

Syngene

Putting Science to Work

Investor Presentation
September 2019

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

The Biocon Group

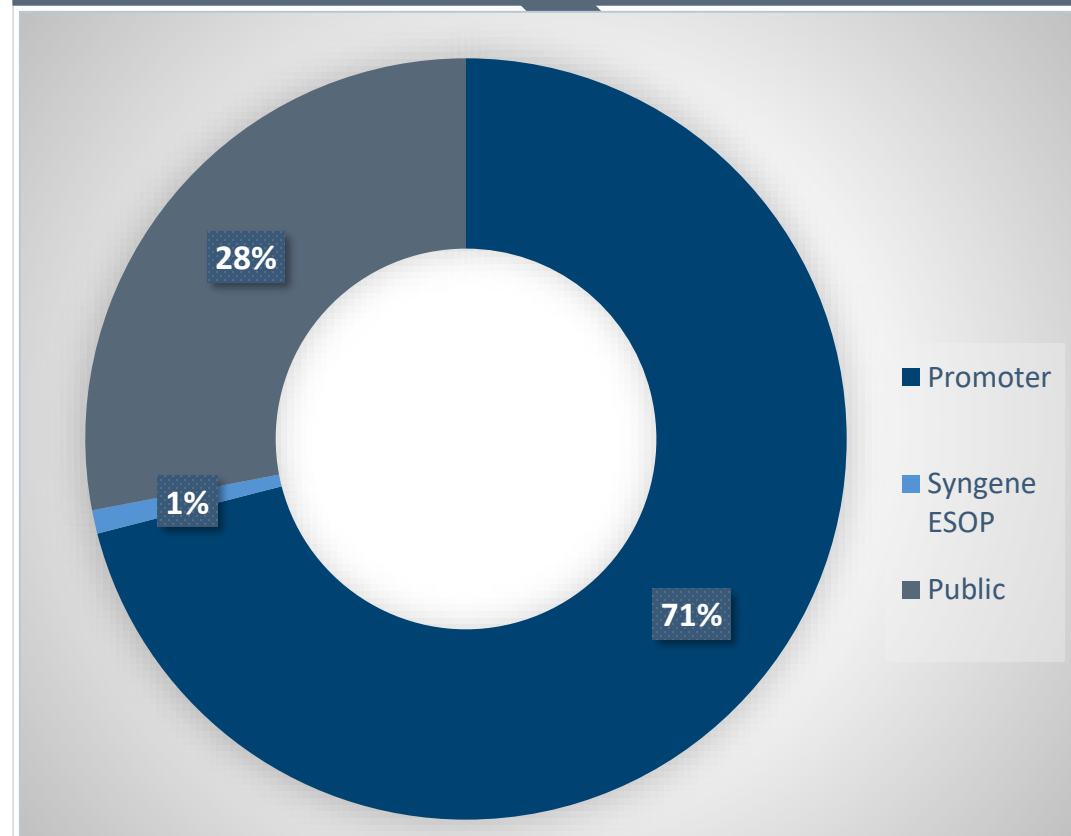
- Services Based
- Contract Discovery
- Contract Development
- Contract Manufacturing

Syngene

Biocon
Biocon
Biologics

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

Syngene's Shareholding Pattern¹



Overview

- Integrated Drug Discovery, Development and Manufacturing service provider
- Small and Large Molecules, ADCs, Oligonucleotides
- Listed on Indian Stock Exchanges (NSE and BSE)
- Market Cap: ~ \$2Bn
- 331 active marquee clients*

