

# Ping An Healthcare and Technology Company Limited 2022 Annual Results

**March 2023 Shanghai · China**

**Stock Code: 01833.HK**



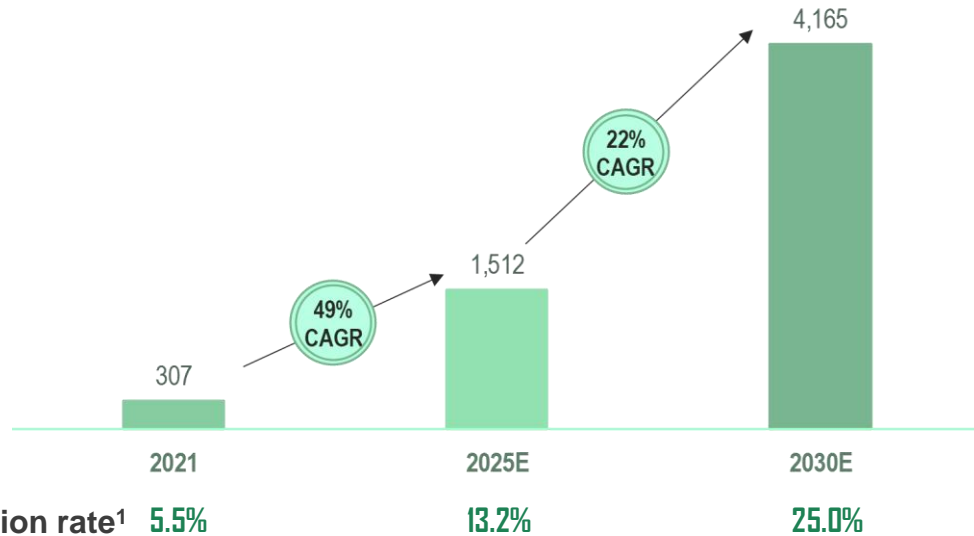
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# Enormous Opportunity: Rapid and Sound Development of the Digital Health Sector

## Rapid growth of China's digital health sector

(in RMB billion)



### Potential markets:

- ✓ National policy is aimed at encouraging **commercial insurers** to promote health management, allowing the relevant service cost limit to be raised to **20%** of net insurance premium
- ✓ Taking into account gross wages<sup>2</sup> of employees in China, based on disposable healthcare funds **5% of wages disburseable on supplementary medical insurance, 14% of wages** and 2% of wages disburseable on labor union funds, the corresponding theoretical corporate health management market size is likely to reach RMB3 trillion

Source: Frost & Sullivan

Notes: 1. Digital health expenditure as % of total healthcare spending; 2. Gross wages reached RMB16.4 trillion in China in 2020.

## Sound development driven by policies

### Continued policy support

- In January 2022, the *14<sup>th</sup> Five-Year Plan for the Development of a Digital Economy* was issued, confirming that digital health is an essential part of digital economy.
- In May 2022, the *14<sup>th</sup> Five Year Plan for National Health* was launched, which clearly defined the role of digital health in chronic disease management and medical services under the guidance of the Joint Prevention and Control Mechanism of the State Council.

### Reinforced regulations to promote compliance

- In February 2022, the *Regulatory Rules on Digital Diagnosis and Treatment (for Trial Implementation)* was promulgated, which further standardized the digital diagnosis and treatment from five aspects, i.e. **medical institutions, medical professionals, business activities, patient safety, and oversight.**
- In December 2022, the *Measures for the Supervision and Administration of Online Sales of Drugs* and the *List of Dugs Banned from Online Sales (1<sup>st</sup> Version)* announced by the National Medical Products Administration started to take effective. They **specified the requirements for online drug sales** and promoted refined management of the drug supply chain.



# Flagship of the Ecosystem: As the Flagship of the Healthcare Ecosystem, Help Ping An Group Provide “Heartwarming Financial Services”

Ping An Group continued to advance its technology-driven “integrated finance + healthcare” strategy by launching an innovative “managed care” business model with Chinese characteristics. Ping An Health is the **flagship** of Ping An Group’s healthcare ecosystem.



Empowerment and support  
Flagship of the ecosystem

## Empowering Ping An Health

- Corporate clients:** 70 million<sup>1</sup> employees from high quality large and medium-sized corporate clients
- Individual users:** a large base, ~228 million<sup>2</sup> retail financial users
- Technological empowerment:** strong technological platforms, large databases, information security and customer privacy protection level same as financial sector

## Supporting Ping An Group


- Assist in customer acquisition:** drive competitive differentiation, customer acquisition and conversion
- Enhance customer stickiness:** improves customer stickiness and persistency ratio
- Increase business size:** increase insurance upselling, written premiums and bank AUM

Notes: 1. As of September 30, 2021, the number of employees in the enterprises (with a headcount of at least 500, or registered capital of at least RMB500 million) covered by Ping An Group was 70 million; 2. Source: Ping An Group’s Q3 2022 Results.



# Managed Care: An Integral Part of Ping An Group's Managed Care Model with Chinese Characteristics

<b>Payers</b>	A wide customer base from Ping An Group's commercial insurance, corporate clients and individual customers	
Commercial insurance	<ul style="list-style-type: none"> <li>Over <b>RMB140 billion*</b> in health insurance premium</li> <li>A <b>leading health insurance company</b> in China</li> </ul>	
+		
Enterprises	<b>70 million</b> employees <sup>1</sup> served	
+		
Individuals	<b>~228 million</b> users** of Ping An Group's integrated financial services	
Ping An Annuity	Ping An Property & Casualty	Ping An Bank
Ping An Health Insurance	Ping An Life	...

	<b>Service providers</b>	An online + offline healthcare service network centering around Ping An Health
Online	<b>平安健康</b>	<ul style="list-style-type: none"> <li><b>Five scenarios</b>, i.e. health, sub-health, disease, chronic disease and elderly care</li> <li><b>49,000+</b> in-house/contracted external doctors team</li> </ul>
	<b>平安健康</b> 	<ul style="list-style-type: none"> <li><b>10,000+</b> hospitals**, <b>224,000</b> pharmacies</li> <li><b>100,000+</b> health service providers</li> </ul>
Offline	<b>平安好医</b>	

Ping An Technology	Ping An Global Voyager Fund	One of the world leaders in medical databases	A world leader in cumulative digital medical patent applications
Ping An Overseas Holdings			

Notes: \* Source: Ping An Group's 2021 Annual Results; \*\* Source: Ping An Group's Q3 2022 Results;  
 1. As of September 30, 2021, the number of employees in the enterprises (with a headcount of at least 500, or registered capital of at least RMB500 million) covered by Ping An Group was 70 million.

