

Expanding Our Reach

3Q 2011 Performance Results

October 2011



 **DONG-A PHARM.**

Forward Looking Statements

The business results for the 3rd quarter of 2011, currently under audit review, are presented here for investors' convenience. Hence, please be advised that some of their contents may be altered in the course of audit.

This presentation may contain "forward-looking statement." Forecasts and projections contained in this material are based on current business environments and management strategies, and they may differ from the actual results upon changes and unaccounted variables.

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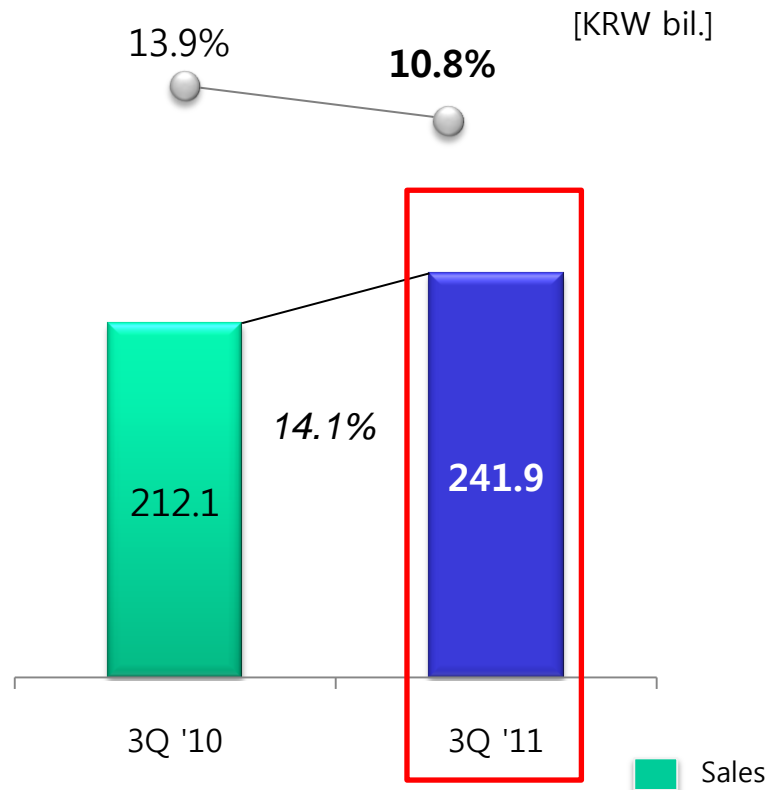
Appendix

I. Financial Performance (K-GAAP)

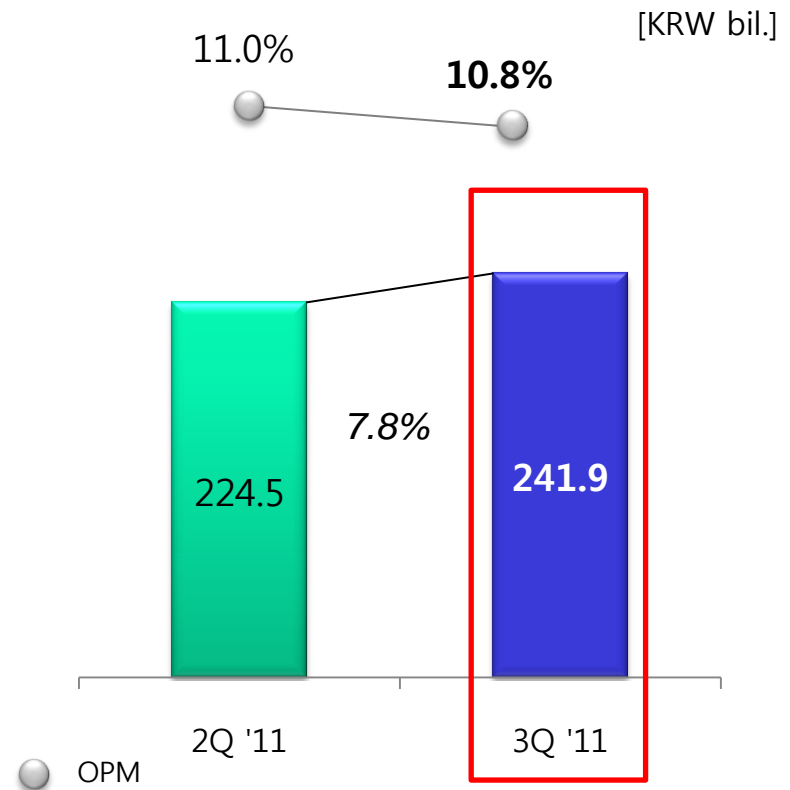
I. Financial Performance – Sales & OPM

- Sales grew 14.1% YoY, 7.8% QoQ to KRW241.9bil.
- Operating profit lowered 11.1% YoY to KRW26.2bil. With 10.8% operating profit margin

YoY



QoQ

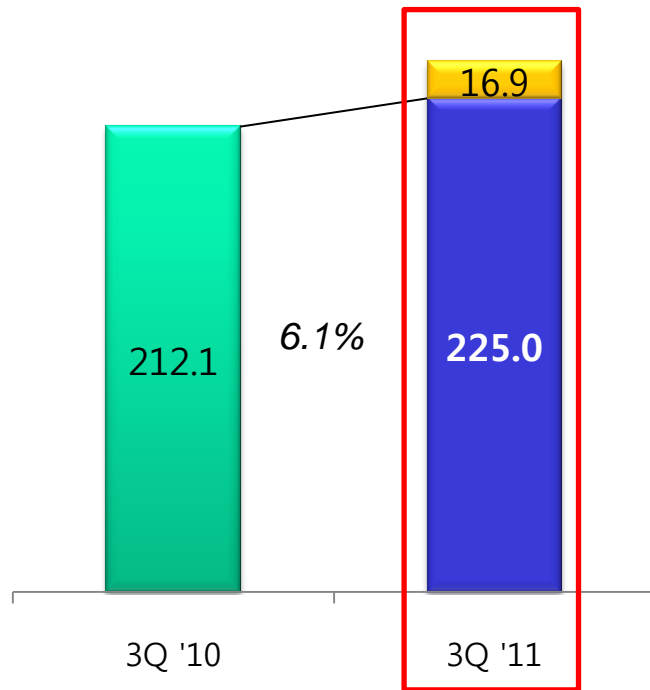


I. Financial Performance – GSK Products Sales

- GSK's Hepsera, Zeffix, Avohalers's started to be recorded on Dong-A's I/S from 3Q
- On like for like, sales grew 6.1% YoY, 0.2% QoQ

