A decorative graphic of white, wavy, hand-drawn lines is located in the top-left corner of the slide.

# Innovative Science Affordable Medicine



**Investor Presentation  
October 2014**

Certain statements in this release concerning our future growth prospects are forward-looking statements, which are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, amongst others general economic and business conditions in India, our ability to successfully implement our strategy, our research and development efforts, our growth and expansion plans and technological changes, changes in the value of the Rupee and other currencies, changes in the Indian and international interest rates, change in laws and regulations that apply to the Indian and global biotechnology and pharmaceuticals industries, increasing competition in and the conditions of the Indian biotechnology and pharmaceuticals industries, changes in political conditions in India and changes in the foreign exchange control regulations in India. Neither the company, nor its directors and any of the affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after this date or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

## Biocon: Who are we?

## Growth Segments

- Small Molecules
- Biosimilars
- Branded Formulations
- Research Services
- Novel Molecules

## Financials

## Outlook



**Biocon: Who are We?**

**Mission:** *“To be an integrated biotechnology enterprise of global distinction”*

**Value Creation along 3 axes:**



Reducing therapy costs of **chronic diseases**. (*diabetes, cancer & auto-immune diseases*)

Strategic Research and marketing **partnerships** that provide global access

Leveraging the India advantage to deliver **high value, licensable R&D assets**

## Evolving with the Times

An Enzymes Company  
Revenue: ₹ 320 Million

1978 -  
1999

Building the India Business  
and expertise in biologics  
Revenue: ₹ 11,940 Million  
People: 3,500+

1999 -  
2004

2004 -  
2009

2009 -  
2014

Poised for a global  
platform with launch of  
finished formulations &  
biosimilars in regulated  
markets

2014 &  
Beyond

Transforming into a  
Biopharma company  
Revenues: ₹ 5,490 Million  
People: 700+

Investment intensive phase with  
focus on R&D, capacity  
enhancement & partnership  
execution  
Revenue (FY 14): ₹ 29,332 Million  
People: 7,000+

*Unwavering focus through the years on Innovation & Difficult to make, niche products to create tangible differentiators for sustainable growth*

## Q2 FY15 Highlights

### Financial Performance

- Group Revenue at ₹ 7,726 Million (3% YoY growth)
- YoY Growth\* across verticals:

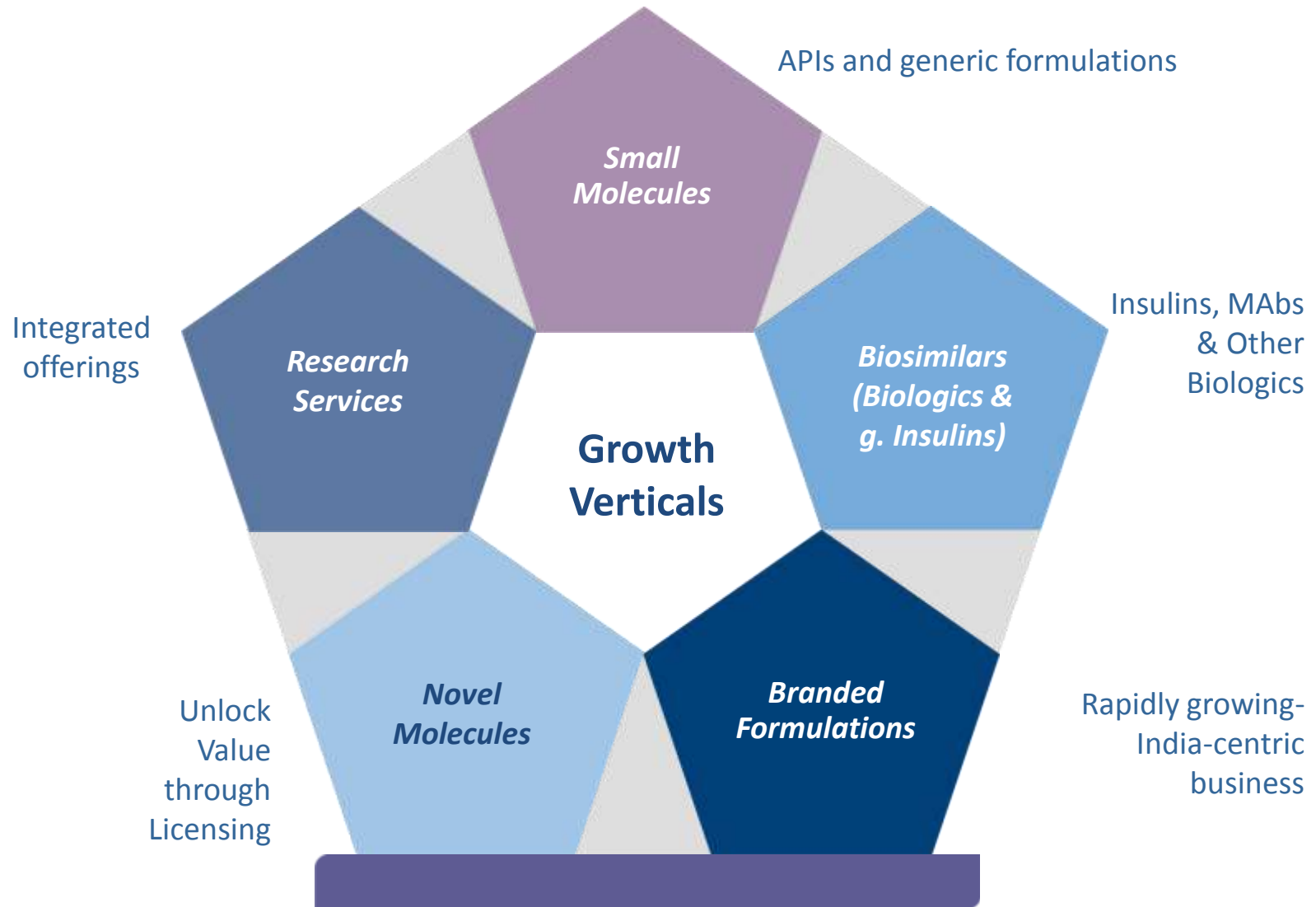
Business Vertical	Absolute Growth (%)
Biopharma	(1)
Branded Formulations	17
Biopharmaceuticals	2
Research Services	2
Total Sales	2

