



China Biologic Products, Inc. **(NASDAQ: CBPO)**

March 2015

Creating Miracles in Life

Safe Harbor Statement

This presentation includes or incorporates by reference statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to future events or to our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from those expressed or implied by these forward-looking statements. These statements include, among other things, the construction of two new plasma collection stations in Hebei province, the construction of a new fractionation facility in Shandong province and the associated capital expenditure plan, our business prospects and growth strategies, our research and development efforts and pipeline products, and China's plasma product market condition and development. In some cases, you can identify forward-looking statements by the use of words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “seek,” “should,” or the negative of these terms or other comparable terminology. You should not place undue reliance on forward-looking statements since they involve known and unknown risks, uncertainties, and other factors, which are, in some cases, beyond our control and which could materially affect actual results, levels of activity, performance, or achievements.

The forward-looking statements contained in this presentation are made only of this date, and China Biologic Products, Inc. is under no obligation to revise or update these forward-looking statements.



Overview

Mission

- Grow as a world-class biopharmaceutical company focused on saving lives

Business

- A leading fully integrated plasma-based biopharmaceutical company in China. Headquartered in Beijing, China Biologic manufactures over 20 different dosages of plasma-based products in three major classes through its majority-owned subsidiaries, Shandong Taibang and Guizhou Taibang. The company also has an equity investment in Xi'an Huitian Blood Products Co., Ltd.

Capital Structure

- Price: \$81.80 (3/5/2015)
- Market Cap: \$2.0B
- 52-Week Range: \$31.55 - \$82.94
- Shares outstanding: 24.8 mm

Selected Financials

- 2014 Revenue: \$243.3 mm, up 19.6% y-o-y
- 2014 Gross Profit: \$163.2 mm, up 18.3% y-o-y; Gross Margin: 67.1%
- 2014 Operating Income: \$111.2 mm, up 28.0% y-o-y; Operating Margin: 45.7%
- 2014 Non-GAAP Net Income: \$75.6 mm, up 28.1% y-o-y
- 2014 Non-GAAP EPS: \$2.89





Company Overview

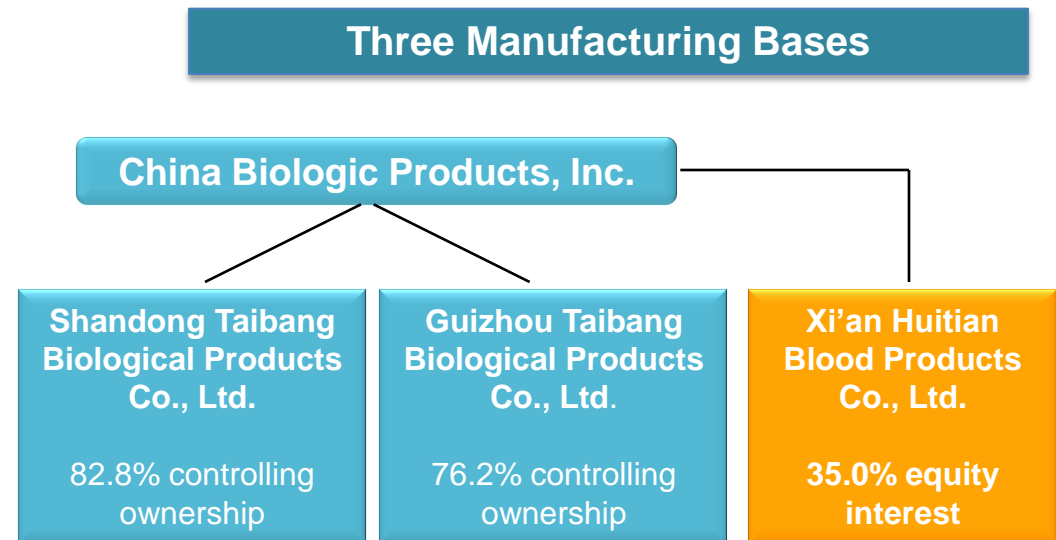


China Biologic Products, Inc.



Leading Player in China's Plasma Sector

- The only offshore-listed investment opportunity in the highly attractive Chinese plasma sector
- Two majority-owned subsidiaries, Shandong Taibang and Guizhou Taibang, and equity investment in Xi'an Huitian
- 12 captive plasma collection centers: 10 operated by Shandong Taibang, 2 by Guizhou Taibang (excluding 2 new centers under construction in Hebei Province)
- Ranked as Asia's "200 Best Under a Billion" in *Forbes* Magazine's annual list in 2009, 2011 and 2013
- Founded in 2002, headquartered in Beijing; Listed on NASDAQ in 2009



Fully Integrated Plasma-based Supplier

Stringent internal control, global standard production methods, unique sales model

Plasma collection

12 plasma collection centers in operation (out of an estimated 170 in China).
2 additional collection centers under construction



Manufacturing (Fractionation)

3 “Good Manufacturing Practice” (GMP) certified production bases.



Unique distribution model

Among the first blood products companies in China to sell directly to end-users with a focus on first-tier cities.

100+ Sales personnel.
Products sold directly to 640+ hospitals and clinics



A blood products company with fully integrated R&D, plasma collection, manufacturing, and distribution





Industry Overview

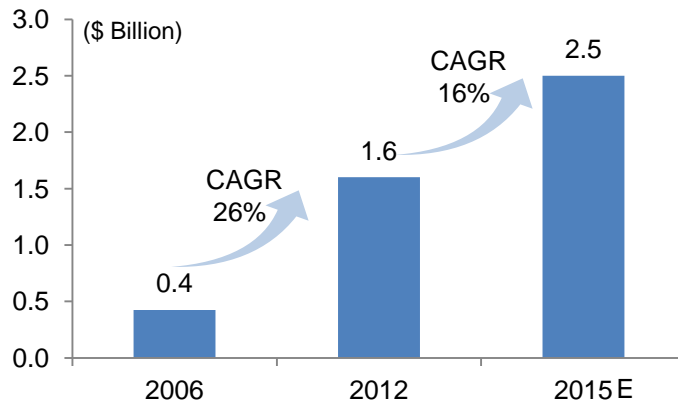


China Biologic Products, Inc.

China's Plasma Protein Market

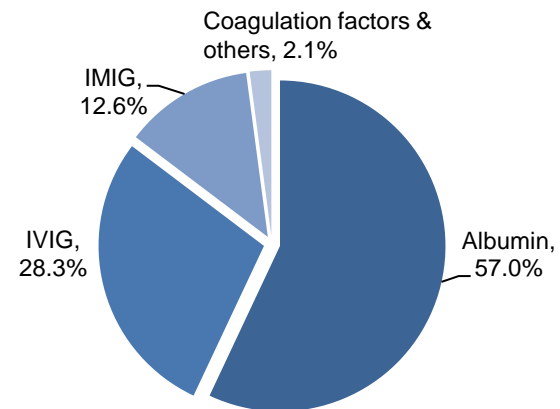
– Early Stage of Growth, Low Penetration, Significant Potential

Market Size of Plasma Protein in China



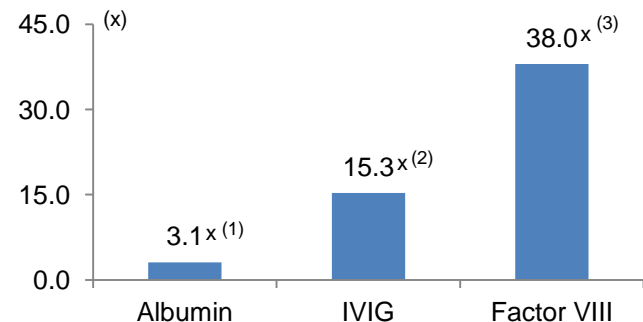
Breakdown of China Plasma Products Market

By 2012 Product Sales



- Albumin is the largest product, IVIG just beginning; these two were 85% of market in 2012
- 2012 market size of \$1.7 billion, but per capita penetration is a fraction of U.S.
- Significant unmet clinical demand provides sustainable and profitable growth
- Growth potential driven by aging population and various diseases
- Sustainable pricing

2012 Per Capita Usage U.S. / China



2012 Market Size
in China (\$ MM)

945

470

19

Notes

1&2. Based on 2012 per capita usage (kilogram per MM inhabitant) in U.S. divided by 2012 per capita usage in China

3. Based on 2012 per capita usage (international units per capita) in U.S. divided by 2012 per capita usage in China

Source: The Marketing Research Bureau, Inc. and company estimates



China Biologic Products, Inc.

