

Yung Zip Chemical Ind. Co., Ltd.



Innovation
Efficiency
Service

An active pharmaceutical ingredient
manufacturer under the control of cGMP



Investors Relations Conference 2017

Oct. 17, 2017



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Agenda

Company Introduction

2017 1H Financial Performance Overview

Business Development

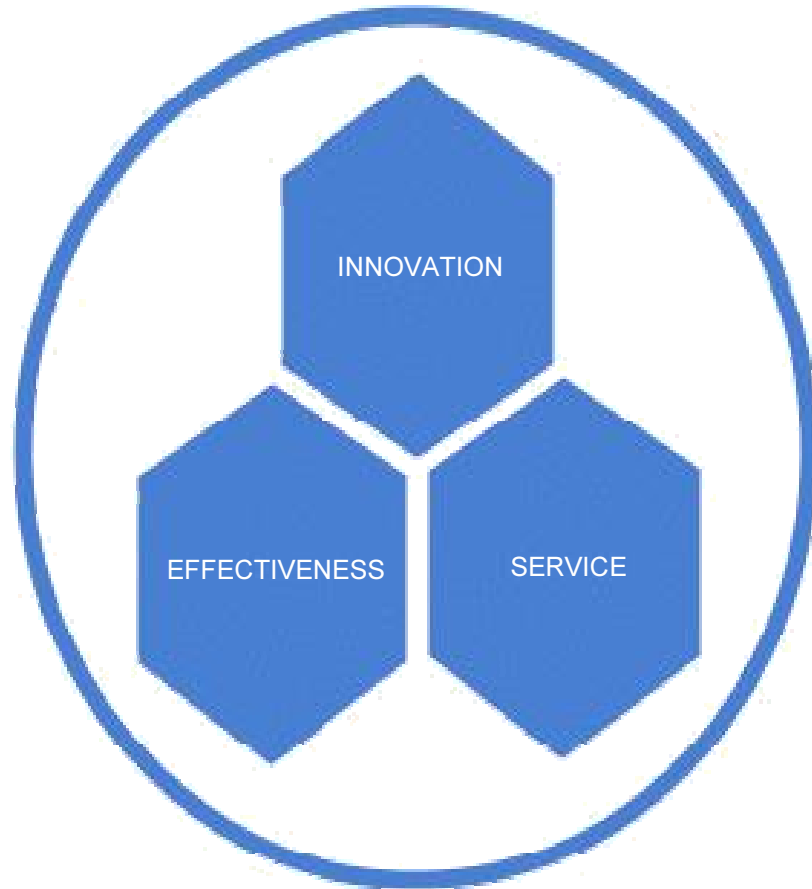
Agenda

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Business Development

Company Introduction-Philosophy



INNOVATION : being creative; continuous learning

EFFECTIVENESS : accelerating the progress

SERVICE : perfecting quality and customer service

“ Providing the best pharmaceutical products,
Improving health of human beings. ”

