

WuXi AppTec

2019 Annual 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, 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.

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

We provide non-IFRS gross profit, exclude the impact in revenue and cost from effective hedge accounting, share-based compensation expenses and amortization of intangible assets acquired in business combinations, and non-IFRS net profit attributable to owners of the Company, which exclude share-based compensation expenses, listing expenses and 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. 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 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, non-recurring, non-cash and non-operating items that we do not consider indicative of the performance of our core business. Such adjusted non-IFRS net profit attributable to owners of the Company, 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.

Agenda



01 2019 Annual Results

02 Business Highlights

03 Financial Overview

04 Business Continuity Plan

Notes:

All financials disclosed in this presentation are prepared based on International Financial Reporting Standards (or “IFRSs”).
The unit of currency is RMB.

01



2019 Annual Results

2019 Business Highlights

“Long-Tail” Strategy

1,200+ New Customers

3,900+ Active Customers

Loyal Customer Base

100% Retention for Our Top 10 Customers

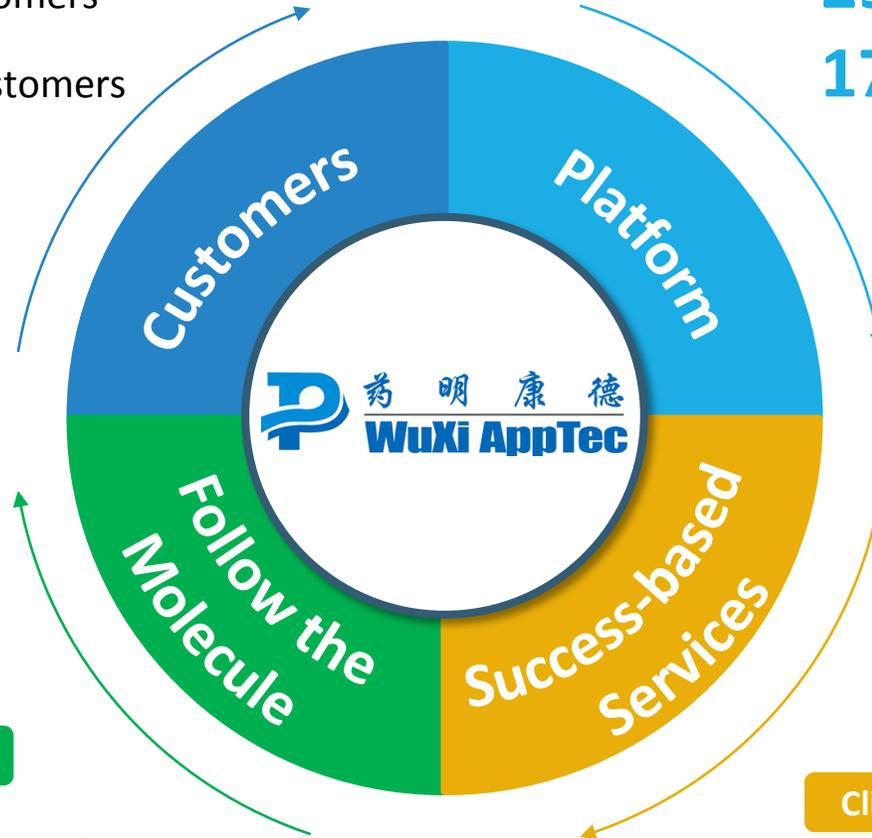
Small Molecule

~1,000 Projects; **40**

Phase III; **21** Commercial

Cell & Gene Therapies

8 Phase II/III; **23** Phase I



Global Footprint

29 Global Sites & Branch Offices

17,800+ Scientists & Technicians

M & A

Acquired **Pharmapace** to Enhance Biometrics Services Capabilities

2019

30 INDs; **23** CTAs

Cumulatively

85 INDs; **57** CTAs

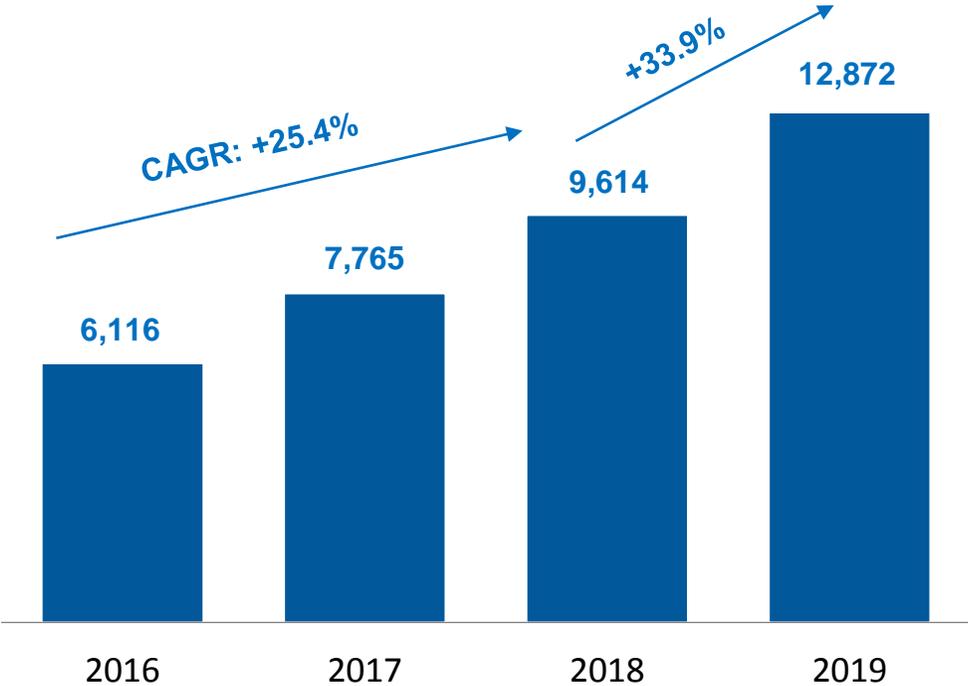
Clinical Development

1 Phase III; **6** Phase II; **38** Phase I

Accelerated Growth in 2019

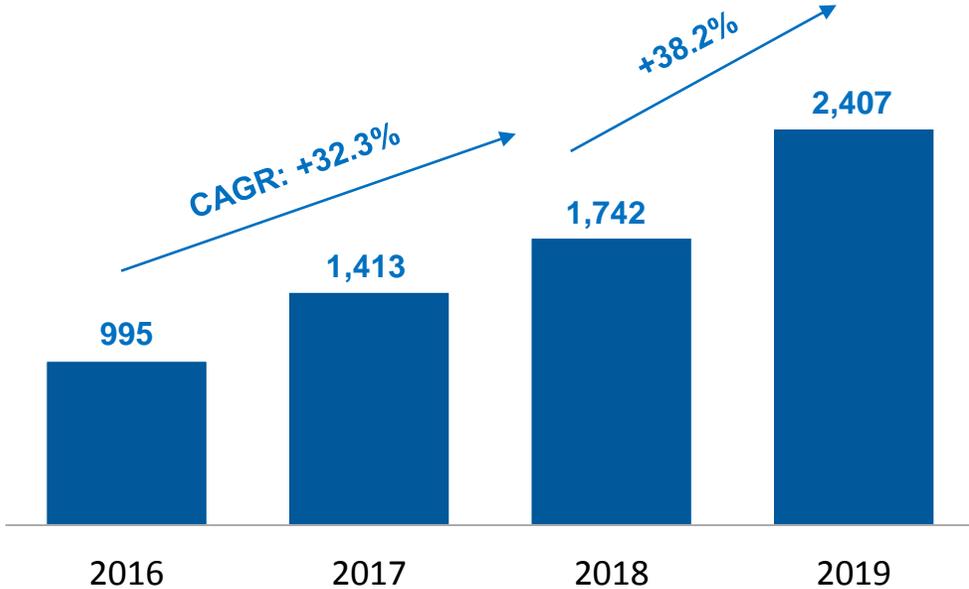
Revenue

RMB MM



Adjusted Non-IFRS Net Profit

RMB MM



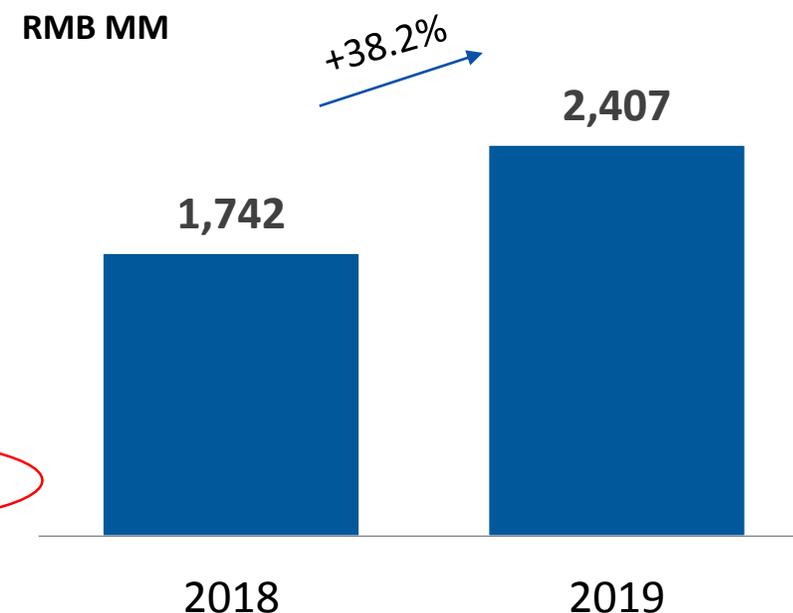
IFRS & Adjusted Non-IFRS Measures

RMB Million	2019	2018	YoY Change	
Revenue	12,872	9,614	3,259	33.9%
<i>IFRS Gross Margin%</i>	38.9%	39.3%	-0.4%	
Non-IFRS Gross Margin%	40.6%	40.3%	0.3%	
IFRS Operating Profit	2,486	2,596	-111	-4.3%
<i>IFRS Operating Profit Margin%</i>	19.3%	27.0%	-7.7%	
Adjusted Non-IFRS Operating Profit	3,081	2,197	884	40.2%
Adjusted Non-IFRS Operating Profit Margin%	23.8%	22.7%	1.0%	
Net Profit Attributable to Owners of the Company	1,855	2,261	-406	-18.0%
Adjusted Non-IFRS Net Profit Attributable to Owners of the Company	2,407	1,742	666	38.2%
IFRS EPS (RMB)				
-Basic	1.14	1.59	-0.45	-28.3%
-Diluted	1.12	1.58	-0.46	-29.1%
Adjusted Non-IFRS EPS				
-Basic	1.48	1.23	0.25	20.3%
-Diluted	1.46	1.22	0.24	19.7%
Weighted Average Number of Shares	1,629,312,048	1,418,908,486		
Fully Diluted Weighted Average Number of Shares	1,633,634,807	1,419,027,601		

Note: "IFRS Operating Profit" is calculated based on IFRS Gross Profit deducted by SG&A, R&D expenses and impairment losses while adding Other income and Other gains and losses, which aligns with the disclosure in Group Consolidated Profit & Loss Statement.

