

WuXi Biologics Business Update

Dec 4, 2023



WuXi Biologics
Global Solution Provider

Stock Code: 2269.HK

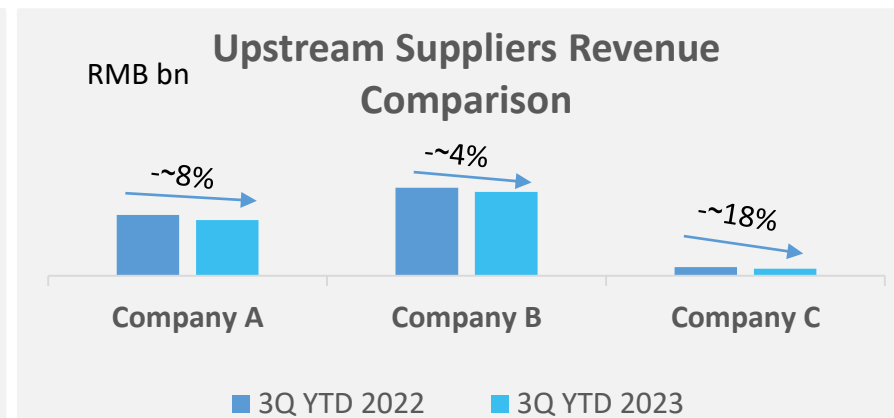
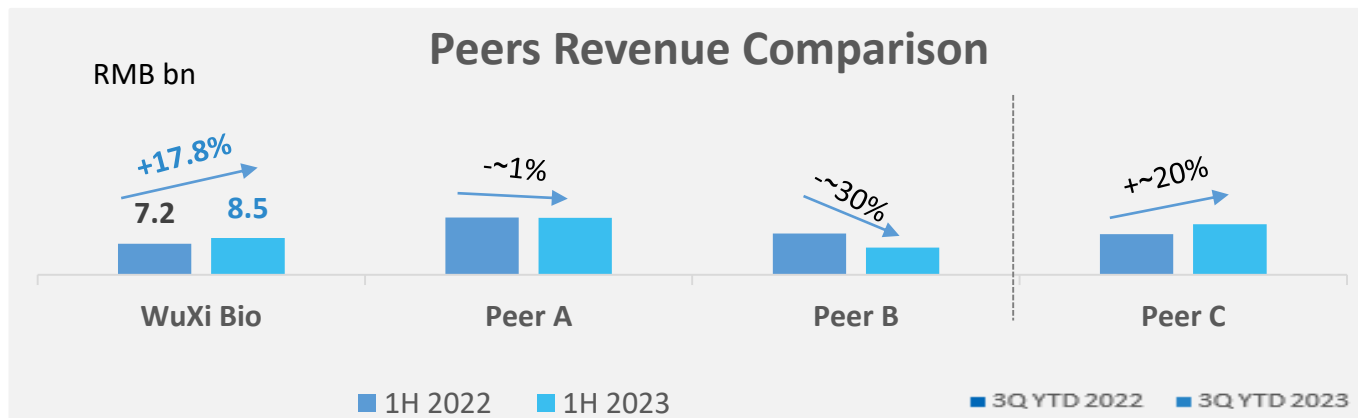
Forward-Looking Statements

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, and our ability to protect our clients’ intellectual property. 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.

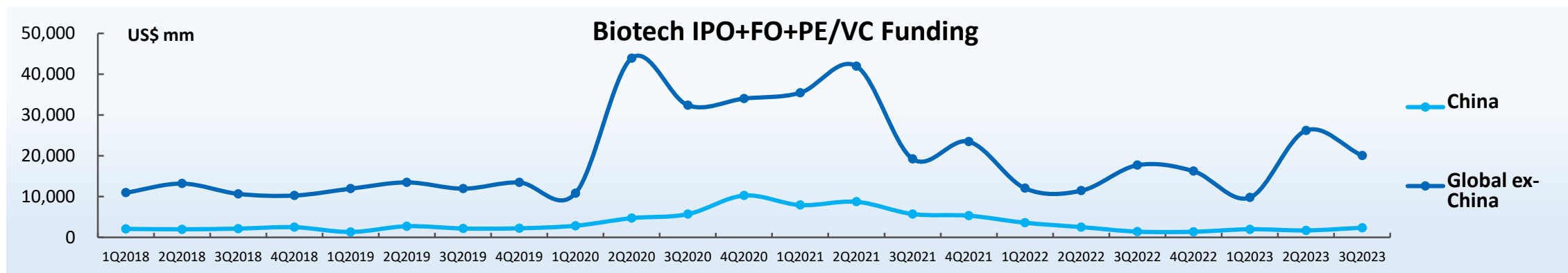
Use of Adjusted Financial Measures (Non-IFRS Measures)

We have provided adjusted net profit, adjusted net profit margin, adjusted EBITDA, adjusted EBITDA margin and adjusted diluted earnings per share for the corresponding periods, which excludes the share-based compensation expenses, listing expenses, gains or losses from equity investments and foreign exchange gains or losses, and are not 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 underlying 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 and non-recurring items that we do not consider indicative of the performance of our business. However, the presentation of these 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.

