

**Hands on Details | Eyes on Greatness**



**MicroPort Scientific Corporation | 2019 Interim Results**

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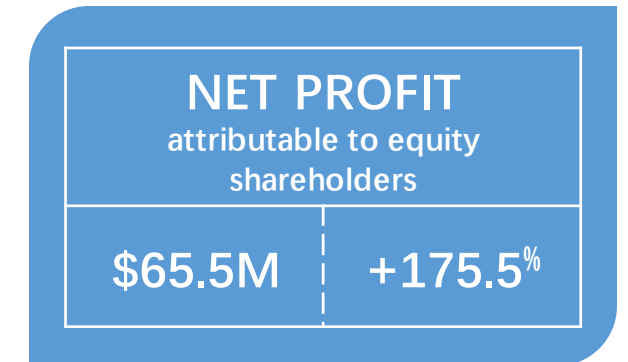
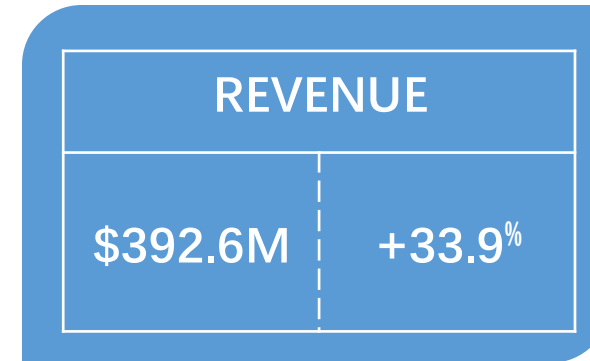
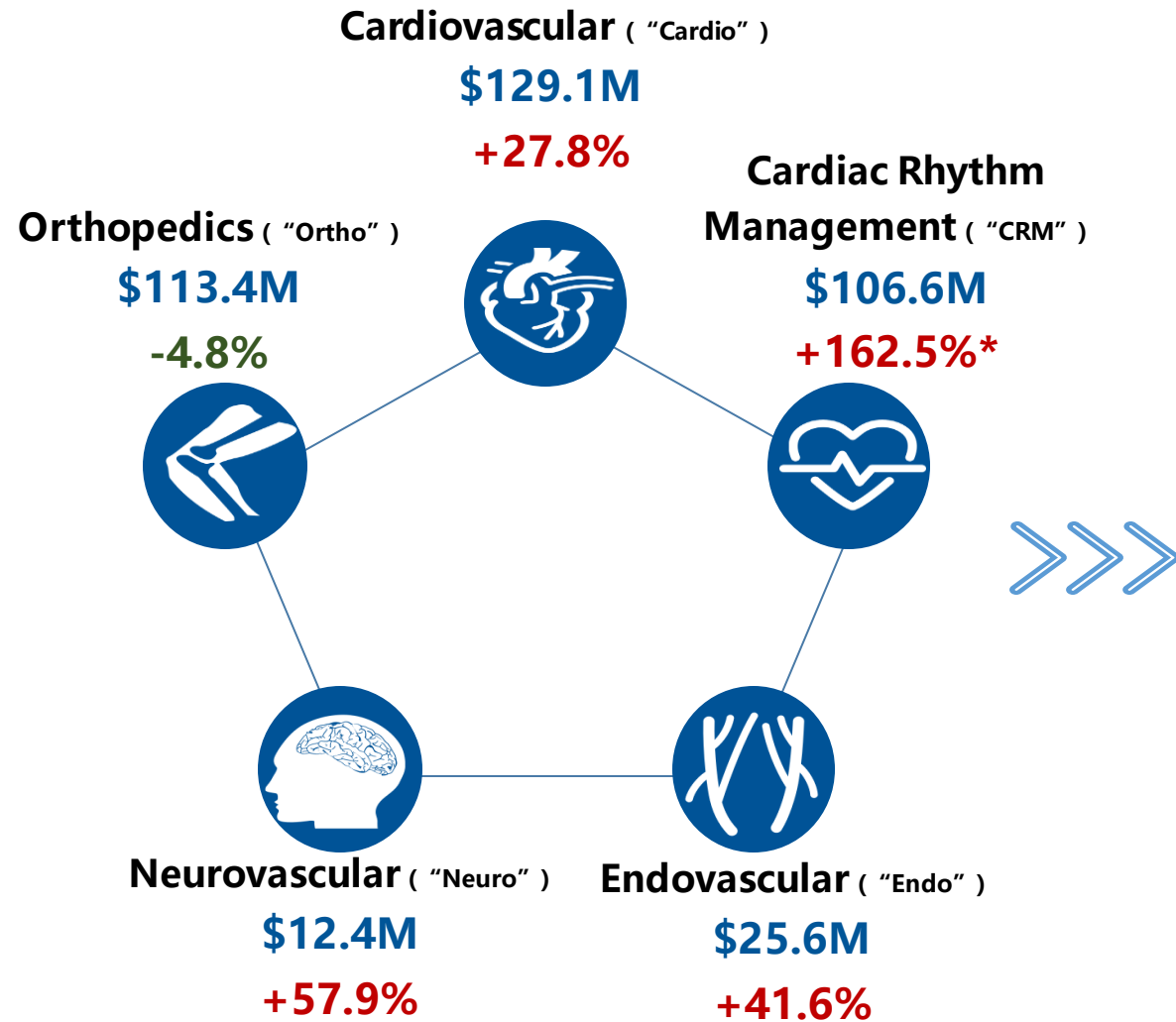
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## 1 INTERIM RESULTS HIGHLIGHTS

