



**Total Solution Provider in
Medical Devices Sector in the PRC**

**Interim Results 2018
29 August 2018**

Content

● Financial Highlights	2
● Operational Review	9
● Group Structure	12
● Appendix	13
Reconciliation of the Net Profit	14
Information on Argon	

Financial highlights – Key Performance Indicators

1

Revenue

	1H 2018 RMB m	1H 2017 RMB m	Change %
Weigao (Ex Argon)	3,556	2,978	19.4
Argon	594		
Total	4,150	2,978	39.4

2

EBITDA

	1H 2018 RMB m	1H 2017 RMB m	Change %
Weigao (Ex Argon)	1,016	860	18.1
Argon	238*		
Total	1,254*	860	45.8

*: EBITDA excluding extraordinary items. The extraordinary items include transaction expenses of approximately 40.3m and increase in COGS as a result of inventory appreciation based on valuation of approximately 84.1m by Argon.

3

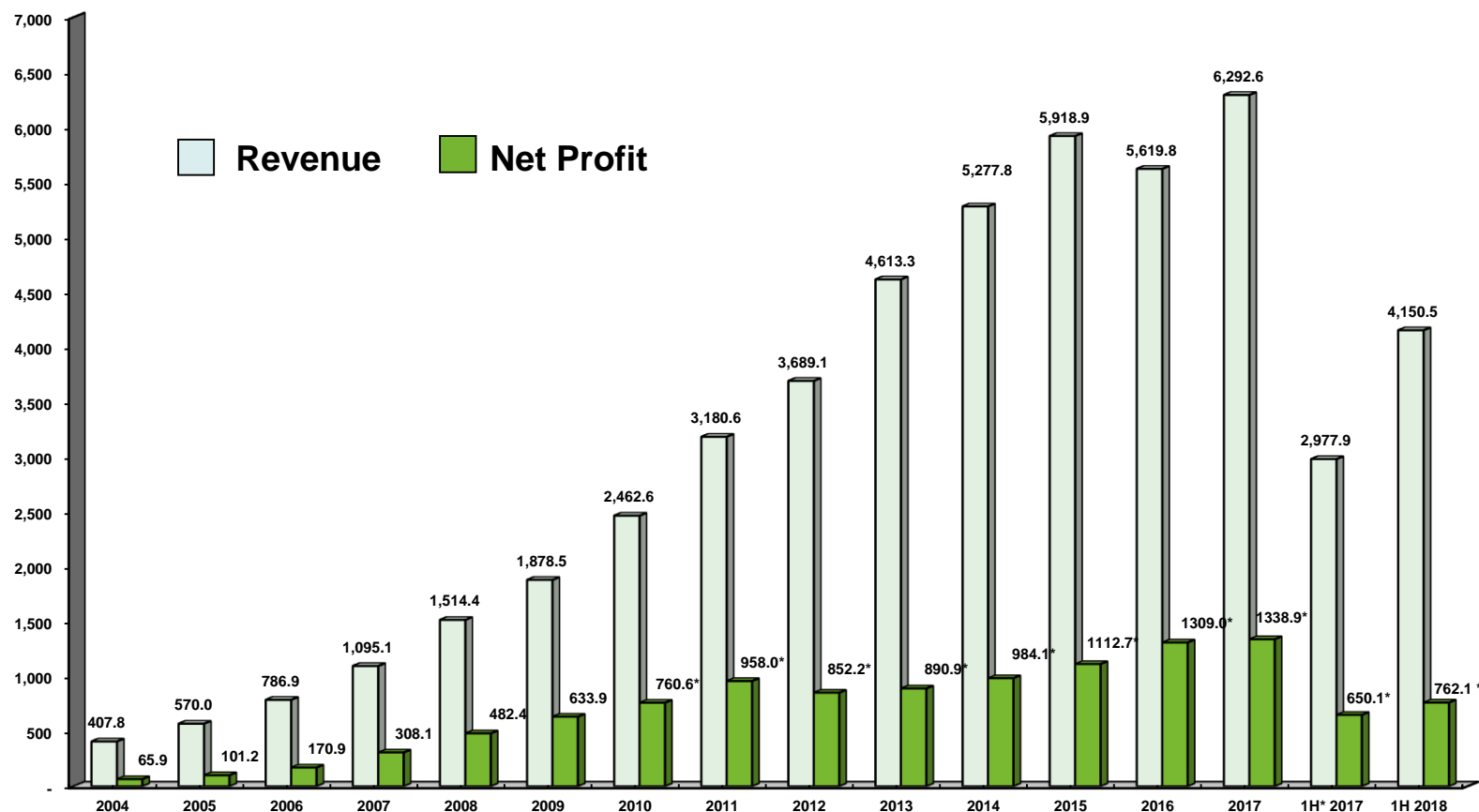
Net Profit excluding Extraordinary items

