

Lotus

## FY2019 RESULTS

Investor presentation

1795.TT  
MARCH 2020



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# Today's Agenda

1 Key Takeaways

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2 FY2019 Results

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3 Key Initiatives in FY2020

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# KEY TAKEAWAYS FROM FY2019

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- › Strong year delivered with 43% top line growth, driven by successful execution of export portfolio
  - › Buprenorphine/Naloxone sublingual film as 1<sup>st</sup> wave generics in the US
  - › 1<sup>st</sup> to market of 3 leading oncology products in EU
- › Significant strategic deliverables designed to drive further growth
  - › Acquisition of ~50 marketed products to further expand in ASEAN markets
  - › Portfolio diversification with leading brand products throughout APAC region
  - › Settlement of Lenalidomide in the US to secure 1<sup>st</sup> wave launch
  - › 60+ licensing deals signed to grow our export business
- › Excellent outcome from the inspections by USFDA with 0 observation, 5 customer audits and 2 HA inspection at Nantou plant
- › Commitment in investing pipeline and upgrading infrastructure to cultivate sustainable growth
  - › 15 R&D projects under development
  - › 5-year site master plan initiated

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# FY2019 RESULTS

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# FULL YEAR 2019

## FRUITFUL YEAR WITH REMARKABLE ACHIEVEMENTS



### FINANCIAL RESULTS

#### Key Financials

(in NTD Millions, except EPS)

	2018	2019	YoY %
<b>Net Sales</b>	<b>6,429</b>	<b>9,175</b>	<b>43%</b>
Cost of Goods	3,289	4,927	
<b>Gross profit</b>	<b>3,139</b>	<b>4,248</b>	<b>35%</b>
%	49%	46%	
Operating expenses	(2,691)	(3,135)	
<b>Operating Income</b>	<b>449</b>	<b>1,113</b>	<b>148%</b>
%	7%	12%	
Earnings before tax & MI	164	876	
<b>Net Income</b>	<b>124</b>	<b>678</b>	<b>447%</b>
<b>EPS (TWD)</b>	<b>0.42</b>	<b>2.74</b>	<b>552%</b>

Revenue

+43%

OP  
Income

+148%

EPS

+552%

Strong revenue growth driven by successful expansion of export portfolio



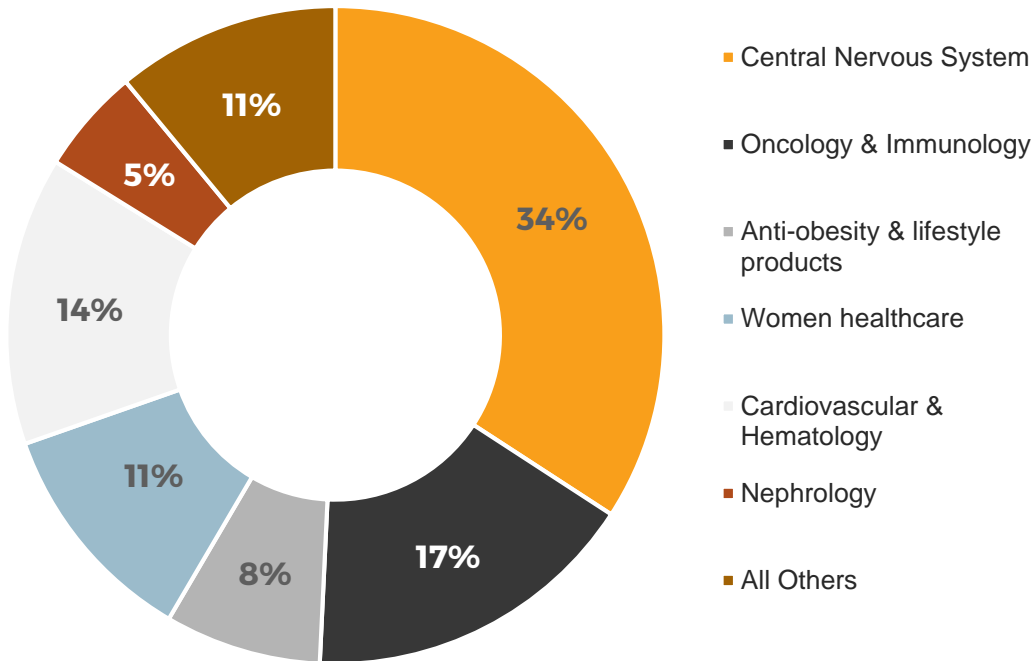
Improving operating leverage



Record high net profits achieved!

