



STANDARD

Stock Ticker :1720

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

2019.04.18



生達化學製藥股份有限公司

STANDARD CHEM.& PHARM.CO.,LTD

免責聲明

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Agenda



Introduction to Standard Group (SCP Group)

- Milestones
- Resource Integration
- Past Financial Performance



2018 Financial Statements

- Consolidated Financial Statements
- Separate Financial Statements



Forward-looking

- Future Development Direction
- Actions for Revenue Growth
- Forward-looking Strategy



Corporate Social Responsibility (CSR)

- Fan Dao Nan Foundation





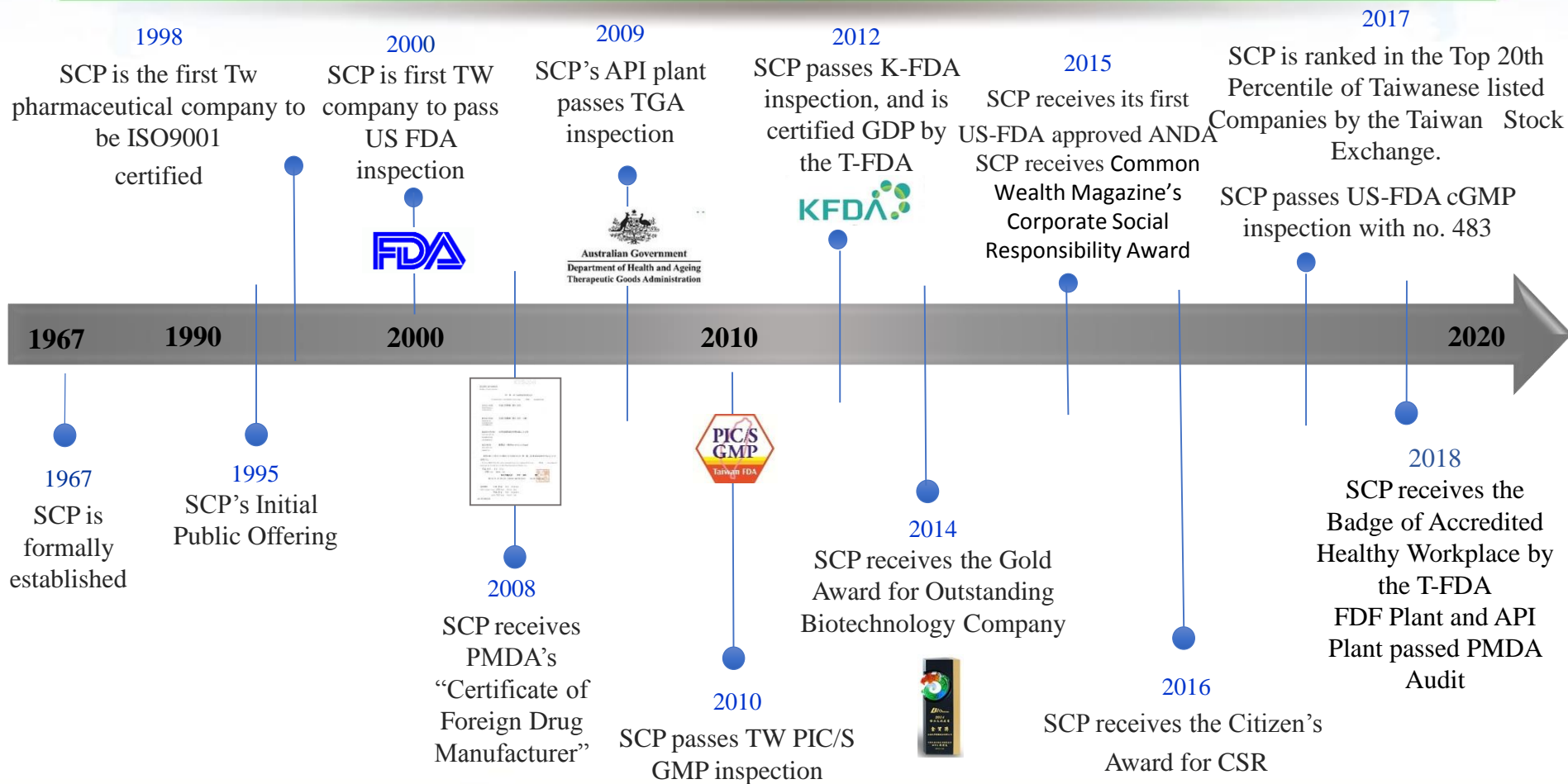
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COMPLETE

Introduction to Standard Group (SCP Group)



