



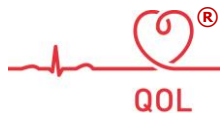
**WIN A BETTER QUALITY OF LIFE**  
INNOVATION  
PARTNERSHIP  
TRUST

**SAFETY**  
CREATE VALUE

**LEADERSHIP**  
HEALTHY SOCIETY

# Results Presentation 2Q FY March 2018

*Win-Partners Co., Ltd. (3183)*



WINはQOL推進企業です

# 2Q results ending September 2017

---

# Consolidated results summary

(¥mil) 2Q to	Sep 2016	Sep 2017	YoY	OE
Sales	27,713	<b>29,753</b>	+7.4%	29,500
Operating profit	1,436	<b>1,497</b>	+4.3%	1,520
Recurring profit	1,438	<b>1,499</b>	+4.3%	1,520
Net profit	982	<b>1,018</b>	+3.7%	1,040
EPS (yen)*	34.21	<b>35.49</b>	-	-
BPS (yen)*	498.90	<b>549.20</b>	-	-

\*Figures after the stock split (1:2) effective from January 1, 2017

# Our approach

## ◆ Supported customers to upgrade to multi-specialty hospitals

---

- CVS has grown to major segment following PCI and CRS

## ◆ Acquired new customers

---

- Initiated business with new customers in Tokyo metropolitan area from 2Q

## ◆ Acquired Osawa Shoji\* in Akita pref.

---

- 100% consolidated from October 1<sup>st</sup>
- Aiming to expand market share in the Tohoku region  
(\*changed the name to Tesco Akita on November 1<sup>st</sup>)

# Highlights

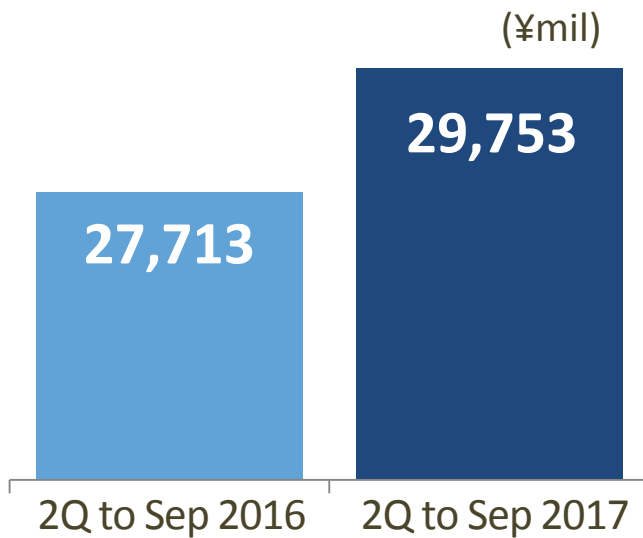
Sales + **7.4%** YoY [ vs. plan  
+**0.8%** ]

---

All segments enjoyed higher sales  
(except large-sized equipment)

Double digit growth in  
CVS, PPI, DMS

Contribution from new customers



# Sales breakdown by segment

	Sales (¥mil)	YoY growth (%)		% of sales	
		Volume	Value	(%)	Change (pt)
Percutaneous coronary intervention (PCI)	<b>11,055</b>	<b>+5.3</b>	<b>+5.4</b>	37.2	▲0.7
Cardiac rhythm segment (CRS)	<b>7,034</b>	<b>+6.0</b>	<b>+6.6</b>	23.6	▲0.2
Cardiac vascular segment (CVS)	<b>3,787</b>	<b>+4.7</b>	<b>+21.4</b>	12.7	+1.5
Percutaneous peripheral intervention (PPI)	<b>1,571</b>	<b>+18.7</b>	<b>+12.3</b>	5.3	+0.2
Brain surgery	<b>981</b>	<b>▲1.6</b>	<b>+3.0</b>	3.3	▲0.1
Diabetes mellitus segment (DMS)	<b>517</b>	-	<b>+15.7</b>	1.7	+0.1
Large-sized medical equipment	<b>2,307</b>	-	<b>▲1.0</b>	7.8	▲0.7
Others	<b>2,497</b>	-	<b>+5.4</b>	8.4	▲0.2
<b>TOTAL</b>	<b>29,753</b>	-	<b>+7.4</b>	100.0	

# Segment review (YoY)

(vs. plan)

**P C I**

enjoyed higher number of procedures at existing customer hospitals  
Sales of balloon catheter posted double digit growth.



