

# First Quarter 2017 On-Line Investor Meeting

May 08, 2017



---

# Disclaimer

This material has been prepared by ScinoPharm Taiwan, Ltd. (“ScinoPharm”).

Any opinions expressed in this material are subject to change without notice as a result of using different assumptions. ScinoPharm is under no obligation to update or keep current the information contained herein.

The **information contained** in this presentation is ScinoPharm’s **confidential** information. Any disclosure, copying, distribution or any action taken or omitted to be taken in reliance on it is prohibited and may be unlawful.

**No representation or warranty**, express or implied, is or **will be made** in or in relation to, and no responsibility or liability is or will be accepted by the Company **as to**, the **accuracy or completeness** of this material and any liability therefore is hereby expressly disclaimed.

Statements made in this presentation include forward-looking statements, which include, without limitation, statements about the issues, plans and expectations of ScinoPharm. Without limiting the foregoing, statements including the words “believes”, “anticipates”, “plans”, “expects” and similar expressions are also forward-looking statements. Forward-looking statements reflect, among other things, management’s plans and objectives for future operations, current views with respect to future events and future economic performances and projections of various financial items. **These forward-looking statements involve known and unknown risks**, uncertainties and other factors **which may cause actual results to differ materially from those implied** by such forward-looking statements.

---

# Table of Contents

- Overall Updates of ScinoPharm
- Financial & Operating Results in Q1, 2017
- Business Updates

# **Overall Updates of ScinoPharm**

---


# Business Overview

- Company specializes in high potency (steroid/cytotoxic) APIs and is expanding into sterile/aseptic injectable formulations
- Facility & organization established in Taiwan and expanding in China with a new GMP plant in Changshu & marketing base in Shanghai
- 72 generic APIs in current portfolio with 25 APIs launched; 53 US DMFs filed (759 DMFs WW), 32 US DMFs in oncology APIs. 100+ NCE CRAM projects, with 5 APIs launched and 5 in phase III for NDA filing in 1-3 years
- Fully compliant with world-class cGMPs and international regulatory requirements; Certified by US FDA, EMA, EDQM, Australian TGA, Japanese PMDA

---

# Recap of Performances and Major Events

- Reported the consolidated revenues for 1Q17 were NT\$919 million, net profits after-tax were NT\$ 170 million, gross margin was 51%, EPS was NT\$0.22
- The revenues was suffered by the stronger-than-expected appreciation of the NT dollar against the US dollar. However, the impact was offset by tighter cost control and process optimization
- Building exclusive strategic partnership with Baxter for generic oncology injectables
- Taiwan site completed the 6<sup>th</sup> times US FDA inspection with no resulting 483 concerns
- On schedule to carry out equipment assembly and installation for both cartridge and vial production lines, followed by verification and cGMP system deployment



# **Financial & Operating Results Q1, 2017**

# Quarterly P&L - Consolidated

In NT\$ million, except for EPS	Q1, 2017 (Reviewed)	Q1, 2016 (Reviewed)	YoY
Operating Revenue *	919	1,022	-10%
Gross Profit	470	431	9%
<i>Gross margin</i>	<i>51%</i>	<i>42%</i>	
Operating Expenses	(249)	(236)	6%
Operating Income	221	195	13%
<i>Operating margin</i>	<i>24%</i>	<i>19%</i>	
Other Rev. (Exp.)	(29)	(4)	
Net Income before Tax	192	191	1%
Net Income after Tax	170	172	-1%
<i>Net margin after tax</i>	<i>19%</i>	<i>17%</i>	
EPS (after tax)	0.22	0.23	

\* Taiwan New Dollar per 1 US Dollar quarterly average:  
2017Q1: 30.93, 2016Q1: 33.16



# Balance Sheet- Consolidated

In NT\$ million	2017/03/31 (Reviewed)		2016/03/31 (Reviewed)	
Cash and Cash Equivalents	3,715	29%	2,560	21%
Accounts Receivable	635	5%	645	5%
Inventories	1,941	15%	2,167	17%
Long-Term Investments	364	3%	364	3%
Property, Plant & Equipment	5,155	40%	5,361	43%
Other Current/Non-Current Assets	1,043	8%	1,394	11%
<b>Total Assets</b>	<b>12,853</b>	<b>100%</b>	<b>12,491</b>	<b>100%</b>
Current Liabilities	1,692	13%	2,374	19%
Long-Term & Other Liabilities	803	6%	90	1%
<b>Stockholders' Equities</b>	<b>10,358</b>	<b>81%</b>	<b>10,027</b>	<b>80%</b>

