



The United Laboratories International Holdings Limited

2021 Annual Results Announcement Corporate Presentation

March 2022





Results Snapshot

Financial Highlights

Business Review

R & D

Outlook & Strategies



2021 Annual Results Snapshot

Financial Highlights	<ul style="list-style-type: none">• Turnover: +10.6% to RMB9,703.4 million• Gross profit: +10.6% to RMB4,211.0 million• Profit attributable to equity holders: +40.6% to RMB988.1 million• Adjusted profit: +18.6% to RMB1,284.7 million• The Board recommends payment of final dividend of RMB8 cents per share and special dividend of RMB2 cents per share. Totaled with the interim dividend of RMB 4 cents per share, 2021 annual dividend payout ratio was approximately 26%
Segment Business	<ul style="list-style-type: none">• Intermediate products: +18.9% to RMB1,700.3 million with segment margin of 11.7%• Bulk medicine: +9.6% to RMB3,968.6 million with segment margin of 4.4%• Finished products: +8.4% to RMB4,034.5 million with segment margin of 21.7%
Insulin Series	<ul style="list-style-type: none">• Insulin series: +16.1% to RMB1,433.6 million[#]• Recombinant human Insulin: sales recorded RMB868.8 million[#] and sales volume increased by 4.6%• Insulin Glargine: sales recorded RMB552.6 million[#] and sales volume increased by 37.5%• Insulin Aspart: sales recorded RMB12.2 million[#]
Others	<ul style="list-style-type: none">• Overseas sales: -16.6% to RMB2,096.0 million, accounting for 21.6% of total sales• On 21 Jul 2021, the Group received drug registration approval for insulin aspart injection and insulin aspart 30 injection• United Laboratories (Inner Mongolia) Limited entered into a cooperation framework in relation to veterinary drugs with Zhejiang Apelo Biotechnology Co., Ltd.

