Syngene

Ref: Syn/CS/SE/IP/Jan 2018

Syngene International Limited

Biocon SEZ, Biocon Park, Plot No. 2 & 3,
Bommasandra Industrial Area, IV Phase,
Jigani Link Road, Bengaluru 560099, India
T +91 80 6775 8000
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CIN: L85110KA1993PLC014937

www.syngeneintl.com

January 24, 2018

To,	To,
The Manager Listing	The Manager Listing
The BSE Limited	The National Stock Exchange of India Limited
Corporate Relationship Department	Corporate Communication Department
Dalal Street, Mumbai – 400 001	Bandra (EAST), Mumbai – 400 051
Scrip Code: 539268	**Scrip Symbol: SYNGENE**

Dear Sir/Madam,

Subject: Investor Presentation under regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

This has reference to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find attached the Investor Presentation for the quarter ended December 31, 2017. The company will use this presentation for any meeting scheduled with analysts or institutional investors up to March 31, 2018.

The above mentioned Investor Presentation will also be available on website of the Company www.syngeneintl.com.

Request you to take the same on record.

Yours faithfully,

For **SYNGENE INTERNATIONAL LIMITED**

MAYANK VERMA Digitally signed by MAYANK VERMA Date: 2018.01.24 11:52:28 +05'30'

Mayank Verma
Company Secretary
E: Mayank.verma@syngeneintl.com
T: + 91 80 6775 8781

Syngene

Putting Science to Work

Investor Presentation

December 2017

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Safe Harbour

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

Introduction

The Biocon Group

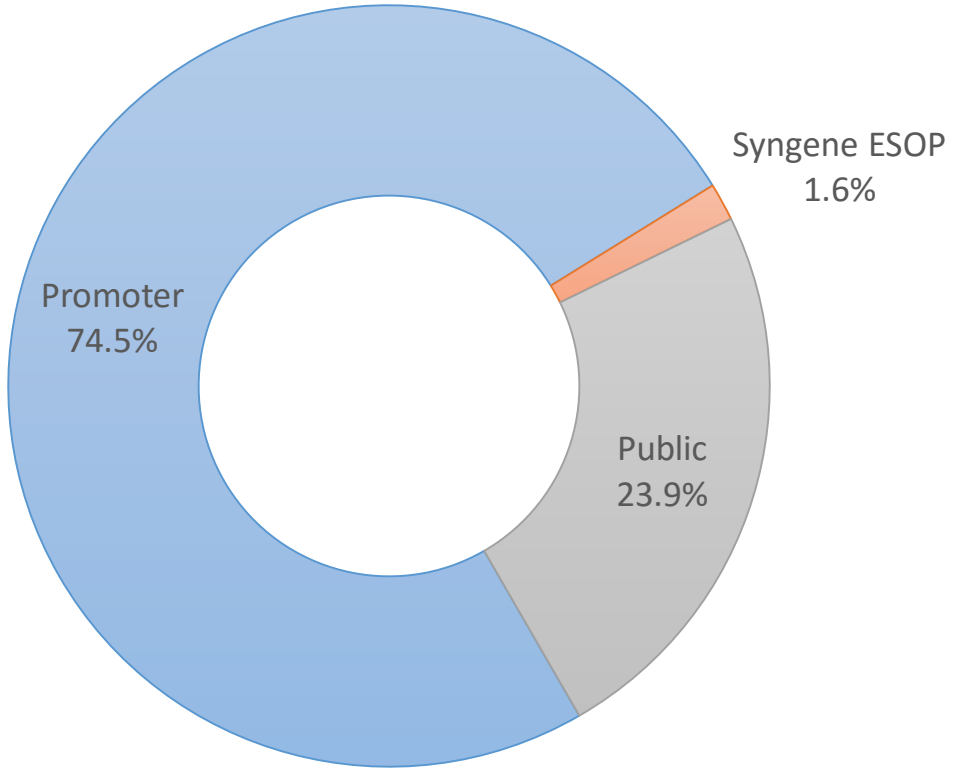
Syngene

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

Biocon

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

Syngene's Shareholding Pattern[1]



As of 31st December 2017, percentages based on actuals, rounded off to nearest 1 place of decimal

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Syngene

Overview

- Established in 1994 as India's first Contract Research Organization – 23 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
- 293* 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; ~3500 professional workforce including ~3100 qualified scientists*

* As on 31st March, 2017

Recent Business Highlights

Quarter Highlights:

- Robust revenue growth in Q3 FY18 due to continued growth in Chemical Development business within the Development & Manufacturing vertical and good traction in Discovery Services vertical.
- In addition to the robust revenue growth, fiscal benefits in terms of higher tax incentives delivered good profitability margins.
- Signed strategic partnerships including the expansion as well as extension of BMS collaboration and entered in a multi–year development and manufacturing contract with Zoetis.

All figures in INR Mn unless otherwise specified

P&L Summary	Q3 FY18	Q3 FY17	YoY Change
Revenue	3,993	3,467	*15%*
EBITDA	1,377	1,274	*8%*
EBITDA Margin	*34%*	*37%*	
PAT	819	744	*10%*
PAT Margin	*21%*	*21%*	

P&L Summary	9M FY18	9M FY17	YoY Change
Revenue	10,592	9,564	*11%*
EBITDA	3,808	3,540	*8%*
EBITDA Margin	*36%*	*37%*	
PAT	2,208	2,089	*6%*
PAT Margin	*21%*	*22%*	

Journey Over the Years

2002		2017*
20,000 sq. ft facility	Infrastructure	1.3 million sq. ft facility
100+	People	~3,500
- Chemistry - Preliminary biology	Capabilities	- End-to-End discovery, development and manufacturing capabilities
$5 million	Investment	$225 million

* For the year ended March 31, 2017

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Who We Are Today: A Global High Growth CRO Company

