



STANDARD

Stock Ticker :1720

Standard Chem. & Pharm. Co., Ltd. (SCP) Investor Conference

2018.11.28



生達化學製藥股份有限公司
STANDARD CHEM.& PHARM.CO.,LTD

免責聲明

Safe Harbor Notice

本次簡報與討論包含特定預測性的說明，而其內容有關於營運結果、財務狀況，以及對未來事件的預期。因為此等前瞻性說明是有關於未來事件，而且取決於未來發生時的環境因素，所以必然含有風險與不確定性。


本公司將不負擔公開更新或修改這些預測性的說明之義務，無論是出現新資訊、未來發生任何事件，或其他情況。實際結果可能與此等預測性說明推測的內容有重大差異。

In these presentations and discussions, there are certain forward looking statements regarding the results of operation, financial condition and current expectation about future events. As forward-looking statements relate to events and depend on circumstances in the future, they involve risk and uncertainty.

We do not undertake any obligation to publicly revise or update any forward looking statements for availability of new information, future events or otherwise. Real result probably differ substantially from those expected in these forward-looking statements.



Agenda



Introduction to
Standard
Pharmaceutical
Group
(SCP Group)



2018
Financial
Results
through Q3



Forward-
looking



Corporate
Social
Responsibility
(CSR)

- Historical Milestones
- Resource Integration
- Historical Financial Performance

