

Consolidated Financial Highlights for FY2015

(From April 1, 2015 to March 31, 2016)

- 
1. Consolidated Financial Results for FY2015
 2. Forecast for FY2016
 3. Business Strategy

May 16, 2016

Consolidated Financial Results for FY2015



1) Consolidated Financial Results for FY2015

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

	FY2014 Actual	FY2015			
		Original Forecast announced May 11, 2015	Revised Forecast announced Nov 4, 2015	Actual	YoY (%)
Sales	160,803	172,000	167,000	165,522	2.9
Domestic Sales	122,490	126,000	121,000	121,989	-0.4
Overseas Sales	38,313	46,000	46,000	43,533	13.6
Operating Income	15,921	18,000	16,500	16,438	3.3
Ordinary Income	17,234	18,000	16,800	16,116	-6.5
Income Attributable to Owners of Parent	11,142	12,100	10,700	10,516	-5.6

+7% on a local currency basis

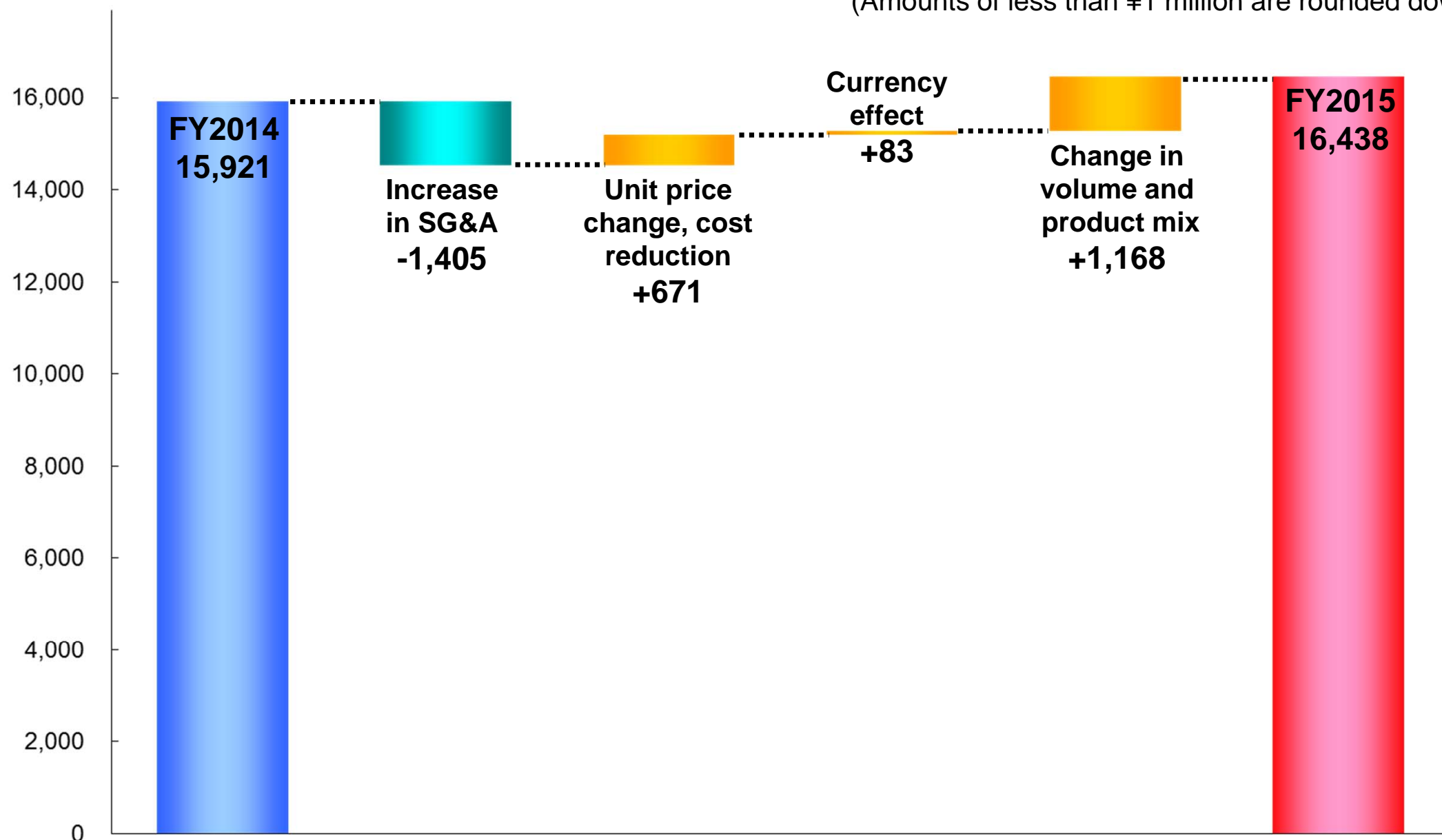
FY2014 FY2015
Gross margin ratio: 48.4% → 48.8%
SG&A ratio: 38.5% → 38.9%

Foreign exchange gains or losses:
FY2014 FY2015
¥818 mil gains → ¥911 mil losses

Average exchange rate	FY2014	FY2015
1 US Dollar	109.6 yen	120.1 yen
1 EURO	139.4 yen	132.4 yen