Adjusted Non-IFRS Net Profit

RMB Million	2019	2018
Net Profit Attributable to the owners of the Company	1,855	2,261
Add:		
Share-based compensation expenses	161	46
Listing expenses and issuance expenses of convertible bonds	4	22
Fair value gains or losses from derivative component of convertible bonds	98	-
Foreign exchange related gains/losses	115	116
Amortization of intangible assets acquired in business combinations	28	19
Non-IFRS Net Profit Attributable the owners of the Company	2,261	2,464
Add:		
Realized and unrealized gains/losses from venture investments	107	-750
Realized and unrealized share of gains/losses from joint ventures	39	28
Adjusted non-IFRS net profit attributable to the owners of the Company	2,407	1,742



Strong, Loyal and Expanding Customer Base

3,900+ Active Customers Including All of the Top 20 Global Pharmaceutical Companies ⁽¹⁾

91.2% of Revenue from Repeat Customers ⁽¹⁾

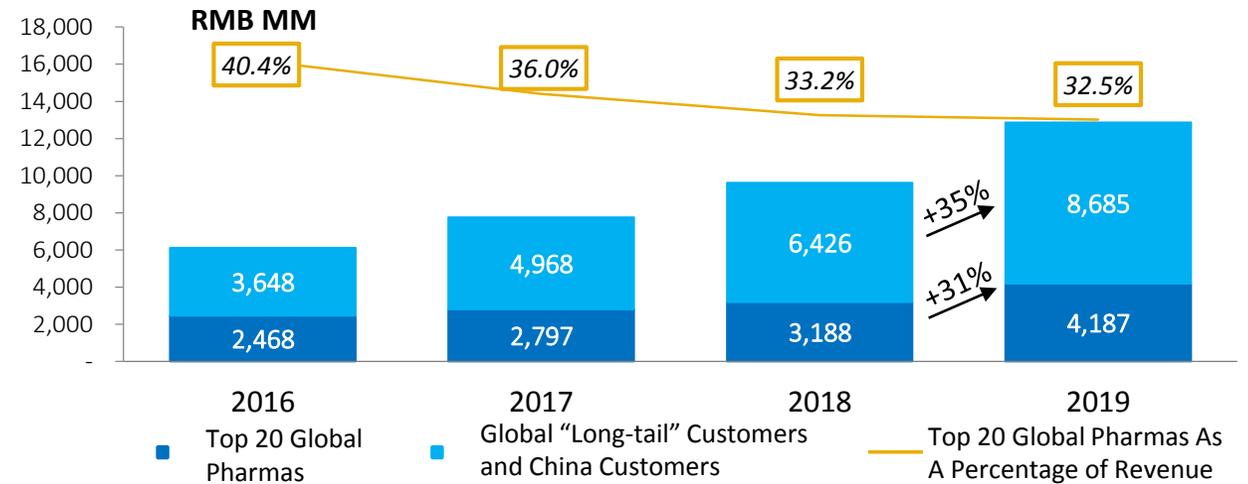
32.3% of Our Customers Used Services from More Than One of Our Business Units, Representing **87.4%** of Our Revenue ⁽¹⁾

100% Retention for Top 10 Customers ⁽²⁾

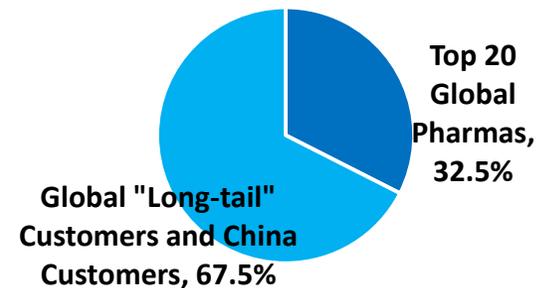
Notes:

1. 2019
2. 2015 – 2019
3. Data includes large pharma's M&A activities

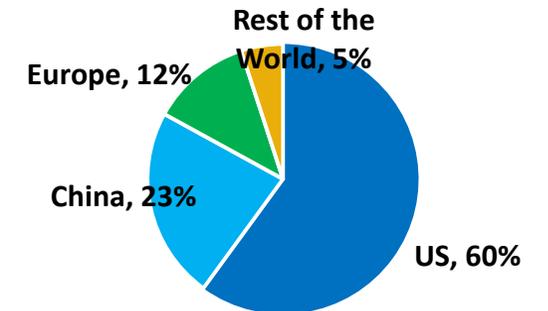
CAGR	Top 20 Global Pharmas	Global "Long-tail" Customers and China Customers	Total
2016-2019	19.3%	33.5%	28.2%



Revenue Composition by Customers



Revenue Composition by Geography



Increase Customer Conversion to Drive Growth

Contract Value & Duration
Customer Stickiness

2019 Revenue
Composition

50%

China-based Lab
Services

12%

US-based
Lab
Services

8%

Clinical

29%

CDMO
Services

2016 Revenue
Composition

53%

China-based Lab
Services

15%

US-based
Lab Services

3%

Clinical

27%

CDMO
Services

Discovery

Preclinical

Clinical

Manufacturing

02



Business Highlights

China-based Laboratory Services Highlights

Revenue & Profit

- Revenue growth accelerated 26.6% YoY.
- Non-IFRS GP growth 30.2% YoY.
- Non-IFRS GPM 45.3%, up by 1.08pct.

Small Molecule Drug Discovery

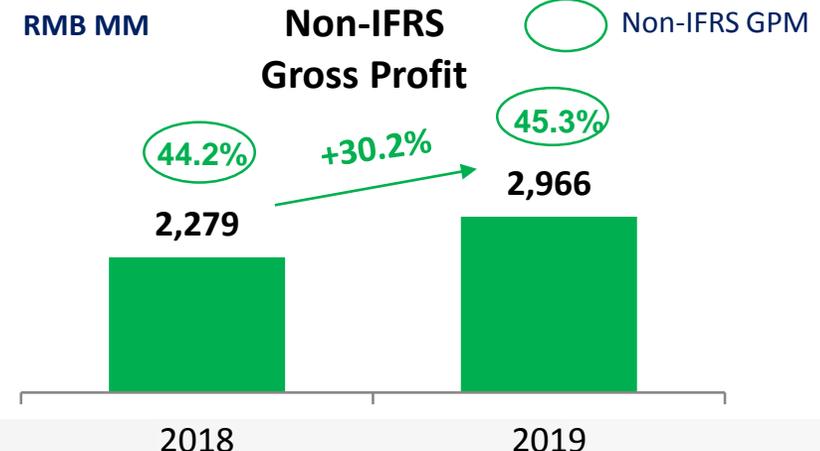
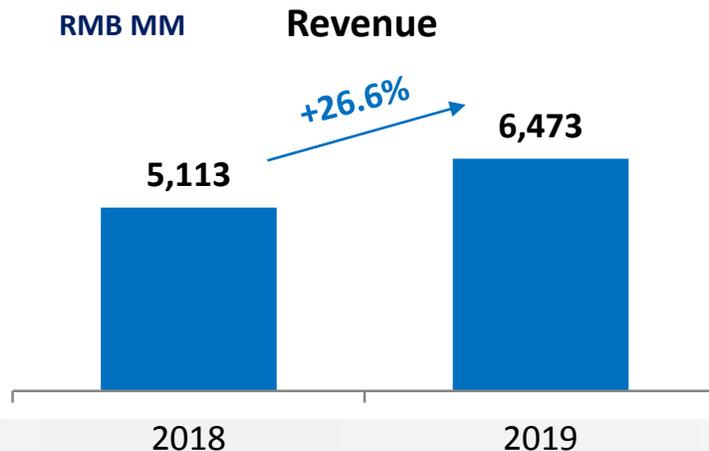
- Provided/enabled global customers with many PCC molecules, patent applications, and research papers.
- DEL with over 90B compounds, off to a strong start with 110 clients now, including 7 of the top 20 global pharmas.

Integrated IND Package Services

- Combine scientific, program management and regulatory expertise to facilitate IND submissions.
- Signed 52 integrated WIND packages. Helped many global and domestic customers obtain FDA clinical trial approval under eCTD format.

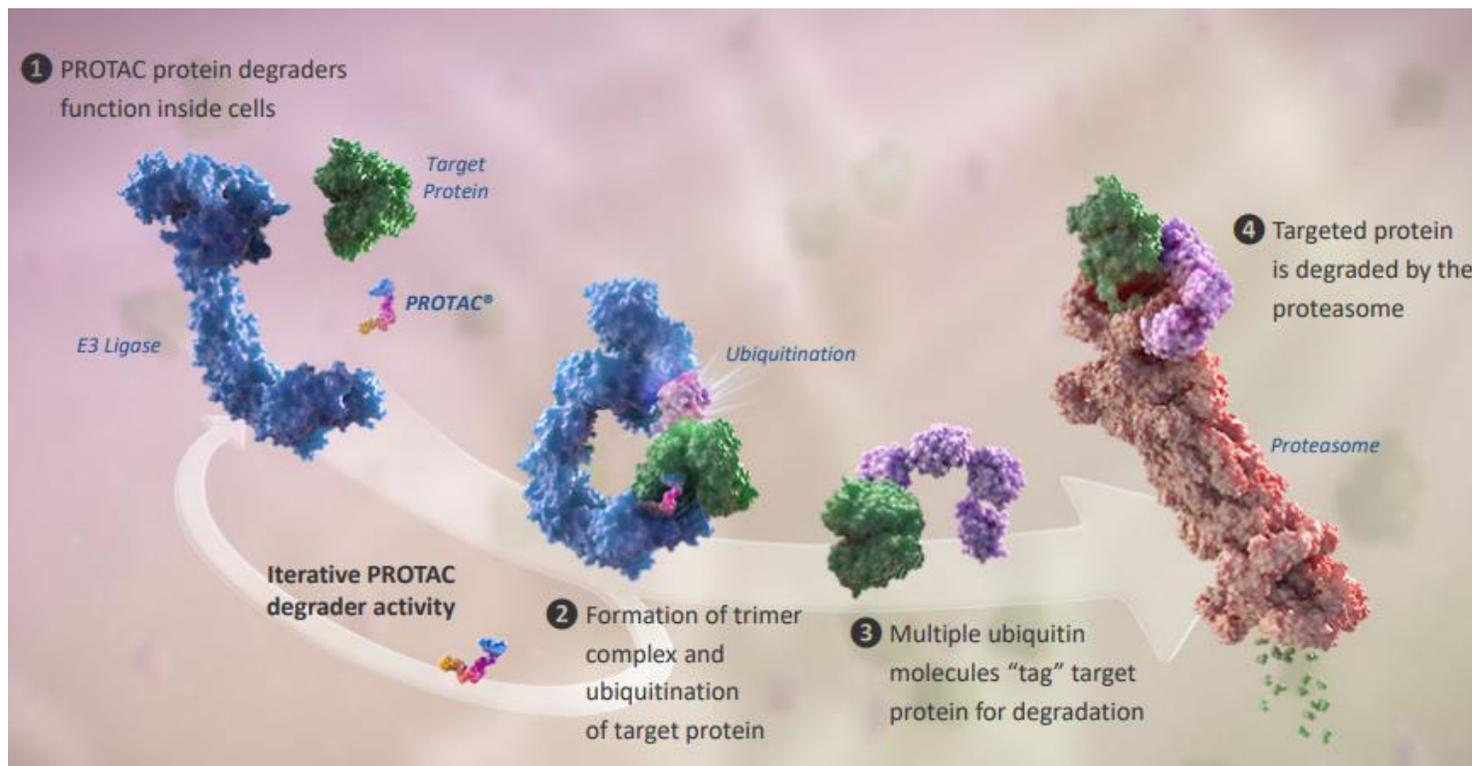
Success-based Services

- Submitted 30 NME IND filings for our customers and obtained 23 CTAs.
- Cumulatively, submitted 85 NME IND filings for our customers and obtained 57 CTAs.
- 1 project in Phase III, 6 projects Phase II and 38 projects Phase I.

