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

Investor Conference

2019.11.21



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
Pharmaceutical
Group
(SCP Group)

2019
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



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COMPLETE

Introduction to Standard Pharmaceutical Group (SCP Group)

SCP's International Honors



1998 SCP is the first Taiwanese pharmaceutical company to be ISO9001 certified



2000 SCP is the first TW pharmaceutical company to pass US FDA inspection

SCP continuously passed US FDA follow-up inspections with no 483s



2008 SCP received PMDA's "Certificate of Foreign Drug Manufacturer"

2018 FDF Plant and API Plant passed PMDA inspection



2009 SCP's API plant passed TGA inspection



2010 SCP passed TW PIC/S GMP inspection
2012 SCP passed TFDA GDP inspection

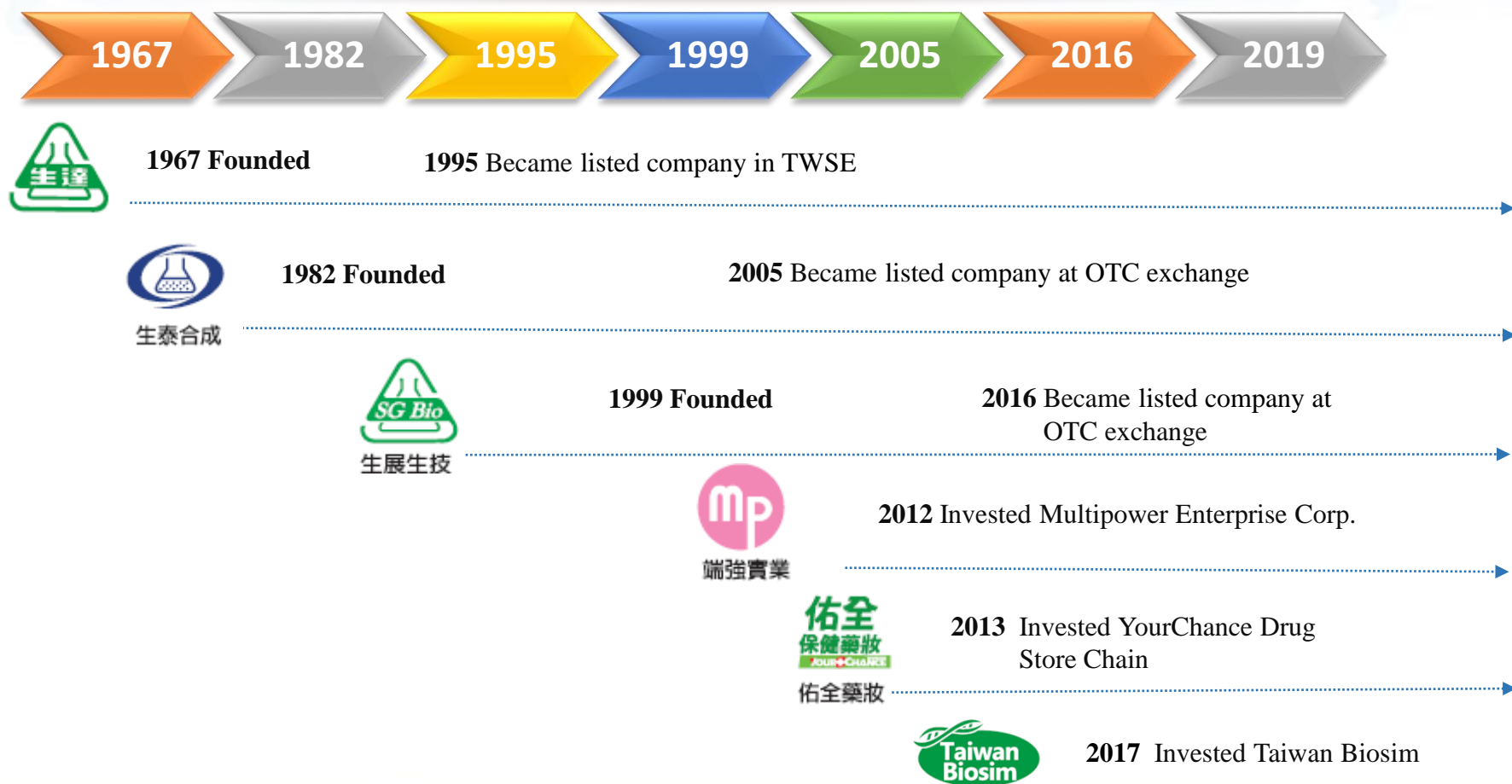


2012 SCP passed K-FDA inspection, and is certified GDP by the T-FDA



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Associated and Related Company of SCP



