



## Creating Miracles in Life

May 2019



**China Biologic Products Holdings, Inc.**  
**(NASDAQ: CBPO)**

- Revenue: \$129.8 mm, up 22.3% in RMB terms<sup>(1)</sup> or 15.4% in USD terms y-o-y
- Gross Profit: \$85.6 mm, up 8.6% y-o-y; Gross Margin: 65.9%
- Income from Operations: \$44.0 mm, up 12.8% y-o-y; Operating Margin: 33.9%
- Non-GAAP Adjusted Income from Operations<sup>(2)</sup>: \$52.2 mm, up 10.5% in RMB terms<sup>(1)</sup> or 4.2% in USD terms y-o-y
- Net Income: \$37.7 mm, up 19.3% y-o-y
- Non-GAAP Adjusted Net Income<sup>(2)</sup>: \$44.5 mm, up 14.3% in RMB terms<sup>(1)</sup> or 7.7% in USD terms y-o-y
- Fully diluted EPS: \$0.94; Non-GAAP EPS<sup>(2)</sup>: \$1.11

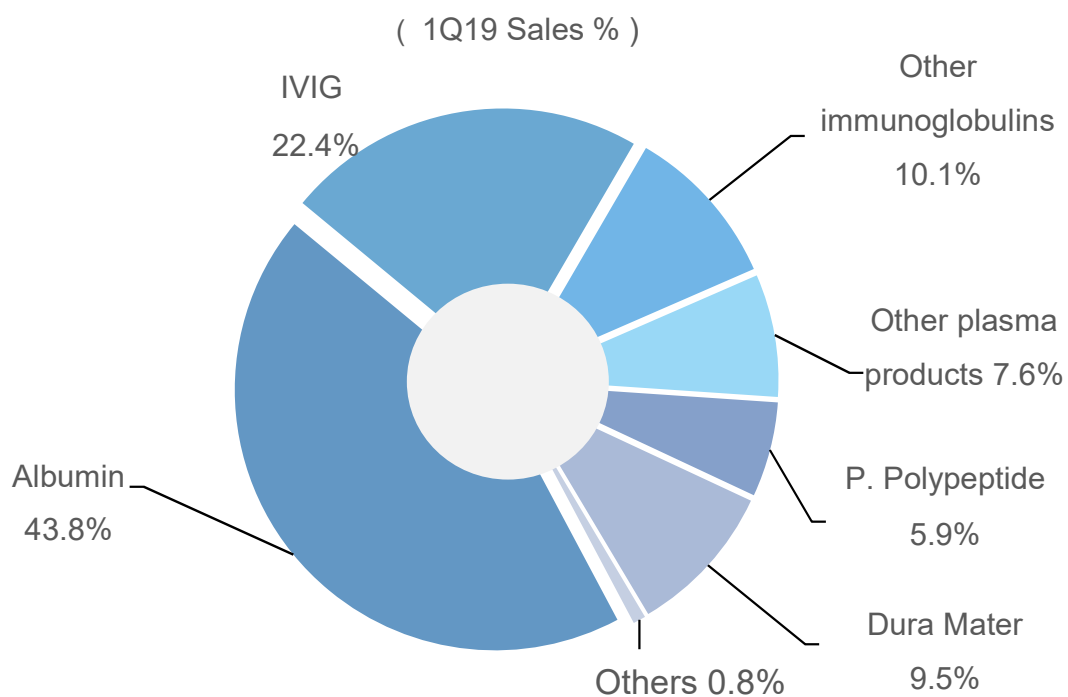
1. We believe providing local currency information on certain key items of our financial results enhances the understanding of our financial results and evaluation of performance in comparison to prior periods. We calculate changes in local currency percentages by comparing financial results denominated in RMB from period to period.

2. Refer to Appendix for reconciliation of Non-GAAP income from operations, Non-GAAP net income attributable to equity holders and Non-GAAP EPS.

- China Biologic achieved strong results in the first quarter of 2019, with growth of operating profit exceeding expectations.
- Dr. Bing Li resigned from his positions as the CEO and a director of the Company due to personal reasons in early May 2019. The Board appointed the Chairman Mr. Joseph Chow to be the acting CEO of the Company and formed a search committee comprised of independent directors to seek a new CEO for the Company.
- In late April 2019, China Biologic completed the share repurchase program previously authorized by the Board of Directors in 2018, repurchasing 1,074,376 shares at a total of \$100 million.
- In May 2019, the Board of Directors authorized a new share repurchase program under which China Biologic may repurchase up to US\$150 million worth of shares over the next 12 months.