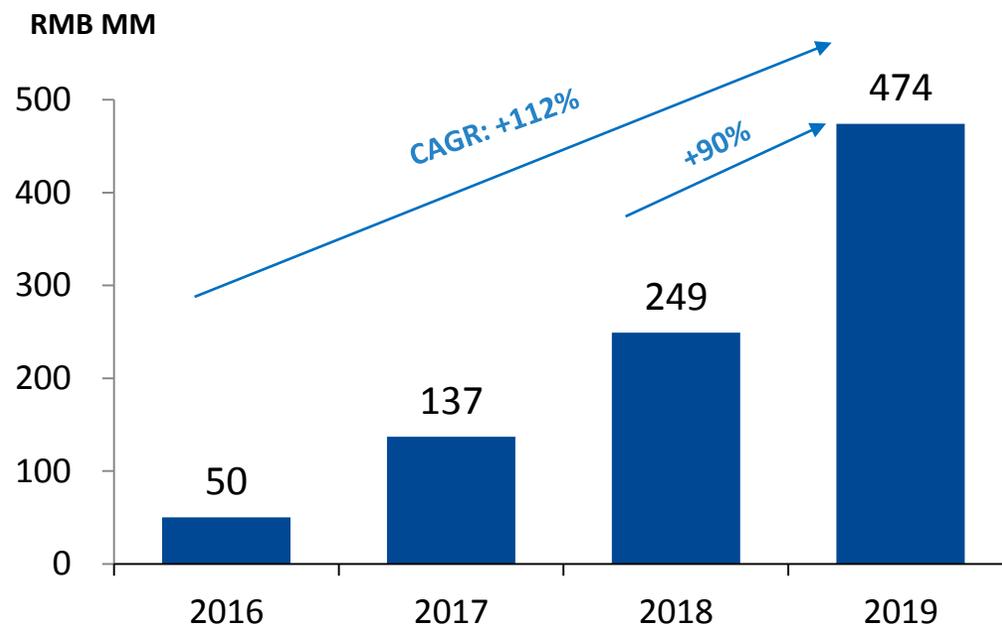


Anticipate the Industry Trend & Built Capabilities Early

PROTAC Drug Discovery Platform Enables Rising New Segment of the New Small Molecule Class



PROTAC Platform Biotech Services Revenue



Note: Picture from Arvinas website

CDMO/CMO Services Highlights

Revenue & Profit

- Revenue growth accelerated 39.0% YoY.
- Non-IFRS GP growth 33.9% YoY.
- Non-IFRS GPM 41.0%, down by 1.57pct., as our drug product commercial manufacturing facility just came online.

Follow the Molecule

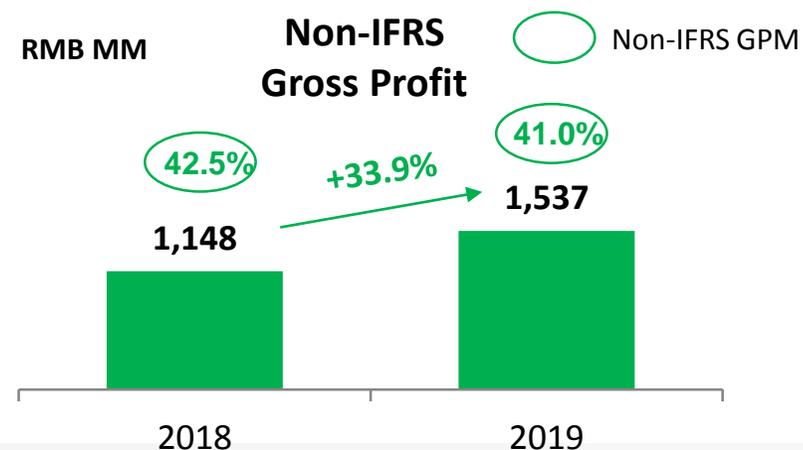
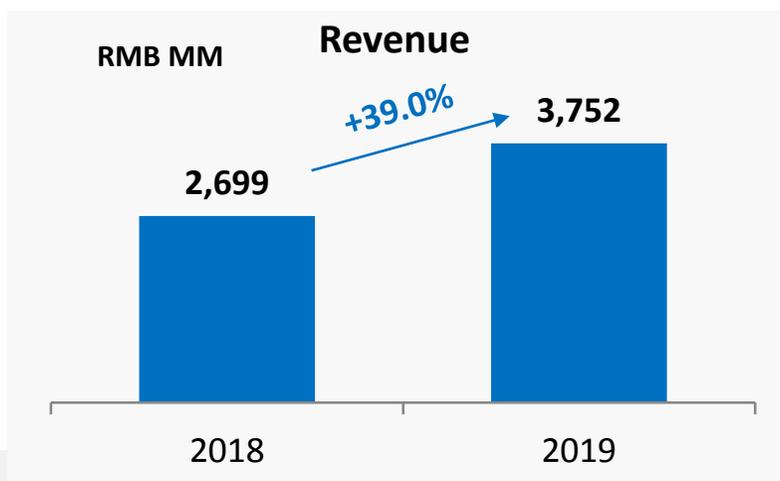
- Provided services to ~1,000 projects.
- 40 projects in Phase III.
- 21 commercial projects.
- Flow chemistry platform started the 1st commercial manufacturing campaign.
- 500L biocatalysis bioreactor in API manufacturing facility began operation.

New Capabilities

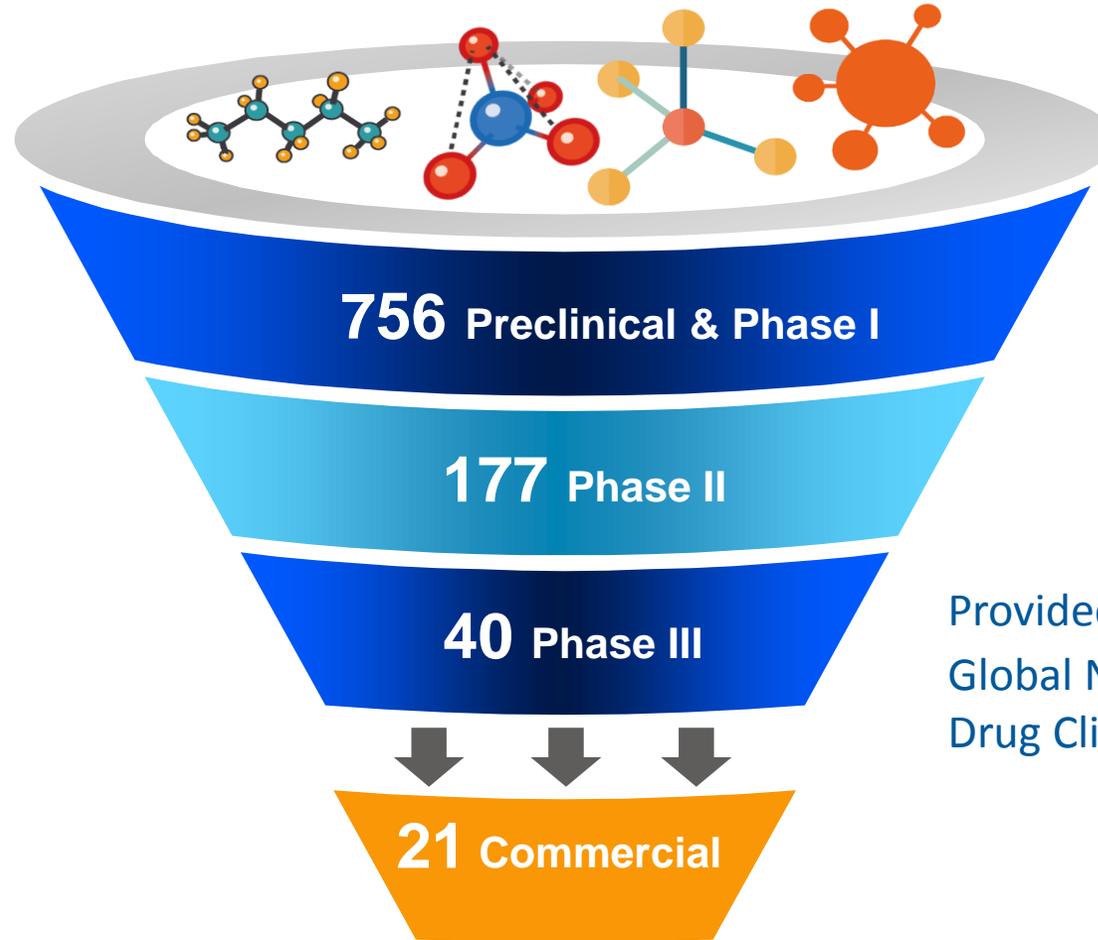
- Oligo & peptide cGMP pilot facility began operation and completed multiple cGMP manufacturing projects for clinical usage materials.
- Large scale oligonucleotide API manufacturing facility began operation.
- Large scale peptide manufacturing facility will begin operation in 2020.

Proven Quality

- Jinshan facility passed Japan PMDA and EMA inspections.
- GMP testing facility in Shanghai and API facility in Changzhou passed FDA inspections with no Form 483 issued.
- Drug product manufacturing facility passed its 1st GMP inspection by the European MPA.



