

# Innovative Science Affordable Medicine



**JP MORGAN HEALTHCARE CONFERENCE**

**January 14, 2014**

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**The New Growth paradigm**

**Developing Markets and Biosimilars**

**Bringing a novel therapy to the world**

**Research Services**

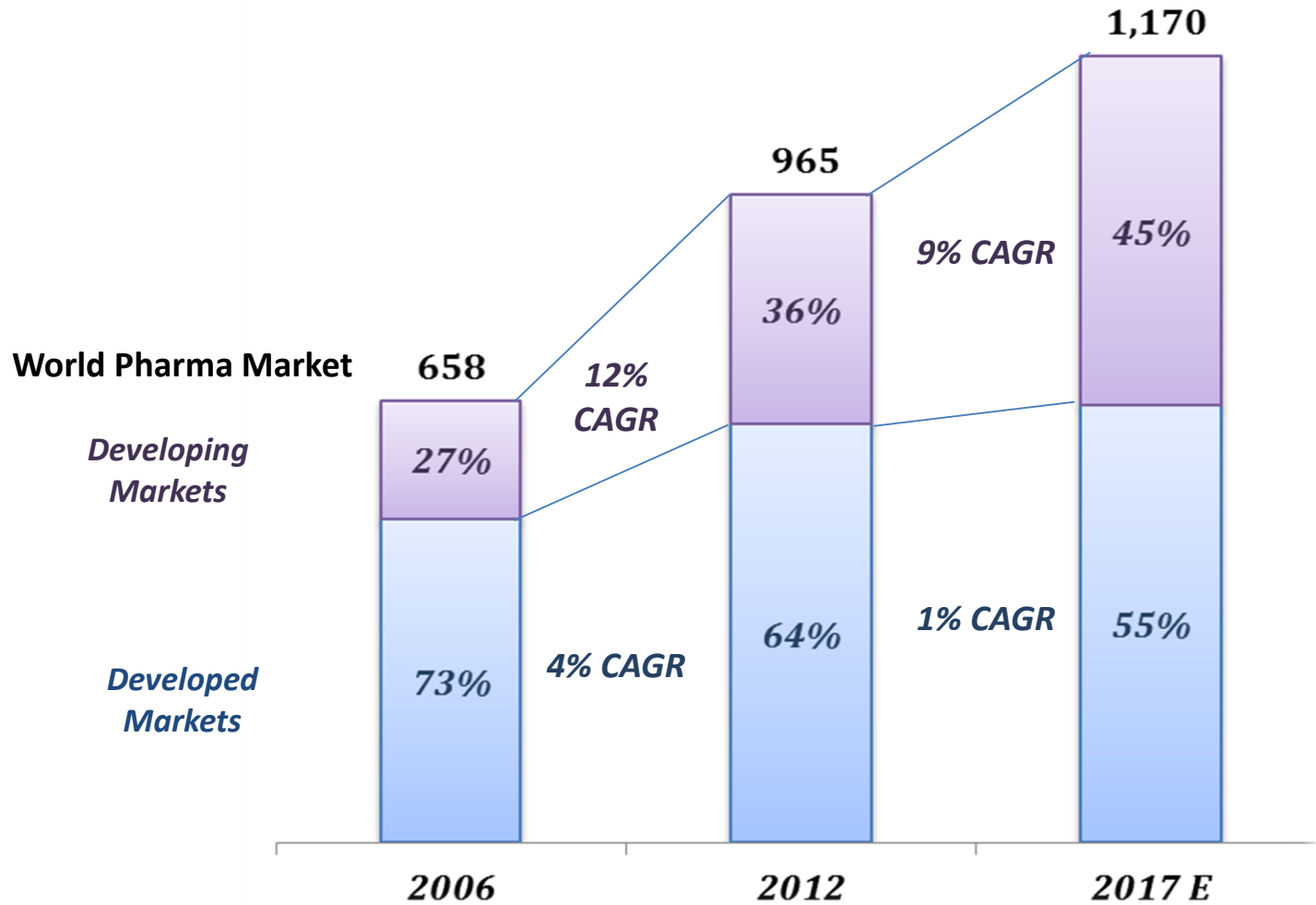
**Other Highlights**



**The New Growth Paradigm**

# A New Normal: *Developing markets driving growth*

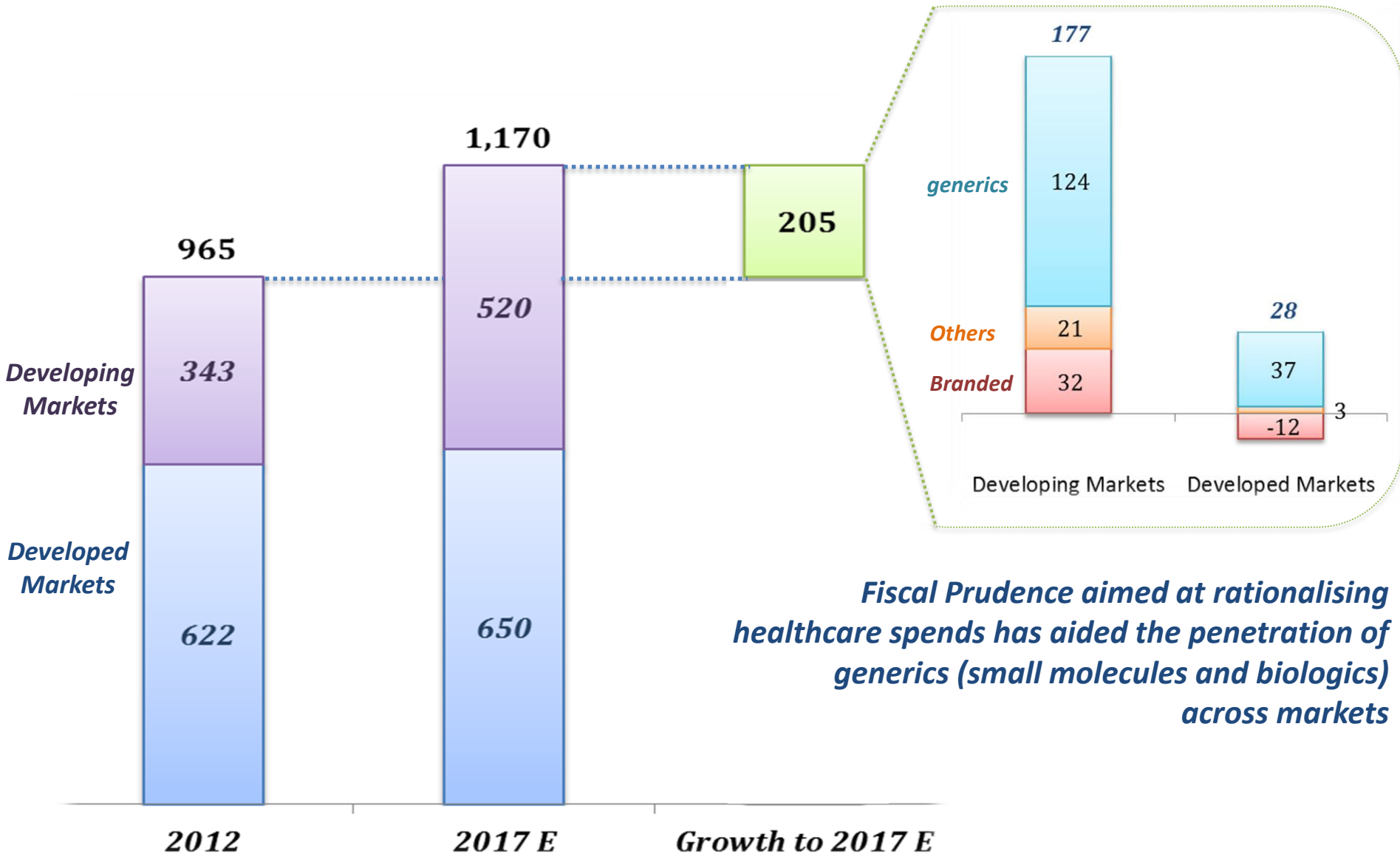
All figures in USD Bn unless otherwise specified