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

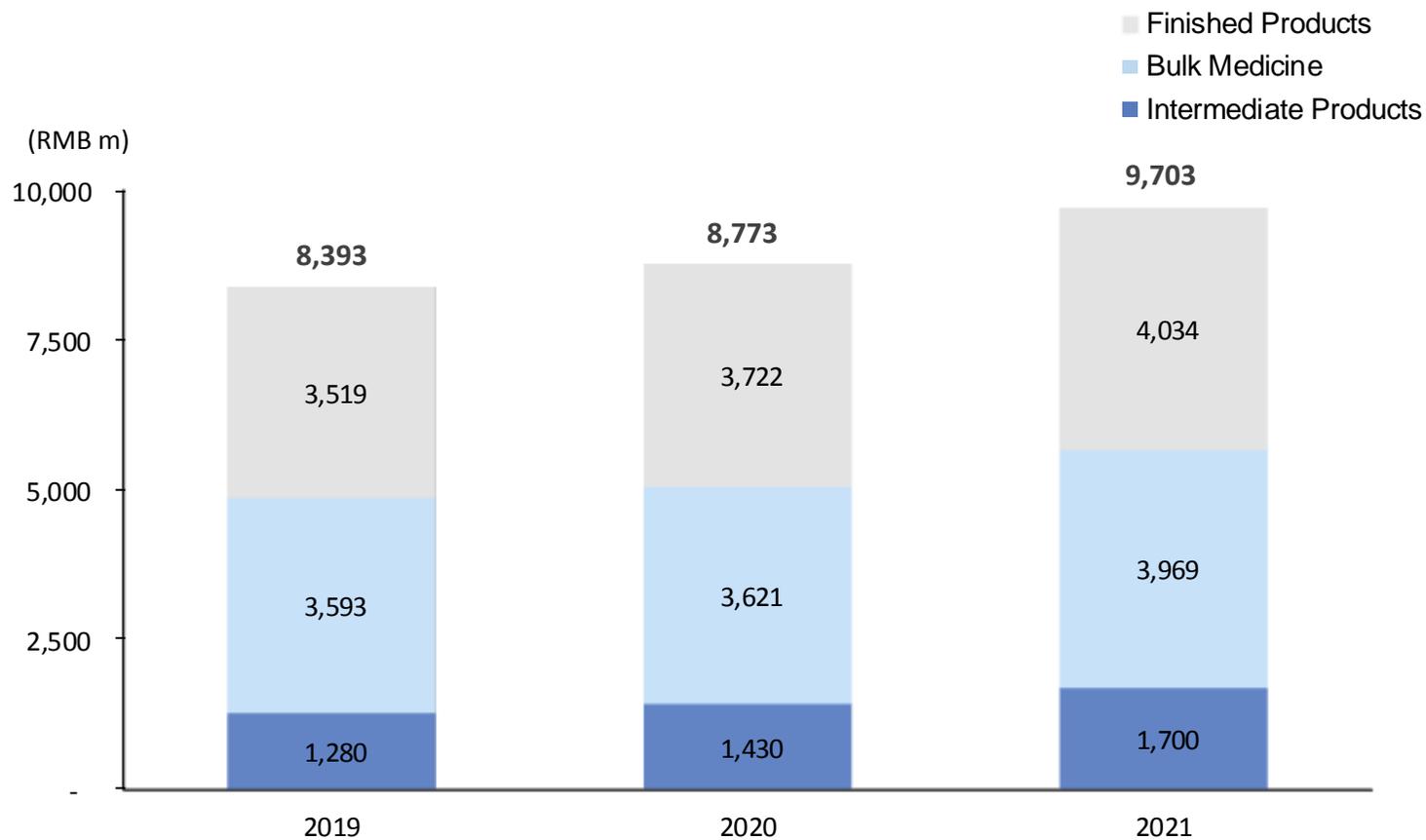


Financial Highlights – Overview

RMB million	2021	2020 [#]	Y-O-Y change	1H2021 [#]	2H2021
Revenue	9,703.4	8,772.5	+10.6%	4,719.1	4,984.3
Gross Profit	4,211.0	3,806.2	+10.6%	2,095.9	2,115.1
EBITDA	1,883.7	1,678.1	+12.3%	1,056.8	826.9
Profit Attributable to Equity Holders	988.1	703.0	+40.6%	623.1	365.0
<ul style="list-style-type: none"> Impairment losses under expected credit loss model, net of reversal 	296.6	65.9	+350.1%	105.6	191.0
<ul style="list-style-type: none"> Loss on fair value change of embedded derivative components of convertible bonds 	--	314.6	--	--	--
Adjusted Profit	1,284.7	1,083.5	+18.6%	728.7	556.0
Earning per share (RMB cents)					
- Basic	53.70	39.81	+34.9%	33.86	19.84
- Diluted	53.70	39.81	+34.9%	33.86	19.84
Final (Interim) Dividend per share (RMB cents)	8.0	8.0	--	4.0	--
Special Dividend per share (RMB cents)	2.0	--	--	--	--

