

2013 Financial Results & Business Update

Stock Code: 00853(HK)

A decorative graphic consisting of a horizontal line with a textured, metallic appearance, possibly representing a bridge or a road, extending across the width of the page.

March 2014

Content



 **2013 Financial Results**

 **Business Update**

***Appendix - Financial Statements**

Highlights

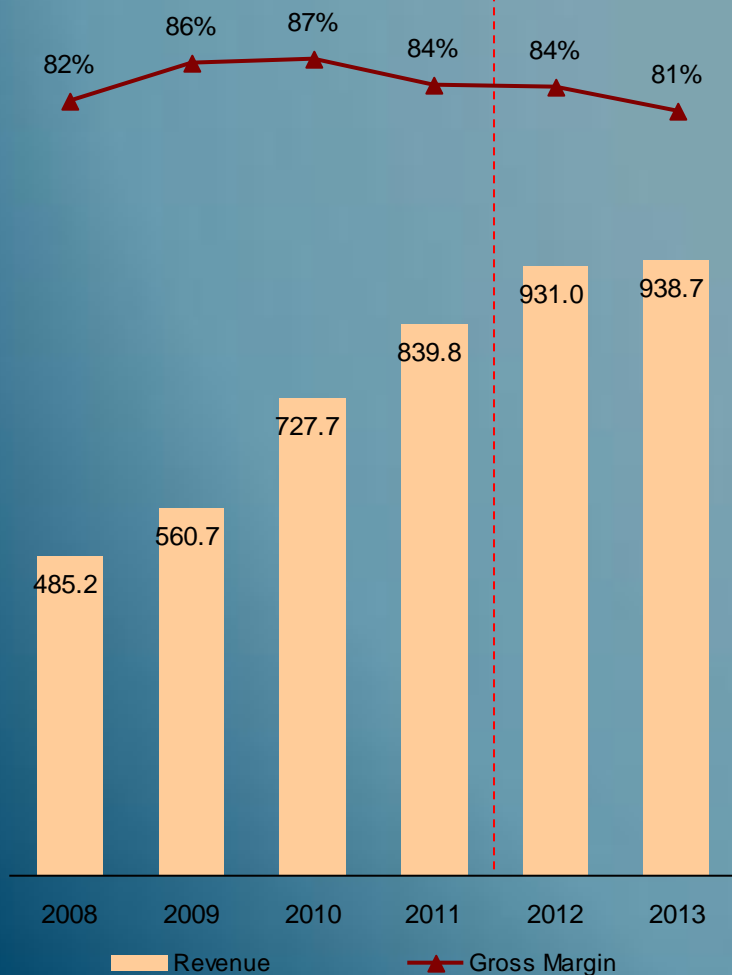
- Revenue: 939m, Y/Y 1%
- Recurring operating profit: 302m, Y/Y 15%
 - R&D Exp, Y/Y
 - DES price deduct net off other segment Rev
- Net profit: 149m, Y/Y 58%
 - Transactional Cost 109m & impairment 24m