# DIVERSIFICATION ACROSS THERAPIES AND MARKETS

2019 Revenue Breakdown by TA



2019 Revenue Breakdown by Market

**NT\$9,175mn**



■ Asian Market ■ Export Portfolio

## Export Portfolio

- gSuboxone contributed ~30%
- First-wave launches of oncology products also kicked in

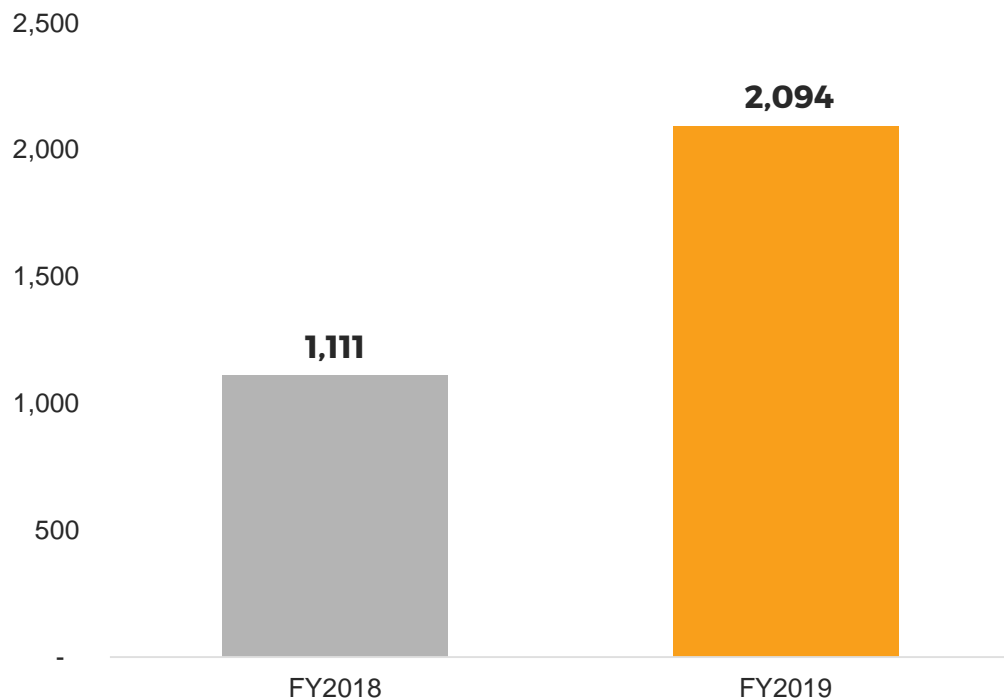
## Asian Business

The absolute dollar amount remained comparable to last year with more balanced % contribution

