

RCB - INSTITUTIONAL CONFERENCE - 2007

Sanochemia Presentation

Dr. Josef Böckmann

Zuers, April 11-14, 2007

SANOCHEMIA
Pharmazeutika AG

The Specialty Pharma Company

- This presentation may contain forward reaching statements, prognoses, opinions and evaluations of the market. These relate but are not limited to facts and financial developments which may, among other possible effects, have an influence on future results and the financial standing of Sanochemia Pharmazeutika AG (“Sanochemia”). Such statements and information are subject to risks and uncertainties and, therefore, cannot be warranted, the result being that the actual facts and financial development may differ substantially from the statements and information given.
- This presentation does not purport to be exhaustive. There is no warranty or guarantee given that the presentation contains complete information or all the information that may be relevant for the evaluation of the financial situation and the future business results of Sanochemia or that the information has been synchronized with the content of other publications.
- The information and statements given during this presentation are not binding. They do not include any kind of warranty or guarantee, whatsoever.
- This presentation is intended solely for the information of the participants or other persons expressly addressed. Other persons are not permitted to use the information given and cannot under any circumstances base a claim on such information.
- The information revealed during this presentation does not involve any obligation for Sanochemia apart from the general statutory requirements to be bound by the content of the information, to correct such₂ to publish corrections or to alert the participants personally to any changes.

- **The Company**
 - Review of 2006

- **Top Issues / Highlights**
 - AlcaSynn Pharmaceuticals GmbH
 - Tolperisone – Launch mid-2007
 - Successful products on the market

- **Success Factors**
 - Markets, potential and pipeline

- **Outlook**
 - Goals for 2007
 - Figures
 - Share price

The Specialty Pharma Company

A high-growth company:

- Development, production and sale of innovative speciality pharmaceuticals



Our focus is on segments with high therapeutic demands such as neurodegeneration, pain and oncology

Business Model

Our operational segments:

- Development of innovative speciality pharmaceuticals

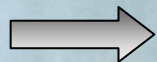
RESEARCH AND DEVELOPMENT

- Production of active pharmaceutical ingredients and products for specialised indication areas

PRODUCTION

- Marketing and sales of diagnostics in selected radiological markets

HUMAN PHARMACEUTICALS



Strategically and operationally well positioned due to optimal risk / cost / benefit profile

Product Strategy

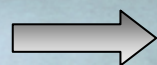
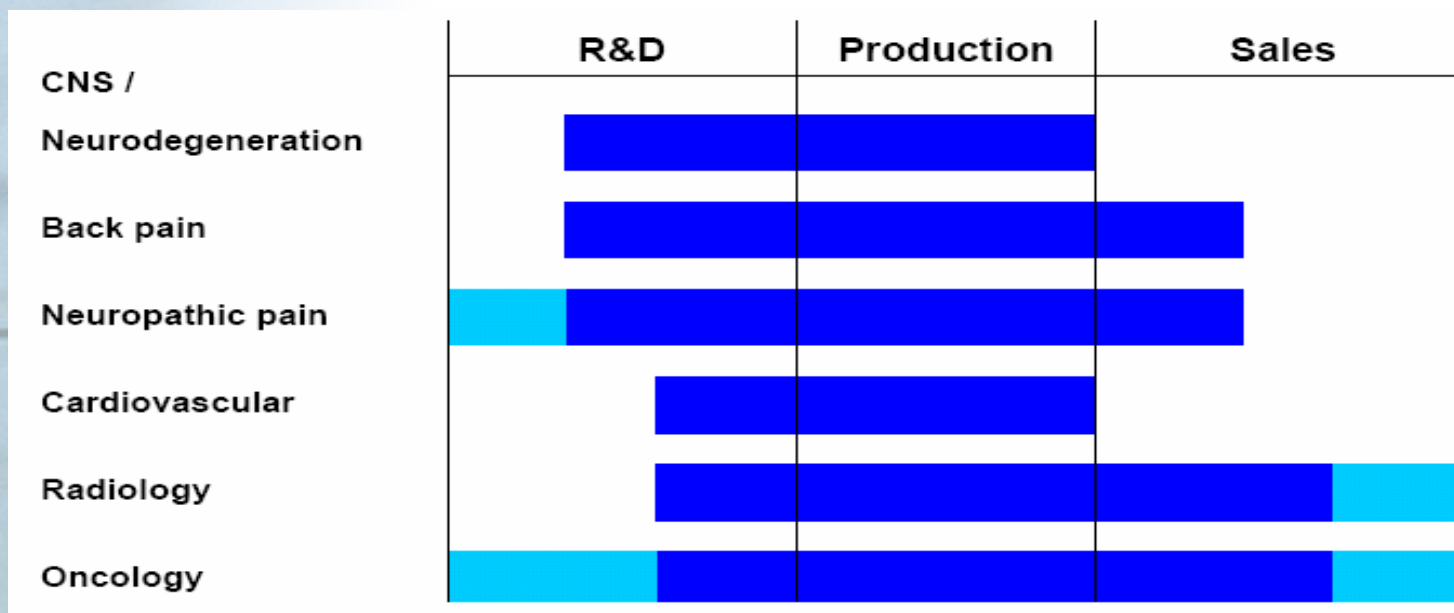
- **Development of IP-protected products and processes**
 - Extensive portfolio of patents
- **Life Cycle Management: Tolperisone**
 - New registrations of proven drugs in improved or innovative presentations or formulations. Advantage: low development risks
- **In-licensing of innovative product candidates: AlcaSynn**
 - Acquisition of extensive substance library of morphinane derivatives
- **Out-licensing**



