

**mindray**

# Mindray Medical International Limited

## First Quarter 2010 Earnings

May 11, 2010



# Disclaimer



This material contains “forward-looking statements” within the meaning of the safe harbor provisions of the U. S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are not historical facts but instead represent only the company's beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the company's control. It is possible that the firm's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. It is possible that our actual results and financial condition and other circumstances may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Readers are cautioned that these forward-looking statements are only predictions and may differ materially from actual future events or results due to a variety of factors, including but not limited to: those related to the company's business outlook for the fiscal year 2010, including with respect to net revenues, non-GAAP net income, capital expenditure, anticipated growth or recovery in particular geographic or product markets, the impact of anticipated healthcare reform or government expenditures, the level of investment in healthcare from government and private sources, the company's ability to benefit from planned company investments or to derive anticipated operation synergies, to improve cost structures and operational efficiencies and to benefit from government tender sales in China, and growth of non-tender sales in China. These statements are not historical facts but instead represent only our belief regarding future events or circumstances, many of which, by their nature, are inherently uncertain and outside of our control. For a discussion of some of the risks and important factors that could adversely affect our business, financial condition, results of operations, and prospects, see “Risk Factors” beginning on page 7 of our annual report on Form 20-F for the fiscal year ended December 31, 2009.

The financial information contained in these materials should be read in conjunction with the consolidated financial statements and notes thereto included in our public filings with the Securities and Exchange Commission. Our results of operations for the first quarter of 2010 are not necessarily indicative of our operating results for any future periods. Any projections in this release are based on limited information currently available to us, which is subject to change.

Although such projections and the factors influencing them will likely change, we will not necessarily update the information. Such information speaks only as of the date of this release. Mindray disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

# 1Q10 Highlights



- Achieved overall sales growth of 8.7% (a 14.2% increase after excluding the impact of the 1Q09 retroactive software VAT refund)
- Strong non-tender sales growth of over 45% in the domestic China market
- Substantial international market growth fueled by robust performance in all emerging markets
- \$8.6 million tax reduction improved bottom line
- 31.6% YoY growth in non-GAAP net income
- Non-GAAP gross margin improved to 57.5% from 56.9% of 1Q09; non-GAAP operating margin of 24.6%
- Launched M7, a higher end portable color ultrasound system that enhanced our product mix and increased access to higher end markets
- Cash & cash equivalents and short-term investments reached \$376.8 million at the end of the quarter

**Note:**

*All numbers here are non-GAAP figures which excludes share-based compensation expense and acquired intangible assets amortization expense and realignment costs - post acquisition, all net of related tax impact*

## Financials – 1Q10 Results Highlights



USD (in millions) <i>except EPS, A/R, A/P, Inventory days</i>	<u>1Q10</u>	<u>1Q09</u>	<u>4Q09</u>	<u>YoY</u>
Net Revenues	145.8	134.2	188.8	8.7%
Operating Income <sup>1</sup>	31.9	29.4	38.0	8.5%
Non-GAAP OI	35.9	34.7	42.3	3.6%
EBITDA	38.8	35.6	51.7	9.0%
Net Income <sup>1</sup>	36.2	25.3	37.4	42.8%
Non-GAAP NI	40.1	30.5	41.7	31.6%
Diluted EPS <sup>1</sup>	0.31	0.23	0.33	38.4%
Non-GAAP Diluted EPS	0.35	0.27	0.37	27.5%
Accounts Receivable Days	69	60	53	
Inventory Days	96	88	74	
Accounts Payable Days	60	58	43	

**Note:**

<sup>1</sup> GAAP figures include share-based compensation expense and acquired intangible assets amortization expense and realignment costs - post acquisition, as well as related tax impact.

