药明康德
WuXi AppTec

A Leading Open-Access Platform that Enables Pharmaceutical Innovations Worldwide

2019 Interim Results

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, and unforeseeable international tension. 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.

Use of Non-IFRS and Adjusted Non-IFRS Financial Measures

We provide non-IFRS net profit attributable to owners of the Company and earnings per share, which exclude share-based compensation expenses, listing expenses for offering of our A shares and H shares, foreign exchange-related gains or losses and amortization of intangible assets acquired in business combinations. We further provide an adjusted non-IFRS net profit attributable to owners of the Company and earnings per share, which exclude realized and unrealized gains or losses from our venture investments and joint ventures. Neither 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 and non-recurring items that we do not consider indicative of the performance of our core business. 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.

Agenda

01 Company Introduction

02 2019 Interim Results

03 Company Highlights

04 Financial Overview

Notes:
All financials disclosed in this press release are prepared based on International Financial Reporting Standards (or "IFRSs").
The unit of currency is RMB.

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01

Company Introduction

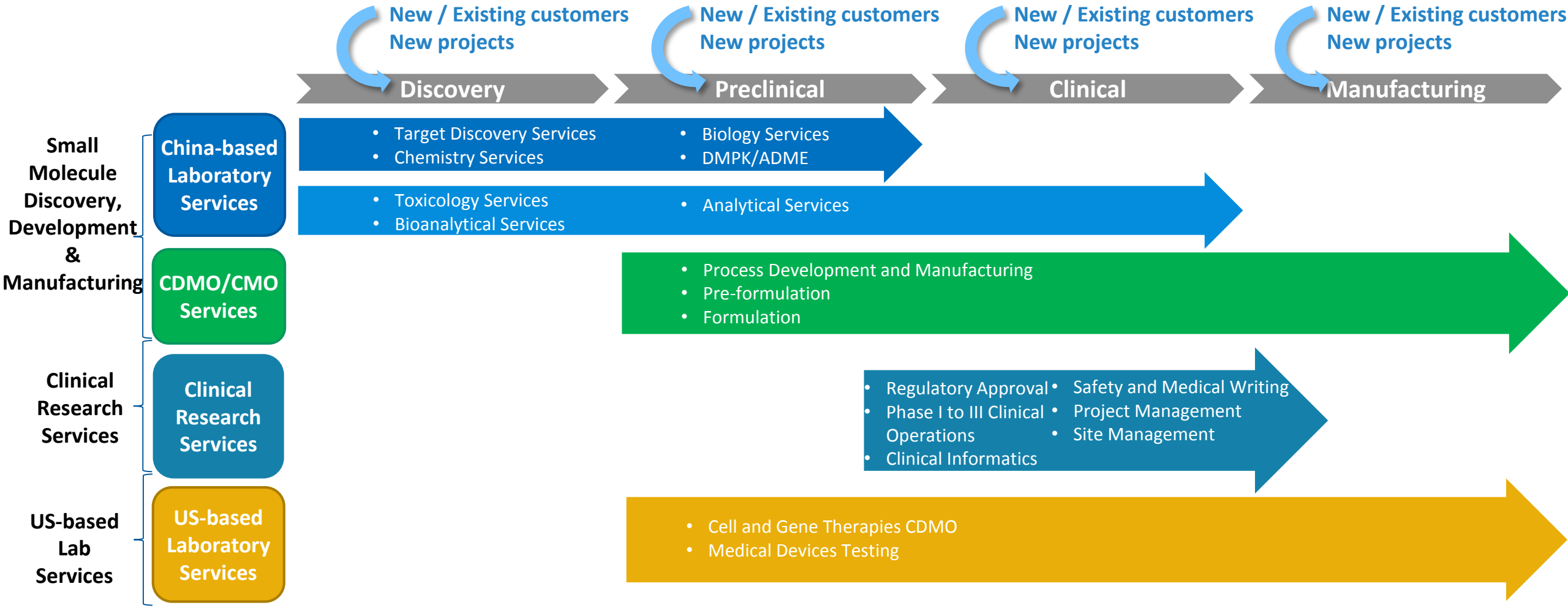
Our Vision

“Every drug can be made and every disease can be treated” through building the open-access platform with the most comprehensive capabilities and technologies in the global healthcare industry

2001	2019
from one single chemistry hood	to a global platform with 28 sites worldwide
from one customer	to over 3,600 collaborative partners
from 4 co-founders	to over 19,000 employees globally, including over 15,000 scientists

Integrated End-to-end Service Capabilities

"Follow the Project, Follow the Molecule" along the Entire Drug Development Cycle



Leading Global Pharmaceutical R&D Services Platform

No.1 pharmaceutical R&D services platform in Asia(1)

One of the few comprehensive, end-to-end new drug R&D services platforms

Highly-trained talent pool and comprehensive set of capabilities with scientists and research technicians

Global footprint of R&D and manufacturing sites, including China, the US and Europe

Asia
No.1

One Stop
Solution

15,000+
Scientists and Research Technicians

28
Sites and Branch Offices

Notes:
1. By 2018 revenue, Frost & Sullivan Analysis

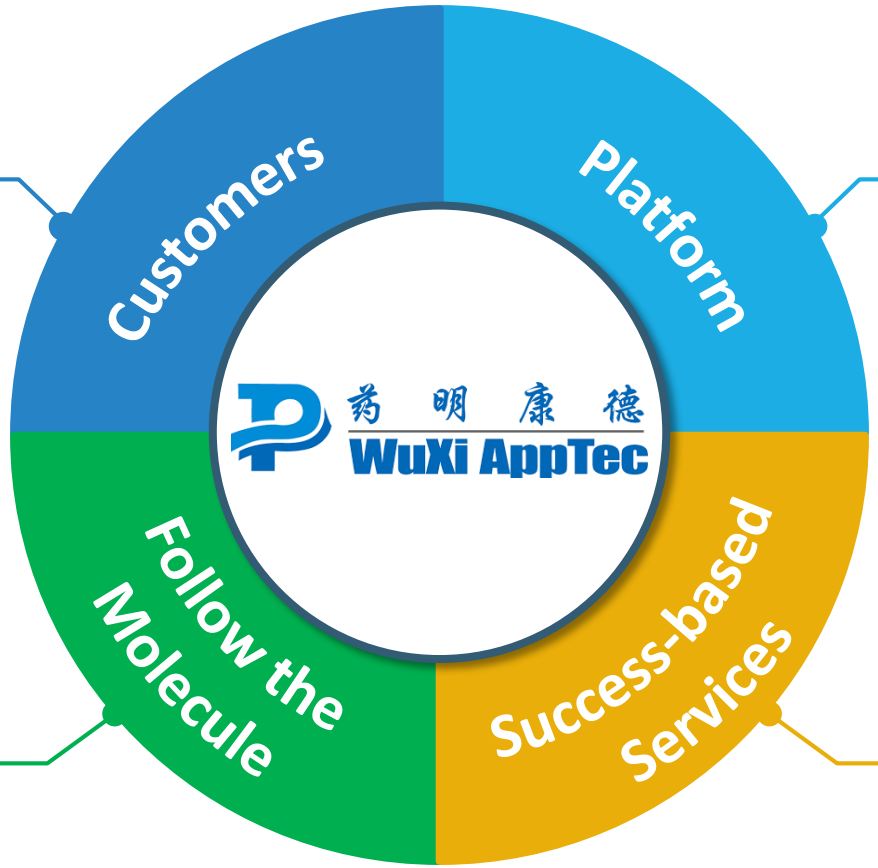
02

2019 Interim Results

2019 Interim Results & Business Highlights

Revenue Accelerated 33.7% Year-Over-Year to RMB5,894 Million, Gross Profit Up 30.0% Year-Over-Year to RMB2,284 Million, Adjusted Non-IFRS Net Profit Accelerated 32.0% Year-Over-Year to RMB1,179 Million

- Acquired nearly **600** new customers. Active customers exceeded **3,600**.
- Continued to provide services to all of the **Top 20** global pharmaceutical companies.
- **100%** retention rate for our top 10 customers.



- **28** global sites, **15,000+** scientists.
- WIND program helped customer obtain CTA from FDA under eCTD format for the first time.
- Qidong R&D Center and Wuxi cell and gene therapies CDMO facility began operation.
- Acquired **Pharmapace** to enhance our biometrics services capabilities.

