



創美藥業股份有限公司

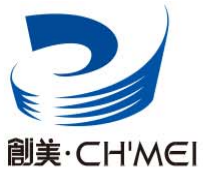
CHARMACY PHARMACEUTICAL CO., LTD.

Stock Code: 2289

二零一六年全年業績發佈

2016 Annual Results Announcement





Disclaimer

股份简称：创美药业 股份代号：2289.HK

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Results Highlights

Steady Growth in Operating Results

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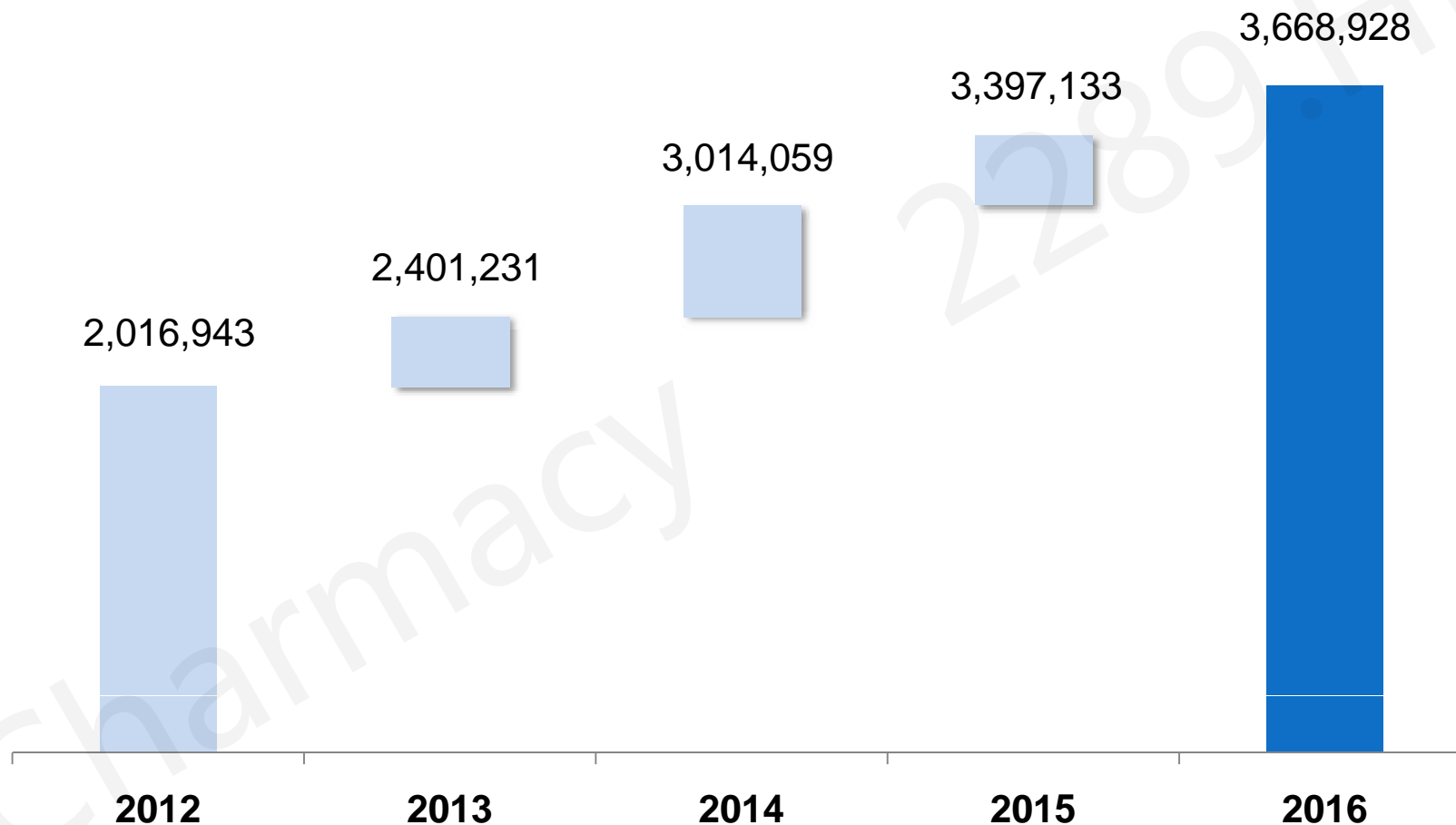
The Board of Directors proposed paying a final dividend of RMB 0.20 per share for the year ended 31 December 2016.

Unit : RMB'000	For the year ended 31 December		
	2016	2015	Y-o-Y Change
Turnover	3,668,928	3,397,133	8.00%
Gross profit	180,299	164,702	9.47%
Gross profit margin	4.91%	4.85%	Up 0.06 ppt
Total expenses	112,200	128,641	-12.78%
Expense ratio	3.06%	3.79%	Down 0.73 ppt
Net profit	59,348	26,359	125.15%
Net profit margin	1.62%	0.78%	Up 0.84 ppt
Basic and diluted earnings per share (RMB fen)	54.95	32.30	70.12%

