



# Fosun Pharma Releases 2018 Annual Results: Adhere to Innovation and Internationalization with Steady Growth in Pharmaceutical Manufacturing and R&D segment Revenue RMB 24.92 billion, up 34.45% YOY Cash flows from operating activities RMB 2.95 billion, up 14.34% YOY R&D Investment RMB 2.51 billion, up 63.92% YOY

03-25 2019

On 25 March 2019, Shanghai Fosun Pharmaceutical (Group) Co., Ltd (Fosun Pharma, stock code: 600196.SH, 02196.HK), a leading healthcare group in China, announces its 2018 Annual Results and discloses 2018 Corporate Social Responsibility Report.

Fosun Pharma's business covers all key segments of healthcare industry chain, with pharmaceutical manufacturing and R&D as the core, and healthcare services as the development focus. In 2018, the revenue increased by 34.45% as compared to the year of 2017 to RMB 24.92 billion. Among them, the pharmaceutical manufacturing and R&D segment achieved strong growth, and the operating revenue grew 41.57% year-over-year to RMB 18.68 billion. The healthcare service segment realized a total operating revenue of RMB 2.56 billion, an increase of 22.72% compared with 2017. The medical devices and medical diagnosis segment achieved operating revenue of RMB 3.64 billion, an increase of 13.22% compared to 2017.

According to the annual report, the development of Fosun Pharma witnessed a growth in sales and a good cash return. The cash flows from operating activities of the Group continued to rise, and the net cash flow from operating activities in 2018 was RMB 2.95 billion, representing an increase of 14.34% over 2017.

"Now, we are in the concentrated investment period in R&D. The pharmaceutical industry experienced a transformation and Fosun Pharma will be firmly committed to the path of innovation and internationalization." Mr. Wu Yifang, President and CEO of Fosun Pharma said.

## **Continue to construct its innovation system R&D investment increased by more than 63.92%**

Fosun Pharma regards innovation, research and development as the core driving factor of development. The Group continued to optimize its pharmaceutical R&D system that integrated generic and innovative drugs, improved its innovation system, enhanced R&D capabilities. In 2018, Fosun Pharma further increased its R&D investment in monoclonal antibody products, biosimilars and small molecular innovative drugs. Furthermore, Fosun Pharma actively promoted the consistency evaluation of generic drugs.

During the reporting period, Fosun Pharma invested RMB 2.51 billion in R&D investment (including R&D expenditures capitalized), an increase of over 63.92% compared to 2017. The accumulated R&D expenses for the year was RMB 1.48 billion, and the R&D expenses increased by 44.14%. Among them, the R&D expenses of the pharmaceutical business was RMB 1.26 billion, accounting for 6.7% of the sales revenue of the pharmaceutical business.

At the end of the Reporting Period, Fosun Pharma had a total of 215 projects: 15 small molecular innovative drugs, 10 biological innovative drugs, 17 biosimilars, 117 generic drugs that meet international standards, 54 consistency evaluation projects, and 2 traditional Chinese medicine drugs.

During the reporting period, Fosun Pharma had 9 small molecule innovative drug products (including 1 improved new product), 9 indications have obtained approval for clinical trial in mainland China; 13 monoclonal antibody products and 1 combination therapy that completed 22 indications approval for clinical trial, and received 27 clinical trial approval globally. Also, Fosun Pharma has completed 9 generic drug consistency evaluation projects in mainland China. A total of 5 generic drugs of Gland Pharma received approval for sales from FDA. In February 2019, rituximab injection has become the first biosimilar approved in China. The achievements will guarantee the company a robust business performance and a promising future.

Facing with unmet medical needs, Fosun Pharma also introduced a number of advanced and cutting-edge products and technologies through

product cooperation and market rights licensing. FK876, the first product of Fosun Kite, was accepted in the clinical trial and registration review of the NMPA. Meanwhile, Fosun Lead, the Group's technology innovation incubation platform, has developed its capabilities in frontiers of medical field including innovative drug R&D, mobile portable medical imaging, and gene therapy.

### Focus on core therapeutic areas

#### Strengthen product competitiveness and branding capability

In order to leverage its competitive strengths, Fosun Pharma continued to focus on therapeutic areas including oncology, cardiovascular system, central nervous system, blood system, metabolism and alimentary system and anti-infection. All major products occupied the leading position and maintained fast growth in each market segment. In 2018, major products include: febuxostat tablets (You Li Tong), pitavastatin calcium tablets (Bang Zhi), quetiapine fumarate tablets (Qi Wei), anti-tuberculosis series, vancomycin, enoxaparin sodium injection, alfacalcidol tablets (Li Qing), piperacillin sodium and sulbactam sodium for injection (Qiang Shu Xi Lin) In oversea market, artemisinin-based antimalarial products are highly recognized in the African market, and Artesunate for injection (Artesun®) is listed as the first reference drug for the treatment of severe malaria.

In healthcare service segment, the combined number of authorized beds controlled by Fosun Pharma including Chancheng Hospital, Hengsheng Hospital, Zhongwu Hospital, Wenzhou Geriatrics Hospital, Guangji Hospital, Jimin Cancer Hospital, Zhuhai Chancheng and Wuhan Jihe Hospital, etc. was 4,118 in aggregate. Chancheng Hospital received the international hospital JCI certification with a high score and became the first Chinese private Grade-A general hospital that fulfilled the standard of JCI (sixth edition).

In the medical devices and medical diagnosis segment, the sales revenue of HPV diagnostic reagent and T-SPOT test kits as well as the number of surgeries performed by Da Vinci surgical robotic system in Mainland China and Hong Kong all achieved rapid growth. Sisram Medical continued to accelerate the development of the global market and key emerging markets as well, and step into the clinical treatment area. While solidifying the product competitiveness, Fosun Pharma continued to strengthen marketing capabilities and has expanded the marketing team to nearly 5,300 people at home and abroad. with over 1,000 people in oversea marketing team.

#### Enhance international capability and Promote industrial upgrading

In 2018, continue to expand international capabilities, Fosun Pharma has established subsidiaries in United States and Europe. In emerging markets including India and Africa, Gland Pharma has achieved a great business performance, representing a 26.62% and 39.92% increase of revenue and net profit respectively. Fosun Pharma has also established a mature sales network with profound upstream and downstream client resources in Africa. By leveraging on Tridem Pharma's sales resources in Francophone countries and regions in Africa, Fosun Pharma's competitiveness has been enhanced and the international pharmaceutical marketing platform has been further completed.

Meanwhile, Fosun Pharma has actively promoted international standards. During the Reporting Period, Gland Pharma's four pharmaceutical manufacturing facilities and three API manufacturing sites all passed audit or certifications in accordance with the drug regulations in the United States, Europe, Brazil and other countries. Furthermore, 1 oral solid formulation, 3 injectable formulations and 5 APIs of Guilin Pharma are prequalified by WHO; Yao Pharma's oral solid formulation passed GMP inspection from Health Canada and FDA. In the future, the Group will continue to push forward the industrial upgrade of pharmaceutical manufacturing business, further expedite the internationalization process to improve the products market share in global market.

Mr. Chen Qiyu, Chairman of Fosun Pharma said: "Innovation is the significant responsibility for the sustainable development of pharmaceutical enterprise. The core competitiveness of Fosun Pharma manifest in multi-layered product lines, strong R&D talents, highly standardized production management, high-quality service, professional marketing performance, international business development and integration, as well as the ability of constructing a global manufacturing and supply chain with cost advantages. We will leverage on the advantages and actively promote the strategy of organic growth, external expansion and integrated development benefiting from industry and market opportunities, to continually enhance our strength and capabilities.

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