



ScinoPharm Management Presentation

Jo Shen, Ph.D.
President & CEO
April 18, 2012

TWSE 1789



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 & Operation Results

New Market Developments

Business Outlook

Q&A





Overview of ScinoPharm

Company Overview

- Maintain dominant position in Specialty APIs for generic market
- Developed more than 50 generic APIs with 16 launched, provided to ~300 top tier customers
- Filed 41 DMFs in US (592 DMFs WW), leader in supplying oncology injectable APIs with 19 US DMFs, far exceeding other API companies
- 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



Company Overview – cont'd

- Heavy emphasis on R&D, with 91 patents granted worldwide to 19 inventions
- Established strong presence in US/EU generic market, some channeled through Indian generic companies. Began to develop Japanese and Chinese markets
- Expanding both Taiwan and China facilities. Completed Phase I of China plant , will start GMP registration batch production in early Q2
- Focusing on small molecules & peptides with high technological barriers. Invested in Tanvex Biologics to explore biosimilars opportunities



World Class Facilities

Taiwan

- 6.6 hectares of land, 330K sqft facilities with $>200\text{M}^3$ reactor volume after 2 large product lines expansion
- Six of our production lines are equipped with the special capability to produce APIs used in high-potency sterile injections
- US FDA approved & >200 GMP audits by customers
- Provides comprehensive contract research services for brand drug companies
- Global market

