2012 Financial Results & Business Update
Stock Code: 00853(HK)
March 2013
Content

- 2012 Financial Results
- Business Update
- Company Vision & Strategic Plans

*Appendix - Financial Statements
Financial Summary 2012

**Highlights**

- **Revenue:** 931m, Y/Y ↑10.8%
- **Net profit:** 354m, Y/Y ↑10.3%
- **Completion of Key Clinical Trial:**
  - The clinical trial of Firehawk has been completed, with the results of which published on CIT 2013 (March 21st).
- **New Commercially-Launched Products:**
  - A Gonadotropin-Releasing Hormone (GnRH) Infusion Pump for the treatment of IHH
  - A Circumferential Pulmonary Vein Diagnostic Catheter for atrial fibrillation procedures
- **Business Diversification:**
  - DES takes less proportion in total revenue, from 87% to less than 80%.

**Key Financial Summary**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>Flux</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>931.0</td>
<td>839.8</td>
<td>10.8%</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td>(153.1)</td>
<td>(137.3)</td>
<td>11.6%</td>
</tr>
<tr>
<td><strong>Gross Profit</strong></td>
<td>777.8</td>
<td>702.6</td>
<td>10.7%</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>(423.4)</td>
<td>(403.1)</td>
<td>5.0%</td>
</tr>
<tr>
<td><strong>Net Gain/Loss</strong></td>
<td>62.6</td>
<td>75.9</td>
<td>-17.5%</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>417.0</td>
<td>375.4</td>
<td>11.1%</td>
</tr>
<tr>
<td><strong>Net Profit</strong></td>
<td>354.0</td>
<td>320.9</td>
<td>10.3%</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>0.25</td>
<td>0.22</td>
<td>13.6%</td>
</tr>
</tbody>
</table>
Solid Financial Performance

**Revenue & Gross Margin**

(RMB million)

5Y CAGR: 18%

- 2008: 485.2 (82%)
- 2009: 560.7 (86%)
- 2010: 727.7 (87%)
- 2011: 839.8 (84%)
- 2012: 931.0 (84%)

**GR: 11%**

**Net Profit & Net Margin**

(RMB million)

5Y CAGR: 19%

- 2008: 178.8 (37%)
- 2009: 186.4 (33%)
- 2010: 240.1 (33%)
- 2011: 320.9 (38%)
- 2012: 354.0 (38%)

**GR: 10%**

5Y CAGR: 18%
## Business Diversification

--- Revenue Mix for Reference

### Revenue by Products (Year 2012)

**Drug eluting stents, 79.8%**
- **742M**

**Other cardiovascular devices, 4.0%**

**Endovascular devices, 7.2% (67M)**

**Neurovascular devices, 2.2% (21M)**

**Diabetes care and endocrinal Management, 1.0%**

**Electrophysiology devices, 1.0%**

**New business, 6.8%**

**Orthopedic devices, 3.6%**

**Surgical devices, 1.2%**

**931M RMB**

### Revenue by Products (Year 2011)

**Drug eluting stents, 86.8%**
- **729M**

**Other cardiovascular devices, 3.0%**

**Endovascular devices, 6.9% (58M)**

**Neurovascular devices, 2.1% (18M)**

**Electrophysiology devices, 0.7%**

**New business, 1.2%**

**Orthopedic devices, 0.2%**

**Diabetes care and endocrinal Management, 0.3%**

**840M RMB**

**10M RMB**
Operating Expenses

Sales and Marketing Cost
(RMB million)

- Y/Y: ↑13.7%

Administrative Expense
(RMB million)

- Y/Y: ↑6.8%

Research and Development Cost
(RMB million)

- Y/Y: ↓4.7%
Business Update

1. Vascular Business
2. Electrophysiology Business
3. Orthopedics Business
4. Diabetes and Endocrinical Devices
5. Surgical Management – Dongguan Kewei
6. Long-Term R&D Pipeline
Vascular Business
DES-Market Leader with Strong Brand Recognition

DES Market Leadership (2012)

DES Revenue (2008-2012)

(in terms of units implanted)

Vascular Business

DES-Market Leader with Strong Brand Recognition

DES Market Leadership (2012)

DES Revenue (2008-2012)

(in terms of units implanted)

Source: Internal Study Data
Vascular Business
DES-Firehawk R&D Status

Firebird 2
- Commercially launched in January 2009
- Constructed of cobalt-chromium coated with sirolimus
- 0.034 inch thick

Firehawk
- Third generation DES
- Cobalt-chromium target-eluting stent coated with sirolimus
- Biodegradable drug coating that attaches only to the area of stent that contacts the blood vessel

Clinical Trial
Phase 1
First in Man ("FIM") (Completed)
Phase 2
TARGET I
A study of randomized controlled multicenter trial with total of 460 patients (Completed)
Phase 3
TARGET II
A single-arm multicenter clinical trial with total of 730 patients (Completed)

Update of Firehawk
- The results of All Trials was published on CIT 2013 (Mar. 2013)
The clinical results concluded that Firehawk is safe and effective. Furthermore it also indicated the feasibility and advantage of the "Target Release" feature on Firehawk.
- Expect to get SFDA approval as soon as the beginning of 2014
- Expect to get CE Certification as soon as the middle of 2014
Vascular Business
Endovascular – Stent Graft