**CRS**

enjoyed favorable sales of MRI conditional pacemakers.  
EP-Ablation related products rose 5% slowing after high growth last FY.



**CVS**

enjoyed doubled sales of TAVI (transcatheter aortic valve implantation)  
related products and steady sales of stent graft.



**P P I**

enjoyed double digit growth of PTA (percutaneous transluminal  
angioplasty) balloon catheters.



**Large  
equip  
-ment**

declined after large-scale projects last FY



# CVS highlight

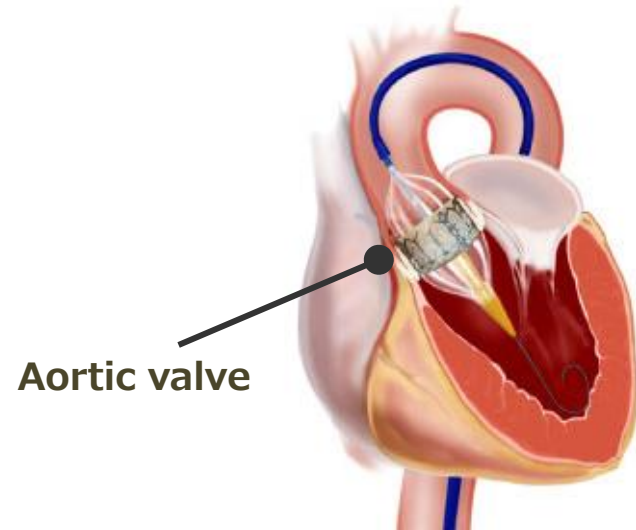
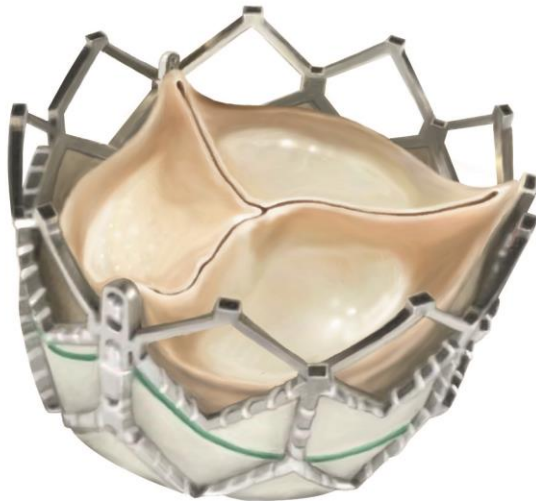
## Expanding TAVI

(transcatheter aortic valve implantation)

---

More customers accredited hospitals for TAVI

**Transcatheter  
aortic valve**



**Aortic valve**

【Aortic stenosis】

Deliver bioprosthesis valve by catheter



# Highlights

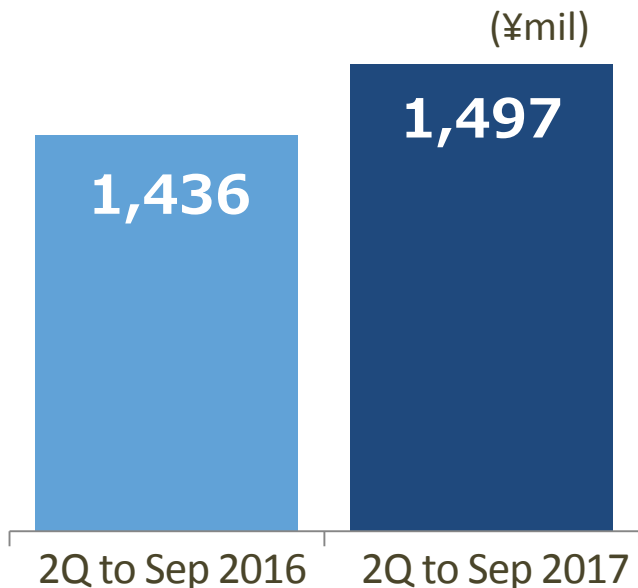
**Operating profit** + **4.3%** YoY vs. plan  
▲1.5%