Key Financial Summary

Financial Performance

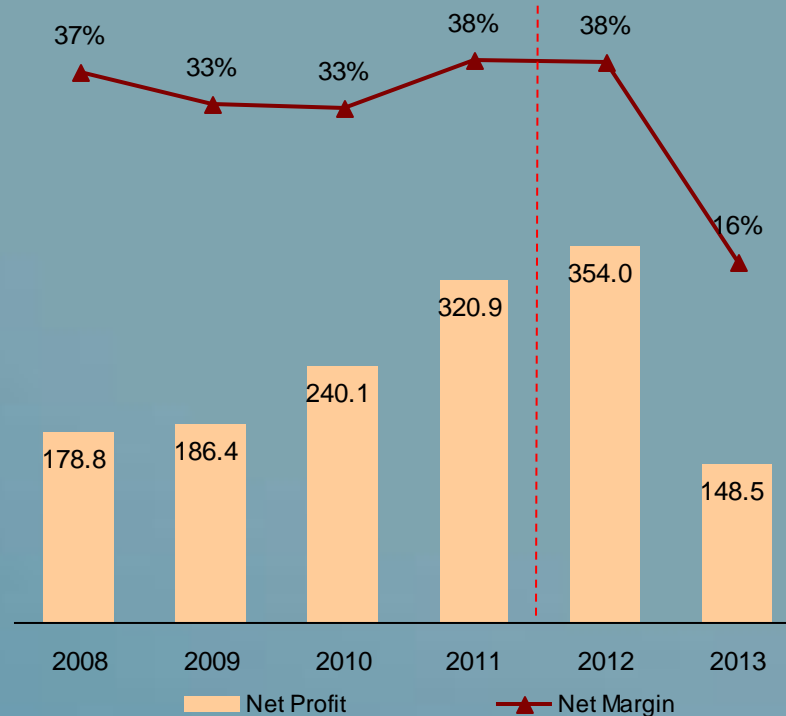
Revenue & Gross Margin

(RMB million)



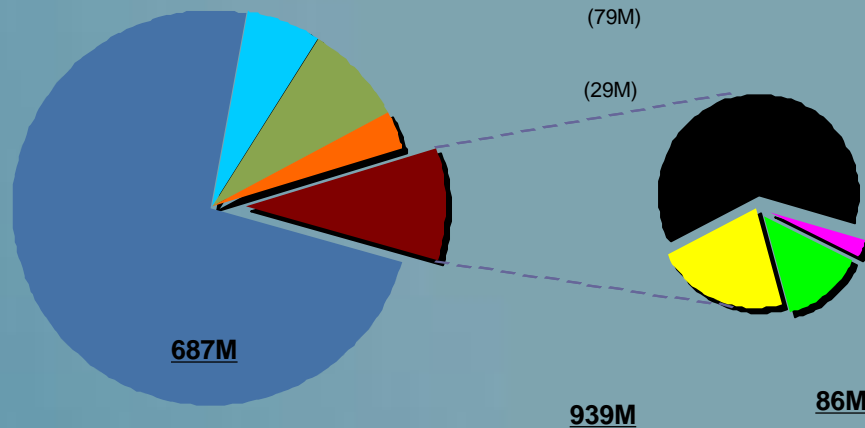
Net Profit & Net Margin

(RMB million)

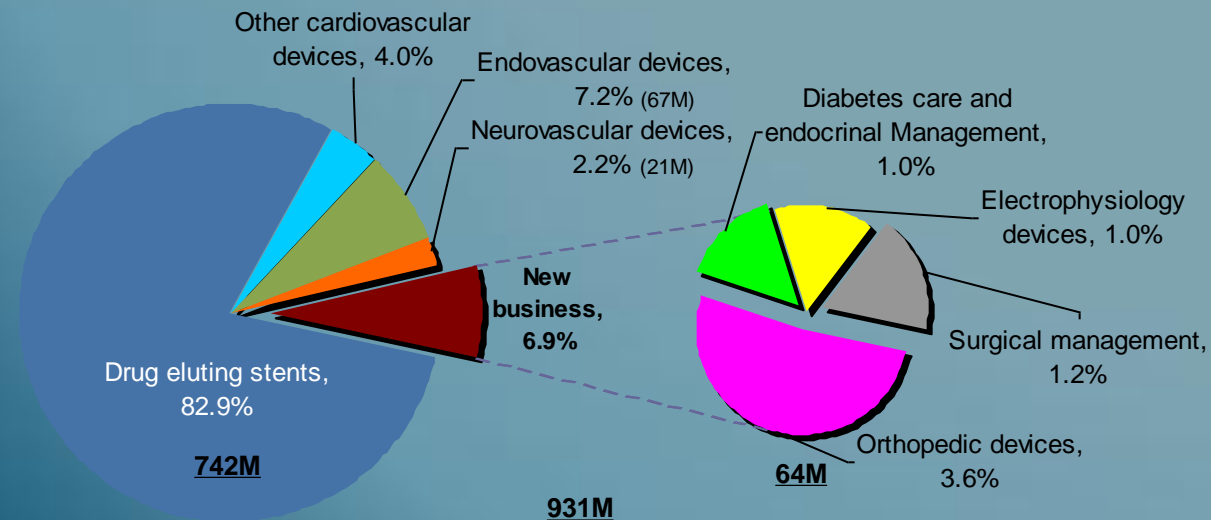


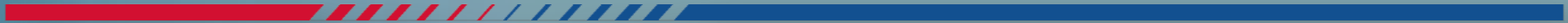
Business Diversification - Revenue Mix for Reference

