

WuXi AppTec

Third Quarterly 2023 Results

October 31, 2023



603259.SH / 2359.HK

Forward-Looking Statements

This presentation may contain certain “forward-looking statements” which are not historical facts, but instead are predictions about future events based on our beliefs as well as assumptions made by and information currently available to our management. Although we believe that our predictions are reasonable, future events are inherently uncertain and our forward-looking statements may turn out to be incorrect. Our forward-looking statements are subject to risks relating to, among other things, the ability of our service offerings to compete effectively, our ability to meet timelines for the expansion of our service offerings, our ability to protect our clients’ intellectual property, unforeseeable international tension, competition, the impact of emergencies and other force majeure. Our forward-looking statements in this presentation speak only as of the date on which they are made, and we assume no obligation to update any forward-looking statements except as required by applicable law or listing rules. Accordingly, you are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. All forward-looking statements contained herein are qualified by reference to the cautionary statements set forth in this section. All information provided in this presentation is as of the date of this presentation and are based on assumptions that we believe to be reasonable as of this date, and we do not undertake any obligation to update any forward-looking statement, except as required under applicable law.

Non-IFRS Financial Measures

We provide non-IFRS gross profit and non-IFRS net profit attributable to owners of the Company, which exclude share-based compensation expenses, issuance expenses of convertible bonds, fair value gain or loss from derivative component of convertible bonds, foreign exchange-related gains or losses and amortization of intangible assets acquired in business combinations, non-financial assets impairment, etc. We also provide adjusted non-IFRS net profit attributable to owners of the Company and earnings per share, which further exclude realized and unrealized gains or losses from our venture capital investments and joint ventures. Neither of above is required by, or presented in accordance with IFRS.

We believe that the adjusted financial measures used in this presentation are useful for understanding and assessing our core business performance and operating trends, and we believe that management and investors may benefit from referring to these adjusted financial measures in assessing our financial performance by eliminating the impact of certain unusual, non-recurring, non-cash and non-operating items that we do not consider indicative of the performance of our core business. Such non-IFRS financial measures, the management of the Company believes, is widely accepted and adopted in the industry the Company is operating in. However, the presentation of these adjusted non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. You should not view adjusted results on a stand-alone basis or as a substitute for results under IFRS, or as being comparable to results reported or forecasted by other companies.

