



ScinoPharm Management Presentation

TWSE 1789

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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 on TWSE, current market cap ~ US\$1.5 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 (300+) in US/EU/Japan, some through Indian generics. Aggressively developing Japan and China markets
- Developed ~60 generic APIs with 21 launched. Filed 43 DMFs in US (631 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

- 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

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



Financial & Operating Results

Quarterly P&L - Consolidated

In NT\$ million, except for EPS	4Q,'12 (Unaudited)	3Q,'12 (Reviewed)	4Q,'11 (Audited)	QoQ	YoY
Net Sales	1,404	1,284	1,130	9%	24%
Gross Profit	684	640	597	7%	15%
<i>Gross margin</i>	<i>49%</i>	<i>50%</i>	<i>53%</i>		
Operating Expenses	(291)	(257)	(251)	13%	16%
Operating Income	393	383	346	3%	14%
<i>Operating margin</i>	<i>28%</i>	<i>30%</i>	<i>31%</i>		
Other Rev.(Exp.)	97	9	27	1039%	264%
Net Income before Tax	490	392	373	25%	31%
<i>Net margin before tax</i>	<i>35%</i>	<i>31%</i>	<i>33%</i>		
EPS (before tax)	0.79	0.61	0.63	30%	25%

Note: EPS based on weighted average # of outstanding shares



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FY P&L - Consolidated

In NT\$ million, except for EPS	2012 (Unaudited)	2011 (Audited)	YoY
Net Sales	4,573	3,954	16%
Gross Profit	2,285	1,984	15%
<i>Gross margin</i>	<i>50%</i>	<i>50%</i>	
Operating Expenses	(1,026)	(851)	21%
Operating Income	1,259	1,133	11%
<i>Operating margin</i>	<i>28%</i>	<i>29%</i>	
Other Rev.(Exp.)	113	2	5,867%
Net Income before Tax	1,372	1,135	21%
<i>Net margin before tax</i>	<i>30%</i>	<i>29%</i>	
EPS (before tax)	2.15	1.84	17%

Note: EPS based on weighted average # of outstanding shares



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Balance Sheet- Consolidated

In NT\$ million	2012/12/31 (Unaudited)		2011/12/31 (Audited)	
Cash and Cash Equivalents	3,035	29%	3,294	35%
Accounts Receivable	841	8%	844	9%
Inventories	1,870	18%	1,465	15%
Long-Term Investments	150	1%	172	2%
Fixed Assets	3,790	37%	3,227	34%
Total Assets	10,315	100%	9,480	100%
Current Liabilities	1,189	12%	843	9%
L-T Liabilities and Others	30	0%	28	0%
Stockholders' Equities	9,096	88%	8,609	91%

Cash Flows- Consolidated

In NT\$ million	2012 (Unaudited)	2011 (Audited)
Cash and cash equivalents at beginning of period	3,294	1,908
Cash flows from operating activities	974	1,294
CAPEX	(872)	(761)
Short-term borrowings	264	-
Cash dividends	(631)	(61)
Cash injection	-	957
Others	6	(43)
Cash and cash equivalents at end of period	3,035	3,294

