

# Consolidated Financial Highlights for the Third Quarter of FY2013

(From April 1, 2013 to December 31, 2013)



**NIHON KOHDEN CORPORATION**  
(Ticker Code: 6849)

**February 4, 2014**

# 1) Consolidated Financial Results for the 3<sup>rd</sup> Quarter of FY2013

(Amounts of less than ¥1 million are rounded down)

	FY2012 3Q 9 months	FY2013 3Q 9 months	YoY (%)	
<b>Net Sales</b>	90,902	<b>101,444</b>	11.6	
<b>Domestic Sales</b>	74,900	<b>79,358</b>	6.0	
<b>Overseas Sales</b>	16,002	<b>22,086</b>	38.0	<div style="border: 1px solid black; padding: 5px;"> <b>Currency Effect</b>                      +¥3.3 billion (+21%)                 </div>
<b>Operating Income</b>	7,923	<b>8,380</b>	5.8	<div style="border: 1px solid black; padding: 5px;"> <b>Gross Margin Ratio:</b>                      50.8% → 50.2%  <b>SG&amp;A Ratio: 42.1% → 41.9%</b> </div>
<b>Ordinary Income</b>	8,543	<b>9,780</b>	14.5	<div style="border: 1px solid black; padding: 5px;"> <b>Foreign exchange gains:</b>                      ¥1 billion                 </div>
<b>Net Income</b>	5,157	<b>6,095</b>	18.2	
<b>Average Exchange Rate</b>	(2012/12)	<b>(2013/12)</b>		
<b>1 US Dollar</b>	80 yen	<b>98.3 yen</b>		
<b>1 EURO</b>	102 yen	<b>131.7 yen</b>		

## 2) Highlights of FY2013 3Q

### Net Sales : +11.6%

- **Japan**: Both the hospital market and the clinic market remained favorable and AED sales increased in the PAD market.
- **International**: Sales in all areas and all product categories showed positive growth supported by favorable currency impact. Acquisition of Defibtech contributed to sales growth of AEDs.

### Operating Income : +5.8%

- Gross margin ratio was lower than the nine months of FY2012 as yen depreciation raised import prices.

### Ordinary Income : +14.5%

- Foreign exchange gains of ¥1 billion were recorded due to yen depreciation.