# CBPO 1Q19 Sales Breakdown

## Sales Breakdown by Product



## Year-over-year Comparison for Major Products

| YOY comparison        | 1Q19 (in RMB) | 1Q19 (in USD) |
|-----------------------|---------------|---------------|
| Albumin               | +78.2%        | +68.0%        |
| IVIG                  | -3.1%         | -8.8%         |
| Other Immunoglobulins | +6.6%         | +0.5%         |
| Other plasma products | +64.2%        | +54.9%        |
| Placenta Polypeptide  | -49.6%        | -52.4%        |
| Dura Mater            | +31.3%        | +23.8%        |
| <b>Total sales</b>    | <b>+22.3%</b> | <b>+15.4%</b> |



**Mr. Joseph Chow**  
Chairman / Acting CEO

- Acting Chief Executive Officer since May 2019, Chairman since February 2019 and member of the Board since November 2014
- Over 20 years of experience in corporate finance, financial advisory and management and has held senior executive and managerial positions in various public and private companies including Moelis, Goldman Sachs, China Netcom, Bombardier Capital etc.
- Bachelor Degree of political science as well as an MBA certificate from the University of Maryland at College Park



**Mr. Ming Yang,**  
Chief Financial Officer

- CFO since August 2012 and VP-Finance & Compliance and Treasurer between March 2012 and August 2012
- 6 years in financial management and 11 years of audit experience in accounting firms including audit senior manager at KPMG
- C.P.A. in China



**Dr. Homer He**  
Chief Business Officer

- CBO since December 2018
- More than 30 years of professional experience in the global healthcare industry, especially in Greater China
- Bachelor Degree of Clinical Medicine as well as an EMBA certificate from a joint program of Shanghai Jiaotong University and Rotman Business School, University of Toronto
- Certified clinical doctor in China, with 4-year clinical medical experience as a surgeon in hospitals

*Note: 1) Prior CEO Dr. Bing Li resigned from the CEO position due to personal reasons in early May 2019. Joseph Chow was appointed by the Board as acting CEO; 2) The Board has already formed a search committee comprised of independent directors to seek a new CEO for the Company*

# Income Statement and Balance Sheet Highlights

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| \$ MM   | 2014         | 2015         | 2016         | 2017         | 2018         | 3M'18        | 3M'19        |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total sales</b>  | <b>243.3</b> | <b>296.5</b> | <b>341.2</b> | <b>370.4</b> | <b>466.9</b> | <b>112.5</b> | <b>129.8</b> |
| Cost of sales   | 80.1         | 106.5        | 124.0        | 125.5        | 146.8        | 33.7         | 44.2         |
| <b>Gross profit</b>   | <b>163.2</b> | <b>190.0</b> | <b>217.2</b> | <b>244.9</b> | <b>320.1</b> | <b>78.8</b>  | <b>85.6</b>  |
| Operating expenses  |              |              |              |              |              |              |              |
| Selling expenses  | 10.7         | 10.0         | 11.7         | 34.8         | 95.6         | 20.7         | 18.7         |
| G&A expenses  | 32.1         | 41.4         | 54.5         | 67.7         | 68.8         | 17.4         | 20.6         |
| R&D expenses  | 4.2          | 6.0          | 7.0          | 6.5          | 9.5          | 1.7          | 2.3          |
| Income from operations  | 111.2        | 132.6        | 144.0        | 135.9        | 146.2        | 39.0         | 44.0         |
| Income before income taxes  | 122.8        | 135.1        | 153.9        | 146.4        | 166.1        | 44.3         | 52.6         |
| <b>Net income</b>   | <b>96.1</b>  | <b>114.1</b> | <b>128.8</b> | <b>82.2</b>  | <b>148.0</b> | <b>37.6</b>  | <b>44.7</b>  |
| Net income attributable to CBPO   | 70.9         | 89.0         | 104.8        | 67.9         | 128.1        | 31.6         | 37.7         |
| Non-GAAP income from operations <sup>(1)</sup>                          | 116.6        | 144.7        | 168.3        | 171.6        | 177.7        | 50.1         | 52.2         |
| <b>Non-GAAP net income attributable to equity holders<sup>(1)</sup></b> | <b>75.6</b>  | <b>100.1</b> | <b>126.8</b> | <b>141.2</b> | <b>145.9</b> | <b>41.3</b>  | <b>44.5</b>  |

