



ScinoPharm Management Presentation

TWSE 1789

May 8, 2012



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Overview of ScinoPharm

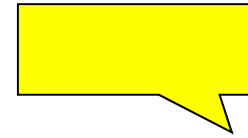
- An Active Pharmaceutical Ingredient
Company

Company Overview

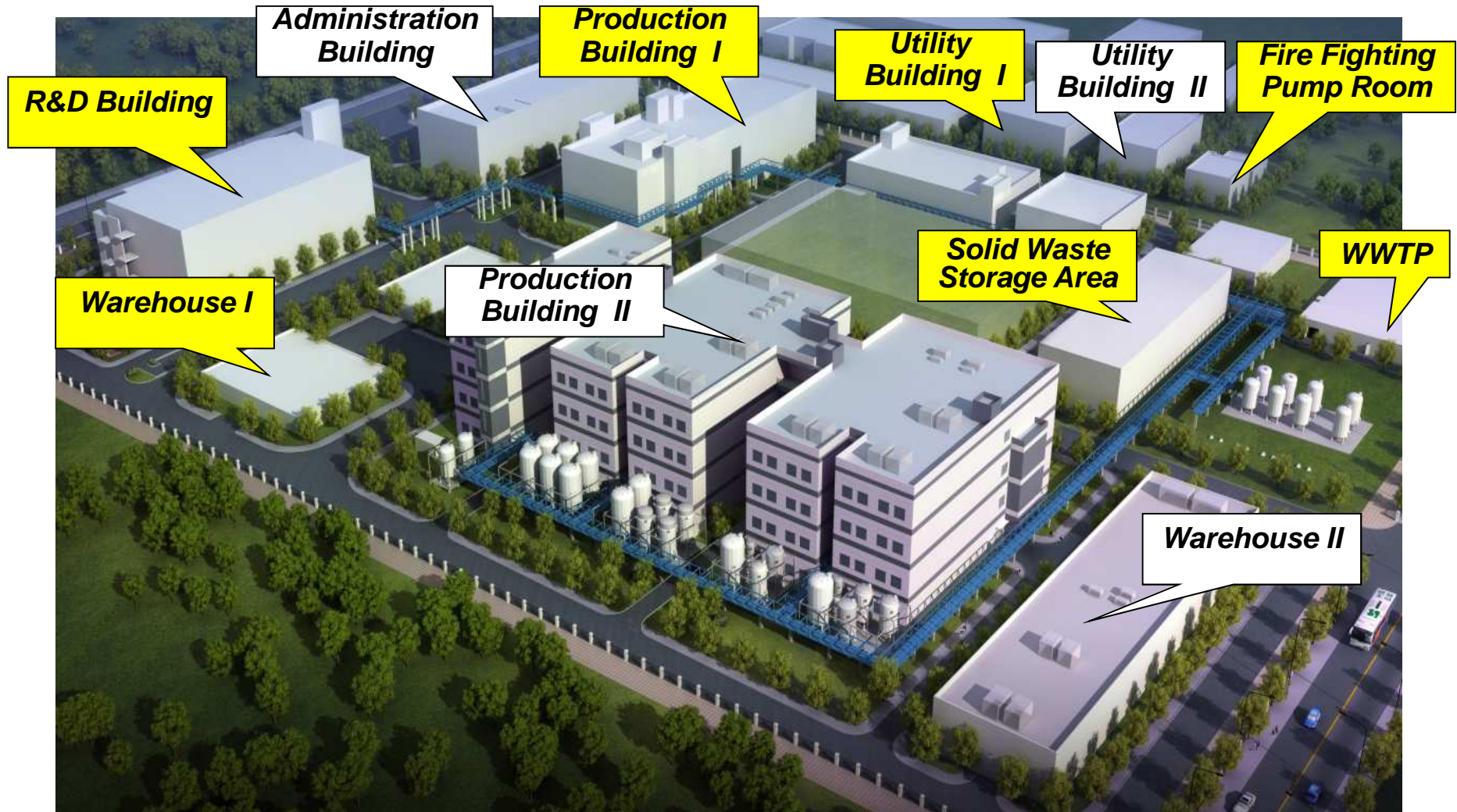
- Maintain dominant position in Specialty APIs for generic market. Established strong presence in US/EU generic market, some channeled through Indian generic companies. Aggressively developing Japanese and Chinese markets
- Developed more than 50 generic APIs with 16 launched. Filed 41 DMFs in US (595 DMFs WW), leader in supplying oncology injectable APIs with 19 US DMFs
- 70+ NCE CRAMs projects, with 5 in phase III with NDA filing in 2-3 years & 3 already launched. The only company in Asia supplying API for multiple NCEs for commercial



