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# 2019 Q1 Earnings Call

May 16, 2019

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To build the largest integrated online and offline healthcare platform in China powered by technology

YI Nasdaq Listed





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## Section 1

# BUSINESS PERFORMANCE HIGHLIGHTS



# Consecutive Quarter of Solid Performance



Net Revenue

**+98.5%**

YoY

**+17.6%**

QoQ



Gross Profit

**-19.1%**

YoY

**+43.9%**

QoQ



Net Revenue of B2B Business

**+246.5%**

YoY

**+39.2%**

QoQ



Net Revenue of B2C Business

**-1.1%**

YoY

**-13.7%**

QoQ

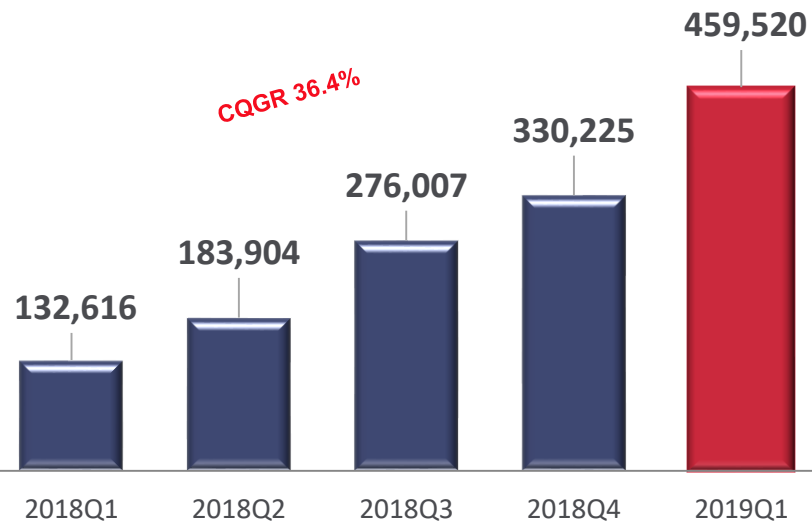


Note: Gross Profit = Net Revenue - COGS

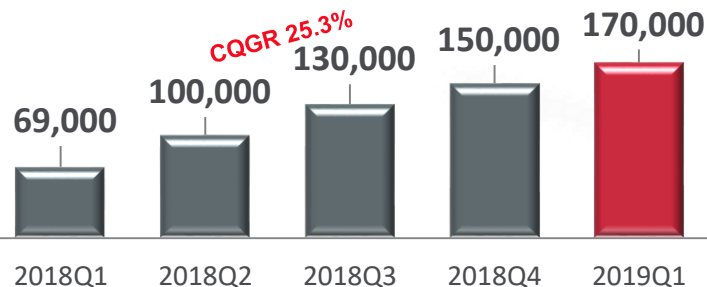
# Our Fast-expanding Client Base Drives Revenue Growth in B2B Segment

## REVENUE

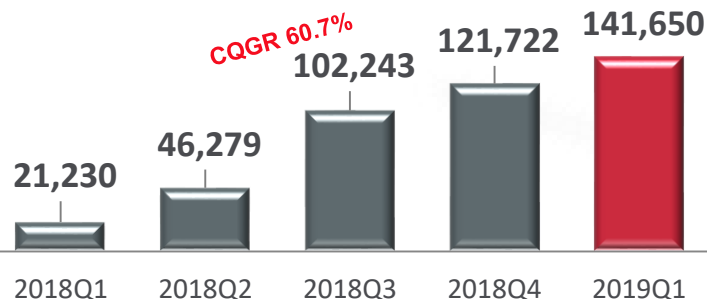
RMB: K



## NO. OF PHARMACIES



## NO. OF ORDERS



# Continue to Strengthen Our Ecosystem

Cost advantage via direct sourcing from 98 leading pharmaceutical companies

Lilly

Pfizer

Johnson's  
强生®



东阿  
阿胶  
DEEJ



康恩贝  
CONBA

KANGMEI

以岭药业

TAIJI

INOFA 英诺法

信  
SINE  
誼

江中

九芝堂

yuwell 鱼跃

Wondfo®  
万孚

New Strategic initiatives provide new levers for growth

- Co-hosted and presented at the “Internet + Healthcare” Development Summit during World Health Expo