	1H 2018 RMB m	1H 2017 RMB m	Change %
Weigao (Ex Argon)	736	650	13.2
Argon	26		
Total	762	650	17.2

Argon's extraordinary items affected the net profit attributable to owners of the company approximately 112.0m.
(40.3m+84.1m)*90%=112.0m

Continuous Revenue and Earnings Growth

RMB million



For the year ended 31 December

13 Years CAGR

- Turnover : 25.6%↑
- Net Profit : 28.5%↑

Notes:

- net profit excluding extraordinary items
- 1H* 2017: restated data

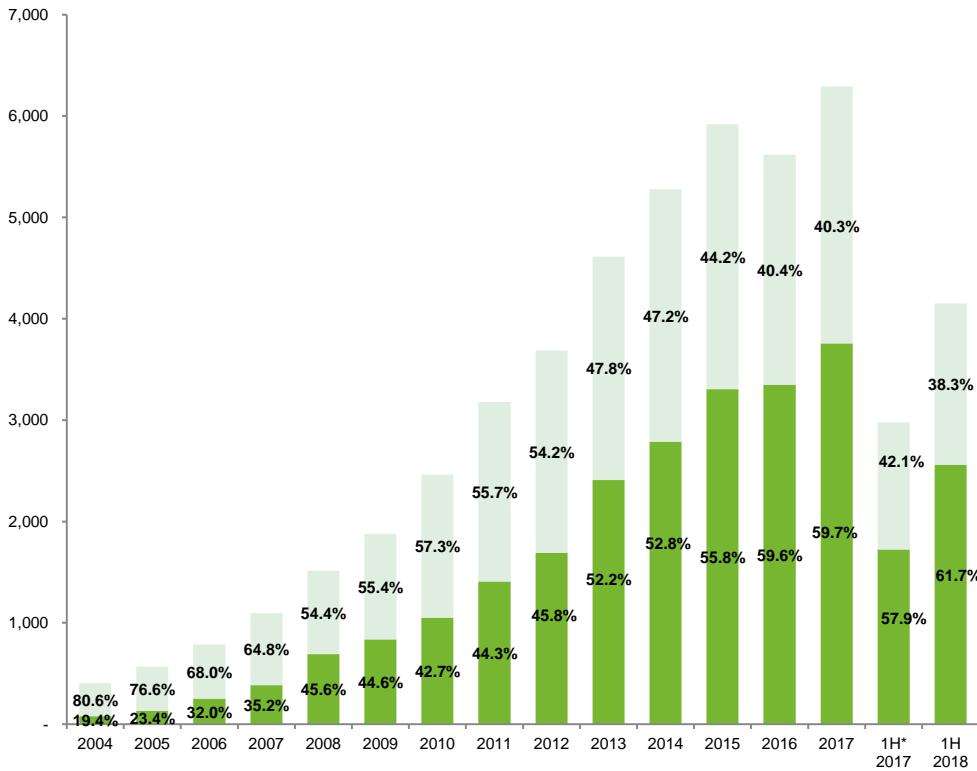
1H 2018 vs 1H 2017

- Turnover : 39.4%↑
- Net profit : 17.2%↑

Turnover and GP Analysis

Turnover

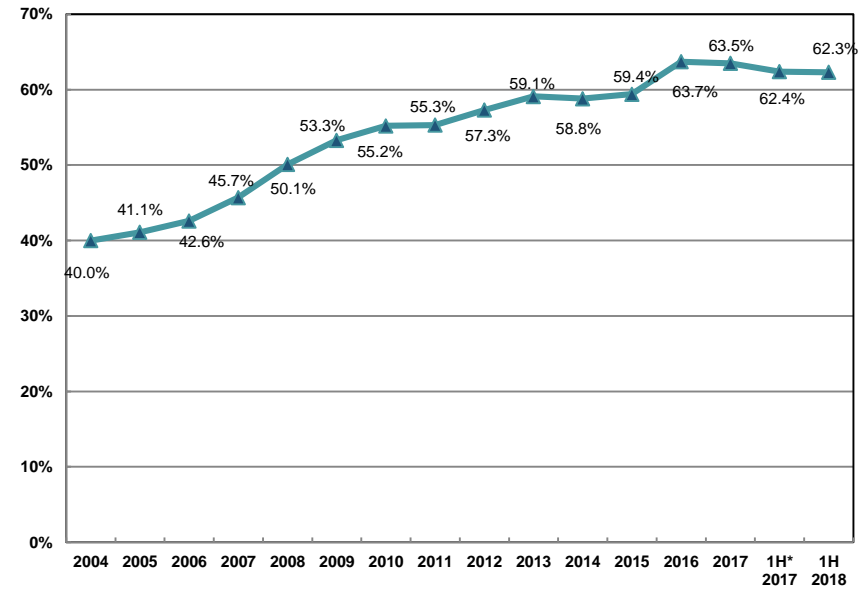
RMB million



For the year ended 31 December

- High value-added products (Gross profit margin > 60%)
- Conventional products (Gross profit margin < 60%)

Gross Profit Margins



For the year ended 31 December

Notes:

- *Gross profit margin excluding extraordinary items*
- *1H* 2017: restated data*

Results Summary

RMB million	For the 6 months ended 30 Jun 2018	For the 6 months ended 30 Jun 2017	Change %
Revenue	4,150.5	2,977.9	+39.4
COGS <i>% on revenue</i>	(1,649.5) 39.7%	(1,118.3) 37.6%	+47.5
Gross profit <i>Gross profit margin</i>	2,501.0 60.3%	1,859.6 62.4%	(2.1)
Other revenue	74.7	80.4	(7.1)
Distribution costs <i>% on revenue</i>	(1,169.1) 28.2%	(883.3) 29.7%	(1.5)
Administrative expenses <i>% on revenue</i>	(396.3) 9.5%	(184.2) 6.2%	+3.3
Research & development expenses <i>% on revenue</i>	(141.7) 3.4%	(135.5) 4.6%	(1.2)
Finance costs	(112.1)	(17.8)	+529.8
Share of results in associates	15.7	50.2	(68.7)
