



石四藥集團有限公司
SSY Group Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2005.HK

2020 RESULTS
ANALYSTS MEETING

Updated on 30 March 2021



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Financial Highlights

(HK\$'000)	2020	2019	Change
Revenue	4,260,898	4,635,675	(8.1%)
Gross Profit	2,708,375	2,876,833	(5.9%)
Gross Profit Margin	63.6%	62.1%	1.5%pt
EBITDA	1,077,222	1,668,004	(35.4%)
EBITDA Margin	25.3%	36.0%	(10.7%pt)
Net Profit	611,971	1,136,101	(46.1%)
Net Profit Margin	14.4%	24.5%	(10.1%pt)
Earning per share (HK\$)	0.2019	0.3755	(46.2%)
Full Year Dividend	302,377	333,538	(9.1%)
Full Year Dividend per share (HK\$)	0.10	0.11	(9.1%)



Agenda

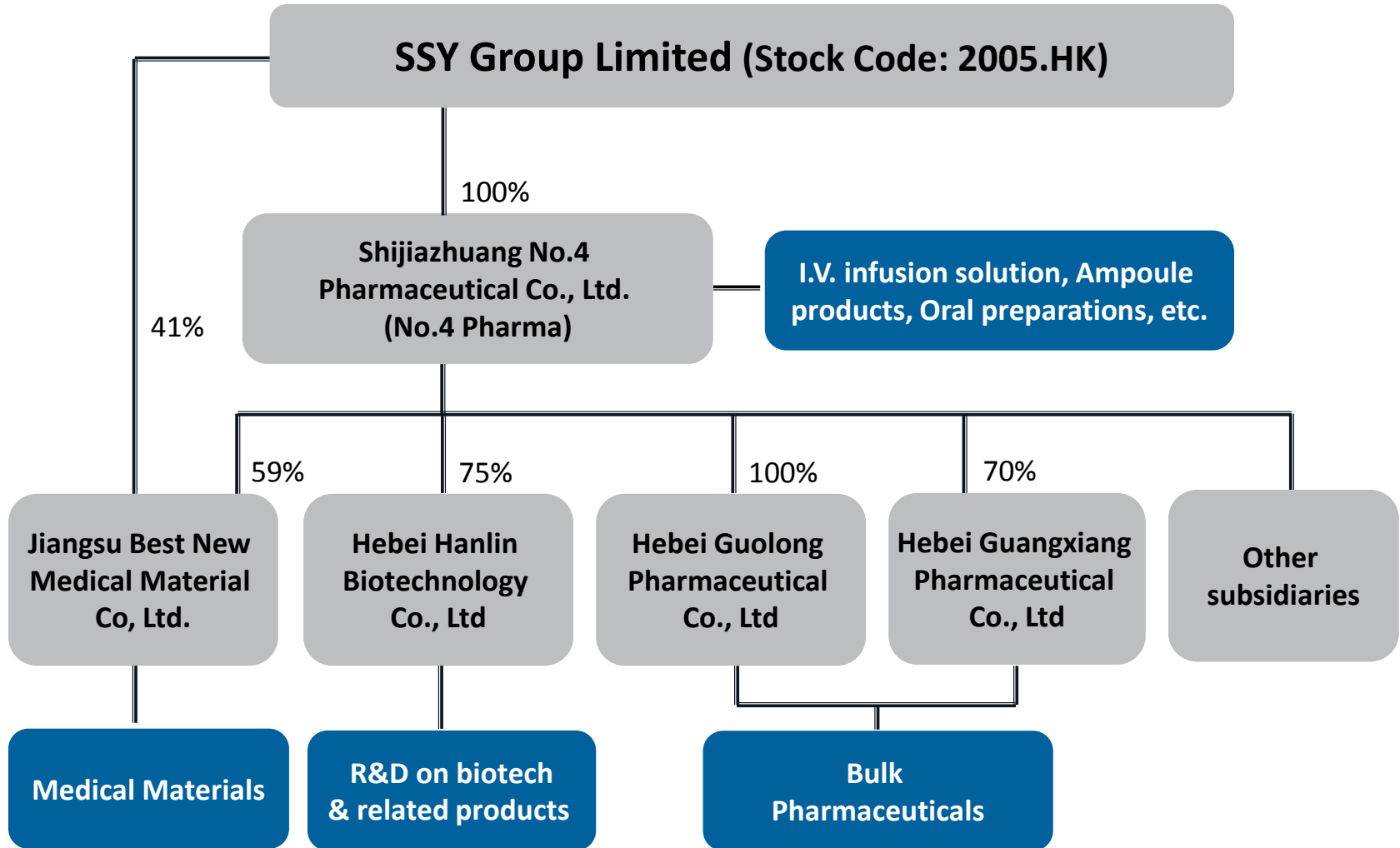
1. Business Profile
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Business Profile

