Q4 and full year FY23 Earnings Call

May 24, 2023

Biocon Biocon Biologics

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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.

Opening Remarks

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Opening Remarks: Q4 FY23 Earnings Call

HIGH LEVEL SUMMARY: FY23

- **Strong revenue growth over last year, Total Revenues up 38%**
- **Completion of the landmark acquisiton of Viatris' biosimilar business; strategic investment to accelerate journey to global leadership as a fully integrated biosimilars player**
- **Syngene signed a 10-year biologics manufacturing agreement with Zoetis, expected to be worth USD 500 Mn over the contract period**
- **The Generics business continued its geographic expansion initiatives with strategic partnerships across markets**
- **ESG efforts continue to earn global recognition**

TOTAL INCOME

In INR Cr	FY23	FY22	YoY %
Generics	2,637	2,341	13
Biosimilars	5,584	3,464	61
Novels	19	51	
Research Services	3,193	2,604	23
Intersegment	(258)	(276)	
Revenue from Operations	**11,174**	**8,184**	**37**
Other Income	376	213	77
Total Revenue	**11,550**	**8,397**	**38**

Viatris biosimilar acquisition

BUSINESS INTEGRATION

- Business integration progressing well
- Viatris continues to provide commercial and other transition services to Biocon Biologics as part of a pre-agreed Transition Services Agreement
- Remain on track to integrate a major part of the acquired biosimilars business, region wise, in a phased manner during FY24

NET DEBT REDUCTION EFFORTS

- Continue to work on reducing our net debt
- Present debt level can be comfortably serviced
- Plan to raise additional equity at the BBL level during FY24

NET DEBT REDUCTION

Net Debt* at ~USD 1.9 billion as of Dec 2022

- Stake sale in Syngene (USD 270 million)
- Investment by Kotak (USD 130 million)
- Conversion of loan to equity in BBL by Serum (USD 150 million)
- Investment by Edelweiss (USD 98 million)

Current Net Debt* at USD 1.25 billion

Net Debt* reduced by ~USD 650 million

**Excludes structured investments*

Financial Highlights
Q4 and full year FY23

Financial Highlights: Q4 FY23

Consolidated (in ₹ Cr.)	Q4 FY23	Q4 FY22	YoY %	
Total Revenue	**3,929**	2,476	59	**Biosimilars +114% | Research +31% | Generics -** Includes ₹109 Cr from Bicara stake dilution gain
Core EBITDA[1]	**1,260**	809	56	Growth driven by Biosimilars & Research services
% Margin	*35%*	*33%*		
EBITDA	**1,152**	659	75	**Net R&D spend** at ₹342 Cr, up ₹152 Cr vs Q4 FY22, representing 12% of revenues ex-Syngene
% Margin	*29%*	*27%*		
Profit Before Tax *(Before exceptional charge)*	**500**	384	30	**Increase in depreciation, amortization and interest expense** primarily related to acquisition of Viatris' biosimilar business
% Margin	*13%*	*15%*		
Net Profit *(Before exceptional charge)*	**335**	262	28	**Increase in minority interest** due to dilution of shareholding in Syngene and Biocon Biologics on account of the Viatris deal
Net Profit Margin %	***9%***	*11%*		

[1] *Core EBITDA defined as EBITDA before forex, dilution gain in Bicara, R&D, licensing income and mark-to-market movement on financial instruments*

Financial Highlights: FY23 (1/2)

Consolidated (in ₹ Cr.)	FY23	FY22	YoY %	
Total Revenue	**11,550**	8,397	38	**Biosimilars +61% | Research +23% | Generics +13%** Includes ₹217 Cr from Bicara stake dilution gain
Core EBITDA[1]	**3,807**	2,669	43	Growth driven by Biosimilars & Research services
% Margin	*34%*	*32%*		
EBITDA	**2,888**	2,183	32	**Net R&D spend** at ₹1,119 Cr, up ₹524 Cr vs FY22, representing 14% of revenues ex-Syngene **Forex Loss** of ₹160 Cr vs. gain of ₹58 Cr last year.
% Margin	*25%*	*26%*		
Profit Before Tax *(Before exceptional charge)*	**1,189**	1,094	9	**Increase in depreciation, amortization and interest expense** primarily related to acquisition of Viatris' biosimilar business
% Margin	*10%*	*13%*		
Net Profit *(Before exceptional charge)*	**787**	722	9	**Increase in minority interest** due to dilution of shareholding in Syngene and Biocon Biologics on account of the Viatris deal
Net Profit Margin %	***7%***	*9%*		

[1] Core EBITDA defined as EBITDA before forex, dilution gain in Bicara, R&D, licensing income and mark-to-market movement on financial instruments

Financial Highlights: FY23 (2/2)

