

# Annual Earnings Release

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REHAWK SuperPath™ DYNASTY

MicroPort

# Disclaimer

This document is for information purposes only and does not constitute or form part of any offer or invitation to sell or the solicitation of an offer or invitation to purchase or subscribe for any securities of MicroPort.

## PROSPECTUS INFORMATION

MicroPort's financial performance and other information presented in this prospectus is based on the company's internal financial records and is subject to audit. The company's financial performance and other information presented in this prospectus is based on the company's internal financial records and is subject to audit. The company's financial performance and other information presented in this prospectus is based on the company's internal financial records and is subject to audit.

The nature of the company's business and the nature of the industry in which it operates may result in a material change in the company's financial performance and other information presented in this prospectus.

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MicroPort

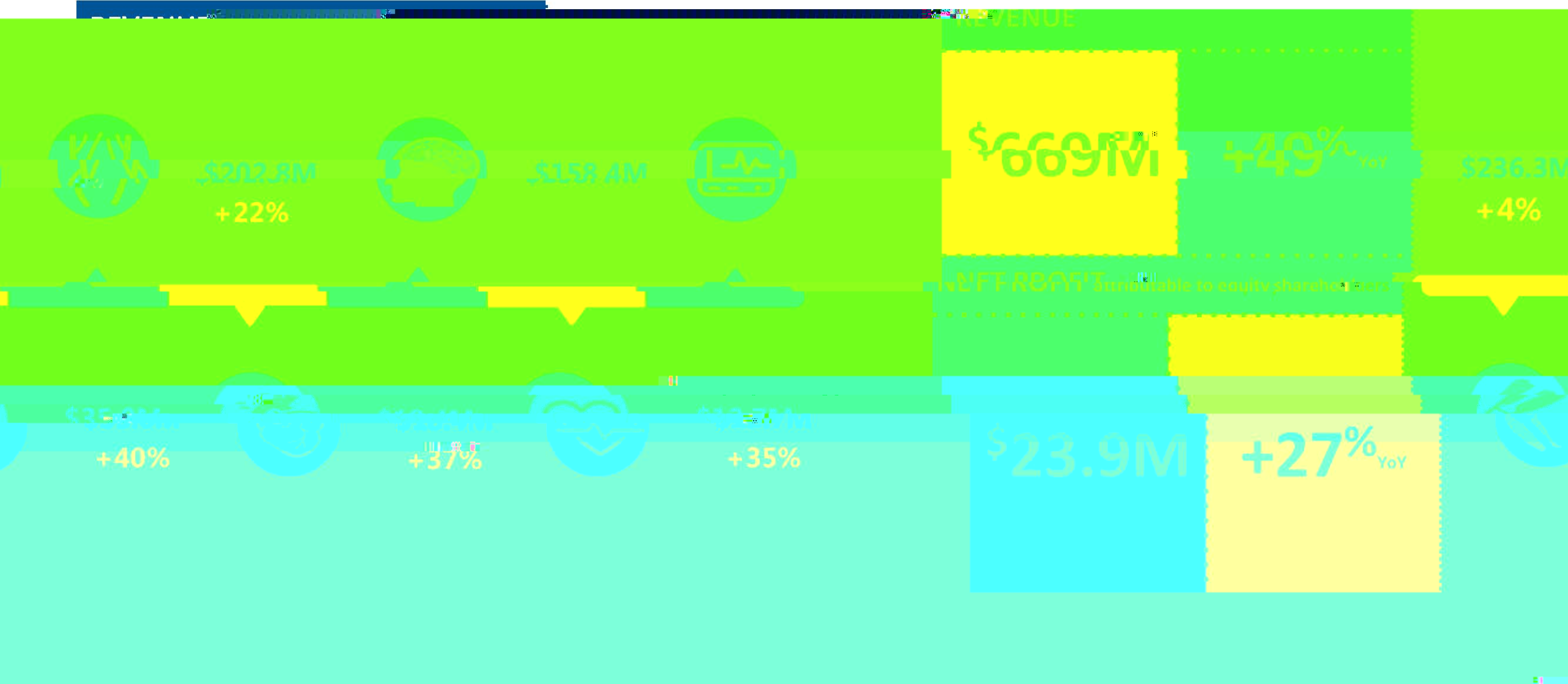
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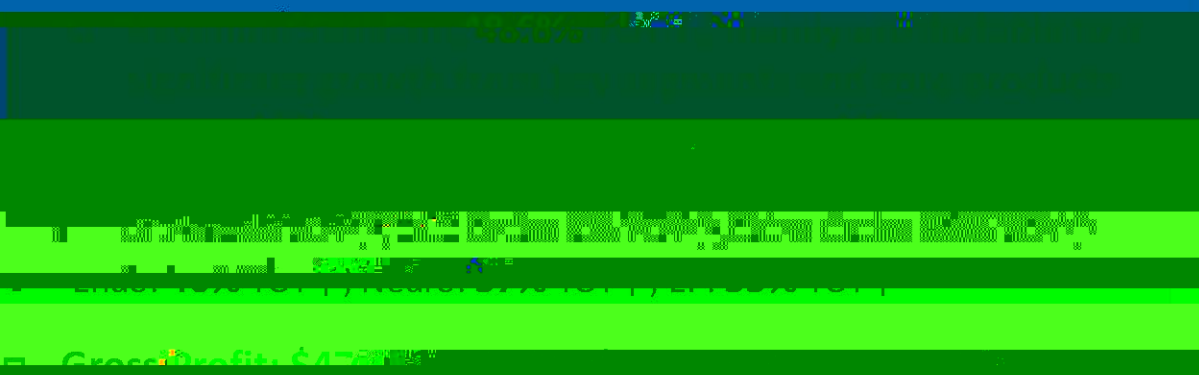
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- FINANCIAL REVIEW
- BUSINESS REVIEW
- OUTLOOK
- APPENDIX – FINANCIAL STATEMENTS

