

Consolidated Financial Highlights for the Third Quarter of FY2019 (From April 1, 2019 to December 31, 2019)

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NIHON KOHDEN CORPORATION

(Ticker Code: 6849)
February 3, 2020

Fighting Disease with Electronics



1) Consolidated Financial Results for the 3rd Quarter of FY2019

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

	FY2018 3Q 9 months	FY2019 3Q 9 months	YoY (%)
Net Sales	120,227	129,525	7.7
Domestic Sales	87,568	94,387	7.8
Overseas Sales	32,659	35,137	7.6
Gross Profit (Gross Profit Margin)	58,627 48.8%	63,039 48.7%	7.5
Operating Income (Operating Income Margin)	6,365 5.3%	8,396 6.5%	31.9
Ordinary Income	7,143	8,108	13.5
Income Attributable to Owners of Parent	4,986	4,832	-3.1

← **+11% on a local currency basis**

← **In-house sales ratio:** FY2018 3Q **64.0%** → FY2019 3Q **65.0%**

← **SG&A Ratio:** **43.5%** → **42.2%**

← **Foreign exchange gains/losses:**
FY2018 3Q **¥190 mil gains** → FY2019 3Q **¥511 mil losses**

← **Extraordinary losses in FY2019 3Q**
Settlement package: **¥520 mil**
Office transfer cost: **¥178 mil**

Average Exchange Rate	(2018/12)	(2019/12)
1 US Dollar	110.7 yen	109.0 yen
1 EURO	129.4 yen	121.3 yen

2) Highlights of FY2019 3Q

Net Sales : +7.7%

- **Japan**: Sales in all markets and all product categories increased as the Company introduced a series of new products. The Company also strengthened its marketing and service capabilities creating customer value, and these measures also contributed to increased sales.
- **International**: Sales in all markets and all product categories increased.

Operating Income : +31.9%

- Operating income achieved double-digit growth thanks to increased sales, offsetting the increase of SG&A expenses such as personnel expenses.
- Gross margin ratio decreased by 10 basis points due to lower selling prices, while the in-house sales ratio improved.

Net Income : -3.1%

- Foreign exchange losses were recorded compared to gains in FY2018 3Q.
- Extraordinary losses such as settlement package and office transfer cost were recorded.

3) Sales by Product Category

(Sales, millions of yen)

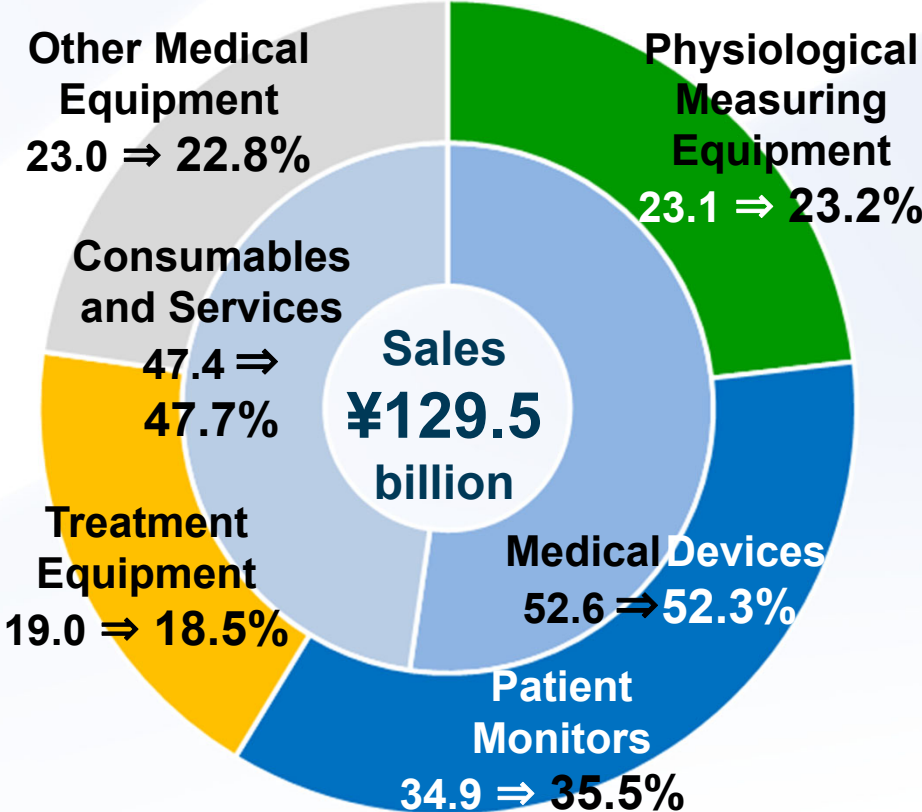
	FY2018 3Q 9 months	FY2019 3Q 9 months	YoY (%)
Physiological Measuring Equipment	27,776	30,002	8.0
Patient Monitors	41,933	46,008	9.7
Treatment Equipment	22,894	24,019	4.9
Other Medical Equipment	27,624	29,494	6.8
Total Sales	120,227	129,525	7.7