ScinoPharm Changshu



Construction completed



ScinoPharm Changshu vs Tainan

■ Identical

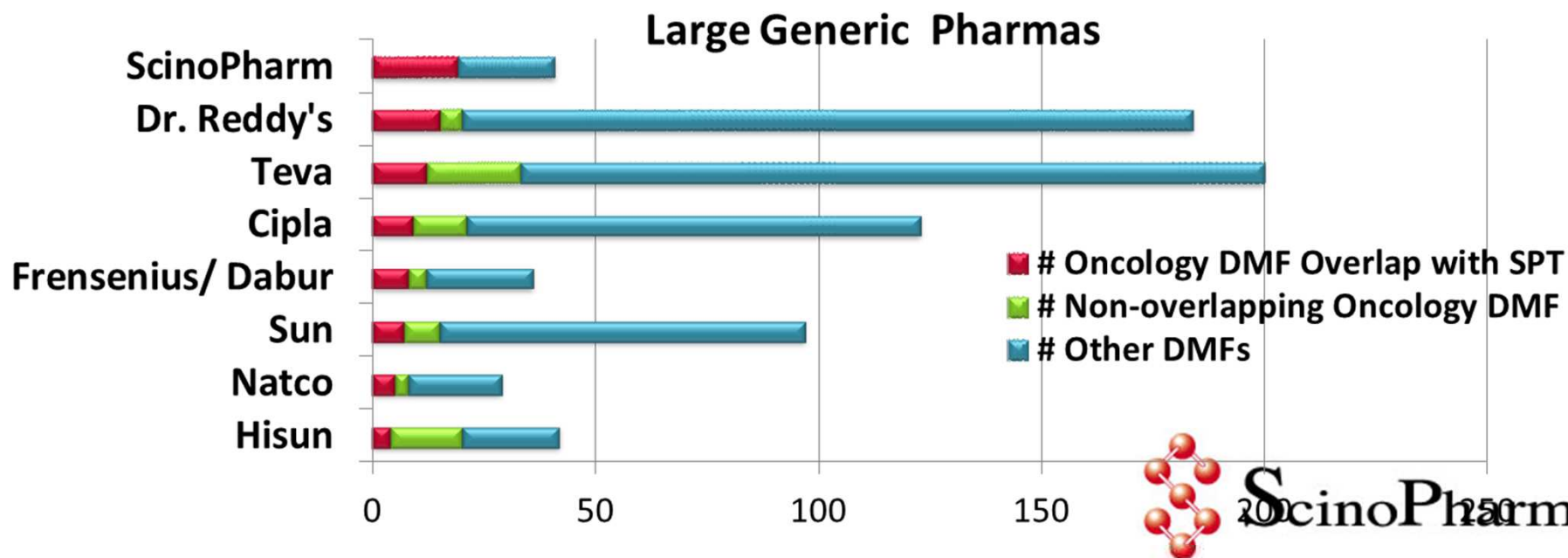
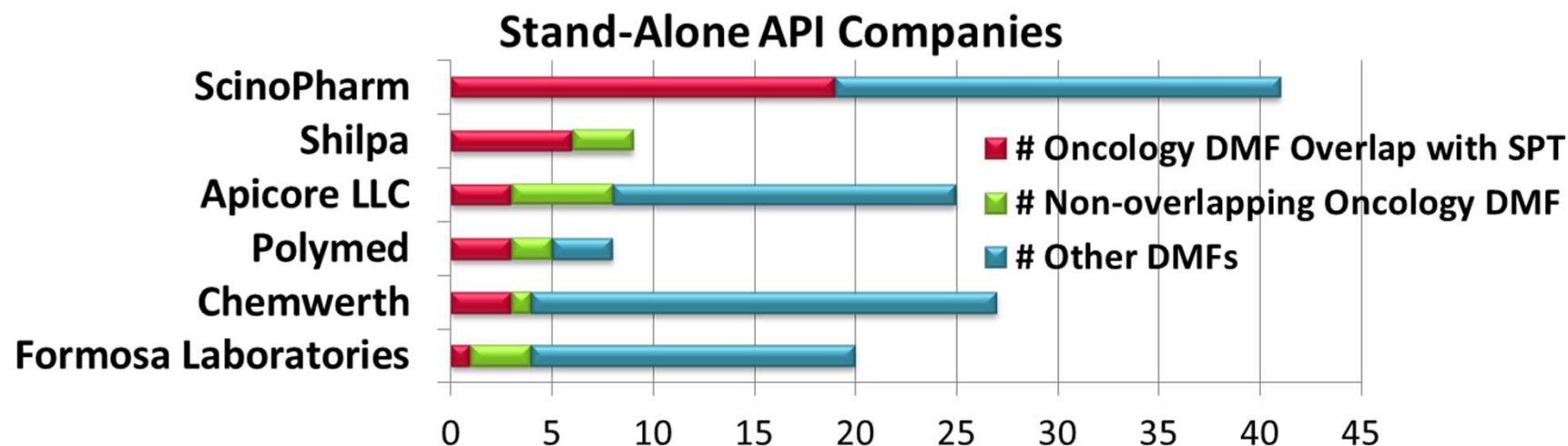
- Same plant site size (6.6 hectares)
- API R&D capabilities (R&D staff >100 people)
- International GMP standards
- Advanced EHS standards
- Global registrations & markets (incl. China)
- Successful GMP inspections by agencies from regulated markets (incl. US)
- Production of highly potent oncological and other APIs
- Generic APIs and CRO/CMO services

