

Script of Mindray 1H2024 Earnings Call

Hello everyone!

I'm May Li, Board Secretary of Mindray. Thank you for joining us today for this conference call to discuss our performance for the first half of 2024. It's great to have all our investors and analysts on this call today. Thank you so much for your ongoing support of Mindray. And a big thanks to the awesome teams from Guolian and Citigroup for putting this together!

Half of 2024 is behind us. As we push for device Intelli-Digital upgrades and transform our consumable businesses, we are breaking through in both Chinese and international markets. We have managed to perform well despite the tough market conditions.

Now, let me go over the performance of our company for the first half of 2024 in detail:

In the first half of 2024, we recorded RMB 20.53 billion, up 11.1% from last year. The second quarter hit RMB 11.16 billion in revenue, showing a 10.3% YoY growth.

Let's talk profitability. In the first half of 2024, the net profit attributable to shareholders was RMB 7.56 billion, up 17.4% from last year. Excluding FX gains and losses, the growth is 22.1%. In the second quarter, the net profit attributable to shareholders hit RMB 4.40 billion, showing a YoY growth of 13.7%, and 24.0% if excluding FX impacts.

The net operating cash flow was RMB 8.5 billion in the first half of 2024, up 89.5% from a year ago. The second quarter alone recorded RMB 5.63 billion, up 78.8% year-over-year.

After issuing our first-ever interim dividend following the third quarter report last year, we will distribute a cash dividend of RMB 40.6 for every 10 shares to all shareholders after this year's interim report is out, totaling around RMB 4.92 billion. That is more than 65% of the net profit attributable to shareholders in the first half of the year. Our dividend payout ratio has been climbing over the years. Unless there are special circumstances, we'll continue with the

interim dividend and, as long as we're able, we'll keep increasing the payout ratio.

Now, let's discuss the performance details by GEO:

The international market saw a 18.1% growth. Since revenue from the international market in the last second quarter accounted for as much as 28% of total revenue, growth in this second quarter was slower due to the tough comparison base. Revenue from international strategic customers in the first half of the year accounted for 14% of international market sales. This achievement is due to our continuous breakthroughs with international high-end customers and efforts to ramp up local platform development. To delve deeper, the European market rebounded in the first half of the year, up by over 35% from a year ago. Major developed countries in West Europe showed impressive growth. We project that Europe market will maintain this rapid growth throughout the year. In developing countries, growth exceeded 18% in the first half of the year. Specifically, the APAC, represented by India and Australia, saw growth of over 30%. Developing countries are expected to pick up the pace in the second half of the year.

The Chinese market grew by 7.2%. With the headwind of the anti-corruption campaign in the healthcare industry and pending medical equipment renewal projects, the future is uncertain. Many bidding and procurement activities that should have started remain on hold. As a result, equipment sales in the Chinese market fell 12% in the first half of the year. The potential rebound for the remainder of the year largely depends on the approval progress of equipment renewal projects, the availability of sufficient funding, and the status of bidding implementation. The sales of IVD reagents and other consumables-related products grew by over 30% in the first half of the year, becoming the main drivers of growth in the Chinese market. This boost is thanks to more outpatient visits, surgeries, and other diagnosis and treatment needs, as well as a growing market share. We expect sales from these products to stay strong in the second half of the year.

Next, let's take a closer look by three segments:

The IVD segment recorded a 28.2% surge in the first half of the year. CLIA alone grew by over 30%. Despite the hit to equipment sales due to the anti-corruption campaign in the industry and renewal project delays, our reagents and other consumables are thriving in the Chinese

market. The growing demand for diagnosis and treatment-like outpatient visits, surgeries, and testing—has been boosting our market share in China and driving reagents and other consumables-related sales way up. The IVD segment grew by over 25% in the first half of the year in China. Hematology sales alone were up by over 30%, cementing our position as the top player in the hematology market. Even more so, we are pulling further ahead of the second-largest player in the market. Thanks to the launch of our new intelligent TLA and innovative reagent products, our CLIA sales are likely to outperform another imported brand in China market share. I'd like to point out that the installation of TLAs has been speeding up in the first half of the year. The MT 8000 Laboratory Automation System was installed on over 100 TLAs just as it hit the one-year anniversary of its launch, and notably, over 90% of those were in tertiary hospitals. In the long run, with the headwind of the anti-corruption campaign in the industry as well as the rollout of volume-based procurement of reagents and DRG policy, the concentration in China's IVD industry will be on the rise. This is great for us. We expect our market share to reach a new level. In the international market, the IVD segment was up by over 30% in the first half of the year. We're speeding up our reach into international medium to large volume customers. This is thanks to our faster progress in building local platform capabilities for production, logistics, clinical support, and IT services in the international IVD market. Our smooth integration with DiaSys also helped. As a result, our IVD products have made their way into over 60 private laboratory chains and the installation of the first MT 8000 Laboratory Automation System was completed. With our edge in tech innovation and clinical value of the hematology offerings, we are unlocking more partnership opportunities with international private laboratories.

