

Yung Zip Chemical Ind. Co., Ltd.



An active pharmaceutical ingredient
manufacturer under the control of cGMP



Innovation
Efficiency
Service



Investors Relations Conference 2019

Sep. 26, 2019

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Agenda

1st

- Company Introduction

2nd

- Financial Performance Overview

3rd

- Business Development

Agenda

1st

• **Company Introduction**

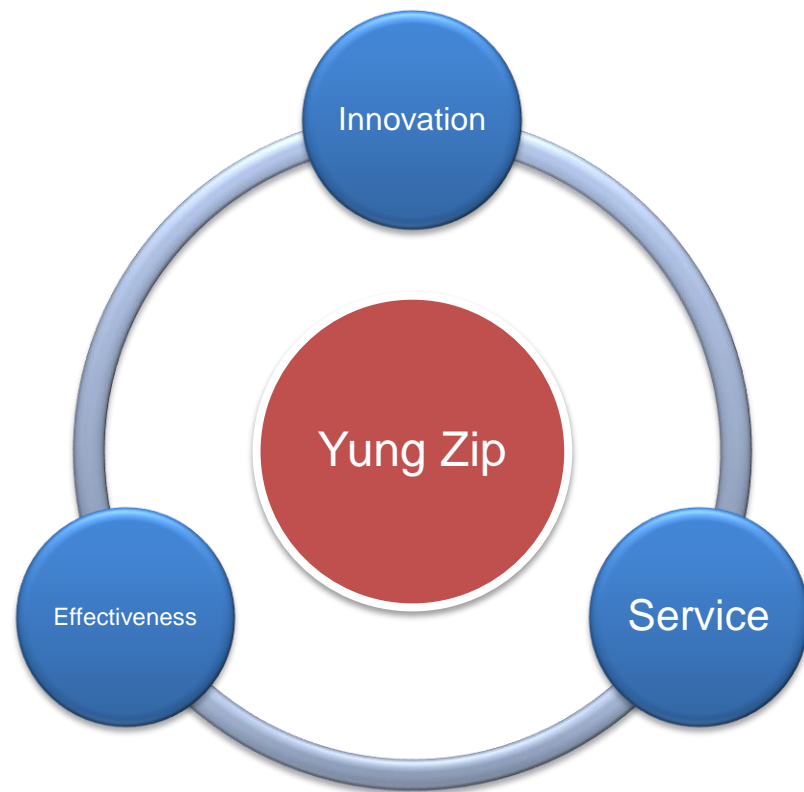
2nd

• Financial Performance
Overview

3rd

• Business Development

Company Introduction: Philosophy



Established on June 8, 1978, Yung Zip Chemical Ind. Co., Ltd. adheres to the sustainable management philosophy of “innovation, effectiveness and service” , and abides by honesty, reliability and rigorous business ethics. Over decades of growth and experience, Yung Zip has established itself in the industry with its production technology and stable product quality, and has successively obtained international certifications such as from FDA, MHRA, PMDA, IPEA and KFDA.

Business field: Mainly based on supplying APIs, excipients; partially based on API intermediates, specialty chemicals, CRO and CMO services.

Providing the best pharmaceutical products;

Improving the health of human beings.

Company Introduction- GMP History

1990

Passed the first inspection by the US FDA

2001

On March 20, Yung Zip is listed on the stock market

2009

Passed inspection by UK MHRA and passed the first inspection by Japanese PMDA

2017

Passed the third inspection by Japanese PMDA

2019

Passed the third certification by TFDA PIC/S

1994

Yung Zip is the leader in GMP API production in Taiwan

2007

Passed the inspection by Korean KFDA

2014

Achieved TFDA PIC/S GMP Certification

2018

Passed the ninth inspection by the US FDA

Drug Licence TFDA: **19**
USA & EU DMF No. : **15**

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• **Financial Performance
Overview**