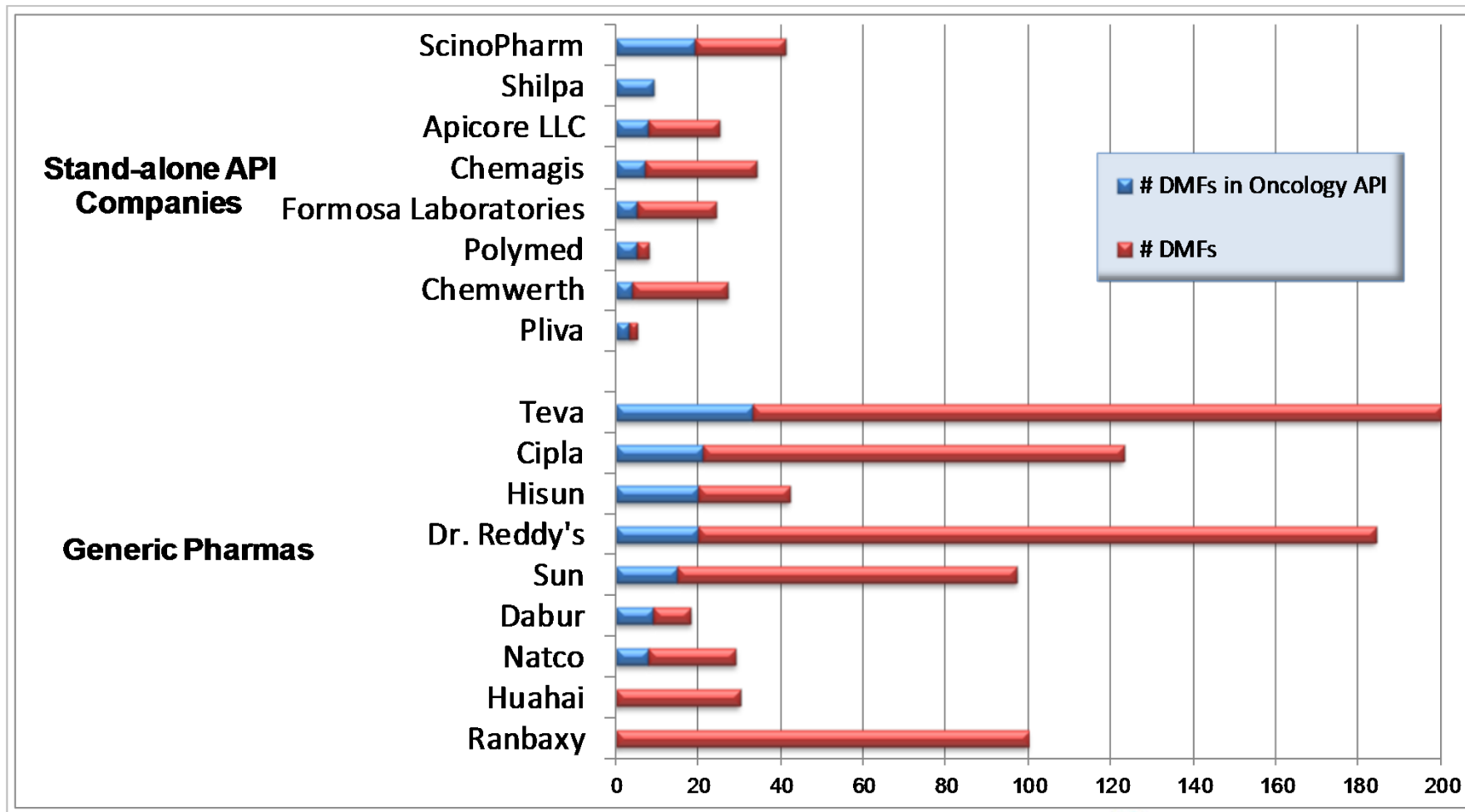


China

- With nearly 250M^3 reactor volume
- The first phase completed in Q1, 2012. The second phase completed in Q1/Q2 2013
- cGMP designed facility for intermediates & high potent API
- Complete capabilities in API development, and manufacturing from small to large scale for global and China generic as well as CRAMs (Contract Research And Mfg Services) markets
- Global market including China



ScinoPharm – Top Ranking in Oncology DMF among API companies



Top 5 Generic APIs Account for 66% of 2011 sales

API	Indications	2011 projected MKT Share*	# of US DMF/EDMF & other Filings
Docetaxel Anhydrous	Anti-Cancer	38% (WW)	53
Irinotecan HCl	Anti-Cancer	44% (WW)	47
Galantamine HBr	Alzheimer's disease	49% (WW)	36
Paclitaxel	Anti-Cancer	21% (WW)	47
Gemcitabine Hydrochloride	Anti-Cancer	30% (EU)	51

* Source: Newport Global Sales Data





Financial & Operation Results

P&L - Consolidated

NT\$MM, except EPS	FY 2011 (audited)	FY 2010 (audited)	YoY
Net Sales	3,954	3,891	2%
Gross Profit	1,984	2,034	-2%
<i>Gross margin</i>	<i>50%</i>	<i>52%</i>	
Operating Expense	(851)	(811)	5%
Operating Income	1,133	1,223	-7%
<i>Operating margin</i>	<i>29%</i>	<i>31%</i>	
Other Rev.(Exp.)	2	(27)	<i>n.a.</i>
Net Income after Tax	959	1,040	-8%
<i>Net margin after tax</i>	<i>24%</i>	<i>27%</i>	
EPS (after tax)	1.56	1.81	-14%

EPS are calculated based on weighted average number of outstanding shares



Balance Sheet- Consolidated

NT\$MM	2011/12/31 (audited)		2010/12/31 (audited)	
	Cash and Cash Equivalents	3,294	35%	1,908
Accounts Receivable	844	9%	731	10%
Inventories	1,465	15%	1,244	17%
Long-Term Investments	192	2%	241	3%
Fixed Assets	3,227	34%	2,812	39%
Total Assets	9,480	100%	7,298	100%
Current Liabilities	843	9%	595	8%
L-T Liabilities and Others	28	0%	25	1%
Stockholders' Equities	8,609	91%	6,677	91%



