

Syngene

 A **Biocon** company

Putting Science to Work

Investor Presentation

October 2015

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.

Introduction



Putting Science to Work



- 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

Syngene – 21 Years of Growth and Expansion

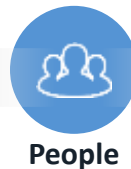
2002

20,000 sq ft facility

100+

- Chemistry
- Early biology
- Simple biology laboratory

\$5 million



Over 900,000 sq ft facility

2,700+

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

\$150 million

2015

One of the leading India-based CROs

Integrated discovery and development platform

Focus on novel molecular entities

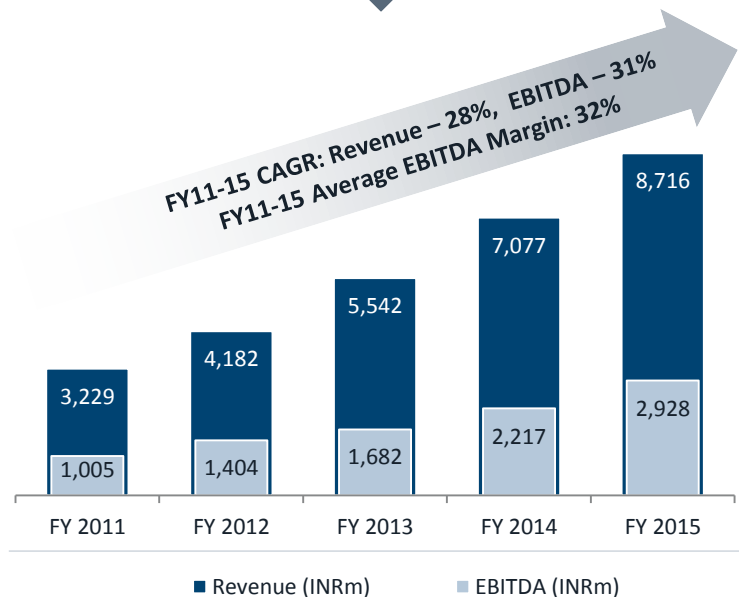
221⁽¹⁾ clients across multiple sectors

95%⁽¹⁾ of revenues from outside India

2,153⁽²⁾ qualified scientists

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

Strong Growth and Profitability



- Entered into 3 long-term contracts with two existing clients for commercial manufacturing of their novel small molecules
- Extended our long term, dedicated centre contract with Bristol Myers Squibb till 2020
- Initiated operations at our new state of the art Stability Centre and completed expansion of our Manufacturing facilities in Bengaluru, India
- Successfully cleared 2 US FDA audit of our facilities with no 483s or observations in the last 6 months


All figures in INR Mn unless otherwise specified

P&L Summary	H1 FY16	H1 FY15	YoY Change
Revenue	4,982	3,889	28%
EBITDA	1,638	1,285	27%
<i>EBITDA Margin</i>	<i>33%</i>	<i>33%</i>	
PAT	959	746	29%
<i>PAT Margin</i>	<i>19%</i>	<i>19%</i>	

Balance Sheet (As on 30th Sept 2015) Highlights

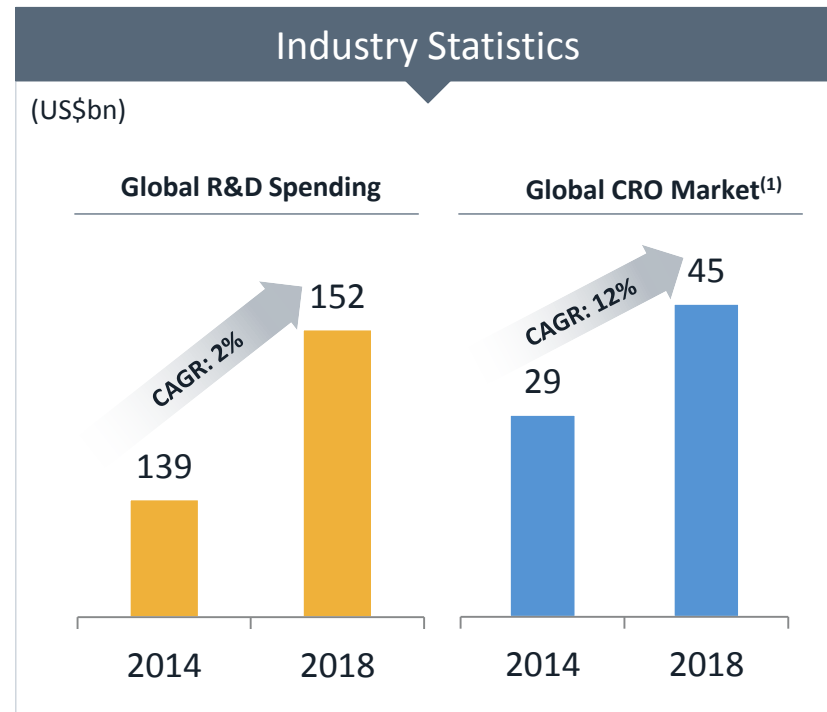
<i>Gross Asset block</i>	10,557	
<i>Total Debt</i>	2,122	
<i>Debt to Equity</i>	0.20	

