

TWSE 1789

ScinoPharm Management Presentation

First Quarter 2015 On-Line Investor Meeting

May 8, 2015



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Overview of ScinoPharm

- An API + ANDA Company

Active Pharmaceutical Ingredients
Abbreviated New Drug Application

Business Overview

- Established in 1997 in Taiwan and listed on TWSE in 2011, current market cap around US\$1.2 billion
- Specializes in high potency (steroid/cytotoxic) APIs and expands to injectable formulations
- Facility & organization built in Taiwan and expanding in China with a new GMP plant in Changshu & marketing base in Shanghai
- 70 generic APIs developed with 27 APIs launched; 50 US DMFs filed (703 DMFs WW), 24 US DMFs in oncological APIs. 80+ NCE CRAM projects, with 5 launched and 9 in phase III for NDA filing in 2-3 years
- Full compliance to world class quality and regulatory practices; Successfully passed US FDA, EMA, Australian TGA, Japanese PMDA inspections

Long Term Strategies

Transforming to a full-scope pharma company per our core competency of R&D and cGMP manufacturing in high-technical barrier APIs

- Vertical Integration to Generic Formulations:
Developing dossiers per our difficult-to-make APIs to increase value proposition in the supply chain
- Innovative Delivery Formulations:
Targeted delivery & extended release of proven APIs via 505(b)2 fast track
- Brand New Chemical Entities (New Drugs):
Collaborating with academic research institutes, focusing on un-met oncological medical needs of high prevalence in Asia

Keys to Generic Formulation Business

- Expanding formulation portfolio
- Building on-site oncological injectable facility and establishing a complete supply chain of oral products
- Promoting our formulations via strategic alliance, especially in China and US
- Acquiring critical resources via M&A

Passed the 5th US FDA GMP Inspection

- **Zero 483 observation on 18 products sold to the US**
- **US FDA newly adopted “Quality Metrics Initiative”, for each production site to provide "quality level" data; FDA can check how well the quality system maintained and how successfully the system affects the quality of the medicinal products**
- **Focus on the Rates of Lot Acceptance, Right First Time, Product Quality Complaint, Management Engagement, etc.**
- **More emphasis on initial selection criteria and evaluation of suppliers and ways to deal with quality and compliance issues in a timely manner**

* An FDA Form 483 is issued to the management of a production site at the conclusion of an inspection when an investigator has observed any conditions that in his/their judgment may constitute violations of the Food Drug and Cosmetic Act and related Acts.

Top Warning Letter Citations

- Inadequate design & construction features
- Inadequate control of microbiological contamination
- Data integrity
- Inadequate raw material testing
- Inadequate special training requirement
- Inadequate stability testing

ScinoPharm successfully passed FDA audits on these key quality matters

More Tightened cGMP Requirement

Company	Warning Letter Issue Date
Hospira S.p.A.	03/31/2015
Hospira Australia	09/26/2014
GSK Biologicals	06/12/2014
Sun Pharmaceutical	05/07/2014
Johnson & Johnson International	06/06/2013
Teva Neuroscience	04/08/2013
Hospira Healthcare India	05/28/2013
Boehringer Ingelheim Pharma	05/06/2013
Genentech	10/03/2012
Eli Lilly	08/10/2012
Pfizer	06/19/2012
Watson	06/07/2012

Source : US FDA Website

GMP Compliance as Competitive Advantage

- To handle the stringent cGMP requirements, many pharmas face severe challenges, leading to either outsource production or shut down product lines
- Due to CAPEX concern, many old pharmas hesitate to upgrade facility and staff training, which creates huge demands for high quality contract research & manufacturing services
- With FDA inspected facilities in all scales and effective quality management systems, ScinoPharm offers world class quality services to brand name and generic customers in a flexible, reliable, and competitive approach



Financial & Operating Results

Quarterly P&L - Consolidated

In NT\$ million, except for EPS	1Q 2015 (Reviewed)	1Q 2014 (Reviewed)	YoY
Net Sales	979	1,097	-11%
Gross Profit	344	433	-21%
<i>Gross margin</i>	<i>35%</i>	<i>39%</i>	
Operating Expenses	(203)	(250)	-19%
Operating Income	141	183	-23%
<i>Operating margin</i>	<i>14%</i>	<i>17%</i>	
Other Rev.(Exp.)	(7)	2	-450%
Net Income before Tax	134	185	-28%
Net Income after Tax	113	165	-32%
<i>Net margin after tax</i>	<i>12%</i>	<i>15%</i>	
EPS (after tax)	0.16	0.24	-33%

