

Third Quarter 2017 On-Line Investor Meeting

November 06, 2017



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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
- 73 generic APIs in current portfolio with 25 APIs launched; 55 US DMFs filed (764 DMFs WW), 33 US DMFs in oncology APIs. 100+ NCE CRAM projects, with 6 APIs launched and 4 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

Driving Long Term Growth by Dual Profits

Self-Developed Products

- ✓ Target difficult-to-make (peptide)API in our portfolio
- ✓ Tap into formulation business related to our API core competencies
- ✓ Target 505(b)(2) and Paragraph IV drug product via strategic alliances

Contract Services

- ✓ Provide CRO/CMO for APIs
- ✓ Offer integrated service from API to formulation for niche injectables
- ✓ Provide biologics fill & finish contract manufacturing services




ScinoPharm

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Recap of Performances and Major Events

- Reported the consolidated revenues for 3Q17 were NT\$849 million, net profits after-tax were NT\$ 107 million, gross margin was 48%, EPS was NT\$0.14
- The performances were mainly suffered by the unfavorable sales volumes and product mix of generic products in 3Q. However, CRAM business started to gain momentum and contributed to gross margin
- Passed Mexican healthy authority(COFEPRIS) inspection in Taiwan
- Passed Jiangsu FDA inspection in Changshu site
- On schedule to complete equipment assembly & verification in in-house injectable plant. Planned to kick-off registration batch production for prefilled syringe by early 2018



Financial & Operating Results 3Q, 2017

Quarterly P&L - Consolidated

In NT\$ million, except for EPS	3Q,'17 (Reviewed)	2Q,'17 (Reviewed)	3Q,'16 (Reviewed)	QoQ	YoY
Operating Revenue	849	853	992	-1%	-14%
Gross Profit	407	326	466	25%	-13%
<i>Gross margin</i>	<i>48%</i>	<i>38%</i>	<i>47%</i>		
Operating Expenses	(256)	(239)	(233)	-7%	-10%
Operating Income	152	86	233	75%	-35%
<i>Operating margin</i>	<i>18%</i>	<i>10%</i>	<i>24%</i>		
Other Rev.(Exp.)	(25)	(7)	(27)	-252%	7%
Net Income before Tax	127	79	207	60%	-39%
Net Income after Tax	107	84	166	27%	-35%
<i>Net margin after tax</i>	<i>13%</i>	<i>10%</i>	<i>17%</i>		
EPS (after tax)	0.14	0.11	0.21		

Cumulative P&L - Consolidated

In NT\$ million, except for EPS	1Q~3Q,'17 (Reviewed)	1Q~3Q,'16 (Reviewed)	YoY
Operating Revenue	2,621	3,028	-13%
Gross Profit	1,203	1,362	-12%
<i>Gross margin</i>	<i>46%</i>	<i>45%</i>	
Operating Expenses	(744)	(704)	-6%
Operating Income	459	658	-30%
<i>Operating margin</i>	<i>17%</i>	<i>22%</i>	
Other Rev.(Exp.)	(61)	(60)	-1%
Net Income before Tax	398	598	-33%
Net Income after Tax	362	512	-29%
<i>Net margin after tax</i>	<i>14%</i>	<i>17%</i>	
EPS (after tax)	0.46	0.65	



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Balance Sheet - Consolidated

In NT\$ million	2017/09/30 (Reviewed)		2016/09/30 (Reviewed)	
Cash and Cash Equivalents	3,950	31%	3,137	25%
Accounts Receivable	470	4%	614	5%
Inventories	1,830	14%	2,018	16%
Long-Term Investments	391	3%	364	3%
Property, plant and equipment	5,122	40%	5,248	42%
Other Current/Non-Current Assets	1,107	8%	1,128	9%
Total Assets	12,870	100%	12,509	100%
Current Liabilities	1,219	10%	1,534	12%
L-T Liabilities and Others	1,300	10%	880	7%
Stockholders' Equities	10,351	80%	10,095	81%