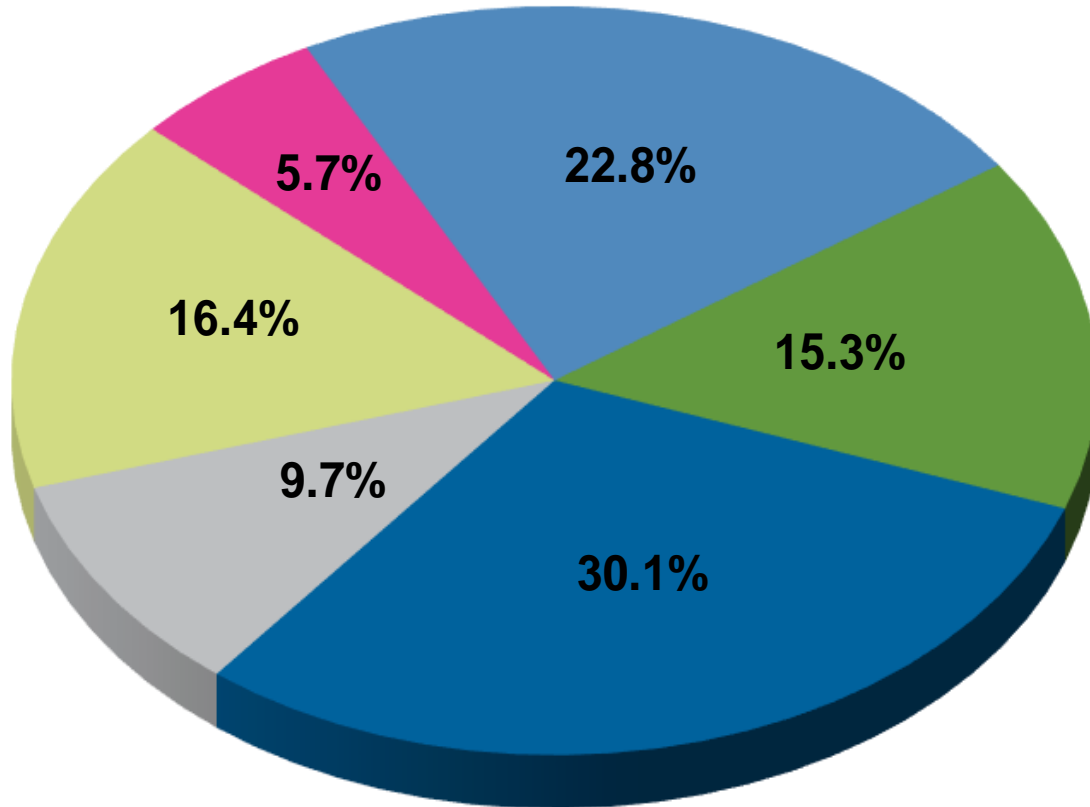


Group Structure





Sales Breakdown by Product (2020)