- Consolidated Financial Statements
- Status of Internationalization

- Actions for Revenue Growth
- Forward-looking Strategy

- Fan Dao Nan Foundation



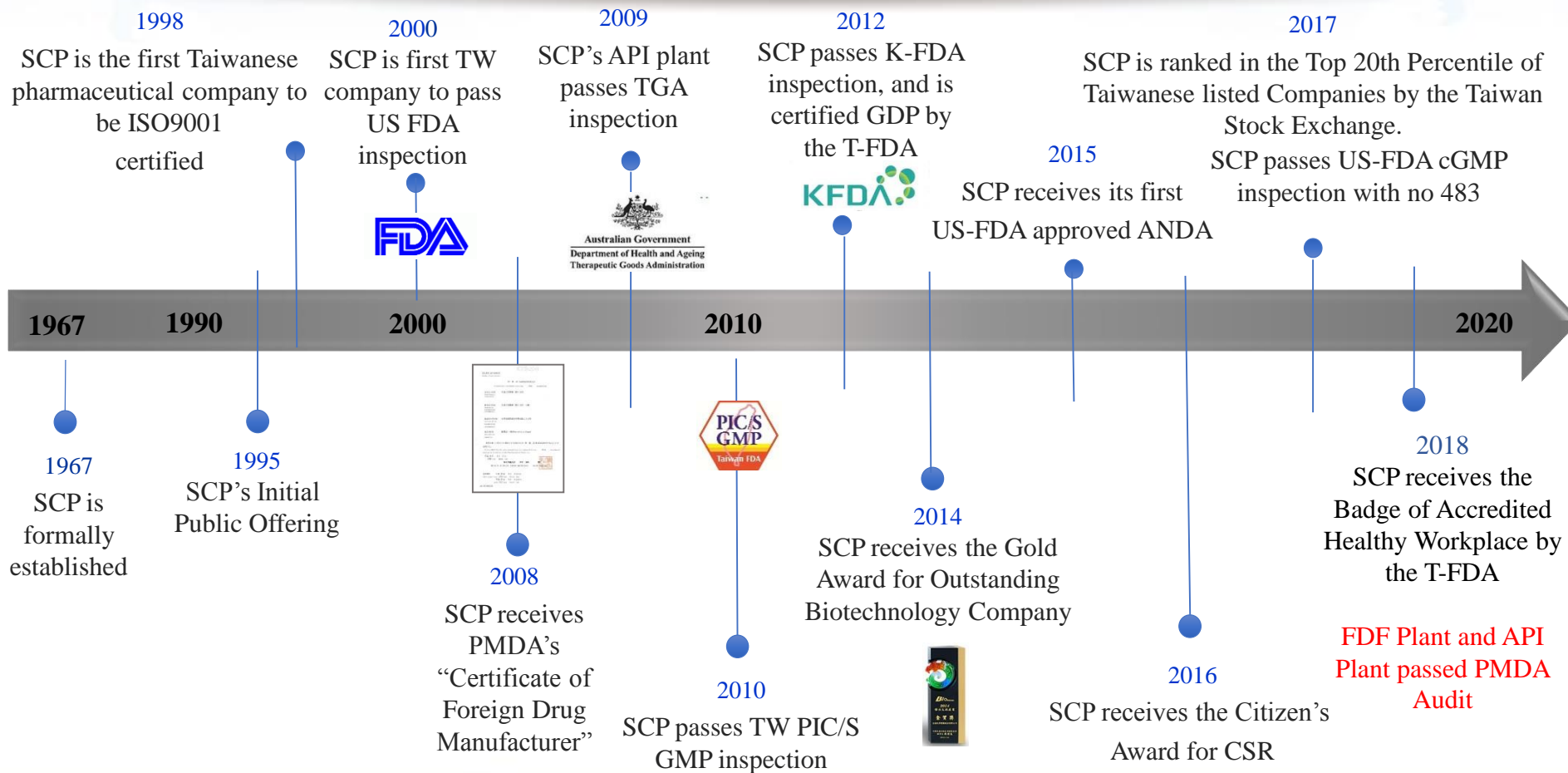


STANDARD

COMPLETE

Introduction to Standard Pharmaceutical Group (SCP Group)

