



石四藥集團有限公司
SSY Group Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2005.HK

2018 RESULTS
ANALYSTS MEETING

Updated on 13 March 2019



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Financial Highlights

(HK\$'000)	2018	2017	Increase/ (Decrease)
Revenue	4,180,788	3,076,369	35.9%
Gross Profit	2,606,373	1,807,188	44.2%
Gross Profit Margin	62.3%	58.7%	3.6%pt
EBITDA	1,397,436	1,112,235	25.6%
EBITDA Margin	33.4%	36.2%	(2.8%pt)
Net Profit	911,774	664,719	37.2%
Net Profit Margin	21.8%	21.6%	0.2%pt
Earning per share (HK\$)	0.3044	0.2337	30.2%
Full Year Dividend	271,262	206,040	31.7%
Dividend per share (HK\$)	0.09	0.07	28.6%



Agenda

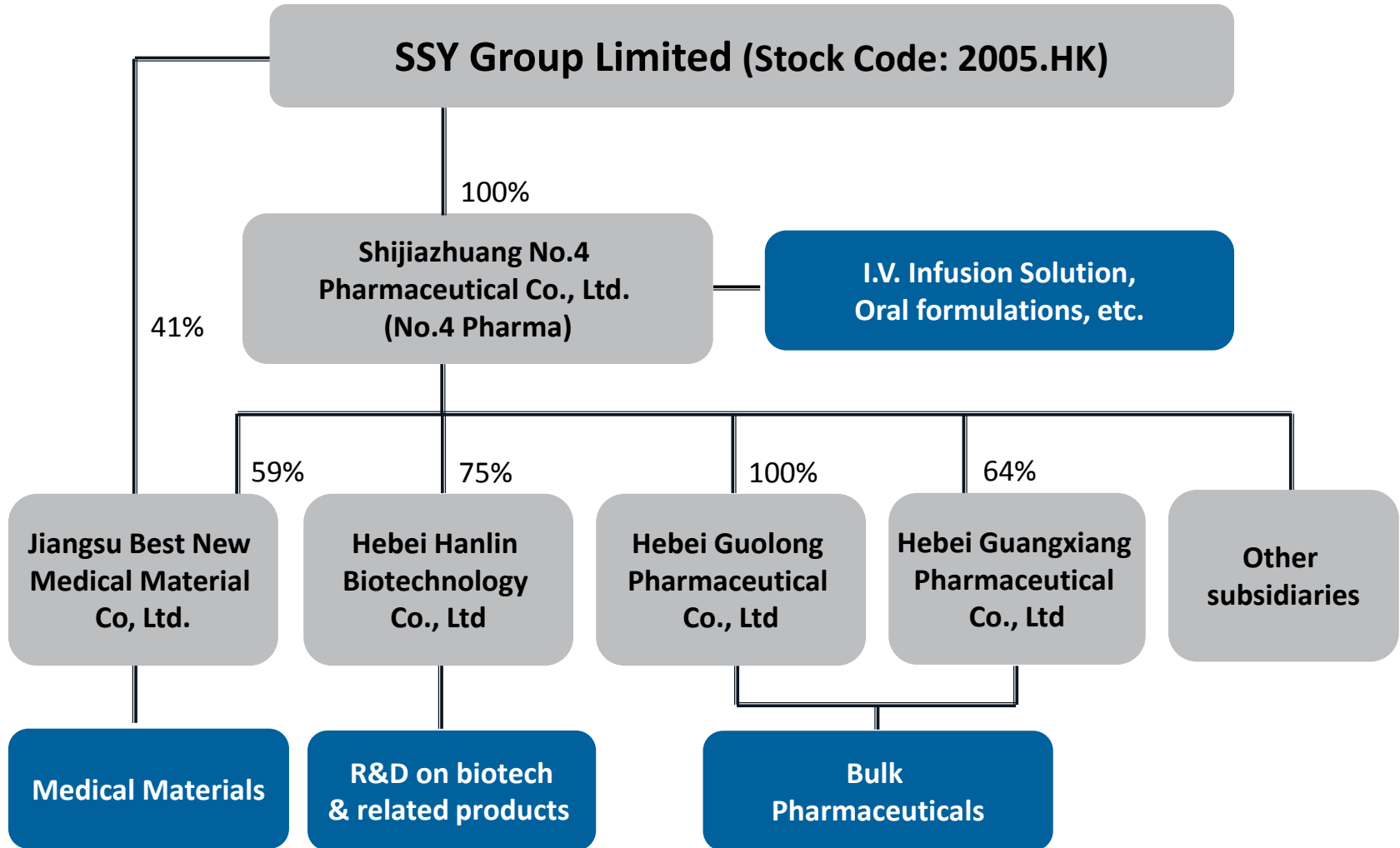
1. Business Profile
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Business Profile

