



石四藥集團有限公司  
SSY Group Limited

*(incorporated in the Cayman Islands with limited liability)*

Stock Code: 2005.HK

2019 RESULTS  
ANALYSTS MEETING

Updated on 30 March 2020



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# Financial Highlights

( HK\$'000 )	2019	2018	Increase/ (decrease)
Revenue	4,635,675	4,180,788	10.9%
Gross Profit	2,876,833	2,606,373	10.4%
Gross Profit Margin	62.1%	62.3%	(0.2%pt)
EBITDA	1,668,004	1,397,436	19.4%
EBITDA Margin	36.0%	33.4%	2.6%pt
Net Profit	1,136,101	911,774	24.6%
Net Profit Margin	24.5%	21.8%	2.7%pt
Earning per share (HK\$)	0.3755	0.3044	23.4%
Full Year Dividend	333,641	271,262	23.0%
Dividend per share (HK\$)	0.11	0.09	22.2%



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## Agenda

1. Business Profile
  2. Competitive Advantages
  3. Shareholding Structure
  4. Financial Highlights
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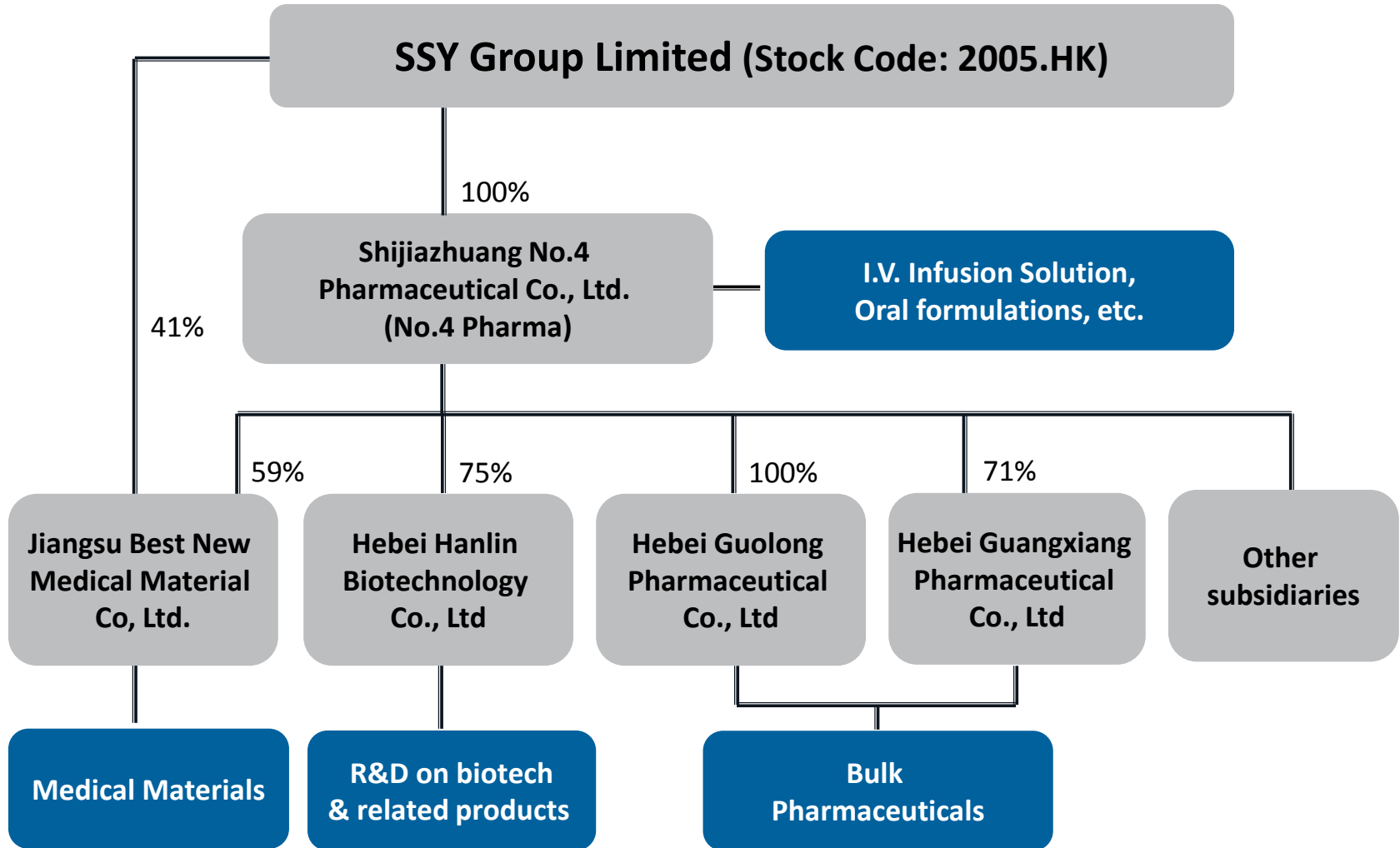
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## Business Profile

