

ACETO Corporation

NASDAQ: ACET



Investor Presentation
February 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
- Aurobindo for Citron products
- Enhanced senior management team

- 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

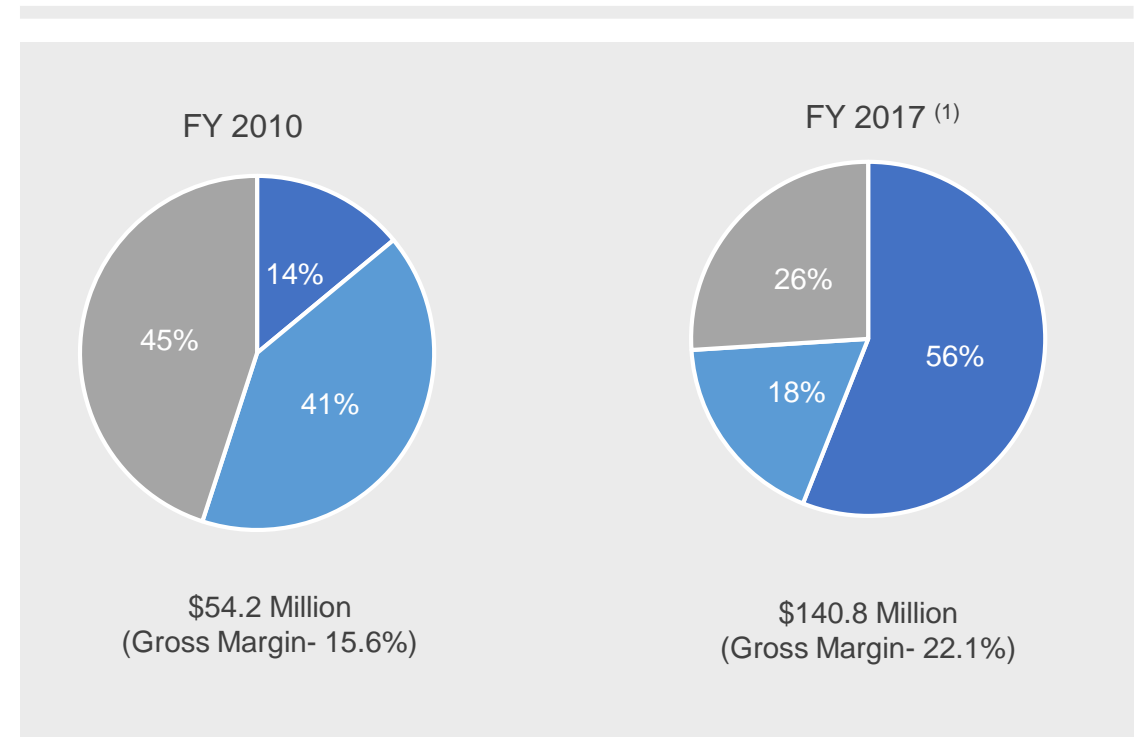
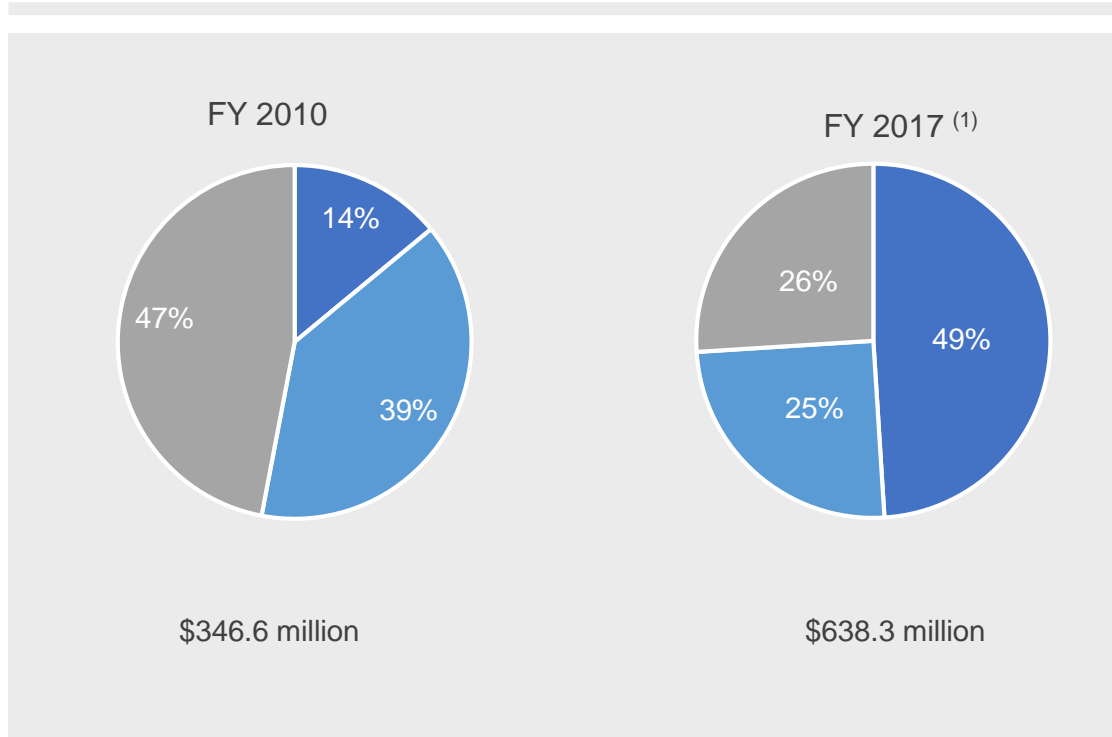
- Acquired certain products and assets of Citron Pharma
- Acquired ownership of 29 ANDA's (expanded commercial products by 50%)
- Aligned with world-class development & manufacturing partners