# 1Q10 Domestic Market Highlights



- China sales grew 11.3%, net of \$6.5 million in retroactive software VAT refund received in Q1 2009
  - Experienced strong non-tender sales growth of over 45% in the Chinese market, primarily driven by continuous strong demand and purchasing power of the Chinese hospitals
  - Excellent brand awareness and strengthened sales channel to drive strong non-tender sales in the future, particularly among higher-end products
- Impressive growth in spite of the lingering effect of the Chinese New Year in February
- Tender sales accounted for 9.5% of China sales as a result of a drop in government spending year over year

# 1Q10 International Market Highlights



- 1Q10 International sales increase of 16.6% over 1Q09
- Grew over 30 % year-over-year in emerging market sales
- Achieved positive growth in North American sales for the first time since the beginning of 2009; order in-take grew at an even faster rate than sales
- Eastern Europe and the CIS region achieved substantial growth for the first time since the financial crisis
- Newly established ultrasound sales team in North America continues to demonstrate success by expanding sales through both direct and indirect channels
- Enhanced our investment in international channels to better penetrate the international market

# Patient Monitoring and Life Support



USD (in millions)	<u>1Q10</u>	<u>1Q09</u>	<u>4Q09</u>	<u>YoY%</u>
	\$61.7	\$58.6	\$82.7	5.3%

- The patient monitoring and life support products segment contributed 42.3% to total net revenues in the first quarter 2010
- The segment exhibited 5.3% growth this quarter, with 46.5% of this growth in non-developed markets
- Anesthesia machine led growth in both domestic and international markets
- Increased penetration in high end hospitals with the installation of high end patient monitors

## New Products in 2010



• Patient monitor



• Surgical bed



• Surgical light



• Ceiling pendent system

# In-Vitro Diagnostics



USD (in millions)	<u>1Q10</u>	<u>1Q09</u>	<u>4Q09</u>	<u>YoY%</u>
	\$37.9	\$32.2	\$45.8	17.6%

- The in-vitro diagnostics products contributed 26.0% to total net revenues in the first quarter 2010
- 5 part hematology analyzer continued strong momentum, bringing more reagents recurrent sales
- Reagents' contribution increased to 24% of segment sales

## New Products in 2010



• Biochemical analyzer



• Reagents



# Medical Imaging Systems



USD (in millions)	<u>1Q10</u>	<u>1Q09</u>	<u>4Q09</u>	<u>YoY%</u>
	\$37.1	\$35.7	\$48.5	4.0%

- The medical imaging systems segment contributed 25.5% to total net revenues in the first quarter 2010
- Color ultrasound sales increased dramatically and were a large contributor to the segment's overall growth
- Expanded domestic black & white ultrasound sales channel to county level private hospital
- Launched M7, a higher end portable color ultrasound system

## New Products in 2010



✓ Portable color ultrasound



• Digital Radiography

# Financials -- 2010 Guidance<sup>1</sup>



Net revenue	17% YoY
Non-GAAP Net income	17% YoY
Capital expenditure	\$60 – 70 million

<sup>1</sup> Forecast financials as publicly provided on May 10, 2010

<sup>2</sup> This guidance has excluded the \$8.6 million adjustments in corporate income tax provision in 1Q 2010 related to the nationwide software enterprise status for fiscal year 2009. This guidance also assumes the Shenzhen subsidiary continues to receive a 15% corporate income tax rate.

