

Dong-A Pharm.
3Q 2012 Performance Results
Investor Relations



October 2012

Forward Looking Statements

The business results for the 3rd quarter of 2012, 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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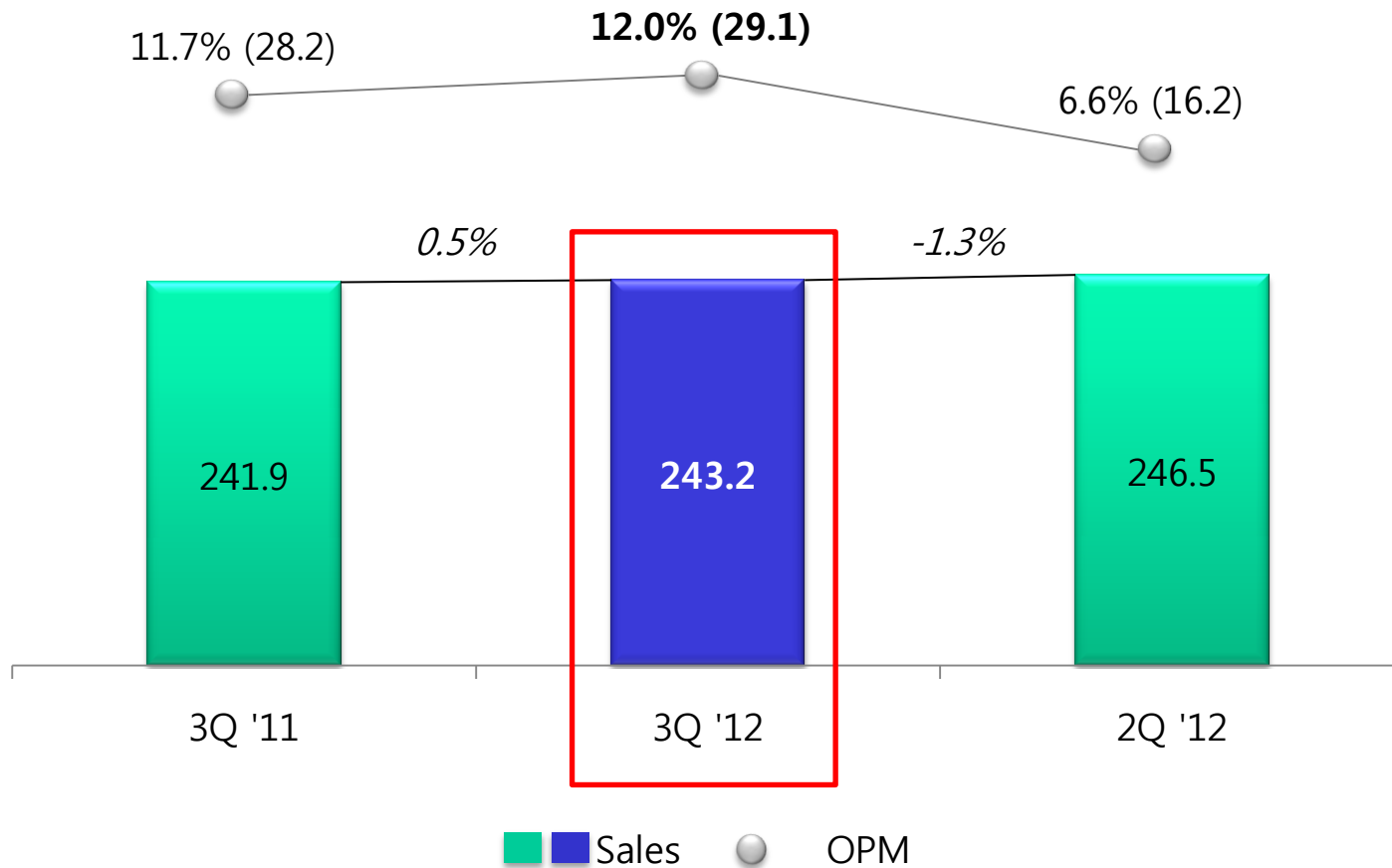


- I. Financial Performance
(K-IFRS Separate)**
- II. Performance by Division**
- III. Major Management Issue
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I. Financial Performance (K-IFRS Separate)

Financial Performance – Sales & OPM

[KRW bil.]



Financial Performance – Margin Analysis

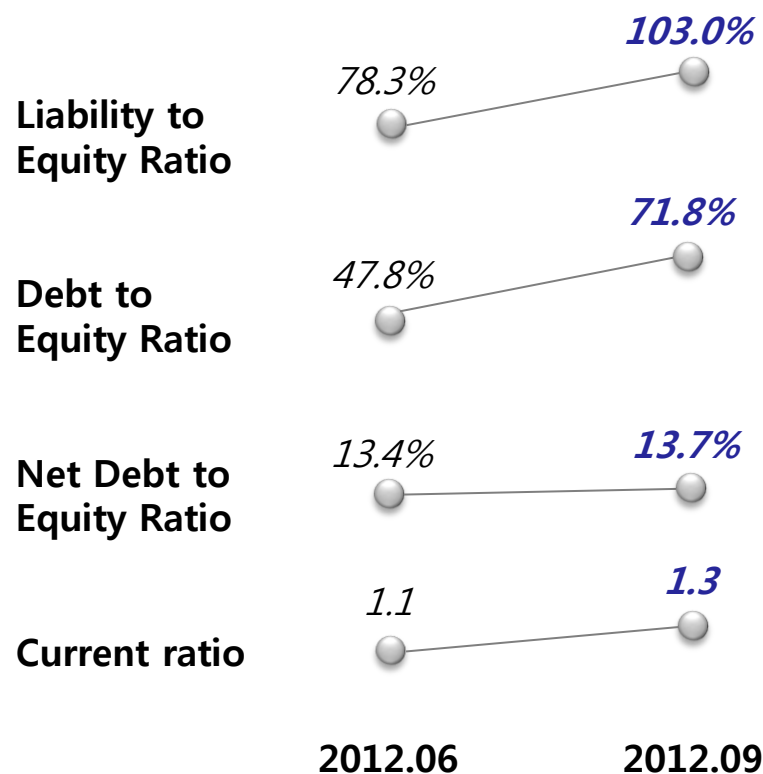
	3Q '11	2Q '12	3Q '12	YoY	QoQ
Cost of Goods Sold Ratio	47.0%	50.0%	46.4%	-0.6%p	-3.6%p
SG&A Expenses	40.9%	42.4%	42.0%	1.1%p	-0.4%p
HR Related Cost per Sales (Salary + Severance + Fringe Benefit)	11.5%	14.3%	14.1%	2.6%p	-0.2%p
R&D Cost per Sales (Reflected in SG&A)	7.1%	7.8%	7.9%	0.8%p	0.1%p
Advertisement Cost per Sales	4.6%	5.9%	4.9%	0.3%p	-1.0%p
Other Marketing Related Cost per Sales (Support for Research + Sales Promotion)	8.0%	6.1%	5.7%	-2.3%p	-0.4%p
Other Income per Sales	0.4%	0.3%	1.8%	1.4%p	1.5%p
Other Losses per Sales	0.9%	1.3%	1.4%	0.5%p	0.1%p
Operating Profit Margin	11.7%	6.6%	12.0%	0.3%p	5.4%p

2012 3Q Balance Sheet

[KRW bil.]