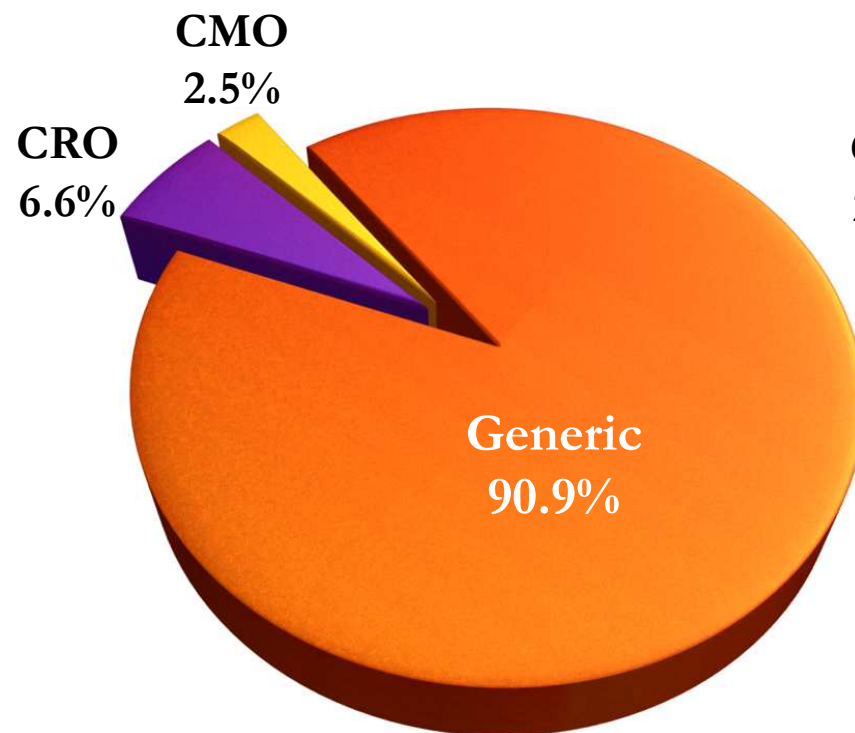
Cash Flows- Consolidated

NT\$MM	FY 2011 (audited)	FY 2010 (audited)
Cash and cash equivalents at beginning of year	1,908	740
Cash flows from operating activities	1,294	1,564
CAPEX	(761)	(349)
Long-Term Investment	-	(226)
Issuance of common stock	957	1,173
Repayment of Long-Term Loans	-	(937)
Others	(104)	(57)
Cash and cash equivalents at end of year	3,294	1,908

