



創美藥業股份有限公司

CHARMACY PHARMACEUTICAL CO.,LTD.

股份代號 Stock Code : 2289

2016 Interim Results Presentation





Disclaimer

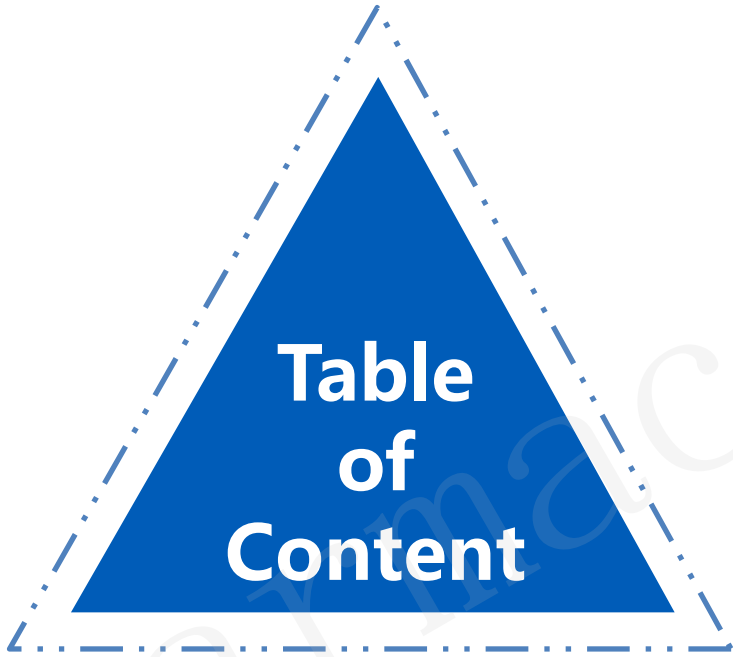
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Financial Highlights

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Steady Progress Made in 1H 2016

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	For the six months ended 30 June 2016		
	2016 RMB' 000	2015 RMB' 000	Year on Year
Turnover	1,777,949	1,635,397	8.72%
Gross profit	98,916	83,613	18.30%
Gross profit margin	5.56%	5.11%	Up 0.45 PP
Total cost	54,245	52,716	2.90%
Cost rate	3.05%	3.22%	Down 0.17 PP
Net profit	36,762	25,234	45.68%
Net profit margin	2.07%	1.54%	Up 0.53 PP
Basic and diluted earnings per share (RMB cents)	34.04	31.54	7.93%

The Board proposed the payment of an interim dividend of RMB0.20 (tax inclusive) per share for the six months ended 30 June, 2016.

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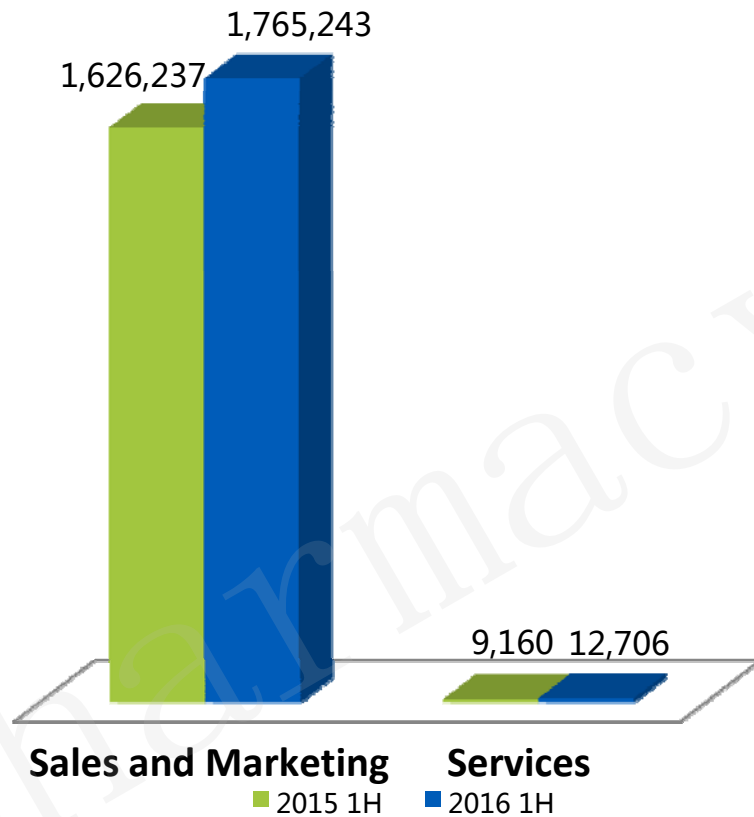


