



The United Laboratories International Holdings Limited

2021 Interim Results Announcement **Corporate Presentation**

August 2021



Results Snapshot

Financial Highlights

Business Review

R & D

Outlook & Strategies



2021 Interim Results Snapshot

Financial Highlights

- Turnover: +9.6% to RMB4,719.1 million
- Gross profit: +16.6% to RMB2,095.9 million
- Profit attributable to equity holders: +207.2% to RMB623.1 million
- Adjusted profit: +53.9% to RMB719.0 million
- The Board declared an interim dividend of RMB4 cents per share

Segment Business

- Intermediate products: +18.9% to RMB822.0 million with segment margin of 13.3%
- Bulk medicine: +5.7% to RMB1,968.2 million with segment margin of 6.2%
- Finished products: +10.2% to RMB1,928.9 million with segment margin of 24.9%

Insulin Series

- Insulin series: +18.0% to RMB664.6 million[#]
- Recombinant human Insulin: sales recorded RMB419.7 million[#] and sales volume increased by 6.9%
- Insulin Glargine: sales recorded RMB244.9 million[#] and sales volume increased by 44.2%

Others

- Overseas sales: -13.2% to RMB1,196.6million, accounting for 25.4% of total sales
- On 21 Jul 2021, the Group received drug registration approval for insulin aspart injection and insulin aspart 30 injection
- In Jul 2021, United Laboratories (Inner Mongolia) Limited entered into a cooperation framework agreement in relation to veterinary drugs with Zhejiang Apeloa Biotechnology Co., Ltd.

