



The United Laboratories International Holdings Limited

2020 Interim Results Announcement Corporate Presentation

August 2020



Results Snapshot

Financial Highlights

Business Review

R & D

Outlook & Strategies



2020 Interim Results Snapshot

Financial Highlight

- Turnover: +5.2% to RMB4,304.6 million
- Gross profit: +4.5% to RMB1,798.0 million
- Profit attributable to equity holders: -31.5% to RMB202.8 million
- Adjusted core business profit: +56.4% to RMB467.2 million

Segment Business

- Intermediate products: +25.8% to RMB691.6 million with segment margin of 7.0%
- Bulk medicine: -0.4% to RMB1,862.2 million with segment margin of 7.9%
- Finished products: + 4.9% to RMB1,750.8 million with segment margin of 23.8%

Insulin Series

- Insulin series achieved 51.3% of sales growth to RMB563.2 million[#]
- Recombinant human Insulin: Sales volume increased by 37.1% to 9.7 million vials (Sales revenue: RMB393.2 million[#])
- Insulin Glargine: Sales volume highly increased by 101.9% to 1.2 million vials (Sales revenue: RMB170.0 million[#])

Others

- Overseas sales: + 16.6% to RMB1,388.2 million, accounting for 32.2% of total sales
- In 1H2020, the convertible bond with a total principal amount of USD104.1 million (equivalent to approximately RMB736.3 million) has been converted into newly issued ordinary shares.

[#] Sales revenue denotes gross sales including sales discounts.