***Pharma Growth in Developing markets has significantly outpaced the developed markets***  
***Trend expected to continue***

# A New Normal: *Affordability is the focus across markets*

All figures in USD Bn unless otherwise specified



***Fiscal Prudence aimed at rationalising healthcare spends has aided the penetration of generics (small molecules and biologics) across markets***

# The New Normal: *Key trends in global pharma*

## *Affordability driving pharma growth*

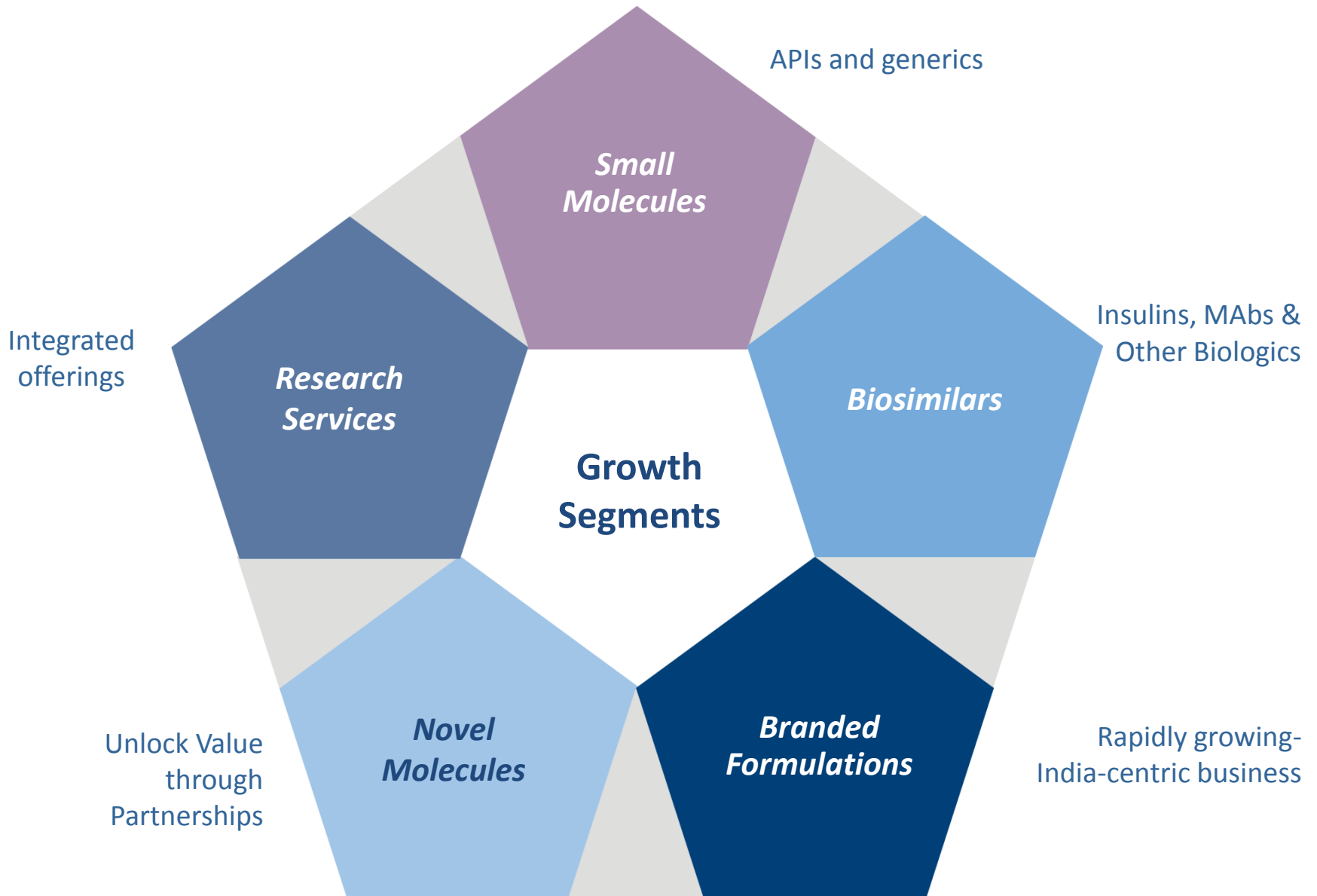
- Increasing penetration of generics has led to more equitable access to medication: key driver in developing market growth

