



Huons

Investor Relations

2019.1Q



Huons

Disclaimer

All information in this book including business performance and financial report is written by Korean-International Financial Reporting Standards(K-IFRS) .

This book includes a “forecast” about future. It is not about the past, but the future business plan including expected management status and financial performance, and sometimes there can be word such as ‘anticipation’, ‘forecast’, ‘plan’, ‘expectation’, and ‘(E)’.

A “forecast” can mean uncertain factors which can affect the company either positively or vice versa, and those can include:

- Domestic or international financial market trends including fluctuation of foreign exchange rate or interest rate.
- Company’s very important strategic decision such as M&A
- Unexpected business environment change in the main industry
- Other internal and external change that can affect the company’s management and finance.

Because of those uncertain risks, company’s actual business performance can be different from the “forecast” in this booklet. Also the information we provide is written as of the day we deliver the presentation, so it can be changed due to unexpected external status of industry or internal company’s revision of strategies without any prior notice in the future.

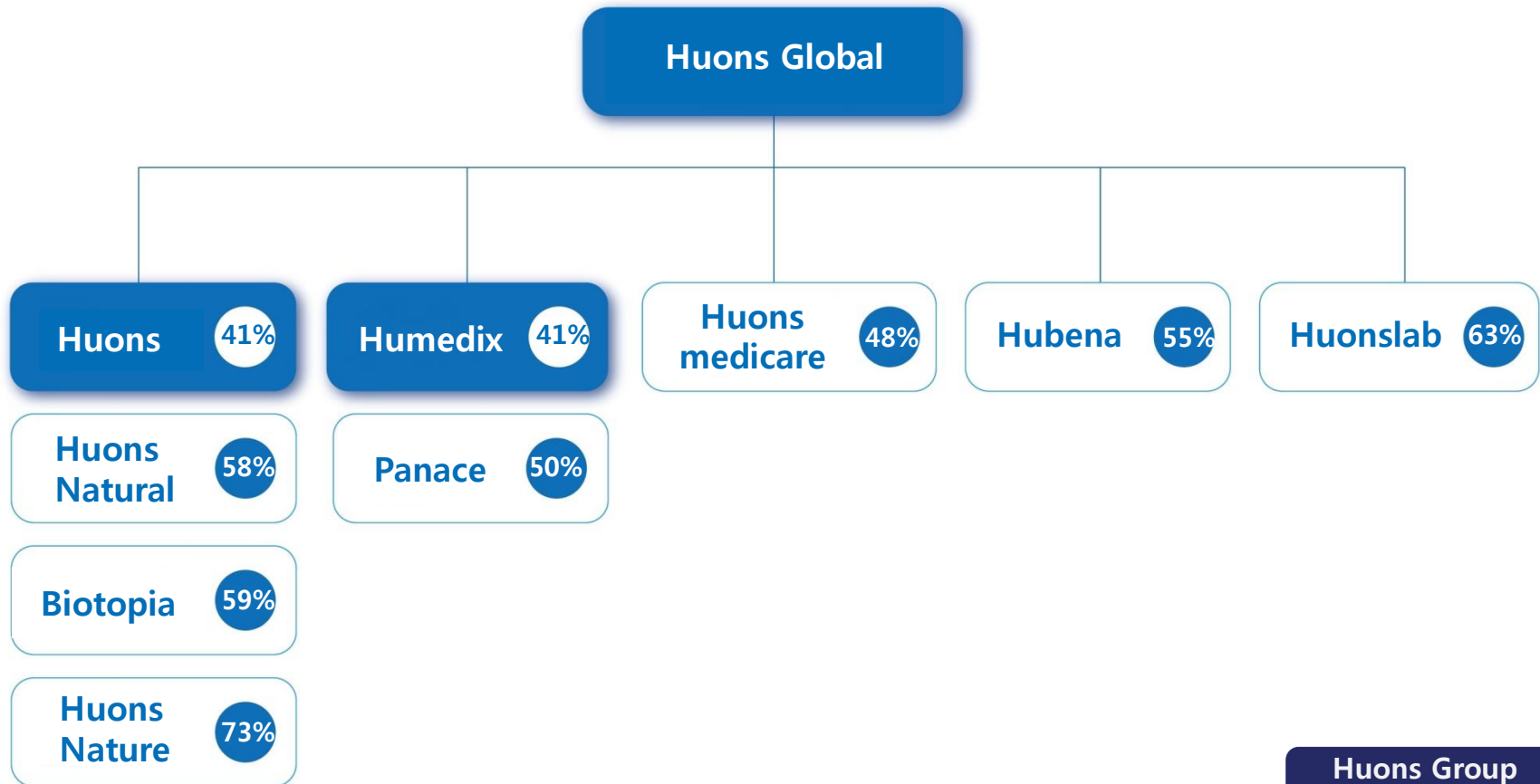
Key Highlights

- In '1Q 19, Consolidated sales revenue of KRW 82.6bn, operating profit of KRW 12.0bn, and net income of KRW 9.4bn (YoY 11.6% 5.8%, 10.6% respectively)
- In '1Q 19, Separated sales revenue of KRW 76.0bn, operating profit of KRW 12.2bn, and net income of KRW 9.8bn → Achieved Op. margin of 16.1%
- Introduce new disposable eye drops facility (Installation completed Apr 2019) → Capacity increase by 2 times(300 million tubes)
- Received approval for 'Liztox' (Apr 2019)
- Expect sales growth and operating profit surplus conversion of subsidiary companies

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“Total Healthcare Group which provides medical solution for human being’s health”



**Huons Group
: 1,403 people**

KOSDAQ listed

Um, Ki Ahn**President
CEO**

CEO of Huons

SK Chemicals

Ph.D in pharmacy
at Sungkyunkwan Univ**Yoon, Sung Tae****Vice-chairman
Non-Executive
Director**

CEO of Huons Global

IBM KOREA

MS Project Mgt.
at Hanyang Univ**Cheon, Kyu Seop****Vice president
Executive Director**Head of Factory
Headquarters

