

Yung Zip Chemical Ind. Co., Ltd.



An active pharmaceutical ingredient manufacturer under the control of cGMP



Innovation
Efficiency
Service



Investors Relations Conference 2018

Sep. 12, 2018

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Agenda

Company Introduction

Financial Performance Overview

Business Development

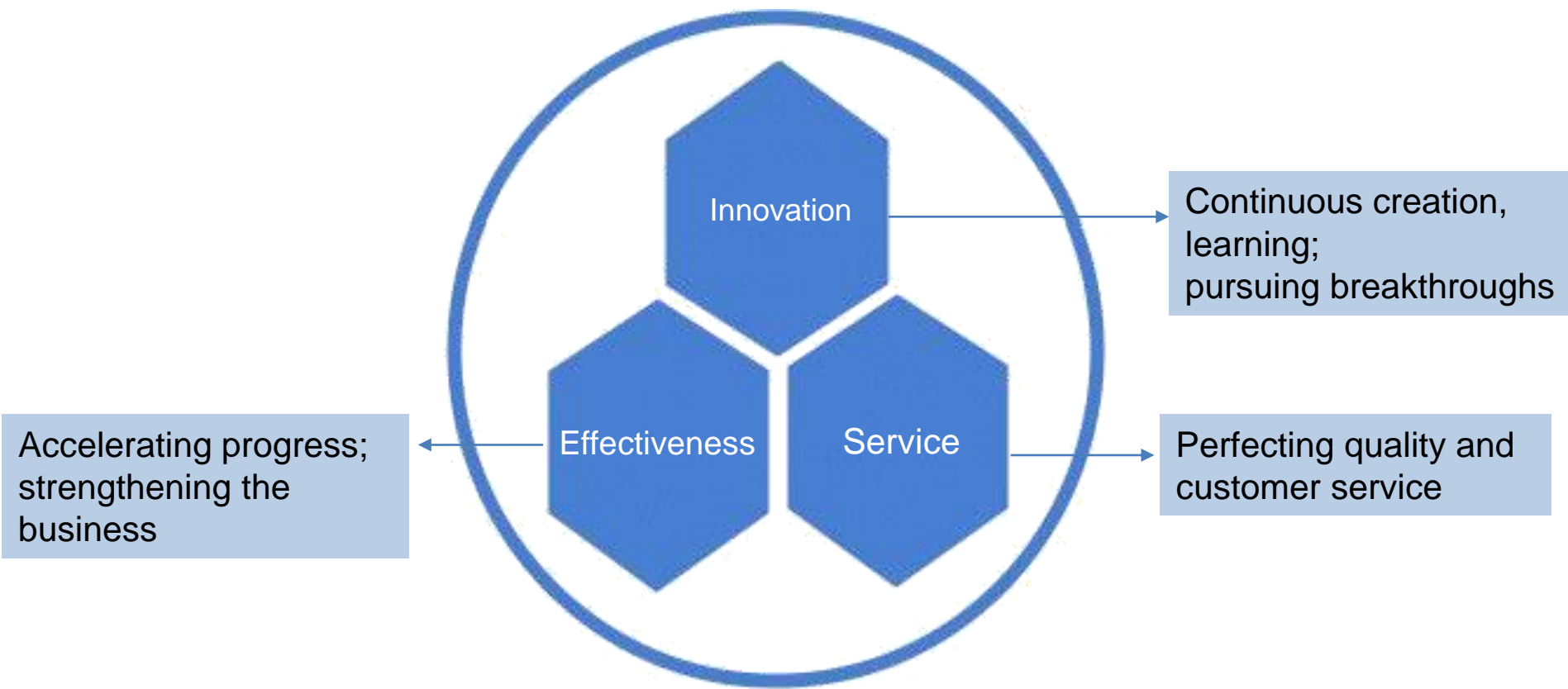
Agenda

Company Introduction

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Company Introduction: Philosophy



Providing the best pharmaceutical products;
Improving the health of human beings.

