

# WuXi AppTec

## 2022 Annual Results

March 21, 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, 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, goodwill 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

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## 02 Business Highlights

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## 03 Financial Performance

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## 04 Growth Outlook

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### Notes:

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

# 1. Results Overview

# Strong Revenue & Profit Growth in 2022

## Revenue

RMB billion

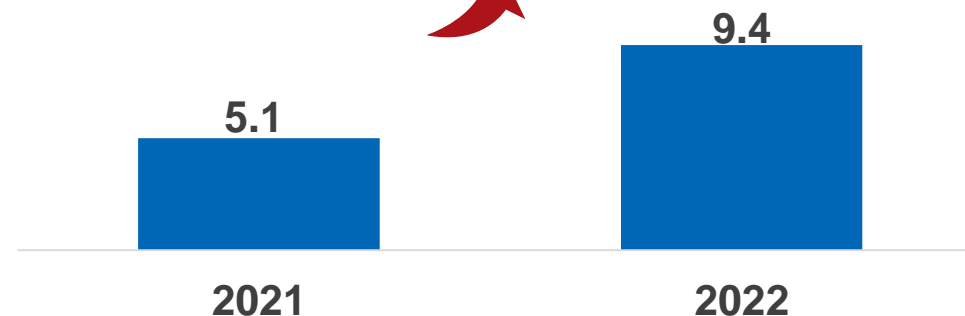
**+71.8%**



## Adjusted Non-IFRS Net Profit

RMB billion

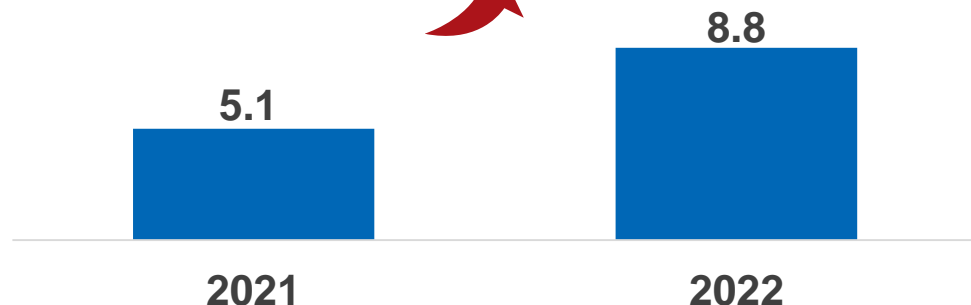
**+83.2%**



## Net Profit

RMB billion

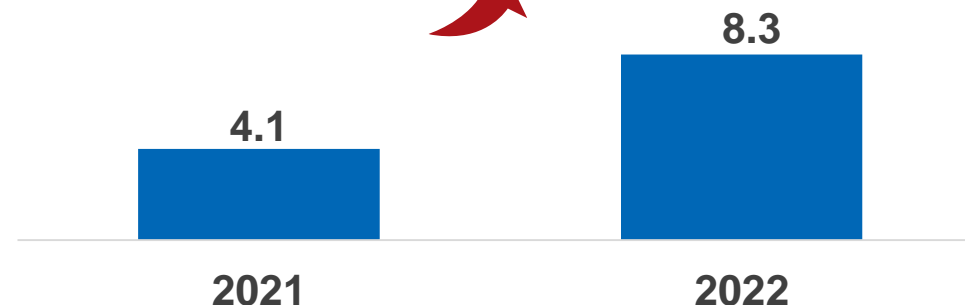
**+72.9%**



## Net Profit After Deducting Non-Recurring Items

RMB billion

**+103.3%**

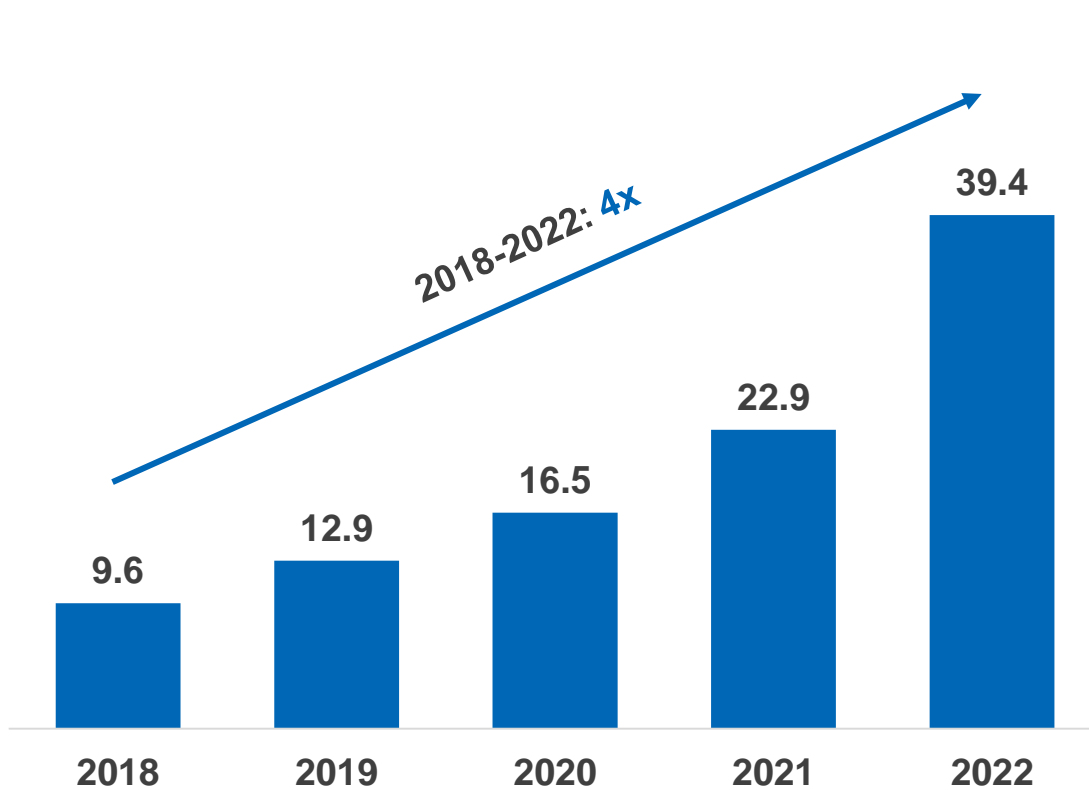


# Continue Strong Growth on Back of CRDMO/CTDMO Business Model

Follow the Science / Technology – Follow the Customer – Follow the Molecule

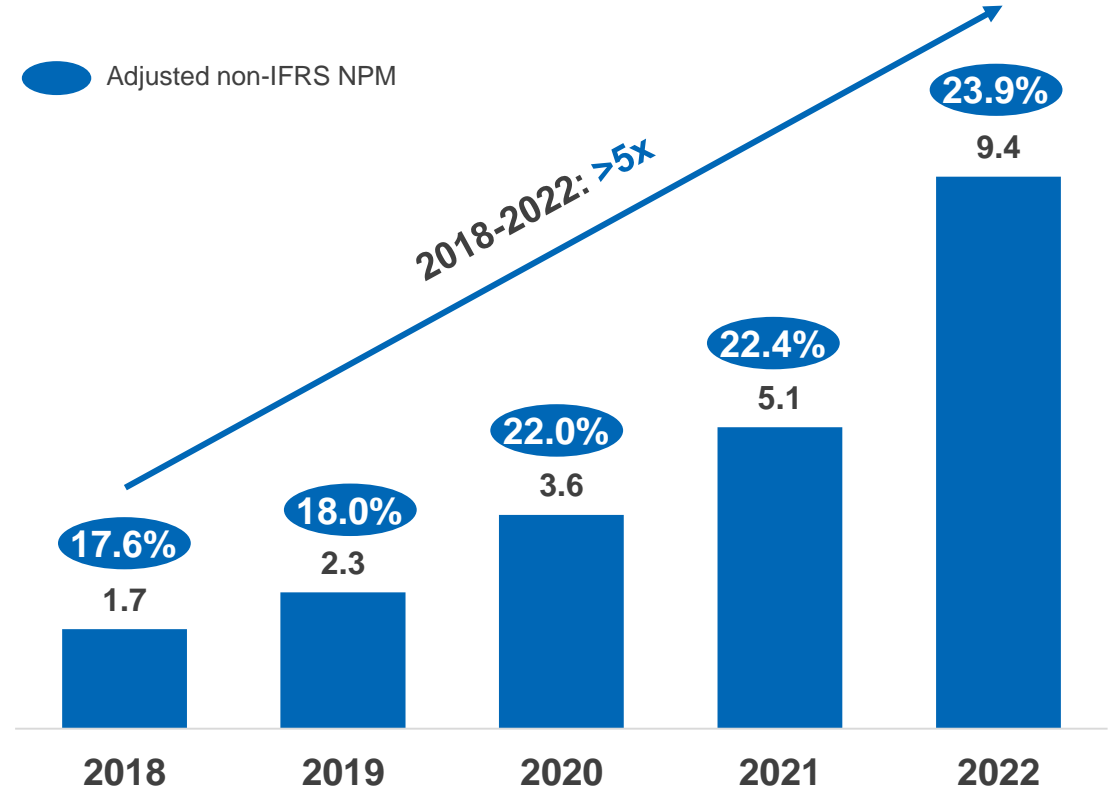
## Revenue

RMB billion



## Adjusted Non-IFRS Net Profit

RMB billion



# 2022 Business Highlights

## “Long-Tail” Strategy

**1,400+** New Customers  
**5,950+** Active Customers

## Loyal Customer Base

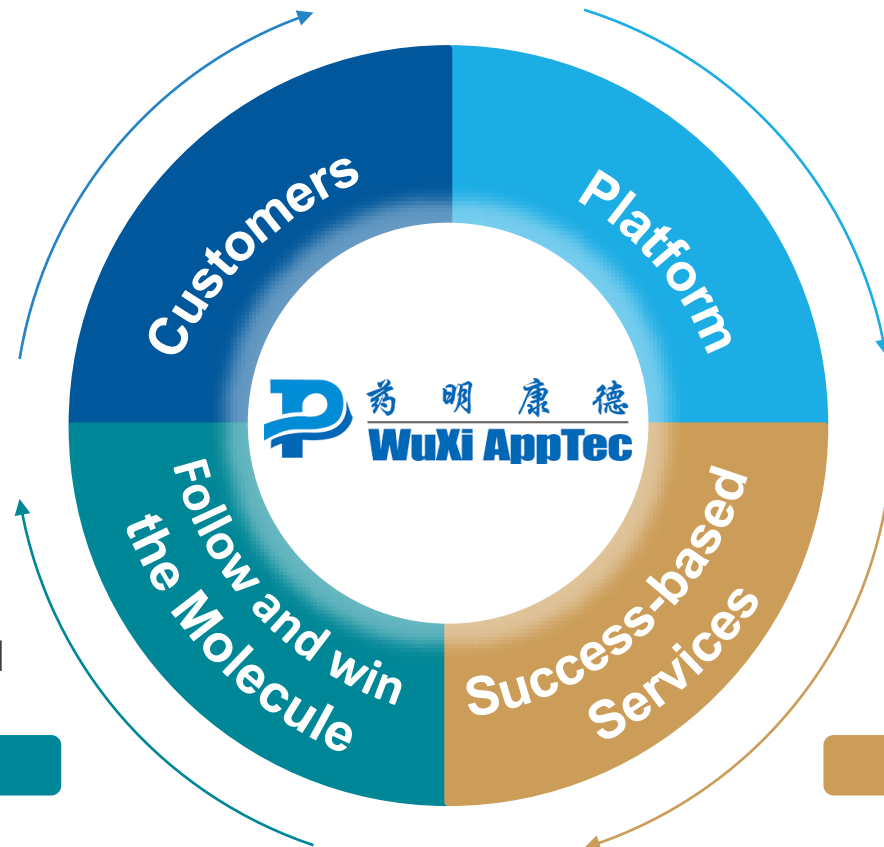
**100%** Retention of Our  
Top 10 Customers

## Small Molecule CRDMO Pipeline

**973** New Molecules  
**2,341** Molecules;  
**50** Commercial; **57** Phase III

## Cell & Gene Therapies CTDMO

**50** Pre-clinical & Phase I  
**10** Phase II, **8** Phase III



## Global Footprint

**32** Global Sites & Branch Offices  
**44,361** Total employees  
**41,118** Scientists & Technicians

## DDSU 2022

**28** INDs; **34** CTAs

## Cumulatively

**172** INDs; **144** CTAs

## Clinical Development

**1** NDA, **7** Phase III  
**24** Phase II, **75** Phase I

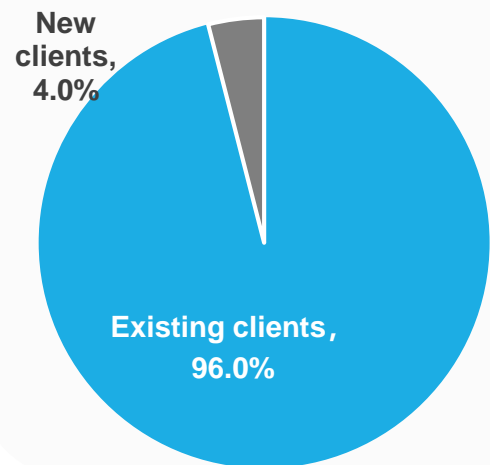
# Our Platform & Business Model Continued to Perform Well

## Strong, Loyal & Expanding Customer Base

Revenue composition

Existing clients  
**37.78Bn, 77%↑**

Newly added clients  
**1.57Bn**

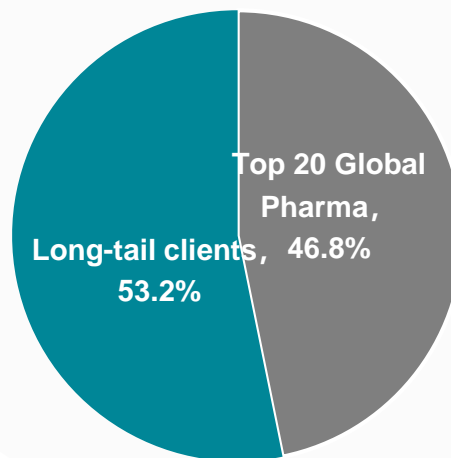


## Execute Long-Tail Strategy & Increase Support to Large Pharma

Revenue composition

Top 20 Global Pharma clients  
**18.42Bn, 174%↑**

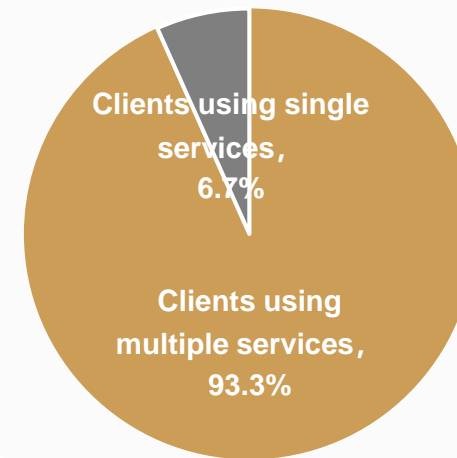
Long-tail and all other clients  
**20.93Bn, 30%↑**



