



GNAM Investment Competition



**Selecting SALUBRIS is to
Select China's Investment
in the Next 50 Years**

Renmin University of China (RBS)

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Cardiovascular diseases



the enemy of people
all over the world



Company background

Shenzhen Salubris Pharmaceuticals Co., Ltd. is a company engaged in R&D and in the production of cardiovascular drugs. The company is the current leader in the cardiovascular segment of the pharmaceuticals industry.

Market share

Core drug Talcom's market share is more than 50%

High growth

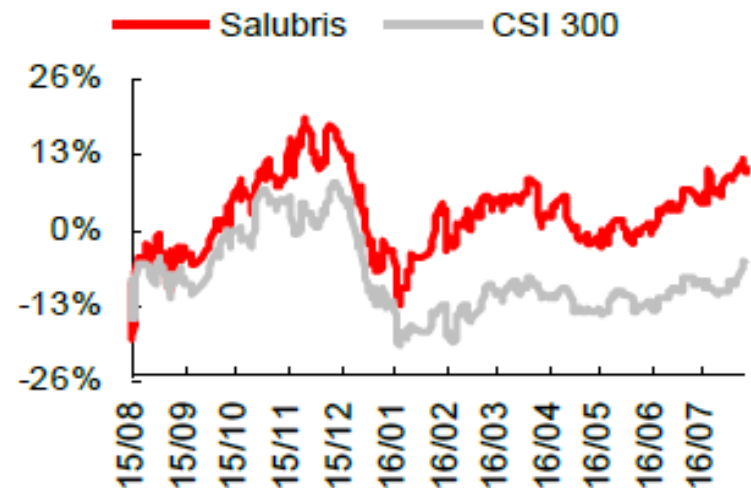
Average net profit growth rate is more than 25% in past ten years

BUT

Stock performance

Its share price remained on the same level as China's stock market

WHY?



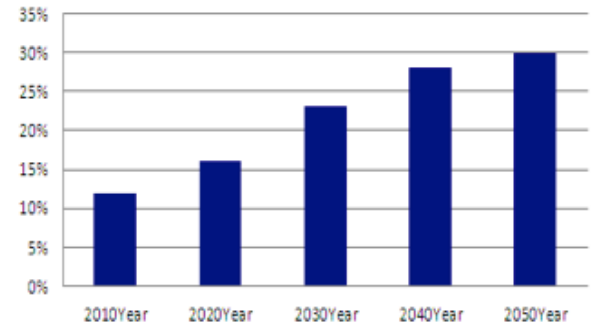
Source: WIND, Orient Securities Research Institute



Market Analysis : China Market

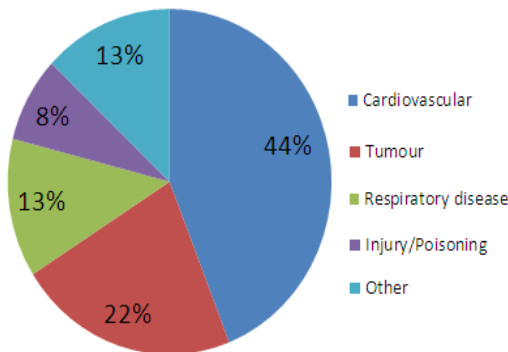
- **Huge patient quantity with Cardiovascular**
290 million patients with cardiovascular (1/5 population of China)
- **Aging population trend**
400 million China's elderly population aged 60 years in 2033
- **PCI operations' popularization**