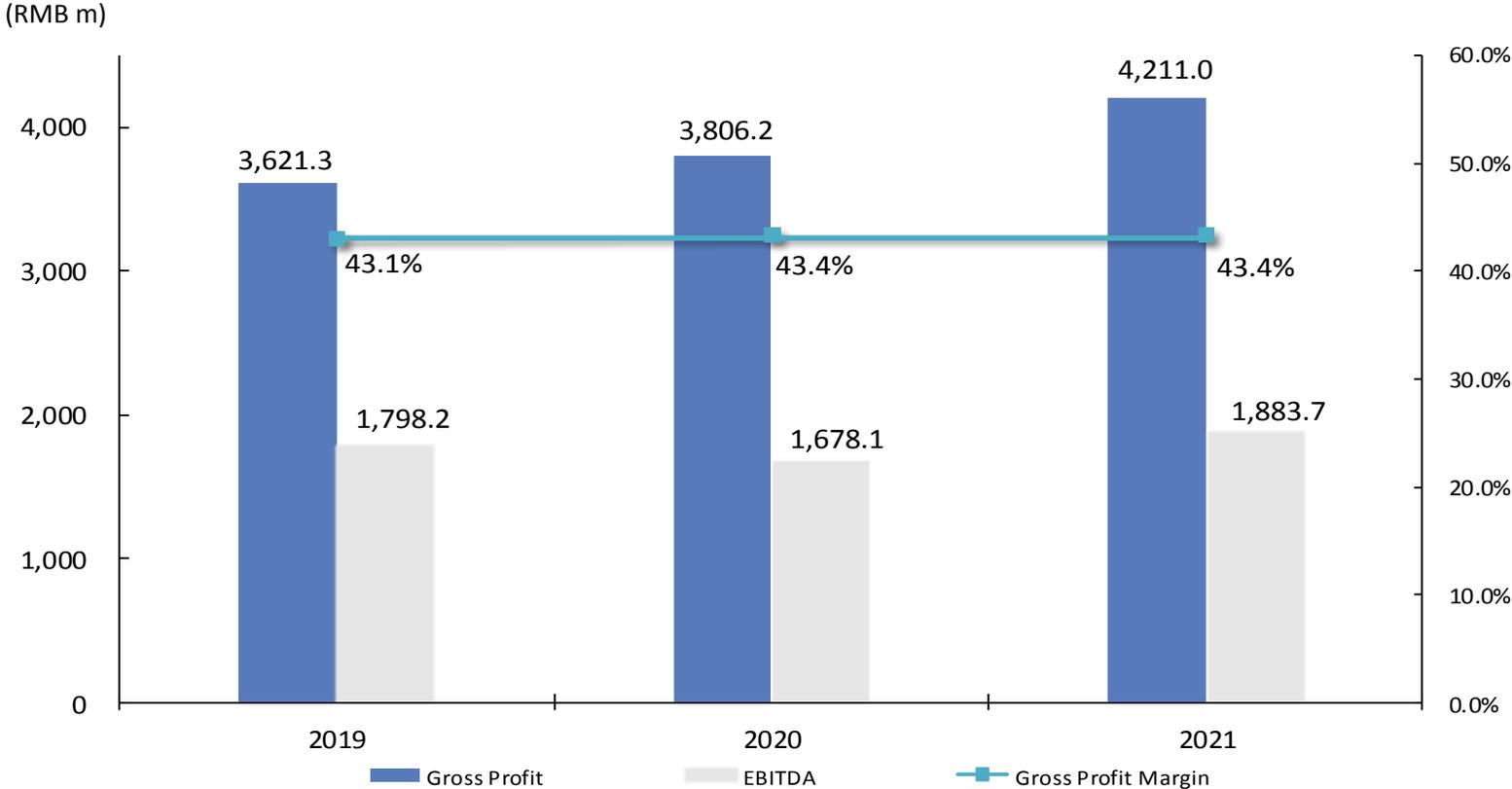
[#]The figures of 2020 & 1H2021 has been restated.

Financial Highlights – Revenue



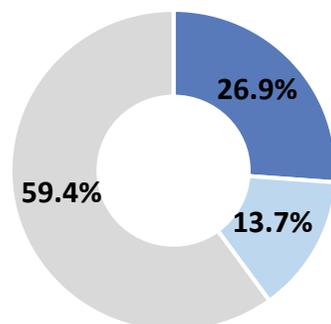


Financial Highlights – Gross Profit, EBITDA & GP Margin

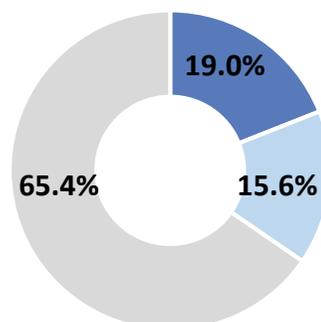




Financial Highlights – Segment Results & Margins



2021



2020

Segment Profit Breakdown

- Intermediate Products
- Bulk Medicine
- Finished Products

Types	Segment Profit [#] (RMB m)		Segment Margin	
	2021	2020	2021	2020
Intermediate Products	396.2	258.1	11.7%	9.1%
Bulk Medicine	202.2	212.0	4.4%	5.0%
Finished Products	875.8	886.6	21.7%	23.8%

[#] EBIT: Earnings before interest and taxation.



