Biocon delivers healthy growth in H1FY13

Research Services & Branded Formulations propel strong growth.

Revenues: ₹ 1,235 Crores EBITDA: ₹ 305 Crores PAT: ₹ 169 Crores

Bangalore, India, October 30, 2012

Commenting on the results, Chairman and Managing Director Kiran Mazumdar-Shaw stated, *"We continue to deliver good performance across verticals this fiscal. At the half year, we have seen a 23% YoY increase in revenues attributable to both volume growth as well as better export realization on account of a depreciating rupee. APIs and Biosimilar Insulins have seen significant business expansion in the emerging markets. Branded Formulations and Research Services continue to deliver strong growth. R&D expenditure has risen significantly this fiscal and stands at ₹ 79 cores for H1, a 54% increase over the same period last fiscal. This reflects the progress made by our various Biosimilars and novel molecule programs in the clinic including a European Phase III trial for rh-Insulin which has generated positive interim data. Whilst this has muted profitability, R&D remains a key investment to drive exponential growth in the future. Imported Raw Materials, Power and Personnel costs have also increased by 27%. Despite this, PAT has grown 8% to ₹ 169 Crores for H1 this fiscal. We see this growth momentum continuing for the remaining two quarters.*

I am also pleased to report that the prestigious Science magazine ranked Biocon amongst the Global Top 20 Best Employers, which reflects the quality of our human resources and the enabling ecosystem at Biocon.

Finally, I am pleased to announce the proposed investment by GE Capital in our subsidiary Syngene, which we believe establishes a base valuation, an important milestone towards the future public offering."

Highlights:

- H1 FY13 financials manifest the protracted momentum across verticals:
  - Biopharma Business: 15% YoY increase
  - Branded Formulations: 45% YoY growth
  - Research Services (Syngene and Clinigene): 40% YoY.
- EBITDA and PAT margins at 25% and 14% respectively.

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- Interim data from EU Phase III trial for biosimilar rh-Insulin indicates achievement of both primary and secondary endpoints.
- GE Capital proposes to invest ₹ 125 Crores as private equity in Syngene
- Becomes the only Asian Company to feature in the 'Science' magazine's 2012 global 'Top 20 Employer list' in the biotech & pharma sector.

Business Performance (Vertical-wise)

H1 FY 13 Revenue Summary

(In Crores)

Bio Pharma: ₹ 734	Branded Formulations: ₹ 178	Research Services: ₹ 252

Small Molecules & Biosimilars

The biopharma business reported a healthy growth of 15% YoY in the first half of this fiscal, led by a strong performance of Immuno-suppressants, Insulins, Fidaxomicin and Orlistat.

Interim results from the Phase III clinical study for Biocon's biosimilar rh-Insulin in EU, have demonstrated comparable efficacy and safety between our offering and the innovator product. The trial has met its efficacy end point with a comparable immunogenicity and safety profile. The second part of the study evaluating additional safety and immunogenicity parameters is ongoing. These encouraging results will be pivotal in our regulatory and MAA submissions.

"This data along with extensive characterization and PK-PD data generated to date with Biocon's regular and isophane insulin demonstrate comparability with the innovator products", **said Dr. Abhijit Barve, President R&D of Biocon.** "This was our first global study for rh-Insulin and we are pleased with the outcome. These data and our recent positive PK-PD data for Biosimilar Glargine enable us to pursue our global development strategy for Biosimilar Insulins."

Branded Formulations

The branded formulations business continues to build momentum and recorded a robust growth of 45% YoY. Insugen® and Basalog®, our key brands in Diabetology and Abraxane® & BioMAb EGFR®, lead brands of Oncology, along with several other molecules of Cardiology, Nephrology, Comprehensive Care and Immunotherapy divisions continued to do well and have contributed to this steady growth. A number of our recent offerings have entered into the Top 3 product rankings in their categories. Notable amongst these are: Psorid® (*#1*), Picon® (*#2*), Tbis® (*#2*) and Albubet® (*#3*).

Commenting on the traction in the branded formulations segment, Rakesh Bamzai, President Marketing, Biocon Limited said, *"The continual growth of our branded formulations business is a reflection of the strong product portfolio and the success of our engagement programs with doctors and*

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patients alike. We remain committed to offering differentiated products that provide the 'best in class' affordable treatment options to patients"

Novel Molecules

Our Novel Molecules business continued to progress well during the reporting period. We are in advanced stages of finalizing our co-development agreement for IN-105 (Oral Insulin). We have initiated engagement with potential partners for out licensing Itolizumab (Anti CD6 Monoclonal Antibody) for the global markets. We have recently reported positive data for Itolizumab from an India centric Phase III trial for Psoriasis. This has enabled us to file with the DCGI for marketing authorization in India. We intend to initiate further clinical trials for Itolizumab in other promising indications like Multiple Sclerosis, Vitiligo and Rheumatoid Arthritis.

