



Mindray Medical International Limited

Corporate Presentation

August 2014

**mindray**

# 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. Statements contained herein and in our 2014 second quarter results press release that are not historical facts, including, without limitation, statements about Mindray's anticipated net revenues, non-GAAP net income and capital expenditure for 2014, our assumption of a corporate income tax rate of 15% applicable to the Shenzhen subsidiary, statements that, our belief that the long-term fundamentals of China and some key emerging markets remain solid, statement that to achieve sustainable growth for our company in the long run we will continue to strengthen our sales, marketing and distribution and product development capabilities as well as evaluate M&A and other collaboration opportunities , other statements under "Business Outlook for Full Year 2014" in our 2014 second quarter results press release, statements that in the domestic market county level hospitals remain a big focus for the government as we continue to see sustainable investment activities while private hospital demands are also poised to grow rapidly based on government initiatives and private investments, that as to the domestic market, we remain confident about the industry's fundamentals and anticipate overall market demand to get better in the second half of 2014, that we remain optimistic about the long-term growth potential of emerging markets despite foreign exchange and geopolitical risks, that in key countries of emerging market, we will further enhance our platforms to promote our brand and improve related support infrastructures to better serve local customers, that looking ahead, we are confident that our strategies are working well and our long-term prospects in Western Europe look promising, that overall, we expect the US market remains flat, however, we will continue to focus on promoting new products in the market and improving internal operational efficiency to enhance our long-term competitive position, our 2014 market outlook and our growth plans for 2014 are forward-looking statements. Forward-looking statements represent only the company's beliefs and predictions regarding future events, many of which, by their nature, are inherently uncertain and outside of the company's control. Our actual results and financial condition and other circumstances may differ materially from the anticipated results and financial condition indicated in these forward-looking statements due to a variety of risk, uncertainties and factors, including, without limitation, the growth and expected growth of the medical device market in China and internationally; applicable government policies and regulations; our ability to satisfy the requirements imposed by relevant regulatory bodies; market acceptance of our products; our expectations regarding demand for our products; our ability to expand our production, our sales and distribution network and other aspects of our operations; our ability to stay abreast of market trends and technological advances; our ability to effectively protect our intellectual property rights and not infringe on the intellectual property rights of others; our ability to settle disputes with our customers and suppliers; competition in the medical device industry in China and internationally; and general economic and business conditions in the countries in which we operate. For a discussion of other important factors that could adversely affect our business, financial condition, results of operations and prospects, see "Risk Factors" beginning on page 5 of our annual report on Form 20-F which was filed with the Securities and Exchange Commission on April 28, 2014.

Our results of operations for 2014 second quarter are not necessarily indicative of our operating results for any future periods. 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.

Any projections in these materials 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 presentation.

# Who We Are

**Mindray is a leading developer, manufacturer and marketer of medical devices worldwide, creating value and driving growth through:**

- Meeting the needs of hospitals and health systems in various countries around the world
- Constant innovation driven by a world class R&D platform and a vertically integrated business model
- Leveraging its leading position in the fast-growing China market while expanding its global presence





## Our Vision

We will make better healthcare solutions  
more accessible to humanity.

## Our Mission

Improve healthcare by optimizing and  
sharing medical technologies with the world.