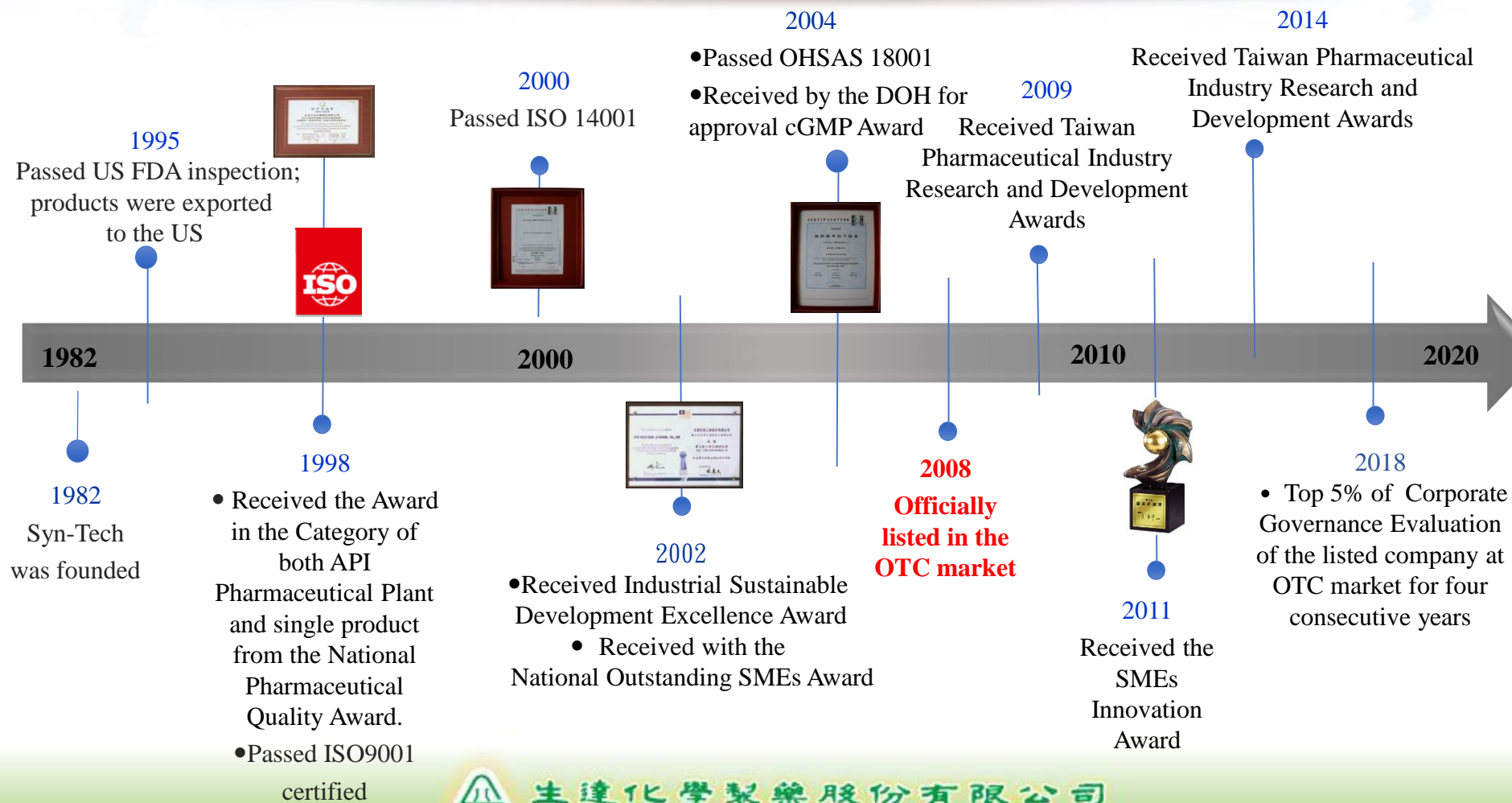
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生泰合成



Syn-Tech Chem. & Pharm. Co., Ltd History



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Syngen Biotech. Co., Ltd History

2004

Received the Silver Prize of the Taiwan Pharmaceutical Industry Research and Development Awards



2011

Received the Copper Prize of Taiwan healthcare and agricultural biotech ingredients innovation and excellence awards



2014

•Received National Biotechnology Medical Quality Award



2017

- Passed US NSF inspection
- Received National Innovation Award
- Received Golden Award of Taiwan Pharmaceutical Industry Research and Development Awards



2019

- Received the Golden Award of The 33rd World Genius Convention & Education EXPO
- Received the Silver Award of Globalizing Award, Taipei Biotech Awards



1999

1999
Syngen was founded

2000



•Passed ISO9001 and ISO22000

2010

2012

•Acquired HACCP certificate



2015

2016
Officially listed in the OTC market

2018

- Passed US FDA inspections with no 483s
- Received the Golden Prize of Malaysia ITEX



