MicroPort®

MicroPort Scientific Corporation

Annual Earnings Release

2018

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ANNUAL RESULT HIGHLIGHTS

REVENUE

$669M **+49% YoY**

NET PROFIT attributable to equity shareholders

$23.9M **+27% YoY**

Orthopedics
$236.3M
+4%

Cardiovascular
$202.8M
+22%

CRM
$158.4M
-

Endovascular
$35.0M
+40%

Neurovascular
$18.4M
+37%

Electrophysiology
$12.7M
+35%

*CRM consolidation since April 30th 2018
*Revenue Growth Rates and Historic Revenue Numbers Adjusted to Exclude Foreign Exchange Impact

ANNUAL RESULT HIGHLIGHTS (cont'd)

FINANCIAL HIGHLIGHTS

- **Revenue: $669.5m, 48.6% YOY↑, mainly attributable to a significant growth from key segments and core products**
  - Cardio: **22%** YOY↑, among which Firehawk™ **49%** YOY↑ in China market
  - Ortho: **4%** YOY↑, Intl. Ortho **2%** YOY↑,China Ortho **33%** YOY↑
  - Endo: **40%** YOY↑; Neuro: **37%** YOY↑; EP: **35%** YOY↑
- **Gross Profit: $470m, 48% YOY↑ and GP Margin of 70.2% , decreased by 1.5 percentage points, mainly due to**
  - the dilutive impact of the newly acquired CRM business with a gross margin lower than the average of the Group
- **Operational cost: $418m, 59% YOY↑, mainly due to**
  - the acquisition of CRM devices business
  - increased investments in R&D projects, sales promotion, post- launching clinical trial expenses

Net profit attributable to equity shareholders: $23.9m, 27% YOY↑

*CRM consolidation since April 30th 2018

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

NEW CATALYSTS FOR FUTURE GROWTH

- **10 products obtained NMPA approval,** including Tubridge® Vascular Reconstruction Device, EasyFinder™ 3D Steerable Curve Mapping Cather, Columbus™ 3D EP Navogation System (2.0), ComplexAnalyzer™ PSA, etc.
- **3 products entered NMPA Green Path**
  - Veterbral Artery Stent System, VitaFlow® II and Fontus™
  - Cumulatively, 15 MicroPort products have entered the NMPA Green Path
- **Products obtained registration approvals in overseas markets:** Eno™, Teo™ and Oto™ 1.5T & 3T MRI Conditional Pacemakers, xFine™ passive fixation lead, MRI 1.5T compatible pacing lead family, SmartTouch™ program, etc.

R&D AND CLINICAL PROGRESS

- **Firehawk™ TARGET AC** showed non-inferiority with the Xience stent family. Results were published on "The Lancet"
- **Firesorb™** released 2-year follow up of FIM clinical trial with occurrence of patient-oriented composite endpoint is 2.2%
- **Vitaflow™Transcather Arotic Valve and Delivery System** completed 1-year clinical follow up with 2.7% all-cause mortality rate
- **VitaFlow®II Transcatheter Arotic Valve and Recapturable Delivery System** completed its first implantation in Ireland

ANNUAL RESULT HIGHLIGHTS – Product and Pipeline Progress

ORTHO

- Domestic made femoral stem
- Domestically made Aspiration Medial Stability Total Knee Replacement System – PS Type Implant
- Trailwalker® Intramedullary nail
- ARBORES® Percutaneous vertebroplasty
- Domestic made Instrument kit for ADVANCE® Medial-Pivot Knee and EVOLUTION® Medial-Pivot Knee

- Evolution® CCK System
- Biolox®Delta® Options System and Biolox®Delta® Extra-Long Heads

CARDIO

- Firehawk™ gained regulatory approval in Taiwan region, Burma and Serbia
- Firebird2™ gained regulatory approval in Brazil, Mexico and Taiwan region
- Foxtrot™ NC gained regulatory approval in Iran, Malaysia, Brazil and Thailand
- Firehawk Liberty™ obtained CE certification

- Firesorb™ FUTURE II trial enrolled 232 patients

ENDO

- Hercules™ Stent-Graft System (extended sizes)

- Fontus™ Branched Surgical Stent Graft System

- Reewarm™ PTX Drug Coated Ballon PTA Catheter passed the QS review

CRM

- ComplexAnalyzer™ PSA
- BEFLEX™ pacing lead family

- xFine™ passive fixation lead obtained CE certification
- SmartTouch™ programmer obtained CE certification
- Eno™, Teo™ and Oto™ 1.5T & 3T MRI Conditional Pacemakers obtained CE certification
- PLATINIUM™ 4LV SonR obtained approval in Japan

NEURO

- Tubridge™ Vascular Reconstruction Device

- Rapamycin Target Eluting Vertebral Artery Stent System

- Coil embolization has completed all patient enrollment

EP

- Columbus™ 3D EP Navigation System (2.0)
- EasyFinder™ 3D Steerable Curve Mapping Catheter

- OptimAblate™ submitted registration material
- PathBuilder™ Steerable Introducer expected to gained NMPA approval in 2019 Q2

STRUCTURAL HEART

- VitaFlow® completed 1-year clinical follow-up with 2.7% all-cause mortality

- VitaFlow®II Transcatheter Arotic Valve and Recapturable Delivery System completed its first implantation in Ireland and entered NMPA Green Path

NMPA Approval
NMPA Green Path
Overseas Approval
Clinical Progress

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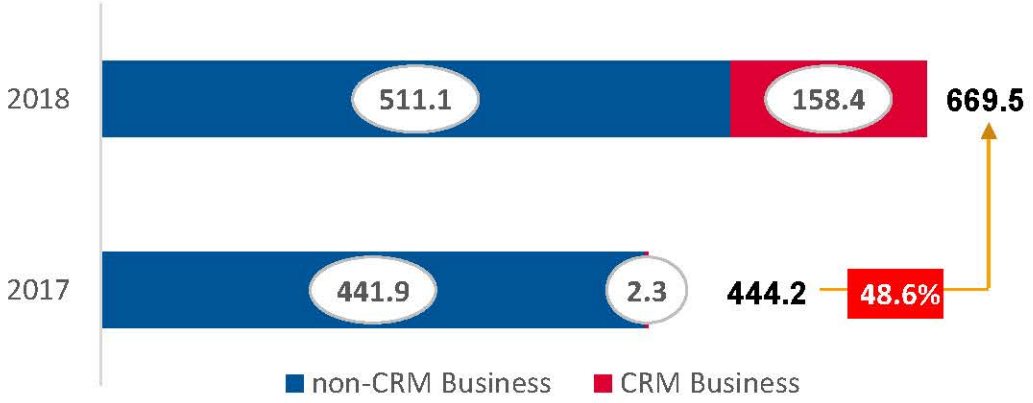
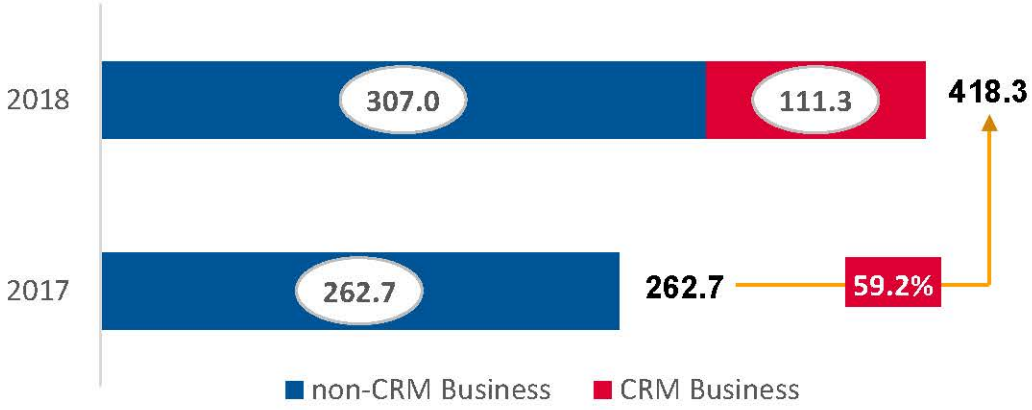
FINANCIAL REVIEW – Consolidated Financial Performance