Turnover Breakdown

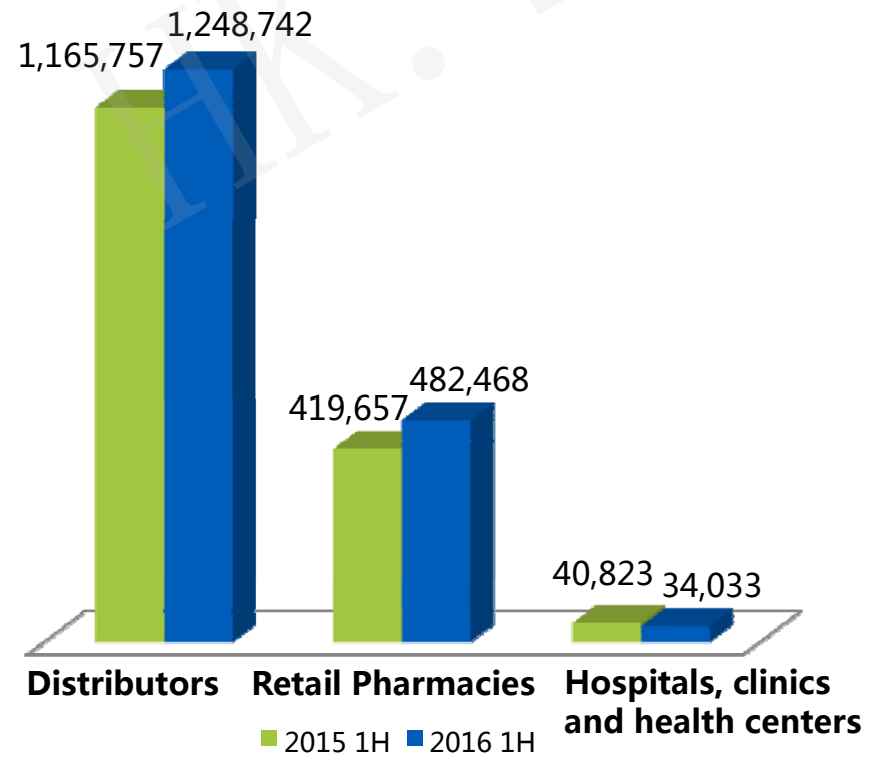
(RMB' 000)

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By Segments



By Customers



Note: The data of 2015 were taken from the Company's prospectus as stated on December 2, 2015.

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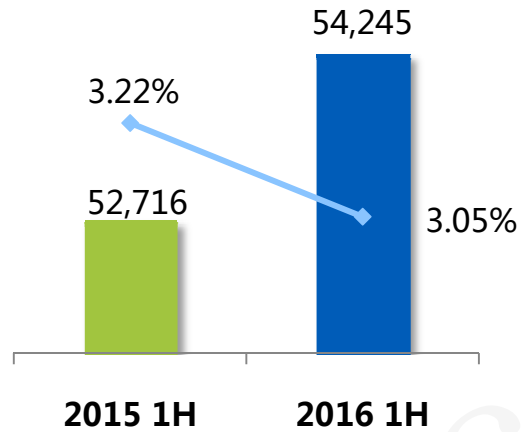


Cost-Effectiveness Improved

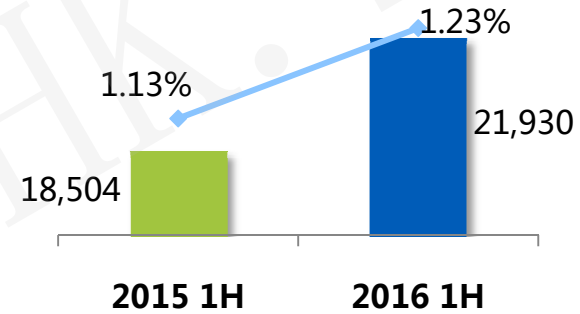
(RMB' 000)

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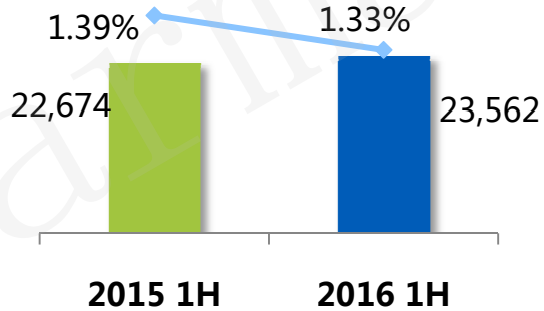
Total Cost