High Entry Barriers – Benefit Established Players

China will continue to maintain stringent regulations for the plasma product industry as it is critical to China's public health security

- Regulatory framework in China has evolved into one of the most stringent globally due to crises of tainted plasma products over the past decade
- New plasma collection licenses are difficult to obtain
- No recent grants of plasma fractionation licenses since 2001
- Fractionators required by law to process only self-collected plasma
- From 1986, imports of all blood products were banned except for human albumin



Stringent Regulation to Ensure Quality & Supply

China Plasma Regulations

Plasma Collection Regulation	Annual inspection	<ul style="list-style-type: none"> • 5 times per year (3 MOH, 2 Quality Bureau) and routine CFDA annual inspection
	Donor residency requirement	<ul style="list-style-type: none"> • Local residents only (allows tracking immediately, avoids cross contamination)
	Mandatory quarantine period	<ul style="list-style-type: none"> • 90 days quarantine of plasma to allow viral expression & follow-up re-check on donor
Manufacture and Fractionation	Plasma stations	<ul style="list-style-type: none"> • Ownership required
	Routine inspections	<ul style="list-style-type: none"> • Annual audit
	Unscheduled inspections	<ul style="list-style-type: none"> • Yes (CFDA + MOH)
	CFDA onsite inspection	<ul style="list-style-type: none"> • At least once per month
	End product quality check	<ul style="list-style-type: none"> • Every batch inspected and quarantined by CFDA



Plasma Collection Regulation Environment

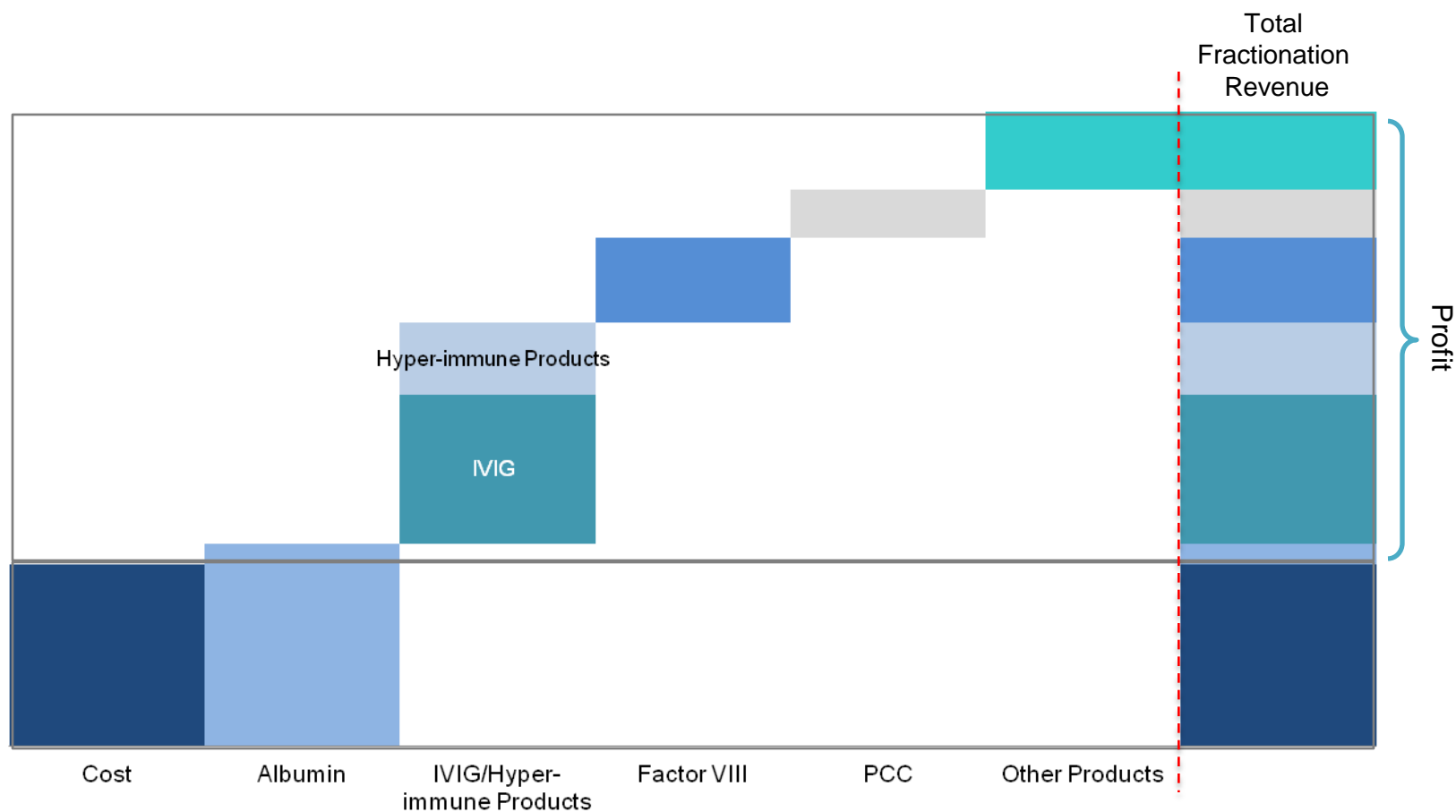
– Differences vs. U.S.

	United States	China
Population (million)	320.6	1,384.7
Donation Frequency	twice per 7 days, not within 48 hours	twice per month, not within 14 days
Collection Volume	volumes by weight 50 – 68kg / 69-79kg / >79kg, donate 690 / 825 / 880 ml	580 ml
Plasma Collection Centers	Over 400	165
Preapproval Requirement	No	Yes
Plasma Donation Compensation (\$ for one time donation)	25-35	42-50
Regulation Agencies	Food and Drug Administration (FDA) and Plasma Protein Therapeutics Association (PPTA)	County-, Municipal- and Provincial- Level Governments
Plasma Collected in 2012 (million liters)	21.7	3.8



Attractive Economics of Plasma Fractionation

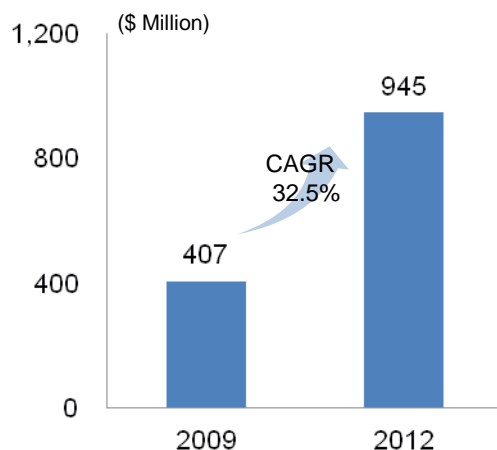
Revenue per Liter of Plasma (Indicative)



