

**1Q 2016**

# Business Results

**April 20 , 2016**

# 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)

	1Q 2016	1Q 2015	Change (YoY)	4Q 2015	Change (QoQ)
<b>Revenue</b>	<b>120</b>	<b>84</b>	<b>↑ 43%</b>	<b>136</b>	<b>↓ 12%</b>
Pharma	107	75	↑43%	118	↓ 9%
FineChem	13	9	↑46%	18	↓32%
<b>Operating profit</b>	<b>17</b>	<b>△4</b>	<b>Turned into profit</b>	<b>7</b>	<b>↑144%</b>
<b>R&amp;D expenses<sup>1)</sup></b>	<b>16</b>	<b>15</b>	<b>↑ 7%</b>	<b>16</b>	<b>↑ 1%</b>
<b>EBITDA</b>	<b>28</b>	<b>4</b>	<b>↑621%</b>	<b>17</b>	<b>↑ 69%</b>
<b>EBITDA+R&amp;D</b>	<b>44</b>	<b>19</b>	<b>↑136%</b>	<b>32</b>	<b>↑ 36%</b>
(% of sales)	37%	22%	-	24%	-

1) R&D expense in SG&A

## [1Q 2016 Results]

- Revenue of KRW 120bn (+KRW 36bn, ↑ 43% yoy), Operating profit of KRW 17bn (Turned into profit yoy)
  - Revenue growth was mainly driven by significant growth of Pharma business's main products and inflow of the milestone. It was the first time to exceed KRW 100bn and the highest sales in 1Q of any years.

\* Diabetes treatment 'Zemiglo&Zemimet' ('15.1Q KRW 5bn → '16.1Q KRW 10bn, ↑ 121% yoy)

HA filler 'Yvoire' ('15.1Q KRW 6bn → '16.1Q KRW 10bn, ↑ 63% yoy)

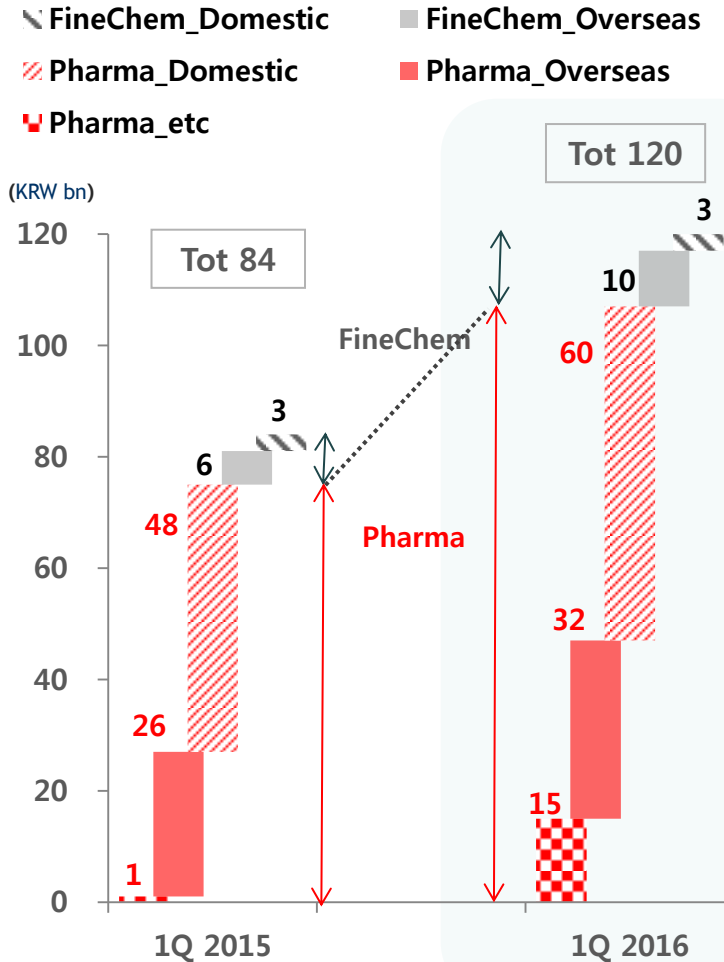
\* Milestone of KRW 15bn driven by 'Zemiglo' franchise's co-promotion agreement for the Korean market