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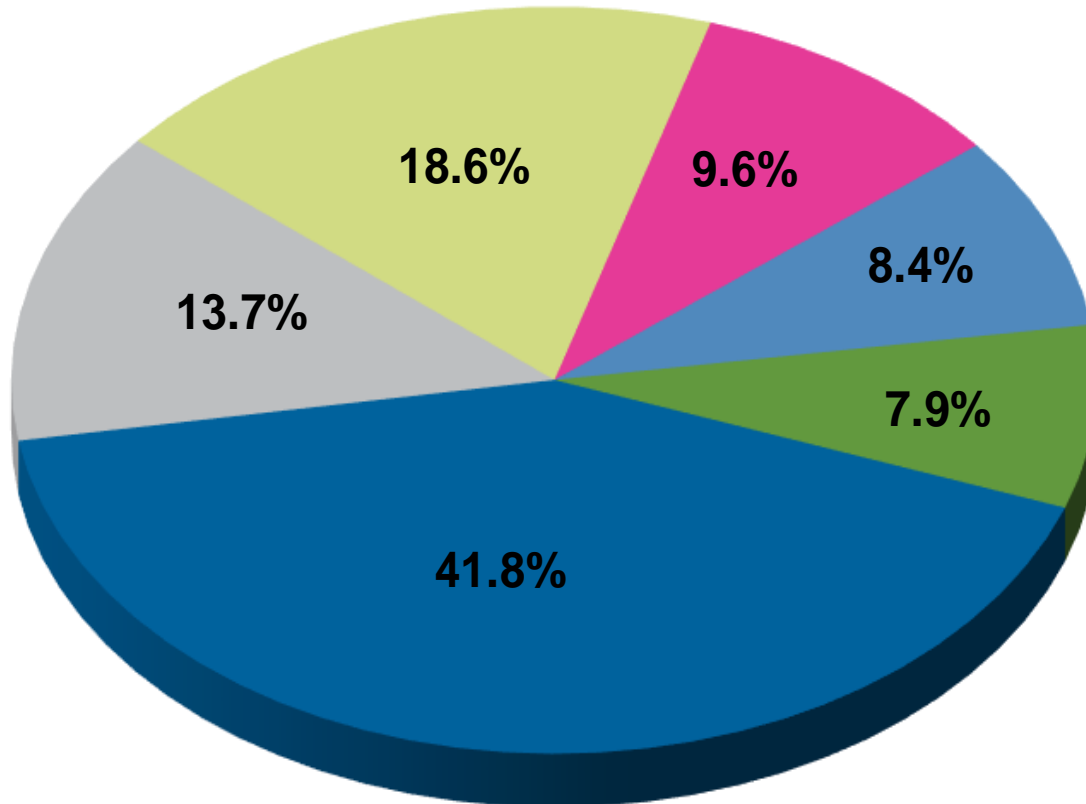