Financial Highlights – Other Key Financial Indicators

	As at 31 Dec 2021	As at 31 Dec 2020
Trade and bills receivables turnover (days)	128.8	114.2
Trade and trade payables under supplier finance arrangement turnover (days)	213.4	167.4
Stock turnover (days)	133.2	105.0
Current ratio	1.53	1.69
Net current assets (RMB million)	3,451.1	3,365.1
Net cash position [#] (RMB million)	212.6	20.3
Cash and cash equivalents (RMB million)	3,331.0	2,996.8
Total assets (RMB million)	16,331.1	14,963.7

[#] Net cash position denotes the Group's net cash and bank balances after deducting borrowings and trade payables under supplier finance arrangement (mainly refer to bills payables).

	2021	2020
Net cash from operating activities (RMB million)	1,392.0	1,567.8

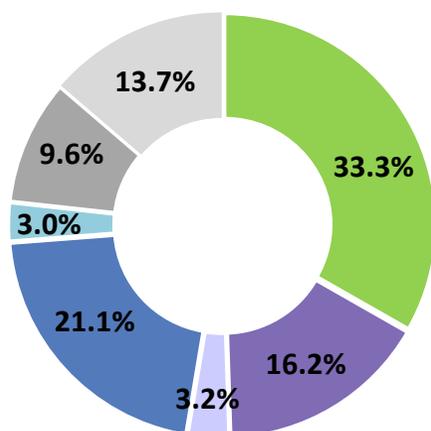


Finished Products



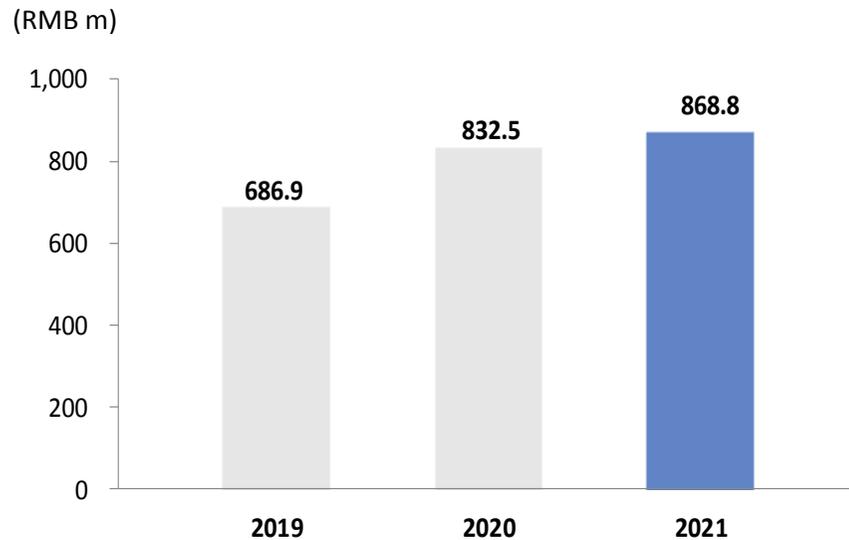
Business Review – Revenue Breakdown of Finished Products

In 2021, sales revenue of finished products increased by 8.4% to RMB4,034.5 million, accounting for 41.6% of the Group's total external sales



- Insulin Series: +15.2% to RMB1,342.5 million
- Semi-synthetic penicillins antibiotics: -2.8% to RMB653.7 million
- Cephalosporins antibiotics: +3.5% to RMB127.4 million
- β-lactamase inhibitors antibiotics: +19.8% to RMB853.1 million
- Carbapenems antibiotics: -0.7% to RMB119.6 million
- Veterinary drugs: +76.3% to RMB386.7 million
- Others: -21.4% to RMB551.5 million

