



ScinoPharm Management Presentation

TWSE 1789

May 9, 2014



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Overview of ScinoPharm

- An API + ANDA Company

Active Pharmaceutical Ingredients
Abbreviated New Drug Application

Background

- Established in 1997 in Taiwan by founders from Syntex, listed in 2011, current market cap ~ US\$1.8Bn, $\frac{1}{4}$ of total market cap of TWSE biotech sector
- Major shareholders include Uni-President Group, Government's Development Fund, Taiwan Sugar, etc.
- Facility & organization designed & built in Taiwan by experienced Syntex team, received multiple regulatory inspections from US FDA, Australia, EU, Japan, etc.
- Specializes in high potency (steroid, cytotoxic), peptide, & injectable APIs
- Expanding in China with a new plant in Changshu & sales & marketing base in Shanghai



ScinoPharm

Business Overview

- ScinoPharm has established its leadership position in Oncology APIs and is integrating into formulation; running two GMP compliant facilities in Taiwan & China and building an injectable plant in Taiwan
- Developed 70+ generic APIs with 24 launched. Filed 47 DMFs in US (673 DMFs WW), a leader in oncology injectable APIs with 22 US DMFs
- 80+ NCE CRAMs projects, with 6 in phase III for NDA filing in 2-3 years & 5 already launched. The only company in Asia supplying APIs for multiple commercial NCEs

Corporate Strategies

- Sustain Leadership in Oncological APIs

Continue to launch and develop oncological injectable APIs & others with high technological barriers, including Peptides

- Establish Presences in China

Develop APIs and formulations to timely capture the generic business with strategic alliance and CRAMs from MNCs

- Japanese Market Penetration

Expand strategic partnerships with major pharma

- Vertical Integration – API+ANDA

Select advanced APIs to formulate dossiers and build an oncology injectable plant to provide value-adding total solution

Performance Indicators

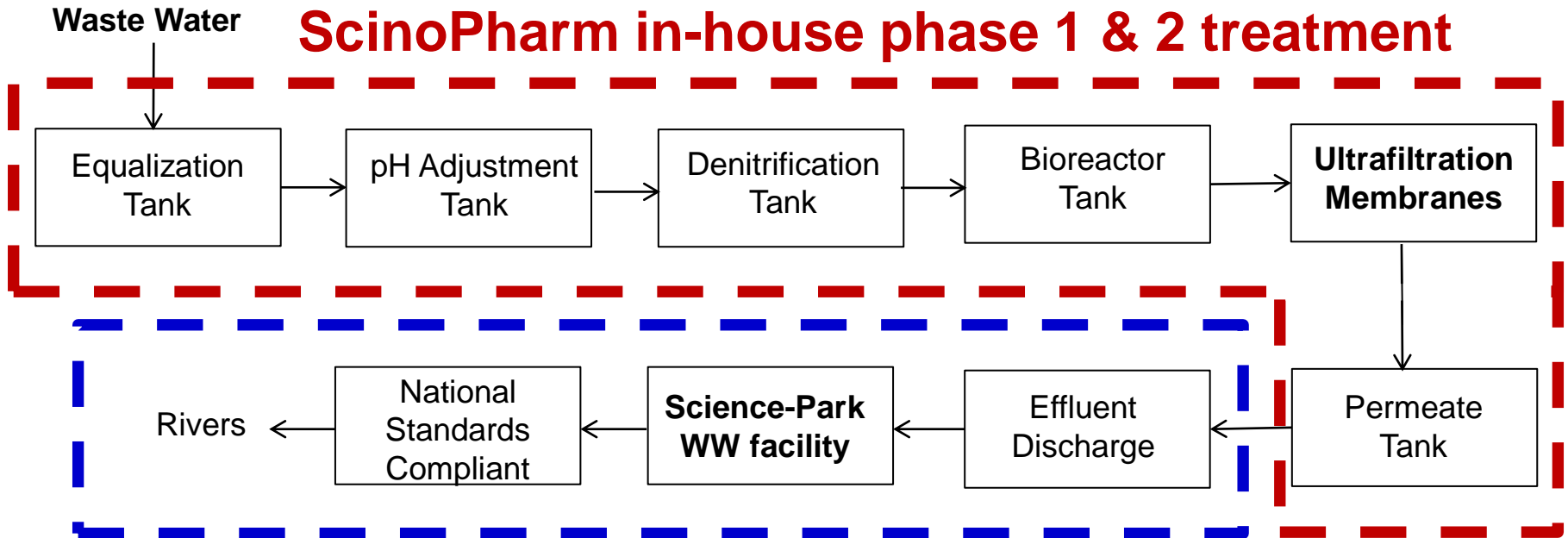
Items	Indices	FY2013 ScinoPharm	FY2013 Peers Avg.* ¹
Financial Soundness	Current Ratio	346%	294%
	Quick Ratio	194%	174%
	Interest Cover. Ratio	17893%	118%
	Debt/Asset	16%	32%
	Op. Cashflow/CAPEX	92%	68%
Profitability	ROE	13.6%	3.5%
	ROA	11.7%	2.5%
	Operating Margin	27.5%	3.0%
	Net Margin	25.0%	2.4%
Turnover	AR Days	65	73
	Inventory Days	354	174

