



# ScinoPharm Management Presentation

TWSE 1789

March 14, 2012



# 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**

**India – Passage to US/EU**

**Business Outlook**

**Q&A**





# Overview of ScinoPharm

# Company Overview

- Maintain dominant position in Specialty API for generic market
- Developed more than 50 generic APIs with 16 launched, provided to around 300 customers
- Filed 41 DMF in US FDA (587 DMF worldwide), kept leading position in oncology injectable APIs with 19 US DMF, far exceeding other API companies
- CRO/CMO business served 70+ NCE projects, out of which 3 already approved and launched, 5 in phase III, which NDA are expected to be filed in the next 2-3 years



# Company Overview – cont'd

- Heavy emphasis on R&D, with 88 patents granted worldwide to 18 inventions
- Established a strong presence in US/EU generic market, part of which was channeled through Indian generic companies, began to develop Japanese and Chinese markets
- Expanding both Taiwan and China facilities. Phase I of China plant has been completed and will start GMP registration batch production in Q1
- Emphasizing on small molecules and peptides with high technological barriers. Invested in Tanvex Biologics to explore the opportunities in biosimilars



# 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

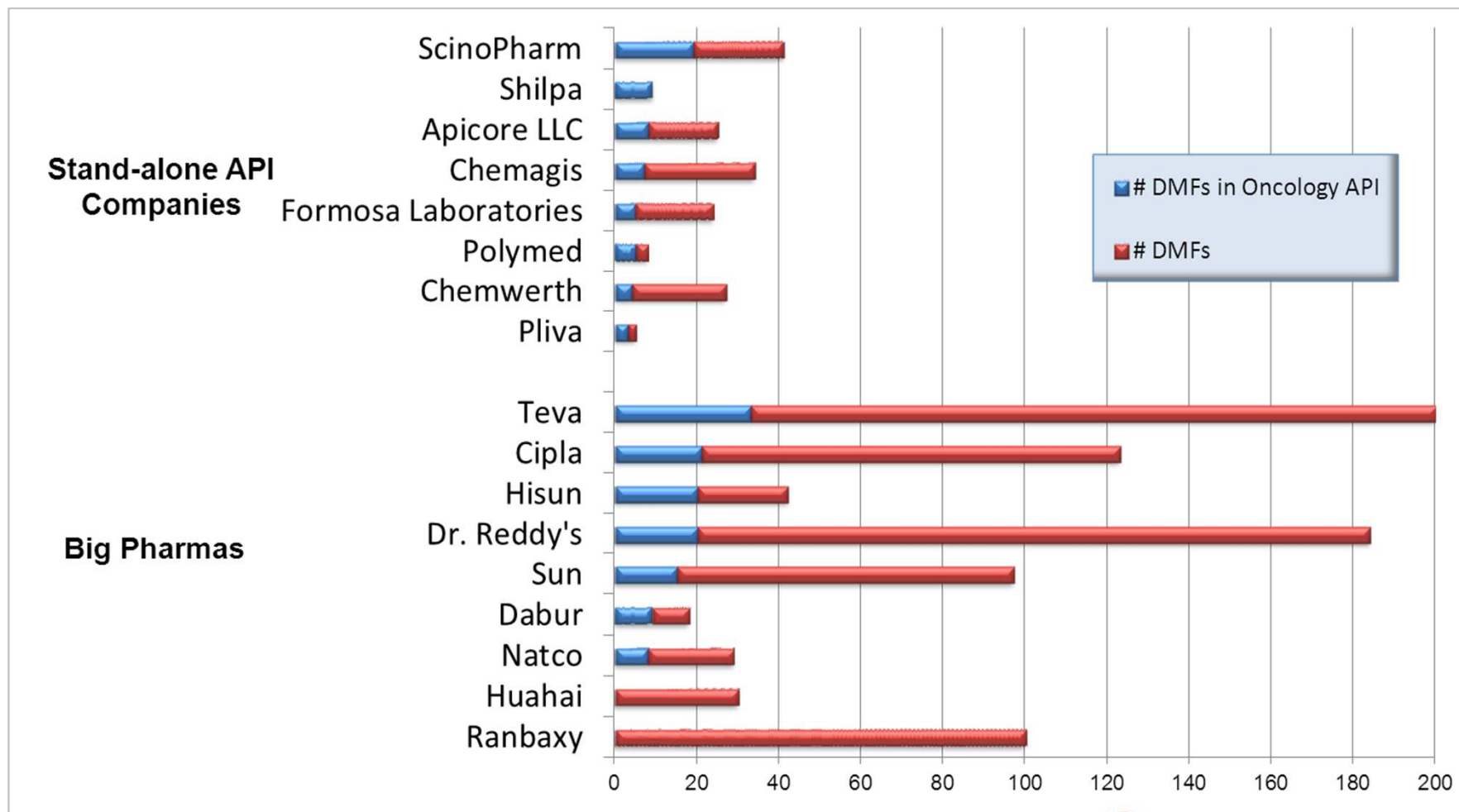


## China

- With nearly  $250\text{M}^3$  reactor volume
- The first phase completed by the end of 2011. The second phase completed by the end of the 2012
