

PROGRESS & INTEGRITY



2018

Shinhan NDR

Corporate Profile

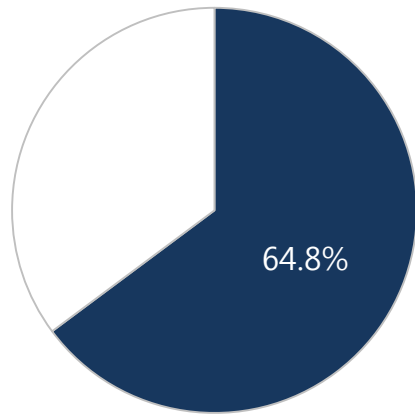


Profile

Date of foundation	20 June 1926
Date of IPO	1 November 1962
Founder	Il Han New
Major shareholder	Yuhan Foundation (15.4%)
Number of employees	1,819 (As of the end of 2018 3Q)
Headquarter location	Dongjak-gu Seoul Korea
Plant location	Ochang Chungwon Choongbuk
Research center location	Kiheung-gu Yongin Gyeonggi
Branches	18 branches nationwide

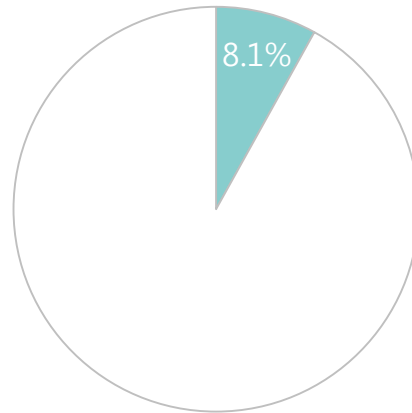
Business Portfolio

2017 Sales : ₩1,452Bn



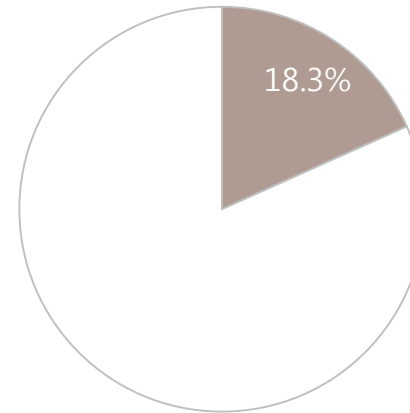
Prescription(ETC)

- In-house developed new drugs
- IMD
- Vaccines/Rehydration solutions
- In-licensed drugs
- Generic drugs



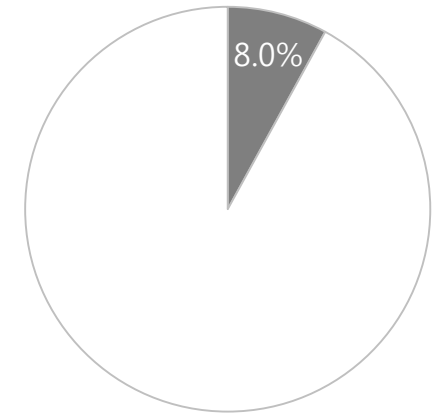
Over The Counter(OTC)

- Over-the-counter drugs
- Consumer healthcare products
- Health supplements



Overseas Business(API)