TAA/AAA Market Leadership (2012)

(in terms of units implanted)

New Generation

Castor
- Branched Aortic Stent-Graft and Delivery System
- Clinical Trial to be kicked off in 2012

Hercules B / Hercules T
Vascular Business
Neurovascular – Apollo, Willis

Solid Growth of Apollo in Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (RMB million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2.6</td>
</tr>
<tr>
<td>2009</td>
<td>8.6</td>
</tr>
<tr>
<td>2010</td>
<td>13.4</td>
</tr>
<tr>
<td>2011</td>
<td>17.5</td>
</tr>
<tr>
<td>2012</td>
<td>20.8</td>
</tr>
</tbody>
</table>

Products Already Received SFDA Approval

Willis

- Intracranial Stent Graft System
- Received SFDA approval on March, 2013

Leading Position in Neurovascular stents

- ≈10% Apollo
- ≈30% Wingspan
- ≈60% Others

In terms of units

R&D Pipeline

Tubridge

- Vascular Reconstruction Device
- First-in-man Finished in 2011
- Clinical Trial started in 2012
Electrophysiology Business

Solid Growth of Electrophysiology in Revenue

- 2010: RMB 1.5 million
- 2011: RMB 5.5 million
- 2012: RMB 9.7 million

R&D Pipeline

- Columbus
  - 3D Mapping System
  - Clinical Trial in 2012

- Voyager
  - Irrigated RF Ablation Catheter
  - Clinical Trial in 2012

Products on the Market
Orthopedics Business

Milestones

2009
• Established Shanghai MicroPort Orthopedics

2010
• Obtained CE Certificates for over 5 products since 2010

2011
• Acquired Suzhou BEST Orthopedics Corporation

2012
• Revenues generated from domestic & international sales

Sales Split by Application

Key Factors

- Employee: 180 in total
- Facilities: increase an area of 11,000㎡
- Certificates: over 20 domestic registration certificates, and over 5 CE certificates

Products Profile Pipeline

- Spine-Plates
- Spine-Screws
- Spine-Cages Spine-Instruments
- Trauma-Plates
- Trauma-Nails
- Cannulated Screws
- External FX
Diabetes and Endocrinal Devices Business

Solid Growth of Diabetes Business in Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (RMB million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>2.8</td>
</tr>
<tr>
<td>2012</td>
<td>9.7</td>
</tr>
</tbody>
</table>

Products Profile

**Micro-Infusion GnRH Pump**
*(Artificial Pituitary Pump)*

- Innovative Solution for Hypogonadotropic Hypogonadism (HH)
- Contribute a lot to the revenue

R&D Pipeline

**La Fenice V**
- New generation Insulin Pump
- Clinical Trial Finished

**La Fenice Pen**
- Motor Drive Insulin Pen
- Clinical Trial to be kicked off in 2013
Surgical Devices Business

Key Factors

- Located on Dongguan, Guangdong province
- 28 patents in China
- Around 160 employees, over 20 engineers and 10 sales
- Products currently used in more than 150 hospitals

Oxygenators Market Leadership

- Kewei: 22%
- Medtronic: 15%
- Terumo: 14%
- Medos AG: 12%
- Sorin: 10%
- Jostra AG: 9%
- Xijian Medical: 8%
- Others: 10%

Source: Guohai Securities Research Center, Feb. 2011

Products

- Oxygenator
- Blood Storage Filter
- Disposable Cardiotomy Irrigator
- Amender™ PDA Occluder
- Amender™ ASD occluder

Future Development

- Fill the gap of product lines in cardiac surgeries and structural heart diseases markets for MicroPort Medical
- Compete in the cardio-thoracic area
- Enrich the existing product lines and increase market share with the new products
- Huge potential for development of new technologies relating to the occluders and membrane oxygenators
Long-Term R&D Pipeline (over 5 years)

**Pacemaker & Pacing Lead**

- **IPG (Implantable Pulse Generator)**
  - Under R&D stage

- **Pacing Leads** – active & passive
  - Under R&D stage

**Others**

- **Transcatheter Aortic Valve Implantation system**
  - Under R&D stage

- **Intramyocardial injection catheter**
  - Under R&D stage
Company Vision & Long-Term Strategic Plans

Company Vision

Leading global player in minimally invasive medical devices

Long-Term Strategic Plans: 10+5

- Cardiovascular
- Endovascular & Peripheral vascular
- Neurovascular
- Endo Surgery
- General Surgery
- Electrophysiology
- Cardiac Rhythm Management
- Orthopedics
- Diabetes and Endocrinal Devices
- TBD
## Appendix I - Consolidated Income Statement