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01 Results Overview

02 Business Highlights

03 Financial Performance

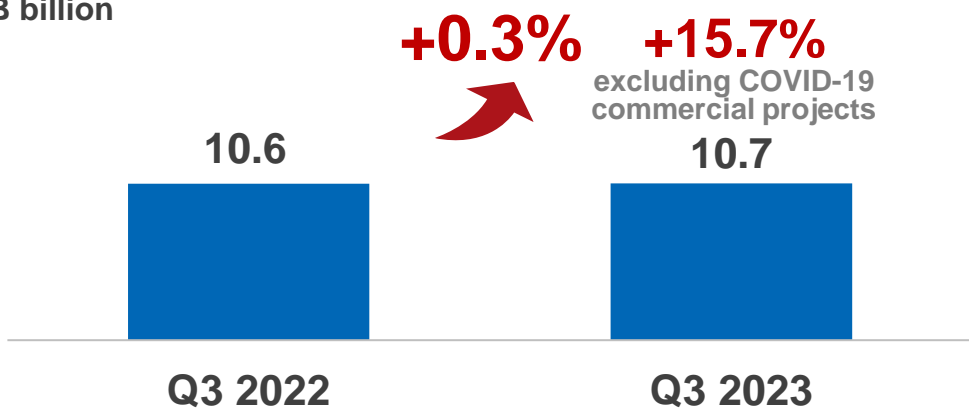
04 Growth Outlook

1. Results Overview

Revenue in Q3 2023 Back to over RMB 10 Billion

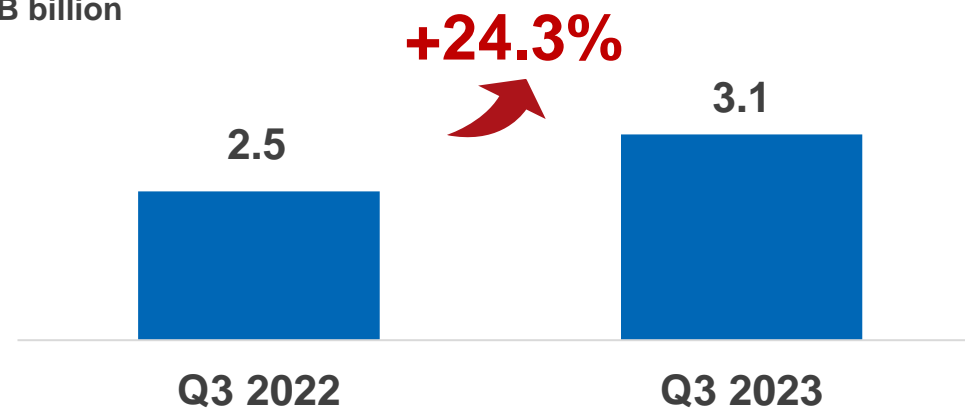
Revenue

RMB billion



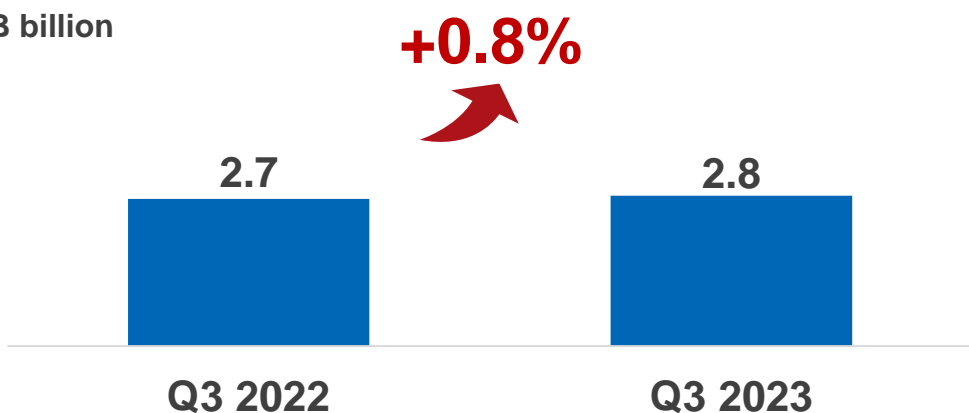
Adjusted Non-IFRS Net Profit

RMB billion



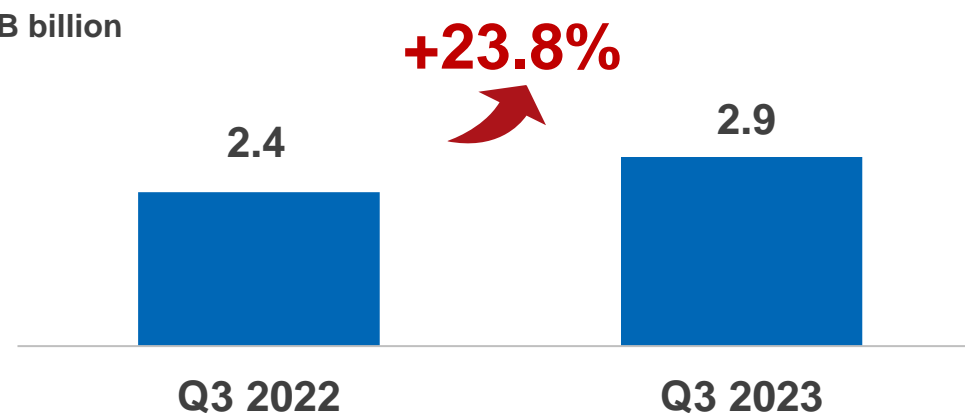
Net Profit

RMB billion



Net Profit After Deducting Non-Recurring Items

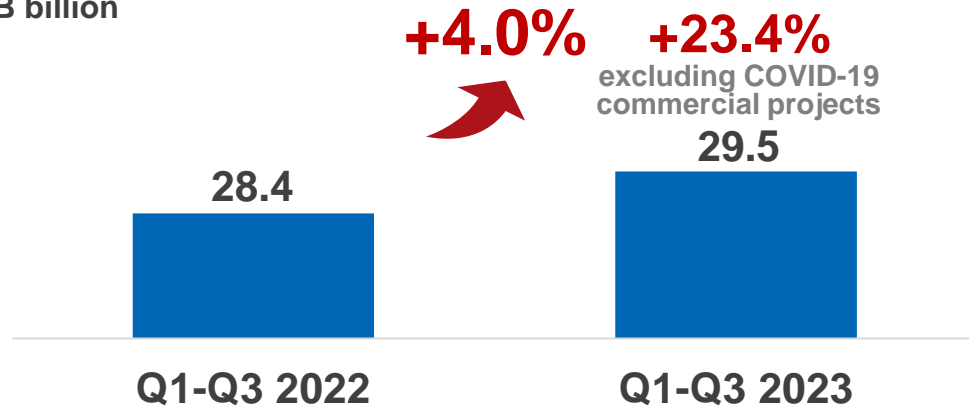
RMB billion



Continued Solid Growth of Revenue & Profit in Q1-Q3 2023

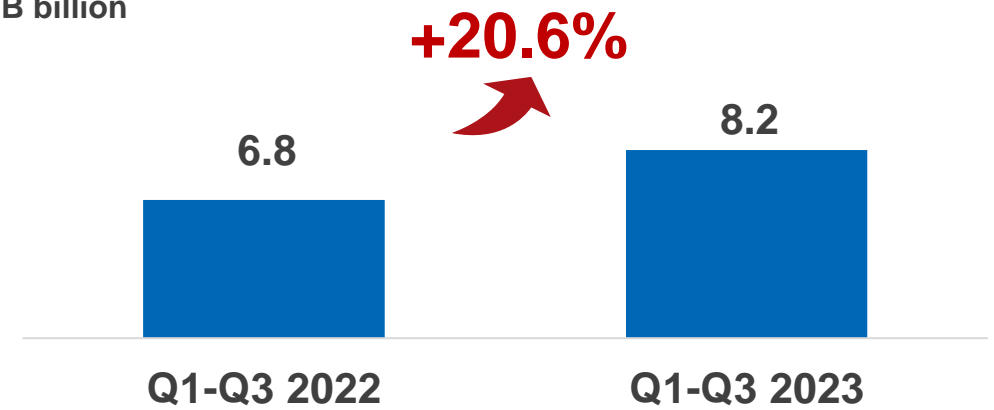
Revenue

RMB billion



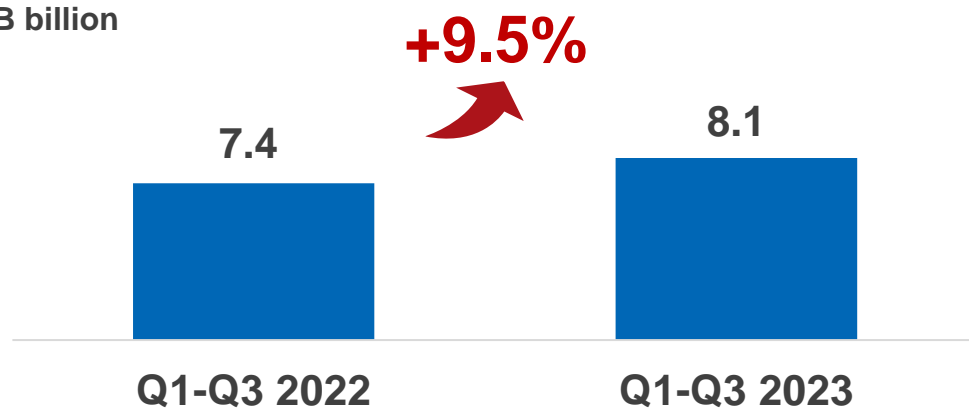
Adjusted Non-IFRS Net Profit

RMB billion



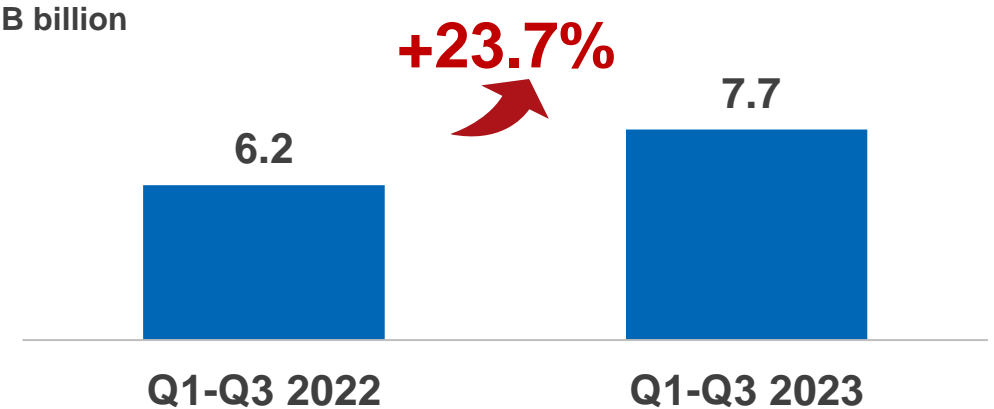
Net Profit

RMB billion



Net Profit After Deducting Non-Recurring Items

RMB billion



Q1-Q3 2023 Business Highlights

Enable Customers to Grow Together

900+ new customers, **6,000+** active customers

Backlog maintained H1 growth momentum, among which:

TIDES backlog accelerated to grow **+245%**↑

Excluding COVID-19 commercial projects, revenue from

Top20 pharma continued rapid growth **+43%**↑

Small Molecule CRDMO Pipeline

3,014 molecules, **926** newly added molecules, including **58** commercial, **61** Phase III

Adding **12** commercial & Phase III projects

Excluding COVID-19 commercial projects, D&M

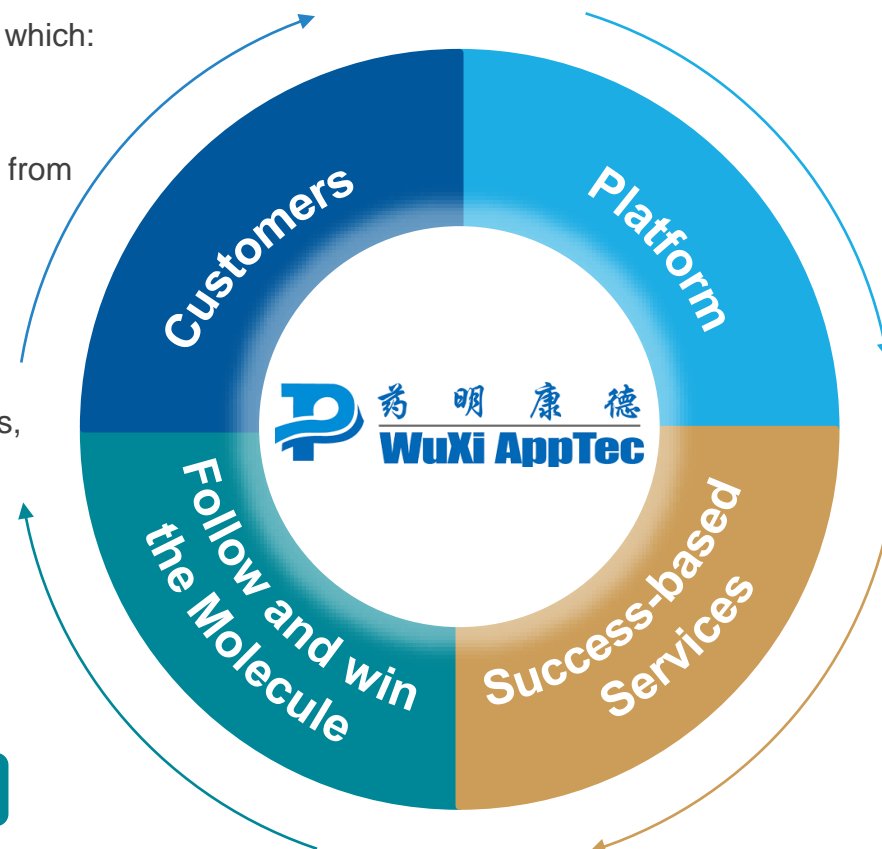
revenue grew **+48%**↑

Cell & Gene Therapies CTDMO Pipeline

7 Phase III, **9** Phase II,

52 Phase I & preclinical

Advancing **4** potential commercial manufacturing projects



Build Platform & Improve Efficiency

32 global sites & branch offices

41,148 total employees, including **37,899** scientists & technicians

Adding **55,000** m² testing laboratories, continued to advance the design & construction of facilities around the world

Continued to improve operating efficiency.

Adjusted non-IFRS GPM increased **~1pt** YoY

at CER, and operating cash flow grew **+33%**↑. Continued to invest in new capacities & new capabilities

Development of DDSU Pipeline

2 NDA approved, **2** in NDA review, **5** Phase III, **99** Phase II & Phase I

2 new drugs approved, continued to receive royalty income of the **2** new drugs approved from customers

Our Platform & Business Model Continued to Perform Well

Strong, Loyal & Expanding Customer Base

Revenue breakdown

Existing clients

29.12Bn,

excluding COVID-19 commercial projects **+26%↑**

Newly added clients

0.43Bn



Execute Long-Tail Strategy & Increase Support to Large Pharma

Revenue breakdown

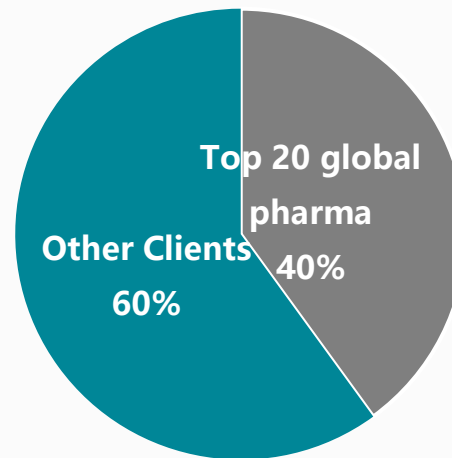
Top 20 global pharma clients

11.82Bn,

excluding COVID-19 commercial projects **+43%↑**

Other clients

17.72Bn, +16%↑



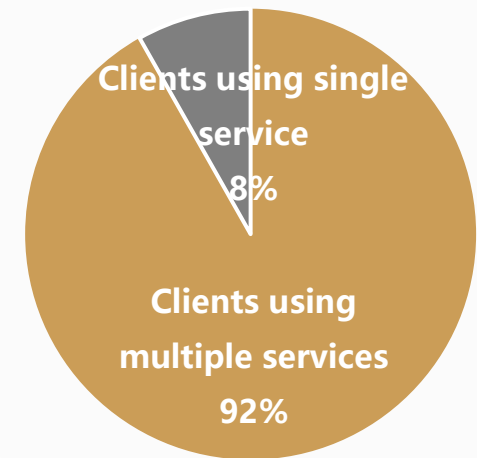
Increase Customer Conversion to Sustain Growth