Focus on products offering value added through in-house production in addition to royalties

Strategic Positioning

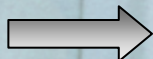
**Focus on core competences of
development and production**



***Concentration on lucrative segments of the value-added chain
– no discovery research***

Milestones since IPO (1999)

- **2002:** Launch of diagnostic activities through *Sanochemia Diagnostics International*
- **2002-04:** Founding of sales offices in UK, Germany, Switzerland and USA
- **2005-2006:** Representative offices in China and India
Start of regulatory process for Scanlux
- **2006:** Majority shareholding in AlcaSynn Pharmaceuticals GmbH
- **2006-2007:** Focus on US activities



10-fold increase in turnover, headcount tripled
Profitable in all segments

Review of 2006

“In 2006, we reached a number of intermediary goals that are key for the next stage of growth.”

- **The best year in the company’s development to date**
 - Successful products on the market
 - R&D highlights: tolperisone, liposomal galantamine & AlcaSynn
- **Sales growth and profitability in all segments**
 - Turnover: €30.3m in FY 2005/06
 - EBIT: €2.2m
- **Successful pursuit of strategy as a provider of specialty pharmaceuticals**
 - Specialisation in core competence areas: pain & CNS

The most successful year to date in the company's development

- **AlcaSynn: majority shareholding acquired**
 - Providing for further specialisation in the pain segment
- **Tolperisone: Out-licensing signals first revenue flows**
 - Up-front payments from Avigen and Orion
- **Successful synthesis products are our key growth engines**
 - Patents for innovative manufacturing processes
- **Scanlux: x-ray imaging agent**
 - International marketing and sales through Sanochemia Diagnostics

- **Top Issues / Highlights**
 - AlcaSynn Pharmaceuticals GmbH
 - Tolperisone – Launch mid-2007
 - Successful products on the Market

AlcaSynn Pharmaceuticals GmbH, Innsbruck

- API developer with focus on morphinanes
- Technological leader in morphine chemistry
- Sanochemia holds a 60% stake with an option to acquire a further 20%



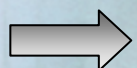
*Prof. Dr. Helmut Schmidhammer
Interview in Annual Report 2005/06, page 20ff*

