

# The **NEXT** **CHAPTER**



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# DONG-A SOCIO GROUP IS OPENING A NEW CHAPTER,

to become a global healthcare company.



## Letter to Shareholders

Dong-A Socio Group will grow into a global healthcare company that is acknowledged in the global market and respected by all stakeholders as we take steps forward together in a spirit of challenge.



**Dear customers and shareholders,**

2014 marked the first chapter of a new beginning for Dong-A Socio Group as a global healthcare company.

I thank you all most profoundly for your trust and support for Dong-A Socio Group at this time of change and challenge.

Dong-A Socio Group set out its vision of becoming a global healthcare company in 2012, the 80th anniversary of its founding, began the transition to a holding company structure. We received holding company approval from the Fair Trade Commission in October 2014, successfully completing the move into a holding company structure. Since the new structure was put in place, Dong-A Socio Holdings has taken charge of new investment for the Group, Dong-A ST has overseen the ETC (Ethical) drug business, and Dong-A Pharmaceutical has been in charge of the OTC (Over-the-counter) drug business. These three companies have been the axes of the balanced growth of Dong-A Socio Group. Our corporate culture and professional, flexible organization are enabling us to take on the challenges needed to meet our goals.

Dong-A Socio Group achieved major strides forward last year in developing a new global drug, creating drivers for continued growth, and expanding our overseas business. In particular, Sivextro<sup>®</sup>, an oxazolidinone class antibiotic developed by Dong-A ST, became the company's first new in-house developed original drug to secure approval from the US FDA (Food and Drug Administration). Sivextro<sup>®</sup> has been already sold in the US, and plans to be launched in Europe and Korea in 2015. In addition, we are making good progress in a clinical trial that may add another indication, implying the development of new global drug is on the horizon.

In May 2014, we completed the construction of the DM Bio Plant. The DM Bio Plant is designated as a cGMP (current Good Manufacturing Practice) plant, and it will serve as a base for producing bio-pharmaceuticals, one of our future growth drivers.

Dong-A ST received the '100-Million-USD Pagoda of Export' in December 2014 and took a step closer towards realizing its goal of becoming a global company. This is the outcome of all the efforts made by everyone at the company to make inroads into overseas markets, 33 years after the company began exports in 1981.

2014 was a year when Dong-A Socio Group took a significant step toward a global healthcare company. In 2015, we will embed the DNA of a global healthcare company into our thoughts and actions, in order to lead change and innovation. Accordingly, we will undertake the following key strategic tasks.

**First, we will further expand our business areas based on the stable holding company structure.**

Since the demerger in 2013, Dong-A Socio Group has built a solid foundation through the holding company structure and strengthened its fundamentals. This foundation will now enable us to expand our business areas, currently focused on the Korean pharmaceutical market, to include overseas pharmaceuticals, medical devices, and medical services. By doing so, we will open a new chapter of growth.

**Second, we will concentrate on the research and development of innovative new drugs and bio-pharmaceuticals.**

We will utilize the world-leading R&D competencies of Dong-A, which were proven once again by what we did with Sivextro<sup>®</sup>, in order to develop innovative new drugs. Based on the belief that Dong-A's social contribution is to develop new drugs, we will do our utmost to improve the health of people around the world through our new global drug. We will also develop and produce biosimilar pharmaceuticals as drivers of new growth for Dong-A Socio Group.

**Third, we will implement profit-focused and professional management for sustainable growth.**

We will improve growth in our domestic market by releasing competitive new products and strengthen our product line-up. In overseas markets, we will expand exports of key products and license out our R&D to increase sales from milestone and royalty income. We will also solidify the independence and expertise of each business area, including ETC, OTC and biosimilars, to improve business competencies and management efficiency, thus achieving the continued growth of the Group.

### **Lastly, we will continue to uphold our key values of responsibility and sincerity.**

Everyone at Dong-A Socio Group understands that respect for life is our key value. We will never forget our sense of responsibility and respect for life, even as our industry changes sharply. Driven by a strong sense of ethics and transparency, and with a strict compliance program in place to back this up, Dong-A Socio Group will grow into a trusted and respected global company.

### **Honorable customers and shareholders,**

We are living in an era of endless possibilities. To turn these possibilities into realities, Dong-A Socio Group will strive to become a company that identifies the flows of its markets, and responds to them through creativity and innovation. In addition, our transparent and ethical management will enhance our corporate value, and maximize value for all stakeholders, ultimately.

I ask for your continued encouragement as Dong-A Socio Group takes on the challenges and pursues innovation as we open a new chapter to become a global healthcare company.

Thank you.



**SHIN-HO KANG**

Chairman, Dong-A Socio Group

# Dong-A Socio Group at a Glance

## Roadmap for Business Diversification



### Dong-A Socio Holdings

Dong-A Socio Holdings defines the overall vision for Dong-A Socio Group, and formulates its strategic goals; the company also draws up the Group's human resource and investment plans to achieve the goals. The company makes long-term investments such as new business and aims to expand its business areas by going beyond the current pharmaceuticals-centered business structure to include medical services and other new business areas.

### Dong-A ST

Dong-A ST focuses on ETC (Ethical) drugs, overseas business, and medical equipments & diagnostics. Dong-A ST is in charge of business and the registration of pharmaceuticals with current exporters, and its

short- and mid-term progress into global markets. The company focuses on developing new global drugs based on its outstanding research infrastructure of cutting-edge research centers and highly-skilled research experts, thus growing into a global pharmaceutical company.

### Dong-A Pharmaceutical

Dong-A Pharmaceutical's main businesses are in OTC (Over-the-counter) drugs, health functional foods, and quasi-drugs such as Bacchus®. The company aims to be Korea's top healthcare company by adhering closely to its founding spirit of contributing to the health of the nation by creating good medicines.

# CEOs of Affiliates

## DONG-A SOCIO HOLDINGS



Jung-Seok Kang | CEO & President



Dong-Hoon Lee | CEO & Executive Vice President

## DONG-A ST



Won-Bae Kim | CEO & Vice Chairman



Chan-Il Park | CEO & President

## DONG-A PHARMACEUTICAL



Dong-Wook Shin | CEO & President

# Key Figures

## 2014 SUMMARIZED FINANCIAL STATEMENTS

### DONG-A SOCIO HOLDINGS

(Unit: KRW billion)

	SEPARATE FIGURE	CONSOLIDATED FIGURE
<b>Statements of Financial Position</b>		
Total assets	604.3	1,081.1
Total liabilities	237.0	546.6
Total shareholders' equity	367.2	534.5
<b>Statements of Income</b>		
Sales	72.2	630.6
Cost of goods sold	23.9	439.1
SG&A expenses	18.9	135.8
R&D expense	24.0	34.9
Operating profit	5.4	20.8
Profit before income tax	9.7	25.3
Net profit	6.4	6.5

### DONG-A ST

(Unit: KRW billion)

	SEPARATE FIGURE	CONSOLIDATED FIGURE
<b>Statements of Financial Position</b>		
Total assets	1,078.0	1,081.9
Total liabilities	591.1	593.5
Total shareholders' equity	486.8	488.3
<b>Statements of Income</b>		
Sales	568.1	578.6
Cost of goods sold	264.0	268.5
SG&A expenses	193.2	197.2
R&D expense	62.7	63.6
Operating profit	48.2	49.4
Profit before income tax	44.2	45.7
Net profit	34.3	37.5

## SALES STRUCTURE

## SALES

(Unit: KRW billion)

Dong-A Pharmaceutical (Former)					
	ETC	Overseas	Medical Equipments & Diagnostics	OTC	Bacchus® (Domestic only)
2012	439.7	94.8	73.7	140.0	170.9
<b>FORMER STRUCTURE</b>					
↓					
Demerged on March 1, 2013					
Dong-A ST			Dong-A Pharmaceutical		
	ETC	Overseas	Medical Equipments & Diagnostics	OTC	Bacchus® (Domestic only)
2013 (Full year pro-forma)	383.7	117.2	65.0	152.3	179.2
2014	352.6	112.3	65.7	159.3	186.5

# Milestones

## 1932-1958

### The Prelude of Dong-A

1932

Choong-Hee Kang's Wholesaler, a pharmaceutical and hygiene material wholesaler, began operations in Joonghak-dong, Jongro-gu, Seoul, Korea

1947

Pharmaceutical business began full operation

1949

Changed name to Dong-A Pharmaceutical Corporation

1957

Constructed modern facility, headquartered in Yongdu-dong, Dongdaemun-gu, Seoul, Korea  
- Manufactured antibiotics, such as Penicillin®

## 1959-1974

### Modernization of Pharmaceutical Business

1961

Began manufacturing Bacchus®

1964

Bacchus® ranked first in domestic tonic market

1967

Ranked first in sales among domestic pharmaceutical companies

1970

IPO (Initial Public Offering)

## 1975-1992

### Establishment of Growth Foundation

1977

Established a research center in Yongdu-dong, Dongdaemun-gu, Seoul, Korea

1979

Developed the world's third antibiotics, Talampicillin®

1988

Released AIDSIA®, Korea's first ever first-generation AIDS diagnostic reagent  
- Constructed the industry's first KGLP (Korea Good Laboratory Practice)-compliant research center in Sanggal, Gyeonggi, Korea

1991

Received the IR52 Jang Young Shil Award for AIDSIA®

## 1993-1999

### Overcoming Obstacles by Working Together

1993

Developed Growtropin®, a first-generation biomedicine and human growth hormone

1994

Released Interferon-alfa™, a first-generation biomedicine and multiple myeloma treatment  
- Developed the world's first simultaneous diagnostic reagent for AIDS and hepatitis C

1995

Bacchus® became Korea's first single pharmaceutical product to achieve sales of KRW 100 billion

1997

Became the first company in Korea to develop a tuberculosis treatment, Closerin®

1999

Released Leucostim®, a first-generation biomedicine and neutropenia treatment, and Eporon®, a renal anemia treatment

## 2000-2007

### Becoming an R&D-centered Pharmaceutical Company

2001

Received the Excellent Shareholder Focused Management Award

2002

Released Stillen®, Dong-A's first in-house developed original drug and a phytomedicine for gastritis

2005

Released Zyderna®, Dong-A's second in-house developed original drug and an erectile dysfunction treatment

2006

Released Gonadopin®, a first-generation biomedicine and infertility treatment

## 2008-2012

### Challenging to Become a Global Company

2010

Entered into a comprehensive business agreement with GSK (GlaxoSmithKline) of the UK

2011

Released Motilitone<sup>®</sup>, Dong-A's third in-house developed original drug and a phytomedicine for functional dyspepsia

- Signed a comprehensive business alliance contract on biosimilars with Meiji Seika Pharma of Japan

2012

Began the construction of the DM Bio Plant in Songdo, Korea in conjunction with Meiji Seika Pharma

- 80th anniversary of the foundation of Dong-A

## 2013-2014

### The Next Chapter

2013

#### Dong-A Socio Holdings

Signed a comprehensive business alliance contract with MEIC of Mongolia

- Demerged into three new companies – Dong-A Socio Holdings (the renamed existing entity), Dong-A ST (a stock spin-off entity), and Dong-A Pharmaceutical (an asset split-off entity)

- Signed a joint R&D contract with the JCB (Joint Center for Biosciences) Research Institute of the US on the AB-204, BMP (Bone Morphogenetic Protein)

- Established a Korea's first dementia research center

#### Dong-A ST

Received an IND (Investigational New Drug) application approval for a phase II clinical trial of DA-9801, a diabetic neuropathy, from the US FDA (Food and Drug Administration)

2014

#### Dong-A Socio Holdings

Completed the construction of the DM Bio Plant

- Signed an MOU (Memorandum of Understanding) with the University of Freiburg in Germany on joint research of dementia and anti-cancer treatments

- Received holding company approval from the Fair Trade Commission

#### Dong-A ST

Obtained US FDA approval and launched Sivextro<sup>®</sup> (DA-7218, Tedizolid), an oxazolidinone class antibiotic, in the US by Cubist

- Signed a strategic alliance contract with Combiphar of Indonesia

- Secured Korean MFDS (Ministry of Food and Drug Safety) approval for Dulastin<sup>®</sup>, DA-3031 (PEG-G-CSF), a long-acting bio-pharmaceutical drug for neutropenia



DONG-A  
SOCIO HOLDINGS

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### ORGANIZATION STRUCTURE

Dong-A Socio Holdings has ten subsidiaries as of the end of 2014, operated in four strategic business units – pharmaceuticals, logistics, bottle glass, and others. The business units are operated separately because they provide different products and services, and required skills and marketing strategies are different.

