



2018 Interim Earnings Release

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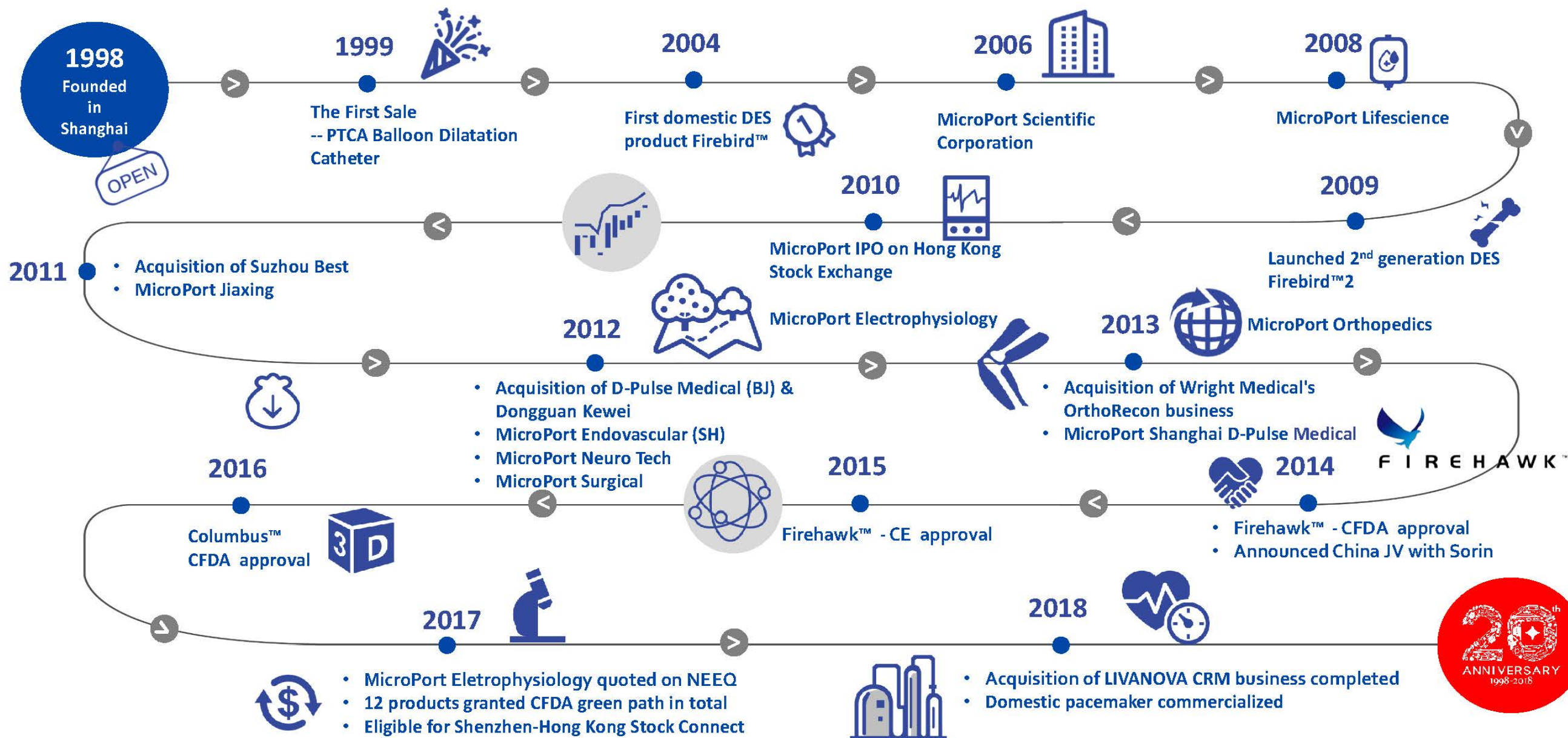
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01 20 Years in the Making

20 Years in the Making



20 Years in the Making



Nearly 300 products offered	8000+ hospitals covered	3500+ patents (applied & pending)	5 times adwarded of State Sci&Tech Progress Adward of China	Every 12 seconds one of our products is used around the world	14 Products granted CFDA green path	100+ ongoing R&D projects	1500+ applied trademarks	Nearly 5000 employees worldwide
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02 Interim Results Highlights

REVENUE		SEGMENT	REVENUE	YoY GROWTH
\$310M	+35% _{YoY}	Orthopedics	\$122.1M	+8.4%
		Cardiovascular	\$106.8M	+21.1%
		CRM	\$43.8M	-
NET PROFIT				
\$24.2M	+17% _{YoY}	Endovascular	\$19.9M	+51.4%
		Neurovascular	\$8.3M	+33.6%
		Electrophysiology	\$5.5M	+46.2%

- CRM consolidation since April 30th 2018
- All growth rates and revenue amount have been adjusted to exclude foreign exchange impact

2018 1H Results Highlights

Revenue: 309.9m, 35.3% YOY↑ (before excluding FX impact, 42.6% YOY↑), driven by robust growth of key segments and core products:

- Cardio: 21.1% YOY↑, domestic revenue of Firehawk™ 37.9% YOY↑, Firebird™ 16.3% YOY↑
- Ortho: 8.4% YOY↑, non-China Ortho 6.5% YOY↑, China Ortho 45.8% YOY↑
- Endo: 51.4% YOY↑; Neuro: 33.6% YOY↑; EP: 46.2% YOY↑
- Consolidation of CRM international (non-China) business since April 30th, with revenue of 42.8m consolidated

Gross profit: Increased by 38.6% YOY↑ and GP Margin decreased 2 percentage points, primarily due to the relatively low GP margin of the newly acquired CRM business

Operational cost: 55.3m YOY↑

- Mainly due to the acquisition of CRM business, contributing 26.5m operational cost (30 April 2018 to 30 June 2018)

Net Profit: 24.2m, 17.4% YOY↑

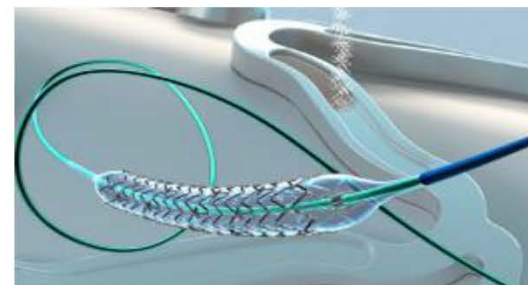
Net profit attributable to equity shareholders: 23.8m, 11.2% YOY↑

Strong revenue performance mainly offset by CRM operational costs and Merge& Acquisition professional fee

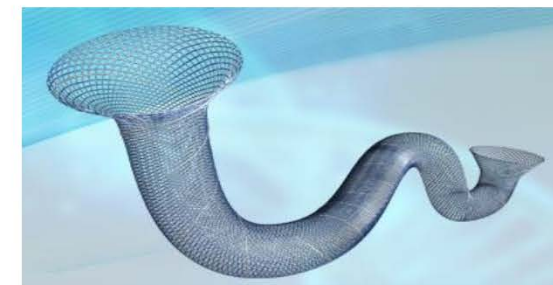
R&D and clinical progress

- **Firehawk™** TARGET AC met main endpoint at 1 year, and shows a tendency of 50% better efficacy in ID-TLR with same safety compared to control group
- **Firesorb™** release 2 year follow up of FIM clinical trial with occurrence of all-cause mortality, target vessel MI and stent thrombosis all zero
- **Vitaflow™** release 1 year follow up with Low all-cause mortality (2.7%), No Major Stroke and no moderate or severe perivascular leakage
- **Medial-Pivot knee system** shows patient satisfaction (95%) and implants survivorship (98.8%) at 17 years

- CRM consolidation since April 30th 2018
- All revenue amount and growth rates have been adjusted to exclude foreign exchange impact