Company Introduction

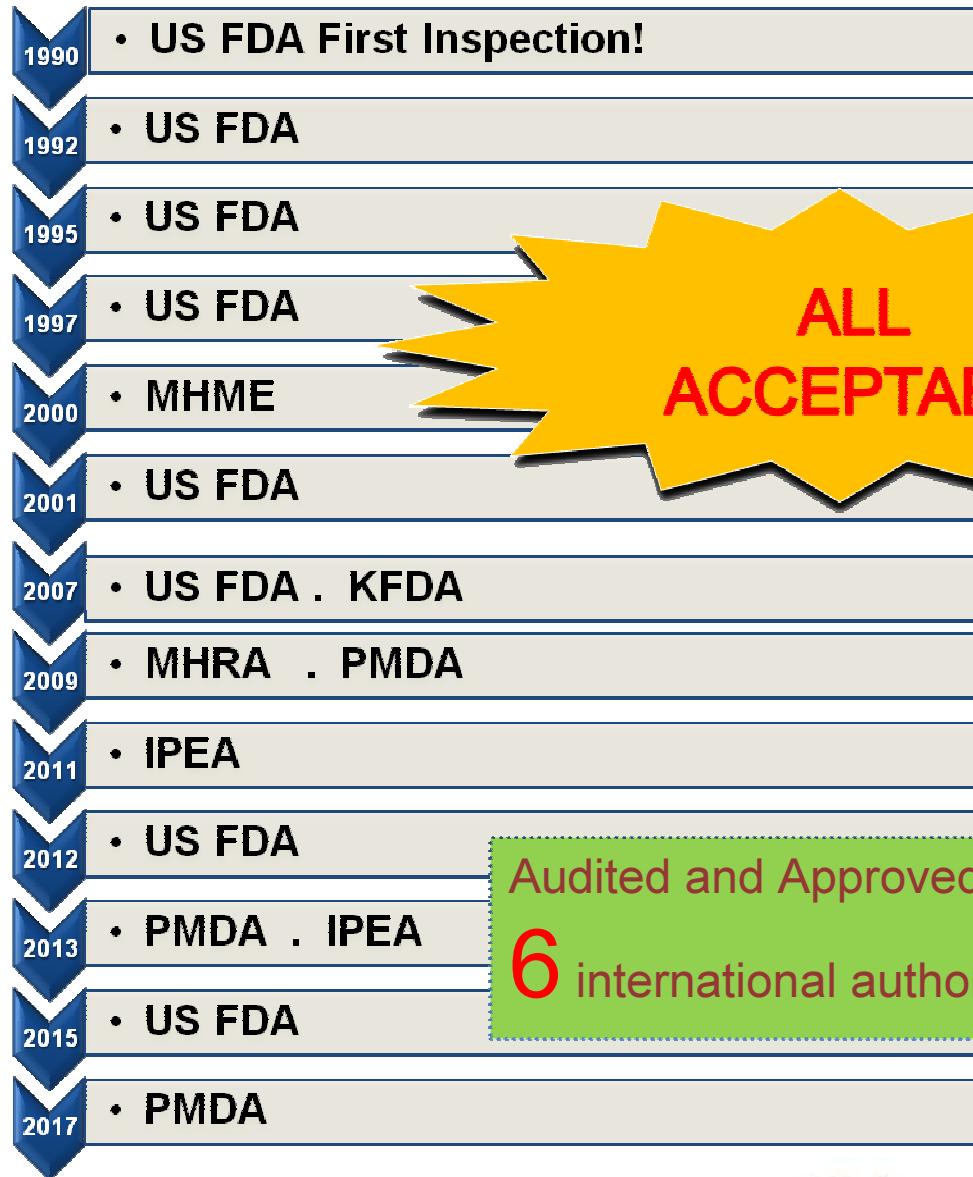
Yung Zip Chemical Ind. Co., Ltd. was established on 8th June 1978

- The professional manufacturer of API, Intermediate and CMO
- Number of DMF of API: 41
- Number of API inspected by U.S. FDA : 6
- Number of U.S. FDA DMF and EU DMF: 15
- Number of TFDA GMP Certificates: 13
- Number of Taiwan DMF : 35

Company Introduction

- Year 1990 - U.S. FDA 1st inspection
- Year 1994 - the first API manufacturer to obtain the GMP certificate issued by Taiwan FDA
- Year 1997 - entered the stock market
- Year 2001 - listed in the OTC market
- Year 2007 - KFDA inspection
- Year 2008 - obtained Halal and Kosher certificates
- Year 2009 - MHRA and PMDA inspections
- Year 2015 - U.S. FDA 8th inspection
- Year 2016 - TFDA 11th inspection
- Year 2017 - PMDA 3rd inspection

Company Introduction-Audit History



US FDA – Food and Drug Administration
 MHME – Ministry of Health and Medical Education(IRAN)

PMDA – Pharmaceuticals and Medical Devices Agency(JPN)

