**[Press Release]**

# WuXi Biologics Reports Remarkable 2017 Annual Results
# Revenue up 63.7% to a Record High of RMB1,618.8 Million
# Adjusted Net Profit up 85.1% to RMB408.1 Million
# Gross Profit Margin, Net Profit Margin and Adjusted Net Profit Margin All Increased Significantly

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# Eight Late-Phase (Phase III) Projects Versus Three as of December 31, 2016
# Total Integrated Projects Surged to 161
# Phenomenal Growth in Total Backlog including both Service Backlog and Upcoming Potential Milestone Fees
# Commenced Construction of Four New cGMP Manufacturing Facilities

(March 19, 2018, Hong Kong) – **WuXi Biologics (Cayman) Inc. ("WuXi Biologics" or the "Group", stock code: 2269.HK)**, a leading global open-access biologics technology platform company offering end-to-end solutions for biologics discovery, development and manufacturing, announced its audited annual results for the year ended December 31, 2017 today.

## 2017 Financial Highlights

- Effective execution of our "follow-the-molecule" strategy drove record high revenues, which increased 63.7% year-on-year to RMB1,618.8 million.
- Gross profit increased by 69.8% year-on-year to RMB660.6 million, with gross profit margin up 150 basis points to 40.8%.
- Net profit increased by 79.0% year-on-year to RMB252.6 million. Excluding the impact of foreign exchange loss due to translation loss from the IPO proceeds, net profit increased by 131.7% year-on-year to RMB326.9 million.
- Adjusted net profit[1] increased by 85.1% to RMB408.1 million.
- Net profit margin and adjusted net profit margin were 15.6% and 25.2% respectively, up 130 basis points and 290 basis points, respectively.
- Diluted EPS increased by 46.7% from RMB0.15 in 2016 to RMB0.22 in 2017.
- Adjusted diluted EPS increased by 52.2% from RMB0.23 in 2016 to RMB0.35 in 2017.

## 2017 Operational Highlights

- Service backlog enjoyed a strong increase of 97.5% from US$241.0 million in 2016 to US$476.0 million in 2017 while upcoming potential milestone fees surged from US$24.0 million in 2016 to US$1,002.0 million in 2017
- Number of ongoing integrated projects[2] increased from 103 as of December 31, 2016,

[1] Excluding the share-based compensation expenses, Listing expenses and a foreign exchange loss due to translation loss from the IPO proceeds.

[2] An integrated project refers to a project that requires the Company to provide services across different stages of the biologics development process.

to 134 as of June 30, 2017 and 161 as of December 31, 2017.

- Global market share increased from 1.8% in 2016 to 2.4% in 2017 while Chinese market share increasing from 48% in 2016 to 63.5% in 2017
- Achieved great success in progressing projects from pre-IND stage to post-IND stage, with 29 projects progressing from preclinical development stage to early-phase (phase I&II) in 2017.
- Number of late-phase (phase III) projects increased from three as of December 31, 2016 to eight as of December 31, 2017.
- Commercial cGMP biologics manufacturing facility at Wuxi site with 30,000L disposable bioreactor capacity (MFG2) commenced operations in December 2017.
- U.S. FDA completed the pre-license inspection (PLI) of our current cGMP manufacturing facilities for production of Ibalizumab in August 2017, with no critical observations.

**Management Comments**

**Dr. Ge Li, Chairman of WuXi Biologics, commented**: "2017 was a landmark year for WuXi Biologics. In June, we successfully listed on the Main Board of the Hong Kong Stock Exchange, and have continued to prove the success of our "follow-the-molecule" business model in achieving phenomenal growth and profitability. We have continued to expand our number of projects, while further enhancing our client base and increasing client stickiness." As we look to 2018 and beyond, the outlook continues to be extremely promising. With massive growth opportunities ahead, the global biologics market has never been as robust. The imminent launch of our commercial manufacturing business will catapult us into a new growth era. In addition, we will continue to invest in our business through expansion of our state-of-the-art facilities as well as our world-class talent base. We are truly excited for our future.

"The strengths of our "follow-the-molecule" business model have enabled WuXi Biologics to firmly seize opportunities in the fast-growing global biologics market. Success of this strategy is reflected in our results," said **Dr. Chris Chen, CEO of WuXi Biologics.** As the pipeline continues to move along the product development cycle, our revenue and backlog will both grow substantially. In 2017, our service backlog grew by 97.5% year-on-year to US$476.0 million, and upcoming potential milestone fees surging from US$24.0 million as of December 31, 2016 to US$1,002.0 million as of December 31, 2017.