Firehawk™



Tubridge® Vascular Reconstruction Device



Columbus™ 3D EP Navigation System



EasyFinder™

New catalyst for future growth

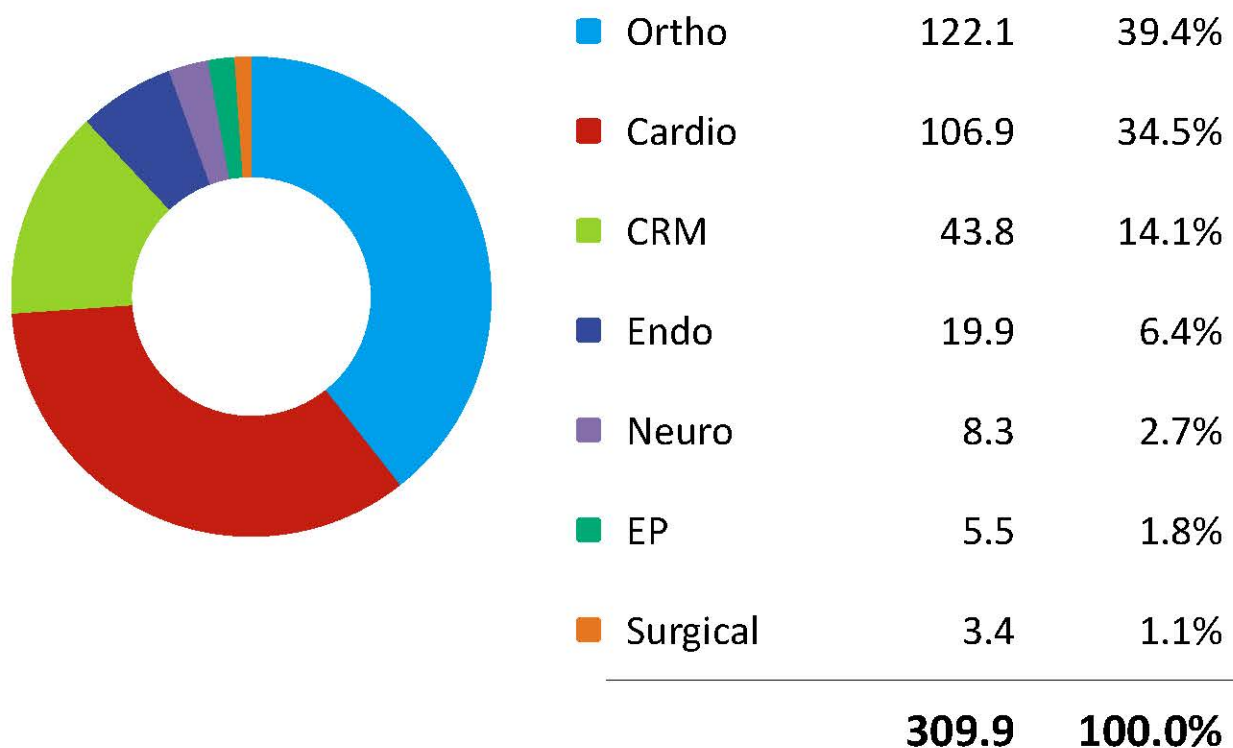
- **5 products obtained registration approval in China:** extending six new sizes of Firehawk™, domestic surgical instrument kit for ADVANCE™ knee, Tubridge™, domestic ComplexAnalyzer™ PSA, EasyFinder™ 3D Steerable Curve Mapping Catheter and Columbus™ 3D EP Navigation System (2.0)
- **3 products obtained registration approval in overseas market:** Evolution® CCK System, Evolution® Stemmed Tibia Instrumentation, and PLATINIUM™ 4LV SonR™ CRT-D
- **Vertebral artery targeted eluting stent** and **Fontus™** granted CFDA Green Path, becoming the 13th & 14th products in Green Path of MicroPort™



03 Financial Review

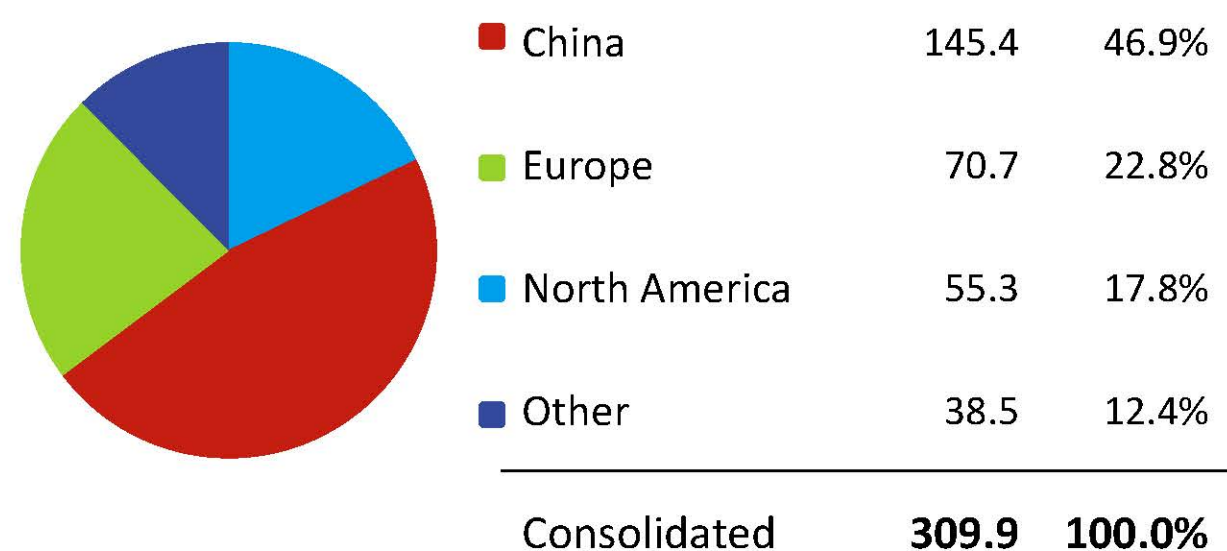
2018 1H Revenue by Segment

(USD: Million)



2018 1H Revenue by Region

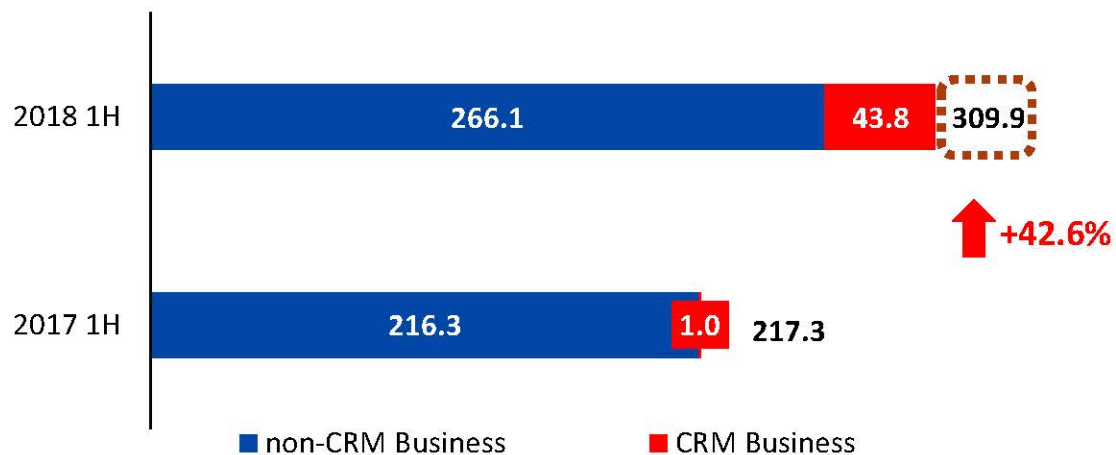
(USD: Million)



Financial Review

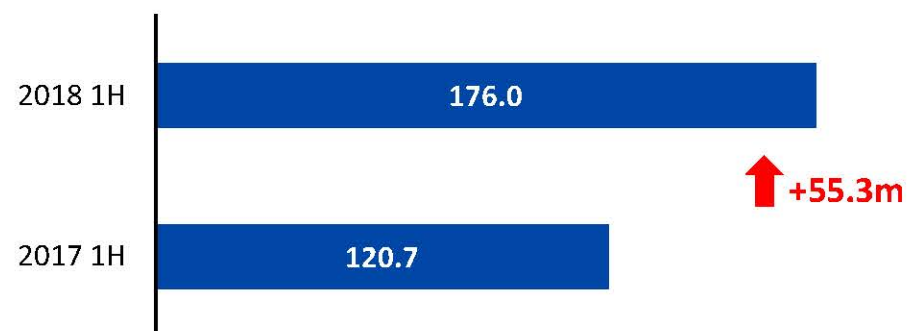
2018 1H Revenue

(USD: Million)



