

# ACETO Corporation

NASDAQ: ACET



Update  
May 2018

# Disclosure



This presentation contains “forward-looking statements,” as defined by the Private Securities Litigation Reform Act of 1995, that can be identified by words such as “believes”, “expects”, “anticipates”, “plans”, “projects”, “seeks” and similar expressions and involve numerous risks and uncertainties. The Company’s actual results could differ materially from those anticipated or implied in such forward-looking statements as a result of certain factors, as set forth in the Company’s filings with the Securities and Exchange Commission.

# Company Overview



## Human Health



- Finished Dosage Form Generics (Rising Pharmaceuticals)
- Nutritionals

## Pharmaceutical Ingredients



- Active Pharmaceutical Ingredients
- Pharmaceutical Intermediates

## Performance Chemicals



- Specialty Chemicals
- Agricultural Protection Products

Sourcing

Regulatory Support

Quality Assurance

# Transition To Human Health



- Entered U.S. Finished Dosage Generics business acquiring Rising Pharmaceuticals

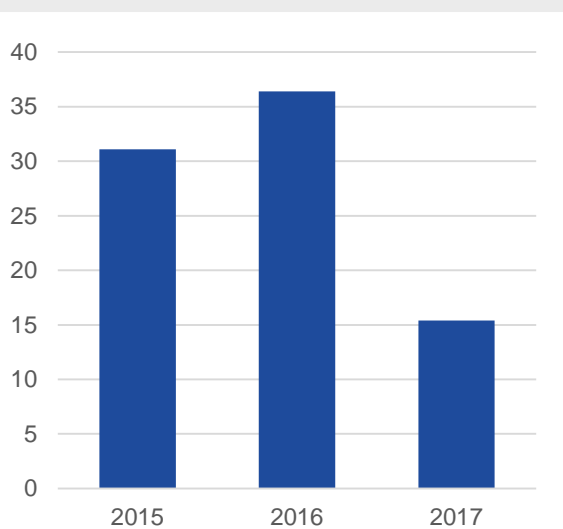
- Expanded the portfolio of commercialized and pipeline products through the acquisition of PACK Pharmaceuticals and ANDAs from PAR Pharmaceuticals
- SIC and GICS codes changed to reflect Healthcare Distribution

- Acquired certain products and assets of Citron Pharma
- Acquired ownership of 29 ANDA's

# Human Health



Income Before Income Taxes (\$/M)



Source: Form 10-K for fiscal year ended June 30, 2017, as amended

- **Rising Pharmaceuticals**
  - Portfolio of 140 finished dosage form generic prescription drugs and over-the-counter products
    - Strong brand recognition within generic pharma industry
  - Partnership model including supply contract with Aurobindo for Citron products
- **Nutritionals**
  - Nutraceutical ingredients

## Representative Customers



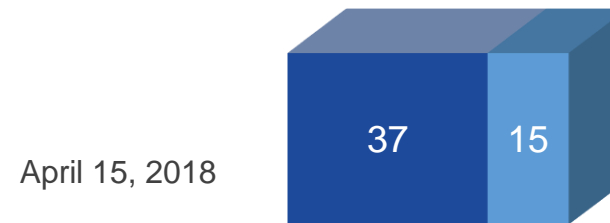
# Rising Pharmaceuticals Portfolio



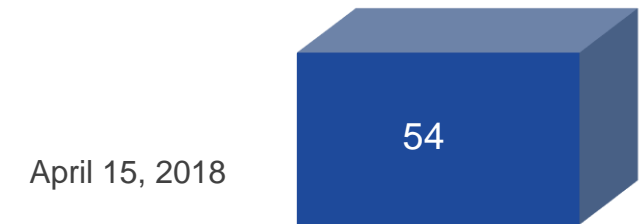
## Commercialized Generic Products Portfolio

- Portfolio of nearly 140 products
- Mostly niche products with MIS sales between \$50 million and \$150 million
- Primarily oral tablets
- Diverse therapeutic treatments
- Launched 15 products year to date with additional product launches planned for fourth quarter

## ANDAs Filed and Approved Pending Launch



## Products Under Development <sup>(1)</sup>



■ ANDAs Filed ■ Approved Pending Launch

Goal:

