

ADVANCED ENZYME TECHNOLOGIES LIMITED

Earnings Presentation - November 2021

» Safe Harbour Statement

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Forward-looking statements are other than statements of historical facts. The words "believe," "expect," "anticipate," "intend," "estimate," "outlook," "will," "may," "continue," "should" and similar expressions identify forward-looking statements.

Forward-looking statements include statements regarding objectives, goals, strategies, outlook and growth prospects; future plans, events or performance and potential for future growth; liquidity, capital resources and capital expenditures; economic outlook and industry trends; developments of the Company's markets; the impact of regulatory initiatives; and the strength of competitors. The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in records and other data available from third parties.

Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and maybe beyond our control. Such risks, uncertainties, contingencies and other important factors could cause the actual results of the Company or the industry to differ materially from those results expressed or implied in this presentation by such forward-looking statements.

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Table of Content

Result Summary	05
Segmental Performance	08
Geographical Performance	12
Result Summary FY21	15
Industry/Opportunity Size	26
Unique Investment Case	28
Focus Area Going Ahead	32
Shareholders' Information	33

>> H1 FY22 Highlights



Sales ₹ 2,641 Mn

Consolidated sales grew +14%



Stake Acquisition

Acquired additional 15% stake in JC Biotech
Holding increased from 70% to 85%



EBITDA Margin of 42%

Consolidated EBITDA at ₹1,121 mn
Margin lower by 600 bps impacted by higher raw material cost & logistics



Integration

Synergy realisation on-track on the latest acquisitions



Free Cash Flow of ₹ 444 Mn

Strong cash generation in all the divisions

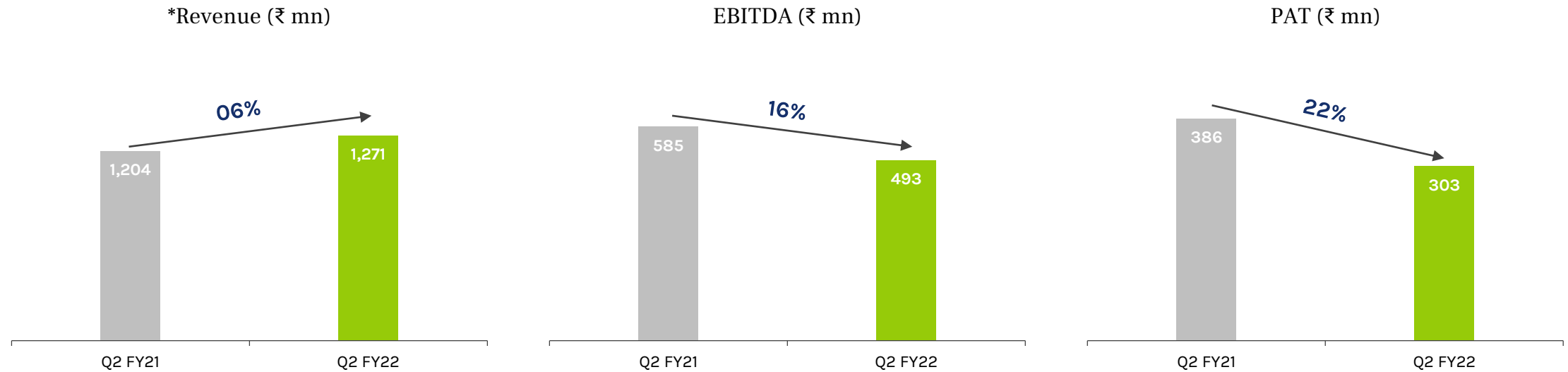


Portfolio Enhancement

Forayed into B2C segment in India with the launch of Immunity bundle (NIH accredited), other products in pipeline

Now available at www.advancedenzymesdirect.com

» Results Summary – Q2 FY22 (Consolidated) Y-o-Y

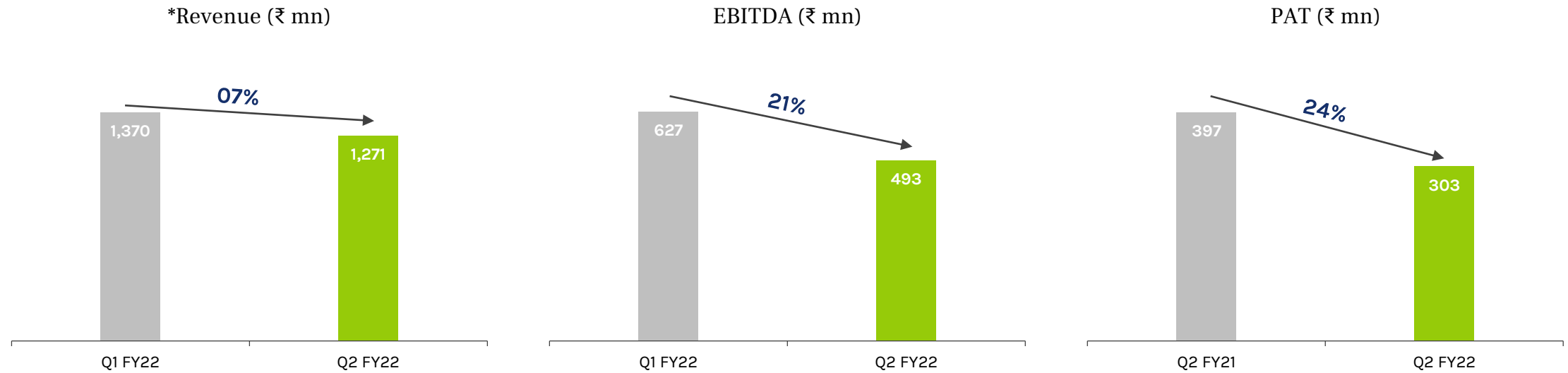


- Revenue grew by 6% on y-o-y basis to ₹ 1,271 million in the Q2 FY22 from ₹ 1,204 million in the Q2 FY21
- EBITDA declined by 16% to ₹ 493 million in the Q2 FY22 as against ₹ 585 million in Q2 FY21 on y-o-y basis
- PAT decreased to ₹ 303 million in the Q2 FY22 from ₹ 386 million in the Q2 FY21, a decline of 22% on y-o-y basis
- EBITDA margin and PAT margin during Q2 FY22 stands at 39% and 24% respectively

Notes:

1. On Consolidated Basis
2. PAT is before minority
3. Ind AS adjustments are carried out on account of commission, discount. And provision for sales return

» Results Summary – Q2 FY22 (Consolidated) Q-o-Q

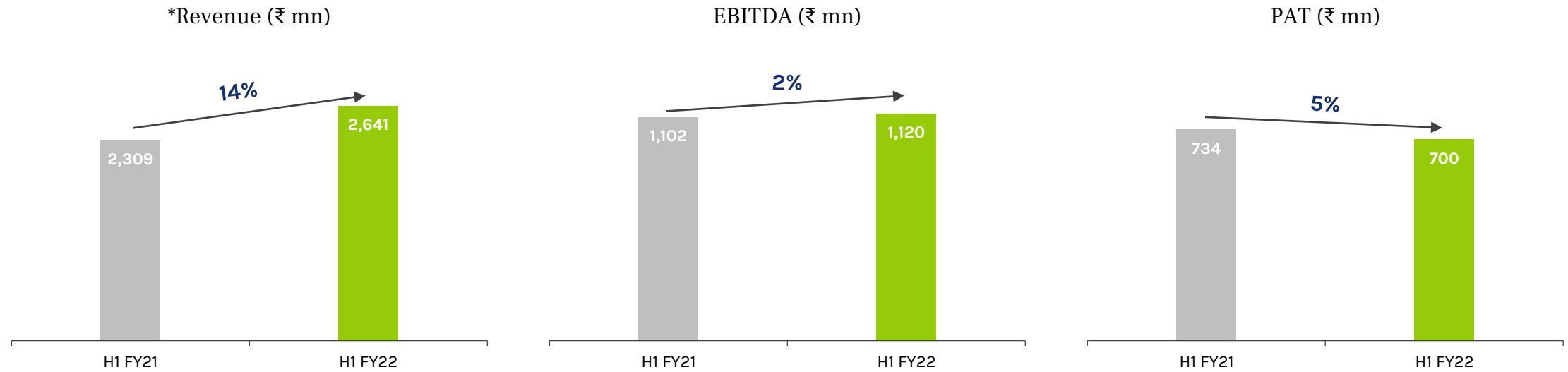


- Revenue de-grew by 7% on Q-o-Q basis to ₹ 1,271 million in the Q2 FY22 from ₹ 1,307 million in the Q1 FY22
- EBITDA declined by 21% to ₹ 493 million in the Q2 FY22 as against ₹ 627 million in Q1 FY22 on Q-o-Q basis
- PAT decreased to ₹ 303 million in the Q2 FY22 from ₹ 397 million in the Q1 FY22, a decline of 24% on Q-o-Q basis

Notes:

1. On Consolidated Basis
2. PAT is before minority
3. Ind AS adjustments are carried out on account of commission, discount. And provision for sales return