Yuyu Pharma

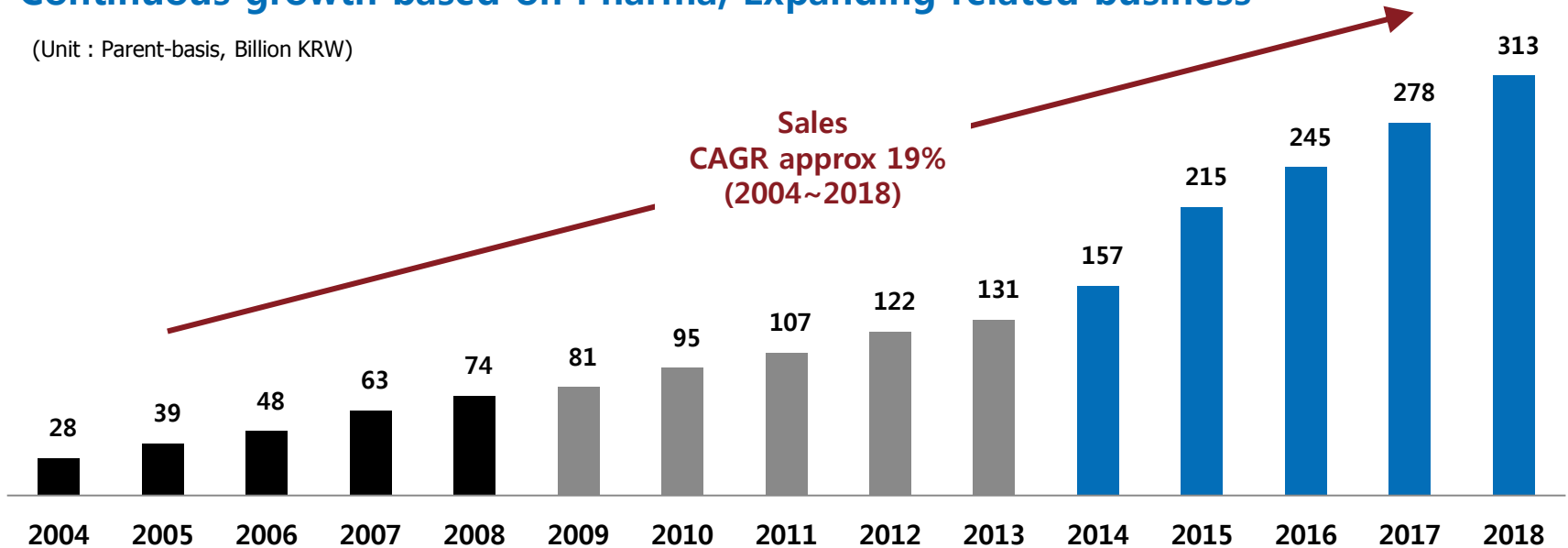
Bachelor in pharmacy
at Seoul National Univ**Yeom, Chang Hwan****Director
Outside Director**Head of
Yeomchanghwan
Hospital

Seoul St.Mary's Hospital

Ph.D in Medicine
at Yonsei Univ

Continuous growth based on Pharma, Expanding related business

(Unit : Parent-basis, Billion KRW)



Establishing(~2008)

- Secured growth through local anesthetics / injections business
- Strong growth of pharmaceutical business mainly driven by well-being products
- Listed in the KOSDAQ in 2006

Growing(2009~2013)

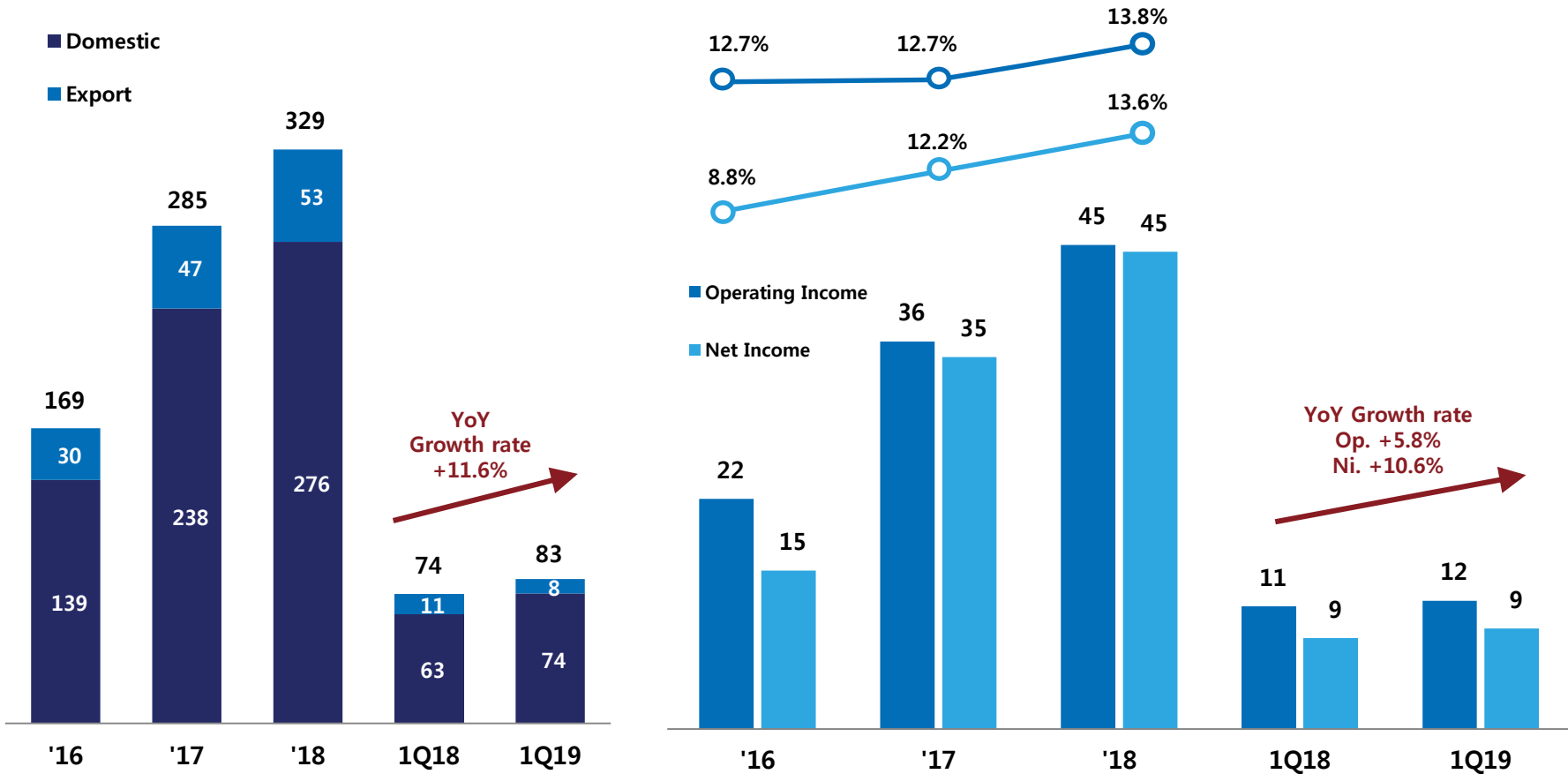
- Eye drops(Kynex) Strategic alliance with Alcon
- Construction of new factory → Growth Platform
- JV established in China for the local eye drops market

