

Consolidated Financial Highlights for First Half of FY2016

(From April 1, 2016 to September 30, 2016)

1. Consolidated Financial Results for First Half of FY2016
2. Forecast for FY2016
3. Business Strategy

November 9, 2016



Consolidated Financial Results for First Half of FY2016

1) Consolidated Financial Results for the 1st Half of FY2016

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

	First half FY2015	First half FY2016			
		Original Forecast announced May 10, 2016	Revised Forecast announced Aug 1, 2016	Actual	YoY (%)
Sales	73,498	78,000	75,000	74,463	1.3
Domestic Sales	53,285	-	-	55,876	4.9
Overseas Sales	20,213	-	-	18,586	-8.0
Operating Income	4,219	4,500	3,700	3,834	-9.1
Ordinary Income	4,401	4,500	2,800	2,689	-38.9
Income Attributable to Owners of Parent	2,516	2,900	1,800	1,683	-33.1

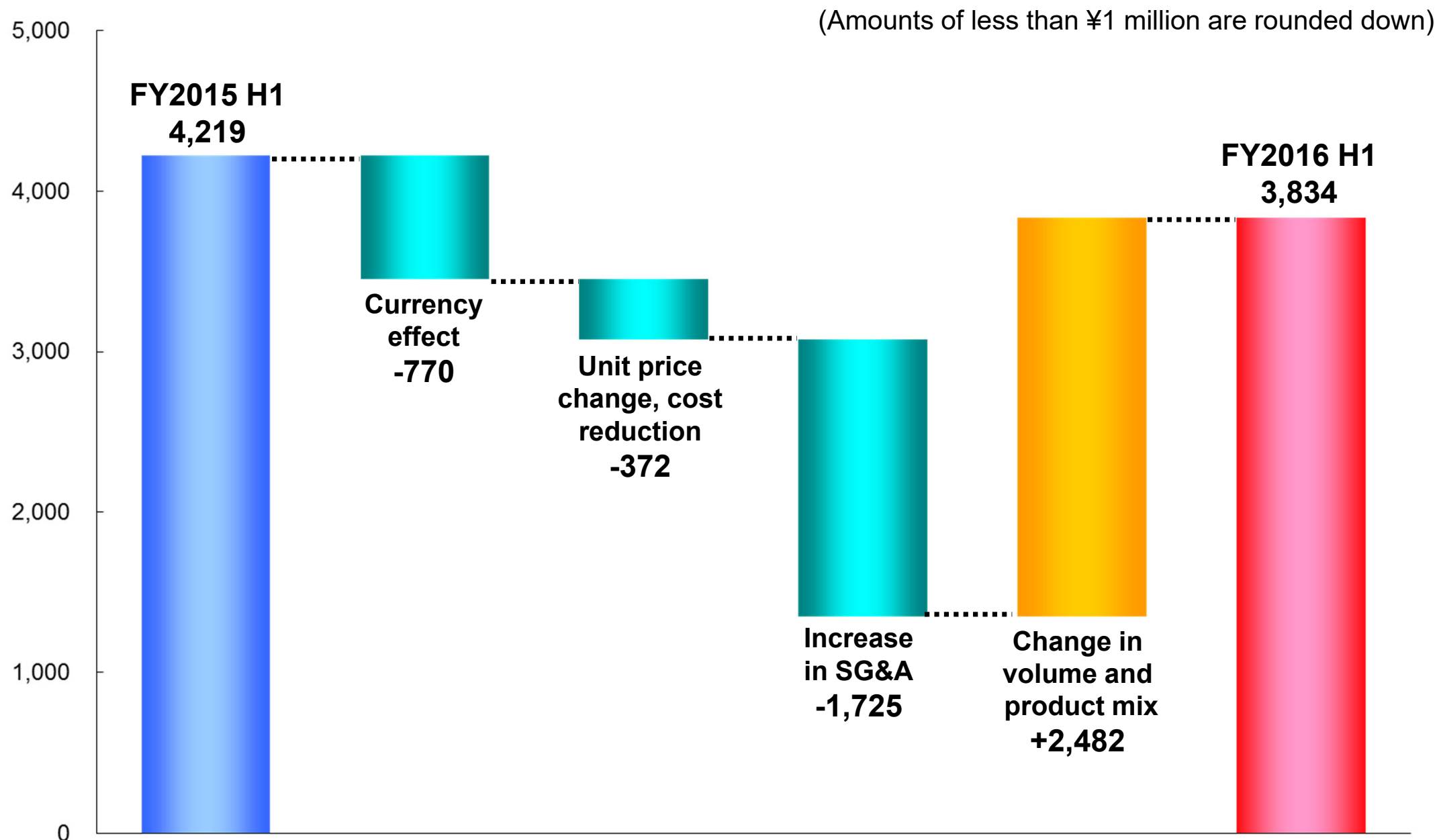
+4% on a local currency basis

FY2015 H1 FY2016 H1
 Gross margin ratio: 48.3% → 48.1%
 SG&A ratio: 42.6% → 43.0%

Foreign exchange losses:
 FY2015 H1 FY2016 H1
 ¥78 mil → ¥1,510 mil

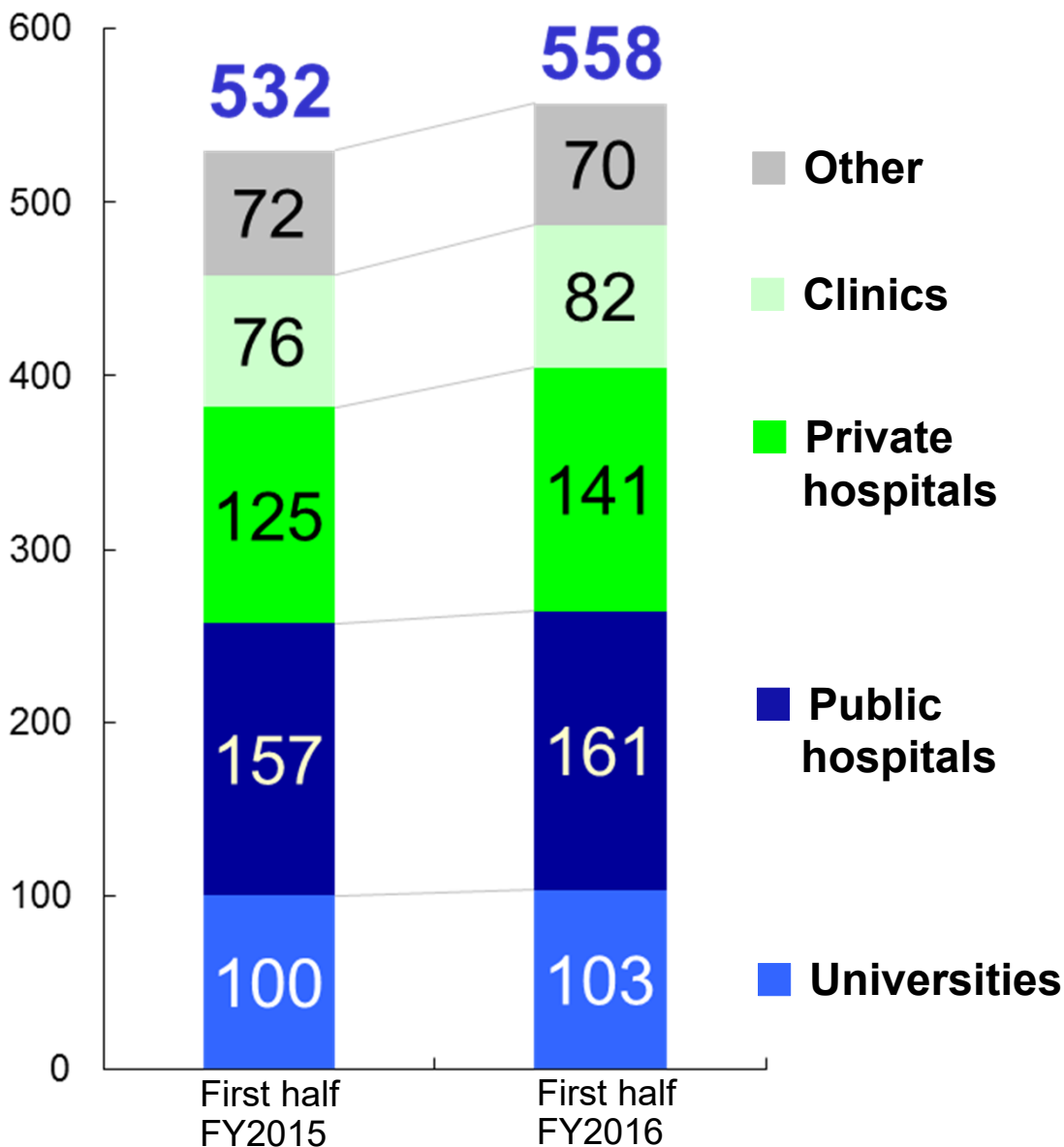
Average exchange rate	First half FY2015	First half FY2016
1 US Dollar	121.6 yen	107.6 yen
1 EURO	135.0 yen	119.9 yen

