

# WIN PARTNERS

## Presentation

### Full Year ending 31 March 2015

WIN-Partners Co., Ltd.



**WIN PARTNERS**  
WIN A BETTER QUALITY OF LIFE

CODE : 3183

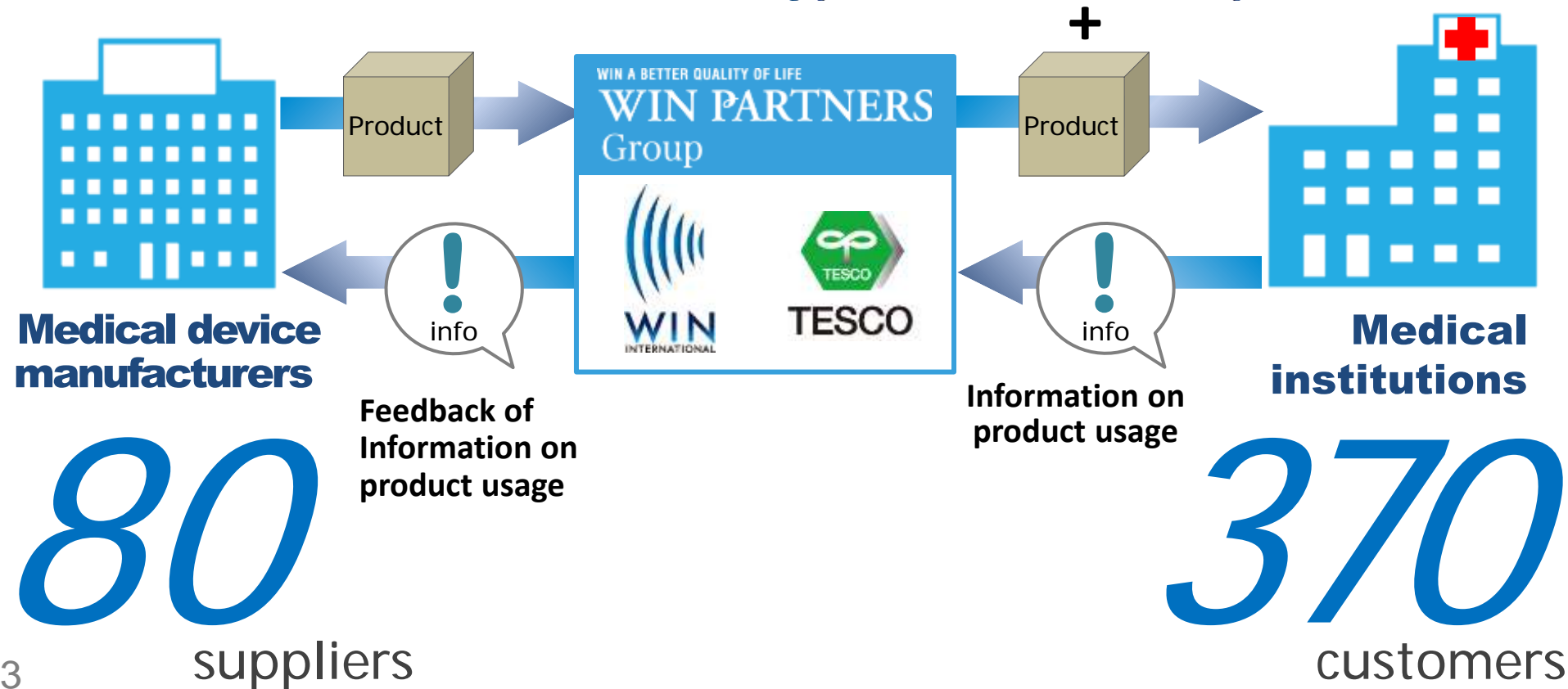


# Company Overview

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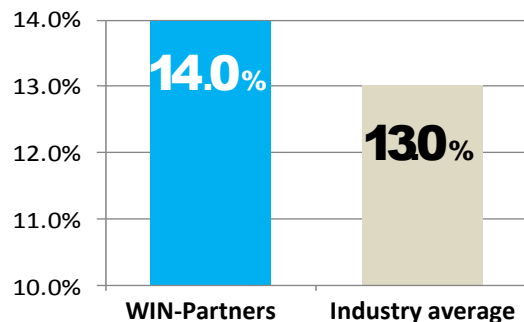
# Independent medical device distributor group

- Support to use devices properly
- Support to increase hospital value

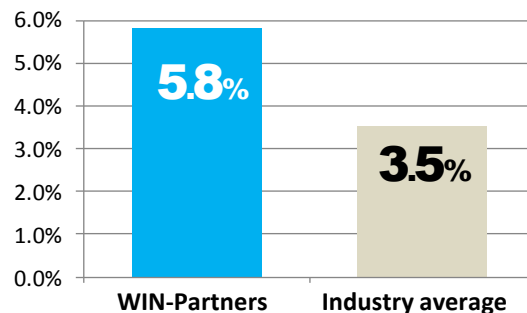


# Comparison of ratios (FY2013)

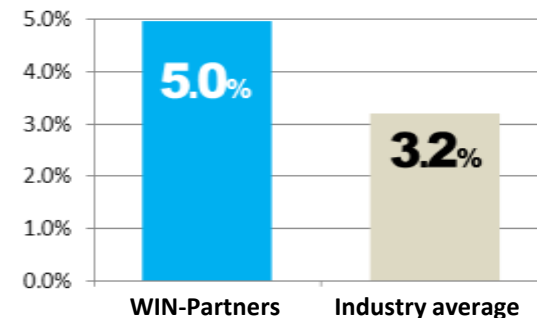
## ROE



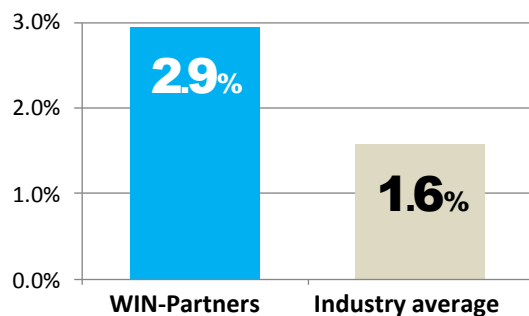
## ROA



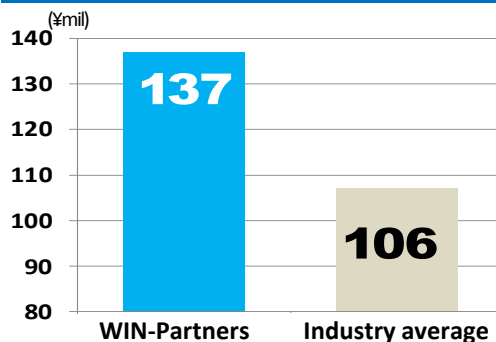
## Operating profit margin



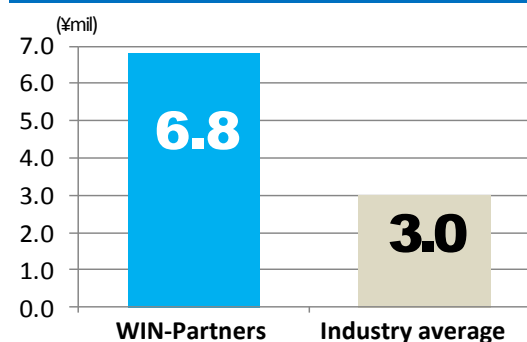
## Net profit margin



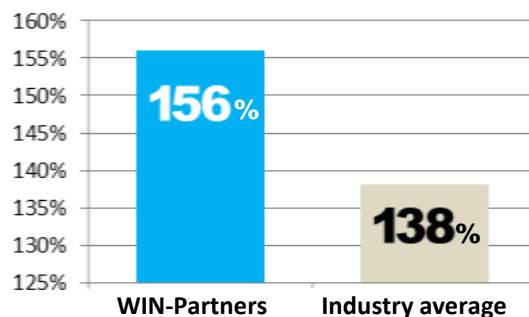
## Sales per head



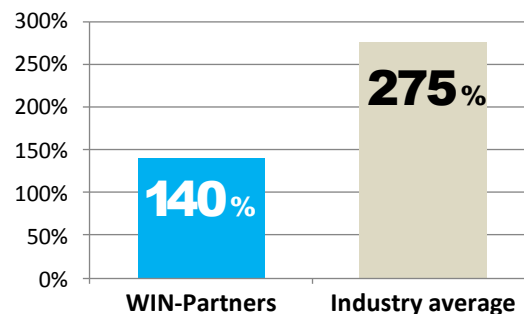
## Operating profit per head



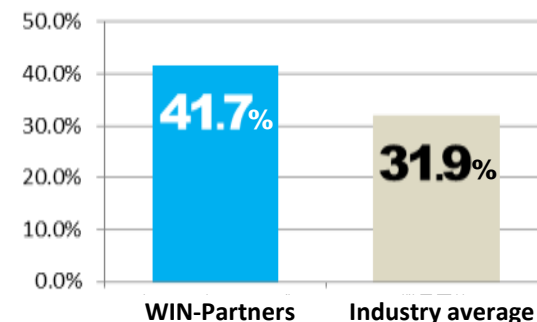
## Current ratio



## Debt to equity ratio



## Equity ratio



※Source :WIN-Partners based on Yukashoken Houkokusho of Kawanishi HD, Yamashita Medical Instruments, Hokuyaku Takeyama HD, DVX, Medius HD, Ship Healthcare, and Japan Lifeline  
Adjusted figures excluding M&A related extraordinary profits for WIN-Partners.