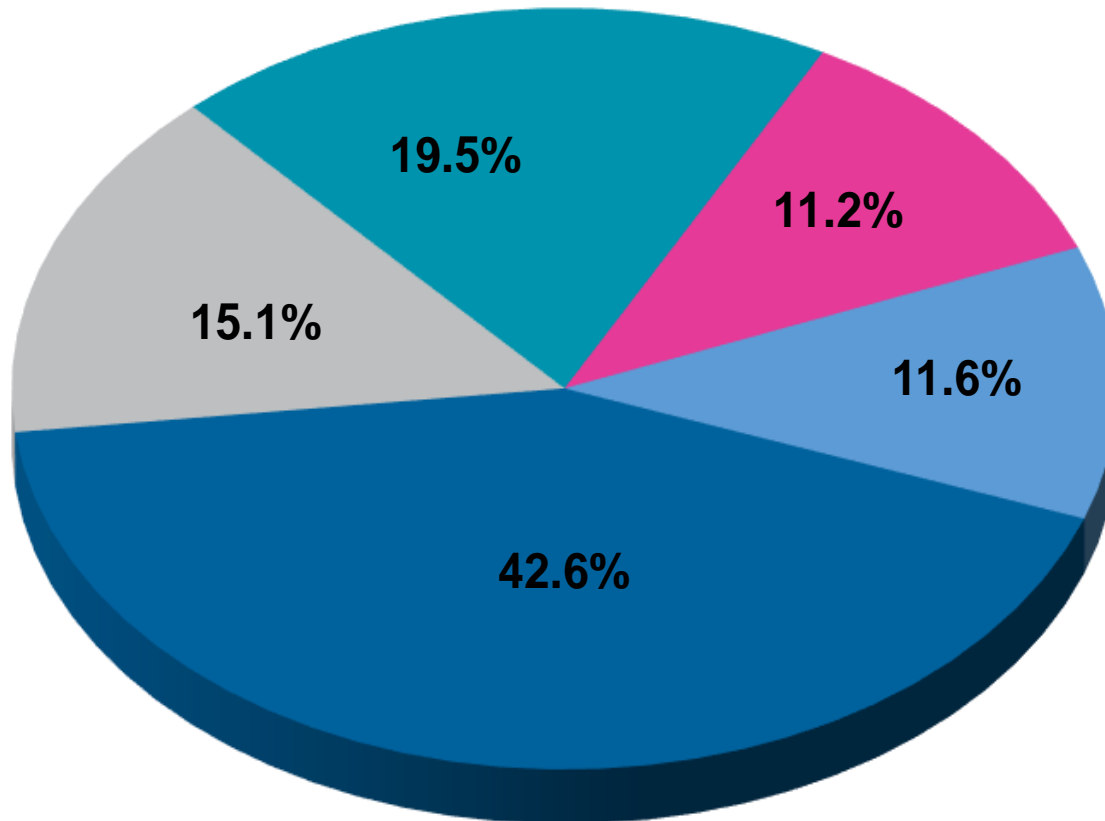


Group Structure





Sales Breakdown by Product (2018)