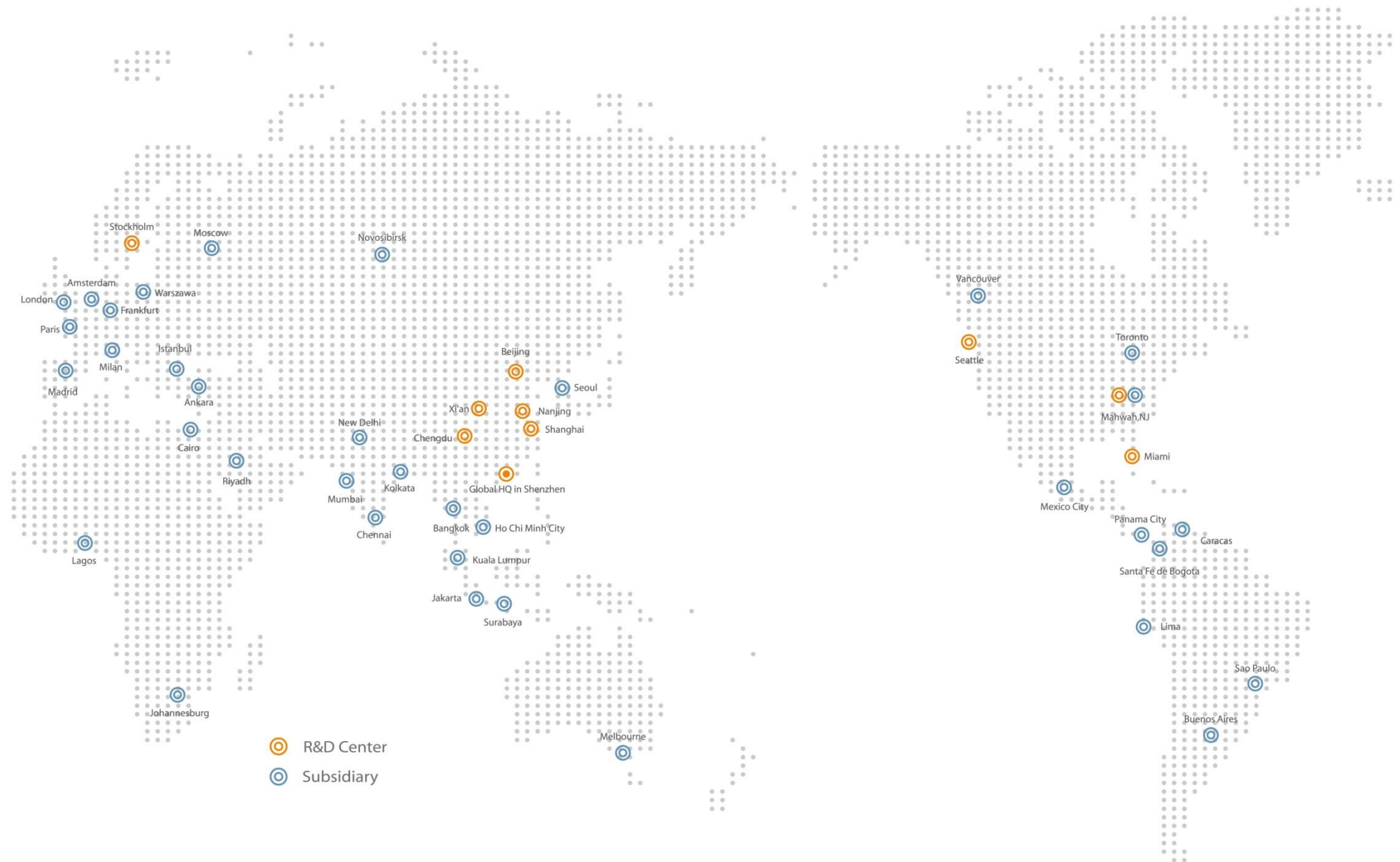


# Who We Are

- Established in **1991**
- Headquarters in **Shenzhen, China**
- **11** R&D centers, **over 30** subsidiaries in more than **20** countries
- Over **US\$1 billion** in annual sales
- Around **8,200** employees globally
- Export to more than **190** countries
- Listed on the **NYSE**