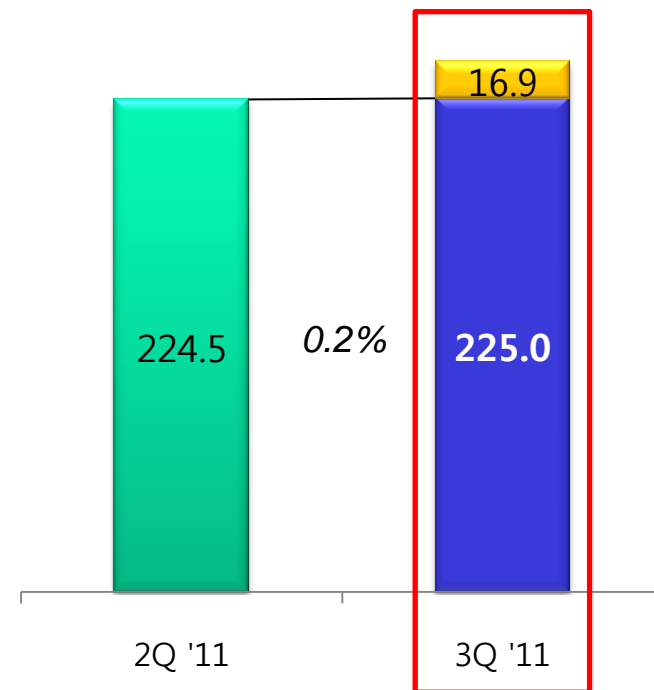
YoY

[KRW bil.]



QoQ

[KRW bil.]



Sales

I. Financial Performance – Margin Analysis

- Operating profit margin decreased 3.1%p due to increase in CoGS

	3Q '10	2Q '11	3Q '11	YoY	QoQ
<i>Gross Profit Margin</i>	58.6%	58.1%	52.6%	-6.0%p	-5.5%p
<i>Operating Profit Margin</i>	13.9%	11.0%	10.8%	-3.1%p	-0.2%p
<i>SG&A per Sales</i>	44.7%	47.1%	41.8%	-2.9%p	-5.3%p
<i>HR Related Cost per Sales (Salary + Severance + Fringe Benefit)</i>	11.7%	15.3%	12.3%	0.6%p	-3.0%p
<i>Advertisement Cost per Sales</i>	4.7%	5.5%	4.6%	-0.1%p	-0.9%p
<i>Support for Research cost per Sales</i>	3.9%	4.7%	4.4%	0.5%p	-0.3%p
<i>Sales Promotion per Sales</i>	6.8%	4.1%	3.6%	-3.2%p	-0.5%p
<i>R&D Cost per Sales (Reflected in SG&A)</i>	8.0%	8.0%	7.4%	-0.6%p	-0.6%p

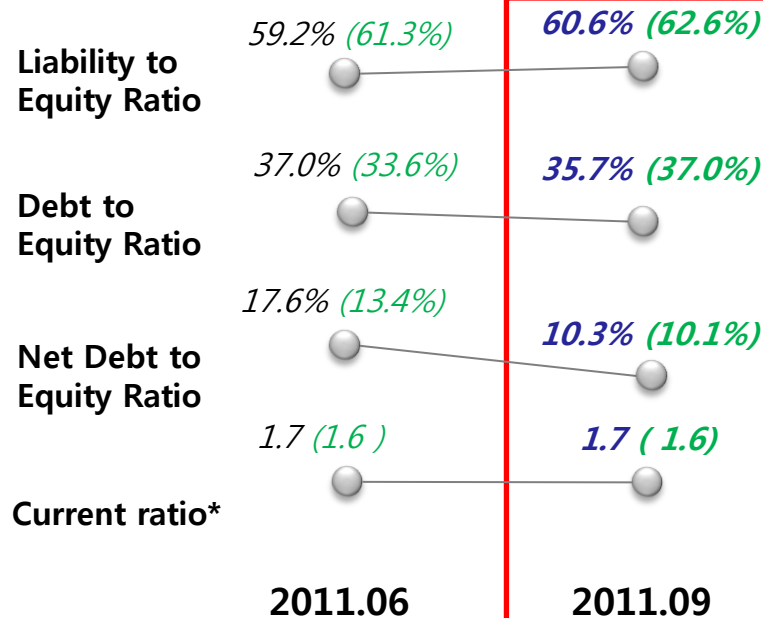
I. Financial Performance – Balance Sheet

[KRW bil.]

	2011. 06	2011. 09	Change
Total Asset	1,211.3	1,257.2	3.8%
Cash*	147.4	198.3	34.5%
Payable	143.0	148.8	4.1%
Inventory	115.9	110.3	-4.8%
Total Liability	450.2	474.3	5.3%
Debt	281.3	279.3	-0.7%
Total Capital	761.1	782.9	2.9%

* Cash = Cash + Cash Equivalent + Short-Term Securities

Major Financial Ratio K-GAAP (K-IFRS)



* Current Asset / Current Liability

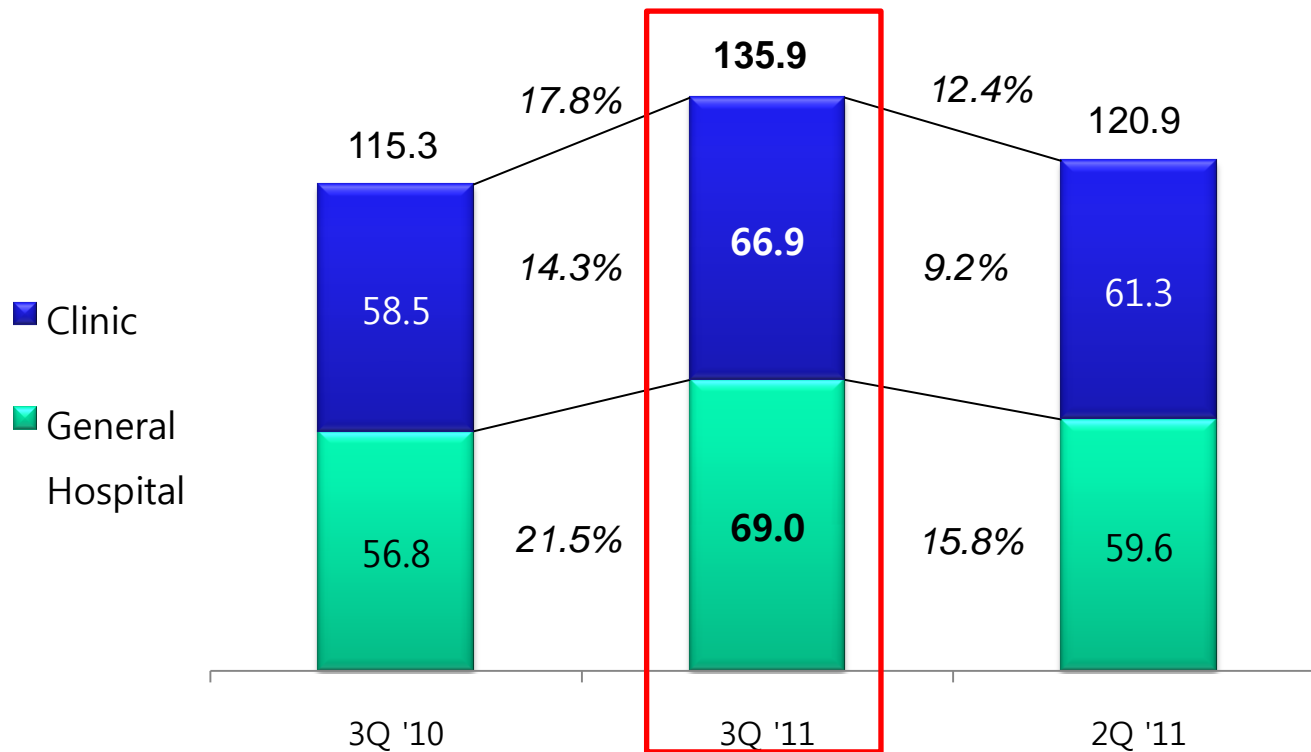
II. Performance by Division

II. Performance by Division – ETC (GH/Clinic)

- ETC sales grew 17.8% YoY, 12.4% QoQ
- General Hospital sales increased 21.5% YoY, Clinic sales increased 14.3% YoY