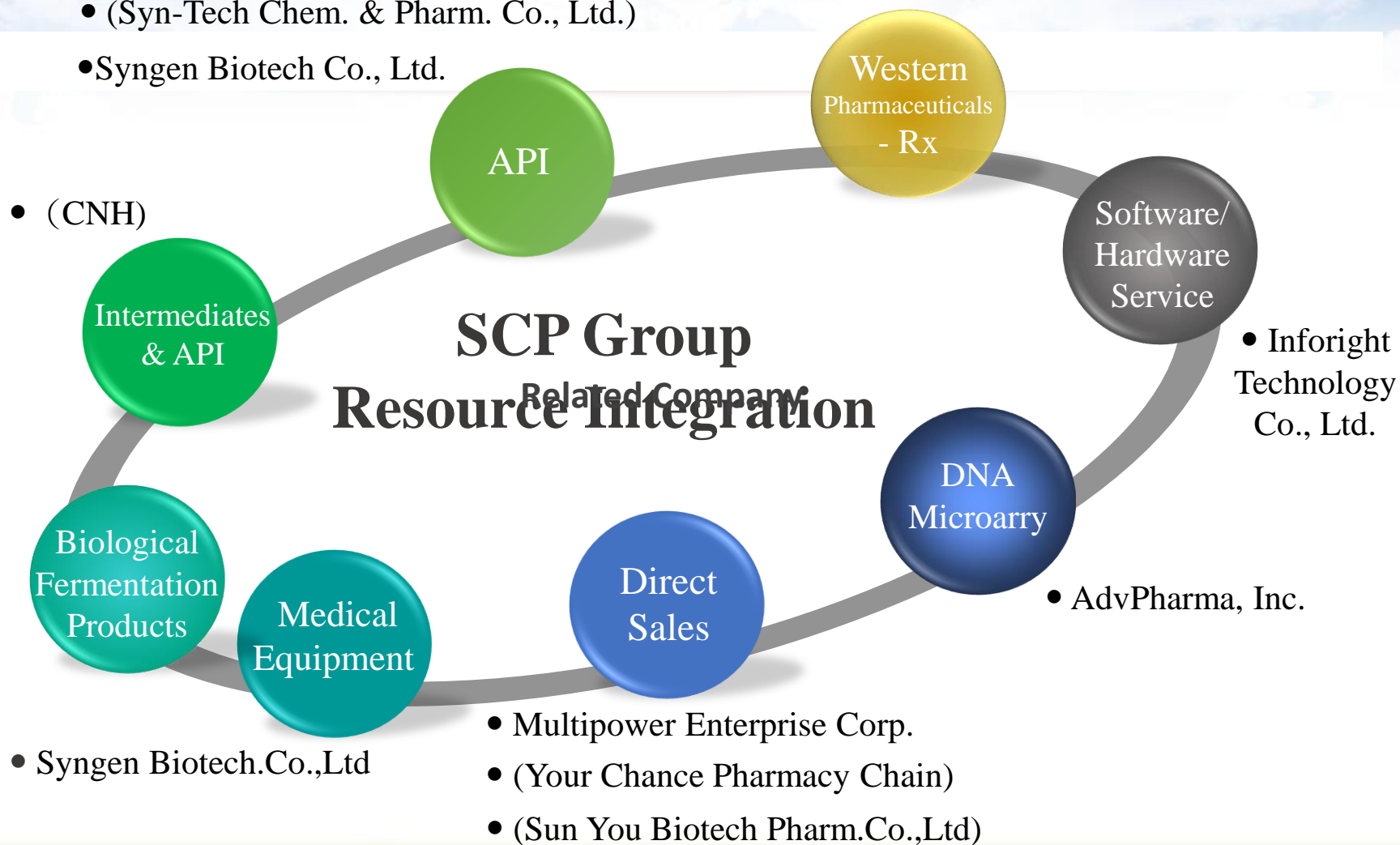
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- Received the Excellence Award of Globalizing Award, Taipei Biotech Awards

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

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

- (CNH)



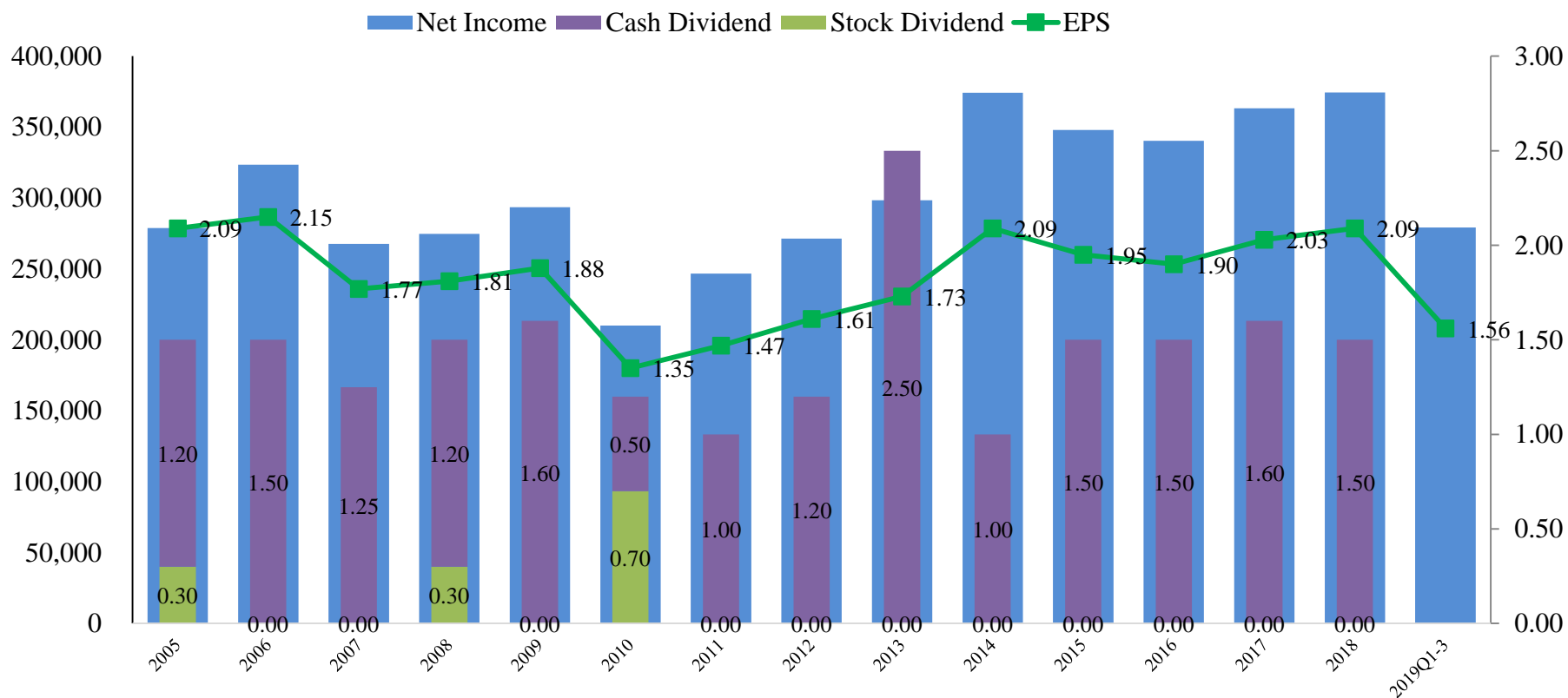
52 Years of Continuously Profitable (15 years of Profit and Dividend Performance)



Income after Taxes

(Expressed in thousands of New Taiwan Dollars)

EPS



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2019 Financial Results through Q3