Percentage of Population aged 60 and above in China

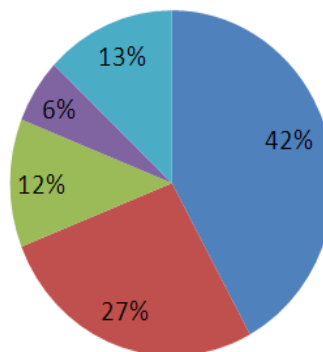


Source: Global AgeWatch Index 2015

Cardiovascular disease is the major cause of death

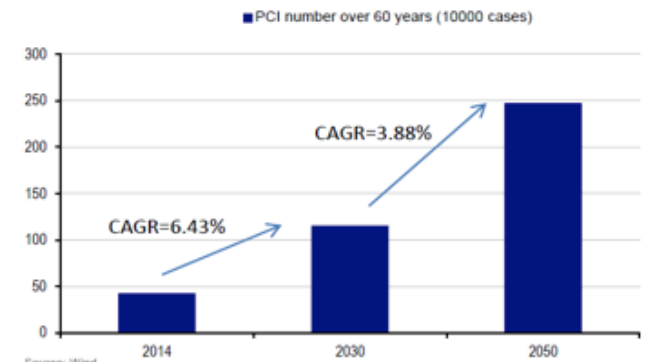


rural areas of china



urban areas of china

China PCI cases will continue to Increase

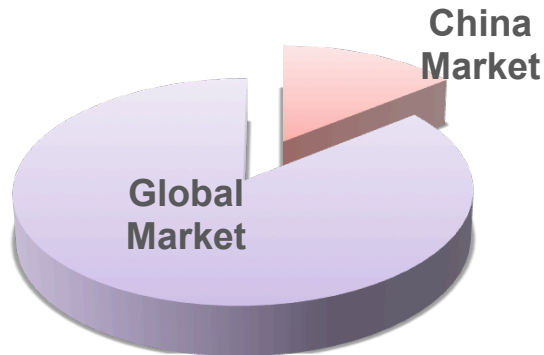


Source: Wind

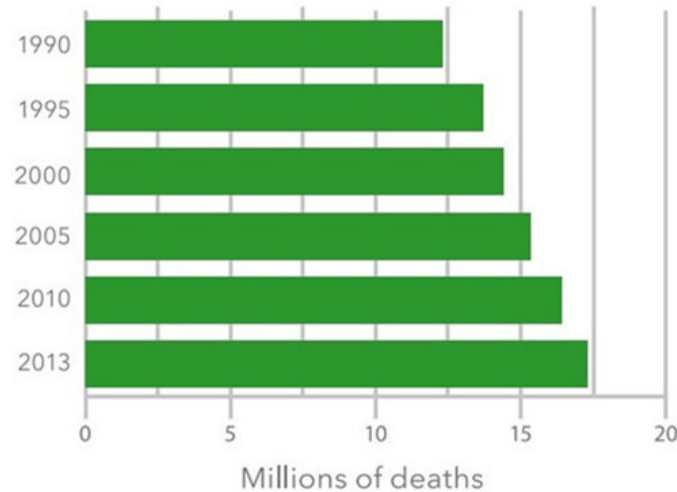


Market Analysis : Overseas Market

- Global market share
- Passed EU, WHO and PIC/S conformity
- Obtained market rights in overseas



