



# ACETO Corporation

Jefferies Healthcare Conference

June 8, 2016



*“Sourcing & Supplying Quality Products Worldwide”*



# 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

## Transforming Towards Pharmaceuticals...



### Human Health

- Finished Dosage Form Generics
- Nutritionals: supply app. 250 popular dietary supplements



### Pharma Ingredients

- Active Pharmaceutical Ingredients
- Pharmaceutical Intermediates



### Performance Chem.

- Specialty Chemicals
- Agricultural Protection Products

- Focus on niche products
- Consultative selling
  - Highly skilled, technically trained sales force
- Partnership model
- Global reach
  - Int'l technical network
  - Regional managers in US, Europe & Asia

SOURCING

REGULATORY SUPPORT

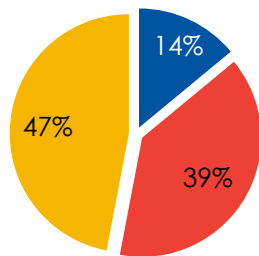
QUALITY ASSURANCE



# Mix Shifting Toward Human Health Oriented Businesses

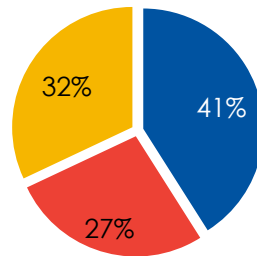
**Net Sales- 10% CAGR**

**FY 2010**



**\$346.6 Million**

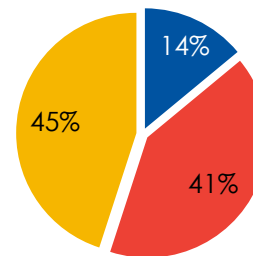
**FY 2015**



**\$547.0 Million**

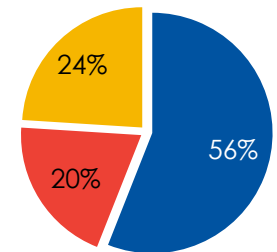
**Gross Profit- 20% CAGR**

**FY 2010**



**\$54.2 Million**  
(Gross Margin- 15.6%)

**FY 2015**



**\$135.4 Million**  
(Gross Margin- 24.8%)

■ Human Health ■ Pharmaceutical Ingredients ■ Performance Chemicals

| Timeline of Transformation Toward Human Health Oriented Business |  |
|--|--|
| Date   | Event  |
| Dec. '10   | Acquired Rising Pharmaceutical   |
| May '12  | New logo and renamed business segments   |
| Mar. '14   | Acquired Pack Pharmaceuticals  |
| Sept. '14  | Acquired three ANDAs from Par utilizing softgel technology                       |
| Dec. '14   | SIC code changed to 5122- Wholesale- Drugs, Proprietaries and Druggists Sundries |
| Feb. '15   | GICS code changed to 35102010 (Health Care - Health Care Distributors)           |
| Sept. '15  | Acquired 3 Ophthalmic ANDAs from NEXUS Pharmaceuticals                           |
| Sept. '15  | Acquired 3 ANDAs from ENDO International via FTC process                         |



# Investment Highlights

- Strategically positioned for growth through geographic expansion, new product offerings and bolt-on acquisitions
  - Primary focus on human health products
- Rising Pharmaceuticals is a platform for higher margin finished dosage form generics
- Improving product mix drives margin expansion
- Asset-light business model generates strong free cash flow
- Strong financial position supports growth initiatives
- Experienced executive management team
- Track record of 50 consecutive years of dividend payments, providing return to shareholders