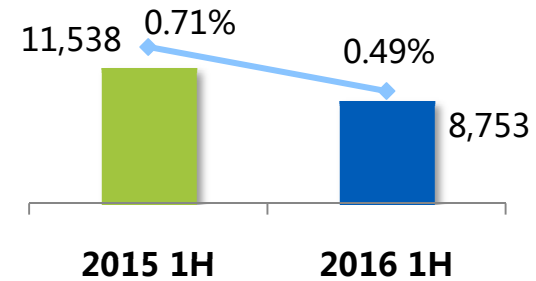
Selling and Distribution Expense



Administrative Expense

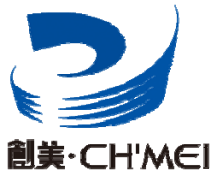


Financial Cost



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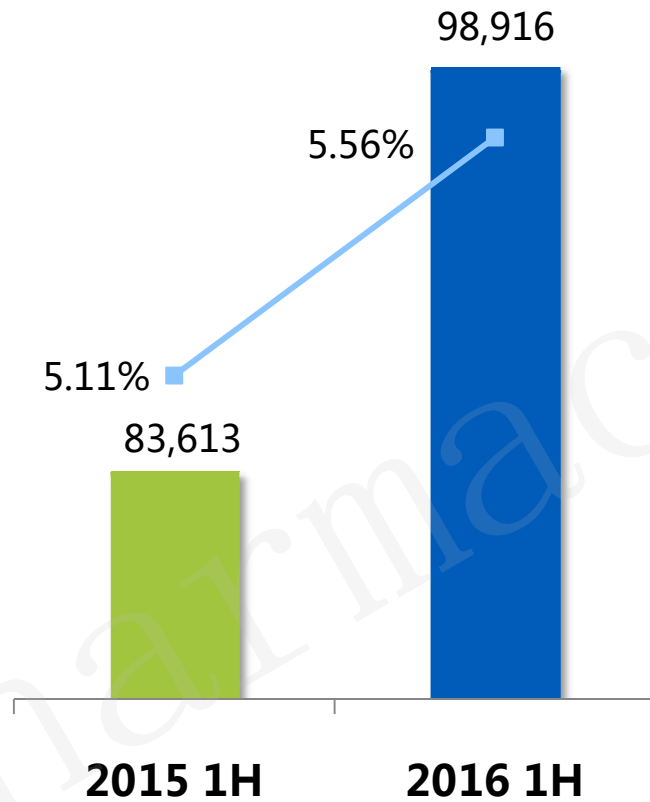


Profitability Improved

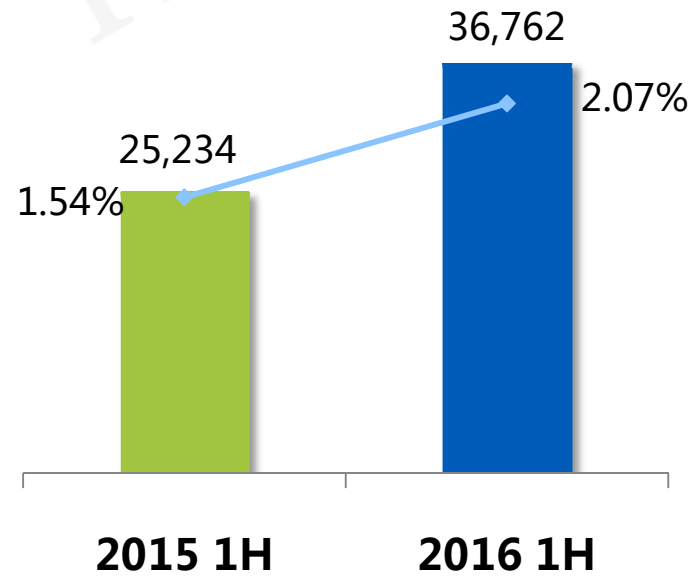
(RMB' 000)

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Gross Profit

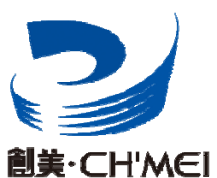


Net Profit



Note: The data of 2015 were taken from the Company's prospectus as stated on December 2, 2015.