2) Breakdown of Operating Income



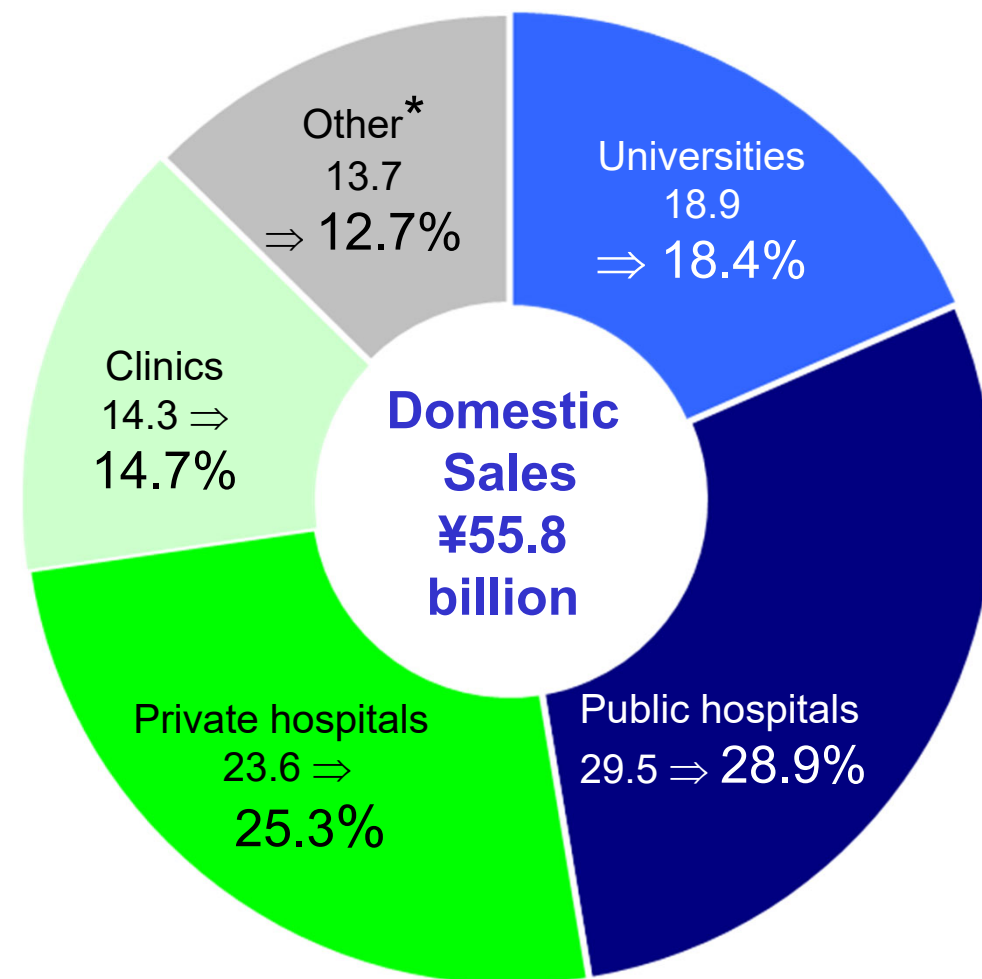
3) Domestic Sales

(¥100 million) Sales by market



Sales composition by market

(FY2015 H1 ⇒ FY2016 H1)

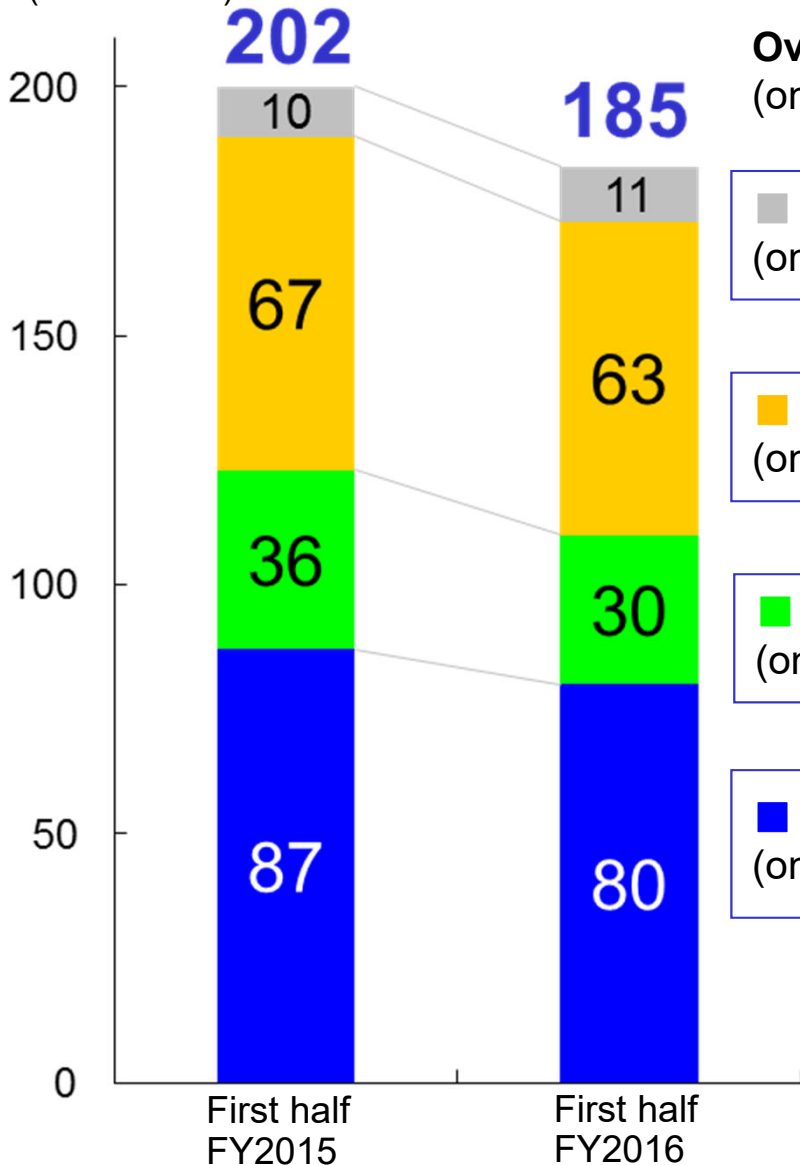


* Other includes laboratories, animal hospitals and PAD (public access defibrillation) markets such as schools and private companies.

