



**The United Laboratories
International Holdings Limited**

2020 Annual Results Announcement Corporate Presentation

March 2021

2020





Results Snapshot

Financial Highlights

Business Review

R & D

Outlook & Strategies



2020 Annual Results Snapshot

Financial Highlight

- Turnover: +4.5% to RMB8,772.5 million
- Gross profit: +5.1% to RMB3,806.2 million
- Profit attributable to equity holders: +9.5% to RMB703.0 million
- Adjusted core business profit: +48.1% to RMB1,001.3 million
- The Board proposes a final dividend of RMB8 cents per share

Segment Business

- Intermediate products: +11.7% to RMB1,429.7 million with segment margin of 9.1%
- Bulk medicine: +0.8% to RMB3,620.7 million with segment margin of 5.0%
- Finished products: +5.8% to RMB3,722.1 million with segment margin of 23.8%

Insulin Series

- Insulin series achieved 35.7% of sales growth to RMB1,234.7 million[#]
- Recombinant human Insulin: Sales volume increased by 22.0% to 20.5 million vials (Sales revenue: RMB832.5 million[#])
- Insulin Glargine: Sales volume significantly increased by 81.3% to 2.9 million vials (Sales revenue: RMB402.2 million[#])

Others

- Overseas sales: +7.1% to RMB2,513.4 million, accounting for 28.7% of total sales
- The convertible bonds with a total principal amount of USD121.0 million (equivalent to approximately RMB792.3 million) have been fully converted into newly issued ordinary shares during 2020.