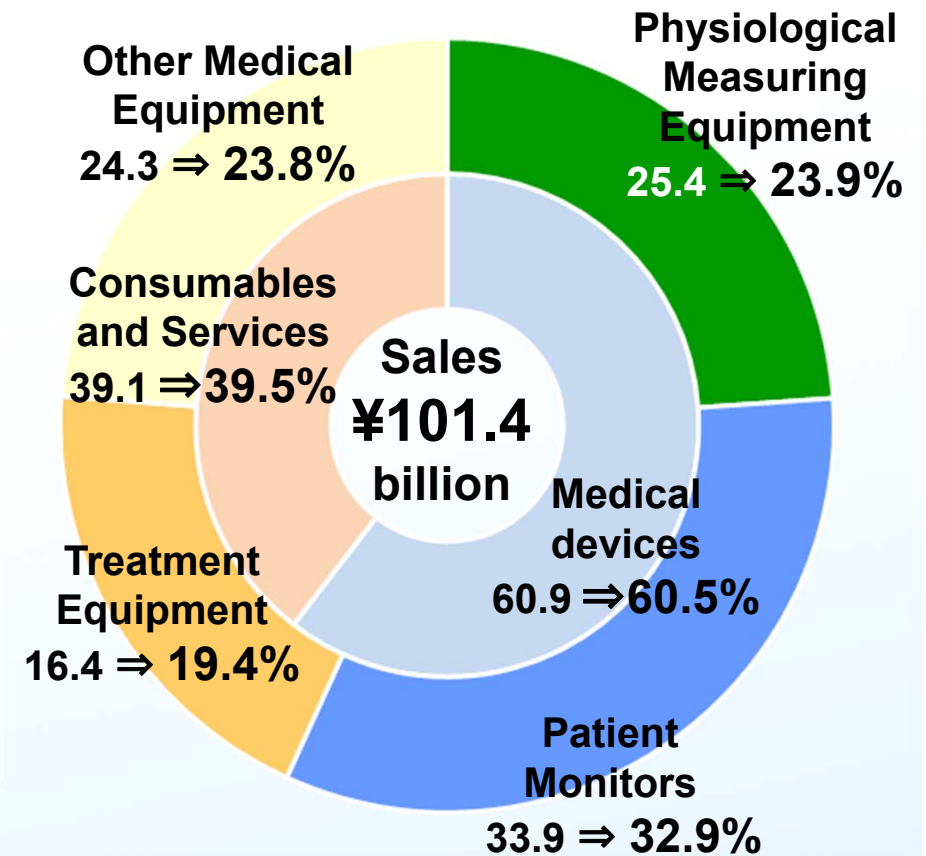
# 3) Sales by Product Category

(Sales, millions of yen)

	FY2012 3Q 9 months	FY2013 3Q 9 months	YoY (%)
Physiological Measuring Equipment	23,082	24,229	5.0
Patient Monitors	30,789	33,398	8.5
Treatment Equipment	14,945	19,679	31.7
Other Medical Equipment	22,083	24,136	9.3
<b>Total Sales</b>	90,902	<b>101,444</b>	11.6
(Reference)			
Consumables and Services	35,528	40,114	12.9

## Sales composition by product category

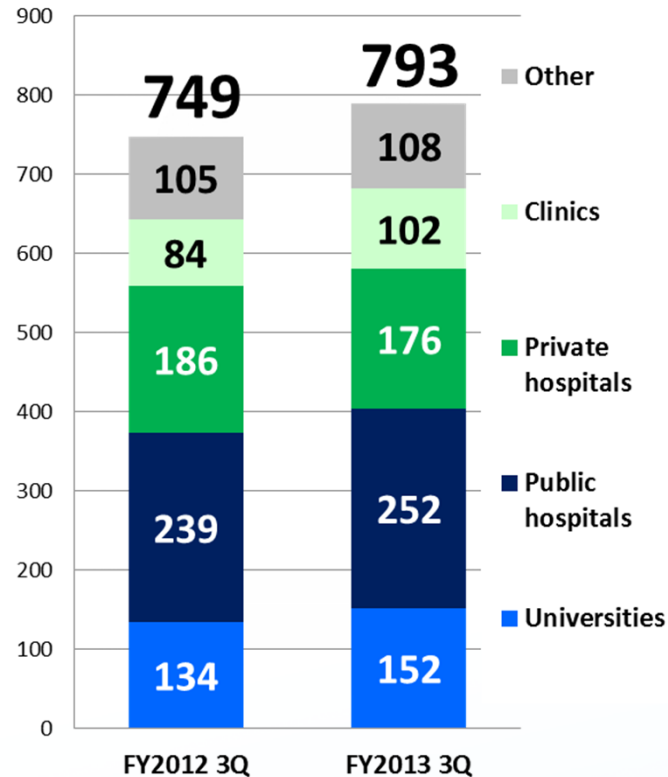
(FY2012 3Q ⇒ FY2013 3Q)



# 4) Domestic Sales

## Sales by Market

(¥100 million)



## Sales by Product Category

(Sales, millions of yen)

	FY2012 3Q 9 months	FY2013 3Q 9 months	YoY (%)
Physiological Measuring Equipment	18,884	18,798	-0.5
Patient Monitors	22,951	24,040	4.7
Treatment Equipment	13,267	15,169	14.3
Other Medical Equipment	19,797	21,350	7.8
<b>Total Sales</b>	<b>74,900</b>	<b>79,358</b>	<b>6.0</b>

**【Markets】** The university market, the public hospital market and the clinic market increased favorably.

**【Products】 Physiological Measuring Equipment:** Sales of polygraphs for cath labs increased. Sales of EEGs, ECGs, and diagnostic information system decreased.

