

WuXi AppTec

2020 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, 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, 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. We further provide EBITDA and adjusted EBITDA. 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.

Agenda



01 2020 Interim Results

02 Business Highlights

03 Financial Overview

Notes:

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

01



2020 Interim Results

2020 Interim Business Highlights

“Long-Tail” Strategy

~600 New Customers

4,000+ Active Customers

Loyal Customer Base

100% Retention of Our
Top 10 Customers

Small Molecule

1,100+ Projects; **42**

Phase III; **26** Commercial

Cell & Gene Therapies

9 Phase II/III; **22** Phase I



Global Footprint

29 Global Sites & Branch Offices

18,600+ Scientists & Technicians

Established **medicinal chemistry**
services capabilities in the U.S.

H1'2020

13 INDs; **9** CTAs

Cumulatively

98 INDs; **66** CTAs

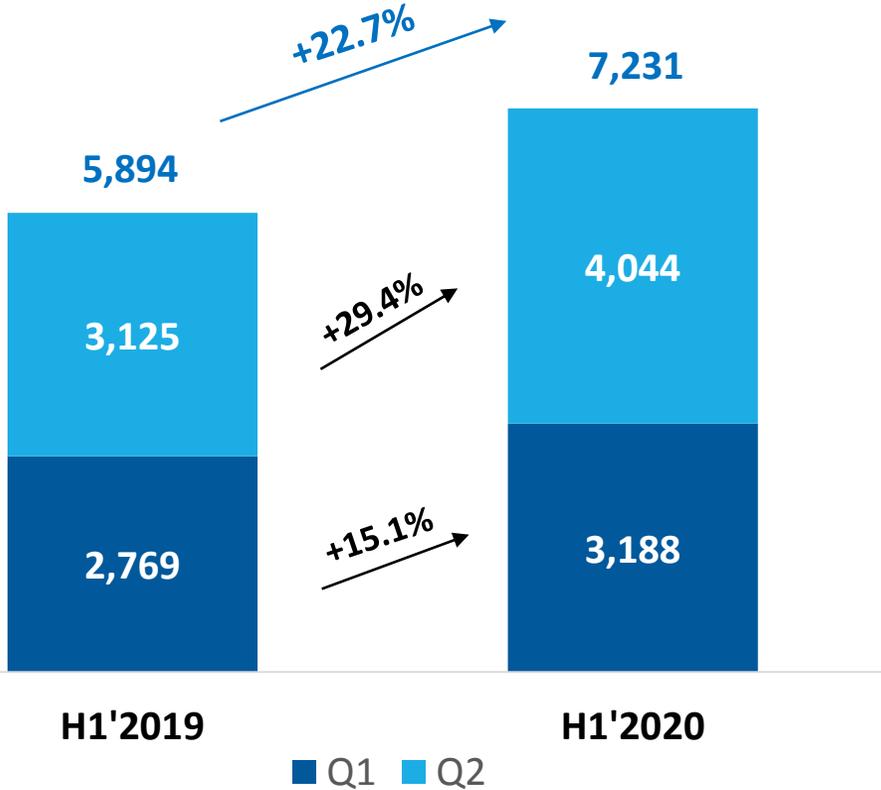
Clinical Development

1 Phase III; **8** Phase II; **54** Phase I

Strong Growth in the First Half of 2020

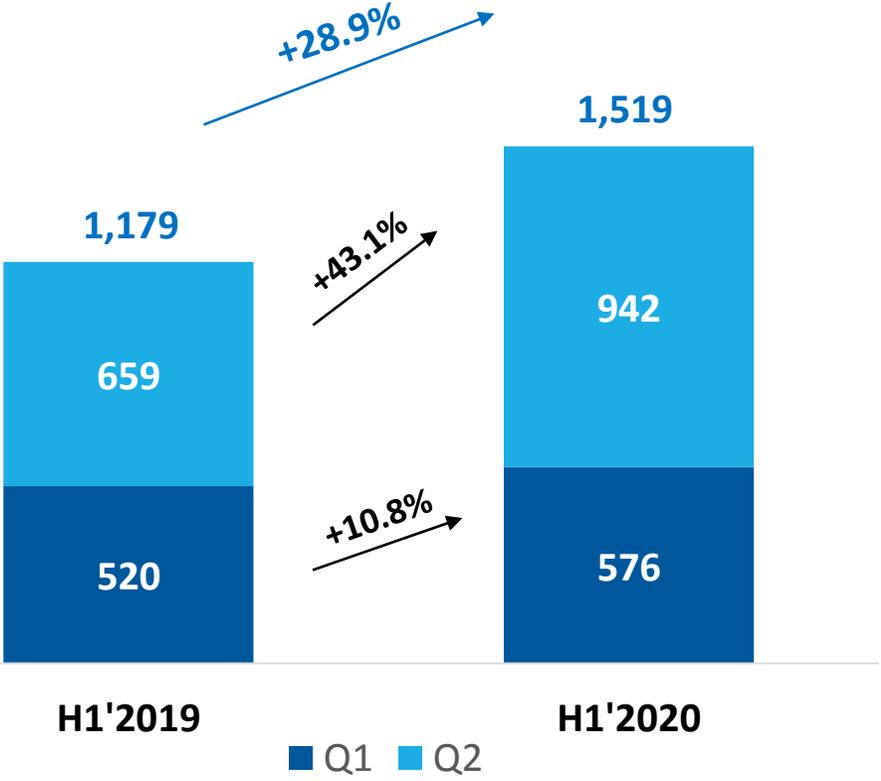
Revenue

RMB MM



Adjusted Non-IFRS Net Profit

RMB MM



Our Platform & Business Model Continued to Perform Well

Global Platform
Enabling Innovation
Worldwide

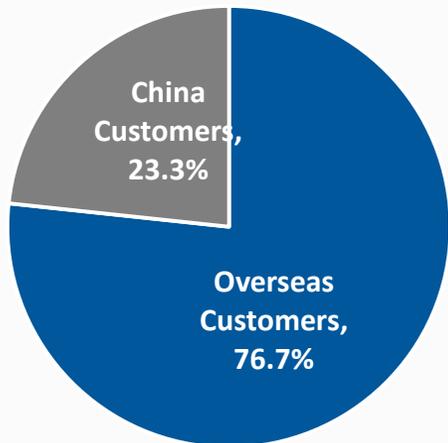
Revenue Composition

Overseas Customers

5,546M, 22.3%↑

China Customers

1,686M, 23.9%↑



Strong, Loyal &
Expanding
Customer Base

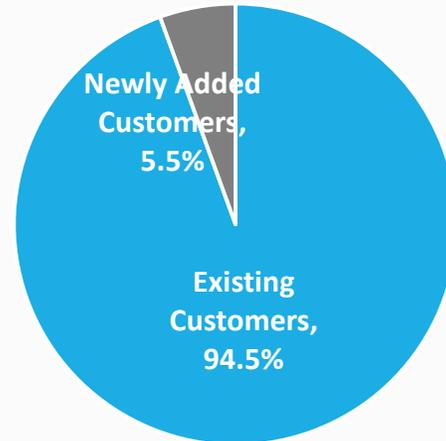
Revenue Composition

Existing Customers

6,831M, 22.5%↑

Newly Added Customers

401M, 26.7%↑



Execute "Long-Tail"
Strategy & Increase Our
Support to Large Pharma

Revenue Composition

"Long-Tail" & China Customers

4,926M, 28.7%↑

Top 20 Global Pharma Customers

2,305M, 11.6%↑



Increase Customer
Conversion to Sustain
Growth

Revenue Composition

Customers Using Multiple Services

6,151M, 31.8%↑



Note: Data include large pharmaceutical companies' M&A activities.