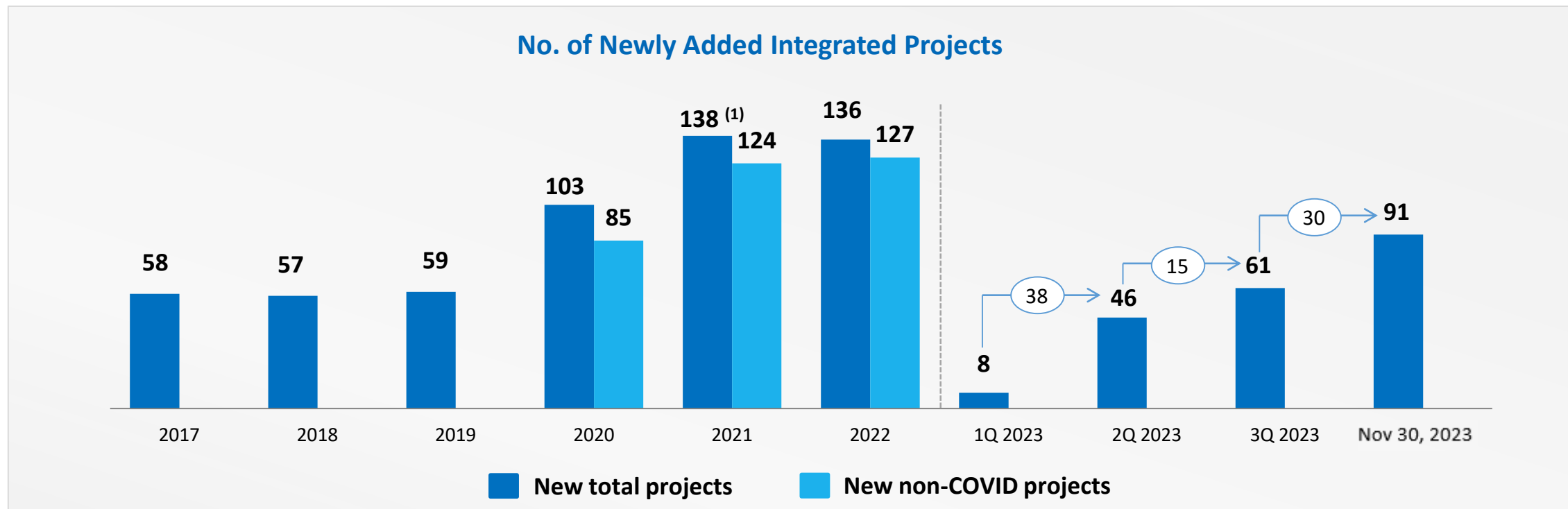
Our Industry Going Through a Tough Time



- **Our industry faces near-term challenges: single digit growth compared to ~15% in past years. But we continue to be confident about our medium-to-long term growth due to our unique “follow and win the molecule” CRDMO model**
- **Challenging macroeconomic conditions also evident from our global upstream suppliers**



New Projects Rebound from the Bottom in Q1 2023: New Non-COVID Projects Now Higher than 2020