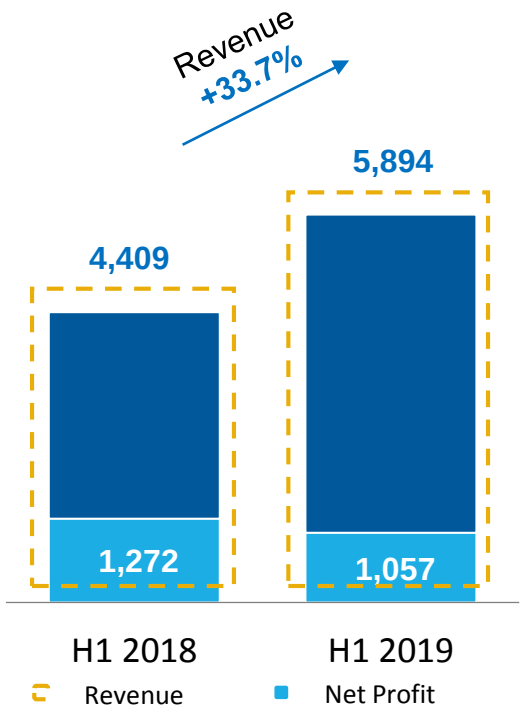
- **800+** small molecule projects, including **11** projects under China MAH. **40** projects are in Phase III and **16** have been commercialized.
- **30** clinical stage cell and gene therapies projects, including **21** in Phase I and **9** in Phase II/III.

- In the first half of 2019, submitted **10** IND filings for our customers, and obtained **11** CTA approvals.
- Cumulative, submitted **65** IND filings for our customers, obtained **45** CTA approvals.

2019 Interim Results Overview

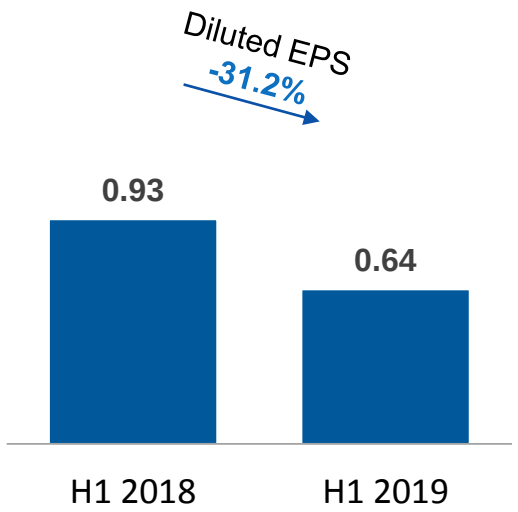
Revenue / Net Profit

RMB MM



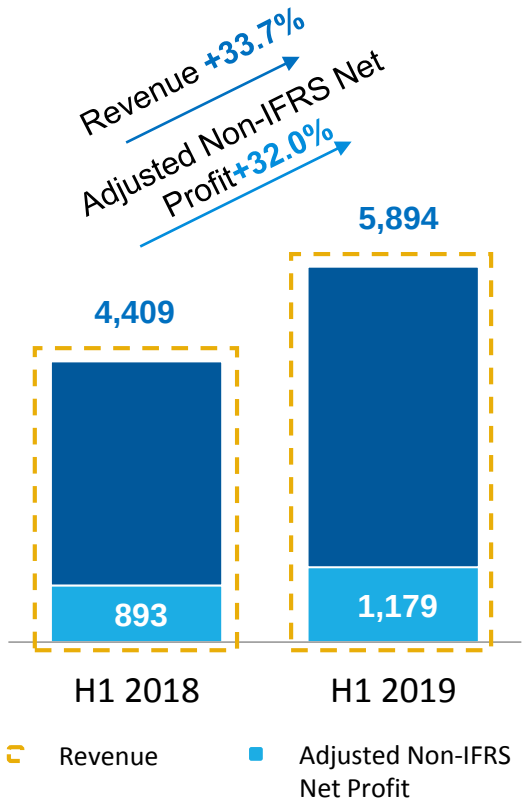
Diluted EPS

RMB



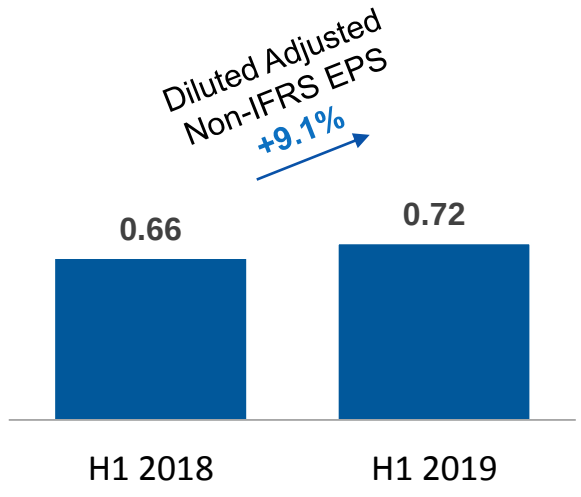
Revenue / Adjusted Non-IFRS Net Profit

RMB MM



Diluted Adjusted Non-IFRS EPS

RMB



Notes:

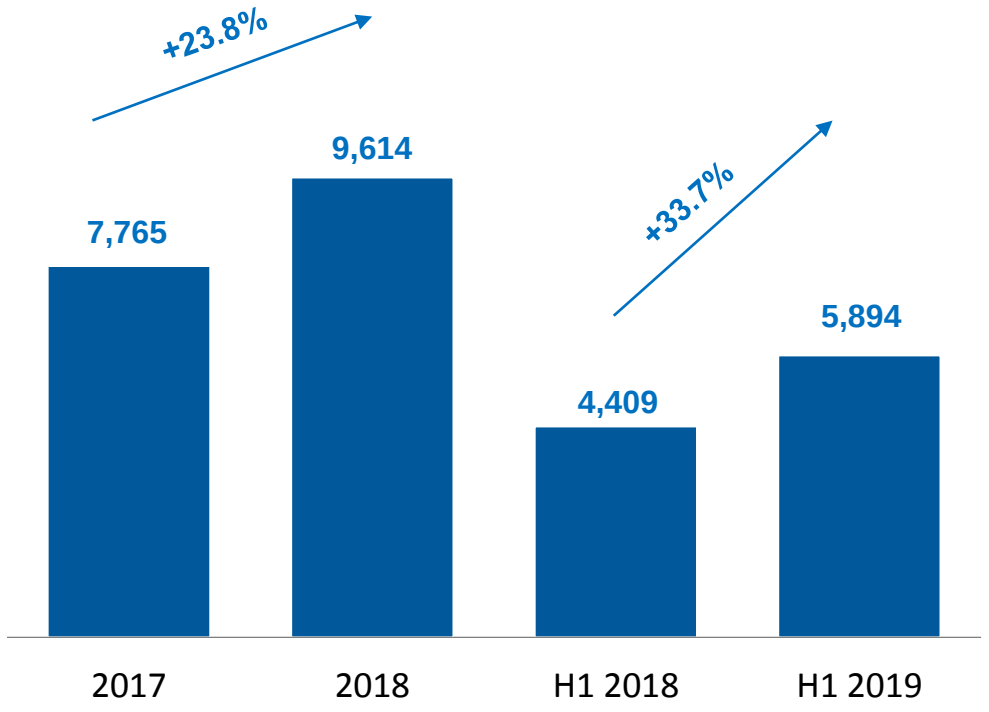
During the Reporting Period, we reported a loss of RMB55 million from the fair value change of our investment portfolio. In the same period last year, we reported RM432 million gain.

Six months ended June 30, 2018 and six months ended June 30, 2019, we had diluted weighted average 1,361,259,141 and 1,631,360,114 ordinary shares, respectively.

