

MicroPort 2015 Earning Release

Stock Code: 00853(HK)

March, 2016

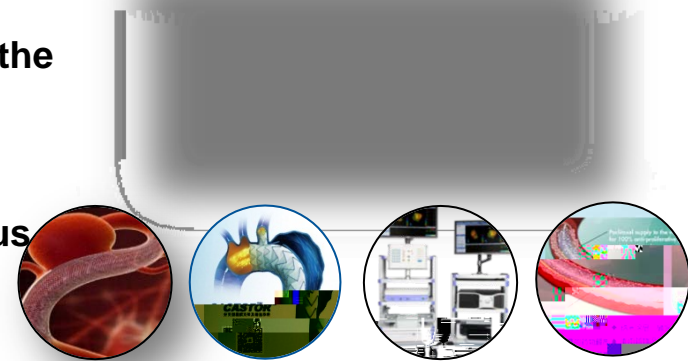
2015 2H Company Highlights

Corporate

- MicroPort[®] Science and Technology Innovation Platform Won the State Science and Technology Progress Award
- Four Regulatory Green Channel Granted: Tubridge[™] Vascular Reconstruction Device, Reewarm[™] PTX, Castor, and Columbus

Interventional Cardiology

- DES Revenue Maintain Double Digit Growth
- First Patient Enrolled in MicroPort's European Clinical Study for "Firehawk" in Dec, 2015
- "Firesorb"--- Bioresorbable Stent :Started FIM Clinical Trial in Jan, 2016

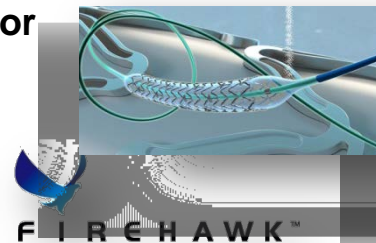


Orthopedics

- Global Revenue Turn-around. US and Europe Market Growth.
- China Orthopedics Continues Hyper Growth Driven by SuperPath and Evolution

Electrophysiology

- "Columbus"--- 3D Navigation System: Gained CFDA Approval in March , 2016



• Firesorb

Contents

 **2015 Financial Results**

 **Business Update**

*Appendix - Financial Statements

Highlights

- + **Revenue: \$375.8m, ↑6%**
 - Non-Ortho business strong performance ↑18%
 - Ortho business turn around, ↑3% in constant currency, offset by 5% unfavorable FX

- + **Gross Margin, declined by 1%**

- + **Operating Expenses declined by 2%, mainly attributable to improved operating efficiency of the Ortho business**

- + **Net Loss significantly improved from \$59.6m to \$11.4m**
 - Recurring operations breakeven, from \$15.7m loss in 2014, mainly
 - Ortho improved by \$9.5m
 - Non-Ortho continued to grow by \$5.6m
 - Other operating costs significant declined by \$30.8m

Key Financial Summary

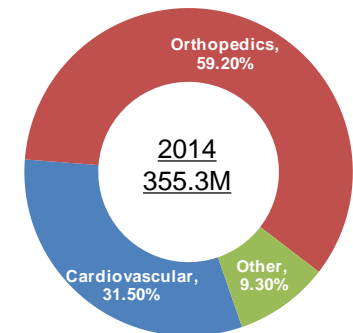
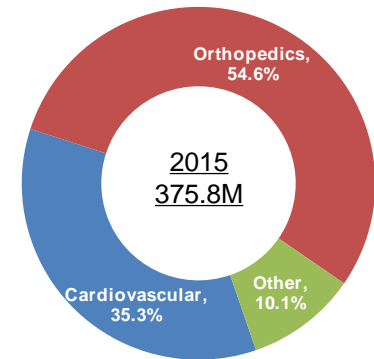
USD: million	2015	2014	Flux
Revenue	375.8	355.3	6%
Cost	(123.3)	(112.0)	10%
Gross Profit	252.5	243.3	4%
<i>Gross Margin</i>	<i>67%</i>	<i>68%</i>	
Operating Expenses	(253.1)	(259.0)	-2%
Recurring operating Loss	(0.6)	(15.7)	-96%
Other Operating Costs*	(4.9)	(35.7)	-86%
Net Gain from Gov. Grant&Interst Inc.	15.5	12.0	29%
Finance Costs	(14.8)	(13.0)	14%
Share of losses of JV	(3.8)	(1.2)	218%
Loss before taxation	(8.5)	(53.5)	-84%
Net Loss	(11.4)	(59.6)	-81%

*Other operating costs mainly represents goodwill impairment and transition exp.