## Increase Customer Conversion to Sustain Growth

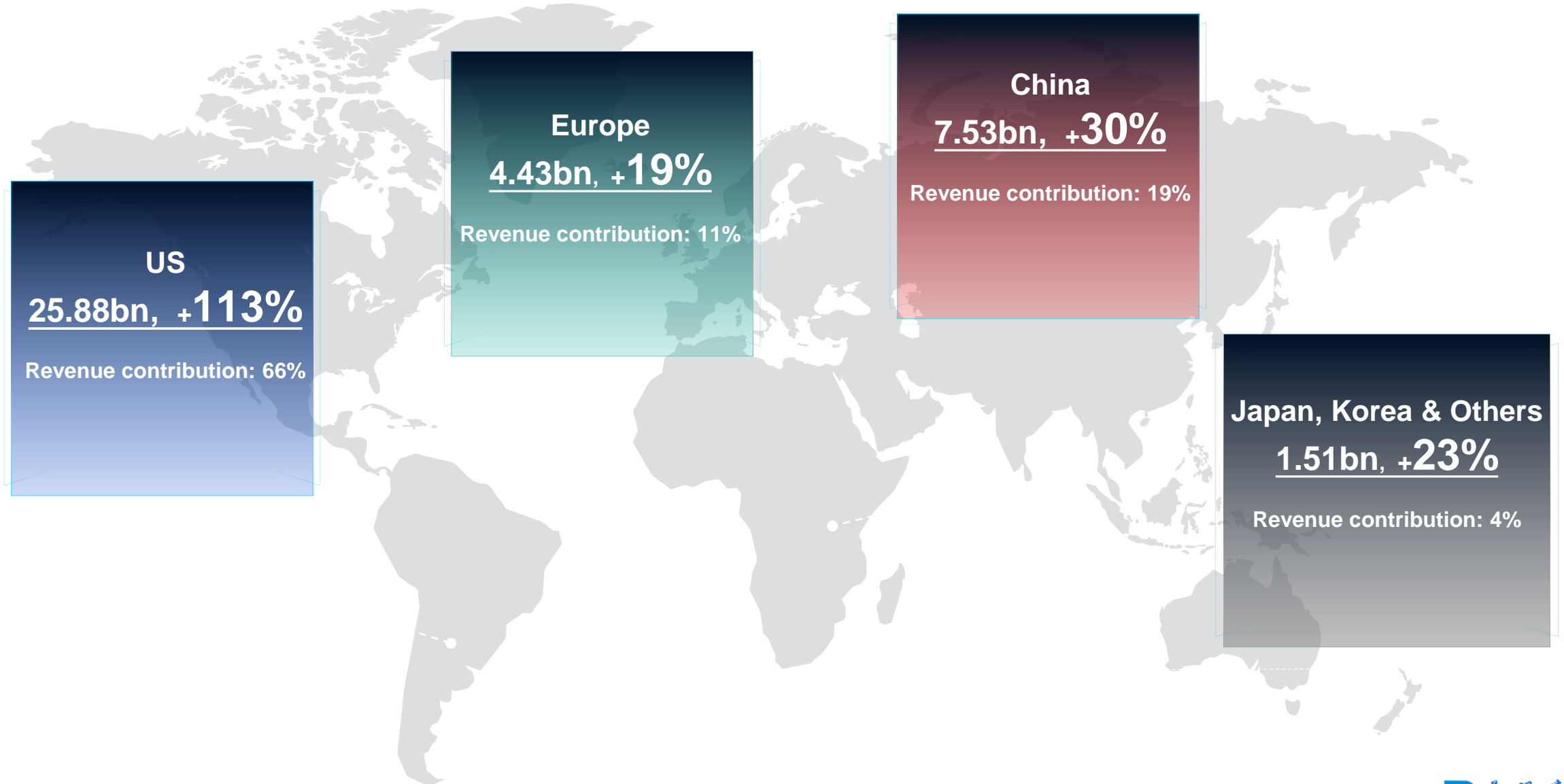
Revenue composition

Clients using multiple services  
**36.74Bn, 87%↑**





# Strong Revenue Growth from Customers Across All the Regions



# Talent Development and Operating Efficiency Improvement to Support Growth



Total Employees ending  
December 31 2022



Overseas  
Employees



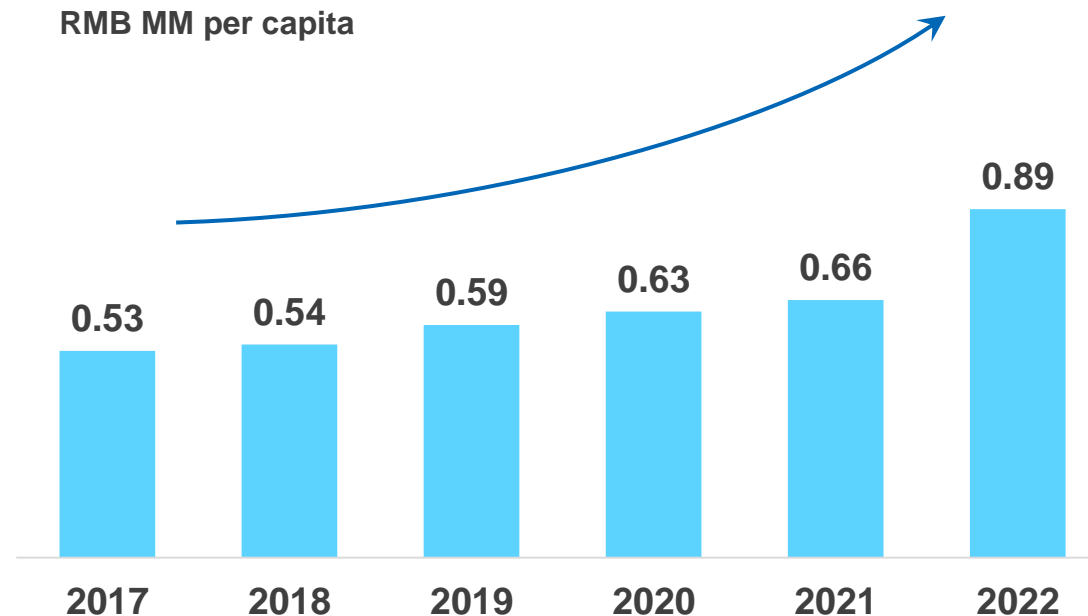
Research  
Employees



Manufacturing  
Employees

## Steady Growth of Output per Capita\*, Resulting from Continuously Improved Operating Efficiency

RMB MM per capita



2017-2022 Revenue Growth CAGR: **+38%**

Headcount Growth CAGR: **+25%**

# Strong commitment to environmental protection and ESG

## ESG Leading Position in the Global ESG Rating Systems



Consecutive “AA” ratings in 2021 and 2022



Awarded “Low Risk”, ranked Top 2% of the pharmaceutical industry



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

## Sustainability Management and Technologies

### Green Chemistry Technology Platforms

- Biocatalysis
- Flow Chemistry
- Direct Isolation



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



Awarded “Bronze” rating, and three sites in Changzhou, Shanghai Waigaoqiao and Wuxi were awarded “Silver” ratings



Named to the S&P Global Sustainability Yearbook 2023 for the first time with an “Industry Mover” award

### Effective Sustainability Management Across All Sites

2022 vs. 2021 (Per Revenue)

- 17.3% ↓ Carbon Emission
- 19.0% ↓ Energy Consumption
- 23.4% ↓ Water use

## Our Environmental Targets by 2030

compared to a 2020 baseline

**Greenhouse gas emission target**

**25% Reduction**  
Carbon emission intensity

**Energy-saving target**

**25% Reduction**  
Energy consumption intensity

**Water-saving target**

**30% Reduction**  
Water use intensity

**Waste management target**

**Achieve landfill free for all productive wastes**

## 2. Business Highlights

# WuXi Chemistry: Integrated CRDMO Business Model Drives Revenue to Double in 2022

## Financial Performance

- Revenue growth of **104.8%** YoY to **28.85bn**. Adjusted Non-IFRS gross profit grew **106.6%** YoY to **11.88bn**
- Adjusted non-IFRS **GPM 41.2%**
- Excluding COVID-19 commercial projects, WuXi Chemistry revenue grew strongly by **39.7%**
- Revenue from new modalities (TIDES) grew **158.3%** to **2.04bn**

## Drug Discovery (R)

- Revenue of discovery chemistry service grew **31.3%** YoY to **7.21bn**
- In the past 12 months, delivered **400,000+** synthesized new compounds to our clients, generating opportunities for downstream business units
- Demand from long-tail customers in small molecule and new modalities discovery services continued to grow

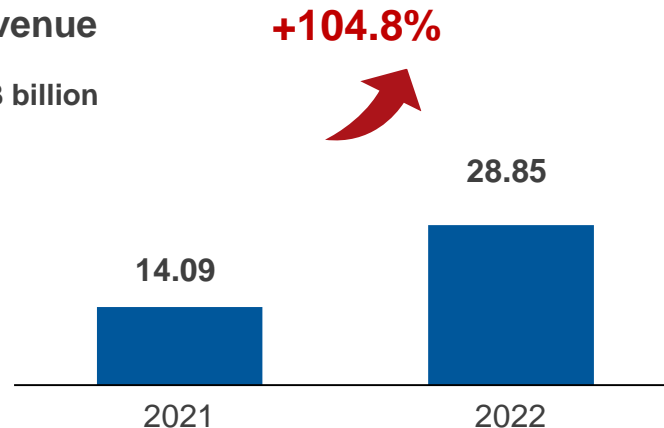
## Development and Manufacturing (D&M)

- Revenue of D&M service grew **151.8%** YoY to **21.64bn**
- Total pipeline of **2,341** molecules (**973** newly added), including **50** commercial, **57** Phase III, **293** Phase II, **1,941** Phase I and pre-clinical projects
- TIDES D&M clients grew **81%** to **103**, and molecules grew **91%** to **189**, D&M revenue increased **337%** to **RMB1.58bn**

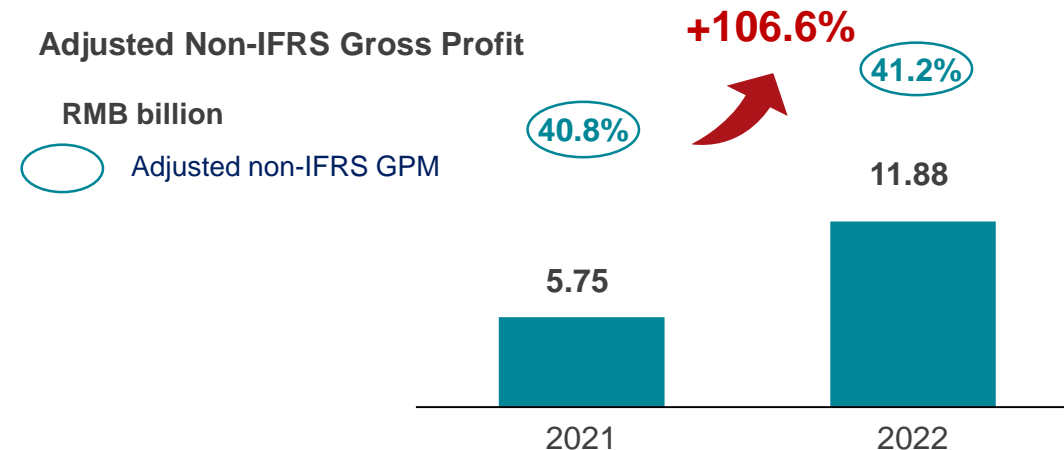
## Capacity Expansion

- Began operations in **Changzhou Ph3** facility, **Changshu** facility and **Wuhan** campus, and continued the design and construction of facilities in **Changzhou**, **Wuxi, U.S. (Delaware)**, **Singapore (Tuas)** and others.
- Three sites in **Changzhou**, **Shanghai Waigaoqiao** and **Wuxi** campus were awarded “**Silver**” sustainability ratings by **EcoVadis** with excellent results, representing a leading position in the industry