Consolidated (in ₹ Cr.)	FY23	FY22	YoY %
Net Profit *(before exceptional charge)*	**787**	722	9
Exceptional Items *(net of tax and minority interest)*	(324)	74	
Net Profit / (loss) *(Reported)*	**463**	648	

Exceptional items during FY23:

- Deal related expenses of the Viatris transaction
- MAT credit balance charge on adoption of new tax regime of 25%

Generics
Q4 and full year FY23

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Generics: Q4 & full year FY23 Update

KEY HIGHLIGHTS

- Revenue growth for the quarter muted mainly due to product mix, margins lower due to price erosion in base business products
- Delivered revenue in-line with guidance of for the full year driven by API sales, namely from immunosuppressants and specialty APIs and higher volume market share of recently launched generic formulation products in the U.S.
- Validation of the immunosuppressant API facility in Visakhapatnam and peptide facility in Bengaluru expected to be completed by H1 FY24.
- Made 32 filings and received 19 approvals for our generic formulation products across U.S., EU, UK, and emerging markets
- Continued focus on enhancement of our manufacturing capacities and capabilities - investing in a new injectables facility, expanding our larger scale peptide, synthetic and non-immunosuppressant API manufacturing capacities
- In February, our API manufacturing facility in Bengaluru underwent an EU GMP inspection with no critical or major observations. US FDA pre-approval inspection in Hyderabad concluded on 19-May-23 with no observations

In INR Cr	Q4 FY23	Q4 FY22	YoY %
Segment Revenue	717	717	0
PBT	75	116	(35)
% of revenue	10%	16%	

In INR Cr	FY23	FY22	YoY %
Segment Revenue	2,637	2,341	13
PBT	264	261	1
% of revenue	10%	11%	

Biosimilars
Q4 and full year FY23

Biocon Biologics

Biosimilars: Q4 and full year FY23 Update

KEY HIGHLIGHTS

- Q4 FY23 is the first full quarter with consolidated financials having both base and acquired business; guidance met
- R&D investments increased to ₹889 Crores; bDenosumab, bUstekinumab and bPertuzumab undergoing clinical trials
- Restructured vaccines alliance with Serum, withdrawing the issuance of 15% stake in BBL
- 35+ new launches in FY23, increasing reach of BBL products
- Market share for Fulphila and Semglee in US at 14% and 12%, respectively
- Malaysia site inspection by US FDA in Q2 FY24

In INR Cr	Q4 FY23	Q4 FY22	YoY %
Revenue	2,102	982	114
Core EBITDA	742	382	95
% of revenue	39%	39%	
EBITDA	573	257	123
PBT *(before exceptions)*	152	144	5
% of revenue	7%	15%	

In INR Cr	FY23	FY22	YoY %
Revenue	5,584	3,464	61
Core EBITDA	2,216	1,320	68
% of revenue	41%	39%	
EBITDA	1,338	1,013	32
PBT *(before exceptions)*	403	543	(26)
% of revenue	7%	16%	

**Core EBITDA defined as EBITDA excluding R&D, forex, licensing income and mark-to-market movement on financial instruments*

Novels
Q4 FY23

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Novels : Q4 FY23 update

KEY HIGHLIGHTS

- **Patient enrolment ramped up in the pivotal Phase III clinical study of itolizumab in patients with aGVHD* (EQUATOR study)**
- **Pivotal Phase 1b clinical study of itolizumab for Lupus Nephritis (EQUALISE study) remains on track, top line data expected in 1H2024**
- **BCA101 is currently in Phase1/1b clinical development in head and neck cancer**
- **Bicara completed USD 108 million series B financing – fund raise to help advance its lead program BCA101**

*Acute Graft-Versus-Host Disease

Research Services
Q4 and full year FY23

Syngene

Research Services: Q4 & full year FY23 update

KEY HIGHLIGHTS

- **Biggest quarter ever. Strong growth with positive performances across all four divisions**
- **The growth of Discovery Services and Dedicated Centers remained steady. The Discovery Services research facility in Hyderabad continued to expand and now houses approximately 900 scientists**
- **Growth in Development Services was driven predominantly by further orders from existing clients**
- **Manufacturing Services continued to support the long-term partnership with Zoetis, following the successful regulatory inspections by the U.S, European and U.K. regulatory authorities**

In INR Cr	Q4 FY23	Q4 FY22	YoY %
Segment Revenue	994	758	31
PBT	231	179	29%
% of revenue	23%	24%	

In INR Cr	FY23	FY22	YoY %
Segment Revenue	3,193	2,604	23
PBT	594	515	15
% of revenue	19%	20%	

- **Delivered full-year results ahead of upgraded guidance,**
- **FY23 delivered the highest absolute year-on-year increase in revenue and EBITDA in the last 5 years**

Concluding Remarks

Concluding remarks

- **Final Dividend of ₹1.50 per share, representing 30% of face value of each share for FY23 recommended by the Board of Directors**
- **All business segments well positioned to grow in FY24**

Q&A