Accelerated Growth in the First Half of 2019

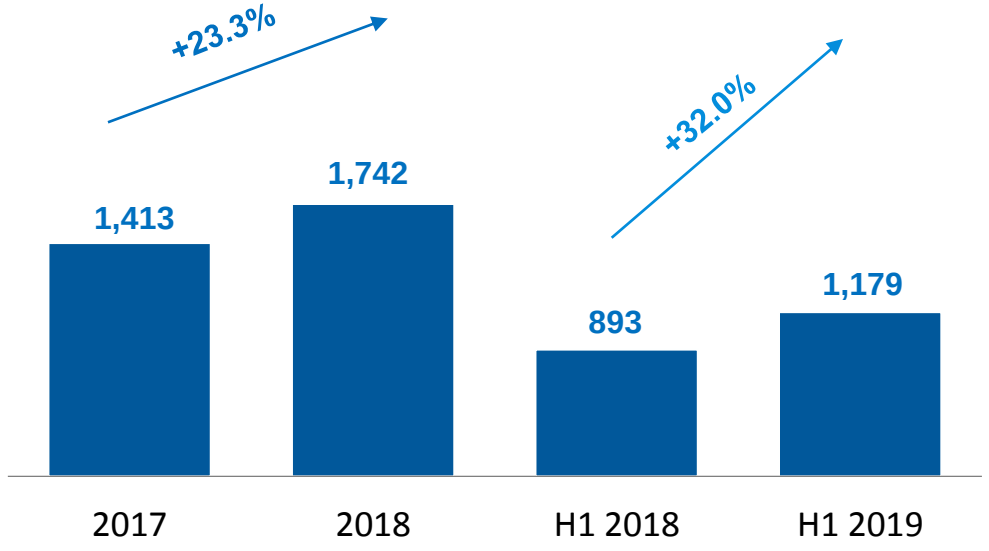
Revenue

RMB MM



Adjusted Non-IFRS Net Profit

RMB MM



03

Company Highlights

Strong, Loyal and Expanding Customer Base

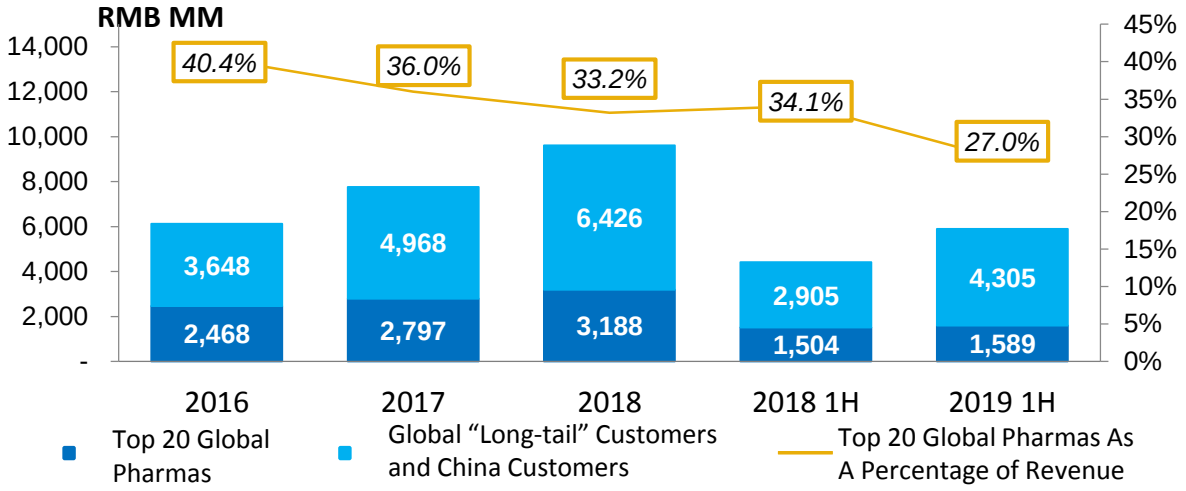
3,600+ Active Customers Including All of the Top 20 Global Pharmaceutical Companies [1]

94.5% of Revenue from Repeat Customers [1]

27.6% of Our Customers Used Services from More Than One of Our Business Units, Representing **79.2%** of Our Revenue [1]

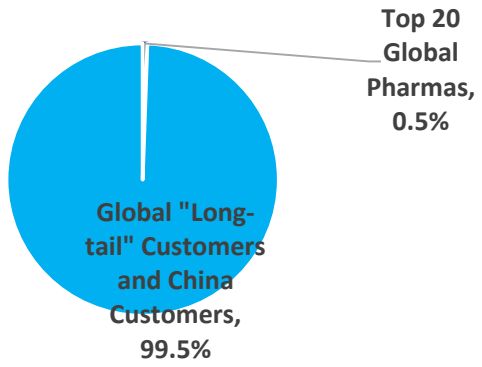
100% Retention for Top 10 Customers [2]

CAGR	Top 20 Global Pharmas	Global "Long-tail" Customers and China Customers	Total
2016-2018	13.6%	32.7%	25.4%

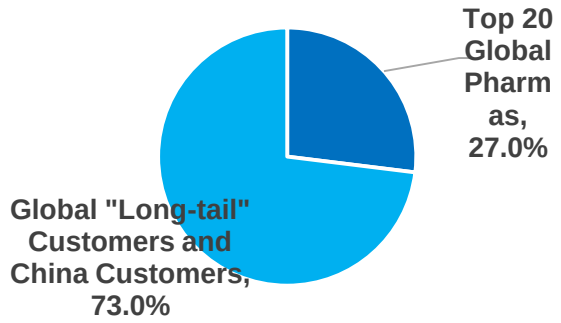


2019H1 Customer & Revenue Composition

Customer Composition



Revenue Composition



Notes:
1. 2019H1
2. 2015 – 2019H1

China-based Laboratory Services Highlights

Revenue & Profit

- Revenue growth 23.7% YoY.
- Gross profit growth 20.0% YoY.
- GPM 43.5%, down by 1.34pct., because we paid more incentives to our employees and different project mix.

Small Molecule Drug Discovery

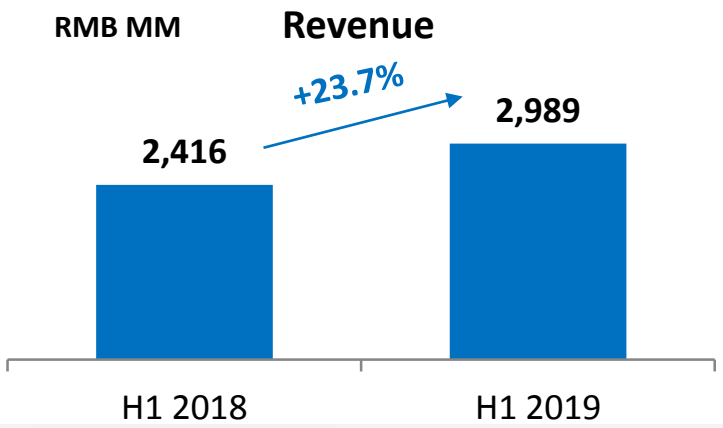
- Assisted global customers developing many PCC molecules and patent applications, with various research papers published.
- DEL with 90B compounds, enabling global customers.

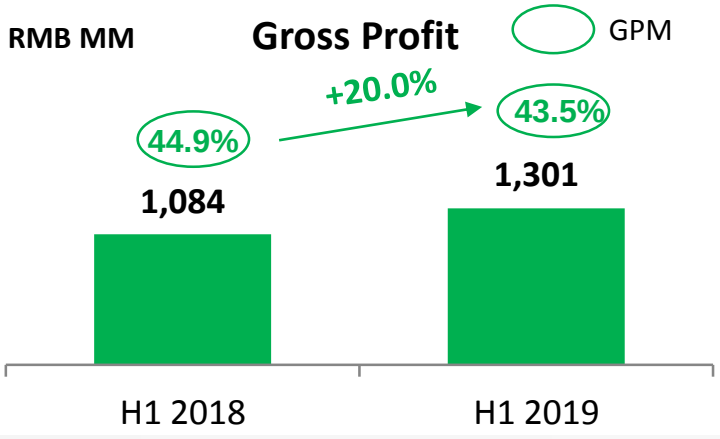
Integrated IND Package Services

- Combine technical experience, program management and regulatory expertise to facilitate IND submission.
- Helped our customer obtain clinical trial approval from the FDA under eCTD format for the first time.

Success-based Services

- In the reporting period, submitted 10 NME IND filings for our customers and obtained 11 CTAs.
- Cumulatively, submitted 65 NME IND filings for our customers and obtained 45 CTAs.





CDMO/CMO Services Highlights

Revenue & Profit

- Revenue growth 42.0% YoY.
- Gross profit growth 42.7% YoY.
- GPM 40.6%, remained stable compared with the same period last year.