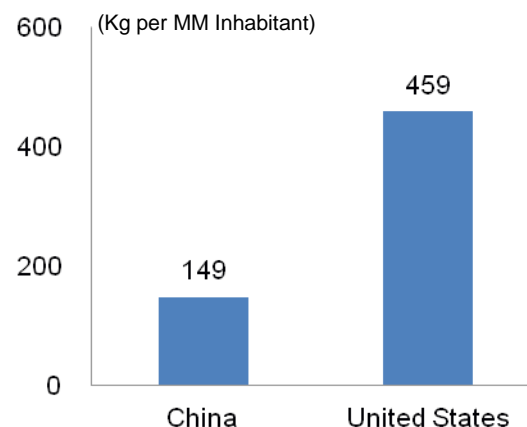
Albumin: Largest Product with Potential for Further Growth

- China is the world's largest albumin market (~40% larger than the U.S. market in 2012), driving the global price
- Albumin is a key driver of Chinese plasma products market, consistent price increase since 2006
- Significant growth of diseases such as hypoalbuminemia from liver cirrhosis and Hepatitis B drives growth of albumin usage in China
- In 2014, imported albumin accounted for 58% of total albumin supply vs. domestic albumin 42%*

Albumin Sales in China



Albumin Usage per Capita in 2012



Source: The Marketing Research Bureau, Inc. and company estimates

Note

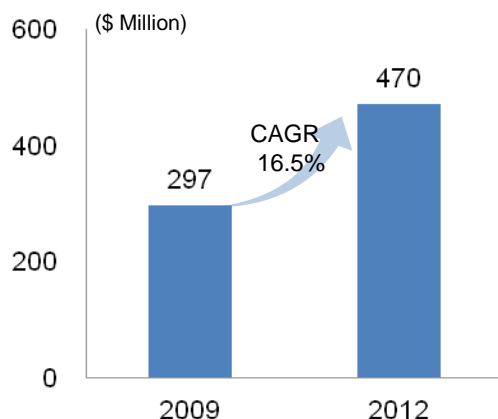
1. Albumin is used for treatment of shock caused by blood loss trauma or burn, raised intracranial pressure caused by hydrocephalus or trauma, edema or ascites caused by hepatocirrhosis and nephropathy, prevention and treatment of low-density-lipoproteinemia and Neonatal hyperbilirubinemia. It is included in provincial essential drug lists of certain provinces and categorized as Class B in China's National Drug Reimbursement List



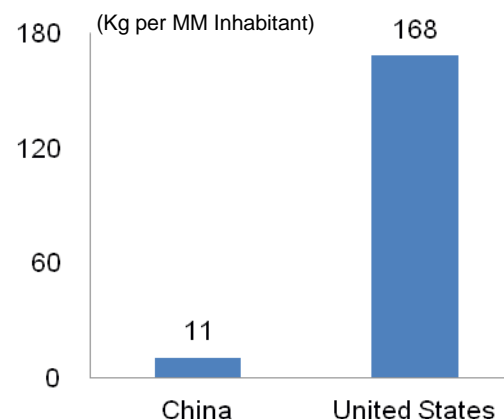
IVIG: Early-stage Market with Strong Growth Drivers

- Proven growth driver globally yet still at early-stage in China
- Growth of IVIG market will be driven by expanded indications and physician education
- Domestic supply will be expanded as plasma collection volume grows

IVIG Sales in China



IVIG Usage per Capita in 2012



Source: The Marketing Research Bureau, Inc. and company estimates

Note

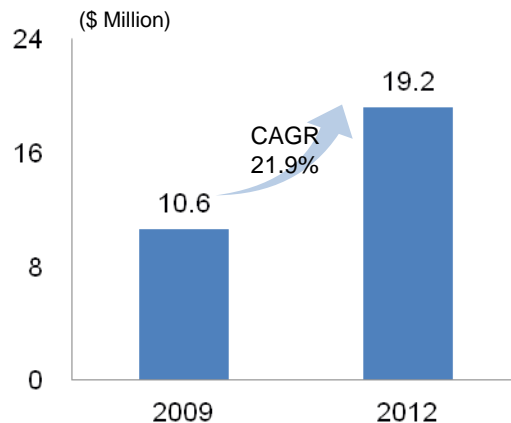
1.IVIG is used for treatment of hereditary immunoglobulin deficiency, such as X chain low immunoglobulin, familial variable immune deficiency, immunoglobulin G secondary deficiency; secondary immunoglobulin deficiency, such as severe infection, newborn sepsis; and auto-immune deficiency diseases, such as original thrombocytopenia purpura or Kawasaki disease. It is included in provincial essential drug lists and categorized as Class B in China's National Drug Reimbursement List



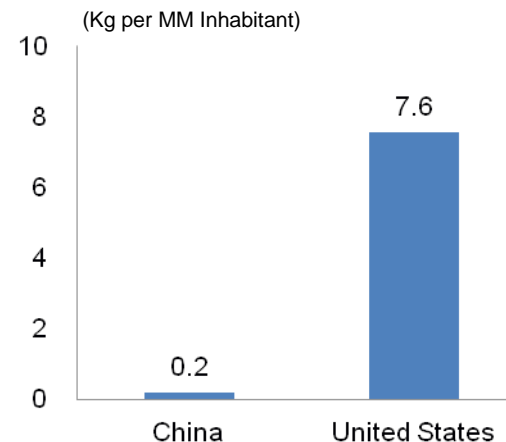
Factor VIII & Others: Nascent Market, Large Potential, Highly Profitable

- Factor VIII is a life saving and a lifelong treatment
- Room for significant growth for Factor VIII products in China
 - Only 4 domestic manufacturers of plasma-derived Factor VIII
 - 10,652⁽¹⁾ registered hemophilia patients in China, many more unregistered, treated in only 40 registered hospitals
 - Primarily acute usage, little preventive usage, providing huge room for growth
- Recombinant is not competitive due to higher cost and lack of insurance coverage

FVIII Sales in China



FVIII Usage per Capita in 2012



Source: The Marketing Research Bureau, Inc. and company estimates

Note

1. As of 11 June 2014, according to China Hemophilia Association

2. Factor VIII is used for treatment of coagulopathies such as hemophilia A and increase concentration of coagulation factor VIII. It is included in national essential drug lists and categorized as Class A in China's National Drug Reimbursement List





Investment Highlights



China Biologic Products, Inc.

Investment Highlights



1 Leading Plasma Player in China

2 Well-located Plasma Stations Ensuring Growing Supply

3 Robust Product Pipeline Enhancing Margins and Leadership

4 Effective and Unique Direct Sales Model

5 Robust Cash Flow and Profit Margins

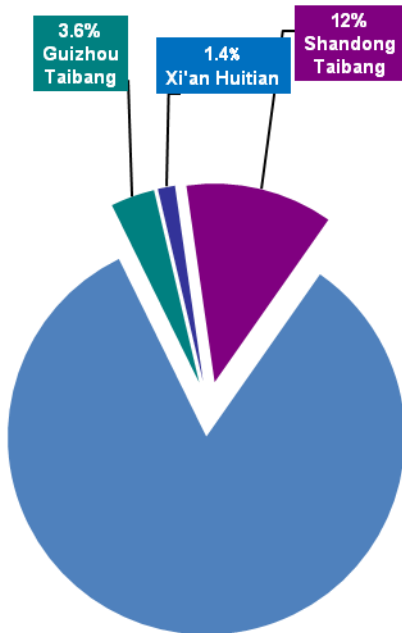
6 Professional and Experienced Management Team



Leading Player in China's Plasma Sector

Leader in R&D, plasma collection, manufacturing capacity, production volume, and product quality

**China Biologic's estimated
IVIG market share = 17% ***
(based on output volume)
(as of Dec 31, 2014)



- **2nd largest** plasma-based biopharmaceutical company in China, 14%* market share of plasma products among Chinese domestic manufacturers
- **Strong Pipeline:** five pipeline products, commercial production of Human Prothrombin Complex Concentrate (PCC) commenced in late 2014
- **Manufacturing Capacity:** **1,300 metric tons (MT)**, including 200 MT at Xi'an Huitian
- **Sales Model:** **direct sales** to 640+ hospital, contributing to **65%** of revenue in December 31, 2014

* Source: Company estimates based on batch approval data from National Institute for the Control of Pharmaceutical and Biological Products (current as of December 31, 2014).