- 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 (Contract Research And Mfg) 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 – 4Q 2011

NT\$MM, except EPS	4Q,'11 (unaudited)	3Q,'11 (reviewed)	4Q,'10 (audited)	QoQ	YoY
Net Sales	1,127	1,062	1,115	6%	1%
Gross Profit	559	483	508	16%	10%
<i>Gross margin</i>	<i>50%</i>	<i>46%</i>	<i>46%</i>		
SG&A	(207)	(186)	(198)	11%	5%
Operating Income	352	297	311	19%	13%
<i>Operating Margin</i>	<i>31%</i>	<i>28%</i>	<i>28%</i>		
Other Rev.(Exp.)	14	(15)	(6)	193%	333%
Net Income before Tax	366	282	305	30%	20%
<i>Net margin before tax</i>	<i>33%</i>	<i>27%</i>	<i>27%</i>		
EPS (before tax)	0.58	0.46	0.50	26%	16%

EPS are calculated based on weighted average number of outstanding shares



# P&L - FY2011

NT\$MM, except EPS	FY 2011 (unaudited)	FY 2010 (audited)	YoY
Net Sales	3,948	3,887	2%
Gross Profit	1,885	1,940	-3%
<i>Gross margin</i>	<i>48%</i>	<i>50%</i>	
SG&A	(742)	(744)	-0%
Operating Income	1,144	1,196	-4%
<i>Operating margin</i>	<i>29%</i>	<i>31%</i>	
Other Rev.(Exp.)	(20)	(11)	81%
Net Income before Tax	1,124	1,185	-5%
<i>Net margin before tax</i>	<i>29%</i>	<i>31%</i>	
EPS (before tax)	1.82	2.06	-12%

EPS are calculated based on weighted average number of outstanding shares



# Balance Sheet

NT\$MM	2011/12/31 (unaudited)		2010/12/31 (audited)	
Cash and Cash Equivalents	3,080	33%	1,741	24%
Accounts Receivable	844	9%	731	10%
Inventories	1,450	15%	1,244	17%
Long-Term Investments	1,133	12%	671	9%
Fixed Assets	2,592	28%	2,592	36%
Total Assets	9,415	100%	7,287	100%
Current Liabilities	763	8%	584	8%
L-T Liabilities and Others	48	1%	26	0%
Stockholders' Equities	8,604	91%	6,677	92%