Company Introduction- Yung Zip Chemical



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

- Professional manufacturer of APIs, Intermediates and CMO
- Number of DMF of API: 35
- 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

Company Introduction- Yung Zip Chemical

1990年
U.S. FDA 1st
inspection

2001年
listed in the OTC
market

2009年
MHRA and PMDA
inspections

2017年
PMDA 3rd
inspection

1994年
the first API
manufacturer to obtain
the GMP certificate
issued by Taiwan FDA

2007年
KFDA inspection

2014
Achieved TFDA
PIC/S GMP
Certification

2018年
U.S. FDA 9th
inspection

Agenda

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Statement of Comprehensive Income

(in NT\$ thousand)	Q2'18 (Reviewed)	Q1'18 (Reviewed)	QoQ	Q2'17 (Reviewed)	YoY
Operating Revenue	78,508	70,884	11%	79,436	-1%
Gross Profit	11,337	12,624	-10%	9,084	25%
Gross Margin	14%	18%		11%	
Operating Expenses	20,549	18,461	11%	22,174	-7%
Operating (Loss)	(9,212)	(5,837)	58%	(13,090)	-30%
Operating Margin	-12%	-8%		-16%	
Other Rev. (Exp.)	3,069	(1,840)	267%	406	656%
Net Income Before Tax	(6,143)	(7,677)	-20%	(12,684)	-52%
Net Income After Tax	(6,143)	(5,917)	4%	(12,684)	-52%
Net Margin After Tax	-8%	-8%		-16%	
EPS	-0.14	-0.14		-0.3	

Statement of Comprehensive Income

(in NT\$ thousand)	1H'18 (Reviewed)	1H'17 (Reviewed)	YoY
Operating Revenue	149,392	152,338	-2%
Gross Profit	23,961	18,437	30%
Gross Margin	16%	12%	
Operating Expenses	39,010	40,541	-4%
Operating (Loss)	(15,049)	(22,104)	-32%
Operating Margin	-10%	-15%	
Other Rev. (Exp.)	1,229	(3,491)	135%
Net Income Before Tax	(13,820)	(25,595)	-46%
Net Income After Tax	(12,060)	(25,595)	-53%
Net Margin After Tax	-8%	-17%	
EPS	-0.28	-0.6	

Balance Sheet

(in NT\$ thousand)	2018/6/30 (Reviewed)		2017/6/30 (Reviewed)	
Cash and Cash Equivalents	11,829	2%	24,749	5%
Receivables	78,147	13%	70,562	13%
Inventories	123,652	21%	78,147	14%
Long-term Investments	122,523	20%	75,703	14%
Property, plant and equipment	216,161	36%	257,562	48%
Other assets	45,164	8%	30,616	6%
Total Assets	597,476	100%	537,339	100%
Current Liabilities	114,561	19%	90,106	17%
Non-current Liabilities	27,056	5%	19,174	3%
Total Liabilities	141,617	24%	109,280	20%
Total Shareholders' Equity	455,859	76%	428,059	80%

Cash Flow

(in NT\$ thousand)	1H'18 (Reviewed)	1H'17 (Reviewed)
Cash and cash equivalents at beginning of period	29,673	44,024
Cash flows from operating activities	(10,767)	(7,126)
Cash flows from investment activities	(7,077)	(12,149)
Cash and cash equivalents at end of period	11,829	24,749