Revenue
(USD: Million)

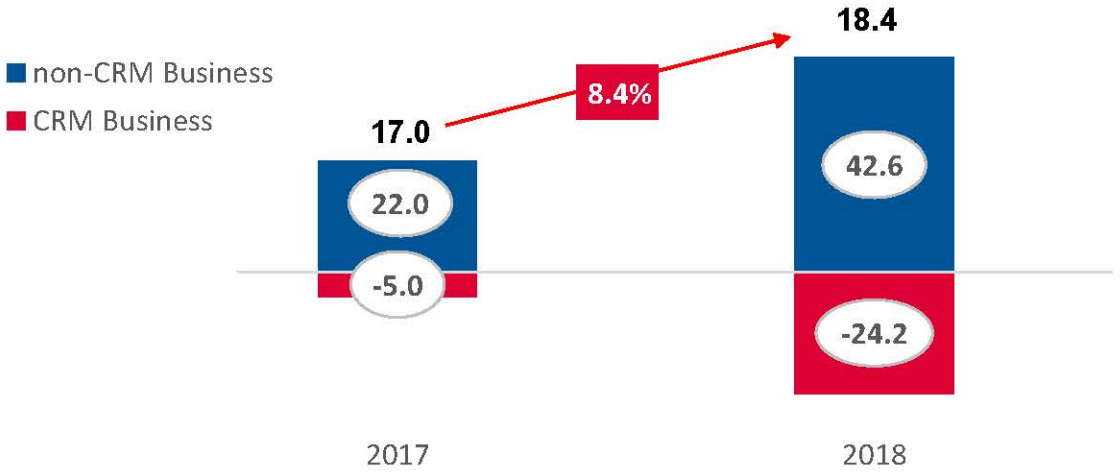


Gross Profit Margin

Operational Expenses
(USD: Million)



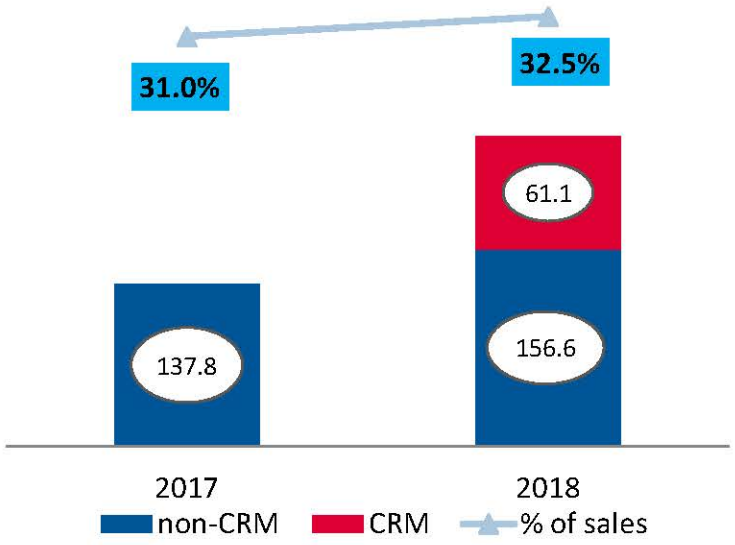
Net Profit/(Loss)
(USD: Million)



*CRM consolidation since April 30th 2018
*Revenue Growth Rates and Historic Revenue Numbers Adjusted to Exclude Foreign Exchange Impact

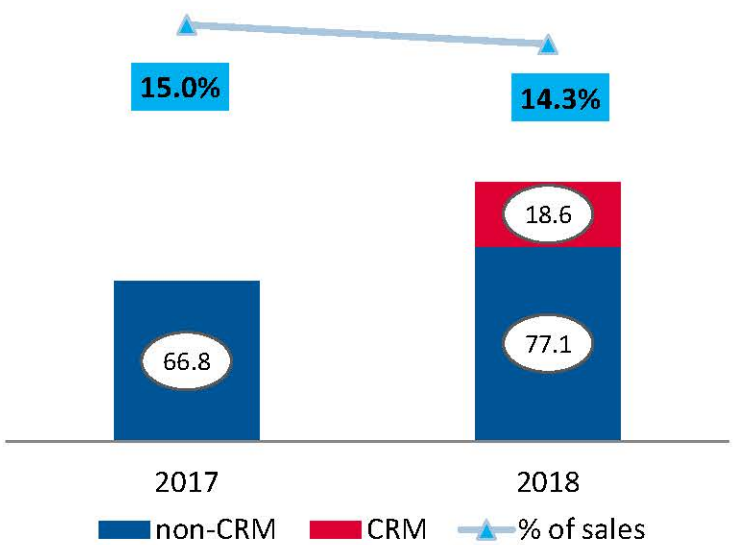
FINANCIAL REVIEW – Operating Expenses

Sales and Marketing Expenses
(USD: Million)



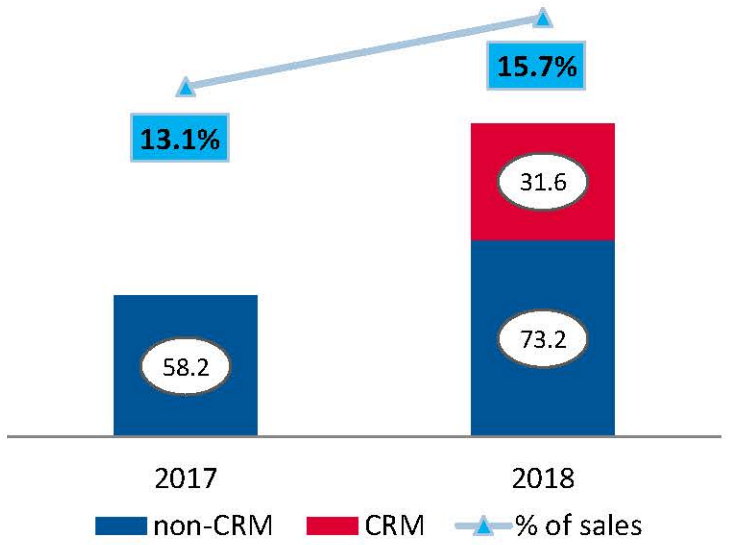
- Sales & Marketing expenses increased by 80m, 58% YOY↑
  - the acquisition of CRM devices business
  - increase in sales promotion, post-launch
  - Increase in staff cost

Administrative Expenses
(USD: Million)