Business Overview



Putting Science to Work

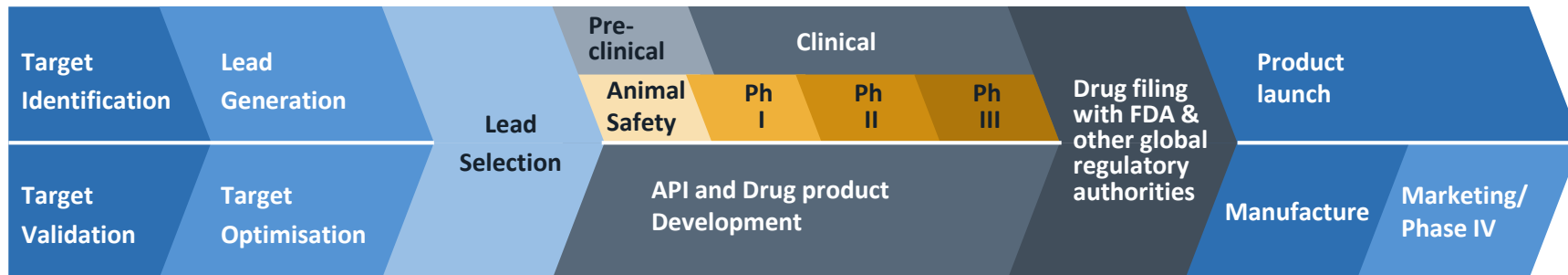
- **Large and growing addressable market**
 - Global R&D expenditure expected to increase from \$139bn in 2014 to \$152bn in 2018 (CAGR of 2.3%)
 - 75% of R&D spend can be potentially outsourced
- **Increasing per unit R&D cost for pharma**
 - 8x increase in cost per Novel Molecular Entity from \$140m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