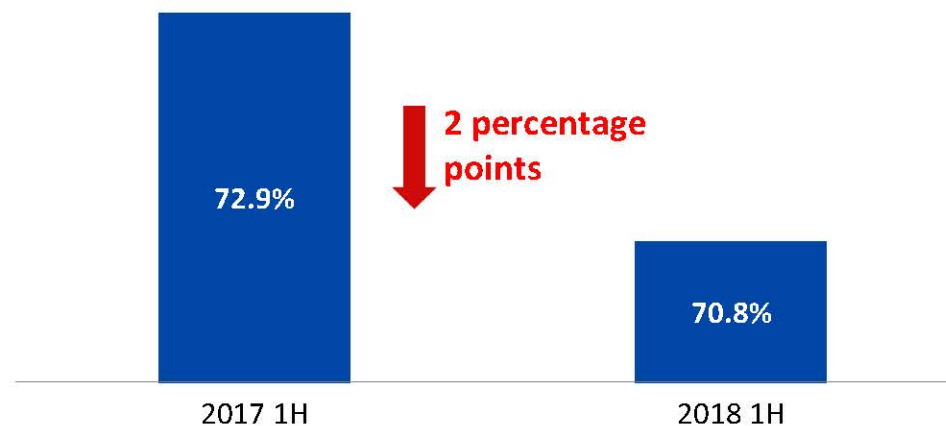
2018 1H Operational Expenses

(USD: Million)



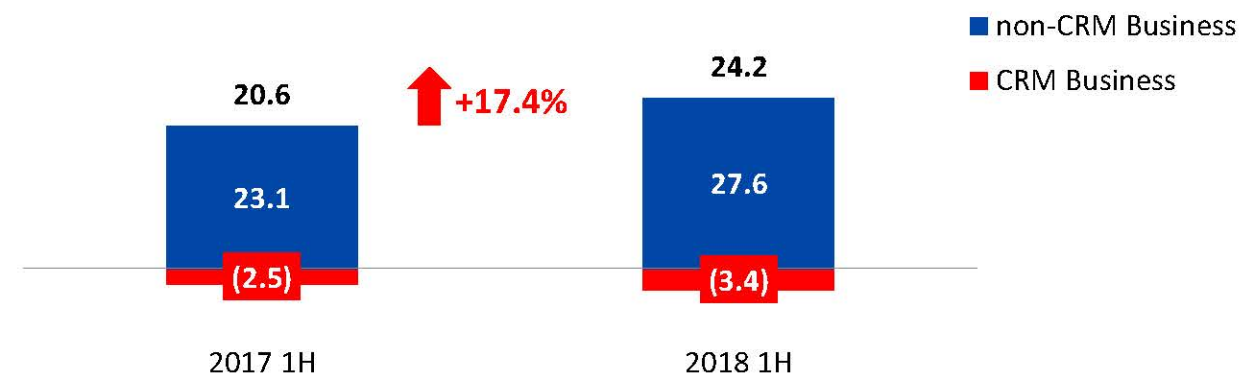
2018 1H Gross Profit Margin

(USD: Million)



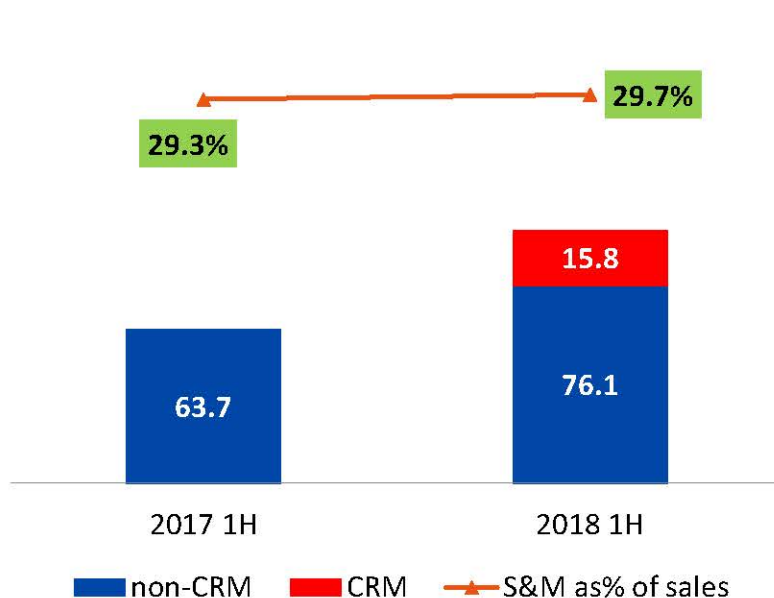
2018 1H Net Profit/(Loss)

(USD: Million)



Sales and Marketing Expenses

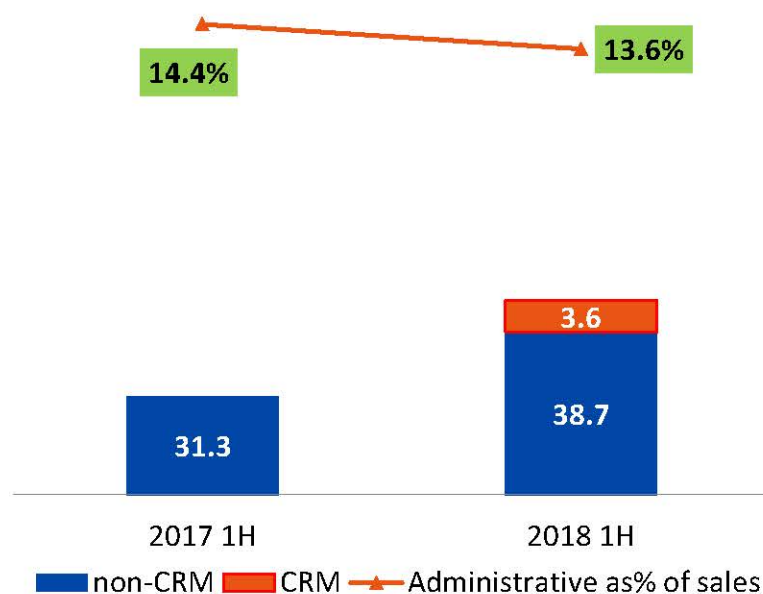
(USD: Million)



- Sales and Marketing expenses increased by 28.2m, 44% YOY↑
 - CRM acquisition impact 15.8m
 - Increase in market promotion and post launching clinical trials
 - Increase in staff cost

Administrative Expenses

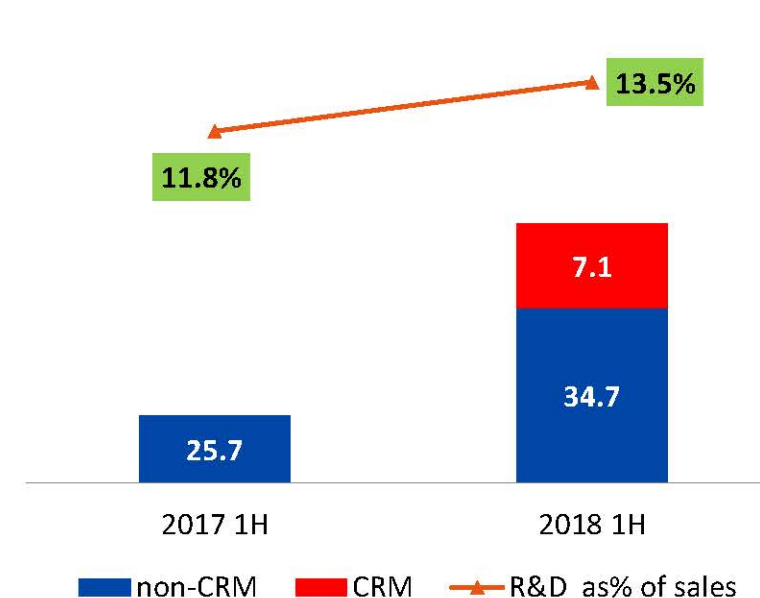
(USD: Million)



- Administrative expenses increased by 11.0m, 35% YOY↑
 - CRM acquisition impact 3.6m
 - Increase in staff cost

