



LOTUS PHARMACEUTICAL

BUILDING A REGIONAL LEADER

May 2018

Lotus

Safe Harbor Statement

Except for historical information contained herein, the matters set forth in this presentation are forward looking statements that are subject to risks and uncertainties that could cause actual results to differ materially. These forward looking statements are not based on historical facts but rather on management's expectations regarding future growth, results of operations, performance, future capital and other expenditures, competitive advantages, business prospects and opportunities. Statements in this presentation about our future plans and intentions, results, level of activities, performance, goals or achievements or other future events constitute forward looking statements. Wherever possible, words such as "anticipate", "believe", "expect", "may", "could", "will", "potential", "intend", "estimate", "should", "plan", "predict", or the negative or other variations of statements reflect management's current beliefs and assumptions and are based on the information currently available to our management. **Investors are cautioned not to place undue reliance on these forward looking statements, which are made as of the date of this presentation** and we assume no obligation to update or revise any forward looking statements.

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COMPANY OVERVIEW



1

Founded in 1966

Lotus Pharmaceutical is among Taiwan's largest specialty-generic drug developers and one of the early movers to export to the US market since 2011. Its portfolio includes CNS, CVS, oncology, women health, anti-obesity, respiratory and pain relief in forms of tablet, capsule, and soft gel capsule.

2

Capital market milestone

Lotus Pharmaceutical (1795. TWO) has been listed on Taipei Stock Exchange since 2010 and became a Taiwan Market Biotechnology and Medical Care Index stock in July 2017.

3

Extraordinary quality management

Lotus' R&D and manufacturing facilities in Nantou is the only one in Asia that's approved by US FDA, EU EMA, Japan PMDA and TFDA PIC/S.

4

The rising generic leader in APAC

Lotus is positioned as a regional platform for Alvogen Group (63.4% holding in Lotus) since Aug 2014 through a reverse merger, and leverages Alvogen Group's cross-border reach to scale up.

The current operation scope of Lotus spans across Lotus Taiwan's domestic business, Alvogen Korea's domestic business, Alvogen Pharma India's CRO business, and export businesses.

Lotus facts

1000+ Employees

3 Manufacturing and R&D Centers

300+ Marketed products

150+ Submissions since 2012

70+ Generic products in pipeline

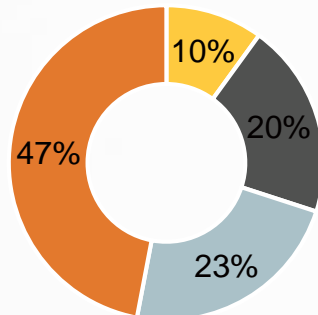
2 Biosimilar products in pipeline (mab's)

8 MAs in the US; **26** MAs in Europe;

9 MAs in Japan; **1** MA in China

Lotus Taiwan Employees

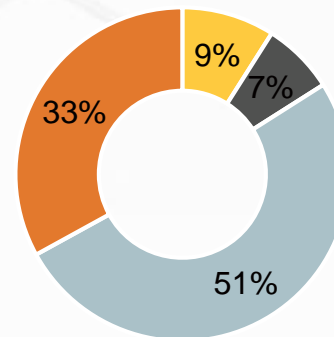
Total: 390



- G&A
- R&D
- S&M
- Plant

Alvogen Korea Employees

Total: 536



- G&A
- R&D
- S&M
- Plant



- Upgrade Nantou plant
- Change management team
- Reshape Portfolio and pipeline
- Adjust sales and marketing strategy
- Resolve legacy issues