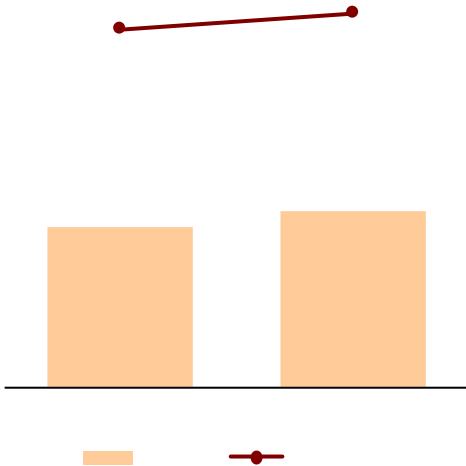
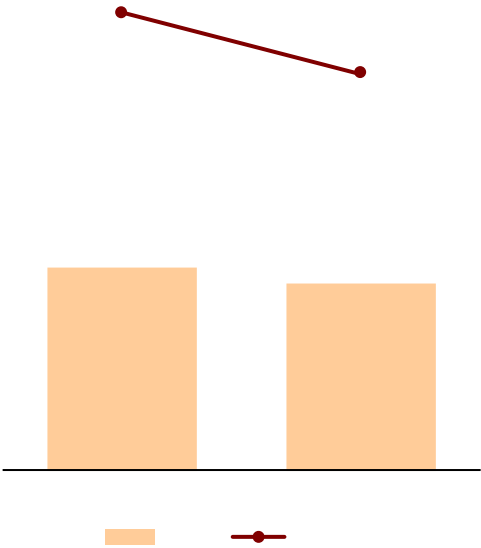
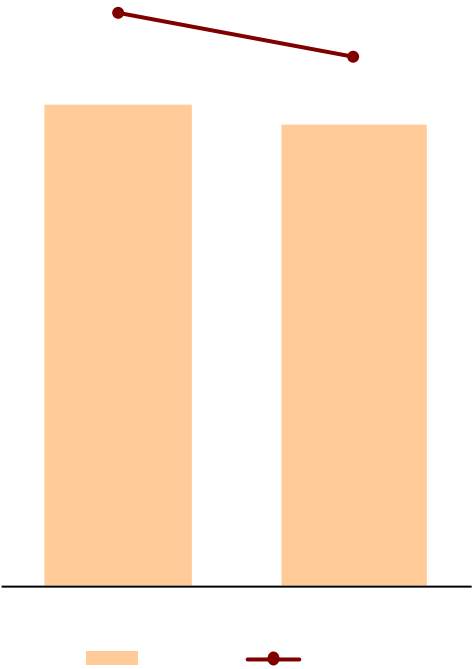
Key Takeaways

- Excl. FX impact, Group Rev Y/Y ;
- Double digit growth seen in the segments of Cardio, Ortho China, Endo, EP and Neuro;
- All segments and regions show solid growth Y/Y except Orthopedics Japan.

	111.9	18%	20%
	210.4	-2%	3%
- United States	87.5	83.8	4%
- Europe	59.0	62.8	-6%
- Japan	27.9	37.1	-25%
- China*	9.7	6.6	48%
- ROW	21.1	20.1	5%
	14.1	15%	16%
	4.8	21%	23%
	6.3	25%	27%
	5.8	5%	6%
	2.0	4%	6%
	355.3	6%	10%



Revenue



Business Update by Segment

1

Orthopedics Business

2

Vascular Business

3

Electrophysiology Business

4

MicroPort Sorin CRM (MSC)