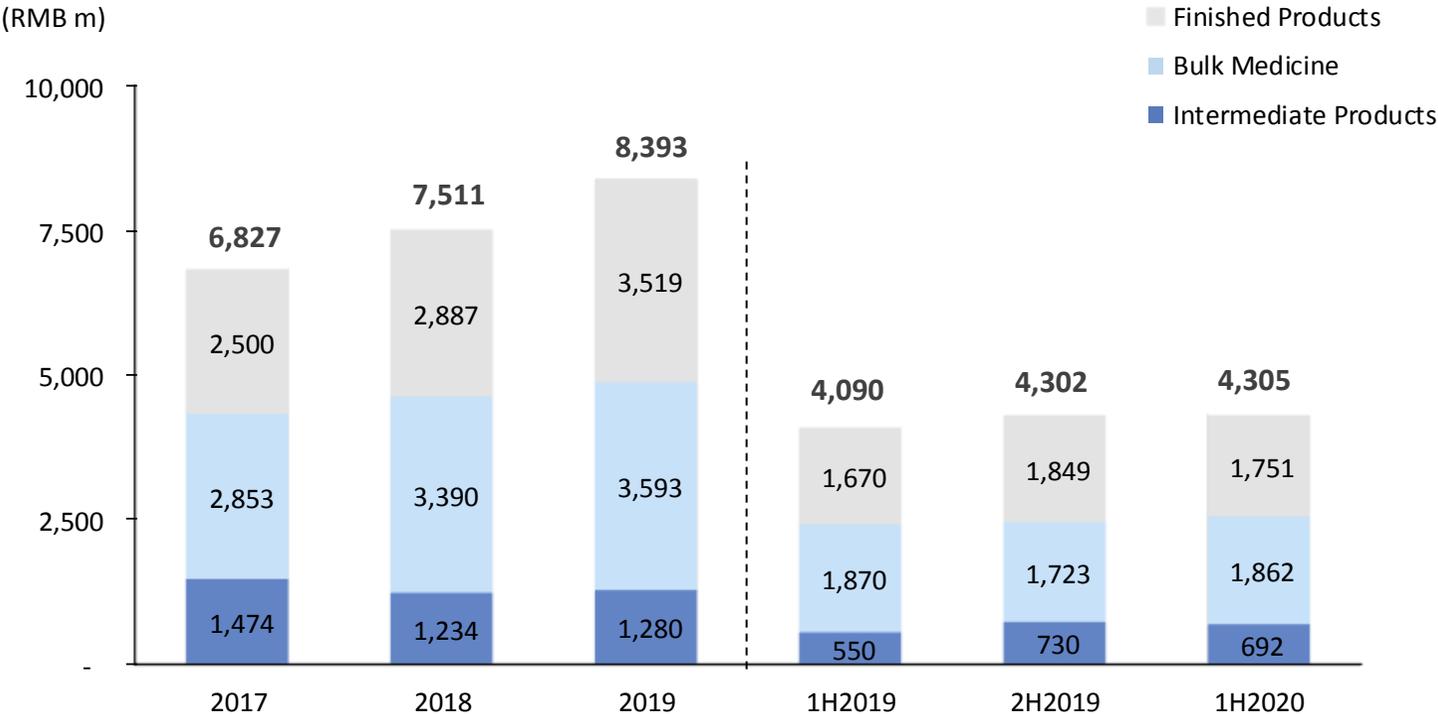


Financial Highlights – Overview

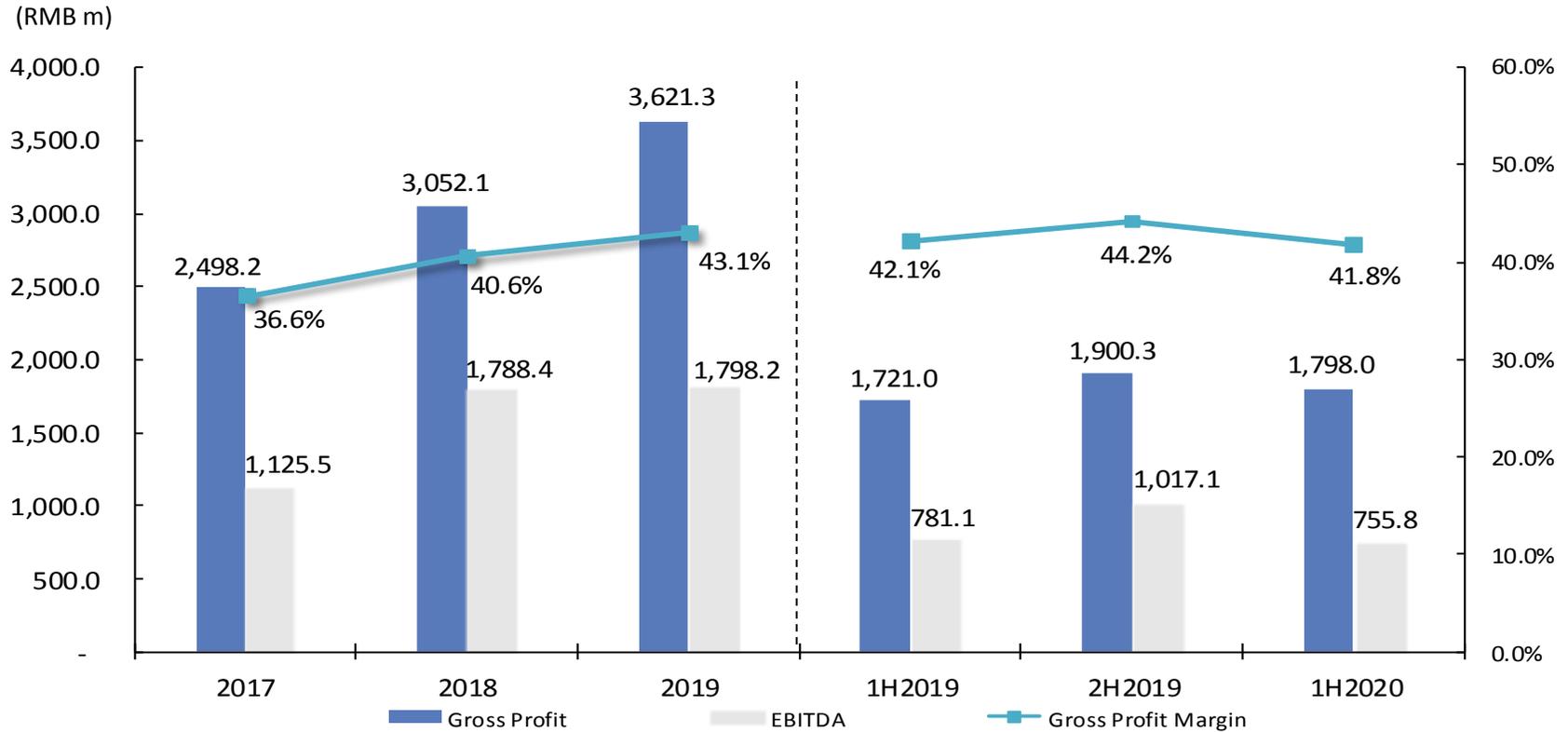
RMB million	1H2020	1H2019	y-o-y change	2H2019	1H20 vs 2H19 change
Revenue	4,304.6	4,090.0	+5.2%	4,302.6	+0.0%
Gross Profit	1,798.0	1,721.0	+4.5%	1,900.3	-5.4%
EBITDA	755.8	781.1	-3.2%	1,017.1	-25.7%
Profit Attributable to Equity Holders	202.8	295.9	-31.5%	345.9	-41.4%
• Loss on fair value change on investment properties	--	93.3	--	4.3	--
• Reversal of deferred tax liabilities on fair value change on investment properties	--	(51.5)	--	13.4	--
• Impairment loss recognized in respect of property, plant and equipment	--	13.5	--	0.9	--
• Loss/(Gain) on fair value change of derivative components of convertible bonds	223.7	(52.4)	--	162.5	+37.7%
• Net foreign exchange loss/(gain)	40.7	--	--	(7.1)	--
• Gain on disposal of a subsidiary net of tax	--	--	--	(142.4)	--
<u>Adjusted core business profit</u>	467.2	298.8	+56.4%	377.5	+23.8%
Earning per share (RMB cents)					
- Basic	11.97	18.05	-33.7%	21.09	-43.2%
- Diluted	11.97	18.05	-33.7%	21.09	-43.2%



