

IR ACTIVITIES OF JUNE & JULY 2014

IR activities

- Attended and won **Top 10** Best Annual Report 2013. **Top 5** Sustainability Report 2013.
- Carried out **20** direct meetings with **40** domestic and foreign investment funds. Updated Q2 and 1H FY 2014 business activities to shareholders and investors.
- Completed the issuance, depository, listing, registration procedures of 3:1 bonus share transaction; the official trading date was 9 Jul 2014.
- Paid dividend the rest of 2013 by 15%. Record date: 22 Jul 2014. Payment date: 4 Aug 2014.
- Released ESOP 2011 shares to employees. Adjusted effective date: 23 Jun 2014

DHG PHARMACEUTICAL JSC
288 Bis Nguyen Van Cu Str., Ninh Kieu Dist., Can Tho City.

Tel: 07103. 891433
Fax: 07103. 895209
Founded: 02/Sep/1974
Equitized: 02/Sep/2004
Listed: 21/Dec/2006

Le Thi Hong Nhung

Head of IR Board
Cell: 0983 834469
hongnhung@dhgpharma.com.vn

Information to investors

1H FY2014 consolidated sales structure by function (Unaudited figures):

Net sales: **VND1,703,5 billion** (100%, growth by 9.9%)

In which:

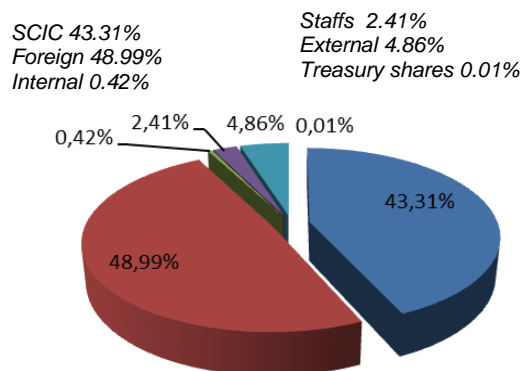
- In-house goods: **VND1,555.7 billion** (91.3%, growth by 15.0%)
- Merchandise, material trading: **VND131 billion** (accounted for 7.69%, growth by -1.19%)
- Tourism: **VND6.3 billion** (0.4%, growth by -27%)
- Promotion: **VND10.5 billion** (0.6%, growth by -81.1%)

1H FY2014 export sales: VND10.7 billion (-5.52% y/y). Decrease in export sales mainly comes from unstable political situation in Eastern Europe.

Sales from 10 categories: VND1,440 billion, accounted for 92.5% of total sales of in-house goods. The categories grew by 13.5% in output and 16.3% in value y/y. Three categories including antibiotics, analgesics-antipyretics, and respiration are major. Categories which give a higher growth y/y include Respiratory category, Eye - Nerve category, Skin care category, and Analgesic and antipyretic category.

Sales from Brands: Brands continued performing their communication activities, product introduction seminars, customer meetings, consultations,... to introduce products, support sales force. Brands which have a higher 1H FY2014 sales growth y/y include Apitim – Cardiovascular group, Naturenz – Hepatic-biliary group và Eyelight – Eye, nerve group.

Shareholder structure on 22/07/2014



Major: **SCIC 43.31%**; **Franklin Templeton Investment Funds (9.30%)**, **Portal Global Limited (7.20%)**

Q2 and 1H FY2104 business result:

Target	Q2/ 2014	y/y	6 months/ 2014	Figure in billion dong	
				y/y	Performance/year plan
Production value	900.5	-12.6%	1,825.7	0.8%	42.9%
Net sales	975.9	25.2%	1,703.5	9.9%	43.9%
Profit before tax	192.3	19.3%	338.9	8.9%	
Profit before tax (not including sales from financial activities)	182	24.7%	320	12.4%	46.7%

(*) Data from the 1H FY2014 consolidated financial statements before audited

Assessing the business result:

- Production value in Q2/2014 decreased by 12.6% y/y because the old plant is being repaired, renovated to separate the medicinal line from the pharmaceutical chemistry line and relocate a partial capacity of the old plant to the new Non Betalactam plant in Tan Phu Thanh IZ. DHG has planned production and reserve in Q1/2014 to ensure sufficient goods to supply market during its relocation. 1H FY2014 cumulative storing output was +10.5% y/y and reached 50% of annual production plan.
- Q2/2014 net sales showed +25% y/y and 1H FY2014 net sales were +9.9% y/y. The sales growth was mostly due to successful performance of restructuring project for sales system, splitting the product list into groups, equipping tablets to sales force and initially reconstructing logistic system according professional model.
- Despite high growth of Q2/2014 sales, but by Q1/2014 sales decreased by 5.5%, thus 1H FY2014 accumulation only achieved 44% y/y. Difficulty in 1H FY2014 business was directly influenced by the reduced purchasing power, high competition, and effect of Circular No. 1 to the hospital channel.
- In addition to difficulties in policy, market, the 2014 sales was also effected by not recording promotion sales (1H FY2014 sales decreased by VND45 billion (-81% y/y) respectively) and not distributing Eugica (1H FY2014 sales decreased by VND64 billion (-99% y/y) respectively). Total decreased by VND109 billion, accounted for 6.4% of 1H FY2014 sales.
- Items contributing sales growth of Q2/2014 and 1H FY2014 are Category - Brand sales (+16%), material trading (+102%) and MSD product trading (+1,758%; DHG began MSD's goods distribution from May 2014)

1H FY2014 SHORT NEWS

Marketing activities:

The project “Restructuring effective, professional sales system” helps to improve DHG goods, specially Group 3. Increase in product output contributes in exploitation of the plant in the future.