Revenue  
RMB billion

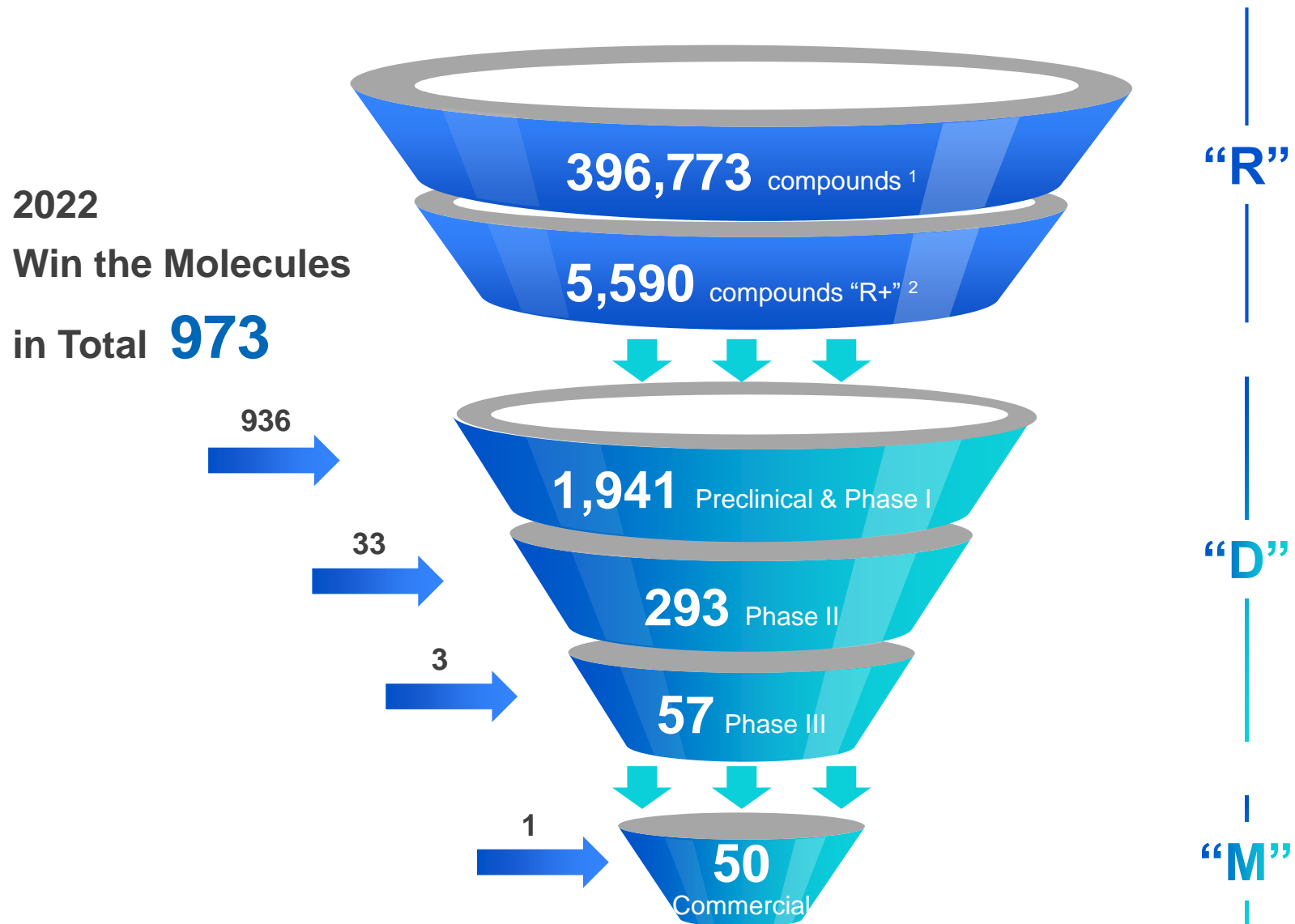


Adjusted Non-IFRS Gross Profit  
RMB billion



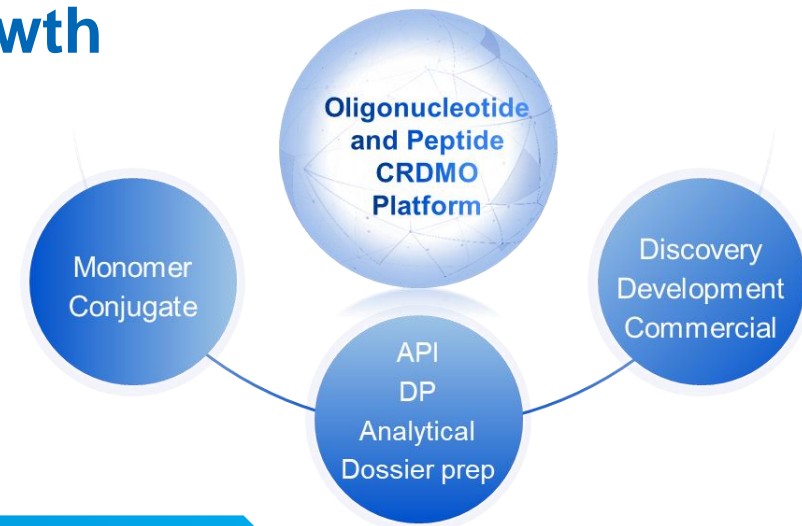
GPM @ CER:  
37.9% 2021  
40.3% 2022

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



# TIDES: Unique CRDMO Platform Continues Rapid Growth

# +158% YOY



## 2022 Revenue 2.04bn

### Growing Capabilities and Capacities

- End-to-end platform supporting multiple complex conjugates: Oligo-Peptide, Oligo-Toxin, PDC, Peptide-PMO, etc.
- Continuous innovations to improve synthesis efficiency and sustainability of large scale production: enzyme-catalyzed synthesis, flexible combination of solid-phase and liquid-phase synthesis, continuous purification, etc.
- 27 oligo production lines, >10,000L peptide solid-phase synthesizers, and a R&D team of >1,000 people by Feb. 2023

### Late-stage & Commercial Project Delivery Capabilities Favored by Customers

- A oligo project successfully completed process verification and 100 batches production (>100kg) within 11 months, leading speed & scale in industry
- A peptide commercial project successfully delivered tons of products in 2022

### Unique Integrated CMC Platform Creating Competitive Advantages

- Unique integrated CMC R&D and production platform supporting APIs + Injectables + LNP drug delivery. Completed 16 oligonucleotide/peptide CMC projects (API & DP) in 2022.

# WuXi Chemistry: Global Footprint and Capacity Expansion

## China



Shanghai Waigaoqiao

R D M



Shanghai Zhangjiang

R



Tianjin

R



Wuhan, Hubei

R



Chengdu, Sichuan

R



Qidong, Jiangsu

R



Shanghai Jinshan

D M



Changzhou, Jiangsu

D M



Changshu, Jiangsu

M



Taixing, Jiangsu

M



Wuxi city, Jiangsu

D M

## United States



San Francisco, CA

R



San Diego, CA

D M



Middletown, DE

D M



Couvet, Neuchâtel

M



Singapore

R D M

## Switzerland

## Singapore

R Research 8

D Development 7

M Manufacturing 10



# WuXi Testing: Strong Growth in Lab Testing Drives Revenue and Profit Growth

## Financial Performance

- Revenue growth of **26.4%** YoY to **5.72bn**
- Adjusted non-IFRS GP growth **37.3%** YoY to **2.10bn**
- Adjusted non-IFRS **GPM** **36.7%**

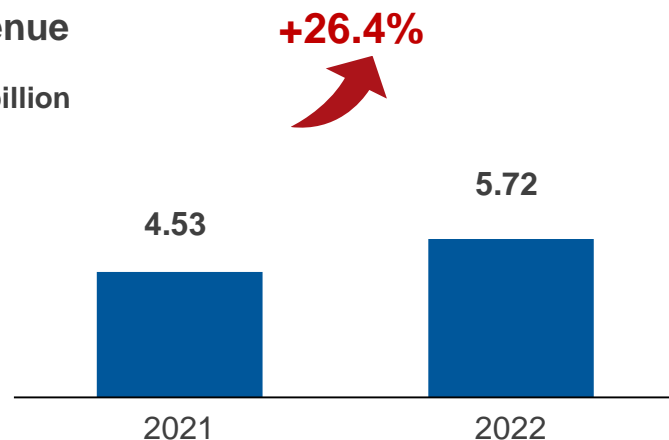
## Lab Testing Services

- Revenue from lab testing services grew **36.1%** YoY to **4.14bn**
- Drug safety evaluation services revenue grew **46%**. We are APAC industry leader
- Medical device testing has turned around and grew **33%**

## Clinical CRO & SMO

- Revenue of clinical CRO and SMO grew **6.4%** YoY to **1.57bn**.
- SMO revenue grew **23.5%**, and backlog grew **35.6%**
- Clinical CRO served around **200** projects, enabling clients to obtain **15** IND approvals
- SMO maintained **#1** leadership position in China and continued to grow, with **~4,700** staffs across **~150** cities and provide services at more than **1,000** hospitals
- Supported **35** new drug approvals

Revenue  
RMB billion

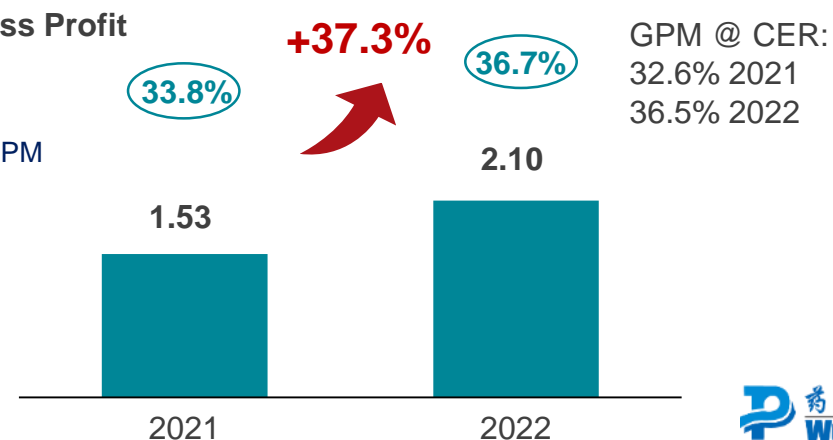


Adjusted Non-IFRS Gross Profit

RMB billion



Adjusted non-IFRS GPM



# WuXi Testing: Strengthen Synergies across Platform, One-stop Services drive Business Growth

## Follow Customers with High-Standard Services

- Provide customers with high-quality services, realize "**one report for global submission**", and enable customers to save time, reduce costs and improve efficiency
- Follow the molecule, follow the customer. Existing customers account for over 60% of our customer base

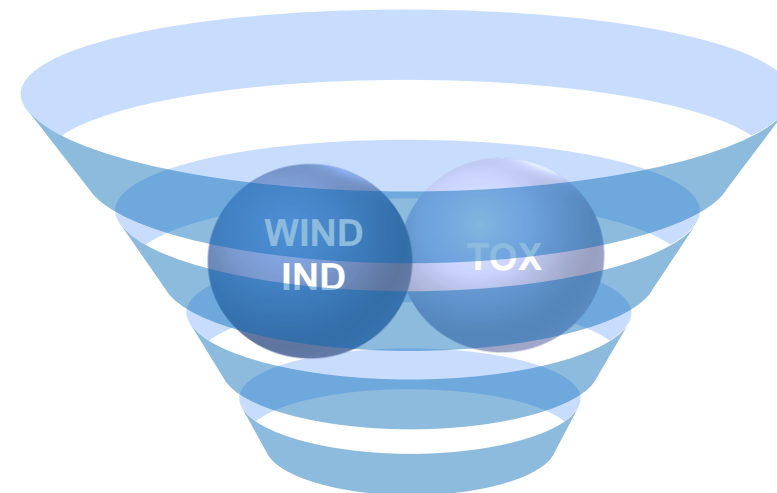
## Continuous Growing Momentum

- Robust and stable supply chain ensures strong growth of preclinical business
- SMO business maintained strong growth amid multiple rounds of lockdown in 2022, and continued to gain market share in multiple therapeutic areas (lung cancer, breast cancer, dermatology, cardiovascular disease, ophthalmology, rheumatology, and nervous system etc.)
- Medical Device business delivered 33% growth, driven by strong growth of MDR related materials testing business

## Growing Lab Capacity

- Continuously promote capacity construction and global footprint
- **55,000 m<sup>2</sup>** new capacity under construction for 2023 delivery

## 1 Drive Conversion Leverage Preclinical Opportunities



## 2 Drive Conversion Capture Clinical Wins



# WuXi Biology: Demand for our Broad Biology Services Drives Growth, with Strong Contribution from New Modalities Related Services

## Financial Performance

- Revenue growth of **24.7%** YoY to **2.48bn**. Robust growth in new modalities
- Adjusted non-IFRS GP growth **22.5%** YoY to **1.01bn**
- Adjusted non-IFRS **GPM 40.9%**

## Discovery Biology

- One of the largest discovery biology enabling platform with over **3,000** experienced scientists
- Established **3 Centers of Excellence (COE)** for NASH, antiviral, neuroscience and aging
- **Continuous growth** from both cancer discovery service and rare & immune disease service, providing integrated high-quality services from target discovery to clinical biomarker detection

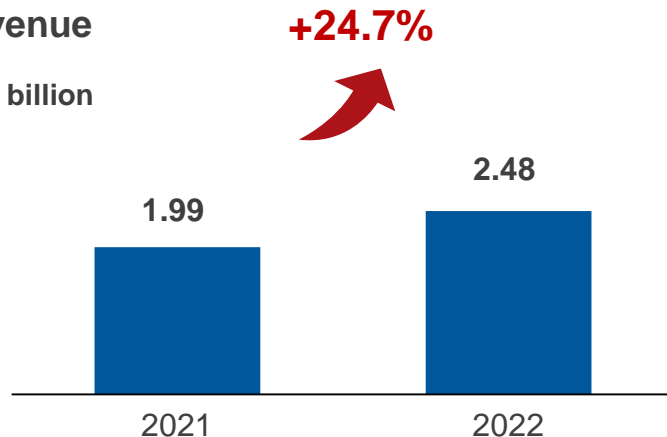
## New Modalities

- Continue to build new biology capabilities related to new modalities, including target protein degradation, nucleic acid based and conjugated modalities, oncolytic virus, vector platform, novel drug delivery vehicles, etc.
- Revenue from new modalities in WuXi Biology grew strongly by **90%**, and its revenue contribution rose to **22.5%** in 2022, from 14.6% in 2021