## *Shift towards biologics and partnering*

- Biologics expected to usher in the next wave of growth
- Partnerships in drug development: moving beyond simple out-licensing towards more engaged alliances

## *R&D outsourcing*

- Escalating drug development costs an area of concern: stagnant R&D spends being optimized with outsourcing to ensure better returns on investment





## Key Milestones in 2013

### **R&D Milestones**

- ❖ Received Indian regulatory nod for the commercial launch of:
  - ❖ Alzumab™, a first-in-class anti-CD6 indicated for Psoriasis
  - ❖ CanMab™ : World's first biosimilar trastuzumab
- ❖ Successfully Concluded EU Phase III trial for generic rh-Insulin

### **Corporate Milestones**

- ❖ Partnership with Mylan for global development & commercialization of generic insulin analogs
- ❖ Strategic collaboration with Quark Pharma for its novel repertoire of siRNA based therapeutics
- ❖ Ranked #6 in the Top 20 global biotech employer list (2013) by the Science Magazine



**Developing Markets and Biosimilars**

# Developing Markets : *Key challenges*

## **Burden of Disease :**

More than 80% of deaths due to Non Communicable Diseases (NCDs) occur in developing markets

## **Availability Gap:**

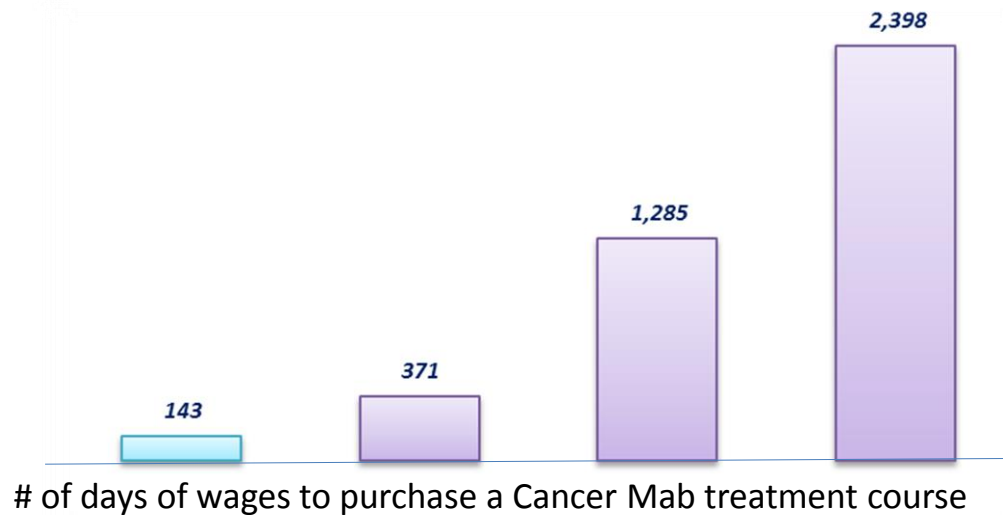
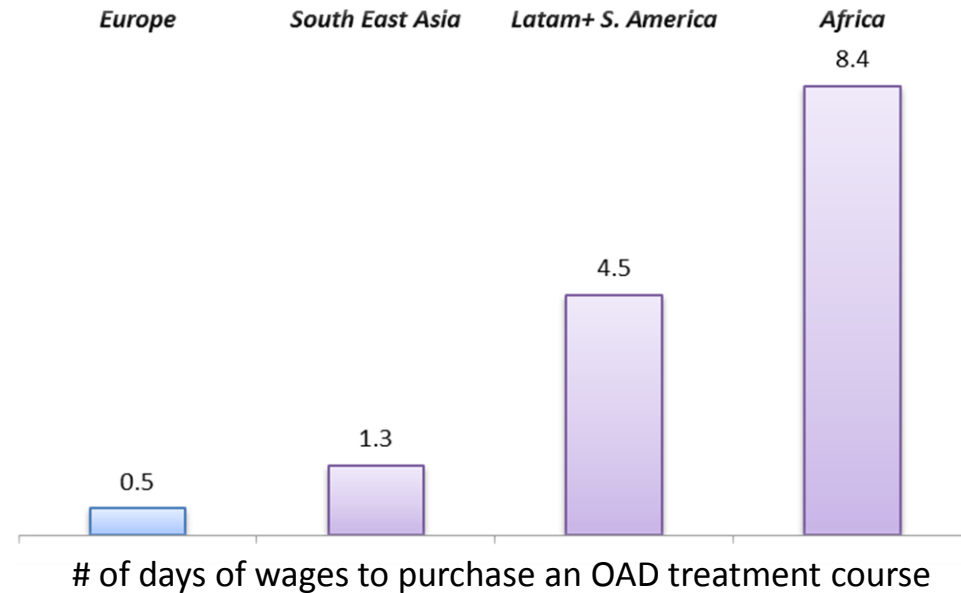
Only 1 out of every 4 NME is made available in a developing market

## **Affordability Challenge**

Significant out of pocket expense for patients (50% - 90% of treatment cost)

Despite differential pricing, key essential drugs for NCDs remain unaffordable for a large section of the patient population