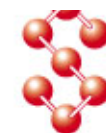
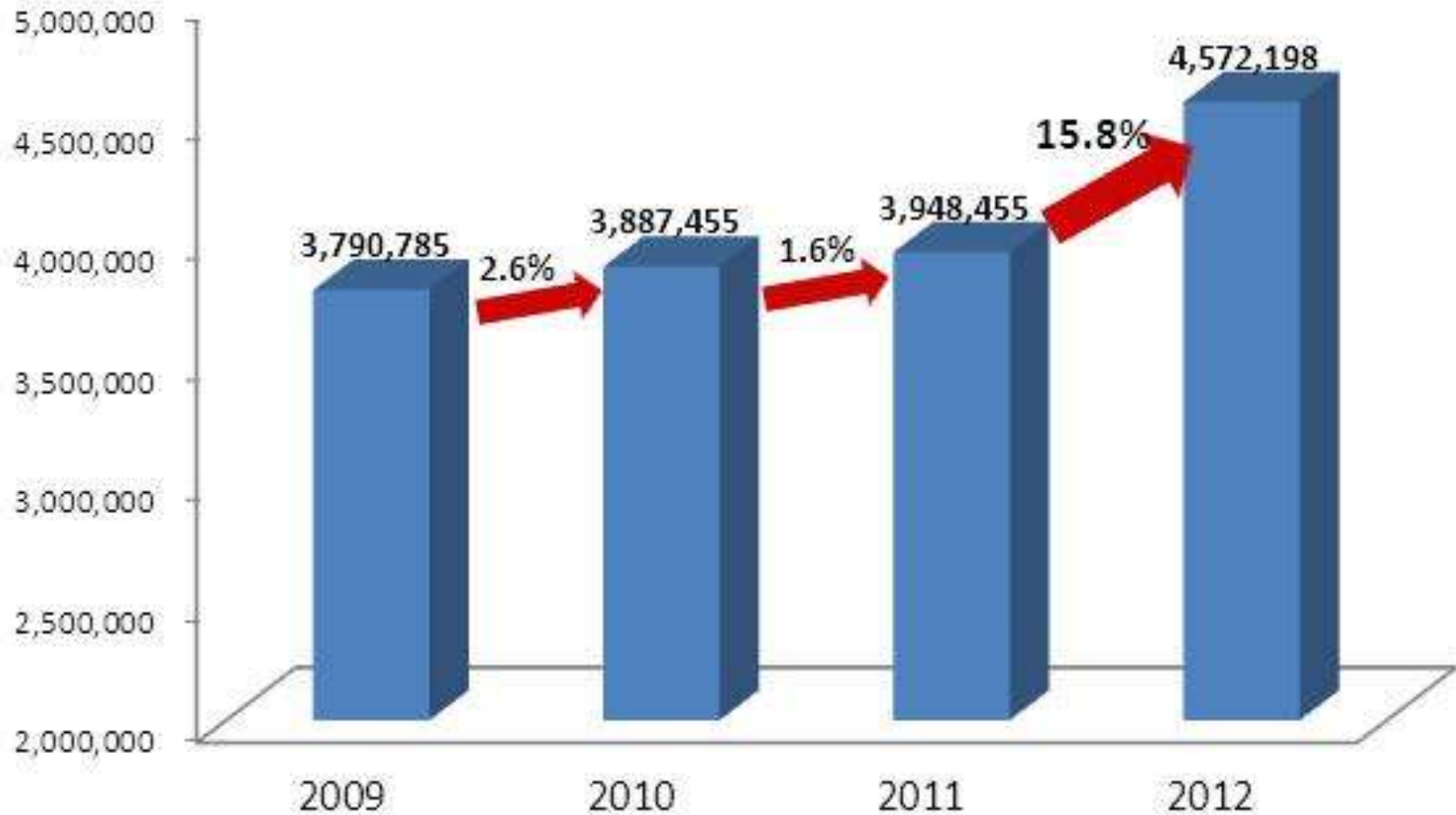


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2012 Sales Growth

(NT\$,000)

Sales Growth



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Production Optimization

- Efficiency Optimized

Production batches increased 16.5%, from 1,553 batches in 2011 to 1,810 in 2012

- Yield Rate Optimized

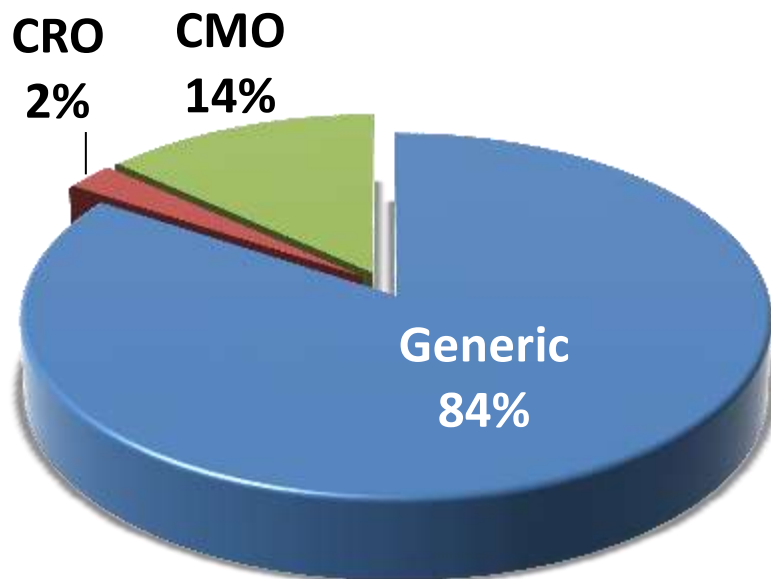
Yield rate improved from 91% in 2011 to 96% in 2012