## ① Focus on fast-growing minimally invasive treatment field

(※Treatment with less fever, blood and pain etc.)

## ② Offer professional services to doctors and hospitals

Customers are Japan's leading Medical institutions

# Major products

Angina/Myocardial  
infarction

**Stent**



Irregular pulse

**Pacemaker**



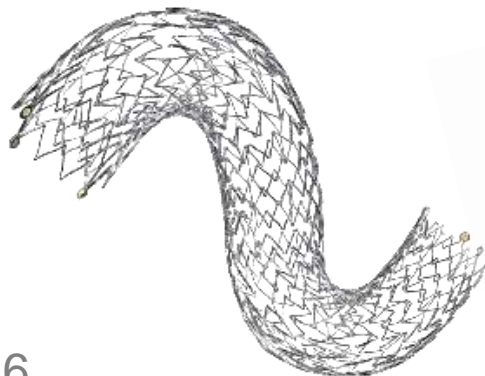
Aortic aneurysm

**Stent graft**



Arteriosclerosis  
obliterans

**Peripheral  
vascular stent**



Cerebral aneurysm

**Neurovascular  
occlusion coil**



Diabetes

**Insulin  
pump**



Diagnosis

**MRI**



## Support to use devices properly

### Pre operation

- ◆ Confirm operation plan
- ◆ Select optimal devices depends on clinical cases
- ◆ Explain how to use devices properly, determine sizes, and deliver



### During operation

- ◆ Stand by in case of emergency



### Post operation

- ◆ Collect and return unused devices
- ◆ Invoice, replenish and control inventory



## Support to increase hospital value

### Functional Upgrading

- ◆ Proposal of the latest technology and products
- ◆ Proposal of capital spending for advanced care
- ◆ Support to recruit medical professionals



### Marketing

- ◆ Research of catchment area
- ◆ Proposal of target areas and fields
- ◆ Proposal of measures to gather and increase patients



### Profitability improvement

- ◆ Proposal for efficient operations
- ◆ Proposal for cost reductions



1

## Expand cardiac products

- ◆ Promote new treatment methods
- ◆ Expand new products and high-value added products

2

## Expand treatment fields

- ◆ Promote minimally invasive treatment to head, neck, abdomen, extremities

3

## Expand areas and customer base

- ◆ Expand sales network to major cities through M&A and opening offices.

## Sales trend

WIN International's figures till FY 3/2013

WIN Partner's consolidated figures after FY 3/2014

11 month figures for FY 3/1998 due to the year end change

(¥bn)

50

40

30

20

10

0

'93 '94 '95 '96 '97 '98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16/3(E)

**1993 Stent**

Start selling

**1996 ICD**

Start selling

**2004 DES**

Start selling

**2006 CRTD,  
Peripheral  
vascular stent**

Start selling

**2010  
Stent graft,  
Insulin pump**

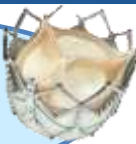
Start selling

**2012  
MRI conditional  
pacemaker**

Start selling

**2013 TAVI**

Start selling

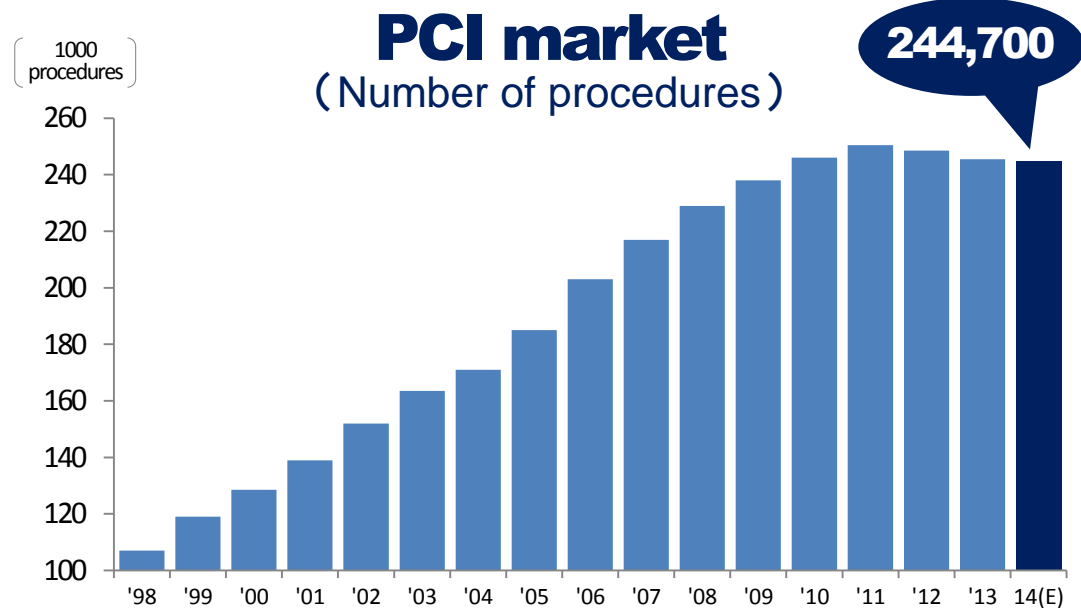
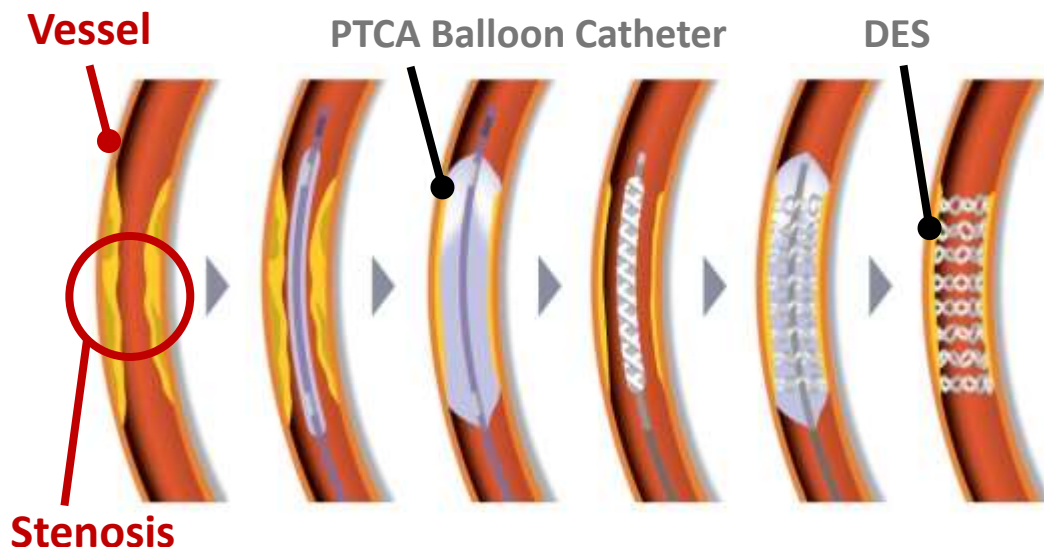