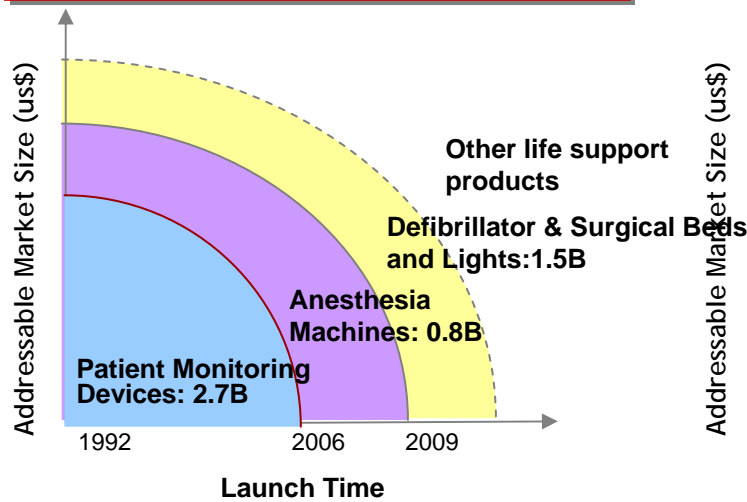


**Supplementary Information  
May 2010**

# Investment Highlights: Proven Product Development Capabilities



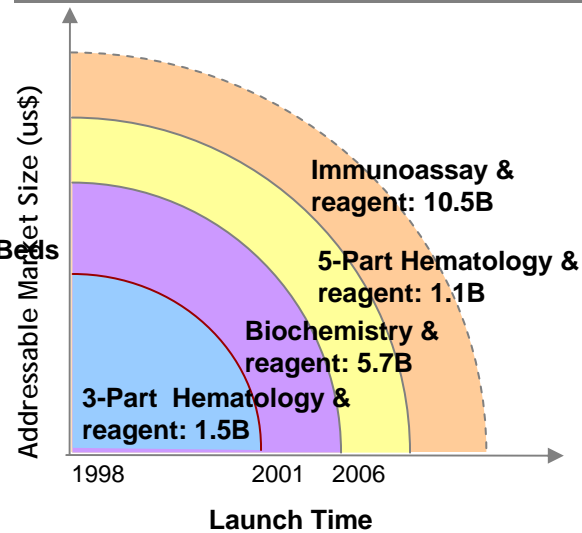
## Patient Monitoring & Life Support Products



- 40+ models currently
- Total addressable market size worldwide : ~ 5B



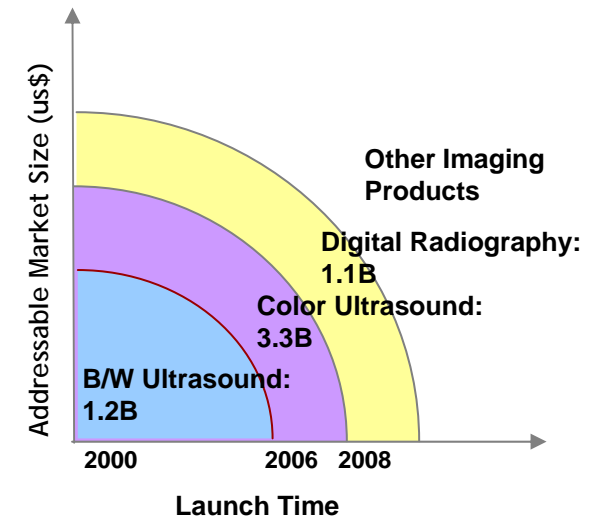
## In-Vitro Diagnostic Products



- 20 models currently
- 55 hematology reagents and 55 biochemistry reagents
- Total addressable market size worldwide: ~18.8B