- Outsourcing

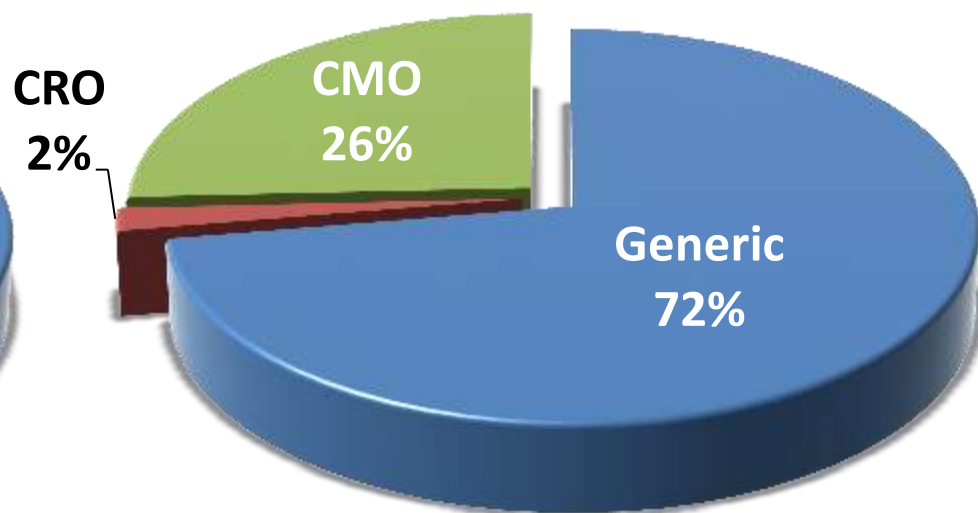
Outsourcing's contribution was equivalent to 1.5 production lines

