



# ScinoPharm Management Presentation

TWSE 1789

September, 2013



ScinoPharm

# 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**

**Financial & Operating Results**

**Oncology Market Trend**

**Progress Made in Japanese Market**

**Business Outlook**

# 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 on TWSE, current market cap ~ US\$1.8 billion
- 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) & injectable APIs
- Expanding in China with a new plant in Changshu & sales & marketing base in Shanghai



# Business Overview

- Maintain dominant position in Specialty APIs for generic market. Strong customer base (320+) in US/EU/Japan, some through Indian generics. Aggressively developing Japan and China markets
- Developed ~60 generic APIs with 22 launched. Filed 44 DMFs in US (647 DMFs WW), leader in supplying oncology injectable APIs with 20 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 APIs for multiple commercial NCEs



# World Class Facilities

## Taiwan (SPT)

- 6.6 hectares of land, 330K sq. ft. facilities with  $>200\text{M}^3$  reactor volume
- 8 of 18 production lines equipped with high potency capabilities for cytotoxics or steroids
- US FDA approved & 200+ GMP audits by customers
- Provides full CRAMs for brand drugs
- Building an oncological injectable plant
- Global market

## China (SPC)

- 6.6 hectares of land with  $\sim 250\text{M}^3$  reactor volume
- 1<sup>st</sup> phase completed in Q1, 2012  
2<sup>nd</sup> phase to be completed in Q4, 2013
- CGMP designed facility for intermediates & high potency API
- Full scope capabilities in developing and manufacturing APIs from small to large scale for generic & CRAM markets
- Global market including China

	Common Strength	Differentiators
Taiwan vs China Plant	<ul style="list-style-type: none"> <li>■ Same sizable land area</li> <li>■ Complied with int'l GMP &amp; EHS standards for global market</li> <li>■ Strong R&amp;D capabilities</li> <li>■ Multi-functional plants, able to produce high potency APIs</li> <li>■ Small, mid, to large lines</li> </ul>	<ul style="list-style-type: none"> <li>■ Different reactor chamber volumes (<math>200\text{M}^3</math> in SPT vs. <math>250\text{M}^3</math> in SPC)</li> <li>■ SPC mainly for large volume</li> <li>■ SPT focusing on global export; SPC on China domestic market</li> <li>■ SPT with an injectable plant</li> </ul>

# Financial & Operating Results



# Quarterly P&L - Consolidated

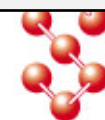
In NT\$ million, except for EPS	2Q,'13 (Reviewed)	1Q,'13 (Reviewed)	2Q,'12 (Reviewed)	QoQ	YoY
Net Sales	1,339	1,186	913	13%	47%
Gross Profit	724	655	437	11%	66%
<i>Gross margin</i>	<i>54%</i>	<i>55%</i>	<i>48%</i>		
Operating Expenses	(267)	(267)	(238)	0%	12%
Operating Income	457	388	199	18%	130%
<i>Operating margin</i>	<i>34%</i>	<i>33%</i>	<i>22%</i>		
Other Rev.(Exp.)	11	19	1	-42%	1000%
Net Income before Tax	468	407	200	15%	134%
Net Income after Tax	406	350	176	16%	131%
<i>Net margin after tax</i>	<i>30%</i>	<i>30%</i>	<i>19%</i>		
EPS (after tax)	0.62	0.54	0.27	15%	130%



ScinoPharm

# Half Year P&L - Consolidated

In NT\$ million, except for EPS	1H,'13 (Reviewed)	1H,'12 (Reviewed)	YoY
Net Sales	2,524	1,884	34%
Gross Profit	1,379	961	43%
<i>Gross margin</i>	<i>55%</i>	<i>51%</i>	
Operating Expenses	(534)	(478)	12%
Operating Income	845	483	75%
<i>Operating margin</i>	<i>33%</i>	<i>26%</i>	
Other Rev.(Exp.)	30	7	329%
Net Income before Tax	875	490	79%
Net Income after Tax	756	423	79%
<i>Net margin after tax</i>	<i>30%</i>	<i>22%</i>	
EPS (after tax)	1.16	0.65	78%



ScinoPharm

# Balance Sheet- Consolidated

In NT\$ million	2013/6/30 (Reviewed)		2012/6/30 (Reviewed)	
Cash and Cash Equivalents	3,379	29%	2,972	30%
Accounts Receivable	870	7%	732	7%
Inventories	2,288	20%	2,022	21%
Long-Term Investments	273	2%	168	2%
Fixed Assets	3,897	33%	3,080	31%
Total Assets	11,702	100%	9,849	100%
Current Liabilities	2,527	22%	1,444	15%
L-T Liabilities and Others	66	-%	64	-%
Stockholders' Equities	9,109	78%	8,341	85%