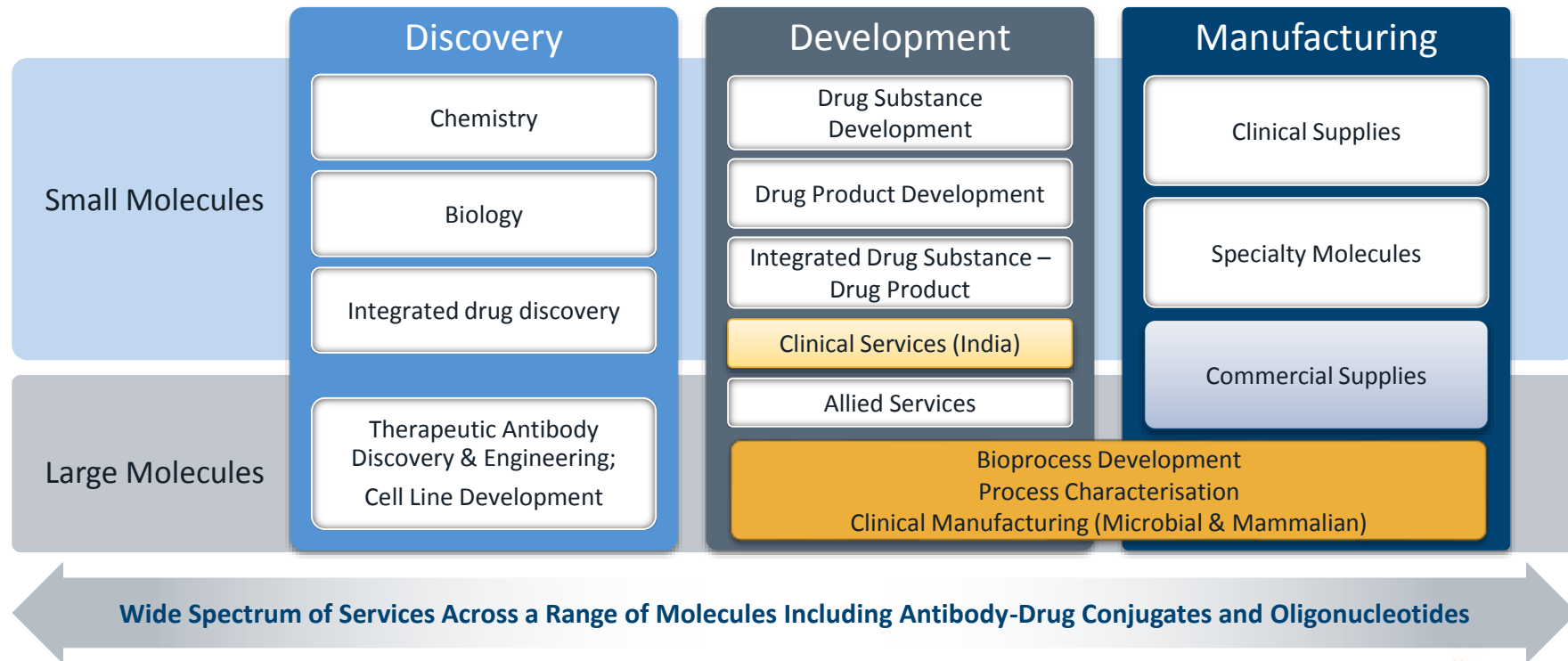
CRO industry has high barriers to entry

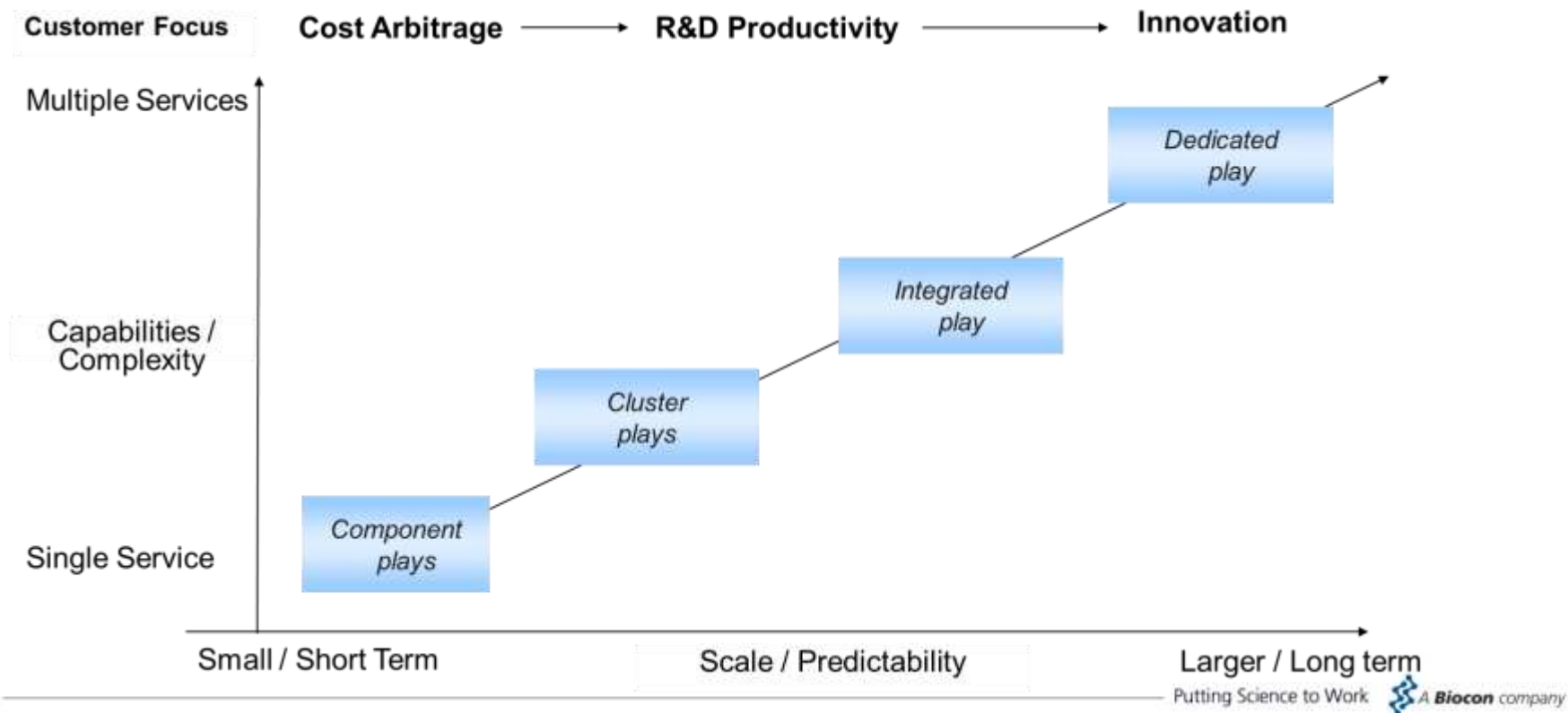


The Drug Discovery Continuum



Syngene offers an integrated Service Platform for both small and large molecules





Infrastructure Qualified to Meet International Standards



- Over 900,000 sq. ft. of labs and manufacturing facilities
- INR 10,557 Mn⁽¹⁾ total tangible fixed assets (gross block)
- End-to-end discovery and development services on a single platform



- Operate to standards that are consistent with large global clients
- Successful audits by global regulators
- Intention to evolve from a CRO into a CRAMS

Key accreditations

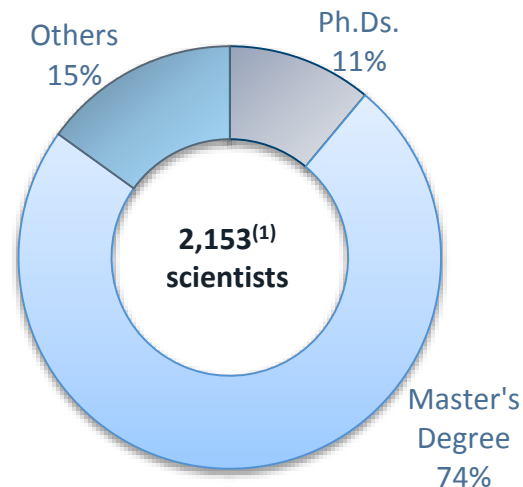


Highly Experienced and Qualified Team of Scientists has Helped Syngene Create a Competitive Edge over its Peers



- Ability to attract and retain high-quality scientists
- Recruitment from top Indian and International research institutions
- Company average attrition rate of 14.3% in FY2013-15