# ANNUAL RESULT HIGHLIGHTS



# ANNUAL RESULT HIGHLIGHTS (cont'd)

## FINANCIAL HIGHLIGHTS



Gross Profit \$478

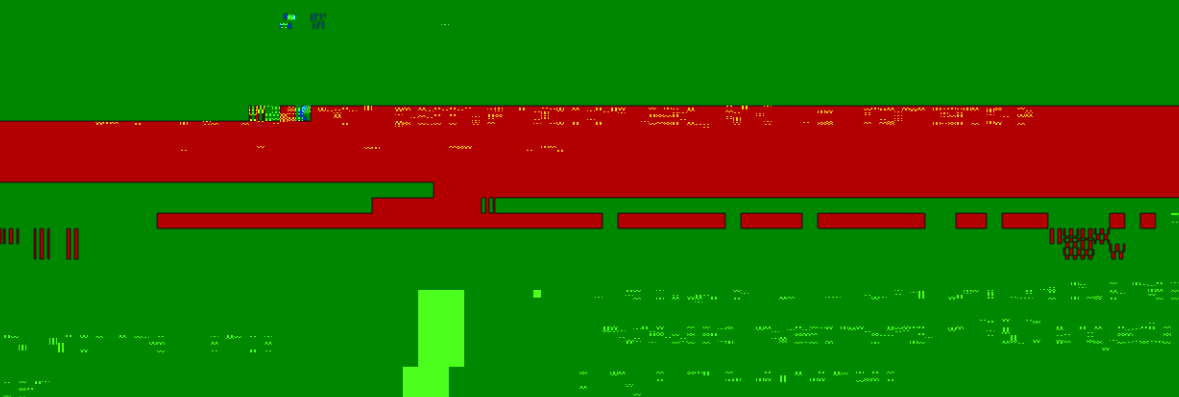
margin lower than the average of the 10 peers



2016 Gross Profit Margin

## NEW CATALYSTS FOR FUTURE GROWTH

- 10 products obtained NMPA CEFT
  - 10 products obtained CEFT
  - 10 products obtained CEFT
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- Cumulatively, 15 microport products have entered NMPA Green Path



# ANNUAL RESULT HIGHLIGHTS – Product and Pipeline Progress

## ORTHO

## CARDIO

## ENDO

## CRM

■ Domestic made femoral stem

■ Archhawk™ gained regulatory approval

■ Hercules™ Stent-Graft System (extended sizes)

■ Cronipre™ analyzer  
■ BEFLEX™ pacing lead

■ Domestic made Aris™ Hip and Medial Stability Total Knee Replacement System –

■ In late stage regulatory review

■ Total Hip and



Product	Key Milestones / Updates	Regulatory Status	Market/Commercialization	Future Outlook
Domestic made femoral stem	Completed regulatory review and approval	CE Marked	Commercialized in Europe	Commercialized in Europe
Domestic made Aris™ Hip and Medial Stability Total Knee Replacement System	Completed regulatory review and approval	CE Marked	Commercialized in Europe	Commercialized in Europe
Archhawk™	Completed regulatory review and approval	CE Marked	Commercialized in Europe	Commercialized in Europe
In late stage regulatory review	Completed regulatory review and approval	CE Marked	Commercialized in Europe	Commercialized in Europe
Hercules™ Stent-Graft System (extended sizes)	Completed regulatory review and approval	CE Marked	Commercialized in Europe	Commercialized in Europe
Cronipre™ analyzer	Completed regulatory review and approval	CE Marked	Commercialized in Europe	Commercialized in Europe
BEFLEX™ pacing lead	Completed regulatory review and approval	CE Marked	Commercialized in Europe	Commercialized in Europe



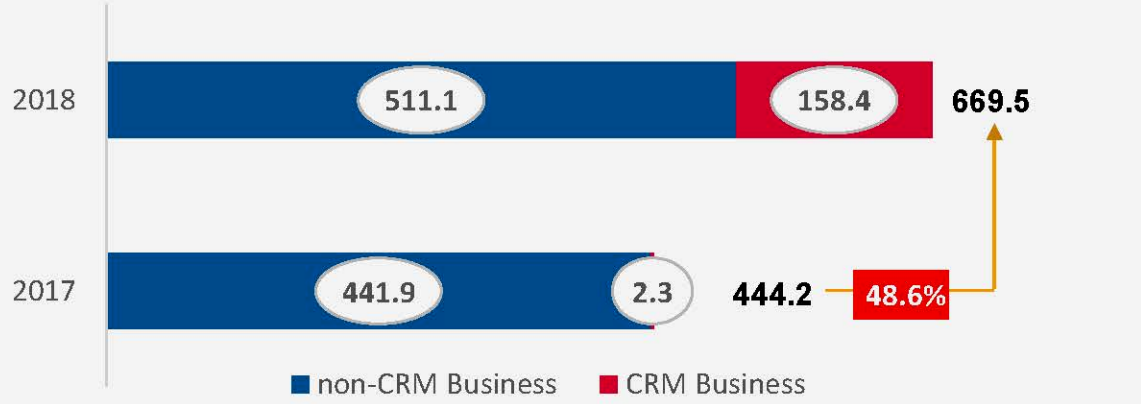
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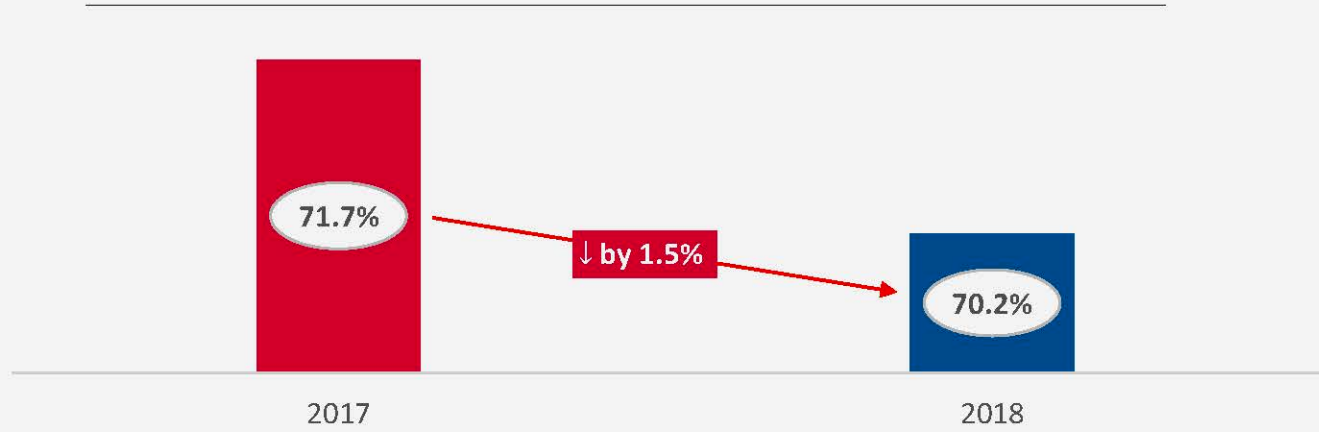
# FINANCIAL REVIEW – Consolidated Financial Performance

## Revenue

(USD: Million)