Revenue by Products (2013)



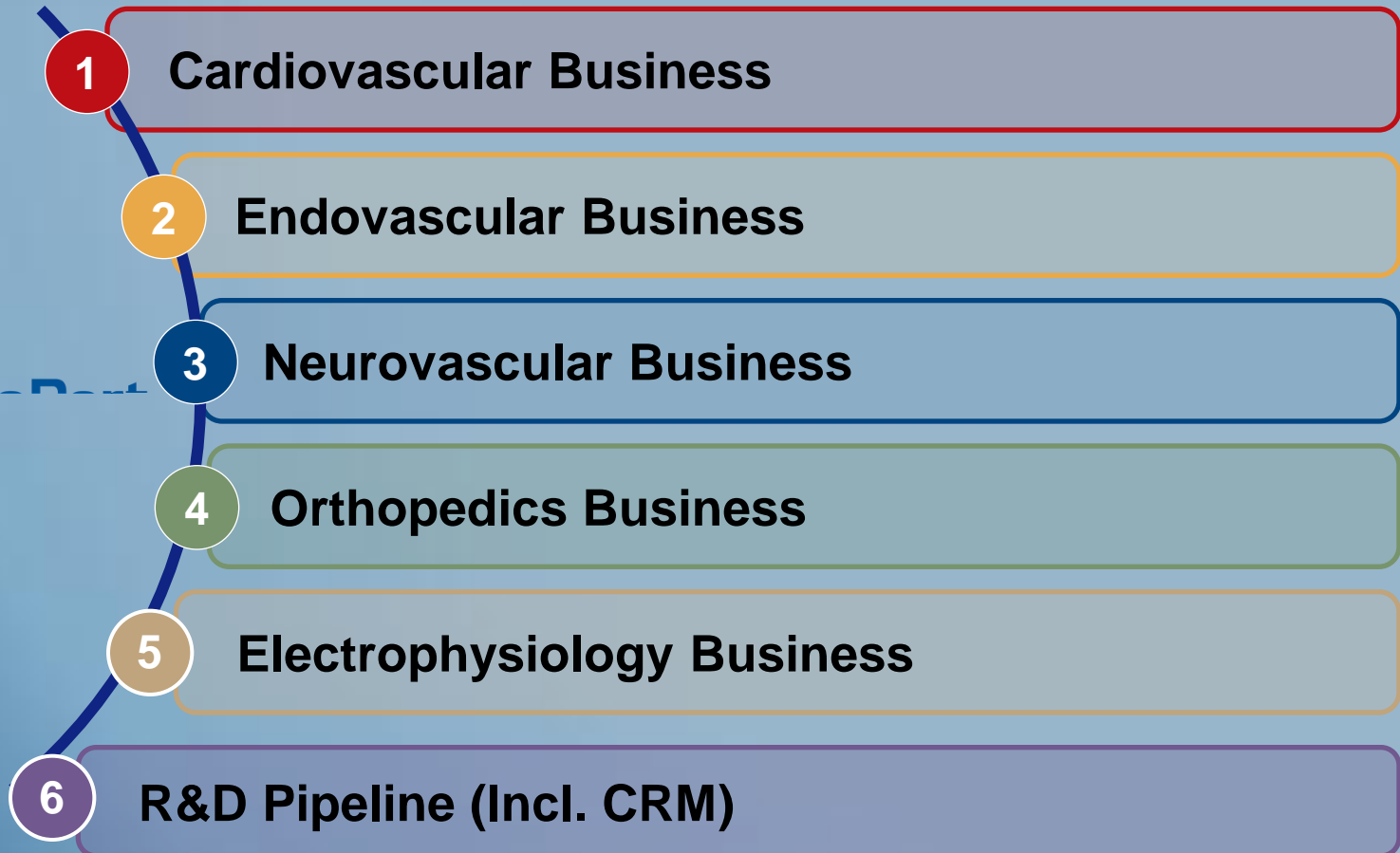
Revenue by Products (2012)





