

Dong-A Pharmaceutical 2011 Performance Results

FEB 2012



A HEALTHIER SOCIETY.

All of us at Dong-A are dedicated to building a healthier society for humanity. This philosophy encompasses the health and well-being of humankind as a whole as well as the environment and the economy. Committed to building a healthier society for all, we collaborate on win-win partnerships firmly grounded on mutual trust.



DONG-A PHARM.

Forward Looking Statements

The business results for 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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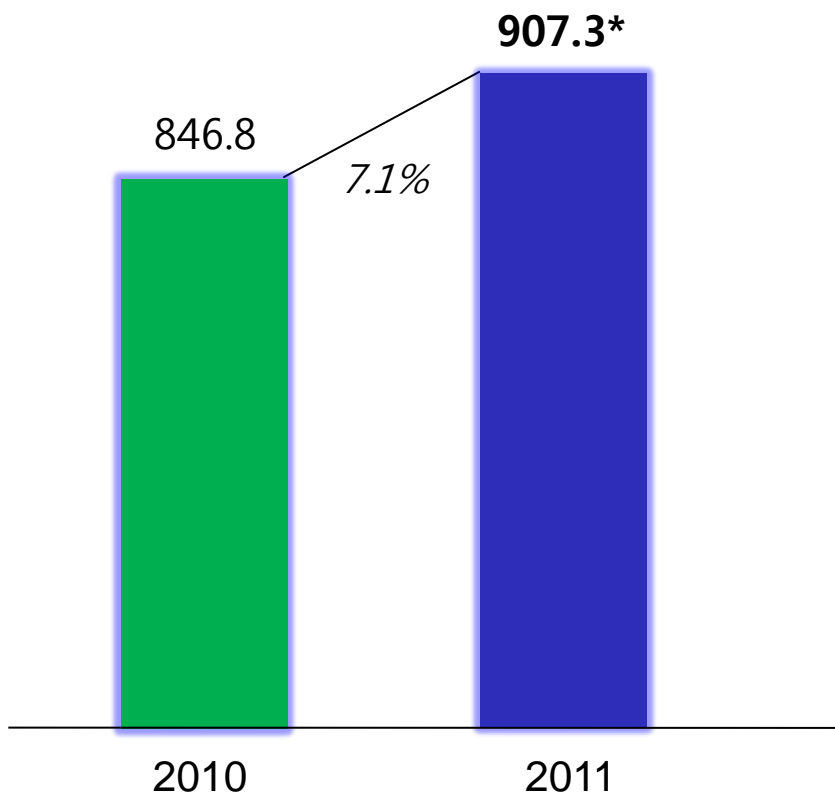
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I. 2011 FINANCIAL PERFORMANCE (K-IFRS NON-CONSOLIDATED)

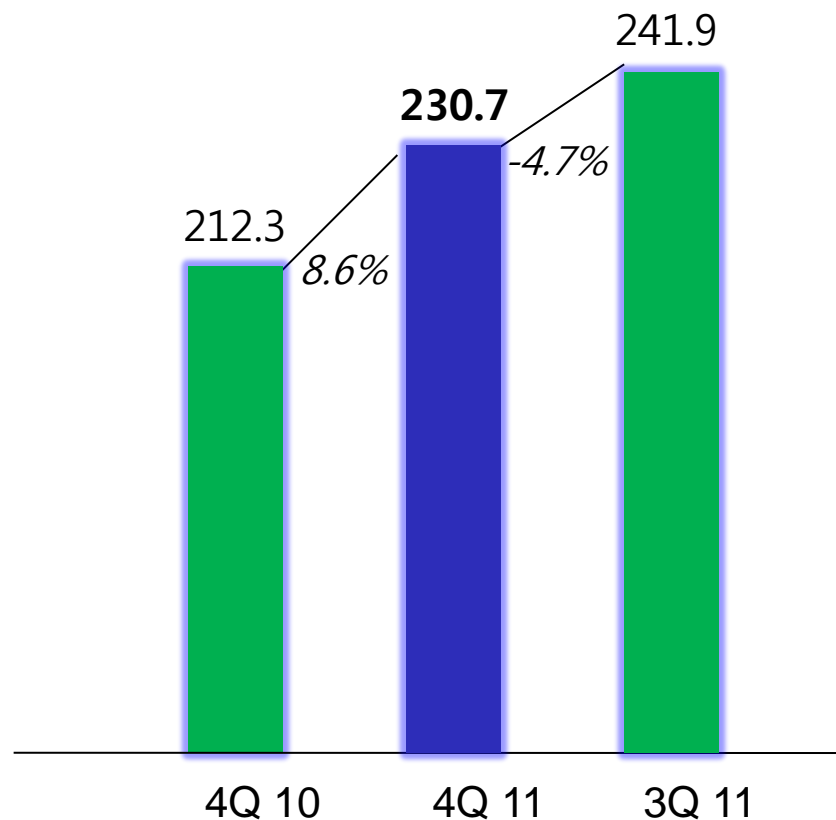
2011 Sales & 2011 4Q Sales

2011 (YoY)



•Sales grew 3% if sales from GSK products are not considered

4Q '11 (YoY, QoQ)



2011 Margin Analysis

[KRW bil., %]

Account	2010	2011	YoY
CoGS Ratio	40.5%	44.4%	3.9%p
SG&A per Sales	46.8%	44.7%	-2.1%p
HR Related Cost per Sales*	13.5%	12.8%	-0.7%p
R&D Cost per Sales (Reflected in SG&A) /R&D Cost	7.4%/63.0	8.0%/72.4	0.6%p
Advertisement Cost per Sales	5.0%	5.3%	0.3%p
Other Marketing Related Cost per Sales	11.4%	8.7%	-2.7%p
<i>K-GAAP Operating Profit Margin</i>	11.6%	10.0%	-1.6%P
Other Income per Sales	1.4%	1.1%	-0.3%p
Other Losses per Sales	0.8%	1.5%	0.7%p
Operating Profit Margin	13.3%	10.5%	-2.8%p
Earnings before Taxes	10.8%	9.5%	-1.3%p
Tax Expense Ratio	27.5%	29.9%	2.4%p

*Salary + Severance + Fringe Benefit

2011 4Q Margin Analysis

Account	3Q '11	4Q '11	QoQ
CoGS Ratio	47.0%	49.5%	2.5%p
SG&A per Sales	40.9%	44.4%	3.5%p
HR Related Cost per Sales*	11.5%	10.2%	-1.3%p
R&D Cost per Sales (Reflected in SG&A)	7.1%	8.7%	1.6%p
Advertisement Cost per Sales	4.6%	6.7%	2.1%p
Other Marketing Related Cost per Sales	8.0%	7.8%	-0.2%p
<i>K-GAAP Operating Profit Margin</i>	<i>10.8%</i>	<i>5.9%</i>	<i>-4.9%p</i>
Other Income per Sales	0.4%	1.0%	0.6%p
Other Losses per Sales	0.9%	4.2%	3.3%p
Operating Profit Margin	11.7%	2.9%	-8.8%p

