



## The United Laboratories International Holdings Limited Announces 2019 Interim Results

### Profit Attributable to Shareholders Up 224.6% Good Performance in The Sales of Insulin Glargine

#### Financial Highlights

(RMB mn)	For the six months ended 30 June		
	2019	2018	Change
Revenue	<b>4,090.0</b>	3,792.7	7.8%
Gross profit	<b>1,721.0</b>	1,586.6	8.5%
EBITDA	<b>781.1</b>	627.4	24.5%
Profit attributable to shareholders of the Company	<b>295.9</b>	91.2	224.6%
Earnings per share (RMB cents)			
- Basic	<b>18.05</b>	5.60	222.3%
- Diluted	<b>18.05</b>	5.60	222.3%

(25 August 2019 – Hong Kong) The United Laboratories International Holdings Limited (“TUL”, the “Company” or the “Group”; Stock code: 3933), one of the leading pharmaceutical product manufacturers in the PRC, announced today its interim results for the six months ended 30 June 2019 (the “Period”).

For the first half of 2019, the Group’s revenue increased by 7.8% to approximately RMB4,090.0 million. Gross profit increased by 8.5% to RMB1,721.0 million. EBITDA increased by 24.5% to approximately RMB781.1 million. Profit attributable to shareholders of the Company was RMB295.9 million, representing a significant increase of 224.6%. Basic earnings per share amounted to RMB18.05 cents. The board of directors does not recommend the payment of interim dividend for the six months ended 30 June 2019.

In the first half of 2019, the General Office of the State Council issued “The Key Tasks for Deepening the Reform of the Medical and Healthcare System in 2019” which intended to extend the coverage of the centralized procurement of drugs to the whole nation and improve the dynamic mechanism for adjusting the National Reimbursement Drug List, indicating that the pharmaceutical industry can become more concentrated and that mergers and acquisitions, consolidation, innovation and upgrading will accelerate in China’s generic drug industry. Benefited from the industry trends of consolidation, the Group will be well-positioned to seize new opportunities for growth.

During the Period, revenue from the sales of the Group’s insulin series products increased by 32.6% year on year to RMB372.3 million. In particular, a total of 7,050,200 vials of recombinant human insulin injections under the trademark of “United Laboratories USLIN” were sold during the Period, up 14.2% year on year and revenue from the sales of such injections totaled RMB287.4 million. In addition, the sales performance of insulin glargine injection under the trademark of “United Laboratories USLEN” was particularly good with a year-on-year increase of 188.9% in sales volume to 611,290 vials. Revenue from sales of this product was RMB84.9 million. As of now, the Group has won tender to supply insulin glargine products in 22 provinces of the PRC.

Sales of the Group's other finished products also continued to grow steadily. During the Period, revenue from the sales of Piperacillin Sodium and Tazobactam Sodium for Injection amounted to RMB352.7 million, representing a year-on-year increase of 42.4%. Revenue from the sales of amoxicillin capsules under the trademark of "United Laboratories amoxicillin capsules" amounted to RMB253.9 million, representing a year-on-year increase of 12.0%. In addition, revenue from the sales of memantine hydrochloride series products, a drug used to treat Alzheimer's disease, increased by 76.0% to RMB30.8 million during the Period.

For the business of intermediate products and bulk medicine, the price of 6-APA was lowered due to the recovery of the supply in the market. In order to alleviate the impact of the price reduction of 6-APA, the Group proactively adjusted its sales strategy during the Period to increase the external sales of semi-synthetic penicillin bulk medicine which increased by 16.7% year on year. In respect of export sales, facing of the challenges in the international pharmaceutical bulk medicine market, the Group continued to optimize its product mix, further developed the key pharmaceutical markets in the world, and pressed on with the internationalization of its business. All this resulted in a steady growth in export sales. During the Period, revenue from the Group's export sales increased by 11.1% year on year to RMB1,190.6 million. The Group continued to consolidate its leading position in the export market for intermediate products and bulk medicine and was listed again as one of "China Top Ten Member Exporters of APIs" by China Chamber of Commerce for Import and Export of Medicines and Health Products.

