



# ScinoPharm Management Presentation

TWSE 1789

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# Overview of ScinoPharm

## - An Active Pharmaceutical Ingredient Company

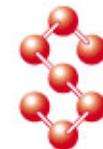
# Background

- Established in 1997 in Taiwan by founders from Syntex, current market cap ~ US\$1.3 billion
- Major shareholders include Uni-President Group, Government's Development Fund, Taiwan Sugar, etc.
- Facility & organization built by experienced team from Syntex
- Brand new facility designed & built in Taiwan, received multiple inspections of US FDA and authorities from Australia, EU, Japan, etc.
- Specialized in high potency (steroid & cytotoxic) & injectable APIs



# Company Overview

- Maintain dominant position in Specialty APIs for generic market. Established strong presence in US/EU generic market, some channeled through Indian generic companies. Aggressively developing Japanese and Chinese markets
- Developed more than 50 generic APIs with 17 launched. Filed 41 DMFs in US (616 DMFs WW), leader in supplying oncology injectable APIs with 19 US DMFs
- 70+ NCE CRAMs projects, with 5 in phase III with NDA filing in 2-3 years & 4 already launched. The only company in Asia supplying API for multiple NCEs for commercial



ScinoPharm



# World Class Facilities

## Taiwan

- 6.6 hectares of land, 330K sqft facilities with  $>200\text{M}^3$  reactor volume after 2 large product lines expansion
- Six of our production lines are equipped with the special capability to produce APIs used in high-potency sterile injections
- US FDA approved &  $>200$  GMP audits by customers
- Provides comprehensive contract research services for brand drug companies
- Global market



## China

- With nearly  $250\text{M}^3$  reactor volume
- The first phase completed in Q1, 2012. The second phase completed in Q1/Q2 2013
- cGMP designed facility for intermediates & high potent API
- Complete capabilities in API development, and manufacturing from small to large scale for global and China generic as well as CRAMs (Contract Research And Mfg Services) markets
- Global market including China



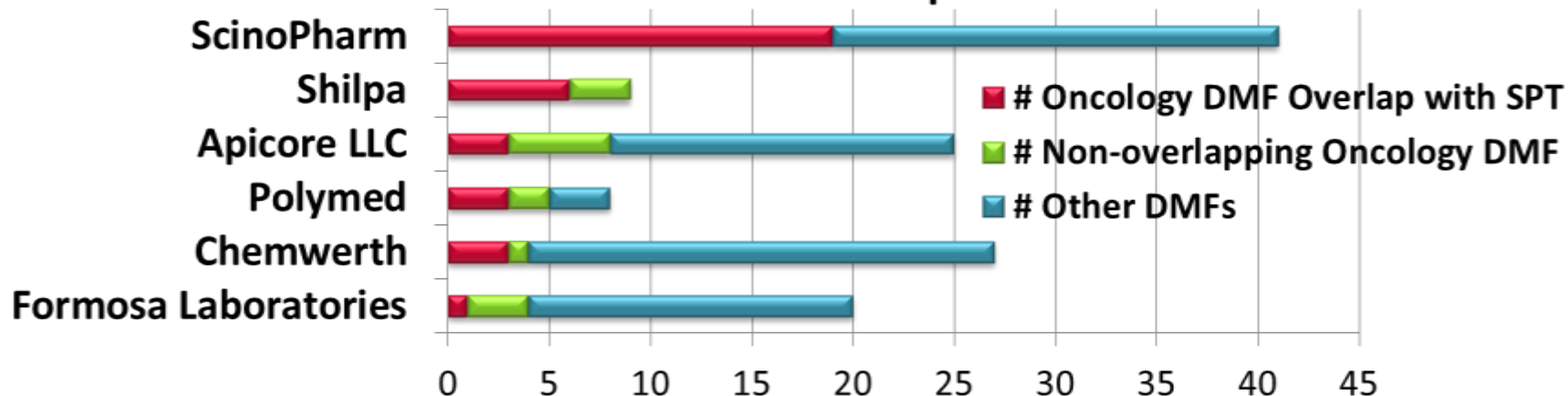
# Recent developments in SPT & SPC

- SPT's Bay 4, 5 will start pilot production and IQ/OQ by the end of October and will start full production in early 2013
- SPC's phase I production facilities have obtained pilot production permits from local authorities
- SPC's phase I small, mid, and large production lines (total of 4 production lines and 2 clean areas) have completed IQ/OQ and started full production in September