- EBITDA at ₹ 1,879 Million (*EBITDA Margin: 24%*)
- R&D Expense: ₹ 350 Million (6% of Biopharmaceuticals Revenue)
- PAT at ₹ 1,020 Million (*PAT Margin: 13%*)

### Events

- Biocon buys back GE Capital's 7.69% stake in Syngene
- Our partner Mylan initiates phase 3 trial of insulin glargine in US

# Growth Verticals: Aligned with Shifting Paradigms





# Amongst the Top 20 Global Biotech Employers Worldwide

## Top Twenty Employers\*

2013 RANK 2012 RANK EMPLOYER (GLOBAL HEADQUARTERS)

2013 RANK	2012 RANK	EMPLOYER (GLOBAL HEADQUARTERS)	Innovative leader in the industry	Treats employees with respect	Is socially responsible	Has loyal employees	Has a clear vision	Does important, quality research
1	1	Regeneron Pharmaceuticals, Inc. (Tarrytown, NY)	•			•	•	
2	3	Genentech (South San Francisco, CA)	•			•	•	
3	2	Vertex (Cambridge, MA)	•	•		•	•	
4	-	AbbVie (North Chicago, IL)		•		•	•	
5	-	Eli Lilly and Company (Indianapolis, IN)		•	•	•	•	
6	19	Biocon Limited (Bengaluru, Karnataka, India)		•	•	•	•	
7	6	Millennium: The Takeda Oncology Company (Cambridge, MA)			•	•	•	
8	11	Novartis (Basel, Switzerland)	•			•	•	
9	7	Boehringer Ingelheim (Ingelheim, Germany)			•	•	•	
10	9	Biogen Idec (Weston, MA)	•			•	•	

**Only Asian Company to appear in the list**

– 2 years in a row now



**Debuted at # 19 last year**



## Business Segments: Snapshot

## Small Molecules: APIs & Generics



- ❖ Product Portfolio which leverage our core fermentation capabilities and have a high degree of complexity.
- ❖ Early mover in niche products coupled with economies of scale.
- ❖ Portfolio based Approach.
- ❖ Making investments' to forward integrate from APIs to generic formulations, including ANDAs.

Current Portfolio	Constituents
Statins	Simvastatin, Atorvastatin, Lovastatin, Rosuvastatin, Fluvastatin & Pravastatin
Immuno suppressants	Tacrolimus, Sirolimus, MMF & MPA
Other Biopharma	Orlistat, Fidaxomicin, 50+ other molecules

# Biosimilars: Demystifying

**A  
biosimilar  
is...**

*“a **biological product** that is **highly similar** to the reference product notwithstanding minor differences in clinically inactive components, and.. **no clinically meaningful differences against the reference product** in terms of the safety, purity and potency.”*

**Unlike a  
small  
molecule...**

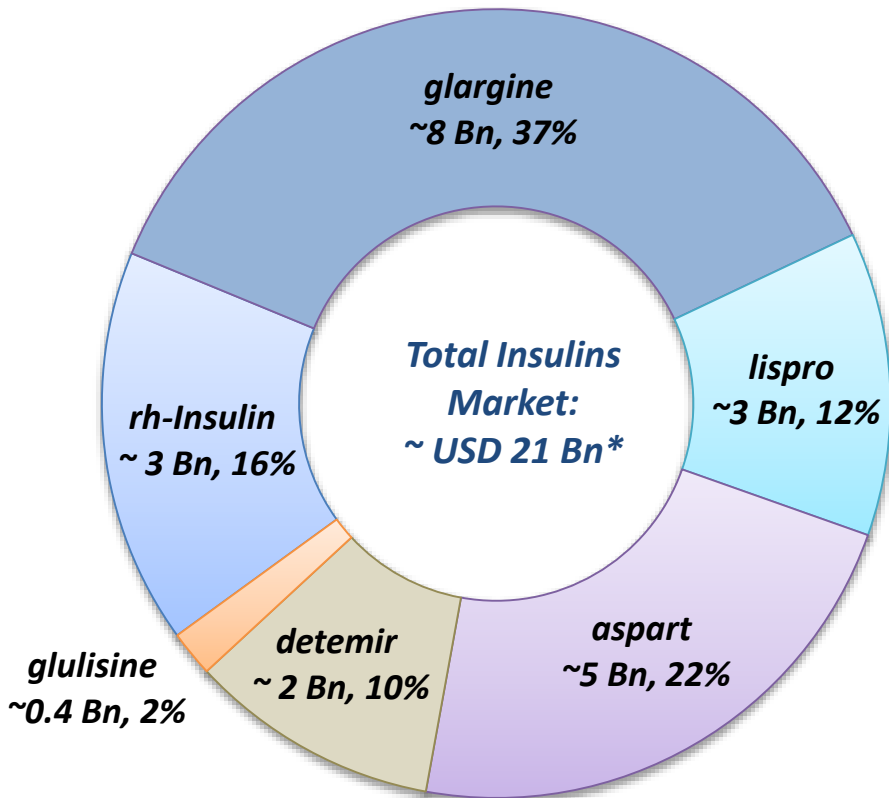
*Large Molecules (proteins): greater complexity  
Extensive development process  
Process development and Capacity constraints*