# ➤ Ping An Health's Strategic Panorama: Implementing the Managed Care Strategy through the "3+1+3" Model

Value proposition: worry-free, time-saving, and money-saving

¥ 3 payers for managed care

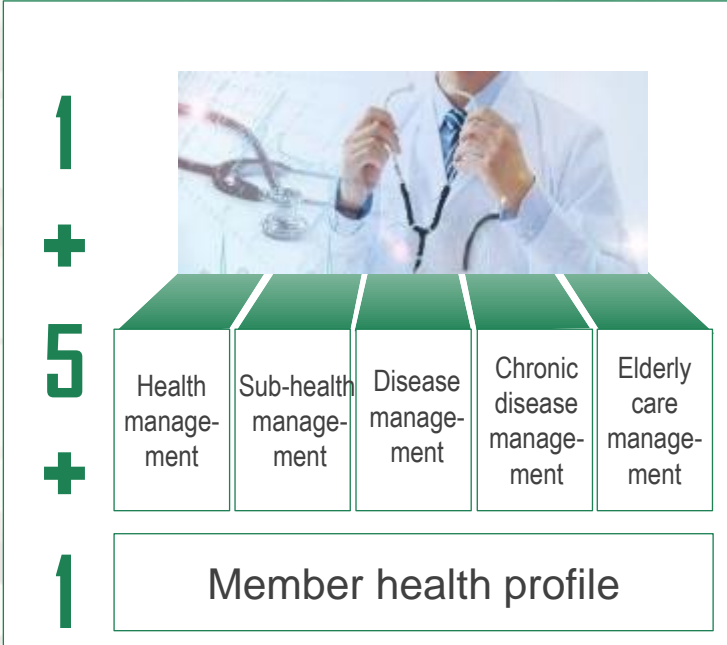
Payers	Models
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<b>F-end</b> (Integrated financial service users)	<b>Finance + Services</b> e.g. life insurance and health insurance
<b>B-end</b> (Enterprises)	<b>Two marketing channels</b> Ping An Group's channels Ping An Health's own channels
<b>C-end</b> (Individuals)	<b>B2C/F2C/2C</b>

👨‍⚕️ 1 family doctor membership

"1+5+1" family doctor

Traffic attracted  
➔  
Needs met  
←



Integrated management  
➔  
Services provided  
←

🌸 3 O2O services

Medical services	Health services
------------------	-----------------

<b>Online</b>	Ping An Health's medical specialties and health management service providers
<b>In-store</b>	Hospitals, pharmacies, checkup centers, and laboratory testing centers
<b>Home /Workplace -delivered</b>	Drug delivery, medical care, and laboratory testing service providers



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# ➤ LTM Paying Users



**LTM paying users\***



**F-end LTM paying users\***



**B-end LTM paying users\***

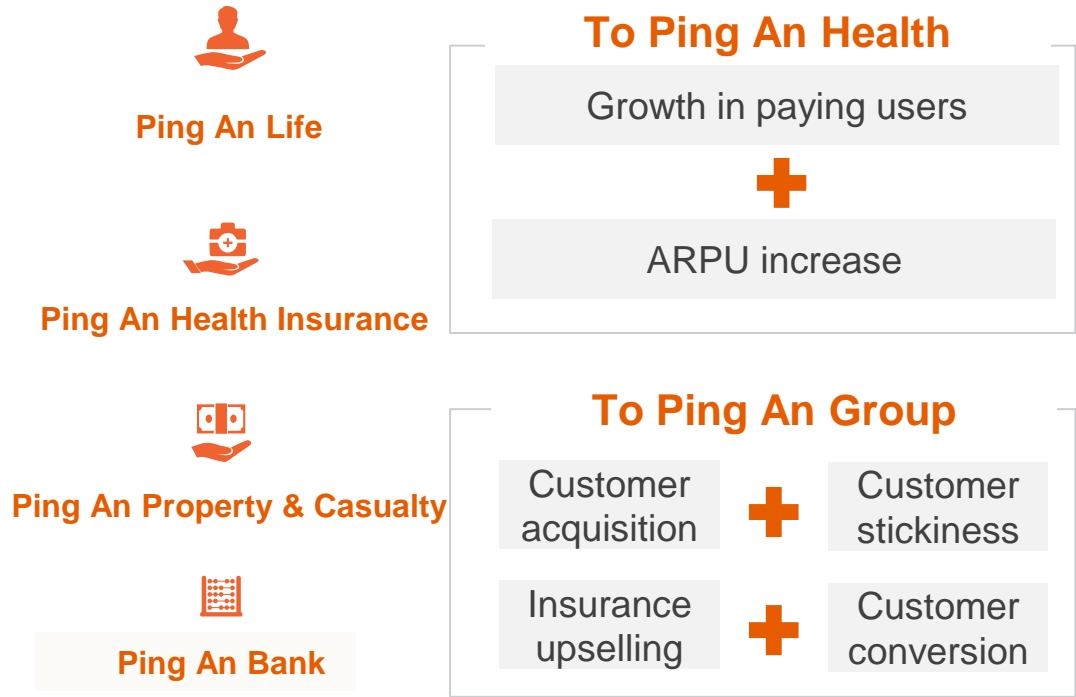
Notes: 1. Year-on-year change refers to the LTM data as of December 31, 2022 vs the LTM data as of December 31, 2021;

\* LTM paying users refers to the number of users who purchased our products or services through mobile apps, WAP or plug-in channels at least once over the past 12 months from January 1, 2022 to December 31, 2022.