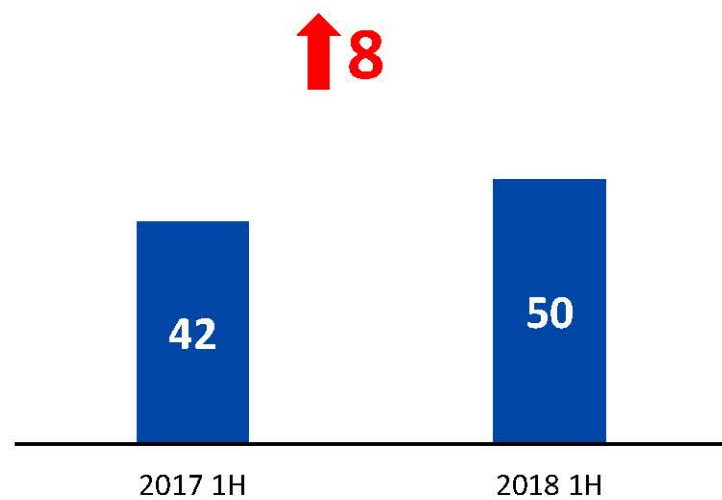
Research and Develop. Expense

(USD: Million)



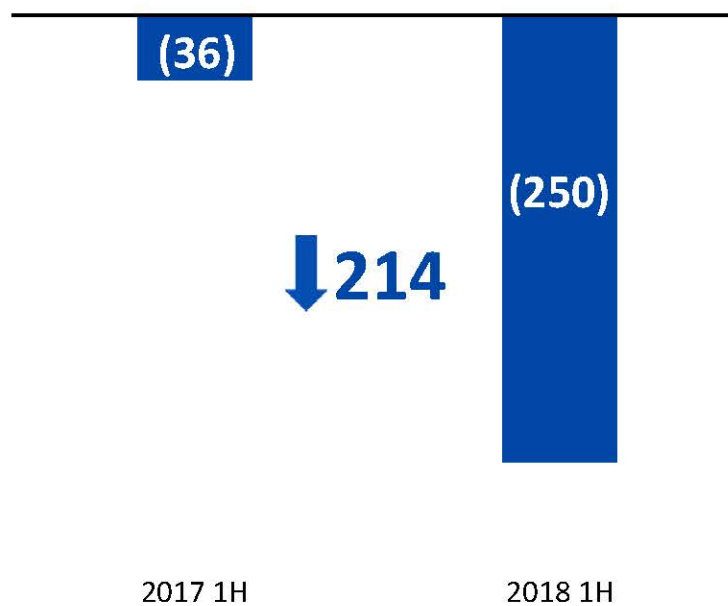
- Research and Development expenses increased 16.1m, 63% YOY↑
 - CRM acquisition impact 7.1m
 - The increased investment in the on-going and newly kicked off R&D projects

Net Cashflow from Operating Activity (USD: Million)



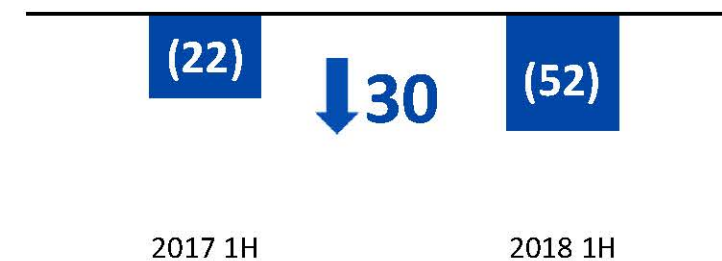
- Driven by robust growth from core business segments

Net Cashflow used in Investing Activities (USD: Million)



- Driven by the CRM acquisition

Net Cashflow (USD: Million)



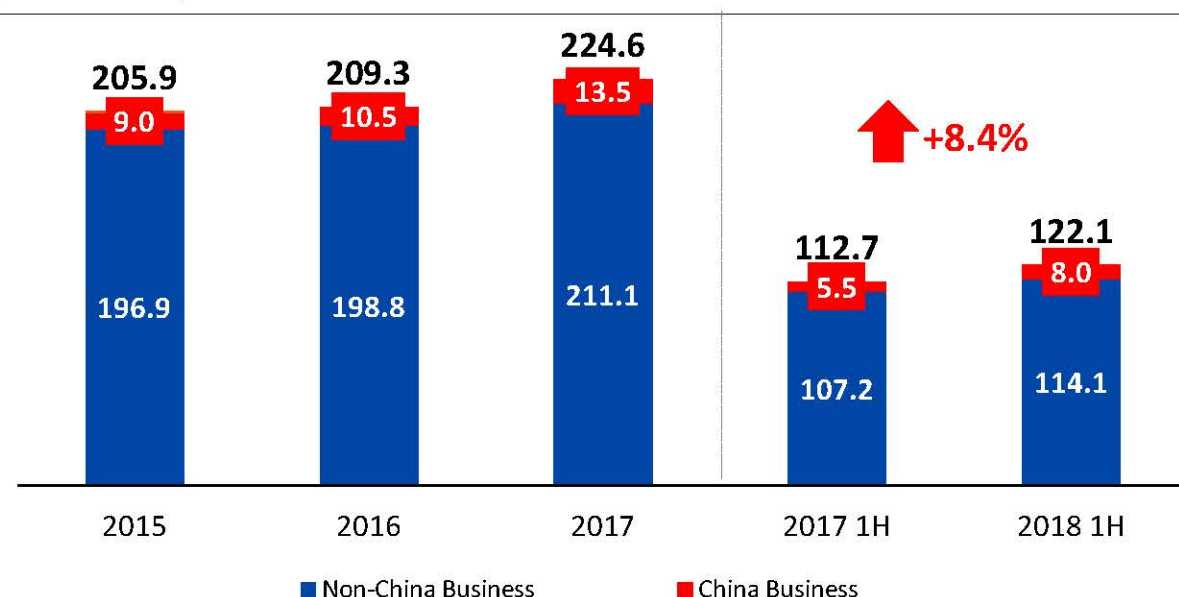
- Driven by the CRM acquisition



04 Business Review

2018 1H Revenue

(USD: Million)

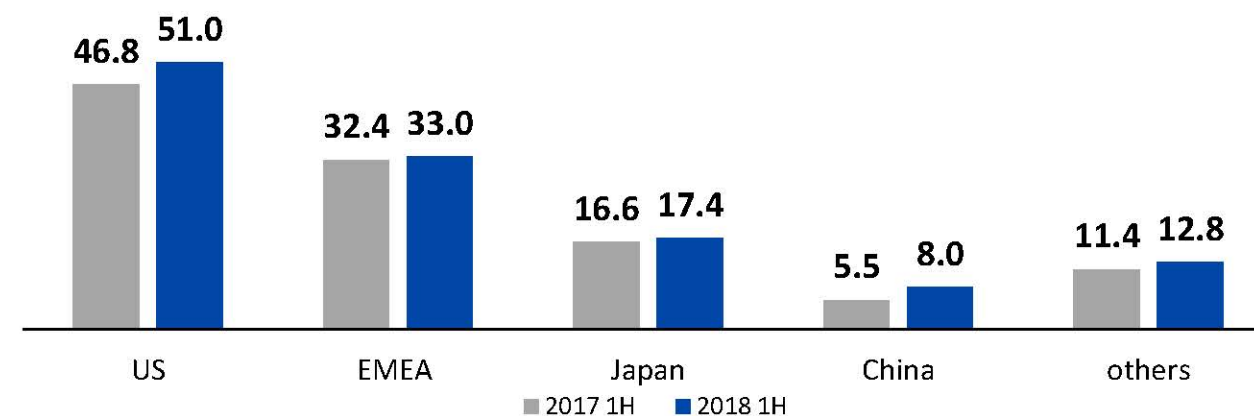


Non-China Business

- **Revenue: 114.1m, strong growth of 6.5% YOY↑, among which:**
 - US 8.9% YOY↑; Japan 5.1% YOY↑; European subsidiary 5.4% YOY↑
- **Strong growth driven by:**
 - Expanded sales coverage
 - Launch of targeted products across international markets
 - Increased focus on training and medical education
 - Excellent clinical follow up on Medial Pivot Knee
- **Net Loss further narrowed by 2.3m, mainly due to:**
 - Strong sales performance
 - Continuous cost control discipline
- **2018 marks the 20th year of medial pivot knee system. At 17-year follow-up, the results showed 95% patient satisfaction and 98.8% implants survivorship**

