

Script of Mindray 3Q2024 Earnings Call

Hello everyone!

I'm May Li, Board Secretary of Mindray. We have been dealing with a lot over the past three quarters - from the anti-corruption campaign in the healthcare industry to pending medical equipment renewal projects and sluggish bidding and procurement activities in hospitals. But we are not backing down. Instead, we have continued to push ahead with our two strategic plans: "device Intelli-Digital transformation" and "consumable business transformation." As a result, we have not only achieved robust performance but have also steadily increased our market share.

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

In the first three quarters of 2024, we recorded RMB 29.48 billion in revenue, up 8.0% from last year. The third quarter alone hit RMB 8.95 billion, showing a 1.4% YoY growth.

Let's talk profitability. In the first three quarters of 2024, the net profit attributable to shareholders was RMB 10.64 billion, up 8.2% from last year, and 11.0% if excluding FX impacts. In the third quarter, the net profit attributable to shareholders hit RMB 3.08 billion, down 9.3% from last year. However, the net profit margin for shareholders was 34.4%, exceeding the overall net profit margin in 2023.

The net operating cash flow was RMB 11.07 billion in the first three quarters of 2024, up 42.5% from a year ago.

Following our first interim dividend payout this year, we will continue to distribute multiple dividends throughout the year to align with regulatory bodies and reward our shareholders. After this year's third quarter report, we plan to distribute a cash dividend of RMB 16.5 for every 10 shares, totaling around RMB 2 billion. This maintains our high dividend payout ratio, which continues to exceed 65% of the net profit attributable to shareholders for the quarter.

Since our A-share listing in 2018, we have achieved a record of dividend payouts for 6 straight years. By the end of the third quarter, total dividend payouts have reached RMB 29.72 billion (including RMB 2 billion from share buybacks), which is 5 times what we raised during our IPO of RMB 5.93 billion.

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

The international market saw a growth of 18.3% in the first three quarters, with the third quarter alone showing a growth of 18.6%. This achievement is largely due to our ongoing breakthroughs with high-end international strategic customers and laboratories with medium and large sample volumes, along with growth in seed businesses like animal care, minimally invasive surgery, and AED, which all saw a rise in trading volume. To delve deeper, the European market continued to pick up, maintaining the momentum we've seen in the first half of the year, with a YoY growth of nearly 30% in the third quarter. Major developed countries in Western Europe showed impressive growth. We project that the European market will maintain this rapid growth throughout the year. In emerging markets, the growth was 19% in the first three quarters of the year and over 20% for the third quarter alone. Specifically, the APAC region, represented by India, Indonesia, and Australia, saw growth of 32% in the third quarter. Latin America, represented by Brazil, experienced YoY growth of 25%, with notably accelerating growth in the third quarter. All in all, emerging markets are expected to grow at a rapid pace throughout the year.

The China market grew by 1.9% in the first three quarters of the year, but the third quarter saw a decline of 9.7%. With the headwind of the anti-corruption campaign in the healthcare industry and pending medical equipment renewal projects, the future remains uncertain. Many bidding and procurement activities in public hospitals are still on hold. Additionally, hospitals face financial constraints, and elastic healthcare demand remains gloomy, putting massive pressure on China market growth. That being said, there's promising news. We have noticed that the bidding for medical equipment started to pick up in September, and the issuance of medical special-purpose bonds for renovation and expansion projects is accelerating. Additionally, some equipment renewal projects are set to begin the bidding process. The Ministry of Finance of

China has recently launched incremental policies to address local debts, aiming to alleviate financial pressure on hospitals effectively. If these positive developments persist, we are confident that the China market will rebound next year.

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

The IVD segment recorded a growth of 20.9% in the first three quarters, with CLIA alone growing by over 20%. The sales of the IVD segment accounted for as much as 40% of the company's total sales, surpassing that of the PMLS segment. Internationally, we continue to build local platforms for production, logistics, clinical support, and IT services. Currently, 8 countries have started local production of some of our IVD products, covering regions such as Europe, Latin America, South Asia, Southeast Asia, Middle East, Africa, and CIS. Thanks to this, our breakthroughs with overseas laboratories with medium and large sample volumes are continuing to accelerate. In the first three quarters, our IVD products have made their way into nearly 90 private laboratory chains, driving the entire IVD segment in the international market to grow by over 30%. Additionally, we've completed two installations of the MT 8000 Laboratory Automation System. Moving forward, we will leverage these overseas production facilities to introduce our entire IVD product lineup. We will continue to enhance our local platform development for consumables and expand our reach to more laboratories with medium and large sample volumes, aiming to sustain rapid growth of the IVD segment in the international market. While sluggish elastic healthcare demand and the rollout of the DRG policy have taken a toll on reagent consumption in the China market, these challenges will not hinder the IVD market's growing momentum in the long run. More patients are seeking diagnosis and treatment, and there is a thriving testing demand from new drugs that are being constantly introduced. More importantly, the competitive landscape is changing dramatically. Smaller players are decreasing, leading to greater concentration among leading players. And this is great news for Mindray. Despite the industry's overall downturn, the IVD segment in China achieved growth of over 15% in the first three quarters. It contributed nearly 50% of the total China market revenue. Additionally, the CLIA sales once again outperformed an imported brand in the market share, becoming the third-largest in the China market.