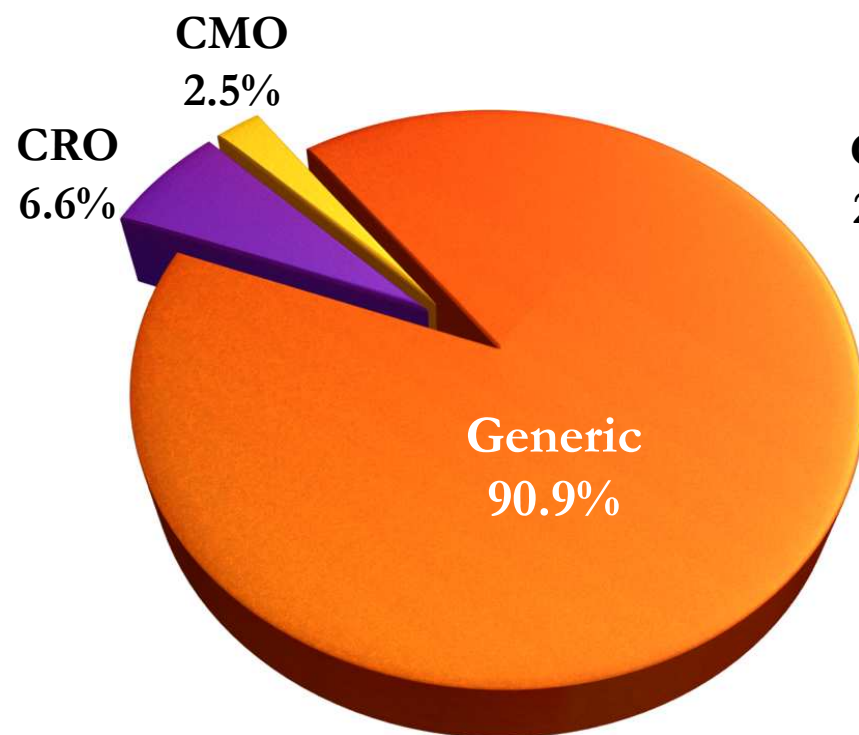
# Cash Flows

NT\$MM	FY 2011 (unaudited)	FY 2010 (audited)
Cash and cash equivalents at beginning of year	1,742	489
Cash flows from operating activities	1,269	1,556
CAPEX	(344)	(172)
Long-Term Investment	(450)	(370)
Issuance of common stock	957	1,173
Repayment of Long-Term Loans	-	(937)
Others	(94)	3
Cash and cash equivalents at end of year	3,080	1,742