Mix Shifting Toward Human Health



Sales Mix

Gross Profit Mix



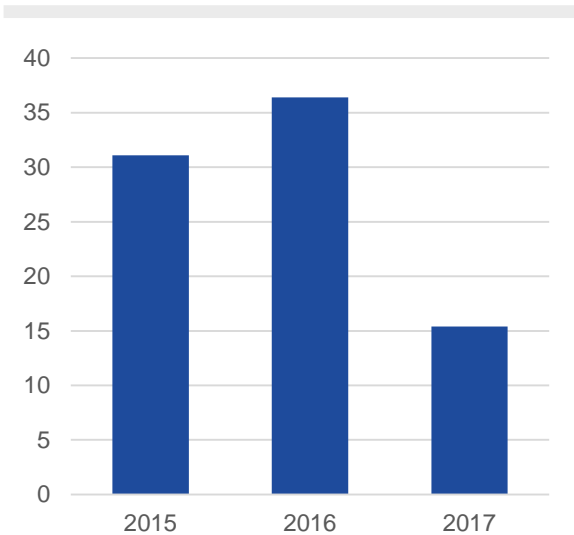
■ Human Health ■ Pharmaceutical Ingredients ■ Performance Chemicals

(1) 2017 includes Citron generic products and related assets from December 21, 2016 (~6 months).

Human Health



Income Before Income Taxes (\$/M)



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

- **Rising Pharmaceuticals**

- Portfolio of 140 finished dosage form generic prescription drugs and over-the-counter products
 - Strong brand recognition within generic pharma industry
- Long-standing commitment to quality, reliability and customer service
- Strong regulatory compliance track record
- Partnership model including supply contract with Aurobindo for Citron products
- Enhanced senior management team
 - Filled in functional leaders in business development, commercial operations, sales and finance

