



STANDARD

Stock Symbol :1720

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

2020.11.19



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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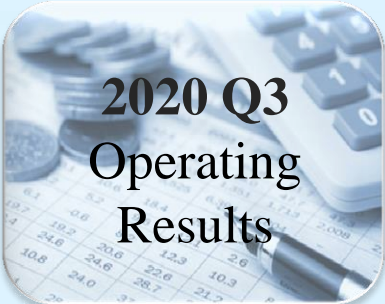


Agenda



Introduction to Standard Group (SCP Group)

- Milestones
- Resource Integration
- Past Financial Performance



2020 Q3 Operating Results

- Consolidated Financial Statements
- Status of Internationalization



Forward-Looking Strategies

- Drivers of Revenue Growth
- Forward-looking Strategy



Corporate Social Responsibility (CSR)

- Fan Dao Nan Foundation





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COMPLETE

Introduction to Standard Group (SCP Group)



International Accreditation



The first TW pharmaceutical company to be ISO9001 certified



The first TW company to pass **US** FDA inspection

SCP passed subsequent US FDA cGMP inspections without 483



SCP received **JP** PMDA's "Certificate of Foreign Drug Manufacturer"

Y2018 FDF Plant and API Plant passed PMDA GMP Audit



SCP's API plant passed **AU** TGA inspection



Y2010 SCP passed TW PIC/S GMP inspection

Y2012 SCP is certified GDP by the T-FDA

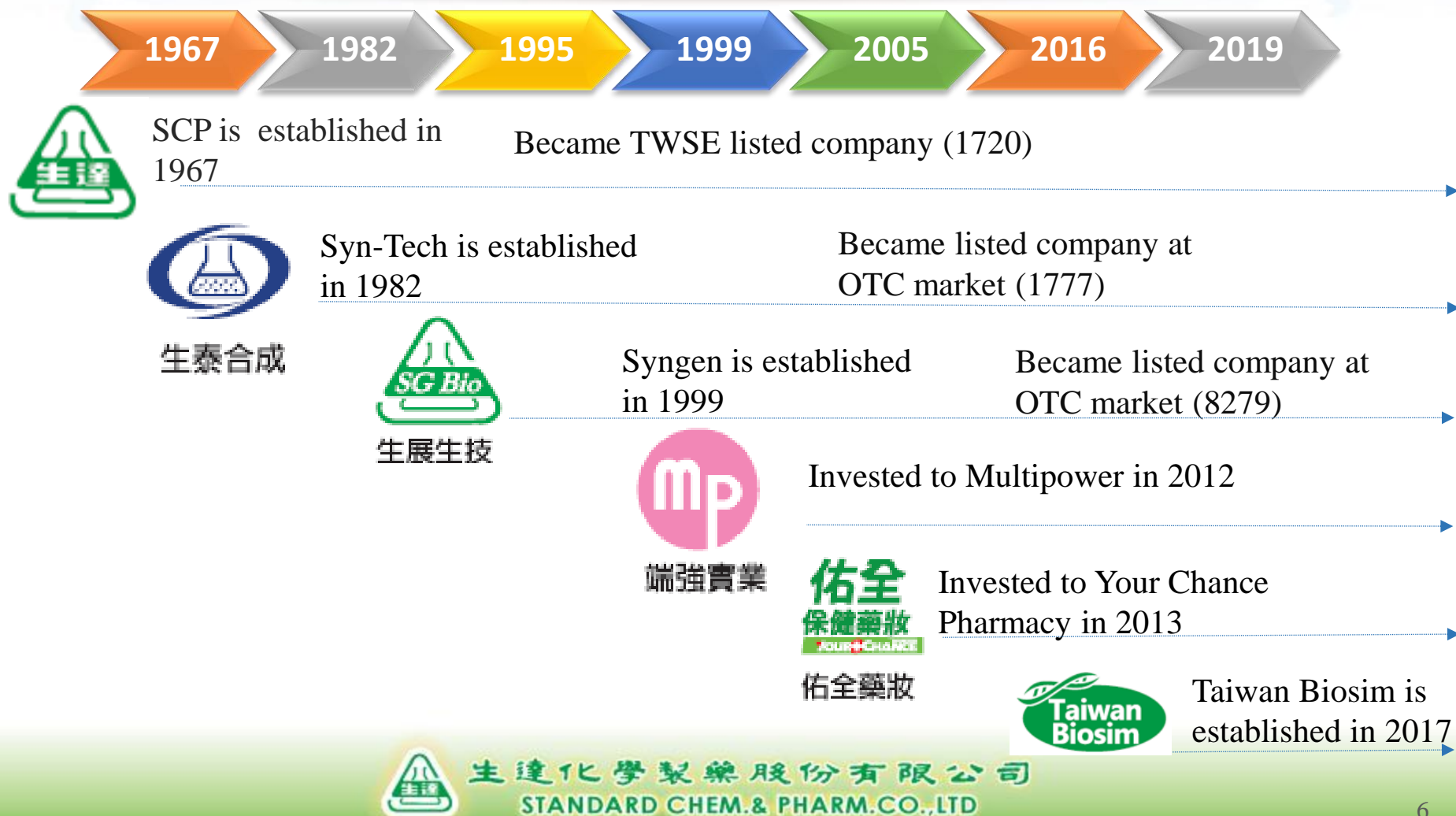


Y2012 SCP passed K-FDA inspection

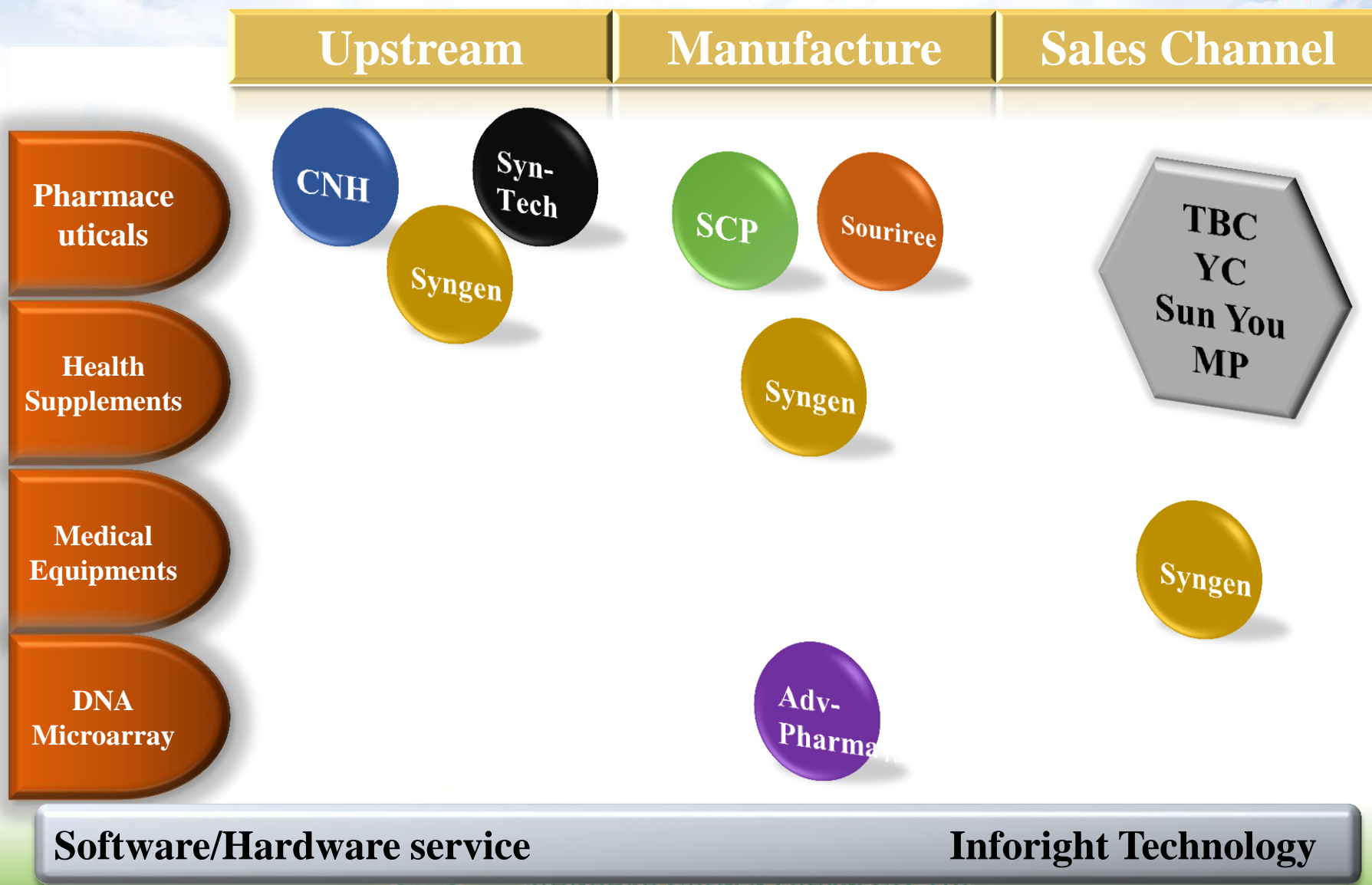


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SCP and Related/Affiliated Companies



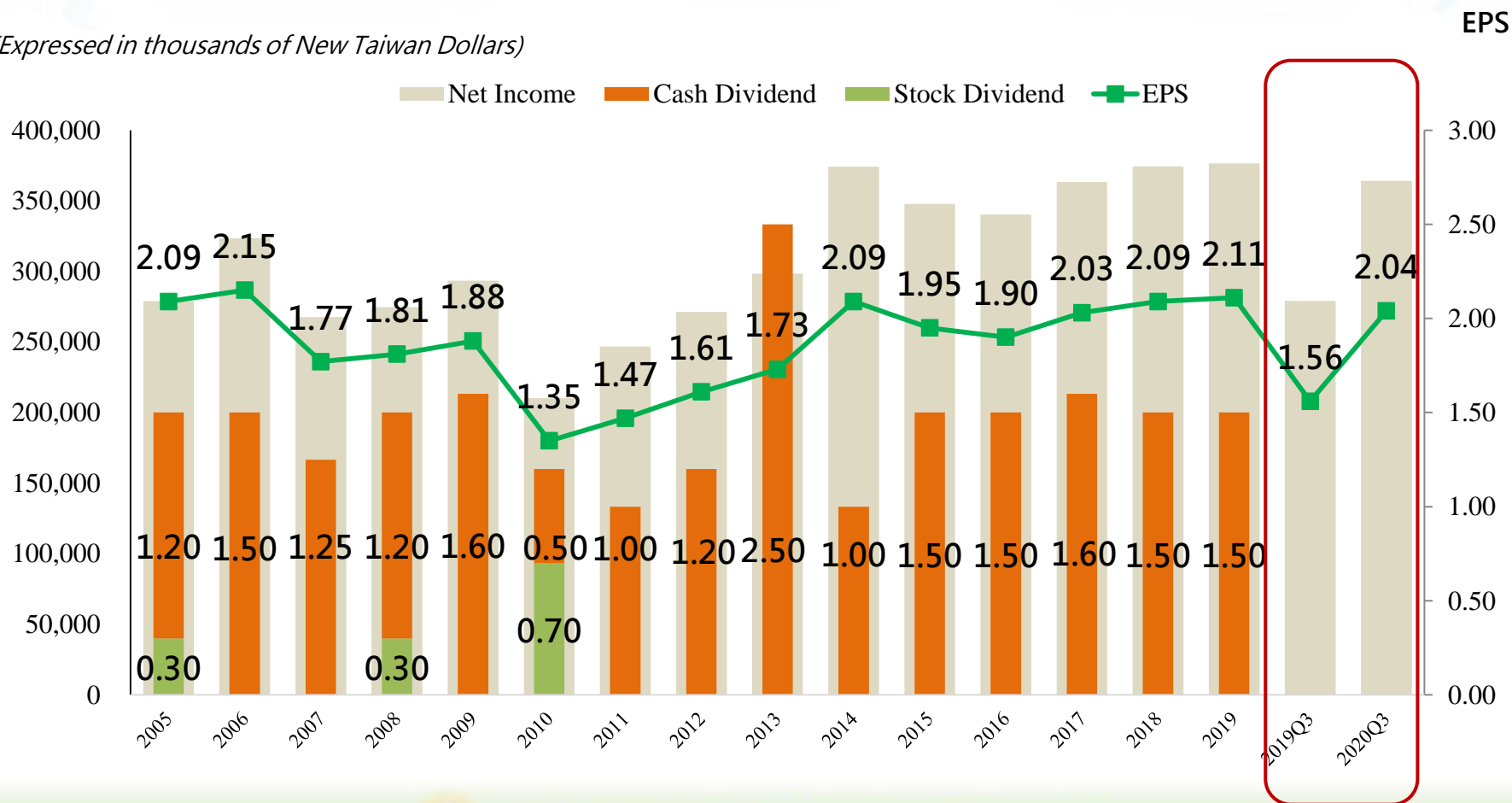
SCP Group Resource Integration



53 Years of Continuous Profit

(Profit and Dividend Performance in past 15 years)

(Expressed in thousands of New Taiwan Dollars)



