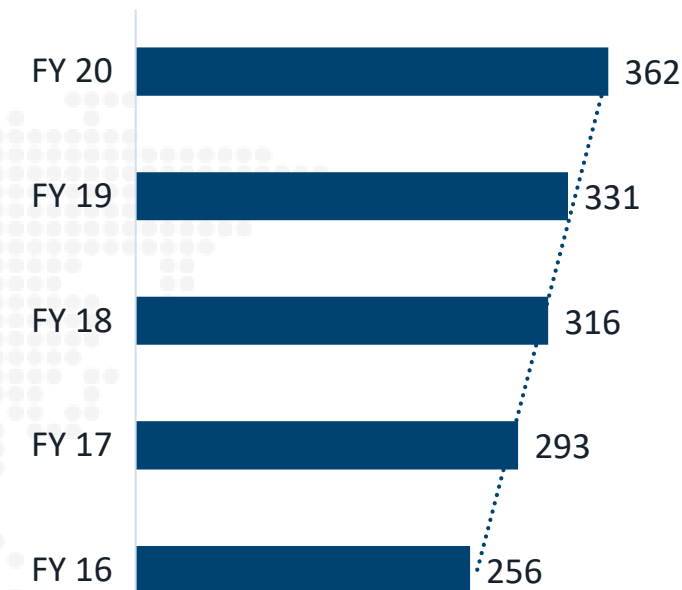


### Fee for service (FFS)

- Flexible, on-demand resources with targeted skill sets
- Clearly defined project, limited in scope and deliverables
- Effective way to manage fluctuating demand, ad-hoc requests or uncertain quantity of work

*... and we are open to combining any of the above*

### Client Base



- Client base includes top companies in pharmaceuticals, biotech, agrochemical, consumer goods and other industries.
- Company has increased its client base from 256 in FY16 to 362 in FY20.



**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 ground-breaking, novel small and large molecule R&D

Produced >10 drug candidates for further study and advanced new compounds for first-in-human studies

**Baxter**

Dedicated R&D Center in India for Baxter (2013). Contract extended till 2024

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

Engages multidisciplinary team of >175 scientists

R&D activities centred 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 multidisciplinary team of >150 scientists