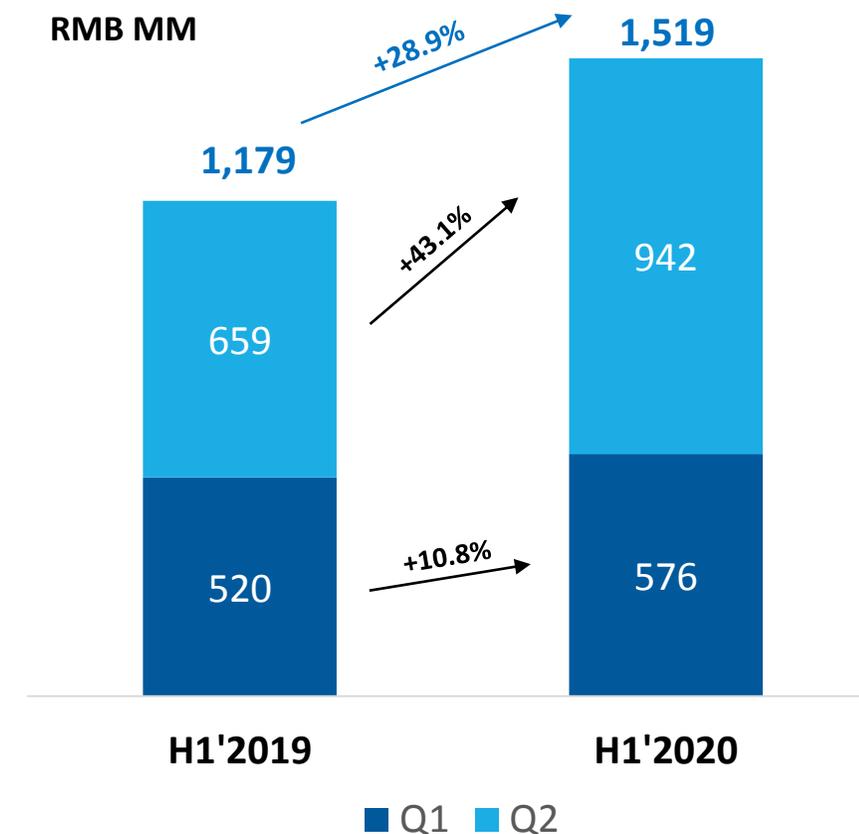
IFRS & Adjusted Non-IFRS Measures

RMB Million	Q2'2020	Q2'2019	H1'2020	H1'2019	YoY Change	
Revenue	4,044	3,125	7,231	5,894	1,337	22.7%
<i>IFRS Gross Margin%</i>	38.6%	39.3%	36.8%	38.7%	-2.0%	
<i>Non-IFRS Gross Margin%</i>	41.6%	40.9%	40.1%	40.4%	-0.4%	
IFRS Operating Profit	1,505	926	2,063	1,261	802	63.5%
<i>IFRS Operating Profit Margin%</i>	37.2%	29.6%	28.5%	21.4%	7.1%	
Adjusted Non-IFRS Operating Profit	1,129	797	1,902	1,471	430	29.3%
<i>Adjusted Non-IFRS Operating Profit Margin%</i>	27.9%	25.5%	26.3%	25.0%	1.3%	
Net Profit Attributable to Owners of the Company	1,414	670	1,717	1,057	660	62.5%
Adjusted Non-IFRS Net Profit Attributable to Owners of the Company	942	659	1,519	1,179	340	28.9%
IFRS EPS (RMB)						
-Basic	0.61	0.29	0.75	0.46	0.29	63.0%
-Diluted	0.61	0.29	0.74	0.46	0.28	60.9%
Adjusted Non-IFRS EPS						
-Basic	0.41	0.29	0.67	0.52	0.15	28.8%
-Diluted	0.41	0.28	0.66	0.51	0.15	29.4%
Weighted Average Number of Shares (mm)	2,284	2,281	2,283	2,281		
Fully Diluted Weighted Average Number of Shares (mm)	2,302	2,284	2,301	2,284		

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	Q2'2020	Q2'2019	H1'2020	H1'2019
Net Profit Attributable to the Owners of the Company	1,414	670	1,717	1,057
Add:				
Share-based compensation expenses	159	31	275	63
Convertible bonds issuance expenses	1	-	3	-
Fair value loss from derivative component of convertible bonds	502	-	487	-
Foreign exchange related (gains)/losses	36	(18)	20	81
Amortization of acquired intangible assets from merge and acquisition	9	7	18	12
Non-IFRS Net Profit Attributable to the Owners of the Company	2,121	690	2,520	1,213
Add:				
Realized and unrealized gains from venture investments	(1,184)	(46)	(1,013)	(55)
Realized and unrealized share of losses from joint ventures	6	14	12	20
Adjusted Non-IFRS Net Profit Attributable to the Owners of the Company	942	659	1,519	1,179



02



Business Highlights

China-based Laboratory Services Highlights

Revenue & Profit

- Revenue growth of **26.5%** YoY to **3,780M**, attributable to the timely implementation of BCP and increased demand from overseas customers.
- Non-IFRS GP growth **26.1%** YoY to **1,741M**.
- Non-IFRS GPM 45.5%, slightly down by 0.2pct.

Small Molecule Drug Discovery

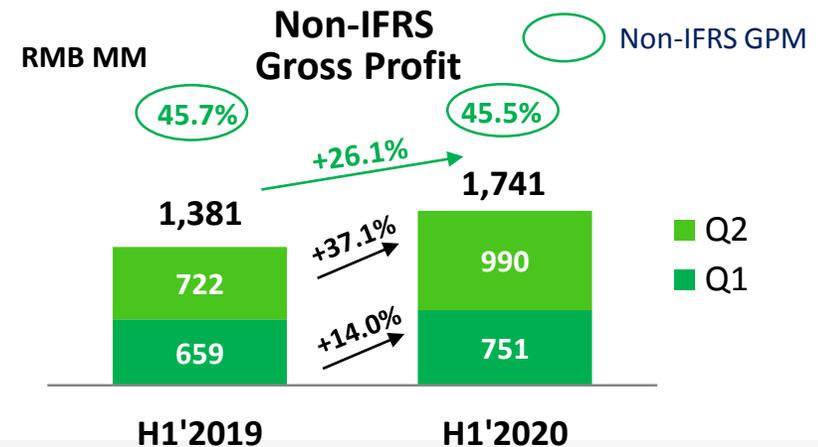
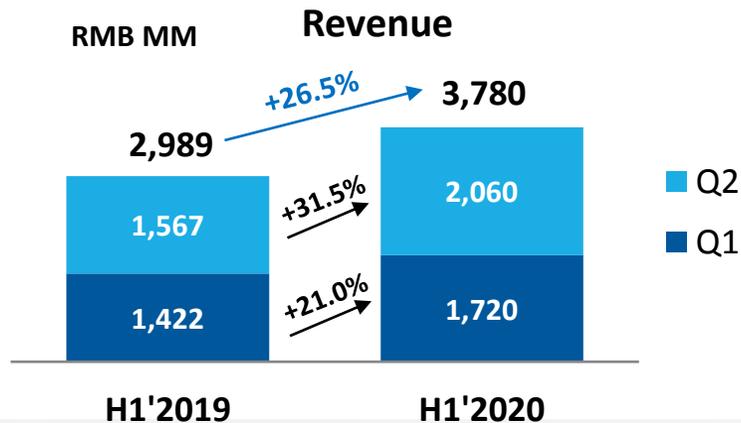
- Anticipate the industry trend and empowered customers with cutting-edge technology, including **new targets, new MOAs** and **new modalities**.
- Integrated Target-to-Hit platform enabled **300+** customers and will create incremental business opportunities for downstream BUs.

Integrated IND Package Services

- Safety assessment services achieved very strong growth due to increased capacity and sufficient research resources.
- Signed **50** integrated WIND packages. Helped many global and China customers obtained FDA CTAs under **eCTD** format.

Success-based Services

- In H1'2020, submitted **13** IND filings for our customers and obtained **9** CTAs.
- Cumulatively, submitted **98** IND filings for our customers and obtained **66** CTAs.
- **1** project in Phase III, **8** projects Phase II and **54** projects Phase I.

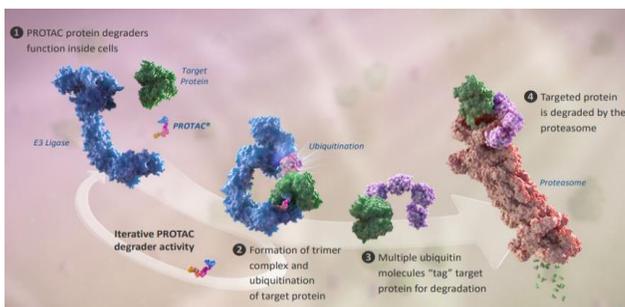


Anticipate the Industry Trend & Enable Global Customers

New Targets, New MOAs, New Modalities



We developed **COVID-19** small molecule drug discovery platform very early and enabled **50+** customers globally.



Our **PROTAC** platform maintained strong momentum, enabling **40+** biotech customers and revenue grew **23%+**.