*Salary + Severance + Fringe Benefit

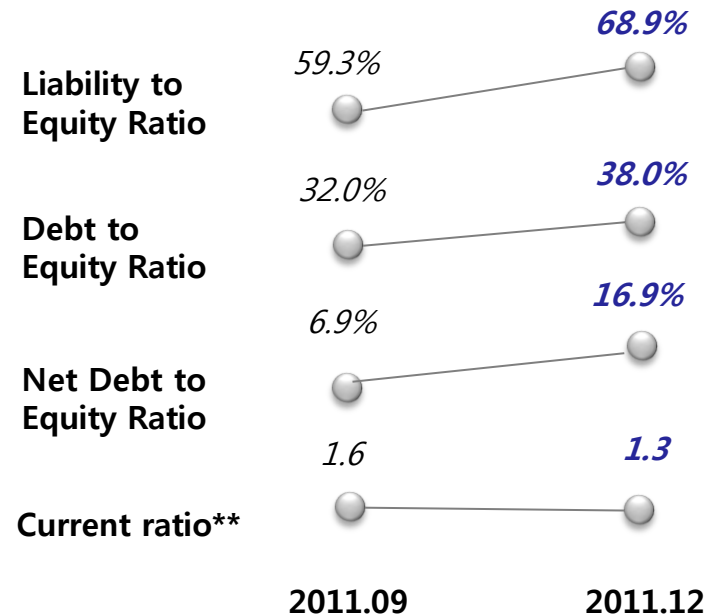
2011 4Q Balance Sheet

[KRW bil.]

	Sep '11	Dec. '11	QoQ
Total Asset	1,195.0	1,236.8	3.5%
Cash*	188.3	154.6	-17.9%
Payable	144.8	143.6	-0.8%
Inventory	109.7	120.4	9.8%
Total Liability	445.0	504.4	13.4%
Debt	240.3	278.0	15.7%
Total Capital	750.0	732.4	-2.3%

* Cash + Cash Equivalent + Short-Term Securities

Major Financial Ratios



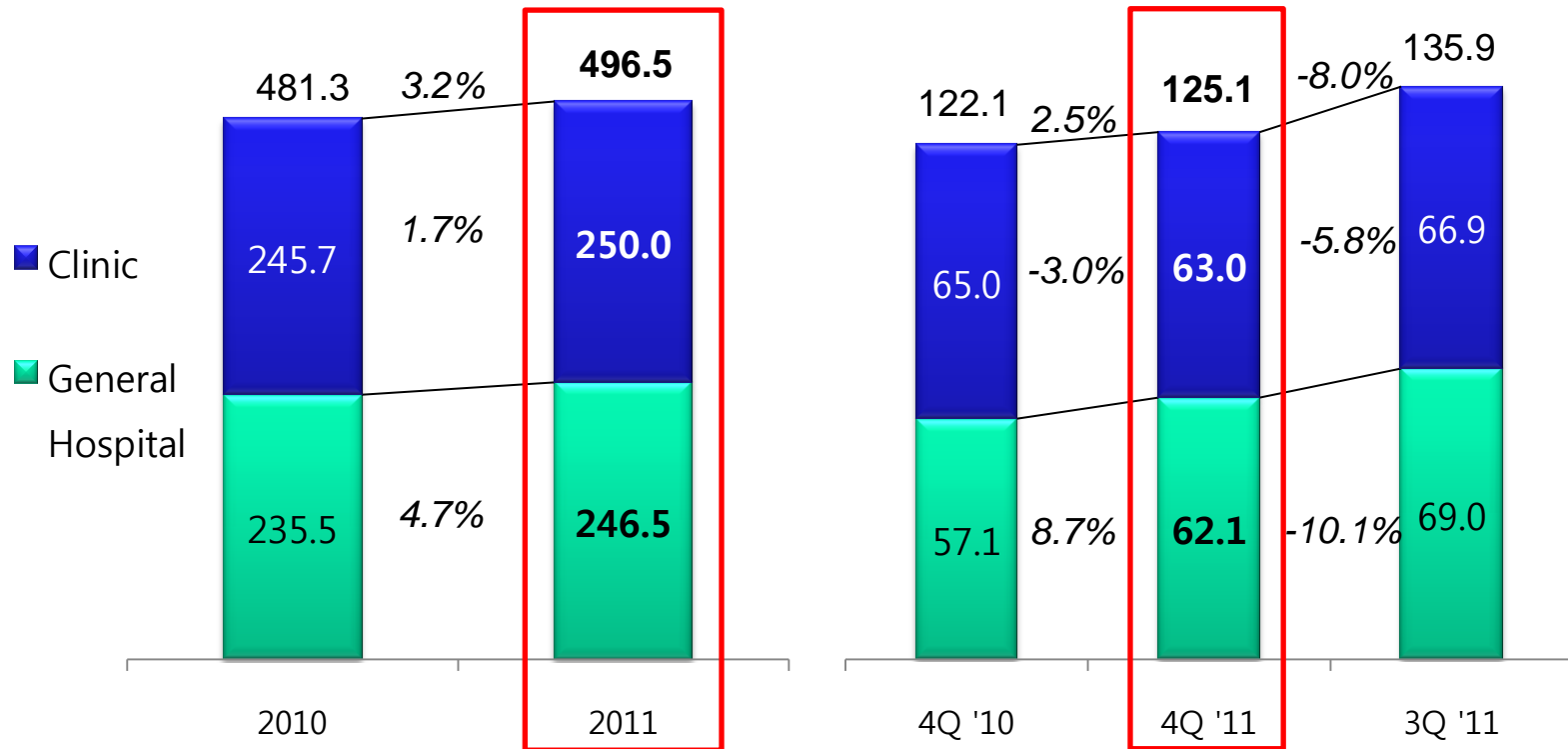
** Current Asset / Current Liability

II. PERFORMANCE BY DIVISION

Performance by Division – ETC (GH/Clinic)

