Sinovac Reports Unaudited Fourth Quarter and Full Year 2014 Financial Results

- Conference call scheduled for April 20, 2015 at 8:00 a.m. ET -

BEIJING, April 20, 2015 /PRNewswire/ -- Sinovac Biotech Ltd. (SVA), a leading provider of biopharmaceutical products in China, today announced its unaudited financial results for the fourth quarter and full year ended December 31, 2014.

Fourth Quarter 2014 Financial Highlights
(Compared to the fourth quarter 2013)

- Quarterly sales were $20.3 million, a decrease of 11.4% from $22.9 million in the prior year period. Excluding revenue recognized from the stockpiling of H5N1 pandemic influenza vaccine of $0.1 million in the fourth quarter of 2014 and $7.2 million in the fourth quarter of 2013, the Company's fourth quarter 2014 regular product sales were $20.2 million, an increase of 28.2% from $15.8 million in the prior year period.

- Gross profit was $15.1 million, an increase of 2.9% from $14.7 million in the prior year period. Excluding H5N1 vaccine sales, gross margin was 75.3% in the fourth quarter of 2014, compared to 60.4% in the prior year period.

- Net income attributable to common stockholders was $1.3 million, or $0.02 per basic and diluted share for the fourth quarter of 2014, compared to $5.8 million, or $0.10 per basic and diluted share, for the fourth quarter of 2013.

Full Year 2014 Financial Highlights
(Compared to the full year 2013)

- Total sales were $63.1 million, a decrease of 13.0% from $72.5 million in the prior year. Excluding revenue recognized from the stockpiling of H5N1 pandemic influenza vaccine of $0.2 million in 2014 and $10.7 million in 2013, the Company's annual sales of regular products were $62.9 million, an increase of 1.8% from $61.8 million in the prior year.

- Gross profit was $46.6 million, a decrease of 9.1% from $51.3 million in the prior year. Excluding H5N1 vaccine sales, gross margin was 74.2% in 2014, compared to 72.6% in 2013.

- Net loss attributable to common stockholders was $0.9 million, or $(0.02) per basic and diluted share in 2014, compared to a net income attributable to common shareholders of $7.4 million, or $0.13 per basic and diluted share in 2013.

Mr. Weidong Yin, Chairman, President and CEO of Sinovac, commented, "Although the overall vaccine market environment was challenging in 2014, total sales of our regular products increased by 1.8% year-over-year, which is in line with our expectations. This growth is primarily due to increased sales of our hepatitis A&B vaccine, Bilive, in the private-pay market, as well as our hepatitis A vaccine, Healive, and seasonal flu vaccine, Anflu, in the public-pay market.

"We continue to make progress on our pipeline vaccines. We have submitted all required supplementary documentation for our EV71 vaccine candidate and are in the final stages of the approval process. We had begun clinical trials on our pneumococcal polysaccharide vaccine (PPV) at the beginning of April 2015. In the fourth quarter of 2014, we submitted our investigational new drug application for our proprietary hepatitis B vaccine and a new generation of hepatitis A & B combination vaccine to the China Food and Drug Administration (CFDA). Most recently, in January 2015, our pneumococcal conjugate vaccine (PCV) was approved to begin human clinical trials. We believe the advancement of our pipeline programs will serve as catalysts for future growth of the Company. ”

Fourth Quarter 2014 Business Highlights

Sales Update

Public Tenders. Sinovac has been a supplier of the seasonal flu vaccines for the Beijing Center for Disease Control (CDC)’s immunization program for the past eight years. During the 2014-2015 flu season, the Company was one of four suppliers of the flu vaccines in Beijing and its share of this tender increased to 40% from 23% in the 2013-2014 flu season, representing a total tender value of approximately $1.9 million.

As previously announced, Sinovac was selected by the Tianjin CDC to be the sole supplier of inactivated hepatitis A vaccines to the Expanded Immunization Program (EPI) in Tianjin for years from 2015 to 2017. The total value of this tender is approximately RMB 28 million ($4.6 million) over three years.

Seasonal Influenza Vaccine Registration License in Chile. As previously announced, Sinovac obtained a registration license for its seasonal influenza vaccine from Chile's Institute of Public Health. The license is valid until October 2019.