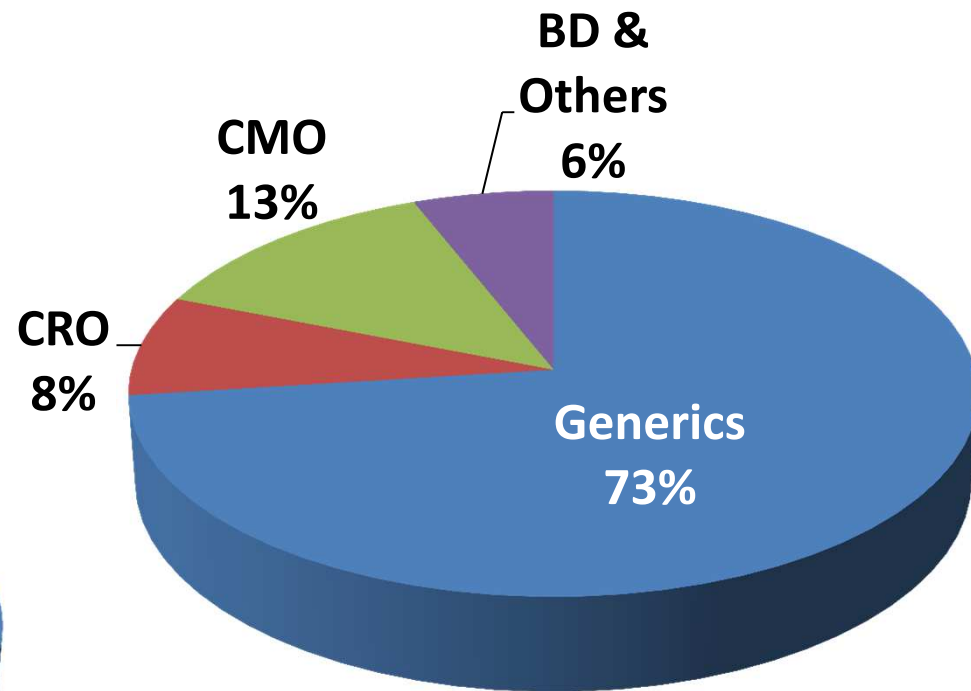
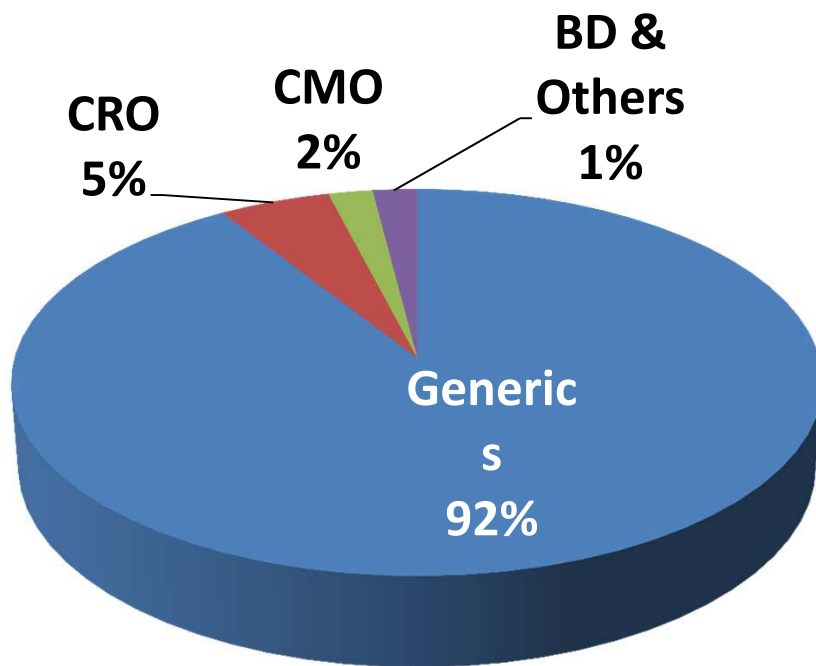
Cash Flows - Consolidated

In NT\$ million	1Q~3Q 2017 (Reviewed)	1Q~3Q 2016 (Reviewed)
Cash and cash equivalents at beginning of period	3,707	2,336
Cash flows from operating activities	789	1,130
CAPEX	(383)	(420)
Short-term borrowings	(405)	(747)
Long-term borrowings	570	812
Cash Dividends	(228)	(219)
Others	(100)	245
Cash and cash equivalents at end of period	3,950	3,137

