

Consolidated Financial Highlights for FY2013

(From April 1, 2013 to March 31, 2014)

1. Consolidated Financial Results for FY2013
2. Forecast for FY2014
3. Business Strategy

May 14, 2014

Fighting Disease with Electronics

Consolidated Financial Results for FY2013

Fighting Disease with Electronics



1) Consolidated Financial Results for FY2013

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

	FY2012	FY2013		
		Forecast	Actual	YoY (%)
Sales	132,538	145,000	153,194	15.6
Domestic Sales	110,215	113,500	120,464	9.3
Overseas Sales	22,322	31,500	32,730	46.6
Operating Income	13,484	15,000	17,547	30.1
Ordinary Income	14,658	15,000	18,998	29.6
Net Income	9,151	9,500	12,346	34.9

Currency Effect:
+¥4.6 billion (+21%)

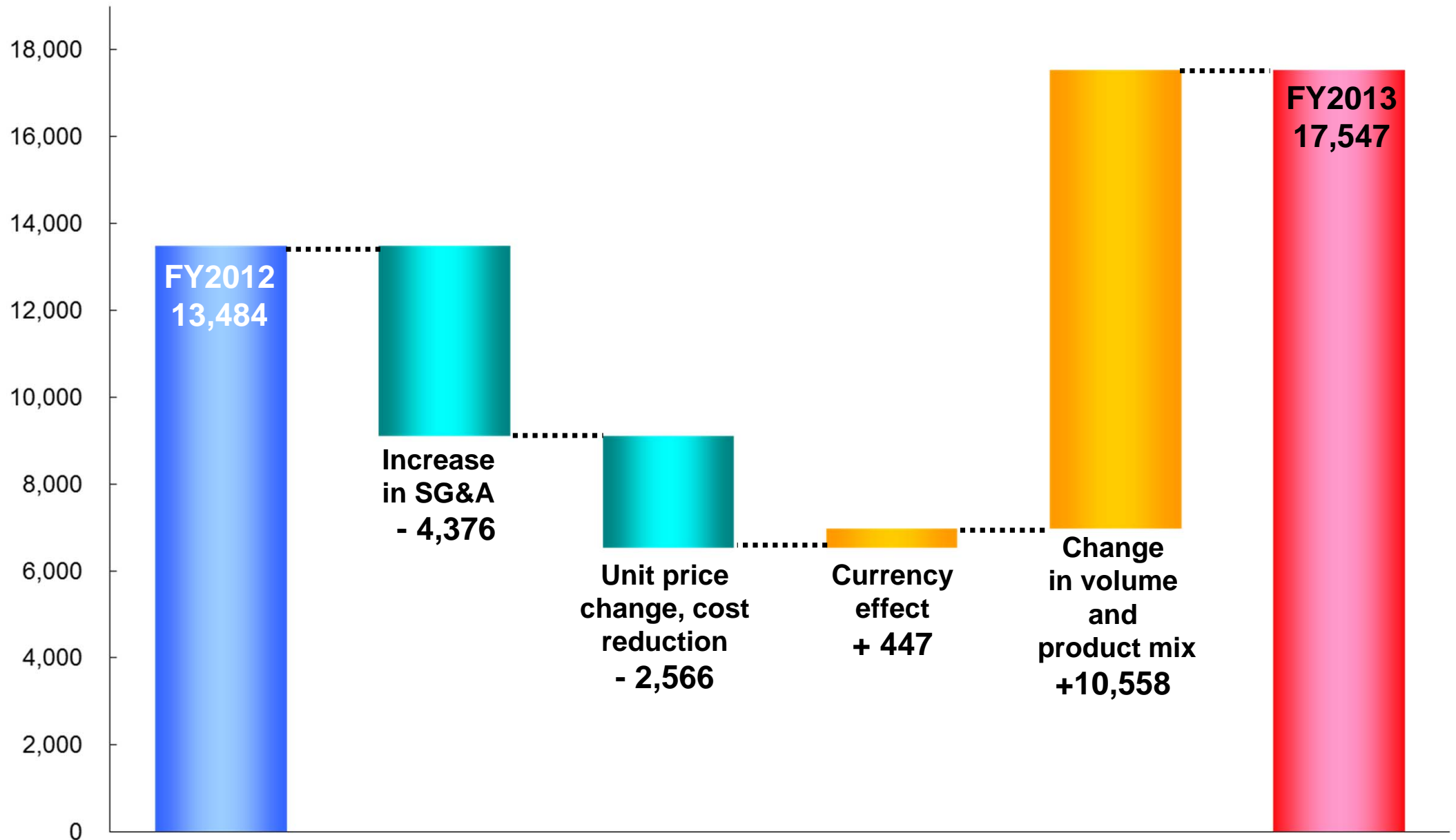
Gross Margin Ratio
50.0% in FY2012
→ 50.0% in FY2013
SG&A Ratio
39.8% in FY2012
→ 38.5% in FY2013

Foreign exchange gains:
¥0.8 billion

Average exchange rate	FY2012	FY2013
1 US Dollar	83 yen	99.8 yen
1 EURO	106 yen	134.3 yen