# Cash Flows- Consolidated

In NT\$ million	Q1, 2017 (Reviewed)	Q1, 2016 (Reviewed)
Cash and cash equivalents at beginning of period	3,707	2,336
<b>Cash flows from operating activities</b>	<b>304</b>	<b>663</b>
CAPEX	(203)	(264)
Short-term borrowings	(51)	(16)
Long-term borrowings	(41)	-
Others	(1)	(159)
Cash and cash equivalents at end of period	3,715	2,560

Free Cash flow

101

399



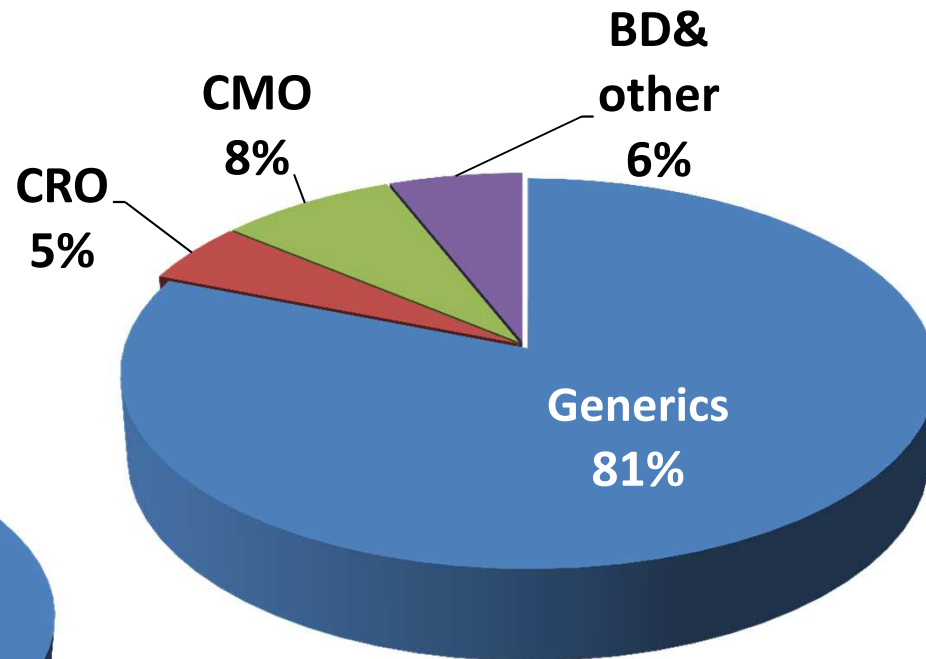
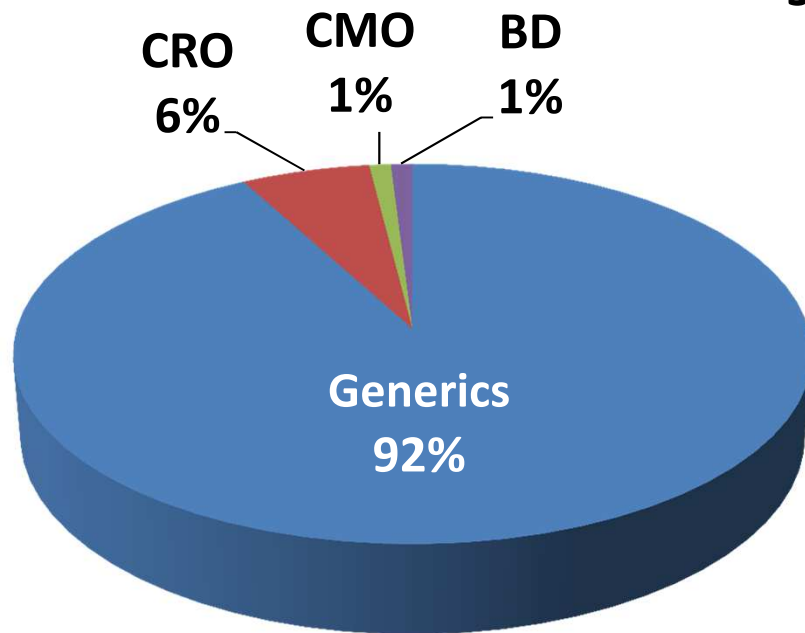
ScinoPharm