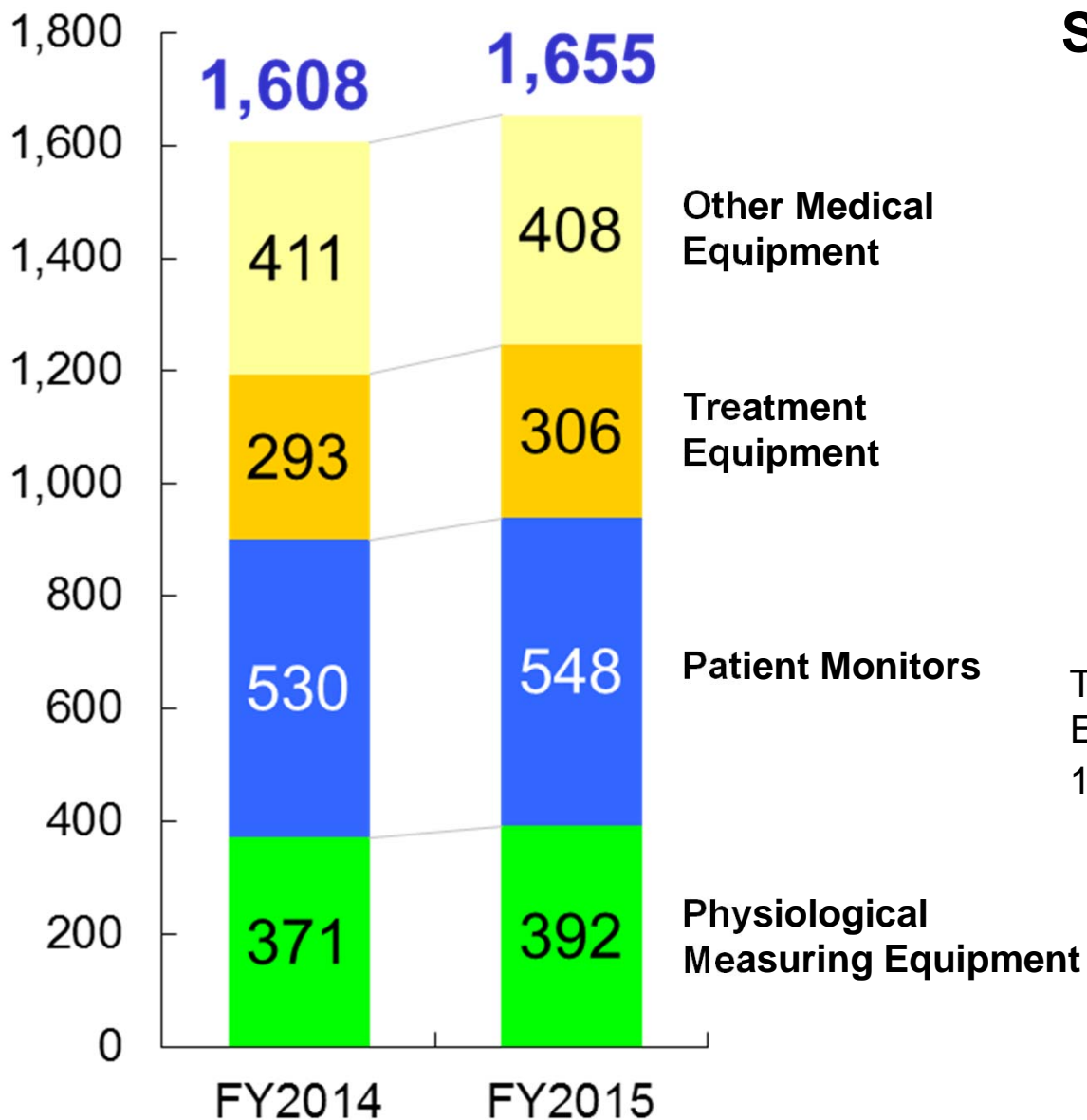
2) Breakdown of Operating Income

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



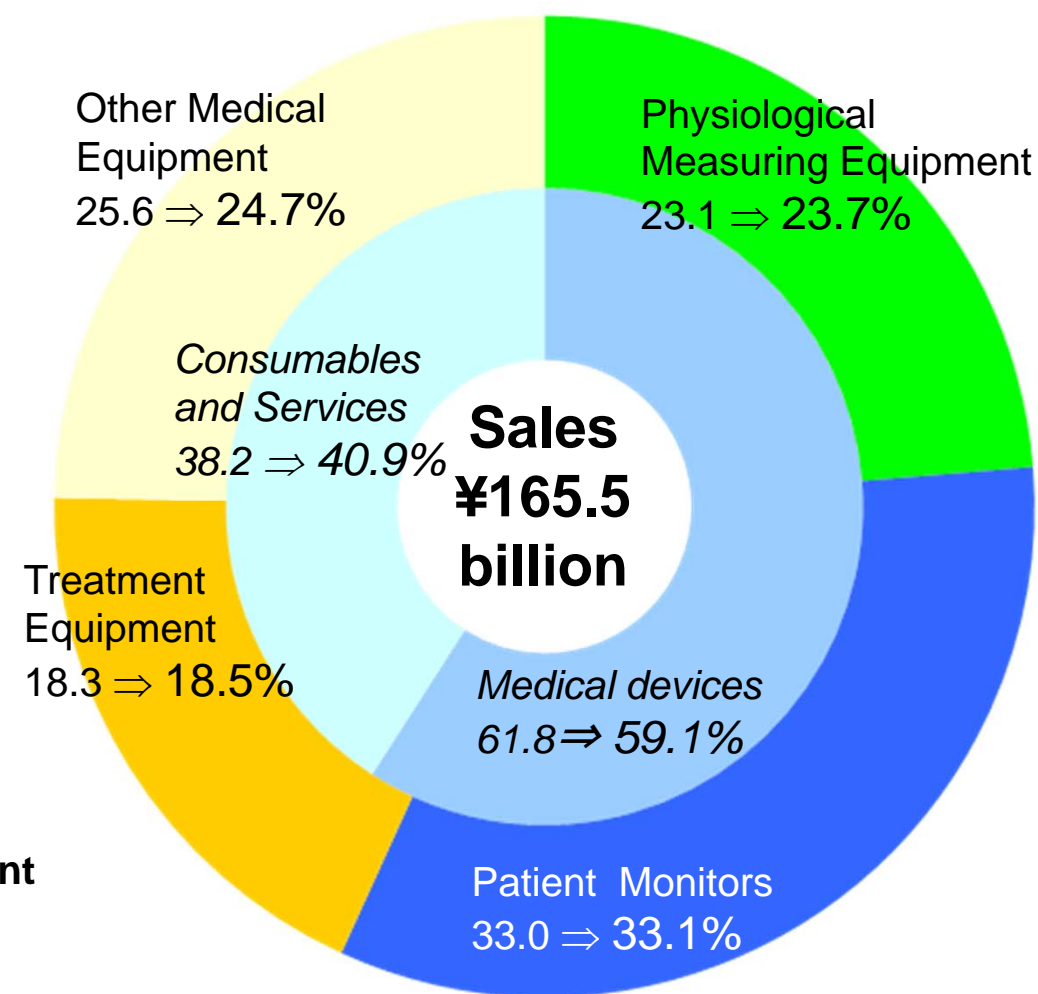
3) Sales by Product Category

(¥100 million)



Sales composition by product category

(FY2014 ⇒ FY2015)



3.1) Physiological Measuring Equipment

(Sales, millions of yen)

	FY2014	FY2015	YoY (%)	Comparable YoY (%)
Electroencephalographs	9,913	8,200	-17.3	-0.5
Electrocardiographs	7,376	7,163	-2.9	
Polygraphs for Cath Lab	9,561	11,254	17.7	
Other Physiological Measuring Equipment (Diagnostic Information System and Others) *	10,329	12,599	22.0	5.0
Physiological Measuring Equipment	37,180	39,218	5.5	
Domestic Sales	28,452	29,944	5.2	
Overseas Sales	8,728	9,274	6.3	

Domestic: Sales decreased.
Overseas: Sales increased excluding the impact of reclassification.

Domestic: Sales decreased.
Overseas: Sales in Europe and Asia increased.

Domestic: Sales of EP catheters increased. New product also contributed.

*Other Physiological Measuring Equipment includes diagnostic information system and products of other companies. Effective FY2015, local installed products are reclassified into Other Physiological Measuring Equipment; this was previously classified into Electroencephalographs. This reclassification was due to the ERP installation into our U.S. sales subsidiary.



Electroencephalographs

EEG-1250



Electrocardiographs

ECG-2300

New!



Polygraphs for cath labs

RMC-5000

3.2) Patient Monitors

(Sales, millions of yen)

	FY2014	FY2015	YoY (%)
Patient Monitors	53,068	54,823	3.3
Domestic Sales	35,334	34,616	-2.0
Overseas Sales	17,734	20,207	13.9

Sales decreased due to reaction to the higher demand in the last year in the private hospital market.

Sales in Americas and Asia showed strong growth. New products also contributed.



Bedside monitors
CSM-1901

New!



Bedside monitors for emerging countries
SVM-7500 series

New!



Vital sign telemeter
GZ-130P

New!



SpO₂ probes



Oxygen mask with CO₂ monitoring



ECGs Electrodes

Consumables

3.3) Treatment Equipment


(Sales, millions of yen)

	FY2014	FY2015	YoY (%)
Defibrillators (for Hospital and Ambulance)	5,410	5,670	4.8
AEDs (Automated External Defibrillator)	12,680	13,825	9.0
Pacemakers / ICDs	2,935	2,914	-0.7
Ventilators	1,809	1,790	-1.0
Other Treatment Equipment	6,556	6,410	-2.2
Treatment Equipment	29,393	30,611	4.1
Domestic Sales	21,889	21,584	-1.4
Overseas Sales	7,504	9,027	20.3
(Ref.) AED Unit Shipments	83,300	87,500	5.0
Domestic Unit Sales	47,600	48,800	2.5

Overseas: Sales in Americas, Europe and Other increased favorably.

Domestic: AED unit sales increased due to demand for extension and replacement. New product also contributed.

AED Linkage
AED Remote Monitoring System


AED-2150, 2151, 2152, 3100

Overseas: AED sales showed strong growth in all areas. Sales of both Defibtech and Nihon Kohden AEDs increased.

Domestic: Sales decreased due to change of cochlear implant supplier.



Defibrillators
TEC-5600 series

New!



