


# Consolidated Financial Highlights for the First Quarter of FY2017

(From April 1, 2017 to June 30, 2017)

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**NIHON KOHDEN CORPORATION**

**(Ticker Code: 6849)**

**August 2, 2017**

# 1) Consolidated Financial Results for the 1<sup>st</sup> Quarter of FY2017

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

	FY2016 1Q	FY2017 1Q	YoY (%)
<b>Net Sales</b>	31,402	<b>33,353</b>	6.2
<b>Domestic Sales</b>	23,878	<b>24,887</b>	4.2
<b>Overseas Sales</b>	7,524	<b>8,465</b>	12.5
<b>Operating Income</b>	-416	<b>-219</b>	—
<b>Ordinary Income</b>	-1,472	<b>158</b>	—
<b>Income Attributable to Owners of Parent</b>	-1,086	<b>16</b>	—

+14% on a local currency basis

	FY2016 1Q	FY2017 1Q
<b>Gross Margin Ratio:</b>	48.7%	→ 48.5%
<b>SG&amp;A Ratio:</b>	50.0%	→ 49.2%

**Foreign exchange gains or losses:**

	FY2016 1Q	FY2017 1Q
	¥1.29 bil losses	→ ¥0.10 bil gains

Average Exchange Rate	(2016/6)	(2017/6)
1 US Dollar	¥112.8	¥111.9
1 EURO	¥125.8	¥121.9

## 2) Highlights of FY2017 1Q

### Net Sales : +6.2%

- **Japan:** The Company absorbed and merged 11 domestic sales subsidiaries. Sales increased in all product categories as the Company enhanced sales activities tailored to match each market.
- **International:** Sales in the Americas and Asia increased as the Company strengthened its sales & services network and expanded its product line-up of Patient Monitors.

### Operating Loss : ¥219 mil (¥416 mil of operating loss in FY2016 1Q)

- SG&A expenses increased mainly due to R&D investments.

### Ordinary Income : ¥158 mil (¥1,472 mil of ordinary loss in FY2016 1Q)

- Foreign exchange gains were recorded compared to losses in the 1<sup>st</sup> quarter of FY2016.

# 3) Sales by Product Category

(Sales, millions of yen)

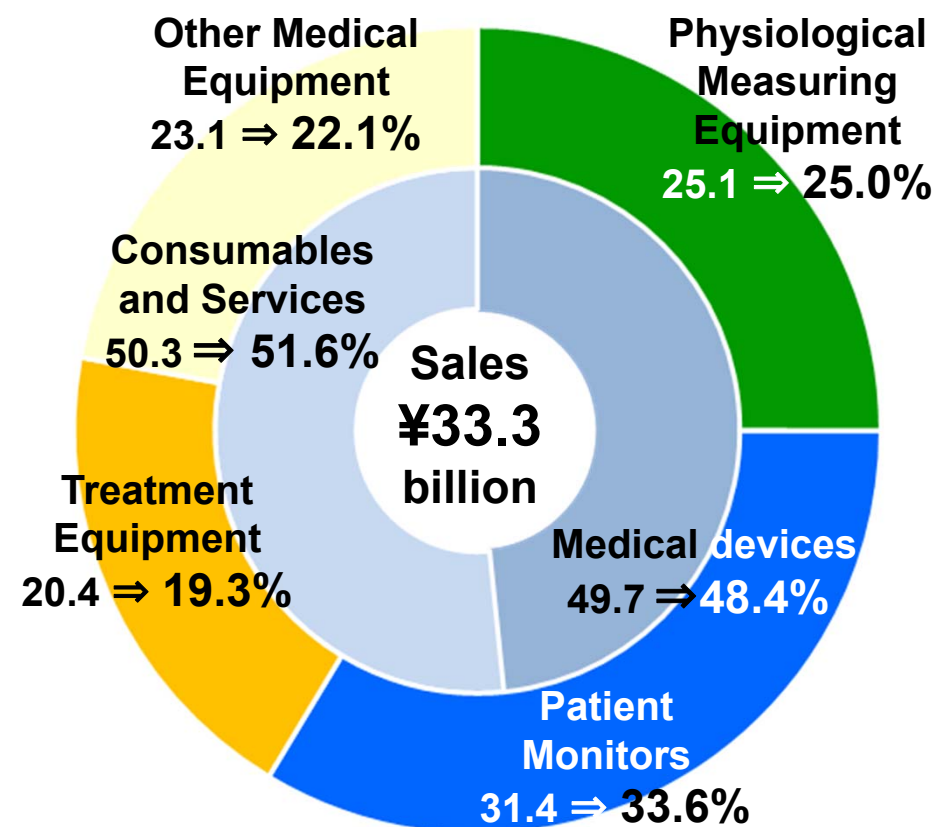
	FY2016 1Q	FY2017 1Q	YoY (%)
Physiological Measuring Equipment	7,896	8,342	5.7
Patient Monitors	9,862	11,217	13.7
Treatment Equipment	6,409	6,422	0.2
Other Medical Equipment	7,235	7,370	1.9
<b>Total Sales</b>	<b>31,402</b>	<b>33,353</b>	<b>6.2</b>