TWSE 1789

# Sales by Business

2017 Q1

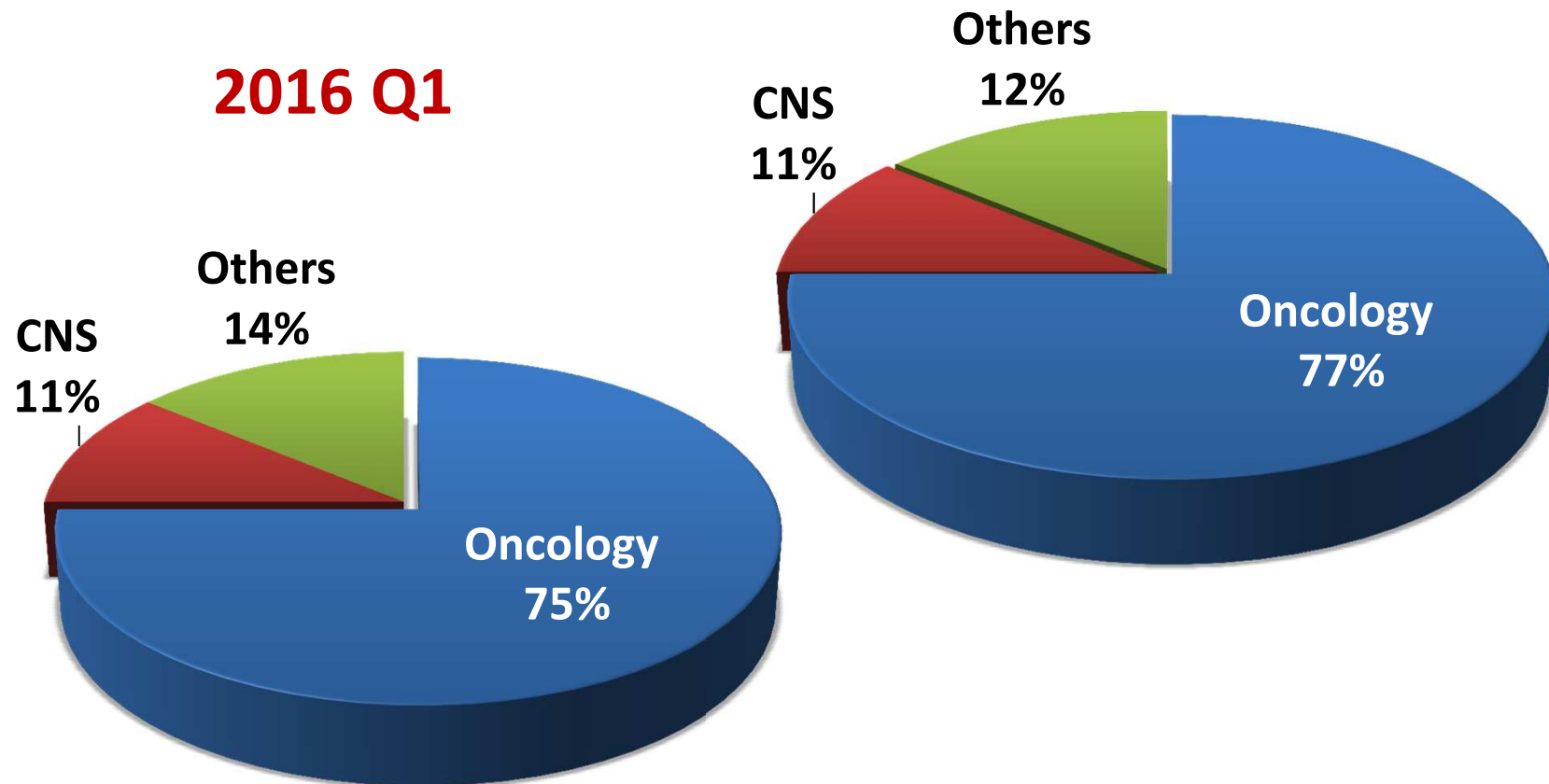
2016 Q1



# Sales by Indications

2017 Q1

2016 Q1

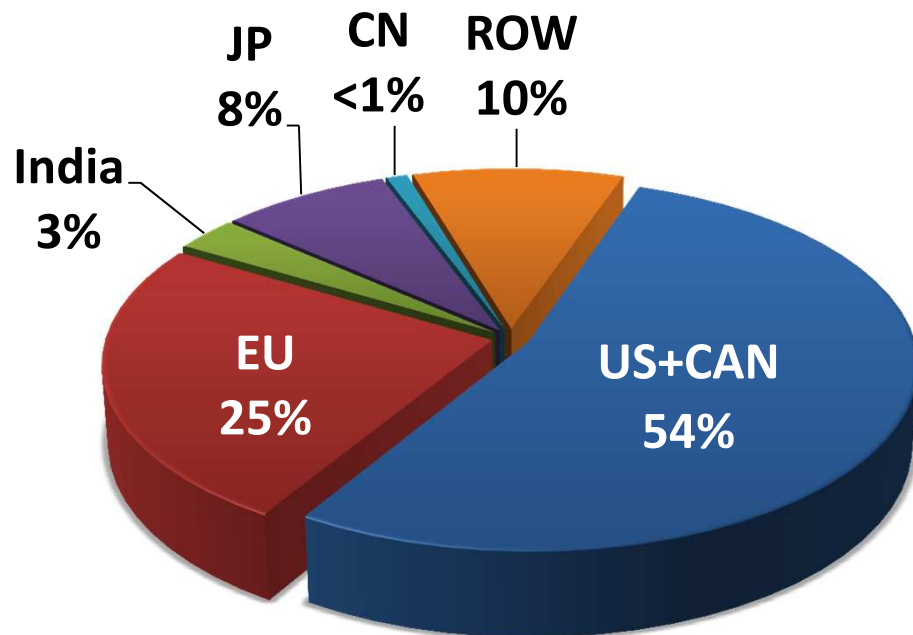


ScinoPharm

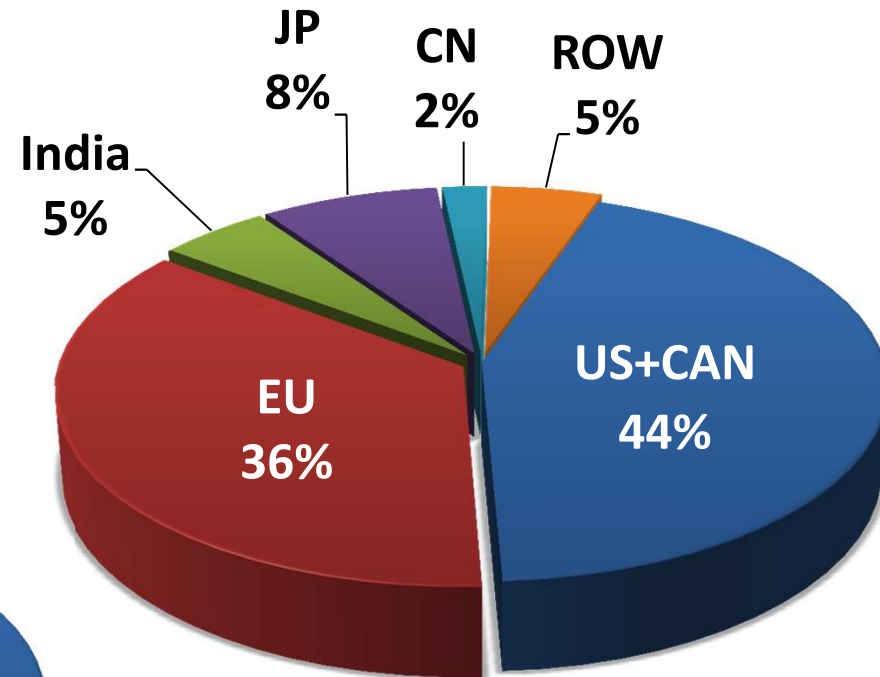
TWSE 1789

# Sales by Region

2016 Q1



2017 Q1





# **Business Updates**

---

# Injectable Products Allied with Baxter

- ScinoPharm and Baxter Healthcare establish worldwide partnerships to co-develop and commercialize five niche generic injectable products at the initial stage
- ScinoPharm develops all APIs and injectable formulations. Baxter leads regulatory submissions in the US/EU and eventually market & sell the injectable products via its extensive presence in the hospital channel
- Both parties work on a cost-and-profit-sharing collaboration model
- Baxter has the right to add up to 15 additional injectables products for collaboration with ScinoPharm