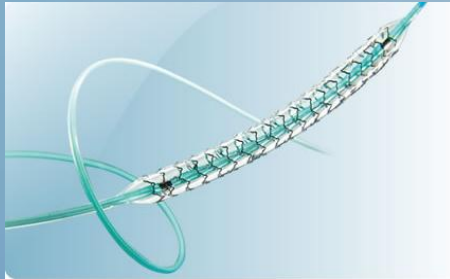


Business Update



1 Cardiovascular Business

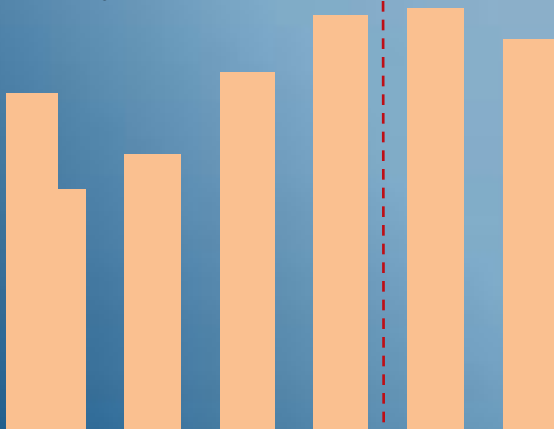
Firebird2



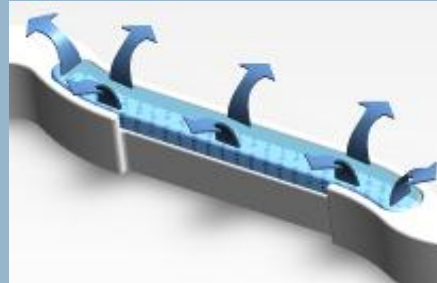
- Commercially launched in **January 2009**
- Constructed of **cobalt-chromium** coated with sirolimus
- 0.034 inch thick

DES Revenue (2008-2013)

RMB: million



Firehawk Update



- **CFDA approved in Jan, 2014**
- **CE submitted in Dec 2013**
- Third generation DES
- The World's First and Only **target-eluting stent**
- The largest pre-market clinical study in China ensures high credibility of safety and efficacy (1,261 trails in 29 clinical centers)
- The lowest dosage of drug amongst all DES's maintains excellent efficacy
- Solid evidence-based medical data paves the way for world-wide introduction

APA from Cordis

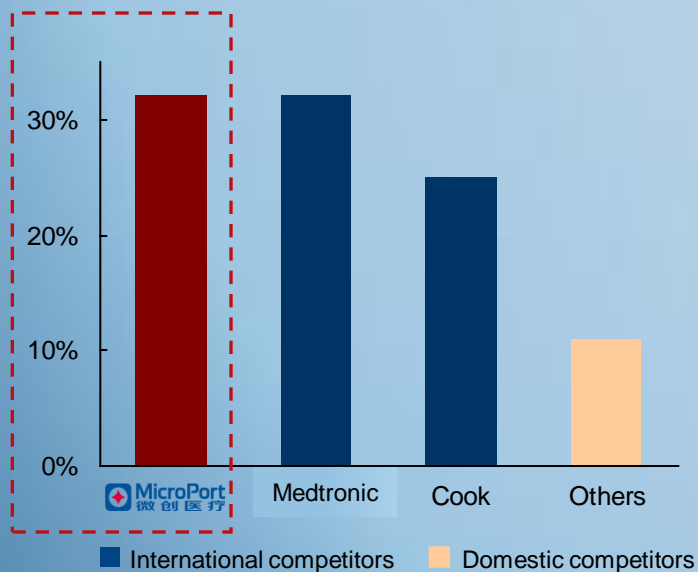
- **Asset purchase agreement on Jan 2014, acquired:**
 - Certain DES manufacturing related equipment and machinery;
 - Certain DES-related patents & IP



Secure the position of global leader for target-eluting stent technology and take another step forward to strengthen the competitive and intellectual property position for DES franchise.