**Dr. Chris Chen added:** "Our Group's number of ongoing integrated projects grew significantly year-on-year from 103 to 161. Our number of late phase (phase III) projects increased substantially to eight as of December 31, 2017 as compared to three as of December 31, 2016, a further demonstration of the Group's phenomenal capabilities to successfully execute for our client base."

As the only open-access biologics technology platform in the world, the Group is able to readily capitalize on its advantages in R&D costs, efficiency and production standards to forge strong relationships with leading global pharmaceutical companies, startups as well as

medium and small biotechnology companies. In August 2017, we, together with our partner Gloria, granted the US biotechnology company Arcus Biosciences exclusive rights to the novel anti-PD-1 antibody GLS-010 in several markets outside China, resulting in potential milestone payments of up to US$816.0 million and a 10% royalty on commercial sales. In addition, we have the exclusive rights to produce GLS-010, and are the exclusive partner of Arcus for a term of three years in the development of its biologics portfolio. This significant licensing deal is another testament of the Group's best-in-class biologics R&D capabilities.

In August 2017, the U.S. Food and Drug Administration ("FDA") completed the PLI of our cGMP facility for the production of Ibalizumab. On March 6, 2018, the approval for Ibalizumab (Trogarzo) was formally granted by the U.S. FDA, and has cemented WuXi Biologics as the Company with the first FDA-approved cGMP production facility to commercially manufacture biologics drugs in China. This marks WuXi Biologics' first major commercial manufacturing project, showcasing the Group's strength in achieving global quality standards and industry leadership in utilizing single-use technology for commercial manufacturing, laying a solid foundation for fast expansion of our CMO business that will open a new chapter for the Company.

As a result, we are also aggressively implementing our expansion plans. A cGMP biologics manufacturing facility with 30,000L disposable bioreactor capacity (MFG2), commenced commercial operations in December 2017. Furthermore, we are constructing 7,000L cGMP facilities at our Shanghai site (MFG3), which is expected to commence operations in April 2018. The facility will subsequently more than double our clinical manufacturing capacity. We also began construction on four new cGMP manufacturing facilities at Wuxi city this year: 10,000L commercial drug substances ("DS") facility (MFG4), 60,000L commercial DS facility (MFG5), commercial drug products ("DP") facility (DP2) and a new ADC facility (DP3). Such facility expansion will further enable us to execute our "follow-the-molecule" strategy for our client base, and maintain our strong growth trajectory and industry leadership.

Our extensive industry experience and one-stop services platform continues to drive our industry leading R&D efficiency. We are able to reduce the IND enabling timeline to between 15 to 18 months, and in certain programs as short as 9 months, as compared to the industry norm of approximately 18 to 24 months. This is creating a competitive advantage for us, but also significant benefits for our customers, and most importantly, patients.

"Recruiting additional talents has always been a priority for WuXi Biologics, as this enables the Group to maintain its core competitive advantage in research, development and production. Our workforce had grown from 1,624 personnel at the end of 2016 to 2,543 personnel as at December 31, 2017. In January 2018, it was our great honor to appoint Dr. Chiang Syin, a former Associate Country Director of the U.S. FDA, as our Chief Quality Officer to accelerate our trajectory as a global premier provider of commercially manufactured biologics" **Dr. Chen added.**

These are exciting times in biologics! As a fully integrated platform company, WuXi Biologics enables all phases in the biologics development process, working with a wide and ever-expanding range of clients worldwide. We have demonstrated the successful implementation and execution of our "follow-the-molecule" strategy and through continued investments in laboratory and production facilities, continued expansion of business on a global basis, further additions to our world-class talent base, together with the ramp-up of our commercial manufacturing business, we see massive growth potential in the years ahead."

**2017 Annual Results**

The Group's revenue increased by 63.7% year-on-year to RMB1,618.8 million in 2017. The major revenue growth drivers were: (i) a steady year-on-year increase in number of customers from 163 for 2016 to 202 for 2017 and strong growth in number of integrated projects; (ii) a rapid backlog growth reflected into the Group's revenue growth; (iii) more pre-IND projects successfully processing to later stages such as early-phase (phase I & II) and late-phase (phase III) in accordance with our "follow-the-molecule" strategy, which also increased the customer and project stickiness; (iv) effective marketing efforts made by the Group, resulting in robust market performance in the United States, China and Europe.