■ Non-PVC soft bag infusion solution



■ Upright soft bag infusion solution



■ PP plastic bottle infusion solution



■ Glass bottle infusion solution



■ Other products and medical materials

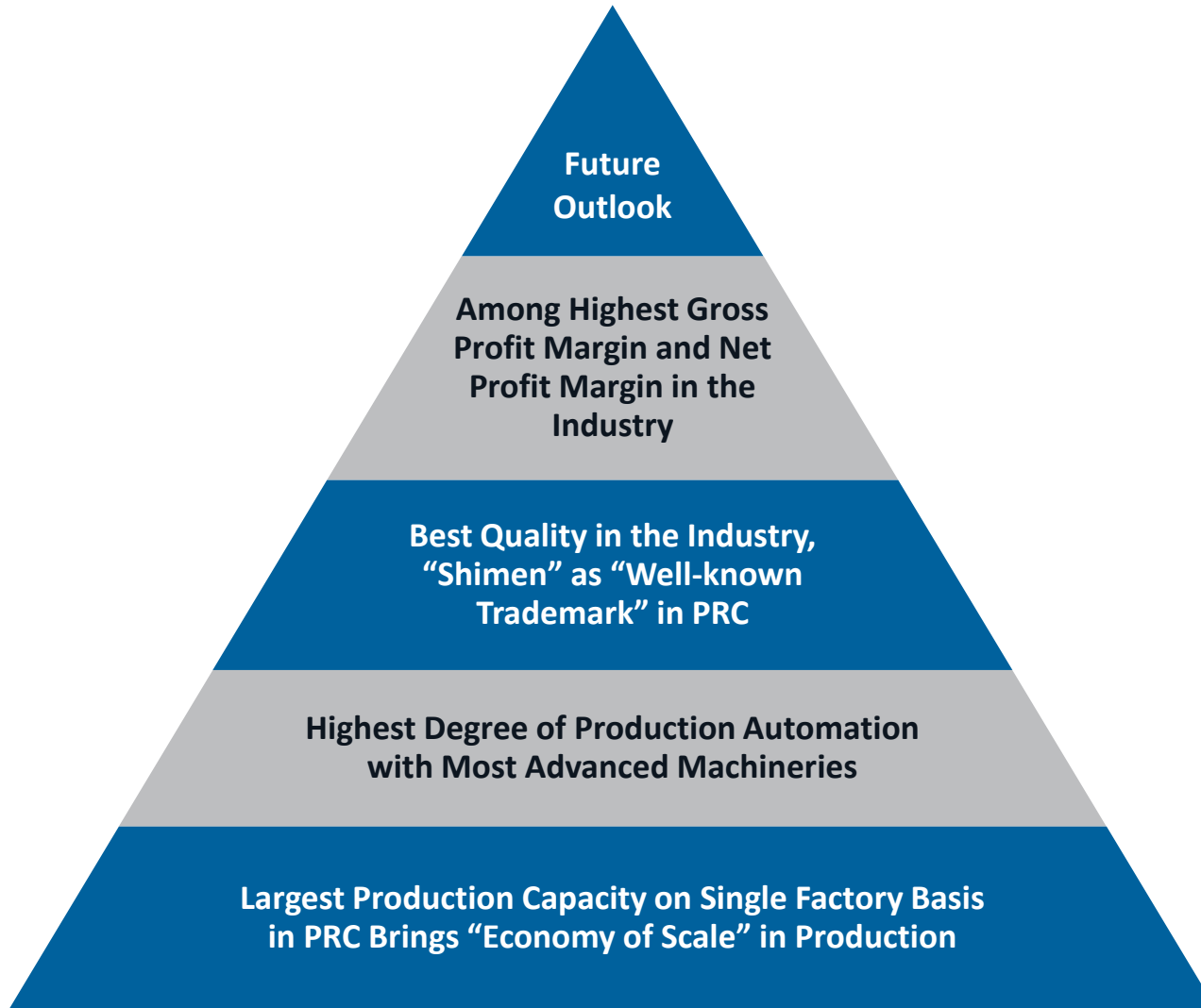




Competitive Advantages



Competitive Advantages





Competitive Advantages



Largest Production Capacity on Single Factory Basis in PRC Brings “Economy of Scale” in Production

I.V. Infusion Solution Business

- 20 Production Lines, of which 9 for Non-PVC Soft Bag, 3 for Upright Soft Bag, 6 for PP Bottle and 2 for Glass Bottle
- Annual production capacity: 1.8 billion bottle / bag
Largest production capacity on single factory basis in PRC
- Advantages in large scale production:
 1. More bargaining power on bulk purchase of raw materials and sale of finished products
 2. Better quality control
 3. Plant and equipment for better energy saving and production efficiency
 4. Improved management efficiency



Competitive Advantages

Largest Production Capacity on Single Factory Basis in PRC Brings “Economy of Scale” in Production

No. 4 Pharma	I.V. Production Capacity Expansion				
	2017	Increase / % change	2018	Increase / % change	2019 end (forecast)
Non-PVC Soft Bag (Note)	650M	80M/12%	730M	20M/3%	750M
Upright Soft Bag	300M	-	300M	-	300M
PP Plastic Bottle	450M	150M/33%	600M	-	600M
Glass Bottle	200M	-	200M	-	200M
Total	1,600M	230M/14%	1,830M	20M/1%	1,850M

