

Q3 & 9MFY19 EARNINGS PREVIEW

THE



WAY





Key Highlights for the quarter



We are pleased to report a stellar performance in this quarter led by encouraging revenue growth and our highest ever operating EBITDA for a quarter. Our strategic progression continues to be exciting with healthy base business expansion through long term contracts and introduction of new products. Overall, we remain confident of our high customer advocacy model driven by supply assurance and continued commitment to quality and compliance

Jitesh Devendra, MD and CEO

Quarterly Update(QoQ)

- Total Revenue was ₹3,601 Mn for Q3FY19 as compared to ₹3,437 Mn in Q2FY19, an increase of 5%.
- Operating EBITDA at ₹757 Mn for Q3FY19 as compared to ₹669 Mn during Q2FY19, an increase of 13%.
- Operating EBITDA Margin came in at 21.0% for Q3FY19 as against 19.5% for Q2FY19.
- Reported EBITDA stood at ₹656 Mn as compared to ₹494 Mn during Q2FY19, an increase of 33%.
- The Reported EBITDA factors R&D spent of ₹104 mn and ₹3 mn forex gain.

Quarterly Update(YoY)

- Total Revenue was ₹3,601 Mn for Q3FY19 as compared to ₹2,361 Mn in Q3FY18, an increase of 53%
- Operating EBITDA at ₹757 Mn jumped significantly by 222% over ₹235 Mn during Q3FY18
- Operating EBITDA Margin came in at 21.0% for Q3FY19 as against 10.0% in the corresponding period of previous financial.
- Reported EBITDA stood at ₹656 Mn as compared to ₹229 Mn during Q3FY18, an increase of 186%

9MFY19 Update(YoY)

- Total Revenue was ₹10,071 Mn for 9MFY19 as compared to ₹7,498 Mn in 9MFY18, an increase of 34%
- Operating EBITDA stood at ₹2,057 Mn as compared to ₹1,066 Mn during 9MFY18, an increase of 93%
- Operating EBITDA Margin at 20.4% for 9MFY19 as against 14.2% in 9MFY18
- Reported EBITDA stood at ₹1,615 Mn as compared to ₹1,040 Mn during 9MFY18, an increase of 55%



Key Business Highlights for the quarter

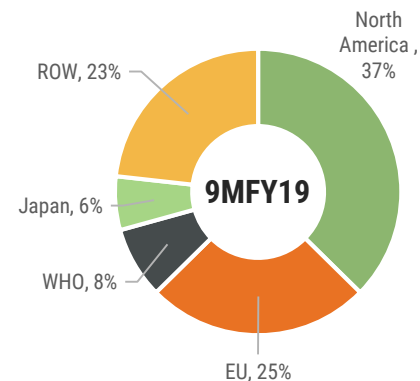
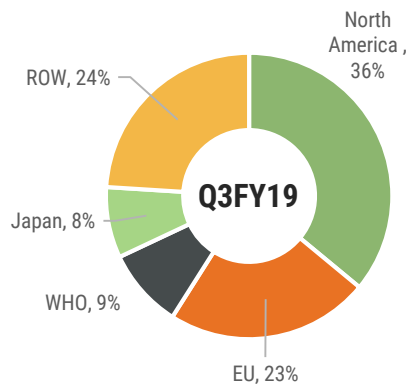
Base Business

- » During Q3FY19, Base business grew by 3% over Q2FY19.
- » Growth in base business emanated from both volume and price.
- » Top 10 Customer account for 55% revenues while Top 10 products account for 78%.