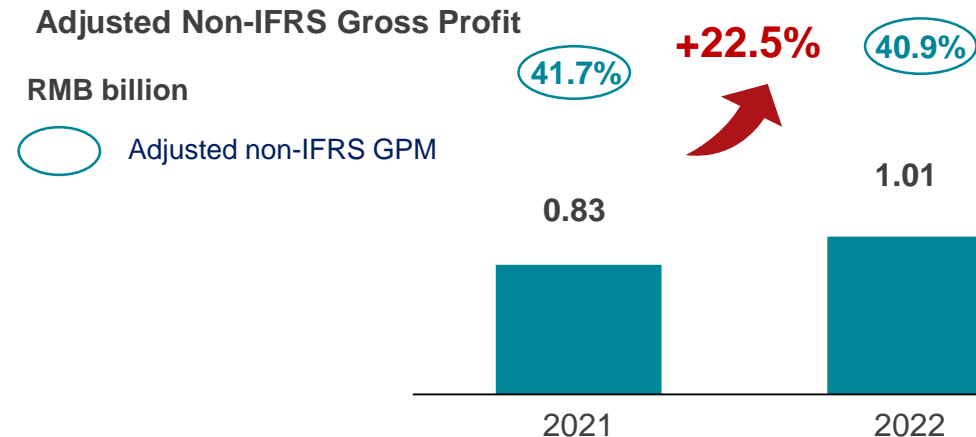
## DNA Encoded Library

- We have a leading DNA Encoded Library (DEL) with over **90 billion** DEL compounds, **6,000** unique proprietary scaffolds and **35,000** building blocks, serving **1,500+** clients
- A customer advanced a project into clinical stage based on the hits generated using our DEL screening technology. This is the **first reported** clinical candidate from our DEL hits, an important validation of our platform

Revenue  
RMB billion



Adjusted Non-IFRS Gross Profit  
RMB billion



GPM @ CER:  
39.4% 2021  
40.5% 2022



# WuXi ATU: CTDMO Business Model Drives Growth

## Financial Performance

- Revenue grew **27.4%** to **1.31bn**; Testing grew **36%**, Development grew **43%**
- Adjusted non-IFRS gross profit **(0.08)bn**. Gross profit declined largely due to under-utilized capacities of the newly built Shanghai Lingang site
- Adjusted non-IFRS **GPM (5.9)%**

## Project Pipeline

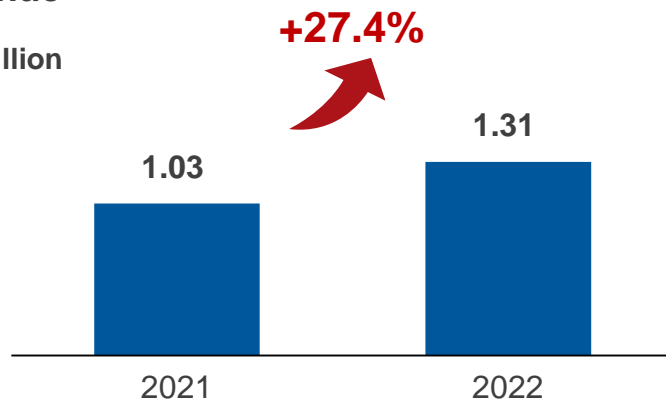
- We focused on improving our integrated CTDMO enabling platform and provided development and manufacturing services for **50** pre-clinical and Phase I projects, **10** Phase II projects, **8** Phase III projects (**2** projects filed BLA, **2** projects are in BLA preparation stage)

## Business Opportunities

- Signed a tech transfer agreement to manufacture commercial CAR-T product
- Supported a US client to file BLA for a TIL product, the world's first innovative TIL-based therapy
- Supported a Chinese client to file BLA for LVV used in a CAR-T product in China
- Announced Licensing Agreement with Janssen for TESSA™ in August 2022

### Revenue

RMB billion

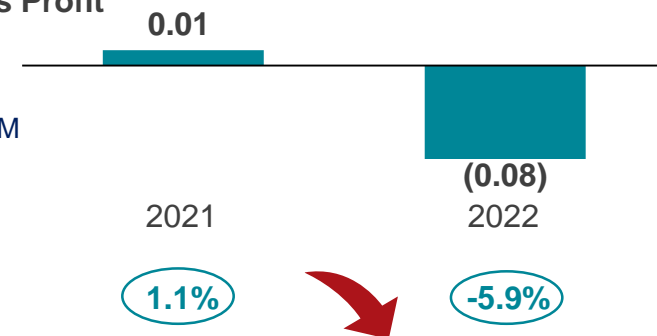


### Adjusted Non-IFRS Gross Profit

RMB billion



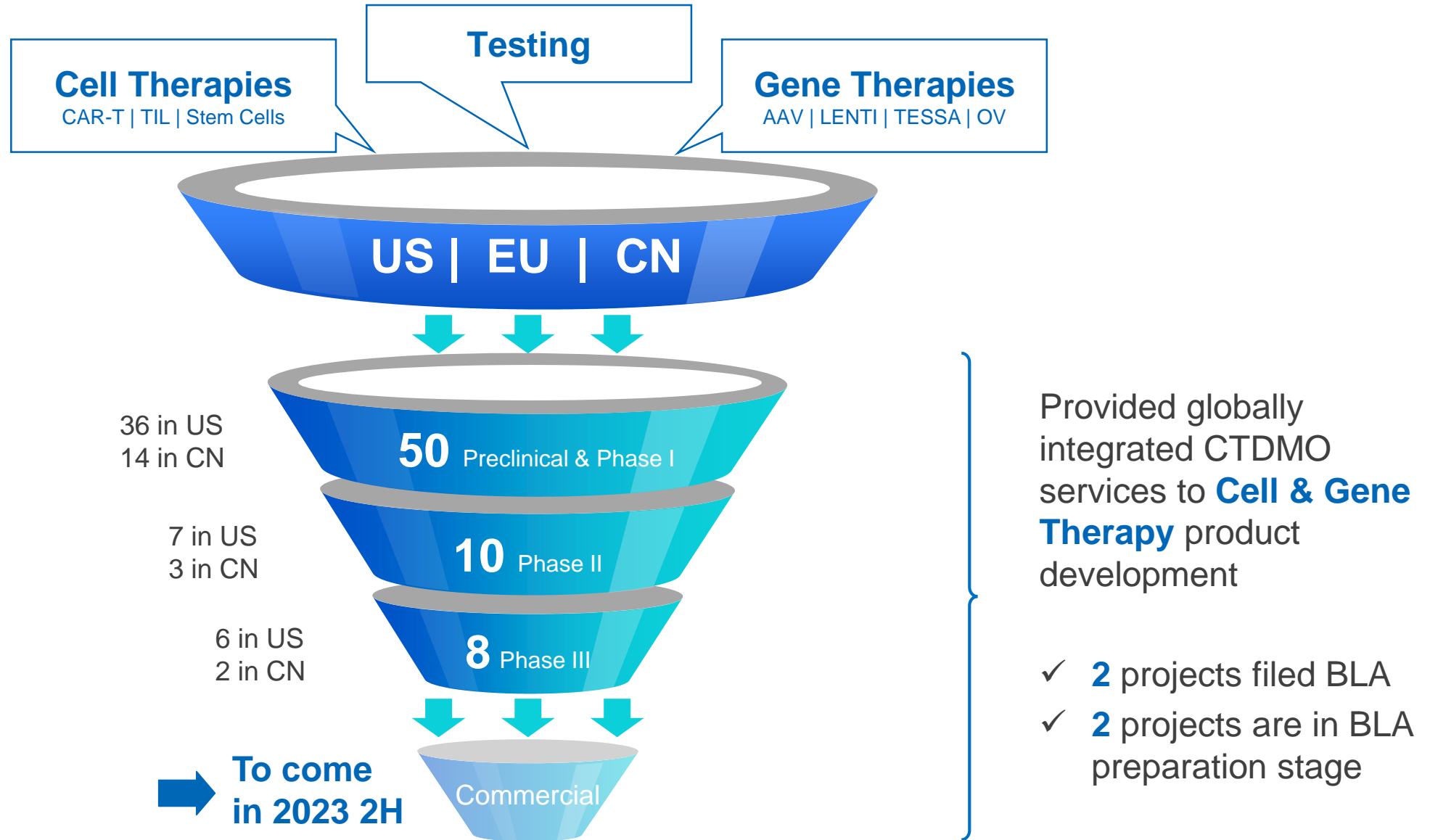
Adjusted non-IFRS GPM



**Unfavorable**

GPM @ CER:  
0.9% 2021  
-5.4% 2022

# WuXi ATU: Growing Pipeline on Our Globally Integrated CTDMO Platform



# WuXi DDSU: Business Continues Evolving in 2022 to Better Provide Innovative Drug Discovery Services for Customers

## Financial Performance

- Revenue declined **22.5%** YoY to **0.97bn**
- Adjusted non-IFRS GP declined **48.7%** to **0.29bn**
- Adjusted Non-IFRS **GPM** **30.2%**

## Project Number

- During the Reporting Period, our success-based drug discovery service unit filed INDs for **28** drug candidates and obtained **34** Clinical Trial Approvals (CTAs)
- Cumulatively submitted **172** IND filings and obtained **144** CTAs, with **1** project in NDA review stage\*, **7** in Phase III, **24** in Phase II, and **75** in Phase I

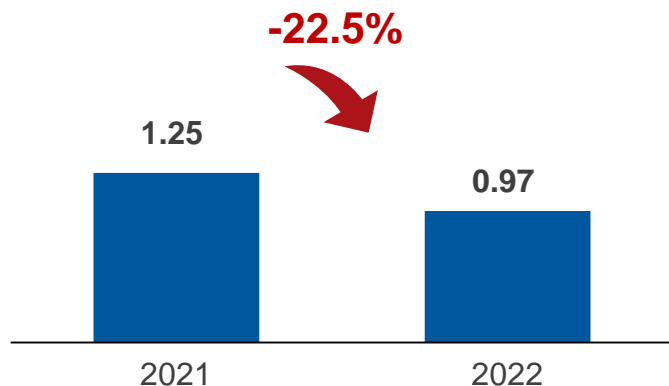
## Innovative R&D

- Among the **172** projects that INDs were filed or currently in clinical stage, **8** projects are in pivotal studies and registration stage
- **15 new modality** projects are in pre-clinical stage areas covering Peptide/PDC, PROTAC® and oligo, some projects have filed IND in 2022, and multiple are expected to file IND in early 2023