Financial Highlights – Revenue

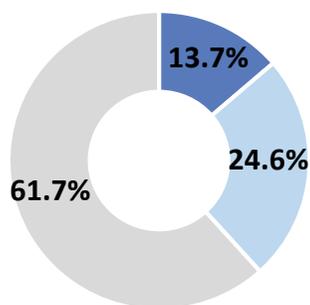


Financial Highlights – Gross Profit, EBITDA & Gross Profit Margin

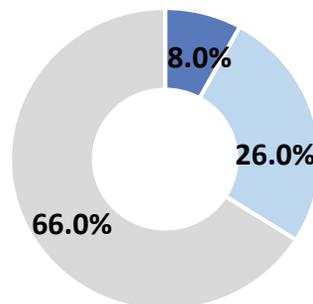




Financial Highlights – Segment Results & Margins



1H2020



1H2019

Segment Profit Breakdown

- Intermediate Products
- Bulk Medicine
- Finished Products

Types	Segment Profit [#] (RMB m)		Segment Margin	
	1H2020	1H2019	1H2020	1H2019
Intermediate Products	92.3	42.5	7.0%	3.3%
Bulk Medicine	166.1	137.6	7.9%	6.6%
Finished Products	417.4	348.9	23.8%	20.9%

[#] EBIT: Earnings before interest and taxation.



Financial Highlights – Other Key Financial Indicators

	As at 30 Jun 2020	As at 31 Dec 2019
Trade and bills receivable turnover (days)	104.0	111.9
Trade and bills payable turnover (days)	169.5	174.7
Stock turnover (days)	112.1	120.5
Current ratio	1.75	1.35
Net current assets (RMB million)	3,538.2	2,254.7
Net gearing ratio [#]	10.1%	36.4%
Cash and cash equivalents (RMB million)	3,075.7	3,164.8
Total assets (RMB million)	15,131.2	15,699.7

Calculated as total borrowings including convertible bonds and bills payables less bank balances and cash and pledged bank deposit and other pledged deposits to total equity