4) Overseas Sales

Geographic segments

(¥100 million)



Overseas sales: YoY -8%
(on a local currency basis: +4%)

Other : YoY +4%
(on a local currency basis: +18%)

Asia : YoY -5%
(on a local currency basis: +8%)

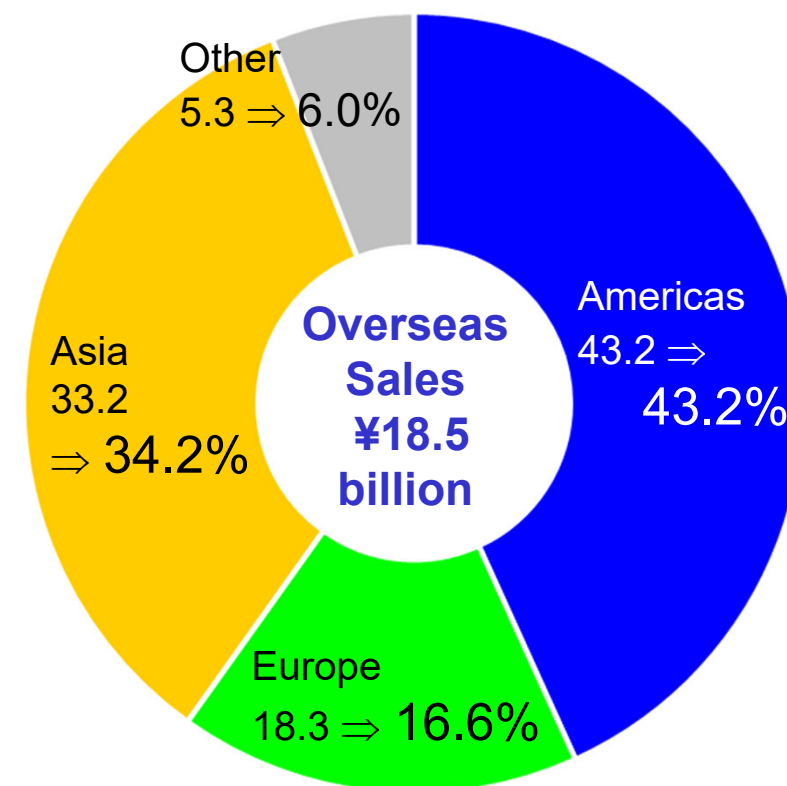
Europe: YoY -16%
(on a local currency basis: -7%)

Americas: YoY -8%
(on a local currency basis: +4%)

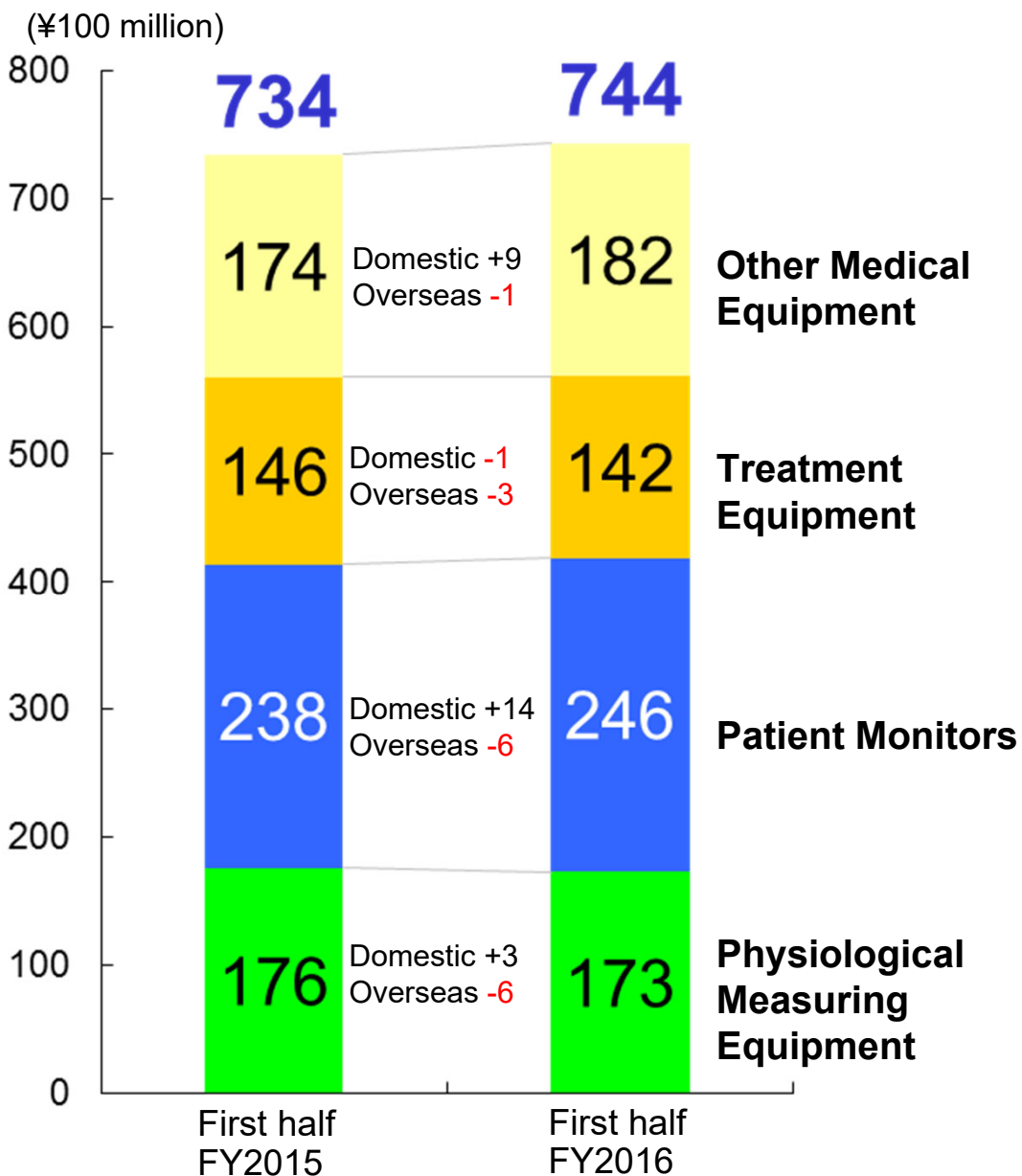
Percentage of overseas sales to consolidated sales

First half FY2015	First half FY2016
27.5%	25.0%

Geographic Segments (FY2015 H1 ⇒ FY2016 H1)