ETC

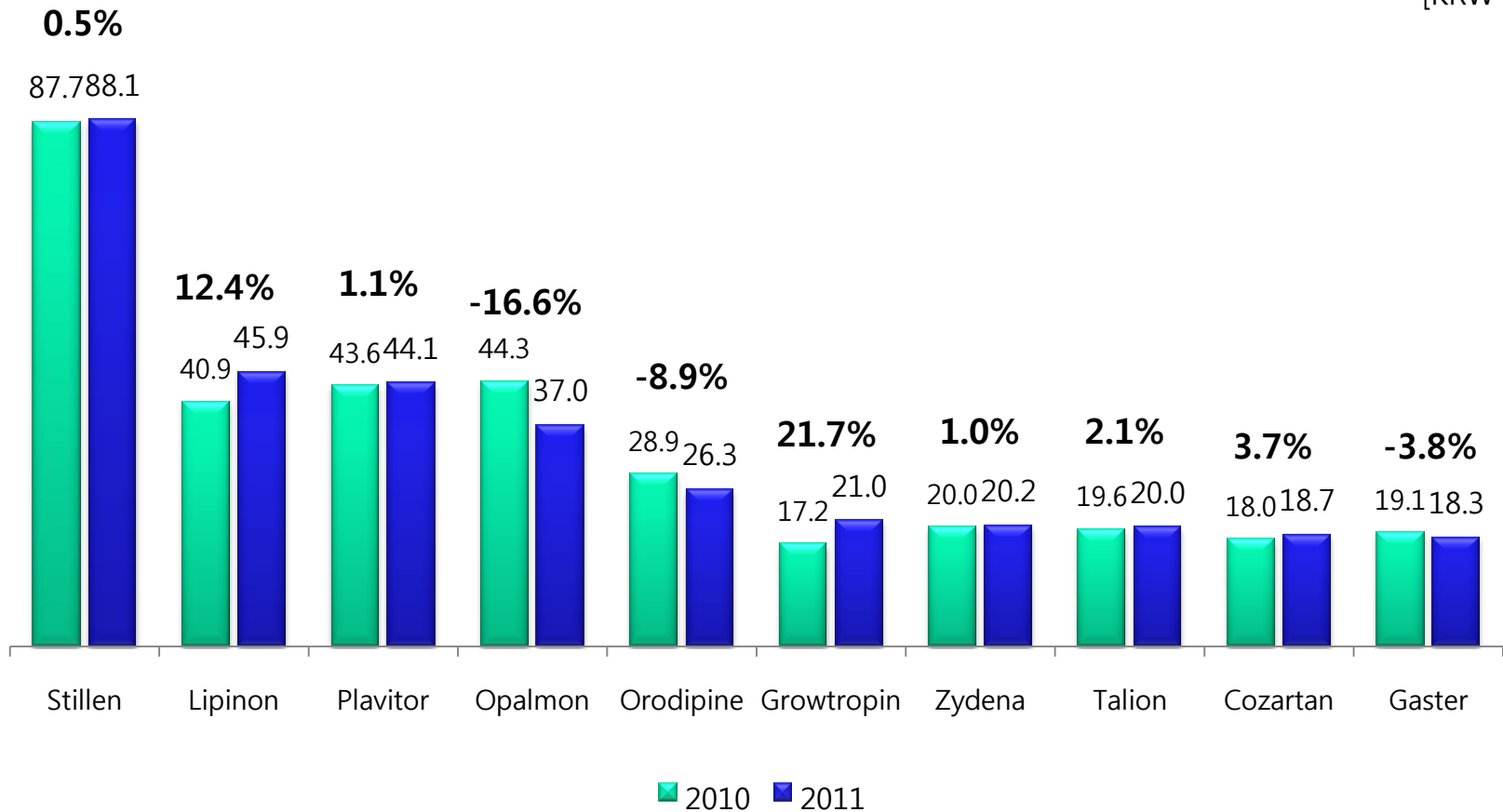
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Performance by Division - Major ETC Products

Major ETC Products Growth

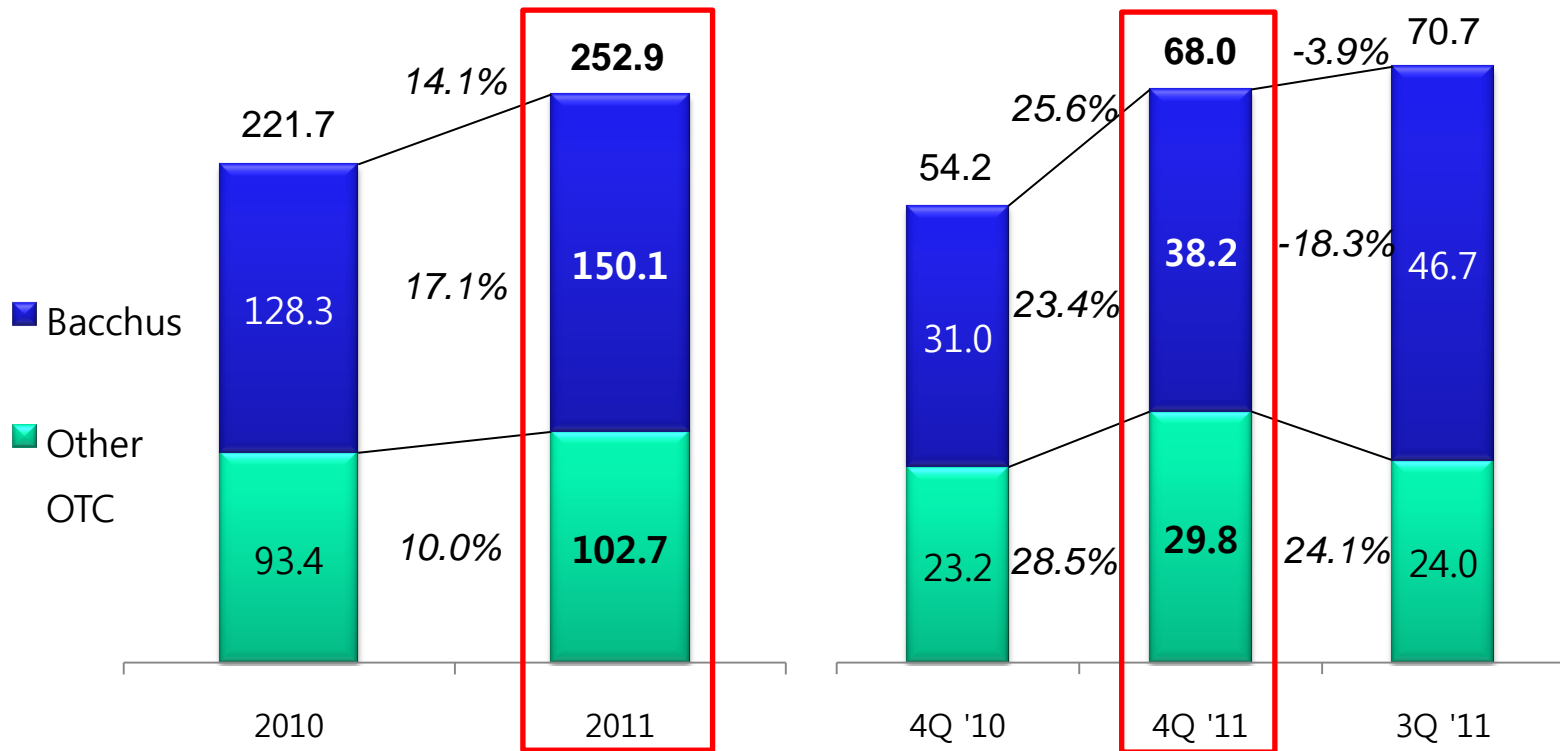
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Performance by Division – OTC (Bacchus/Other)