**1: Peers including 5 other API manufacturers listed on TWSE or Gre Tai
Data source: 2013 annual reports*



ScinoPharm Waste Water Treatment

ScinoPharm in-house phase 1 & 2 treatment



Tainan Science-Park phase 3 Final Treatment

Stricter Self-inspection on Waste Water than Regulation

- Science-Park checks ScinoPharm's effluent discharge weekly, while ScinoPharm checks its own effluent on COD (Chemical Oxygen Demand) twice and SS (Suspended Solids) once a day
- To ensure wastewater treatment facilities function well, ScinoPharm checks COD on Wastewater buffer tank 3 times a week and monitors the pH value
- Reduce waste water amount; Recycle waste water from purification process and air-conditioners.

International Verifications on EHS

- Verified by “Responsible Care Management System”, the only pharma co. in Taiwan that passed all 6 categories
- Approved by “SafeBridge” for high potency API production, the 1st in Asia and among 11 US & EU API co.’s



ScinoPharm

ScinoPharm CSR results

Social Welfare

ScinoPharm Art Seminars, Welfare Baseball Camp, PC donations, Emergency Aids, Charitable Auctions

Industry/Academia Exchange

Lectures and plant tours for college students, Sponsoring discussion between industry & academia

Sustainability

Environmental-friendly facility designs, subsidy on staff car pooling, “Responsible Care” system



ScinoPharm

ScinoPharm CSR results

(cont'd)

Labor Relations

Compliance with labor laws, Non-discrimination practice, Career development plans, Healthy activities

Corporate Governance

High standard on corp. governance, Code of conduct, Whistle-blowing hotline

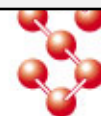
Fair Info. Disclosure

Info disclosure complied with TWSE regulations, Financial transparency

Financial & Operating Results

Quarterly P&L - Consolidated

In NT\$ million, except for EPS	1Q,'14 (Reviewed)	1Q,'13 (Reviewed)	YoY
Net Sales	1,097	1,186	-7%
Gross Profit	433	655	-34%
<i>Gross margin</i>	<i>40%</i>	<i>55%</i>	
Operating Expenses	(250)	(267)	-6%
Operating Income	183	388	-53%
<i>Operating margin</i>	<i>17%</i>	<i>33%</i>	
Other Rev.(Exp.)	2	19	-89%
Net Income before Tax	185	407	-55%
Net Income after Tax	165	350	-53%
<i>Net margin after tax</i>	<i>15%</i>	<i>30%</i>	
EPS (after tax)	0.24	0.52	-54%