# Percutaneous Coronary Intervention (PCI)

## PTCA Balloon Catheter

## Drug-Eluting Stent (DES)

## Intravascular Ultrasound (IVUS) Catheter

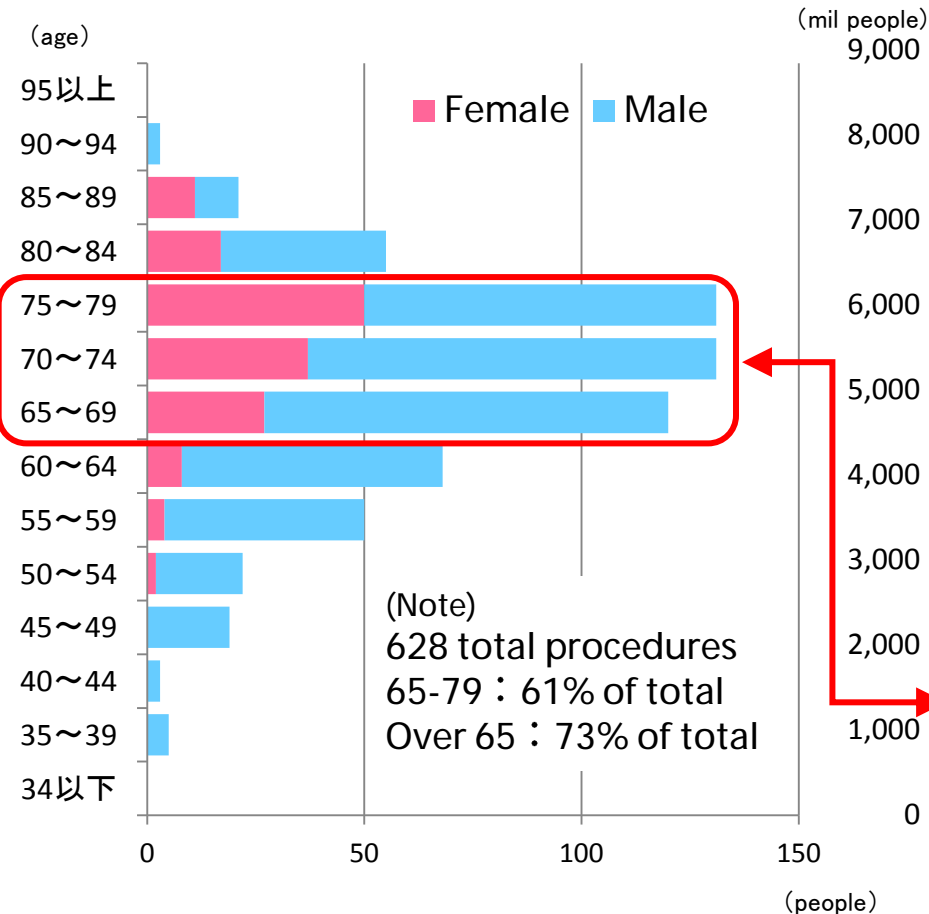


(Source) R&D Medical Equipment Yearbook 2014

# PCI market supported by aging society

## ① Core age group is 65-79 for PCI

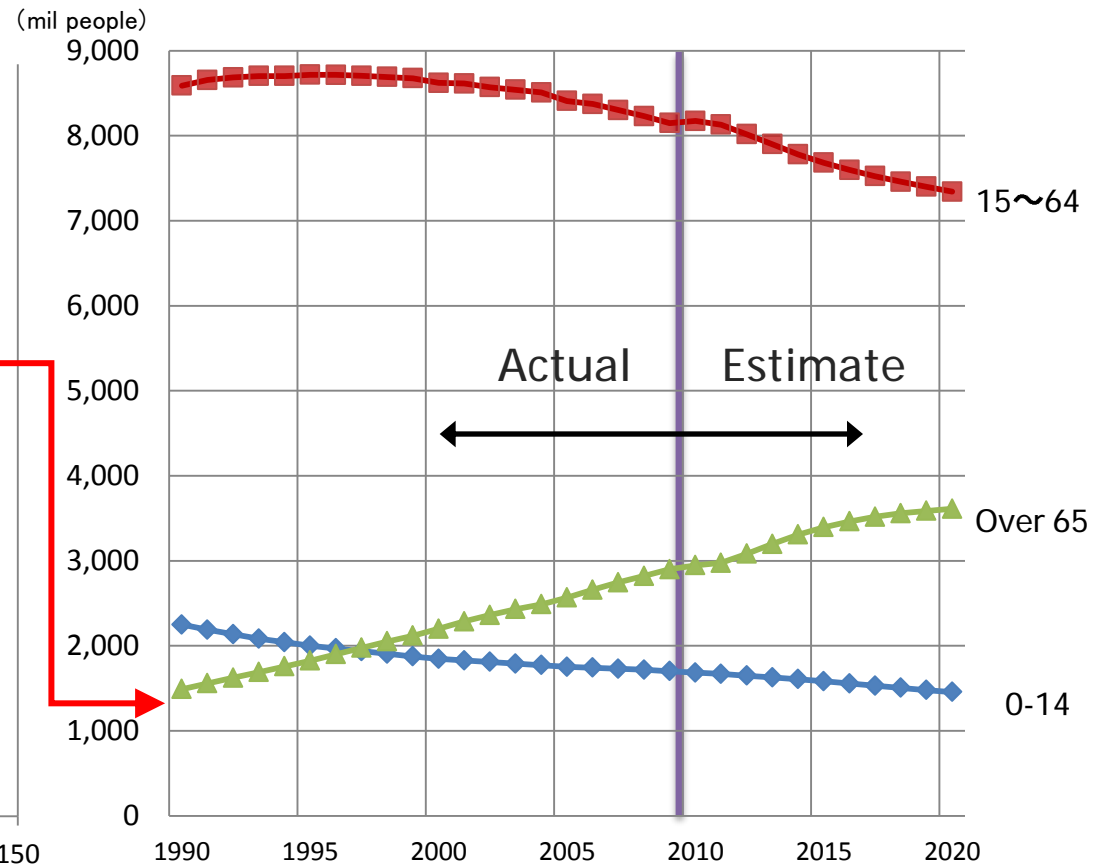
The number of procedures for cardiac catheter treatment by age



(Source) Our customer hospital (3month track record in 2010)

## ② Increasing population of core age group

Estimate of population by three age groups



(Source) National Institute of Population and Social Security Research, Population projection January 2012

## Pacemaker·ICD·CRTD Implantation



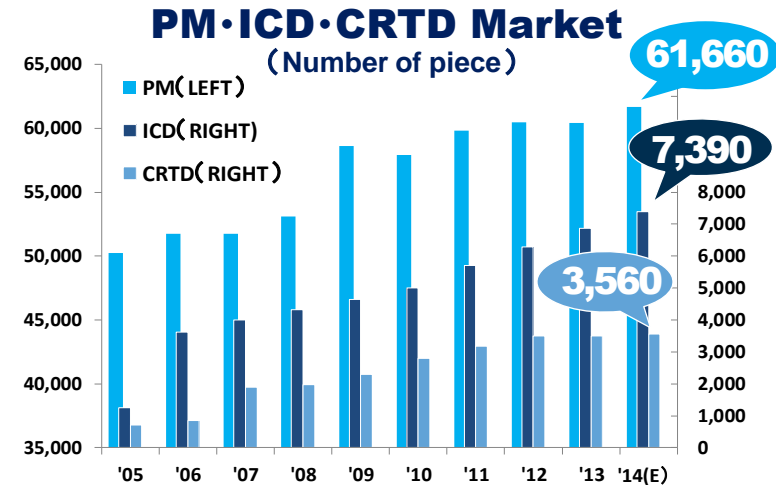
**Implantable  
Cardioverter  
Defibrillator  
(ICD)**



**Pacemaker**



**Cardiac  
Resynchronization  
Therapy Defibrillator  
(CRTD)**



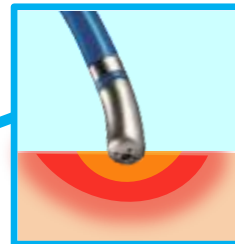
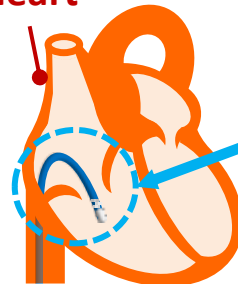
(Source) R&D Medical Equipment Yearbook 2014

## Catheter Ablation

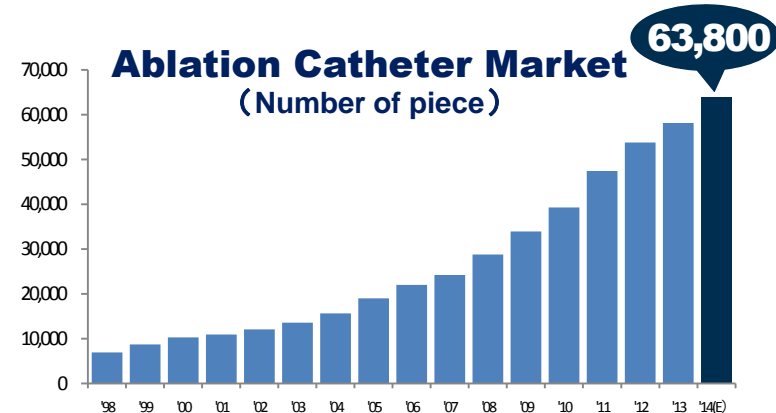
**Ablation Catheter**



**Heart**



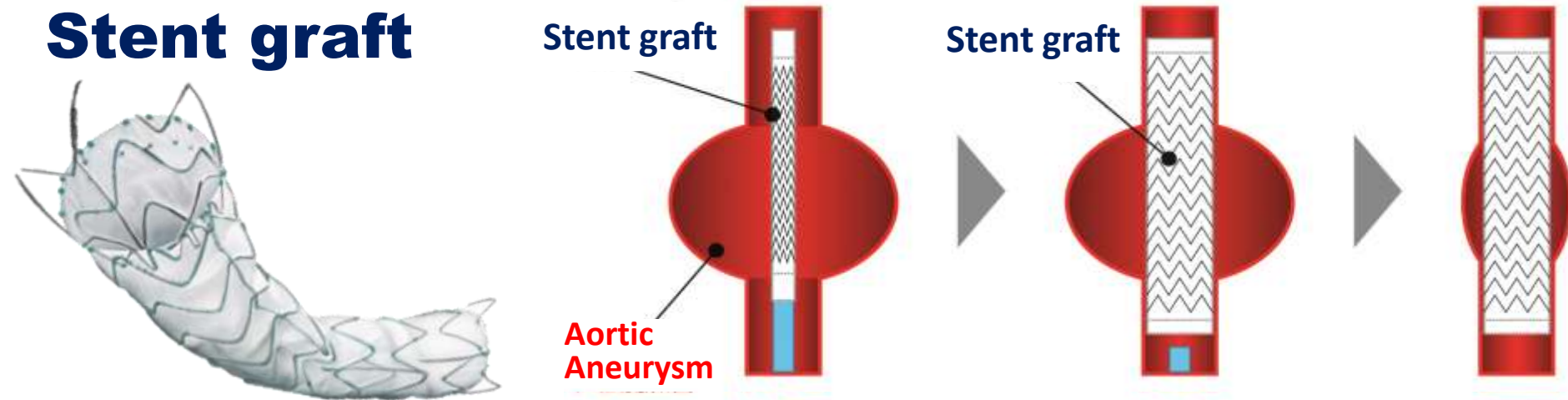
Correct heart rhythm problems through radiofrequency energy