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

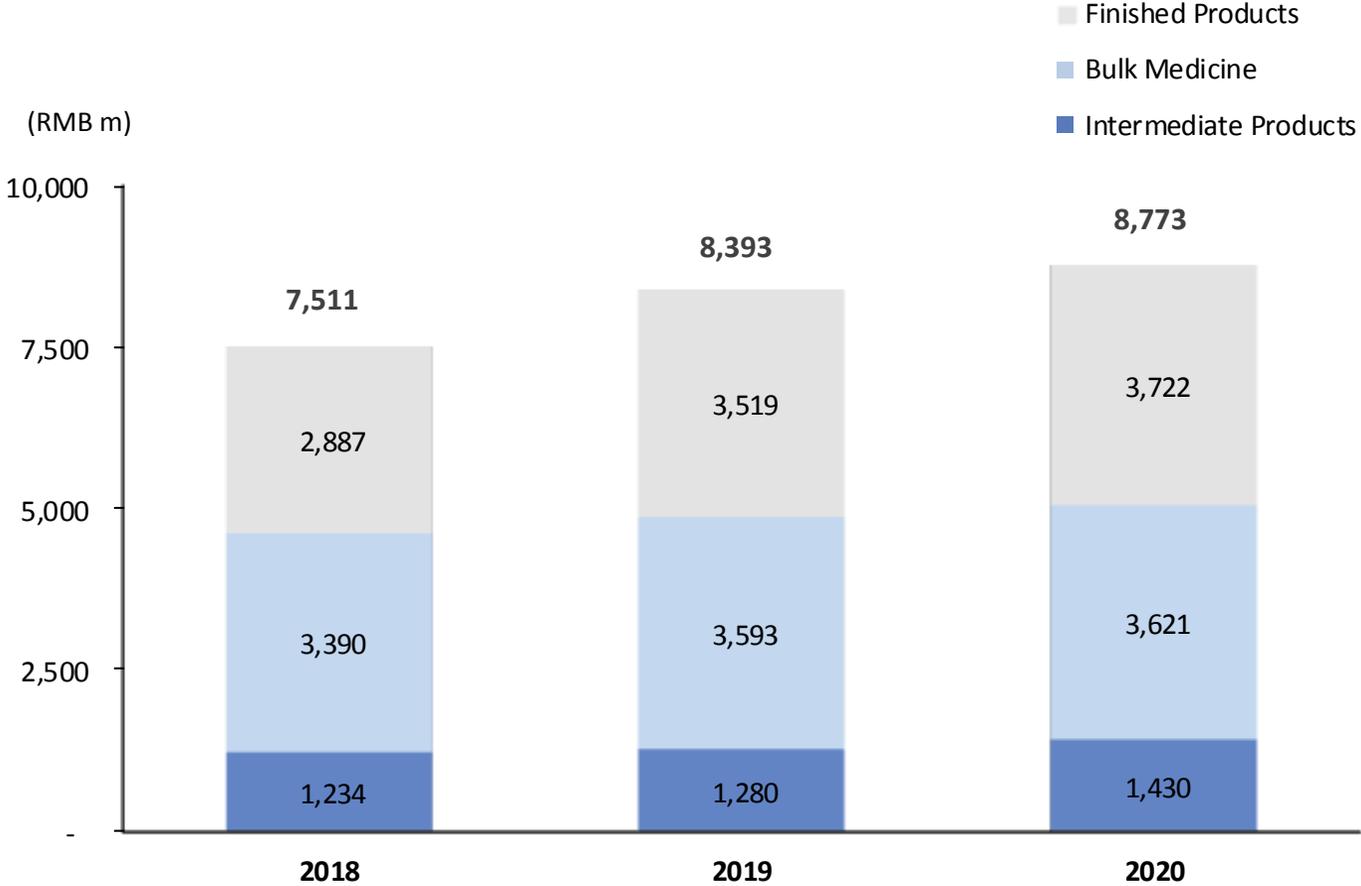


Financial Highlights – Overview

RMB million	2020	2019	y-o-y change	1H2020	2H2020
Revenue	8,772.5	8,392.6	+4.5%	4,304.6	4,467.9
Gross Profit	3,806.2	3,621.3	+5.1%	1,798.0	2,008.2
EBITDA	1,678.1	1,798.2	-6.7%	755.8	922.3
Profit Attributable to Equity Holders	703.0	641.8	+9.5%	202.8	500.2
• Loss on fair value change on investment properties	--	97.6	--	--	--
• Reversal of deferred tax liabilities on fair value change on investment properties	--	(38.1)	--	--	--
• Net (gain) loss on disposal of property, plant and equipment	(43.5)	14.4	--	--	(43.5)
• Loss on fair value change of derivative components of convertible bonds	314.6	110.1	--	223.7	90.9
• Net foreign exchange loss (gain)	27.2	(7.1)	--	40.7	(13.5)
• Gain on disposal of a subsidiary net of tax	--	(142.4)	--	--	--
Adjusted Core Business Profit	1,001.3	676.3	+48.1%	467.2	534.1
Earnings per share (RMB cents)					
- Basic	39.81	39.14	+1.7%	11.97	27.84
- Diluted	39.81	39.14	+1.7%	11.97	27.84
Final Dividend per share(RMB cents)	8.0	7.0	+14.3%	--	--

