Consolidated Financial Highlights for FY2016

(From April 1, 2016 to March 31, 2017)

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NIHON KOHDEN CORPORATION

(Ticker Code：6849)
May 16, 2017

Fighting Disease with Electronics

NIHON KOHDEN

1 Consolidated Financial Results for FY2016

1) Consolidated Financial Results for FY2016

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

	FY2015 Actual	FY2016 Original Forecast announced May 10, 2016	FY2016 Revised Forecast announced Nov 4, 2016	FY2016 Revised Forecast announced Feb 1, 2017	FY2016 Actual	FY2016 YoY (%)
Sales	165,522	*175,000*	*170,500*	*168,000*	**166,285**	0.5
Domestic Sales	121,989	*127,000*	*126,300*	*124,000*	**124,764**	2.3
Overseas Sales	43,533	*48,000*	*44,200*	*44,000*	**41,520**	-4.6
Operating Income	16,438	*17,500*	*17,000*	*15,500*	**13,585**	-17.4
Ordinary Income	16,116	*17,500*	*16,000*	*16,000*	**14,053**	-12.8
Income Attributable to Owners of Parent	10,516	*11,500*	*10,700*	*10,300*	**9,149**	-13.0

Average exchange rate	FY2015	FY2016	FY2016	FY2016	FY2016
1 US Dollar	120.1 yen	109 yen	104 yen	109 yen	109.2 yen
1 EURO	132.4 yen	123 yen	116 yen	119 yen	119.3 yen

Overseas Sales: **+6% on a local currency basis**

Operating Income:

	FY2015	FY2016
Gross margin ratio	48.8%	47.6%
SG&A ratio	38.9%	39.4%

Ordinary Income: **Foreign exchange losses** FY2015 ¥911mil → FY2016 ¥254mil

Income Attributable to Owners of Parent (FY2016):
- Gain on sales of investment securities: ¥416mil
- Loss on valuation of investment securities: ¥257mil
- Office transfer cost: ¥271mil

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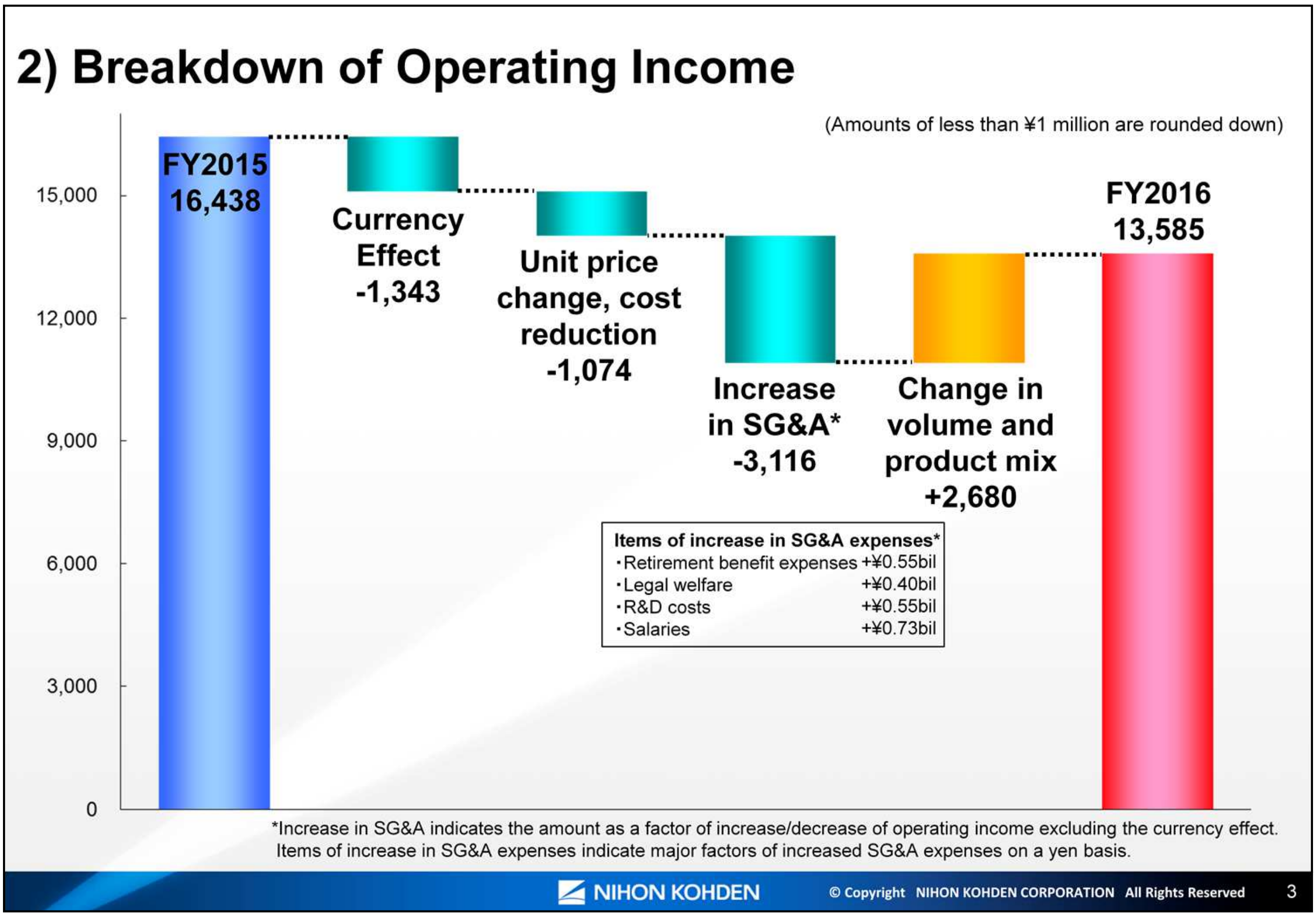
- Overall sales increased 0.5% to ¥166.2 billion.
- Domestic sales increased 2.3% to ¥124.7 billion due to favorable sales in the private hospital and the clinic market.
- Overseas sales decreased 4.6% to ¥41.5 billion due to a negative currency translation impact. Sales growth on a local currency basis was 6%.
- Overall sales fell short of the revised forecast by ¥1.8 billion. This was due to deferred delivery of patient monitors to FY2017 in the U.S. and the impact of political uncertainty in some emerging countries.
- Operating income decreased 17.4% to ¥13.5 billion due to the lower gross margin ratio and the increase in SG&A.
- Ordinary income decreased 12.8% to ¥14.0 billion. Income attributable to owners of parent decreased 13% to ¥9.1 billion due to posting extraordinary income and losses.



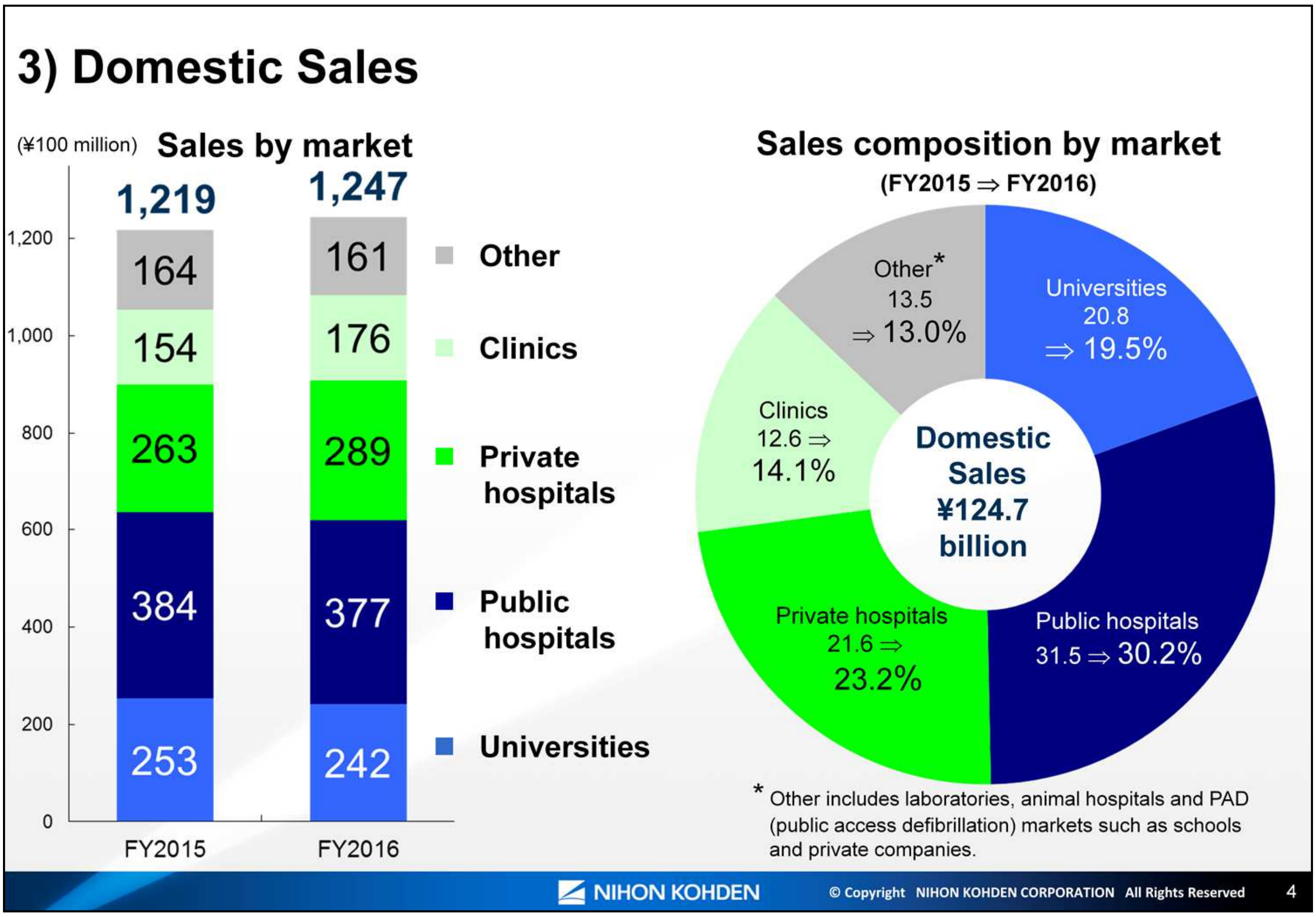
- FY2016 operating income decreased to ¥13.5 billion from ¥16.4 billion in FY2015.

- Currency effect had a negative impact of ¥1.3 billion due to yen appreciation.

- Unit price change and cost reduction had a negative impact of ¥1.0 billion because unit price decline was not fully offset by cost reduction. The devaluation of inventory was also affected.

- Increases in SG&A had a negative impact of ¥3.1 billion mainly due to the increase of retirement benefit expenses, personnel expenses and R&D costs.

- Change in volume and product mix had a positive impact of ¥2.6 billion because of volume increase, offsetting the negative impact of the product mix.

