

**3Q 2015**

# Business Results

**Oct 21, 2015**

# Disclaimer

This IR Presentation contains forward-looking statements that are based on management's expectations, estimates, projections and assumptions.

Actual results may differ from those we project and may be affected by the business environment, government regulation and legislation, financial market movement, or other factors. All forward-looking statements speak only as of the date of this report. The company does not undertake any obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances or changes in expectations after the date of this report. The Company has adopted its financial statements under International Financial Reporting Standards (IFRS) in 2010.

# Summary of Business Results

(KRW bn)

	2Q 2015	3Q 2015	Change (QoQ)	3Q 2014	Change (YoY)
<b>Sales</b>	<b>104</b>	<b>127</b>	<b>↑23%</b>	<b>107</b>	<b>↑19%</b>
Pharma	89	106	↑20%	94	↑13%
FineChem	15	21	↑42%	13	↑62%
<b>Operating profit</b>	<b>3</b>	<b>19</b>	<b>↑451%</b>	<b>6</b>	<b>↑239%</b>
<b>R&amp;D expenses<sup>1)</sup></b>	<b>16</b>	<b>16</b>	<b>↓ 1%</b>	<b>15</b>	<b>↑ 4%</b>
<b>EBITDA</b>	<b>13</b>	<b>28</b>	<b>↑125%</b>	<b>14</b>	<b>↑107%</b>
<b>EBITDA+R&amp;D</b>	<b>28</b>	<b>44</b>	<b>↑ 55%</b>	<b>29</b>	<b>↑ 53%</b>
(% of sales)	27%	34%		27%	

1) Expense in SG&A

**[3Q 2015 Results]** Sales of KRW 127bn(+KRW 20bn, ↑19% yoy), Operating Profit of KRW 19bn (+ KRW 13bn, ↑239% yoy)

Sales and Operating profit growth were mainly driven by

- The solid sales of 'Yvoire' (HA Filler) in the overseas market and 'Zemiglo' franchise (Diabetes) in the domestic market
- Increase of milestone (+ KRW 3bn yoy)
  - 3Q '15, KRW 12bn vs 3Q '14, KRW 9bn
- Favorable forex rates (KRW/USD up)