Sales by Business

2011

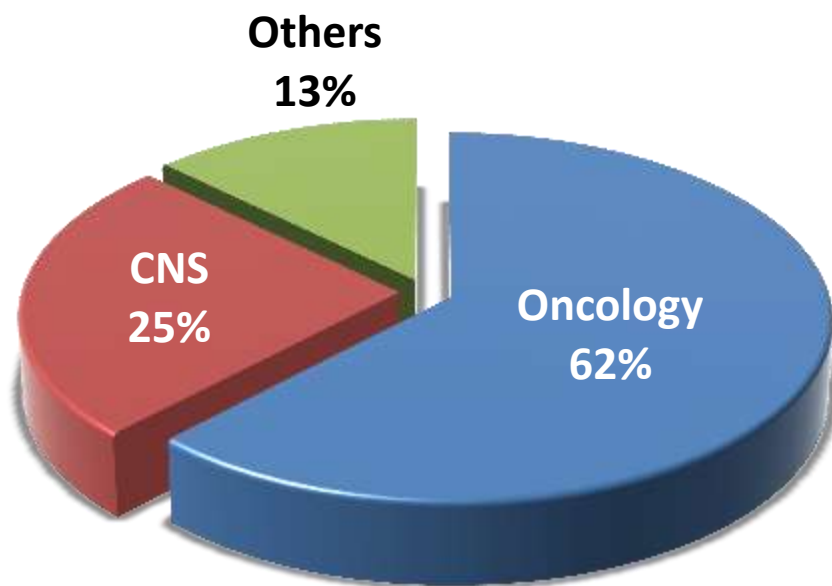


2012

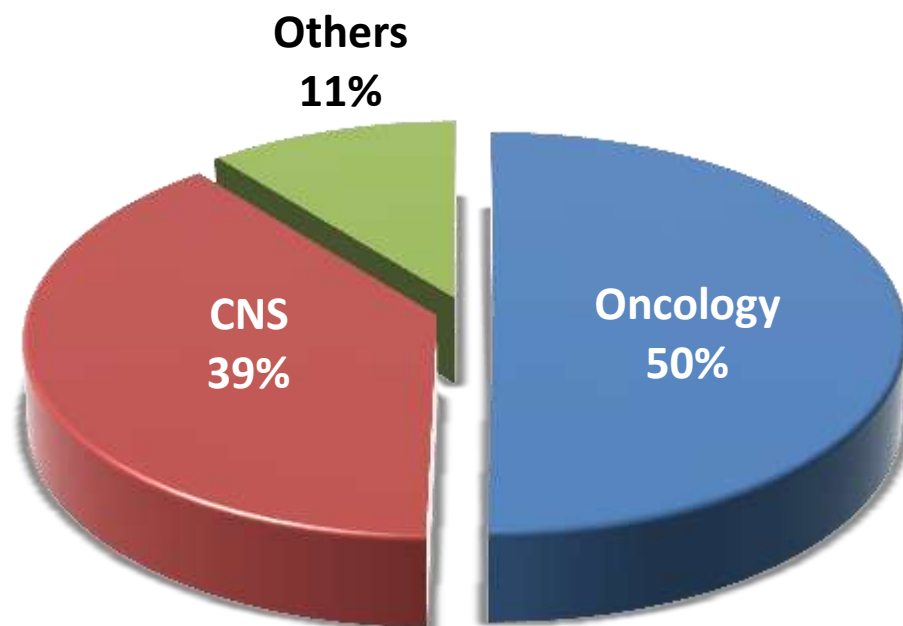


Sales by Indications

2011



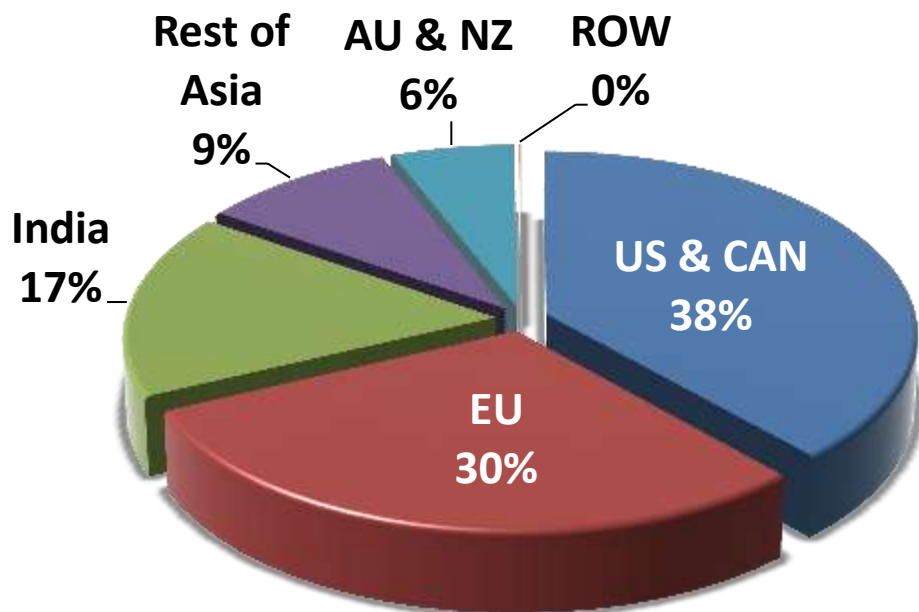
2012



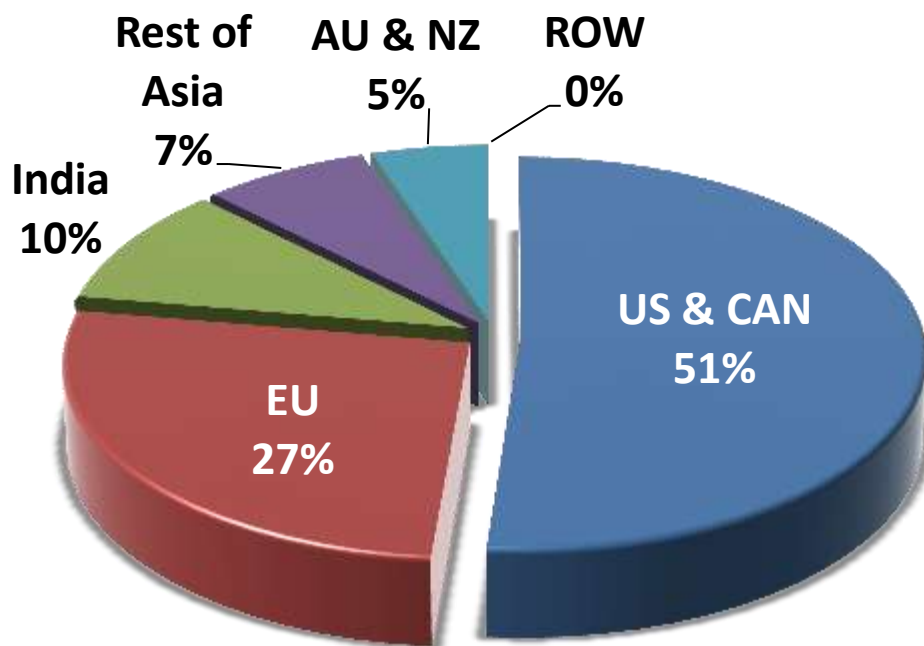
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Sales by Region

2011



2012



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The background of the slide features a series of flowing, wavy lines in shades of red and orange, creating a sense of movement and energy. The colors transition from a deep red at the top to a lighter, almost white, at the bottom.

ScinoPharm's Opportunities and Strategies

Opportunities & Strategies