Continuous Improvement in Turnover

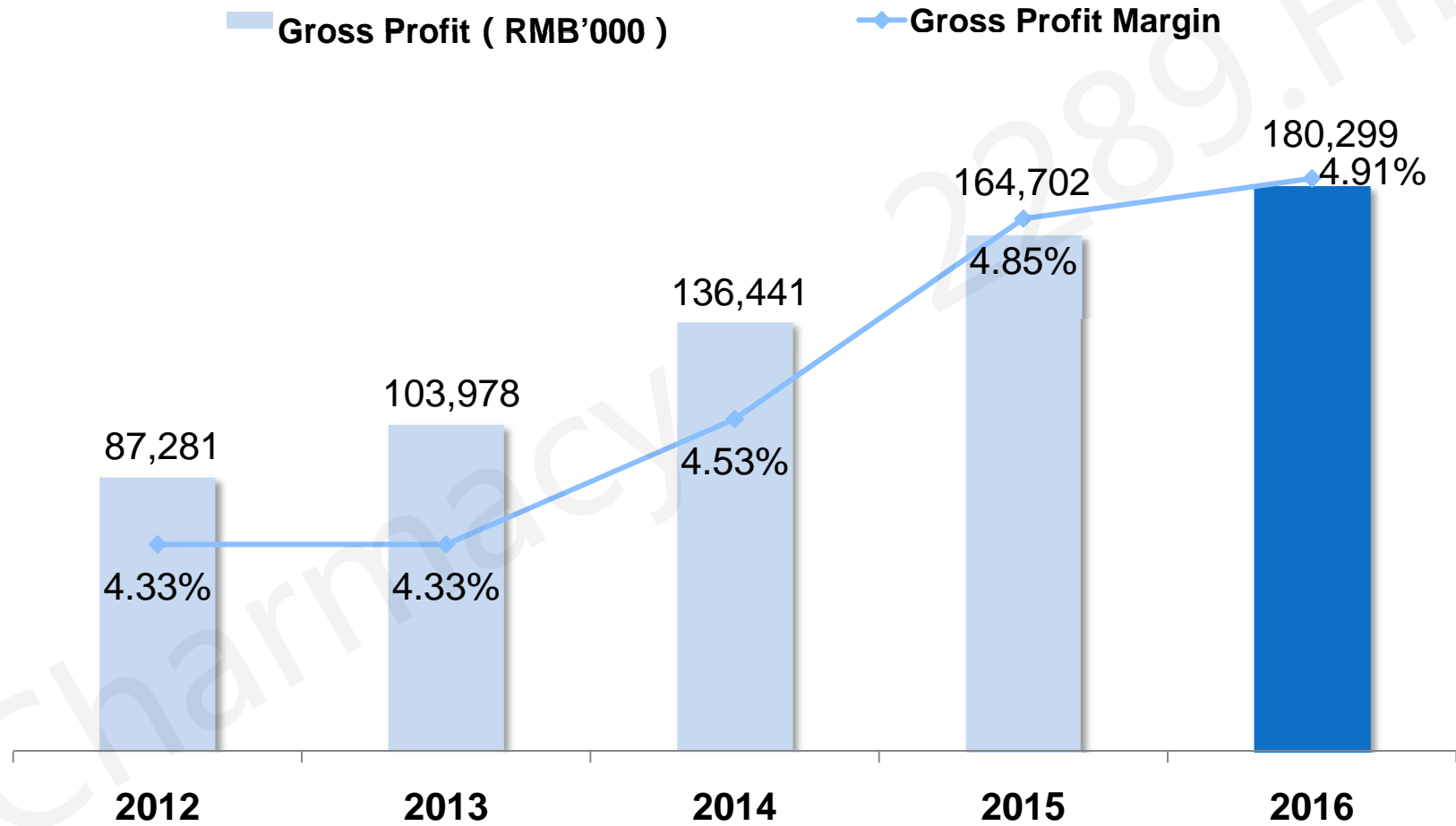
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(RMB'000)