(Reference)

Consumables and Services	15,791	17,215	9.0
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## Sales composition by product category

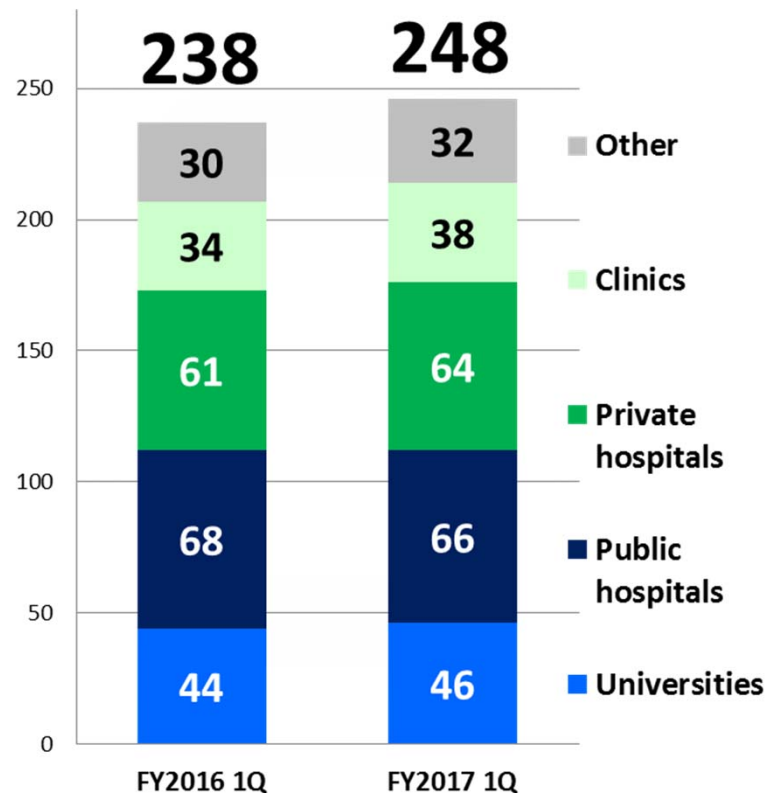
(FY2016 1Q ⇒ FY2017 1Q)



# 4) Domestic Sales

## Sales by Market

(¥100 million)



## Sales by Product Category

(Sales, millions of yen)

	FY2016 1Q	FY2017 1Q	YoY (%)
Physiological Measuring Equipment	6,271	6,818	8.7
Patient Monitors	6,693	6,943	3.7
Treatment Equipment	4,646	4,726	1.7
Other Medical Equipment	6,266	6,398	2.1
<b>Total Sales</b>	<b>23,878</b>	<b>24,887</b>	<b>4.2</b>

**【Markets】** Sales in the clinic market showed strong growth. Sales in the university and private hospital market also increased. Sales in the public hospital market decreased.