- *Financial Highlights*
- *Business Highlights*
- *Product and Pipeline Progress*

- Revenue Growth Rates and Historic Revenue Numbers Adjusted to Exclude Foreign Exchange Impact

(USD: Million)



\*CRM has been consolidated into the financial statements of the Company since April 30, 2018

## FINANCIAL HIGHLIGHTS

(USD: Million)

- Revenue: \$392.6m, **33.9%** YOY↑, mainly attributable to the consolidation of CRM and the robust growth of key segments and core products, slightly offset by short-term fluctuation in non-China Ortho
  - Consolidation of CRM for full six months and vigorous growth driven by domestic-made pacemakers led to **162.5%** YOY ↑ for CRM segment
  - Cardio: **27.8%** YOY ↑, domestic Firehawk™ **59.6%** YOY ↑, overseas Firehawk™ **52.2%** YOY ↑, global Firebird2™ **8.0%** YOY ↑
  - China Ortho: **53.3%** YOY ↑, knee products **45.4%** YOY ↑, hip products **78.0%** YOY ↑
  - Endo: **41.6%** YOY ↑; Neuro: **57.9%** YOY ↑
  - Non-China Ortho: **8.9%** YOY ↓
- Gross Profit: \$281.6m, **28.4%** YOY ↑ and GP Margin of **71.7%**, increased by **90** bps, mainly due to
  - Optimization of product sales structure
- Operating cost: \$249.4m, **41.7%** YOY ↑, mainly due to
  - The acquisition of CRM business
  - The increased investments in the on-going and newly established R&D projects
  - Increase in sales promotion and post-launching clinical trials
- One-time gain of **\$55.8m** (net of tax) from the disposal of partial equity interests in EP

## NET PROFIT

attributable to equity shareholders

\$65.5M **175.5%** YOY↑

## BUSINESS HIGHLIGHTS

- Substantial progress in R&D and pipeline development in 2019 1H
  - **7** products obtained NMPA\* approvals: Aspiration™, SoSuperior™, Firehawk Nova™, Minos™, ARBOREST™ kyphoplastic Balloon Catheter, etc.
  - **18** products obtained **25** registration approvals from overseas
  - **1** product granted Green Path for NMPA approval: 3D Electronic Laparoscope
- **Firehawk™** TARGET AC trial two-year data further proved that it can achieve identical clinical efficacy and safety with the first-in class DES and received reimbursement in France
- **Firesorb®** enrolled >300 patients in FUTURE II and completed 3-year follow-up of FIM, which proved that the Firesorb® based on PLLA is one of the viable, safe and effective solutions to the patients with single de novo coronary artery lesions as compared with the 1<sup>st</sup> generation biodegradable scaffolds
- **VitaFlow® obtained NMPA approval and production license in July 2019 and completed its first implantation on Aug 2019**
- **VitaFlow®** showed low all-cause mortality and no major stroke in 2-year follow-up study
- **VitaFlow®II** conducted multiple clinical trials in China and EU
- **BonaFire MRI conditional passive lead** finalized the protocol of K-B MRI clinical study
- **The laparoscopic surgical instrument control system** initiated the type testing process

**Endovastec™** successfully launched its initial public offering on the Science and Technology Innovation Board of the Shanghai Stock Exchange on July 22, 2019



\*"NMPA" stands for "National Medical Products Administration"

# INTERIM RESULTS HIGHLIGHTS (CONT' D)

## – Product and Pipeline Progress

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### CARDIO

- Firehawk™ NOVA
- Firehawk Liberty™, WALTZ CoCr Coronary Stent System, Firefighter PTCA Balloon Dilatation Catheter, Firefighter NC PTCA Balloon Catheter, Y-connector, Inflation Device
- Two-Year data from Target AC trial of Firehawk™ showed non-inferiority to the internationally recognized stent
- Firesorb™ completed 3-year follow-up of FIM clinical trial and FUTURE II trial enrolled over 300 patients

### CRM

- BonaFire MRI conditional passive lead finalized the protocol of K-B MRI clinical study
- Navigo™ left ventricular pacing leads entered clinical validation phase

### ORTHO

- Domestically made Aspiration™ Medial Stability Total Knee Replacement System
- Domestically made SoSuperior™ Medial Stability Total Knee Replacement System,
- Domestically made femoral part
- ARBORES™ kyphoplastic Balloon Catheter
- BIOLOX® Delta Options system, Slo-Con Total Knee instruments, PRIME® Acetabular system, Knee Tensioner Instrument system, Evolution® NitrX™ Medial-Pivot Knee, Evolution® CS Stemmed Femur

### NEURO

- Fastrack Microcatheter System
- Vertebral artery stent has been grant NMPA deficiency letter

### ENDO

- Minos™ Ultra Low Profile AAA Stent-Graft
- Talos™ Thoracic Stent-Graft System entered the phase of follow-up study of clinical trials
- Fontus™ Branched Surgical Stent Graft System entered the phase of follow-up study of clinical trials
- Reewarm™ PTX Drug Coated Balloon passed panel review

### Heart Valve

- VitaFlow® Transcatheter Aortic Valve and Delivery System
- VitaFlow® II conducted multiple clinical trials in China and EU