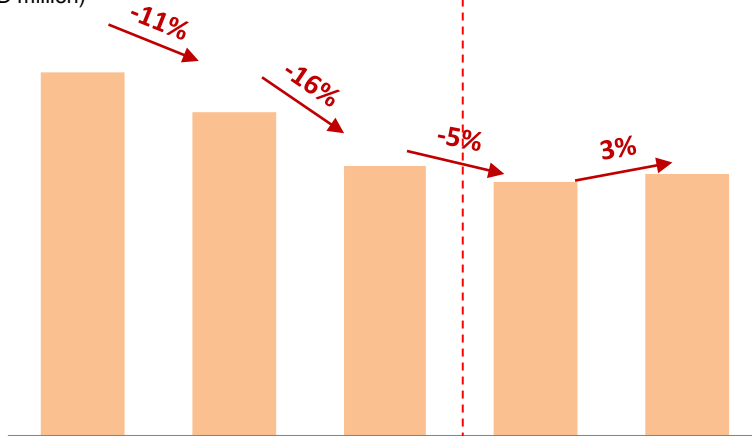
5

Others



Revenue

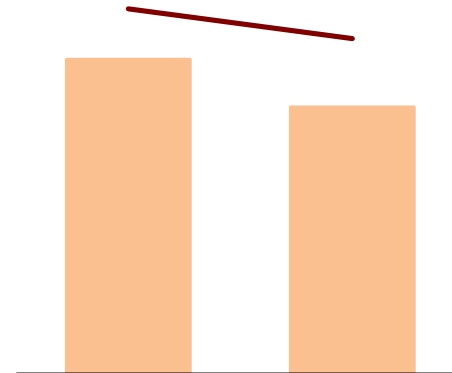
(USD million)



Note*: in Constant Currency

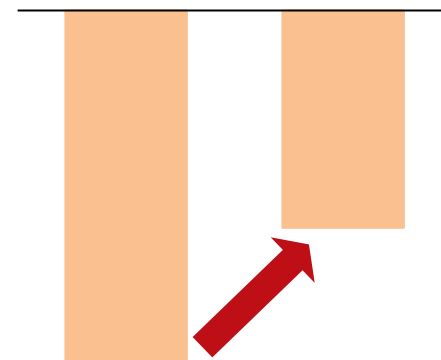
Operating Expense

(USD million)



Net Loss

(USD million)



Revenue:

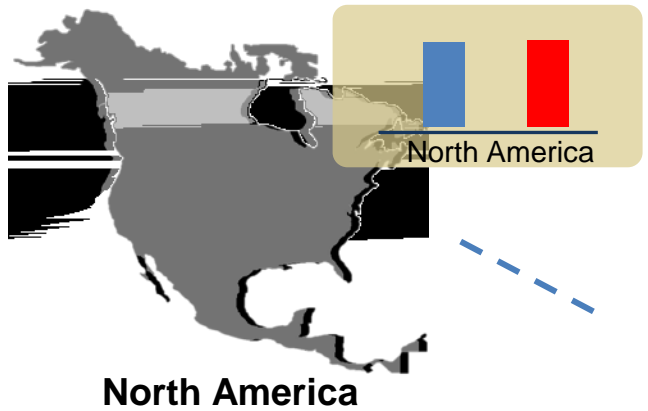
- Global turn around in 2015
- Strong growth in China (50%)

Expenses:

- Cost leverage and efficiency improvement help to decrease the operating expenses by 12%

Net Loss:

- Net loss significantly reduced by 38%



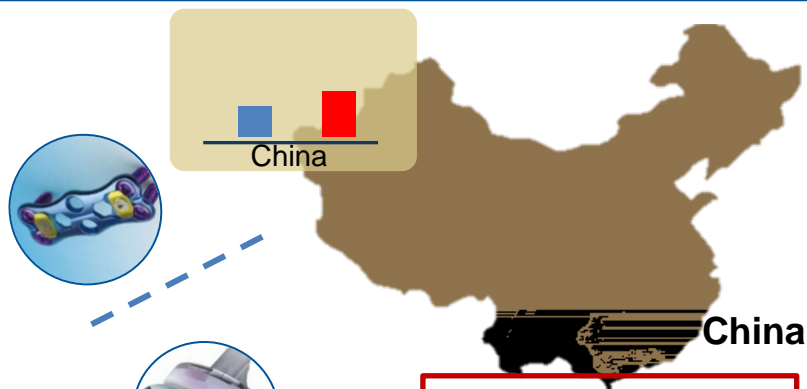
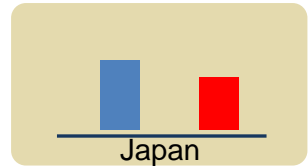
North America