Agenda

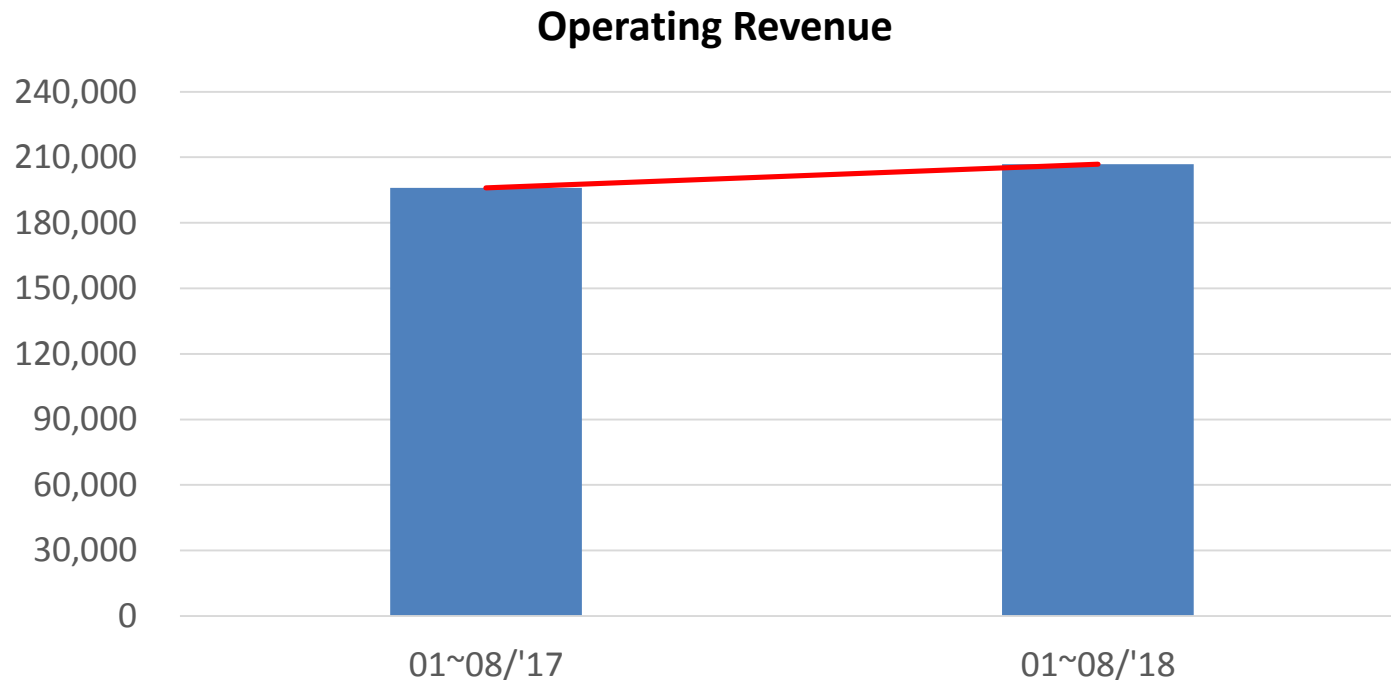
Company Introduction

Financial Performance Overview

Business Development

Jan.~Aug. Operating Revenue (2017 VS 2018)

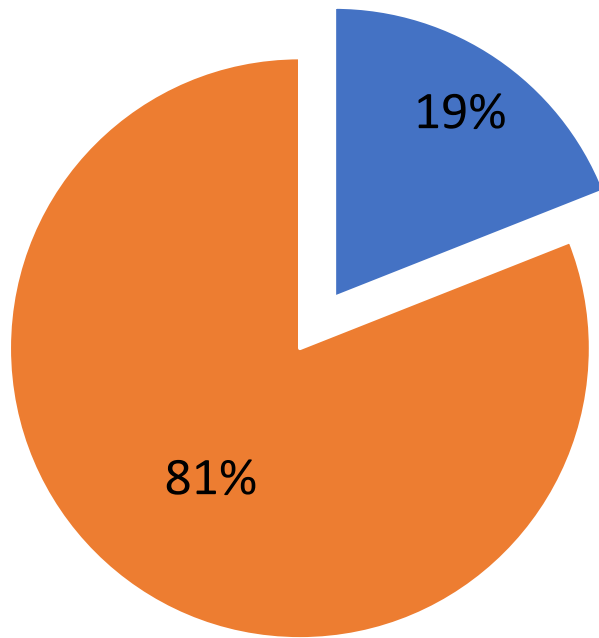
(in NT\$ thousand)	01~08/'17	01~08/'18	YoY
Operating Revenue	196,017	206,793	5%