# Human Health

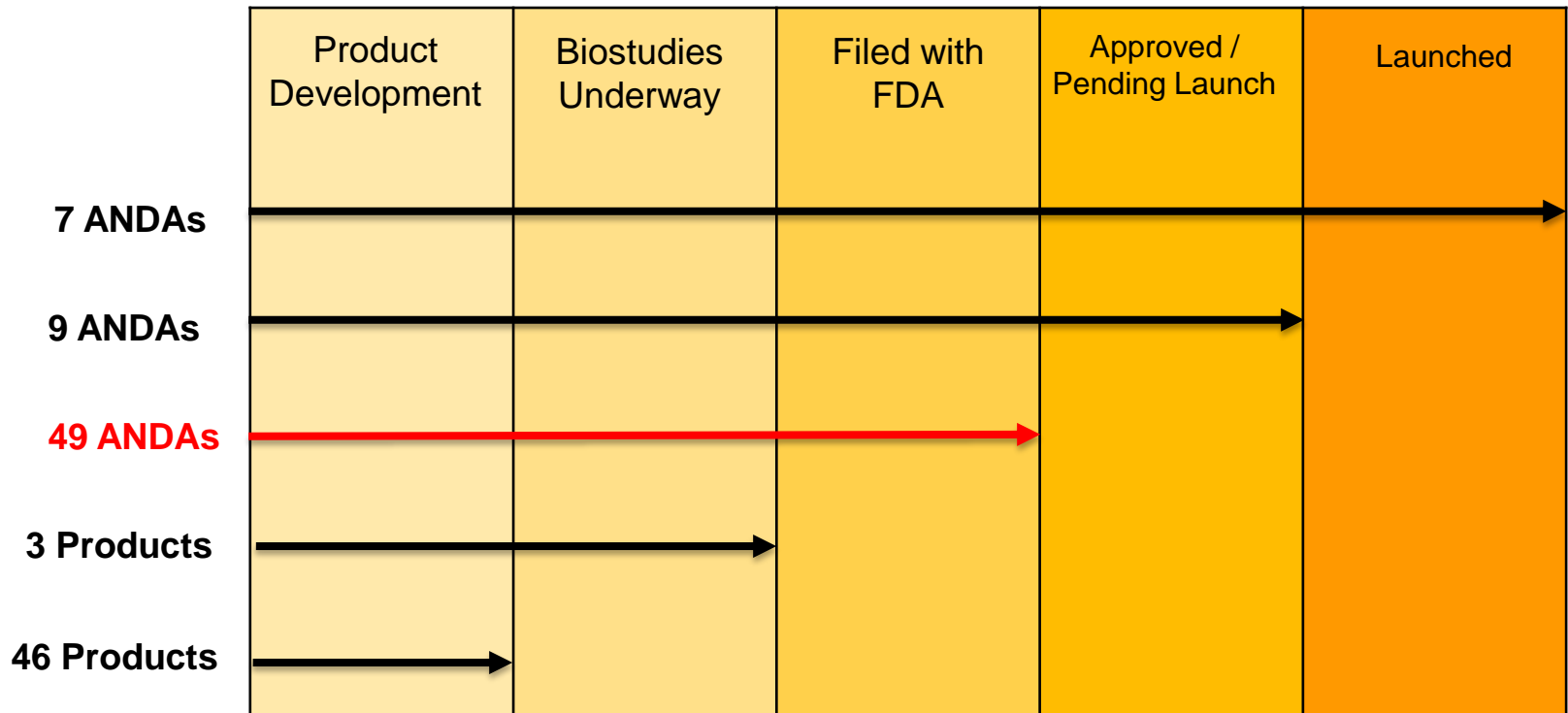
- Product Groups
  - Finished dosage form generic drugs (Rising Pharmaceuticals)
    - 60+ commercial products
    - 100+ pipeline products
  - Nutritionals
    - Nutraceutical ingredients
    - Packaged dietary supplements
- Growth Strategy
  - Expand portfolio of high margin finished dosage form generic products
  - Globalize and expand nutraceutical ingredients



# Rising Pharmaceuticals

- Platform for growth as developer and marketer with established generics brand
- Strong brand recognition of “Rising” label among pharmacists and pharmaceutical product buyers
- Long-standing commitment to quality, service, supply and integrity
- Strategically utilizes partnership model
  - Product development programs
  - ANDA acquisitions
  - Paragraph IV product partnerships
  - Authorized generic marketer
  - Licensing opportunities on late stage product assets