The Group is always committed to research and development ("R&D") and is now developing 32 new products. The Group mainly focuses on the R&D of diabetes drugs. In particular, it has applied for permits for the production of insulin aspart injection and insulin aspart 30 injection; it also launched clinical trial for liraglutide injections and applied for the permit to conduct clinical trials of insulin aspart 50 injection and insulin degludec injection. In addition, the Group is also conducting pre-clinical studies of insulin degludec-insulin aspart mixed injection, insulin degludec-liraglutide mixed injection and semaglutide injection. The Group is optimising its platform for biological R&D and will continue to develop more products in the fields of internal secretion and autoimmune disease. With regard to the R&D of chemical pharmaceuticals, the Group remained focused on anti-diabetic drugs, anti-HBV drugs and eye drops, and will continue to branch out into new drugs.

In order to effectively improve the capability of the medical personnel to help the grassroots prevent and treat diabetes and to help promote the implementation of the grading diagnosis and treatment system, the Group gave its support to the "Double-Excellence Action - Training Course for Medical Personnel in Helping the Grassroots Prevent and Treat Diabetes" during the Period. As of now, the project has been successfully carried out for fourteen sessions nationwide for more than 5,000 medical personnel at grassroots level. At the same time, the Group has formulated a plan for expanding the finished products sales force at the county level and will gradually implement it. In the future, the Group will step up its effort to extend the geographical market coverage of its retail outlets and maintain a balanced and healthy development in various markets. The Group will continue to enlist the help of academic institutions in marketing its products. The move can help the Group establish a good corporate brand image and provide quality products and services for the pharmaceutical market.

In terms of financial management, as at 30 June 2019, the Group's net gearing ratio was further decreased to 38.1%. The Group will continue to optimize its financial structure and improve its liquidity. It will also actively tap diverse channels of refinancing to honour its financial obligations in the future and to ensure adequate working capital.

Looking forward, **Mr. Tsoi Hoi Shan, Chairman of the Group** concluded that, “In the next decade, ageing population will become even more pronounced and this will result in a surge in demand for pharmaceuticals. China’s pharmaceutical industry is undergoing transformation while the government is pressing ahead with healthcare reform. All this facilitates the bulk procurement of drugs. On the back of increasingly stringent policies on environmental protection, supply-side reform, consistency evaluation and the growing trends towards bulk procurement, the structure of the pharmaceutical industry will be optimized. The industry is poised to be upgraded to quality development.

“The Group will continue to make insulin product series its core strategic products and take measures to ensure continued growth in sales of this product series and to increase its market share. The Group will continue to improve its management system, to enlist the help of academic institutions in marketing its products, to closely monitor the changes in policies on the regulation of the pharmaceutical market so that it can prepare well for the ensuing changes in the industry and attain balanced and sustainable development. At the same time, the Group will continue to foster its innovation and scientific research capabilities, to enhance the competitiveness of its products and to capitalize on the transformation of the pharmaceutical industry. All this will enable the Group to sustain its growth momentum and generate better returns to its shareholders, clients and stakeholders.”

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#### **Company Information**

Listed on the Stock Exchange of Hong Kong in June 2007, TUL is one of the leading pharmaceutical companies in China, principally engaged in the R&D, manufacturing and selling of finished products, bulk medicines and intermediate products. Up to now, the Group has a total of 188 products qualified to produce in the PRC and/or Hong Kong based on the Drug Registration Approvals in the PRC and Certificates of Drug or Product Registration in Hong Kong, 84 were in production. The Group has 42 finished products listed in National Insurance Drug List and 15 are in the list of the National Essential Drug List. The Group is currently a component of the Hang Seng Composite Index Series.

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