Revenue breakdown

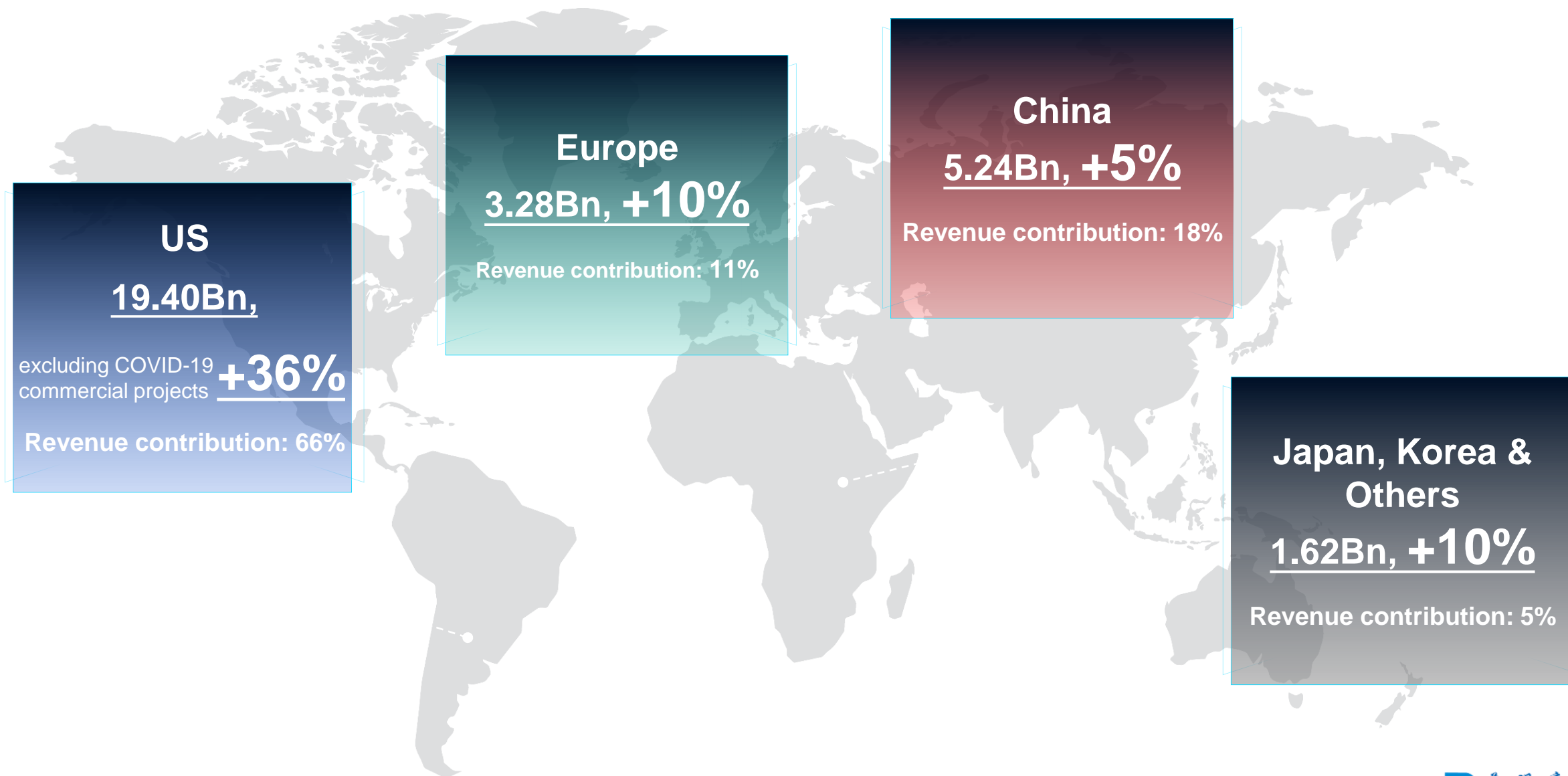
Clients using multiple services

27.27Bn,

excluding COVID-19 commercial projects **+28%↑**



Diversified Revenue Streams from Customers Across Regions Ensure the Stability and Resilience of the Company's Financial Performance



ESG Leading Position Further Enhanced in the Global ESG Rating Systems



Consecutive “AA” ratings in 2021, 2022 and 2023



Improved to “Silver” rating in 2023



Named to the 2022 S&P DJSI (World and Emerging Markets)



Awarded as Industry and Regional Top Rated company



Leadership level of “A-” in 2022 CDP Climate Change rating

2. Business Highlights

WuXi Chemistry: Integrated CRDMO Business Model Drives Steady Growth, with Continued Expansion in TIDES

Financial Performance

- Q3 revenue declined **0.9%** YoY to **7.77bn**, excluding COVID-19 commercial projects, grew **22.4%**
- Q1-Q3 revenue grew **2.0%** YoY to **21.24bn**, excluding COVID-19 commercial projects, grew strongly by **31.0%**
- Q1-Q3 adjusted non-IFRS **GPM 45.7%**, improved by **4.5pts** YoY, mainly due to FX impact, while efficiency continued to improve

Drug Discovery (R) Generating Downstream Opportunities

- In the past 12 months, successfully synthesized and delivered **420,000+** new compounds (grew **11%** YoY), generating opportunities for downstream business units
- With strengthened capabilities of the integrated platform, molecules converted from R to D&M continued rapid growth
- Growing demand from long-tail customers in discovery services of small molecule & new modalities, # of new customers grew **12%** YoY

Strong Growth of Development and Manufacturing (D&M)

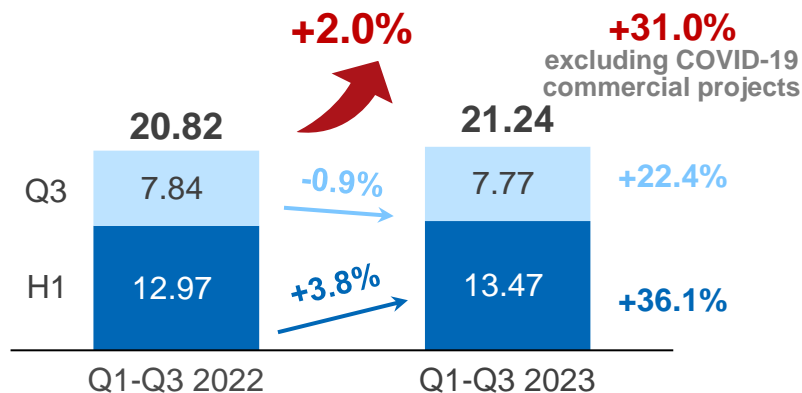
- Q1-Q3 D&M revenue grew **1.4%** YoY to **15.63bn**; excluding COVID-19 commercial projects, grew strongly by **48.2%**
- Total pipeline of **3,014** molecules (with **926** newly added in Q1-Q3), including **58** commercial, **61** Phase III, **316** Phase II, and **2,579** preclinical & Phase I projects, adding **12** commercial & Phase III projects in Q1-Q3

Continued Expansion of New Modalities (TIDES)

- Q1-Q3 TIDES revenue grew strongly by **38.1%** YoY to **2.07bn**. Q4 revenue expected to increase significantly, with TIDES full year revenue growth expected to exceed **60%** in 2023. As of Sep. 30, 2023, TIDES backlog accelerated to grow by **245%** YoY
- TIDES D&M customers grew **31%** YoY to **127**, and molecules grew **48%** YoY to **230**
- Initiated capacity expansion in Changzhou and Taixing. The expanded workshops are expected to commence operation in Dec. 2023, with the total reactor volume of peptide solid phase synthesizers increased from **20,000L** to **32,000L**