One of the leading India-based CROs

Integrated discovery and development platform

Focus on novel molecular entities

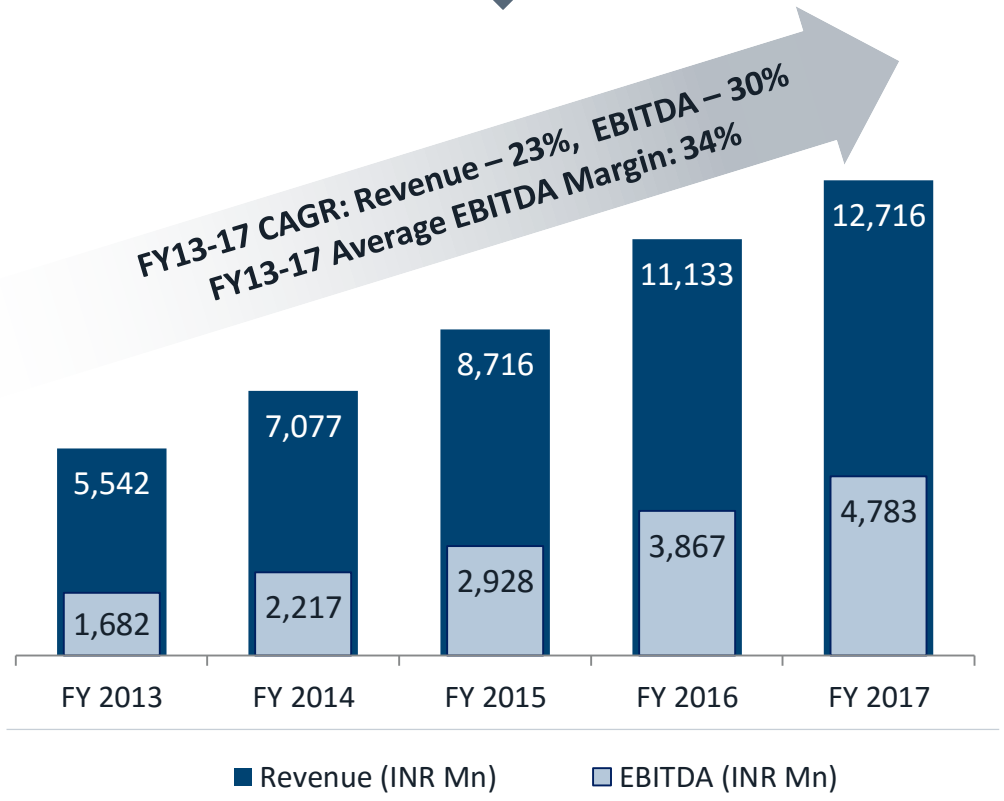
293[1] clients across multiple sectors

96%[1] of revenues from outside India

3,053[1] qualified scientists

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

Strong Growth and Profitability



(1) For the year ended March 31, 2017

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Putting Science to Work

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

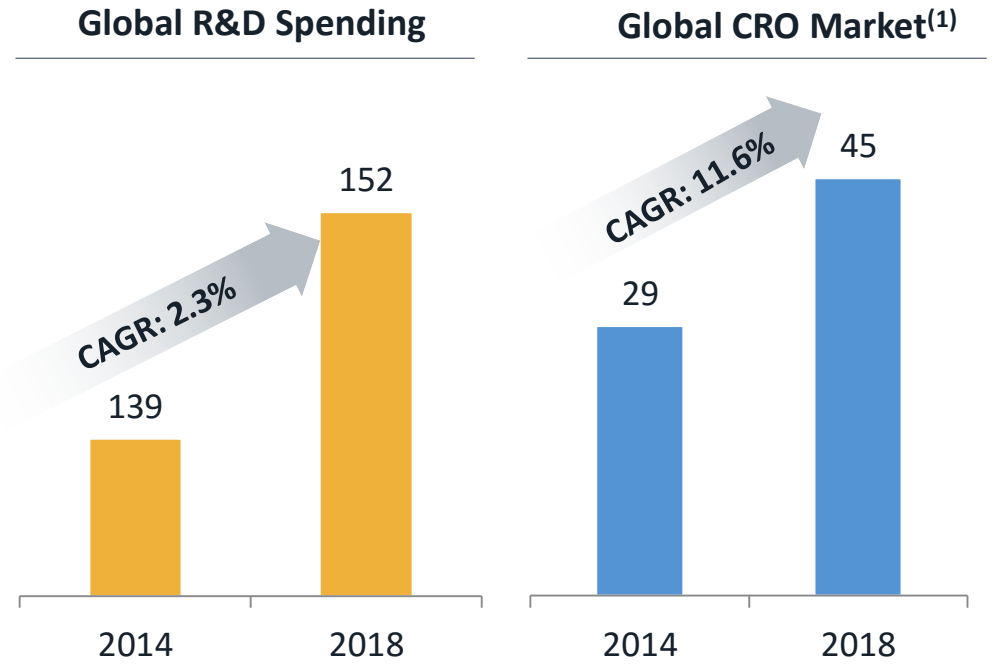
Our Industry

Global Pharma R&D Trends

- **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

Industry Statistics

(USD bn)



Source: Frost & Sullivan, IQ4I, Frost & Sullivan, (1) CRO Market refers to global preclinical and development services market and excludes discovery services