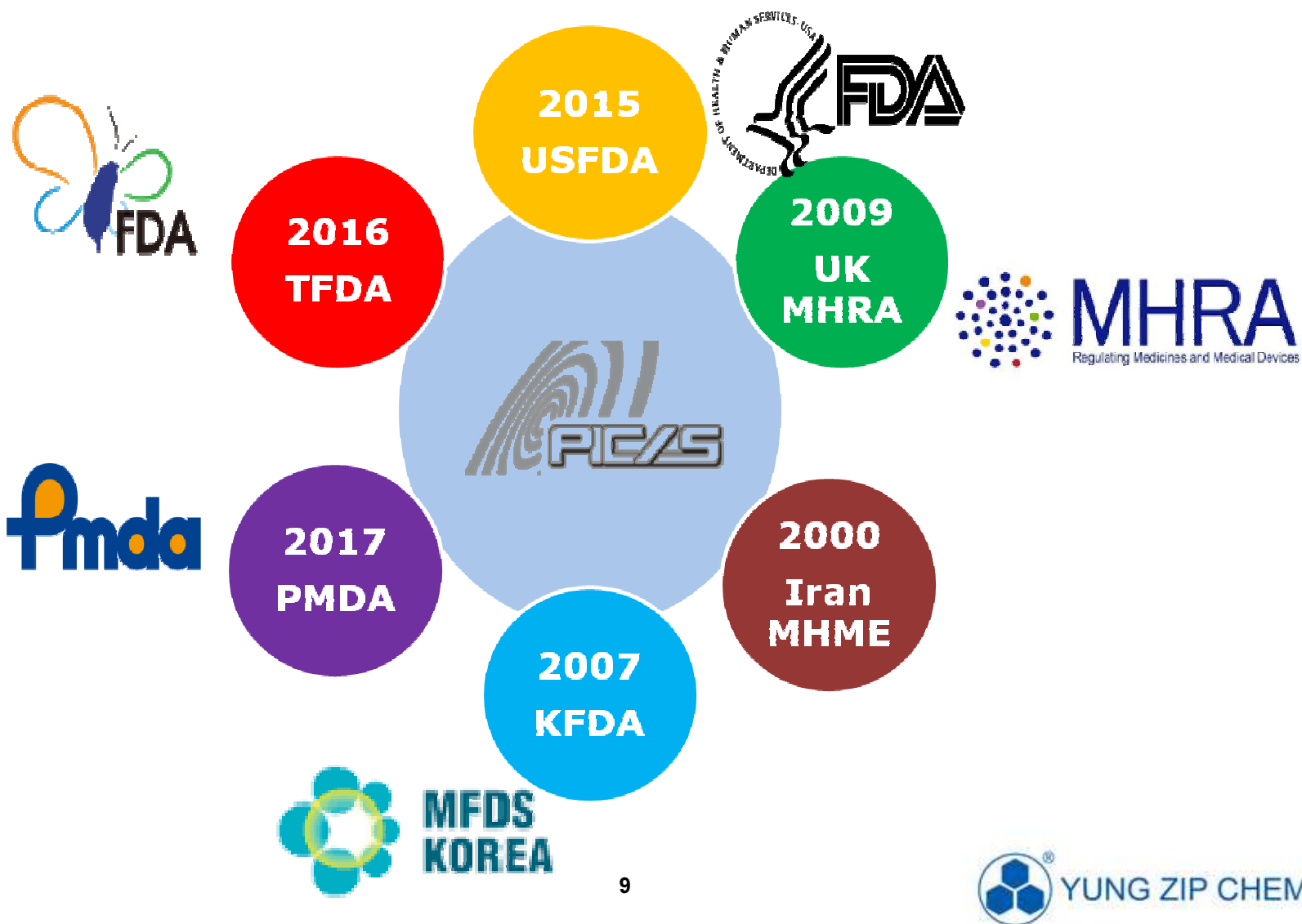
IPEA – International Pharmaceutical Excipients Auditing, Inc.

KFDA – Korea Food and Drug Administration

MHRA – Medicines and Healthcare products Regulatory Agency (UK)

Audited and Approved by
6 international authorities!

Inspections by International Authorities



Agenda

Company Introduction

2017 1H Financial Performance Overview

Business Development

Statement of Comprehensive Income

(In NT\$ thousand)	Q2'17 (Reviewed)	Q1'17 (Reviewed)	QoQ	Q2'16 (Reviewed)	YoY
Operating Revenue	79,436	72,902	9%	80,839	-2%
Gross Profit	9,084	9,353	-3%	2,240	306%
Gross margin	11%	13%		3%	
Operating Expenses	(22,174)	(18,367)	21%	(19,903)	11%
Operating (Loss)	(13,090)	(9,014)	45%	(17,663)	-26%
Operating margin	-16%	-12%		-22%	
Other Rev.(Exp.)	406	(3,897)	-110%	132	208%
Net Income before Tax	(12,684)	(12,911)	-2%	(17,531)	-28%
Net Income after Tax	(12,684)	(12,911)	-2%	(17,531)	-28%
Net margin after tax	-16%	-18%		-22%	
EPS	-0.3	-0.3	0%	-0.41	-27%

Statement of Comprehensive Income

(In NT\$ thousand)	1H'17 (Reviewed)	1H'16 (Reviewed)	YoY
Operating Revenue	152,338	141,696	8%
Gross Profit	18,437	7,581	143%
Gross margin	12%	5%	
Operating Expenses	(40,541)	(36,979)	10%
Operating (Loss)	(22,104)	(29,398)	-25%
Operating margin	-15%	-21%	
Other Rev.(Exp.)	(3,491)	(936)	273%
Net Income before Tax	(25,595)	(30,334)	-16%
Net Income after Tax	(25,595)	(30,212)	-15%
Net margin after tax	-17%	-21%	
EPS	-0.6	-0.71	-15%