Balance Sheet- Consolidated

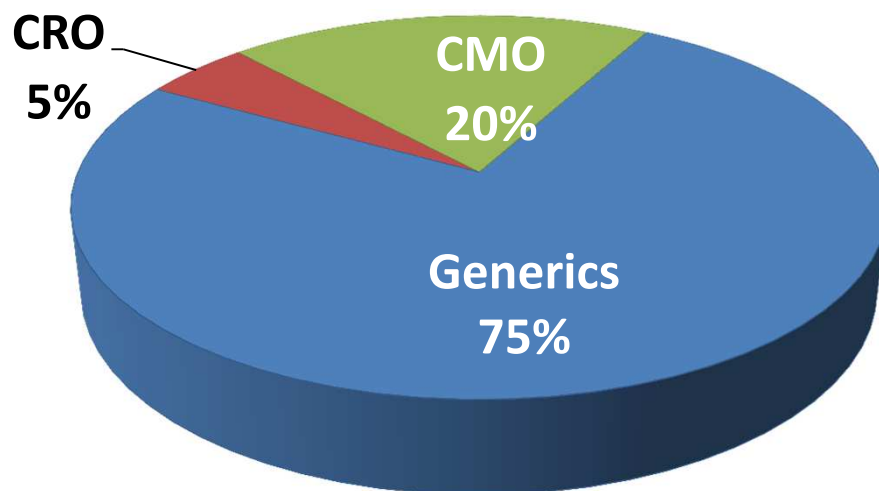
In NT\$ million	2015/3/31 (Reviewed)		2014/3/31 (Reviewed)	
Cash and Cash Equivalents	2,008	17%	2,793	23%
Accounts Receivable	653	6%	630	5%
Inventories	2,402	21%	2,637	22%
Long-Term Investments	244	2%	260	2%
Property, plant & equipment	5,109	44%	4,434	37%
Other assets	1,155	10%	1,275	11%
Total Assets	11,571	100%	12,029	100%
Current Liabilities	2,004	17%	2,156	18%
L-T Liabilities and Others	91	1%	66	-
Stockholders' Equities	9,476	82%	9,807	82%

Cash Flows- Consolidated

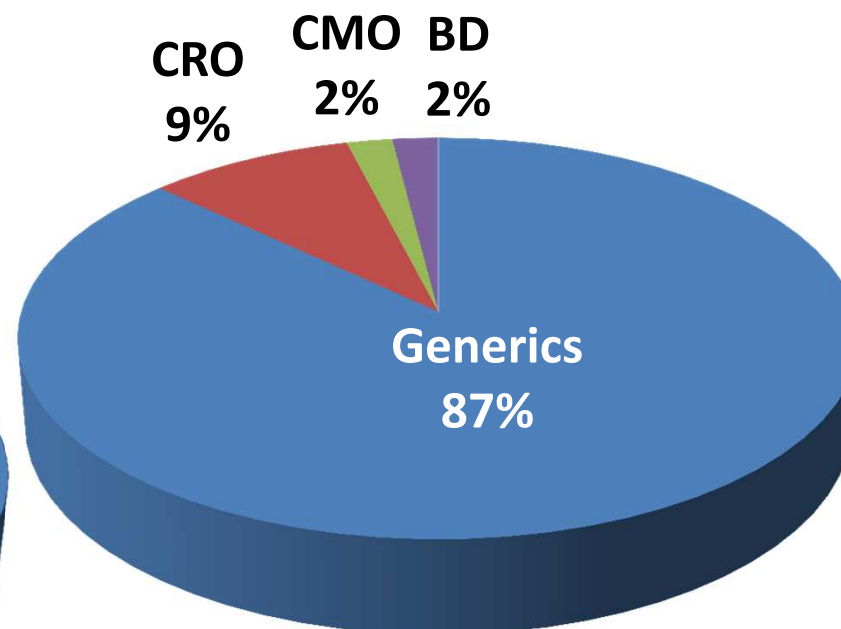
In NT\$ million	1Q 2015 (Reviewed)	1Q 2014 (Reviewed)
Cash and cash equivalents at beginning of period	1,928	2,289
Cash flows from operating activities	241	492
CAPEX	(269)	(372)
Short-term borrowings	86	380
Others	22	4
Cash and cash equivalents at end of period	2,008	2,793