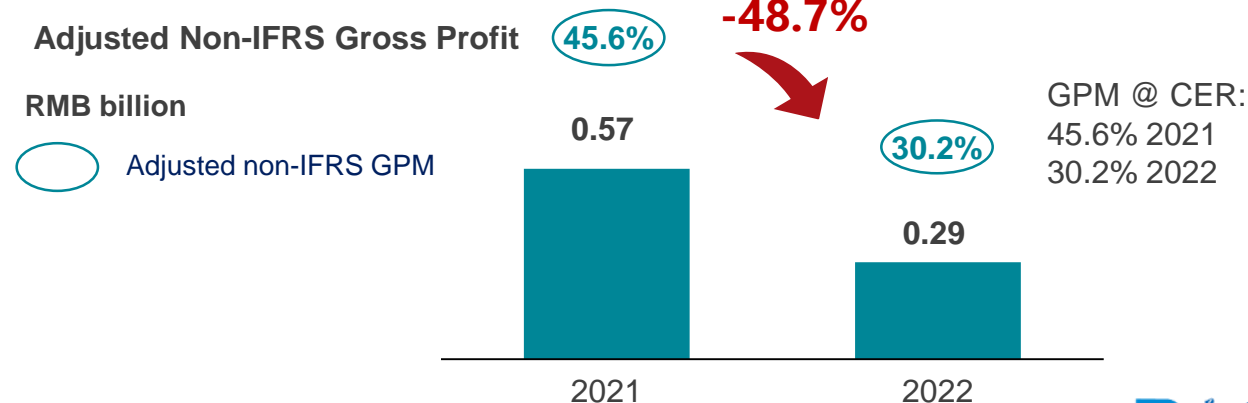
## Business Evolvement

- DDSU's revenue decline was mainly due to our business transition to focus on fewer but more innovative projects to meet customers' demand for novel drug candidates
- Future revenue growth will come from royalty income.