- HR management philosophy -“hire-train-retain”

85% of scientists with a Masters/Doctorate in Science



- Highly successful track-record in molecule development
- Client base includes 8 of the top 10 global pharma company by 2014 sales⁽¹⁾
- 8 of our top 10 clients have been associated for more than 5 years illustrating their longstanding and extensive relationship
- Total clients increased from 103 in FY12 to 221 in FY15
- 71% of FY15 revenue from top 10 customers compared to 79% in FY2012

Services to 221 Clients (FY15) across diverse sectors



Pharma



Biotech



Nutrition



Animal Health




Specialty Chemicals



Agro Chemicals

Business Verticals



Putting Science to Work



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 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, paediatric, neo-natal nutrition and diabetes care in line with emerging market needs.

Multiple Layers of Growth

Expand/Extend existing clients

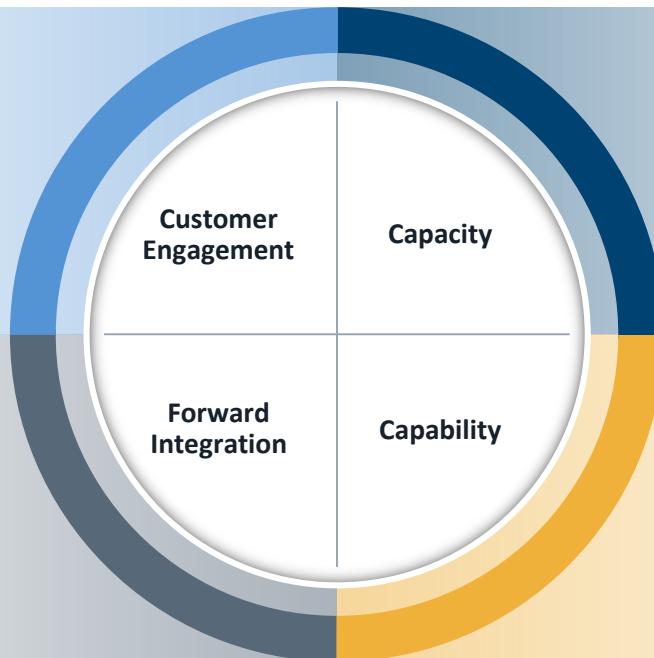
- High service integration
- Dedicated centres model