Follow the Molecule

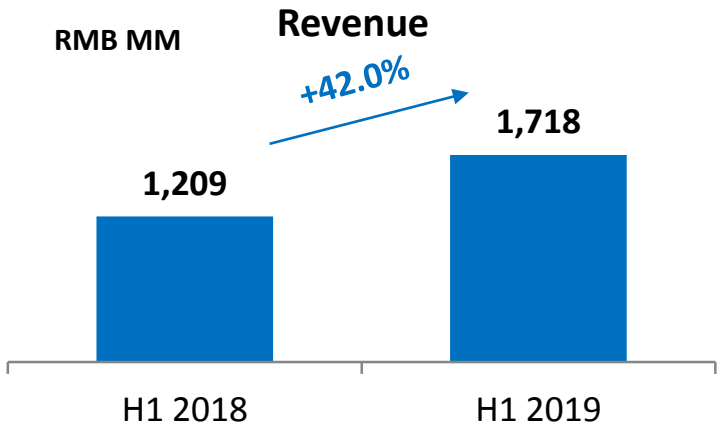
- Provided services to 800+ projects.
- 40 projects in Phase III clinical trial.
- 16 commercial projects.
- 11 projects under China MAH pilot program.

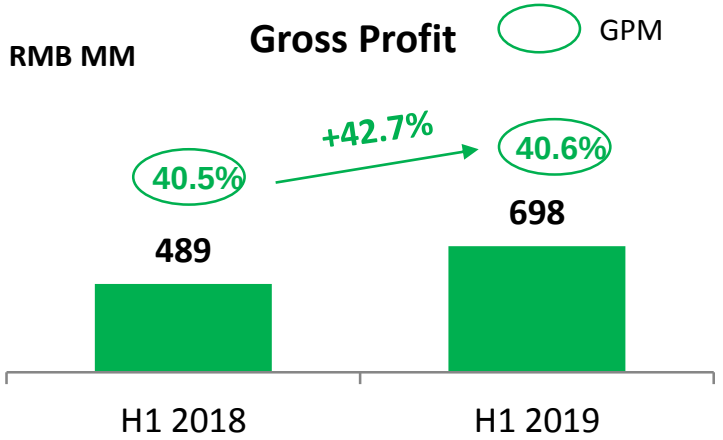
New Capabilities

- Oligonucleotide & polypeptide cGMP pilot facility began operation and completed the 1st campaign for clinical usage material.
- 500L biocatalysis bioreactor for API manufacturing began operation, providing full range of services to our partners.

Proven Quality

- Jinshan facility passed Japan PMDA inspection for the 1st time.
- Changzhou facility passed FDA inspections with no Form 483 issued.
- Drug product manufacturing facility passed its 1st GMP inspection by the European MPA.





US-based Laboratory Services Highlights

Revenue & Profit

- Revenue growth 30.0% YoY.
- Gross profit growth 52.3% YoY.
- GPM 26.9%, up by 3.93 pct., because the utilization rate went up and we actively develop new customers.

Labs & Facility in US & China

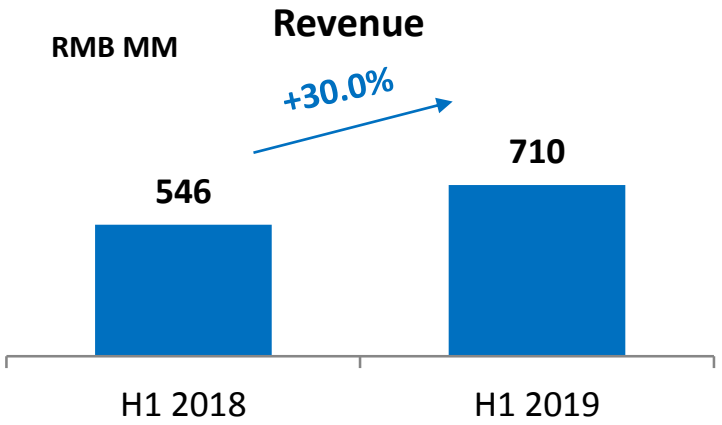
- Cell and Gene Therapies: 20,000M^2 cGMP facilities in Pennsylvania, U.S., 13,000M^2 facilities in Wuxi, China.
- Medical Device Testing: facilities in Minnesota, U.S. and Suzhou, China.

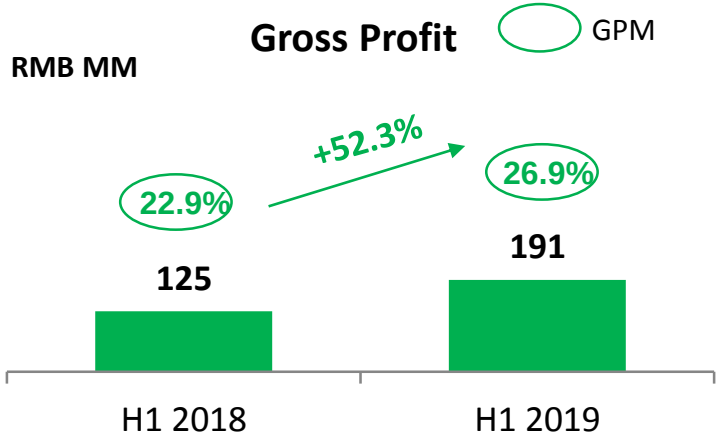
Cell and Gene Therapies CDMO

- Provided services to 30 clinical stage projects.
- 21 projects in Phase I clinical trial.
- 9 projects in Phase II/III clinical trial.

Medical Device Testing

- Integration and strengthening of the management and sales team and actively developed new customers;
- Capture the opportunities brought by European Union MDR.





Clinical Research and Other CRO Services Highlights

Revenue & Profit

- Revenue growth 104.2% YoY. Excluding the effect of acquisition (84M), revenue grew 67.7% YoY.
- Gross profit growth 65.5% YoY.
- GPM 19.4%, down 4.54 percentage points, mainly due to the effect of pass-through revenue and amortization cost of intangible assets associated with M&A.

Capabilities & Capacities

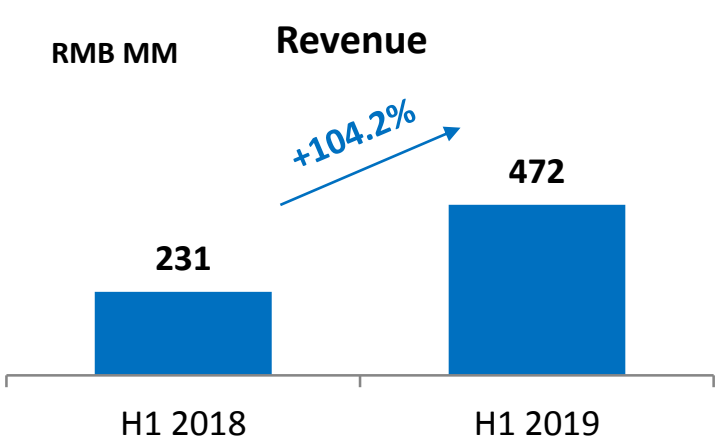
- CDS team has more than 850 employees distributed in China and oversea.
- SMO team has more than 2,200 CRCs distributed in 120+ cities and provide services in 900+ hospitals.

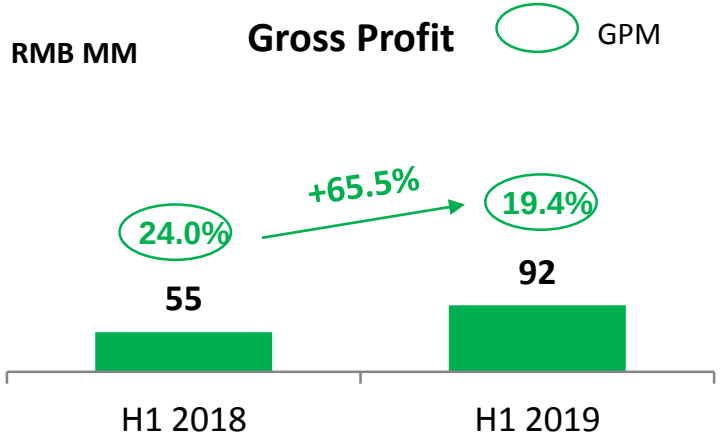
Translational Research

- Appointed Dr. Frederick H. Hausheer as Chief Medical Officer (CMO), to enhance our translational research service capabilities, achieve seamless convergence of integrated pre-clinical and clinical R&D services.

M&A

- Acquired clinical CRO Pharmapace, Inc. to further enhance our biometrics services capabilities.





Continue to Build Capabilities and Capacity Globally——2019

China-based Lab Services

Our newly built Qidong R&D Center began operation, and will become an extension of our Shanghai headquarter in the future.

Drug Safety Testing and Bioanalytical Services facilities completed regulatory inspections by the FDA and OECD with excellent results.

CDMO/CMO Services

Our subsidiary STA's new drug product manufacturing facility in Shanghai has passed its first GMP inspection by the European MPA.