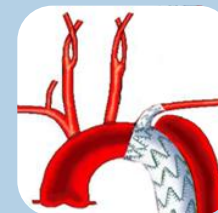
TAA/AAA Market Leadership

(in terms of units implanted)



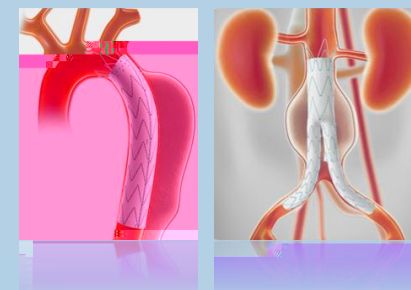
Products Profile

Castor



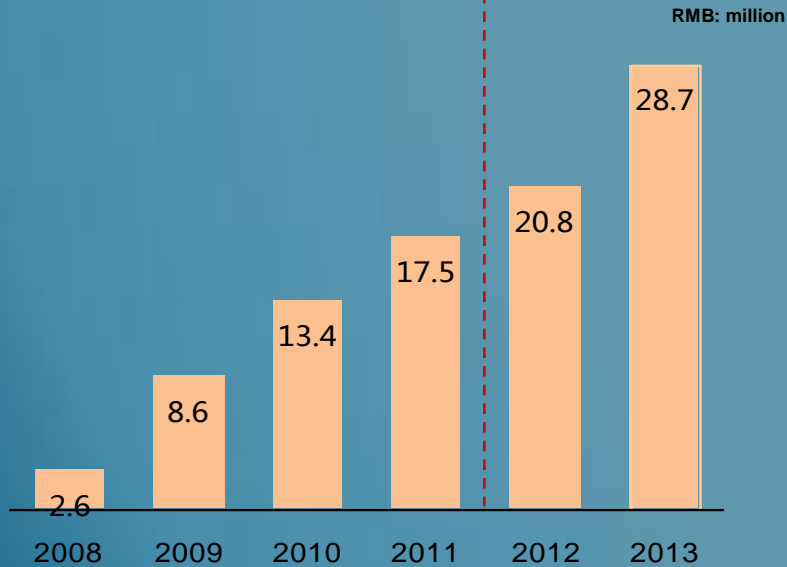
- Branched Aortic Stent-Graft and Delivery System
- First-in-man Finished in early 2013
- Clinical Trial started in 2013

Hercules T / Hercules B



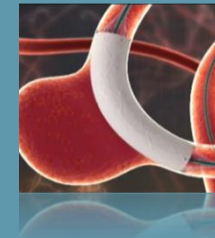
- Hercules Balloon Dilation Catheter received CFDA approval in 2013.

Solid Growth of Neurovascular in Revenue



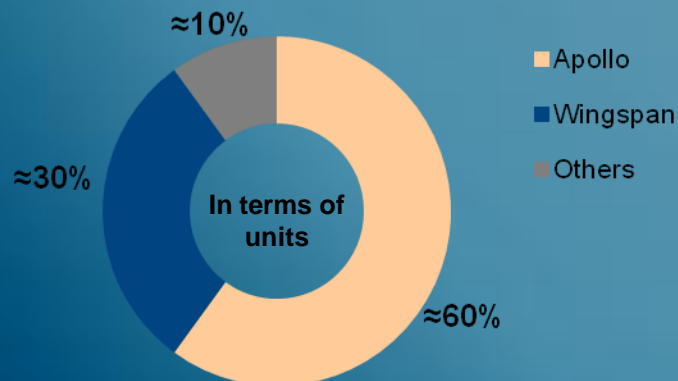
Products Already Received SFDA Approval

Willis



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

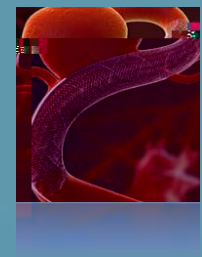
Leading Position in Neurovascular stents