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

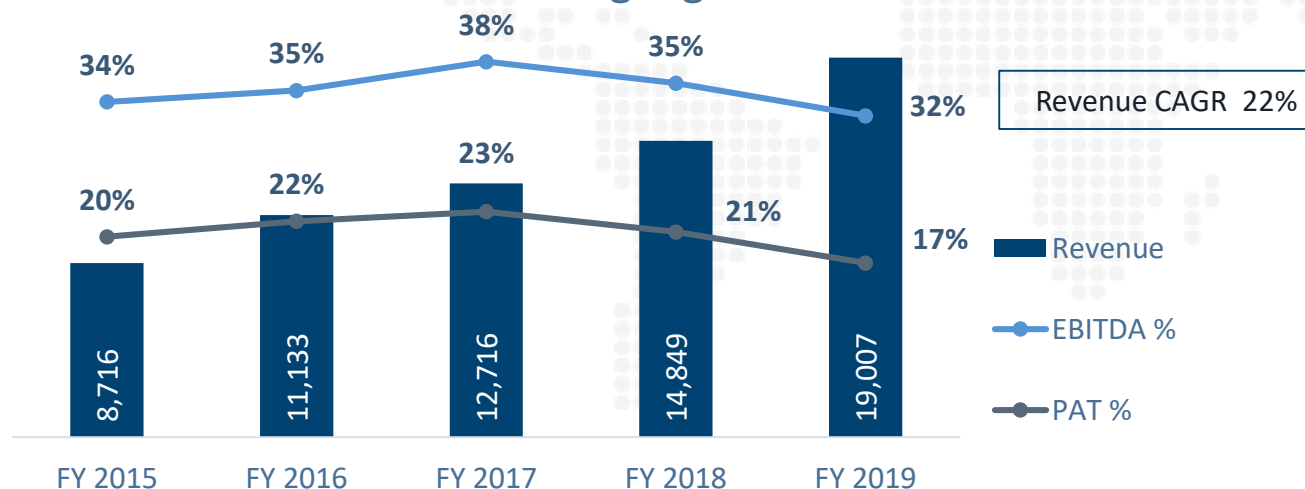
Quality and Certifications

- 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 150 client audits in the last 3 years

Scientific Ecosystem

- ~1.5 Mn sq. ft. world-class R&D and Manufacturing infrastructure*
- ~4600 professional workforce including ~ 4000 qualified scientists*
- World class Supply Chain practices to support business

Financial Highlights



Our Vision

To be a world class partner delivering innovative scientific solutions.

Foundation

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

1993 -
2000

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 centres
- Extension of collaboration with BMS for BBRC; Merger of Clinigene
- Crossed annual turnover of INR 5,000 Mn

2001 -
2009

2010 -
2014

2015 -
2019

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 Centre
- 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 centres
- Acquisition of bioinformatics assets of Strand Life Sciences
- Crossed annual turnover of INR 15,000 Mn
- Expands collaboration with Baxter till 2024; BMS till 2026



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

Quarter highlights:

- Discovery Services continued to drive the revenue growth supported by consistent performance in the Dedicated R&D Centres and Development Services business
- The Company successful completed another US FDA inspection of our facility in Bengaluru as an analytical laboratory for general GMP coverage
- The first phase of our new research facility in Hyderabad became operational. Phase I covers 50,000 sq ft of laboratory space and will house a team of around 150 discovery research scientists
- The Company received an interim payment of Rs. 970 Mn towards its insurance claim for the S2 building. The receipt after adjusting for losses incurred has resulted in an exceptional gain of Rs. 459 Mn, net of taxes

P&L Summary	Q2 FY20	Q2 FY19	YoY Change
Revenue	4,852	4,368	11%
EBITDA	1,598	1,449	10%
<i>EBITDA Margin</i>	33%	33%	
PAT before Exceptional gain	822	783	5%
<i>PAT Margin</i>	17%	18%	
PAT after Exceptional gain	1,281	783	64%

P&L Summary	H1 FY20	H1 FY19	YoY Change
Revenue	9,266	8,616	8%
EBITDA	3,014	2,732	10%
<i>EBITDA Margin</i>	32%	32%	
PAT before Exceptional gain	1,542	1,445	7%
<i>PAT Margin</i>	17%	17%	
PAT after Exceptional gain	2,001	1,445	38%