- Administrative expenses increased by 29m, 43% YOY↑
  - the acquisition of CRM devices business
  - increase in staff cost

Research and Develop. Expense
(USD: Million)



- Research & Development expenses increased by 47m, 80% YOY↑
  - the acquisition of CRM devices business
  - increased investments in the ongoing and newly kicked off R&D projects

*CRM consolidation since April 30th 2018
*Revenue Growth Rate and Historic Revenue Numbers Adjusted to Exclude Foreign Exchange Impact

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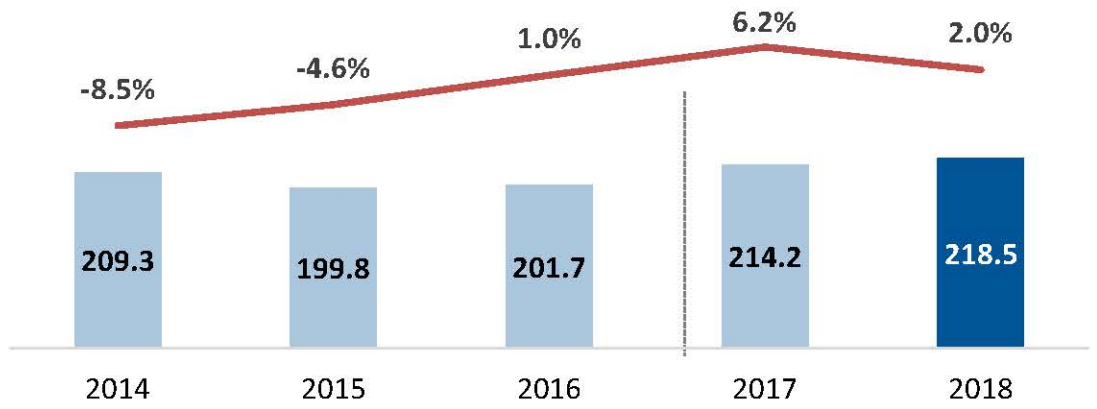
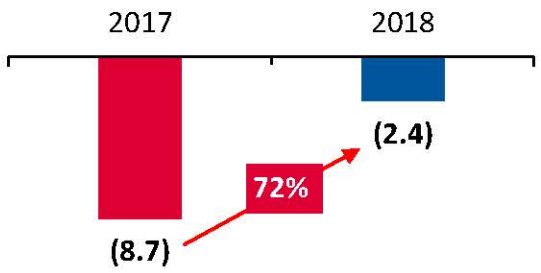
BUSINESS REVIEW – Orthopedics Non-China

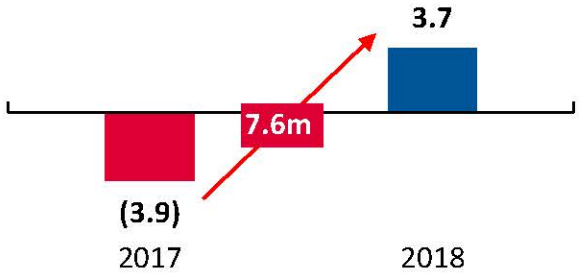
2018 Revenue
(USD: Million)



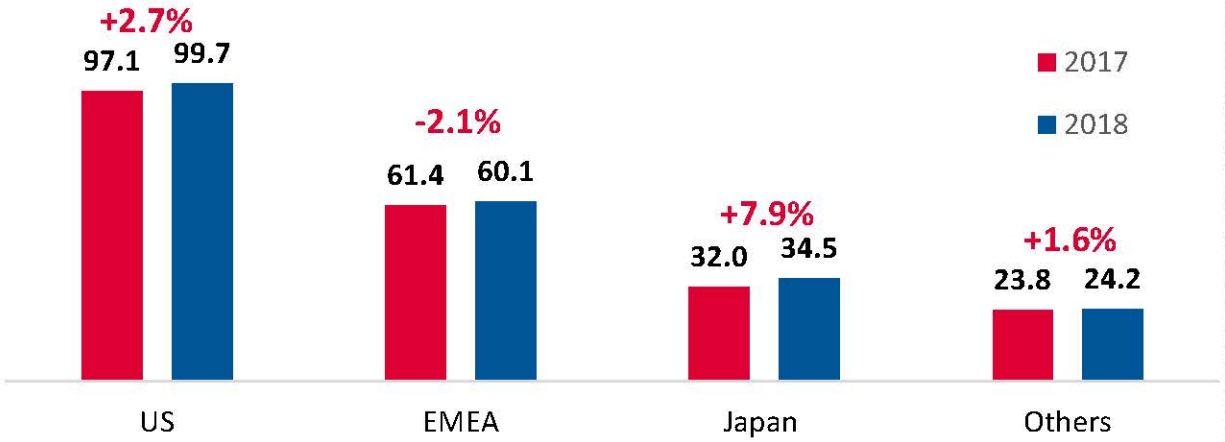
Net Loss
(USD: Million)



Operating Profit
(USD: Million)



2018 Revenue by geographic areas
(USD: Million)



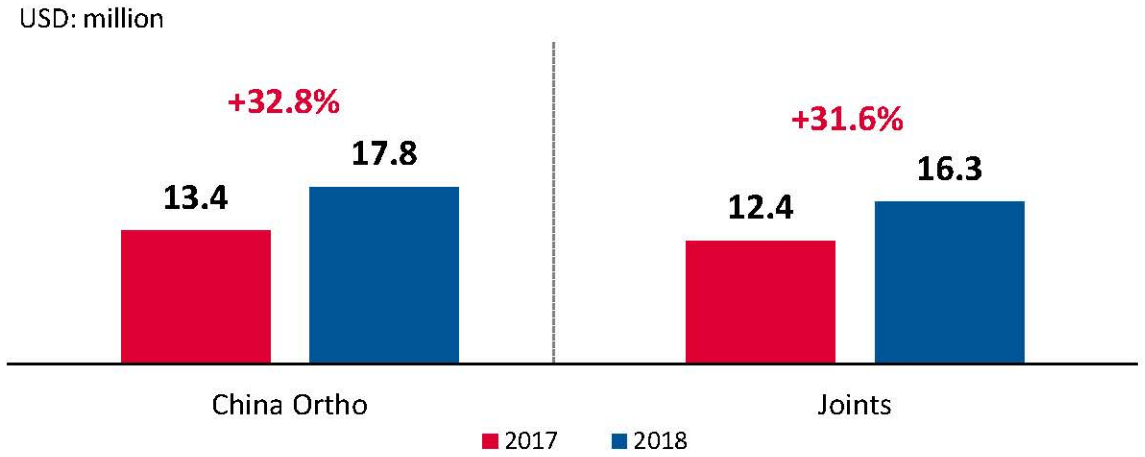
*Revenue Growth Rates and Historic Revenue Numbers Adjusted to Exclude Foreign Exchange Impact

- **Revenue: $218.5m, 2.0% YOY ↑, in line with the average Orthopedics market growth**
- **Sales growth rate slowed down by:**
  - Isolated personnel related matters in the U.S. and Italy
  - Loss of a major agent in the U.S.
  - Overall negative trend in international markets due to several macroeconomic factors
- **Reach positive Operating Profit of $3.7m for the 1st time under MicroPort**
- **Net loss continued to narrow down, but fail to breakeven in segment's Net Profit** due to
  - deceleration on revenue growth and GPM improvement under expectation
- **Successful new product campaigns**
  - 4 new products launched in US: Evolution® CCK System, Evolution® Stemmed Tibia Instrumentation, the optimized,12-tab Prime Acetabular Cup System, Biolox®Delta® Options System and Biolox®Delta® Extra-Long Heads