(Reference)

Consumables and Services	56,956	61,804	8.5
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Sales composition by product category

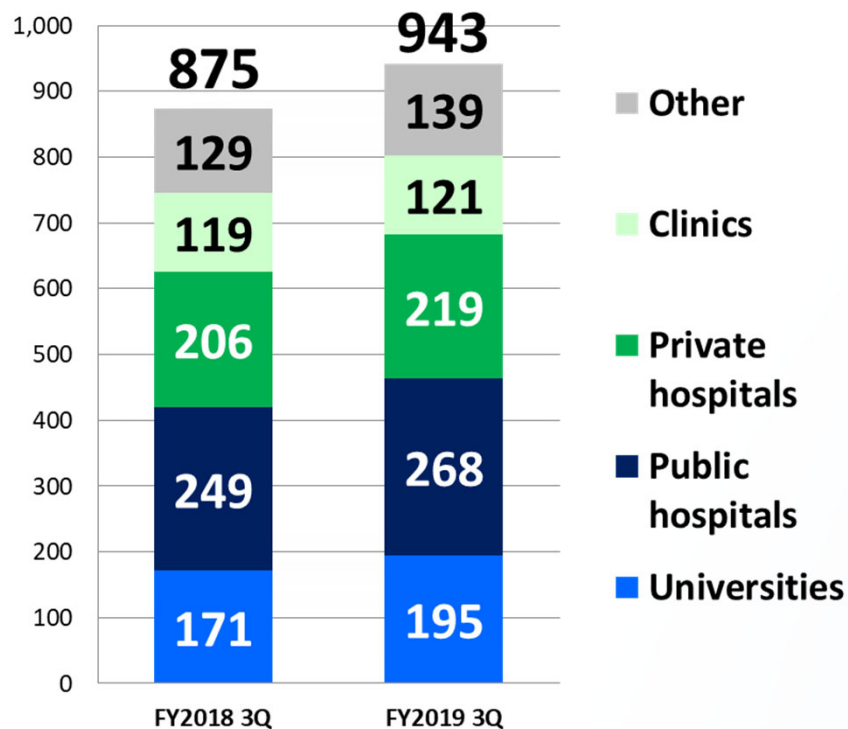
(FY2018 3Q ⇒ FY2019 3Q)



4) Domestic Sales

Sales by Market

(¥100 million)



Sales by Product Category

(Sales, millions of yen)

	FY2018 3Q 9 months	FY2019 3Q 9 months	YoY (%)
Physiological Measuring Equipment	21,789	23,607	8.3
Patient Monitors	25,567	28,521	11.6
Treatment Equipment	15,916	16,900	6.2
Other Medical Equipment	24,294	25,357	4.4
Total Sales	87,568	94,387	7.8

【Markets】 Sales in all markets increased. Large orders related to construction of new hospitals in the university and public hospital markets contributed to sales increases and the consumption tax increase in October brought a certain level of demand forward.

【Products】 **Physiological Measuring Equipment:** Sales of polygraphs for cath labs and diagnostic information systems increased favorably. Sales of ECGs also increased. Sales of EEGs remained flat compared to FY2018 3Q.

Patient Monitors: Sales showed strong growth, supported by new models of bedside monitors and the increase in replacement demand for clinical information systems.