Income Statement (Consolidated)



(Expressed in thousands of New Taiwan Dollars)

	2019 (Q1~Q3)		2018 (Q1~Q3)		(±)	Growth Rate
	Amount	%	Amount	%	Amount	%
Operating revenue	2,905,898	100	2,574,307	100	331,591	13
Operating cost	1,653,061	57	1,452,919	57	200,142	14
Gross profit	1,252,837	43	1,121,388	43	131,449	12
Operating expense	899,565	31	846,160	33	53,405	6
Operating profit	353,272	12	275,228	10	78,044	28
Non-operating income and expense	89,147	3	98,783	4	-9,636	-10
Income before tax	442,419	15	374,011	14	68,408	18
Net Income	349,651	12	312,664	12	36,987	12
Net income attributed to Stockholders of the Parent Company	279,115	10	279,844	11	-729	0
EPS(NT\$)	1.56		1.57		-0.01	-1



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Balance Sheet

(Consolidated)

(Expressed in thousands of New Taiwan Dollars)

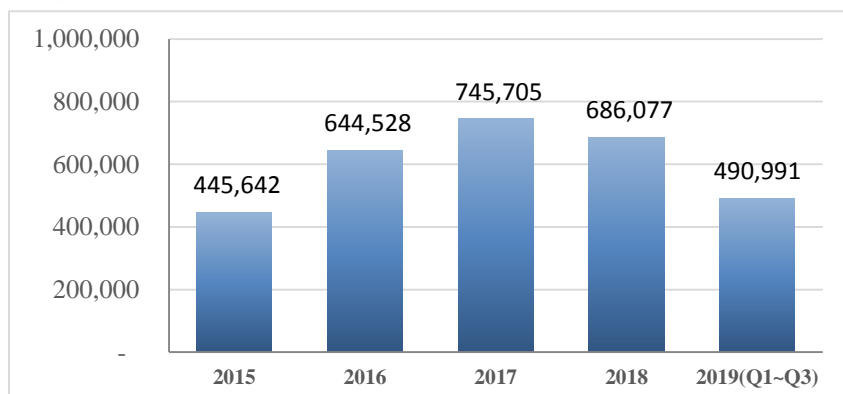
	2019/9/30		2018/9/30	
	Amount	%	Amount	%
Cash and cash equivalents	1,402,403	21	893,312	14
Accounts receivable	951,913	14	948,891	15
Inventories	907,278	13	831,266	13
Investments	560,860	8	616,374	10
Property, plant, and equipment	2,114,539	31	2,147,236	34
Other current and non-current assets	924,792	13	902,856	14
Total Assets	6,861,785	100	6,339,935	100
Current Liabilities	2,023,565	29	1,647,545	26
Long-term loans	84,691	1	189,799	3
Other liabilities	458,960	7	323,617	5
Total liabilities	2,567,216	37	2,160,961	34
Total shareholder's equity	4,294,569	63	4,178,974	66
Total liabilities and shareholder's equity	6,861,785	100	6,339,935	100



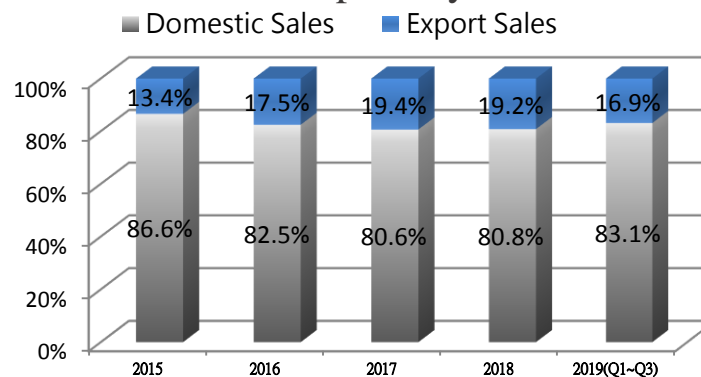
Global Revenue Ratio of past 5 Years (Consolidated)

(Expressed in thousands of New Taiwan Dollars)