# Cash Flows- Consolidated

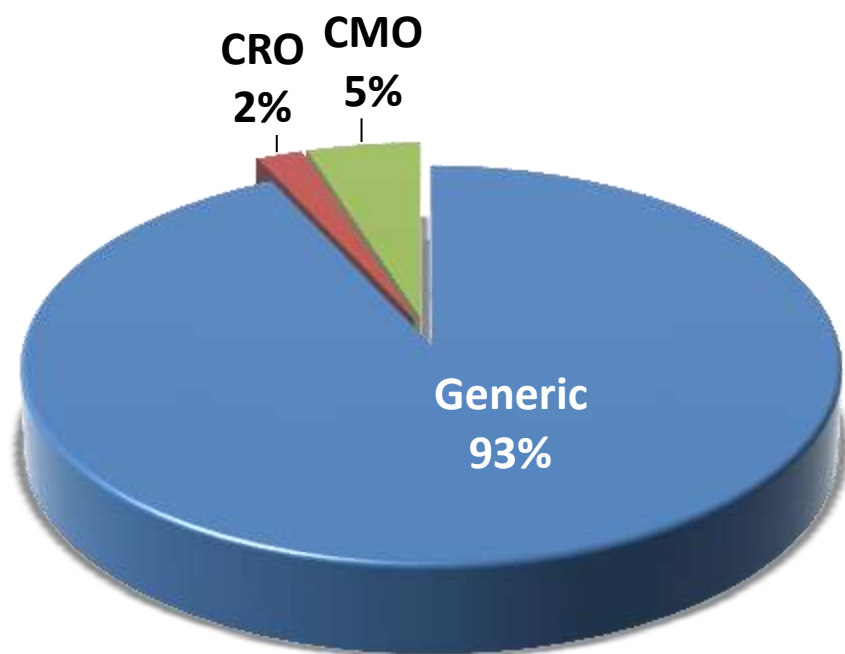
In NT\$ million	1H 2013 (Reviewed)	1H 2012 (Reviewed)
Cash and cash equivalents at beginning of period	3,035	3,294
Cash flows from operating activities	456	61
CAPEX	(506)	(378)
Long-term Investment	(107)	-
Short-term borrowings	491	-
Others	10	(5)
Cash and cash equivalents at end of period	3,379	2,972



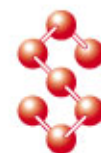
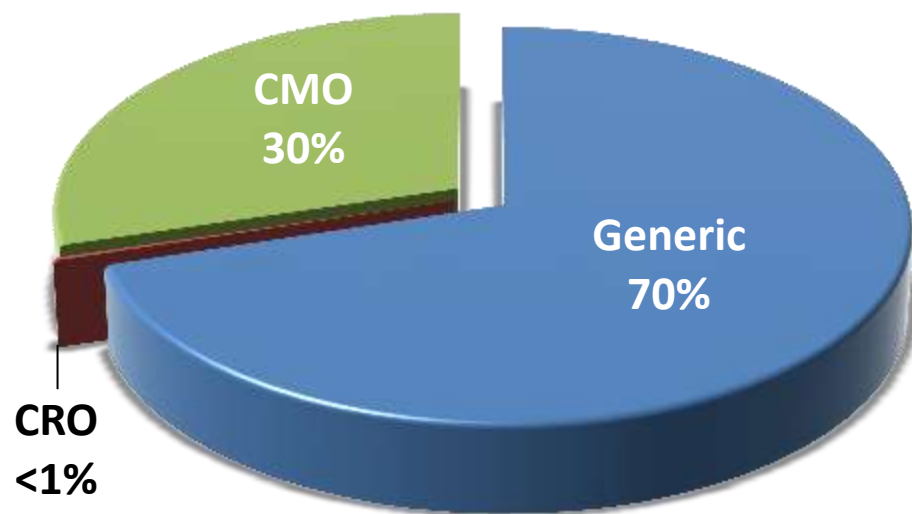
ScinoPharm

