

Consolidated Financial Highlights for the First Quarter of FY2014

(From April 1, 2014 to June 30, 2014)



NIHON KOHDEN CORPORATION

(Ticker Code: 6849)

July 31, 2014

1) Consolidated Financial Results for the 1st Quarter of FY2014

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

	FY2013 1Q	FY2014 1Q	YoY (%)
Net Sales	30,415	30,982	1.9
Domestic Sales	24,310	23,700	-2.5
Overseas Sales	6,105	7,282	19.3
Operating Income	1,552	1,051	-32.2
Ordinary Income	2,010	971	-51.7
Net Income	1,316	539	-59.0

← +12% on a local currency basis

	FY2013 1Q	FY2014 1Q
← Gross Margin Ratio:	49.9%	→ 50.7%
SG&A Ratio:	44.8%	→ 47.3%

← Foreign exchange gains or losses:
 FY2013 1Q FY2014 1Q
 ¥292 mil gains → ¥204 mil losses

Average Exchange Rate	(2013/6)	(2014/6)
1 US Dollar	¥96.9	¥102.4
1 EURO	¥127.1	¥140.4

2) Highlights of FY2014 1Q

Net Sales : +1.9%

- **Japan**: Sales of consumables and services increased steadily, but sales of medical devices decreased as a reaction to the temporary increase in demand ahead of the consumption tax hike.
- **International**: Sales increased across all product categories, posting especially strong growth in Patient Monitors.

Operating Income : -32.2%

- SG&A expenses increased mainly due to the enhancement of human resources.

Ordinary Income : -51.7%

- Foreign exchange losses were recorded compared to foreign exchange gains in the first quarter of FY2013.

3) Sales by Product Category

(Sales, millions of yen)

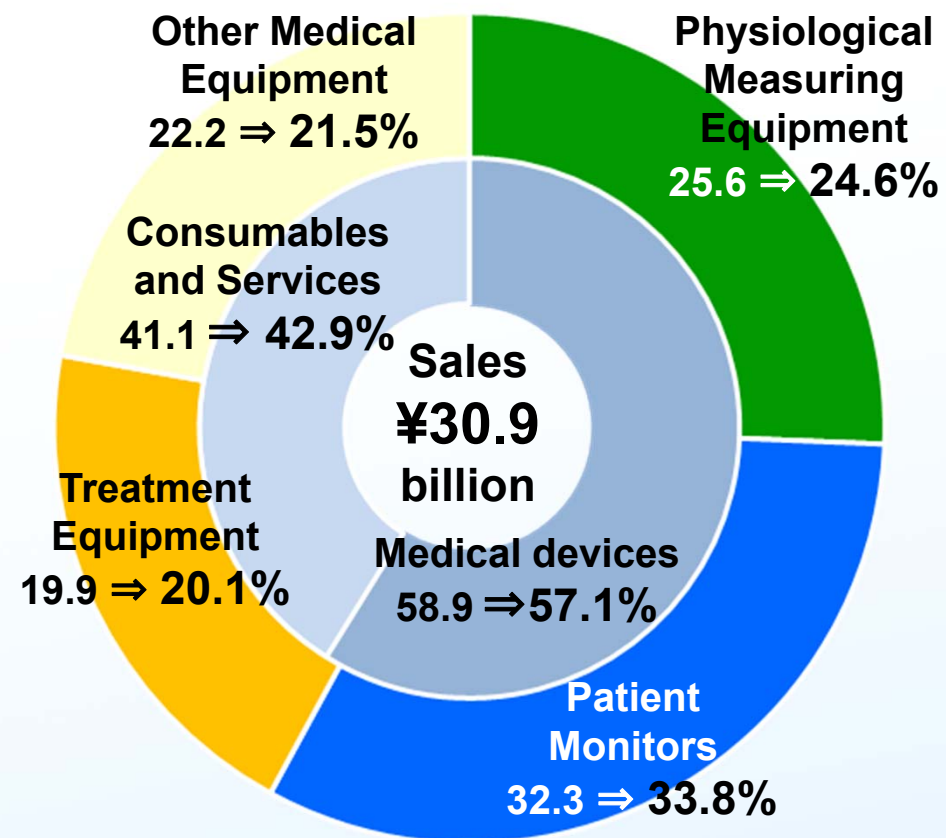
	FY2013 1Q	FY2014 1Q	YoY (%)
Physiological Measuring Equipment	7,799	7,632	-2.1
Patient Monitors	9,826	10,471	6.6
Treatment Equipment	6,044	6,221	2.9
Other Medical Equipment	6,745	6,657	-1.3
Total Sales	30,415	30,982	1.9

(Reference)

Consumables and Services	12,503	13,300	6.4
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Sales composition by product category