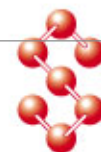
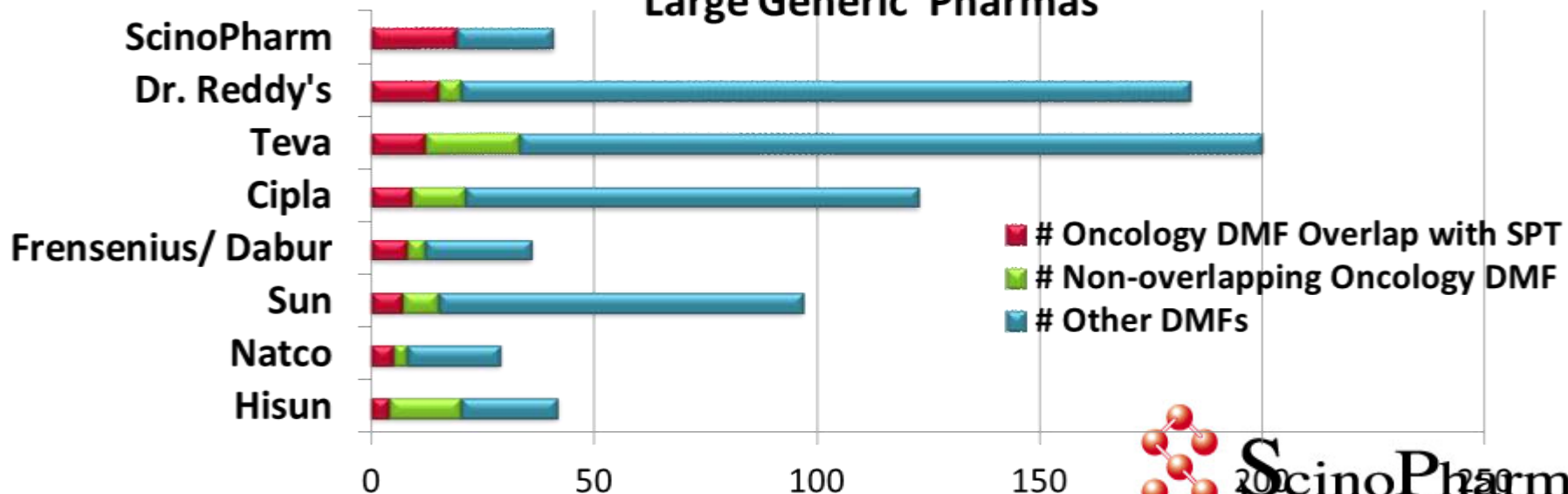


# ScinoPharm - Oncological API Leader

## Stand-Alone API Companies



## Large Generic Pharmas



ScinoPharm

# Comparison among Taiwan API peers

ScinoPharm is a leader in DMFs and Patents

	ScinoPharm	Other Taiwanese API Co.'s		
		A	B	C
# of DMFs	41	14	11	9
# of patents since 1997	38	9	6	5

# CPhI

## Convention on Pharmaceutical Ingredients

CPhI holds more than 5 major exhibits/year

- CPhI Madrid, Oct. 9-11, 2012
- CPhI India, Nov. 21-23, 2012
- CPhI California w/ informEx, Feb. 20-22, 2013
- CPhI Japan, Apr. 24-26, 2013
- CPhI China, Jun. 25-27, 2013
- CPhI Germany, Oct. 22-24, 2013

# ScinoPharm at CPhI Madrid



Convention center



# ScinoPharm at CPhI Madrid



Convention entrance



# ScinoPharm at CPhI Madrid



**ScinoPharm Booth**





# ScinoPharm at CPhI Madrid



ScinoPharm meeting with clients



# ScinoPharm at CPhI Madrid



**Business meetings**

# ScinoPharm at CPhI Madrid



**Business meetings**



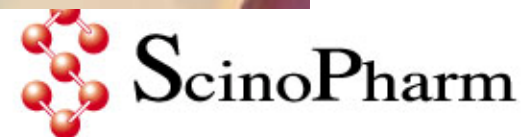
**ScinoPharm**



# ScinoPharm at CPhI Madrid



**Business meetings**



# ScinoPharm at CPhI Madrid



ScinoPharm delegates



# ScinoPharm at CPhI Madrid

During 10/9~11 at CPhI Madrid, ScinoPharm had

- Meetings with more than 100 clients
- Categories of clients :
  - Generic pharma : 65%
  - New drug co.'s : 20%
  - Others : 15% (incl. agents and starting material suppliers)