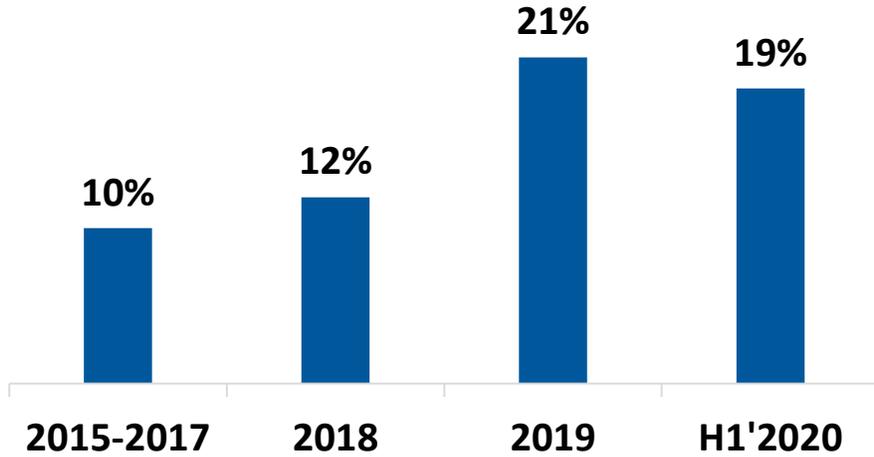


We strengthened **Oligonucleotide & Peptide** drug discovery and development capabilities, providing services to **1,000+** projects.

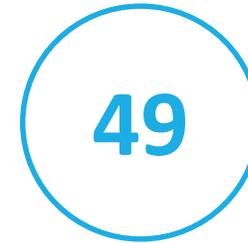
Note: PROTAC picture from Arvinas website.

Success-based Business Model With Potential Upside

DDSU Market Share Among China Companies'
Innovative SM Drugs IND Filings Accepted By NMPA



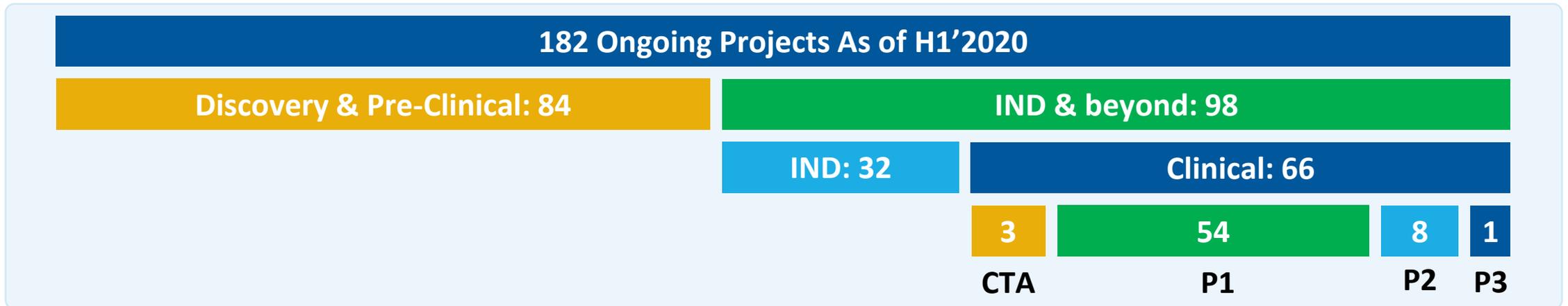
IND Filings For
Our Customers As
of H1'2020



1st In China¹



Top 3 In China¹



Note 1: Among China companies.

CDMO/CMO Services Highlights

Revenue & Profit

- Revenue growth of **25.8%** YoY to **2,162M**. Our “follow the molecule” business model continued to perform well.
- Non-IFRS GP growth **24.8%** YoY to **903M**.
- Non-IFRS GPM 41.8%, slightly down by 0.4pct.

Follow the Molecule

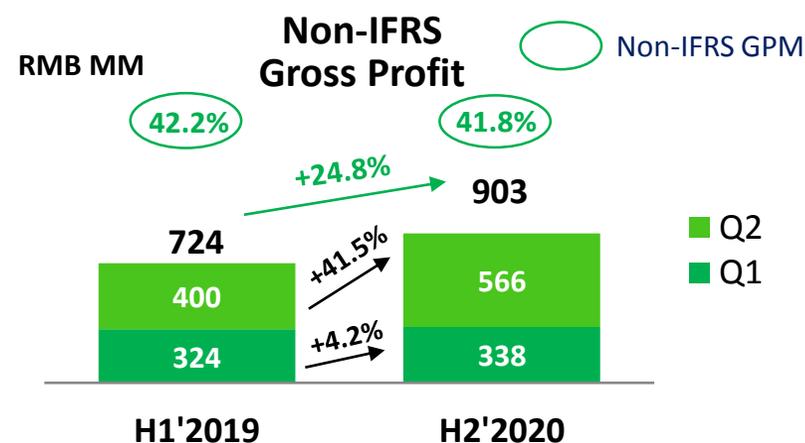
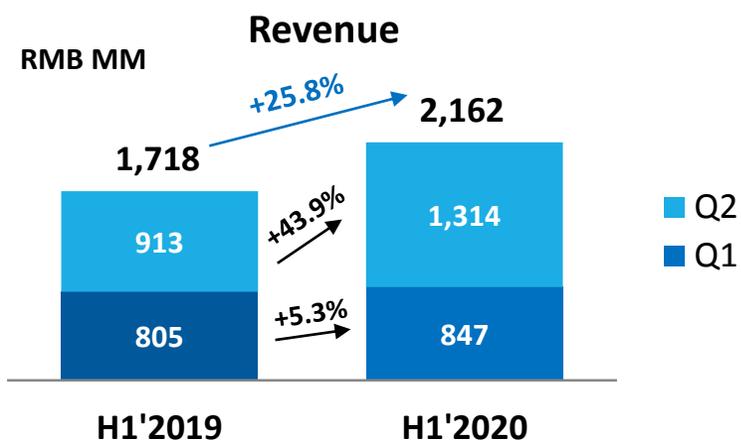
- Added **269** new molecules into our pipeline and **5** projects began commercial manufacturing.
- **26** commercial projects.
- **42** Phase III projects.
- **26** projects under China MAH program, including **4** commercial projects.

Small Molecule Drugs

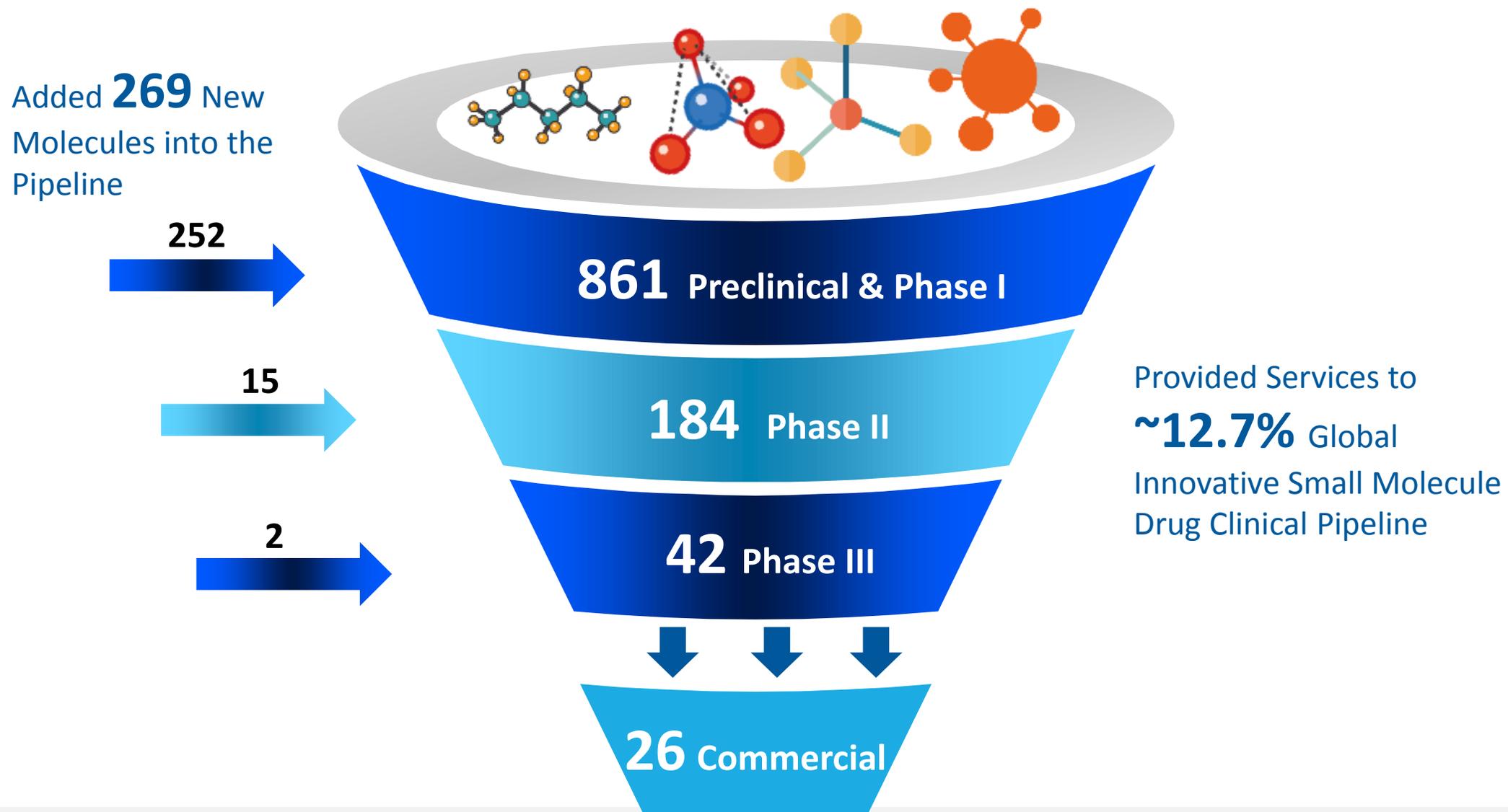
- Applied flow chemistry technology to large-scale manufacturing in several late clinical stage and commercial projects.
- Further expanded the manufacturing capacity of high potency APIs and boosted our annual manufacturing capacity of high potency APIs to **100 kg** level.