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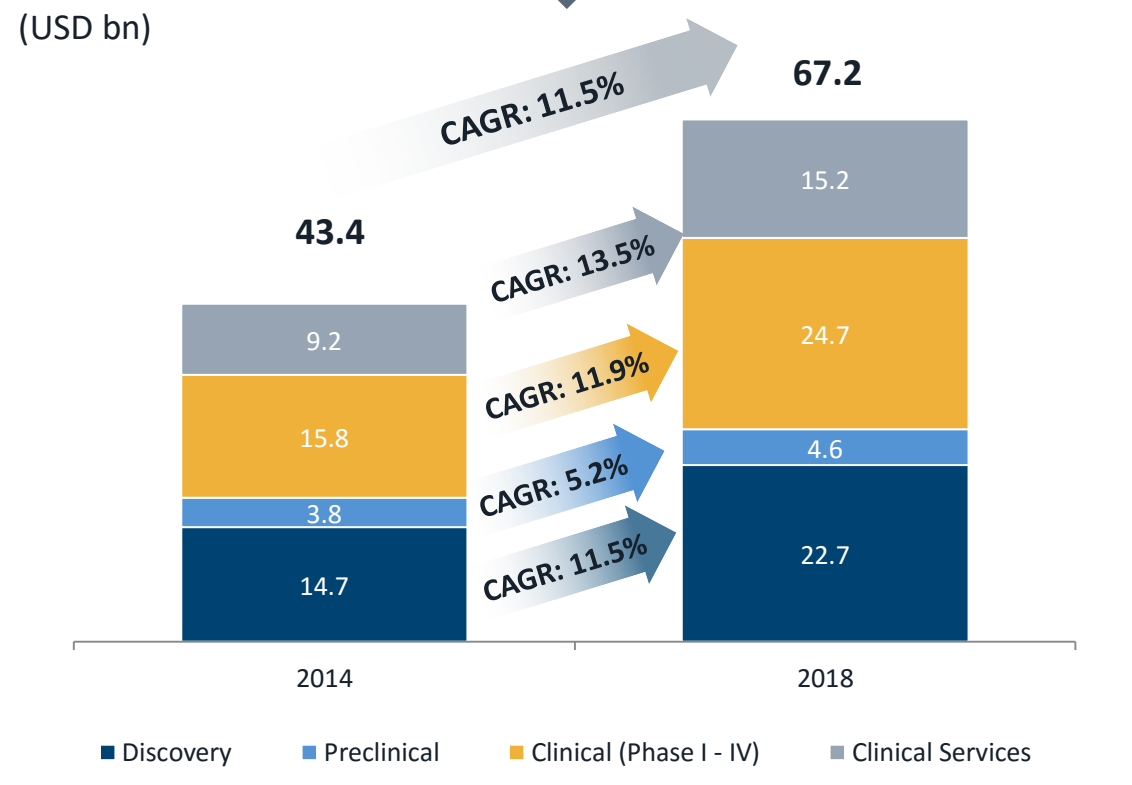
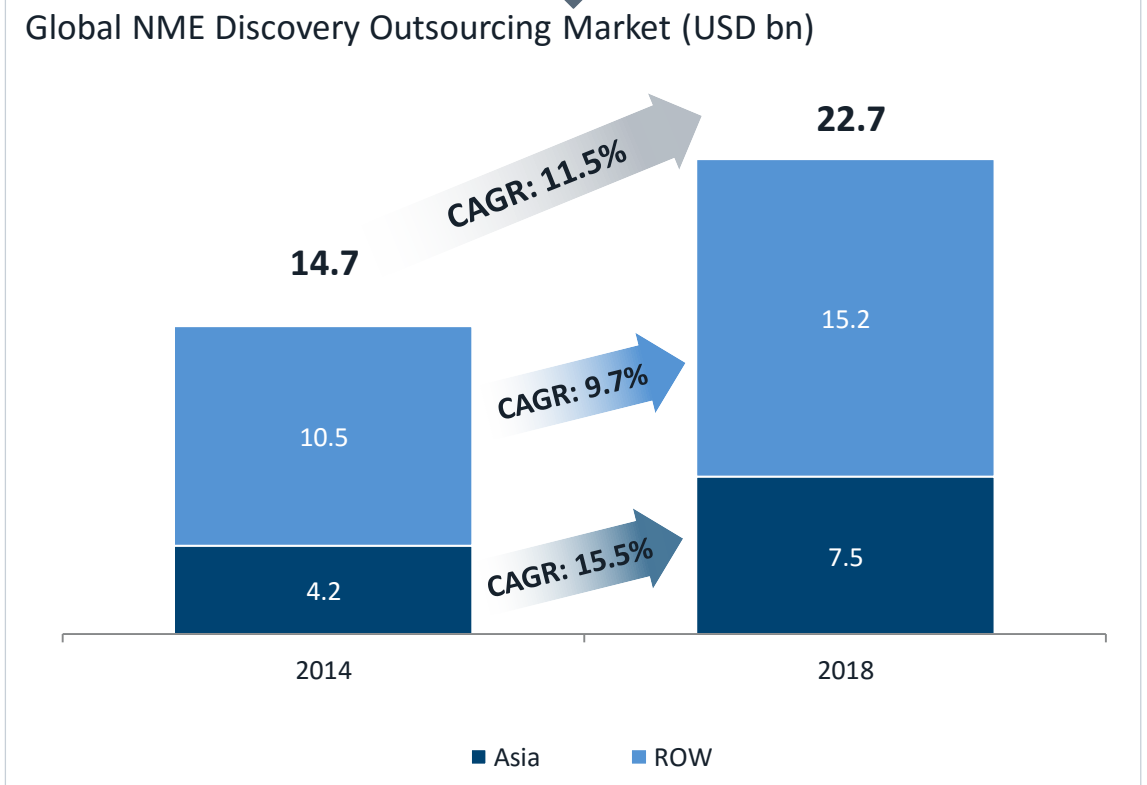
Global CRO Market: Over US$43bn and Growing