Sales by Business

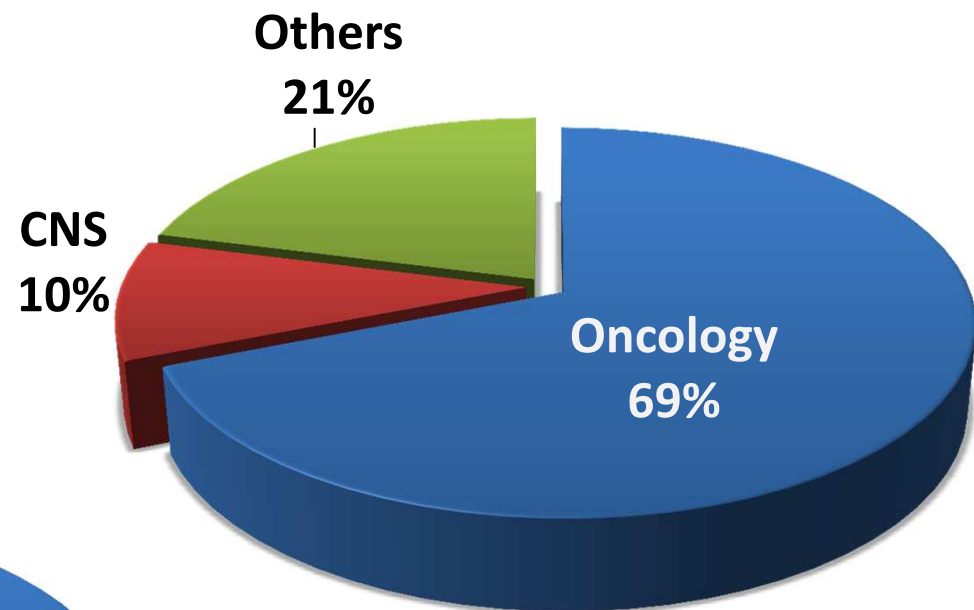
2017 Q1-Q3

2016 Q1-Q3

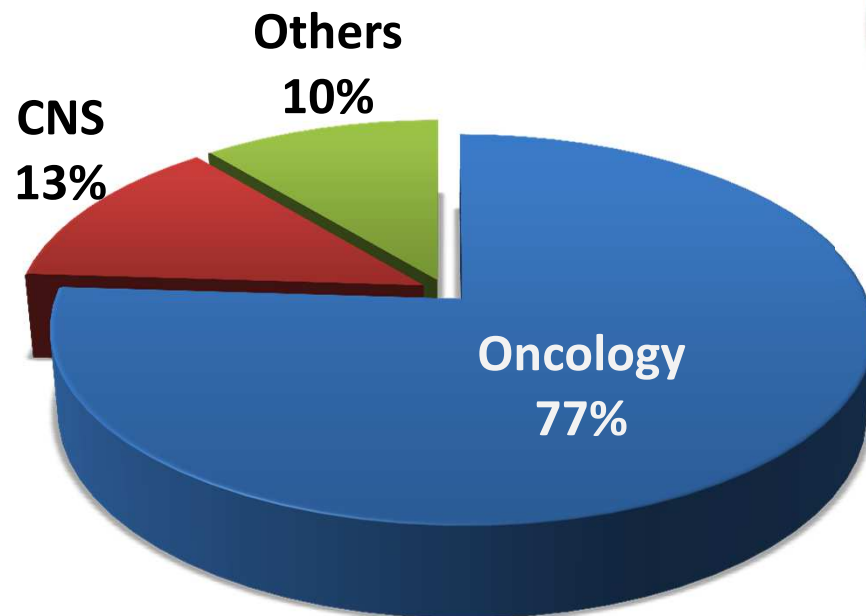


Sales by Indication

2017 Q1-Q3



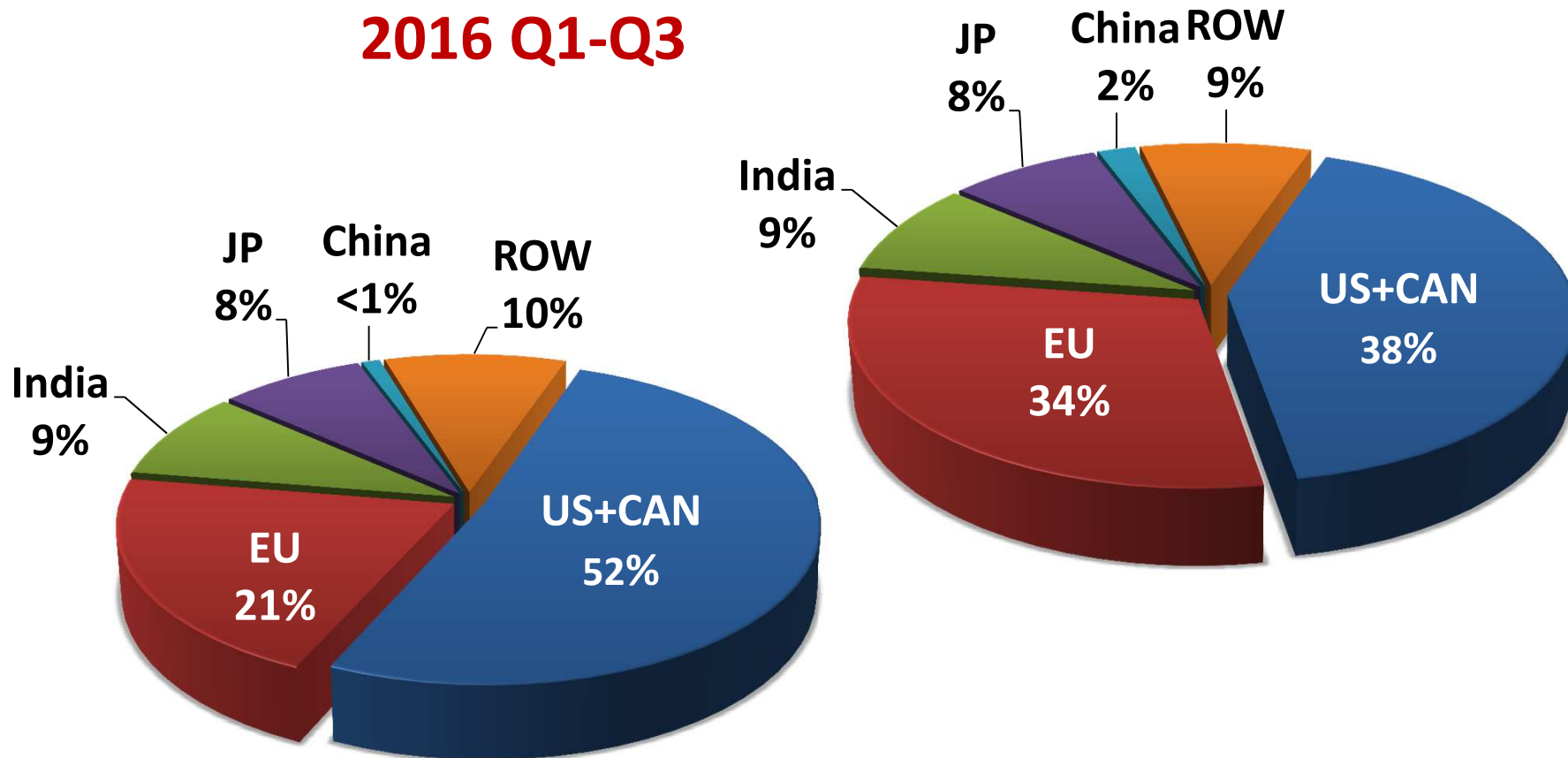
2016 Q1-Q3