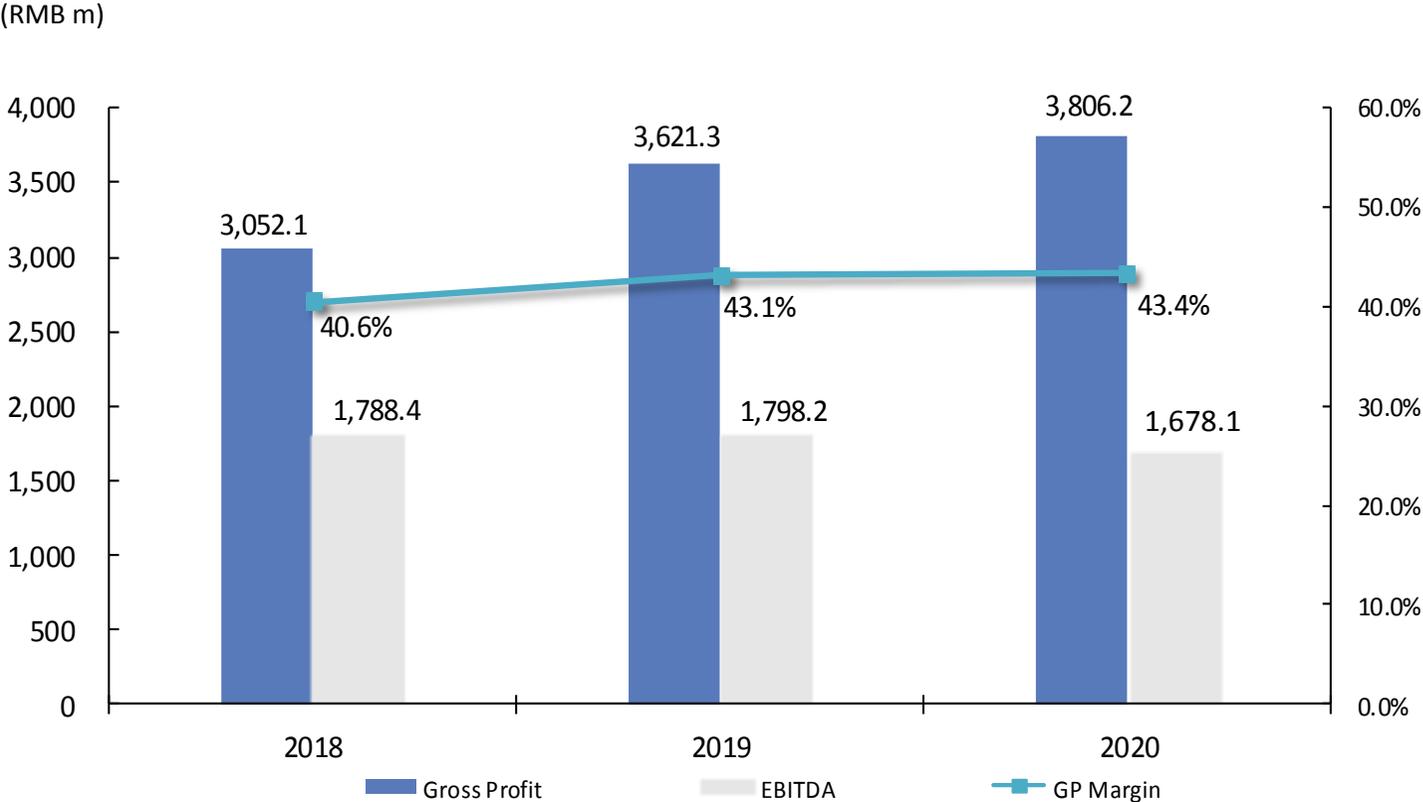


Financial Highlights – Revenue



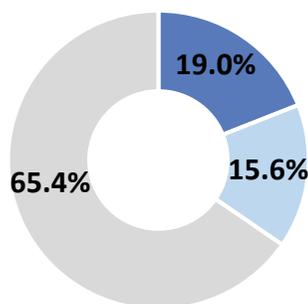


Financial Highlights – Gross Profit, EBITDA & GP Margin

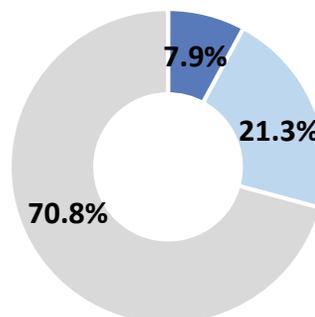




Financial Highlights – Segment Results & Margins



2020



2019

Segment Profit Breakdown

- Intermediate Products
- Bulk Medicine
- Finished Products

Types	Segment Profit# (RMB m)		Segment Margin	
	2020	2019	2020	2019
Intermediate Products	258.1	87.3	9.1%	3.1%
Bulk Medicine	212.0	235.9	5.0%	5.7%
Finished Products	886.6	783.5	23.8%	22.3%

EBIT: Earnings before interest and taxation.