» Results Summary – H1 FY22 (Consolidated) Y-o-Y



- Revenue grew by 14% on y-o-y basis to ₹ 2,641 million in the H1 FY22 from ₹ 2,309 million in the H1 FY21
- EBITDA grew by 2% to ₹ 1,120 million in the H1 FY22 as against ₹ 1,102 million in H1 FY21 on y-o-y basis
- PAT decreased to ₹ 700 million in the H1 FY22 from ₹ 734 million in the H1 FY21, a decline of 5% on y-o-y basis
- EBITDA margin and PAT margin during H1 FY22 stands at 42% and 27% respectively

Notes:

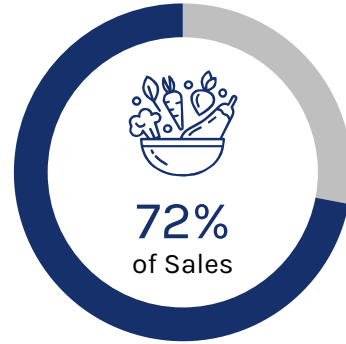
1. On Consolidated Basis
2. PAT is before minority
3. Ind AS adjustments are carried out on account of commission, discount. And provision for sales return

» Human Nutrition

(₹ in Million)

Q2 FY22

Q2 FY22	920	+04%
Q2 FY21	885	

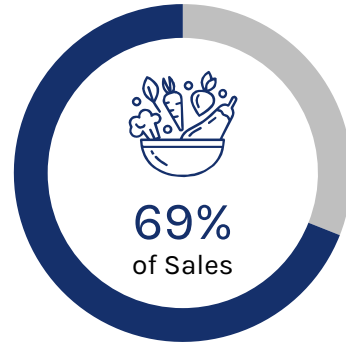


Commentary:

- The human nutrition segment contributed around 72% during the quarter in the total revenue from operations
- This segment grew by 4% during the quarter from ₹ 885 million in Q2 FY21 to ₹ 920 million in Q2 FY22

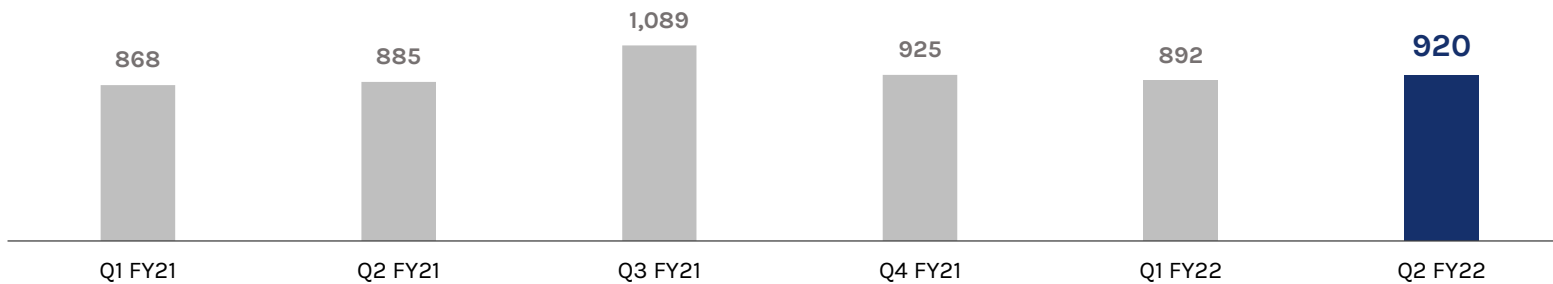
H1 FY22

H1 FY22	1,812	+03%
H1 FY21	1,765	



Commentary:

- The human nutrition segment contributed around 69% during the first half in the total revenue from operations
- This segment grew by 3% during the first half from ₹ 1,765 million in H1 FY21 to ₹ 1,812 million in H1 FY22

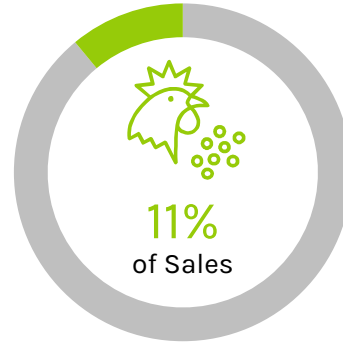


>> Animal Nutrition

(₹ in Million)

Q2 FY22

Q2 FY22	136	+03%
Q2 FY21	132	



Commentary:

- The Animal nutrition segment contributed about 11% during the quarter in the total revenue from operations
- This segment grew by 3% on y-o-y basis to ₹ 136 million in Q2 FY22 as against ₹ 132 million in Q2 FY21, and it de-grew by 3% on q-o-q basis

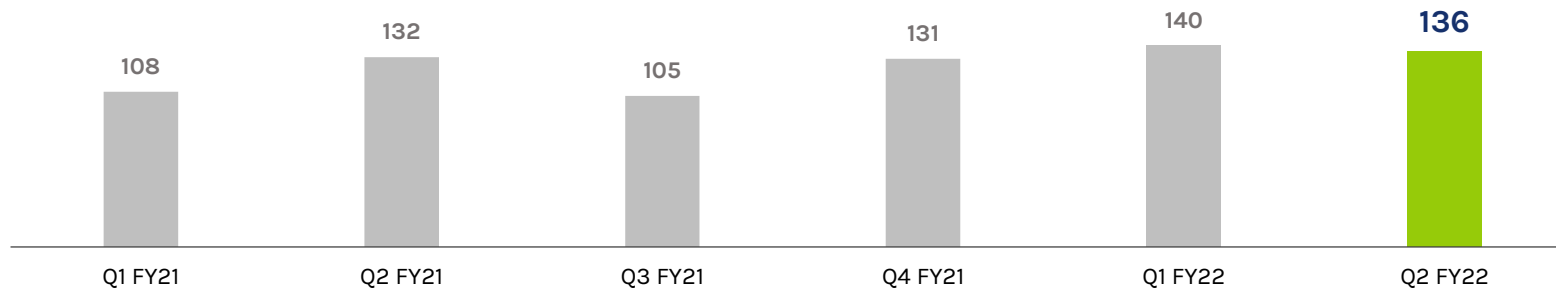
H1 FY22

H1 FY22	276	+16%
H1 FY21	238	



Commentary:

- The Animal nutrition segment contributed around 10% during the first half in the total revenue from operations
- This segment performed exceptionally well and grew by 16% on y-o-y basis to ₹ 276 million in H1 FY22 as against ₹ 238 million in H1 FY21



>> Industrial Bio-Processing

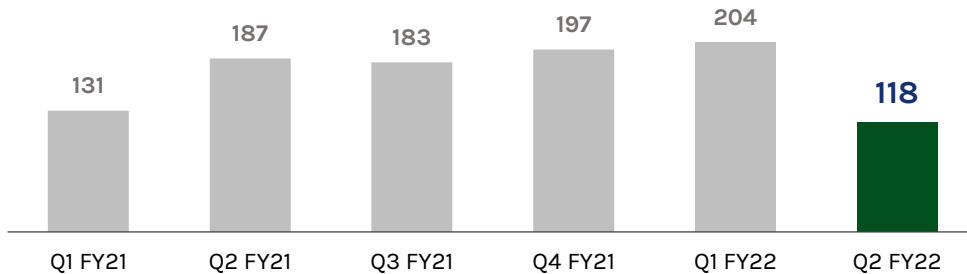
Q2 FY22	118	-37%	H1 FY22	321	+05%
Q2 FY21	187		H1 FY21	305	

Commentary of Q2 FY22 :

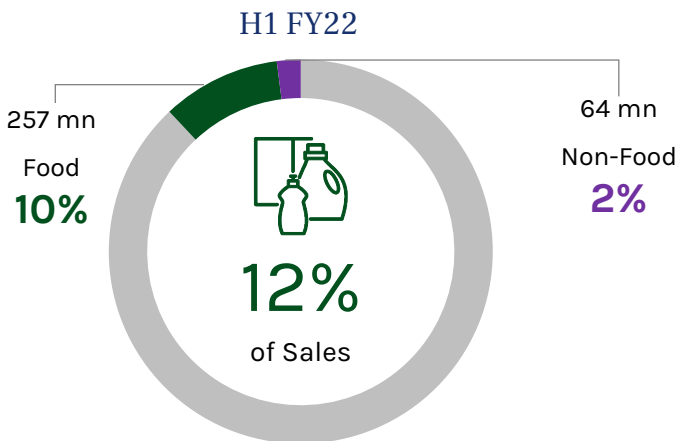
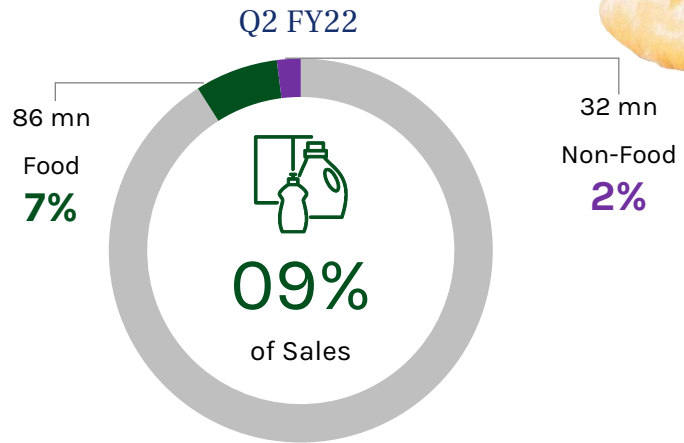
- The Industrial Bio-Processing segment contributed about 9% during the quarter in the total revenue from operations which was 16% during the same quarter last year
- This segment underperformed by 37% on y-o-y basis to ₹ 118 million in Q2 FY22 from ₹ 187 million in Q2 FY21
- In this segment, food business contributed 7% in the overall revenue and stood at ₹ 86 million while the Non-Food business contributed 2% and stood at ₹ 32 million during the quarter