In July 2019, STA's ASU facility in Shanghai and API process R&D and manufacturing facility in Changzhou, successfully passed two inspections by the FDA, with no Form 483 issued.

Medical Device Testing & Cell and Gene Therapies

Medical Device Testing facility in Suzhou completed regulatory by CNAS with excellent results.

Cell and gene therapies CDMO facility in Wuxi city began operation, providing services to customers in China.

Clinical Research Services

SMO team has more than 2,200 CRCs, providing services in more than 900 hospitals.

Acquired Pharmapace, Inc., a clinical research services company with expertise of providing high quality biometrics services, and further enhance our global clinical trial services capabilities.

Impressive Talent Growth Forms the Basis for Business Success

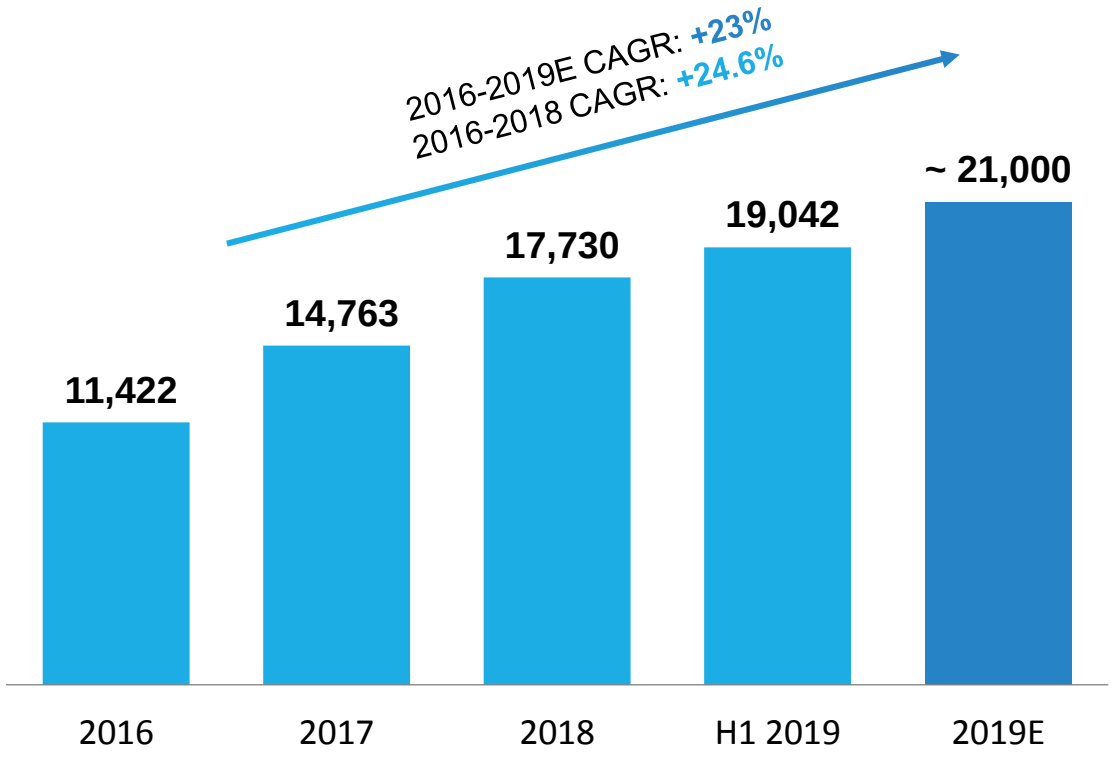
19,042 Employees in 1H 2019 and expected to reach ~21,000 employees by end of 2019.

1,554 Oversea

15,213 Research & Development

1,822 Manufacturing

Rapid Expansion of Talent Base



1H 2019 Key Talent Retention Rate ＞96%

Note:
Key Talent: employees receiving share-based compensation.

Capacity in Progress

San Diego
1,364 m²

Minnesota
14,028 m²

Philadelphia
51,280 m²

New Jersey
5,918 m²

Munich
1,168 m²

Jinshan
90,612 m²

Wuxi
36,799 m²

Tianjin
79,142 m²

Suzhou
116,955 m²

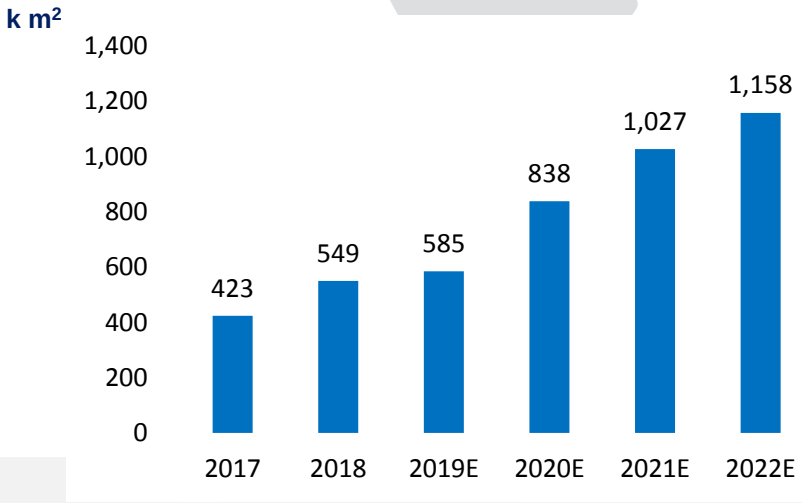
Changzhou
261,098 m²

Chengdu
100,000 m²

Wuhan
90,137 m²

Shanghai
302,308 m²

The Capacity of Our Sites is Expanding



~1,158K m² of Laboratories, Manufacturing Facilities and Offices Worldwide

21

Proven Quality Meeting Global Regulatory Standards

- CMC platform received FDA approval for new chemical entities
- CDMO in China to supply APIs and GMP intermediates for branded commercial drugs by regulatory agencies in U.S., Canada, EU, Switzerland, China, Japan, Australia, and New Zealand
- GLP toxicology laboratory certified by both OECD and NMPA, and passed FDA GLP inspections
- GLP/GCP bioanalytical laboratory passed FDA, OECD, and NMPA inspections
- Medical device testing facility passed inspection and received the CNAS accreditation
- Drug product manufacturing facility passed GMP inspection by the European MPA