# Financial Highlights

(KRW bn)	1Q 2016	1Q 2015	FY2015	FY2014
Revenue	120	84	451	426
Cost of sales	(54)	(45)	(232)	(225)
SG&A	(49)	(43)	(194)	(184)
<i>Excluding R&amp;D</i>	(33)	(28)	(132)	(125)
<i>As % of sales</i>	(27.5%)	(33.8%)	29.3%	29.3%
Operating Profit	17	△4	25	16
<i>OPM</i>	14.3%	-	5.5%	3.8%
Income before taxes	15	△6	14	2
Net Profit	12	△5	11	△2
<i>NPM</i>	10.2%	-	2.5%	-
Assets	746	647	707	653
Liabilities	477	403	449	404
Total Shareholders' Equity	269	244	258	250

# Analysis of Results

## Sales Breakdown



## Review (1Q 2016)

- ▶ **Revenue : KRW 120bn, ↑ 43% yoy (+KRW 36bn)**
  - ◎ **Pharma: KRW 107bn, 43% yoy (+ KRW 32bn)**
    - Domestic, +12bn : 'Zemiglo' & 'Zemimet' (+6bn)
    - Overseas, +6bn : 'Yvoire' (+2), 'Euvax B' (+2bn)
    - Others, +14bn : Milestone (+15bn)
      - Contracted co-promotion of 'Zemiglo&Zemimet' with Daewoong Pharmaceutical for the Korean market
  - ◎ **FineChem : KRW 13bn, ↑ 46% yoy (+ KRW 4bn)**
    - Recovered exports of chemical materials etc.
- ▶ **Operating Profit: KRW 17bn, turned into profit yoy**
  - Increase of operational revenue and inflow of milestone
  - Increased profit of KRW 6bn from operational revenue (excluding milestone) compared to 1Q 2015
- ▶ **Net profit 12.2bn, Turned into profit**
  - Due to improved operating profit, turned net profit into profit

# Key Products Sales

(Unit: KRW bn)			1Q '16	1Q '15	2Q '15	3Q '15	4Q '15	FY15
Biologics	hGH	Eutropin, etc	9	8	10	10	11	39
	Arthritis	Hyruan, SYNOVIAN, etc.	8	8	8	8	9	33
	Anemia	Espogen	5	5	5	5	6	21
	Infertility	Follitrope, etc.	6	5	6	8	8	27
	Veterinary Medicine	Boostin	7	7	9	7	11	34
	HA Filler	YVOIRE	10	6	9	10	12	37
Vaccine	Hepatitis B	Euvax B	7	5	5	5	9	24
Metabolic Diseases	Diabetes	Zemiglo, Zemimet	10	5	6	6	7	25

# R&D Pipeline

Class	Product	Indication	DS	PC	Clinical Trial			NDA <sup>1)</sup>
					P I	P II	P III	
Vaccine	LBVC	Poliomyelitis prevention	●					
	LBVD	D/T/P/HBV/M/IPV prevention		●				
	LBVE	Pneumonia prevention		●				
Biologics	Follitrope (Global)	Infertility					●	
	Espogen (Global)	Anemia of CRF <sup>2)</sup>						●
Biosimilar	LBEC0101	Rheumatoid Arthritis					●	
	LBAL	Rheumatoid Arthritis					●	
NME <sup>3)</sup>	LC280126	Myocardial Infarction				●		
IMD <sup>4)</sup>	ZemiStatin	Diabetes / Hyperlipidemia					●	
Medical Device	YVOIRE Soft Plus	Aesthetic filler						●
	YVOIRE Intensive Plus	Aesthetic filler		●				

- 1) New Drug Application
- 2) Chronic Renal Failure,
- 3) New Molecular Entity
- 4) Incrementally modified drug

Thank You