Profit on disposal of a subsidiary	-	1.3	(100.0)
Profit before taxation	772.2	770.7	+0.2
Taxation	(111.1)	(103.2)	+7.7
Non-controlling interest	(11.0)	(17.5)	(37.1)
Profit after taxation	650.1	650.0	0.0
Profit before Taxation and JVs <i>Net profit margin</i>	756.5 18.2%	719.2 24.2%	(6.0)
Effective tax rate	14.7%	14.3%	+0.4

Results Summary

RMB million		For 6 months ended 30 Jun 2018	For 6 months ended 30 Jun 2017	Change %
Share of results in associates- Weigao Blood				
Weigao Blood non-GAAP profit		64.5	71.7	(10.0)
Less: Purchase price adjustments				
- Amortization of intangible assets		(16.5)	-	
- Depreciation of property plant and equipment		(14.5)	-	
	(A)	33.5	71.7	
% equity interest held by the Group in Weigao Blood	(B)	46.875%	70%	
Share of results in Weigao Blood	(A) * (B)	15.7	50.2	(68.7)

Turnover Breakdown by Products

Products	For the 6 months ended 30 Jun			% to turnover	
	2018 RMB m	2017 RMB m	Change %	1H 2018 %	1H 2017 %
- Clinical Care	1,879.8	1,698.2	10.7	45.3	57.0
- Wound Management	120.2	109.0	10.3	2.9	3.7
- Blood Management	179.5	154.4	16.2	4.3	5.2
- Pharma Packaging	473.5	369.9	28.0	11.4	12.4
- Medical Testing	70.3	52.6	33.6	1.7	1.8
- Anesthesia and Surgery	30.0	14.9	101.4	0.7	0.5
- Orthopaedic Products	523.6	389.6	34.4	12.6	13.1
- Interventional Products	680.6	70.3	868.5	16.4	2.4
- Other Consumables	193.0	119.0	62.2	4.7	3.9
Total	4,150.5	2,977.9	39.4	100.0	100.0

Clinical nursing care : vascular and non-vascular access infusion devices include infusion sets, syringes, puncture needles, specialised and single-used clinical collection kits