CDMO/CMO: “Follow the Molecule” Strategy



Provided Services to **~12%**
Global New Small Molecule
Drug Clinical Pipeline

US-based Laboratory Services Highlights

Revenue & Profit

- Revenue growth accelerated 29.8% YoY. CGT services revenue growth over 30% and medical device testing revenue growth over 20%.
- Non-IFRS GP growth 64.8% YoY.
- Non-IFRS GPM 30.5%, up by 6.49 pct., due to increased CGT capacity utilization and growth of medical device testing business.

Labs & Facilities in US & China

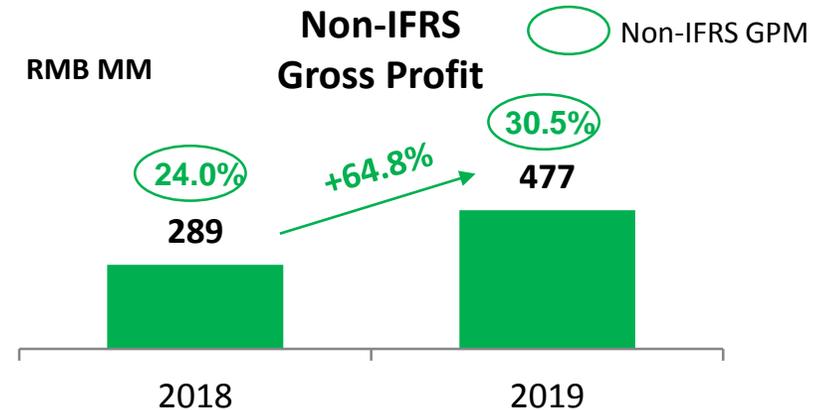
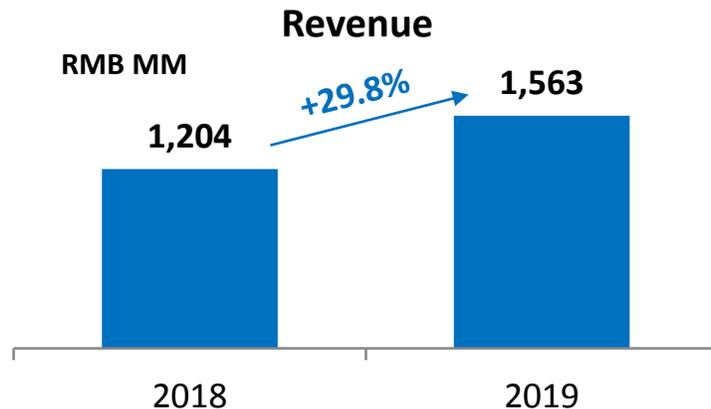
- CGT: 20,000M² cGMP facilities in Pennsylvania, U.S., 13,000M² facilities in Wuxi, China. ¹
- Medical Device Testing: facilities in St. Paul, Atlanta, U.S. and Suzhou, China. ²

Cell and Gene Therapies CDMO

- Provided services to 31 clinical stage projects.
- 23 projects in Phase I.
- 8 projects in Phase II/III.
- Expand our fully integrated AAV Vector Suspension Platform. Our 500L and 1,000L bio-reactors will begin operation in Q3, 2020.

Medical Device Testing

- Integration and strengthening of the management and sales team and actively developed new customers.
- Capture the opportunities brought by new EU MDR regulation.



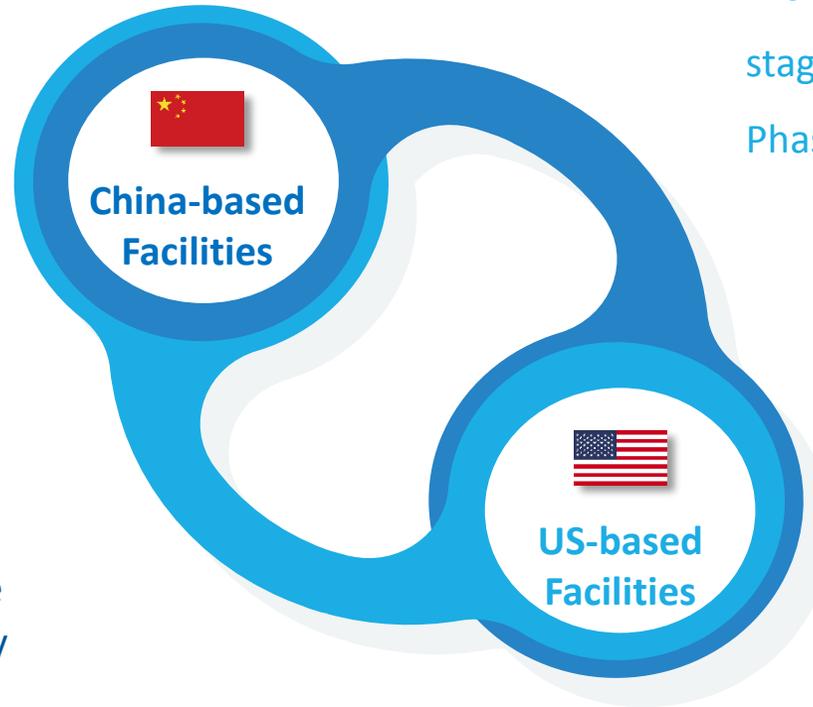
Note:

1. Revenue from cell and gene therapies laboratories and manufacturing facilities in Wuxi, China was recorded in China-based Laboratory Services segment.
2. Revenue from medical device testing laboratories in Suzhou, China was recorded in China-based Laboratory Services segment.

Cell and Gene Therapies CDMO

Capitalizing on the Fastest Growing Sector

- Assisted **Juventas** in submitting 2 IND filings for its cell therapy products with the NMPA.
- Established a strategic cooperation with **GeneSail Biotech**, to co-develop a manufacturing platform for oncolytic viral vectors.
- Formed a strategic partnership with **GeneMedicine** - a South Korea-based gene therapy biotechnology company. The Company will provide overall process development, manufacturing and IND filing services for GeneMedicine's oncolytic virus products.



- Provided services to **31** clinical stage projects with **23** projects in Phase I and **8** projects in Phase II/III.
- Expand our fully integrated AAV Vector Suspension Platform. Our **500L** and **1,000L** bio-reactors will begin operation in Q3, 2020.
- 2019 Revenue growth **30%+**.

Clinical Research CRO/SMO Services Highlights

Revenue & Profit

Capabilities & Capacities

Establish Our Track-Record

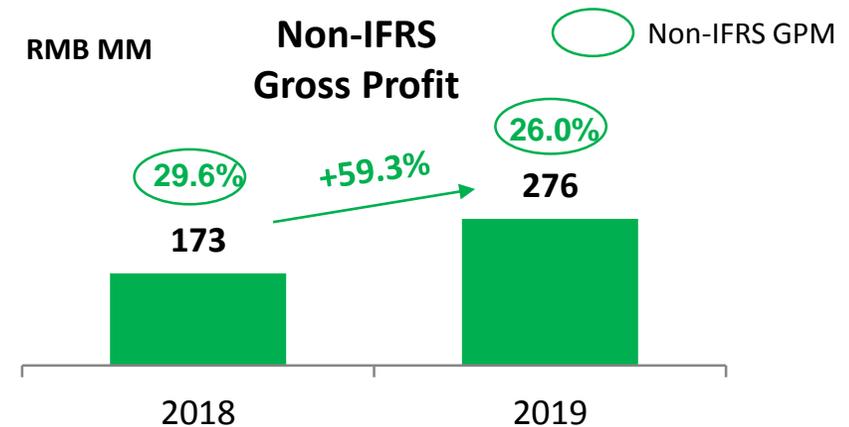
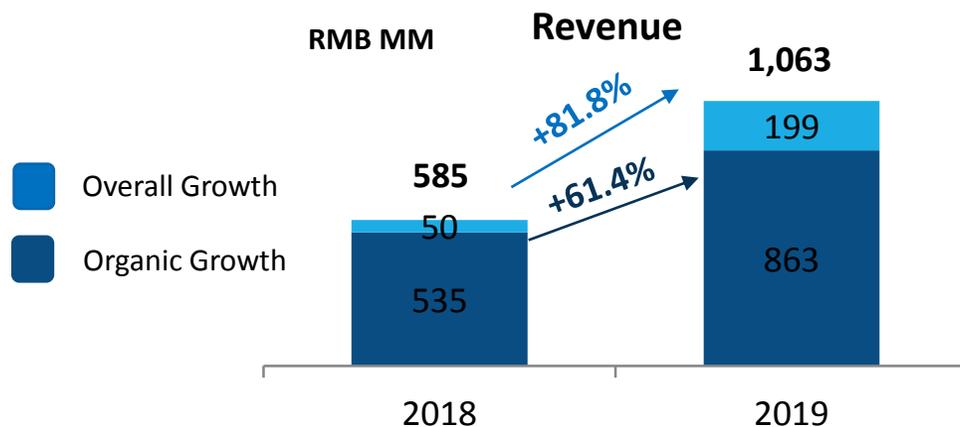
M&A

- Revenue growth accelerated 81.8% YoY. Excluding the effect of acquisitions, revenue grew 61.4% YoY.
- Non-IFRS GP growth 59.3% YoY.
- Non-IFRS GPM 26.0%. Excluding the effect of pass-through revenue, non-IFRS GPM slightly improved compared with 2018.

- SMO maintained #1 leadership in China, with more than 2,600 CRCs stationed in 135 cities and provide services in more than 900 hospitals.
- Clinical CRO team has more than 860 employees distributed in China and the U.S.

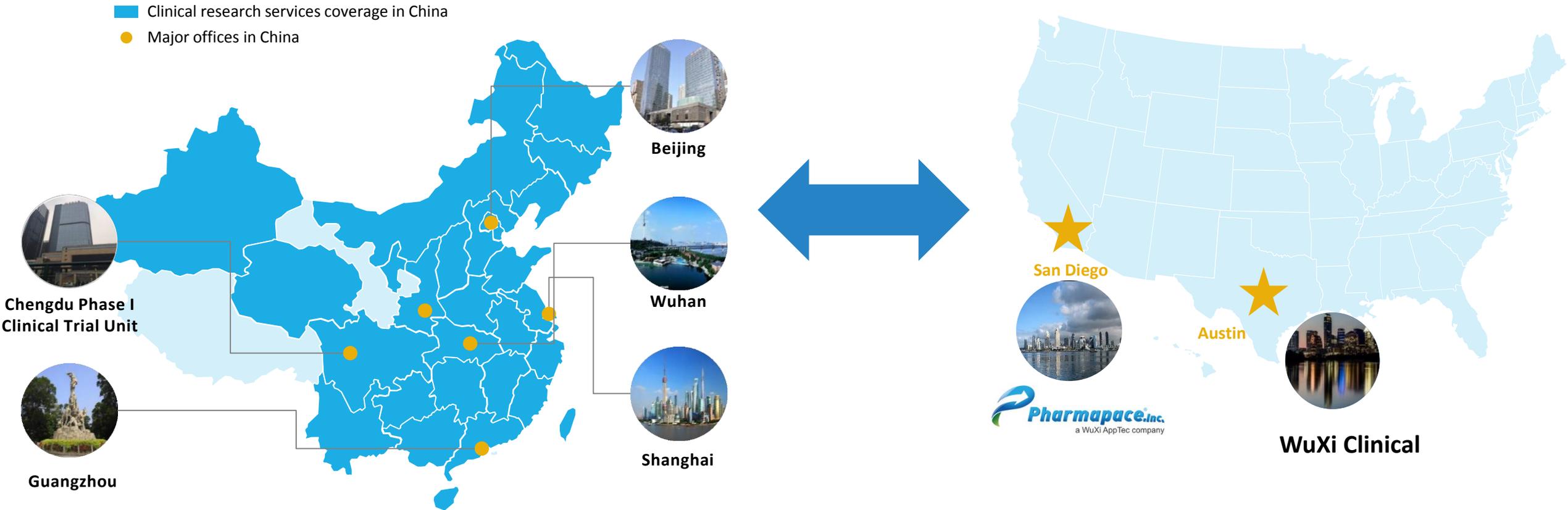
- Helped a variety of new drugs for cancers, hematology diseases and chronic diseases receive NMPA approvals.
- Assisted with the approvals of the 1st Adalimumab and Bevacizumab biosimilar products in China.