Sales by Business

2014 Q1

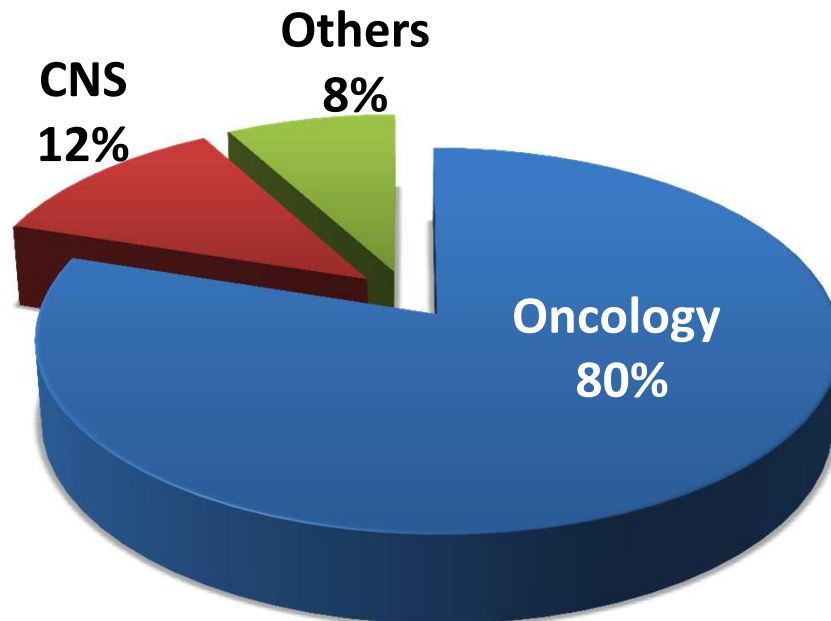
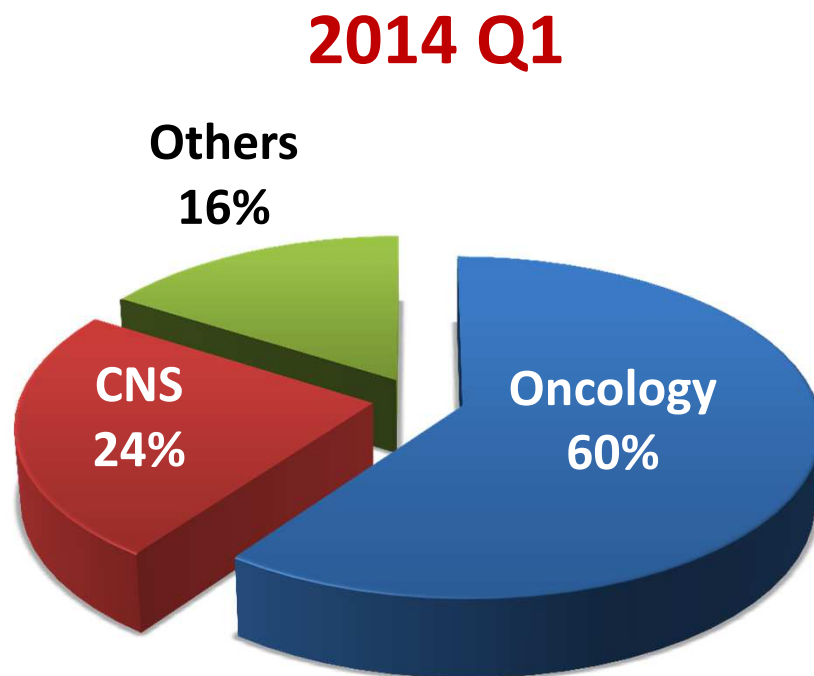