# Group Structure





# Sales Breakdown by Product (2019)



■ Non-PVC soft bag infusion solution



■ Upright soft bag infusion solution



■ PP plastic bottle infusion solution



■ Glass bottle infusion solution



■ Ampoule injections



■ Other products and medical materials



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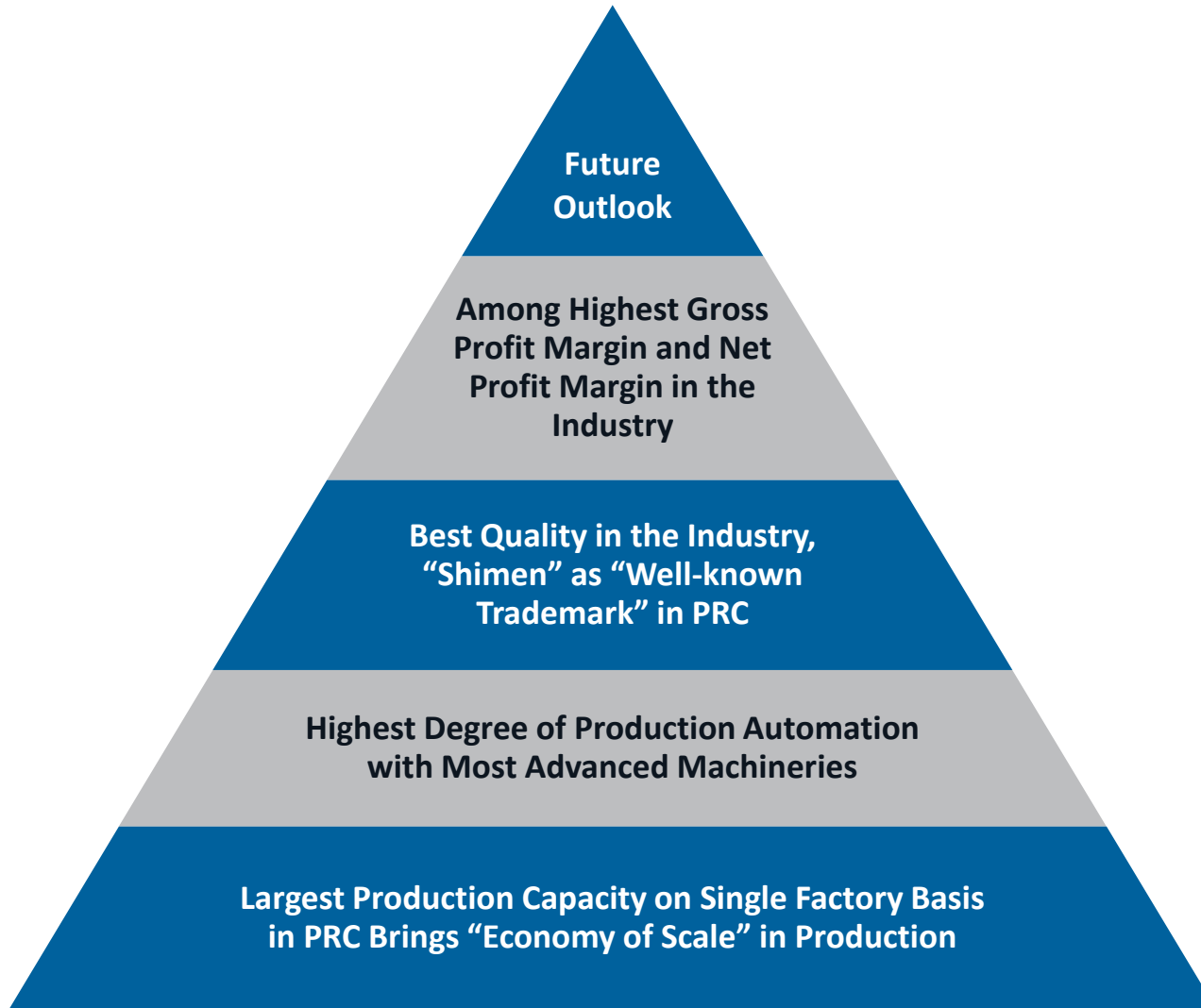
## Competitive Advantages

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# 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: 1.85 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				
	Year 2017	Increase / % change	Year 2018	Increase / % change	Year 2019
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
<b>Total</b>	<b>1,600M</b>	<b>230M/14%</b>	<b>1,830M</b>	<b>20M/1%</b>	<b>1,850M</b>

**(Note)** : Increased 80 million bags in surgical soft bag production line in year 2018  
Increased 20 million bags in large volume soft bag production line in year 2019