(Source) R&D Medical Equipment Yearbook 2014

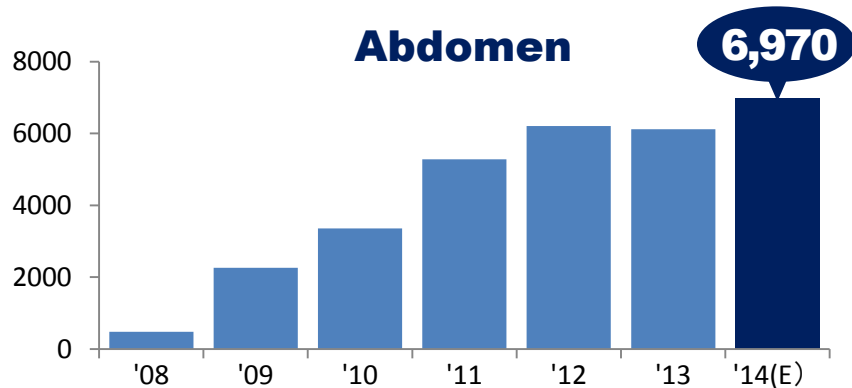
## Endovascular Aortic Repair

### Stent graft

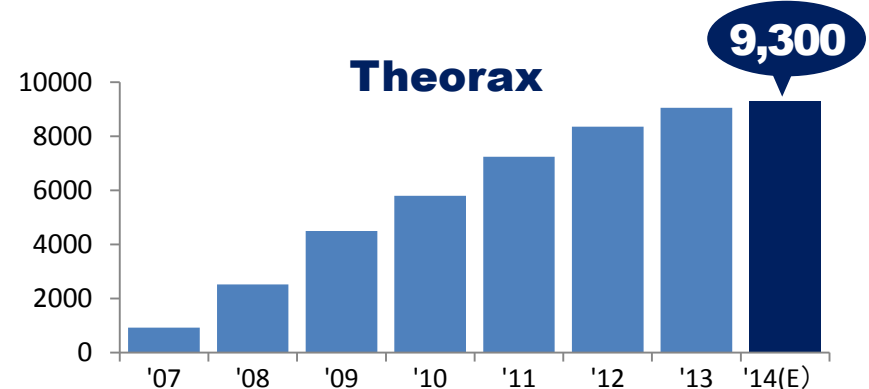


### Stent Graft Market (Number of piece)

#### Abdomen



#### Theorax

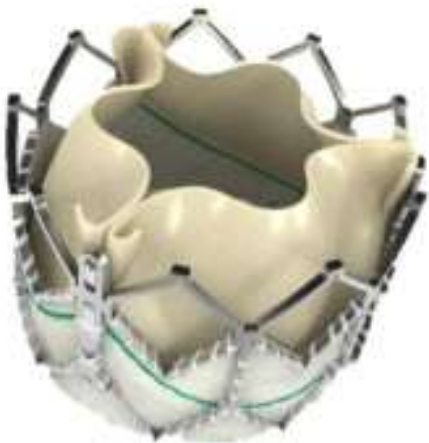


## Transcatheter Aortic Valve Implantation (TAVI)

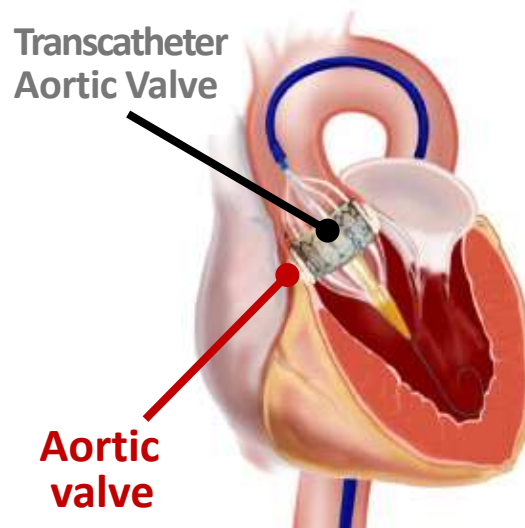
Insurance coverage started in October 2013

**Transcatheter Valve System** (reimbursement price **¥4,650,000**)

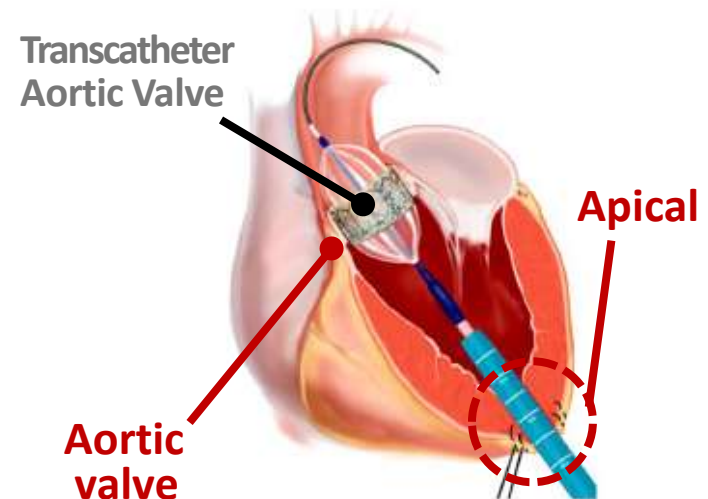
### Transcatheter Aortic Valve



#### Transfemoral approach



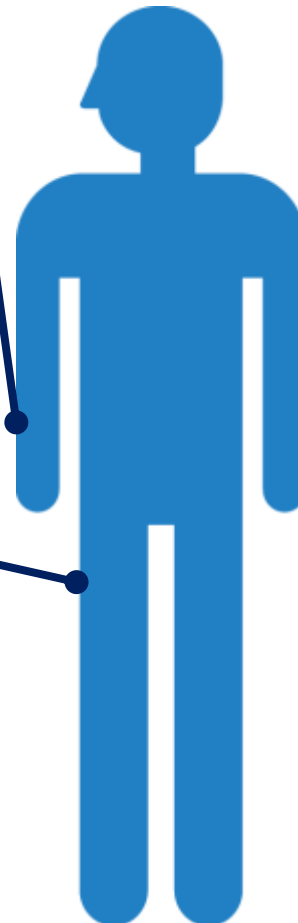
#### Transapical approach



# Percutaneous Peripheral Intervention(PPI)

Dialysis Access Shunt

**PTA Balloon Catheter**



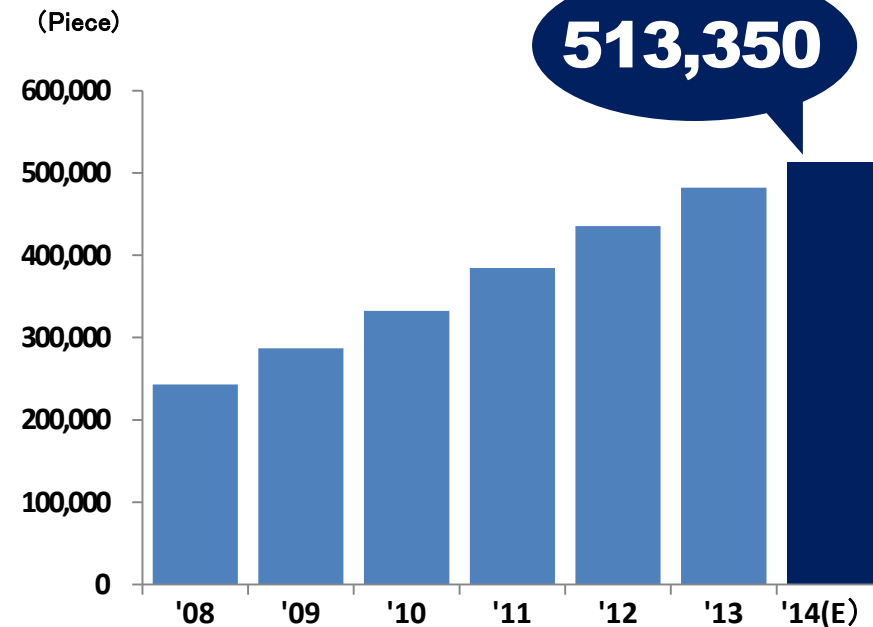
Peripheral Arterial Disease

**Peripheral Vascular Stent**



## PPI Market

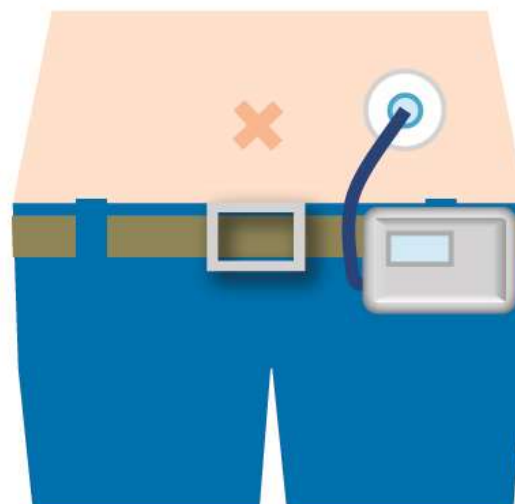
( Total number of catheter and stent )



