

Taiwan and Korea

Complimentar or competitor?

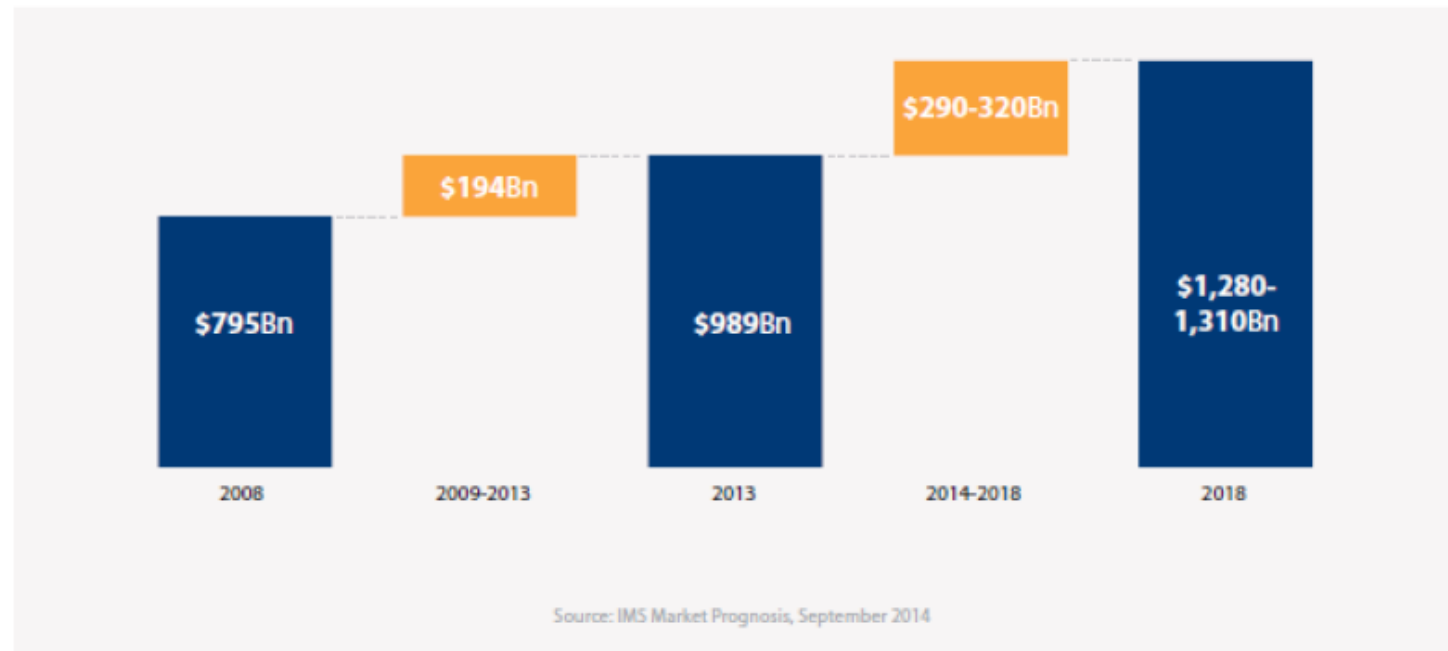
IN GLOBAL Pharma market

Siegfried Gschliesser

Global Spending on Medicines

Total global spending will reach \$1.3Tn in 2018, an increase of \$290-320Bn from 2013

