



## WuXi Biologics Announces 2017 Interim Results

**59.5% revenue growth to RMB 654 million**  
**51.7% adjusted EBITDA growth to RMB 266.1 million**  
**Improvement on gross profit margin, adjusted EBITDA margin and**  
**adjusted net profit margin vs 2016 full-year results**  
**564.7% backlog growth to US\$452 million**  
**Highly confident to deliver full year financials as expected**

Hong Kong, August 21, 2017 – **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, today announces its unaudited interim results for the six months ended June 30, 2017.

### First-Half 2017 Highlights

- Strong revenue growth of 59.5% year-on-year to RMB654 million
- Gross profit rose 41.6% year-on-year to RMB264.3 million with gross profit margin of 40.4%
- Adjusted EBITDA<sup>1</sup> rose 51.7% year-on-year to RMB266.1 million, with adjusted EBITDA margin of 40.7%
- Net profit grew on track 9.9% year-on-year to RMB92.2 million due to higher milestone revenue in 2016. Adjusted net profit<sup>2</sup> grew 35.8% to RMB152.8 million. Net profit and adjusted net profit margins are 14.1% and 23.4% respectively
- Adjusted diluted EPS increased 25.0% to RMB0.15
- Gross profit margin, adjusted EBITDA margin and adjusted net profit margin all compare favorably to full year 2016 results
- Record 564.7% backlog growth to US\$452 million as of June 30, 2017 compared to US\$68 million as of June 30, 2016
- Record high number of ongoing integrated projects<sup>3</sup>, increasing from 75 as of June 30, 2016 to 134 as of June 30, 2017
- The number of late phase (phase III) projects doubled to six as of June 30, 2017 from three at the time of our IPO

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<sup>1</sup> Adjusted EBITDA represents net profit before (i) interest income and expense, income tax expenses and (ii) certain non-cash expenses, consisting of share-based compensation, amortization and depreciation and impairment of goodwill and (iii) FX gains or losses

<sup>2</sup> Excludes FX gains or losses, listing expenses and share-based compensation

<sup>3</sup> An integrated project refers to a project that requires us to provide services across different stages of the biologics development process

## Management Comments

“We delivered yet another strong performance for the first half of 2017, with revenues across each of our key geographies increasing significantly.” said **Dr. Ge Li**, Chairman of WuXi Biologics. “With US\$452 million of backlog and 134 ongoing integrated projects, the momentum of our business is stronger than ever. We continue to be confident that we will deliver 2017 full-year financials as we expected.”

“The growth of the global biologics market showed no signs of abating in the first half of 2017 and WuXi Biologics has certainly been a key beneficiary.” said **Dr. Chris Chen**, CEO of WuXi Biologics. “Our established track record and reputation as an open-access and integrated biologics platform continue to attract new customers and more projects from existing customers, which became evident in the financial results for the first half of 2017. Our revenue and adjusted EBITDA grow 59.5% and 51.7% year-on-year respectively, which is a strong manifestation of impressive execution of our “follow-the-molecule” strategy. Overall, gross profit margin, adjusted EBITDA margin and adjusted net profit margin of the last 6 months all compare favorably to those of full-year 2016.”

“In terms of our expansion plans, the construction of our Wuxi and Shanghai facilities is fully on track, with the facilities scheduled to become operational in Q4 2017 and Q2 2018 respectively. We also continue to be able to attract top-notch talents, which is a key business focus and competitive strength of ours. We grew our employee headcount from 1,624 at the end of 2016 to 1,998 as of June 30, 2017.”

“We have witnessed phenomenal backlog growth in recent months due to our increasingly solid track record in the global competitive landscape, our successful execution of business development in Europe, and doubling of our late phase projects from 3 to 6 requiring more process development and large-scale manufacturing.”