- **Nutritionals**

- Nutraceutical ingredients

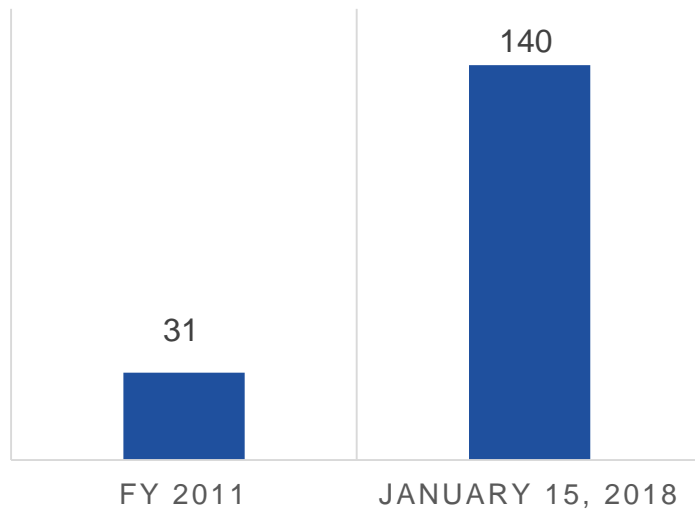
Representative Customers



Expanding Rising Pharmaceuticals Portfolio

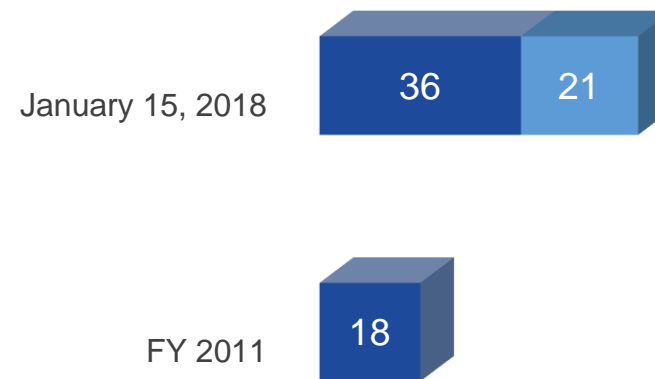


Commercialized Generic Products Portfolio



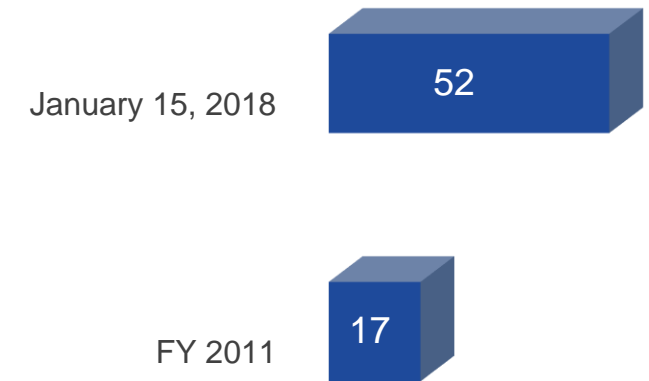
- Mostly niche products with MIS sales between \$50 million and \$150 million
- Primarily oral tablets
- Diverse therapeutic treatments
- Expect to launch 15-20 products in FY 2018

ANDAs Filed and Approved Pending Launch



■ ANDAs Filed ■ Approved Pending Launch

Products Under Development ⁽¹⁾



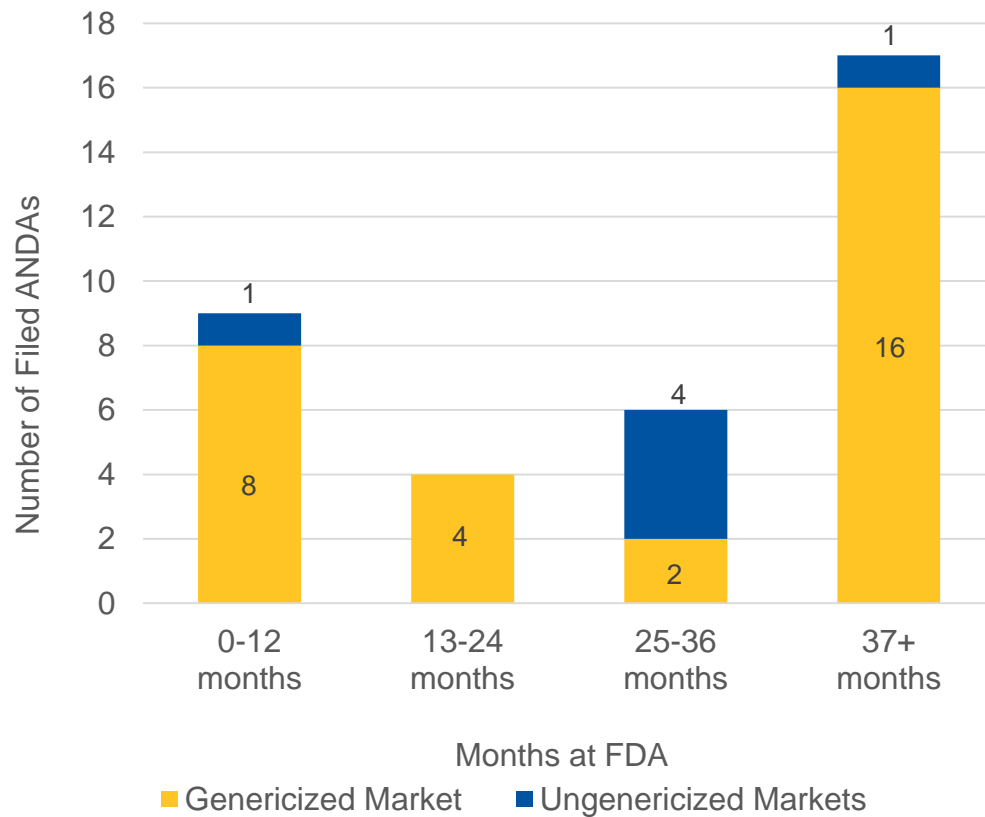
- Optimizing portfolio for a mix of more complex, higher margin opportunities
- Blend of oral, topical, and sterile finished dosage forms
- Effectively engaging with global API network through Aceto connections
- Asset light model creates both flexibility and access to a wide range of dosage forms and therapeutic categories