**Patient Monitors:** New products contributed to sales and sales of consumables such as sensors also increased.

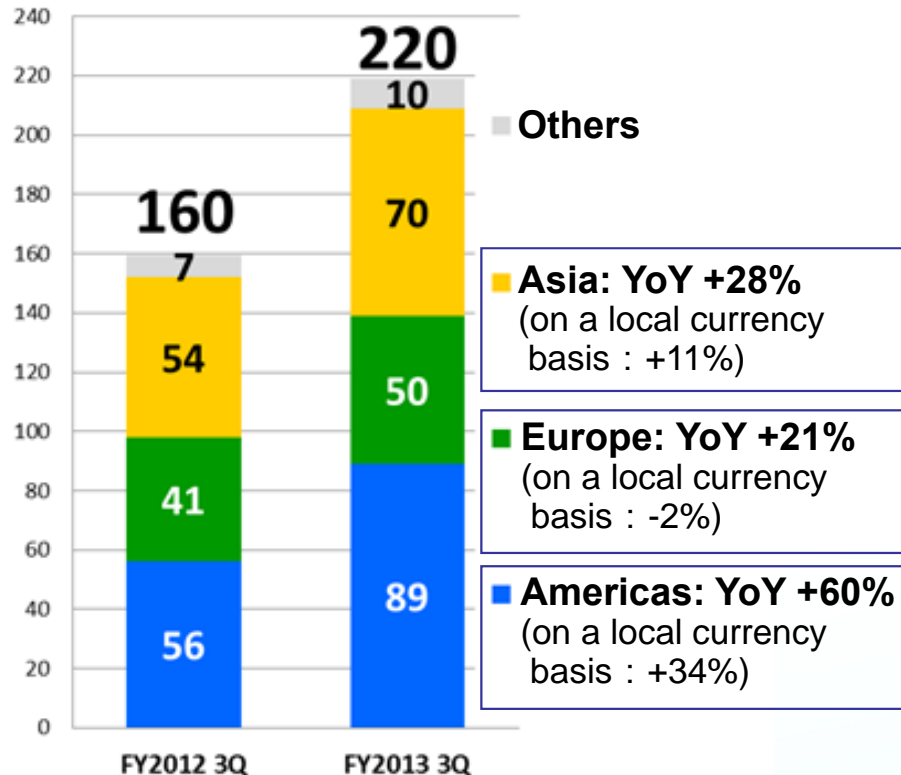
**Treatment Equipment:** AED sales showed strong growth as a wide range of models and AED Remote Monitoring System have been well received. Sales of pacemakers and ICDs also increased.

**Other Medical Equipment:** Sales of hematology instruments increased as new products were well received. Sales of locally purchased products also increased.

# 5) Overseas Sales

## Geographic segments

(¥100 million)



## Percentage of overseas sales to consolidated sales

FY2012 3Q 9 months	FY2013 3Q 9 months
17.6%	21.8%

## Sales by Product Category

(Sales, millions of yen)

	FY2012 3Q 9 months	FY2013 3Q 9 months	YoY (%)
Physiological Measuring Equipment	4,198	5,431	29.4
Patient Monitors	7,838	9,358	19.4
Treatment Equipment	1,678	4,510	168.7
Other Medical Equipment	2,286	2,786	21.9
<b>Total Sales</b>	<b>16,002</b>	<b>22,086</b>	<b>38.0</b>

Currency Effect + ¥3.3 billion (+21%)

- 【Region】** **Americas:** Sales in the U.S. and Latin America showed strong growth.  
**Europe:** Comparable sales in Europe decreased because sales in Russia were weak compared to the strong nine months of FY2012.  
**Asia:** Sales in India and Middle East showed strong growth as the Company strengthened its local business structure. Comparable sales in China did not reach the level of nine months of FY2012. This was a reflection of cooler Japan-China relations which has been mitigated.
- 【Products】** **Physiological Measuring Equipment:** Sales of EEGs and ECGs increased in the Americas, Europe and Asia.  
**Patient Monitors:** Sales in the Americas showed strong growth supported by favorable currency impact. Sales in Asia increased favorably, supported by strong sales in India and Middle East. Sales in Europe decreased.  
**Treatment Equipment:** Sales of Defibrillators and AEDs increased. Acquisition of Defibtech also contributed.  
**Other Medical Equipment:** Sales of hematology analyzers increased favorably in all areas.