Potential

- Extensive substance library: portfolio of innovative API candidates for the treatment of various conditions, e.g. pain, inflammation, Parkinson's, etc.
- Value-added safeguarded by synthesis and substance patents and reinforced by the means to fully integrate production into existing synthesis and production facilities of Sanochemia
- AS006: first in-house development of an innovative and potent analgesic devoid of the side effects on the CNS normally associated with opioids – currently at advanced pre-clinical stage (Phase I scheduled to start in 2008)
- R&D cooperations: Motac Neuroscience Ltd. (Parkinson's), Novartis (inflammation)

Specialisation in Pain Segment

- **AlcaSynn reinforces our development pipeline** in the therapeutic area of pain – one in which we already have a proven track record (tolperisone)
- The new projects will **generate revenues in the mid- to long-term**: necessary basis to continue growth seen in recent years
- Unique opportunity for **considerable potential in the pain market**
- **Full integration possible into existing production facilities**: API synthesis for top quality pharmaceutical products
- **Reinforcement of our licensing platform** through the development of innovative, high-potential products



***High degree of value-added through
patents → development → production***

Product advantages

- Improved IR and CR formulations
- Muscle relaxant effects without side effects of sedation, coordination problems, weakness, states of confusion or withdrawal symptoms
- Key indications: acute and painful muscular spasms associated with back pain and spasticity (neurological disorders)

Competitive advantages

- Proven substance – simplifies regulatory process
- US patent (for formulation) valid until 2019

Status quo / outlook

- At advanced regulatory stages in Germany and Switzerland
- Phase III Study planned for USA
- CR formulation: proprietary administration form being prepared for Phase II
- Potential peak sales: approx. €100-300m (expected three to five years after launch)
- Successful out-licensing: Avigen/USA, Orion/D, CH, Baltic States & Scandinavia

Out-Licensing Model

	North America	D, CH, Scandinavia & Baltic States	Rest of the world
Upfront payments	USD 3m ✓	€ 1m ✓	<i>Under negotiation</i>
Milestone payments (development-related)	USD 4–70m	€ 3m	
Royalty payments (after launch)			
+ Product sales (dependent on sales volumes)			



**Sanochemia is exclusive supplier
for the duration of the contract**



- **High-margin synthesis products with growth potential**
 - **Galantamine** (used in an Alzheimer's drug)
 - Exclusive supplier to Janssen: stable forecasts until 2009
 - **Torsemide** (diuretic to remedy high blood pressure)
 - Patent protection for Sanochemia's production process until 2024
 - **Tolperisone** (muscle relaxant)
 - In-house development and production
- **Scanlux: top-selling pharmaceutical product**
 - High sales potential following US launch in 2008



**Successful products
already generating steady cash flows**

Success Factors

Markets, Potential and Pipeline

Our Speciality Pharmaceutical Strategy in the CNS / Pain Markets

- Urgent **need for innovative treatment options**
 - Above-average growth in these markets:
CNS +14 %, Analgesic market + 9 %
- Licensing platform with **attractive product candidates**
 - Lucrative partnerships and **Cooperations**
- Clear focus on **development and production**
 - “We can produce what we develop”



High value added through licensing revenues, milestone payments and manufacturing and sales revenues

Growth Potential

Market – CNS / Neuro-Degeneration

- Total CNS Market (Central Nervous System disorders) worth \$68bn (2005)
- Including neurodegenerative diseases such as Alzheimer's (AD), Parkinson's, dementia, delirium, etc.
- AD is the fastest growing CNS segment
 - Global market for anti-dementives in 2004: \$3.1bn
 - Market growth 2004 (compared with 2003): > 30 %
 - Market saturation (patients treated): < 20 %

Pain Market

- Global analgesic market: approx €25bn / year
- Market for opiates (e.g. morphine or fentanyl): approx. €6bn / year
- Estimated sales potential of AS006: €1-2bn / year

“Research into a Life Free of Pain”

- **Diabetic Peripheral Neuropathy**
 - **Liposomal galantamine**
New treatment options for chronic pain
- **Acute and chronic pain**
 - **AS006** – new morphinane substance
With high potency for use in the treatment of acute and chronic pain
- **Back pain**
 - **Tolperisone**
For the treatment of painful muscular spasms

PVP hypericin

Development project approaching market maturity with high potential

- **Innovative cancer diagnostic for bladder carcinoma**
 - Cooperation with Wolf GmbH for clinical development of our novel diagnostic for early recognition / diagnosis
- **Market**
 - 4 million cystoscopes carried out annually in EU and USA
 - Global sales volume for bladder cancer diagnostics: \$625m
 - Forecast growth for 2004-2012: 11 % p.a.