Oligo & Peptide Drugs

- Kg grade oligonucleotide commercial manufacturing facility began operations with maximum scale of single batch of oligonucleotide APIs increased to **1 mole**.
- Large-scale peptide API manufacturing facility began operations with **7** manufacturing lines.



Follow the Molecule – Small Molecule CDMO Pipeline



US-based Laboratory Services Highlights

Cell and Gene

Therapies CDMO

Revenue & Profit

New Capabilities

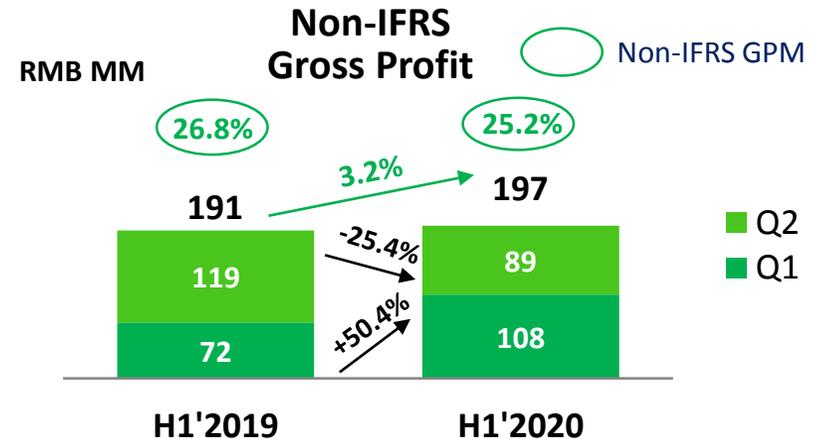
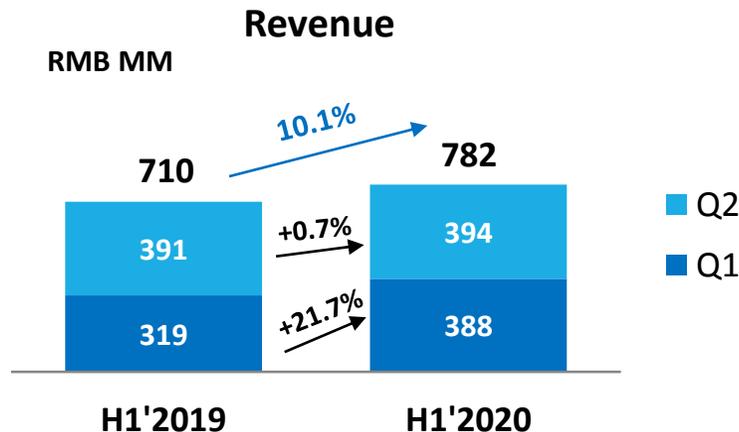
Medical Device Testing

- Revenue growth of **10.1%** YoY to **782M**. CGT services revenue growth **~4%** and medical device testing revenue growth **~18%**.
- Non-IFRS GP growth **3.2%** YoY to **197M**.
- Non-IFRS GPM 25.2%, down by 1.7 pct., due to COVID-19 impact on U.S. operations.

- Provided services to **31** clinical stage projects.
- **9** projects in Phase II/III.
- **22** projects in Phase I.
- In July, 2020, signed a late phase manufacturing contract with a customer for its **allogeneic cell therapy** product, which is **undergoing FDA priority review**.

- Launched a **fully integrated AAV Vector Suspension Platform** and a **fully integrated Closed Process CAR-T Cell Therapy Platform**, which will help customers accelerate the timelines of cell and gene therapies development, manufacturing and release.

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



Clinical Research CRO/SMO Services Highlights

Revenue & Profit

- Revenue growth of **5.9%** YoY to **500M**. Growth rate slowed down due to severe impact of COVID-19. However, the backlog of CDS&SMO grew **65%+** YoY.
- Non-IFRS GP declined by 25.4% YoY to 74M.
- Non-IFRS GPM 14.9%, down by 6.2 pct.

Capabilities & Capacity

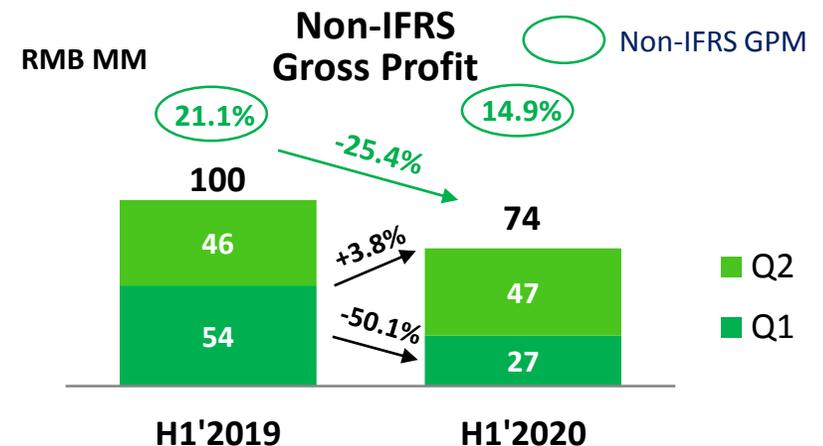
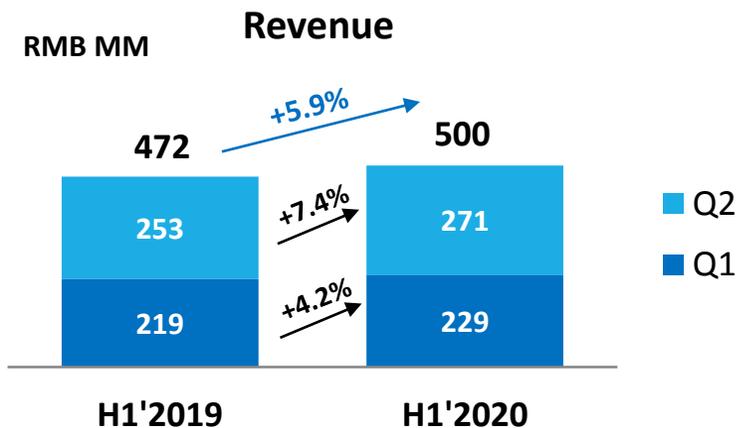
- SMO maintained **#1** leadership in China, with **2,800+** CRCs stationed in **135** cities and provide services in **900+** hospitals.
- Clinical CRO team has **830+** employees distributed in China and the U.S.

CDS

- Clinical development team provided services to **130+** projects for our clients in China and U.S. and completed the registration trials of **5** products.
- Biometrics business has maintained strong momentum and achieved rapid growth in both U.S. and China.

SMO

- SMO assisted in the market approval of **12** products, including the approval of a surgical implant for the treatment of glaucoma based on **real world evidence** in China.
- Since July 22, 2015, **50+** projects undertaken by our SMO were inspected, all with excellent results.



Continue to Build Capabilities and Capacity Globally——H1'2020

China-based Laboratory Services



- Established medicinal chemistry services capabilities in the U.S.
- Newly built Chengdu research and development center began operations, and will become the newest extension of our China-based laboratory services.