Commentary of H1 FY22:

- The Industrial Bio-Processing segment contributed about 12% during the first half in the total revenue from operations which was 14% during the same period last year
- This segment grew by 5% on y-o-y basis to ₹ 321 million in H1 FY22 from ₹ 305 million in H1 FY21
- In this segment, food business contributed 12% in the overall revenue and stood at ₹ 257 million while the Non-Food business contributed 2% and stood at ₹ 64 million during the first half



(₹ in Million)



Specialized Manufacturing

(₹ in Million)

The Specialized manufacturing segment is newly added to the revenue stream as synergy from the acquisition of SciTech Specialties (SSPL)

In Specialized manufacturing, we manufacture products based on effervescent technology

These effervescent products extends our solutions in Nutraceutical, Pharmaceutical, Bakery, Washing solutions and other Speciality products

This segment contributed approx. 8% during the quarter in the total revenue from operations which is ₹ 97 million

SciTech Specialties will also help us in strengthening our B2C segment

Q2 FY22

Q2 FY22	97	-28%
Q1 FY22	134	



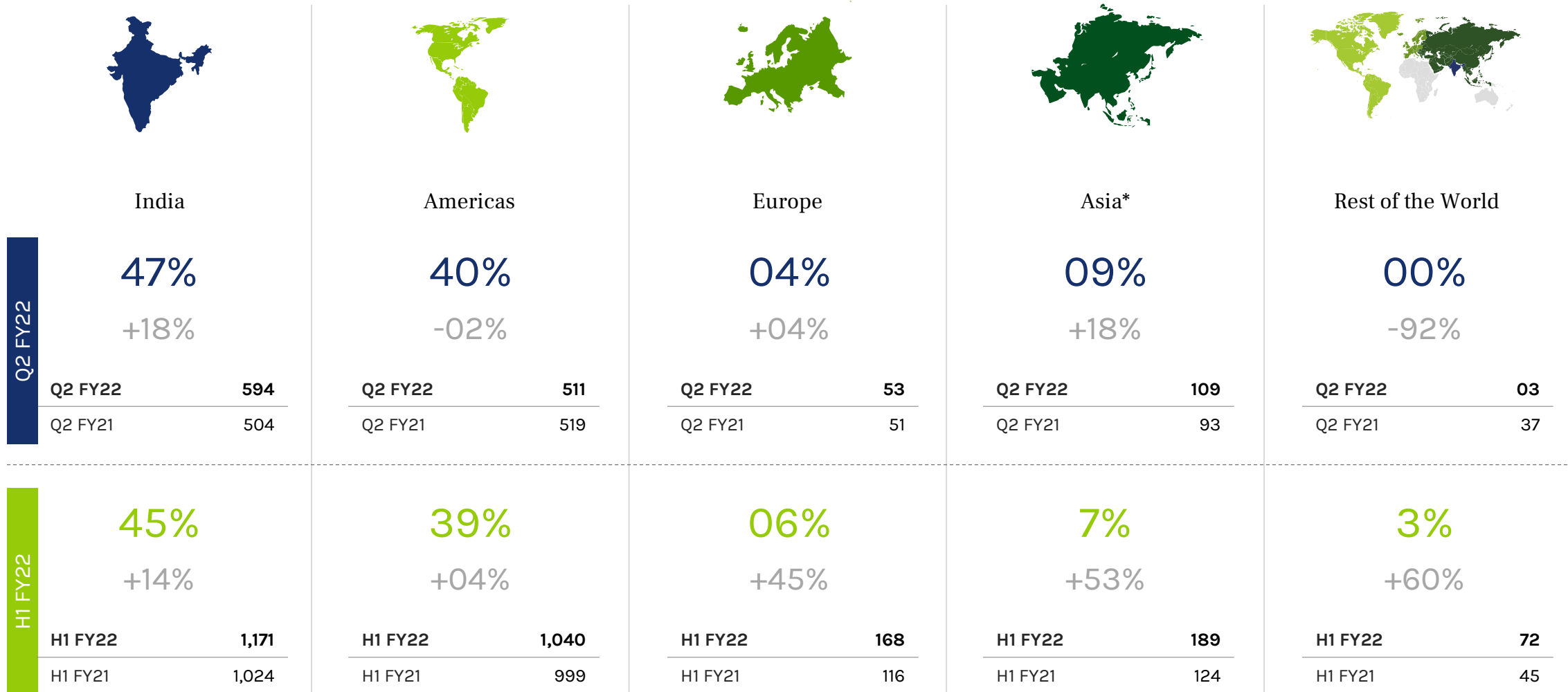
H1 FY22

H1 FY22	232	+100%
H1 FY21	0	



» Geographical Performance

(₹ in Million)



*Asia is excluding India

» Profit & Loss (Consolidated) – Q2 FY22 & H1 FY22

(₹ in Million)

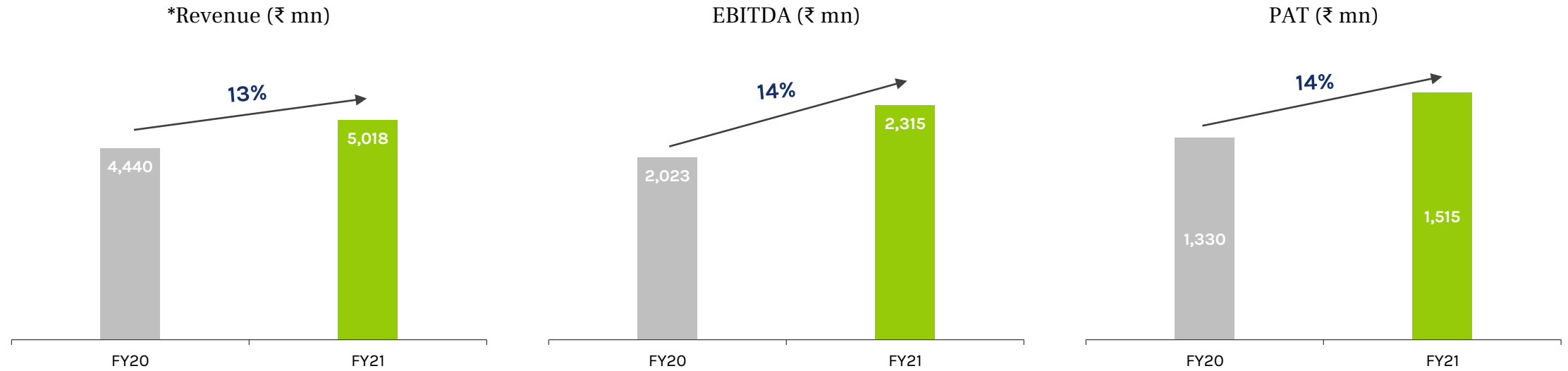
Particulars	Q2 FY22 Un-Audited	Q1 FY21 Un-Audited	Q2 FY21 Un-Audited	Y-o-Y (%)	H1 FY22 Un-Audited	H1 FY21 Un-Audited	Y-o-Y (%)	FY21 Audited
Income from Operations	1,271	1,370	1,204	+06	2,641	2,309	+14	5,018
Expenses (Ex. Finance cost)	864	827	686	+26	1,691	1,342	+26	2,990
Profit from Operations before Other Income, Finance Costs and Exceptional Item	407	543	518	-21	950	967	-2	2,028
Other Income	9	9	6	54	18	58	-68	88
Profit from ordinary activities before Finance Costs and Exceptional Item	416	552	524	-21	968	1,025	-6	2,116
Finance costs	3	5	4	-22	8	8	-6	16
Profit from ordinary activities before tax	413	547	520	-21	960	1,017	-1	2,100
Tax	110	150	134	-18	260	283	-8	588
Net Profit for the period	303	397	386	-22	700	734	-5	1,512
Earnings Per Share	2.66	3.40	3.33		6.05	6.40		13.07

» Balance Sheet (Consolidated) - H1 FY22

(₹ in Million)

Particulars	H1 FY22 Un-Audited	H1 FY21 Un-Audited	H1 FY20 Un-Audited
ASSETS			
Property, plant and equipment	2,407	2,017	1,706
Capital work-in-progress	101	138	157
Intangible assets	653	577	594
Goodwill	2,913	2,899	2,764
Other non-current assets	299	170	185
Current assets	5,445	4,452	3,396
Assets held for sale	-	48	48
TOTAL- ASSETS	11,818	10,301	8,850
EQUITY AND LIABILITIES			
Equity share capital	224	223	223
Other equity	10,028	8,743	7,215
Non-controlling interest	510	291	267
Non-current liabilities	520	432	460
Current liabilities	536	557	630
Liabilities classified as held for sale	-	55	55
TOTAL- EQUITY AND LIABILITIES	11,818	10,301	8,850