Expanding(2014~)

- Expansion of high value-added products(Aesthetic, Hutox, Filler etc)
- Expanded the field of health functional food business (Honeybush was approved as functional ingredients by KFDA)

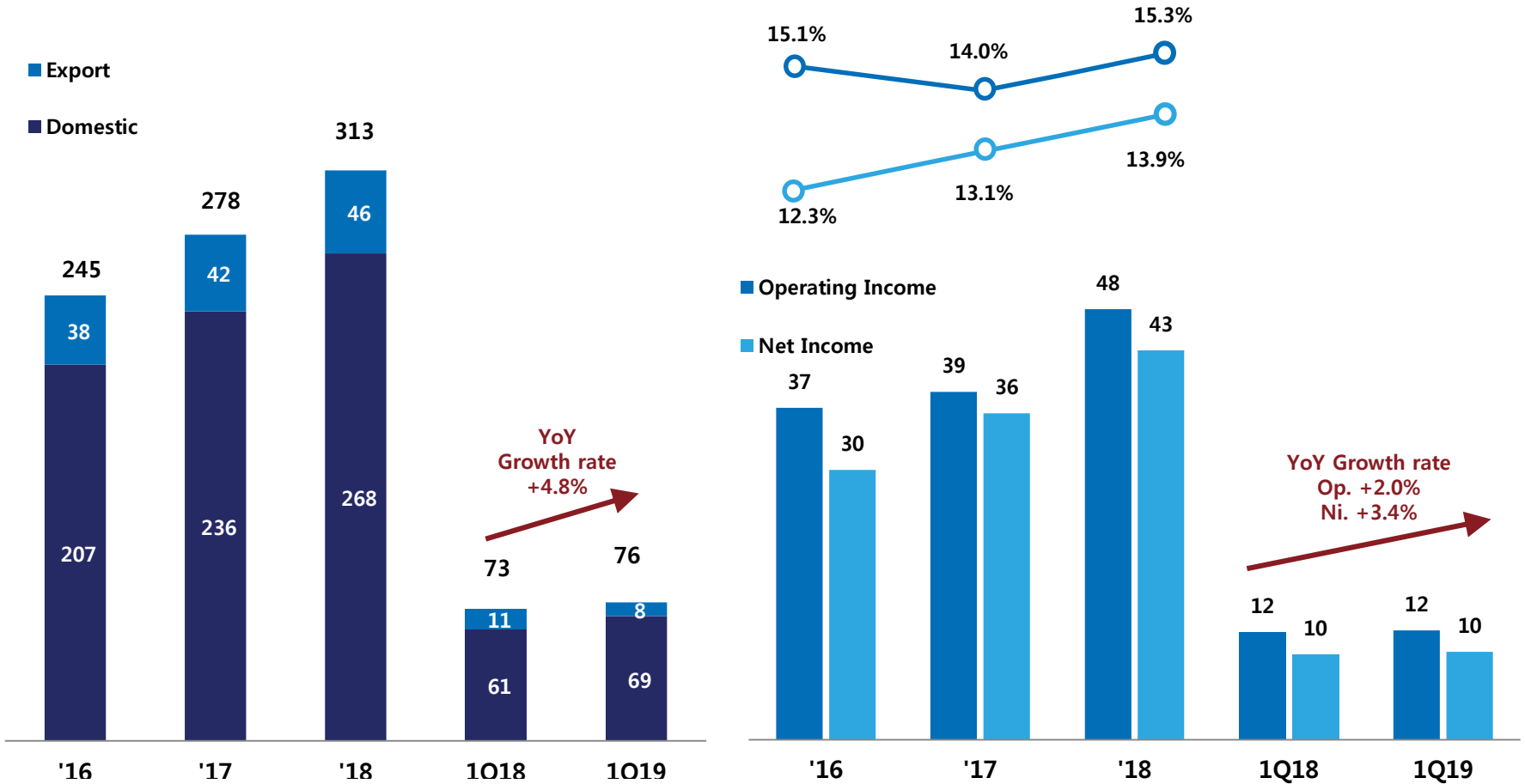
(Unit: Billion KRW)

“Continuous growth through Business diversification ”