Advantages from Leading Market Position

Product portfolio consisting of nine products
Superior economics



High product quality and safety record



Large scale and reliable product supply to hospitals



Government support for leading players



Well-located Plasma Collection Stations

– Ensuring Growing Supply

■ Extensive plasma collection network of 12 captive plasma stations

- The only active fractionator operating in all of the three provinces of Shandong, Guizhou, and Shaanxi ⁽¹⁾
- 3rd largest plasma collector among all producers of plasma products in China, contributing ~12% of total national collection volume in 2013
- Plasma collection network covers four provinces - Shandong, Guizhou, Guangxi, and Shaanxi, with a total combined population of 179 MM

■ Continue to expand geographic territories of existing stations to gain access to additional donor populations

- Plasma collection volume experienced double digit growth in 2014 for the third consecutive year

■ Pursuing additional plasma collection station permits

- To build two plasma collection stations in Hebei Province



Cao County Plasma Collection Center, Shandong



Puding Plasma Collection Center, Guizhou



Robust and Low Risk Product Pipeline

– Enhancing Margins and Leadership

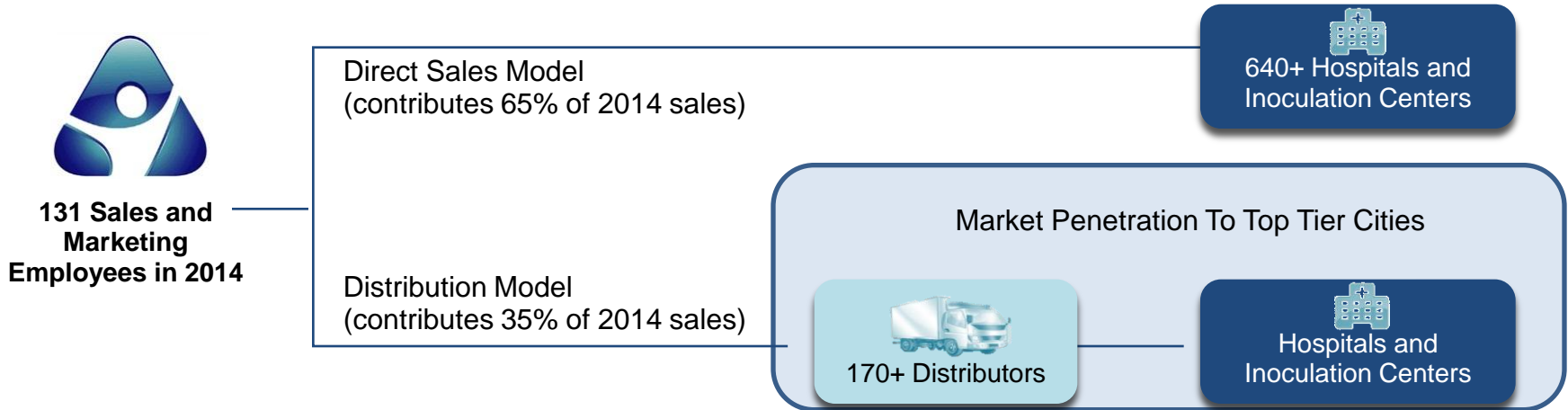
Products Currently in Development	Treatment/Use	Status of Product	Stage
Human hepatitis B immunoglobulin (pH4) for intravenous injection	Prevention of measles and contagious hepatitis. When applied together with antibiotics, its curative effect on certain severe bacteria or virus infection may be improved.	Application made to the CFDA for official production permit and product certification. Commercial production expected in 2015.	4
Human fibrinogen	Treatment for lack of fibrinogen and increase human fibrinogen concentration.	Clinical trial program under CFDA review. Commercial production expected in 2016.	3
Human Cytomegalovirus Immunoglobulin	Prophylaxis and treatment of CMV infection, especially for the prevention of active virus replication for patients in immunosuppression, such as organ transplantation patients.	Develop the manufacturing process for the new medicine on an expanded basis in the workshop. Application for clinical trial expected in 2015.	1
Immune Globulin Intravenous (Human), aprotact/Chromatography Purified & 20 nm virus filtration	Treatment for original immunoglobulin deficiency; secondary immunoglobulin deficiency and auto-immune deficiency diseases	Application in progress for clinical trial. Approval of clinical trials expected in 2015.	2
Human Antithrombin III (concentration)	Treatment for (i) hereditary antithrombin III deficiency in connection with surgical or obstetrical procedures and (ii) thromboembolism	Application for clinical trial submitted to CFDA. Approval of clinical trials expected in 2015.	2

Note: Stage 1: Pre-clinical research; Stage 2: Clinical trial application; Stage 3: Clinical trials; Stage 4: Registration; detailed description refers to the company's website