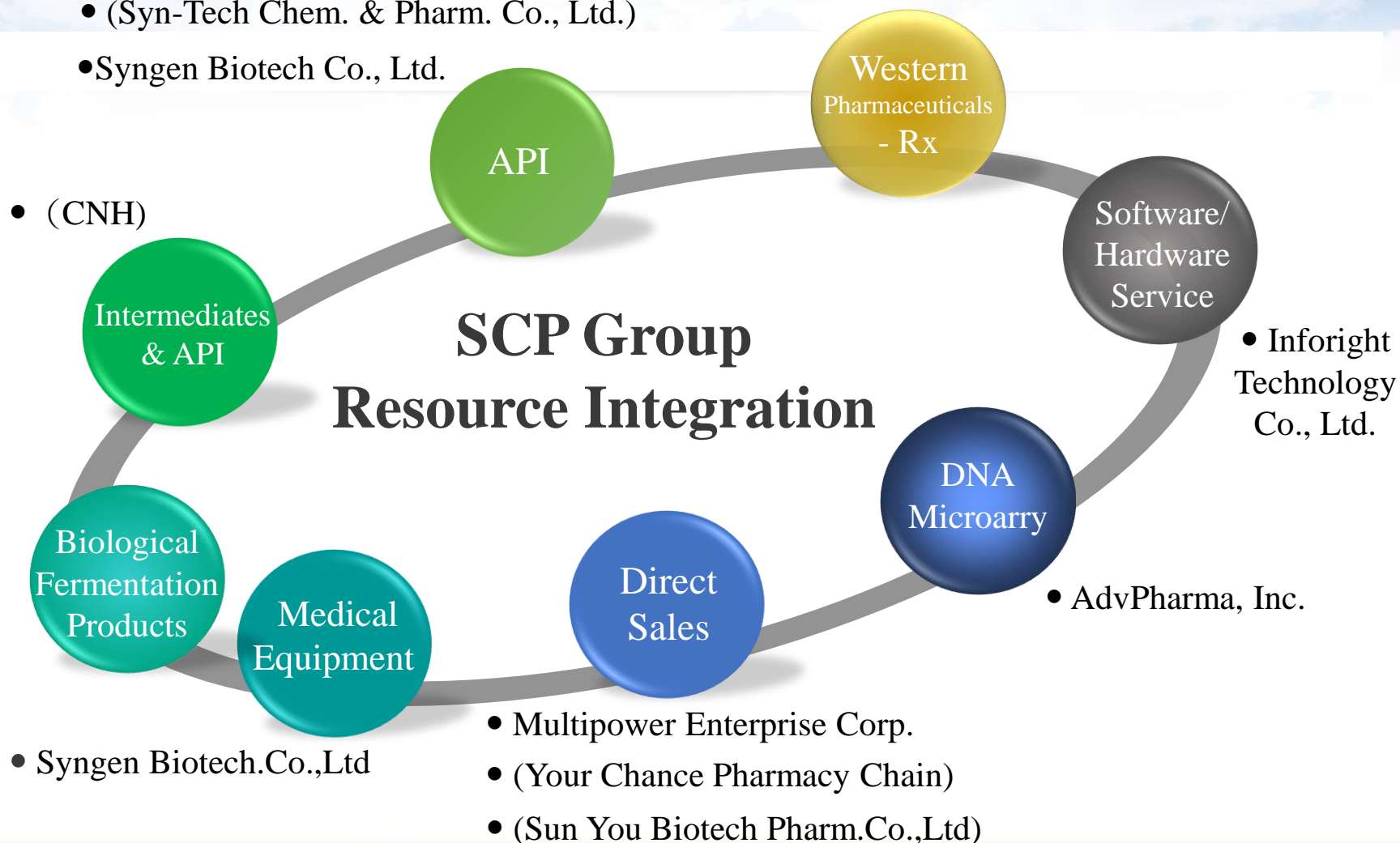
Historical Milestones



- Standard Chem. & Pharm. Co., Ltd
- Souriree Biotech. Co., Ltd

- (Syn-Tech Chem. & Pharm. Co., Ltd.)
- Syngen Biotech Co., Ltd.

- (CNH)



51 Years of Profit

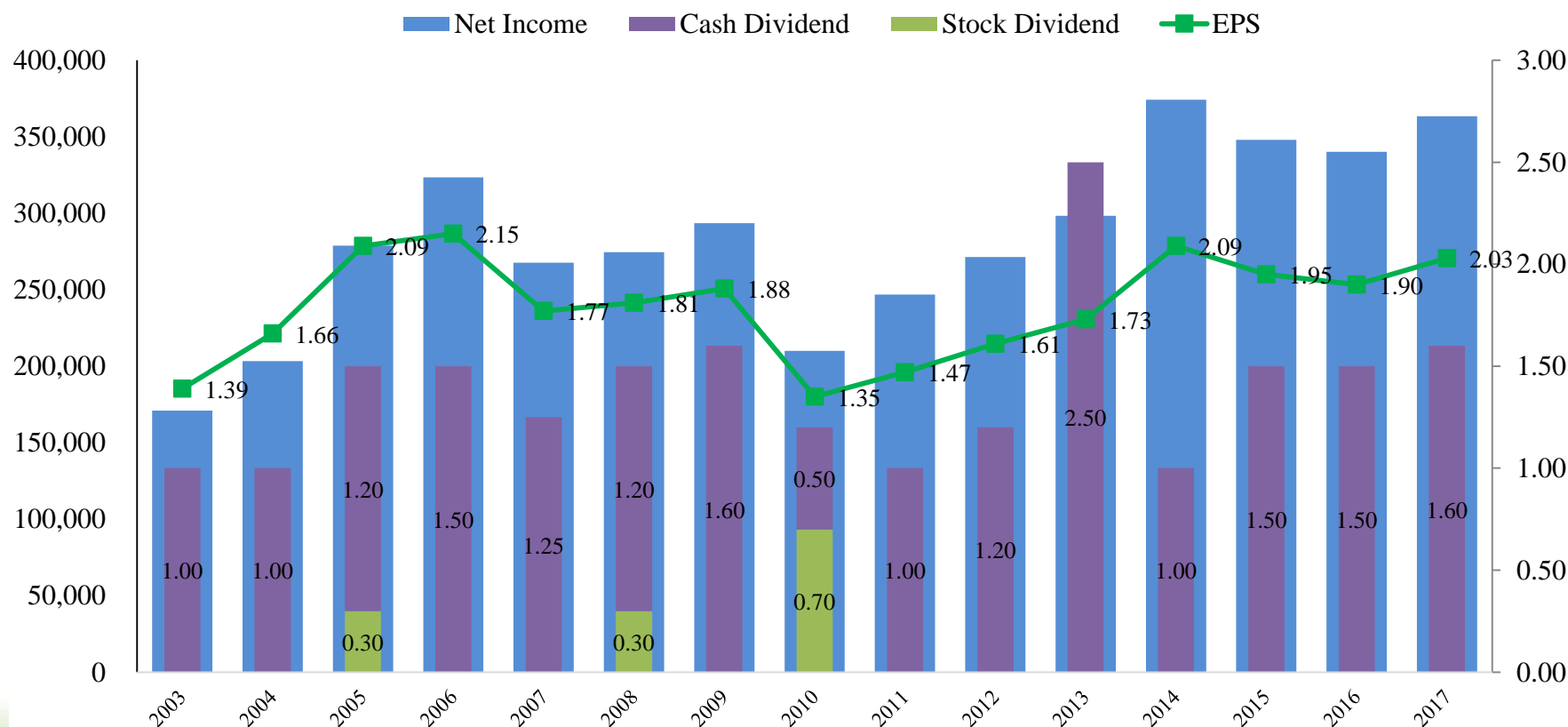
(15 years of Profit and Dividend Performance)