2015 Q1



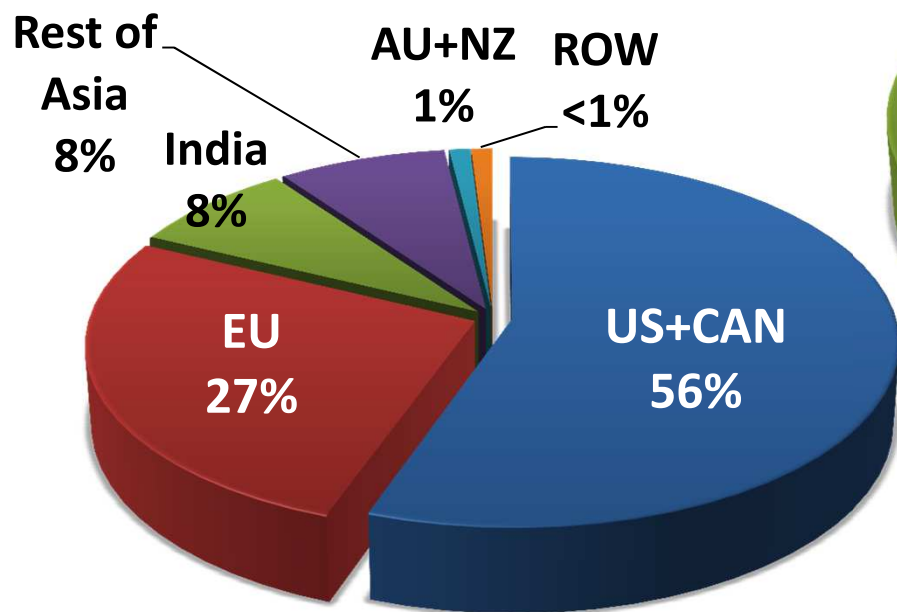
Sales by Indications

2015 Q1

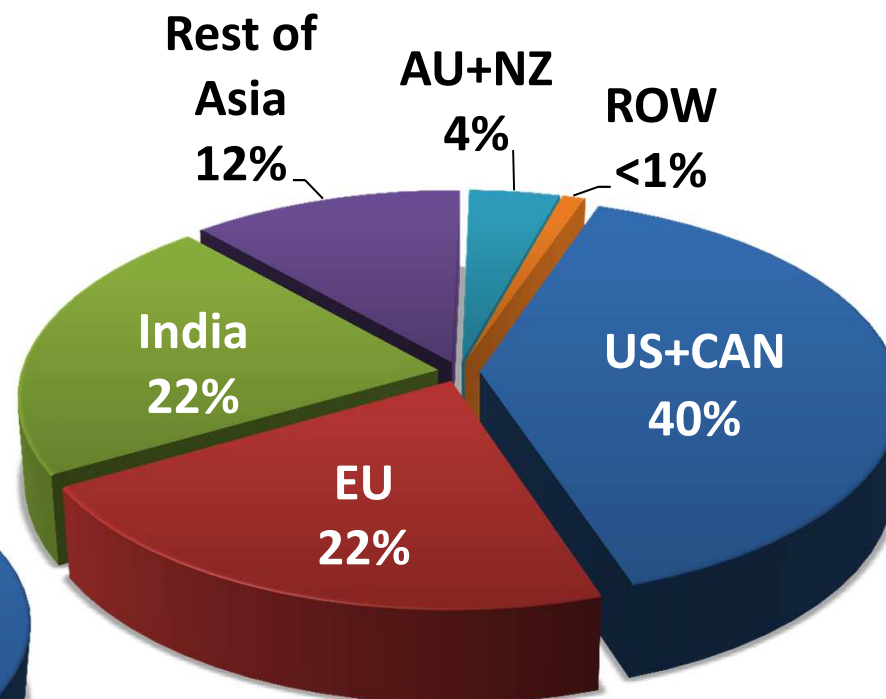


Sales by Region

2014 Q1

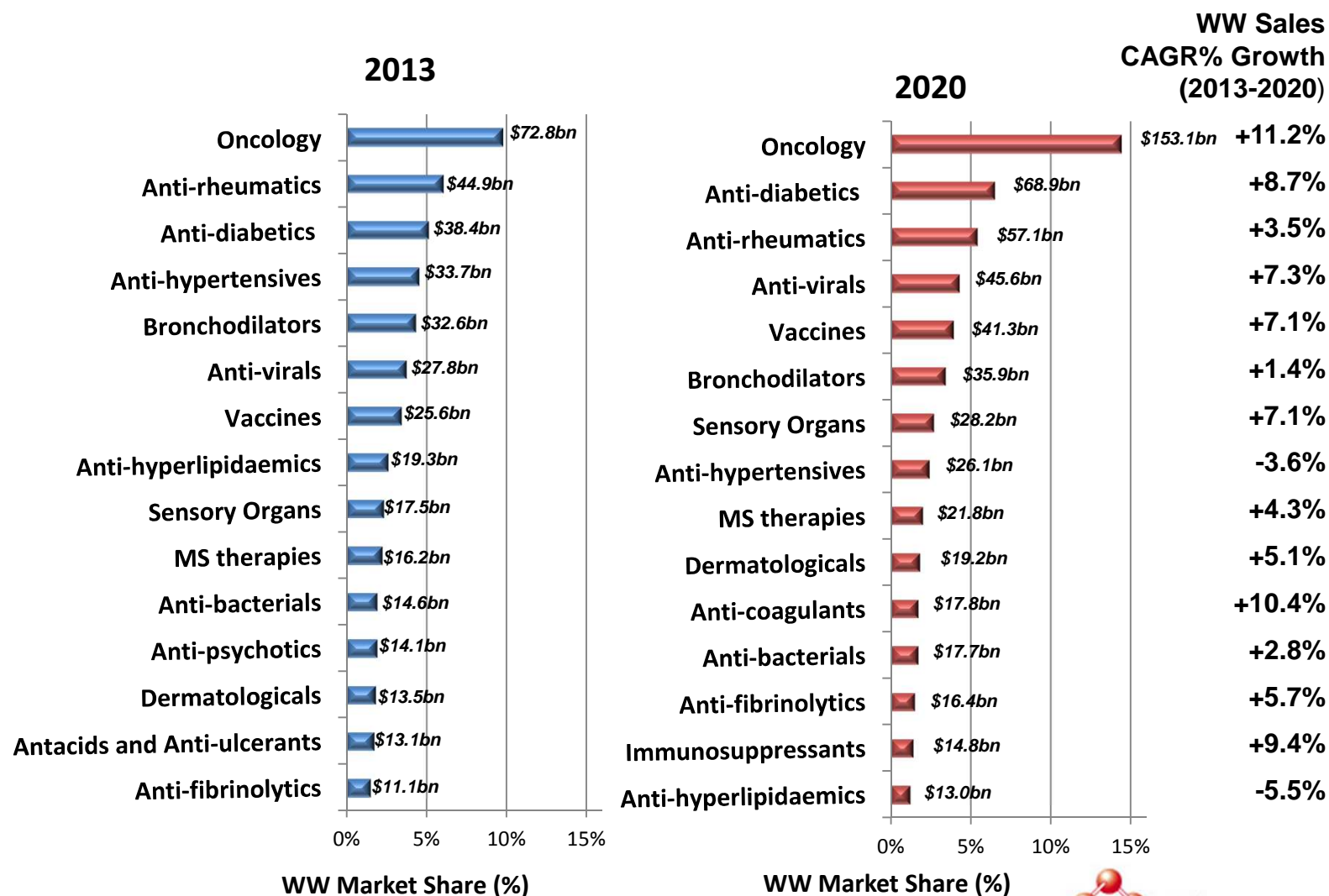


2015 Q1



Market Trend Update

Oncology as Global Top 1 Therapy



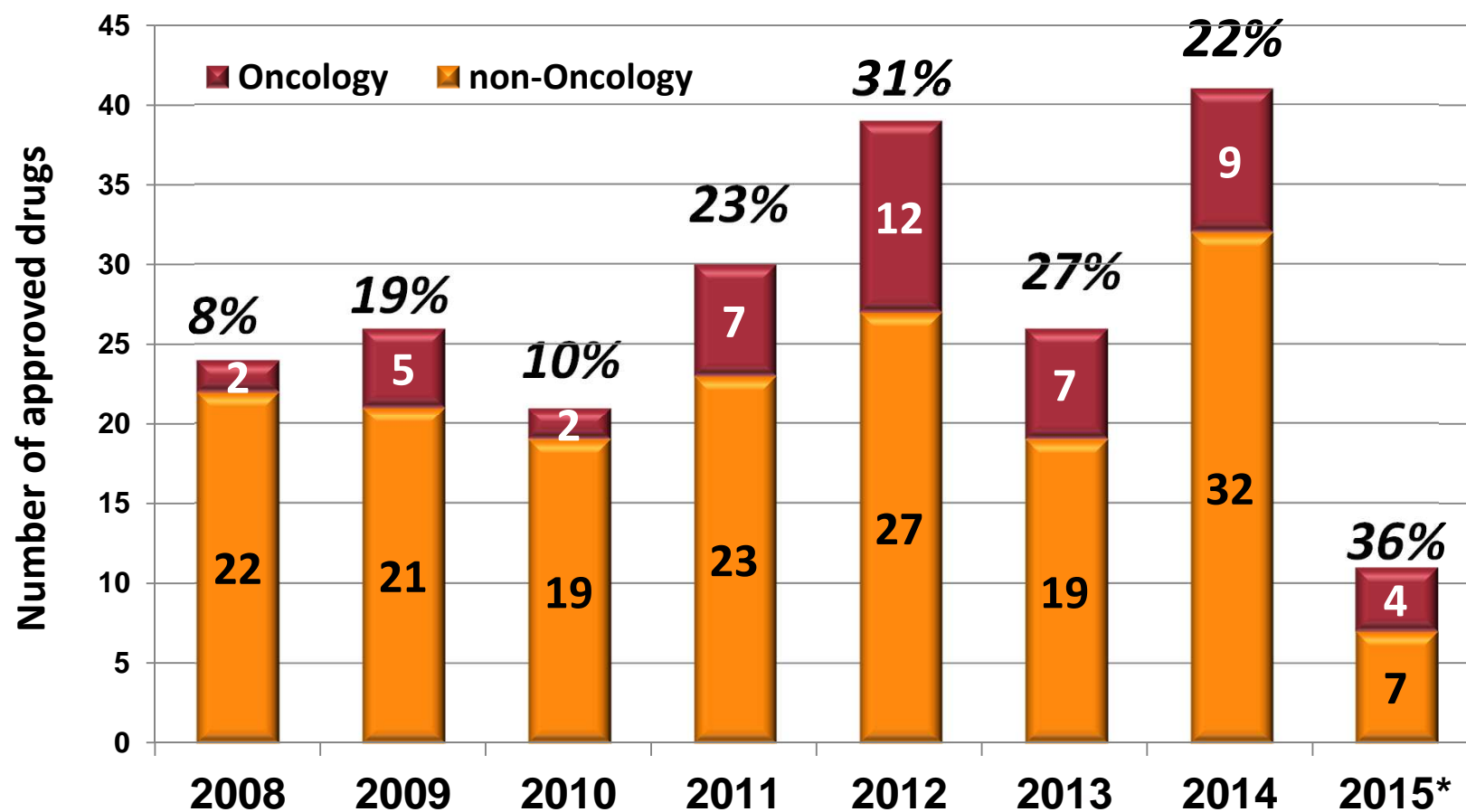
Source: Evaluate Pharma

Global Oncology Value Soaring

- **Oncology has become the top 1 therapy area since 2013**
- **Global cancer drug spending reached \$100 Billion in 2014 per *IMS Health***
- **Oncology will keep growing to \$153.1 Billion in 2020 per *Evaluate Pharma***
- **CAGR in global cancer drug spending jumped to 6.5% during the past 5 years and projected to be 8% in 2018, per *IMS Health***
- **ScinoPharm's oncology emphasis echoes the global therapy trend**

