

**2Q 2016**

# Business Results

**July 21 , 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)

	2Q 2016	2Q 2015	Change (YoY)	1Q 2016	Change (QoQ)
<b>Revenue</b>	<b>130.5</b>	<b>103.6</b>	<b>↑26%</b>	<b>119.8</b>	<b>↑ 9%</b>
Pharma	111.5	89.0	↑25%	107.4	↑4%
FineChem	19.0	14.6	↑30%	12.4	↑53%
<b>Operating profit</b>	<b>10.6</b>	<b>3.4</b>	<b>↑212%</b>	<b>17.1</b>	<b>↓38%</b>
<b>R&amp;D expenses<sup>1)</sup></b>	<b>20.1</b>	<b>15.6</b>	<b>↑29%</b>	<b>15.8</b>	<b>↑28%</b>
<b>EBITDA</b>	<b>21.7</b>	<b>12.6</b>	<b>↑72%</b>	<b>28.1</b>	<b>↓23%</b>
<b>EBITDA+R&amp;D</b>	<b>41.8</b>	<b>28.2</b>	<b>↑49%</b>	<b>43.9</b>	<b>↓ 5%</b>
(% of sales)	<b>32%</b>	<b>27%</b>	-	<b>37%</b>	-

1) R&D expense in SG&A

## [2Q 2016 Results]

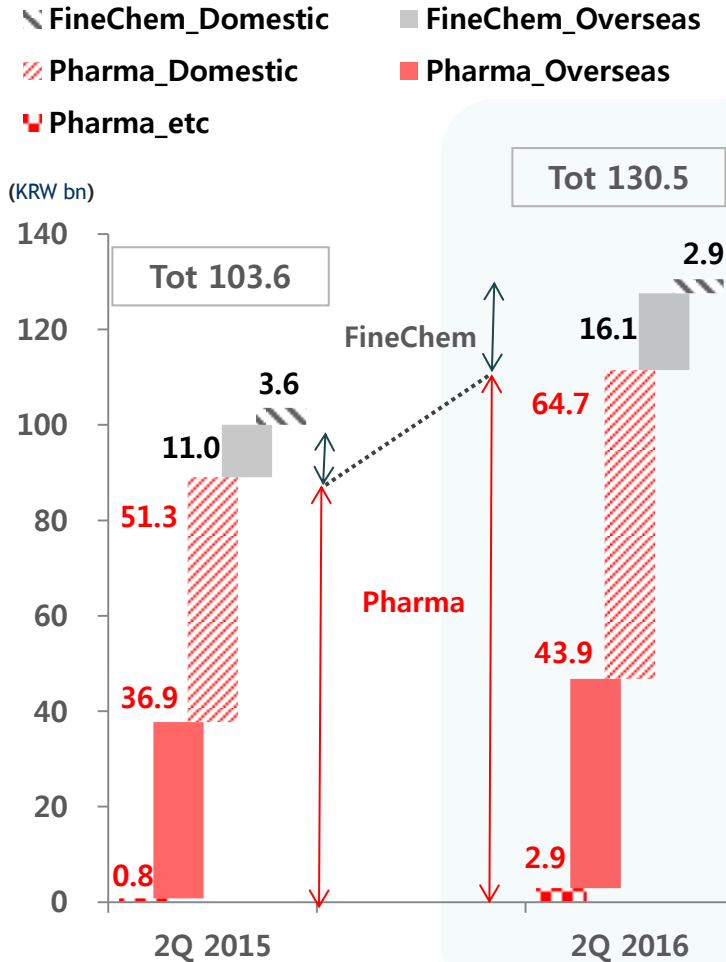
- Revenue of KRW 130.5bn (+KRW 26.9bn, ↑26% yoy), Operating profit of KRW 10.6bn (+KRW 7.2bn, ↑212% yoy)
  - Revenue growth and an improvement in profitability were mainly driven by increasing sales of 'Yvoire' (HA filler) in overseas and 'Zemiglo' franchise (diabetes treatment) in domestic market
  - \* 'Yvoire' ('15.2Q KRW 8.9bn → '16.2Q KRW 18.5bn, ↑108% yoy), 'Zemiglo' franchise ('15.2Q KRW 6.3bn → '16.2Q KRW 13.3bn, ↑110% yoy)
  - \* Milestone of KRW 1.4bn due to 'Zemiglo' approval to launch in Columbia and IND approval for ph3 in China