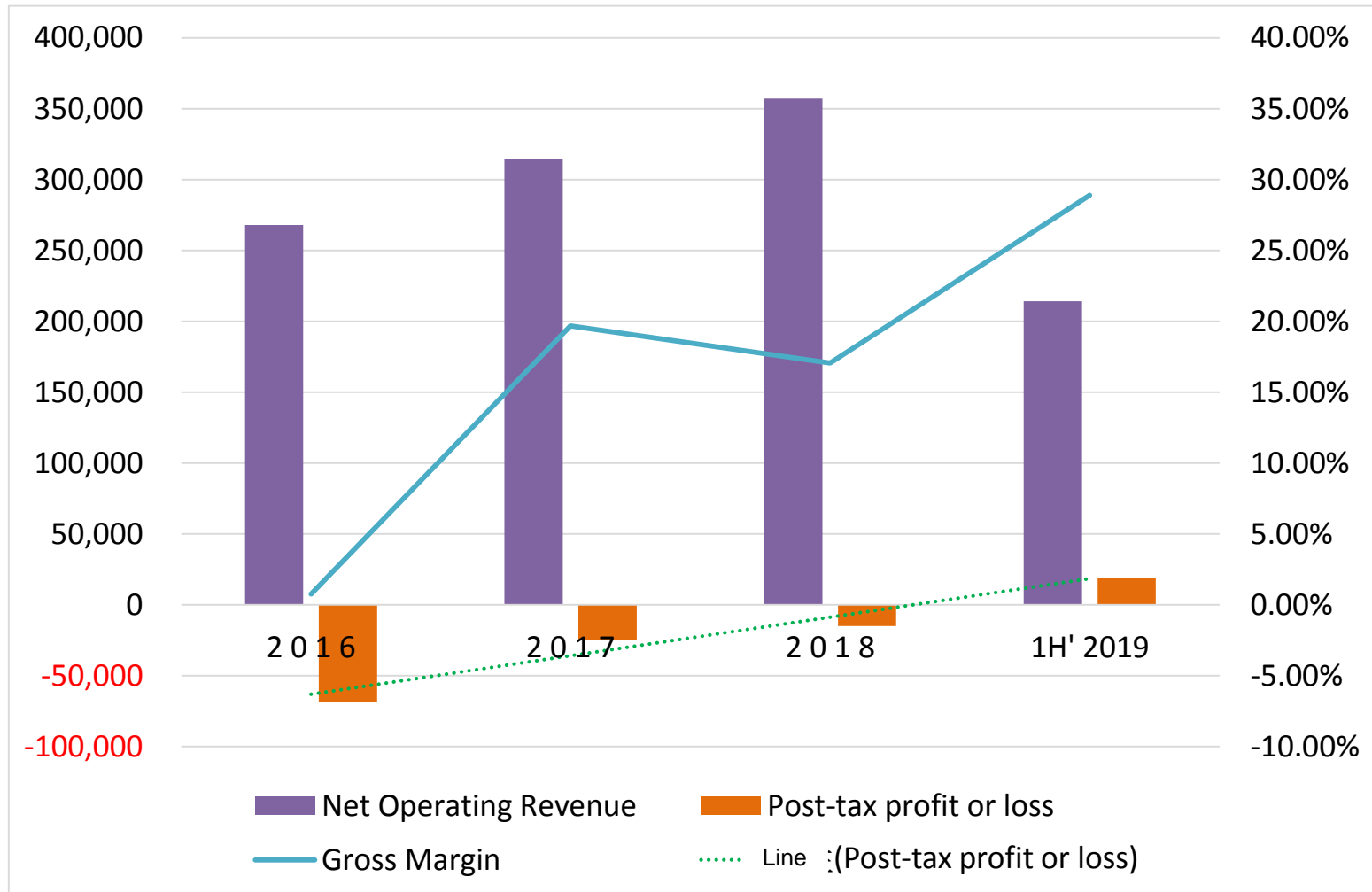
3rd

• Business Development

Statement of Comprehensive Income

Items (in NT\$ thousand)	1H' 19 (Reviewed)	1H' 18 (Reviewed)	YoY
Operating Revenue	214,289	149,392	43%
Gross Profit	61,929	23,961	158%
Gross Margin	29%	16%	
Operating Expenses	44,577	39,010	14%
Operating (Loss)	17,352	(15,049)	215%
Operating Margin	8%	-10%	
Other Rev. (Exp.)			
Net Income Before Tax	1,672	1,229	36%
Net Income After Tax	19,024	(12,060)	258%
Net Margin After Tax	9%	-8%	
EPS	0.45	-0.28	

