



The United Laboratories International Holdings Limited Announces 2020 Interim Results

Adjusted core profit rises
Good performance in sales of insulin series and improved gearing ratio

Financial Highlights

(RMB mn)	For the six months ended 30 June		
	2020	2019	Change
Revenue	4,304.6	4,090.0	+5.2%
Gross profit	1,798.0	1,721.0	+4.5%
EBITDA	755.8	781.1	-3.2%
Profit attributable to shareholders of the Company	202.8	295.9	-31.5%
Earnings per share (RMB cents)			
- Basic	11.97	18.05	-33.7%
- Diluted	11.97	18.05	-33.7%

(25 August 2020 - Hong Kong) The United Laboratories International Holdings Limited (“TUL”, the “Company” or the “Group”; Stock code: 3933), one of the leading pharmaceutical product manufacturers in the PRC, announced today its interim results for the six months ended 30 June 2020 (the “Period”).

For the first half of 2020, the Group’s revenue increased by 5.2% to approximately RMB4,305 million. Gross profit increased by 4.5% to RMB1,798 million. EBITDA decreased by 3.2% to approximately RMB755.8 million. Profit attributable to shareholders of the Company was RMB202.8 million. Basic earnings per share amounted to RMB11.97 cents. Excluding the fair value changes arising from convertible bonds and investment properties, the operating profit from core business for the Period recorded an increase as compared to the same period in 2019. The board of directors does not recommend the payment of interim dividend for the six months ended 30 June 2020.

As the main force to combat the epidemic, the pharmaceutical industry was in the spotlight in the first half of the year. As an enterprise that has been proactively fulfilling its social responsibility, the Group overcame difficulties and organized efficient and orderly resumption of work while safeguarding employees’ health and safety at the beginning of the year to ensure a stable supply of medicines. At the same time, it developed an online application “Diabetes Pharmacy Map” to make it more convenient for patients to buy drugs. In the first half of 2020, the Group donated over RMB4 million in cash and about RMB1 million worth of epidemic prevention materials to support the fight against the disease. The Group will continue to contribute to the worldwide effort to contain the COVID-19 pandemic while maintaining stability at the operation of the supply chain for pharmaceuticals.

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During the Period, revenue from the sales of the Group's insulin series products increased by 51.3% year on year to RMB563.2 million. In particular, a total of 9.67 million vials of recombinant human insulin injections under the trademark of "United Laboratories USLIN" were sold during the Period, up by 37.1% year on year and revenue from the sales of such injections totaled RMB393.2 million. In addition, the sales performance of insulin glargine injection under the trademark of "United Laboratories USLEN" was particularly good with a year-on-year increase of 101.9% in sales volume to 1.23 million vials. Revenue from sales of this product was RMB170 million. As of now, the Group has won tender to supply insulin glargine products in 27 provinces of the PRC.

Sales of the Group's other finished products also continued to grow steadily. During the Period, revenue from the sales of memantine hydrochloride series, a drug to treat Alzheimer's disease ("邦得清") amounted to RMB59.7 million, representing a year-on-year increase of 93.8%. Revenue from the sales of vitamin C effervescent tablets series increased by 128.1% year on year to RMB34.9 million during the Period. Since diagnosis and treatment services at medical institutions were affected by the COVID-19, revenue from the sales of the Group's Piperacillin Sodium and Tazobactam Sodium for Injection ("聯邦他唑仙") decreased by 25.5% year on year to RMB262.7 million. Revenue from the sales of amoxicillin capsules ("聯邦阿莫仙") decreased by 9.8% year on year to RMB229.1 million. During the period under review, the overall revenue from the finished products business increased by 4.9% compared with that in same period last year.

For the business of intermediate products and bulk medicine, the market price of the intermediate product 6-APA gradually rebounded because competition on the market abated and the COVID-19 pandemic drove up the demand. The Group's external sales of 6-APA increased by 52.4% year on year. In addition, the sales of bulk medicine such as oral clarithromycin series also increased year on year. In the light of the tight supply of bulk medicine on the global market caused by the COVID-19 pandemic, the Group organized the resumption of work and production in a steady and orderly manner as a way to help maintain stability at the operation of the international supply chain for bulk medicines. During the period under review, the Group recorded a year-on-year increase of 16.6% in revenue from exports to RMB1.4 billion. The overall revenue from the intermediate products and bulk medicine business increased by 5.5% year on year.

