



Biocon Delivers a Healthy Growth of 22% driven by strong traction in Biopharma

Revenues at ₹ 723 Crores; EBITDA at ₹ 175 Crores; PAT at ₹ 94 Crores

Bengaluru, India: July 25, 2013

Commenting on the results, Chairman and Managing Director, Kiran Mazumdar-Shaw stated, "We are pleased to report a strong set of numbers for Q1 FY14. The new organization structure has enabled us to deliver superior results with the core business performing strongly. Biocon's Insulins business continues to do well, riding on the back of an increased geographical footprint in the emerging markets. The India-focused branded formulations vertical as well as our research services continue to grow at a steady pace. Our research programs are making good progress. I am very excited about the upcoming launch of Alzumab[®], our second novel biologic. We look forward to bringing this first-in-class molecule for the treatment of psoriasis to the Indian market. The current fiscal will see us consolidate our various initiatives whilst we continue our investments in our biosimilars and novel molecules, to deliver a sustainable growth platform."

Highlights:

- Revenue growth in Q1 FY14 reflects the inherent strength of product portfolios
 - ❖ Biopharma Business: 21% YoY to 439 Crores
 - ❖ Branded Formulations: 17% YoY to 101 Crores
 - ❖ Research Services (Syngene and Clinigene): 26% YoY to 155 Crores
- Group EBITDA and PAT margins at 24% and 13% respectively
- R&D investments of 43 Crores (10% of Biopharma sales)

Quarterly Business Performance

Biopharma: Small Molecules & Biosimilars

Biopharma sales grew 19% YoY at Constant Exchange Rate (CER), with broad based growth across the small molecules & biosimilars portfolios.

Small Molecules

The small molecules portfolio delivered a strong performance this quarter, led by Immunosuppressants and Specialty molecules like Fidaxomicin and Orlistat. The statins portfolio has remained stable, despite the changing market dynamics.

Biosimilars

The biosimilars portfolio delivered a healthy growth this quarter, as we enhanced our geographical footprint in generic rh-insulin to 45+ countries. Our Insulin Manufacturing plant recently underwent a capacity enhancement drive, which was initiated in late Q4 FY13. The plant is now back on-stream, and will provide the necessary fillip to sustain the growth momentum going forward.

Commenting on the Biopharma Business Performance, Arun Chandavarkar, COO- Biocon, said, *“The sustained growth in our small molecules business reflects the robustness of our diversified and differentiated portfolio. Commercialization of insulin in emerging markets continues to be a significant growth driver and we are on track with our capacity expansions to address these medium term opportunities. We remain focused on developing our pipeline products that address significant global opportunities across our business segments to sustain our long term growth.”*

Branded Formulations

The branded formulations vertical grew at 17% YoY this quarter, vis-à-vis the industry growth of 8% YoY. We have seen sustained momentum across our flagship brands in Oncology, Diabetology and Nephrology. The growth was supported by our new divisions of Comprehensive Care and Bio-Products, where we have seen good traction and acceptance of our brands. However, sustained industry-wide challenges including the change in regulations, phased roll-out of NPPA pricing protocols and widespread de-stocking have impeded the growth momentum.

Commenting on the current landscape and the vertical’s performance, Rakesh Bamzai, President-Marketing Biocon, said, *“Biocon’s Branded formulations business has created a significant presence in the Indian Pharma Market with our top of the line quality products; by focusing on patients’ therapeutic needs and driving better patient compliance to treatment regimes. Although there are challenges in the industry due to recent changes in pricing guidelines, we are optimistic that our branded formulations business will overcome these challenges and continue to register high growth by improving our market shares on existing products supported by the launch of new products.”*

We are currently geared towards the launch of our 2nd novel biologic, Alzumab™ in the Indian market in Q2 FY14. Alzumab™ is our ‘first-in-class’ Anti-CD6 Monoclonal Antibody; which was approved by DCGI for Psoriasis earlier this year.

Novel Molecules

We have firmed up the overall framework for the first set of trials for our oral insulin candidate, IN-105. We are currently in the process of obtaining regulatory approval for commencement of these trials.

Research Services

The research services segment grew 22% YoY at CER, with growth spread across our offerings in Chemistry, biology & biologics. **Commenting on this performance, Peter Bains, Director Syngene International, said,** *“We are pleased to report Q1 FY14 revenues of 155 Crores, representing a YoY growth of 26%. We continue to invest in strengthening and expanding our integrated services platform and we are delighted to see this offering being taken up by both existing customers and new partners. Manufacturing services have had a particularly strong quarter, marked by the inauguration of a new state-of-the-art high potency manufacturing platform. We are also encouraged to be supplying a growing number for partners who have products in late Phase II and Phase III programs. We expect to build further on this momentum, and deliver a strong growth this fiscal”*



In order to streamline the integrated service offerings of our research services, the Biocon board has given an in-principle approval for the merger of Clinigene with its parent company, Syngene.

Outlook

The focus in the current fiscal is to further our progress in the biosimilars, research services and the branded formulations space. The current business and regulatory environment is challenging and has impacted the Indian pharmaceutical industry's growth momentum. We intend to manage the environmental uncertainties by building efficiencies across costs and processes as well as by improving the portfolio mix with margin accretive products. The R&D and Capex investments in our biosimilars programs continue as planned with R&D costs expected to increase during the year.

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 **12:30 PM IST on July 26, 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 **July 26, 2013 – Aug 3, 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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