

# Synthetech Investor Presentation

## **Fiscal Year 2010**

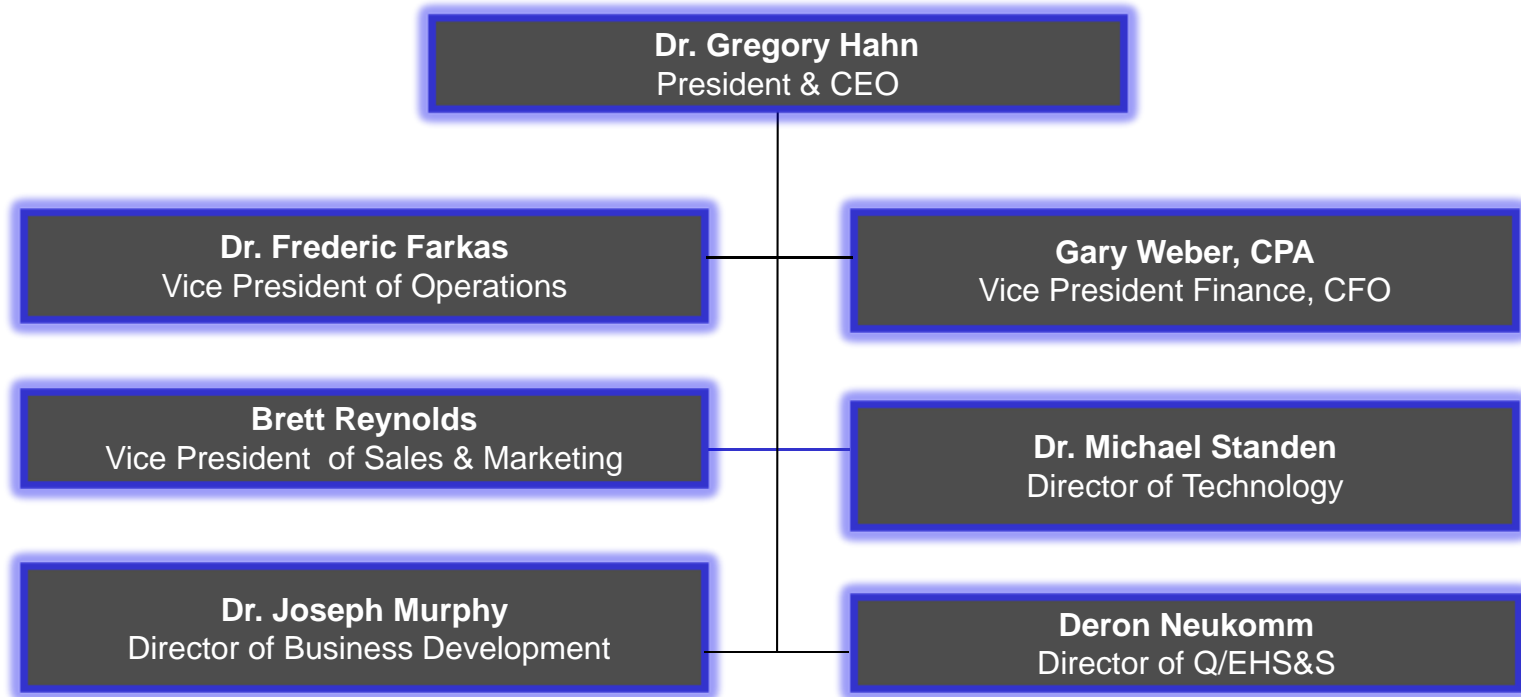
- Founded in 1981
  - IPO 1984
  - OTC Bulletin Board: NZYM
  - Relocated from Boulder, CO to Albany, OR in 1987
- 62 Employees from 45 in 2006
- Capital structure:
  - 14.6 Million shares common stock outstanding
  - 2.6 Million employee options at a weighted average exercise price of \$0.91/share
- \$2M line-of-credit
- \$800K term debt



**Synthetech's largest plant facility and tank farm**

- Serves the pharmaceutical industry in drug development and commercialization stages
- Manufactures technology-based fine chemicals
- Earns a reputation of quality, reliability & customer orientation
- Invests capital in support of growth strategy