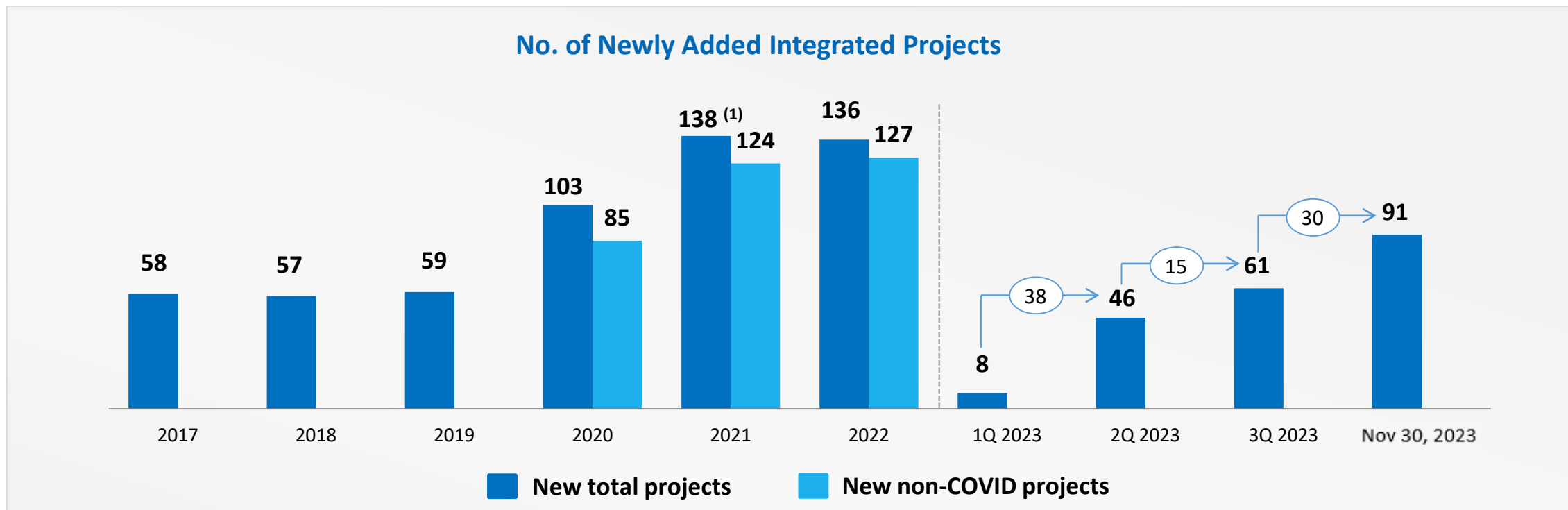


- Number of new projects was negatively impacted in Q1 by global biotech slowdown and started to rebound since Q2. Expect a strong recovery in H2 2023 (Expect Top 3 year in No. of projects)
- Despite biotech funding slowdown, our number of new projects is still much higher than pre-COVID, indicating more recognition and trust from the industry

Notes:

1. Newly-added integrated project number in 2021 has excluded the projects from CMAB acquisition

Continue to Gain Market Share in 2023

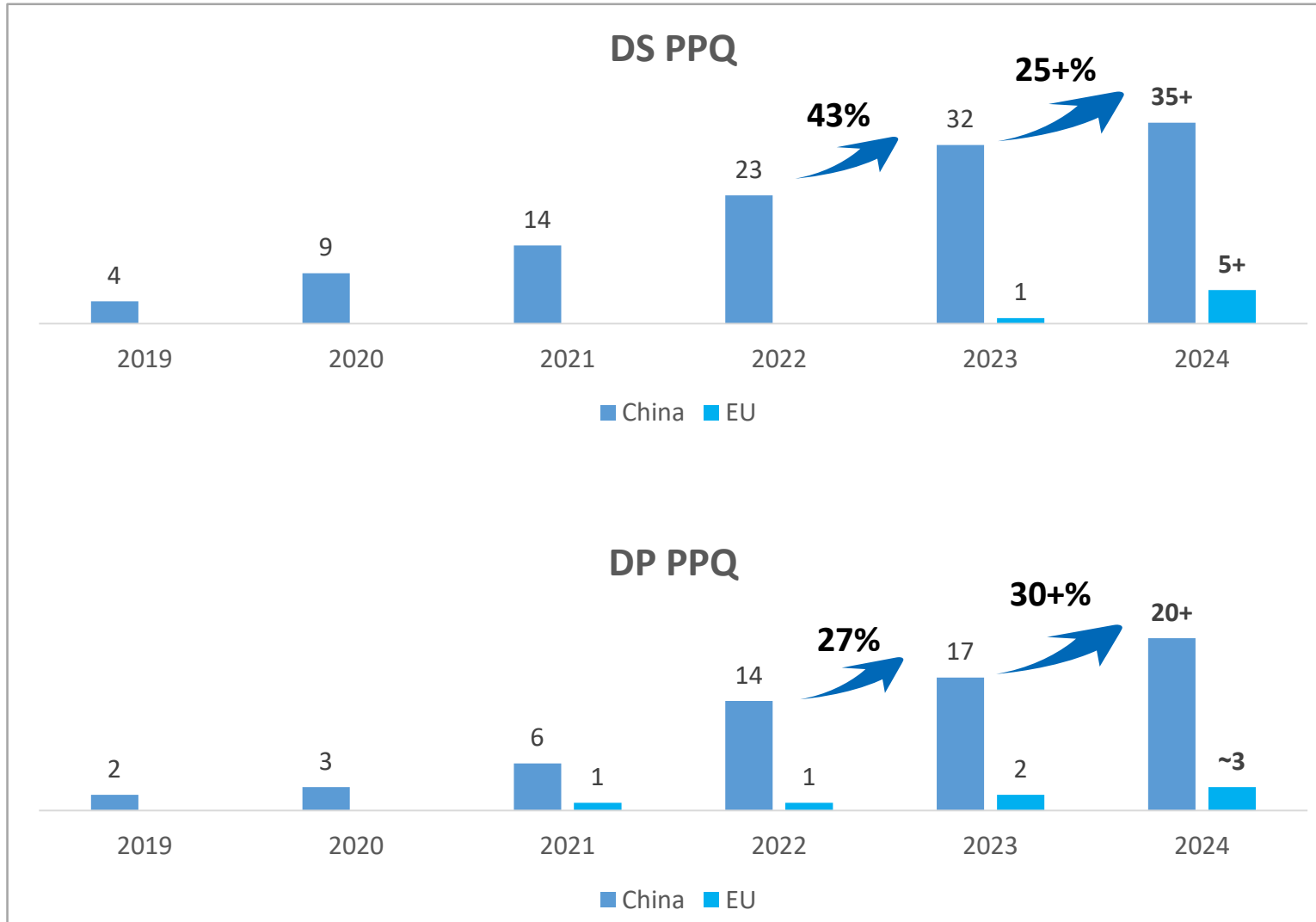


- Our market share continues to improve in 2023 as the pie shrinks significantly globally in 2023
- North America remained primary market accounting for ~55% of new projects
- China rebounded with ~20% of new projects
- Strong growth in ADC projects across US and EU, and notably in China