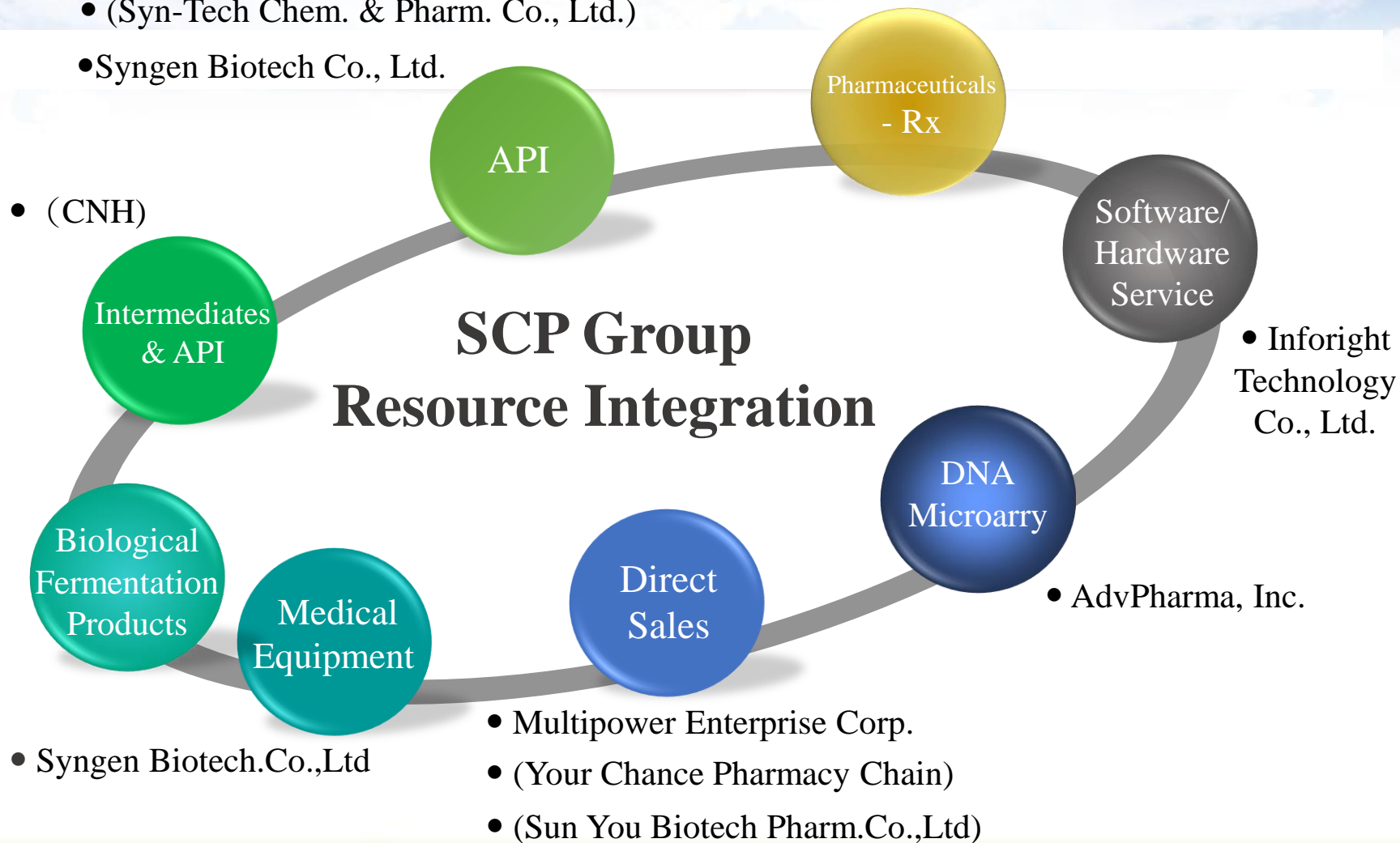
Historical Milestones



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

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

- (CNH)