CDMO/CMO Services



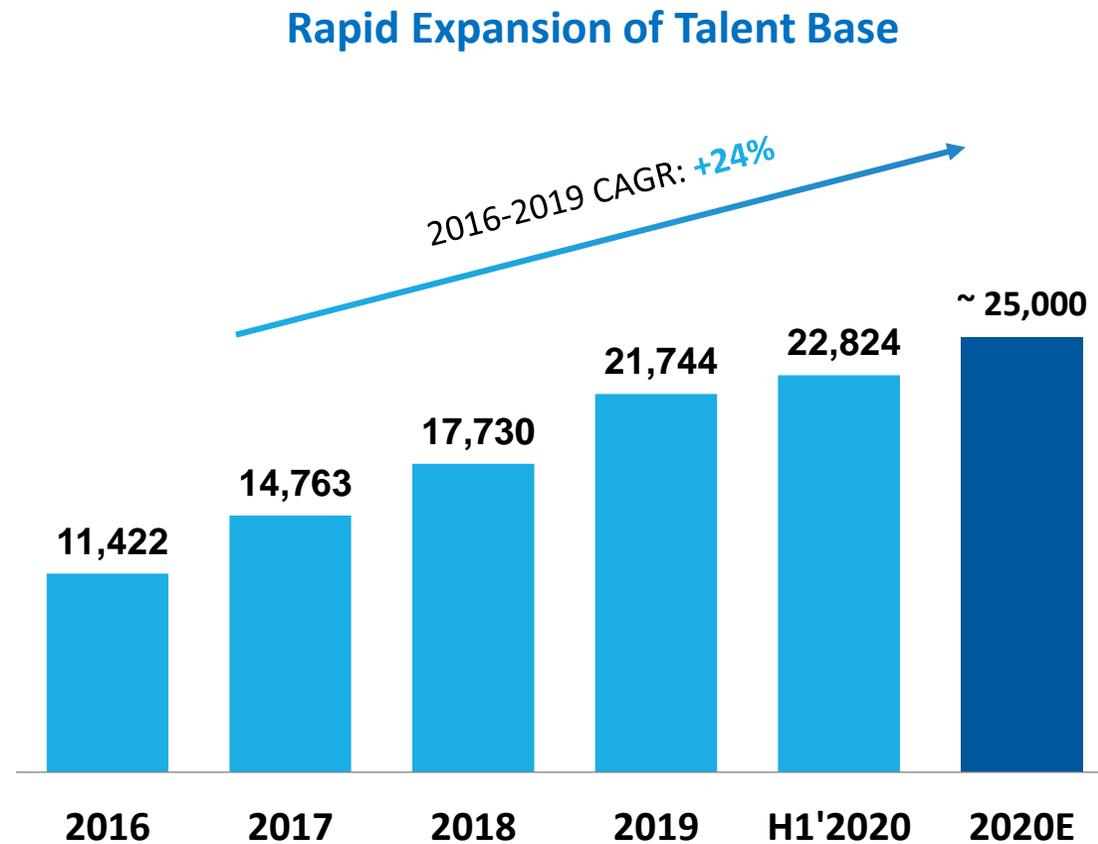
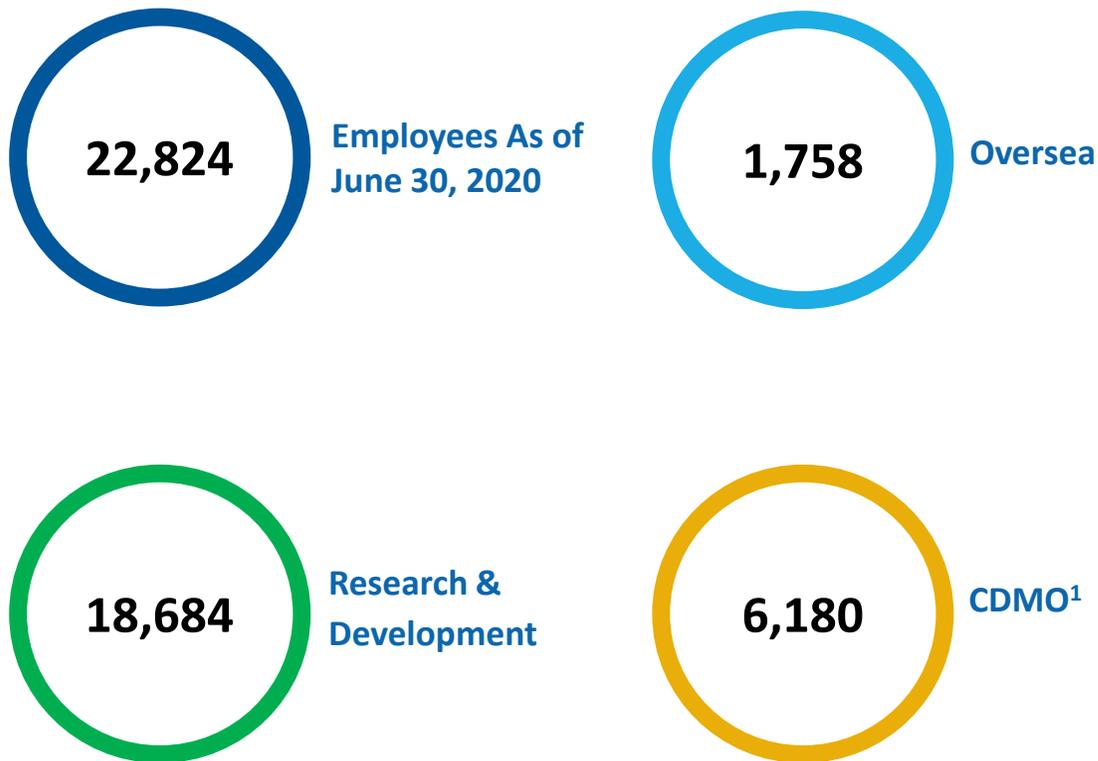
- High potency API manufacturing facility, large-scale oligonucleotide API manufacturing facility and large-scale peptide API manufacturing facility began operations.
- Started the construction of a new drug product development and manufacturing facility, improving the capacity of solid dosages and sterile drug products.

Cell & Gene Therapies CDMO Services



- Philadelphia facility expanded its service capabilities by offering a fully integrated AAV Vector Suspension Platform and a fully integrated Closed Process CAR-T Cell Therapy Platform.
- Wuxi City facility launched its AAV adherent manufacturing platform and started to build an AAV Vector Suspension Platform.

Growing Talents for Sustaining Business Growth



Note:

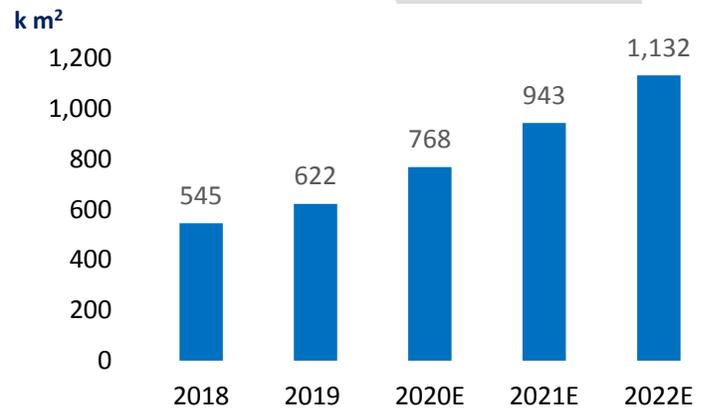
- 1. Including small molecule CDMO & cell and gene therapies CDMO
- 2. Key Talent: employees granted restricted stocks or stock options