	2012. 06	2012. 09	QoQ
Total Asset	1,297.9	1,474.6	13.6%
Cash	250.6	421.8	68.3%
Receivable	143.1	145.0	1.4%
Inventory	121.3	120.6	-0.6%
Total Liability	570.0	748.3	31.3%
Debt	347.8	521.1	49.8%
Total Capital	728.0	726.3	-0.2%

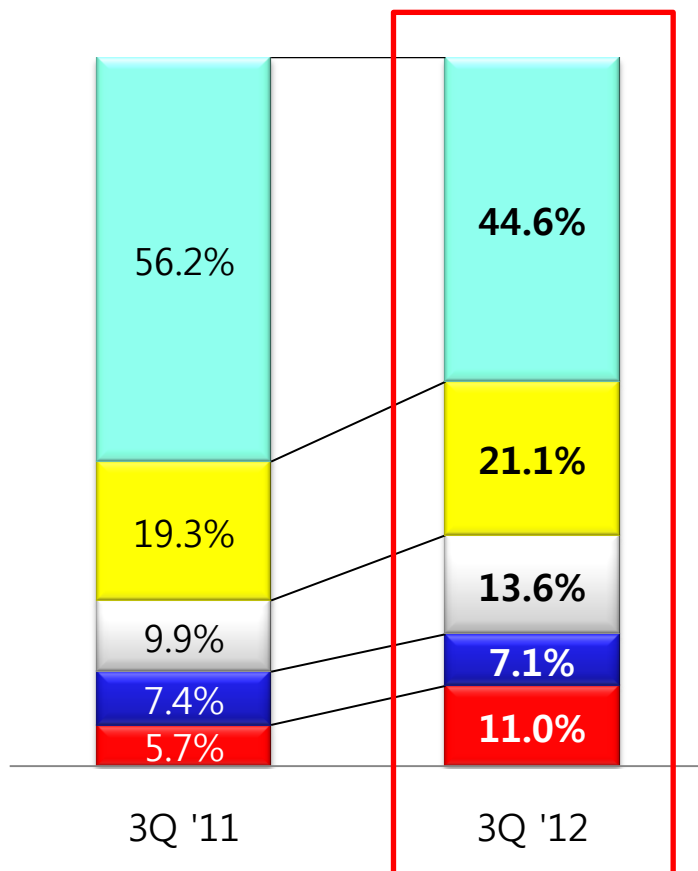
Major Financial Ratios



II. Performance by Division

Performance by Division

Sales Portion

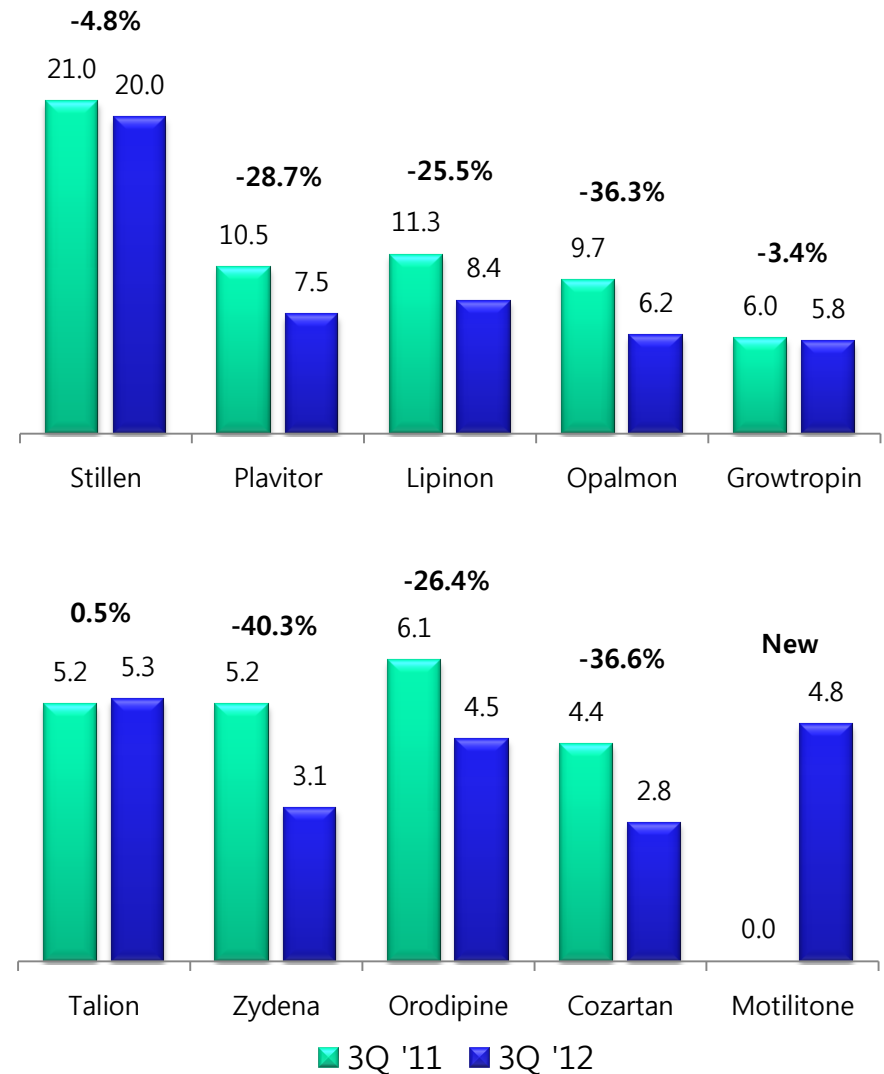
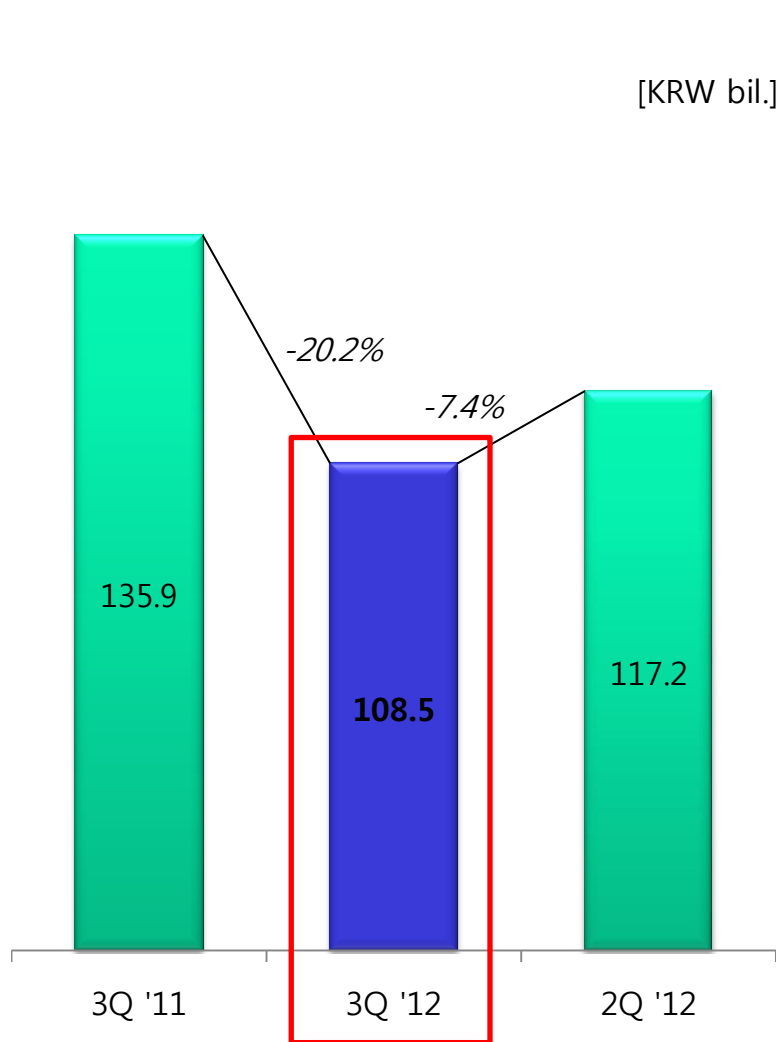


Sales by division

[KRW bil.]