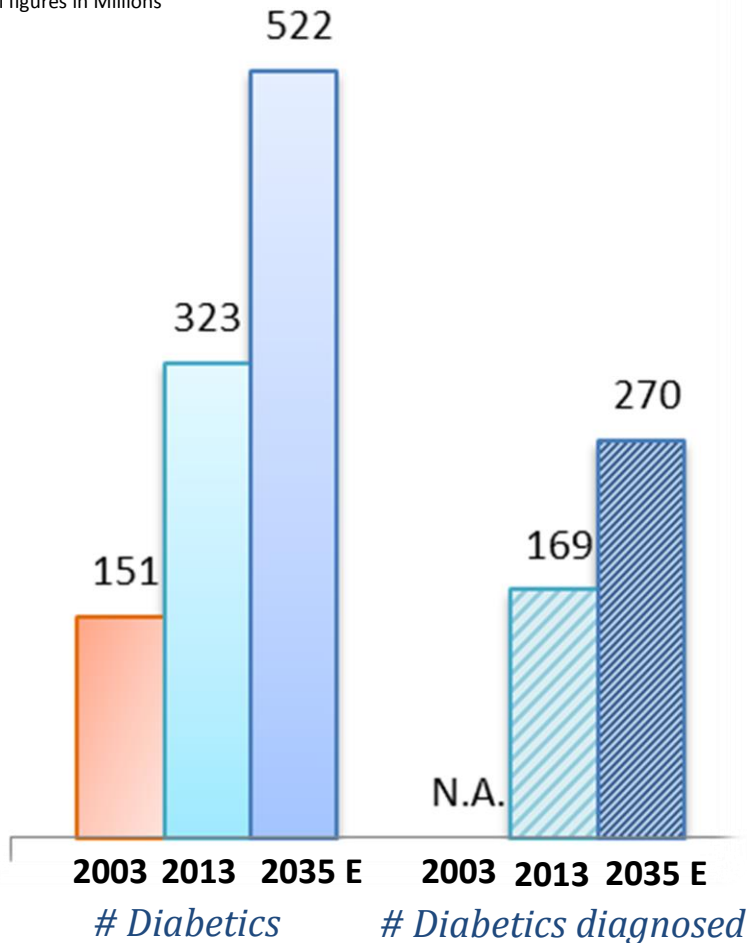
Adj. graphs show the # of days of wages needed for 1 month course of a medication



# Developing Markets: *Diabetes landscape*

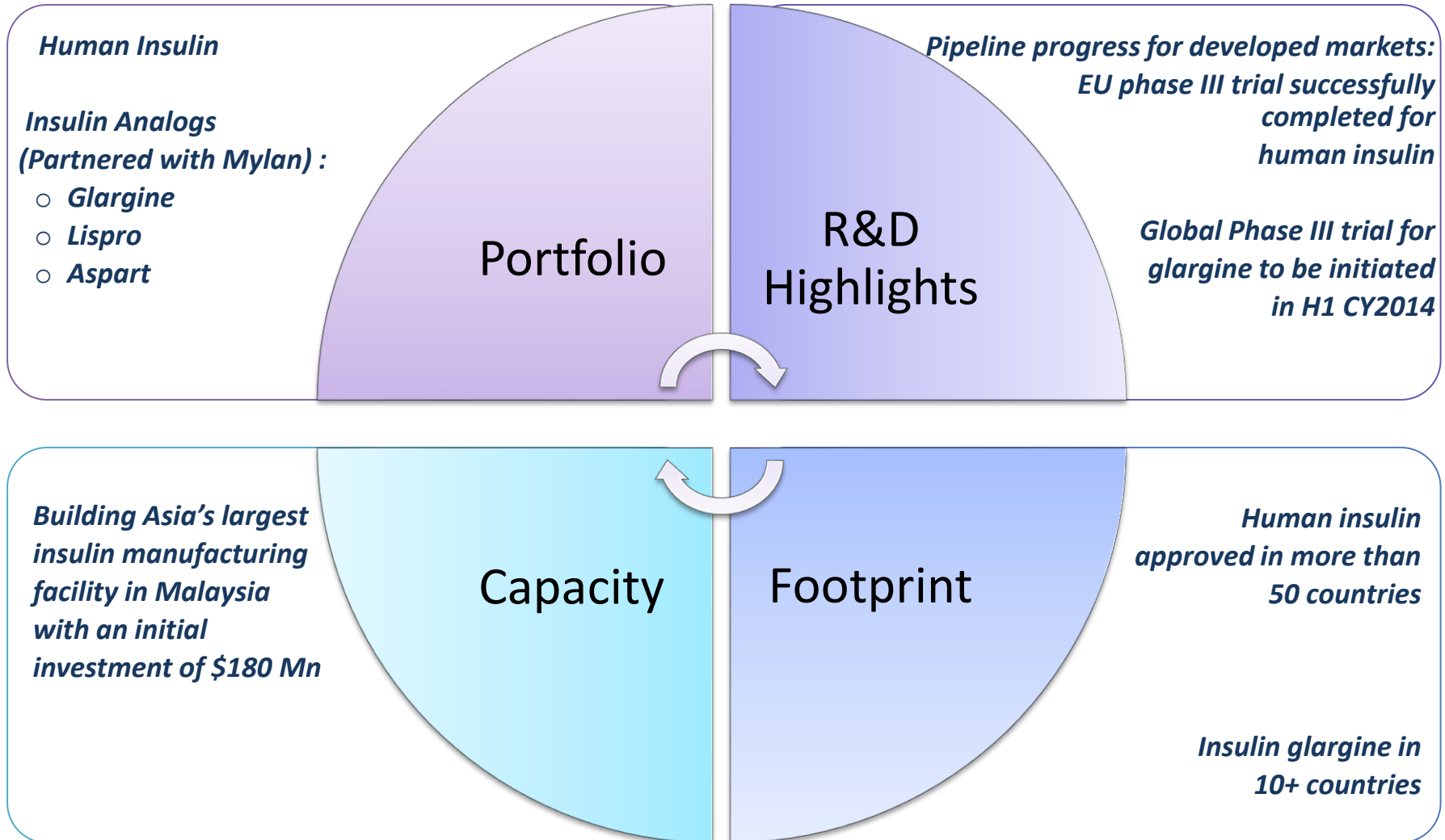
**Improving Diagnosis rates and concerted efforts by various stakeholders is increasing access and affordability of insulin therapy**