2019 Key Talent Retention Rate: 94%²

Capacity in Progress



The Capacity of Our Sites is Expanding



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

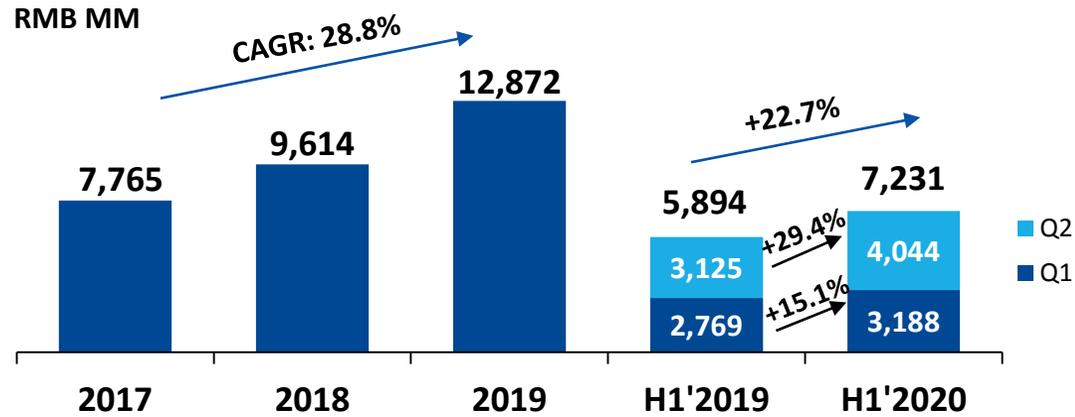
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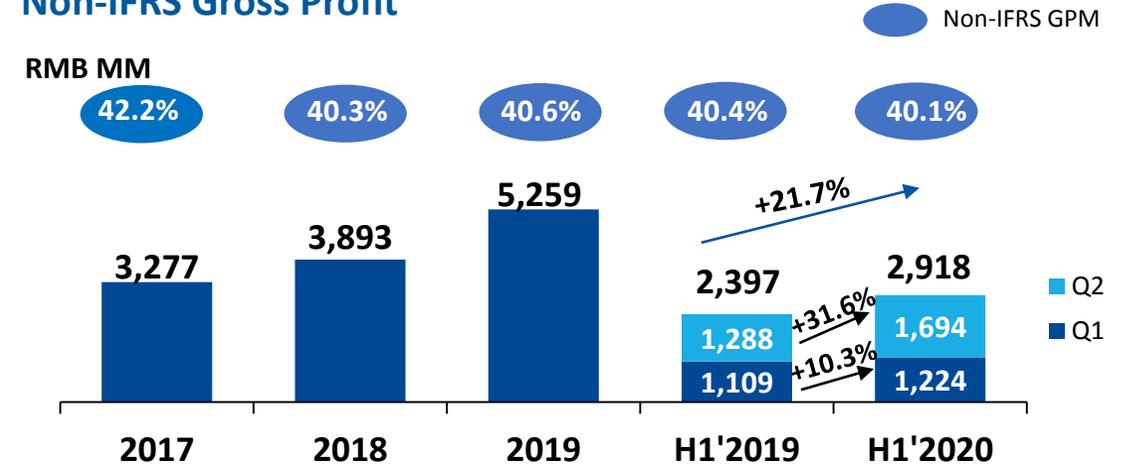
Financial Overview

Financial Performance

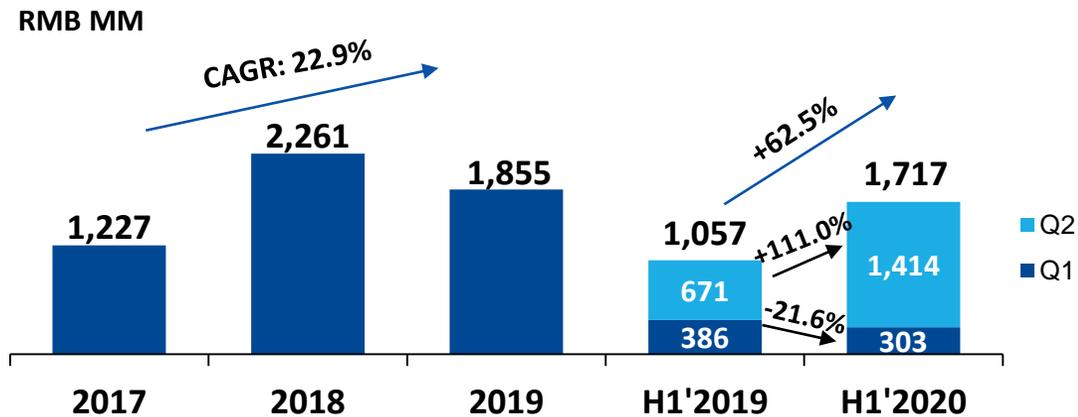
Revenue



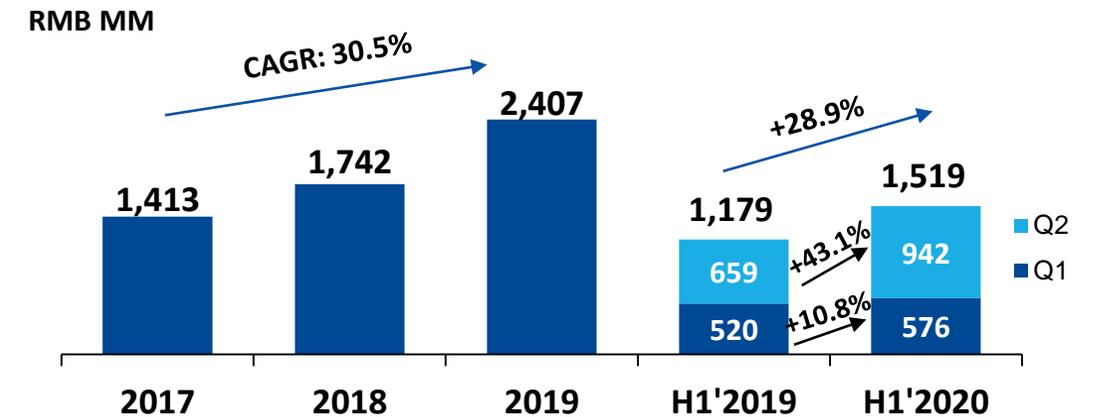
Non-IFRS Gross Profit



Net Profit Attributable to Owners of the Company



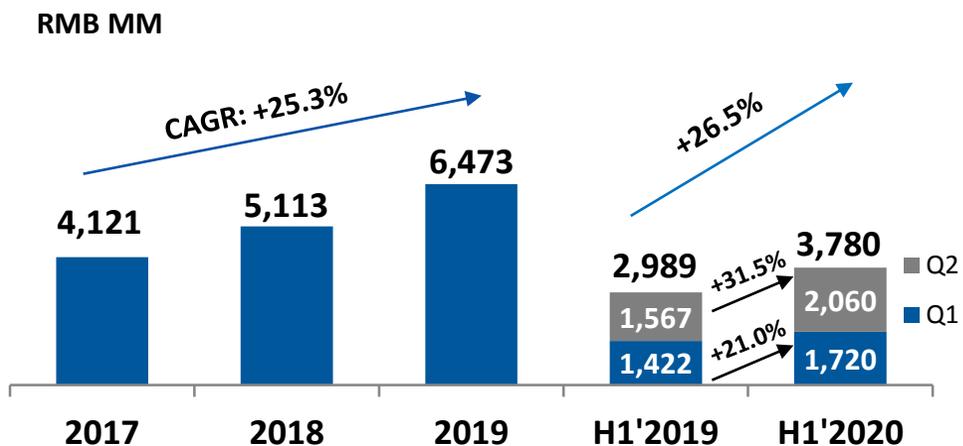
Adjusted Non-IFRS Net Profit Attributable to Owners of the Company



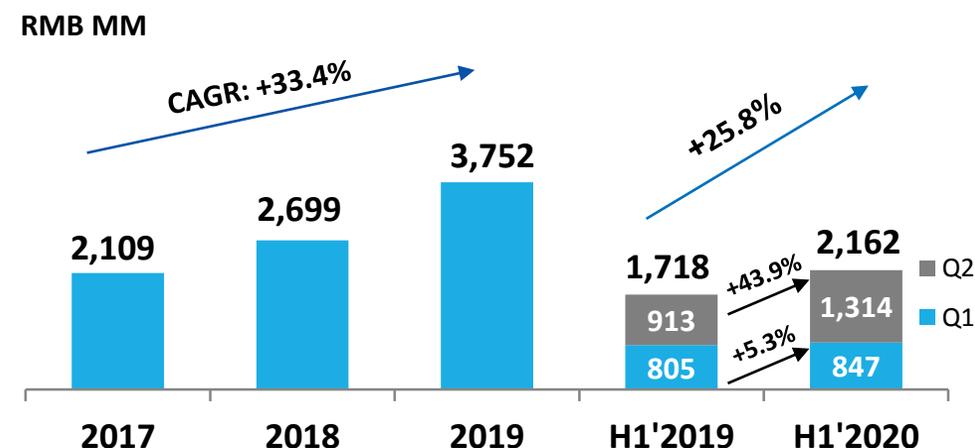
Note: In H1'2020, we reported RMB939 million gain from the fair value change of our investment portfolio. In the same period of 2019, we reported RMB55 million loss from the fair value change of our investment portfolio.