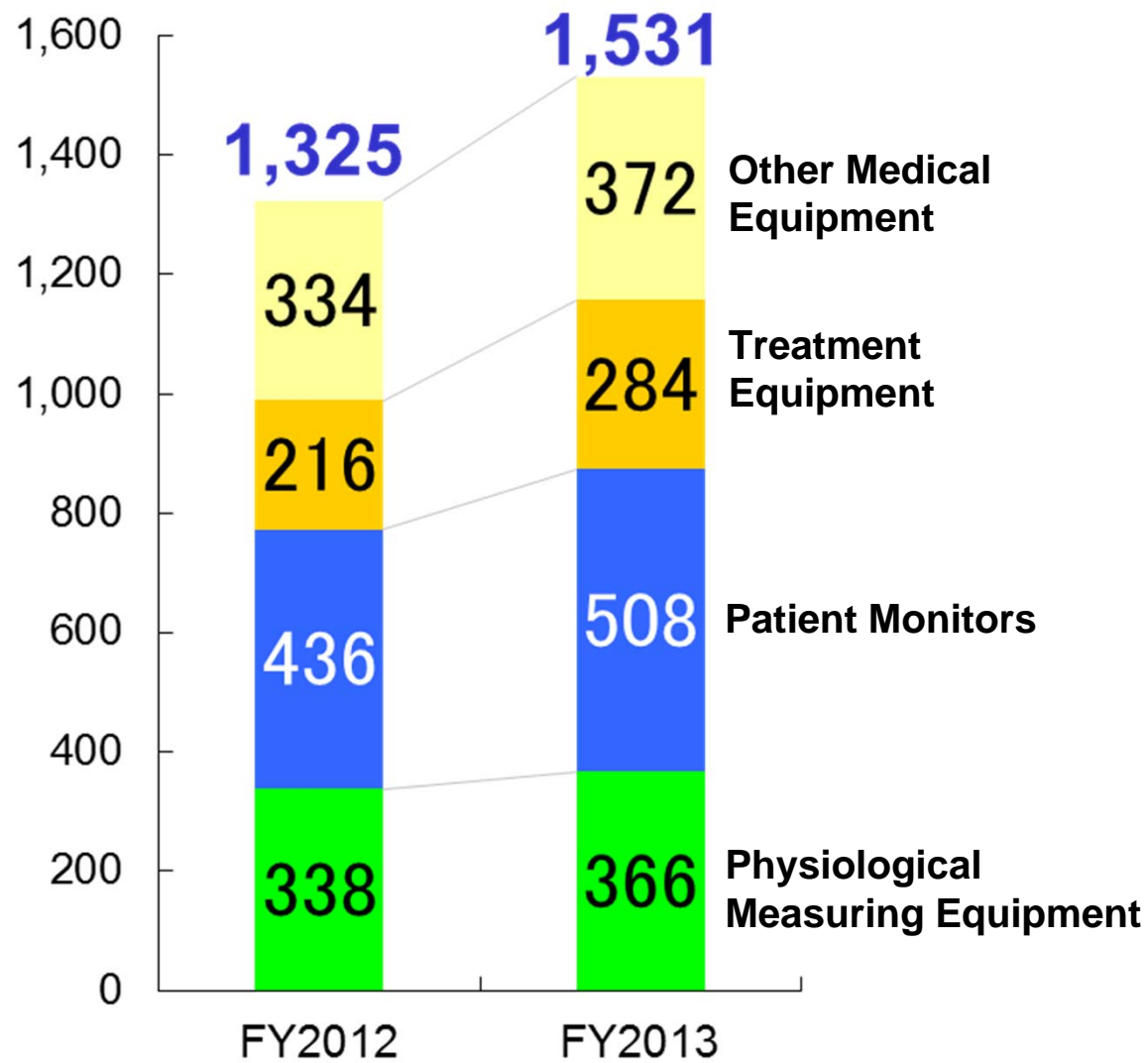
2) Breakdown of Operating Income

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



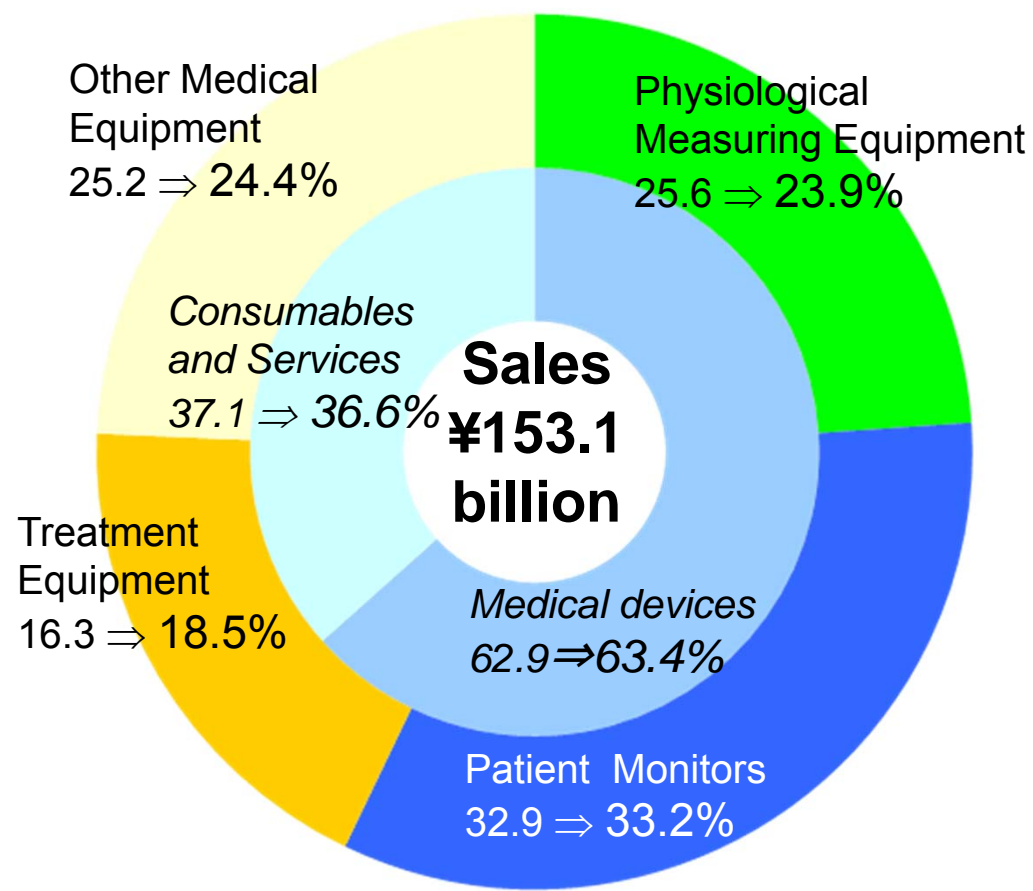
3) Sales by Product Category

(¥100 million)



Sales composition by product category

(FY2012 ⇒ FY2013)



3.1) Physiological Measuring Equipment

(Sales, millions of yen)

	FY2012	FY2013	YoY (%)
Electroencephalographs	8,677	9,541	10.0
Electrocardiographs	6,694	7,413	10.7
Polygraphs for Cath Lab	8,476	9,161	8.1
Other Physiological Measuring Equipment (Diagnostic Information System and Others) *	10,023	10,537	5.1
Physiological Measuring Equipment	33,871	36,654	8.2
Domestic Sales	27,835	28,822	3.5
Overseas Sales	6,035	7,831	29.7

Sales of polygraphs for cath labs and Diagnostic Information System increased

Sales of EEG and ECG increased in all areas

* Other Physiological Measuring Equipment includes diagnostic information system and other company's products.



Electroencephalographs
EEG-1250



Electrocardiographs
ECG-2500



Polygraphs for cath labs
RMC-4000

3.2) Patient Monitors

(Sales, millions of yen)

	FY2012	FY2013	YoY (%)
Patient Monitors	43,661	50,864	16.5
Domestic Sales	32,817	37,060	12.9
Overseas Sales	10,843	13,804	27.3

Sales in universities and public hospitals increased favorably. New products also contributed.

Sales in Americas, Asia and Other increased favorably



Transport monitors
BSM-1700 series



Central monitors
CNS-6201



Transmitters
ZS-630P, ZS-611P



SpO₂ probes



Oxygen mask with CO₂ monitoring



ECGs Electrodes

Consumables

3.3) Treatment Equipment

(Sales, millions of yen)

	FY2012	FY2013	YoY (%)
Defibrillators (for Hospital and Ambulance)	4,249	5,704	34.3
AEDs (Automated External Defibrillator)	7,010	11,395	62.5
Pacemakers / ICDs	2,503	3,100	23.8
Ventilators	2,620	2,355	-10.1
Other Treatment Equipment	5,220	5,845	12.0
Treatment Equipment	21,604	28,401	31.5
Domestic Sales	19,135	21,351	11.6
Overseas Sales	2,469	7,050	185.5
(Ref.) AEDs Unit Shipments	34,500	69,000	100.0
Domestic Unit Sales	31,400	36,300	15.6

Overseas:
Sales increased in all areas. Large orders from Iraq also contributed.

Domestic:
AED sales increased strongly as a wide range of models were well received and attracted demand for replacement of older models



Overseas:
AED sales increased strongly in all areas

- Acquisition of Defibtech
- Penetration of AED in Taiwan

Sales of pacemakers and ICDs increased from FY2012 weak sales due to downward revision of reimbursement prices



Defibrillators
TEC-8300



AEDs
AED-2150



Pacemakers
Nuance MRI



Ventilators
HAMILTON-C1

3.4) Other Medical Equipment

(Sales, millions of yen)

	FY2012	FY2013	YoY (%)
Hematology Analyzers	7,803	8,806	12.8
Transformers, Imaging Systems, Medical equipment for study and others *	25,596	28,466	11.2
Other Medical Equipment	33,400	37,273	11.6
Domestic Sales	30,427	33,228	9.2
Overseas Sales	2,973	4,044	36.0

Domestic:

Sales of hematology instruments increased favorably. New product CHM-4100 also contributed.



Overseas:

Sales of hematology analyzers and reagents increased favorably in all areas, especially India and China

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

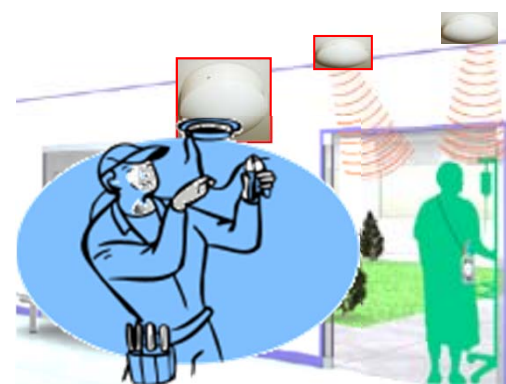


Automated hematology analyzers
MEK-6500

New!