■ Complementary

- Tainan focuses on high potency; Changshu has more mid-low potency products
- For products with great market potential, they will be developed and produced at Changshu
- Changshu to provide intermediates to Tainan
- Changshu to serve more CRAMs business



ScinoPharm - Oncological API Leader



Financial & Operation Results

P&L - Consolidated

NT\$MM, except EPS	Q1,'12 (reviewed)	Q4,'11 (audited)	Q1,'11 (reviewed)	QoQ	YoY
Net Sales	971	1,130	796	-14%	22%
Gross Profit	523	597	370	-12%	41%
<i>Gross margin</i>	<i>54%</i>	<i>53%</i>	<i>47%</i>		
Operating Expense	(239)	(251)	(180)	-5%	33%
Operating Income	284	346	190	-18%	49%
<i>Operating margin</i>	<i>29%</i>	<i>31%</i>	<i>24%</i>		
Other Rev.(Exp.)	7	(26)	(10)	27%	70%
Net Income after Tax	247	320	144	-22%	61%
<i>Net margin after tax</i>	<i>25%</i>	<i>28%</i>	<i>18%</i>		
EPS (after tax)	0.39	0.51	0.24	-24%	63%

EPS are calculated based on weighted average number of outstanding shares



Balance Sheet- Consolidated

NT\$MM	2012/03/31 (reviewed)		2011/03/31 (reviewed)	
Cash and Cash Equivalents	3,236	33%	1,989	27%
Accounts Receivable	740	8%	597	8%
Inventories	1,801	18%	1,424	19%
Long-Term Investments	150	2%	218	3%
Fixed Assets	3,291	34%	2,833	38%
Total Assets	9,689	100%	7,425	100%
Current Liabilities	849	9%	568	8%
L-T Liabilities and Others	29	0%	26	0%
Stockholders' Equities	8,811	91%	6,831	92%