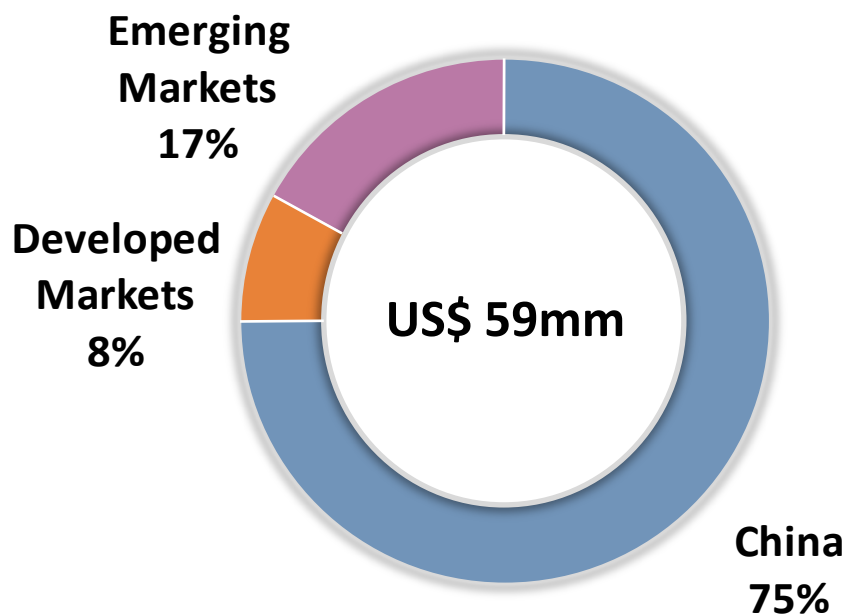


# Worldwide Sales and Service Networks

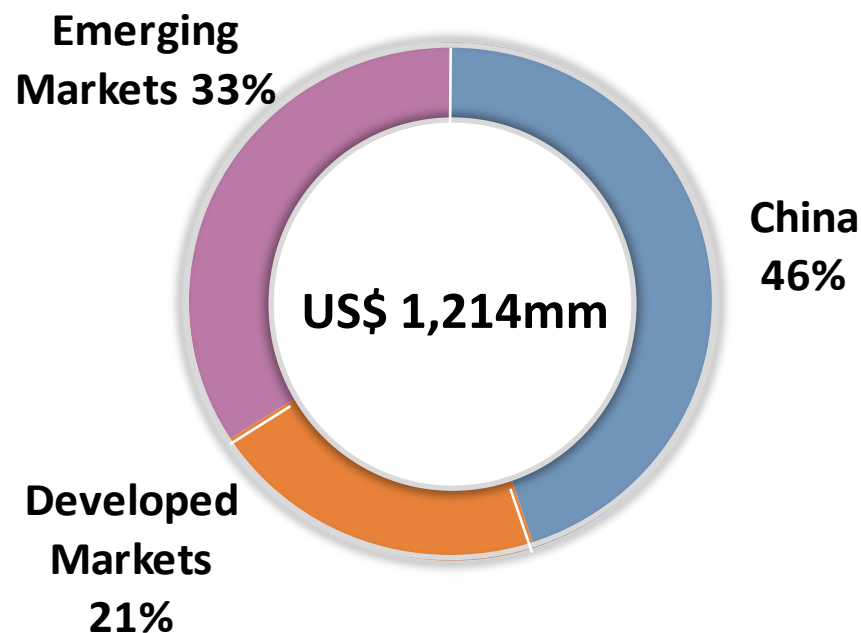


# A Global Player in Medical Technologies

2003 Total Revenues



2013 Total Revenues



Note: Emerging markets represent all countries except China and the developed markets.  
Developed markets represent North America and Western European countries.

# Committed to Innovation



Invest  
**10%** of  
sales revenue

Patents

**1,000**



Talent  
**1,800**



New products

**7-10** annually



Master or PhD

**63%**





# 11 Worldwide R&D Centers



Mountain View,  
CA, USA



Mahwah, NJ, USA



Miami, FL, USA



Seattle, WA, USA



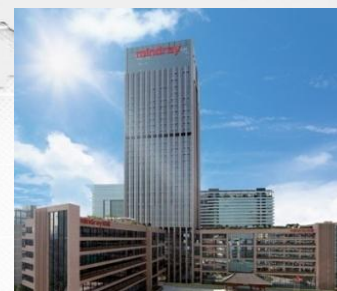
Stockholm, Sweden



Beijing, China



Nanjing, China



Shenzhen, China

Chengdu, China

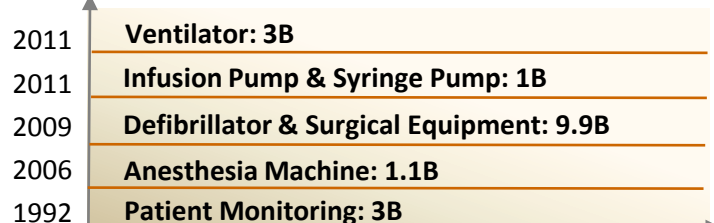
Xian, China

Shanghai, China

# Expanding Product Offerings

## Patient Monitoring & Life Support Products

Launch Time



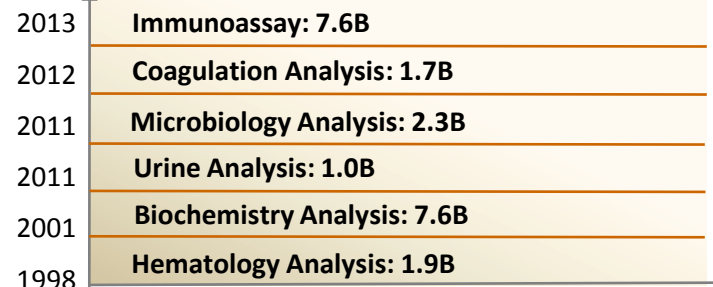
Addressable Market Size (US\$)

- Total addressable market size worldwide : ~ 18.0B



## In-Vitro Diagnostic Products

Launch Time



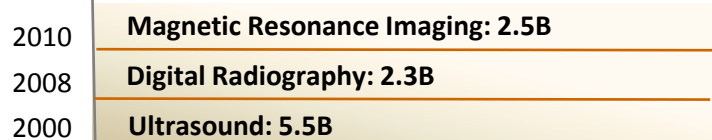
Addressable Market Size (US\$)

- Total addressable market size worldwide: ~22.1B



## Medical Imaging Systems

Launch Time



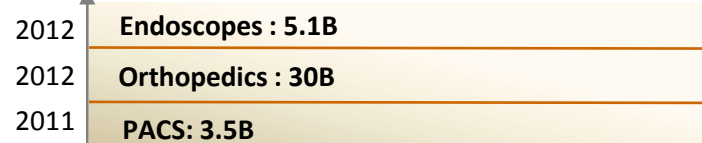
Addressable Market Size (US\$)

- Total addressable market size worldwide: ~ 10.3B



## Other Products

Launch Time



Addressable Market Size (US\$)