(Source) R&D Medical Equipment Yearbook 2014

# Insulin Pump Therapy

## Insulin Pump



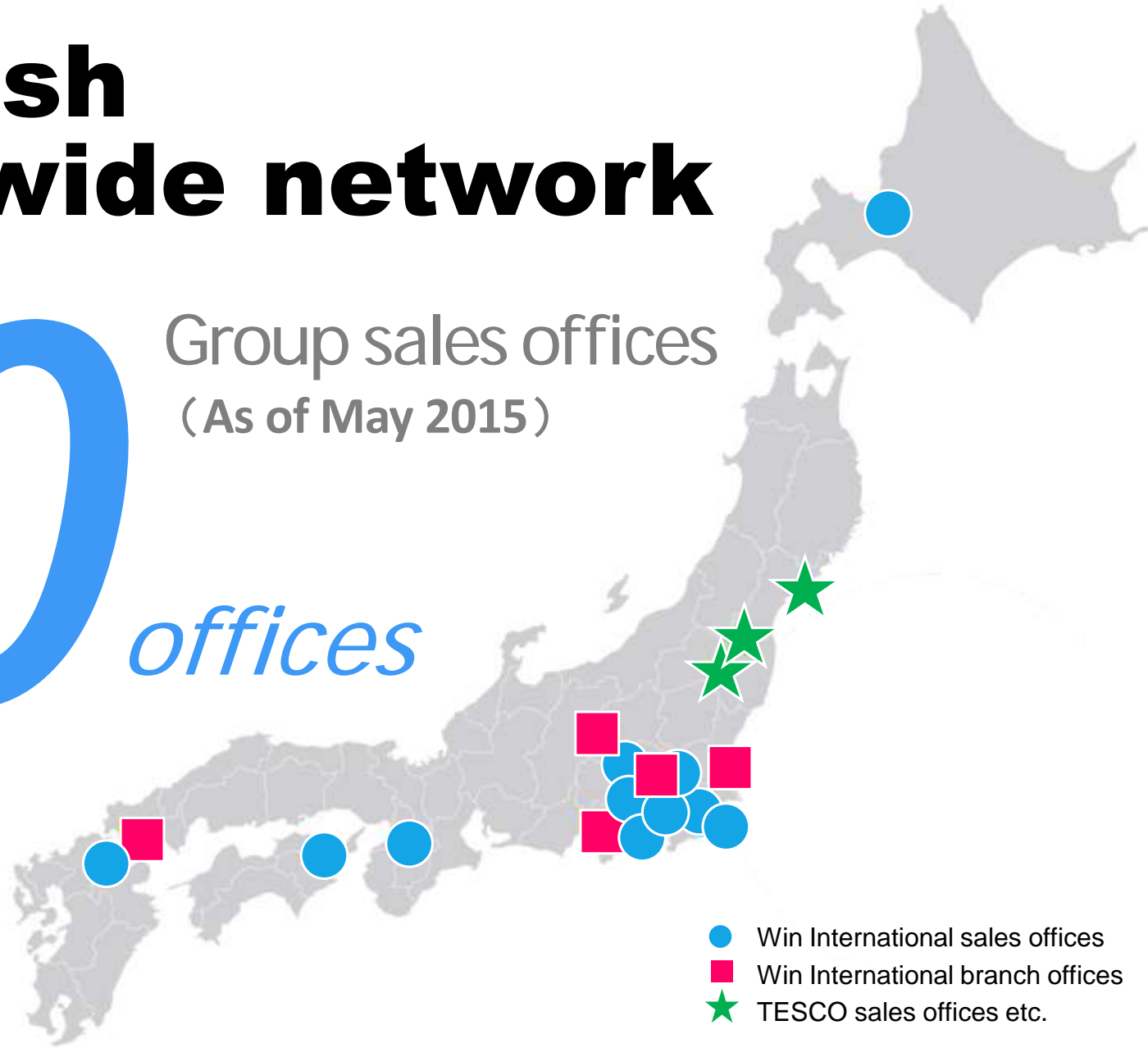
Insulin pumps are programmed to release small doses of insulin continuously and control the rise in blood glucose

## Establish nationwide network




20

Group sales offices  
(As of May 2015)

*offices*



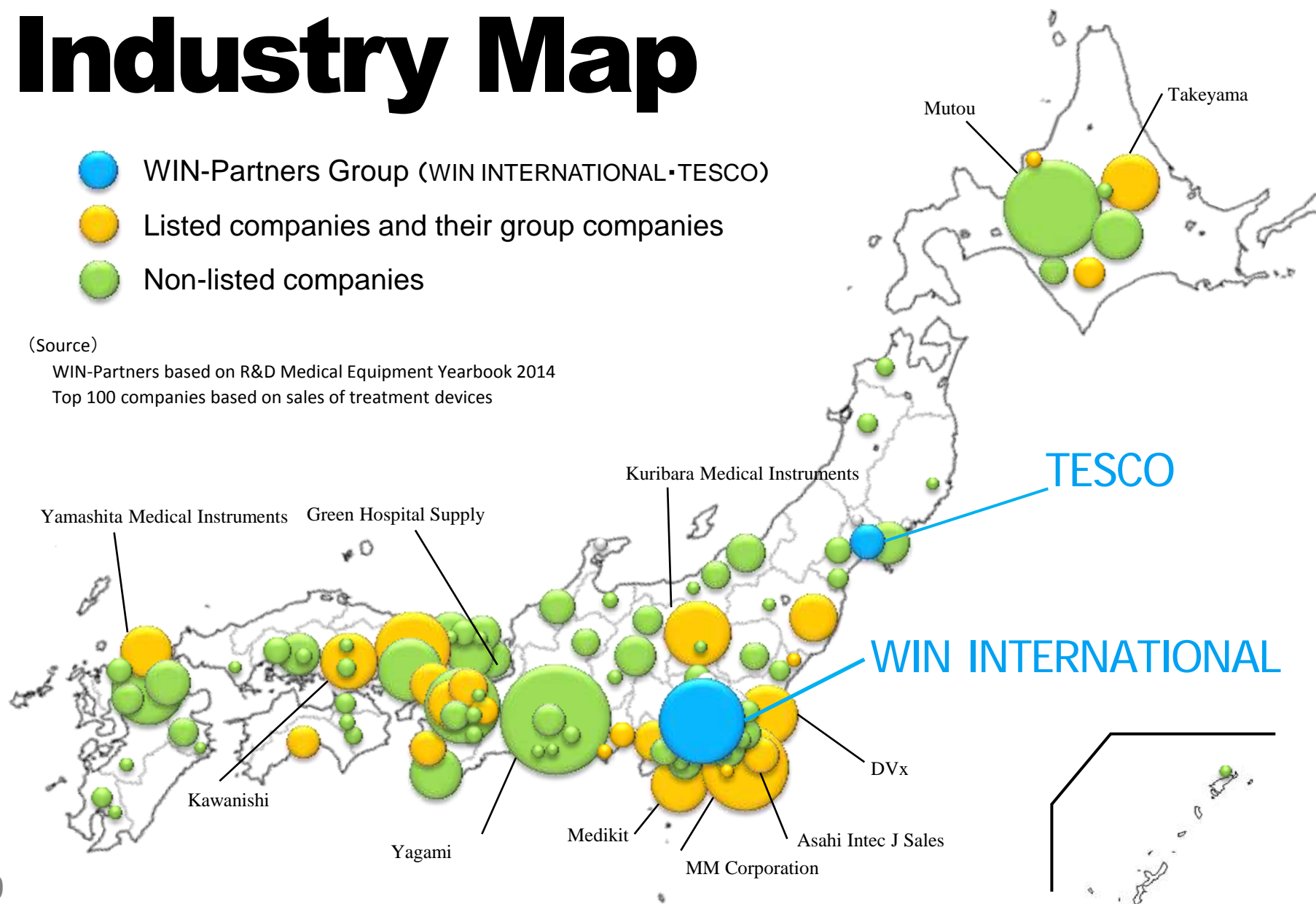
## Industry Map

-  WIN-Partners Group (WIN INTERNATIONAL・TESCO)
-  Listed companies and their group companies
-  Non-listed companies