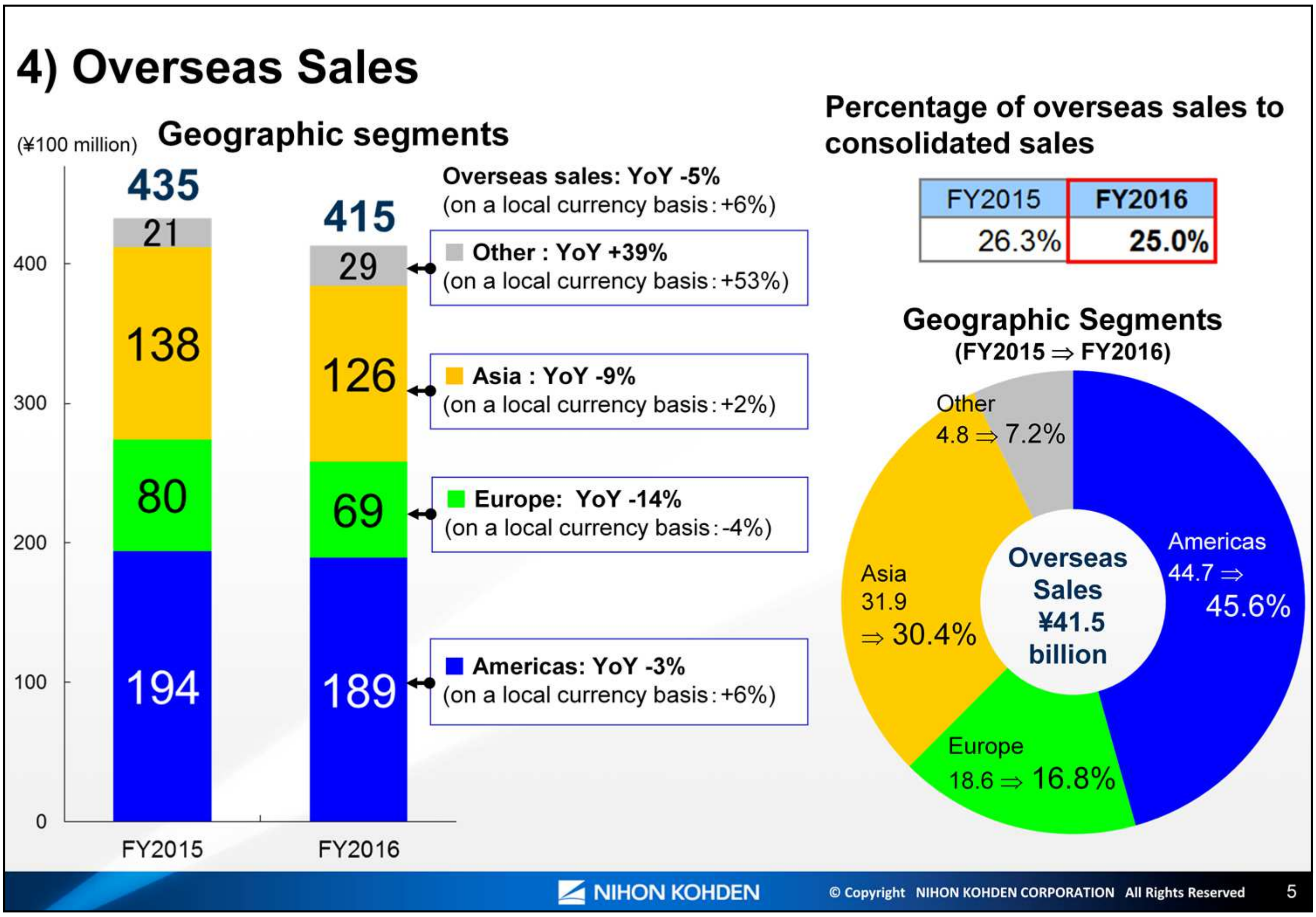


- Domestic sales increased by ¥2.8 billion to ¥124.7 billion.

- Sales increased as we enhanced its operations to match each market: the acute care hospital market, the small and mid-sized hospital market, and the clinic market. Consumables and services also contributed to sales increase.

- As for sales by market, sales in the private hospital market increased favorably and sales in the clinic market also showed strong growth.

- Sales in the university and public hospital market decreased due to some postponements and restraints of their capital investments, reflecting a difficult management environment.



- Overseas sales decreased by ¥2.0 billion to ¥41.5 billion due to a negative currency translation impact.

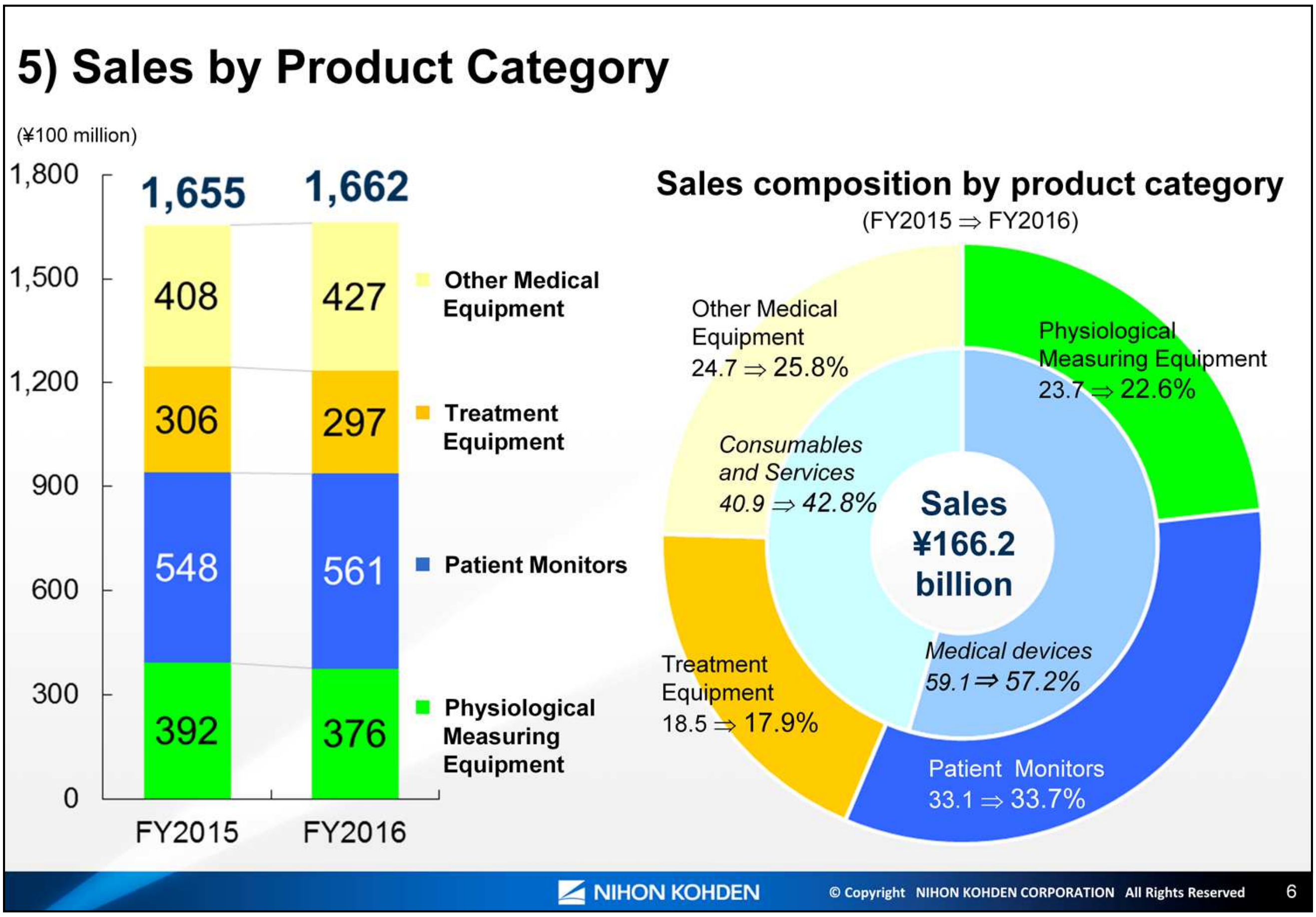
- Sales in the Americas decreased by ¥0.5 billion to ¥18.9 billion, a 6% positive growth on a local currency basis. Sales in the U.S. increased on a local currency basis, posting solid growth in Patient Monitors, and decreased on a yen basis due to yen appreciation. Sales in Latin America decreased due to change in distribution channels with the reorganization of the Company’s sales subsidiaries in Latin America.

- Sales in Europe decreased by ¥1.1 billion to ¥6.9 billion, a 4% decline on a local currency basis due to sales decline especially in Germany and Turkey.

- Sales in Asia decreased ¥1.2 billion to ¥12.6 billion, a 2% positive growth on a local currency basis. Sales in India increased favorably. Sales in China increased on a local currency basis. Sales in oil producing countries in the Middle East decreased due to negative effects of lower oil prices.

- Sales in Other showed strong growth because we developed distribution channels in Africa and received a large order in Egypt.

- The overseas sales ratio was 25%.



- Sales by product category are shown above.

- Sales of Patient Monitors increased, while sales of Physiological Measuring Equipment and Treatment Equipment decreased.

- The sales ratio of Consumables and Services increased to 42.8% because we strengthened the consumables business both in Japan and internationally; this is a stable revenue base.

5.1) Physiological Measuring Equipment

(Sales, millions of yen)

	FY2015	FY2016	YoY (%)	
Electroencephalographs	8,200	7,372	-10.1	Both domestic and overseas sales decreased.
Electrocardiographs	7,163	6,620	-7.6	Both domestic and overseas sales decreased.
Polygraphs for Cath Lab	11,254	12,330	9.6	**Domestic:** Sales of EP catheters increased.
Other Physiological Measuring Equipment (Diagnostic Information System and Others) *	12,599	11,334	-10.0	
Physiological Measuring Equipment	39,218	37,658	-4.0	
Domestic Sales	29,944	29,748	-0.7	
Overseas Sales	9,274	7,910	-14.7	

*Other Physiological Measuring Equipment includes diagnostic information system and products of other companies.

Intraoperative Monitoring System
MEE-2000

New!

Electrocardiographs
ECG-2450

Polygraphs for cath labs
RMC-5000

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- Sales of Physiological Measuring Equipment decreased 4% to ¥37.6 billion.
- Domestic sales decreased 0.7% to ¥29.7 billion because sales of EEGs, ECGs and diagnostic information systems decreased. Sales of polygraphs for cath labs increased.
- Overseas sales decreased 14.7% to ¥7.9 billion because sales of both EEGs and ECGs decreased in all areas.

5.2) Patient Monitors

(Sales, millions of yen)

	FY2015	FY2016	YoY (%)
Patient Monitors	54,823	**56,117**	2.4
Domestic Sales	34,616	**36,032**	4.1
Overseas Sales	20,207	**20,084**	-0.6

・Sales of transmitters, telemetry central monitors and bedside monitors increased favorably.
・Sales of consumables such as sensors also contributed to sales increase.

・Sales in Other showed strong growth and sales in the Americas also increased.
・Sales in Europe and Asia decreased.

Bedside monitor
CSM-1901

Telemetry central monitor
WEP-5250 series

New!

Vital sign telemeter
GZ-140P

SpO_2 probes

Oxygen mask with CO_2 monitoring

ECGs Electrodes

Consumables

- Sales of Patient Monitors decreased 2.4% to ¥56.1 billion.

- Domestic sales increased 4.1% to ¥36.0 billion, because sales of transmitters, telemetry central monitors and bedside monitors increased favorably. Consumables such as sensors also contributed to the sales increase.

- Overseas sales decreased 0.6% to ¥20.0 billion because sales in Europe and Asia decreased. Sales in Other showed strong growth and sales in the Americas increased.

5.3) Treatment Equipment

(Sales, millions of yen)

	FY2015	FY2016	YoY (%)
Defibrillators (for Hospital and Ambulance)	5,670	**5,109**	-9.9
AEDs (Automated External Defibrillator)	13,825	**13,175**	-4.7
Pacemakers / ICDs	2,914	**3,111**	6.7
Ventilators	1,790	**2,205**	23.2
Other Treatment Equipment	6,410	**6,127**	-4.4
Treatment Equipment	30,611	**29,728**	-2.9
Domestic Sales	21,584	**21,315**	-1.2
Overseas Sales	9,027	**8,412**	-6.8
(Ref.) AED Unit Sales	87,500	**84,700**	-3.2
Domestic Unit Sales	48,800	**44,300**	-9.2

Both domestic and overseas sales decreased.