Clinical chemistry analyzer
CHM-4100

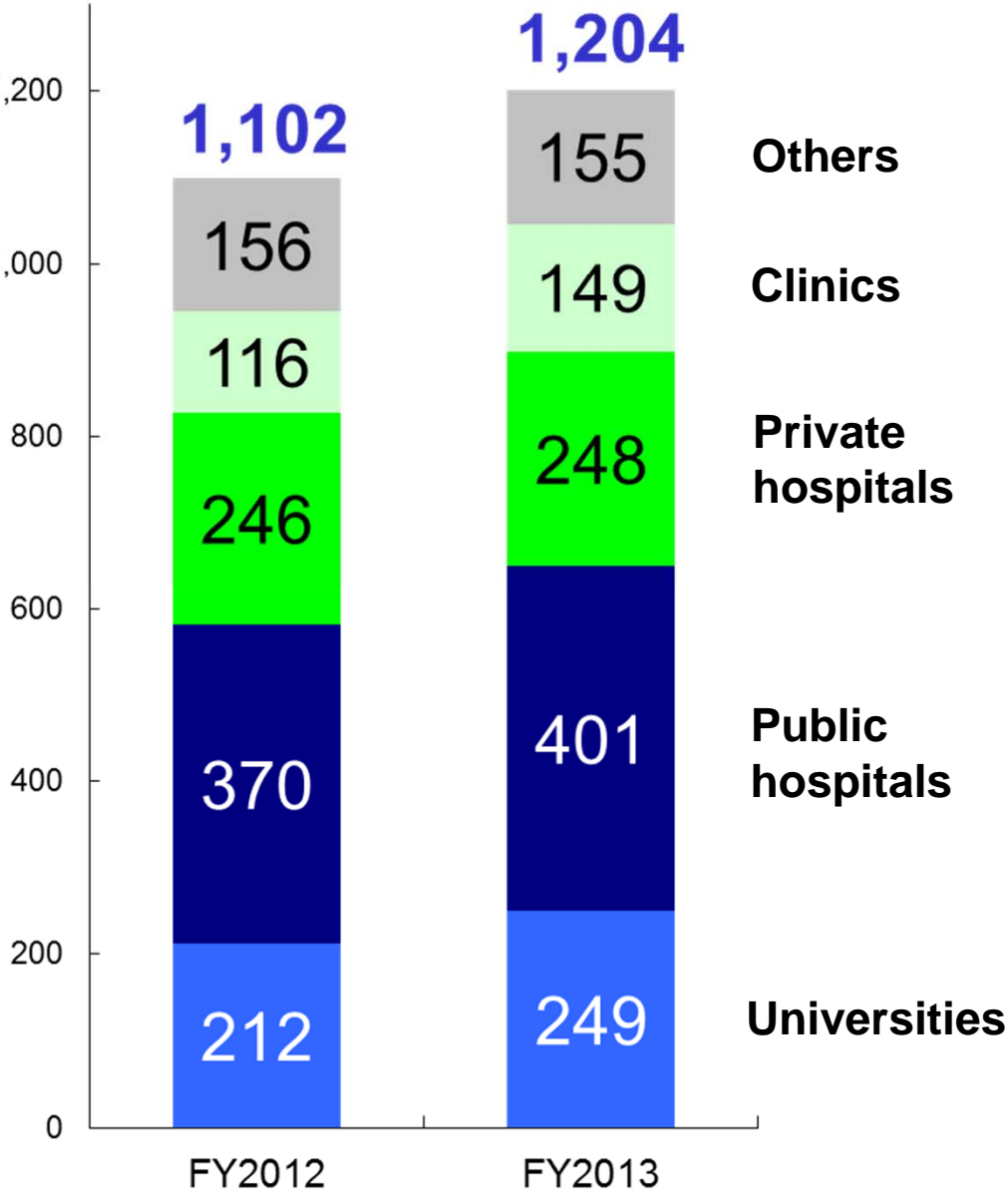


Installation and maintenance services

4) Domestic Sales

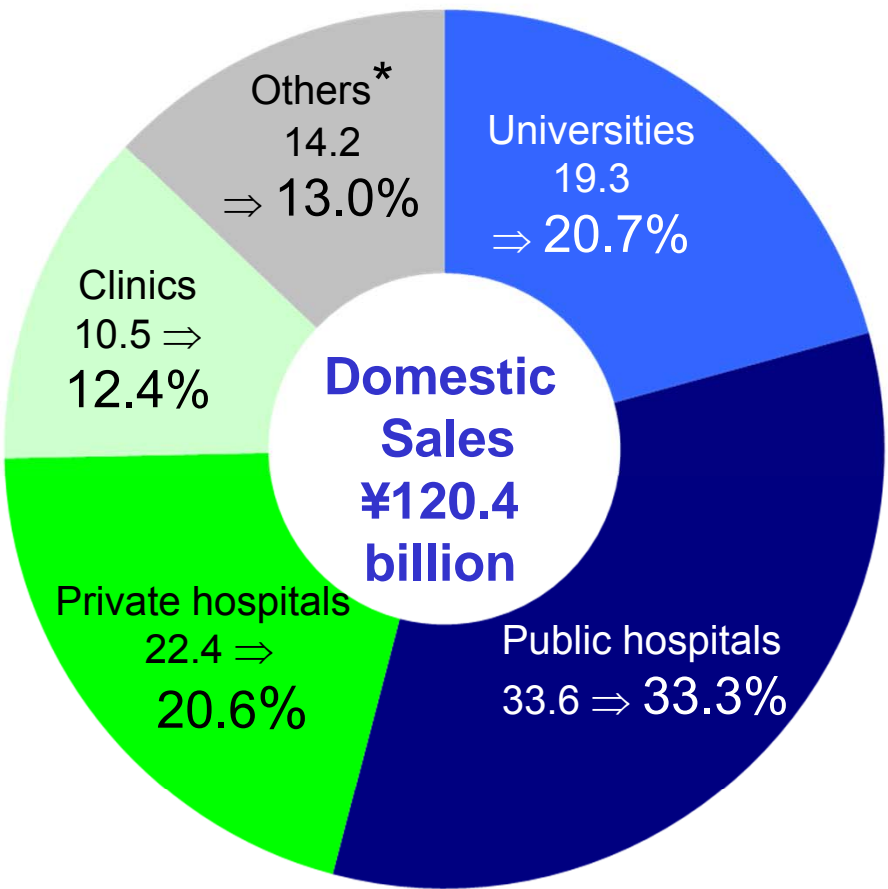
Sales by market

(¥100 million)



Sales composition by market

(FY2012 ⇒ FY2013)