# Sales by Business

1H 2012



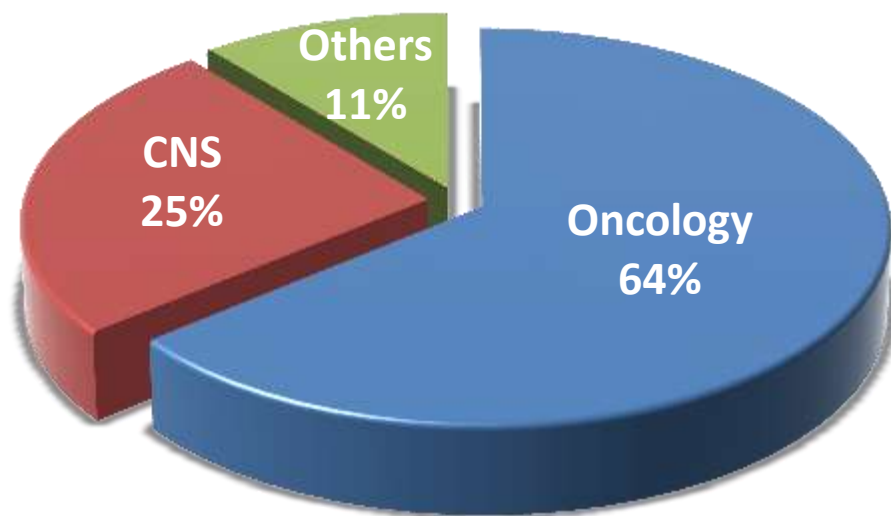
1H 2013



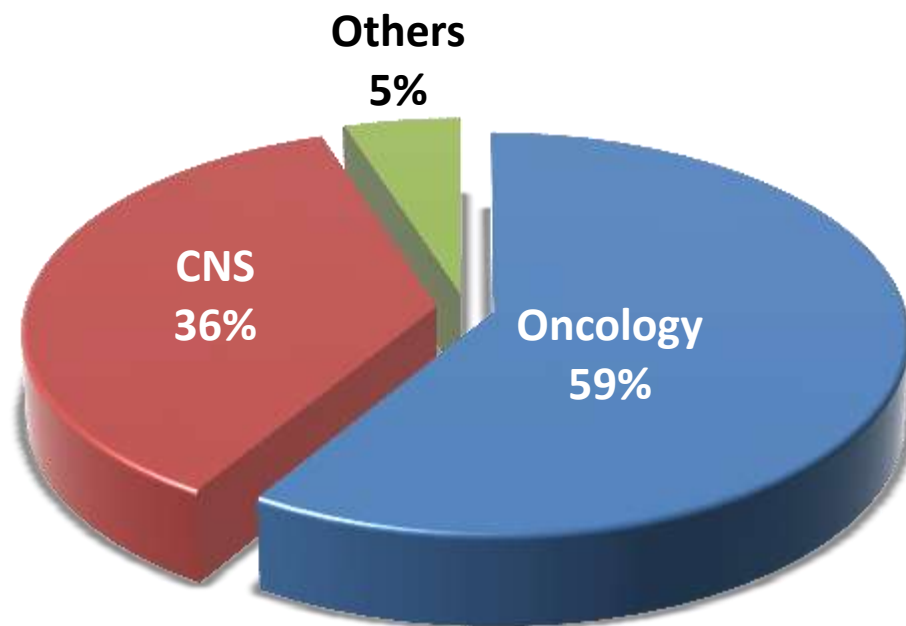
ScinoPharm

# Sales by Indications

**1H 2012**



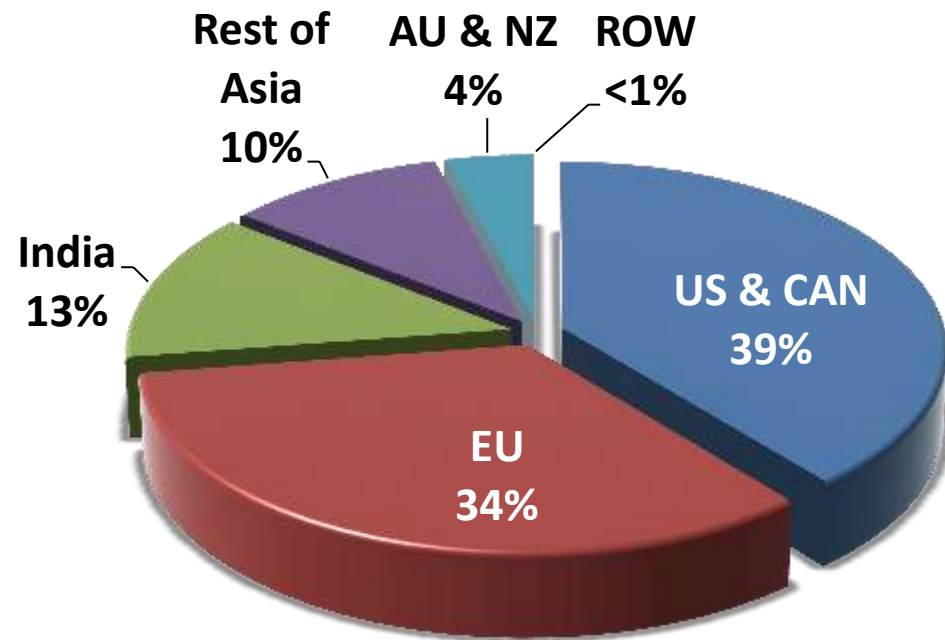
**1H 2013**



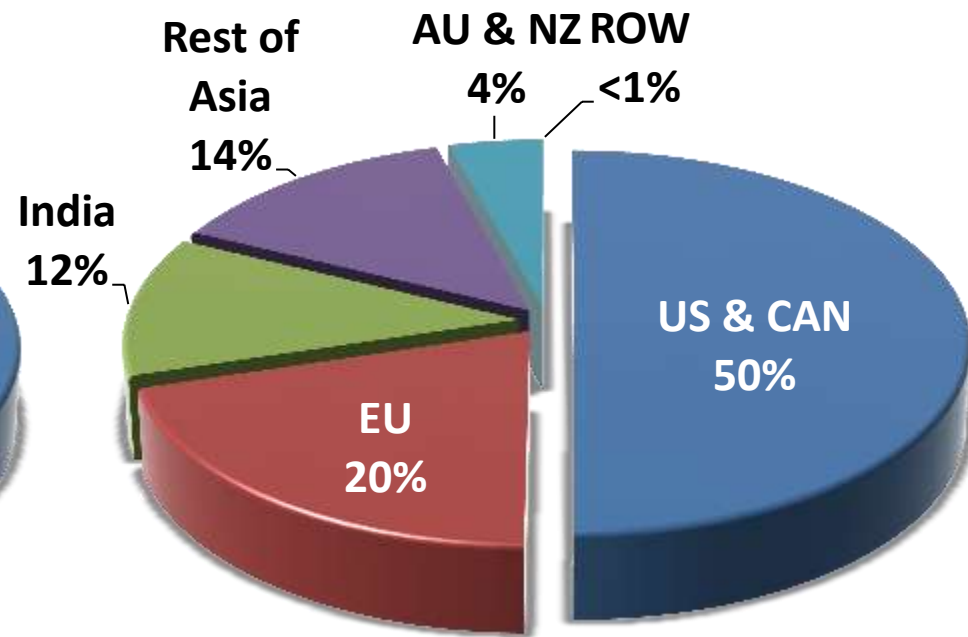