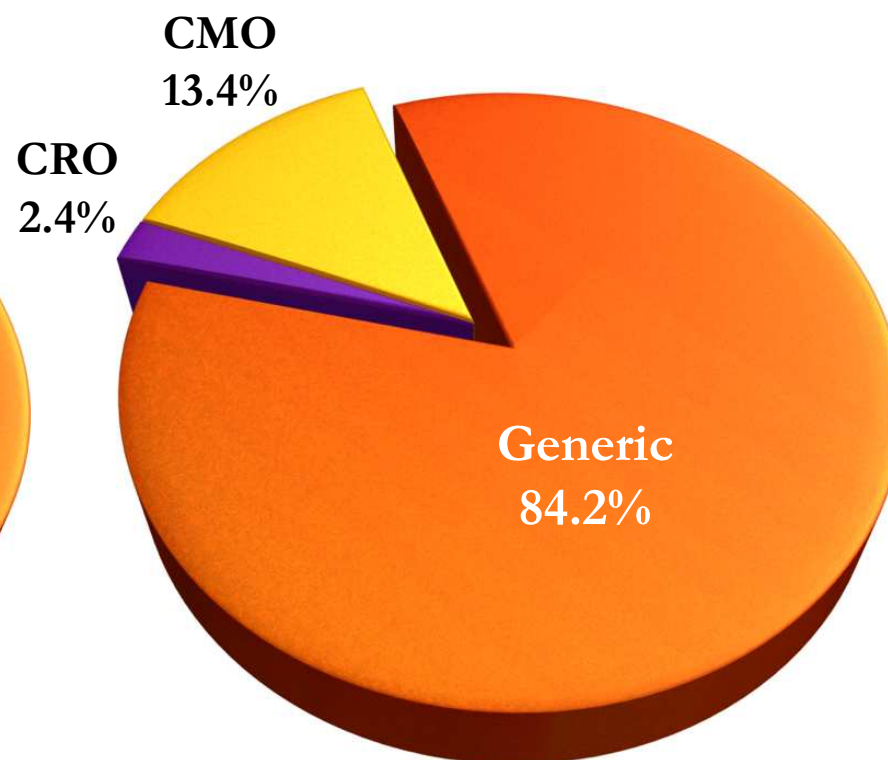


# Sales by Business

2010

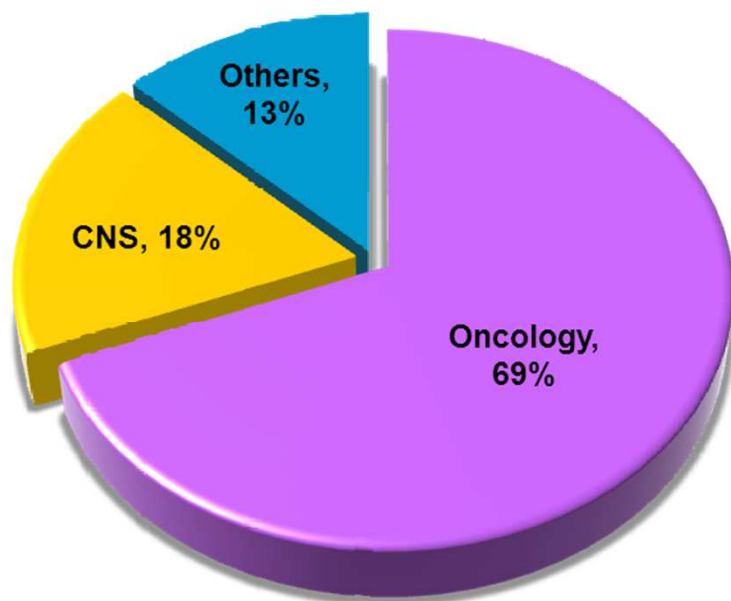


2011

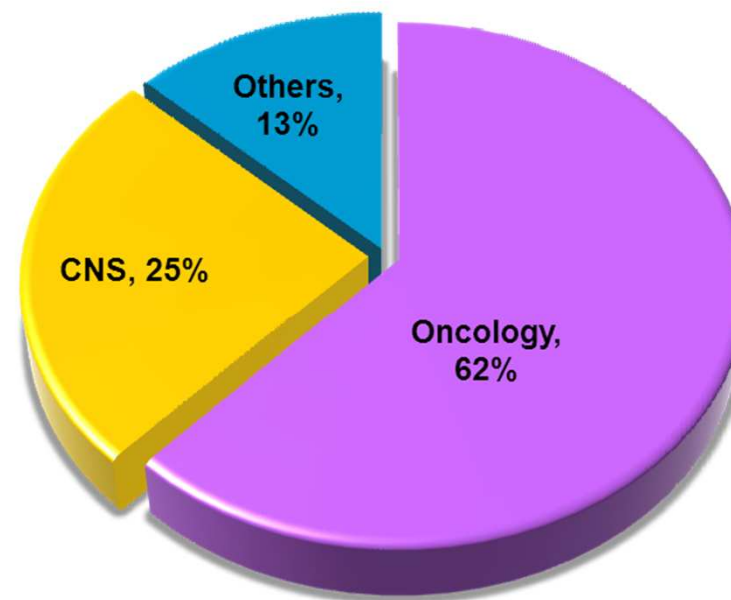


# Sales by Indications

2010



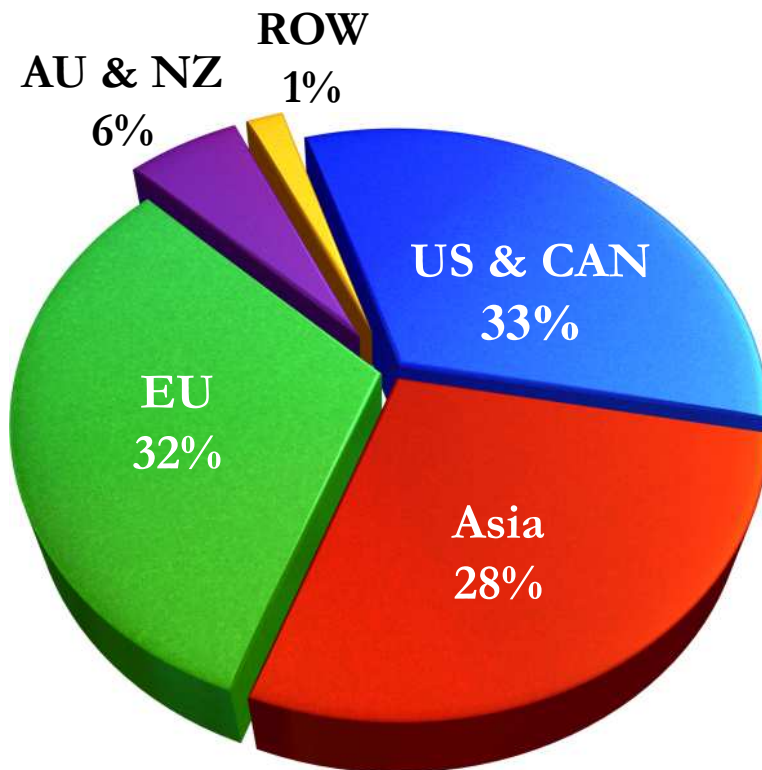
2011



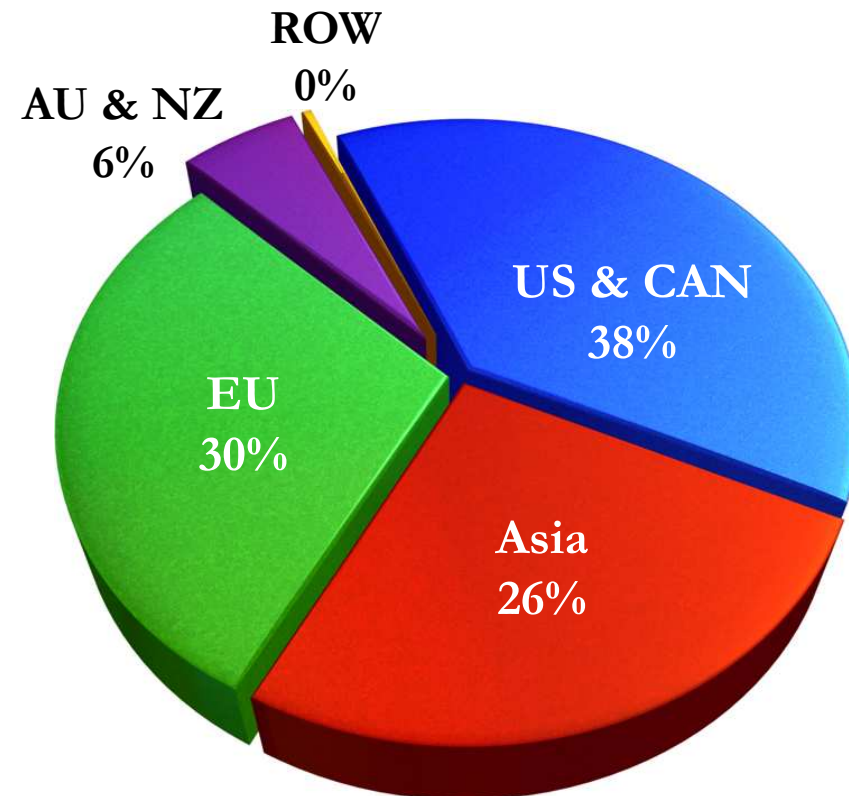


# Sales by Region

2010



2011



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



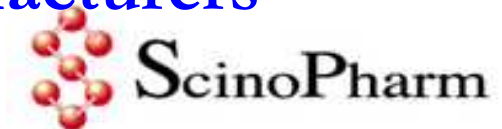


# India – A Passage to US/EU markets

---

# India – A Passage to US/EU markets

- More and more US/EU pharma outsourced formulations to India because of India's mature pharma 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