■ Non-PVC soft bag infusion solution



■ Upright soft bag infusion solution



■ PP plastic bottle infusion solution



■ Glass bottle infusion solution



■ Ampoule injections



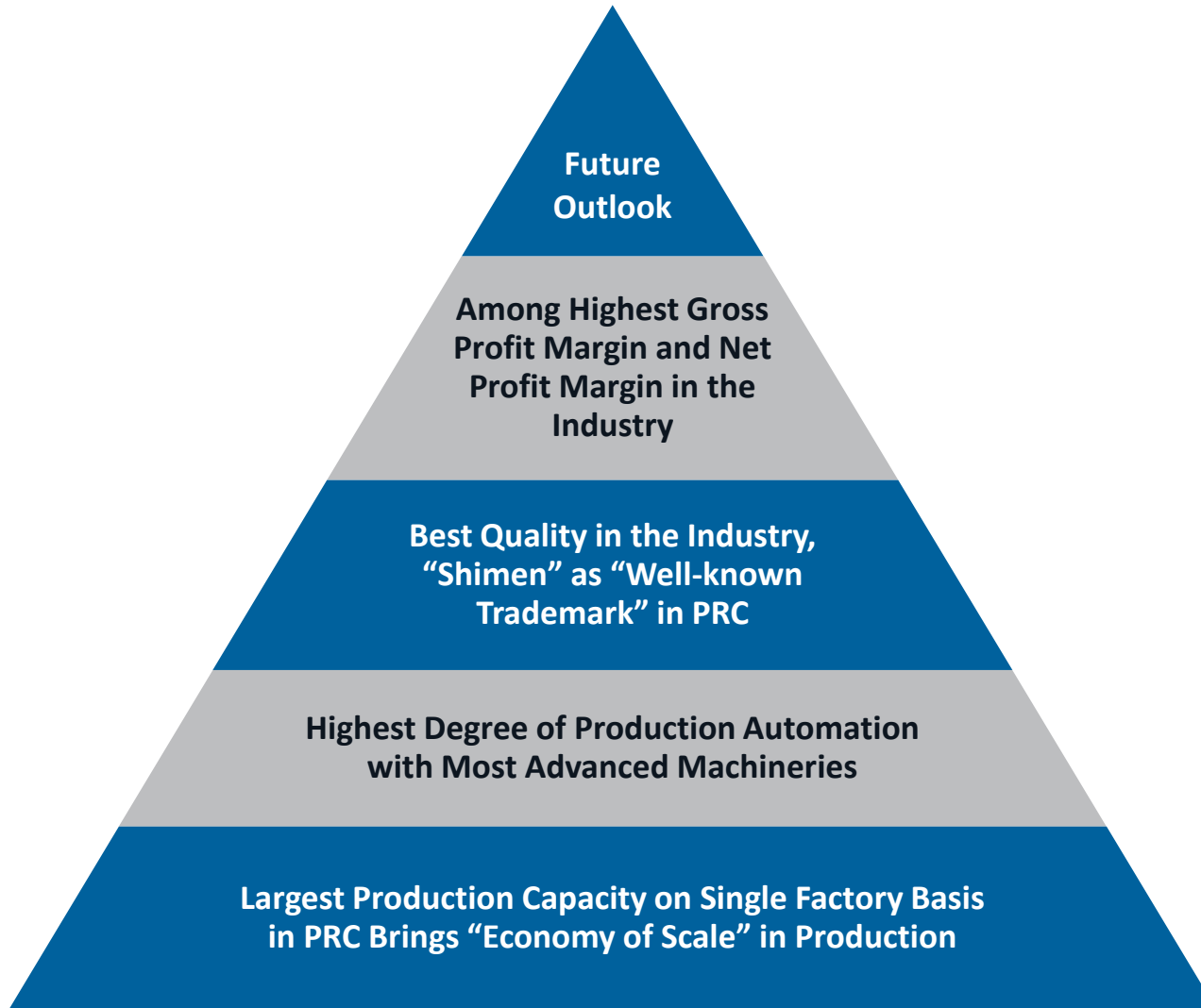
■ Other products and medical materials



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: 1.85 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	From 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
Total	1,600M	230M/14%	1,830M	20M/1%	1,850M