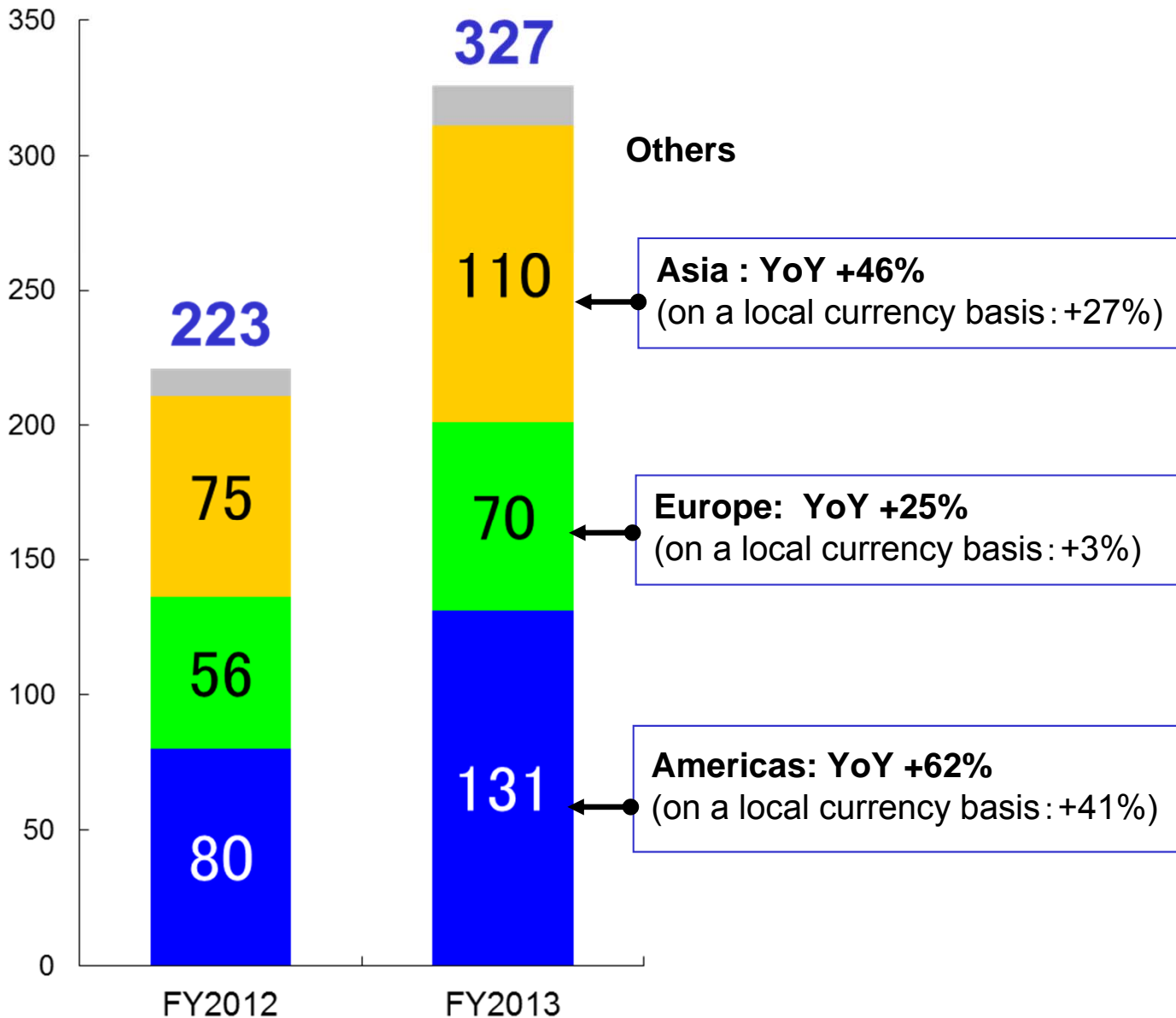


* Others include laboratories, animal hospitals and PAD (public access defibrillation) markets such as schools and private companies.

5) Overseas Sales

Geographic Segments

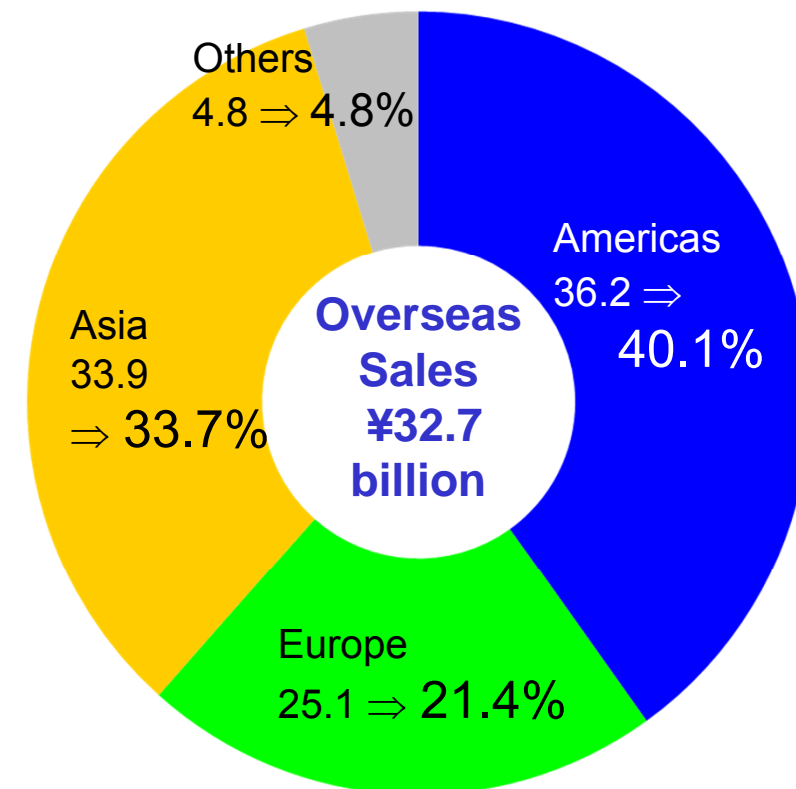
(¥100 million)



Percentage of overseas sales to consolidated sales

FY2012	FY2013
16.8%	21.4%

Geographic Segments (FY2012 ⇒ FY2013)



6) Financial Condition

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

	FY2012	FY2013	Change
Current Assets	95,181	106,515	11,334
Fixed Assets	21,619	24,402	2,783
Total Assets	116,800	130,917	14,117
Current Liabilities	39,028	41,248	2,220
Non-current Liabilities	1,515	1,156	-358
Total Liabilities	40,544	42,405	1,861
Net Assets	76,256	88,512	12,255
Total Liabilities & Net Assets	116,800	130,917	14,117

7) Cash Flows

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

	FY2012	FY2013	Change
I .Cash flows from operating activities	13,189	9,383	-3,805
II .Cash flows from investing activities	-6,959	-4,421	2,538
Free cash flows	6,229	4,962	-1,266
III .Cash flows from financing activities	-1,174	-3,436	-2,261
Effect of exchange rate change on cash and cash equivalents	324	598	273
Net increase (decrease) in cash and cash equivalents	5,378	2,124	-3,254
Cash and cash equivalents at end of period	26,683	28,808	2,124

Income before income taxes

FY2012	14,525
FY2013	19,021
Change	+4,496

Decrease (increase) in notes and accounts receivable-trade

FY2012	-3,269
FY2013	-8,117
Change	-4,848

Income taxes paid

FY2012	-4,367
FY2013	-6,660
Change	-2,293

8) Capital Investments and R&D Costs

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

	FY2012	FY2013			Change	FY2014 Plan
		Original Forecast announced May. 8, 2013	Revised Forecast announced Nov. 1, 2013	Actual		
Capital Investments	3,143	3,900	5,700	4,544	1,401	7,300
Depreciation	2,853	3,500	3,500	3,103	250	3,900
R&D costs	6,424	7,300	7,300	7,108	684	7,200

FY2013 Actual Capital Investments

- Molds for new products, measuring equipment and jigs, products for demonstration
- **Acquisition of new production facility (1.3 billion yen)** – Operation start in spring 2015

FY2014 Capital Investments Plan

- Molds for new products, production equipment, products for demonstration, enhancement of ERP system, and **acquisition of new production facility (0.7 billion yen)**
- **Establish new R&D facility**

Start of construction (plan): December 2014

Completion and relocation: Spring 2016

Total investment amount: 7 billion yen

→ Capital investments: 6.3 billion yen < **FY2014: 1.1 billion yen**
FY2015: 5.2 billion yen

9) Main Capital Investments

New production facility

Enhance production system for increasing of efficiency and production volume



1st plant:
Approx. 19,000m²



2nd plant:
Approx. 10,000m²



Integrate major production functions



New plant
Approx. 26,000m²

New R&D facility

Relocate and consolidate R&D operations to accelerate development and enhance competitiveness



R&D facility
(Construction)

Seibu building (No.2)
(several floors by lease)

Forecast for FY2014

Fighting Disease with Electronics

1) Business Environment

Japan

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

- Differentiate medical providers
- Enhance home medical care and cooperation among medical and nursing care

- 0.1% upward revision of medical treatment fees in Apr 2014
- ¥90.4 billion of new budget for financial support to medical institutions

Promote medical innovation

- Enforcement of Pharmaceutical Law revision, scheduled in Nov 2014
- Promote export of Japanese healthcare
- Launch Japanese version of NIH

International

U.S.