- HIV
- HCV
- others

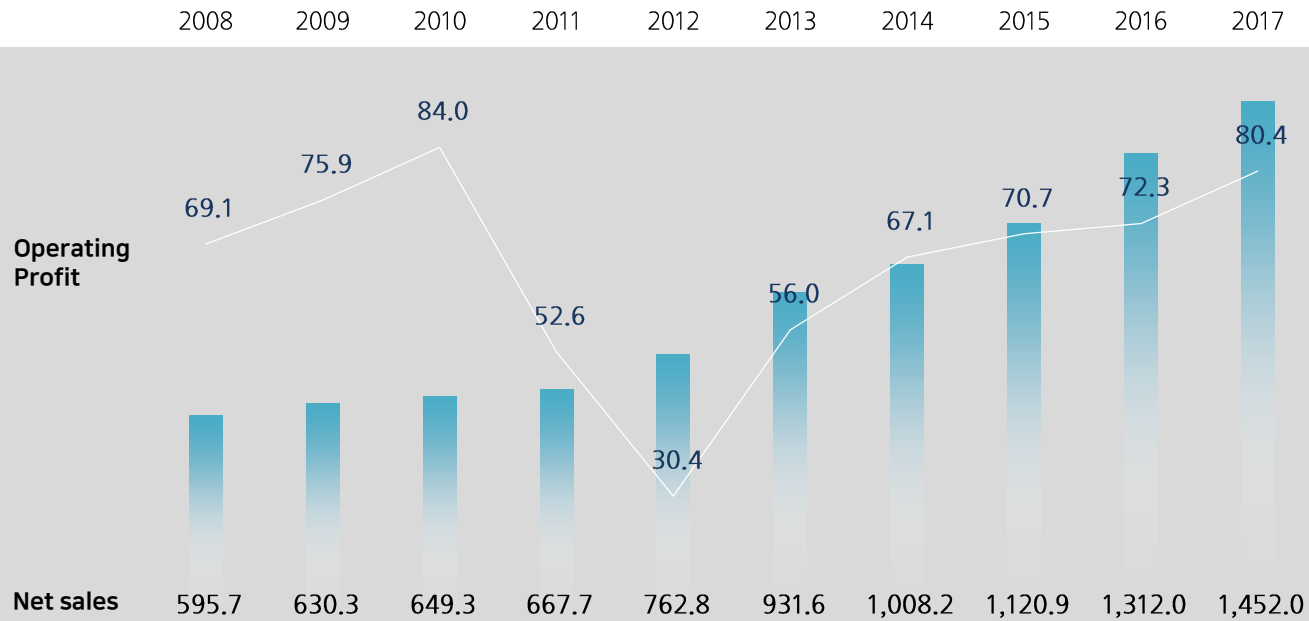


Household Products & Veterinary Drugs

- Household Products :** Bleaches, Oral care products, Detergents, Pesticides
- AHC(Animal Healthcare) :** Veterinary drugs, Aquatic animal medicine, Pet food

※Others(Lease & Services) : 0.8%

Performance of 10 years



(Unit : WBn) ※Separate financial statements

Sales/Profits _ Separate financial statements

(Unit : ₩Mn)

Section		2016			2017			2018 1~3Q		
		Amount	Ratio	YoY	Amount	Ratio	YoY	Amount	Ratio	YoY
	OTC	106,941	8.2%	15.5%	117,148	8.1%	9.5%	83,461	7.6%	-6.1%
Pharmaceutical	Prescription	836,777	63.8%	15.1%	941,048	64.8%	12.5%	745,645	68.1%	8.7%
	Total	943,718	71.9%	15.1%	1,058,196	72.9%	12.1%	829,106	75.7%	7.0%
Household Products		102,166	7.8%	14.6%	116,127	8.0%	13.7%	93,381	8.5%	2.6%
	Export	246,439	18.8%	31.6%	260,634	18.0%	5.8%	157,376	14.4%	-21.3%
Overseas Business	Domestic	5,725	0.4%	-9.9%	5,006	0.3%	-12.6%	4,591	0.4%	30.3%
	Total	252,164	19.2%	30.2%	265,640	18.3%	5.3%	161,967	14.8%	-20.4%
Others (Lease & Services)		13,970	1.1%	-23.5%	12,025	0.8%	-13.9%	10,670	1.0%	16.7%
Net Sales		1,312,018	100.0%	17.0%	1,451,988	100.0%	10.7%	1,095,124	100.0%	1.5%
Operating Profit		72,261	5.5%	2.2%	80,358	5.5%	11.2%	53,966	4.9%	-18.8%
Profit before income tax		156,664	11.9%	7.9%	145,728	10.0%	-7.0%	93,785	8.6%	-11.8%
Net Income		122,401	9.3%	13.9%	110,732	7.6%	-9.5%	67,054	6.1%	-14.3%

Quarterly Results _ Separate financial statements

(Unit : ₩Mn)