51 Years of Continuous Profit

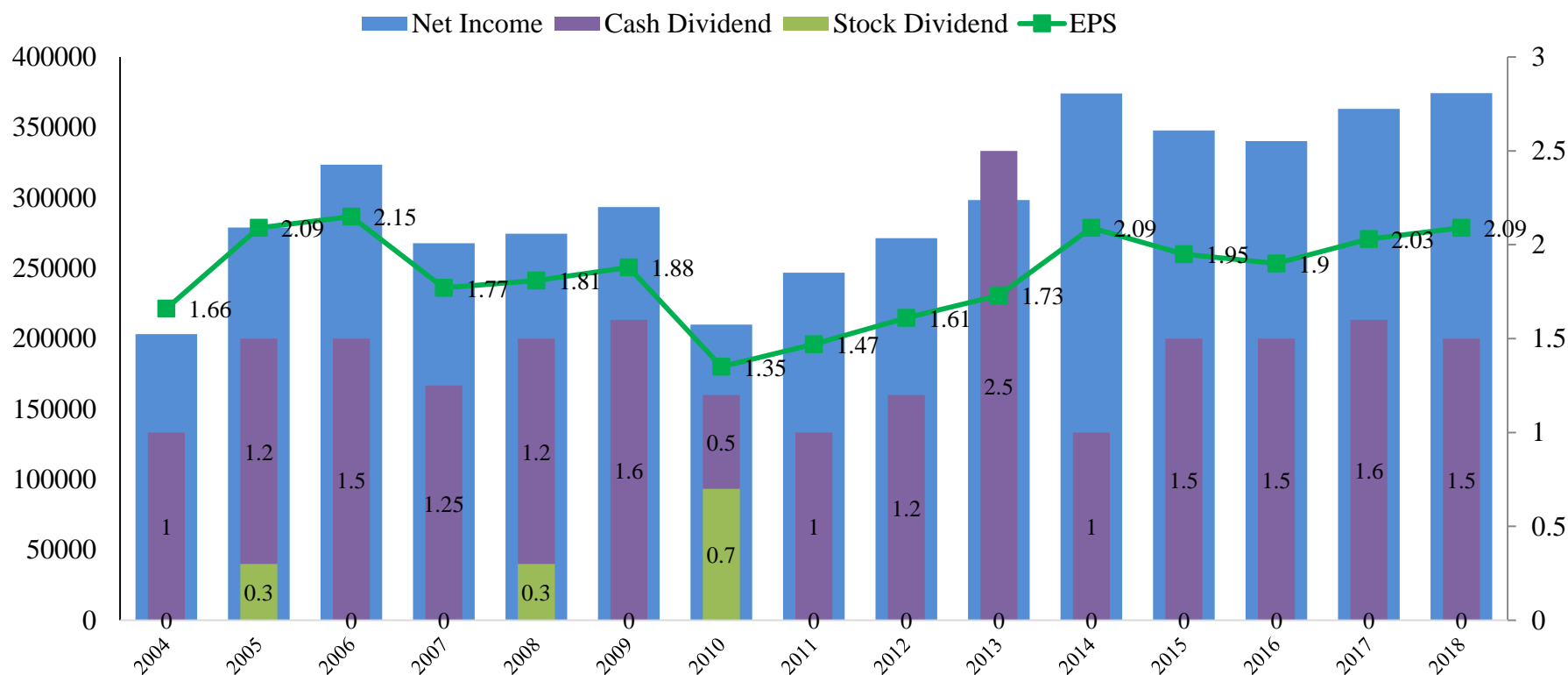
(15 years of Profit and Dividend Performance)



Income after Taxes

(Expressed in thousands of New Taiwan Dollars)

EPS



Remark: Distribution of dividends in 2018 was approved by Board of Directors without the resolution of the shareholders' meeting.



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2018 Financial Statements

Income Statement (Consolidated)



(Expressed in thousands of New Taiwan Dollars)

	2018		2017		+(-)	Growth Rate
	Amount	%	Amount	%	Amount	%
Operating revenue	3,573,093	100	3,848,684	100	-275,591	-7
Operating cost	2,028,483	57	2,099,686	55	-71,203	-3
Gross profit	1,544,610	43	1,748,998	45	-204,388	-12
Operating expense	1,156,352	32	1,207,523	31	-51,171	-4
Operating profit	388,258	11	541,475	14	-153,217	-28
Non-operating income and expense	129,208	3	8,737	0	120,471	1,379
Income before tax	517,466	14	550,212	14	-32,746	-6
Net income	427,936	12	433,339	11	-5,403	-1
Net income attributed to Stockholders of the Parent Company	374,359	10	363,286	9	11,073	3
EPS (NT\$)	2.09		2.03		0.06	3

Balance Sheet

(Consolidated)



(Expressed in thousands of New Taiwan Dollars)

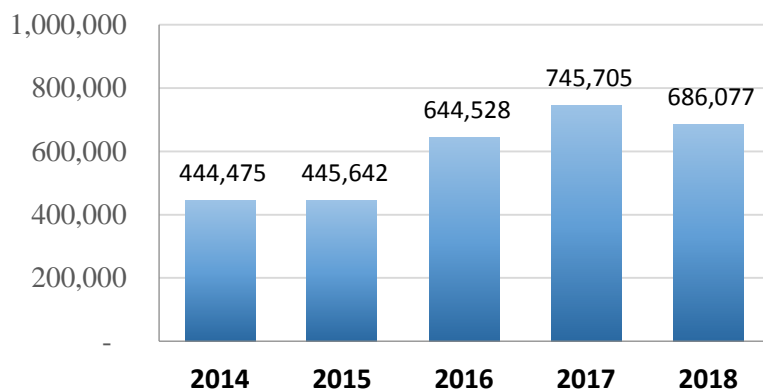
	2018		2017	
	Amount	%	Amount	%
Cash and cash equivalents	1,254,061	19	1,192,512	19
Accounts receivable	931,257	15	936,713	15
Inventories	793,128	12	727,894	11
Investments	731,794	12	798,303	12
Property, plant, and equipment	2,134,253	33	2,156,720	34
Other current and non-current assets	594,620	9	562,075	9
Total Assets	6,439,113	100	6,374,217	100
Current Liabilities	1,687,530	26	1,646,341	26
Long-term loans	152,283	3	187,312	3
Other liabilities	352,988	5	338,379	5
Total liabilities	2,192,801	34	2,172,032	34
Total shareholder's equity	4,246,312	66	4,202,185	66
Total liabilities and shareholder's equity	6,439,113	100	6,374,217	100