ScinoPharm

Balance Sheet- Consolidated

In NT\$ million	2014/3/31 (Reviewed)		2013/3/31 (Reviewed)	
Cash and Cash Equivalents	2,793	23%	3,411	31%
Accounts Receivable	630	5%	599	5%
Inventories	2,637	22%	2,226	20%
Long-Term Investments	260	2%	168	2%
Fixed Assets	4,434	37%	3,820	35%
Total Assets	12,029	100%	11,037	100%
Current Liabilities	2,156	18%	1,510	14%
L-T Liabilities and Others	66	-%	66	-%
Stockholders' Equities	9,807	82%	9,461	86%

Cash Flows- Consolidated

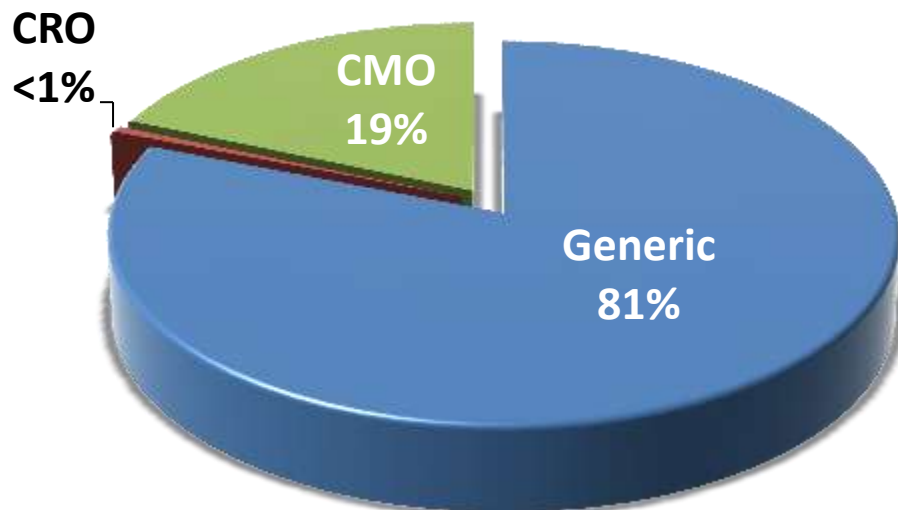
In NT\$ million	1Q 2014 (Reviewed)	1Q 2013 (Reviewed)
Cash and cash equivalents at beginning of period	2,289	3,035
Cash flows from operating activities	492	506
CAPEX	(372)	(256)
Short-term borrowings	380	128
Others	4	(2)
Cash and cash equivalents at end of period	2,793	3,411



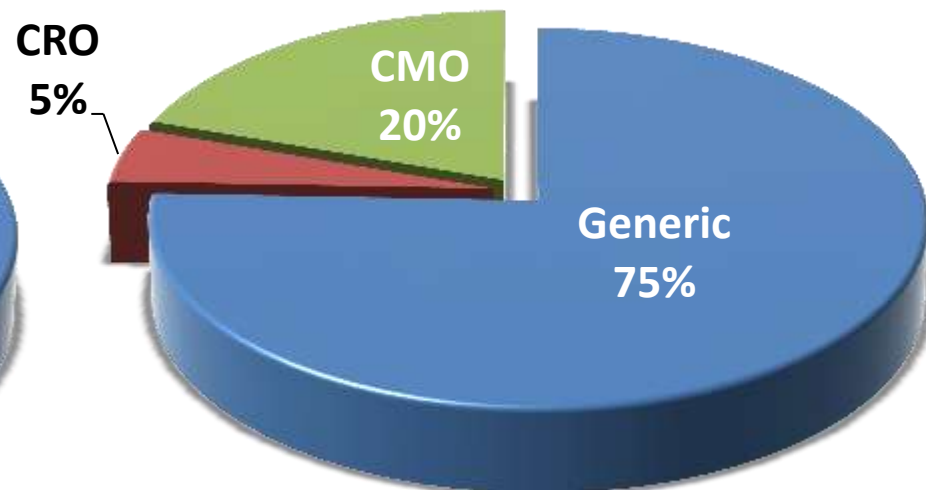
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Sales by Business