(Note) : 1. Increased 80 million bags in surgical soft bag production line in year 2018
2. To increase 20 million bags in large volume soft bag production line by year 2019

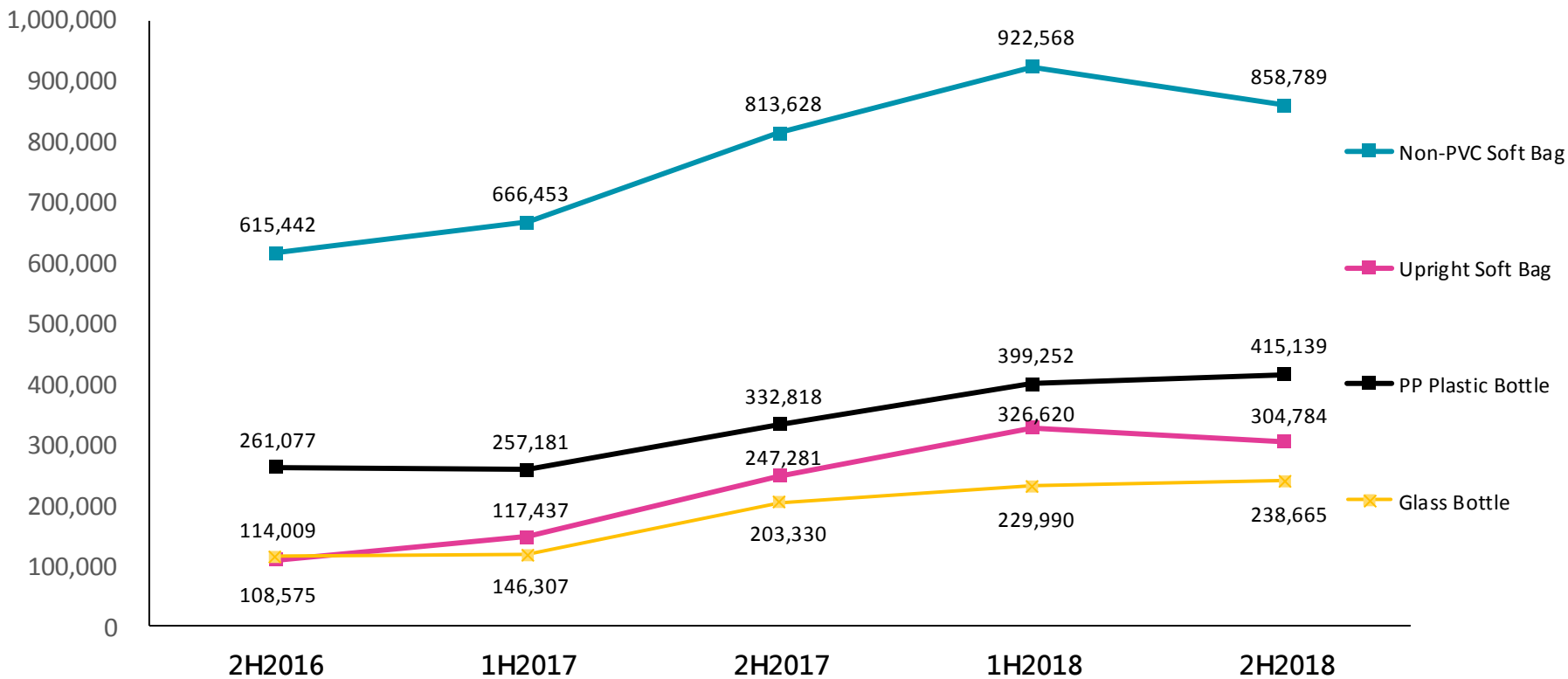


Competitive Advantages



Largest Production Capacity on Single Factory Basis in PRC Brings “Economy of Scale” in Production

Summary of I.V. Infusion - Revenue (HK\$ '000)





Competitive Advantages



Largest Production Capacity on Single Factory Basis in PRC Brings “Economy of Scale” in Production