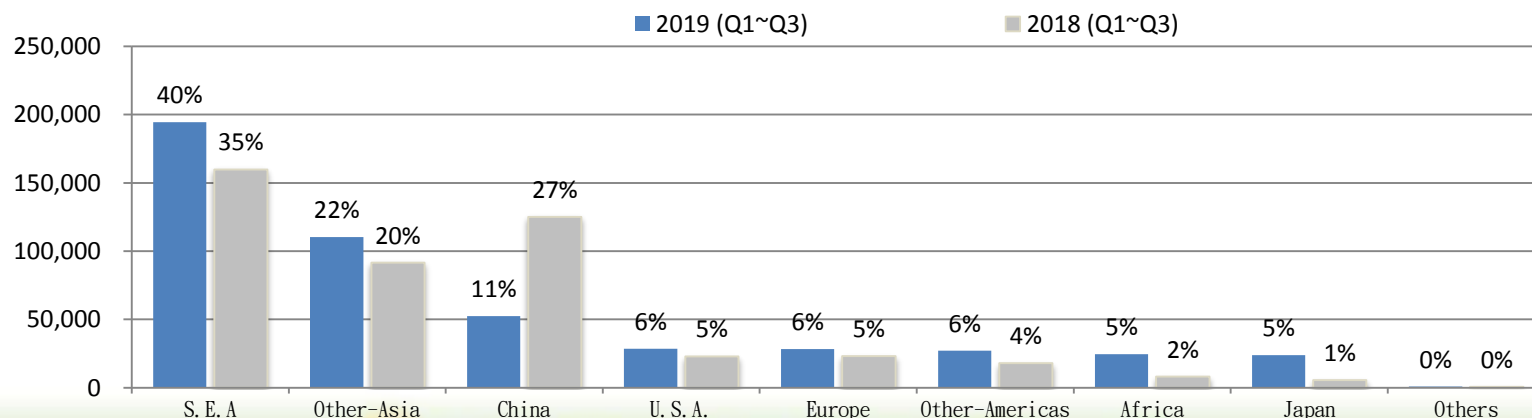
■ International Sales of past 5 years



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

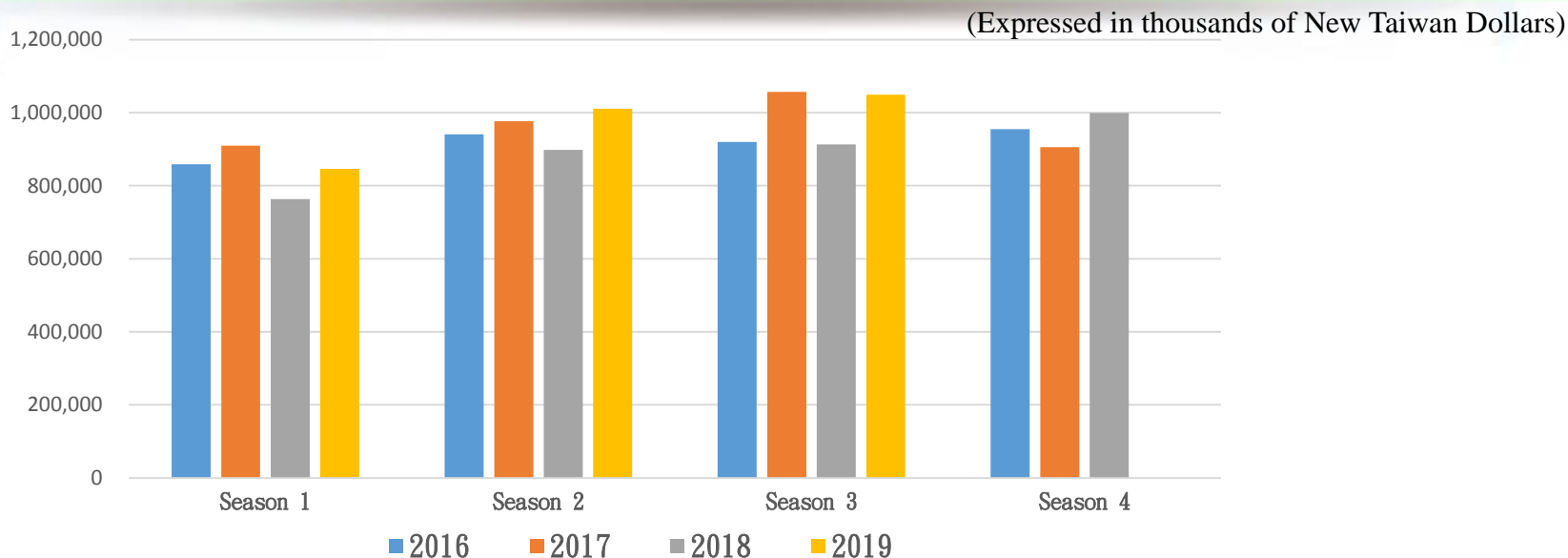


■ International Revenue (Ex-Taiwan)



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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	846,175	1,010,837	1,048,886		





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Forward-looking Strategy



Future Milestone



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Taiwan Generics

**International
Better than Generics**



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SCP – Major International Operations of the past 2 years

Taiwan

- Agent for brand drugs
- Exclusive agent for 20 Mylan anticancer drugs
- Continuously developed high technical threshold generic drugs

China

- Continuously commercialized opportunities through Generic Quality Consistency Evaluation(GQCE)
- Applied for approval of own products

Japan

- Continuously exported Bronchiolitis medication
- Anti-inflammatory Oral Solid Dosage started to ship out in 2019 ; schedule to launch in 2020



Revenue Growth Strategy - Taiwan

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

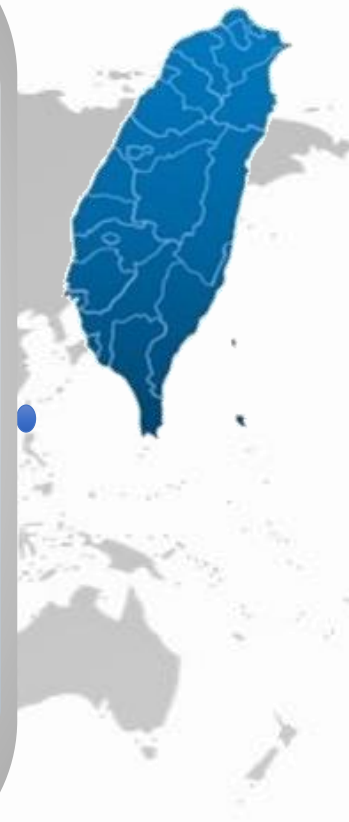
- Yearly increase of international operations ratio.
- Support the technologies and products required by the international market (US, China, Japan, ASEAN)

■ Strengthen Manufacturing Capability

- Manufacturing line complies with international standards; have passed numerous international audits
- Production line simplification
- Continuing production expansion and upgrade equipment

■ Distribution :

- Distribute Japanese brand psychiatric drug aiming at more than NT\$100 million revenue in 2020.
- Distribute 20 Mylan anticancer drugs in Taiwan



Distribution of 20 Mylan anticancer drugs in Taiwan



■ 5 kinds of Macromolecules

- Biopharmaceutical - Biosimilar
- 3 ingredients, 5 drug licenses
- 3 drug licenses have been approved in Taiwan
- 1 drug was officially approved with NHIA reimbursement price

■ 15 kinds of Small Molecule Drugs

- 9 ingredients, 15 drug licenses
- 12 drug licenses have been approved in Taiwan
- 11 drug was officially approved with NHIA reimbursement price



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Mylan Ogivri

■ Herceptin

- The product is ranked 4th in global drug sales, and it has taken the first spot of cancer NHIA expenditures for many years.
- The product was approved with NHIA reimbursement price in 2002, and the current NHIA reimbursement Price: NT\$46,895/dose; 2018 annual NHIA expenditure was NT\$2.206 billion with 5,030 applicants.