Sales by Region

2017 Q1-Q3

2016 Q1-Q3





Trends in US Generic Pharma

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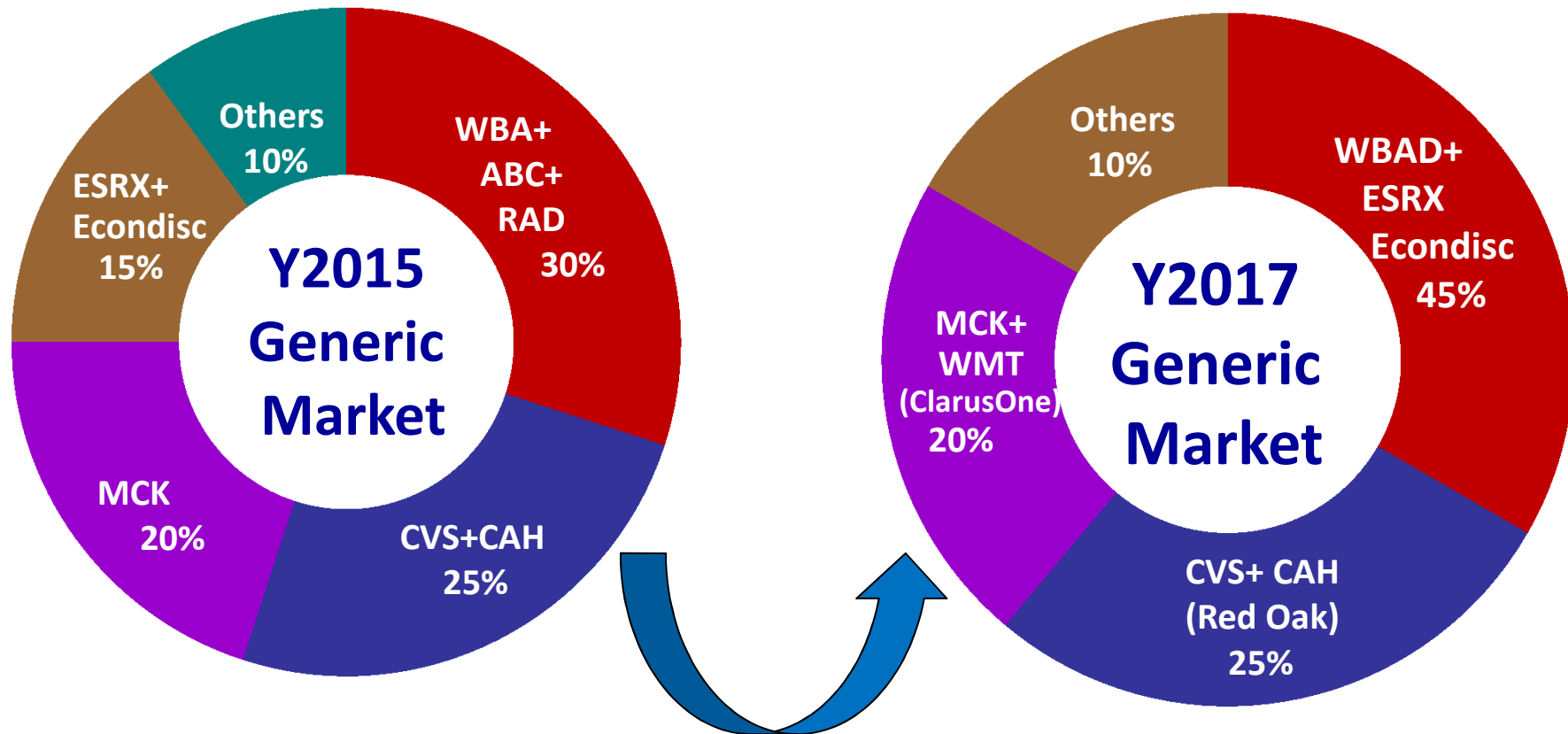
- **More Consolidation**
- **More Competition & Price Erosion on Commodity Generics**
- **More Focus on Complex Generics**
- **More Focus on New Therapeutics Agents via 505(b)2**

More Consolidation



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Consolidation of US Drug Buyers



