

Sustained Momentum in Biopharma & Research Services delivers 19% growth for Biocon

H1FY14: Revenues at ₹ 1,468 Crores; EBITDA at ₹ 362 Crores; PAT at ₹ 196 Crores

Bengaluru, India: October 24, 2013

Commenting on the results, Chairman and Managing Director, Kiran Mazumdar-Shaw stated,

“Biocon has witnessed a strong performance in the first half of FY14 driven by an increased traction in emerging markets. Immuno-suppressants and Insulins continue to drive growth. This is in part bolstered by capacity expansion of our Insulins plant. Our bio-similar pipeline partnered with Mylan, continues to progress well and we anticipate Indian regulatory approval for our biosimilar Trastuzumab in the near future. The Research Services vertical has delivered a stellar set of numbers, despite an exceptional forex loss in Q2 FY14. This quarter also saw the launch of our second novel biologic, Alzumab™, for Psoriasis in India. Alzumab™ has already seen an encouragingly strong acceptance in the market. The Branded Formulations business has grown ahead of the market but has been muted by business and regulatory challenges. We remain confident that growth will continue across all businesses”

Highlights:

- Revenue growth in H1 FY14 reflects the strength of our differentiated portfolios
 - ❖ Biopharma Business: 21% YoY
 - ❖ Branded Formulations: 13% YoY
 - ❖ Research Services (Syngene and Clinigene): 36% YoY
- Group EBITDA and PAT margins at 25% and 13% respectively
- R&D investments of 82 Crores (9% of Biopharma sales)
- Nationwide roll-out of our 2nd novel biologic, Alzumab™ indicated for psoriasis
- Successfully concluded the India Phase III trial of Biosimilar trastuzumab

Quarterly Business Performance

Financial Highlights: Q2 FY14 (In ₹ Crores)

Revenue : 753		Revenue Breakup:
R&D Expenses: 39	<i>(9% of biopharma sales)</i>	• Biopharma: 447
EBITDA: 188	<i>(EBITDA Margin: 25%)</i>	• Research Services: 188
PAT: 102	<i>(PAT Margin: 14%)</i>	• Branded Formulations: 99
		• Other Income: 11

Biopharma: Small Molecules & Biosimilars

The biopharma portfolio delivered a strong growth of 16% YoY and 13% YoY at Constant Exchange Rate (CER) for H1 FY14 and Q2 FY14 respectively.

Small Molecules

The small molecules portfolio sustained its strong performance through H1 FY14 on the back of steady sales in Immuno-suppressants and Orlistat. Our statins portfolio continues to support these growth drivers with increasing traction in other geographies.

Biosimilars

The Biosimilars portfolio saw a robust growth in H1FY14, driven by the growing demand for generic insulins from emerging markets. We continue to enhance our emerging market footprint to provide a wider access to affordable insulin therapy to diabetics worldwide.

We have successfully completed the India Phase III trial for biosimilar trastuzumab, and have filed for regulatory approval with the Indian authorities. The other programs in the biosimilar development portfolio continue to progress well, and we look forward to bringing them further along the clinical development pathway.

Branded Formulations

The branded formulations vertical grew at 9% YoY this quarter, vis-à-vis the industry growth of 3%. We have seen sustained challenges in the Indian Pharma market (IPM), which de-grew by 2% in September '13. Systemic hurdles led by the chaotic implementation of the recent NPPA guidelines and the trade disputes on margins have resulted in widespread de-stocking & reduced off take.

The highlight for us in Q2 FY14 was the launch of Alzumab™ (Itolizumab), a 'First-in-class' novel biologic therapy for Psoriasis. With a differentiated mechanism of action, Alzumab offers a new treatment paradigm for Psoriasis patients with a less aggressive dosing regimen and a longer treatment free period. The product has been rolled out across the nation, and we have seen encouraging feedback from dermatologists and patients alike. Cytosorb, the only approved extracorporeal cytokine filter commercially available in the EU to safely remove a broad range of cytokines from blood is now commercially available in India, and marketed by the critical care division.



Research Services

The research services segment grew 25% YoY and 30% YoY at Constant Exchange Rate (CER) for H1 FY14 and Q2 FY14 respectively, with widespread growth across our service platforms.

Commenting on this performance, Peter Bains, Director Syngene International, said, “The strong performance of research services in H1FY14 reflects the underlying strength of our diversified service offerings, which span the discovery and development continuum. This growth has been driven by a strong momentum in our manufacturing services platform along with a ramp up in our FTE contracts. Our continuous investments in capacities and capabilities have helped us enhance our end to end discovery, development and manufacturing offerings, in line with our clients’ evolving requirements. We expect the current business momentum to continue supported by incremental investments, leading to a strong performance this fiscal.”

Outlook

The outlook for FY14 continues to be positive as we balance our revenue growth with R&D investments. We continue our efforts aimed at improving profitability with various cost control and portfolio optimization initiatives. The development portfolios spanning Biosimilars and novel molecules has moved further along the development cycle, and some of them will move into clinical trials shortly. Our current Capex commitments that include the Malaysia insulin plant are on track, and we continue to evaluate further investments to fuel future growth.

About Biocon

Established in 1978, Biocon Limited, (BSE code: 532523, NSE Id: BIOCON, ISIN Id: INE376G01013) is India’s largest and Asia’s leading biotechnology company with a strategic focus on biopharmaceuticals and research services. It is a fully integrated, innovation-driven biopharma enterprise offering affordable solutions for chronic diseases to patient’s worldwide. Biocon's robust product portfolio includes the world's first Pichia-based recombinant human Insulin, INSUGEN®, Glargine, BASALOG® and India's first biologic BioMAb-EGFR™ for head & neck cancer. It has now successfully developed its second novel biologic Itolizumab, a ‘first in class’ anti-CD6 monoclonal antibody, being introduced as Alzumab™ for psoriasis in India, in 2013. www.biocon.com

Disclaimer

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 currency changes, 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 our company, our directors, nor any of our 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.

Earnings Call

The company will conduct an hour long call at **3:30 PM IST on October 25, 2013** where the senior management will discuss the company's performance and answer questions from participants. To participate in this conference call, please dial the numbers provided below five to ten minutes ahead of the scheduled start time. The **dial-in number for this call is +91-22-6629 5889/ 3065 2542**. Other toll numbers are listed in the conference call invite which is posted on the company website www.biocon.com. The operator will provide instructions on asking questions before the start of the call. To receive reminders for the earnings call, you can register [here](#). A replay of this call will also be available from **October 25, 2013 – November 2, 2013** on the same dial-in numbers provided above. The transcript of the conference call will be posted on the company website within 7 working days of the investor conference call.

[Encl.: Fact Sheet - Consolidated Income Statement and Balance Sheet \(Indian GAAP\)](#)

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