OTC

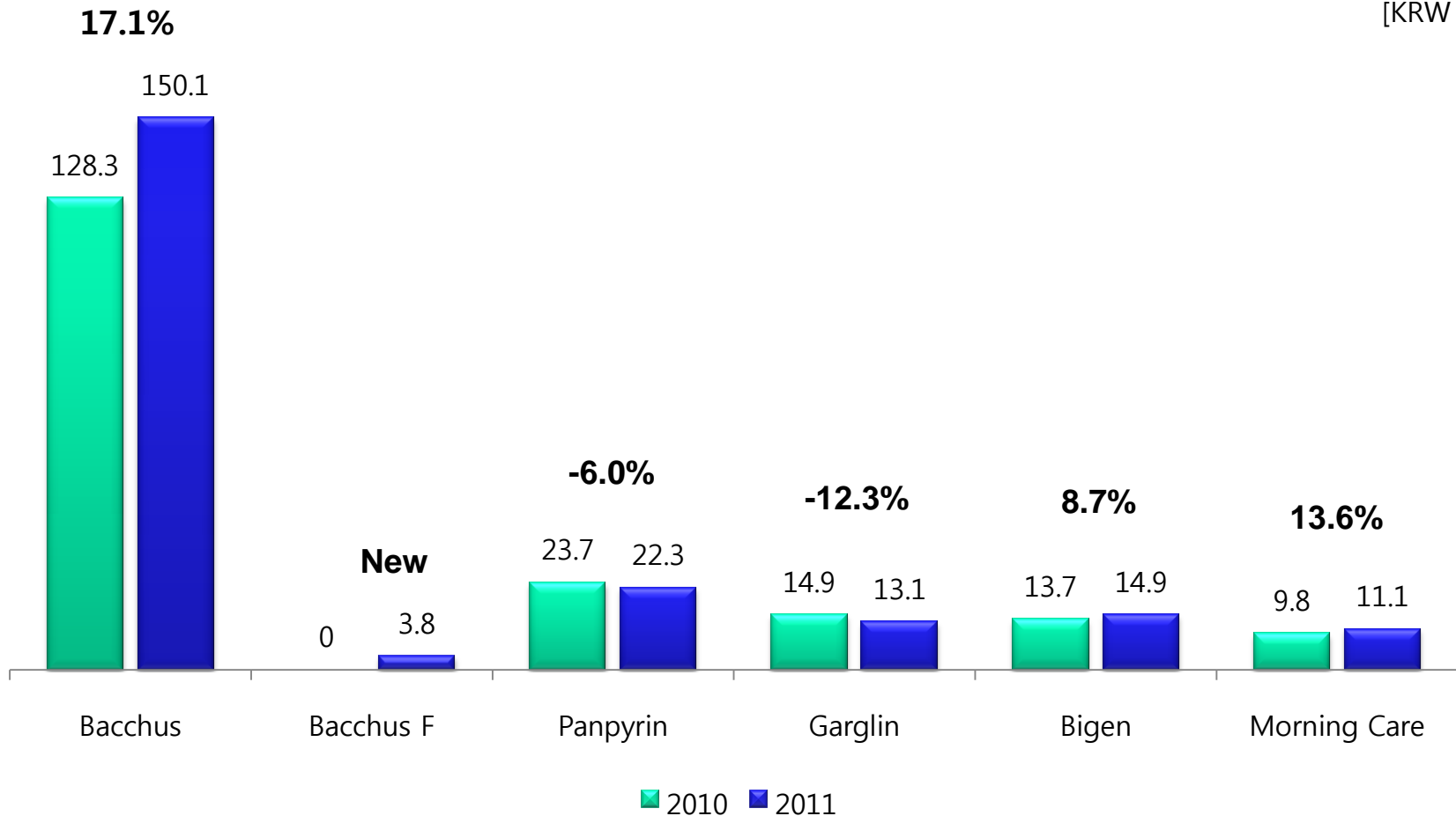
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Performance by Division - Major OTC Products

Major OTC Products Growth

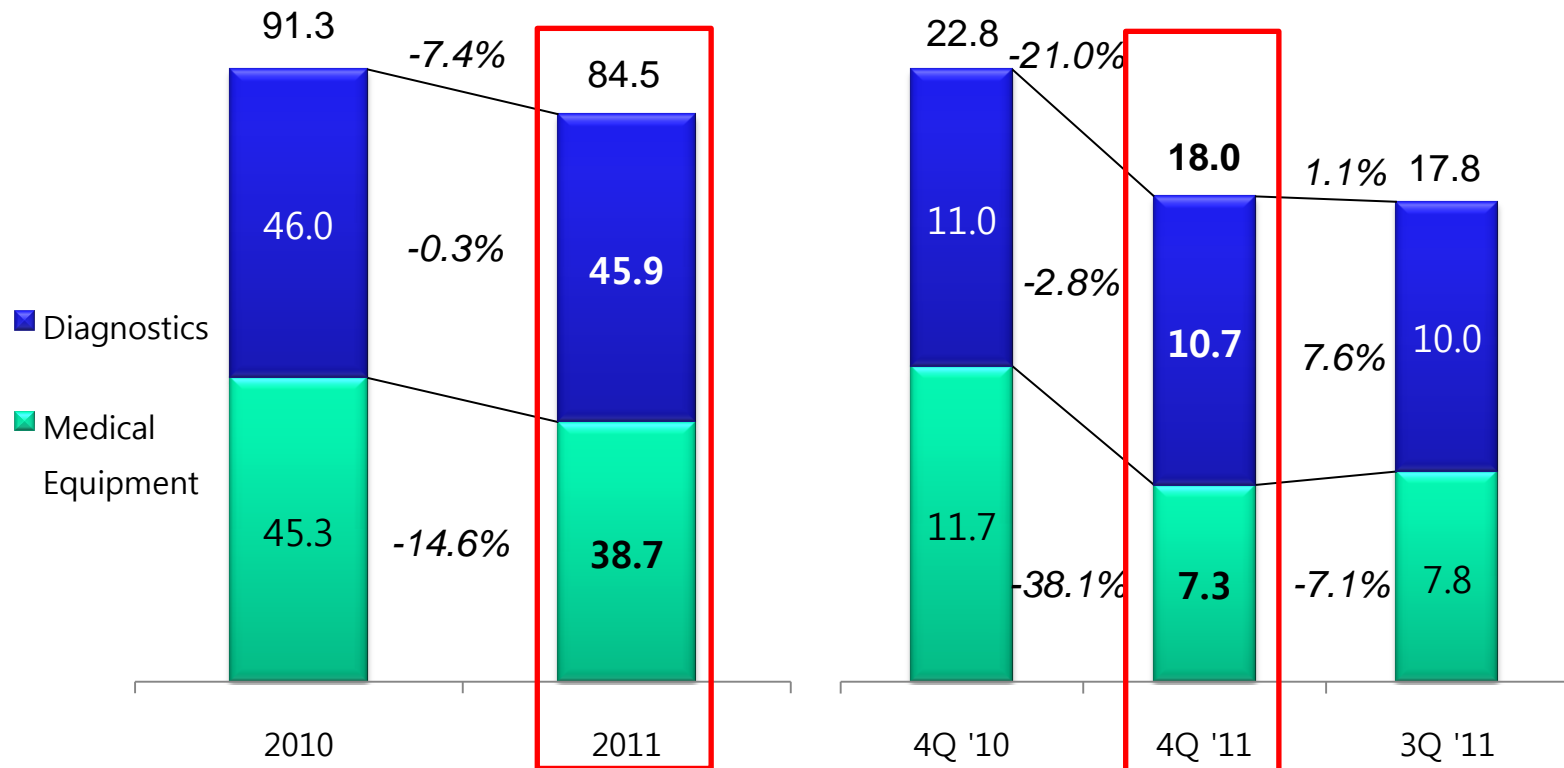
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Performance by Division – Medical