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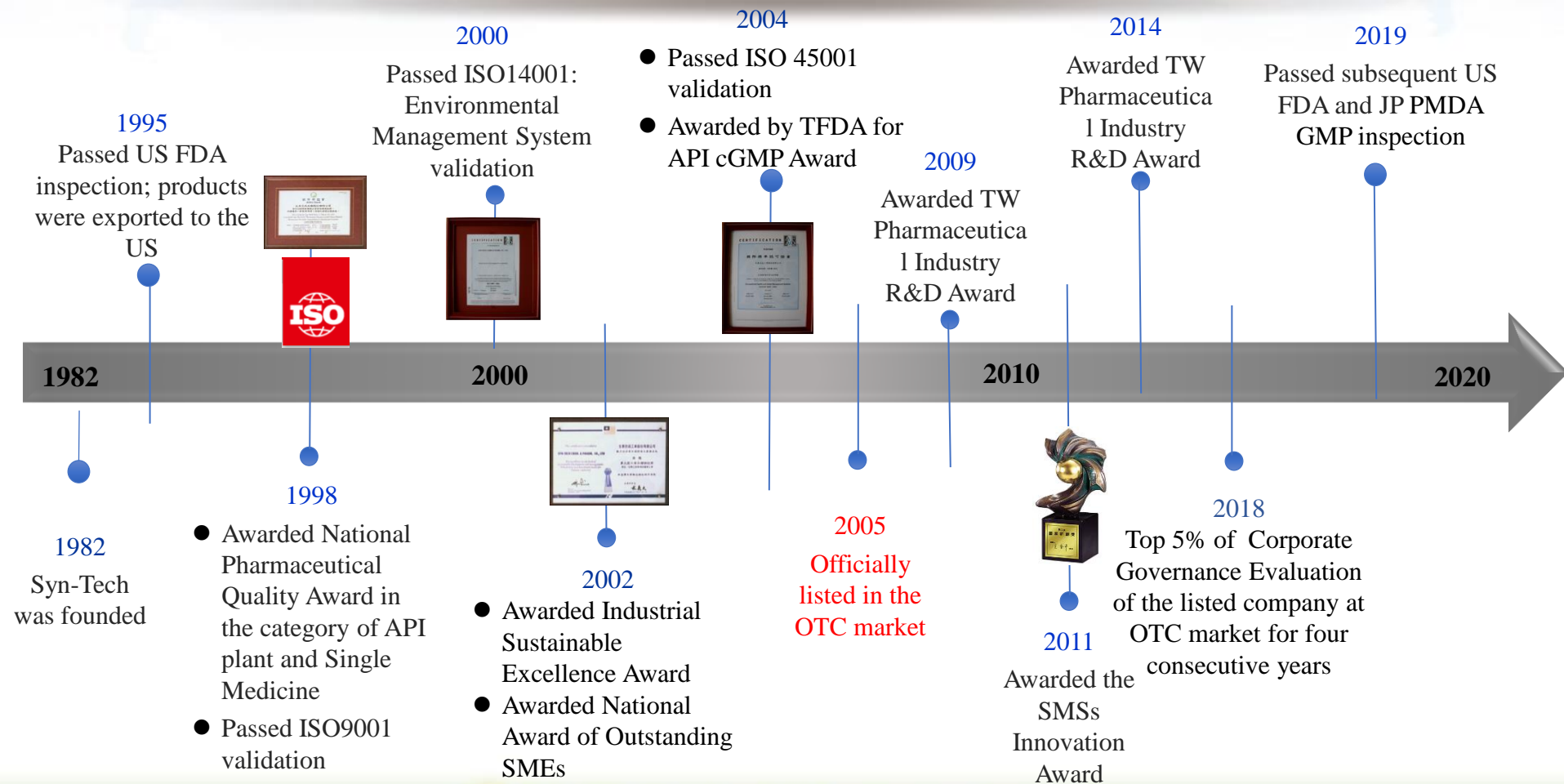


生泰合成



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Syn-Tech⁽¹⁷⁷⁷⁾ Historical Milestone

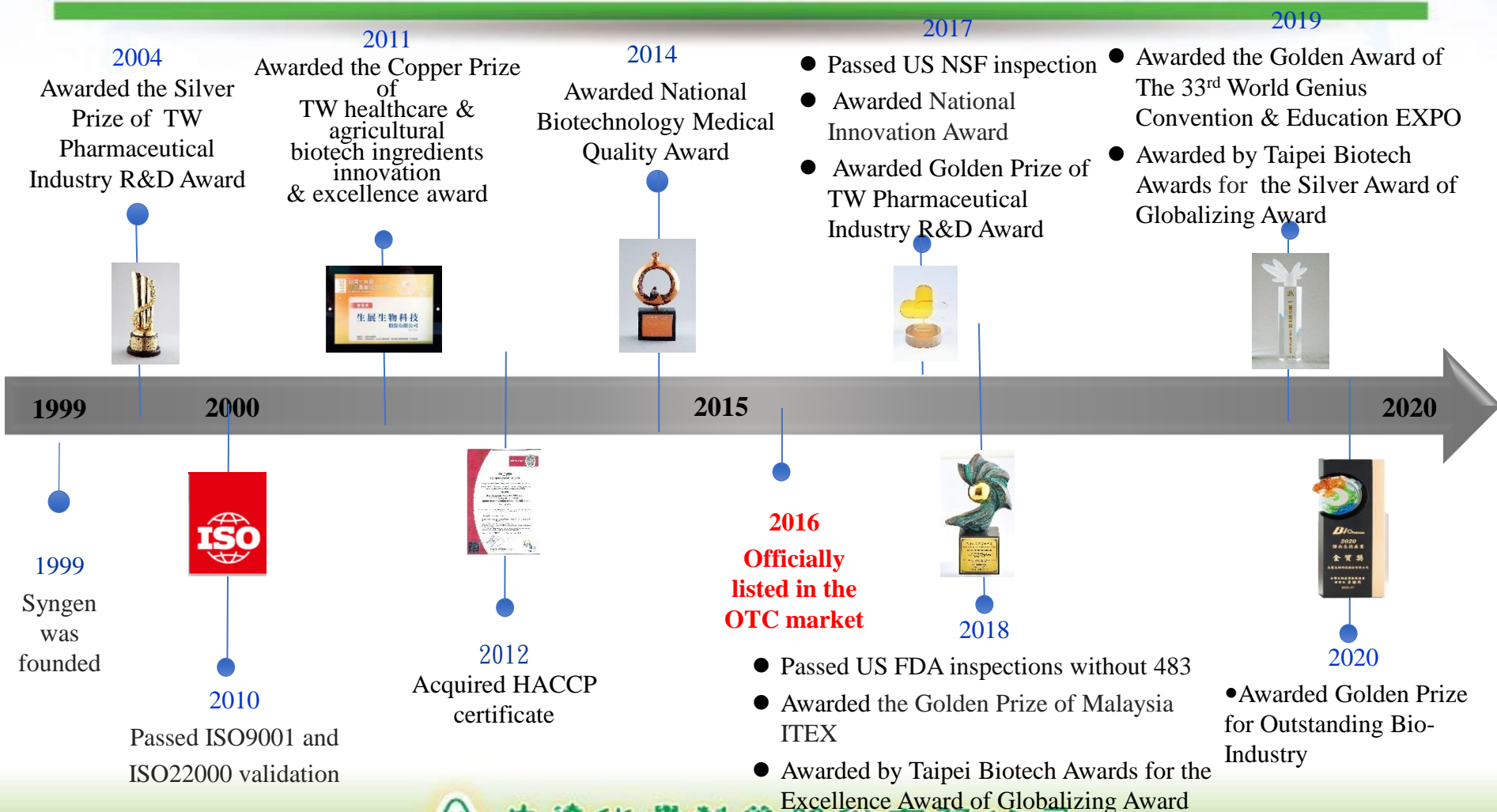


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Syngen Biotech⁽⁸²⁷⁹⁾ Historical Milestone



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2020 Q1~Q3 Operating Results