■ Mylan Ogivri

- The product was approved and launched in the U.S. in December 2017, and also approved in Taiwan in December 2018; it's expected to ship out in December 2019.
- NHIA reimbursement Price: NT\$ 39,860/dose, one dose usage for every 3 weeks, around 18 doses each year
- Indication: EBC 、MBC 、MGC

■ Breast Cancer Patients

- Breast cancer takes the first place of Taiwanese female cancer, with the fourth spot of leading cause of death
- Breast cancer patients are increased 12,000 every year in Taiwan



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



Drug Licenses Review

- Continuously ship antibiotic injection products
- Expect to launch diabetes products in 2021



Mid-Term Goals

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



NMPA GQCE

- 2017: 2 contracts signed
- 2018: 5 contracts signed
- 2019: expected to sign 1 contract
- 2020: aiming to sign 6 contracts



Collaboration Model

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



Results

- Increase the number of cooperative projects and cooperative pharmaceutical companies
- Diversified corporation structure



NMPA Reforms: GQCE 【Revised】

■ Cost of Research and Development

- According to Pharmcube's statistic, for listed companies, there are 77 items passed Generic Quality Consistency Evaluation, and 11 of the passed items cost more than NT\$ 10,000,000 in research and development.

■ Revised status of GQCE

	Revised Docs with No.	Items	Entities
Total in 2018.12(PS.1)	676	231	249
Total in 2019.03(PS.2)	1,102	336	361
Total in 2019.11(PS.2)	1,695	456	476