All figures in Millions



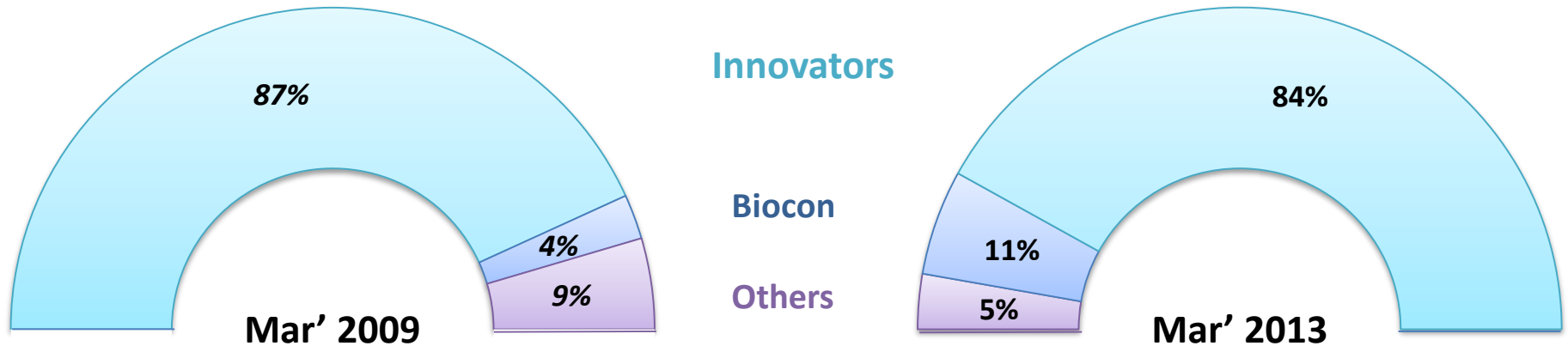
- Insulin is classified as an “essential medicine” by WHO
- Presence of generic insulin players has helped bring down therapy cost to less than \$0.5/day in several markets
- Government initiatives to make Insulins affordable:
  - *Subsidized supply of Insulins (partial/full reimbursement)*
  - *Encouragement to players with local manufacturing partners*

# Generic Insulins from Biocon: *Manage diabetes with ease*



# Biocon in Key developing markets

## rh-Insulin Volume Market Share: Evolution

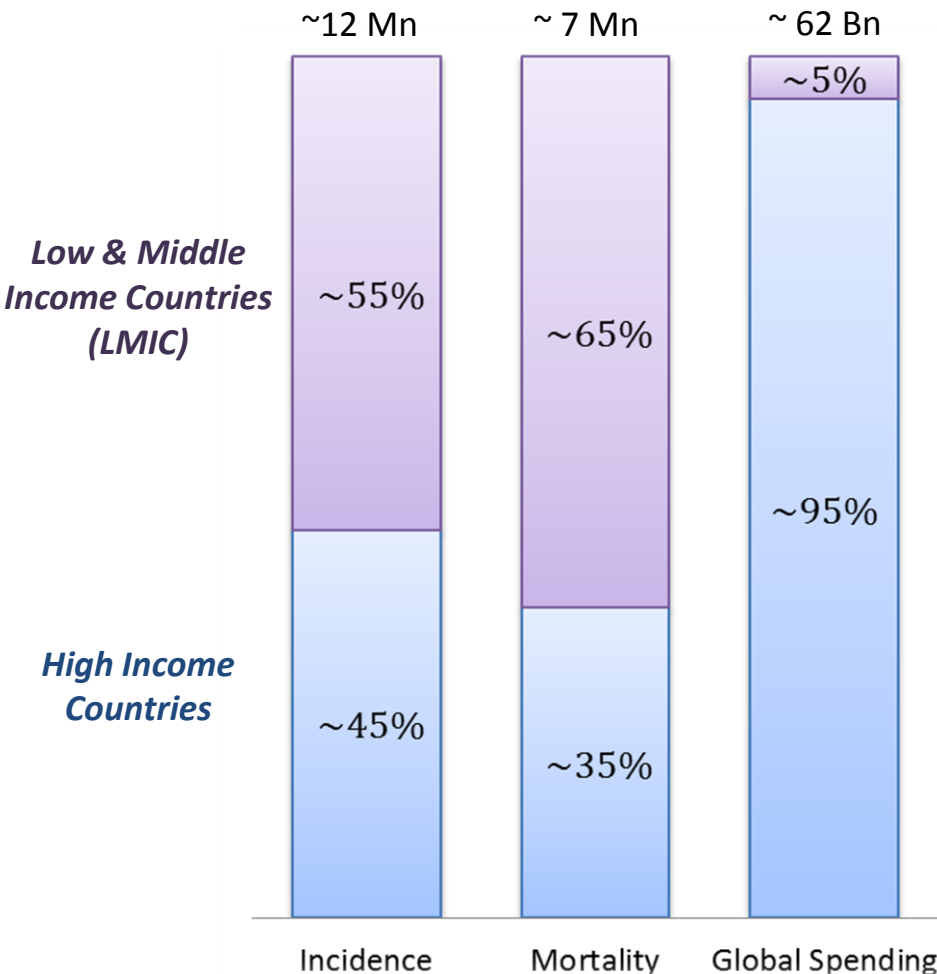


2009 – 2013	Key Emerging Markets	Innovators	Biocon	Others
CAGR over 5 year	11%	10%	32%	-