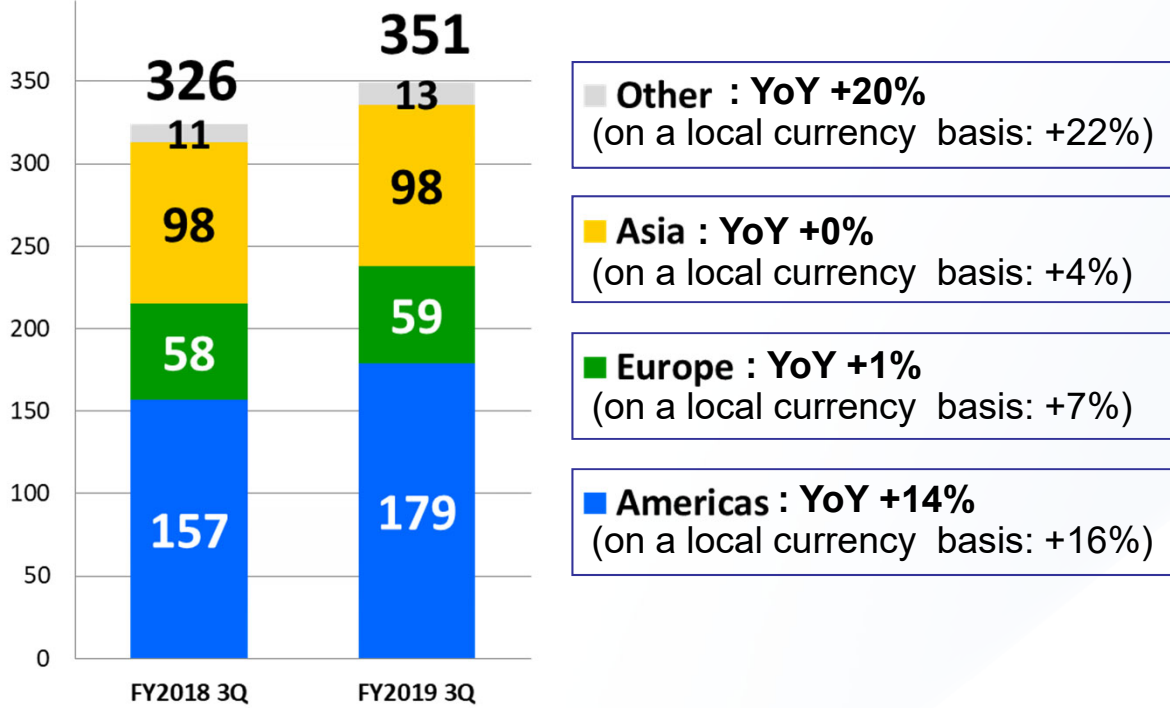
Treatment Equipment: Sales of defibrillators and ventilators showed strong growth, supported by large orders. Sales of AEDs decreased due to weak sales of consumables, although unit sales of AEDs increased.

Other Medical Equipment: New models of hematology instruments contributed to the sales increase. Sales of installation services and maintenance services for medical devices also increased favorably.

5) Overseas Sales

Geographic segments

(¥100 million)



Ratio of overseas sales to consolidated sales

FY2018 3Q 9 months	FY2019 3Q 9 months
27.2%	27.1%

Sales by Product Category

(Sales, millions of yen)

	FY2018 3Q 9 months	FY2019 3Q 9 months	YoY (%)
Physiological Measuring Equipment	5,986	6,394	6.8
Patient Monitors	16,365	17,487	6.9
Treatment Equipment	6,978	7,119	2.0
Other Medical Equipment	3,329	4,136	24.3
Total Sales	32,659	35,137	7.6

+11% on a local currency basis

- [Region]**
 - Americas:** Sales in the U.S. showed strong growth as a result of the Company's efforts to minimize seasonal fluctuations of orders and installations. Sales in Latin America also increased.
 - Europe:** Sales increased in Germany and Italy. Sales in Turkey also recovered.
 - Asia:** Sales in India increased favorably. A large order of patient monitors in Saudi Arabia contributed to the sales increase. Sales in China decreased.
- [Products]**
 - Physiological Measuring Equipment:** Sales of EEGs showed strong growth in the Americas. Sales of ECGs decreased in Asia.
 - Patient Monitors:** Sales in all areas increased. Sales in the U.S. achieved double-digit growth.
 - Treatment Equipment:** Sales of AEDs increased favorably in the U.S. and Asia. Sales of defibrillators decreased in Asia.
 - Other Medical Equipment:** Sales of hematology analyzers showed strong growth in emerging markets as the Company enhanced sales and services activities and awarded government tenders.