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

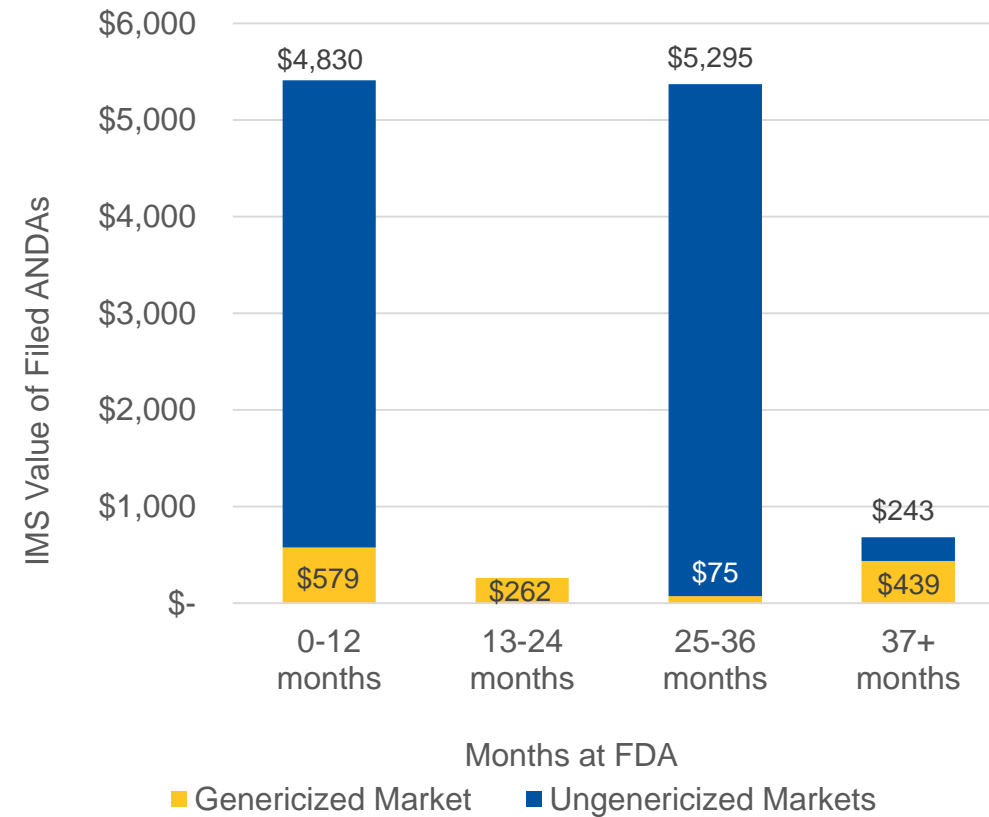
Rising Pharmaceuticals - 36 Filed ANDAs



Aging ⁽¹⁾



Addressable Market Value of \$11.7 Billion ^{(1) (2)}



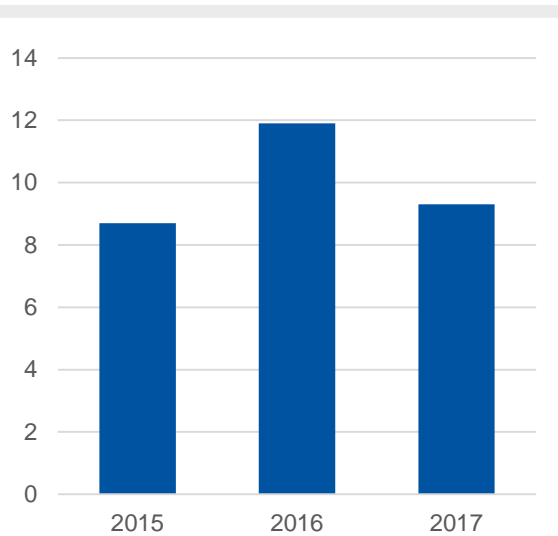
(1) As of January 15, 2018

(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

- **Select and source** active pharmaceutical ingredients (APIs) in partnership with brand and generic drug manufacturers
- Source **high quality** pharmaceutical intermediates
- **High level** of regulatory expertise
- Products predominately sourced from **India** and **China**
- Primarily sell to customers in the **U.S.** and **Europe**
- Segment historically has delivered **stable** profitability and cash flow

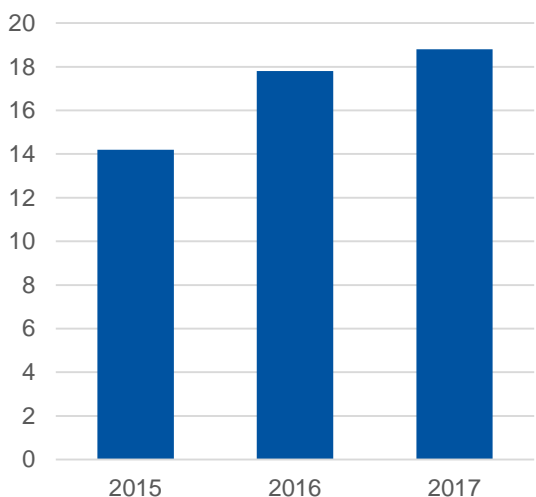
Representative Customers



Performance Chemicals



Income Before Income Taxes (\$/M)