***Specializing in technologies producing unnatural amino acids, peptides & chiral intermediates for pharmaceutical applications***





Research and development laboratory

- 9 R&D Chemists
- 25 Production Operators
- 8 QA/QC Personnel
- \$20M in CapEx since 1997

### Production Equipment Inventory

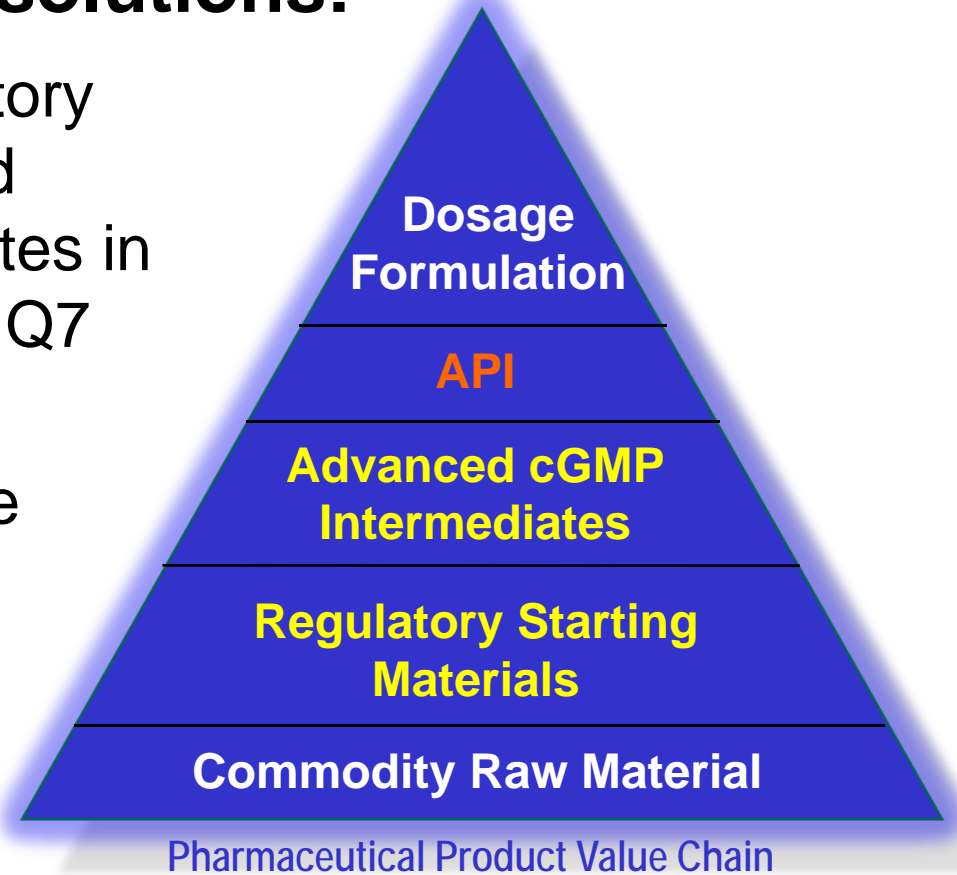
Glass	Stainless
30 (2)	100
100 (3)	300
200	500
500	750
1000	2000 (4)
2000(2)	-
<b>Total Capacity &gt; 15,000 Gallons</b>	