The MIS segment was up 15.5% in the first half of the year, with ultrasound high-end and premium high-end models growing by more than 40%. Now, about the Chinese market: Due to the tremendous performance of Resona A20 we launched at the end of last year, the first-ever domestic premium high-end ultrasound system, we've reaffirmed our position as the top player in the Chinese ultrasound market. This spurred the China MIS segment to surge by over 20% in the first of the year. That said, the overall ultrasound market performance wasn't too positive. The anti-corruption campaign in the industry and the medical equipment renewal projects

slowed down bidding and procurement activities in the first half of the year. Despite the challenges, our Resona A20 still did great. With the launch of Nuewa A20 for OB/GYN use by the end of the year, Mindray is expected to make a big impact in the premium high-end market that's long been dominated by imported brands. Our market share in the ultrasound sector will grow, leaving the second player further behind. Procurement needs for mid-low-end ultrasound products in the international market are still sluggish. But we're putting in the effort to expand our reach and investment in the international high-end market, speeding up our penetration into high-end customers. We've managed to solidify our spot in the top 3 for the ultrasound sector worldwide.

The PMLS segment dropped by 7.6% in the first half of the year. Our minimally invasive surgery grew by over 90%. The rigid endoscopic systems even doubled in growth. High-value consumables, such as ultrasonic scalpels, began increasing in trading volume. During the same period last year in the Chinese market, the anti-corruption campaign in the medical industry and the medical device renewal projects have caused bidding and procurement activities to remain delayed in the first half of the year. As a result, the segment faced significant pressure in China, experiencing a double-digit decline in performance for the first half of the year. However, the total backlog of procurement needs remains the same. The delayed procurement projects will be fully released. According to our statistics, by the end of the Reporting Period, the potential market in China for new healthcare infrastructure buildup plans increased to over RMB 24 billion. The international market's procurement needs have mostly recovered. Thanks to our world-class product competitiveness, the PMLS segment is quickly reaching high-end customers and making its mark in more top hospitals in countries like the United States, the United Kingdom, France, Spain, Australia, Brazil, Mexico, Turkey, and Saudi Arabia. Our product and Intelli-Digital solution advantages are growing, driving double-digit growth for the international PMLS segment in the first half of the year. Since our international market share is still low, we expect this growth momentum to continue in the long run.

In short, most hospitals are in wait-and-see mode because of the anti-corruption campaign in the medical industry and the equipment renewal policy. This has delayed the bidding and

procurement of medical devices market in China this year. But keep in mind: the anti-corruption campaign in the medical industry in China has slowly become the norm. Eventually, their impact on hospital bidding and procurement will diminish. When that happens, Mindray's true competitiveness will shine in a more transparent and regulated procurement environment. On the funding side, ultra-long term special treasury bonds for equipment renewal projects are still being issued as planned. We've also noticed that special-purpose bonds from local governments are being issued more quickly. These factors will directly and effectively ease funding stress on hospitals, supporting the bidding and procurement of medical equipments. In the international market, since U.S. dollar rate hikes are almost done, we expect international customers' purchasing power to bounce back. This would help us dive deeper into the international market.

We have used our extensive business network, leading market position, and growing installation volume to develop differentiated complete solutions. It has preliminarily established the "Device+IT+AI" smart ecosystem through integration with AI. By creatively integrating the intelligent ecosystem with devices and combining big data and AI, we manage to offer Intelli-Digital solutions for medical institutions, always addressing clinical pain points with technology. During the Reporting Period, we've gained many quality case studies of our Intelli-Digital solutions with high-end customers worldwide. This not only helps to improve the diagnosis, treatment, and scientific research capabilities of global medical institutions but also gives us a unique edge. It's a win-win for both our customers and the company. According to the Company, Mindray's intelligent ecosystem has achieved a total of 4.5 billion RMB in cumulative sales and equipment sales driven by the ecosystem over the past three years.