2018 1H Revenue by Geographic Areas

(USD: Million)

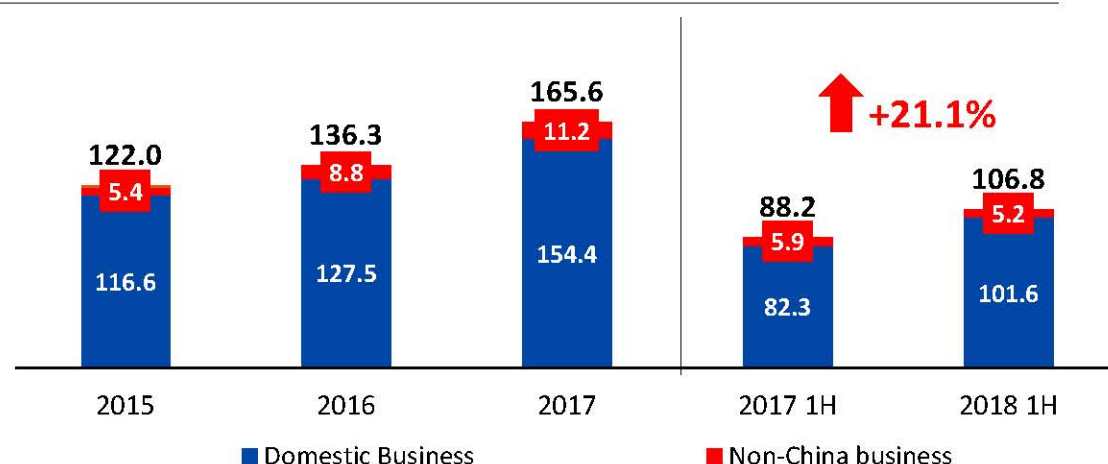


China Business

- **Revenue: 8.0m, strong growth rate at 45.8% YOY↑**
- **Revenue of joints: 7.0m, 45.1% YOY ↑, driven by:**
 - Well execution of branding strategy
 - Increased implantation of medial-pivot knee system: revenue grew 100% YOY↑, driven by 93% YOY↑ of implant volume
 - Knee products newly penetrated 202 hospitals
 - Increased adoption of SuperPathTM in aging population
- **Global Supply Center ("GSC")**
 - Continuously lowering of cost of surgical instrument and material for 3 consecutive years
- **Surgical Instrument**
 - Domestic instrument kit for AdvanceTM knee gained approved, saving cost by more than 55% per kit and decreasing instrument quantity by more than 25% per kit

2018 1H Revenue

(USD: Million)



Firehawk™ Launch Map

By 31 July 2018, Firehawk™ has been used in 31 countries or regions outside Mainland China.



Highlights

- Domestic revenue: 101.6m, strong growth of 23.5% YoY ↑, driven by:
 - Firehawk™ : 37.9% YoY ↑, with sales volume 47.3% YoY ↑
 - Firebird2™ : 16.3% YoY ↑, with sales volume 24.6% YoY ↑
 - Balloon Products: 69.6% YoY ↑, with sales volume 65.7% YoY ↑
- Hospital Coverage:
 - Firehawk™ covered 543 hospitals in China except Macau area
 - Firebird2™ covered 1470 hospitals in China
- “Fei Yan” Project targeting development of county-level hospitals
 - Penetrated 101 new county level hospitals in 23 provinces
- GP margin improved due to strong sales growth and cost optimization
- International revenue: 5.2m, 12.5% YoY ↓, Mainly due to
 - Gov. policy change limited the expansion of sales coverage and local distributor, e.g. India, Pakistan
 - FX flux. In Turkey, Brazil, Pakistan, etc. impacted local product price, thus limited the market demand

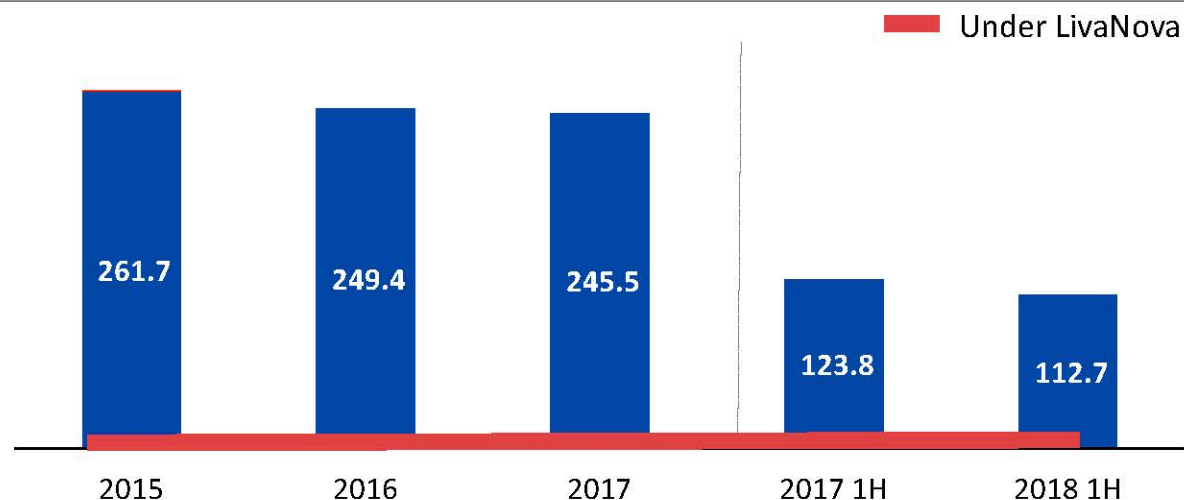
- Premium result of Target AC 1 year follow up
 - Primary endpoint data at 12 months and powered QCA angiography data at 13 months showed Firehawk™ had non-inferiority with control group
 - The outcome shows a tendency of 50% better efficacy in ID-TLR with same safety compared to control group. This is first found in the all comers head to head comparative trial of 3rd generation DES

Outcome	Firehawk™	Control Group
Ischemia-driven TLR	1.2%	2.4%
Stent thrombosis	1.2%	1.2%

- Firehawk™ approved or used in 36 countries or regions outside mainland China with 2 newly developed by the end of June

2018 1H non-China Business Revenue

(USD: Million)

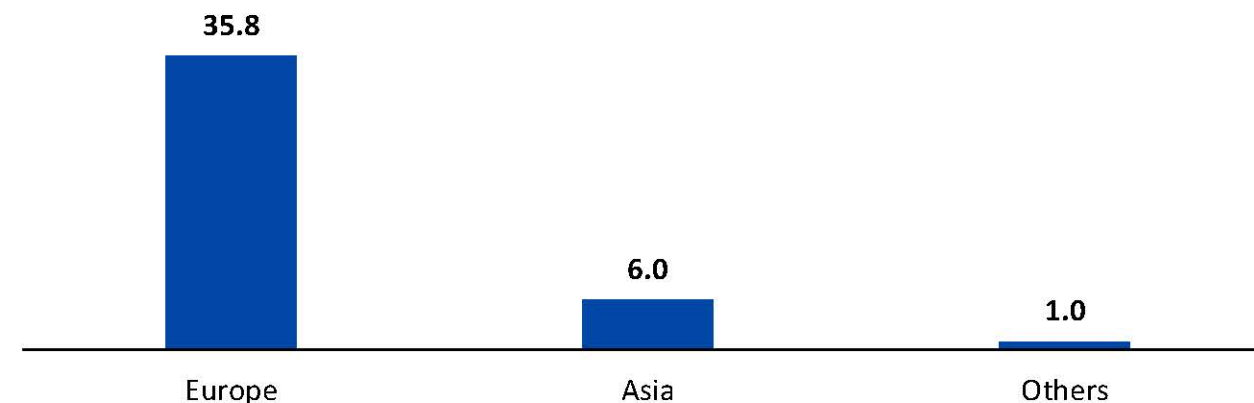


Non-China Business

- **Revenue: 42.8m. Revenue decreased mainly due to:**
 - Sustained stagnant CRM market
 - An incomplete product portfolio to be improved
 - Lack of remote follow-up system after implantation
 - Waiting for MRI compatibility device to be launched
- **New Product Launch:**
 - Platinum™ 4LV SonR® CRT-D device approved in Japan, which combines quadripolar IS-4 left ventricular pacing options with SonR®, the world's first and only sensor-based therapeutic optimization, for cardiac resynchronization therapy.
- **New headquarter of MicroPort™ CRM office inaugurated on June 20th 2018**