(Source)

WIN-Partners based on R&D Medical Equipment Yearbook 2014

Top 100 companies based on sales of treatment devices



# **Full year results ending March 2015**

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## Achieved growth despite reimbursement price cuts

(¥ mil)	March 2014	March 2015	Y o Y	O E
<b>Sales</b>	49,826	<b>50,558</b>	+1.5%	51,000
<b>Operating profit</b>	2,479	<b>2,599</b>	+4.8%	2,573
<b>Recurring profit</b>	2,499	<b>2,626</b>	+5.1%	2,578
<b>Net profit</b>	1,840	<b>1,690</b>	▲8.1%	1,659
<b>EPS(yen)</b>	128.22	<b>117.78</b>	-	115.59
<b>BPS(yen)</b>	782.58	<b>872.05</b>	-	-

# Consolidated Income Statements

	March 2014		March 2015	
	(¥ mil)	(%)	(¥ mil)	(%)
<b>Sales</b>	<b>49,826</b>	<b>100.0</b>	<b>50,558</b>	<b>100.0</b>
Cost of sales	43,431	87.2	43,862	86.8
<b>Gross profit</b>	<b>6,395</b>	<b>12.8</b>	<b>6,695</b>	<b>13.2</b>
SG&A expenses	3,915	7.9	4,096	8.1
<b>Operating profit</b>	<b>2,479</b>	<b>5.0</b>	<b>2,599</b>	<b>5.1</b>
Non-operating profit	20	0.0	30	0.1
Non-operating expenses	0	0.0	2	0.0
<b>Recurring profit</b>	<b>2,499</b>	<b>5.0</b>	<b>2,626</b>	<b>5.2</b>
Extraordinary profit	378	0.8	4	0.0
Extraordinary loss	107	0.2	1	0.0
<b>Pretax profit</b>	<b>2,770</b>	<b>5.6</b>	<b>2,629</b>	<b>5.2</b>
Taxes	929	1.9	938	1.9
<b>Net profit</b>	<b>1,840</b>	<b>3.7</b>	<b>1,690</b>	<b>3.3</b>

- Apr** Reimbursement prices revised  
Integrated two sales offices in Fukushima pref.
- May** Altered to TSE 2nd section from JASDAQ
- June** Opened a branch in Hiroshima pref.
- Aug** Opened a branch in Kumamoto pref.
- Sept** Assigned to TSE 1st section  
Moved and expanded capacity of TESCO  
HQ and warehouse
- Nov** Opened a branch in Hakodate city
- Dec** Opened a branch in Saku city, Nagano pref.
- Mar** Secondary offering of 1 million shares

- ◆ **Negotiated selling and procurement prices reflecting reimbursement price cuts.**
  - ➡ Reached agreement to maintain gross profit margin
- ◆ **Implemented new procurement scheme (Bulk purchasing of PTCA balloon catheters)**
- ◆ **Integrated duplicated sales offices and opened branches in regional cities**

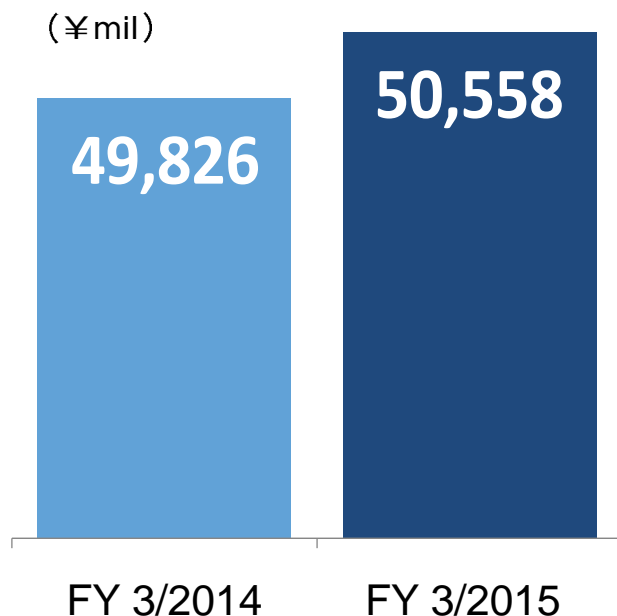
## Sales

YoY **+1.5%**  
vs. plan **▲0.9%**

**Sales fell short but achieved growth**

New customer acquisition contributed to growth

Openings of new branches in Hokkaido, Hiroshima, Nagano etc. and marketing in existing areas



# Outline of Reimbursement Price Cuts

## Impact on group sales **▲5.7%**

Segment	Reimbursement Prices (1,000 yen)		Impact on Sales (%)
	2012	2014	
<b>Percutaneous Coronary Intervention (PCI)</b>	-	-	<b>▲8.5</b>
PTCA Ballon Catheter	79	67	▲14.9
DES (Drug Eluting Stent)	295	261	▲11.5
IVUS (Intravascular Ultrasound Catheter)	115	109	▲5.2
<b>Cardiac Rhythm Segment (CRS)</b>	-	-	<b>▲4.6</b>
Pacemaker	1,000	827	▲17.3
MRI conditional pacemaker	10,500	(1,070)	▲89.8
ICD (Implantable Cardioverter Defibrillator)	3,060	2,970	▲2.9
CRT-D (Cardiac Resynchronization Therapy Difibrillator)	4,090	4,040	▲1.2
Ablation Catheter	158	149	▲5.7
<b>Cardiac Vascular Segment (CVS)</b>	-	-	<b>▲2.0</b>
Stentgraft (Abdomen)	1,520	1,510	▲0.7
Transcatheter Valve system	(4,530)	4,650	2.6
<b>Percutaneous Peripheral Intervention (PPI)</b>	-	-	<b>▲5.6</b>
<b>Brain Surgery</b>	-	-	<b>▲1.2</b>
<b>TOTAL</b>	-	-	<b>▲5.7</b>

# Sales Breakdown by Segment

	Sales (¥mil)	YoY Growth(%)		% of Sales	
		Volume	Value	(%)	Change (ppt)
Percutaneous Coronary Intervention ( <b>PCI</b> )	<b>21,067</b>	<b>+2.1</b>	<b>+1.2</b>	<b>41.7</b>	<b>▲ 0.1</b>
Cardiac Rhythm Segment ( <b>CRS</b> )	<b>10,055</b>	<b>+30.7</b>	<b>+16.8</b>	<b>19.9</b>	<b>+2.6</b>
Cardiac Vascular Segment ( <b>CVS</b> )	<b>6,707</b>	<b>▲ 11.8</b>	<b>+1.6</b>	<b>13.3</b>	<b>+0.1</b>
Percutaneous Peripheral Intervention ( <b>PPI</b> )	<b>2,678</b>	<b>+9.0</b>	<b>▲ 0.3</b>	<b>5.3</b>	<b>▲ 0.1</b>
Brain Surgery	<b>1,568</b>	<b>+5.6</b>	<b>+5.0</b>	<b>3.1</b>	<b>+0.1</b>
Diabetes Mellitus Segment ( <b>DMS</b> )	<b>579</b>	<b>-</b>	<b>+12.9</b>	<b>1.1</b>	<b>+0.1</b>
Large-sized Medical Equipment	<b>4,009</b>	<b>-</b>	<b>▲ 33.9</b>	<b>7.9</b>	<b>▲ 4.3</b>
Others	<b>3,893</b>	<b>-</b>	<b>+28.4</b>	<b>7.7</b>	<b>+1.6</b>
<b>TOTAL</b>	<b>50,558</b>	<b>-</b>	<b>+1.5</b>	<b>100.0</b>	

# Segment Review (YoY)

## PCI

enjoyed demand from new customers, opening new branches. The number of PCI procedures at our customer hospitals increased by 8.3%, absorbing lower selling prices.

## CRS

posted double-digit growth supported by stronger demand for EP ablation, MRI-conditional pacemaker, ICD, CRTD

## CVS

enjoyed favorable sales of stent graft and TAVI (Trans Catheter Aortic Valve Implantation). Decreased on-pump CABG (coronary artery bypass graft) moderated overall growth.

## PPI

enjoyed higher demand for PTA balloon catheters for dialysis access shunts, but failed to offset lower selling prices.