	1H2020	1H2019
Net cash from operating activities (RMB million)	682.0	800.5

Business Review – Finished Products

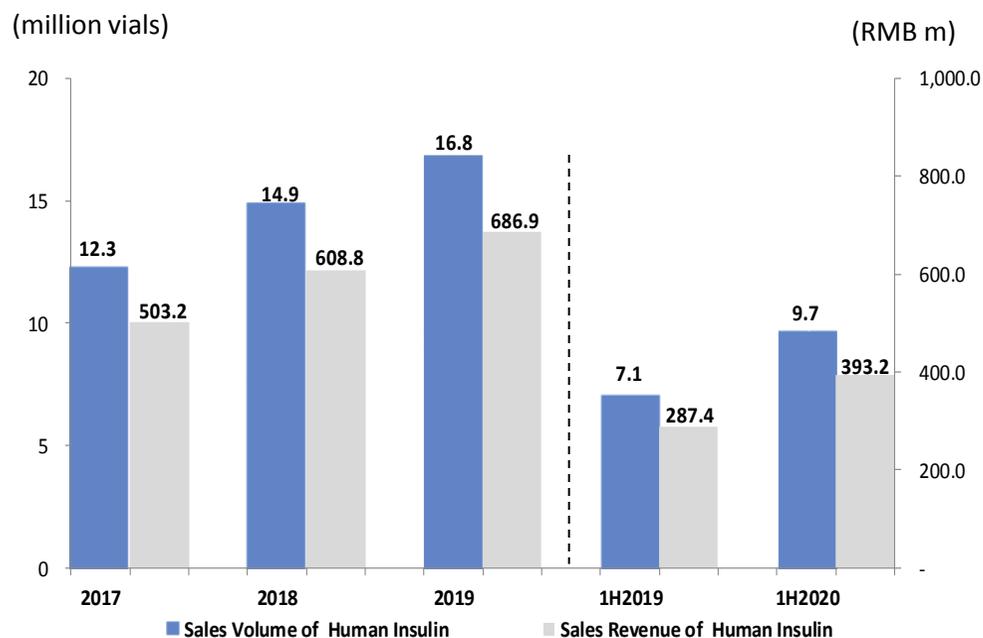


- Finished products:
+4.9% to RMB1,750.8 million
- Insulin series:
+51.3% of to RMB563.2 million





Business Review – Recombinant Human Insulin



Recombinant Human Insulin Injection

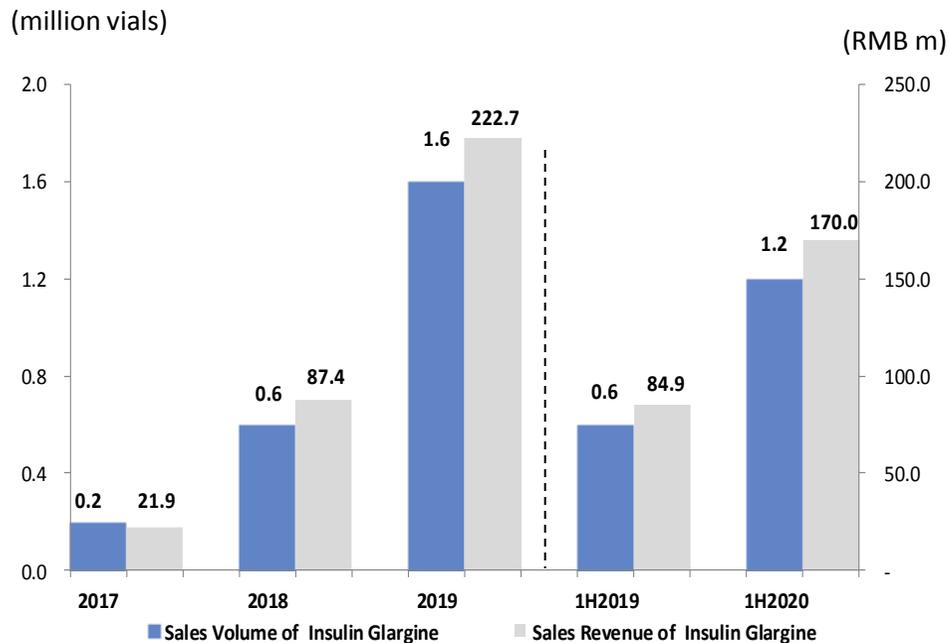


- Sales volume: +37.1% to 9.7 million vials
- Sales revenue: RMB393.2 million#
- Outstanding sales performance from Anhui, Henan, Shandong, Jilin and Guangdong Province
- The Group has won the bidding of recombinant human insulin nationwide
- Included in the "National Medical Insurance Drug List"(2019 version) & "National Essential Drug List"(2018 version)

Sales revenue denotes gross sales including sales discounts.