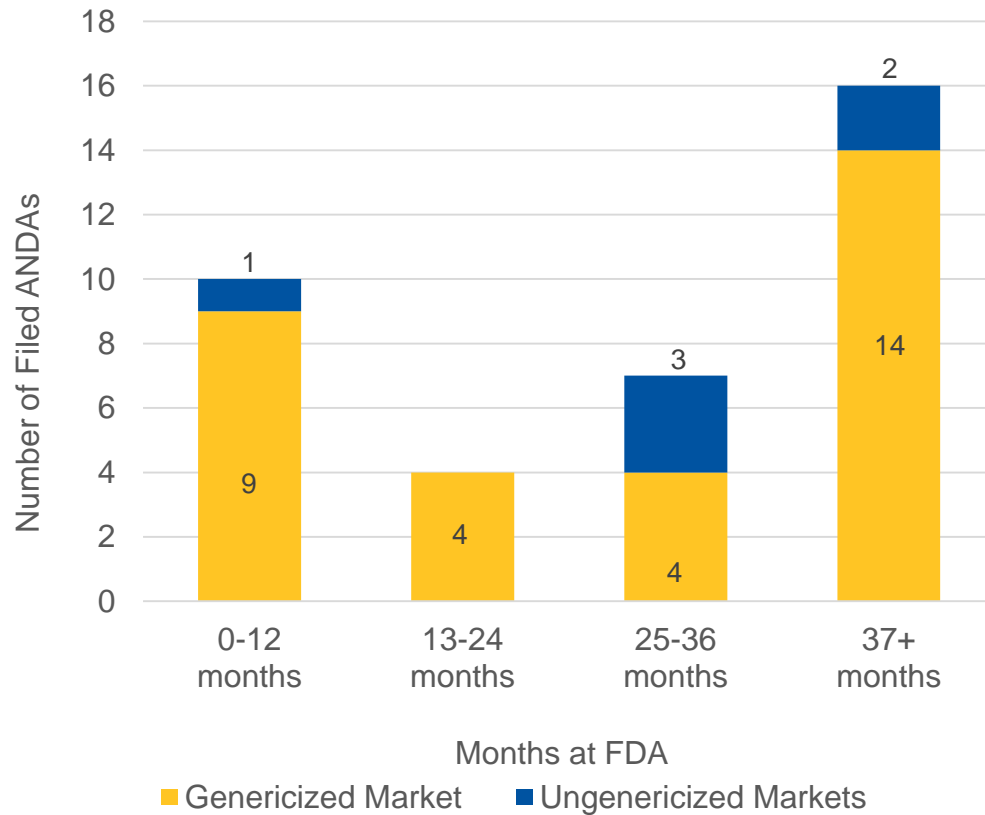
- Mix of more complex, higher margin opportunities
- Blend of oral, topical, and sterile finished dosage forms

(1) Excludes 4 pipeline products associated with \$50 million potential earn-out under Citron transaction