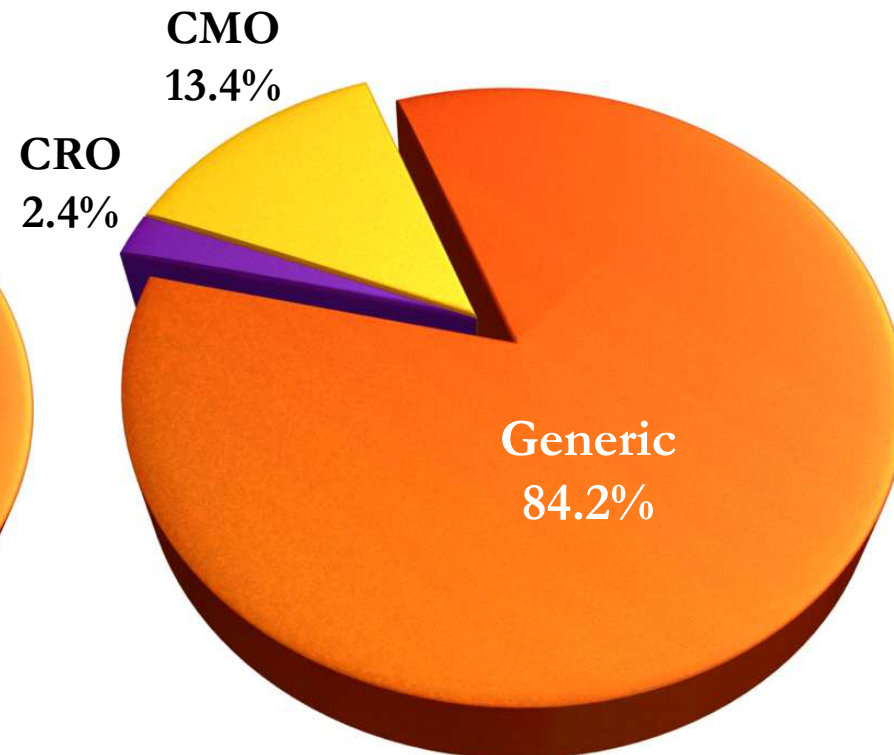


Sales by Business

2010

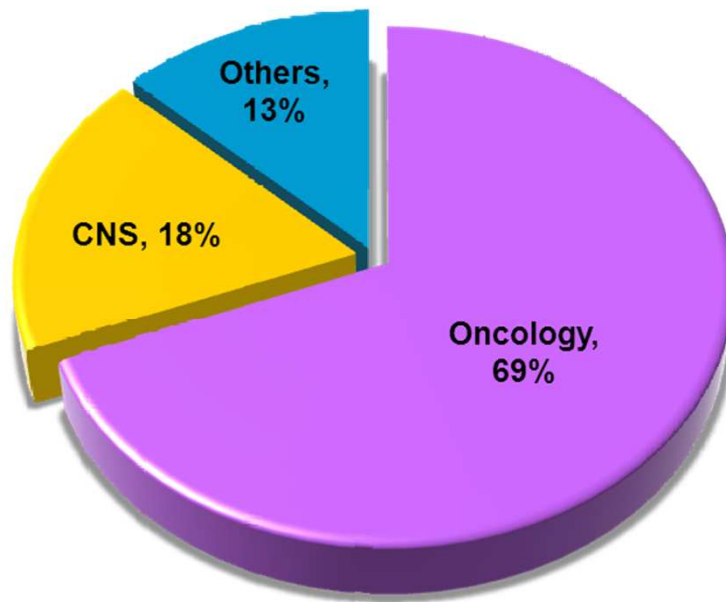


2011

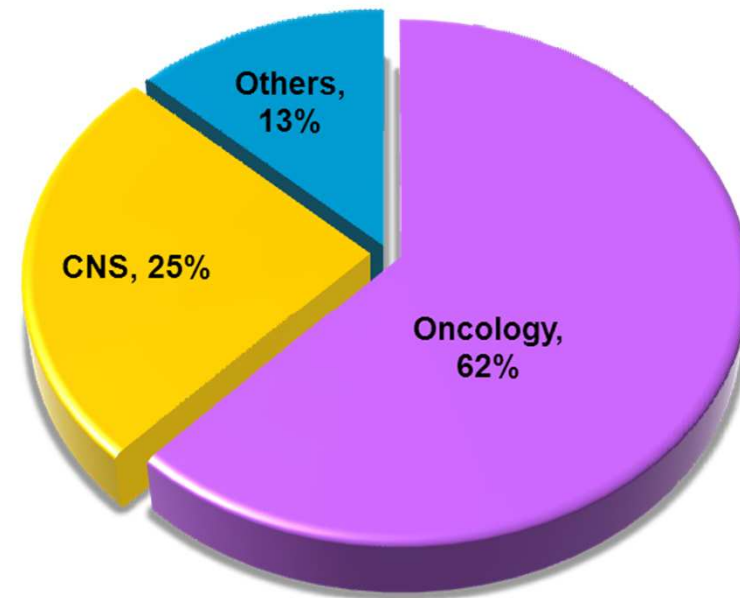


Sales by Indications

2010

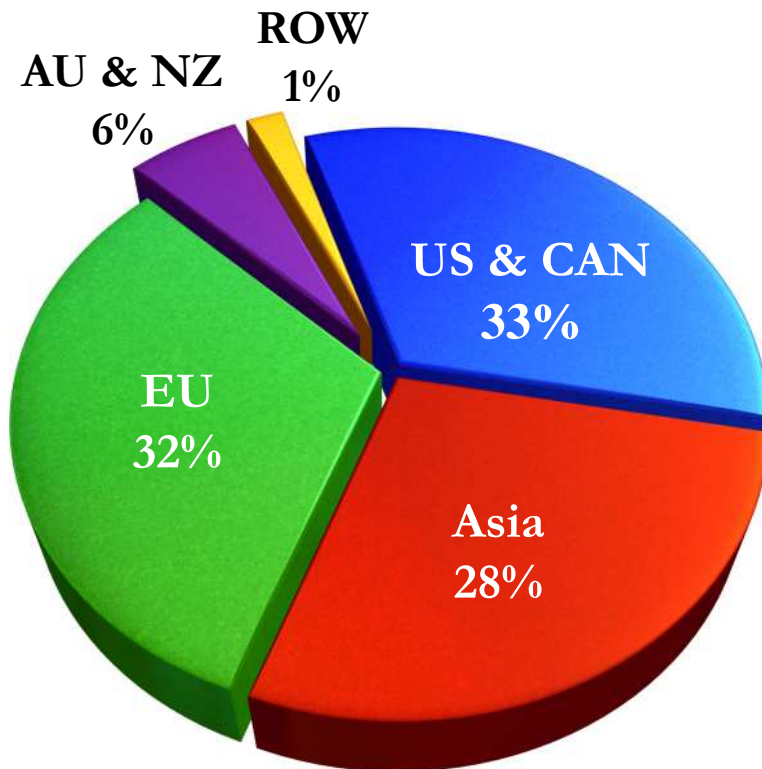


2011

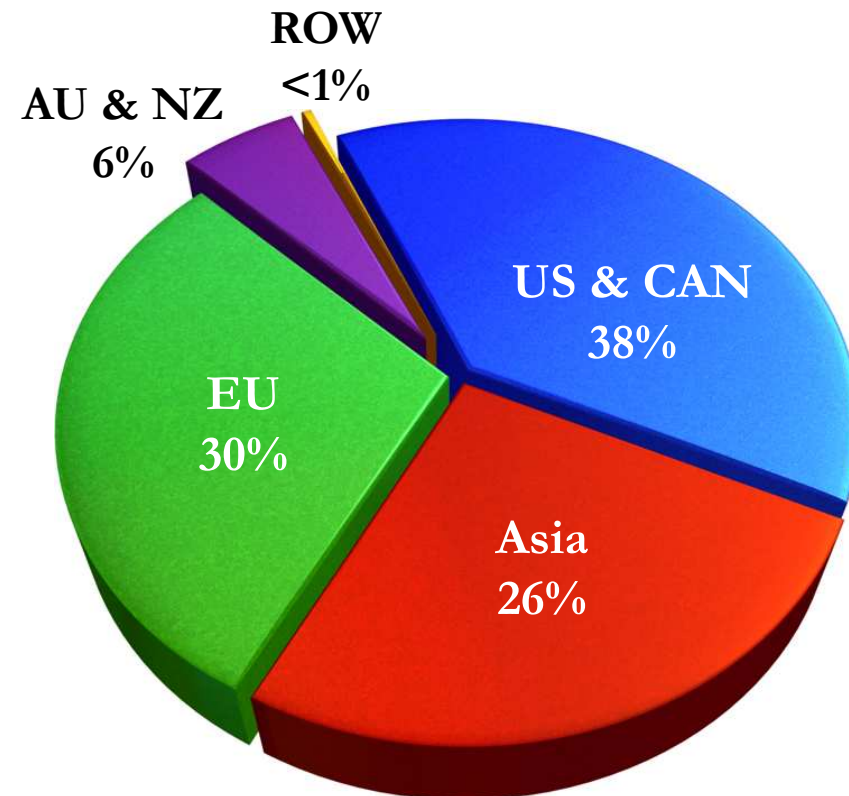


Sales by Region

2010



2011



Out of the 26% Asia sales in 2011, India was 17%, rest of Asia was 9%





New Market Developments

Japan

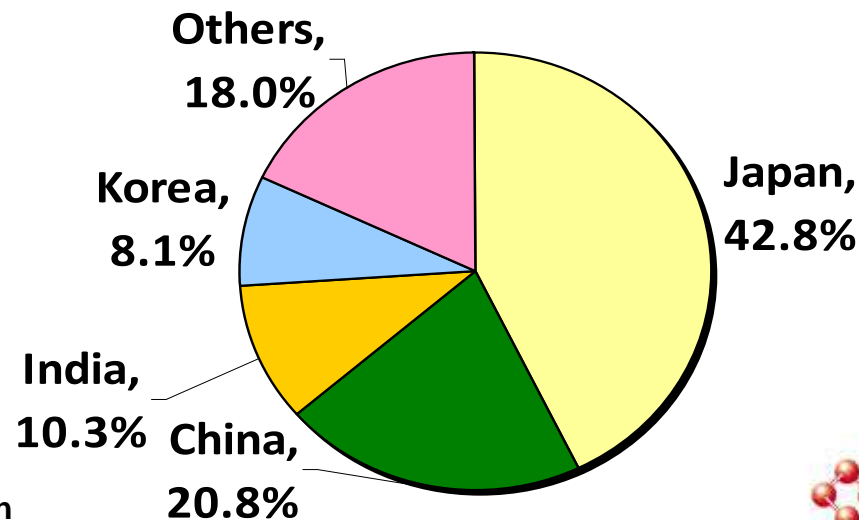
Continued API Growth in Asia

- Asia is the third largest regional market for APIs by revenue in the world after North America and Europe

2005-2010 : CAGR ~ 6.7%

2010-2016 : CAGR ~ 9.6% (vs. 3-6% WW)

- Japan is the largest API market in Asia, 42.8% in 2010



Source: GBI Research

Japanese Generic Landscape

- The second largest individual market after the US, presenting a significant growth potential
- Japanese government set a goal for the generic penetration rate from current 19% to 30% in volume by 2012
- 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
- Severe capacity shortage for oncology injectables

First Tier Japanese Companies

TOP 10 Generic Companies

	<u>2010 Sales (US\$ Billion)</u>
Sawai	0.822
Nichiiko	0.810
Taiho	0.662 (acquired by Teva)
Towa	0.594
Nipro	0.486
Shiono Chemical	0.294
Fuji	0.254
Kobayashi Kako	0.197
Yoshindo	0.171
Ohhara	0.166