### Surgical Robot

- 3D Electronic Laparoscope
- The laparoscopic surgical instrument control system has initiated the type testing process

- NMPA Approval
- NMPA Green Path
- Overseas Approval
- Clinical Progress





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## FINANCIAL REVIEW

- *Consolidated Financial Performance*
- *Operating Expenses*

- Revenue Growth Rates and Historic Revenue Numbers Adjusted to Exclude Foreign Exchange Impact

# ■ FINANCIAL REVIEW – Consolidated Financial Performance

MicroPort Scientific Corporation | 2019 Interim Results

## Revenue

(USD: Million)

	non-CRM Business	CRM Business	Total	Growth
2018 1H	266.1	43.8	309.9	33.9%
2019 1H	286.0	106.6	392.6	

## Operating Expenses

(USD: Million)

	non-CRM Business	CRM Business	Total	Growth
2018 1H	149.5	26.5	176.0	41.7%
2019 1H	165.5	83.9	249.4	

## Net Profit attributable to equity shareholders

(USD: Million)

	non-CRM Business	CRM Business	Total	Growth
2018 1H	26.6	(2.8)	23.8	175.5%
2019 1H	78.4	(12.9)	65.5	

## Gross Profit Margin

( bps)

	GPM	Growth by bps
2018 1H	70.8%	90
2019 1H	71.7%	



# ■ FINANCIAL REVIEW – Operating Expenses

MicroPort Scientific Corporation | 2019 Interim Results

## Sales and Marketing Expenses

(USD: Million)

	2018 1H	2019 1H
Non-CRM Business	76.1	79.2
CRM Business	15.8	47.3
Total	91.9	126.5
S&M% of Sales	29.7%	32.2%

- Sales & Marketing expenses increased by 34.6m, 37.6% YOY ↑
  - The acquisition of CRM business
  - Increase in sales promotion & post-launching clinical trials expenses
  - Increase in staff cost

## Administrative Expenses

(USD: Million)

	2018 1H	2019 1H
Non-CRM Business	38.7	43.3
CRM Business	3.6	11.7
Total	42.3	55.0
Ad% of Sales	13.6%	14.0%

- Administrative expenses increased by 12.7m, 30.0% YOY ↑
  - The acquisition of CRM business
  - Increase in staff cost

## Research and Development Expenses

(USD: Million)

	2018 1H	2019 1H
Non-CRM Business	34.7	43.0
CRM Business	7.1	25.0
Total	41.8	68.0
R&D% of Sales	13.5%	17.3%

- Research & Development expenses increased by 26.2m, 62.6% YOY ↑
  - The acquisition of CRM business
  - Increased investments in the ongoing and newly established R&D projects

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## BUSINESS REVIEW

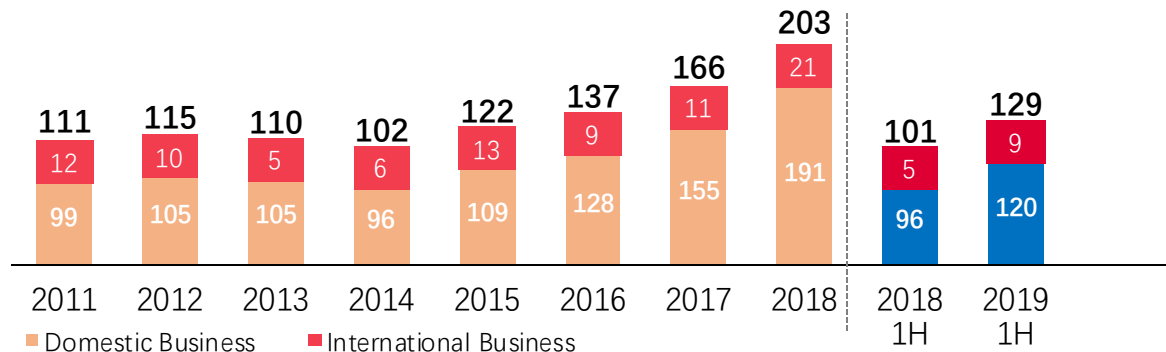
- *Cardiovascular*
- *Orthopedics*
- *CRM*
- *Endovascular*
- *Neurovascular*
- *Heart Valve & Surgical Robot*

- Revenue Growth Rates and Historic Revenue Numbers Adjusted to Exclude Foreign Exchange Impact

## 2019 1H Revenue

(USD: Million)

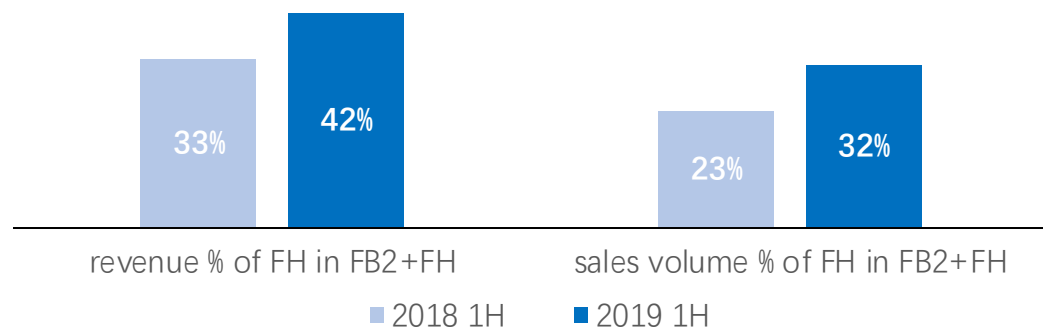
Global: **27.8% ↑**; Domestic: **25.7% ↑**; Overseas: **66.0% ↑**