Income after Taxes

EPS

(Expressed in thousands of New Taiwan Dollars)



STANDARD CHEM. & PHARM. CO., LTD



STANDARD

2018 Financial Results through Q3

Income Statement (Consolidated)

(Expressed in thousands of New Taiwan Dollars)

	2018 Q1~Q3		2017 Q1~Q3		+	(-)	Growth Rate
	Amount	%	Amount	%	Amount	%	
Operating revenue	2,574,307	100	2,942,863	100	(368,556)	(13)	
Operating cost	1,452,919	57	1,599,597	54	(146,678)	(9)	
Gross profit	1,121,388	43	1,343,266	46	(221,878)	(17)	
Operating expense	846,160	33	899,959	31	(53,799)	(6)	
Operating profit	275,228	10	443,307	15	(168,079)	(38)	
Non-operating income and expense	98,783	4	30,123	1	68,660	228	
Income before tax	374,011	14	473,430	16	(99,419)	(21)	
Net income	312,664	12	373,825	13	(61,161)	(16)	
EPS (NT\$)	1.57		1.76		(0.19)	(11)	

Balance Sheet

(Consolidated)



(Expressed in thousands of New Taiwan Dollars)

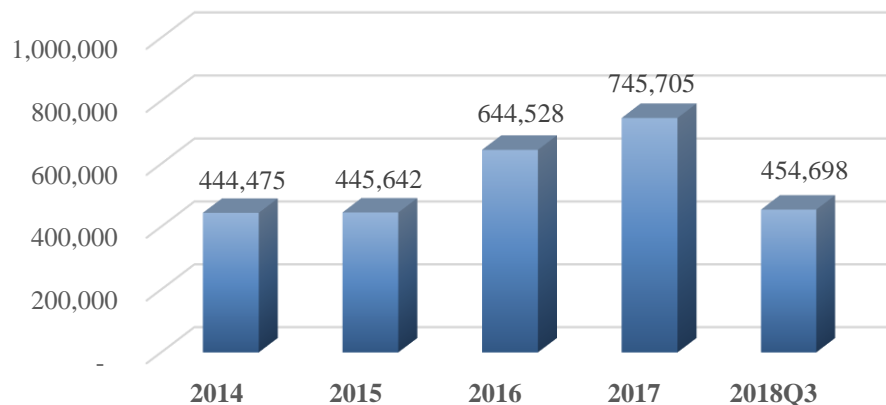
	As of September 30, 2018		As of September 30, 2017	
	Amount	%	Amount	%
Cash and cash equivalents	893,312	14	1,147,372	18
Accounts receivable	948,891	15	902,094	14
Inventories	831,266	13	784,918	13
Investments	616,374	10	726,108	12
Property, plant, and equipment	2,147,236	34	2,132,750	34
Other current and non-current assets	902,856	14	621,721	9
Total Assets	6,339,935	100	6,314,963	100
Current Liabilities	1,647,545	26	1,586,549	25
Long-term loans	189,799	3	194,830	3
Other liabilities	323,617	5	324,764	5
Total liabilities	2,160,961	34	2,106,143	33
Total shareholder's equity	4,178,974	66	4,208,820	67
Total liabilities and shareholder's equity	6,339,935	100	6,314,963	100