# ENHANCED PROFITABILITY LOWERING LEVERAGE RATIO



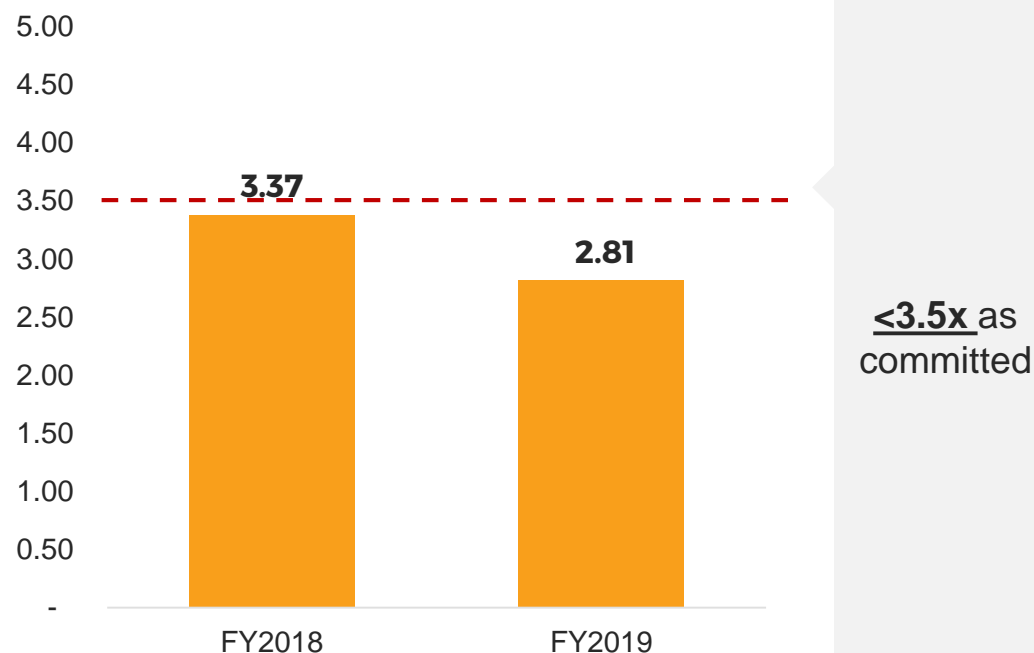
## EBITDA (NT\$mn)



\*EBITDA = EBIT + Depreciation + Amortization + Non-cash provisions



## NET DEBT/LTM EBITDA (X)





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## KEY INITIATIVES IN FY2020

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# FY2020 STRATEGIC DELIVERABLES

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## **Further strengthen existing portfolio with combined efforts from R&D / BD / RA**

- Continued market share expansion of Buprenorphine/Naloxone
- 2 submissions of biosimilar products in Taiwan to extend the portfolio
- GUDFA TAD for Lenalidomide in Jul'20
- 23 licensing deals under discussion



## **Efficiently execute new launches as scheduled**



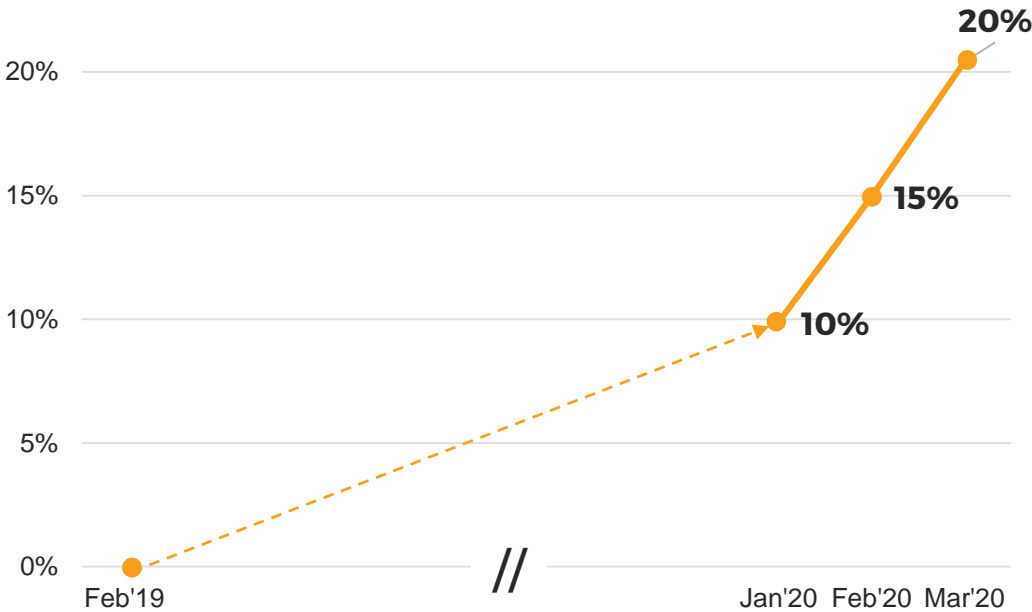
## **Continuously investing in pipeline to cultivate future growth**