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

- **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
- **Segment provides reliable and stable cash flow**

Representative Customers



Worldwide Presence



Near Term Operational Initiatives



Internal Rising Warehouse Expansion

- ✓ ~125,000 square foot facility in Somerset, NJ
- ✓ January – March 2018: in-bound freight to begin arriving
- ✓ March – June 2018: 3PL inventory draw down
- ✓ End of June 2018: fully functional

ERP update

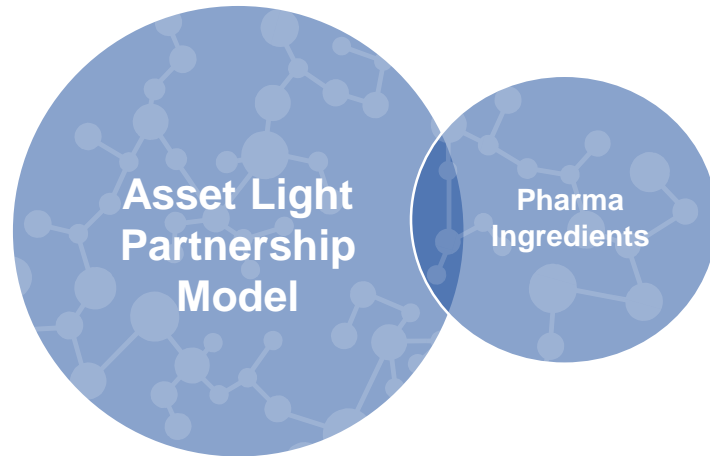
- ✓ Currently 3 Rising Business Units with disparate ERP systems
 - Acetris Health (formerly Citron's Lucid government business)
 - Rising Health (formerly Citron business)
 - Rising Pharma (legacy Rising business)
- ✓ Phased-in approach
 - March 2018: Acetris Health go live
 - July 1, 2018: point of sale gross to net application go live at Rising Pharma and Rising Health simultaneously