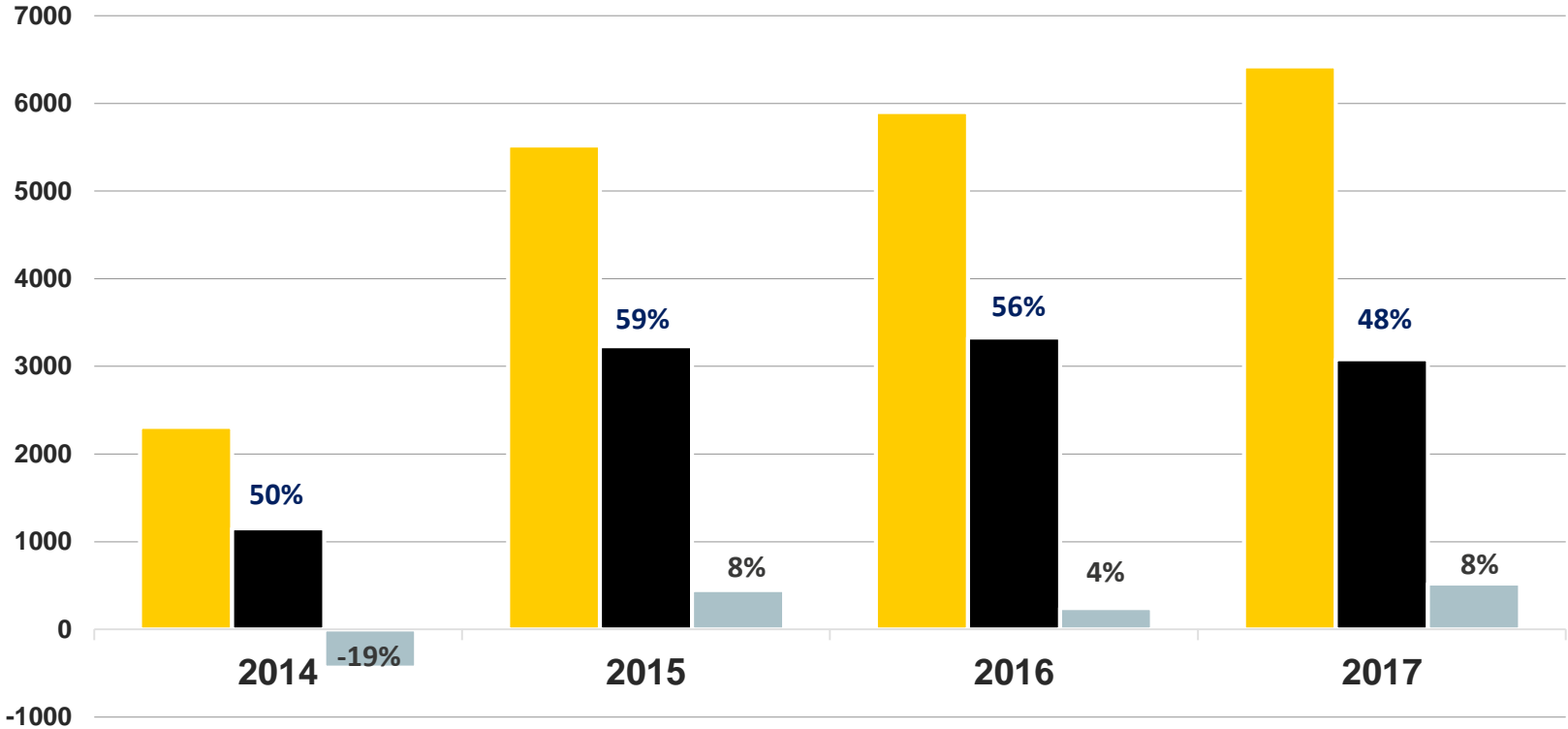
- Solidify local portfolio through key launches
- Focus on specialty driven markets
- Continue to increase operational efficiency

- Export revenues to significantly grow from several successful key PIV-challenges
- High value products and economies of scale to drive up gross margin
- Strengthen balance sheet
- Invest in key franchises and become category leader