## Medical Imaging Systems

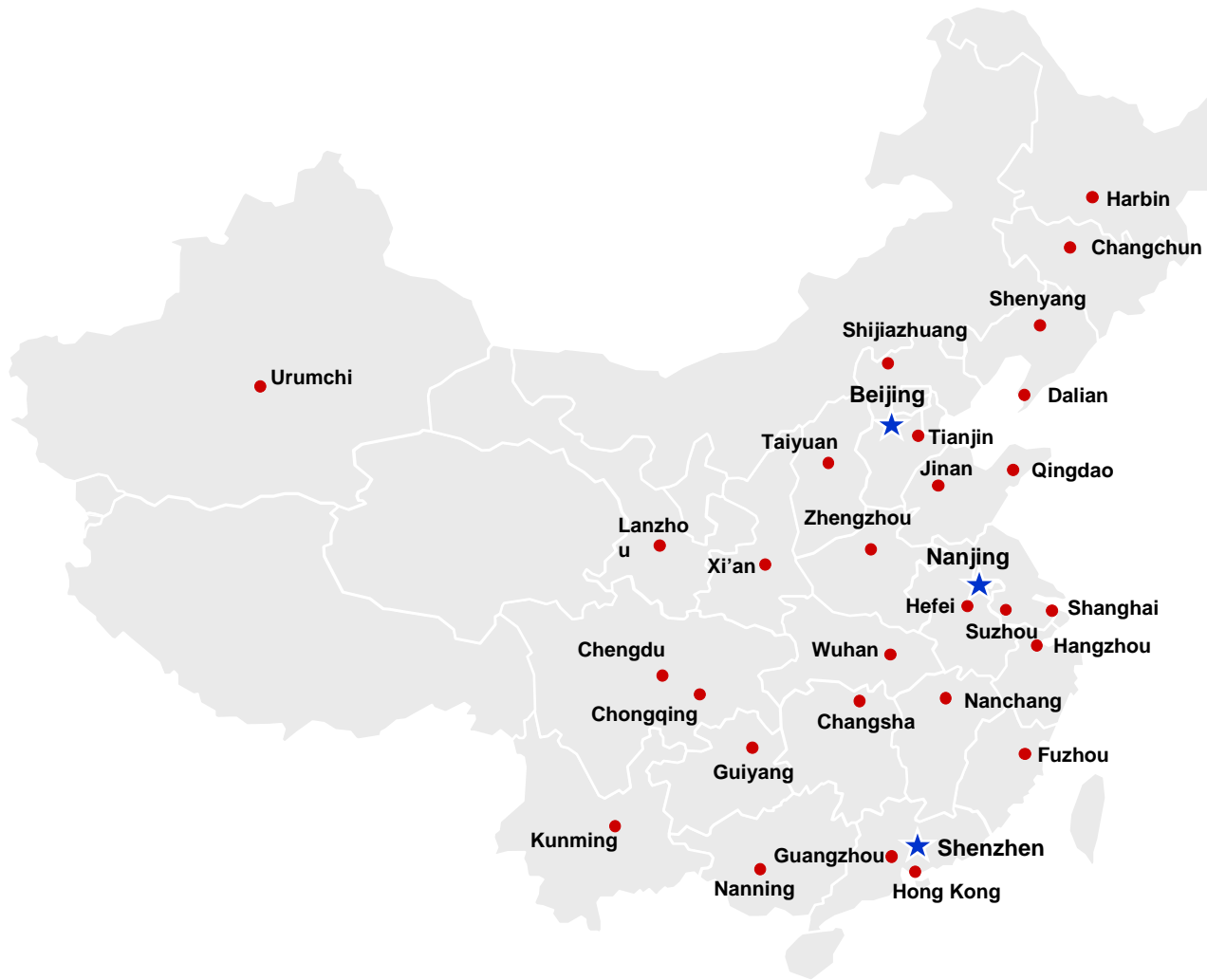


- 15+ models currently
- Total addressable market size worldwide: > 5.6B



# Sustainable Market Leadership in China

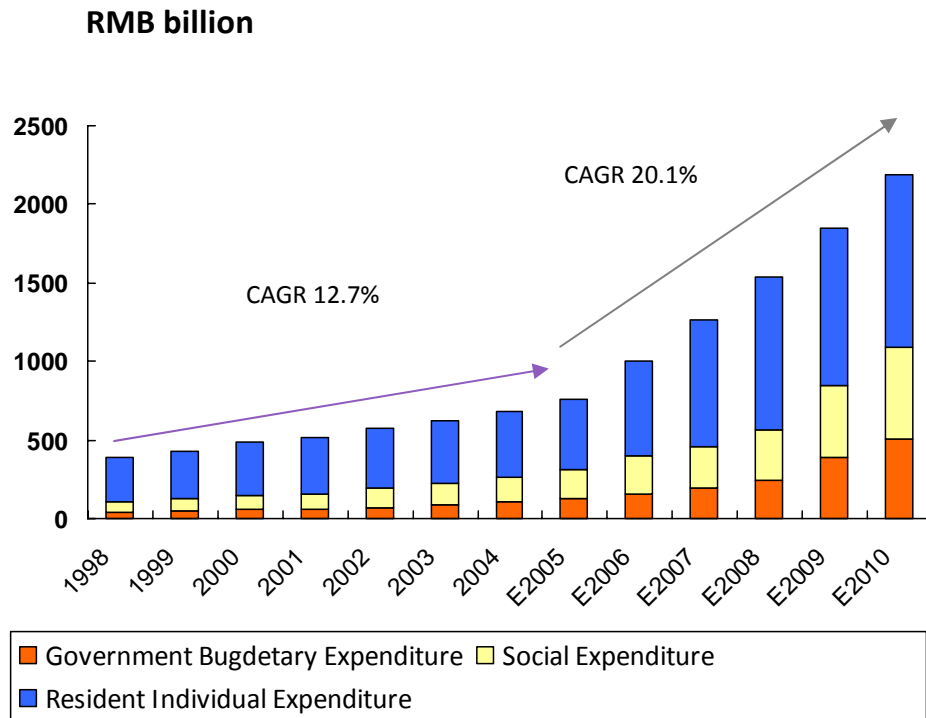
**mindray**



- **Strong Brand Recognition**
  - Brand loyalty among domestic hospitals across China
  - High-quality products and customer support services
- **Extensive Sales & Service Network**
  - 30 sales and sales support offices
  - 1000+ sales and service staff