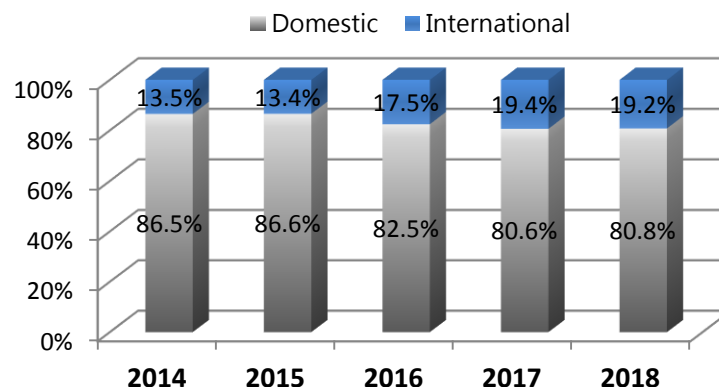
Global Revenue Ratio of past 5 Years (Consolidated)

(Expressed in thousands of New Taiwan Dollars)

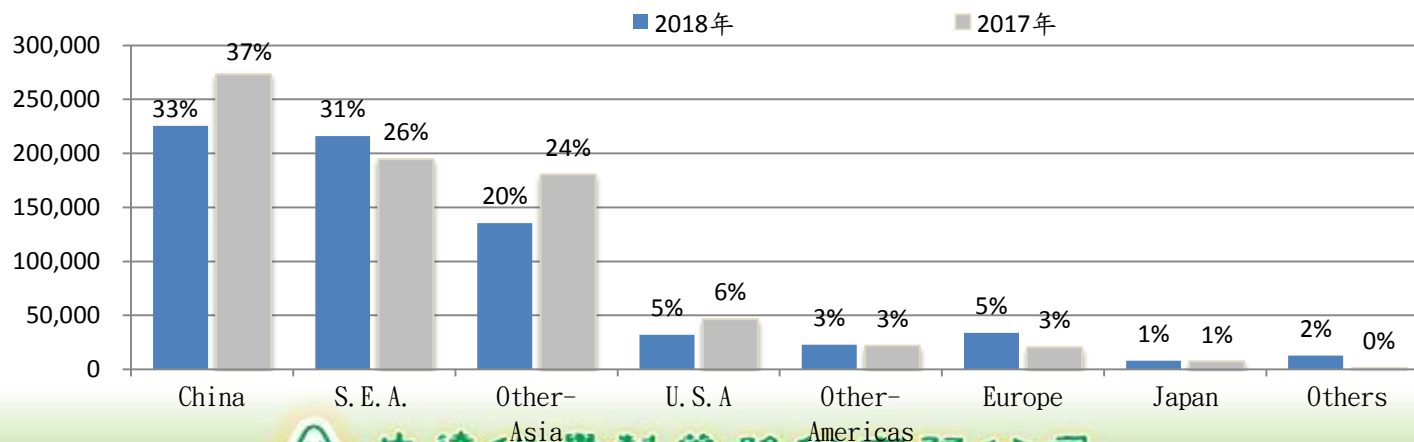
International Sales of past 5 years



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



International Revenue (Ex-Taiwan)



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Income Statement

(Parent Company)

(Expressed in thousands of New Taiwan Dollars)

	2018		2017		(±)	Growth Rate
	Amount	%	Amount	%	Amount	%
Operating revenue	2,385,819	100	2,410,610	100	-24,791	-1
Operating cost	1,287,252	54	1,290,577	54	-3,325	0
Gross profit	1,098,567	46	1,120,033	46	-21,466	-2
Operating expense	739,224	31	759,458	31	-20,234	-3
Operating profit	359,343	15	360,575	15	-1,232	0
Non-operating income and expense	88,618	4	72,083	3	16,535	23
Income before tax	447,961	19	432,658	18	15,303	4
Net income	374,359	16	363,286	15	11,073	3
EPS(NT\$)	2.09		2.03		0.06	3



Balance Sheet

(Parent Company)

(Expressed in thousands of New Taiwan Dollars)

	2018		2017	
	Amount	%	Amount	%
Cash and cash equivalents	946,253	18	729,506	14
Accounts receivable	683,451	13	634,621	12
Inventories	510,031	10	520,549	10
Investments	1,765,909	33	1,922,635	36
Property, plant, and equipment	1,141,224	22	1,193,519	23
Other current and non-current assets	273,084	4	306,553	5
Total Assets	5,319,952	100	5,307,383	100
Current Liabilities	1,227,480	23	1,198,955	23
Long-term loans	70,000	2	100,000	2
Other liabilities	341,247	6	336,005	6
Total liabilities	1,638,727	31	1,634,960	31
Total shareholder's equity	3,681,225	69	3,672,423	69
Total liabilities and shareholder's equity	5,319,952	100	5,307,383	100