# Observations from CPhI on API industry

- Central/Eastern Europe generic market is fast-growing – ScinoPharm has connected to the market
- Brazil in South America and Indonesia in South East Asia are two potential markets
- India's strategy to bring global recognition to its quality
- EU's new regulations on API imports

# Financial & Operation Results

# P&L - Consolidated

NT\$MM, except EPS	1~3Q, 2012 (reviewed)	1~3Q, 2011 (reviewed)	YoY
Net Sales	3,168	2,824	12%
Gross Profit	1,601	1,387	15%
<i>Gross margin</i>	<i>50%</i>	<i>49%</i>	
Operating Expense	(735)	(600)	23%
Operating Income	866	787	10%
<i>Operating margin</i>	<i>27%</i>	<i>28%</i>	
Other Rev.(Exp.)	16	(24)	167%
Net Income after Tax	748	639	17%
<i>Net margin before tax</i>	<i>28%</i>	<i>27%</i>	
<i>Net margin after tax</i>	<i>24%</i>	<i>23%</i>	
EPS (after tax)	1.15	1.02	13%

EPS are calculated based on weighted average number of outstanding shares



ScinoPharm

# Balance Sheet- Consolidated

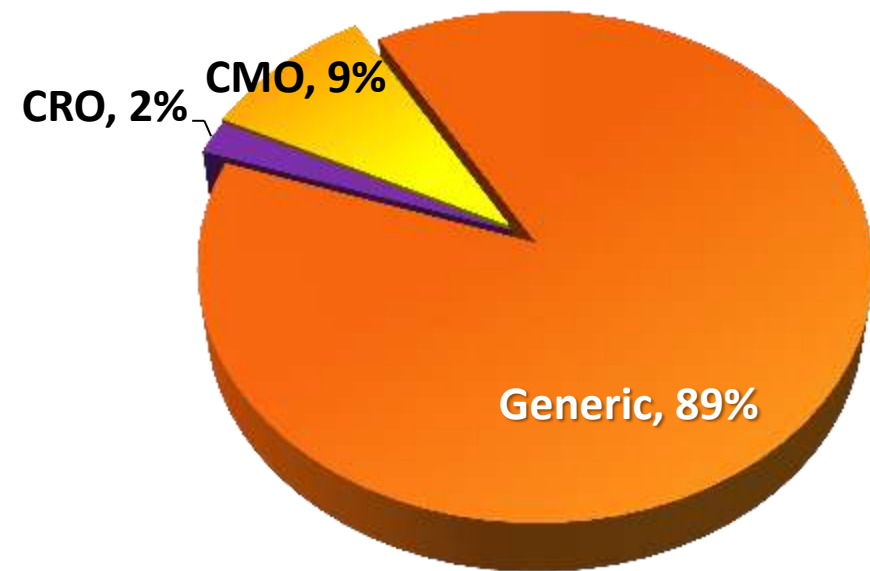
NT\$MM	2012/09/30 (reviewed)		2011/09/30 (reviewed)	
Cash and Cash Equivalents	2,303	24%	3,195	36%
Accounts Receivable	959	10%	669	7%
Inventories	1,962	20%	1,403	16%
Long-Term Investments	150	2%	195	2%
Fixed Assets	3,609	38%	3,099	35%
Other Assets	562	6%	404	4%
Total Assets	9,545	100%	8,965	100%
Current Liabilities	853	9%	651	7%
L-T Liabilities and Others	30	0%	27	0%
Stockholders' Equities	8,662	91%	8,287	93%

