

Consolidated Financial Highlights for the Third Quarter of FY2017

(From April 1, 2017 to December 31, 2017)

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NIHON KOHDEN CORPORATION

(Ticker Code: 6849)

February 2, 2018

1) Consolidated Financial Results for the 3rd Quarter of FY2017

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

	FY2016 3Q 9 months	FY2017 3Q 9 months	YoY (%)	
Net Sales	110,619	117,456	6.2	
Domestic Sales	83,011	86,766	4.5	
Overseas Sales	27,607	30,689	11.2	← +7% on a local currency basis
Operating Income	5,302	6,041	13.9	← Gross Margin Ratio: 48.5% → 48.1% SG&A Ratio: 43.7% → 43.0%
Ordinary Income	6,046	6,981	15.5	← Foreign exchange gains: ¥0.25 bil → ¥0.46 bil
Income Attributable to Owners of Parent	3,825	4,262	11.4	← Increase of income taxes due to US tax reform: approx. ¥0.5 bil

Average Exchange Rate	(2016/12)	(2017/12)
1 US Dollar	107.4 yen	111.6 yen
1 EURO	118.6 yen	128.8 yen

2) Highlights of FY2017 3Q

Net Sales : +6.2%

- **Japan**: Sales increased both in the hospital and the clinic markets as the Company concentrated on enhancing sales activities which match each market. Sales increased in all product categories.
- **International**: Sales achieved double-digit growth, thanks to strong performance in the Americas and Europe.

Operating Income : +13.9%

- Operating income increased due to sales increase, despite the increase of SG&A expenses such as R&D investments.
- Gross margin ratio was lower due to large orders in Japan and increased outsourcing fees in line with overseas sales growth.

Net Income: +11.4%

- Income taxes increased by approx. ¥0.5 bil due to a reversal of deferred tax assets following US tax reform.

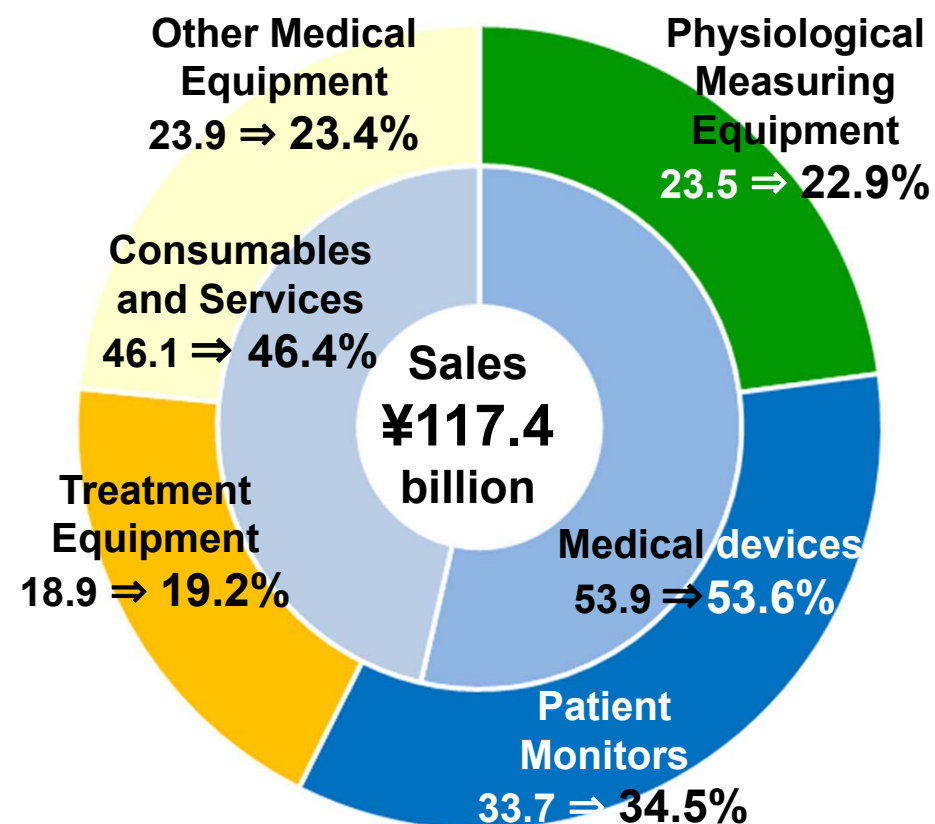
3) Sales by Product Category

(Sales, millions of yen)

	FY2016 3Q 9 months	FY2017 3Q 9 months	YoY (%)
Physiological Measuring Equipment	26,006	26,859	3.3
Patient Monitors	37,232	40,559	8.9
Treatment Equipment	20,948	22,497	7.4
Other Medical Equipment	26,431	27,539	4.2
Total Sales	110,619	117,456	6.2
(Reference)			
Consumables and Services	50,956	54,485	6.9