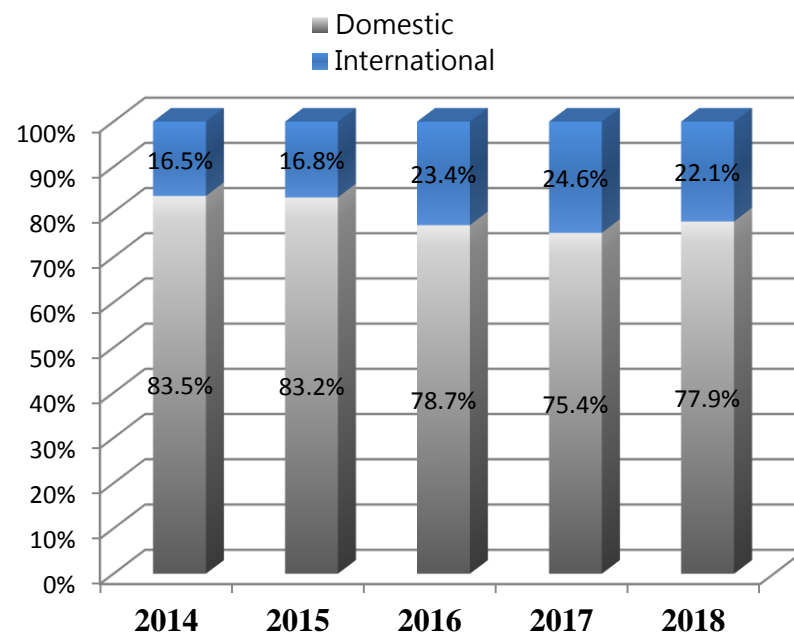
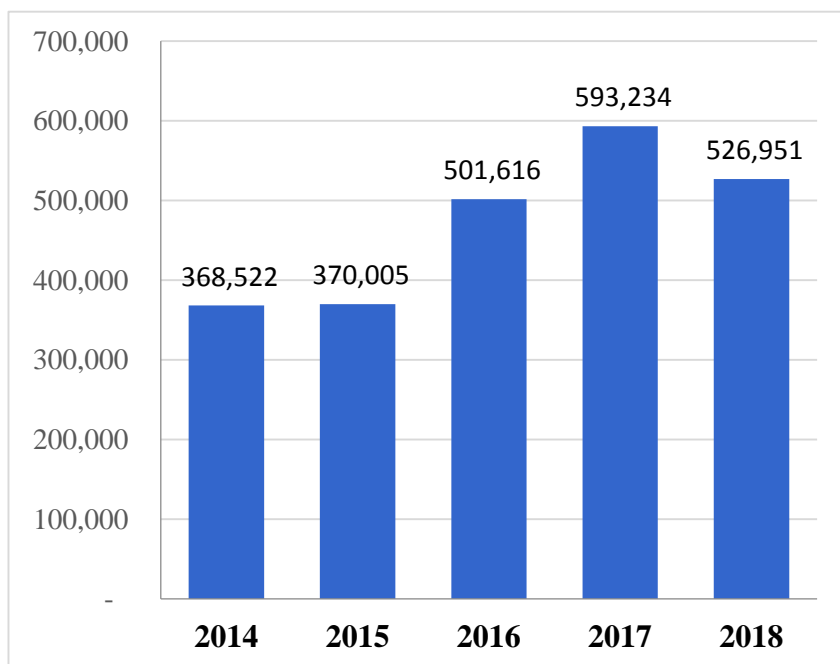


Global Revenue Ratio of past 5 Years (Parent Company)