2018 1H non-China Business Revenue by Region

(USD: Million)

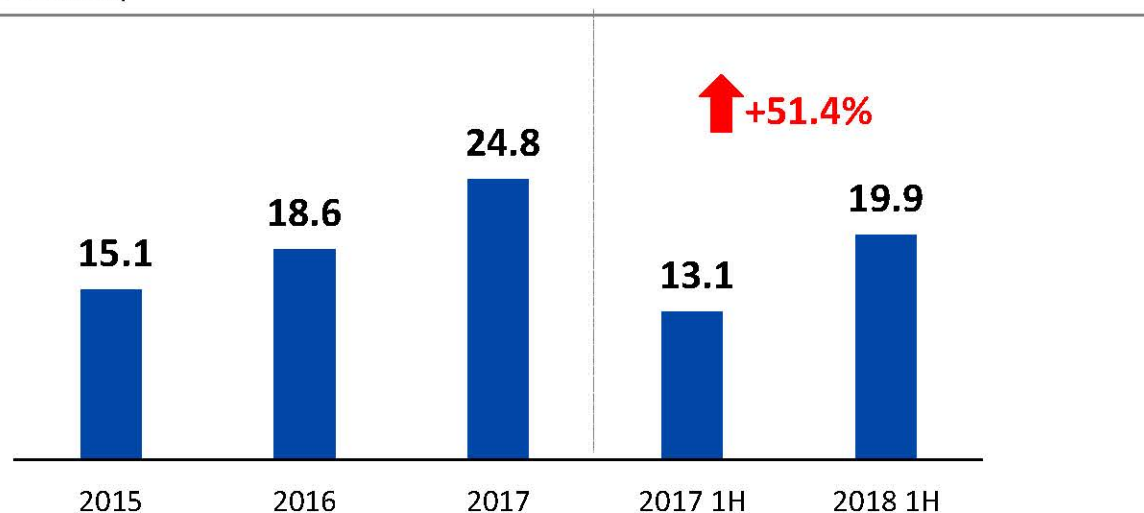


China Business (创领)

- **Revenue: Fast growing revenue driven by:**
 - Domestic made pacemaker Rega™ family contributed 28.5% of China business revenue in 20181H
 - Fast developing CRM Chinese market with 10% growth
- **Hospital Coverage:**
 - Penetrated 67 new hospitals
 - Rega™ family pacemakers are implanted in 45 hospitals in 11 provinces/municipalities
 - Imported pacemakers developed 22 new hospitals
- **ComplexAnalyzer™ PSA gained State Drug Administration approval in August, 2018**
- **Given the positive feedback from professionals and the market, we will accelerate the process of localizing pacemakers by leveraging technological resources from our Non-China business**

2018 1H Revenue

(USD: Million)

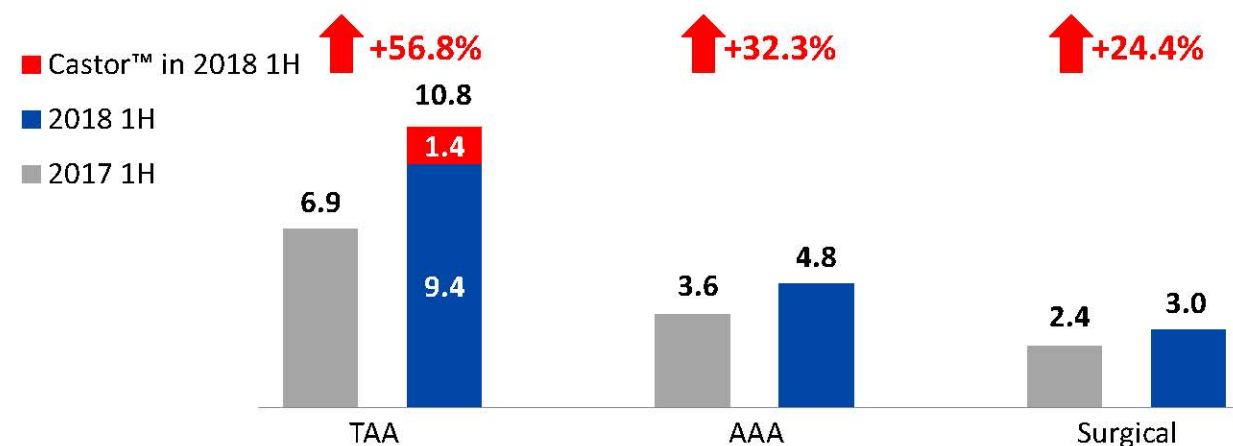


Extensive Product Pipeline

Product	Phase	CFDA Approval Expectation	CFDA Green Path
Minos™ Ultra Low Profile AAA Stent-Graft	   	2018 Q4	April 2017
Reewarm™ PTX Drug Coated Balloon	   	2019 Q3	February 2016
Fontus™ Branched Surgical Stent Graft System	   	2020	July 2018
Talos™ Thoracic Stent-Graft System	   	2020	September 2017

Sales Revenue by Products

(USD: Million)

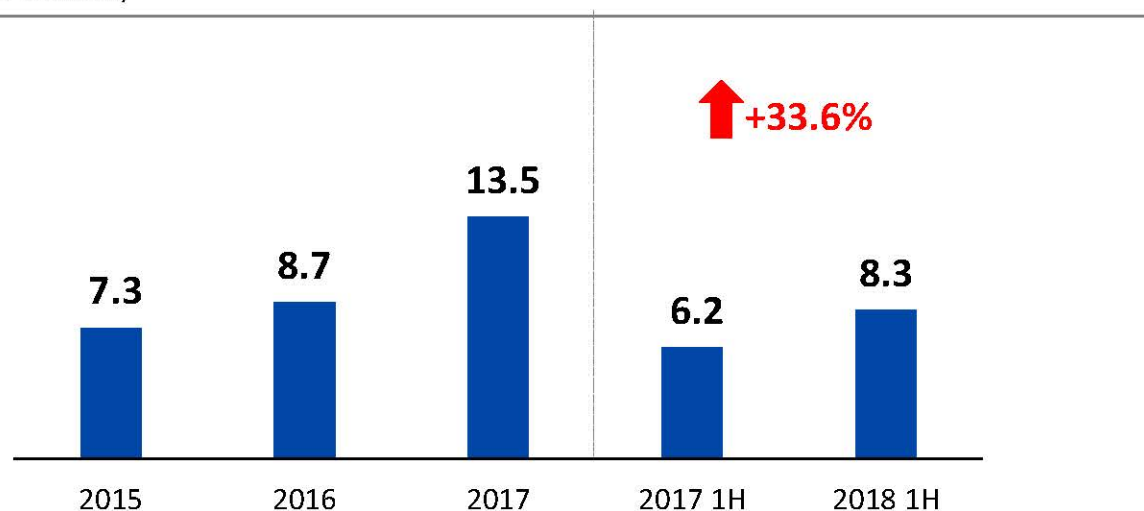


Highlights

- **Revenue: 19.9m, strong growth of 51.4% YoY↑, driven by:**
 - A fast growing market with CAGR at 13%-15%
 - Way-above-the-market-average growth rate of all products, among which TAA products grow 56.8% YoY↑, AAA products grow 32.3% YoY↑
 - Revenue of Castor™ accounts for 13% of TAA revenue
 - Further expanded hospital coverage
- **GP Margin further improved by 3.2 percentage, driven by:**
 - Further cost optimization
 - Economics of sales in manufacturing
- **Hospital Coverage:**
 - Penetrated 55 new hospitals
 - Since its first implantation in Sept. 2017, Castor™ has been sold in 100 hospitals in China
- **Fontus™ was granted CFDA green path in August 2018, our 14th product in green path**
- **Actively exploring non-China business**

2018 1H Revenue

(USD: Million)