ETC 2Q YoY, QoQ

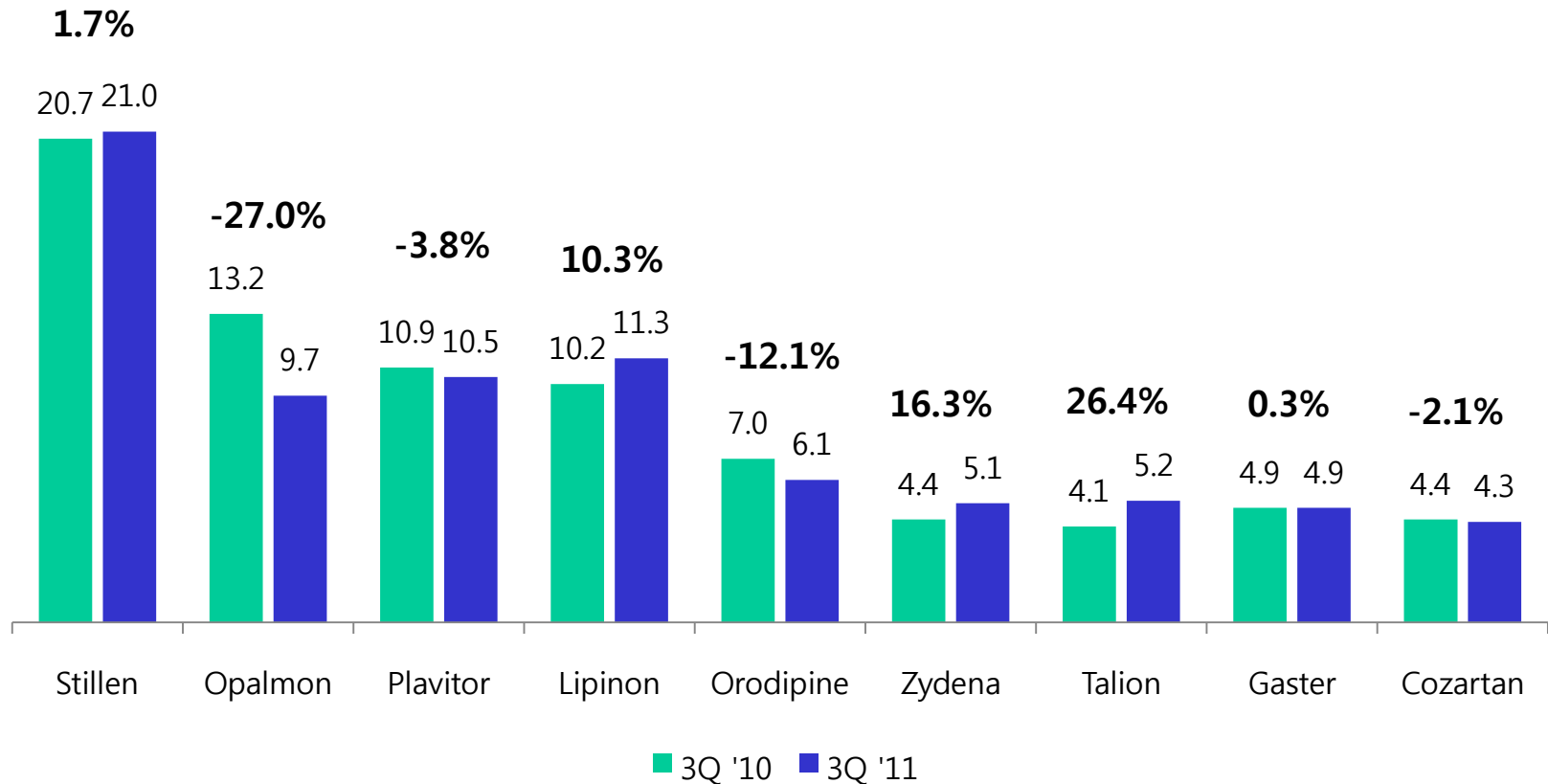
[KRW bil.]