Revenue  
RMB billion

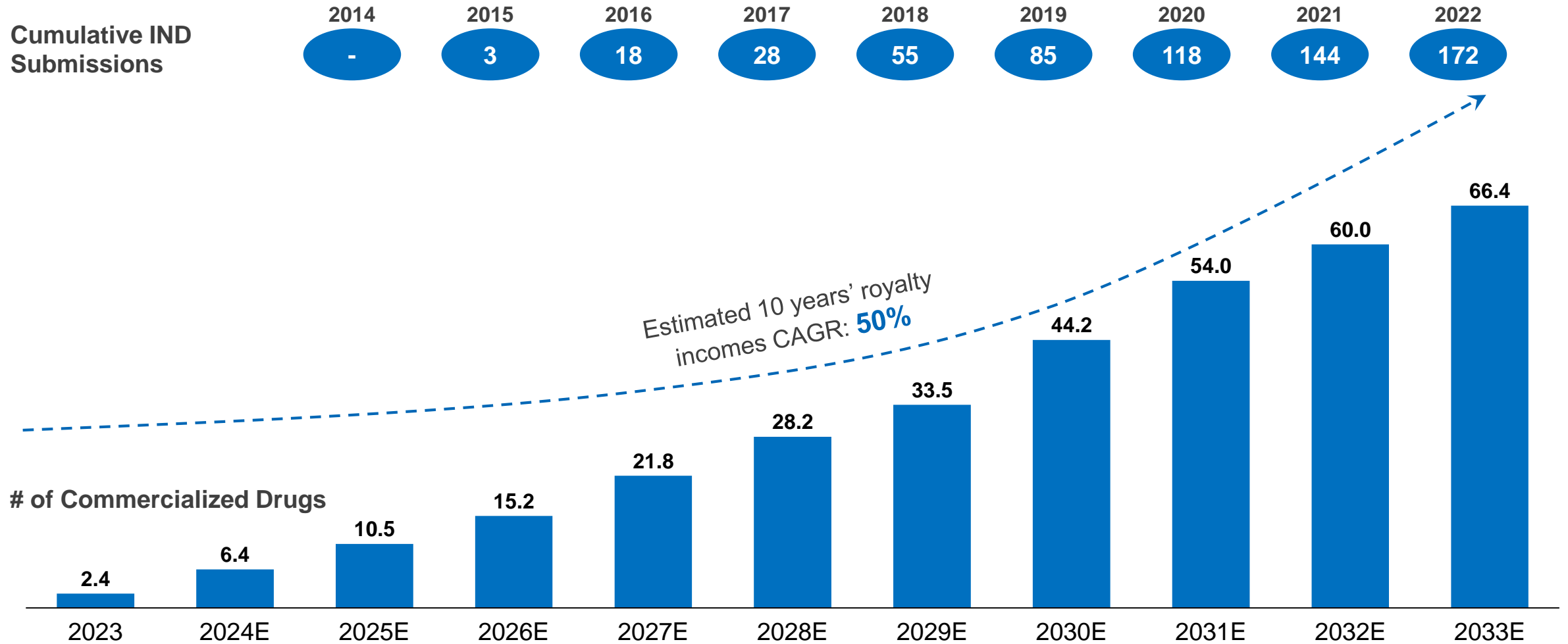


Adjusted Non-IFRS Gross Profit  
RMB billion



GPM @ CER:  
45.6% 2021  
30.2% 2022

# WuXi DDSU Value Driver: Long-term Sustainable Royalty Incomes to Come



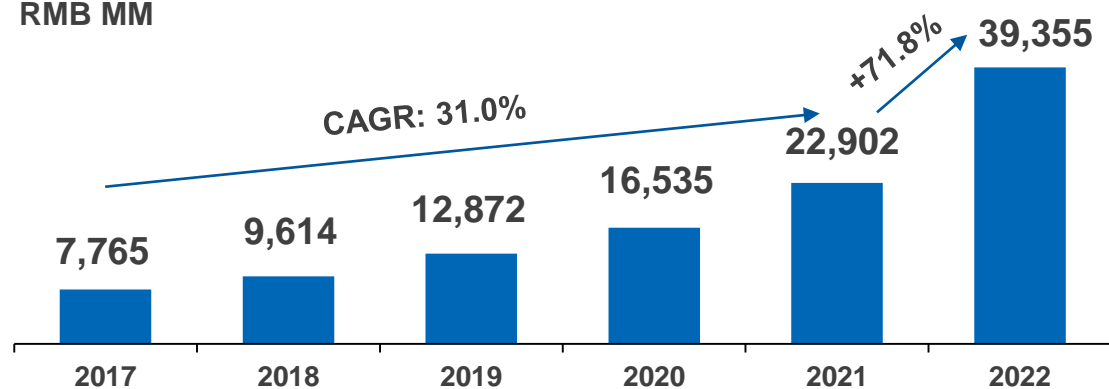


# 3. Financial Performance

# Financial Performance

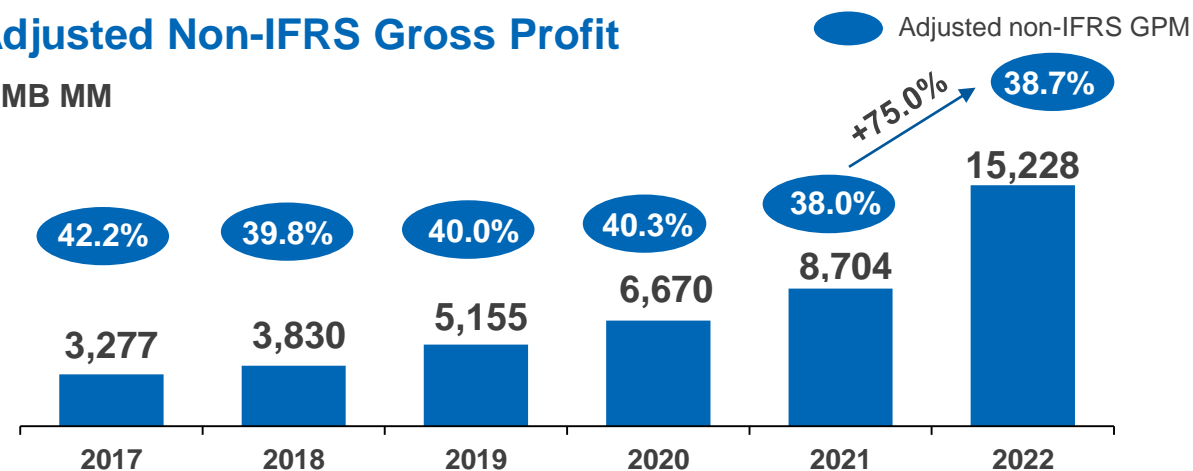
## Revenue

RMB MM



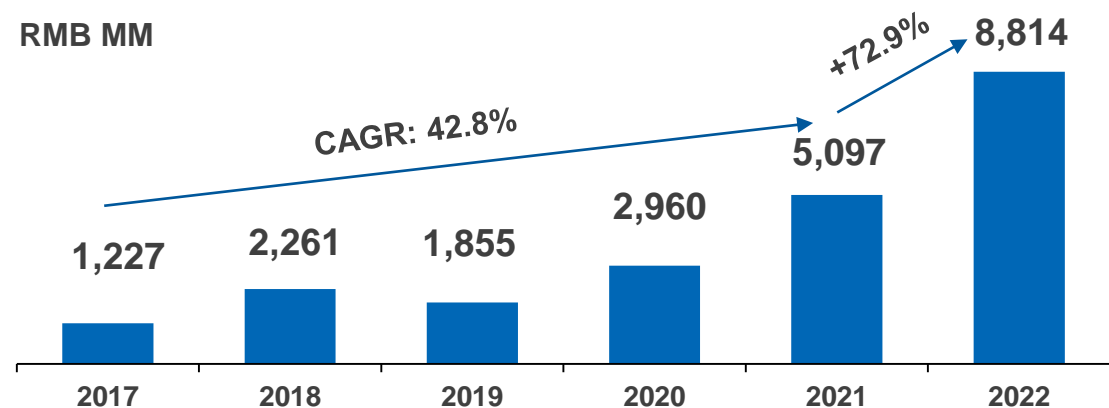
## Adjusted Non-IFRS Gross Profit

RMB MM



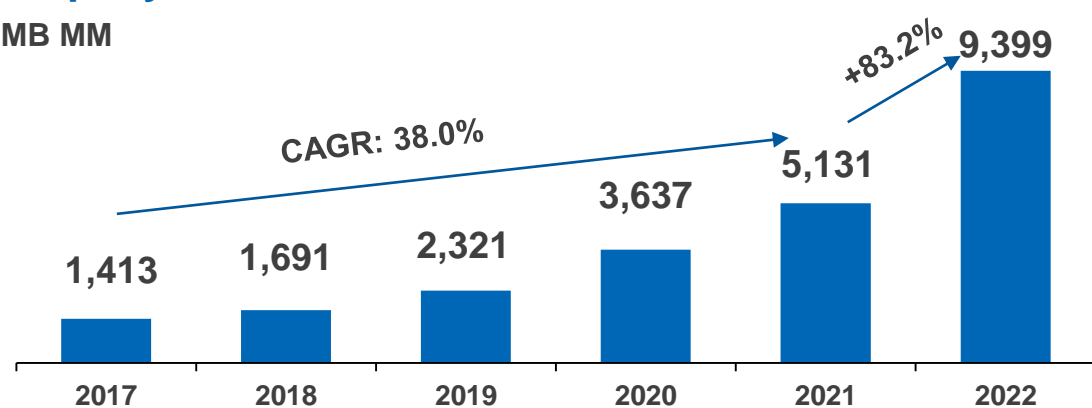
## Net Profit Attributable to Owners of the Company

