



ScinoPharm Management Presentation

Jo Shen, Ph.D., President & CEO

September 9, 2011



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 material 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 Content

Overview of ScinoPharm

Industry Overview

Key Strengths and Strategy

Financial Performance

Outlook





Overview of ScinoPharm

Background

- Established in 1997 in Taiwan by founders from Syntex, total capitalization ~ US\$200MM
- Major investors 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



Mission

- **Maintain dominant position in Specialty API for generic market**
- **Provide API custom synthesis services to new drug development & brand companies**
 - Process R&D and Clinical Supplies leading to future contract manufacturing opportunities of new chemical entities (“NCEs”)
 - Contract Manufacturing of Mature Products
- **Supplying small molecules, peptides, biopharmaceutical services**
 - High Potency
 - High Technological Barriers
 - Patent Non-infringing



Major Milestones

- 1997 ScinoPharm Taiwan, Ltd. established
- 2000 **cGMP production began in small-scale units**
- 2001 Passed first U.S. FDA site inspection at Taiwan manufacturing site
Established ScinoPharm Kunshan in China and ScinoPharm Biotech
- 2003 First generic API supplied for commercial launch in the U.S.
- 2005 **First NCE API supplied for commercial launch in Europe**
Passed second U.S. FDA site inspection
Awarded the Entrepreneurial Company Award by Frost & Sullivan
- 2007 Passed Australian TGA site inspection in Taiwan
- 2008 **Passed U.S. FDA, Japanese PMDA, Korean FDA & Hungarian NIP site inspections**
- 2009 Established ScinoPharm (Changshu) Pharmaceutical in China
- 2010 **Strategically invested into Tanvex Biologics, Inc.**
Listed on Emerging Stock Market in Taiwan



Company Overview

- Leading high quality API supplier to the Global Pharma and Biotechnology Industry
- Developed ~50 generic APIs with 14 launched, total >550 DMFs registered in more than 60 countries, including 38 in the US
- Diversified Technologies from small molecules to peptides & proteins
- State of the Art Certified Facilities inspected by US FDA and authorities from Japan, Australia, Korea, & EU
- 270+ customers, many with long term supply agreements
- CRO/CMO business to serve 70+ NCE projects, with 5 in phase III, 3 already launched



Company Overview (Continued)

- **Highly experienced management team in pharma and bio industry**
- **Asian cost advantage with world class quality**
- **Stable long term shareholders**
- **Strong Growth and Financial Track Record**
 - **Sales rapidly grew from US\$31MM in '05 to US\$123M in '10**
 - **Profitable since 2006**
 - **US\$60+MM cash on hand, plus ~US\$34M cash from IPO**



World Class Facility

Taiwan

- 330K ft² facilities with 150M³ reactor volume, 6.6 hectares of land with expansion potentials
- US FDA approved & >200 GMP audits by customers
- High potency, injectable grade capabilities
- Custom synthesis business
- Generic API development
- Small molecules, peptides, biopharmaceuticals



China

- 16 Acres new site in ChangShu
- Full synthetic & analytical capabilities
- cGMP designed facility for intermediates & high potent API
- Complete capabilities in API development, and manufacturing from small to large scale to aim for global and China generic as well as CRAM markets