By Packaging	I.V. Infusion – 2018 Revenue			
	Revenue (HK\$'000)	% of IV Revenue	Average Selling Price (ASP) (HK\$)	GP%
Non-PVC Soft Bag	1,781,357	48.2%	3.51	70.0%
Upright Soft Bag	631,404	17.1%	2.40	72.9%
PP Plastic Bottle	814,391	22.0%	1.44	49.8%
Glass Bottle	468,655	12.7%	3.75	62.6%
Total	3,695,807	100%	2.53	65.1%



Competitive Advantages



Largest Production Capacity on Single Factory Basis in PRC Brings “Economy of Scale” in Production

By Pharmaceutical Products	I.V. Infusion – 2018 Revenue			
	Revenue (HK\$'000)	% of IV Revenue	Average Selling Price (ASP) (HK\$)	GP%
Basic Infusions	2,223,246	60.2%	2.37	64.8%
Nutrition Infusions	743,944	20.1%	2.12	58.2%
Therapeutical Infusions	728,617	19.7%	4.22	73.0%
Total	3,695,807	100%	2.53	65.1%



Competitive Advantages



Highest Degree of Production Automation with Most Advanced Machineries



Overseas Imported Key Production Machineries



**Production Machineries & Technique Supported by
Group's Own Research & Development Team**



Competitive Advantages



Highest Degree of Production Automation with Most Advanced Machineries



Full Automation from Production to Storage





Competitive Advantages



Best Quality in the Industry, “Shimen” as “Well-known Trademark” in PRC

- Fully automated production lines guarantee high quality products
- Role model of latest GMP standard certification in PRC
- Centralised production to ensure consistency in product quality control
- “Shimen” brand in I.V. infusion solutions had been recognized as the 1st Well-known Trademark in infusion solutions industry in PRC



Competitive Advantages



Among Highest Gross Profit Margin and Net Profit Margin in the Industry

By <u>Packaging</u>	Gross Profit Margin		
	2016	2017	2018
Non-PVC Soft Bag Infusion	63%	68%	70%
Upright Soft Bag Infusion	58%	69%	73%
PP Bottle Infusion	43%	43%	50%
Glass Bottle Infusion	37%	52%	63%
Sub-total of I.V. Infusion	55%	61%	65%
Other products & businesses	31%	38%	41%
Group total	52%	59%	62%
	Net Profit Margin		
	2016	2017	2018
Group total	20.7%	21.6%	21.8%



Competitive Advantages

Research and Development

2018

- Recognized as the National Enterprise Technology Centre by the National Development and Reform Commission
- Recognized as the National Technology Innovation Enterprise by the Ministry of Industry and Information Technology and the Ministry of Finance
- 48 registrations were completed
- Granted approval for generic drug production and registration for 15 drugs, including :
 - *Moxifloxacin Hydrochloride and Sodium Chloride Injection*, the first new antibiotic product approved in China for soft bag, was included in the China National Essential Drug List
 - *Hemofiltration Solution and Hemofiltration Basic Replacement Fluid*, being the second in China approved for hemodialysis
 - *Balanced Salt Solution (Irrigating) used in ophthalmic operations for rinsing*, was the first generic product in the domestic market
 - 4 liquid injection products in polypropylene ampoule for small volume intravenous infusion



Competitive Advantages

Research and Development

Looking forward to 2019

- Annual sales target of IV solutions more than 1,600 million bottles/bags
- Sales for therapeutic products will be realized on a large scale
- Large-volume (2,000ml to 4,000ml) soft bag infusion production line expected to be ready for production in May 2019
- Bulk pharmaceuticals project under Hebei Guangxiang Pharmaceutical is expected to be ready for trial run in April 2019, with submission of certification materials for FDA of the United States to be completed within the year
- Expected to obtain 11 production approvals for injection this year.
- Develop high-end drug delivery system and innovative packaging form, explore the market in the area of new respiratory formulations and children's oral medication
- Continue fundamental research on type 1 innovative drug AND-9 and type 2 innovative drug Miriplatin