Section	'18 1Q	YoY	'17 1Q	'18 2Q	YoY	'17 2Q	'18 3Q	YoY	'17 3Q	'18 4Q	YoY	'17 4Q
OTC	27,949	-1.4%	28,349	29,779	-5.0%	31,355	25,733	-11.8%	29,178			28,266
Pharmaceutical Prescription	238,809	9.3%	218,497	250,489	14.5%	218,769	256,347	3.1%	248,699			255,083
Total	266,758	8.1%	246,846	280,268	12.1%	250,124	282,080	1.5%	277,877			283,349
Household Products	24,860	0.1%	24,844	35,631	8.2%	32,928	32,890	-1.2%	33,286			25,069
Overseas Business Export	40,048	-46.1%	74,242	62,000	-4.0%	64,582	55,328	-9.6%	61,199			60,611
Overseas Business Domestic	1,336	95.6%	683	1,810	4.0%	1,741	1,445	31.5%	1,099			1,483
Total	41,384	-44.8%	74,925	63,810	-3.8%	66,323	56,773	-8.9%	62,298			62,094
Others (Lease & Services)	3,147	12.2%	2,804	3,668	15.4%	3,178	3,855	21.9%	3,163			2,880
Net Sales	336,149	-3.8%	349,419	383,377	8.7%	352,553	375,598	-0.3%	376,624			373,392
R&D Costs	22,836	-6.1%	24,311	25,358	12.0%	22,644	29,845	22.9%	24,293			30,360
Operating Profit	25,675	-7.4%	27,724	23,912	23.1%	19,425	4,379	-77.3%	19,321			13,887
Margin %	7.6%		7.9%	6.2%		5.5%	1.2%		5.1%			3.7%
Dividend Income	29,846	-5.5%	31,588	-421		-	-		-			18,000
Profit before income tax	59,381	14.0%	52,075	28,029	-10.8%	31,416	6,376	-72.1%	22,890			39,348
Net Income	44,501	9.9%	40,474	18,773	-16.9%	22,598	3,780	-75.1%	15,166			32,494
Margin %	13.2%		11.6%	4.9%		6.4%	1.0%		4.0%			8.7%

Sales/Profits _ Consolidated financial statements

(Unit : WMn)

Section	2016			2017			2018 1~3Q		
	Amount	Ratio	YoY	Amount	Ratio	YoY	Amount	Ratio	YoY
OTC	106,941	8.1%	15.5%	117,148	8.0%	9.5%	83,461	7.6%	-6.1%
Pharmaceutical	836,777	63.4%	15.1%	941,048	64.4%	12.5%	745,645	67.5%	8.7%
Affiliate	15,778	1.2%	18.9%	27,120	1.9%	71.9%	21,637	2.0%	7.9%
Internal sales adjustment	-7,451			-17,072			-12,387		
Total	952,045	72.1%	15.1%	1,068,244	73.1%	12.2%	838,356	75.9%	7.3%
Household Products	102,166	7.7%	14.6%	116,127	7.9%	13.7%	93,381	8.5%	2.6%
Overseas Business	246,439	18.7%	31.6%	260,634	17.8%	5.8%	157,376	14.2%	-21.3%
Export	5,725	0.4%	-9.9%	5,006	0.3%	-12.6%	4,591	0.4%	30.3%
Domestic	173,619	13.1%	23.3%	190,210	13.0%	9.6%	121,587	11.0%	-14.9%
Yuhan Chemical	-173,167			-189,998			-121,310		
Internal sales adjustment	252,616	19.1%	30.0%	265,852	18.2%	5.2%	162,244	14.7%	-20.4%
Total	13,970	1.1%	-23.5%	12,025	0.8%	-13.9%	10,670	1.0%	16.7%
Others (Lease & Services)	1,320,797	100.0%	17.0%	1,462,248	100.0%	10.7%	1,104,651	100.0%	1.8%
Net Sales	97,793	7.4%	13.9%	88,710	6.1%	-9.3%	42,426	3.8%	-45.8%
Operating Profit	204,892	15.5%	21.7%	144,920	9.9%	-29.3%	76,010	6.9%	-36.3%
Profit before income tax	161,249	12.2%	27.9%	109,637	7.5%	-32.0%	48,610	4.4%	-44.9%
Net Income									

※ Affiliate : Yuhan Medica, MG, Yuhan Philia

Quarterly Results _Consolidated financial statements

(Unit : ₩Mn)