TOP 5 Brand name Companies

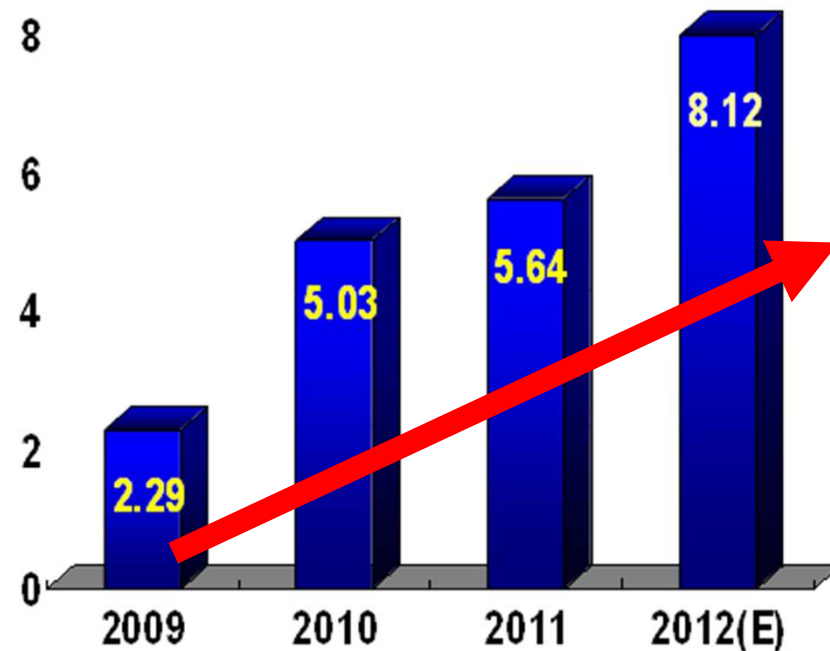
	<u>2010 Sales (US\$ Billion)</u>
Takeda	15.541
Astellas	11.697
Daiichi Sankyo	11.313
Eisai	9.101
Otsuka (Taiho)	8.846

Booming Market in Japan

- As the first Taiwanese API company qualified by PMDA, ScinoPharm aims to capitalize on its qualified APIs and expand into CRAM business
- With Gemcitabine HCl, Irinotecan HCl, Exemstane and Isoconazole marketed in Japan (one item has gained more than 90% market share), we are expecting a wider presence with 2 additional items in our portfolio in 2012

ScinoPharm's Sales Growth in Japan

Unit: USD M



Growing Customer Base in Japan

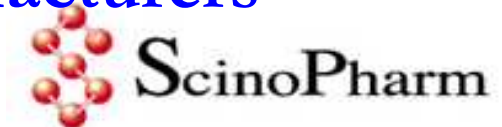
- Develop close relationships with leading pharmaceutical companies in Japan, all of them hold significant and stable market shares
- Aim to be a vital API supplier to the generic pharmaceutical and brand name drug companies in Japan within next 3-5 years

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

US/EU via India

India – A Passage to US/EU markets

- More and more US/EU pharma outsourced formulations to Indian companies due to their maturity in the industry, low-cost production, comparable quality, and language skill
- 175 Indian pharma companies have been qualified for US FDA standards. Indian ownership of approved US ANDA increased from 25% in 2007 to 33% in 2010. In 2011, 25% of ANDAs was filed by Indian companies
- 22% of global generic drugs are supplied from India, expected to increase to 30%
- India has become the most competitive pathway to access US/EU markets for API manufacturers