WE STABILIZED IN 2017 AND HAS LAID A SOLID GROWTH GROUND

4 Year Trend (NT\$m)

■ Rev. ■ Gross Profit ■ Operating Profit



1Q 2018 FINANCIAL RESULTS



SIGNIFICANT NET INCOME EXPANSION IS A GOOD START

Unit: NT\$000	1Q 2018	%	4Q 2017	%	1Q 2017	%	QoQ	YoY
REVENUE	\$1,489,784	100	\$1,831,089	100	\$1,436,112	100	-18.6%	3.7%
COGS	<u>806,504</u>	<u>54</u>	<u>954,928</u>	<u>52</u>	<u>763,716</u>	<u>53</u>	-15.5%	5.6%
GROSS PROFIT	<u>683,280</u>	<u>46</u>	<u>876,161</u>	<u>48</u>	<u>672,396</u>	<u>47</u>	-22.0%	1.6%
OPEX								
S&M	360,328	24	451,317	25	366,801	26	-20.2%	-1.8%
G&A	165,889	11	226,869	12	146,902	10	-26.9%	12.9%
R&D	<u>88,062</u>	<u>5</u>	<u>90,543</u>	<u>5</u>	<u>78,262</u>	<u>6</u>	-2.7%	12.5%
Total OPEX	<u>614,279</u>	<u>41</u>	<u>768,729</u>	<u>42</u>	<u>591,965</u>	<u>42</u>	-20.1%	3.8%
OPERATING PROFIT (LOSS)	<u>69,001</u>	<u>5</u>	<u>107,432</u>	<u>6</u>	<u>80,431</u>	<u>5</u>	-35.8%	-14.2%
NON-OP INCOME & EXP								
Finance costs	-70,778	-4	-67,075	-4	-61,139	-4	5.5%	15.8%
Others	<u>20,610</u>	<u>1</u>	<u>15,354</u>	<u>1</u>	<u>-87,189</u>	<u>-6</u>	34.2%	-123.6%
Total non-op expenses, net	<u>-50,168</u>	<u>-3</u>	<u>-51,721</u>	<u>-3</u>	<u>-148,328</u>	<u>-10</u>	-3.0%	-66.2%
INCOME BEFORE TAX	18,833	1	55,711	3	-67,897	-5	-66.2%	turnaround
INCOME TAX EXPENSE (BENEFIT)	<u>-6,149</u>	<u>0</u>	<u>59,806</u>	<u>3</u>	<u>5,806</u>	<u>-</u>	Tax benefit	Tax benefit
NET EARNINGS (LOSS)	<u>24,982</u>	<u>2</u>	<u>-4,095</u>	<u>0</u>	<u>-73,703</u>	<u>-5</u>	turnaround	turnaround
EPS	<u>\$0.07</u>		<u>-\$0.01</u>		<u>-\$0.30</u>		turnaround	turnaround

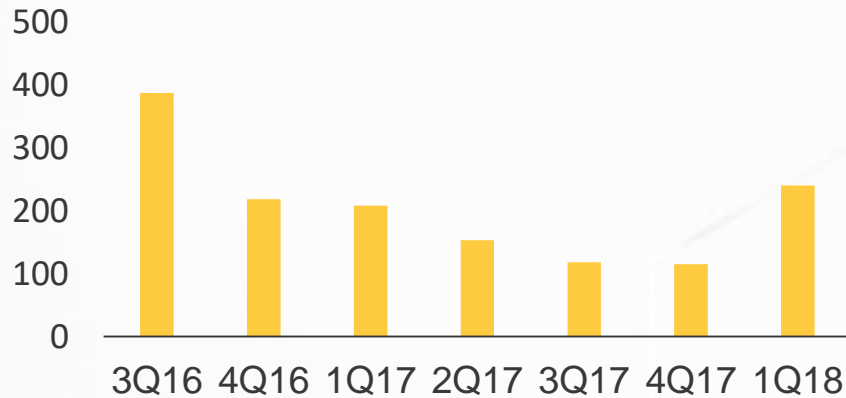
BALANCE SHEET ENDING MAR. 31ST 2018

Unit: NT\$MN	MARCH-31-2018		MARCH-31-2017	
CURRENT ASSETS				
Cash & cash equivalents	1,911	12%	2,278	14%
Notes and trade receivables	1,162	8%	1,158	7%
Other receivables	2	0%	3	0%
Other receivables from related parties	88	1%	166	1%
Inventories	855	6%	1,081	7%
Other current assets	118	1%	84	1%
	<u>4,136</u>	27%	<u>4,770</u>	30%
NON-CURRENT ASSETS				
PP&E	1,852	12%	1,962	12%
Goodwill & other intangibles	8,405	54%	8,011	51%
Other non-current assets	1,063	7%	1,007	6%
	<u>11,320</u>	73%	<u>10,980</u>	70%
TOTAL ASSETS	<u>15,456</u>	100%	<u>15,750</u>	100%
LIABILITIES & EQUITY				
CURRENT LIABILITIES				
Loans & borrowings	310	2%	360	2%
Notes and trade payables	433	3%	606	4%
Other payables	346	2%	269	2%
Other payables to related parties	56	0%	207	1%
Other current liabilities	762	5%	612	4%
	<u>1,907</u>	12%	<u>2,054</u>	13%
NON-CURRENT LIABILITIES				
LT Borrowings, net of current portion	4,162	27%	4,286	27%
Other non-current liabilities	1,741	11%	982	6%
	<u>5,903</u>	38%	<u>5,268</u>	33%
TOTAL LIABILITIES	<u>7,810</u>	51%	<u>7,322</u>	46%
EQUITY				
Total equity attributable to owners of the company	7,231	47%	7,481	47%
Non-controlling interests	415	3%	947	6%
Total equity	<u>7,646</u>	49%	<u>8,428</u>	54%
TOTAL LIABILITIES & EQUITY	<u>15,456</u>	100%	<u>15,750</u>	100%