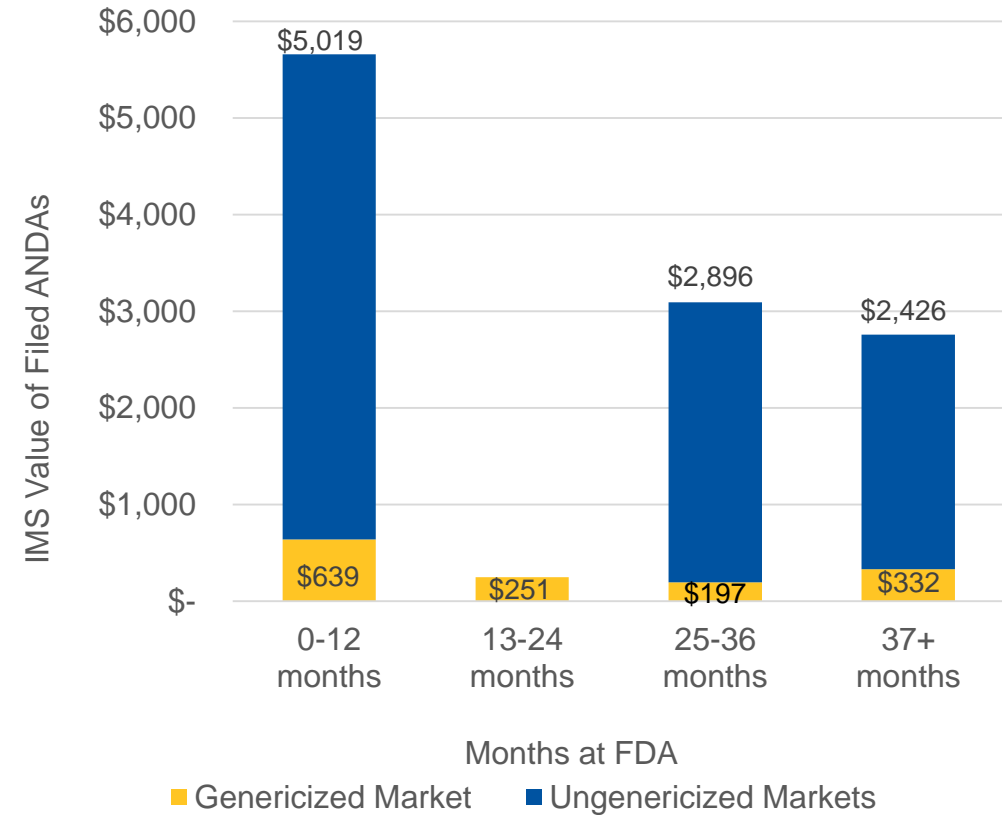
# Rising Pharmaceuticals - 37 Filed ANDAs



Aging <sup>(1)</sup>



Addressable Market Value of \$11.8 Billion <sup>(1) (2)</sup>



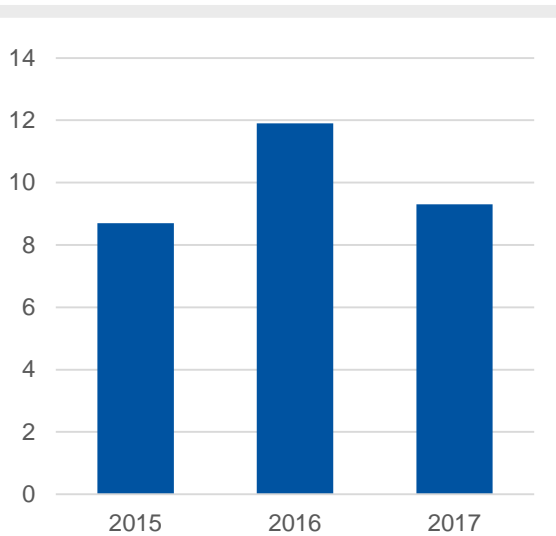
(1) As of April 15, 2018

(2) Value is based on total market, including brand & generic where applicable, using recent IMS sales data

# Pharmaceutical Ingredients



Income Before Income Taxes (\$/M)



Source: Form 10-K for fiscal year ended June 30, 2017, as amended

- **Select and source** active pharmaceutical ingredients (APIs) in partnership with brand and generic drug manufacturers
- Products predominately sourced from **India** and **China**
- Primarily sell to customers in the **U.S.** and **Europe**

## Representative Customers

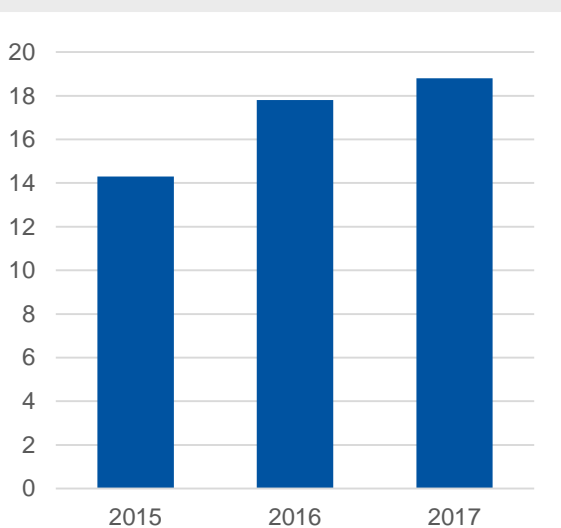




# Performance Chemicals



Income Before Income Taxes (\$/M)