Wound management : wound healing dressings, wound sutures, wound cleansing, and non-vascular catheters for extracorporeal instruments

Blood management : blood collection, storage, separation, sterilization

Pharmaceutical packaging : pre-filled syringes, pre-filled flush

Medical testing : sampling device, blood glucose testing

Anaesthesia and surgery : general anaesthesia consumables, local anaesthesia consumables, anaesthesia-assisted consumables, ICU equipment; open and minimally invasive surgical instruments

Orthopaedic : bone-engaged implants, spinal implants, joint replacement implants, motion-induced soft tissue repair and reconstruction implants, orthopaedic filling and restorative materials

Interventional : tumor intervention, vascular intervention, imaging intervention instruments

Other financial figures

	As at 30 Jun 2018	As at 30 Jun 2017
Current ratio	2.9	3.0
Acid ratio	2.6	2.7
Return on equity	10.7%	11.3%
Return on assets	7.4%	8.5%

	30 Jun 2018	30 Jun 2017
Inventory turnover (days)	111	119
Accounts receivable (days)	145	154
Interim dividend (RMB/share)	4.9 cents	4.3 cents

Geographic Information

	For the 6 months ended 30 Jun			% to turnover	
	2018 RMB m	2017 RMB m	Change %	1H 2018 %	1H 2017 %
China					
- East and Central China	1,570.4	1,252.0	25.4	37.8	42.0
- North China	771.6	693.2	11.3	18.6	23.3
- Northeast	374.3	341.5	9.6	9.0	11.5
- South China	270.4	202.5	33.5	6.5	6.8
- Southwest	287.6	232.5	23.7	6.9	7.8
- Northwest	103.7	103.0	0.6	2.5	3.5
China Subtotal	3,378.0	2,824.7	19.6	81.3	94.9
Overseas					
- US	426.9	11.6	3,567.8	10.3	0.4
- EMEA	179.2	85.9	108.7	4.3	2.9
-Asia	90.9	28.3	221.2	2.2	0.9
- Others	75.5	27.4	175.5	1.9	0.9
Overseas Subtotal	772.5	153.2	404.1	18.7	5.1
Total	4,150.5	2,977.9	39.4	100.0	100.0