- Acquired clinical CRO Pharmapace, Inc. to enhance our biometrics services capabilities.
- Our biometrics services started gaining momentum and have signed up one major US client for cross border services.



Growing Clinical Research Capabilities in China and the U.S.

Strong Domestic Presence Supplemented by Growth Potential Internationally



Deeply entrenched in both domestic and international markets to support clinical trial operations regionally and globally with plan to invest and expand clinical research capabilities in China and abroad

Continue to Build Capabilities and Capacity Globally——2019



China-based Lab Services

- Newly built Nantong R&D Center began operation.
- Drug safety assessment and bioanalytical services facilities completed regulatory inspections by the FDA and OECD with excellent results.
- Suzhou drug safety assessment facility increased capacity by 80%.
- March 2020, we established our medicinal chemistry services capabilities in the U.S.



CDMO/CMO Services

- STA's new drug product manufacturing facility in Shanghai has passed its first GMP inspection by the European MPA.
- STA's GMP testing 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.
- Large scale GMP oligonucleotide API manufacturing facility began operation in January, 2020.



Cell and Gene Therapies

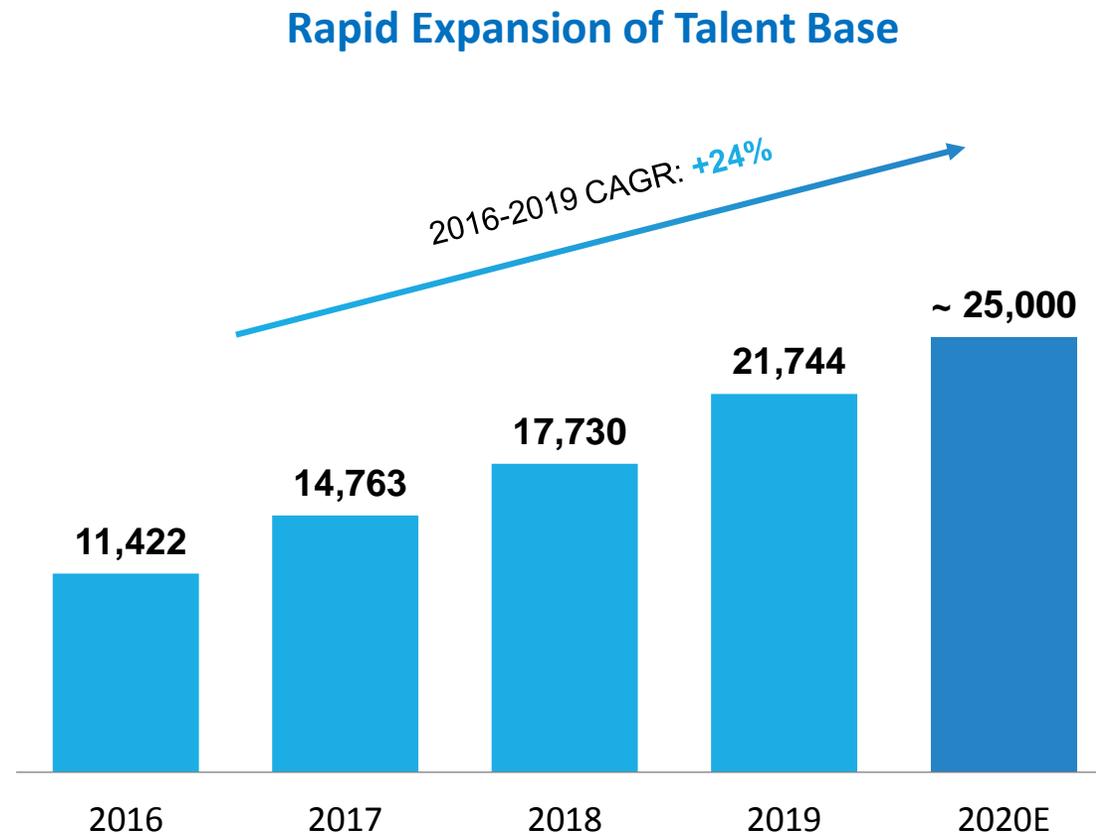
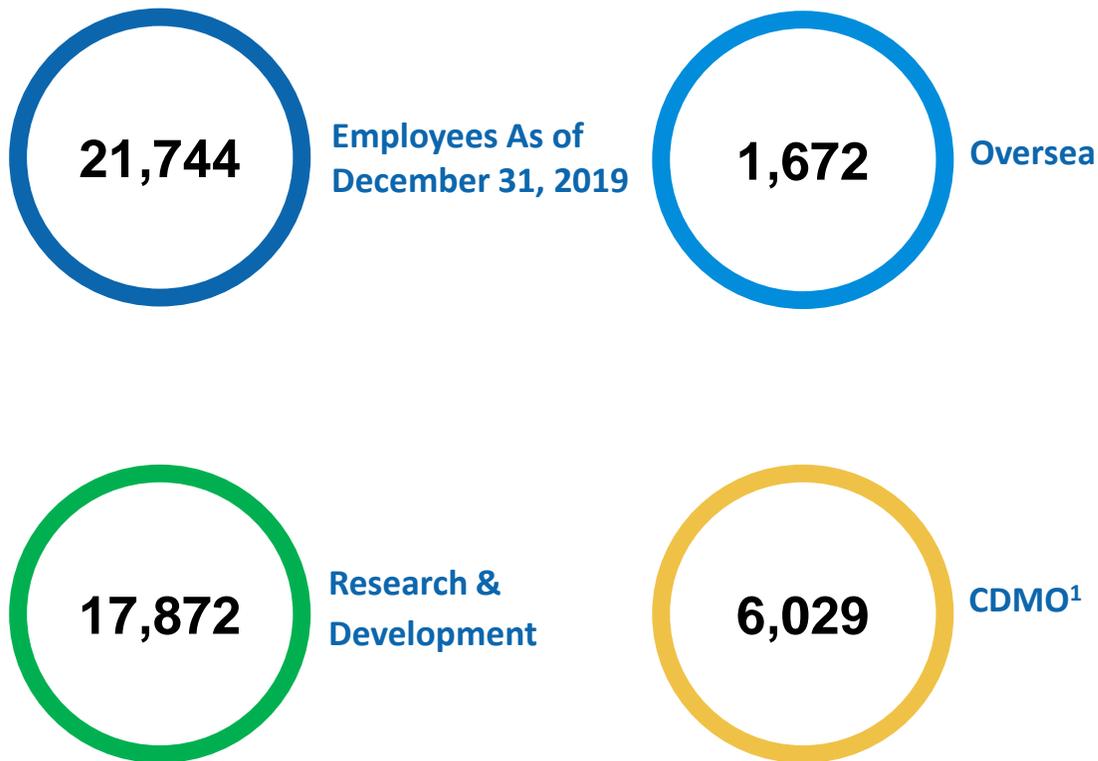
- Cell and gene therapies bio-safety testing facility in Philadelphia under expansion.
- Cell and gene therapies CDMO facility in Wuxi city began operation, providing services to customers in China.
- Expand our fully integrated AAV Vector Suspension Platform. Our 500L and 1,000L bio-reactors will begin operation in Q3, 2020.



Clinical Research Services

- Acquired Pharmapace, a clinical research services company in San Diego focusing on high quality biometrics services.
- Formed WuXi Oncology unit to focus on oncology late-stage translational IND and clinical development in U.S. and China for our customers.

Growing Talents for Sustaining Business Growth



2019 Key Talent Retention Rate: 94%²

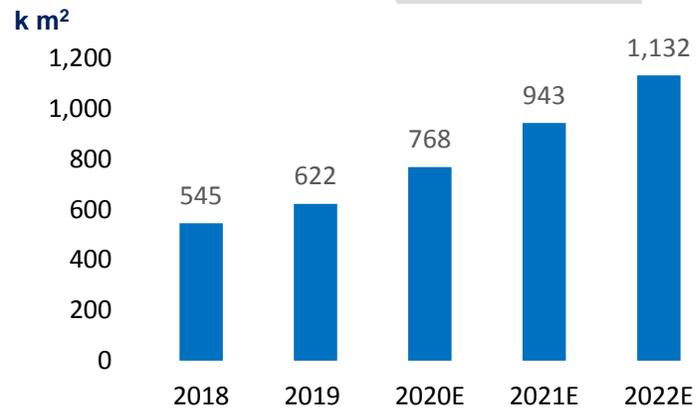
Note:

- 1. Including small molecule CDMO & cell and gene therapies CDMO
- 2. Key Talent: employees granted restricted stocks or stock options

