FORMOSA LABORATORIES, INC.

台耀化學股份有限公司

Formosa Laboratories, Inc.

2016 Q3 Overview

TWSE 4746

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Agenda

◆Introduction

◆Business Overview

◆Business Outlook

◆Investment List

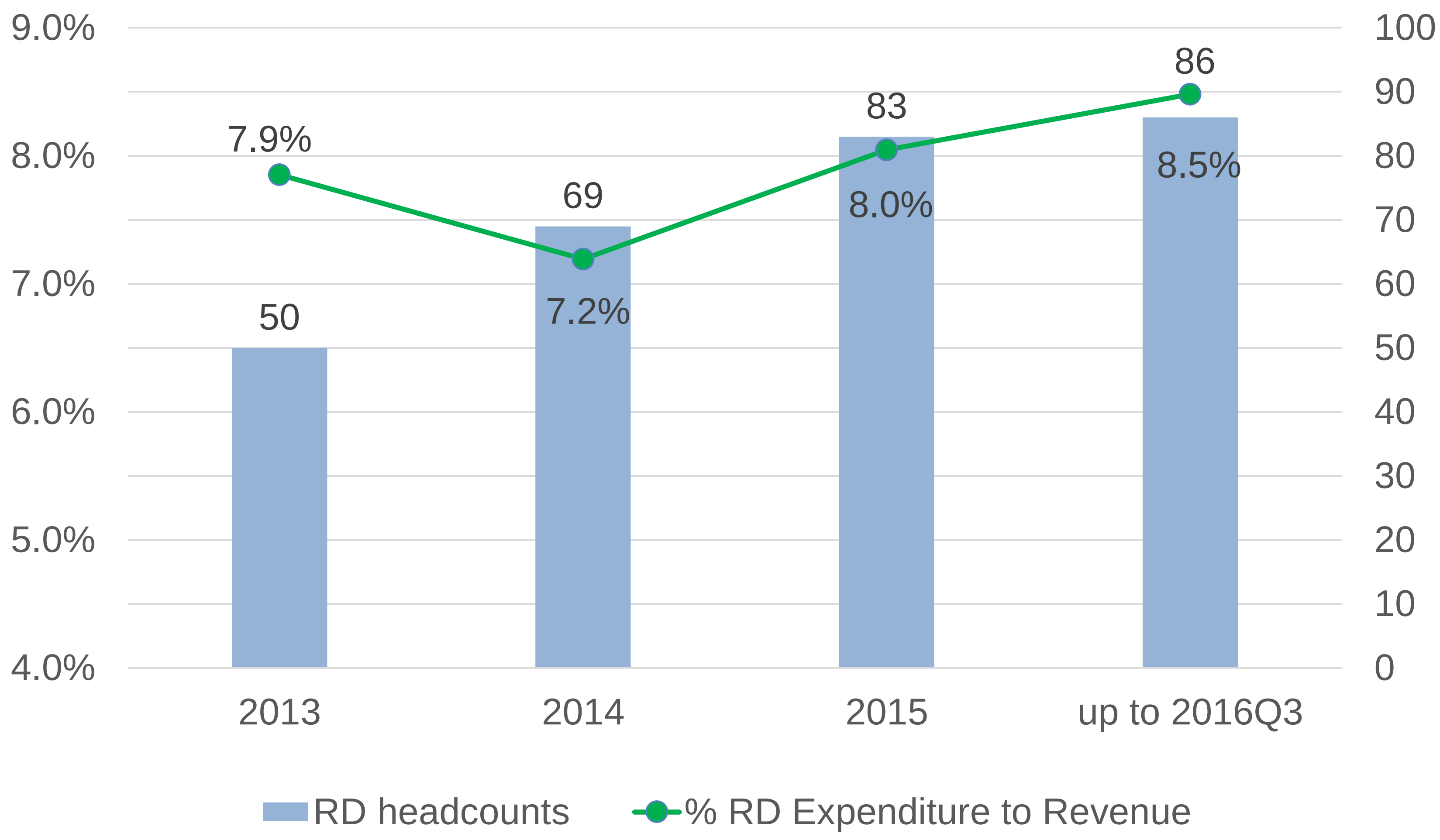
FORMOSA
LABORATORIES, INC.
台耀化學股份有限公司

Introduction

FORMOSA LABORATORIES, INC.