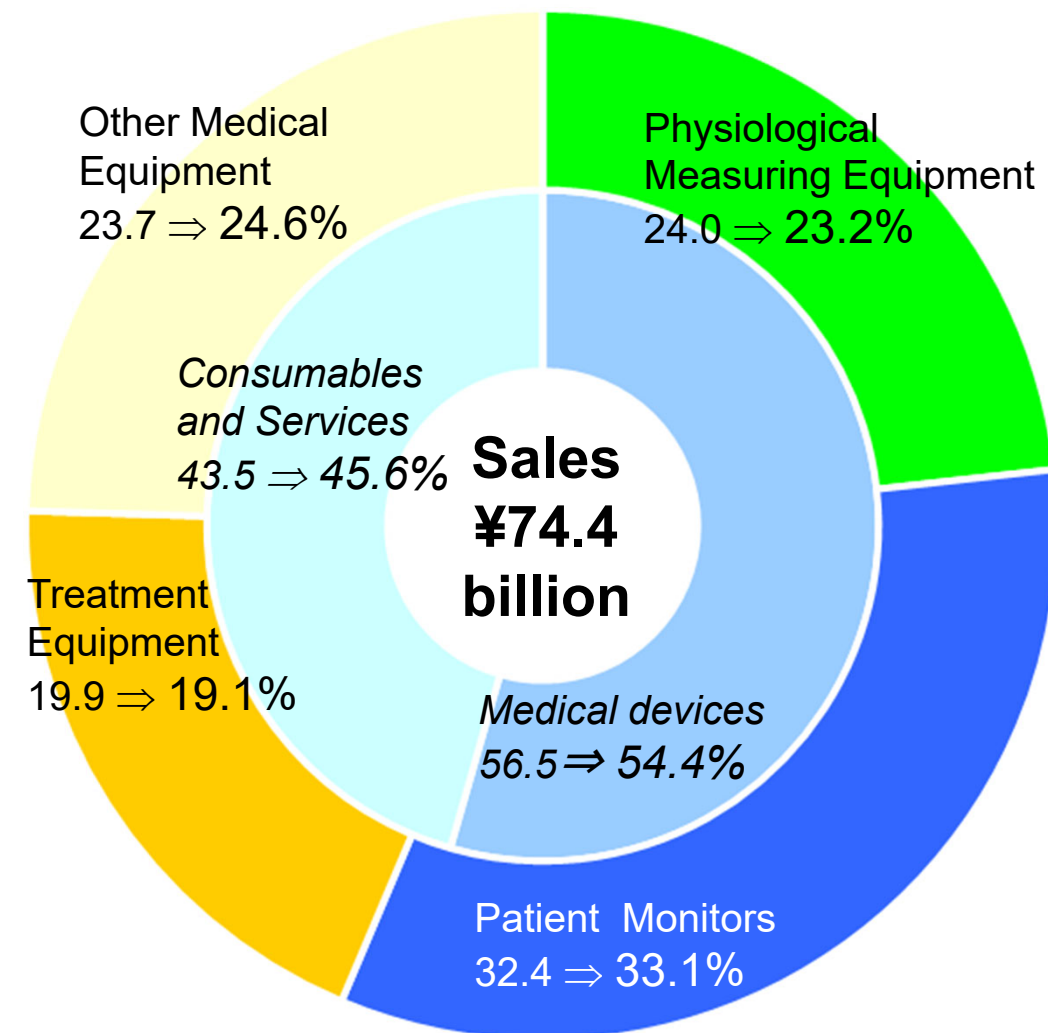


5) Sales by Product Category



Sales composition by product category

(FY2015 H1 ⇒ FY2016 H1)



5.1) Physiological Measuring Equipment

(Sales, millions of yen)

	First half FY2015	First half FY2016	YoY (%)
Electroencephalographs	3,812	3,335	-12.5
Electrocardiographs	3,405	3,145	-7.6
Polygraphs for Cath Lab	5,313	6,101	14.8
Other Physiological Measuring Equipment *	5,080	4,719	-7.1
Physiological Measuring Equipment	17,611	17,302	-1.8
Domestic Sales	13,213	13,536	2.4
Overseas Sales	4,397	3,765	-14.4

Both domestic and overseas sales decreased.

Both domestic and overseas sales decreased.

Domestic: Sales of EP catheters increased.

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



Electroencephalographs

EEG-1250



Electrocardiographs

ECG-2300



Polygraphs for cath labs

RMC-5000

5.2) Patient Monitors

(Sales, millions of yen)

	First half FY2015	First half FY2016	YoY (%)
Patient Monitors	23,804	24,667	3.6
Domestic Sales	14,669	16,079	9.6
Overseas Sales	9,135	8,588	-6.0

Sales of transmitters and bedside monitors increased favorably, especially in the private hospital and public hospital market.

Sales in Americas were flat. Sales in Europe and Asia decreased.



Bedside monitor
CSM-1901

New!



Telemetry central monitor
WEP-5250 series



Vital sign telemeter
GZ-130P



SpO₂ probes



Oxygen mask with CO₂ monitoring



ECGs Electrodes

Consumables

5.3) Treatment Equipment

(Sales, millions of yen)

	First half FY2015	First half FY2016	YoY (%)
Defibrillators (for Hospital and Ambulance)	2,640	2,197	-16.8
AEDs (Automated External Defibrillator)	6,951	6,484	-6.7
Pacemakers / ICDs	1,431	1,541	7.7
Ventilators	644	958	48.7
Other Treatment Equipment	2,977	3,051	2.5
Treatment Equipment	14,645	14,233	-2.8
Domestic Sales	10,348	10,275	-0.7
Overseas Sales	4,296	3,958	-7.9
(Ref.) AED Unit Shipments	42,900	41,200	-4.0
Domestic Unit Sales	25,300	21,800	-13.8

Both domestic and overseas sales decreased.

Domestic: Sales decreased due to slow replacement demand.

Overseas: Overall sales increased slightly. Sales in Europe and Asia increased.

Domestic: New orders from newly established hospitals.



Defibrillator
TEC-5600 series

New!



AED
AED-3100



Pacemaker
Zenex MRI



Ventilator
HAMILTON-C1



Anesthesia Machine
Leon plus

5.4) Other Medical Equipment

(Sales, millions of yen)

	First half FY2015	First half FY2016	YoY (%)
Hematology Analyzers	5,073	5,277	4.0
Imaging Systems, Medical equipment for study and others *	12,363	12,981	5.0
Other Medical Equipment	17,437	18,258	4.7
Domestic Sales	15,053	15,985	6.2
Overseas Sales	2,383	2,273	-4.6

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

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

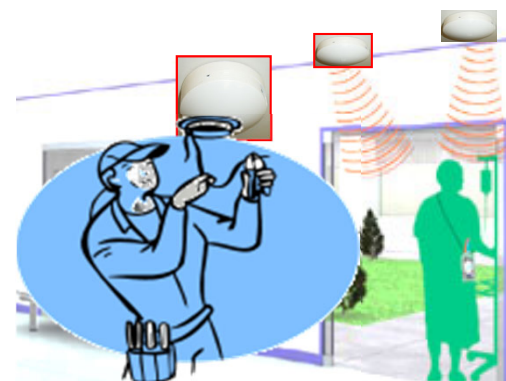
New!



Automated hematology analyzer
MEK-9100



Clinical chemistry analyzer
CHM-4100



Installation and maintenance service

6) Financial Condition

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

	FY2015	First half FY2016	Change
Current Assets	112,929	100,087	- 12,841
Non-current Assets	31,340	33,397	2,056
Total Assets	144,270	133,485	- 10,785
Current Liabilities	42,901	33,240	- 9,661
Non-current Liabilities	3,697	4,615	918
Total Liabilities	46,599	37,856	- 8,742
Net Assets	97,671	95,628	- 2,042
Total Liabilities & Net Assets	144,270	133,485	- 10,785

7) Capital Investments and R&D Costs

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

	First half FY2015	First half FY2016	FY2015	FY2016	
				Original Forecast announced May 10	Revised Forecast announced Nov 4
Capital Investments	2,873	4,758	6,678	10,000	9,000
Depreciation	1,596	1,548	3,459	4,000	3,400
R&D costs	2,616	2,958	5,910	7,300	6,500

● FY2016 H1 capital investments:

Molds for new products, measuring equipment and jigs, products for demonstration, production equipment, and constructions of Advanced Technology Center in Tokorozawa and Asaka facility

● FY2016 capital investments plan:

- Molds for new products, measuring equipment and jigs, products for demonstration, production equipment, and renovations of Tomioka 2nd Plant and head quarters (Nishiochiai Office)
- Establish Advanced Technology Center in Tokorozawa
 - Completion and relocation: October 2016
 - Capital investments: 7.2 billion yen < FY2015: 3.4 billion yen
 - FY2016: 3.8 billion yen**
- Establish new facility in Asaka (Relocation of immunochemical products department)
 - Completion and relocation: Winter 2016
 - Capital investments: 1.1 billion yen < FY2015: 0.2 billion yen
 - FY2016: 0.9 billion yen**

8) Consolidation and Relocation of Headquarters Function

R&D departments have been relocated to Tokorozawa City, Saitama Prefecture in October 2016