Segment Revenue

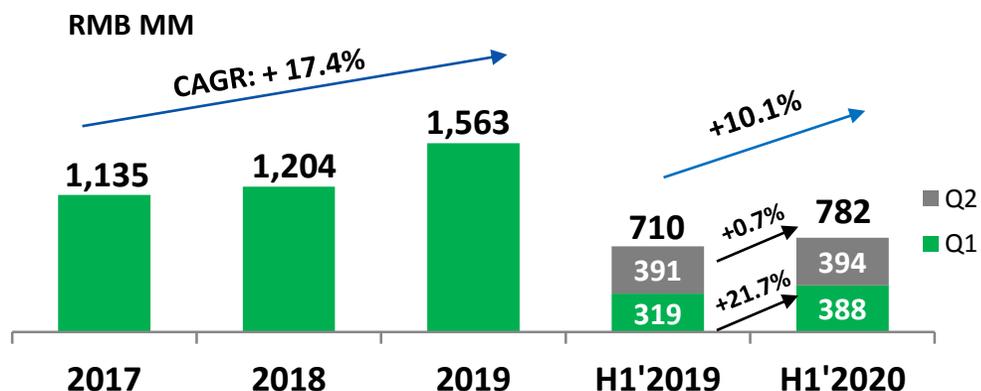
China-based Laboratory Services



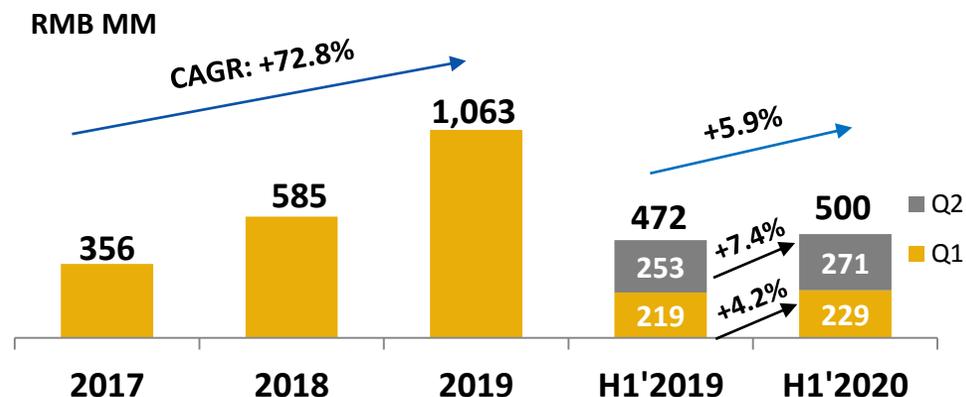
CDMO / CMO Services



US-based Laboratory Services

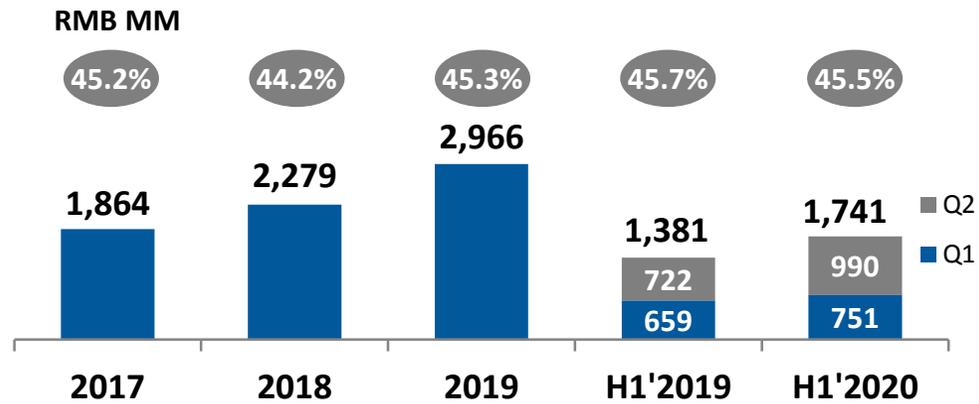


Clinical and Other CRO Services

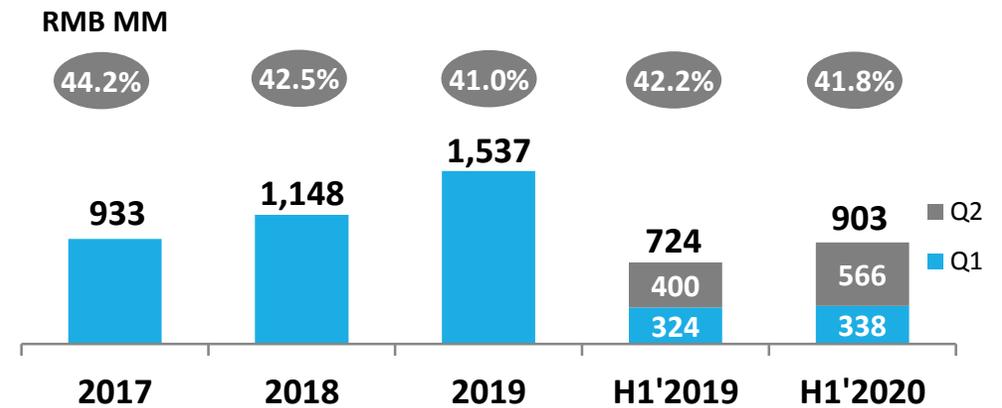


Segment Non-IFRS Gross Profit

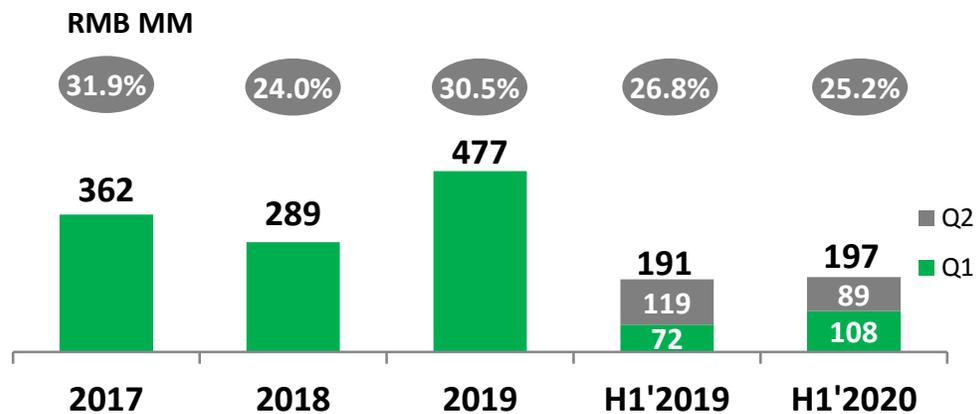
China-based Laboratory Services



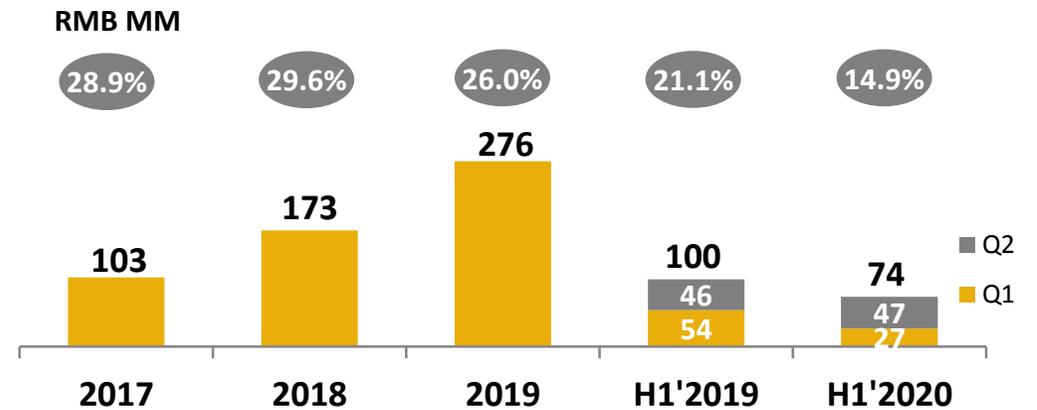
CDMO / CMO Services



US-based Laboratory Services



Clinical and Other CRO Services

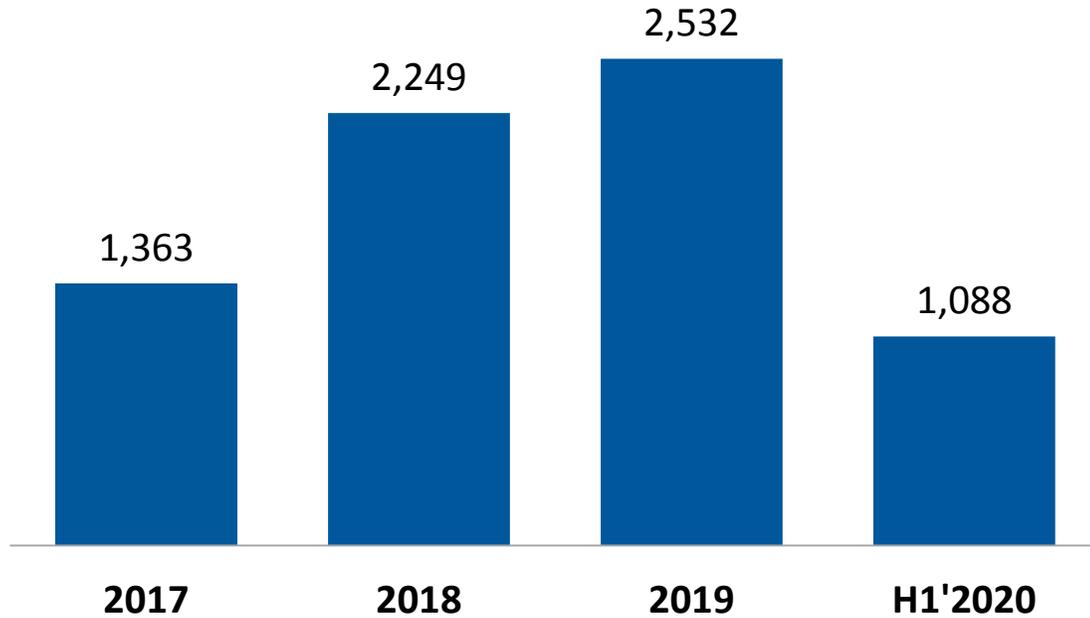


Non-IFRS GPM

Capital Expenditure and Total Debt

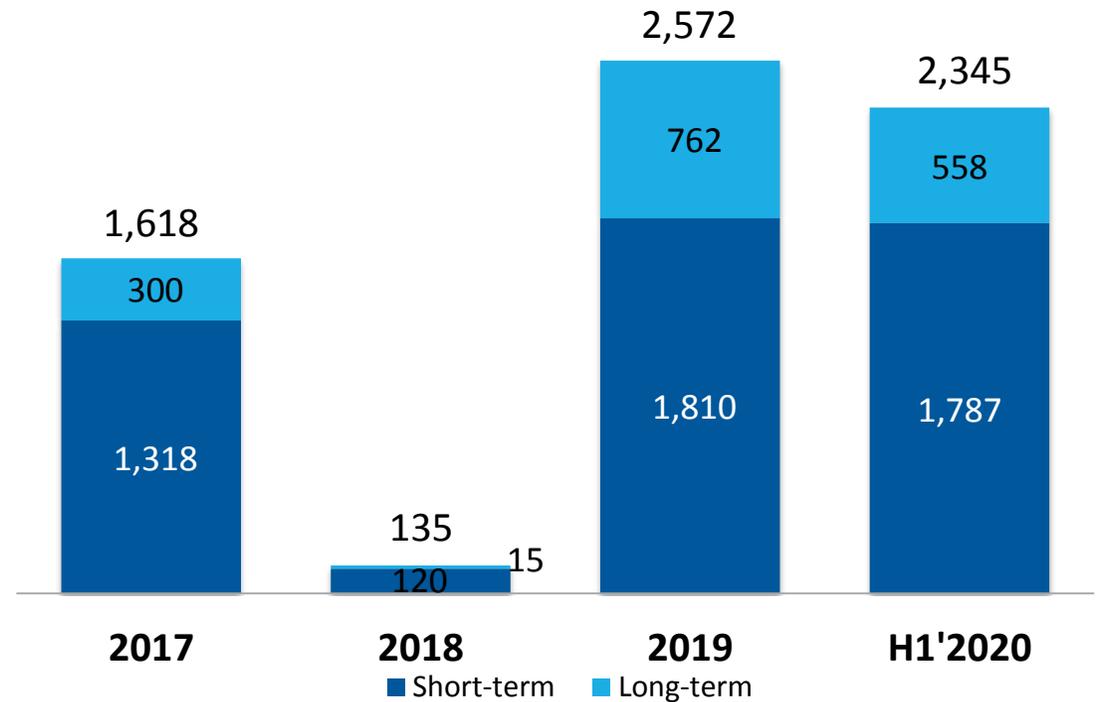
Capital Expenditure ⁽¹⁾

RMB MM



Total Borrowings ⁽²⁾

RMB MM

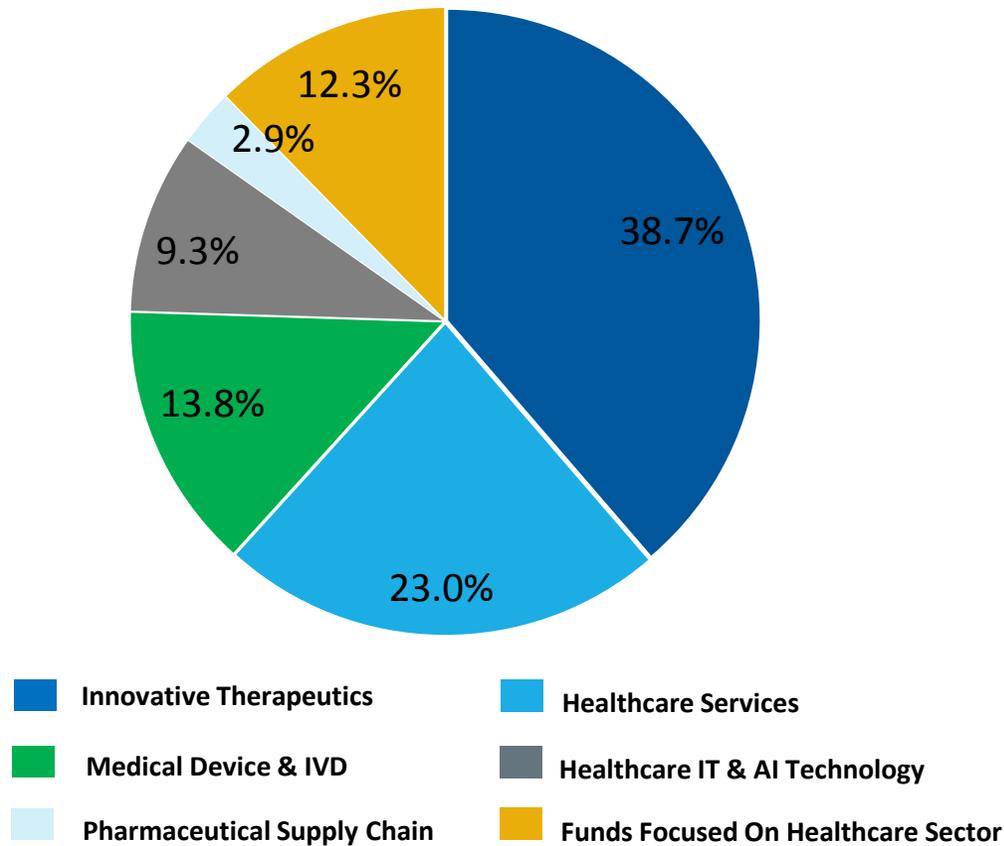


Note:

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 Q3'2019.

Expanding the Healthcare Ecosystem Through Investments

Investments by Sector



90+ Portfolio Companies and Funds Covering 6 Sectors

30.0% IRR as of June 30, 2020

~6.7B RMB Balances as of June 30, 2020
Representing **21.6%** of Our Total Asset

Note: Including VC, JV and associates

Solid Fundamentals to Drive Strong Growth in the Future

Solid Financial Performance

Revenue **7,231M**, up **22.7%** YoY

Adjusted Non-IFRS Net Profit
1,519M, up **28.9%** YoY

Strong CDMO Pipeline

SM: **1,100+** molecules, **42** Phase III, **26** commercial

CGT: **31** clinical stage products,
9 Phase II/III, **22** Phase I



The fundamentals of our business remain very strong and we expect to deliver a strong second half.

Loyal and Expanding Customers

~600 New Customers
4,000+ Active Customers
100% Retention of Top 10 Customers

Potential Upside (Success-based)

98 INDs; **66** CTAs
1 Phase III; **8** Phase II; **54** Phase I

Thank You!

Global Platform. One Vision.



www.wuxiapptec.com