- Established on Dec. 29, 1995
- SHO： 87.5 M
- Employee headcount：Total 660ppl, R&D 89ppl (13%)
- Area：45,508 m^2
- Business scope ：APIs (37 US DMFs, 16 EU DMFs, 10 JMFs)
  UV Filters
  Contract API RD & Manufacturing
- Inspected by TFDA, US FDA, Japan PMDA, German BGV, EDQM and Mexican COFEPRIS

Enhanced R&D Capacity



FORMOSA LABORATORIES, INC.

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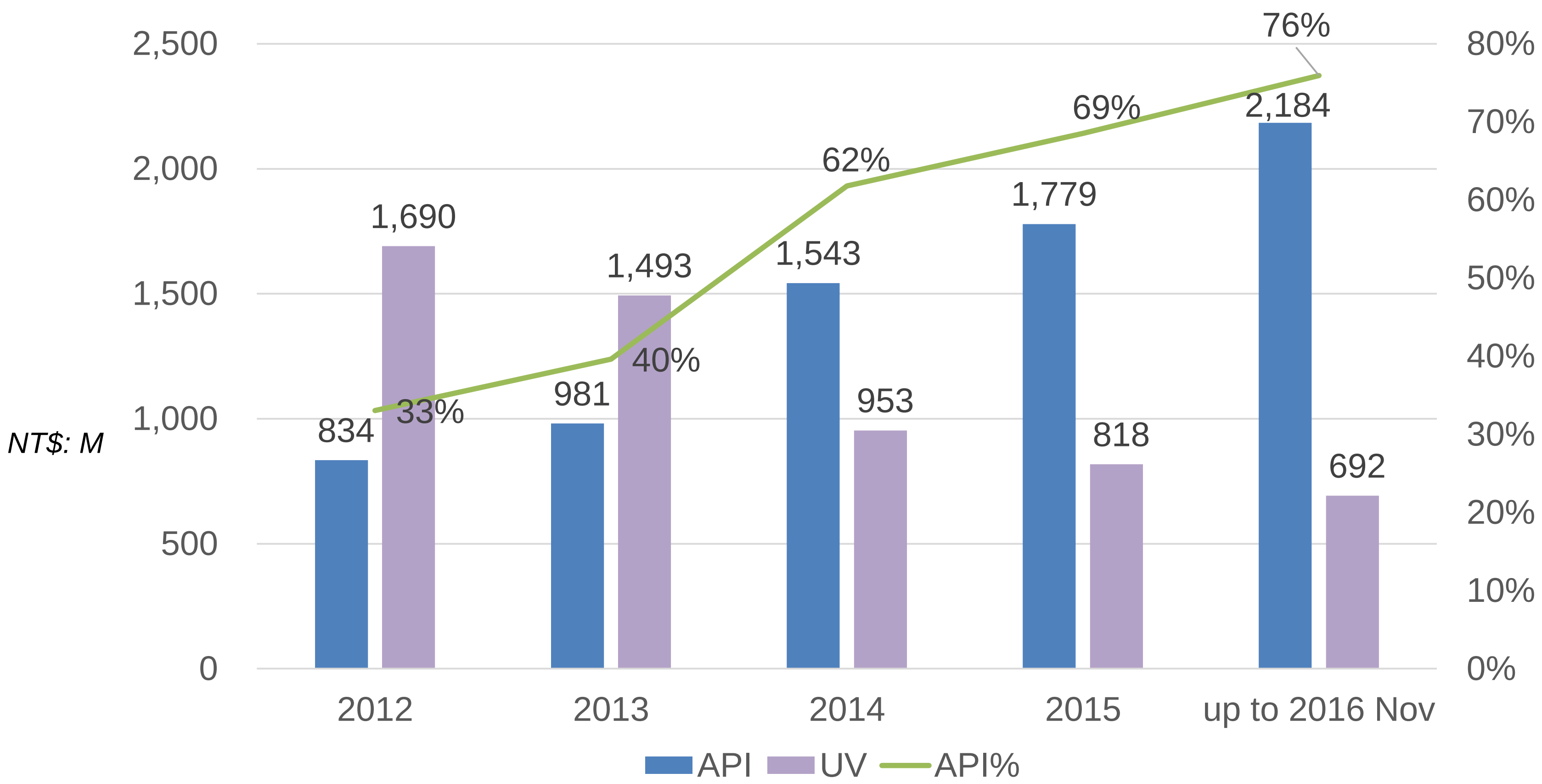
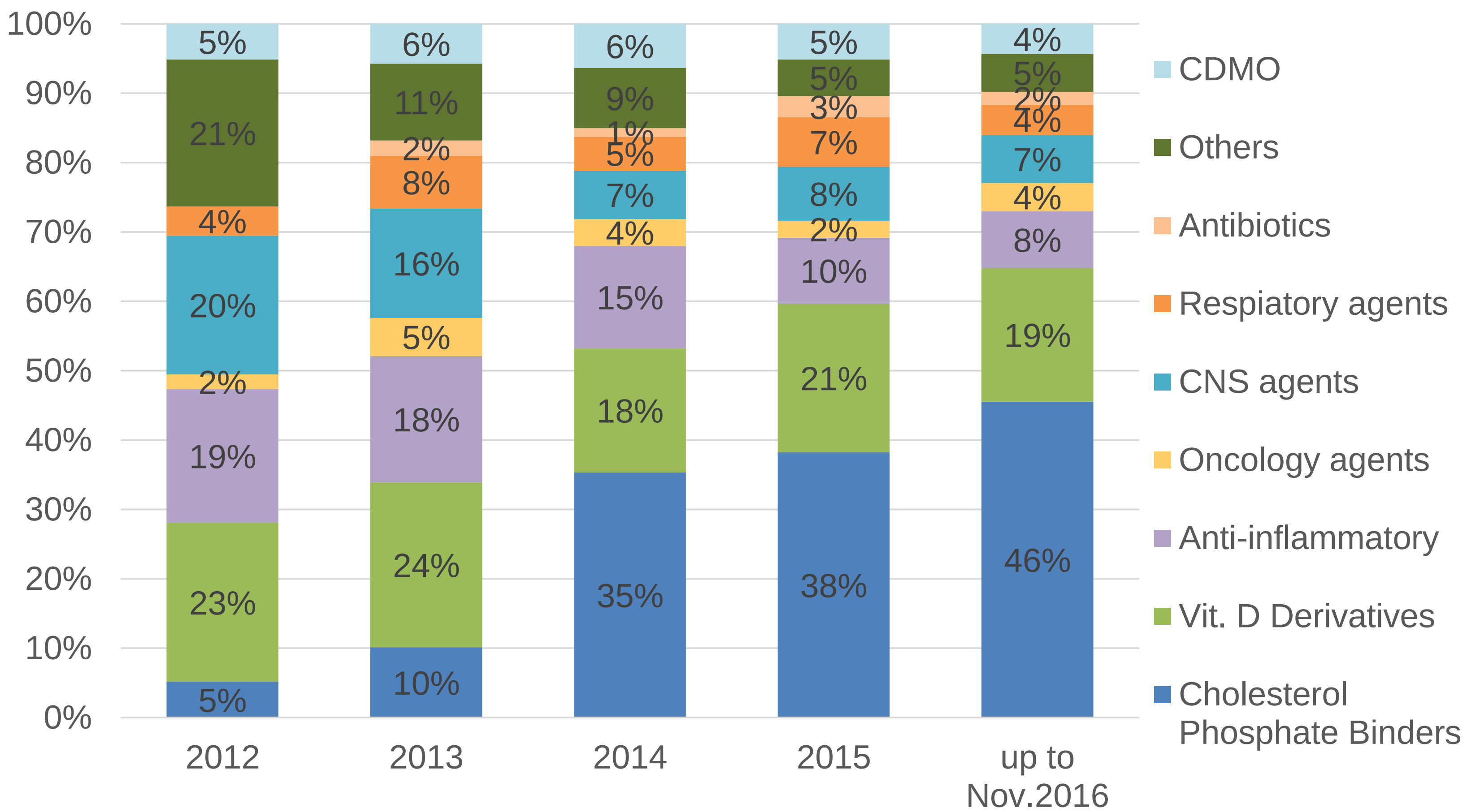
Business Overview

