

Consolidated Financial Highlights for the Third Quarter of FY2015

(From April 1, 2015 to December 31, 2015)



NIHON KOHDEN CORPORATION
(Ticker Code: 6849)

February 1, 2016

1) Consolidated Financial Results for the 3rd Quarter of FY2015

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

	FY2014 3Q 9 months	FY2015 3Q 9 months	YoY (%)
Net Sales	108,277	111,654	3.1
Domestic Sales	82,761	81,094	-2.0
Overseas Sales	25,516	30,560	19.8
Operating Income	8,342	7,247	-13.1
Ordinary Income	10,036	7,588	-24.4
Income Attributable to Owners of Parent	6,710	4,650	-30.7

+8% on a local currency basis

FY2014 3Q FY2015 3Q
Gross Margin Ratio: 49.2% → 48.8%
SG&A Ratio: 41.5% → 42.3%

Foreign exchange gains or losses:
 FY2014 3Q FY2015 3Q
¥1.4 bil gains → ¥0.1 bil losses

*Gross margin ratio in 3Q (3 months)
 FY2014 3Q FY2015 3Q
 49.8% → 49.9%

Average Exchange Rate	(2014/12)	(2015/12)
1 US Dollar	105.7 yen	121.6 yen
1 EURO	140.1 yen	133.9 yen

2) Highlights of FY2015 3Q

Net Sales : +3.1%

- **Japan**: Sales in the public hospital and the private hospital market were weak. Sales in the clinic market increased favorably. As the execution of the budget in the university market started Oct 2015, domestic business has gradually been recovering in the second half of this fiscal year.
- **International**: Sales in all areas and all product categories showed double-digit growth.

Operating Income : -13.1%

- Operating income decreased because of decrease in domestic sales as well as increase in SG&A expenses which was primarily due to the strengthening of the Company's international business structure.

Ordinary Income : -24.4%

- Foreign exchange losses were recorded compared to foreign exchange gains in the same period of FY2014.

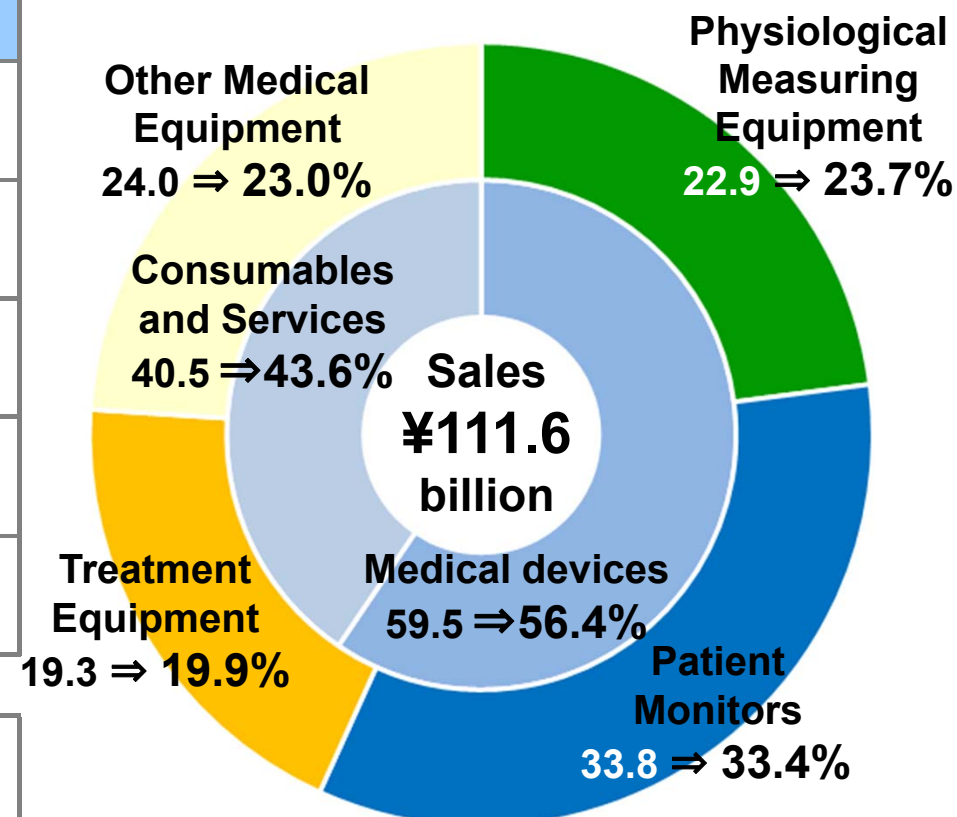
3) Sales by Product Category

(Sales, millions of yen)