Our Industry

Putting Science to Work

- Global healthcare Contract Research Organisation (CRO) market size is expected to reach USD 57.8 Bn by 2023
- Contract Manufacturing Organisation (CMO) market size is expected to reach USD 116.5 Bn by 2023

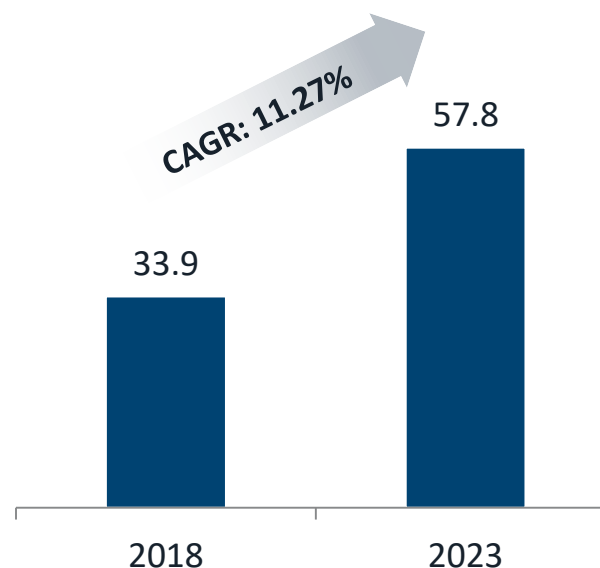
Increasing outsourcing penetration driven by:

- Focus on core competencies
- Emergence of “virtual” companies
- Shift from fixed to variable cost models

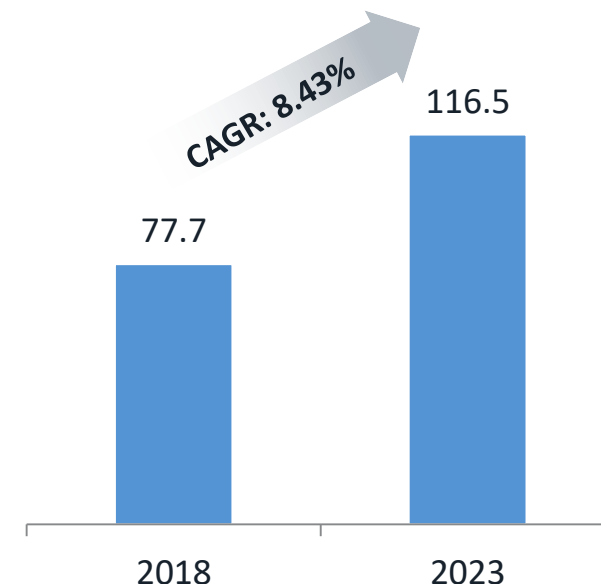
Industry Statistics

(USD Bn)

CRO- Market size and forecast



CMO- Market size and Forecast





Business overview

Putting Science to Work



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



FTE

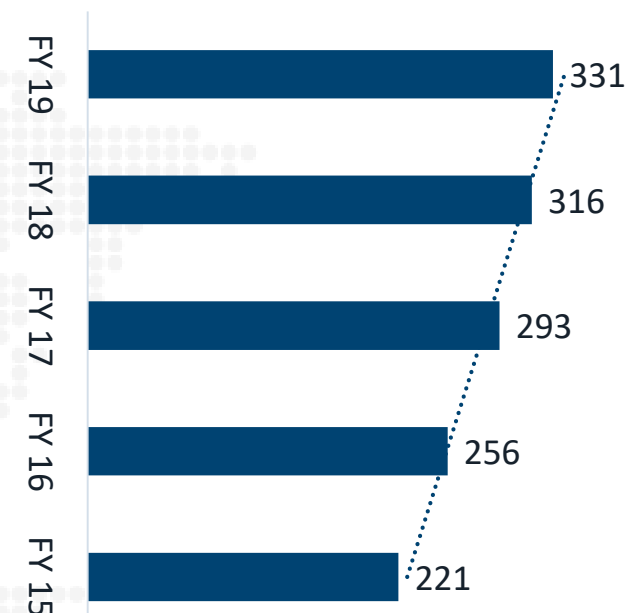
- Dedicated scientific resources selected from partner-specified disciplines
- Deliverables and team composition evolve as project advances
- Typically ~3 year contract term ensures team continuity, adjustable with specified notice period
- Effective for longer-term research commitments