## Highlights on Sales

- **Global revenue: \$129.1m, 27.8% YOY ↑**
- **Domestic revenue: \$120.4m, strong growth of 25.7% YOY ↑, driven by:**
  - Firehawk™: 59.6% YOY ↑, Firebird2™: 6.6% YOY ↑; Balloon Products: 56.6% YOY ↑
- **Domestic Hospital Coverage:**
  - Firehawk™ hospital coverage 44.0% YOY ↑; Firebird2™ hospital coverage 16.2% YOY ↑; Balloon Products hospital coverage 13.2% YOY ↑
- **Overseas revenue: \$8.6m, 66.0% YOY ↑**
  - Obtained 14 registration approvals from 6 countries/regions during 2019 1H
  - Firehawk™ received approvals in 3 additional countries
  - Firehawk™ was included in French medical insurance reimbursement lists and completed first implantation in July in France
  - Sales covered 29 countries/regions in total

## Percentage of Firehawk™ in DES Sales

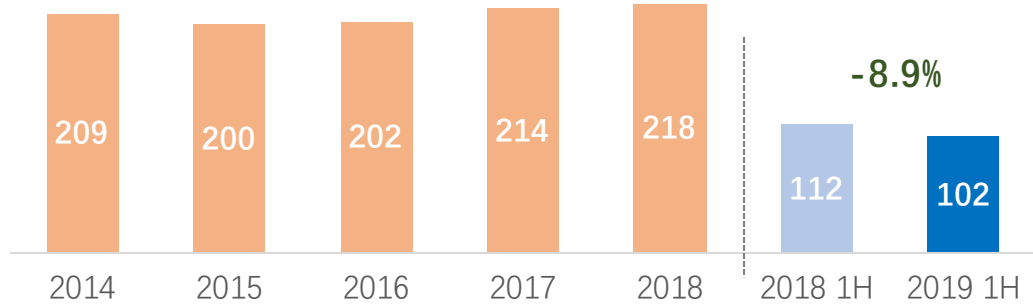


## Highlights on Products

- **Stent Products:** currently, **4** stents in sales portfolio and **1** stents under R&D
  - Firehawk Liberty™ obtained CE certification in March
  - Firehawk Nova™ received NMPA approval in May
  - Firehawk™'s results of Target AC trial at 24 months further proved it can achieve identical clinical efficacy and safety as the internationally recognized stent
  - Firesorb® completed 3-year follow-up of FIM clinical trial proved that it is one of the viable safe and effective solutions for the single de novo coronary artery lesions patients as compared with the first generation biodegradable scaffolds
- **Balloon Products:** currently, **3** balloon catheters being sold and **1** balloon catheter was newly approved
  - Firefighter™ NC PTCA Balloon Catheter obtained CE certification in March

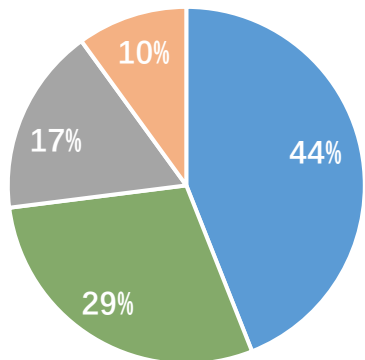
## 2019 1H Revenue

(USD: Million)



## 2019 1H Revenue by Geographic Areas

(USD: Million)

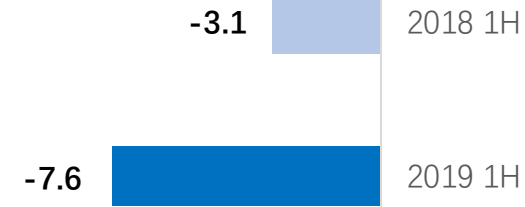


■ US ■ EMEA ■ Japan ■ Others

	Revenue	Growth
US	45	-11.5%
EMEA	29	-6.5%
Japan	18	3.9%
Others	10	-21.2%

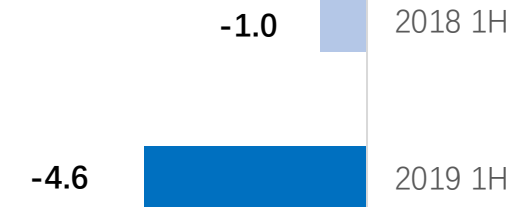
## Net Loss

(USD: Million)



## Operating Loss

(USD: Million)



### Revenue: \$101.9m, 8.9% YOY ↓

- US: 11.5% YOY ↓, mainly due to the loss of a large distributor in 2018 Q3
- Japan showed continuing solid growth of 3.9% YOY ↑, driven by a focus on sales execution and customer development
- EMEA: 6.5% YOY ↓, mainly due to the decrease of direct sales from subsidiaries

### Net Loss: -\$7.6m, expanded by \$4.5m YOY

### Progress in Restoration and future product development

#### Progress in restoring sales :

- Added 4 new distributors representing a significant potential annual incremental surgical cases in US