Increasing profits gradually and out of the red during 2019



Balance Sheet

Items (in NT\$ thousand)	2019/6/30 (Reviewed)		2018/6/30 (Reviewed)		2017/6/30 (Reviewed)	
Cash and Cash Equivalents	39,501	6%	11,829	2%	24,749	5%
Accounts receivable	101,928	16%	78,147	13%	70,562	13%
Inventories	133,697	20%	123,652	21%	78,147	14%
Long-term Investments	128,059	19%	122,523	20%	75,703	14%
Property, plant and equipment	193,959	30%	216,161	36%	257,562	48%
Other assets	59,617	9%	45,164	8%	30,616	6%
Total Assets	656,761	100%	597,476	100%	537,339	100%
Current Liabilities	85,534	13%	114,561	19%	90,106	17%
Non-current Liabilities	96,056	15%	27,056	5%	19,174	3%
Total Liabilities	181,590	28%	141,617	24%	109,280	20%
Total Shareholders' Equity	475,171	72%	455,859	76%	428,059	80%

Key Indices

A/R turnover days	76	86	73
Inventory turnover days	169	195	128
Current ratio	3.55	2.01	2.02

Cash Flow

(in NT\$ thousand)	1H' 19 (Reviewed)	1H' 18 (Reviewed)	1H' 17 (Reviewed)
Cash and cash equivalents at beginning of period	40,159	29,673	44,024
Cash flows from operating activities	13,198	(9,385)	(7,445)
Cash flows from investment activities	(13,035)	(8,459)	(11,830)
Cash flows from financing activities	(821)	0	0
Cash and cash equivalents at end of period	40,322	11,829	24,749

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2nd

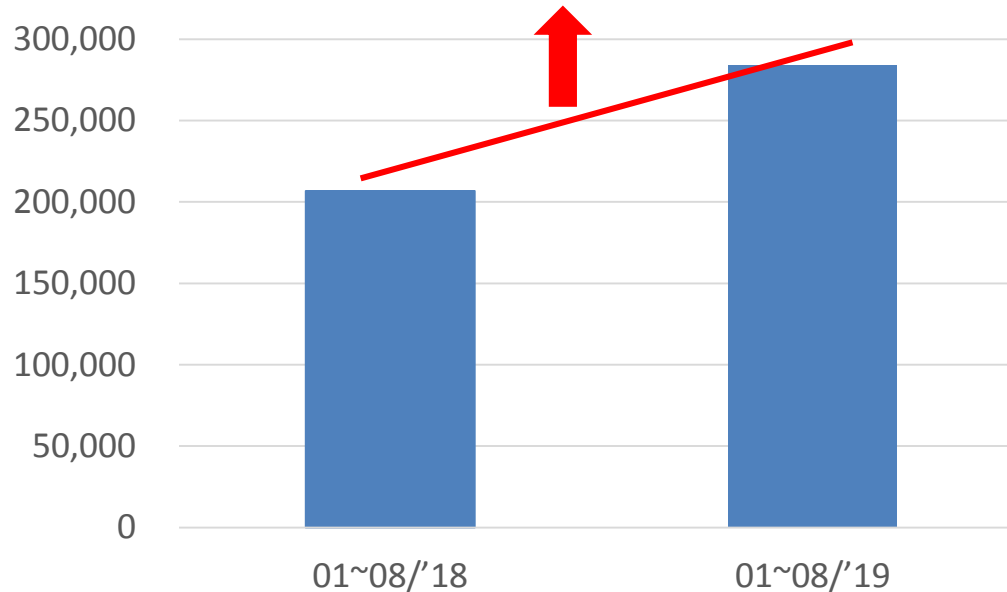
• Financial Performance
Overview

3rd

• **Business Development**

Jan.~Aug. Operating Revenue (2018 VS 2019)