# Developing Markets: *Cancer landscape*

## Low and Middle Income countries face the 5/80 cancer disequilibrium:

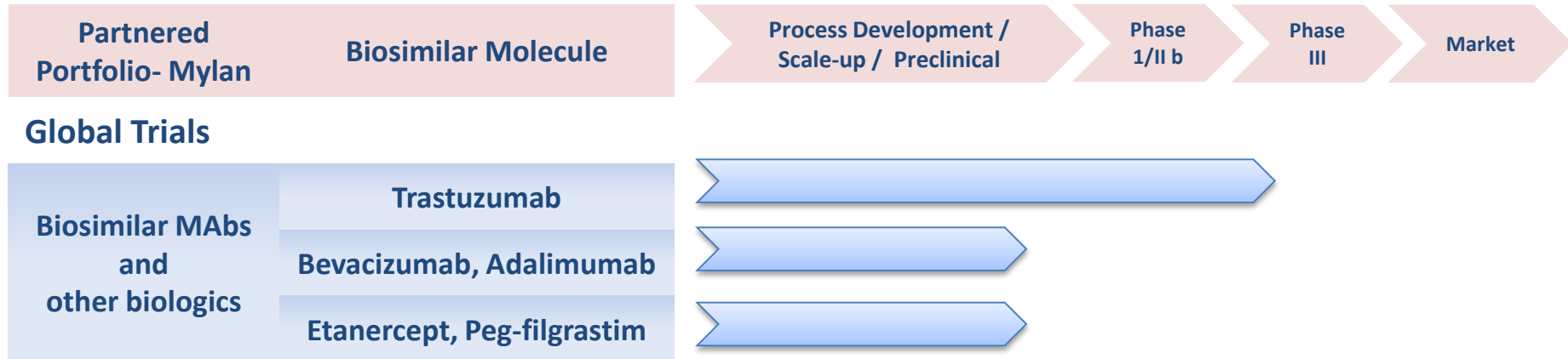
*5% of global spending vs. ~ 80% of the global cancer burden in terms of years of life lost to cancer*



- ~30% of deaths in LMIC due to cancer are preventable
- Key Challenges:
  - Detection and diagnosis
  - Access to medication and adjuvant therapies
  - High cost of therapy despite differential pricing by innovators

In South East Asia (per capita Income ~ 3,000 USD), treatment cost for leukemia (chemo + transfusions) is \$20,000

# Biosimilars: *Enabling the 'can' in cancer*



## ➤ Mylan Partnered Program, committed to developing world class bio-similars

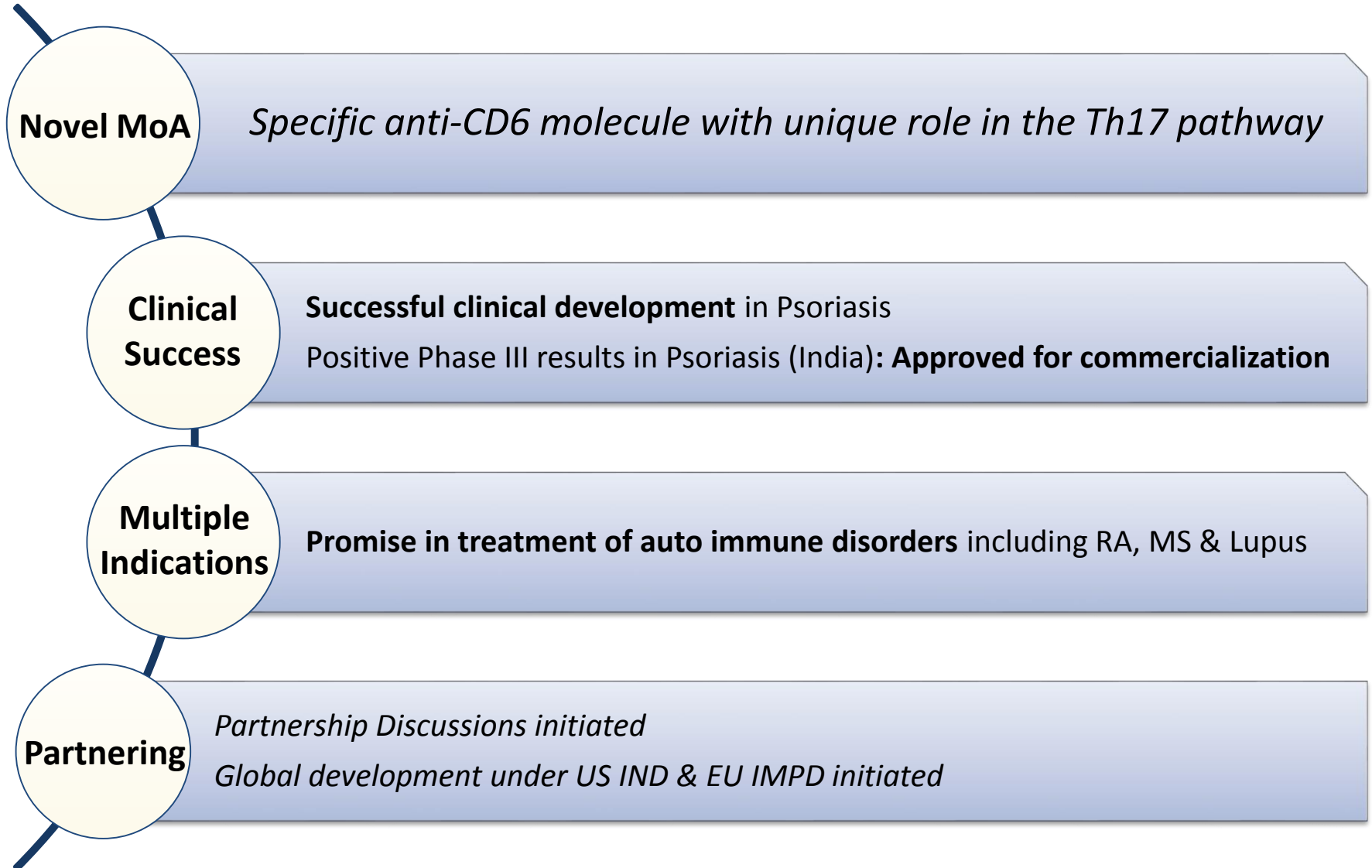
- Biosimilar portfolio targeted at cancer and auto immune indications
- Biosimilar trastuzumab:
  - Commercial Launch in India soon- established biosimilarity with the innovator product with a phase III trial
  - Successfully concluded a global phase I for biosimilar trastuzumab; Global Phase III in progress