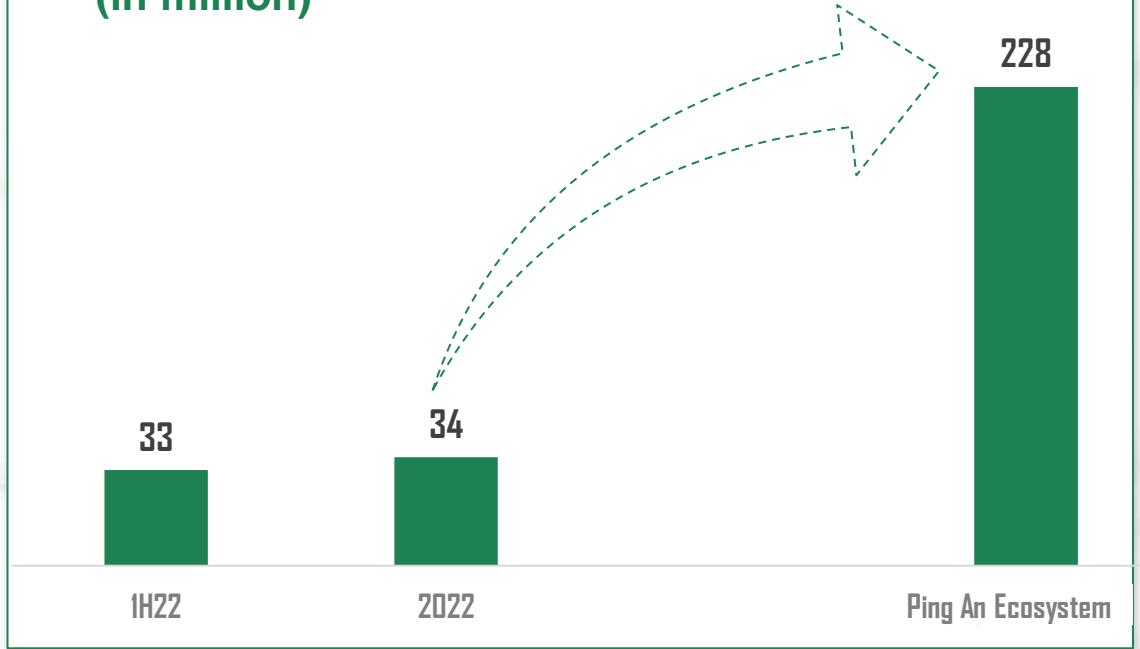
# F-end: Providing “Heartwarming Financial Services” by Integration into the Scenarios of Ping An Group’s Integrated Financial Businesses

Strategic synergies with Ping An Group’s integrated financial channels



At present, Ping An Health has a penetration rate of 15% as to F-end paying users in Ping An Group, indicating considerable growth potential

(in million)

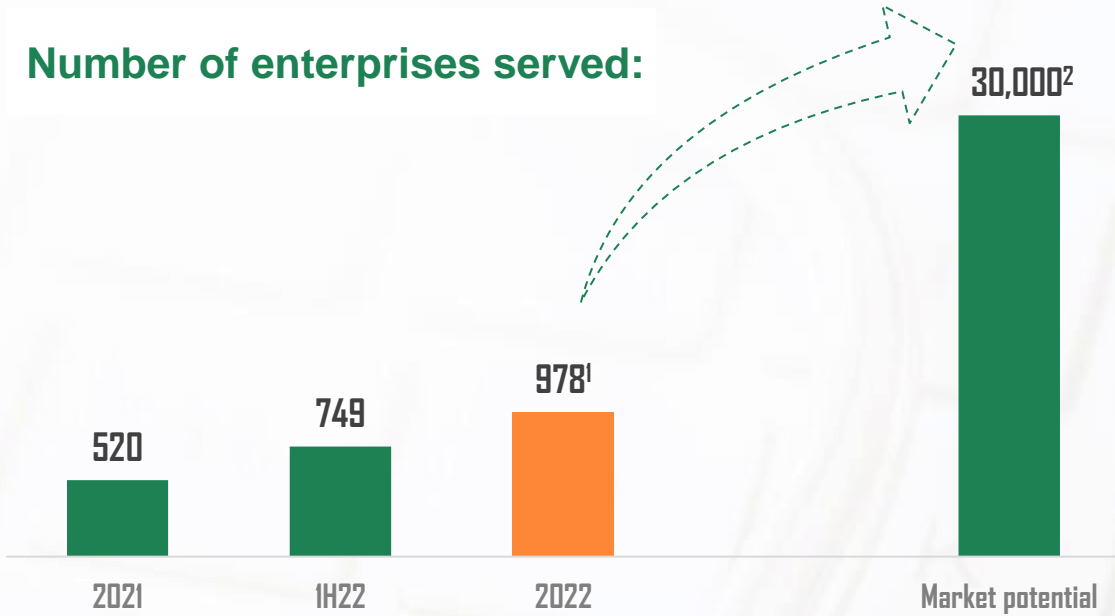


<b>Potential market</b>	Financial users in the country ~700 million <sup>1</sup>	Financial retail users at Ping An ~228 million <sup>2</sup>
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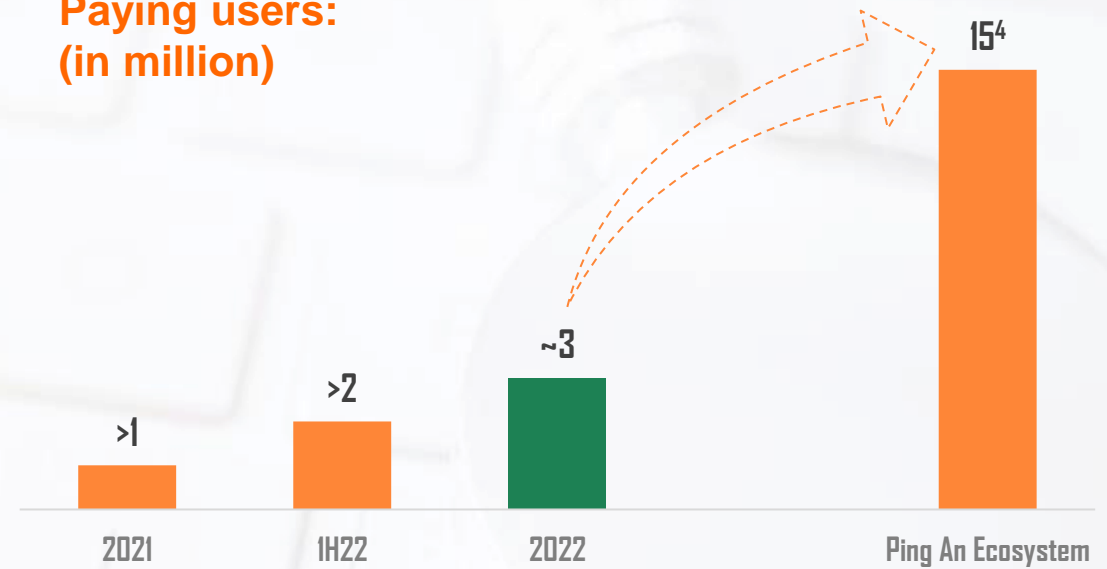
Notes: 1. Estimation is based on BCG’s data on the number of bank card holders as of June 30, 2021;  
2.Source: Ping An Group’s Q3 2022 Results.