- Sustaining World Leadership of Oncological APIs
- Japan Market Development
 - Meeting Oncological API Demand
- China Angles
 - Supply Chain Management
 - Generic Market Demand – Oncological, Antiviral, Diabetes
 - CMO for MNCs
- Double A Strategy “API + ANDA”
 - Focusing on Oncological Injectables

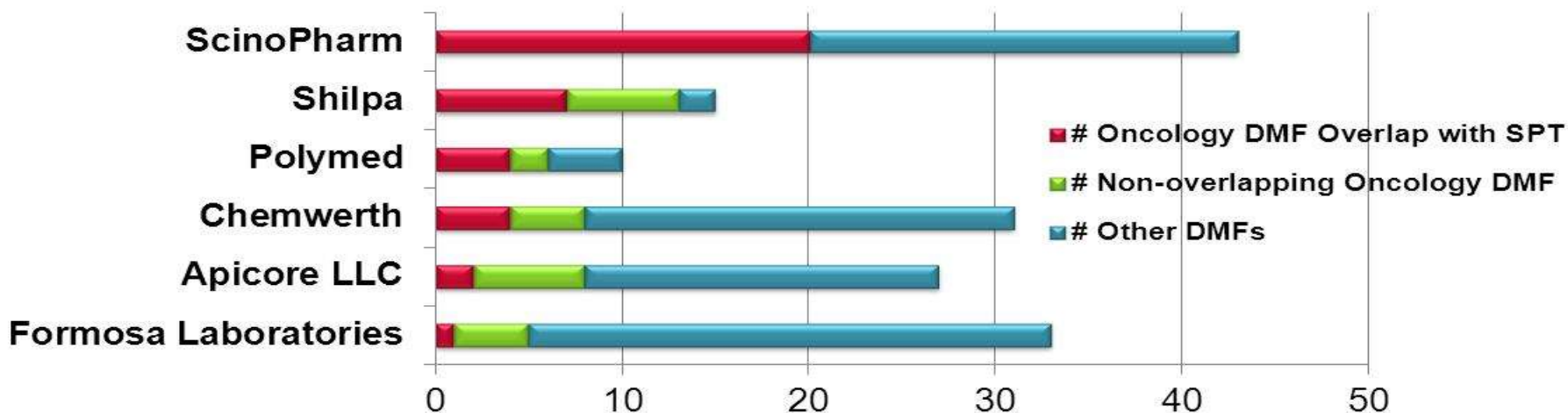
World Leader of Oncological APIs

- 25 oncological APIs in the portfolio with 10 launched
- Continue to add 2-4 new oncological APIs each year in research pipeline
- Market research/new product selection parallel with key customers including Teva, Sandoz, Actavis, Hospira, etc.
- Major market penetrations of key products
 - Docetaxel 53%, Irinotecan 40%, Paclitaxel 20%