  - 2000+ distributors (including 1200+ exclusive distributors)
- **Competitive Price to Performance Ratio**
  - Approximately 30% discount vs. international players
  - Approximately 20% premium vs. domestic players
- **Sales Force Management**
  - Low turnover rate
  - Effective incentive scheme

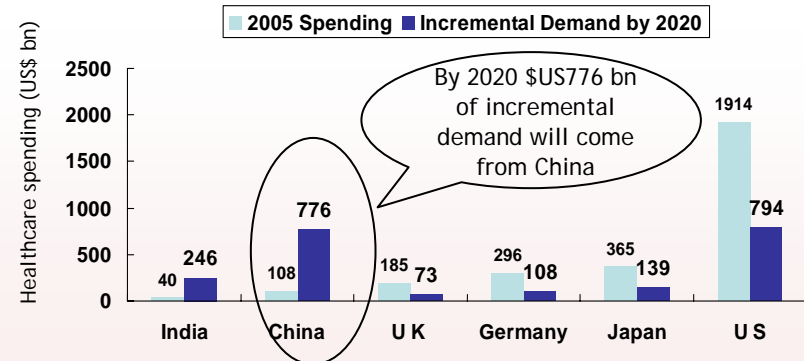
# Growth Catalysts in China---Macro Environment

## Chinese government healthcare spending



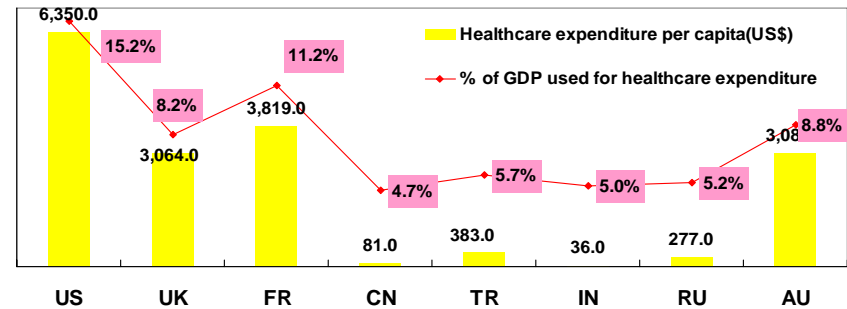
Source: China Statistical Yearbook 2006, Bear Sterns Asia Ltd. estimates