(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

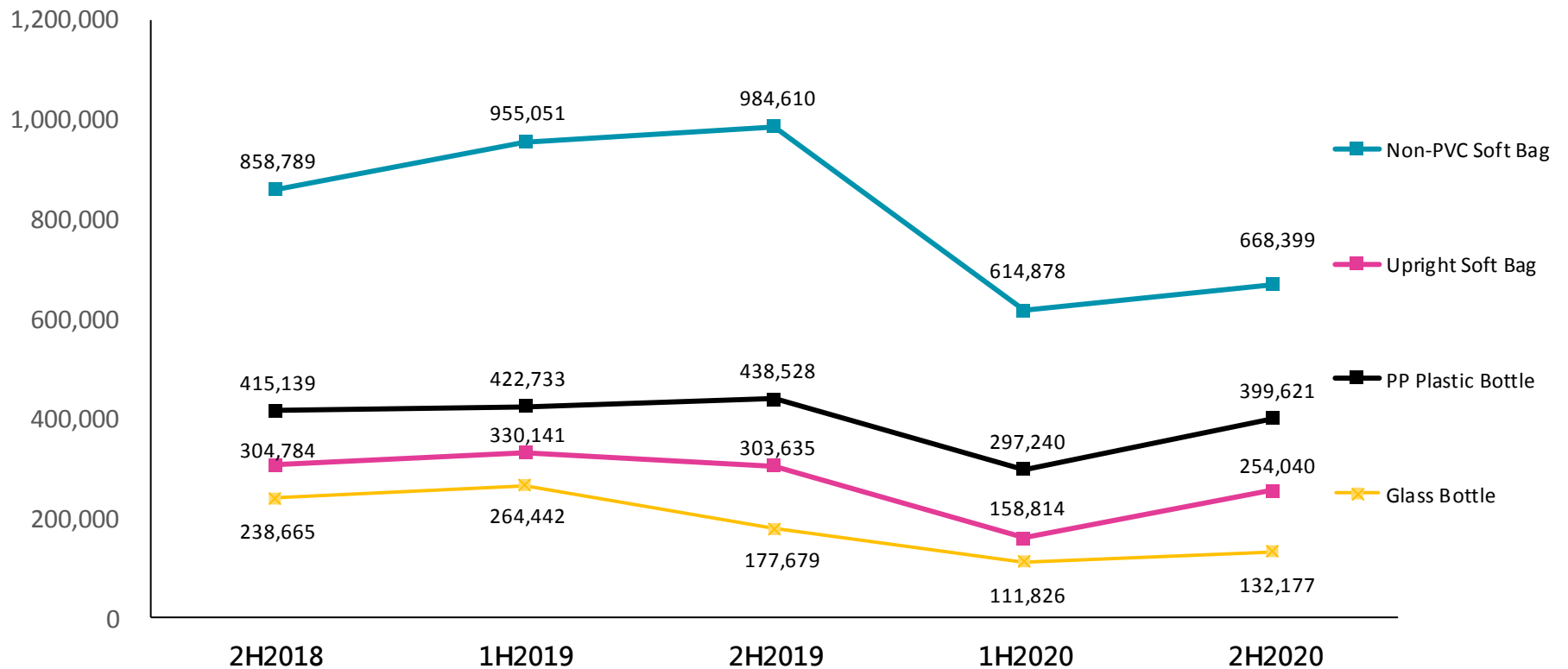


Competitive Advantages



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 – 2020 Revenue			
	Revenue (HK\$'000)	% of IV Revenue	Average Selling Price (ASP) (HK\$)	GP%
Non-PVC Soft Bag	1,283,277	48.6%	3.46	67.9%
Upright Soft Bag	412,854	15.7%	1.94	68.1%
PP Plastic Bottle	696,861	26.4%	1.33	47.1%
Glass Bottle	244,003	9.3%	2.81	41.2%
Total	2,636,995	100%	2.21	60.0%



Competitive Advantages



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

By Pharmaceutical Products	I.V. Infusion – 2020 Revenue			
	Revenue (HK\$'000)	% of IV Revenue	Average Selling Price (ASP) (HK\$)	GP%
Basic Infusions	1,612,293	61.1%	2.07	60.8%
Nutrition Infusions	455,111	17.3%	1.85	53.1%
Therapeutical Infusions	569,591	21.6%	3.38	63.2%
Total	2,636,995	100%	2.21	60.0%



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		
	2018	2019	2020
Non-PVC Soft Bag Infusion	70%	72%	68%
Upright Soft Bag Infusion	73%	71%	68%
PP Bottle Infusion	50%	49%	47%
Glass Bottle Infusion	63%	61%	41%
Sub-total of I.V. Infusion	65%	66%	60%
Non-I.V. Infusion products	41%	44%	69%
Group total	62%	62%	64%
	Net Profit Margin		
	2018	2019	2020
Group total	21.8%	24.5%	14.4%