The Group is always committed to research and development ("R&D") and is now developing 29 new products. The Group mainly focuses on the R&D of diabetes drugs. In particular, the Group has applied for production permits of the insulin aspart injection and the insulin aspart-30 injection and has made smooth progress. The Group conducted the phase III clinical trial of the liraglutide injection and was preparing for the clinical trial of the insulin degludec injection. The Group is building up its platform for the research and development of biologic medicines and will continue to use it to develop more products to treat the internal secretion disorder and autoimmune disease. With regard to the research and development of chemical pharmaceuticals, the Group's category 1 new drug WXSH0150 which is for the treatment of moderate and severe active rheumatoid arthritis was approved for clinical use during the period. In the future, the Group will continue to develop more new drugs.

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In terms of financial management, the Group stepped up its efforts to reduce financing costs and continued to optimize its financial structure and improve its liquidity. In November 2019, the Company entered into the syndicated loan agreement for the dual currency, 3-year loan facilities in the amount equivalent to up to HK\$2 billion. The loan facilities were mainly used for repayment of bank loans and replenishment of the Company's working capital. The Group withdrew the amount in full in April 2020. Furthermore, the convertible bonds with a principal amount of US\$104 million have been converted into ordinary shares the first half of 2020. During the period under review, the Group fully repaid the RMB1.1 billion Corporate Bonds issued in China. As at 30 June 2020, the Group's net gearing ratio was further decreased to 10.14%.

Looking forward, **Mr. Tsoi Hoi Shan, Chairman of the Group** concluded that, "In China, the novel coronavirus pneumonia outbreak has abated while the economy has shown signs of a continued recovery but the adverse effect of the epidemic on various industries is expected to continue well into the second half of 2020. On the back of the government stepping up the construction of public healthcare system, pressing on with the 'Healthy China' initiatives, forging ahead with the comprehensive reform of public hospitals and the reform of medical security system, and improving the system for ensuring sufficient supply of medicines. This can herald further progress in the coordinated reforms of medical care, medical insurance and pharmaceutical industries in the second half of the year and thus usher in a stage of high-quality development of these industries."

"The Group will continue to make insulin product series its core strategic products and take measures to ensure continued growth in sales of this product series and to increase its market share. In the meantime, the Group will develop and transform its business of finished products with the help of the business of its core products. The Group will continue to improve its management system and build up its platform for academic exchanges. All this will enable the Group to achieve an overall, balanced and sustainable development regarding its products, market and management team. As the centralized procurement of drugs has gradually become a new normal and the consolidation of the pharmaceutical industry accelerates, the Group will continue to monitor the development of the state policies on the pharmaceutical industry and adapt itself to them in a timely manner. At the same time, it will further develop the market other than that of hospitals by expanding its county-level, finished product sales team. The Group will also push forward with its research and development of diabetes drugs and new drugs to further enrich the portfolio of its finished products. In the future, integration of the businesses of intermediate products, bulk medicines and finished products is gaining momentum in the pharmaceutical industry. Therefore, the Group will give its advantage of vertical integration full play and continue to optimize its product mix, seize opportunities on the market, improve its overall competitiveness, foster its capabilities for research, development and innovation, and maintain the Group's growth momentum. All this is aimed at maximizing the value for our shareholders, clients and stakeholders."

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Company Information

Listed on the Stock Exchange of Hong Kong in June 2007, TUL is one of the leading pharmaceutical companies in China, principally engaged in the R&D, manufacturing and selling of finished products, bulk medicines and intermediate products. Up to now, the Group has a total of 188 products qualified to produce in the PRC and/or Hong Kong based on the Drug Registration Approvals in the PRC and Certificates of Drug or Product Registration in Hong Kong, 84 were in production. The Group has 42 finished products listed in National Insurance Drug List and 15 are in the list of the National Essential Drug List. The Group is currently a component of the Hang Seng Composite Index Series.

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