2013 Q1

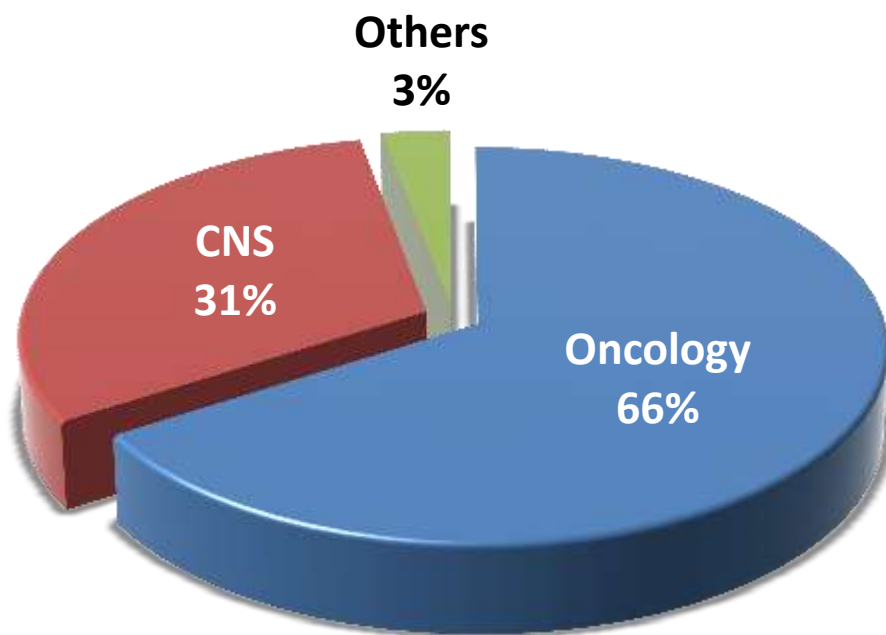


2014 Q1

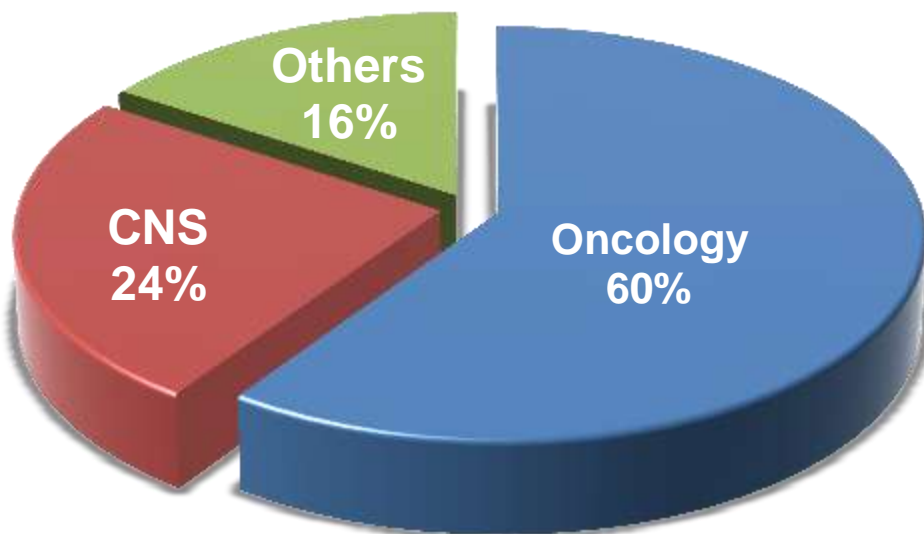


Sales by Indications

2013 Q1

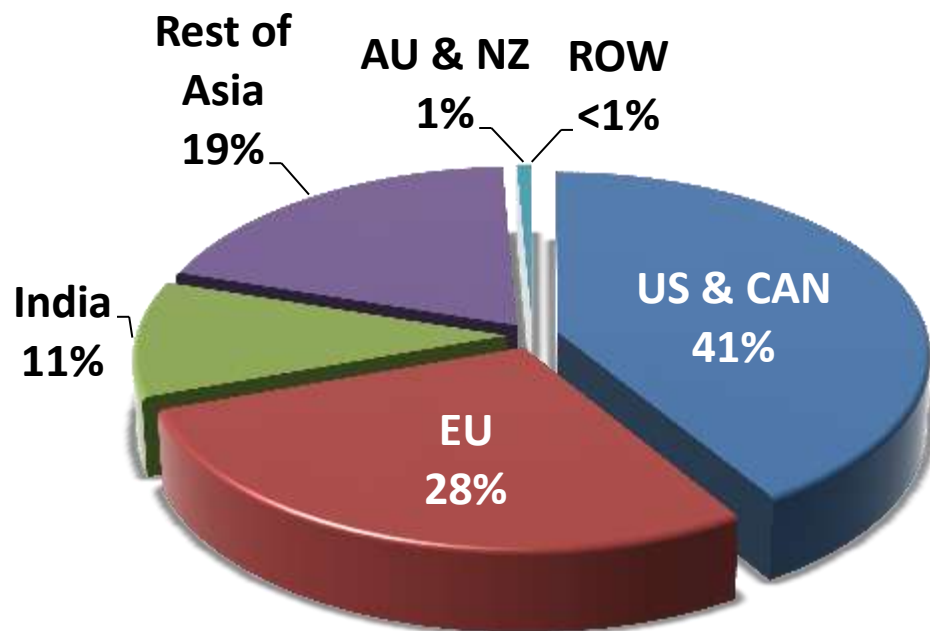


2014 Q1

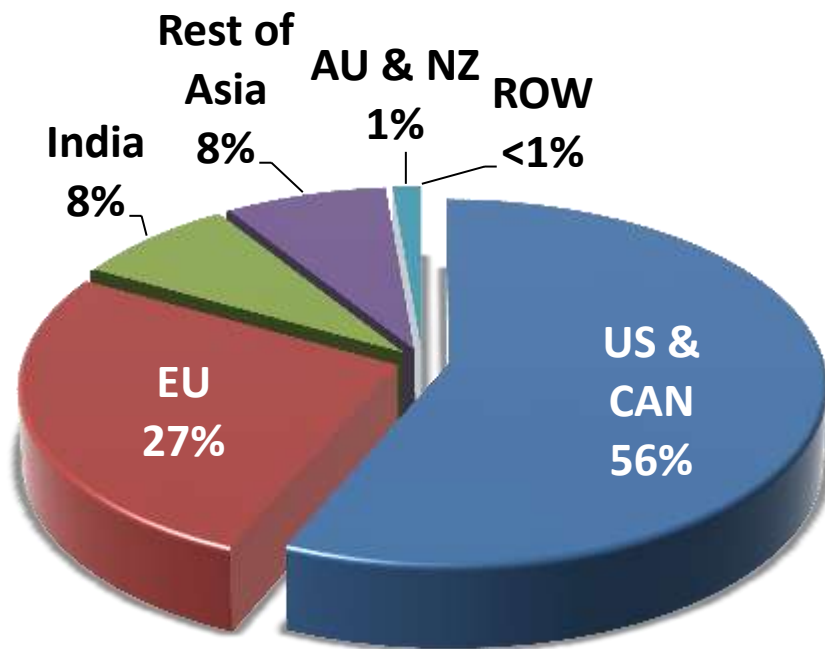


Sales by Region

2013 Q1



2014 Q1



ScinoPharm

Formulation Co-development with Lee's Pharma in China

Background on Lee's



- Listed on HKSE (950.HK), Lee's Pharmaceutical Holdings Limited is a research & production integrated pharma company with over 20 years of operations in China market
- Lee's enjoys strong capabilities in drug development, manufacturing, sales and marketing in China
- Lee's launches 14 drugs and has 30 products in the development pipeline, focused on oncology, ophthalmology, cardiovascular, gynecology and dermatology.