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



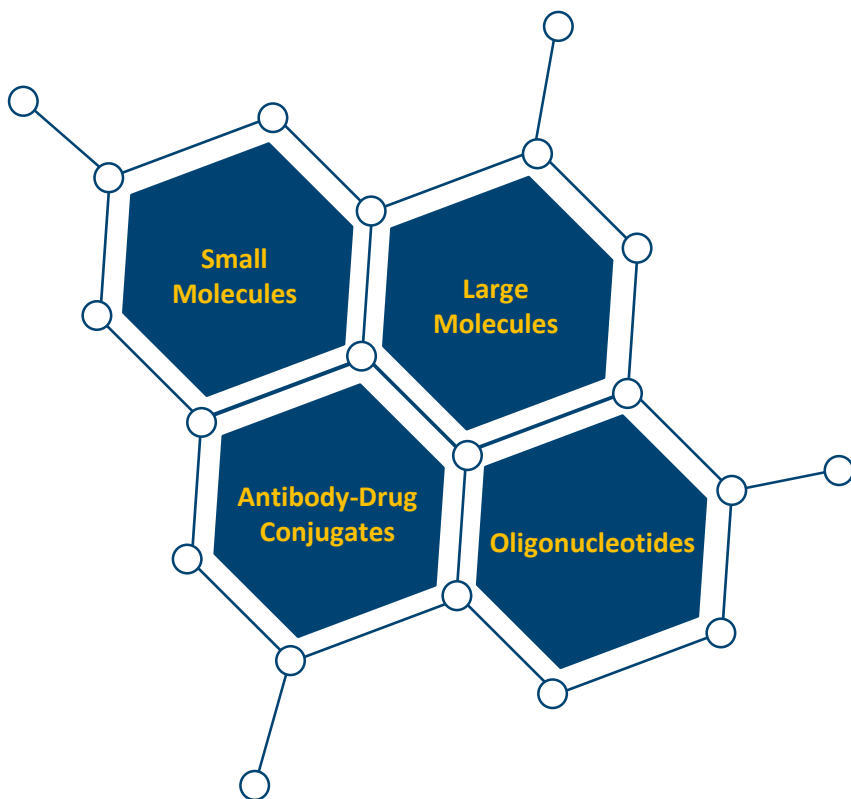
**HERBALIFE®**

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

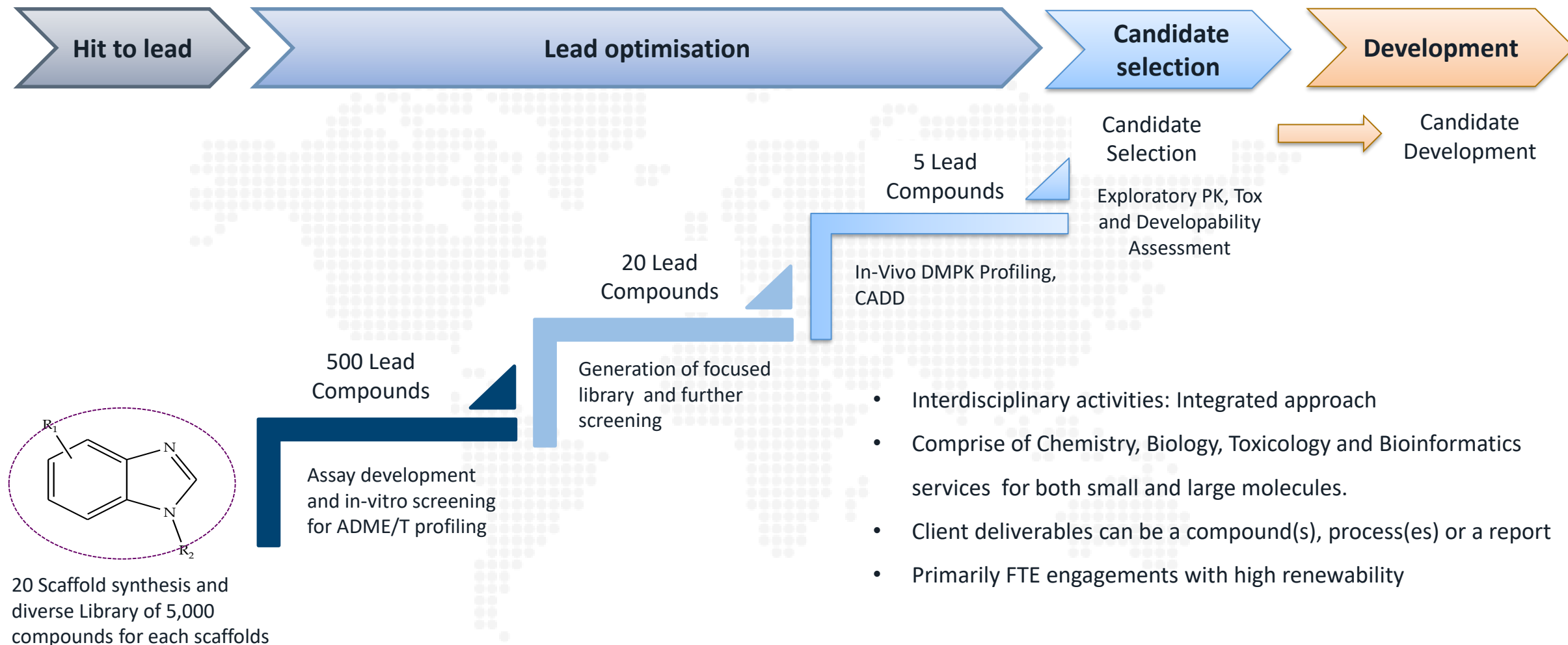
Dedicated Center spans at 3,000 sq. ft. and houses cGMP formulation lab to support product testing, sampling and end-product development

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

Our end-to-end platform enables us to be a 'one-stop-shop' for discovery, development and manufacturing (small and large molecules)



| Discovery   | Development  | Manufacturing       |
|---|--|---------------------|
| Chemistry   | Drug Substance   | Clinical Supplies   |
| Biology   | Drug Product   |                     |
|   | Integrated Drug Substance – Drug Product   | HPAPI               |
| Safety Assessment   |  | Specialty Molecules |
| Integrated Drug Discovery   | Human Pharmacology Unit (Phase 1)  | Commercial Supplies |
| Therapeutic Antibody Discovery and Engineering; Cell Line Development   | Bio Analytical Lab (Large Molecules)   |                     |
|   | Stability Services   |                     |
|   | Bioprocess Development, Process Characterisation, Clinical Manufacturing (Microbial and Mammalian) |                     |
| Research Informatics: Bioinformatics, integrative analysis, target dossiers, systems modeling, cheminformatics and AI |  |                     |