II. Performance by Division – ETC (GH/Clinic)

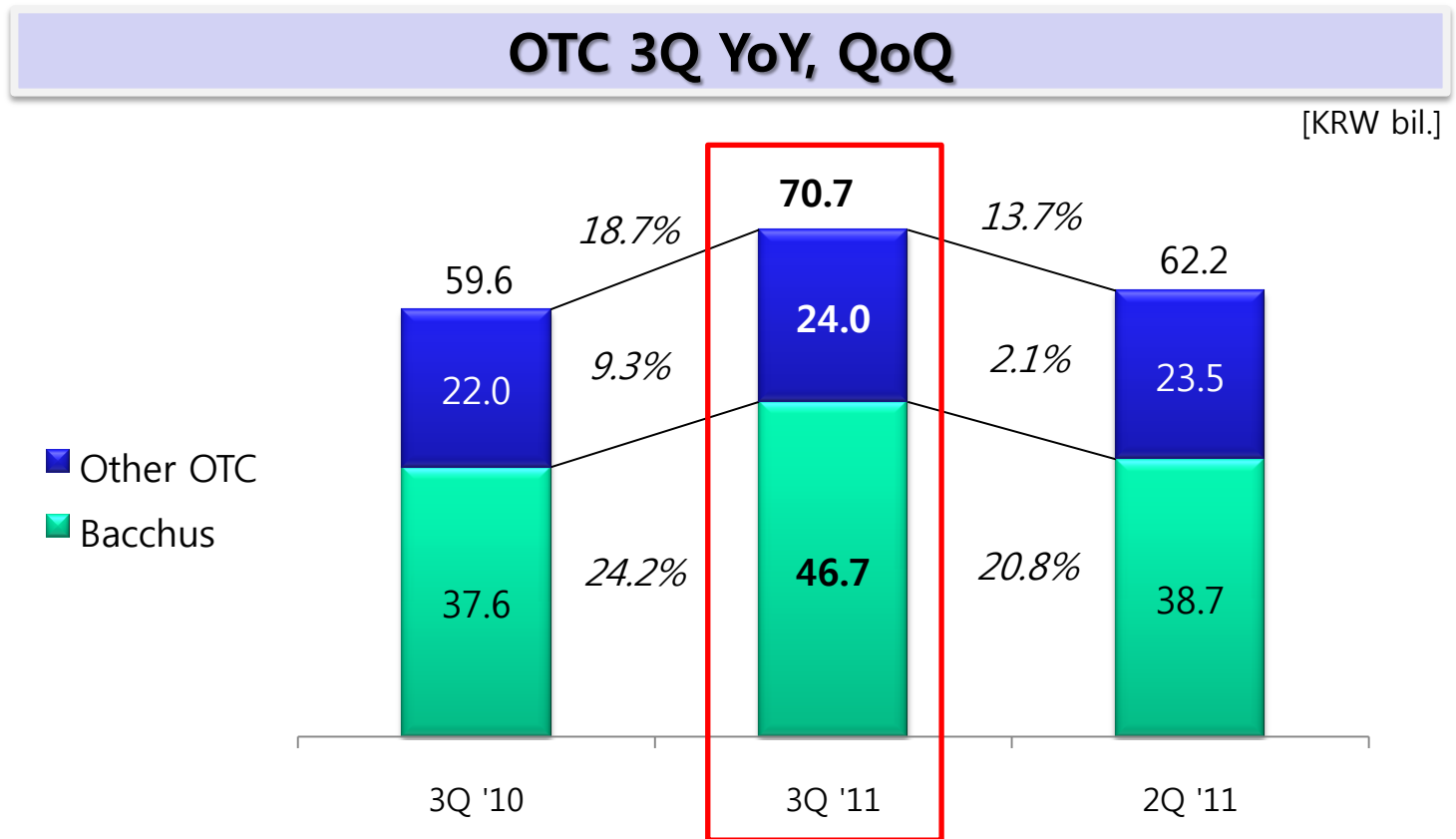
Major ETC Products Growth

[KRW bil.]



II. Performance by Division – OTC (Bacchus/Other)

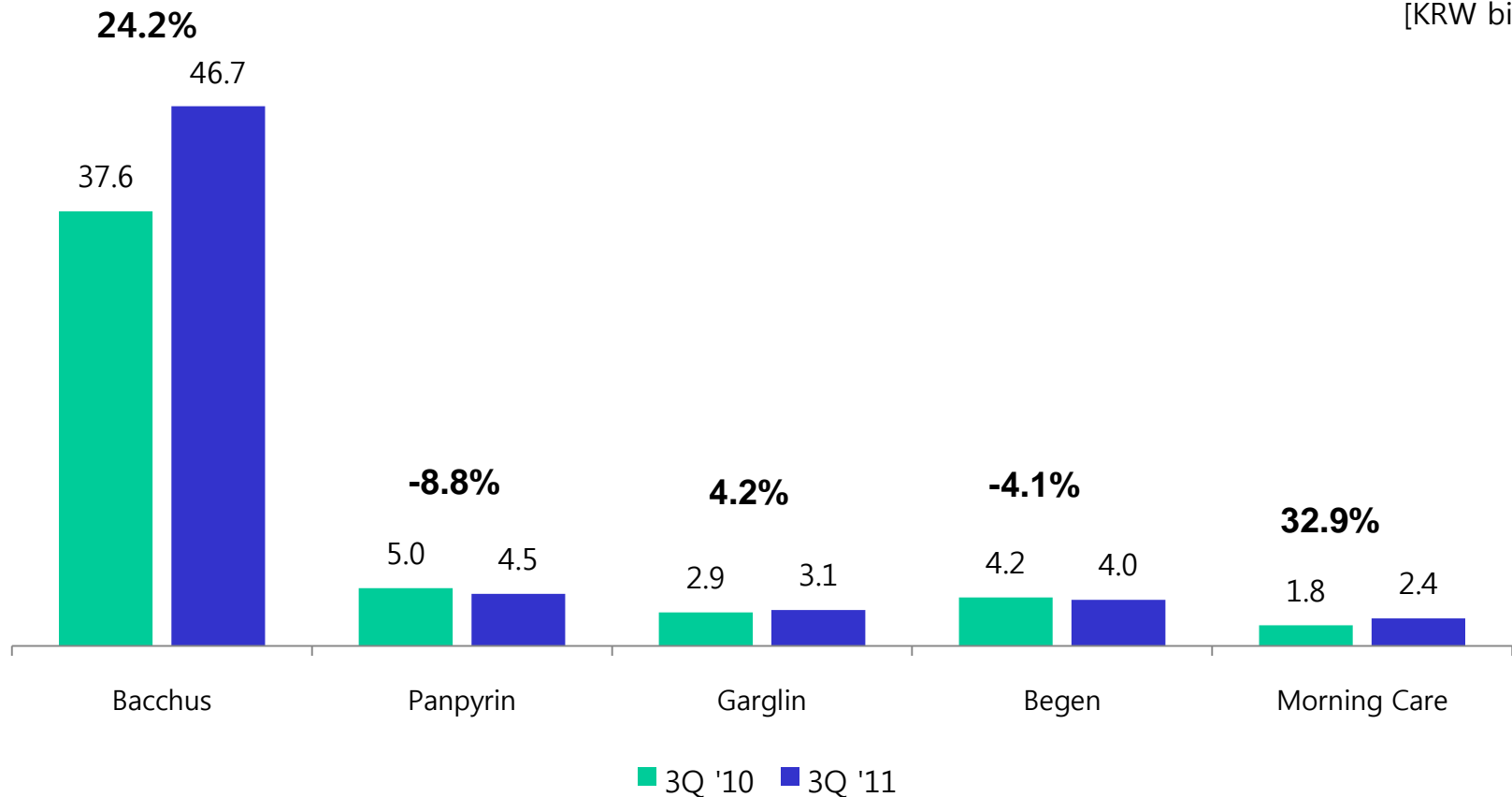
- OTC sales improved 18.7% YoY buoyed by 24.2% growth in Bacchus