Notes:

1. Newly-added integrated project number in 2021 has excluded the projects from CMAB acquisition

CMO Continues with Strong Momentum as Shown by Leading Indicators: No. of PPQs



- Robust growth in drug substances (DS) and drug products (DP) PPQs, in line with our CMO project increase: will add more in 2024
- The growing number of PPQs executed in 2023 and scheduled for 2024, indicating the solid growth for future CMO
- PPQ success of **97%+**: one of the best performers in the industry, premier quality demonstrated

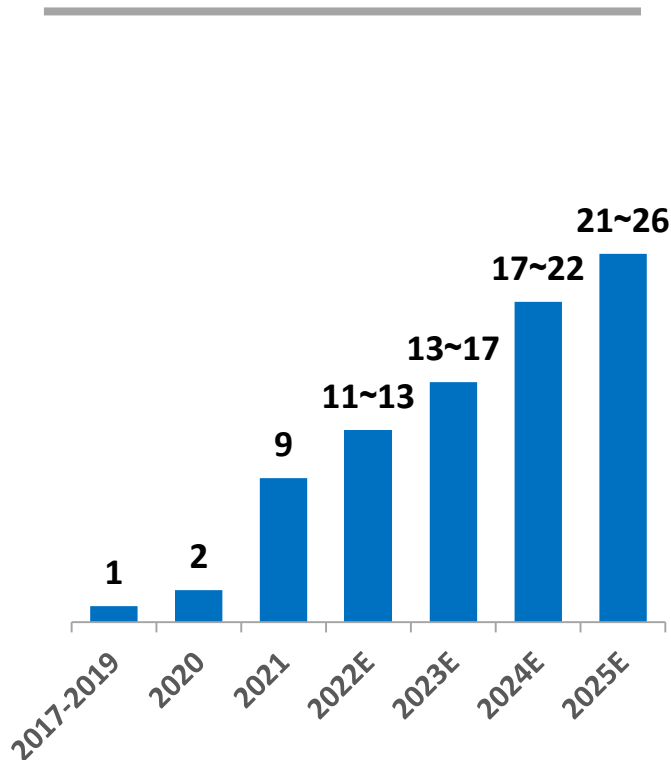
Ireland Ramp-up Ahead of Schedule: Expect Breakeven in 2024



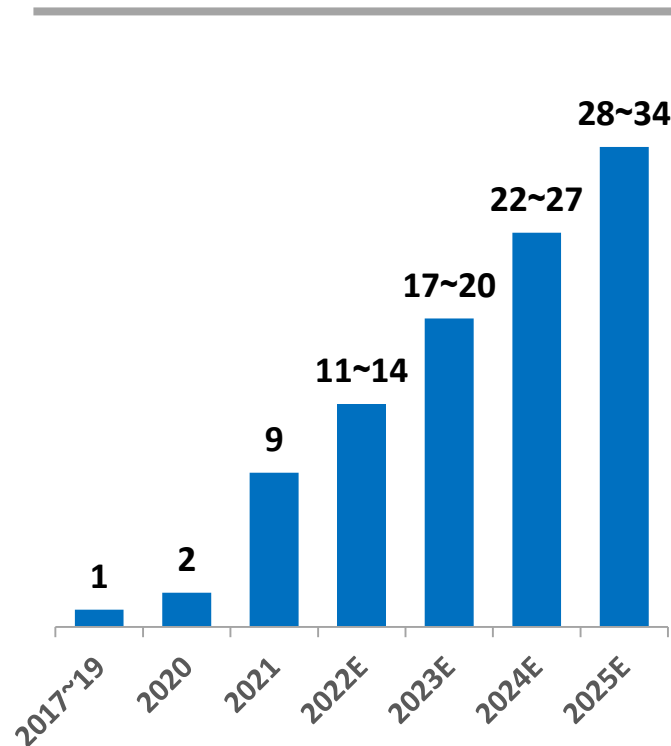
- Ireland site completed construction in record speed in Ireland and received the 2023 Facility of the Year Award (FOYA) in the Operations category from the International Society for Pharmaceutical Engineering (ISPE)
- GMP runs in both facilities are proceeding well
- Significant commercial manufacturing from 2024 onwards, almost fully booked in 2025
- Expect to breakeven in 2024, one year earlier than target. This is strong evidence of the global competitiveness of our “follow the molecule” strategy as we undergo major site and capacity expansion outside of China
- 70% “win the molecule” potential blockbuster biologics, most of which are commercialized blockbuster products on the market
- Fast ramp-up in Ireland can be applied to other global sites