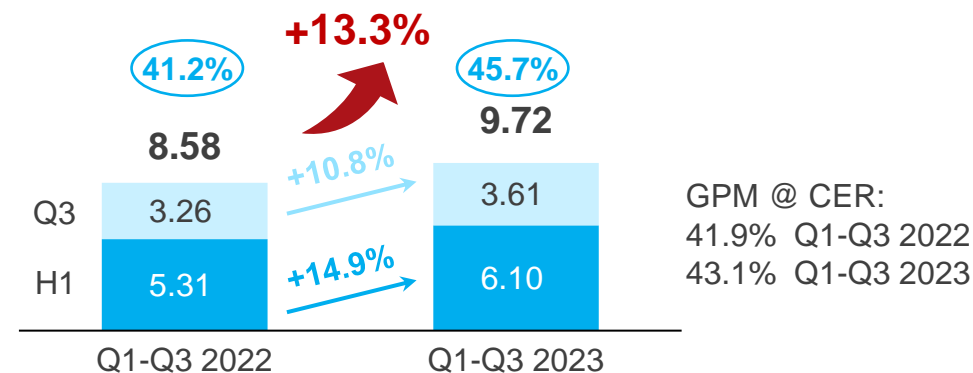
Revenue

RMB billion

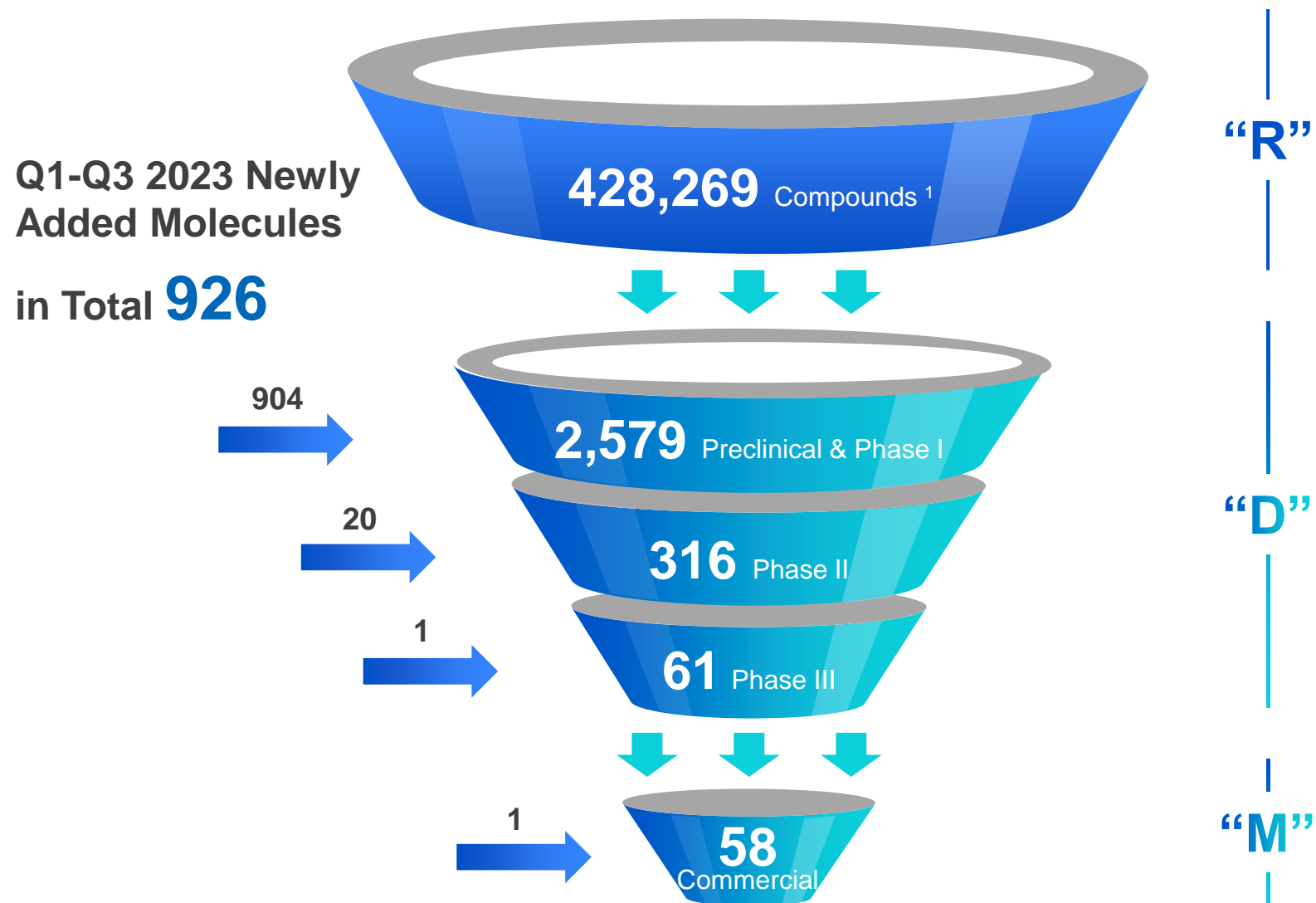


Adjusted Non-IFRS Gross Profit

RMB billion



WuXi Chemistry: Growing CRDMO Pipeline driven by “Follow the Molecule + Win the Molecule” Strategies



WuXi Testing: Drug Safety Evaluation Service & SMO Maintain Leadership Position and Drive Steady Growth

Financial Performance

- Q3 revenue grew **12.2%** YoY to **1.76bn**
- Q1-Q3 revenue grew **16.2%** YoY to **4.85bn**
- Q1-Q3 adjusted non-IFRS **GPM 38.6%**, improved by **1.8pts** YoY, mainly due to FX impact, while efficiency continued to improve

Lab Testing Services

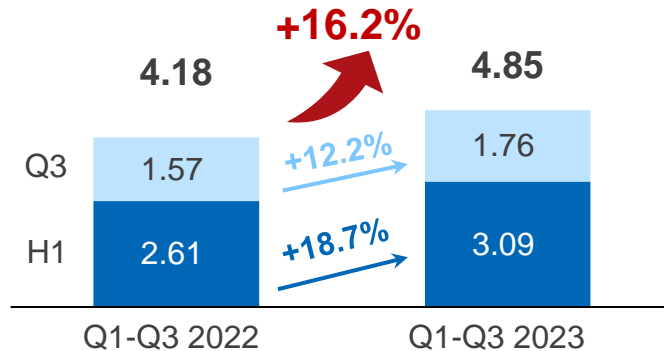
- Q3 revenue of lab testing services grew **12.2%** YoY to **1.29bn**, among which, drug safety evaluation service revenue grew strongly by **31.5%** YoY
- Q1-Q3 revenue of lab testing services grew **16.3%** YoY to **3.54bn**, among which, drug safety evaluation service revenue grew **26.9%** YoY, maintaining the APAC **industry leadership** position. Meanwhile, new facilities in Qidong and Suzhou have begun delivering new projects
- New modality capabilities continue to develop, while market share of nucleic acids, conjugates, and mRNA further expands, and new vaccine capabilities continue to improve

Clinical CRO & SMO

- Q3 revenue from clinical CRO and SMO grew **12.0%** YoY to **0.47bn**, among which, SMO revenue grew by **25.8%** YoY
- Q1-Q3 revenue from clinical CRO and SMO grew **15.9%** YoY to **1.32bn**, among which, SMO revenue grew strongly by **31.0%** YoY, maintaining **leadership** position in China
- Clinical CRO enabled customers to obtain **13** IND approvals and submit for **5** NDA filings; SMO supported **35** new drug approvals

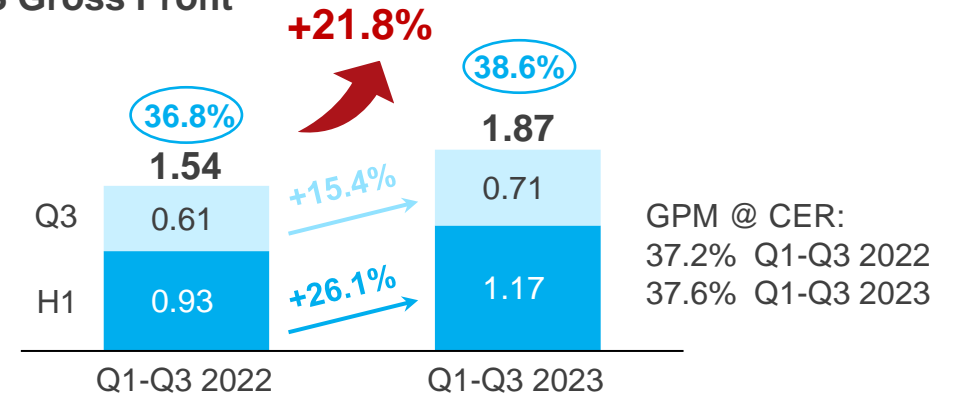
Revenue

RMB billion



Adjusted Non-IFRS Gross Profit

RMB billion



WuXi Biology: New Modalities Business Drives Growth; WuXi Biology Platform Continues to Generate Downstream Opportunities

Financial Performance

- Q3 revenue declined **3.8%** YoY to **0.66bn**
- Q1-Q3 revenue grew **6.5%** YoY to **1.89bn**
- Q1-Q3 adjusted non-IFRS **GPM 42.8%**, improved by **1.6pts** YoY due to FX impact
- Q1-Q3 revenue from new modalities grew strongly by **35%** YoY, contributing **25.9%** of revenue

Discovery Biology

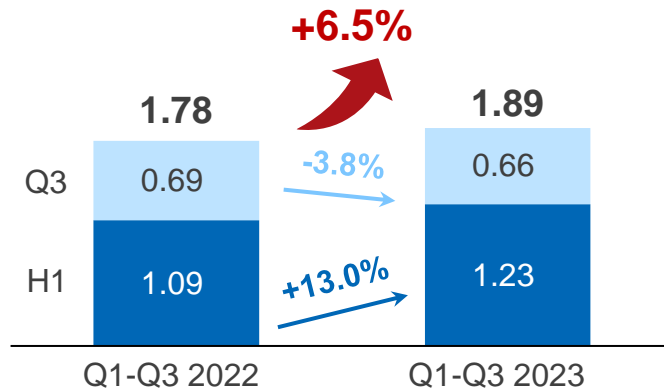
- One of the largest discovery biology enabling platforms with **~3,000** experienced scientists globally (across 9 sites in China, the US and Germany), covering all stages of drug discovery and all major therapeutic areas
- Focused on improving capabilities related to new modalities. Number of customers and projects served by our **nucleic acid platform** continued to increase. Cumulatively, we have provided services to **130+** customers, and successfully delivered **800+** projects since 2021

Comprehensive Screening Platform

- Early discovery screening platform** integrating multi-technologies (HTS, DEL, ASMS, FBDD, CADD, etc.) and analysis capabilities of multi-dimensional databases, provides extensive and in-depth services to customers
- In Q3 2023, launched the automated high-throughput protein production in Suzhou, and **DELvision**, a new service of chemical-proteome database to bridge the gap between small molecule chemical space and proteomics. Through accumulation of the eminent experimental data, DELvision empowers customers to effectively decipher the mechanism of protein-small molecule interactions
- In Q1-Q3 2023, continued to generate downstream opportunities and contributed **20%+** of the Company's new customers