II. Performance by Division – OTC (Bacchus/Other)

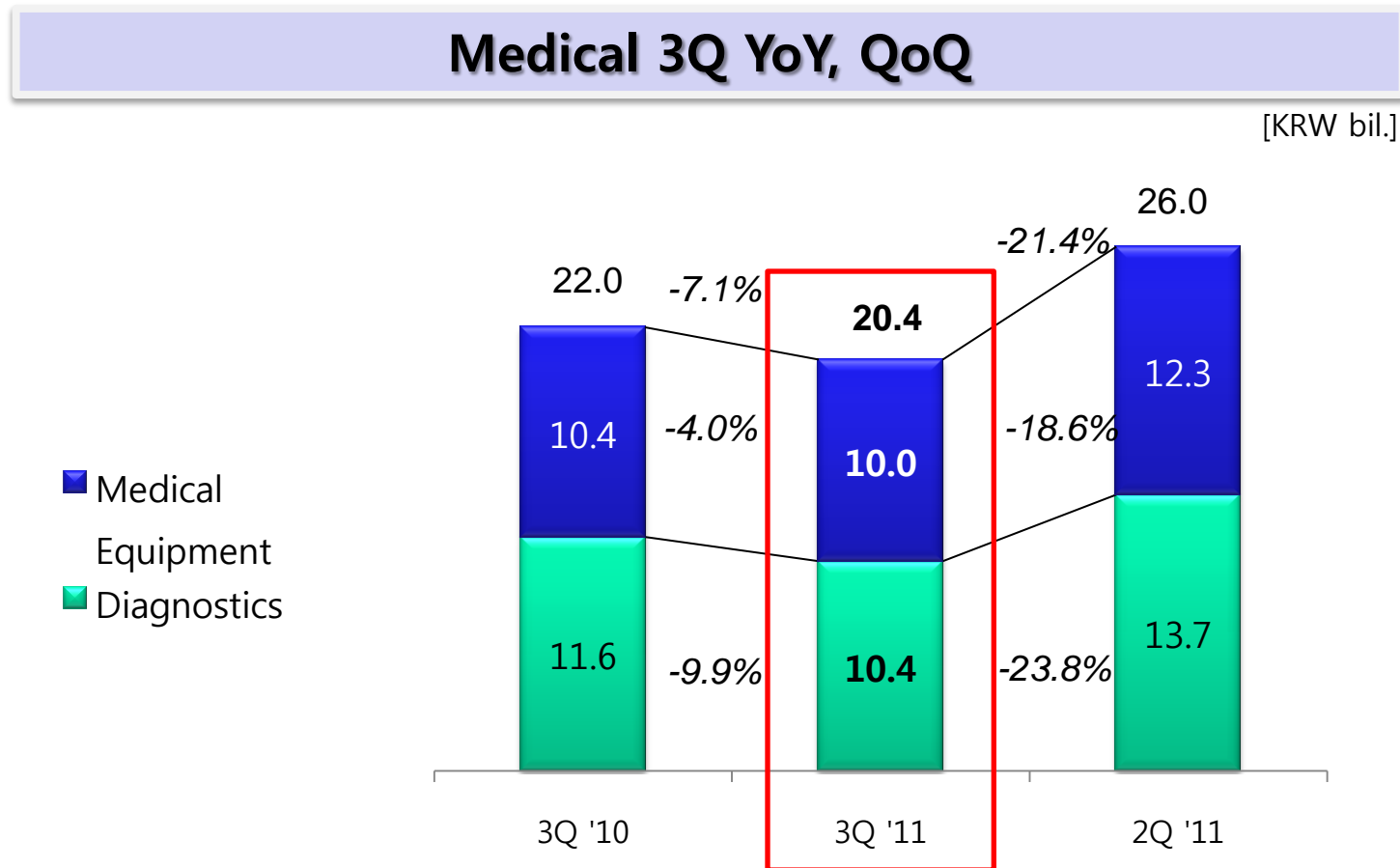
Major OTC Products Growth

[KRW bil.]



II. Performance by Division – Medical

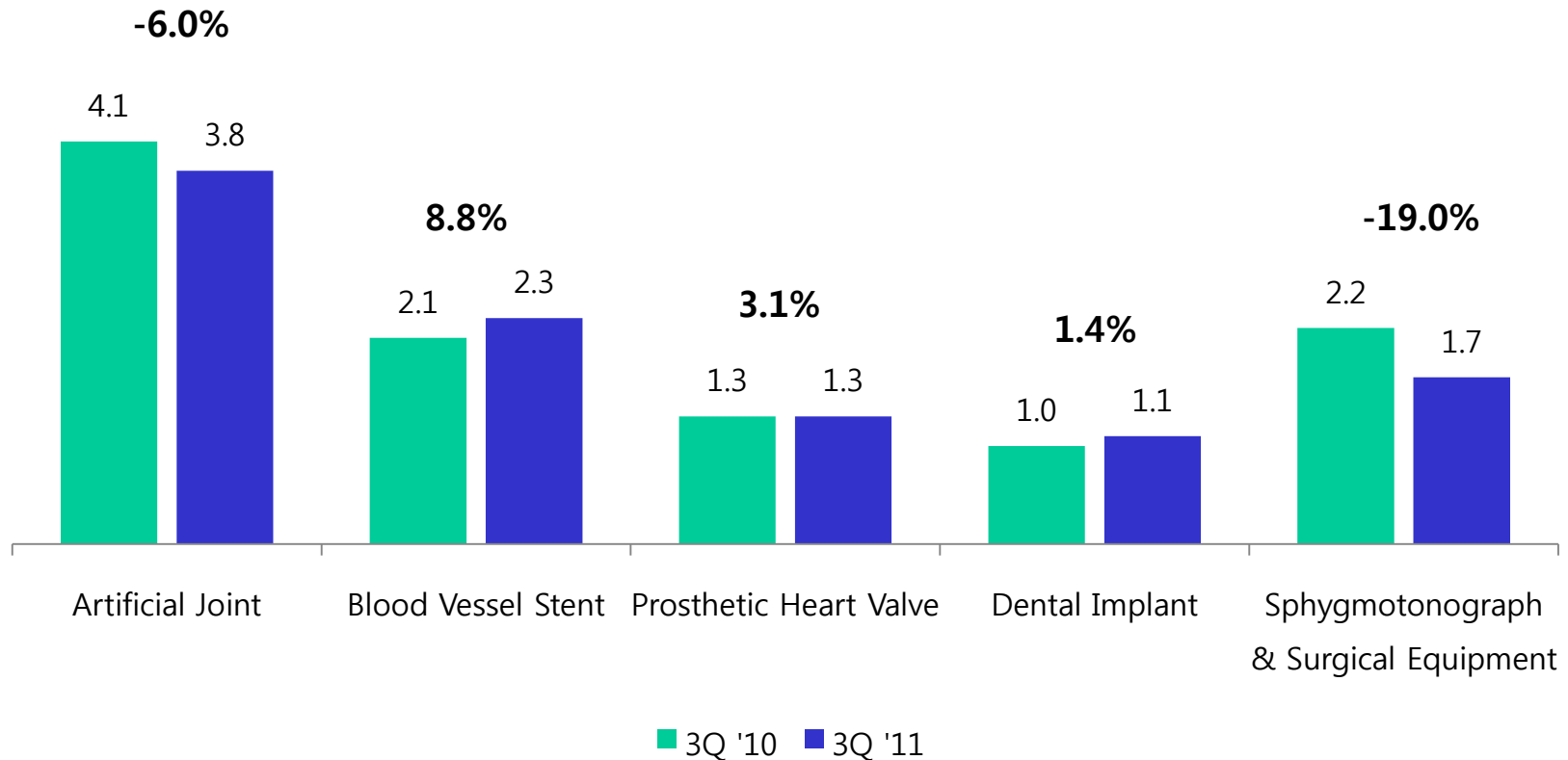
- Medical Equipment sales decreased 4.0% YoY
- Diagnostics sales decreased 9.9% YoY