Advanced Technology Center



Tokorozawa Office



Headquarters (Nishiochiai Office)

Higashinakano Office

The headquarters function will be consolidated and relocated in the headquarters (Nishiochiai Office) in December 2016

Forecast for FY2016



1) Business Environment

Japan

Japanese government 2025 future vision of medical/long-term care services

- Differentiate medical providers and strengthen collaboration
- Promote integrated community care systems
- Medical service fee revision of +0.49% in Apr 2016 [Acute care]
 - Raise % of critically ill inpatients to 25% from 15%
 - Higher evaluation on emergency care and surgical procedures
- [Clinics] Higher evaluation on family doctors
- Funds for securing comprehensive medical and long-term care in the communities: FY2016 ¥90.4 bil for medical

Government requires each prefecture to draw up a regional health vision. Deadline Mar 2018; desired mid 2016

Environmental changes will cause moderate recovery of hospital capex and stable demand in clinics

International

US

- Promote ObamaCare
- Increase and expansion of IDNs*

Europe

- Moderate economic recovery, concern about impact of Brexit

Emerging Countries

- Concern about an economic slowdown due to weak currencies and lower oil prices in some regions
- Healthcare infrastructure is developing together with economic growth

Overall demand for medical equipment will remain steady

2) Measures in the 2nd Half of FY2016

Domestic Business

Expand sales by market

University and public hospital market

Receive large orders as budget executions will be more concentrated in the 2nd half

Private hospital and clinic market

Acquire new customers with new product introductions

Overseas Business

US

Strengthen R&D functions at NKUS Lab for expanding US patient monitoring business

Emerging Countries

- Expand hematology business
- Focus on private hospital market

Improve Profitability

Expand sales of in-house consumables

Focus on promoting SpO₂/CO₂ sensor and NIBP disposable cuff as well as productivity improvement

Response to tenders with short delivery times

Improve forecast accuracy of orders by introducing ERP/CRM system in overseas subsidiaries

Strengthen cost control

Strengthen cost control in each subsidiary and division, and continue necessary investments for future business expansion

3) Forecast for FY2016

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

	FY2015	FY2016		YoY (%)
		Original Forecast announced May 10	Revised Forecast announced Nov 4	
Sales	165,522	175,000	170,500	3.0
Domestic Sales	121,989	127,000	126,300	3.5
Overseas Sales	43,533	48,000	44,200	1.5
Operating Income	16,438	17,500	17,000	3.4
Ordinary Income	16,116	17,500	16,000	-0.7
Income Attributable to Owners of Parent	10,516	11,500	10,700	1.7

+16.5% on a local currency basis

Breakdown of overseas sales by region

	FY2015	FY2016		YoY (%)
		Original Forecast announced May 10	Revised Forecast announced Nov 4	
Americas	19,455	21,300	19,900	2.3
Europe	8,084	8,700	7,700	-4.8
Asia	13,877	15,700	14,200	2.3
Others	2,115	2,300	2,400	13.5

Percentage of overseas 26.3% 27.4% **25.9%**

Average exchange rate

1 US Dollar	120.1 yen	109 yen	104 yen
1 EURO	132.4 yen	123 yen	116 yen

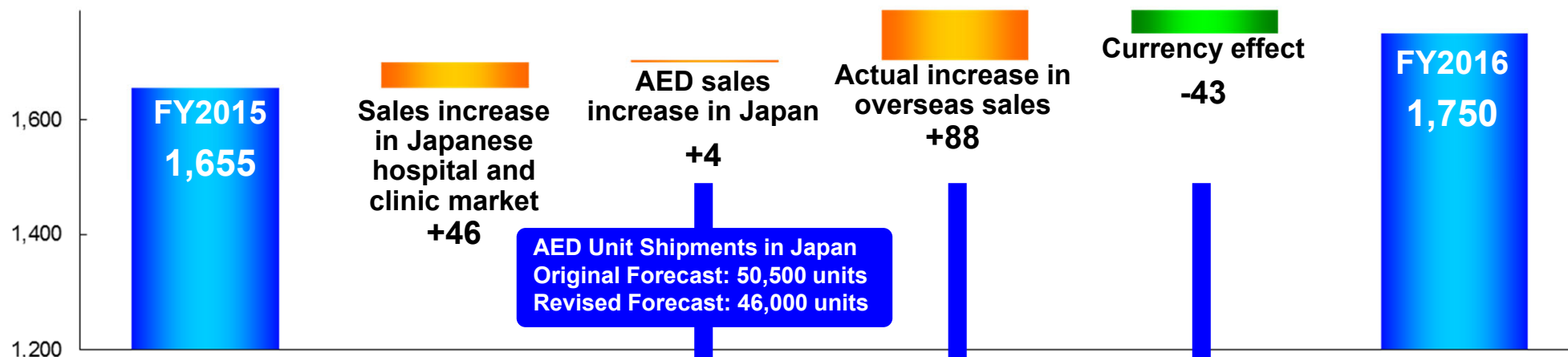
FY2016 2H

101 yen
113 yen

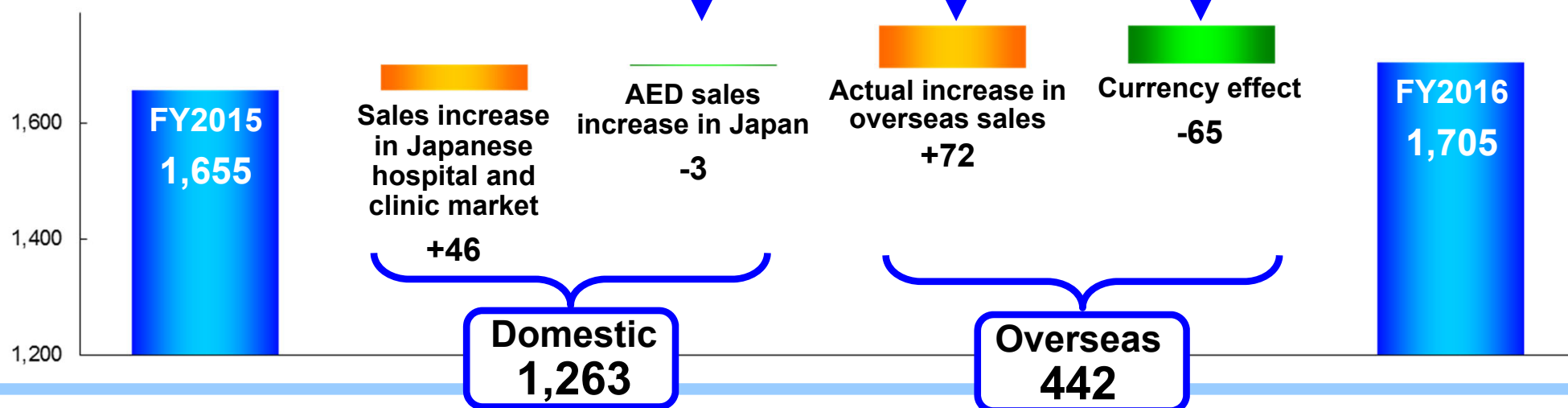
4) Analysis of FY2016 Sales Forecast

(¥100 million)

Original Forecast (announced May 10)