Outsourcing Market by Stage of DD Continuum



Source: Frost & Sullivan, IQ4I

Significant Growth in APAC



Source: IQ4I

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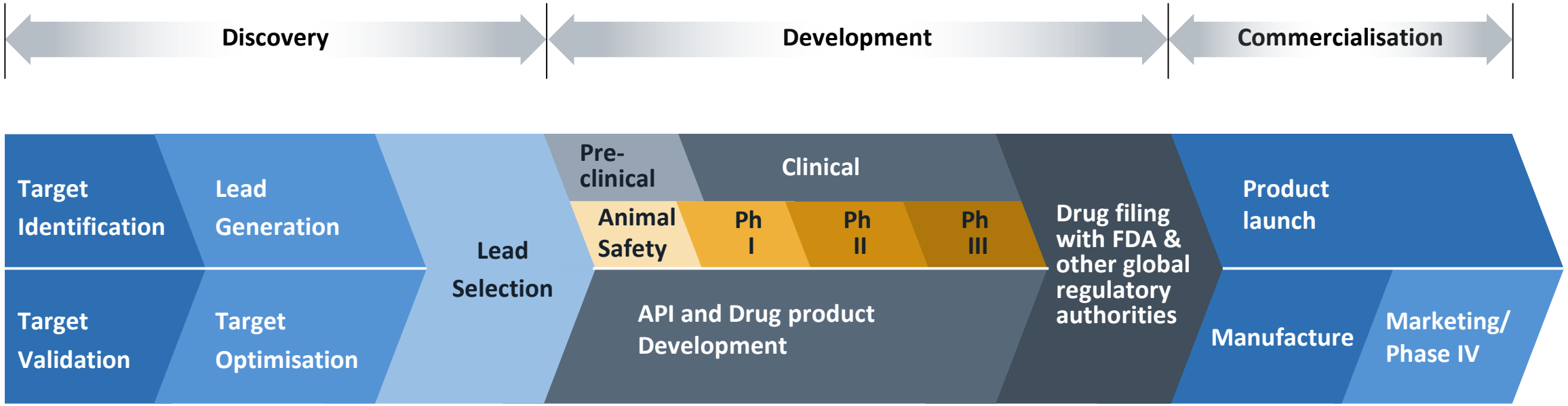
Business Overview

Syngene

The Drug Discovery Continuum



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

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Fully Integrated Services Platform…

	Discovery	Development	Manufacturing
Small Molecules	Chemistry Biology Integrated drug discovery	Drug Substance Development Drug Product Development Integrated Drug Substance – Drug Product Clinical Services (India)	Clinical Supplies Specialty Molecules Commercial Supplies
Large Molecules	Therapeutic Antibody Discovery & Engineering; Cell Line Development	Allied Services Bioprocess Development Process Characterisation Clinical Manufacturing (Microbial & Mammalian)	
Bioinformatics	Next generation sequencing data analysis, data interpretation and reporting		

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

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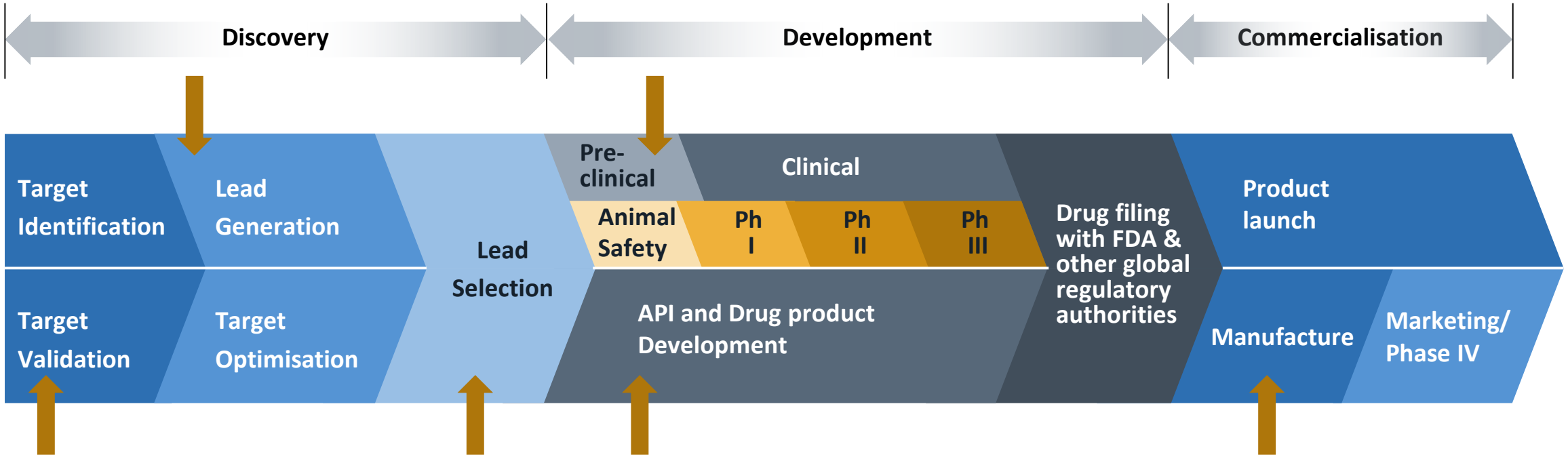
…With Multiple Entry Points