Commercial Manufacturing Drives Accelerated Growth

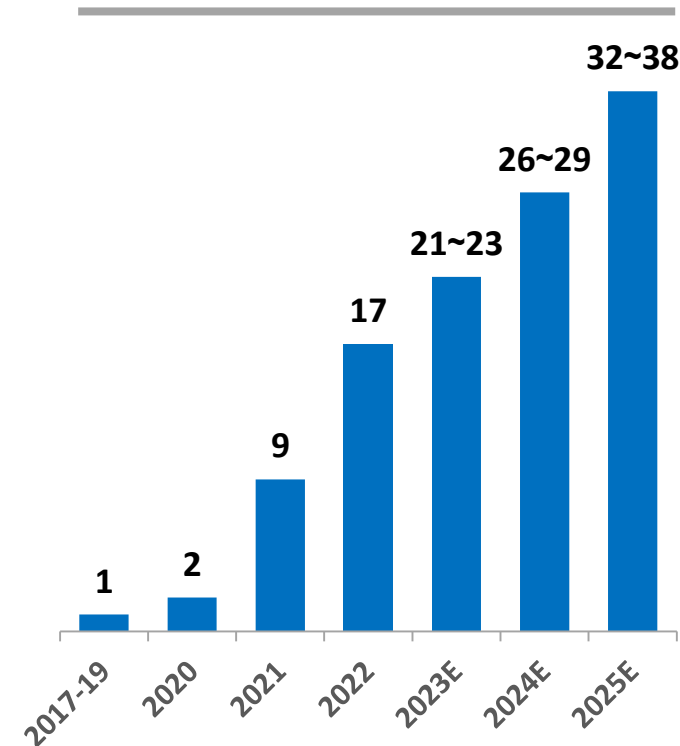
2020 CMO Prediction



1H2022 CMO Prediction



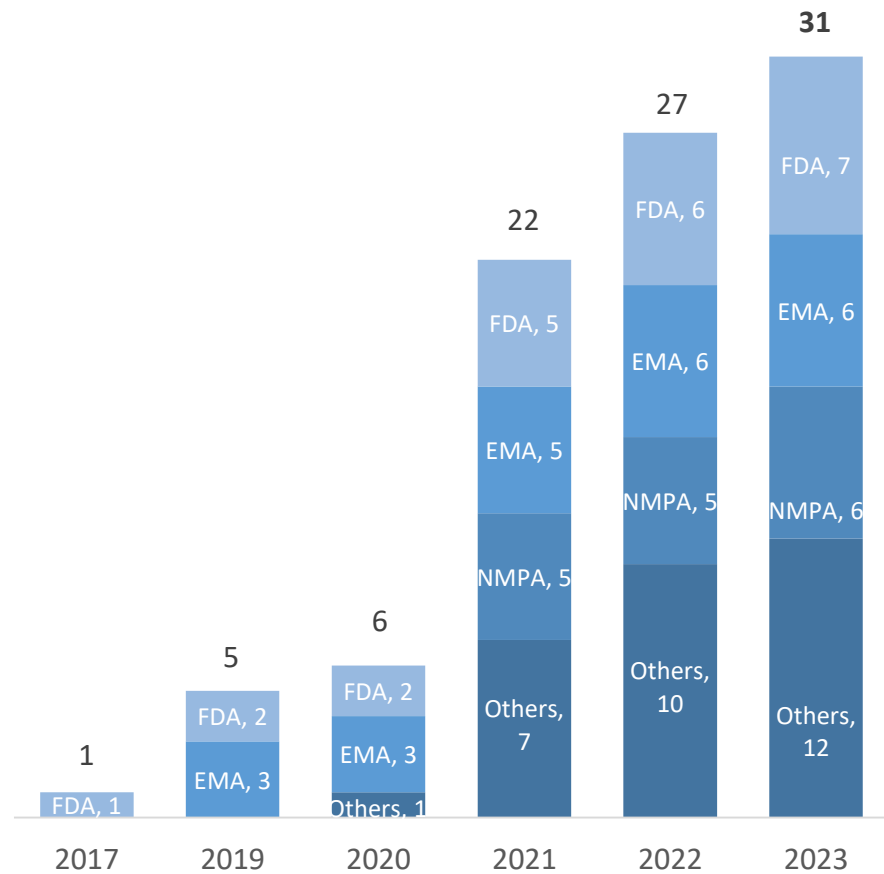
2023 CMO Prediction



- Currently manufacturing three biologics in Globally Top 30 Sales
- Currently manufacturing three biologics with US\$5 bn potential peak sales, two with US\$3 bn and three with US\$1 bn potential peak sales
- In active discussions on more commercial manufacturing projects