Income Statement (Consolidated)



Items	1Q - 3Q20	1Q - 3Q19	Annual changes	2019
<i>(Unless otherwise specified, Expressed in thousands of New Taiwan Dollars)</i>				
Operating revenue	3,187,827	2,905,898	9.7%	3,937,129
Gross profit rate	44.4%	43.1%	+1.3 ppt	43.4%
Operating expense	(888,657)	(899,565)	-1.2%	(1,193,287)
Operating profit rate	16.5%	12.2%	+4.3 ppt	13.1%
Non-operating income and expense	33,916	89,147	-62.0%	69,966
Net income attributed to Stockholders of the Parent Company	364,062	279,115	30.4%	376,482
Profit margin	14.0%	12.0%	+2 ppt	11.9%
EPS (NT\$)	2.04	1.56	30.8%	2.11



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Balance Sheet (Consolidated)



Items

(Expressed in thousands of New Taiwan Dollars)

	3Q20		3Q19		2019	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	847,614	12.4%	1,402,403	20.4%	1,471,902	21.2%
Accounts receivable	960,603	14.1%	951,913	13.9%	911,021	13.1%
Inventories	909,504	13.3%	907,278	13.2%	914,629	13.2%
Investments	709,160	10.4%	698,267	10.2%	755,474	10.9%
Property, plant, and equipment	2,294,229	33.6%	2,114,539	30.8%	2,116,644	30.6%
Total Assets	6,834,467	100%	6,861,785	100%	6,928,004	100%
Current Liabilities	1,615,269	23.6%	2,023,565	29.5%	1,813,056	26.2%
Long-term debts	492,950	7.2%	543,651	7.9%	468,527	6.8%
Total liabilities	2,108,219	30.8%	2,567,216	37.4%	2,281,583	32.9%
Total shareholder' s equity	4,726,248	69.2%	4,294,569	62.6%	4,646,421	67.1%



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Cash Flows (Consolidated)



Items

(Expressed in thousands of New Taiwan Dollars)

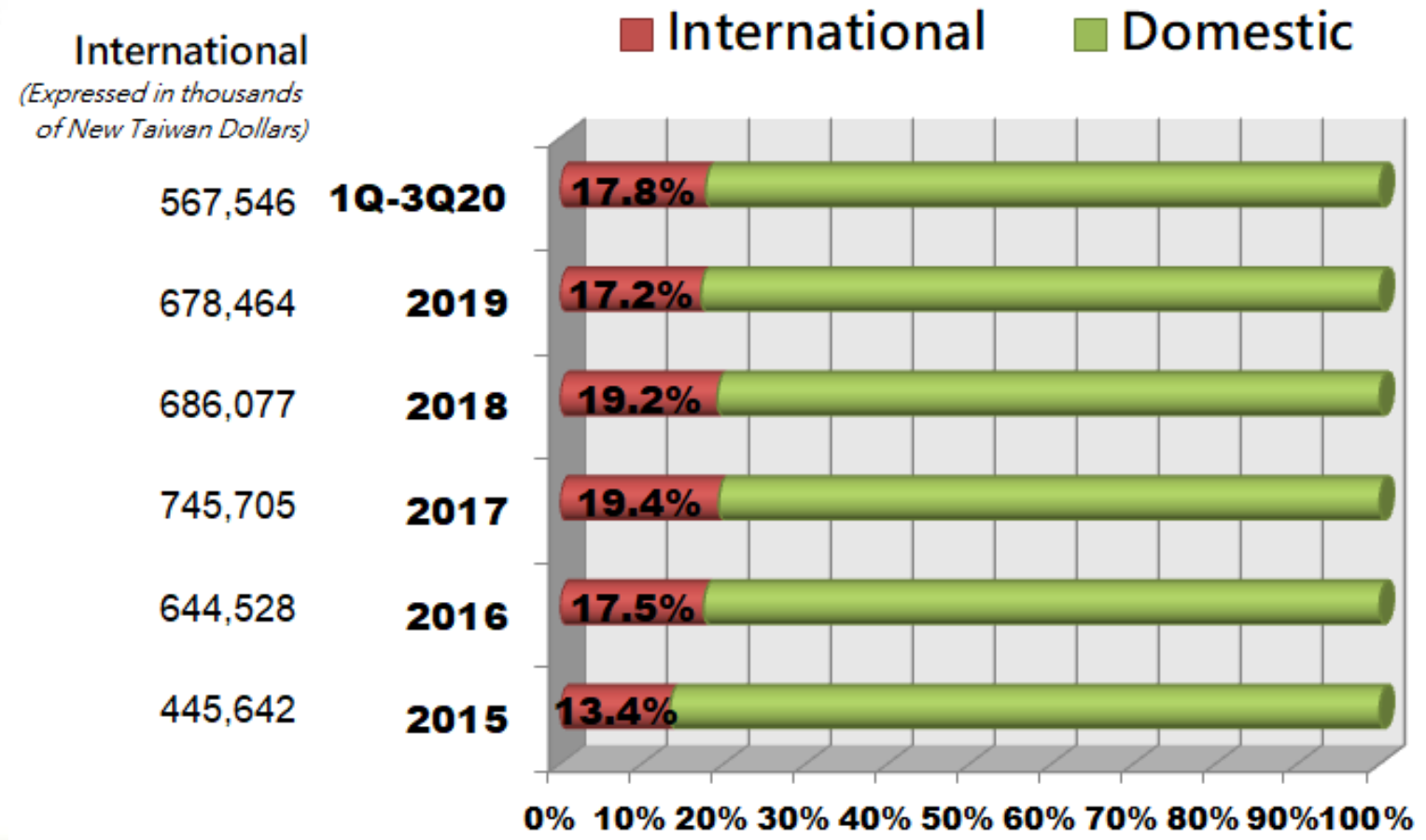
	1Q - 3Q20	1Q - 3Q19	2019
Cash at beginning of year	1,471,902	1,254,061	1,254,061
Cash flows from operating activities	518,989	397,771	637,939
Aquisition of property, plant and equipment	(268,885)	(66,124)	(102,358)
Cash dividends	(268,044)	(268,044)	(268,044)
Short-term borrowings	(189,523)	344,961	130,000
Investment and others	(416,825)	(260,222)	(179,696)
Cash at end of year	847,614	1,402,403	1,471,902
Free cash flow *	250,104	331,647	535,581

* Free cash flow = Cash flows from operating activities - Aquisition of property, plant and equipment



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Global Revenue Ratio of Past 5 Years (Consolidated)