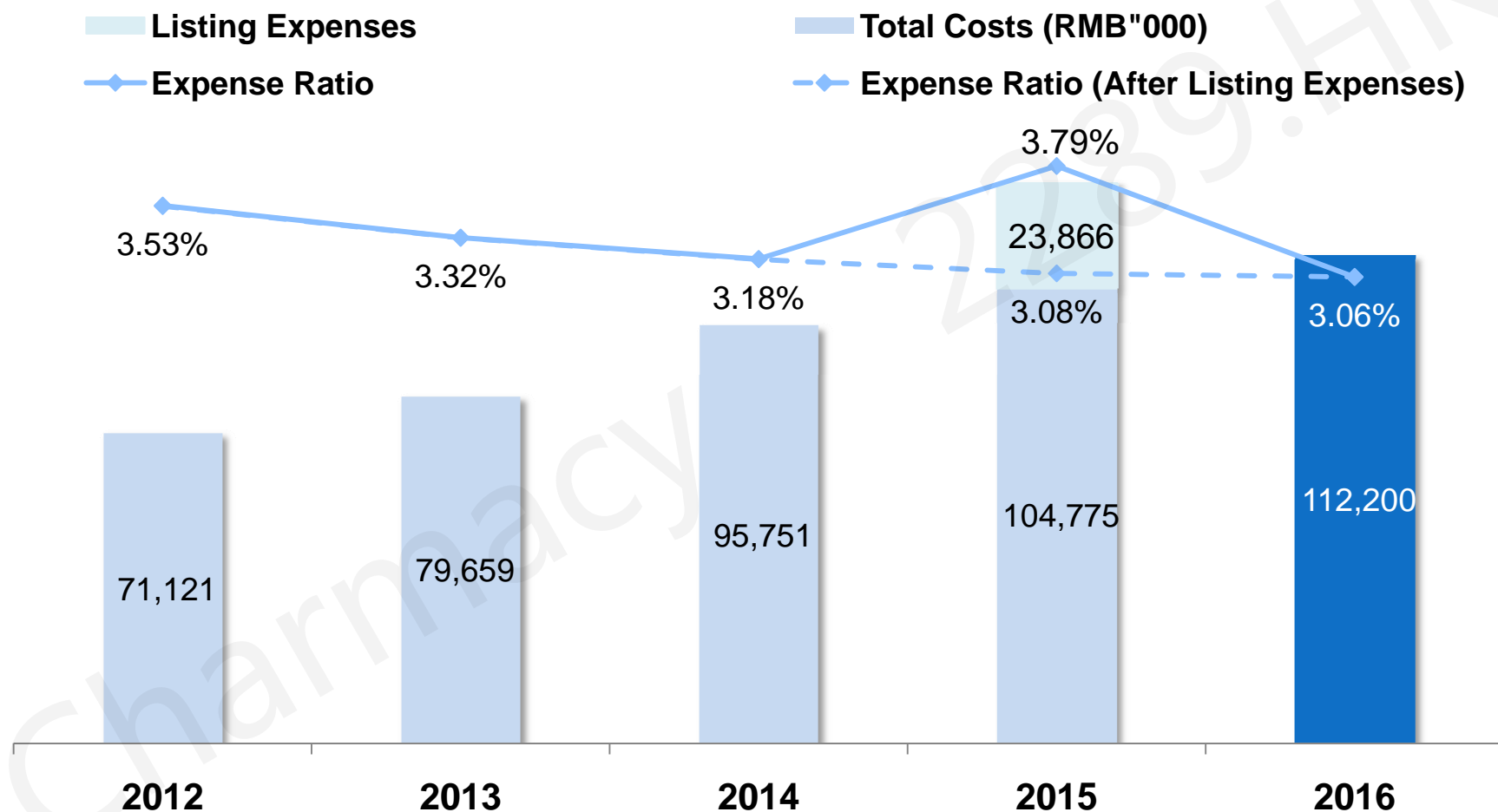
Steady Growth in Gross Profit

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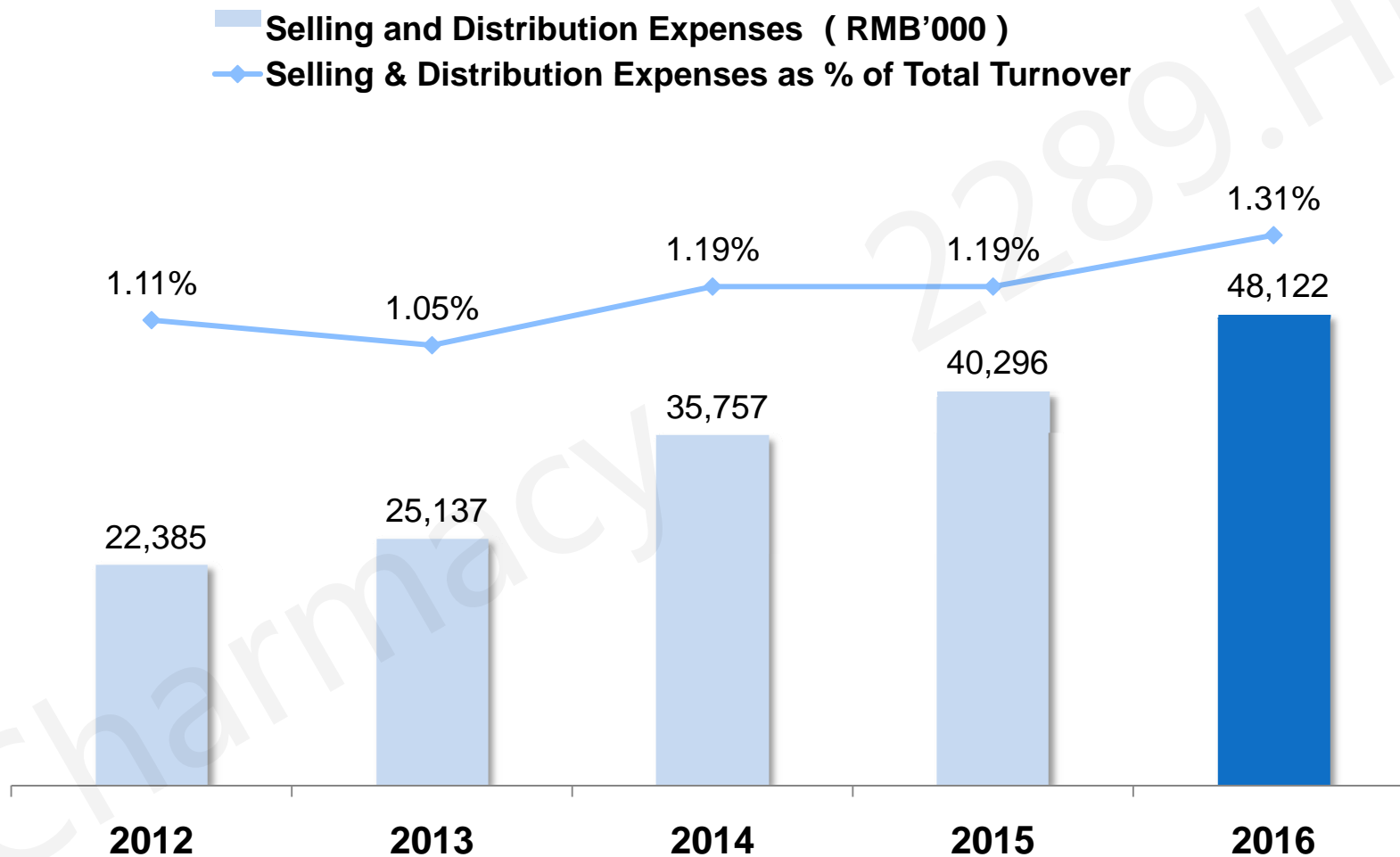
Persistent Improvement in Cost Efficiency

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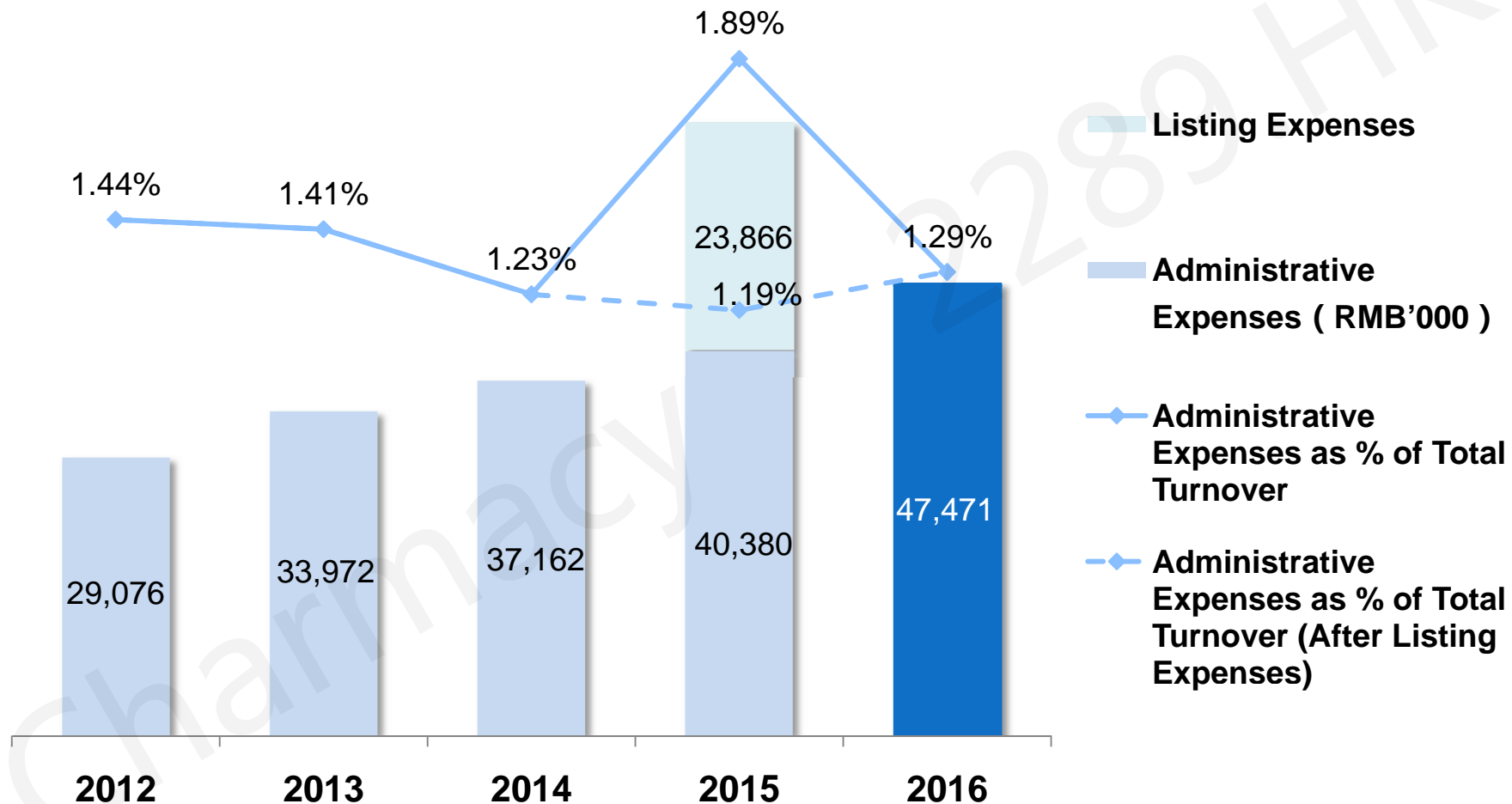
Selling and Distribution Expenses