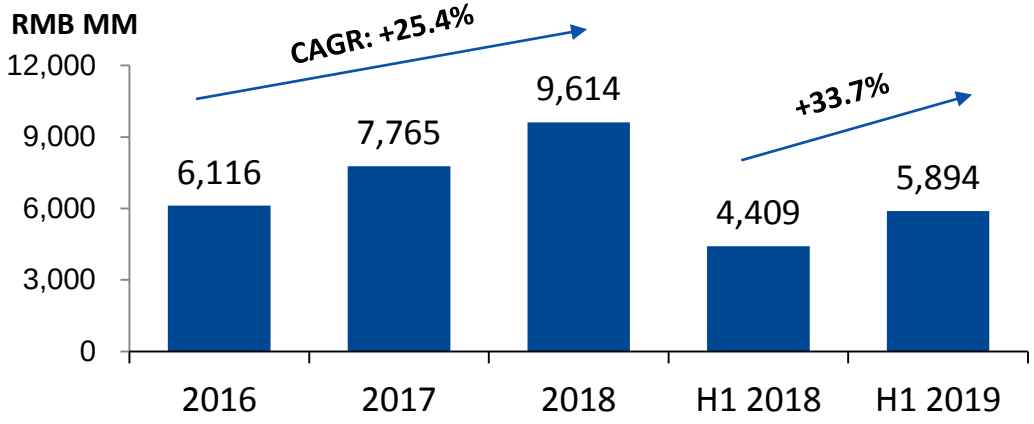
Growth Strategies

04

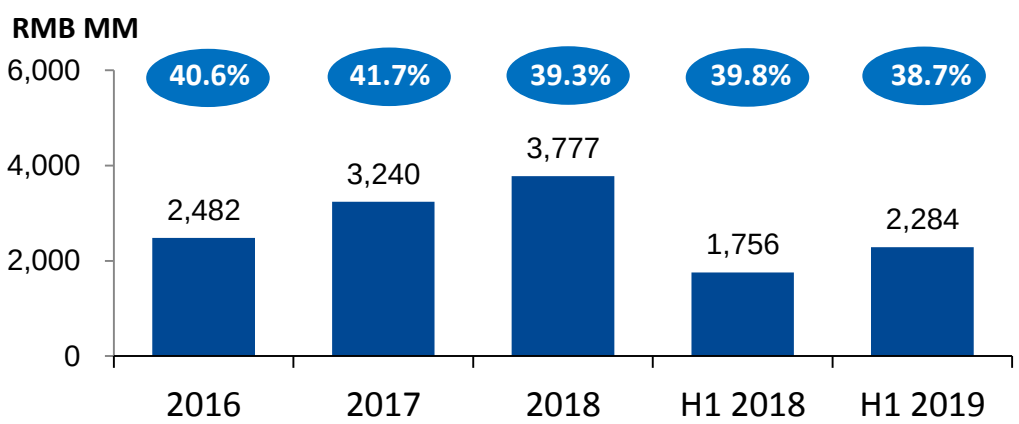
Financial Overview

Financial Performance

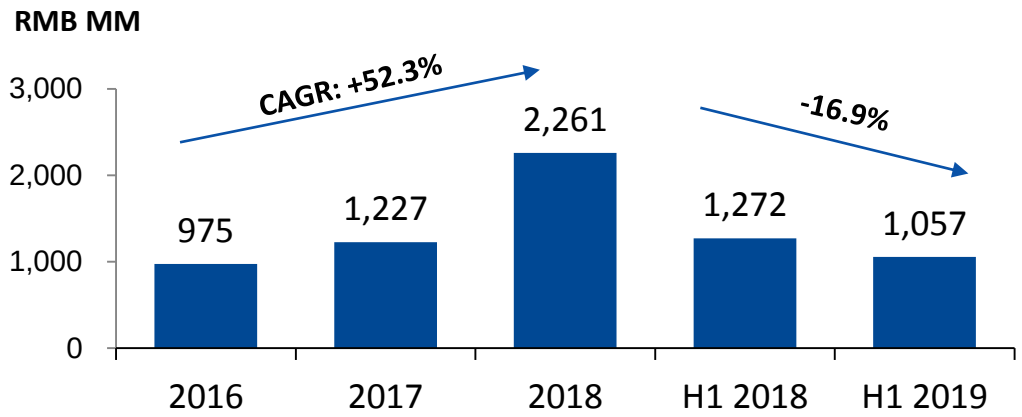
Revenue



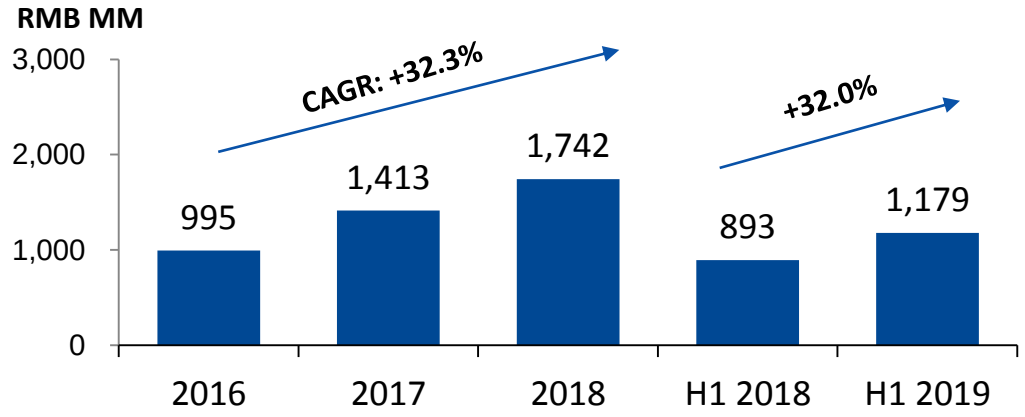
Gross Profit



Net Profit Attributable to Owners of the Company



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



GPM

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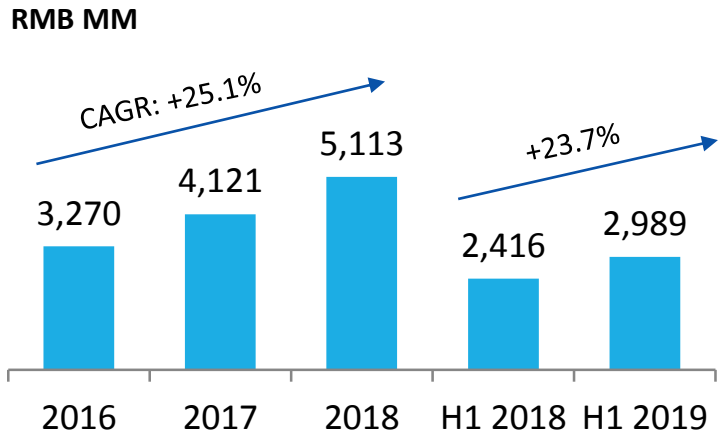
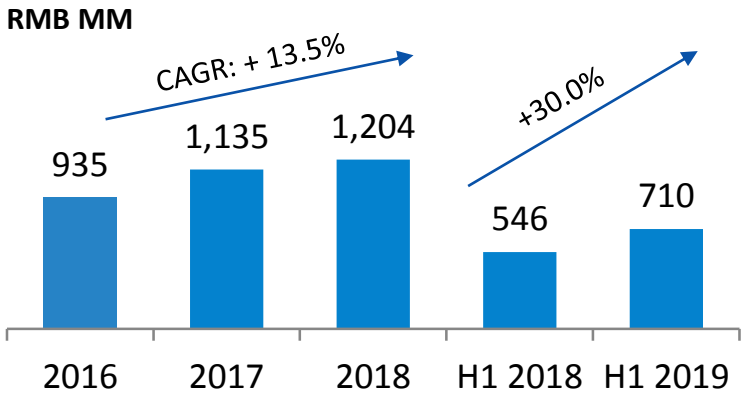
Segment Revenue