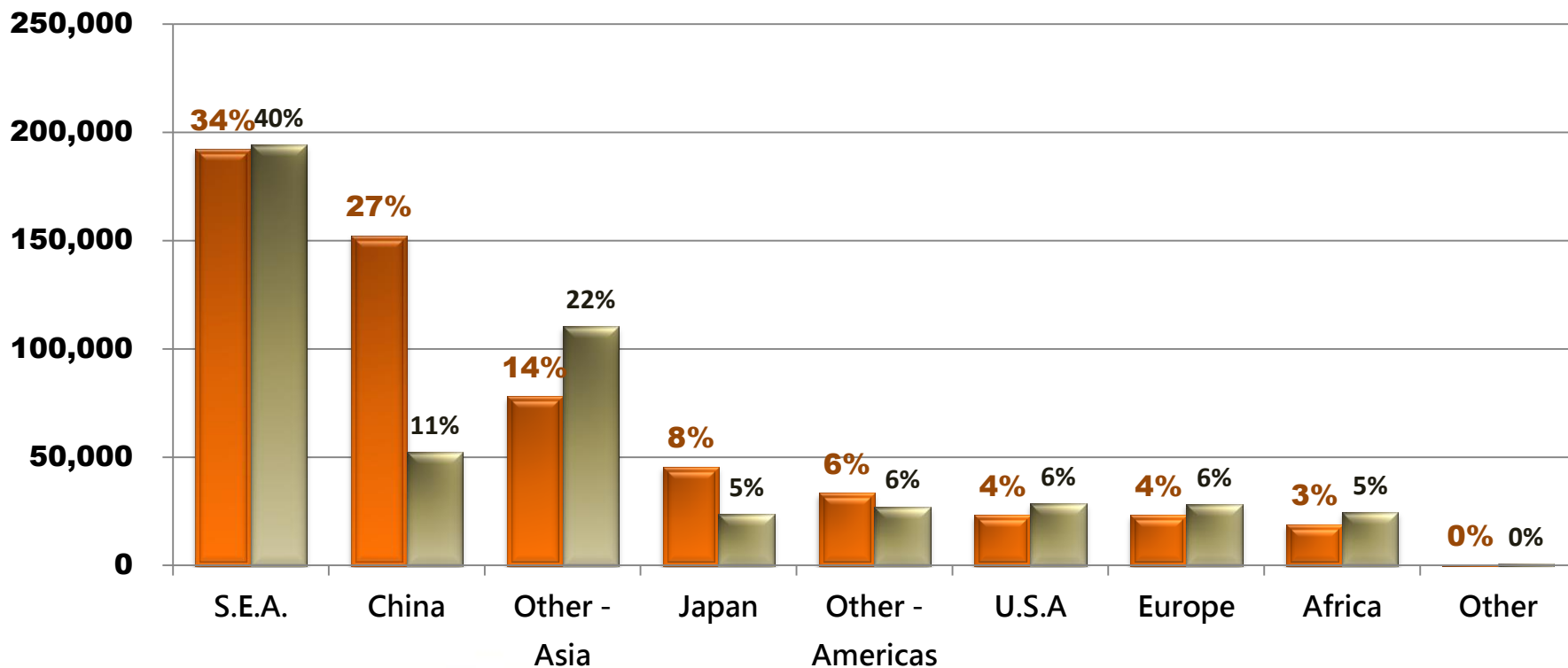


Global Revenue Ratio Comparison (Consolidated)



(Expressed in thousands of New Taiwan Dollars)

2020Q3 2019Q3

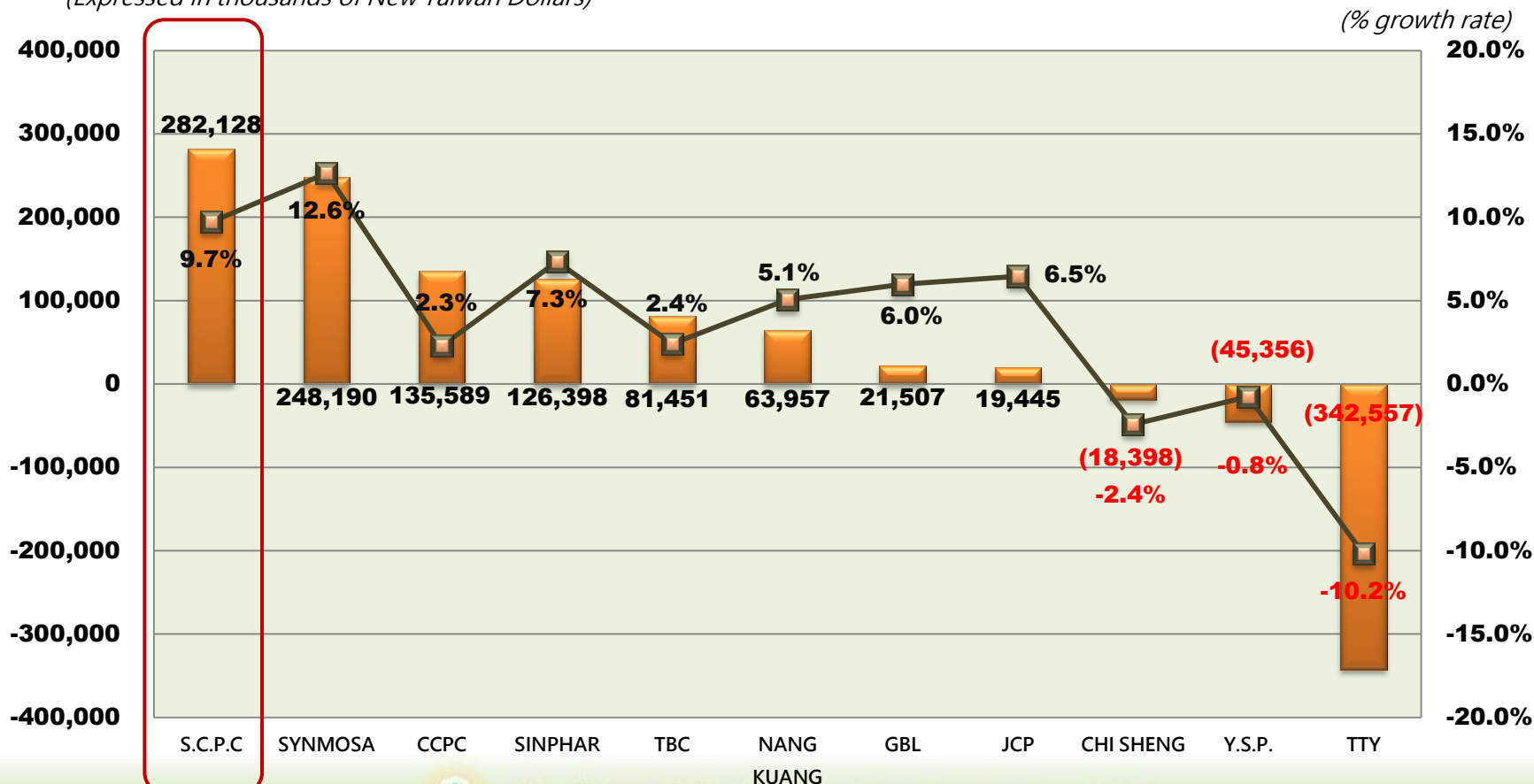


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Competitors Cons. Revenue Growth Amount & Growth Rate Ranking for 2020 Q1-Q3