QUALITY is Our Competitive Advantage

Number of Regulatory Inspections Completed: 31 ⁽¹⁾



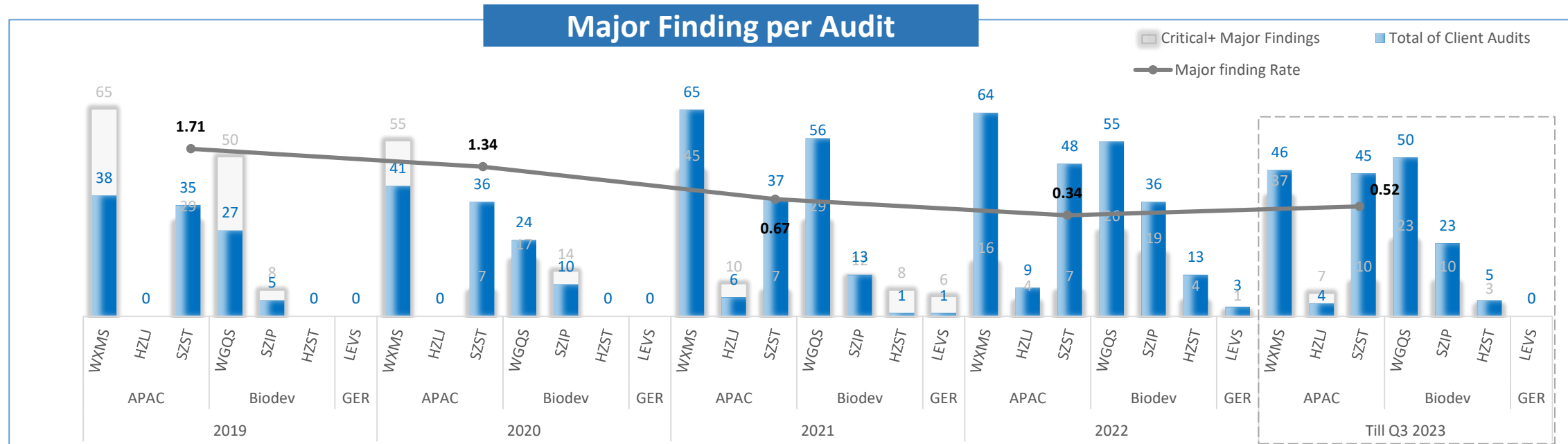
Number of License Approvals: 45 (60 by Facility) ⁽¹⁾

Agency	Facility	MFG1	MFG2F	MFG2P	MFG4	MFG5	DP1	DP4	MFG3(CB)	MFG3	
1	FDA (6)	WBP XXX	WBP XXX	WBP XXX		WBP XXX/ WBP XXX	WBP XXX				
		WBP XXX	WBP XXX				WBP XXX				
		WBP XXX	WBP XXX				WBP XXX				
2	EMA (7)	WBP XXX	WBP XXX	WBP XXX	WBP XXX	WBP XXX/ WBP XXX	WBP XXX		WBP XXX		
		WBP XXX	WBP XXX				WBP XXX				
		WBP XXX	WBP XXX								
3	NMPA (5)	WBP XXX		WBP XXX			WBP XXX	WBP XXX		WBP XXX	
		WBP XXX		WBP XXX			WBP XXX	WBP XXX			
4	ANVISA (3)		WBP XXX		WBP XXX						
5	WHO (1)				WBP XXX						
6	TGA (2)		WBP XXX								
7	Hong Kong (1)		WBP XXX								
8	MHRA (2)		WBP XXX								
9	PMDA (2)		WBP XXX								
10	Switzerland (2)		WBP XXX								
11	United Arab Emirates (2)		WBP XXX								
12	Canada (3)		WBP XXX								
13	Saudi Arabia (1)					WBP XXX/ WBP XXX					
14	Costa Rica (1)										
15	Panama (1)										
16	Russian (1)										
17	New Zealand (1)										
18	Thailand (1)										
19	Jordan (1)										
20	Malaysia (1)										
21	HSA (1)										
# Approvals		60	8	17	4		3	16	8	2	1



Note:
1. As of Nov 30, 2023

Leading Indicators of Quality/Regulatory Inspections: Continue to See Favorable Trends During Client Audits



Summary

173 Client Audits completed till Q3 2023

0.52 (90/173) Major findings per Audit till Q3 2023

1.71 (2019) → 1.34 (2020) → 0.67 (2021) → 0.34 (2022) → 0.52 (till Q3 2023)

While others struggle with data integrity issues, WuXi Biologics continues to safeguard our data integrity to maintain our strong track record with customers and regulators: **0** issue with data integrity during regulatory inspections

Continue to Invest Technologies for the Future and to Enable Clients & Partners



WuXi Biologics Successfully Implemented a Fully Integrated Continuous Process with a Breakthrough Productivity of ~6 g/L/day at Pilot Scale

Breakthrough in Continuous Bioprocessing



2023-10-17

WuXi Biologics Launches New High-Productivity ...

Offer a new process option for maximum flexibility to meet various clients' needs in biologics development and manufacture

New Process Platform



High Concentration and High Throughput WuXiHigh™ Drug Product Platform.

[Read more](#)

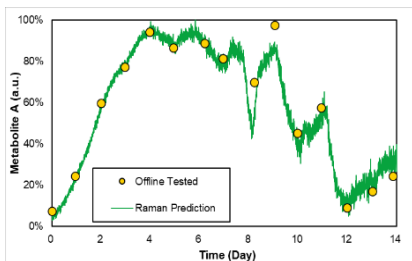
New Innovation of Drug Product Platform



2023-10-02

WuXi Biologics Congratulates Amicus Therapeutics on U.S...

