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'Biocon optimistic about hitting \$1 billion in revenue by FY22 on back of new launches'

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CNBC-TV18

We have set up a very expensive biologics facility so private equity funding will come in very handy," says Kiran Mazumdar-Shaw, chairperson and managing director of Biocon. Edited excerpts of an interview:

Is True North testing the waters? Do we see it taking a larger stake? What is the plan for True North?

As you know, we would get a benchmark valuation through some private equity investment before we take it to the market for an initial public offering (IPO) and I think this is the first step where True North has invested in Biocon's Biologics and they set a base level benchmark valuation.

The plan is yes we might raise little more private equity

prior to the IPO. This gives us an idea of where we believe we can unlock the value in terms of Biocon Biologics in the next few years.

Are you in talks with more private equity players to close something anytime soon, anything by mid-2020 that we can expect? What kind of timelines are you working with now?

We have been in discussion with several private equity forums and of course True North has been first of the block and we will be socializing and entertaining

INTERVIEW

other investment opportunities from other private equity firms.

We do hope that in 2020 we will see our private equity funding complete before we go for an IPO. I think the plan is obviously to use it for many of our current funding needs. For instance, we have set up a very expensive biologics facility, so private equity funding will actually come in very handy



Kiran Mazumdar-Shaw, chairperson and managing director of Biocon.

the way you have to view it. **The company had plans to achieve \$1 billion of revenue in biologics by FY22. Will you stick with that plan or is there any alteration to that?**

I think the plan is very solid, the opportunities are very well marked out, and we feel optimistic about hitting that target by FY22.

How is Trastuzumab doing in the US?

As you know, we are now in the US market with both Trastuzumab and Pegfilgrastim. Both have had pretty strong entries and I think it is not the right for me to comment on performance at this stage.

I think that is for Mylan to comment on, but you will see

that we are very optimistic of how we end this year on these kind of product performances and then we have also got Glargine and Bevacizumab that will make an entry into the market by FY22 and we also expect insulin Aspart to be in the US market by that time. There are many launches

that are planned by FY22 and I believe that we have worked out a fairly conservative kind of metrics to get us to that FY22 billion dollar target. So that is why we remain quite confident that we will be able to hit that target.

You briefly talked about the IPO, but just little more on the biosimilar business IPO, any kind of timeline that you are working with and what kind of ballpark valuations are we looking at?

I can't comment on that right now. It is too early, it all will depend on what our growth trajectory looks like, how many launches we are going to be looking at over the next 5-10 years, and that we really determine the kind of valuation we can expect. I also believe that we have a very robust pipeline, we have 28

molecules, either in the market or under development. We have just commissioned our first expansion of our very large biologics facility in Bangalore.

Insulin continues to be a very strong focus for us so I think at least the opportunities are there, we have mapped out the metrics and therefore we remain very confident.

A disappointment that you are making Biocon a holding company?

Well it is not because Biocon itself has historic APIs and now generics business

and you will see Biocon also performing extremely strongly. As I said in the past, Biocon has to be viewed as a balanced portfolio with small molecules, biologics and research services and those who want a pure play investment opportunity in either biologics or research services can

opt for either Syngene or Biocon Biologics. I think we have made it into an interesting investment opportunity by structuring it this way.

Will, therefore, Biocon shareholders get some of the shares? That would be one way of listing.

We will see how fairly we can treat our Biocon shareholders, but at this point in time I don't want to make any commitments or comments.

But suffice to say that Biocon will continue to be a very strong performer considering the fact that it intends to have majority stake in both Syngene and Biologics.

All these funds that you would be raising, will it primarily be for R&D itself or for anything else that you would utilise it for?

As you know the capex needs of biologics business are very high both in terms of manufacturing capacity as well as R&D investment and I think we will use it across the board.

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