6) Topics

New products launched in FY2019

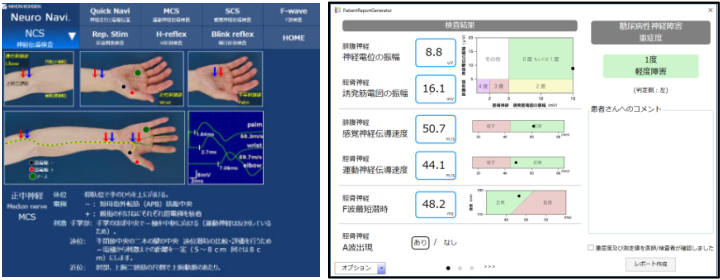
Diagnostic Equipment Business



EMG/EP measuring systems MEB-9600

3Q: Japan

- Supports efficiency of tests by adding a guide function
- Provides a diagnostic report for the explanation of diabetic neuropathy test results to patients



Electrocardiograph ECG-3150

1Q: Japan, Europe, emerging countries

Treatment Equipment Business



Ventilator NKV-550

2Q: Emerging countries
3Q: Europe

- 4Q: U.S.
- Expected synergies with patient monitors



Ventilator NKV-330

1Q: Japan, Europe, emerging countries



Defibrillator EMS-1052

2Q: Japan
3Q: Europe, emerging countries

Patient Monitoring Business



Spot check monitors SVM-7200

1Q: Japan, Europe, emerging countries, 3Q: U.S.
* Only as a continuous monitor in Japan



Bedside monitors PVM-4000

1Q: Japan, Europe, emerging countries



Telemetry systems WEP-1400

2Q: Japan

* The actual launch dates varied in accordance with the examination period for regulatory approval in each country.

7) Depreciation and R&D Costs

(Millions of yen)

	FY2018 3Q 9 months	FY2019 3Q 9 months	Change	FY2018 Actual	FY2019		
					Original Forecast announced May 13	Revised Forecast announced Nov 5	
Depreciation	2,550	2,611	61	3,542	3,900	3,800	
R&D costs	5,459	4,758	-700	7,243	7,600	7,200	
				Capital Investments	3,049	4,700	4,600

● FY2019 capital investments plan:

Molds for new products, measuring equipment and jigs, products for demonstration, production equipment, reagent factory in Dubai (¥0.2 bil) and Eastern Japan Logistics Center (¥0.4 bil)

→ As the Center is a leasing logistics facility, investments are only for materials handling equipment

8) Forecast for FY2019

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

	FY2018 Actual	FY2019			YoY (%)
		Original forecast announced May 13	Revised forecast announced Jun 17	Revised forecast announced Nov 5	
Sales	178,799	186,000	186,000	186,000	4.0
Domestic Sales	130,223	133,000	133,000	134,500	3.3
Overseas Sales	48,575	53,000	53,000	51,500	6.0
Gross Profit (Gross Profit Margin)	85,987 48.1%	90,200 48.5%	90,200 48.5%	89,800 48.3%	4.4
Operating Income (Operating Income Margin)	15,044 8.4%	16,000 8.6%	16,000 8.6%	16,000 8.6%	6.4
Ordinary Income	15,867	16,000	16,000	16,000	0.8
Income Attributable to Owners of Parent	11,191	11,000	10,700	10,700	-4.4
Percentage of Overseas Sales	27.2%	28.5%	28.5%	27.7%	

Average exchange rate

1 US Dollar	110.8 yen	108 yen
1 EURO	128.5 yen	125 yen

← +9% on a local currency basis

Breakdown of overseas sales by region

	FY2018 Actual	FY2019		YoY (%)
		Original forecast announced May 13	Revised forecast announced Nov 5	
Americas	23,508	25,500	24,600	4.6
Europe	8,167	8,900	8,600	5.3
Asia	15,096	16,000	15,600	3.3
Other	1,802	2,600	2,700	49.8
Total	48,575	53,000	51,500	6.0

*The assumed exchange rates for the 4th quarter of FY2019 are 109 yen to the U.S. dollar and 120 yen to the euro.

(Ref.) Consolidated Sales Forecast for FY2019 by Product Category/ Effect of Exchange Rate

(Millions of yen)

	FY2018 Actual	FY2019			YoY (%)
		Original Forecast announced May 13	Revised Forecast announced Nov 5	Composition ratio (%)	
Physiological Measuring Equipment	40,773	41,700	41,850	22.5	2.6
Patient Monitors	61,978	66,150	64,500	34.7	4.1
Treatment Equipment	33,149	34,250	34,750	18.7	4.8
Other Medical Equipment	42,898	43,900	44,900	24.0	4.7
Total	178,799	186,000	186,000	100.0	4.0

(Reference)

Consumables and Services	79,226	83,000	83,100	44.7	4.9
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Annual Estimates of Exchange Rate Fluctuations

	Sales	Operating Income
1 US Dollar	0.31 bil yen	0.09 bil yen
1 EURO	0.05 bil yen	0.02 bil yen

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 stated.