Dong-A Socio Holdings creates the overall organizational structure, to enable the Group's affiliates in various business areas to create synergy, based on which it identifies measures to achieve joint growth.



(Unit: KRW billion)

	BUSINESS AREAS	ESTABLISHMENT	SALES	OPERATING PROFIT MARGIN (%)	TOTAL ASSETS
<b>Dong-A Socio Holdings</b>	R&D of new innovative drug and new business investments	December 1932	72.2	7.5	604.3
<b>Dong-A Pharmaceutical</b>	Manufacture of OTC (Over-the-counter) drugs, quasi-drugs including Bacchus® and consumer healthcare products	March 2013	348.5	11.5	131.0
<b>ST Pharm</b>	Manufacture of APIs (Active Pharmaceutical Ingredients)	August 2008	96.5	10.1	142.4
<b>Yong-Ma Logis</b>	Logistics and storage	February 1979	135.5	4.5	106.9
<b>Soo Seok</b>	Manufacture of bottle glass and PET	September 1969	73.5	8.3	118.9

\*As of December 31, 2014; Separate figures

# Overview

## PHARMACEUTICALS



Dong-A Socio Holdings defines the overall vision of Dong-A Socio Group, formulates strategic goals, and sets plans for new business investments, in order to lay the foundations for the Group's development into a global healthcare company.

Dong-A Socio Holdings officially became a holding company pursuant to the Monopoly Regulation and Fair Trade Act on October 30th, 2014.

### Key Achievements

Based on consolidated financial statements, Dong-A Socio Holdings' sales rose 10.5% year-on-year, to reach KRW 630.6 billion in 2014. Its major affiliate, Dong-A Pharmaceutical, led this growth by posting sales of KRW 348.5 billion, thanks to the company's distinctive products and marketing. ST Pharm, a company which specializes in APIs (Active Pharmaceutical Ingredients) on outstanding quality system, also contributed to growth by recording sales of KRW 96.5 billion, a year-on-year increase of 14.6%. Yong-Ma Logis, a logistics specialist, and Soo Seok, a manufacturer of high-quality, eco-friendly bottle glass, posted sales of KRW 135.5 billion and KRW 73.5 billion, respectively, up 8.7% and 7.3%, indicating continued balanced growth across Dong-A Socio Holdings' major subsidiaries.

Operating profit, however, was down 38.1% year-on-year, to KRW 20.8 billion. This was mainly attributable to initial costs incurred from starting our new biosimilar business.

Dong-A Socio Holdings established DONGCHEONSU, a mineral water company, in July 2014; it plans to leverage the achievements of Dong-A Otsuka, an existing affiliate of Dong-A Socio Group in the mineral water market, to generate synergy between the two companies. By doing so, Dong-A Socio Holdings will expand its market dominance and secure a new revenue source.

### Future Plans

Dong-A Socio Holdings will focus on increasing sales and developing drivers for new growth at the Group level. To this end, it will implement a wide range of organic and inorganic growth strategies, including expanding sales base in global markets and exploring company acquisitions.

### Research Center of Dong-A Socio Holdings

The core of Dong-A Socio Holdings' R&D is the development of future growth drivers, including bio-pharmaceuticals, innovative new drugs, and dementia medication. At the center of the company's advanced Research Center, there are Innovative Drug Discovery Research Laboratories, Bio-pharmaceutical Research Laboratories, Dong-A Dementia Center, and Research Planning Management Department.

The Innovative Drug Discovery Research Laboratories is developing new mechanism targeted medicines for diseases that are difficult to treat, and aims to develop new innovative drugs that are genuine 'The first', completely different from existing ones. It is building an open innovation platform with universities and research institutes in Korea and abroad, to establish a one-stop research structure that supports everything from the discovery of new drug targets to drug verification and development. In 2014, it

### Key Figures

(Unit: KRW billion)

Total Assets	1,081.1
Sales	630.6
Operating Profit	20.8
Operating Profit Margin	3.3%
Net Profit	6.4
Net Profit Margin	8.8%

\* As of December 31, 2014; Consolidated figures

### R&D Personnel

# 113

Persons

\* As of December 31, 2014

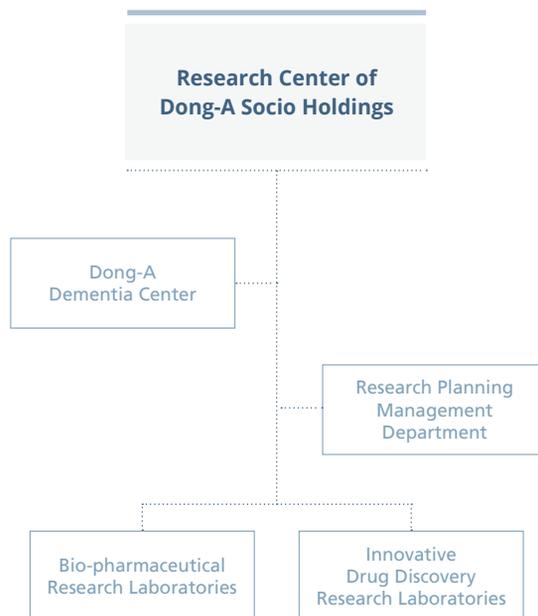
signed an MOU (Memorandum of Understanding) with the University of Freiburg in Germany on conducting joint research into epigenetics-based anti-cancer dementia drugs. This partnership will serve as a base for future technology transfers and business alliances in the global market.

The Bio-pharmaceutical Research Laboratories is the heart of the company's own specialized bio-pharmaceutical development technologies and experience, accumulated through the development of first-generation bio-pharmaceuticals including human growth hormones, neutropenia drugs, and infertility treatments. It focuses on biosimilars and bio-pharmaceuticals which are the Group's future growth engines. DMB-3111, a biosimilar of Herceptin® for a breast cancer, is being jointly developed with Japan's Meiji Seika Pharma. A phase I clinical trial was completed in Japan in 2014, establishing a base for entry into the Korean, Japanese and other global markets. As a follow-up project, the Laboratories is conducting research and development into DMB-3113, a biosimilar of Humira® for a rheumatoid arthritis.

The Dong-A Dementia Center was established in 2013 to develop radical treatments for dementia which is a refractory disease, and it is the first disease-centered research center established by a Korean pharmaceutical company. Dong-A Socio Holdings utilizes six diversified research areas – new mechanism-based chemical drugs, bio-pharmaceuticals, phytomedicines, stem cell treatments, vaccines, and base technologies for medical device – and puts company-wide efforts to develop innovative dementia treatments. The Center is conducting joint research with Seoul National University into a dementia treatment that controls insulin resistance, based on the link between diabetes and dementia. It is planning collaborative research with Bristol University and Cambridge University in the UK. The Center also brought in top dementia research experts from universities and hospitals in Korea and abroad as advisory committee members,

and plays a role as the hub for information exchange and cooperation on dementia.

Dong-A Socio Holdings' Research Center will publicize Dong-A's brands and serve as a driving force in creating new value in the global market. It will concentrate its capabilities on core research areas, and engage in open collaboration to increase the value of its pipeline. It will continue to promote 'Global Star' projects to look for R&D pipelines that can attract global attention, and will also seek the early establishment of partnerships with overseas companies and research institutions to develop new innovative drugs, in order to globalize its R&D activities across various fields of research.



R&D Investment

R&D Investment per Sales

34.9

KRW billion

5.5

%

\* Based on the consolidated figures

The motto of the Research Center of Dong-A Socio Holdings, with its focus on developing first-in-class new drugs

The First

Dong-A Pharmaceutical



## DM Bio

Dong-A Socio Holdings has been involved in the development and commercialization of bio-pharmaceuticals since the 1990s as it always believes that bio-pharmaceuticals would become the major pillar of the global pharmaceutical market. Dong-A Socio Holdings signed a strategic business collaboration with Meiji Seika Pharma from Japan in September 2011. Two companies collaborate all-dimensionally in bio-pharmaceuticals from R&D to manufacturing and products distribution.

The construction of a cGMP (current Good Manufacturing Practice) bio-pharmaceutical plant, jointly invested by the two companies with the amount of KRW 100 billion, was completed in May 2014. The facility was designed and built to produce world class bio-pharmaceutical products. DM Bio is currently producing the clinical sample of DMB-3113, Humira® biosimilar candidate jointly developed by the two companies. Additionally some other projects have been scheduled.

DM Bio covers 144,430m<sup>2</sup>, with a total space of 21,752m<sup>2</sup> three floor main building complemented a waste water treatment facility, a dangerous substances warehouse, and a security building. DM Bio has a total capacity of 8,000 liters, consisting of three independent 2,500 liter production lines on the second floor and a 500 liter production line on the first floor, so that several products can be produced simultaneously. Three 2,500 liter production lines have been hybrid designed that combines the advantages of single-use and multi-use systems for the efficient production of therapeutic biologics.

At present, the plant can produce APIs (Active Pharmaceutical Ingredients) that go through mammalian cell culture and purification processes. Aseptic filling and packaging facilities will be equipped so that the plant can produce finished pharmaceutical products from 2016.

In addition to manufacturing products jointly developed by Dong-A Socio Holdings and Meiji Seika Pharma, DM Bio will expand its business areas by carrying out CMO (Contract Manufacturing Organization) business for other companies. By effectively utilizing the two companies' business experiences in overseas markets and strong global networks, DM Bio will expedite its entry into advanced markets such as Europe and US as well as emerging markets.



### Competitiveness of DM Bio

1

#### STRATEGIC PARTNERSHIP

Synergy between the R&D and technique know-how of Dong-A Socio Holdings and Meiji Seika Pharma

2

#### HYBRID SYSTEM

Maximizes capacities utilization which allows the simultaneous production of different products

3

#### SEAMLESS TRANSFER

Rich experiences in eliminating gaps between R&D and manufacturing to realize the greatest value of products

4

#### GLOBAL STANDARDS

Complying with global guidelines to produce the finest standard of bio-pharmaceuticals

# Dong-A Pharmaceutical

PHARMACEUTICALS



Dong-A Pharmaceutical will grow into Korea's top healthcare specialist by upholding the founding spirit of Dong-A Socio Group to 'contribute to the health of the nation and the world by creating good medicine' and by improving product competitiveness.