# 6) Topics (i)

**Enhance solution sales and expand product line-up of ventilators and anesthesia machines through alliances**

**Alliance with Heinen + Löwenstein and Acoma Medical Industry, Dec 2013**

## Heinen + Löwenstein

German medical device company which has a strong presence in Europe



## Acoma Medical Industry

Japanese medical device company founded in 1921 which has high reputation in Japan



## Enhance solution sales for OR and ICU

### Patient Monitors



Nihon Kohden products



### Ventilators



Hamilton products

Metran products

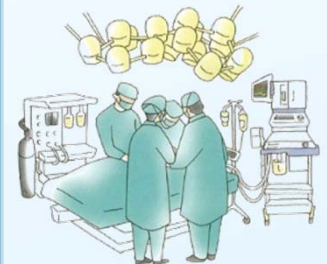


### Anesthesia machines



Heinen + Löwenstein products

Co-development with Acoma



# 6) Topics (ii)

**Nihon Kohden patient monitor awarded 5 stars**

ECRI Institute evaluated seven suppliers of Patient Monitors



**2 companies including Nihon Kohden**



**2 companies**



**3 companies**



## Assessment Criteria

- Alarms – limits, indicators etc.
- Secure Access to Alarm and System Configurations
- Patient Transport
- Remote Viewing
- Network Disconnections
- Telemetry Devices with Built-in Displays



**ECRI Institute**, formerly Emergency Care Research Institute, is an independent nonprofit researcher in the U.S. which gathers and analyzes medical safety information. It provides consulting services to healthcare facilities, workshops to healthcare professionals, and information delivery services.



# 7) Depreciation & R&D Costs

(Millions of yen)

	FY2012 3Q 9 months	<b>FY2013 3Q 9 months</b>	Change	FY2012 Actual	FY2013 Forecast
<b>Depreciation</b>	2,032	<b>2,218</b>	185	2,853	3,500
<b>R&amp;D costs</b>	4,570	<b>5,087</b>	517	6,424	7,300

● **FY2013 H2 Plan:**

**Capital Investments**

Molds for new products, products for demonstration, ERP System and new production facility (¥1.8 billion).

# 8) Forecast for FY2013

(Amounts of less than ¥1 million are rounded down)

	FY2012 Actual	FY2013 Forecast	YoY (%)
<b>Net Sales</b>	132,538	<b>145,000</b>	9.4
<b>Domestic Sales</b>	110,215	<b>113,500</b>	3.0
<b>Overseas Sales</b>	22,322	<b>31,500</b>	41.1
<b>Operating Income</b>	13,484	<b>15,000</b>	11.2
<b>Ordinary Income</b>	14,658	<b>15,000</b>	2.3
<b>Net Income</b>	9,151	<b>9,500</b>	3.8

Percentage of Overseas Sales                      16.8%                      **21.7%**

## Average Exchange Rate

1 US Dollar	83 yen	announced May 8 90 yen	announced Nov. 1 (FY2013) 98 yen	announced Nov. 1 (FY2013 H2) 98 yen
1 EURO	106 yen	118 yen	130 yen	132 yen

Notes: As of Feb. 4, based on the assumed exchange rates of 103 yen to the dollar and 140 yen to the euro for the fourth quarter, the average rates will be 100 yen to the dollar and 134 yen to the euro for FY2013.

# (Ref.) Consolidated Forecast for FY2013 by Product Category

(Amounts of less than ¥1 million are rounded down)

	FY2012 Actual	FY2013		YoY (%)
		Original Forecast (announced May 8)	Revised Forecast (announced Nov. 1)	
Physiological Measuring Equipment	33,871	36,900	<b>36,400</b>	7.5
Patient Monitors	43,661	47,900	<b>48,000</b>	9.9
Treatment Equipment	21,604	26,250	<b>26,800</b>	24.1
Other Medical Equipment	33,400	33,950	<b>33,800</b>	1.2
<b>Total</b>	132,538	145,000	<b>145,000</b>	9.4

(Reference)

Consumables and Services	49,149	52,200	<b>53,000</b>	7.8
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## Disclaimer:

Contents described in this document are based on the Company's best judgments at the time it was prepared and do not constitute a guarantee or promise that the Company will achieve its numerical targets or implement the measures.