**Current  
Portfolio**

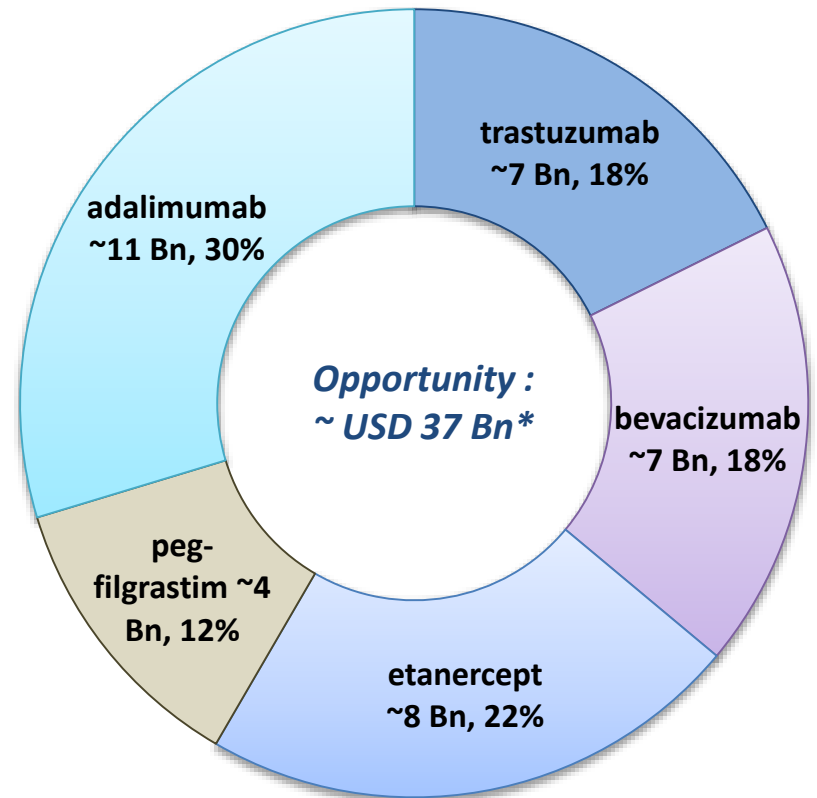
*g. rh-Insulin & g. Insulin Analogs (insulin glargine, insulin lispro & insulin aspart)  
Monoclonal Antibodies (Trastuzumab, Bevacizumab, Adalimumab)  
Other Biologics (Etanercept, Peg-filgrastim)*

# Biosimilars: Opportunity

## The Insulin Pie

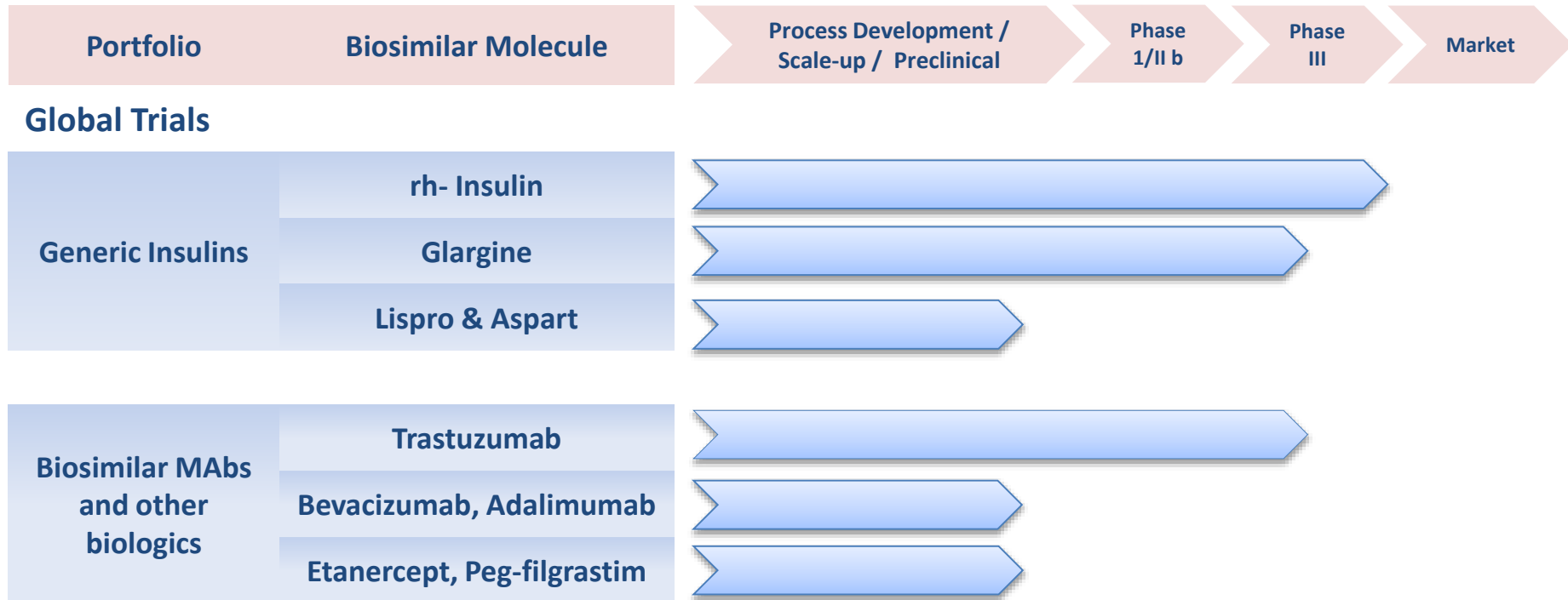


## Biosimilar MABs & Other Biologics



\*Market Size of innovator products MAT March 2014, All figures rounded off to nearest USD Billion, %ages on absolute numbers

# Biosimilars: Pipeline



- ❖ **Emerging Markets First strategy** coupled with a **regional partnership** commercialization approach
- ❖ Launched the world's most affordable trastuzumab, CANMAb™ in India, in Q4 of fiscal 2014
- ❖ Generic rh Insulin registered in 55+ countries; generic insulin glargine registered in 10+ nations

# Biosimilars: Collaboration

## Co-Development & Commercialization Partnership



*Combines Biocon's R&D and manufacturing prowess of biologics with Mylan's regulatory & commercialization capabilities in the US and Europe*