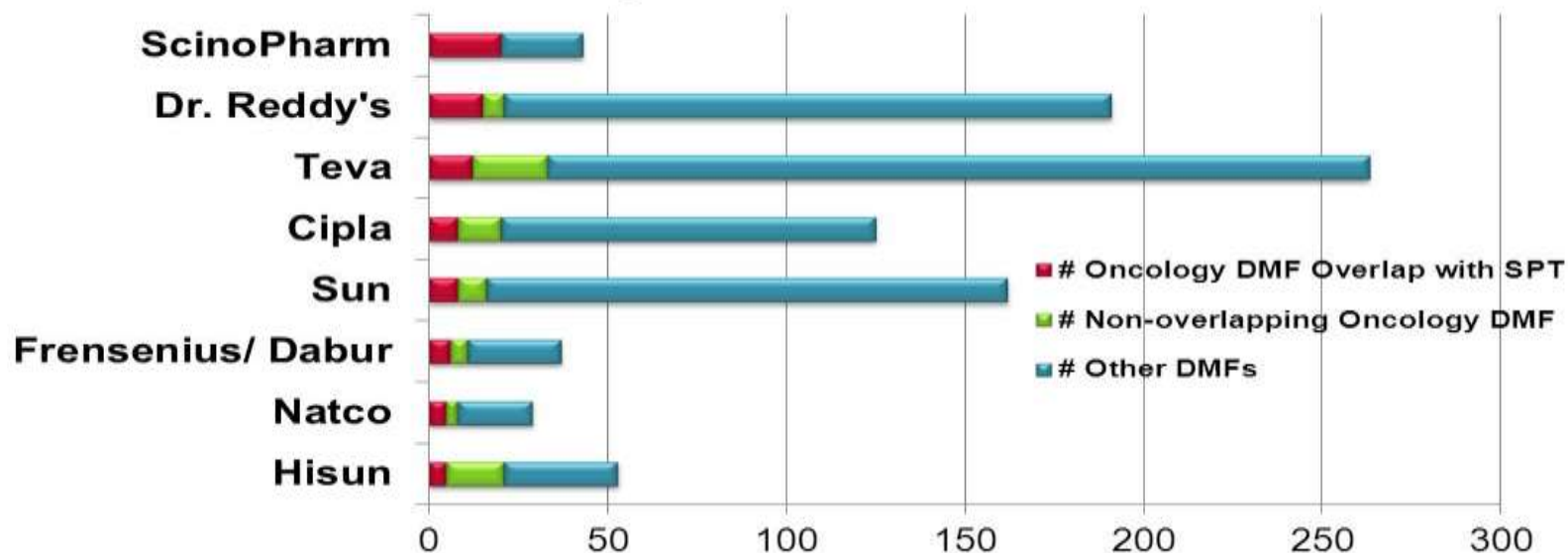


ScinoPharm - Oncological API Leader

Stand-Alone API Companies



Large Generic Pharmas



Japan API Market

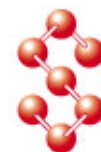
- Second (to US) largest market with significant growth potential
- Government sets goal to increase generic penetration from 19% to 30% by 2012 including urging brand companies to launch generics
- Generic APIs depends on imports mostly, especially for oncological injectables
- ScinoPharm working with top customers, so far launched 6 generic APIs



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China Angles - Supply Chain

- Control sourcing of key intermediates for Taiwan Plant to free up more API capacity for existing demand in US, EU and Japan
- Site transfer of larger volume APIs from Taiwan for cost competitiveness
- Development and supply of new larger volume APIs for generics and NCEs
- Provide back up supply capabilities for oncological APIs



