

Consolidated Financial Highlights for the Third Quarter of FY2014

(From April 1, 2014 to December 31, 2014)



NIHON KOHDEN CORPORATION
(Ticker Code: 6849)

February 3, 2015

1) Consolidated Financial Results for the 3rd Quarter of FY2014

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

	FY2013 3Q 9 months	FY2014 3Q 9 months	YoY (%)
Net Sales	101,444	108,277	6.7
Domestic Sales	79,358	82,761	4.3
Overseas Sales	22,086	25,516	15.5
Operating Income	8,380	8,342	-0.5
Ordinary Income	9,780	10,036	2.6
Net Income	6,095	6,710	10.1

← +9% on a local currency basis

← **Gross Margin Ratio:** 50.2% → 49.2%
SG&A Ratio: 41.9% → 41.5%

← **Foreign exchange gains:**
¥1.0 bil → ¥1.4 bil

Average Exchange Rate	(2013/12)	(2014/12)
1 US Dollar	98.3 yen	105.7 yen
1 EURO	131.7 yen	140.1 yen

2) Highlights of FY2014 3Q

Net Sales : +6.7%

- **Japan**: Sales in all product categories increased. AEDs sales increased favorably. Sales of locally purchased products also increased.
- **International**: Sales increased across all product categories, posting especially strong growth in Patient Monitors.

Operating Income : -0.5%

- Gross margin ratio was lower than the nine months of FY2013 due to unfavorable product mix as well as some low-margin deals.
- SG&A expenses increased, mainly due to the enhancement of human resources. Operating income slightly decreased.

Ordinary Income : +2.6%

- Ordinary income increased due to foreign exchange gains.

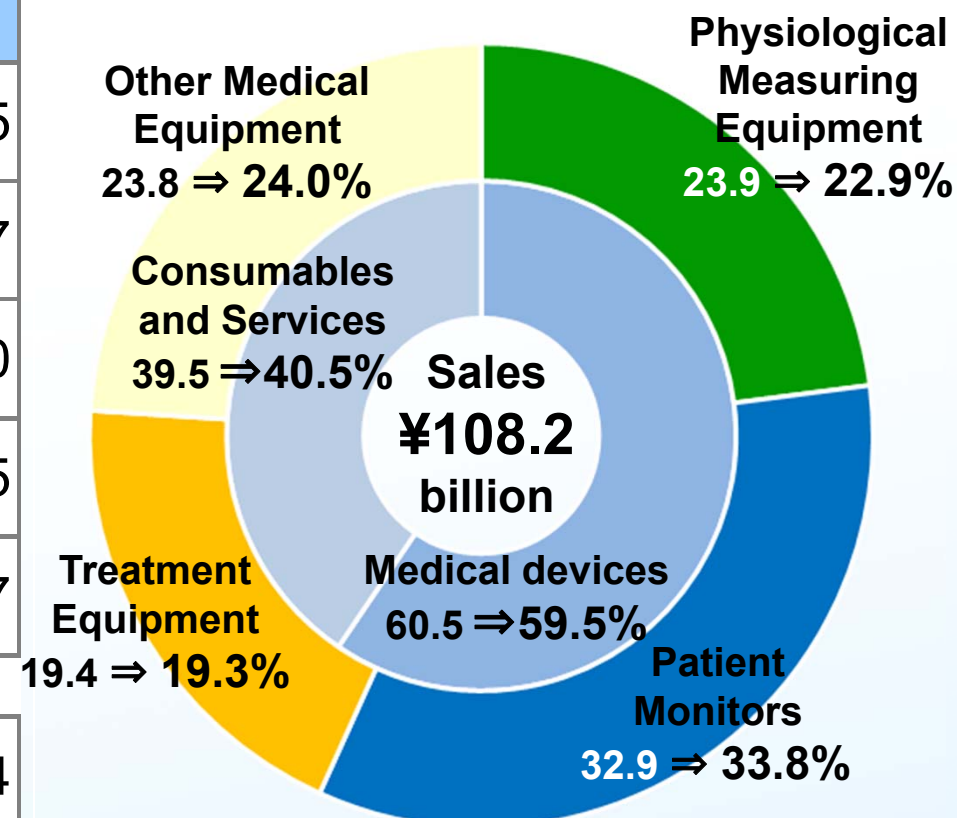
3) Sales by Product Category

(Sales, millions of yen)

	FY2013 3Q 9 months	FY2014 3Q 9 months	YoY (%)
Physiological Measuring Equipment	24,229	24,840	2.5
Patient Monitors	33,398	36,631	9.7
Treatment Equipment	19,679	20,855	6.0
Other Medical Equipment	24,136	25,950	7.5
Total Sales	101,444	108,277	6.7
(Reference)			
Consumables and Services	40,114	43,868	9.4

