

**DHG PHARMACEUTICAL JSC**

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Founded: 02/Sep/1974

Equitized: 02/Sep/2004

Listed: 21/Dec/2006

**IR ACTIVITIES IN Nov, Dec 2012**

**IR activities**

- Invited investors to participate DHG Pharma's End-of-year Customer Meeting held on 03 Nov 2012 at Ha Noi and on 23 Nov 2012 at HCM City
- Invited major shareholders to join in the Signing ceremony for transferring Eugica brand on 12 Dec 2012
- Carried out 07 meetings with domestic and foreign investors

**Investors' most FAQ**

**2012 sales breakdown by function:**

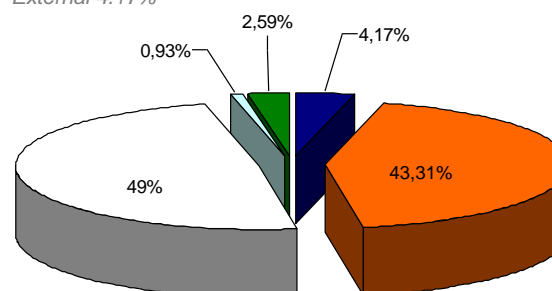
Net sales: VND 2,931 bn (100%, growth 17.67%)

In which

- Self-produced goods: VND 2,704 bn (92.26%, growth 17.33%)
- Goods, raw materials: VND 113 bn (3.85%, growth 13.44%)
- Tourism: VND 17 bn (0.59%, growth 103.59%)
- Promotion goods: VND 97 bn (3.30%, growth 23.63%)

**Ownership Structure as of 07/Nov/2012**

SCIC 43.31%  
Foreign 49%  
Internal 0.93%  
Staffs 2.59%  
External 4.17%



Major shareholder: Franklin Templeton Investment Fund (8.44%)

**2012 sales breakdown by product group:**

Figure of sales, volume of whole company's system (including subsidiaries, but not including export, goods outside the selling system and revenue from promotion goods). The revenue was calculated on the bill without discount.

**10 product groups by functional treatment:**

Product group	Revenue ratio 2011	Revenue ratio 2012	Growth
Cate 1: Antibiotics	40.44%	39.71%	15.56%
Cate 2: Analgesics - Antipyretics	15.79%	16.15%	20.35%
Cate 3: Respiratory	13.38%	13.72%	20.65%
Cate 4: Nutritional	8.66%	7.70%	4.69%
Cate 5: Musculoskeletal	5.07%	4.99%	15.72%
Cate 6: Digestives	4.73%	4.96%	23.48%
Cate 7: Ophthalmic - Nervous	3.64%	3.96%	28.00%
Cate 8: Cardiovascular - Diabetic	3.25%	3.90%	41.02%
Cate 9: Hepatic and biliary	2.97%	2.94%	16.40%
Cate 10: Skin care	2.06%	1.97%	12.17%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>17.68%</b>

**Pharmaceutical, Dietary supplement, Cosmetic:**

Product group	Revenue ratio 2011	Revenue ratio 2012	Growth
Pharmaceutical	93.24%	93.09%	17.49%
Cosmetic	0.05%	0.03%	-25.14%
Dietary supplement	6.71%	6.88%	20.62%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>17.68%</b>

### Sales of DHG's medicine Brands in 2012

- Accounted for 54% of total sales and 39% of total volume of self-produced goods. In particular, Hapacol making up 20% of volume and 16% of sales; Haginat-Klamenti making up 2% of volume and 20% of sales.
- Total sales of medicine brands in 2012 reached 105% of year plan.
- Growth of brand's sales: 20.5% yoy. Sales increased due to the increase in volume (10%), increase in average selling price (2.56%), the rest is due to the change of product category portfolio.

In which:

- + The highest growth brands: Apitim, Gavix, NattoEnzym of Cardiovascular - Diabetic group (43% of volume, 47% of sales); Eyelight of Ophthalmic - Nervous group (21.6% of volume, 31.2% of sales); Haginat - Klamenti of antibiotic group (21.4% of volume, 20.2% of sales), Naturenz of Hepatic and biliary group (21% of volume, 23.3% of sales); Eugica of Respiratory group (17% of volume, 28% of sales).
- + The highest growth in volume: Eugica (61 million unit) and Hapacol (51 million unit). The highest growth in absolute figure: Haginat - Klamenti (VND 107 bn), Hapacol (VND 87 bn), Eugica (VND 51 bn).