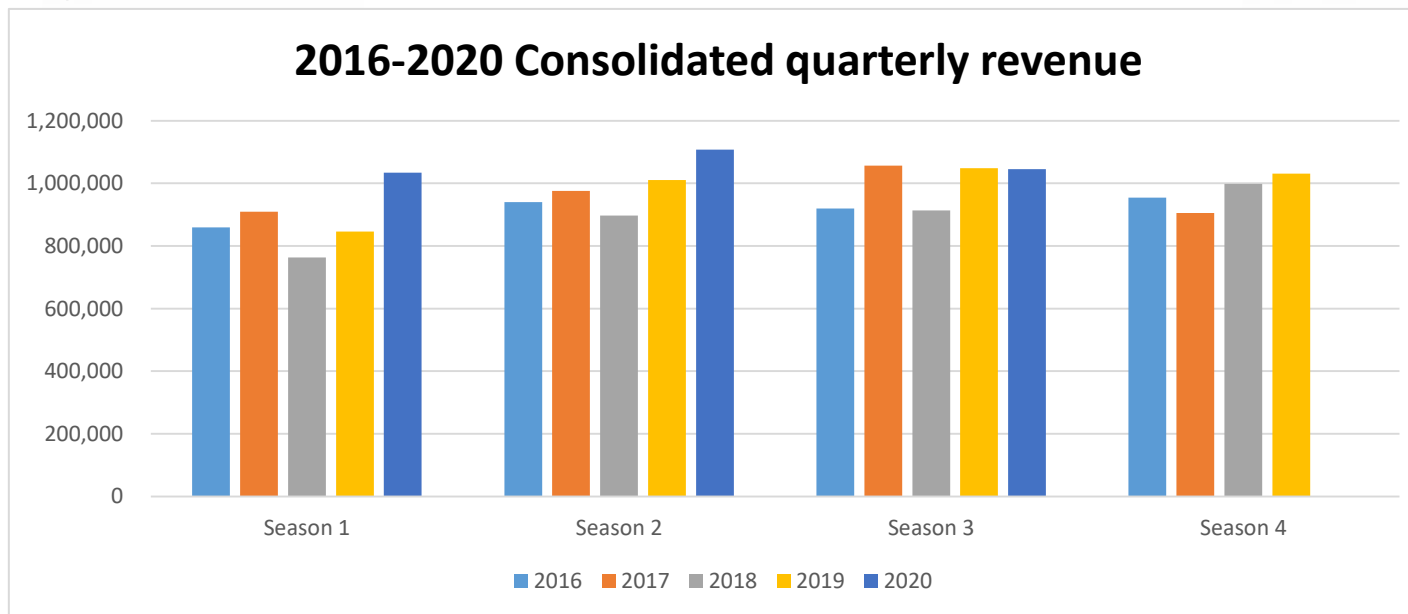
(Expressed in thousands of New Taiwan Dollars)



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Comparison of Quarterly Revenue of Past 4 Years (Consolidated)

(Expressed in thousands of New Taiwan Dollars)



Consolidate d 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	1, 010, 837	1, 048, 886	1, 031, 229	3, 937, 129
2020	1, 034, 417	1, 108, 059	1, 045, 351		3, 187, 827





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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 Businesses of the Past 2 Years



Taiwan

- Agent for 20 Mylan drugs, including biosimilar and anti-cancer drugs. 2 of them were launched to the market.
- Continues research & development for high technical threshold biosimilar drugs

China

- Continues export of antibiotic injection
- Generic Quality Consistency Evaluation(GQCE) : 3 cases were closed; 5 ongoing applications
- Self-developed generic drug: one was submitted for review; one products passed the BE test

Japan

- Continuous export of Asthma product to Japan
- Launch of Anti-inflammatory Oral Solid Dosage in 2020



Revenue Growth Strategy - Taiwan

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

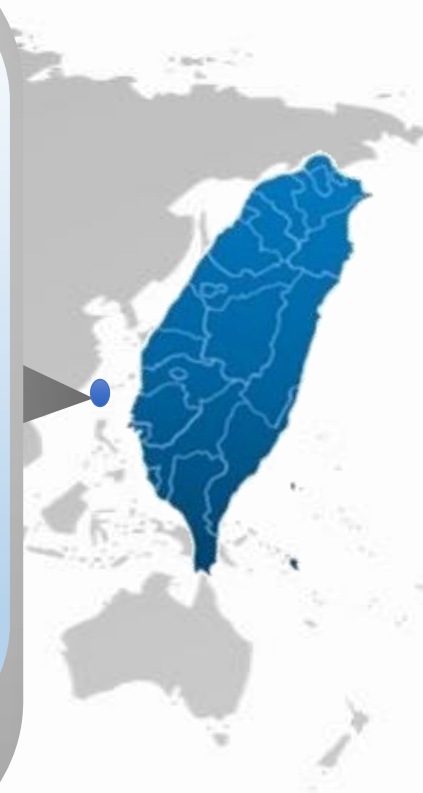
- Export sales growth in 2020
- Continuous development in US, China, Japan, and ASEAN to maximize the products market share.

■ Strengthen Manufacturing Capability

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

■ In-licensing:

- Agent for 20 Mylan anti-cancer drugs in Taiwan; 2 biosimilar drugs have been launched in 2020.



Agent for 20 Mylan Anti-cancer Drugs



■ 5 Biosimilar Drugs

- 3 ingredients, 5 drug licenses
- 3 drug licenses have been approved in Taiwan, 2 drugs were officially approved with NHIA price

■ 15 kinds of Small Molecule Drugs

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

■ Launched to the market in 2020

- Ogivri was launched on the 1st quarter
- Fulphila was launched on the 3rd quarter



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Mylan Ogivri

■ Herceptin

- Breast cancer ranks the 1st place for Taiwan female cancer, with the third spot of leading cause of death and an average incremental of 12,000 patient per year in Taiwan
- The product is ranked 4th in global drug sales, and it has taken the first spot of cancer NHIA reimbursement for many years.
- The product was approved with NHIA price in 2002. Current NHIA Price is NT\$46,894 per dose. 2018 annual NHIA expenditure for the product 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; the sale is commenced in 2020.
- NHIA reimbursement Price: NT\$ 39,860/dose, one dose usage for every 3 weeks, around 18 doses each year
- Indication: EBC、MBC、MGC

■ Patient Support Program

- Patients, who are not covered by health insurance, can apply the support program after doctor's evaluation to reduce the medical burden.
- Ovigri is used by medical center and local hospitals.



Mylan Fulphila

■ Original Drug: Neulasta

- Indication : to help reduce the chance of infection due to a low white blood cell count, while non-myeloid cancer patient receive anti-cancer medicines that can cause fever and low white blood cell count.
- Short-acting, 3~10 injections per therapy; Long-acting, 1 injection per therapy

Product Name	Dosage	NHIA Price (NT\$)	2018 NHIA Volume
Short-acting: Filgrastim inj. (Filgrastim)	75μg	\$623	14,863 inj.
	150μg	\$1,442	24,150 inj.
	300μg	\$1,804	155,671 inj.
Long-acting: Neulasta inj. (Pegfilgrastim)	6mg	\$18,158	1,309 inj.