## Gross profit margin declined 0.2pt

- PCI and PPI improved while CVS and large equipment worsened

## SG&A rose 7.1%

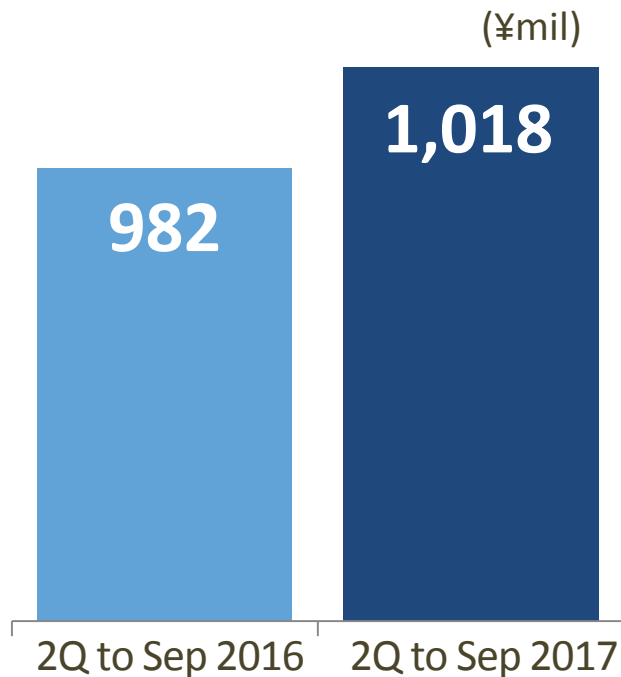
- including labor cost (+5.9%)
- SG&A to sales remained flat due to HQ moving  
[Number of employees] 447 → 471  
(Mar 2017) (Sep 2017)



# Highlights

**Net profit** + **3.7%** YoY [ vs. plan  
▲**2.1%** ]

---



**Extraordinary losses relating to HQ moving (16million yen)**

# Consolidated income statements

2Q to	Sep 2016		Sep 2017	
	(¥mil)	(%)	(¥mil)	(%)
<b>Sales</b>	<b>27,713</b>	<b>100.0</b>	<b>29,753</b>	<b>100.0</b>
Cost of sales	24,091	86.9	25,914	87.1
<b>Gross profit</b>	<b>3,622</b>	<b>13.1</b>	<b>3,839</b>	<b>12.9</b>
SG&A expenses	2,186	7.9	2,341	7.9
<b>Operating profit</b>	<b>1,436</b>	<b>5.2</b>	<b>1,497</b>	<b>5.0</b>
Non-operating profit	2	0.0	2	0.0
Non-operating expenses	0	0.0	0	0.0
<b>Recurring profit</b>	<b>1,438</b>	<b>5.2</b>	<b>1,499</b>	<b>5.0</b>
Extraordinary profit	-	-	-	-
Extraordinary loss	0	0.0	16	0.1
<b>Pretax profit</b>	<b>1,437</b>	<b>5.2</b>	<b>1,483</b>	<b>5.0</b>
Taxes	455	1.6	464	1.6
<b>Net profit</b>	<b>982</b>	<b>3.5</b>	<b>1,018</b>	<b>3.4</b>