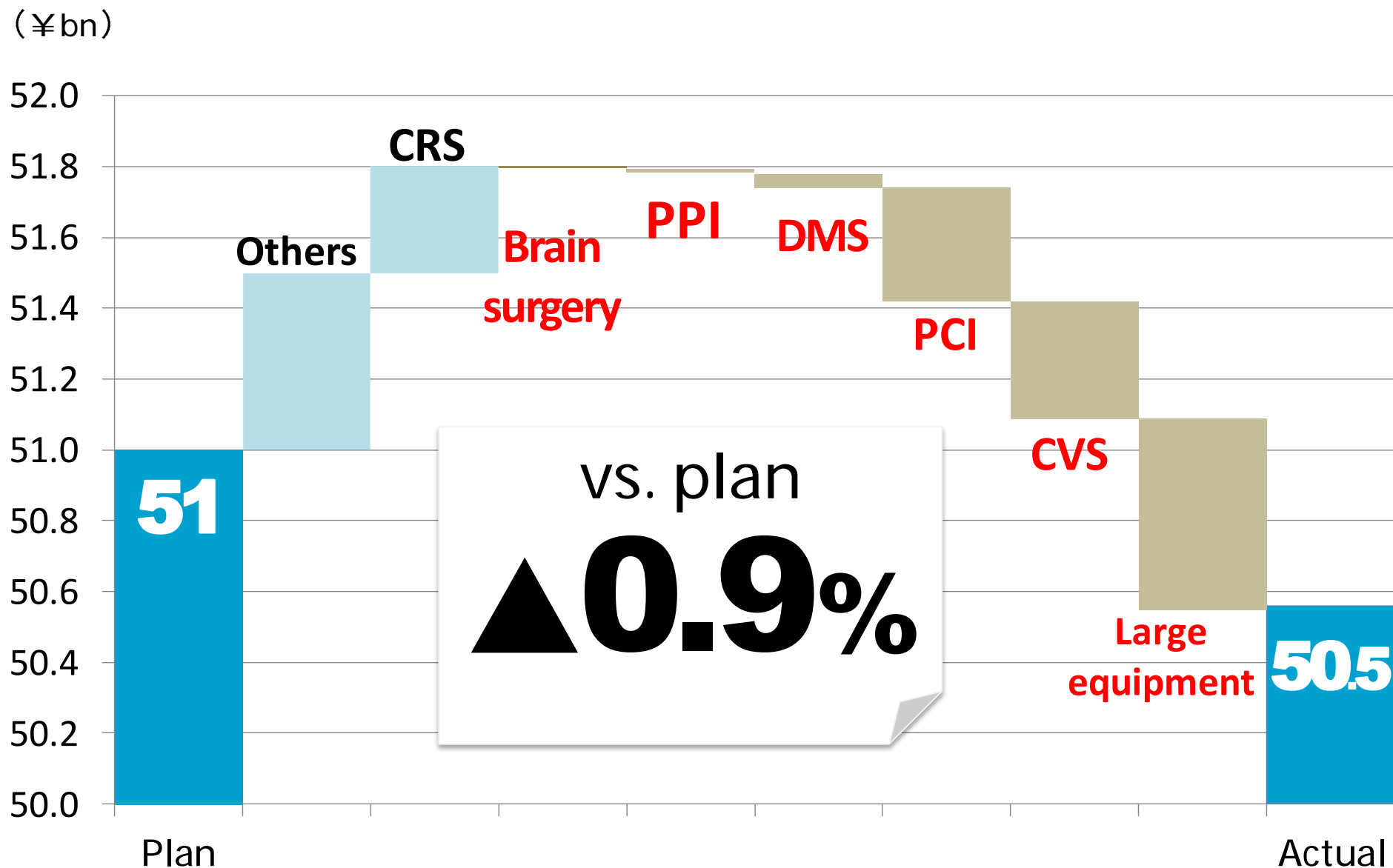
## Large Equip-ment

suffered from lower demand after tax hike last year.

## Others

enjoyed higher demand for gastrointestinal endoscopy and smaller equipment etc.

# Difference from Sales Forecasts



# Segment Review (vs. plan)



**PCI** suffered from delayed new customer acquisitions **▲1.5%**

**CRS** enjoyed higher demand for EP ablation, MRI-conditional products from existing customers **+3.1%**

**CVS** enjoyed higher sales of stent graft but delayed approvals to start TAVI at customer hospitals **▲4.7%**

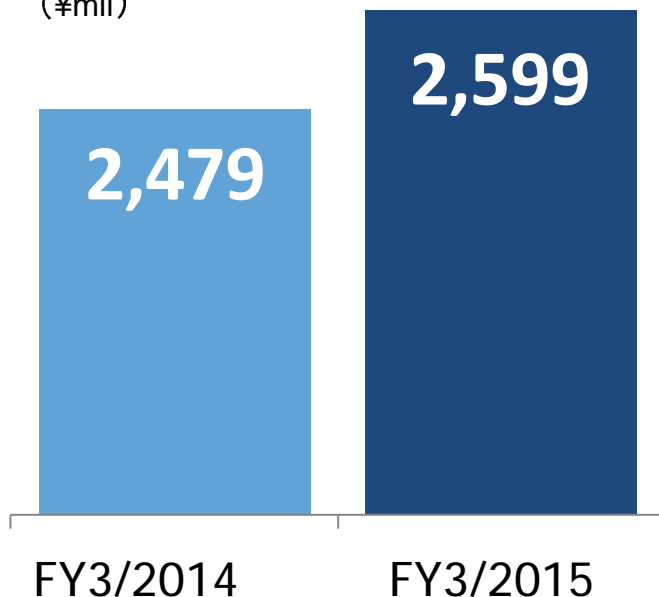
**Large Equip-ment** suffered from customers' review of capital spending plan **▲11.9%**

**Others** enjoyed higher demand for gastrointestinal endoscopies, smaller equipment and maintenance **+14.7%**

## Operating profit

YoY **+4.8%**  
vs. plan **+1.0%**

(¥mil)



## Achieved plan due to higher GPM

### Gross profit margin

**13.2%**

YoY **+0.4ppt**

#### 【Positives】

- Lower sales of less profitable large equipment
- Cost cuttings by bulk purchasing of PTCA balloon catheters

#### 【Negatives】

- Higher sales of less profitable CRS

### SG&A to sales

**8.1%**

YoY **+0.2ppt**

Labor cost YoY **+7.5%**

(No. of employees: **372** as of 3/2014→**399** as of 3/2015)

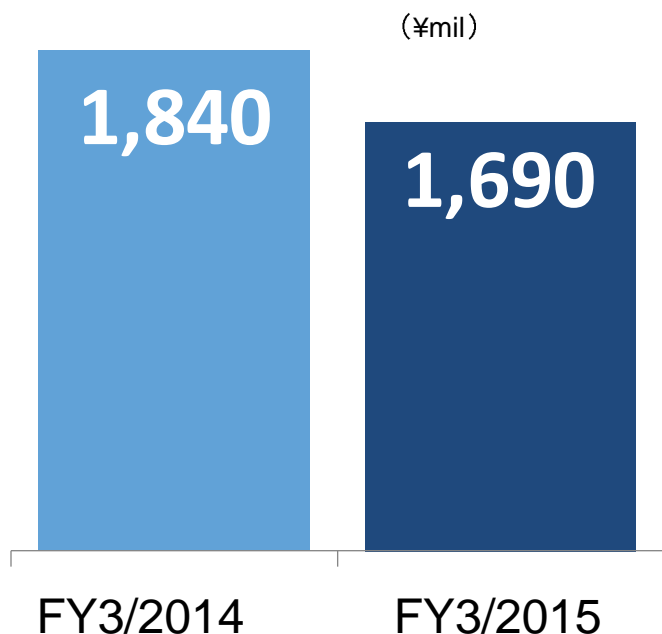
## Net profit

YoY **▲8.1%**  
vs. plan **+1.9%**

**Absence of merger-related extraordinary profit previous year**

**¥377 mil**

(Negative goodwill and valuation profit of TESCO shares)



# Consolidated Balance Sheet

	March 2014		March 2015		Change (¥mil)	
	(¥mil)	(%)	(¥mil)	(%)		
<b>Current Assets</b>	23,922	88.8	<b>24,537</b>	<b>88.4</b>	<b>614</b>	
Cash and deposits	8,563	31.8	7,238	26.1	▲1,325	Large equipment sales at end of year
Accounts receivable	13,798	51.2	14,512	52.3	714	
Inventory	1,124	4.2	2,106	7.6	982	
Other current assets	436	1.6	679	2.4	243	Bulk purchasing
<b>Fixed Assets</b>	3,011	11.2	<b>3,228</b>	<b>11.6</b>	<b>217</b>	
<b>Total Assets</b>	26,934	100.0	<b>27,765</b>	<b>100.0</b>	<b>831</b>	
<b>Current Liabilities</b>	15,326	56.9	<b>14,821</b>	<b>53.4</b>	<b>▲505</b>	
Accounts payable	14,276	53.0	13,758	49.6	▲517	Affected by higher sales of large equipment before tax hike last year
Taxes payable	500	1.9	499	1.8	0	
Other current liabilities	549	2.0	562	2.0	12	
<b>Fixed Liabilities</b>	374	1.4	<b>427</b>	<b>1.5</b>	<b>53</b>	
<b>Total Liabilities</b>	15,701	58.3	<b>15,248</b>	<b>54.9</b>	<b>▲452</b>	
<b>Net Assets</b>	11,233	41.7	<b>12,517</b>	<b>45.1</b>	<b>1,284</b>	
<b>Total Liabilities, net assets</b>	26,934	100.0	<b>27,765</b>	<b>100.0</b>	<b>831</b>	

