



**WuXi Biologics Reports Outstanding Interim Results**  
**52.4% Year-on-Year Revenue Growth to RMB1,607.1 Million**  
**Net Profit Increased 80.1% Year-on-Year to RMB449.5 Million**  
**Gross Profit Margin, Net Profit Margin and Adjusted Net Profit Margin**  
**All Record High**  
**Total Backlog Surged to US\$4.6 Billion**

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**32 New Integrated Projects Including 1 Late-Phase Project Added**  
**Total Integrated Projects Increased to 224 Including 15 Late-Phase Projects**  
**WuXi Vaccines Signed Letter of Intent for a Long-Term Vaccine Manufacturing**  
**Contract with a Global Vaccine Leader**  
**WuXiBody™ Continues to be Widely Adopted by Customers**  
**Capacity Expansion on Track Demonstrating WuXi Bio Speed**  
**Sufficient Capacity to Start any Project within 4 Weeks**

(Hong Kong, Aug 19, 2019) – **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 announced its unaudited interim results for the six months ended June 30, 2019.

### **First-Half 2019 Financial Highlights**

- Strong revenue growth of 52.4% y-o-y to RMB1,607.1 million.
- Gross profit increased by 61.8% y-o-y to RMB671.0 million, with gross profit margin up 250 basis points to 41.8% mainly due to (i) strong business growth with the increase of number of integrated projects; (ii) the improved operational efficiency of the Group, in particular, the fast ramp-up of MFG3; and (iii) more milestone payments received.
- Net profit and adjusted net profit grew 80.1% and 75.8% y-o-y to RMB449.5 million and RMB521.5 million, respectively.
- Net profit margin and adjusted net profit margin were 28.0% and 32.4%, respectively, both up 430 basis points y-o-y, due to strong growth in revenue, solid cost control and business operation efficiency enhancement, and more milestone payments.
- Diluted EPS increased by 78.9% from RMB0.19 to RMB0.34.
- Adjusted diluted EPS increased by 69.6% from RMB0.23 to RMB0.39.

## **First-Half 2019 Operational Highlights**

- The number of ongoing integrated projects increased from 187 as of June 30, 2018, to 224 as of June 30, 2019, with late-phase projects increasing from 10 to 15.
- Total backlog grew significantly from US\$3,639 million as of December 31, 2018 to US\$4,630 million as of June 30, 2019. Our potential upcoming milestone backlog surged from US\$2,006 million as of December 31, 2018 to US\$2,894 million as of June 30, 2019, mainly driven by signing more WuXiBody™ projects.
- WuXi Vaccines signed letter of intent (LOI) for a 20-year vaccine manufacturing contract valued over US\$3 billion with a global vaccine leader, demonstrating our technical strength, global premier quality, and transferable skills from biologics to vaccines.
- WuXiBody™ continued to be widely adopted by global and domestic customers, signed 8 licensing agreements with 5 partners in 1H 2019, which will potentially contribute more milestone and royalty revenues.
- The Group successfully completed the first FDA routine GMP inspection, which demonstrates continuous commitment and strong expertise in meeting global compliance requirements.
- Our manufacturing facility expansion is on track. MFG4, the first facility in China to use 4,000L disposable bioreactor and DP4, the first robotic sterile filling facility for biologics in China are both GMP released in July.
- The Group continued to attract and retain talents and build one of the largest biologics development teams globally, while our retention rate is higher than 95%, significantly higher than the industry average.

WuXi Biologics continues the strong growth trend. The number of integrated projects and backlog kept expanding meanwhile our vaccine business made great progress only one year after its launch. All our global manufacturing capacity expansion is on track, laying a solid foundation to meet strong demands in the future. In addition, we estimate that our total employee number will reach around 5,600 by the end of 2019. The Group's innovative proprietary technology platforms led the industry innovation trend, better enabled our partners and further enhanced the Group's mission of accelerating and transforming biologics discovery, development and manufacturing.

## **Robust Revenue Growth Continued, Gross Margin and Net Profit Margin Expanded**

In 1H 2019, WuXi Biologics continued to deliver robust revenue growth of 52.4% y-o-y to RMB1,607.1 million, further demonstrating the successful implementation of our "Follow-the-Molecule" strategy. Our net profit and adjusted net profit grew 80.1% and 75.8% y-o-y to RMB449.5 million and RMB521.5 million, respectively. Meanwhile the gross margin, net profit margin, and adjusted net profit margin all expanded substantially and achieved record-highs. Our innovative technology platforms have been endorsed by the industry, and started to contribute more milestone revenue, which have improved the margins in this period.