Dong-A Pharmaceutical is a specialist in OTC (Over-the-counter) drugs, and a 100% subsidiary of Dong-A Socio Holdings. Its main business areas are OTC drugs, which customers can buy without a prescription, as well as health functional foods and quasi-drugs such as Bacchus<sup>®</sup>. Dong-A Pharmaceutical is becoming a trusted healthcare company by developing and producing high quality products that can contribute to improvements in health.

## Bacchus Unit

Bacchus<sup>®</sup> is an iconic brand in the domestic tonic drink market. Since its launch in 1963, it has grown in popularity across a wide range of consumers, and has propelled the company's growth. Since the demerger in 2013, the Bacchus Unit has been in charge of the distribution of Bacchus<sup>®</sup> in Korea, including to pharmacies and new types of business establishments. The unit consists of nine branches and two sales offices with 21 teams, and especially, Bacchus<sup>®</sup>-D is supplied directly to around 20,000 pharmacies across the nation by 147 salespeople, using 75 vehicles. This Route

Sales System enables the timely supply of Bacchus<sup>®</sup>, as well as thorough inventory and cash flow management.

The company is increasing sales of Bacchus<sup>®</sup> by adopting a dual distribution strategy. After Bacchus<sup>®</sup> was reclassified from an OTC drug to a quasi-drug in 2011, the company launched Bacchus<sup>®</sup>-F for new types of distribution channels such as convenience stores and supermarkets. Compared to Bacchus<sup>®</sup>-D, which is for pharmacies only, Bacchus<sup>®</sup>-F is 20mℓ larger and contains DL-carnitine which improves digestive functions.

In 2014, the Bacchus Unit recorded sales of KRW 186.5 billion, thanks to the increased sales of Bacchus<sup>®</sup>-F, growing by 53.8% year-on-year, attributable to the widening of distribution channels and the supply price hike that was implemented in August 2014.

Bacchus<sup>®</sup> has been a consumers' favorite for more than half a century thanks to Dong-A Pharmaceutical's distinctive marketing strategy. Rather than simply delivering product information, advertisements for Bacchus<sup>®</sup> reflect the trends and tell stories of daily life that relate to an individual's health. They have been very successful, and have truly reached out to its customers, and the new advertising campaign won the 'Good Advertising Award' in the TV category at the 'Consumer Choice Awards for Good Advertising', hosted by the Korea Advertisers Association in 2014. In addition, the company communicates with young generations every year by hosting the Tour Korea for College Students, and films advertisements based on the creative ideas of young people at the '29 Second Film Festival'.

## Key Figures

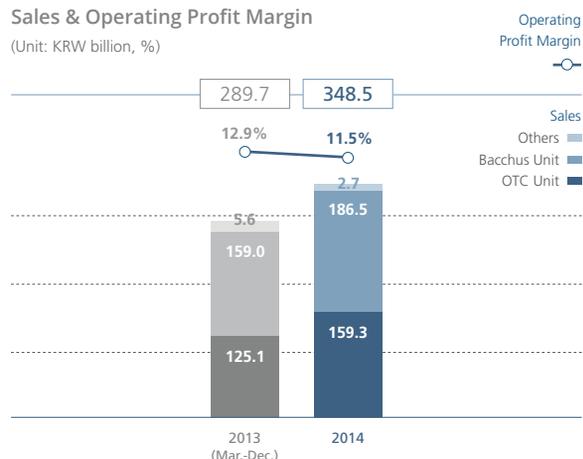
(Unit: KRW billion)

Total Assets	131.0
Sales	348.5
Operating Profit	40.1
Operating Profit Margin	11.5%
Net Profit	31.4
Net Profit Margin	9.0%

\* As of December 31, 2014

## Sales & Operating Profit Margin

(Unit: KRW billion, %)



Dong-A Pharmaceutical will ensure the continued growth of Bacchus® based on outstanding product competitiveness, systematic operational management, and distinctive marketing. This will enable Bacchus® to continue to be a mainstay in Dong-A Socio Group's development into a global healthcare company.

### OTC Unit

Dong-A Pharmaceutical supplies OTC drugs, health functional foods, and quasi-drugs to pharmacies and through general distribution channels. Its outstanding operations and field management enable around 130 salespeople to supply approximately 70 types of OTC drugs to roughly 20,000 pharmacies around the nation. They also supply quasi-drugs and health functional foods to large discount stores, convenience stores, and supermarkets. The company has dedicated OTC marketers and branches for OTC drugs that can only be sold to pharmacies; products are also supplied through around 90 wholesalers nationwide.

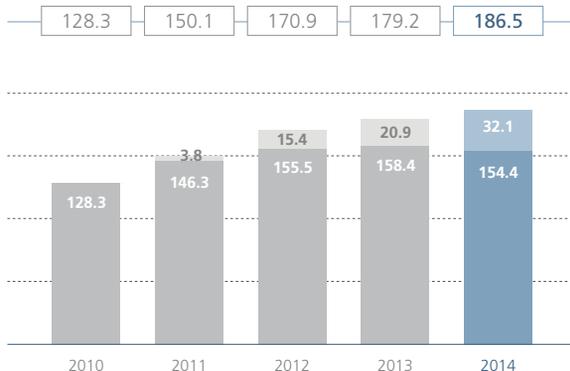
Bearing in mind the rapid rise of the mobile lifestyle, Dong-A Pharmaceutical has been very active in looking to non-conventional forms of advertising. For example, it launched an SNS advertising campaign for Benachio®, a phyto digestive medicine, and introduced a parody of a well-known Korean television drama. This campaign was very successful in reaching out to housewives, the product's main target. In addition, the company released a video featuring an SNS-based girl group to advertise Morning Care Lady®, a hangover drink for women; there were 1 million views in just three weeks after the video was launched on YouTube, reflecting the outstanding success of this promotion.

Thanks to an excellent sales organization and products as well as trend-leading marketing activities, the OTC Unit posted sales of KRW 159.3 billion in 2014; sales of Benachio®, in particular, exceeded KRW 3.0 billion.

### History of Bacchus®



Bacchus® Sales  
(Unit: KRW billion)



CAGR of Bacchus® Sales  
(2010-2014)

9.8  
%

## Future Plans

The Korean OTC market grew 4.8% year-on-year in 2014, to reach around KRW 1.9 trillion. Boundaries between sectors are falling, and competition is becoming fiercer due to the entry of global brands. To face these challenges and to continue its growth into a leading healthcare specialist, Dong-A Pharmaceutical is building foundations for growth and making sure it has the best possible organizational culture. In particular, the company plans to grow into a global brand by implementing a unique marketing strategy which focuses on 'mind share' rather than 'market share', with its own distinct identity and sincerity.

To this end, Dong-A Pharmaceutical will improve its main products, diversify its markets and look to develop new blockbuster drugs. The company will build brand values, widen the age range of customers, and diversify product line-up for Bacchus®, targeting sales of KRW 300 to 400 billion by 2020. Dong-A Pharmaceutical will also leverage Dong-A Socio Group's strong capabilities in new drug research and product development in order to create new OTC drugs. In addition, it will undertake research to improve the efficacy of existing products, so that it can create new markets and enter into larger markets.

Moreover, Dong-A Pharmaceutical will focus not just on treating disease, but on developing health functional foods that can prevent disease. Health functional foods have become a global trend, which is why Dong-A Pharmaceutical launched D.C. Daily®, a premium health functional food, and the first of its kind in Korea to receive certification for its immunity support function in 2014. The company is developing a follow-up product, and will continue to release customized health functional foods and make them as global brands.

## Key Products of OTC Unit



### PHARMACEUTICALS

#### Panpyrin®-T

Anti-inflammatory, Antipyretic, Analgesic Drug

Released in 1956, Panpyrin®-T is a cold medicine in tablet form, and is effective for colds, aches, and headaches. It was re-launched after being designated as a household medicine in 2012.

#### Panpyrin®-Q

Anti-inflammatory, Antipyretic, Analgesic Drug

Released in 2007, Panpyrin®-Q is a cold medicine in liquid form. It is Dong-A Pharmaceutical's flagship OTC product, and is effective for colds, aches, and headaches, as well as for coughs and phlegm. It recorded a 70% market share in the domestic liquid cold medicine market in 2014.



### QUASI-DRUGS

#### Morning Care®

Hangover Drink

Released in 2005, Morning Care® is a drink that eases the symptoms of hangovers, and helps to protect the liver from the damage caused by alcohol. Dong-A Pharmaceutical released Morning Care® Plus, which was recognized its function as a health functional food by the Ministry of Food and Drug Safety, and Morning Care® Lady for women in 2013, expanding market dominance

#### Garglin®

Mouthwash

Released in 1982, Garglin® highly effective in preventing cavities for it delivers 99.9% germicidal power and removes even the tiniest bacteria that cannot be killed by brushing alone. No. 1 mouthwash brand in Korea, Garglin® is offered in different varieties, including products for adults and children, as well as a disposable stick-type product and dispenser.



PHARMACEUTICALS

Benachio®

Dyspepsia Treatment

Benachio® is a functional dyspepsia treatment, released in 2009. It is for general indigestion as well as loss of appetite, epigastric distension, nausea, and vomiting. This phytomedicine contains no carbonic acid, and is hypoallergenic. With excellent choleric effects, Benachio® is good for protein digestion, especially for people who consume a lot of meat.



Dodana Gel®

Skin Disease Treatment

This is a wound treatment that creates a film when applied to the wounded area, eliminating the need for a bandage. It is effective for wounds that pose a risk of becoming or already were infected, burns, festering skin infections, eczema, and cold sores. It is a new product, released in July 2014.



HEALTH FUNCTIONAL FOOD

D.C. Daily®

Immune Booster

Released in August 2014, D.C. Daily® is a premium health functional food, and the first of its kind in Korea to receive certification for its immunity support function. Made of brown rice cordyceps militaris, grown in Korea in an eco-friendly way, it is rich in cordycepin, a natural antibiotic and immune system-enhancer, offering outstanding immunity-enhancing functionality. It is in tablet form which is easy to take.



QUASI-DRUGS

Tempo®

Tampon

Released in 1977, Tempo® is Korea's first domestic tampon. It is completely safe and comfortable to use, as it is manufactured from an absorbent material made of pure cotton and, unlike menstrual pads, it does not cause skin irritation and will not leak.



DAILY HEALTH AND OTHERS

Hairich Vedacell®

Hair Care Product

Launched in January 2014, this total hair care brand consists of shampoo, conditioner, and essences, and is free from harmful chemicals. It makes hair healthier, repairs hair damage, and provides care for the scalp.



Bigen®

Hair Color Product

With a tradition of more than 100 years, Bigen® has been a long-time market leader in the highly competitive hair color product market, thanks to a high level of customer awareness and its proven product quality. It is available in powder, cream, and foam forms, to satisfy different consumer needs.



ST Pharm is Korea's leading API specialist nominated as an innovative pharmaceutical company by the Korean Ministry of Health & Welfare, growing into a trusted global company through stable, high value-added product portfolio and innovative technology.