# Rising - Drug Development Pipeline



107\* Pipeline Projects

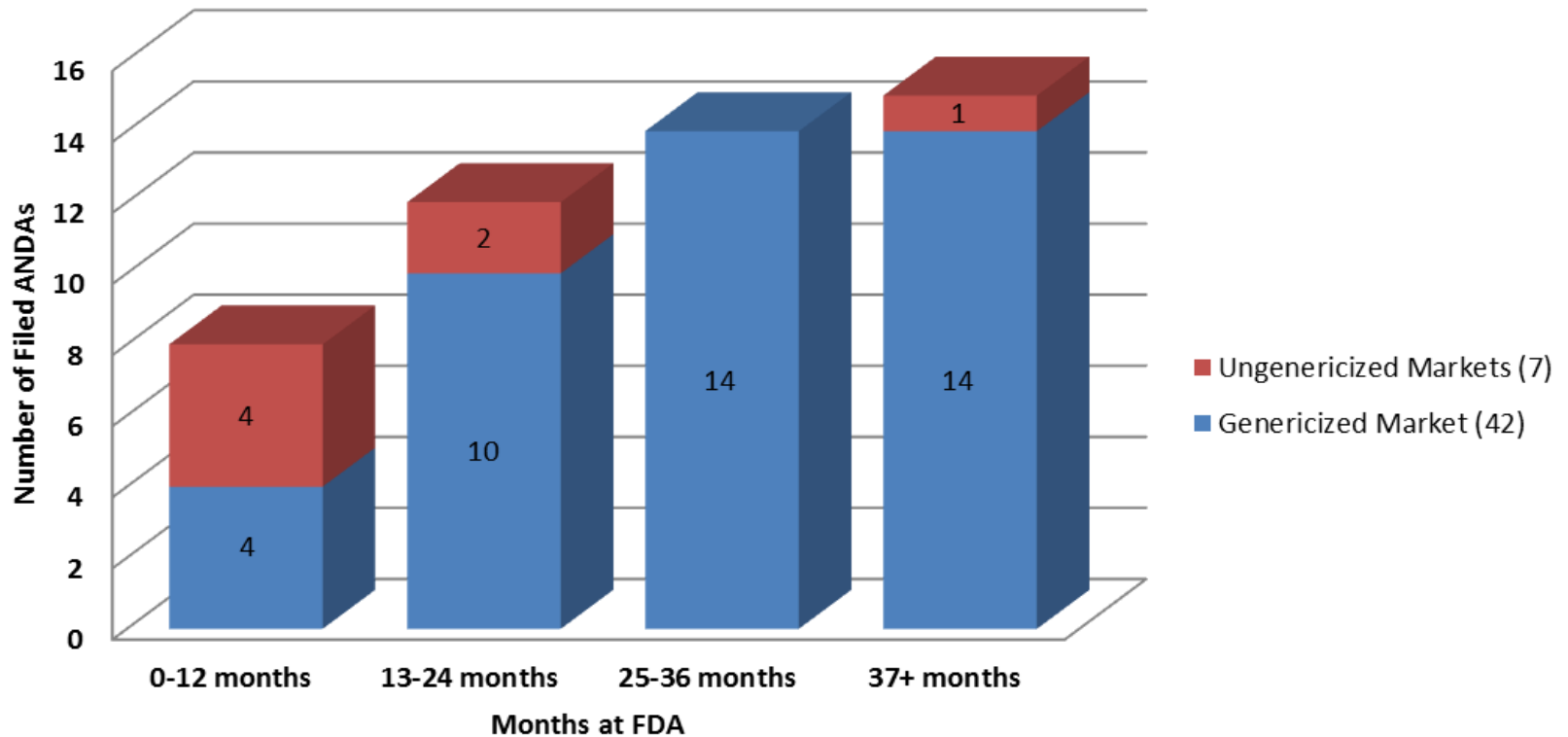
*\*Does not include the 7 products on this chart launched in FY2016.*