Domestic: Sales decreased due to slow replacement demand.
Overseas: Sales decreased in the Americas and Europe, while sales in Asia and Other increased favorably.

Domestic: Sales increased as a result of promotional activities. New orders from newly established hospitals also contributed.

- Sales of Treatment Equipment decreased 2.9% to ¥29.7 billion.
- Sales of defibrillators decreased 9.9% to ¥5.1 billion because both domestic and overseas sales decreased.
- Sales of AEDs decreased 4.7% to ¥13.1 billion. AED unit sales were 84,700 units. Domestic sales decreased due to slow replacement demand. Overseas sales decreased in the U.S and Europe, while sales in Asia and Other increased.
- Sales of ventilators, pacemakers and ICDs increased.
- Domestic sales decreased 1.2% to ¥21.3 billion. Overseas sales decreased 6.8% to ¥8.4 billion.

5.4) Other Medical Equipment

(Sales, millions of yen)

	FY2015	FY2016	YoY (%)
Hematology Analyzers	11,382	**12,074**	6.1
Imaging Systems, Medical equipment for study and others *	29,485	**30,707**	4.1
Other Medical Equipment	40,868	**42,781**	4.7
Domestic Sales	35,843	**37,668**	5.1
Overseas Sales	5,024	**5,112**	1.8

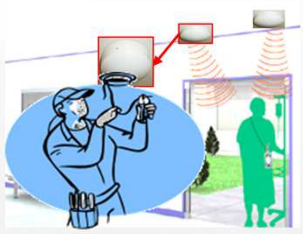
Domestic: Sales increased in the private hospital and clinic market.
Overseas: Sales decreased slightly. Sales in Asia decreased, while sales in the Americas and Europe increased. New product also contributed.

*Includes consumables, installation and maintenance services which are not applicable to other categories.

New

Automated hematology analyzer
MEK-9100

Clinical chemistry analyzer
CHM-4100



Installation and maintenance services

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- Sales of Other Medical Equipment increased 4.7% to ¥42.7 billion.

- Domestic sales increased 5.1% to ¥37.6 billion, because sales of hematology instruments increased in the private hospital and clinic market. Sales of locally purchased products also increased.

- Overseas sales increased 1.8% to ¥5.1 billion, because sales of locally purchased products increased. Sales of hematology analyzers slightly decreased.

6) Financial Condition

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

	FY2015	**FY2016**	Change
Current Assets	112,929	**119,235**	6,305
Fixed Assets	31,340	**33,571**	2,230
Total Assets	144,270	**152,806**	8,536
Current Liabilities	42,901	**45,006**	2,104
Non-current Liabilities	3,697	**3,913**	215
Total Liabilities	46,599	**48,919**	2,320
Net Assets	97,671	**103,887**	6,215
Total Liabilities & Net Assets	144,270	**152,806**	8,536

	FY2015	FY2016	Change
Merchandise and finished goods	14,519	17,061	+2,541
Property, plant and equipment	15,695	20,148	+4,453

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- Total assets increased by ¥8.5 billion to ¥152.8 billion.

7) Cash Flows

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

	FY2015	FY2016	Change
Ⅰ.Cash flows from operating activities	10,765	**11,356**	591
Ⅱ.Cash flows from investing activities	-7,802	**-6,344**	1,457
Free cash flows	2,962	**5,011**	2,049
Ⅲ.Cash flows from financing activities	-9,488	**-3,517**	5,970
Effect of exchange rate change on cash and cash equivalents	-304	**-217**	86
Net increase (decrease) in cash and cash equivalents	-6,829	**1,277**	8,106
Cash and cash equivalents at end of period	27,283	**28,560**	1,277

	FY2015	FY2016	Change
Income before income taxes and non-controlling interests	15,939	13,851	-2,087
Increase (decrease) in notes and accounts payable - trade	-453	2,826	+3,279
Proceeds from sales of investment securities	127	759	+631
Purchase of property, plant and equipment	-6,898	-6,304	+594
Purchase of treasury shares	-6,438	-1	+6,437

- Cash and cash equivalents at end of the period increased by ¥1.2 billion to ¥28.5 billion.

8) Capital Investments and R&D Costs

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

	FY2015 Actual	FY2016			Change	FY2017 Plan
		Original Forecast announced May 10, 2016	Revised Forecast announced Nov 4, 2016	Actual		
Capital Investments	6,678	10,000	9,000	**7,710**	**1,032**	5,700
Depreciation	3,459	4,000	3,400	**3,422**	**-37**	3,900
R&D costs	5,910	7,300	6,500	**6,466**	**556**	7,300

●**FY2016 capital investments:**
Molds for new products, measuring equipment and jigs, products for demonstration, production equipment, renovation of head quarters (Nishiochiai Office), and constructions of Advanced Technology Center in Tokorozawa (¥3.4bil) and Asaka facility (Relocation of immunochemical products department) (¥0.7bil)

●**FY2017 capital investments plan:**
Molds for new products, measuring equipment and jigs, products for demonstration, production equipment, and renovation of head quarters (Nishiochiai Office) (¥1.0bil)

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- Capital investments increased by ¥1.0 billion to ¥7.7billion. The reason for the difference from the forecast was the carryover of investment in molds and the review of investments such as new products for demonstration.
- Depreciation was ¥3.4 billion, the same level as FY2015. R&D costs increased by ¥0.5 billion to ¥6.4 billion.
- Capital investments for FY2017 will be ¥5.7 billion, which include ¥1.0 billion for the renovation of the Nishiochiai Office.
- Depreciation and R&D costs for FY2017 are expected to be ¥3.9 billion and ¥7.3 billion, respectively.
- We aim to expand our in-house product line-up mainly in Patient Monitors and Treatment Equipment.

2 Forecast for FY2017

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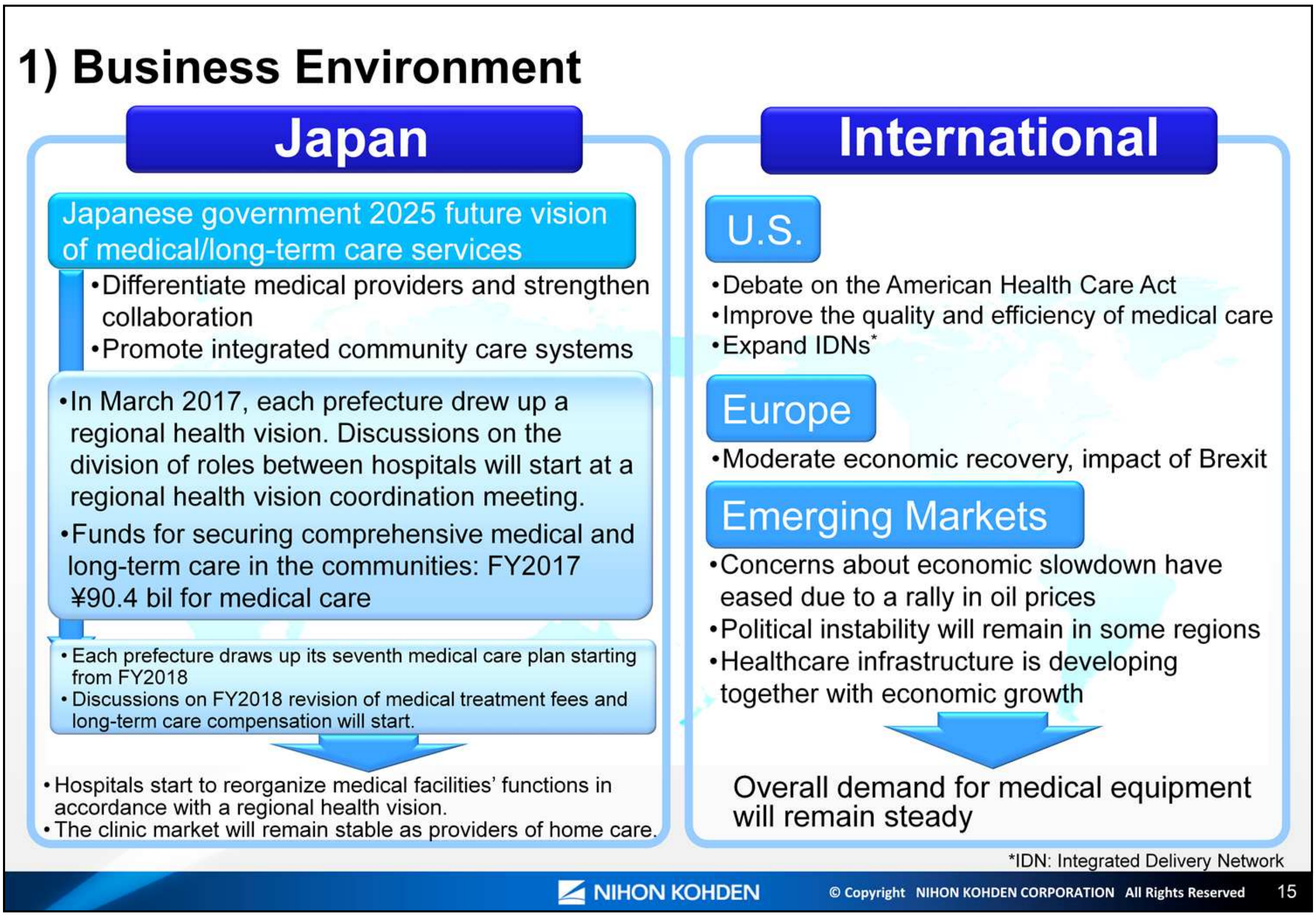

- In Japan, the government is proceeding with reform of the healthcare system under its 2025 future vision of medical/long-term care services.

- In March 2017, each prefecture drew up a regional health vision. Discussions on the division of roles between hospitals will start. Discussions on FY2018 revision of medical treatment fees and long-term care compensation will also start.

- Hospitals will start to reorganize medical facilities' functions in accordance with a regional health vision. The clinic market will remain stable as the provider of home care.

- Internationally, the American Health Care Act is currently being debated by the U.S. Congress. Hospitals are required to improve the quality and efficiency of their medical care. IDNs will continue to expand.

- In Europe, the economy is recovering moderately, but there are concerns about the impact of Brexit.

- In emerging countries, concerns about economic slowdown have eased due to a rally in oil prices. Political instability will remain in some regions. Healthcare infrastructure is developing together with economic growth.

- We expect that overall demand for medical equipment in overseas markets will remain steady.