	<b>Generic Insulin Analogs</b>	<b>Biosimilar MABs &amp; other Biologics</b>
<b>Global Market Size *</b>	<b>~ USD 18 Bn</b>	<b>~ USD 37 Bn</b>
<b>Portfolio Constituents</b>	Glargine, Lispro & Aspart	Trastuzumab, Bevacizumab, Adalimumab, Eterncept, Peg-filgrastim
<b>Mylan's <i>Exclusive Commercialization</i> Regions</b>	US, Canada, Europe, Australia & New Zealand	Developed markets
<b>Upfront Received</b>	\$ 20 Mn	\$ 18 Mn

**Structure: Upfront Payment + Cost Sharing + Supplies + Profit Sharing<sup>#</sup>**

*Mylan and Biocon to share development and capital costs*

*#Profit Sharing Arrangement in regions where Mylan has exclusive commercialization rights*

*Biocon and Mylan have **co-exclusive commercialization** rights in other markets.*

# Malaysia Insulin Facility

## Key Highlights

Biocon's First Manufacturing expansion overseas : Iskandar, Johor

**Asia's largest integrated Insulins manufacturing facility**

**Capital Investment of ~\$ 200 Mn in the first phase**

Expected Commissioning: FY15

Plant Qualification, Product Stability Testing: To start in FY16





## Branded Formulations: Introduction

- An India Centric Business with Global Ambitions
- Organized into 5 verticals around key therapy areas
- **Portfolio highlights:**
  - ❖ **Insugen® & Basalog®**: India's largest selling generic insulin & long acting analog
  - ❖ **BioMab EGFR®**: India's 1<sup>st</sup> indigenous novel MAb for head & neck cancer
  - ❖ **Alzumab™**: India's 2<sup>nd</sup> indigenous novel MAb for Psoriasis
  - ❖ **CANMab™**: World's most affordable trastuzumab to be commercialized
  - ❖ **Cytosorb®**: First-in-class Cytokine Filter