Business Review – Insulin Glargine



Insulin Glargine Injection

- Sales volume: +101.9% to 1.2 million vials
- Sales revenue: RMB170.0 million[#]
- Two specifications including refilled pen-type and disposable pen-type
- Launching in May 2017, marketing and team expansion in progress
- Included in the “National Medical Insurance Drug List”(2019 version) & “National Essential Drug List”(2018 version)

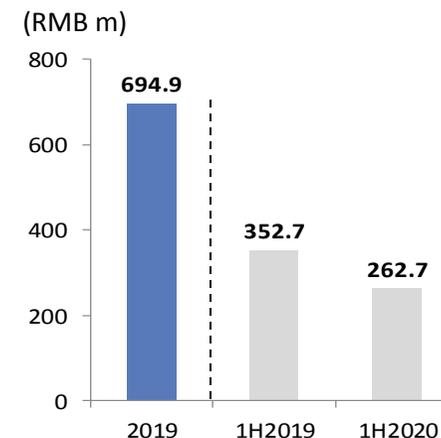
[#] Sales revenue denotes gross sales including sales discounts.

Business Review – Other Finished Products



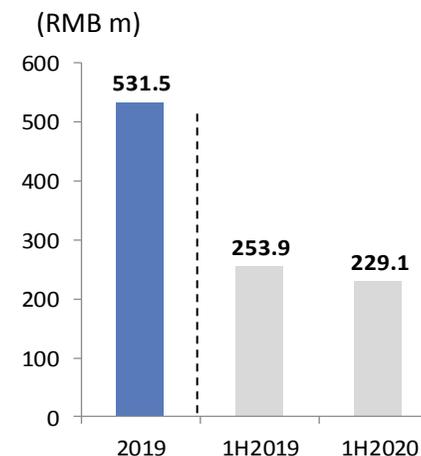
Piperacillin Sodium and Tazobactam Sodium for Injection

- Listed in National Essential Drugs List (2018 version)
- TUL owns 5 specifications
- Sales revenue decreased by 25.5% to RMB262.7million in 1H2020



Amoxicillin Capsules

- TUL's Amoxicillin Capsules (0.25g) have passed the consistency of quality and efficacy evaluation for generic drugs
- Sales revenue decreased by 9.8% to RMB229.1 million in 1H2020

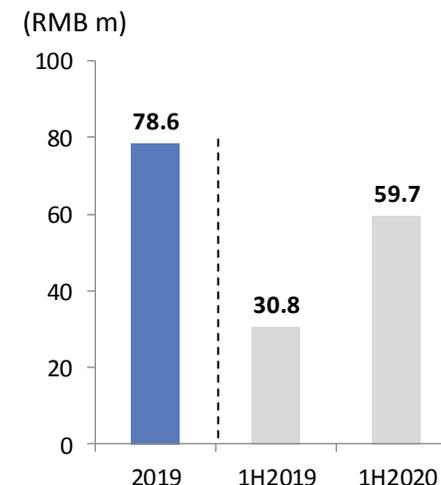


Business Review – Other Finished Products



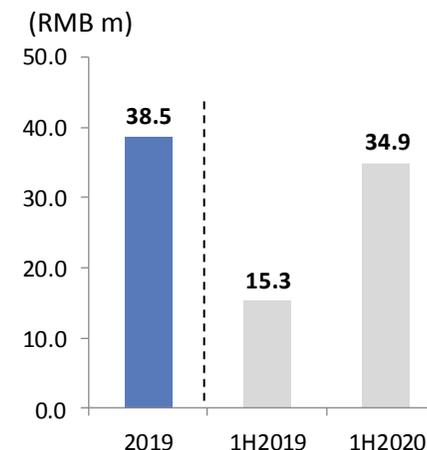
Memantine Hydrochloride Tablets & Oral Solution

- Listed in National Medical Insurance Drug List (2019 version)
- TUL was the first generic drug manufacturer of Memantine Hydrochloride in the PRC
- Sales revenue achieved 93.8% growth to RMB59.7 million in 1H2020