China Angles - API Market

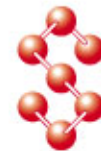
- Government's 12th five-year plan sets a goal for pharma to grow at a CAGR of 20%
- **Require 100% compliance of the latest GMP**
- Encourage companies to apply for int'l ANDAs which require world class APIs
- **Generic oncological products dominated by 3 players with in-house APIs. Huge demand in merchant market for oncological, antiviral & diabetes APIs**
- Via import from Taiwan and local production in Changshu, ScinoPharm intends to timely capture the oncological API business



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China Angles - CMO for MNCs

- Strong outsourcing needs from multinationals for development & manufacturing, for speed and cost
- Lack of qualified suppliers meeting MNC's Technical, Quality, GMP, and EHS standards
- None with experience in supplying multiple NCEs to US & EU on exclusive basis
- ScinoPharm has been approached by several big pharmas for opportunities to support their development from phase II/III to commercial API supplies



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Double A Strategy - API + ANDA

- **Drug Product Supply for Difficult APIs**
 - Difficult to Make APIs
 - Some Oncological APIs & All New Peptides
 - Injectable Drug Products – In-house facility being built
- **Certain APIs will be sold only via Drug Products**
- **Maintain “B to B” Business Model**
- **Strategic Alliance – Worldwide Market**
 - Co-Development
 - Exclusive Supply



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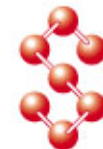
New Drug Development - via JV investment

Investment Summary

■ JV partner:

Foresee Pharmaceuticals, Inc.

- Founded in 2004 by a group of Taiwanese American experts, owning patents & know-hows in “controlled release drug delivery system” for small molecule, peptide, protein new drugs
- Current product portfolio under development include injectables for prostate cancer, Acromegaly, diabetic retinopathy (DR), in the preclinical phase



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Investment Summary

■ JV structure

- ScinoPharm will be the exclusive supplier of the peptide APIs for the JV as well as investing **US\$3.6MM** in the JV. Foresee will transfer all related product patents & know-hows as well as investing cash into the JV. ScinoPharm will **obtain 15% shareholding and a board seat.**

■ JV product

- Injectable for Leuprolide for prostate cancer, which has a WW demand of US\$2.6 billion.
- Will file an NDA under the provisions of 505(b)(2). Entering Phase III in 2013, launch in US ~4 years later. Will pursue WW approvals.



Prostate Cancer Market

- Prostate cancer is one of the most common cancers among men and it's the 2nd most deadliest cancer among American males
- More than 2 million American males are diagnosed of prostate cancer and the population is growing at more than 240,000 patients per year
- 2011 global market for treatment of prostate cancer using Leuprolide is as follows:

LHRH Product	Vendor	2011 Annual Sales (\$Million)			
		WW	US/Canada	EU	JP
Leuprolide (Lupron)	Abbott/Tekeda	\$ 2,330	\$ 810	~\$662	\$ 858
Leuprolide (Eligard)	Sanofi/Astellas	\$ 330	\$ 155	\$ 175	
	Total	\$ 2,660	\$ 965	\$ 837	\$ 858

Strategic Values of JV to ScinoPharm

- Establish and accumulate experiences in New Drug formulation, to support long-term growth
- Secured the rights of providing Leuprolide API and contract injectable formulation services for future products, realizing the “Double A” strategy
- Enjoy the possible investment return from the great potentials of the product after launch

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, Trihydrate	JP	Anti-neoplastic	Sanofi Aventis	US\$236.9NM**	US\$2,051MM*
Modafinil	US	Antinarcolepsy	Cephalon	US\$1,219MM*	US\$1,319M*
Paclitaxel	JP	Anti-neoplastic	Bristol Myers	US\$307.1MM**	US\$1,654M*
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



Outlook

- Sustain Leadership in Oncological APIs

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

- Japanese Market Penetration

Expand strategic partnerships with major pharma

- Establish Presences in China

Develop API business to timely capture the generic business and CMO by MNCs

- Vertical Integration – Double A Strategy

Select difficult-to-make APIs to formulate dossiers for value added one-stop-shop services to customers. Build an oncology injectable formulation plant





Brand Quality with Asian Advantages

www.scinopharm.com