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

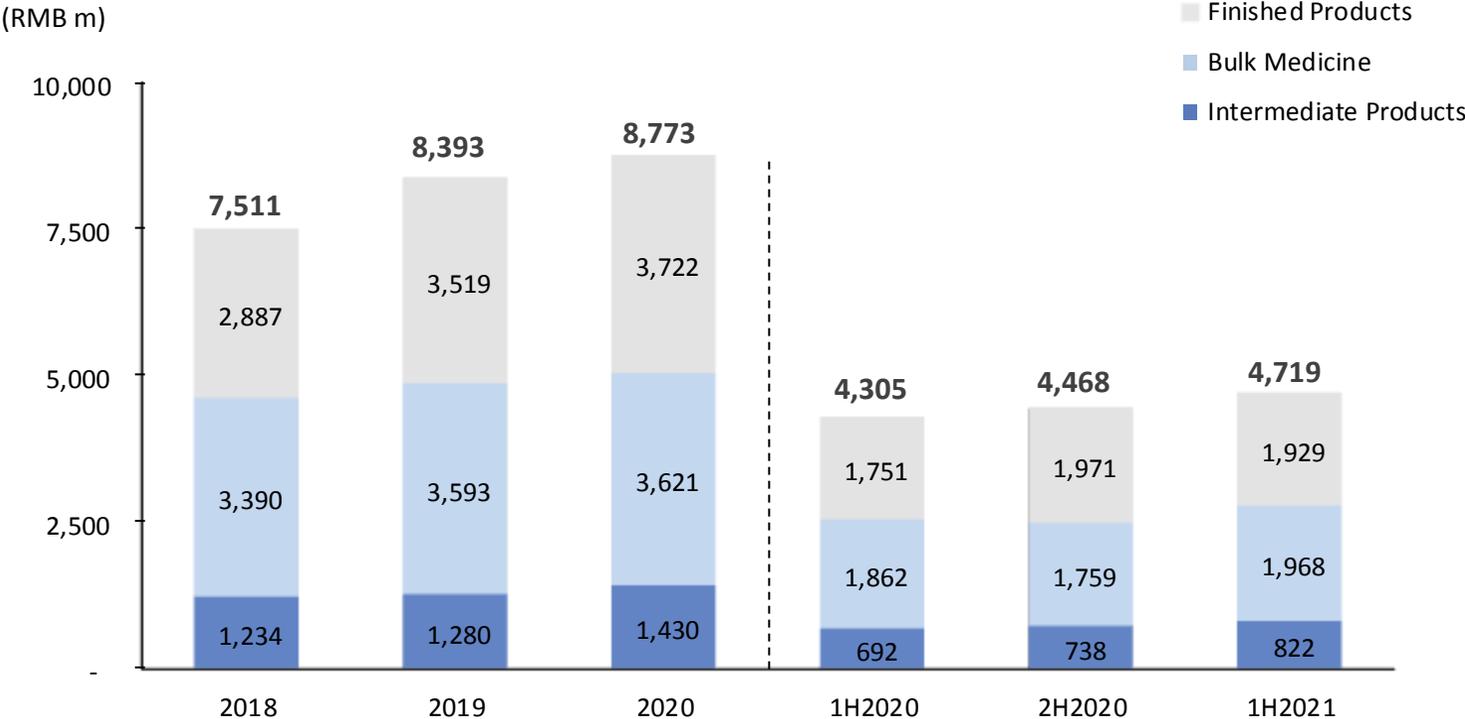


Financial Highlights – Overview

RMB million	1H2021	1H2020	y-o-y change	2H2020	1H21 vs 2H20 change
Revenue	4,719.1	4,304.6	+9.6%	4,467.9	+5.6%
Gross Profit	2,095.9	1,798.0	+16.6%	2,008.2	+4.4%
EBITDA	1,056.8	755.8	+39.8%	922.3	+14.6%
Profit Attributable to Equity Holders	623.1	202.8	+207.2%	500.2	+24.6%
<ul style="list-style-type: none"> • Impairment losses under expected credit loss model, net of reversal 	105.6	--	--	--	--
<ul style="list-style-type: none"> • Net gain on disposal of property, plant and equipment 	--	--	--	(43.5)	--
<ul style="list-style-type: none"> • Loss on fair value change of embedded derivative components of convertible bonds 	--	223.7	--	90.9	--
<ul style="list-style-type: none"> • Net foreign exchange (gain) loss 	(9.7)	40.7	--	(13.5)	--
<u>Adjusted Profit</u>	719.0	467.2	+53.9%	534.1	+34.6%
Earning per share (RMB cents)					
- Basic	33.86	11.97	+182.9%	27.84	+21.6%
- Diluted	33.86	11.97	+182.9%	27.84	+21.6%
Interim Dividend per share(RMB cents)	4.0	NA	--	NA	--

