

# Analysis of Mindray Medical International: The Leading Medical Devices Stock in China

**Zhang, Aaron Zhexuan**

*Basis International School Park Lane Harbor, Huizhou, 516000, China  
E-mail: asia14197@basisinternational-ph.com*

**Abstract:** *Mindray Medical International Co., Ltd. is a Chinese stock with huge potential in the current market, both short-term and long-term. It is the biggest medical equipment company in China, and is positioned to lead the growth of the medical devices sector in China.*

**Keywords:** *Mindray; Medical Devices; Company Analysis; Mindray Medical International; China; Medical Equipment*

## 1. Introduction

Established in 1991, Mindray Medical International Co., Ltd. is a leading R & D manufacturer of high-tech medical equipment in China, and one of the world's innovative leaders in medical equipment. Mindray has subsidiaries in 22 countries in North America, Europe, Asia, Africa, Latin America and other regions, 32 branches in China, and nearly 8000 employees. It established a huge R & D, marketing and service network in the world. The company is always customer-oriented and committed to providing high-quality products and services for global medical institutions. The company's main products cover three areas: life information and support, in-vitro diagnosis and medical imaging.

## 2. Macro Analysis

In the short-term, Mindray has the potential to continue reaching new heights. A new wave of medical equipment purchases in China after the pandemic, designed to strengthen public health systems, will benefit Mindray substantially in the short-term, as the largest medical equipments company in China [1].

More important than short term gains, however, are the long-term potentials of Mindray. The medical sector is rapidly growing in China. Out of the 4 trillion CNY invested by the Chinese government in 2008 after the global financial crisis, about 850 billion went to healthcare reforms, and a majority of that went to rural healthcare development [2]. The growing average income of citizens in China and the increased emphasis on healthcare due to both the 2008 SARS and 2020 COVID pandemics means that the healthcare industry will boom in the future. Furthermore, the increase in the average age of Chinese citizens means that more and more people will require diagnostic testing and life support, the core of Mindray's business [3]. Mindray will be able to capture most of the market since it is the leading company in these aspects domestically, both in terms of price and quality.

## 3. Micro Analysis

The acquisition of medical equipment in China is transitioning from importing to domestic production, benefitting domestic medical equipment producers [4], especially Mindray with its state-of-the-art technology and relatively low prices.

Mindray's leading position in the healthcare equipment sector makes it the company which hospitals and clients go to when purchasing new medical equipment. Mindray already has 900+ patents, the most in the healthcare sector in China [5], which allows it to capture parts of the market completely. It also increases the risk tolerance of Mindray, as in order to acquire certain products, one needs to purchase it from Mindray. Mindray is also already leading in its products worldwide — its ventilators, imaging systems, infusion, and monitoring systems are some of the newest and most advanced. Mindray's quality also allows it to export its goods, and 46% of its revenue is generated overseas [6]. As the healthcare equipment demand expands worldwide, Mindray will reap the benefits.

Mindray spent around 1.1 billion, or 10.13% of its total revenue on R&D in 2019 [7]. The % spent as revenue is similar to other leading medical equipment companies worldwide. The money spent in R&D contributes to the development of new, advanced products, such as the launch of the ME8 Ultrasound system on Oct. 23 [8].

Looking at it numbers, it is part of the healthcare equipment and services, and has the leading market share by far (167% of the second place) [6]. It has a PE ratio of 73.79, ranked 3 out of 20 in its sector, below the median value of 82.05. Its market value and net income both rank second in its sector, and its ROE and ROA ranks fifth [6]. A below average PE ratio, in this case, means that Mindray has huge potential to generate returns in the future, based upon its other indicators, as investors currently might not be looking at Mindray and its price is low for its value.

#### 4. Conclusion

Mindray is a stock poised to grow steadily in the future. Its high-quality products, constant innovation, and the increasing demand in China and worldwide makes it one of the best growth stock in China. Investors should have confidence in such a stock and it acts as a good starting stock for investors entering the Chinese stock market.

#### References

- [1] Chen, Chen. *Pharmaceutical Industry Weekly: The fourth batch of generic drug collection kicks off, the new version of the medical insurance catalogue settled*. Published 2020. [http://stock.finance.sina.com.cn/stock/go.php/vReport\\_Show/kind/lastest/rptid/662646476128/index.phtml](http://stock.finance.sina.com.cn/stock/go.php/vReport_Show/kind/lastest/rptid/662646476128/index.phtml)
- [2] *The Central People's Government of the People's Republic of China. In the next three years, governments at all levels will invest 850 billion yuan to support deepening the reform of the medical and health system*. Published 2009. [http://www.gov.cn/zxft/ft169/content\\_1281559.htm](http://www.gov.cn/zxft/ft169/content_1281559.htm)
- [3] Mindray. *Patient Monitoring & Life Support*. [https://www.mindray.com/en/category/Patient\\_Monitoring\\_Life\\_Support.html](https://www.mindray.com/en/category/Patient_Monitoring_Life_Support.html)
- [4] *National Medical Products Administration. The Comprehensive Department of the State Food and Drug Administration publicly solicits opinions on the "Announcement on Issues Related to the Production of Enterprises in China for the Transfer of Products with Imported Medical Device Registration Certificates (Draft for Solicitation of Comments)"*. Published 2020. <https://www.nmpa.gov.cn/xxgk/zhqyj/zhqyjylqx/20200305112101469.html>
- [5] *Sina Finance. Ranking of the number of patents granted to the pharmaceutical and biological industries: Mindray Medical No. 1*. Published 2020. <https://nuoha.com/news/view/660447.html>
- [6] *Wind Financial. Mindray*
- [7] *Mindray. R&D*. <https://www.mindray.com/en/about/RD.html>
- [8] *Mindray North America. Mindray's New Point of Care Ultrasound System Redefines What's Possible*. Published 2020. <https://www.prnewswire.com/news-releases/mindrays-new-point-of-care-ultrasound-system-redefines-whats-possible-301159004.html>