**ScinoPharm**

# Sales by Region

**1H 2012**



**1H 2013**



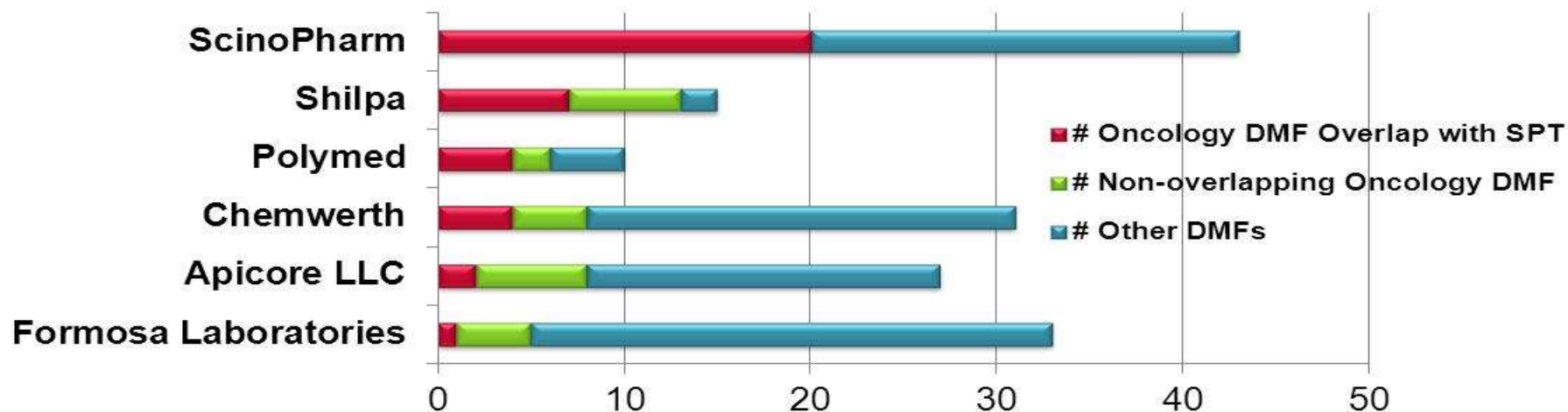
ScinoPharm

# Oncology Market Trend

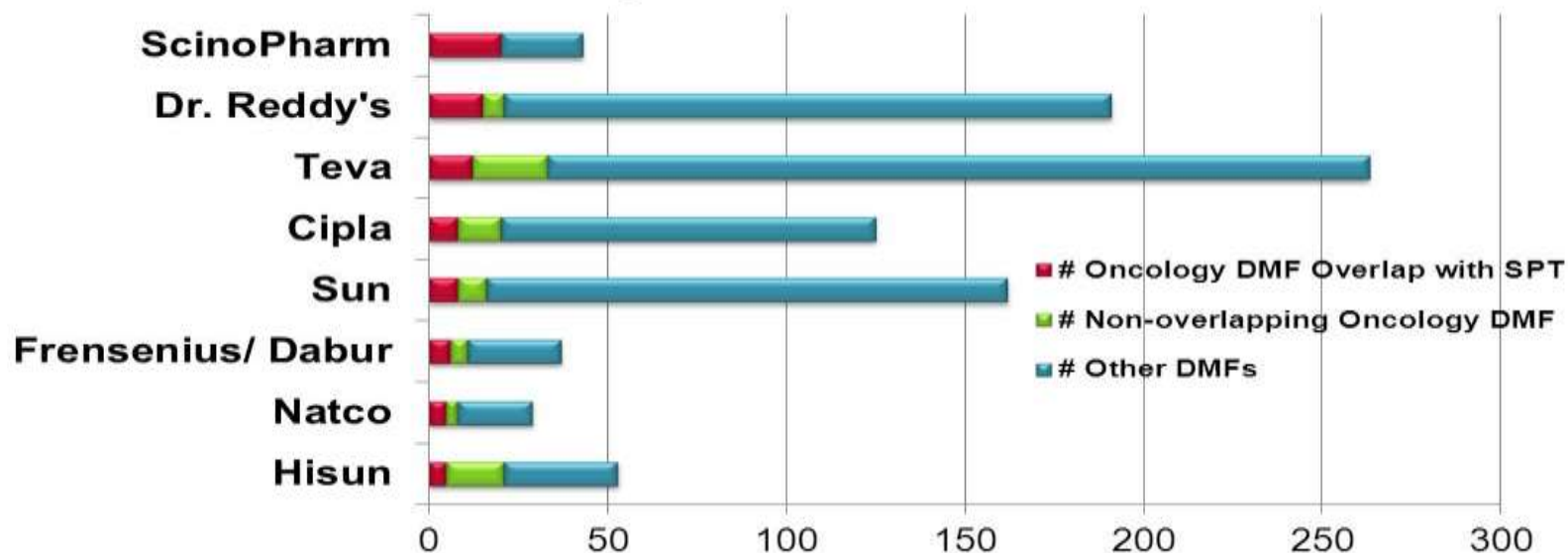


# ScinoPharm - Oncological API Leader

## Stand-Alone API Companies



## Large Generic Pharmas



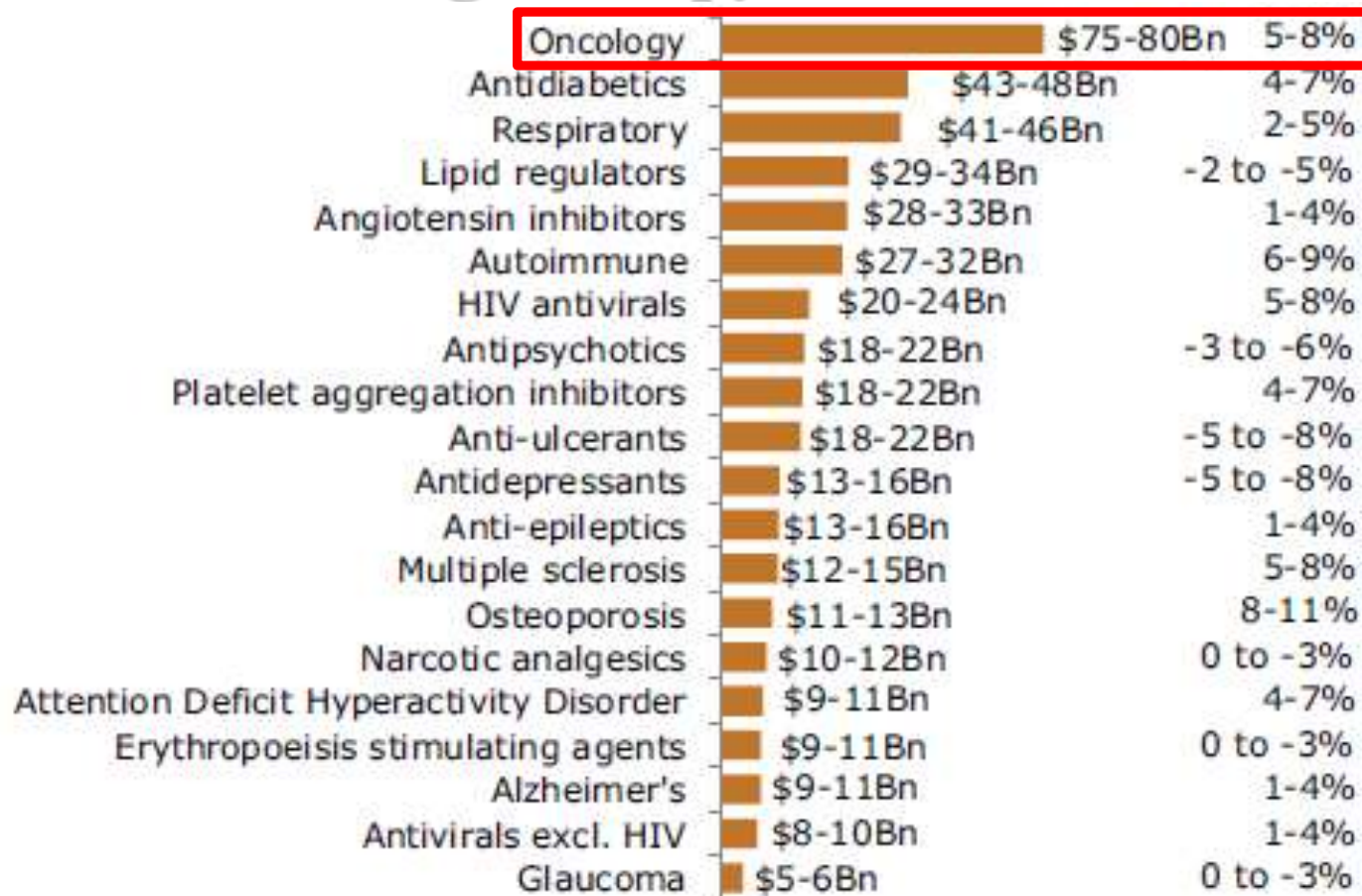
# Key Facts about Oncology Market

- Cancer is the leading cause of death, accounting for 7.6 million deaths worldwide (around 13% of all deaths) in 2008
- Deaths from cancer worldwide are projected to keep rising to over 13.1 million in 2030
- The global oncology market reached US\$62.2 billion in 2011 (CAGR: 5.5%), driven by the growing pharmerging markets
- The oncology market will continue to grow to \$75-80 billion by 2015, due to targeted therapeutics, earlier detection, longer treatment duration, and extended indications