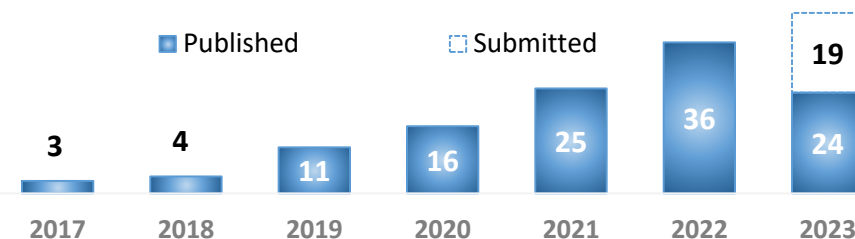
Enable Challenging Molecule from DNA to IND to BLA



Successfully applied the **Process Analytical Technology (PAT)** in 1000L GMP cell culture

Industry-leading Implementation of PAT

WuXi Bio Publication



WuXian™

Customized Protein Production

WuXia™

Cell Line Development

WuXiUP™

Continuous Bioprocessing Platform

WuXiUI™

Ultra-Intensified FB Bioprocessing Platform

WuXiHigh™

High Concentration & HT DP Platform

5 AS Centers of Excellence

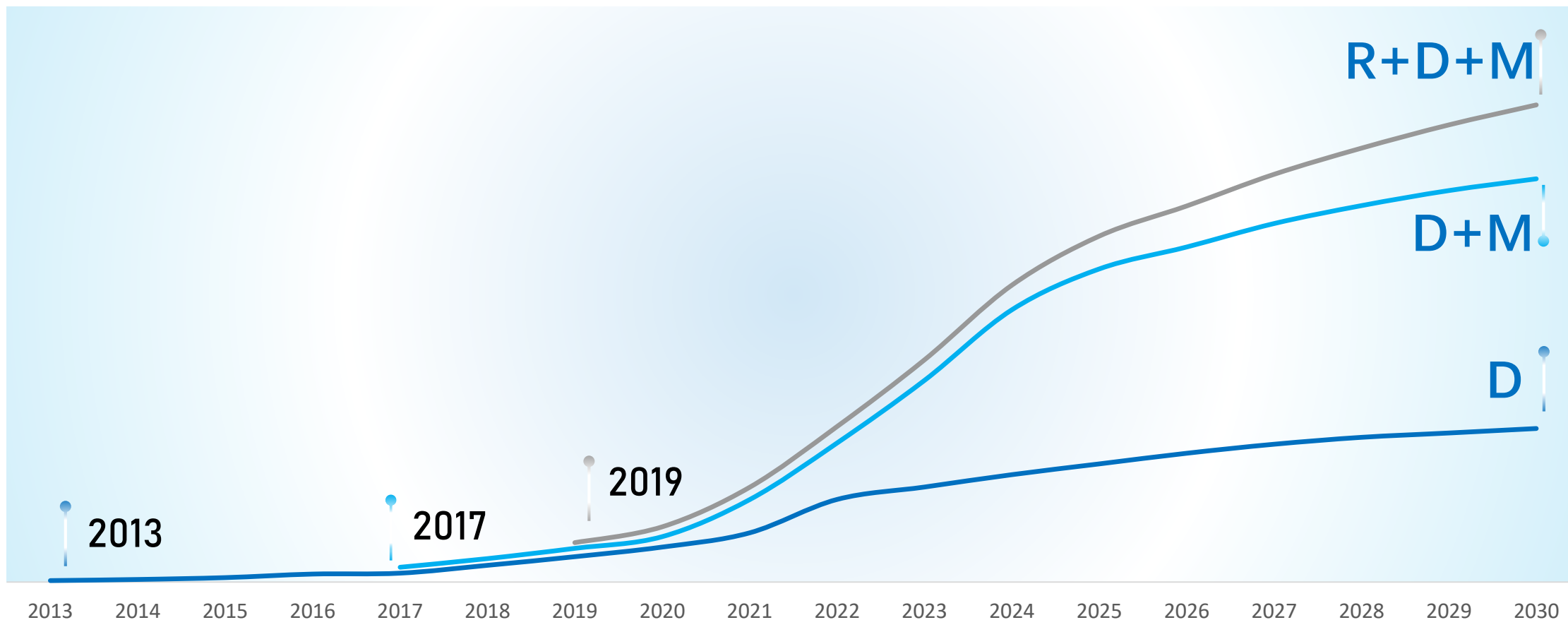
Bioassay, Forensic Analysis, Mass Spec, HCP, PRI

3 DP Centers of Excellence

Combo Development, Primary Package, Clinical-In-Use

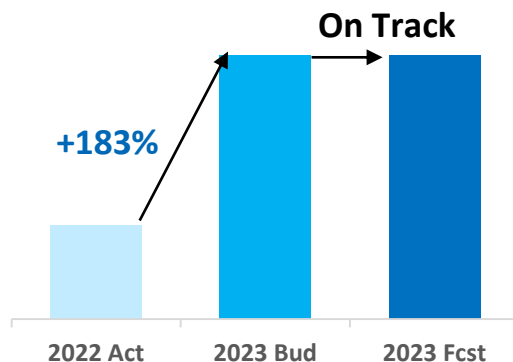
CRDMO: Three Growth Curves Drive Sustainable Long-term Growth