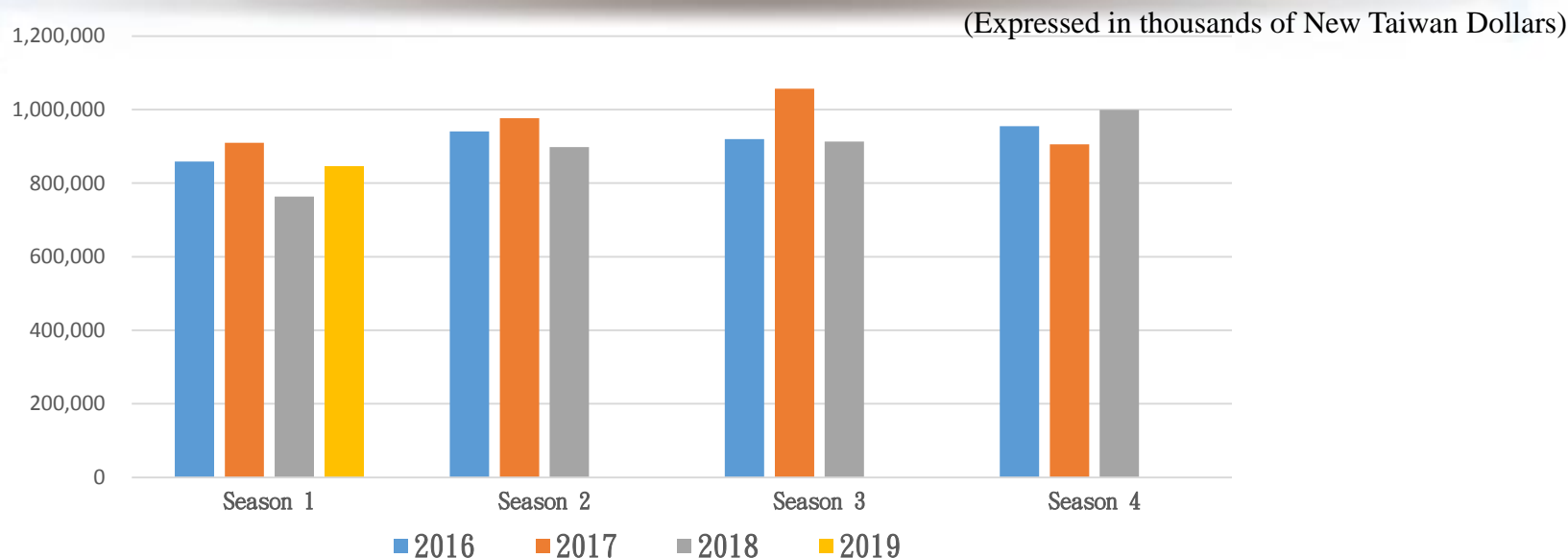
■ International Sales of past 5 years

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

(Expressed in thousands of New Taiwan Dollars)



Comparison of Quarterly Revenue of past 4 years (Consolidated)



Consolidated Revenue	Season 1	Season 2	Season 3	Season 4	Annual Statistics
2016	859,024	940,238	919,663	954,876	3,673,801
2017	909,933	976,177	1,056,753	905,821	3,848,684
2018	763,261	897,693	913,353	998,786	3,573,093
2019	846,177				





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Forward-looking Strategy



SCP – Major International Operations of the past 2 years

Taiwan

- Continuous growth for in-licensing of Japanese Anti-psychotic Latuda®

China

- Quality Consistency Evaluation for Generic Drugs: Contracts signed for seven products.
- Estimated contract value: over NT\$100 millions
- Future Business Model: Profit Sharing

Japan

- Export of Asthma product to Japan
- Anti-inflammatory Oral Solid Dosage was submitted for review in February 2019; schedule to launch in 2020



Future Milestone



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Taiwan Generics

**International
Better than Generics**



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Revenue Growth Strategy - Taiwan

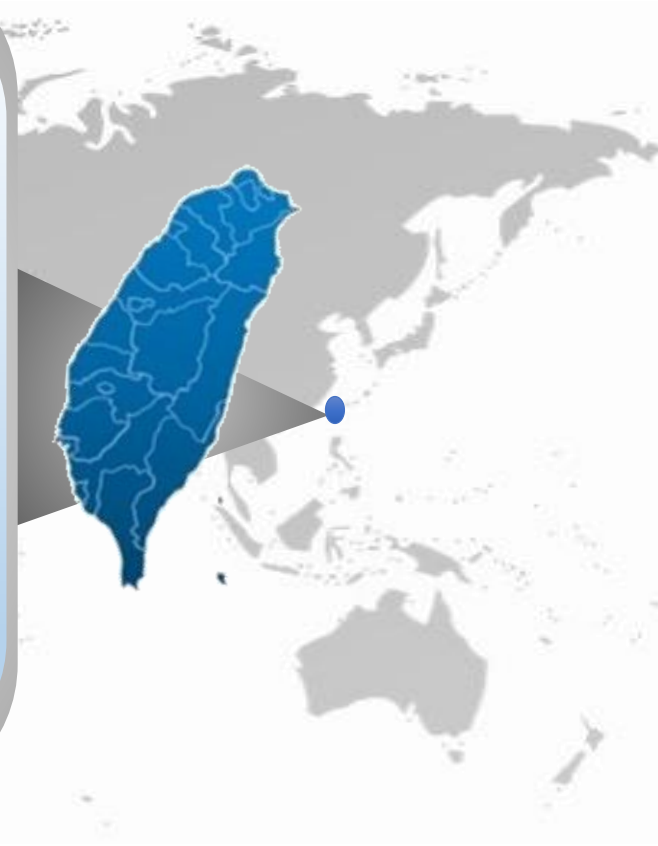
■ Taiwan as Base of Operations for Global R&D and Pharmaceutical Manufacturing

- 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

■ In-licensing: Psychiatry, Urology, and improve system product integrity



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
- 2019: ongoing negotiations



Collaboration Model

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



Results

- Increase the number of cooperative projects
- Increase the number of cooperative pharmaceutical companies
- Expand cooperation



NMPA Reforms: Current State of Consistency Evaluation

■ Policy Direction of Consistency Evaluation

- The deadline was cancelled on December 28th, 2018.
- If a product passes Consistency Evaluation, it would be highlighted in order to urge the other vendors to accelerate their applying process.
- If a product first passes Consistency Evaluation, it would be suggested for the other vendors to apply for the same product to complete Consistency Evaluation in 3 years.