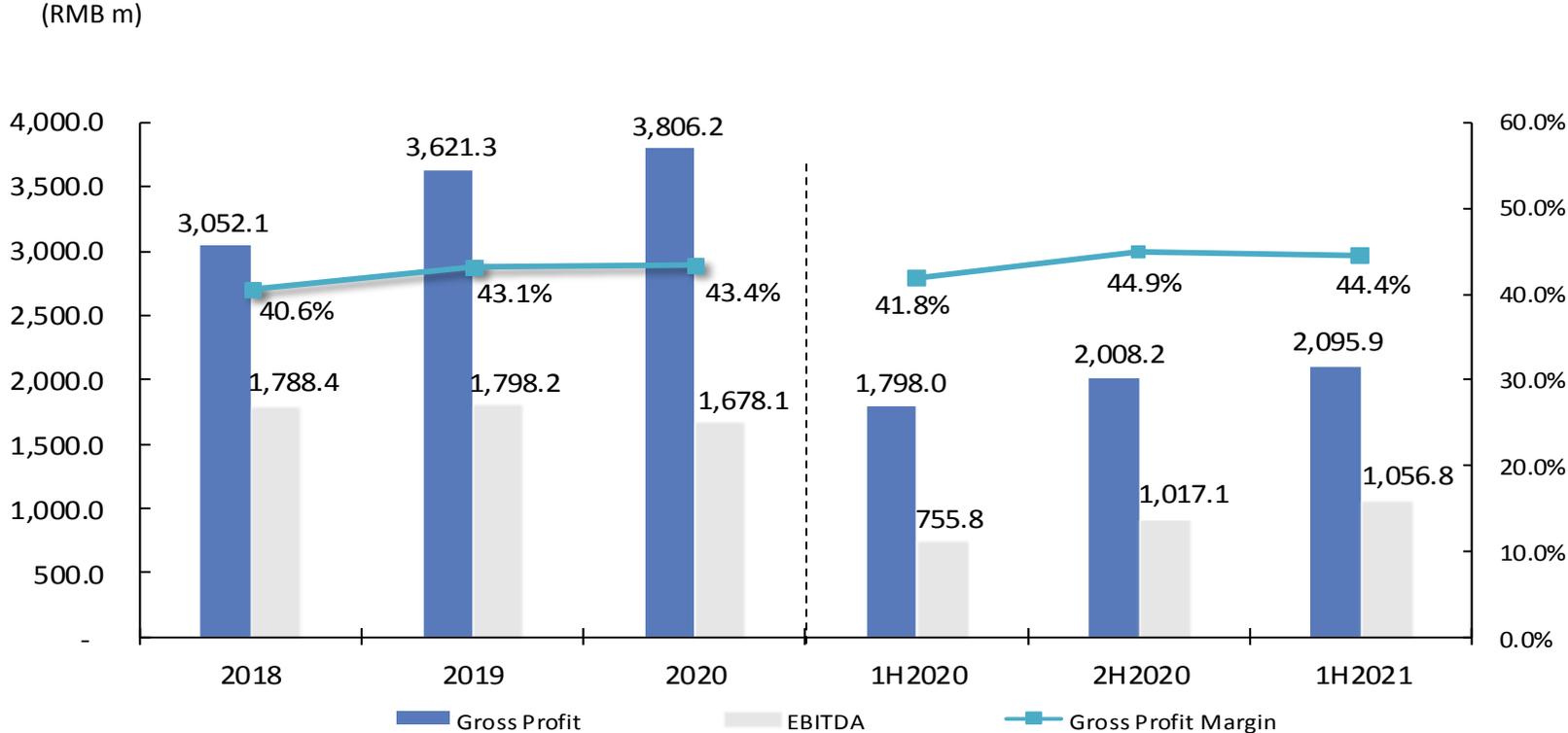


Financial Highlights – Revenue



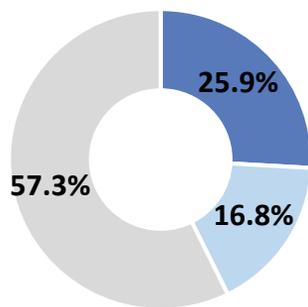


Financial Highlights – Gross Profit, EBITDA & GP Margin

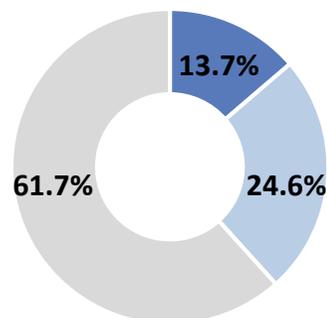




Financial Highlights – Segment Results & Margins



1H2021



1H2020

Segment Profit Breakdown

- Intermediate Products
- Bulk Medicine
- Finished Products

Types	Segment Profit# (RMB m)		Segment Margin	
	1H2021	1H2020	1H2021	1H2020
Intermediate Products	217.8	92.3	13.3%	7.0%
Bulk Medicine	140.7	166.1	6.2%	7.9%
Finished Products	480.9	417.4	24.9%	23.8%

EBIT: Earnings before interest and taxation.



Financial Highlights – Other Key Financial Indicators

	As at 30 Jun 2021	As at 31 Dec 2020
Trade and bills receivable turnover (days)	120.6	114.2
Trade and bills payable turnover (days)	180.8	167.4
Stock turnover (days)	115.0	105.0
Current ratio	1.67	1.69
Net current assets (RMB million)	3,763.4	3,365.1
Cash and cash equivalents (RMB million)	3,526.2	2,996.8
Total assets (RMB million)	15,849.9	14,963.7

(Note) Re Net gearing ratio: after deducting borrowings and bills payables, the Group realized a positive net cash position as at both 31 Dec 2020 & 30 June 2021.