Effective and Unique Direct Sales Model

Unique Dual Channel Sales Model



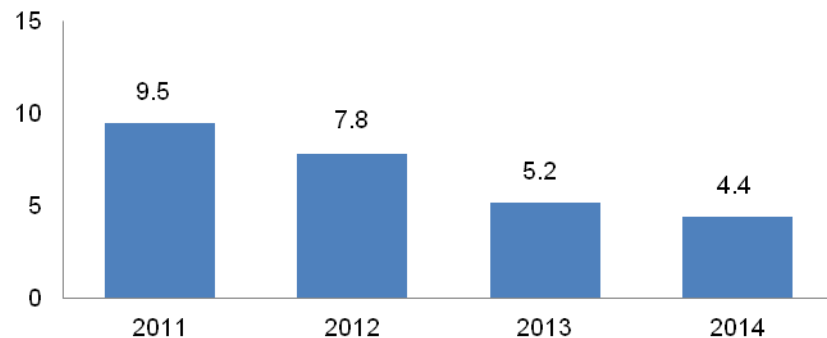
Market Intelligence

Clinical Education

Channel Control

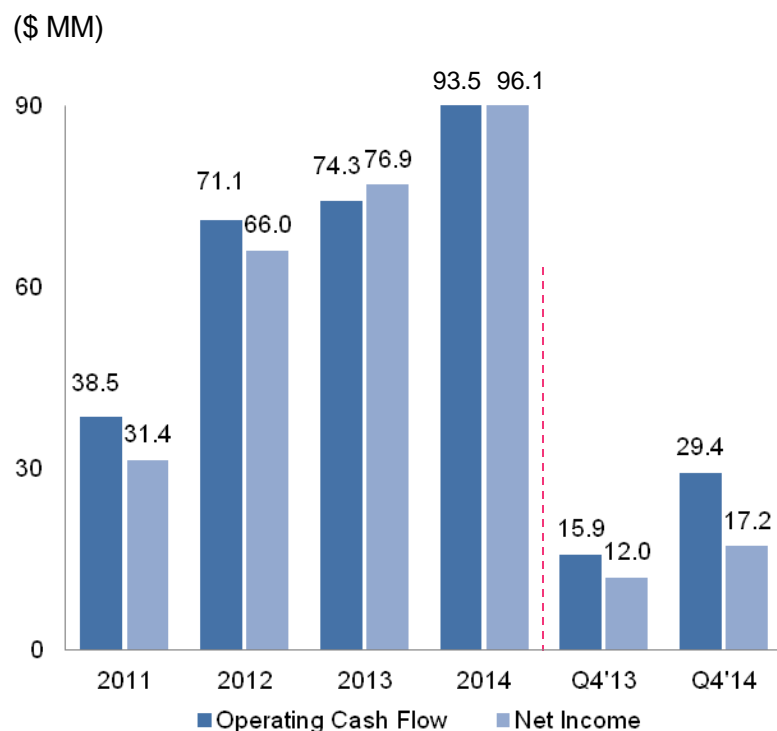
Cost-Effective Sales Model

Selling expense as % of Sales

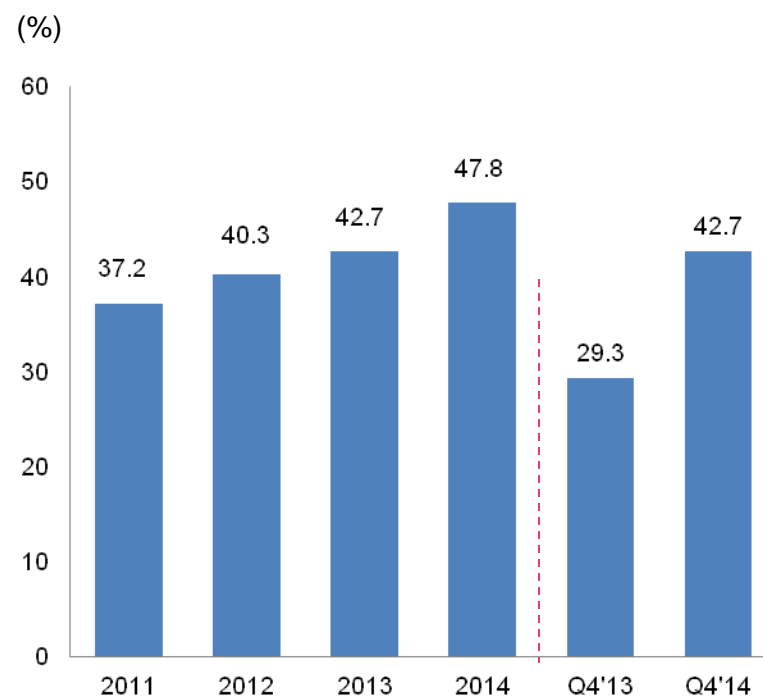


Robust Cash Flow and Profit Margins

Operating Cash Flow and Net Income



Recurring Operating Margin ⁽¹⁾



Source Company Filings

Note

1.Excludes non-recurring items, including impairment loss of goodwill of US\$18.2MM and loss on abandonment and write-off of long-lived assets of US\$6.6MM in 2011, and provision for other receivables in respect of an employee housing development project of US\$5.1MM in 2014.



China Biologic Products, Inc.

Experienced Management Team



**Mr. David (Xiaoying) Gao,
Chairman & Chief Executive Officer**

- CEO since May 2012, Chairman of the Board since March 2012 and Director since 2011
- Over 20 years of experience in corporate governance and management, especially in healthcare and technology sectors
- Previously served as CEO & Director of BMP Sunstone Corporation and integration advisor post acquisition by Sanofi in 2011
- Former head of Asia-Pacific operations, Motorola
- M.B.A. from Massachusetts Institute of Technology, M.S. in Mechanical Engineering from Hanover University, Germany, and B.S. in Mechanical Engineering from Beijing Institute of Technology



**Mr. Ming Yang,
Chief Financial Officer**

- CFO since August 2012 and VP-Finance & Compliance and Treasurer since March 2012
- 6 years in financial management and 11 years of audit experience in accounting firms including audit senior manager at KPMG
- C.P.A. in China



**Mr. Ming Yin, Senior
Vice President**

- Senior Corporate Vice President since August 2012, joined in 2008
- 11 years of financial management experience and 6 years of investor relations experience
- C.F.A.



**Mr. Guangli Pang,
General Manager of
Shandong Taibang**

- General Manager of Shandong Taibang since 2012, joined Shandong Taibang in 2006
- Over 30 years of experience in China plasma industry



**Mr. Gang Yang,
Vice President,
General Manager of
Guizhou Taibang**

- Corporate Vice President since 2013 and the General Manager of Guizhou Taibang since 2010
- Over 20 years of experience in China plasma industry



**Mr. Jun Zhao,
General Manager of
Xi'an Huitian**

- General Manager of Xi'an Huitian since 2009, joined Shandong Taibang since its inception in 1987
- Over 30 years of experience in China plasma industry



Investing in the Highly Attractive Plasma Sector



1

China Plasma Market in Early-Stage of Development with Significant Growth Potential

2

Substantial Competitive Advantages from Being a Leading Player

3

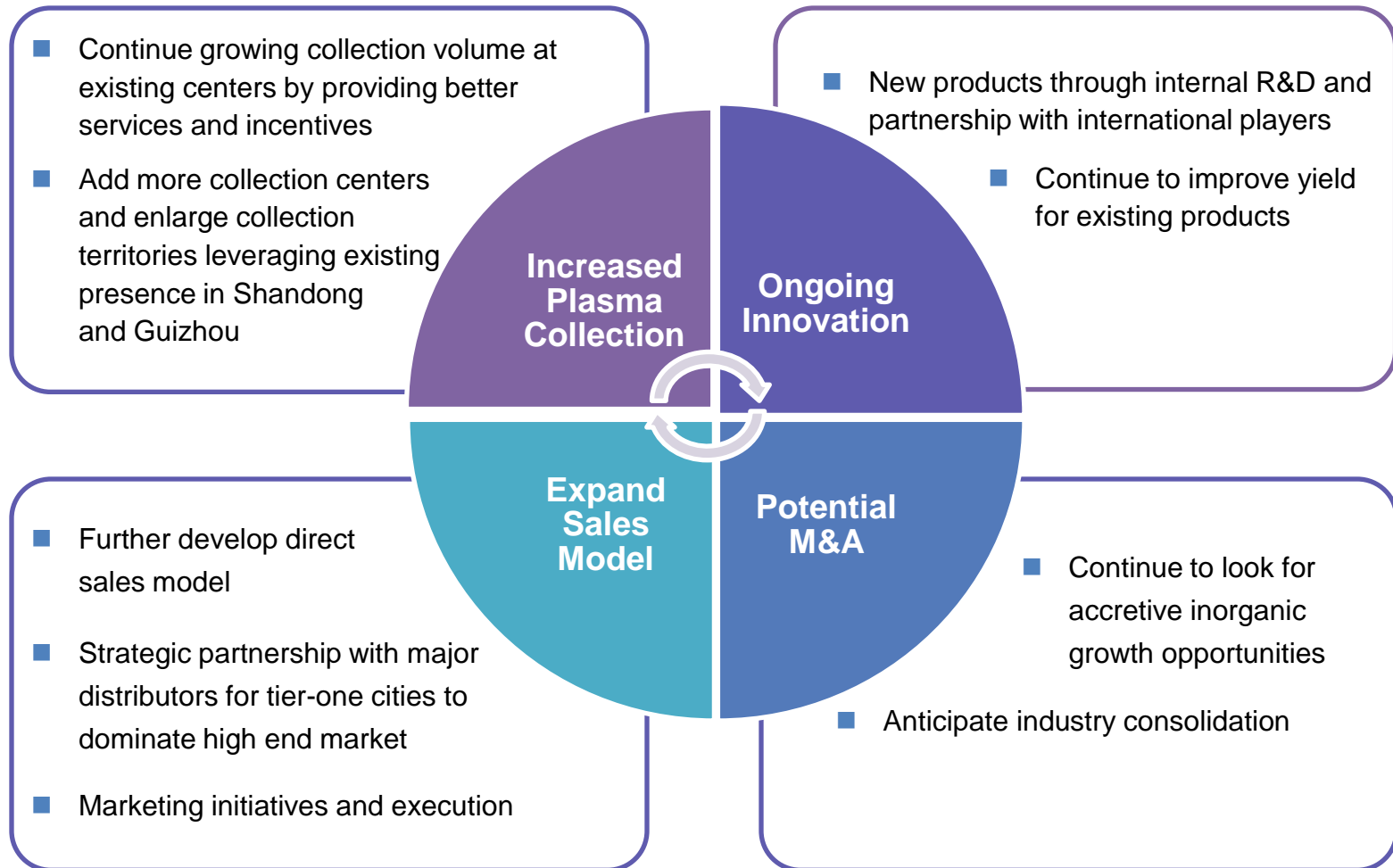
Differentiated from Peers by Professional and Experienced Management Team