» Results Summary – FY21 (Consolidated) Y-o-Y



Animal HC

FY21	475	11%
FY20	536	



Human HC

FY21	3,786	18%
FY20	3,211	



Bio Processing

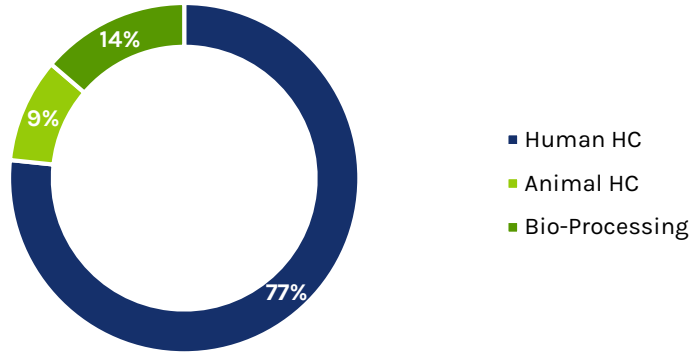
FY21	678	1%
FY20	683	

1. On Consolidated Basis
2. PAT is before minority
3. Product categorywise revenue does not include other operating income and Ind AS adjustments
4. Ind AS adjustments are carried out on account of commission and discount.
5. Product categorywise revenue does not include SSPL numbers

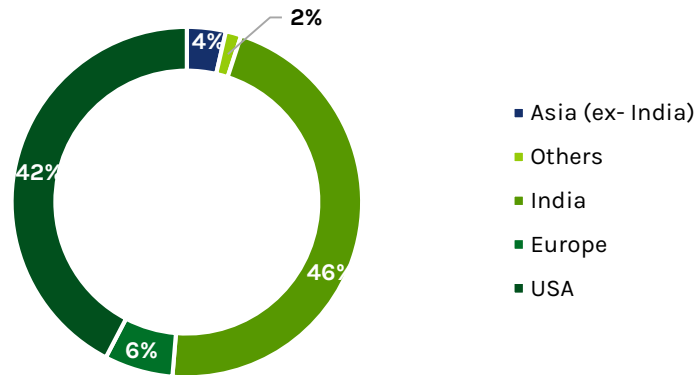
>> Revenue Split – FY21 vs. FY20

FY21

Product Category-wise (%)

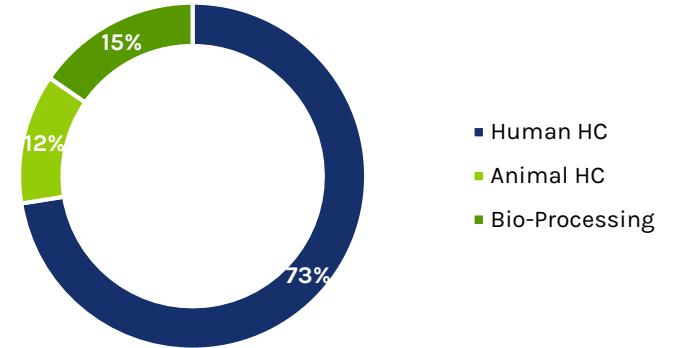


Geographical Revenue Split (%)

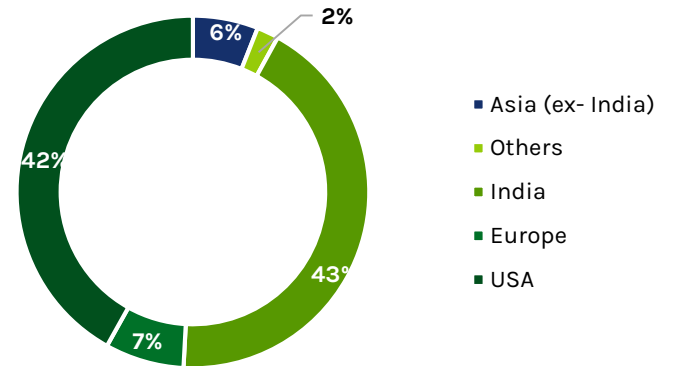


FY20

Product Category-wise (%)



Geographical Revenue Split (%)

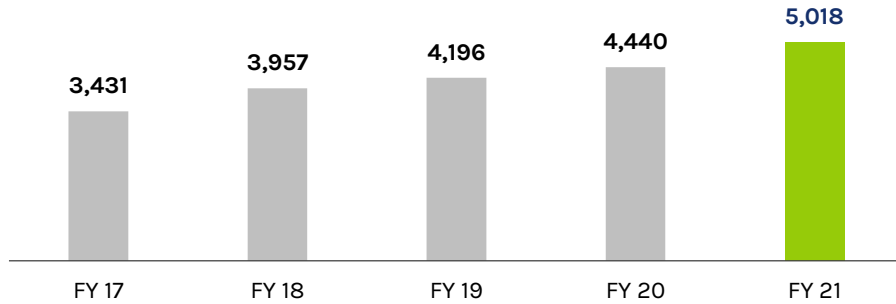


1. On Consolidated Basis
2. EBIDTA is including other income
3. Segment-wise revenue does not include other operating income
4. Ind AS adjustments are carried out on account of commission and discount.
5. Product categorywise revenue does not include SSPL numbers

» Strong Financial Performance – FY21

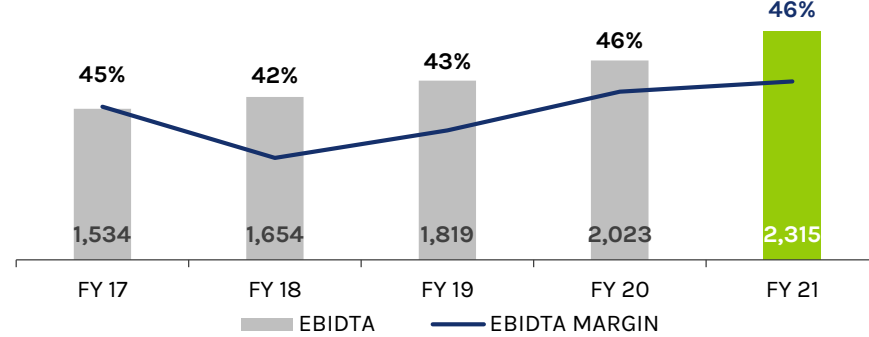
(₹ in Million)

Revenue from Operations



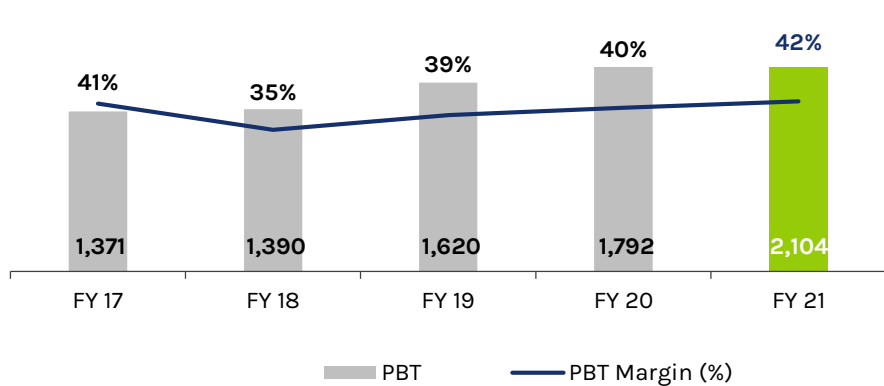
**CAGR
9.97%**

EBIDTA & EBIDTA Margin (%)



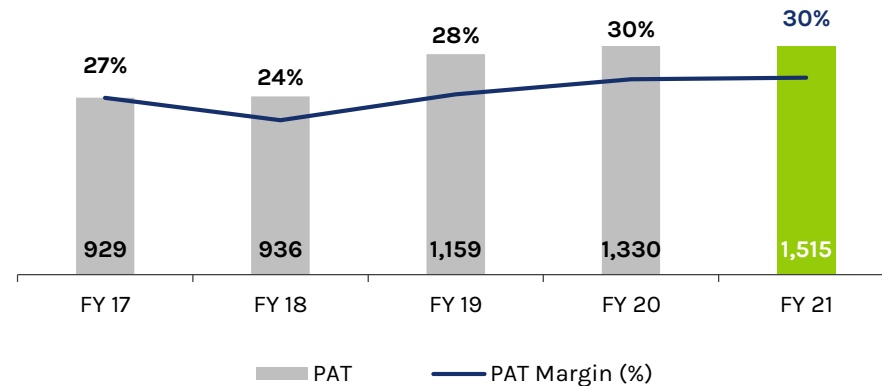
**CAGR
10.84%**

PBT & PBT Margin (%)



**CAGR
11.30%**

PAT & PAT Margin (%)