PS.1 : 2018.12.29 www.yaozh.com Report of CDE Statistics

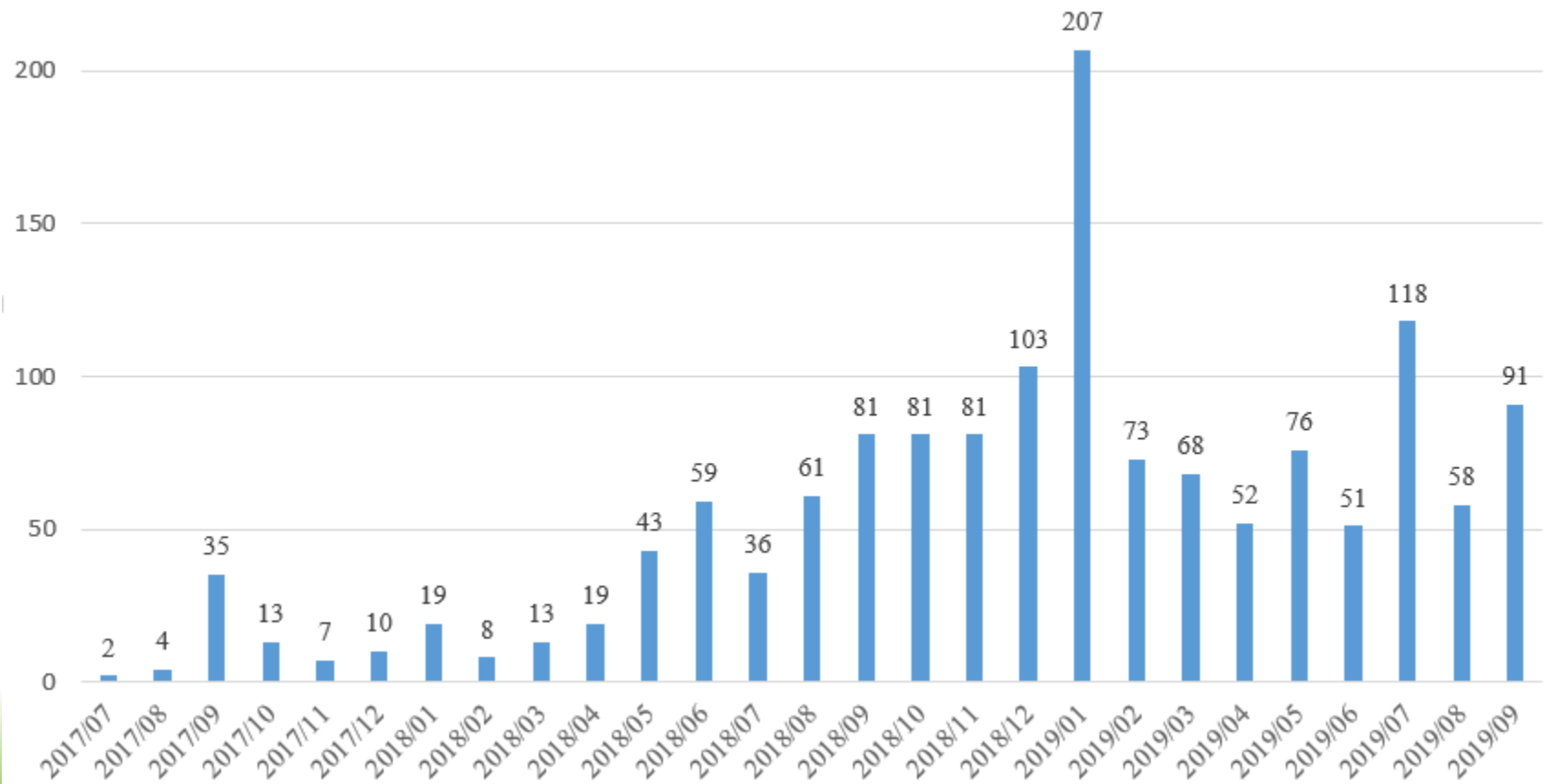
PS.2 : 2019.04.02 , 2019.11.04信狐藥訊



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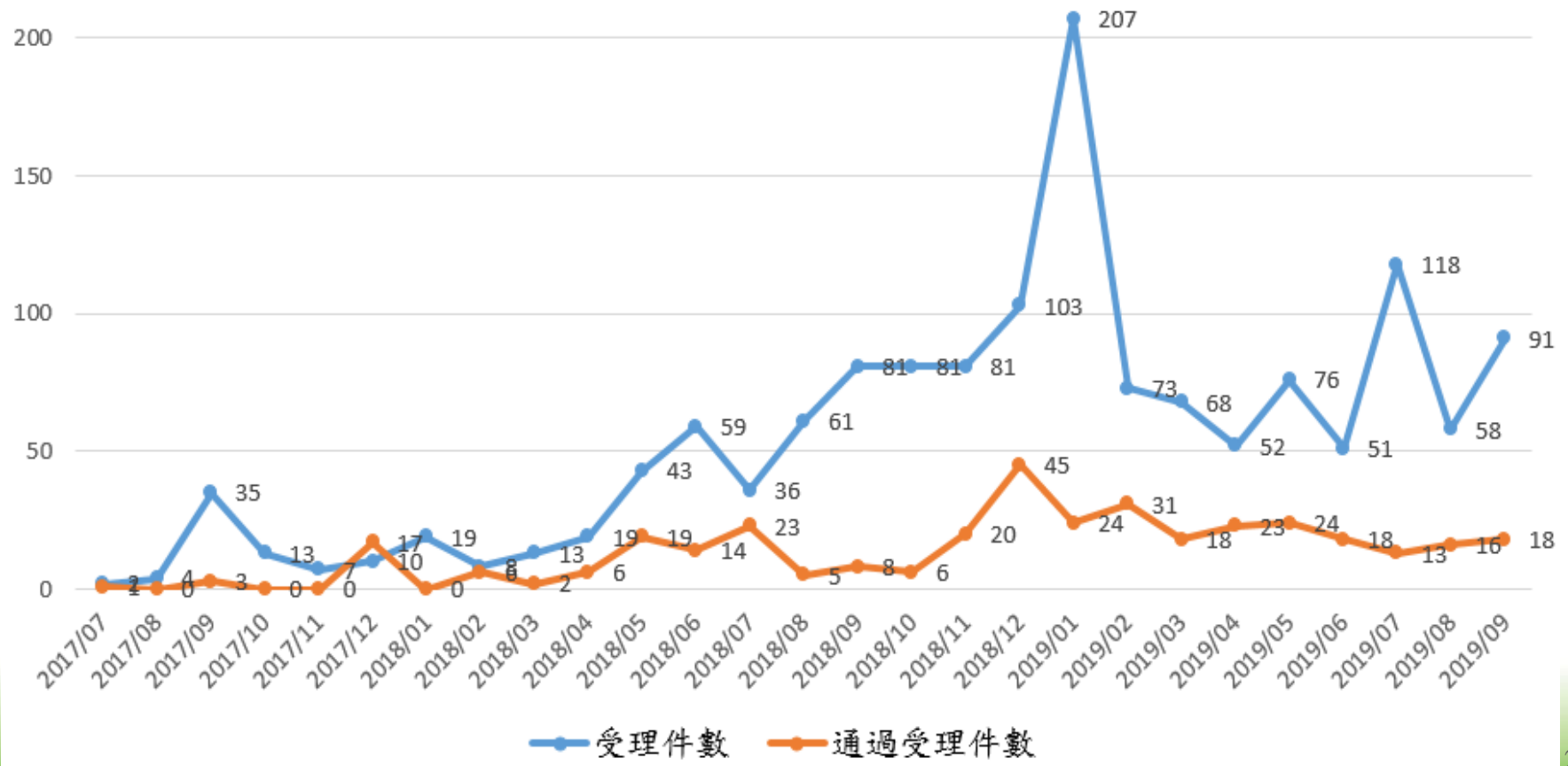
NMPA Reforms: GQCE 【Submissions】

- The submission is still heat up, 2017.07~2019.09 Consistency Evaluation: 1,469 submissions were revised in total



NMPA Reforms: Total revised & approved submissions

- 2017.07~2019.09 1,469 submissions were revised in total, 360 submissions were passed