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
- New platforms: siRNA, ADC

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

Financial Highlights



Putting Science to Work

YTD FY16 Financial Highlights

	H1 FY16	H1 FY15	YoY Change
Revenue	4,982	3,889	28%
Material & Power costs	1,512	1,168	29%
Employee costs	1,152	975	18%
Gross Margin	2,318	1,746	33%
Gross Margin (%)	47%	45%	
Other Expenses	680	461	48%
EBITDA	1,638	1,285	27%
EBITDA Margin (%)	33%	33%	
Depreciation, Interest & tax	679	539	26%
Profit After Tax	959	746	29%
PAT Margin (%)	19%	19%	

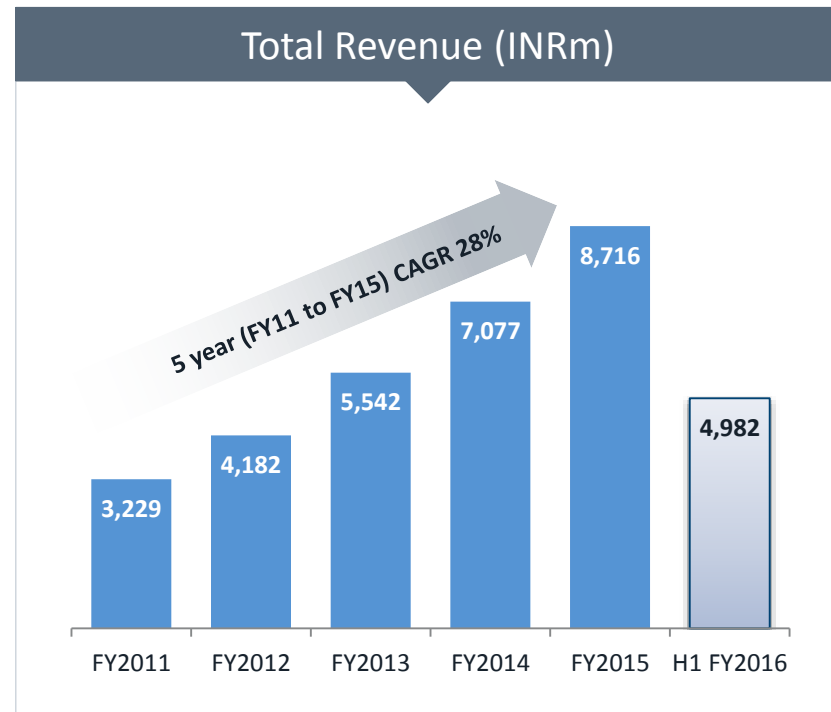
All figures in INR Mn unless otherwise specified