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

Client Base



Client base includes top companies in pharmaceuticals, biotech, agrochemical, consumer goods and other industries.

Over the last five years the Company has increased its client base from 221 in FY15 to 331 in FY19.

... and are open to taking single or combining any of the above



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

Dedicated Centre of research excellence with world class facilities

Over 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



Dedicated R&D Centre 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 ~200 scientists

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



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

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

Engages multidisciplinary team of ~200 scientists

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



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

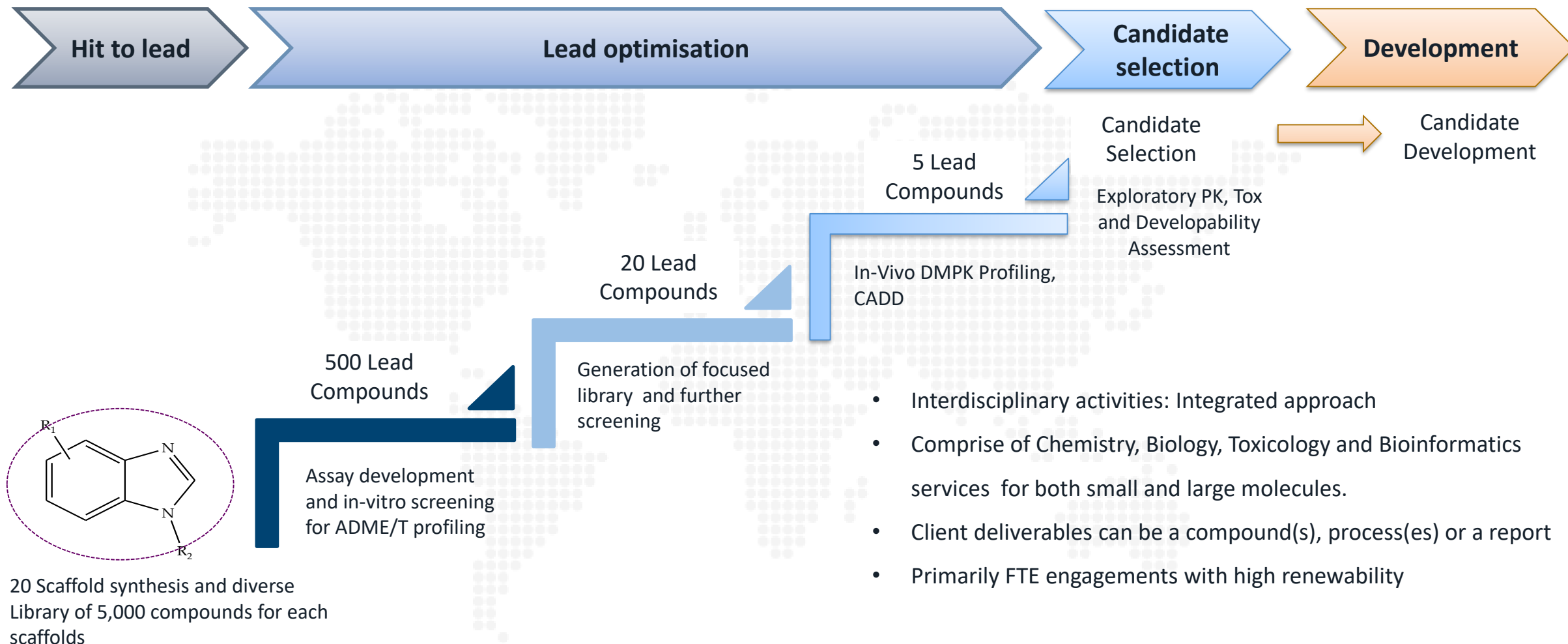
Dedicated Centre spans at 3,000 sq. ft. and houses cGMP formulation lab to support product testing, sampling and end-product development