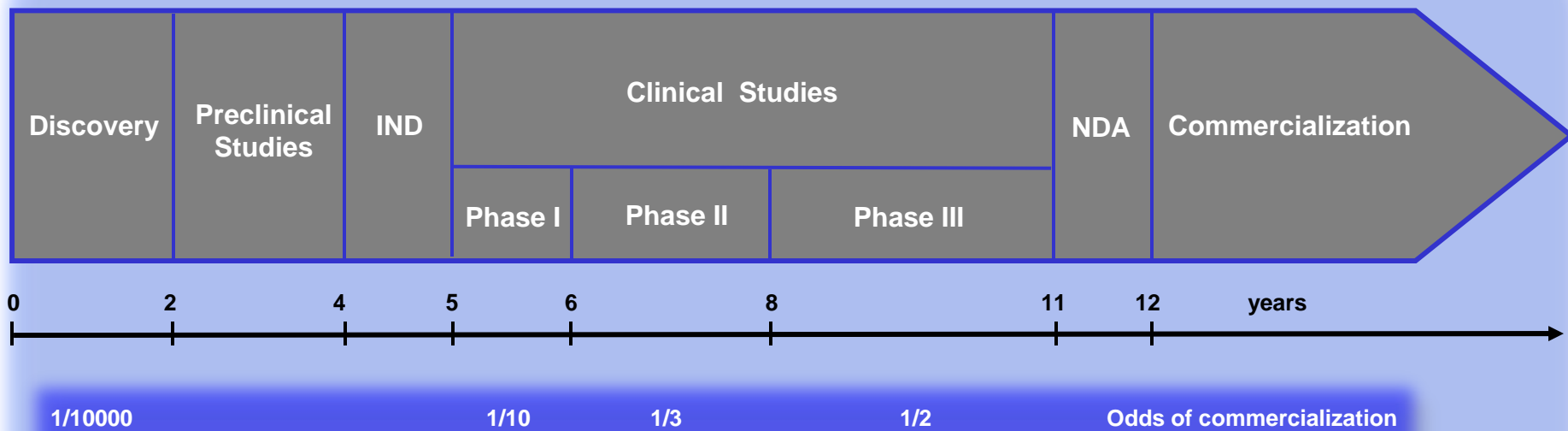
2000 gallon production vessels

## Where we provide solutions:

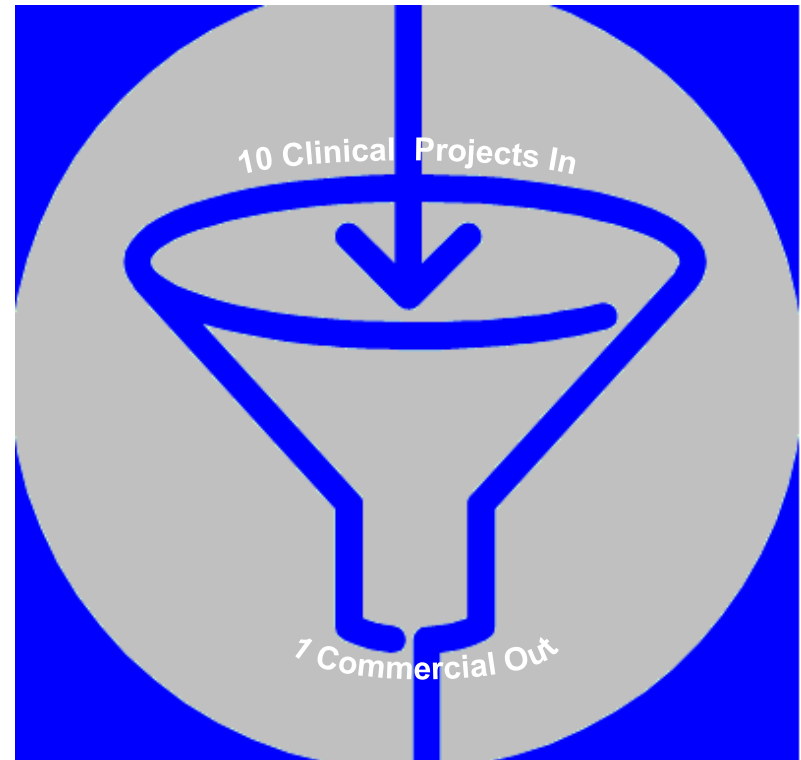
- Manufactures regulatory starting materials and advanced intermediates in compliance with ICH Q7 guidelines
- Expanding into Active Pharmaceutical Ingredients (API)