Revenue breakdown of finished products in 2021



Sales Revenue of Recombinant Human Insulin

Recombinant Human Insulin Injection

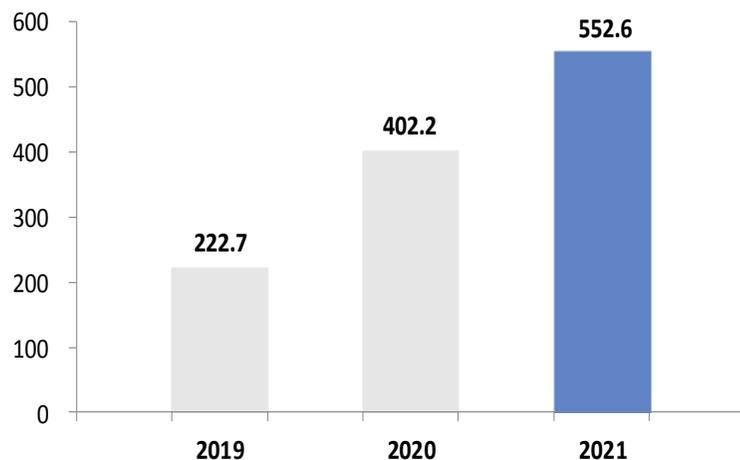


- Sales recorded RMB868.8million[#]
- Sales volume increased by 4.6%
- Outstanding sales performance from Anhui, Henan, Shandong, Jilin and Hebei Province
- Included in the National Medical Insurance Drug List (2021 version) & National Essential Drug List (2018 version)

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



(RMB m)



Sales Revenue of Insulin Gargine



Insulin Gargine Injection

- Sales recorded RMB552.6 million[#]
- Sales volume increased by 37.5%
- Outstanding sales performance from Henan, Jiangsu, Hebei, Anhui and Fujian Province
- Included in the National Medical Insurance Drug List (2021 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 10.2% to RMB2,305.2 million in 2021

Piperacillin Sodium and Tazobactam Sodium for Injection

- Listed in National Essential Drugs List (2018 version)
- Sales revenue increased by 16.1% to RMB611.2 million



Amoxicillin Capsules

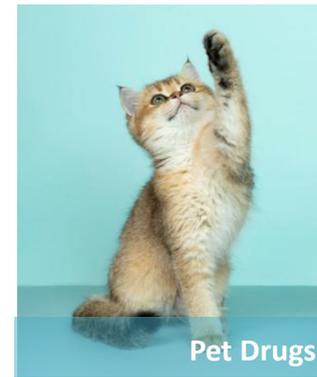
- TUL's Amoxicillin Capsules (0.25g) have passed the consistency of quality and efficacy evaluation for generic drugs
- Sales revenue increased by 1.9% to RMB504.5 million



Business Review – Other Finished Products

Veterinary Drugs

- ✓ The United Animal Healthcare (Inner Mongolia) Co., Ltd. started operation in 2017
- ✓ Leveraging TUL's brand reputation, technology and advantages in upstream industry
- ✓ Products include livestock drugs, poultry drugs, pet drugs, and aquatic drugs
- ✓ Penicillin products are in the leading position of veterinary drug industry
- ✓ In 2021, sales revenue of veterinary drugs totaled RMB386.7 million, up 76.3% YoY





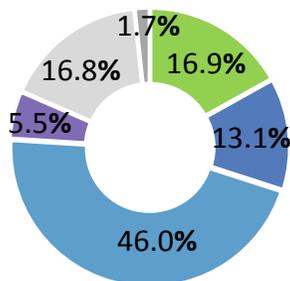
Intermediate Products & Bulk Medicine

Business Review



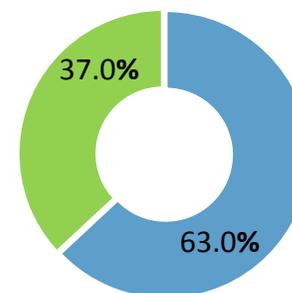
– Revenue Breakdown of Intermediate Products & Bulk Medicine

In 2021, sales revenue of intermediate products increased by 18.9% to RMB1,700.3 million and bulk medicine increased by 9.6% to RMB3,968.6 million, accounting for 17.5% and 40.9% of the Group's total external sales, respectively



Revenue breakdown of intermediate products & bulk medicine in 2021 (By Products)