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

Our platforms allows us to be a “one-stop-shop” for discovery and development requirements..



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 & Engineering; Cell Line Development	Bio Analytical Lab (Large Molecules)	
	Stability Services	
	Bioprocess Development, Process Characterisation Clinical Manufacturing (Microbial & Mammalian)	
Bioinformatics : Target Dossiers, NGS, Integrated Data Analytics, Modeling, Systems Biology, Drug repurposing		



- 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 NCEs
- Designed to support multi gram to 100s of kgs/ batch of Intermediates and APIs for clinical trials; current capacity can support initial commercial supplies
- New greenfield investment being made in Mangaluru 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 Bengaluru

We continue to invest in state-of-the-art infrastructure with due focus on people capabilities, compliant systems and processes

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 Mangalore, India
Operational by March 2020; Capacity: 68KL ; Reactor size: 2-12KL

Expand/Extend Existing Clients

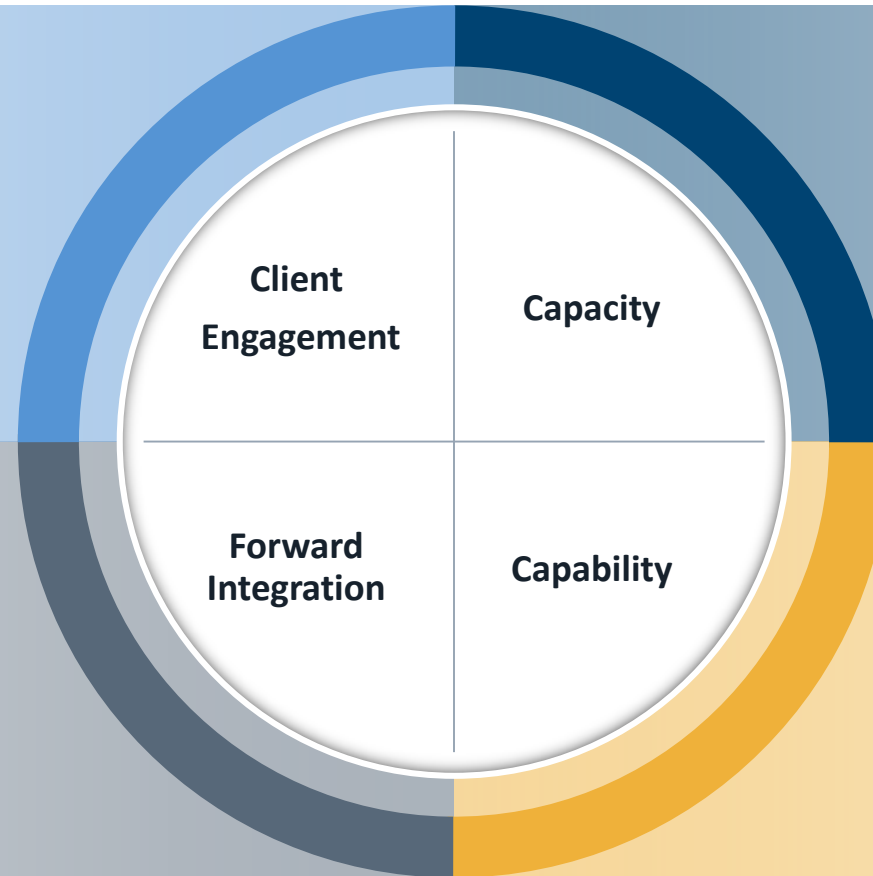
- High service integration
- Dedicated centres model