Source: Form 10-K for fiscal year ended June 30, 2017, as amended

- Specialty Chemical Business

- Sourcing and distribution operating model with regulatory support
- Various end markets: coatings, plastics, food/beverage, ag intermediates
- Predominately sourced in China
- Consultative sales approach

- Agricultural Protection Products

- IP ownership through technical and end use registration with EPA
- Warehouse and distribute finished product under the Aceto label
- Product categories include fungicides, insecticides and inhibitors
- Outsourced Active Ingredient manufacturing predominately in China

## Representative Customers



# Worldwide Presence



# Near Term Operational Initiatives



## Internal Warehouse Expansion

- ✓ ~125,000 square foot facility in Somerset, NJ
- ✓ January – March 2018: in-bound freight arrived
- ✓ March – August 2018: 3PL inventory draw down
- ✓ September 2018: fully functional

## ERP update

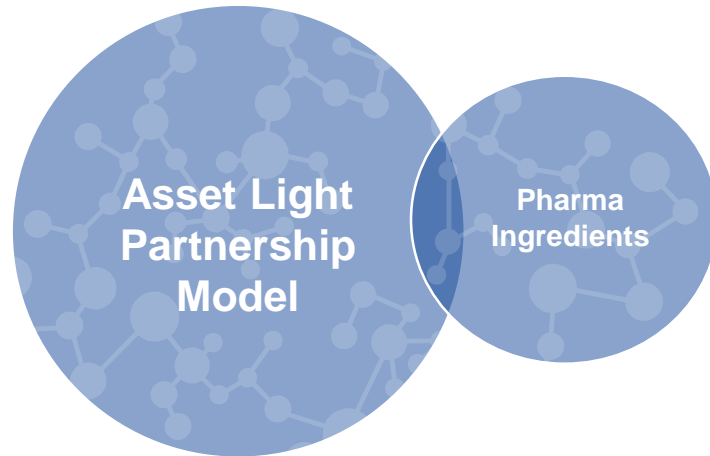
- ✓ Currently 3 **Rising Business Units** with disparate ERP systems
  - Acetris Health (formerly Citron's Lucid government business)
  - Rising Health (formerly Citron business)
  - Rising Pharma (legacy Rising business)
- ✓ Phased-in approach
  - **March 2018**: Acetris Health go live completed
  - **May 2018**: Rising Pharma and Rising Health simultaneously go live with point of sale gross to net application

# Longer Term Whiteboard of Opportunity

“Rising” up the generic pharma operating model value chain: Strategic vertical integration leveraging Pharma Ingredients’ expertise/global footprint



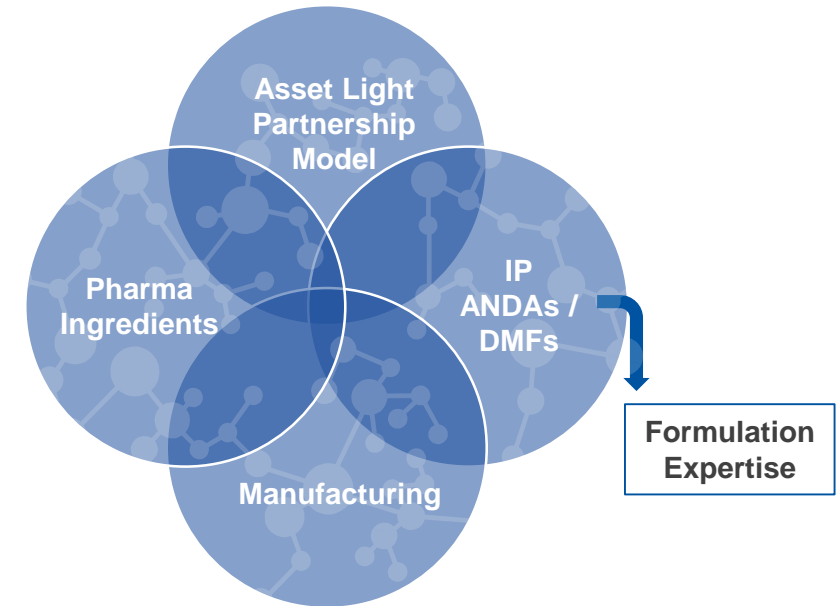
## Current State



### Key Take Aways

- Minimal integration with Pharma Ingredients
- Significant profit share splits with partner
- Reliance on multiple partners to perform
- IP often shared