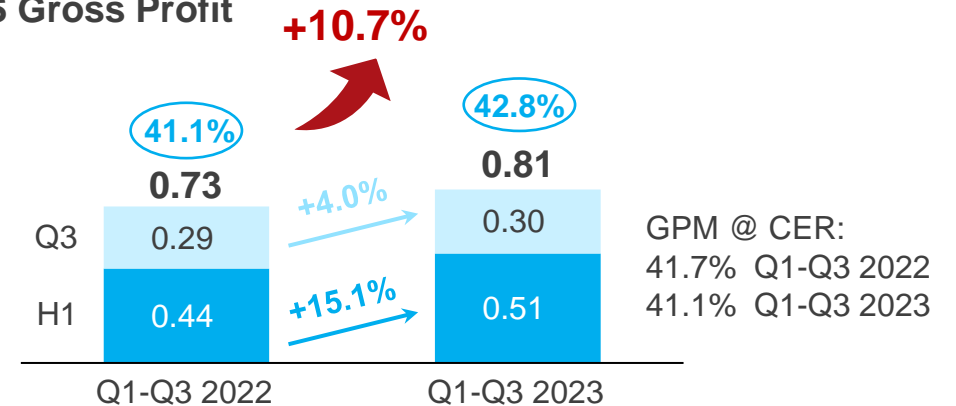
Revenue

RMB billion



Adjusted Non-IFRS Gross Profit

RMB billion



WuXi ATU: CTDMO Business Model Drives Growth

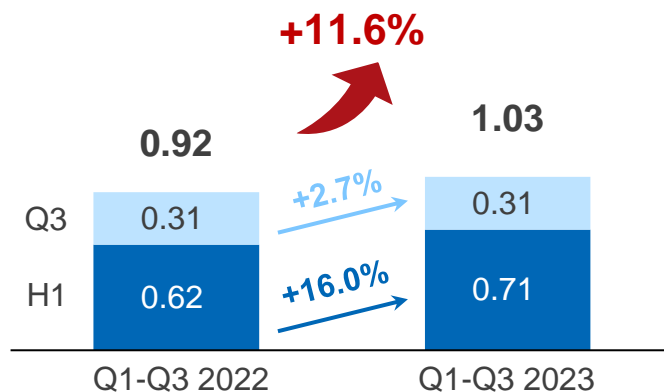
Financial Performance

- Q3 revenue grew **2.7%** YoY to **0.31bn**
- Q1-Q3 revenue grew **11.6%** YoY to **1.03bn**
- Q1-Q3 adjusted non-IFRS **GPM -6.1%**, improved by **0.4pts** YoY due to FX impact

Pipeline & Progress of Commercial Projects

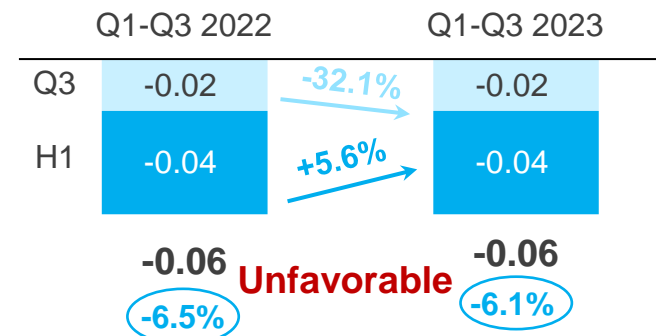
- Focused on improving our integrated CTDMO enabling platform, providing development, testing & manufacturing services for **68** projects, including **7** Phase III projects (**2** projects in BLA review stage, and **2** projects in BLA preparation stage), **9** Phase II projects, and **52** preclinical and Phase I projects
- Supported a client to complete BLA filing for a TIL product with FDA, the **world's first innovative TIL-based therapy**, and **facilities in Philadelphia (U.S.) successfully passed the FDA pre-license inspection (PLI)**
- Supported a client to file BLA for the LVV used in a CAR-T product, and became the **first CGT CDMO in China to pass CFDI¹ LVV on-site inspection**. We expect our customers will **obtain approval of their products in Q4 2023**
- Completed the technology transfer to manufacture a blockbuster commercial CAR-T product; **process performance qualification is now in progress, and is expected to file pre-approval submission (PAS) to FDA in H1 2024**
- In June 2023, signed an LVV manufacturing contract used in a commercial CAR-T product, **expected to start manufacturing in H1 2024**

Revenue
RMB billion



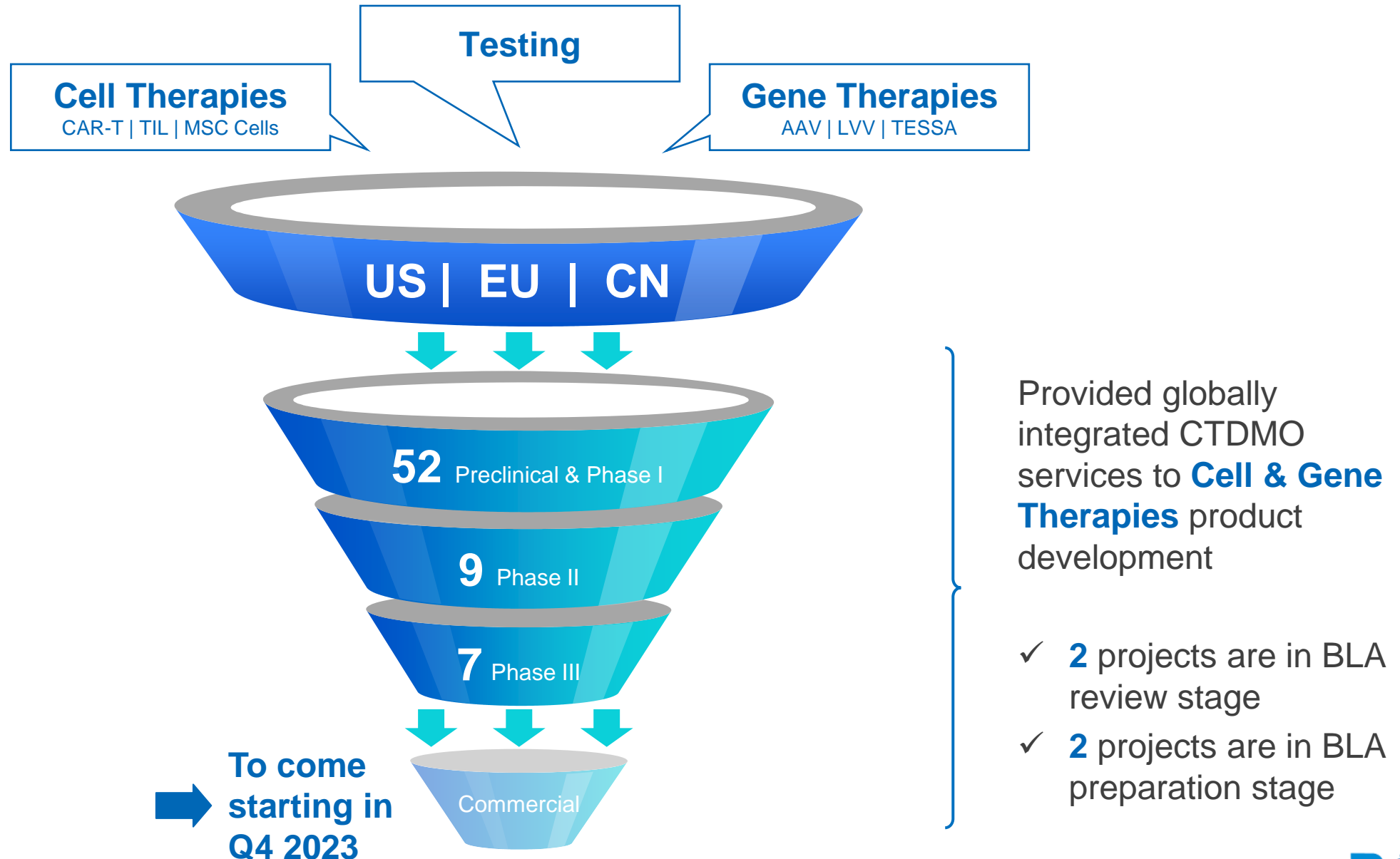
Adjusted Non-IFRS Gross Profit

RMB billion



GPM @ CER:
-6.3% Q1-Q3 2022
-6.7% Q1-Q3 2023

WuXi ATU: Growing Pipeline on Our Globally Integrated CTDMO Platform



WuXi DDSU: the First Year to Receive NDA Approval of New Drugs Developed for Customers; Breakthrough to Receive the First Royalty Income

Financial Performance

- Q3 revenue declined **31.2%** YoY to **0.15bn**
- Q1-Q3 revenue declined **26.9%** YoY to **0.49bn**; achieve the breakthrough to receive **the first** royalty income
- Q1-Q3 adjusted non-IFRS **GPM 31.6%**, improved by **3.5pts** YoY mainly thanks to favorable project mix

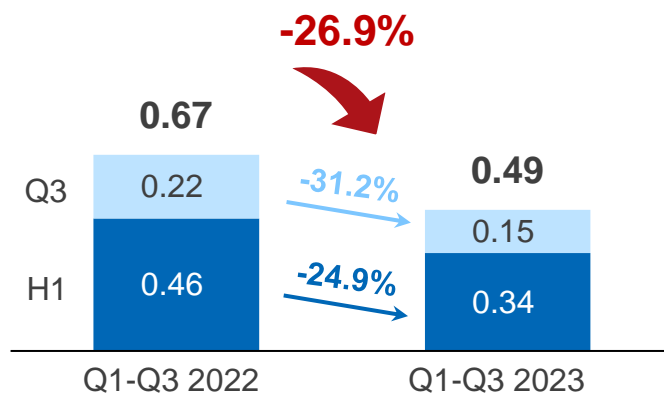
NDA Approval

- In Q1-Q3 2023, **2 new drugs** developed for our customers have **obtained NMPA approvals**, including **one for COVID-19 infection treatment and the other for tumor treatment**; 2 new drug candidates in NDA review stage
- In Q3 2023, continued to receive **the royalty income of the 2 approved new drugs** from customers. Royalty income is estimated to grow at **50%+** CAGR over the next 10 years as more and more products get commercialized by DDSU customers