Sales composition by product category

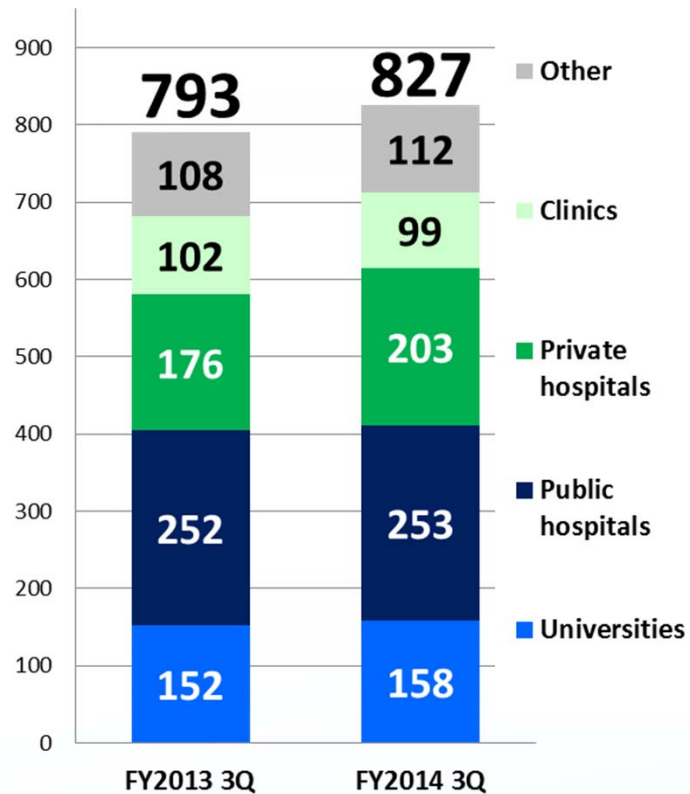
(FY2013 3Q ⇒ FY2014 3Q)



4) Domestic Sales

Sales by Market

(¥100 million)



Sales by Product Category

(Sales, millions of yen)

	FY2013 3Q 9 months	FY2014 3Q 9 months	YoY (%)
Physiological Measuring Equipment	18,798	18,983	1.0
Patient Monitors	24,040	24,919	3.7
Treatment Equipment	15,169	15,926	5.0
Other Medical Equipment	21,350	22,931	7.4
Total Sales	79,358	82,761	4.3

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

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

Patient Monitors: New products contributed to sales. Sales of consumables such as sensors also increased.

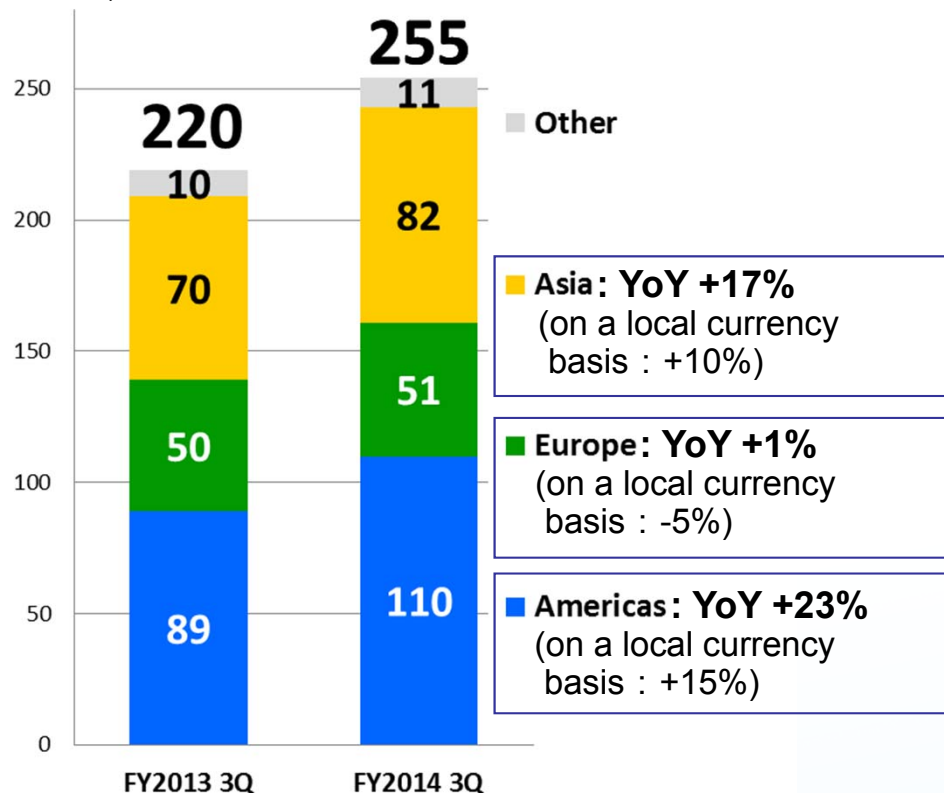
Treatment Equipment: Sales of AEDs and defibrillators increased favorably.