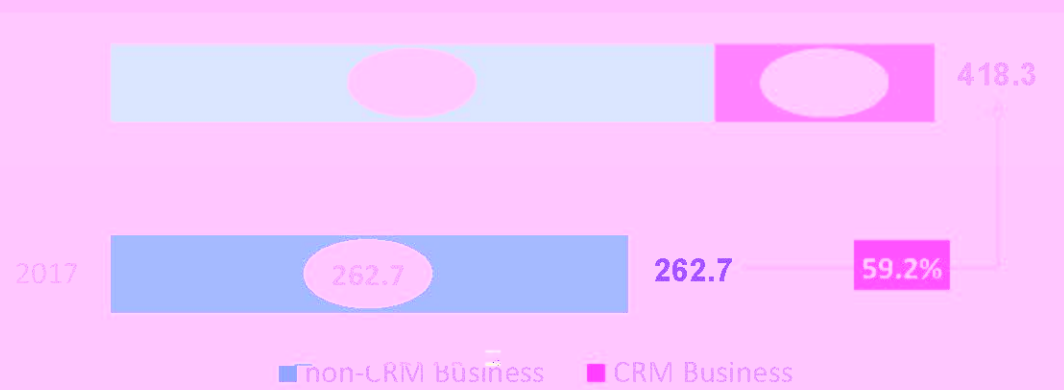


## Gross Profit Margin



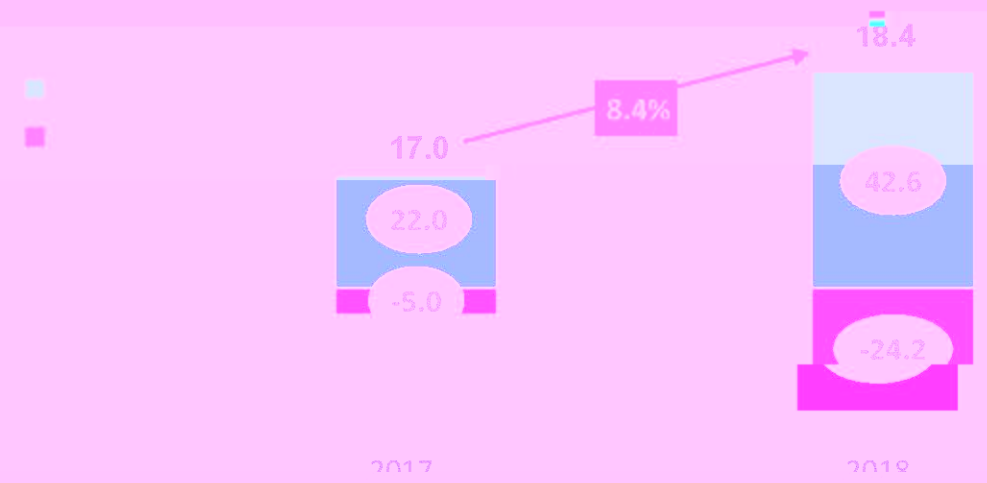
## Operational Expenses

(USD: Million)



## Net Profit/(Loss)

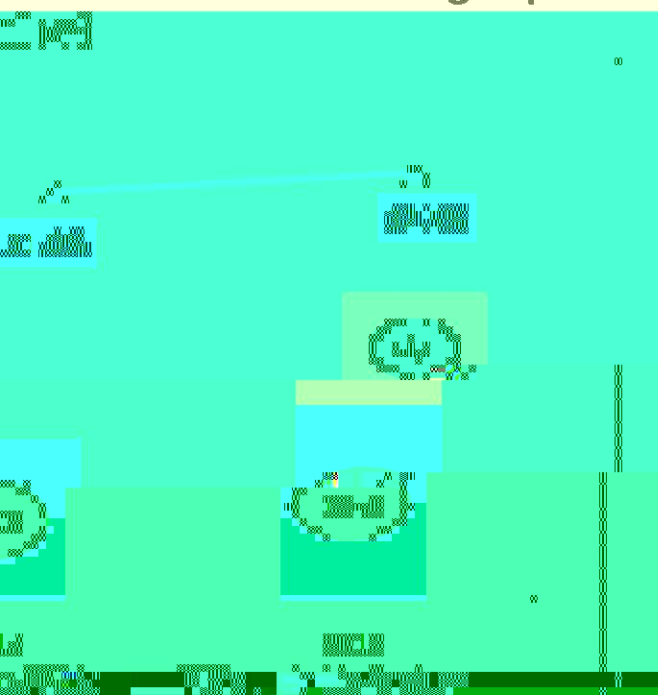
(USD: Million)