II. Performance by Division – Medical

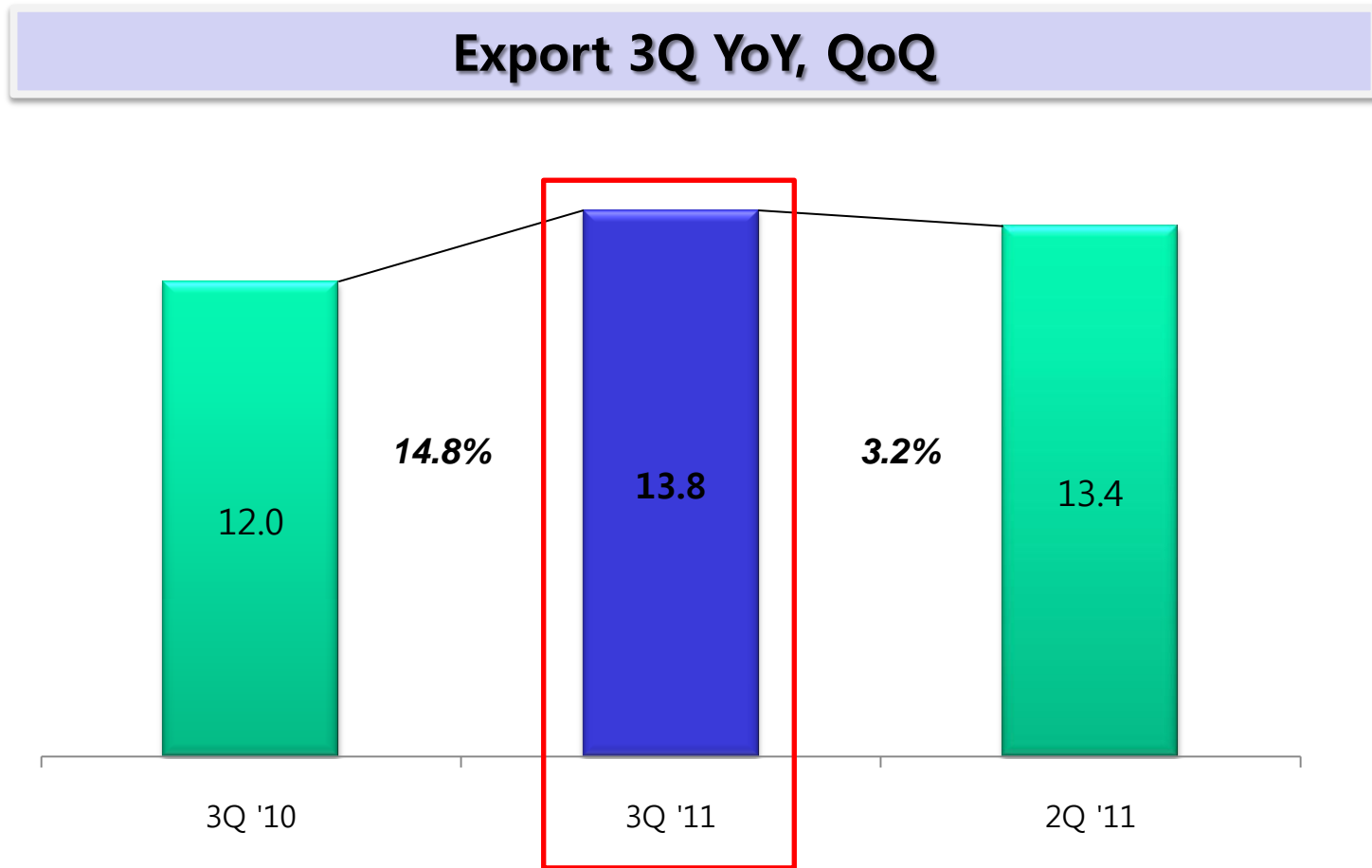
Major Medical Products Growth

[KRW bil.]