New Products

- » One new product commercialized in Q3FY19 putting together a total of three new products commercialized in the ongoing fiscal.
- » New products accounted for 11% of total revenue in Q3FY19
- » Three new DMFs filed in Q3FY19 and in line with the plan to file 10+ DMFs in the current fiscal

Split by End-Geography





Q3FY19 Performance - QoQ

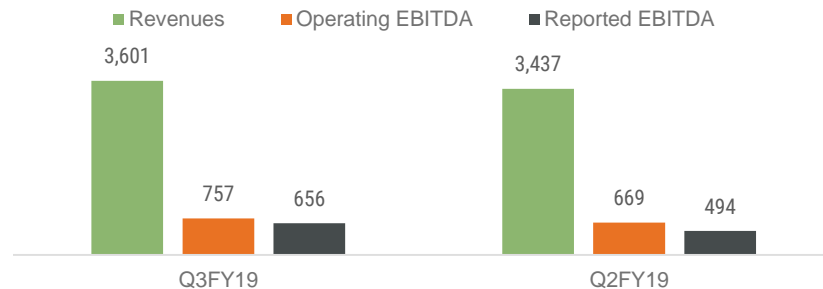
Financial Highlights

Particulars	Q3 FY19	Q2 FY19	QoQ
Revenue	3,601	3,437	5%
Operating EBITDA	757	669	13%
<i>OP EBITDA Margins</i>	<i>21.0%</i>	<i>19.5%</i>	<i>150 bps</i>
R&D Cost	-104	-111	
Forex gain/(Loss)	3	-64	
Reported EBITDA	656	494	33%
<i>Reported EBITDA Margins</i>	<i>18.2%</i>	<i>14.4%</i>	<i>380 bps</i>

Key Updates

- » Continued momentum in the new products offtake with steady growth in the base business
- » Operating margins improved by ~ 150 basis points due to growth in new products and improved price realization
- » R&D efforts on track with focus on new product development and cost improvements.
- » Forex gain of ₹3mn as against loss of ₹64mn in the previous quarter due to our guarded debt strategies. The Working capital PCFC forex loan component has come down from \$38 Mn in March'18 to \$7.5 Mn in Dec'18

Quarterly Trend





Q3FY19 Performance- YoY

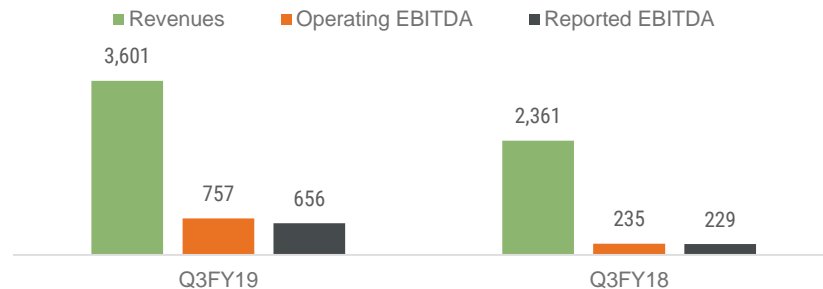
Financial Highlights

Particulars	Q3 FY19	Q3 FY18	YoY
Revenue	3,601	2,361	53%
Operating EBITDA	757	235	222%
<i>OP EBITDA Margins</i>	<i>21.0%</i>	<i>10.0%</i>	<i>1100 bps</i>
R&D Cost	-104	-53	
Forex gain/(Loss)	3	47	
Reported EBITDA	656	229	186%
<i>Reported EBITDA Margins</i>	<i>18.2%</i>	<i>9.7%</i>	<i>850 bps</i>

Key Updates

- » Operating EBITDA improvement over previous year on account of new product launches & growth in base business
- » 2x increase in investments in R&D for new product development and cost improvement initiatives