Other Medical Equipment: Sales of hematology instruments were flat. Sales of locally purchased products increased.

5) Overseas Sales

Geographic segments

(¥100 million)



Percentage of overseas sales to consolidated sales

FY2013 3Q 9 months	FY2014 3Q 9 months
21.8%	23.6%

Sales by Product Category

(Sales, millions of yen)

	FY2013 3Q 9 months	FY2014 3Q 9 months	YoY (%)
Physiological Measuring Equipment	5,431	5,856	7.8
Patient Monitors	9,358	11,711	25.1
Treatment Equipment	4,510	4,928	9.3
Other Medical Equipment	2,786	3,019	8.3
Total Sales	22,086	25,516	15.5

+9% on a local currency basis

- 【Region】 Americas:** Sales in the U.S. and Latin America showed strong growth.
Europe: Sales in Russia were weak, although sales in Western Europe increased as new products in Patient Monitors were well received.
Asia: Sales in Southeast Asia, India and the Middle East showed strong growth as the Company strengthened its local business structure. Sales in China decreased.
- 【Products】 Physiological Measuring Equipment:** Sales of EEGs increased in the Americas and Asia favorably.
Patient Monitors: Sales in the Americas, Europe and Asia showed strong growth.
Treatment Equipment: Sales of Defibrillators and AEDs increased in the Americas and Asia favorably.
Other Medical Equipment: Sales of hematology analyzers increased in the Americas and Asia favorably.

6) Topics

New products of Patient Monitors launched in January

International

Bedside Monitor SVM-7500

Bedside monitors for emerging markets developed and manufactured in China



Japan

Central Monitor CNS-6101

Mid-range central monitors of up to 16 patients



Bedside Monitor BSM-3400

Bedside monitors of 1 or 2 patients for small and medium hospitals



Stock Split

It aims to make the environment favorable to investment, increase the trading liquidity and expand the investor base

Method of stock split:

Each share of common stock split into two shares

Record date:

March 31, 2015

Effective date:

April 1, 2015

7) Depreciation & R&D Costs

(Millions of yen)

	FY2013 3Q 9 months	FY2014 3Q 9 months	Change	FY2013 Actual	FY2014	
					Original Forecast announced May 8	Revised Forecast announced Oct 31
Depreciation	2,218	2,459	241	3,103	3,900	3,500
R&D costs	5,087	4,238	-849	7,108	7,200	6,900

2nd half of FY2014 Capital Investments Plan

- Molds for new products, production equipment, products for demonstration, and enhancement of ERP system
- **Renovation of new production facility (0.8 billion yen)** – Operation will start in spring 2015

FY2015 Capital Investments Plan

- **Establish new R&D facility**
 - Start of construction: Spring 2015
 - Completion and relocation: Summer 2016
 - Total investment amount: 7 billion yen → Capital investments: 6.3 billion yen

8) Forecast for FY2014

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

	FY2013 Actual	FY2014 Forecast	YoY (%)
Net 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
1 EURO	134.3 yen

	announced May 8	Announced Oct 31 (FY2014)	Announced Oct 31 (FY2014 H2)
1 US Dollar	100 yen	104 yen	106 yen
1 EURO	138 yen	137 yen	136 yen

Notes: As of Feb. 3, based on the assumed exchange rates of 116 yen to the dollar and 136 yen to the euro for the fourth quarter, the average rates will be 108 yen to the dollar and 138 yen to the euro for FY2014.

(Ref.) Consolidated Forecast for FY2014 by Product Category

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

	FY2013 Actual	FY2014		YoY (%)
		Original Forecast announced May 8	Revised Forecast announced Oct 31	
Physiological Measuring Equipment	36,654	38,900	37,500	2.3
Patient Monitors	50,864	54,250	55,400	8.9
Treatment Equipment	28,401	30,500	29,100	2.5
Other Medical Equipment	37,273	36,350	38,000	2.0
Total	153,194	160,000	160,000	4.4

(Reference)

Consumables and Services	56,072	58,800	60,000	7.0
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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.