# Consolidated Cashflow Statements

( ¥ mil )    March 2014    March 2015

## Cash flows from operating activities

Net profit before taxes	2,770	2,629
Depreciation	240	276
Negative goodwill	▲196	0
Equity valuation profit	▲180	0
Notes and accounts receivable	▲1,701	▲714
Inventories	159	▲985
Notes and accounts payable	2,635	▲517
Income tax paid	▲1,048	▲953

Large  
Equipment sales  
at end of year

Bulk  
purchasing

## Cash flows from investing activities

Purchase of property and equipment	▲828	▲507
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## Cash flows from financing activities

Cash dividends paid	▲355	▲459
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Affected by  
higher sales of  
large equipment  
before tax hike  
last year

## Net increase in cash and cash equivalents

1,682    ▲1,325

## Cash and cash equivalents at beginning of the FY

4,611    8,563

## Net increase in cash and cash equivalents from joint share transfer

2,269    0

## Cash and cash equivalents at the end of the FY

8,563    7,238

# **Forecasts to March 2016**

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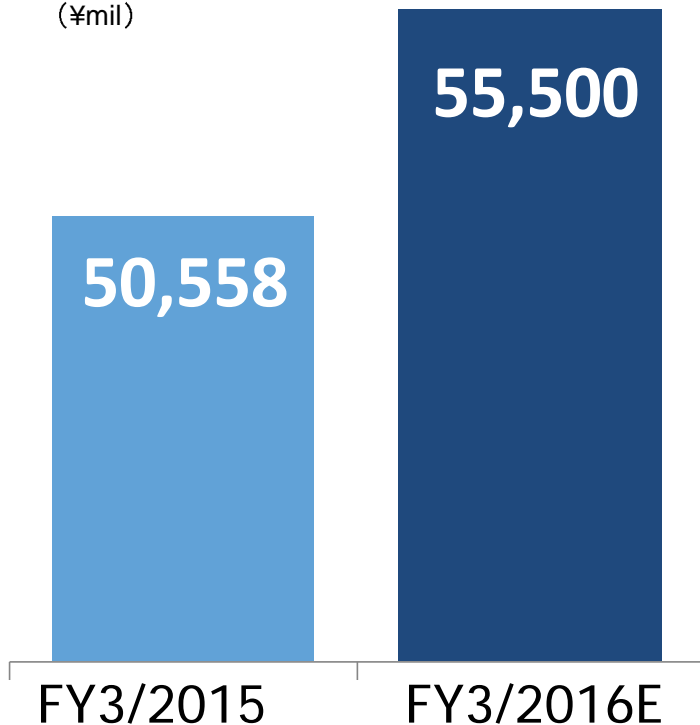
## Target double-digit earnings growth

	( ¥ mil)	YoY(%)	(%)
<b>Sales</b>	<b>55,500</b>	<b>+9.8</b>	<b>100.0</b>
<b>Operating profit</b>	<b>2,950</b>	<b>+13.5</b>	<b>5.3</b>
<b>Recurring profit</b>	<b>2,950</b>	<b>+12.3</b>	<b>5.3</b>
<b>Net profit</b>	<b>1,930</b>	<b>+14.2</b>	<b>3.5</b>
<b>EPS (yen)</b>	<b>134.46</b>	<b>+14.2</b>	
<b>DPS (yen)</b>	<b>41.0</b>	<b>+7.9</b>	

## Sales +9.8%

(YoY)

(¥mil)



- **Expand customer base in new areas**

Opened new branch in Mito city in Ibaraki pref. in May

Full year contribution from branches opened last year

- **Enhance sales activities focusing on growing CRS and CVS markets**

# Sales Forecasts by Segment

	(¥mil)	YoY Growth(%)	(%) of sales
Percutaneous Coronary Intervention ( <b>PCI</b> )	<b>23,160</b>	<b>+9.9</b>	<b>41.7</b>
Cardiac Rhythm Segment ( <b>CRS</b> )	<b>11,630</b>	<b>+15.7</b>	<b>21.0</b>
Cardiac Vascular Segment ( <b>CVS</b> )	<b>7,780</b>	<b>+16.0</b>	<b>14.0</b>
Percutaneous Peripheral Intervension ( <b>PPI</b> )	<b>2,920</b>	<b>+9.0</b>	<b>5.3</b>
Brain Surgery	<b>1,660</b>	<b>+5.8</b>	<b>3.0</b>
Diabetes Mellitus Segment ( <b>DMS</b> )	<b>730</b>	<b>+26.0</b>	<b>1.3</b>
Large-sized Medical Equipment	<b>3,580</b>	<b>▲ 10.7</b>	<b>6.4</b>
Others	<b>4,040</b>	<b>+3.8</b>	<b>7.3</b>
<b>TOTAL</b>	<b>55,500</b>	<b>+9.8</b>	<b>100.0</b>

# Forecast Highlights by Segment



**PCI** expects higher number of procedures through marketing support and new customer acquisitions

**CRS** expects favorable sales of EP Ablation, ICD, CRTD by increasing sales staffs.

**CVS** expects higher number of procedures at customer hospitals that recently acquired facility approvals for TAVI and stent graft

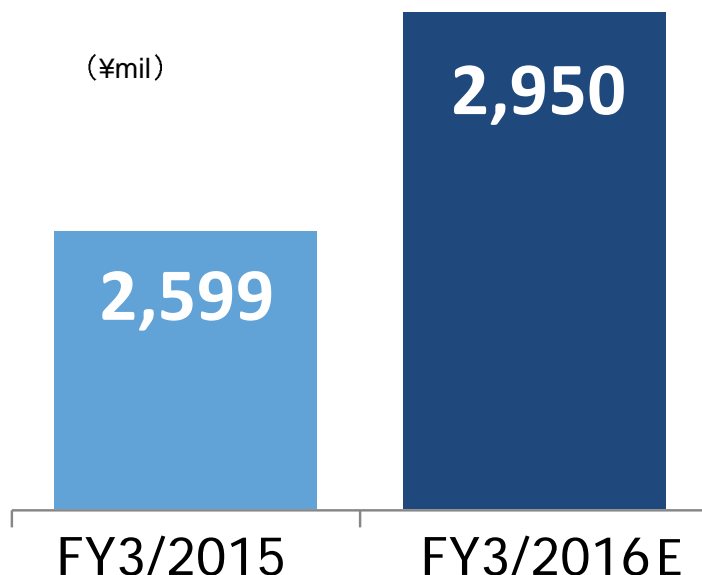
**PPI** expects continuous demand for PTA balloon for dialysis access shunts and new customer acquisitions

**Large Equip-ment** suffers from increasing building costs

# Operating profit +13.5%

(YoY)

(¥mil)



## Gross profit margin

# 13.5%

YoY **+0.3ppt**

### •Cost cuttings through bulk purchasing

- Expand items besides PTCA balloon catheter
- Purchasing at Win-Partners group basis

### •Higher rebates from manufacturers through sales expansion

## SG&A to sales

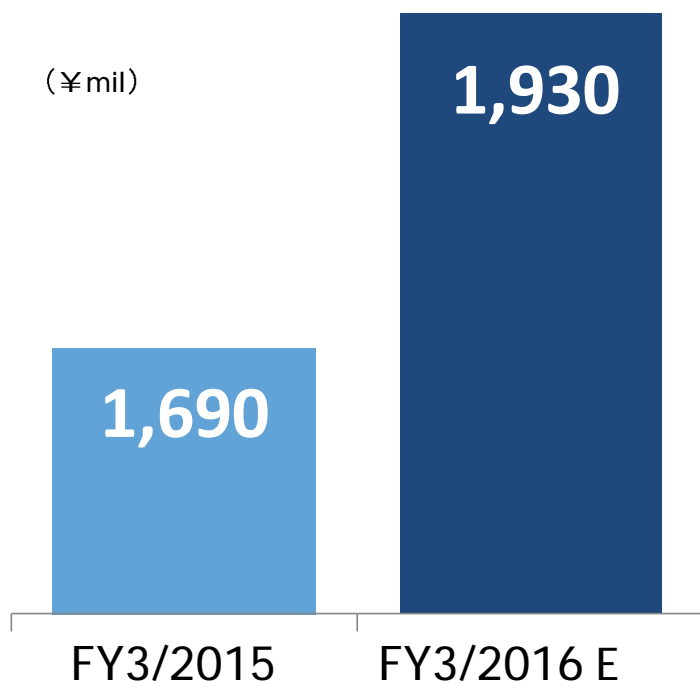
# 8.2%

YoY **+0.1ppt**

### •SG&A expenses +10.6% due to increase in number of employees

## Net profit +14.2%

(YoY)



### Capex • Depreciation

## Capex ¥320mil

(vs. ¥503mil for FY3/2015)

## Depreciation ¥280mil

(vs. ¥276mil for FY3/2015)

## **We aim at Over 30% payout ratio**

**Dividends FY ending March 2016**

**41** **yen**

(vs. ¥38 including ¥3 commemorative dividends FY 3/2015)



## **Contact**

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