Sales Distribution

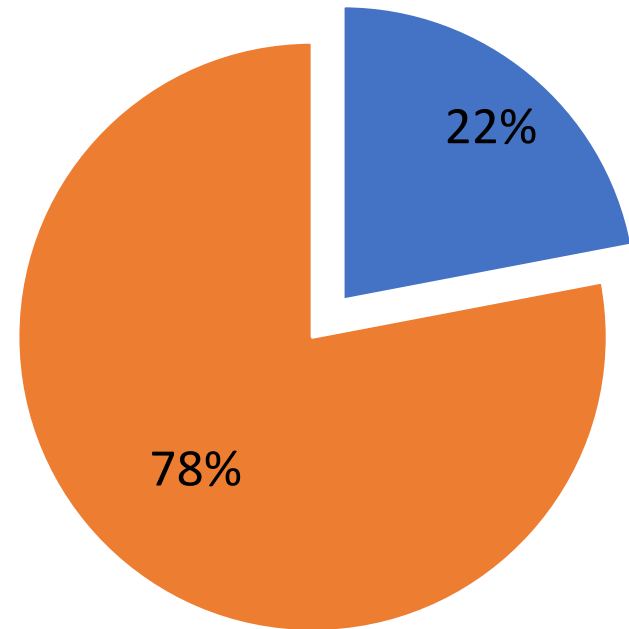
Jan.~Aug. 2017
Sales Distribution

■ Domestic ■ Export



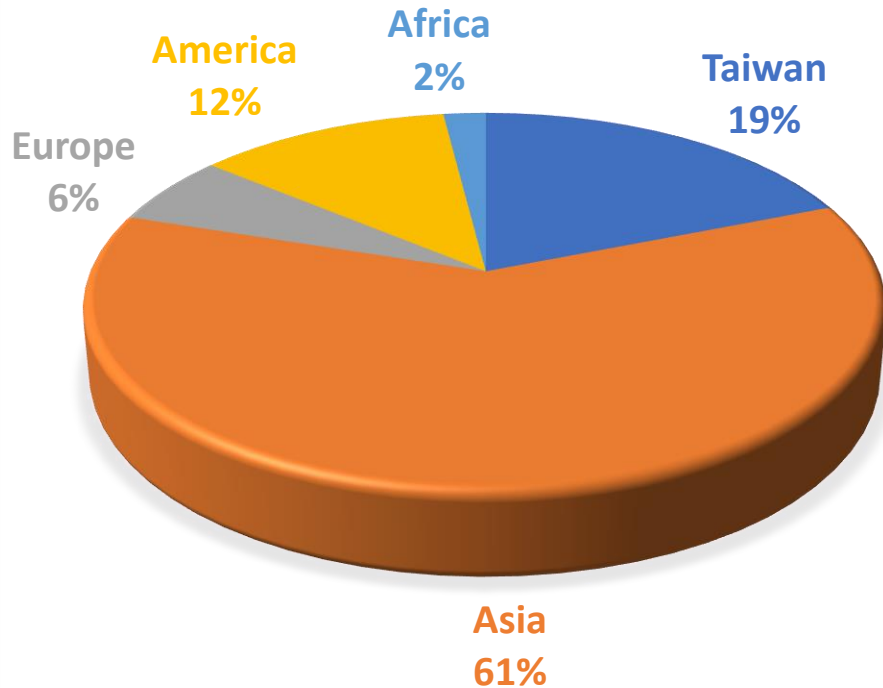
Jan.~Aug. 2018
Sales Distribution

■ Domestic ■ Export

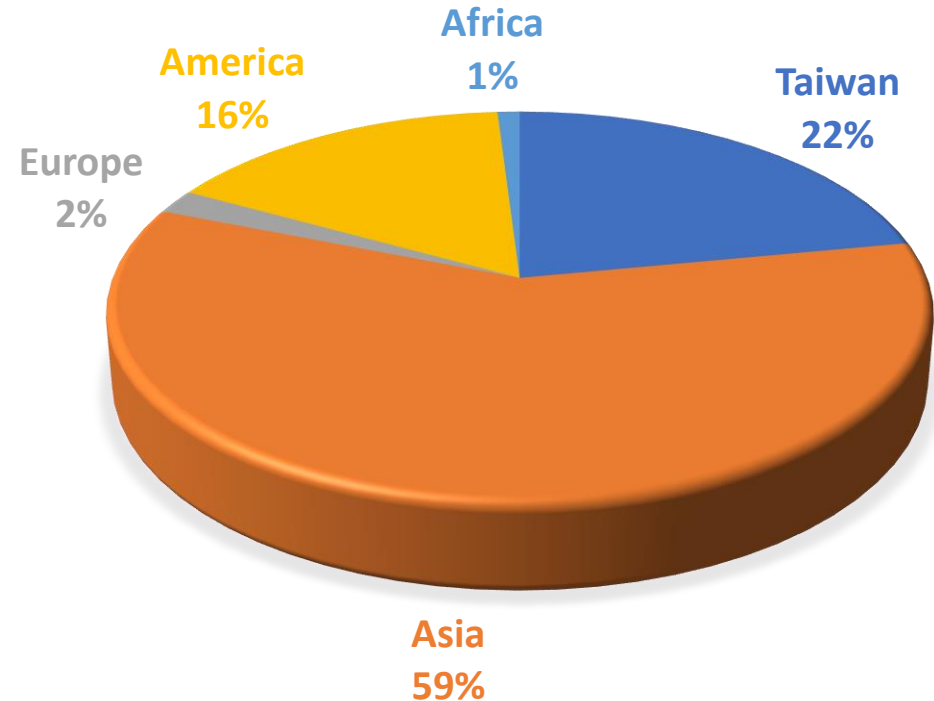


Export Business Distribution

Jan.~Aug. 2017
Export Business Distribution



Jan.~Aug. 2018
Export Business Distribution