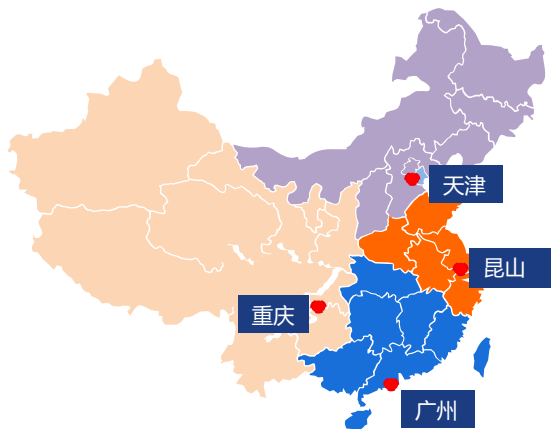
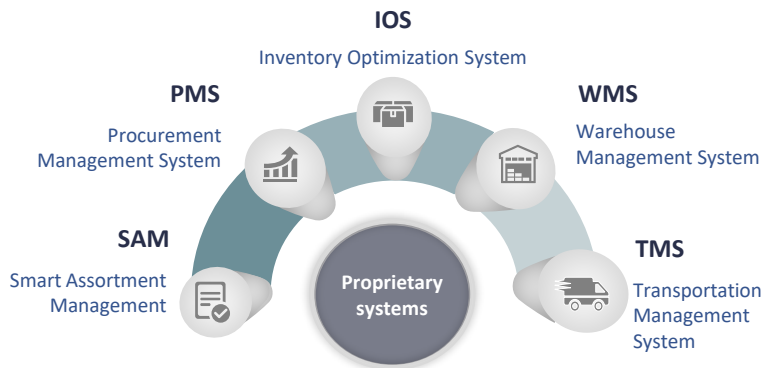


- Collaborate with Lilly in creating new solutions for pharmaceutical distribution

11 Inc.

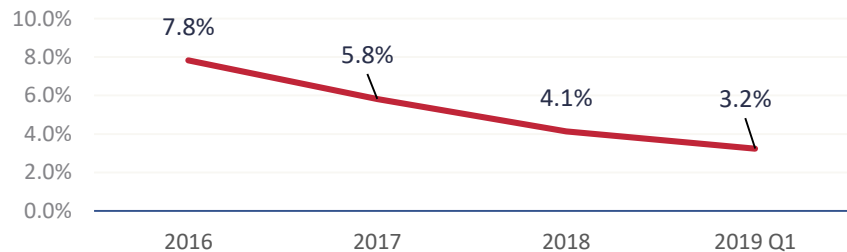
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## ... While Leverage Our Smart Supply Chain