2) Forecast for FY2017

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

	FY2016	FY2017	YoY (%)
Sales	166,285	**175,000**	5.2
Domestic Sales	124,764	**128,000**	2.6
Overseas Sales	41,520	**47,000**	13.2
Operating Income	13,585	**15,000**	10.4
Ordinary Income	14,053	**15,000**	6.7
Income Attributable to Owners of Parent	9,149	**10,200**	11.5
Percentage of Overseas Sales	25.0%	26.9%	
Average Exchange Rate			
1 US Dollar	109.2 yen	110 yen	
1 EURO	119.3 yen	115 yen	

+14% on a local currency basis

Breakdown of overseas sales by region

	FY2016	FY2017	YoY (%)
Americas	18,953	**22,500**	18.7
Europe	6,988	**7,500**	7.3
Asia	12,639	**14,400**	13.9
Other	2,938	**2,600**	-11.5
Total	41,520	**47,000**	13.2

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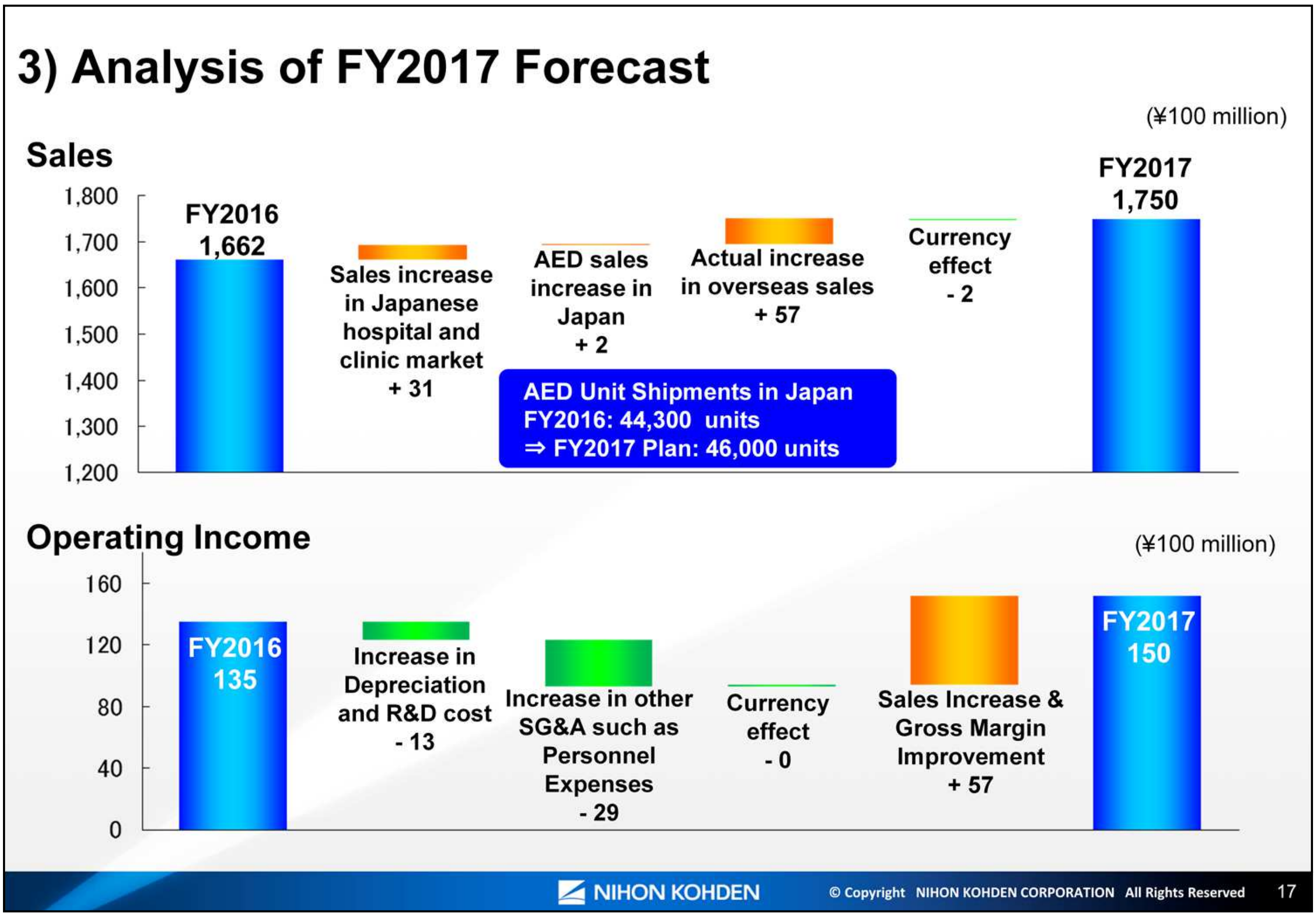
- Under these market circumstances, the Company forecast its overall sales, domestic sales and overseas sales for FY2017 to be: 5.2% growth to ¥175.0 billion, 2.6% growth to ¥128.0 billion, and 13.2% growth to ¥47.0 billion, respectively. The Company will focus on sales in the Americas and Asia especially.

- The forecast for operating income is ¥15.0 billion, up 10.4%.

- The forecast for FY2017 is based on an exchange rate of 110 yen to the U.S. dollar and 115 yen to the euro.



- As for sales in Japan, sales in the hospital and clinic markets, and AED sales are expected to increase by ¥3.1 billion and ¥0.2 billion, respectively. The forecast for AED unit sales is 46,000 units.

- We aim to expand sales of consumables and services. We will also expand sales in the clinic market. We expect capital investments will be restrained in the university and public hospital market. We will also introduce new products and services for the increasing number of cardiovascular disease patients with aging as well as for responding to the needs of regional healthcare systems.

- As for overseas sales, the actual increase in overseas sales will be ¥5.7 billion. Negative currency effect will be ¥0.2 billion.

- As for operating income, depreciation and R&D costs will increase by ¥1.3 billion. Other SG&A such as Personnel Expenses will increase by ¥2.9 billion.

- The impact of currency effects will be minor. The impact of sales increases and gross margin improvement will be ¥5.7 billion.

(Ref.) Consolidated Forecast FY2017 by Product Category

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

	FY2016	FY2017	Composition ratio (%)	YoY (%)
Physiological Measuring Equipment	37,658	**39,800**	22.7	5.7
Patient Monitors	56,117	**59,100**	33.8	5.3
Treatment Equipment	29,728	**31,200**	17.8	5.0
Other Medical Equipment	42,781	**44,900**	25.7	5.0
Total	166,285	**175,000**	100.0	5.2

(Reference)

Consumables and Services	71,180	75,100	42.9	5.5

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- As for sales forecast by product category, we aim at increasing sales in all product categories. We will also enhance our Consumables and Services Business; this is a stable revenue base.

3 Review of the Previous Mid-term Business Plan

- Under the previous mid-term business plan, Strong Growth 2017, we focused on enhancing our operating base to ensure growth.

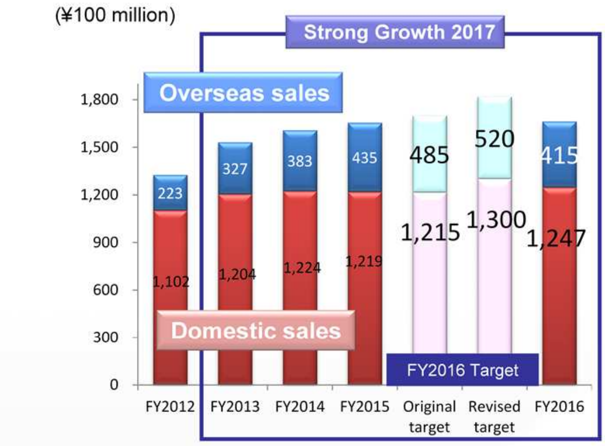
- Internationally, we strengthened our overseas business structure through establishing sales subsidiaries and appointing local management staff.

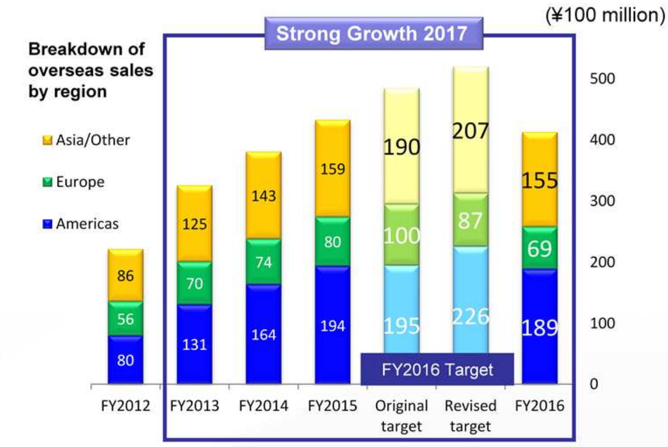
- In Japan, we reorganized our production operations. Tomioka Production Center started its operations and Tomioka 2nd plant was renovated as a plant for consumables.

- On the technology side, we constructed an Advanced Technology Center and established R&D offices in the U.S.

- We also transitioned to a Company with an Audit & Supervisory Committee and appointed four independent outside directors in order to strengthen corporate governance.

Quantitative Evaluation of Strong Growth 2017 - Sales





	FY2012	FY2013	FY2014	FY2015	Original target	Revised target	FY2016
1US Dollar	83.0	99.8	109.6	120.1	90	118	109.2
1EURO	106.0	134.3	139.4	132.4	118	125	119.3

Reasons for missing revised targets	External environmental factors	The Company's factors
Japan	• Progress of healthcare reform • Deterioration of management environment in acute care hospitals	• Building sales operations and developing products in response to the market environment remained as an issue
Overseas	• Negative currency translation impact due to yen appreciation • Deterioration of market environment in some emerging markets	• Rapid response to tenders with short delivery times in emerging markets remained as an issue • Improving our presence in Western European markets remained as an issue

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- The difference between results and revised targets is shown above.

- Domestic sales fell short of the revised target for FY2016.This was due to negative impact from the deterioration of the market environment in acute care hospitals in accordance with the progress of healthcare reform in Japan. Building up sales operations and developing products in response to the market environment remained as an issue.

- Overseas sales fell short of the revised target for FY2016. This was due to a negative currency translation impact due to yen appreciation and the deterioration of the market environment in some emerging countries. Rapid response to tenders with short delivery times in emerging markets remained as an issue. Improving our presence in Western European markets also remained as an issue.

Quantitative Evaluation of Strong Growth 2017 - Income

	External environmental factors	The Company's factors
Reasons for missing revised targets	• Increase in retirement benefit expenses due to discount rate change • Negative currency translation impact due to yen appreciation	• Missed sales target • Rise in cost of sales ratio due to unfavorable product mix • Upfront investment burden: ・R&D investment ・Strengthen overseas sales & services network