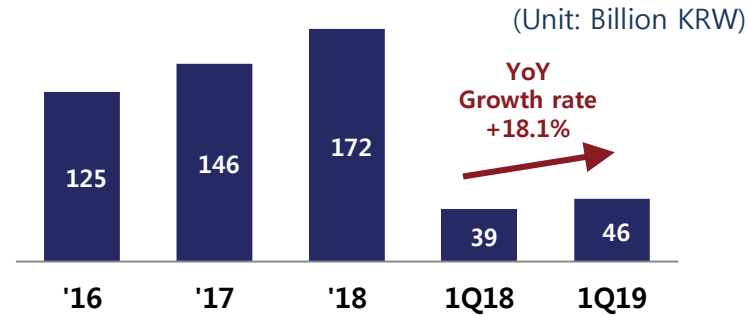
(Unit: Billion KRW)

“Sustaining Solid Sales growth & Stable profit”



61% of Sales (YOY +18.1%)

- Provides full product portfolio (registered more than 300 pharmaceutical products)
- Increasing sales by securing IMD, a priority generic sales rights
- Ensuring competitiveness by differentiating with existing product



Circulatory system

13% of sales

- Continuous growth of Incrementally modified drug "Esuba"
- Holds circulatory drug of various mechanisms that improve quality of life of patients with cardiovascular disease
- Strengthen R&D Pipeline of Incrementally Modified Drug for circulatory disease



Digestive system

8% of sales

- Holds various kinds of digestive drug pipeline
- Increase patient satisfaction by holding drugs for gastroscopes and colonofiberscopes
- Focus on developing new digestive combination products and differentiating them from existing products



Local Anesthetics

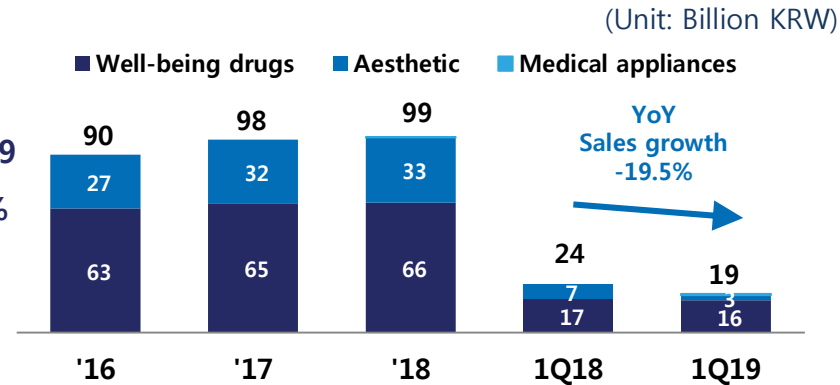
7% of sales

- No.1 in local Anesthetics for dental care in Korea & exports to 26 foreign countries
- '1% lidocaine 5ml Amp' is approved ANDA(generic) by the FDA(Apr 18)
- 20-year long-term supply agreement with SPECTRA MEDICAL (USA) for KRW 89.3 bn(May, 2018) and start export
- Schedule to submit ANDA approval for three Local anesthetics products



26% of Sales (YOY -19.5%)

- Aesthetic export sales transfer to Humedix, Panace since 2019
- Except transferred sales, Sales of Beauty-Healthcare YOY -5%



Well-being drugs

- Strong growth of pharmaceutical market mainly driven well-being products
- Expansion of high value-added products (Non-reimbursement) → Increase Profitability



Aesthetic

- Received approval for export license in Oct 2016 (100 units)
- Received approval for domestic market in Apr 2019 (100 units, Glabella Wrinkles)
- **Schedule to launch 'Liztox' in domestic market in 1H 2019**



Medical appliances

- Dexcom G5® Mobile CGM System : successful launch in domestic market (Nov 2018)
- Measures glucose in 5-minute intervals, can send data to up to 5 followers
- **Start paying health insurance benefits for Sensor since Jan 2019 (Only Type 1 diabetes)**



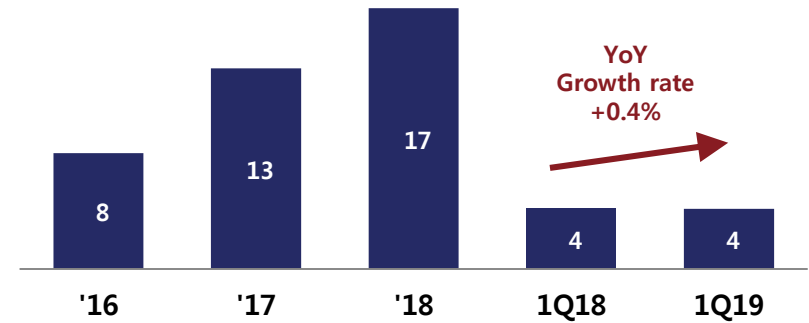
(Unit: Billion KRW)

13% of Sales (YOY +13.2%)

- Construction of a state-of-the-art manufacturing facility in compliance with Korea and cGMP
- Build full automated production equipment made in U.S, Germany, and Japan
- Introduce Disposable eye drop machine of German company Rommelag

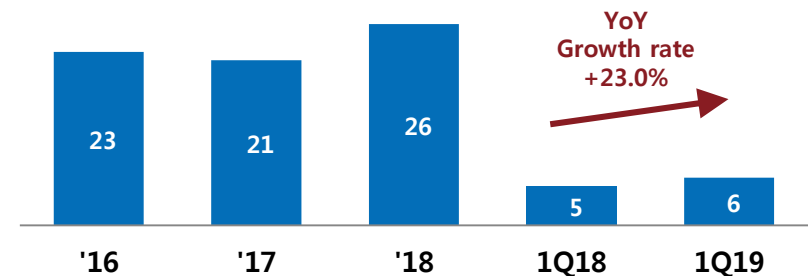


Eye drops



- Major product : Santen pharma company(Japan) Diquas® for Dry eye syndrome
- New disposable eye drops facility constructed(Apr 2019) → Begin production(May 2019)**
- Capacity increase by 2 times(300 million tubes)**

Medicines



(Unit: Billion KRW)

7% of Sales (YOY +26.4%)

- Huons(Development & Manufacture)-
Alcon(Marketing) engage a strategic partnership

1) HA artificial tears 'Kynex'