\* CRM consolidation since April 2018

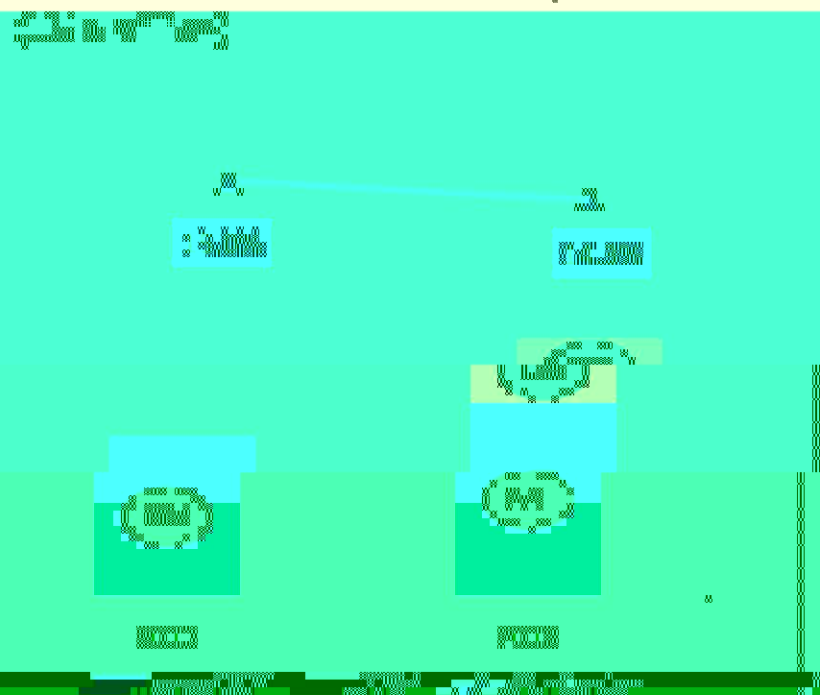
# FINANCIAL REVIEW – Operating Expenses

## Sales and Marketing Expenses



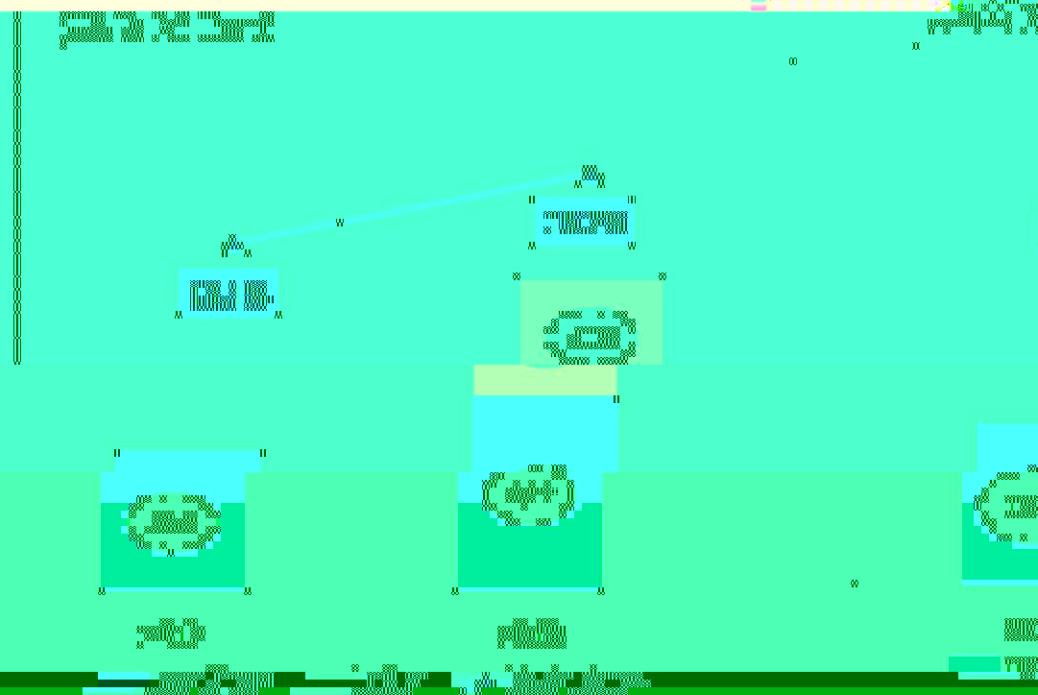
- Advertising expenses are primarily for television and print advertising.
- Sales expenses are primarily for sales commissions and travel.
- Marketing expenses are primarily for trade shows and promotional materials.

## Administrative Expenses



- Salaries and wages are the largest component of administrative expenses.
- Rent and depreciation are also significant components.
- Other administrative expenses include office supplies and travel.

## Research and Develop. Expense



- Personnel expenses are the largest component of research and development expenses.
- Materials and equipment are also significant components.
- Other research and development expenses include laboratory supplies and travel.



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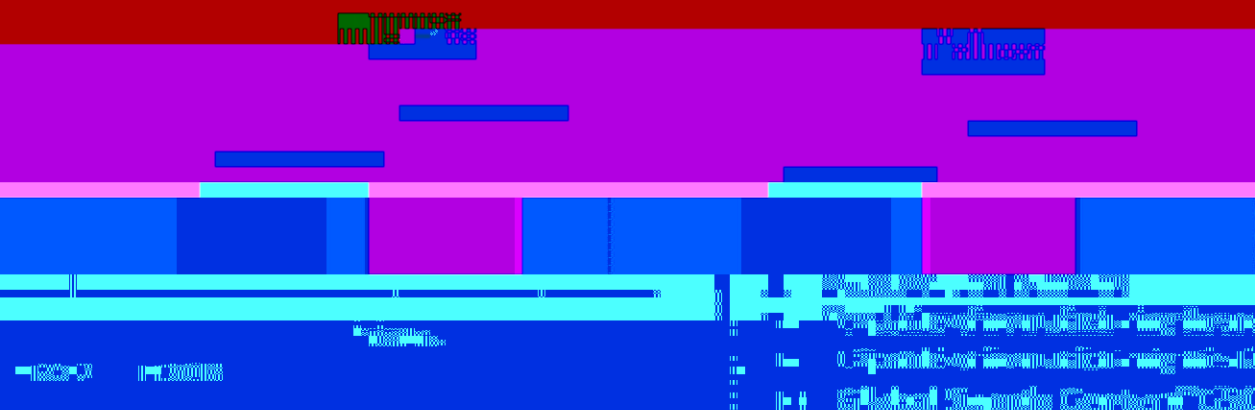


# BUSINESS REVIEW – Orthopedics China

## Revenue and Growth

(USD: Million)