Economy will be on recovery path

Europe

Signs of economic recovery

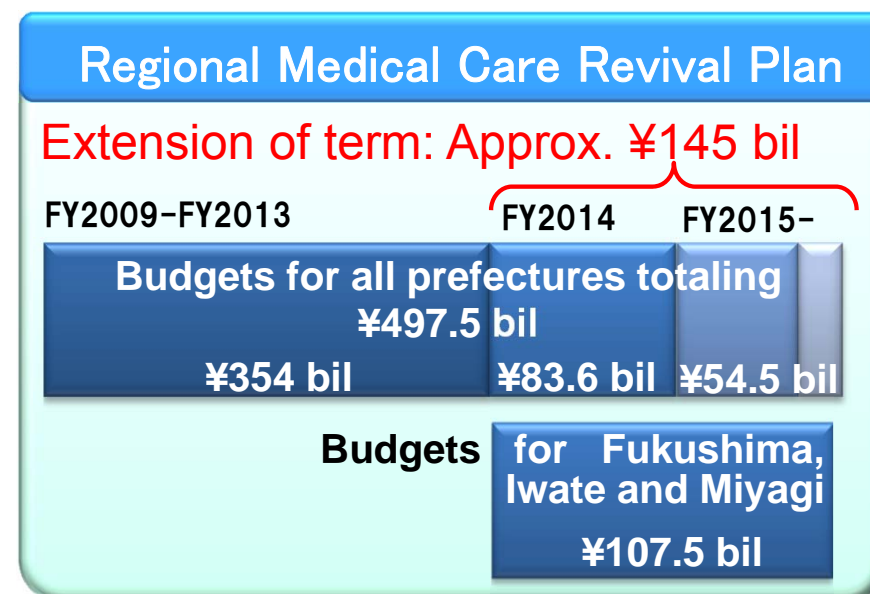
Emerging Countries

Solid growth expected in Asia including China and Latin America

2) Forecast for FY2014

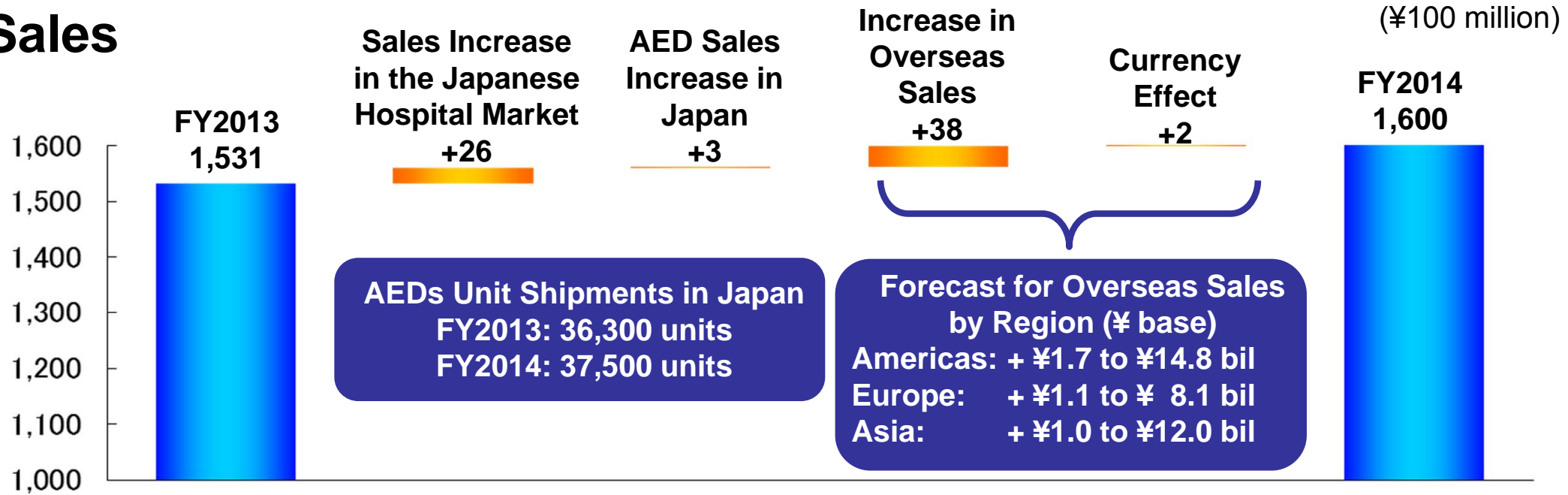
(Amounts of less than ¥1 million are rounded down)

	FY2013	FY2014	YoY (%)
Sales	153,194	160,000	4.4
Domestic Sales	120,464	123,300	2.4
Overseas Sales	32,730	36,700	12.1
Operating Income	17,547	18,000	2.6
Ordinary Income	18,998	18,000	-5.3
Net Income	12,346	11,500	-6.9
Percentage of Overseas Sales	21.4%	22.9%	
Average Exchange Rate			
1 US Dollar	99.8 yen	100 yen	
1 EURO	134.3 yen	138 yen	