Turn around
achieved –
Market growth



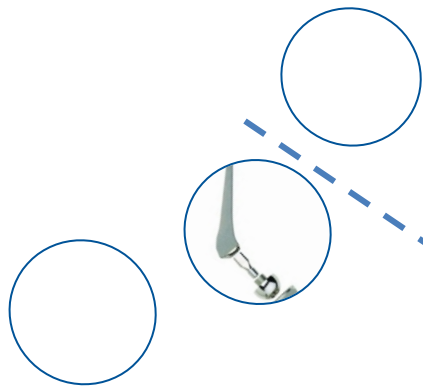
Decline

Japan

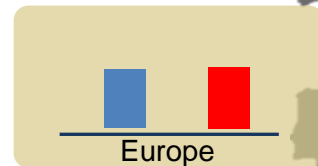


China

Strong Growth



Stable Growth

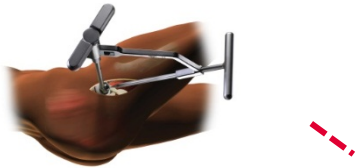


Europe

* 2015 Figures in constant currency.



2015 SuperPath Trend



Evolution

- Gained CFDA Registration Certificate and came into the market on August 29, 2015.
- Started first surgery in Sep 2015. More than 40 surgeries have been performed to date.

China Program

- The construction of Suzhou Orthopedics factory is now in accordance with plan.

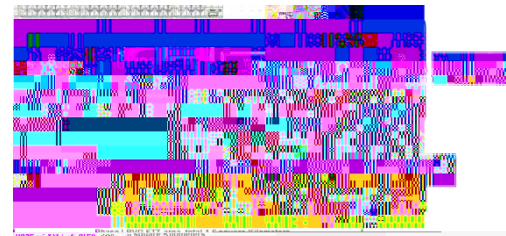


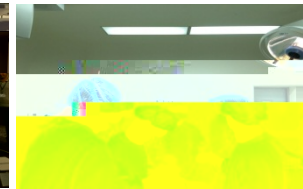
- The toolmaking has already started.

GISC



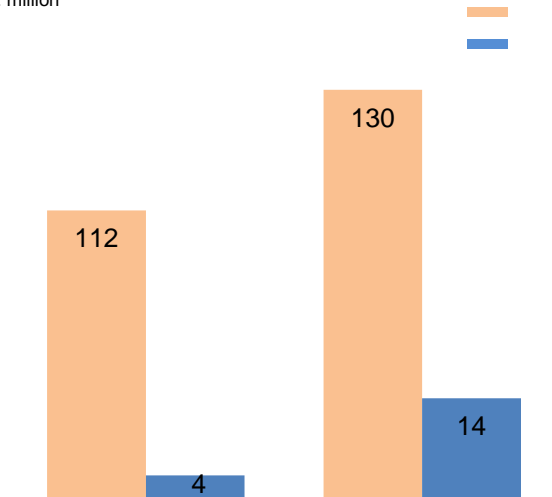
- Launches Global Instruments Supply Center
- Offers good logistics service to internal/external customers
- Keeps the total cost advantage in a leading position