The Group continued to gain more market share and win trust from customers. The number of ongoing integrated projects increased to 224 as of June 30, 2019, with late-phase projects increasing to 15. The backlog surged to US\$4,630 million as of June 30, 2019 with potential upcoming milestone backlog surging to US\$2,894 million as of June 30, 2019, demonstrating our technology platforms are adopted by more customers and will contribute more future revenue.

### **Reinforce Technology Innovation, WuXiBody™ Widely Adopted by Customers**

As the Group continues to reinforce its efforts in technology innovation, the R&D expenses have reached 6.8% of the total revenue in 1H 2019. WuXi Biologics is leveraging innovative technologies to optimize the entire spectrum of services offered to global biologics industry. The Group expects the strong momentum to continue, driven by the growing expenditures in R&D for biologics worldwide, as it expands its customer base and increases revenue from each integrated project as well as milestone and royalty fees.

Since the launch of WuXiBody™, this platform has been quickly adopted by global and domestic partners with 5 new partners and 8 projects in 1H 2019. The Group has showed its capability in expediting bispecific development and cost reduction by successfully entering into multiple strategic collaborations. The WuXiBody™ platform will be another growth driver which contributes more milestone payments and future royalties as well as adds more integrated projects into our pipeline of “Follow-the-Molecule” strategy.

### **WuXi Vaccines Made Great Progress, A New Growth Engine to Drive Sustained High Growth**

WuXi Vaccines, a joint venture of WuXi Biologics and Shanghai Hile Bio-Pharmaceutical, has entered into a strategic partnership via a letter of intent (LOI) with a global vaccine leader. It is estimated that the value of this 20-year manufacturing contract will be over US\$3 billion. The contract is targeted to be finalized by this year with substantial revenue contribution in 2022.

This marked a huge milestone for the Group's vaccine business which started only within one year. This partnership with a global vaccine leader, as the first of its kind in the industry, is a further testimony to the technical strengths and premier quality demonstrated by WuXi Biologics. The vaccine CDMO market, seeing huge opportunities globally and domestically as China's regulatory reforms tightened amid increasing public awareness, is expected to be another driver of the Group's business growth going forward.

### **Global Manufacturing Capacity Expansion on Track, A Demonstration of “WuXi Bio Speed”**

The Group is seizing the opportunity of the booming global biologics market and announced global manufacturing facility expansion plan last year. The total capacity will exceed 280,000L after 2022, which will provide a robust and premier global supply chain to support the strong demands from the industry. To capture the next wave of biologics, the Group also announced to expand construction of a new integrated biologics conjugation solution center for ADCs, which will further enhance the technical capabilities and manufacturing capacities in the fast-growing bioconjugation field.

All the Group's construction projects are on track, demonstrating the "WuXi Bio Speed". The Ireland site will be GMP ready in 2021 and support the demands from European and US markets. Furthermore, MFG4 and DP4 are both GMP released in July. It took only 13 months for MFG4 and 12 months for DP4 from completing design to GMP-release of the facility, further demonstrating "WuXi Bio Speed".

### **Completed First FDA Routine GMP Inspection, Another Demonstration of "WuXi Bio Quality"**

In 1H 2019, the Group has also successfully completed a seven-day FDA surveillance inspection for the production of Trogarzo™, the first routine GMP inspection since product approval. The completion of the inspection further endorses WuXi Biologics' proven quality system and solid reputation as a leading global biomanufacturing player, demonstrating that "WuXi Bio Quality" has reached the highest international quality standard.

**Dr. Chris Chen, CEO of WuXi Biologics, said,** "We are excited about the extraordinary performance achieved in 1H 2019. WuXi Biologics continued to gain more market share from the booming biologics outsourcing market due to our advanced technology platforms, premier quality system and excellent track record. We are delighted to see that the number of integrated projects and total backlog have both increased substantially, showcasing the success of "Follow-the-Molecule" strategy and providing clear visibility for our future growth. We also keep exploring new business opportunities as the vaccine business has made great progress and WuXiBody™ platform has been widely adopted by the industry. Through these new growth engines, the Group will engage more in the global biologics innovation and enable more strategic partners."

**Dr. Chris Chen, further commented,** "As a global leading enabling platform, WuXi Biologics continues to shorten the timeline from DNA to IND, expedites product development at record speed. We have sufficient capacity to start any project within 4 weeks. Besides, our expanding global footprints are all on track and the "Global Dual Sourcing within WuXi Bio" strategy will ensure our partners' commercial product supply as well as securing more commercial manufacturing contracts for the Group. We already have 58 first-in-class projects in pipeline, demonstrating our strong capabilities to enable global innovative partners. With the cutting-edge platforms, we strive to enable partners worldwide and we have seen exceptional growth

from three major regions, especially the U.S., our largest market, which maintained high growth despite geopolitical uncertainties. Our EU market has sustained over 185% CAGR growth over the past five years. Throughout 1H 2019, we drove a superior business execution. Looking ahead, we are confident that the strong growth momentum will continue and solidify our leading position.”