R&D Update

EV71 vaccine. In January 2015, the Company submitted supplementary documentation to the CFDA, as required following review of the new drug application (NDA) by an expert panel in November 2014. Currently, Sinovac is waiting for the results of the review by

CFDA regarding supplementary documentations.

Pneumococcal 23-valent polysaccharide vaccine (PPV). The Company obtained its clinical trial license in May 2014. Sinovac had started trials at the beginning of April 2015.

Varicella vaccine. The Company is currently preparing supplementary materials for the clinical trial application, following review by an expert panel in November 2014. The Company expects to receive its clinical trial approval in 2015.

Pneumococcal 13-valent conjugate vaccine (PCV). The Company obtained its clinical trial license in January 2015, having filed its application with the CFDA in March 2011.

Sabin-inactivated polio vaccine (sIPV). The clinical trial application for the sIPV vaccine was accepted by Beijing Food and Drug Administration in October 2014 and the vaccine is currently under review by the CFDA.

Hepatitis B vaccine and new generation of hepatitis A & B vaccine. The Company has completed pre-clinical studies for its proprietary hepatitis B vaccine and filed a clinical trial application in December 2014. Simultaneously, Sinovac is developing a new generation of its hepatitis A & B combination vaccine based on its monovalent hepatitis A and hepatitis B vaccines.

Rubella vaccine. The Company obtained the clinical trial license in December 2014, and expects to develop this vaccine as a measles, mumps and rubella (MMR) combination vaccine.

Unaudited Financial Results for Fourth Quarter 2014

(In USD'000 except percentage data)	**2014 Q4**	**% of Sales**	**2013 Q4**	**% of Sales**
Hepatitis A – Healive	10,997	54.2%	7,970	34.7%
Hepatitis A&B – Bilive	6,321	31.1%	2,846	12.4%
Influenza vaccine	2,423	11.9%	3,409	14.9%
Animal vaccine	22	0.1%	617	2.7%
Mumps vaccine	456	2.2%	934	4.1%
Regular sales	**20,219**	**99.5%**	**15,776**	**68.8%**
H5N1 vaccine	100	0.5%	7,169	31.2%
Total sales	**20,319**	**100.0%**	**22,945**	**100.0%**
Cost of goods sold	5,204	25.6%	8,255	36.0%
Gross profit	15,115	74.4%	14,690	64.0%

Quarterly sales were $20.3 million, a decrease of 11.4% from $22.9 million in the fourth quarter of 2013. Excluding revenue of the Company's H5N1 vaccine under the government stockpiling program, regular sales were $20.2 million in the fourth quarter of 2014, an increase of 28.2% over $15.8 million in the prior year period. The increase was primarily driven by increased sales of the Company's hepatitis vaccines, due to increased demand in the private-pay market as well as an increase in average selling price.

Gross profit was $15.1 million, an increase of 2.9% from $14.7 million in the prior year period. Excluding the impact from H5N1 vaccine revenue, gross margin was 75.3%, compared to 60.4% in the prior year period. The increase in gross margin was primarily driven by the improved efficiency in the Company's manufacturing processes, which resulted in lower unit costs, as well as increased selling prices of some of the Company's products.

Selling, general and administrative expenses for the fourth quarter of 2014 were $9.9 million, compared to $7.9 million in the same period of 2013. The increase was primarily due to the trial production of EV71 as well as foreign exchange loss due to the appreciation of the US dollar against the Chinese RMB.

R&D expenses for the fourth quarter of 2014 were $3.5 million, a $1.1 million increase over the same period in 2013. This increase was attributable to the continued advancement of Sinovac's pipeline products, including preclinical development and milestone payment of sIPV and trial production of PPV.

Net income attributable to common stockholders was $1.3 million, or $0.02 per basic and diluted share, compared to $5.8 million, or $0.10 per basic and diluted share, for the fourth quarter of 2013.