Balance Sheet & Financial Analysis

(In NT\$ thousand)	2017/6/30(Reviewed)		2016/6/30(Reviewed)	
Cash and Cash Equivalents	24,749	5%	43,110	7%
Receivables	70,562	13%	62,123	10%
Inventories	78,147	15%	94,105	16%
Long-Term Investments	75,703	14%	73,826	12%
Property, plant & equipment	257,562	48%	288,380	48%
Other assets	30,616	6%	36,881	6%
Total Assets	537,339	100%	598,425	100%
Current Liabilities	90,106	17%	84,657	14%
Non-current Liabilities	19,174	4%	23,584	4%
Total Liabilities	109,280	20%	108,241	18%
Total Shareholders' Equity	428,059	80%	490,184	82%

Financial Analysis

Days of Receivable	73	93
Days of Inventory	128	156
Current Ratio	2.02	2.47

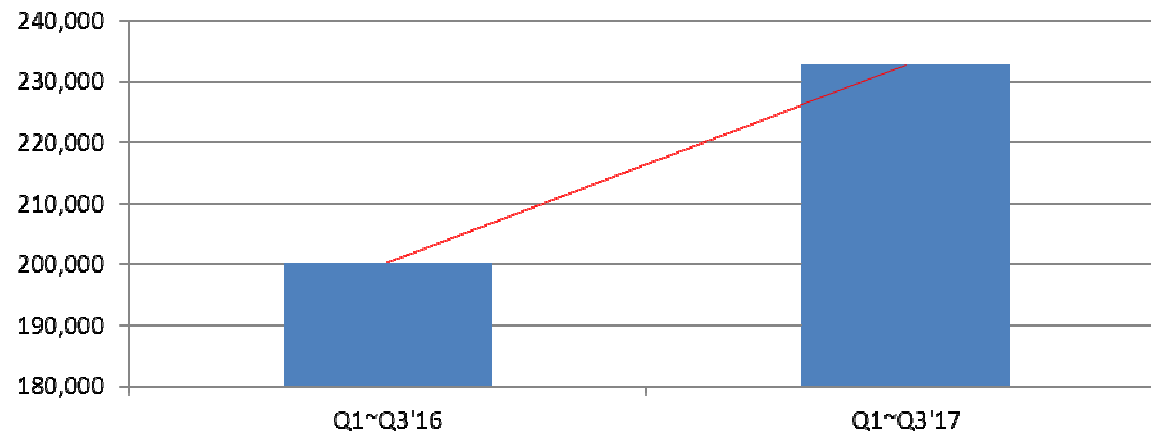
Cash Flow

(In NT\$ thousand)	1H'17(Reviewed)	1H'16(Reviewed)
Cash and cash equivalents at beginning of period	44,024	43,135
Cash flows from operating activities	(7,126)	8,508
Financial assets measured at cost	(9,516)	(5,914)
prepayments for equipment	(2,633)	(2,619)
Cash and cash equivalents at end of period	24,749	43,110

Q1~Q3 Operating Revenue (2016 VS 2017)