2) Dry eye therapeutic eye drops 'Clacier'



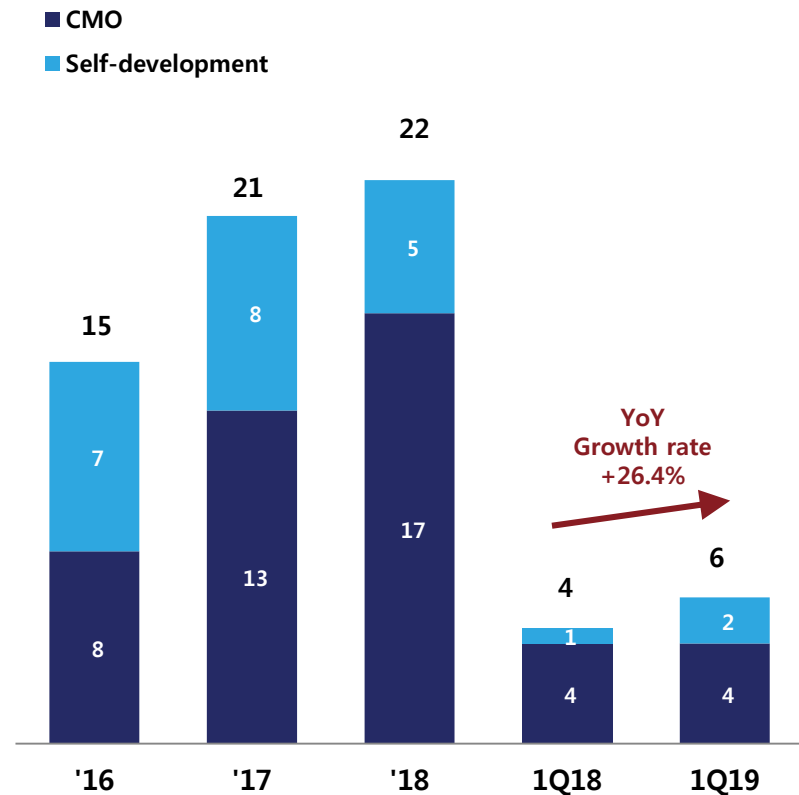
- Disposable eye drops CMO

1) Santen pharma company(Japan) Diquas®

2) a number of domestic pharmaceutical companies

- Introduce Disposable eye drops machine from German company Rommelag → Capacity increase by 2 times ⇒ target to hit the eye drops market**

Eye drops Sales



Huons global
Manufacturing, Preclinical

— supply →

Huons
Exclusive right of sales
Clinical trial, Marketing

“joint sales
in domestic market”

Humedix
Marketing

Manufacturer

- Facilities established in June 2014
- Capacity : 1 million vial/annually
- **New facility : 5 million vial/annually → may start operation in '4Q 19**

R&D / Clinical trial & Approval

- Received approval for export license in Oct 2016
- Domestic Clinical trial Phase 3 completed for Glabella Wrinkles in Nov 2018
- **Received approval for domestic market in Apr 2019 (Glabella Wrinkles)**
- **Domestic Clinical trial Phase 3 for Crow's feet in progress (May receive approval in 2020)**
- **Domestic clinical trial IND in preparing(2019(E)) for upper limb spasticity , square jaw**
- **Develop the next generation of HUTOX(150kDa) for lower immunogenicity**
→ **Domestic clinical trial IND in preparing (2019(E))**
- Develop new dosage form(liquid type)

Specifications

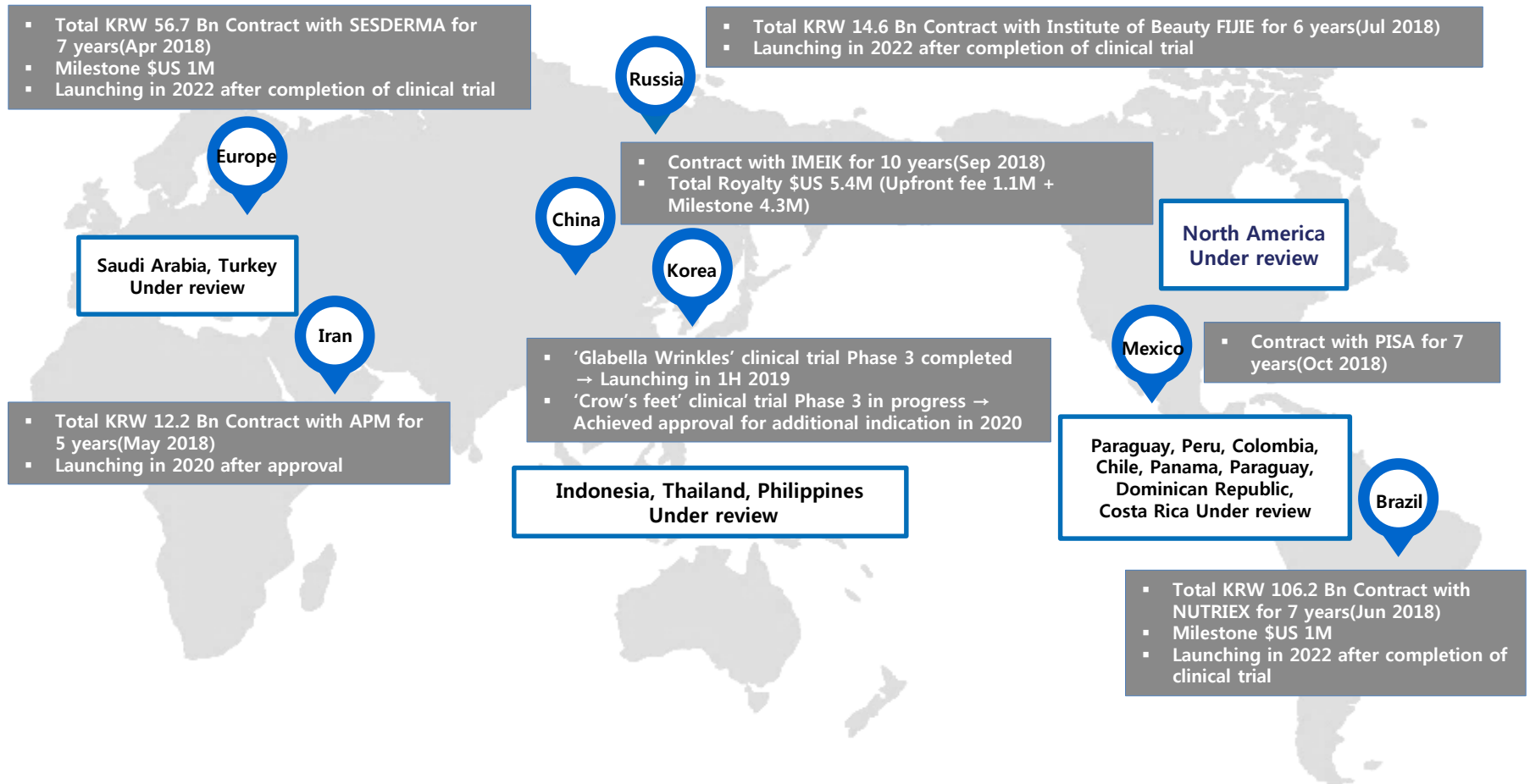
- Advantage : High purity(>99%)
- API : Botulinum toxin type A
- Strain History : ATCC3502
- Completed Domestic clinical trial Phase 1, 2, 3