# Branded Formulations: Key Brands

## CV-Met



## Cancer Therapies



## Autoimmune



## Renal Therapies

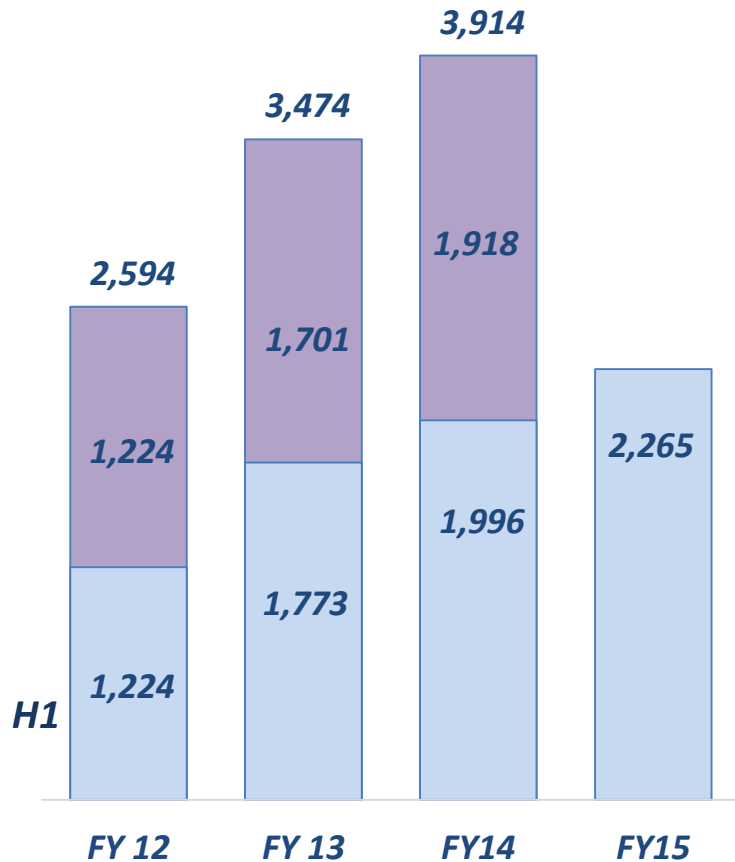


## Hospital: Critical Care

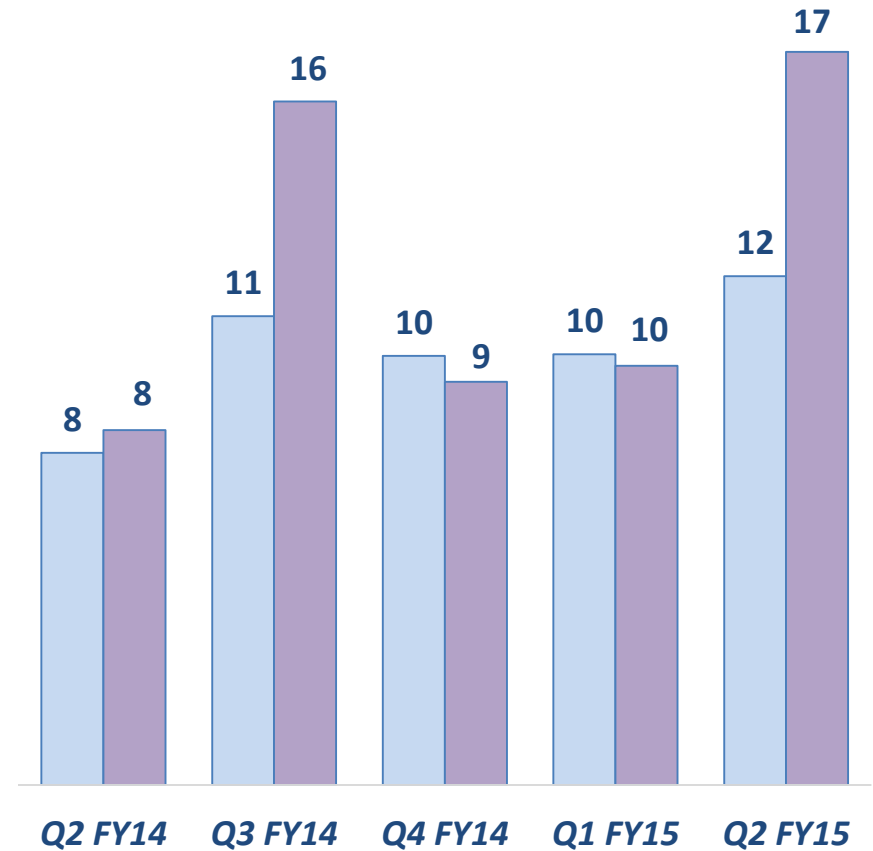


# Branded Formulations: Sustained Growth

## Financial Performance



## Revenue Growth benchmarking



IPM BIOCON

IPM Source: IMS

Revenues in ₹ Million

## Key Differentiators

**First-in-Class Therapy** :Novel MOA with an excellent safety profile

**Excellent clinical remission & safety data** in phase III for Psoriasis

**Very low Infection** rates vis-à-vis other approved therapies

**Modulates TH17 Pathway**: Frontrunner in the hot bed of research in auto immune space

**Commercialised in India** post a successful Phase III trial in Psoriasis (200+ patients);

Promising preclinical and clinical efficacy data in **other auto immune diseases** (Rheumatoid Arthritis, Psoriatic Arthritis etc)



## Key Differentiators

**Approved after** a Phase 3 (130 + patient) trial in India

Available in India from February 2014

**C: Convenience** -- Available in unique combination of multi-dose vial of 150 mg & 440 mg

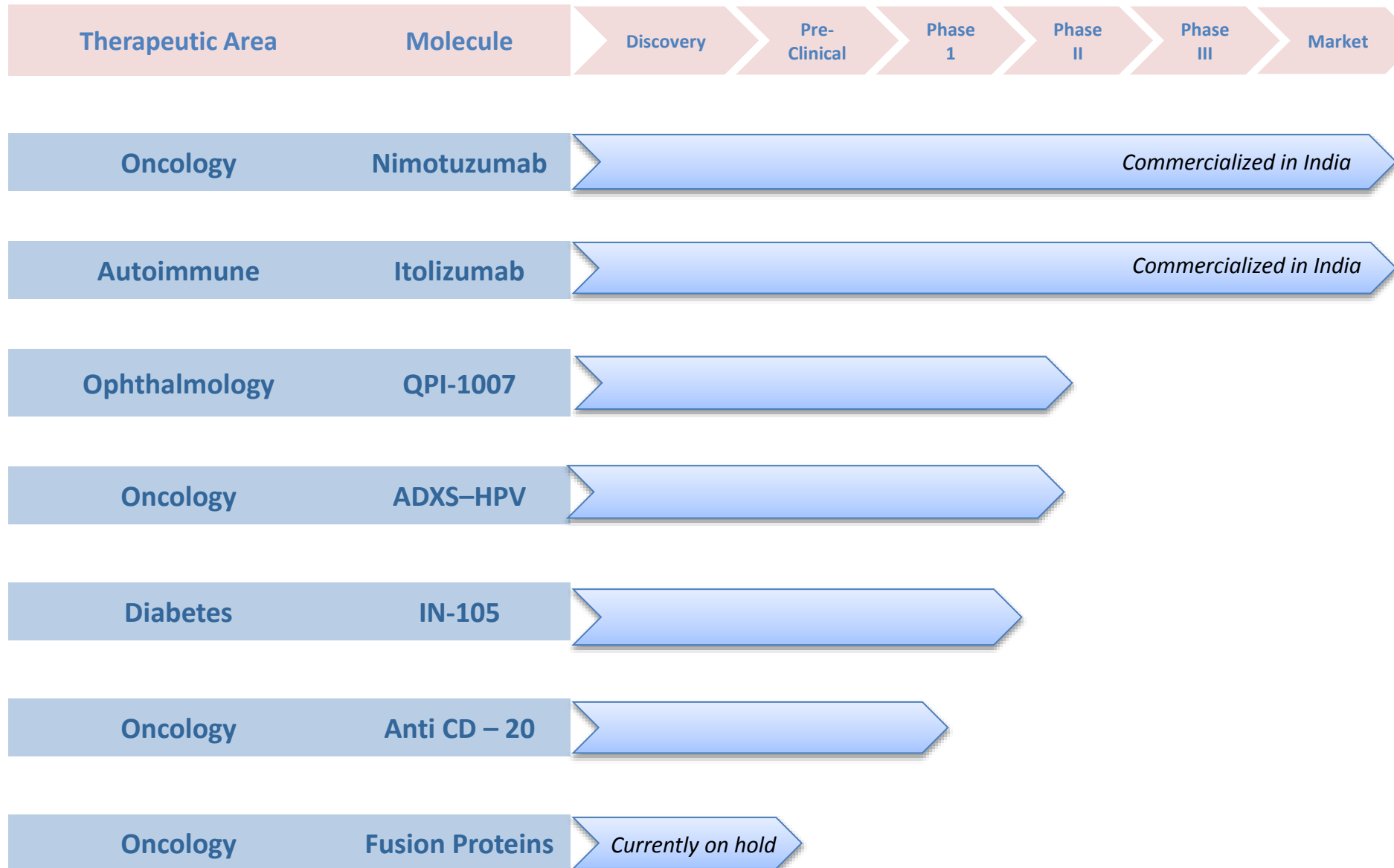
**A: Affordability**

- MRP – Rs 57,500 for 440mg vial, Rs 19,500 for 150mg vial
- Availability of 150 mg multi-dose vial allows patients to save money by buying smaller quantities, and storing unused product for their next dose rather than wasting it

**N: New from India-- World's most affordable trastuzumab to be commercialized**



# Novel Molecules: Pipeline



## Novel Molecules: Collaboration

### IN-105 Option Agreement: BMS (First-in-Class Oral Prandial Insulin)



*Combines Biocon's novel asset and development experience with BMS' novel drug development, regulatory & commercialization capabilities.*

---

*Biocon will **continue global development** of the molecule through Phase II via redesigned trials.*