# Consolidated balance sheet

	Mar 2017		Sep 2017		Change (¥mil)
	(¥mil)	(%)	(¥mil)	(%)	
<b>Current assets</b>	<b>30,395</b>	91.6	<b>29,516</b>	<b>87.8</b>	<b>▲ 878</b>
Cash and deposits	11,954	36.0	9,283	27.6	▲ 2,671
Accounts receivable	15,597	47.0	17,441	51.9	1,844
Inventory	1,862	5.6	1,993	5.9	131
Other current assets	980	3.0	798	2.4	▲ 182
<b>Fixed assets</b>	<b>2,792</b>	8.4	<b>4,104</b>	<b>12.2</b>	<b>1,312</b>
<b>Total assets</b>	<b>33,187</b>	100.0	<b>33,621</b>	<b>100.0</b>	<b>433</b>
<b>Current liabilities</b>	<b>16,964</b>	51.1	<b>17,082</b>	<b>50.8</b>	<b>118</b>
Accounts payable	15,765	47.5	16,031	47.7	266
Taxes payable	486	1.5	466	1.4	▲ 19
Other current liabilities	712	2.1	584	1.7	▲ 128
<b>Fixed liabilities</b>	<b>729</b>	2.2	<b>771</b>	<b>2.3</b>	<b>41</b>
<b>Total liabilities</b>	<b>17,694</b>	53.3	<b>17,854</b>	<b>53.1</b>	<b>160</b>
<b>Net assets</b>	<b>15,493</b>	46.7	<b>15,766</b>	<b>46.9</b>	<b>273</b>
<b>Total liabilities, net assets</b>	<b>33,187</b>	100.0	<b>33,621</b>	<b>100.0</b>	<b>433</b>

Affected by  
bank holiday

# Consolidated cashflow statements

(¥mil) 2Q to	Sep 2016	Sep 2017
<b>Cash flows from operating activities</b>	<b>1,898</b>	<b>▲ 562</b>
Net profit before taxes	1,437	1,483
Depreciation	119	120
Notes and accounts receivable	1,196	▲ 1,844
Inventories	▲ 65	▲ 118
Notes and accounts payable	302	253
Tax paid	▲ 738	▲ 488
<b>Cash flows from investing activities</b>	<b>▲ 79</b>	<b>▲ 1,363</b>
Purchase of tangible assets	▲ 68	▲ 98
Purchase of marketable securities	-	▲ 1,250
<b>Cash flows from financing activities</b>	<b>▲ 588</b>	<b>▲ 746</b>
Cash dividends paid	▲ 588	▲ 746
<b>Net increase in cash and cash equivalents</b>	<b>1,230</b>	<b>▲ 2,671</b>
<b>Cash and cash equivalents at beginning of FY</b>	<b>9,285</b>	<b>11,954</b>
<b>Cash and cash equivalents at the end of 2Q</b>	<b>10,516</b>	<b>9,283</b>