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

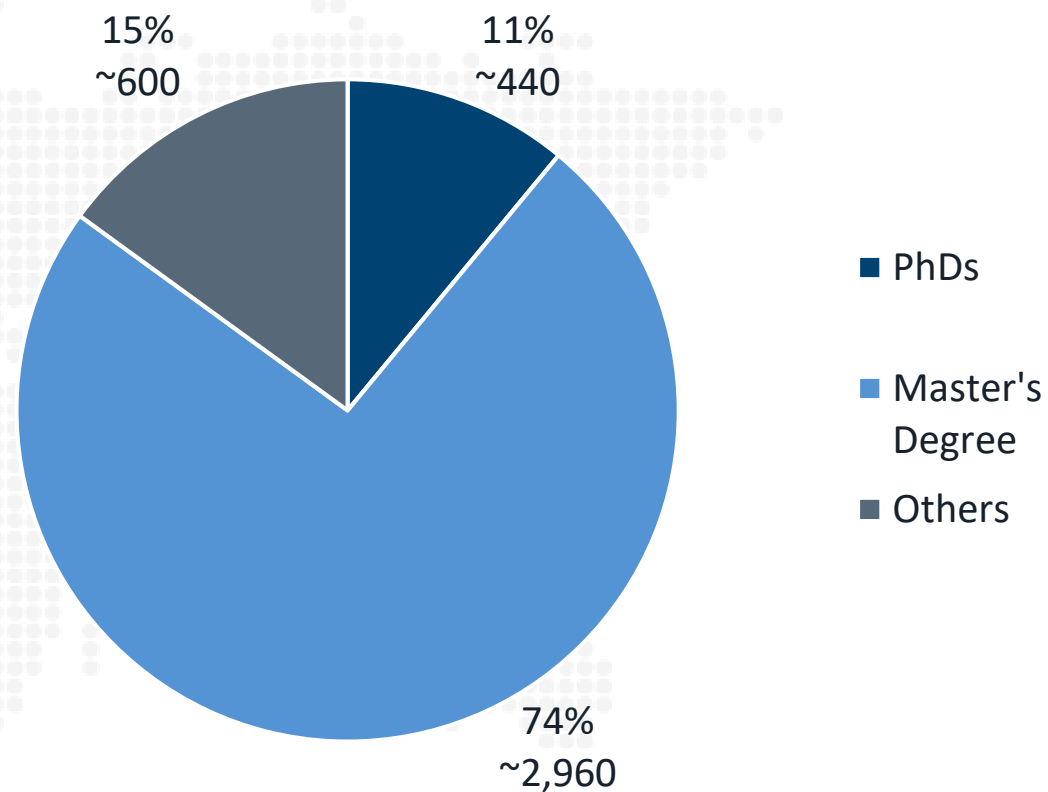
- New capabilities across multiple domains incl. the allied sectors
- Stability, analytical and bio-analytical services, viral testing, Oligonucleotide bioinformatics
- New platforms: siRNA, ADC

~4,000 Strong pool of scientists*

- 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



Risk	Mitigation
Inadequate client retention and client base growth	Widening scope of engagement through new service offerings, Investment in business development activities.
Information Technology threats and vulnerabilities	Regular evaluation and upgrade of systems/applications, Disaster recovery plan in place.
Unhedged currency exposure (USD/INR)	Comprehensive hedging policy and tracking mechanism in place.
Inadequate design of Quality Management system	Strengthening the Quality Management Framework, regular Audits and process automation.
Non adherence to Health and Safety standards	Launched “KAVACH” a corporate safety initiative, institutionalising a strong organisation culture of safety, increased investments in safety related infrastructure.
Non compliance to regulatory requirements	3 layer approach Code of Conduct and defined Internal Controls, Zero tolerance policy towards misconduct and periodic training and audits