Expanding Customer Base

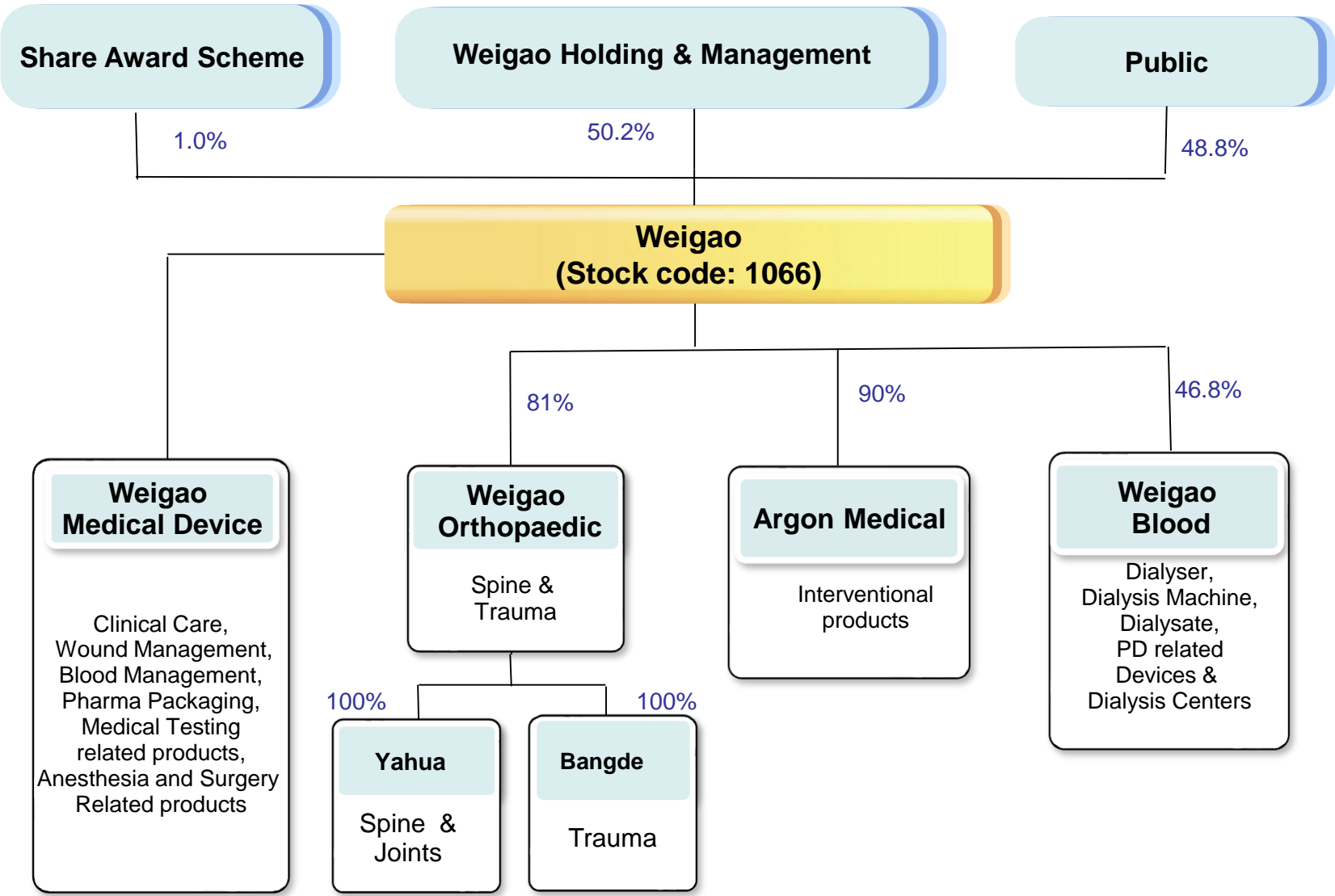
	China			Overseas
	Total in China at 31 May 2018	No. of customers	Coverage	
Hospitals	31,606	2,446	7.7%	1,913
• Top tier	2,433	1,124	46.2%	
• Medium	8,560	1,207	14.1%	
• Small	10,185	95	0.9%	
• Other - Not rated	10,428	20	0.2%	
Blood centres	525	414	78.9%	-
Other medical units	941,561	588	0.1%	1,852
Distribution companies		1,735		62
Total		5,183		3,827

Source: Ministry of Health and the Company

New Product Development

Category	No. of products as at 30 Jun 2018	
	China	Overseas
With product registration certificates	384	799
Under application for product registration certificates	21	94
Patented products	440	240
Under patent application	144	32

Weigao Simplified Group Structure



Appendix - Reconciliation of Net Profit

	6 months ended 30 Jun 2018	6 months ended 30 Jun 2017	Change
	RMB'000	RMB'000	%
Profit for the Period	661,068	667,609	(1.0)
Less: Non-controlling interest	11,008	17,466	
Add: Argon acquisition expenses	36,323	-	
Add: Increase in COGS as a result of Argon inventory revaluation	75,707	-	
Net profit excluding extraordinary items	762,090	650,143	+17.2

Argon at a Glance

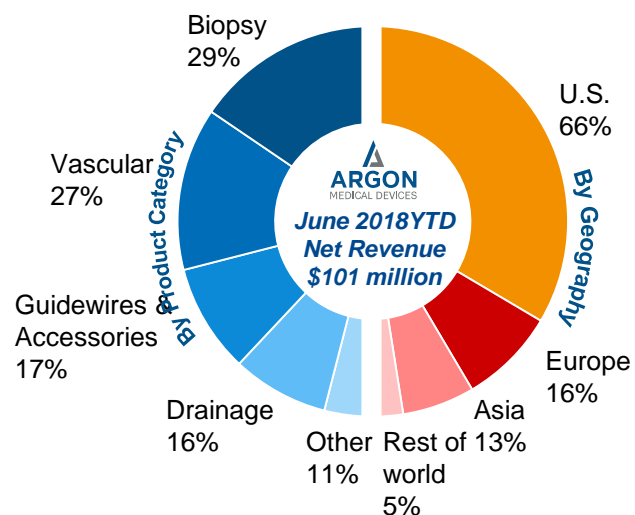
Argon is a leading pure-play manufacturer and marketer of single-use interventional products