Entry points create opportunity for customer engagement expansion

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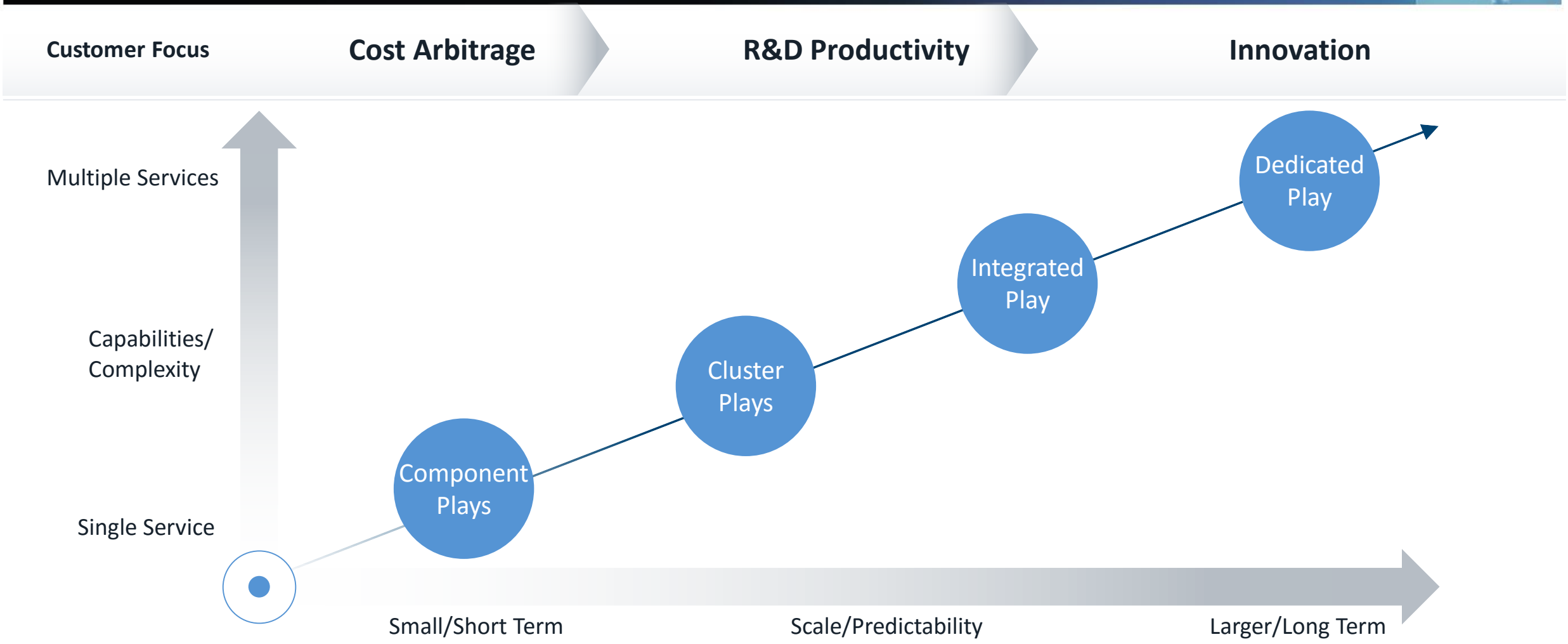
Integrated Platform to Build Strategic Relationships



Verticals Overview

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

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Dedicated R&D Centers

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.

~475 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 185scientists.

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.

Discovery Services: From Target to a Drug Candidate

Hit to Lead | Lead Optimization | Candidate Selection | Development

500 Lead Compounds

Assay development and in-vitro screening for ADME/T profiling

20 Lead Compounds

Generation of focused library and further screening

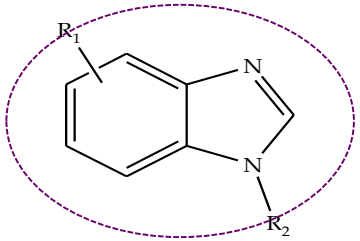
5 Lead Compounds

In-Vivo DMPK Profiling, CADD

Candidate Selection

Exploratory PK, Tox & Developability Assessment

Candidate Development



20 Scaffold Synthesis & Diverse Library of 5,000 compounds for each scaffolds

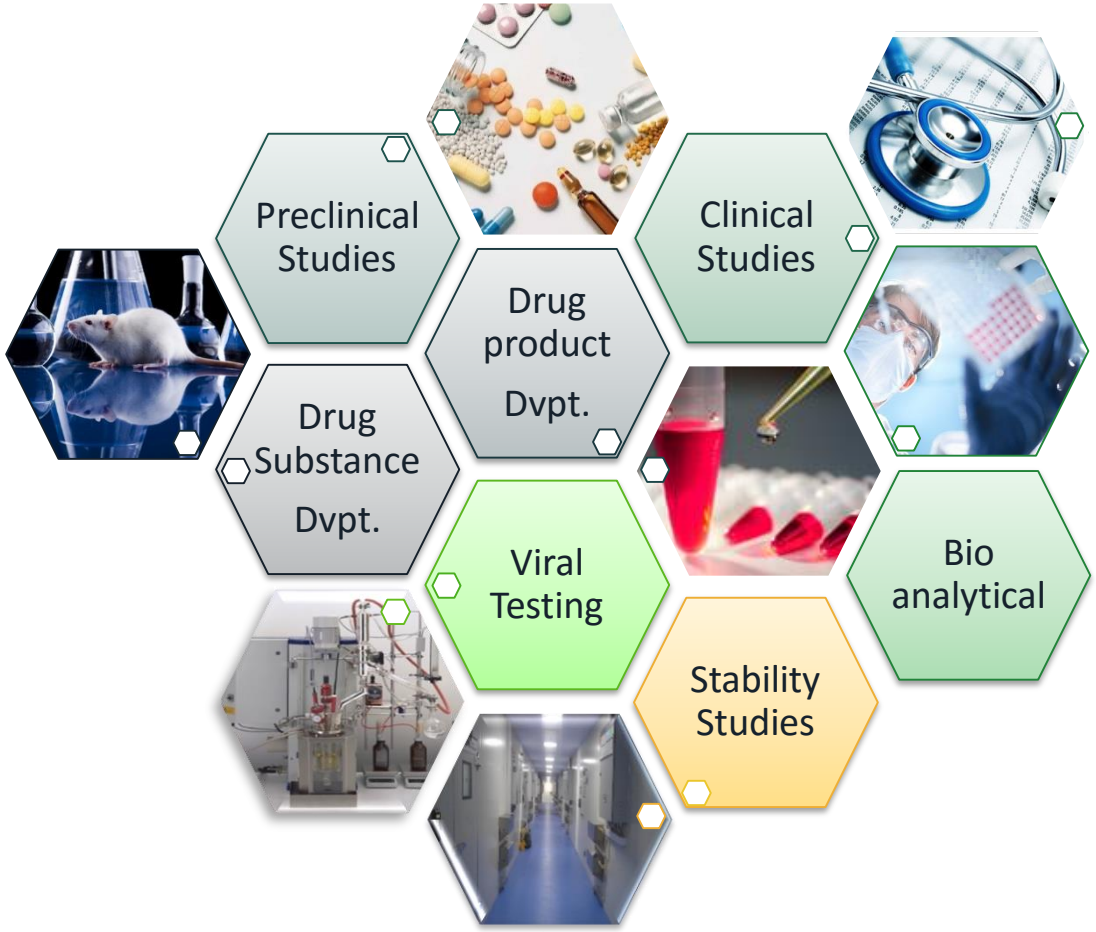
Interdisciplinary activities: Integrated approach