Founded in 2008, ST Pharm became a member of the Dong-A Socio Group in 2010. The company is specialized in the production of APIs (Active Pharmaceutical Ingredients) and intermediates. ST Pharm's hepatitis B drug was designated a world-leading product in 2011, and the company was recognized as an innovative pharmaceutical company in 2012. ST Pharm was also designated an outstanding technology research center by the Korean Ministry of Trade, Industry & Energy in 2013, which allowed the company to receive government support and improve company awareness. ST Pharm is continuing to achieve strong growth; the company recorded sales of KRW 96.5 billion in 2014, a year-on-year increase of 14.6%, and its operating profit margin was 10.1%. The company expects to grow further in 2015 based on a stable supply of hepatitis drugs for commercialization.

### Key Achievements

Since developing a synthesis technique for Zidovudine, an HIV treatment, ST Pharm has focused on developing APIs and intermediates for nucleoside antiviral drugs. The

company has signed long-term supply contracts with major global pharmaceutical companies to supply APIs, and is also taking part in the initial stages of the new drug development processes of world-renowned pharmaceutical companies, which will in turn earn it the right to supply APIs. ST Pharm operates an international quality system that has received cGMP (current Good Manufacturing Practice) certification from the US FDA (Food and Drug Administration) as well as from the relevant organizations in Japan and Europe, and from the WHO (World Health Organization).

ST Pharm's sales strategy is to discover and investigate promising candidates for new drug substances that are in the development and clinical stages, and thus to build long-term partnerships with customers. The company actively participates in the early clinical phase by providing services, such as process optimization and scale-up. Once a new drug is released after clinical development, ST Pharm then becomes the primary supplier of the materials for the commercialization. This strategy enables the company to build a long-term mass supply system.

ST Pharm is also looking to RNAi (RNA interference) drugs as a driver of company growth. RNAi is a fast-growing new area of drug development, and was the subject of research that won the Nobel Prize for Medicine in 2006. In 2014, ST Pharm signed an agreement with the Korea Drug Development Fund to develop STP02-3725, an oral anti-coagulant drug that uses a new concept of bile acid derivatives. The company is now undertaking efficacy research, process development, and pharmacokinetic/pharmacodynamic evaluations in order to obtain the FDA's IND (Investigational New Drug) application and approval.

ST Pharm's R&D activities are focused on the development of generic API production technology, the scale-up of new drug candidate substances, and research on process improvements. Its R&D investment totaled KRW 6.8 billion in 2014, amounting to 7.0% of the company's total sales.

### Key Figures

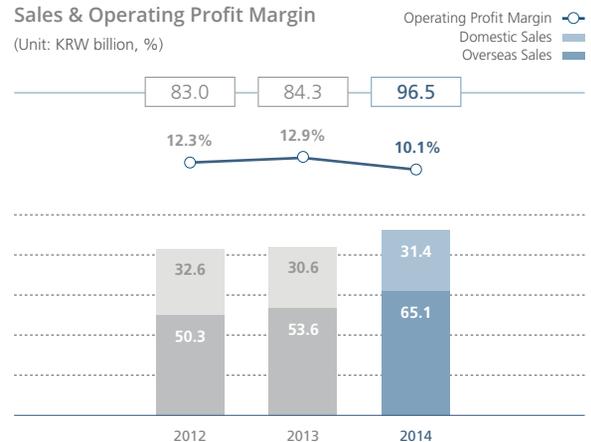
(Unit: KRW billion)

Total Assets	142.4
Sales	96.5
Operating Profit	9.7
Operating Profit Margin	10.1%
Net Profit	5.5
Net Profit Margin	5.7%

\* As of December 31, 2014

### Sales & Operating Profit Margin

(Unit: KRW billion, %)





Yong-Ma Logis changes and innovates to become 'a leader in corporate logistics by offering best value', with a focus on creativity, customer, sincerity, and responsibility based on its experience and competitiveness as a specialist in third party logistics.

Established in 1979, Yong-Ma Logis is a leading provider of specialized logistics for difficult-to-handle products that require high-quality management. Its main businesses are nationwide freight, parcel delivery services, car transport arrangements, multi-modal transport arrangements, and warehousing. The company provides logistics services across all stages of the supply chain, ranging from procurement to production and sales, to leading companies in Korea and abroad by building on the experience and knowledge it has gained from handling all logistics requirements of Dong-A Pharmaceutical. Yong-Ma Logis became the first company in the Korean logistics industry to adopt the WMS (Warehouse Management System), which is a major part of effective TPL (Third Party Logistics) services. The company is increasing its dominance in e-Logistics as well, thanks to its continued integration of information systems and the adoption of new technologies.

### Key Figures

(Unit: KRW billion)

Total Assets	106.9
Sales	135.5
Operating Profit	6.5
Operating Profit Margin	4.5%
Net Profit	4.7
Net Profit Margin	3.5%

\* As of December 31, 2014

### Key Achievements

Despite a difficult business environment in 2014, caused mainly by sluggish growth in the domestic economy, Yong-Ma Logis achieved sales of KRW 135.5 billion, a year-on-year increase of 8.7%, by actively developing new businesses and attracting new customers. The company saw steady growth in its main business areas of transport and parcel delivery services, and the TPL and international logistics units also saw strong sales growth, posting year-on-year increases of 12.3% and 34.5%, respectively, thus driving the company's overall growth.

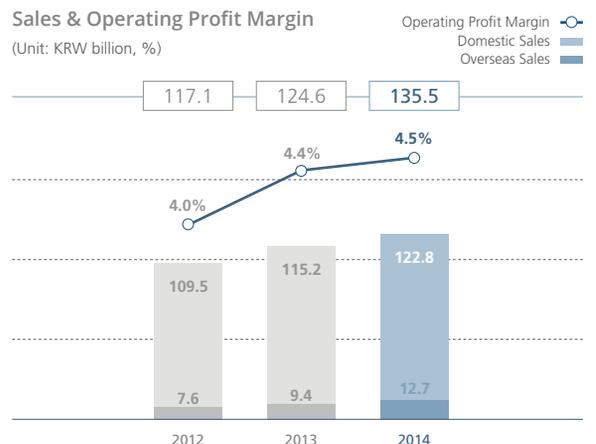
Yong-Ma Logis began the construction of its 16,500m<sup>2</sup> Anseong Center 2 in 2014, and it also purchased a 5,300m<sup>2</sup> logistics center as part of its efforts to expand its infrastructure. To boost its service competitiveness, Yong-Ma Logis acquired ISO13485, a quality management certification for medical devices, and became a member of the IATA (International Air Transport Association). The company received an 'A' Grade in the 2014 Service Evaluation of the Parcel Service Industry, organized by the Ministry of Land, Infrastructure and Transport. It was the only one of 17 parcel service providers to receive Grade A, and this gave the company very positive publicity regarding the excellence of its service standards.

### Future Plans

Yong-Ma Logis aims to post sales of KRW 145 billion in 2015, a 7.0% increase over 2014. With the economic environment remaining uncertain, the company will continue to grow by strengthening its business fundamentals and improving its profit structure. To this end, the company will increase the number of industry sectors for its each business area, and open an office at Incheon International Airport to boost service effectiveness. The company will also utilize its new warehouse to optimize the shipping hub and maximize operational efficiency.

### Sales & Operating Profit Margin

(Unit: KRW billion, %)





With expertise and experience of around 40 years in the packaging industry, Soo Seok makes top-quality products to achieve greater customer satisfaction, and supplies eco-friendly packaging materials to create a cleaner and brighter future.

Soo Seok is a comprehensive packaging materials company that produces packaging containers, such as glass bottles, caps, and PET bottles. The company's key products are the glass bottles and caps for Dong-A Pharmaceutical's Bacchus® and Panpyrin Q®. Soo Seok also produces and supplies various high-quality eco-friendly products, such as mineral water caps and PET bottles. Established in 1969, the company became a subsidiary of Dong-A Socio Group in 1978. The company does business with other affiliates of Dong-A Socio Group, including Dong-A Pharmaceutical and Dong-A Otsuka, and also with Pulmuone Waters, a leading Korean mineral water company, and J-One, a drinks manufacturer. Soo Seok consists of the Glass Unit, the Cap Unit, and the PET Bottle Unit. The company has an annual production capacity of 55,000 tons for glass bottles and 600 million units for caps. The PET bottle business has an annual production capacity of 790 million units. Soo Seok first entered the PET bottle market in 2011 and is now recording yearly growth of 10-13%, attributable to the steady growth of the mineral water market.

## Key Achievements

In 2014, Soo Seok focused on developing new growth drivers, improving profitability and competitiveness of existing businesses, and expanding areas of production to meet demand for increasingly diverse packaging containers. In particular, the company has further diversified its products by completing the construction of a plant that manufactures heat-resistant PET bottles for fruit beverages and pressure-resistant PET bottles for carbonated drinks. As a result of these efforts, Soo Seok posted sales of KRW 73.5 billion in 2014, a year-on-year increase of 7.3%, and an operating profit margin of 8.3%.

Soo Seok runs an industrial accident prevention campaign, and is improving its work environment by introducing automation systems in all production processes and seeking to remove all accident risk factors. As a result, Soo Seok achieved a new record of being accident-free for 2,580 days, and received recognition in January 2014 from the Korea Occupational Safety & Health Agency for achieving its safety goal. Soo Seok will continue to train its staff about safety, based on the determination of management to make the safest possible working environment across all production sites.

## Future Plans

Soo Seok's sales target for 2015 is KRW 86 billion, a year-on-year increase of 17%. The company aims to build on its strong market position in the glass bottle and cap businesses, which are the company's existing business areas. In PET bottles business, a new business area of the company, Soo Seok will move forward with stable operations, in order to take a step closer to realizing its goal of becoming a market-leading specialist in comprehensive, eco-friendly, and high-quality packaging materials.

## Key Figures

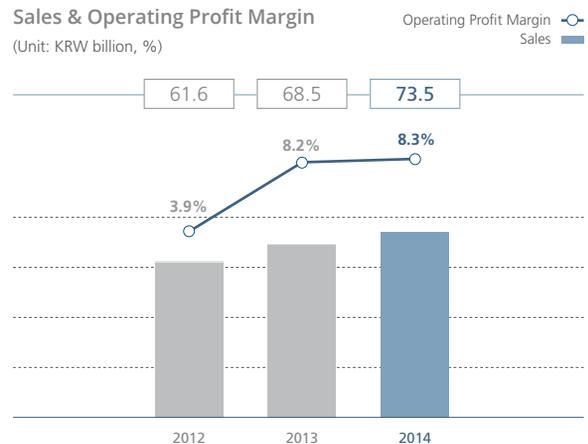
(Unit: KRW billion)

Total Assets	118.9
Sales	73.5
Operating Profit	6.1
Operating Profit Margin	8.3%
Net Profit	5.0
Net Profit Margin	6.8%

\* As of December 31, 2014

## Sales & Operating Profit Margin

(Unit: KRW billion, %)



DONG-A ST

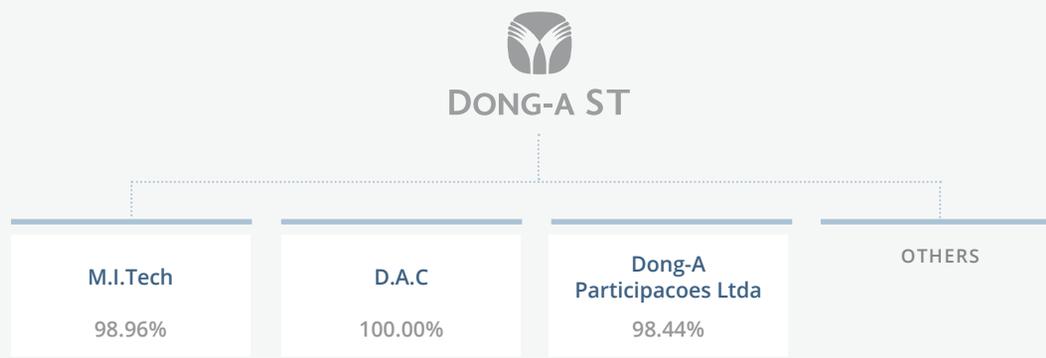
## ORGANIZATION STRUCTURE

Dong-A ST is an ETC (Ethical) drug specialized company that engages in ETC drug and medical equipments and diagnostics businesses in Korea and overseas. As of the end of 2014, Dong-A ST's major subsidiaries are M.I.Tech, D.A.C (Dong-A America Corp.), and Dong-A Participacoes Ltda.