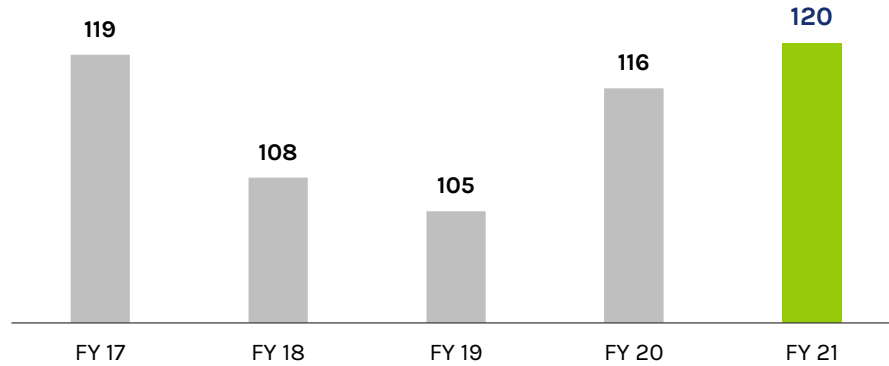
**CAGR
13.01%**

Note: All the numbers are as per IndAs
All numbers are on Consolidated basis

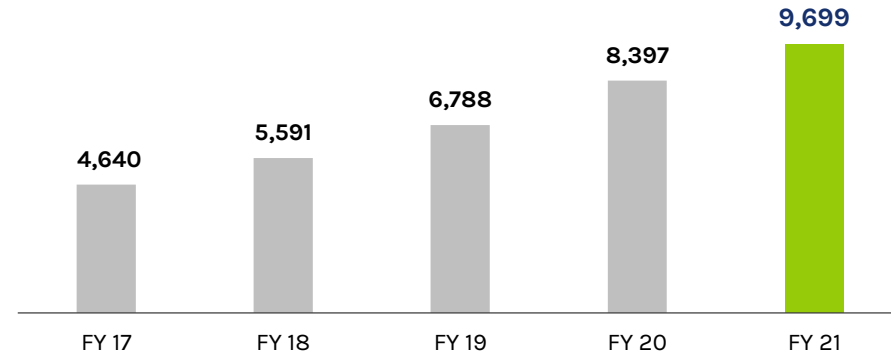
ROE = Profit after tax / Average shareholder equity; RoCE = (Net Profit before Tax, Exceptional and extraordinary items + Finance cost) / Average (Net debt + Networth)

» Strong Financial Performance – FY21

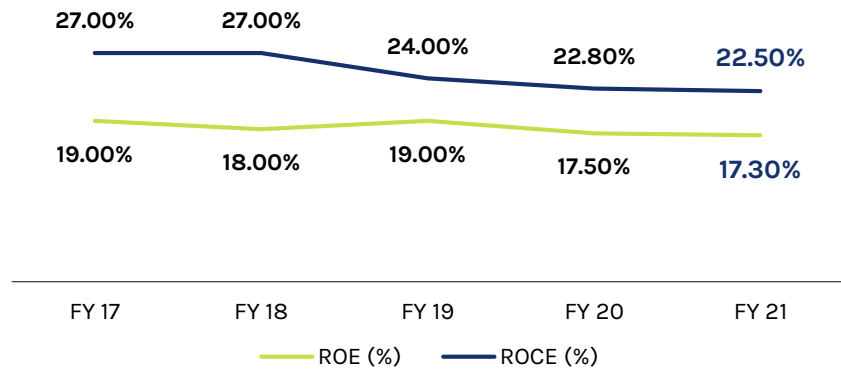
Net Working Capital (Days)



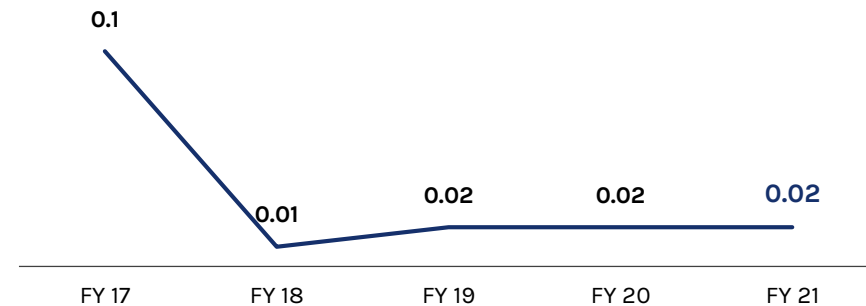
Net Worth (₹ mn)



ROE (%) & ROCE (%)



Net Debt to Equity (x)



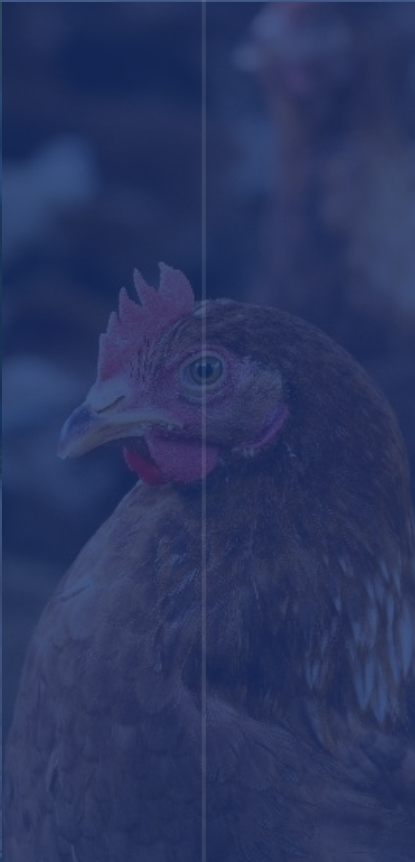
Note: All the numbers are as per IndAs
 All numbers are on Consolidated basis
 Net working capital days = ((Trade receivables + inventories - Trade payables) / Revenue from operations) * 365
 Net Debt = Long term debt + short term debt + current maturities of long term debt - Cash & Cash Equivalent

» Balance Sheet (Consolidated)

(₹ in Million)

Particulars	FY21 Audited	FY20 Audited	FY19 Audited
Assets			
Property, plant and equipment	2,382	2,096	1,618
Capital work-in-progress	104	101	105
Intangible assets	725	592	622
Goodwill	2,901	2,941	2,715
Other non-current assets	253	251	183
Current assets	5,162	3,757	2,820
Assets held for sale	0	48	48
Total Assets	11,527	9,786	8,111
Equity And Liabilities			
Equity share capital	223	223	223
Other equity	9,483	8,173	6,565
Non-controlling interest	601	278	260
Non-current liabilities	543	461	358
Current liabilities	677	596	651
Liabilities classified as held for sale	0	55	54
Total – Equity and Liabilities	11,527	9,786	8,111

Annexure



» Company Overview



Advanced Enzymes is a research driven company with global leadership in the manufacturing of enzymes and probiotics. We are committed to providing eco-safe solutions to a wide variety of industries like human health care and nutrition, animal nutrition, baking, fruit & vegetable processing, brewing & malting, grain processing, protein modification, dairy processing, speciality applications, textile processing and others. Our aim is to replace traditionally used chemicals with eco-friendly enzymatic solutions.

What are enzymes?

Enzymes are natural protein molecules that act as catalysts within living cells, produced by all living organisms. Function as specialized catalysts and accelerate the pace of biochemical reactions.

Advanced uses enzymes to replace chemicals in, and improve efficiency of, a wide variety of industrial processes for its customers.

What are Probiotics?

Probiotics are live microorganisms, when administered in sufficient amount, confer health benefits to human and animals. Probiotics have now become an integral part of several therapies for the digestive disorders and newer applications for treatment of several other diseases are being developed. Probiotics act by fighting with the disease causing microorganisms and by secreting beneficial metabolites in the human/animal system.

Advanced Enzymes has developed and upscaled technologies for the production and application of several important probiotics.



Mission

It is our mission to see that every human being is able to take advantage of the power of enzymes and probiotics for well-being and leading a healthy life!



Vision

Our vision at Advanced Enzymes is to become the largest, enzyme and probiotic -based, value provider to consumers and processors globally!