Medical

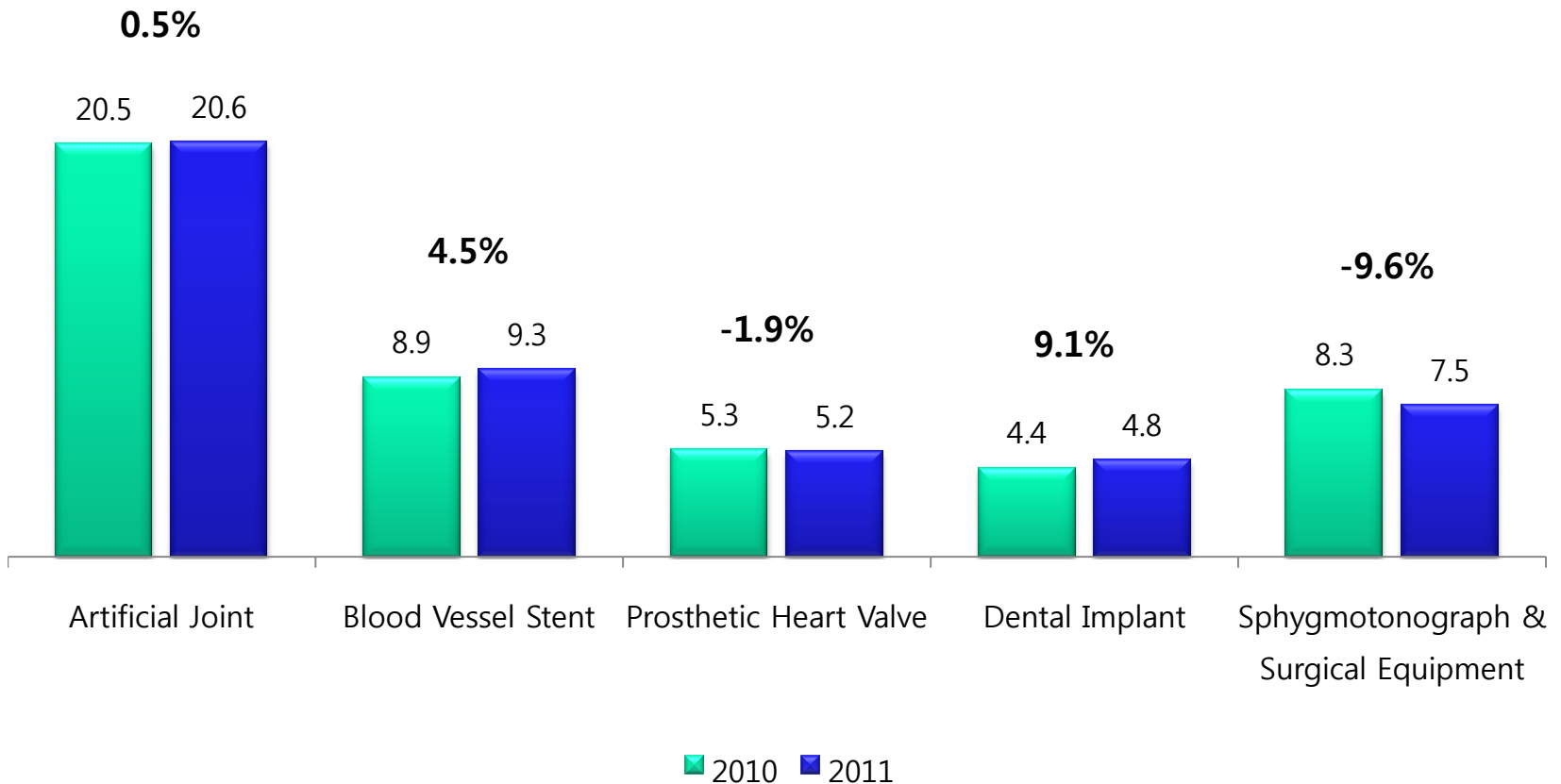
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Performance by Division – Medical Equipment

Major Medical Equipment Products Growth

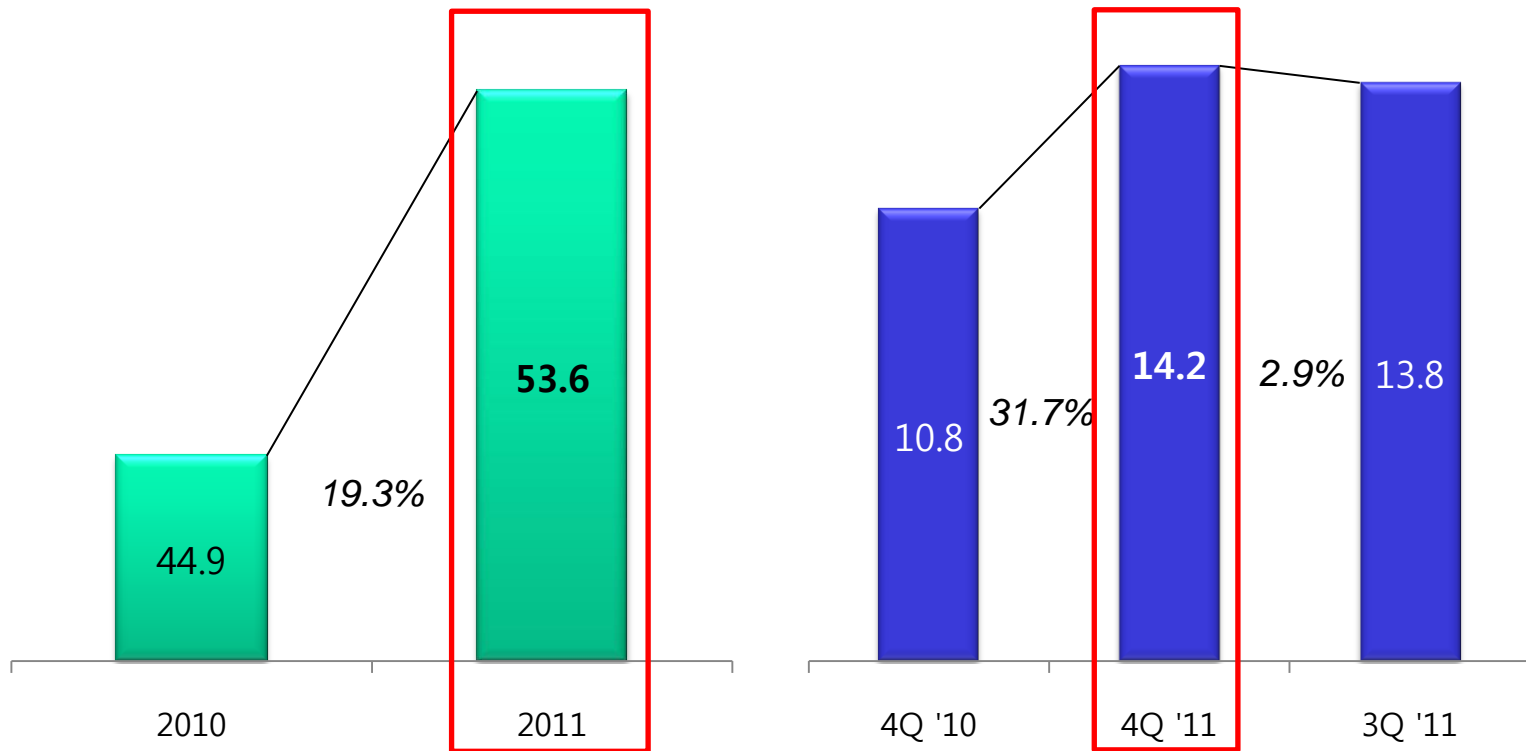
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Performance by Division – Overseas Export