RMB MM



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

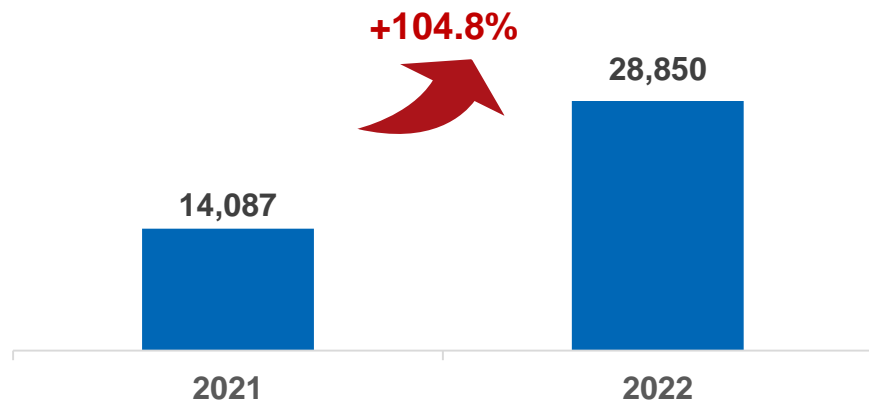
RMB MM



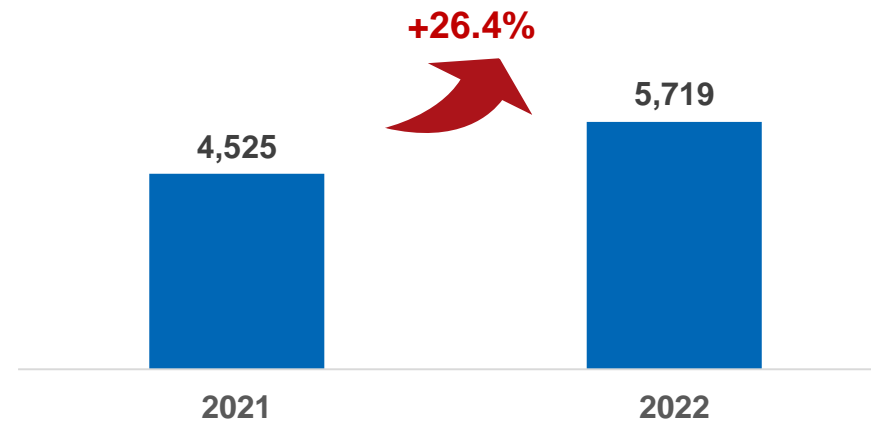
# Segment Revenue

RMB MM

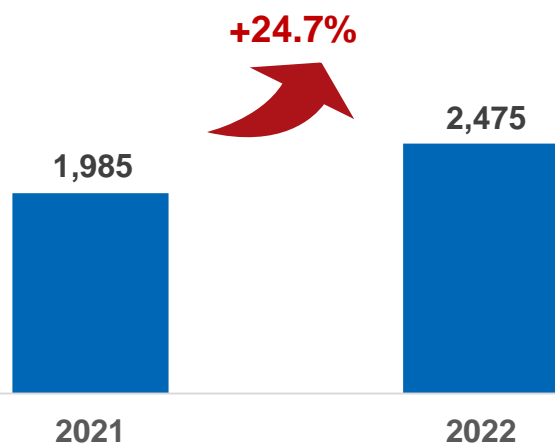
## WuXi Chemistry



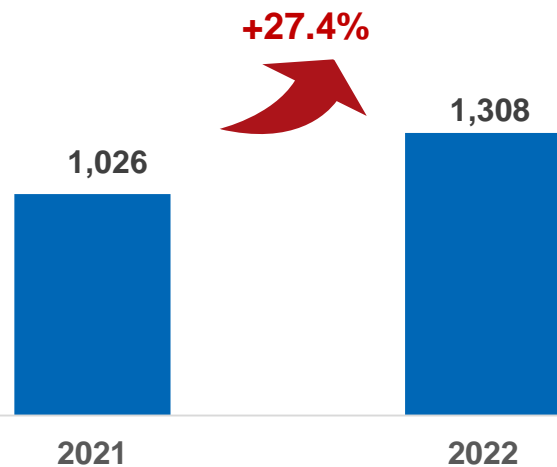
## WuXi Testing



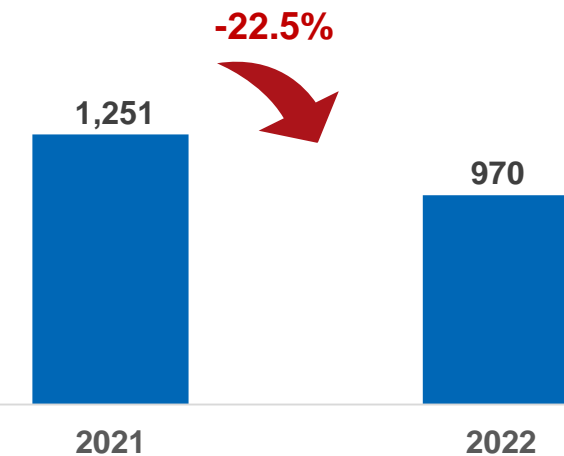
## WuXi Biology



## WuXi ATU



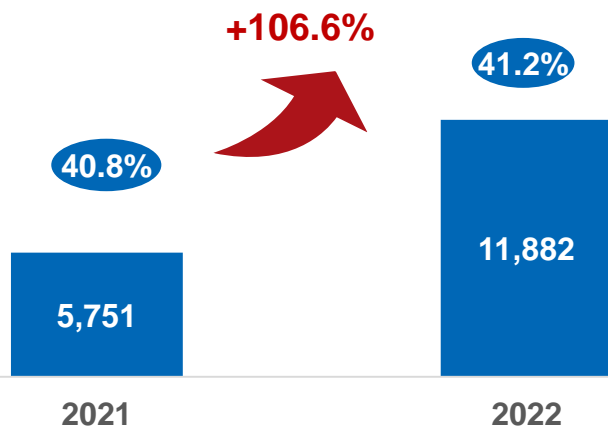
## WuXi DDSU



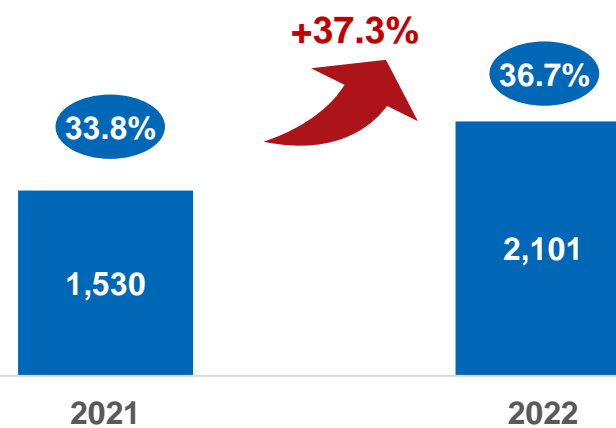
# Segment Non-IFRS Gross Profit

RMB MM

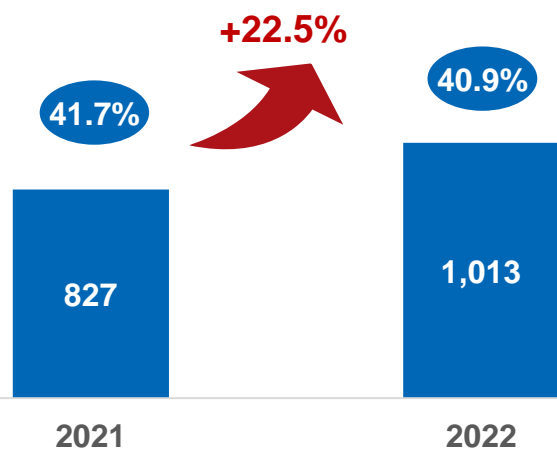
## WuXi Chemistry



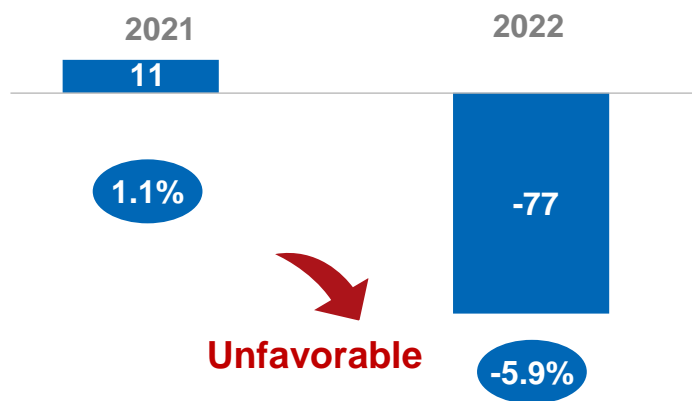
## WuXi Testing



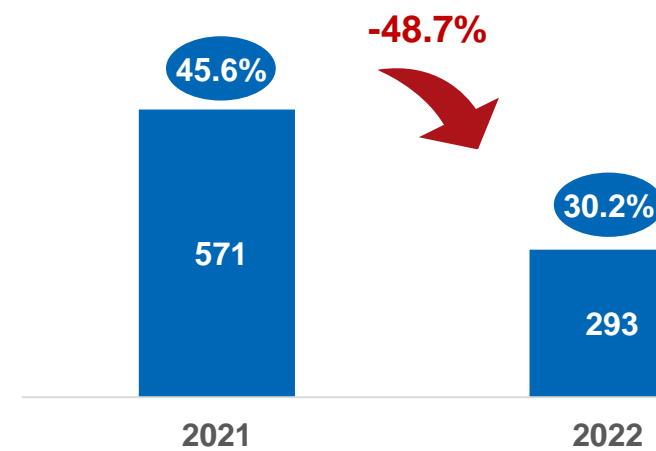
## WuXi Biology



## WuXi ATU



## WuXi DDSU



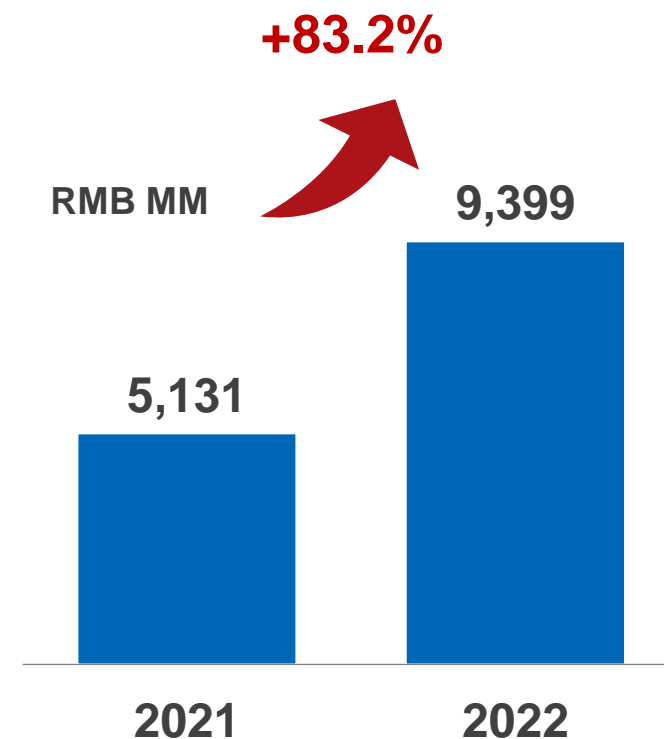
# Revenue and Adjusted Non-IFRS Gross Profit at Constant Exchange Rate (CER)

(RMB Million)	2022	2021	YoY%	2022 ex. Hedge @CER	2021 ex. Hedge	YoY% @CER
Revenue	39,355	22,902	71.8%	38,790	22,070	75.8%
Adjusted Non-IFRS Gross Profit	15,228	8,704	75.0%	14,754	7,872	87.4%
Adjusted Non-IFRS Gross Profit Margin	38.69%	38.00%	0.7pts	38.04%	35.67%	2.4pts

**Note:** In 2022, approximately 83% of our revenues were denominated in currencies other than RMB. Because our financial statements are reported in RMB, changes in foreign currency exchange rates can significantly affect our financial results. As a result, we believe that reporting results of revenue and gross profit margin that exclude the effects of foreign currency rate fluctuations can facilitate analysis of period to period comparisons. This constant currency information excludes hedge impact, and assumes the same foreign currency exchange rates that were in effect for the comparable prior-year period were used in translation of the current period results.

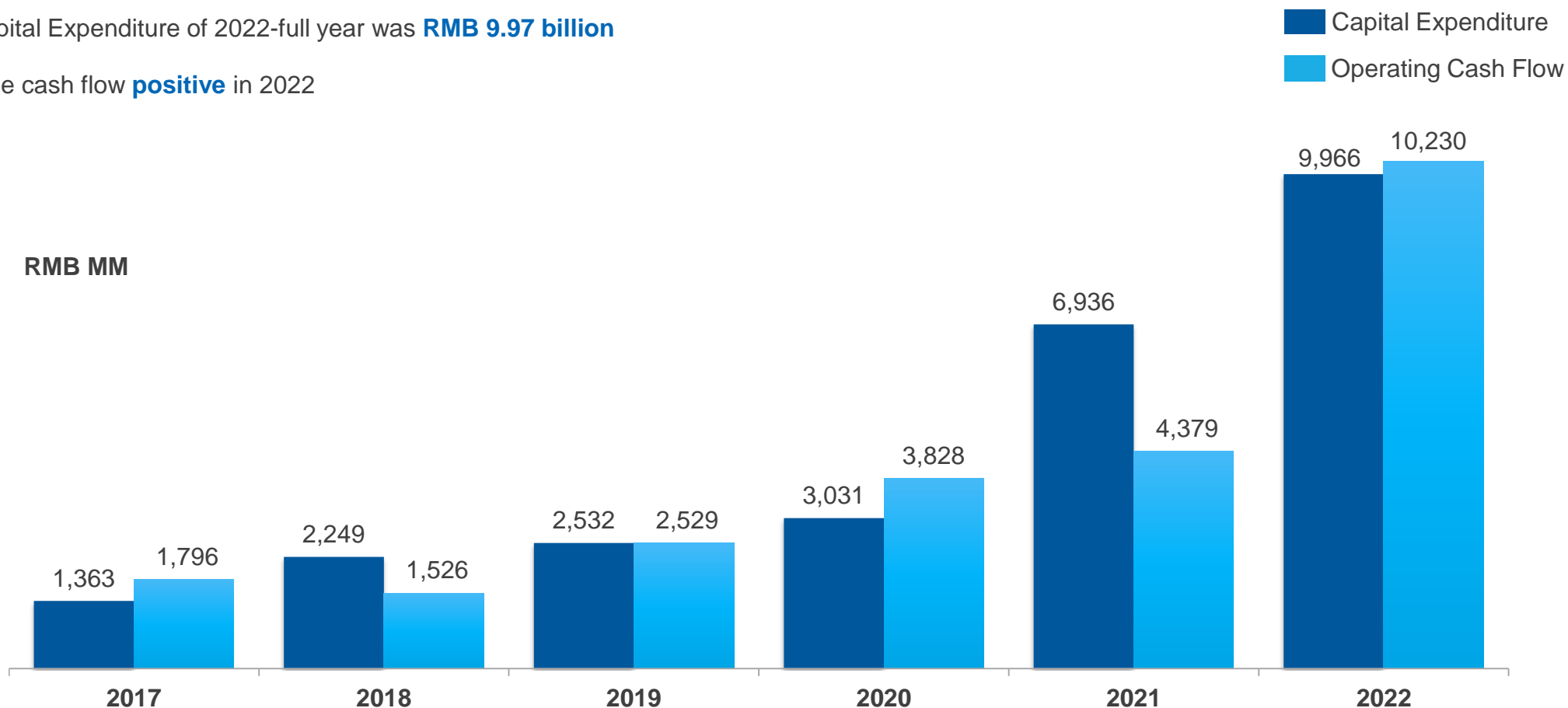
# Adjusted Non-IFRS Net Profit

RMB Million	2022	2021
<b>Net Profit Attributable to the owners of the Company</b>	<b>8,814</b>	<b>5,097</b>
Add:		
Share-based compensation expenses	684	540
Issuance expenses of Convertible Bonds	2	3
Fair value (gains)/losses from derivative component of Convertible Bonds	(509)	1,001
Foreign exchange related losses	136	113
Amortization of acquired intangible assets from merge and acquisition	57	56
Goodwill impairment	131	-
Talent incentives and retention expenses funded by cash donation from shareholders	70	-
<b>Non-IFRS Net Profit Attributable to the owners of the Company</b>	<b>9,385</b>	<b>6,810</b>