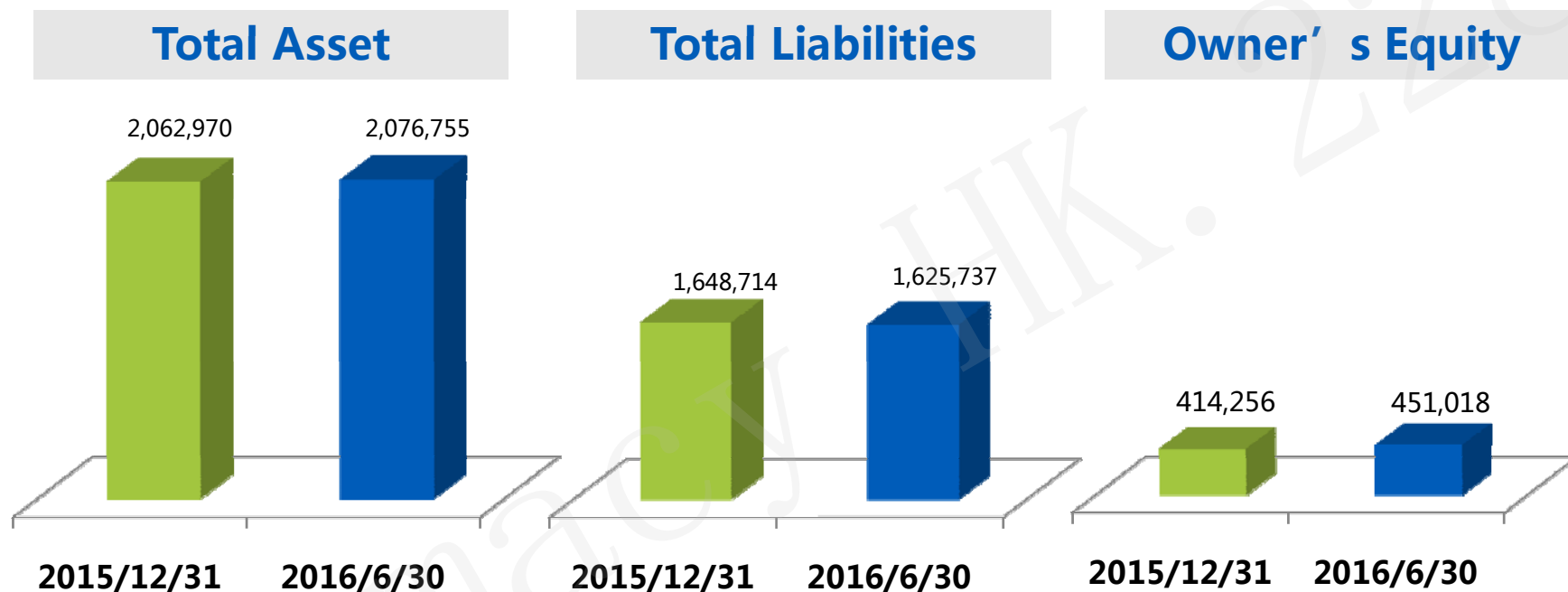
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Solid Financial Stand

(RMB' 000)

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	2016/6/30	2015/12/31
Gearing ratio	0.60	0.70
Net debt/equity ratio	0.31	0.33

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Business Overview

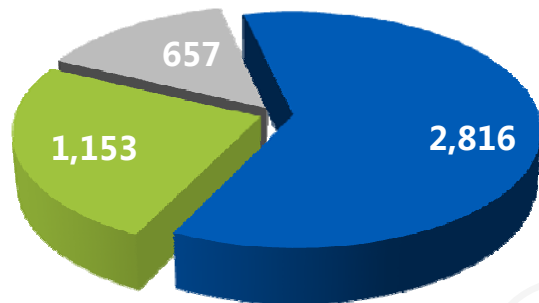
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Business Overview

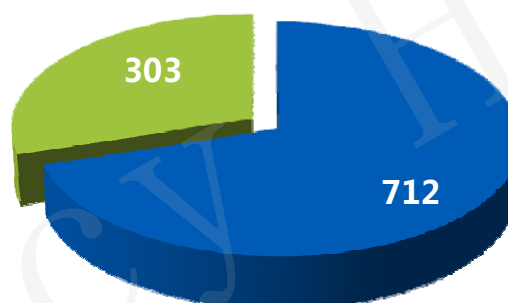
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Distribution Network