---

# Collaboration Framework

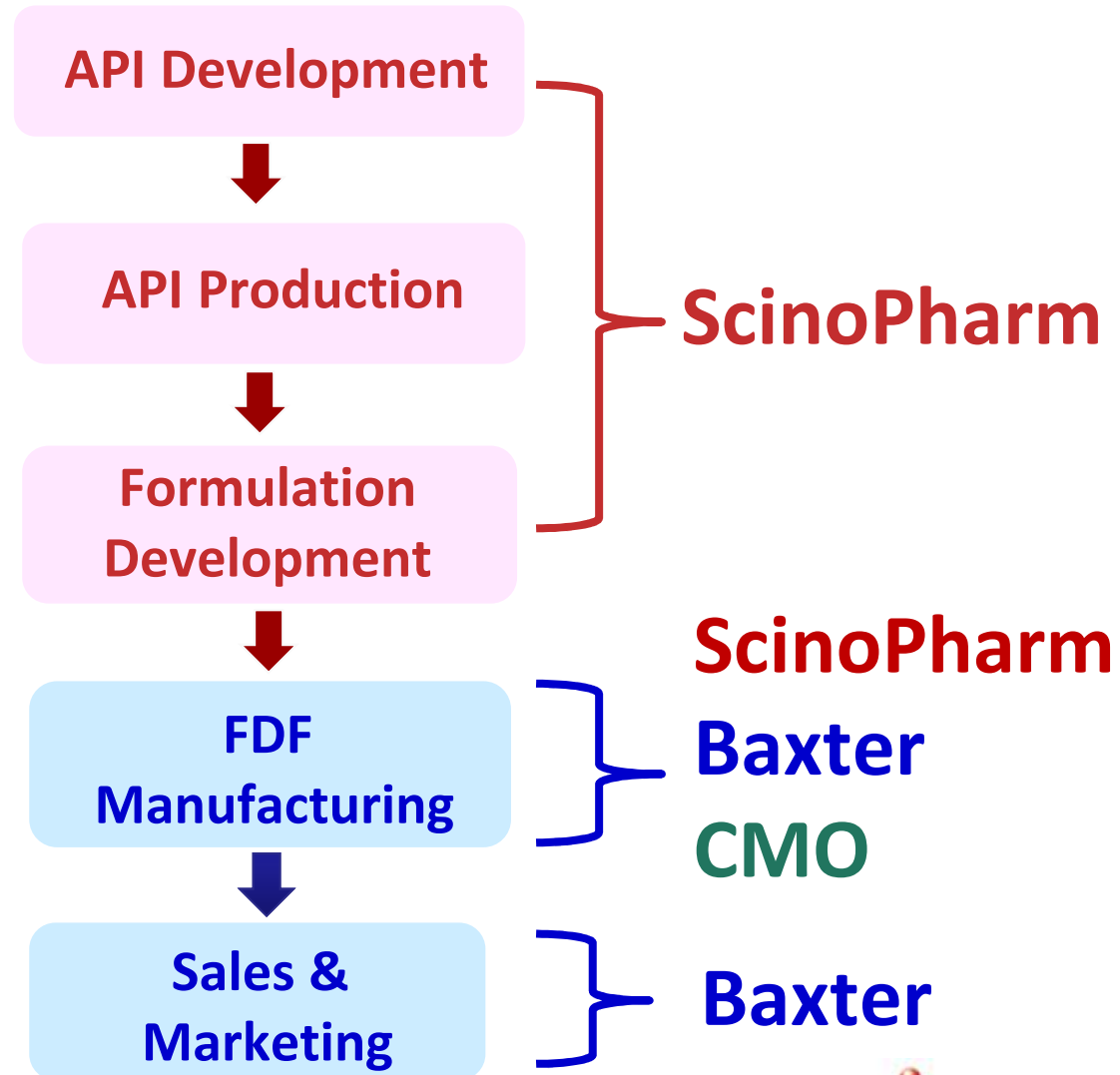
- Initial product portfolio including the generic injectables for breast cancer, lung cancer, multiple myeloma and antinauseant. Targeting US/EU markets first and expect to expand to other territories
- This exclusive partnership will utilize each other's strengths and expertise in order to achieve large scale of synergies in providing niche and affordable generic injectable products
- Commercial launch for the first 5 products upon FDA approval, with product launches beginning in 2020 and continuing thereafter
- Current branded sales of the initial five products included in this partnership total more than \$4 billion annually