SANOCHEMIA: ENTWICKLUNGSPipeline

	Produkte/Projekte	Indikation	Status	Meilensteine	
Pharmazeutika	Galantamin liposomal	Neuropathie	Phase II	Phase IIb - Start 2007	
	Tolperison	Spastizität	<i>Instant Release</i>	laufendes Zulassungsverfahren	
			<i>Controlled Release</i>	Phase II	Phase II - Start 2007
		Rückenschmerz	<i>Instant Release</i>	Phase III	Phase III - Start 2007
			<i>Controlled Release</i>	Phase II	Phase II - Start geplant 2008
	AS006	Schmerz	Präklinik	Phase I - Start 2008	
PVP-Hyperizin	Blasenkarzinom-Therapie	Präklinik	Phase I - Start 2008		
Diagnostika	MR Kontrastmittel	Organdarstellung, Angiographie	laufendes Zulassungsverfahren	Zulassung 2007	
	Secrelux®	Bauchspeicheldrüse	Phase III	Zulassungseinreichung 2007	
	PVP-Hyperizin	Blasenkarzinom-Diagnostik	Phase II	Start Phase II 2007	

„Successful Start into New Financial Year“

Q1 2006/07

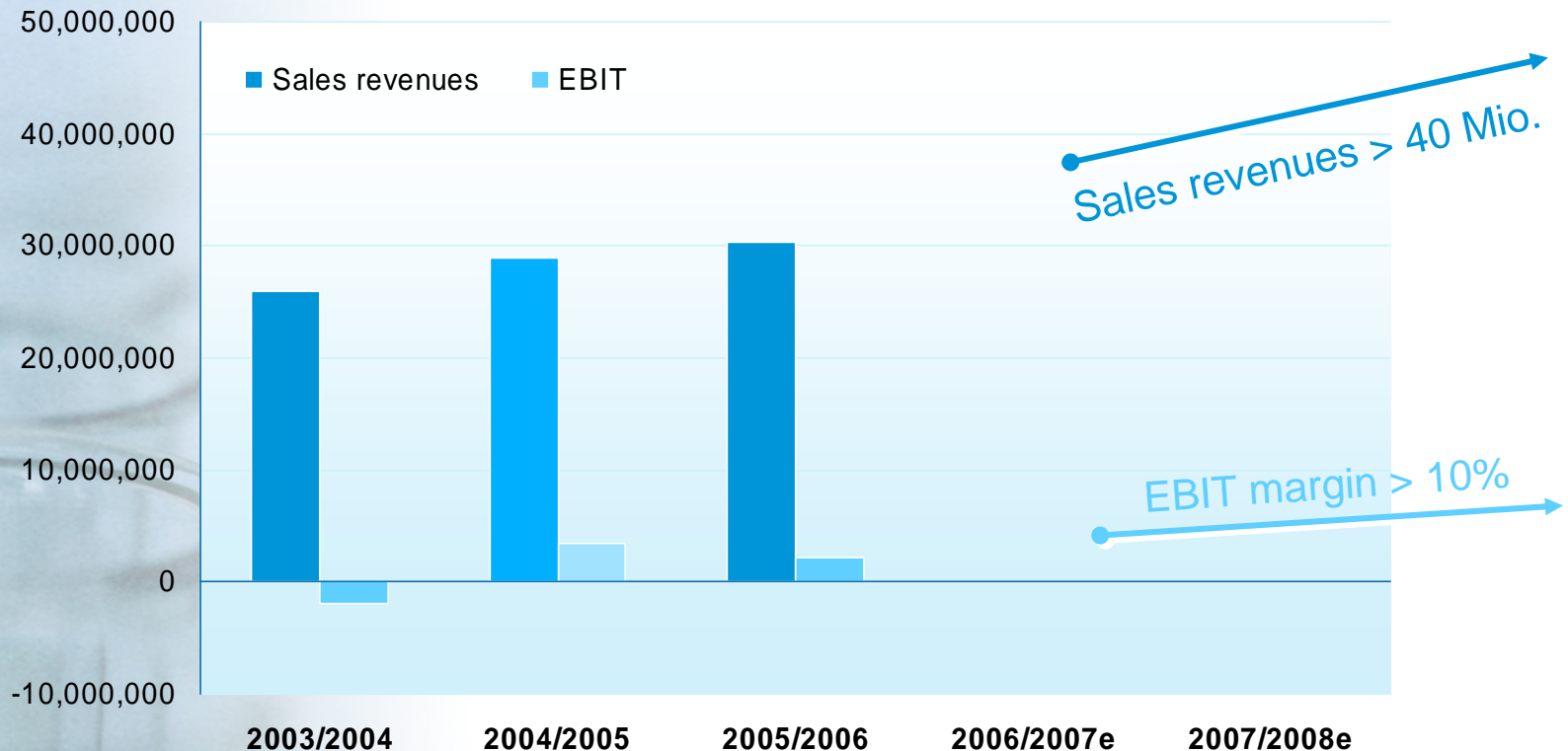
■ Sales revenues:	€ 8.5m	+ 19 %
■ EBIT:	€ 0.8m	+ 111 %
■ Gewinn	€ 1.1m	+ 3 %