Longer Term Whiteboard of Opportunity

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



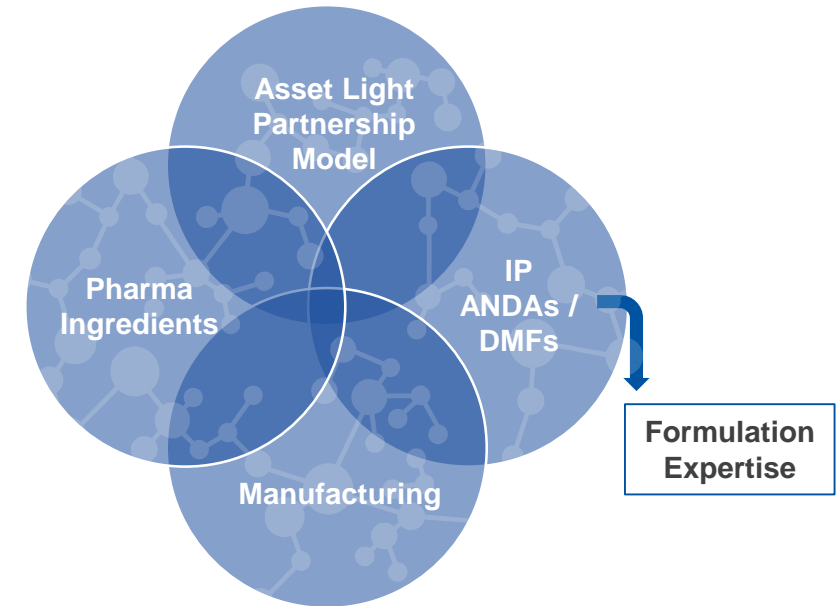
Current State



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

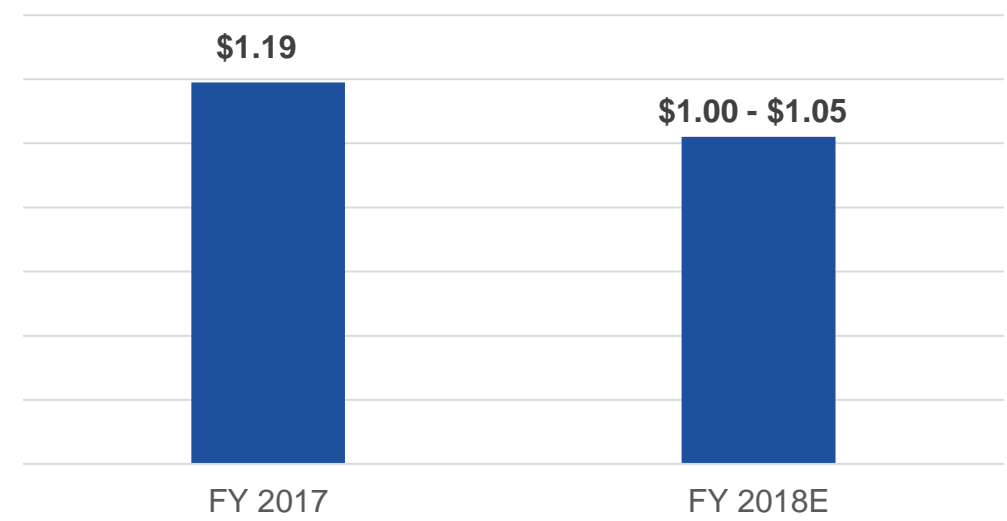
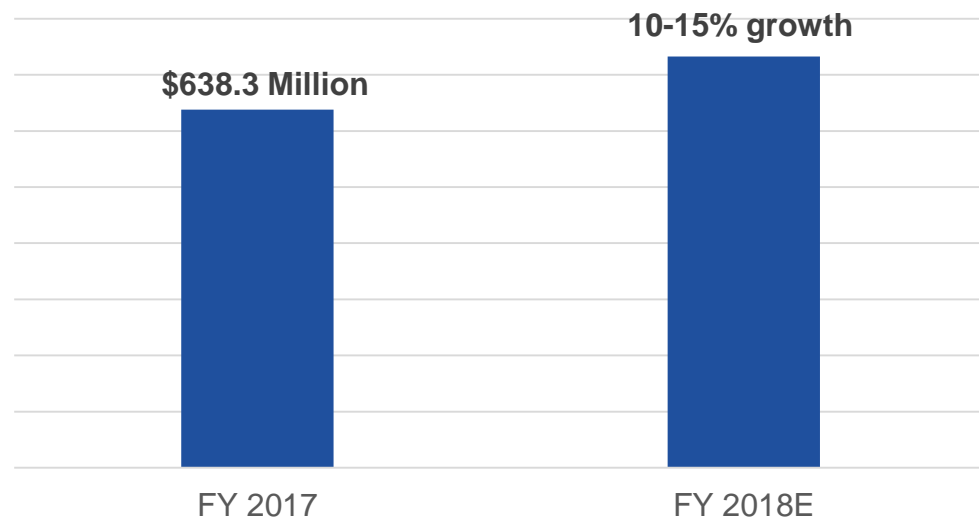
- Bifurcated model – partner with best in class
- Margin enhancement
- Leverage global Pharma Ingredients footprint and expertise
- Reduce complexity/increase operational control
- Enterprise wide value creation