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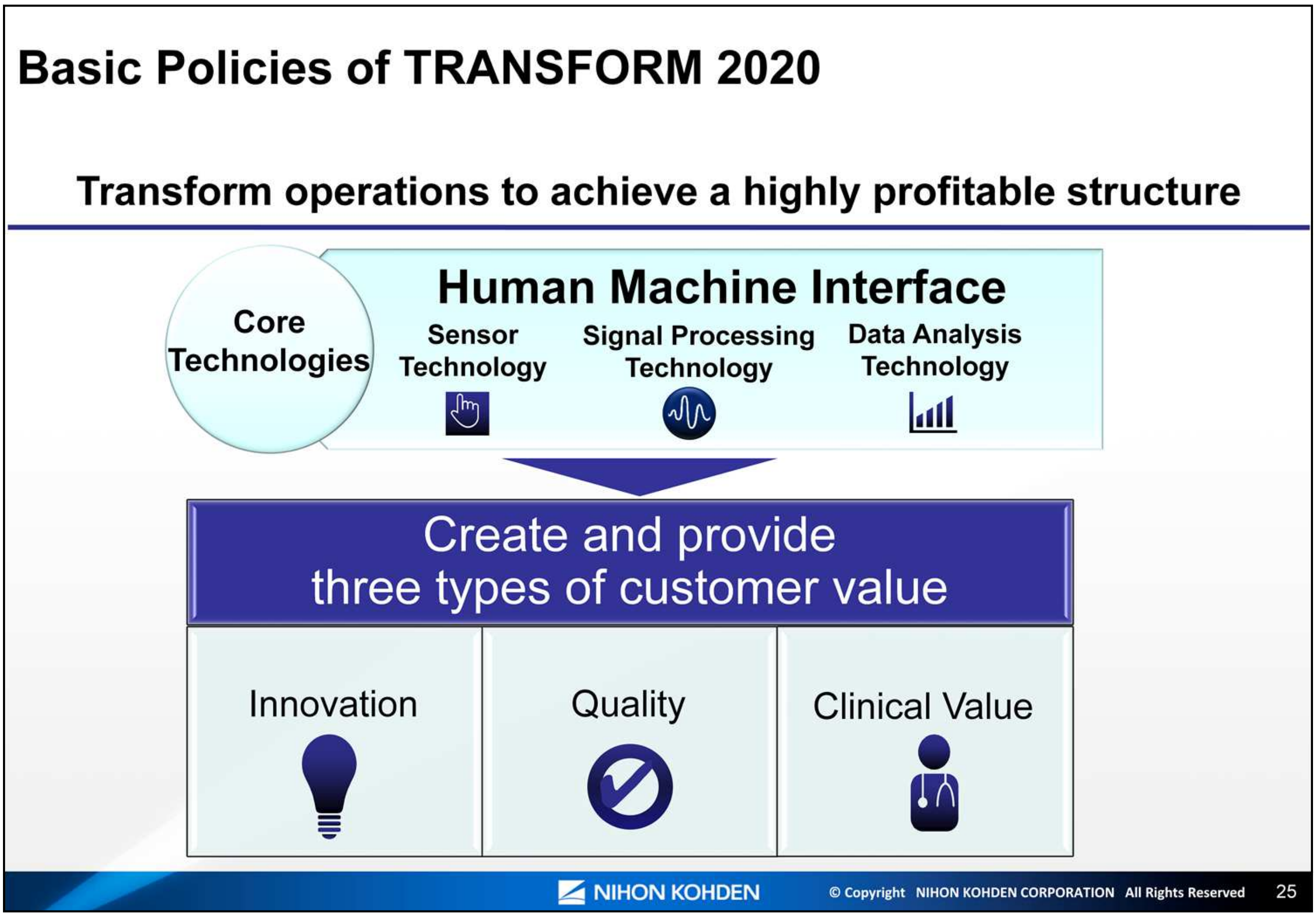
- Income fell short of the revised target for FY2016. This was due to an increase in retirement benefit expenses and a negative currency translation impact due to yen appreciation.

- There are other reasons that are attributable to the Company's own internal factors. First, we missed sales targets. The cost of sales ratio increased due to an unfavorable product mix. Upfront investment burdens such as R&D costs and strengthening our overseas sales and services network also affected results.

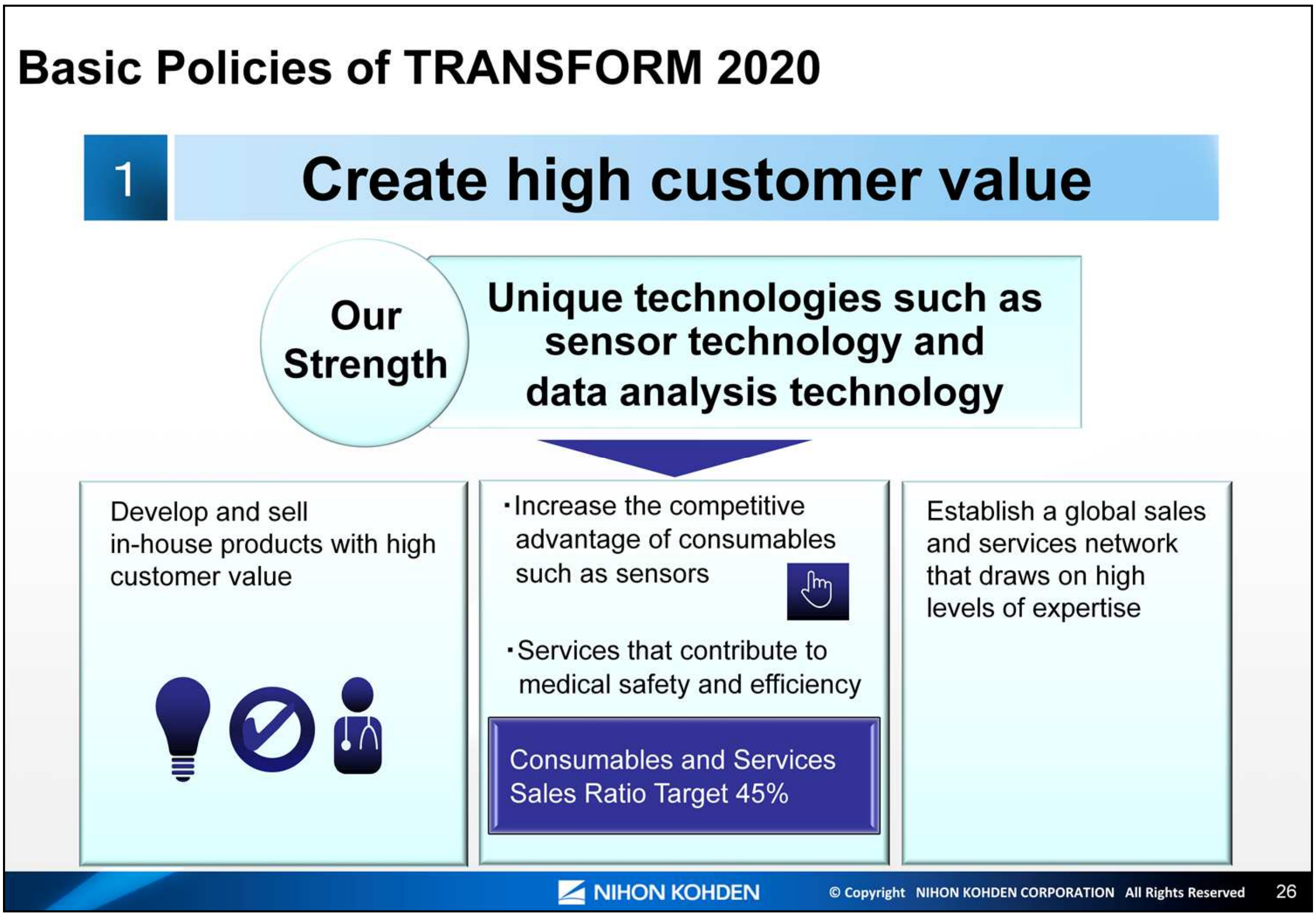
- Under Strong Growth 2017, we completed enhancement of our operating base for future growth. The following themes remain as issues to be solved: improvement of profitability, further growth of overseas business, globalization of management and development of new businesses.

- Based on the results and issues under the previous mid-term business plan, we have drawn up a new mid-term business plan, TRANSFORM 2020.



- We aim to transform operations to achieve a highly profitable structure.

- In order to improve profitability, we will further enhance our core Human Machine Interface technologies and continue to create and provide three types of customer value that help to resolve the issues in medical practice.

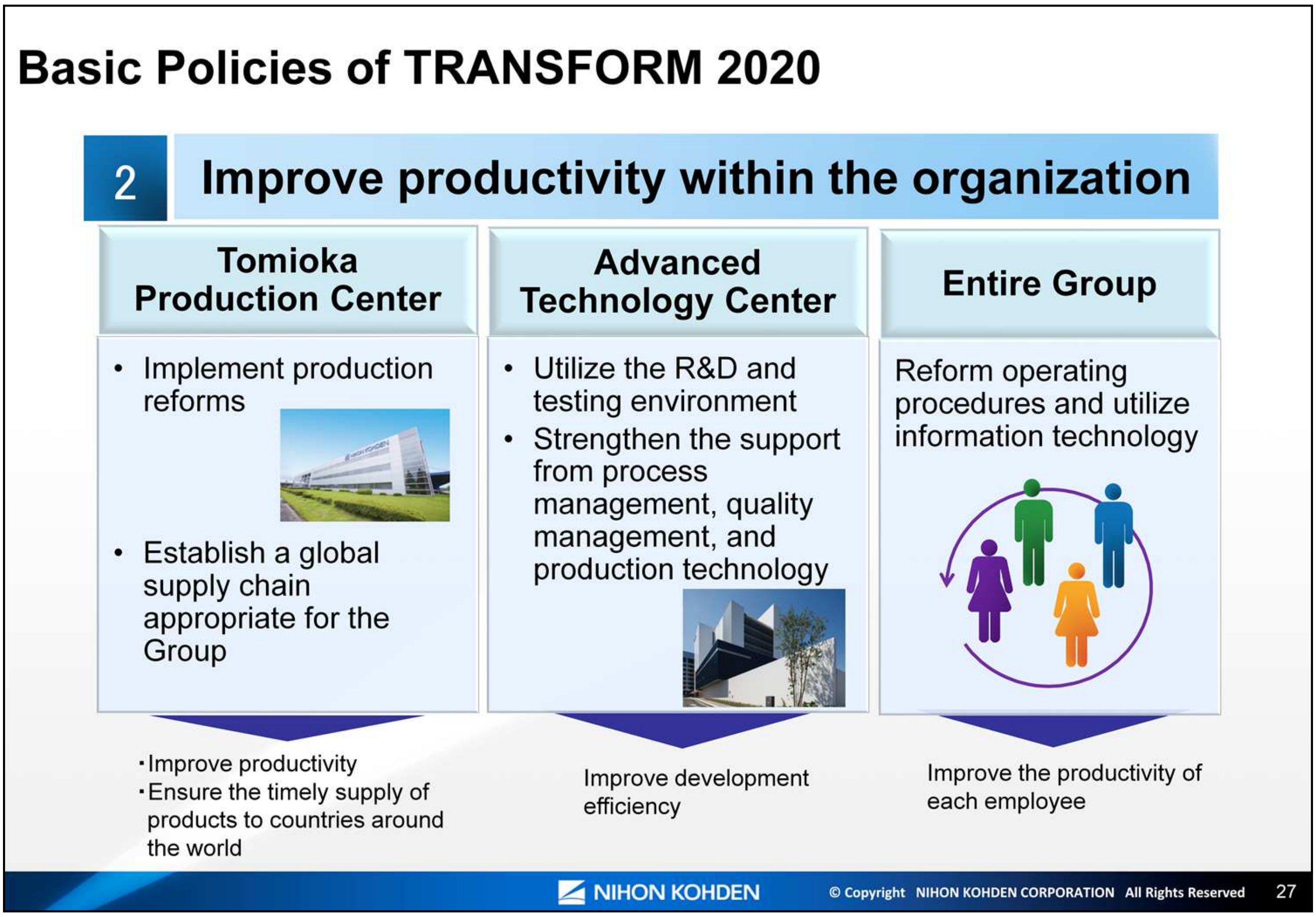


- One of the basic policies of TRANSFORM 2020 is to create high customer value.

- We will focus on developing and selling in-house products with high customer value by leveraging our core technologies.

- We will increase the competitive advantage of consumables such as sensors and enhance services that contribute to medical safety and efficiency in order to expand sales of consumables and services. The target Consumables and Services sales ratio is 45%.

- We will establish a global sales and services network that draws on high levels of expertise to improve customer satisfaction.