Financial highlights

Putting Science to Work

Q2 and H1 FY20 financial highlights

All figures in INR Mn unless otherwise specified

Particulars	Q2 FY20	Q2 FY19	YoY Change	H1 FY20	H1 FY19	YoY Change
Revenue	4,852	4,368	11%	9,266	8,616	8%
Material and Power costs	1,380	1,206	14%	2,553	2,602	(2%)
Employee costs	1,318	1,149	15%	2,640	2,226	19%
Gross Margin	2,154	2,013	7%	4,073	3,788	8%
Gross Margin (%)	44%	46%		44%	44%	
Foreign Exchange (net)	(32)	50	(164%)	(48)	(56)	(14%)
Other Expenses	588	514	14%	1,107	1,112	(0.1%)
EBITDA	1,598	1,449	10%	3,014	2,732	10%
EBITDA Margin (%)	33%	33%		32%	32%	
Depreciation, Interest, and tax	776	666	17%	1,472	1,287	14%
Profit After Tax before Exceptional gain	822	783	5%	1,542	1,445	7%
PAT Margin (%)	17%	18%		17%	17%	
Profit After Tax after Exceptional gain	1,281	783	64%	2,001	1,445	38%

All figures in INR Mn unless otherwise specified

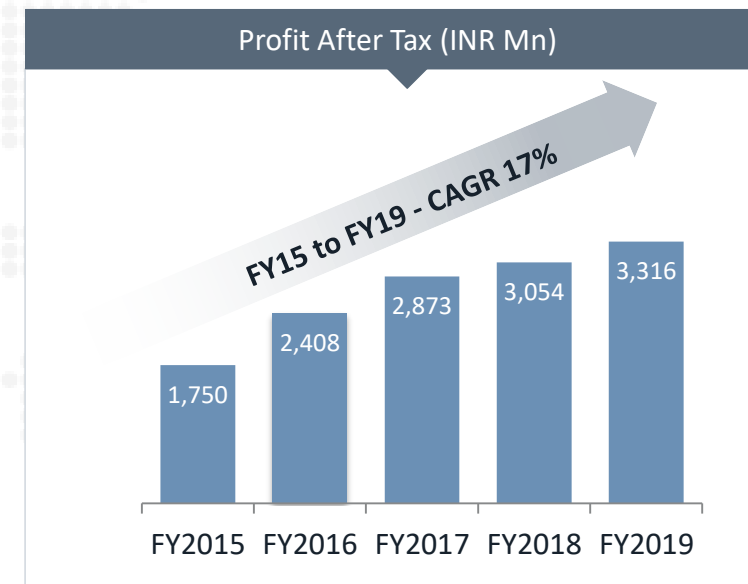
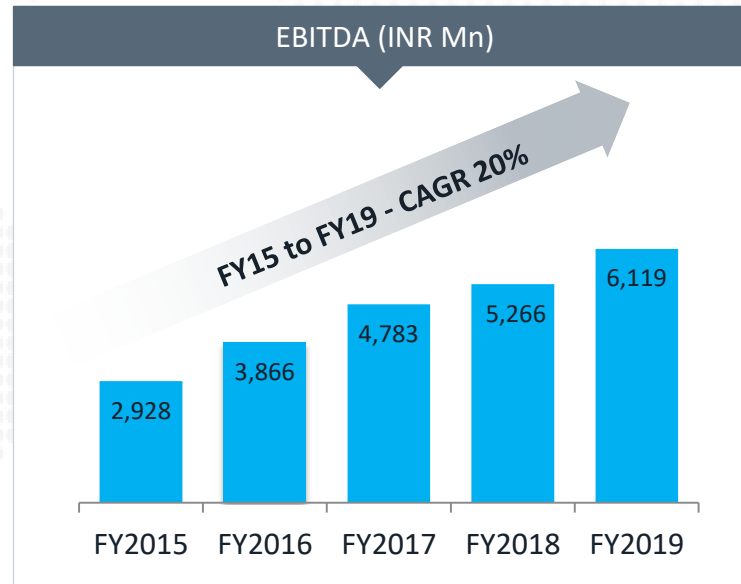
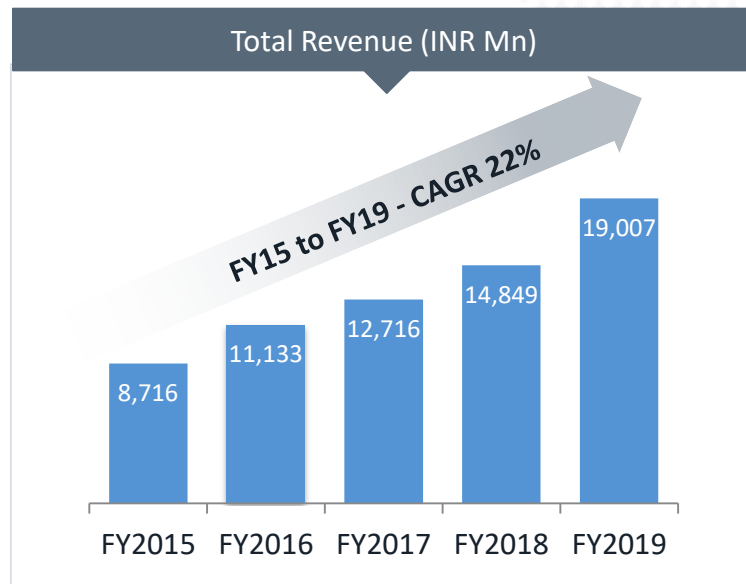
Particulars	FY19	FY18	YoY Change
Revenue	19,007	14,849	28%
Material and power costs	5,725	4,164	37%
Employee costs	4,727	3,796	25%
Gross Margin	8,555	6,889	24%
Gross Margin (%)	45%	46%	
Foreign Exchange (net)	19	(739)	(103%)
Other Expenses	2,417	2,362	2%
EBITDA	6,119	5,266	16%
EBITDA Margin (%)	32%	35%	
Depreciation, Interest and tax	2,803	2,212	27%
Profit After Tax	3,316	3,054	9%
PAT Margin (%)	17%	21%	