Financial Highlights – Other Key Financial Indicators

	As at 31 Dec 2020	As at 31 Dec 2019
Trade and bills receivable turnover (days)	114.2	111.9
Trade and bills payable turnover (days)	167.4	174.7
Stock turnover (days)	105.0	120.5
Current ratio	1.69	1.35
Net current assets (RMB million)	3,365.1	2,254.7
Net gearing ratio ¹	N/A ²	36.4%
Cash and cash equivalents (RMB million)	2,996.8	3,164.8
Total assets (RMB million)	14,963.7	15,699.7

1. 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

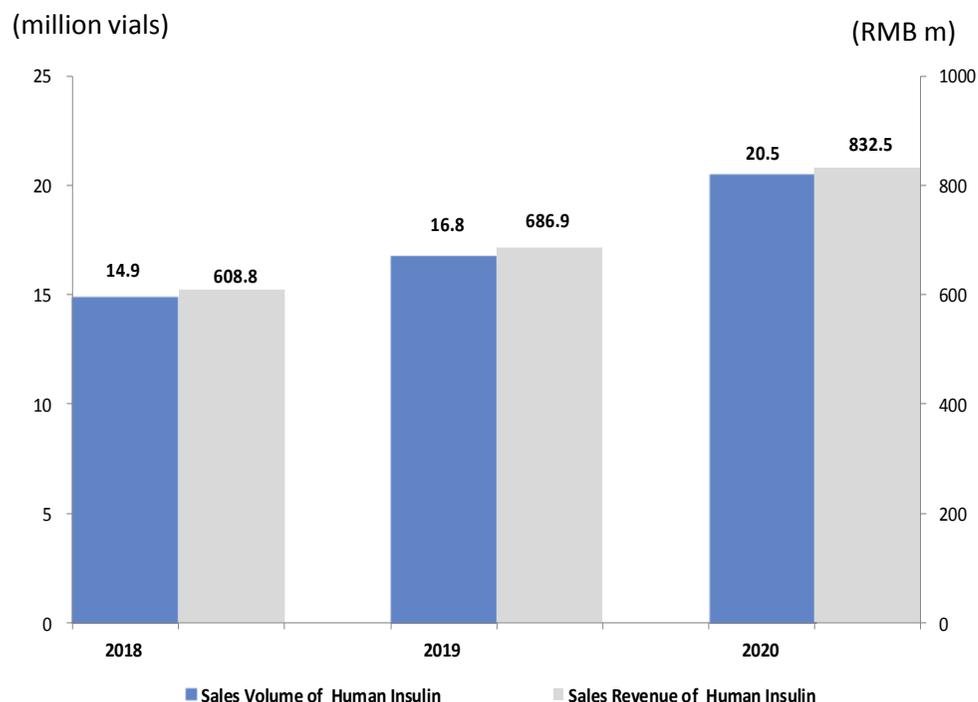
2. After deducting borrowings, bills payables and convertible bonds payable, the Group realised a positive turnaround from the net debt in 2019 to the net cash position in 2020.