M.I.Tech manufactures and sells medical equipments; in particular, it sells gastrointestinal stents to around 50 countries worldwide. Hanaro Stent<sup>®</sup> is a non-vascular stent developed by M.I.Tech; this outstanding product has been recognized for its advanced technology by the US FDA (Food and Drug Administration) and Japan's MHLW (Ministry of Health, Labor, and Welfare). Sales in 2014 were KRW 10.6 billion, a year-on-year increase of 6.8%, and exports accounted for 83.0% of total sales. M.I. Tech invests more than 10% of sales into R&D.

D.A.C is a Dong-A ST's sales subsidiary in the US that handles the production and sales of Bacchus<sup>®</sup> in the US. In December 2014, Dong-A ST acquired D.A.C from Dong-A Socio Holdings, in order to facilitate entry into the US pharmaceutical market and increase its exports.

Dong-A Participacoes Ltda is in charge of pharmaceutical and related business development in Brazil. It is expected to act as a head office for Dong-A ST in Latin America.



(Unit: KRW billion)

	BUSINESS AREAS	ESTABLISHMENT	SALES	OPERATING PROFIT MARGIN (%)	TOTAL ASSETS
<b>Dong-A ST</b>	Manufacture of ETC drugs, overseas business, and medical equipments and diagnostics	March 2013	568.1	8.5	1,078.0
<b>M.I.Tech</b>	Production and sales of non-vascular stents	January 1991	10.6	15.3	16.2
<b>D.A.C</b>	Production and sales of Bacchus <sup>®</sup> and OTC (Over-the-counter) drugs in North America	March 1991	0.6	-	0.5
<b>Dong-A Participacoes Ltda</b>	Investment and development of new business in Brazil	April 2013	-	-	0.2

\*As of December 31, 2014; Separate Figures

# Overview



Dong-A ST has a vision of becoming a respected and leading global company developing innovative new drugs, and is doing its very best to create economic and social value to contribute the health and welfare of people all over the world.

Dong-A ST specializes in ETC (Ethical) drugs as well as medical equipments and diagnostics and overseas businesses. Dong-A ST is strengthening its market position based on its blockbuster drugs including in-house developed original drugs in the ETC and medical equipments & diagnostics businesses while expanding its global footprints, especially to emerging markets.

## Key Achievements

In 2014, Dong-A ST recorded sales of KRW 568.1 billion, operating income of KRW 48.2 billion, and an operating profit margin of 8.5%, a slight year-on-year improvement. In the ETC business, the company posted sales of KRW 352.6 billion, a year-on-year fall of 8.1%, owing to the Korean government's strengthened regulations and changes in the market environment. In its overseas business, Dong-A ST recorded sales of KRW 112.3 billion, a year-on-year fall of 4.2%, attributable to sluggish sales of anti-tuberculosis drugs, and despite the success of Bacchus® in Cambodia and its growth hormone product in Brazil. In the medical equipments and diagnostics business, sales were KRW 65.7 billion, a year-on-year increase of 0.9%, despite lower medical fees and overall market stagnation.



## Future Plans

Dong-A ST is adopting a phased approach to globalization, with specific targets for 2019 following transformation in 2015 and expansion by 2017. In 2015, Dong-A ST will focus on profitability and improving the company's expertise, in order to lift domestic demand back up, increase exports, and to re-build the foundations for sustainable growth. Dong-A ST will also strengthen its R&D activities to develop innovative new drugs, and make its R&D truly befitting for a global company. The company will expand domestic and overseas businesses by 2017 through organic and inorganic growth strategies, and will accelerate the development of new global drugs. The target for overseas sales is to reach more than 30% of total sales by 2019, and this will enable the company to leverage its global value chain to strengthen its market power in Korea.

## Sales by Business

(Unit: KRW billion)

	2013 (Full year pro-forma)	2014
A ETC	383.7	352.6
B Overseas	117.2	112.3
C Medical Equipments & Diagnostics	65.0	65.7
D Others*	28.6	37.5
<b>Total</b>	<b>594.6</b>	<b>568.1</b>

\* Others include milestone fees, royalty income and rental income



# Domestic Business



Based on its expertise that Dong-A ST has achieved many 'firsts' and 'bests' in Korea's pharmaceutical market and contributed to the health of the nation, it will overcome difficulties and create stronger growth by focusing on profitability and integrity.

Dong-A ST supplies ETC (Ethical) drugs, medical equipments and diagnostics products to around 1,000 hospitals and 10,000 clinics across the nation through a pharmaceutical sales system that has the highest productivity level among Korean pharmaceutical companies. The company offers around 90 ETC products, including in-house developed original drugs such as Stillen®, Zydena®, and Motilitone®, licensed-in original drugs, bio-pharmaceuticals, and generic products. Its medical equipments include artificial joints licensed-in from Biomet, a major global medical equipments company, as well as stents and medical equipments used for thoracic surgery. Diagnostics products include a diagnostics kits and reagents licensed-in from Becton Dickinson.

About 500 ETC Medical Representatives and 80 medical equipments and diagnostics sales personnel offer high quality medical information through eleven branches and four offices, so that the company's products can be prescribed in the right place and at the right time. Dong-A ST's major production facilities can manufacture products worth around KRW 450.3 billion a year, assuming that the facilities are run an average of eight hours a day, 21 days a month, 12 months a year. The average operation rate of the whole production department is 107.0%, based on hours of operation.

## 2014 Performance

The Korean ETC drug market was worth around KRW 10.8 trillion in 2009, and recorded year-on-year growth of 6.3% and 5.7%, respectively, in 2010 and 2011. The market grew to KRW 12.1 trillion as of the end of 2011, leading overall growth of the Korean pharmaceutical market. However, there was negative growth in 2012 as a result of tightened regulatory policies, including the government's blanket price cuts, and changes in the marketing environment. In 2014, the ETC drug market grew by 5.6% year-on-year, to around KRW 12.4 trillion. This is attributable to changing eating habits, an aging population, and greater wealth, all of which have increased demand for medical services and more active R&D from pharmaceutical companies, to meet this demand, and the Korean pharmaceutical industry is forecast to continue to grow.

Dong-A ST is looking to increase cooperation with overseas pharmaceutical companies for competitive products, as part of its efforts to improve its market position in the face of the difficult business environment in Korea. In December 2014, Dong-A ST signed a contract with Japan's Asahi Kasei Pharma on the development and exclusive sales of Teribone®, an osteoporosis treatment, in Korea. Dong-A ST plans to register and apply for permission to sell the product in Korea, with the aim of releasing it in 2016, thus improving Dong-A ST's position in orthopedics and neurosurgery.

## Production Facilities and Capacity

Plant	Size (m <sup>2</sup> )	Produced Items	Major Products
Cheonan Plant	136,747	In-house developed original drugs and other capsules, tablets, injections, ointments, and liquid medicines	Zydena®, Stillen®, Motilitone®
Banweol Plant	28,220	API (Active Pharmaceutical Ingredient) synthesis and anti-cancer drugs	Cycloserine, terizidone, taurine
Dalsung Plant	36,379	Bio-pharmaceuticals	Eporon®, Growtropin®, Leucostim®, Gonadopin®

In order to respond to changes in the pharmaceutical industry, and the implementation of government regulations, Dong-A ST has been training its staff on fair trade-related regulations, and conducting internal monitoring. To ensure fair sales practices, Dong-A ST has made its compliance department the largest such organization at any Korean pharmaceutical company. In addition, the CEO has been appointed as the Compliance Officer, in order to further strengthen the compliance program. Improvements to marketing were also made by holding training sessions on academic medical issues for its sales staff, to support evidence-based marketing activities.

Dong-A ST also actively responded to changes in the market environment by working together with its affiliate to generate synergy. In the medical equipments business, the company's Pharmaceutical Product Research Laboratories and M.I.Tech carried out joint research which led to the release at the end of 2014 of Hanaro Care ReJu®, a portable personal low-frequency massager. This was the successful outcome of the acquisition in 2013 of M.I.Tech, which has enabled Dong-A ST to make its own medical equipment, not just distributes licensed-in products.

Despite these efforts, Dong-ST's sales in the ETC business saw somewhat weak performance, posting sales of KRW 352.6 billion, mainly because of continued strengthening of regulatory policies and fierce competition. However, sales in medical equipments and diagnostics were KRW 37.3 billion and KRW 28.4 billion, respectively, up from the previous year despite the unfavorable environment.

### Future Plans

Dong-A ST's competitiveness has been boosted by the successful completion of Dong-A Socio Group's transition to a holding company structure. It can now focus on its ETC business, and expect a recovery in sales. In 2015, Dong-A ST plans to strengthen its product portfolio by releasing 11 new ETC products, including a long-acting neutropenia treatment, a diabetes treatment, an osteoporosis treatment, and a hepatitis B treatment. It will also improve sales quality through its global level compliance program. In medical equipments and diagnostics business, Dong-A ST will strengthen its product line-up by licensing-in new products and by localizing existing products, in order to continue its growth.



### Domestic Network

#### LOCAL SALES ORGANIZATION

- Seoul Branch
- Anyang Branch
- Ilsan Branch
- Busan Branch
- Daegu Branch
- Changwon Branch
- Gyeongju Branch
- Daejeon Branch
- Cheonan Branch
- Gwangju Branch
- Jeonju Branch
- Wonju Branch

#### SALES OFFICE

- Jeju Sales Office
- Andong Sales Office
- Suncheon Sales Office
- Gangneung Sales Office



# Major ETC Drugs

## In-house Developed Original Drugs

	<b>Stillen® Tab.</b>	Gastritis treatment	Stillen® was developed in 2002, the first in-house developed original drug by Dong-A. It is a treatment for gastritis, and its main ingredients are eupatilin and jaceosidin, extracted from the herb Artemisia. Stillen® has proven its outstanding efficacy and safety over ten years since its release, and has led the Korean defense factor promoter market since 2005. Sales in 2014 were KRW 50.4 billion.
	<b>Zydena® Tab</b>	Erectile Dysfunction Treatment	Zydena® was the first oral erectile dysfunction drug developed in Korea, and the fourth worldwide. Since the domestic launch in 2005, it has expanded its global reach to include Brazil and other countries. Actavis, a partner company of Dong-A ST, is planning to submit an NDA (New Drug Application) to the US FDA (Food and Drug Administration) in early 2015. Zydena® was the first new chemical drug in Korea to record sales in its first year of KRW 10 billion, and cumulative sales to the end of 2014 have reached KRW 129.2 billion.
	<b>Motilitone® Tab.</b>	Functional Dyspepsia Treatment	Motilitone® was the third in-house developed original drug by Dong-A ST. Launched in 2011 as a new phytomedicine, the main ingredients are extracts of corydaline and pharbitis. It offers a triple action – 5-HT4 agonist, D2 antagonist, and 5-HT1 agonist – and is the only functional dyspepsia treatment in Korea to do so. It became the second-leading product in the Korean functional dyspepsia market no more than a year after its release, and had the largest market share in 2013. Sales in 2014 were KRW 21.7 billion.