AEDs
AED-3100



Pacemakers
Zenex MRI



Ventilators
HAMILTON-C1



Anesthesia Machine
Leon plus

3.4) Other Medical Equipment

(Sales, millions of yen)

	FY2014	FY2015	YoY (%)
Hematology Analyzers	9,751	11,382	16.7
Imaging Systems, Medical equipment for study and others *	31,408	29,485	-6.1
Other Medical Equipment	41,160	40,868	-0.7
Domestic Sales	36,814	35,843	-2.6
Overseas Sales	4,346	5,024	15.6

Domestic: Sales of hematology analyzers and clinical chemistry analyzers increased in the clinic market.

Overseas: Sales of hematology analyzers increased in Asia and Other, especially India and the Middle East.

Domestic: Sales of locally purchased products decreased in accordance with the Company's selling policy focus on its own products.

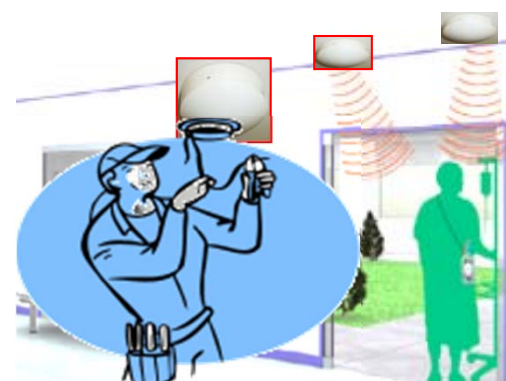
*Includes consumables, installation and maintenance services which are not applicable to other categories.



Automated hematology analyzers
MEK-6500



Clinical chemistry analyzers
CHM-4100

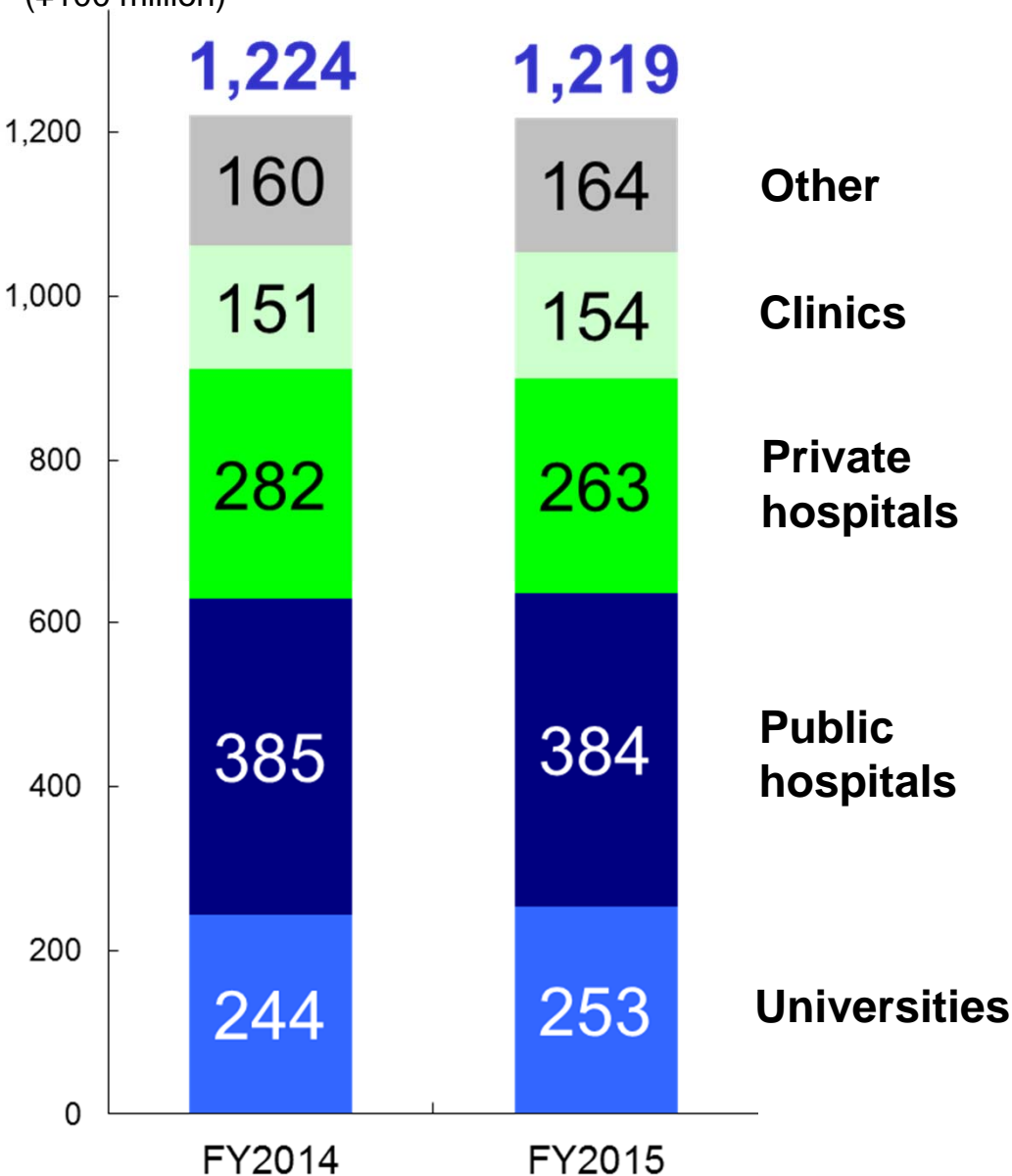


Installation and maintenance services

4) Domestic Sales

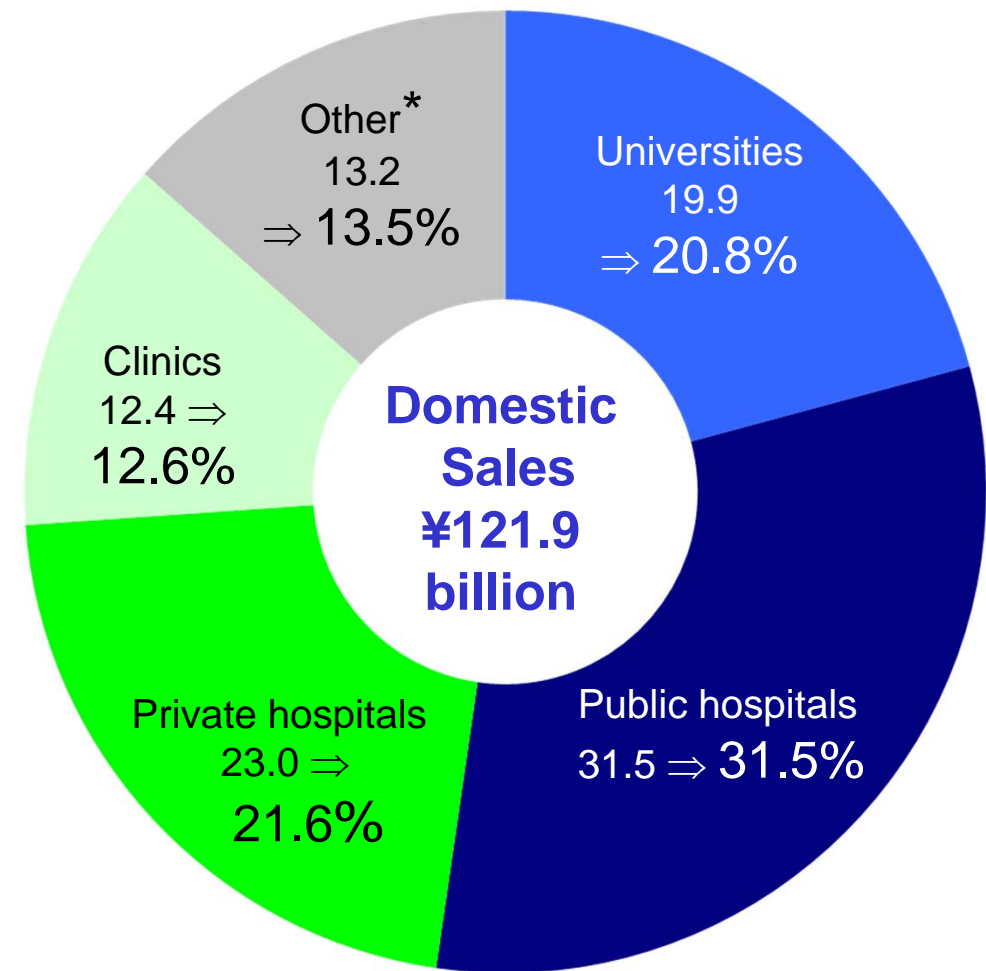
Sales by market

(¥100 million)