# Aging of Filed ANDAs



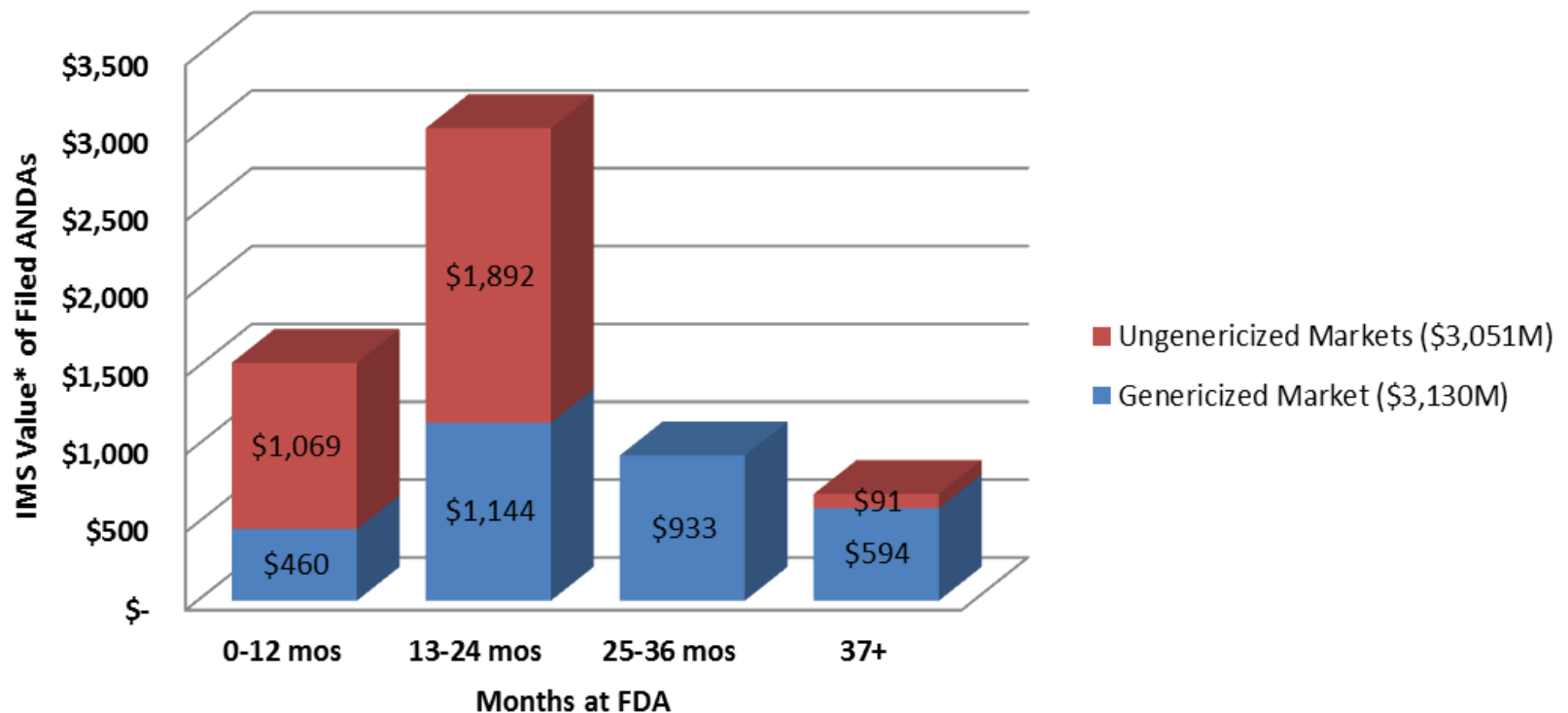
## Aging of ANDAs: Filed ANDAs



# Value\* of Filed ANDAs



## Value\* of ANDAs: Filed ANDAs (\$M)



\*Value is based on total market, including brand & generic where applicable, using recent IMS sales data

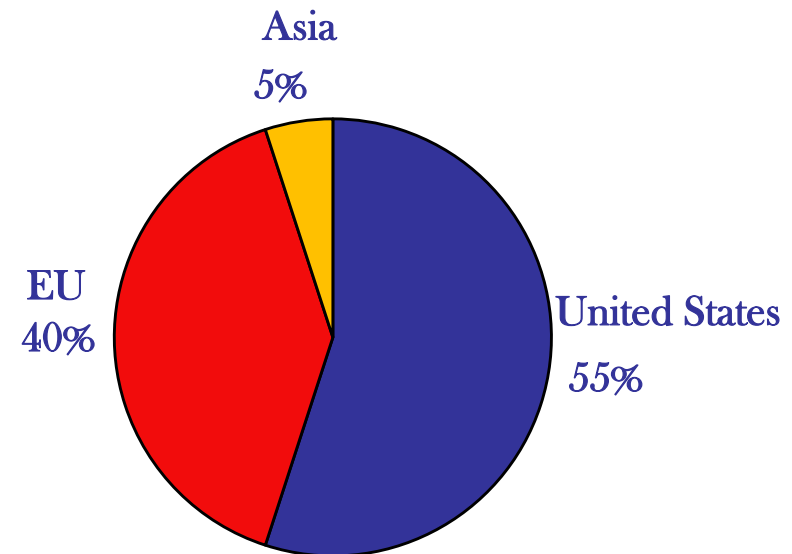


# Broad Based Nutritional Products Offered on Global Basis

- Supply approximately 250 popular dietary supplements:

- Amino Acids
- Quercetin
- Coenzyme Q10
- Lactoferrin
- Chondroitin Sulfate
- Fish Oil/Omega 3
- Vitamins

Fiscal 2015 Sales





# Human Health Customers (representative)





# Pharmaceutical Ingredients

- **Product Groups**
  - Active Pharmaceutical Ingredients (API's) - bulk ingredients which impart therapeutic value to the drug
  - Pharmaceutical intermediates – building block chemicals used in the manufacturing of API's
- **Growth Strategy**
  - Focus on niche, small/mid-size products with a limited number of competitors
  - Serve as second source for branded drugs and generics

# Pharmaceutical Ingredients Customers (representative)



L'ORÉAL





# Performance Chemicals

- Product Groups
  - Specialty Chemicals - for coatings, inks, plastics, food, electronics, agricultural intermediates & other industrial applications
  - Agricultural Protection Products - fungicides, insecticides and sprout inhibitors
- Growth Strategy
  - Globalization of product offering
  - Creation of new product opportunities through new suppliers
  - Developing new products for existing customers
  - Continue to seek new generic Ag registrations

# Performance Chemicals Customers (representative)



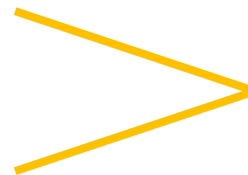




# Value Proposition to Customers

- Core business competencies serve as sales and marketing drivers:

- Sourcing
- Regulatory Support
- Quality Assurance



Relieves customer of logistical concerns; ensures that products meet regulatory requirements

- Highly skilled, technically trained business development/sales force:

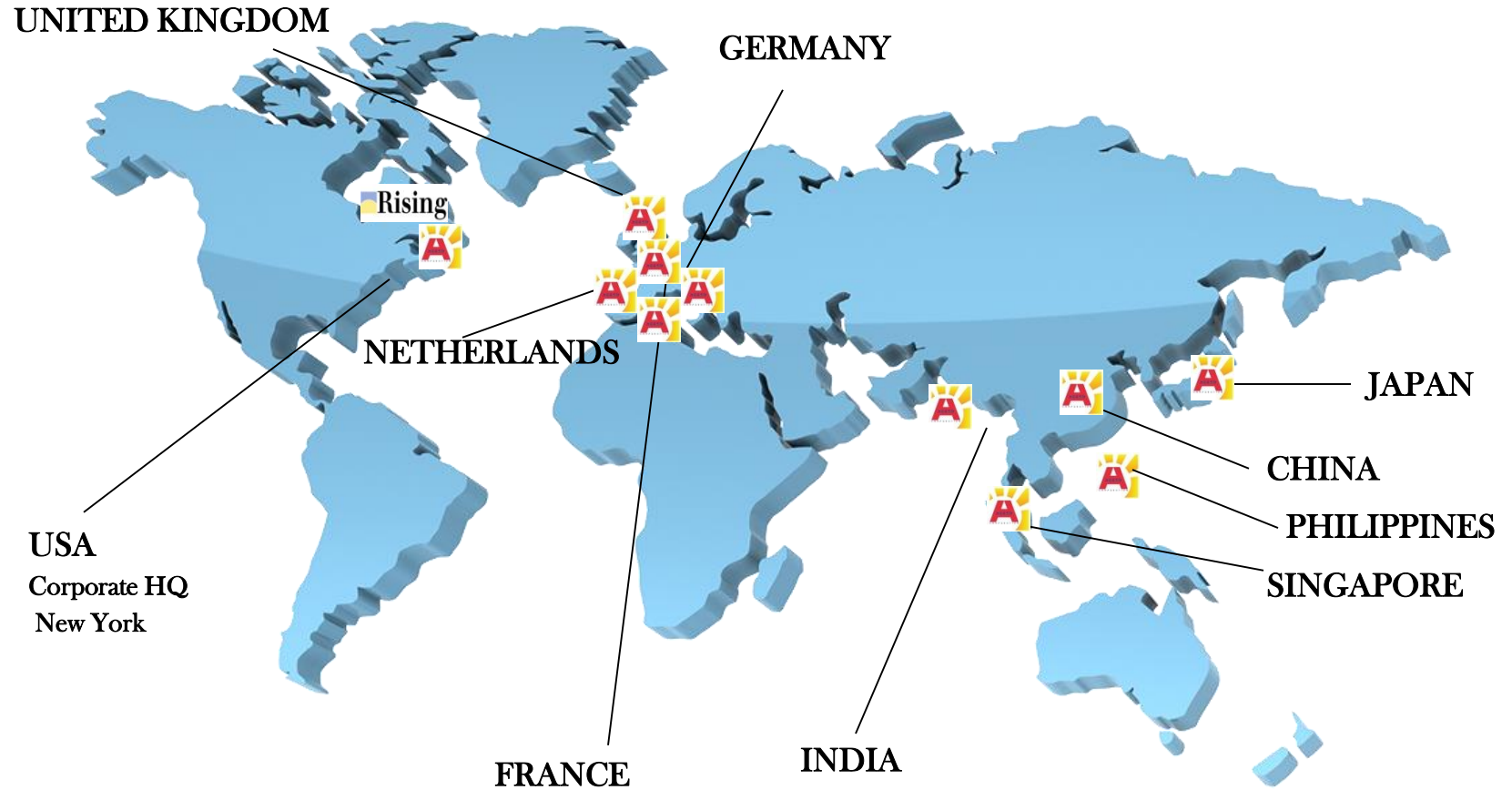
- >265 employees worldwide
- Well versed in science, regulations, chemistry and assessing customer and marketing needs to develop opportunities