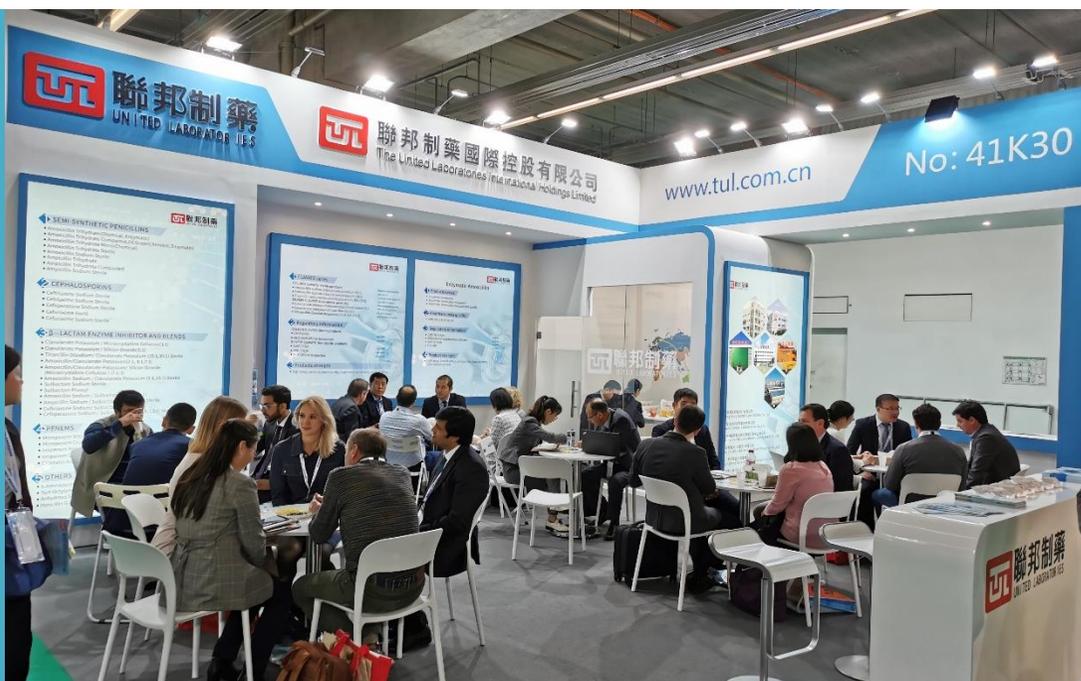


Vitamin C Effervescent Tablets

- Sales revenue achieved 128.1% growth to RMB34.9 million in 1H2020



Business Review – Intermediate Products & Bulk Medicine



- Intermediate products:
+ 25.8% to RMB691.6 million
- Bulk medicine:
- 0.4% to RMB1,862.2 million





Business Review – Plant Capacity in 1H2020

Types	Products	Designed Capacity (tonnes)	Utilization Rate	External Sales
Intermediate products	6-APA	9,000	94.9%	46.9% ¹
	Penicillin G Potassium First Crystal (BOU) ²	6,666,667	47.3%	100%
	T-Octylammonium Clavulanate	400	105.0%	N/A
Bulk medicine	Semi-synthetic penicillins type	10,000	79.6%	90%
	Cephalosporins type	600	49.6%	90%
	β-lactamase inhibitors type	784	41.7%	90%

¹ Opening inventory is not included in calculating the percentage of external sales.

² It is the market practice to use BOU as the measuring unit of Penicillin G Potassium First Crystal.

1 BOU represents around 0.63 kg of this product.



Business Review – Sales Volume & External Selling Price

Types	Products	External Sales volume (tonnes)		
		1H2020	1H2019	y-o-y change
Intermediate products	6-APA	4,002.4	2,626.1	+52.4%
	Penicillin G Potassium First Crystal (BOU)	3,364,400	4,027,296	-16.5%
Bulk medicine	Semi-synthetic penicillins type	7,569.3	7,539.7	+0.4%
	Cephalosporins type	257.3	215.4	+19.5%
	β-lactamase inhibitors type	555.3	558.9	-0.6%

Types	Products	Average External Selling Price# (RMB/kg)		
		1H2020	1H2019	y-o-y change
Intermediate products	6-APA	130.9	135.1	-3.1%
	Penicillin G Potassium First Crystal (RMB/BOU)	48.2	46.8	+3.0%
Bulk medicine	Semi-synthetic penicillins type	157.1	159.5	-1.5%
	Cephalosporins type	667.5	708.2	-5.7%
	β-lactamase inhibitors type	821.7	830.2	-1.0%