Overseas Export

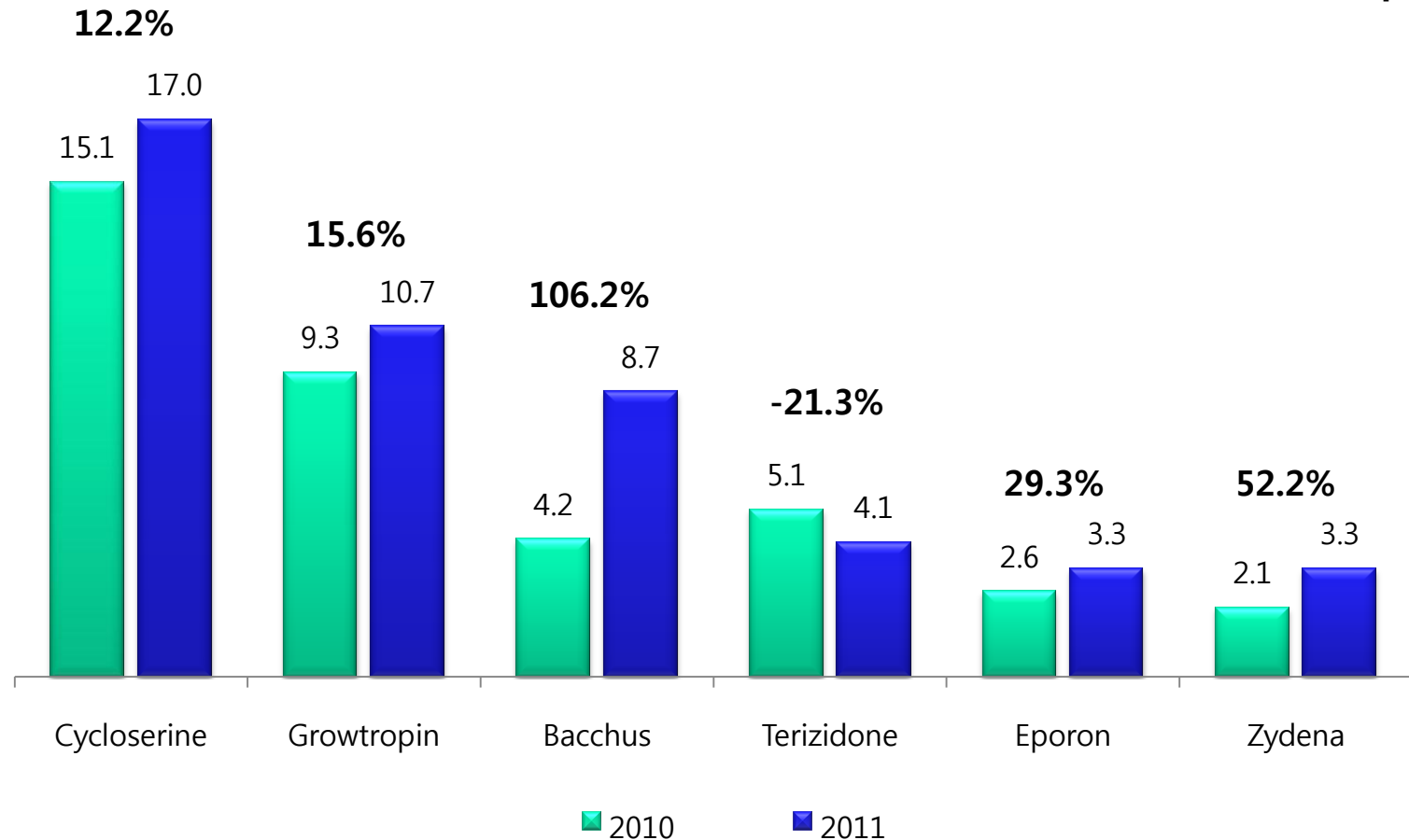
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Performance by Division – Major Export Products

Major Export Products Growth

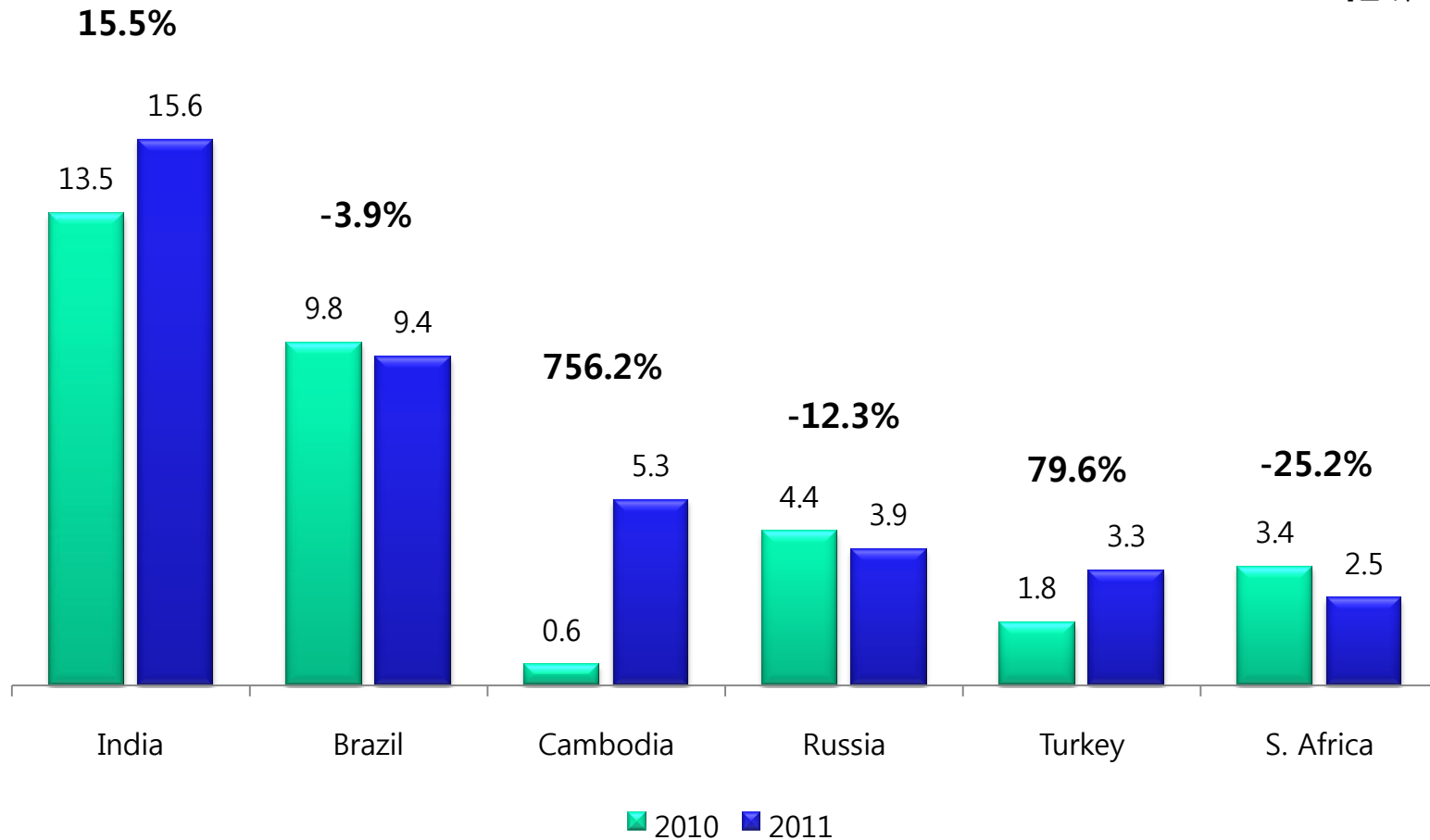
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Performance by Division – Major Export Regions

Major Export Regions Growth

[단위: 십억원]