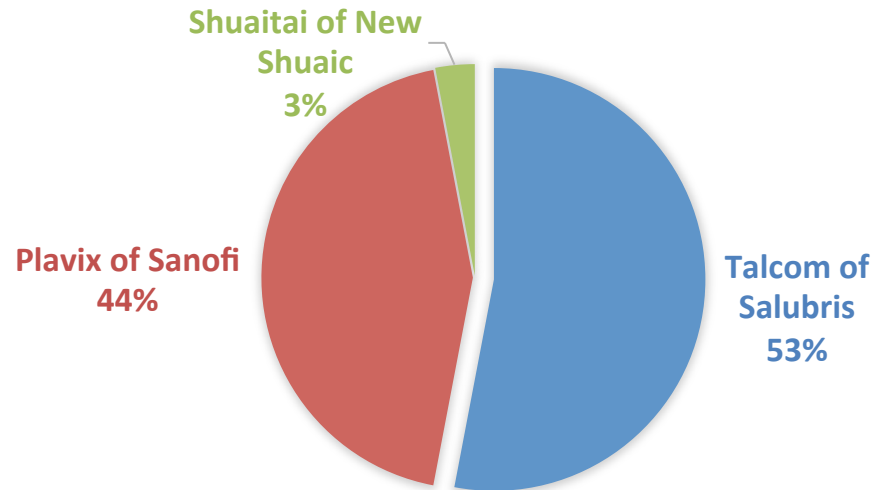
Global Deaths caused by Cardiovascular





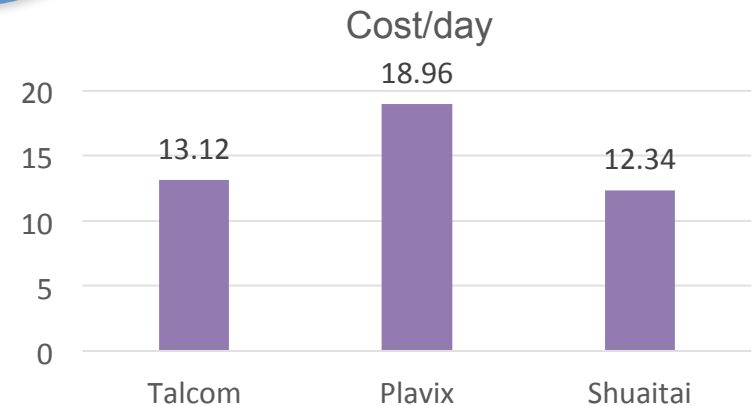
Competitors Analysis

Market Share of Clopidogrel Bisulfate in China



High quality with a price advantage

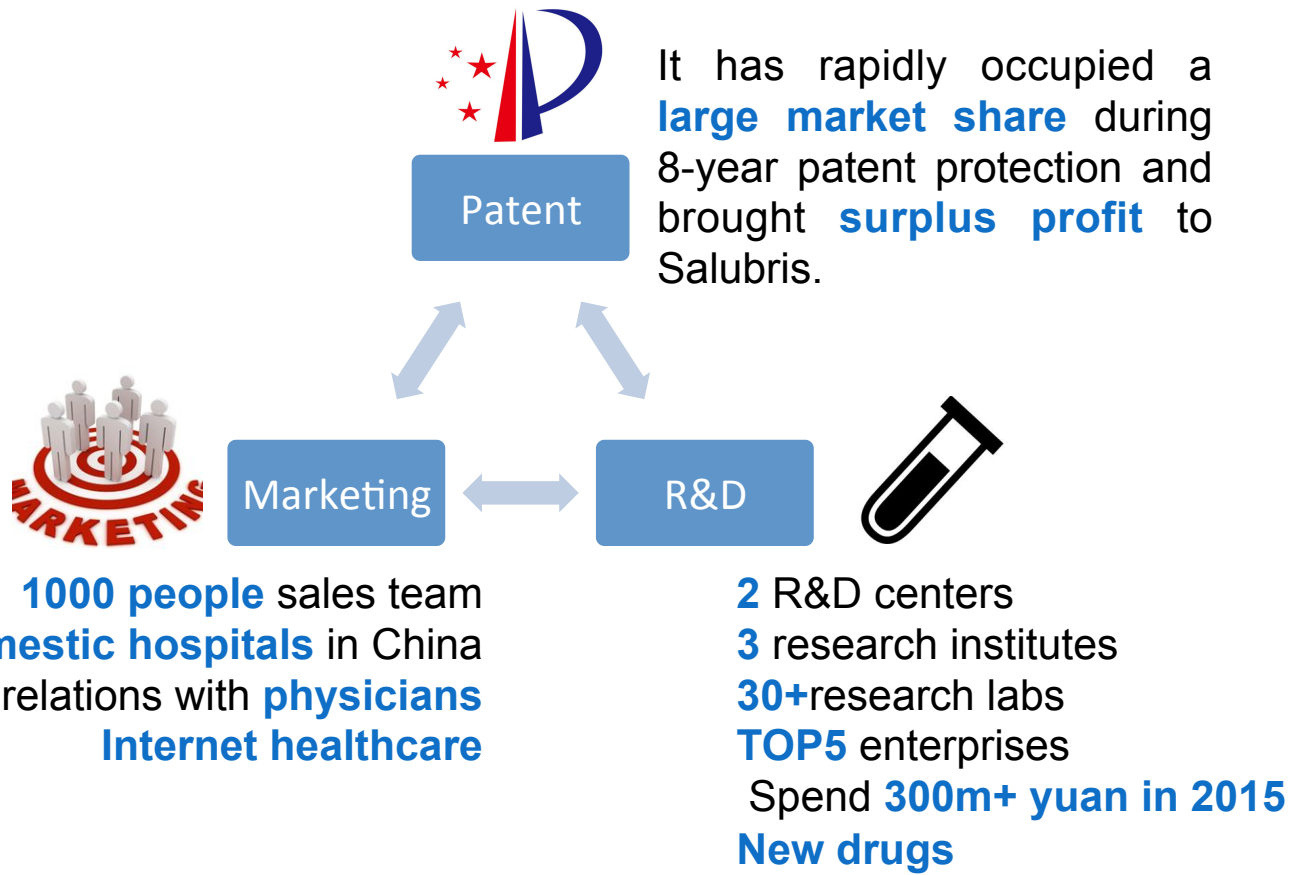
Talcom save **44.52%** cost per year compared with Sanofi.





Entry barriers

Strong entry barriers guarantee high profits for the company and make it difficult for potential competitors to enter the market.