# ➤ B-end: Providing Full-scenario Solutions to Increase Penetration Rate of Employees and Customers of Enterprises

Number of enterprises served:



Paying users:  
(in million)



~90%

Renewal rate of the existing large-sized corporate clients<sup>3</sup>

~20%

Ping An Health's penetrate rate<sup>5</sup> in employees of corporate clients that paid for healthcare services covered by Ping An Group

Two channels for customer acquisition



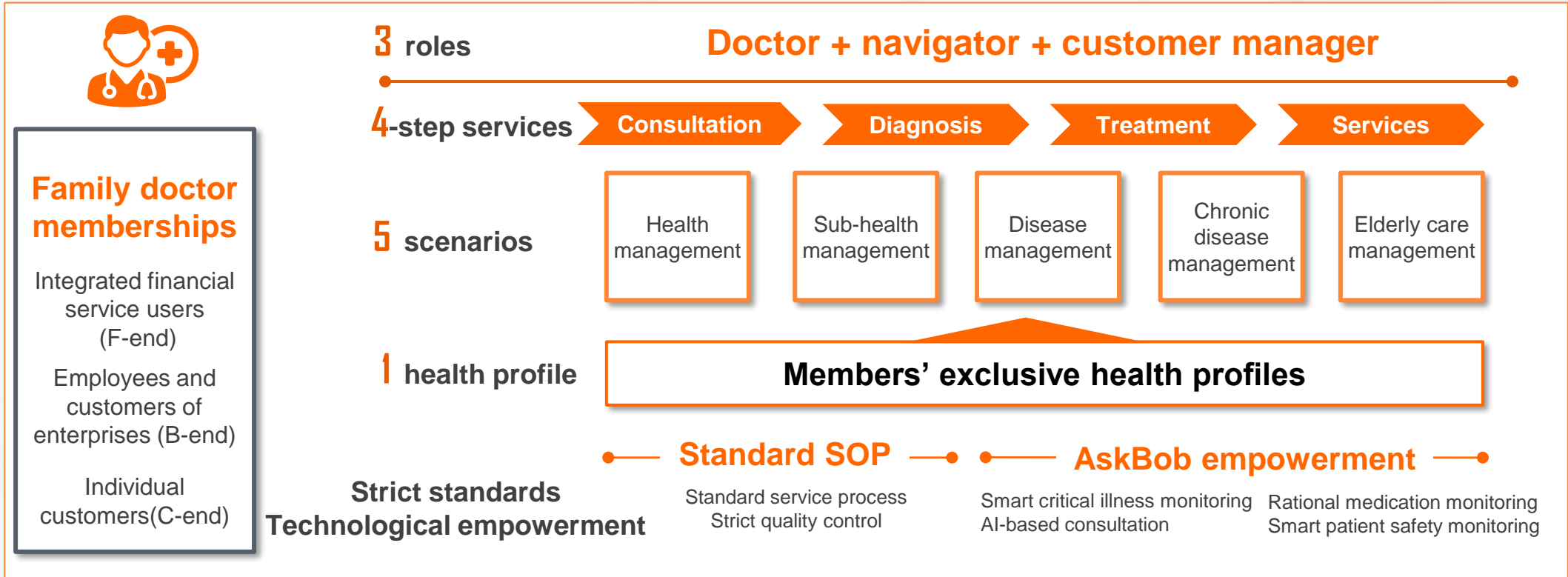
Synergize with Ping An Group



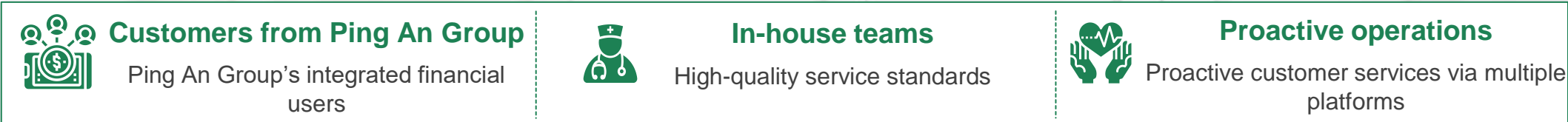
Independent development

Notes: 1. Cumulative number of enterprises served as of December 31, 2022; 2. Number of corporate clients that paid for healthcare services covered by Ping An Group in 1H2022; 3. Enterprises with a headcount of over 3000; 4. Number of employees covered by Ping An Group's corporate clients that paid for healthcare services in 1H2022; 5. LTM B-end paying users/employees of the enterprises that paid for healthcare services covered by Ping An Group.