4

Robust Cash Flow Generation and Substantial Future Growth



Future Growth Drivers



Planned New Facility in Shandong

- Shandong Taibang Science Park
- Scheduled open time: 2018
- Investment: \$120-150 million (based on preliminary estimate)
- Fractionation capacity: expanding up to 1,200 metric tons (MT) from 700 MT



Capital Expenditure Plan – Forward 12 Months

Total expenditure estimated to be up to \$100 million

- ~ up to \$80 million for new facilities
- ~ up to \$14 million for existing facility maintenance and organic growth
- ~ up to \$6 million for new plasma collection centers





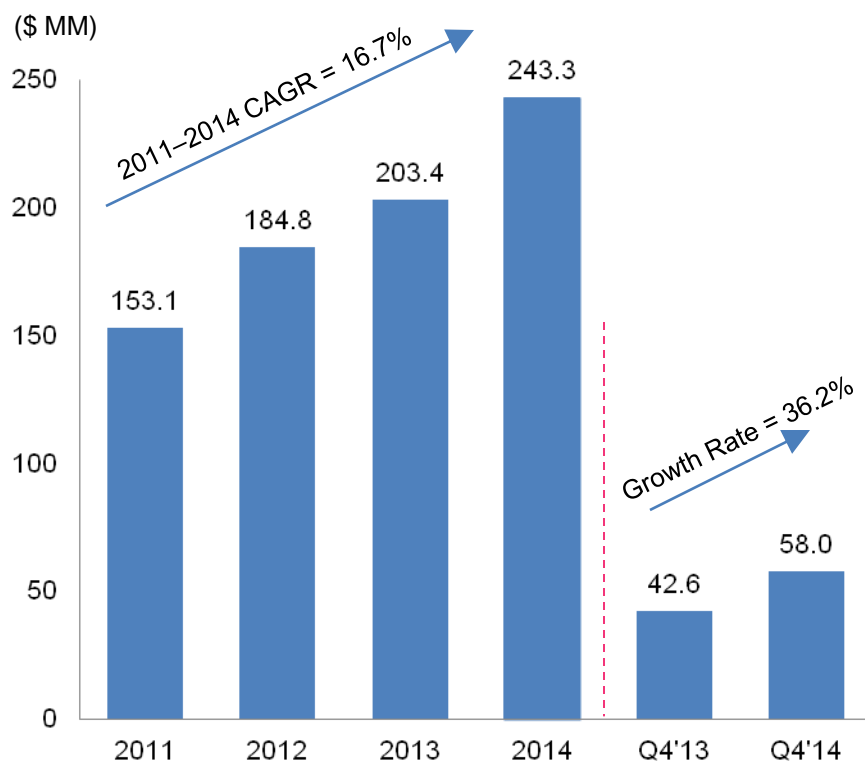
Financial Highlights



China Biologic Products, Inc.

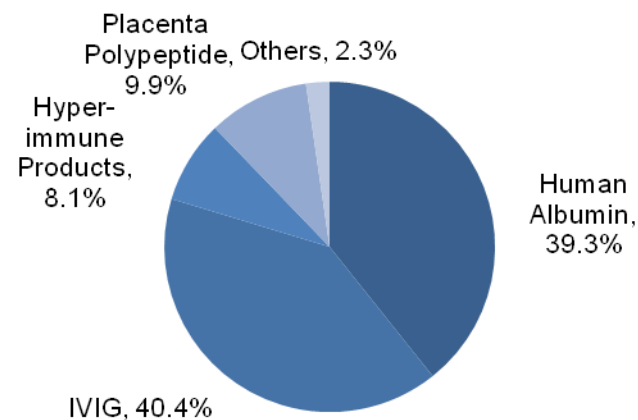
Consistent Sales Growth with Diverse Product Mix

Total Sales



Sales Breakdown by Product

In terms of FY14 sales (%)