Operating Revenue

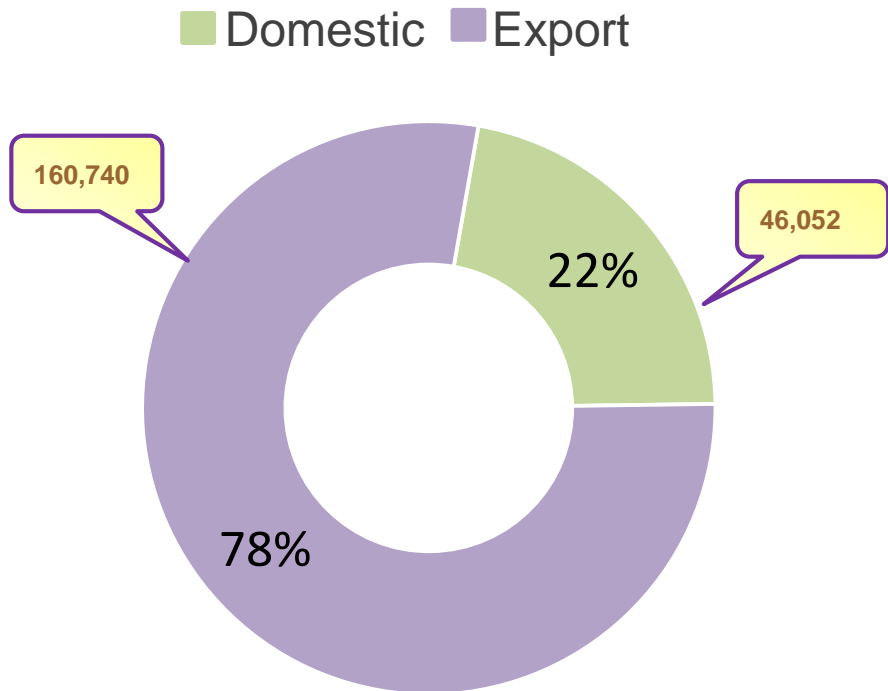


(in NT\$ thousand)	01~08/' 18	01~08/' 19	YoY
Operating Revenue	206,793	283,910	37%

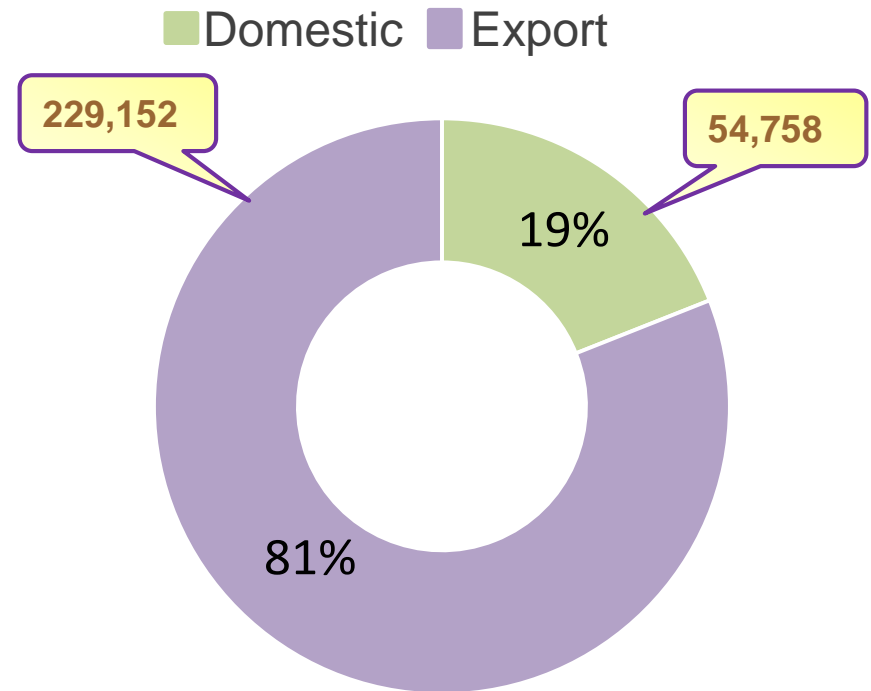
Sales Distribution

(in NT\$ thousand)