Advanced Enzyme Technologies Limited – A Rising Global Star



9
Manufacturing Units
India - 7 USA - 2



7
R&D Units
India - 5 | USA - 1 | Germany - 1



1st
Indian enzyme company



2nd
Highest market share in India



2nd
Listed integrated enzyme player globally



68+
Enzymes
& Probiotics



400+
Proprietary
Products



700+
Customers
Worldwide



45+
Countries
Worldwide Presence



750+
Employees



13*
Patents



12#
Food Enzyme Dossiers
filed with EFSA



5**
GRAS Dossier
evaluated by US FDA



500
m³ Fermentation
Capacity



25+
Years of Fermentation
Experience

Note: Facts & Figures as on 31st March, 2021

* Patents includes the filed applications

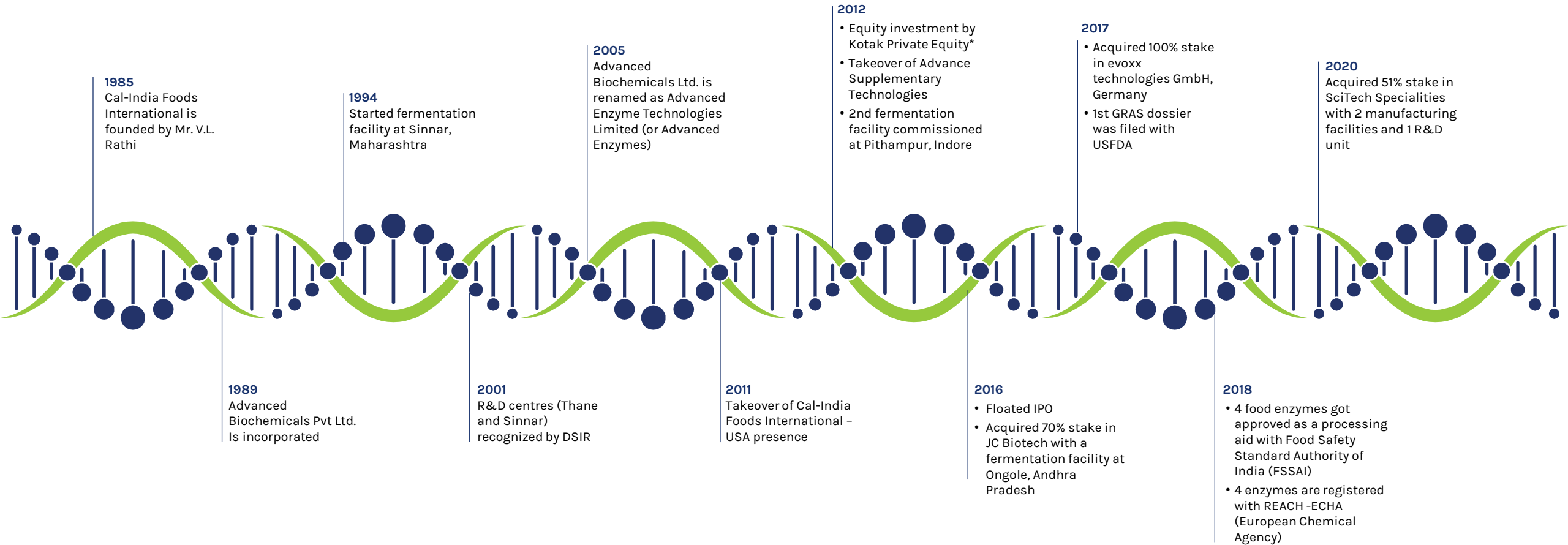
#Food Dossier filed with EFSA, out of which positive R&D Units opinion is received for 4 Dossiers & 8 are under evaluation

**No question letter received for 2 Dossier, another 3 are under evaluation

All the numbers are as per IndAs

Source: Freedonia

» Brief History and Evolution



Note: * through Kotak India Venture Fund I, Kotak Employees Investment Trust and Kotak India Venture (Offshore) Fund

» Board of Directors



Mr. Vasant Rathi
Chairman and Non-Executive Director



Mr. Mukund M. Kabra
Whole-time Director



Mr. Kedar Desai
Independent Director



Mr. Rajesh Sharma
Independent Director



Mr. Pramod Kasat
Independent Director



Ms. Rasika Rathi
Non-Executive Director



Mr. Vinod Jajoo
Independent Director



Mr. Vilas Aurangabadkar
Independent Director



Mr. Sunny Sharma
Non-Executive Director



Ms. Rajshree Patel
Independent Director

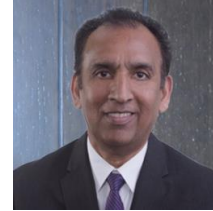
» Management Team



Mr. Beni Prasad Rauka
Chief Financial Officer



Mr. Dipak Roda
Vice President / Market & Business
Development



Mr. Harshad Doshi
CFO & COO - Advanced Enzymes, USA



Ms. Martina Doering
Managing Director /Head Of Business
Development - Evoxx Technologies,
Germany



Ms. Rasika Rathi
General Counsel / Vice President
And Secretary – Advanced Enzymes, USA

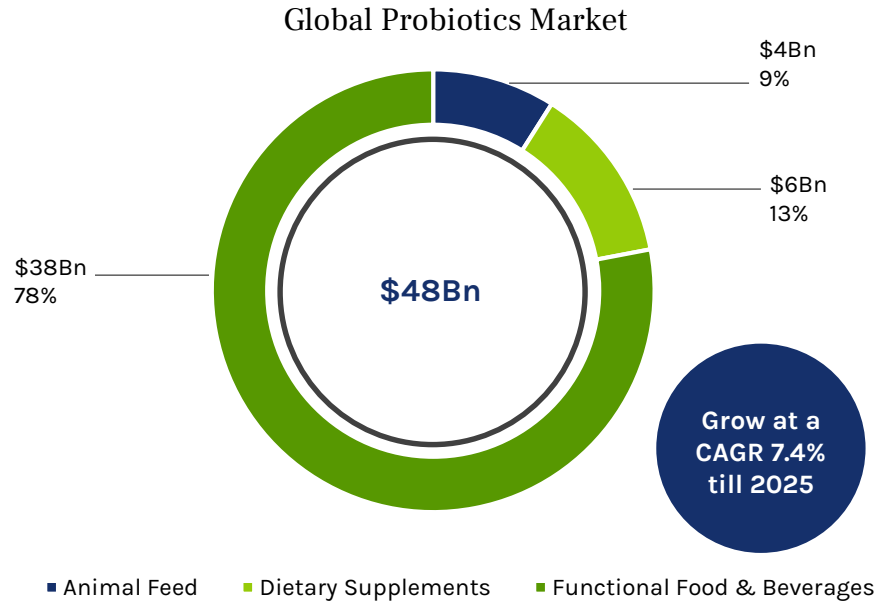


Dr. Michael Puls
Managing Director /Head Of Research and
Development - Evoxx Technologies,
Germany



Mr. Sanjay Basantani
Company Secretary & Head Legal

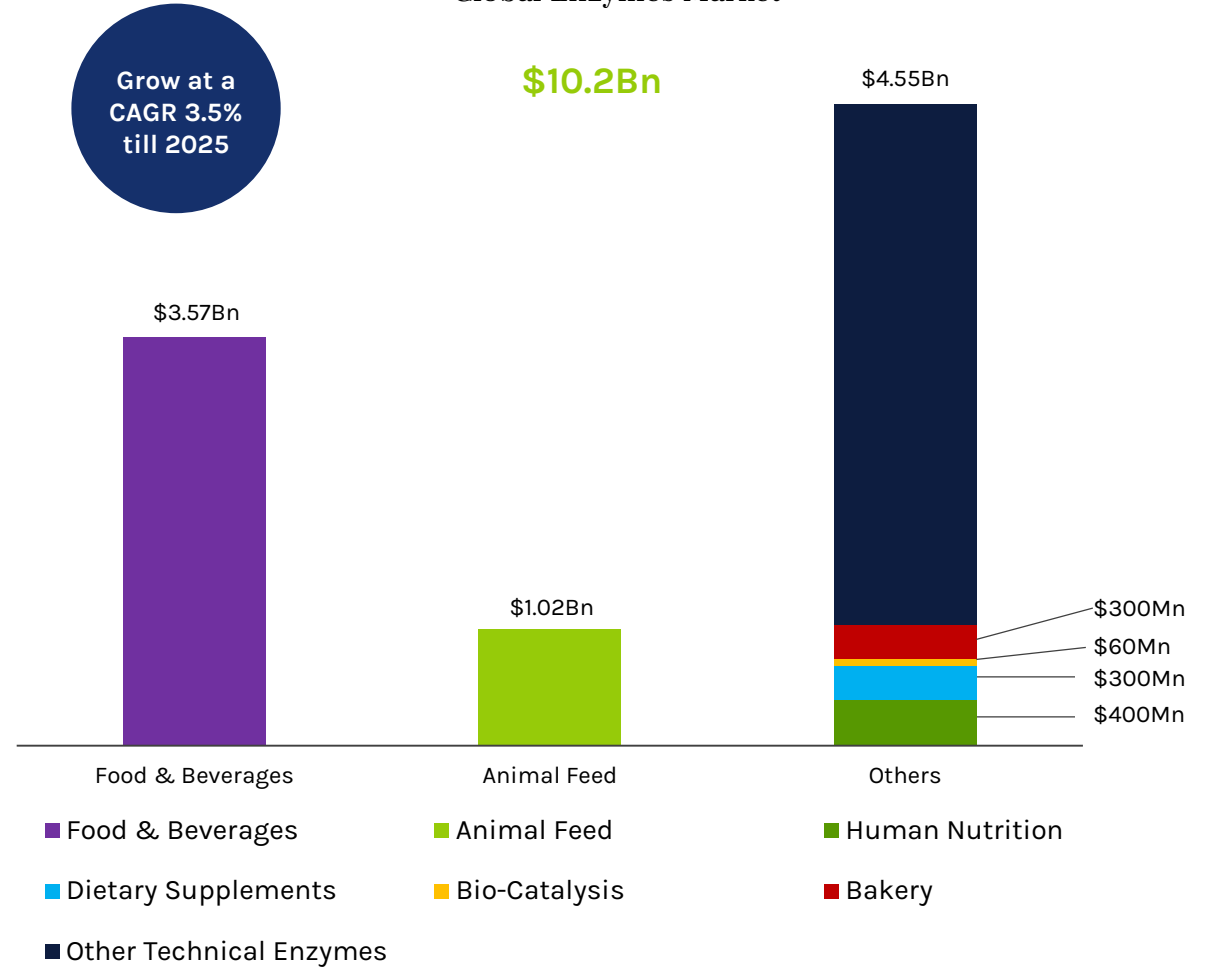
>> How Big is the Opportunity?