## Incrementally Modified Drugs

	<b>Orodipine® Tab.</b>	Hypertension Treatment	Launched in 2006, Orodipine® is a CCB (Calcium Channel Blocker) with amlodipine orotate as its main ingredient.
	<b>Orosartan® Tab.</b>	Hypertension Treatment	Launched in 2013, Orosartan® is a combination drug consisting of two anti-hypertensive materials – ARB (Angiotensin II Receptor Blocker) and CCB. The ingredients are valsartan as the ARB and amlodipine orotate as the CCB.

## Biological Products

	<b>Growtrophin II® Inj.</b>	Human Growth Hormone	Launched in 2003, Growtrophin II® is a human growth hormone, and its main ingredient is somatotropin. A cartridge form was added in 2008 for maximum patient convenience.
	<b>Leucostim® Inj.</b>	Neutropenia Treatment	Launched in 1999, Leucostim® was the first in-house developed rhG-CSF (Granulocyte-Colony Stimulating Factor) medicine in Korea; its main ingredient is filgrastim.
	<b>Leucostim® Inj. Prefilled Syringe</b>	Neutropenia Treatment	Launched in 2014, Leucostim® Inj. Prefilled Syringe is a prefilled syringe form of Leucostim®, which was previously only available in a vial. Its main ingredient is filgrastim.

## Licensed-in Original Drugs

	<b>Onon® Cap.</b>	Bronchial Asthma and Allergic Rhinitis Treatment	Launched in 1999, Onon® is a leukotriene receptor antagonist by Ono Pharmaceutical, the main ingredient of which is pranlukast hydrate 112.5 mg.
	<b>Nicetile® Tab./ Powder</b>	Neuroprotective Agent	Launched in 1994, Nicetile® is a neuroprotective agent from Sigma-Tau Pharmaceuticals, the main ingredient of which is acetyl-L-carnitine.
	<b>Butyris® Inj.</b>	Petit Plastic Surgery Filler	Launched in 2013, Butyris® is a high purity, monophasic-type filler, the main ingredient of which is hyaluronic acid.
	<b>Gaster® Tab./ D Tab./ Inj.</b>	Peptic Ulcer Treatment	Launched in 2002, Gaster® is an H2RA medication from Astellas Pharma, the main ingredient of which is famotidine 20mg.
	<b>Talion® Tab.</b>	Allergic Rhinitis, Urticaria, Pruritus Treatment	Released in 2004, Talion® is a second-generation anti-histamine from Mitsubishi Tanabe Pharma, the main ingredient of which is bepotastine besilate.

	<b>Opalmon® Tab.</b>	Lumbar Spinal Stenosis Treatment	Launched in 1993, Opalmon® is Ono Pharmaceutical's prostaglandin E1 derivative, containing 5µg of limaprost.
	<b>Flivas® Tab.</b>	Benign Prostatic Hyperplasia Treatment	Launched in 2012, Flivas® is a α1d-adrenoceptor blocker from Asahi Kasei Pharma, the main ingredient of which is naftopidil.
	<b>Nenoma® Tab.</b>	Premature Ejaculation Treatment	Launched in 2013, Nenoma® is a premature ejaculation treatment with compound effects. The main ingredient is clomipramine hydrochloride, and it has the effect of delaying ejaculation by reabsorbing serotonin and norepinephrine.
	<b>Valtrex® Tab.</b>	Antiviral Agent	Launched in 2000, Valtrex® is an anti-herpes virus treatment from GSK (GlaxoSmithKline), the main ingredient of which is valaciclovir. It has diverse indications, including shingles, herpes labialis, genital herpes, prevention of CMV (Cytomegalovirus) infection, and chicken pox.
	<b>Epocelin® Inj.</b>	Antibiotics	Launched in 1983, Epocelin® is one of the third-generation cephalosporin family of antibiotics for injection, as developed by Astellas Pharma, the main ingredient of which is ceftizoxime sodium.
	<b>Suprax® Tab./ Fine Powder</b>	Antibiotics	Launched in 1992, Suprax® is one of the third-generation cephalosporin family of antibiotics for oral intake, as developed by Astellas Pharma, the main ingredient of which is cefixime.
<b>Generic Drugs</b>			
	<b>Lipinon® Tab.</b>	Hyperlipidemia Treatment	Launched in 2007, Lipinon® is a generic of Lipitor®, and the main ingredient is atorvastatin.
	<b>Cresnon® Tab.</b>	Hyperlipidemia Treatment	Launched in 2014, Cresnon® is a generic of Crestor®, and the main ingredient is rosuvastatin.
	<b>Cozartan® Tab.</b>	Hypertension Treatment	Launched in 2008, Cozartan® is a generic of ARB Cozaar®, and the main ingredient is losartan.
	<b>Glimel® Tab.</b>	Diabetes Treatment	Launched in 2004, Glimel® is a generic of Amaryl® from the sulfonylurea family, and the main ingredient is glimepiride.
	<b>Glinib® Tab.</b>	Chronic Myeloid Leukemia Treatment	Launched in 2013, Glinib® is a generic of Gleevec®, and its main ingredient is imatinib.
	<b>Aclofen® Tab.</b>	Anti-Inflammatory Analgesic Treatment	Launched in 2000, Aclofen® is a generic of Airtal®, and its main ingredient is aceclofenac.
	<b>Pantoline® Tab.</b>	Peptic Ulcer Treatment	Launched in 2006, Pantoline® is a generic of Pantoloc®, and its main ingredient is pantoprazole.
	<b>Gabapentin® Cap.</b>	Neuropathic Pain Treatment	Launched in 2006, Gabapentin® is a generic of Neurontin®, and its main ingredient is gabapentin.
	<b>Monotaxel® Inj.</b>	Anti-Malignant Tumor Drug	Launched in 2010, Monotaxel® is a generic of Taxotere®, and its main ingredient is docetaxel.
	<b>Gemcit® Inj.</b>	Anti-Malignant Tumor Drug	Launched in 2005, Gemcit® is a generic of Gemzar®, and its main ingredient is gemcitabine.
	<b>Plavitor® Tab.</b>	Platelet Aggregation Inhibitor	Launched in 2007, Plavitor® is a generic of Plavix®, and its main ingredient is clopidogrel.

# Overseas Business

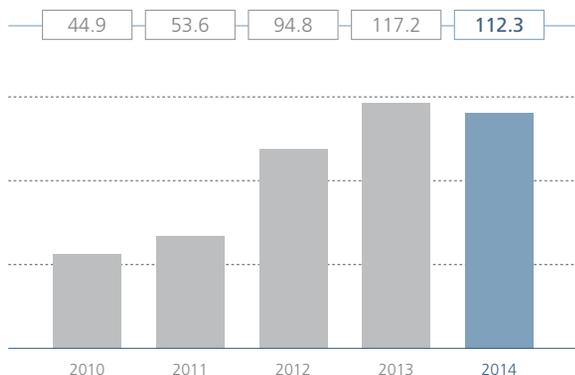


Dong-A ST is making smooth progress in its development into a truly global company by employing the best people, offering the best products, and having a strong global network with major overseas companies.

The goal of Dong-A ST is to become a global pharmaceutical company. To achieve this goal, Dong-A ST is aiming to develop new drugs that can be globally competitive; build a global network through strategic alliances with companies overseas; increase the market share of existing products; pioneer new markets; and strengthen the foundations for drug registration through overseas clinical trials. It hires outstanding talent on a regular basis, who will perform pivotal roles in 'Global Dong-A', and also operates systematic training courses such as global internships and programs to prepare its staff for working globally, as well as training systems such as the TRM (Training Road Map), all in efforts to foster the best talent.

## Overseas Sales Trend

(Unit: KRW billion)



## 2014 Performance

### Continuing Growth

Dong-A ST achieved exports of KRW 112.3 billion in 2014, a slight decrease from the KRW 117.2 billion achieved in 2013, but it is a year-on-year increase of 0.18% in dollar terms, at USD 107.6 million. This was attributable to Bacchus<sup>®</sup> and bio-products exported to Southeast Asia, Latin America, and the Middle East, despite a drop in sales of anti-tuberculosis drugs exported to India, Africa, and other regions. This was a significant result, bearing in mind the prolonged low-growth trend in the global economy that has come about as a result of the ending of quantitative easing in the US, slowing growth in China and other emerging economies, and weakening currencies in Russia, Japan, and Brazil. Another factor was the challenging environment in pharmaceutical markets across the world, the result of higher barriers to entry and drug price reductions.

Dong-A ST's short-term plan to generate continued growth overseas is to increase sales of Bacchus<sup>®</sup> and bio-products, and to get its anti-tuberculosis drugs into the Chinese market. The company's mid- to long-term plan is to sell its anti-cancer drugs in advanced markets, including the US and Japan, and to enter markets into Indonesia, Mongolia, and the Middle East through technology transfers.

### Expanding the Global Network

Dong-A ST exports its in-house developed original drugs such as Stillen<sup>®</sup> and Zyderna<sup>®</sup> to around 40 countries in Europe, Latin America, Asia, the Middle East, and Africa as of the end of 2014. It is also exporting bio-pharmaceuticals, including Growthropin<sup>®</sup>, Eporon<sup>®</sup>, and Leucostim<sup>®</sup>, APIs (Active Pharmaceutical Ingredients) such as cycloserine, terizidone, and atorvastatin, and finished pharmaceutical products, including Bacchus<sup>®</sup> and Closerin<sup>®</sup>.

## CAGR of Overseas Sales

(2010-2014)

25.7  
%

Dong-A ST is actively establishing a global network to create greater value in more markets. It is looking to enter both advanced markets including the US and Europe, and emerging markets such as Asia and Latin America, by establishing strategic alliances with local companies. It is already operating affiliates in the US and China, and utilizing its office in India established in 2011, and Dong-A Participacoes, a subsidiary in Brazil established in 2013, as launch-pads for the Indian and Latin American markets. But Dong-A ST offers more than economic value – social values are just as important, and that is why the company faithfully fulfills its corporate social responsibilities in ways such as sponsoring the Taekwondo Championship sport event in Liberia and providing pharmaceuticals to regions struck by the Ebola outbreak.