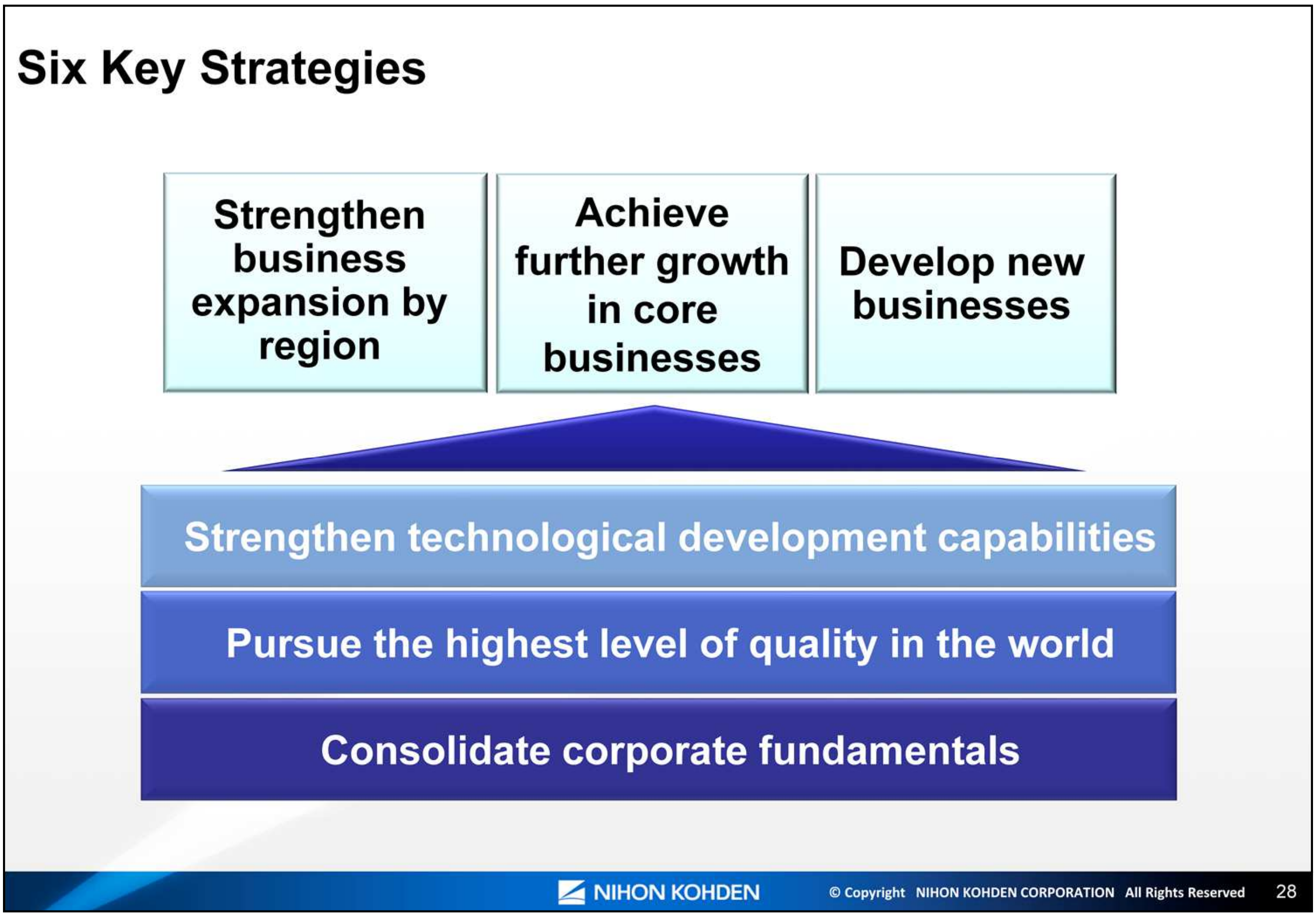


- The other basic policy is to improve productivity within the organization.

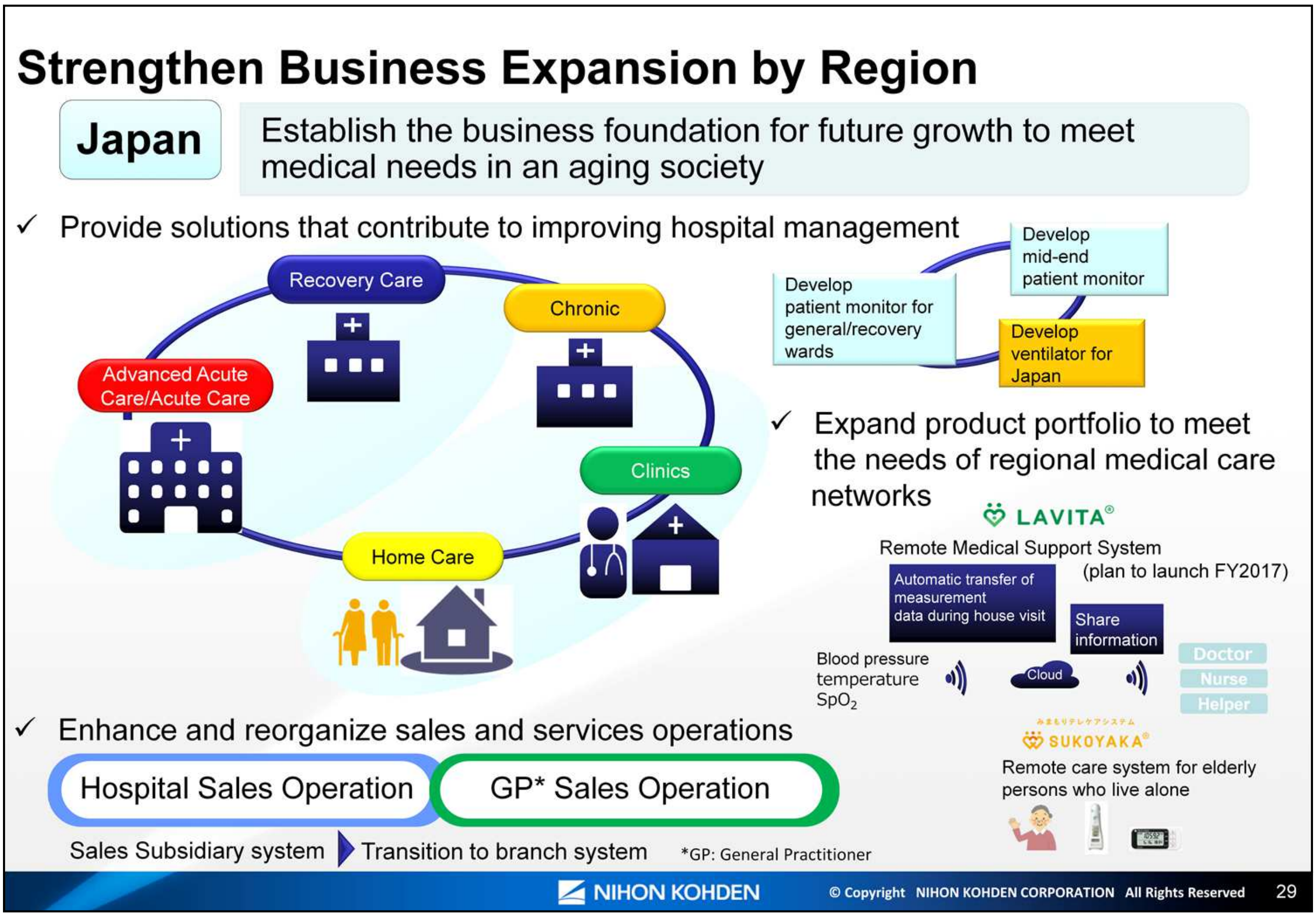
- At the Tomioka Production Center, we will implement production reforms. We will also establish global supply chain appropriate for the Group in order to improve productivity and ensure the timely supply of products.

- At the Advanced Technology Center, we will improve development efficiency by utilizing the R&D and testing environment as well as strengthening the support from process management, quality management, and production technology.

- Across the entire group, we will reform operating procedures and utilize information technology to improve the productivity of each employee.



- We will consistently implement six key strategies in line with these basic policies. The strategies “strengthen business expansion by region” and “achieve further growth in core businesses” will be implemented as follows:



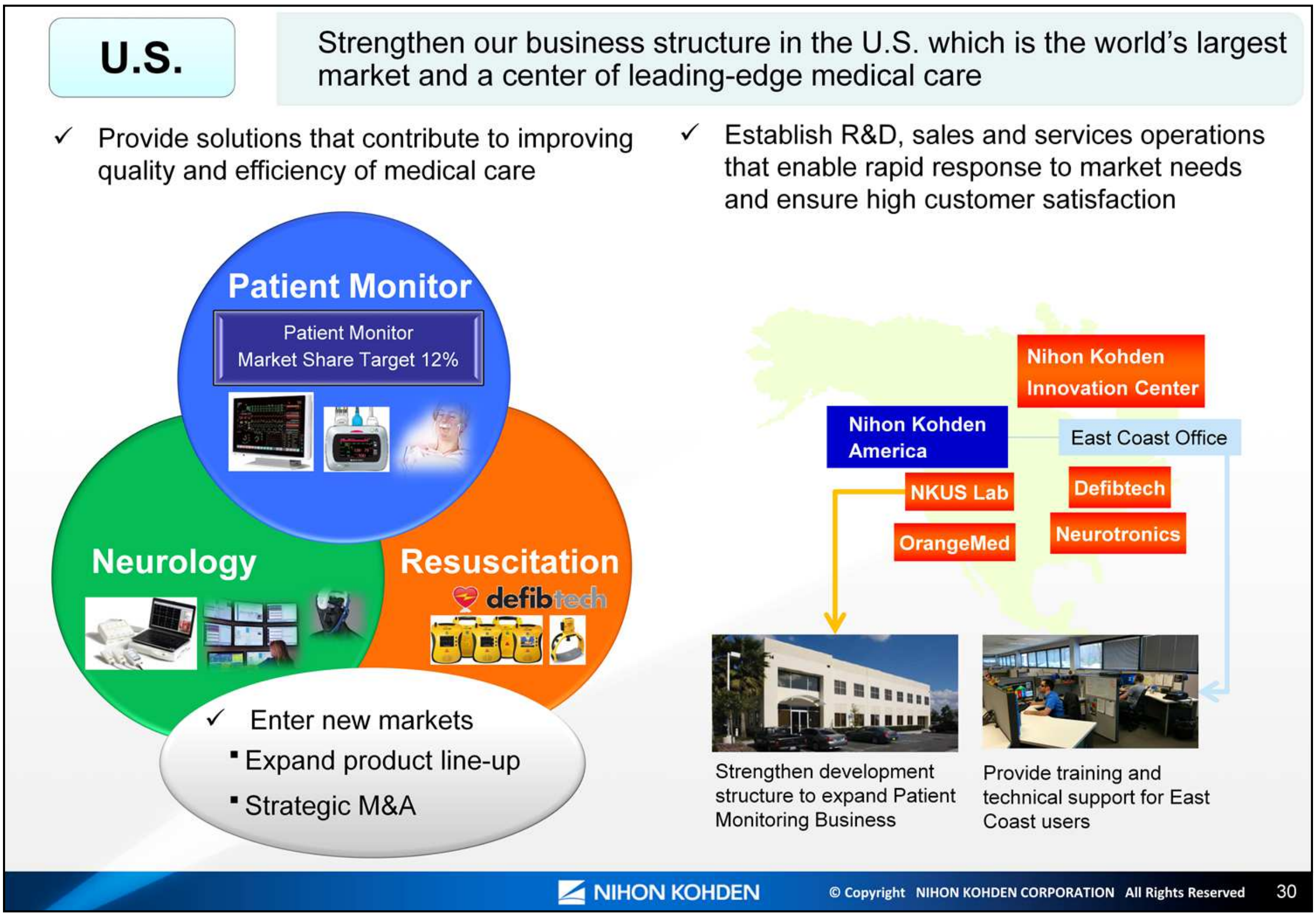
- We will strengthen our business expansion in Japan, developed countries, and emerging markets to achieve sustainable growth in Japan and strong growth internationally.

- In Japan, we will establish the business foundation for future growth to meet medical needs in an aging society.