Marketing

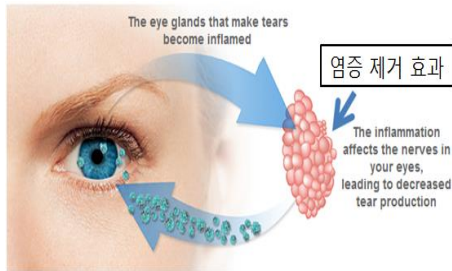
- Export Hutox to South-East Asia, Middle East, Latin America
- **Launch 'Liztox' in domestic market in 1H 2019**
- **Aesthetic clinic(dermatologist, plastic surgery etc) → Humedix**
- **Non-aesthetic clinic(general hospital, dentist etc) → Huons**



Hutox Partnerships by region

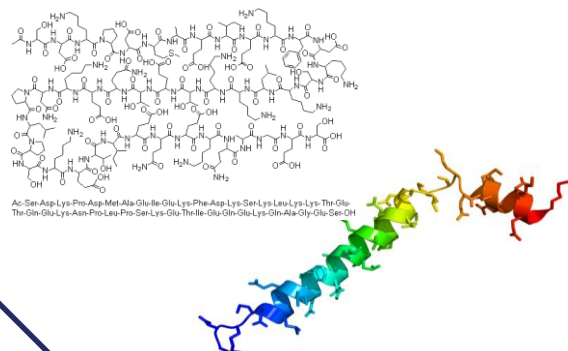


Eye drops with nanoparticles



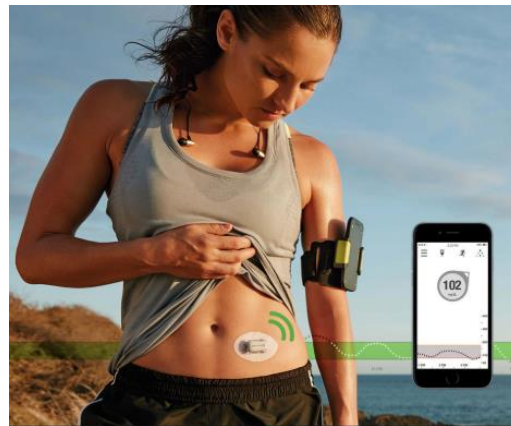
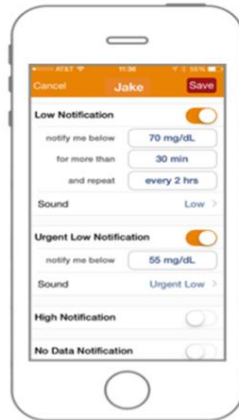
- Development of nanocomposite eye drops for the treatment of dry eye syndrome with average particle size below 20nm
- Replace existing cyclosporine single eye drops and artificial tears
- Efficacy
 - 1) The same anti-inflammatory effect even with cyclosporine concentration which is twice as low as Restasis
 - 2) The dual effect of anti-inflammatory and ocular protective effects of cyclosporine and trehalose
- Domestic clinical trial Phase 3 in proceeding (2017.10~)
- European clinical trial IND in preparing(2019(E))

Thymosin β4



- Biomedicine development(Thymosin β4) with double effect of tear film stabilization and anti-inflammatory action through mucus secretion promotion
- Gene recombinant production technology
 - lower production costs compared to synthetic peptides
- Domestic clinical trial IND in preparing(2019(E))

- **Dexcom G5® Mobile CGM System : successful launch in domestic market**
- **Dynamic glucose data can be accessed and shared safely and conveniently anywhere, anytime to your smart device ▶ Improve the quality of life of diabetic patients and their families**
- **Strengthening related portfolio with launch of diabetes medical device market through G5**
- **Start paying health insurance benefits for Sensor since Jan 2019 (Only Type 1 diabetes)**



- **Components: Small sensor, Transmitter, Mobile App**
- **Measures glucose 288 times a day in 5-minute intervals**
- **Measures, trend arrows and graphs, help with treatment decision with alarm beep**



- A wearable drug injector that improves the disadvantages of insulin injections that must be administered multiple times a day and difficult to administer at exposed sites
 → **“Designed to take off some of that burden, and make diabetic patients life a little bit easier.”**



- ◆ EOPatch
 - Dimension(mm): 32.4 X 49.9 X 12.9
 - Weight(g): 18.0
 - 1 patch for 3 consecutive days
 - Insulin 2ml (200 unit) charge