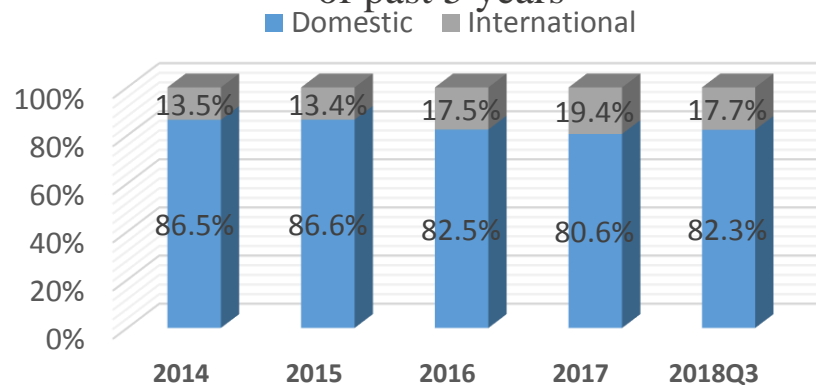
Global Revenue Ratio of past 5 Years (Consolidated)

(Expressed in thousands of New Taiwan Dollars)

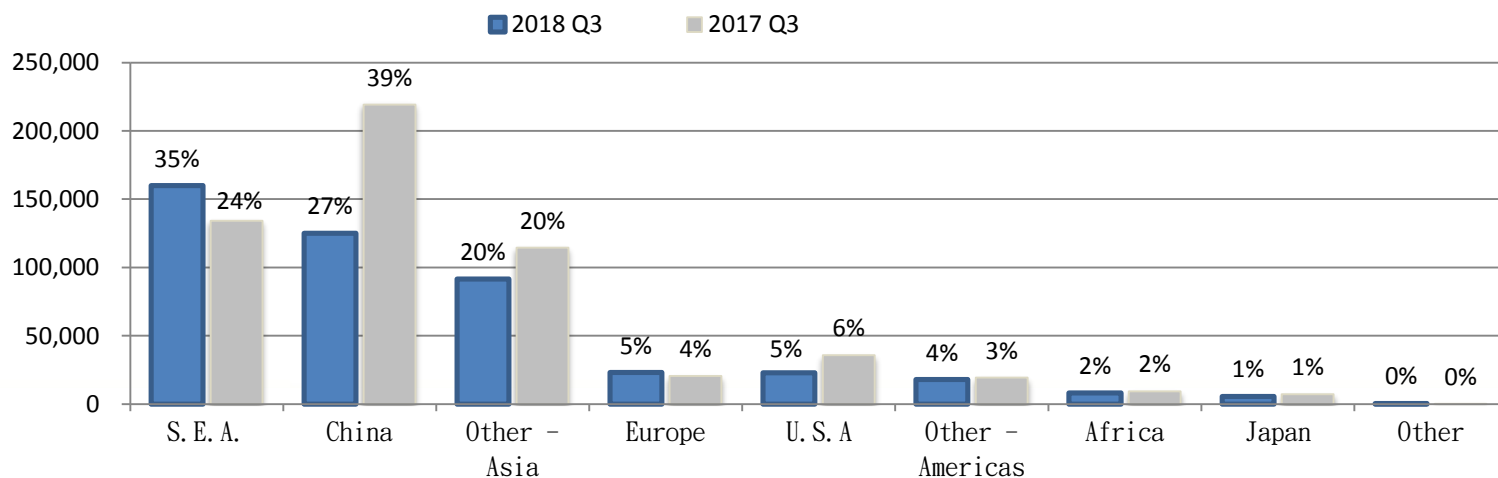
■ International Sales of past 5 years



■ Ratio of International-to-Domestic Sales of past 5 years



■ International Revenue (Ex-Taiwan)



R&D Accomplishments (Parent Company)



■ SCP – Dossier submissions of past 5 years

	2014	2015	2016	2017	2018Q3
Taiwan	10	16	9	9	8
International	23	17	14	10	21
Total	33	33	23	19	29





STANDARD

Forward-looking Strategy



SCP – Major International Operations of the past 2 years

Taiwan

- In-license of Japanese Anti-psychotic Latuda®
- 2019 Revenue Plan in excess of NT\$100MM

China

- Contracts signed for seven products.
- Estimated contract value: over NT\$100MM; Bi-annual renewals
- Future Business Model: Profit Sharing

Japan

- Asthma treatment with continuous export to Japan
- Anti-inflammatory Oral Solid Dosage has passed BE; schedule to launch in 2020



