Q3 FY24 Earnings Call

February 9th, 2024

Relentless Pursuit.
Differentiated Growth.

Safe Harbor Statement

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.

Group CEO
Opening Remarks

Biocon

Financial Highlights
Q3 FY24

Biocon

Financial Highlights: Q3 FY24

Consolidated (in ₹ Cr.)	Q3 FY24	Q3 FY23	YoY %	
Total Revenue[1]	**4,519**	3,020	50	**Biosimilars +65% | Research +9% | Generics -7%**
Core EBITDA[2]	**983**	1,069	(8)	
% Margin	*27%*	*36%*		
EBITDA	**1,492**	723	106	**Net R&D spend** at ₹329 Cr, representing 11% of revenues ex-Syngene
% Margin	*33%*	*24%*		
Profit Before Tax *(Before exceptional items)*	**787**	246	220	**Increase in depreciation, amortization and interest expense by ₹ 260 Cr**, primarily related to acquisition of Viatris' biosimilar business
% Margin	*17%*	*8%*		
Net Profit *(Before exceptional items)*	**644**	140	360	**Increase in minority interest** due to dilution of shareholding in Syngene and Biocon Biologics on account of the Viatris deal
Net Profit Margin %	***14%***	*5%*		

[1] Includes income from divesture of two non-core Branded Formulations India business units in Biocon Biologics of 350 crores and gain from Biocon's stake dilution in Bicara Therapeutics of 456 crores

[2] Core EBITDA defined as EBITDA before forex, dilution/ fair valuation gain in Bicara, R&D, licensing income, sale of non-core BFI assets and mark to market movement on investments.

Financial Highlights: Q3 FY24

Consolidated (in ₹ Cr.)	Q3 FY24	Q3 FY23	YoY %
Net Profit *(before exceptional items)*	**644**	140	360
Exceptional Items *(net of tax and minority interest)*	16	(182)	
Net Profit *(Reported)*	**660**	(42)	

Exceptional items:

- **Q3 FY24**
  - Gain on carrying value of existing contractual receivable arrangement; offset by
  - Impairment of intangibles associated with a product in certain territories & inventory provision
  - Transaction costs related to Viatris transaction & the Stelis facility acquisition
- **Q3 FY23**
  - Deal related expenses of the Viatris transaction

Generics
Q3 FY24

Biocon

Biocon Generics: Q3 FY24 Highlights

- Consistent steady/ growth in Generic Formulations business
- Received first Generic Formulation approval in China, for Mycophenolate Sodium
- Vizag receives CEP from EDQM, the European regulator
- Peptides facility in Bengaluru successfully completes validation activities
- Process validation begins in Hyderabad for synthetic APIs

In INR Cr	Q3 FY24	Q3 FY23	Q2 FY24	YoY %	QoQ %
Segment Revenue	703	760	676	(7)	4
Core EBITDA	154	168	158	(8)	2
% of revenue	22%	21%	23%		
PBT	50	72	66	(30)	(24)
% of revenue	7%	10%	10%		

Biosimilars
Q3 FY24

Biocon Biologics

Biocon Biologics: Biosimilars – Q3 FY24 Business Update

- Finished operational integration of acquired business from Viatris in about 120 countries, one year ahead of schedule
- Uptick in the sales of unbranded Glargine in US through a closed-door pharmacy network, not reflected in the reported market shares
- Secured several new contracts in the US for bPegfilgrastim, bTrastuzumab and bAdalimumab
- Launched bBevacizumab in Brazil with $175m of annual originator sales

Key Products' Market Share[1]

United States

	Nov-23	Aug-23	Nov-22
Fulphila (bPegfilgrastim)	18%	20%	11%
Ogivri (bTrastuzumab)	12%	11%	10%
Semglee (bGlargine)[2]	12%	12%	10%
Hulio (bAdalimumab)[3]	0.1%	0.0%	--

Europe

	Q3 CY'23	Q2 CY'23	Q3 CY'22
Fulphila (bPegfilgrastim)	8%	7%	5%
Ogivri (bTrastuzumab)	6%	6%	6%
Abvemy (bBevacizumab)	6%	6%	1%
Semglee (bGlargine)	4%	3%	2%
Hulio (bAdalimumab)	6%	6%	6%
Nepexto (bEtanercept)	2%	2%	1%

1. Market shares based on IQVIA volumes, Eq.SU I 2. Includes both Semglee and unbranded Glargine

Biocon Biologics: Biosimilars – Q3 FY24 Financial Update

- Excluding licensing revenues from the non-core BFI divesture, sequential growth of 8%
- Core EBITDA margin impacted on account of series of transition related expenses and one-off costs
- Received $220m from an existing contractual receivable arrangement, ~$200m used to pare down debt
- BBL net debt at $1.2 billion[2]

In INR Cr	Q3 FY24	Q3 FY23	Q2 FY24	YoY %	QoQ %
Segment Revenue	2,483	1,507	1,969	65	26
Core EBITDA[1]	587	663	660	(11)	(11)
% of revenue	28%	44%	34%		
EBITDA	714	361	453	98	58
% of Revenue	29%	24%	23%		
PBT (before exceptional items)	196	102	(15)	92	
% of Revenue	8%	7%	(1)%		

[1] EBITDA before forex, R&D, licensing income, sale of non-core BFI assets and mark to market movement on investments; [2] Excluding structured finance investments

Biocon Biologics: Biosimilars – Q3 FY24 Other Business Updates

- Initiated Phase 3 studies for bPertuzumab
- Progressive discussion with the US FDA ; Awaiting site-inspection for bAspart and bBevacizumab BLA in US

Key Catalysts

- Opening up of bAdalimumab market along with regulatory approvals for bAspart and bBevacizumab in US
- Debt reduction and strengthening of balance sheet remains key focus

Novels
Q3 FY24

Novel Molecules: Bicara Therapeutics*

- $165 million Series C financing from dedicated biotech investors closed in Dec'23.
- Biocon recorded a dilution and fair value gain of ₹456 crores in the consolidated P&L statement during the quarter
- As of December 2023, Biocon's shareholding in Bicara at 14%.

*a US based clinical-stage biotechnology company. During Q3 FY24, pursuant to Series C financing, Bicara ceases to be 'Associate Company' of Biocon Group.

Research Services
Q3 FY24

Syngene

Syngene: Q3 FY24 Update

- Positive performance in Development and Manufacturing Services as well as in the Dedicated Centers. Performance in Discovery Services was impacted by the slowdown in biotech funding
- In Manufacturing Services, Syngene continued to make good progress on the long-term biologics manufacturing partnership with Zoetis
- Concluded the acquisition of biologics manufacturing facility from Stelis Biopharma Ltd. The facility is expected to be operational in the second half of FY25, subject to regulatory approvals

In INR Cr	Q3 FY24	Q3 FY23	YoY %
Segment Revenue	854	786	9
EBITDA	261	248	5
% of Revenue	30%	31%	
PBT	142	140	1
% of Revenue	17%	18%	

Concluding Remarks

Concluding Remarks: Q3 FY24

- Completion of transition and integration of the acquired biosimilars business; sustained momentum in product portfolio across markets augurs well for Biocon Biologics
- Generics Business making progress on expanding portfolio and geographic reach; strengthening its manufacturing base
- Syngene continues to perform well driven by development and manufacturing services

Q&A