▪ Future Roadmap

2H 2019 achieve approval → 1Q 2020 complete Clinical Trial → 2020 release

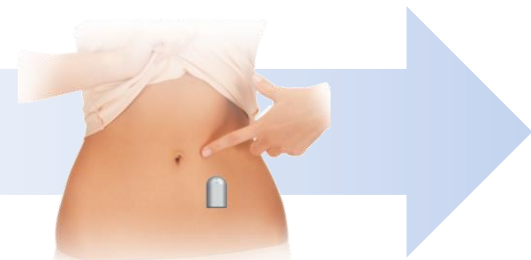
Development of artificial pancreas through integration of glucose measurement and insulin injection



Insulin patch single use

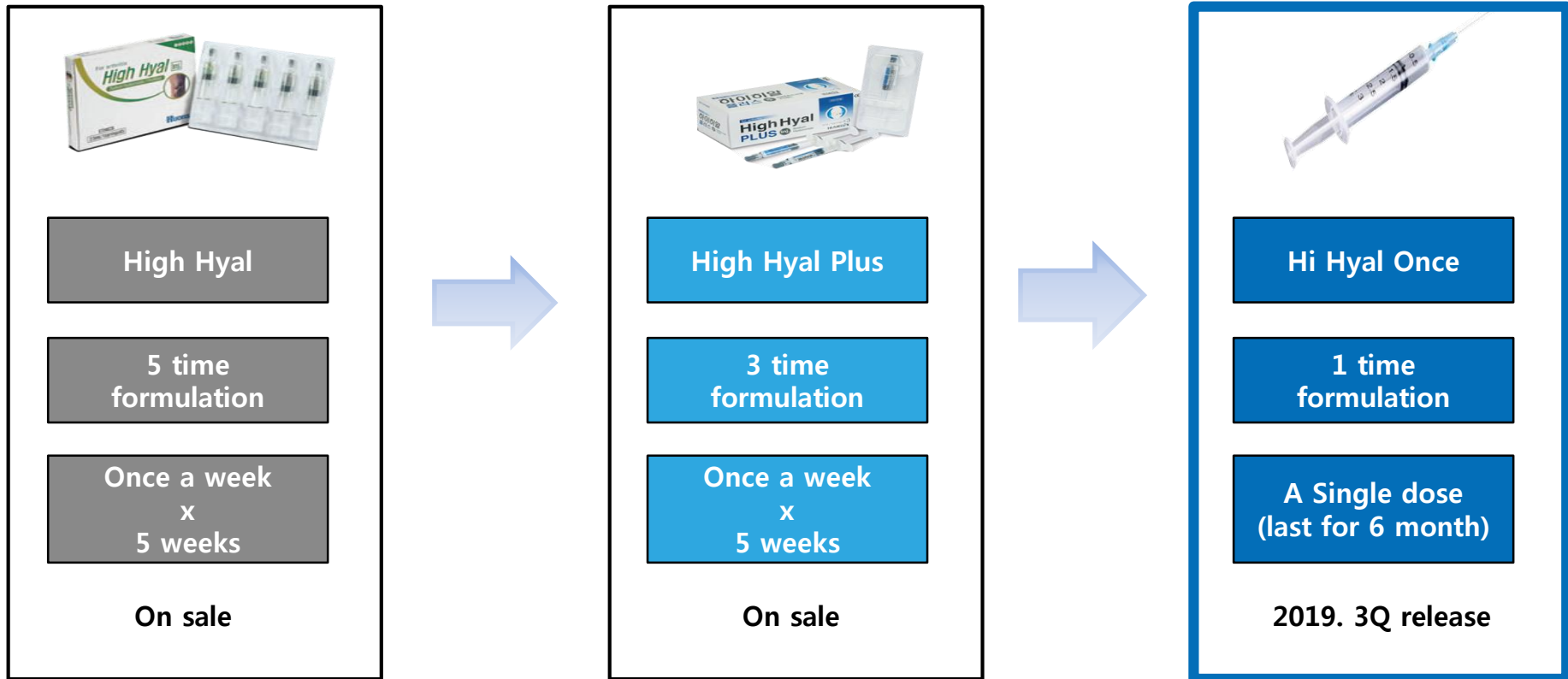


Insulin Patch is capable of being interlocked with CGM(Continuous Glucose Monitoring)



Integrate Insulin Patch with CGM

Increase the choice of Dr. by diversification of formulations & improve patient compliance





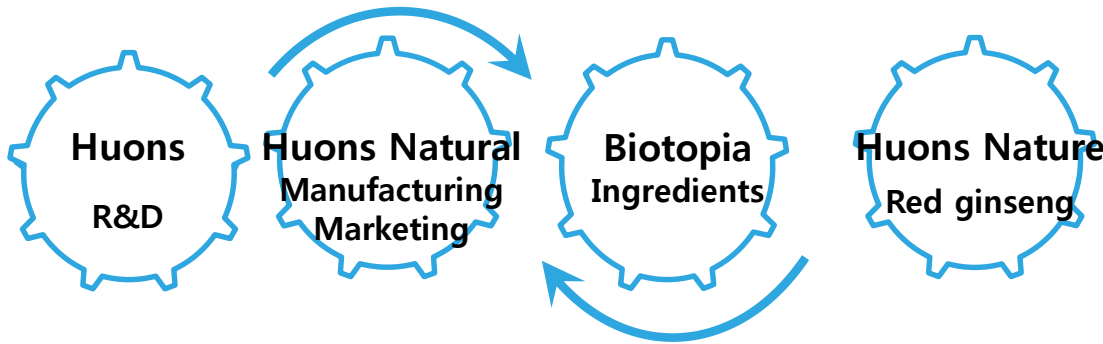
ZEPHIRUS

- Developed by Belgium 'Laboratoires SMB S.A.(SMB)'
- Dry powder inhalation agent
- **1st Compound agent in Domestic** (Budesonide + Salmeterol)
- Provide economic rationality based on insurance benefits and expand options for asthma
- Patient-friendly respiratory activation device provides a high degree of durability in the lungs
- Easy cleaning and drying
- **Release in 2H 2019(E)**