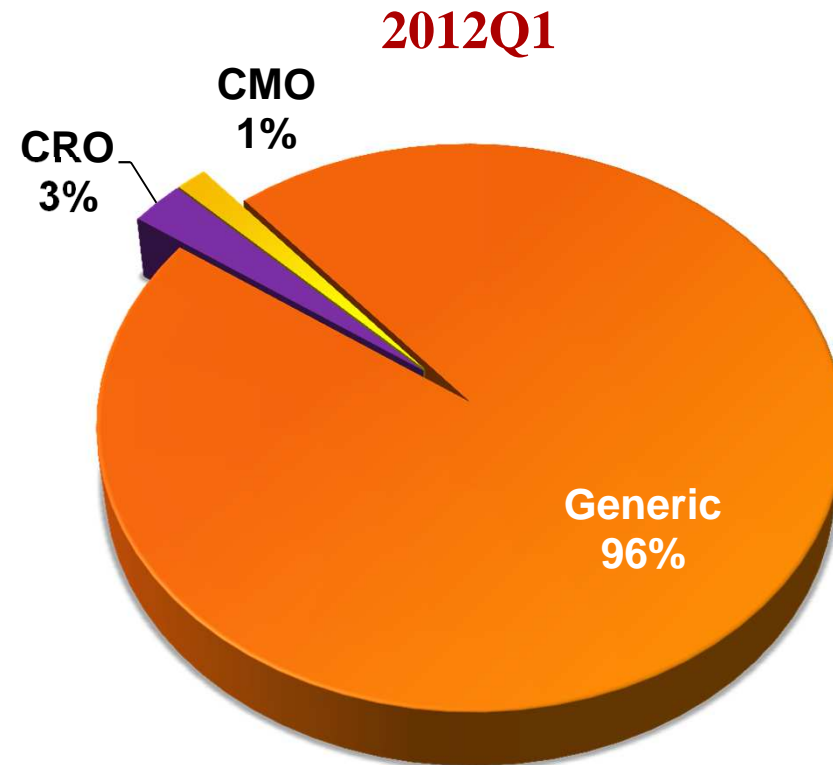
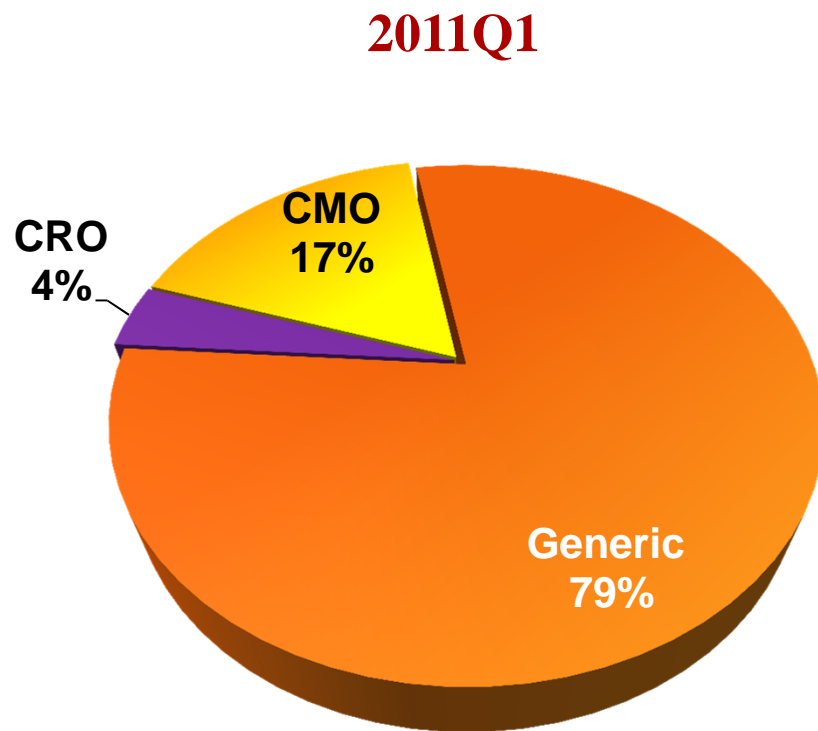


Cash Flows- Consolidated

NT\$MM	Q1, 2012 (reviewed)	Q1, 2011 (reviewed)
Cash and cash equivalents at beginning of year	3,294	1,908
Cash flows from operating activities	147	218
CAPEX	(171)	(125)
Other Investing activities	34	(12)
Cash flows from financing activities	-	-
Cash and cash equivalents at end of year	3,236	1,989