- 6-APA: RMB957.6 million
- Penicillin G Potassium First Crystal: RMB742.8 million
- Semi-synthetic penicillins type: RMB2,607.7 million
- Cephalosporins type: RMB313.8 million
- β-lactamase inhibitors type: RMB949.5 million
- Carbapenems type: RMB97.5 million



Revenue breakdown of intermediate products & bulk medicine in 2021 (By Regions)

- PRC: RMB3,572.9 million
- Overseas: RMB2,096.0 million



Business Review – Production Capacity

Types	Products	Designed Capacity (tonnes)	Utilization Rate	External Sales
Intermediate products	6-APA	18,000	90.8%	35.4% ¹
	Penicillin G Potassium First Crystal (BOU) ²	13,333,333	100.0%	100%
	T-Octylammonium Clavulanate	800	65.2%	N/A
Bulk medicine	Semi-synthetic penicillins type	20,000	87.5%	90%
	Cephalosporins type	1,200	56.4%	90%
	β -lactamase inhibitors type	1,568	76.5%	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.



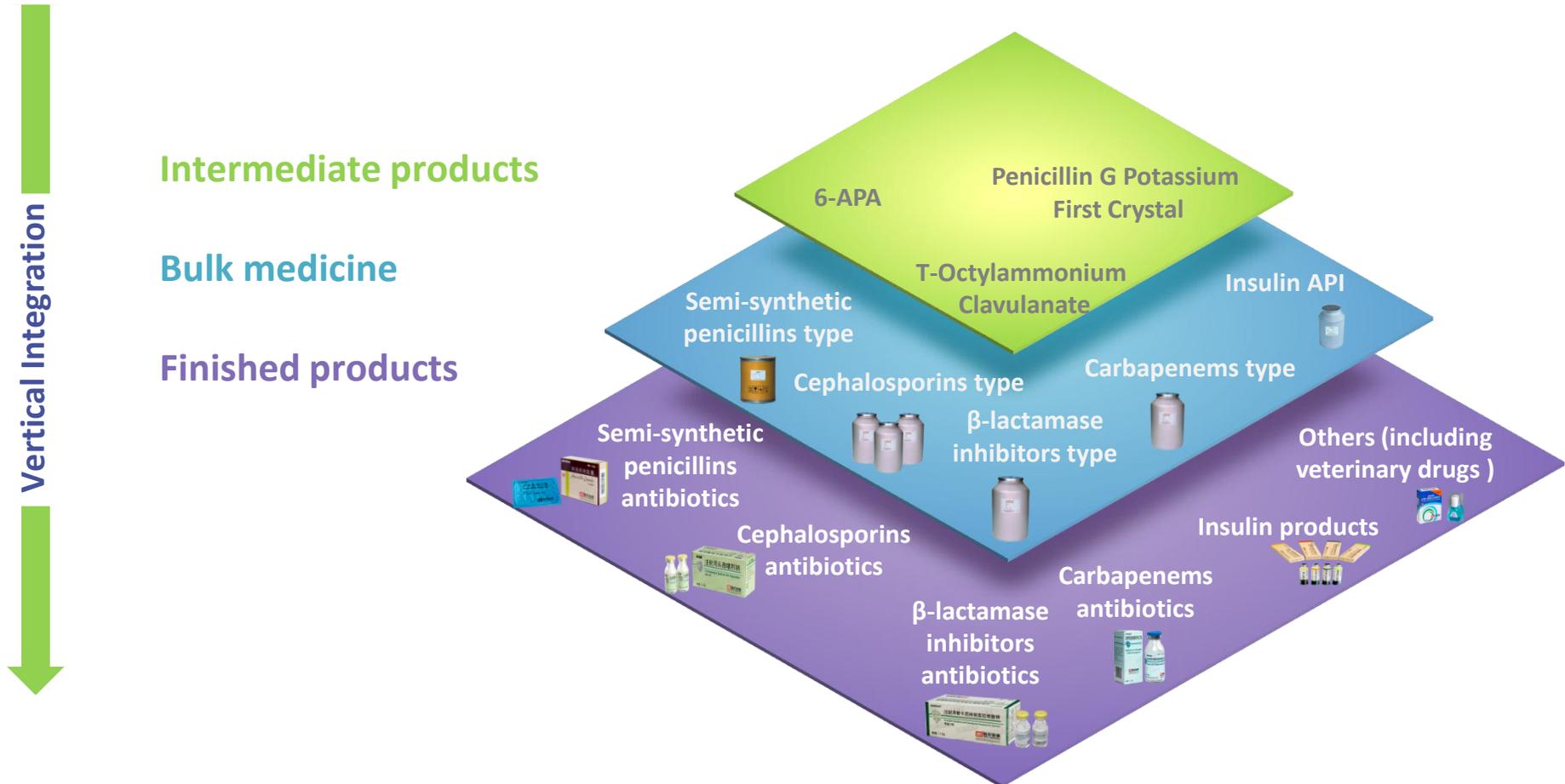
Business Review – Sales Revenue & External Selling Price