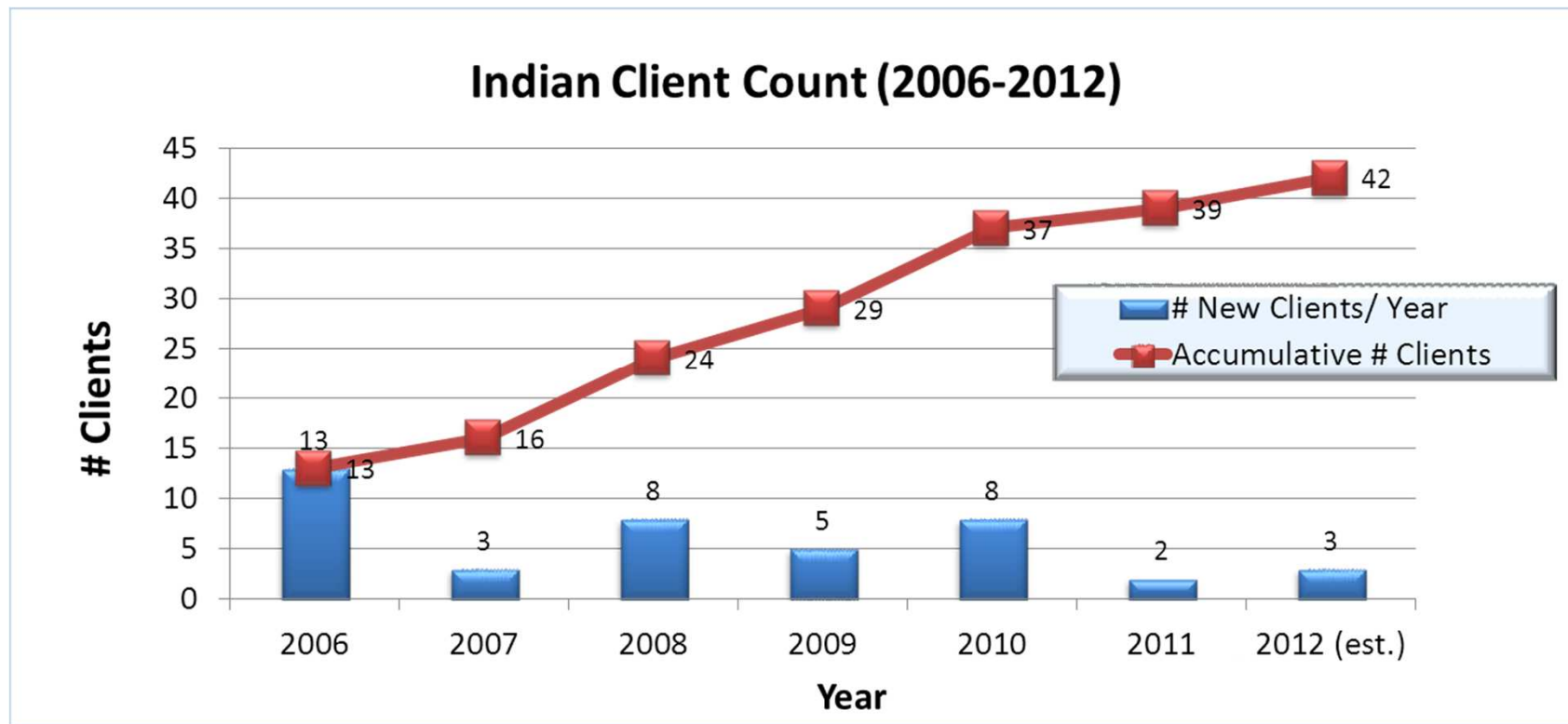
Rank	Pharma Co.	Revenue 2010 (USD \$MM)
1	<b>Cipla</b>	1,348.5
2	<b>Ranbaxy</b>	1,327.6
3	<b>Dr. Reddy's Lab</b>	1,178.0
4	<b>Lupin Ltd</b>	929.8
5	<b>Aurobindo</b>	865.2
6	<b>Dabur</b>	700.3
7	<b>Sun Pharmac</b>	674.0
8	<b>Cadila</b>	629.5
9	<b>Jubilant</b>	561.0
10	<b>Piramal</b>	480.3