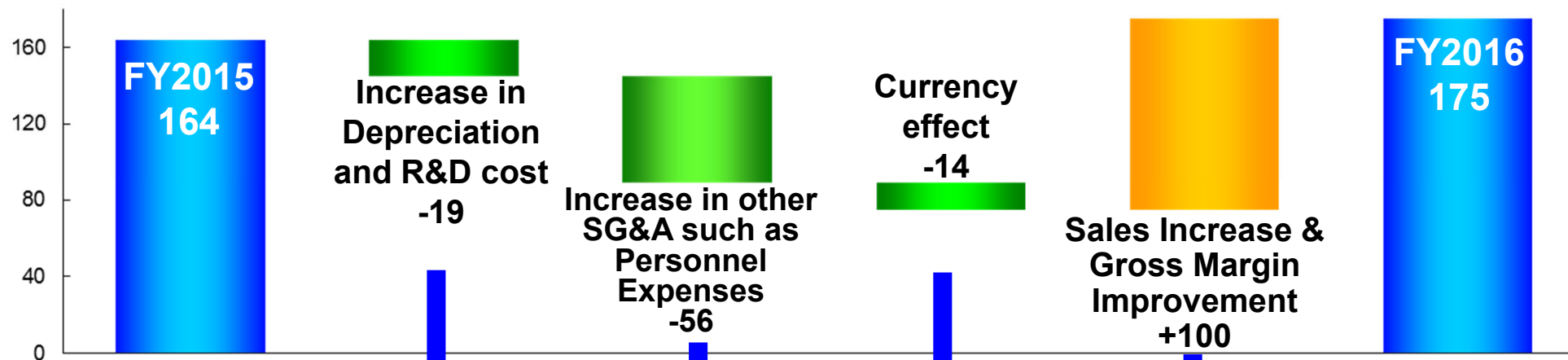
Revised Forecast (announced Nov 4)



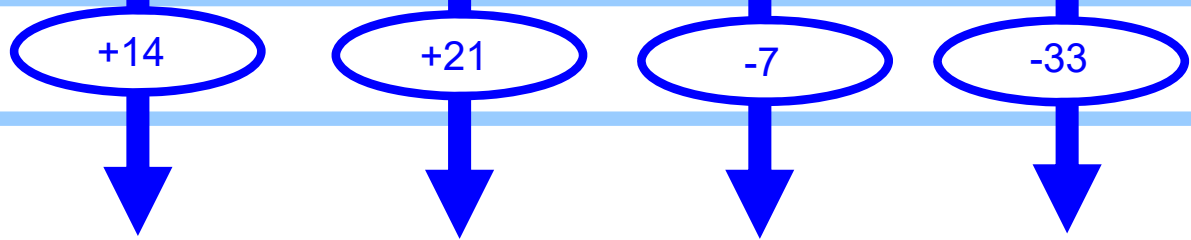
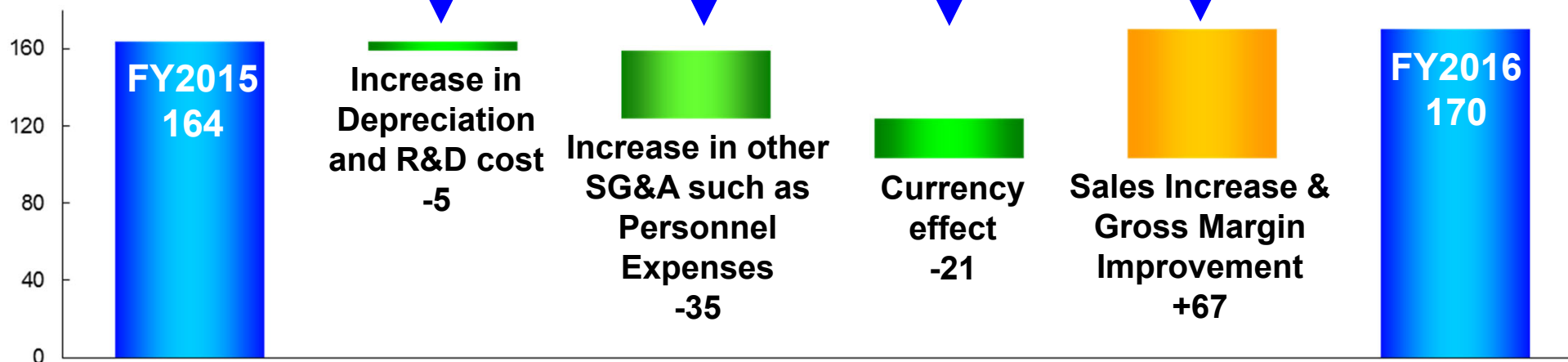
5) Analysis of FY2016 Operating Income Forecast

(¥100 million)

Original Forecast (announced May 10)



Revised Forecast (announced Nov 4)



(Ref.) Consolidated Forecast FY2016 by Product Category

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

	FY2015	FY2016		YoY (%)
		Original Forecast announced May 10	Revised Forecast announced Nov 4	
Physiological Measuring Equipment	39,218	40,800	39,600	1.0
Patient Monitors	54,823	59,250	57,900	5.6
Treatment Equipment	30,611	32,600	30,700	0.3
Other Medical Equipment	40,868	42,350	42,300	3.5
Total	165,522	175,000	170,500	3.0
(Reference)				
Consumables and Services	67,684	72,400	71,900	6.2

Business Strategy



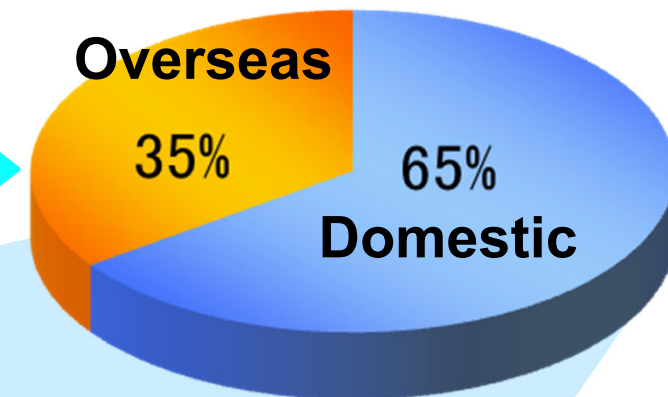
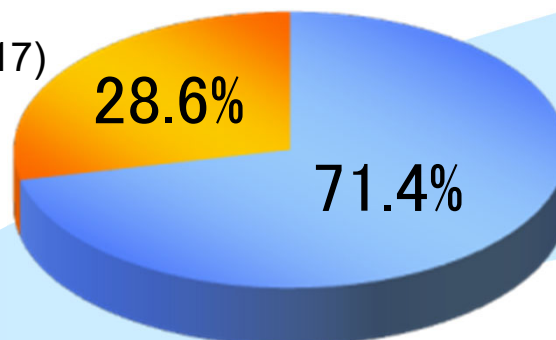
1) Long-term Vision and Mid-term Business Plan

Long-term Vision (April 2010 to March 2020)

The CHANGE 2020
-The Global Leader of Medical Solutions-

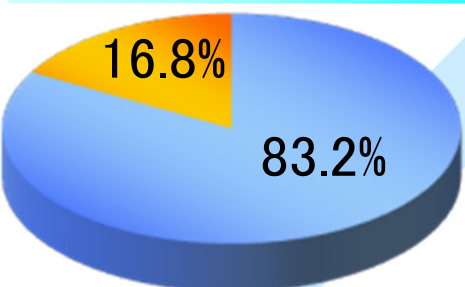
2nd Stage (April 2013 to March 2017)

Strong Growth 2017



1st Stage (April 2010 to March 2013)

SPEED UP III



FY2012 Actual

Sales ¥132.5 bil
 Operating Income ¥13.4 bil
 Operating income ratio **10.2%**
 ROE **12.7%**

FY2016 Target

Sales ¥182 billion

Operating Income ¥20 billion

Operating income ratio 11.0%
 ROE 13.5%

FY2016 Revised Forecast

Sales ¥170.5 bil
 Operating Income ¥17.0 bil
 Overseas sales ratio **25.9%**

Fiscal year ending March 2020

Sales ¥200 billion

Operating Income ¥25 billion

Operating income ratio 12.5%

2) Key Strategies of Mid-term Business Plan

Pursue the highest level of quality in the world

Strengthen technological development capabilities

Strengthen business expansion by region

Achieve further growth in core businesses

Develop new businesses

Consolidate corporate fundamentals

3) Strategy for FY2016

(i) Strengthen Business Expansion by Region

Japan: Create solutions for a national future vision of medical and nursing care services in 2025