Top 10 Indian Pharma Companies

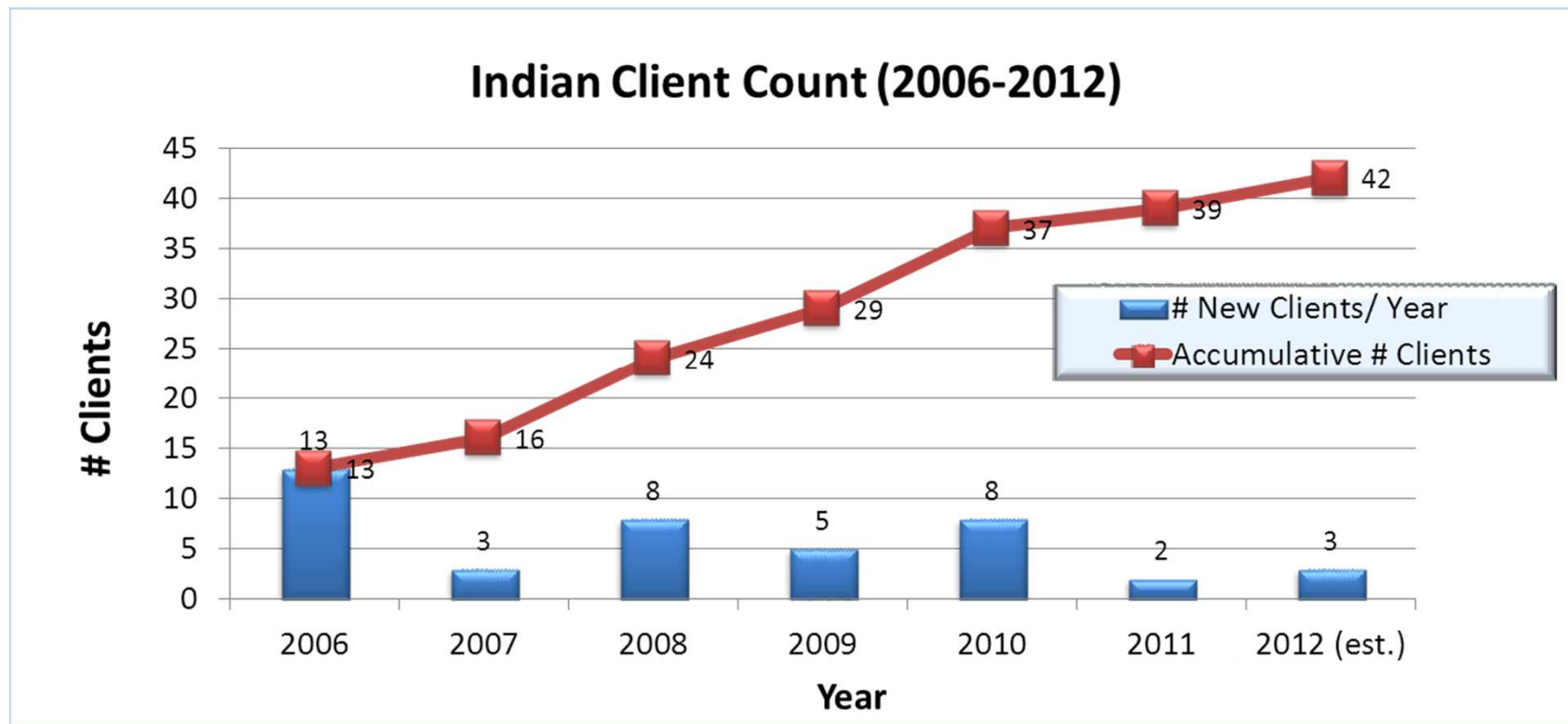
Rank	Pharma Co.	Revenue 2010 (USD \$MM)
1	Cipla	1,348.5
2	Ranbaxy	1,327.6
3	Dr. Reddy's Lab	1,178.0
4	Lupin Ltd	929.8
5	Aurobindo	865.2
6	Dabur	700.3
7	Sun Pharmac	674.0
8	Cadila	629.5
9	Jubilant	561.0
10	Piramal	480.3

8 out of the top 10
are ScinoPharm's
customers



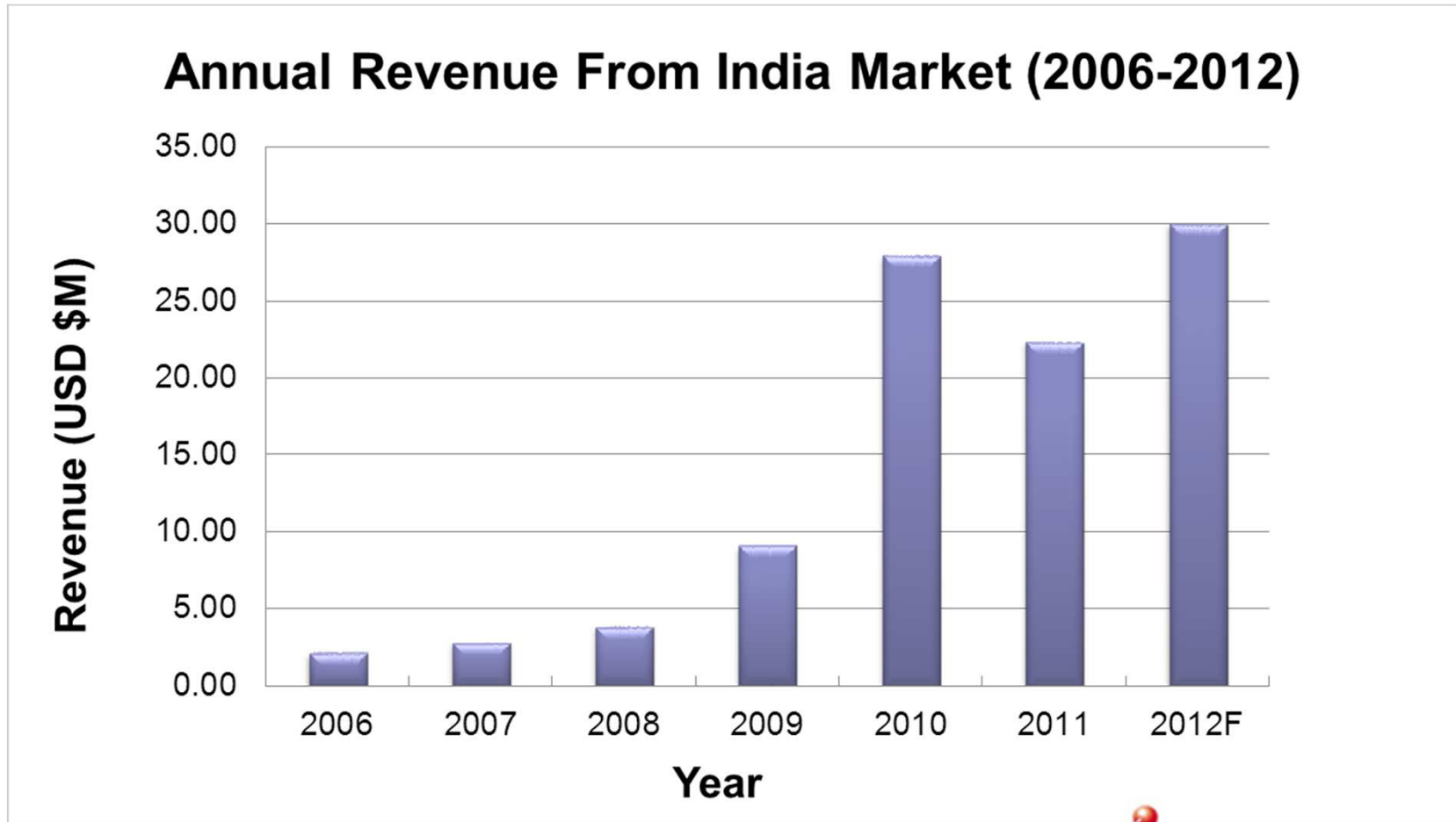
ScinoPharm - Broad Customer Base in India