	FY2014 3Q 9 months	FY2015 3Q 9 months	YoY (%)
Physiological Measuring Equipment	24,840	26,450	6.5
Patient Monitors	36,631	37,271	1.7
Treatment Equipment	20,855	22,164	6.3
Other Medical Equipment	25,950	25,768	-0.7
Total Sales	108,277	111,654	3.1
(Reference)			
Consumables and Services	43,868	48,683	11.0

Sales Composition by Product Category

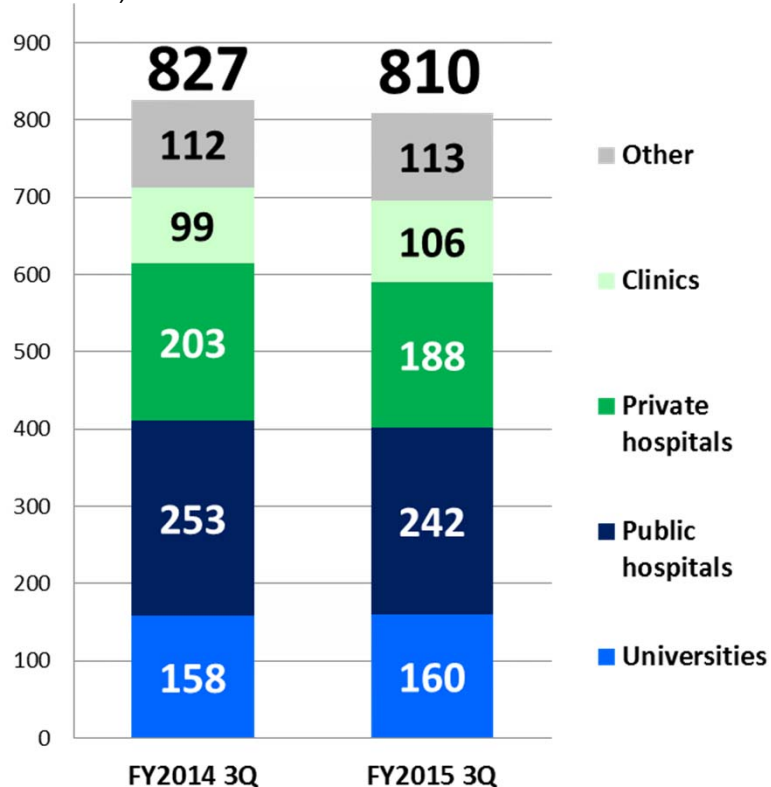
(FY2014 3Q ⇒ FY2015 3Q)



4) Domestic Sales

Sales by Market

(¥100 million)



Sales by Product Category

(Sales, millions of yen)

	FY2014 3Q 9 months	FY2015 3Q 9 months	YoY (%)
Physiological Measuring Equipment	18,983	20,002	5.4
Patient Monitors	24,919	23,437	-5.9
Treatment Equipment	15,926	15,601	-2.0
Other Medical Equipment	22,931	22,052	-3.8
Total Sales	82,761	81,094	-2.0

【Markets】 Sales in the public and private hospital market were weak. Sales in the clinic market and the university market increased.

【Products】 Physiological Measuring Equipment: Sales of polygraphs for cath labs increased favorably. Sales of EEGs and diagnostic information system were flat, while sales of ECGs decreased.

Patient Monitors: Sales of transmitters and bedside monitors were weak. Sales of consumables and services, and clinical information system increased.