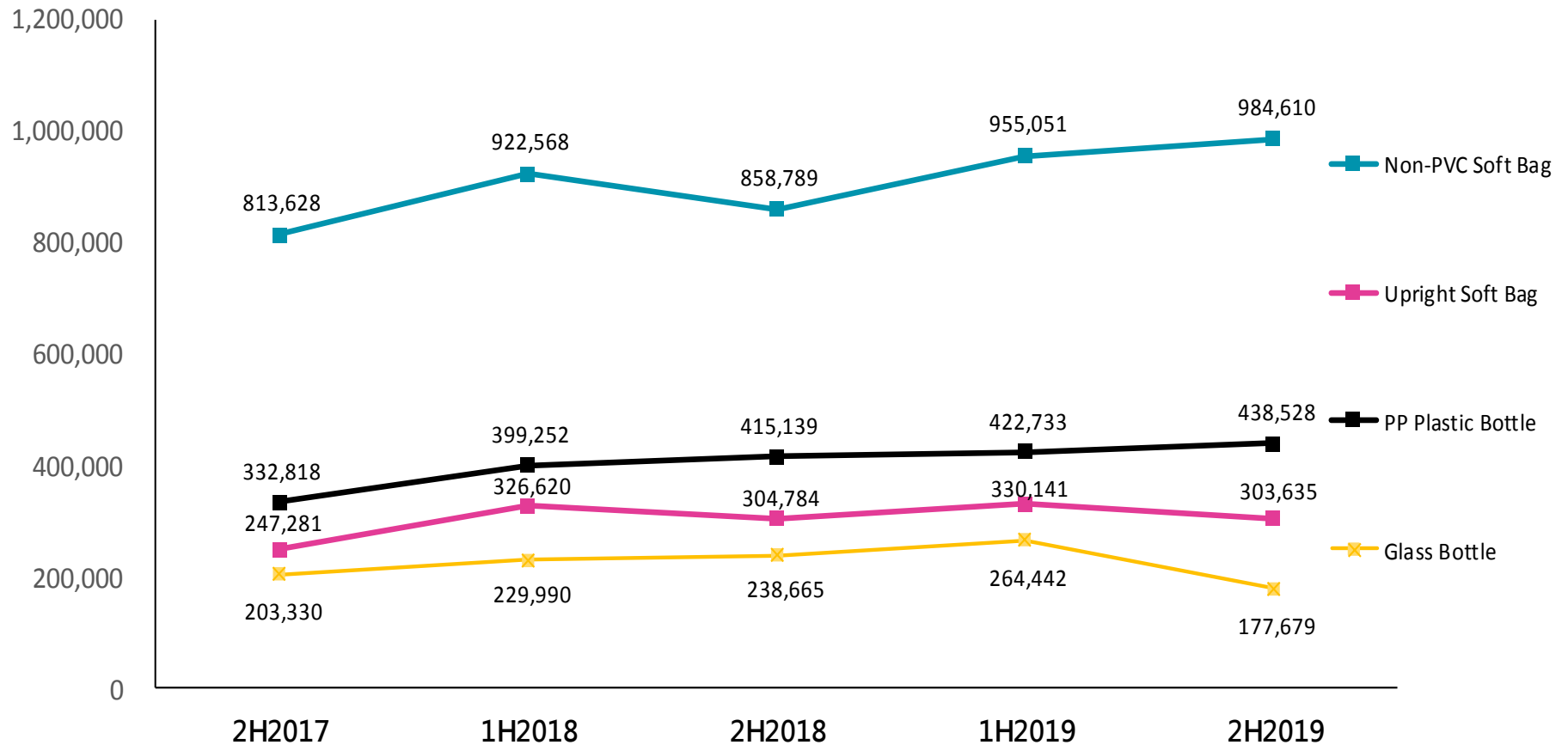


# Competitive Advantages



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 – 2019 Revenue			
	Revenue (HK\$'000)	% of IV Revenue	Average Selling Price (ASP) (HK\$)	GP%
Non-PVC Soft Bag	1,939,661	50.0%	3.74	72.0%
Upright Soft Bag	633,776	16.4%	2.19	71.4%
PP Plastic Bottle	861,261	22.2%	1.39	49.3%
Glass Bottle	442,121	11.4%	3.83	60.8%
<b>Total</b>	<b>3,876,819</b>	<b>100%</b>	<b>2.51</b>	<b>65.6%</b>



## Competitive Advantages



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

By Pharmaceutical Products	I.V. Infusion – 2019 Revenue			
	Revenue (HK\$'000)	% of IV Revenue	Average Selling Price (ASP) (HK\$)	GP%
Basic Infusions	2,297,343	59.3%	2.27	65.0%
Nutrition Infusions	714,109	18.4%	1.99	56.2%
Therapeutical Infusions	865,367	22.3%	4.95	75.0%
<b>Total</b>	<b>3,876,819</b>	<b>100%</b>	<b>2.51</b>	<b>65.6%</b>