“We have also achieved key business milestones in recent months. In early August this year, the US FDA completed the pre-license inspection (PLI) of our current cGMP manufacturing facilities for production of ibalizumab with no critical observations. If approved, ibalizumab will be the first biologics drug approved in the United States to be commercially manufactured in China. This validates both our global quality standard and pioneer use of single-use systems for commercial manufacturing. Separately, in a recent deal with a total value of up to US\$816 million, we and our partner Harbin Gloria Pharmaceuticals (“Gloria”) granted Arcus Biosciences an exclusive license of GLS-010, a novel anti-PD-1 antibody for several markets outside of China. We and Gloria expect to receive US\$18.5 million upfront payment during the second half of 2017 of which approximately US\$1.55 million will be paid to Gloria. This important development demonstrates that our China gateway and global capabilities allow us to increase our potential revenues significantly for each molecule. We are highly confident that we will continue to execute our strategy well and deliver as expected financial results full year 2017.” Dr. Chen added.

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## 1H 2017 Interim Results

**Revenue** increased by 59.5% year-on-year to RMB654.0 million in the first half of 2017. The major revenue growth drivers are (i) a continued increase in the number of customers and the strong growth in the number of integrated projects; (ii) marketing efforts by the Group, resulting in robust performance in China, United States and Europe.

**Gross profit** grew 41.6% year-on-year to RMB264.3 million while gross profit margin was 40.4%, compared to 45.5% and 39.3% for the first six months and full year of 2016 respectively. The lower gross profit margin compared to the first six months of 2016 was primarily due to higher milestone fees received during the first six months of 2016.

**Adjusted EBITDA** increased by 51.7% year-on-year to RMB266.1 million in the first half of 2017. Adjusted EBITDA margin was 40.7%, compared to 42.8% and 37.5% for the first six months and full year of 2016 respectively. The lower adjusted EBITDA margin compared to the first six months of 2016 was primarily due to higher milestone fees received during the first six months of 2016.

**Net profit** increased by 9.9% year-on-year to RMB92.2 million in the first half of 2017. Net profit margin was 14.1%, compared to 20.5% and 14.3% for the first six months and full year of 2016 respectively. The lower net profit margin compared to the first six months of 2016 was primarily due to (i) a higher interest expense<sup>4</sup>; (ii) impact of FX<sup>5</sup> losses, and (iii) higher milestone fees received during the first six months of 2016.

**Adjusted net profit**, which excludes share-based compensation, FX gains or losses, and listing expenses increased 35.8% year-on-year to RMB152.8 million in the first half of 2017. Adjusted net profit margin was 23.4%, compared to 27.4% and 22.2% for the first six months and full year of 2016 respectively. The lower adjusted net profit margin compared to the first six months of 2016 was primarily due to (i) higher interest expense and (ii) higher milestone fees received during the first six months of 2016.

**Basic and diluted EPS** remained unchanged year-on-year at RMB0.09.

**Adjusted diluted EPS** grew 25.0% from RMB 0.12 year-on-year to RMB 0.15.

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<sup>4</sup> The onshore bank loan of RMB 1 billion was fully repaid in July 2017 and the offshore loan of US\$38.6 million is expected to be fully repaid in early September 2017. As such, interest expense is expected to decrease accordingly.

<sup>5</sup> FX represents the foreign currency exchange rate (US dollar VS RMB)

## Key Financial Ratio

Key Financial Ratio	1H 2017	1H 2016	2016
Revenue	654.0	410.1	989.0
Gross profit	264.3	186.6	389.1
<i>Gross profit margin (%)</i>	40.4%	45.5%	39.3%
Net profit	92.2	83.9	141.1
<i>Net profit margin (%)</i>	14.1%	20.5%	14.3%
Adjusted net profit	152.8	112.5	219.1
<i>Adjusted net profit margin (%)</i>	23.4%	27.4%	22.2%
Adjusted EBITDA	266.1	175.4	370.8
<i>Adjusted EBITDA margin (%)</i>	40.7%	42.8%	37.5%
Adjusted diluted EPS	0.15	0.12	0.23