Capacity in Progress



The Capacity of Our Sites is Expanding



~1,132K m² of Laboratories, Manufacturing Facilities and Offices Worldwide

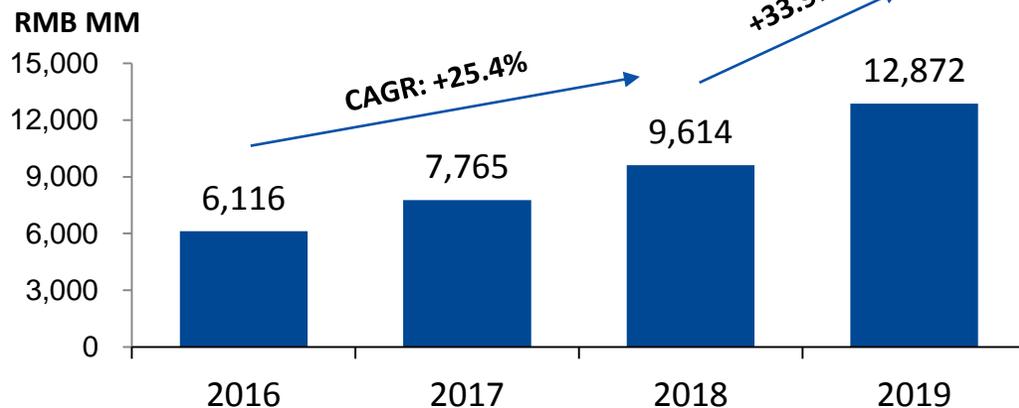
03



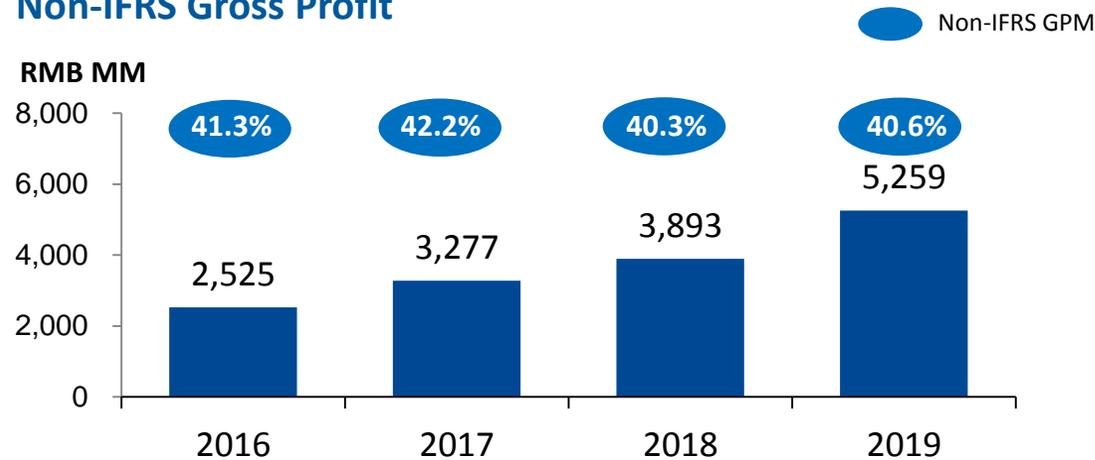
Financial Overview

Financial Performance

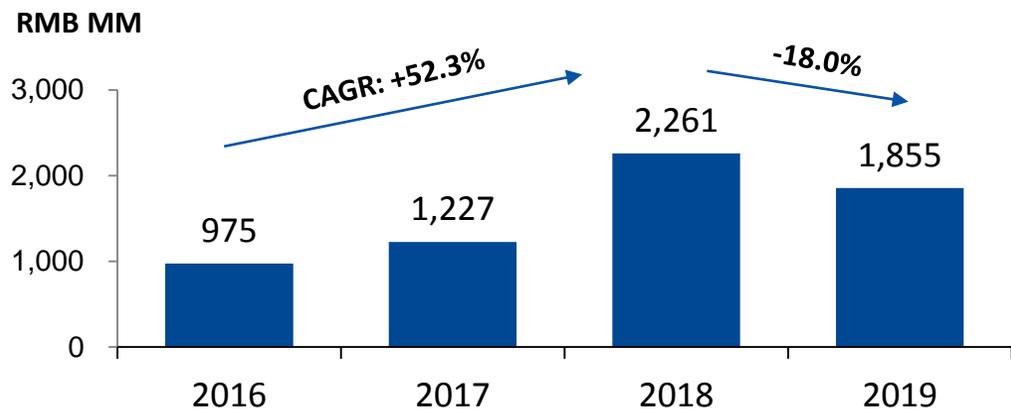
Revenue



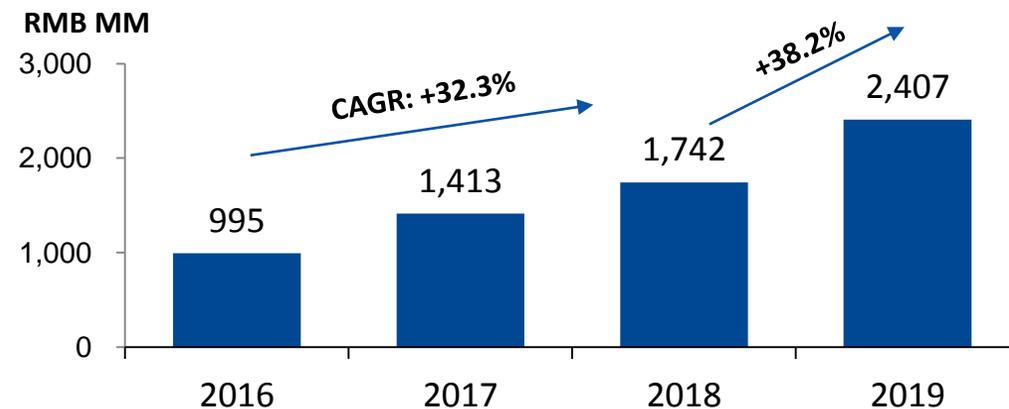
Non-IFRS Gross Profit



Net Profit Attributable to Owners of the Company



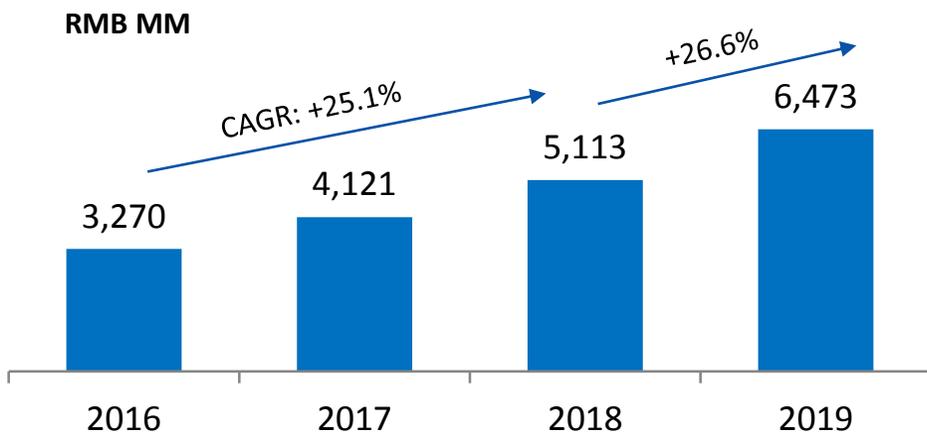
Adjusted Non-IFRS Net Profit Attributable to Owners of the Company



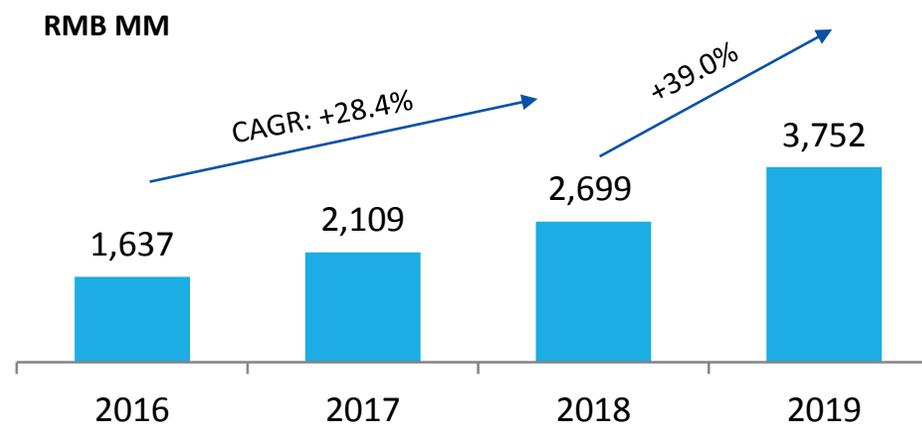
Note: In 2019, we reported RMB180 million loss from the fair value change of our investment portfolio and RMB21 million loss from our joint ventures and associates. In 2018, we reported RMB616 million gain from the fair value change of our investment portfolio and RMB77 million gain from our joint ventures and associates