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

Development 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

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Manufacturing Services

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

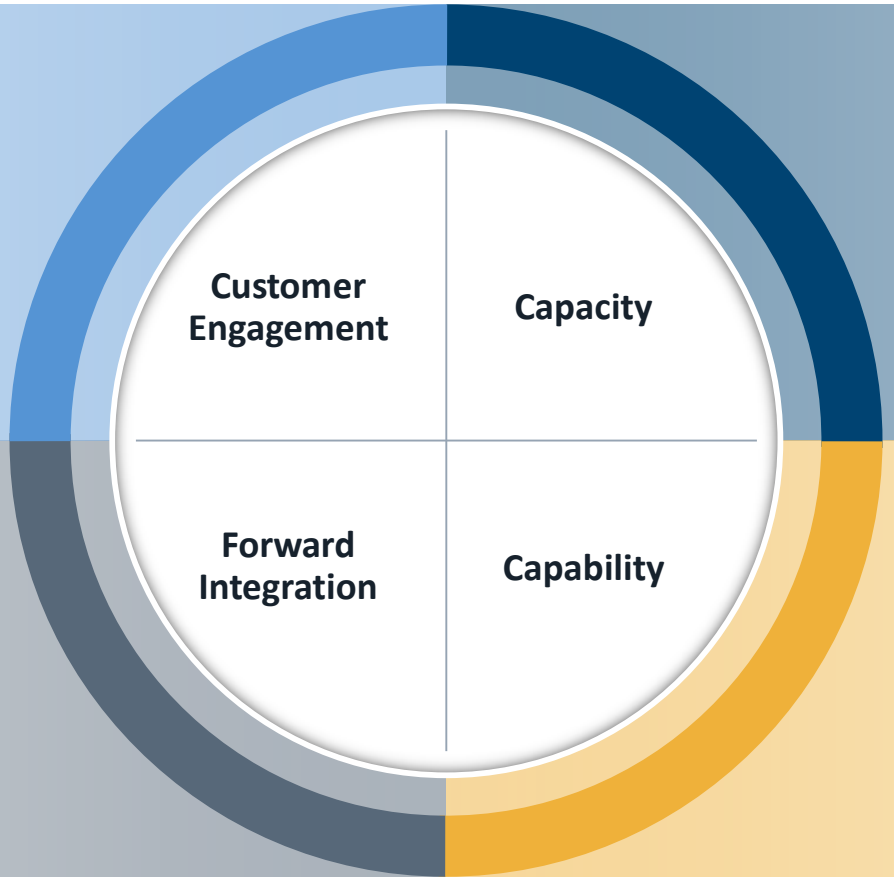
Syngene's USFDA approved manufacturing facility at Bangalore

Multiple Layers of Growth

Expand/Extend existing clients
- High service integration
- Dedicated centres model

Engage New Clients
- Tailored service offerings and dedicated personnel

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



Moving from CRO to CRAMS with commercial manufacturing
- "Follow the molecule" by expanding into commercialisation

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

Q3 & 9M FY18 Financial Highlights

All figures in INR Mn unless otherwise specified

Particulars	Q3 FY18	Q3 FY17	YoY Change	9M FY18	9M FY17	YoY Change
Revenue	3,993	3,467	*15%*	10,592	9,564	*11%*
Material & Power costs	1,145	977	*17%*	2,812	2,639	*7%*
Employee costs	952	801	*19%*	2,749	2,307	*19%*
Gross Margin	**1,896**	**1,689**	***12%***	**5,031**	**4,618**	***9%***
Gross Margin (%)	*47%*	*49%*		*47%*	*48%*	
Other Expenses	519	415	*25%*	1,223	1,078	*13%*
EBITDA	**1,377**	**1,274**	***8%***	***3,808***	***3,540***	***8%***
EBITDA Margin (%)	*34%*	*37%*		*36%*	*37%*	
Depreciation, Interest & tax	558	530	*5%*	1,600	1,451	*10%*
Profit After Tax	**819**	**744**	***10%***	**2,208**	**2,089**	***6%***
PAT Margin (%)	*21%*	*21%*		*21%*	*22%*	

FY17 Financial Highlights

All figures in INR Mn unless otherwise specified

Particulars	FY17	FY16	YoY Change
Revenue	12,716	11,133	*14%*
Material & Power costs	3,522	3,412	*3%*
Employee costs	3,086	2,493	*24%*
Gross Margin	**6,108**	**5,228**	***17%***
Gross Margin (%)	*48%*	*47%*	
Other Expenses	1,325	1,361	*(3%)*
EBITDA	**4,783**	**3,867**	***24%***
EBITDA Margin (%)	*38%*	*35%*	
Depreciation, Interest & tax	1,910	1,459	***31%***
Profit After Tax	**2,873**	**2,408**	***19%***
PAT Margin (%)	*23%*	*22%*	