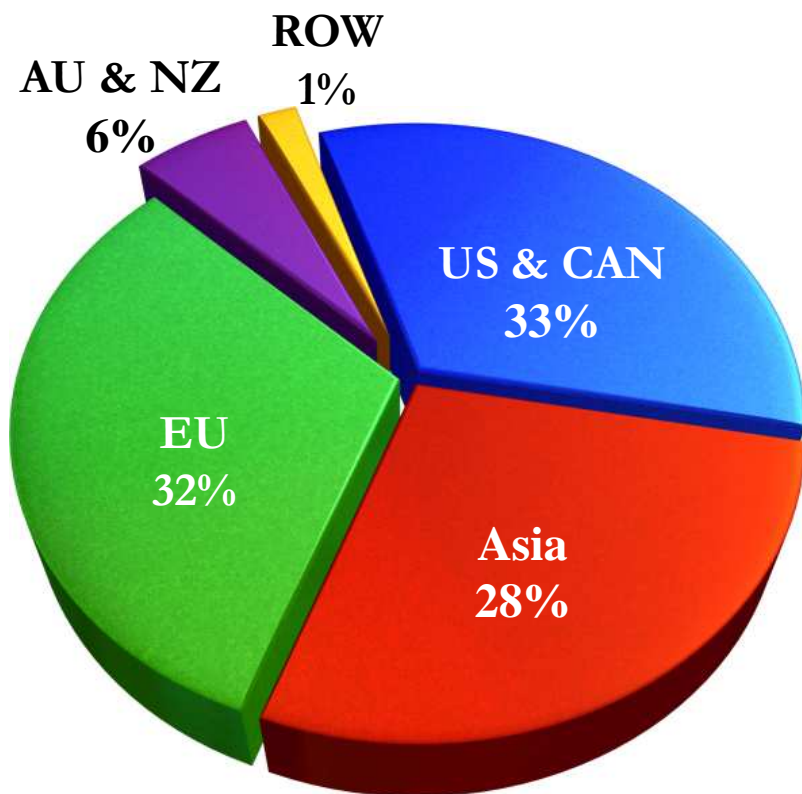
ScinoPharm Biotech



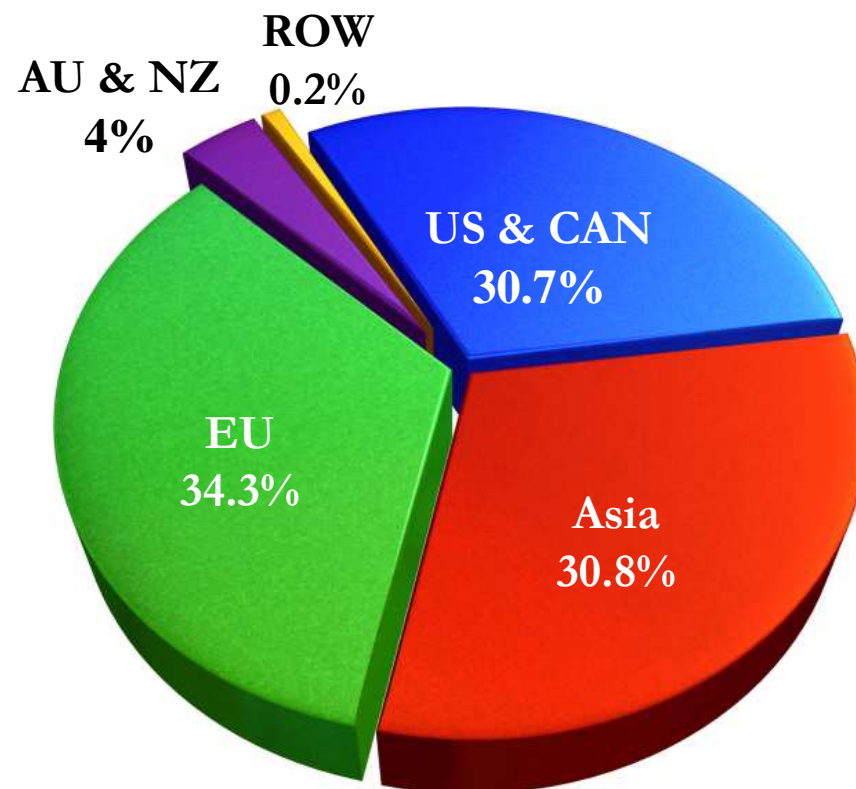
- **Developed lab processes for biosimilars**
- **Host systems includes E. Coli, CHO, Yeast, Insect cells**
- **Full scope development capabilities**
 - Cloning
 - Expression & amplification
 - Fermentation & cell culture
 - Recovery & purification
 - Product characterization
 - Bioassay
- **Invest in Tanvex Biologics, Inc.**
 - A US company registered in the State of Delaware
 - Specializes in the development of biosimilars and biobetters, as well as the provision of contract research and manufacturing services for biologics