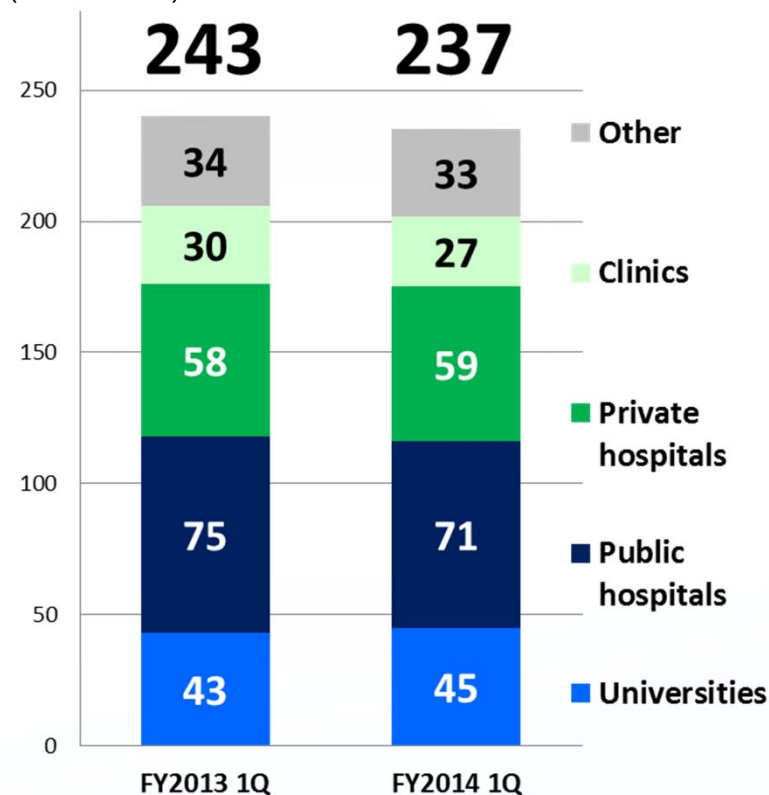
(FY2013 1Q ⇒ FY2014 1Q)



4) Domestic Sales

Sales by Market

(¥100 million)



Sales by Product Category

(Sales, millions of yen)

	FY2013 1Q	FY2014 1Q	YoY (%)
Physiological Measuring Equipment	6,280	5,933	-5.5
Patient Monitors	7,255	7,087	-2.3
Treatment Equipment	4,838	4,861	0.5
Other Medical Equipment	5,935	5,818	-2.0
Total Sales	24,310	23,700	-2.5

【Markets】 Sales in the university and private hospital market showed steady growth, while sales in the public hospital and clinic market were weak.

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

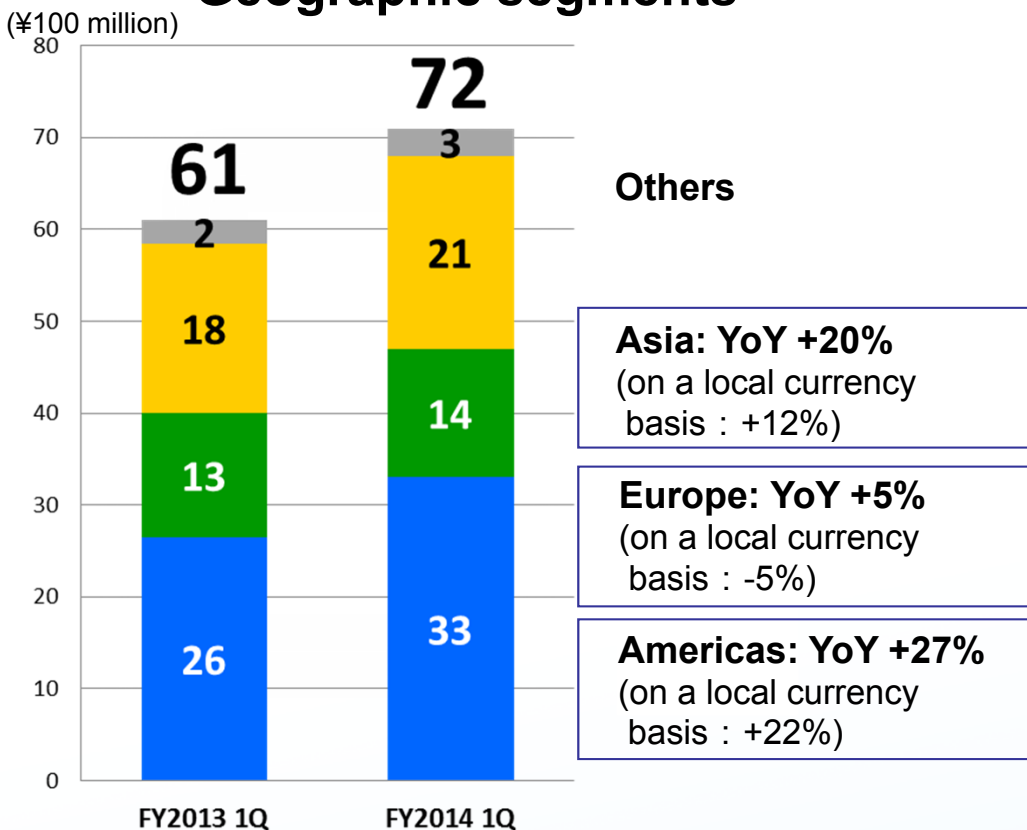
Patient Monitors: Sales of consumables and services increased favorably. Sales of clinical Information system decreased.