Segment Revenue

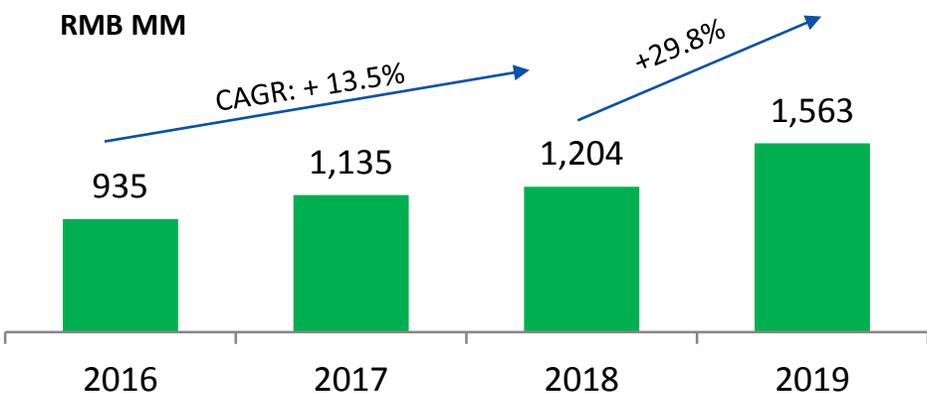
China-based Laboratory Services



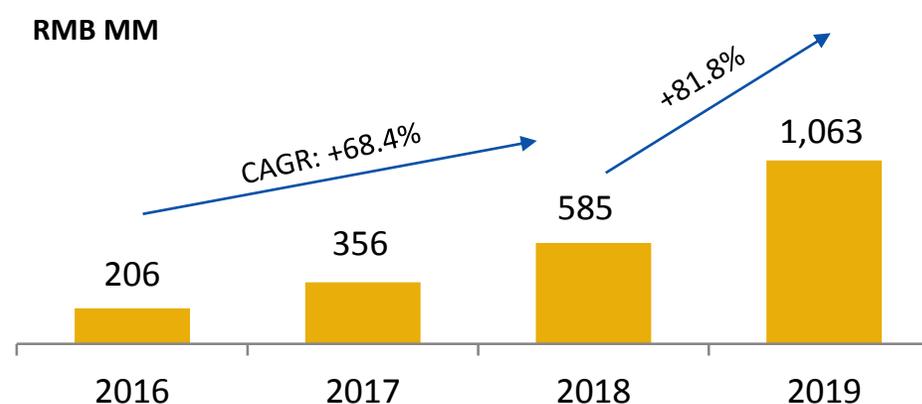
CDMO / CMO Services



US-based Laboratory Services

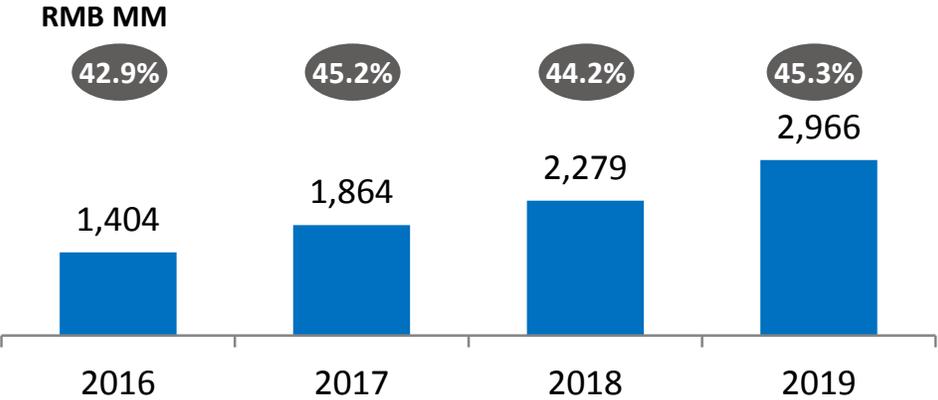


Clinical and Other CRO Services

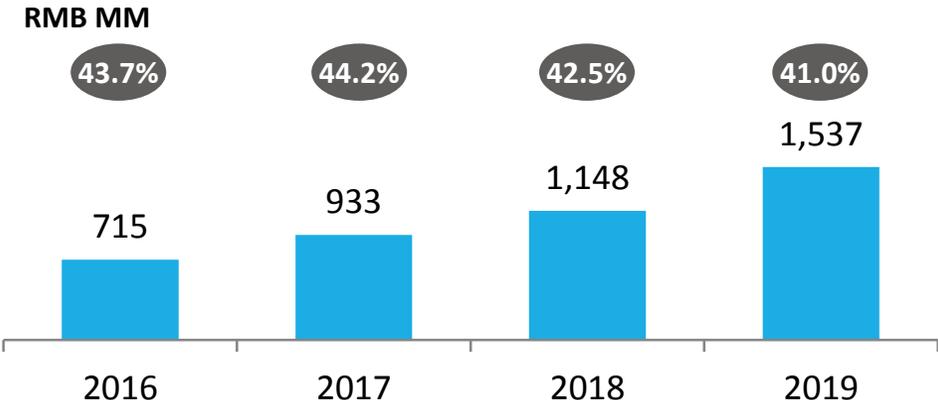


Segment Non-IFRS Gross Profit

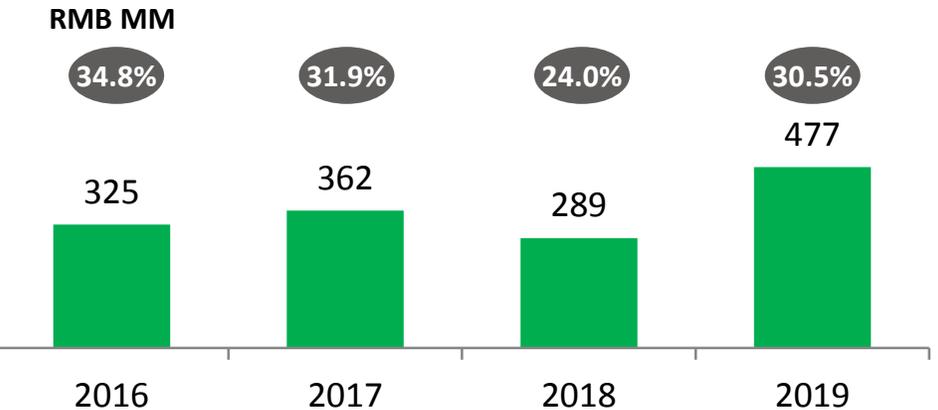
China-based Laboratory Services



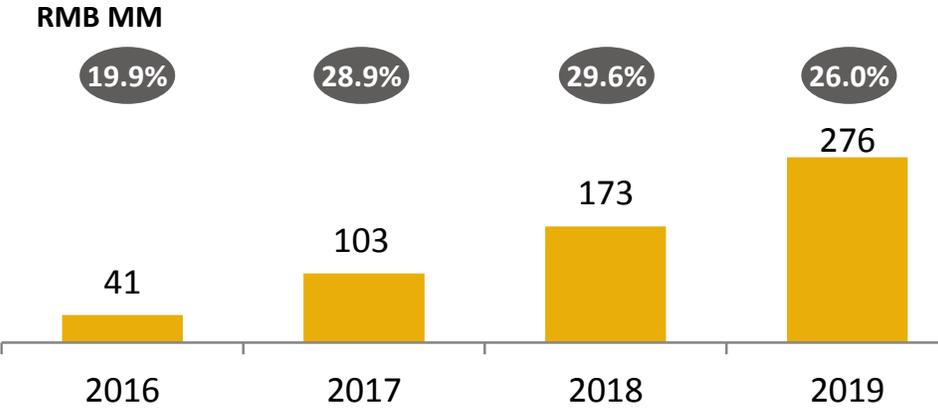
CDMO / CMO Services



US-based Laboratory Services



Clinical and Other CRO Services

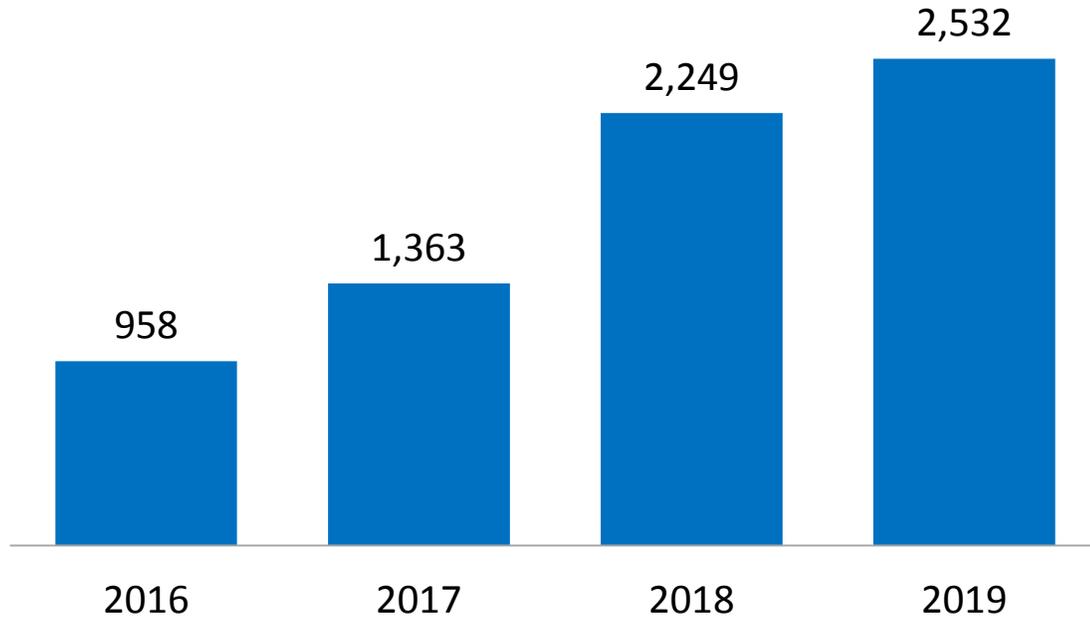


● Non-IFRS GPM

Capital Expenditure and Total Debt

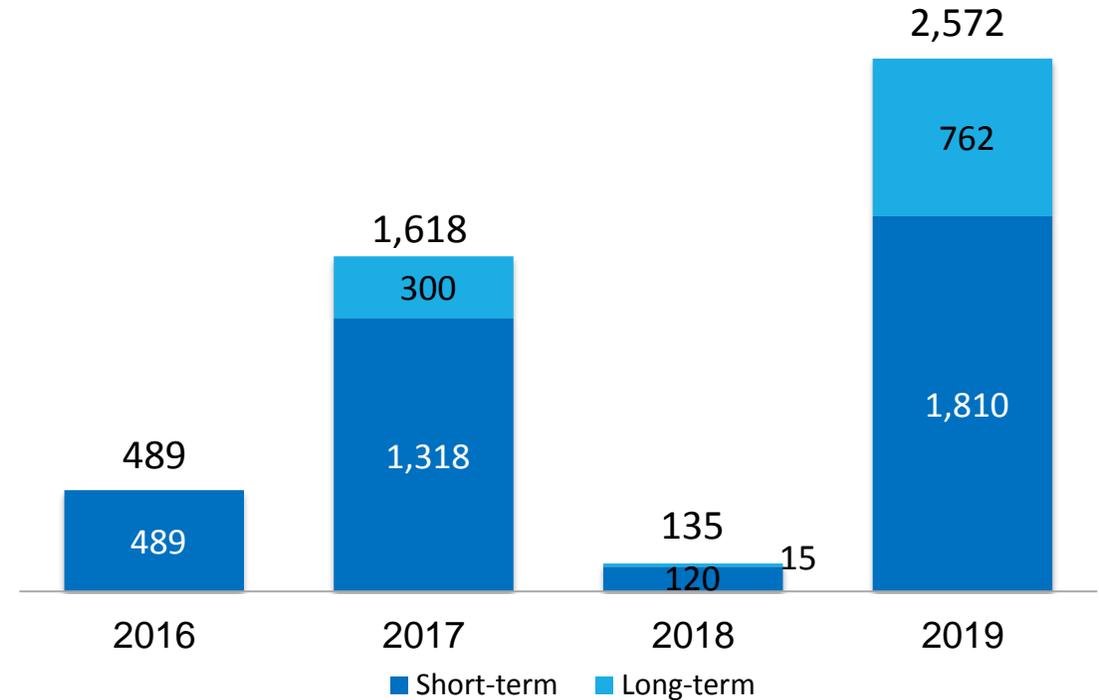
Capital Expenditure ⁽¹⁾

RMB MM



Total Borrowings ⁽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 borrowings include short-term and long-term borrowings, excluding the lease liabilities and convertible bond issued in 2019Q3

2019 Profit Distribution Plan

A cash dividend of RMB3.37 (inclusive of tax) for every 10 Shares (representing an aggregate amount of RMB556,429,640.95 (inclusive of tax) based on the total issued Shares of the Company as of the date of this announcement).

4 new shares for every 10 existing Shares of the Company to be issued out of reserve to all Shareholders.

The 2019 Profit Distribution Plan is subject to, amongst others, approval by Shareholders at the forthcoming AGM and application be made to and approved by The Stock Exchange of Hong Kong Limited for the listing of and permission to deal in the new H Shares (in respect of the capitalization issue).