Sales composition by market

(FY2014 ⇒ FY2015)



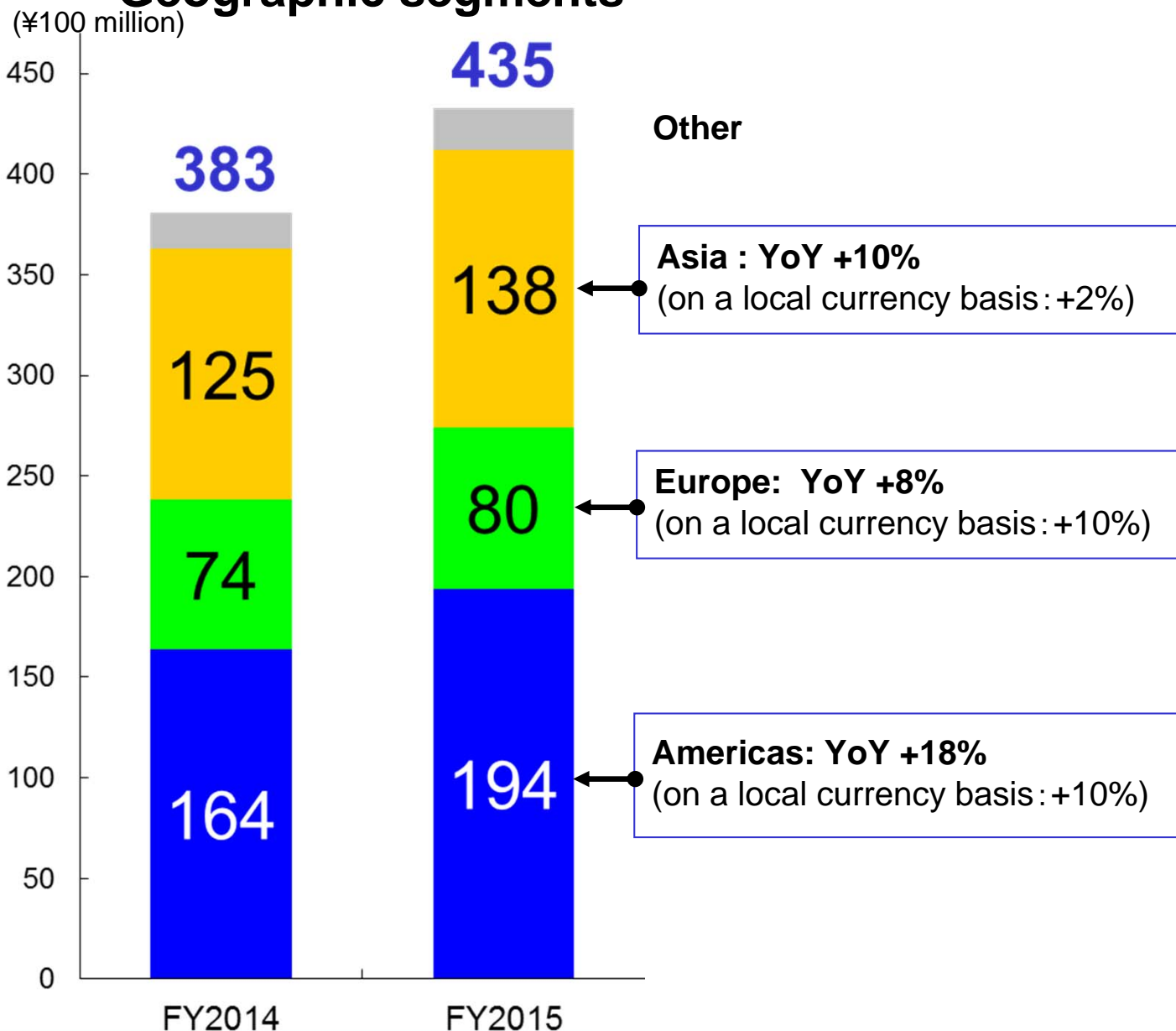
* Other includes laboratories, animal hospitals and PAD (public access defibrillation) markets such as schools and private companies.

5) Overseas Sales

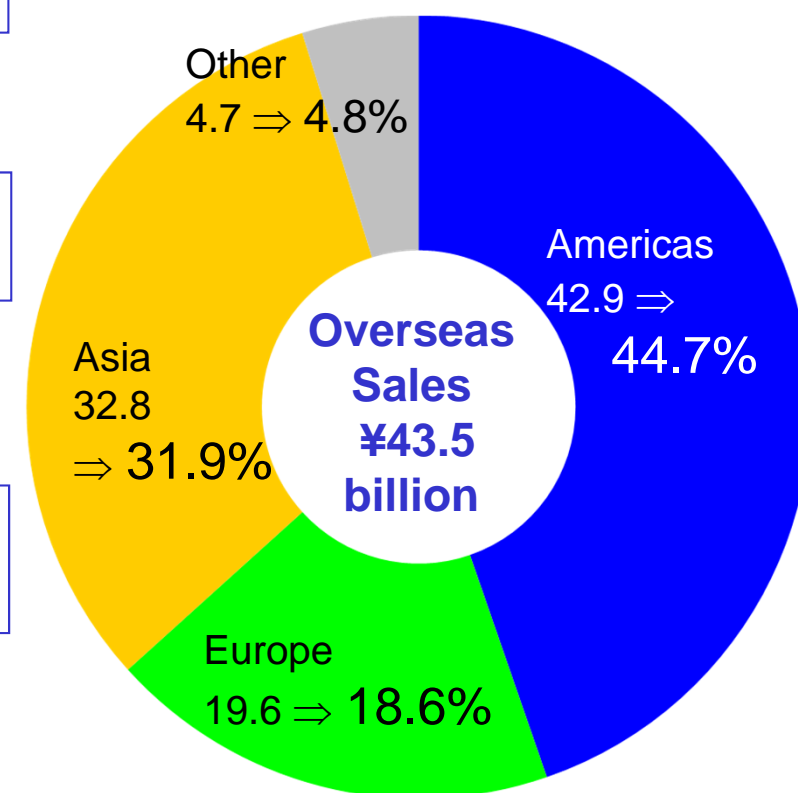
Percentage of overseas sales to consolidated sales

FY2014	FY2015
23.8%	26.3%

Geographic segments



Geographic Segments (FY2014 ⇒ FY2015)



6) Financial Condition

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

	FY2014	FY2015	Change										
Current Assets	118,389	112,929	-5,459	<table border="1"> <thead> <tr> <th colspan="3">Securities (certificate of deposit)</th> </tr> <tr> <th>FY2014</th> <th>FY2015</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>21,000</td> <td>11,000</td> <td>-10,000</td> </tr> </tbody> </table>	Securities (certificate of deposit)			FY2014	FY2015	Change	21,000	11,000	-10,000
Securities (certificate of deposit)													
FY2014	FY2015	Change											
21,000	11,000	-10,000											
Fixed Assets	28,366	31,340	2,974	<table border="1"> <thead> <tr> <th colspan="3">Property, plant and equipment</th> </tr> <tr> <th>FY2014</th> <th>FY2015</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>12,211</td> <td>15,695</td> <td>+3,484</td> </tr> </tbody> </table>	Property, plant and equipment			FY2014	FY2015	Change	12,211	15,695	+3,484
Property, plant and equipment													
FY2014	FY2015	Change											
12,211	15,695	+3,484											
Total Assets	146,755	144,270	-2,485										
Current Liabilities	45,654	42,901	-2,752										
Non-current Liabilities	1,797	3,697	1,900	<table border="1"> <thead> <tr> <th colspan="3">Net defined benefit liability</th> </tr> <tr> <th>FY2014</th> <th>FY2015</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>619</td> <td>3,164</td> <td>+2,545</td> </tr> </tbody> </table>	Net defined benefit liability			FY2014	FY2015	Change	619	3,164	+2,545
Net defined benefit liability													
FY2014	FY2015	Change											
619	3,164	+2,545											
Total Liabilities	47,451	46,599	-852										
Net Assets	99,304	97,671	-1,632	<table border="1"> <thead> <tr> <th colspan="3">Treasury shares</th> </tr> <tr> <th>FY2014</th> <th>FY2015</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>-2,029</td> <td>-7,472</td> <td>-5,442</td> </tr> </tbody> </table>	Treasury shares			FY2014	FY2015	Change	-2,029	-7,472	-5,442
Treasury shares													
FY2014	FY2015	Change											
-2,029	-7,472	-5,442											
Total Liabilities & Net Assets	146,755	144,270	-2,485										