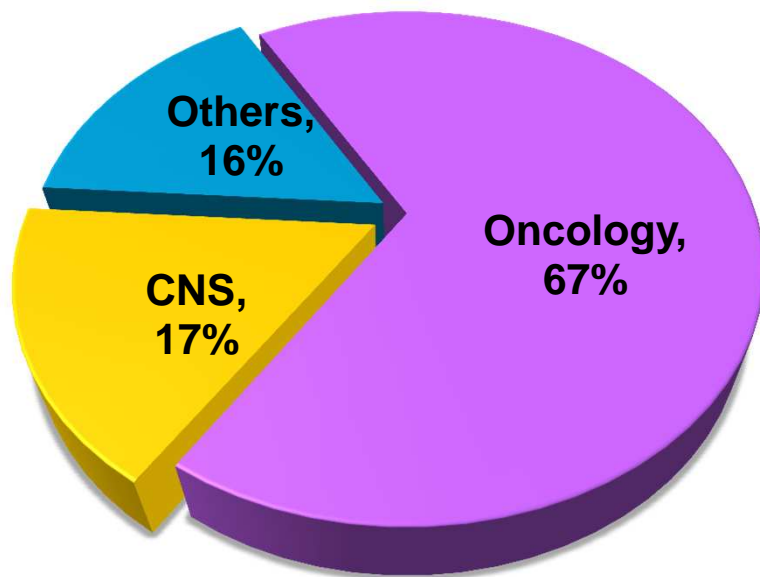


Sales by Business

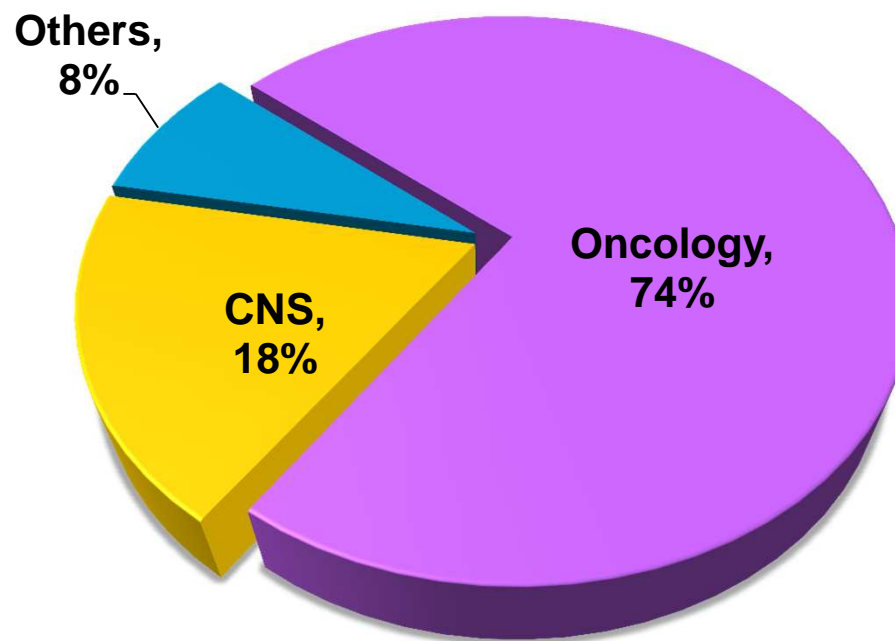


Sales by Indications

2011Q1



2012Q1





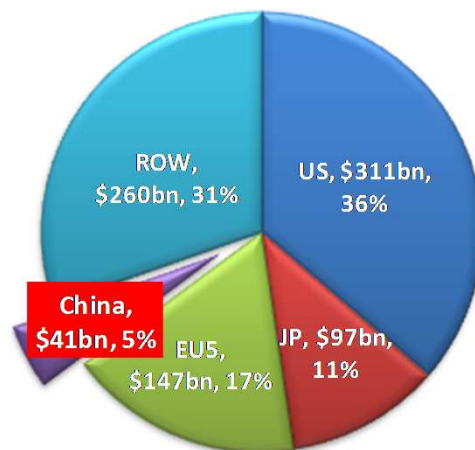
China – Emerging Market for the World

China

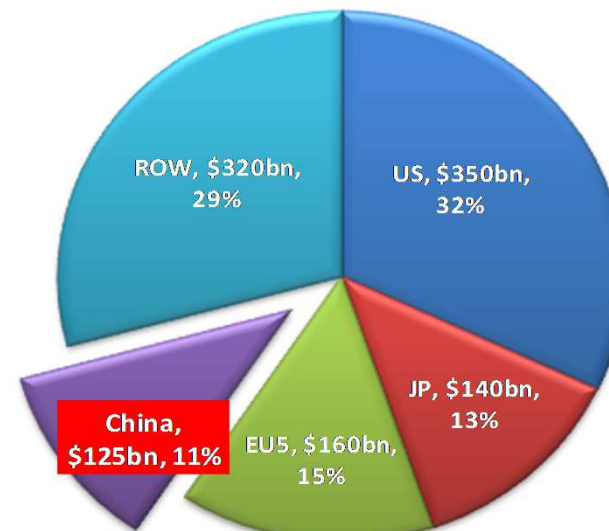
- Top 3 Pharma Market WW

- In 2010, China has grown rapidly and became the 3rd largest pharmaceutical market globally, only next to USA and Japan
- China market will continue to grow at a CAGR of 22% from US\$ 41 billion in 2010 to US\$ 125 billion in 2015
- ScinoPharm Changshu (China) has been established to capture the emerging market