Balance Sheet Highlights

As on 31st March 2017

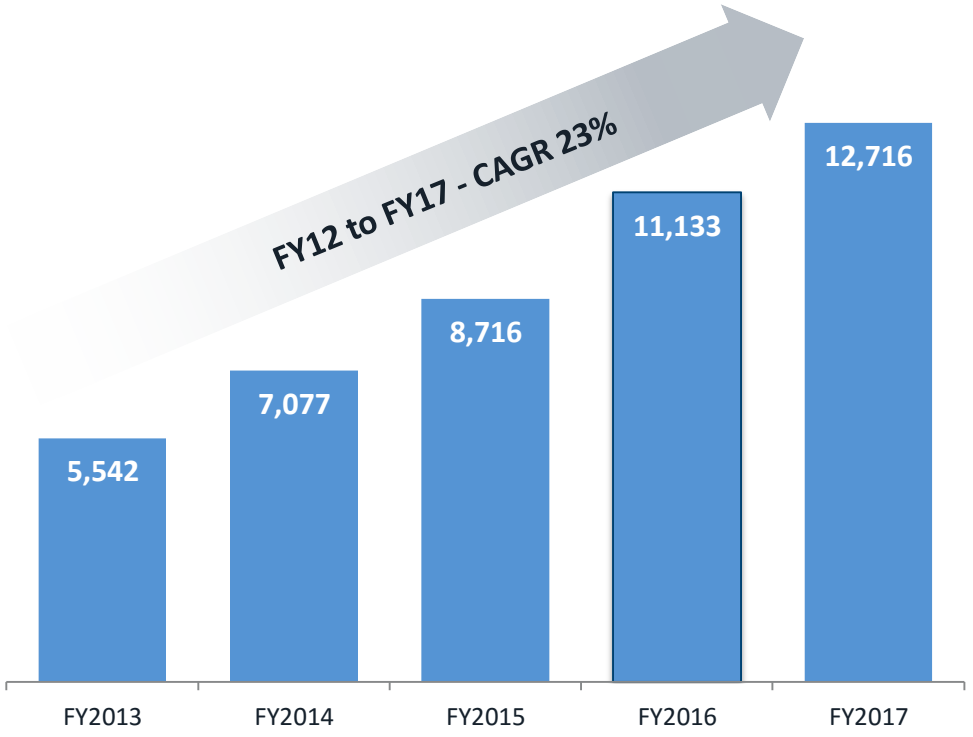
Shareholders' funds	**14,131**
Net Fixed assets	9,853
Other net assets (1)	1,928
Net cash/(debt) (2)	2,350
Total Use of Funds	**14,131**

(1) Other Assets calculated as (Inventories + Trade Receivables + Unbilled Revenues + Advance Tax + FX premium + Less (Trade payables + Others current liabilities) at the end of the year
(2) Net cash / (Net debt) calculated as the Cash & cash equivalents (Cash and bank balances + Current investments) less Total debt (Short-term borrowings + Long-term borrowings) at the end of the year

Strong Track Record Of Topline Growth…

- 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)



Note: Revenues from FY 2016 is as per Ind AS (Indian Accounting Standards)