Received MSCI ESG Rating of “A”

Responsibility for Regulators

Comply with laws and regulations
Quality of our services meet global regulatory standards

Government & Regulators

Partners

Responsibility for Employees

Creating an employee-friendly and vibrant workplace
Won 51JOB’s “Employer Excellence of China”
in five consecutive years (2015-2019)

Employees

Shareholders & Investors



Community & The Public

Customers

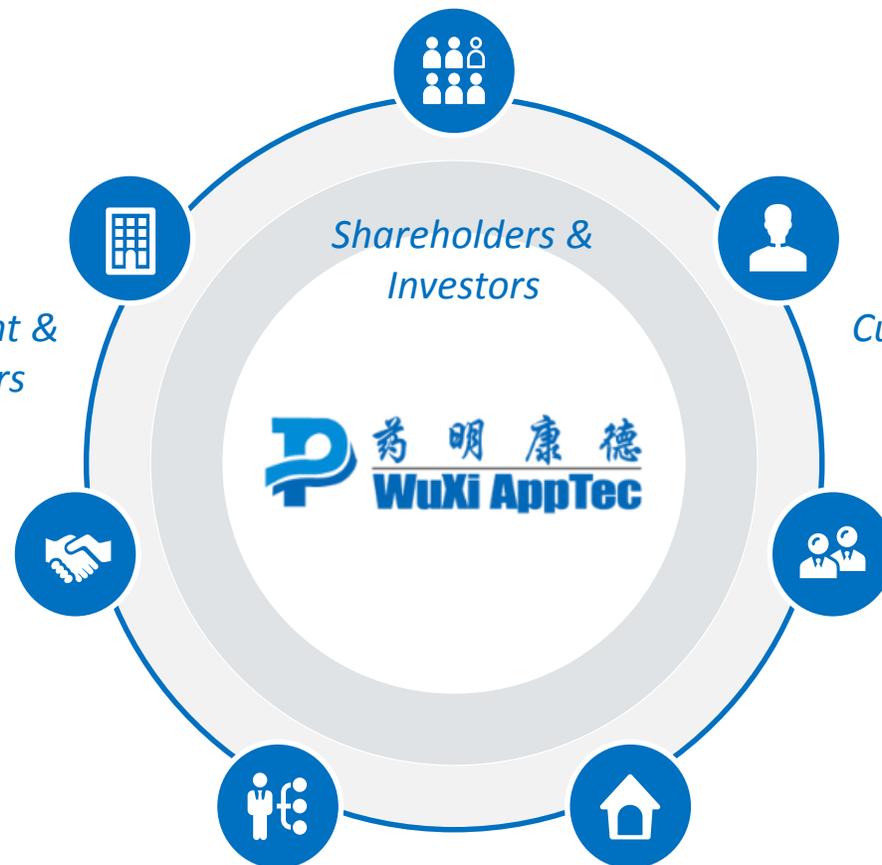
Suppliers

Responsibility for Healthcare Industry

Build an open-access platform with the most comprehensive capabilities and technologies to enable & expedite development of innovative medicines

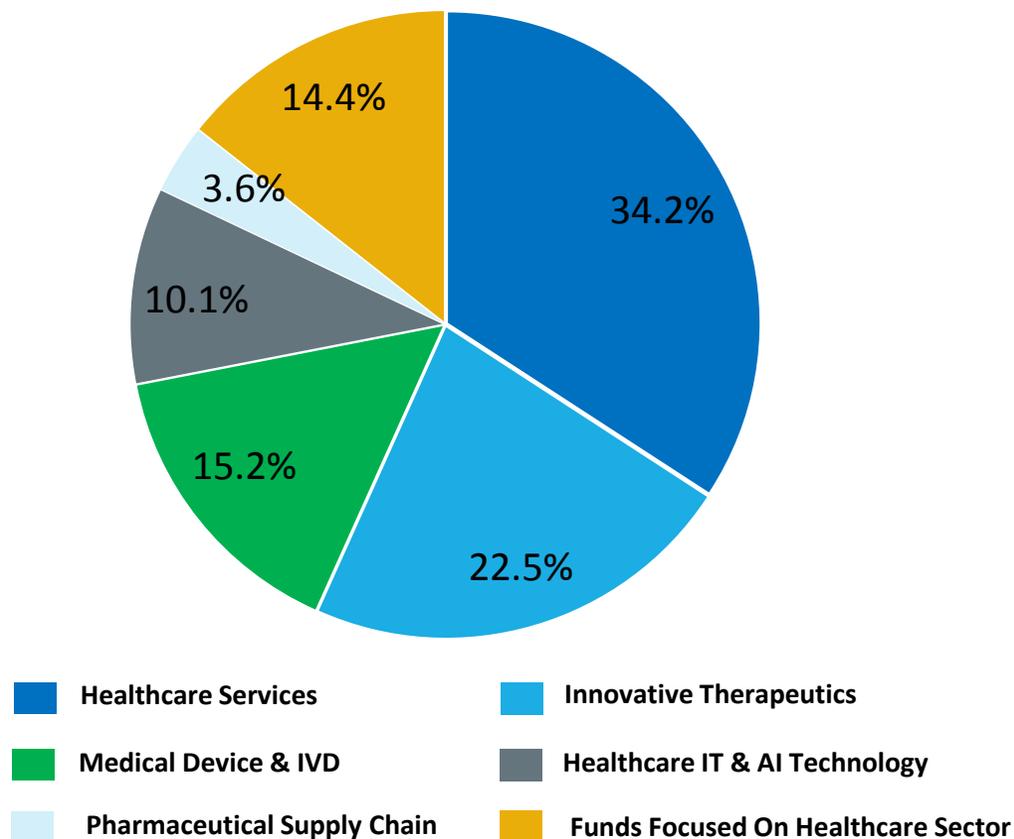
Responsibility for Environment & Community

Green operation and manufacturing
Harmonious development environment and community



Expanding the Healthcare Ecosystem Through Investments

Investments by Sector



80+ Portfolio Companies and Funds Covering 6 Sectors

27.4% IRR as of December 31, 2019

~4.8B RMB Balances as of December 31, 2019
Representing **16.4%** of Our Total Asset

Note: Including VC, JV and associates

04



Business Continuity Plan

Business Continuity Plan

January

- Established rapid response teams across all unites.
- Implemented BCP to ensure the safety of our employees and facilities, and mitigate COVID-19 impact.

February

- Transferred customers' high priority projects to Shanghai, Tianjin & Nantong sites.
- US sites expanded to accommodate additional lab work.

March

- March 24, over 96% of total employees in China returned to work.
- We established our medicinal chemistry services capabilities in the U.S.



February

- Daily tele-conferences with global customers.
- February 12, China sites, except Wuhan, resumed operations, supporting projects initiated at Wuhan.

March

- Incentivized employees to improve efficiency & productivity, and save costs.
- March 11, Wuhan site resumed operation, ramping up utilization quickly.

March

- Set up a Global COVID-19 Task Force and execute Business Continuity Plans worldwide.
- Plan to expand manufacturing capabilities and capacities in the U.S., through M&A or new site build-outs.

Business Continuity Plan - Win Back 2020

Implementing BCP to Mitigate COVID-19 Impact and Win Back 2020

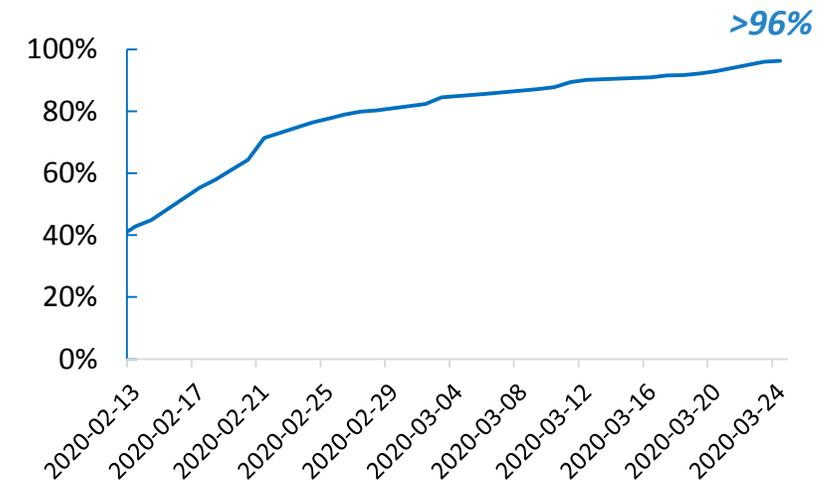
The COVID-19 outbreak hit our **Wuhan site** particularly hard, and to a lesser degree, our **clinical research service operations**.

We implemented our **Business Continuity Plan** very early on to minimize interruptions to operations and transferred customers' high priority projects to our **Shanghai, Tianjin and Nantong sites**.

Working Hard To Limit the Impact On 2020 Revenue Growth

- Before the COVID-19 outbreak, we expected yet another year of strong revenue growth in 2020. COVID-19 resulted in approximately **1 month** loss of operations in China.
- The fundamentals of our business remain strong and, putting the needs of our customers first, we swiftly executed our Business Continuity Plan. As a result, we expect to mitigate losses and aim to reduce the COVID-19 impact to our 2020 topline growth hit to potentially **2 to 3 weeks** of operations.

China Sites Work Resumption Rate



Enabling Global Customers Working@Home

Global Enabling Platform

29 global sites and offices distributed in **3** continents

Enabling platform with **comprehensive** capabilities

Timely implementation of **BCP** across China & global sites

Flexible Business Model

- Ensure the **health and safety** of our employees and facilities.
- Secure Our **Supply Chain**.
- Actively apply **new technologies**, e.g., **zoom**
- **Transfer high priority projects** to other sites with our customers' agreements.

Enabling Customers to Work@Home

- ✓ **Minimize** the COVID-19 impact on customers' project delivery timelines.
- ✓ Provide **additional services** to customers whose labs & facilities were impacted.
- ✓ Transform the way of new drug R&D, **enabling global customers to work at home**.

We Believe

- 1 The fundamentals of our business **remain very strong** and we are proactively working with our customers to drive their R&D projects forward in this challenging time.
- 2 Our global footprint and timely implementation of BCP allow us to **better serve** our customers, even **enabling customers working@home** during the COVID-19 pandemic.
- 3 Our China facilities are demonstrating **strong resiliency** and will carry **even greater responsibilities** than usual for our global customers.
- 4 Small biotech companies, virtual companies and individual entrepreneurs will be **less impacted** by the pandemic as they can completely rely on us to advance their projects by **directing our scientists from anywhere**.
- 5 **Challenges come with opportunities**. With our healthy balance sheet, strong operating cash flow, broad R&D platform and the application of modern communication technology, we will navigate through this COVID-19 crisis with our customers and strengthen our industry-leading position.

Thank You!

Global Platform. One Vision.

Integrated End-to-End Service Capabilities

“Follow the Project, Follow the Molecule” Along the Entire Drug Development Cycle