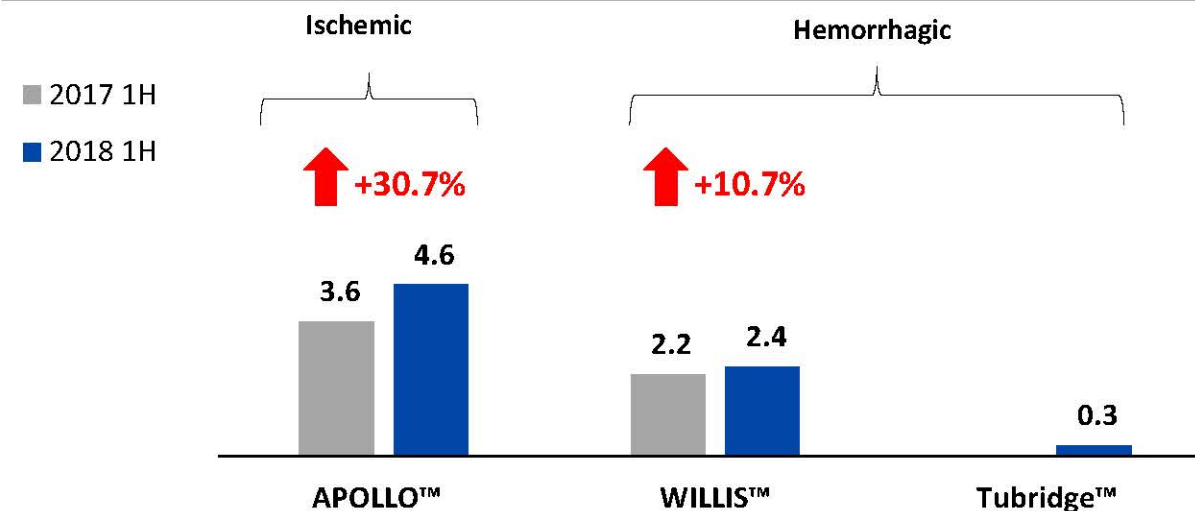


Extensive Product Pipeline

Product	Phase	CFDA Approval Expectation	CFDA Green Path
Tubridge™		March 2018	February 2016
Vertebral artery stent		2019 Q1	March 2018
Coils		2020	-
Clot Retrieval Device		2020	-

Sales Revenue by Products

(USD: Million)

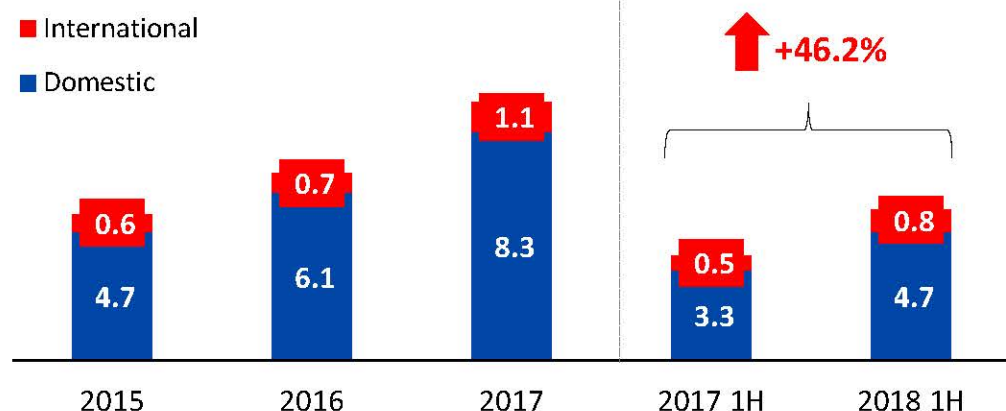


Highlights

- Revenue: 8.3m, rapid growth of 33.6% YoY↑, of which:
 - APOLLO™ revenue 30.7% YoY↑
 - WILLIS™ revenue 10.7% YoY↑
 - Tubridge™ revenue 0.3m sales contribution since Q2
- Hospital Coverage:
 - APOLLO™ penetrated 116 new hospitals in China
 - WILLIS™ penetrated 55 new hospitals in China
- Clinical achievements
 - Tubridge™ obtained CFDA approval in March 2018, which is the first domestically-developed flow diverting stent
 - Vertebral Artery Rapamycin Target Eluting Stent System was granted CFDA green path world's first drug-eluting stent indicated for the treatment of vertebral artery stenosis and marks our 13th product in green path

2018 1H Revenue

(USD: Million)

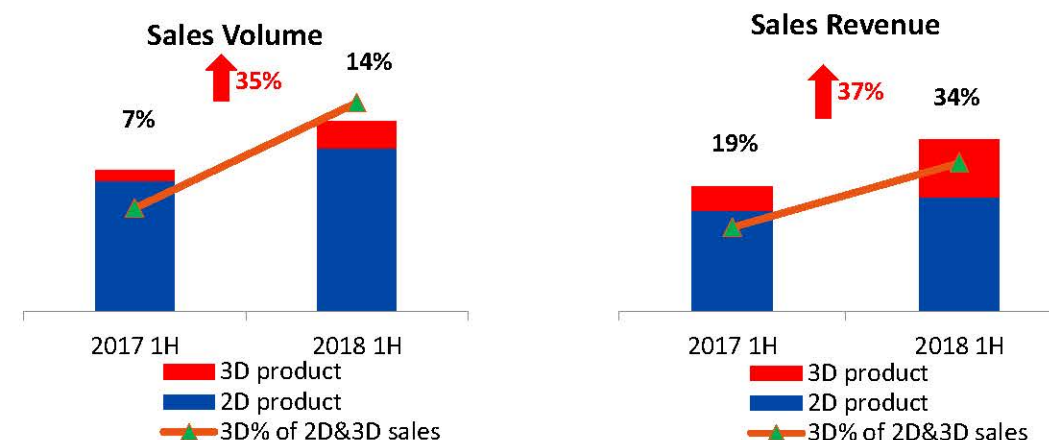


Extensive Product Pipeline

Product	Phase	CFDA Approval Expectation	CFDA Green Path
Columbus™ 2 nd generation	<div><div></div><div></div><div></div><div></div></div>	May 2018	-
EasyFinder™ Deflectable Mapping Catheter 3D	<div><div></div><div></div><div></div><div></div></div>	April 2018	-
Steerable Introducer	<div><div></div><div></div><div></div><div></div></div>	2019 Q1	-
Circular mapping catheter 3D	<div><div></div><div></div><div></div><div></div></div>	2019 Q4	-

Sales by Products

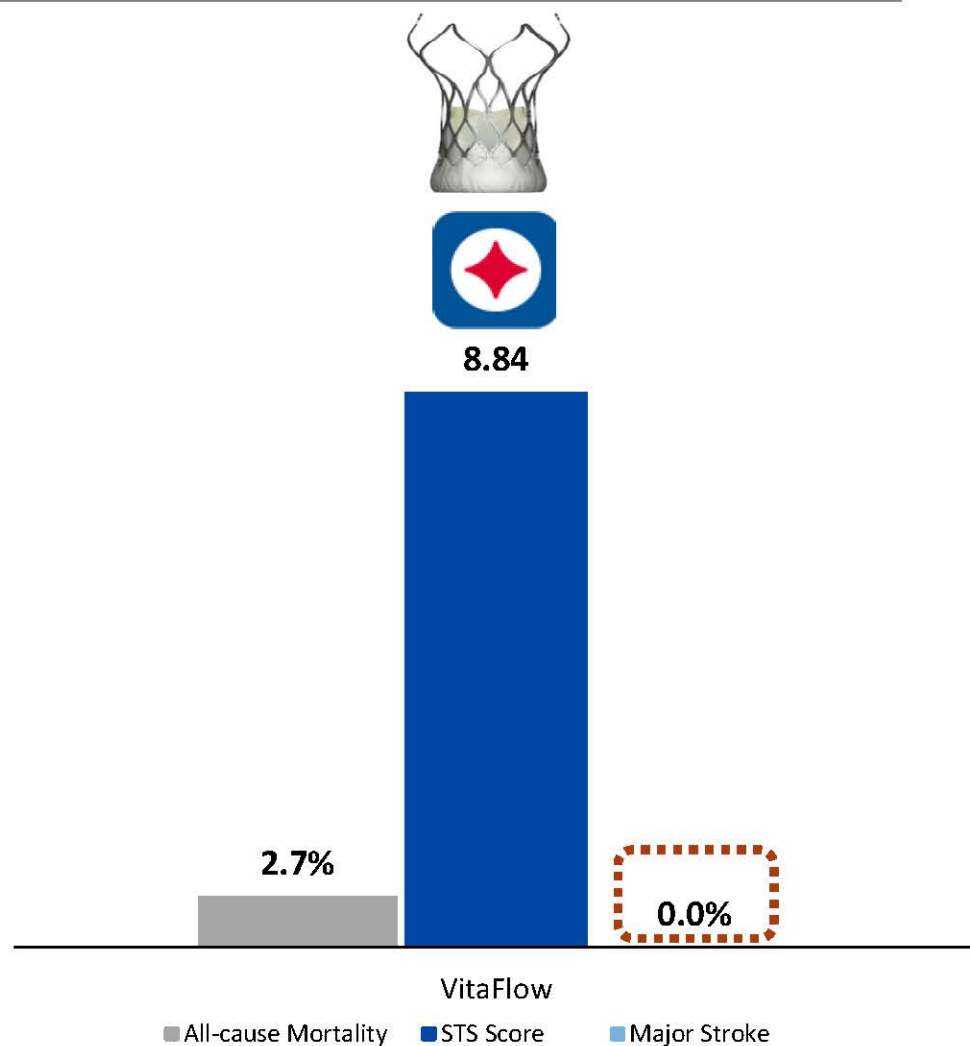
(USD: Million)