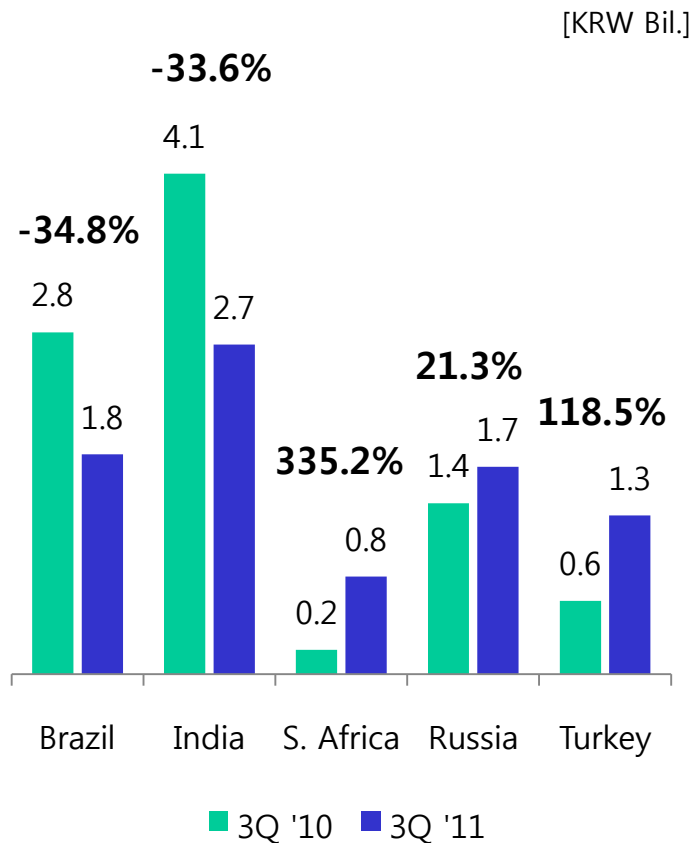
II. Performance by Division – Export

- Export sales grew 14.8% YoY, 3.2% QoQ

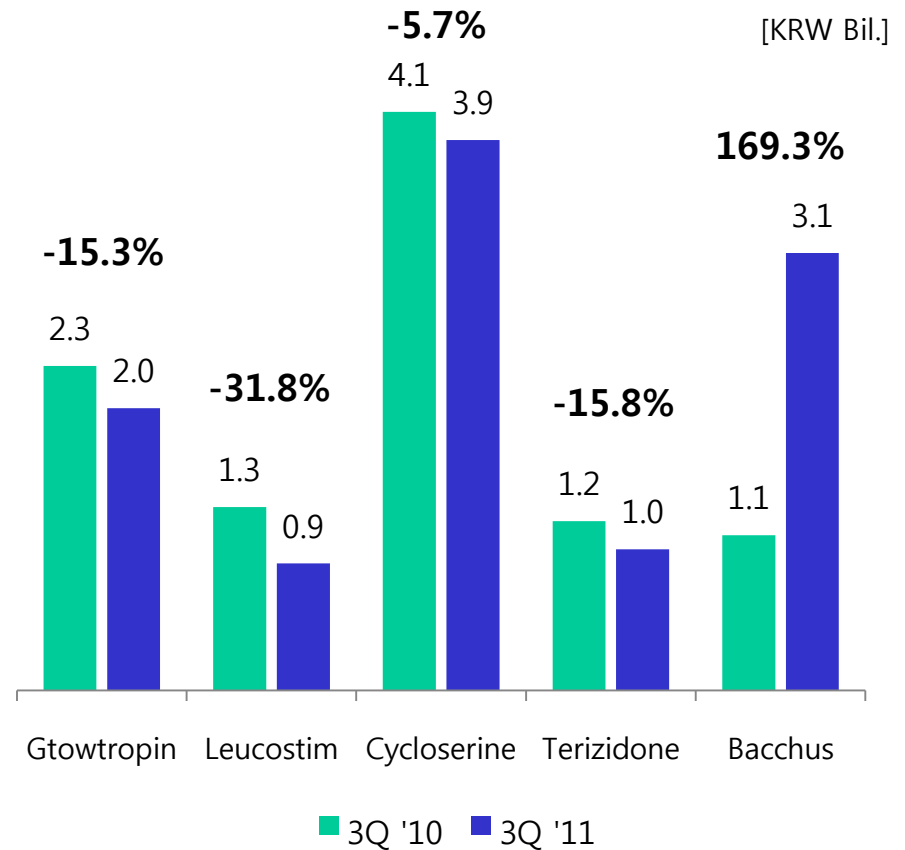


II. Performance by Division – Export

Regional Growth



Products Growth



III. R&D Update

III. R&D Pipeline – New Chemical Entity (NCE)

TYPE	CODE NAME	MAJOR INDICATION	DESCRIPTION	STAGE
NCE	DA – 8159	Erectile Dysfunction	PDE-5 Inhibitor	Phase 3 completed (US) Warner Chilcott
		Benign Prostatic Hyperplasia		Phase 2 planned (US) Warner Chilcott
		Portal Hypertension		Under Phase 2 (EU) Dr. Falk
		Pulmonary Arterial Hypertension		Under Phase 2 (KR)
	DA – 7218	Infection (ABSSSI)	Oxazolidinone Class Antibiotic	Under Phase 3(b) (US) Trius Therapeutics
		Lung Infection		Phase 3 planned (US) Trius Therapeutics
		Systematic Infection		Phase 2 planned (US) Trius Therapeutics
	DA – 1229	Type 2 Diabetes	DPP-4 Inhibitor	Under Phase 2 (KR)
	DA - 6034	Gastritis	Flavone Derivative	Under Phase 3 (KR)
		Dry Eye		Phase 2 planned (KR)
DA - 8031	Premature Ejaculation	SERT Inhibitor	Under Phase 1 (KR)	

III. R&D Pipeline – Phyto- & Bio-medicine

TYPE	CODE NAME	MAJOR INDICATION	DESCRIPTION	STAGE
Phyto	Motilitone	Functional Dyspepsia	Herbal Extracts	NDA Approved (KR)
	DA-9801	Diabetic Neuropathy	Herbal Extracts	Phase 2 planned (KR)
Bio	DA-3801	Infertility (Ovulation Induction)	Recombinant FSH	Under Phase 3 (KR)
	DA-3803	Infertility	Recombinant hCG	Phase 3 planned (KR)
	DA-3030	Diabetic Neuropathy	G-CSF	Under Phase 2 (KR)
	DA-3031	Neutropenia	PEGylated-G-CSF	Under Phase 3 (KR)
	DA-3051	Multiple Sclerosis	Interferon- β	Phase 1 completed (Brazil) Bergamo
	DA-3091	Type 2 Diabetes	Long-acting Exenatide	Under Phase 1 (KR)
	DA-3607	Brain Tumor	TRAIL	Under Phase 1 (KR)

R&D Pipeline – Other Bio-medicine

R&D on Bio at Beginning Stage

- Biosimilar/better- DA-3811 (Gaucher Disease, Cerezyme Biosimilar)
DA-3808 (Hemophilia A, Advate Biosimilar)
DA-3880 (Anemia of Chronic Renal Failure, Aranesp Biosimilar)
- Antibody - DA-3111 (her2 Positive Breast Cancer, Herceptin Biosimilar)

R&D Roadmap

2011~2012	2012~2013	2013~2014	2014~BEYOND
			DA-8159 (BPH – U.S. / PAH)
		DA-7218 (MRSA - U.S.)	DA-1229 (Diabetes)
		DA-8159 (PH)	DA-6034 (Dry Eye)
DA-9701 (Dyspepsia)	DA-8159 (ED – U.S.)	DA-3803 (Infertility)	DA-8031 (Premature Ejaculation)
DA-3801 (Anovulation)	DA-6034 (Gastritis)	DA-3031 (Neutropenia)	DA-3091 (Diabetes)
		DA-3051 (Multiple Sclerosis - Brazil)	DA-3607 (Brain Tumor)
			DA-9801 (Diabetic Neuropathy)

IV. Other Managerial Issue

IV. Other Managerial Issue

❖ IFRS vs. K-GAAP Reconciliation

[KRW bil.]

Statements of Income

Account	K-GAAP	K-IFRS
Sales	241.9	241.9
CoGS	114.7	113.7
Gross Profit	127.2	128.2
SG&A	101.0	98.8
Other Income		1.0
Other Losses		2.1
Operating Profit	26.2	28.2
<i>OPM</i>	<i>10.8</i>	<i>11.7</i>
Financial Income	6.9	2.2
Financial Expenses	4.3	3.4
EBT	28.7	27.0
Tax Expenses	7.3	5.6
Net Income	21.4	21.4
Other Comprehensive Income		0.2
Total Comprehensive Income		21.6

Statements of Financial Position

Account	K-GAAP	K-IFRS
Current Assets	458.7	458.9
Non-current Assets	798.5	741.4
Total Assets	1,257.2	1200.3
Current Liabilities	269.8	280.4
Non-current Liabilities	204.5	181.9
Total Liabilities	474.3	462.2
Total Stockholders' Equity	782.9	738.1

Appendix

Condensed Statements of Financial Position (K-GAAP)

[KRW bil.]

	2008	2009	1Q '10	2Q '10	3Q '10	4Q '10	1Q '11	2Q '11	3Q '11
Total Assets	731.6	1,000.0	1,025.8	1,188.2	1,175.0	1,160.4	1,193.7	1,211.3	1,257.2
Current Assets	292.7	294.7	301.7	448.2	438.6	380.4	401.2	417.6	458.7
Cash	44.5	44.8	54.9	177.5	181.8	132.6	147.0	147.4	198.3
Receivables	134.9	133.8	134.9	138.0	136.0	132.3	134.1	132.2	148.8
Inventories	109.0	118.2	111.4	109.3	112.4	115.7	118.9	115.9	110.3
Fixed Assets	438.9	705.3	724.1	740.0	736.4	780.0	792.5	793.7	798.5
Total Liabilities	381.4	420.0	440.5	474.4	447.3	431.6	454.8	450.2	474.3
Current Liabilities	249.1	316.0	335.6	240.8	200.9	222.1	242.1	249.5	269.8
Fixed liabilities	132.3	103.9	104.9	233.5	246.4	209.4	212.7	200.7	204.5
Total Equity	350.2	580.1	585.3	713.9	727.7	728.9	738.9	761.1	782.9
Liability to Equity Ratio	108.9	72.4%	75.3%	66.5%	61.5%	59.2%	61.6%	59.2%	60.6%
Debt to Equity Ratio	69.1%	47.0%	47.8%	42.7%	40.0%	38.6%	38.3%	37.0%	35.7%
Net Debt to Equity Ratio	56.4%	39.3%	38.4%	17.8%	15.0%	20.4%	18.4%	17.6%	10.3%

Condensed Statements of Income (K-GAAP)

[KRW bil.]