Sales Composition by Product Category

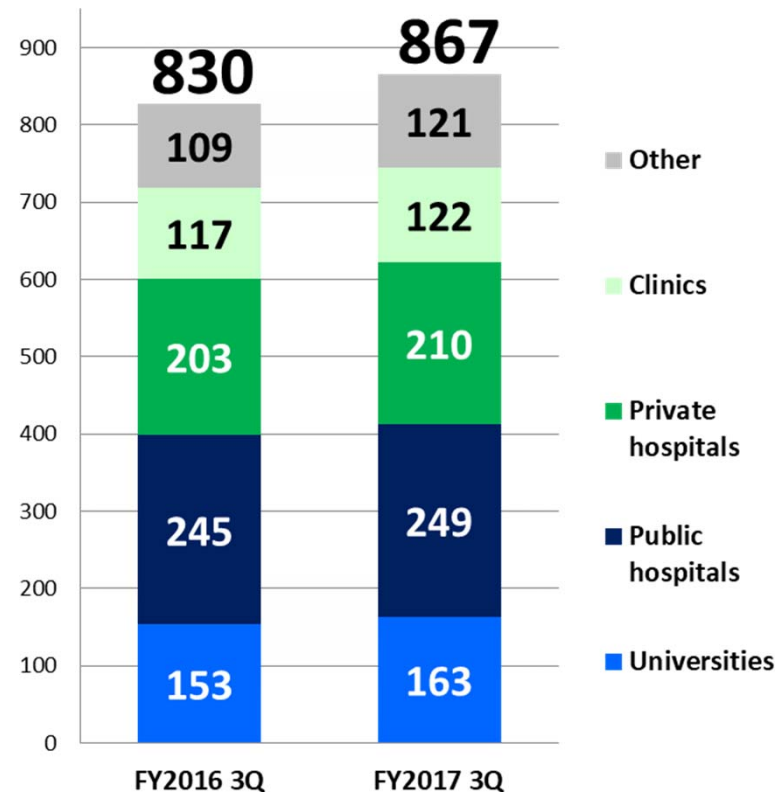
(FY2016 3Q ⇒ FY2017 3Q)



4) Domestic Sales

Sales by Market

(¥100 million)



Sales by Product Category

(Sales, millions of yen)

	FY2016 3Q 9 months	FY2017 3Q 9 months	YoY (%)
Physiological Measuring Equipment	20,335	21,442	5.4
Patient Monitors	24,448	25,680	5.0
Treatment Equipment	15,153	15,683	3.5
Other Medical Equipment	23,074	23,961	3.8
Total Sales	83,011	86,766	4.5

【Markets】 Sales increased both in the hospital and the clinic markets. Sales of Patient Monitors showed strong growth especially in the university market.

【Products】 Physiological Measuring Equipment: Sales of polygraphs for cath labs increased favorably. Sales of ECGs and diagnostic information systems also increased. Sales of EEGs decreased.

Patient Monitors: Sales showed strong growth, thanks to orders related to replacement of bedside monitors and clinical information systems.

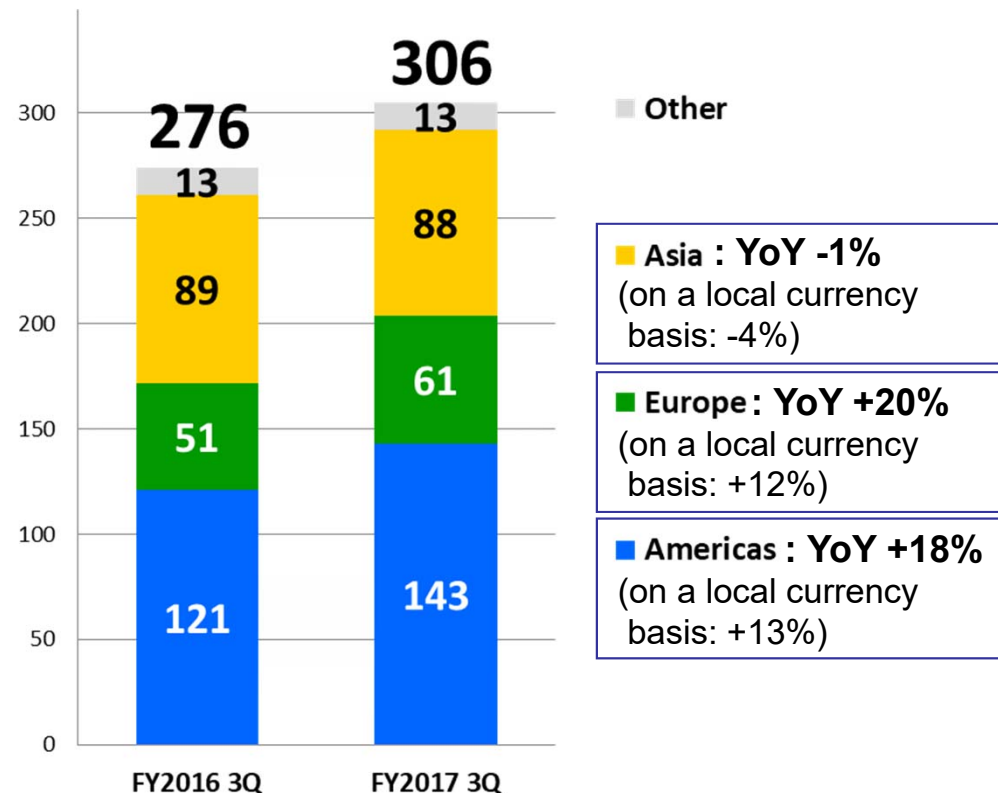
Treatment Equipment: Sales of defibrillators and AEDs increased favorably.