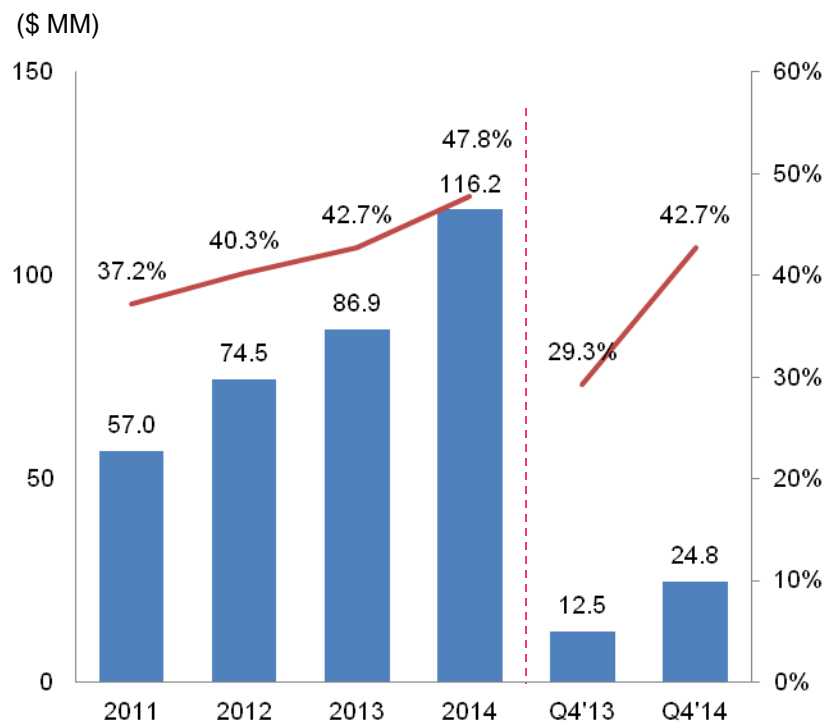


2015 sales guidance is in the range of \$287 – 292MM

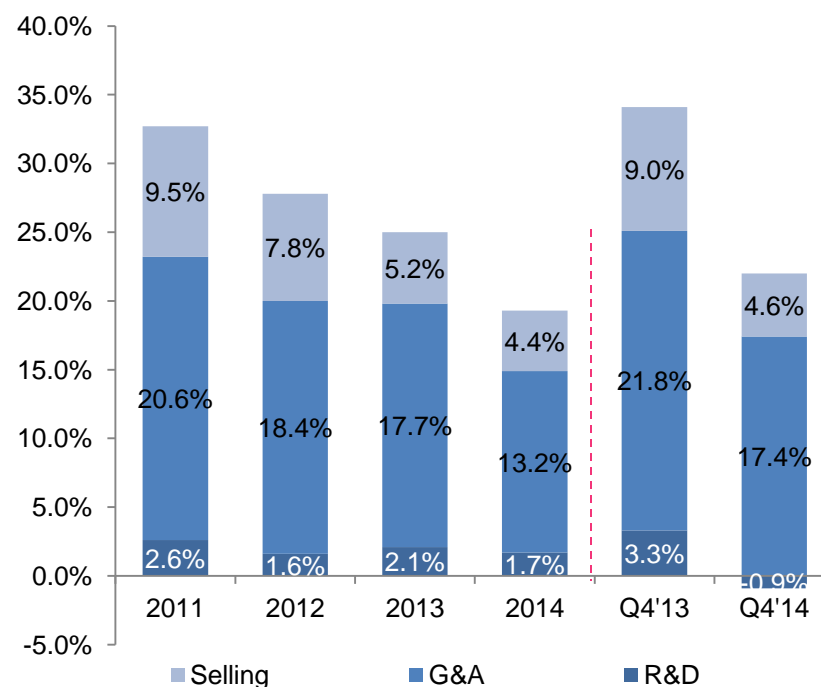


Robust Margin Expansion due to Strict Cost Controls

Recurring Operating Income and Margin ⁽¹⁾



Operating Expenses as % of Sales



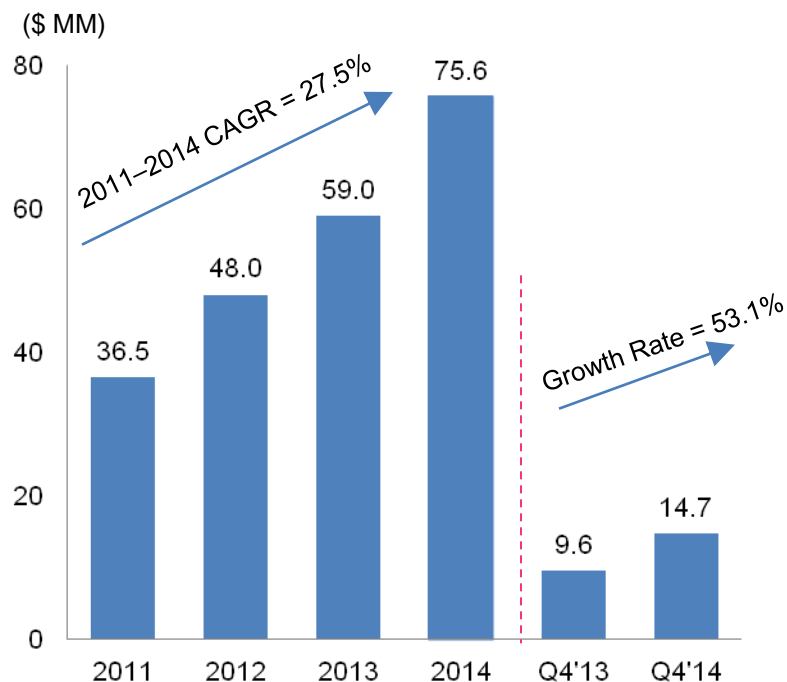
Note

1. Excludes non-recurring items, including impairment loss of goodwill of US\$18.2MM and loss on abandonment and write-off of long-lived assets of US\$6.6MM in 2011, and provision for other receivables in respect of an employee housing development project of US\$5.1MM in 2014.

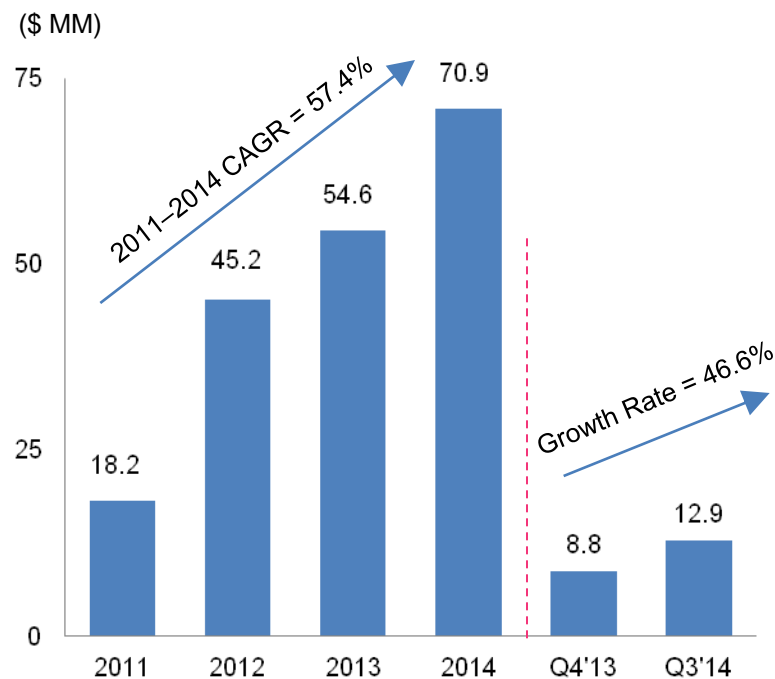


Strong Profit Growth

Non-GAAP Net Income Attributable to CBPO ⁽¹⁾



GAAP Net Income Attributable to CBPO



**2015 non-GAAP net income guidance of \$95 – 97MM,
representing year-over-year growth of 26% - 28%**

Note

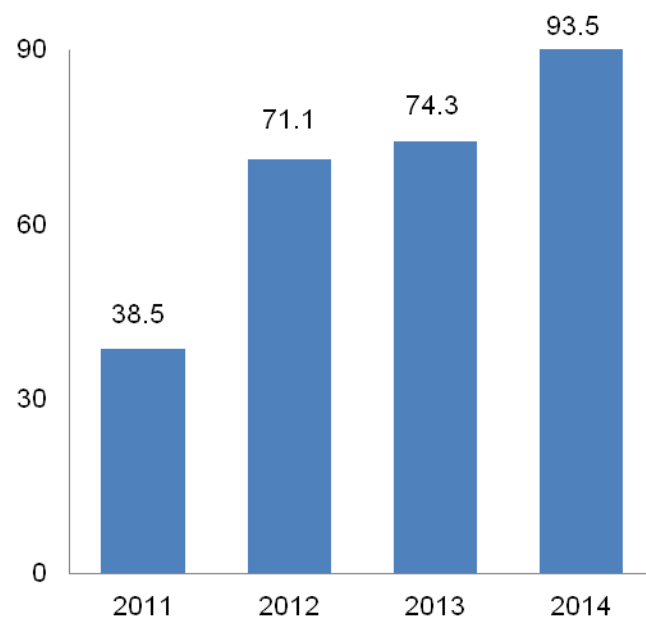
1. Non-GAAP net income attributable to CBPO excludes non-cash employee stock compensation, as well as non-recurring items including impairment loss of goodwill, loss on abandonment of long-lived assets attributable to controlling interest, raw material write-offs due to closure of plasma stations, interest on convertible notes converted, gain from change in fair value of embedded conversion option in the convertible notes, and gain from change in fair value of warrants