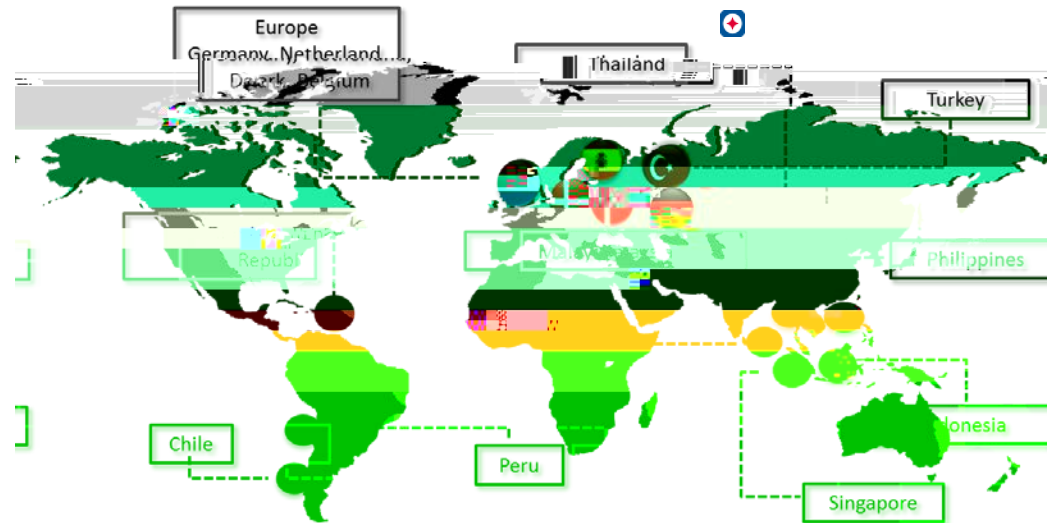


Revenue

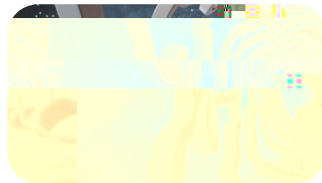
USD: million



Firehawk Fly Over the World



- Lowest drug dosage with the same efficacy
- The largest pre-market clinical study following the most stringent protocol in China.
- Received CE approval in Jan. 2015.

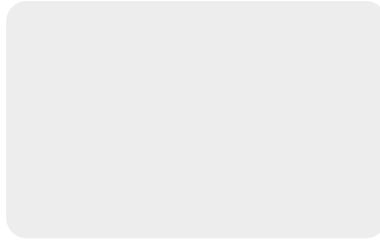
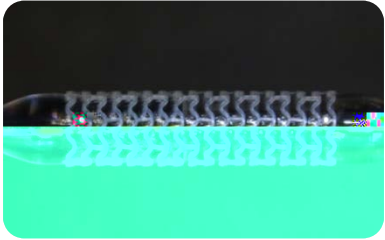


The World's **First and Only** Target Eluting Stent (TES)

- First Patient Enrolled in MicroPort's European Clinical Study for the Rapamycin Target Eluting Coronary Stent System- "Firehawk".
- Firehawk attended TCT 2015, 5 TARGET FIM study results were published



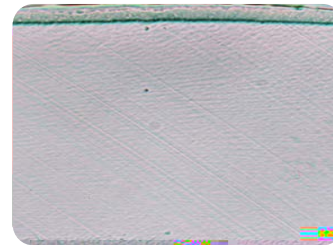
Firesorb —Bioresorbable Rapamycin Target Eluting Coronary Stent System™



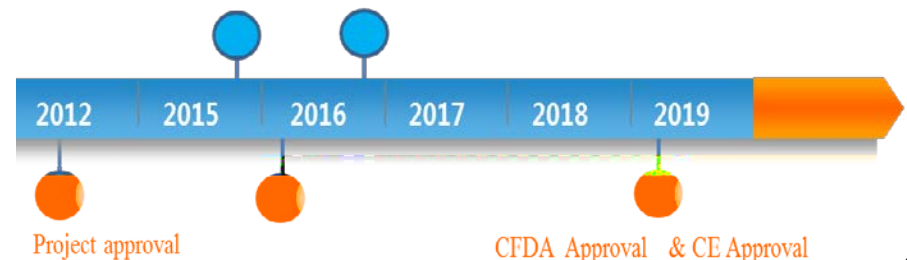
Backbone

- **Strut thickness**
- **Abluminal coating**
- **Coating thickness**
- **Rapamycin dose**
- **RO markers**
- **Storage**
- **Available size**

PLLA
100µm~125µm
PDLLA + Rapamycin
5 µm
4 µg/mm
At two ends
Room temperature
Φ2.5~4.0mm,13~29mm