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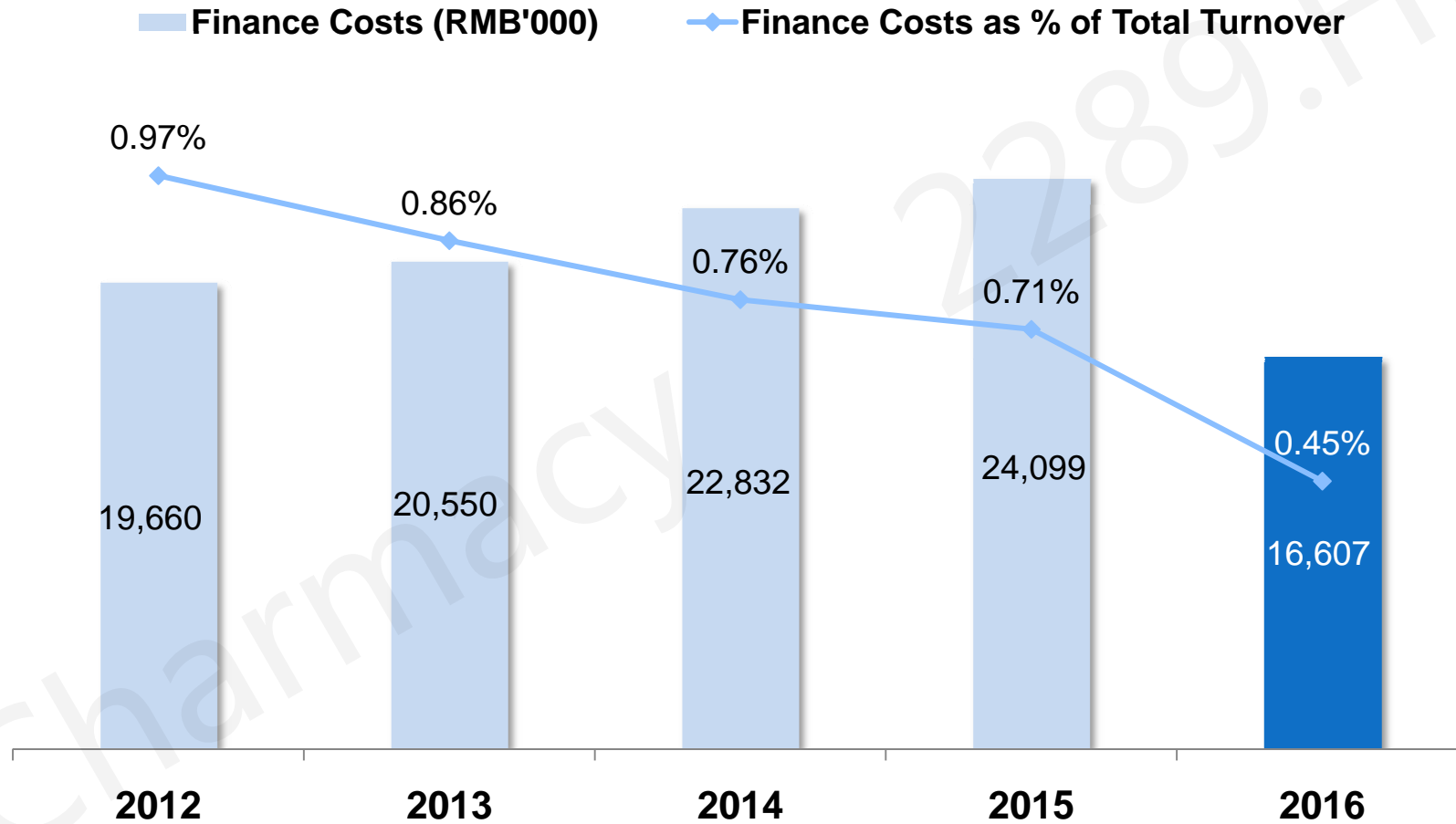
Administrative Expenses