Future Milestone



STANDARD



Taiwan Generics

**International
Better than Generics**



生達化學製藥股份有限公司

STANDARD CHEM.& PHARM.CO.,LTD

Revenue Growth Strategy - Taiwan

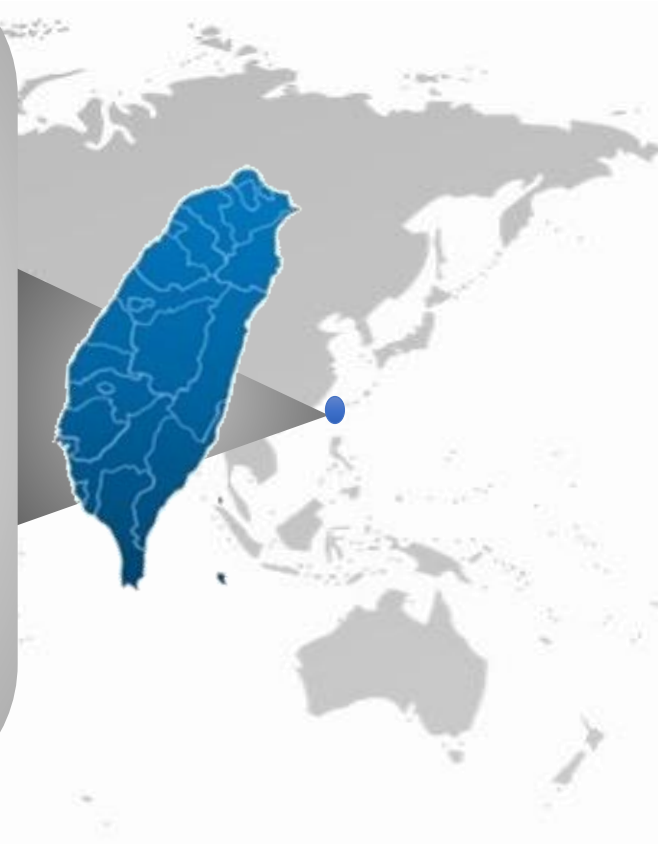
■ Taiwan as Base of Operations for Global R&D and Pharmaceutical Manufacturing

- Yearly increase of international operations ratio.
- Launch new products every year

■ Strengthen Manufacturing Capability

- Manufacturing line complies with international standards; have passed numerous international audits
- Production line standardization: plan to merge two lines (last year merged three lines)

■ In-licensing: Psychiatry, Urology



Revenue Growth Strategy - China



SCP Competitiveness

- SCP has successful experience with U.S. and Japan regulatory dossiers
- SCP to continue to specialize expertise in BE design and execution



NMPA review of importation

- 2 diabetes product
- 1 cardiovascular product



Mid-Term Goals

- Increase technology in-flow
- Increase revenue from profit-sharing



NMPA Consistency Evaluation

- 2017: 2 contracts signed
- 2018: 5 contracts signed



Collaboration Model

- Tech-transfer
- Co-development
- BE Collaboration
- Profit-sharing Partnerships



Results

- Continuous export of Antibiotic injectable
- A NT\$100MM contract signed



NMPA Reforms: Consistency Evaluation

■ 289 Items, 17,000 Approvals, 1,800 companies

- Will need to comply with by end of 2018
- Non-compliant will not be eligible for registration
- Limited to first three compliant manufacturers; others will not be eligible for listing.

■ Industry expenditures for Consistency Evaluation compliance

Company	Item	R&D Cost (CNY)
Hisun Pharma	Rosuvastatin	9,200,000
Harbin Sanlian Pharma	Mirtazapine	7,350,000
Huahai Pharmaceutical	Donepezil	9,250,000
Hengrui Pharma	Irbesartan	8,860,000



NMPA Reforms: Current State of Consistency Evaluation

■ 2017&2018 Revisions and Approvals

	No. of Docs	Items	Entities
Revised	553	205	207
Approved	107	60	49
Industry Results	CTTG has <u>42</u> submissions, Qilu Pharamceutical has <u>40</u> submissions Yangtze River Pharma has <u>24</u> submissions CSPC Pharma and Jainsu Heng Rui each have <u>22</u> submissions Hisun Pharma and Truly Holdings each have <u>19</u> submissions		
	There are <u>15</u> items that already have 3 compliant companies There are <u>16</u> items that already have 2 compliant companies		



NMPA Reforms: Consistency Evaluation

■ Market Competition

Established Name	No. of Registered BE
Metformin	72 companies
Amlodipine	50 companies
Clopidogrel	28 companies
Atorvastatin	24 companies
Entecavir	30 companies