	1H2021	1H2020
Net cash from operating activities (RMB million)	865.6	682.0

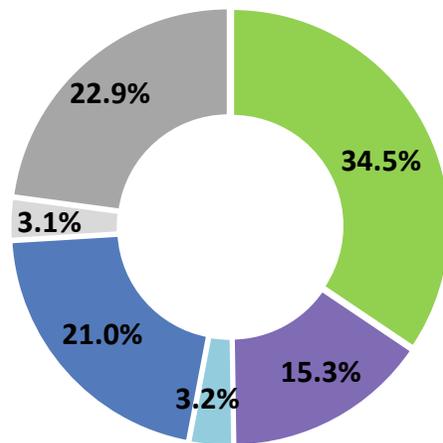


Finished Products

Business Review – Revenue Breakdown of Finished Products

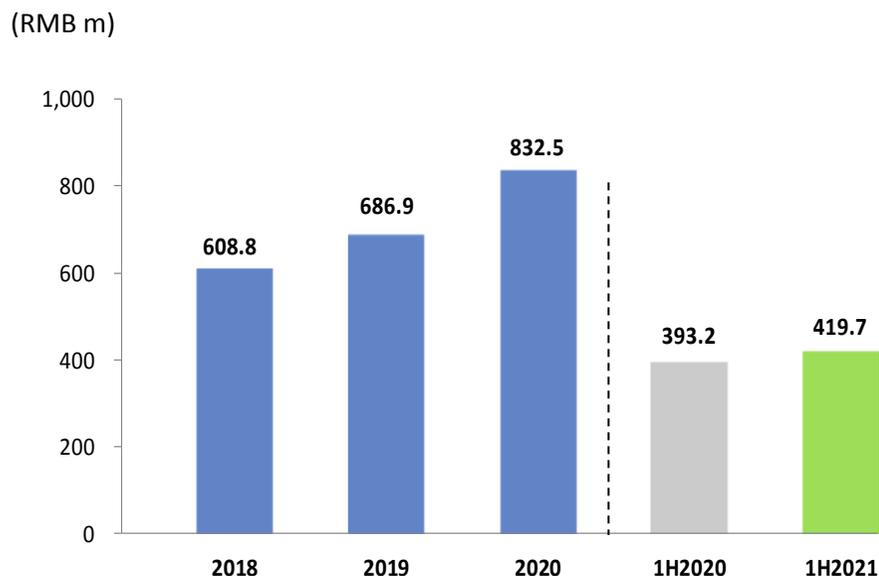


In 1H2021, sales revenue of finished products increased by 10.2% to RMB1,928.9 million, accounting for 40.9% of the Group's total external sales



- Insulin Series: +18.0% to RMB664.6 million
- Semi-synthetic penicillins antibiotics: -7.1% to RMB295.4 million
- Cephalosporins antibiotics: +5.9% to RMB62.1 million
- β-lactamase inhibitors antibiotics: +17.7% to RMB406.1 million
- Carbapenems antibiotics: -3.1% to RMB59.6 million
- Others: +9.0% to RMB441.1 million

Revenue breakdown of finished products in 1H2021



Sales Revenue of Recombinant Human Insulin

Recombinant Human Insulin Injection

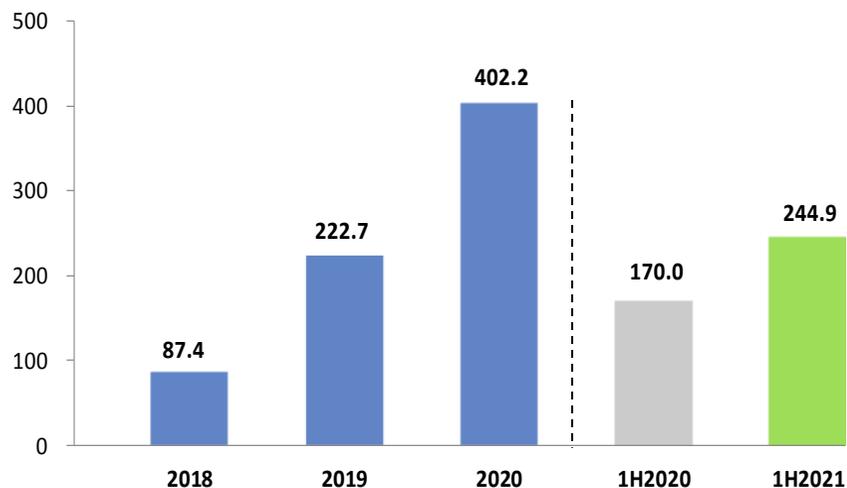


- Sales recorded RMB419.7 million[#]
- Sales volume increased by 6.9%
- Outstanding sales performance from Anhui, Henan, Shandong, Jilin and Guangdong Province
- Included in the National Medical Insurance Drug List (2020 version) & National Essential Drug List (2018 version)

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



(RMB m)



Sales Revenue of Insulin Glargine



Insulin Glargine Injection

- Sales recorded RMB244.9 million[#]
- Sales volume increased by 44.2%
- 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 increased by 22.7% to RMB1,129.9 million in 1H2021