- Total addressable market size worldwide: ~38.6B



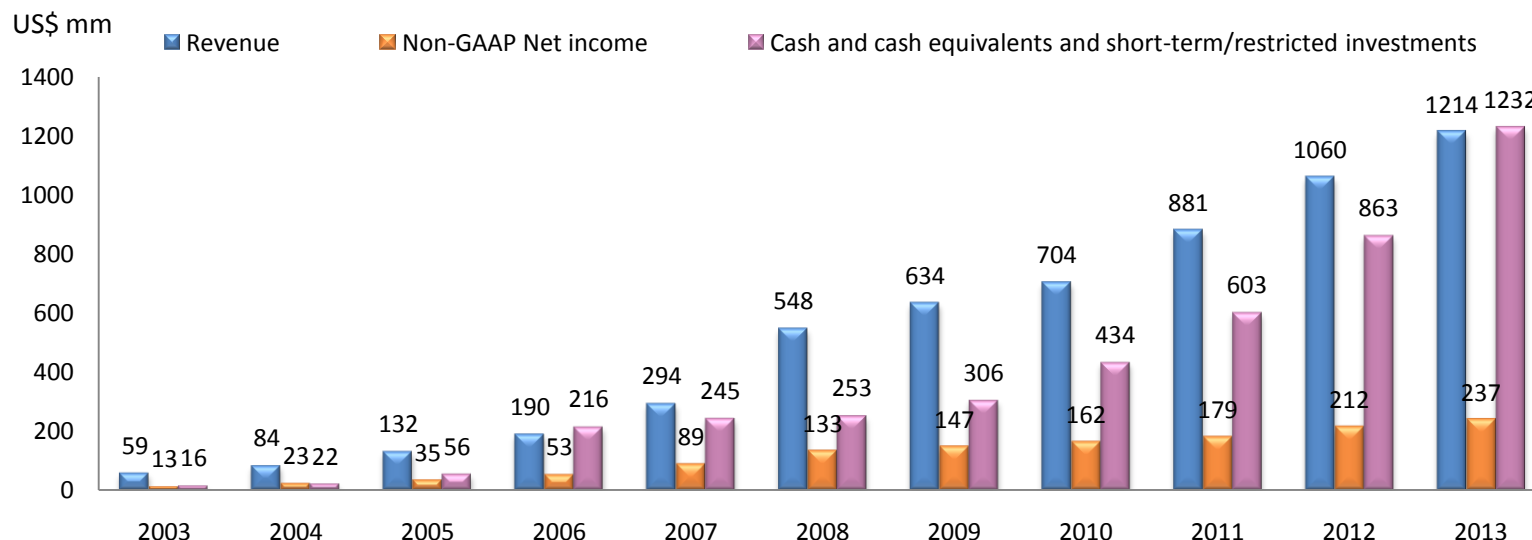
Source: Internal estimates

# M&A Road Map

Product segment	Announcement Time	Target	Products
Patient Monitoring & Life Support	1Q 2008	Datascope Corp.	Patient monitors
	1Q 2011	Shenzhen Shenke Medical Instrument Technical Development	Infusion pumps, syringes and infusion monitoring systems
In-Vitro Diagnostics	2Q 2011	Suzhou Hyssen Electronics	Urine analyzers
	4Q 2011	Hunan Changsha Tiandiren Biotech	Microbiology analysis solutions
	3Q 2012	Beijing Precil Instrument	Coagulation analyzers and related products
	1Q 2014	Shanghai Long Island Biotech.	Coagulation analysis reagents
Medical Imaging Systems	2Q 2013	ZONARE Medical Systems	Ultrasound systems
Others	4Q 2011	Zhejiang Greenlander Information Technology	Healthcare IT solutions (PACS, RIS)
	2Q 2012	Hangzhou Optcla Medical Instrument	Rigid endoscopes, related surgical instruments and consumables
	2Q 2012	Wuhan Dragonbio Surgical Implant	Orthopedics products (trauma, spine, joints and other surgical products)
	3Q 2012	Shanghai Medical Optical Instrument	Flexible endoscopes and related surgical instruments
	2Q 2013	Ulco Medical	Australia-based former distributor of Mindray

# Investment Highlights

- A world-class organization rooted in the world's fastest-growing market
- China's leading domestic brand in three main product areas, backed by global research centers in the U.S., Europe and China
- One of the most comprehensive sales and service infrastructures in China, reaching all major cities from local sales offices with distributors
- A robust growth track record in emerging markets
  - A high-quality brand that is appealing to value-seeking customers
  - Ongoing sales and marketing investments in markets with promising growth prospects
  - Long-term focus on growth, profitability and cash generation



• Notes:

1. Non-GAAP figures exclude share-based compensation expenses, acquired intangible assets amortization expenses, in-progress research and development expenses, realignment costs - post acquisition, dispute charges, dispute related legal fees, income from early termination of contract, all net of related tax impact. Non-GAAP figures also exclude any tax benefit related to the Nationwide Key Software Enterprise status.