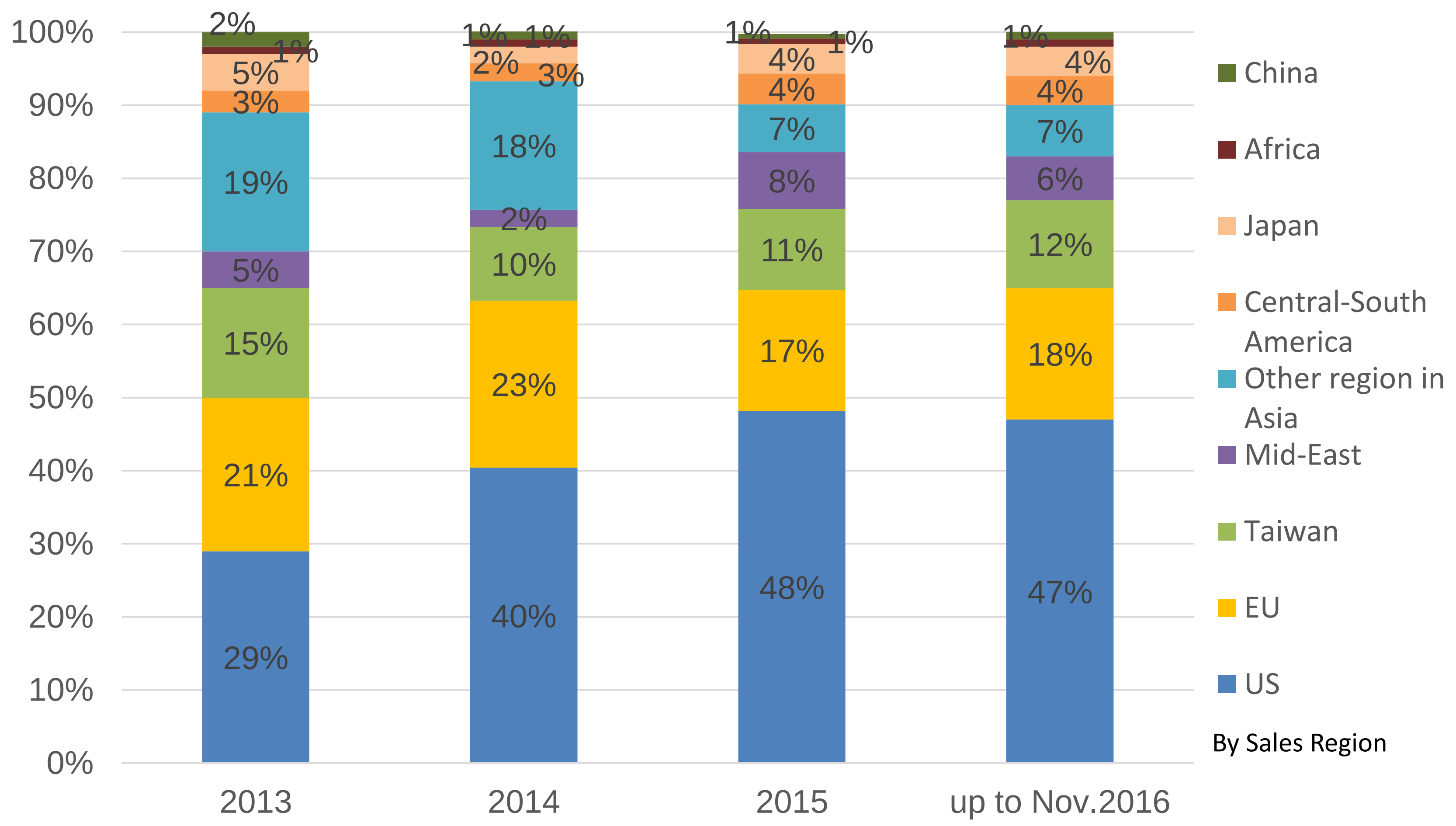
API: Strong & Steady Growth



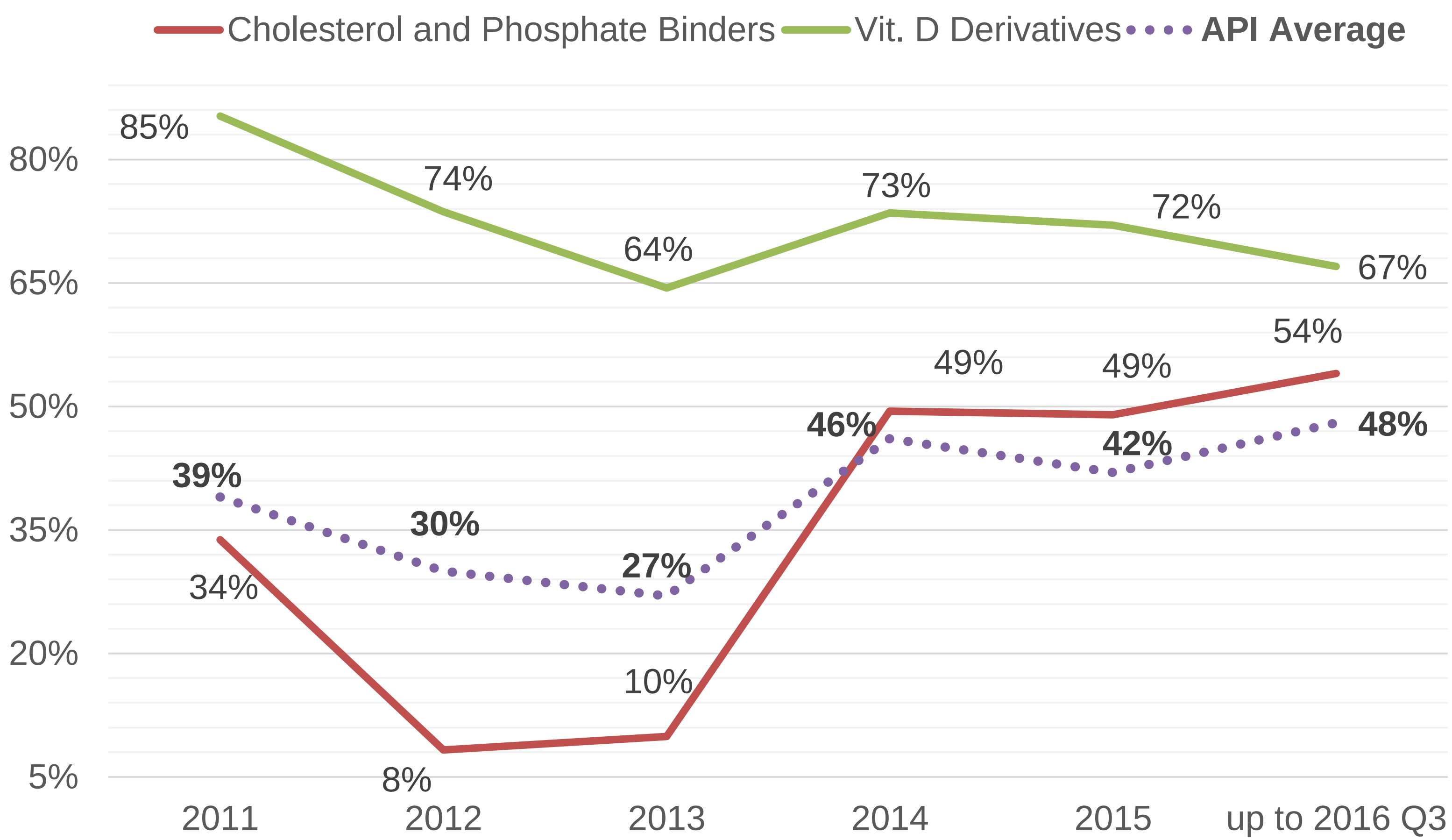
Optimized API Product Mixture



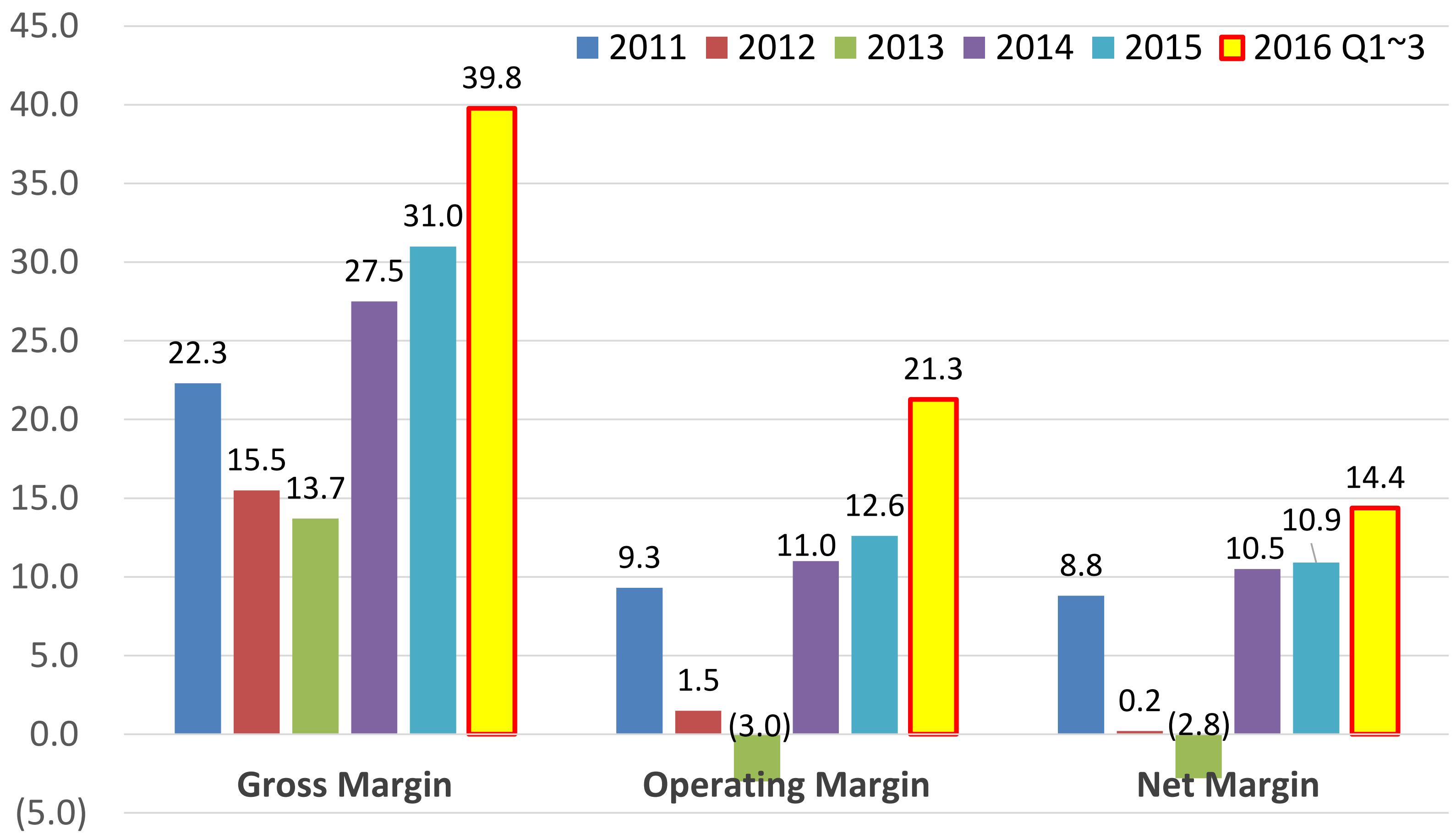
Expansion in the Developed Market



API GM 2011~now



Improved Profitability



2016Q3 Consolidated Income Statement

NT$ M **except for EPS**	**2015 Q4**	**2016 Q1**	**2016 Q2**	**2016 Q3**
Revenue	871	744	897	768
Gross Profit	**275**	**304**	**346**	**308**
Gross Margin	**32%**	**41%**	**39%**	**40%**
Operating Expenses	144	148	154	143
Operating Income	**131**	**156**	**192**	**165**
Operting Margin	**15%**	**21%**	**21%**	**21%**
Non-operating Income	3	-30	0	-40
Net Income	**109**	**104**	**146**	**96**
Earning Before Tax	**15%**	**17%**	**21%**	**21%**
Net Margin	**13%**	**14%**	**16%**	**13%**
EPS	**1.29**	**1.19**	**1.67**	**1.09**