#### Progress in Registration:

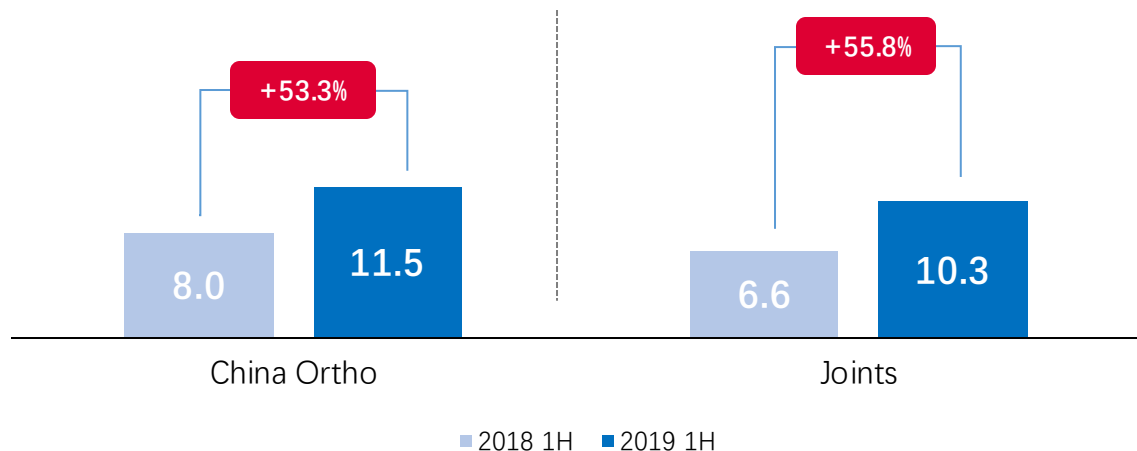
- US: Evolution® NitrX™ Medial-Pivot Knee & Evolution® CS Stemmed Femur (both approved in Canada as well) & Knee Tensioner Instrument system
- Japan: PRIME® Acetabular system & Slo-Con Total Knee instruments
- EU: BIOLOX® Delta Options system

#### Successful new product campaigns

- Launch of the Evolution® CS Stemmed Femur in March 2019, which will support the expansion of Evolution® Medial-Pivot Knee system

## Revenue and Growth

(USD: Million)



## Progress in China

### New Hospital Penetration

SuperPath™	36
Hip Products	81
Advance®	49
Evolution®	22



## China Business Highlights

- **Revenue: \$11.5m, 53.3% YOY ↑**
- **Revenue of joints: \$10.3m, 55.8% YOY ↑, driven by:**
  - Revenue of imported Knee products increased by 45% YOY ↑
  - Revenue of imported Hip products increased by 78% YOY ↑
  - SuperPath™ covered over 100 hospitals with surgical cases increased by 9% YOY ↑
- **Revenue of Spine and Trauma: \$1.1m, 18.4% YOY ↑, driven by:**
  - Launch of new products
  - Orderly progress in market admittance in various provinces
- **Surgical Instrument**
  - Developed 90 units of instruments and produced 20 sets of domestically designed ICE Evolution knee instruments
- **Global Supply Center (“GSC”)**
  - Processed over 60,000 product delivery in 33 countries/regions

### Development on product portfolio

- Domestically made Aspiration™ and SoSuperior™ Medial Stability Total Knee Replacement System gained NMPA approvals and completed their first procedures respectively
- Domestically made Total Hip Replacement System is expected to gain NMPA approval by the end of 2019
- **Improved product portfolio in joints will elevate the competitiveness of the China Ortho business**

## Product Launch for non-China Business

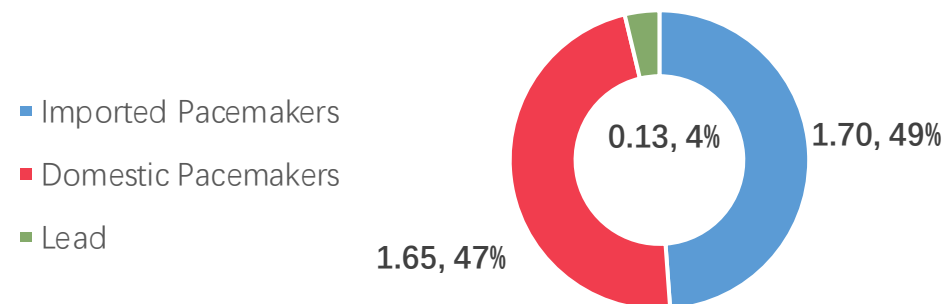


## Non-China Business Highlights

- ❑ **Revenue: \$103.1m, 153.1% YOY↑, mainly due to**
  - Consolidation of CRM non-China business for full six months
- ❑ **New product launch:**
  - ENO™, TEO™ and OTO™, world's smallest 1.5T & 3T MRI Compatible Pacemakers with a volume of 8cc, contributed more than 50% MicroPort CRM pacemakers implants in EU
  - Lightweight, modular tablet-based programmer SmartTouch™ with Bluetooth® capability
- ❑ **Business in Japan: sales team is ready to continue serving our customers and introduce our product**
- ❑ **Projects under R&D to enhance competitiveness**
  - Invicta™ defibrillation lead, Navigo™ left ventricular pacing leads and new pacemaker platform with Bluetooth® communication capability

## 2019 1H China Business Revenue

(USD: Million)