Competitive Advantages



Future Outlook – Key products

Ampoule Injections

- Revenue of RMB863 million in 2020, a y-o-y increase of 150%
- Newly built special production line for 10ml PP ampoule in 2020
- Major products include Betahistine, Ambroxol and Doxofylline





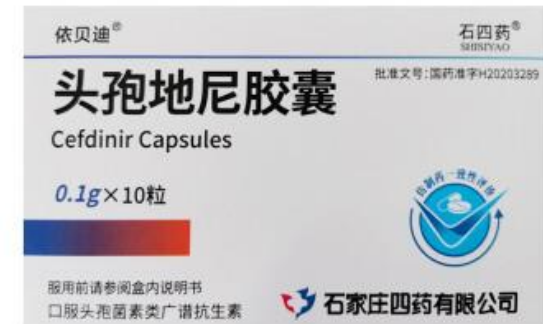
Competitive Advantages



Future Outlook – Key products

Solid preparations

- Cefdinir Capsule and Prucalopride Succinate Tablet
First tender won in centralised procurement in the PRC
- Abidol Hydrochloride Capsule
Broad-spectrum antiviral drug, revenue of RMB93.4 million in 2020, a y-o-y increase of 1350%





Competitive Advantages



Future Outlook – Key products

Bulk Pharmaceuticals (Hebei Guangxiang)

- Located at Bohai new district in Cangzhou, Hebei Province
- Mainly produce caffeine, metronidazole, theophylline, aminophylline, nifedipine and arbidol
- Plan of listing on a securities market of the PRC





Competitive Advantages



Future Outlook – Research and Development

Year 2020

- Obtained clinical trial approval of Type 1 innovative drug NP-01, the Group's first innovative drug
- Obtained 6 new production approvals of Type 4 chemical drug, including Doxofylline Injection, Ropivacaine Hydrochloride Injection, Cefdinir Capsule, Prucalopride Succinate Tablet (1mg, 2mg) and Rosuvastatin Calcium Tablet
- Obtained 4 approvals for Consistency Evaluation of injections, including Metronidazole & Sodium Chloride Injection, Ciprofloxacin Lactate Injection (1st in the PRC), Fluconazole & Sodium Chloride Injection and Bromhexine Hydrochloride Injection
- Pilot-run and industrialized ancillary projects of the new pharmaceutical research and development platform have been delivered for use
- Applied for 146 patents and received authorisation of 89 patents, including 48 invention patents and 3 international invention patents



Competitive Advantages



Future Outlook – Prospects for R&D

Year 2021

- To achieve recovery growth of intravenous infusion solution segment
- To maintain the fast growth of ampoule injection business
- To utilize the production capacity of bulk pharmaceuticals, improve capacity utilization and lay a solid foundation for its domestic listing
- To continue making progress on implementation of innovative drug evaluations and consistency evaluations, with injections development as the basis, taking into consideration of research and development of new types of oral preparation, bulk pharmaceuticals and medical materials
- To strive to make new breakthroughs in R&D of innovative drugs; push forward phase I clinical trial of anti-tumor Type 1 innovative drug NP-01 and conduct preliminary research on anti-liver fibrosis Type 1 innovative drug AND-9, anti-epileptic compound QO-83 and anti-tumor Type 2 chemical innovative drug Miriplatin