R&D Pipeline

Tubridge

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





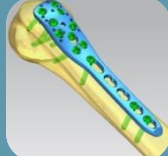









4 Orthopedic Business

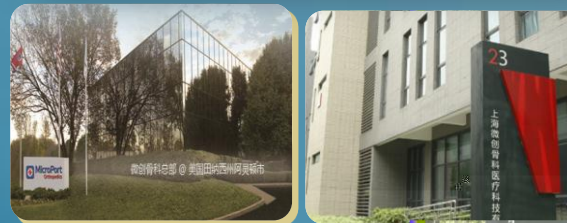
Milestones

- ◆ **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
- ◆ **2013 ~ 10 Jan 2014**
 Completed acquisition of OrthoRecon business from Wright Medical

Full Range of Products Pipeline

OrthoRecon		Spine		Trauma	
					
Knees	SLED Uni Knee	Spine-Plates	Spine-Screws	Trauma-Plates	Trauma-Nails
					
Hips	Recovery Technique	Spine-Cages	Spine-Instruments	Cannulated Screws	External FX

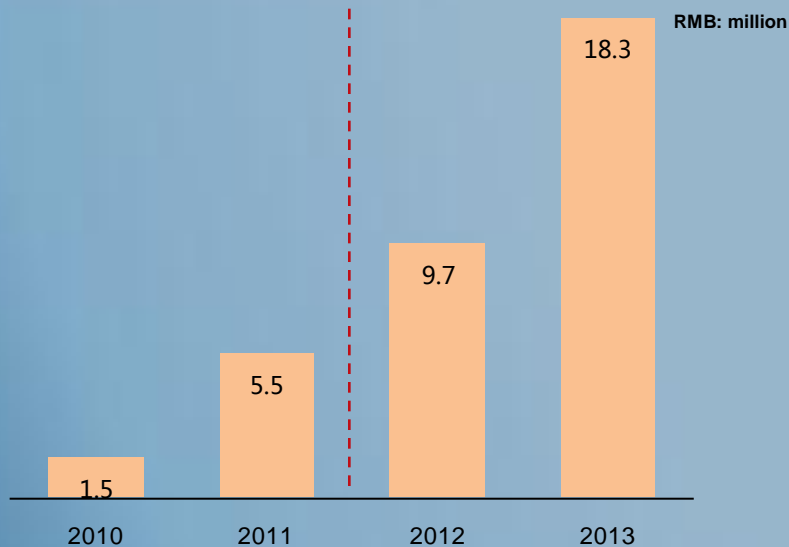
Key Factors



- MicroPort Orthopedics the sixth largest multinational OrthoRecon business.
- The only company could offer a full product line covering hip and knee, spine, and trauma in China.
- Broaden product portfolio beyond China DES Immediately.
- Expand business geographic coverage outside China greatly.
- Increase body mass.

Electrophysiology Business

Solid Growth of Electrophysiology in Revenue



CE Certification Received in 2013

FireMagic

- Radiofrequency Ablation Catheter



EasyFinder

- Fixed or adjustable Curved Mapping Catheter

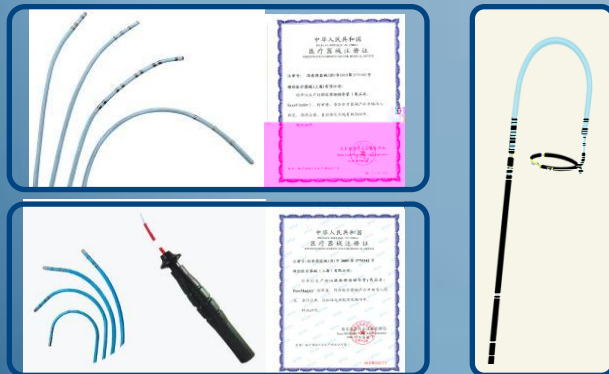
EasyLoop

- Circumferential Pulmonary Vein Mapping Catheter

FireMagic 3D

- Saline Infusion Radiofrequency Ablation Catheter

Products on the China Market



- In Clinical Trial: **Columbus & FireMagic 3D & Anchor**

Columbus

- 3D EP Navigation System

Anchor

- External Reference Patch

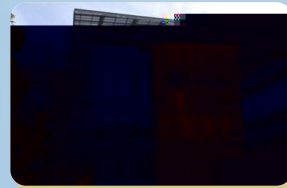


6 R&D Pipeline

CRM

JV with Sorin

- Agreement in early 2014
- MicroPort 51%, Sorin 49%
- 62m investment in JV
- CRM product in greater China
- Accelerate development of local CRM products