Multiple Drug Co-development with Lee's

- ScinoPharm provides comprehensive API portfolio, while Lee's operates strong drug product marketing channels in China. A win-win solution for both parties
- ScinoPharm and Lee's have signed collaboration contracts to explore China market for the following products:
 - Fondaparinux Sodium (anti-thrombotic)
 - Travoprost (glaucoma)
 - Bimatoprost (glaucoma)

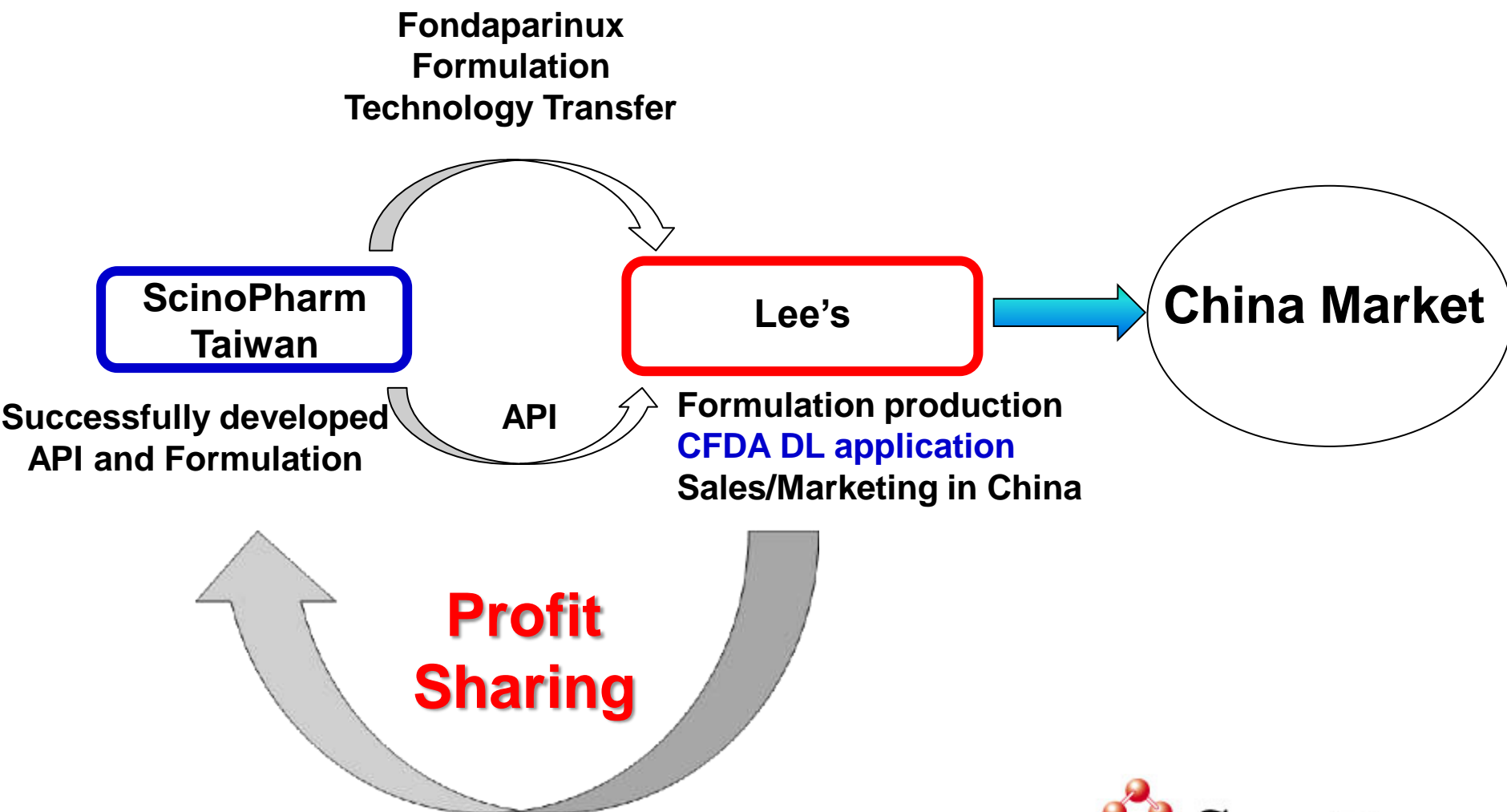


Cooperation Scheme (1)

Fondaparinux Sodium

- ScinoPharm Taiwan will provide API and formulation technology to Lee's for production and sales in China exclusively
- Lee's will be responsible for applying drug license from CFDA and sell drug product in China
- Profits will be shared by ScinoPharm & Lee's

Cooperation Flow Chart (1)



ScinoPharm

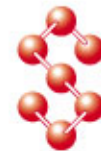
Market Info: Fondaparinux Sodium

- Fondaparinux is an anticoagulant that helps prevent the formation of blood clots caused by orthopedic surgery of the lower limbs
- Its market value in China estimated to exceed RMB500 million (US\$ 80MM) in 2013
- The chemical synthesis of this carbohydrate-based drug is extremely complicated with 50+ chemical steps. ScinoPharm is one of the few firms worldwide with a complete technical and scaled-up material supply chain for this API.

Cooperation Scheme (2)

