

3Q 2016

Business Results

Oct 25 , 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)

	3Q 2016	3Q 2015	Change (YoY)	2Q 2016	Change (QoQ)
Revenue	135.0	127.1	↑ 6%	130.5	↑ 3%
Pharma	117.8	106.4	↑ 11%	111.5	↑ 6%
FineChem	17.2	20.7	↓ 17%	19.0	↓ 9%
Operating profit	10.1	18.9	↓ 47%	10.6	↓ 5%
R&D expenses¹⁾	17.1	15.5	↑ 10%	20.1	↓ 15%
EBITDA	21.7	28.3	↓ 23%	21.7	-
EBITDA+R&D	38.8	43.8	↓ 11%	41.8	↓ 7%
(% of sales)	29%	34%		32%	

1) R&D expense in SG&A

[3Q 2016 Results]

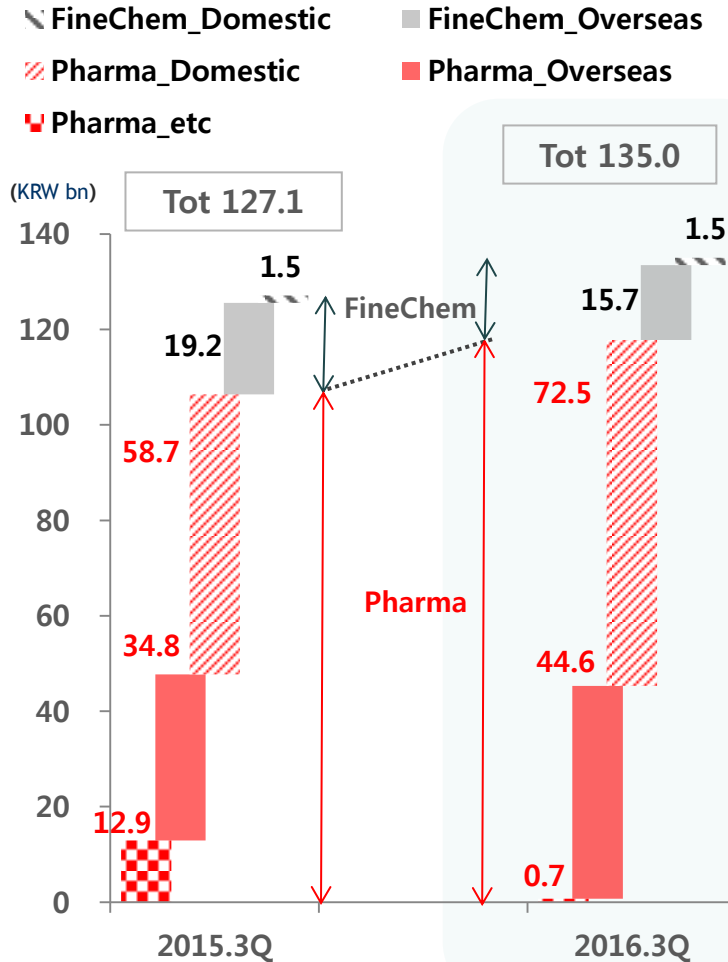
- Revenue of KRW 135.0bn (+KRW 7.9bn, ↑6% yoy), Operating profit of KRW 10.1bn (△ KRW 8.8bn, ↓47% yoy)
 - Revenue growth was driven by increasing sales of 'YVOIRE' (HA filler) and 'Zemiglo' (diabetes drug) and sales from newly launched 'Eupenta'(5-in-1 combo vaccine). However decreases of operating profit was impacted by base effect as milestone income of KRW12bn was recognized in 3Q 2015.
 - The exclusion of milestone income :
 - Revenue ↑17%, operating profit ↑45% YoY and Revenue ↑5%, operating profit ↑10% QoQ
 - (Revenue KRW 115.1bn, Operating profit KRW 6.9bn in 3Q 2015, Revenue KRW 129.1bn, Operating profit KRW 9.2bn in 2Q 2016)