Sales by Region

2010



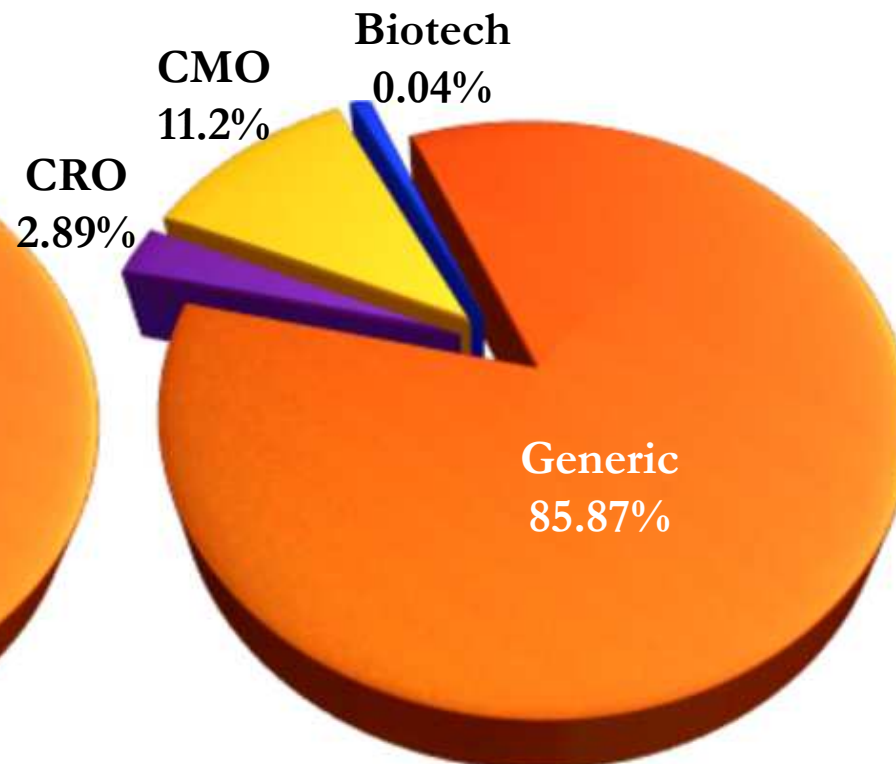
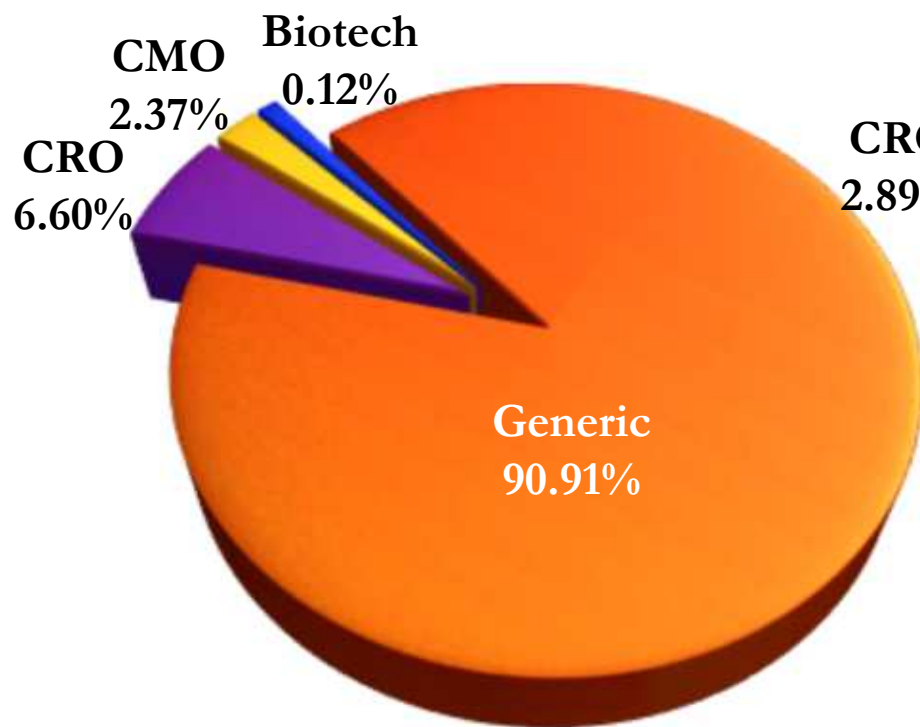
1H2011



Sales by Business

2010

1H2011



The background of the slide features a vibrant, abstract design with flowing, wavy lines in shades of red, orange, and yellow, creating a sense of movement and energy. The colors transition from a deep red at the top to a bright yellow in the center, and then back to a lighter red at the bottom.