Competitive Scenario in the Global Enzymes and Probiotics Markets

Nutraceutical	DSM, Deerland
Probiotics	Chr. Hansen, Sabinsa, Kerry, Unique Biotech
Bio-Catalysis	Codexis, Cambrex
Animal Nutrition	Novozymes, DSM, Kemin, Novus, and other regional players
Bio-Processing	Food: AB Enzymes, DSM, Novozymes Non-Food: Novozymes, DuPont

Global Enzymes Market



Source: ResearchandMarkets Report, 2019-20

» What we are Aiming in the Opportunity?

Focus Area	Opportunity Size	Addressable market for AETL over next 5 years**	AETL's Current Share of Revenue	
			FY21	FY20
 Human Nutrition	\$ 400 mn	\$ 200 mn	\$ 39 mn, 57%	\$ 38.4 mn, 61%
 Bio-catalysis	\$ 60 mn	\$ 30 mn*	\$ 2.2 mn, 3%	\$ 1.3 mn, 2%
 Baking	\$ 300 mn	\$ 30 mn	\$ 6.3 mn#, 9%	\$ 7.5 mn, 12%
 Animal Nutrition	\$ 1.02 bn	\$ 40 mn	\$ 6.4 mn, 9%	\$ 7.6 mn, 12%
 Probiotics	\$ 48 bn	Majority of the market is untapped, so this a huge opportunity	\$ 9.8 mn, 14%	\$ 5.6 mn, 9%

**Addressable market is as per Company's own estimates

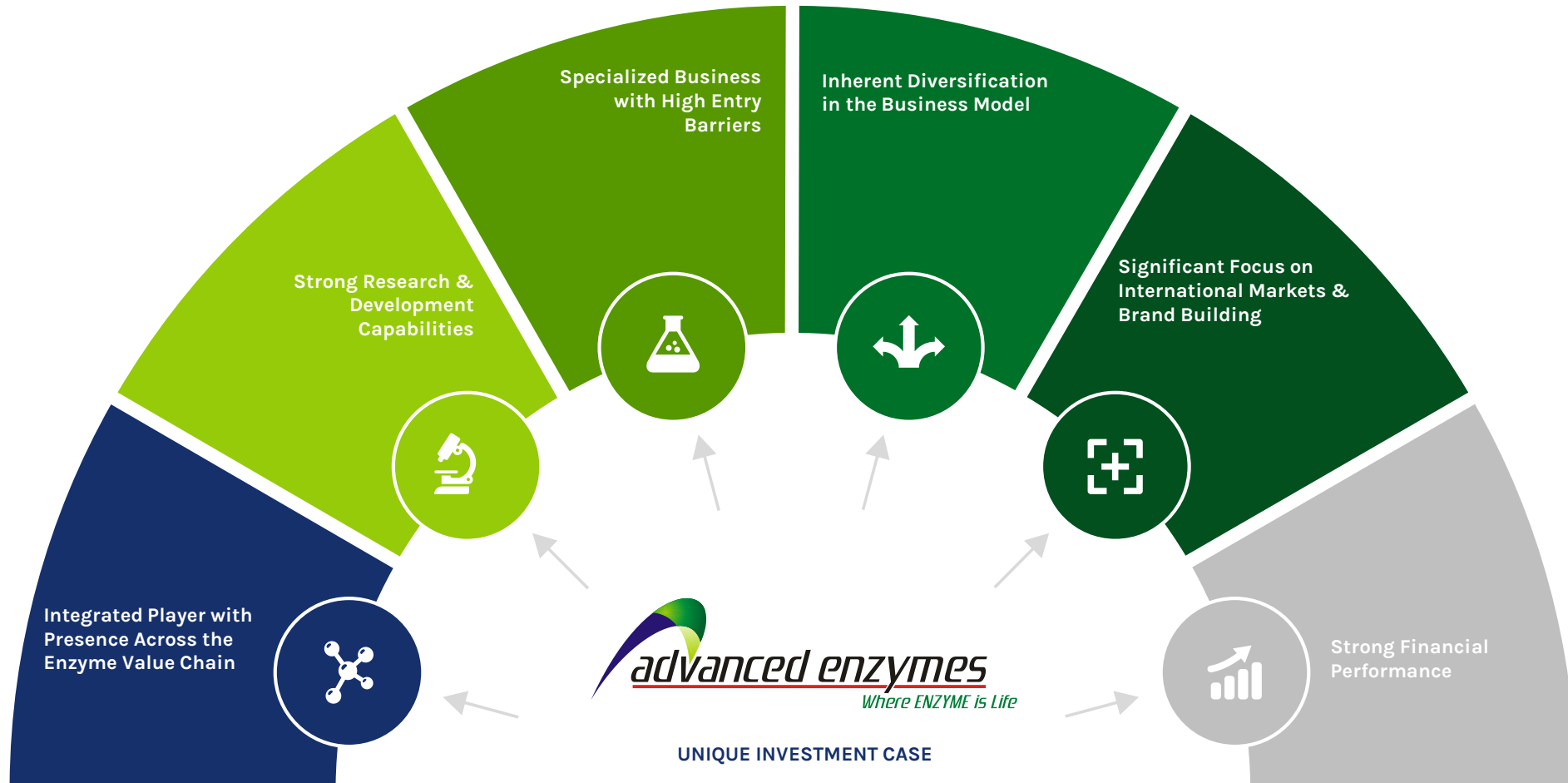
*As of now we are considering the India only opportunity for Bio-catalysis

#Includes other food-processing enzymes

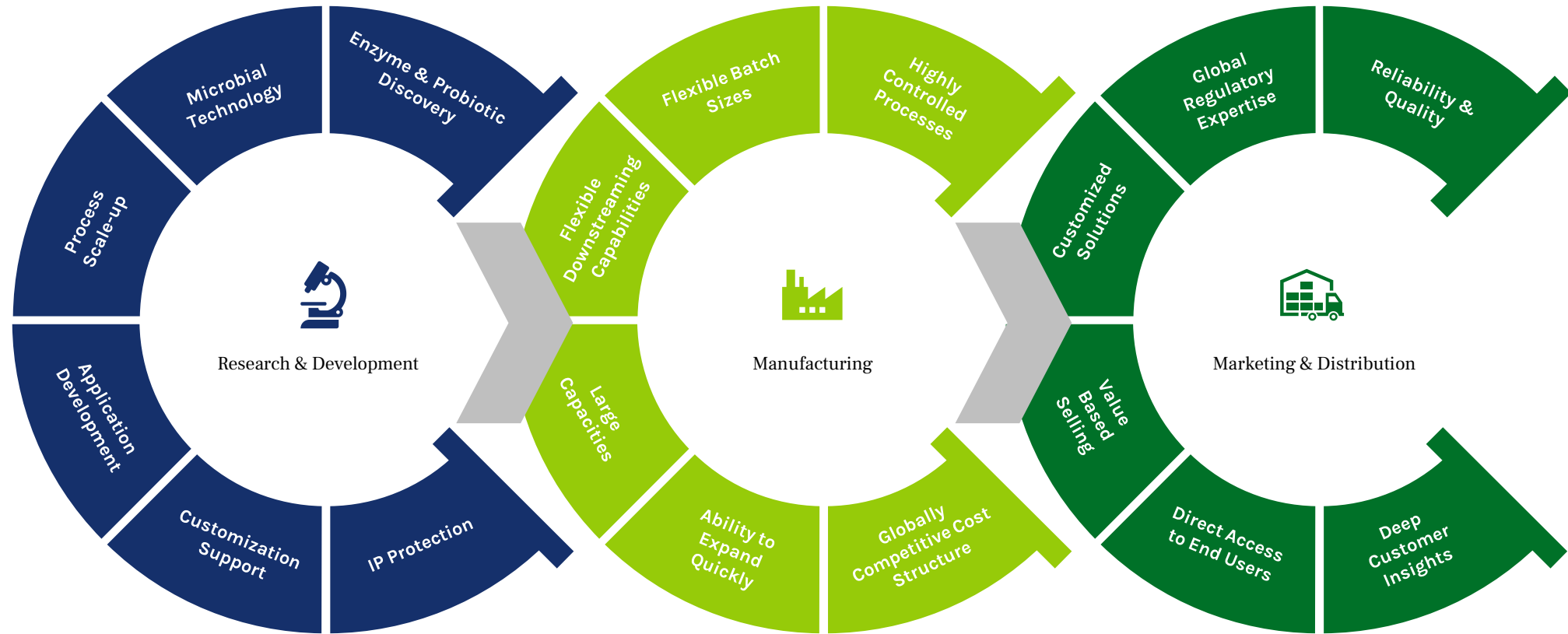
Source: ResearchandMarkets Report, 2019-20



>> What Makes AETL a Unique Investment Case?