### 2012 sales of Product category (Cate):

2012 sales of Cate growth: 8.47% of volume and 17.68% of sales compared to 2011. Portfolio of product category was stable. The highest sales rate: antibiotic group 49%, analgesics - antipyretics group 16%, respiratory group 13.7%. The highest volume rate: respiratory group 33.4%, analgesics - antipyretics group 20.6% and antibiotic group 12.3%.

### Product development activities:

- Proposed 52 new products
- Total products registration in the year: 68 products, in which registration of new products: 22 products, Reregistration: 46 products
- Put into manufacture 30 new products, innovated 10 production process.

### Quality control activities

- Quality management system continued to be complied with ISO 9001:2008
- Quality control Lab continued to be complied with ISO/IEC 17025
- Organised 35 internal assessment turns for the whole company.
- Assisted to build GPP for 23 drugstores that are DHG's customers

### Promotion activities of 13 medicine bands in 2012:

- **Hapacol:** Organised and coordinated to implement 29 programs, roadshows, meetings: prevent hand-foot-mouth disease, petechial fever, health consultancy date with 30,000 people participated.
- **Haginat - Klamenti:** carried out 72 seminars to introduce products for more than 5,703 doctors and customers nationwide.
- **Eugica:** delivered leaflets, samples, issued Eugica story and joined in exhibition fair at 15 provinces, directly approached more than 250,000 consumers for product advice.
- **Spivital:** carried out 140 programs of introducing products, health consultancy, seminars, conferences, sampling, etc attracted 54,500 people including women, parents and children participated.
- **Unikids:** carried out the program named "Full-moon festival" in order to introduce product to consumers at drugstores, seminars. Total number of programs: 26 with 406,000 consumers and children participated.
- **Davita:** 30 product introduction programs, 70 bone density screening programs for 56,000 people. Organised health consultancy for consumers at 250 drugstores and 12 markets attracted 154,000 people participated.
- **Eylight:** advertised in television, magazine, media at office buildings. Program "Golden hour" to introduced product to consumers at 350 drugstores at 28 provinces, sold 15,000 eyedrop vials. Free eye exam and introduce product, organised reunion night for more than 3,000 loyal customers at 26 localities.
- **Gavix - Apitim - Glumeform - NattoEnzym:** Organised 66 programs to introduce product to doctors, specialised seminars, conferences.
- **Naturenz:** carried out 26 programs of health consultancy on hepatic diseases for 7,500 people, 23 roadshows, product consultancy and customer meetings.

### Production activities:

- Productive volume reached 4.17 billion unit, 2.53% up compared to 2011.
- Continued to research for upgrading production process, increasing size of production batch, rationalizing manufacturing line. Production loss in 2012 decreased 2.5%, aluminium - PVC down 7%, fault products dropped by VND 6.4 billion.

Packaging production has been developed and the automatic die-cutting machine has put into use in order to upgrade capability by 2.25 times, reduce labour.

**Customer care activities:**

- Carried out customer care programs that created good impressions, emotions to customers, helped sales Dept. increase sales. Organised 51 tours for 455 customers (27 inbound and 24 outbound).
- 8,551 customers joined in the “mutual prosperity club” with the lowest sales per month to join was VND 5 million.
- Organised 08 programs named “Experience the summer” in North – Central – South for 1,012 trainees who were customers’ children
- Carried out successfully the program “Around the world” for 7,044 customers

**Export activities:**

Export revenue in 2012 achieved VND 24.1 billion, 10% down compared with 2011. The reasons was several exported products faced difficulties in renewing visa No.