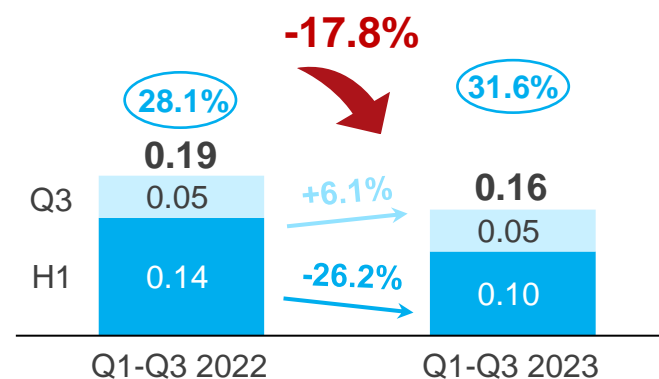
Project Pipeline

- In Q1-Q3 2023, supported customers to file INDs for **15** drug candidates and obtained **19** Clinical Trial Approvals (CTAs)
- Cumulatively submitted **187** IND filings and obtained **163** CTAs, with **2** projects receiving NDA approvals, **2** project in NDA review stage, **5** in Phase III, **29** in Phase II, and **70** in Phase I
- 17** new modality projects covering peptide/PDC, PROTAC[®] and oligo. **2** projects entered clinical stage, some projects have filed INDs, and multiple projects expected to file INDs in 2023

Revenue RMB billion



Adjusted Non-IFRS Gross Profit RMB billion

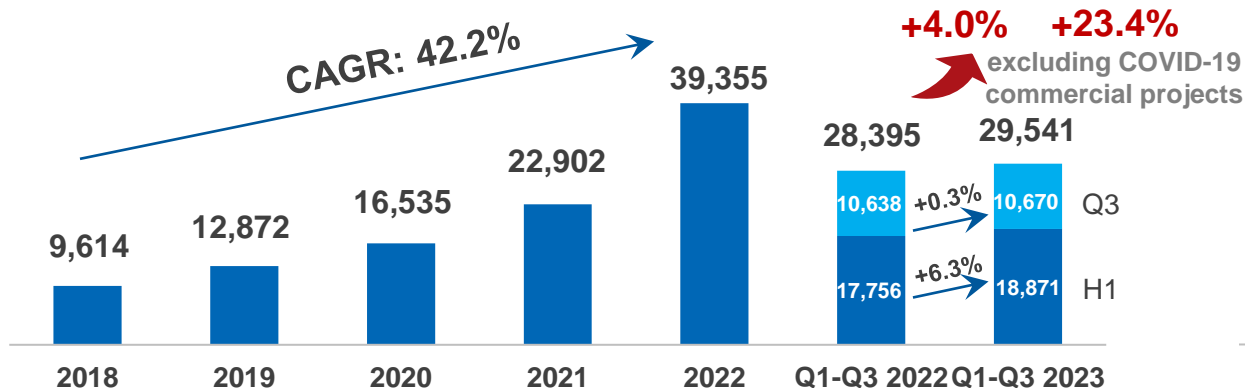


3. Financial Performance

Financial Performance

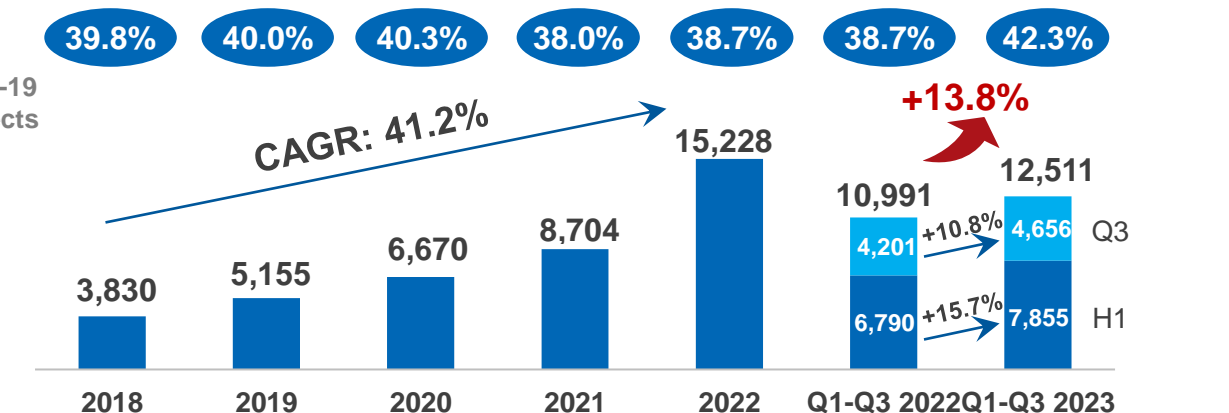
Revenue

RMB MM



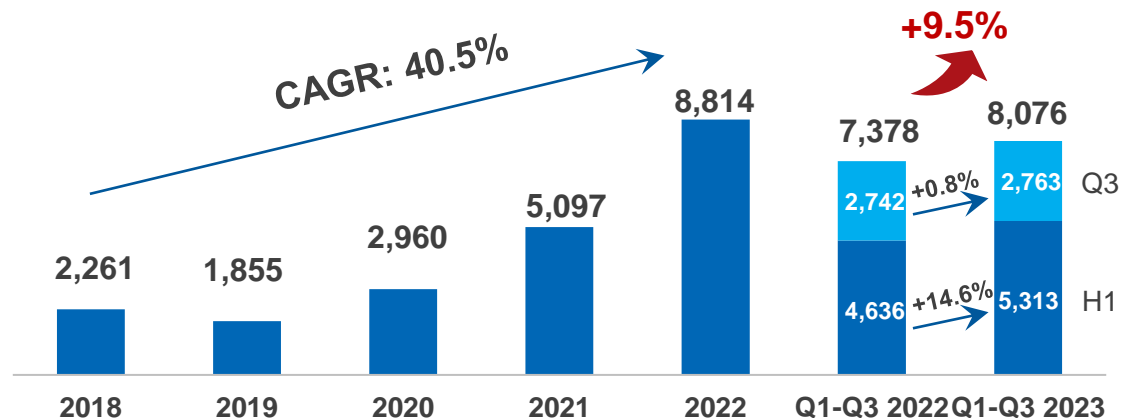
Adjusted Non-IFRS Gross Profit

RMB MM



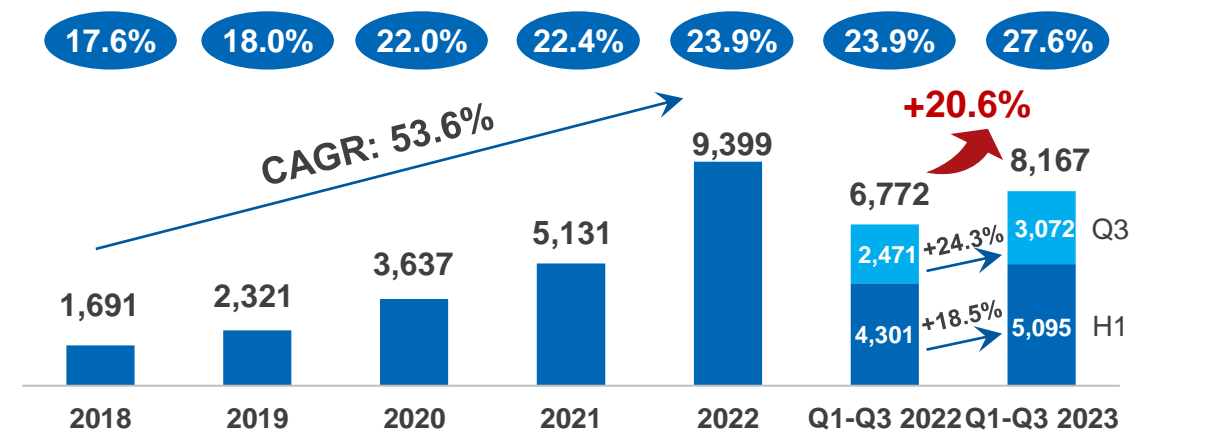
Net Profit Attributable to Owners of the Company