---

*Partnership encompasses **Financial, Strategic and Clinical Support** throughout the development phase*

---

*BMS will have an **exclusive option post phase II** to further develop & commercialise the asset worldwide (excl. India)*

---

*Biocon will receive **licensing fee in addition to potential regulatory & commercialization milestones**, when BMS exercises its option*

---



*An investment of ~\$20 Mn supported by 100+ scientists focused on building a world class CRO*

**2000**

**Today**

**India's largest CRO** with 2,000 + scientists, working with 16 of the Top 20 pharma companies in the world.  
Capital Investment of ~\$130 Mn



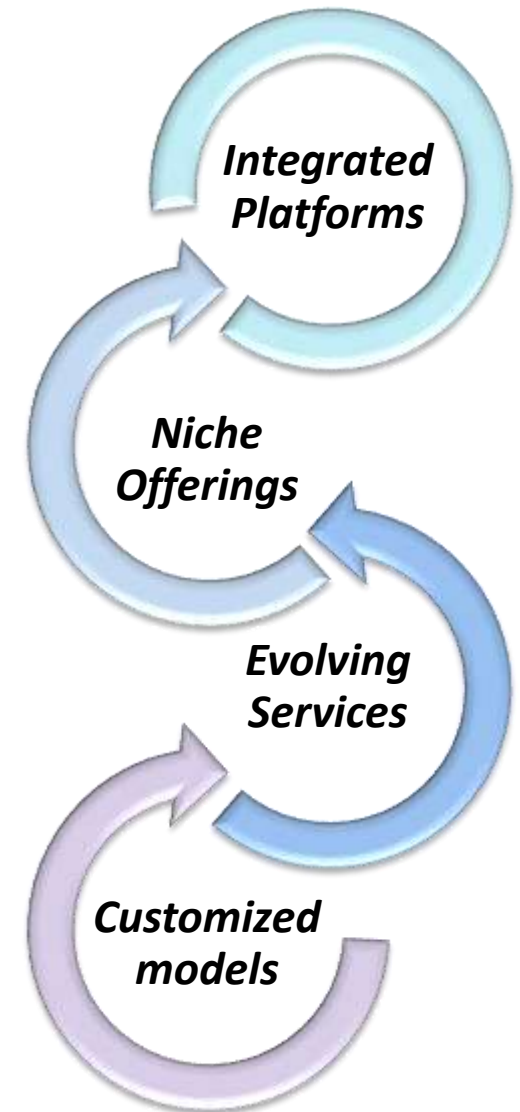
## Research Services: Capabilities & Collaboration Models

- Integrated Drug Discovery and Development
- Biologics Discovery and Development
- ***Syngene- Clinigene axis***

- Bioanalytical testing of small and large molecules
- Antibody Drug Conjugate (ADC) development
- Unique *In-Vivo* Models- Human tumour tissue Xenograft
- Early and rapid toxicology evaluation (Cardiomyocytes )

- Commercial scale production of NCEs
- High potency (cytotoxic) API manufacturing
- Formulation development

- Dedicated/customized infrastructure
- End-to-end services
- Risk sharing: Milestone based
- Incubation: IP sharing



## Research Services: Key Customers



*Largest R&D Centre by a Big Pharma in Asia (started in 2009, contract extended to 2020)*

*Dedicated centre of research excellence with world class facilities*

*Over 400 scientists supporting Novel Molecule research in small and large molecules*

*Integrated drug discovery & development across various therapeutic areas*



**Baxter**

*Baxter's 1<sup>st</sup> research centre in India in partnership with Syngene (2014)*

*State of the art facility supporting R&D of medical products and devices*

*Engages a multidisciplinary team of over 100 scientists*

*R&D activities centred on product and analytical development, preclinical evaluation in parenteral nutrition and renal therapy*



*Abbott Nutrition's 1<sup>st</sup> R&D centre in India set up in collaboration with Syngene (2012)*

*Dedicated centre supporting development of nutrition products*

*Over 30 multi-disciplinary scientists engaged in product development lifecycle*

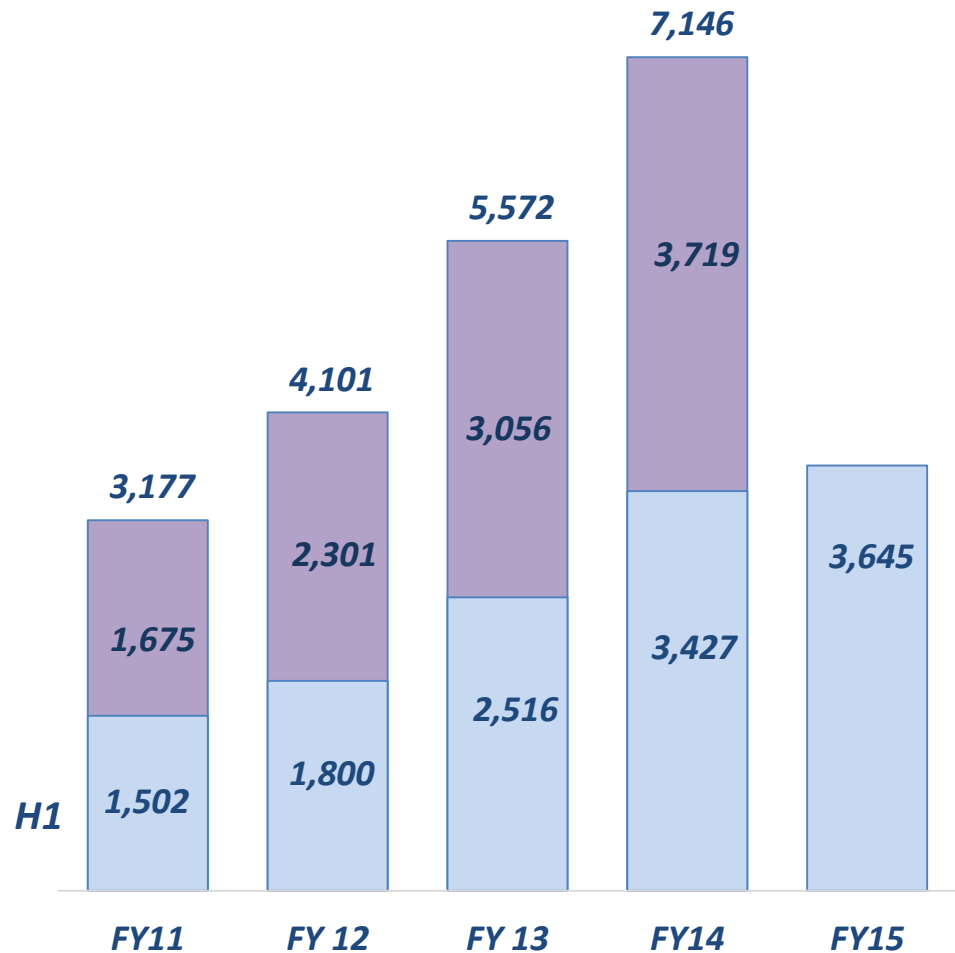
*Focus on maternal, paediatric, neonatal nutrition and diabetes care in line with emerging market needs*