- Function as virtual manufacturing company

- Match customers with fully vetted suppliers



# Worldwide Presence

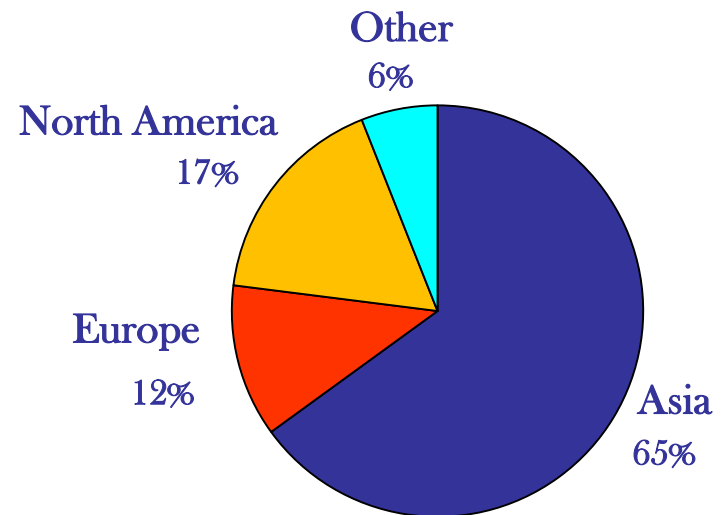




# Global Sourcing

- **China:**
  - Predominately source specialty chemicals, agricultural protection products and intermediates
  - 23 local professionals
- **India:**
  - Predominately source active ingredients and nutritionals
  - 12 local professionals
- **North America:**
  - Predominately source finished dosage form generics

Fiscal 2015



# Support: Technical & Regulatory with emphasis on Quality Assurance



- KEY differentiator between Aceto and other distribution companies
  - International Technical Network with regional managers in U.S., Europe and Asia
  - International Regulatory Support
    - Provides substantial global assistance as required
    - Enables manufacturers to bring products to market in conformance with regulations that they might not otherwise accomplish on their own
  - Worldwide Quality Assurance ensures that product quality meets both the customers' specifications and intended use