## Potential Future State



### Key Take Aways

- Bifurcated model – partner with best in class
- Margin enhancement
- Leverage global Pharma Ingredients footprint and expertise
- Reduce complexity/increase operational control
- Enterprise wide value creation

# Balance Sheet and Cash Flow Highlights



## Balance Sheet at March 31, 2018:

- Cash, cash equivalents and short-term investments of \$65.1 million
- Working capital, excluding current portion of long-term debt, of \$243.2 million
  - Reclassified \$176.3M of bank debt from long term to short term
- Convertible debt of \$126.3 million, net of discount
- Bank debt of \$193.1 million
- Deferred purchase note of \$50 million

## Cash Flow for the Nine Months Ended March 31, 2018:

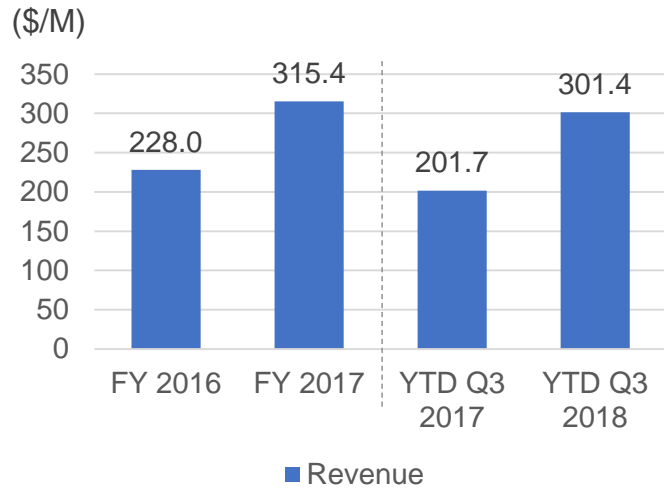
- Cash provided by operating activities of \$56.4 million
- Free cash flow of \$50.0 million<sup>(1)</sup>
- Cash used for debt repayments of \$39.4 million

(1) Free cash flow is defined as cash provided by operating activities less investing activities.