## Forecast incremental demand by 2020



Source: Goldman Sachs Research 2006, Gao Hua Securities Research estimates

## Healthcare expenditures as % GDP

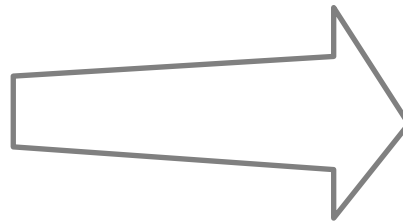
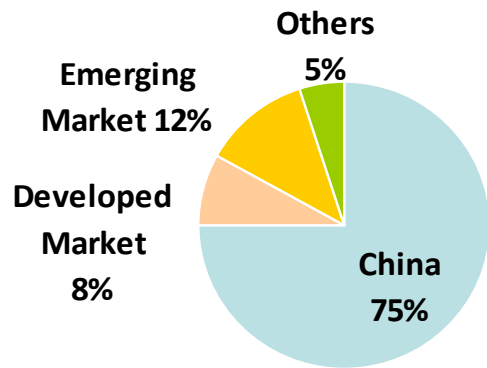


Source: World Health Statistics 2008

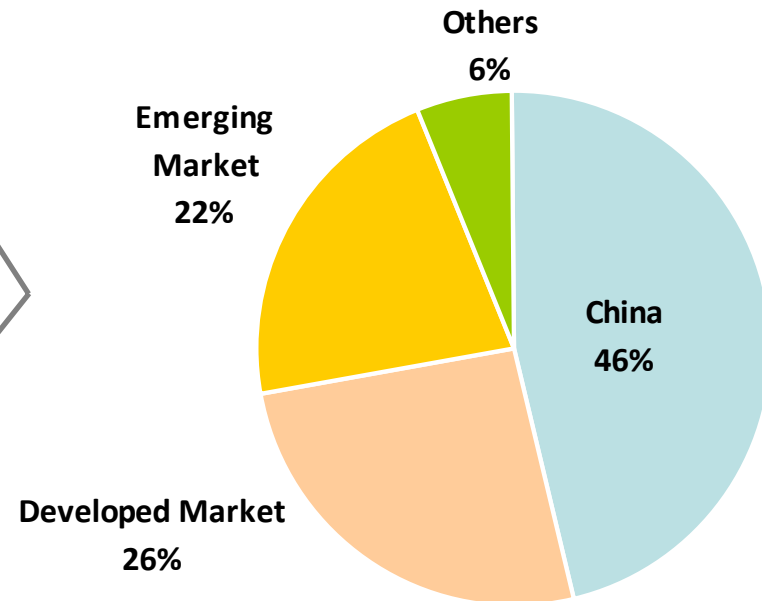
# Rapidly Expanding International Presence

## Revenue Growth and Breakdown by Region

2003 Total Revenues:  
US\$ 59mm



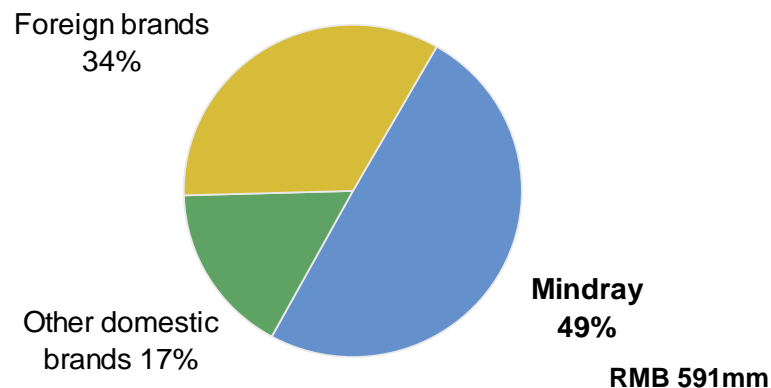
2009 Total Revenues:  
US\$ 634mm



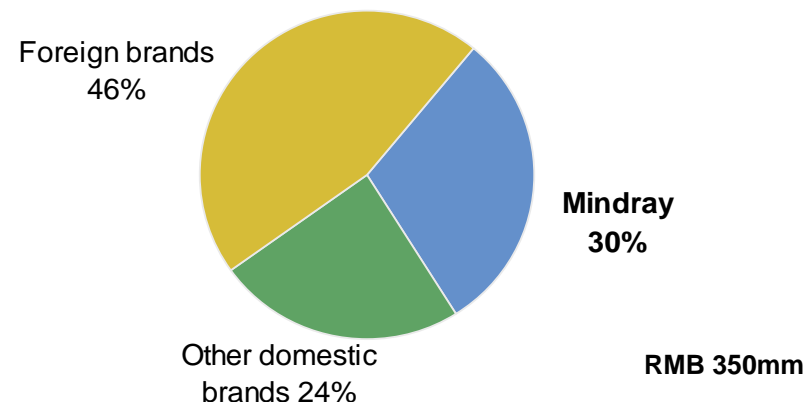
# Investment Highlights: Leading Market Positions in China