Piperacillin Sodium and Tazobactam Sodium for Injection

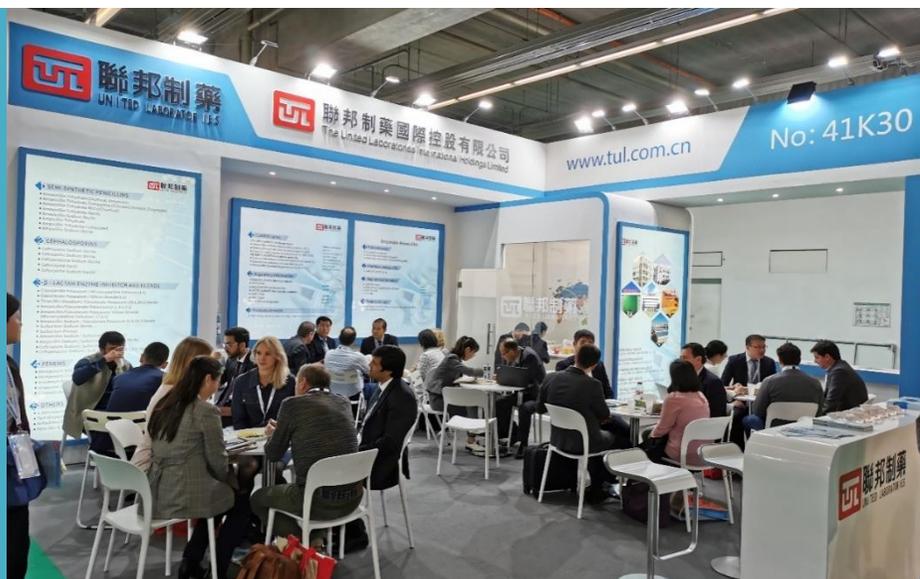
- Listed in National Essential Drugs List (2018 version)
- Sales revenue increased by 11.8% to RMB 293.8 million



Amoxicillin Capsules

- TUL's Amoxicillin Capsules (0.25g) have passed the consistency of quality and efficacy evaluation for generic drugs
- Sales revenue decreased by 2.0% to RMB 224.6 million





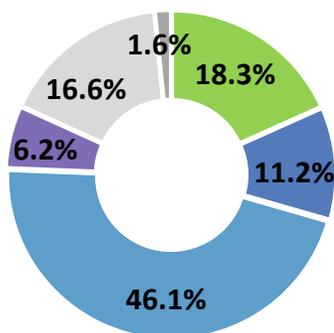
Intermediate Products & Bulk Medicine

Business Review



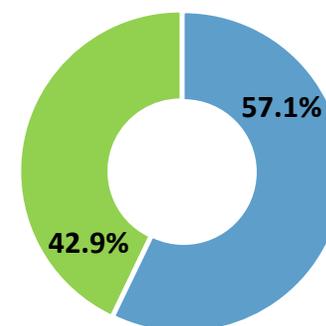
– Revenue Breakdown of Intermediate Products & Bulk Medicine

In 1H2021, sales revenue of intermediate products increased by 18.9% to RMB822.0 million and bulk medicine increased by 5.7% to RMB1,968.2 million, accounting for 17.4% and 41.7% of the Group's total external sales, respectively



Revenue breakdown of intermediate products & bulk medicine in 1H2021 (By Products)

- 6-APA: RMB510.3 million
- Penicillin G Potassium First Crystal: RMB311.7 million
- Semi-synthetic penicillins type: RMB1,288.2 million
- Cephalosporins type: RMB172.3 million
- β-lactamase inhibitors type: RMB463.6 million
- Carbapenems type: RMB44.1 million



Revenue breakdown of intermediate products & bulk medicine in 1H2021 (By Regions)

- PRC: RMB1,593.6 million
- Overseas: RMB1,196.6 million



Business Review – Production Capacity in 1H2021

Types	Products	1H Designed Capacity (tonnes)	Utilization Rate	External Sales
Intermediate products	6-APA	9,000	91.7%	38.9% ¹
	Penicillin G Potassium First Crystal (BOU) ²	6,666,667	98.8%	100%
	T-Octylammonium Clavulanate	360	100.0%	N/A
Bulk medicine	Semi-synthetic penicillins type	10,000	81.4%	90%
	Cephalosporins type	600	94.7%	90%
	β-lactamase inhibitors type	784	59.6%	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 0.63kg of this product.