### Future Plans

Dong-A ST will increase exports in 2015 by improving sales of its anti-tuberculosis drugs, which were sluggish last year, by expanding the markets for its existing products, and by strengthening global network. The plan is for the Overseas Unit to account for more than 30% of total sales by 2019; the company is therefore signing additional export contracts as soon as possible, and increasing the number of its export destinations. It will also expand the branch network in major overseas markets, and establish strategic alliances with overseas companies. In addition, the company aims to increase sales of existing products, actively respond to changes in the anti-tuberculosis drug market by adopting two-price system and diversifying its API sources, and develop next-generation products. Dong-A ST will also train global experts and develop competitive new drugs, all in efforts to enhance global sales.

### Major Export Products

(Unit: KRW billion)

Category	Product Name	Indication	Major Export Countries	Sales in 2013*	Sales in 2014	Change (%)
Bio-pharmaceutical	Growtropin®	Human growth hormone	Brazil	25.3	32.1	26.9
	Eporon®	Renal anemia treatment	Turkey	6.0	4.8	(18.7)
	Atorvastatin	Hyperlipidemia treatment	Japan	9.1	7.4	(18.2)
APIs	Cycloserine	Tuberculosis treatment	India	18.9	7.4	(60.9)
	Terizidone	Tuberculosis treatment	South Africa	10.9	4.6	(58.2)
Finished products and others	Closerin®	Tuberculosis treatment	Europe	6.8	10.9	61.2
	Bacchus®	Tonic	Cambodia	30.5	37.2	22.1

\*Full year pro-forma

# Research & Development



R&D is the foundation for Dong-A ST's sustainable growth. Dong-A ST Research Center continues to identify new pipeline entities for new global drugs performing a pivotal role as the company grows into a R&D-centered global pharmaceutical company.

The Dong-A ST Research Center consists of the Drug Discovery Research Laboratories and the Pharmaceutical Product Research Laboratories. The center focuses on developing 'The Best' new drugs by using its extensive experience in the specialized fields of new chemical drugs, phytomedicines, and IMDs (Incrementally Modified Drugs). Since establishing the center in 1977, Dong-A ST has made continuous investment and accumulated advanced technologies, making the company the most competitive of all Korean pharmaceutical companies.

The first result of this proactive R&D activities was Stillen®, Dong-A ST's first in-house developed original drug, in 2002. This was followed by the release of Zydena®, the first erectile dysfunction treatment in Korea, in 2005 and Motilitone®, a functional dyspepsia treatment, in 2011. The company

continues to succeed in new drug development—Sivextro® is an oxazolidinone class antibiotic that was licensed out to the global market in 2007. Subsequently, in 2014, Dong-A ST became the second pharmaceutical company in Korea to obtain US FDA (Food and Drug Administration) approval, and has now successfully launched Sivextro® in the US, which reflects global recognition for its R&D capabilities.

## 2014 Performance

Dong-A ST enjoyed multiple R&D accomplishments at home and abroad in 2014. In Korea, the company completed a phase III clinical trial of DA-1229, a new chemical entity for diabetes, and an NDA (New Drug Application) will be submitted in 2015 to the Korean MFDS (Ministry of Food and Drug Safety). Dulastin® (DA-3031), a second-generation and long-acting biopharmaceutical drug to treat neutropenia, secured Korean MFDS approval, and will soon be launched to the market.

Overseas, Dong-A ST is undertaking solo clinical trials without a local partner to strengthen the foundation for the entry into global markets. As part of these efforts, it created the Overseas Clinical Team last year, and the team is now conducting clinical trials that meet the rigid global standards from the initial clinical phase. In particular, Dong-A ST solely completed a phase I clinical trial in Europe of DA-3880 in 2014, a biosimilar of Aranesp®, which is a second-generation biomedicine for anemia, expediting its entry into global markets. The US FDA approved an IND (Investigational New Drug) application for phase II clinical trial for Motilitone® (DA-9701) a phytomedicine for functional dyspepsia, and a clinical trial will soon begin. For DA-9801, a new phytomedicine entity for diabetic neuropathy, Dong-A ST is conducting its own phase II clinical trial in the US, and it will be completed in the near future. These global clinical trials are pushing forward the global development of safety-guaranteed phytomedicines.

R&D Personnel

R&D Personnel per  
Total Staff

212      13.4

Persons

%

\* As of December 31, 2014

The motto of the Dong-A ST Research Center, reflecting its focus on developing best-in-class drugs

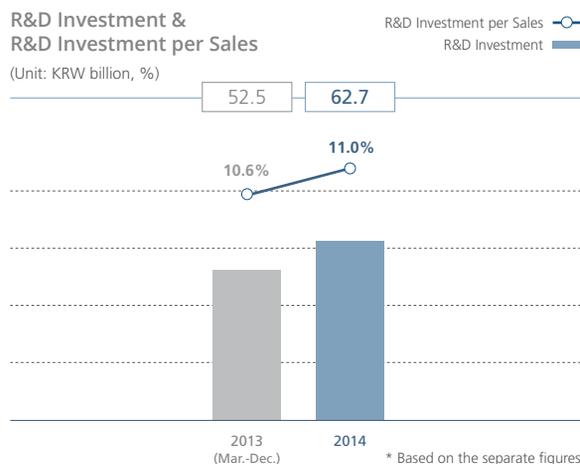
The Best

In addition, Dong-A ST is actively building a strong network in Korea and overseas with pharmaceutical companies, start-up ventures, and universities, so that the company can become a truly global R&D company. Dong-A ST has been continuously licensing out its pipelines based on these global networks. In 2014, Aranesp® biosimilar (DA-3880), a second-generation biomedicine for treating anemia, was licensed out to SKK (Sanwa Kagaku Kenkyusho) of Japan, and DA-1229, a diabetes treatment, was licensed out to Eurofarma Laboratórios of Brazil.

### Future Plans

Dong-A ST's Research Center classifies its R&D into global regions, and undertakes its R&D according to the characteristics of chemical drugs and phytomedicines. This strategy is implemented by identifying the best candidate substances, with particular focus on infectious diseases and metabolic and endocrine disorders. Development is carried out simultaneously in Korea and other countries such as the US, China, India, and Japan, through licensing-out. Dong-A ST plans to strengthen pipeline entities that are expected to enjoy rapid success by expanding its development of IMDs through the application of fusion technology and repositioned drugs by looking into new mechanisms for existing drugs. In particular, the company will build a core technology platform in order to strengthen its research competitiveness, and maximize its research productivity by making the best use of outside funds and outsourcing, establishing a company-wide portfolio management system, and by strengthening its feasibility analysis capabilities.

Dong-A ST will target R&D investment of at least 10% of sales, to expedite the development of new global drugs. To access quality talent, the key to success in R&D, the company will actively hire and foster people by building a database of target personnel and hiring more overseas experts to contribute in their respective regions. The number of R&D personnel at Dong-A ST is growing steadily, and the company plans to hire 400 R&D experts by 2019. These bold investments into R&D will help Dong-A ST to become a truly global pharmaceutical company.



# R&D Pipeline

CODE NAME (BRAND NAME)	DESCRIPTION	INDICATION	DEVELOPMENT STAGE	LICENSING AVAILABILITY
<b>New Chemical Entity</b>				
DA-8159 (Zydena®)	PDE(Phosphodiesterase)-5 inhibitor	Erectile dysfunction	Launched (Korea) Ready to NDA (USA)	Available for some territories
		Benign prostatic hyperplasia	Ph II completed (USA)	Available for some territories
		Pulmonary arterial hypertension	Ph II (Korea)	Available for some territories
DA-7218 (Sivextro®)	Oxazolidinone class antibiotic	Infection (ABSSSI, Acute Bacterial Skin and Skin Structure Infections)	Launched (USA) MAA submitted (EU)	
		Pneumonia (Hospital-Acquired/ Ventilator-Associated Bacterial Pneumonia)	Ph III (Global)	
DA-1229	DPP(Dipeptidyl Peptidase)-4 inhibitor	Type 2 diabetes	Ready to NDA (Korea)	Available for some territories
DA-6886	5-HT (Hydroxytryptamine)4 agonist	Irritable bowel syndrome-constipation	Ph I completed (Korea)	Available
DA-8010	M <sub>3</sub> receptor antagonist	Overactive bladder	Non-clinical (Korea)	Available
DA-4210	SARM (selective androgen receptor modulators)	Sarcopenia	Non-clinical (Korea)	Available
DA-1241	GPR119 agonist	Type 2 diabetes	Non-clinical (Korea)	Available

\* As of December 31, 2014

## KEY PIPELINE ITEMS

### [DA-8159, Udenafil; Zydena®]

Udenafil is an oral ED (Erectile Dysfunction) medication. It is the first such drug developed in Korea and the fourth globally. Udenafil was licensed out to Warner Chilcott (acquired by Actavis) of the US for the territory of the US and Canada in 2009, and the company has successfully completed phase III clinical trials in the US. An NDA (New Drug Application) is planned to be submitted to the US FDA (Food and Drug Administration) in January of 2015. Udenafil has also shown potentials for non-ED indications such as BPH (Benign Prostatic Hyperplasia) and PAH (Pulmonary Arterial Hypertension). With regard to BPH, a license agreement was signed with Warner Chilcott for the territory of North America, and Warner Chilcott has completed a phase II clinical trial in the US. Dong-A ST also signed an exclusive license agreement with Meiji Seika Pharma for the Japanese market in 2011 for the urological indications of Udenafil. With regard to PAH, Dong-A ST is conducting a phase IIb clinical trial in Korea.

### [DA-7218, Tedizolid; Sivextro®]

Tedizolid is a second generation oxazolidinone class antibiotic developed for both intravenous (I.V.) and oral administration to treat serious gram-positive infections, including those caused by MRSA (Methicillin-Resistant Staphylococcus Aureus). Dong-A ST licensed-out Tedizolid to US-based Trius Therapeutics in 2007 for all territories outside Korea. Since then, Trius Therapeutics has developed Tedizolid from phase I to phase III clinical trials for the indication

of ABSSSI (Acute Bacterial Skin and Skin Structure Infections), which demonstrated that Tedizolid with shorter course of therapy was statistically non-inferior to the same class competitor on the market in the primary and secondary efficacy endpoints. Also, Tedizolid showed better safety profile compared to such competitor and is expected to enhance patient compliance considering its once daily treatment. In 2013, Trius Therapeutics was acquired by Cubist, and Cubist launched Tedizolid under the brand name of Sivextro® following an NDA approval by the US FDA in June 2014. In addition, it is expected that the marketing authorization of Sivextro® will be granted by the EMA (European Medicines Agency) in the first half of 2015 and then Sivextro® will be launched in Europe. Currently, global phase III study for hospital-acquired/ventilator-associated bacterial pneumonia (Hospital-Acquired/Ventilator-Associated Bacterial Pneumonia) is on-going. In Korea, an NDA was submitted to the Korean MFDS (Ministry of Food and Drug Safety) in 2014, and its approval is expected in the first half of 2015.

### [DA-1229, Evogliptin]

Evogliptin is an anti-diabetic compound of the DPP(Dipeptidyl Peptidase)-4 inhibitor class with high selectivity for DPP-4. The phase I clinical trial for Evogliptin showed that a single administration of Evogliptin 5mg inhibited DPP-4 activity by more than 80%, and a repeated once daily dose of Evogliptin 5mg maintained the inhibition of DPP-4 for more than 24 hours. In the phase II clinical trial, it was

confirmed that Evogliptin 5mg significantly decreased HbA1C compared to placebo. As PK studies in animal models and healthy human volunteers showed low renal elimination of unchanged form of Evogliptin, it is expected not to require dose titrations in renal-impaired patients with diabetes. Evogliptin was licensed out to Luye Pharma Group of China and Alkem Laboratories of India in 2012, and additionally licensed out to Eurofarma Laboratórios of Brazil in 2014. Currently, all partners are planning to conduct local clinical trials in their territories. In Korea, Dong-a ST expects to submit an NDA to the MFDS in the first half of 2015.