Balance Sheet Highlights

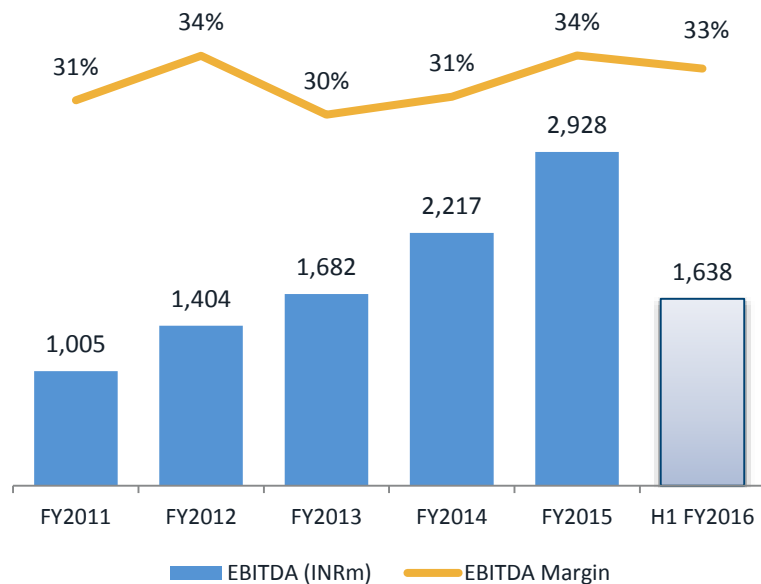
As on 30th Sept 2015

Shareholders' funds	9,437
Net Fixed assets	6,889
Other net assets ⁽¹⁾	2,752
Net cash ⁽²⁾	(204)
Total Use of Funds	9,437

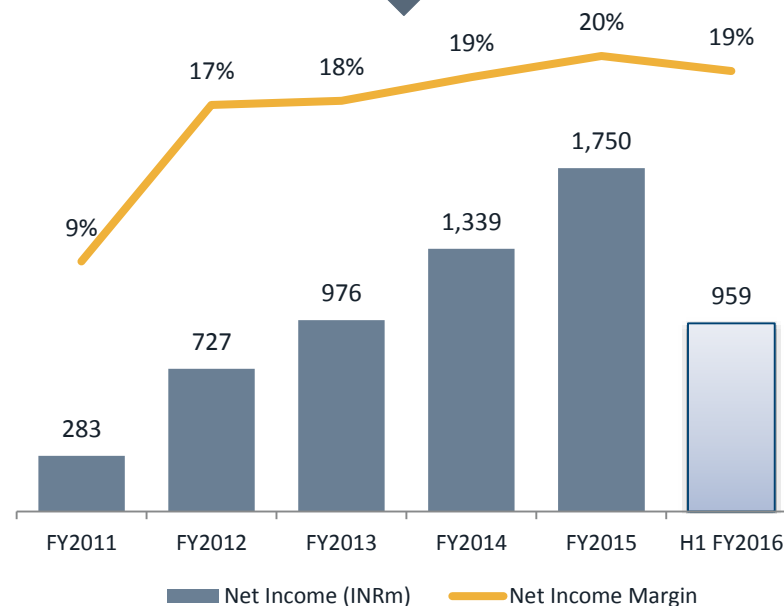
- Growth driven by increase in sales from existing clients and acquisition of new clients
- “Engage, expand and extend” strategy to extend client relationship over a longer period of time
 - Growth in total number of clients
 - Increase in average revenue from largest clients
 - Increase in number of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



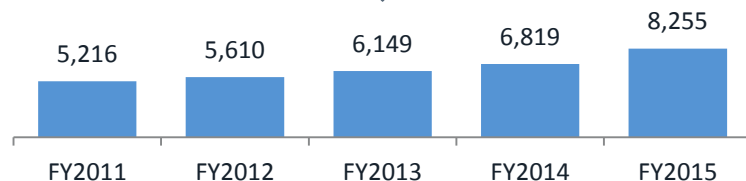
Operating Margin (EBITDA)



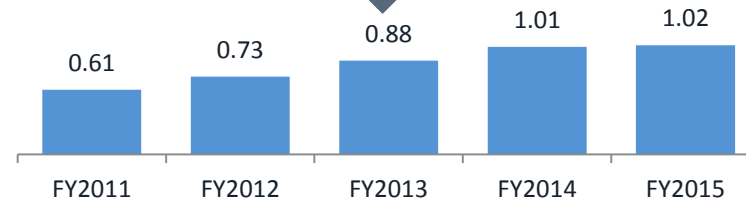
Profit After Tax Margin (Net Income)



Historical Capital Investments – Average Gross Block (INRm)



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 and 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 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>

The slide features a dark blue background with a pattern of lighter blue squares and glowing white dots, resembling a molecular or scientific structure. A yellow rectangular bar is positioned on the left side.

THANK YOU


www.syngeneintl.com

Putting Science to Work

For more details

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Appendix



Putting Science to Work

- Total number of shares: 200 Mn
- Promoter : Biocon Group⁽¹⁾
- Public consists of -
 - Silver leaf : 10%
 - Other Shareholders : 12.2%
 - ESOP holding: 4.3%