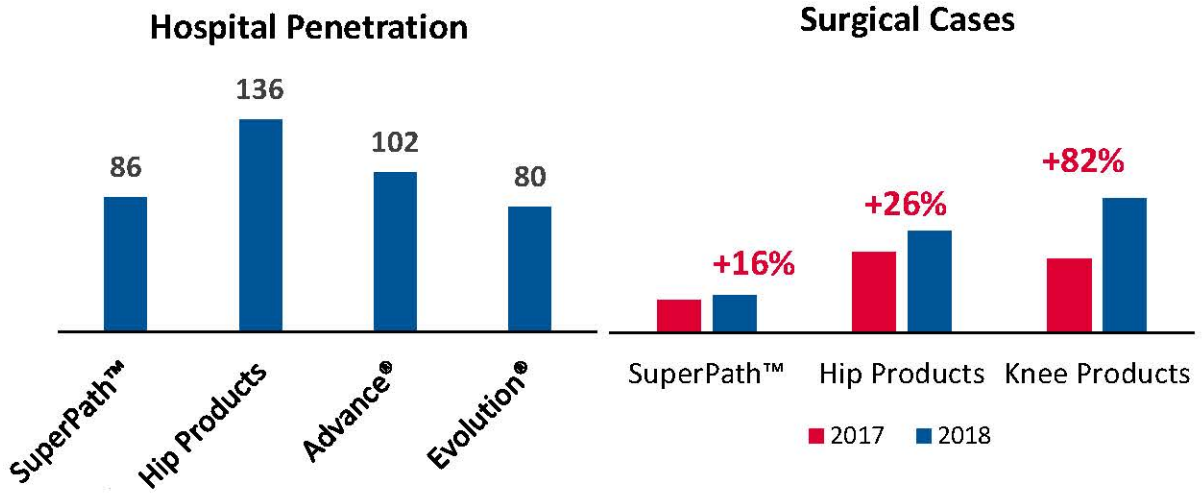
BUSINESS REVIEW – Orthopedics China

Revenue and Growth

(USD: Million)



Progress in China



*All Growth Rate and Historic Revenue Numbers Adjusted to Exclude Foreign Exchange Impact

China Business Highlights

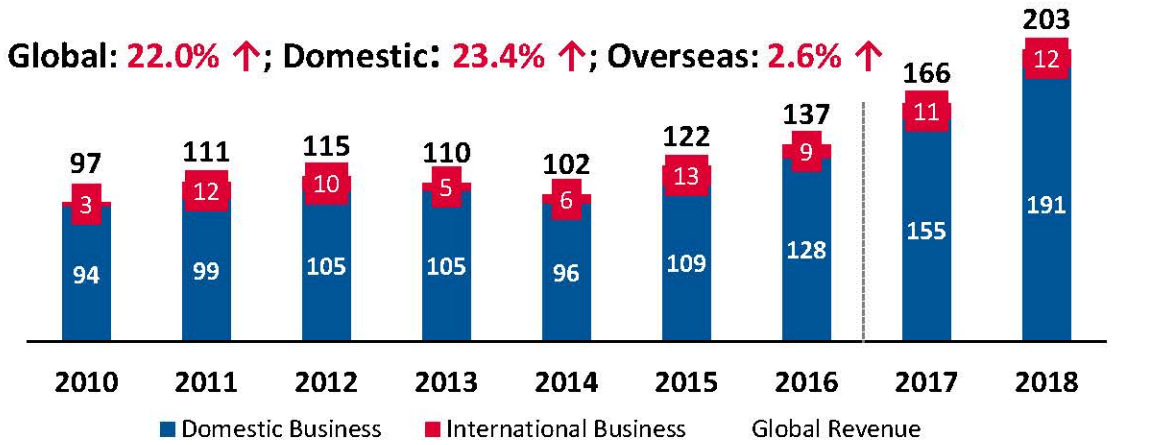
- **Revenue: $17.8m, 32.8% YOY ↑**
- **Revenue of joints: $16.3m, 31.6% YOY ↑,driven by:**
  - Implant volume of Knee products increased by 82% YOY
  - Over 1600 SuperPath™ surgeries performed, 16% YOY ↑
  - Covered 50% of Top 20 Hospitals in China
- **Revenue of Spine and Trauma: $1.5m, 32.9% YOY, driven by:**
  - New platforms built in 3 provinces: Yunnan, Shandong and Shanxi
  - Professional senior salesmen and utilization of industry resources
- **Surgical Instrument**
  - Capable of manufacturing the major instruments for Knee and Hip products
  - Capable of manufacturing the full set of Spine & Trauma instruments
- **Global Supply Center ("GSC")**
  - Continued to optimize the operational expense
  - Newly developed Evolution® instrument kit case expected to cut cost significantly
- **R&D and clinical progress:**
  - Domestically made femoral stem gained NMPA approval in December, 2018
  - Domestically made Aspiration Medial Stability Total Knee Replacement System – PS Type Implant gained NMPA approval in January, 2019
  - Domestically made instrument kits for Advance® Medial-pivot knee and Evolution® Medial-pivot knee system gained NMPA approval, with much smaller quantity and lower cost contributed to the improvement of GPM.

the approval of the domestically made hip and knee products enriched our product portfolio and enhance our competitiveness

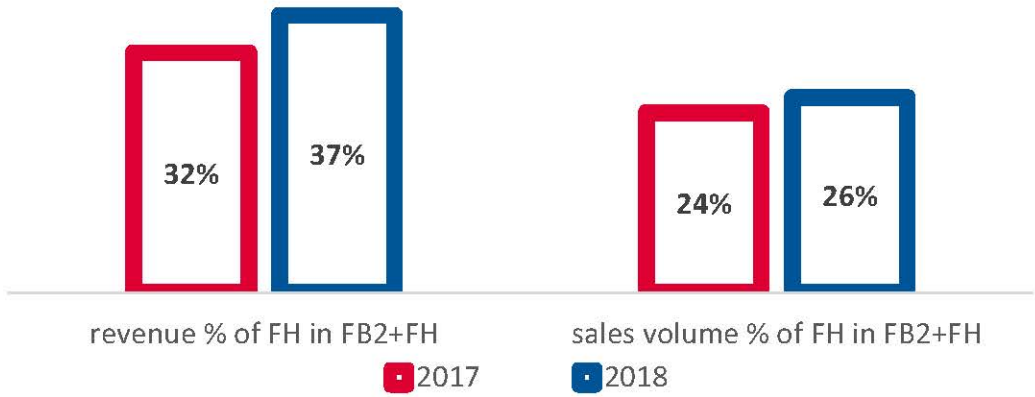
BUSINESS REVIW – Cardiovascular

2018 Revenue

(USD: Million)