# Strong Financial Position Provides Financial Flexibility

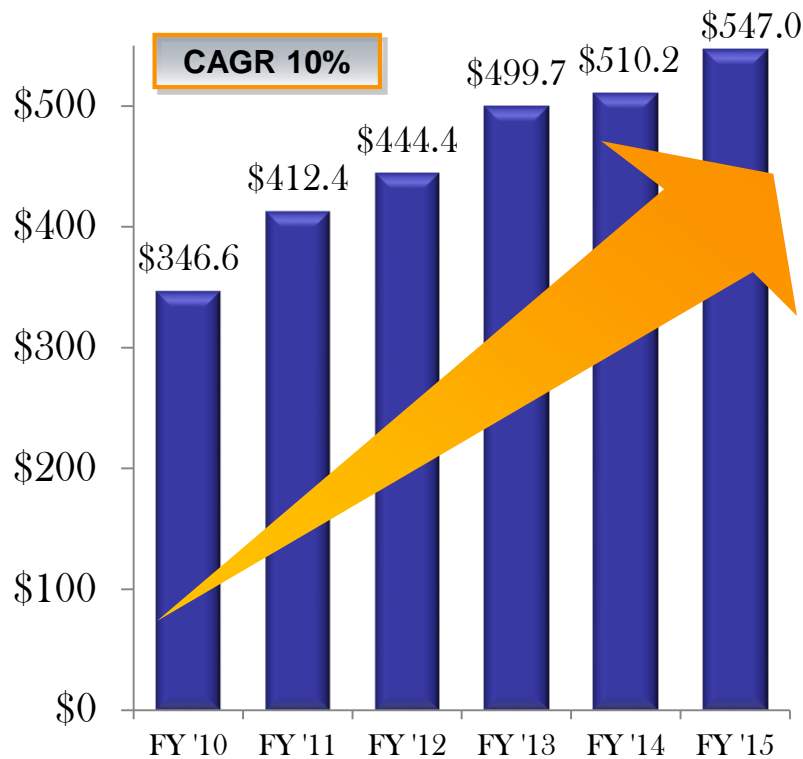
- Financial position at March 31, 2016:
  - Cash, cash equivalents and short-term investments of \$56 million
  - Convertible debt of \$114 million
  - Other bank debt of \$3 million
  - Working capital of \$241 million
  - Shareholders' equity of \$299 million
- Strong cash flow affords an expected \$0.24 per share annual dividend rate