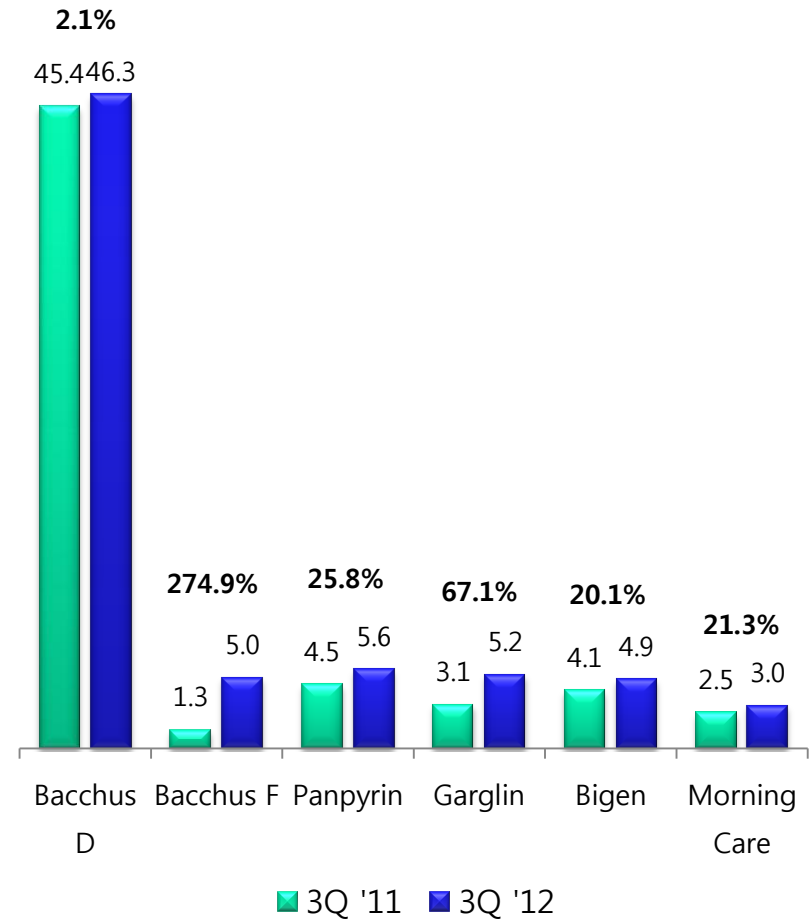
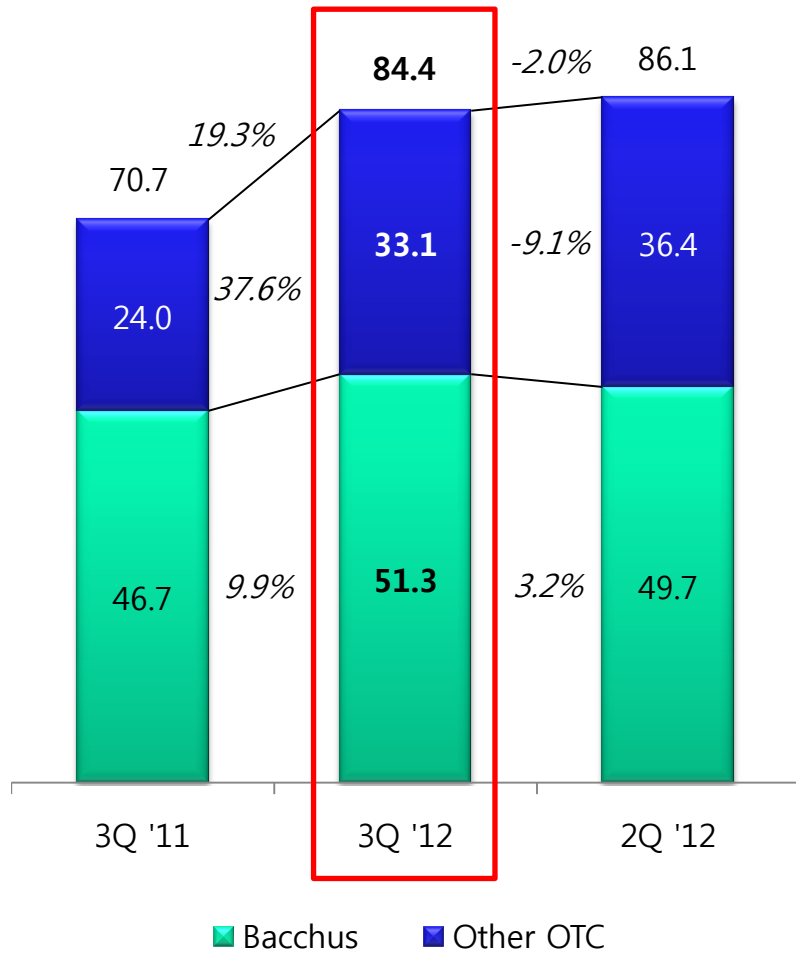
Division	3Q '11	2Q '12	3Q '12	Growth	
				YoY	QoQ
ETC	135.9	117.2	108.5	-20.2%	-7.4%
Bacchus	46.7	49.7	51.3	9.9%	3.2%
OTC	24.0	36.4	33.1	37.6%	-9.1%
Medical	17.8	18.0	17.2	-3.9%	-4.8%
Export	13.8	24.2	26.7	93.4%	10.4%

Performance by Division – ETC & Major Products

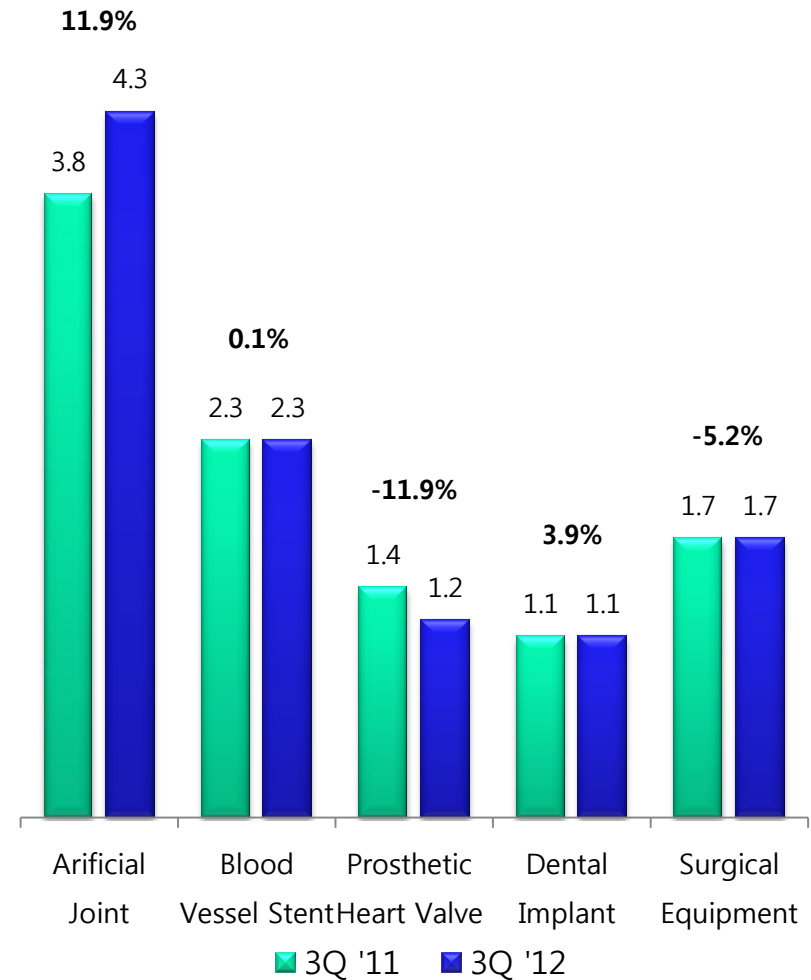
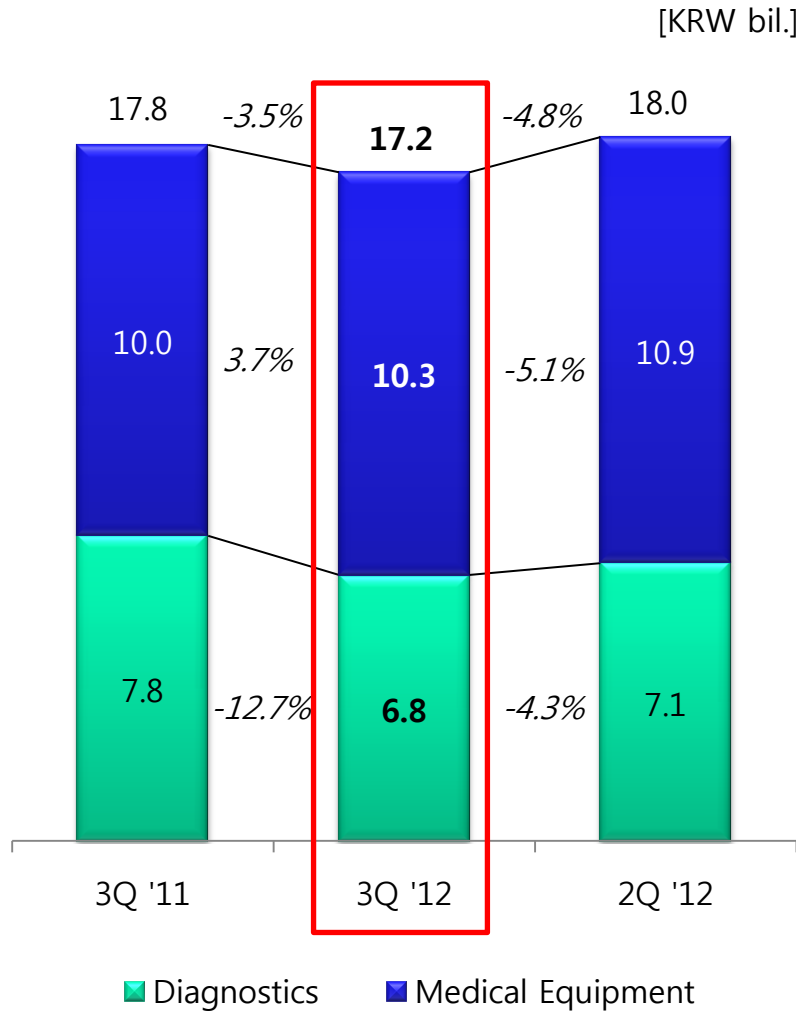