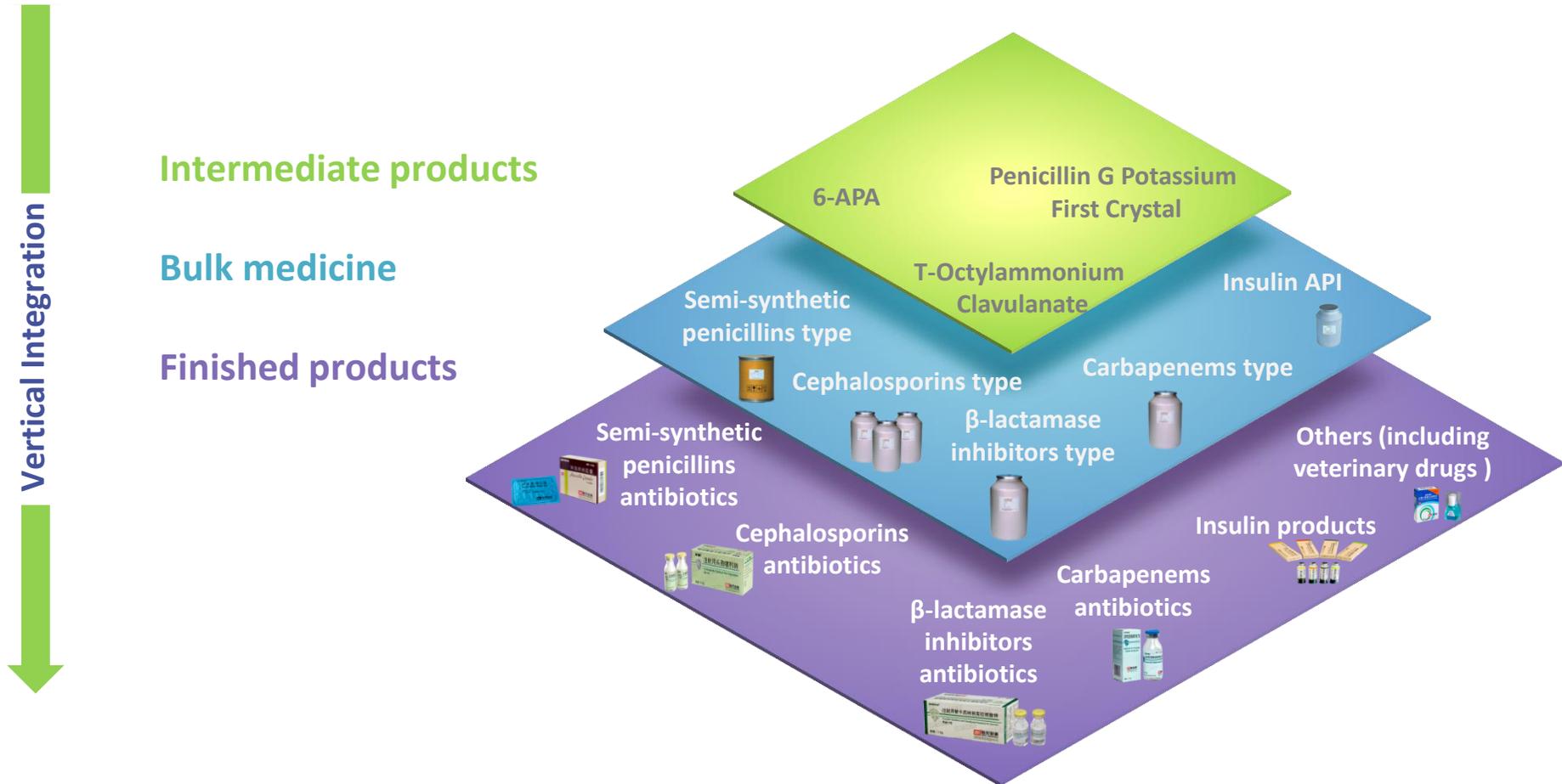
Business Review – Sales Revenue & External Selling Price

Types	Products	External Sales Revenue (RMB m)		
		1H2021	1H2020	y-o-y change
Intermediate products	6-APA	510.3	525.2	-2.8%
	Penicillin G Potassium First Crystal	311.7	162.3	+92.1%
Bulk medicine	Semi-synthetic penicillins type	1,288.2	1,191.5	+8.1%
	Cephalosporins type	172.3	175.7	-1.9%
	β-lactamase inhibitors type	463.6	453.4	+2.2%

Types	Products	Average External Selling Price# (RMB/kg)		
		1H2021	1H2020	y-o-y change
Intermediate products	6-APA	158.0	130.9	+20.7%
	Penicillin G Potassium First Crystal (RMB/BOU)	62.8	48.2	+30.3%
Bulk medicine	Semi-synthetic penicillins type	161.5	157.1	+2.8%
	Cephalosporins type	630.8	667.5	-5.5%
	β-lactamase inhibitors type	876.6	821.7	+6.7%