(In NT\$ thousand)	Q1~Q3 '16	Q1~Q3 '17	YoY
Operating Revenue	200,216	232,711	16%

Operating Revenue



Agenda

Company Introduction

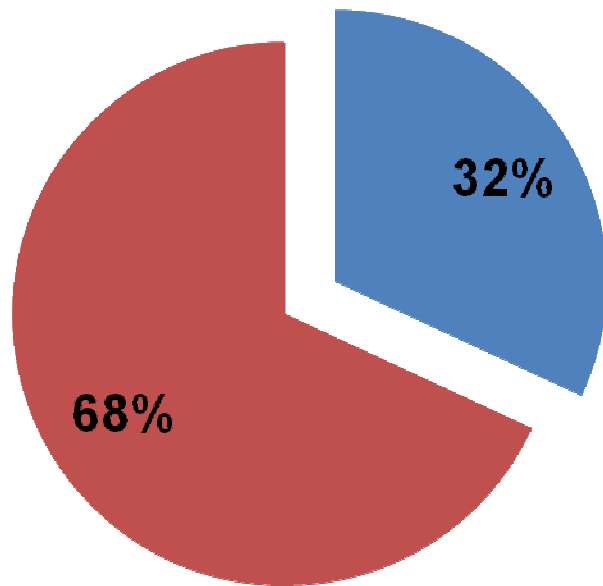
2017 1H Financial Performance Overview

Business Development

Sales Distribution

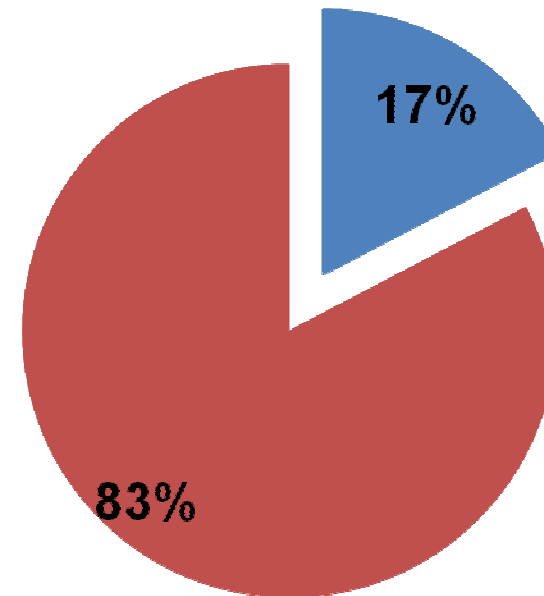
**Q1 – Q3 2016
Sales Distribution**