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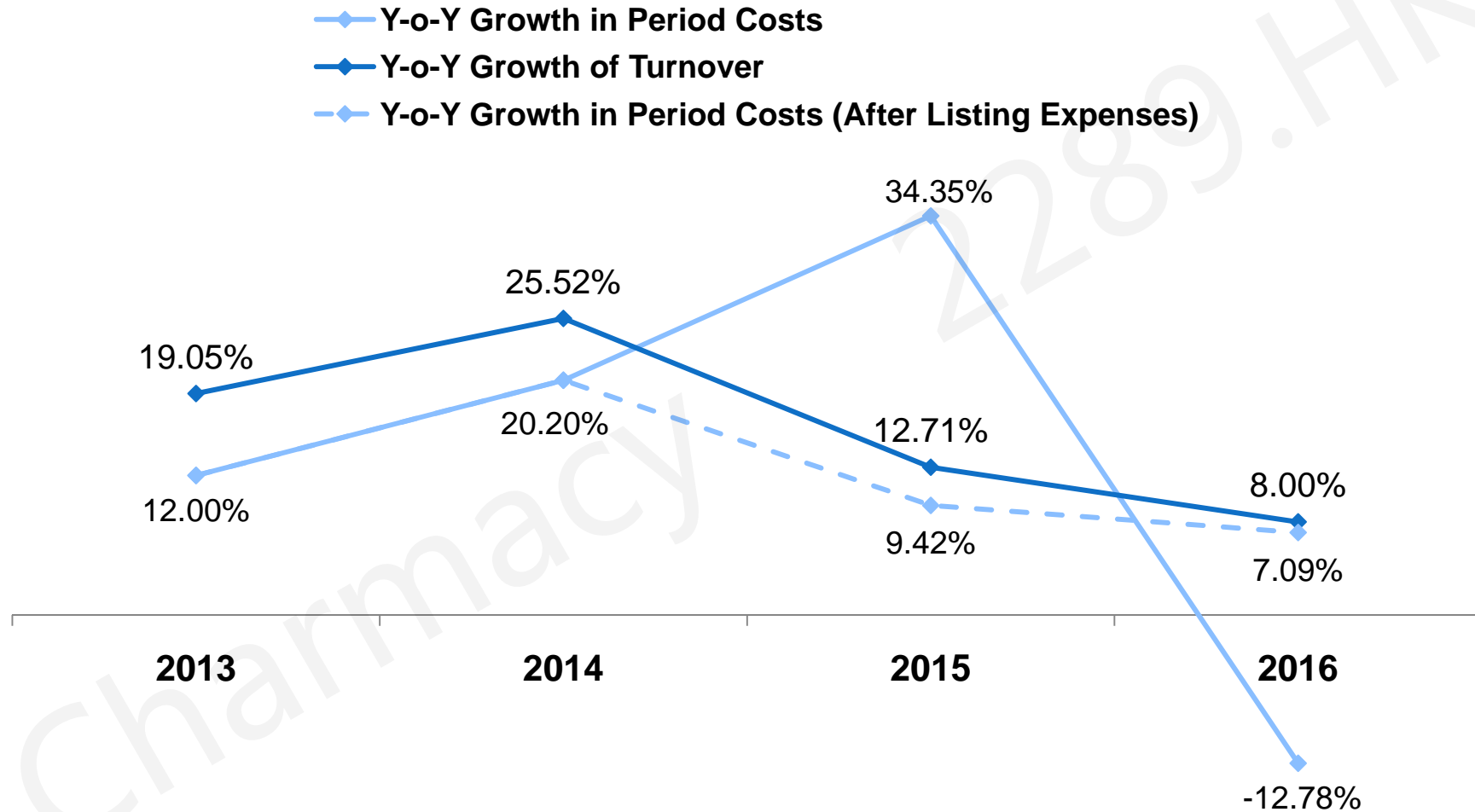
Finance Costs

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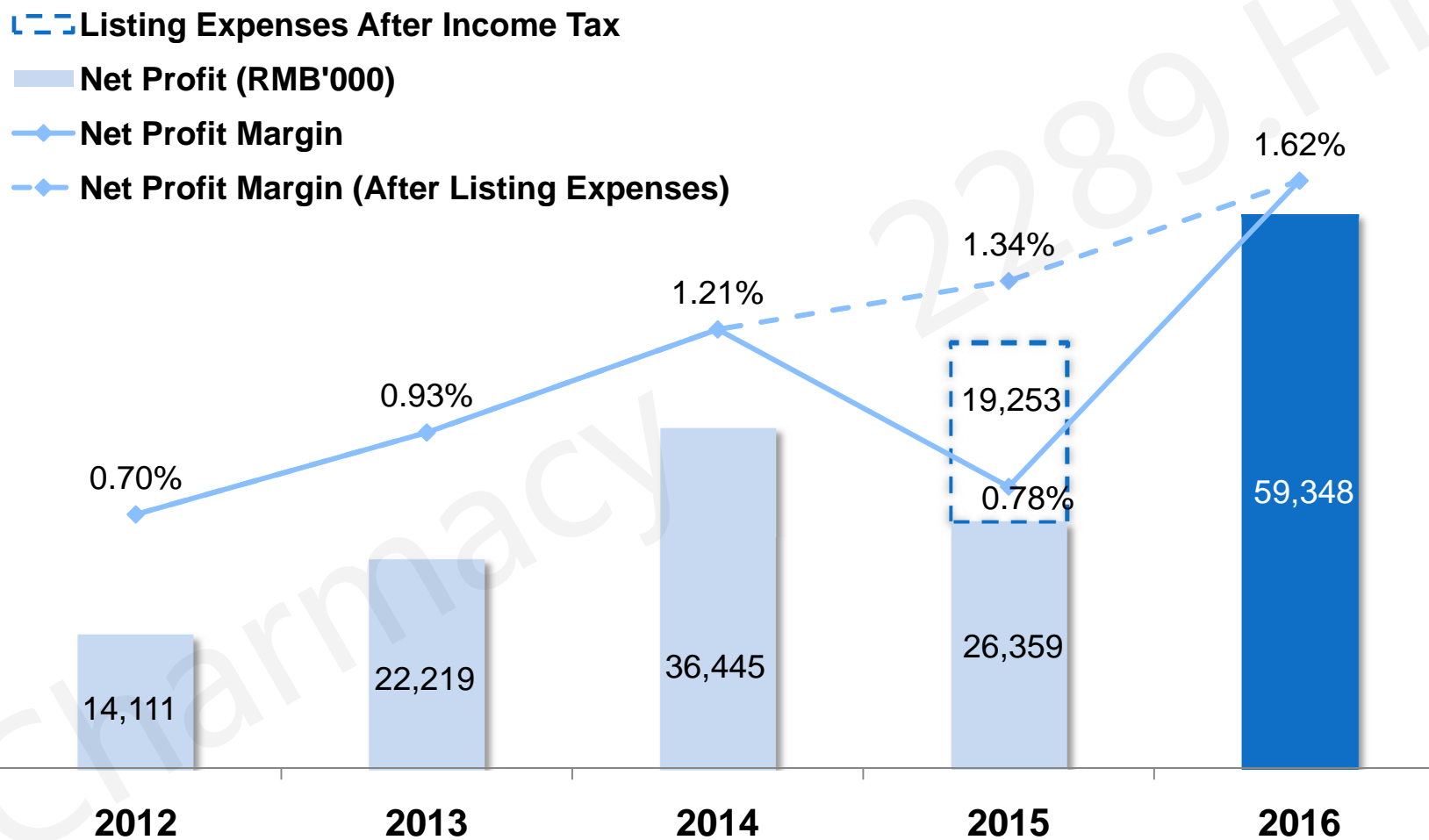
Y-o-Y Growth in Period Costs and Turnover

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Continuous Improvement in Profitability