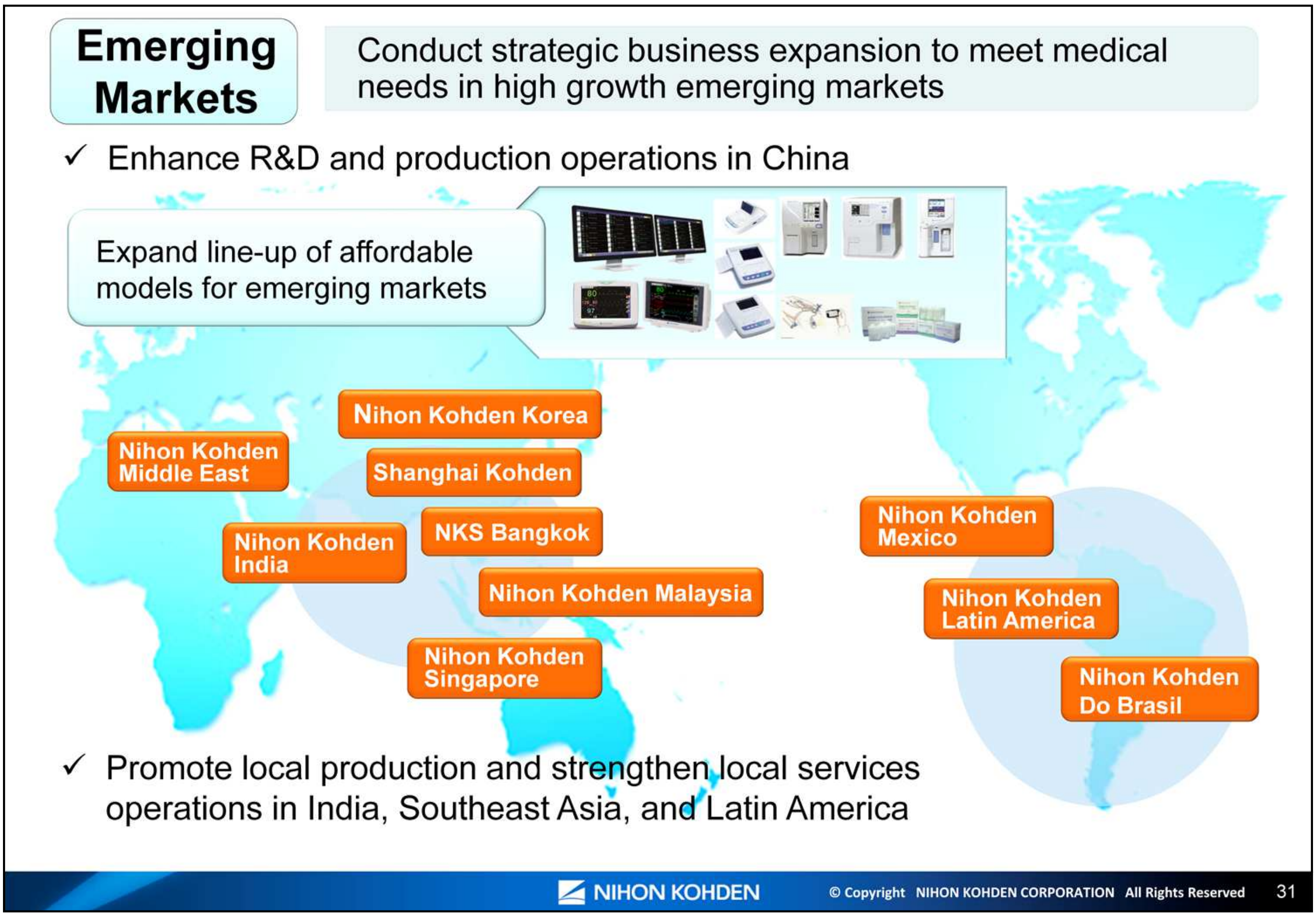
- We will provide solutions that contribute to improving hospital management and focus on developing new products in the areas of patient monitors and ventilators.

- We reorganized our sales operations from a sales subsidiary system to a branch system in April 2017 in order to respond flexibly to changes in the market environment such as expanding hospital groups and hospital alliances for group purchasing.

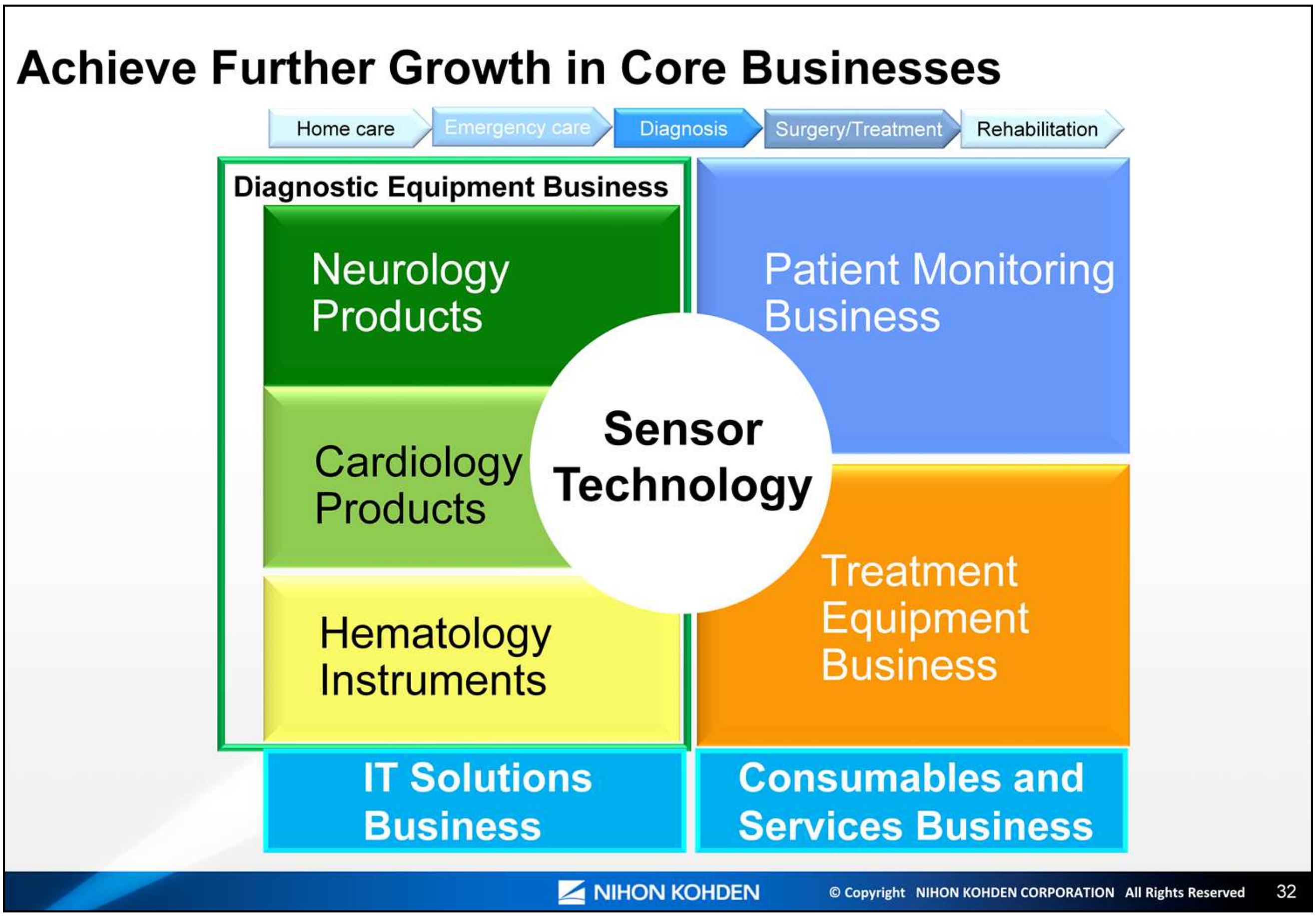
- We will also plan to launch a remote medical support system as a product for regional medical care networks.



- We are continuing to strengthen our business structure in the U.S., which is the world's largest market and a center of leading-edge medical care.
- We will enhance the collaboration between three businesses: Patient Monitors, Neurology and Resuscitation to provide solutions that contribute to improving the quality and efficiency of medical care. We will also enter new markets through the expansion of our product line-up and strategic M&A.
- We are aiming at a 12% share of the patient monitor market.
- We will establish R&D, sales and services operations that enable rapid response to market needs and ensure high customer satisfaction.
- We will strengthen the development structure at NKUS Lab and enhance training and technical support at East Coast Office to expand our Patient Monitoring Business.

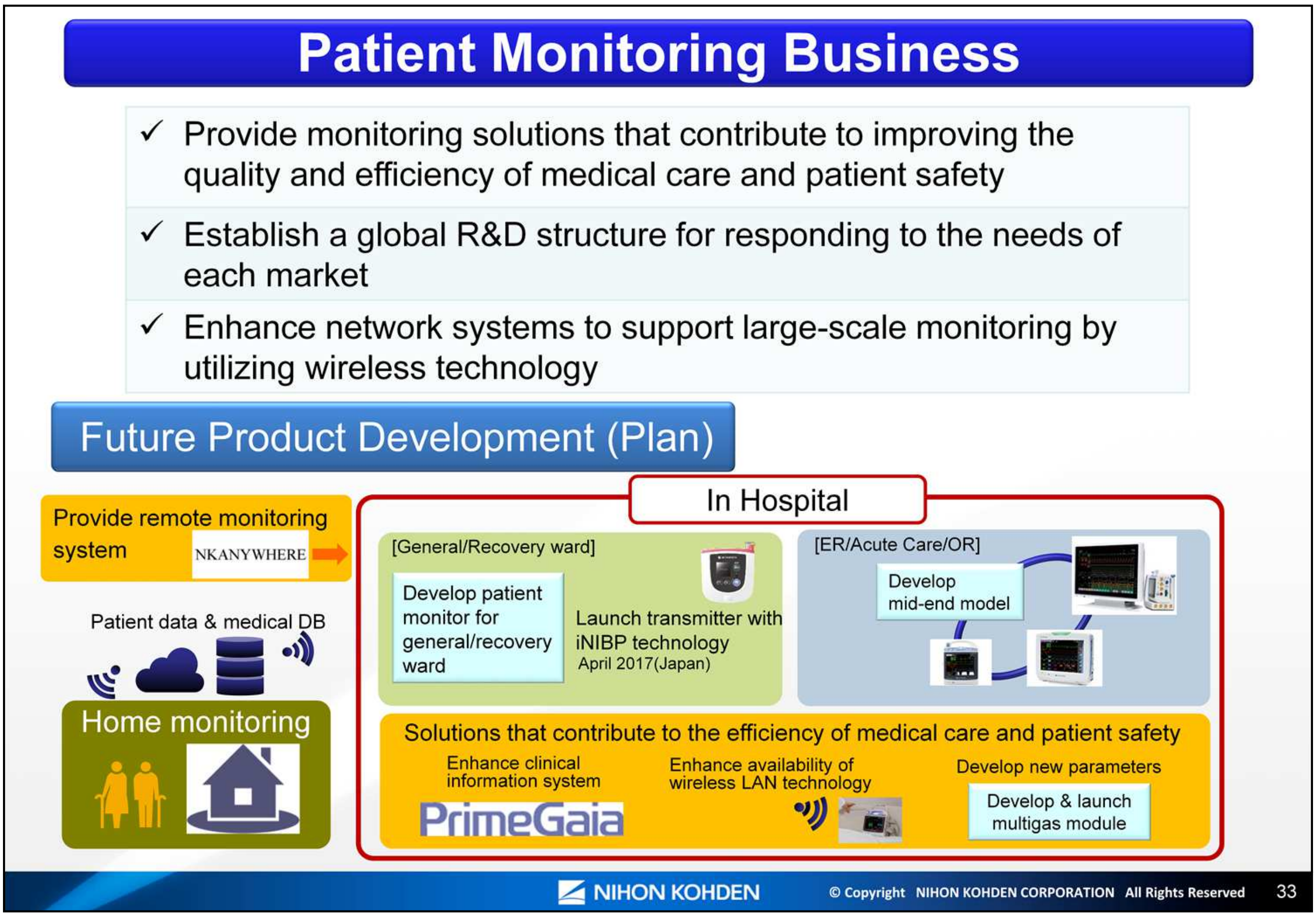


- In emerging markets, we will conduct strategic business expansion to meet medical needs in each area.
- In China, we will expand our line-up of affordable models for emerging markets by further enhancing our R&D and production operations.
- We will also promote local production and strengthen local service operations in India, Southeast Asia, and Latin America.