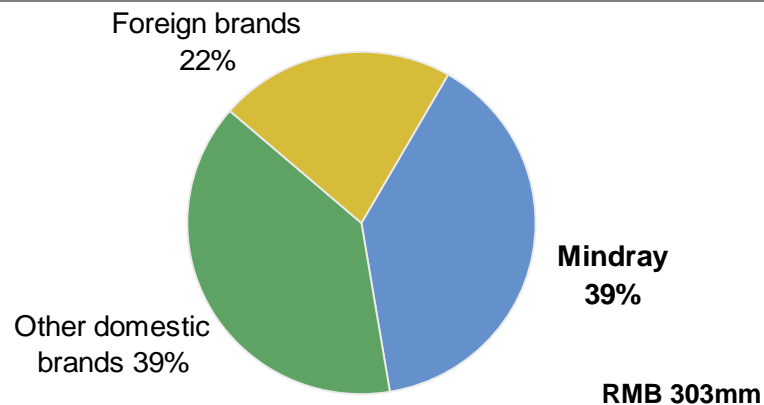
## Patient Monitoring Devices



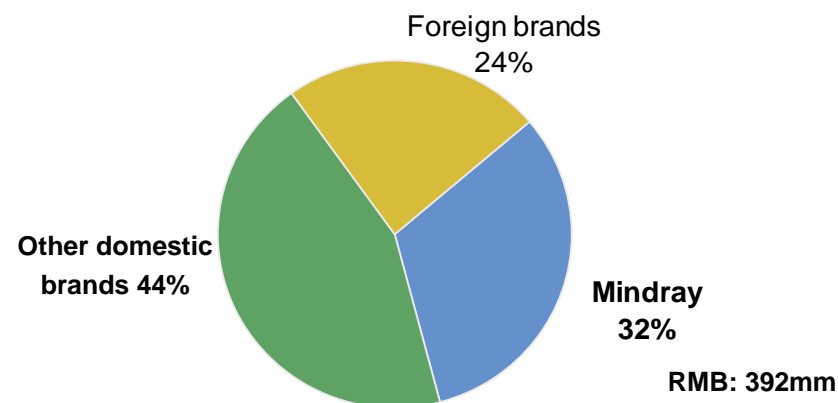
## 200~400 T/H Biochemistry Analyzers



## 3-Part Hematology Analyzers & Reagents



## B/W Ultrasound Systems



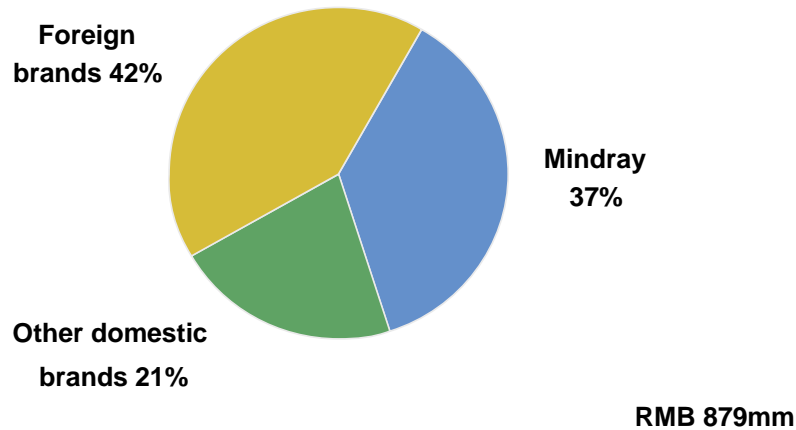
Note: 1H09 domestic China market share numbers, corporate estimates as of June 30, 2009