	2020	2019
Net cash from operating activities (RMB million)	1,569.3	1,801.2

Business Review – Finished Products



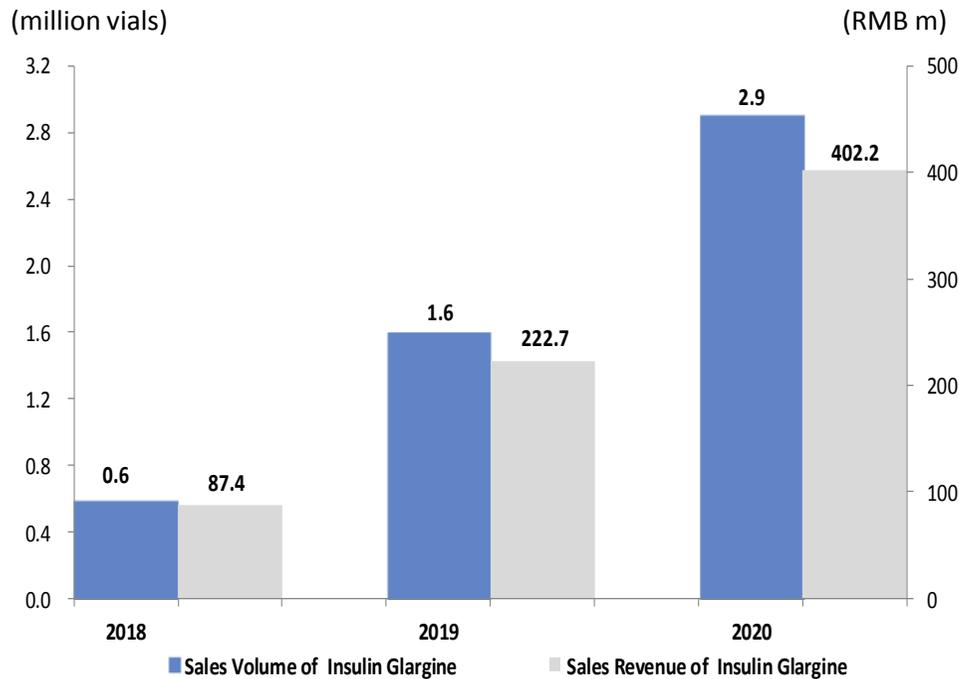
- Finished products:
+5.8% to RMB3,722.1 million
- Insulin series:
+35.7% of to RMB1,234.7 million



Recombinant Human Insulin Injection (ULSIN)

- Sales volume: +22.0% to 20.5 million vials
- Sales revenue: RMB832.5 million[#]
- Outstanding sales performance in Anhui, Henan, Shandong, Jilin and Guangdong Provinces
- Included in the National Medical Insurance Drug List (2020 version) & National Essential Drug List (2018 version)

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



Insulin Glargine Injection (USLEN)

- Sales volume: +81.3% to 2.9 million vials
- Sales revenue: RMB402.2 million[#]
- Two specifications including refilled pen-type and disposable pen-type
- Included in the National Medical Insurance Drug List (2020 version) & National Essential Drug List (2018 version)

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

Business Review – Other Finished Products

Antibiotic products

- ✓ Including oral and injectable antibiotic products of penicillins, cephalosporins, β -lactamase inhibitors and carbapenems
- ✓ Sales revenue of antibiotic products decreased by 2.6% to RMB2,091.6 million in 2020

Piperacillin Sodium and Tazobactam Sodium for Injection

- Listed in National Essential Drugs List (2018 version)
- Sales revenue decreased by 24.2% to RMB 526.6 million



Amoxicillin Capsules

- TUL's Amoxicillin Capsules (0.25g) have passed the consistency of quality and efficacy evaluation for generic drugs
- Sales revenue decreased by 6.8% to RMB 495.2 million



Business Review – Other Finished Products

Memantine Hydrochloride

- For the treatment of moderate to severe Alzheimer's disease
- Listed in National Medical Insurance Drug List (2020 version)
- Sales revenue grew by 34.3% to RMB105.6 million



Ophthalmic products

- Including Sodium Hyaluronate Eye Drops, Diclofenac Sodium Eye Drops and Levofloxacin Hydrochloride Eye Drops
- Partially Included in the National Medical Insurance Drug List (2020 version)
- Sales revenue grew by 2.3% to RMB175.6 million