- Further enhancement on oral oncology portfolio
- 505(b)2 oncology programs under discussion
- Expansion of brand/proprietary products

# CAPITALIZING ON SUCCESSFUL LAUNCHES

## Buprenorphine/Naloxone Market Share

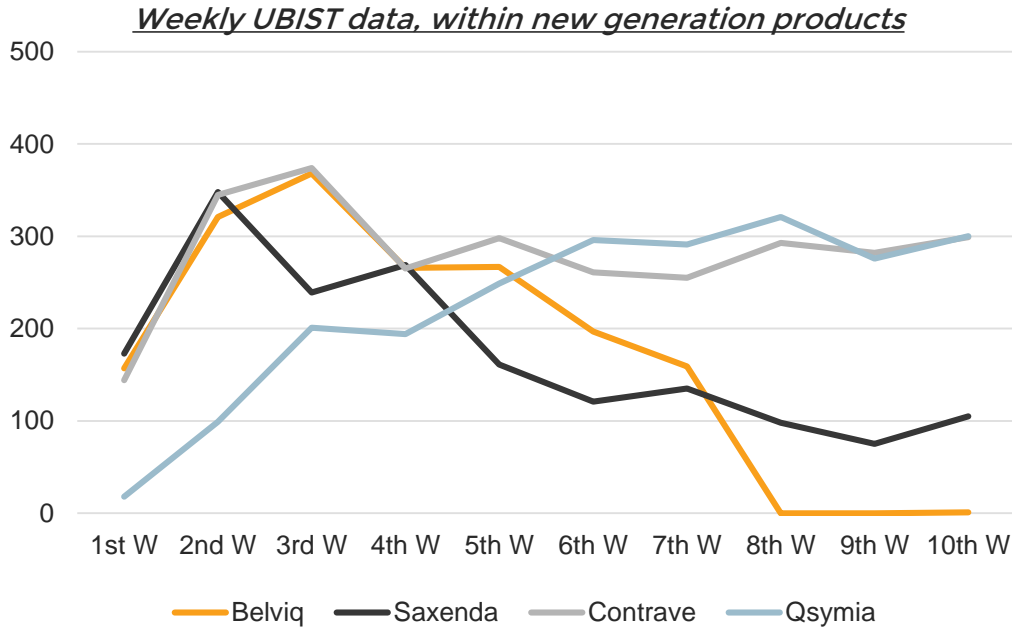
Buprenorphine/Naloxone market share has ramped up as expected



Source: IQVIA; Company data

## Qsymia Launching Progress

Qsymia has taken **leadership position** in prescription number within 6<sup>th</sup> weeks after launch



Source: UBIST

# R&D PIPELINE EXECUTION



Focus on high value innovation for patients and customers

## KEY ONCOLOGY PROJECT

	Generic Name	Indication	IQVIA market size '19 (US\$m)	Formulation	BE & CT	Submission	Approval
1	Lenalidomide	Multiple Myeloma 血癌	Global: 10,000	Out-licensing scope continues to expand	Settled in US and launched in selected markets		<b>GDUFA TAD = Jul'20</b>
2	Enzalutamide softgel	Castration-resistant prostate cancer 去勢抗性的轉移性前列腺癌	Global: 2,144			Tentative Approval in TW	
3	LP173 (Pazopanib)	Late stage hepatocellular carcinoma, renal cell carcinoma, thyroid carcinoma 晚期肝細胞癌、晚期腎癌、分化型甲狀腺癌 (皆非一線)	Global: 673				
4	LP661 (Pomalidomide)	Multiple Myeloma 血癌	Global: 1,516				
5	LP670 (Palbociclib)	Treatment for advanced or metastatic breast cancer	Global: 5,458				
6	LP657 (SoftGel capsules) (Mido)	Treatment for acute myeloid leukemia (AML)	Global: 205				