Add:		
Realized and unrealized (gains)/losses from venture capital investments	21	(1,475)
Realized and unrealized share of (gains)/losses from joint ventures	(6)	25
Net disposal gain on sale of assets/business	-	(229)
<b>Adjusted non-IFRS net profit attributable to the owners of the Company</b>	<b>9,399</b>	<b>5,131</b>



# Capital Expenditure and Operating Cash Flow

- Operating cash flow grew **133.6%** in 2022
- Capital Expenditure of 2022-full year was **RMB 9.97 billion**
- Free cash flow **positive** in 2022



# 4. Growth Outlook





1

We expect **revenue growth of 5-7%** in 2023 on top of an exceptionally strong year of 2022

- Excluding Covid-19 commercial revenues, **WuXi Chemistry** expects to **grow 36-38%**
- **TIDES** (New Modality business) expects to **grow ~2x** of WuXi Chemistry
- **Other business** (WuXi Testing, WuXi Biology, WuXi ATU) expect to **grow 20-23%**
- **WuXi DDSU** will continue business transition, and expect to be **down 20%+**

2

Company will focus on continuous improvement of operating efficiency in 2023 to drive profitability and free cash flow growth

- **Adjusted non-IFRS gross profit** expects to **increase 12-14%**, with further improved operating efficiency, which will be conducive to adjusted non-IFRS net profit growth
- **Free cash flow** will continue to be **positive** and expect to **increase 600-800%**
- **Capex spending** expects to be **RMB 8-9 billion**, resulting from better asset utilization and efficiency improvement

3

Company's Board of Directors decides to distribute **RMB 8.9266 cash dividend for every 10 shares** (30% payout ratio, RMB 2.64 billion cash dividend in total)

# We are Well Positioned to Continue Grow in Good Times and Challenging Times



01

Unchanged growing global demand for new medicines & innovative drugs

- Science & technology continue to make new discoveries & advancements
- Innovators and entrepreneurs continue to emerge
- Mankind's pursuit of health & longevity won't change

02

Our end-to-end CRDMO & CTDMO business model enables the global pharmaceutical industry to develop innovative drugs to meet patient needs

03

Continue to better serve customers worldwide by building an open-access platform with the most comprehensive capabilities & technologies globally

04

Strong management team with proven track records, global vision and industry insights, and extensive experiences