Section	'18 1Q	YoY	'17 1Q	'18 2Q	YoY	'17 2Q	'18 3Q	YoY	'17 3Q	'18 4Q	YoY	'17 4Q
OTC	27,949	-1.4%	28,349	29,779	-5.0%	31,355	25,733	-11.8%	29,178			28,266
Pharmaceutical	238,809	9.3%	218,497	250,489	14.5%	218,769	256,347	3.1%	248,699			255,083
Affiliate	7,417	98.4%	3,738	6,472	-28.2%	9,017	7,748	6.0%	7,307			7,058
Internal sales adjustment	-3,784		-1,958	-3,630		-6,723	4,973		-5,197			-3,194
Total	270,391	8.8%	248,626	283,110	12.2%	252,418	284,855	1.7%	279,987			287,213
Household Products	24,860	0.1%	24,844	35,631	8.2%	32,928	32,890	-1.2%	33,286			25,069
Overseas Business	40,048	-46.1%	74,242	62,000	-4.0%	64,582	55,328	-9.6%	61,199			60,611
Export	1,336	95.6%	683	1,810	4.0%	1,741	1,445	31.5%	1,099			1,483
Domestic	29,355	-42.7%	51,259	50,151	7.1%	46,818	42,081	-6.1%	44,827			47,306
Yuhan Chemical	-29,316		-51,259	-50,147		-46,605	41,847		-44,827			-47,307
Internal sales adjustment	41,423	-44.7%	74,925	63,814	-4.1%	66,535	57,007	-8.5%	62,298			62,093
Total	3,147	12.2%	2,804	3,668	15.4%	3,178	3,855	21.9%	3,163			2,880
Others (Lease & Services)												
Net Sales	339,821	-3.2%	351,199	386,223	8.8%	355,060	378,607	0.0%	378,734			377,255
Operating Profit	25,664	-27.7%	35,516	16,611	-19.9%	20,742	152	-99.3%	21,973			10,479
Margin %	7.6%		10.1%	4.3%		5.8%	0.0%		5.8%			2.8%
Profit before income tax	32,381	-17.3%	39,174	27,885	-35.4%	43,165	15,744	-57.6%	37,164			25,514
Net Income	21,162	-28.4%	29,543	16,553	-48.9%	32,361	10,895	-58.8%	26,462			21,351
Margin %	6.2%		8.4%	4.3%		9.1%	2.9%		7.0%			5.7%

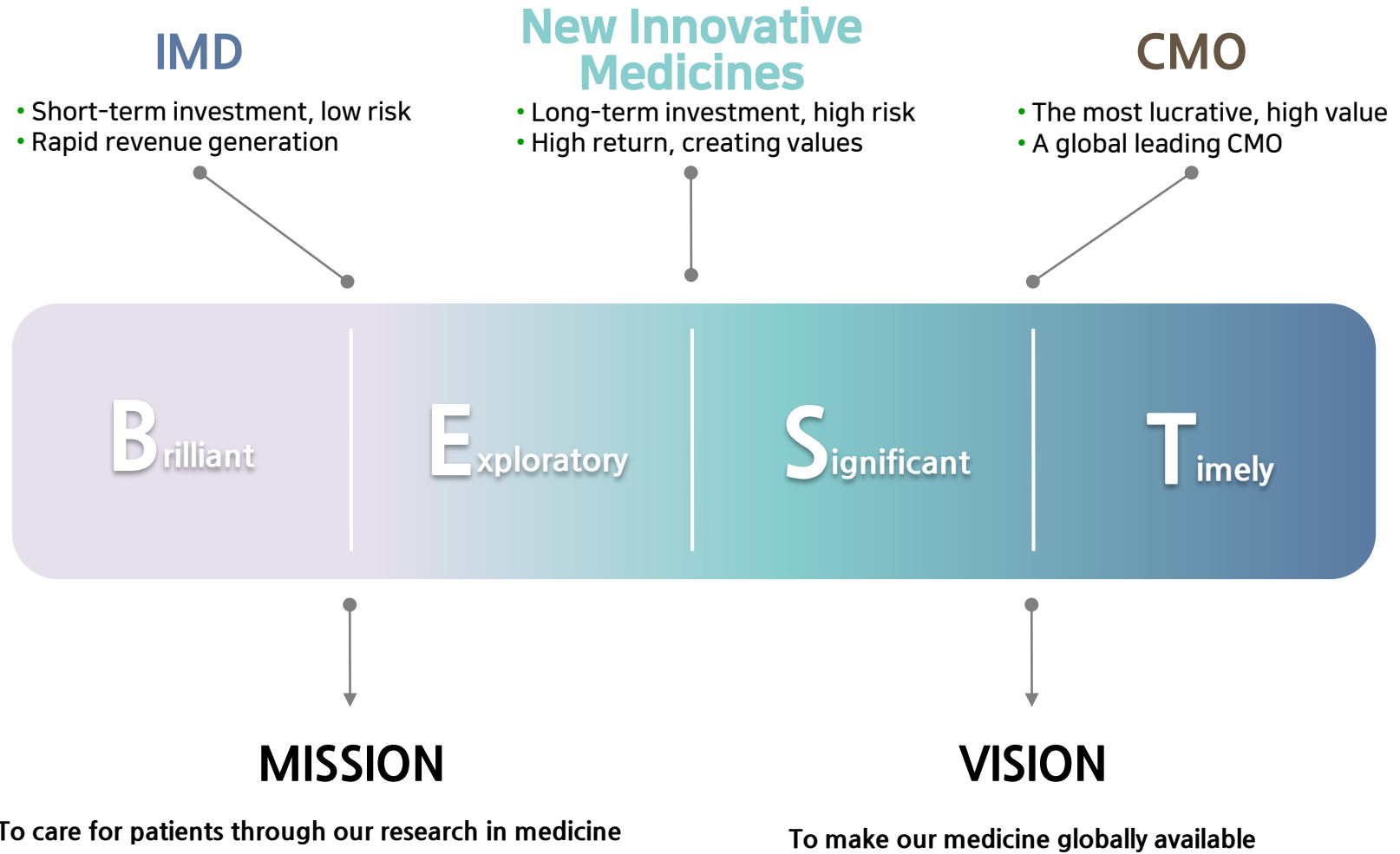
※ Affiliate : Yuhan Medica, MG, Yuhan Philia