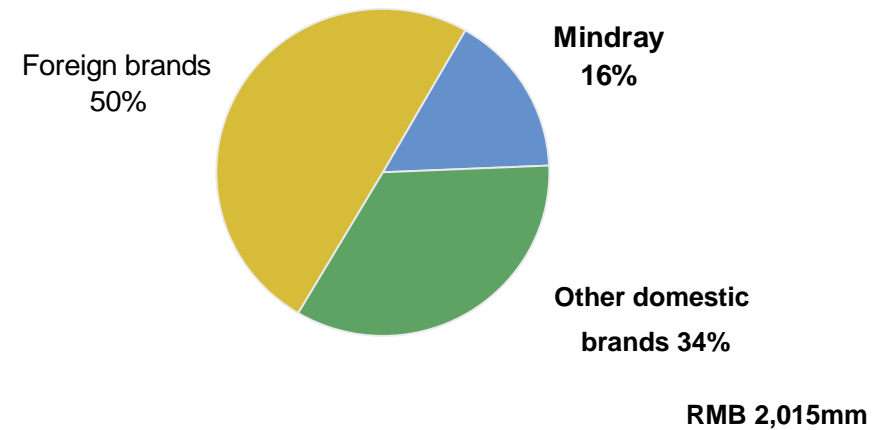
# Investment Highlights: Promising Market Expansion Potential in China



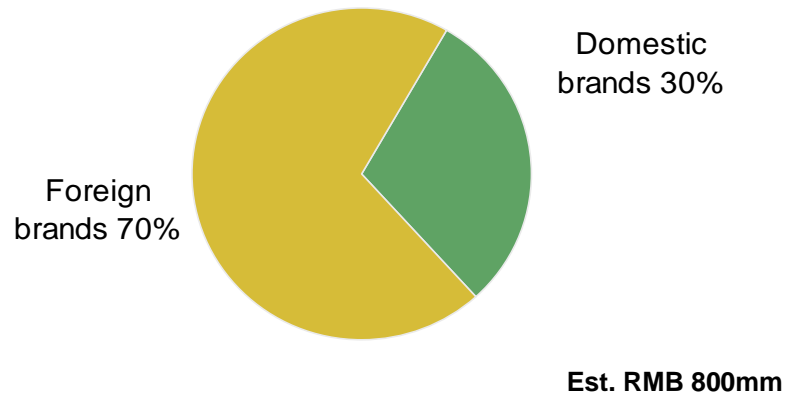
## Patient Monitoring & Anesthesia Machines



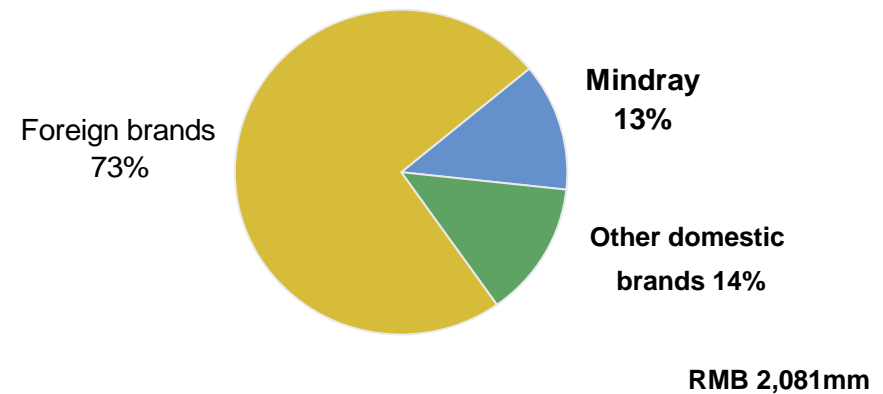
## In-Vitro Diagnostic Products & Reagents



## Life Support Products (Defibrillators, Surgical Lights & Beds)



## Ultrasound Systems (B/W & Color Ultrasound Systems)



Note: 1H09 domestic China market share numbers, corporate estimates as of June 30, 2009