“Expect sales and operating profit surplus conversion of Health Functional Food Business”

(Unit: 100 million)

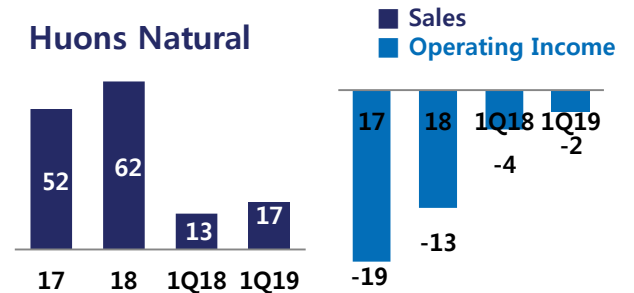
- Maximizing Huons Group’s Synergy



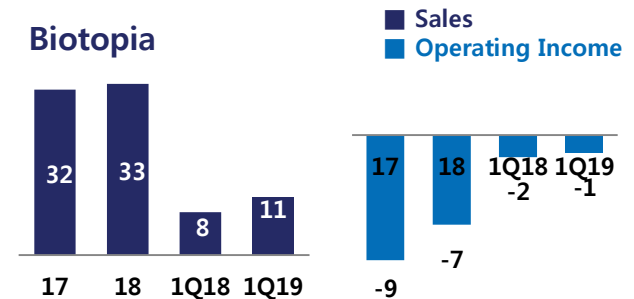
- “Presenting New trend of Health Functional Food Market” by developing a new functional ingredient .
(2017 Honey bush, schedule to release new ingredients)
- Diversify the portfolio by Renewal, securing new distribution channels, and release new products

[Sustain Sales growth & Deficit-reduction]

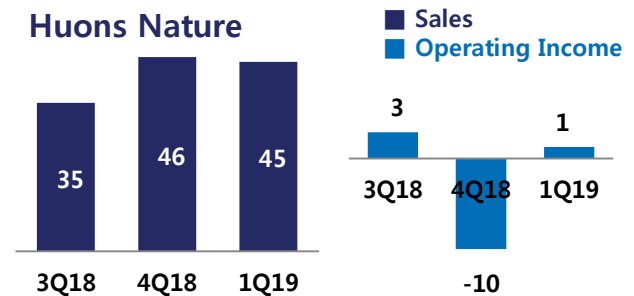
Huons Natural



Biotopia



Huons Nature



Name	Effect	Intro. Of tech	Launching date(E)	Status
honeybush	Wrinkle improvement	KOREA INSTITUTE OF ORIENTAL MEDICINE	Jul 2017	On sale Approved as a health functional food by KFDA
Zero Mate Green	Diet Supplement		Sep. 2018	On Sales
RDN-17001	Climacteric	KOREA FOOD RESEARCH INSTITUTE	2019.10	Under Approval process
HU033	Prostate	Choongnam university	2020.2Q	Human applicable test completed
RDN-18006	Reducing body fat	Biotopia	2021.1Q	Preparing Human applicable test
RDN-17009	Reducing body fat	-	2021	Discovery
RDN-18008	Improving sleep quality	Ajou University	2022	Discovery
RDN-19001	Joint health	Hallym University	2023	Discovery

☞ Release timing may change slightly

Huonland(JV) established for China eye drops market (KRW 1.4 trillion)

- Huons holds 41%
- Approved product registration(Brimonidine tartrate) for glaucoma treatment(Jul 2016) & GMP(Nov 2016)



Product	For use	Submitted the application date	Item approval date
Brimonidine tartrate	Glaucoma	Sep 2015	Jul 2016(Completed)
HA Artificial tears	Artificial tears	Dec 2015	1H'19(E)
Ophthalmic perfusate	Perfusate(cataract, etc.) during ophthalmic surgery	4Q'17	2H'19(E)
Olopatadine	Allergic conjunctivitis	1H'19(E)	2021(E)
Levofloxacin	keratitis	2H'19(E)	2021(E)

Consolidated Financial Statement (Unit: Million KRW)

	1Q 2019	2018
Current assets	171,912	171,906
Non-current assets	88,672	79,464
Total assets	260,583	251,371
Current liabilities	83,915	76,135
Non-current liabilities	6,014	7,553
Total liabilities	89,928	83,688
Controlling interests	166,135	163,269
Issued capital	4,492	4,084
Capital surplus	73,609	73,609
Capital adjustment	(3,063)	(3,063)
Accumulated other comprehensive income	1,041	946
Retained earnings	90,056	87,693
Non-controlling interests	4,520	4,414
Total equity	170,655	167,682

	1Q 2019	2018
Revenue(Sales)	82,621	328,595
Cost of sales	36,057	147,040
Gross profit	46,564	181,555
Selling general administrative expenses	34,520	136,303
Operating income	12,045	45,252
Equity method gains / losses	11,855	55,966
Profit (loss) before tax	2,453	11,371
Income tax expense	9,403	44,595
Net income	82,621	328,595
Earnings per share	1,058	5,040

Seperate Financial Statement (Unit: Million KRW)

	1Q 2019	2018
Current assets	160,061	159,529
Non-current assets	88,574	80,408
Total assets	248,635	239,937
Current liabilities	76,954	69,669
Non-current liabilities	1,743	3,605
Total liabilities	78,697	73,274
Issued capital	4,492	4,084
Capital surplus	73,958	73,958
Capital adjustment	(984)	(984)
Accumulated other comprehensive income	1,198	1,198
Retained earnings	91,274	88,406
Total equity	169,938	166,663

	1Q 2019	2018
Revenue(Sales)	76,041	313,390
Cost of sales	30,771	134,865
Gross profit	45,270	178,526
Selling general administrative expenses	33,033	130,544
Operating income	12,238	47,982
Profit (loss) before tax	12,302	54,988
Income tax expense	2,501	11,572
Net income	9,801	43,415
Earnings per share	1,092	4,838

Thank you