WBAD: Walgreen Boots Alliance Development & AmerisourceBergen

CVS/CAH: CVS & Cardinal Health

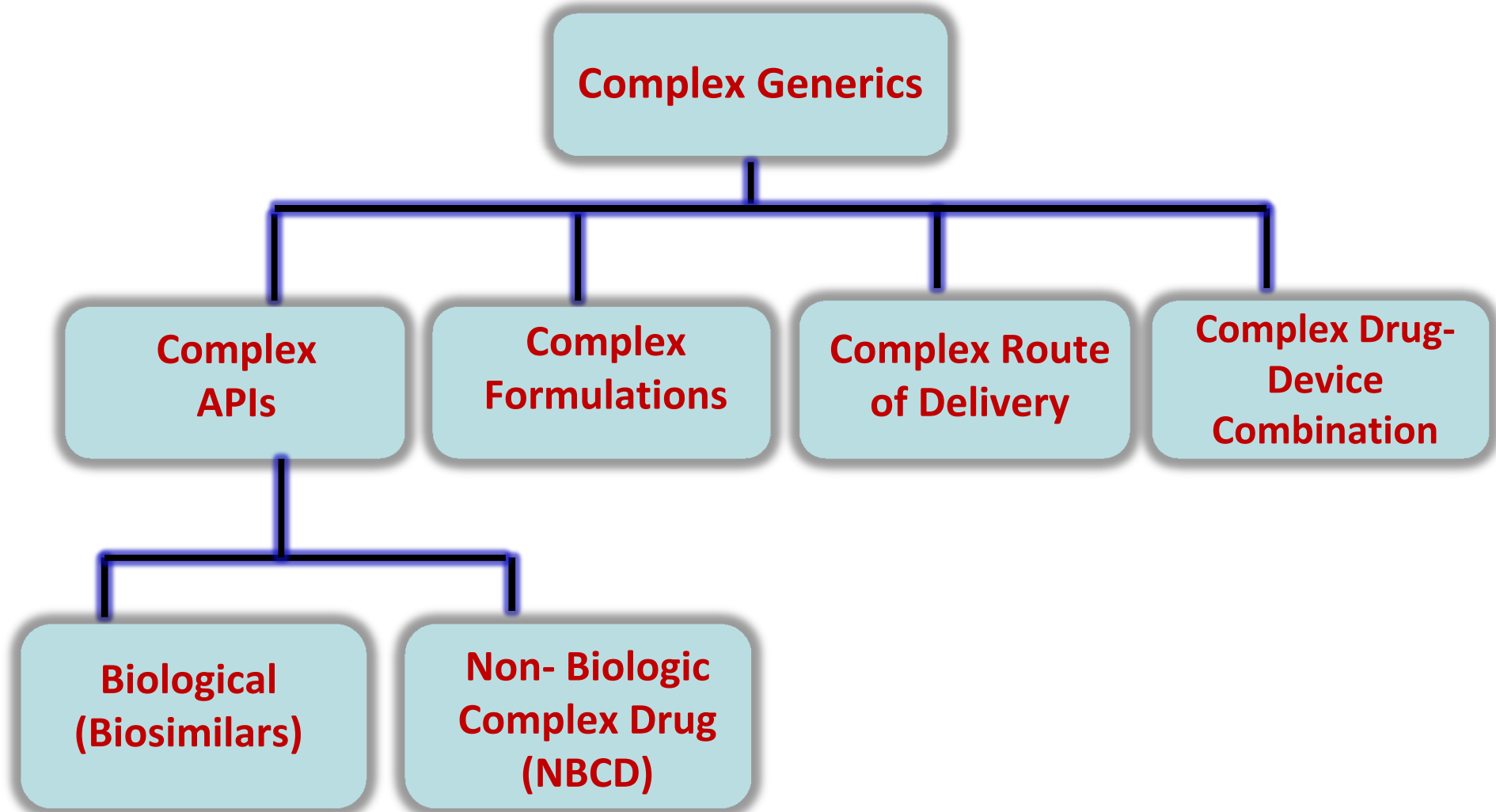
MCK/WMT: McKesson & Walmart