■ Mylan Long-acting GCSF: Fulphila(Pegfilgrastim)

- NHIA Price: NT\$15,722. Fulphila is used by hospital



Avigan (Favipiravir)

- The clinical trial shows that it is effective against COVID-19
 - One of the anti-flu drugs
 - Fijifilm Toyama Chemical Co., Ltd. conducted phase III clinical trial in March 2020 and ends in September of the same year. 156 patients were tested.
 - The study shows the improvement of symptoms and that it can shorten the recovery time
 - Application was submitted for partial changes (new indication)
 - Will be the first Japan-made drug to treat COVID-19
- SCP as an exclusive agent in Taiwan
 - The Center of Disease Control imported 5,000 tabs of Avigan (dosage for about 4000 people)
 - Hospitals can submit special import project to TFDA when necessary
 - Japan has increased its production quantity for about 300 thousand people per month



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



Mid-Term Goals

- Self-developed products submission
- Increase revenue from profit-sharing



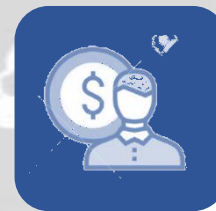
Collaboration Model

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



NMPA review of importation

- Continuous export of antibiotic injection products
- Erectile dysfunction ODT were submitted in 2002
- Diabetes products passed the BE test. Submission



NMPA Consistency Evaluation

- 8 contracts signed, 3 cases were closed, and 5 ongoing cases



Strategies

- Emphasize export and tech transfer simultaneously.
- Increase the number of cooperative projects and pharmaceutical companies



NMPA Reforms: Generic Quality Consistency Evaluation (GQCE) Progress

■ Revised status of GQCE

Period	Received #	Approved #
2017	73	21
2018	585	85
2019	1,014	207
2020 Jan. to Oct.	812	452
Total	2,484	765

*Source : www.yaozh.com Report of CDE Statistics

■ Public traded pharmaceutical entities announced the 183 cases were passed; each R&D expenses are as follow: *Source: PharmCube

- <5 million, 26 cases (14.2%)
- 5~10 million, 89 cases (48.6%)
- 10~15 million, 41 cases (22.4%)
- Above 15 million, 27 cases (14.8%)

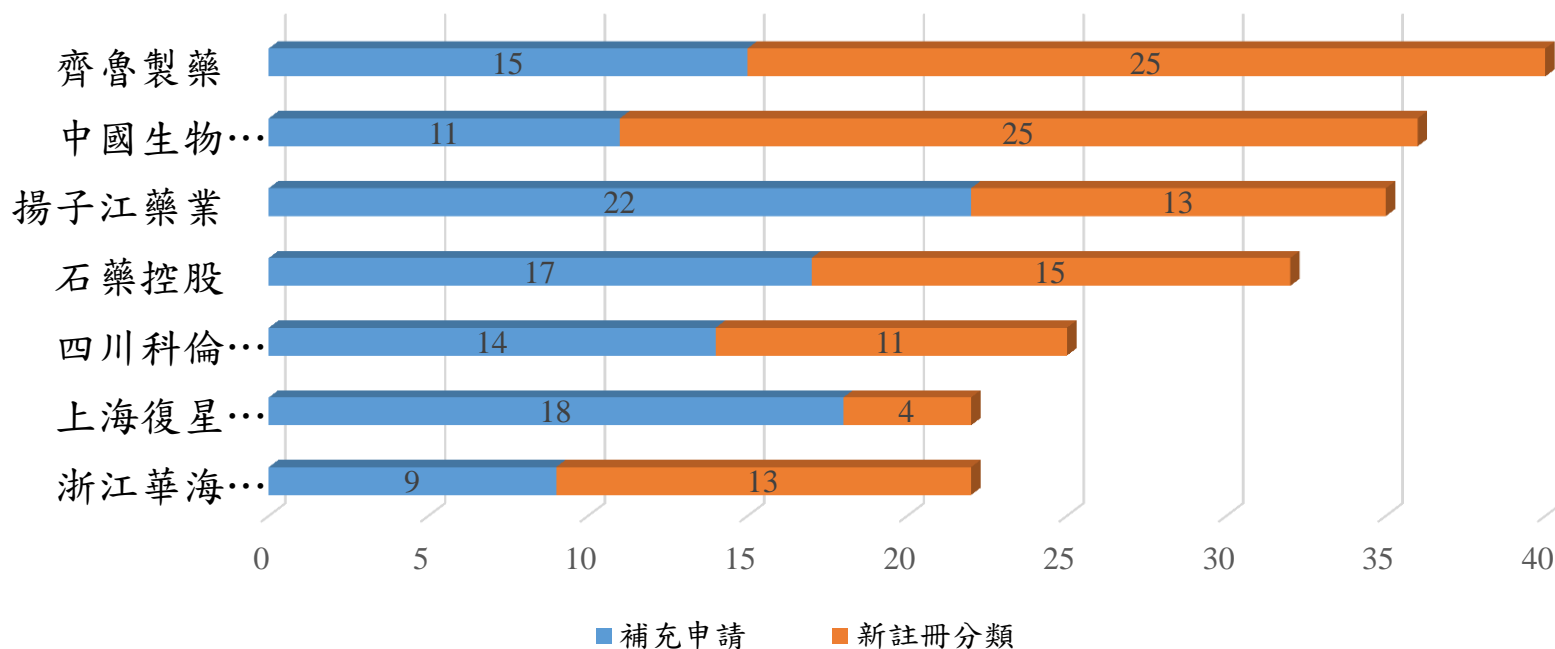


NMPA Reforms : GQCE- Pharmaceutical Companies' Tendency

■ Mostly applied by group company 、 self-developed API, and massive R&D expenditure

Company Name

Top 7 companies' cases approved under GQCE



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NMPA Reforms: Centralized Procurement of Drugs