The project “Efficacy in operation expense of sales units” is being surveyed by EY consultant.

The hospital channel accounted for 10.35% of total category sales.

The number of customer club members is 9,747 on 30 Jun 2014, an increase of 13.6% y/y.

CEO held a round of customer visits of subsidiaries (MRD) and the Eastern Region to get market feedback.

Production activities:

1H FY2014 production volume of both plants got 2.3 billion product units, showing +10.5% y/y. Labor productivity increased by 6%. Reduction of aluminium loss by 2.17% and PVC by 4.47%; Total value decreased by VND2.1 billion.

Packaging production (DHG PP1): 1H FY2014 external trading was VND10 billion (+19.5% y/y). Labor productivity increased by 5% compared with 2013. The Company is preparing for GMP WHO assessment for pharmaceutical packaging.

Medicinal production (DHG Nature): DHG Nature’s external trading achieved VND4 billion, growth by 60.8% y/y.

The project “sharing value with farmers – developing medicinal area” has received grant aid of VND652 million for the first phase by VBCF. Total amount to be financed by VBCF is VND2.6 billion, divided into phases within 2 years according to the progress of the project.

In addition to being Vietnam’s top 50 best listed companies 2014 announced by Forbes, Vietnam’s 50 performing companies 2014 held by Nhip Cau Dau Tu Journal, DHG continues receiving Awards Top 10 Best Annual Report 2013 and Top 5 Sustainability Report held by HOSE and Nhip Cau Dau Tu on 26 Jul 2014.



Process of bioequivalent product registration.

There were 19 bioequivalent products, including 11 ones was announced by the Ministry of Health, 5 ones are waiting for announcement, and 3 ones being in the Institute.

Investment activities, project progress

The remaining disbursement up to 31 Dec 2013 of the old projects as planned was: VND348.8 billion (not including VAT). From 1 Jan 2014 to 30 Jun 2014, total VND141 billion (including VAT) was disbursed, including VND14.7 billion for packaging factory and VND126.3 billion for pharmaceutical plant.

Cumulative disbursement included VND63.6 billion for land at Tan Phu Thanh IZ; VND58.3 billion (including VAT) for the new packaging factory and 427.3 billion (including VAT) for the new pharmaceutical factory

Progress in the new Betalactam factory in Tan Phu Thanh IZ

Construction package: its background has completed; its outside is being performed.

Panel package: Procedures of the third tender are being performed (the previous 2 times were cancelled by not meeting criteria of the tender). Expected to be signed on Aug 2014.

HVAC package (air handling unit): Expected to be signed on Aug 2014.

The above packages are expected to be completed at the end of Nov 2014. The remaining packages are being held for tender.

Other works in Tan Phu Thanh IZ

Leveling the rest: has already constructed and basically completed. The embankment bordering Ba Lang river: procedures of direct contracting for survey and design are performing, expected to be completed on Apr 2015.



Betalactam New plant on 31/07/2014



Proress of implementation of investment projects which approved by AGM2013:

1. Construction for Branches: Houses for ST Pharma and CM Pharma have completed. Houses for Hai Phong branch, Ba Ria – Vung Tau branch have preparing for construction, offering the bidding document. Repurchase of State land and house is in the form of land transfer and use fee at 5 locations (worth VND29.8 billion)
2. Investment in ASV Pharma Vietnam: the Company are reviewing legal procedures, financial appraisal, audit of financial statements and hires law firm for consultation.
3. Regional warehouse system is in the process of considering land purchase or hire. The Company decided to construct a northern warehouse in Hung Yen province.
4. Medicinal processing line complying with GMP WHO standard is being completed its detailed estimate.
5. Investment of a new production line is being consulted from BOD for approval of tender choice.
6. Data center is being given a detailed analysis about application and feasibility to decide to hire or consult.
7. Excipient and material warehouse at the General Warehouse is been finished about detailed technical design dossier.
8. The project “Separating the medicinal line from pharmaceutical chemistry line at Nguyen Van Cu plant” is being performed, expected to be completed on Sep 2014.
9. Investing, equipping research for product development: VND6,58 billion, funded by Development Fund for Science and Technology.
10. Transport investment: was funded VND3.9/5.5 billion.
11. Tablet equipment project for sales force completed on May 2014.
12. Repairment and maintenance of Nguyen Van Cu plant are annually implemented.
13. Project of 288 Bis Nguyen Van Cu area will be implemented at the end of Q4/2014

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

Beside, DHG's IR Board would like to share its activities with investors in order to reaffirm the role of investors in DHG's “tripod” strategy (shareholders – customers – employees).