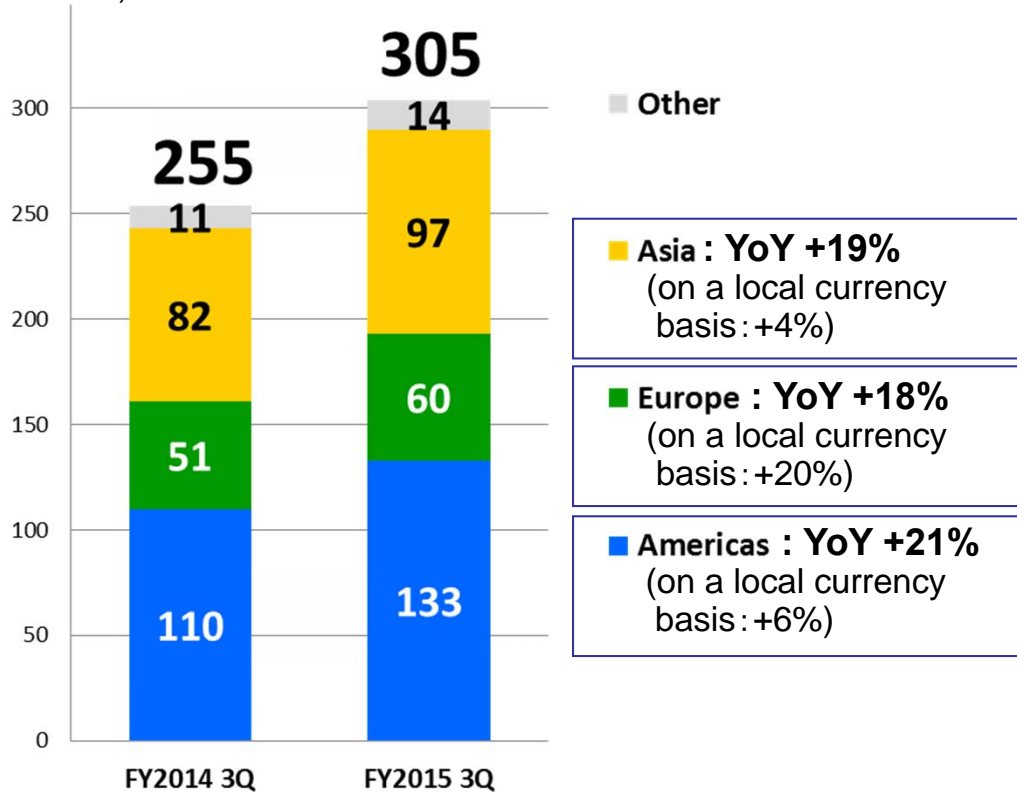
Treatment Equipment: Sales were weak because sales of cochlear implant decreased due to change of supplier. Sales of AEDs were flat.

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

5) Overseas Sales

Geographic Segments

(¥100 million)



Percentage of Overseas Sales to Consolidated Sales

FY2014 3Q 9 months	FY2015 3Q 9 months
23.6%	27.4%

Sales by Product Category

(Sales, millions of yen)

	FY2014 3Q 9 months	FY2015 3Q 9 months	YoY (%)
Physiological Measuring Equipment	5,856	6,447	10.1
Patient Monitors	11,711	13,834	18.1
Treatment Equipment	4,928	6,562	33.2
Other Medical Equipment	3,019	3,715	23.0
Total Sales	25,516	30,560	19.8

+8% on a local currency basis

【Region】 Americas: Sales in the U.S. showed strong growth. Sales in Latin America decreased.

Europe: Sales increased favorably, especially in Western Europe, as the Company strengthened local sales and service networks by reorganization of European subsidiaries.

Asia: Sales in India, Korea and the Middle East showed strong growth. Sales in China also increased.

【Products】 Physiological Measuring Equipment: Sales of ECGs increased favorably in Europe and Asia.

Patient Monitors: Sales increased favorably in all areas, especially in the U.S.

Treatment Equipment: Sales of Defibrillators and AEDs in all areas showed strong growth.

Other Medical Equipment: Sales of hematology analyzers increased favorably in Asia.

6) Topics – Strengthen Business in the Americas

New Product for the U.S.

Neuromonitoring Remote Access

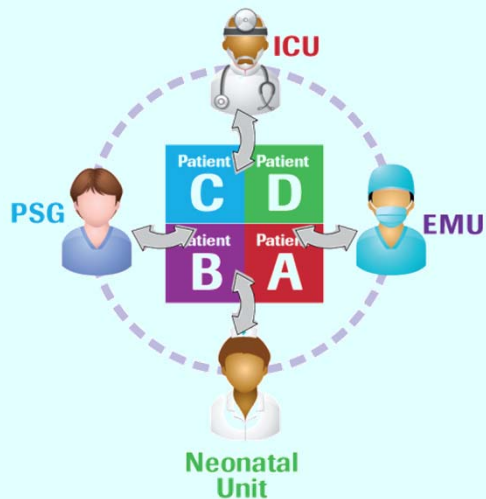
New!