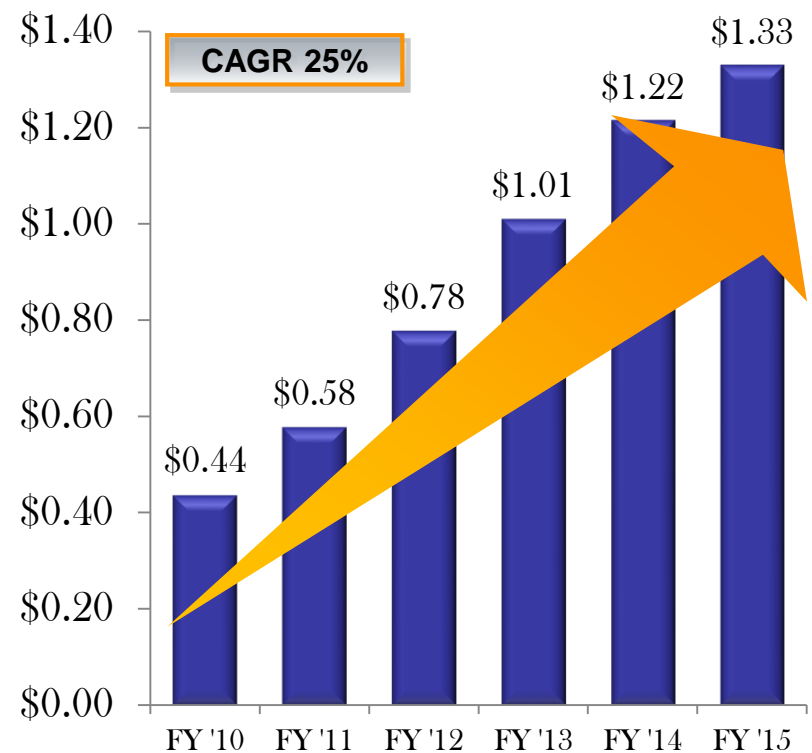
# Strong Track Record of Growth

## Net Sales

*(\$ in millions)*

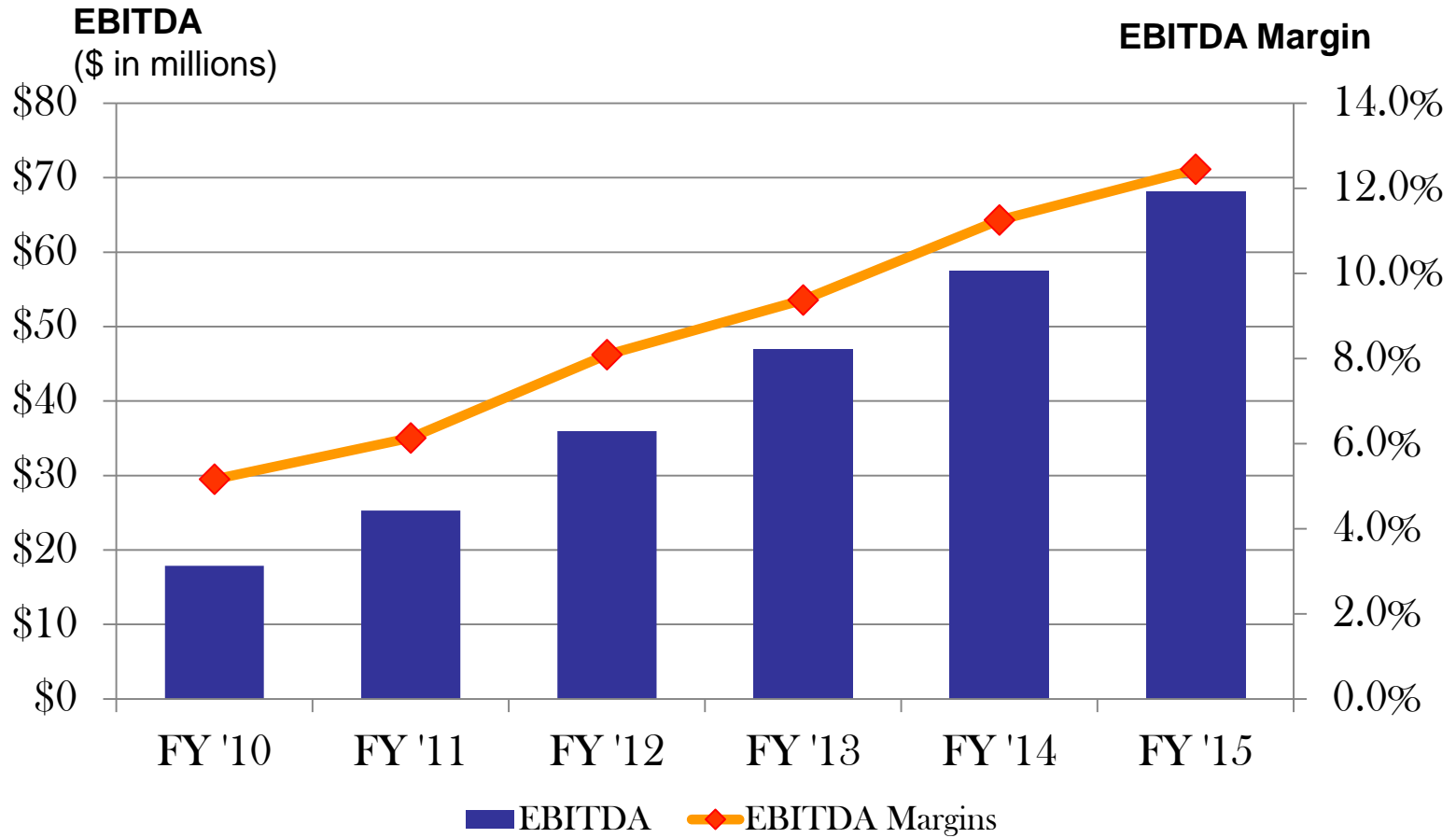


## EPS (non-GAAP)





# Expanding EBITDA & EBITDA Margin (non-GAAP)





# Investment Highlights

- Strategically positioned for growth through geographic expansion, new product offerings and bolt-on acquisitions
  - Primary focus on human health products
- Rising Pharmaceuticals is a platform for higher margin finished dosage form generics
- Improving product mix drives margin expansion
- Asset-light business model generates strong free cash flow
- Strong financial position supports growth initiatives
- Experienced executive management team
- Track record of 50 consecutive years of dividend payments, providing return to shareholders





*Global Leader in the Marketing and Distribution of  
Pharmaceutical Intermediates & Active Ingredients, Finished  
Dosage Form Generics, Nutraceutical Products, Agricultural  
Protection Products, and Specialty Chemicals*

**For additional information please contact:**

Jody Burfening

LHA

Investor Relations

800 3<sup>rd</sup> Avenue, 17<sup>th</sup> Fl.

New York, NY 10022

Tel: 212-838-3777

[jburfening@lhai.com](mailto:jburfening@lhai.com)