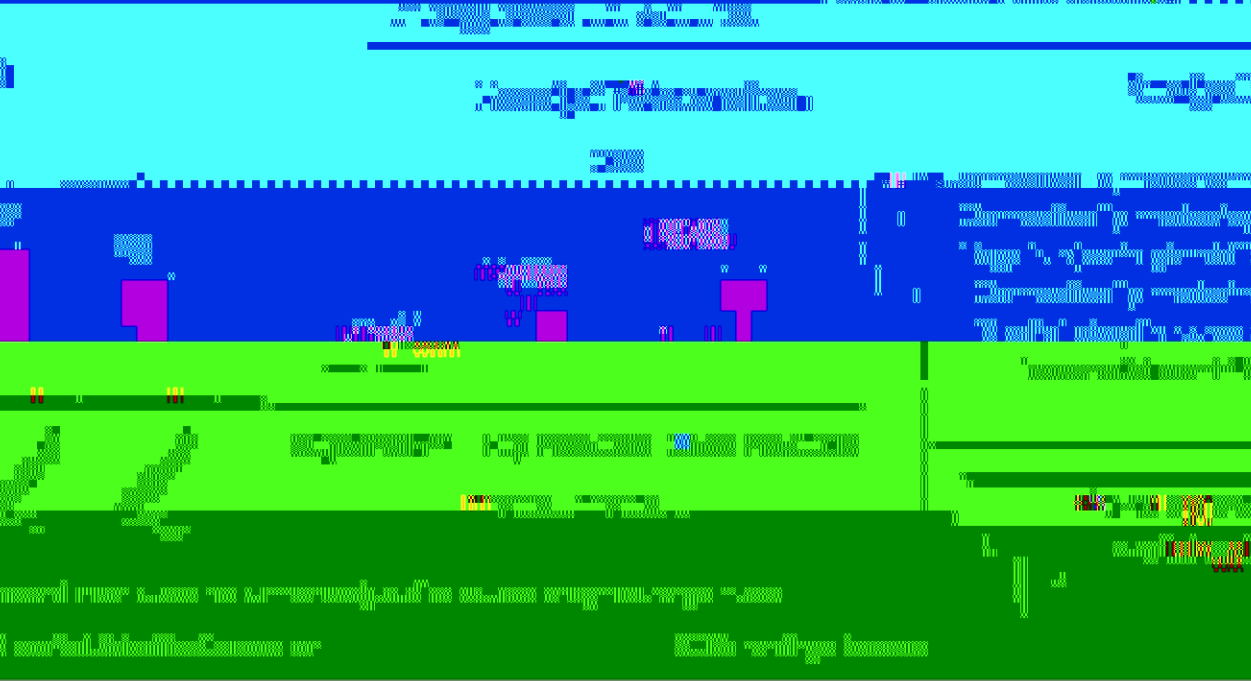
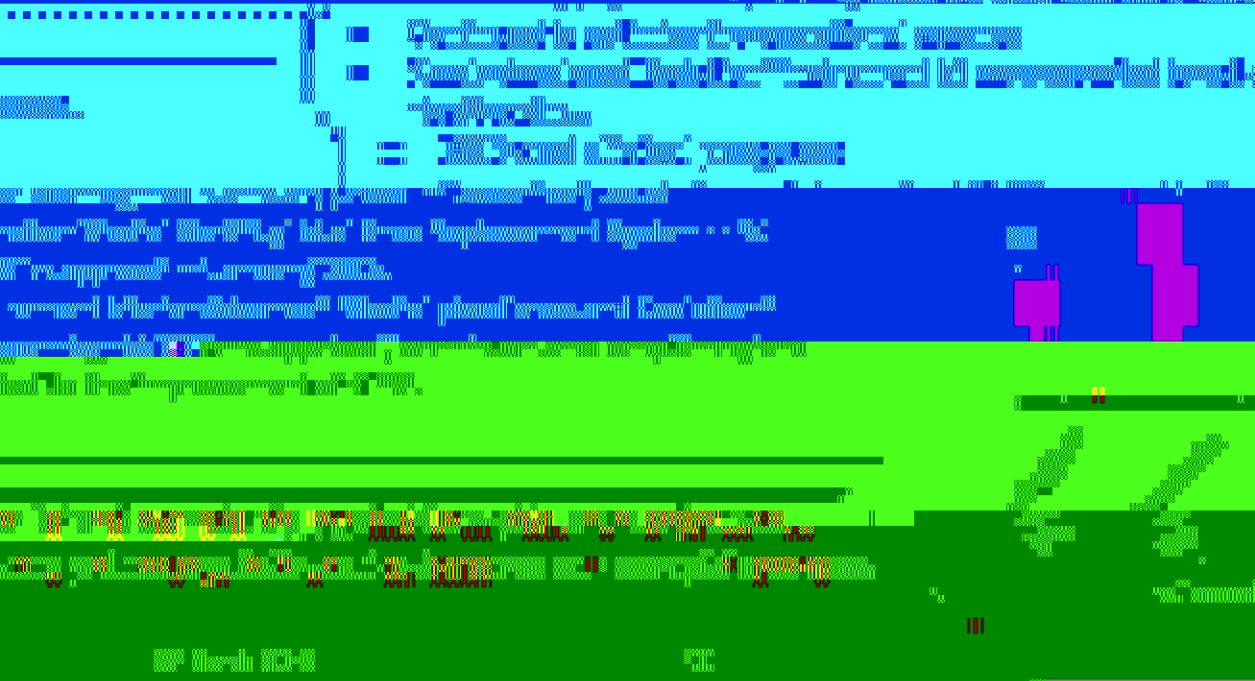
USD: million



## China Business Highlights

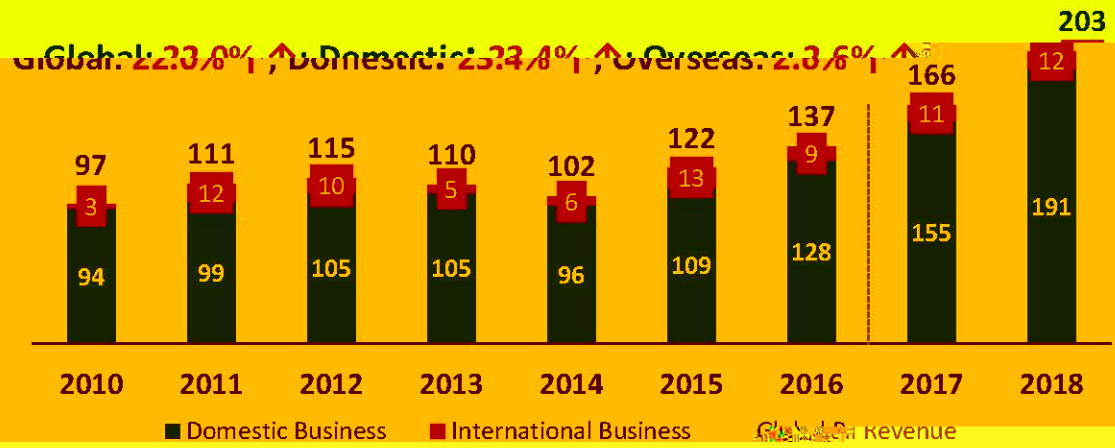
Revenue: \$17.8m

- New platforms built in 5 provinces: Hunan, Shandong and Shaanxi
- Professional senior salesmen and utilization of industry resources

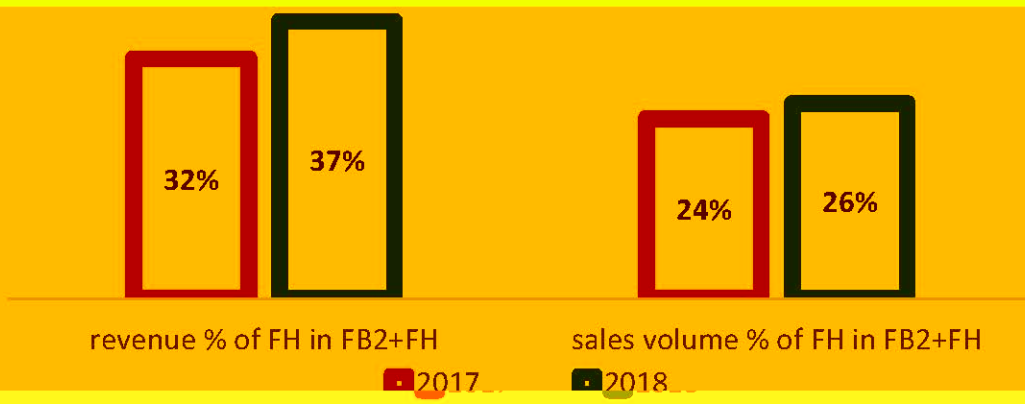


## 2018 Revenue

(USD: Million)