## Consolidated Statement of Profit & Loss

(RMB million)	1H 2017	1H 2016	Change
<b>Revenue</b>	<b>654.0</b>	<b>410.1</b>	<b>59.5%</b>
Cost of services	(389.8)	(223.5)	
<b>Gross Profit</b>	<b>264.3</b>	<b>186.6</b>	<b>41.6%</b>
Other income	16.1	5.1	
Other gains and losses	(15.9)	(0.8)	
Selling and marketing expenses	(13.3)	(6.6)	
Administrative expenses	(51.1)	(39.8)	
Research and development expenses	(36.4)	(30.1)	
Other expenses	(16.1)	(8.5)	
Finance cost	(31.3)	(8.1)	
<b>Profit before tax</b>	<b>116.2</b>	<b>97.8</b>	<b>18.8%</b>
Income tax expense	(24.0)	(13.9)	
<b>Profit and total comprehensive income for the period</b>	<b>92.2</b>	<b>83.9</b>	<b>9.9%</b>
Earnings per share – Basic	0.09	0.09	
Earnings per share – Diluted	0.09	0.09	

## Consolidated Statement of Balance Sheet

RMB million	<u>As of June 30, 2017</u>	<u>As of December 31, 2016</u>
<b>Current Assets</b>		
Bank balances and cash	3,619.8	169.1
Pledged bank deposits	40.3	33.3
Inventories	239.5	201.7
Trade and other receivables	442.4	419.4
Tax recoverable	-	6.4
	<u>4,342.1</u>	<u>829.9</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	1,294.0	1,152.8
Deferred tax assets	3.2	2.4
	<u>1,297.2</u>	<u>1,155.1</u>
<b>Total Assets</b>	<b>5,639.3</b>	<b>1,985.0</b>
<b>Current Liabilities</b>		
Trade and other payables	535.3	752.9
Bank Borrowings	313.2	39.0
Tax payable	16.6	8.9
	<u>865.1</u>	<u>800.8</u>
<b>Non-Current Liabilities</b>		
Borrowings	896.0	866.0
Capital Lease Obligations	25.1	29.7
Deferred revenue	17.9	12.6
Deferred tax liabilities	5.7	5.5
	<u>944.7</u>	<u>913.7</u>
<b>Total Liabilities</b>	<b>1,809.8</b>	<b>1,714.5</b>
<b>Capital and Reserves</b>		
Share Capital	0.192	0.158
Retained Earnings	257.7	165.5
Other Reserves	3,571.6	104.8
<b>Total Equity</b>	<b>3,829.5</b>	<b>270.5</b>

## Reconciliation for Adjusted EBITDA and Adjusted Net Profit

In RMB million	1H 2017	1H 2016
<b>Adjusted EBITDA Reconciliation</b>		
<b>EBITDA</b>	205.5	146.8
Share-based Compensation	30.7	22.8
Listing Expenses	16.1	8.5
Foreign Exchange (Gain) or Loss	13.8	(2.7)
<b>Adjusted EBITDA</b>	<b>266.1</b>	<b>175.4</b>

In RMB million	1H 2017	1H 2016
<b>Adjusted Net Income Reconciliation</b>		
<b>Net Profit</b>	92.2	83.9
Share-based Compensation	30.7	22.8
Listing Expenses	16.1	8.5
Foreign Exchange (Gain) or Loss	13.8	(2.7)
<b>Adjusted Net Profit</b>	<b>152.8</b>	<b>112.5</b>

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## 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" are not historical facts, but instead are predictions about future events based on our beliefs 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.

## Use of Adjusted Financial Measures

We have provided adjusted net profit, net profit margin, EBITDA, EBITDA margin and diluted earnings per share for the first half of 2016 and 2017, which excludes share-based compensation expenses, listing expenses and foreign exchange gains or losses, and are not required by, or presented in accordance with, IFRS. We believe that the adjusted financial measures used in this presentation are useful for understanding and assessing underlying business performance and operating trends, and we believe that management and investors may benefit from referring to these adjusted financial measures in assessing our financial performance by eliminating the impact of certain unusual and non-recurring items that we do not consider indicative of the performance of our 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 IFRS. You should not view adjusted results on a stand-alone basis or as a substitute for results under IFRS, or as being comparable to results reported or forecasted by other companies.

## Statement Regarding Unaudited Financial Information

The financial information in this press release is unaudited and subject to adjustments. Adjustments to the financial statements may be identified when our annual financial statements are prepared and audit work is performed for the year-end audit, which could result in significant differences from this unaudited financial information.

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