**Gross profit** increased by 69.8% year-on-year to RMB660.6 million in 2017 with gross profit margin up 150 basis points from 39.3% in 2016 to 40.8% in 2017. The increase in gross profit margin was primarily attributed to the increase in the milestone payments, coupled with higher capacity utilization and more efficient business operations.

**Net profit** increased by 79.0% year-on-year to RMB252.6 million in 2017 with net profit margin up 130 basis points from 14.3% for 2016 to 15.6% in 2017. The higher net profit margin was attributable primarily to (i) a higher gross profit margin; (ii) sound spending control of administrative expenses lowered its growth rate as compared to that of the revenue; (iii) an increase in government subsidy, interest income from IPO proceeds, and gains from funds investment (recorded in other gains or losses); (vi) a decrease in Listing expenses; partially offset by (v) a net foreign exchange loss due to the Renminbi appreciation against the U.S. dollar.

**Adjusted net profit**, excluding share-based compensation expenses, Listing expenses and a foreign exchange loss due to translation loss from the IPO proceeds, increased by 85.1% year-on-year to RMB408.1 million in 2017 with adjusted net profit margin up 290 basis points from 22.3% in 2016 to 25.2% in 2017.

**Basic and diluted EPS** were RMB0.24 and RMB0.22, respectively in 2017, compared to RMB0.15 and RMB0.15, respectively in 2016.

**Adjusted diluted EPS** increased by 52.2% year-on-year to RMB0.35 in 2017 from RMB0.23 in 2016.

**Key Financial Ratios**

**(For the year ended December 31)**

| **Key Financial Ratio** | **2017** | **2016** | **Change** |
|---|---|---|---|
| Revenue (In RMB million) | 1,618.8 | 989.0 | 63.7% |
| Gross profit (In RMB million) | 660.6 | 389.1 | *69.8%* |
| *Gross profit margin (%)* | *40.8%* | *39.3%* | *150 bps* |
| Net profit (In RMB million) | 252.6 | 141.1 | *79.0%* |
| *Net profit margin (%)* | *15.6%* | *14.3%* | *130 bps* |
| Adjusted net profit (In RMB million) | 408.1 | 220.5 | *85.1%* |
| *Adjusted net profit margin (%)* | *25.2%* | *22.3%* | *290 bps* |
| Adjusted EBITDA (In RMB million) | 608.9 | 372.2 | *63.6%* |
| *Adjusted EBITDA margin (%)* | *37.6%* | *37.6%* | -- |
| Adjusted diluted EPS (In RMB) | 0.35 | 0.23 | *52.2%* |

## Consolidated Statement of Profit & Loss

**(For the year ended December 31)**

| (RMB million) | **2017** | **2016** |
|---|---|---|
| **Revenue** | **1,618.8** | **989.0** |
| Cost of services | (958.3) | (599.9) |
| **Gross profit** | **660.6** | **389.1** |
| Other income | 34.7 | 7.5 |
| Other gains and losses | (103.6) | (1.5) |
| Selling and marketing expenses | (27.6) | (15.3) |
| Administrative expenses | (134.0) | (94.6) |
| Research and development expenses | (74.5) | (53.3) |
| Other expenses | (16.1) | (31.9) |
| Finance cost | (35.7) | (24.2) |
| **Profit before tax** | **303.7** | **175.8** |
| Income tax expense | (51.1) | (34.8) |
| **Profit and total comprehensive income for the year** | **252.6** | **141.1** |
| Earnings per share – Basic (RMB) | 0.24 | 0.15 |
| Earnings per share – Diluted (RMB) | 0.22 | 0.15 |