Customers	2006	2007	2008	2009	2010	2011	2012 (est.)
# of New additions	13	3	8	5	8	2	3
# of accumulated customers	13	16	24	29	37	39	42



ScinoPharm Successfully Penetrated US/EU Markets Through India

- **ScinoPharm's Business via India (2006 - 2012)**



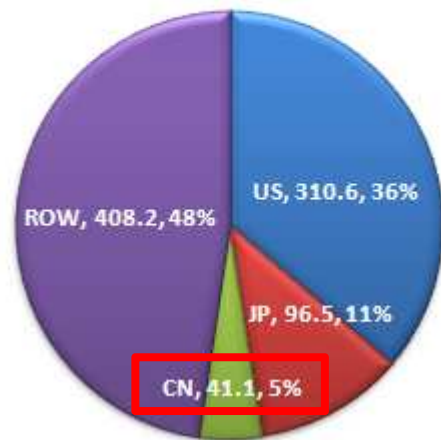
China



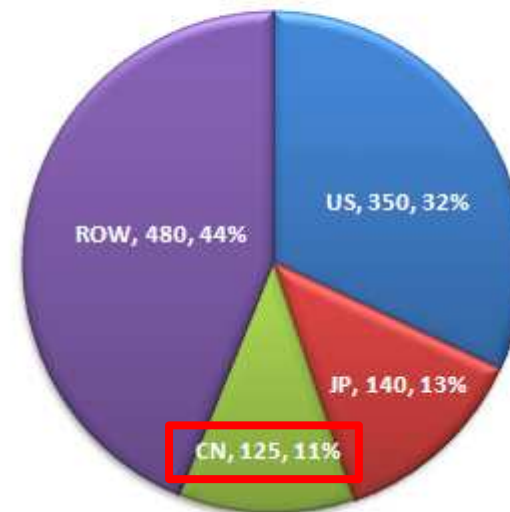
China the 3rd largest pharma market WW

- In 2010, China has become the 3rd largest pharmaceutical market in the world, only next to USA and Japan, and was the fastest growing market
- China market will continue to grow at a CAGR of 22% from US\$ 41 billion in 2010 to US\$ 125 billion in 2015
- ScinoPharm ChangHsu (China) has been established to catch the opportunities

2010
Total Market 856.4 billion
(country, market bn, %)



2015
Total Market 1095 billion
(country, market bn, %)



GMP in China

- To consolidate pharma industry, enhance its competitiveness, a new version of GMP was issued on Marh 1, 2011 with a grace period of 5 years
- It is expected that at least more 500 pharmaceutical companies will not survive
- To meet the new requirement, it is estimated that CAPEX in the range of RMB 200-300 billion will be needed.
- ScinoPharm is building a API plant at Changshu which will meet the new GMP in China



ScinoPharm in China

- ScinoPharm ChangHsu (China) has been established to catch the rapidly expanding pharmaceutical opportunities
- Oncology is the second largest category of drugs in China
- Among the top 20 oncology products in China, 9 of them are on ScinoPharm's product list
- Began developing the market in 2009, has 6 customers so far
- API import into China still faces delay at SFDA



ScinoPharm



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 Our Current Leadership Position

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

- 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