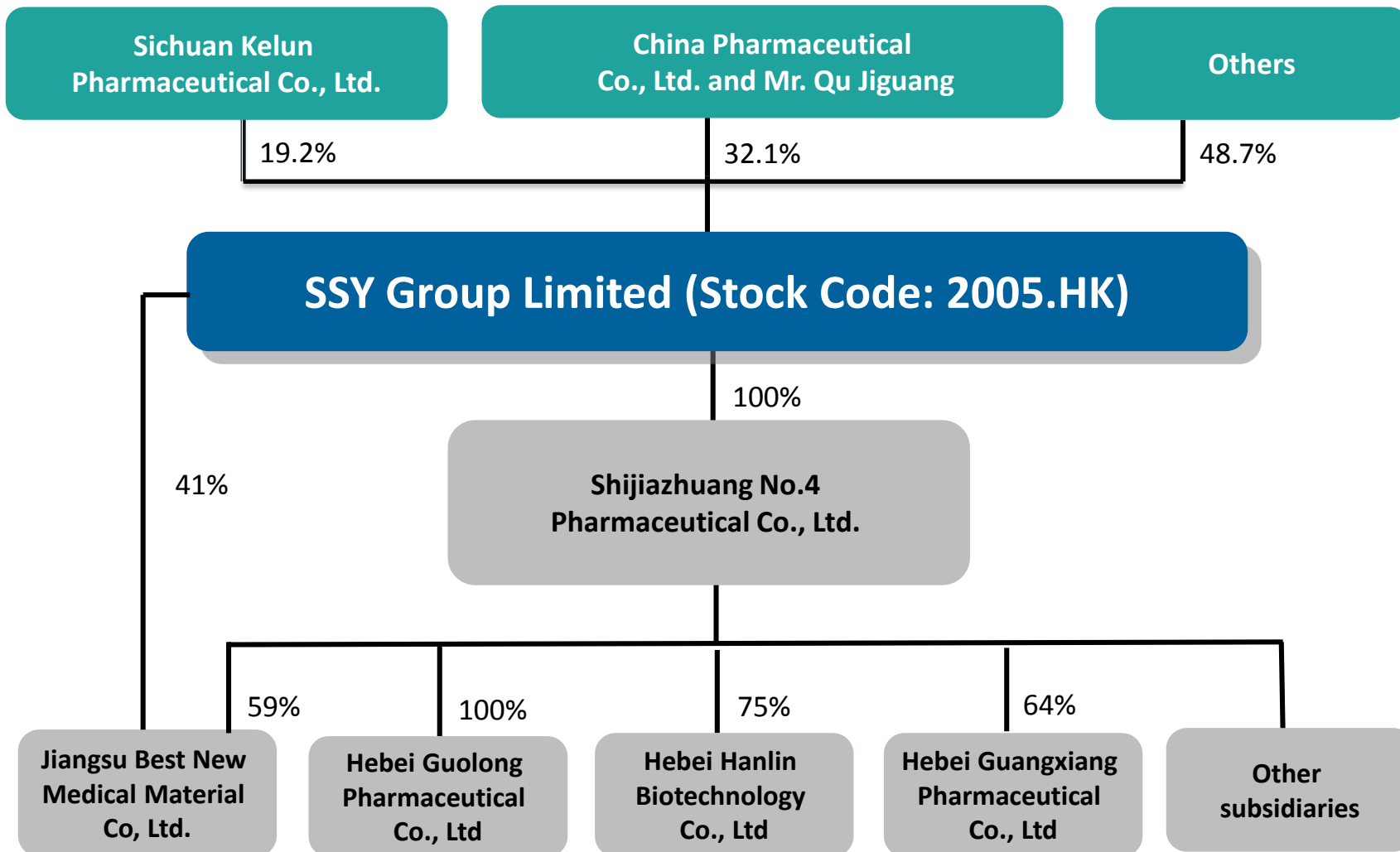


Shareholding Structure



Shareholding Structure

Updated as at 13 March 2019
No. of issued shares 3,014,025,385





Financial Highlights



Financial Highlights

(HK\$'000)	As at 31 December 2018	As at 31 December 2017	Increase/ (Decrease)
Bank balances and cash	902,062	687,319	214,743
Bank borrowings	1,494,502	1,748,709	(254,207)
Net Asset Value	4,378,246	3,486,742	891,504
Net Gearing Ratio	12.3%	23.4%	(11.1%pt)
Current Ratio	2.22	1.67	0.55
Inventory Turnover (Day)	95	97	(2)
Accounts Receivable Turnover (Day)^	91	94	(3)
Dividend per share (HK\$)	0.09	0.07	0.02
Dividend Pay-out Ratio	29.6%	30.0%	(0.4%pt)
NAV per share (HK\$)	1.45	1.21	0.24
Returns On Equity	21%	19%	2%pt

Remarks: ^ excluding bills receivables



THANK YOU!

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