- The Company has five core business areas utilizing sensor technology.

- Planned developments in the “Patient Monitoring Business” and “Treatment Equipment Business” are as follows:



- In our Patient Monitoring Business, we will provide monitoring solutions that contribute to improve the quality and efficiency of medical care and patient safety.

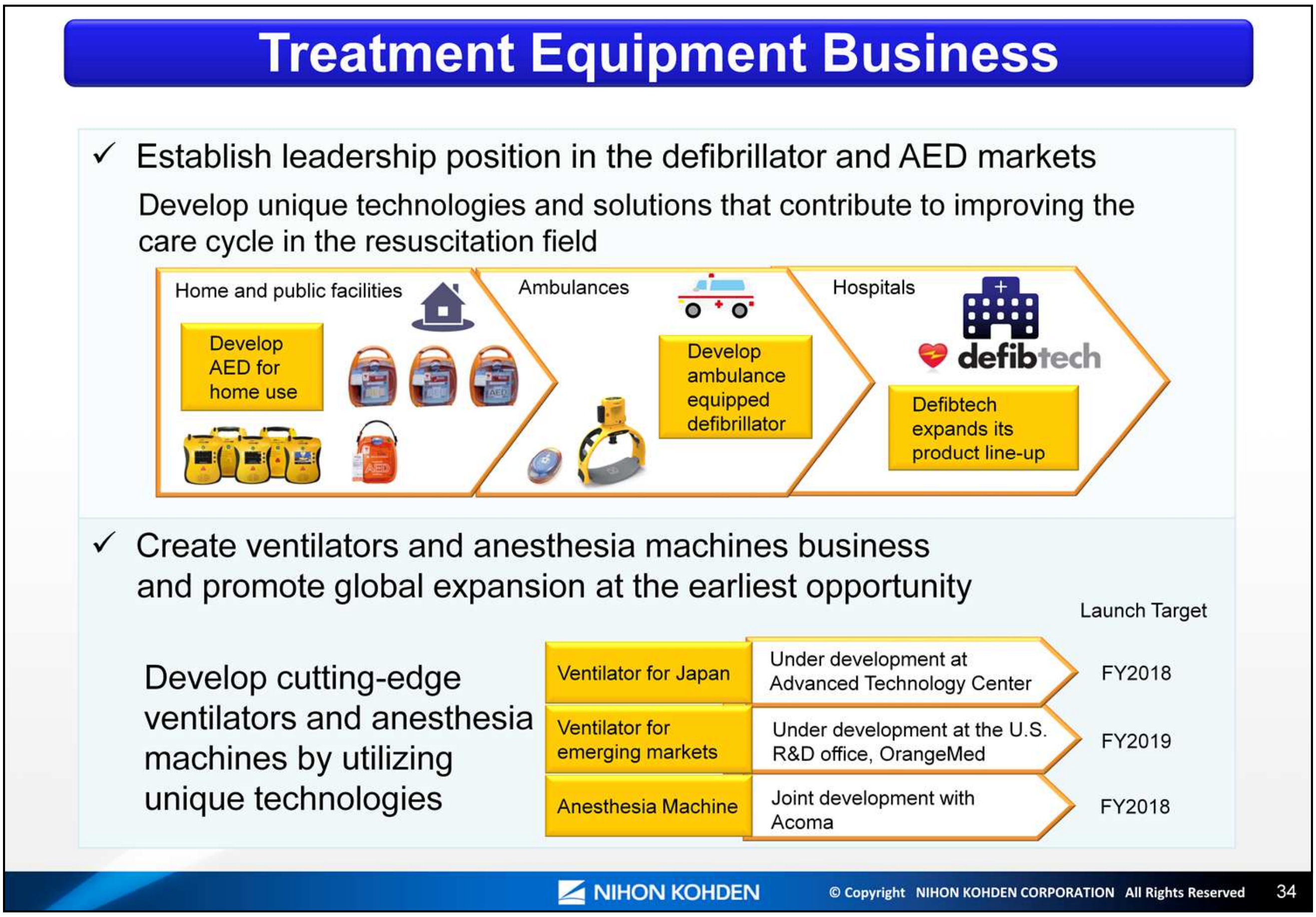
- We will establish a global R&D structure and enhance network systems to support large-scale monitoring, use of which has been increasing in the U.S. recently.

- New patient monitors for general/recovery wards and acute care in hospitals are now under development.

- In April 2017, we launched a transmitter with iNIBP technology, which is our original blood pressure measurement method.

- We will also enhance clinical information systems and availability of wireless LAN technology, and develop a multigas module.

- In the future, we will develop products and services for remote monitoring and home monitoring.



- In our Treatment Equipment Business, we aim to establish a leadership position in the defibrillator and AED markets. We will develop unique technologies and solutions that contribute to improving the care cycle in the resuscitation field. We plan to develop home AEDs and defibrillators for ambulances. We will also expand our line-up of products developed by Defibtech.

- We aim to launch ventilators and anesthesia machines and promote their global expansion at the earliest opportunity. At this time, we are developing cutting-edge ventilators and anesthesia machines that use our unique technologies. We plan to launch ventilators and anesthesia machines for Japan in FY2018 and ventilators for emerging markets in FY2019.

Targets for FY2019 ending March 2020 (consolidated)

Sales	¥190.0 billion
Domestic sales	¥135.0 billion
Overseas sales	¥55.0 billion
Operating income (Operating income margin)	¥20.0 billion (10.5%)
Income attributable to owners of parent	¥13.7 billion
ROE	12.0%

Exchange rate assumptions: ¥110 to the U.S. dollar, ¥115 to the euro

Breakdown of overseas sales by region

Americas	¥27.3 billion
Europe	¥8.2 billion
Asia	¥16.5 billion
Other	¥3.0 billion

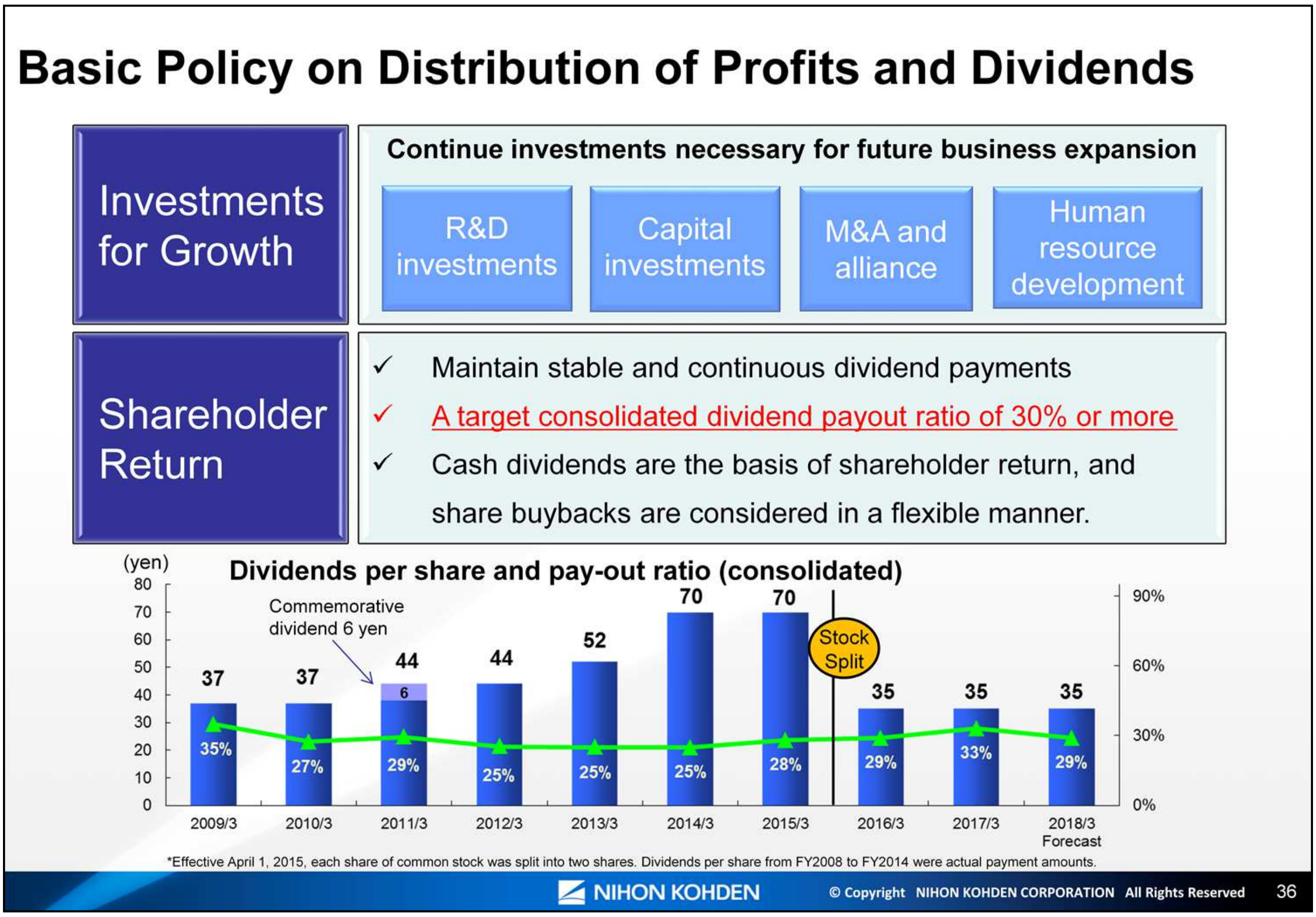
NIHON KOHDEN 35

- TRANSFORM 2020 targets for FY2019 ending March 2020 are ¥190.0 billion of consolidated sales, ¥135.0 billion of domestic sales and ¥55.0 billion of overseas sales.

- The breakdown of overseas sales targets by region is shown above.

- We are aiming at ¥20.0 billion of operating income, ¥13.7 billion of income attributable to owners of parent, and 12% of ROE.

- The targets for FY2019 are based on an exchange rate of 110 yen to the U.S. dollar and 115 yen to the euro.



- Our basic policy on distribution of profits and dividends is to maintain stable and continuous dividend payments while retaining necessary reserves for future business expansion such as R&D investments, capital investments, M&A and Alliance, and development of human resources. The target consolidated pay-out ratio is 30% or more.

- Cash dividends are the basis of shareholder return, and share buybacks are considered in a flexible manner.

- Full-year dividends for FY2017 will be 35 yen, and the payout ratio will be 29%.

Disclaimer:
The contents of 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 described therein.

NIHON KOHDEN

- TRANSFORM 2020 is the last stage of the Company's long-term vision and an important turning point for realizing sustainable growth after 2020.

- Due to the changing environment, the Company changed its numerical targets for the fiscal year ending March 2020. Nihon Kohden will consistently implement six key strategies in line with the basic policies set out above to achieve the TRANSFORM 2020 targets.