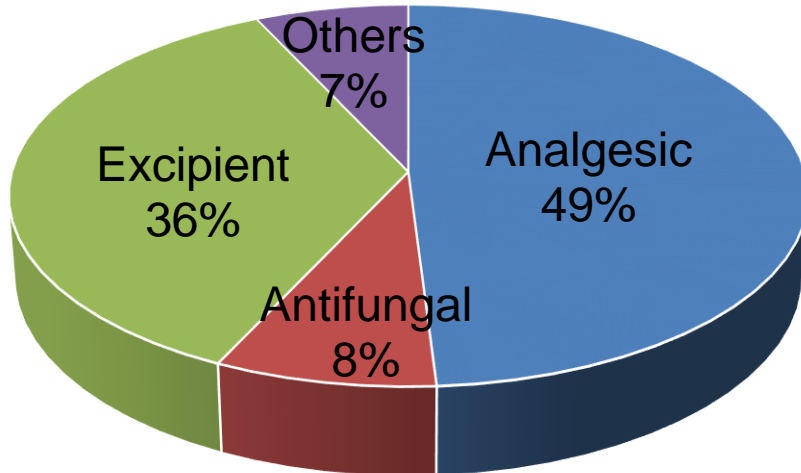


Sales Distribution by product category

Period: Jan.~Aug.
of indicated year

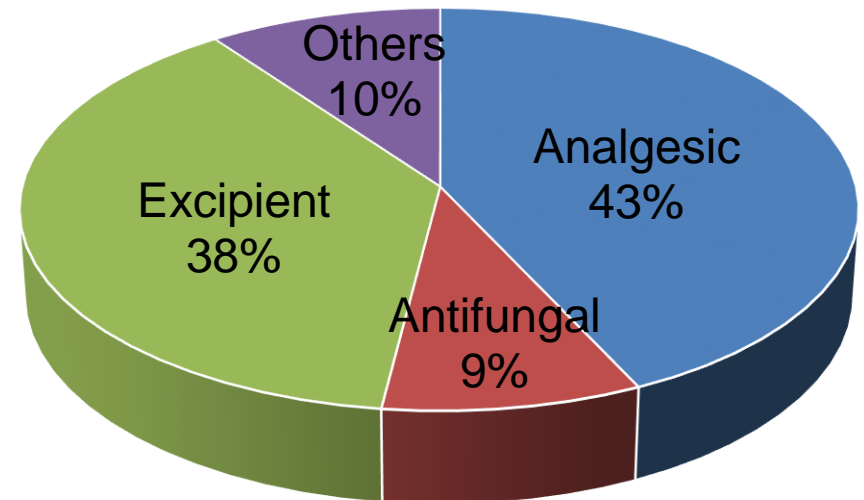
2017

- Analgesic
- Antifungal
- Excipient
- Others



2018

- Analgesic
- Antifungal
- Excipient
- Others

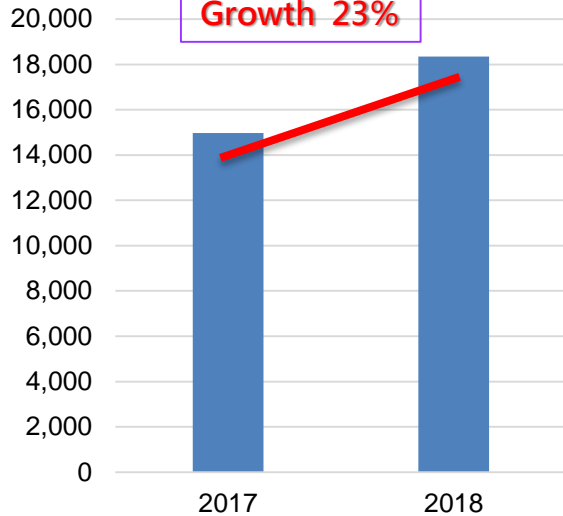


Growth of Sales Volumes

Period: Jan.~Aug. of indicated year
(in NT\$ thousand)