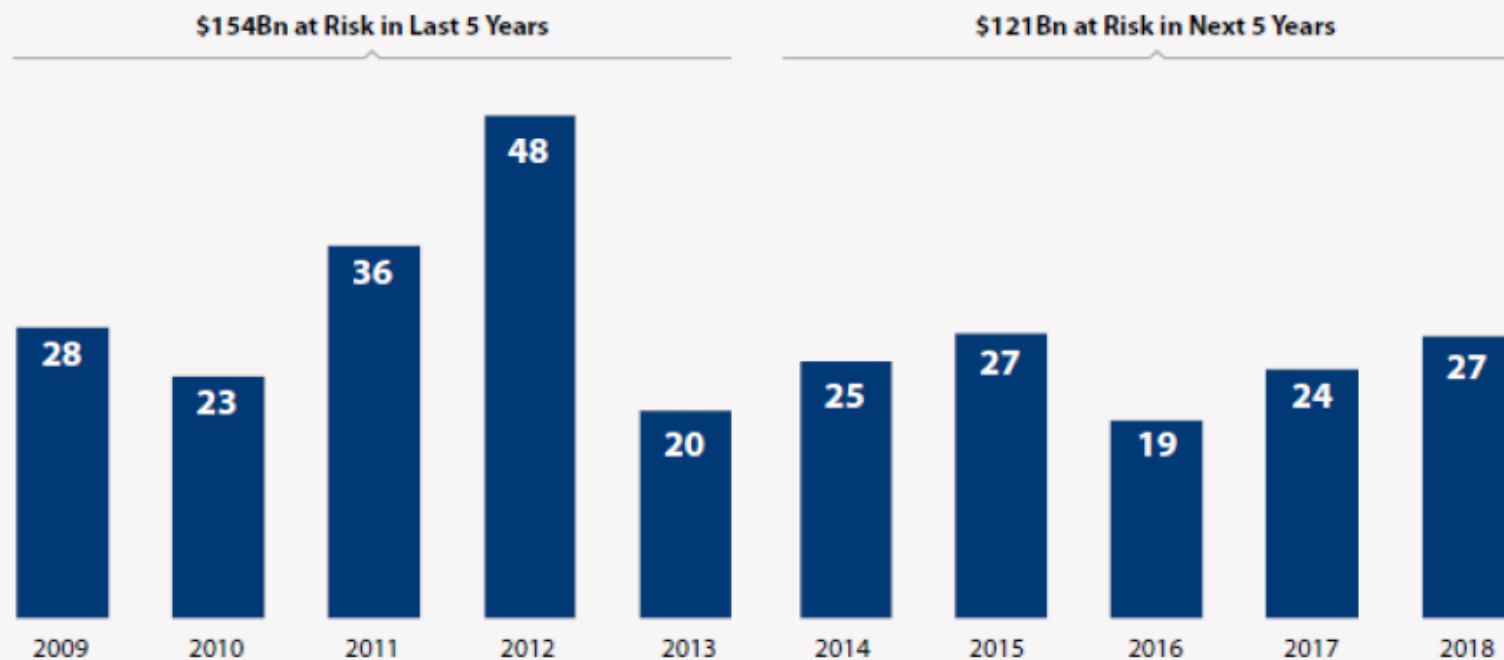
Global spending and growth, 2008-2018



Global Spending on Medicines

Small molecule patent expiries will moderate through 2018 after a peak in 2012

Value of small molecule products facing loss of exclusivity in developed markets



Source: IMS MIDAS, June 2014

Global Spending on Medicines

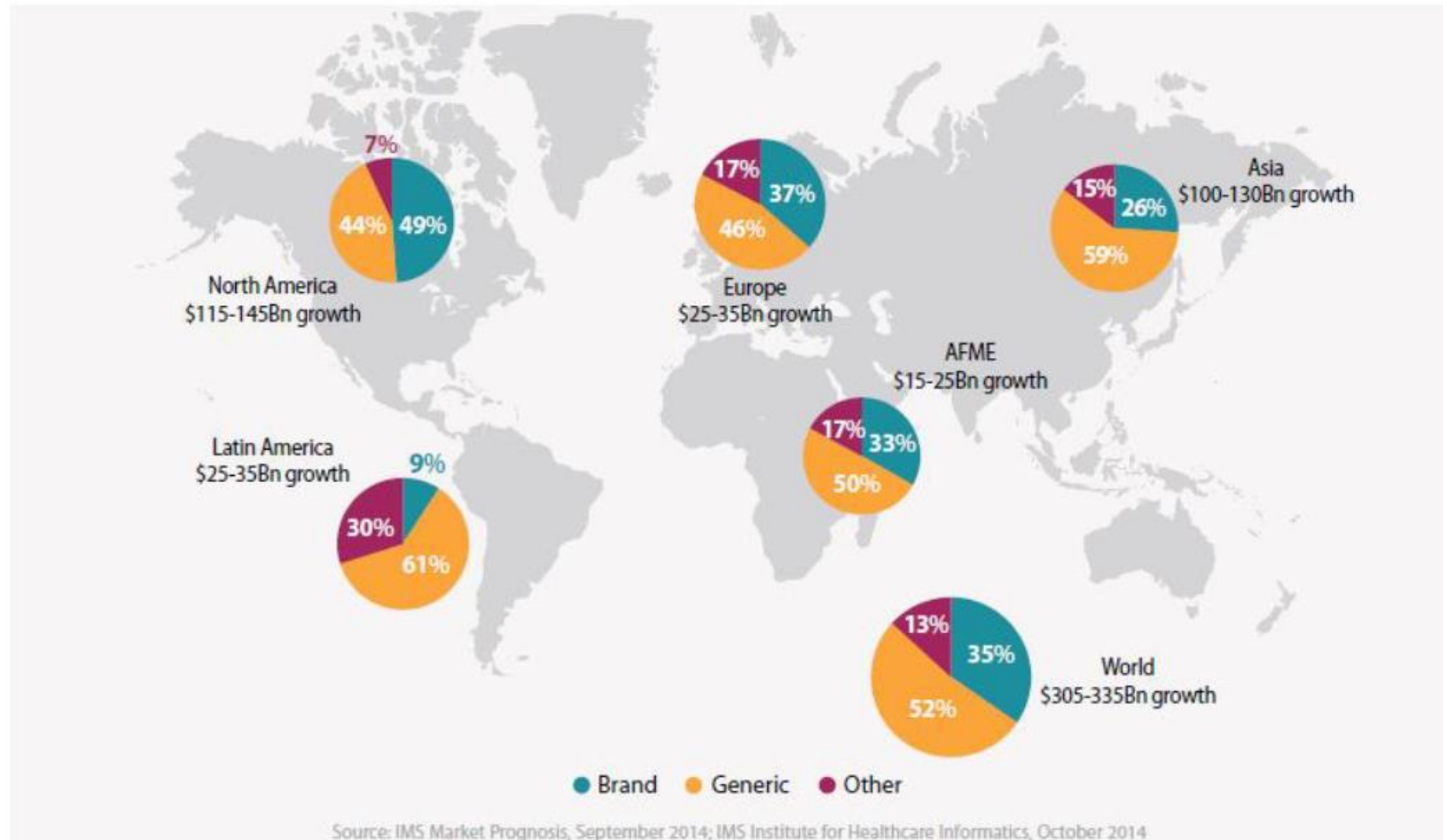
Global country rankings

Rank	2008	Index	Rank	2013	Index	Rank	2018	Index
1	U.S.	100	1	U.S.	100	1	U.S.	100
2	Japan	27	2	China	29	2	China	36
3	China	14	3	Japan	26	3	Japan	22
4	France	14	4	Germany	14	4	Germany	12
5	Germany	14	5	France	11	5	Brazil	11
6	Italy	9	6	Brazil	9	6	France	8