Industry Overview

Market Overview and Industry Background

API Market Growing Rapidly

- ~US\$50B in 2013 (growing at 11%/Yr)
- ~5% of total pharma business, US\$842B (growing at 6.4%/yr)
- Large number of products patent expiring, >\$50Billion in sales in next 3 yrs
- Increasing outsourcing of API development for NCEs & Commercial Supplies

Supplier Status

- Out of ~290 US FDA approved “stand-alone” API factories, only ~20 capable of handling high potency/cytotoxic products
- EU SPC prohibits API development prior to patent expiry, pushing sourcing from Asia



Growing Pharmaceutical Outsourcing Trend to Asia

- Lower cost base in Asian countries compared to western counterparts encourages outsourcing
- Proven success in pharmaceutical manufacturing boosts image of Asian countries
- Huge talent pool combined with continuous updating of technology propels outsourcing
- Stricter IP enforcement ensures protection of products and technology





Key Strengths and Strategy

Business Strategies

- **Maintain balance between generic & brand business, non-competing on same product**
- **Provide comprehensive (life-cycle) services to NCE development companies from clinical materials to commercial**
- **Focus on generic APIs with high technological barrier to entry**
- **Provide low cost R&D and manufacturing of early steps in China coupled with high quality, IP-protected GMP production in Taiwan**



Competitive Advantages

- Heavy emphasis on R&D, with 76 patents granted worldwide to 15 inventions
- Combination of cost advantages from China & GMP/IP/EHS compliance in Taiwan
- Rich generic pipeline driven by a large & cost effective R&D infrastructure
- Familiarity with drug development & registration requirements
- Track record of timely and extensive support to customers
- Existence of a repeat broad & global client base



Strong Generics Product Portfolio

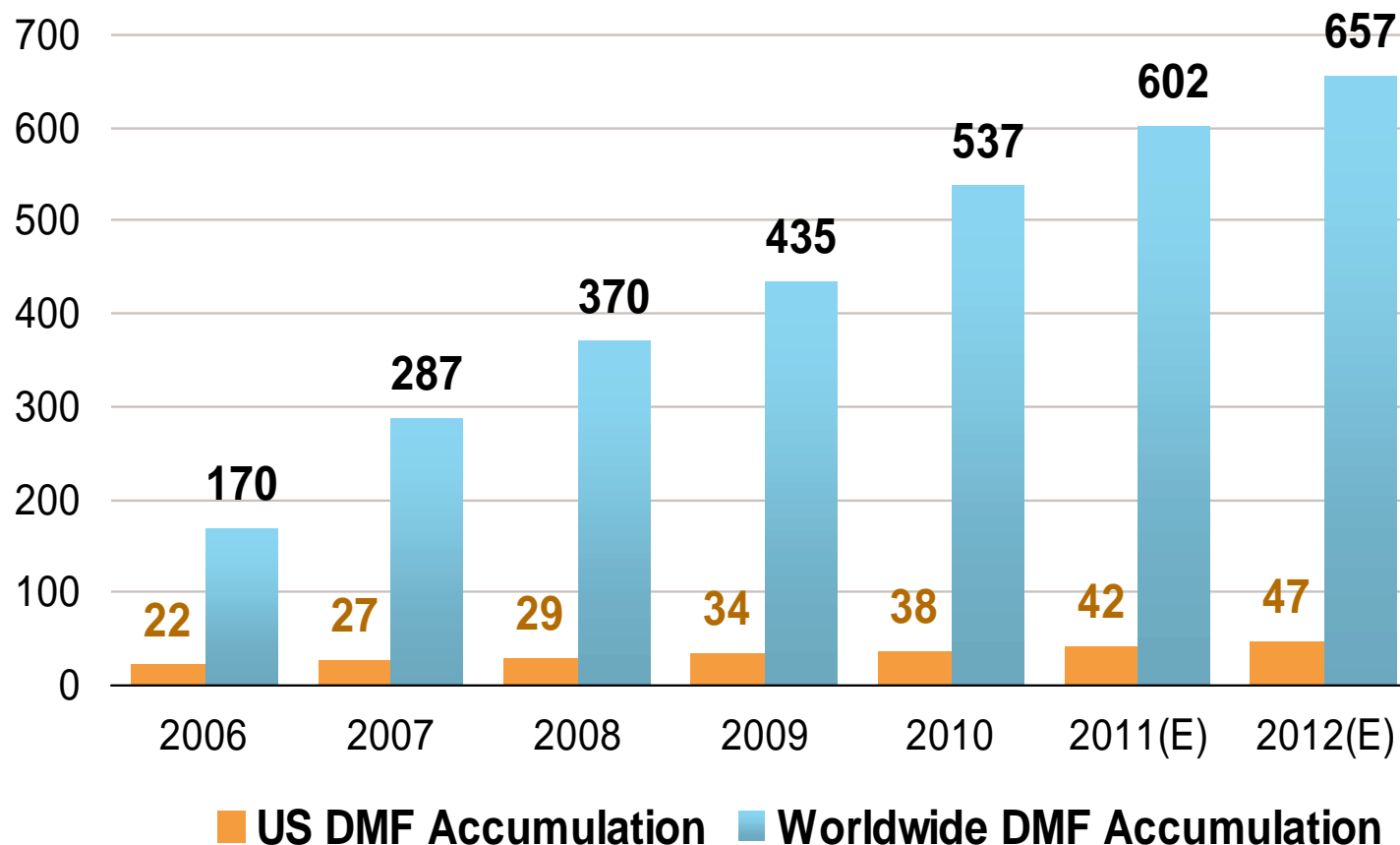
Focus on High Barrier and High Potency Generic API Products