Currently trading with 12 customers (02 up compared to 2011); new trading: 17 customers, including:

- Sent reg.dossiers to 03 customers at Ghana, Hongkong, Malaysia markets.
- Signed general agreements with 04 customers at Hong kong, Philippines, Dominica markets.
- On going product registration dossiers: 11 customers are negotiating in cambodia (3); Sri Lanka (1); Yemen (1); Iran (1); Myanmar (4), Hongkong (1)

**PR activities**

In 2012, DHG spent VND 6 billion for PR activities:

- Carried out the program “Journey for the poor” at 5 provinces: Tra Vinh, Gia Lai, Ha Giang, Quang Ngai, Binh Phuoc. Organised 131 programs of health exam and free medicine for 61,900 poor people.
- Guided consumers through the programs such as: Doctor for every home, Health magazine, Medical Bridge, doctor-patient consultation interface.
- In the spirit of solidarity, DHG’s staffs contributed VND 57.6 million to “Gold heart fund”, VND 1.98 billion for “Fund for poor patients”, VND 300 million for “ Sponsorial association for poor patients”
- Blood donation club with 360 members donated 468 blood units in 2012
- Frequently organised aid programs for flood, disaster victims, offered book, clothes, gifts, medicine and other activities with total amount VND 2.96 billion. Mobilized all staffs to join in “Contibute stone to build Truong Sa” and other social activities.
- Organised health exam for 717 staff’s relatives with total amount VND 777 million.

**Structure of volume following factory**

Factories	Year 2011		Year 2012		YoY growth	
	Volume	Value	Volume	Value	Volume	Value
Factory 1 + 5	78.48%	50.96%	79.01%	51.96%	3.22%	15.49%
Factory 2	11.15%	34.31%	11.87%	36.09%	9.13%	19.18%
Factory 3	1.10%	8.36%	1.01%	6.76%	-5.66%	-8.39%
Factory 4	9.28%	6.37%	8.12%	5.19%	-10.32%	-7.72%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>2.53%</b>	<b>13.28%</b>

Notes: Factory 1: hard dosage form Non Betalactam; Factory 5: packaging for Non Betalactam, Factory 2: hard dosage form Betalactam; Factory 3: Liquid form Non Betalactam; Factory 4: Soft capsule (In 2011, Factory 4 did not run; therefore, the company had to outsource softcap products by Medisun).

**Business results**

*Consolidated results of  
2012 (un-audited)*

Item	Amount	YoY growth	Ratio of plan
Production value	VND 3,414.6 bn	13.28%	100.43%
Net sales	VND 2,931 bn	17.67%	106.58%
Profit before tax	VND 582 bn	18.55%	115.25%

## **DHG BRIEF NEWS IN 2012**

### **Decisions/Resolutions issued by Board of Directors**

In Q42012, Board of Directors held 02 direct meetings and 02 meetings via direct email form for getting opinions. The company issued 04 Resolutions and 04 Decisions.

- Adjusted, supplement Corporate governance regulation. Unified organisational structure: Internal Control directly under Board of General Management. Changed the members of subcommittees under Board of Directors.
- Agreed to pay in advance dividend of phase 1/2012, with the ratio 10% of nominal value. Date of implementation 29/Nov/2012
- Passed the Statement No. 04/TTr-DHG PP1 date 16/Oct/2012 regarding the approval of bidding plan for PP DHG 1. Approved certain issues about Panel package and equipment, machines for the New DHG pharmaceutical factory
- Agreed to continue setting up Science & Tech Fund, the level of setting up based on practical demand but not exceeded 10% of taxable income. Authority approved by General Shareholders' Meeting.
- Other contents are under Board of Directors' power

### **Investment activities and project progress**

#### **New factory project:**

Disbursement for the new factory until 31 Dec 2012: VND 48.3 billion (11% disbursement progress in 2012). Total disbursement from the beginning time of project until now: VND 121 billion, of which VND 59 billion was land-site cost

The progress of new factory: expected time for fulfilling Non Betalactame: July 2013

Continued to invest in land, build house for distribution system: VND 26.1 billion. Invested in the current factory at 288 Bis Nguyen Van Cu, Can Tho City with total amount VND 51.2 billion in order to upgrade its equipment and transport means.



Photo taken outside the new Non-Betalactam factory on 24 Jan 2013



*This bulletin is made in order to provide investors with update information on trading, production, investment activities, the progress of current projects, the strategies of Board of Directors, Board of Leadership of DHG Pharmaceutical Joint-Stock Company (DHG).*

*Beside, DHG's IR Function would like to share its activities with investors in order to reaffirm the role of investors in DHG's "tripod" strategy.*