8 out of the top 10  
are ScinoPharm's  
customers



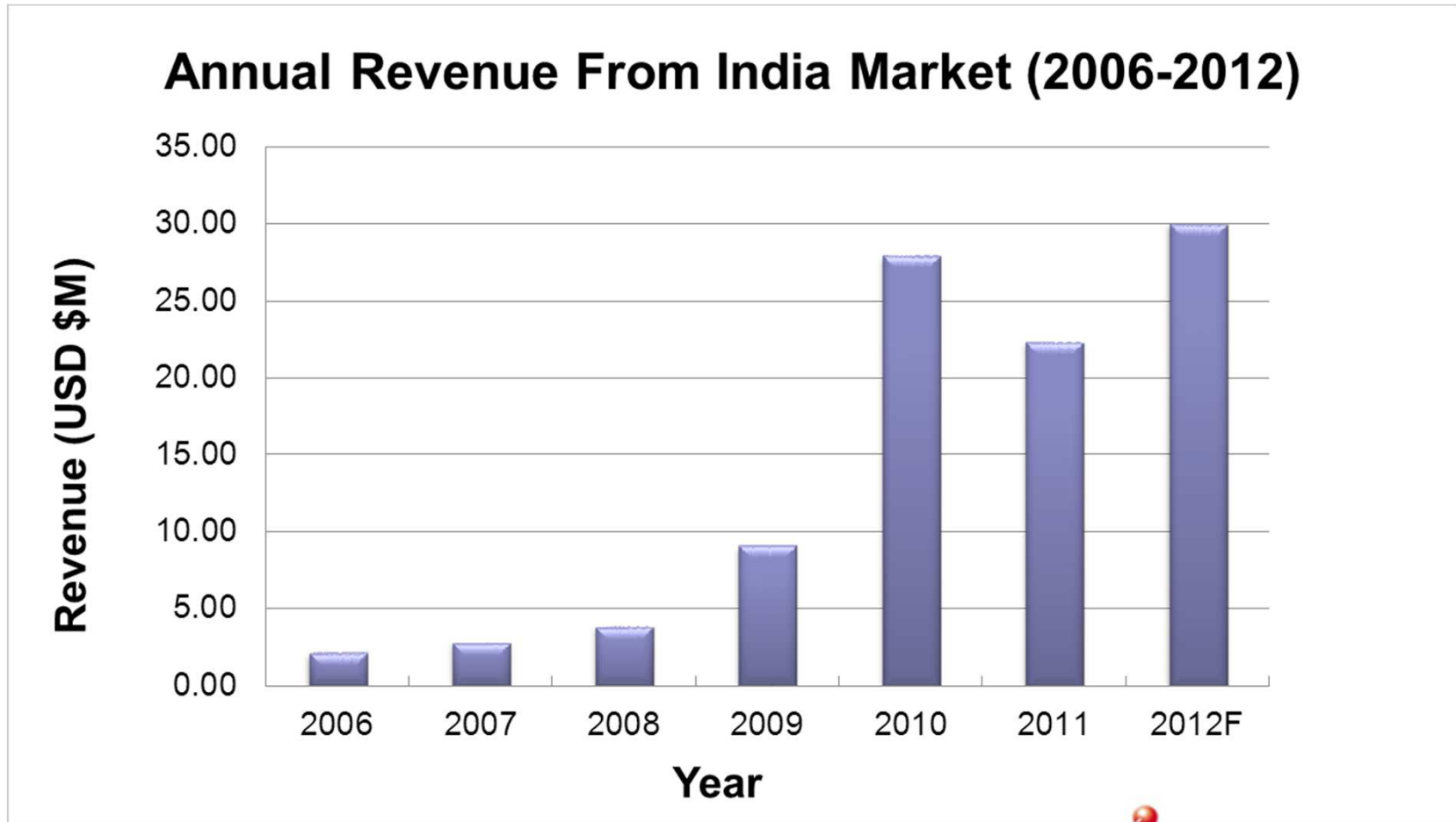
# ScinoPharm - Broad Customer Base in India