Quarterly Trend





9MFY19 Review

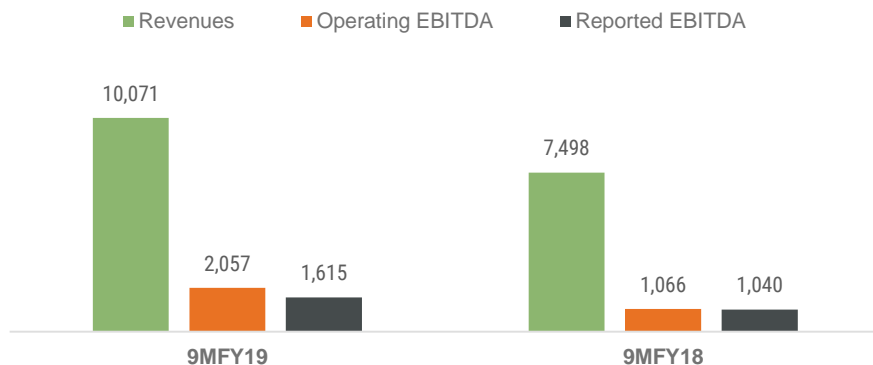
Financial Highlights

Particulars	9MFY19	9MFY18	Change
Revenue	10,071	7,498	34%
Operating EBITDA	2,057	1,066	93%
<i>OP EBITDA Margins</i>	20.4%	14.2%	620 bps
R&D Cost	-312	-75	
Forex gain/(Loss)	-129	49	
Reported EBITDA	1,615	1,040	55%
<i>Reported EBITDA Margins</i>	16.0%	13.9%	210 bps

Key Updates

- » Growth in Revenue by 34% due to continued growth in base business & new product launches.
- » Operating EBITDA up by 93% due to price increase; volume growth and cost improvement program
- » 3x growth in R&D investments to develop new products and product robustness.
- » Filing run-rate anticipated at 10+ APIs/year
- » Debt position as of Dec'18 (Term Loan – ₹ 3,236 Mn and Working capital – ₹ 3,402 Mn)

9M Trend





Corporate Update



The proposed investment by TPG, a leading private equity investor along with the promoter group demonstrates the confidence investors have reposed on Solara from a long-term perspective. This development will accelerate Solara's growth strategy to be amongst the top API companies globally

Jitesh Devendra, MD and CEO

Key Updates

- » The board of directors at their meeting held today also approved an aggregate fundraising of ₹4,600 Mn over a period of 18 months from the Promoters' Group and TPG Growth IV SF Pte. Ltd. (TPG Growth) through allotment of convertible warrants.
- » The key details are:
 - » The Promoters' group will infuse an aggregate amount of ₹2,600 Mn for 6.5 Mn warrants at ₹400 per share which is 30%+ premium over preceding 26 weeks average and 15%+ premium over preceding 2 weeks average of Solara's Share Price as on the relevant date
 - » TPG will infuse an aggregate amount of ₹2,000 Mn for 4.0 Mn warrants at ₹500 per share which is 65%+ premium over preceding 26 weeks average and 45%+ premium over preceding 2 weeks average of Solara's Share Price as on the relevant date
 - » TPG will have no special rights or a separate shareholders agreement, however Solara will offer one Board seat to a TPG nominee.
 - » Solara proposed to utilize the proceeds for setting up a large-scale greenfield manufacturing facility and cater for future growth opportunities with no additional leverage.



About Solara

API only business model with large scale infrastructure, wide products and established customer relationships

Capabilities

Complex chemistry capabilities including handling of catalytic hydrogenation, hydride reductions, organometallic reactions, hazardous reactions amongst others



Infrastructure

5 Globally compliant API and diversified facilities with capacity over 1600kl



Orientation

Consciously favoring value over volumes thereby limiting pricing pressure in the long term and creating capacities after assuring demand



Research

Pipeline of 20+ products under different stages of development



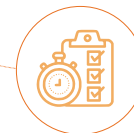
Market Presence

Presence in 75+ countries, 75%+ regulated market sales and 100+ Filings



Compliance

Commitment to highest levels of compliance, consistency and quality with zero 483s in last several USFDA audits





Solara- 5 years perspective



Business Continuity

Portfolio of new products and new customers to augment current base and enable steady growth



Worldwide Presence

Established strongholds in key regulated markets and growth territories



Robust Product base

Constant stream of revenue from new product validations



Best Customer Connect

Organization Focus to win with customer delight as the primary goal



Well on its path to become a leading pure-play API company with focus on highly compliant business operations and customer advocacy



Thank you

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