# Cash Flows- Consolidated

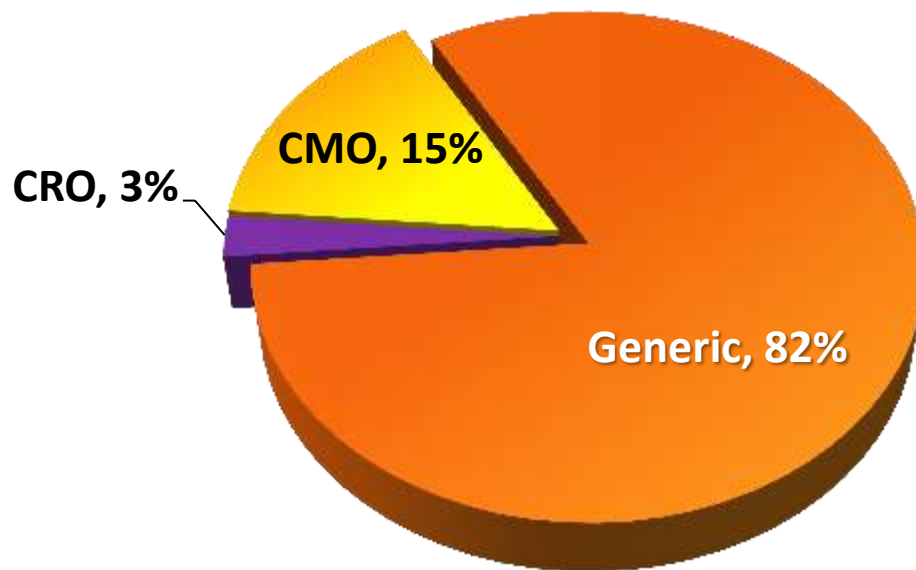
NT\$MM	1~3Q, 2012 (reviewed)	1~3Q, 2011 (reviewed)
Cash and cash equivalents at beginning of period	3,294	1,908
Cash flows from operating activities	314	922
CAPEX	(619)	(497)
Cash flows from financing activities	(631)	898
Other Investing activities	(55)	(36)
Cash and cash equivalents at end of period	2,303	3,195

# Sales by Business

2011 1-9



2012 1-9

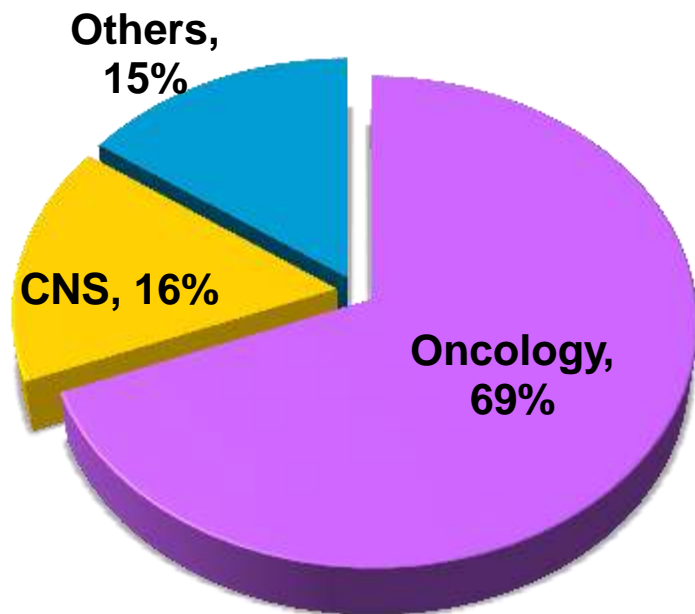


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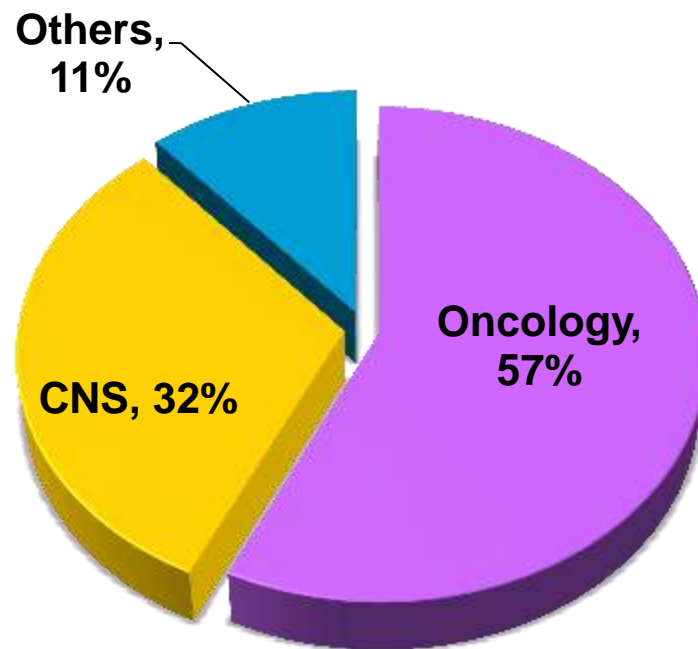