■ Task for medical reform for 2nd half of 2018: Volume Purchasing

- Exclusivity for Consistency Evaluation compliant products
- Goal: Replacement of originator with compliant product and price control
- Pilot program in 11 cities with 33 products



Revenue Growth Strategy - Japan



Collaboration Model

- Japanese Distribution Partner
- Contract Development, SCP Manufacturing
- License Holder



Raw Material Strategy

- Collaborate with Syn-Tech Chem. & Pharm. Co., Ltd.
- API Vertical Integration



Current State

- Obtained marketing license for Montelukast (Asthma), 2nd straight year of continuous export

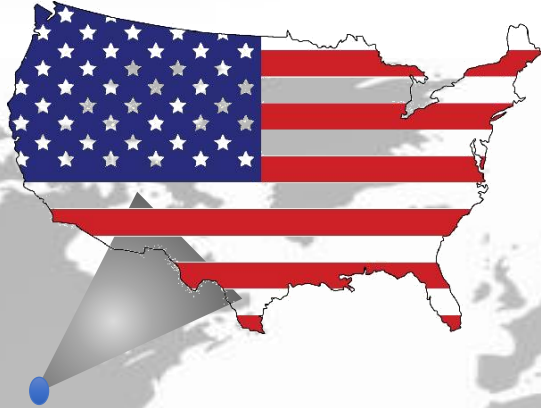


Under Development

- Co-development of Nonsteroidal Anti-inflammatory Drug (NSAID) – passed BE in 2018
- Dossier submission in February 2019; Estimated Market Launch is 2020.



Revenue Growth Strategy – U.S.A.



U.S.A. Market

- Largest Rx Market
- Characterized by lengthy review timelines.
- Expensive compilation and filing costs
- Part of SCP's long term goals



Strategy

- Collaboration with Syn-tech Chem. & Pharm. Co. Ltd.
- API Vertical Integration via strategic partnerships



Current State

- Actively export one diabetic treatment
- One approval, pending patent settlement terms
- Two ANDA's under review
- KPI – One submission per year



Forward-looking Strategy Layout



- Increase international business resources
- Recruit international talent



- Develop Taiwan into a base of cutting-edge R&D technology and revenue generation.



- Stable foundation
- Rapid revenue creation
- Step-by-step optimization for minimization of loss
- Focus on market knowledge and business acumen
- Establish strategic partnerships for mid- and long-term goals





STANDARD

Corporate Social Responsibility

Fan Dao Nan Foundation



Fan Dao Nan Foundation

- Established in 1987
- Endowment Fund: NT\$196 Million
- Annual Budget: NT\$13 Million

Principal Activities

- Cultural and educational development activities
- Scholarships and Talent Cultivation
- Non-profit education
- Sponsor R&D and Innovation



Rewards and Honors Received

- 2011: Special Recognition Award – Dept. of Education
- 2012: Tainan City Govt. Grant for Scholarship Program
- 2013: National Special Selection Award for After-School Program – Dept. of Education



Corporate Social Responsibility



Scholarships

- University (related fields): 2 universities/5 students
- High school: 6 schools/118 students
- Middle school: 64 schools/865 students
- Elementary school: 224 schools/2,596 students

Scholarship Totals – NT\$5.6MM



Hope After-school Class

- Weekday afternoons
- 20 schools
- 1,600 students

Scholarship Totals – NT\$1.55MM



Sunflower Wednesdays

- Every Wednesday afternoon
- 4 schools
- 330 students

Scholarship Totals – NT\$250KK



Other Sponsorships

- Member of 16-corporation alliance for sponsorship cultural and educational advancement

Grant Total – NT\$1.8MM



Meal-Assistance

- In 2018, provided 6,600 meals to students during winter and summer holidays.

Assistance Totals – NT\$400KK



Charity



- SCP Children's Drawing Competition
- SCP National Table Tennis Competition

Prize Totals – NT\$1.6MM

※ Funded or provided assistance to 5,820 students in 2017



生達化學製藥股份有限公司
STANDARD CHEM. & PHARM. CO., LTD



STANDARD

Q & A





STANDARD

**Thank you
for your attention**



生達化學製藥股份有限公司

STANDARD CHEM.& PHARM.CO.,LTD