# Market Value by Therapeutics

- Oncology drug market value to reach \$75-80bn in 2015

## Leading Therapy Classes in 2015

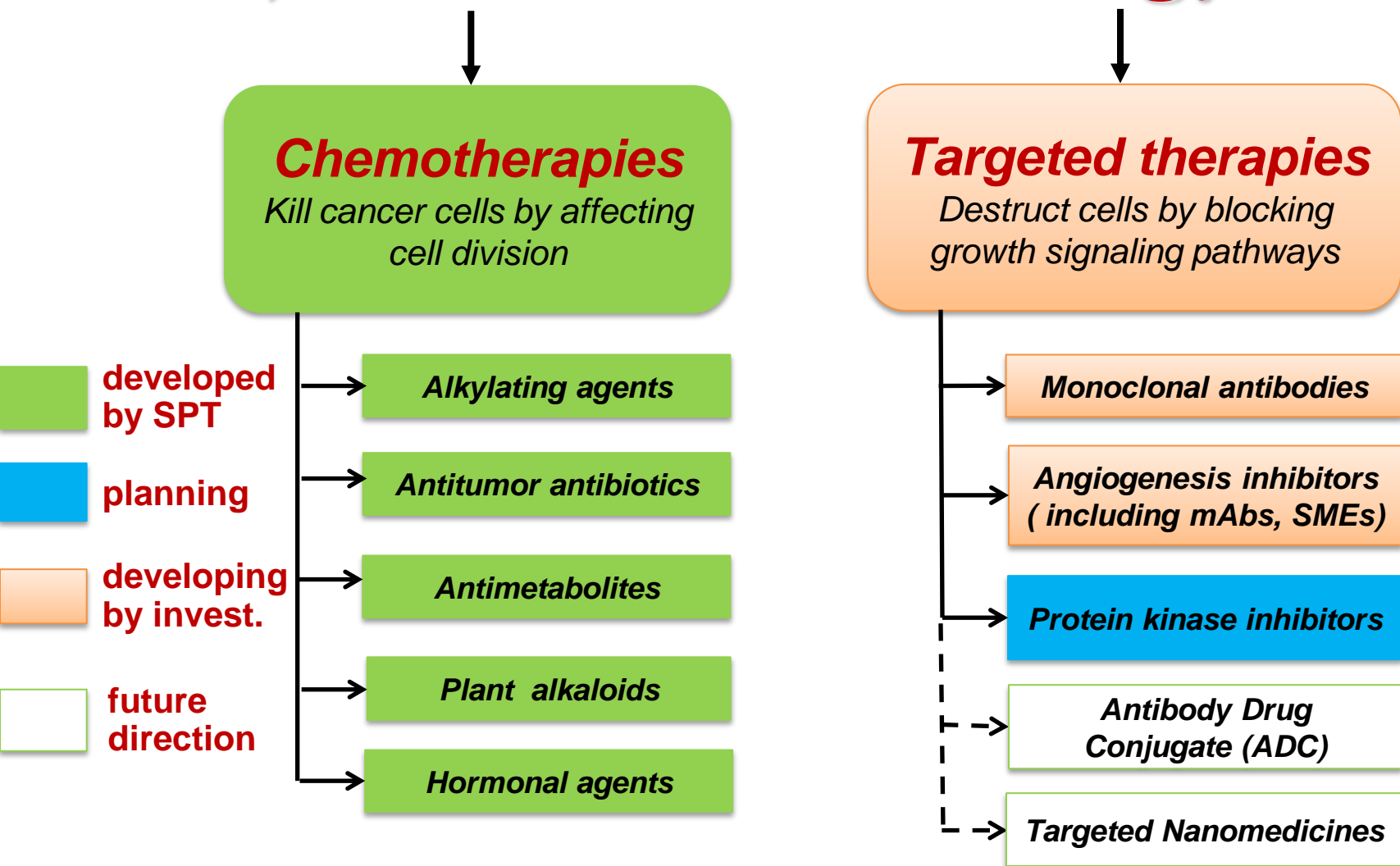


Source: The Global Use of Medicines: Outlook Through 2016, IMS, Jul 2012



ScinoPharm

# Major Classes of Oncology Drugs



ScinoPharm development pipeline is focused on targeted therapy drugs



# **Progress Made in Japanese Market**

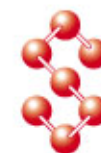
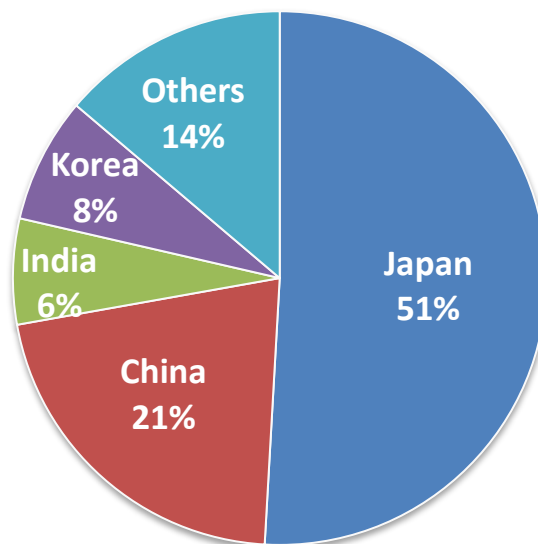
# Continued API Growth in Asia

- Asia is the global third largest regional market for APIs only next to North America and Europe

2005-2011 : CAGR ~ 9.1%

2011-2017 : CAGR ~ 8.5% (vs. 7.4% WW)

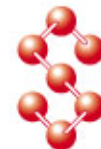
- API Market Share in Asia by Country in 2011



ScinoPharm

# Japanese Generics Landscape

- The second largest market next to the US, presenting a significant growth potential in generics
- Japanese government aims to lift the generic volume penetration rate from current 25% to 60% by 2018
- Most domestic demand of generic APIs depends on imports, especially for oncology injectable drug
- Japanese government requires high quality APIs manufactured under stringent GMP norms. Japanese customers prefer one-stop-shop service (from API manufacturing to dosage form) from Taiwan



ScinoPharm



# Target Top Tier Japanese Firms

## Top Generic Companies

## 2012 Sales (Million Yen)

Nichiiko	77,740
Teva	70,000
Sawai	67,600
Towa	48,720
Nipro	42,550
Nippon Kayaku	28,510
Daito	27,100
Shiono Chemical	25,300
Fuji Pharma	21,620

## Top 5 Brand name Companies

## 2012 Sales (Million Yen)

Takeda	1,508,900
Astellas	969,400
Daiichi Sankyo	938,700
Otsuka (Taiho)	782,200
Eisai	648,000

- ScinoPharm's main target customers include tier 1 generic and new drug co.'s. 12 out of the top 14 drug companies have partnered with us.
- Our customers' market shares are high and stable.