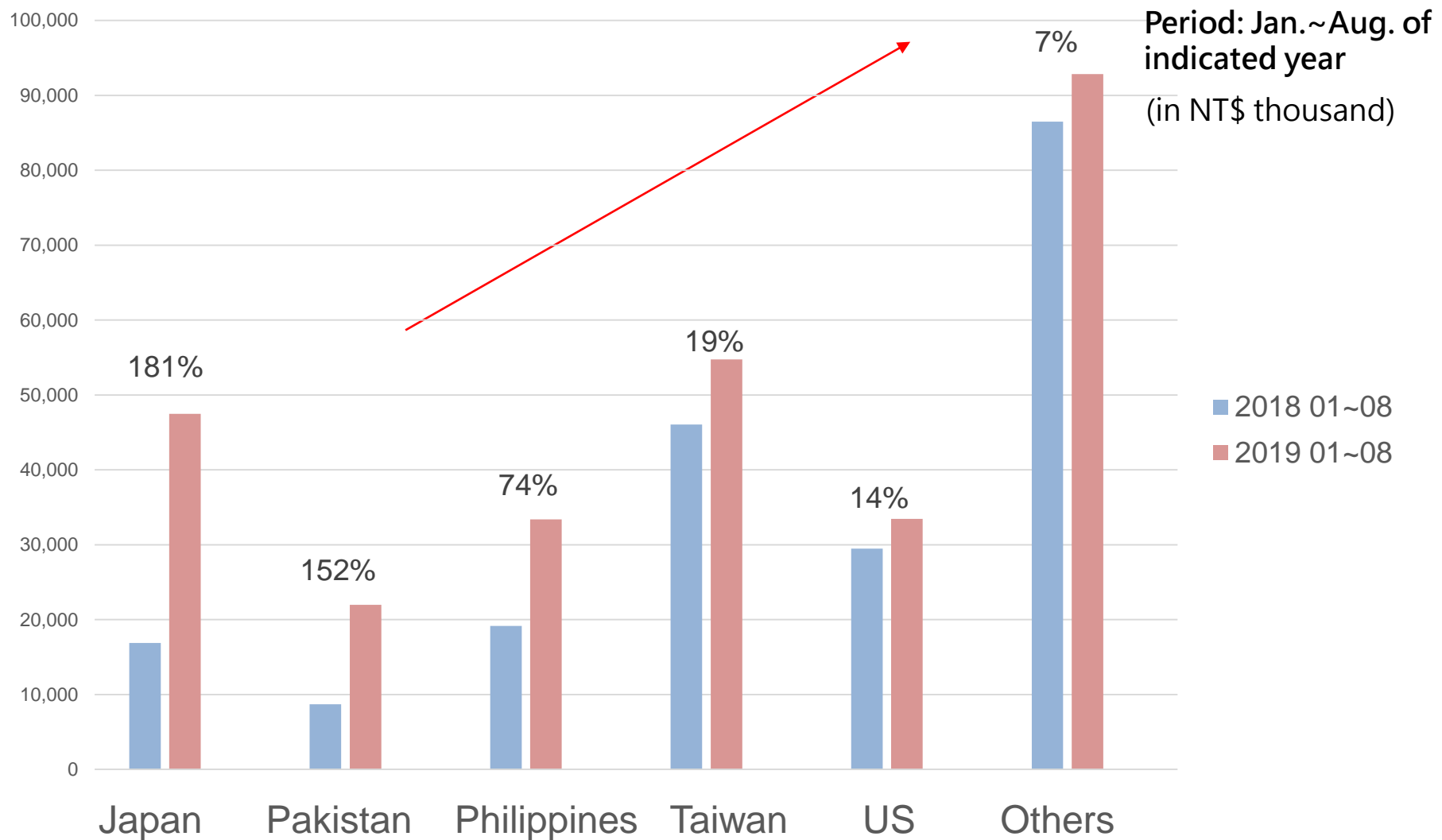
Jan.~Aug. 2018
Sales Distribution



Jan.~Aug. 2019
Sales Distribution

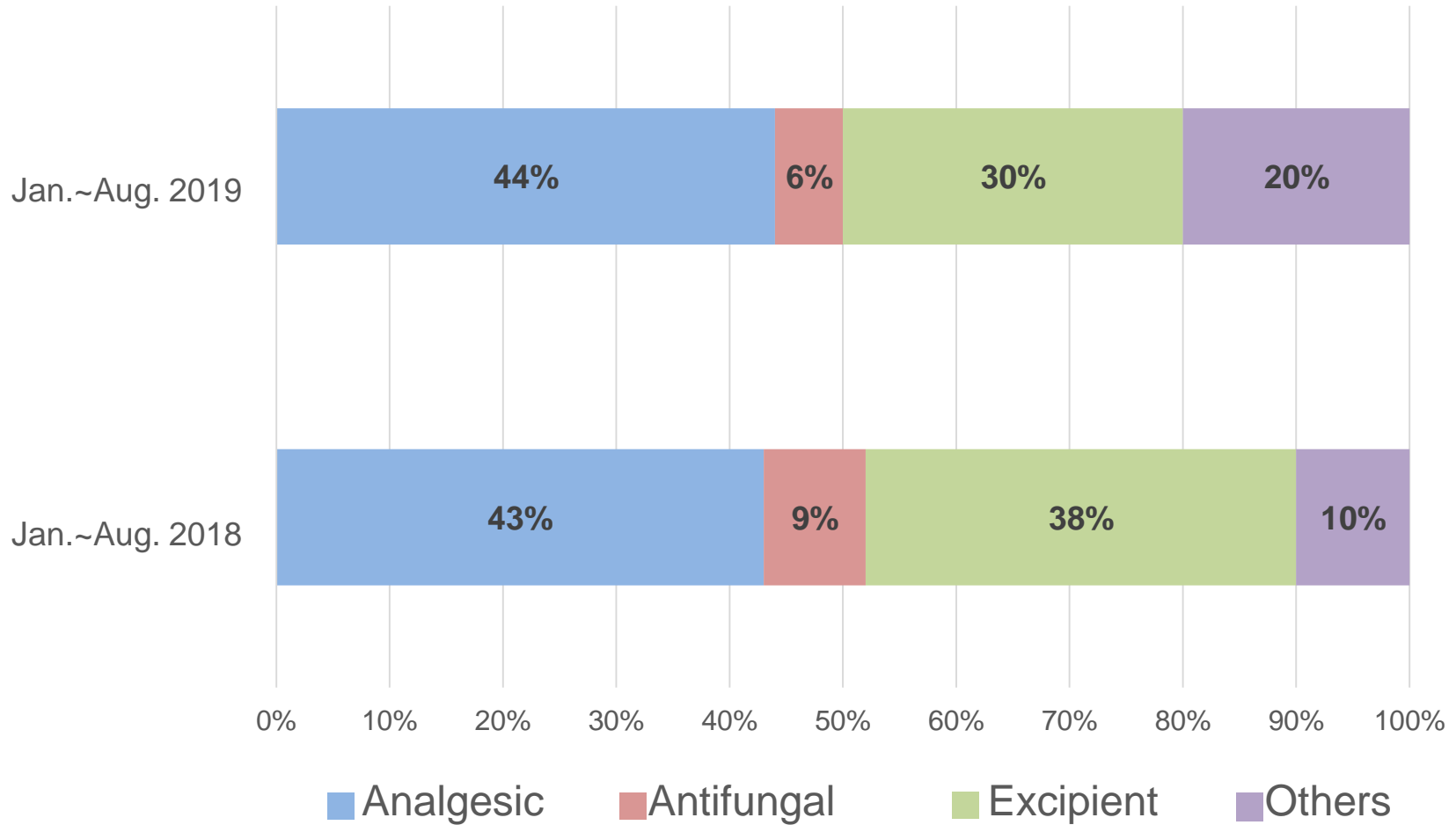


Growth of National Market Distribution



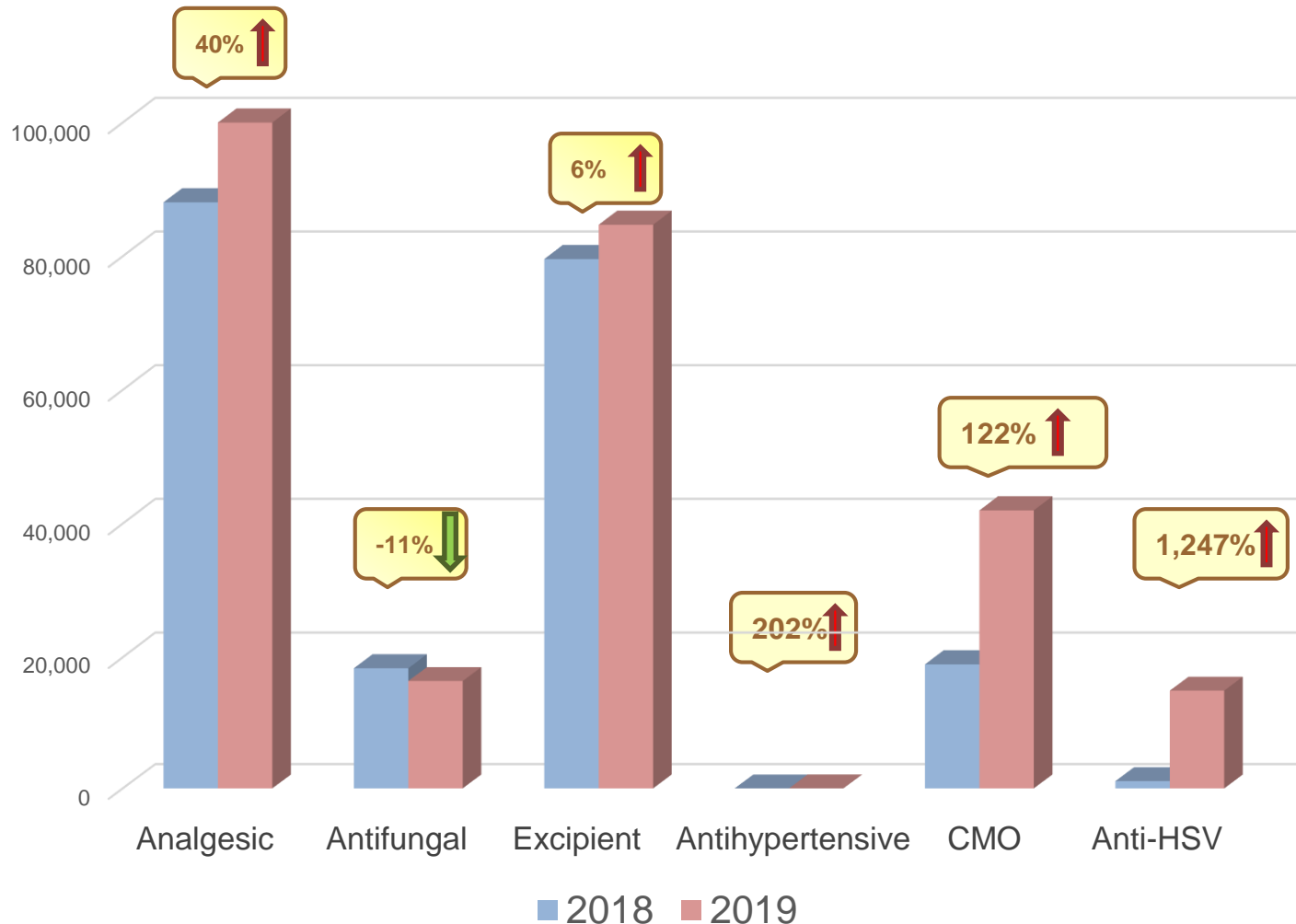
Sales Distribution by product category

Period: Jan.~Aug.
of indicated year



Growth of Sales Volumes

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



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.



Taiwan has the opportunity to become an important status in supply chain during U.S.-China Trade War and Japan-South Korea Trade War.

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

New Product Development Strategy