Oncology as US FDA Approval Focus

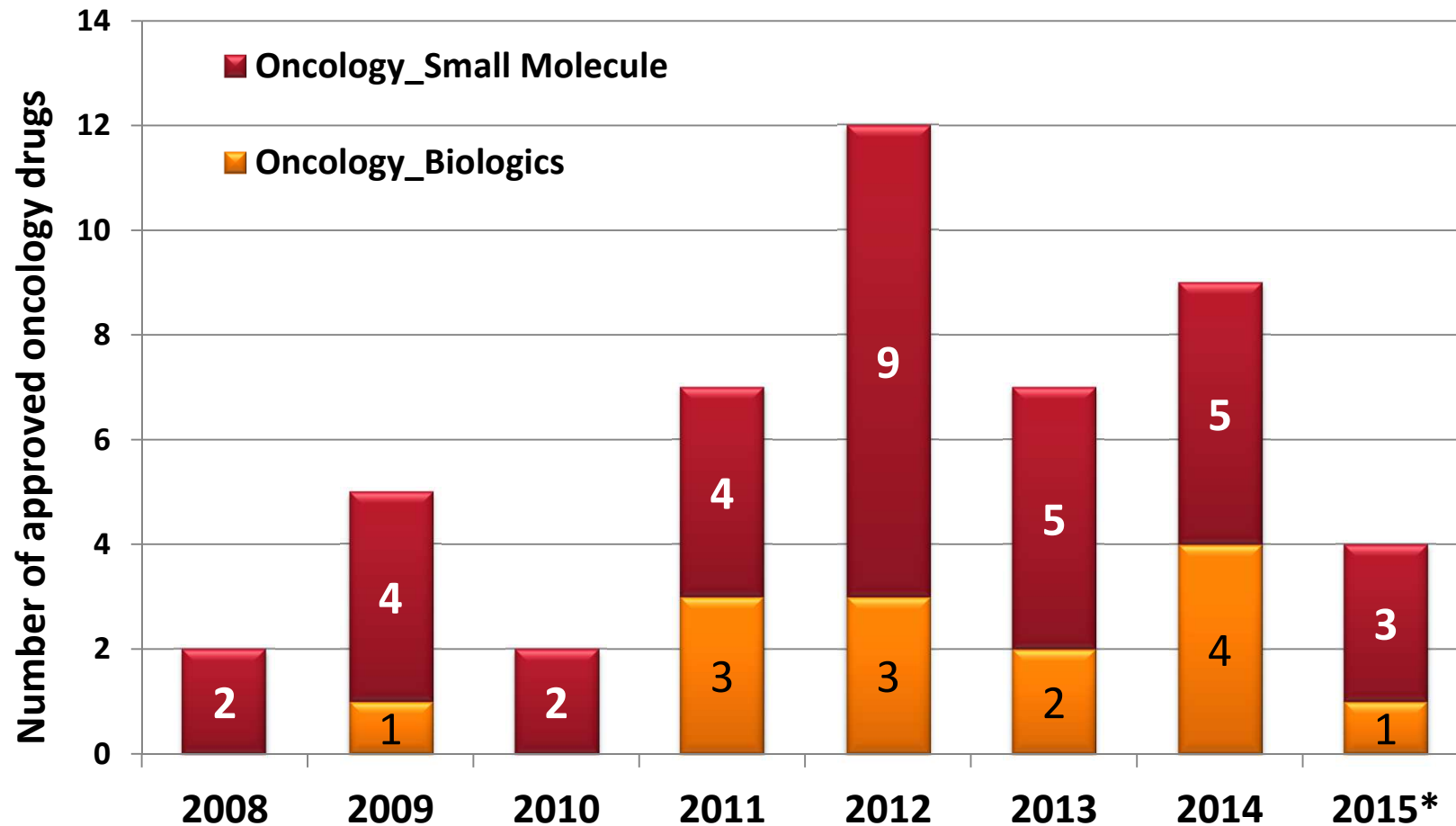
- Approved in oncology more than in other therapies



Note: *: as of 2015/4/20 ** The number of oncology products is not including radioactive drugs Source: US FDA Website