» Integrated Player with Presence Across the Enzyme Value Chain



>> Specialized Business With High Entry Barriers



Technocrat Promoters

Cumulative experience of 7+ decades in the global enzyme industry



Sustained Research & Development

Consistent Investment (4%-5% of topline) into R&D over the past 15+ years



Manufacturing Expertise

Specialized technical expertise in microbial fermentation developed over the last 25+ years



Proven Enzyme Development Capabilities

Proven Expertise in Successfully Developing Enzymes; Journey from only 7 in 1994 to 68+ today



Global Competitiveness

Amongst the Lowest Cost Manufacturers in the World, therefore our Gross margin stays in the range of 75%-80% (Benchmarked both in terms of Capex & Opex)



Diverse Product Range & Customer Base

400+ Products, 700+ Customers Worldwide



Credible Market Presence

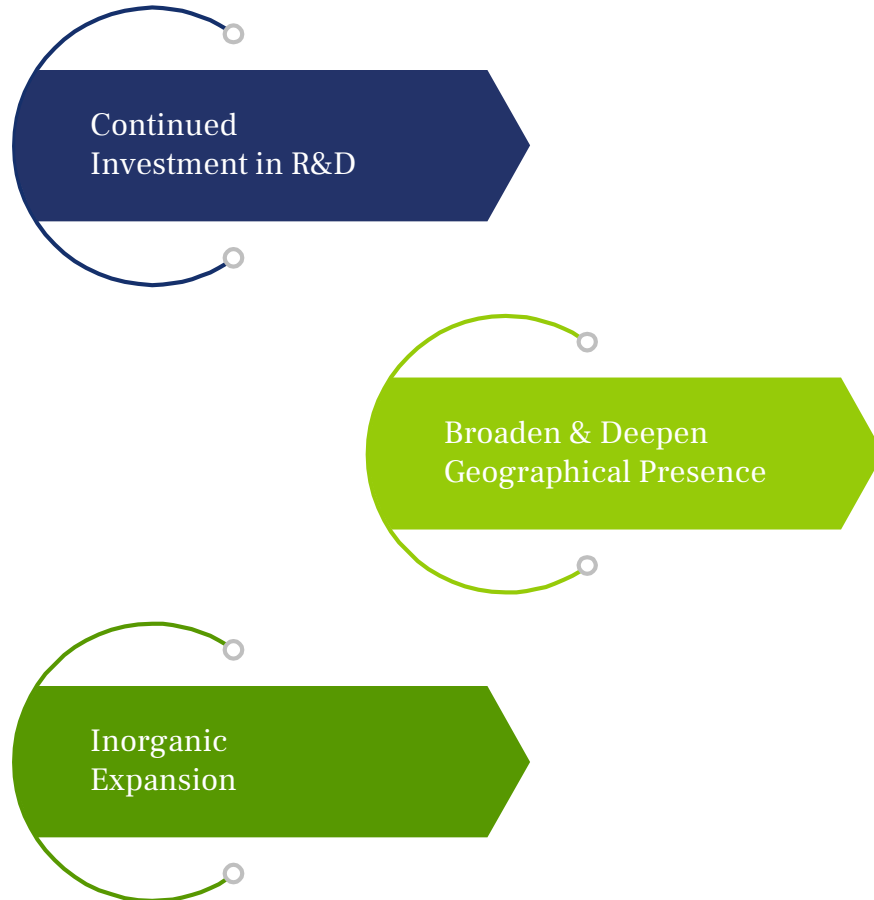
Presence of more than 3 decades in the industry with prolonged & dedicated "enzyme" focus



Invaluable Experience & Customer Insights

Decades of Experience in Solving Customer Problems, and Invaluable Product & Process Insights

>> Future Growth Drivers



- Identify Product gaps and Develop new Enzymes, Probiotics & Solutions thereof
- Expand Competencies in Enzymes & Probiotics, Discovery and Genetic Engineering

- Increased focus on high return applications where AETL has strategic advantages
- Build Strategic Partnerships in Key Markets for Focus Segments

- Acquisition of Key Technologies, Competencies & Skill-sets which Enable Consolidation and/or Entry into New Market Segments
- Acquisition of Client Relationships & Businesses in Key Focus Markets

» Focus Areas Going Ahead



Animal Nutrition

- Continuing conduct trials and studies to bring newer and effective nutritional products, which may improve the efficacy of animal feeds
- Registering and introducing more products in the domestic as well as in the international markets.
- Expand its sales and marketing team in USA, MENA and Asian market
- Targeting to strengthen the geographical reach and distribution network by appointing more distributors in the overseas markets



Probiotics

- To introduce more probiotics products in Human Nutrition for the immunity development, active health food, gut health and various nutraceutical applications
- To launch more products on immunity development, digestion improvement, and increase nutritional level of feed in the Animal Nutrition



Bio-Catalysis

- Developing bio catalysis for API manufacturers, providing enzymatic based solutions that are target specific, helping them to save cost of energy, time and use of chemicals
- Couple of products are under the advanced stage of trials at plant level by the API manufacturers
- This is one of the opportunities, where your Company will continue its efforts and focus







Baking

- In Bio-processing division, our focus is on Baking Solutions
- We have got positive response for the products in terms of efficacy and performance
- Confident to expand in Europe, Americas and Rest of World to tap the available opportunities by offering a value based approach in the Baking Industry

Shareholders Information

Stock Data (As on 31st Oct 2021)

	Market Capitalization (₹)	42,141 mn
	Shares Outstanding	111.72 mn
	Free Float	33.98%
	Symbol (NSE/ BSE)	ADVENZYMES / 540025

Top 5 Institutional Holders (As on 31st Oct 2021)

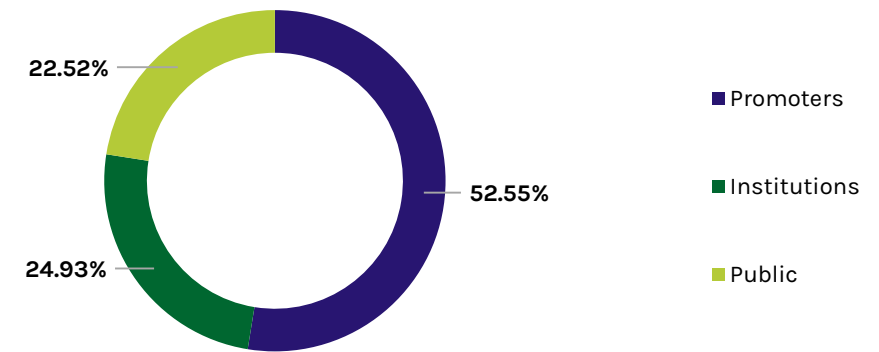
Institutions	OS (%)
ORBIMED ASIA III MAURITIUS	12.09
NALANDA INDIA EQUITY FUND	4.74
HDFC AMC	4.21
ICICI PRUDENTIAL MF	2.50
UTI MF	1.61

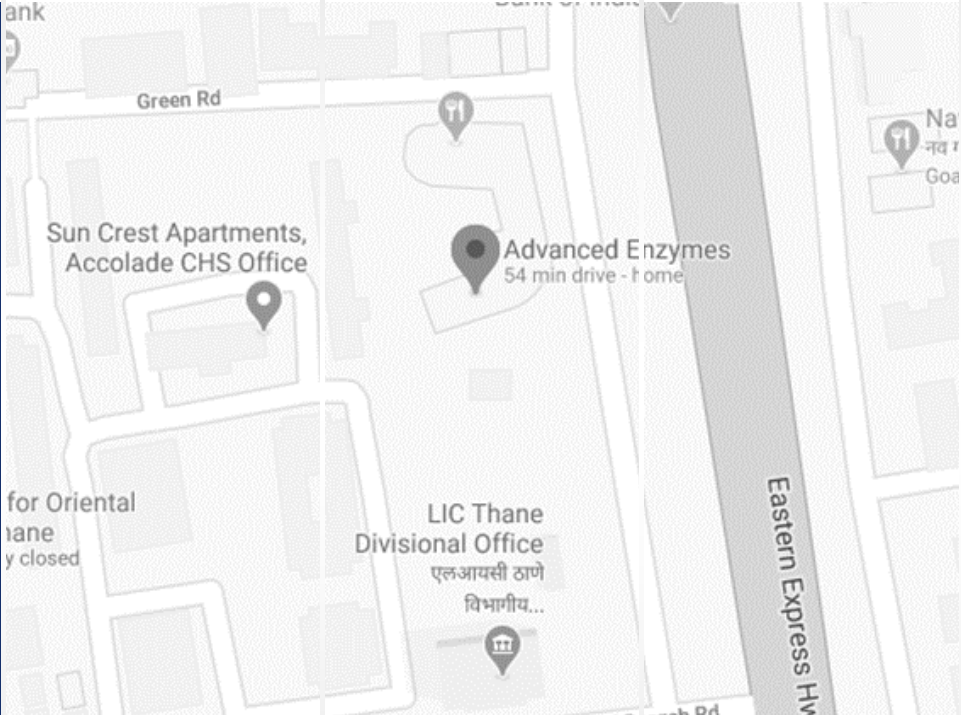
Stock Chart (As on 31st Oct 2021)



Source: NSE

Shareholding Pattern (%) (As on 30th Sept 2021)





Thank You

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