2010 Total Market 856 Bn



2015 Total Market 1095 Bn



Rapidly Rising GMP Standards in China

- **New GMP standards consistent with international standards and emphasize on the facility sophistication**
 - Strict requirements on air pressure & isolation in high potency areas
 - Detailed rules on A/C, purified water, packaging systems
 - Rigid equipment qualifications in DQ/IQ/OQ/PQ stages
- **SFDA focuses on the quality control by facility designs**
 - Requires major efforts in preventing cross contamination
 - Need more facility space and CAPEX for compliance



Impacts of China's New GMP

- To consolidate pharma industry, enhance its capability, a new version of GMP was issued on March 1, 2011 with a grace period of 5 years
- 500+ pharma companies in China might not survive
- Many formulation companies are looking for new-GMP compliant API providers, like ScinoPharm.
- ScinoPharm is building a new-GMP compliant API plant in Changshu and is the first one to meet the high bar.



Products Matches China's Demands

Rank	Therapeutic Indication	2010 China Market Share	ScinoPharm's API Candidates
1	Anti-infective	23.7%	3 candidates
2	Anti-cancer	10.3%	30 candidates, focus area
3	Cardio-vascular	8.2%	4 candidates
4	Metabolic	7.1%	5 candidates
5	CNS	1.7%	6 candidates

Source: Chinese Pharmaceutical Market 2012-2022, Visiongain, Jun2011



Anti-Cancer Drugs in China

- Top 20 anti-cancer drugs in China weigh about 74% in value out of total anti-cancer drugs, **ScinoPharm has 9 products ready**

Ranking in China	Drug	Market value (RMB bln)
2	Docetaxel	1.54
3	Capecitabine	1.14
4	Paclitaxel	1.10
8	Pemetrexed	0.76
9	Gemcitabine	0.66
16	Anastrozole	0.30
18	Letrozole	0.27
19	Irinotecan	0.26
20	Bortezomib	0.16