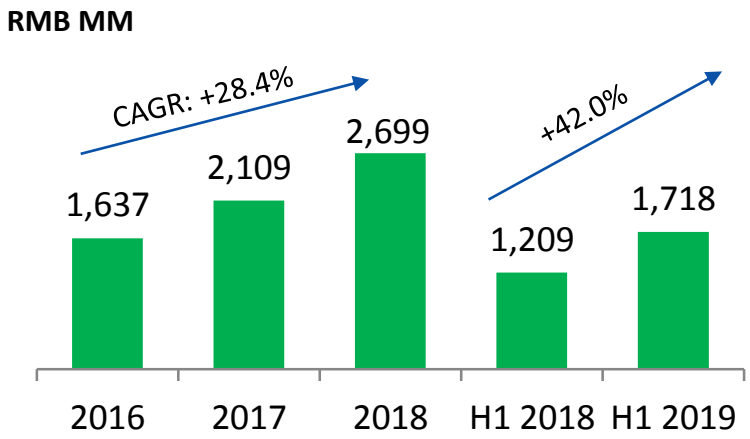
China-based Laboratory Services



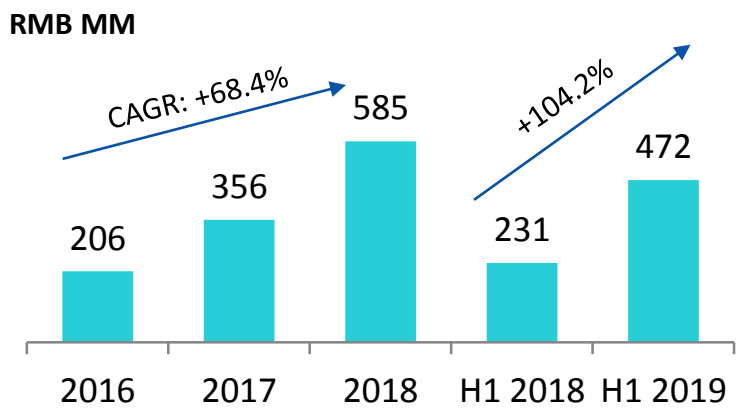
US-based Laboratory Services



CDMO / CMO Services

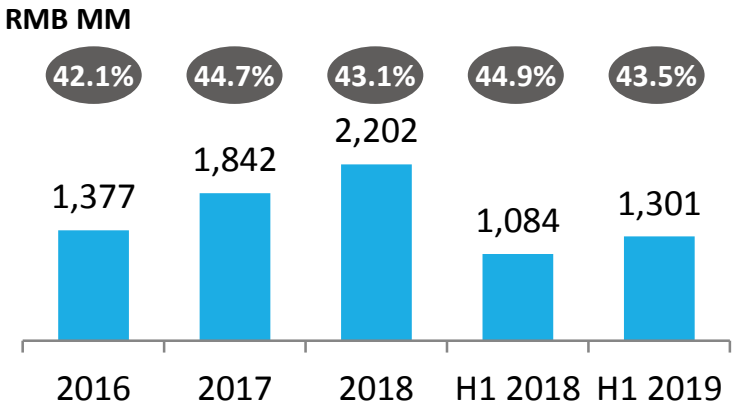


Clinical and Other CRO Services

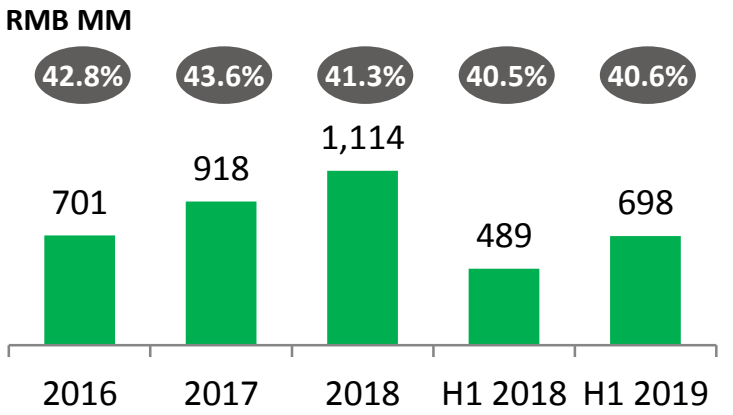


Segment Gross Profit

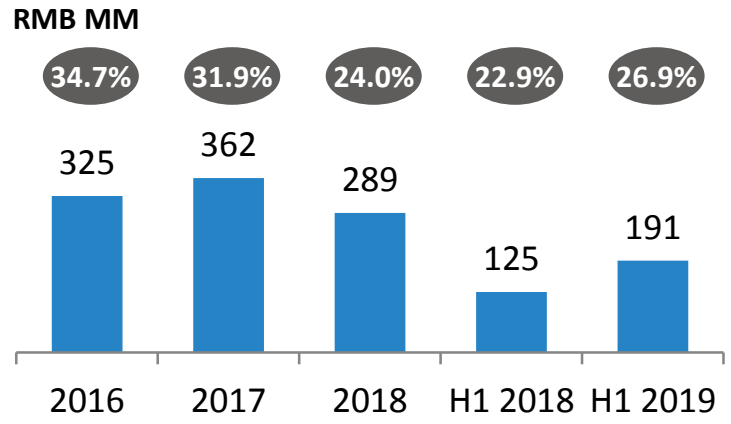
China-based Laboratory Services



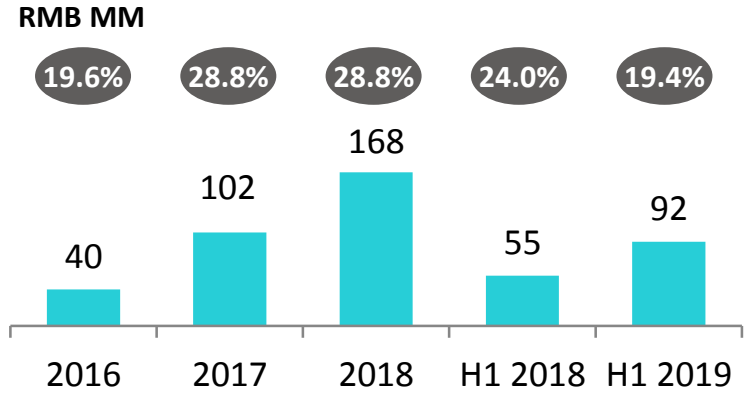
CDMO / CMO Services



US-based Laboratory Services



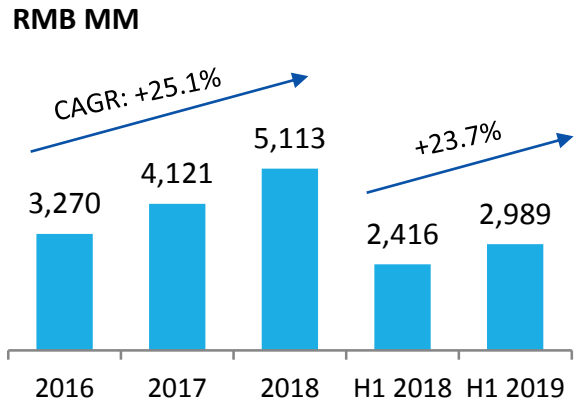
Clinical and Other CRO Services



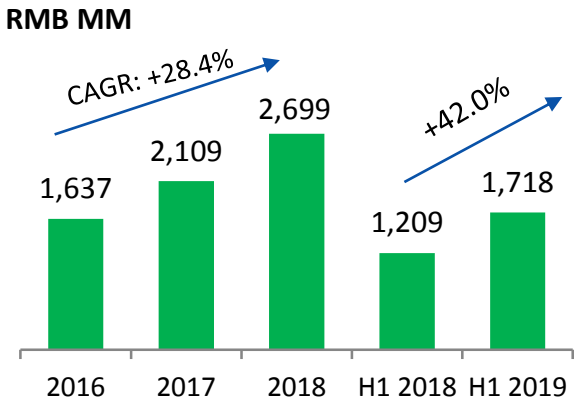
GPM

Revenue of Business Segments

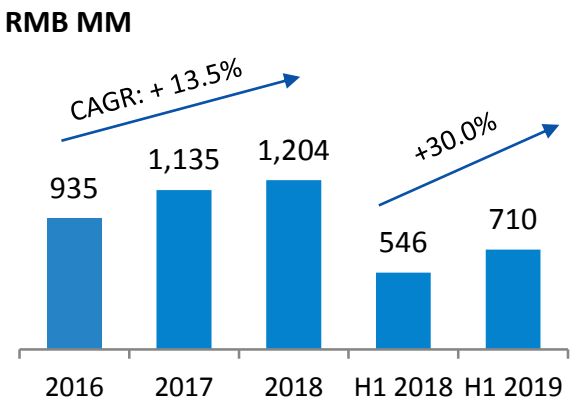
China-based Laboratory Services



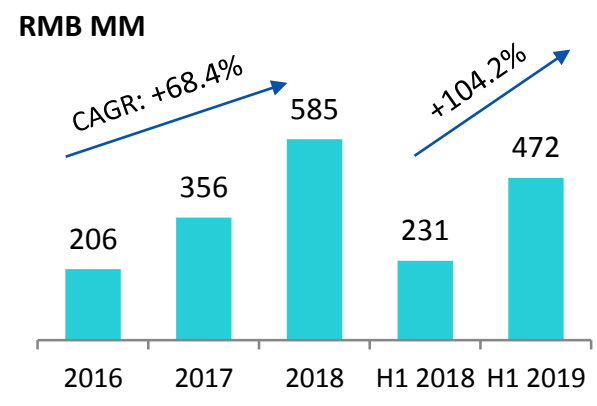
CDMO / CMO Services



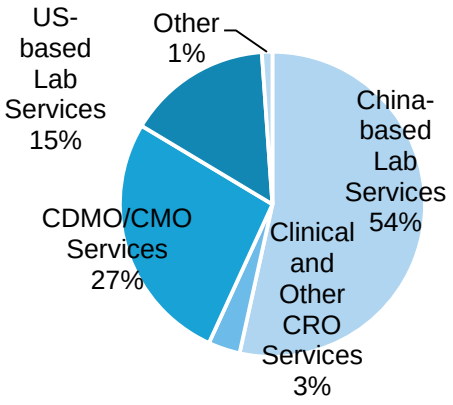
US-based Laboratory Services



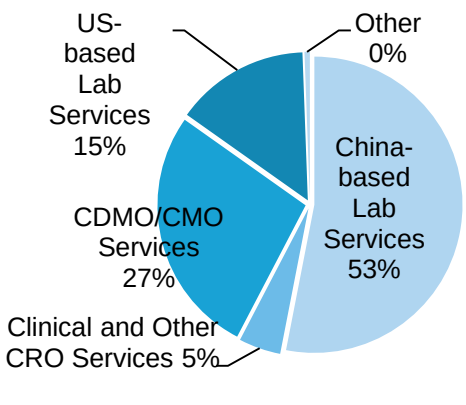
Clinical and Other CRO Services



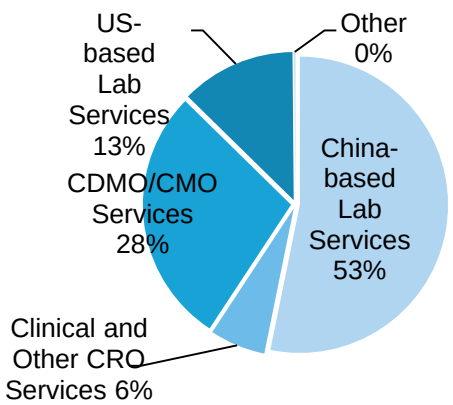
2016 Revenue



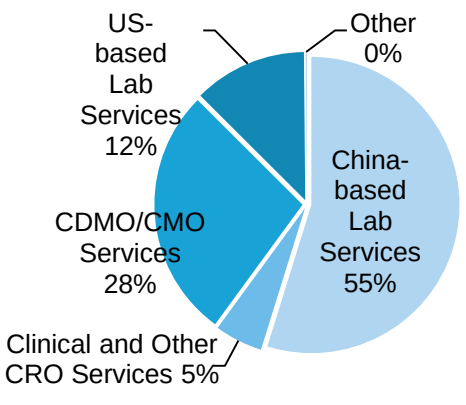
2017 Revenue



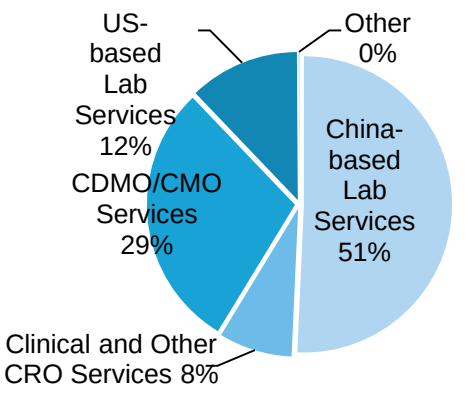
2018 Revenue



H1 2018 Revenue