Types	Products	External Sales Revenue (RMB m)		
		2021	2020	y-o-y change
Intermediate products	6-APA	957.6	1,067.9	-10.3%
	Penicillin G Potassium First Crystal	742.8	340.2	+118.3%
Bulk medicine	Semi-synthetic penicillins type	2,607.7	2,221.5	+17.4%
	Cephalosporins type	313.8	343.1	-8.5%
	β-lactamase inhibitors type	949.5	993.4	-4.4%

Types	Products	Average External Selling Price# (RMB/kg)		
		2021	2020	y-o-y change
Intermediate products	6-APA	165.9	139.0	+19.4%
	Penicillin G Potassium First Crystal (RMB/BOU)	66.3	53.4	+24.2%
Bulk medicine	Semi-synthetic penicillins type	165.0	157.9	+4.5%
	Cephalosporins type	651.3	654.0	-0.4%
	β-lactamase inhibitors type	857.4	820.0	+4.6%

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

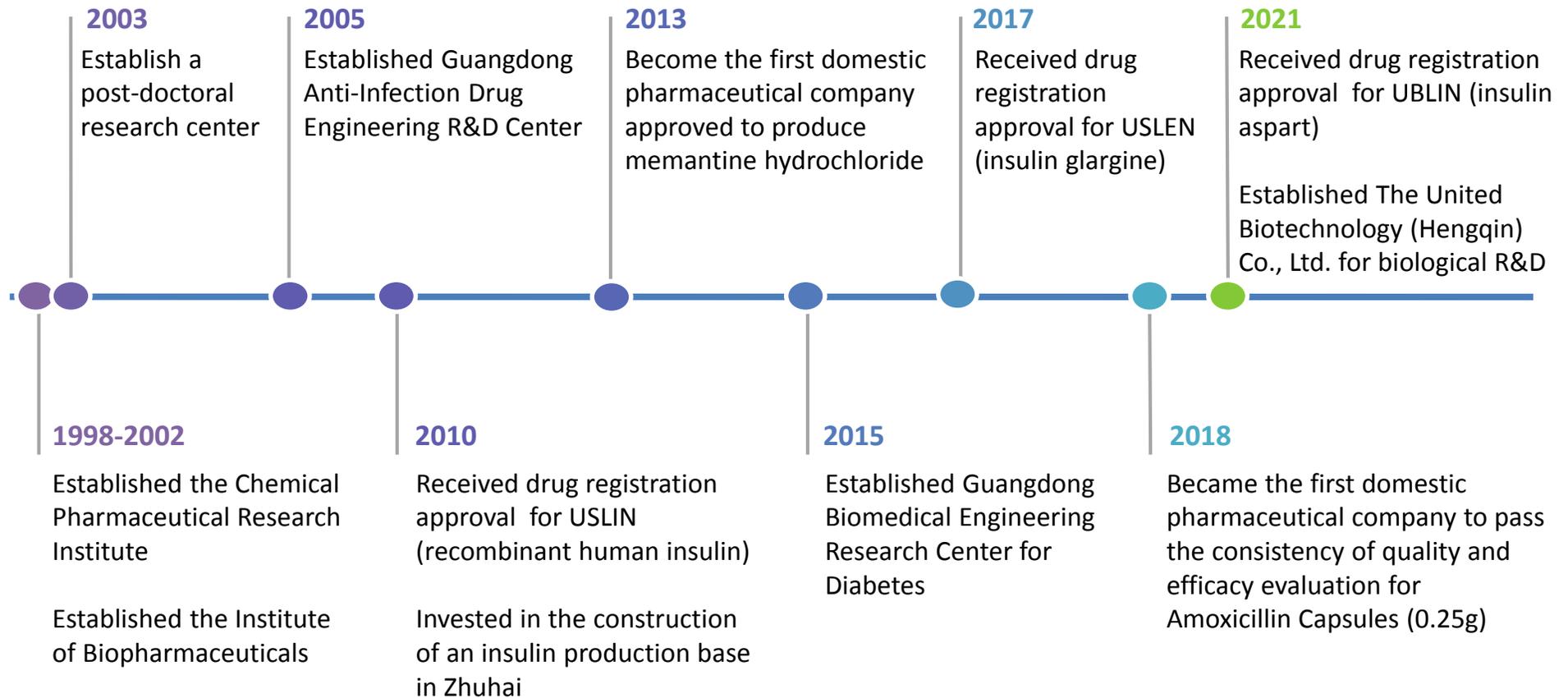
- A global sales network of intermediates products and bulk medicine
- Selling products to Europe, India, the Middle East, South America and other regions
- Obtained official approvals and certifications including EU CEP, US FDA, Germany, India, Japan, Brazil and Mexico, etc.