■ Current Process of Total Revisions of Consistency Evaluation

	Revised Docs with No.	Items	Entities
Total in 2018.12(P.S.1)	676	231	249
Total in 2019.03(P.S.2)	1,102	336	361
Announced Item	289 items, 17,000 approvals, 1,800 entities		

P.S.1 : 2018.12.29 www.yaozh.com Report of CDE Statistics

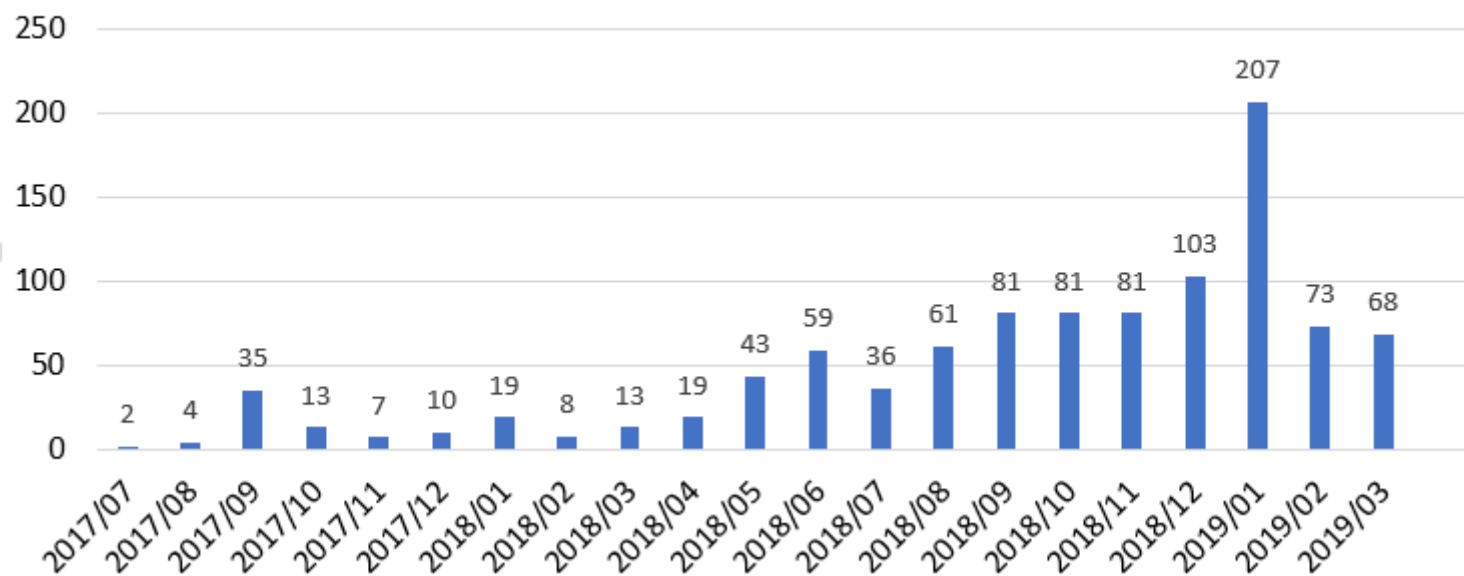
P.S.2 : 2019.04.02 信狐藥訊



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NMPA Reforms: Total Submissions of Consistency Evaluation

- 2017.07~2019.03 Consistency Evaluation: 1,023 submissions were revised in total



Source : www.yaozh.com Report of CDE Statistics



NMPA Reforms: Intense competition among Pharmaceutical Companies in Mainland China

	The Entities Submitted the most	Submissions for BE		Revised Docs with No.		Approval items		Accepted items
		2017	2018	2018	2019	2018	2019	2019
1	Qilu Pharmaceutical Co., Ltd.	24	16	37	53	2	10	29
2	Sichuan KELUN PHARMACEUTICAL Co., Ltd.	6	10	14	27	6	8	18
3	Yichang Renfu Pharmaceutical Industry	N/A	7	7	26	0	1	16
4	Jiangsu Hengrui Medicine	11	11	19	25	3	6	17
5	Haosen Pharmaceutical Industry	6	N/A	18	22	3	5	13
6	Shijiazhuang Pharma Group	10	12	15	21	4	7	16
7	Jiangsu Chiatai Tianqing	31	11	14	20	1	2	15
8	Hunan Kelun Pharmacy Limited Company	N/A	N/A	13	19	1	1	10
9	Yangtze River Pharmaceutical Group	6	16	9	18	1	4	15
10	Zhejiang Huahai Pharmaceutical	14	N/A	10	18	10	11	12



NMPA Reforms: Fierce Competitions for popular items

	The most popular items		Revisions		Submitted Entities		Approved Entities	
			2018	2019	2018	2019	2018	2019
1	氨氯地平	Amlodipine	25	39	23	35	5	8
2	阿莫西林	Amoxicillin	28	37	20	26	4	4
3	二甲双胍	Metformin	14	29	13	27	2	4
4	雷尼替丁	Ranitidine	10	20	10	19	0	1
5	頭孢氨卡	Cefalexin	12	16	8	11	0	0
6	蒙脫石散	Montmorillonite	13	16	13	16	4	4
7	對乙烯氨基酚	Acetaminophen	8	16	8	16	1	1
8	卡托普利	Captopril	10	15	8	12	2	2
9	引達帕胺	Indapamide	10	14	10	14	0	2
10	瑞舒伐他汀鈣	Rosuvastatin	13	13	6	6	4	5