7) Cash Flows

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

	FY2014	FY2015	Change	
I .Cash flows from operating activities	12,505	10,765	-1,740	← ● Income before income taxes
II .Cash flows from investing activities	-4,689	-7,802	-3,112	← ● Purchase of property, plant and equipment
Free cash flows	7,815	2,962	-4,852	
III .Cash flows from financing activities	-3,267	-9,488	-6,220	← ● Purchase of treasury shares
Effect of exchange rate change on cash and cash equivalents	756	-304	-1,060	
Net increase (decrease) in cash and cash equivalents	5,304	-6,829	-12,133	
Cash and cash equivalents at end of period	34,113	27,283	-6,829	

Income before income taxes		
FY2014	FY2015	Change
17,425	15,939	-1,486

Purchase of property, plant and equipment		
FY2014	FY2015	Change
-3,174	-6,898	-3,723

Purchase of treasury shares		
FY2014	FY2015	Change
-2	-6,438	-6,436

8) Capital Investments and R&D Costs

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

	FY2014 Actual	FY2015		Actual	Change	FY2016 Plan
		Original Forecast announced May 11, 2015	Revised Forecast announced Nov 4, 2015			
Capital Investments	5,158	9,600	8,600	6,678	1,520	10,000
Depreciation	3,445	4,200	3,400	3,459	14	4,000
R&D costs	5,745	6,400	6,100	5,910	164	7,300

● FY2015 capital investments:

Molds for new products, measuring equipment and jigs, products for demonstration, production equipment and construction of Tokorozawa R&D center

● FY2016 capital investments plan:

- Molds for new products, measuring equipment and jigs, products for demonstration, production equipment and renovation of Tomioka 2nd Plant
- Establish Tokorozawa R&D center
 - Completion and relocation: Fall 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



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 and Europe

- ObamaCare in US
- Improve the quality and efficiency of medical care
- Increase in centralized purchasing systems like GPO*

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) Forecast for FY2016

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

	FY2015	FY2016	YoY (%)
Sales	165,522	175,000	5.7
Domestic Sales	121,989	127,000	4.1
Overseas Sales	43,533	48,000	10.3
Operating Income	16,438	17,500	6.5
Ordinary Income	16,116	17,500	8.6
Income Attributable to Owners of Parent	10,516	11,500	9.3

Percentage of Overseas Sales 26.3% 27.4%

Average Exchange Rate

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

Breakdown of overseas sales by region

	FY2015	FY2016	YoY (%)
Americas	19,455	21,300	9.5
Europe	8,084	8,700	7.6
Asia	13,877	15,700	13.1
Other	2,115	2,300	8.7

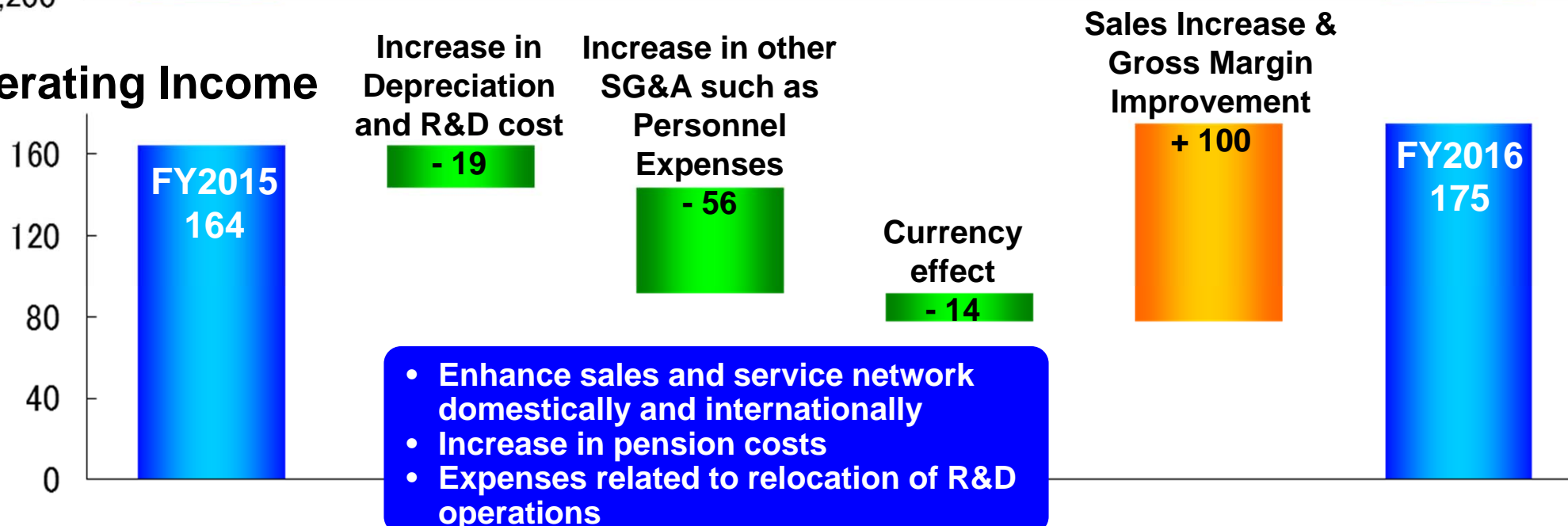
3) Analysis of FY2016 Forecast

(¥100 million)

Sales



Operating Income



(Ref.) Consolidated Forecast FY2016 by Product Category

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

	FY2015	FY2016	YoY (%)
Physiological Measuring Equipment	39,218	40,800	4.0
Patient Monitors	54,823	59,250	8.1
Treatment Equipment	30,611	32,600	6.5
Other Medical Equipment	40,868	42,350	3.6
Total	165,522	175,000	5.7
(Reference)			
Consumables and Services	67,684	72,400	7.0

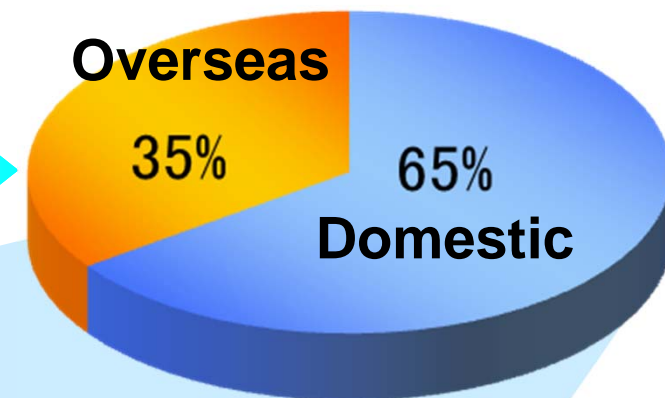
Business Strategy



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

Achieve Strong Growth with Company-wide efforts

Sustainable growth in Japan

Strong growth in international market

Enhance operating base to ensure growth

Fiscal year ending March 2020

Sales ¥200 billion

Operating Income ¥25 billion

Operating income ratio 12.5%

2) Progress of Mid-term Business Plan - Review of Three-Year Progress - **Strong Growth 2017**