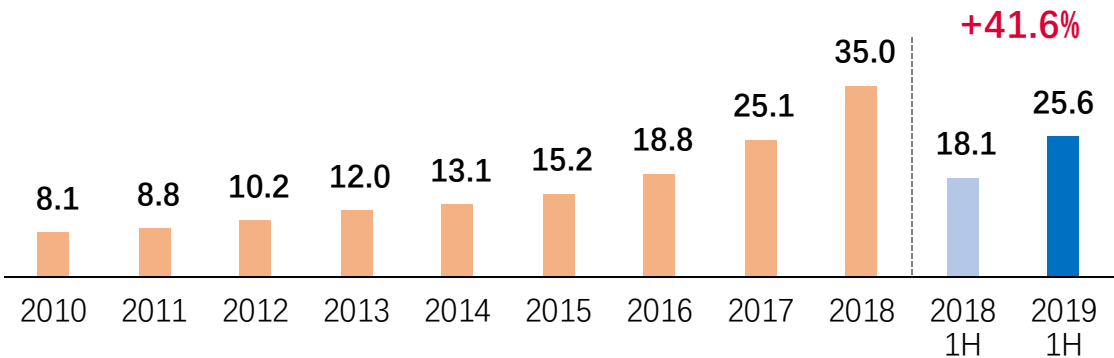


## China Business Highlights

- ❑ **Revenue: \$3.5m, 269.0% YOY↑. Significant growth driven by:**
  - Consolidation of CRM China business for full six months
  - Domestically made pacemaker Rega™ family contributed 47% of China business revenue
  - Continuous growth from imported pacemakers of 27% vs 6 months of 2018
- ❑ **Hospital coverage and distribution channel**
  - Pacemakers covered more than 250 hospitals, 88% YOY ↑
  - Newly developed over 20 distributors
- ❑ **Implantation update**
  - Over 900 implants of Rega™ family pacemakers achieved in 2019 1H
  - Over 350 BEFLEX™ pacing lead implants
- ❑ **Projects under R&D led to “Innovated in China”**
  - The protocol of K-B MRI clinical study for BonaFire MRI conditional passive lead has been finalized

## 2019 1H Revenue

(USD: Million)



## Extensive Product Pipeline

	2019 A&E	2020E	2021E	Green Path
Minos™ Ultra Low Profile AAA Stent-Graft	✓			Mar 2017
Reewarm™ PTX Drug Coated Balloon	✓			Dec 2015
Fontus™ Branched Surgical Stent Graft System		✓		Aug 2018
Talos™ Thoracic Stent-Graft System			✓	Sep 2017

**Endovastec™ went public on the Science and Technology Innovation Board of Shanghai Stock Exchange on July 22, 2019**



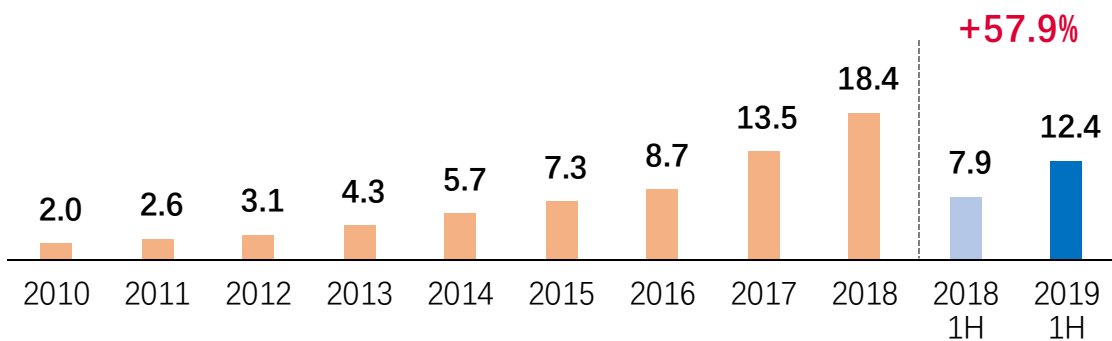
## Highlights

- **Revenue: \$25.6m, 41.6% YOY↑, driven by:**
  - Fast-growing Chinese market with CGAR over 15%
  - Castor™, the world's first thoracic branch stent-graft system, maintained rapid growth, completed over 1000 implants cumulatively
  - Continuous focuses and effective promotion in tier 2&3 cities
- **Penetrated additional 36 hospitals**
- **New catalyst for sustainable growth**
  - Minos™ Ultra Low Profile AAA Stent-Graft received NMPA approval in March
  - Reewarm™ PTX Drug Coated Balloon expected to obtain NMPA approval by end of 2019



## 2019 1H Revenue

(USD: Million)

