

ANNUAL RESULTS PRESS CONFERENCE

Presentation:

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SANOCHEMIA
Pharmazeutika AG

The Specialty Pharma Company

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“A dynamic financial year marked by successes on the market, additional write downs in R&D and investments in our commercial premises.”

- **Sales revenues €29.6m / Operating performance €37.4m**
 - Strong performance in core segments
- **Impairment charge taken against AlcaSynn impacts on EBIT (€-5.5m)**
 - Further development of morphinan substances with partners
- **Research & Development portfolio re-assessment**
 - Focus on commercially attractive projects close to the market

Year-on-year comparison

T€ (FY at/to 30.09)

	2006/2007		2005/2006
Sales revenues	29,634	*	30,295
EBITDA	-1,808		5,981
EBIT	-5,501	**	2,206
Pre-tax result	-5,004		3,722
Net result	-5,006		2,957
Result per share in €	-0.44		0.29

* Higher milestone payments in PY of € 2.4m (core segment revenues: + 6 %)

**Higher R&D expenses: development projects and write down of AlcaSynn

Year-on-year comparison

T€ (FY at/to 30.09)

Balance sheet total

97,846

104,583

Equity ratio

59.2%

59.8%

Investment

6,727

6,614

Operational

cash flow

8,384 *

3,770

Cash balance in M€

24.3

21.4

* Decline of receivables from forex options > € 3.1m
Pro-active debt management > € 5.5m

Year-on-year comparison - Segments

<i>in T€ (to/at 30.09.)</i>	<i>2006/2007</i>	<i>2005/2006</i>
Group sales revenues	29,634	30,295
Human Pharmaceuticals	12,731	12,254
EBIT	1,713	1,099

- Significant improvement in EBIT (56%) due to cost management in all subsidiaries: focus on improved margins rather than sales growth
- Increased in-house production of x-ray imaging agents and regulatory approval of Neufeld site to yield further improvements. Additional growth in sales revenues expected through **Viveo**[®] (tolperisone)

Year-on-year comparison - Segments

<i>in T€ (to/at 30.09.)</i>	<i>2006/2007</i>	<i>2005/2006</i>
Group sales revenues	29,634	30,295
Production sales revenues	16,849	15,589
EBIT	2,212*	3,283

- *Changes in billing arrangements and associated price reductions for galantamine and other synthesis products
- Reversal of provisions for galantamine during FY: € 1.3m
(PY: € 1.2m)

Research & Development

- Income from the out-licensing of tolperisone lower than out-licensing income from Avigen
- Higher costs for AlcaSynn projects

EBIT (M€) -5,056 PY: 1,023

	2006/07	2005/06
<i>Other operating income</i>	-2,369	-517
<i>Changes in inventory</i>	9	0
<i>Own work capitalised</i>	-2,969	-3,943
<i>Costs of goods and services</i>	962	90
<i>Personnel expenses</i>	1,560	1,145
<i>Other operating expenses</i>	4,109	4,567
<i>Depreciation of tangible and amortisation of intangible assets</i>	92	87
<i>Write down of intangible assets</i>	3,715	0

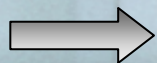
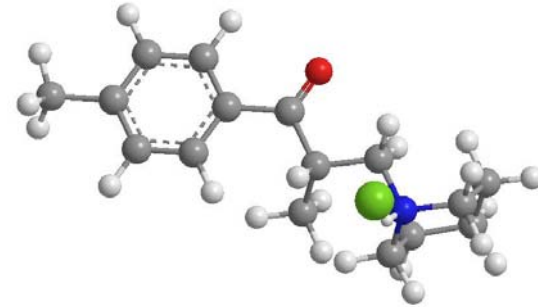
Year-on-year comparison - Segments

<i>in T€ (to/at 30.09.)</i>	<i>2006/2007</i>	<i>2005/2006</i>
Reconciliation	1	0
EBIT	-4,370	-3,199

Reconciliation – This segment is used to account for income and expenses which cannot be directly allocated to the remaining segments. The Reconciliation segment is also used to recognise assets and liabilities not directly associated with the operational divisions.