Source: Morgan Stanley Research



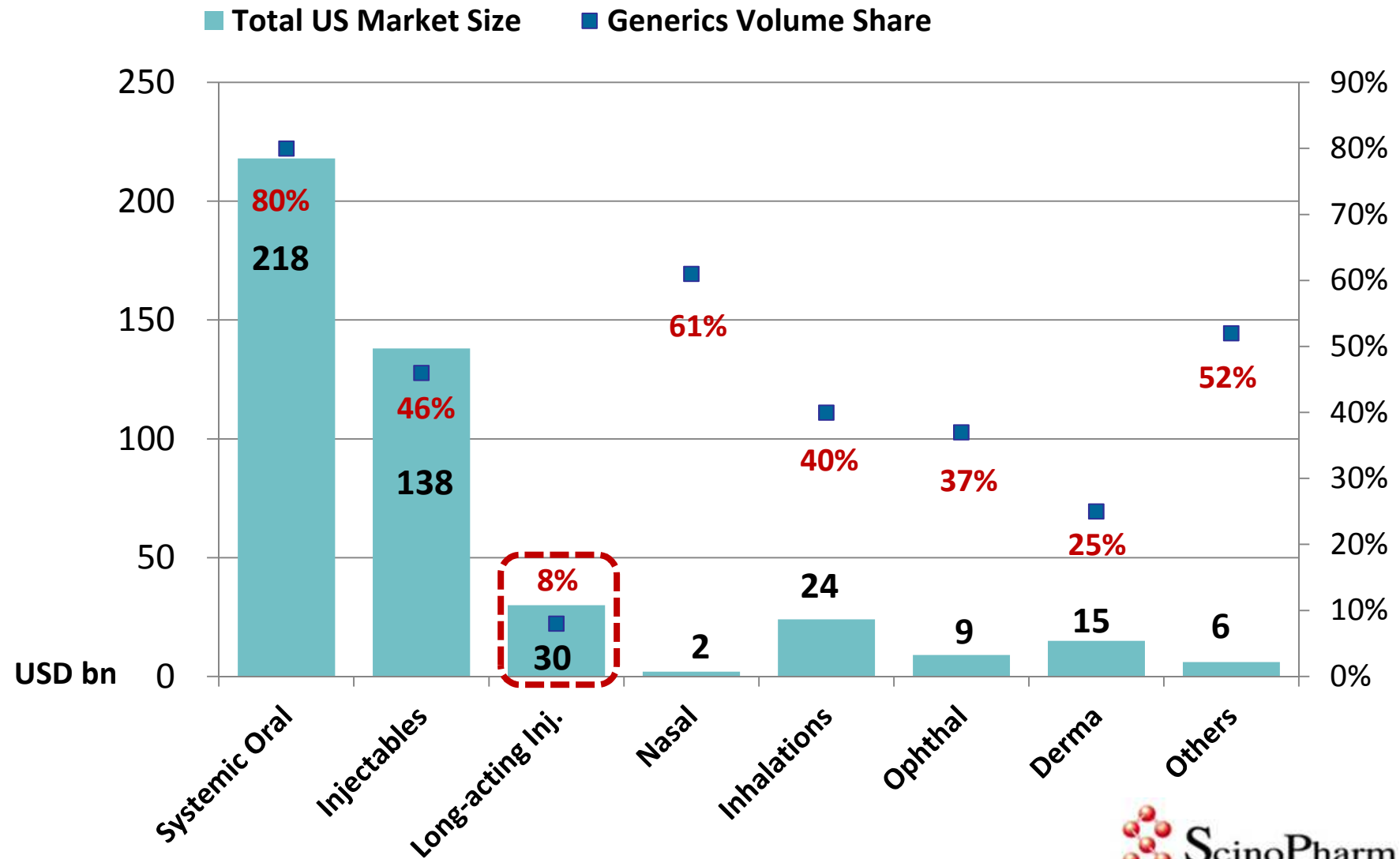
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Classification of Complex Generics