Unaudited Financial Results for Full Year 2014

(In USD'000 except percentage data)	**2014**	**% of Sales**	**2013**	**% of Sales**
Hepatitis A – Healive	26,515	42.0%	26,420	36.4%
Hepatitis A&B – Bilive	21,935	34.8%	20,782	28.7%
Influenza vaccine	12,131	19.2%	12,156	16.8%
Animal vaccine	169	0.3%	750	1.0%
Mumps vaccine	2,150	3.4%	1,680	2.3%
Regular sales	**62,900**	**99.7%**	**61,788**	**85.2%**
H5N1 vaccine	201	0.3%	10,736	14.8%
Total sales	**63,101**	**100.0%**	**72,524**	**100.0%**
Cost of goods sold	16,493	26.1%	21,273	29.3%
Gross profit	46,608	73.9%	51,251	70.7%

Total sales in 2014 were $63.1 million, a decrease of 13.0% from $72.5 million. Excluding the impact from one-time H5N1 vaccine revenue recognition in 2013, the Company's annual sales of regular products increased by 1.8% year over year. The growth was mainly due to the sales of hepatitis A&B vaccines in the private-pay market, as well as sales of hepatitis A vaccines and the seasonal flu vaccine in the public-pay market.

Gross profit of 2014 was $46.6 million, a decrease of 9.1% from $51.3 million in 2013. Gross margin was 73.9%, compared to 70.7% in the prior year period. Excluding the impact from H5N1 vaccine, gross margin was 74.2% in 2014, compared to 72.6% in 2013.The increase in gross margin was primarily driven by the improved efficiency in th e Company's manufacturing processes, which resulted in lower unit costs.

Selling, general and administrative expenses for 2014 were $34.8 million, consistent with expenses of $34.5 million in 2013.

R&D expenses for 2014 were $11.0 million, compared to $8.4 million in 2013. The increase in the R&D expenses was primarily related to the continued development of the Company's pipeline vaccine candidates, including the preclinical development and milestone payment for sIPV, and trial production of PPV.

Net loss attributable to stockholders in 2014 was $0.9 million or $(0.02) per basic and diluted share, compared to net income of $7.4 million, or $0.13 per basic and diluted share in 2013.

Balance Sheet Highlights

As of December 31, 2014, cash, cash equivalents totaled $90.0 million, compared to $107.2 million as of December 31, 2013. Net cash used in operating activities was $8.6 million in 2014. Net cash used in investing activities was $12.5million, which was primarily used for payment of property, plant and equipment for the Company's PPV and varicella production facilities. Net cash provided by financing activities was $5.2 million in 2014, including proceeds from loans of $17.8 million which were offset by repayment of loans of $16.6 million, as well as $3.5 million in government grant received. As of December 31, 2014, the Company had $47.4 million of bank loans due within one year. Sinovac's cash and cash equivalents and time deposit position of $91.5 million are sufficient to meet both these loan repayment obligations and the Company's operational requirements. When appropriate, the Company will seek new commercial bank loans to finance the commercialization of pipeline products.

About Sinovac

Sinovac Biotech Ltd. is a China-based biopharmaceutical company that focuses on the research, development, manufacturing, and commercialization of vaccines that protect

against human infectious diseases. Sinovac's product portfolio includes vaccines against hepatitis A and B, seasonal influenza, H5N1 pandemic influenza (avian flu), H1N1 influenza (swine flu), mumps and canine rabies. In 2009, Sinovac was the first company worldwide to receive approval for its H1N1 influenza vaccine, which it has supplied to the Chinese Government's vaccination campaign and stockpiling program. The Company is also the only supplier of the H5N1 pandemic influenza vaccine to the government stockpiling program. Sinovac has filed a new drug application with the China Food & Drug Administration for its proprietary enterovirus 71 vaccine, having been proven effective in preventing hand, foot and mouth disease in infants and children during its Phase III clinical trial. The Company is currently developing a number of new products including a Sabin-strain inactivated polio vaccine, pneumococcal polysaccharides vaccine, pneumococcal conjugate vaccine and varicella vaccine. Sinovac primarily sells its vaccines in China, while also exploring growth opportunities in international markets. The Company has exported select vaccines to Mexico, Mongolia, Nepal, and the Philippines, and was recently granted a license to commercialize its hepatitis A vaccine in Chile. For more information, please visit the Company's website at www.sinovac.com .

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