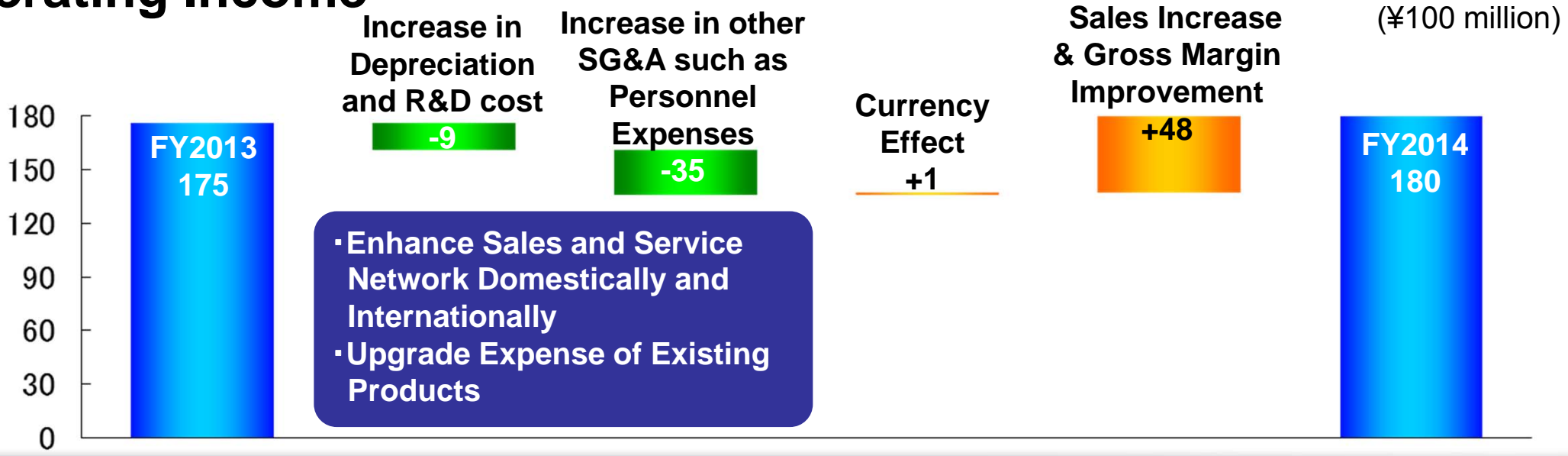


3) Analysis of FY2014 Forecast

Sales



Operating Income



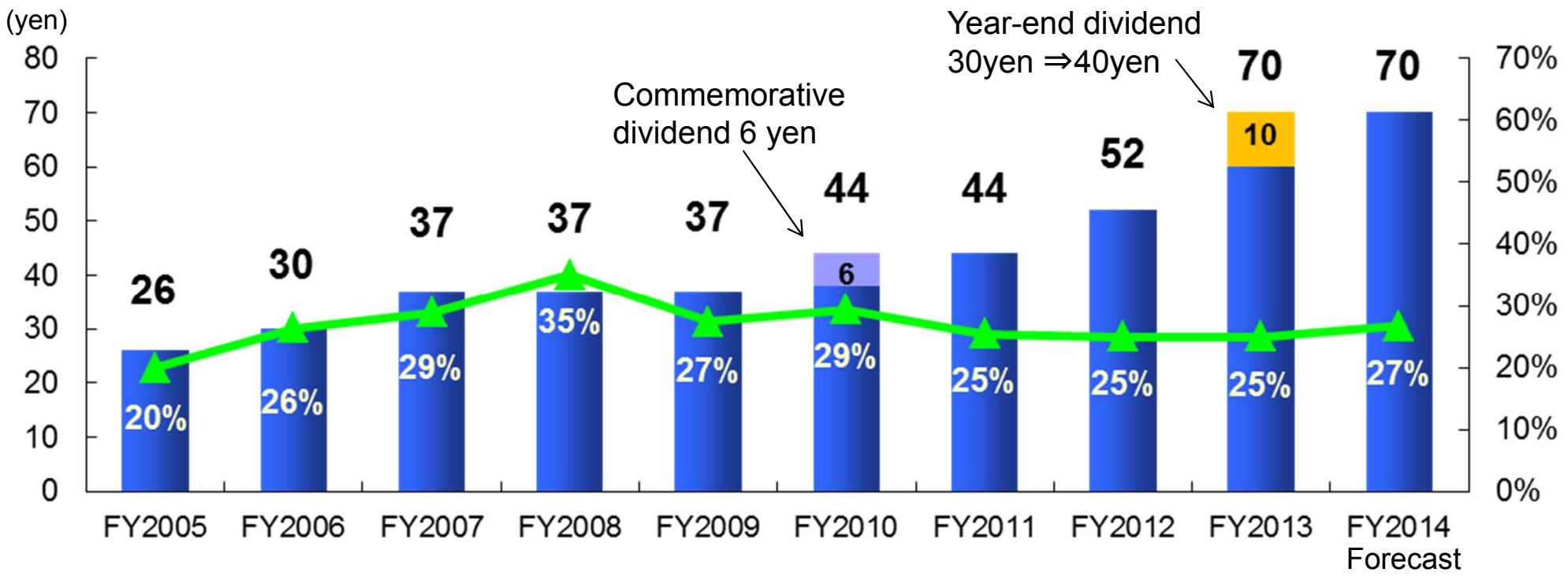
4) Dividend Policy

Basic Dividend Policy

Continue a stable dividend for a long period as well as increase retained earnings for the enhancement of business structure and future business expansion

Rough indication: Consolidated payout ratio of 30%

Dividends per share and pay-out ratio (consolidated)



(Ref.) Consolidated Forecast FY2014 by Product Category

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

	FY2013	FY2014	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

Business Strategy

Fighting Disease with Electronics



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-

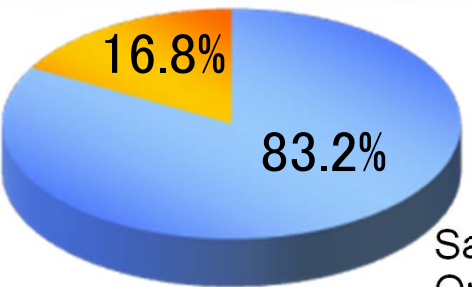
2nd Stage

Strong Growth 2017

(April 2013 to March 2017)

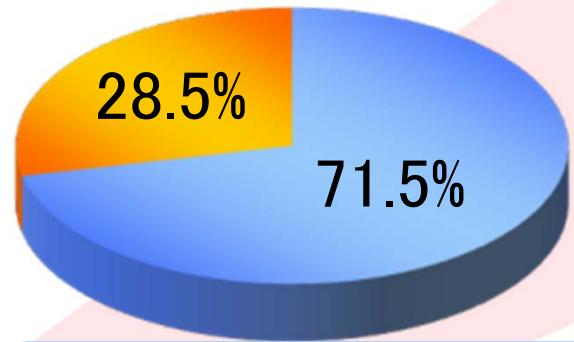
1st Stage

SPEED UP III



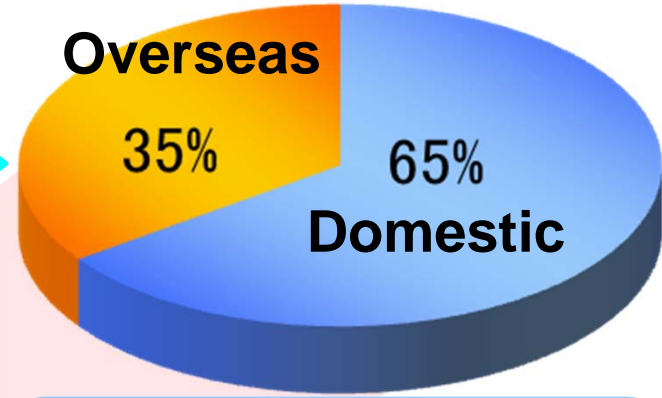
FY2012

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



FY2016

Sales ¥170 billion
Operating Income ¥18 billion
 Operating income ratio 10.6%



Fiscal year ending March 2020

Sales ¥200 billion
Operating Income ¥25 billion
 Operating income ratio 12.5%

- Target of operating income will be achieved in FY2014
- We will review two-year progress of the mid-term business plan and incorporate updates of the plan (Announcement will be in May 2015)

2) Targets for FY2016 ending March 2017

ROE target was achieved in FY2013.
Targets of domestic sales and operating income will be achieved in FY2014.

¥billion	FY2012 actual	FY2013 actual	FY2014 forecast	FY2016 mid-term target	4 year CAGR
Sales	132.5	153.1	160.0	170.0	6.4%
Domestic	110.2	120.4	123.3	121.5	2.5%
Overseas	22.3	32.7	36.7	48.5	21.4%
Operating Income	13.4	17.5	18.0	18.0	7.5%
ROE	12.7%	15.0%		13.0%	

Breakdown of overseas sales by region

Exchange rate as of plan is 90 yen to dollar and 118 yen to Euro.

Americas	8.0	13.1	14.8	19.5	24.6%
Europe	5.6	7.0	8.1	10.0	15.5%
Asia	7.5	11.0	12.0	17.0	22.5%
Other	1.0	1.5	1.8	2.0	17.2%

3) 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

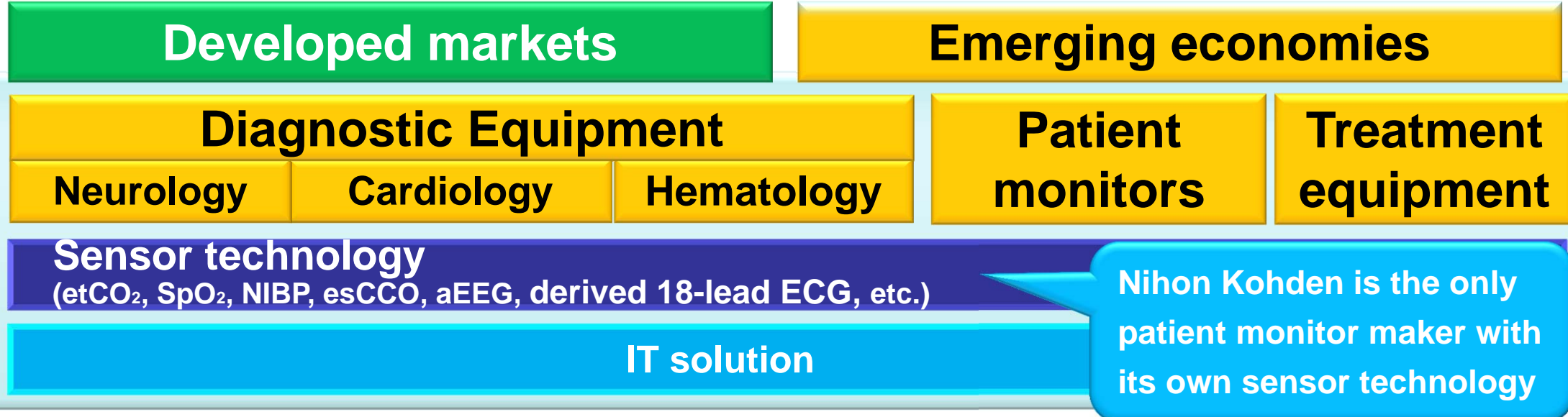
Achieve further growth in core businesses

Develop new businesses

Consolidate corporate fundamentals

4) Strategy for FY2014

(i) Achieve further growth in core businesses



New products in FY2013

Diagnostic Equipment

	Exercise stress test ECGs, STS-2100 (Japan)		Long-term holter ECG, RAC-2503 (Japan)
	ECG, ECG-2300		Clinical chemistry analyzer, CHM-4100 (Japan)

Patient Monitors

	Portable receiving terminal, ZT-210P (Japan)		Transmitter with OLED, ZS-611P		Transport monitors, BSM-1700 series
	Mobile viewer, QP-989P		Bedside monitor, CSM-1901 (Japan)		