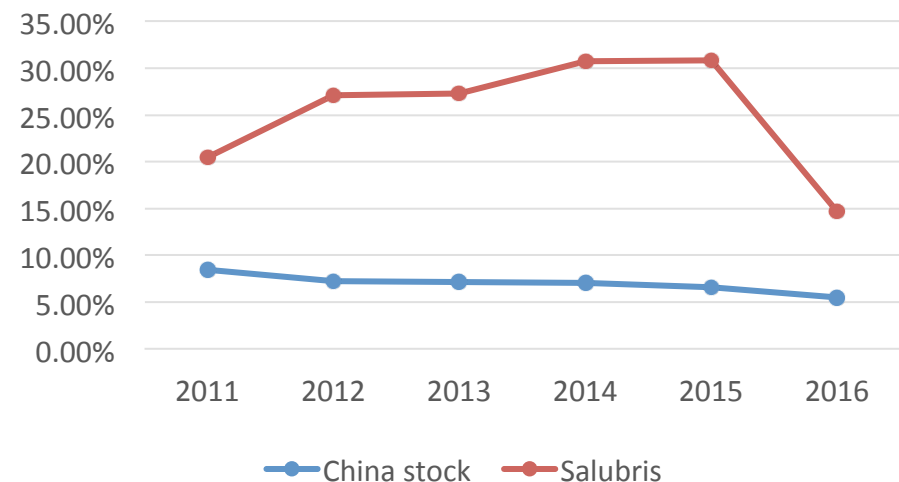
Financial Analysis

| financial information | 2014A | 2015A | 2016E | 2017E | 2018E |
|-----------------------|--------|--------|--------|--------|--------|
| Operating Income | 2883 | 3478 | 4083 | 4661 | 5359 |
| Operating Profit | 1207 | 1478 | 1730 | 2021 | 2390 |
| Net profit | 1042 | 1266 | 1489 | 1738 | 2049 |
| EPS(yuan) | 1 | 1.21 | 1.42 | 1.66 | 1.96 |
| Gross Profit rate | 73.50% | 73.80% | 74.20% | 75.20% | 76.40% |
| Net Profit rate | 36.20% | 36.40% | 36.50% | 37.30% | 38.20% |
| Net Assets | 30.20% | 30.30% | 29.70% | 29.10% | 28.80% |

Over Past 5 Years:

- Average operation revenues rate **>20%**
- Average gross profit rate: **73%**
- Average net profit rate: **36%**

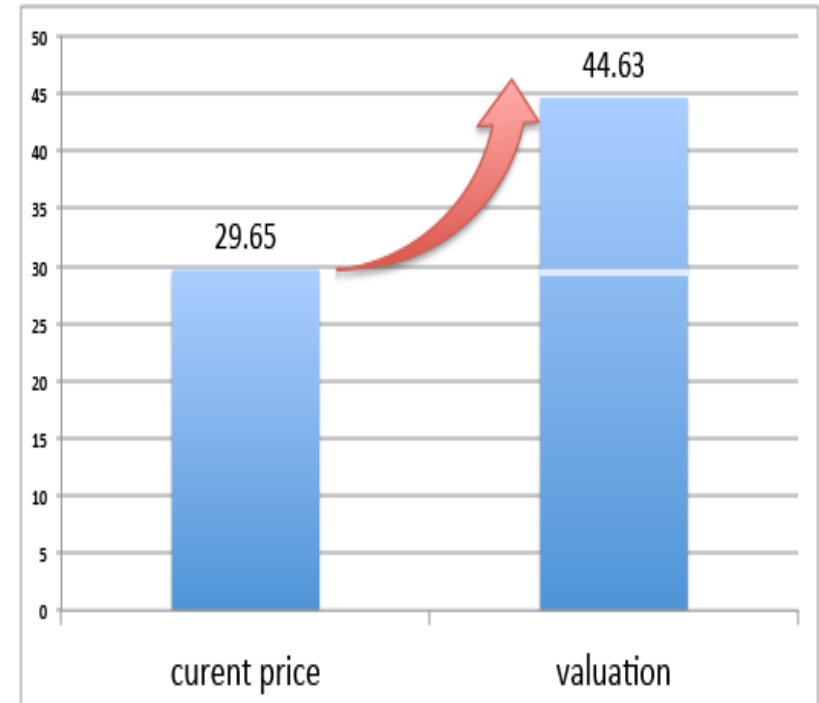
ROE Performance



Valuation

EV/EBITDA – Value per Share

| | |
|------------------------|-----------|
| Net Profit | 103,958 |
| (+) Depreciation | 29,220 |
| (+) Amortize | 3,740 |
| (+) Income Tax | 19,026 |
| (+) Financial Expenses | 2,309 |
| (=) EBITDA | 158,253 |
| (×) 30 | |
| EV | 4,747,590 |
| (-) Total liabilities | 107,210 |
| (=) | 4,640,380 |
| (/) Total Shares | 104,600 |
| (=) Value per Share | 44.36 |



NOT WANT TO BUY?



SWOT analysis

Strengths

- Over 50% of the market share
- Powerful and irreplaceable selling network
- Patent Protection
- New Technique barriers
- Talent management with international background

Weaknesses

- Uncertainties of clinical and production cycles
- short experiences in overseas market

Opportunities

- High Patient Quantity in China
- Aging Population Trend in China
- Popularisation of PCI operations in China
- Gained entry licence to european market

Threats

- New Competitors
- Change of gouvernement Policy
- Internet marketing challege

“The moat for enterprises will constantly widen every year, which does not mean profits of enterprises, then they surely will operate well in the long run.”

— Warren Buffet



THANK YOU! Time for Q/A