2018 3Q Key Product Results

(Unit : WMn)

Section	Products	2018 1~3Q	YoY	2017 1~3Q	2017	
Pharmaceutical	Antiplamine (pain relief medication)	12,929	-7.5%	13,984	19,001	
	Mercilon (contraceptive)	9,782	10.2%	8,878	11,550	
	Megatrue (nutritional supplement)	8,285	-8.7%	9,074	11,372	
	Beecom C (nutritional supplement)	7,764	-23.9%	10,199	12,701	
	Mag-B (nutritional supplement)	5,534	19.5%	4,631	6,771	
	Zyrtec (allergy cure)	5,519	14.0%	4,840	6,623	
	Vitamin C 1,000mg	3,623	-4.7%	3,802	5,080	
	Elena(Probiotics)	2,833	28.6%	2,203	3,424	
	Celestone - G	2,917	3.0%	2,833	3,670	
	Hair dye	1,856	-5.9%	1,972	3,670	
	Prescription	Viread (hepatitis B)	116,445	-0.8%	117,390	154,179
		Trajenta (diabetes)	84,911	11.3%	76,306	101,182
		Twynsta (hypertension)	60,316	7.4%	56,156	73,652
		Sovaldi(hepatitis C)	44,893	66.1%	27,032	43,263
		Genvoya(HIV)	36,403	148.8%	14,630	23,304
		Atorva (hyperlipidemia)	22,708	-4.2%	23,694	31,986
		Rosuvamibe(hyperlipidemia)	28,322	84.7%	15,331	22,295
		Ambisom (antifungal)	18,679	2.8%	18,166	24,088
		Cough Syrup (flu)	17,256	2.6%	16,824	24,385
		MG(infusion of nutrient)	17,492	2.2%	17,114	22,061
Jardiance(diabetes)		18,022	93.9%	9,293	13,500	
Meropen (antibiotics)		17,064	1.9%	16,739	22,136	
Duowell(hypertension+hyperlipidemia)		13,132	9.0%	12,051	16,425	
Household Products	Yuhan Rox(chlorine bleach)	45,168	0.0%	45,188	59,139	
	Happyhome(mosquitocide)	15,593	39.4%	11,182	10,808	

R&D Strategy



R&D Pipeline

As of the end of september

Section	Healing Property	Code	Discovery	Preclinical	Phase 1	Phase 2	Phase 3	
New Chemical Entity	Molecular targeted cancer therapy	Lazertinib (YH25448)	Progress bar				Progress bar	
	Degenerative herniated intervertebral disc	YH14618	Progress bar				Progress bar	
	constipation, postoperative intestinal obstruction	YH12852	Progress bar				Progress bar	
	Diabetes, NASH	YH25724	Progress bar					
	Cancer Immuno therapy	YH24931	Progress bar					
IMD (incrementally modified drug)	Hypertension/Hyperlipidemia (Rosuvastatin+Amlodipine)	YHP1701	Progress bar					NDA
	Diabetic neuropathy (Pregabalin SR)	YHD1119	Progress bar					NDA
	Hypertension (Telmisartan/Amlodipine Besylate+Chlorthalidone)	YH22162	Progress bar					Complete
	Hypertension/Hyperlipidemia (Rosuvastatin+Telmisartan /Amlodipine Besylate)	YHP1604	Progress bar					Complete
	peri-implantitis (Minocyclin+Metronidazole)	YH26153	Progress bar				Progress bar	
	Hyperlipidemia /platelet aggregation inhibitor (Rosuvastatin+Clopidogrel)	YH26136	Progress bar				Progress bar	
				Progress bar				

Major Pipeline Lazertinib(YH25448)