Treatment Equipment



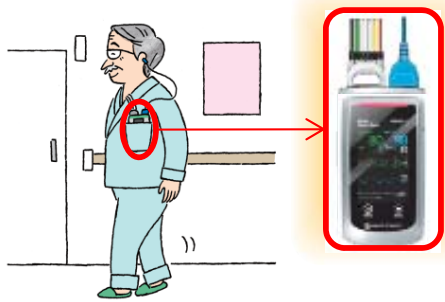
Defibtech AEDs acquired Nov. 2012

Patient Monitors

Launch highly competitive monitors and enhance product line-up

General wards

Portable telemetry



Nihon Kohden's first portable telemetry

- Interactive communication
- Color screen display shows data, waveforms and alarms at patient's side

Plan to launch in FY2014

Transport in hospital

ER

OR

ICU

CCU

Transport monitors



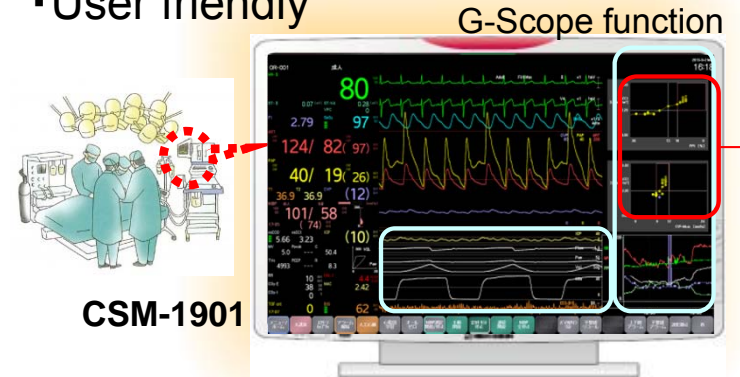
Nihon Kohden's first transport monitors

- Continuous monitoring and seamless patient record
- Compact, lightweight
- Can be used as OR bedside monitor input box or stand-alone monitor in ICU or ward

Launch Dec 2013 (international), Feb 2014 (Japan)

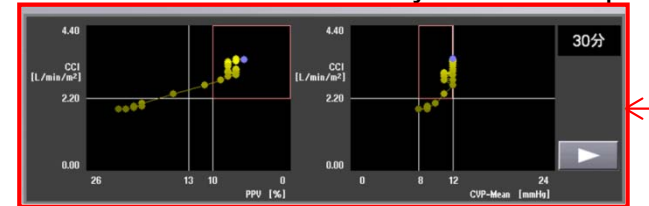
Most advanced bedside monitors

- Enhanced functions for each site
- User friendly



CSM-1901

- Intuitive approach to diagnostic and therapeutic decision making



Launch Mar 2014 (Japan)

Patient Monitors

Raise brand recognition through unique technologies

esCCO: estimated Continuous Cardiac Output

esCCO™ : World's first non-invasive continuous cardiac output monitoring



- Estimate CO using ECG and SpO₂
- No infection risk and no pain
- No additional sensors

Introduce in Europe and emerging countries

Prepare for FDA and PMDA approval

Fast and painless NIBP measurement by original



- Original linear inflation method NIBP
- Painless and fast measurement
- iNIBP is available on BSM-1700



- Original cuffs designed to prevent skin pinching

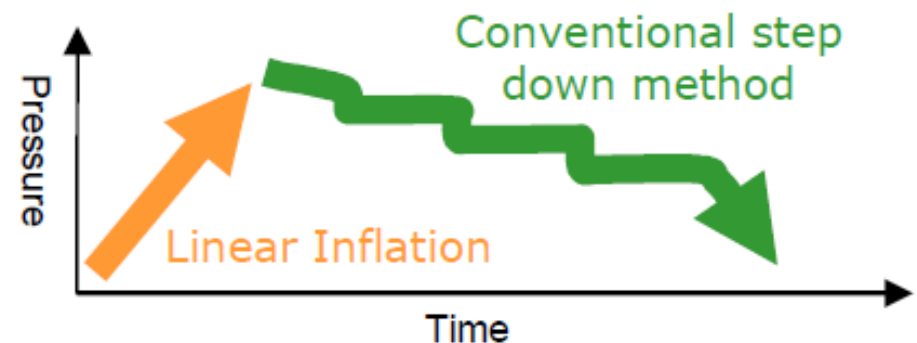
YAWARA CUFF 2



Conventional cuff

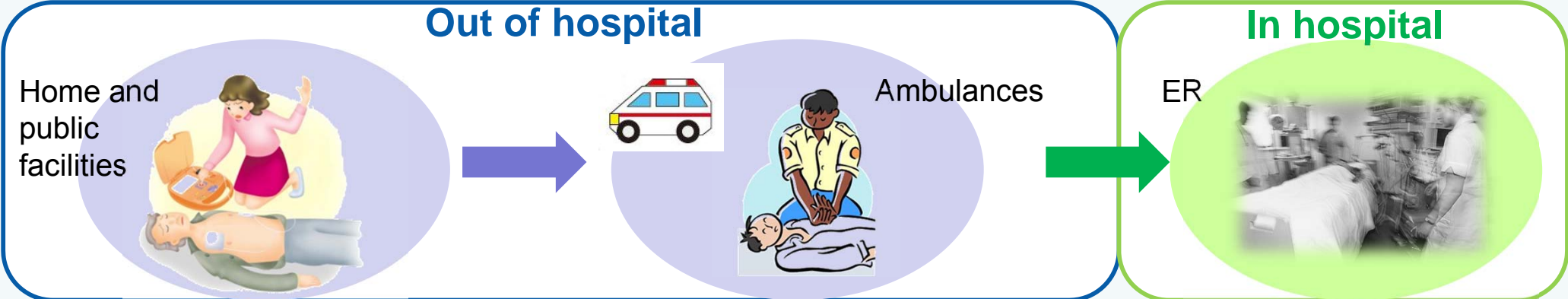


YAWARA CUFF2



Treatment Equipment

Expand product line-up in resuscitation field



AED New treatment equipment for chest compression Defibrillators for hospitals

AED

AED Linkage
AED remote monitoring system

Automated Resuscitation Machine

Plan to launch in FY2014

Provide consistent chest compression for emergency life guards

Defibrillators for hospitals

Defibrillators with multi parameters monitoring

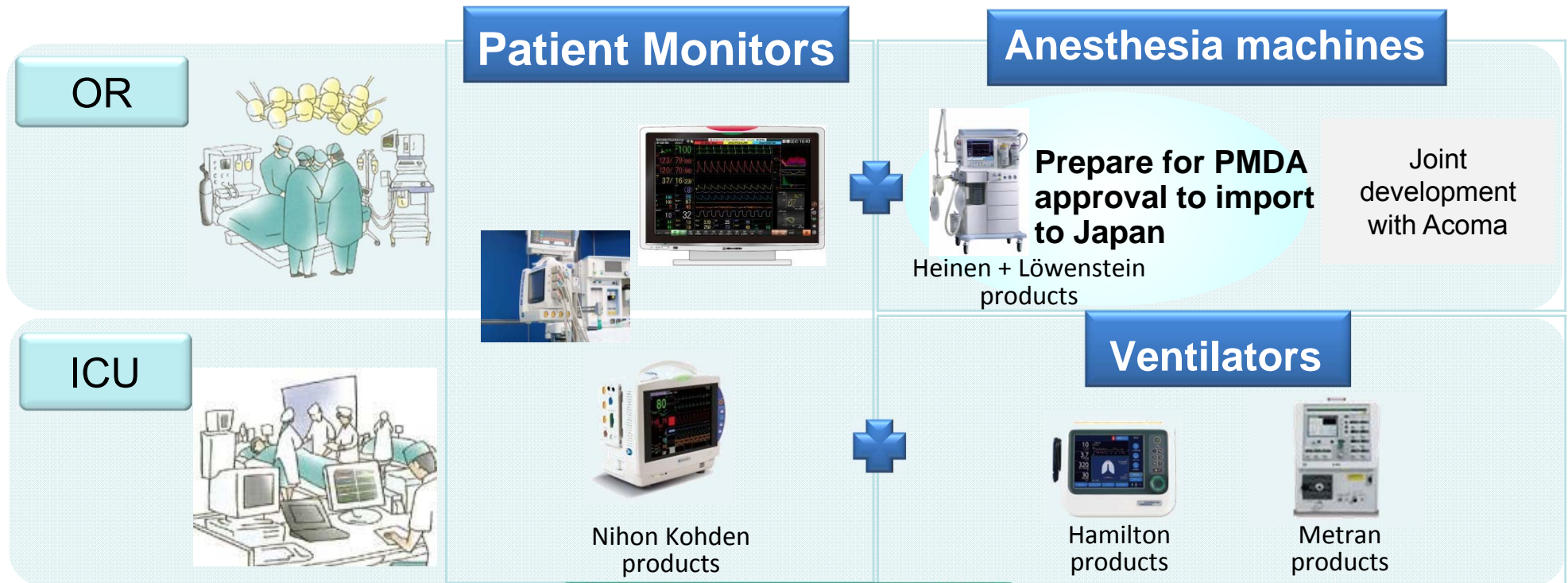
Widely-used defibrillators

Plan to launch in 1st half FY2014 (International)