7	Spain	7	7	Italy	8	7	U.K.	7
8	U.K.	7	8	U.K.	8	8	Italy	7
9	Canada	7	9	Spain	6	9	Canada	5
10	Brazil	5	10	Canada	6	10	Russia	5
11	Mexico	4	11	Russia	5	11	India	5
12	Australia	4	12	Mexico	4	12	Spain	5
13	S. Korea	4	13	India	4	13	Mexico	4
14	Russia	3	14	Australia	4	14	S. Korea	3
15	India	2	15	S. Korea	4	15	Australia	3
16	Turkey	2	16	Argentina	2	16	Turkey	2
17	Greece	2	17	Poland	2	17	Saudi Arabia	2
18	Netherlands	2	18	Turkey	2	18	Poland	2
19	Poland	2	19	Belgium	2	19	Argentina	2
20	Belgium	2	20	Netherlands	2	20	Indonesia	2

BRIC Countries

Global Spending on Medicines

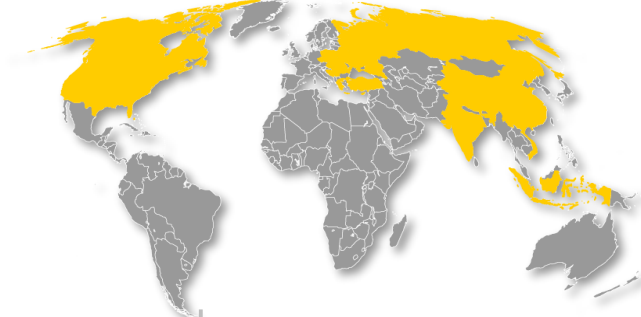
Generics continue to drive growth globally