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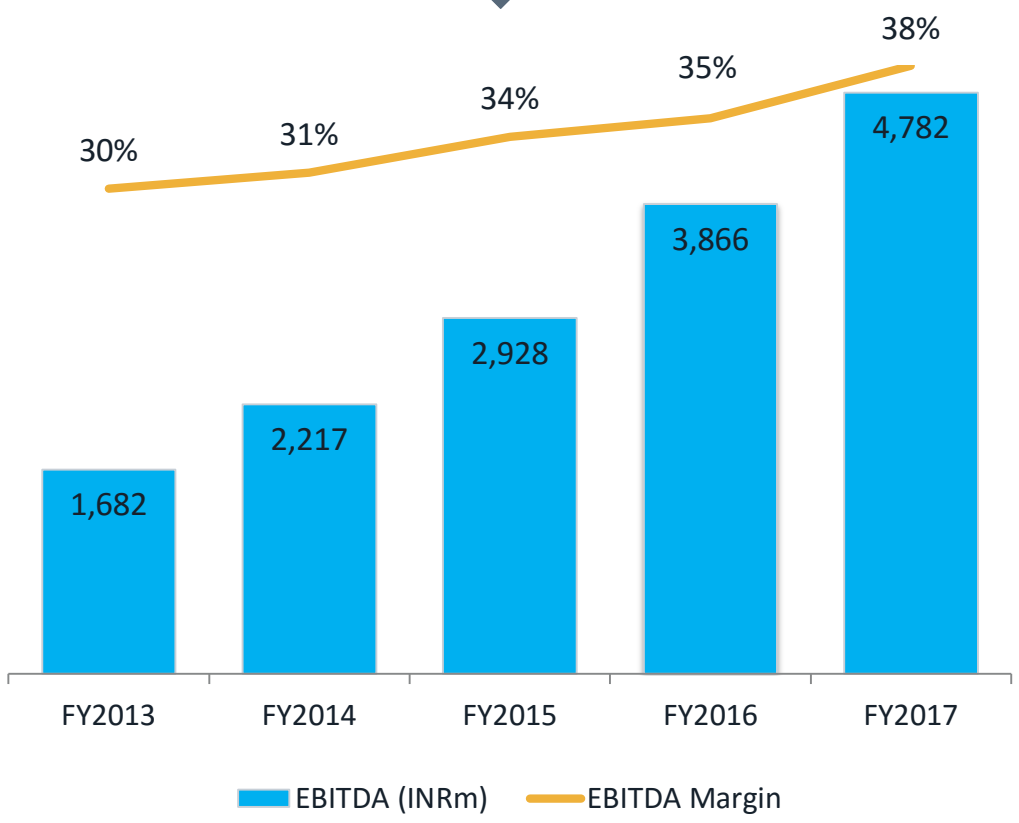
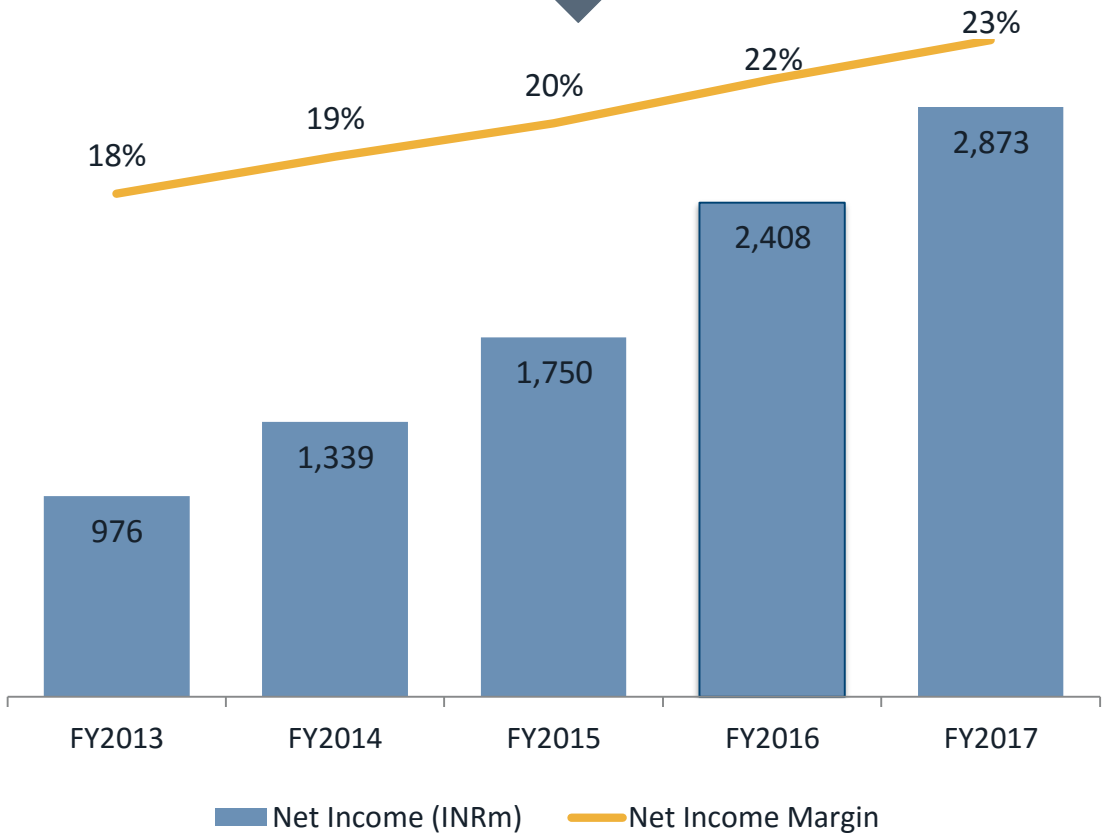
Syngene ...With Best-in-Class Profitability

All figures in INR Mn unless otherwise specified

Operating Margin (EBITDA)



Profit After Tax Margin (Net Income)



Note: EBITDA and PAT from FY 2016 is as per Ind AS (Indian Accounting Standards)

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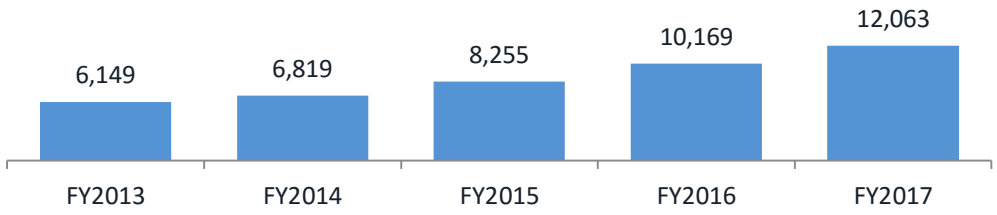
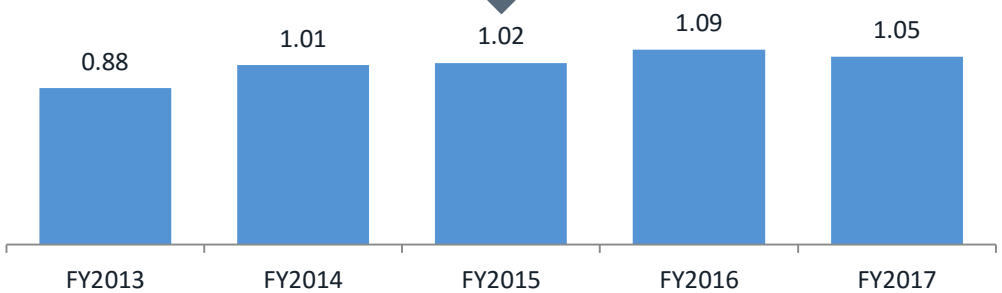
Capital Expenditure

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 and new formulation facility

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

Gross block turnover ratio calculated as the CRAMS revenue of last twelve months divided by average of Gross block at the beginning and end of the year

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Managing Risks

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

THANK YOU

www.syngeneintl.com

For more details

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  +91 725 919 2001
  chanderlekha.nayar@syngeneintl.com