Advanced Acute Care/Acute Care

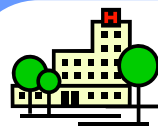
Recovery Care

Chronic

Clinics

Home Care

Reorganize sales operations to match each market in Apr 2016

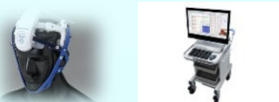


Hospital Sales Operations

GP* Sales Operations



Develop products for acute care and integrated community care
(Recovery care, Chronic and Clinics)



AE-120A MEE-2000



WEP-5250



OLV-4200



OLG-3800



MEK-9100



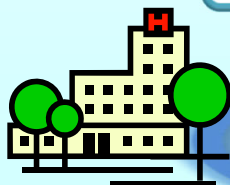
ECG-2400



ECG-2250

Acute care

Provide IT system solutions



Prime Vita Plus



Recovery

Prime Creat



Chronic



Clinics

Prime Linc

Develop new business for home care

Develop Remote Medical Support System
Plan to launch FY2016 or later

Remote care system for elderly



SUKOYAKA®



Establish a stronger presence in **the U.S.** which is a center of leading-edge medical treatment

Strengthen collaboration of 3 businesses and cross-selling

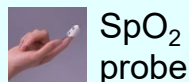
Patient monitors

- Strengthen ties with IDNs*
 - Agreement with large IDNs
- Achieve No.1 customer satisfaction for **10 consecutive years****
 - High evaluation for our patient monitors quality and performance, and after sales service such as training
- Launch new products



CSM-1901 GZ-130P
Launch 2016

- Expand consumable sales



SpO₂ probe



Oxygen mask with CO₂ monitoring

Neurology

- Focus on top 50 hospitals in USA
- Launch new products



MEE-2000



Live View Panel



Colorado University Hospital

Resuscitation

- **Establish new factory**

- Outsourcing production & in-house production
- Establish high quality management system complying with FDA



defibtech



Aim at 10% share in patient monitors market

*IDN: Integrated Delivery Network **Source: MD Buyline, Inc. which conducts a survey of U.S. hospitals for patient monitoring vendors every quarters

Increase market share in **emerging markets** as a key growth driver

Strengthen business structure

- Expand hematology business
- Focus on the private hospital market
- Make efforts to win government tenders, ex. receive a large order in Egypt

Shanghai Kohden

Nihon Kohden Middle East

Nihon Kohden Korea

Nihon Kohden India

NKS Bangkok

Nihon Kohden Mexico

Nihon Kohden Malaysia

Nihon Kohden Latin America

Nihon Kohden Singapore

Nihon Kohden Do Brasil

Made in Japan

High-end market



Made in China

Middle to low-end market



(ii) Achieve further growth in core businesses

New products in FY2015 and FY2016

Diagnostic Equipment

Neurology products

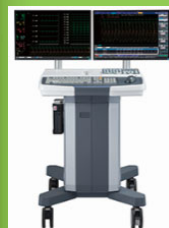


Intraoperative monitoring system
MEE-2000
Launch 2015 (USA)
Launch 2016 (Japan)

EEG Head-set
Launch 2016 (Japan)



Cardiology products



Polygraphs for cath labs
RMC-5000
Launch 2015 (Japan)



ECG-2400
launch 2016



Hematology analyzer
MEK-9100
Launch 2016



High DNA content measuring flow cytometer
FCM-2200
Launch 2015 (Japan)

Hematology Instruments

Sensor technology

Patient Monitors



Vital sign telemeter
GZ-130P
Launch 2015



Bedside monitors for emerging countries
SVM-7500 series
Launch 2015



Telemetry central monitor
WEP-5250 series
Launch 2016 (Japan)



GZ-140P
Launch 2016

IT Solutions

Treatment Equipment

AED-3100
Launch 2015

Automated Resuscitation Machine
Launch 2015 (USA)

Defibrillators for ambulances
TEC-2603
Launch 2016 (Japan)

CPR Assist
Plan to launch 2016

Consumables and Services

(ii) Achieve further growth in core businesses



Non-invasive continuous cardiac output monitoring
Estimate CO using ECG and SpO₂



Introduce in Europe and emerging countries

Complete clinical research in Japan in Aug, prepare application for PMDA approval



Worldwide promotion

Demonstration at World Congress of Anesthesiologists in Hong Kong in Aug 2016

* esCCO : estimated Continuous Cardiac Output

SpO₂



Pioneer in the development of principles of pulse oximetry which measures SpO₂

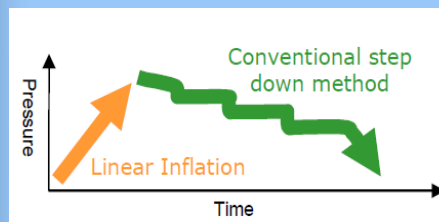


New!

Pulse oximeter OLV-4200
Launch 2016

Fast and painless NIBP measurement

iNIBP



New!

Disposable Cuff for NIBP measurement
Launch 2016

* NIBP : Non Invasive Blood Pressure

Nihon Kohden's original sensor technology



etCO₂

World's smallest and lightest mainstream CO₂ sensor



Oxygen masks with CO₂ monitoring
Launch 2015



New!



CO₂ monitor OLG-3800
Launch 2016

Patient Monitors

Seamless Patient Care

General Wards

Transport in hospital

ICU

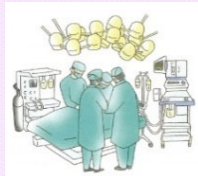
OR

In and out of hospital

Vital sign telemeter

Bedside monitors

Transport monitors



Most advanced bedside monitors

Mobile viewer



GZ-130P



BSM-3000 series

New!



GZ-140P
Vital sign telemeter
with iNIBP
Launch 2016

New!



PVM-2700 series



OLV-4200 OLV-3800
Launch 2016



BSM-1700 series



CSM-1901



	12	13	14	15	16	17	18
PR	100	100	100	100	100	100	100
HR	75	75	75	75	75	75	75
SpO2	98	98	98	98	98	98	98
ETCO2	40	40	40	40	40	40	40
IBP	120/80	120/80	120/80	120/80	120/80	120/80	120/80
Temp	36.5	36.5	36.5	36.5	36.5	36.5	36.5
RR	18	18	18	18	18	18	18
FiO2	21	21	21	21	21	21	21
PEEP	5	5	5	5	5	5	5
MAP	65	65	65	65	65	65	65
CI	2.5	2.5	2.5	2.5	2.5	2.5	2.5
SV	50	50	50	50	50	50	50
SVI	35	35	35	35	35	35	35
Stroke Volume Index	35	35	35	35	35	35	35
Stroke Volume	50	50	50	50	50	50	50
Stroke Volume Index	35	35	35	35	35	35	35
Stroke Volume	50	50	50	50	50	50	50
Stroke Volume Index	35	35	35	35	35	35	35
Stroke Volume	50	50	50	50	50	50	50
Stroke Volume Index	35	35	35	35	35	35	35
Stroke Volume	50	50	50	50	50	50	50



Synthesized 18-lead ECG*
Add 2016



ViTrac

Telemetry central monitors

New!



Telemetry central monitor
WEP-5250 series
Launch 2016 (Japan)



Add value with diagnosis support

* Synthesized 18-lead ECG derives 6-lead ECG, right-side leads and posterior lead, from the standard 12-lead ECG

Treatment Equipment

Strengthen collaboration with patient monitors



Early detection of NCSE* in ER/ICU

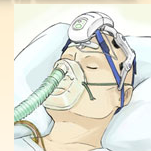
* NCSE (Nonconvulsive Status Epilepticus) is a consciousness disturbance of unknown cause and difficult to diagnose due to nonconvulsion. Early diagnosis and treatment is important.