- Net cash inflow from operations recovered during the quarter
- Average DSO in the past 12 months is ~65 days, 30 days lower than 95 days in 2015
- Improved cash conversion efficiency led to lower working capital needs

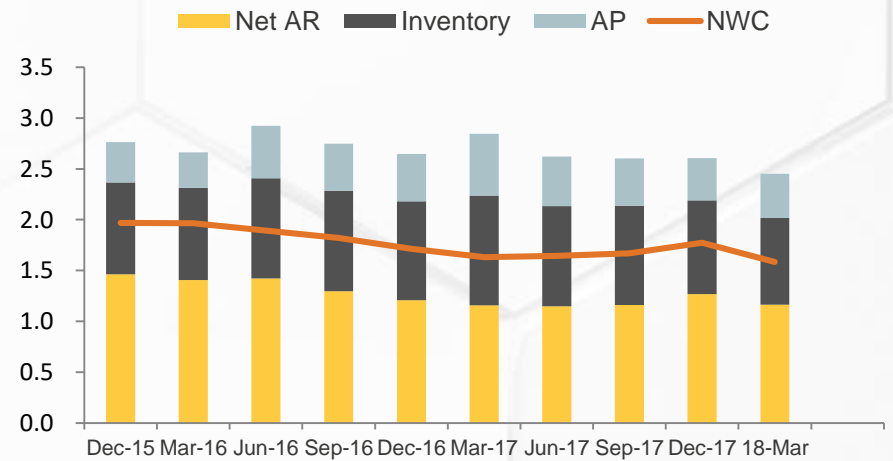
Net Cash Inflow From Operations By Quarter

Unit: NT\$mn



NWC Trend

Unit: NT\$bn

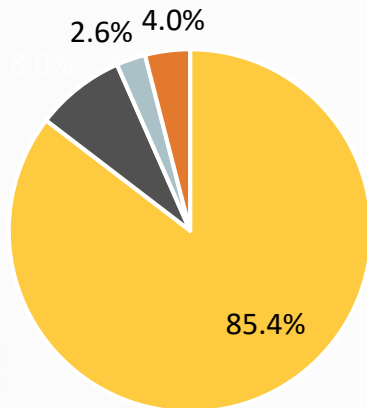


OPERATING REMARKS AND
RECENT ACHIEVEMENTS

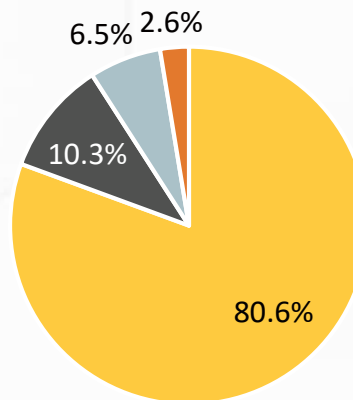


While Korea remains our backbone thanks to its market potential and favorable regulatory environment, Lotus successfully diversified its geographic exposure by growing Taiwan domestic and export market