# Research Services: Performance

Revenues in ₹ Million

## Performance drivers:

- Strategic Partnerships
- Innovative business models
- Customer centricity
- Affordable innovation
- Focus on productivity





**Financials**

## Financial Performance

All Figures in ₹ Millions / USD Mn except EPS

	FY10	FY11	FY12	FY13	FY14
Revenue	14,930   318	18,579   407	21,483   445	25,380   467	29,332   487
R&D Spend	785   17	1,183   26	1,366   28	1,640   30	1,310   22
EBITDA	4,551   97	5,733   125	5,791   120	5,957   110	7,429   123
Net profit*	2,729   58	3,399   74	3,384   70	3,241   60	4,137   69
EPS (FV: ₹ 5)	13.6	17.0	16.9	25.4	20.7

	H1 FY15	H1 FY14
Revenue	15,146   252	14,678   248
R&D Spends	661   11	816   14
<i>% of Biopharmaceutical Sales #</i>	6%	8%
EBITDA	3,786   63	3,622   61
<i>EBITDA Margin</i>	25%	25%
Net Profit	2,050   34	1,958   33
<i>PAT Margin</i>	14%	13%
EPS	10.3	9.8

FY10-14: Avg.exch.rate in that fiscal ; H1 FY14: USD 1 = ₹ 59.11; H1 FY15: USD 1 = ₹ 60.19

# Biopharmaceutical Sales including Branded Formulations | \* Net Profit Pre exceptional items

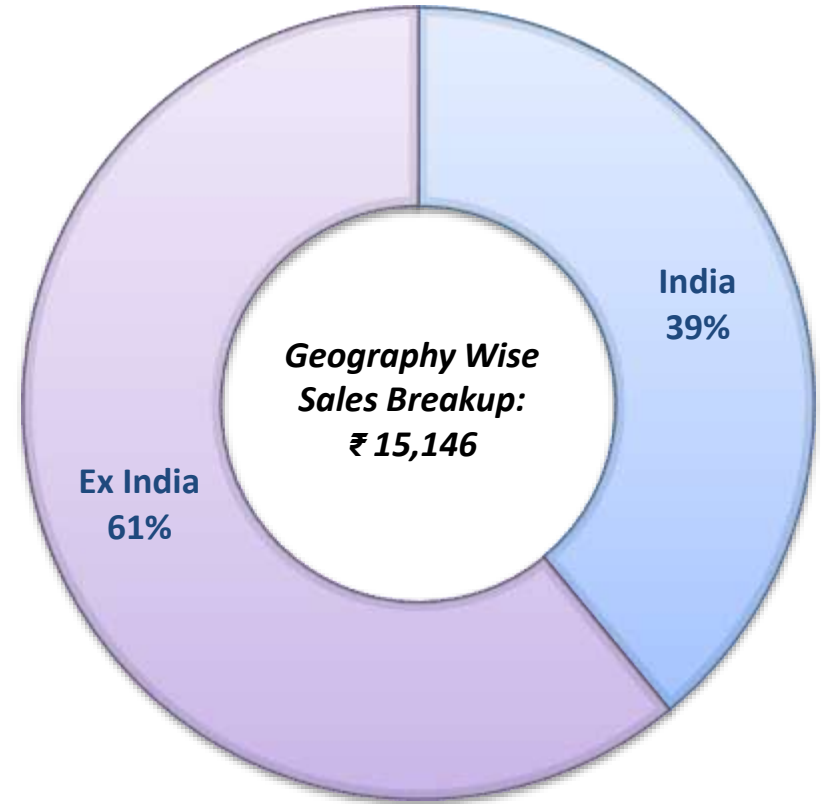
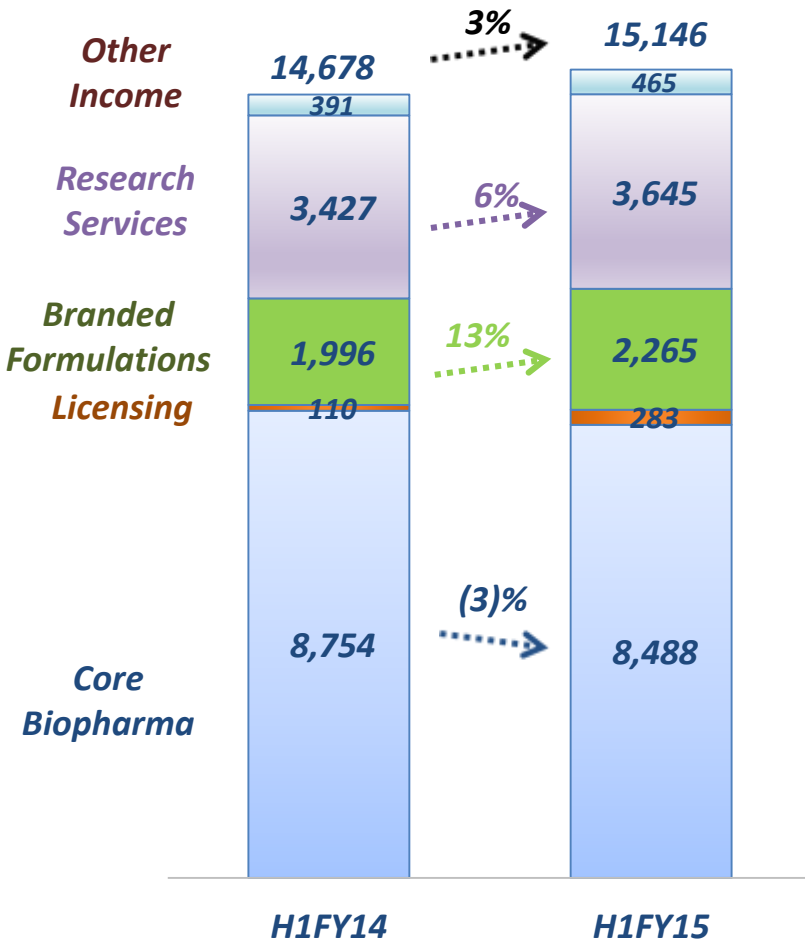
## Core Business Margins: Detailed