An important development during this quarter is our decision to exit from our partnered program with Amylin Pharmaceuticals following its acquisition by BMS. AC165198, Amylin's proprietary molecule, was being jointly developed as a novel diabetes treatment agent. A change in control at Amylin provides Biocon with an exit option which it has exercised. This will enable Biocon to focus its resources to other advancing programs.

Research Services

The first half of FY13 witnessed strong momentum for our research services arm, which grew by 40% YoY. ***Commenting on this performance, Peter Bains, Director Syngene International, said***

"Q2 delivered a sales growth of 39 % YoY, which when seen in conjunction with our Q1 results, reflect a very robust performance in the first half of FY13. Our strategy of continuous investments in enhancing and expanding our capabilities, across discovery and development services, has helped us stay ahead of the curve. We see a continuous evolution in the nature of our client relationships- with both existing and new clients. Our client engagement is shifting towards strategic partnerships designed to leverage Syngene and Clinigene's comprehensive service offerings. The endeavor is aimed at developing more customized and strategically integrated discovery and development partnerships that directly address the innovation and productivity goals of our clients. On the back of a number of our new contracts, our order book is robust and we are well placed to see continued momentum through this fiscal and into the next year."

Research Services: Equity Investment by GE Capital

GE Equity International Mauritius, a subsidiary of GE Capital, will make a private equity investment in Syngene International to the tune of ₹ 125 Crores, for a 7.69% equity share. The investment is subject to standard condition precedents including regulatory approvals.

Commenting on this development, Ms. Kiran Mazumdar-Shaw, Chairman & Managing Director, Biocon said, *"GE Capital's investment in Syngene is a validation of our research services business model which has delivered consistent value to our partners as well as other stakeholders. This takes us closer to our commitment of taking Syngene through an IPO at the most opportune time."*

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Outlook

The business outlook remains positive. With a number of our biosimilar & novel programs entering the clinics, we have witnessed an upsurge in our Research & development costs, which indicates potential upsides in the long term. Our biosimilar Trastuzumab is undergoing a Global Phase I and an India Phase III clinical trial. A number of our other biosimilar & novel programs are set to move to the next phase in the development cycle like our biosimilar Insulin Glargine that is expected to commence its Global Phase III trial shortly.

Commenting on Biocon's operations, Dr. Arun Chandavarkar, COO Biocon Limited, said *"We are confident of delivering on the significant opportunities represented by the high value product portfolio within each of our strategic growth drivers. Whilst the near term opportunity continues to be in India and other emerging markets, we are on track with our R&D investments and global clinical programs to take our biosimilars to the developed markets in the next few years. We are also on track to unlock value from some of our late stage novel molecule assets through partnering."*

About Biocon

Biocon Limited (**BSE code:** 532523, **NSE Id:** BIOCON, **ISIN Id:** INE376G01013) is India's premier biotechnology company with a strategic focus on biopharmaceuticals and research services. Established in 1978 by Dr. Kiran Mazumdar-Shaw, the Group is an integrated, innovation-driven healthcare enterprise with offerings that traverse the entire drug development value chain. Balancing its novel molecule research pipeline with a diversified product portfolio, Biocon delivers affordable solutions to partners and customers in over 75 countries across the globe. Many of these products have USFDA and EMA acceptance. Stellar products from Biocon's stable include the world's first *Pichia*-based recombinant human insulin, INSUGEN® and insulin glargine, BASALOG® coupled with a state of the art insulin pen device, INSUPen® and India's first indigenously produced monoclonal antibody BioMAb-EGFR®. Please visit www.biocon.com for more details.

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.

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Earnings Call

The company will conduct an hour long call at **03:15 pm IST on October 31, 2012** 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 3065 2542/ 6629 5889** (accessible through all mobiles and landline services). 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. A replay of this call will also be available from **October 31, 2012 – November 6, 2012** on the same dial-in numbers provided above. The transcript of the conference call will be posted on the company website.

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Encl: Fact Sheet - Consolidated Income Statement and Balance Sheet (Indian GAAP)

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