Development of new products

DMF of new products and DMF registrations mainly in high-price market such as Japan, US, Canada, Europe; partially in Australia, China, Southeast and Africa.

Cost Reductions, Competitiveness enhancement

Continuing Improvement of Existing Processes; Development of new disintegrant Applications

New Markets

Contract Manufacturing of APIs, Intermediates, and chemicals Process Development

Short-term

Anticoagulant
Hyponatremia
Local anesthetic
Gradual freezing

Mid-term

Overactive bladder
Hypolipidemic
Anti-infectives

Long-term

Lutein
Hypertension

2019 New Product Development Plan

Product	Indication	Area	Market of Area (FDF) (USD)	Market of World (FDF) (USD)	Market of World (amount) Consumption in kg	% Change
Short-term						
RVB	Anticoagulant	JP/US	5265.7M	9406.4M	39,168	17.7% ↑
TOP	Hyponatremia	JP/US	200M	800M	791	35.4% ↑
PLC	Local anesthetic	JP	30M	199.9M	10,623	2.9% ↑
EDV	Gradual freezing	US	150.2M	633.4M	1,514	-1.2%
Mid-term						
MRG	Overactive bladder	JP/US	1457M	2041M	30,860	26.6% ↑
SFT	Anti-infectives	TW/CN/JP	29M	30.4M	19,366	-8.7%
FNF	Hypolipidemic	TW/CN/JP	858.5M	1013.8M	481,866	0.3% ↑
Long-term						
DDG	Lutein	worldwide	394.5M	394.5M	9,272	8.6% ↑
AZT	Hypertension	TW/JP/US	152.6M	225.2M	13,611	38.3% ↑

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Thank You for Your Attention!