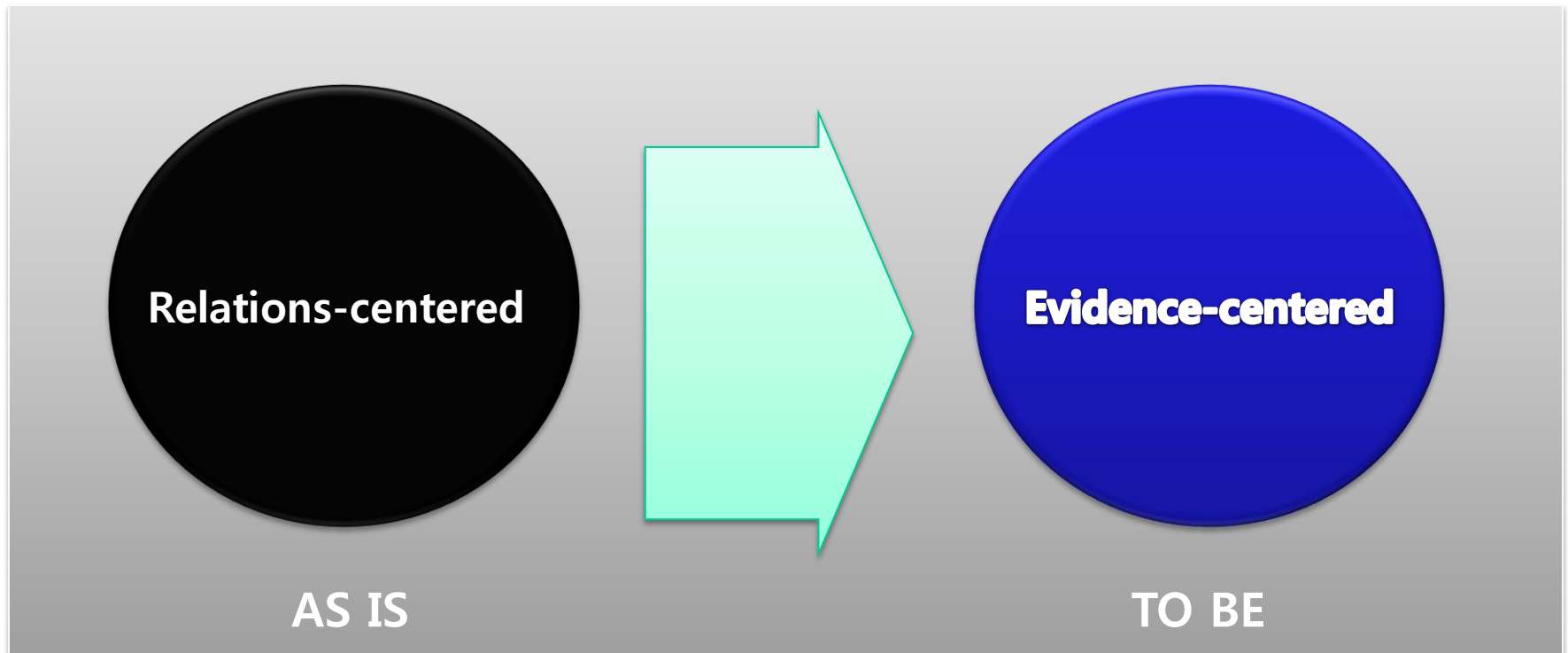
III. 2012 KEY ISSUES & STRATEGIES

2012 Outlooks

- Growth to be shriveled by the new price regulation
 - 2~3% YoY growth in sales expected for 2012
 - Profits to drop
- R&D investment KRW90~95bil.(about KRW20bil. up YoY)
 - To develop drugs for global sales
 - Increase in cost due to increase in global standard research task
- CAPEX and Maintenance around KRW90~100bil.
 - Investment for new biosimilar plant around KRW60bil.

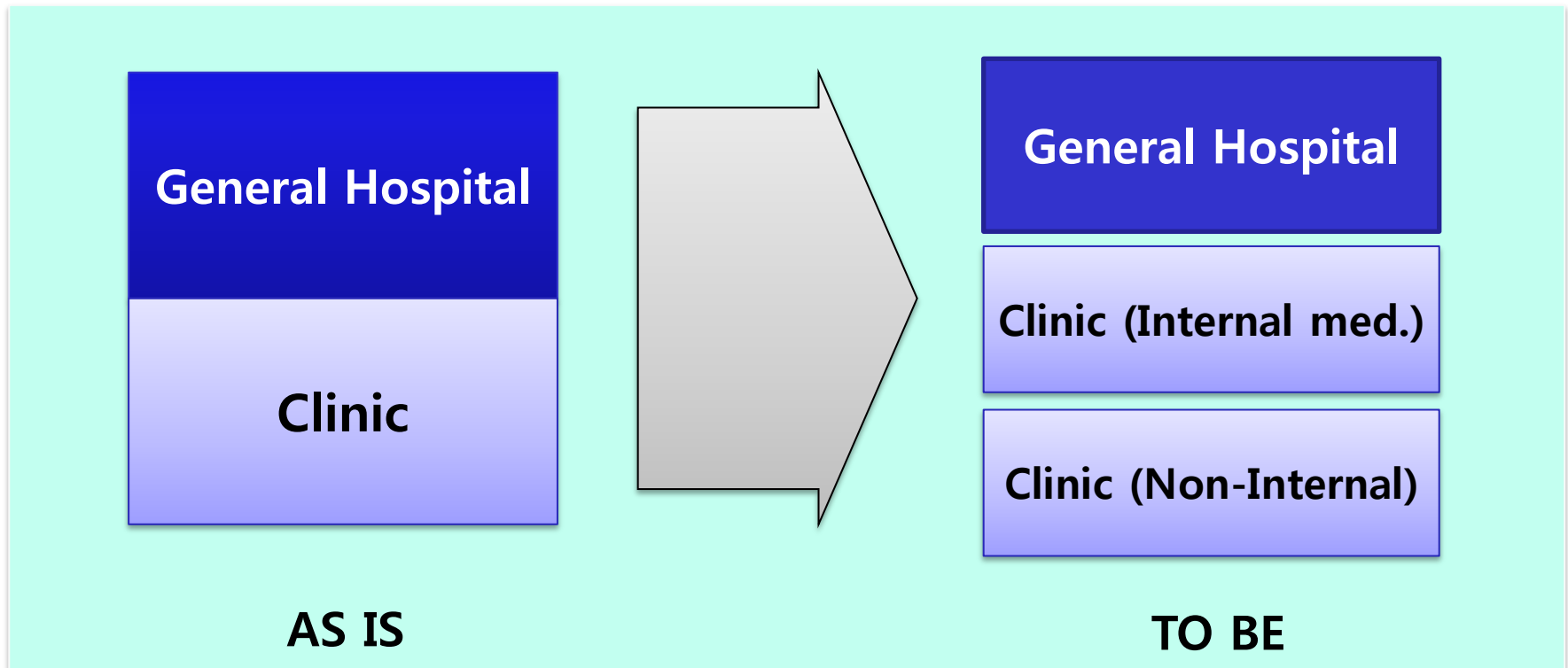
2012 ETC Marketing Strategic Objectives

- Focus on “evidence-centered” marketing from “relationship-centered” marketing
- Utilize our brand power being number one player in urology and digestive



2012 ETC Sales Strategic Objectives

- Focusing on sales on new drugs including our newly developed Motilitone by channel segmentation
- Maximize marketing practice acquired from the GSK collaboration



2012 Overseas Sales Strategic Objectives

- Expand in Japanese market
 - Launch Atorvastatin
- Expedite Southeast Asia market
 - Upscale Dong-A brand with Bacchus campaign
 - Localization
- Continue seeking other out-license opportunities



Higher performance contribution from overseas

2012 OTC Business Strategic Objectives

- Bacchus – Dual Channel, Dual Products
- OTC – Strengthen product line-up with more partnership



2012 R&D Strategic Objectives

Find candidate for innovative drugs

- Find candidate component for sarcopenia while start pre-clinical trial within the year

Global R&D for phyto-medicine

- Launch Motilitone in China
- Get IND from SFDA in 2012

Develop biosimilar for global market

- Get IND for Herceptin biosimilar in Japan and Korea both in 2012
- Find new candidates

Q & A

Q & A

How much can you save in marketing cost in order to offset the increase in R&D cost?