### SUPPLY CHAIN MERTICS

— Fulfillment expenses/Net revenue



# Powered by Technology, We Are Doing Business Differently



a. APP



b. Physical Field Visit



c. Tele Sales



✓ Better understand pharmacies' shopping pattern and behavior via data analysis

✓ More effective and efficient ways to reach pharmacies

✓ Continuous improvement of customer experience by Smart Sourcing System



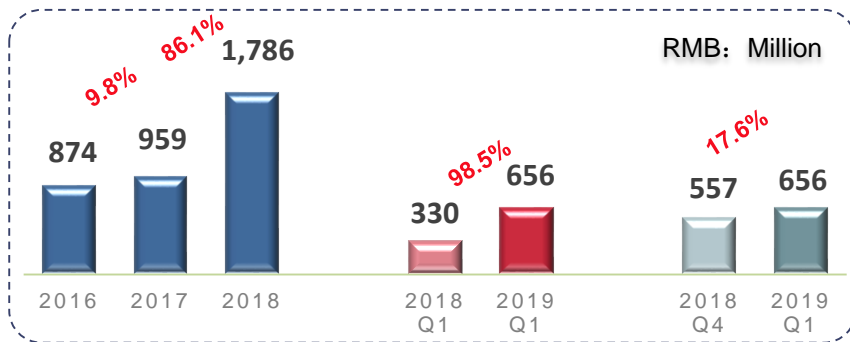
## Section 2

# FINANCIAL REVIEW

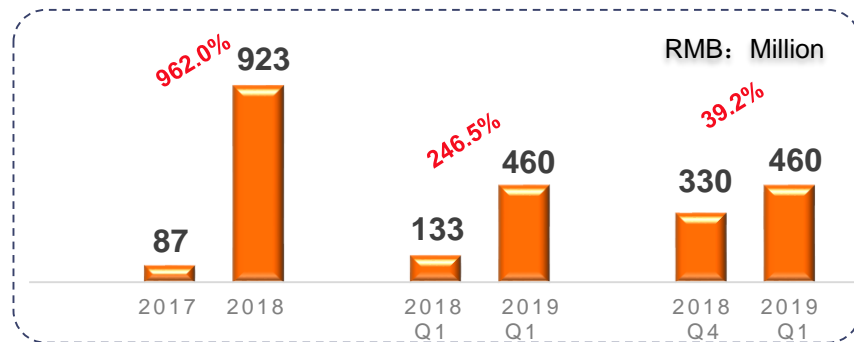


# Strong Top-line Performance Driven by B2B Segment...

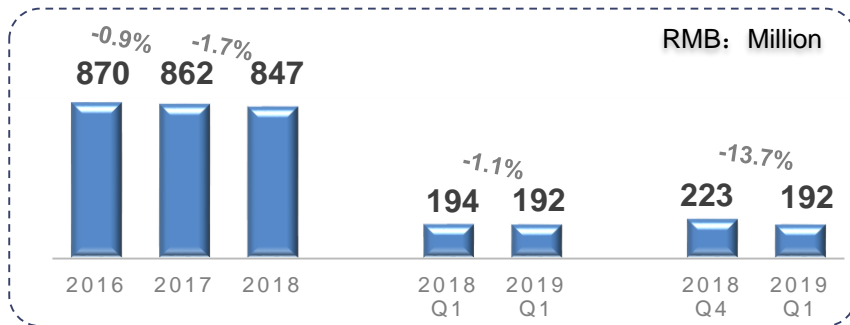