2. Restricted cash and restricted investments related to purchase consideration in connection with our acquisition being held on escrow accounts are excluded.

# Second Quarter 2014 Earnings Results



## 2Q14 Highlights

- Net revenues increased 8.9% year-over-year to \$334.5 million. International sales were \$182.0 million, representing 54.4% of the company's total net revenues. China sales totaled \$152.5 million.
- Reagent sales contributed 41.2% to the IVD segment, up from 36.6% in the same period last year and from 38.1% in the previous quarter.
- In addition to the reagents, our biochemistry analyzers, BS-800 and BS-2000, performed well in China.

## 2Q14 Domestic Market Highlights

- China sales increased 3.4% year-over-year.
  - We are seeing some early signs of recovery, but such trends have yet to materialize.
  - IVD reagents sales continue to grow thanks to our mid-to-high end products such as the BS-800 and the BS-2000.
  - The construction of the new plant dedicated to IVD products in Shenzhen is underway and Nanjing Plant is almost completed.
  - County level hospitals remain a big focus for the government as we continue to see sustainable investment activities while private hospital demands are also poised to grow rapidly based on government initiatives and private investments.
  - We remain confident about the industry's fundamentals and anticipate overall market demand to get better in the second half.

## 2Q14 Emerging Markets Highlights

- Sales in the emerging markets grew single-digit year-over-year.
  - Continued political and foreign exchange pressures caused weaker sales in selected countries.
  - Asia Pacific was the highest growth region delivering close to 30% year-over-year sales growth. Africa also recorded decent low-teen growth.
  - In Latin America, we had strong growth in Columbia and Mexico where sales were up over 35%.
- We remain optimistic about the long-term growth potential of emerging markets despite foreign exchange and geopolitical risks.
- In key countries, we will further enhance our platforms to promote our brand and improve related support infrastructures to better serve local customers.

## 2Q14 Developed Markets Highlights

- Developed markets recorded robust growth of more than 25% year-over-year.
  - Western Europe sales grew at a low double digit level. This was lower than our previous growth figure, based on tough comparisons in key countries such as the U.K. and France.
  - North America achieved over 40% sales growth year-over-year largely due to the contribution from ZONARE, while our organic business also improved.
- Looking ahead, we are confident that our strategies are working well and our long-term prospects in Western Europe look promising.
- Overall, we expect the US market remains flat. However, we will continue to focus on promoting new products in the market and improving internal operational efficiency to enhance our long-term competitive position.

# Financials – 2Q14 Results Highlights

USD (in millions) <i>except EPS, A/R, A/P, Inventory days</i>	<u>2Q14</u>	<u>2Q13</u>	<u>YoY%</u>
Net Revenues	334.5	307.2	8.9%
Operating Income (OI)	64.4	66.7	-3.4%
Non-GAAP OI	71.6	73.1	-2.0%
EBITDA	77.0	78.9	-2.4%
Net Income (NI)	59.6	62.1	-3.9%
Non-GAAP NI	66.2	68.2	-3.0%
Non-GAAP NI (ex tax benefit)	64.3	68.2	-5.8%
Diluted EPS	0.50	0.51	-1.8%
Non-GAAP Diluted EPS	0.56	0.56	-0.8%
Non-GAAP Diluted EPS (ex tax benefit)	0.54	0.56	-3.7%
Accounts Receivable Turnover Days	52	52	
Inventory Turnover Days	99	88	
Accounts Payable Turnover Days	62	54	

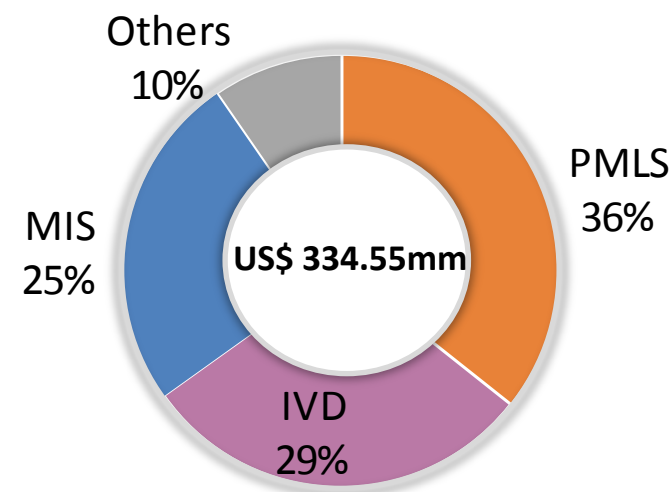
Note:

1. Non-GAAP figures exclude share-based compensation expense, and acquired intangible assets amortization expense.
2. The non-GAAP net income (ex tax benefit) excludes the tax benefits of \$1.9 million recognized in the second quarter of 2014, in relation to the nationwide key software enterprise status.