Domestic Market

- Currently, the Group focuses on China market for the sales of finished products
- Around 3,700 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 2021

Drug Registration

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

Clinical Trial

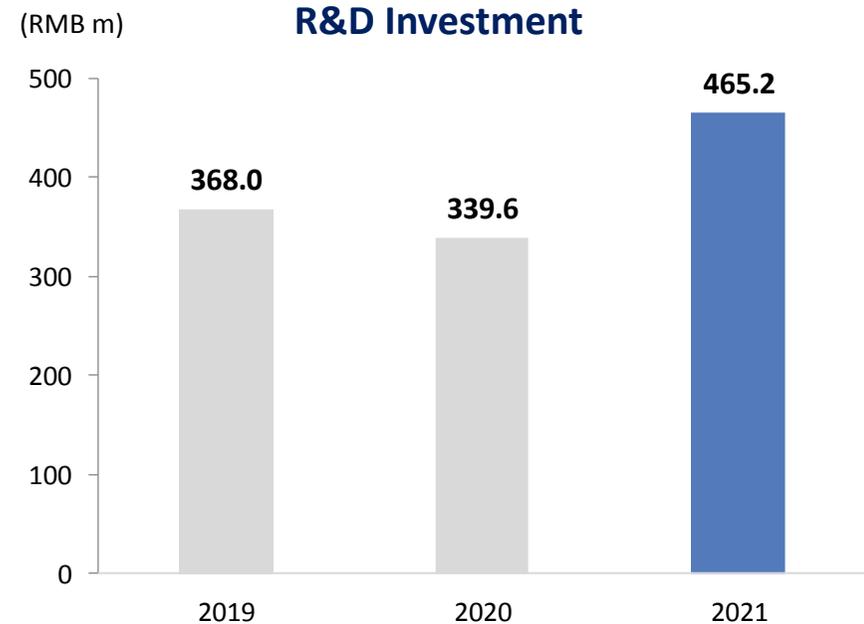
- ✓ Received clinical trial approval for insulin aspart 50 injection in May 2021

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

- 13 projects under research, including 5 Class I new drug projects
- Approx.36 authorized invention patent and patents under application



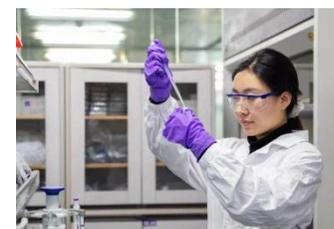
R&D Team

- 240 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
- 9 Class 1 New Drugs under research, including 5 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





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					--
Xerophthalmia	LB2101					--
	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

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



让生命更有价值
Our mission is to make life more valuable