## REVENUE – TOTAL



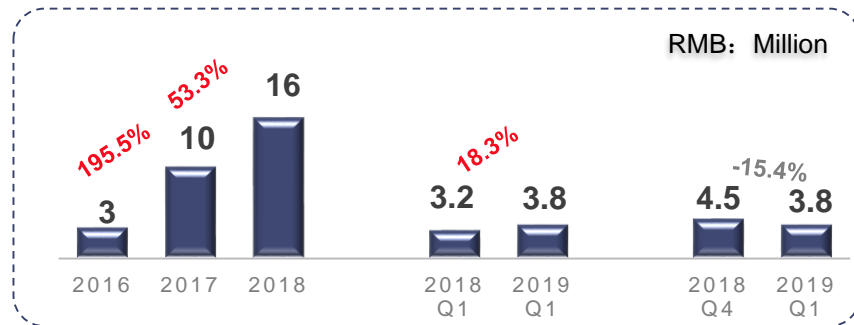
## REVENUE – B



## REVENUE – C

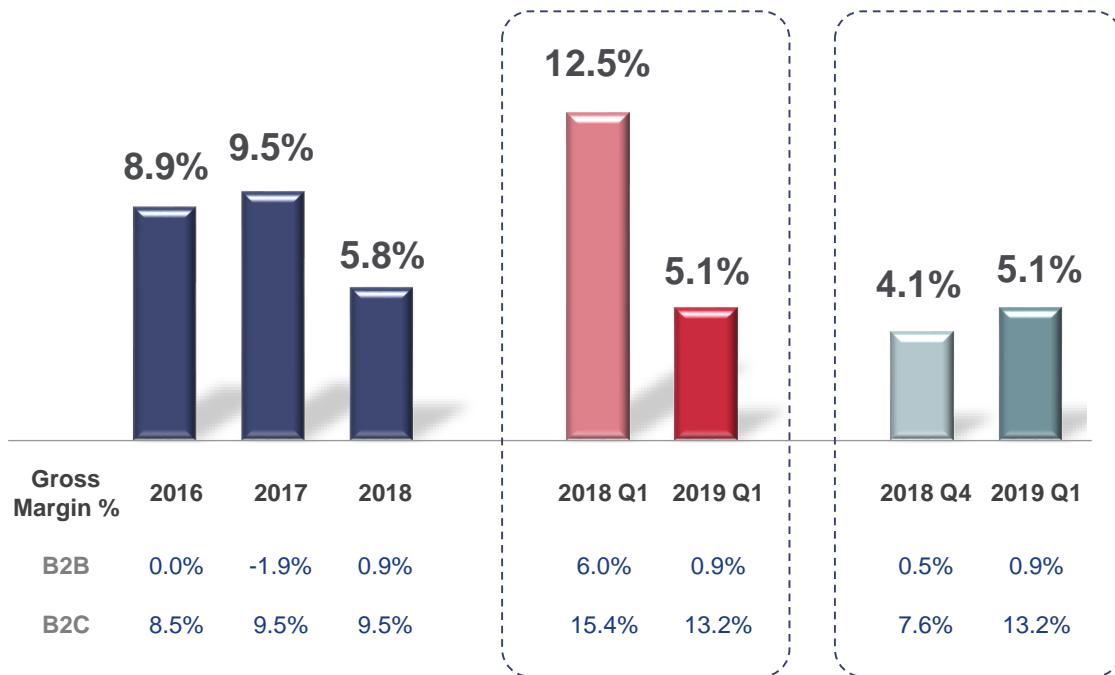


## REVENUE – Others



## And QoQ Gross Margin Improved for both B2B and B2C Segment

### Total Gross Margin %



# 100BPS

2019 Q1 up  
QoQ

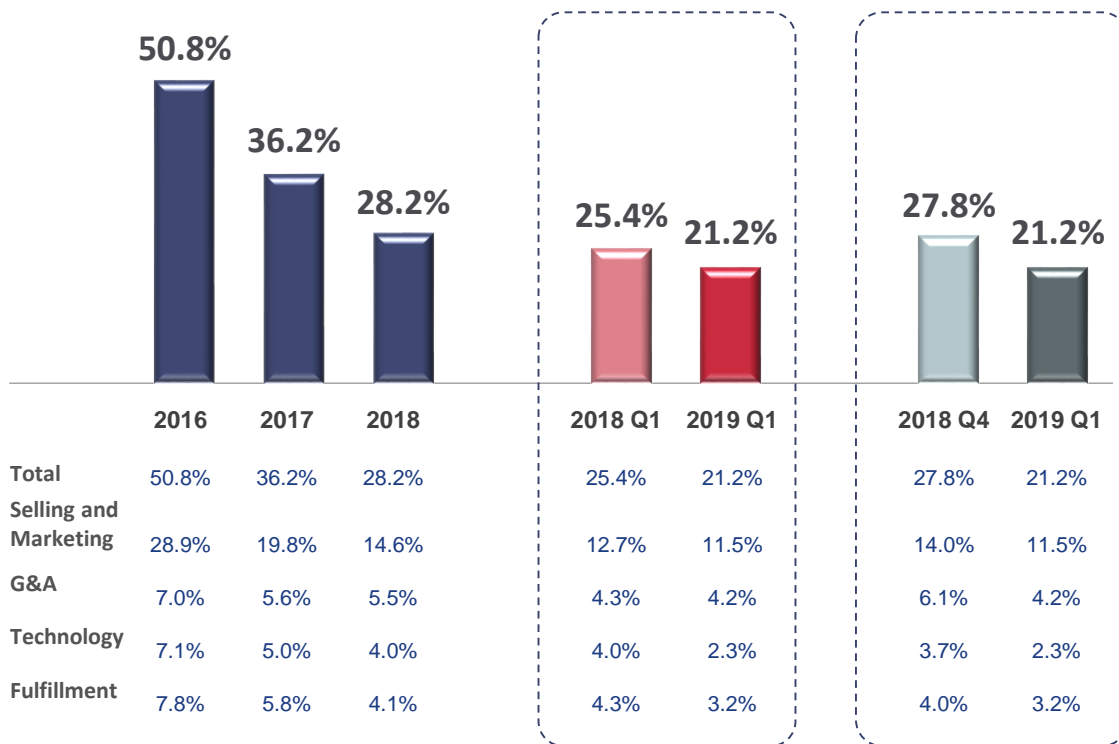
**11 Inc.**

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Note: Total Margin% = (Net Revenue – COGS)/Net Revenue, B2B Gross Margin% = (B2B Product Revenue – B2B COGS)/ B2B Revenue, B2C Gross Margin% = (B2C Product Revenue – B2C COGS)/B2C Revenue