TOLPERISONE

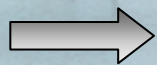
- Exclusive licensing agreement with Orion Corp. for Germany, Switzerland, Scandinavia and the Baltic States
- First registration in Germany in the indication spasticity associated with neurological disorders
- EU patent for the manufacture of the API and patent protection until at least 2022
- Patent application filed for the new innovative substance: extended patent protection provides full product exclusivity



**Launch of Viveo[®]* in Germany in
October 2007**

SCANLUX® - leading x-ray imaging agent

- Neufeld officially approved as manufacturing site for Scanlux in Europe
- Expanded production capacity set to further improve margins
- Cost reductions through procurement savings
- Strong presence extended further: Registration in Italy, roll out in 2008
- Registration dossiers submitted in US and China



Scanlux® registered in 32 countries
Focus now on USA

Other milestones reached by Sanochemia Diagnostics

Secrelux[®] pancreatic diagnostic

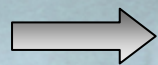
- Registration dossier submitted in Switzerland
- Recently launched in the UK
- Extensive study programme for wide diagnostic application

MR-Lux[®] MRT contrast medium **new**

- Marketing authorisation received in Germany
- Manufactured in-house at Neufeld site



*Brand name of Sanochemia Diagnostics



**Rounding off of radiological portfolio
increases competitiveness**

International partnerships and global stretching of the product portfolio require extensive changes and investments of € 3.3m during financial year

- ***Expansion of Neufeld site***
 - Additions to pharmaceutical plant
 - New logistics centre
 - New packaging and despatch technologies
 - Further improvements in environmental protection
- ***Renovation and modernisation in Vienna***
 - New offices and conference facilities
 - Own pharmacovigilance department



Think Global, Act Local



Avigen: Cooperation partner for **tolperisone in the US**

- Clinical Phase IIa study on efficacy and tolerance in the treatment of spasticity in MS patients in Germany and other European countries
- Clinical Phase II therapeutic study with tolperisone in spinal cord injuries in numerous US study centres



Richard Wolf GmbH:

Cooperation partner for the clinical development of **PVP hypericin** as a bladder cancer diagnostic



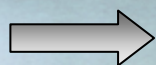
Orion Corp.: a leading pharmaceutical company with head offices in Finland and a rapidly growing distribution network in Europe
Orion Pharma GmbH, Hamburg – Distributor for **Viveo® in Germany**

Other partnerships: Janssen, Novartis, Helm, etc.

Strategic re-alignment:

- **Reduction in the number of development projects in order to accelerate project delivery**
- **Focus on projects close to the market with balanced risk-benefit profile**

Product / Project <i>Indication</i>	Pre-clinical Development	Clinical Development			Registration	Status
		Phase I	Phase II	Phase III		
Pharmaceuticals						
Tolperisone <i>neurological indication</i>	Viveo® (Brand name of Orion Corp)					Preparations for MRP; Clinical development for US market with Avigen Inc.
Tolperisone <i>galenic development</i>						Feasibility of a CR formulation currently being assessed
Galantamine, topical <i>peripheral neuropathy</i>						Improved topical formulation under development
AS006 and derivatives <i>pain management</i>						Product of AlcaSynn Pharmaceuticals GmbH
PVP hypericin <i>phototherapy bladder cancer</i>						Development of a therapeutic planned
Diagnostics						
MR-Lux® <i>MRT contrast medium</i>						Marketing authorisation in Germany, registration process ongoing in Switzerland
Secrelux® <i>pancreas</i>						Scientific Advice Meeting 2008
PVP hypericin <i>bladder cancer</i>						Start of Phase II planned for 2008



Concentration on innovative and commercially attractive projects
with the aim of rapidly bringing these to market

Innovative cancer diagnostic

Start of a randomised, multi-centre, Phase II study
in Salzburg under lead investigator
Prof. N. Schmeller