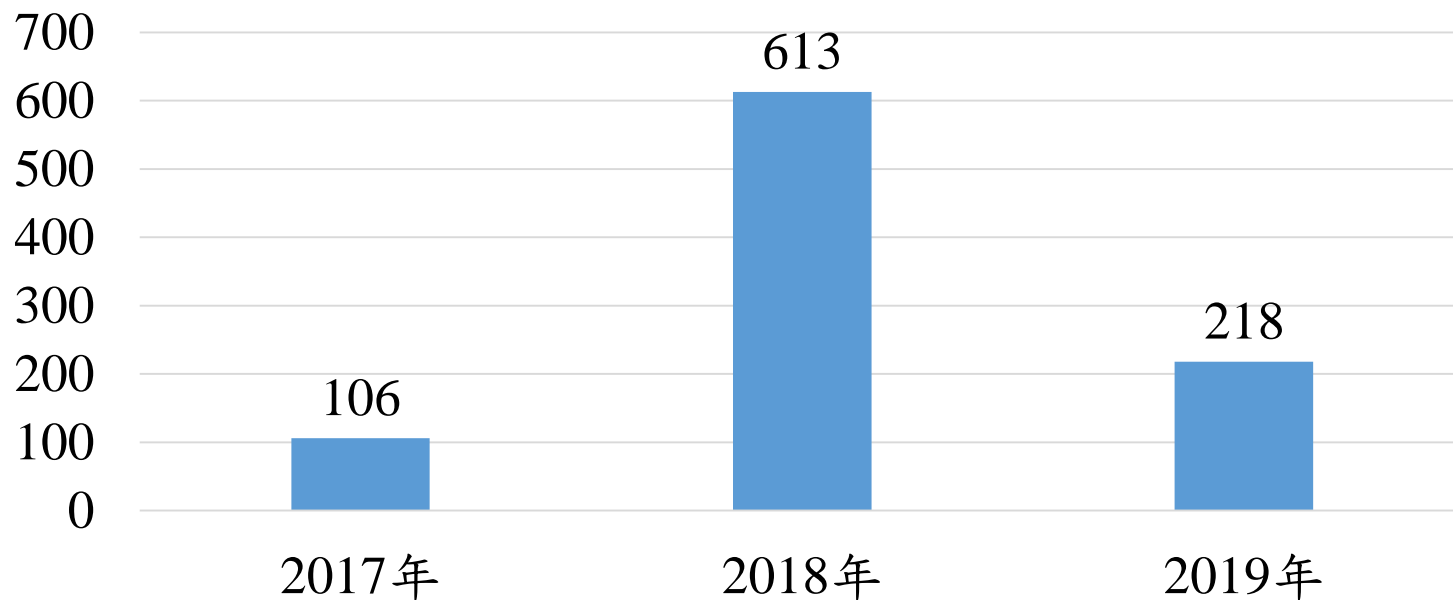
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NMPA Reforms: Submissions is still hot in 2019

- In 2019, up to 2/15, CDE has accepted 218 submissions

一致性評價CDE受理情況



Source : Reports from 藥通社



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), 3rd straight year of continuous export

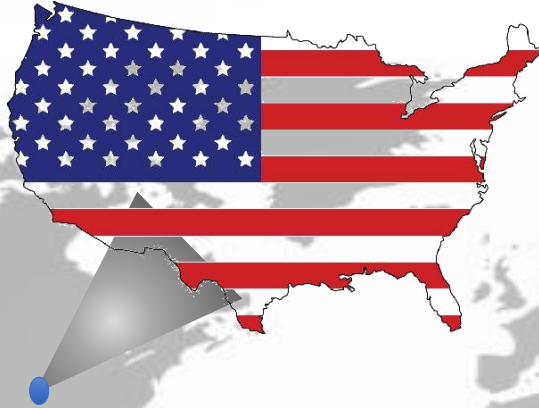


Under Development

- 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
- Schedule to submit Muscle Relaxant in 2019



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





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Corporate Social Responsibility

Fan Dao Nan Foundation



Fan Dao Nan Foundation

- Established in 1987
- Endowment Fund: NT\$196 Million
- Annual Budget: NT\$12 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: 8 schools/113 students
- Middle school: 56 schools/814 students
- Elementary school: 232 schools/2,681 students

Scholarship Totals – NT\$5.99MM



Hope After-school Class

- Weekday afternoons
- 18 schools
- 1,520 students

Scholarship Totals – NT\$1.9MM



Sunflower Wednesdays

- Every Wednesday afternoon
- 4 schools
- 310 students

Scholarship Totals – NT\$250KK



Other Sponsorships

- Member of 19-corporation alliance for sponsorship cultural and educational advancement

Grant Total – NT\$482KK



Meal-Assistance

- In 2018, provided 7,325 meals to students during winter and summer holidays.

Assistance Totals – NT\$440KK



Charity



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

Prize Totals – NT\$1.65MM





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Q & A



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Thanks for your attention



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