# 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		
	2017	2018	2019
Non-PVC Soft Bag Infusion	68%	70%	72%
Upright Soft Bag Infusion	69%	73%	71%
PP Bottle Infusion	43%	50%	49%
Glass Bottle Infusion	52%	63%	61%
Sub-total of I.V. Infusion	61%	65%	66%
<b>Other products &amp; businesses</b>	<b>38%</b>	<b>41%</b>	<b>44%</b>
<b>Group total</b>	<b>59%</b>	<b>62%</b>	<b>62%</b>
	Net Profit Margin		
	2017	2018	2019
<b>Group total</b>	<b>21.6%</b>	<b>21.8%</b>	<b>22.2%</b>



# Competitive Advantages



## Future Outlook – Key products

### Therapeutical Infusion solutions

- **Moxifloxacin Hydrochloride Sodium Chloride Injection**

Revenue of HK\$165million in 2019, a y-o-y increase of 80%

- **Peritoneal dialysis solution**

Obtained approval for production in 2019





# Competitive Advantages



## Future Outlook – Key products

### Ampoule products

- Revenue of HK\$392million in 2019, a y-o-y increase of 208%
- Major products include Betahistine, Ambroxol and Doxofylline





# Competitive Advantages



## Future Outlook – Key products

### Bulk pharmaceuticals (Hebei Guangxiang)

- Locate at Bohai new district in Cangzhou, Hebei Province
- Project completed in 2019 and mass production began in October
- Mainly produce caffeine, metronidazole, nifedipine, theophylline, aminophylline, azithromycin and arbidol





# Competitive Advantages



## Future Outlook – Research and Development

### Year 2019

- Submitted review of a Type 1 new drug NP-01 to the China Center for Drug Evaluation of National Medical Products Administration, the first ever submission of innovative drugs by the Company, demonstrating advancement from “generic drug R&D” to “combination of generic and innovative drugs” new stage.
- Obtained 13 approvals for production of generic drugs and 2 approvals for consistency evaluation, including:
  - Tirofiban Hydrochloride and Sodium Chloride Injection, a cardiovascular drug clinically used to treat acute coronary syndrome, thus a key product for the Company’s performance development
  - Peritoneal dialysis solution series: combining hemodialysis product portfolio has a nice room for market growth
  - Hydroxyethyl starch 130 sodium chloride injection
  - Ambroxol Hydrochloride ampoule products in 3 specifications: enrich the Company’s product series in the respiratory field
  - Fluconazole tablet with 2 specifications (50mg & 150mg) passing consistency evaluation, of which 150mg specification being the first one passing consistency evaluation in China
- Completed for reaccreditations of National Centre for Enterprise Technology, Model Enterprises for National Technology Innovation, National and Local Joint Laboratory and Workstation for Postdoctoral Scientific Research



# Competitive Advantages



## Future Outlook – Prospects for R&D

### Year 2020

- To maintain leading position in development within the IV industry, complete research works for consistency evaluation of the major types of IV and optimize products mix
- To create a new growth pole of the solid preparation products like Arbidol capsules
- To achieve mass production of bulk pharmaceuticals
- To develop new products for therapeutic injections, and focus on fields including treatment of chronic diseases, circulation systems, emergency anesthesia therapy, antipyretic and analgesic therapy as well as the new anti-infective therapy
- Phase I clinical trial of type 1 anti-tumor new drug NP-01 expected to commence in 1st half of year 2020. Type I new drug AND-9 used for the treatment of liver fibrosis expected submission for phase I clinical trial registration application. Antitumor drug Miriplatin, a type 2 innovative drug, expected to apply for clinical trials within this year