- Interdisciplinary activities: Integrated approach
- Comprise of Chemistry, Biology, Toxicology and Bioinformatics services for both small and large molecules.
- Client deliverables can be a compound(s), process(es) or a report
- Primarily FTE engagements with high renewability





- 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 optimisation)
  - 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 new chemical entities (NCEs)
- Designed to support multi gram to 100s of kgs/ batch of Intermediates and APIs for clinical trials
- New greenfield investments done in Mangaluru to support larger commercial scale requirements



Syngene's API manufacturing facility at Mangaluru

### 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 Bengaluru

**HQ Campus** – 90 Acres where most of Syngene's capabilities are housed today



**Biologics Expansion:** HQ Campus Biologics Manufacturing Plant, Full capacity to be operational in 6-9 months

**R&D Expansion:** Genome Valley, Hyderabad, India commenced operation in Aug 2019



**API Mfg Expansion:** Commercial Manufacturing to support product launch in Mangaluru, India - Commenced operation in March 2020; Capacity: 68KL ; Reactor size: 2-12KL

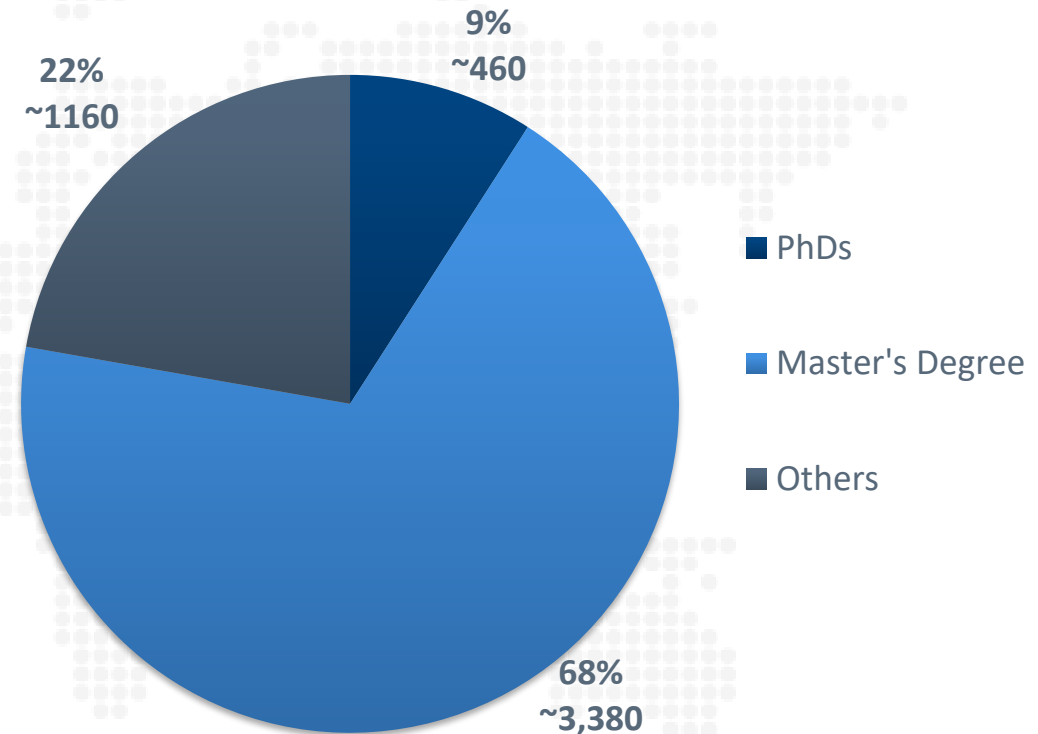


**~5,000 Strong pool of employees\***

- 01 Create competitive edge over peers
- 02 Deliver quality output to clients
- 03 Led by dedicated and experience management team

We are one of the largest "Contract Research" employers

Alliances and partnerships with some of the world's largest Pharmaceutical companies



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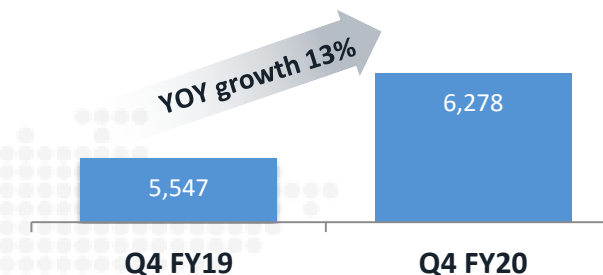
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# Q4 FY20 financial highlights