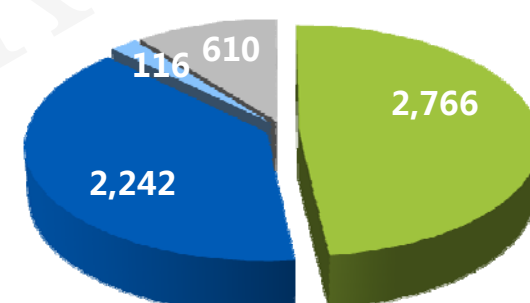
- Distributors
- Retail Pharmacies
- Hospitals, clinics and health centers

Suppliers



- Pharmaceutical Manufacturers
- Distributors' suppliers

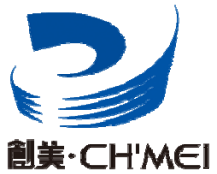
Distribution Products



- Western Medicines
- Chinese Pharmaceutical Products
- Health Products
- Others

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Progressive Exploration in B2B Platform

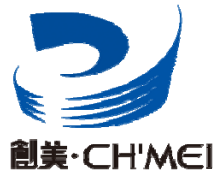
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• Charmacy e-Medicine •

- **3,667** registered customers whom are mainly retail pharmacy stores ;
- As at 30 June, 2016, the turnover was round **78.97** million ;
- In 2016, we updated our original B2B e-commerce platform to SAP Hybris management platform, which will be available in October, 2016.

• Awards Received •

- Member for the first Guangdong Enterprises Association Integrity Promotion
- National standard pilot enterprises for the "Models for Pharmaceutical Cold Chain Logistics Operation,"
- Best Service Innovation Award for the 12th Five-Year Plan
- Best Management Innovation Award for the 12th Five-Year Plan
- Model Enterprise of integrity in Guangdong for five consecutive years.



Optimization of Logistic & Information System

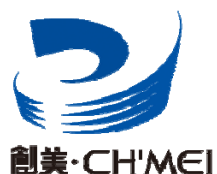
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• Purchase of refrigerated transport vehicles •

During the reporting period, the Group purchased 15 refrigerated transport vehicles for 2 distribution centers, providing better transport services for customers.

• Information system transformation •

- On 20 March, the information technology project was officially launched.
- Build a full-channel and one-in-all information service platform, supported by SAP system from IBM, on the basis of brand new SAP S/4HANA business suite, which integrates the Hybris electronic business platform, SAP customer relationship management, mobile applications, SAP business intelligence solutions, and IBM POWER8 server together with SAP HANA on Power Memory Computing Solutions.



Application of Funds Raised in IPO

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The Group was listed in the HKEX on 14 December, 2015.

The net proceeds of the Global Offering was around RMB 158.91 million after deducting underwriting commissions and other estimated expenses.

(RMB' 000)

Purposes of proceeds raised	Proportion of the budget	Amount of the budget	Amount used	Proportion of the used amount
Repaying bank borrowing	30%	47.67	47.67	100%
For working capital and general corporate purposes	10%	15.89	15.89	100%
For enhancing and promoting B2B e-commerce platform	10%	15.89	6.14	39%
For strengthening, expanding, and integrating distribution network	35%	55.62	11.17	20%
For acquiring pharmaceutical distribution business in Southern China Region	15%	23.84	0	0%
Total	100%	158.91	80.87	51%

(As at 30 June, 2016)

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Future Outlook

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Promotion of Business Optimization & Transformation

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01

Upgrade information systems

02

Pursue M&A opportunities

03

**Expand product span
and enhance product mix**

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Upgrade information systems Accelerate the transformation to intelligence and internet oriented business management

➤ Three goals for the information upgrade:

1. Build an integrated information platform with SAP ERP / Hybris as the core, and provide effective access to other professional applications step by step;
2. Adopt an integrated system for business operation and financial management based taking into account of the company's business features;
3. Build up the B2B e-commerce platform on the basis of the integrated information platform and the integrated operation/financial system. The platform is be able to adapt to various business models to provide architectures for front, middle and back counter services which are easy to replicate and create synergies.

B

Pursue M&A Opportunities

- The Group will continue to proceed with the mature pharmaceutical distribution business in Southern China cities such as Shenzhen, and to actively look for suitable acquisition targets .
- Assist in the construction of the Group's new distribution center, broadening its own distribution network, improving the drug distribution capabilities and scales, improving efficiency, forming a competitive pharmaceutical distribution network.

C

Expand Product Span and Enrich Product Mix

- Introduce more than 800 products by the end of 2016, and in the meantime off-shelf some of the overstocking and low-margin products.
- Enrich product mix to strengthen the customer base, improve profitability, and further strengthen our competitive position.



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Q&A

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Thanks

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