Treatment Equipment: Sales of defibrillators and pacemakers increased favorably. Sales of AEDs decreased slightly, although the number of unit sales increased.

Other Medical Equipment: Sales of hematology instruments and locally purchased products decreased.

5) Overseas Sales

Geographic segments



Percentage of overseas sales to consolidated sales

	FY2013 1Q	FY2014 1Q
Percentage of overseas sales to consolidated sales	20.1%	23.5%

Sales by Product Category

(Sales, millions of yen)

	FY2013 1Q	FY2014 1Q	YoY (%)
Physiological Measuring Equipment	1,518	1,698	11.9
Patient Monitors	2,571	3,384	31.6
Treatment Equipment	1,205	1,359	12.8
Other Medical Equipment	809	839	3.6
Total Sales	6,105	7,282	19.3

+12% on a local currency basis

- 【Region】**
- Americas:** Sales in the U.S. and Latin America showed strong growth.
 - Europe:** Sales in Russia and Turkey were weak, although demands in Western Europe recovered.
 - Asia:** Sales in Southeast Asia, India and the Middle East showed strong growth. Sales in China were weak.
- 【Products】**
- Physiological Measuring Equipment:** Sales of EEGs increased favorably in the Americas and Asia.
 - Patient Monitors:** Sales in all areas increased favorably, posting especially strong growth in the Americas and Asia.
 - Treatment Equipment:** Sales of AEDs increased favorably in all areas.
 - Other Medical Equipment:** Sales of hematology analyzers increased favorably in Asia.

6) Topics

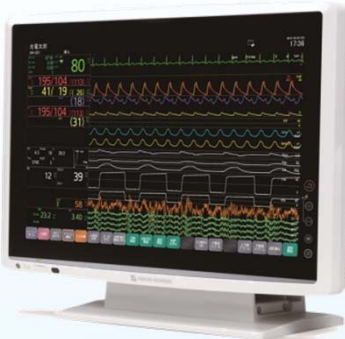
European Society of Anaesthesiology in June 2014 Promote Nihon Kohden value added products

Exhibit new products



High-end bedside monitor

CSM-1901



Transport monitor

BSM-1700 series



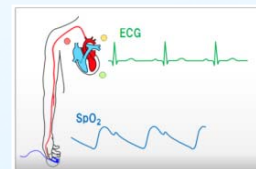
Host **esCCO™** symposium

- Speakers were doctors from Japan, Germany, France and Russia.
- Programs related to esCCO monitoring in OR and ICU.



esCCO™ (estimated Continuous Cardiac Output)

New technology to calculate cardiac output continuously and noninvasively, using ECG and SpO₂.



- Available in Europe and certain emerging countries
- Prepare for FDA and PMDA approval

7) Depreciation & R&D Costs

(Millions of yen)

	FY2013 1Q	FY2014 1Q	Change	FY2013 Actual	FY2014 Plan
Depreciation	663	753	90	3,103	3,900
R&D Costs	1,430	1,309	-121	7,108	7,200

● FY2014 Capital Investments Plan:

Molds for new products, products for demonstration, ERP System, renovation of new production facility (¥0.7 billion), and establishment of new R&D facility (¥1.1 billion)

8) Forecast for FY2014

(Billions of yen)

	FY2013 Actual		FY2014 Forecast			
	First Half	Full Year	First Half	YoY (%)	Full Year	YoY (%)
Net Sales	67.1	153.1	72.0	7.2	160.0	4.4
Domestic Sales	53.2	120.4	—	—	123.3	2.4
Overseas Sales	13.8	32.7	—	—	36.7	12.1
Operating Income	5.2	17.5	5.4	1.9	18.0	2.6
Ordinary Income	5.7	18.9	5.4	-6.7	18.0	-5.3
Net Income	3.4	12.3	3.4	-1.8	11.5	-6.9
Percentage of Overseas Sales	20.7%	21.4%	22.9%			
Average Exchange Rate						
1 US Dollar	¥97.6	¥99.8	—	—	¥100	
1 EURO	¥128.4	¥134.3	—	—	¥138	

(Ref.) Consolidated Forecast for FY2014 by Product Category

(Millions of yen)

	FY2013 Actual	FY2014 Forecast	YoY (%)
Physiological Measuring Equipment	36,654	38,900	6.1
Patient Monitors	50,864	54,250	6.7
Treatment Equipment	28,401	30,500	7.4
Other Medical Equipment	37,273	36,350	-2.5
Total	153,194	160,000	4.4
(Reference)			
Consumables and Services	56,072	58,800	4.9

Disclaimer:

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