Korea, 4th largest market in Asia

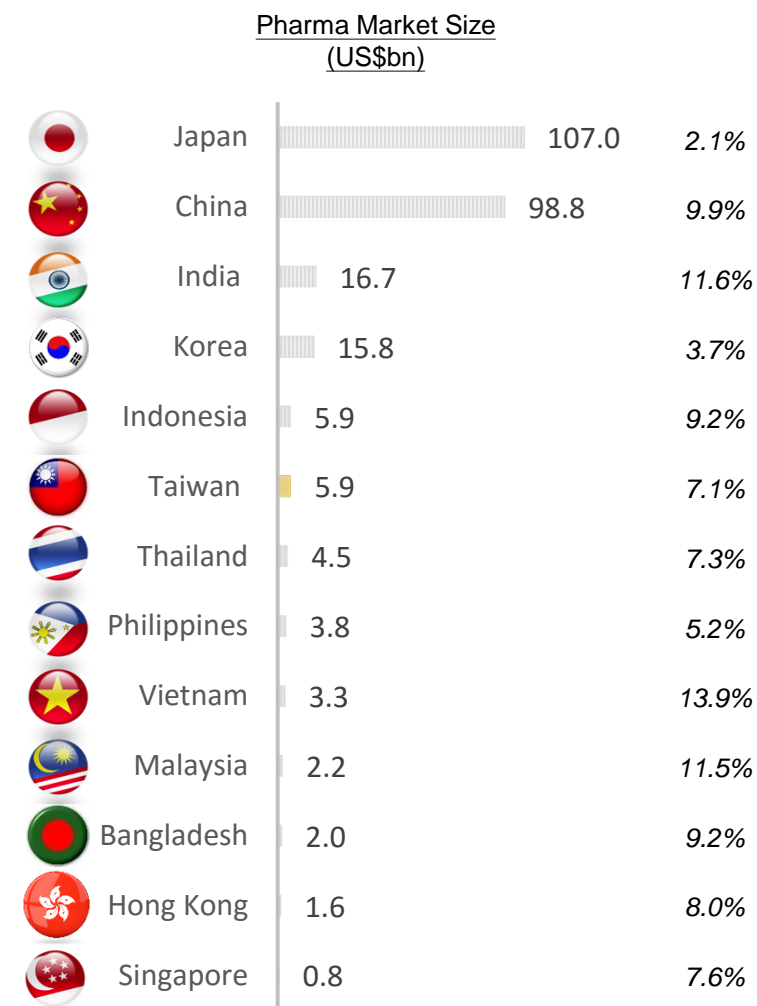
MARKET OVERVIEW

	2014	2015	2019
Market	Korea	Korea	Korea
Population	50m	50m	51m
Size of RX pharma market, bn	14bn. USD	17bn. USD	20bn. USD
Pharmaceutical market growth YonY	9.72%	5%	3%
Retail vs hospital sales	36% vs. 64%	35% vs. 65%	36% vs. 64%
OTC vs Rx	18% vs. 82%	18% vs. 82%	19% vs. 81%
	58.4% vs.		57.2% vs.
State Expenses vs. private expenses	41.6%	58% vs. 42%	42.8%
Pharmaceutical consumption per capita per year	355 USD/year	394 USD/year	458 USD/year
GDP, bln	1,449 bln USD	1,546 bln USD	2,042 bln USD
Expected GDP % growth in next 3 years	3.7%	3.0%	3.9%
Healthcare budget	42 bln USD	47 bln USD	74 bln USD
Number of hospitals	2,548	2,600	2,900
Number of distributors	2,027	2,000	1,980
No of local producers	417	402	360
No of foreign producers	33	33	35
Top 10 GX market share	21.6%	NA	NA



Taiwan, 6th largest market in Asia

	2015	2016	2020
Population	23m	23m	23m
Size of RX pharma market	5.9bn. USD	5.9 bn. USD	6.2bn. USD
Pharmaceutical market growth	3%	6%	6%
Retail vs hospital sales	15% vs. 85%	15% vs. 85%	15% vs. 85%
OTC vs Rx	10% vs. 90%	10% vs. 90%	10% vs. 90%
State Expenses vs. private expenses	85% vs. 15%	85% vs. 15%	85% vs. 15%
Drug spend per capita	252 USD/year	259 USD/year	276 USD/year
GDP, bln	472 bln USD	485 bln USD	500 bln USD
Expected GDP % growth in next 3 years	0.9%	2.27%	3.0%
Healthcare budget	33.7 bln USD	34.4 bln USD	35.5 bln USD
Number of hospitals	300	300	300
Number of distributors	700	700	700
No of local producers	109	100	80
No of foreign producers	40	40	45