FISCAL 2018 GUIDANCE⁽¹⁾



Net Sales

Non-GAAP EPS



- Estimate price erosion on generic drugs in the low-double digit range
- Launch 15-20 products
- Spending ~\$9 million on finished dosage generic pipeline

(1) As of November 2, 2017

Strong Financial Position Provides Financial Flexibility



1

Financial position at December 31, 2017:

- Cash, cash equivalents and short-term investments of \$68 million
- Convertible debt of \$125 million
- Other bank debt of \$202 million
- Working capital of \$239 million
- Shareholders' equity of \$397 million

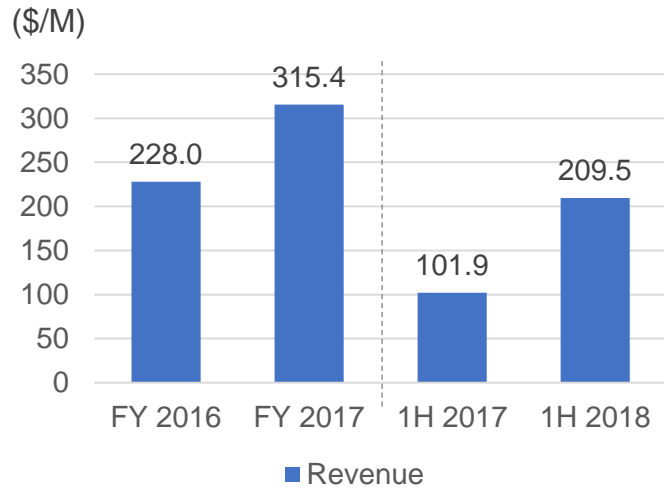
2

Strong cash flow affords an expected \$0.26 per share annual dividend rate and enabled debt pay down of \$56M since January 1, 2017