All Figures in ₹ Millions

	FY 10	FY 11	FY 12	FY 13	FY 14	H1 FY15
Revenue	14,930	18,579	21,483	25,380	29,332	15,146
Less: Other Income	324	516	993	1,103	804	465
Less: Licensing Income	507	1,525	1,266	246	149	283
<b>Core Revenues</b>	<b>14,099</b>	<b>16,538</b>	<b>19,224</b>	<b>24,031</b>	<b>28,379</b>	<b>14,398</b>
EBITDA	4,551	5,733	5,791	5,957	7,429	3,786
Add: R&D Expense	785	1,183	1,366	1,640	1,310	661
Less: Other Income	324	516	993	1,103	804	465
Less: Licensing Income	507	1,525	1,266	246	149	283
<b>Net EBITDA</b>	<b>4,505</b>	<b>4,875</b>	<b>4,899</b>	<b>6,248</b>	<b>7,786</b>	<b>3,699</b>
<b>Net EBITDA Margin</b>	<b>32%</b>	<b>29%</b>	<b>25%</b>	<b>26%</b>	<b>27%</b>	<b>26%</b>

# Revenue: Detailed

All Figures in ₹ Millions unless otherwise specified





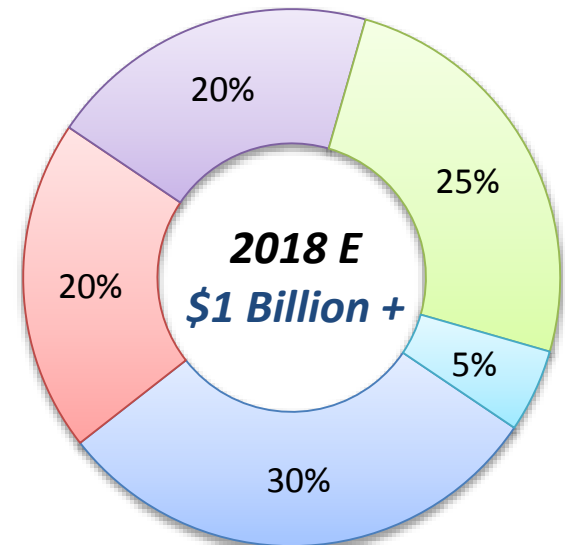
**Outlook**



## Key Focus Areas

- **Small Molecules** - Improved product Mix
- **Biosimilars** - Geographical Expansion in semi regulated and regulated markets
- **Branded Formulations** - Differentiated Value offerings
- **Research Services** - Sustained Growth Momentum
- **Novel Molecules** - Out-licensing and Global Development

*Growth drivers supplemented by addition of new offerings (products, services & partnerships)*

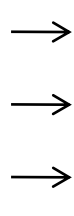


# Business Structure & Holdings

~61% | Promoters

~ 5 % | Employees & ESOP trust

~34 % | Public



**Biocon**

## BIOPHARMA SUBSIDIARIES

Biocon Research , India | **100%**

*R&D- Novel Molecules & Biosimilars*

Biocon Sdn. Bhd, Malaysia | **100%**

*Overseas subsidiary*

Biocon SA, Switzerland | **100%**

*Overseas subsidiary*

NeoBiocon, UAE | **51%**

*Overseas subsidiary*

## RESEARCH SERVICES

Syngene International, India | **~96%**

*Custom research, drug discovery*



Clinigene International, India | **100%**

*Clinical development*

***Spanning the entire Value Chain with capabilities ranging from  
discovery to manufacturing***

For updates and specific queries, please visit [www.biocon.com](http://www.biocon.com)  
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## The Biologics Opportunity: Top Selling products 2013

#	Drug Name	Nature	2013 Sales	2009 Sales	CAGR (%)
1	<i>Humira</i>	<i>MAB</i>	<i>11.0</i>	<i>5.6</i>	<i>19</i>
2	<i>Enbrel</i>	<i>Recombinant product</i>	<i>8.8</i>	<i>6.5</i>	<i>8</i>
3	Remicade	MAB	8.4	5.9	9
4	Advair	Small Molecules	8.3	8.0	1
5	<i>Lantus</i>	<i>Recombinant product</i>	<i>7.6</i>	<i>4.3</i>	<i>15</i>
6	Rituxan	MAB	7.5	5.6	7
7	<i>Avastin</i>	<i>MAB</i>	<i>6.8</i>	<i>5.7</i>	<i>4</i>
8	<i>Herceptin</i>	<i>MAB</i>	<i>6.6</i>	<i>4.9</i>	<i>8</i>
9	Januvia	Small Molecule	6.2	1.9	34
10	Crestor	Small Molecule	6.1	4.8	6

***5/9 molecules in our biosimilar portfolio are part the global top-10 selling drugs list***