<table>
<thead>
<tr>
<th></th>
<th>2012 Actual</th>
<th>2011 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>930,962</td>
<td>839,849</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>(153,129)</td>
<td>(137,268)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>777,833</td>
<td>702,581</td>
</tr>
<tr>
<td><strong>Other revenue &amp; net income</strong></td>
<td>67,898</td>
<td>93,827</td>
</tr>
<tr>
<td><strong>Research and development costs</strong></td>
<td>(145,849)</td>
<td>(153,035)</td>
</tr>
<tr>
<td><strong>Sales and marketing costs</strong></td>
<td>(172,999)</td>
<td>(152,112)</td>
</tr>
<tr>
<td><strong>Administrative expenses</strong></td>
<td>(104,600)</td>
<td>(97,920)</td>
</tr>
<tr>
<td><strong>Other operating costs</strong></td>
<td>(5,250)</td>
<td>(17,912)</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>417,033</td>
<td>375,429</td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td>(1,675)</td>
<td>(1,376)</td>
</tr>
<tr>
<td><strong>Profit before taxation</strong></td>
<td>415,358</td>
<td>374,053</td>
</tr>
<tr>
<td><strong>Income tax</strong></td>
<td>(61,378)</td>
<td>(53,198)</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>353,980</td>
<td>320,855</td>
</tr>
</tbody>
</table>
## Appendix II - Consolidated Balance Sheet

<table>
<thead>
<tr>
<th>RMB’000</th>
<th>31 Dec 2012</th>
<th>31 Dec 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>413,149</td>
<td>1,095,209</td>
</tr>
<tr>
<td>Deposits with banks</td>
<td>666,275</td>
<td>319,279</td>
</tr>
<tr>
<td>Trade &amp; Other receivables</td>
<td>433,890</td>
<td>286,617</td>
</tr>
<tr>
<td>Inventories</td>
<td>92,654</td>
<td>73,962</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>1,605,968</strong></td>
<td><strong>1,775,067</strong></td>
</tr>
<tr>
<td>Fixed Assets &amp; CIP &amp; Prepay for FA</td>
<td>720,497</td>
<td>407,360</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>149,974</td>
<td>85,632</td>
</tr>
<tr>
<td>Goodwill</td>
<td>175,492</td>
<td>64,466</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>15,949</td>
<td>11,674</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td><strong>1,061,912</strong></td>
<td><strong>569,132</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>2,667,880</strong></td>
<td><strong>2,344,199</strong></td>
</tr>
<tr>
<td>Interest-bearing borrowings</td>
<td>(20,491)</td>
<td>(2,476)</td>
</tr>
<tr>
<td>Trade &amp; Other payables</td>
<td>(174,812)</td>
<td>(141,284)</td>
</tr>
<tr>
<td>Income tax payable</td>
<td>(9,011)</td>
<td>(10,059)</td>
</tr>
<tr>
<td>Deferred income</td>
<td>(257)</td>
<td>(114)</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>(204,571)</strong></td>
<td><strong>(153,933)</strong></td>
</tr>
<tr>
<td>Interest-bearing borrowings</td>
<td>(2,703)</td>
<td>(3,193)</td>
</tr>
<tr>
<td>Deferred income</td>
<td>(71,125)</td>
<td>(46,628)</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(28,923)</td>
<td>(25,290)</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>(40,679)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>(348,001)</strong></td>
<td><strong>(229,044)</strong></td>
</tr>
<tr>
<td>Share capital</td>
<td>(108)</td>
<td>(109)</td>
</tr>
<tr>
<td>Capital reserve</td>
<td>(2,319,771)</td>
<td>(2,115,046)</td>
</tr>
<tr>
<td><strong>Total stockholders’ equity</strong></td>
<td><strong>(2,319,879)</strong></td>
<td><strong>(2,115,155)</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td><strong>(2,667,880)</strong></td>
<td><strong>(2,344,199)</strong></td>
</tr>
</tbody>
</table>

| **Net Current Assets** | 1,810,539 | 1,929,000 |
| **Net Assets** | 2,319,879 | 2,115,155 |
### Appendix III - Condensed Consolidated Cash Flow Statement - Adjusted *

<table>
<thead>
<tr>
<th>(RMB '000)</th>
<th>2012 Actual</th>
<th>2011 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from operations</td>
<td>352,250</td>
<td>364,339</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(66,664)</td>
<td>(64,209)</td>
</tr>
<tr>
<td><strong>Net cash generated from operating activities</strong></td>
<td><strong>285,586</strong></td>
<td><strong>300,130</strong></td>
</tr>
<tr>
<td>Net cash (used in)/from investing activities</td>
<td>(460,867)</td>
<td>(247,248)</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(160,406)</td>
<td>(207,414)</td>
</tr>
<tr>
<td><strong>Net decrease in cash and cash equivalent</strong></td>
<td><strong>(335,687)</strong></td>
<td><strong>(154,532)</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents at 1 January</td>
<td>1,414,488</td>
<td>1,572,326</td>
</tr>
<tr>
<td>Effect of foreign exchange rate changes</td>
<td>623</td>
<td>(3,306)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at 31 December</strong></td>
<td><strong>1,079,424</strong></td>
<td><strong>1,414,488</strong></td>
</tr>
</tbody>
</table>

* Adjusted 347 million net placement of time deposits with bank over 3 month (2011: net uplift 325 million) in to cash and cash equivalents.
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