Business Overview

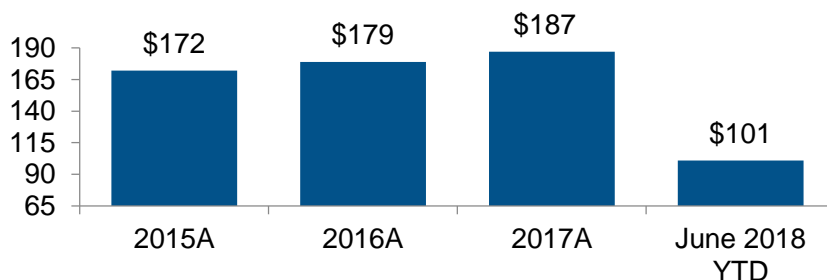
June 2018 YTD

- Argon's diversified product offering primarily targets Interventional Radiologists for use in Interventional Oncology (biopsy, drainage) and Vascular Interventional (clot management) procedures
- Approximately 75% of the Company's revenue is derived from clinically differentiated, physician-preference products
- Argon possesses leading market positions across major product categories
- The Company's product portfolio is well-established with strong brands and track records of consistent growth
- Its sales organization features a highly focused, clinically-trained direct sales force across the U.S. and Northern Europe with longstanding distributor relationships serving over 100 countries across the globe
- Argon's U.S.-based, best-in-class manufacturing operations are located in Texas, Illinois and New York
- The Company is headquartered in Frisco, TX, with over 750 employees globally
- June 2018 YTD, Argon generated Net Revenue of \$101MM, EBITDA of \$40MM and FCF conversion of over 80%¹

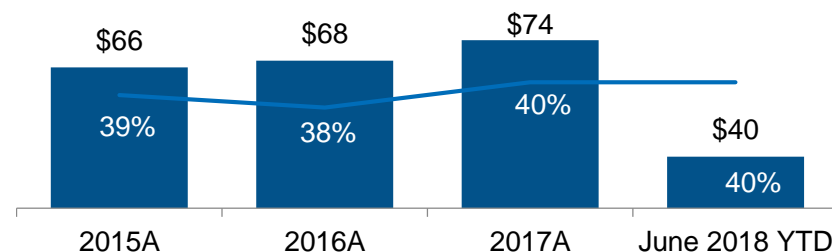
Net Revenue



Net Revenue (\$MM)²



EBITDA / EBITDA Margin (\$MM / %)²



Notes: Net Revenue and EBITDA are presented on a pro-forma, adjusted basis. Historical results throughout the presentation are presented on a constant currency basis adjusted to 2016A average exchange rates

1. Free Cash Flow conversion calculated as (EBITDA - Capex + / - Change in Working Capital) / EBITDA

2. Financials are presented on a pro-forma, adjusted basis

Leadership Positions With Established Track Record of Consistent Growth

Argon's marquee products anchor its strong position across specialty areas

June 2018 YTD

	Marquee Products	U.S. Market Position	U.S. Market Share	Long-Term Revenue CAGR ¹
Biopsy	BioPince	#2	23%	10%
	TLAB	#1	65%	46%
	T-LOK	#2	30%	3%
Vascular	Option ELITE	#3	27%	12%
	CLEANER	#3	<10%	23%
Drainage	SKATER ²	#3	20%	7%