# Sales by Indications

**2011, 1-9**



**2012, 1-9**



**ScinoPharm**

# **ScinoPharm's opportunities and competition in China API Market**

# China API market trends

- Government's 12<sup>th</sup> five-year plan sets a goal for pharmaceutical industry to grow at a CAGR of 20%, and
- Explicitly requires 100% compliant with the latest GMP for nationwide pharma manufacturing. Also encourages pharma co.'s to apply for int'l certifications. China now ranks #3 in terms of number of US DMFs, only next to India and USA
- To cope with the latest GMP requirements, China pharma co.'s face stiff challenges

# ScinoPharm aims on China Market

- ScinoPharm exports APIs to China market and has 6 customers
- ScinoPharm Changshu complies with latest GMP standards and will benefit from the reduced competition after 12<sup>th</sup> five-year plan drives out disqualified companies
- ScinoPharm's specialty in oncology APIs meets China market demands: China oncology drug market ranks #2. Among top 20 oncology drugs, ScinoPharm provides 9 APIs
- ScinoPharm cooperates with its US/EU customers to import drugs that have high unmet needs in China



ScinoPharm

# SPC's Strategic Goals

Short-term goal: 1 year

Expand capacities – To be able to produce intermediates and provides expanded capacities for SPT

Mid-term goal: 3 years

Adopt Double A (API+ANDA) business model – To team up with pharma co.'s to apply for ANDA in US/EU and export final drug products globally. Currently already has APIs working with customers to apply for ANDA

Long-term goal: 5 years

Penetrate into China domestic market – To develop 1<sup>st</sup> API to be sold domestically in China and 1<sup>st</sup> imported drug in 5 years. Aggressively penetrate into high-margin oncological and specialty API markets



# ScinoPharm Vs. Chinese API Peers

ScinoPharm	Chinese API Peers
Focus on high entry-barrier oncological APIs. Less competition, higher margin	Mostly producing lower entry-barrier APIs. Fierce competition, lower margin
Marketing globally, competitive in technology and quality	Mostly focusing on domestic market, products and quality are not competitive globally
Has built a stronghold in global API market and started vertical integration	To fulfill 12 <sup>th</sup> 5-yr plan, develop internationally and vertically



# ScinoPharm's “Double A” plan

## ■ Strategic Alliance

ScinoPharm is in discussion with one of the top 3 Chinese pharma co.'s to develop oncological drugs for China market

## ■ Drug Product Co-development

ScinoPharm is partnering with a marketer and a formulation producer to co-develop oncology injectables for China market

## ■ Vertical Integration

ScinoPharm will vertically integrate to develop dossiers for difficult-to-make APIs and to increase our value proposition in the supply chain

# Business Outlook

# 2012 Product Launch Plan

API	Region	Indications	Brand Marketer	Regional Sales	WW Sales
Argatroban	US	Antithrombotic, Anticoagulant	GSK	\$US 139MM*	\$US 205MM*
Galantamine HBr	EU	Alzheimer's disease	Janssen	\$US 314MM*	\$US 527MM*
Modafinil	US	Antinarcology	Cephalon	\$US 1,078MM*	\$US 1,182MM*
Riluzole	EU	ALS	Sanofi Aventis	\$US 100MM*	\$US 224MM*
Anastrozole	JP	Breast Cancer	Astra Zeneca	\$US 270MM*	\$US 1,109MM*
Levonorgestrel	JP	Oral Contraceptive	Bayer AG	\$US 85MM*	\$US 2,326MM*
Topiramate	US	Obesity	Vivus	\$US 1,000MM**	NDA

Source: \* Newport & IMS Data

\*\* Bloomberg



# Outlook

- Sustain Leadership Position in Oncological Injectable APIs  
Continue developing small molecule oncological injectable APIs and expand into other areas with high technology barriers including Peptides
- Expand Presences in China  
Expansion of API business to timely capture the Chinese market facing increasingly stringent GMP requirement
- Japanese Market Penetration  
Establishing strategic partnerships with major pharma companies in Japan and expect to market total 6 products in 2012
- Vertical Integration – Double A Strategy  
Reinforce overall API development and investment return; select difficult-to-make APIs to formulate dossiers and provide one-stop services to customers





## Brand Quality with Asian Advantages

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