Other Medical Equipment: Sales of imaging systems increased.

5) Overseas Sales

Geographic segments

(¥100 million)



Percentage of Overseas Sales to Consolidated Sales

FY2016 3Q 9 months	FY2017 3Q 9 months
25.0%	26.1%

Sales by Product Category

(Sales, millions of yen)

	FY2016 3Q 9 months	FY2017 3Q 9 months	YoY (%)
Physiological Measuring Equipment	5,671	5,417	-4.5
Patient Monitors	12,784	14,879	16.4
Treatment Equipment	5,794	6,814	17.6
Other Medical Equipment	3,357	3,578	6.6
Total Sales	27,607	30,689	11.2

+7% on a local currency basis

- 【Region】** **Americas:** Sales in the U.S. increased favorably, supported by strong sales of Patient Monitors and AEDs. Sales in Latin America also increased, primarily in Brazil, while sales in Mexico decreased.
Europe: Sales increased in France and Russia. Sales in Turkey showed recovery.
Asia: Sales decreased in South Korea and Vietnam. Sales in China increased, reflecting the contribution of new products.
- 【Products】** **Physiological Measuring Equipment:** Sales of EEGs decreased in the Americas. Sales of ECGs decreased in Asia.
Patient Monitors: Sales showed strong growth in the Americas and Europe.
Treatment Equipment: Sales of defibrillators increased favorably in Europe and Asia. Sales of AEDs showed strong growth in the Americas.
Other Medical Equipment: Sales of hematology analyzers increased favorably in the Americas and Europe. Sales of locally purchased products also increased.

6) Topics

Japan

Competitive IT systems with new functions

Clinical Information System **PrimeGaia**

ICU/OR



NEW! Added **Early Warning Score** function*1 for patient safety

Diagnostic Information System **PrimeVitaPlus**

Laboratory



NEW! Consolidated management of all physiological tests by incorporating **Clinical Neurology Data Network System***2

International

Order for Patient Monitors from top hospital in Brazil

Enhance direct sales to key hospitals and promote our original technology, esCCO*3



Received order from Instituto do Coração do Hospital das Clínicas (Incor) for OR/ICU patient monitoring system



*1 Our Early Warning Score function adopts the National Early Warning Score (NEWS), which is widely used as standard in the UK. It scores patient's vital signs for identifying acutely ill patients.

*2 Clinical Neurology Data Network System manages large volume data such as long-term EEG monitoring and intraoperative neurophysiological monitoring.

*3 esCCO is a non-invasive method of continuous cardiac output measurement using ECG and pulse oximetry.

7) Depreciation & R&D Costs

(Millions of yen)

	FY2016 3Q 9 months	FY2017 3Q 9 months	Change	FY2016 Actual	FY2017	
					Original Forecast announced May 11	Revised Forecast announced Nov 6
Depreciation	2,461	2,417	-43	3,422	3,900	3,600
R&D costs	4,474	5,598	1,124	6,466	7,300	7,300
		Capital Investments		7,710	5,700	5,200

● FY2017 capital investments plan:

Molds for new products, measuring equipment and jigs, products for demonstration, production equipment, and renovation of headquarters (Nishiochiai Office)(¥0.8 bil)

8) Forecast for FY2017

(Millions of yen)

	FY2016 Actual	FY2017 Forecast	YoY (%)
Net 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

Breakdown of Overseas Sales by Region

	FY2016 Actual	FY2017 Forecast	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

Percentage of Overseas Sales 25.0% 26.9%

Average Exchange Rate Initial assumptions

1 US Dollar	109.2 yen	110 yen
1 EURO	119.3 yen	115 yen

*The assumed exchange rates for the 4th quarter of FY2017 are 110 yen to the U.S. dollar and 115 yen to the euro.

(Ref.) Consolidated Sales Forecast for FY2017 by Product Category

(Millions of yen)

	FY2016 Actual	FY2017		YoY (%)
		Original Forecast announced May 11	Revised Forecast announced Nov 6	
Physiological Measuring Equipment	37,658	39,800	39,500	4.9
Patient Monitors	56,117	59,100	61,400	9.4
Treatment Equipment	29,728	31,200	31,200	5.0
Other Medical Equipment	42,781	44,900	42,900	0.3
Total	166,285	175,000	175,000	5.2

(Reference)

Consumables and Services	71,180	75,100	75,700	6.4
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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.