Type	# of Product
Oncological	24
CNS	6
Cardiovascular	2
Hormonal	2
Gastrointestinal	1
Muscle	3
Antiviral	2
Respiratory	1
Peptides	5



Global DMF Filings

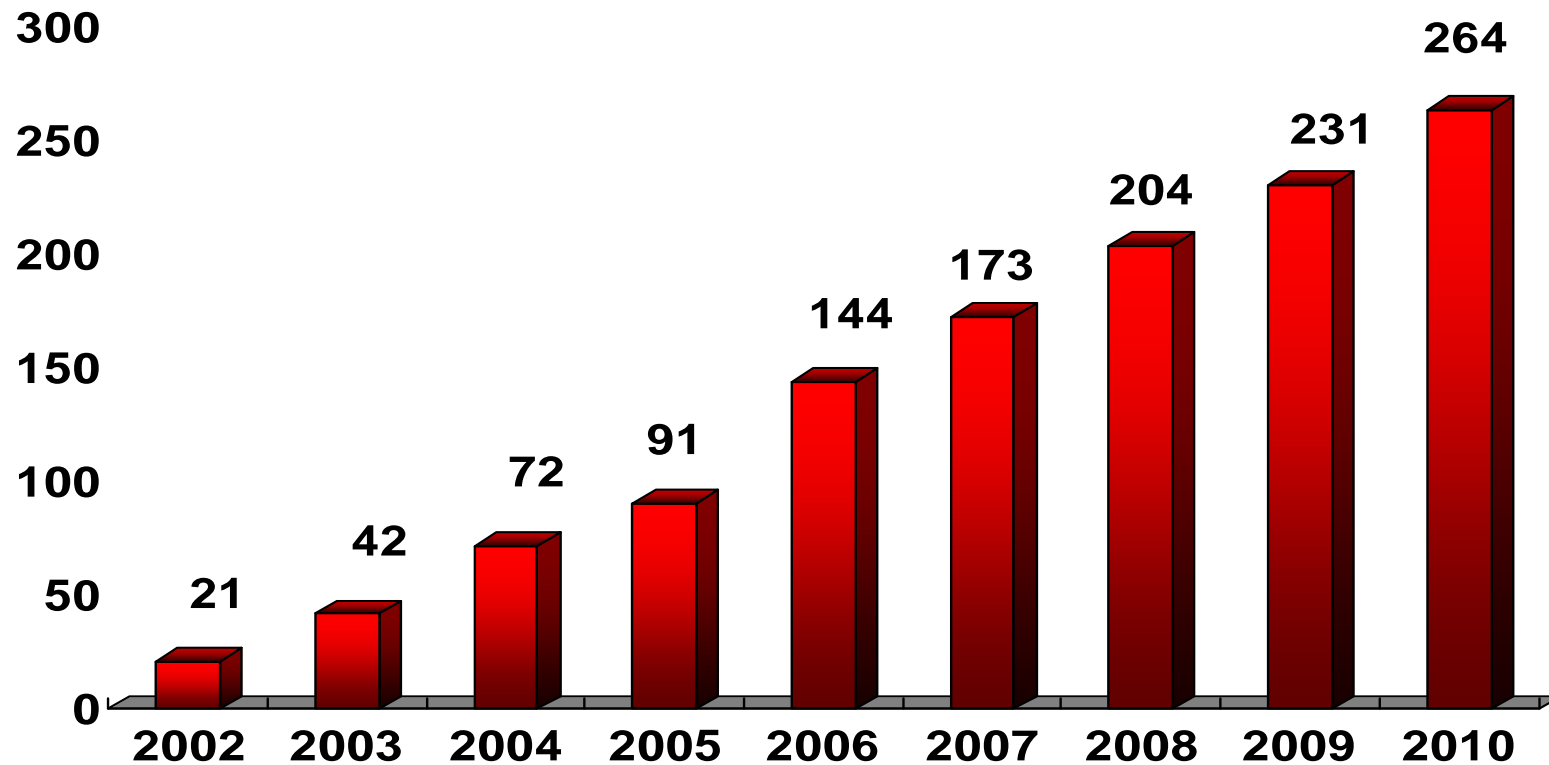
Number of DMF
filed



ScinoPharm's Strengths in R&D and Product Pipeline are Well Demonstrated by the Annual and Cumulative Number of DMF Filings Globally

Strong and Broad Customer Base

Total # of customers





Financial Performance

P&L

All amounts in New Taiwan dollar millions unless otherwise stated

	FY 2008		FY 2009		FY 2010		1H 2011	
Net Sales	3,145	100%	3,791	100%	3,887	100%	1,759	100%
COGS	1,563	50%	1,912	51%	1,947	50%	916	52%
Gross Profit	1,582	50%	1,879	49%	1,940	50%	843	48%
SG&A Expense	572	18%	691	18%	744	19%	349	20%
Operating Income	1,010	32%	1,188	31%	1,196	31%	494	28%
Non-Operating Income	76	2%	36	1%	107	3%	30	2%
Non-Operating Income	171	5%	119	3%	118	3%	49	3%
Profit before Tax	915	29%	1,105	29%	1,185	31%	475	27%
Taxation	43	1%	64	2%	145	4%	76	4%
Profit after Tax	872	28%	1,041	27%	1,040	27%	399	23%
Earning Per Shares (NT\$)	1.58		1.89		1.81		0.65	



Balance Sheet

All amounts in New Taiwan dollar millions

	2008/12/31	2009/12/31	2010/12/31	2011/06/30
Cash and Cash Equivalents	590	489	1,742	1,795
AR, Inventory and Other Current Assets	1,861	2,023	2,159	2,219
Fixed Assets and Other Assets	3,287	3,288	3,386	3,577
Total Assets	5,738	5,800	7,287	7,591
AP and Other Current Liabilities	434	659	584	548
Long-term Liabilities and Other Liabilities	1,865	669	26	26
Total Liabilities	2,299	1,328	610	574
Stockholders' Equity	3,439	4,472	6,677	7,017
Total Liabilities and Stockholders' Equity	5,738	5,800	7,287	7,591





Outlook

Outlook

- Continue developing small molecule oncological injectable APIs to sustain our current leadership position
- Expand into other areas with high technology barriers including Peptides and Biopharmaceutical for both generic APIs as well as CRAMs business
- Continue to launch already developed and registered products through existing customers base, ~25 new products in 5 years
- Expand sales territory with special focus on Japan and China
- Expand R&D as well as production capacity in Taiwan & China





Brand Quality with Asian Advantages

www.scinopharm.com