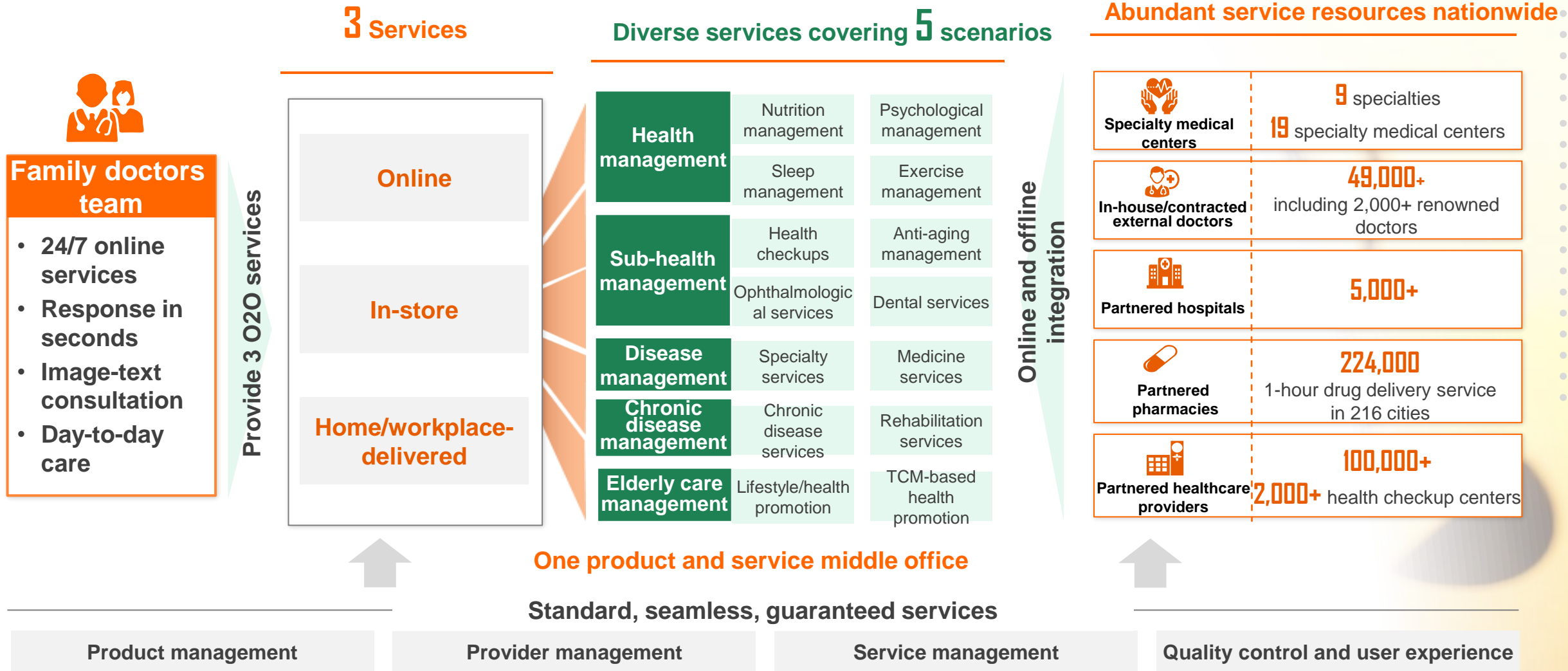
# Family Doctor Memberships: In-house Doctors and Professional Navigators, Providing Online + Offline Medical and Health Services



## Differentiated advantages



# O2O: Enhanced Service Capabilities with the Continuously Expanding Service Network, Covering “Online, In-store, and Home/Workplace-delivered” Scenarios





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# Case I- A Company's Employee Health Management Program: Providing Healthcare Services for Employees

## Demand + exclusive scenarios

### Connection

- Confirm corporate demands

### Preparations

- Understand corporate and employee profiles
- Confirm payment methods
- Prepare user manuals

### Applications

- Exclusive APP
- Hao Fu Li Mall
- Ping An Life's official WeChat

## Continuously tailored operations

### Online & offline

- **Online:** WeChat
- **Offline:** Workplace

### 3 operations plans

- Tailored online activities
- Promotion by dedicated teams
- Support by backup operation plans

### Continuously operations

- Application scenarios
- Commodity strategy
- Service mechanism

## Enjoy health with drugs/commodities on exclusive offer

### Health mall



### Tailored services

Provide premium package and family package editions; High-quality services, benefits for the whole family



### Corporate benefit mall

18.87 million

Project revenue<sup>1</sup>

29%

Paying users (%)

# Case 2- Collaboration with A Bank: Empowering “Heartwarming Financial Services”, through Providing Comprehensive Healthcare Services for the Bank’s Customers

Provide diverse healthcare services for the bank’s customers

Help provide “Heartwarming Financial Services”, achieving two-way empowerment

**Renowned Doctors’ Services**  
Online+offline one-stop services: Arrange outpatient consultation with renowned doctors, hospitalization assistance, lectures, livestream services

**Online Consultations**  
Image-text, audio/video consultation; 24/7 online services

**Health Checkup Services**  
Before, during and post checkups full process services: various package selections, interpretation of checkup report, post-examination health management



**Empower the Bank**  
Increased PB AUM by **RMB30+ billion**  
(From May to December,2022)

**Value of Ping An Health**  
Private Banking Clients Served in 2022  
**Over 10,000 times**  
Arrangement Rate **100%**  
Success Cases **700+**



**10,000+ times**  
PB Clients Served

**100%**  
Arrangement rate

**RMB30+billion**  
PB’s AUM increased

# Case 3 - Corporate Client Benefits: Integrating Smart Hardware with Healthcare Services

## Collaboration background

### Enterprise profile

A leading continuous glucose monitor developer and producer in China

### Enterprises' pain points

Customer experience to be improved, weak brand awareness and market influence as it only produces CGMs without providing follow-up health management services

### User's demands

Fully boost product competitiveness and brand image



Exclusive order fulfillment page

## Services

### A three-level solution

- **Consultation service package:** blood glucose analysis, report interpretation, and nutrition advice
- **Proactive service package:** proactive services and renowned doctors' services in addition to the consultation service package
- **Sugar control program:** full-year service, along with the consultation service package and active service package

Interactions per capita<sup>1</sup>

30 rounds

Positive reviews given by users<sup>2</sup>

1,000+

Notes: 1.Interactions per capita in 21 days;  
2.Including thank-you videos, appreciation letters and thank-you gifts.