# Growing Customer Base in Japan

- Our Japanese customers will be over 10 by 2013
- Target to be a vital API supplier to the generic and brand name drug companies in Japan within 3-5 years

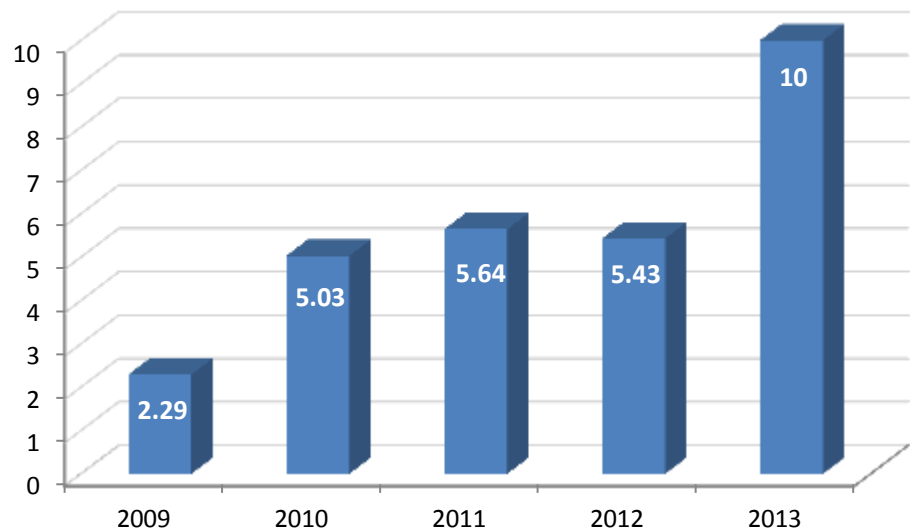
Year	2006	2007	2008	2009	2010	2011	2012	2013 (E)	2014 (E)
# of accumulated customer for R&D	4	7	9	14	19	21	24	26	28+
# of accumulated customer for Commercial Sales	0	0	2	3	3	6	7	10	11+

# Booming Market Presence in Japan

- As the first Taiwanese API company qualified by PMDA, ScinoPharm aims to capitalize on its qualified APIs and formulation business
- With **Anastrozole**、**Docetaxel**、**Exemestane**、**Gemcitabine HCl**、**Irinotecan HCl**、**Isoconazole**、**Levonorgestrel** and **Paclitaxel** marketed in Japan, one of which has gained more than 90% market share, we are expecting a wider presence with **2 additional items** in our portfolio next 1~2 year

## ScinoPharm's Sales Growth in Japan

Unit: USD M



ScinoPharm

# ScinoPharm Japan Office

## Strategic Goals

- JD MF registration and management
- API regulatory support for customers importing dosages to Japan
- Contacts for Japanese agents and customers
- Market research and intelligence collection
- Business support for future formulation products



ScinoPharm

# Business Outlook

# 2013 Product Launch Plan

API	Region	Indications	Brand Marketer	Regional Sales	WW Sales
Azacitidine	US	MDS, Anti-neoplastic	Pharmion	US\$331.3MM*	US\$729.7MM*
Decitabine	US	MDS, Anti-neoplastic	MGI Pharma	US\$238.0MM*	US\$249.1MM*
✓ Docetaxel Anhydrous	JP	Anti-neoplastic	Sanofi Aventis	US\$236.9MM**	US\$2,051MM*
✓ Modafinil	US	Antinarcoclepsy	Cephalon	US\$1,219MM*	US\$1,319MM*
✓ Paclitaxel	JP	Anti-neoplastic	Bristol Myers	US\$307.1MM**	US\$1,654MM*
✓ Riluzole	US	ALS	Sanofi Aventis	US\$55.0MM*	US\$237.1MM*
Topiramate	US	Seizures	Customer	NDA ( FDA tentative approval)	

Source: \* Newport/IMS Data  
 \*\*In-house research

✓ Launched



# CRAM Business Updates

- One CMO new drug has obtained another FDA approval to treat HAP (Hospital Acquired Pneumonia), in addition to its original skin infection indication
- ScinoPharm Changshu has formed a strategic alliance with Sundia MediTech Co. (a Shanghai-based CRO) to combine their NCE R&D capabilities and our CGMP manufacturing facilities to strive for Chinese local and int'l CRAMS business opportunities



# Outlook

- 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 difficult-to-make APIs to formulate dossiers and build an oncology injectable plant to provide value-added total solution to customers





## Brand Quality with Asian Advantages

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