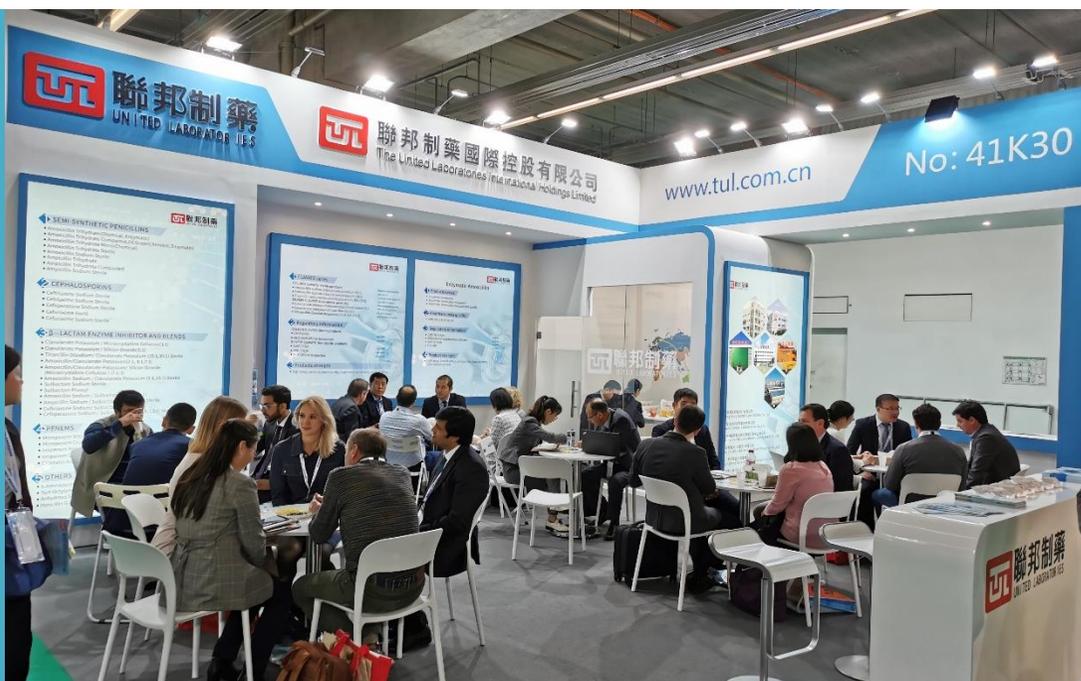
Vitamins

- Including vitamin C Effervescent Tablets with various of flavors of dietary supplements and OTC products
- Sales revenue grew by 58.1% to RMB61.6 million





Business Review – Intermediate Products & Bulk Medicine



- Intermediate products:
+11.7% to RMB1,429.7 million
- Bulk medicine:
+0.8% to RMB3,620.7 million



Business Review – Production Capacity in 2020

Types	Products	Designed Capacity (tonnes)	Utilization Rate	External Sales
Intermediate products	6-APA	18,000	85.4%	51.1% ¹
	Penicillin G Potassium First Crystal (BOU) ²	13,333,333	40.9%	100%
	T-Octylammonium Clavulanate	720	72.6%	N/A
Bulk medicine	Semi-synthetic penicillins type	20,000	73.1%	90%
	Cephalosporins type	1,200	53.2%	90%
	β-lactamase inhibitors type	1,568	72.3%	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)		
		2020	2019	y-o-y change
Intermediate products	6-APA	7,857.8	6,659.8	+18.0%
	Penicillin G Potassium First Crystal (BOU)	6,295,682	8,629,039	-27.0%
Bulk medicine	Semi-synthetic penicillins type	14,092.0	13,947.7	+1.0%
	Cephalosporins type	514.5	458.3	+12.3%
	β-lactamase inhibitors type	1,163.1	1,156.6	+0.6%

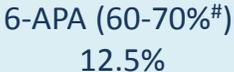
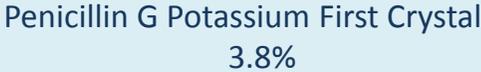
Types	Products	Average External Selling Price# (RMB/kg)		
		2020	2019	y-o-y change
Intermediate products	6-APA	139.0	130.5	+6.5%
	Penicillin G Potassium First Crystal (RMB/BOU)	53.4	46.4	+15.1%
Bulk medicine	Semi-synthetic penicillins type	157.9	161.4	-2.2%
	Cephalosporins type	654.0	676.8	-3.4%
	β-lactamase inhibitors type	820.0	844.4	-2.9%