## Percentage of Firehawk™ in DES Sales



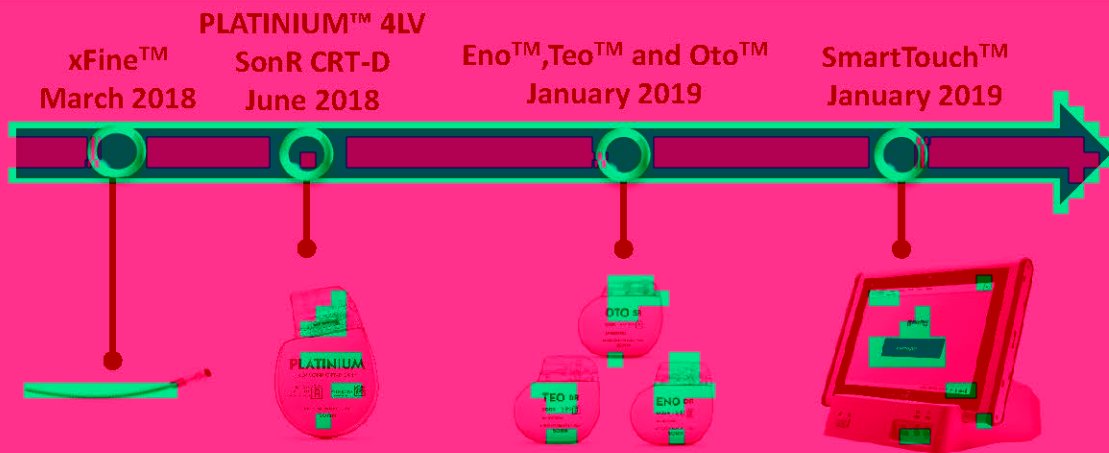
## Highlights on Sales

- Revenue: \$202.8m, 22.0% YOY ↑
- Domestic Business: 191 million USD, 23.4% YOY ↑
- Overseas Business: 12 million USD, 23.6% YOY ↑
- Global Revenue: 203 million USD, 22.0% YOY ↑
- Firehawk™ DES sales volume: 12 million units, 26% YOY ↑
- Firehawk™ DES revenue: 12 million USD, 37% YOY ↑

## Highlights on Products

- Firehawk™ clinical data from the Target AC trial has been accepted for publication in the *Journal of the American College of Cardiology*.
- Firehawk™ DES is the only DES with a 10-year follow-up study published in the *Journal of the American College of Cardiology*.
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## New Products Launch



## Non-China Business Highlights

Revenue: \$152.7m since consolidation, decreased mainly due to

decrease in sales volume of ultrasound solutions

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## 2018 China Business Revenue

(USD: Million)



## China Business Highlights

Revenue: \$152.7m since consolidation, decreased mainly due to

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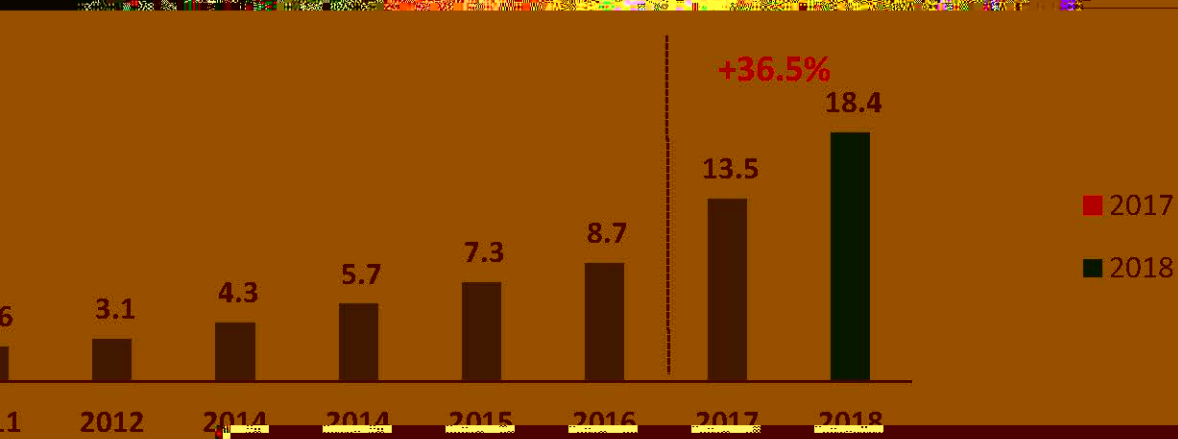
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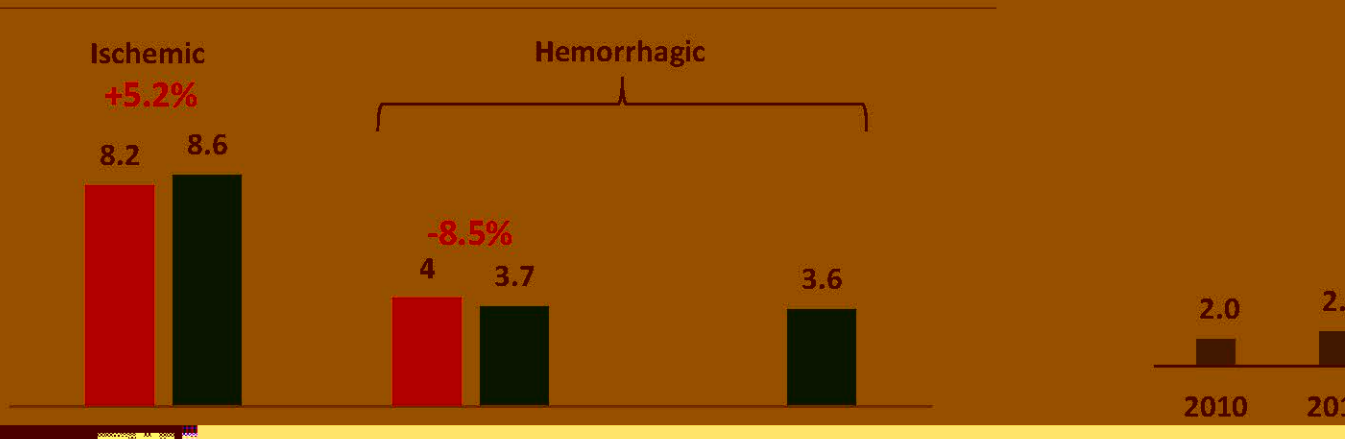