# Financial Highlights

(KRW bn)	1Q 2016	2Q 2016	2Q 2015	1H 2016	1H 2015
Revenue	119.8	130.5	103.6	250.3	187.3
Cost of sales	(53.9)	(62.6)	(52.2)	(116.5)	(96.9)
SG&A	(48.7)	(57.4)	(48.0)	(106.1)	(91.0)
<i>Excluding R&amp;D</i>	(32.9)	(37.2)	(32.4)	(70.2)	(60.7)
<i>As % of sales</i>	(27.5%)	(28.5%)	(31.3%)	(28.1%)	(32.4%)
Operating Profit	17.1	10.6	3.4	27.7	-0.7
<i>OPM</i>	14.3%	8.1%	3.3%	11.1%	-
Income before taxes	14.9	8.2	1.2	23.1	-5.3
Net Profit	12.2	7.4	0.8	19.5	-4.1
<i>NPM</i>	10.2%	5.7%	0.8%	7.8%	-
Assets	746.1	785.3	669.7		
Liabilities	477.3	510.4	424.6		
Total Shareholders' Equity	268.8	274.9	245.1		

# Analysis of Results

## Sales Breakdown



## Review (2Q 2016)

- ▶ **Revenue : KRW 130.5bn, ↑26% yoy (+KRW 26.9bn)**
  - ◎ **Pharma: KRW 111.5bn, ↑25% yoy (+ KRW 22.5bn)**
    - Domestic, +13.4bn : ‘Zemiglo’ & ‘Zemimet’ (+6.6bn)
    - Overseas, +7.0bn : ‘Yvoire’ (+8.9bn)
    - Others, +2.1bn : Milestone (+1.4bn)
    - ‘Zemiglo’ approval to launch in Columbia and IND approval for ph3 in China
  - ◎ **FineChem : KRW 19.0bn, ↑ 30% yoy (+ KRW 4.4bn)**
    - Recovered exports of agricultural chemicals, etc.
- ▶ **Operating Profit: KRW 10.6bn, ↑212% yoy (+KRW 7.2bn)**
  - Increase of major pharmaceutical products’ sales and recovery of exports in FinChem business
  - Milestone income of KRW 1.4bn related to ‘Zemiglo’ approvals in overseas market
- ▶ **Net profit KRW7.4bn, ↑825% yoy (+KRW 6.6bn)**

# Key Products Sales

(Unit: KRW bn)			1Q '16	2Q '16	1Q '15	2Q '15	3Q '15	4Q '15	FY15
Biologics	hGH	Eutropin, etc	9.2	10.1	7.9	10.2	9.5	11.4	39.0
	Arthritis	Hyruan, SYNOVIAN, etc.	7.7	10.7	5.7	8.2	7.7	8.9	30.5
	Anemia	Espogen, etc.	4.8	6.1	5.2	5.0	5.0	6.1	21.3
	Fertility	Follitrope, etc.	6.0	6.8	5.0	6.0	8.0	7.9	26.9
	Veterinary Medicine	Boostin	5.9	6.7	7.3	8.8	6.5	11.1	33.7
	HA Filler	YVOIRE	9.6	18.5	5.9	8.9	10.5	11.8	37.1
Vaccine	Hepatitis B	Euvax B	6.8	7.5	5.0	4.6	5.2	9.4	24.2
Metabolic Diseases	Diabetes	Zemiglo, Zemimet	10.4	13.3	4.7	6.3	6.4	7.4	24.8

# 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	YVOIRE Soft Plus	Aesthetic filler						launched
Device	YVOIRE Intensive Plus	Aesthetic filler		●				

1) New Drug Application

2) Chronic Renal Failure,

3) New Molecular Entity

4) Incrementally modified drug

Thank You