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

**Patient Monitors:** Sales of clinical information system and consumables such as sensors increased favorably.

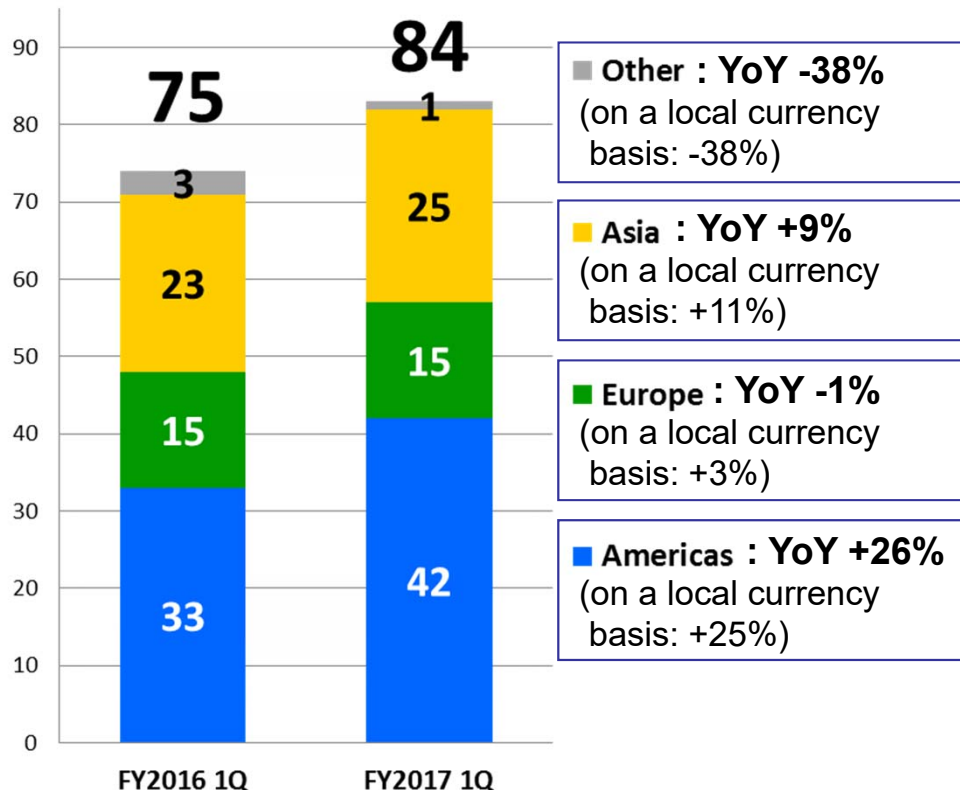
**Treatment Equipment:** Sales of defibrillators and ventilators increased favorably. Sales of AEDs also increased.

**Other Medical Equipment:** Sales of hematology instruments increased favorably.

# 5) Overseas Sales

## Geographic segments

(¥100 million)



Percentage of overseas sales to consolidated sales

FY2016 1Q	FY2017 1Q
24.0%	25.4%

## Sales by Product Category

(Sales, millions of yen)

	FY2016 1Q	FY2017 1Q	YoY (%)
Physiological Measuring Equipment	1,624	1,524	-6.2
Patient Monitors	3,168	4,273	34.9
Treatment Equipment	1,763	1,695	-3.8
Other Medical Equipment	968	972	0.4
<b>Total Sales</b>	<b>7,524</b>	<b>8,465</b>	<b>12.5</b>