# 2Q14 Business Segment Highlights

USD (in millions)	<u>2Q14</u>	<u>2Q13</u>	<u>YoY%</u>
<b>Patient Monitoring and Life Support</b>	<b>119.3</b>	<b>117.2</b>	<b>1.8%</b>
<b>In-Vitro Diagnostics</b>	<b>98.3</b>	<b>88.3</b>	<b>11.3%</b>
<b>Medical Imaging Systems</b>	<b>84.6</b>	<b>76.1</b>	<b>11.2%</b>
<b>Others</b>	<b>32.2</b>	<b>25.5</b>	<b>26.3%</b>



- IVD : Reagents, mid-to-high end biochemistry analyzers and immunoassay analyzers led the segment's growth. Reagent sales contributed 41.2% to total segment sales.
- MIS: Color ultrasound systems and ZONARE's contribution were the major contributors for this segment.
- Others: Increased after-sales services as well as the ZONARE contribution were the key growth driver.

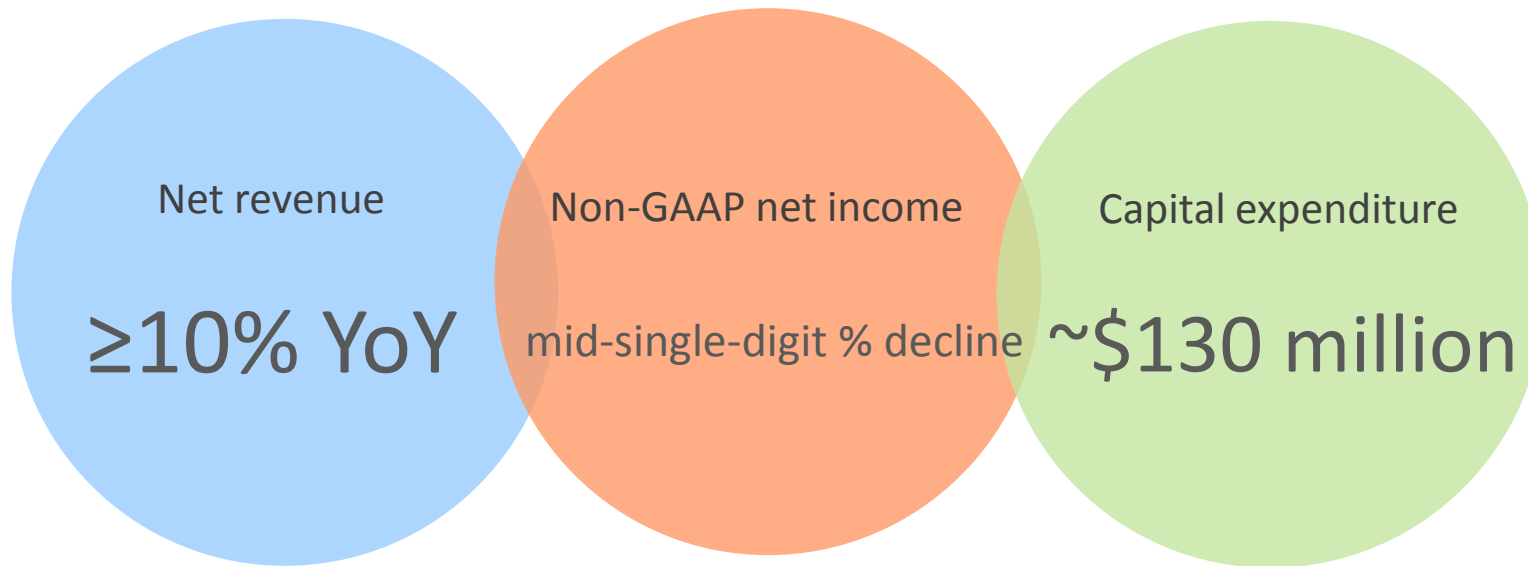
# 2014 Market Outlook

- China: Overall market demand will gradually improve and the private sector and the government will continue to increase healthcare spending in the long run.
- Emerging markets: Political instability and currency risks in some regions, offset by private and public opportunities in other countries.
- Developed markets: Gradual economic improvement in Western Europe; and the US market remains flat.

# Growth Plans for 2014

- In the domestic China market, Mindray plans to:
  - Strengthen our market position in the mid-to-low end markets; continue to ramp up investment to support the growth for the high-end products launched in the last few years.
  - Allocate more resources to the emerging and fast-growing private hospital markets.
- To capture more growth opportunities in the emerging markets, Mindray intends to:
  - Set up new sales offices in key markets to further enhance our sales platform.
  - Expand local coverage by increasing direct sales efforts and optimizing related support infrastructures.
- To improve our performance in the developed markets, Mindray aims to:
  - Introduce new products and increase brand awareness.
  - Further optimize sales channels and improve service capabilities.
- To focus on R&D, Mindray will:
  - Increase spending on developing high-end products, launch more upgraded products as well as optimize product functions.
  - Work on helping our acquired companies accelerate the introduction of their new products.
- Launch seven to 10 new products to broaden product offerings across different market segments.
- Continue to actively seek M&A opportunities globally.