Performance by Division - OTC & Major Products

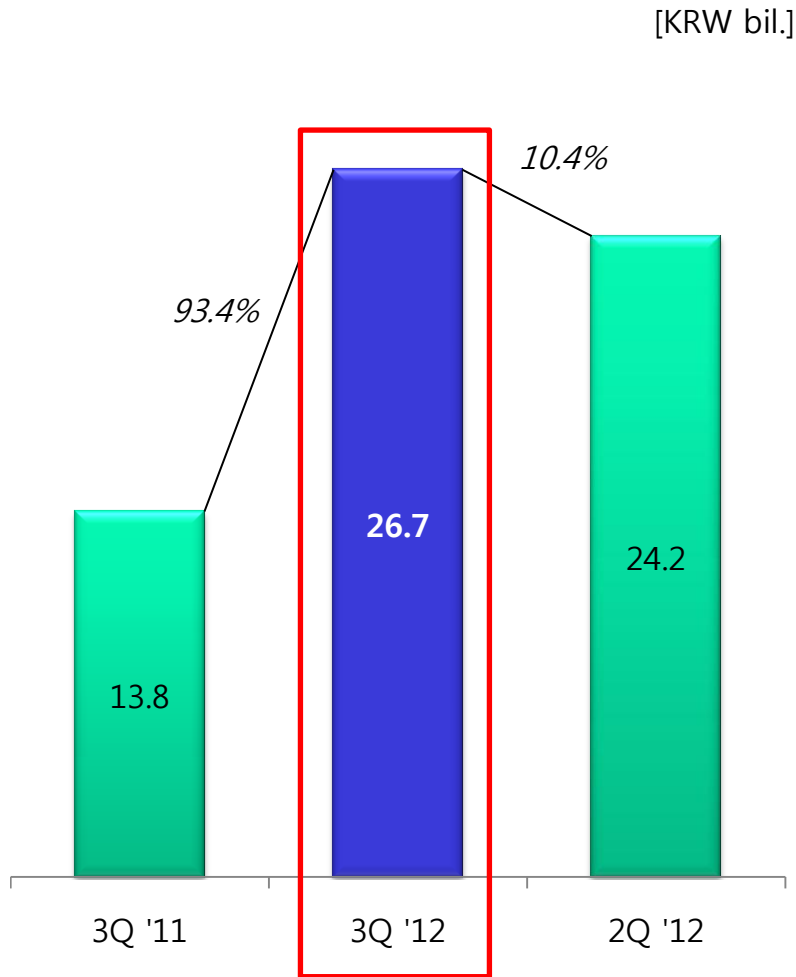
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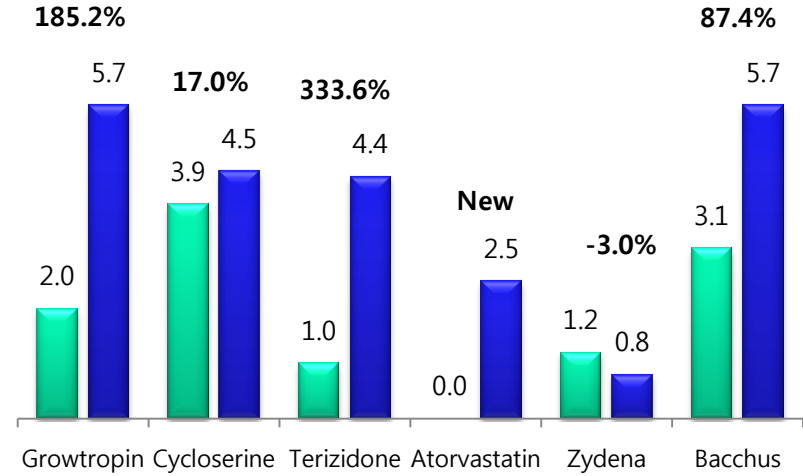
Performance by Division – Medical & Major Products



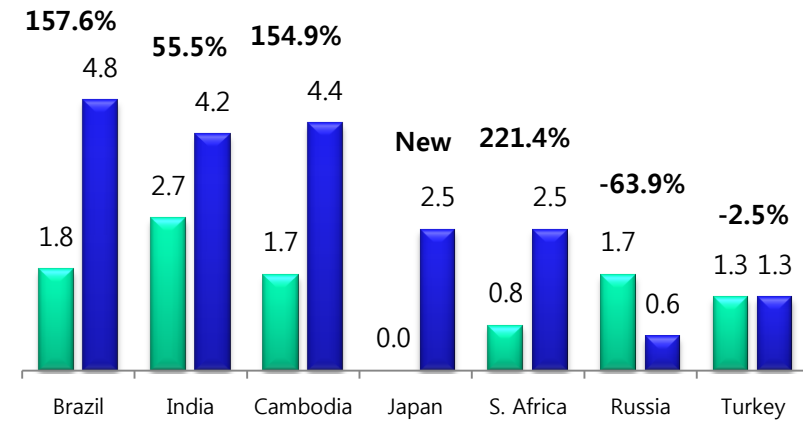
Performance by Division – Export



Major Regions



Major Products



■ 3Q '11 ■ 3Q '12

R&D Roadmap - NCE/Phyto

2013~2014

DA-8159*
- ED (US)

DA-6034
- Gastritis (KR)

DA-7218*
- ABSSSI (US)

2015~2016

DA-8159*
- BPH (JP)

DA-8159
- PAH (KR)

DA-7218
- ABSSSI (KR)

DA-6034
- Dry Eye (KR)

DA-8031
- Premature Ejaculation (KR)

DA-9801
- Diabetic Neuropathy (KR)

DA-1229
- Type 2 Diabetes (KR)

2017~

DA-8159*
- BPH (US)

DA-8159*
- PH (EU)

DA-6886
- Irritable Bowel Syndrome (KR)

Chemical / **Phyto** * Overseas

R&D Roadmap - Bio

2013~2014

DA-3031*
- Neutropenia (KR)

DA-3801
- Ovulation Induction (KR)

DA-3803
- Infertility (KR)

2015~2016

DA-3030
- Diabetic Neuropathy (KR)

DA-3002
- Idiopathic Short Stature (KR)

DA-3051**
- Multiple Sclerosis (BR)

DA-3880
- Anemia of Chronic Renal Failure (KR)

2017~

DA-3091*
- Diabetes (KR)

DA-3808
- Hemophilia (KR)

DA -3111**
- her2 Breast Cancer (KR & JP)

DA-3607
- Brain Tumor (KR)