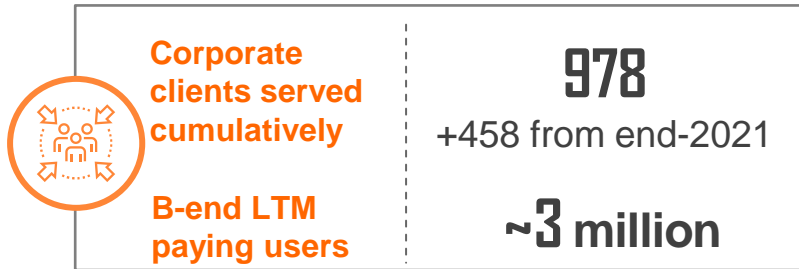
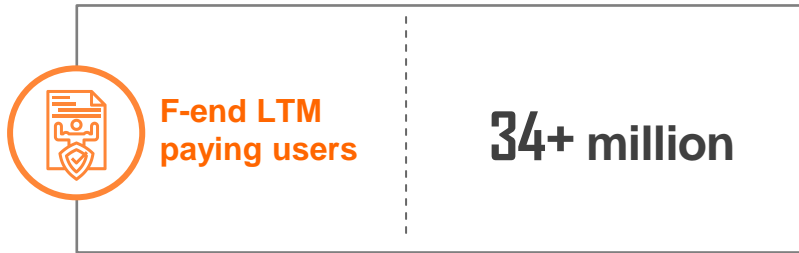


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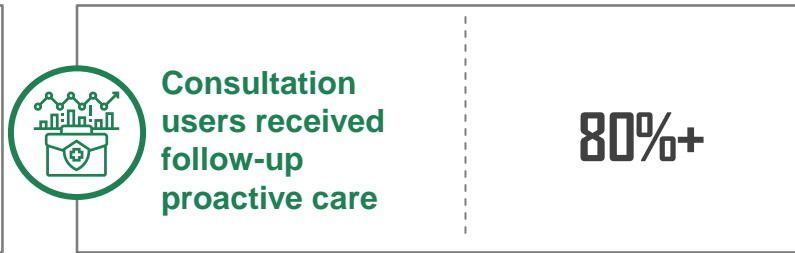
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# Performances: Effective Implementation of the Strategy 2.0 Continuum Began to Show Results

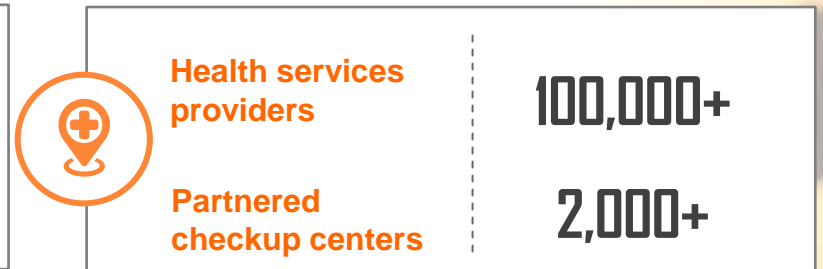
## Payers for managed care



## Family doctor memberships



## O2O services



# Financial Results (1/3): The Quality of Operations Steadily Improved and Net Loss for the Year Sharply Narrowed

## Financial performances

(in RMB million)	2022	2021	YoY change
Revenue	6,160	7,334	(16.0%)
Gross profit	1,685	1,707	(1.3%)
Gross margin	27.3%	23.3%	+4.0 pps
Expenses <sup>1</sup>	(2,854)	(3,603)	(20.8%)
<i>Of which, selling and marketing expenses ratio</i>	<i>17.9%</i>	<i>24.0%</i>	<i>(6.0 pps)</i>
Net loss	(611)	(1,539)	(60.3%)

## Financial highlights



Total revenue in 2H2022 **grew by 17.8% compared with 1H2022**; Of which, revenue from medical services grew by **20.7% YoY and 25.1% HoH** respectively



Gross margin was **up by 4.0 pps YoY** in 2022 owing to an improved revenue structure



Selling and marketing expenses ratio **narrowed by 6.0 pps YoY** in 2022 owing to increased cost-effectiveness



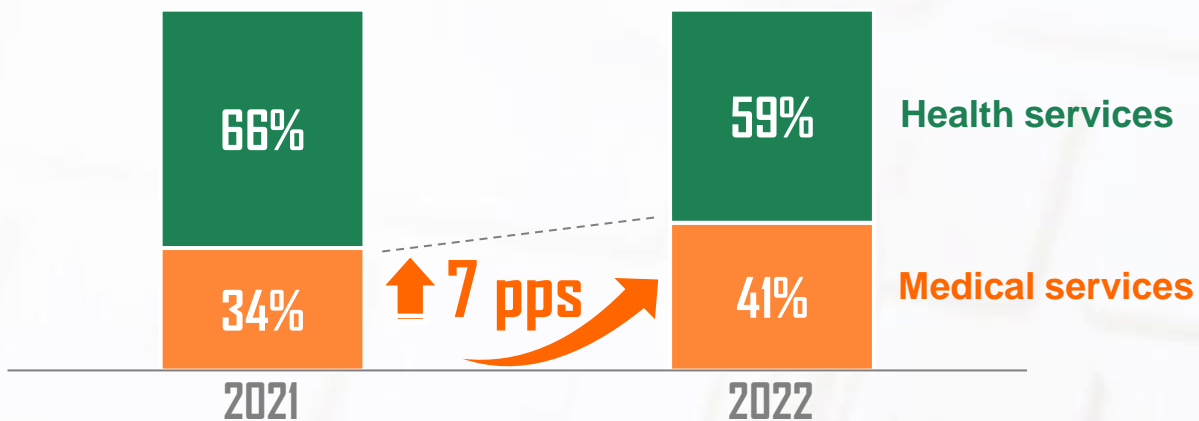
Net loss **sharply narrowed by 60.3% YoY** to **RMB611 million**

Note:1. Including selling and marketing expenses, and administrative expenses.  
 Figures may not match the calculation due to the rounding.