# 2014 Guidance



Note:

1. Forecast financials as publicly provided on August 11, 2014

2. This guidance excludes any tax benefit related to the National Key Software Enterprise status and assumes a corporate income tax rate of 15% for the Shenzhen subsidiary.

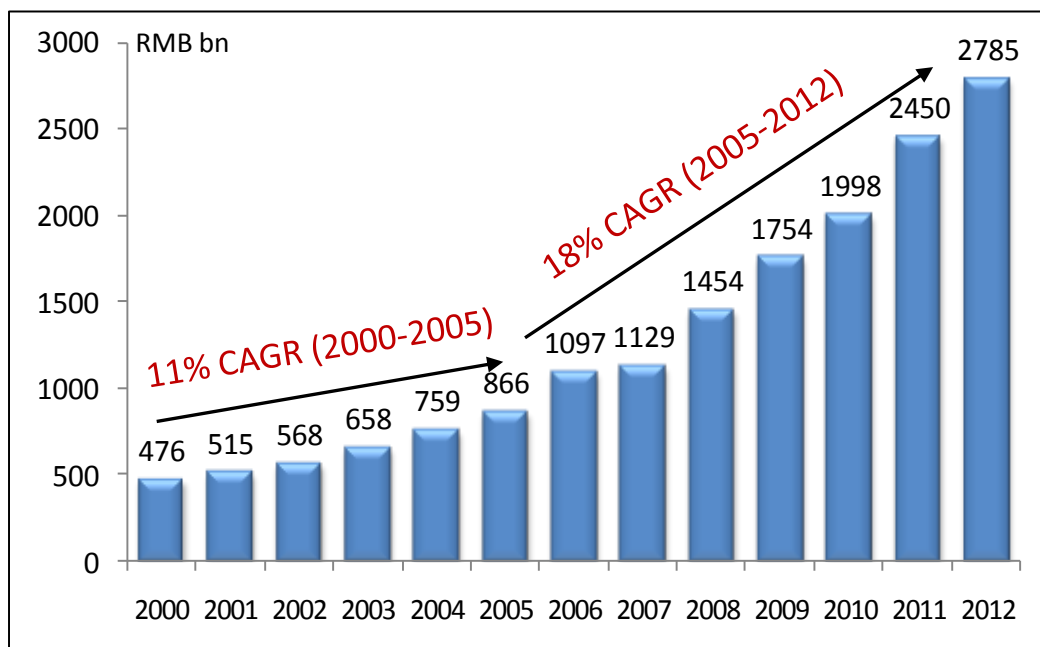
3. Non-GAAP figures excludes effects of share-based compensation and amortization of acquired intangible assets, all net of related tax impact.

# Appendix

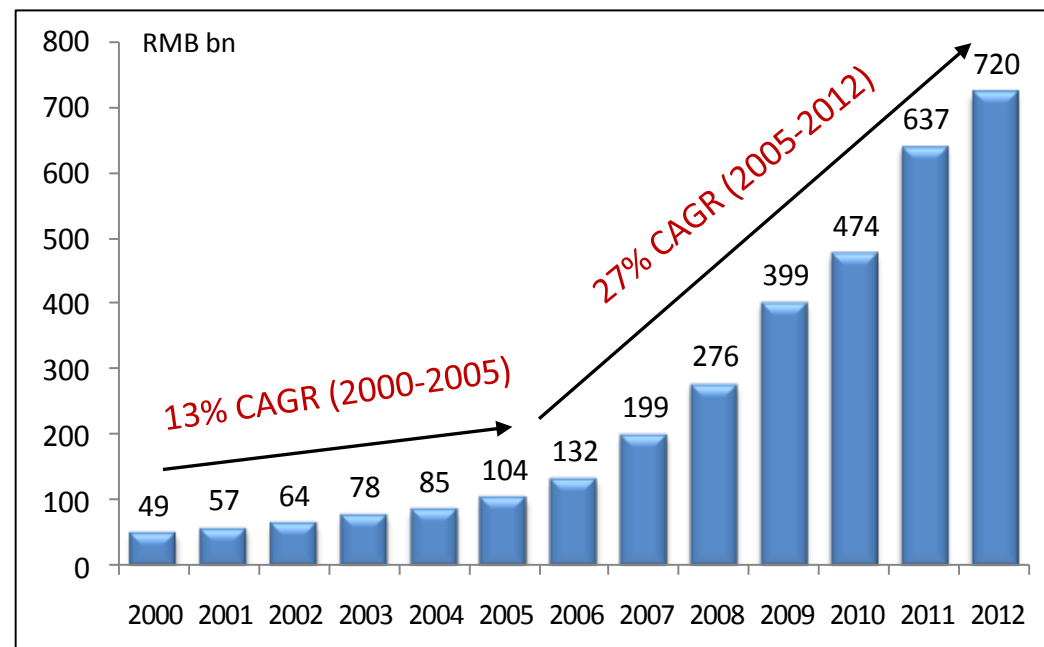


# Growth Catalysts in China – Macro Environment

Total national spending on healthcare (2000 to 2012)