Selling price not including VAT and other tax

Business Review – Vertical Integration

Vertical Integration

Intermediate products, accounted for 16.3% of total external sales in 2020

 6-APA (60-70%#) 12.5%	 T-Octylammonium Clavulanate N/A	 Penicillin G Potassium First Crystal 3.8%
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Bulk medicine, accounted for 41.3% of total external sales in 2020

 Semi-synthetic penicillins type (50-60%#) 25.3%	 Cephalosporins type 4.1%	 β-lactamase Inhibitors type 10.7%	 Carbapenems type 1.2%	 Insulin API N/A
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Finished products, accounted for 42.4% of total external sales in 2020

 Semi-synthetic penicillins antibiotics 7.7%	 Cephalosporins antibiotics 1.5%	 β-lactamase Inhibitors antibiotics 8.1%	 Carbapenems antibiotics 1.4%	 Insulin products 13.3%	 Others (including capsule casings) 10.4%
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#Domestic market share



Business Review – Production Bases

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

- Sales revenue recorded a 7.1% growth to RMB2,513.4 million, accounting for 28.7% of the Group's total sales
- Sales of intermediate products and bulk medicine to Europe, India, the Middle East, South America and other regions
- Obtained official approvals and certifications including EU CEP, US FDA, German GMP, India GMP, Japan GMP, etc.



Domestic Market

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



Biological R&D Platform



R&D Capability

- Post-doctoral research station
- Guangdong Biomedical Engineering Research Center for Diabetes



R&D Results

- 16 projects under research, including 6 Class I new drug projects
- 16 invention patents have been granted and several invention patents are under application



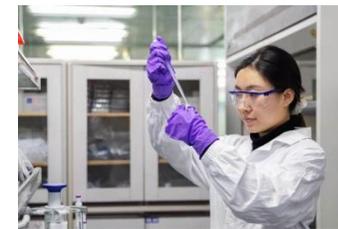
R&D Team

- Approx.150 R&D personnel
- A complete talent cultivation system



R&D Facilities

- Equipped with advanced large-scale R&D equipment purchased at home and abroad
- Monoclonal antibodies lab went into operation and the construction of biomacromolecule drug platform witnessed significant progress



A Comprehensive Layout with Multiple Platforms

- 10 chemical drugs under research
- Approx.130 R&D personnel
- Post-doctoral research station
- 10 Class 1 New Drugs under research, including 6 biological products and 4 chemical drugs
- WXSH0150 was approved for clinical trial in 2020
- Approx.20 clinical inspectors
- Responsible for the Company's clinical trials of new products
- Working with local and foreign well-known universities, research institutes and laboratories



19 Pre-clinical-trial

1 Pending for clinical approval

3 Clinical trial

3 Pending for production approval





A well-established diabetes R&D pipeline

Therapeutic Area	New Products	Pre-Clinical	Clinical Trial Application	Clinical Trial	Production Application	Expected Approval Time	
Diabetes	Insulin Aspart Injection						2021
	Insulin Aspart 30 Injection						2021
	Liraglutide Injection						2023
	Insulin Degludec Injection						2023
	Insulin Aspart 50 Injection						2023
	Insulin Degludec/Insulin Aspart						2024
	Insulin Degludec/Liraglutide						2024
	Semaglutide Injection						2027
	GLP-1 Oral Preparation						--
	Intelligent Insulin						--
	Gastrointestinal Hormones						--
Tissue Specific Insulin						--	

Outlook & Strategies



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



- Increase the investment in R&D, actively expand the talent team and variety of new products
- Focus on diabetes, promote sales growth and enhance market share
- Realize balanced and sustainable development of products, market and teams



- Control and reduce overall bank borrowings level
- Maintain a strong liquidity in cash flow
- Seek for more offshore bank borrowings at cheaper costs





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