RMB MM



Adjusted Non-IFRS Net Profit Attributable to Owners of the Company

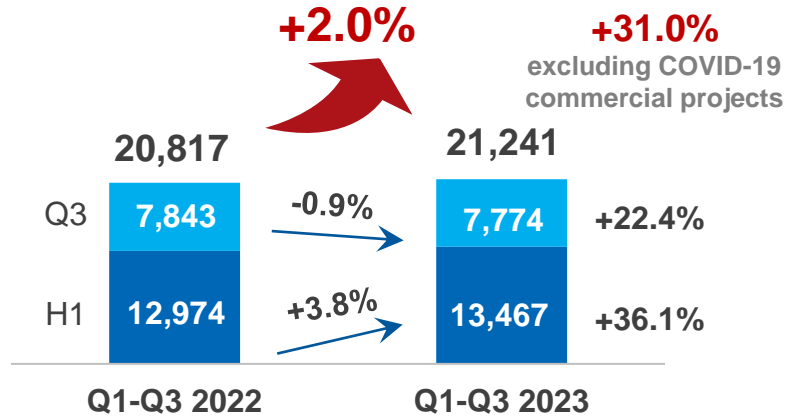
RMB MM



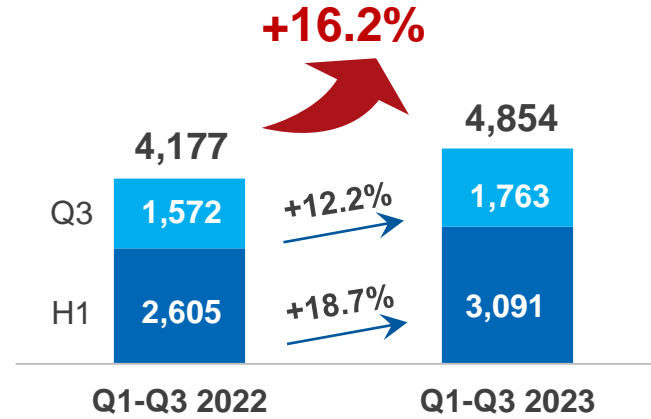
Segment Revenue

RMB MM

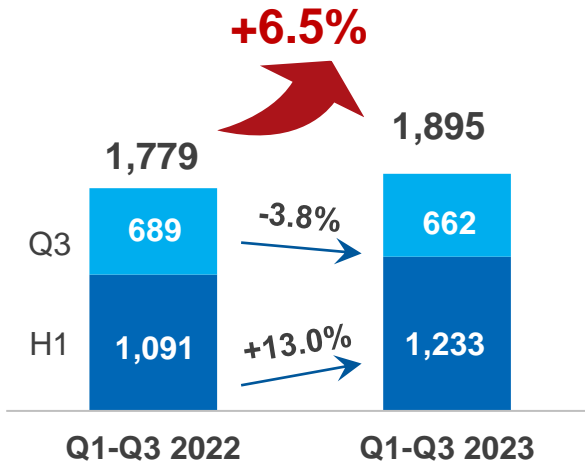
WuXi Chemistry



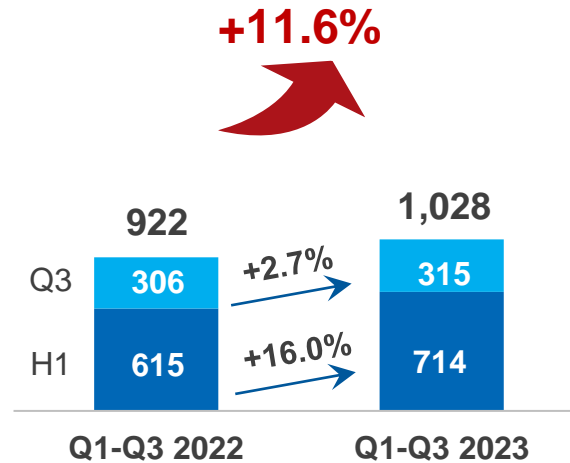
WuXi Testing



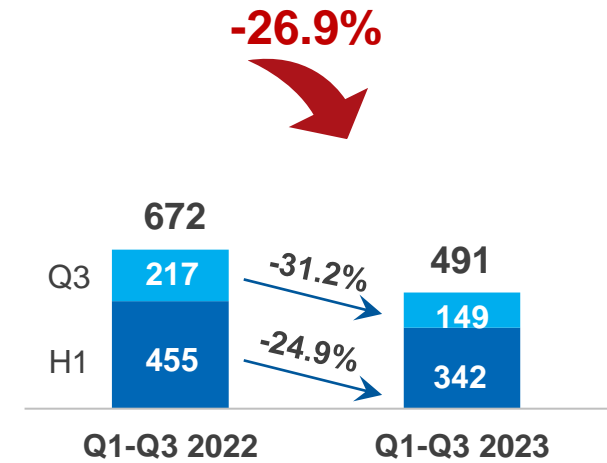
WuXi Biology



WuXi ATU



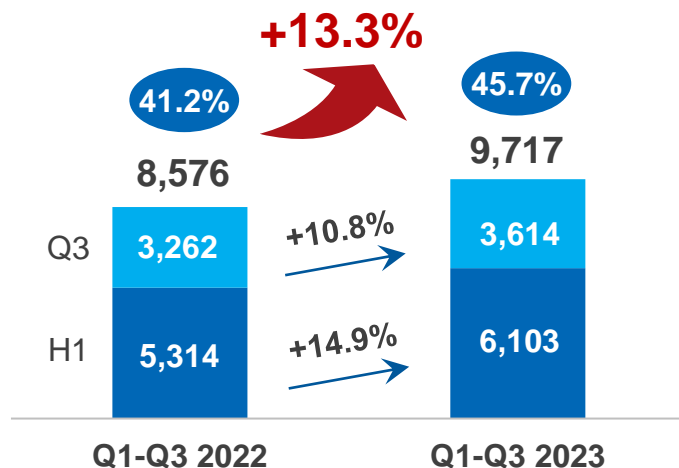
WuXi DDSU



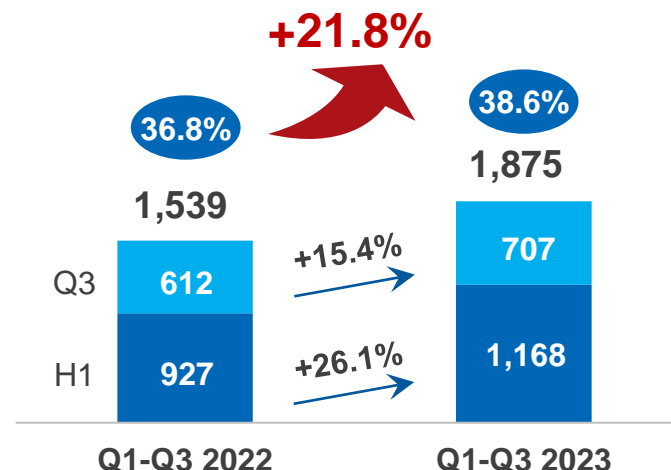
Segment Adjusted Non-IFRS Gross Profit

RMB MM

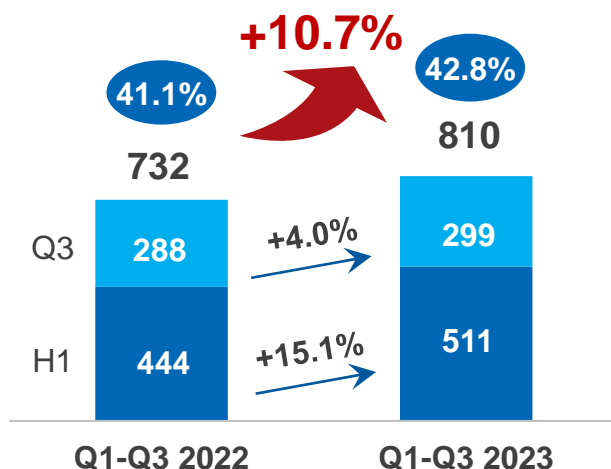
WuXi Chemistry



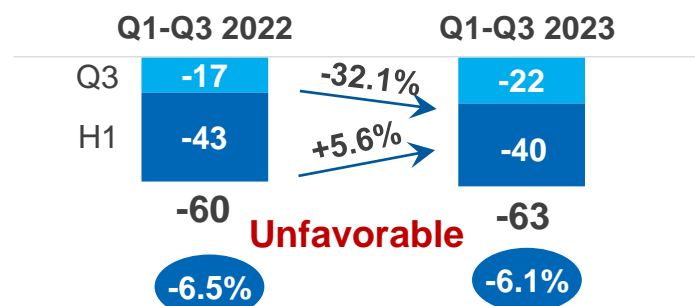
WuXi Testing



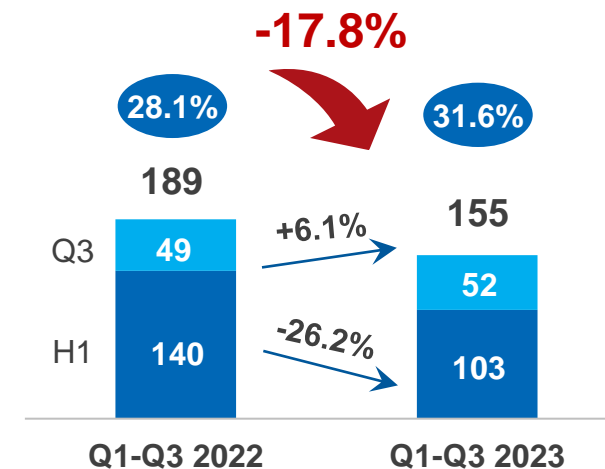
WuXi Biology



WuXi ATU

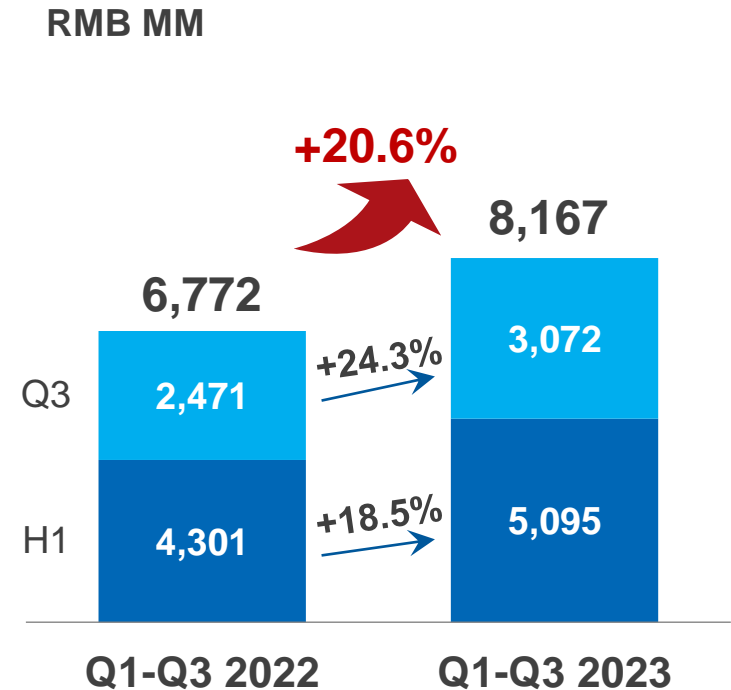


WuXi DDSU



Adjusted Non-IFRS Net Profit

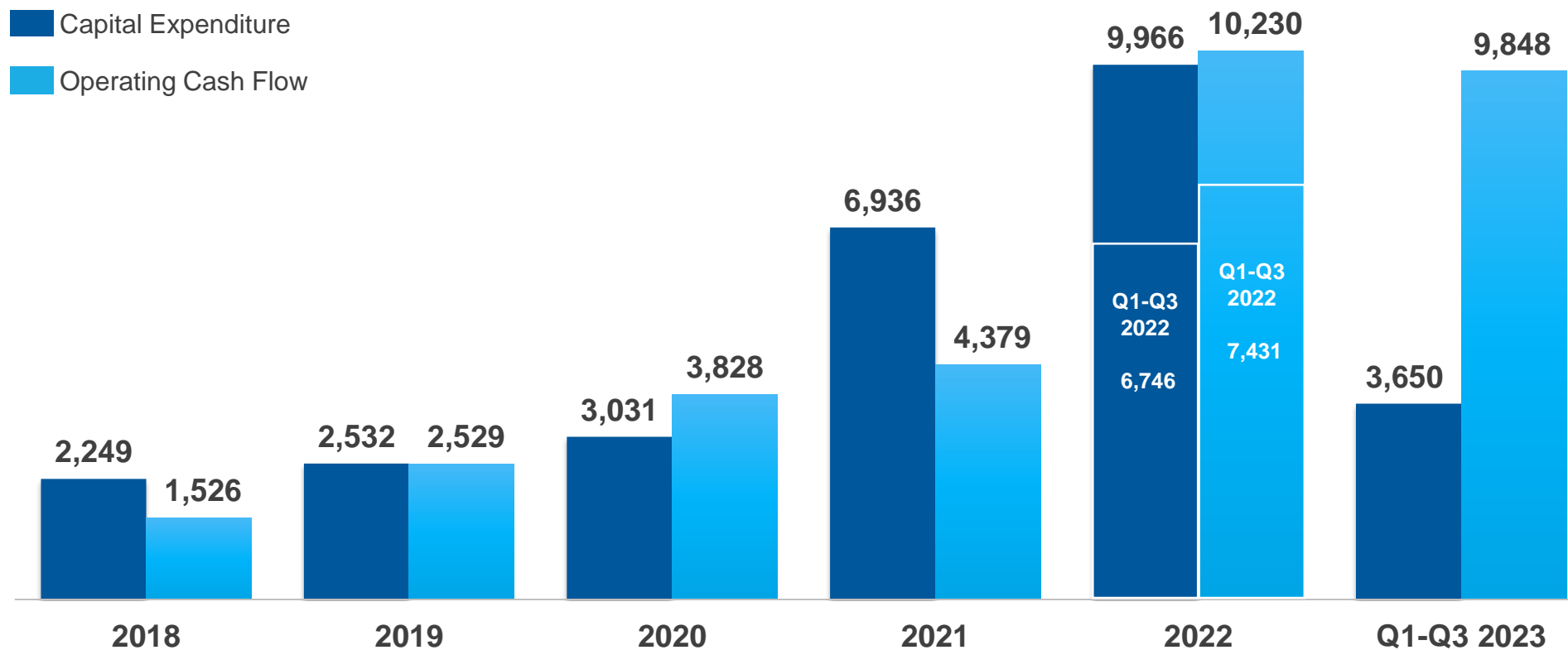
RMB Million	Q1-Q3 2022	Q1-Q3 2023
Net profit attributable to the owners of the Company	7,378	8,076
Add:		
Share-based compensation expenses	503	481
Issuance expenses of convertible bonds	1	0.3
Fair value gains from derivative component of convertible bonds	(617)	(40)
Foreign exchange related gains	(366)	(355)
Amortization of acquired intangible assets from merge and acquisition	43	43
Non-financial assets impairment	-	43
Non-IFRS net profit attributable to the owners of the Company	6,942	8,249
Add:		
Realized and unrealized gains from venture capital investments	(170)	(75)
Realized and unrealized share of losses (gains) from joint ventures	0.4	(7)
Adjusted non-IFRS net profit attributable to the owners of the Company	6,772	8,167



Continued Growth of FCF Driven by Business Growth & Operating Efficiency

Q1-Q3 2023 Operating Cash Flow Grew Strongly by 32.5% YoY; Continued to Invest in New Capacities & New Capabilities

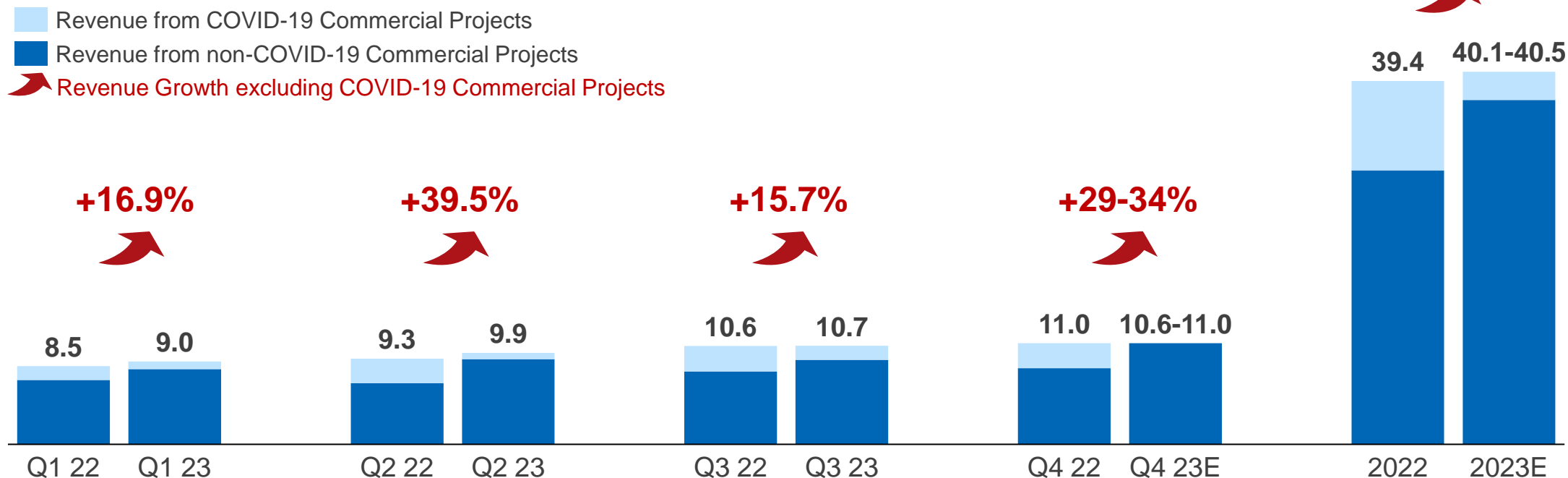
RMB MM



4. Growth Outlook

Q4 and Full Year 2023 Revenue Forecast

RMB billion