A next-generation EGFR targeted anti-cancer drug

A third-generation mutant EGFR inhibitor treatment for non-small cell lung cancers

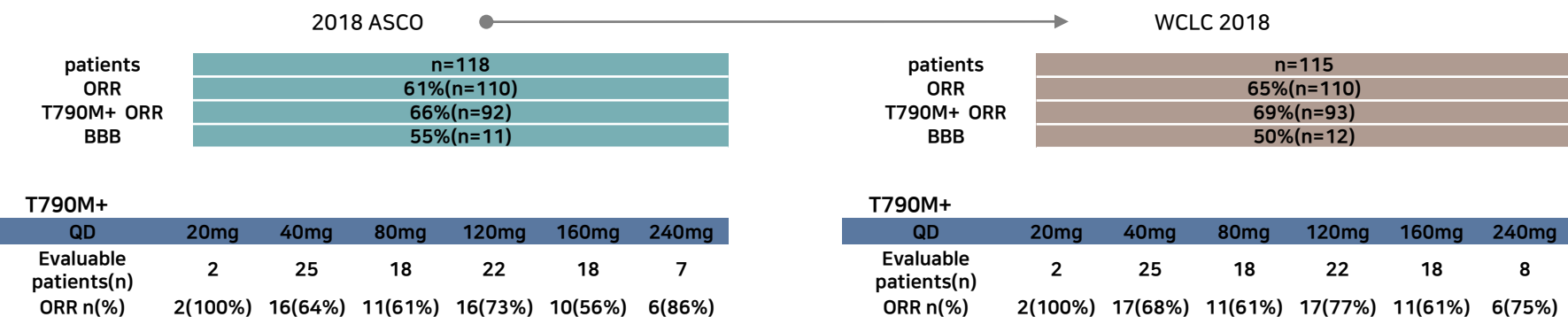
Efficacy

Excellent anti-cancer effects, with a favorable safety profile at the escalated doses such as reduced skin rashes or diarrhea, and superior efficacy in treating brain metastasis of lung cancers

Current Stage

Slated for completing phase II clinical trials by 2018(KOREA)

RESULTS (phase I,II)



2018 11/5, Licensed out Lazertinib(YH25448) to Janssen

- Total Milestone : \$1.25 billion
- Upfront payment : \$50 million
- Worldwide except Korea

Major investments

As of the end of october

Corporate name	Date of Investment	Investing Amount	Business	Purpose of Investment	Listing Status
Bioneer	22-Sep-15	₩10.0Bn	siRNA	Pipeline Expansion	Listed on KOSDAQ
Coson	05-Nov-15	₩40.0Bn	Cosmetic	Business partnership	Listed on KOSDAQ
Genexine	03-Dec-15	₩33.0Bn	hyFC	Pipeline Expansion	Listed on KOSDAQ
EM-Tech	11-Dec-15	₩2.0Bn	Hearing aid	Business Expansion	Unlisted
Immune Oncia	02-Mar-16	₩12.0Bn	Cancer Immuno therapy	Joint Venture with SORRENTO	Unlisted
PharmAbcine	08-Apr-16	₩3.0Bn	Antibody drug	Pipeline Expansion	Unlisted
SORRENTO	25-Apr-16	\$10.0Mn	Cancer Immuno therapy	Strengthening Partnerships	Listed on NASDAQ
NeoImmuneTech	28-Jul-16	\$3.0Mn	hyFC	Pipeline Expansion	Unlisted, USA
GENOSCO	19-Aug-16	\$6.7Mn	Molecular targeted cancer therapy	Pipeline Expansion	Unlisted, USA
Clean & Cleaner	28-Nov-16	₩2.5Bn	Oral care	Business partnership	Unlisted
BioPOA	08-Mar-17	₩5.0Bn	Livestock vaccine	Business partnership	Unlisted
Warantec	29-Mar-17	₩4.0Bn	Implant	Business partnership	Unlisted
Yuhan philia	18-Apr-17	₩7.0Bn	Cosmetic	Business Expansion	Unlisted
Add pharma	14-Nov-17	₩5.0Bn	IMD	Pipeline Expansion	Unlisted
Qingdao Severance	28-Feb-18	₩20.0Bn	Hospital business	Investment to enter the Chinese market	Unlisted
Yuhan USA	30-Mar-18	₩2.0Bn		Global clinical trial, License In/Out	Unlisted
Bridgebio	15-May-18	₩2.0Bn	Pipeline develop	R&D partnership	Unlisted
GoodTcell	11-Jul-18	₩5.0Bn	Cancer Immuno therapy	Pipeline Expansion	Unlisted