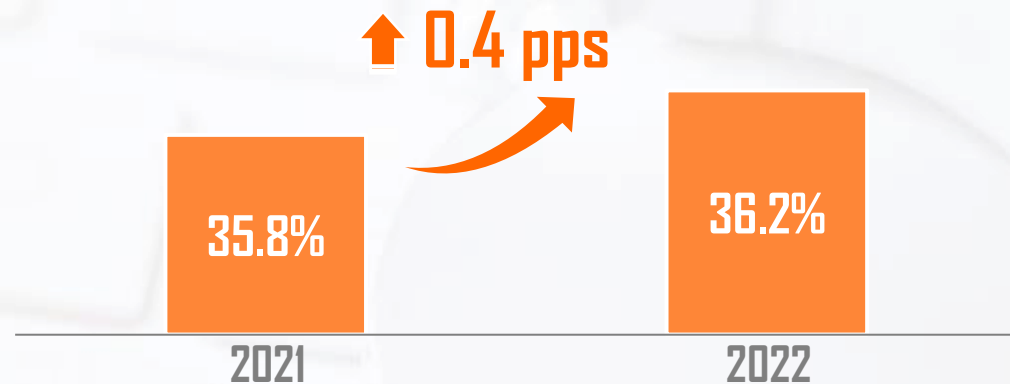
# Financial Results (2/3): Core Financial Indicators of Medical Services 平安健康

## Kept Improving

### Increase in revenue from medical services

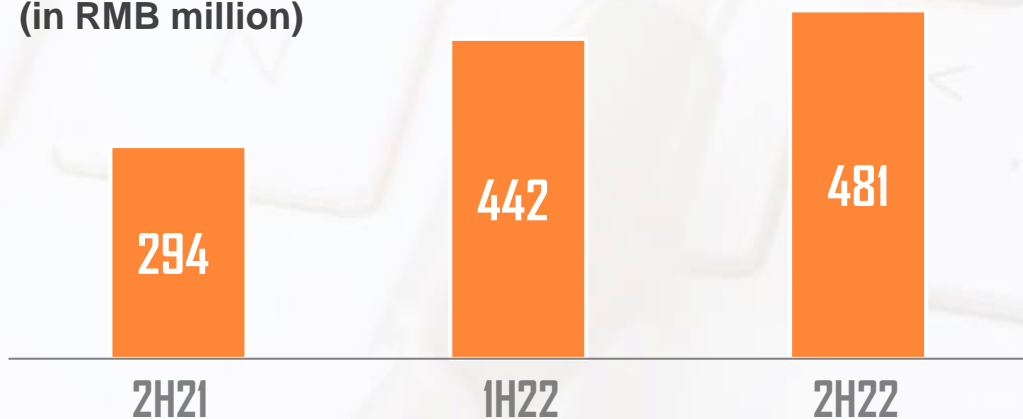


### Continuous Increase in gross margin of medical services

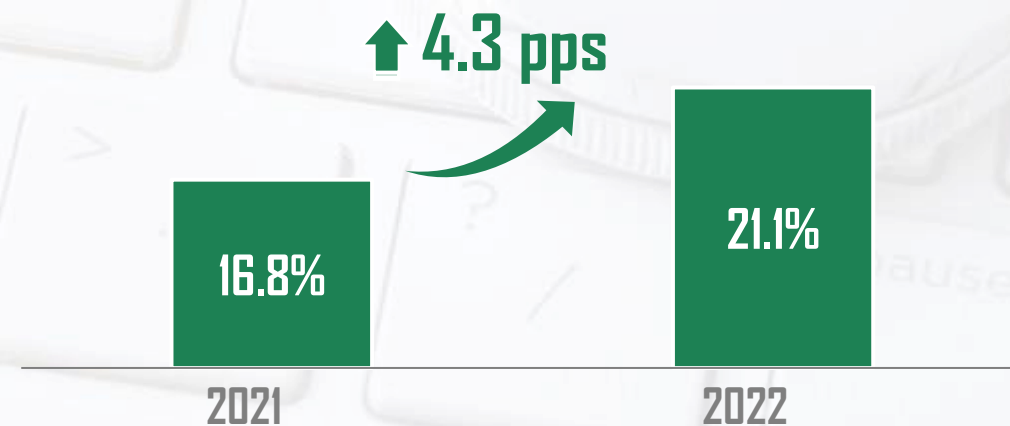


### Semiannual increase in gross profit of medical services

(in RMB million)



### Sharp increase in gross margin of health services

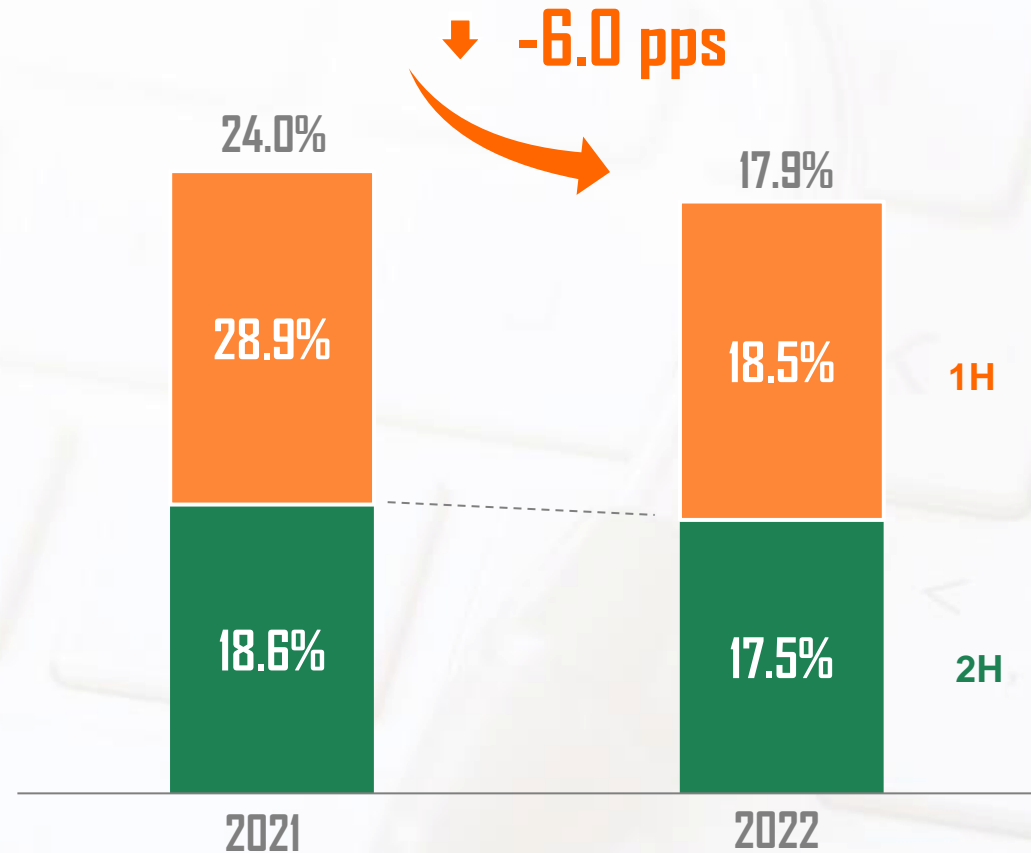


Note: Figures may not match the calculation due to the rounding.