In Q4 2023, revenue will all come from non-COVID-19 commercial projects. Without COVID-19 commercial projects, we expect Q4 revenue to exceed RMB 10 billion for the first time:

- WuXi Chemistry D&M revenue will continue strong growth momentum, and accelerate growth on top of Q1-Q3
- Due to lower than expected demand of early-stage drug discovery services, revenues from certain lab service related business will be significantly below budget

2023 Outlook



1

The Company sees lower than expected demand of early-stage drug discovery services in Q4, which will be significantly below budget. **Therefore, we adjust 2023 revenue growth from 5-7% to 2-3%; excluding COVID-19 commercial projects, revenue growth from 29-32% to 25-26%**

2

Thanks to FX impact and efficiency improvements, **adjusted non-IFRS GPM expects to be up ~0.5pts and reach 41.7-42.1%**; with further improved operating efficiency, **adjusted non-IFRS net profit will exceed RMB 10 billion for the first time**

3

Resulting from our unique CRDMO & CTDMO business model, better asset utilization and efficiency improvements, **free cash flow expects to be up and reach RMB 4.5-5.0 billion, which will be over 17 times as compared to last year**

4

Due to lower than expected growth, the management team **proactively proposed to terminate the 2023 H share incentive plan, repurchase and cancel 15,467,500 H shares, representing ~0.52% of the Company's total share capital (worth of HKD ~1.3 billion¹)**. This has been **unanimously approved by the Company's Board of Directors**

Note: 1. Value based on the actual purchased price.

Disclaimer: This presentation may contain certain "forward-looking statements" which are not historical facts, but instead are predictions about future events based on our beliefs as well as assumptions made by and information currently available to our management. Although we believe that our predictions are reasonable, future events are inherently uncertain and our forward-looking statements may turn out to be incorrect.