The MIS segment saw a growth of 11.4% in the first three quarters. The high-end and premium high-end ultrasound models surged by over 30%, with their revenue up from 35% of all ultrasound models to 41%. Internationally, building on the success of our popular TE Series tablet ultrasound in clinical departments, traditional departments like radiology are starting to recognize the innovative technology in our mid to high-end cart-based ultrasounds, such as I Series and R Series. Ultrasound is expanding our reach in overseas accessible markets and accelerating our penetration into high-end customer segments. In the first three quarters, the MIS segment saw over 10% growth internationally, reaching more than 100 previously untapped high-end customers. We've managed to solidify our spot in the top 3 for the ultrasound sector worldwide. Sales in the China market declined due to bidding and procurement delays. These were caused by the anti-corruption campaign in the healthcare industry and medical equipment renewal project holdups. However, the increased trading volume of the premium high-end Resona A20 enabled the MIS segment to achieve over 10% growth in the first three quarters. This reaffirms our position as the top player in the China ultrasound market. With the year-end launch of Nuova A20 for OB/GYN use in China, Mindray is poised 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.

The PMLS segment dropped by 11.7% in the first three quarters. Our minimally invasive surgery grew by over 45%. In the international market, top-notch tech innovation in products and IT solutions has allowed the PMLS segment to fully break into the high-end market. These products and solutions are already being used in leading hospitals in countries like the UK, France, Spain, Brazil, and Saudi Arabia. This presence in these reference hospitals is helping drive further breakthroughs with other high-end clients in those regions. The international PMLS segment saw growth exceeding 10% in the first three quarters. Given its relatively low market share overseas, we're expecting to keep up this strong momentum for the long run. In the China market, the PMLS segment declined by over 20% in the first three quarters. This downturn stems from ongoing delays in bidding and procurement activities in China, driven by the anti-corruption campaign in the healthcare industry and the medical equipment renewal project holdups. Add to that fact the slower hospital renovation and expansion project

implementation due to local government budget constraints. However, while our numbers declined, the overall China market experienced an even steeper downturn. As a result, our market share has actually strengthened considerably during this period. Though rigid endoscopic systems' procurement faced similar headwinds, our high-value consumable materials used in minimally invasive surgery achieved notable success and marked a pivotal year. Both the ultrasonic surgical & electrosurgical energy platforms and endoscopic staplers secured positions in multiple volume-based procurement alliances in China. This achievement has created a solid platform for a big volume push next year.

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

We remained committed to high R&D investment, with R&D investment reaching 2.84 billion RMB in the first three quarters of 2024. This represents as much as 9.6% of the revenue for that period. Through our persistent efforts in pursuing innovation and iterating on technologies, we've been able to continually expand our product offerings, particularly achieving breakthroughs in high-end areas. In the third quarter of 2024, we launched multiple new products in the IVD field, including 10 CLIA reagents like Toxo antibodies (CLIA), CMV antibodies (CLIA), rubella antibodies (CLIA), and Human Growth Hormone (CLIA), 10 biochemical reagents, such as ALT, M980 Chemistry and Immunoassay Integrated Solution, BriCyte M-Series Flow Cytometer, vetXpert I3/I5 Veterinary Immunoassay Analyzer, vetXpert C5 Veterinary Chemistry Analyzer, and vetXpert Information System. As of September 30, 2024, we have launched 82 projects of CLIA reagents approved by the NMPA and 91 projects approved by CE. In the PMLS field, we introduced new products like the UX7 Series 4K-NIR Endoscope Camera System, BeneHeart E/L/H Series Semi-Automated AED, BeneHeart R900/R700/R300 Electrocardiograph, NH9 High Flow Therapy System, SV700/SV900 ventilators, and disposable bipolar sealing instruments. In the MIS field, we launched multiple new products, including the TE Air e5M Wireless Handheld Ultrasound and MX7 OBG Advanced version.

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

development efforts:

We are continuously enhancing information security and privacy protection and building a compliance management system. Our goal is to integrate compliance requirements for information security and privacy protection throughout our management system, product design, and product certification. Mindray Medical Netherlands BV has successfully earned the NEN 7510 certification for information security across the business. Mindray Italy achieves 2-star+ legality rating from the Italian Competition Authority and is now among a selected group of medical device suppliers who have secured this accolade.

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 three quarters of 2024, we directly or indirectly facilitated 340,000 instances of participation in first-aid training. We completed 190 first-aid training sessions, involving 7,000 participants. As of September 30, 2024, Mindray's AEDs have successfully treated 302 cases of cardiac arrest that occurred in public places in China.

Partnering with Operation Smile, an international non-profit organization, Mindray uses innovative healthcare technologies to help provide medical aid for patients with facial deformities such as cleft lip and cleft palate. In 2023, we donated multiple medical devices to Wenshan Rehabilitation Hospital in Yunnan Province, Operation Smile's first partner hospital in China, to support the construction of operating rooms. As of September 2024, the hospital has screened 267 patients with cleft lip and palate and performed free repair surgeries on 165 of them.

[Summary]

Reflecting on Mindray's history over the past three decades since its establishment, we have always been facing external challenges. However, we have never turned away from these market challenges. Instead, we believe in the power of technology and innovation. The real, core driving force for Mindray's long-term growth is the incremental market from technological advancements and the stable demand from an aging population. This foundation is as sturdy as

a rock. Even with short-term pressures, we remain capable of efficient internal organization, with an acute eye for seizing external opportunities. We secure impressive performance against our competitors, navigating industry changes and ups and downs effectively. We'd like to thank all investors again for your support. We will strive to generate sustained returns for you!