Protein / Antibody

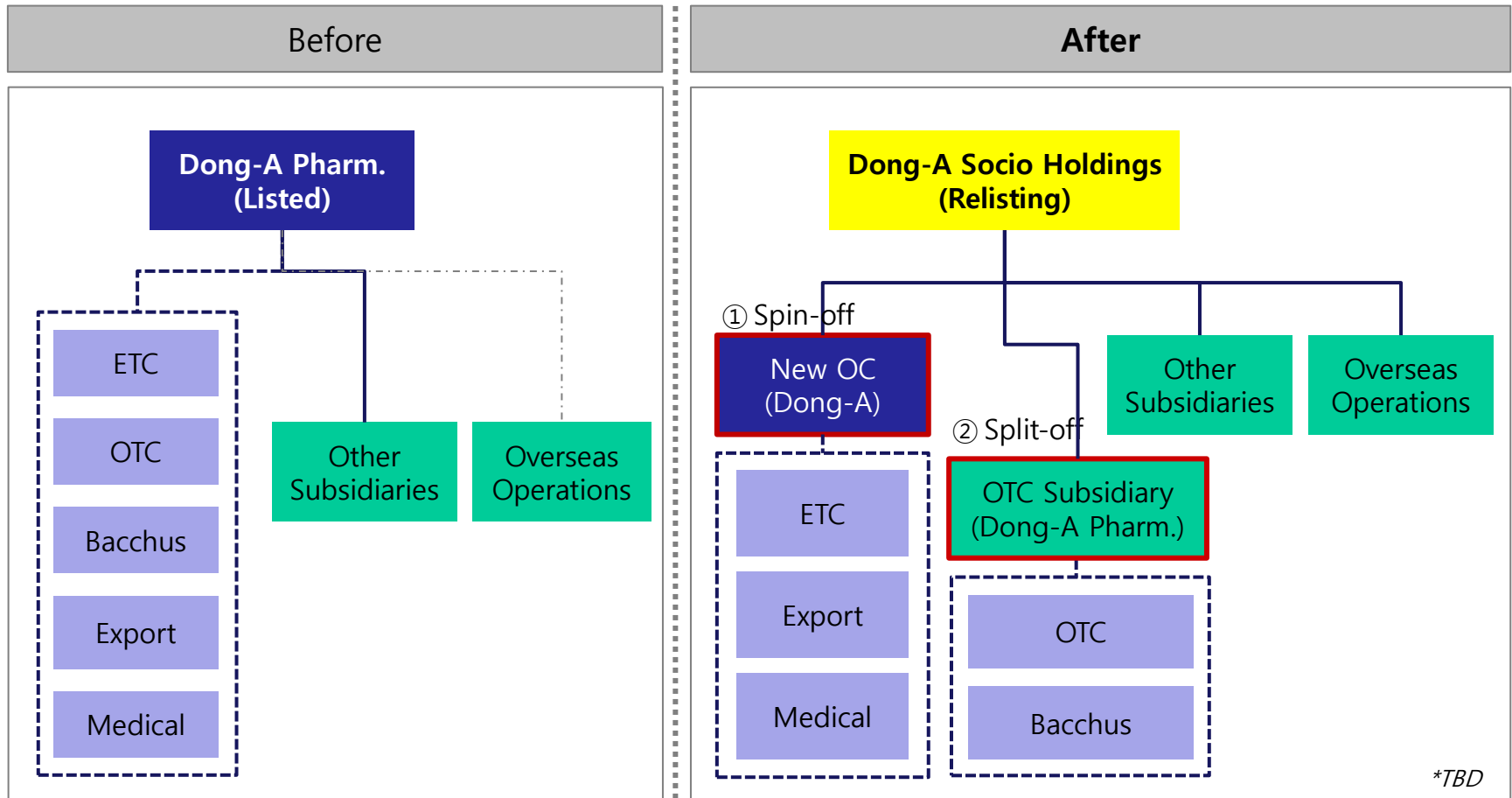
* Biobetter

** Overseas

III. Major Management Issue – Demerger Plan

Demerger into 3 Different Companies

1. Establishing holding company through spin-off and a new ETC focused OC(Operating Company)
2. Establishing a new OTC subsidiary through split-off



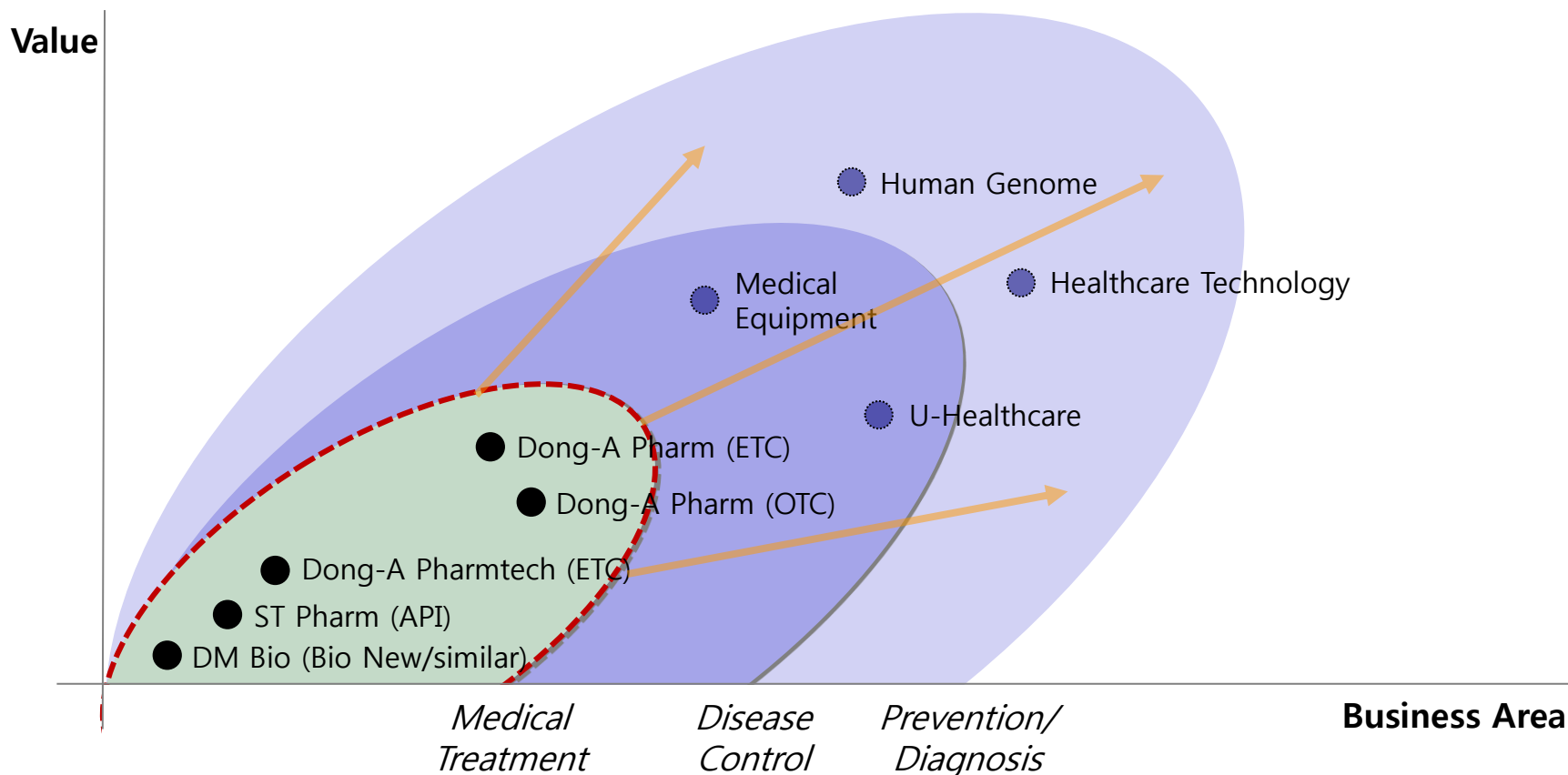
*Name not confirmed

Background & Purpose of Demerger

- Making 80th anniversary as a starting point to find the new growth engine to cope with the changing market environment
 - ➔ HC(Holding Company) is established to expand into medical equipment and healthcare service, and secure group's growth engine
- HC will focus on developing new businesses such as U-Healthcare, Healthcare Technology and Human Genome, and while the new OC(Operating Company) will focus on product development, production, marketing and distribution
- New OC will generate profits from new drugs developed in its own research center while enjoying additional profits from HC's new business
- Improving profitability of the new OC through carving out low margin business
- Maximizing shareholders' value of all entities of Dong-A Socio group's going forward through enhancing value of each entities

WHY 1)

To achieve our vision of becoming a "Total Healthcare Solution Provider"

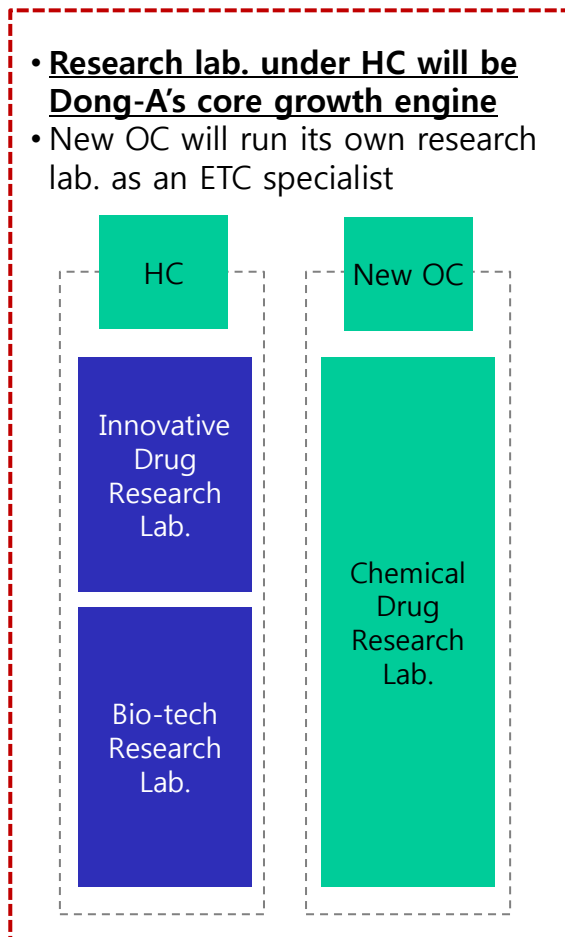


Expand current pharmaceutical business into medical equipment and healthcare service, and foster group's growth engine