	2008	2009	1Q '10	2Q '10	3Q '10	4Q '10	2010	1Q '11	2Q '11	3Q '11
Sales	702.3	801.1	201.0	221.4	212.1	212.3	846.8	210.2	224.5	241.9
CoGS	259.2	323.2	81.7	86.4	87.9	89.6	345.6	83.7	94.1	114.7
Gross Profit	443.1	477.9	119.3	135.0	124.2	122.7	501.3	126.5	130.4	127.2
SG&A	361.4	386.0	96.0	106.3	94.7	105.6	402.7	100.8	105.7	101.0
Operating Profit	81.7	91.9	23.3	28.7	29.5	17.1	98.5	25.7	24.6	26.2
Interest Cost	13.1	15.5	3.7	4.8	4.5	1.3	14.3	3.1	3.3	3.4
EBT	71.0	85.1	21.1	37.8	17.5	22.4	98.8	27.4	27.1	28.7
Net Profit	43.4	63.3	15.5	33.2	11.2	13.2	73.1	21.1	21.2	21.4
GP Margin	63.1%	59.7%	59.3%	61.0%	58.6%	57.8%	59.2%	60.2%	58.1%	52.6%
OP Margin	11.6%	11.5%	11.6%	12.9%	13.9%	8.1%	11.6%	12.2%	11.0%	10.8%
EBT Margin	10.1%	10.5%	10.5%	17.1%	8.3%	10.6%	11.7%	13.0%	12.1%	11.9%
NP Margin	6.2%	7.9%	7.7%	15.0%	5.3%	6.2%	8.6%	10.0%	9.5%	8.8%

Performance by Division

[KRW bil.]

Division	2008	2009	1Q '10	2Q '10	3Q '10	4Q '10	2010	1Q '11	2Q '11	3Q '11
ETC Total	399.0	463.1	120.0	124.2	115.4	122.1	481.3	114.5	120.9	135.9
General Hospital	208.2	227.5	60.9	60.7	56.8	57.1	235.5	55.8	59.6	69.0
Clinic	190.8	235.6	58.7	63.5	58.5	65.0	245.7	58.7	61.3	66.9
OTC Total	199.0	209.1	47.1	60.8	59.6	54.2	221.7	51.9	62.2	70.7
Bacchus	118.8	116.5	23.0	36.8	37.6	31.0	128.3	26.6	38.7	46.7
Other OTC	80.2	93.2	24.2	24.0	22.0	23.2	93.4	25.3	23.5	24.0
Medical Total	69.7	81.1	23.5	23.0	22.0	22.8	91.3	25.3	26.0	20.4
Medical Equipment	32.6	39.7	12.9	11.7	10.4	11.0	46.0	12.9	12.3	10.0
Diagnostic	37.1	41.3	10.6	11.4	11.6	11.7	45.3	12.4	13.7	10.4
Export	26.1	37.4	9.7	12.4	12.0	10.8	45.0	12.3	13.4	13.8

Major Products Sales (ETC)

[KRW bil.]

Products	2008	2009	1Q '10	2Q '10	3Q '10	4Q '10	2010	1Q '11	2Q '11	3Q '11
Stillen	74.8	85.4	22.1	22.4	20.7	22.5	87.7	22.1	21.9	21.0
Opalmon	31.9	40.6	11.0	12.3	13.2	7.8	44.3	8.8	9.7	9.7
Plavitor	29.9	39.7	10.5	10.5	10.9	11.8	43.6	10.5	11.7	10.5
Lipinon	9.6	30.9	9.6	10.4	10.2	10.6	40.9	11.5	11.7	11.3
Orodipine	23.2	28.2	7.3	7.5	7.0	7.1	28.9	6.8	7.0	6.1
Nicetile	37.9	34.3	7.8	9.1	5.4	4.0	26.3	3.3	3.7	3.6
Gaster	16.7	18.5	4.8	4.5	4.9	5.0	19.1	4.6	4.6	4.9
Growtropin	14.4	15.6	4.4	4.0	4.5	4.3	17.2	4.8	4.8	6.0
Zydena	14.2	16.3	4.7	4.7	4.4	6.1	20.0	4.8	5.0	5.1
Cozartan	1.8	13.6	4.4	4.5	4.4	4.8	18.0	4.8	5.1	4.3
Talion	15.4	18.6	4.5	5.2	4.1	5.9	19.6	4.1	5.1	5.2
Glimel	13.6	15.1	4.1	4.1	3.6	3.8	15.5	3.8	3.9	4.1
Acrofen	11.0	11.6	2.7	3.0	2.9	2.8	11.4	2.8	2.9	3.0
Valtrex	9.1	10.3	2.5	2.4	2.6	2.5	10.0	1.2	1.9	2.3
Epocelin	10.9	10.3	2.3	2.2	2.5	2.9	10.0	1.9	2.5	2.9
Onon	10.9	11.7	3.0	3.3	2.4	3.7	12.4	2.9	3.1	2.4
Tanatril	10.2	4.7	1.1	1.2	1.0	1.2	4.5	1.0	1.1	0.7

Major Products Sales (OTC)

[KRW bil.]

Products	2008	2009	1Q '10	2Q '10	3Q '10	4Q '10	2010	1Q '11	2Q '11	3Q '11
Bacchus	118.8	116.5	23.0	36.8	37.6	31.0	128.3	26.6	38.7	46.7
Panpyrin	16.3	19.9	7.2	5.0	4.9	6.7	23.8	6.9	4.6	4.5
Bigen	15.4	15.3	3.4	3.5	4.2	2.6	13.7	3.7	3.7	4.0
Garglin	12.2	15.6	4.2	4.6	2.9	3.2	14.9	3.4	3.2	3.1
Morning Care	9.5	12.2	2.0	2.6	1.8	3.4	9.8	2.8	2.7	2.4

VALUE CREATION

WE
DELIVER
GREATER
VALUE.

Dong-A places the highest priority on ensuring the integrity of the company's management and upholding the rights of its shareholders.

We have been steadfast in nurturing a company culture in which everyone respects the value that is inherent in ethical conduct.

IMAGE DESCRIPTION: The Main Building of Dong-A Pharmaceutical Headquarters

CORPORATE INFORMATION & IR INFORMATION

CORPORATE INFORMATION

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March 18, 2011

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