Sustainable growth in Japan

- Enhance **business operations to match each market**; acute care hospitals, small and mid-sized hospitals and clinics
- Secure stable revenue by **expanding consumables and services**



Strong growth in international market

- Establish a stronger presence in **US** by reorganizing direct-sales operations and enhancing ties with GPO/IDN*
- Achieve strong growth in **emerging market** by expanding sales network and enriching Chinese-made products



Enhance operating base to ensure growth

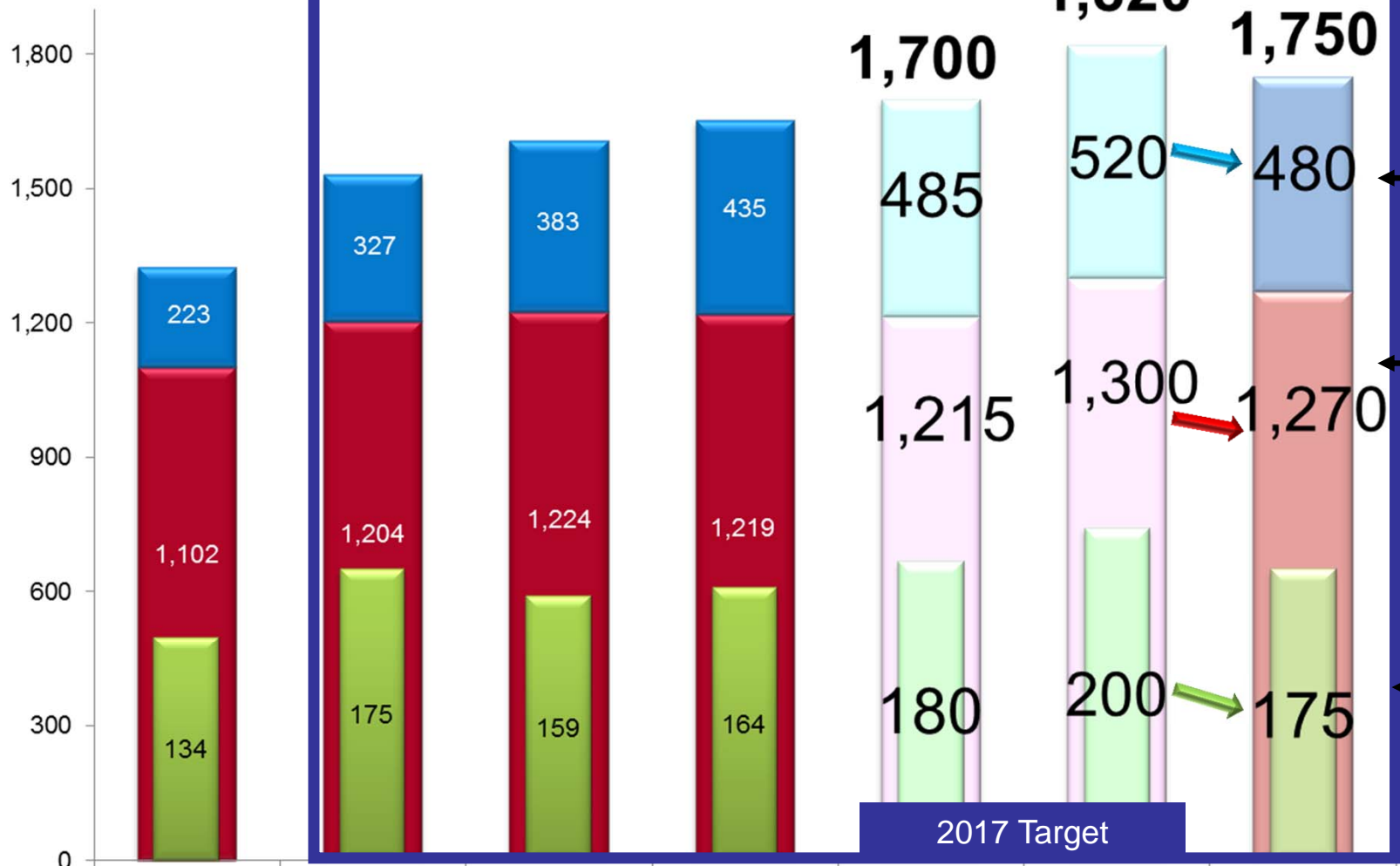
- Enhance portfolio by introducing competitive technologies and products
- Establish R&D offices in US, sales & manufacturing sites in emerging countries
- Establish Tomioka production center and a new R&D center



2) Progress of Mid-term Business Plan – Forecast for the Last Year - **Strong Growth 2017**

Strong Growth 2017

Left: Sales
¥100 million



Missed revised target

Overseas sales

- Negative currency translation impact
- Weak Chinese business

Domestic sales

- Weaker hospital capex spending than expected

Right: Operating income
¥100 million

Operating income

- Missed sales target
- Increase in Pension Costs due to change of discount rate

2017 Target

*Years ended March 31

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 FY2016

(i) Strengthen technological development capabilities

Relocate to a new R&D facility

Relocate and consolidate R&D operations to enhance technological competitiveness and improve development efficiency

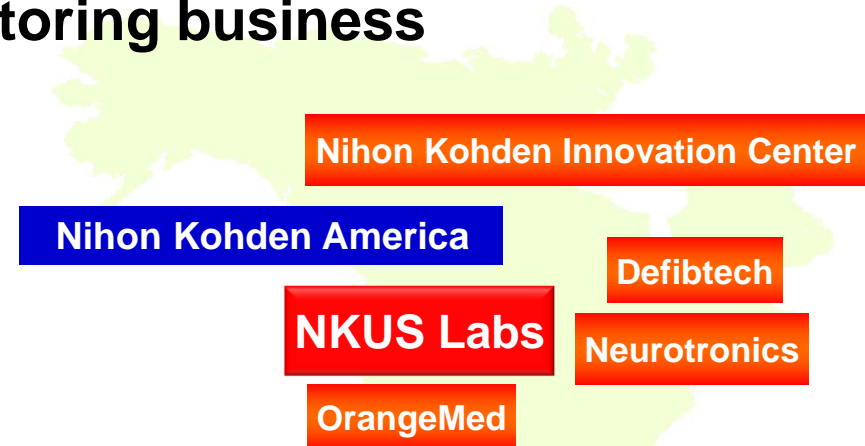


New R&D Center
Completion in fall 2016

2nd Seibu building
Lease several floors

Strengthen R&D functions of Patient Monitors

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



(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)
Plan to launch 2016 (Japan)

EEG Head-set
Plan to launch 2016



Cardiology products



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



ECG
Plan to launch 2016



Hematology analyzer
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
Launch 2016 (Japan)



Plan to launch 2016



Automated Resuscitation Machine
Launch 2015 (USA)
Plan to launch 2016 (Japan)



Defibrillators for ambulances
TEC-2603
Launch 2016 (Japan)

Treatment Equipment



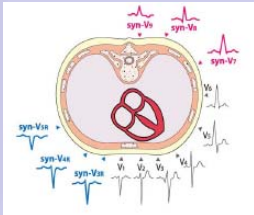
CPR Assist
Plan to launch 2016

IT Solutions

Consumables and Services

(ii) Achieve further growth in core businesses

Synthesized 18-lead ECG



Measurement method to derive 6-lead ECG, right-side leads and posterior leads, from the standard 12-lead ECG