Selling price not including VAT and other tax

Business Review – Vertical Integration





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 drugs and feed additives	Empty capsule casings



Business Review – Sales & Distribution Network



Overseas Markets

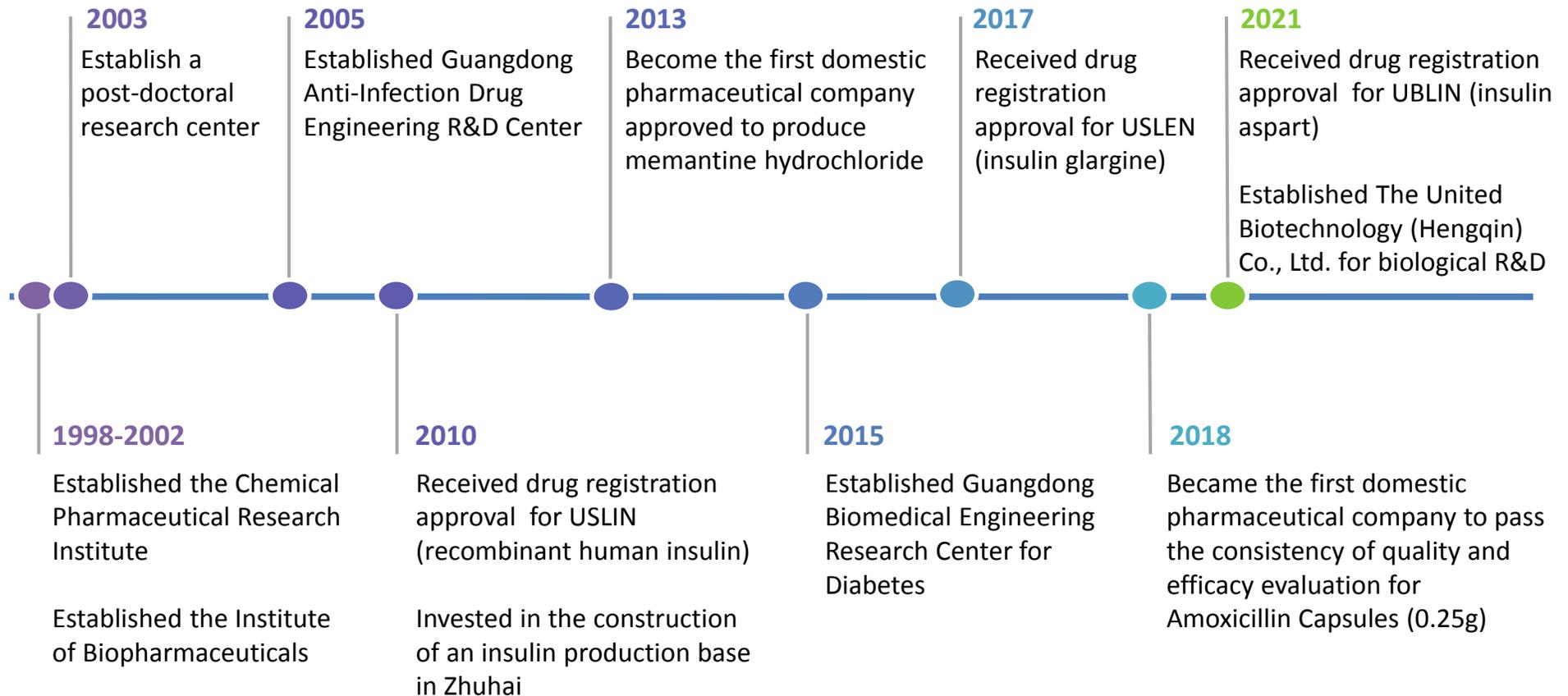
- A global sales network of intermediates products and bulk medicine
- Selling products to Europe, India, the Middle East, South America and other regions
- Obtained official approvals and certifications including EU CEP, US FDA, German, India, Japan, Brazil and Mexico, etc.