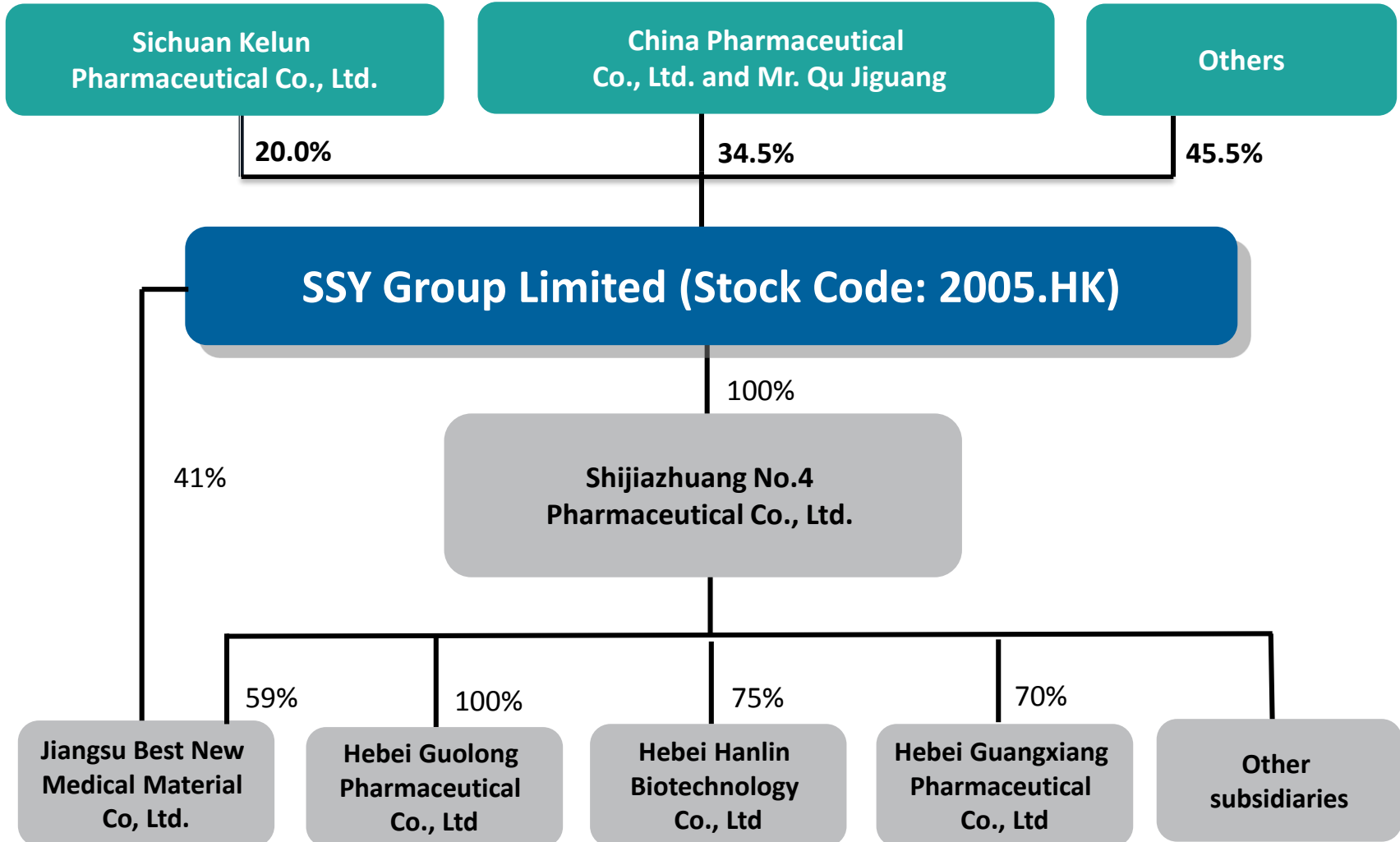


Shareholding Structure



Shareholding Structure

Updated as at 30 March 2021
No. of issued shares 3,027,073,385





Financial Highlights



Financial Highlights

	As at 31 Dec 2020	As at 31 Dec 2019	Increase/ (Decrease)
(HK\$'000)			
Cash and cash equivalent	1,445,905	817,429	628,476
Bank borrowings	2,427,072	1,695,857	731,215
Net Asset Value	5,915,211	5,081,602	833,609
Net Gearing Ratio	14.9%	15.0%	(0.1%pt)
Current Ratio	2.01	2.13	(0.12)
Inventory Turnover (Day)	135	96	39
Accounts Receivable Turnover (Day)^	141	112	29
Dividend Pay-out Ratio	49.4%	29.3%	20.1%pt
NAV per share (HK\$)	1.94	1.68	0.26

Remarks: ^ excluding bills receivables



THANK YOU!

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