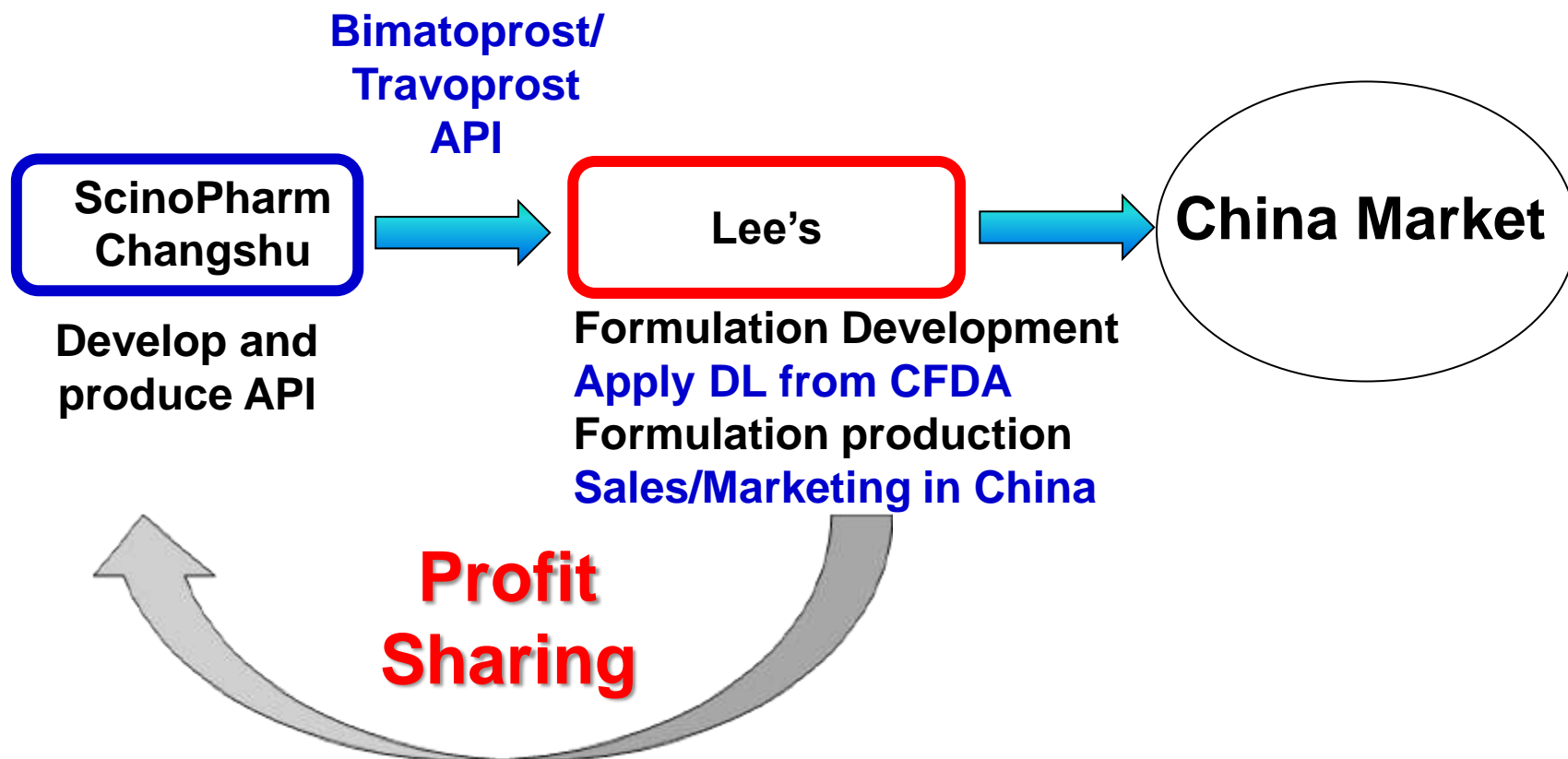
Travoprost & Bimatoprost

- The above two APIs will be manufactured by ScinoPharm Changshu and provided to Lee's exclusively for FDF production
- Lee's can only buy APIs from ScinoPharm and will apply drug licenses from CFDA for sales in China
- Profits will be shared by ScinoPharm & Lee's



ScinoPharm

Cooperation Flow Chart (2)




***Potential to trigger CFDA's inspection at ScinoPharm Changshu**

Market Info: Travoprost & Bimatoprost

- These two new generation prostaglandin derivatives for glaucoma have shown good clinical results in IOP-lowering effect, which can effectively prevent disease deterioration. ~10 MM glaucoma patients are in China now
- Per Lee's intelligence, the Chinese market value of glaucoma drugs and prostaglandin derivative products may reach RMB 10 billion (US\$1.6Bn) and RMB 5 billion (US\$800MM), respectively, by 2018

2014 Product Launch Plan

2014 Product Launch Plan

API	Region	Indications	Brand Marketer	Regional Sales	WW Sales
Azacitidine	US	MDS, Anti-cancer	Celgene	US\$358MM*	US\$818 MM*
Dantrolene (injectable)	US	Malignant hyperthermia	JHP Pharmaceuticals	US\$20 MM*	US\$46 MM*
Decitabine	US	MDS, AML Anti-cancer	Eisai	US\$250 MM*	US\$289 MM*
Docetaxel trihydrate	JP	Anti-cancer	Sanofi Aventis	US\$180 MM** (Taxotere)	US\$1,422 MM*
Entecavir	TW	Hepatitis B virus	BMS	US\$67 MM***	US\$1,413 MM*
 Riluzole (liquid)	EU	Amyotrophic lateral sclerosis	Sanofi Aventis	US\$66 MM*	US\$187 MM*
Zoledronic acid	JP	Osteoporosis	Novartis	US\$120 MM***	US\$1,361 MM*

Source: * IMS Data (Year 2013)

** Datamonitor

***In-house research



Launched



ScinoPharm



Brand Quality with Asian Advantages

www.scinopharm.com