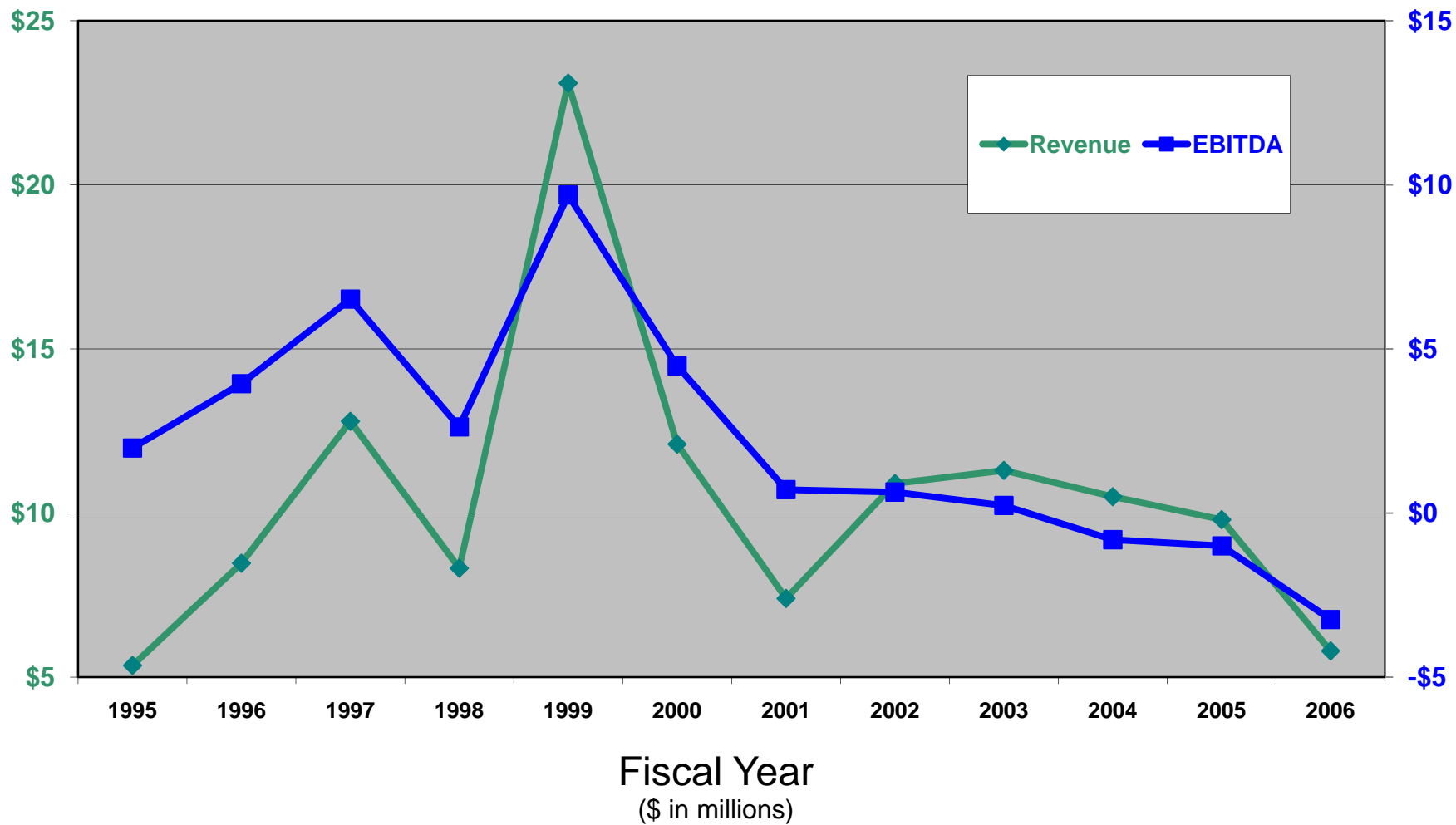


## Pharmaceutical Development Pipeline



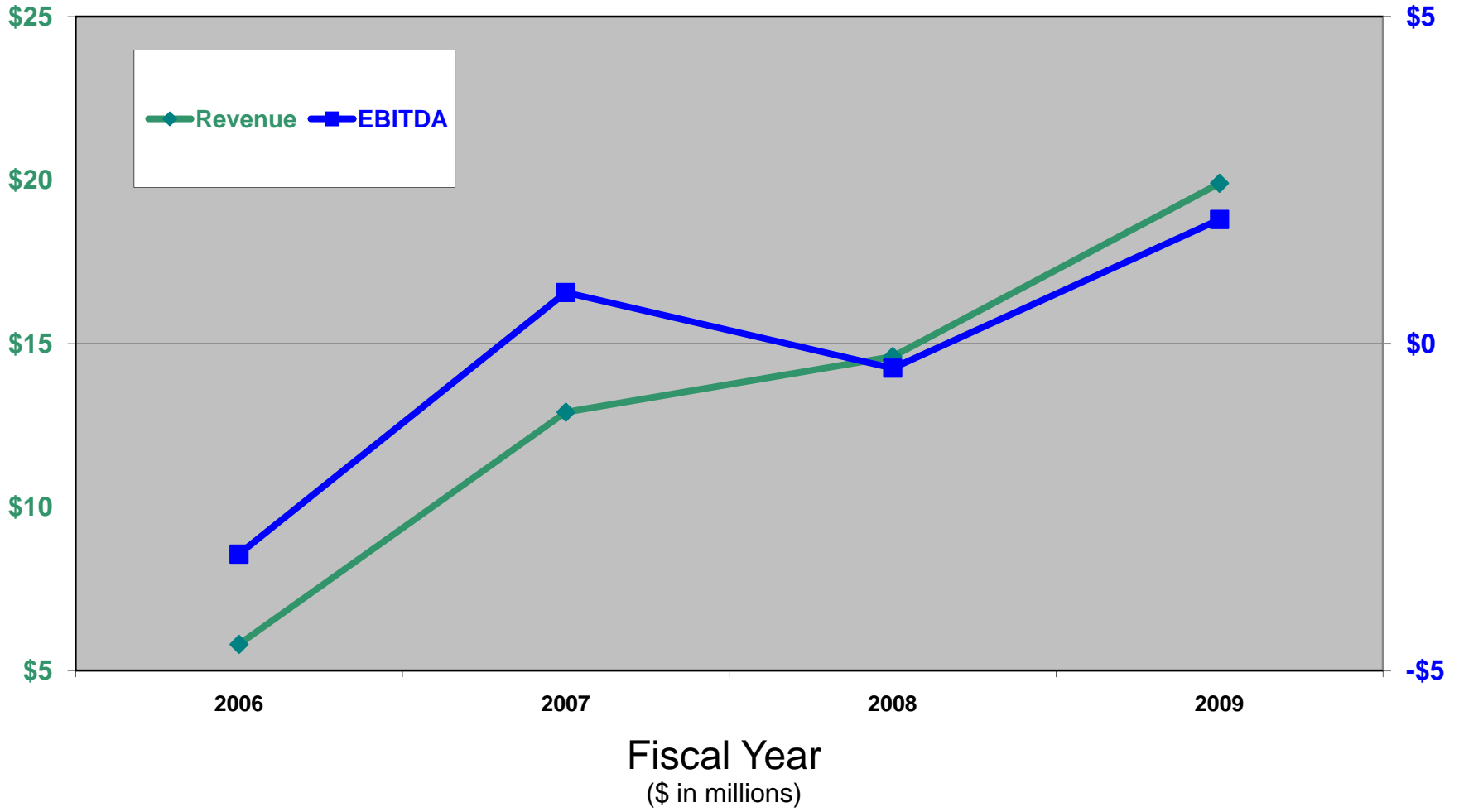
- Mid-project life-cycle entrance strategy
- Increasing quantity of early projects improves probability of commercialization
- Grow with projects through development to commercialization
- Synthetech's facilities are designed to support this model





- Expanded market opportunities
  - Leveraged competitive position in chiral technology platforms
  - Evolved from selling products to capabilities
  - Developed new “franchise” business for key intermediates
- Improved manufacturing efficiencies
  - Enhanced operating procedures to meet sales demand
  - R&D chemists follow projects from lab into plants
  - New VP of Operations to drive change
- Reduced costs
  - Increased awareness of costs within organization
  - Focused on development of low cost suppliers
  - Added purchasing manager to improve focus