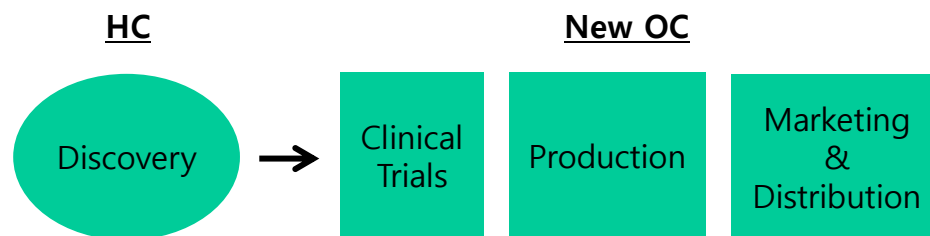
HOW)

An innovative drug research laboratory is to be established under HC to discover Dong-A's growth engine, and a new OC will generate profits from commercialization of HC's new business

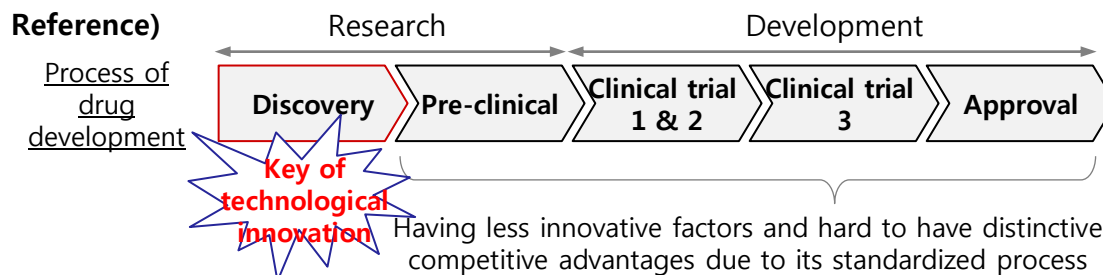
- **Research lab. under HC will be Dong-A's core growth engine**
- New OC will run its own research lab. as an ETC specialist



*Maximizing effectiveness and profits using knowhow of the new OC and **separating risks of new business***

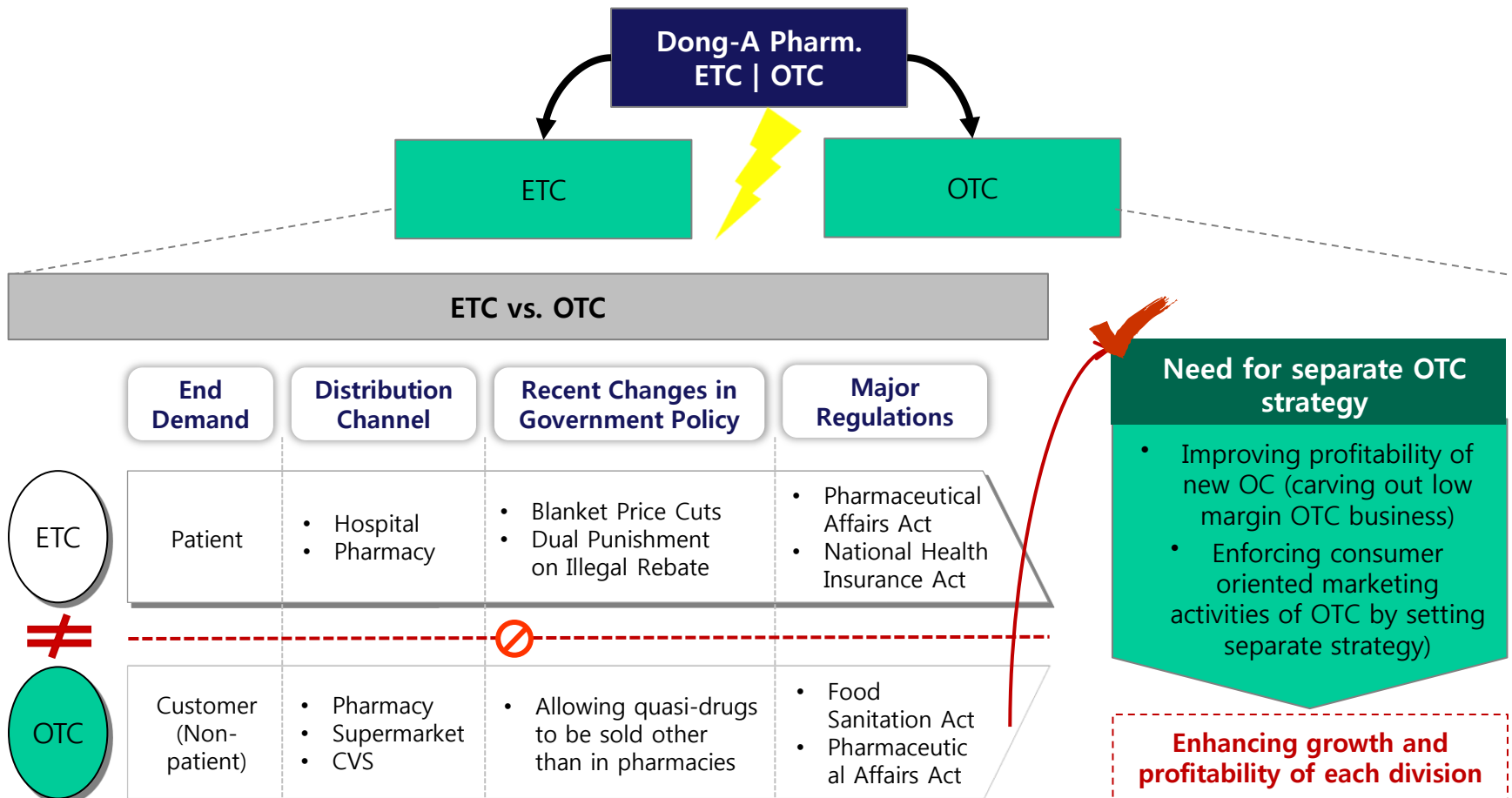


The new OC will make profits from its own new drugs and also from **marketing & distribution** of HC's new drugs