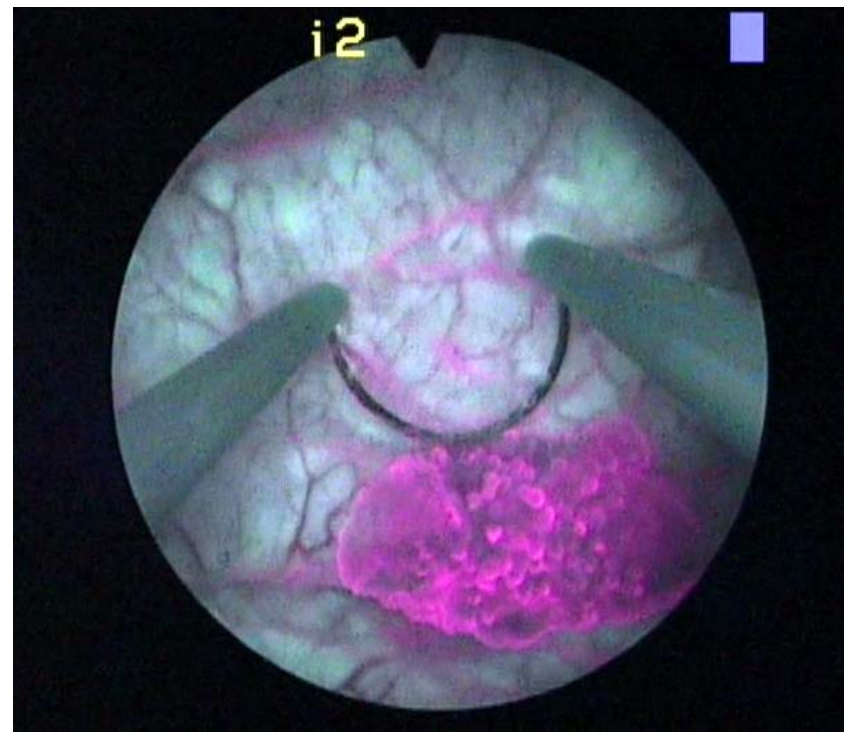


Image above:

Fluorescent image of a papillary
tumour of the bladder

Image right:

Papillary tumour and a surgical
loop electrode used in the
transurethral resection of the
tumour



Images: Prof. Nikolaus Schmeller

- ***Early development phase analgesics***
 - Extensive morphinan library acquired through stake in AlcaSynn
 - Development candidate AS006 in pre-clinic, further developments planned with partners
 - Write down of these assets in FY 2006/2007 allows any future income from this investment to be booked as profits
- ***Additional application areas for galantamine***
 - If ongoing development work is successful, Sanochemia will establish itself as possible supplier in cooperation with Countervail Corp. and the University of Maryland, Baltimore.

- ***Outlook***

VIVEO® - Impressive launch in Germany

- Extremely positive feedback from the market in first weeks post-launch
- Strong marketing position of our partner Orion Pharma GmbH, Hamburg – A sales-oriented company with primary focus on neurology
Founded in 1991, 130 employees
- First sales figures double forecast volume
Launch tracking on 22.1.2008: over € 100,000 sales revenues per month



A brand name of Orion Corp.

150,000 to 200,000 patients suffer from symptoms of spasticity as a result of neurological diseases. Market volume around € 30m and rising rapidly
Orion forecasts double-digit market share.

PRODUCTION:

- Exclusive production of the API **tolperisone** set to bring lasting improvement in capacity utilisation
- In-house production of **x-ray imaging agents** yields profitable growth

R & D:

- **Tolperisone:** Start of MRP in mid 2008
Out-licensing discussions with other partners for remaining markets
- **PVP hypericin:** Start of clinical Phase II study as a diagnostic in 2008
- **Topical galantamine:** clinical development with optimised formulation

HUMAN PHARMACEUTICALS: Diagnostics and therapeutics

- **Viveo®:** supply of tolperisone tablets to Orion
- **MR-Lux® + Secrelux®** - greater interest in radiological portfolio

- ***Outlook for Q1 2007/2008***

- Moderate sales revenues from synthesis production (following large volume orders in Q1 2006/2007) also reflected at the level of EBIT
- Galantamine orders cannot be billed on a quarterly basis and should therefore be viewed in terms of annual averages
- Production of tolperisone expected to limit future fluctuations in revenue flows

- ***Outlook for 2007/2008 financial year***

- Sales revenue growth forecast to continue
- Strategic re-alignment in R&D expected to improve financial situation
- EBIT development cannot as yet be forecast as this is dependent on the effects of the steps implemented including the cost-cutting programme and the possibility of further licensing income

Ideally equipped for the future with new products

- **Viveo®** reinforces both PRODUCTION and HUMAN PHARMACEUTICALS DIVISIONS
 - Market penetration in Germany and registration in Switzerland
 - Other European MAs to be secured through MRP
 - Further development for US market by Avigen
- **Scanlux®** - strongest single product with double-digit annual sales growth
 - Launch in additional European markets and US
 - Higher margins improve EBIT further
- **Secrelux®** - constantly increasing sales revenues in D and UK, Registration dossier submitted in CH, EU expansion planned

+ Out-licensing platform with promising candidates!

... the Specialty Pharma Company

Thank You For Your Attention

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Upcoming Events

Financial schedule 2008

- 26 Feb. 2008: Publication of Q1 results
- 27 Mar. 2008: Annual Shareholders' Meeting
- 29 May 2008: Publication of H1 results
- 28 Aug. 2008: Publication of Q3 results