Selling price not including VAT and other tax



Business Review – Vertical Integration

Vertical Integration

Intermediate products, accounted for 16.1% of total external sales in 1H2020

6-APA (60-70%#) 12.3%	T-Octylammonium Clavulanate N/A	Penicillin G Potassium First Crystal 3.8%
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Bulk medicine, accounted for 43.2% of total external sales in 1H2020

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Finished products, accounted for 40.7% of total external sales in 1H2020

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#Chinese market share



Business Review – Production Base Locations

Hong Kong	Zhongshan	Zhuhai	Inner Mongolia ¹	Inner Mongolia ²	Kaiping
Finished products	Finished products	Bulk medicines, biological and finished products	Intermediate products and bulk medicines	Veterinary preparations and feed additives	Empty capsule casings



Business Review – Sales & Distribution Network

Overseas Markets

- Accounted for 32.2% of the Group total sales in 1H2020
- Sales of intermediate products and bulk medicine to Europe, India, Middle East, South America and other regions
- 11 European CEP certificates; 2 German GMP certificates; 2 approvals from US FDA; 14 official approvals from India; 4 Japanese GMP certification; 5 official approvals from Mexico



Domestic Market

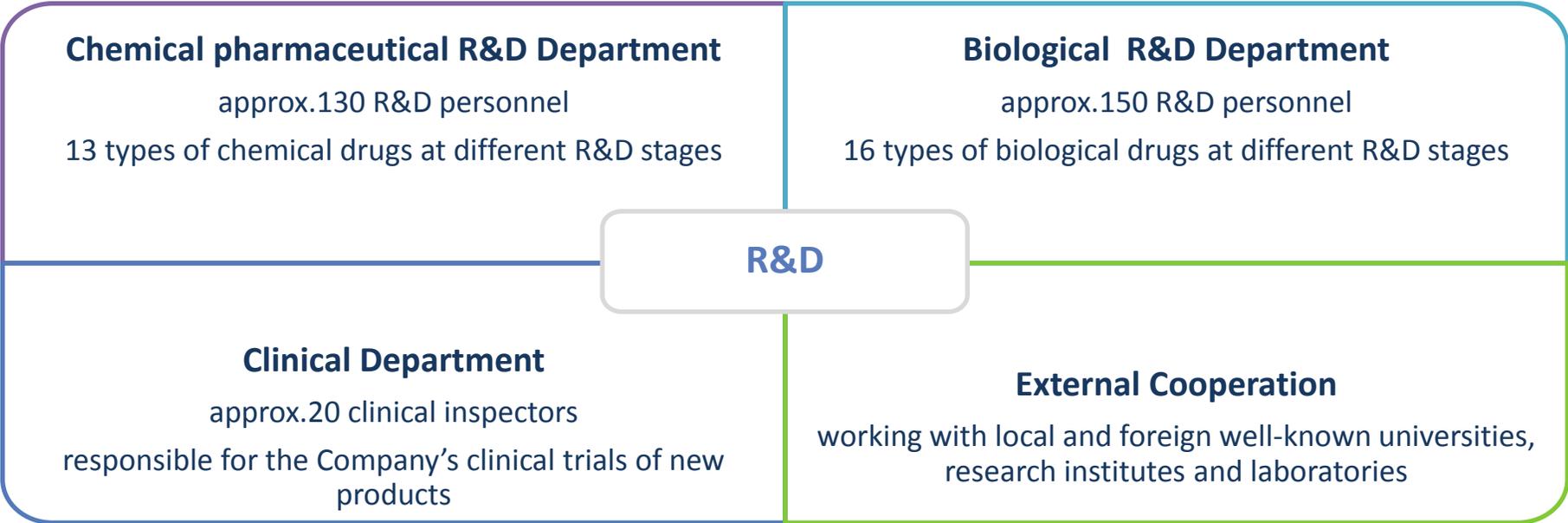
- Around 3,600 sales staff in 28 sales offices of finished products in China
- Cooperate with approx. 1,200 distributors
- Penetrated into hospital, essential drugs market, OTC and rural areas

R&D

- 29 new products were under research & development



- To leverage on R&D strengths to develop products with high margins and great demand