Live View Panel

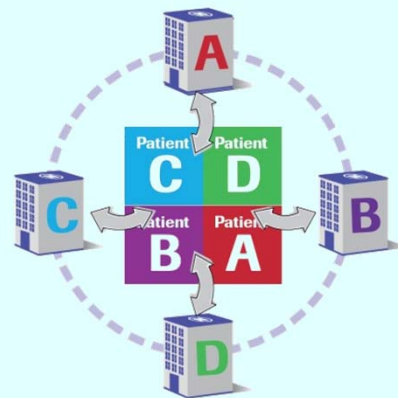
allows real-time management of remote neuromonitored patients with EEG and PSG from a centralized location



Launch Feb 2016



View patients from multiple locations within the local facility



View multiple locations from where ever you choose

Reorganization in LA

Jan 2016 **Establish Nihon Kohden Mexico**

Apr 2016 **Start operations**

New!

Nihon Kohden Mexico

Nihon Kohden Latin America (NKLA)

Established Nov 2013

Nihon Kohden Do Brasil (NKBR)

Established Jan 2012

Transfer from NKLA to NKBR

- Expand distributor network
- Strengthen sales and support to meet needs in Latin America

7) Depreciation & R&D Costs

(Millions of yen)

	FY2014 3Q 9 months	FY2015 3Q 9 months	Change	FY2014 Actual	FY2015	
					Original Forecast announced May 11	Revised Forecast announced Nov 4
Depreciation	2,459	2,503	44	3,445	4,200	3,400
R&D costs	4,238	4,058	-179	5,745	6,400	6,100

● FY2015 capital investments plan:

- Molds for new products, production equipment, products for demonstration, ERP System
- Establish Tokorozawa R&D center
 - Start of construction: Apr 2015
 - Completion and relocation: Summer 2016
 - Capital investments: 7.2 billion yen < **FY2015: 3.5 billion yen**
FY2016: 3.7 billion yen
- Establish new facility in Asaka (Relocation of immunochemical products department)
 - Start of construction: Feb 2016 (Plan)
 - Completion and relocation: Winter 2016
 - Capital investments: 1.1 billion yen < **FY2015: 0.1 billion yen**
FY2016: 1.0 billion yen

8) Forecast for FY2015

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

	FY2014 Actual	FY2015		YoY (%)
		Original Forecast announced May 11	Revised Forecast announced Nov 4	
Net Sales	160,803	172,000	167,000	3.9
Domestic Sales	122,490	126,000	121,000	-1.2
Overseas Sales	38,313	46,000	46,000	20.1
Operating Income	15,921	18,000	16,500	3.6
Ordinary Income	17,234	18,000	16,800	-2.5
Income Attributable to Owners of Parent	11,142	12,100	10,700	-4.0

	FY2014 Actual	FY2015		YoY (%)
		Original Forecast announced May 11	Revised Forecast announced Nov 4	
Americas	16,423	20,000	20,300	23.6
Europe	7,495	7,700	8,300	10.7
Asia	12,581	16,100	15,200	20.8
Other	1,813	2,200	2,200	21.3

Percentage of Overseas Sales 23.8% 26.7% **27.5%**

Average Exchange Rate

1 US Dollar	109.6 yen	118 yen	121 yen
1 EURO	139.4 yen	125 yen	135 yen

FY2015 2H

120 yen
135 yen

Notes: As of Feb 1, 2016, based on the assumed exchange rates of 120 yen to the dollar and 130 yen to the euro for the fourth quarter, the average rates will be 121 yen to the dollar and 133 yen to the euro for FY2015.

(Ref.) Consolidated Forecast for FY2015 by Product Category

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

	FY2014 Actual	FY2015		YoY (%)
		Original Forecast announced May 11	Revised Forecast announced Nov 4	
Physiological Measuring Equipment	37,180	40,400	40,100	7.9
Patient Monitors	53,068	59,050	56,000	5.5
Treatment Equipment	29,393	32,050	31,900	8.5
Other Medical Equipment	41,160	40,500	39,000	-5.2
Total	160,803	172,000	167,000	3.9
(Reference)				
Consumables and Services	61,426	65,750	68,300	11.2

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.