Robust Cash Flow Generation

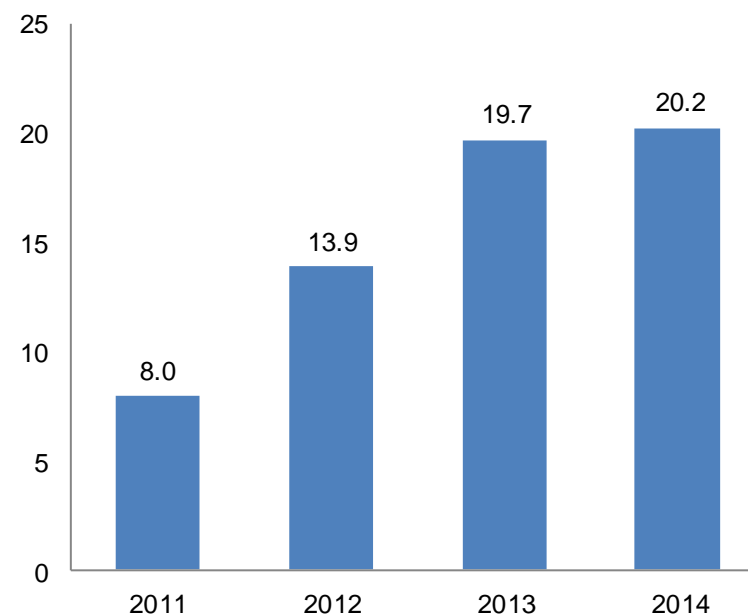
Operating Cash Flow

(\$ MM)



Capital Expenditures

(\$ MM)



Balance Sheet Highlights

	2011	2012	2013	2014
Total Cash ⁽¹⁾ (\$ MM)	89.4	132.5	174.6	184.7
Cash & Cash Equivalents (\$ MM)	89.4	129.6	144.1	80.8
Restricted Cash and Deposit (\$ MM)	-	2.9	30.5	103.9
Short-term and Long-term Bank Loans (\$ MM)	11.0	7.9	39.8	97.9
Accounts Receivable Days	40.0	22.1	25.6	27.5
Inventory Days	565.8	469.5	494.0	423.0

Note

1. Calculated as the sum of cash & cash equivalents and restricted cash



Income Statement Highlights

\$ MM	2011	2012	2013	2014	Q4'13	Q4'14
Total sales	153.1	184.8	203.4	243.3	42.6	58.0
Cost of sales	46.0	58.8	65.5	80.0	15.6	21.0
Gross profit	107.1	126.0	137.9	163.2	27.0	37.0
Operating expenses						
Selling expenses	14.6	14.4	10.6	10.7	3.8	2.7
G&A expenses	31.5	34.0	36.1	32.1	9.3	10.1
R&D expenses	4.0	3.0	4.2	4.2	1.4	-0.5
Income from operations ⁽¹⁾	57.0	74.5	87.0	116.2	12.5	24.8
Income before income taxes	42.3	81.1	92.4	122.8	14.3	27.0
Net income	31.4	66.0	76.9	96.1	12.0	17.2
Net income attributable to CBPO	18.2	45.2	54.6	70.9	8.8	12.9

Note

1.Excludes non-recurring items, including impairment loss of goodwill of US\$18.2MM and loss on abandonment and write-off of long-lived assets of US\$6.6MM in 2011 , and provision for other receivables in respect of an employee housing development project of US\$5.1MM in 2014.



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www.chinabiologic.com





Thank You



China Biologic Products, Inc.

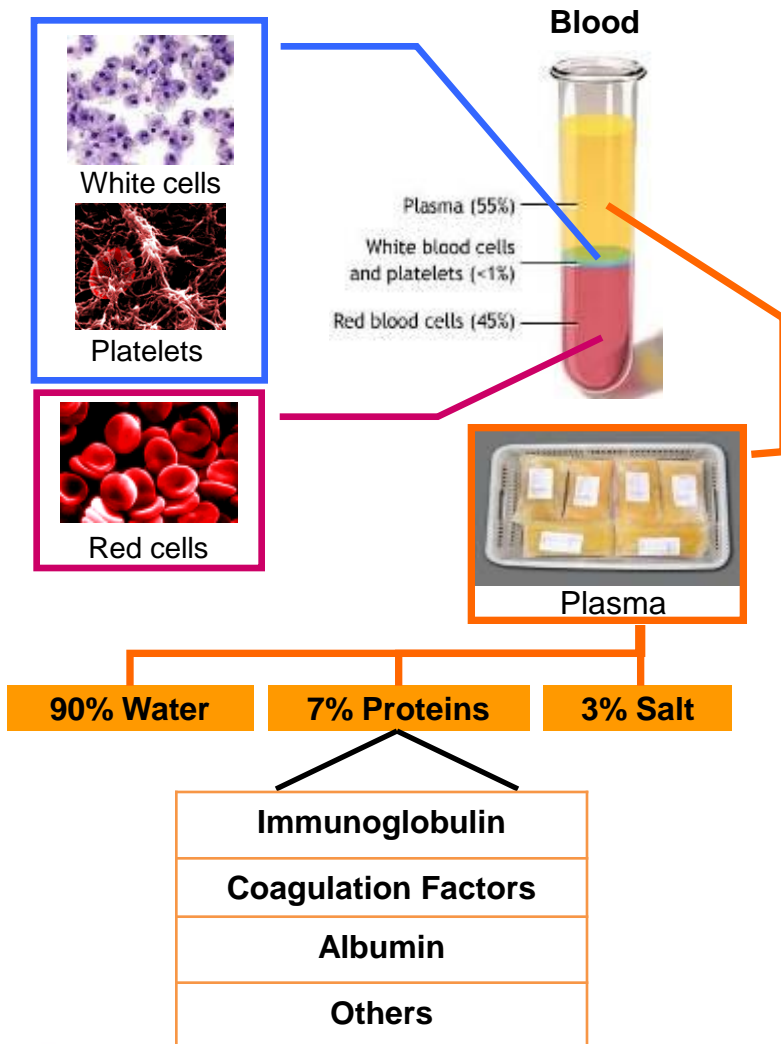


Appendix



China Biologic Products, Inc.

Plasma and Plasma-derived Products



Plasma: a key part of China's national strategic reserve for emergency and disease response

- Stringently controlled and government-licensed facilities use advanced biotechnology to process plasma for China's national supply of blood products.
- Plasma-derived products are used treating various health conditions:
 - *for emergency care during disaster relief* (earthquakes, floods);
 - *in the prevention or treatment of epidemic diseases* (SARS, influenza, A H3N2, foot and mouth disease);
 - *Used for treating patients with immune deficiencies/ disorders*
 - *with other urgent treatments involving blood loss;*
 - *for the treatment of hereditary genetic disorders* (hemophilia).
- Plasma-derived products are part of a special reserve managed by China's central government that is not only used for disaster preparation and disease prevention but also for national large-scale events (Beijing Olympic Games, Shanghai World Expo).



Plasma Donor Management

Five steps to assure safe plasma from healthy donors

I. Facial identification



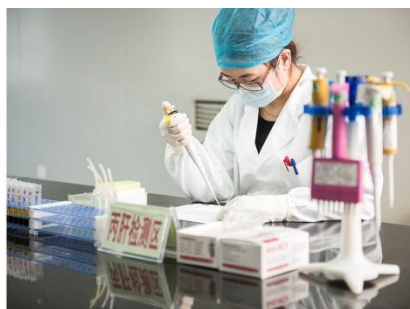
II. Five times fingerprint identification



III. ID card Identification system



IV. Physical examination before donating plasma. Assures up to standards for HBsAg, HCV, HIV, ALT, and syphilis.



V. Fully-automatic plasma collection machine. Fully enclosed and one-off medical instruments.



*China Biologic Products' Fuping Plasma
Collection Center in Shaanxi*



Plasma Donor Management

Safety measures in every production phase

Reducing safety risks of plasma collection with a **TRIPLE** virus detection defense system