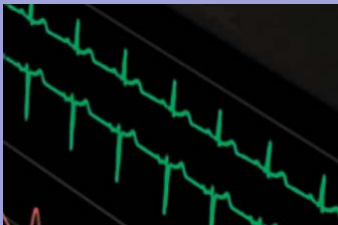


esCCO

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

※ esCCO : estimated Continuous Cardiac Output

Arrhythmia Analysis

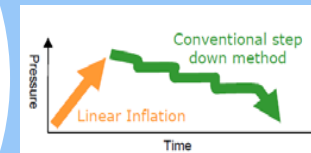


High quality arrhythmia detection and reduction of false alarms

Nihon Kohden's original sensor technology

Fast and painless NIBP measurement

iNIBP

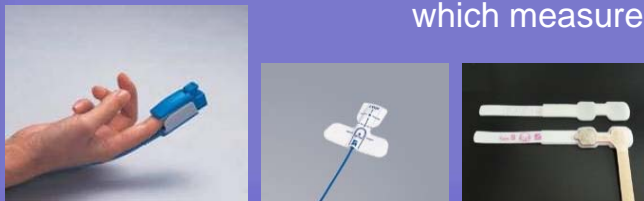


※ NIBP : Non Invasive Blood Pressure

SpO₂



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



Oxygen masks with CO₂ monitoring



etCO₂

World's smallest and lightest mainstream CO₂ sensor



Patient Monitors

Seamless Patient Care

General Wards

Transport in hospital

ICU

OR

In and out of hospital

Vital sign
telemeter

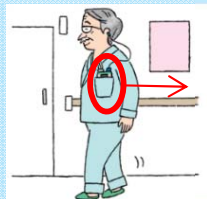
Bedside monitors

Transport
monitors



Most advanced
bedside monitors

Mobile viewer



GZ-130P



BSM-3000 series



PVM-2700 series

Plan to
launch
2016



BSM-1700
series



CSM-1901



ViTrac

Telemetry central monitors

New!

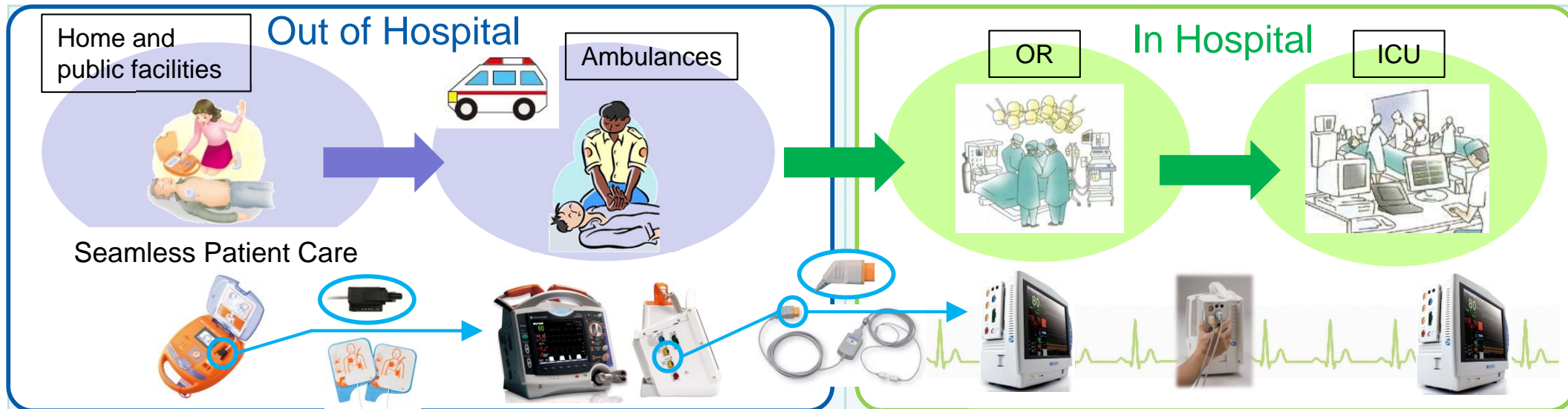


Telemetry central
monitor
WEP-5250
Launch 2016 (Japan)



Treatment Equipment

Strengthen collaboration with patient monitors



AED Linkage

AED Remote Monitoring System



AED-3100
Launch 2015



Automated Resuscitation Machine
RMU-1000
Launch 2015 (USA)
Plan to launch 2016 (Japan)



Defibrillators for ambulances
TEC-2603
Launch 2016 (Japan)



Patient Monitors for ambulances
Launch 2016 (Japan)



CPR Assist
Plan to launch 2016



Anesthesia Machine

Launch 2015 (Japan)

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

Hematology Instruments

Hematology analyzer

Launch new products

International

Japan



MEK-6500 series



MEK-7300

New! Most advanced hematology analyzer



MEK-9100 Launch 2016

Clinical chemistry analyzer

Expand Overseas Business

CRP measurement and reagents

- Production in Shanghai will start in 2016
- Plan to start business development in Asia in FY2016

International

Japan



CHM-4120 CRP measurement



CHM-4100 HbA1c and CRP measurement

Acquire 100% ownership of joint company for manufacturing reagents in India

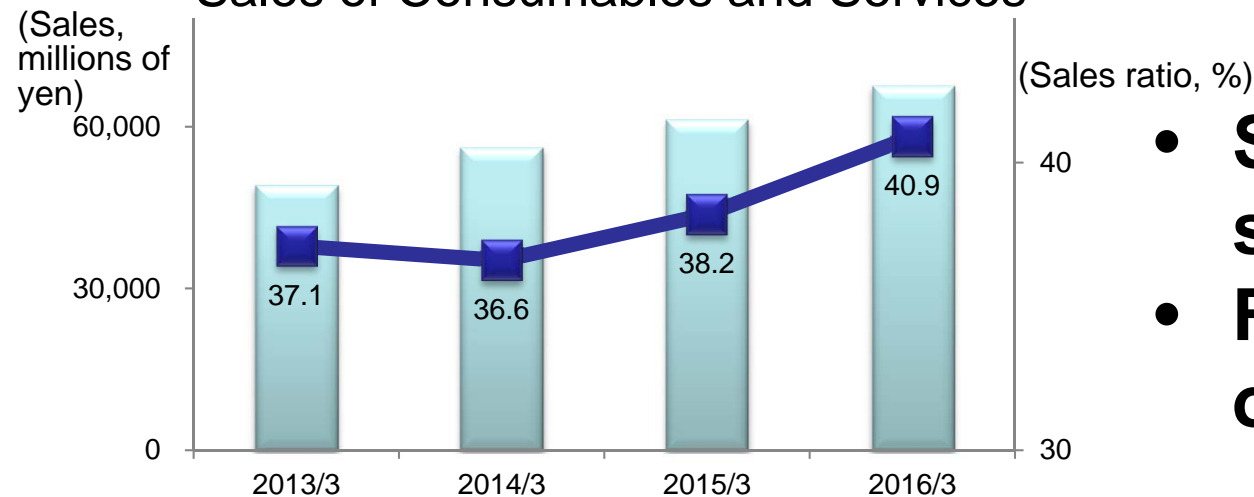
Relocate immunochemical products department