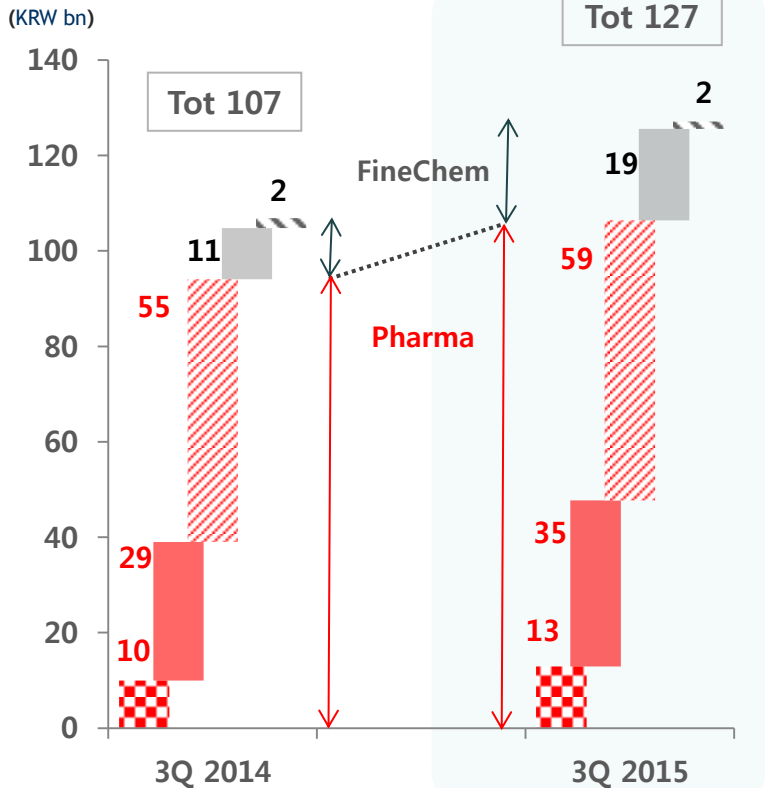
# Financial Highlights

(KRW bn)	2Q 2015	3Q 2015	3Q 2014	Change (YoY)
<b>Sales</b>	104	127	107	↑ 19%
<b>Cost of sales</b>	(52)	(61)	(57)	↑ 9%
<b>SG&amp;A</b>	(48)	(47)	(45)	↑ 4%
<i>Excluding R&amp;D</i>	(32)	(31)	(30)	
<i>As % of sales</i>	31.3%	24.6%	28.0%	
<b>Operating Profit</b>	3	19	6	↑ 239%
<i>OPM</i>	3.3%	14.9%	5.2%	
<b>Income before taxes</b>	1	16	2	↑ 622%
<b>Net Profit</b>	1	13	2	↑ 544%
<i>NPM</i>	0.8%	10.3%	1.9%	
<b>Assets</b>	670	691	638	
<b>Liabilities</b>	425	434	392	
<b>Total Shareholders' Equity</b>	245	257	246	

# Analysis of Results

## Sales Breakdown

▨ FineChem\_Domestic    ■ FineChem\_Overseas  
▨ Pharma\_Domestic    ■ Pharma\_Overseas  
▨ Pharma\_etc



## Review

- ▶ **Sales: KRW 127bn, ↑19% yoy (+KRW 20n)**
    - ◎ **Pharma Division: KRW 106bn, ↑13% yoy (+ KRW 12bn)**
      - Domestic, +4bn : Zemiglo& Zemimet (+3bn)
      - Overseas, +6bn : Yvoire (+6bn)
      - Others, +3bn (Milestone )
        - 3Q '15 (KRW 12bn)
          - Sanofi obtained the 'Zemiglo' approval in India
          - Mochida exempted from a Phase 1 clinical trial in Japan for 'LBAL'
        - 3Q '14 (KRW 9bn)
          - A license out for 'LBAL' (biosimilar) with Mochida Pharmaceutical
          - A distribution agreement of 'Follitrope' (fertility treatment) in Chinese market with Weijian Pharma Group
  - ◎ **FineChem Division: KRW 21bn, ↑62% yoy (+ KRW 8bn)**
    - Overseas, +8bn : A demand recovery for insecticides
- ▶ **Operating Profit: KRW 19bn, ↑239% yoy (+KRW 13n)**
  - A profitability improvement due to the sales growth of lucrative products and a product mix change

# Key Products Sales

(Unit: KRW bn)			1Q '15	2Q '15	3Q '15	3Q '14	FY14	FY13
Biologics	hGH	Utropin, etc	8	10	10	12	41	49
	Arthritis	Hyruan, SYNOVIAN, etc.	8	8	8	7	29	26
	Anemia	Espogen	5	5	5	5	22	24
	Infertility	Folitrope, etc.	5	6	8	6	24	25
	Veterinary Medicine	Boostin	7	9	7	7	28	27
	HA Filler	Yvoire	6	9	11	4	21	12
Vaccine	Vaccine	Euvax B	5	5	5	6	27	27
Metabolic Diseases	Diabetes	Zemiglo, Zemimet	5	6	6	4	14	6

# R&D Pipeline

Class	Product	Indication	DS	PC	Clinical Trial			NDA <sup>1)</sup>
					P I	P II	P III	
Biologics	Eutropin Pen-type	Growth Hormone Deficiency						●
	Follitrope (Global)	Infertility					●	
	Espogen (Global)	Anemia of CRF <sup>2)</sup>						●
	YVOIRE Soft Plus	Skin Rejuvenation		●				
Vaccine	Eupenta (WHO)	D/T/P/HepB/Hib prevention						●
	LBVC	Poliomyelitis prevention	●					
	LBVD	D/T/P/HBV/M/IPV prevention	●					
	LBVE	Pneumonia prevention		●				
IMD <sup>3)</sup>	ZemiStatin	Diabetes / Hyperlipidemia					●	
Biosimilar	LBEC0101	Rheumatoid Arthritis					●	
	LBAL	Rheumatoid Arthritis			●			

1) New Drug Application

2) Chronic Renal Failure,

3) Incrementally modified drug

Thank You