Three Long-Term Growth Curves



Two Major Surprises in D & M that Impact 2023 Revenue and Profit

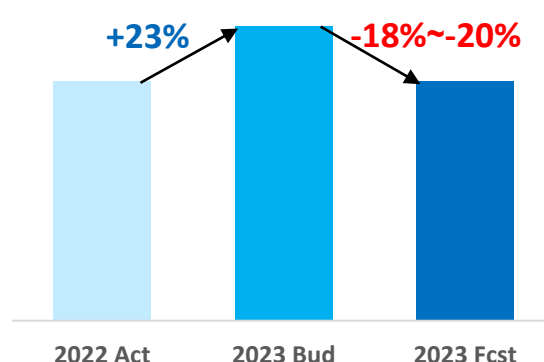
Research (R)



Robust growth of Research sector driven by

- Stable revenue increase from R&D service business
- US\$40 mm upfront revenue from TCE with GSK in 1H
- Full pipeline of deals under execution

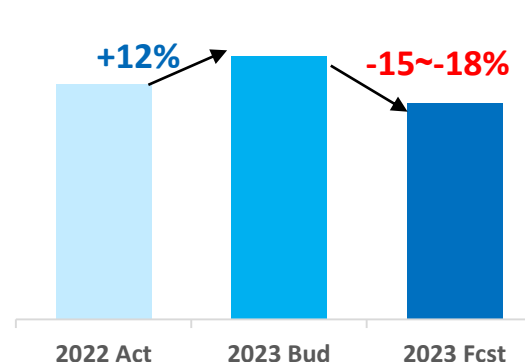
Development (D)



Lower revenue growth from Development mainly due to

- Our 2023 goal was overly bullish to add 120 projects despite the downturn
- Biotech funding constraints resulted in fewer new integrated projects added: 40 fewer projects means ~US\$300 mm revenue gap
- Recovery underway, but uneven across various regions
- Resources allocated to improve efficiency via WBS and develop next generation technologies

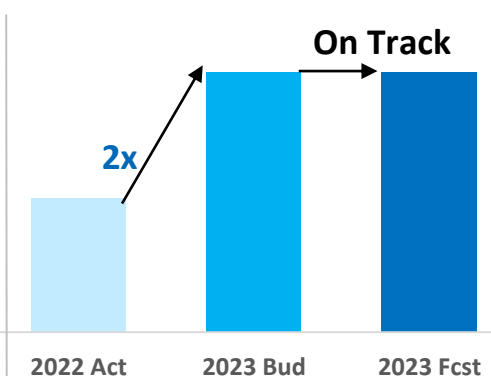
Manufacture (M)



Decline of Revenue from Manufacturing due to

- Major surprise in H2 is Delay of the 3 mega projects from big pharma due to regulatory approval delays (~US\$100 mm impact)
- COVID related revenue was 35%+ in 2022, filled most gap with non-COVID projects which lead to ~flat revenue in 2023

XDC/Vaccines JVs



Robust revenue growth in XDC/Vaccine driven by

- Strong industry demand and share gain in the XDC sector: 70%-75% and 60%-65% revenue growth in 2023 and 2024 expected
- Vaccine Ireland facilities near completion, and generated revenue from tech transfer and facility payments

Outlook: Transition Year in 2023



Biotech Funding Challenges

The temporary impact from biotech funding slowdown led to less projects compared with last year.



CMO Revenue Deferral

CMO projects show clear mid-to-long term growth trajectory, while we see CMO revenue deferral in near term

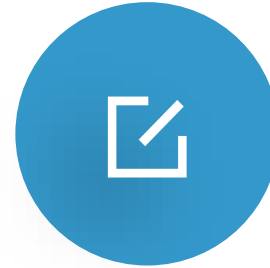
- Due to biotech funding slowdown, our industry may be expecting single digit growth in the next two years
- WuXi Biologics targets 2x industry growth and achieved 3-4x in the past 10 years
- In the beginning of the year, we set a stretch goal of 30% growth in 2023 assuming industry growth 15%. Despite slowing industry growth to single digit, we expect 2023 growth is still 36%+ if excluding COVID.
- However with fast decline of COVID revenue, our overall growth including COVID high base will miss the original target despite achieving 2X industry growth. Specifically, US\$300 mm less revenue in D due to reduced No. of projects and US\$100 mm less revenue in M due to CMO deferral contributed to the miss
- We invest heavily in global sites to support our future growth. The ramp up of these global sites was responsible for US\$100 mm of GP loss in 2023. New capacity ramp up, together with lower revenue growth, will lead to profit decline

Outlook: Growing in 2024 and Strong Growth in 2025 and Beyond



Medium-to-Long Term Positive

2023 and 1H 2024 are most challenging and we expect a positive turnaround in 2H 2024



Target

Despite all the headwinds, we maintain a positive outlook for the future and will continue to invest to enhance capabilities and capacity, supported by our strong financial position

- Our Business model remains exciting and our execution is among the best in the industry
- We continue to gain market share in R, D and M, especially in “D”
- Our GP margin and growth rate reach low points in 2023. We expect steady growth of both GP margin and growth rate over the next several years: solid growth in 2024 and exciting growth in 2025 and beyond. WuXi Biologics CAN deliver!

WuXi Bio Vision

“Every drug can be made and every disease can be treated” by building an open-access platform with the most comprehensive capabilities and technologies in the global biologics industry