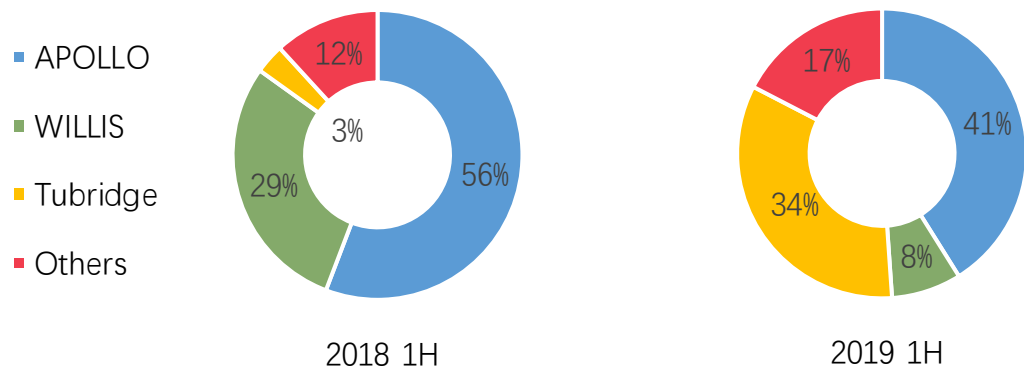


## Extensive Product Pipeline

	2019	2020E	Green Path
Vertebral artery stent		✓	Mar 2018
Coils		✓	
Clot Retrieval Device		✓	
Fastrack Microcatheter system	✓		

## Revenue by Products

(USD: Million)



## Highlights

- **Revenue: \$12.4m, 57.9% YOY ↑, mainly due to:**
  - Significant contribution from Tubridge™, representing 33.7% of the revenue
  - Revenue decrease of WILLIS™ partly due to launch of competing product and substitution effect of Tubridge™
- **Hospital Coverage**
  - APOLLO™: newly penetrated 102 hospitals
  - Tubridge™: newly penetrated 65 hospitals
- **Registration and clinical progress**
  - Fastrack Microcatheter system gained NMPA approval in August 2019
  - Clinical trials for coils has completed and showed promising results

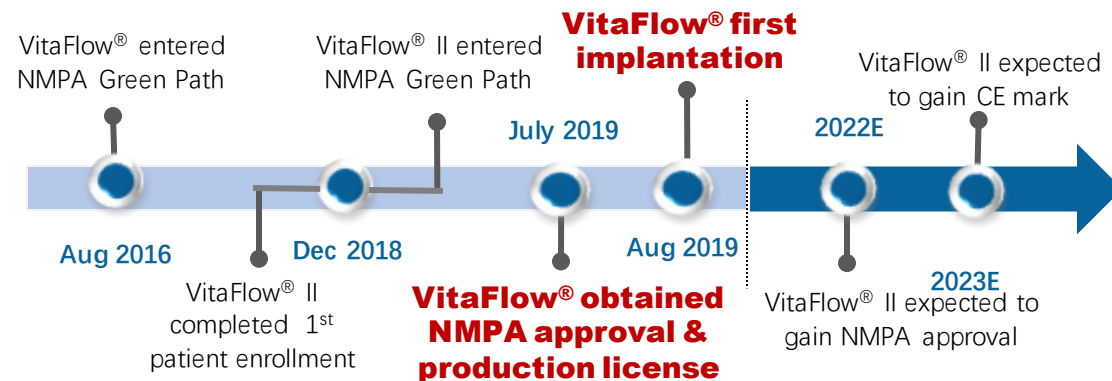
## Heart Valve

### VitaFlow®

- VitaFlow® is designed to provide solution for aortic valve stenosis and has demonstrated safety and effectiveness in treating severe calcified aortic stenosis
- Low all-cause mortality and no major stroke in 2-year follow-up study
- **VitaFlow® received NMPA approval & production license in July 2019 and completed its first implantation on Aug 28, with a total of 4 implantations completed on the same day**

### VitaFlow® II

- VitaFlow® II is equipped with retrievable delivery system
- “Retrievable” feature will provide solution to the challenging positioning issue, thereby improving precision and success rate
- While achieving the retrievable feature, VitaFlow® II maintains its remarkable deployment stability and ability in preventing PVL
- **Registration and clinical progress**
- VitaFlow® II has entered NMPA Green Path in December 2018
- Expected to gain NMPA approval by 2022 and CE mark by 2023
- Clinical trials conducted in China and EU



## Surgical Robot

### Solid progress in R&D

- **3D Electrical Laparoscope**
- The Company's self-developed 3D Electrical Laparoscope was granted NMPA Green Path, becoming the Company's 16<sup>th</sup> product entering the NMPA Green Path
- The 3D Electrical Laparoscope provides high-resolution instant images which help doctors to conduct minimally invasive surgeries
- Since there is no domestic 3D laparoscopic product currently in China, the grant of Green Path will assist in popularizing cutting-edge technology and boost the development of connected industries
- **Laparoscopic Surgical Robotic Control System**
- The laparoscopic surgical instrument control system has initiated the type testing process



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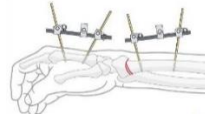

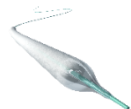



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OUTLOOK

- 
- *Continuous Product Pipeline  
Fueling Long-term Growth*



# OUTLOOK – Continuous Product Pipeline Fueling Long-term Growth

Cardio	Firefighter™ NC NMPA & CE	Firebird2™ Nova NMPA & CE	Firesorb™ NMPA	Fantasy Drug-Eluting Stent NMPA & CE	 ...		
Ortho	Domestically made hip system NMPA	Domestically made spine system NMPA	Domestically made trauma system NMPA	   ...			
CRM	Navigo™ left ventricular pacing leads CE	Kora100™ pacemaker family NMPA	Pacemaker platform with Bluetooth CE	Invicta™ defibrillation lead CE	TPG (external temporary pacemaker) NMPA	BonaFire conditional passive lead NMPA	 ...
Endo	Reewarm™ PTX Drug Coated Balloon NMPA	Fontus™ Branched Surgical Stent Graft System NMPA	Talos™ Thoracic Stent-Graft System NMPA	 ...			
Neuro	Vertebral Artery Stent NMPA	Coils NMPA	Clot Retrieval Device NMPA	 ...			
Heart Valve	VitaFlow™ II NMPA & CE	 ...					
Surgical Robot	Robot for joint operation NMPA	Robot for endoscope operation NMPA	3D Electronic Laparoscope system II NMPA	 ...			