■ Domestic ■ Export



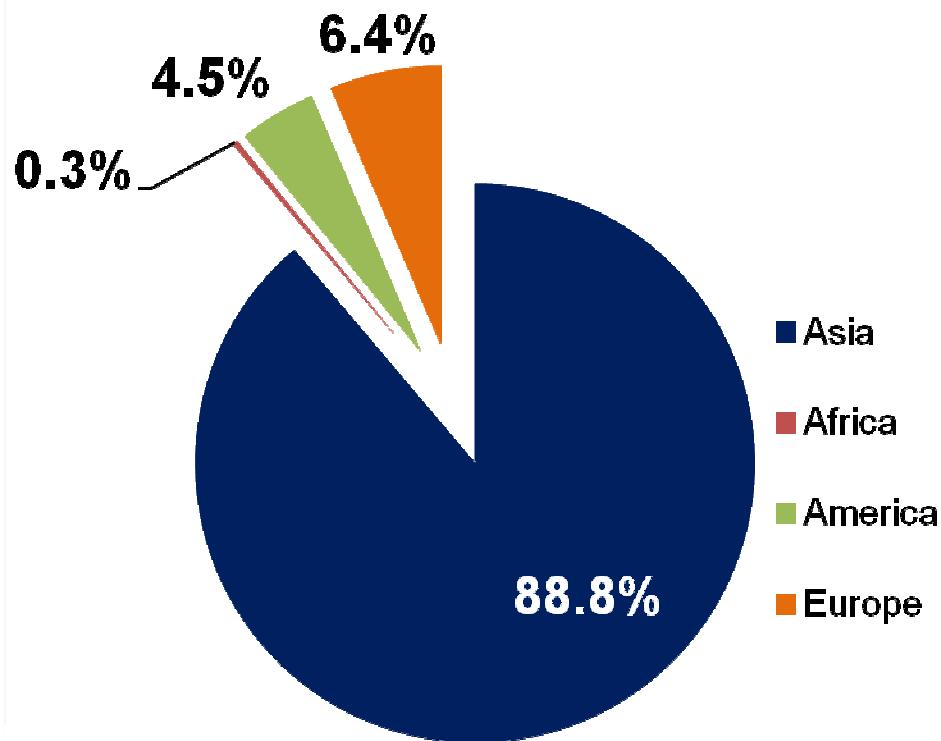
**Q1 – Q3 2017
Sales Distribution**

■ Domestic ■ Export

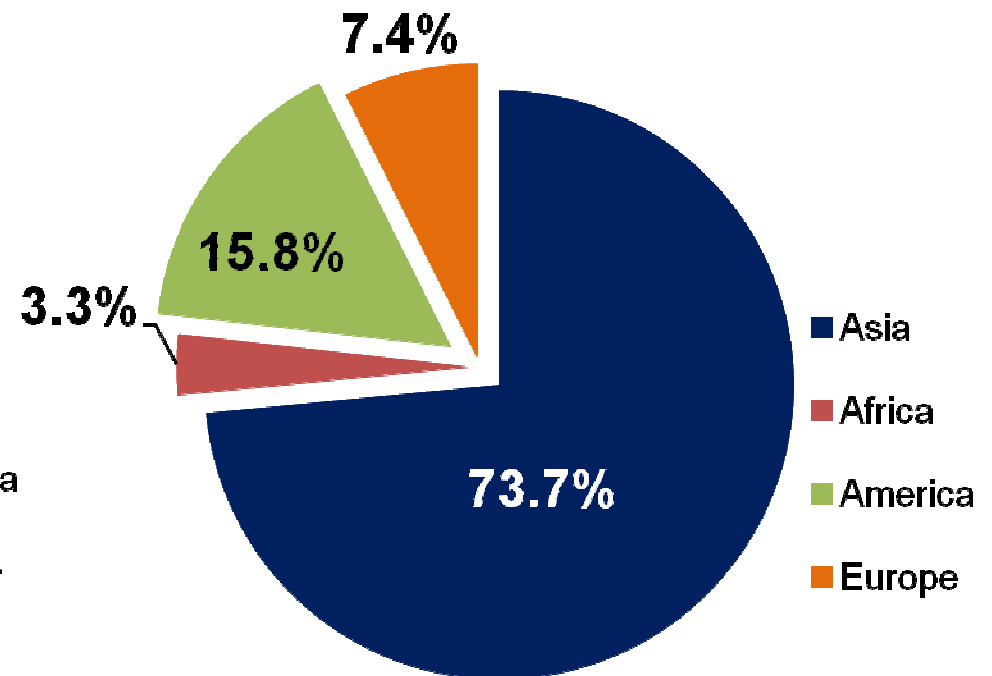


Export Business Distribution

Q1 – Q3 2016 Export Business Distribution



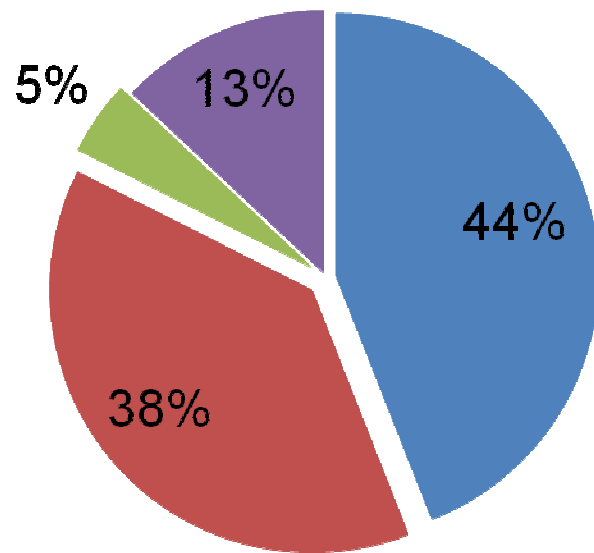
Q1 – Q3 2017 Export Business Distribution