Percentage of Firehawk™ in DES Sales



Highlights on Sales

- **Revenue: $202.8m, 22.0% YOY ↑**
- **Domestic revenue: $191m, strong growth of 23.4% YOY ↑, driven by:**
  - Firehawk™ : 48.5% YOY↑, Firebird2™ : 11.7% YOY↑； Balloon Products: 60.1% YOY↑
- **Hospital Coverage:**
  - Firehawk™ China hospital coverage 29% YOY↑
  - Firebird2™ China hospital coverage 16% YOY↑
- **"Fei Yan" Project Penetrated 203 county-level hospitals in 28 provinces, 32. 7% YOY ↑**
- **International revenue: $11.7m, 2.6% YOY ↑**
  - Obtained 57 registration approvals from 16 countries/regions
  - Firehawk™ available in 24 countries/regions and newly developed 6 countries /regions, including regions of Taiwan and Hong Kong, and countries like Spain, Peru, etc.
  - Negative impact from new government policy in India and currency exchange rate

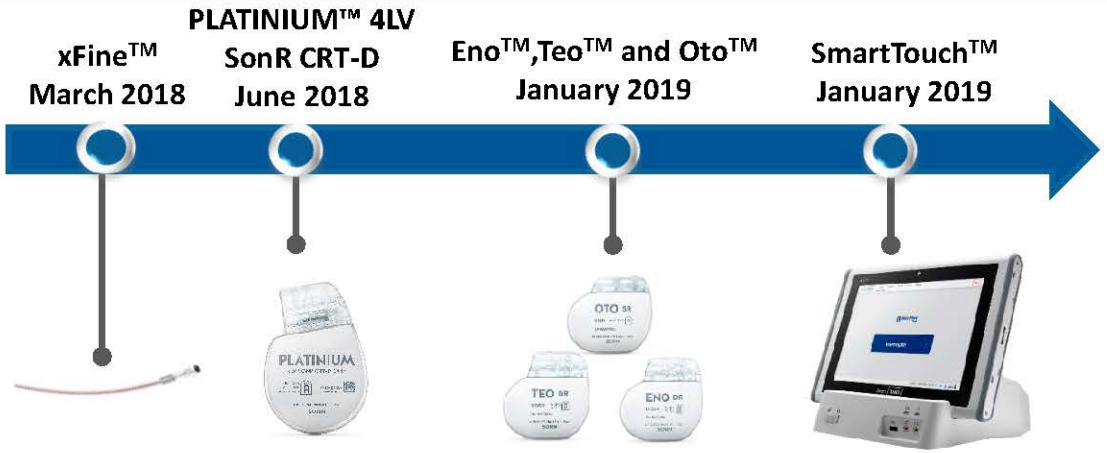
*Revenue Growth Rates and Historic Revenue Numbers Adjusted to Exclude Foreign Exchange Impact

Highlights on Products

- **Firehawk™ clinical data from the Target AC trial has been accepted for publication in the Medical Journal "The Lancet" :** Primary endpoint data at 12 months and powered QCA angiography data at 13 months showed Firehawk™ had non-inferiority with Xience stent family
- **Firehawk™ gained NMPA approval for its 6 extended sizes**
- **Firesorb™ development:**
  - The clinical and imaging outcome of the Future-I research showed the occurrence of the main endpoint in 2 years is 0, which fully demonstrated the safety and efficacy of Firesorb
  - FUTURE II trial has enrolled 232 patients by the end of 2018
- **Next generation of Firehawk™ :**
  - With improvement on delivery system, Firehawk Liberty™ obtained CE certification in 2019

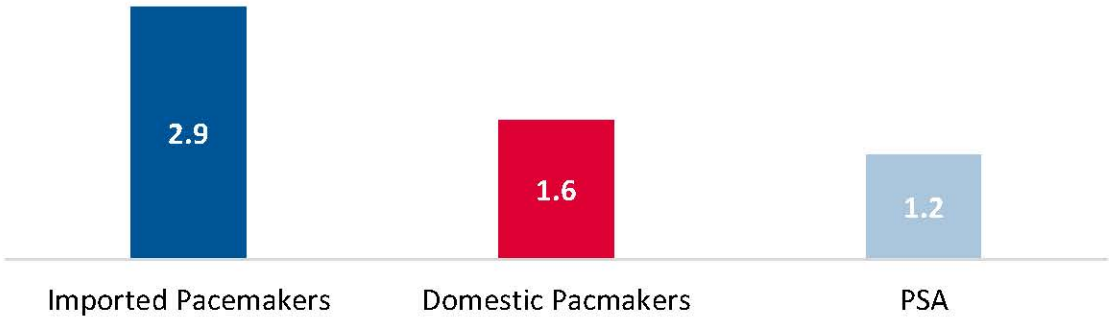
BUSINESS REVIEW – CRM

New Products Launch



2018 China Business Revenue

(USD: Million)



Non-China Business Highlights

- **Revenue: $152.7m since consolidation, decreased mainly due to incomplete product portfolio**
- **Profitability being negative in 2018, due to:**
  - Lower revenue
  - Increase in investments in R&D (to accelerate the improvement of product portfolio)
  - Transitional costs associated with acquisition of CRM
- **New product launch:**
  - xFine™ passive fixation lead, MRI 1.5T compatible pacing lead family, New programmer SmartTouch™, Eno™,Teo™ and Oto™ world's smallest 1.5T & 3T MRI Conditional Pacemakers; First implants of Eno™ and Teo™ completed in 2019
- **Subsidiary in Japan was established to commercialize the CRM portfolio**
- **Subsidiary of CRM in France is not subject to any antitrust fine**

*CRM consolidation since April 30th 2018

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

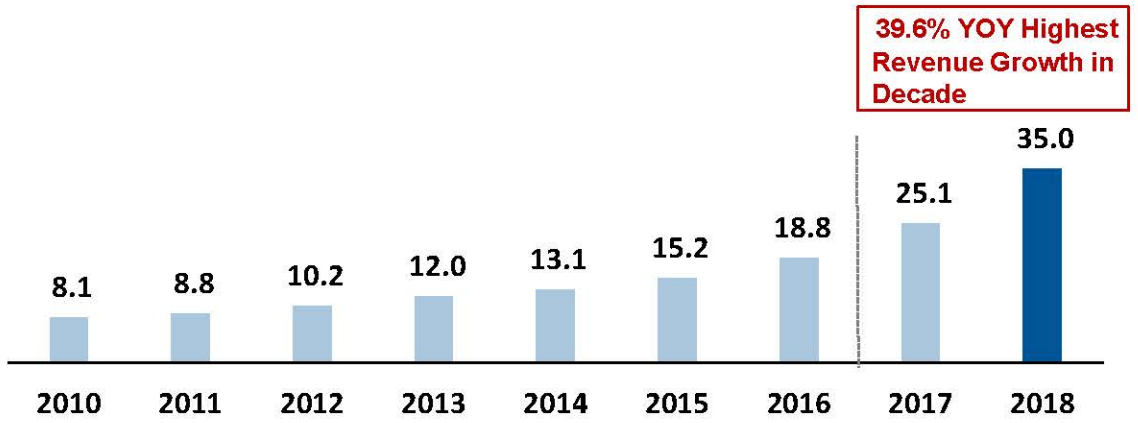
China Business Highlights

- **Revenue: $5.7m, significant growth driven by:**
  - Domestic made pacemaker Rega™ family contributed 29% of China business revenue in 2018
  - Speedy growth of the acknowledgement to the company brand
  - Launch of the new products
- **Hospital coverage:**
  - Covered 272 hospitals and newly penetrated 116 hospitals, 74% YOY↑
  - Rega™ family pacemakers are implanted in over 130 hospitals in 19 provinces / municipalities since first implanted in March 2018
- **New product launch:**
  - ComplexAnalyzer™ PSA gained NMPA approval
  - BEFLEX™ pacing lead family gained NMPA approval