R&D Pipeline



Therapeutic Area	New Products	Pre-Clinical	Clinical Trial Application	Clinical Trial	Production Application	Expected Approval Time	
Diabetes	Insulin Aspart Injection						2020
	Insulin Aspart 30 Injection						2020
	Liraglutide Injection						2023
	Insulin Degludec Injection						2023
	Insulin Aspart 50 Injection						2022
	Insulin Degludec/Insulin Aspart						2024
	Insulin Degludec/Liraglutide						2024
	Semaglutide Injection						2027
	GLP-1 Oral Preparation						--
	Intelligent Insulin						--
Rheumatoid Arthritis	WXSH0150						--
Hepatitis B & AIDS	Tenofovir Disoproxil Fumarate Tablets						2021
Dermatosis	Mupirocin Ointment						2021
Xerophthalmia	Polyvinyl Alcohol Eye Drops						2023
	Sodium Hyaluronate Eye Drops						2022
Conjunctivitis	Moxifloxacin Eye Drops						2022



Financial

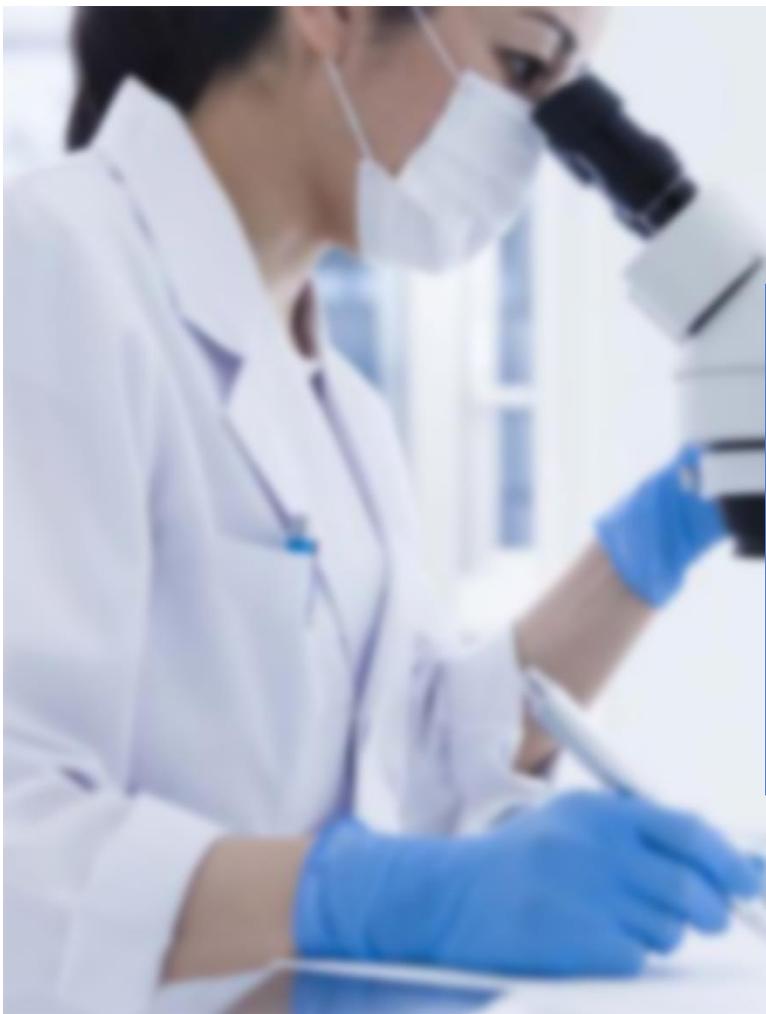
- Continue to control the finance cost
- Maintain a strong liquidity in cash flow
- Seeking diversified refinancing channels

Finished Products

- Actively enhance the variety of finished products and promote sales growth
- Expand the investment on R&D and marketing
- Invest and speed up the application process of consistency evaluation in terms of quality and efficacy of generic drugs

API /Intermediates business

- Continue to optimize the business model of vertical integration and upgrade the environmental facilities
- Continue to optimize the production process, diversify products and further reduce costs and increase sales
- Develop high-quality customer base and enhance our leadership position in the industry



让 生 命 更 有 价 值
Our mission is to make life more valuable