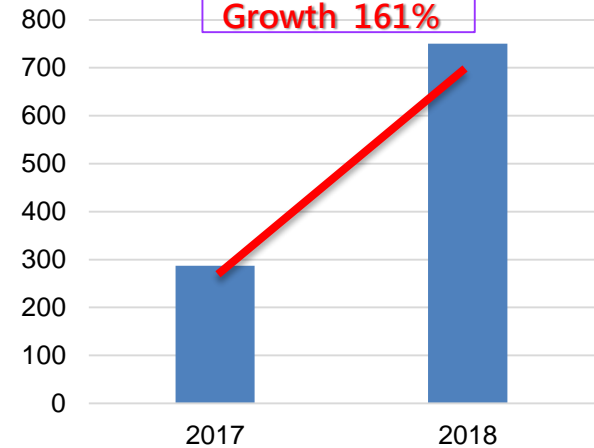
Antifungal

Growth 23%



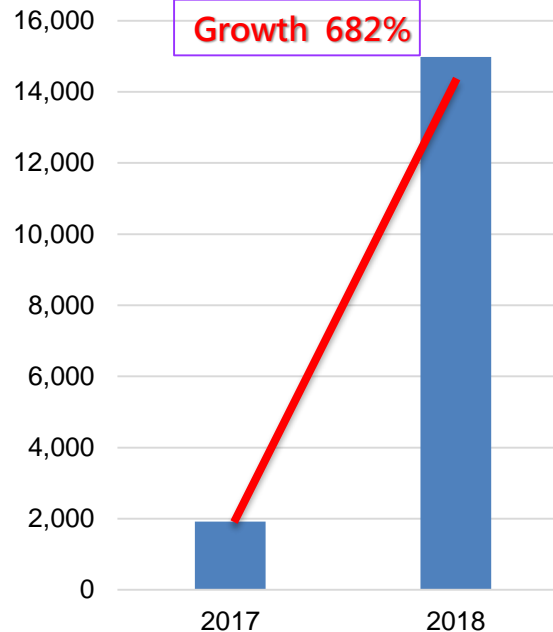
Antihypertensive

Growth 161%



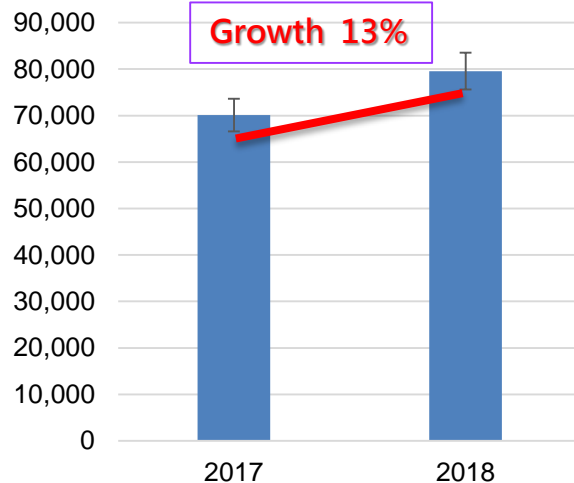
CMO

Growth 682%



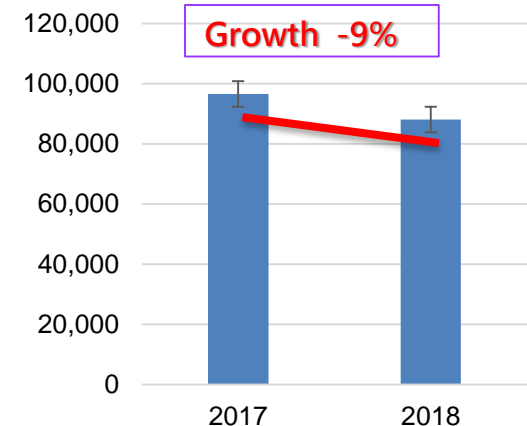
Excipient

Growth 13%




Analgesic

Growth -9%



Market Changes and Trends



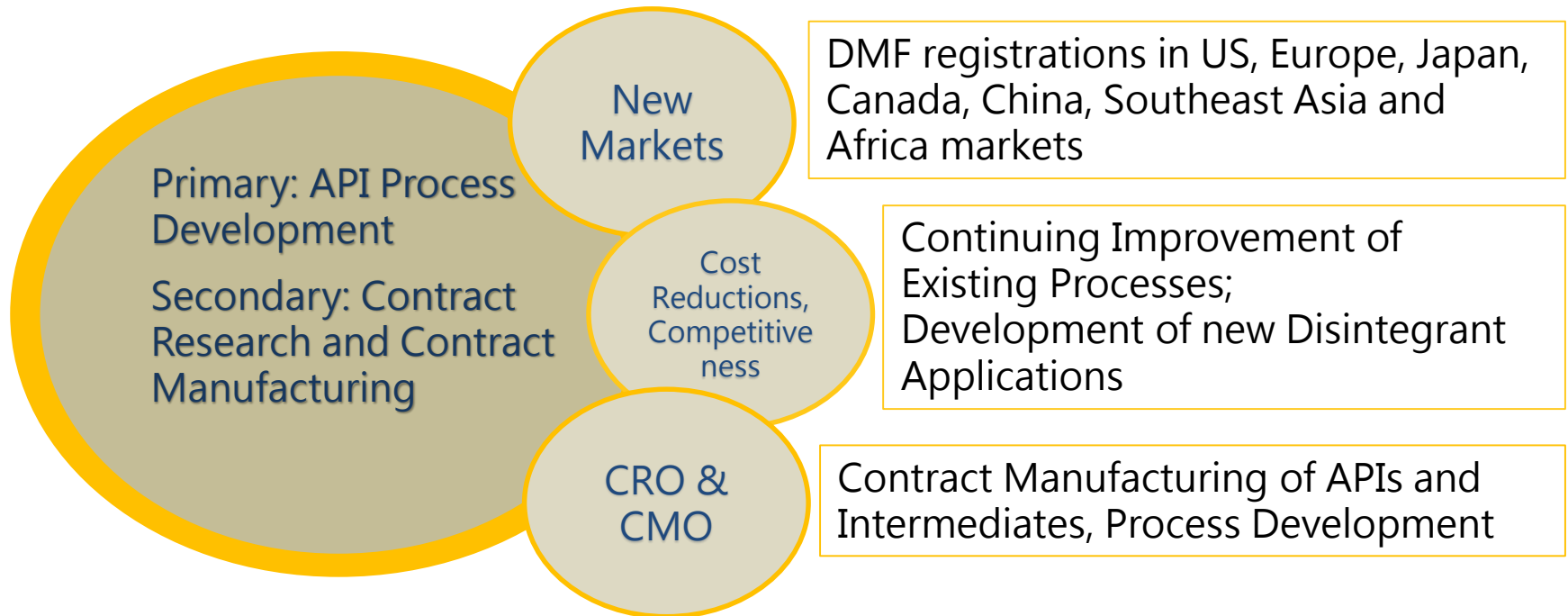
Due to environmental policy shifts in China, API and intermediate manufacturers have been forced to relocate, close or halt production, creating supply chain disruptions.

Production limits are in effect from Oct. to Mar. each year in China (expected to become routine for next few years), leading to instability in API supply.

Quality problems at API manufacturers in China and India have led to serious warnings from US and European authorities.

Due to above described supply and quality issues, the market has begun to shift to procurement from and cooperation with Taiwan and South Korea.

New Product Development Strategy



Short-term

Insomnia
Vitamin B1 derivatives

Mid-term

Antidiabetics
Hyponatremia

Long-term

Iron chelators
Overactive bladder
Anticoagulants

2018 New Product Development Plan

Type	Product	Indication	Area	Market of Area (FDF) (USD)	Market of World (FDF) (USD)
Short-term					
API	ZPT	Insomnia	USA / TW	195.4 M	771.6 M
API	TDS	Vitamin B1 Deficiency	JP / TW	20 M	200 M
Mid-term					
API	GMR	Diabetes	USA	60.9 M	1291.3 M
API	TVP	Hyponatremia	JP	357.8 M	533.3 M
Long-term					
API	DFX	Iron overload	JP / TW	185 M	1042.8 M
API	MRG	Overactive bladder	JP	298.3 M	1527 M
API	RVB	Anticoagulant	JP	1006.6 M	7690.5 M

Data source:: Thomson Reuters Newport Premium™ Data



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Thank You for Your Attention!