Sales Distribution by product category

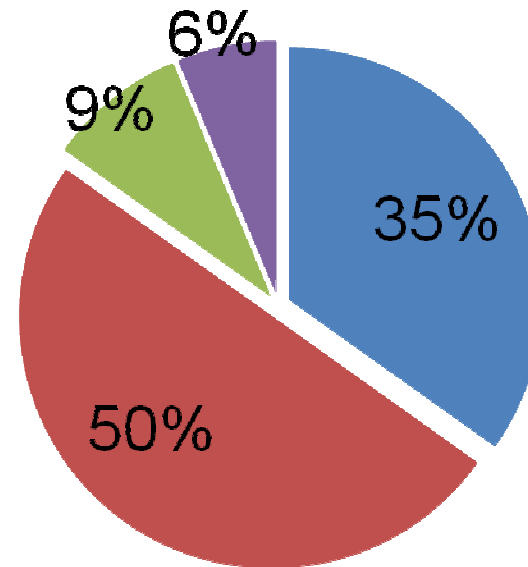
**Q1 - Q3 2016
Sales Distribution**

■ Excipient ■ Analgesic
■ Antibacterial ■ Others



**Q1 - Q3 2017
Sales Distribution**

■ Excipient ■ Analgesic
■ Antibacterial ■ Others

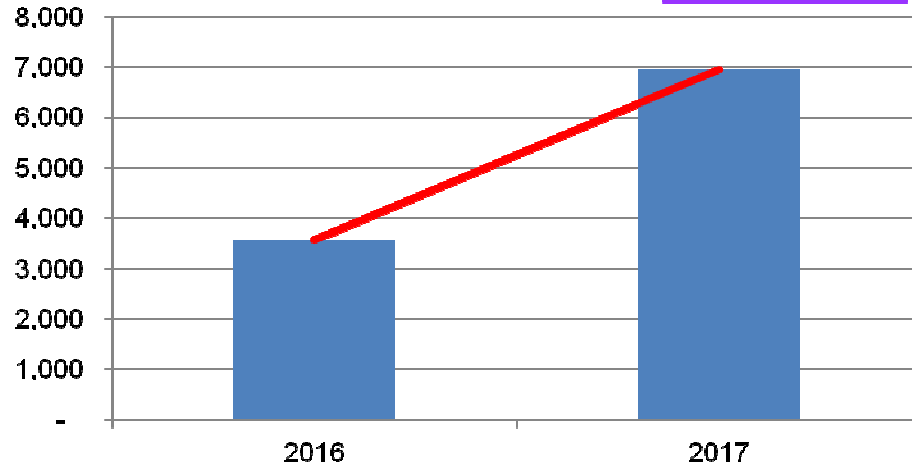


Growth of Sales Volumes

Duration: Q1 – Q3 2016 / 2017

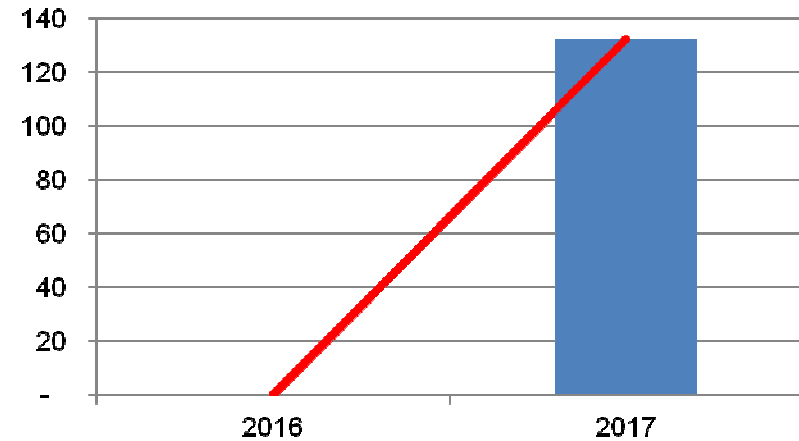
Antibacterial

Growth 95%



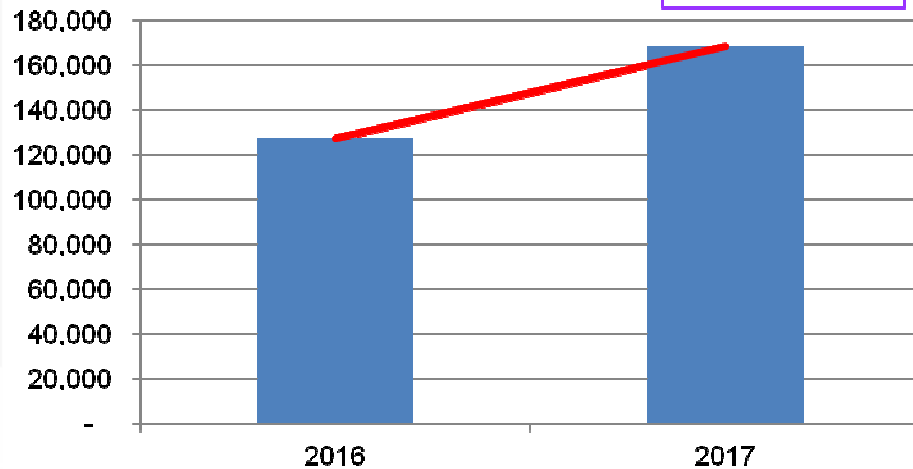
Hypertension

Growth 100%



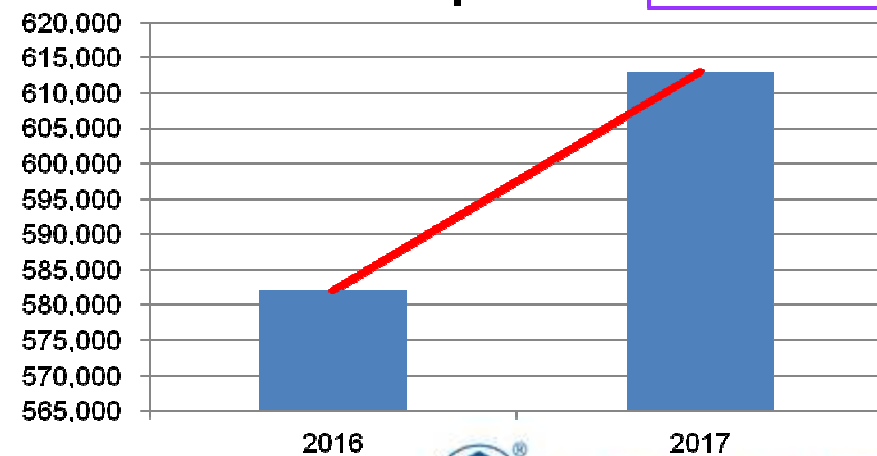
Analgesic

Growth 32%



Excipient

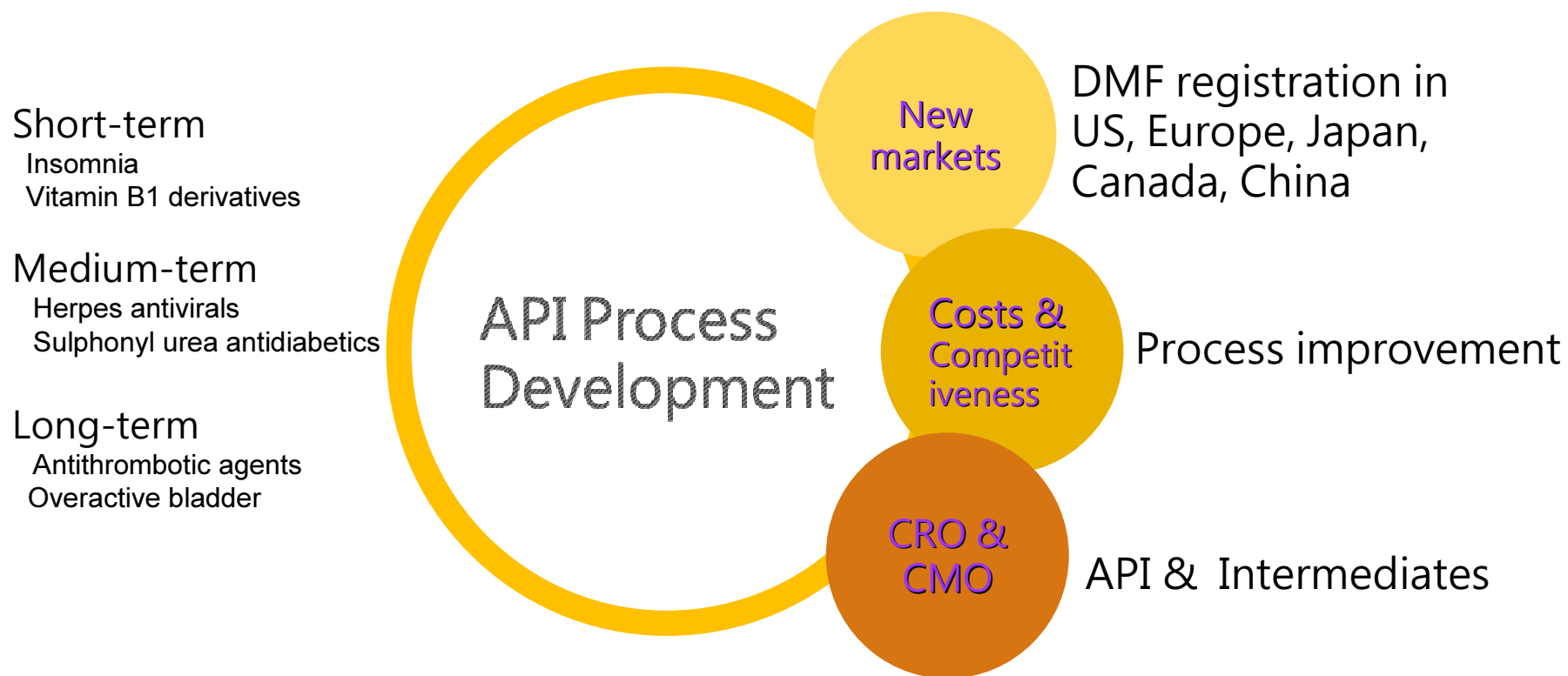
Growth 6%



Market Changes and Development trends

- Due to the pollution and environmental issue in China. Numbers of raw materials plant was forced to relocate the factory, shut down the production line or even stop whole production for good. This is the main issue to cause unstable supply in the API industry.
- Numbers of raw material plants in China and India have received serious Warning Letter from US FDA/EDQM due to its Quality problem.
- Following the world trend of an ageing population, Oral medication for the elderly has become the global trend of medication development.
- Reforming of National health insurance has become a global trend, this will encourage generic drugs development in a positive way.

New Product Development Strategy



2017 New Product Development Plan

Type	Item	Indications	Area	Estimate Time to Market	Market of the Area (USD)	Market of the World (USD)
Short-term						
API	Zolpidem Tartrate	Insomnia	USA / TW	2018	234.9M	808.5M
API	TDS	Vitamin B1 and combinations	JP / TW	2018	16.3M	19.5M
Medium-term						
API	VDR	Herpes antivirals	JP	2019	102.4M	102.4M
API	GMR	Sulphonyl urea antidiabetics	USA	2020	91.5M	1234.2M
Long-term						
API	Deferasirox	Iron chelating agent	JP / TW	2022	551.6M	963.2M
API	DGN	Antithrombotic agents	JP	2022	403.6M	2051.5M
API	MRG	Overactive bladder	JP	2022	266.5M	1275.4M

✿ 2017 submit DMF

data source : Thomson Reuters Newport Premium™ Data (2016Q3-2017Q3)

Q&A

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Thank You for Your Attention!