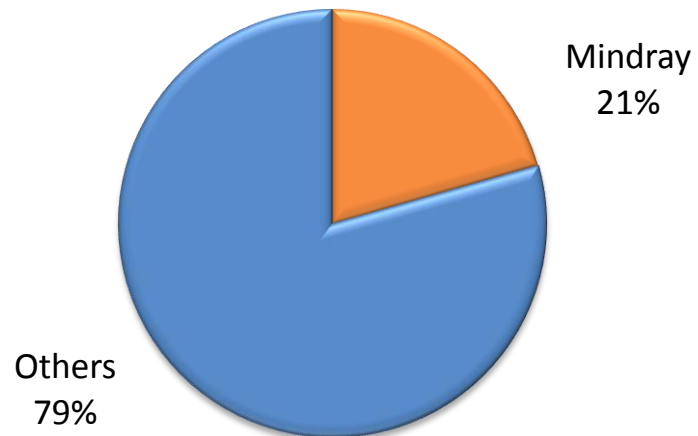
Government spending on healthcare (2000 to 2012)



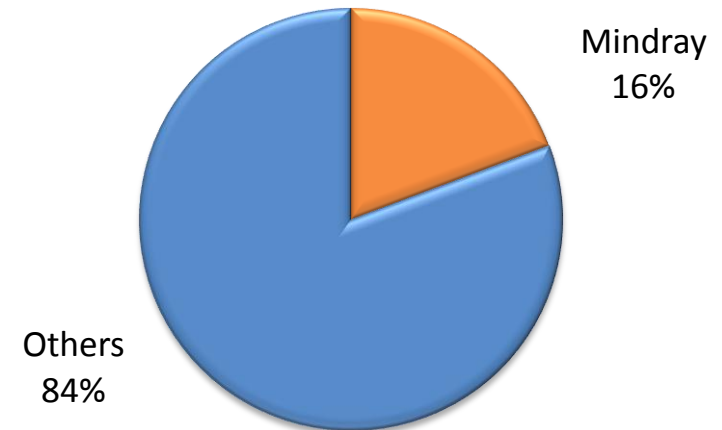
Source: CEIC; MOH; Deutsche Bank Research; Frost & Sullivan research

# Market Presence in China

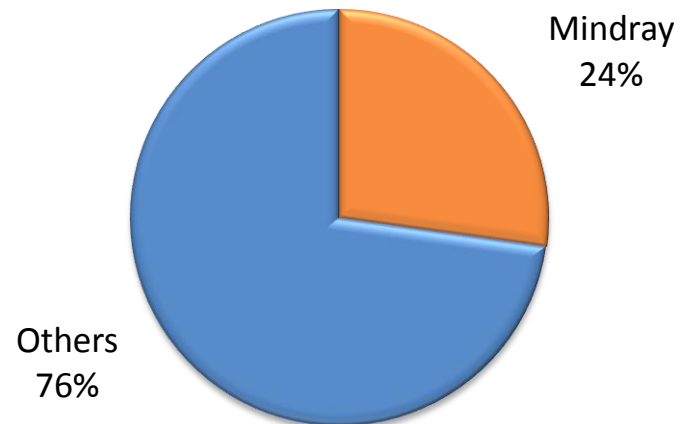
## Patient Monitoring Devices & Anesthesia Machines



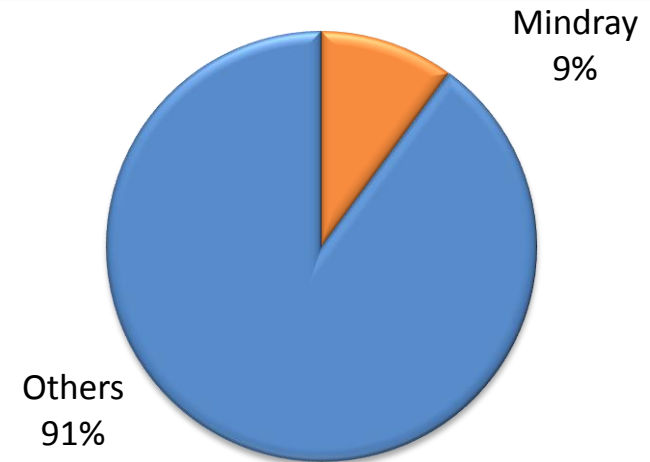
## Biochemistry Analyzers



## Hematology Analyzers



## Ultrasound Systems



Source: Frost & Sullivan research, market data as of 2013



# Healthcare within Reach