+14% on a local currency basis

- 【Region】**  
**Americas:** Sales in the U.S. increased favorably as there was partial shipment for orders of Patient Monitors which we received at the end of FY2016. Sales in Latin America also increased, primarily in Brazil.  
**Europe:** Sales slightly decreased, especially in Italy. Sales in Germany increased due to the enhancement of sales network.  
**Asia:** Sales in South Korea increased favorably. Sales in India showed strong growth mainly due to a rush in demand prior to the GST implementation in July.
- 【Products】**  
**Physiological Measuring Equipment:** Sales of ECGs decreased in the U.S. and Asia. Sales of EEGs increased in Europe and Asia.  
**Patient Monitors:** Sales showed strong growth in the Americas, Europe and Asia.  
**Treatment Equipment:** Sales of AEDs decreased in all areas. Sales of defibrillators increased favorably in Asia.  
**Other Medical Equipment:** Sales of locally purchased products increased. Sales of hematology analyzers decreased in Asia.

## 6) Topics

### New products in FY2017 1Q

#### CO<sub>2</sub>-related product for medical safety during endoscopy

##### cap-ONE biteblock

- Mouthpiece enables oxygen supply while keeping the mouth open during upper endoscopy.
- When used with CO<sub>2</sub> sensors, it enables CO<sub>2</sub> monitoring during endoscopy under sedation.
- As sedation may cause respiratory depression, cap-ONE helps ensure medical safety.



**cap-ONE**  
ORAL NASAL EXPIRATION

### Acquisition of video laryngoscope business

#### Expand product line-up in the field of resuscitation and anesthesia

- Agreement with HOYA Service to transfer the business in July 2017.
- The transaction is expected to close in September 2017.
- Expect synergies with our patient monitors and defibrillators.

##### Airway Scope AWS-S200

Enables smooth intubation  
with visibility on monitor



# 7) Depreciation & R&D Costs

(Millions of yen)

	FY2016 1Q	FY2017 1Q	Change	FY2016 Actual	FY2017 Plan	
Depreciation	733	770	36	3,422	3,900	
R&D Costs	1,242	1,633	391	6,466	7,300	
				Capital Investments	7,710	5,700

## ● FY2017 capital investments plan:

Molds for new products, measuring equipment and jigs, products for demonstration, production equipment, and renovation of headquarters (Nishiochiai Office)(¥1.0 bil)



# 8) Forecast for FY2017

(Billions of yen)

	FY2016 Actual		FY2017 Forecast			
	First Half	Full Year	First Half	YoY (%)	Full Year	YoY (%)
<b>Net Sales</b>	74.4	166.2	<b>78.0</b>	<b>4.7</b>	<b>175.0</b>	<b>5.2</b>
<b>Domestic Sales</b>	55.8	124.7	—	—	<b>128.0</b>	<b>2.6</b>
<b>Overseas Sales</b>	18.5	41.5	—	—	<b>47.0</b>	<b>13.2</b>
<b>Operating Income</b>	3.8	13.5	<b>3.9</b>	<b>1.7</b>	<b>15.0</b>	<b>10.4</b>
<b>Ordinary Income</b>	2.6	14.0	<b>3.9</b>	<b>45.0</b>	<b>15.0</b>	<b>6.7</b>
<b>Income attributable to owners of parent</b>	1.6	9.1	<b>2.5</b>	<b>48.5</b>	<b>10.2</b>	<b>11.5</b>
<b>Percentage of Overseas Sales</b>	25.0%	25.0%			26.9%	
<b>Average Exchange Rate</b>						
1 US Dollar	¥107.6	¥109.2	—	—	¥110	
1 EURO	¥119.9	¥119.3	—	—	¥115	

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

(Millions of yen)

	FY2016 Forecast	<b>FY2017 Forecast</b>	Composition ratio (%)	YoY (%)
Physiological Measuring Equipment	37,658	<b>39,800</b>	22.7	5.7
Patient Monitors	56,117	<b>59,100</b>	33.8	5.3
Treatment Equipment	29,728	<b>31,200</b>	17.8	5.0
Other Medical Equipment	42,781	<b>44,900</b>	25.7	5.0
<b>Total</b>	166,285	<b>175,000</b>	100.0	5.2
(Reference)				
Consumables and Services	71,180	<b>75,100</b>	42.9	5.5

## 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 stated.