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## Shareholding Structure

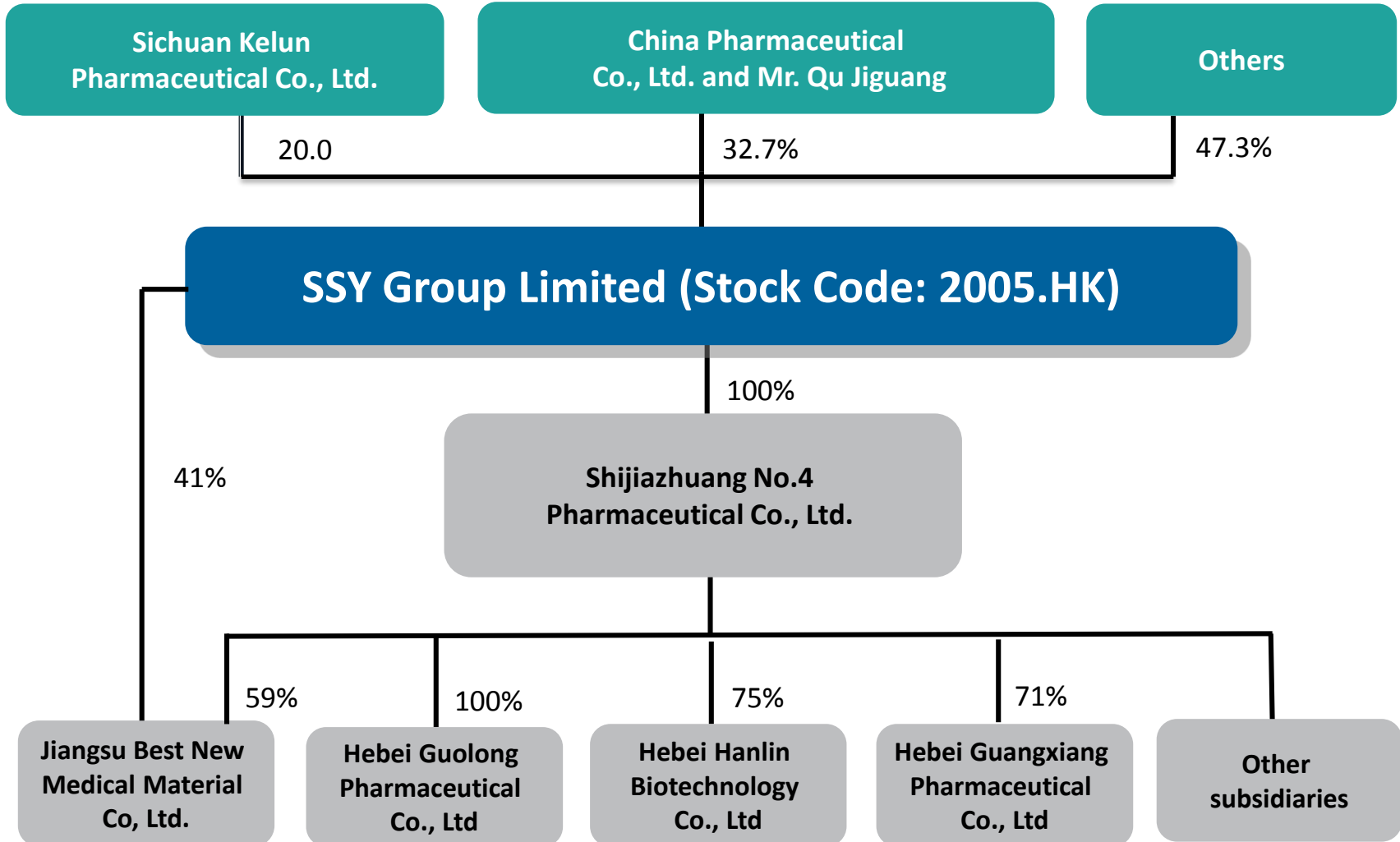
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# Shareholding Structure

Updated as at 30 March 2020  
No. of issued shares 3,032,325,385





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## Financial Highlights

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# Financial Highlights

( HK\$'000 )	As at 31 Dec 2019	As at 31 Dec 2018	Increase/ (Decrease)
Cash and cash equivalent	<b>817,429</b>	902,062	(84,633)
Bank borrowings	<b>1,695,857</b>	1,494,502	201,355
Net Asset Value	<b>5,081,602</b>	4,378,246	703,356
Net Gearing Ratio	<b>15.0%</b>	12.3%	2.7%pt
Current Ratio	<b>2.13</b>	2.22	(0.09)
Inventory Turnover (Day)	<b>96</b>	95	1
Accounts Receivable Turnover (Day)^	<b>112</b>	91	21
Dividend Pay-out Ratio	<b>29.3%</b>	29.6%	(0.3%pt)
NAV per share (HK\$)	<b>1.68</b>	1.45	0.23
Returns On Equity	<b>22%</b>	21%	1%pt

Remarks: ^ excluding bills receivables



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# THANK YOU!

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