Next, I will update you on the company's R&D investment and major new product launches during the first half of 2024:

We continued to invest heavily in research and development. We expanded our product range and upgraded our technology, with notable breakthroughs in our high-end products. We invested as much as 1.94 billion yuan in R&D in the first half of the year. This accounts for over 9.4% of the revenue for the same period. In the first half of 2024, we launched several new products in the PMLS field, including a decision support system for critical care, the 4K 3D

Endoscope System, endoscopic staplers, A3/A1 Anesthesia System, Veterinary Infusion/Syringe Pump AniFM II-Series, Veterinary Anesthesia Machine Veta 3X and Veta5 Plus, and Veterinary Telemetry Monitor TMS30 Vet. In the IVD field, we introduced new products like the M680 Chemistry and Immunoassay Integrated Solution, CL-2600i Chemiluminescence Immunoassay System, BS-1000M Chemistry Analyzer, PIVKA-II (CLIA), CMV IgG Avi (CLIA), Toxo IgG Avi (CLIA), Gastrin-17 (CLIA), and Automated Veterinary Hematology Analyzer BC-20 Vet. In the MIS field, we launched multiple new products, including the Mid to High-end cart-based ultrasound system Resona/Nuewa I9 Elite Edition, Mid to High-end cart-based ultrasound system Resona/Nuewa I8, Veterinary Diagnostic Ultrasound System Vetus 80 Series and Vetus Nova Series, as well as panel and software upgrade solution VetiPad series. Moreover, we plan to unveil the first-ever premium high-end ultrasound system for OB/GYN use by the end of the year.

Last but not least, I'd like to share with you the updates on our sustainable development efforts:

Our mission is to "advance medical technologies to make healthcare more accessible". With this in mind, we continuously refine and improve our sustainability management system, actively promoting ESG principles to deeply integrate them at every stage of our value chain. In June 2024, we got our latest ESG rating from MSCI, a globally recognized rating agency, and we're still holding strong at an AA rating. In July 2024, S&P Global, another rating agency, released its "Sustainability Yearbook 2024 (China Edition)" to distinguish and recognize Chinese companies within their industries that have each demonstrated strengths in corporate sustainability. For the first time, Mindray made it into the Yearbook.

Partnering with Operation Smile, an international non-profit organization, Mindray uses innovative healthcare technologies to help provide free, safe, high-quality medical aid for patients with facial deformities such as cleft lip and cleft palate. In May 2024, our employees joined in the voluntary medical consultation activities in Heze, Shandong, organized by Operation Smile, assisting in screening 93 patients and completing surgeries for 45 patients with cleft lip and palate. We promote the concept of public welfare to our employees and partners,

inviting them to join our philanthropic activities.

The safety of public life is of great importance to us. We are committed to raising first-aid awareness and enhancing the public's ability to respond to emergencies through promoting the use of AEDs. In the first half of 2024, we directly or indirectly facilitated 300,000 instances of participation in first-aid training. We completed 165 first-aid training sessions, involving 6,000 participants. As of June 30, 2024, Mindray's AEDs have successfully treated 280 cases of cardiac arrest that occurred in public places in China.

We bolster rural revitalization and improve rural development through industry and education initiatives. Chairman Li Xiting funded the Dangshan County wastewater treatment plant expansion project and the Litun Village road construction project in Anhui Province, aiming to improve Dangshan's infrastructure and their environmental protection capabilities.

[Summary]

The global healthcare industry is constantly evolving. While there are short-term challenges now and then, the real, core driving force for Mindray's long-term growth is the incremental market from technological advancements and the long-term demand from an aging population. We aim to leverage technological innovation to provide patients with access to quality medical resources at a reasonable cost, making healthcare more accessible. This is exactly why Mindray was founded, and we've been practicing the mission for over 30 years. Our products have achieved continuous technological breakthroughs for more than 30 decades, with our intelligent ecosystem consistently optimized and upgraded in recent years. Coupled with the upcoming launch of our world's first large medical AI model for clinical system, I am confident that Mindray can help medical institutions and patients worldwide realize this mission. We'd like to thank all investors again for your support. We will strive to generate greater returns for you!