*Note: Results may not foot due to rounding.*

## Consolidated Statement of Balance Sheet

**(For the year ended December 31)**

| RMB million | As of December 31, 2017 | As of December 31, 2016 |
|---|---|---|
| **Current Assets** | | |
| Inventories | 135.5 | 79.0 |
| Service work in progress | 202.4 | 122.7 |
| Trade and other receivables | 614.3 | 419.4 |
| Income tax recoverable | - | 6.4 |
| Financial assets designated as at fair value through profit or loss | 641.3 | - |
| Pledged bank deposits | 21.2 | 33.3 |
| Time deposits | 914.8 | - |
| Bank Balances and cash | 503.9 | 169.1 |
| | **3,033.4** | **829.9** |
| **Non-Current Assets** | | |
| Plant and equipment | 1,780.2 | 1,152.8 |
| Deferred tax assets | 6.9 | 2.4 |
| Deposits paid for acquisition of land use right | 17.1 | -- |
| Other long-term deposits | 11.4 | -- |
| | **1,815.5** | **1,155.1** |
| **Total Assets** | **4,849.0** | **1,985.0** |
| | | |
| **Current Liabilities** | | |
| Trade and other payables | 784.7 | 558.1 |
| Loan from a related party | - | 183.4 |
| Income tax payable | 13.4 | 8.9 |
| Bank borrowings | - | 39.0 |
| Obligations under a finance lease | - | 11.4 |
| | **798.1** | **800.8** |
| **Non-Current Liabilities** | | |
| Bank borrowings | - | 866.0 |
| Obligations under a finance lease | - | 29.7 |
| Deferred revenue | 19.7 | 12.6 |
| Deferred tax liabilities | 6.8 | 5.5 |
| | **26.5** | 913.7 |
| **Total Liabilities** | **824.6** | **1,714.5** |
| | | |
| **Capital and Reserves** | | |
| Share capital | 0.192 | 0.158 |
| Reserves | 4,024.2 | 270.3 |
| **Total Equity** | **4,024.4** | **270.5** |

*Note: Results may not foot due to rounding.*

## Reconciliation for Adjusted EBITDA and Adjusted Net Profit

**(For the year ended December 31)**

In RMB million

| **Adjusted EBITDA Reconciliation** | **2017** | **2016** |
|---|---|---|
| EBITDA | 453.4 | 292.8 |
| Share-based compensation | 65.1 | 47.6 |
| Listing expenses | 16.1 | 31.9 |
| A foreign exchange loss due to translation loss from the IPO proceeds | 74.3 | - |
| Adjusted EBITDA | 608.9 | 372.2 |

In RMB million

| **Adjusted Net Profit Reconciliation** | **2017** | **2016** |
|---|---|---|
| Net Profit | 252.6 | 141.1 |
| Share-based compensation | 65.1 | 47.6 |
| Listing expenses | 16.1 | 31.9 |
| A foreign exchange loss due to translation loss from the IPO proceeds | 74.3 | - |
| Adjusted Net Profit | 408.1 | 220.5 |

*Note: Results may not foot due to rounding.*

**- End -**

## About WuXi Biologics

WuXi Biologics is the only open-access biologics technology platform in the world offering end-to-end solutions to empower anyone to discover, develop and manufacture biologics from concept to commercial manufacturing. The Group's history and achievements demonstrate its commitment to provide a truly ONE-stop service offering and value proposition to global clients. For more information on WuXi Biologics, please visit: http://www.wuxibiologics.com.

## Forward-Looking Statements

This presentation may contain certain "forward-looking statements" that are not historical facts, but instead are predictions about future events based on our expectations as well as assumptions made by and information currently available to our management. Although we believe that our predictions are reasonable, future events are inherently uncertain and our forward-looking statements may turn out to be incorrect. Our forward-looking statements are subject to risks relating to, among other things, the ability of our service offerings to compete effectively, our ability to meet timelines for the expansion of our service offerings, and our ability to protect our clients' intellectual property. Our forward-looking statements in this presentation speak only as of the date on which they are made, and we assume no obligation to update any forward-looking statements except as required by applicable law or listing rules. Accordingly, you are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. All forward-looking statements contained herein are qualified by reference to the cautionary statements set forth in this section.

## Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with the IFRS, the Company has provided adjusted net profit, adjusted net profit margin, adjusted EBITDA, adjusted EBITDA margin and adjusted basic and diluted earnings per share (excluding the share-based compensation expenses, Listing expenses and a foreign exchange loss due to translation loss from the IPO proceeds.) as additional financial measures, which are not required by, or presented in accordance with, the IFRS. The Company believes that the adjusted financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Company's management and investors may benefit from referring to these adjusted financial measures in assessing the Group's financial performance by eliminating the impact of certain unusual and nonrecurring items that the Group does not consider indicative of the performance of the Group's business. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. You should not view the adjusted results on a stand-alone basis or as a substitute for results under the IFRS, or as being comparable to results reported or forecasted by other companies.

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