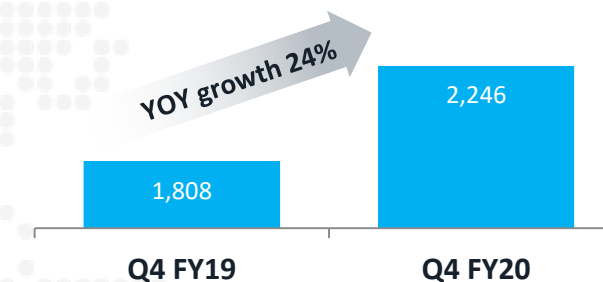
All figures in INR Mn unless otherwise specified

| Particulars                                     | Q4 FY20      | Q4 FY19      | YoY Change |
|---|--------------|--------------|------------|
| Revenue   | 6,278        | 5,547        | 13%        |
| Material and Power costs                        | 1,562        | 1,608        | (3%)       |
| Employee costs                                  | 1,641        | 1,312        | 25%        |
| <b>Gross Margin</b>                             | <b>3,075</b> | <b>2,627</b> | <b>17%</b> |
| Gross Margin (%)                                | 49%          | 47%          |            |
| Foreign Exchange (net)                          | 6            | 79           | (92%)      |
| Other Expenses                                  | 823          | 740          | 11%        |
| <b>EBITDA</b>                                   | <b>2,246</b> | <b>1,808</b> | <b>24%</b> |
| EBITDA Margin (%)                               | 36%          | 33%          |            |
| Depreciation, Interest and tax                  | 1,044        | 807          | 29%        |
| <b>Profit After Tax before exceptional gain</b> | <b>1,202</b> | <b>1,001</b> | <b>20%</b> |
| PAT Margin (%)                                  | 19%          | 18%          |            |
| Exceptional gain                                | -            | -            |            |
| <b>Profit After Tax after exceptional gain</b>  | <b>1,202</b> | <b>1,001</b> | <b>20%</b> |

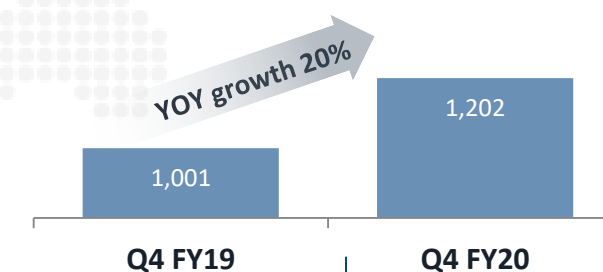
## Revenue (INR Mn)



## EBITDA (INR Mn)



## Profit After Tax (INR Mn)



Putting Science to Work



All figures in INR Mn unless otherwise specified

| Particulars                                     | FY20         | FY19         | YoY Change |
|---|--------------|--------------|------------|
| Revenue   | 20,935       | 19,007       | 10%        |
| Material and power costs                        | 5,652        | 5,726        | (1%)       |
| Employee costs                                  | 5,804        | 4,727        | 23%        |
| <b>Gross Margin</b>                             | <b>9,479</b> | <b>8,554</b> | <b>11%</b> |
| Gross Margin (%)                                | 45%          | 45%          |            |
| Foreign Exchange (net)                          | (144)        | 19           | (858%)     |
| Other Expenses                                  | 2,628        | 2,416        | 9%         |
| <b>EBITDA</b>                                   | <b>6,995</b> | <b>6,119</b> | <b>14%</b> |
| EBITDA Margin (%)                               | 33%          | 32%          |            |
| Depreciation, Interest and tax                  | 3,333        | 2,803        | 19%        |
| <b>Profit After Tax before exceptional gain</b> | <b>3,662</b> | <b>3,316</b> | <b>10%</b> |
| PAT Margin (%)                                  | 17.5%        | 17.4%        | -          |
| Exceptional gain                                | 459          | -            | -          |
| <b>Profit After Tax after exceptional gain</b>  | <b>4,121</b> | <b>3,316</b> | <b>24%</b> |