Consumables

Expand international sales of consumables

Sales of Consumables and Services



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

Increase production efficiency and product volume of consumables

Add domestic plant for consumables



Kawamoto Office



Plan to start in Tomioka 2nd Plant in FY2016

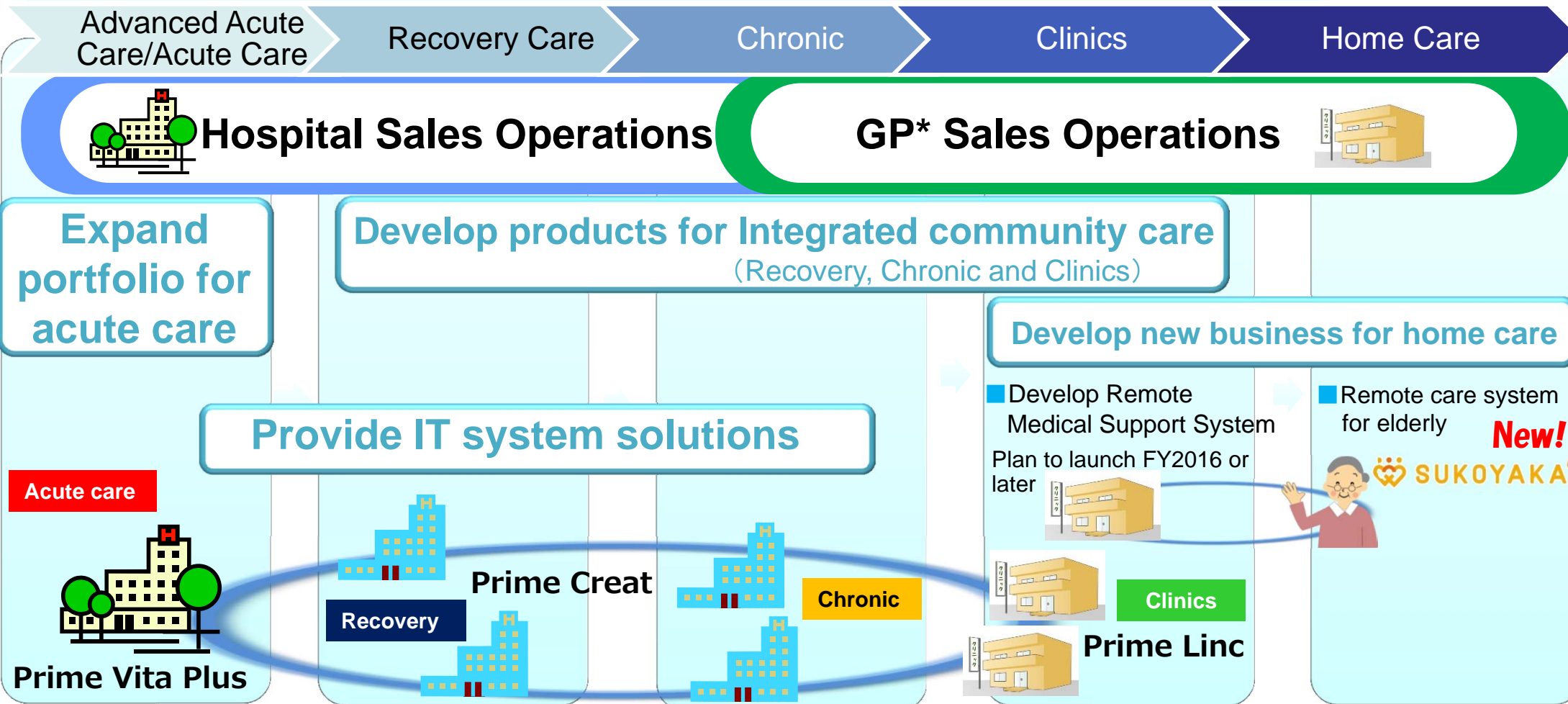
Automate production of SpO₂ sensors, CO₂ sensors and AED disposable pads



(iii) Strengthen Business Expansion by Region

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

Reorganize sales operations to match each market



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

Strengthen collaboration of 3 business and cross-selling by reorganizing direct-sales operations

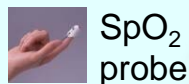
Patient monitors

- Strengthen ties with GPO/IDN*



Contract for patient monitors with University of Connecticut

- Expand consumable sales



SpO₂ probe



Oxygen mask with CO₂ monitoring

Neurology

- Focus on top 50 hospitals in USA



Contract for EEGs with Barnes Jewish Hospital

- Launch new products



MEE-2000



Live View Panel

New!
Launch 2016 (USA)

Resuscitation



- Launch new products



RMU-1000
Launch 2015 (USA)

Expand service operations

Establish new East Coast facility in Pennsylvania in Feb 2016 to provide technical and product support

Nihon Kohden America



Aim at 10% share in patient monitors market

Increase market share in emerging markets as a key growth driver

Strengthen business structure

China

- Enhance R&D and production for exporting to emerging markets
- Expand hematology business

Shanghai Kohden

Malaysia

Start manufacturing bedside monitors in Sep 2015



Nihon Kohden Middle East

Nihon Kohden Korea

Nihon Kohden India

NKS Bangkok

Nihon Kohden Singapore

Nihon Kohden Malaysia

Nihon Kohden Mexico

Nihon Kohden Latin America

Nihon Kohden Do Brasil

Reorganize group companies in Latin America

Establish Nihon Kohden Mexico to provide sales and after-sales support in northern Latin America in Jan 2016. Nihon Kohden Do Brasil expands its coverage area to southern Latin America.

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

Product strategy tailored to each market

High-end market

Made in Japan

Patient monitors

Most advanced bedside monitors

Transport monitors

CO₂ sensor

esCCCO™
Continuous Cardiac Output

INIBP

ECGs

ECGs

Synthesized 18-lead ECG

synECi 18
Synthesized Electrocardiogram

Hematology analyzers

Reagents

5-part diff

3-part diff

Neurology

EEG Evoked potential / EMG systems

Defibrillators & AEDs

Defibrillators

AEDs

Propose solutions to improve the quality and efficiency of medical care

Low-end market

Made in Shanghai

Bedside monitors

Central monitors

Bedside monitors

ECGs

Handy ECG

5-part diff

3-part diff

Reagents

CRP measuring instruments and reagents

Plan to start to manufacture in 2016

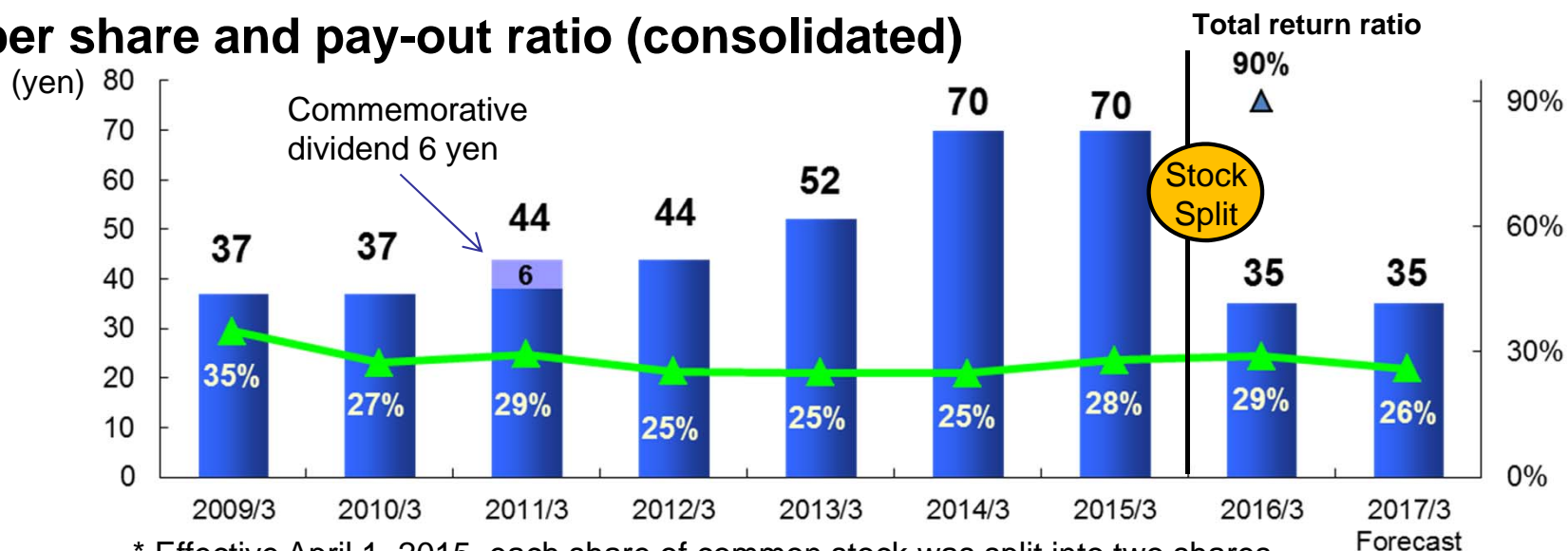
Broaden line-up of high-quality products at reasonable prices to target high volume markets

5) 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.