NMPA Reforms: GQCE 【Passed】

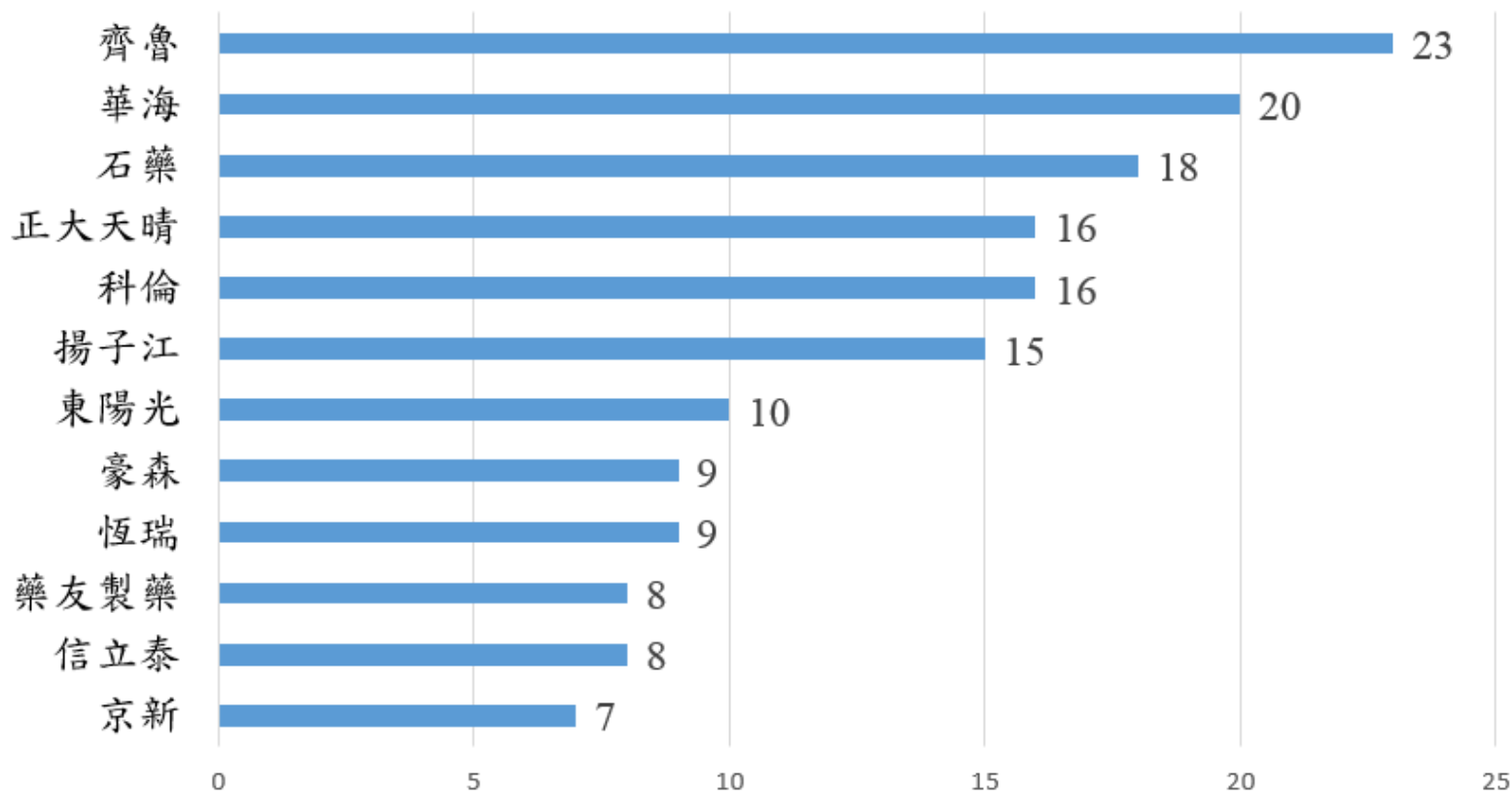
- Up to October 2nd, 2019, 32 ingredients have more than 3 approved sources.
- 143 pharmaceutical companies totally have 345 items (including 202 ingredients) which has passed GQCE.

No.	Items	passed GQCE companies
1	Amlodipine Besylate Tablets 5mg	11
2	Montmorillonite Powder 3g	10
3	Tenofovir Disoproxil Fumarate Tablets 0.3g	9
4	Metformin Hydrochloride Sustained-Release Tablets 0.5g	9
5	Cefuroxime Axetil Tablets 0.25g	7
6	Metformin Hydrochloride Tablets 0.25g	7
7	Rosuvastatin Calcium Tablets 10mg	6
8	Levocetirizine Hydrochloride Tablets 5mg	6
9	Rosuvastatin Calcium Tablets 5mg	5
10-21	12 Pharmaceutical Ingredients	4
22-32	11 Pharmaceutical Ingredients	3



The ranking of Top 10 Pharmaceutical Companies which passed GQCE

過評產品數Top 10 藥企(含子公司)



Source : 2019.10.02 China media Saibailan report materials



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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



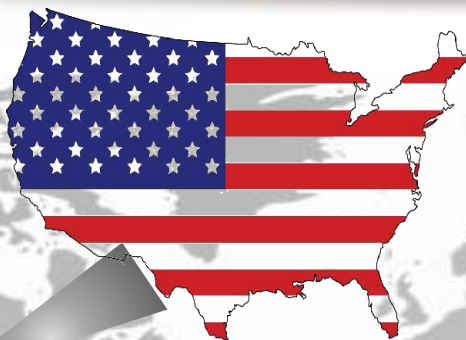
Under Development

- Co-development of Nonsteroidal Anti-inflammatory Drug (NSAID) – passed BE in 2018
- Start exporting in 2019; expect to receive license in the first quarter of 2020.



Revenue Growth Strategy – U.S.A.

U.S.A. Market



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



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\$6M



Hope After-school Class

- Weekday afternoons
- 18 schools
- 1,520 students

Scholarship Totals – NT\$1.9M



Sunflower Wednesdays

- Every Wednesday afternoon
- 4 schools
- 310 students

Scholarship Totals – NT\$250K

Other Sponsorships

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

Grant Total – NT\$500K



Meal-Assistance

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

Assistance Totals – NT\$440K



Charity



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

Prize Totals – NT\$1.65M



Public Service Activity: Bone Mass Measurement



- Cooperate with medical institution, local community, and pharmacy for conducting public service activity: bone mass measurement.
- The bone mass measurement activity were hold 29 times in 2019; 2,600 people in total were measured



The First Senior Gym in Taiwan – The Center of Athletic Training and Health



- Location: Chiayi Yangming Hospital (No. 383, Minquan Road, West District)
- Intelligented analysis of test result; customized design for sports course
- Provide a comfortable and professional health promotion place for middle-aged and senior people
- From July 2019 to the end of October, the total user count is about 1,400.



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Q & A



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