New!

EEG Headset
AE-120A
Launch 2016
(Japan)

Easy attachment
enables fast EEG
measurement.

EEG monitoring



EEG measurement



EEG monitoring by bedside monitors

Resuscitation

AED Linkage



Anesthesia Machine



Heinen + Löwenstein products

Anesthesia Machine under joint development with Acoma

Ventilators



Hamilton products Metran products

Ventilator under development at US R&D office, OrangeMed, Inc

Consumables

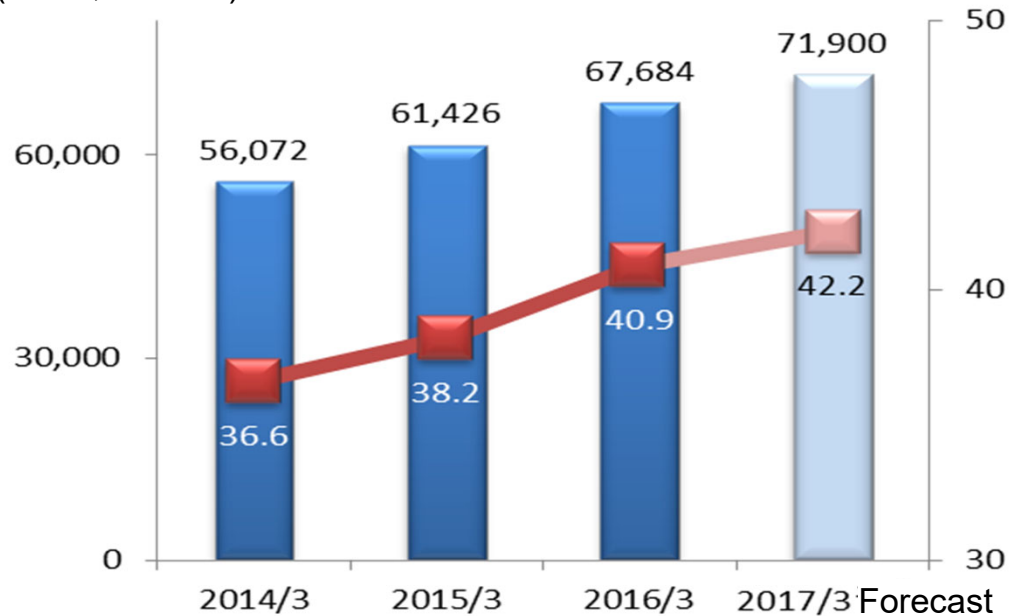
Expand international sales of consumables

Increase production efficiency and product volume

Sales of Consumables and Services

(Sales, ¥million)

(Sales ratio, %)



- Sales of consumables and services has grown steadily
- Focus on overseas business of consumables

Add domestic plant for consumables



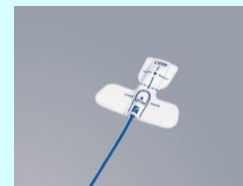
Kawamoto Office



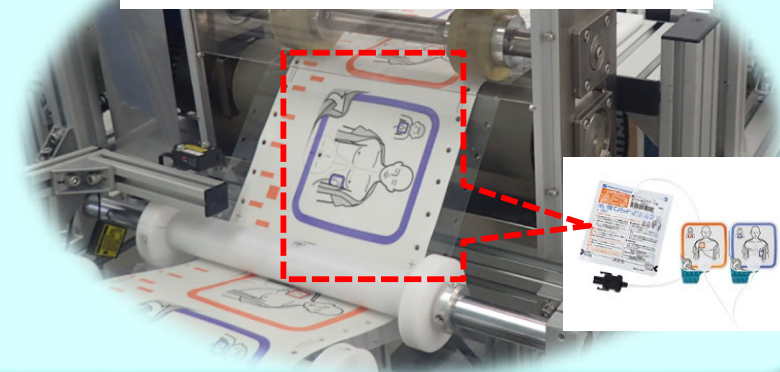
Tomioka 2nd Plant

- Complete renovation for production of consumables
- Start automated production of AED disposable pads in FY2016 (plan)

Automate production of SpO₂/CO₂ sensors and AED disposable pads



Automate production machine for AED disposable pads

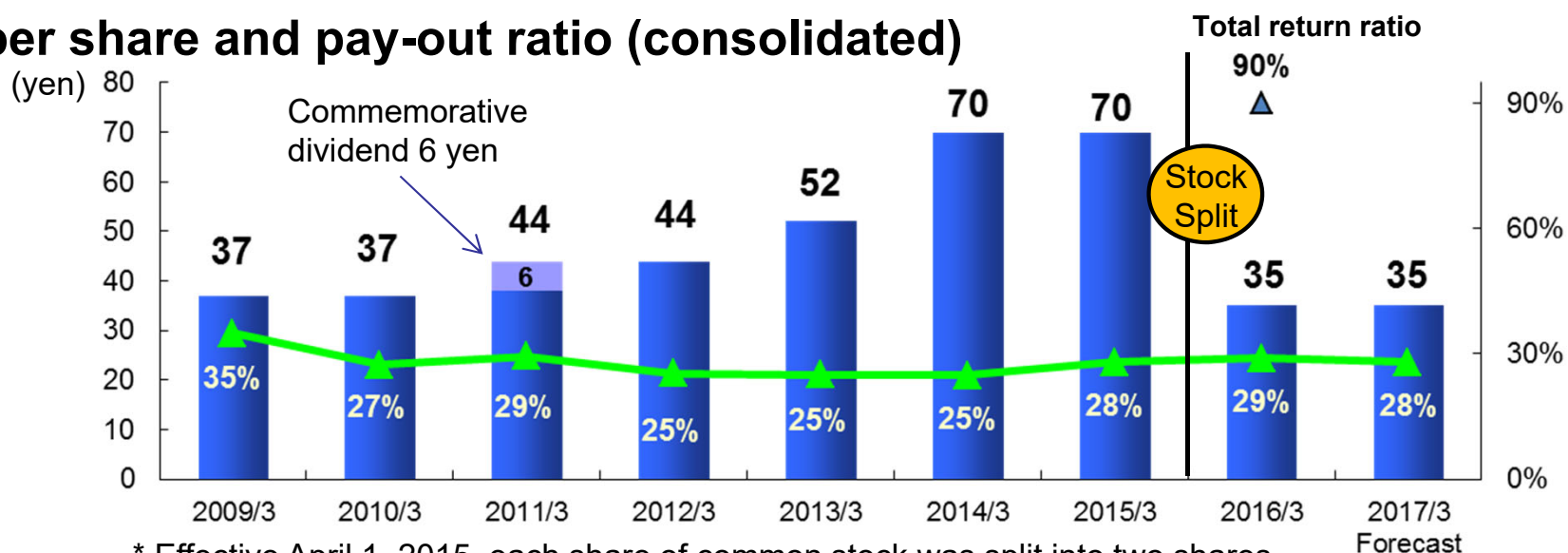


4) Dividend Policy

Basic dividend policy

- **Maintain stable and continuous dividend payments** while retaining necessary reserves for future business expansion. Retained earnings are used in R&D investments, capital investments, M&A and development of human resources.
- Cash dividends is the base of the shareholder return, and **a target consolidated pay-out ratio is 30% or more.**
- Share buyback is considered in a flexible manner.

Dividends per share and pay-out ratio (consolidated)



* Effective April 1, 2015, each share of common stock was split into two shares. Dividends per share from FY2008 to FY2014 were actual payment amounts.

Cancellation and repurchase of treasury stock

May 2015
Cancel
1,800K shares



June 2015 and March 2016
Repurchase
2,200K shares



Number of treasury stock:
4,070K shares
 (stockholding ratio: 4.5%)

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.