- **Continuous profitable growth**
- **Launch of tolperisone in CH and D**
 - First revenues in FY 2006/07
- **Out-licensing of tolperisone in remaining markets**
- **Preparations for launch of Scanlux in USA and China**
- **Preparations for AS006 to enter Clinical Phase I in 2008**
- **Progress on out-licensing deals expected**
 - Further out-licensing of our R&D projects

Guidance for Year Confirmed

- **Sales revenue growth**
expected in high single-digit range
- **Positive EBIT**
despite R&D spendings
- **Steady bottom line growth**

Sales Revenue Growth and Profitability



Plan 2006/07:
3rd successive year of profitability

Share Price (ISIN: AT0000776307)



**Performance im FY 2005/06:
30%**

**Research Erste Bank
dated 15.02.2007
“HOLD” target price €13.90**

**Research LBBW
dated 15.02.2007
“BUY” target price €18**

**Current share price at
13.03.07: €13.75**

at 6.3.2007

Number of shares:	10,155,598
Share price:	€13.01
MCAP:	€131.0m
Free float MCAP:	€37.1m
52-week high:	€19.60
52-week low:	€9.87

- **Focussed company** in the area of CNS / Pain
 - Balanced and diversified product pipeline
 - Out-licensing platform with promising product candidates
- Sales revenue growth and profitability ensured by successful products on the market
 - Above-average growth potential through out-licensing activities
- **Integrated value-added** through independent process chain in-house
>>> Development >>> Production
- **Margins in diagnostics business improving steadily**
 - EBIT improvement of over 100% in FY 2005/06
 - Geographic rollout in China and USA as well as increased in-house production yield further improvements
- **Stable sales volumes for galantamine**
 - Forecasts from Janssen until 2009
 - Use patent expires in 2009 – by which time lead product will be tolperisone with registration in the US from 2010
 - Synthesis patent valid until 2014

... the Specialty Pharma Company

Thank You For Your Attention

Sanochemia Pharmazeutika AG

Boltzmanngasse 11

A-1091 Vienna

www.sanochemia.at

Investor Relations

Margarita Hoch

Tel.: 0043 / 1 / 319 14 56 - 335

Fax: 0043 / 1 / 319 14 56 - 344

mailto: m.hoch@sanochemia.at