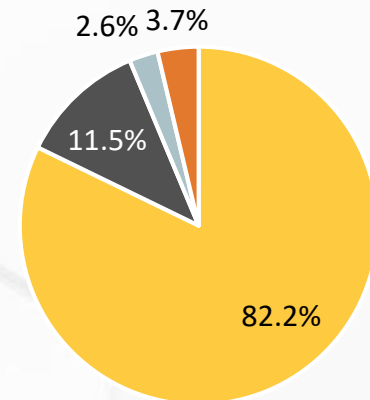
2016FY



2017FY



1Q2018



- Korea
- Taiwan
- Export
- India CRO

GROWING KEY FRANCHISES HAS MADE OUR PORTFOLIO MORE FOCUSED



	Product	Indication	YTD (NT\$m)	YoY (%)	Remarks
1	Goserelin (Zoladex)	Breast cancer 乳癌	130.4	+4%	Exclusive marketing alliance with AstraZeneca KR; launched Oct'16
2	Sarpogrelate	Anticoagulant 抗凝血	129.4	+51%	Dosage improved to 1/day
3	Rosuvastatin/Ezetimibe	Cardiovascular 降血脂與膽固醇	106.8	+106%	FDC; launched in 1Q16
4	Calcium Polystyrene Sulfonate	Nephrology 腎臟病	80.0	-1%	
5	Desogestrel/EE (Mercilon)	Oral contraceptive 口服避孕藥	69.6	+15%	Acquired from Bayer; launched in May'16
6	Seroquel (Quetiapine)	Schizophrenia 精神分裂症	68.3	-16%	Exclusive marketing alliance with AstraZeneca KR; launched Oct'15
7	Bicalutamide	Prostate cancer 攝護腺癌	51.4	-4%	Exclusive marketing alliance with AstraZeneca KR; launched Oct'16
8	Anastrozole (Arimidex)	Oncology 癌症	47.2	+5%	Exclusive marketing alliance with AstraZeneca KR; launched 4Q'16
9	Phentermine	Anti-obesity 減肥	46.5	-21%	
10	Zoledronic Acid (Aclasta)	Osteoporosis 骨質疏鬆症	40.1	-	Acquired from Novartis; launched Apr'17; TW product
11	Phendimetrazine	Anti-obesity 抑制食慾	38.2	-16%	
12	Trazodone	Anti-depression 憂鬱症	34.1	+248%	
13	Orlistat	Anti-obesity 減肥	30.5	-10%	
14	Recombinant Human Erythropoietin	Nephro + Onco 腎臟與癌症用紅血球生成素	24.7	+56%	
15	Sapropterin	Metabolism 酸血症	24.1	+118%	Tender driven

2017 Deliverables

LAUNCHES

- ✓ Norethisterone / Ethinylestradiol LD for JP
- ✓ TS-1 for KR
- ✓ Temozolomide for US, Europe and APAC
- ✓ Levetiracetam ER & IR for US
- ✓ Calcium Acetate for US

SUBMISSIONS

- ✓ Methotrexate for US
- ✓ Gefitinib for Europe
- ✓ Lenalidomide for US and APAC
- ✓ Vinorelbine softgel capsules for Europe

2018 Plan

LATE PHASE

- ✓ LP149 for Europe and US
- ✓ Acarbose for China
- ✓ LP173 for Europe

LAUNCH PREPERATIONS

Levonorgestrel (US), Paricalcitol (US), Lenalidomide (EU), Gefitinib (EU), Vinorelbine (EU)

6 submissions for US and Europe markets in 2017
15+ # total active R&D projects
~85% % of R&D projects launching between 2018 – 2021

To be launched in 2017 - 2019

	Generic Name	Indication	IMS Market Size (US\$mn)	Formulation	BE & CT	Submission	Approval
1	AK-R214 (SR)	Smoking Cessation 戒菸	37				
2	Bazedoxifene HCL (FDC)	Osteoporosis 骨質疏鬆	18				
3	Bazedoxifene (FTF)	Osteoporosis 骨質疏鬆	8				
4	AK-R310	Flu 流感	33				



- Korea IMD (“Incrementally Modified Drug”) path is similar to US 505(b)2, which requires phase I and phase III study while enjoying premium on NHI price; it usually takes 6 to 12 months to go through regulatory approval

One of the very few non-Indian pharmaceuticals with aggressive export pipeline

To be launched in 2018 - 2021

	Generic Name	Indication	IMS market size (US\$m)	Formulation	BE & CT	Submission	Approval
1	Budesonide ER	GI 結腸潰瘍	US: 200			PIV; non-infringement	
2	Buprenorphine/ Naloxone	Addiction 戒毒	US: 2,000			PIV; trial completed	
3	Methotrexate	Chemo 癌症	US: 340		NO BE	CRL	
4	Gefitinib	Non-small-cell lung cancer; Inhibitor 非小細胞肺癌	Global: 375				
5	Lenalidomide	Multiple Myeloma 血癌	Global: 8,000			PIV; sued in US; first response	
6	Vinorelbine	Breast cancer; Chemo 乳癌	EU: 130				
7	LP149	Women health; 女性保健	Global: 110		FTF approach		
8	LP650	GIST; inhibitor 腸胃道間質腫瘤	EU & APAC: 609		NO BE		

To be launched in 2018 - 2021

Generic Name	Indication	IMS market size (US\$m)	Formulation	BE & CT	Submission	Approval
9 LP173	Late stage onco for soft tissues sarcoma + renal cell carcinoma 腎癌、上皮細胞癌、軟組織肉瘤 (皆非一線)	Global: 792				
10 LP337	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)	EU & APAC: 470	