**Dr. Ge Li, Chairman of WuXi Biologics, concluded:** “The booming biologics industry is full of opportunities and we are well prepared for it. We will continue to accelerate and transform biologics industry and provide a robust global supply chain with premium quality. The ecosystem we are building will enable our customers and partners to discover, develop and manufacture more drugs to benefit patients worldwide.”

## **2019 Interim Results**

The Group’s revenue increased by 52.4% y-o-y to RMB1,607.1 million in 1H 2019. The major revenue growth drivers were: (i) enhancement of core competitiveness contributing to more market share and steady growth in the number of integrated projects; (ii) the Group’s innovative proprietary technology platforms have been more adopted in the industry and; (iii) the success of “Follow-the-Molecule” strategy.

**Gross Profit** increased by 61.8% to RMB671.0 million in 1H 2019. The Group’s gross profit margin increased from 39.3% in the first half of 2018 to 41.8% of same period this year. The improvement was driven by the following factors: (i) the Group’s strong business growth, along with the rapid increase in its number of integrated projects; (ii) the improved operational efficiency, in particular, the fast ramp-up of MFG3; (iii) more milestone payments received.

**During the Reporting Period, Net Profit** surged by 80.1% y-o-y to RMB449.5 million in 1H 2019, higher than 78% announced in Positive Profit Alert announcement, with net profit margin up 430 basis points to 28.0% in 1H 2019. The significant increase in net profit margin was primarily attributable to (i) steady increase in the number of integrated projects and as a result, strong growth in revenue; (ii) solid cost control and business operation efficiency enhancement.

**Adjusted Net Profit**, by excluding the impact of: (i) foreign exchange gains or losses; (ii) share-based compensation, our adjusted net profit increased by 75.8% y-o-y to RMB521.5 million in 1H 2019, and adjusted net profit margin went up 430 basis points from 28.1% in the first half of 2018 to 32.4% of same period this year.

**Basic and Diluted EPS** were RMB 0.37 and RMB 0.34, respectively. Diluted EPS increased by 78.9% y-o-y.

**Adjusted Diluted EPS** increased by 69.6% y-o-y to RMB 0.39.

**Key Financial Ratios**

**(For the Six Months Ended June 30)**

<b>Key Financial Ratio</b>	<b>1H 2019</b>	<b>1H 2018</b>	<b>Change</b>
Revenue (In RMB million)	1,607.1	1,054.4	52.4%
Gross Profit (In RMB million)	671.0	414.7	61.8%
<i>Gross Profit Margin (%)</i>	<i>41.8%</i>	<i>39.3%</i>	
Net Profit (In RMB million)	449.5	249.6	80.1%
<i>Net Profit Margin (%)</i>	<i>28.0%</i>	<i>23.7%</i>	
Adjusted Net Profit (In RMB million)	521.5	296.7	75.8%
<i>Adjusted Net Profit Margin (%)</i>	<i>32.4%</i>	<i>28.1%</i>	
Adjusted EBITDA (In RMB million)	747.4	428.3	74.5%
<i>Adjusted EBITDA Margin (%)</i>	<i>46.5%</i>	<i>40.6%</i>	
Adjusted Diluted EPS (In RMB)	0.39	0.23	69.6%

## Consolidated Statement of Profit & Loss

(For the Six Months Ended June 30)

(RMB million)	1H 2019	1H 2018
<b>Revenue</b>	<b>1,607.1</b>	<b>1,054.4</b>
Cost of Services	(936.1)	(639.7)
<b>Gross Profit</b>	<b>671.0</b>	<b>414.7</b>
Other Income	110.0	40.8
Other Gains and Losses	30.1	12.3
Impairment Losses, Net of Reversal	(9.6)	(19.6)
Selling and Marketing Expenses	(26.3)	(19.9)
Administrative Expenses	(149.7)	(87.1)
Research and Development Expenses	(109.1)	(56.2)
Share of Profit of an Associate	0.3	-
Finance Cost	(4.6)	-
<b>Profit Before Tax</b>	<b>512.0</b>	<b>285.1</b>
Income Tax Expense	(62.6)	(35.5)
<b>Profit for the Period</b>	<b>449.5</b>	<b>249.6</b>
Profit for the Period Attributable to Owners of the Company	450.0	249.6
Loss for the Period Attributable to Non-controlling Interests	(0.5)	-
Earnings per share – Basic (RMB)	<b>0.37</b>	0.21
Earnings per share – Diluted (RMB)	<b>0.34</b>	0.19

Note: Results may not add up exactly due to rounding of numbers.