Q & A

What is the expected operating profit for 2012 considering the price cut?

Q & A

**Are you litigate the price cut regulation
and what would be the chance for
winning the litigation?**

What are the benefit of being selected as an innovative R&D company?

Q & A

Please explain the other profit and other cost that caused the lower operating profit margin on K-IFRS in comparison to K-GAAP.

Q & A

How is the 3rd clinical trial for super bacteria(Tedizolid) in the U.S. market progressing? Any news on selling patent for the E.U. market?

Please explain the other profit and other cost in the Income Statement that caused the lower operating profit margin on K-IFRS in comparison to K-GAAP

Q & A

Are you expect to see a large return request from distributors due to price cut?

What would be the additional CAPEX spending expect for completing the biosimilar production site beside the KRW60bil. in 2012?

Q & A

When can we see the turnaround after the price cut?

APPENDIX

R&D Roadmap

Bio

2013~2014	2015~2016	2017~
<p>DA-3801 (rhFSH) - Anovulation</p>	<p>DA-3091* (PEGylated Exenatide) - Diabetes</p>	<p>DA-3808 (Factor VIII) - Hemophilia</p>
<p>DA-3803 (rhCG) - Infertility</p>	<p>DA-3051** (Interferon β) - Multiple Sclerosis (Brazil)</p>	<p>DA-3131 (Antibody) - Cancer</p>
<p>DA-3031* (PEG-GCSF) - Neutropenia</p>	<p>DA-3607 (TRAIL) - Brain Tumor</p>	<p>DA -3111 (Herceptin) -Breast Cancer</p>
	<p>DA-3880 (EPO) - Anemia of Chronic Renal Failure</p>	<p>DA-3151 (Antibody) - Cancer</p>

R&D Roadmap

Chemical/Phyto

2013~2014	2015~2016	2017~
	DA-8159** - BPH (US, JP)	
DA-8159** - ED (US)	DA-6034 - Dry Eye	
DA-7218** -MRSA (US)	DA-1229 - Diabetes	DA-8159** - PAH (EU)
DA-6034 - Gastritis	DA-8031 - Premature Ejaculation	
	DA-9801 - Diabetic Neuropathy	

Condensed Statements of Financial Position (Non-con.)

[KRW bil.]

	2007(K-GAAP)	2008(K-GAAP)	2009(K-GAAP)	2010(K-IFRS)	2011(K-IFRS)
Total Assets	671.0	731.6	1,000.0	1,100.3	1,236.8
Current Assets	284.3	292.7	294.7	380.0	466.2
Cash	51.2	44.5	44.8	132.6	194.6
Receivables	138.2	134.9	133.8	128.2	143.6
Inventories	94.7	109.0	118.2	115.0	120.4
Fixed Assets	386.6	438.9	705.3	720.3	770.6
Total Liabilities	343.0	381.4	420.0	423.4	504.4
Current Liabilities	216.2	249.1	316.0	232.7	365.2
Fixed liabilities	126.8	132.3	103.9	190.7	139.1
Total Equity	327.9	350.2	580.1	676.9	732.4
Liability to Equity Ratio	104.6%	108.9%	72.4%	62.5%	68.9%
Debt to Equity Ratio	59.4%	69.1%	47.0%	35.8%	38.0%
Net Debt to Equity Ratio	43.8%	56.4%	39.3%	16.2%	16.9%

Condensed Statements of Income (Non-con.)

[KRW bil.]

	2007(K-GAAP)	2008(K-GAAP)	2009(K-GAAP)	2010(K-IFRS)	2011(K-IFRS)
Sales	635.9	702.3	801.1	846.8	907.3
CoGS	249.7	259.2	323.2	342.6	403.3
Gross Profit	386.3	443.1	477.9	504.2	504.0
SG&A	313.8	361.4	386.0	395.9	405.2
Operating Profit	72.4	81.7	91.9	112.9	95.0
Interest Cost	11.3	13.1	15.5	14.8	13.5
EBT	49.9	71.0	85.1	91.1	86.5
Net Profit	-3.1	43.4	63.3	66.0	60.2

GP Margin	60.7%	63.1%	59.7%	59.5%	55.6%
OP Margin	11.4%	11.6%	11.5%	13.3%	10.5%
EBT Margin	7.9%	10.1%	10.6%	10.8%	9.5%
NP Margin	-0.5%	6.2%	7.9%	7.8%	6.7%

Performance by Division

[KRW bil.]

Division	2007	2008	2009	2010	2011
ETC Total	316.5	399.0	463.1	481.3	496.5
General Hospital	172.0	208.2	227.5	235.5	246.5
Clinic	144.5	190.1	235.6	245.7	250.0
OTC Total	201.0	202.9	209.1	221.7	252.9
Bacchus	112.5	118.8	116.5	128.3	150.1
Other OTC	88.4	84.1	93.2	93.4	102.7
Medical Total	90.1	69.8	81.1	91.3	84.5
Medical Equipment	56.8	32.6	39.7	46.0	45.9
Diagnostic	33.2	37.1	41.3	45.3	38.7
Export	19.5	26.1	37.4	45.0	53.6

Major Products Sales (ETC)

[KRW bil.]

Products	2007	2008	2009	2010	2011
Stillen	60.2	74.8	85.4	87.7	88.1
Lipinon	-	9.6	30.9	40.9	45.9
Plavitor	13.0	29.9	39.7	43.6	44.1
Opalmon	23.5	31.9	40.6	44.3	37.0
Orodipine	13.4	23.2	28.2	28.9	26.3
Growtropin	14.7	14.4	15.6	17.2	21.0
Zydena	11.2	14.2	16.3	20.0	20.2
Talion	11.9	15.4	18.6	19.6	20.0
Cozartan	-	1.8	13.6	18.0	18.7
Gaster	14.3	16.7	18.5	19.1	18.3
Glimel	11.5	13.6	15.1	15.5	15.4
Nicetile	30.5	37.9	34.3	26.3	13.5
Onon	9.1	10.9	11.7	12.4	11.5
Acrofen	7.9	11.0	11.6	11.4	11.0

Major Products Sales (OTC)

[KRW bil.]

Products	2007	2008	2009	2010	2011
Bacchus	112.5	118.8	116.5	128.3	150.1
Panpyrin	17.8	16.3	19.9	23.8	22.3
Bigen	19.0	15.4	15.3	13.7	14.9
Garglin	13.3	12.2	15.6	14.9	13.1
Morning Care	8.2	9.5	12.2	9.8	11.1

Thank you