***A learning organization focused on customer satisfaction***



		F2009				F2010
		Q1	Q2	Q3	Q4	Q1
Revenue	\$K	4,917	3,291	5,037	6,617	4,664
Gross margin	\$K	1,289	642	1,621	1,996	2,011
Gross margin	%	26	20	32	30	43
Operating income	\$K	314	(333)	623	704	1,006
Operating margin	%	6	-10	12	11	22
Net income (loss)	\$K	295	(367)	566	657	969
Basic EPS	\$	0.02	(0.03)	0.04	0.04	0.07
EBITDA	\$K	455	(189)	774	857	1,155

- Expand customer base to reduce dependency on major pharmaceutical companies
  - Enter API market targeting virtual pharmaceutical companies
  - Opportunistic projects for medical devices
  - Increase sales team in key geographic areas
  - Develop in-roads to targeted commercial products new to Synthetech
- Develop new market-driven technologies
  - Build competitive position for “franchise” products
  - Low temperature processing from kilograms to tons
  - Micro-reactor capabilities
- Improved cost position
  - Staffed sufficiently for foreseeable future
  - Cost controls making an impact

- Organic growth model is good
  - Existing company capacity is approximately \$30 million in revenue without additional CapEx
  - Options for additional capacity at low cost
- Roll-up strategy to accelerate significant growth
  - Target profitable companies with \$5-20 million in revenue
  - Selected companies are technical extensions of existing Synthetech Chemistries
- Synthetech targets \$100 million in revenue

***Management is dedicated to enhancing shareholder value***

- These slides and the accompanying presentation contain “forward-looking statements” that represent management’s best judgments as of the date hereof based on information currently available. Actual results of the Company may differ materially from those contained in the forward-looking statements.
- Additional information concerning factors that may cause results to differ materially from those in the forward-looking statements is contained in the Company’s periodic reports filed under the Securities Exchange Act of 1934.
- The Company undertakes no obligation to update or revise these forward-looking statements to reflect new events or uncertainties.

These slides contain certain “non-GAAP financial terms” which are defined below. In addition, we have provided reconciliations of non-GAAP terms to the closest GAAP term on the following slide of this presentation.

EBITDA—Earnings before interest, taxes, depreciation and amortization—is the sum of income (loss) before income taxes, interest, depreciation and amortization, and stock based compensation.



# Quarterly EBITDA Reconciliation

(\$ in thousands)	F2009				F2010
	Q1	Q2	Q3	Q4	Q1
Income (loss) before income taxes	295	(367)	566	657	969
Interest income / expense, net	19	34	57	47	37
Plus depreciation & amortization expense	123	127	124	125	137
Plus stock based compensation expense	18	17	27	28	12
EBITDA	455	(189)	774	857	1,155



# Annual EBITDA Reconciliation

(\$ in millions)	Fiscal Year Ending March 31,														
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Income (loss) before income taxes	1.9	4.0	6.6	1.9	8.5	2.9	(1.4)	(2.2)	(0.8)	(1.9)	(8.4)	(3.7)	0.2	-1.2	1.2
Interest income / expense, net	-	(0.3)	(0.4)	(0.3)	(0.2)	(0.3)	(0.4)	(0.1)	(0.1)	-	-	0.1	0.1	0.1	0.2
Plus depreciation & amortization expense	0.2	0.2	0.3	1.0	1.4	1.9	2.5	2.9	1.1	1.1	1.1	0.5	0.5	0.5	0.5
Plus stock based compensation expense	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2	0.1
Plus impairment charge	-	-	-	-	-	-	-	-	-	-	6.3	-	-	-	-
Rounding	(0.1)	-	-	-	-	-	-	-	-	-	-	0.1	-	-	(0.1)
<b>EBITDA</b>	<b>2.0</b>	<b>3.9</b>	<b>6.5</b>	<b>2.6</b>	<b>9.7</b>	<b>4.5</b>	<b>0.7</b>	<b>0.6</b>	<b>0.2</b>	<b>(0.8)</b>	<b>(1.0)</b>	<b>(3.0)</b>	<b>0.8</b>	<b>(0.4)</b>	<b>1.9</b>