## Consolidated Statement of Balance Sheet

RMB million	As of June 30, 2019	As of December 31, 2018
<b>Current Assets</b>		
Inventories	318.9	227.2
Contract Costs	380.7	294.6
Trade and Other Receivables	1,237.1	1,067.2
Contract Assets	13.2	36.0
Prepaid Lease Payments	-	2.9
Tax Recoverable	0.1	0.8
Pledged Bank Deposits	9.2	25.2
Time Deposits	165.0	-
Bank Balances and Cash	2,864.5	4,084.4
Derivative Financial Assets	15.9	6.9
	<u>5,004.7</u>	<u>5,745.2</u>
<b>Non-Current Assets</b>		
Plant and Equipment	3,615.8	2,903.9
Right-of-use Assets	420.0	-
Deferred Tax Assets	32.3	22.5
Intangible Assets	322.0	331.8
Investment in an Associate	34.1	-
Prepaid Lease Payments	-	168.6
Equity Instruments at Fair Value through Other Comprehensive Income ("FVTOCI")	136.8	136.6
Financial Assets at Fair Value through Profit or Loss ("FVTPL")	185.6	55.7
Other Long-term Deposits	24.3	19.0
Pledged Bank Deposits	431.6	-
Derivative Financial Assets	1.0	9.8
	<u>5,203.4</u>	<u>3,648.0</u>
<b>Total Assets</b>	<b>10,208.2</b>	<b>9,393.2</b>
<b>Current Liabilities</b>		
Trade and Other Payables	792.6	711.8
Contract Liabilities	416.2	499.7
Income Tax Payable	101.1	88.2
Derivative Financial Liabilities	7.1	19.0
Lease Liabilities	31.5	-
	<u>1,348.6</u>	<u>1,318.8</u>
<b>Non-Current Liabilities</b>		
Deferred Revenue	102.5	77.4
Derivative Financial Liabilities	-	-
Lease Liabilities	216.6	-
Deferred Tax Liabilities	-	2.7
	<u>319.1</u>	<u>80.2</u>
<b>Total Liabilities</b>	<b>1,667.7</b>	<b>1,398.9</b>
<b>Capital and Reserves</b>		
Share Capital	0.2	0.2
Reserves	8,540.4	7,993.6
Equity Attributable to Owners of the Company	8,540.6	7,993.8
Non-controlling Interests	-	0.5
<b>Total Equity</b>	<b>8,540.5</b>	<b>7,994.2</b>

Note: Results may not add up exactly due to rounding of numbers.

## Reconciliation for Adjusted EBITDA and Adjusted Net Profit

(For the Six Months Ended June 30)

In RMB million

Adjusted EBITDA Reconciliation	1H 2019	1H 2018
EBITDA	675.4	381.1
Share-based Compensation	81.3	52.1
Foreign Exchange Gain	(9.3)	(5.0)
Adjusted EBITDA	747.4	428.3

In RMB Million

Adjusted Net Profit Reconciliation	1H 2019	1H 2018
Net Profit	449.5	249.6
Share-based Compensation	81.3	52.1
Foreign Exchange Gain	(9.3)	(5.0)
Adjusted Net Profit	521.5	296.7

Note: Results may not add up exactly due to rounding of numbers.

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## About WuXi Biologics

WuXi Biologics (stock code: 2269.HK), a Hong Kong-listed company, is the only open-access biologics technology platform in the world offering end-to-end solutions to empower organizations to discover, develop and manufacture biologics from concept to commercial manufacturing. The Company's history and achievements demonstrate its commitment to providing a truly one-stop service offering and value proposition to global clients. As of June 30, 2019, WuXi Biologics had a total of 224 integrated projects, including 106 projects in a pre-clinical development stage, 102 projects in early-phase (phase I and II) clinical development, 15 projects in late-phase (phase III) development and one project in commercial manufacturing. With a total estimated capacity of biopharmaceutical production planned in China, Ireland, Singapore and US reaching 280,000 liters after 2022, WuXi Biologics will provide its biomanufacturing partners with a robust and premier-quality global supply chain network. For more information on WuXi Biologics, please visit: <http://www.wuxibiologics.com>.



## Forward-Looking Statements

This announcement 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 announcement 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 Group has provided adjusted net profit, adjusted net profit margin, adjusted net profit attributable to owners of the Company, 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 Group believes that the adjusted financial measures are useful for understanding and assessing underlying business performance and operating trends, and that the Group'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.

### **For Enquiries:**

Ms. Eileen Wang (For investors)  
IR Senior Director  
WuXi Biologics (Cayman) Inc.  
Email: [ir@wuxibiologics.com](mailto:ir@wuxibiologics.com)

Ms. Serine Li (For media)  
Senior Vice President  
Strategic Financial Relations (China) Limited  
Email: [sprg-wuxibio@sprg.com.hk](mailto:sprg-wuxibio@sprg.com.hk)