BUSINESS REVIEW – Endovascular

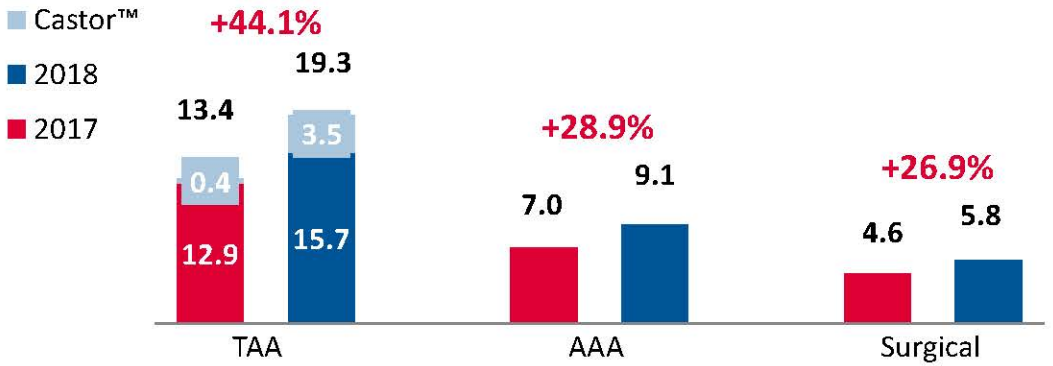
2018 Revenue

(USD: Million)



Sales Growth by Products

(USD: Million)



Extensive Product Pipeline

	2019	2020	Green Path
Minos™ Ultra Low Profile AAA Stent-Graft	✓		March, 2017
Reewarm™ PTX Drug Coated Balloon	✓		December, 2015
Fontus™ Branched Surgical Stent Graft System		✓	August, 2018
Talos™ Thoracic Stent-Graft System		✓	September, 2017

Highlights

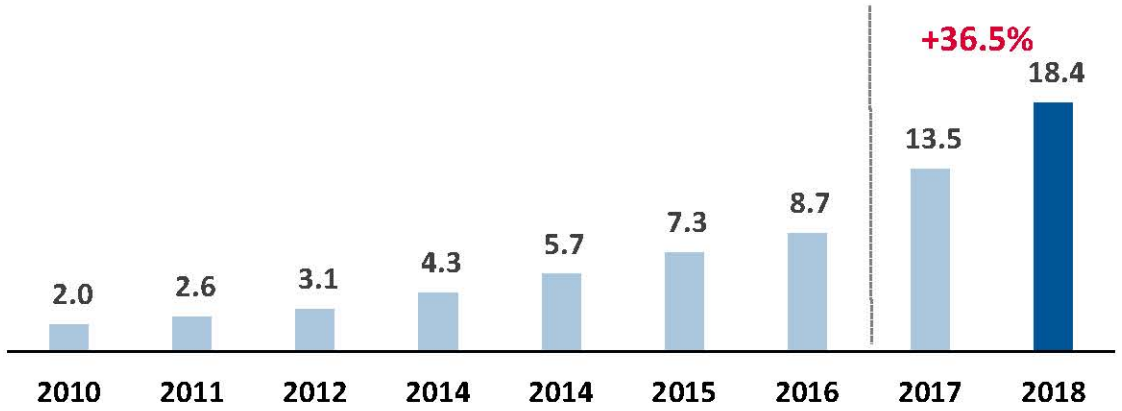
- **Revenue: $35.0m, 39.6% YOY↑, driven by:**
  - Fast growing Chinese market with CGAR at 13% - 15%
  - Revenue of Castor ™ contributed 18.2% of TAA revenue
  - Solid competitive advantages in 2nd to 4th tier cities
- **Penetrated additional 103 hospitals**
- **Solid R&D pipeline continuously drives the profitability**
  - Minos™ Ultra Low Profile AAA Stent-Graft and Reewarm™ PTX Drug Coated Balloon are expected to gain NMPA approval in 2019
  - By now, 5 products have entered NMPA Green Path

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

BUSINESS REVIEW – Neurovascular

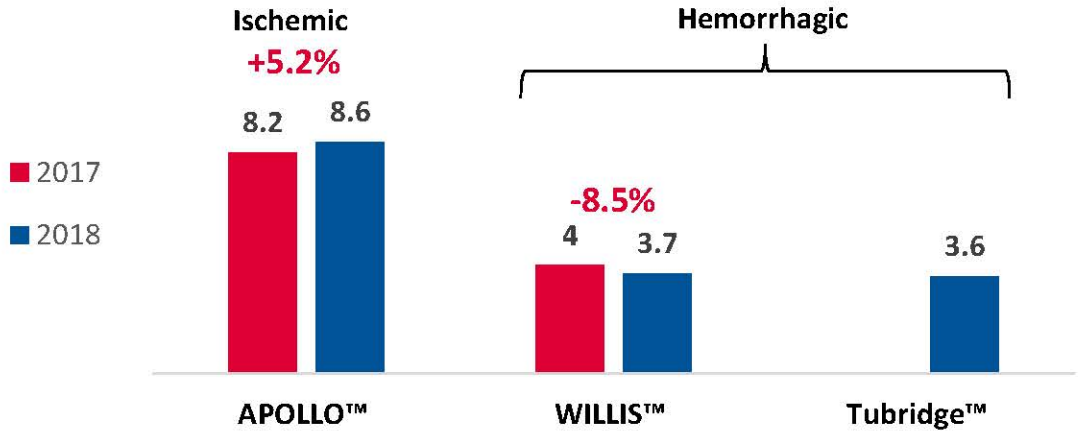
2018 Revenue

(USD: Million)



Sales Growth by Products

(USD: Million)



Extensive Product Pipeline

	2018	2020	Green Path
Tubridge™	✓		February, 2016
Vertebral artery stent		✓	March, 2018
Coils		✓	-
Clot Retrieval Device		✓	-