Affiliates Financial Summary

(Unit : ₩Bn)

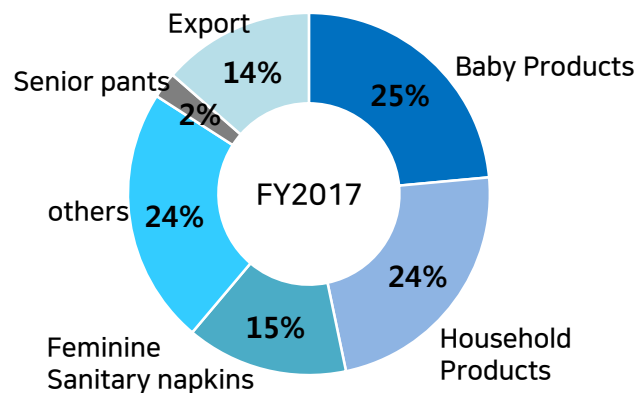
Section	Sales			Operating Profit			Net Income			YH's Shares	Dividend 2018 3Q	Equity Method 2018 3Q
	2017	2017 3Q	2018 3Q	2017	2017 3Q	2018 3Q	2017	2017 3Q	2018 3Q			
Yuhan Kimberly	1,319.6	1,005.3	997.0	214.2	169.9	129.4	138.3	109.1	78.8		21.9	23.6
YoY %	-10.0%	-10.1%	-0.8%	-23.9%	-21.9%	-23.8%	-26.9%	-25.4%	-27.8%	30%	-8.8%	-27.7%
				16.2%	16.9%	13.0%	10.5%	10.9%	7.9%			
Janssen Korea	250.1	190.1	196.5	21.5	20.1	20.4	13.5	14.3	14.7		1.9	4.6
YoY %	2.0%	1.4%	3.3%	53.6%	39.7%	1.2%	87.5%	88.2%	2.5%	30%	125.4%	7.7%
				8.6%	10.6%	10.4%	5.4%	7.5%	7.5%			
Yuhan Clorox	52.8	41.0	39.7	6.5	3.1	3.6	5.2	2.4	3.0		5.5	1.5
YoY %	13.3%	21.3%	-3.2%	-11.0%	-27.9%	surplus	-62.6%	-29.4%	surplus	50%	-16.7%	35.8%
				12.3%	7.6%	9.1%	9.8%	5.9%	7.6%			
Ucarlix	13.1	9.8	10.4	0.5	0.3	0.2	0.4	0.2	0.1			
YoY %	4.0%	4.3%	5.9%	-44.4%	-50.0%	-33.1%	-33.3%	-50.0%	-57.1%	40%		
				3.8%	3.1%	1.9%	3.1%	2.0%	1.0%			
MG	20.2	14.0	14.8	3.6	2.3	2.6	2.1	1.7	2.1			
YoY %	14.8%	7.7%	5.7%	71.4%	60.0%	13.5%	31.3%	60.0%	19.7%	38.3%		
				17.8%	16.4%	17.9%	10.4%	12.4%	14.2%			
Yuhan Chemical	190.2	142.9	121.7	6.9	10.4	-7.8	0.5	5.1	-10.2			
YoY %	9.6%	6.3%	-14.8%	-70.4%	-40.9%	deficit	-96.3%	-49.5%	deficit	100%		
				3.6%	7.3%		0.3%	3.6%				
Yuhan Medica	10.9	10.0	5.3	-0.4	0.3	-0.6	0.9	1.2	-0.5			
YoY %	-31.0%	-15.3%	-47.2%	deficit	0.0%	deficit	207.0%	1100.0%	deficit	100%		
				-3.8%	3.0%		8.4%	12.0%				

※3Q = 1Q~3Q

Corporate Profile

Date of foundation	30 March 1970
Business domain	Hygienic consumer goods, Industrial and medical supplies.
Shareholders	Kimberly-Clark (70%), Yuhan Corporation (30%) Joint venture
Number of employees	1,671
Location	Seoul (Headquarter), Yongin (Innovation Center) Plants : Kimcheon (tissues), Daejeon (diapers, childcare supplies), Chungju (feminine sanitary napkins, Senior pants)

Business Portfolio



- Baby Products : diapers, childcare supplies (wet wipes, skin-care, etc)
- Household Products : facial tissues, toilet paper, paper towels, wet wipes, etc.
- Others : industrial products (protective gear, etc) Medical supplies (gowns, surgical drapes, etc)