Highlights

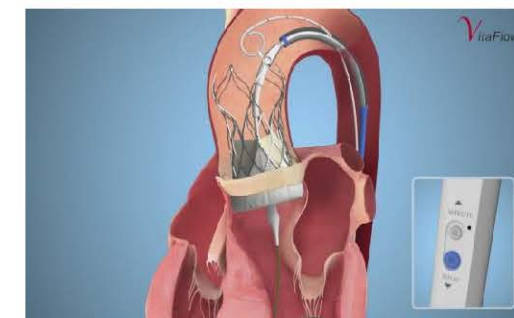
- Revenue: 5.5m, strong growth of 46.2% YoY↑, of which:
 - Domestic revenue: 4.7m, 42.1% YoY↑
 - Overseas revenue: 0.8m, 73.7% YoY↑
- Rapid revenue growth driven by:
 - The increasing demand for 3D treatment in the market
 - Achievements in expanding market coverage
 - Penetrated 61 new 3D EP clinical centers in China
 - Available for sale in 10 countries, with Republic of Ecuador newly developed
- Improved GPM attributed to the increasing sales growth of 3D product
- Only domestic provider with total solution of 3D & magnetic orientation ablation treatment
- Clinical achievements
 - Columbus™ 3D EP Navigation System (2.0) & EasyFinder™ 3D Steerable Curve Mapping Catheter gained CFDA approval

TAVI 1-Year Outcome



Key Takeaways of VitaFlowTM Clinical Outcomes at 1 Year

- Low all-cause mortality (2.7 %)
- No Major Stroke
- No moderate or severe perivavular leakage
- Good hemodynamic function
- Significant improvement in NYHA class (97% NYHA ≤ II)
- Patients with bicuspid valves have similar outcomes, such as aortic gradient, EOA and PVL
- On track to receive registration approval in 2018



The 12-month clinical results support the safety and efficacy of MicroPort VitaFlowTM in treatment of patients with severe aortic stenosis

Segment	Product	Registration Approval	Expected Granting
Orthopedics	Domestically made knee system	CFDA	2018 Q4
	Domestically made hip system	CFDA	2019 Q4
Cardiovascular	Firehawk™ Plus	CFDA	2019 Q1
	Firefighter™ NC	CFDA & CE	2019 Q1
	Firesorb™	CFDA	2022
CRM	CompassAnalyzer™ PSA	CFDA	2018 Q3
	1.5T & 3T MRI Compatibility Pacemaker	International commercialization	2018 Q4
	SmartTouch™ programmer with bluetooth connectivity	International commercialization	2018 Q4
	IS4 Leads	International commercialization	2019 Q3
	DF4 leads (ICD and CRT-D 1.5T & 3T MRI)	International commercialization	2020
	Pacemaker Bluetooth	International commercialization	2020

Segment	Product	Registration Approval	Expected Granting
Endovascular	Minos™ Ultra Low Profile AAA Stent-Graft System	CFDA	2018 Q4
	Reewarm™ PTX Drug Coated Balloon	CFDA	2019 Q3
	Fontus™ Branched Surgical Stent Graft System	CFDA	2020
	Talos™ Thoracic Stent-Graft System	CFDA	2020
Electrophysiology	Steerable Introducer	CFDA	2019 Q1
	Circular mapping catheter 3D	CFDA	2019 Q4
Neurovascular	Vertebral artery stent	CFDA	2019 Q1
	Coils	CFDA	2020
	Clot Retrieval Device	CFDA	2020
Structural Heart	VitaFlow™ Transcatheter Aortic Valve (TAVI)	CFDA	2018 Q4
	VitaFlow™ R Transcatheter Aortic Valve and Re-sheathable Delivery System	CFDA	2020



05 Appendix – Financial Statements

Consolidated Income Statement

(USD '000)	2018 1H	2017 1H	Flux %
Revenue	309,867	217,339	42.6%
Cost of sales	(90,438)	(58,995)	53.3%
Gross profit	219,429	158,344	38.6%
Other revenue & net gain/(loss)	4,274	(2,522)	-269.5%
Research and development costs	(41,791)	(25,708)	62.6%
Distribution costs	(91,902)	(63,707)	44.3%
Administrative expenses	(42,291)	(31,264)	35.3%
Other operating costs	(7,942)	(1,098)	623.3%
Operating Profit	39,777	34,045	16.8%
Finance costs	(8,708)	(7,004)	-24.3%
Gain on disposal of subsidiaries/JV	4,133	6,531	-36.7%
Share of losses of JV and associates	(1,050)	(5,811)	-81.9%
Profit before taxation	34,152	27,761	23.0%
Income tax	(9,949)	(7,147)	39.2%
Net profit	24,203	20,614	17.4%
Profit attributable to equity shareholders	23,769	21,372	11.2%

Consolidated Balance Sheet

USD'000	30 June 2018	31 Dec 2017
Fixed assets	337,795	304,403
Intangible assets	110,857	83,904
Prepayments for fixed assets	4,393	2,491
Goodwill	130,349	54,458
Interest in associate	12,747	13,998
Interest in joint venture	-	197
Other financial assets	5,206	5,000
Deferred tax assets	29,961	5,584
Other non-current assets	18,904	3,883
Total Non-current Assets	650,212	473,918
Inventories	164,671	106,160
Trade and other receivables	259,032	162,242
Deposits with banks and investments	753	760
Cash and cash equivalents	106,522	160,229
Derivative financial assets	-	314
Total Current Assets	530,978	429,705
Total Assets	1,181,190	903,623
Trade and other payables	(200,849)	(125,085)
Interest-bearing borrowings	(65,860)	(68,819)
Income tax payable	(11,071)	(4,989)
Contract liabilities	(3,096)	-
Convertible bonds	(100,343)	-
Other current liabilities	-	-
Total Current Liabilities	(381,219)	(198,893)
Interest-bearing borrowings	(138,391)	(28,235)
Convertible bonds	(56,482)	(154,421)
Deferred income	(25,553)	(24,291)
Other payables	(71,694)	(54,796)
Derivative financial liabilities	(2,039)	-
Deferred tax liabilities	(14,661)	(3,535)
Total Non-current Liabilities	(308,820)	(265,278)
Share capital	(15)	(14)
Reserves	(408,576)	(401,589)
Non controlling interests	(82,560)	(37,849)
Total Equity	(491,151)	(439,452)
Total Liabilities and Equity	(1,181,190)	(903,623)
Net Assets	491,151	439,452

(USD '000)	2018 1H	2017 1H	Flux %
Cash generated from operations	57,881	48,015	21%
Net income tax paid	(7,632)	(5,682)	34%
Net cash from operating activities	50,249	42,333	19%
Net cash from investing activities	(249,746)	(35,764)	598%
Net cash from financing activities	147,038	(28,615)	-614%
Net movement in cash and cash equivalent	(52,459)	(22,046)	138%
Cash and cash equivalents as at 1 January	160,229	123,694	30%
Effect of foreign exchange rate changes	(1,248)	1,677	-174%
Cash and cash equivalents as at 30 June	106,522	103,325	3%