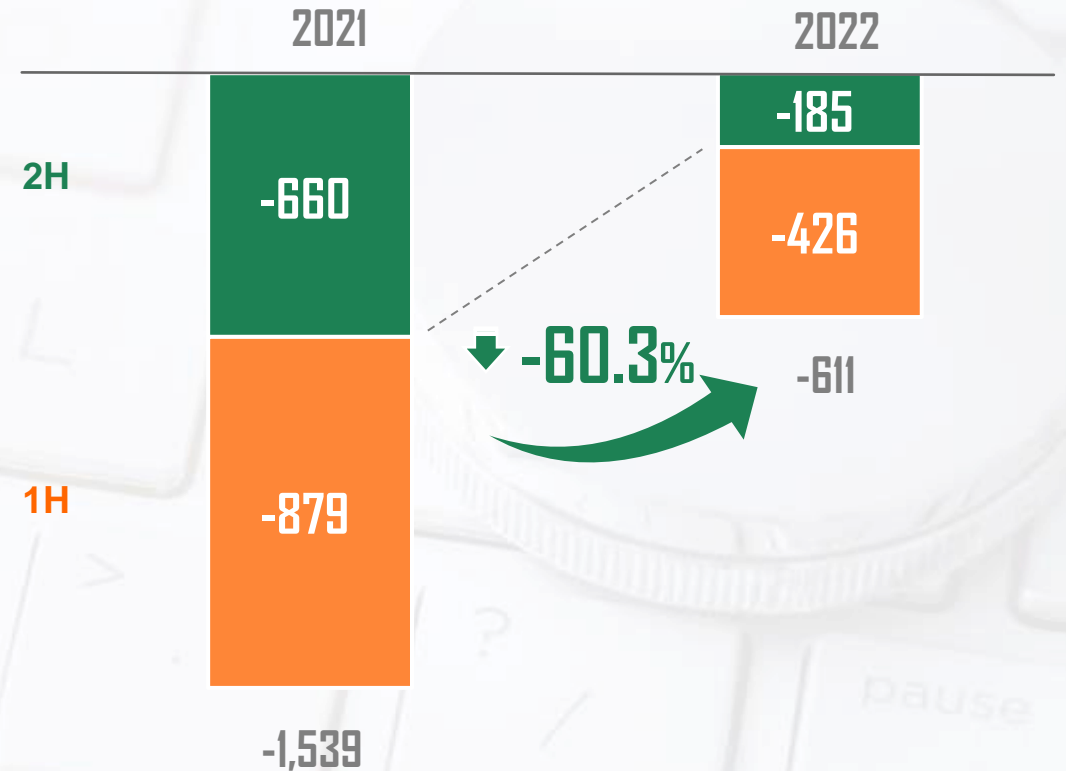
# Financial Results (3/3): Net Loss for the Year Sharply Narrowed due to Optimized Business Structure and Increased Cost-effectiveness

Selling and marketing expenses ratio continued to narrow



Net loss narrowed on a YoY basis

(in RMB million)



Note: Figures may not match the calculation due to the rounding.

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# ➤ A-rating in MSCI ESG for 2 Consecutive Years

## Improved Scores in MSCI ESG

## ESG Performance Highlights



### Carbon Emissions Issue Score ↑30%

Outshine peers in carbon emission management initiatives

### Labor Management Issue Score ↑25%

Well-defined policies on labor rights protection in main business

### Corporate Behavior Issue Score ↑22%

Implementation of business ethics policies and practice

### Promoted medical science popularization, drove medical inclusion

- Actively responded to the call for rural revitalization, promoted the spreading of medical resources, and improved the level of medical services and health literacy of residents in less developed areas
- Actively cooperated within the ecological chain and accelerated the spread of medical and health services to more people

### Technological empowered, highly value the data security and privacy protection

- Via digital medical services and other high-tech means to improve access to medical resources, connecting the supply and demand
- Passed ISO/IEC 27001(information security management system certification), ISO/IEC 27701(privacy information management system certification), and obtained TLC certification for data security management capability of MIIT

### Optimized the ESG management system, practiced sound and integrity operation

- Improved the ESG governance framework to refine anti-corruption and anti-fraud mechanisms
- Formulated the *Comprehensive Risk Management Measures* and the *Risk Preference Management* and other risk control specifications, to improve the internal control system

## ➤ Cautionary Statements Regarding Forward looking Statements

To the extent any statements made in this report contain information that is not historical, these statements are essentially forward-looking. These forward-looking statements include but are not limited to projections, targets, estimates and business plans that the Company expects or anticipates will or may occur in the future. These forward-looking statements are subject to known and unknown risks and uncertainties that may be general or specific. Certain statements, such as those containing the words or phrases “potential”, “estimates”, “expects”, “anticipates”, “objective”, “intends”, “plans”, “believes”, “will”, “may”, “should”, and similar expressions or variations on such expressions may be considered forward-looking statements.

Readers should be cautioned that a variety of factors, many of which are beyond the Company’s control, affect the performance, operations and results of the Company, and could cause actual results to differ materially from the expectations expressed in any of the Company’s forward-looking statements. These factors include, but are not limited to, exchange rate fluctuations, market shares, industry competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions and other risks and factors beyond our control. These and other factors should be considered carefully and readers should not place undue reliance on the Company’s forward-looking statements. In addition, the Company undertakes no obligation to publicly update or revise any forward-looking statement that is contained in this report as a result of new information, future events or otherwise. None of the Company, or any of its employees or affiliates is responsible for, or is making, any representations concerning the future performance of the Company.



To provide every enterprise with a harmonious workplace

To provide every family with a dedicated doctor

To provide every user with a safe and healthy life