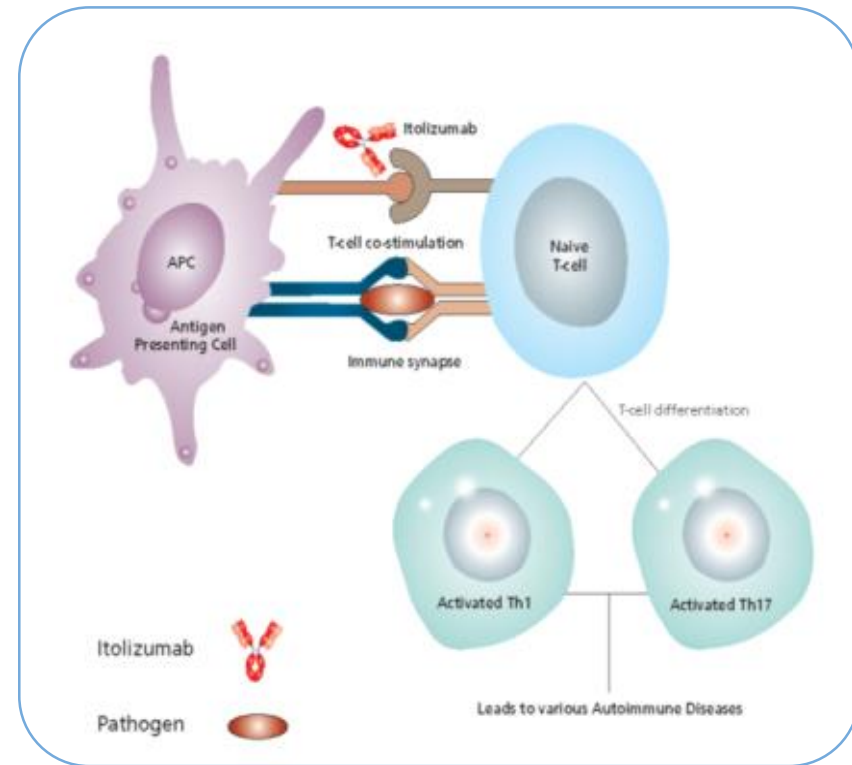
**Bringing a Novel Therapy to the World**

# Alzumab™: *World's first anti-CD6 to be commercialized*



# Alzumab™ : A novel treatment paradigm for AI diseases

- Novel MoA-- selective T-cell co-stimulation modulator:
  - *Inhibits CD6 costimulation*
  - *Lowers specific cytokines thus modulating the pathogenic role of Th1 & Th17 cells (implicated in various Auto Immune diseases)*
- Extremely low risk of opportunistic infections: Selective co-stimulation ensures that the Immune system is not compromised
- Sustained clinical remission: low relapse rates as the drug acts upstream in the AI disease pathway



# Alzumab™ : *Robust real-world data*

Day Zero

Day 30

Patient 1



Patient 2



Snapshots of patients undergoing Alzumab (Itolizumab) therapy in India, post its commercial launch



**Research Services  
(Syngene + Clinigene)**

## Research Services: *Key trends*

### ***R&D Outsourcing gaining pace***

- Key Drivers: Escalating drug discovery & development cost and stagnant R&D budgets
- Growth (early stage R&D externalization) >> Growth (R&D spends)

### ***Creating Value beyond savings***

- Industry evolving from Vendor based arrangements to strategic partnerships
- Competence, quality & timeliness gaining ground over pricing differentials

### ***Asia gaining foothold***

- China & India : lead destinations with attractive talent and infrastructure availability
- Centres of Excellence being set up to enable integrated offerings in R&D externalization

# Research Services: *Growth over the years*

1994

2004

2013

2016 E

## Key Strengths -

Research: Chemistry	✓	✓	✓	✓
Research: Biology	✓	✓	✓	✓
Process R&D		✓	✓	✓
Clinical Research		✓	✓	✓
Clinical Manufacturing: Chemistry			✓	✓
Biologics			✓	✓
Formulation Development			✓	✓
Commercial Manufacturing				✓