### [DA-1241]

DA-1241 is a novel small molecule of GPR 119 agonist at the non-clinical stage for type 2 diabetes. DA-1241 showed higher potency and efficacy than its competitors in vitro and in vivo studies by inducing unique well-balanced signaling. The glucose-lowering efficacy of DA-1241 was sustained during the period of 6-week treatment in diabetic mice model, which implies no tachyphylaxis issue in chronic dosing. DA-1241 also effectively inhibited postprandial increase of plasma lipid levels in mice. Collectively, it is expected that DA-1241 could offer therapeutic benefits for the treatment of type 2 diabetic patients with dyslipidemia by controlling postprandial lipid as well as glucose levels, at similar dose range. Also, based on its PK profile in animals, it is expected that DA-1241 has feasibility for once-daily dosing in humans.

CODE NAME (BRAND NAME)	DESCRIPTION	INDICATION	DEVELOPMENT STAGE	LICENSING AVAILABILITY
<b>Phytomedicine</b>				
DA-9701 (Motilitone®)	Herbal extract	Functional dyspepsia	Launched (Korea) Ph II planned (USA)	Available
DA-9801	Herbal extract	Diabetic neuropathy	Ph II completed (Korea) Ph II completed (USA)	Available
DA-9803	Herbal extract	Alzheimer's disease	Non-clinical (Korea)	Available
DA-9805	Herbal extract	Parkinson's disease	Non-clinical (Korea)	Available
<b>Bio-pharmaceutical Products</b>				
DA-3801 (Gonadopin®)	Recombinant FSH (Follicle Stimulating Hormone)	COH (Controlled Ovarian Hyper-stimulation) in ART Ovulation induction in anovulatory women	Launched (Korea) NDA submitted (Korea)	Available for some territories
DA-3031	PEG-G-CSF (Pegylated-Granulocyte- Colony Stimulating Factor)	Neutropenia	NDA approved (Korea)	Available
DA-3803	Recombinant hCG (human Chorionic Gonadotropin)	Infertility	Ph III completed (Korea)	Available
DA-3051	Interferon-β	Multiple sclerosis	Ph III planned (Brazil)	Available
DA-3030	G-CSF (Granulocyte-Colony Stimulating Factor)	Diabetic neuropathy	Ph II completed (Korea)	Available
DMB-3111	Trastuzumab biosimilar	Breast cancer	Ph I completed (Japan)	Available except Korea and Japan
DA-3880	Glyco-engineered Darbepoetin α biosimilar	Anemia	Ph I completed (EU)	Available except Korea and Japan
DA-3808	Recombinant Factor VIII biosimilar	Hemophilia A	Non-clinical completed (Korea)	Available
DMB-3853	Etanercept biosimilar	Rheumatoid arthritis	Non-clinical (USA)	Available except Korea and Japan
DMB-3113	Adalimumab biosimilar	Rheumatoid arthritis	Non-clinical (UK)	Available except Korea and Japan
DA-3131	New anti-VEGF mAb	Age-related macular degeneration	Non-clinical (Korea)	Available

\* As of December 31, 2014

#### KEY PIPELINE ITEMS

##### [DA-3880]

DA-3880 is a biosimilar of darbepoetin-α, which stimulates erythropoiesis (increases red blood cell levels) and is used to treat anemia, commonly associated with chronic renal failure and cancer chemotherapy. While erythropoietin is usually administered three times a week, DA-3880 is being developed as a once-weekly treatment, depending on the indication, and is therefore expected to enhance patient compliance. Due to the complex glycosylation of the reference product, the development of a biosimilar with a high similarity is generally difficult. However, the high similarity of DA-3880 to the reference product was demonstrated through non-clinical and European phase I clinical studies. In January 2014, Dong-A ST signed a license agreement

with SKK (Sanwa Kagaku Kenkyusho) of Japan, and Dong-A ST will supply DA-3880 finished product to SKK when it has been commercialized in Japan.

##### [DMB-3111]

DMB-3111 is a biosimilar of Trastuzumab, which is a monoclonal antibody that interferes with the HER2 receptor. Its main use is to treat metastatic/early breast cancer and metastatic gastric cancer. DMB-3111 is one of the assets in terms of co-development with Meiji Seika Pharma of Japan and the result of Japanese phase I clinical trial was showed high similarity with reference product. Dong-A Socio Holdings is currently in active discussion with global, regional development and commercialization partnering candidates.

##### [DMB-3113 and DMB-3853]

Dong-A Socio Holdings and Meiji Seika Pharma have another monoclonal antibody biosimilars, DMB-3113, Adalimumab biosimilar is on-going in non-clinical. DMB-3853, biosimilar for Etanercept, set the high productivity's cell line (MCB/WCB), the production process, and CMC package.

# HR Value

Based on the belief that a company is built on its talented people, we strive to recruit outstanding people who are suited to a global healthcare company, and provide them with optimal opportunities to grow into leading experts.



## Status of Experts

The number of employees at Dong-A Socio Group is rising steadily. At the end of 2014, the number of employees at the three major affiliates of the Group totaled 2,563 – 360 at Dong-A Socio Holdings, 1,582 at Dong-A ST, and 621 at Dong-A Pharmaceutical. There were 179 pharmacists, accounting for 7.0% of total personnel. In addition, there were a total of 341 R&D personnel at Dong-A Socio Holdings and Dong-A ST, accounting for 13.3% of total personnel. This reflects the increasing number of R&D personnel in the Group, up from 309 in 2012 and 337 in 2013.

## Recruitment, Wage Structure, and Benefits

Dong-A Socio Group impartially recruits outstanding people through both rolling recruitment and formal semi-annual recruitment processes for college graduates. In 2014, we recruited 93 college graduates through the formal recruitment processes. In addition, a global internship program was offered to 25 foreign undergraduates residing in Korea; this will help us to foster global experts, strengthen the global mindset of all our employees, and place experts in their respective countries over the long term.

In 2008, Dong-A Socio Group changed its salary system from a seniority-based to a performance-based system, to ensure that employees are fairly compensated based on their performance. We offer participation in the four major public insurance schemes, and we also provide comprehensive health support for employees and their families, as well as help in the education of their children and support for post-retirement. These measures help our staff to achieve a balance between their work and personal lives in a more stable employment environment.

## Human Resources Development Program

In 2014, we offered a total of 55 courses at the Group level, including courses on leadership, work duties, and basic job skills. Dong-A ST has created the MR Academy course for our Medical Representatives, to strengthen their sales capabilities.

We held special lectures to improve our marketing skills, and seminars to improve executives' insights into management. We also set up the 1st Global Business Preparation course as part of our efforts to foster global experts with greater language, business, and cross-cultural skills.

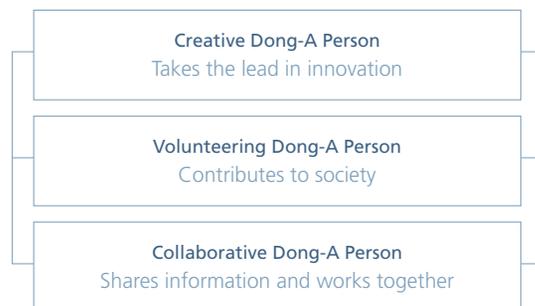
In addition, the 'Credos' Club' was opened, and provides a special place of communication where staff can share their talents and training. Our 'D-Pride Training' strengthened staff loyalty and the sense of ownership within the Group. We also offered programs for the children of staff, such as the 'Global Camp for College Students' to develop a global mindset, and the 'Phoenix Camp' to cultivate strong personality.

## A Great Place to Work

Dong-A Socio Group focuses on creating a great place to work, so that our talented staff can achieve the best possible results by exercising their skills effectively.

Since 2010, we have had in place a mentoring program for new employees. We also focusing on improving the physical work environment for the benefit of our staff; as part of these efforts, we have created 'stairs that people want to walk on' and operated a café for rest and relaxation. We have a 'Healthy Place to Work' campaign, which involves checking the health of staff on a monthly basis, and maintain a strong anti-smoking campaign.

## People of Dong-A



# Recruiting Guideline

Nothing is of greater value than life.  
Nothing delivers greater hope than life.  
Life is the root and meaning of  
everything in the world.

Dong-A Socio Group believes that a company is its talent. We, therefore, look to discover people who are right for a global healthcare company, and then offer them optimal opportunity for professional growth which will enable them to be the best experts in their fields.



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## Recruitment

Dong-A Socio Group's recruitment consists of semi-annual open recruitment of college graduates in the first half and second half of the year, in addition to an on-going rolling recruitment.

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### Open Recruitment of College Graduates (New and Experienced)

The open recruitment process takes place twice a year, in April and September. It covers all our business areas, including sales, research, development, production, overseas, and administration works.

### Rolling Recruitment (New and Experienced)

When a particular role needs to be filled urgently, Dong-A Socio Group publishes a public notice concerning the job to recruit a small number of staff.

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## Requirements for Application

- People who graduated from a four-year college or higher (including prospective graduates).
- People who served in the military or were exempted from compulsory military service.
- All applicants must be able to travel freely overseas.
- People with a Master's degree or higher can apply for the research unit.
- Preference is given to applicants with a pharmacist's license and/or fluency in a foreign language.

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## Method for Selection

Online document screening > In-depth handwritten document screening  
> Working-level interview (two interviews) > Executive interview > Physical exam

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## Inquiries

- Human Resource Planning Team, Human Resource Development Department, Dong-A Socio Holdings
- Phone: +82-2-920-8163~5

\* Details on recruitment are available on the company's recruitment homepage ([hr.donga.co.kr](http://hr.donga.co.kr)).

# Corporate & IR Information

## CORPORATE INFORMATION

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### PLANT

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Seobuk-gu, Cheonan-si,  
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Phone: +82-70-8636-1252

## IR INFORMATION

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Dongdaemun-gu, Seoul, Korea  
Phone: +82-2-920-8187  
Fax: +82-2-925-8849  
ir@donga.co.kr

### DATE OF ESTABLISHMENT

#### Dong-A Socio Holdings

December 1932

#### Dong-A ST

March 2013

#### Dong-A Pharmaceutical

March 2013

### SECURITIES LISTING

#### Dong-A Socio Holdings

Korea Stock Exchange A000640

#### Dong-A ST

Korea Stock Exchange A170900

### ANNUAL GENERAL MEETING

March 20, 2015

### INFORMATION AVAILABILITY

#### Dong-A Socio Holdings

Korean: <http://www.donga.co.kr>

English: <http://en.donga.co.kr>

#### Dong-A ST

Korean: <http://www.donga-st.com>

English: <http://en.donga-st.com>

#### Dong-A Pharmaceutical

Korean: <http://www.dapharm.com>

English: <http://en.dapharm.com>

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LEAD THE WAY ON TRACK FOR GROW  
STRONGER GLOBAL TIES REACH NEW  
HEIGHTS SEE BIGGER PICTURE WORK  
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DONG-A SOCIO GROUP