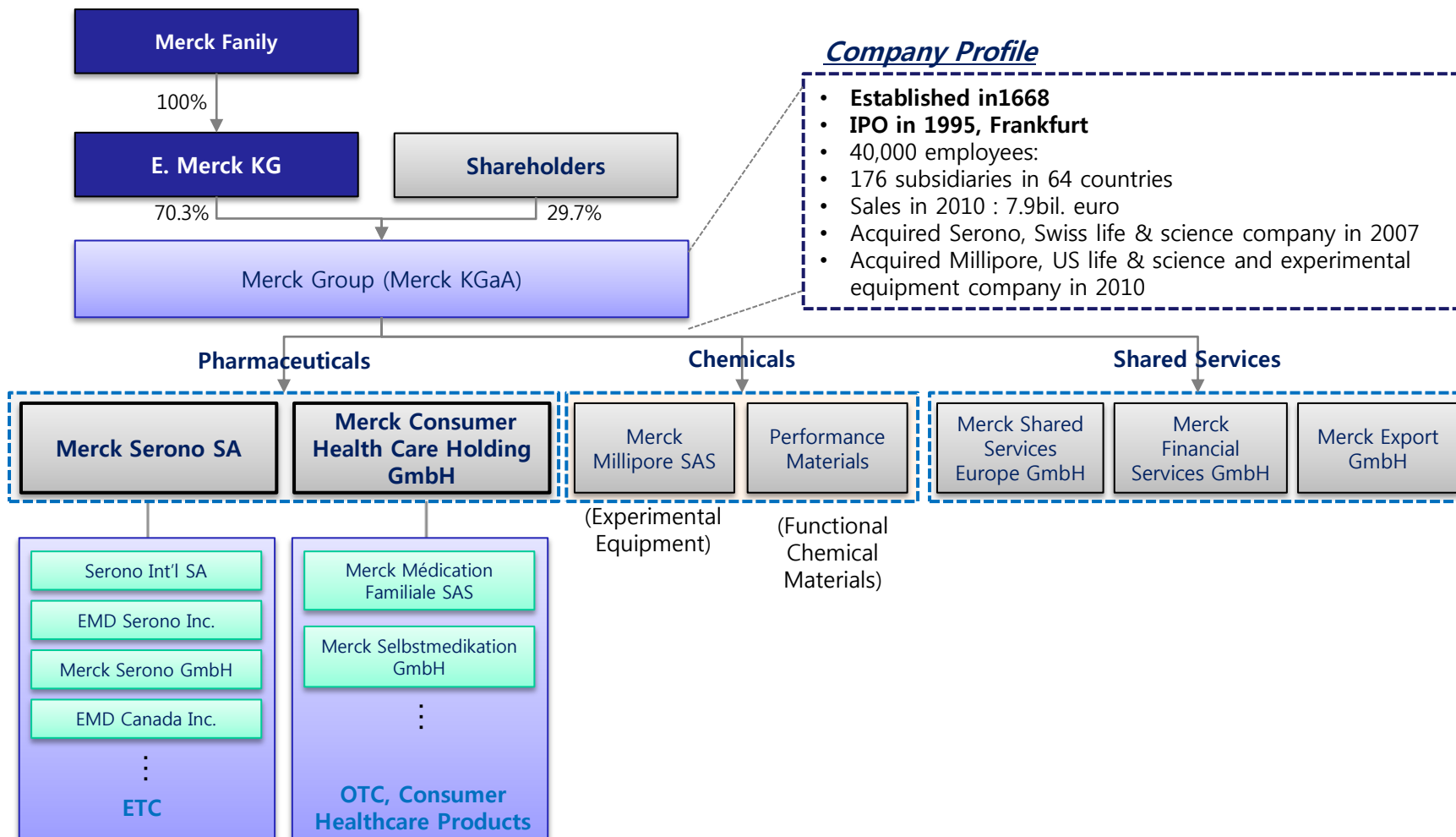
WHY 2)

To enhance flexibility and the management accountability for divisional strategy establishment through a separation of ETC and OTC divisions



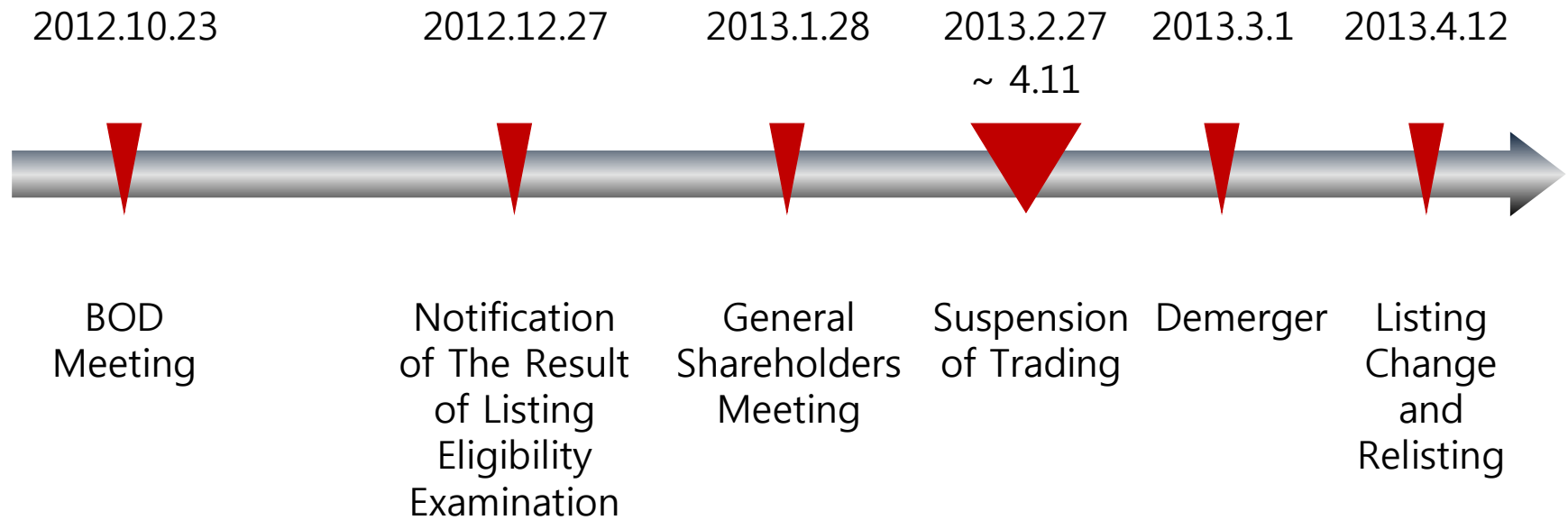
Merck case

Merck split ETC & OTC companies to cope with the changing market environment



Demerger Schedule

Planning to complete HC establishment and restructuring of subsidiaries until 2013



Pro-forma B/S When Demerger (Based on 2H 2012)

No significant changes on financial status after demerger

[KRW bil.]

	Before Dong-A Pharm.	After New OC
Total Assets	1,297.9	864.0
Current Assets	524.5	299.6
Cash & Equivalents	220.6	80.6
Receivables	143.1	117.4
Inventories	121.3	93.3
Non-Current Assets	773.5	564.4
Receivables	0.02	0.02
Tangible Assets	550.0	486.0
Intangible Assets	17.2	12.0
Investment in Associates	49.2	0.0
Investment in Subsidiaries	76.5	0.0
Total Liabilities	570.0	393.6
Current Liabilities	497.0	334.8
Fixed Liabilities	73.0	58.9
Total Equity	728.0	470.4
<i>Current Ratio</i>	105.5%	89.5%
<i>Liability to Equity Ratio</i>	78.3%	45.6%
<i>Debt to Equity Ratio</i>	47.8%	54.5%
<i>Net Debt to Equity Ratio</i>	13.4%	37.3%

Demerger Ratio	
Book Value of Net Assets*	Demerger Ratio**
HC 270,229[KRW mil.]	HC 0.371209
New OC 470,365[KRW mil.]	New OC 0.628791

Share Distribution	
Before	After
11,135,000 shares	HC 4,133,412 shares
	New OC 7,001,588 Shares

Pro-forma P/L When Demerger

New OC's profitability has declined until 1H 2012 because of April's Blanket Drug Price Cuts; however, it is significantly recovered in 3Q

[KRW mil.]

	<u>2011</u>		<u>1H 2012</u>		<u>3Q 2012</u>	
	Before	New OC	Before	Ne	Before	New OC
Sales	907,294	655,043	465,031	313,701	243,207	158,838
COGS	403,257	288,816	230,194	156,757	112,874	71,815
<i>COGS to Sales Ratio</i>	<i>44.4%</i>	<i>44.1%</i>	<i>49.5%</i>	<i>50.0%</i>	<i>46.4%</i>	<i>45.2%</i>
SG&A	405,248	268,811	202,039	128,753	102,049	63,769
<i>SG&A to Sales Ratio</i>	<i>44.7%</i>	<i>41.0%</i>	<i>43.4%</i>	<i>41.0%</i>	<i>42.0%</i>	<i>40.1%</i>
Operating Profit	95,015	97,084	32,359	28,763	29,121	25,077
<i>OP Margin</i>	<i>10.5%</i>	<i>14.8%</i>	<i>7.0%</i>	<i>9.2%</i>	<i>12.0%</i>	<i>15.8%</i>
Finance Income/Loss	-8,520	-8,526	-746	-2,462	-1,735	-2,211
EBIT	86,495	88,558	31,613	26,298	27,386	22,866
<i>EBT Margin</i>	<i>9.5%</i>	<i>13.5%</i>	<i>6.8%</i>	<i>8.4%</i>	<i>11.3%</i>	<i>14.4%</i>

Appendix

Condensed Statements of Financial Position (Separate)

[KRW bil.]