For Reference

Company Introduction – Audit History



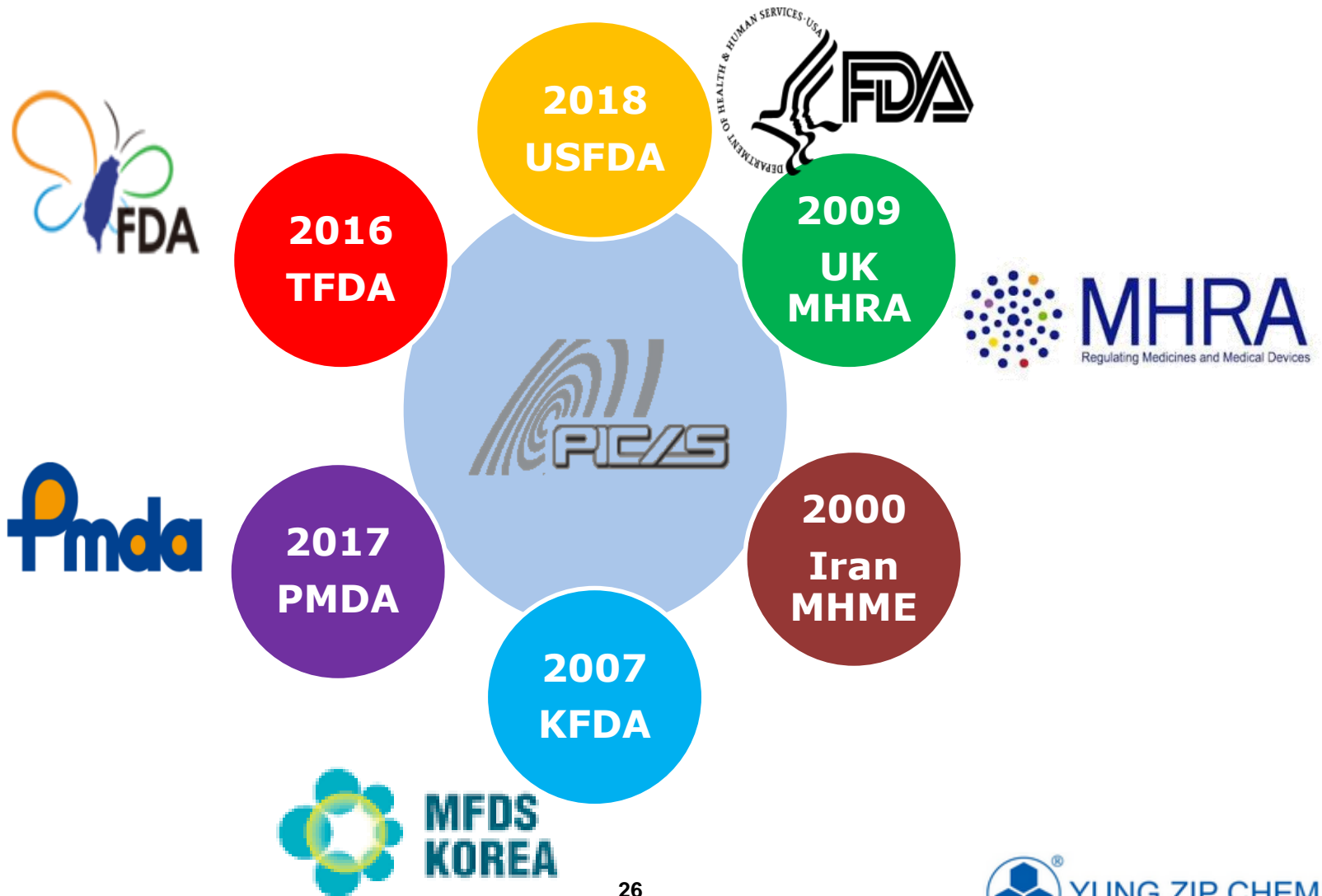
US FDA – Food and Drug Administration
MHME – Ministry of Health and Medical Education(IRAN)

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)

Inspections by International Authorities



2018 New Product Development Plan

Type	Product	Indication	Area	Estimated Time to Market	Market of Area (FDF) (USD)	Market of World (FDF) (USD)
Short-term						
✿ API	ZPT	Insomnia	USA / TW	2019	195.4 M	771.6 M
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Mid-term						
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