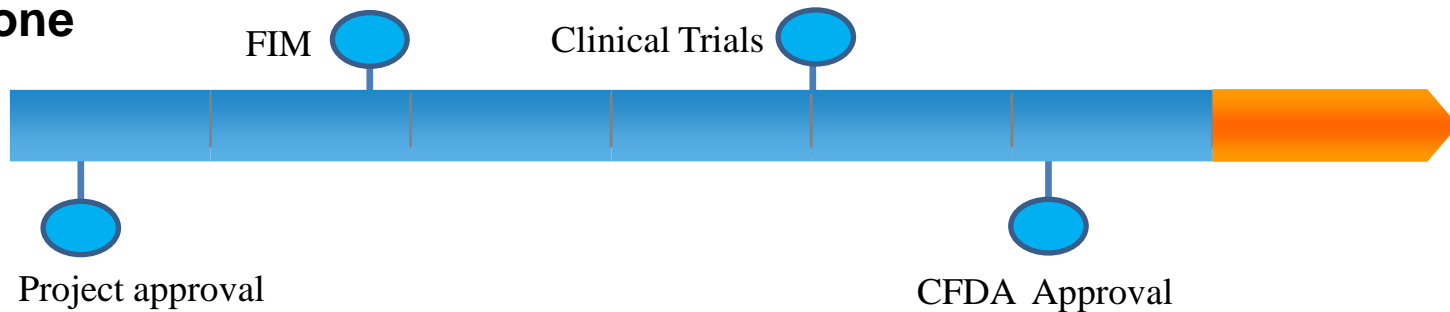
Design Finalisation RCT&OPC



TAVI

- Self-expanding Nitinol Stent
- Bovine pericardial leaflets with anti-calcification treatment
- PET Skirt

Milestone





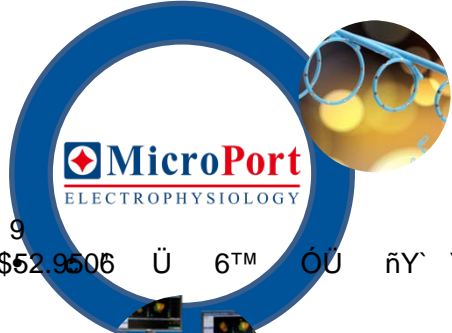
Dramatic Growth of Neuro in Revenue



Dramatic Growth of EP in Revenue

Product Portfolio

- Radiofrequency Ablation Catheter
- Radiofr scn /TT1 9
- AblSys42A-250 (\$52.9506
- Ü 6™ ÓÚ ñY` YcgUG 0
- Radiofr



FireMagic

3D

- Saline Infusion Radiofrequency Ablation Catheter



Columbus

- 3D EP Navigation System

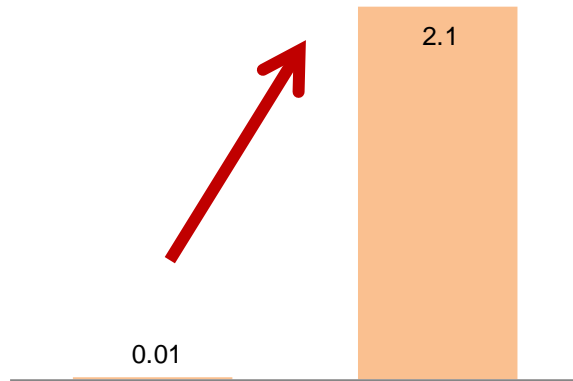
Anchor

- External Reference Patch



Revenue

USD: million



- IPGs
- Leads
- Programmer
- Biz Models
- Others

Innovated in China, for China

- **Launched China's First Domestic Pacemaker Production Line in June, 2015**
- Animal study on-going
- Leveraging MP & Sorin capabilities



Surgical Robot

➤ Product Introduction

Indication

urology, obstetrics,
general thoracic, cardiovascular surgery

Core Function

Master-Slave teleoperation, 3D vision.