# Operating Expense Decreased as % of Net Revenue

## OPERATING EXPENSE



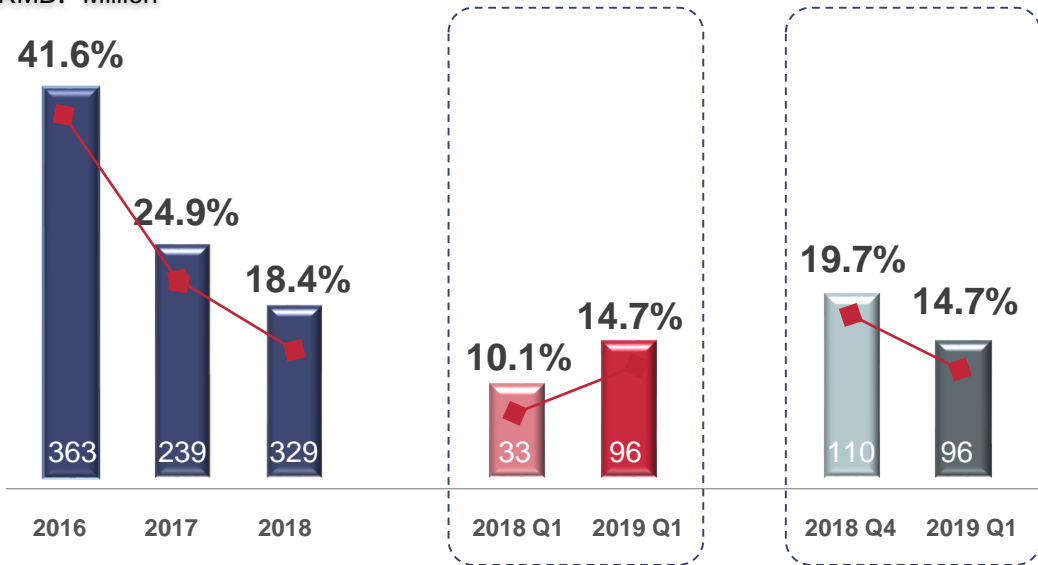
**660BPS**

2019 Q1 down  
QoQ

# Non-GAAP Net Loss Attributable to Ordinary Shareholders as % of Revenue Also Decreased QoQ

## NON-GAAP NET LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

RMB: Million



# 550BPS

2019 Q1 down  
QoQ

11 Inc.

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## Section 3

# 2019 Q2 GUIDANCE



## 2019 Q2 Guidance

For the second quarter of 2019, the Company expects total net revenues to be between **RMB770 million** and **RMB805 million**, representing year-over-year growth of approximately **92.1%** to **100.9%**.

## Section 4

# Appendix





# Selected Balance Sheet Summary

RMB '000	As of	
	December 31, 2018	March 31, 2019
Cash and cash equivalents, restrict cash and short-term investment	1,106,545	1,040,689
Total current assets	1,507,097	1,509,502
<b>Total assets</b>	<b>1,546,418</b>	<b>1,604,307</b>
Total current liabilities	314,519	459,843
<b>Total liabilities</b>	<b>322,654</b>	<b>508,102</b>
<b>111 Inc's Equity</b>	<b>1,224,276</b>	<b>1,097,130</b>
<b>Non-controlling interests</b>	<b>(512)</b>	<b>(925)</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,546,418</b>	<b>1,604,307</b>

# Selected Income Statement Summary

RMB '000	For the three months	
	Ended March 31,	
	2018	2019
Net Revenues	330,205	655,601
Cost of product sold	289,079	622,334
Fulfillment expenses	14,319	21,253
Selling and marketing expenses	41,996	75,461
General and administrative expenses	14,225	27,534
Technology expenses	13,182	15,030
<b>Loss from operations</b>	<b>(42,175)</b>	<b>(106,507)</b>
Interest expense (net) and other loss (net)	269	12,396
<b>Net Loss attributable to ordinary shareholders</b>	<b>(41,954)</b>	<b>(118,490)</b>
<b>Non-GAAP net Loss attributable to ordinary shareholders</b>	<b>(33,288)</b>	<b>(96,262)</b>

# Non-GAAP Financial Measures Reconciliation

## Non-GAAP Net Loss

	For the three months	
RMB '000	Ended March 31,	
	2018	2019
<b>Net loss attributable to 111 Inc</b>	<b>(41,954)</b>	<b>(118,490)</b>
Add:		
Share-based compensation		
Selling and marketing expenses	4,651	5,672
General and administrative expenses	3,097	3,979
Technology expenses	918	1,577
Impairment loss of long-term investment	-	11,000
<b>Non-GAAP Net Loss</b>	<b>(33,288)</b>	<b>(96,262)</b>