## Client Base -

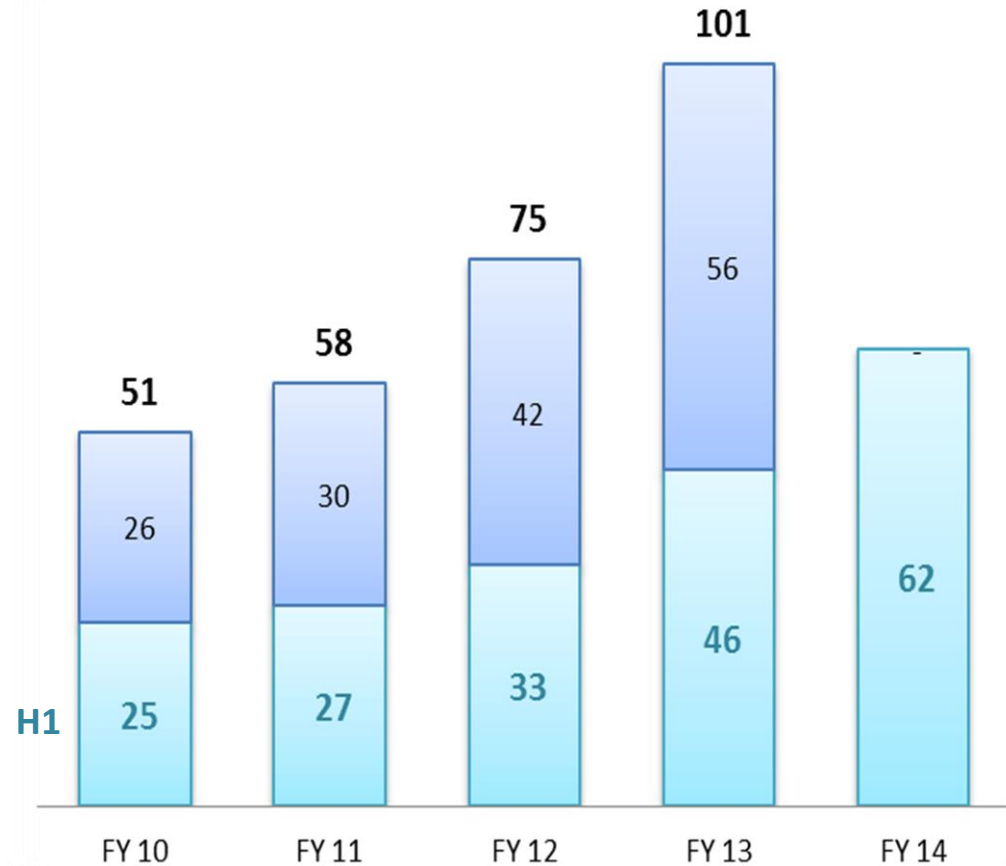
# Industries Serviced	1	4	8	8 +
# Clients	1	80	140	140 +
# Big Pharma clients	1	4	18	18 +
# Dedicated Centers	-	-	3	3 +

# Research Services: *Robust organic growth*

All Figures in USD Mn

## *Key Events in 2013*

- Crossed the \$100 Mn revenues milestone last fiscal
- Completed the PE investment of \$25 Mn by GE Capital
- Clinigene, the clinical research arm became a subsidiary
- Strategic partnerships formalized with 3 Global Pharma companies



***Revenue Growth over the years***





**Other Highlights**

# Global Recognition: *Top 20 biotech employers*

## Top Twenty Employers\*

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



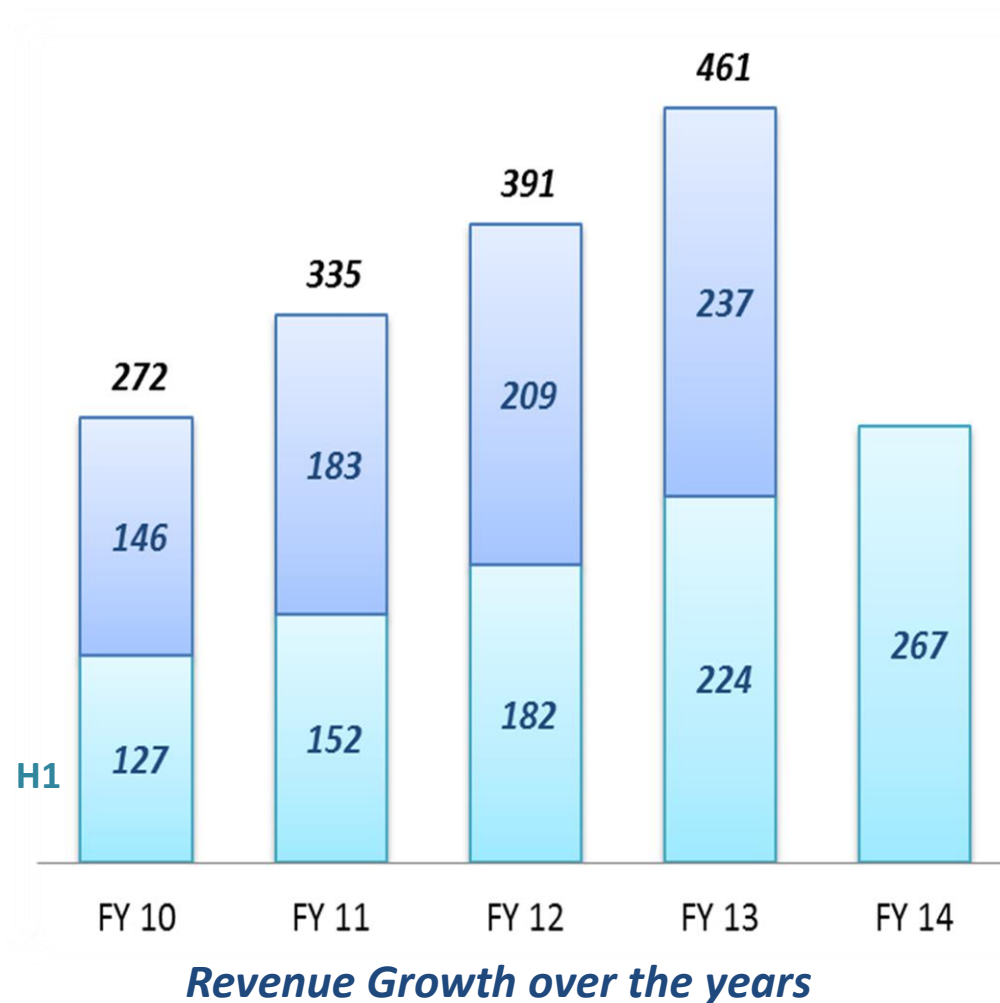
**Debuted at # 19 last year**


# Group Financial Performance: *Sustained growth momentum*

All Figures in USD Mn

## Key Highlights

- Consistently delivering ~20% topline growth
- Increasing R&D investments to fund the product pipeline in Biosimilars and novel molecules
- Core EBITDA margins steadily improving (H1 FY14 at 28%)
- On track to deliver \$ 1 Bn in revenues by 2018



A decorative graphic of three overlapping, wavy white lines in the top left corner.

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*Thank you*



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