- Oncological drug market grew by 30% in 2010

Other top drugs include

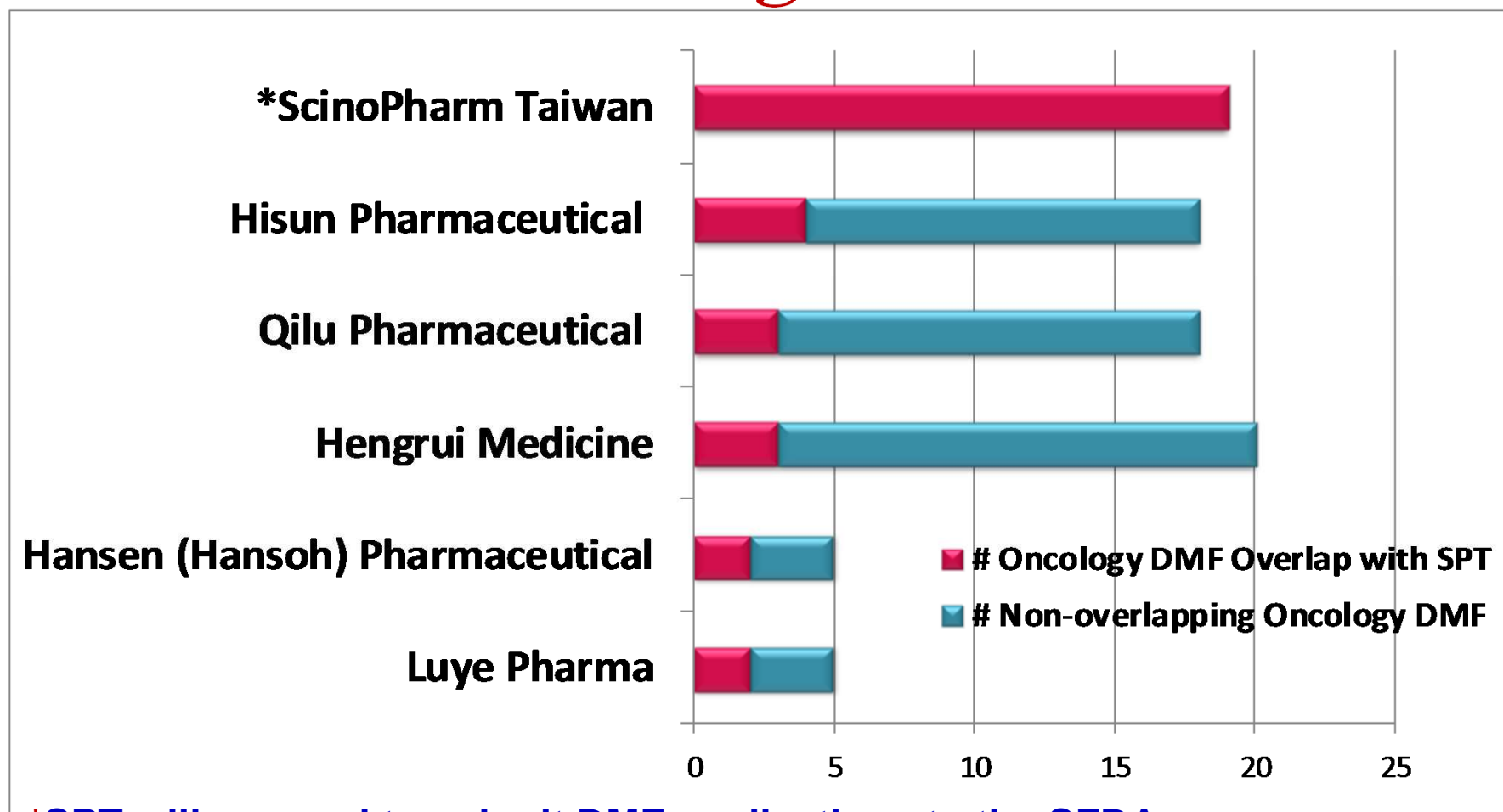
- 3 bio drugs
- 8 old/oral drugs/low entry barrier

Source: healthoo.com May2011



Peer Comparison

– Number of Oncological DMFs in China



*SPT will proceed to submit DMF applications to the SFDA



ScinoPharm's Strategies

– China Market Development

- **API sales**

Promote APIs made by Taiwan and Changshu plants to local or foreign formulation companies in China

- **Co-Development with Local Formulation Firms**

Partner with Chinese formulation companies to integrate from APIs to formulations to penetrate oncology market, currently dominated by a handful Specialty Pharmas

- **Drug Importation**

Cooperate with our existing global customers to introduce their high-quality drug products to Chinese market



Business Outlook

2012 Product Launch Plan

API	Region	Indications	Brand Marketer	Regional Sales	WW Sales
Argatroban	US	Antithrombotic, Anticoagulant	GSK	\$US 139MM*	\$US 205MM*
Galantamine HBr	EU	Alzheimer's disease	Janssen	\$US 314MM*	\$US 527MM*
Modafinil	US	Antinarcolepsy	Cephalon	\$US 1,078MM*	\$US 1,182MM*
Riluzole	EU	ALS	Sanofi Aventis	\$US 100MM*	\$US 224MM*
Anastrozole	JP	Breast Cancer	Astra Zeneca	\$US 270MM*	\$US 1,109MM*
Levonorgestrel	JP	Oral Contraceptive	Bayer AG	\$US 85MM*	\$US 2,326MM*
SPT 1024	US + EU	Obesity	Confidential	\$US 633MM**	NDA

Source: * Newport & IMS Data
 ** Thomson Reuter



Outlook

- Sustain Leadership Position in Oncological Injectable APIs

Continue developing small molecule oncological injectable APIs and expand into other areas with high technology barriers including Peptides

- Expand Presences in China

Expansion of API business to timely capture the Chinese market facing increasingly stringent GMP requirement

- Japanese Market Penetration

Establishing strategic partnerships with major pharma companies in Japan and expect to market total 6 products in 2012

- Vertical Integration

With synergy of our API business, expand into high-entry-barrier formulation business to maximize ROI





Brand Quality with Asian Advantages

www.scinopharm.com