- All countries throughout the world, excluding China and Taiwan



# Responsibilities by ScinoPharm and Baxter



---

# Benefits of the Collaboration

- Aggressively expanding our “Double A” strategy for in-house developed/produced APIs and formulations. Providing an outlet for our injectable plant capacity
- A win-win solution and collaboration. ScinoPharm provides comprehensive APIs and formulation portfolio, while Baxter operates strong injectable product marketing channels throughout the US and worldwide
- Accelerate the momentum of our downstream integration strategy by establishing alliance with an world-renowned partner

# Strategic Alliance Highlights

\* Already launched

Partner	Product	Indications	Region	Launch Year(E)	Remarks
Genovate	Entecavir	Hepatitis B Virus	Taiwan	2013*	1 <sup>st</sup> co-developed formulation product launch
Sagent	Oncology Injectable	Myeloid Leukemia	US	2017	1 <sup>st</sup> US ANDA filing, triggering US FDA inspection in Changshu, China site
Foresee	Leuprolide	Prostate cancer	US	2019	505(b)(2) NDA CRAM + Equity
Coland	Bortezomib	Multiple Myeloma	China	2020	1 <sup>st</sup> co-developed drug in China to trigger CFDA inspection in Changshu site
	Azacitidine	MDS	China	2021	Co-developed formulation in China
Lee's Pharma	Fondaparinux	Anti-thrombotic	China	2021	Co-development collaboration
	Travoprost & Bimatoprost	Glaucoma	China	2021	
Nanjing King Friend	Regadenoson	Stress agent for heart scan	China	2020	Co-developed formulation in China
US partner	Project A	Non-small cell lung cancer	US	2017	US NDA 505(b)(2) / The estimated launch year is subject to US FDA review
US & China partners	Project B	Imaging agent	US	2021	ANDA with Paragraph IV filing / The estimated launch year is subject to litigation results
Baxter	5 niche injectables	Anti-cancer & antinauseant	US/EU	2020& continuing thereafter	Baxter has the right to add up to 15 additional injectable products for collaboration
Indian Int'l partner	Niche injectable	Anti-thrombotic	US/EU	2018	1st self-developed US ANDA launched. Executive right for marketing & sales

# CRO Phase III Product Portfolio

\* Already Filed

Code	Est. NDA Filing Year	Indication	Sales Region	Production Site
A	2016*	Infectious Disease	US / EU / Asia	Taiwan
B	2018	Type I,II Diabetes	US/ EU	Changshu (Intermediate)
C	2018	Advanced Hepatocellular Carcinoma/ Myelofibrosis/ Autoimmune disease, etc.	CN	Changshu
D	2018	Prostate Cancer	US / EU	Taiwan
E	2018	Parkinson's Disease	US	Taiwan

# 2017 Product Launch Plan

Type	Product	Region	Indication	Brand Marketer	Regional Sales	WW Sales
Generic API	Desmopressin Acetate	USA	Polyuria	Ferring	US\$166M	US\$405M
Generic API	Tamsulosin HCl	USA	Benign Prostatic Hyperplasia (BPH)	Boehringer Ingelheim	US\$333M	US\$1706M
CMO API	Oral Product	USA EU	Antibiotics	N/A	N/A	N/A
Generic Drug	Oncology Injectable	US	Myeloid Leukemia	MDS	US\$183M	US\$278M

Source: IMS Data (2015Q3-2016Q2)

---

***Q*uestions**

**&**

***A*nswers**



## Brand Quality with Asian Advantages

[www.scinopharm.com](http://www.scinopharm.com)