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)**





# **Business Outlook**

# 2012 Product Launch Plan

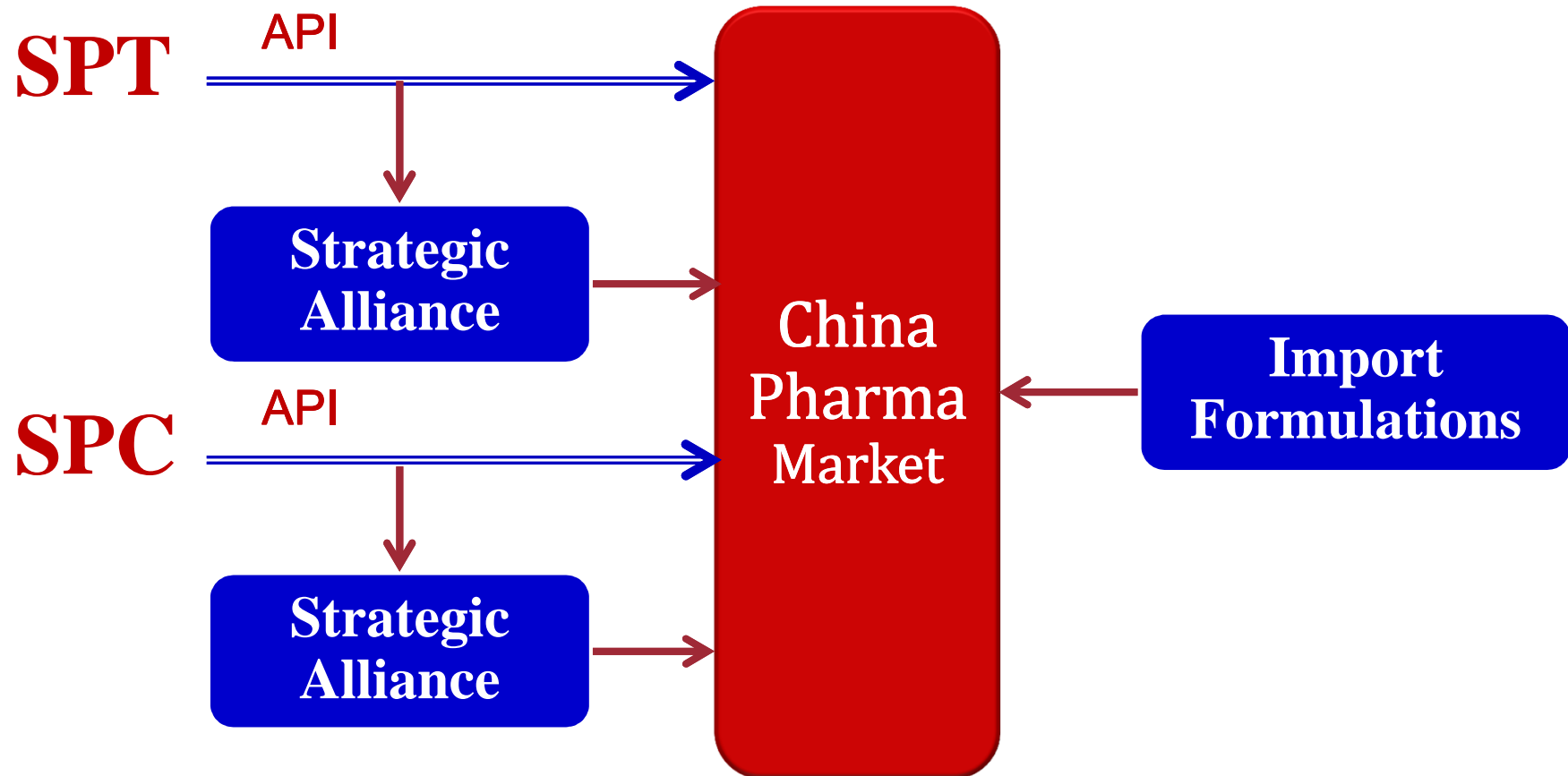
API	Region	Indications	Brand Marketer	Regional Sales	WW Sales
Argatroban	US	Antithrombotic, Anticoagulant	GSK	\$US 139MM*	\$US 205MM*
Galantamine HBr	EU	Alzheimer's disease	Janssen	\$US 314MM*	\$US 527MM*
Modafinil	US	Antinarcolepsy	Cephalon	\$US 1,078MM*	\$US 1,182MM*
Riluzole	EU	ALS	Sanofi Aventis	\$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



# Entering Chinese Market



# 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 next year

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