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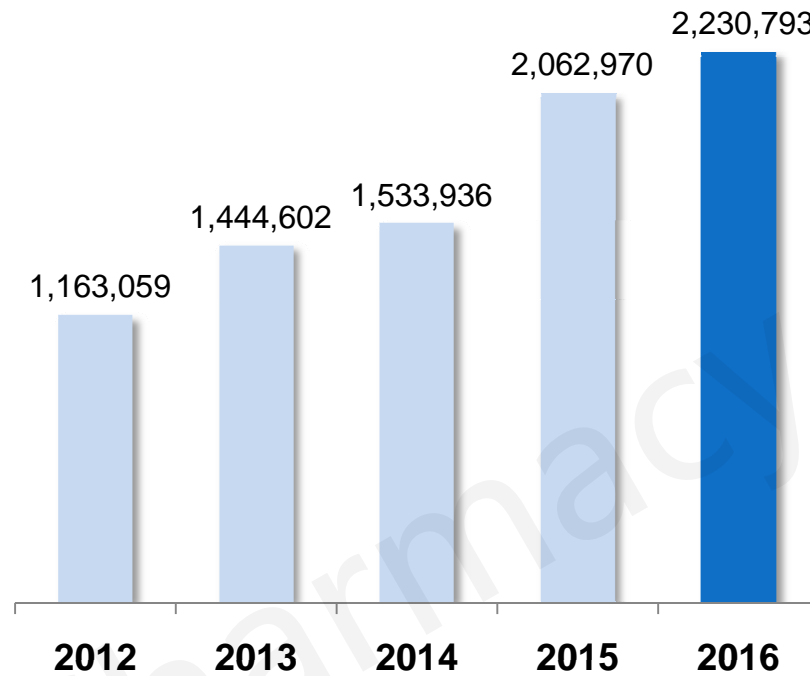
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Solid Financial Strength

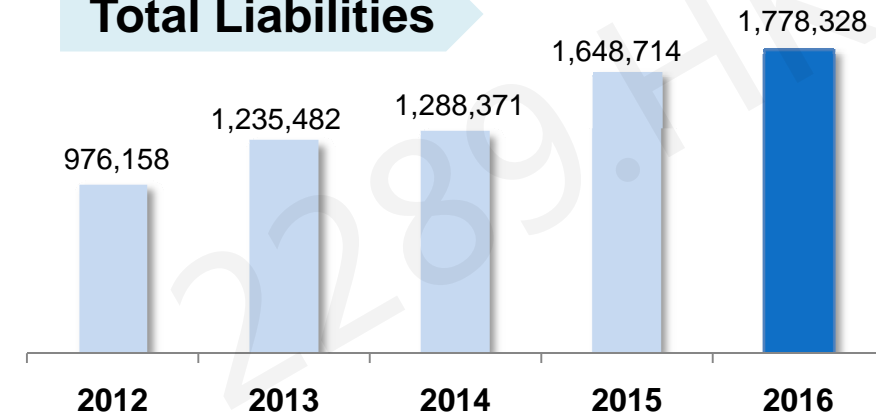
(RMB '000)

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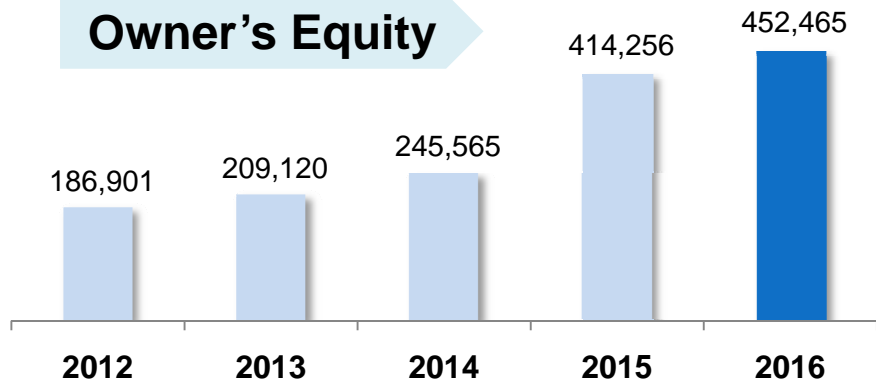
Total Asset



Total Liabilities



Owner's Equity



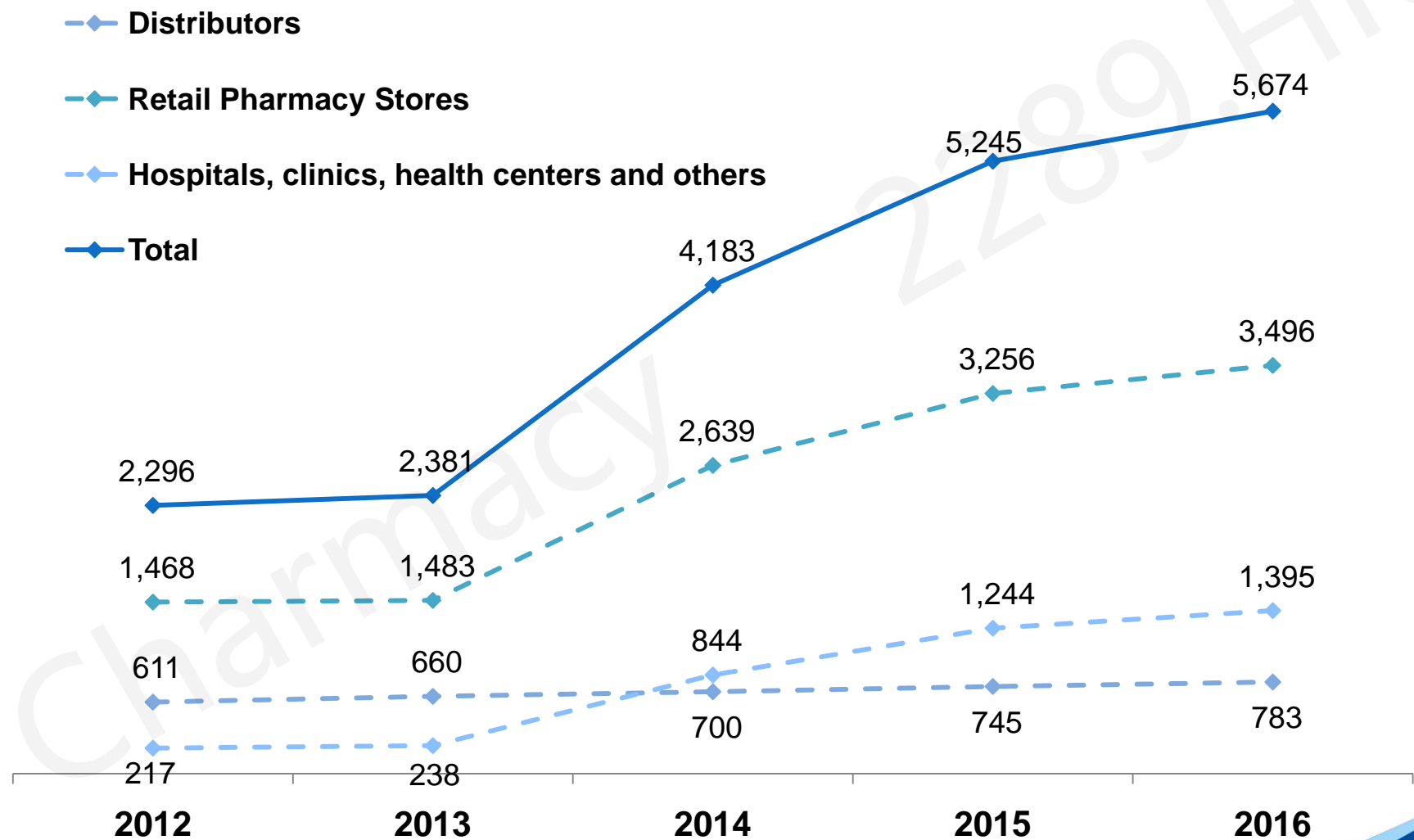
As at 31 December	2012	2013	2014	2015	2016
Gearing ratio	1.38	1.43	1.23	0.70	0.93
Net debt / equity ratio	1.32	1.35	1.14	0.33	0.67