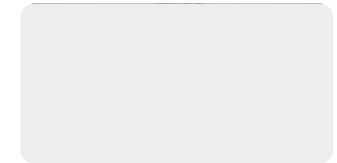
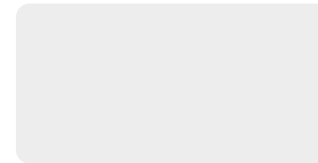
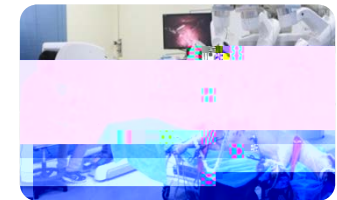
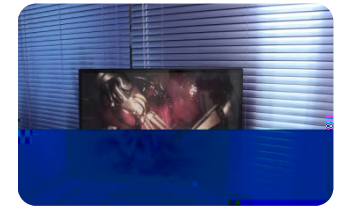
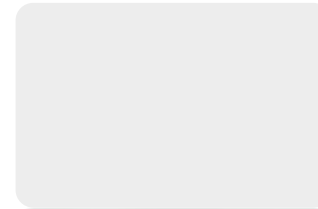
Full dimension motion control, Force feedback.

➤ R&D Progress

Developed the first generation prototype;

Systematical performance testing;

Animal Testing;



Milestone

(USD '000)	2015	2014	Flux %
Revenue	375,844	355,284	6%
Cost of sales	(123,335)	(111,999)	10%
Gross profit	252,509	243,285	4%
Other revenue & net gain	15,525	12,025	29%
Research and development costs	(60,354)	(54,564)	11%
Distribution costs	(127,739)	(133,629)	-4%
Administrative expenses	(65,031)	(70,773)	-8%
Other operating costs	(4,886)	(35,710)	-86%
Operating Profit	10,024	(39,366)	-125%
Finance costs	(14,778)	(12,956)	-14%
Share of losses of a joint venture	(3,788)	(1,192)	
Profit/(loss) before taxation	(8,542)	(53,514)	-84%
Income tax	(2,837)	(6,057)	-53%
Net loss	(11,379)	(59,571)	-81%



USD'000	31 Dec 2015	31 Dec 2014
Fixed assets	271,203	286,666
Intangible assets	60,217	60,506
Prepayments for fix assets	2,711	1,678
Goodwill	55,463	56,529
Interest in a joint venture	4,759	3,866
Deferred tax assets	3,711	4,124
Time deposits	-	11,440
Other non-current assets	4,339	6,813
Total non-current assets	402,403	431,622
Inventories	101,840	109,901
Trade and other receivables	126,957	121,930
Time deposits	2,976	60,679
Cash and cash equivalents	99,467	215,602
Total current assets	331,240	508,112
Total assets	733,643	939,734
Trade and other payables	(99,418)	(108,649)
Interest-bearing borrowings	(55,086)	(215,897)
Income tax payable	(1,226)	(1,016)
Deferred income	(5)	(10)
Derivative financial liabilities	(397)	(592)
Obligation under finance leases	(1,209)	(1,868)
Other current liabilities	(7,260)	
Total current liabilities	(164,601)	(328,032)
Interest-bearing borrowings	(129,374)	(132,817)
Convertible bonds	(94,815)	(91,573)
Obligation under finance leases	(33)	(1,894)
Deferred income	(22,086)	(28,989)
Other payables	(1,541)	(1,793)
Other non-current liabilities	-	(7,335)
Deferred tax liabilities	(3,365)	(3,558)
Total liabilities	(415,815)	(595,991)
Share capital	(14)	(14)
Reserves	(312,505)	(342,239)
Non controlling interests	(5,309)	(1,490)
Total equity	(317,828)	(343,743)

III

- Condensed Consolidated Cash Flow Statement - Adjusted

(USD '000)	2015	2014
Cash generate from operations	36,132	26,242
Income tax paid	(5,412)	(8,436)
Net cash generated from operating activities	30,720	17,806
Net cash (used in)/from investing activities*	(47,177)	(338,155)
Net cash generated in financing activities	(164,952)	394,008
Net decrease in cash and cash equivalent	(181,409)	73,659
Cash and cash equivalents at 1 January	287,721	216,225
Effect of foreign exchange rate changes	(3,869)	(2,163)
Cash and cash equivalents at 31 December	102,443	287,721

* Adjusted net placement 69 million of time deposits with bank over 3 month (2014: 16 million net uplift) in to cash and cash equivalents.

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Thank You

The Patient Always Comes First