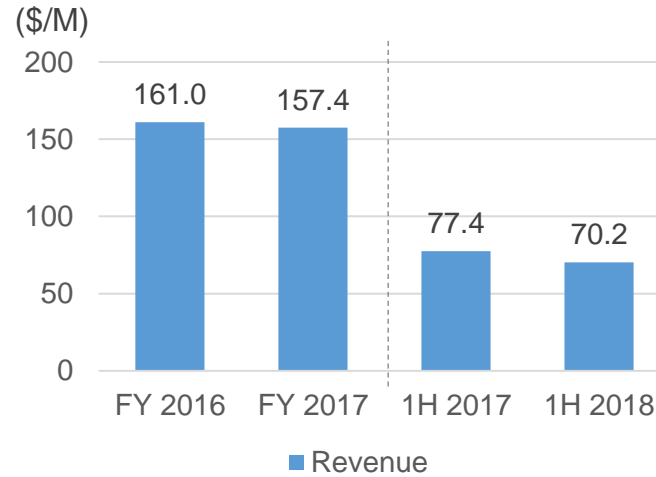
Income Statement Highlights



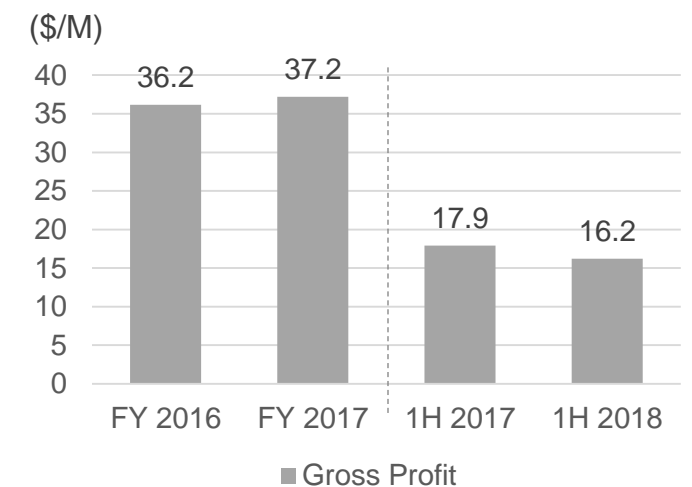
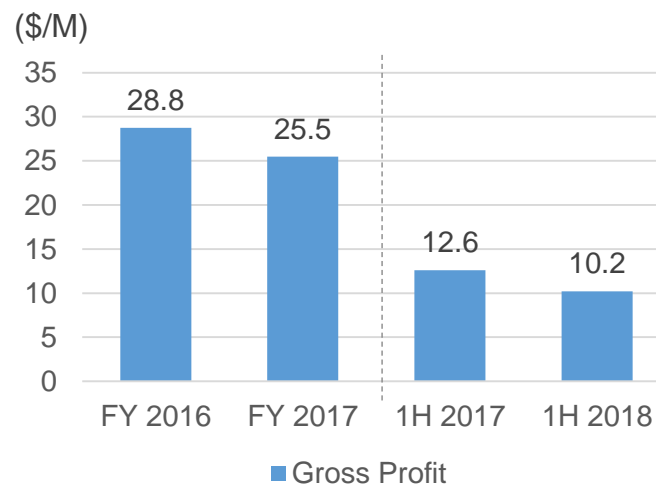
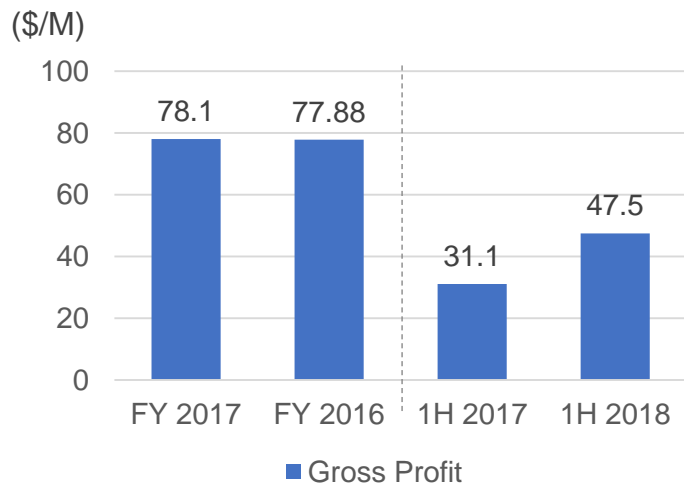
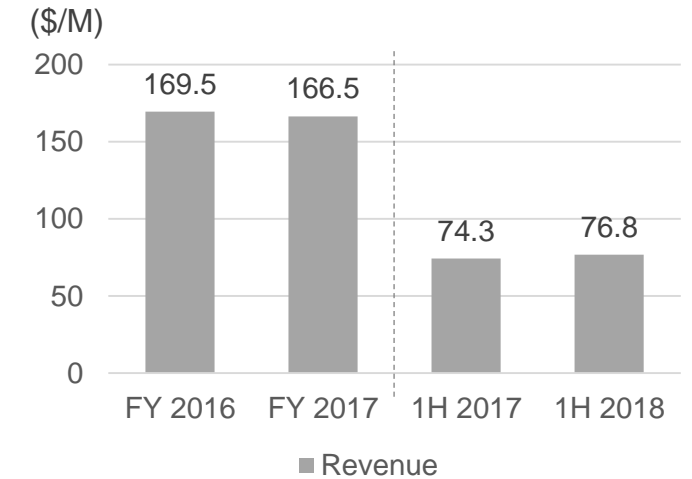
Human Health



Pharmaceutical Ingredients



Performance Chemicals



Investment Highlights



Steadily transitioning toward
Human Health

Rising Pharmaceuticals is a
platform for higher-margin
finished dosage form generics

Asset-light business model
generates strong free cash flow



Track record of 50 consecutive
years of dividend payments,
providing return to shareholders

Strong cash generation to support
debt reduction and growth
initiatives

NASDAQ:ACET



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

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