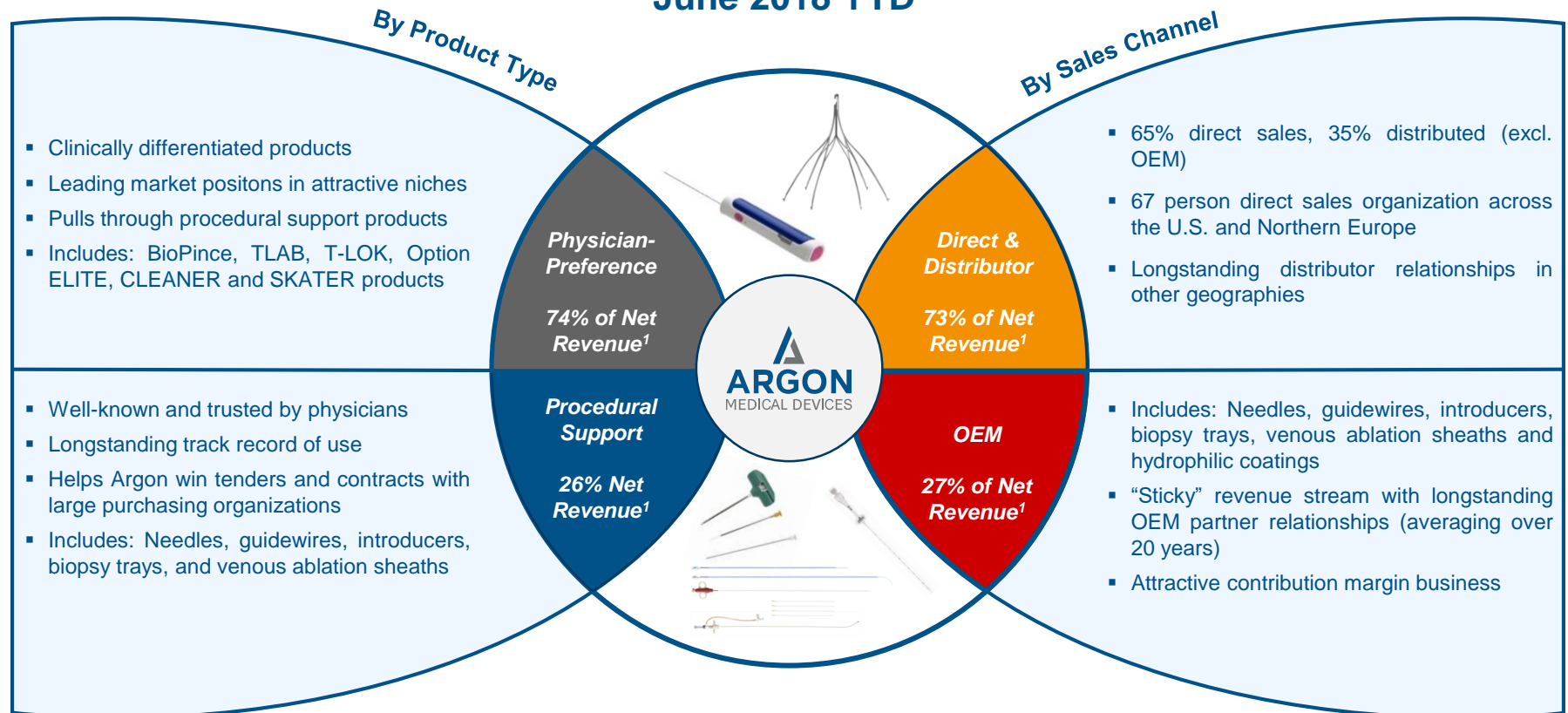
Source: Management Estimates, MRG Reports, IMS Data, Industry/Peer Research

1. Product revenue CAGRs measured to 2017A from the earlier of 2005 or the first full year of available data; financial data prior to 2014 has not been adjusted for constant currency; TLAB growth rate is based on 2013PF-2017A
2. Global market position

Attractive Portfolio and Sales Channel Mix Supports Stability

- Broad portfolio comprised of clinically differentiated physician-preference products with track records of stable performance
- Procedural support products complement the physician-preference products, round out the portfolio, and help win tenders / large contracts
- Efficient mix of direct vs. distributor sales channel to provide global coverage
- Stable and “sticky” OEM business focused on highly customized and difficult to manufacture products

June 2018 YTD



Note:

1. Net Revenue is presented on a pro-forma, adjusted basis

Disclaimer

This document does not constitute, or form part of any offer for subscription or sale of, or solicitation of any offer to subscribe for or sale of any securities of Shandong Weigao Group Medical Polymer Company Limited (“Weigao Group”), nor shall it be construed as calculated to invite any such offer, nor shall it form the basis of, nor can it be relied on in connection with, or act as an inducement to enter into any contract or commitment whatsoever.

FORWARD-LOOKING STATEMENTS

This presentation contains certain forward-looking statements with respect to the financial condition, results of operations and business of Weigao Group, and certain of the plans and objectives of the management of Weigao. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of Weigao Group to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such forward-looking statements were based on assumptions regarding Weigao’s present and future business strategies and the political and economic environment in which Weigao and its subsidiaries will operate in the future. Reliance should not be placed on these forward-looking statements, which reflect the view of Weigao Group’s management as of the date of this presentation only.

CONFIDENTIALITY

This document is given to you on a confidential basis and must not be passed to, or their contents disclosed to, any other person and no copy shall be taken hereof.