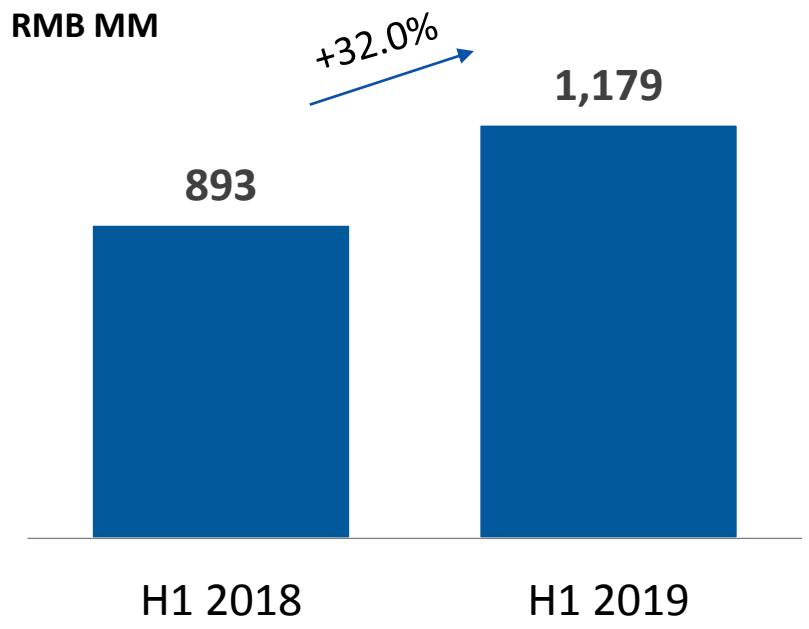


H1 2019 Revenue



Adjusted Non-IFRS Net Profit

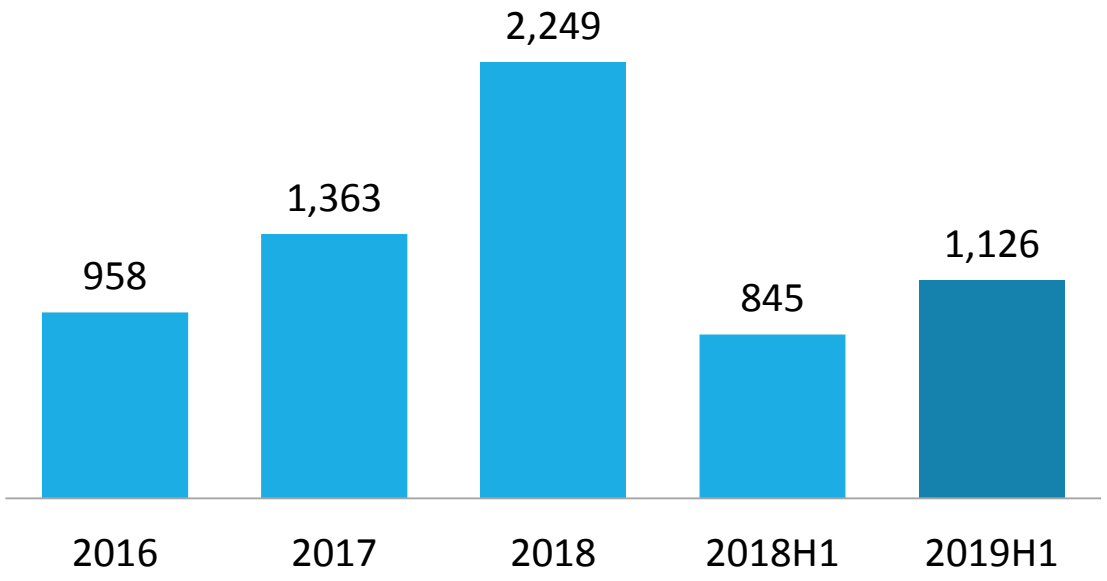
RMB MM	H1 2019	H1 2018
Profit Attributable to Shareholders	**1,057**	**1,272**
Add:	156	86
Share-based payments	63	16
Listing expenses	-	6
Foreign exchange related gains/losses	81	56
Amortization of intangible assets acquired in business combinations	12	8
Non-IFRS Net Profit Attributable to Shareholders	**1,213**	**1,358**
Add:	-35	-465
Realized/unrealized gains or losses from venture investments	-55	-474
Realized/unrealized gains or losses from joint ventures	20	9
Adjusted Non-IFRS Net Profit Attributable to Shareholders	**1,179**	**893**



Capital Expenditure and Total Debt

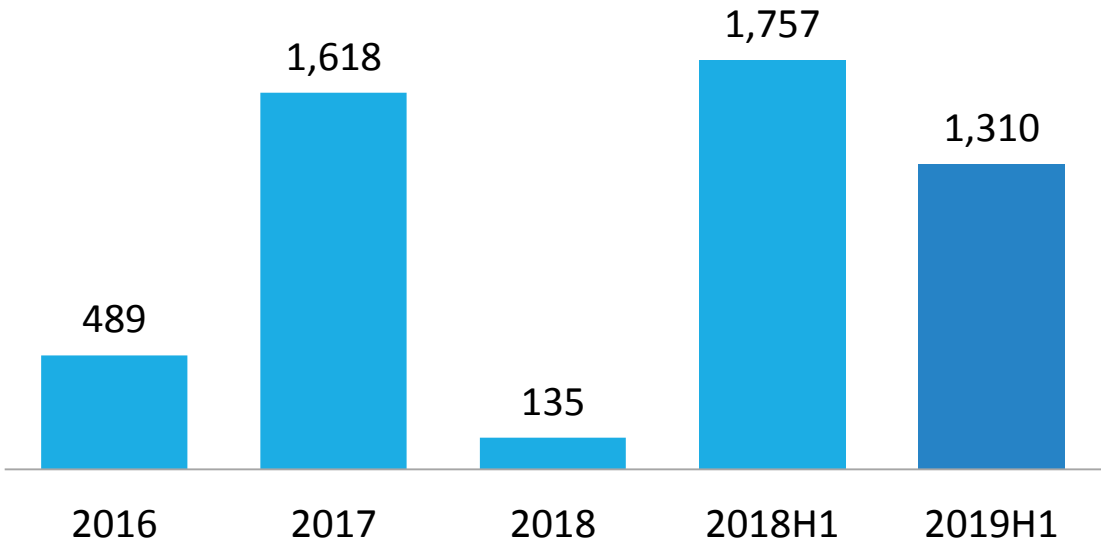
Capital Expenditure (1)

RMB MM



Total Debt(2)

RMB MM



Note:

1. Capital expenditure includes purchase of property, plant and equipment, other intangible assets, prepaid lease payments and other long-term expenses
2. Total debt includes short-term and long-term borrowings

Thank You!

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