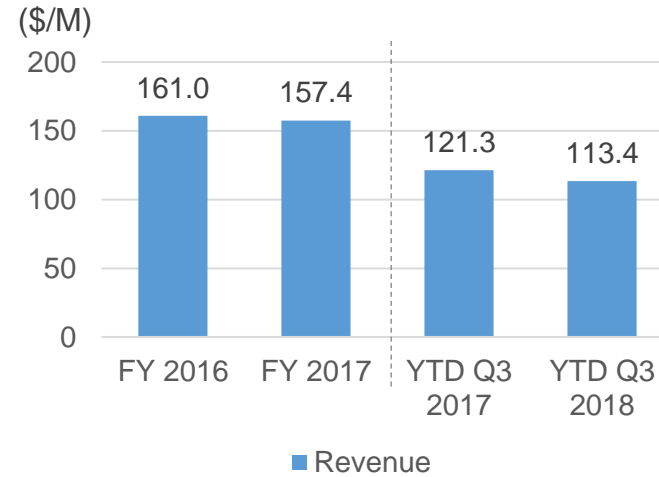
# Income Statement Highlights



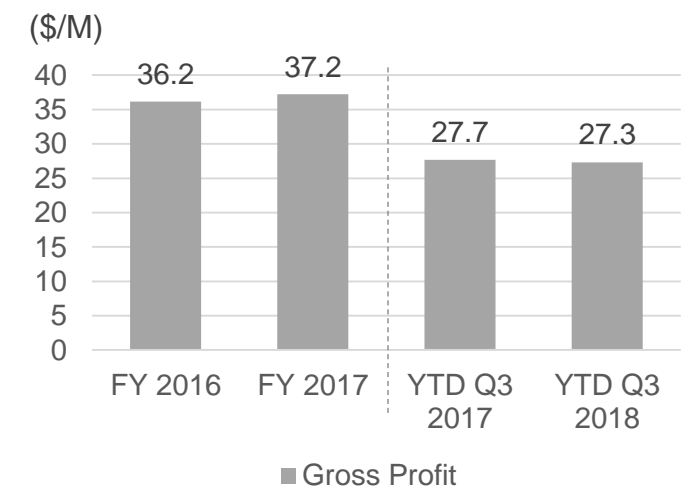
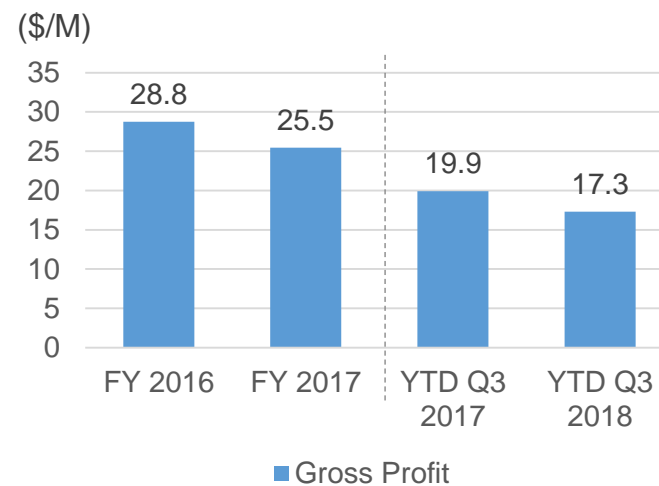
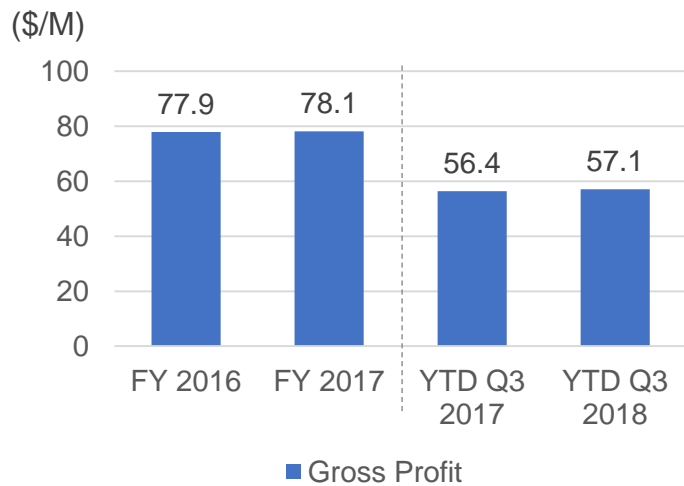
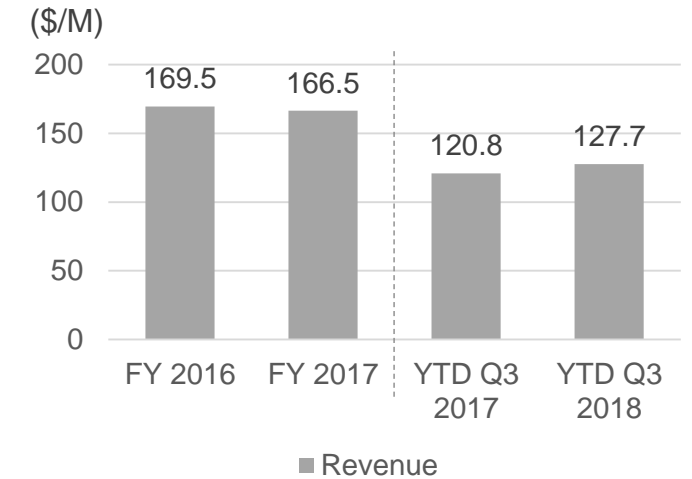
## Human Health



## Pharmaceutical Ingredients



## Performance Chemicals



# NASDAQ:ACET



International company engaged in in the marketing, sale and distribution of  
Human Health products, Pharmaceutical Ingredients  
and Performance Chemicals

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