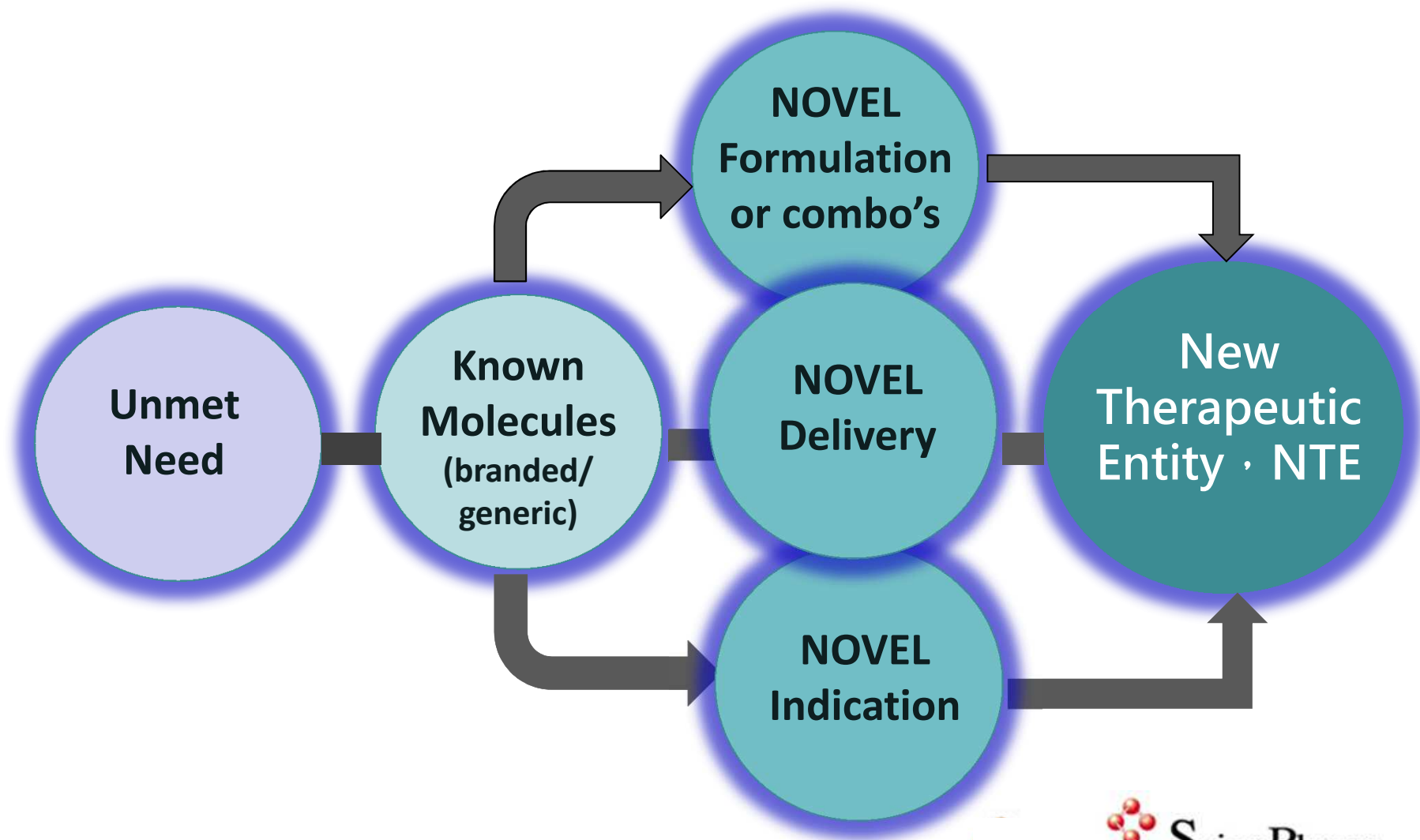
Source: Market Realist

Complex Generic Opportunity



Source: IMS, 2017

New Therapeutics Agents via 505(b)2



NTEs- Shorter Timeline & Lower Cost

NCE(New Chemical Entity) process= 10-15 years, USD1-2B



NTE(New Therapeutic Entity) process= 3-6 years, USD10-50M

- 505(b)2 pathway in US
- Referencing safety & efficacy data of original molecule



ScinoPharm Opportunities

- **Partnership with marketers in different territories**
 - Baxter and others
 - China Collaboration for US & China dual submissions
- **Build a Portfolio of Injectable ANDAs**
 - Internal development and/or external collaboration; 2ANDAs submitted
 - Acquiring injectable ANDAs
- **Focus on Complex Generics**
 - Complex API, oncology injectable & combination product
 - Long-acting injectables
- **Focus on New Therapeutic Agents (NTE) via 505(b)2**

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
New Drug API	Oncology Product	US	Non-Small Cell Lung Cancer	N/A	N/A	N/A
New Drug API	Baxdela™	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)



Launched



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***Q*uestions**

&

***A*nswers**



Brand Quality with Asian Advantages

www.scinopharm.com