Domestic Market

- Currently, the Group focuses on China market for the sales of finished products
- Around 3,600 sales staff in 28 sales offices of finished products in China
- Penetrated into hospital, essential drugs market, OTC and rural areas



R&D – Milestones





R&D – Investment & Achievements in 1H2021

Drug Registration

- ✓ Received drug registration approval for insulin aspart injection and insulin aspart 30 injection in Jul 2021

Clinical Trial

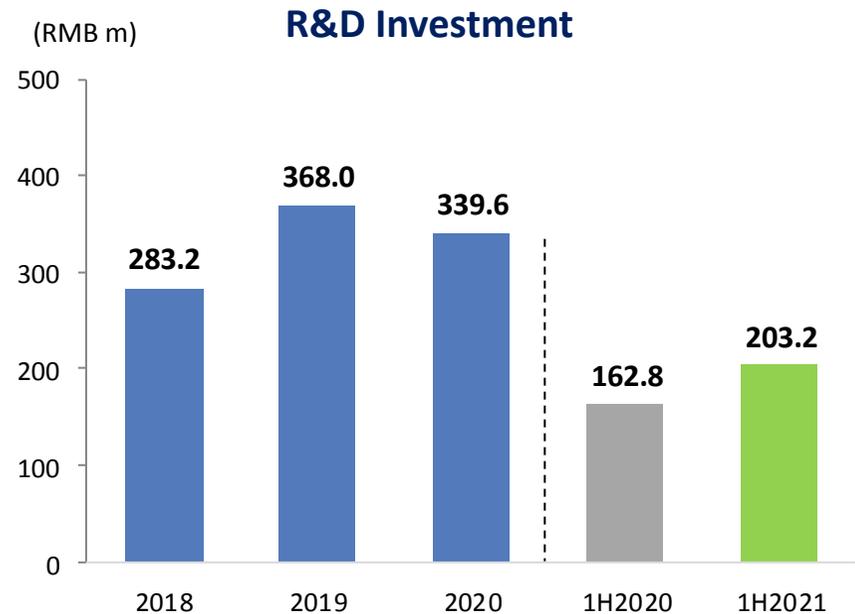
- ✓ Received clinical trial approval for insulin aspart 50 injection in May 2021

Clinical Trial Application

- ✓ Received clinical trial approval for semaglutide injection in Jun 2021

Consistency Evaluation of Generic Drugs

- ✓ Glipizide tablets (5mg) and Tenofovir disoproxil fumarate tablets (300mg) passed consistency evaluation in Jan 2021
- ✓ Amoxicillin capsule (0.25g) (applied by TUL Hong Kong) passed consistency evaluation in Apr 2021
- ✓ Memantine hydrochloride tablets (10mg) passed consistency evaluation in May 2021





R&D Platforms

Biological R&D Platform



R&D Capability

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



R&D Achievements

- 14 projects under research, including 7 Class I new drug projects
- Approx.30 authorized invention patent and patents under application



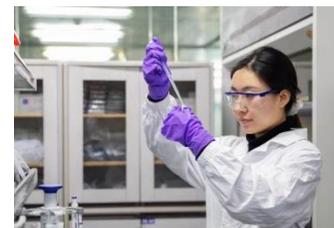
R&D Team

- 210 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



R&D Platforms

A Comprehensive Layout with Multiple Platforms

- 10 chemical drugs under research
- Approx.150 R&D personnel
- Post-doctoral research station
- 11 Class 1 New Drugs under research, including 7 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



18 Pre-clinical-trial

1 Pending for clinical approval

4 Clinical trial

1 Pending for production approval





Comprehensive approach to endocrinology, autoimmune diseases and ophthalmology

Indication	Project	Pre-Clinical	Clinical Trial Application	Clinical Trial	Production Application	Expected Approval Time
Rheumatoid Arthritis	WXSH0150					--
Inflammatory Bowel Disease	LB1091					--
Atopic Dermatitis	LB2002					--
	LB2101					--
Xerophthalmia	Polyvinyl Alcohol Eye Drops					2023
	Sodium Hyaluronate Eye Drops					2022
Conjunctivitis	Moxifloxacin Eye Drops					2022
Dermatosis	Mupirocin Ointment					2021



Outlook & Strategies

R&D

- ✓ Increase the investment in R&D
- ✓ Accelerate the recruitment of high-end R&D talents
- ✓ Step up R&D effort to enrich product categories
- ✓ Focus on endocrine, autoimmunity, ophthalmology and other therapeutic fields
- ✓ Accelerate the construction of new drug R&D centers and industrialization

Business

- ✓ Continue to optimize the vertically integrated business model
- ✓ Expand high-quality customer base to consolidate TUL's market position
- ✓ Focus on diabetes area and increase market share and penetration
- ✓ Extend external cooperation to diversify products and business

Finance

- ✓ Control financial costs
- ✓ Maintain solid cash liquidity
- ✓ Seek for more low-cost bank borrowings
- ✓ Balance the mix of long-term and short-term borrowings



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