Treatment Equipment

Enhanced solutions for OR and ICU with Ventilators and Anesthesia machines through alliances

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



Generate a synergistic effect on patient monitoring business

(ii) Strengthen business expansion by region

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

Acute care hospitals

Strengthen competitiveness by introducing new products and technologies

Patient Monitors



Cardiology products



Treatment Equipment



Information System



Community medical relations

Clinical information system

Diagnostic information system



Prime Gaia

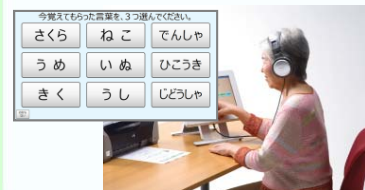
PrimeVitaPlus

Small and medium size hospitals, clinics and home-care

- Establish Wellcare Business Division
- Develop products for long, healthy life

Dementia

Memory loss prevention program



Early detection of Alzheimer's memory loss

Evaluate progress

Preventive training

MSP-1100

Diabetes

Nihon Kohden's first HbA1c Analyzer for diagnosing diabetes

CRP

HbA1c



CHM-4100

Regional network

Provide IT system for in-hospital and regional networks



Small and medium size hospitals

PrimeCreat



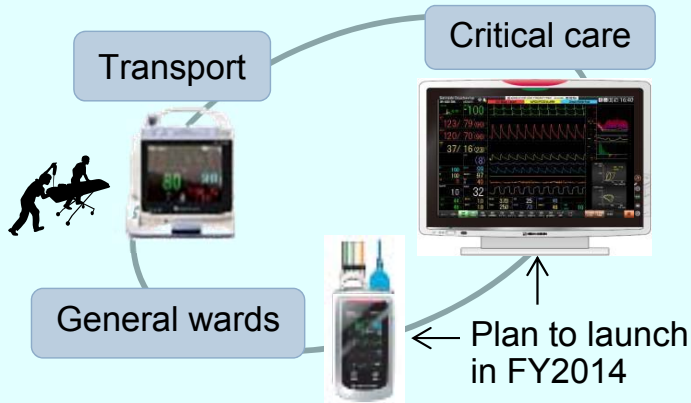
Clinics

Prime Linc

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

Patient Monitor

- Launch new products



- Get multiple contracts led by Prefense™
- Reinforce direct-sales force and strengthen ties with GPOs

Neurology

- Focus on U.S. top 50 hospitals



Cleveland Clinic

- Neuro monitoring at ICU

Centralized system for neuro monitoring
Live View Panel



Resuscitation



Chicago O'Hare Airport

AED



Automated Resuscitation Machine



Plan to launch in FY2014

Strengthen technological development capabilities

- Establish R&D office in Boston
 - Find advanced technology
 - Co-development and clinical study with academia

FY2014 plan



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

Strengthen business structure

China

- Enhance R&D and production
- Expand export to emerging markets

Nihon Kohden Middle East

Shanghai Kohden

Nihon Kohden Korea

NKS Bangkok

Nihon Kohden India

Nihon Kohden Malaysia

Nihon Kohden Latin America

Nihon Kohden Do Brasil

South Africa ● Local sales staff

Asia
●
Latin America

- Localized sales and service network
- Strengthen ties with key doctors and reference hospitals



Received order for bedside monitors with esCCO from Siriraj Hospital in Thailand



Join MEJ* Seminars

- Vietnam
- Cambodia
- Indonesia etc.



Medical Excellence JAPAN (MEJ): Organization which supports export of Japanese medical devices, drugs, and medical services

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


Product strategy tailored to each market

High-end market


Made in Japan

Most advanced bedside monitors

Central monitors



Transport monitors



CO2 sensor

Defibrillators & AEDs

ECGs



Derived 18-lead ECG



5-part diff



3-part diff



Reagents



EEGs

EEGs




Evoked potential / EMG systems

Future product line-up (Plan)




Widely-used defibrillators

- Products manufactured in Japan that are highly functional and IT-compliant
- Differentiate by unique technologies

Patient monitors

Low-end market

Made in China

Bedside monitors



Central monitors



ECGs

ECGs





Hematology Analyzers

5-part diff



3-part diff



Reagents



Future product line-up (Plan)




ECGs



Bedside monitors

- Broaden line-up of products manufactured in China to target high volume markets

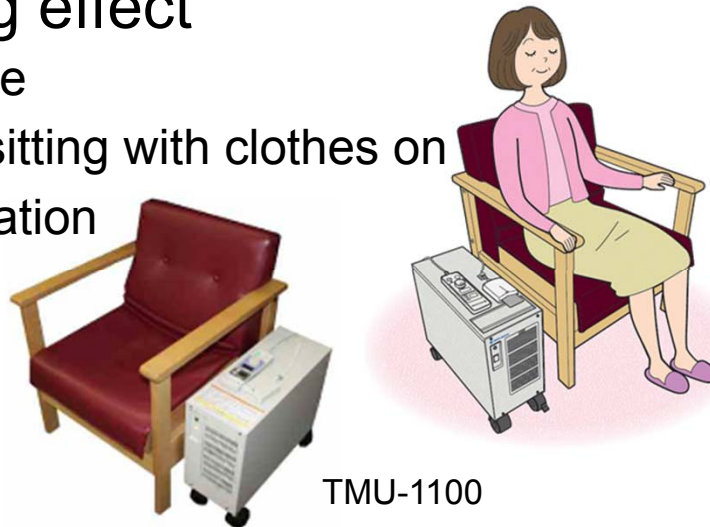
(iii) Develop new businesses

Develop magnetic stimulation treatment equipment

Urinary incontinence

Japan's first magnetic stimulation treatment equipment for 20,000 women with overactive bladder and urinary incontinence, who are suffering from drug side effects or lack of drug effect

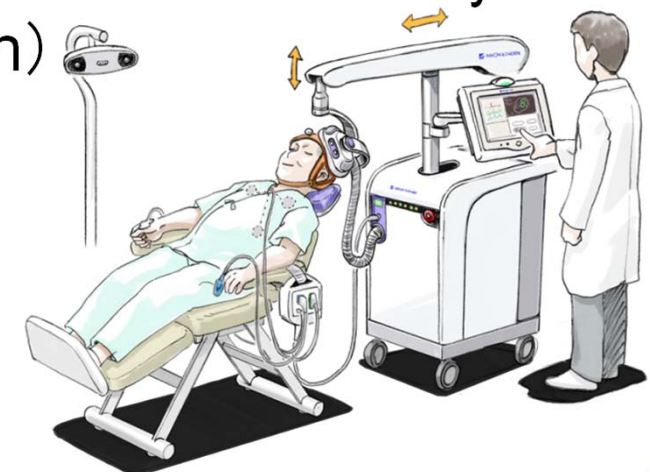
- Less-invasive
- Treat while sitting with clothes on
- Simple operation



Plan to launch in 1st half FY2014 (Japan)

Neurological disease

- Develop Japan's first non-invasive repetitive magnetic stimulation treatment equipment for Parkinson's disease
- Start clinical research at Fukushima medical university (FY2014 plan)



This R&D project was awarded a grant from Fukushima prefecture

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