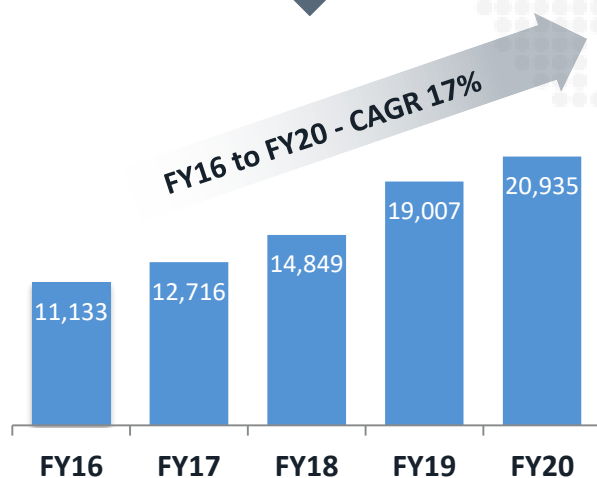
## Balance Sheet Highlights

As on 31<sup>st</sup> March 2020

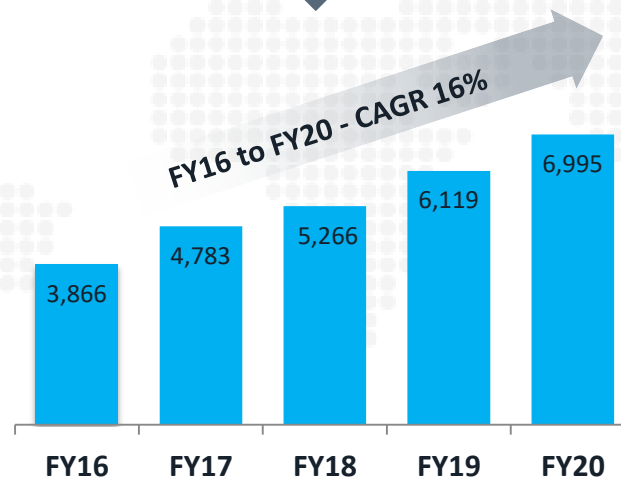
|                                 |               |
|---------------------------------|---------------|
| <b>Shareholders' funds</b>      | <b>21,758</b> |
| Net Fixed assets                | 22,538        |
| Other net assets <sup>(1)</sup> | (4,403)       |
| Net cash/(debt) <sup>(2)</sup>  | 3,623         |
| <b>Total Use of Funds</b>       | <b>21,758</b> |

- 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

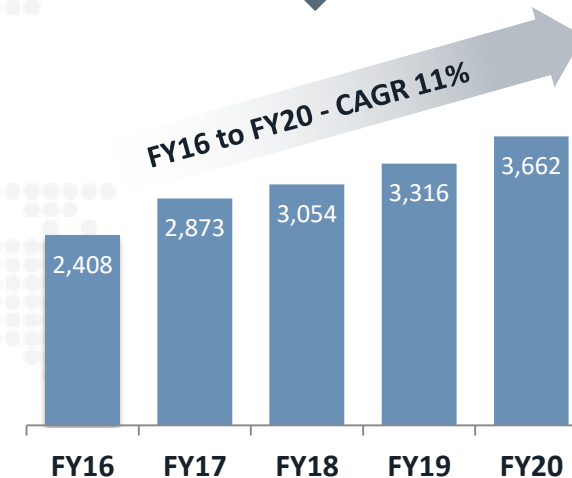
Total Revenue (INR Mn)



EBITDA (INR Mn)



Profit After Tax (INR Mn)



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# Consistently received recognition for our scientific capability and best practices

- **Organization with Innovative HR Practices Award** - At the 14th Annual Asia Pacific HRM Congress 2015
- **CIO100 Award 2015** - The Versatile Honoree Award and The CIO 100 Networking Pioneer Special Award
- **Bangalore India Bio** - Bio Excellence Award for outstanding contribution to the Biotech services sector

- **Best Contract Research Organization (CRO) Provider - Runner-up Award** - At The 4th Annual World ADC Awards 2017
- **Bio Services Excellence Award 2017** - Bangalore Tech Summit

- Ranked as one of the **25 fastest growing companies in India** by Outlook Business
- **India Pharma Award 2019** - For "Excellence in Contract Research and Manufacturing Services" at CPHI and P-MEC India Expo.
- **Utthama Suraksha Puraskar 2019** - (Pharma and Chemical Manufacturing Category) by National Safety Council of India (NSCI). Leadership Awards
- **CMO Leadership Awards 2019** - Presented by Life Science Leader Magazine
- **FICCI CSR Award for Environmental Sustainability** -At the 17th Edition of the awards in New Delhi
- **Safe Workplace Champion Award** - At the 8th Manufacturing Supply Chain Summit and Awards
- **Best Leadership Development Program for Middle Management Award** - At the 6th Global Training and Development Leadership Awards



# THANK YOU

[www.syngeneintl.com](http://www.syngeneintl.com)

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## For more details

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