# BUSINESS REVIEW – Neurovascular

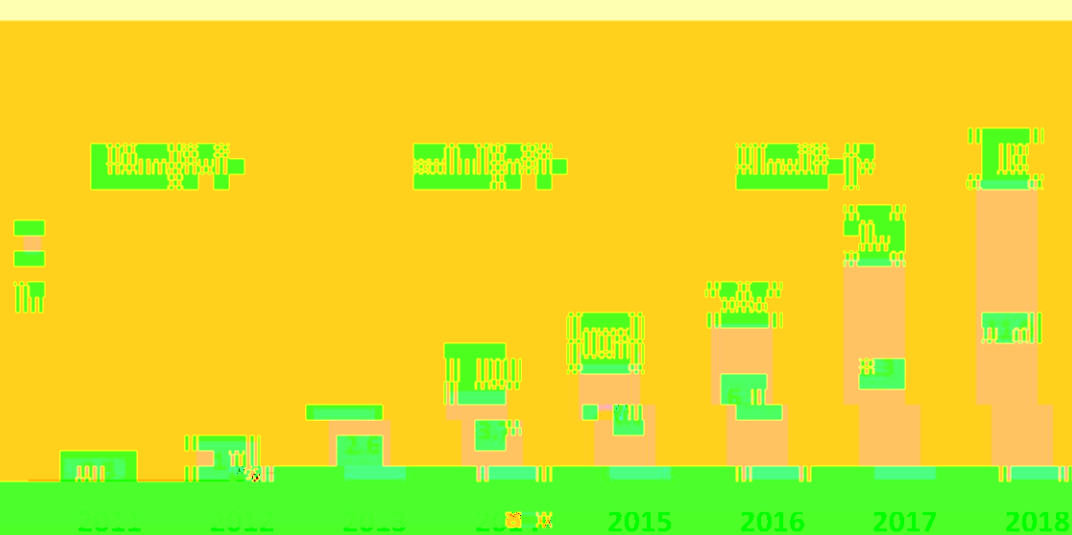
## 2018 Revenue



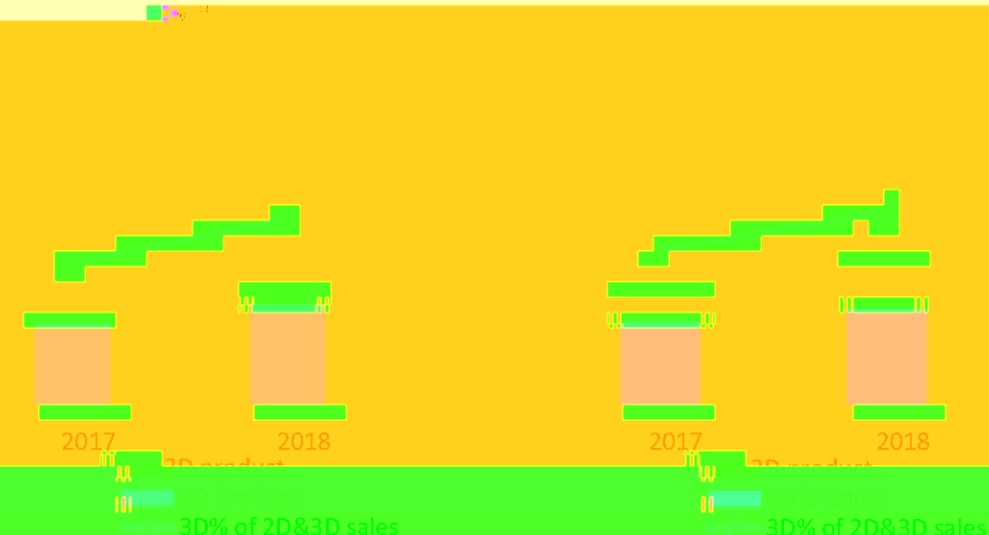
## Sales Growth by Product



- vertebral artery stent has entered the NMPA Green Path and is expected to be approved by 2020



## Extensive Product Pipeline



## Highlights

- Revenue: 12.7m, 34.5% YOY↑, driven by rapid market development
- Domestic revenue: 31.6% YOY↑, Overseas revenue: 55.9% YOY↑
- Rapid growth driven by new products
- Strong performance in 2018



2018 Revenue and Historic Revenue Numbers Adjusted to Exclude Foreign Exchange Impact

# BUSINESS REVIEW – Structural Heart

## Highlights on Products

### VitaFlow®

- VitaFlow® is designed to provide solution for aortic valve stenosis and has demonstrated safety and effectiveness in treating severe calcified aortic stenosis

- “Retrievable” feature will provide solution to the challenging positioning issue, thereby improving precision and success rate

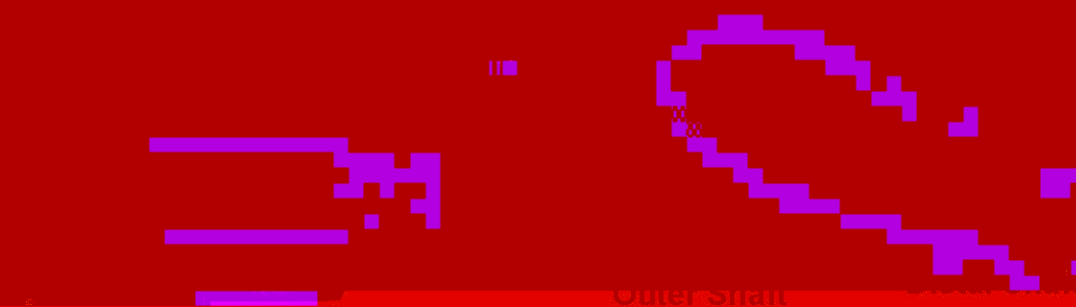
- While achieving the retrievable feature, we have also achieved the following milestones:

- First patient enrollment for premarketing Europe clinical trial has successfully completed in Ireland

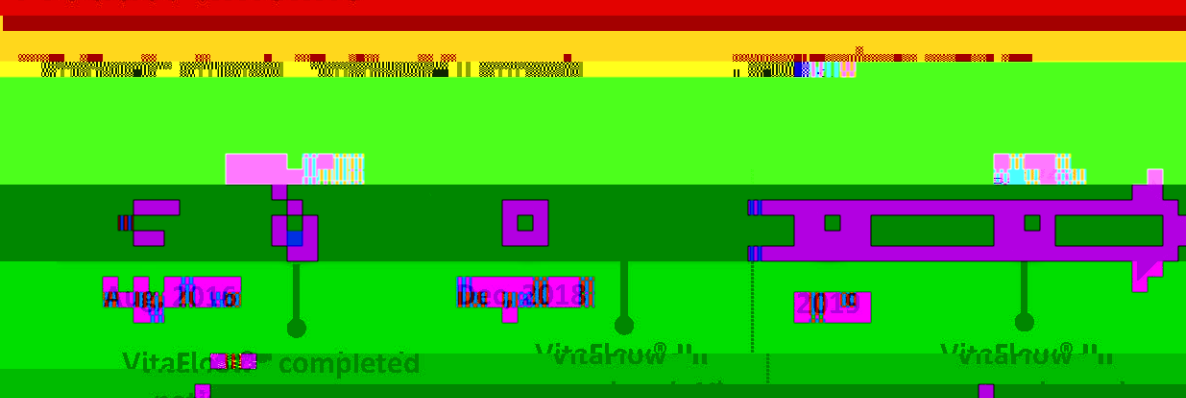
## VitaFlow™ composition

VitaFlow® is consisted of the following:

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



## Product timeline



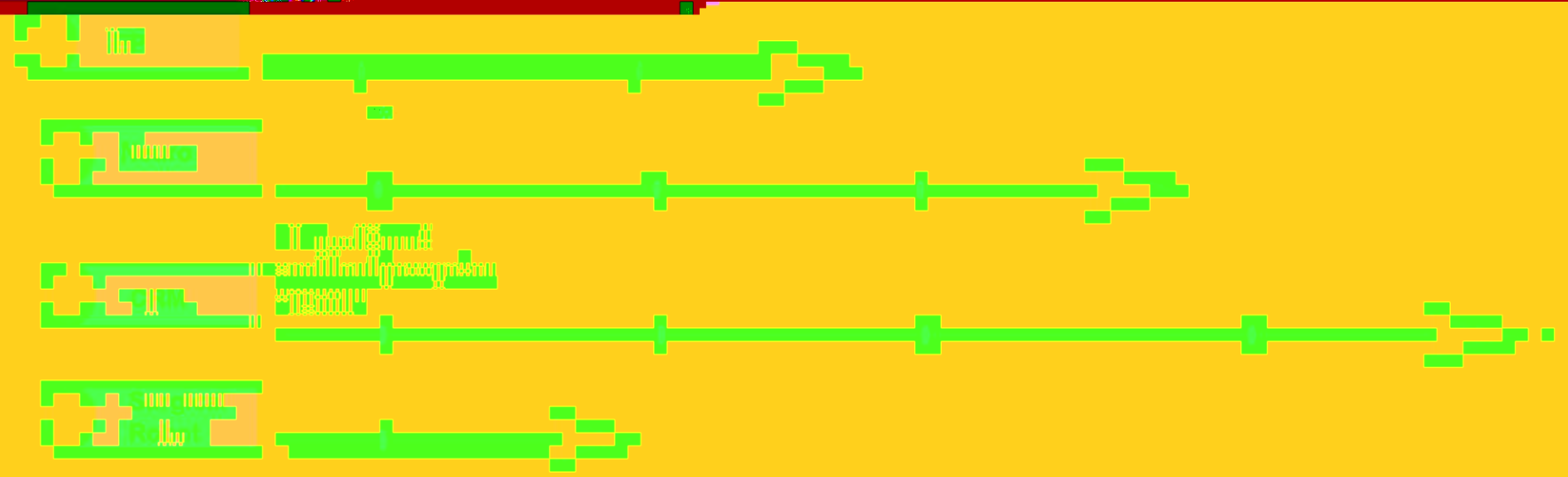
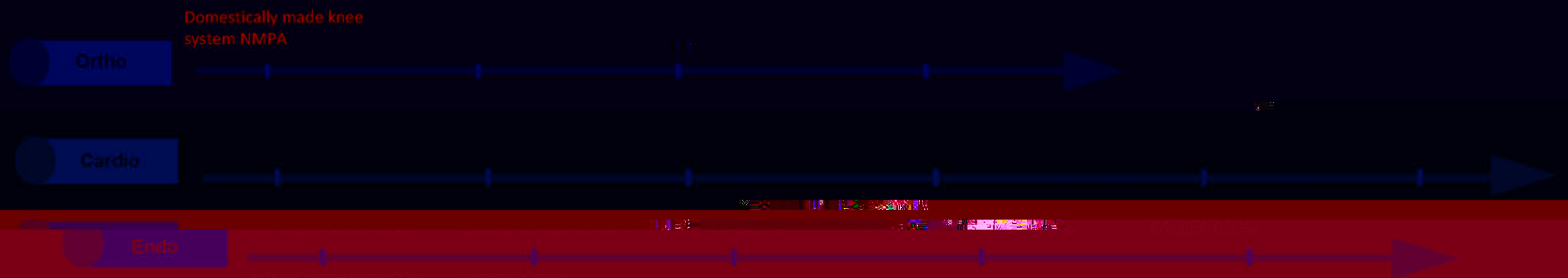


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# OUTLOOK

## Continuous Product Pipeline Fueling Long-term Growth





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# APPENDIX I – Consolidated Income Statement

	Unit: USD'000	FY2018	FY2017	FY2016
<b>Revenue</b>		1,000,000	950,000	900,000
Cost of sales		(400,000)	(380,000)	(360,000)
<b>Operating profit</b>		600,000	570,000	540,000
Finance income		50,000	40,000	30,000
Finance expense		(20,000)	(30,000)	(40,000)
Share of profit of associates		10,000	10,000	10,000
Other income		10,000	10,000	10,000
Other expense		(5,000)	(5,000)	(5,000)
<b>Profit before tax</b>		645,000	615,000	585,000
Income tax expense		(100,000)	(90,000)	(80,000)
<b>Profit after tax</b>		545,000	525,000	505,000
Dividend income		10,000	10,000	10,000
Dividend expense		(5,000)	(5,000)	(5,000)
Share of profit of associates		10,000	10,000	10,000
Other income		10,000	10,000	10,000
Other expense		(5,000)	(5,000)	(5,000)
<b>Profit after tax and other adjustments</b>		605,000	585,000	565,000
Minority interest		(10,000)	(10,000)	(10,000)
<b>Profit attributable to equity holders of the parent</b>		595,000	575,000	555,000
Cost of sales		(400,000)	(380,000)	(360,000)
Finance income		50,000	40,000	30,000
Finance expense		(20,000)	(30,000)	(40,000)
Share of profit of associates		10,000	10,000	10,000
Other income		10,000	10,000	10,000
Other expense		(5,000)	(5,000)	(5,000)
<b>Profit before tax</b>		645,000	615,000	585,000
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<b>Profit after tax</b>		545,000	525,000	505,000
Dividend income		10,000	10,000	10,000
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Minority interest		(10,000)	(10,000)	(10,000)
<b>Profit attributable to equity holders of the parent</b>		595,000	575,000	555,000

# APPENDIX II – Consolidated Balance Sheet (1)

Unit: USD'000	31 Dec. 2018	31 Dec. 2017	Var.
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## Non-current assets

Investment properties	€ 3,451	€ 3,897	9%
Other property, plant and equipment	336,263	282,280	19%
Land use rights	15,087	16,224	-7%
Intangible assets	117,489	83,904	40%
Provisions for non-current assets			

Consolidated Balance Sheet  
 as at 31 December 2018  
 (continued)

€ million

2018 2017 2016

2018  
 2017  
 2016

2018  
 2017  
 2016

2018  
 2017  
 2016

2018

2017

2016

2018  
 2017  
 2016

# APPENDIX II - Consolidated Balance Sheet (2)

Unit: USD'000

31 Dec. 2018

## Non-current liabilities

Interest bearing borrowings	137,829	28,233	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	7,378	3,535	120%
<b>Total non-current liabilities</b>	<b>305,111</b>	<b>265,278</b>	<b>15%</b>
<b>NET ASSETS</b>	<b>528,946</b>	<b>488,478</b>	<b>92%</b>



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

**The Patient Always Comes First**