Small Molecules Still Oncology Mainstream

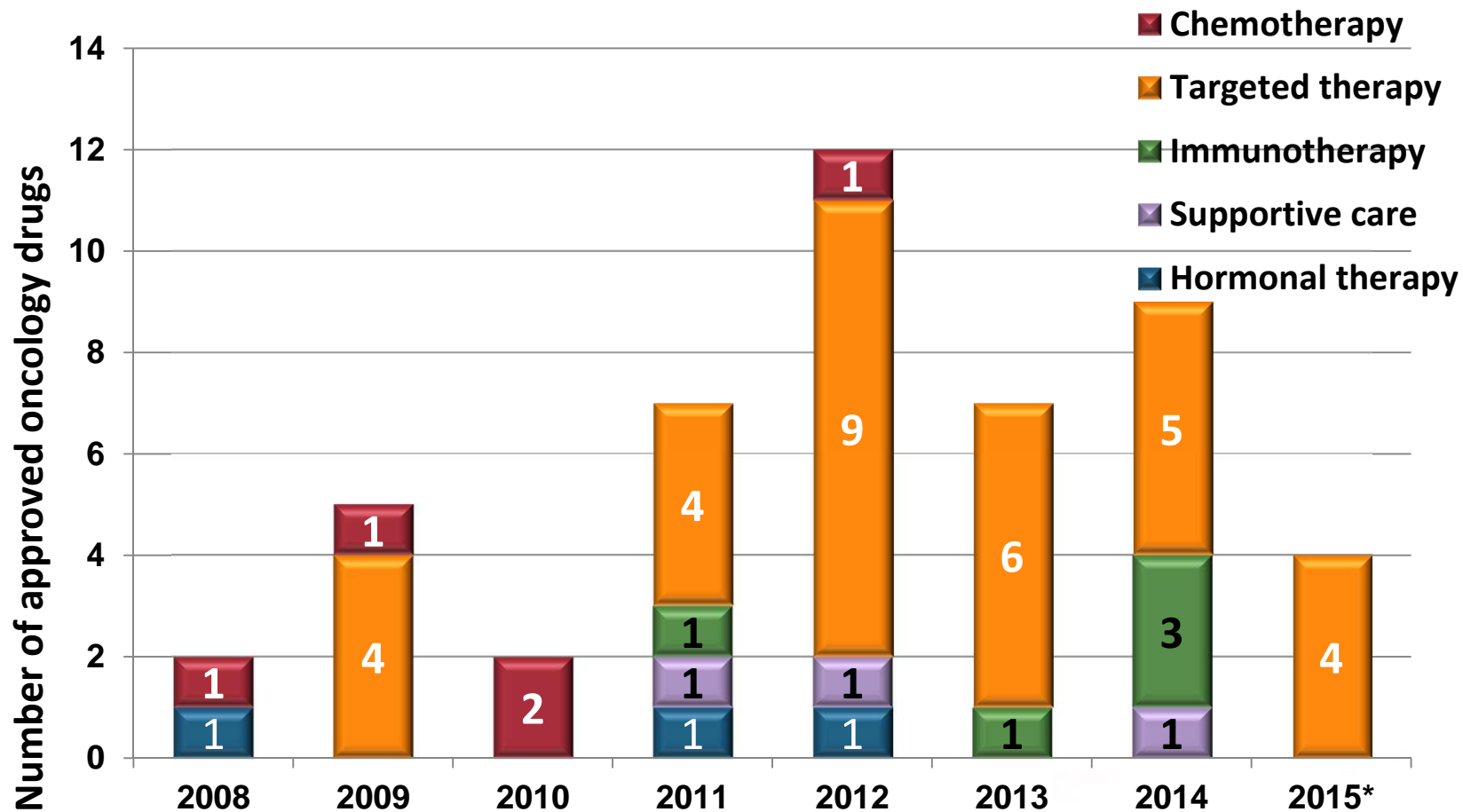
■ Oncology biologics increasing



Note: * as of 2015/4/20 Source: US FDA Website

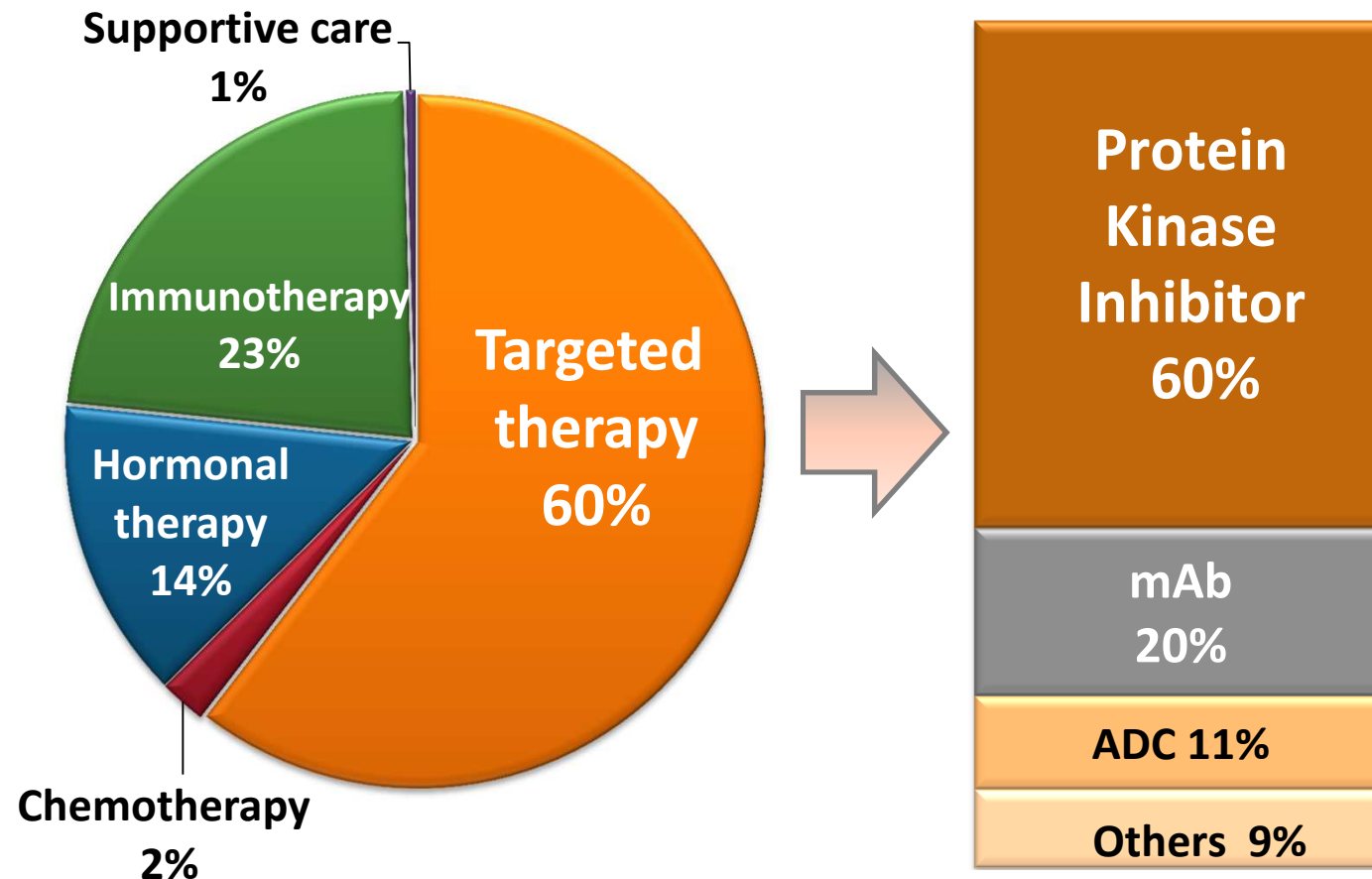
Targeted & Immuno-therapies Flying

■ Chemo- and hormonal therapies declined



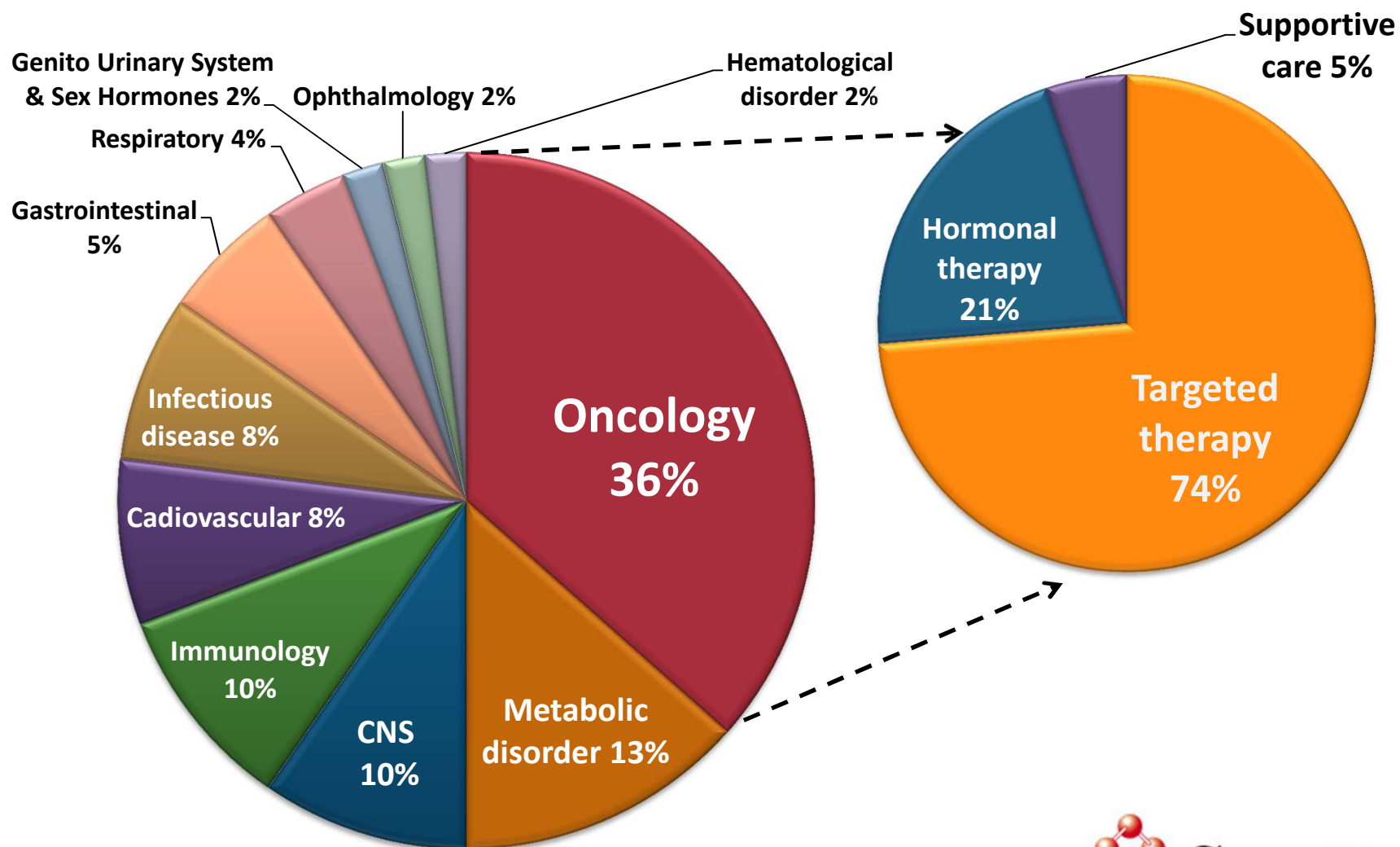
Note: * as of 2015/4/20 Source: US FDA Website

Targeted Therapy Dominates Oncology



Source: 2020 Sales Forecast, Global Data

ScinoPharm Pipeline Echoes Therapy Trend



2015 Product Launch Plan

API	Region	Indications	Brand Marketer	Regional Sales	WW Sales
Azacitidine	US	MDS Oncology	Celgene	US\$323MM*	US\$815MM*
Benazepril	CN	Hypertension, CV	Novartis	US\$65MM**	US\$480MM*
Desmopressin	US	Polyuria	Ferring	US\$131MM*	US\$395MM*
✔ Letrozole	JP	Breast Cancer	Novartis	US\$51MM**	US\$581MM*
Tamsulosin	US	Benign prostatic hyperplasia (BPH)	Boehringer Ingelheim	US\$335MM*	US\$1,829MM*

Source: * IMS Data (2013Q3-2014Q2) ** In-house research



Launched



Questions

&

Answers



Brand Quality with Asian Advantages

www.scinopharm.com