Financial Highlights

(KRW bn)	2Q 2016	3Q 2016	3Q 2015	Accumulated 3Q 2016	Accumulated 3Q 2015
Revenue	130.5	135.0	127.1	385.4	314.3
Cost of sales	(62.5)	(72.7)	(61.4)	(189.2)	(158.3)
SG&A	(57.4)	(52.2)	(46.8)	(158.4)	(137.8)
<i>Excluding R&D</i>	(37.2)	(35.1)	(31.3)	(105.3)	(91.9)
<i>As % of sales</i>	(28.5%)	(26.0%)	(24.6%)	(27.3%)	(29.2%)
Operating Profit	10.6	10.1	18.9	37.8	18.2
<i>OPM</i>	8.1%	7.5%	14.9%	9.8%	5.8%
Income before taxes	8.2	5.1	16.0	28.2	10.7
Net Profit	7.4	5.5	13.1	25.0	9.0
<i>NPM</i>	5.7%	4.1%	10.3%	6.5%	2.9%
Total assets	785.3	846.0	691.1		
Total liabilities	510.4	565.3	434.0		
Total Shareholders' Equity	274.9	280.7	257.1		

Analysis of Results

Sales Breakdown



Review (3Q 2016)

- ▶ Revenue : KRW 135.0bn, ↑6% yoy (+KRW 7.9bn)
- ◎ Pharma: KRW 117.8bn, ↑11% yoy (+ KRW 11.4bn)
 - Domestic, +13.7bn : 'Zemiglo' & 'Zemimet' (+7.2bn)
 - Overseas, +9.9bn : 'Yvoire' (+3.7bn), Eupenta (+4.6bn)
 - Others, △12.2bn : Milestone of 12bn was received in 3Q 2015 - 'Zemiglo' approval to launch in India, etc.
- ◎ FineChem : KRW 17.2bn, ↓17% yoy (△ KRW 3.5bn)
- ▶ Operating Profit: KRW 10.1bn, ↓47% yoy (△ KRW 8.8bn)
 - Milestone income of KRW12bn in 3Q 2015 caused base effect. However profitability of the product sales excluding milestone income was improved.
- ▶ Net profit KRW5.5bn, ↓58% yoy (△ KRW 7.6bn)

Key Products Sales

(Unit: KRW bn)			1Q '16	2Q '16	3Q '16	1Q '15	2Q '15	3Q '15	4Q '15	FY15
Biologics	hGH	Eutropin, etc	9.2	10.1	11.3	7.9	10.2	9.5	11.4	39.0
	Arthritis	Hyruan, SYNOVIAN, etc.	7.7	10.7	8.8	5.7	8.2	7.7	8.9	30.5
	Anemia	Espogen, etc.	4.8	6.1	6.2	5.2	5.0	5.0	6.1	21.3
	Fertility	Follitrope, etc.	6.0	6.8	7.1	5.0	6.0	8.0	7.9	26.9
	Veterinary Medicine	Boostin	5.9	6.7	7.2	7.3	8.8	6.5	11.1	33.7
	HA Filler	YVOIRE	9.6	18.5	14.3	5.9	8.9	10.5	11.8	37.1
Vaccine	Hepatitis B	Euvax B	6.8	7.5	6.4	5.0	4.6	5.2	9.4	24.2
	5-in-1 combo	Eupenta	-	-	4.6	-	-	-	-	-
Metabolic Diseases	Diabetes	Zemiglo, Zemimet	10.4	13.3	13.6	4.7	6.3	6.4	7.4	24.8

R&D Pipeline

Field	Target Area	Projects	Research	Pre-clinical	Clinical trial			Approval
					Phase 1	Phase 2	Phase 3	
Bio	Similar	Enbrel similar					○	
		Humira similar					○	
	Aesthetic Filler	Next-gen filler	○					
	Cell therapy	Osteoarthritis	●					
		CAR-T ¹⁾	●					
Chemical	Diabetes	Zemiglo/Zemimet (global)						○
		ZemiStatin						○
		Diabetes (New)	●					
	Autoimmune	Ulcerative colitis		●				
		Myocardial infarction				●		
		Arthritis	●					
Vaccine	For UN supply	Pentavalent (5-in-1 combo)						○
		Hexavalent (6-in-1 combo)			○			
		Polio (IPV)		○				
	Premium	Pneumonia 13-valent			○			
		Improved pneumonia		●				
		Improved combination	○					

1) Chimeric antigen receptor-T cell

● Innovative new drugs

Thank You