# R&D PIPELINE EXECUTION (CONT'D)



Focus on high value innovation for patients and customers

## NON-ONCOLOGY PROJECT

	Generic Name	Indication	IQVIA market size '19 (US\$mn)	Formulation	BE & CT	Submission	Approval
1	LP117 (Tofacitinib)	Treatment for moderately to severely active rheumatoid arthritis (RA)	Global: 1,432				

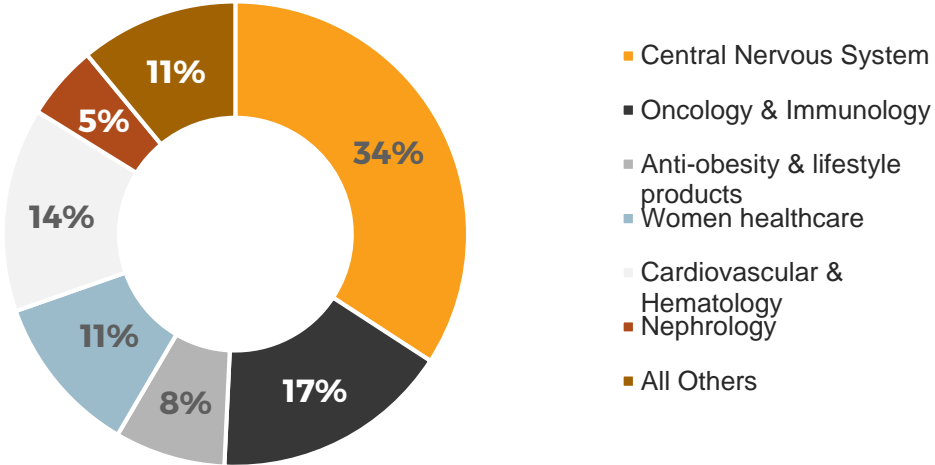
## 505(b)2 PROJECT

	Generic Name	Indication	IQVIA market size '19 (US\$mn)	Phase I	Phase III	Submission	Approval
1	AK-R216 (Vidaquiptin SR)	Type II diabetes 第二類糖尿病	Global: 432				

# LOTUS IS WELL-POSITIONED TO BETTER PERFORM AGAINST NEAR TERM HEADWINDS FROM COVID-19

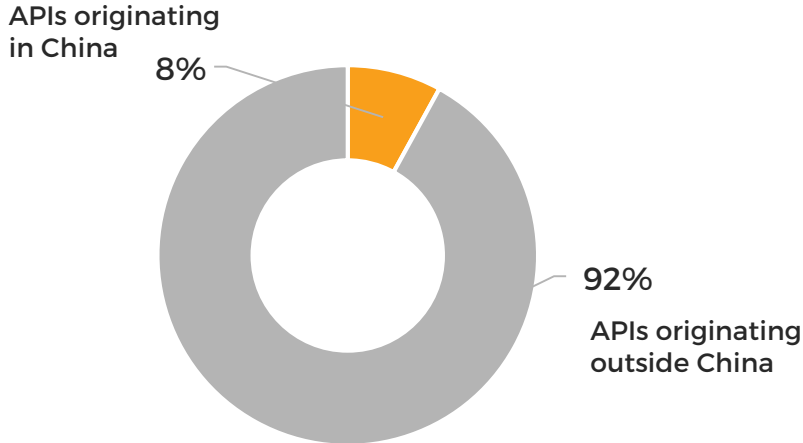
## WITH DIVERSIFIED PORTFOLIO

*2019 Revenue Breakdown by TA*



## AND PLANNED-AHEAD PROCUREMENT POLICY

- Not much APIs are directly sourcing from China
- Current inventory covers average 4-12 months of demand
- Dual sourcing strategy is under implementation



Two-pronged strategy mitigates the impact -

- Temporary impact in KR, which is in line with the industry norm
- Expansion of export portfolio provide the diversification of potential risks

# MAJOR CATELYSTS TO WATCH IN FY2020