	1Q '11	2Q '11	3Q '11	4Q '11	1Q '12	2Q '12	3Q '12
Total Assets	1,137.8	1,150.7	1,195.0	1,236.8	1,268.1	1,297.7	1,474.6
Current Assets	403.4	416.1	458.9	466.2	496.7	524.5	694.8
Cash & Equivalents	146.8	144.4	198.3	194.6	218.6	250.6	421.8
Receivables	131.9	140.1	144.8	143.6	141.7	143.1	145.0
Inventories	118.5	115.6	109.7	120.4	127.9	121.3	120.6
Fixed Assets	734.4	734.6	736.1	770.6	771.3	773.2	779.8
Total Liabilities	431.3	422.2	445.0	504.4	546.3	570.0	748.3
Current Liabilities	254.4	258.2	280.4	365.2	412.5	497.0	519.8
Fixed liabilities	176.9	164.0	164.6	139.1	133.8	73.0	228.5
Total Equity	706.5	728.5	750.0	732.4	721.8	728.0	726.3
<i>Liability to Equity Ratio</i>	<i>61.0%</i>	<i>58.0%</i>	<i>59.3%</i>	<i>68.9%</i>	<i>75.7%</i>	<i>78.3%</i>	<i>103.0%</i>
<i>Debt to Equity Ratio</i>	<i>34.7%</i>	<i>33.0%</i>	<i>32.0%</i>	<i>38.0%</i>	<i>44.9%</i>	<i>47.8%</i>	<i>71.8%</i>
<i>Net Debt to Equity Ratio</i>	<i>13.9%</i>	<i>13.2%</i>	<i>6.9%</i>	<i>16.9%</i>	<i>20.2%</i>	<i>13.4%</i>	<i>13.7%</i>

Condensed Statements of Income (Separate)

[KRW bil.]

	1Q '11	2Q '11	3Q '11	4Q '11	2011	1Q '12	2Q '12	3Q '12
Sales	210.2	224.5	241.9	230.7	907.3	218.6	246.5	243.2
COGS	82.3	93.0	113.7	114.2	403.3	106.9	123.3	112.9
Gross Profit	128.0	131.5	128.2	116.4	504.0	111.7	123.1	130.3
SG&A	99.9	104.1	98.8	102.4	405.2	97.6	104.4	102.0
Other Income	3.6	3.4	1.0	2.3	10.2	2.8	0.8	4.4
Other Loss	1.3	0.9	2.1	9.7	14.0	0.8	3.3	3.5
Operating Profit	30.3	29.8	28.2	6.6	95.0	16.2	16.2	29.1
Finance Income	1.9	1.0	2.1	1.6	6.6	8.1	-0.6	2.7
Finance Costs	4.1	4.1	3.4	3.5	15.1	4.5	3.7	4.4
EBIT	28.2	26.7	26.9	4.8	86.5	19.7	11.9	27.4
Net Profit	20.4	21.0	21.3	-2.0	60.7	16.4	8.6	20.4
<i>GP Margin</i>	<i>60.9%</i>	<i>58.6%</i>	<i>53.0%</i>	<i>50.5%</i>	<i>55.6%</i>	<i>51.1%</i>	<i>50.0%</i>	<i>53.6%</i>
<i>OP Margin</i>	<i>14.4%</i>	<i>13.3%</i>	<i>11.7%</i>	<i>2.9%</i>	<i>10.5%</i>	<i>7.4%</i>	<i>6.6%</i>	<i>12.0%</i>
<i>EBT Margin</i>	<i>13.4%</i>	<i>11.9%</i>	<i>11.1%</i>	<i>2.1%</i>	<i>9.5%</i>	<i>9.0%</i>	<i>4.8%</i>	<i>11.3%</i>
<i>NP Margin</i>	<i>9.7%</i>	<i>9.4%</i>	<i>8.8%</i>	<i>-0.9%</i>	<i>6.7%</i>	<i>7.5%</i>	<i>3.5%</i>	<i>8.4%</i>

Performance by Division

[KRW bil.]

Division	1Q '11	2Q '11	3Q '11	4Q '11	2011	1Q '12	2Q '12	3Q '12
ETC Total	114.5	120.9	135.9	125.1	496.5	107.7	117.2	108.5
OTC Total	51.9	62.2	70.7	68.0	252.9	66.0	86.1	84.4
Bacchus	26.6	38.7	46.7	38.2	150.1	32.7	49.7	51.3
Other OTC	25.3	23.5	24.0	29.8	102.7	33.3	36.4	33.1
Medical Total	25.2	23.5	17.8	18.0	84.5	20.6	18.0	17.2
Medical Equipment	12.9	12.3	10.0	10.7	45.9	11.0	10.9	10.3
Diagnostic	12.3	11.3	7.8	7.3	38.7	9.5	7.1	6.8
Overseas	12.3	13.4	13.8	14.2	53.6	21.6	24.2	26.7
Other	6.3	4.4	3.7	5.4	19.8	2.7	1.0	6.5
Total Sales	210.2	224.5	241.9	230.7	907.3	218.6	246.5	243.2

Major Products Sales (ETC)

[KRW bil.]

Product	1Q '11	2Q '11	3Q '11	4Q '11	2011	1Q '12	2Q '12	3Q '12
Stillen	22.1	21.9	21.0	23.2	88.1	21.0	20.2	20.0
Lipinon	11.5	11.7	11.3	11.5	46.0	7.7	9.6	8.4
Plavitor	10.5	11.7	10.5	11.4	44.2	8.2	8.3	7.5
Opalmon	8.9	9.8	9.7	8.7	37.0	6.1	6.7	6.2
Orodipine	6.8	7.0	6.1	6.3	26.3	4.9	5.2	4.5
Growtropin	4.8	4.8	6.0	5.4	21.0	5.6	6.1	5.8
Zydena	4.8	5.1	5.2	5.2	20.2	5.0	4.2	3.1
Talion	4.1	5.2	5.2	5.5	20.0	5.6	5.5	5.3
Cozartan	4.8	5.2	4.4	4.4	18.8	2.8	3.5	2.8
Gaster	4.6	4.6	4.9	4.3	18.4	3.4	3.3	3.6
Glimel	3.8	3.9	4.1	3.7	15.5	2.6	3.1	2.7
Nicetile	3.3	3.7	3.6	3.0	13.6	2.0	1.5	2.4
Onon	2.9	3.1	2.5	3.1	11.6	1.8	1.7	1.4
Acrofen	2.8	2.9	3.1	2.3	11.0	1.9	2.0	1.7

Major Products Sales (OTC)

[KRW bil.]

Product	1Q '11	2Q '11	3Q '11	4Q '11	2011	1Q '12	2Q '12	3Q '12
Bacchus	26.6	38.7	46.7	38.2	150.1	32.7	49.7	51.3
Panpyrin	6.9	4.8	4.5	6.3	22.4	7.3	5.9	5.6
Bigen	3.8	3.8	4.0	3.6	15.4	3.8	4.4	4.9
Garglin	3.4	3.3	3.1	3.5	13.3	5.3	5.7	5.2
Morning Care	2.8	2.8	2.5	3.3	11.3	2.9	2.5	3.0

R&D Pipeline - NCEs (New Chemical Entities)

TYPE	CODE NAME	MAJOR INDICATION	DESCRIPTION	STAGE
NCE	DA – 8159	Erectile Dysfunction	PDE-5 Inhibitor	Phase 3 completed (US) Warner Chilcott
		Benign Prostatic Hyperplasia		Under Phase 2 (JP) Meiji Seika Pharma.
		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		Under Phase 2 (KR)
DA - 8031	Premature Ejaculation	SERT Inhibitor	Under Phase 2 (KR)	
DA - 6886	Irritable Bowel Syndrome	5-HT ₄ Agonist	Under Phase 1 (KR)	

R&D Pipeline – Phyto & Biological Entities

TYPE	CODE NAME	MAJOR INDICATION	DESCRIPTION	STAGE
Phyto	DA-9801	Diabetic Neuropathy	Herbal Extracts	Under Phase 2 (KR)
	DA-3801	Infertility (Ovulation Induction)	Recombinant FSH	Under Phase 3 (KR)
	DA-3803	Infertility	Recombinant hCG	Under Phase 3 (KR)
	DA-3030	Diabetic Neuropathy	G-CSF	Phase 3 planned (KR)
	DA-3031	Neutropenia	PEGylated-G-CSF	Under Phase 3 (KR)
	DA-3051	Multiple Sclerosis	Interferon- β	Phase 3 planned (BR)
	DA-3002	Idiopathic Short Stature	Human Growth Hormone	Under Phase 3 (KR)
	DA-3091	Type 2 Diabetes	Long-acting Exenatide	Under Phase 1 (KR)
	DA-3607	Brain Tumor	TRAIL	Under Phase 1 (KR)

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)

Thank You