Highlights

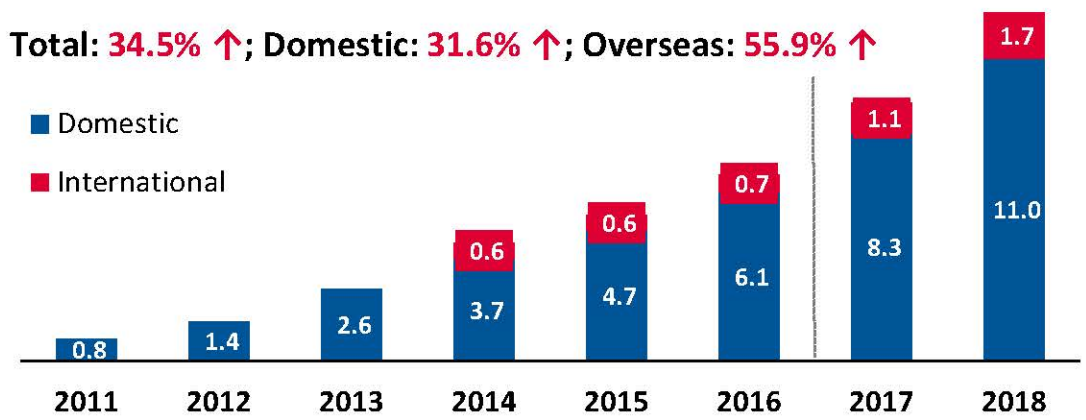
- **Revenue: $18.4m, 36.5% YOY↑, mainly due to:**
  - Launch of new product Tubridge™
  - Sales volume of APOLLO™ increased by 15% YOY ↑
  - Revenue decrease of WILLS™ partly due to launch of competing product
- **Hospital coverage:**
  - APOLLO™: newly penetrated 83 hospitals
  - WILLIS™: hospital coverage reduced by 5
  - Tubridge™: newly penetrated 72 hospitals
- **R&D achievement:**
  - Tubridge™ gained NMPA approval on March, 264 implant surgeries have been performed
  - Vertebral artery stent has entered the NMPA Green Path and is expected to be approved by 2020

*Revenue Growth Rate and Historic Revenue Numbers Adjusted to Exclude Foreign Exchange Impact

BUSINESS REVIEW – Electrophysiology

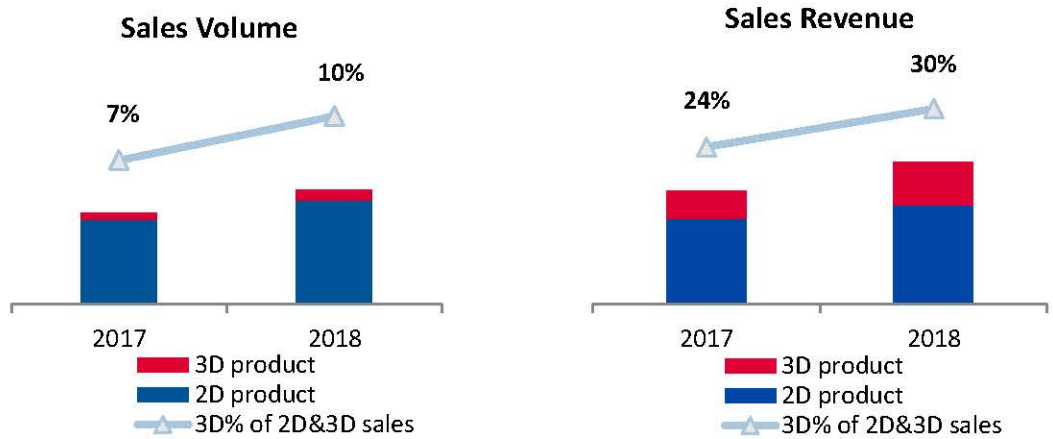
2018 Revenue

(USD: Million)



Sales Growth by Products

(USD: Million)



Extensive Product Pipeline

	2018	2020	Green Path
Columbus™ 2nd generation	✓		-
EasyFinder™ Deflectable Mapping Catheter 3D		✓	-
PathBuilder Steerable Introducer		✓	-

Highlights

- **Revenue: 12.7m, 34.5% YOY↑, driven by rapid market development**
  - Domestic revenue: 31.6% YOY ↑, Overseas revenue: 55.9% YOY ↑
- **Rapid revenue growth driven by:**
  - Substitution effect of 3D products to 2D products, Promotion of 3D operation across the nation (Penetrated 174 new 3D EP hospitals in China)
  - Expanding international coverage: 12 countries, newly penetrated 3 countries in 2018
- **New catalyst:**
  - Columbus™ 3D (2.0) & EasyFinder™ 3D gained NMPA approval
  - Products received registration approvals from 7 countries/regions in 2018
- **Delisted from NEEQ and introduced strategic investor**
  - Subject to the completion of financing, MPSC will own 45.1% of MPEP's equity

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

BUSINESS REVIEW – Structural Heart

Highlights on Products

VitaFlow®

- **VitaFlow® is designed to provided solution for aortic valve stenosis and has demonstrated safety and effectiveness in treating severe calcified aortic stenosis**
  - Low all-cause mortality of 2.7% and no major stroke in 1-year follow up study
- **VitaFlow® is expected to gain NMPA approval in 2019**

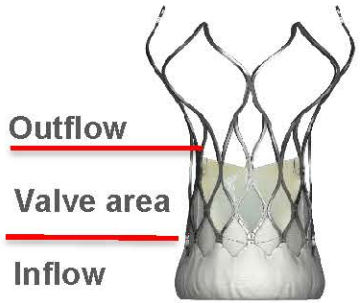
VitaFlow® II

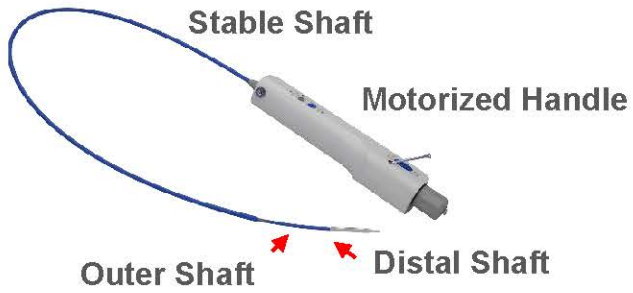
- **VitaFlow® II is equipped with retrievable delivery system**
  - "Retrievable" feature will provide solution to the challenging positioning issue, thereby improving precision and success rate
  - While achieving the retrievable feature, VitaFlow® II maintains its remarkable deployment stability and ability in preventing PVL
- **VitaFlow® II has entered NMPA Green Path in December 2018**
- **Expected to gain NMPA approval by 2020**
- **First patient enrollment for premarketing Europe Clinical Trial has successfully completed in Ireland**

VitaFlow® composition

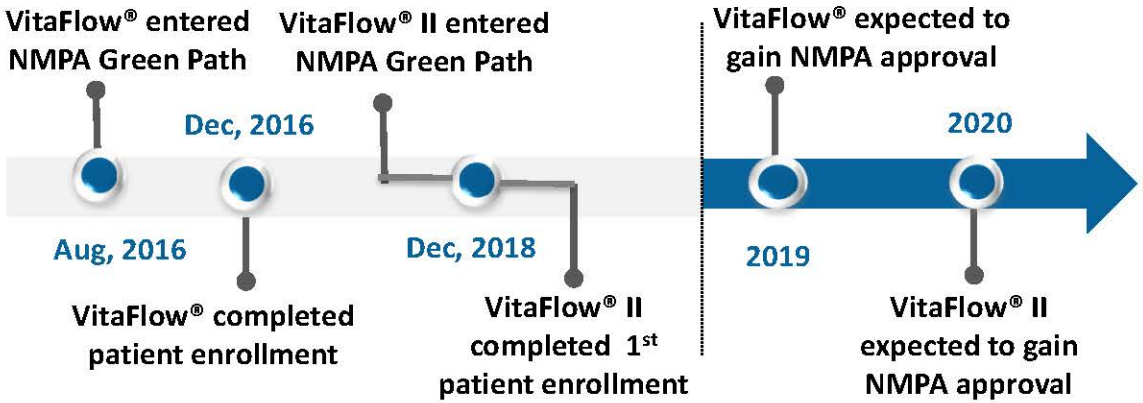
VitaFlow® is consisted of the following:

- Transcatheter aortic valve
- Deliver system
- Balloon catheter and introducer set





Product timeline



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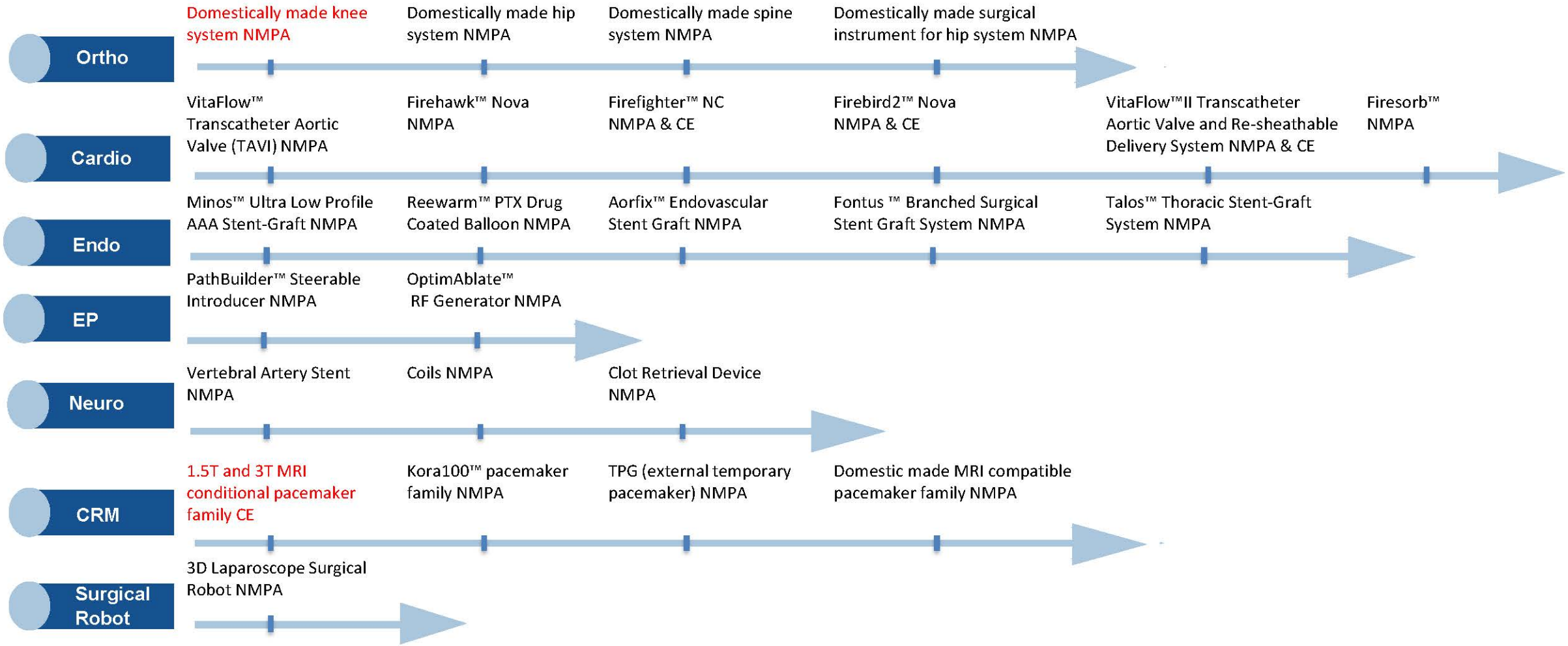
Continuous Product Pipeline Fueling Long-term Growth



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APPENDIX I – Consolidated Income Statement

Unit: USD'000	FY2018	FY2017	*Var.*
Revenue	669,490	444,190	51%
Cost of sales	(199,474)	(125,793)	59%
Gross profit	**470,016**	**318,397**	**48%**
Other net income/(loss)	13,796	(2,540)	-643%
Research and development costs	(104,814)	(58,150)	80%
Distribution cost	(217,792)	(137,766)	58%
Administrative expenses	(95,742)	(66,804)	43%
Other operating costs	(13,410)	(5,276)	154%
Profit from operations	**52,054**	**47,861**	**9%**
Finance cost	(21,020)	(13,489)	56%
Gain on disposal of subsidiaries	-	6,531	-100%
Gain on deemed disposal of a joint venture	4,133	-	n.a
Share of losses of associates	(2,036)	(5,493)	-63%
Share of losses of a joint venture	(202)	(5,042)	-96%
Profit before taxation	**32,929**	**30,368**	**8%**
Income tax	(14,548)	(13,417)	8%
Profit for the period	**18,381**	**16,951**	**8%**
Attributable to: Equity shareholders of the Company	**23,913**	**18,823**	**27%**

*CRM consolidation since April 30th 2018

APPENDIX II – Consolidated Balance Sheet (1)

Unit: USD'000	31 Dec. 2018	31 Dec. 2017	*Var.*
Non-current assets			
Investment properties	5,451	5,899	-8%
Other property, plant and equipment	336,263	282,280	19%
Land use right	15,087	16,224	-7%
Intangible assets	117,489	83,904	40%
Prepayments for non-current assets	6,222	2,491	150%
Goodwill	162,673	54,458	199%
Interest in associates	12,291	13,998	-12%
Interest in a joint venture	5,100	197	2489%
Other financial assets	11,910	5,000	138%
Deferred tax assets	15,291	5,584	174%
Other non-current assets	31,979	3,883	724%
Total non-current assets	**719,756**	**473,918**	52%
Current assets			
Inventories	175,957	106,160	66%
Trade and other receivables	245,143	162,242	51%
Pledged deposits and time deposits	3,537	760	365%
Cash and cash equivalents	130,054	160,229	-19%
Derivative financial assets	-	314	-100%
Total current assets	**554,691**	**429,705**	29%
Current liabilities			
Trade and other payables	236,813	125,085	89%
Contract liabilities	10,060	-	
Interest-bearing borrowings	100,901	68,819	47%
Covertible bonds	86,834	-	
Income tax payable	5,782	4,989	16%
Total current liabilities	**440,390**	**198,893**	121%

*CRM consolidation since April 30th 2018

APPENDIX II - Consolidated Balance Sheet (2)

Unit: USD'000	31 Dec. 2018	31 Dec. 2017	*Var.*
Non-current liabilities			
Interest-bearing borrowings	137,829	28,235	388%
Deferred income	23,905	24,291	-2%
Contract liabilities	27,766	-	n.a.
Convertible bonds	3,571	154,421	-98%
Other payables	93,625	54,796	71%
Derivative financial liabilities	10,640	-	n.a.
Deferred tax liabilities	7,775	3,535	120%
Total non-current liabilities	**305,111**	**265,278**	15%
NET ASSETS	**528,946**	**439,452**	20%
CAPITAL AND RESERVES			
Share Capital	16	14	14%
Reserves	442,780	401,589	10%
Total equity attributable to equity shareholders of the Comp	**442,796**	**401,603**	10%
Non-controlling interests	86,150	37,849	128%
TOTAL EQUITY	**528,946**	**439,452**	20%

*CRM consolidation since April 30th 2018


MicroPort™
The Patient Always Comes First