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Business Review

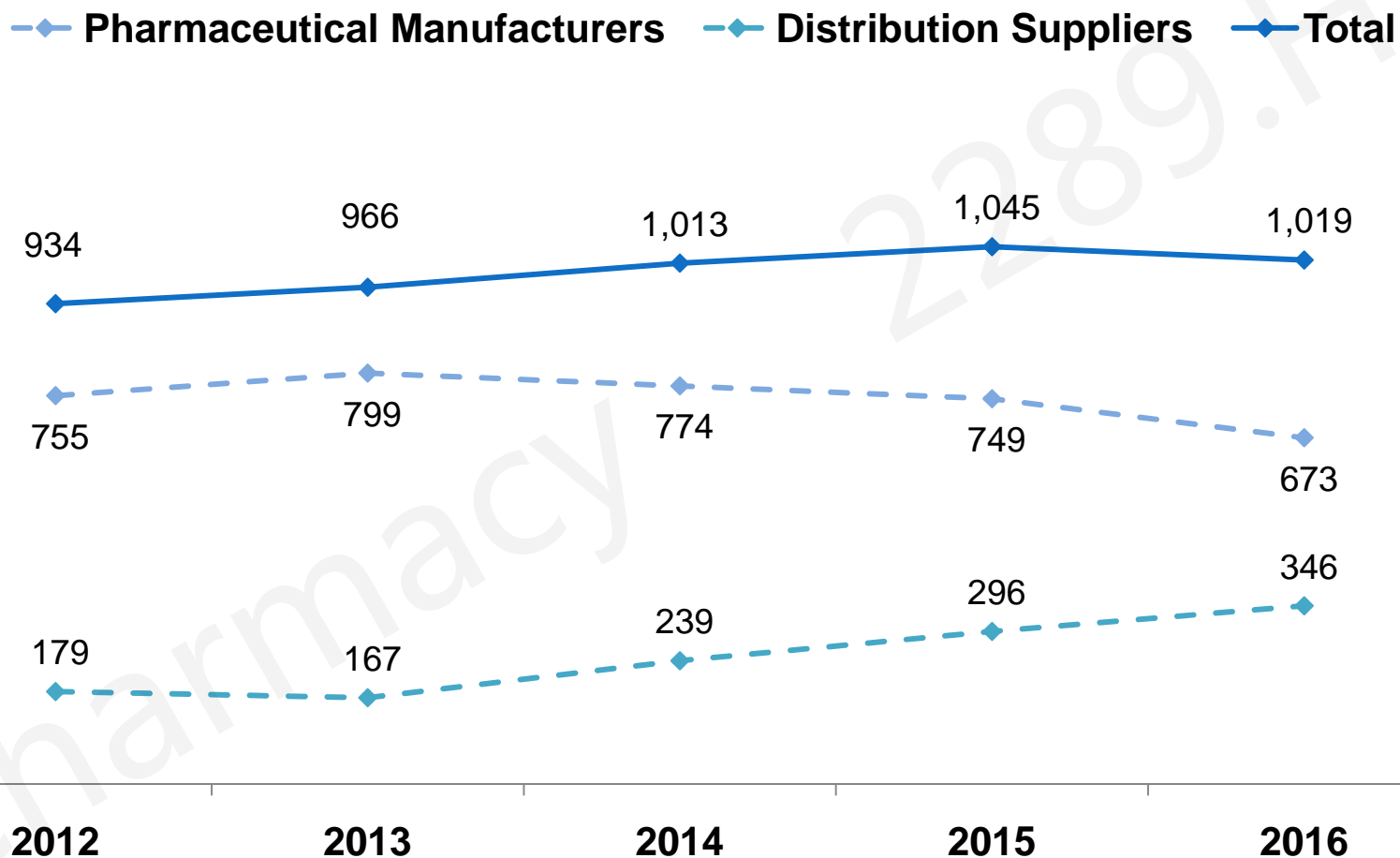
Substantial Increase in Customers

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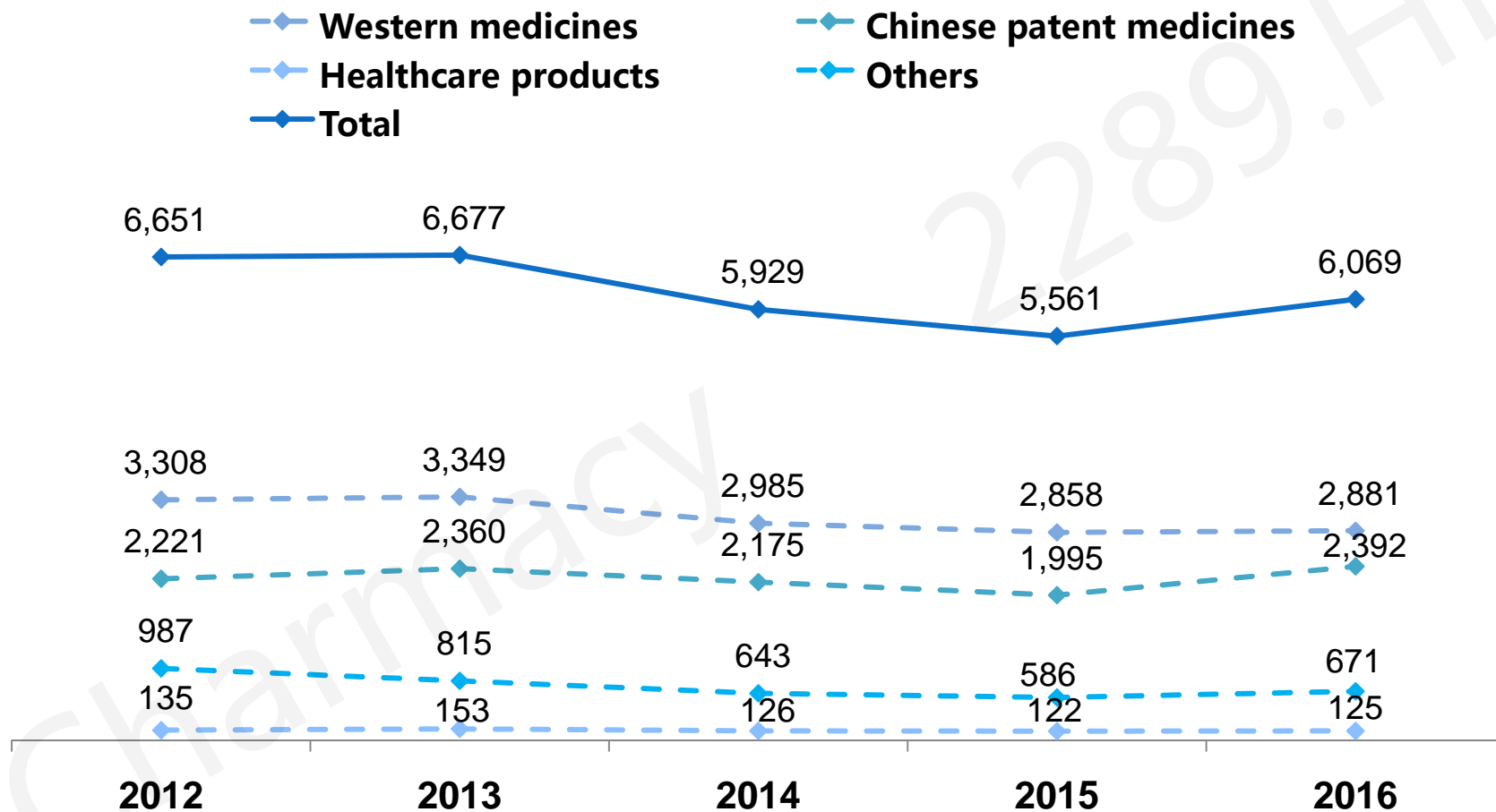
Number of Suppliers Remained Stable

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Growing Number of Products

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B2B Platform “Charmacy e-Medicine”

- Upgraded to **SAP Hybris** E-commerce management platform which was launched on 1 November
 - Annual turnover of **RMB 177.48 million**
 - **4,759** registered customers

Set up a professional E-commerce team, Implement comprehensive planning and promotion of E-commerce platform

The Group set up an E-commerce operation center in 2016 to implement comprehensive planning, tools building and applications, daily promotions and operations

Purchase 23 refrigerated trucks

To better ensure product quality, optimize logistics and distribution services, expand distribution coverage, increase product supply to customers and provide premier transportation services

Informatization Project (Phase 1) was officially launched

The Informatization Project was launched on 20 March 2016. Based on the new business suite - SAP S / 4HANA and incorporating Hybris E-commerce platform and other solutions, it provides an omni-channel, integrated IT services platform. Phase 1 of the project was officially launched on 1 November.

Awards and Recognitions in 2016

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Best Service Innovation Award in China's Pharmaceutical Distribution Industry for the 12th Five-year Plan Period



The Enterprise in Compliance with National Operating Standards for Cold Chain Logistics of Medicines



Top 100 Enterprises in Service Industry in Guangdong Province



Model Trustworthy Enterprise in Guangdong Province (for five consecutive years in 2011-2015)



Top 100 Private Enterprises in Guangdong Province



2016 Special Contribution to Pharmaceutical Industry in Guangdong Province

3

Future Strategy

Continue to expand our product line and reinforce our product portfolio

Proceed with acquisitions to expand our coverage of end-user market in Southern China



Commence the Informatization Project (Phase 2) to drive our strategic development

Drive the upgrading of our B2B business platform to further enhance customers' experiences



Further expand product lines to reinforce our product mix

- The Group will continue to introduce premier new products, including healthcare tonics, cosmetics, medical equipment and Chinese medicine decoction pieces. Meanwhile, some low-margin and low-turnover products will be eliminated.
- Our product lines and product portfolio will be further enhanced in order to meet the diverse demand from customers and increase their loyalty to our products, thereby strengthening the Group's profitability and competitiveness.