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## APPENDIX: FINANCIAL STATEMENTS

- 
- *Consolidated Income Statement*
  - *Consolidated Balance Sheet*

# ■ APPENDIX: FINANCIAL STATEMENTS

## – Consolidated Income Statement

MicroPort Scientific Corporation | 2019 Interim Results

Unit: USD'000	1H 2019	1H 2018	Var.
Revenue	392,607	309,867	27%
Cost of sales	(110,969)	(90,438)	23%
<b>Gross profit</b>	<b>281,638</b>	<b>219,429</b>	<b>28%</b>
Other net income	8,613	4,274	102%
Research and development costs	(67,968)	(41,791)	63%
Distribution cost	(126,465)	(91,902)	38%
Administrative expenses	(54,974)	(42,291)	30%
Other operating costs	(5,860)	(7,942)	-26%
<b>Profit from operations</b>	<b>34,984</b>	<b>39,777</b>	<b>-12%</b>
Finance cost	(9,560)	(8,708)	10%
Gain on disposal of subsidiaries	63,105	-	n.a
Gain on deemed disposal of a joint venture	-	4,133	-100%
Share of losses of associates	(1,318)	(848)	55%
Share of losses of a joint venture	0	(202)	-100%
<b>Profit before taxation</b>	<b>87,211</b>	<b>34,152</b>	<b>155%</b>
Income tax	(26,362)	(9,949)	165%
<b>Profit for the period</b>	<b>60,849</b>	<b>24,203</b>	<b>151%</b>
<b>Attributable to: Equity shareholders of the Company</b>	<b>65,476</b>	<b>23,769</b>	<b>175%</b>

# APPENDIX: FINANCIAL STATEMENTS

## – Consolidated Balance Sheet

MicroPort Scientific Corporation | 2019 Interim Results

Unit: USD'000	30 June. 2019	31 Dec. 2018	Var.
<b>Non-current assets</b>			
Investment properties	7,470	5,451	37%
Other property, plant and equipment	349,463	336,263	4%
Right-of-use assets	46,274	-	n.a
Land use right	14,708	15,087	-3%
Intangible assets	118,100	117,489	1%
Prepayments for non-current assets	10,122	6,222	63%
Goodwill	162,105	162,673	0%
Interest in associates	50,391	12,291	310%
Interest in a joint venture	5,100	5,100	0%
Other financial assets	18,314	11,910	54%
Deferred tax assets	14,506	15,291	-5%
Other non-current assets	41,374	31,979	29%
<b>Total non-current assets</b>	<b>837,927</b>	<b>719,756</b>	<b>16%</b>
<b>Current assets</b>			
Inventories	182,956	175,957	4%
Trade and other receivables	250,892	245,143	2%
Pledged deposits and time deposits	2,032	3,537	-43%
Cash and cash equivalents	95,374	130,054	-27%
Derivative financial assets			
<b>Total current assets</b>	<b>531,254</b>	<b>554,691</b>	<b>-4%</b>
<b>Current liabilities</b>			
Trade and other payables	221,943	236,813	-6%
Contract liabilities	8,754	10,060	-13%
Lease liabilities	9,824	-	n.a
Interest-bearing borrowings	92,751	100,901	-8%
Convertible bonds	86,707	86,834	0%
Income tax payable	17,908	5,782	210%
<b>Total current liabilities</b>	<b>437,887</b>	<b>440,390</b>	<b>-1%</b>
<b>Net current assets</b>	<b>93,367</b>	<b>114,301</b>	<b>-18%</b>



# ■ APPENDIX: FINANCIAL STATEMENTS

## – Consolidated Balance Sheet (cont' d)

MicroPort Scientific Corporation | 2019 Interim Results

Unit: USD'000	30 June. 2019	31 Dec. 2018	Var.
<b>Non-current liabilities</b>			
Interest-bearing borrowings	145,680	137,829	6%
Lease liabilities	37,618	-	n.a
Deferred income	18,465	23,905	-23%
Convertible bonds	4,533	3,571	27%
Contract liabilities	28,069	27,766	1%
Other payables	88,050	84,819	4%
Net defined benefit obligation	8,778	8,806	0%
Deferred tax liabilities	7,513	7,775	-3%
Financial liabilities carried at fair value	13,000	10,640	22%
<b>Total non-current liabilities</b>	<b>351,706</b>	<b>305,111</b>	<b>15%</b>
<b>CAPITAL AND RESERVES</b>			
Share Capital	16	16	0%
Reserves	498,330	442,780	13%
<b>Total equity attributable to equity shareholders of the Comp</b>	<b>498,346</b>	<b>442,796</b>	<b>13%</b>
Non-controlling interests	81,242	86,150	-6%
<b>TOTAL EQUITY</b>	<b>579,588</b>	<b>528,946</b>	<b>10%</b>



**MicroPort<sup>TM</sup>**

**The Patient Always Comes First**