■ 112 drugs were announced to be included in the Centralized Procurement list

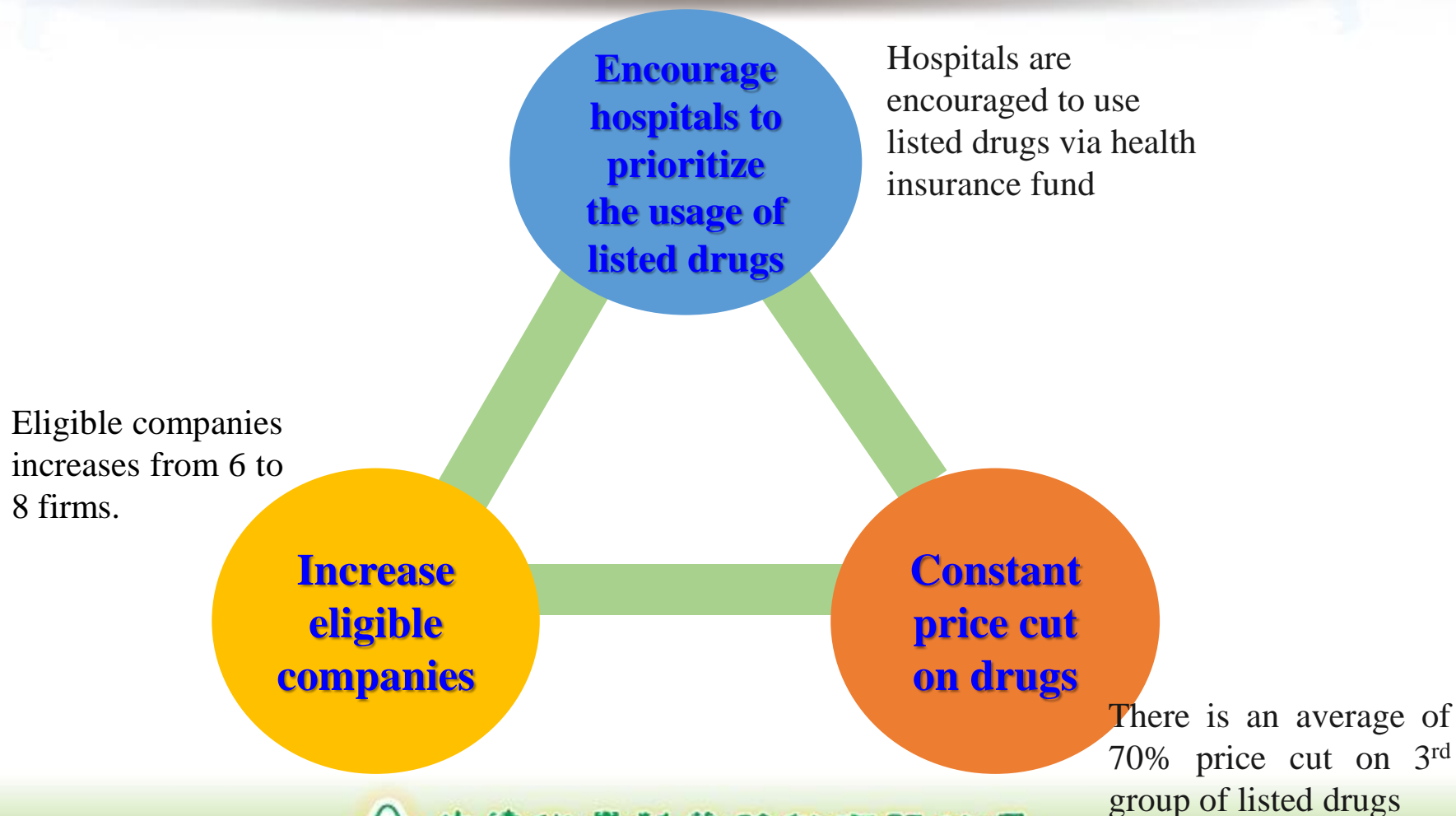
- Sept. 2019: 1st group of 25 drugs were listed
- Dec. 2019: 2nd group of 32 drugs were announced
- Aug. 2020: 3rd group of 55 drugs were announced

■ Centralized Procurement Area:

- Expanding from 4+7 (11 major cities) to countrywide



NMPA Reforms: Market Tendency



Revenue Growth Strategy - Japan



Collaboration Model

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



Raw Material Strategy

- Strategic alliance with API manufacturer.
- API Vertical Integration with Syn-Tech.



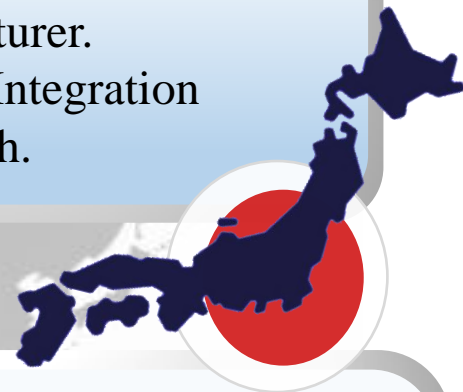
Current State

- Obtained marketing licenses for Montelukast (Asthma) and Celecoxib (Anti-inflammatory)

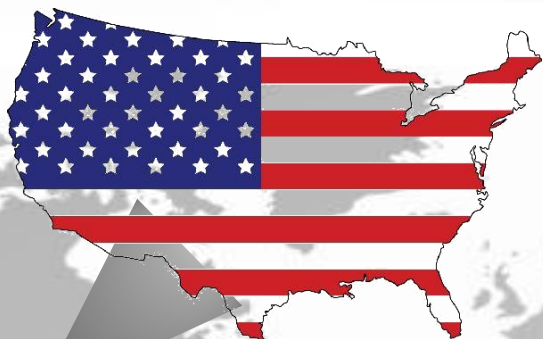


On Going

- NT\$50million sales in 2020



Revenue Growth Strategy – U.S.A.



U.S.A. Market

- Largest Rx Market
- Characterized by lengthy review timelines and costly compilation and filing work
- SCP's long term goals



Strategy

- Strategic alliance with API manufacturer.
- API Vertical Integration with Syn-Tech.



Current Status

- Export of diabetic and amyotrophic lateral sclerosis(ALS) drugs treatment
- Another approved drug, pending for patent expiration



Forward-looking Strategy Layout



- Increase international business resources
- Recruit international talents



- Utilize Taiwan's cutting-edge R&D technology to enhance potential revenue .



- 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



工業技術研究院
Industrial Technology
Research Institute

邁向2030 與產業同行 工業技術研究院院士授證典禮



Yuen De, Lee, Board member of SCP
Honor Professor of National Taiwan University, Medical School
Awarded as ITRI Laureate



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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/108 students
- Middle school: 57 schools/797 students
- Elementary school: 226 schools/2,626 students

Scholarship Total – NT\$5.86MM



Hope After-school Class

- Weekday afternoons
- 22 schools
- 1,806 students

Scholarship Total – NT\$1.75MM



Sunflower Wednesdays

- Every Wednesday afternoon
- 6 schools
- 300 students

Scholarship Total – NT\$400KK



Other Sponsorships

- Sponsorship to 17 non-for-profit organization for cultural and educational advancement

Grant Total – NT\$950KK



Meal-Assistance

- In 2019, provided 6,000 meals to students during winter and summer vacation.

Assisted Total – NT\$360KK



Charity



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

Prize Total – NT\$1.6MM



Awarded Corporate Citizen Prize by Common Health Magazine



- Long-term attention to disadvantaged children in rural areas to enhance their learning and competitiveness
- Co-development and promotion of Tainan's local products: Burdock & wolfberry tea from Jiangjun Dist. and orchid essence skin care products from Houbi Dist., etc.
- Donation of alcohol for epidemic prevention
- Employees participation in SCP National Table Tennis Competition and Children's Drawing Competition



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



- In 2020, 3 new athletic training & health centers and 8 service spots were established in various districts of Tainan City, with a total of 26,016 user times.
- On average, each user increased his/her grip strength by 11.2%, sitting and standing by 10.4%, and walking speed by 5.5%. Using the Center is a safer and efficient way improve the muscle endurance of elderly people and to prevent sarcopenia.
- Seven health seminars will be held in the second half of the year to promote sport and life care concepts.
- Aerobic and yoga classes will be added to enrich exercise course selection.



Free Bone Mass Measurement and Community Health Seminar



- Cooperate with medical institution, local community, and pharmacy for free bone mass measurement activity. In the first half of the year 2020, the activity was postponed due to the coronavirus epidemic. The second half of the year, a total of 4 sessions have been held so far. A total of 500 people were measured
- 4 sessions of community health seminars have been held, with a total of 660 participants.





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Q & A



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Thanks for your attention



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