audited

2012~2016Q3 Consolidated Income Statement

NTD$ M (except for EPS)	**2012**	**2013**	**2014**	**2015**	**2016 Q1~3**
Revenue	2,524	2,474	2,496	2,597	2,409
Gross Profit	**391**	**339**	**687**	**806**	**958**
Gross Margin	**15%**	**14%**	**28%**	**31%**	**40%**
Operating Expenses	354	414	413	480	445
Operating Income	**37**	**-75**	**274**	**326**	**513**
Operating Margin	**1%**	**-3%**	**11%**	**12%**	**21%**
Non-operating Income	-16	17	36	18	-70
Net Profit after Tax	**5**	**-69**	**262**	**282**	**346**
Earning before Tax	**1%**	**-2%**	**12%**	**13%**	**19%**
Net Margin after Tax	**0%**	**-3%**	**10%**	**11%**	**14%**
EPS	**0.08**	**-0.97**	**3.11**	**3.32**	**3.95**

audited

2012~2016Q3 Consolidated Balance Sheet

NT$ M	2012/12/31		2013/12/31		2014/12/31		2015/12/31		2016/9/30	
Cash & cash equivalents	255	6%	413	8%	405	7%	419	7%	498	8%
Receivable-net	672	17%	779	16%	684	12%	909	14%	766	12%
Inventories	697	17%	679	14%	957	17%	1,113	17%	946	14%
Long-term Investment	67	2%	270	5%	554	10%	786	12%	1,087	16%
Total fixed asset	1,835	46%	2,307	46%	2,562	45%	2,640	41%	2,848	42%
Other asset	507	12%	543	11%	528	9%	589	8%	560	6%
Total Asset	**4,033**	**100%**	**4,991**	**100%**	**5,690**	**100%**	**6,456**	**100%**	**6,705**	**100%**
Total current liabilities	1,409	35%	1,772	36%	1,469	26%	1,893	29%	2,037	31%
Long-term liabilities	465	12%	520	11%	673	12%	585	9%	727	11%
Other liabilities	500	12%	183	3%	513	9%	516	8%	25	0%
Total Liabilities	**2,374**	**59%**	**2,475**	**50%**	**2,655**	**47%**	**2,994**	**46%**	**2,789**	**42%**
Total Shareholders' Equity	**1,659**	**41%**	**2,516**	**50%**	**3,035**	**53%**	**3,462**	**54%**	**3,916**	**58%**
Book Value per Share	**24.74**		**29.93**		**35.96**		**39.58**		**44.18**	

audited

2012~2016Q3 Consolidated Cash Flow Summary

NT$ M	2012	2013	2014	2015	2016 Q1~3
Cash and cash equivalent at beginning of period	**73**	**255**	**413**	**405**	**419**
Cash flow from operating activities	171	32	280	255	803
Capex	-487	-549	-457	-392	-257
Cash flow from investing activities	-348	-124	-71	-81	-141
Cash flow from financing activities	846	799	240	232	-326
Cash and cash equivalent at end of period	**255**	**413**	**405**	**419**	**498**

audited

Jan~Nov 2016 Performance

NT$ M	up to Nov. 2015		up to Nov. 2016		YoY
Category	Sales	%	Sales	%	
UV filters	691.9	31%	692.1	24%	0%
API	1,560.1	69%	2183.5	76%	40%
Sum	2,252.0	100%	2875.6	100%	28%

1.Cholesterol and Phosphate Binders	NT$	9.95	M	YOY	69%
2.Vit. D Derivatives	NT$	4.20	M	YOY	24%
3.Anti-Inflammatory	NT$	1.78	M	YOY	5%
4.CNS	NT$	1.51	M	YOY	65%
5.Respiratory	NT$	0.96	M	YOY	-19%
6.Oncology	NT$	0.89	M	YOY	164%

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Investment List

FORMOSA LABORATORIES, INC.

Investment

Company	Business Scope	Year of Investment	Investment (NT$ M)	%
EirGenix	Biosimilar、CDMO	2012	209	16.3%
Formosa Pharmaceuticals	New Drug Development	2010	158	100.0%
TaiRx	New Drug Development	2011	68	6.4%
Senhwa Biosciences	New Drug Development	2012	18	2.8%
Glory Biotech	Fermentation	2011	30	9.9%
Epione Pharmaceuticals	New Drug Development	2015	30	100.0%
TOT Biopharm	Anti-tumor treatment Development	2015	84	3.0%
Total			**597**	

＊ updated by： 2016/09/30

Q&A