Others

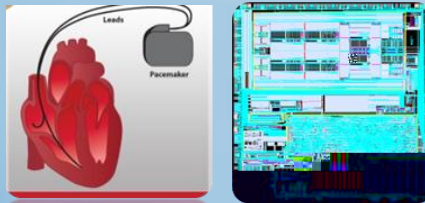
Transcatheter Aortic Valve Implantation system

- Under R&D stage



IPG Implantable Pulse Generator

- Under R&D stage

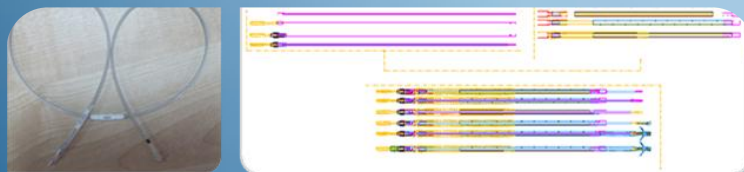


Renal Artery RF Ablation System

- First-in-man Finished in 2013

Pacing Leads active & passive

- Under R&D stage



Appendix I - Consolidated Income Statement

(RMB '000)	2013 Actual	2012 Actual
Revenue	938,682	930,962
Cost of sales	(178,118)	(153,129)
Gross profit	760,564	777,833
Other revenue & net income	45,306	67,898
Research and development costs	(180,703)	(145,849)
Distribution costs	(158,638)	(172,999)
Administrative expenses	(119,208)	(104,600)
Other operating costs	(135,535)	(5,250)
Operating Profit	211,786	417,033
Finance costs	(6,529)	(1,675)
Profit before taxation	205,257	415,358
Income tax	(56,726)	(61,378)
Net profit	148,531	353,980

Appendix II - Consolidated Balance Sheet

RMB'000	31 Dec 2013	31 Dec 2012
Cash and cash equivalents	968,757	413,149
Deposits with banks	341,219	666,275
Trade & Other receivables	383,277	433,890
Inventories	123,070	92,654
Total current assets	1,816,323	1,605,968
Fixed Assets & CIP & Prepay for FA	945,055	720,497
Intangible assets	207,683	149,974
Goodwill	154,955	175,492
Deferred tax assets	19,366	15,949
Total non-current assets	1,327,059	1,061,912
Total assets	3,143,382	2,667,880
Interest-bearing borrowings	(179,507)	(20,491)
Trade & Other payables	(275,693)	(174,812)
Income tax payable	(17,257)	(9,011)
Deferred income	(83)	(257)
Total current liabilities	(472,540)	(204,571)
Interest-bearing borrowings	(133,069)	(2,703)
Deferred income	(102,886)	(71,125)
Deferred tax liabilities	(26,759)	(28,923)
Other non-current liabilities	(42,729)	(40,679)
Total liabilities	(777,983)	(348,001)
Share capital	(108)	(108)
Capital reserve	(2,365,291)	(2,319,771)
Total stockholders' equity	(2,365,399)	(2,319,879)
Total liabilities and equity	(3,143,382)	(2,667,880)
Net Current Assets	1,343,783	1,401,397

Appendix III – Condensed Consolidated Cash Flow Statement - Adjusted

(RMB '000)	2013 Actual	2012 Actual
Cash generate from operations	411,624	352,250
Income tax paid	(54,060)	(66,664)
Net cash generated from operating activities	357,564	285,586
Net cash (used in)/from investing activities*	(287,271)	(460,867)
Net cash used in financing activities	172,423	(160,406)
Net decrease in cash and cash equivalent	242,716	(335,687)
Cash and cash equivalents at 1 January	1,079,424	1,414,488
Effect of foreign exchange rate changes	(12,164)	623
Cash and cash equivalents at 30 June	1,309,976	1,079,424

* Adjusted 325 million net uplift of time deposits with bank over 3 month (2012: net placement 347 million) in to cash and cash equivalents.

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Thank You