Vision – Our belief for a better life, Yuhan-Kimberly

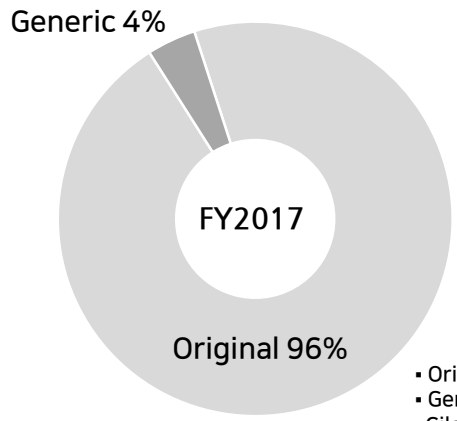
- ◆ Reinforcement of capabilities for existing core business
- ◆ Acceleration of the vitalization of growing business areas and new market development
- ◆ Diversification of items and destinations of exports



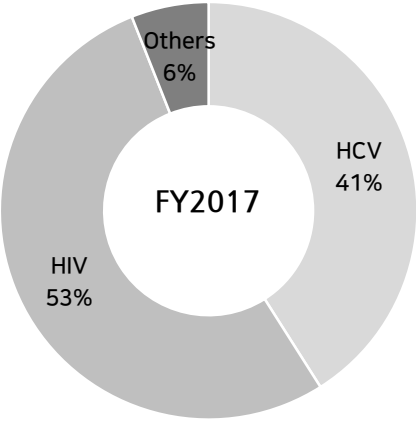
Yuhan Chemical

Corporate Profile		Core Competence
Date of foundation	30 July 1980	<ul style="list-style-type: none"> ▪ Adaptability to new technologies ▪ Flexibility with changes (process, proposal, etc) ▪ World class level cGMP ▪ Fast track support to customers ▶ Assuring long-term supply and high margin as a major vendor of the originators
Business domain	Active Pharmaceutical Ingredient	
Shareholder	Yuhan Corporation (100%)	
Number of employees	333	
Location	Danwon-gu, Ansan-si (Ansan plant) Mado-myeon, Hwaseong-si (Hwaseong plant)	

Focusing Original API Only

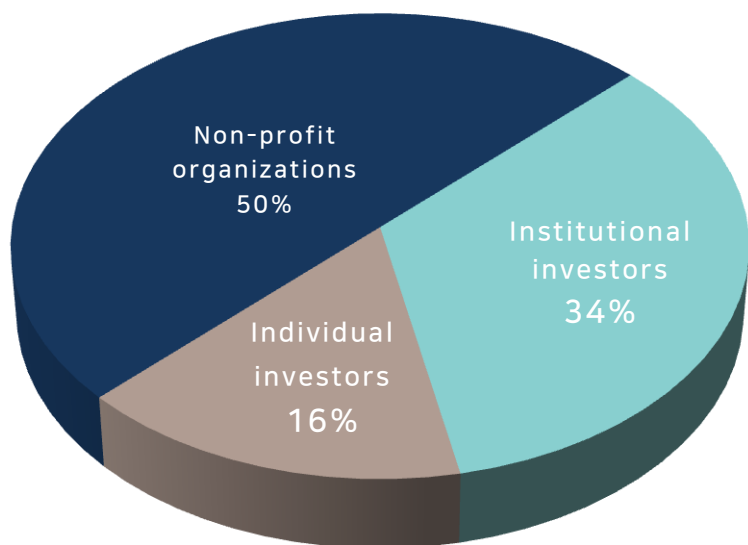


Sales Portfolio



- Original main items : HIV, HCV, Antibiotics, etc
- Generic main items : Voglibose (Diabetic), Cilostazol (Antiplatelet), etc
- Based of Yuhan Corporation API sales

Shareholding Structure



As of the end of 2017

Major Shareholders	Shares	%
Yuhan Foundation	1,803,509	15.46%
National Pension	1,455,197	12.47%
Treasury Stock	1,026,391	8.80%
Yuhan School Foundation	886,896	7.60%
Yonsei University	440,953	3.78%
ISHARES (USA)	224,217	1.92%
VANGUARD (USA)	195,481	1.68%
Yuhan Mutual Aid Association	178,179	1.53%
Mirae Asset	173,651	1.49%
Shinyoung Asset Management	127,396	1.09%
Health Fellowship Foundation	116,355	1.00%
Others	5,037,671	43.18%
Total	11,665,896	100.00%
Foreign Investors	2,685,739	23.02%