Continue to drive business acquisitions in order to increase the coverage of end-user markets in Southern China

- In 2017, the Group will accelerate the acquisition of mature pharmaceutical distribution companies in Southern China cities like Shenzhen. Our targets should be beneficial to the Group's development of new distribution centers and expansion of distribution network in terms of geographical locations, product portfolio, turnover and customers. These acquisitions will help the Group to expand the coverage of end-user markets in Southern China, enhance our pharmaceutical distribution capability and services efficiency, reinforce the competitiveness of our pharmaceutical distribution network.

Extension of Distribution Networks (Cont'd)

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On 13 March 2017, the Group signed an agreement with Zhuhai Hengxiang Pharmaceutical Ltd. Pursuant to it, the Group will invest RMB18 million to boost its shareholding in Zhuhai Hengxiang to 70%, thereby becoming its controlling shareholder.

Approximately **1,100** downstream customers

Approximately **1,400** specifications

Approximately **1,065** Chinese medicine decoction pieces

Increase





Commence the Informatization Project (Phase II) to promote the Company's strategic development

The Group will focus on the implementation of SAP EWM, SAP TM and SAP HR with an aim to achieve the following goals:

1. Construct and upgrade warehouse management system and transportation system; integrate with the supply chain coordination platform to realize the visual management of warehouses;
2. Establish the integrated logistic network to solve the problems arising from the fragmented operations of individual logistics and distribution centers; standardize logistics and distribution services and create a replicable business model;
3. Establish a three-pillar HR management model for Charmey to enable the co-sharing of services and HRBP, achieve "resources sharing, team sharing, capacity sharing and information sharing", provide one-stop HR solutions for all departments so as to improve our productivity and put us in a better position to carry out our corporate strategies.



Fully upgrade our B2B business platform to enhance customers' experiences

- Drive the upgrading of PC terminal, WAP mobile terminal and WeChat public accounts of our E-commerce business platform in order to enhance customers' experiences.
- Use the tools like Hybris out-of-the-box solutions, social media and mobile marketing to implement our B2B marketing strategies; help the customers at our physical stores to get online and realize the integration of online E-commerce platform and offline physical shops; strive to achieve online sales from more than 10,000 small and medium-sized pharmacies in 2018 and provide unprecedented distribution services to end-users



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Thank You!

Charmancy