|   | 2014         | 2015         | 2016         | 2017         | 2018         | 3M'19        |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total Cash<sup>(1)</sup> (\$ MM)</b>     | <b>184.7</b> | <b>182.9</b> | <b>183.8</b> | <b>242.2</b> | <b>952.4</b> | <b>924.0</b> |
| Cash & Cash Equivalents (\$ MM)             | 80.8         | 144.9        | 183.8        | 219.3        | 338.9        | 99.0         |
| Restricted Cash and Deposit (\$ MM)         | 103.9        | -            | -            | -            | -            | -            |
| Time Deposits (\$ MM)                       | -            | 38.0         | -            | 22.9         | 537.5        | 653.8        |
| Short term investments(\$ MM)               | -            | -            | -            | -            | 76.0         | 171.2        |
| Short-term and Long-term Bank Loans (\$ MM) | 97.9         | -            | -            | -            | -            | -            |
| <b>Accounts Receivable Days</b>             | <b>28</b>    | <b>27</b>    | <b>32</b>    | <b>51</b>    | <b>75</b>    | <b>88</b>    |
| <b>Inventory Days</b>                       | <b>433</b>   | <b>390</b>   | <b>416</b>   | <b>508</b>   | <b>569</b>   | <b>504</b>   |

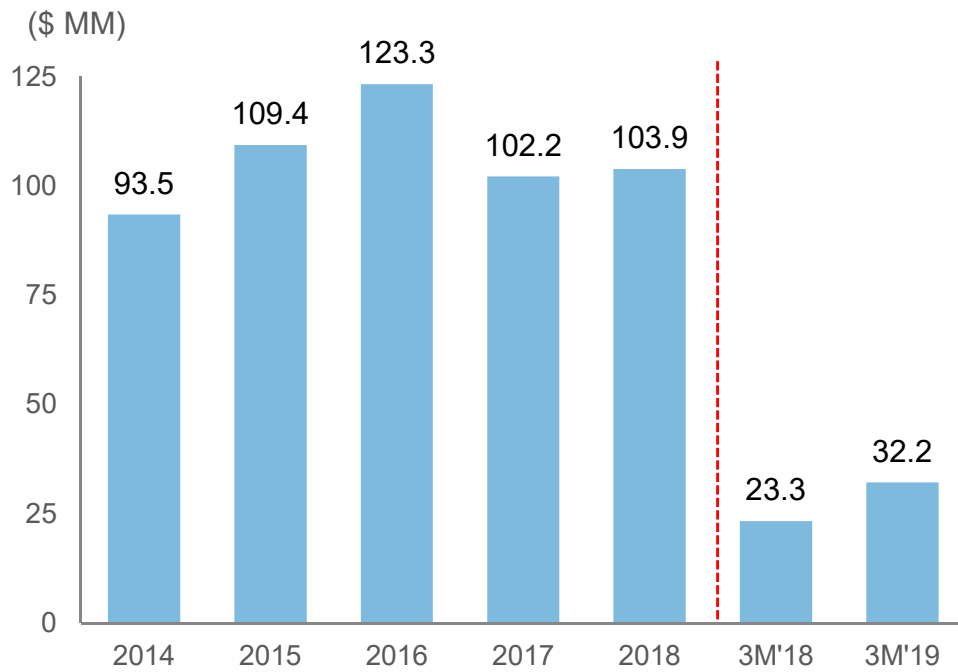
1. Calculated as the sum of cash & cash equivalents, restricted cash and deposits, time deposits and financial instruments.

1. Non-GAAP income from operations and non-GAAP net income attributable to equity holders excludes non-cash employee stock compensation and some non-recurring items. Refer to Appendix I for reconciliations.

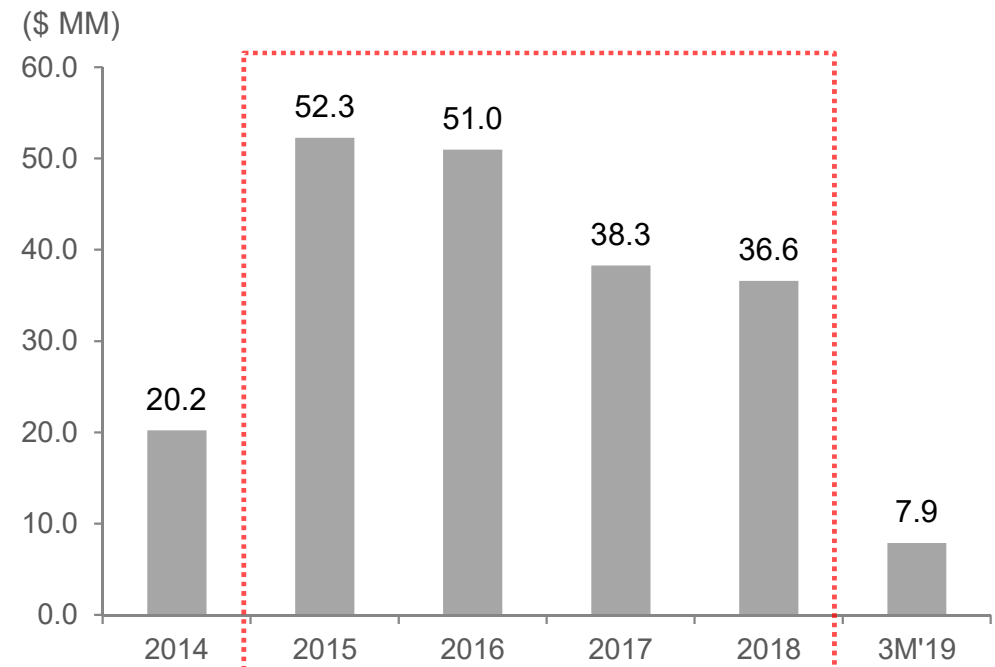
2. 2018 includes the impact of TianXinFu.