Balance Sheet Highlights

As on 31st March 2019

Shareholders' funds	19,684
Net Fixed assets	16,505
Other net assets ⁽¹⁾	(217)
Net cash/(debt) ⁽²⁾	3,396
Total Use of Funds	19,684

- 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



We have consistently received industry recognition for our scientific capability and best practices

- Ranked as one of the **25 fastest growing companies in India** by Outlook Business
- **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
- **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
- **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



2019



2018



2017



2016



2015



- **Bio-Excellence Award 2018** - At Bengaluru Tech Summit, Bengaluru
- **Best Bioprocessing Excellence Award 2018** - At 5th Biologics Manufacturing Asia, Singapore
- **Healthcare Company of the Year 2018** - At the 7th Annual VC Circle Awards 2018, Mumbai
- **HR Excellence Award 2018 'For Best Talent Management Strategy'** - World HRD Congress, Mumbai

- **Dynamic Enterprise of the Year 2016** - At the 9th Annual Pharmaceutical Leadership Summit and Pharma Leaders Business Leadership Awards 2016- in recognition for its contribution to the field of Research and Development for the Life Science Industry
- **CII Award** - Won first place in the Office/Software/Service Sector
- **CII Award** - Four Star Rating on Environment Health and Safety Management System

THANK YOU

www.syngeneintl.com

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For more details

- Visit www.syngeneintl.com
- IR Contact :
Chanderlekha Nayar
+91 80 6775 8821
+91 725 919 2001
chanderlekha.nayar@syngeneintl.com