Top products Korea and Taiwan

Taiwan Product	2013	2014	2015	off patent
BARACLUDE	60,735	60,648	58,184	yes
HERCEPTIN	58,183	58,230	58,014	
GLIVEC	51,159	51,551	49,197	yes
PLAVIX	53,251	48,166	46,007	yes
CRESTOR	48,304	49,379	44,911	yes
LIPITOR	52,798	51,249	43,758	yes
NEXAVAR	32,666	35,580	36,725	
ALIMTA	37,377	36,620	36,355	
KOGENATE	33,696	37,327	34,587	
ENBREL	36,423	37,656	32,862	
NORVASC	49,979	42,894	32,616	yes
HUMIRA	34,349	35,199	32,513	
IRESSA	40,564	36,751	31,632	
EXFORGE	34,504	34,355	31,180	yes
REPLAGAL	24,881	28,303	29,871	yes
AVASTIN	30,168	28,211	28,537	
VIREAD	17,625	26,483	28,226	
PROGRAF	28,925	29,563	27,841	yes
DIOVAN	33,680	31,255	26,744	yes
MABTHERA	24,548	24,312	25,841	

Korea Product	2013	2014	2015	off patent
BARACLUDE	131,693	133,850	110,602	yes
LIPITOR	77,559	84,925	87,370	yes
HERCEPTIN	72,577	81,241	82,064	
VIREAD	36,023	63,563	79,614	
BACCHUS-D	65,314	70,193	72,446	
JANUMET	43,224	54,787	62,658	
TWYNSTA	57,580	64,461	61,080	
PROGRAF	54,657	62,200	60,813	yes
PREVNAR	60,625	66,781	53,745	
VARIVAX	14,344	49,643	53,616	
ARICEPT	38,353	47,728	49,708	yes
LANTUS	45,501	50,302	49,254	
CRESTOR	71,024	67,710	48,344	yes
VYTORIN	49,122	51,411	46,412	yes
EXFORGE	60,680	55,427	46,391	yes
GLIATILIN	47,452	46,454	45,074	yes
HUMIRA	32,977	39,731	44,500	
CELEBREX	47,947	57,205	43,859	yes
NORVASC	43,950	44,969	42,505	yes
PLAVIX	41,279	41,326	41,360	yes

9 of top 20 brands are shared among both countries

Health Care System

Korea

National health insurance system
complete coverage of population

Covering medical care, devices and
pharmaceuticals (relatively high copay)

Fast aging population creates pressure
on healthcare system

Strive to become innovator in
pharmaceutical and healthcare

Taiwan

National health insurance system
complete coverage of population

Covering medical care, devices and
pharmaceuticals (low copay)

Fast aging population creates pressure
on healthcare system

Strive to become innovator in
pharmaceutical and healthcare

Market Leader in the Highly Attractive Asia Pacific Generic Pharmaceutical Industry with Access to Other Advanced Markets

Investment Highlights

- Industry leading footprints: A fast growing, pan-regional, generic and specialty pharma company with direct access to advanced markets including US
- Manufacturing excellence: 1 **US FDA, EU EMA, Japan PMDA and TFDA PIC/S approved manufacturing facility** focusing on high potency, cytotoxic and softgel products, 2 KGMP approved manufacturing facilities and 2 R&D centers (Korea and Taiwan)
- Leading market share: **#1** in Korea in terms of sales from **anti-obesity drug**, and strong presence in **Taiwan** for **oncology and CNS** drugs

Strong Pipeline

- Robust international pipeline through integrated RD platform:
 - **6 products approved** and 3 products filed ANDA for US
 - 4 products/CDMO projects for Japan in pipeline
 - 6 products filed and 1 product approved in China
 - 5+ products for EU Asia scope in pipeline
 - Distribution rights of 2 biosimilars under development by Alvotech

Strong Growth and Margin

(US\$m)	<u>Q1'15</u>	<u>Q2'15</u>	<u>Q3'15</u>	<u>Q4'15</u>	<u>Q1'16</u>	<u>Q2'16</u>
Rev	40.7	42.0	44.6	46.3	44.8	50.1
GP	23.4	23.9	27.5	26.7	24.5	29.7
GM	57.6%	56.8%	61.6%	57.7%	54.7%	59.3%
EBIT	2.2	2.9	5.1	4.0	4.7	6.4
EBIT %	5.4%	6.8%	11.4%	8.6%	10.4%	12.8%
Net profits	(0.7)	3.9	0.5	1.3	2.9	1.7
EPS (US\$)	(0.004)	0.012	0.002	0.004	0.008	0.002
Cash EPS (US\$)	0.014	0.027	0.046	0.055	0.034	0.049

Regional HQ in Taiwan with many regional functions in Korea

SUMMARY

While superficially Taiwan and Korea might appear to be competing in same space

Actually the pharma industry is very complimentary, where strengths and weakness of both countries can be combined to both benefit