# Robust Cash Flow Generation

## Operating Cash Flow



## Capital Expenditures



Mainly for Shandong Taibang's new fractionation facility

The Company reiterates its full year 2019 forecast:

- We expect both **non-GAAP adjusted income from operations** and **non-GAAP adjusted net income** to increase by **4%** to **6%** in RMB terms over full year 2018 financial results.

*Note: This guidance does not factor in any potential foreign currency translation impact. Having previously adopted an exchange rate of approximately RMB6.59 = \$1.00 based on weighted average quarterly exchange rates in 2018 in translating 2018 financial results, the Company expects that the total sales and non-GAAP adjusted net income in USD terms in 2019 could be affected by the foreign currency translation impact.*



## Appendix: Reconciliation of Non-GAAP Income from operations

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| (\$ MM)   | 2014         | 2015         | 2016         | 2017         | 2018         | 3M'18       | 3M'19       |
|---|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| <b>Income from operations</b>                                       | <b>111.2</b> | <b>132.6</b> | <b>143.9</b> | <b>135.9</b> | <b>146.2</b> | <b>39.0</b> | <b>44.0</b> |
| Non-cash employee stock compensation                                | 5.4          | 12.1         | 24.4         | 33.8         | 23.1         | 9.0         | 6.2         |
| Amortization of acquired intangible assets                          | -            | -            | -            | -            | 8.4          | 2.1         | 2.0         |
| Expenses related to change of domicile and acquisition of TianXinFu | -            | -            | -            | 1.9          | -            | -           | -           |
| <b>Adjusted Income from operations-Non GAAP</b>                     | <b>116.6</b> | <b>144.7</b> | <b>168.3</b> | <b>171.6</b> | <b>177.7</b> | <b>50.1</b> | <b>52.2</b> |

## Appendix: Reconciliation of Non-GAAP Net Income Attributable to Equity holders 09

| (in \$ MM except EPS, number of shares in MM)                                 | 2014        | 2015         | 2016         | 2017         | 2018         | 3M'18       | 3M'19       |
|---|-------------|--------------|--------------|--------------|--------------|-------------|-------------|
| <b>Net Income Attributable to Equity holders</b>                              | <b>70.9</b> | <b>89.0</b>  | <b>104.8</b> | <b>67.9</b>  | <b>128.1</b> | <b>31.6</b> | <b>37.7</b> |
| Non-cash employee stock compensation  | 4.7         | 11.1         | 22.0         | 31.1         | 19.7         | 8.2         | 5.4         |
| Expenses related to change of domicile and acquisition of TianXinFu           | -           | -            | -            | 1.9          | -            | -           | -           |
| Amortization of acquired intangible assets                                    | -           | -            | -            | -            | 5.6          | 1.5         | 1.4         |
| Income tax expense due to U.S. Tax Reform                                     | -           | -            | -            | 40.3         | (7.5)        | -           | -           |
| <b>Adjusted Net Income Attributable to Equity holders - Non GAAP</b>          | <b>75.6</b> | <b>100.1</b> | <b>126.8</b> | <b>141.2</b> | <b>145.9</b> | <b>41.3</b> | <b>44.5</b> |
| Diluted EPS - Non GAAP  | 2.89        | 3.68         | 4.52         | 4.95         | 4.02         | 1.21        | 1.11        |
| Weighted average number of shares used in computation of Non GAAP diluted EPS | 25.7        | 26.6         | 27.2         | 27.6         | 35.4         | 33.3        | 39.4        |

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