# Outlook

---

# Issues in healthcare delivery industry

## **(1) Medical expenditures under tighter control**

---

**Long-term: Clarification of hospital functions**

**Short-term: Possible every year revision in  
reimbursement price 2018 onwards**

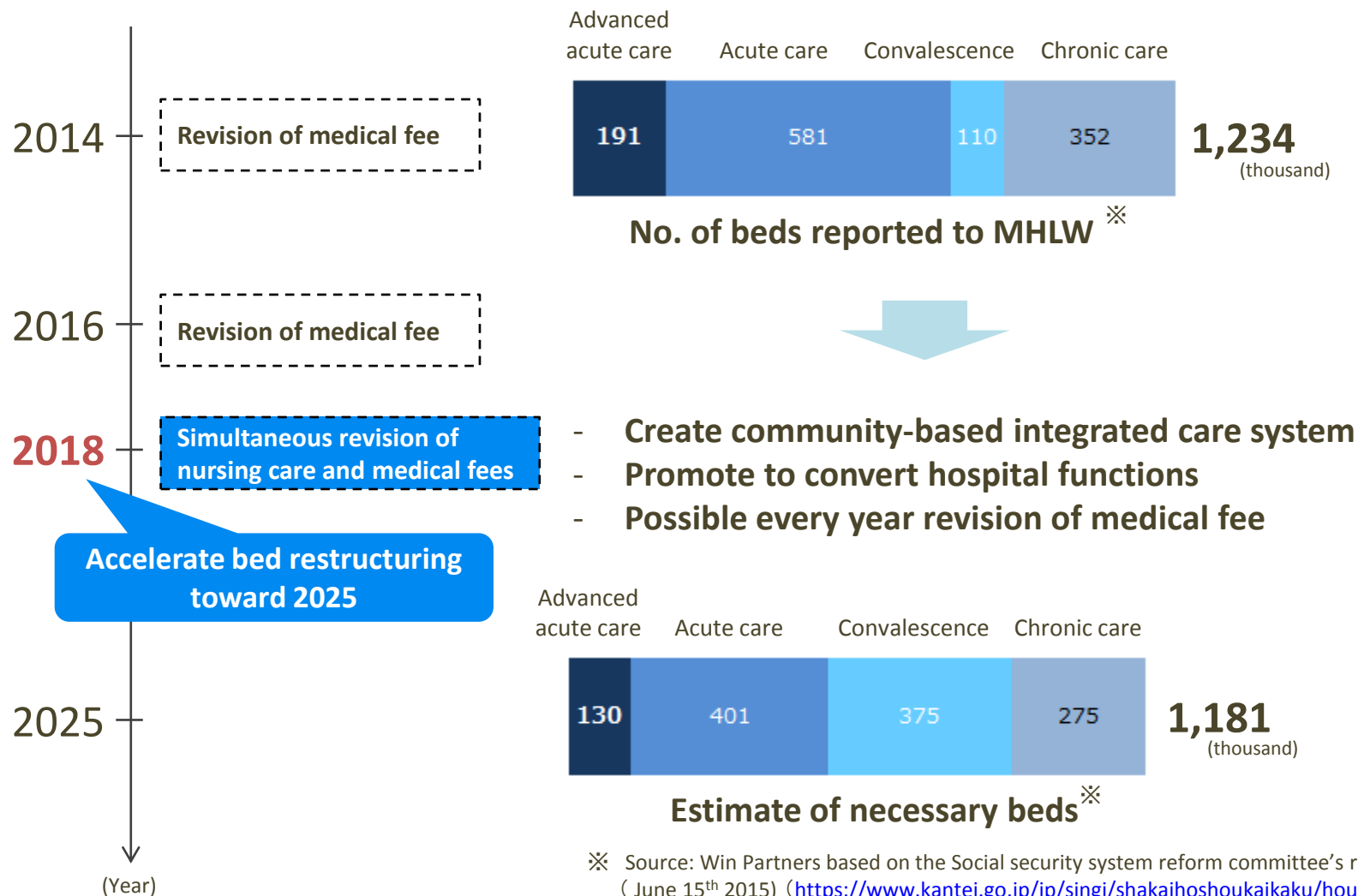
## **(2) Maldistribution of doctors**

---

**Maldistribution of medical services by** region  
treatment field

# Medical expenditures under control

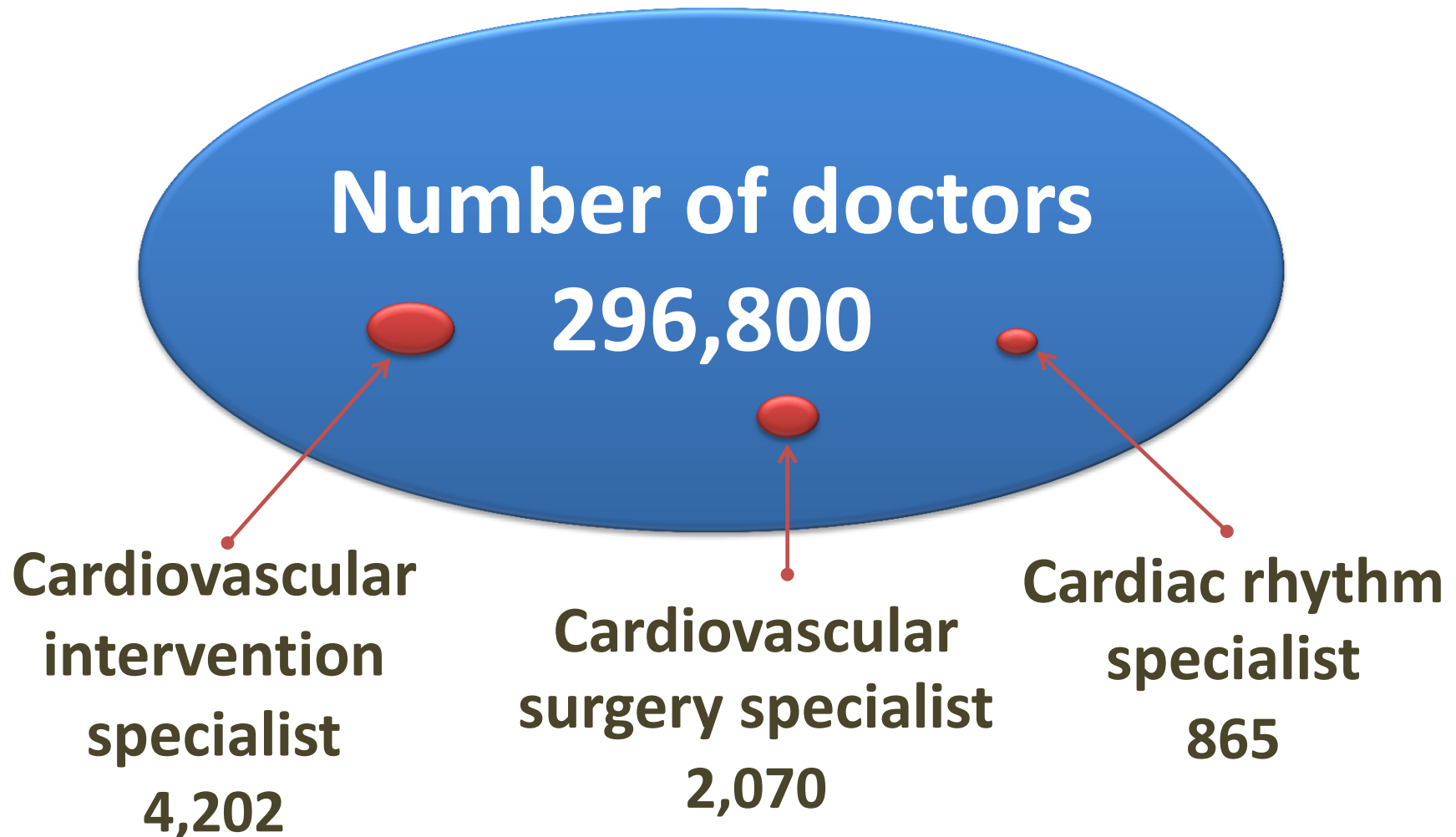
## Necessary no. of beds and Healthcare reform





# Maldistribution of doctors

---



(Source: Ministry of Health, Labour and Welfare (Number of doctors as of Dec 2014), Japanese Association of Cardiovascular Intervention and Therapeutics (CVIT certified doctors in 2016), Japanese Heart Rhythm Society (Arhythmia specialists as of April 2017) )

# **Customer hospitals situation**

---

- (1) Hospitals with well-balanced clinical fields (PCI/CRS/CVS) showing growth**
- (2) Most of acute care hospitals hoping to remain current status/enforce hospital function**

# **Our approach in 2H to 3/2018**

- (1) Strengthen customer support to gather and increase patients**
  - Support to enforce/convert hospital functions
  
- (2) Focus on post merger integration of Osawa Shoji**

# Strengthen customer support

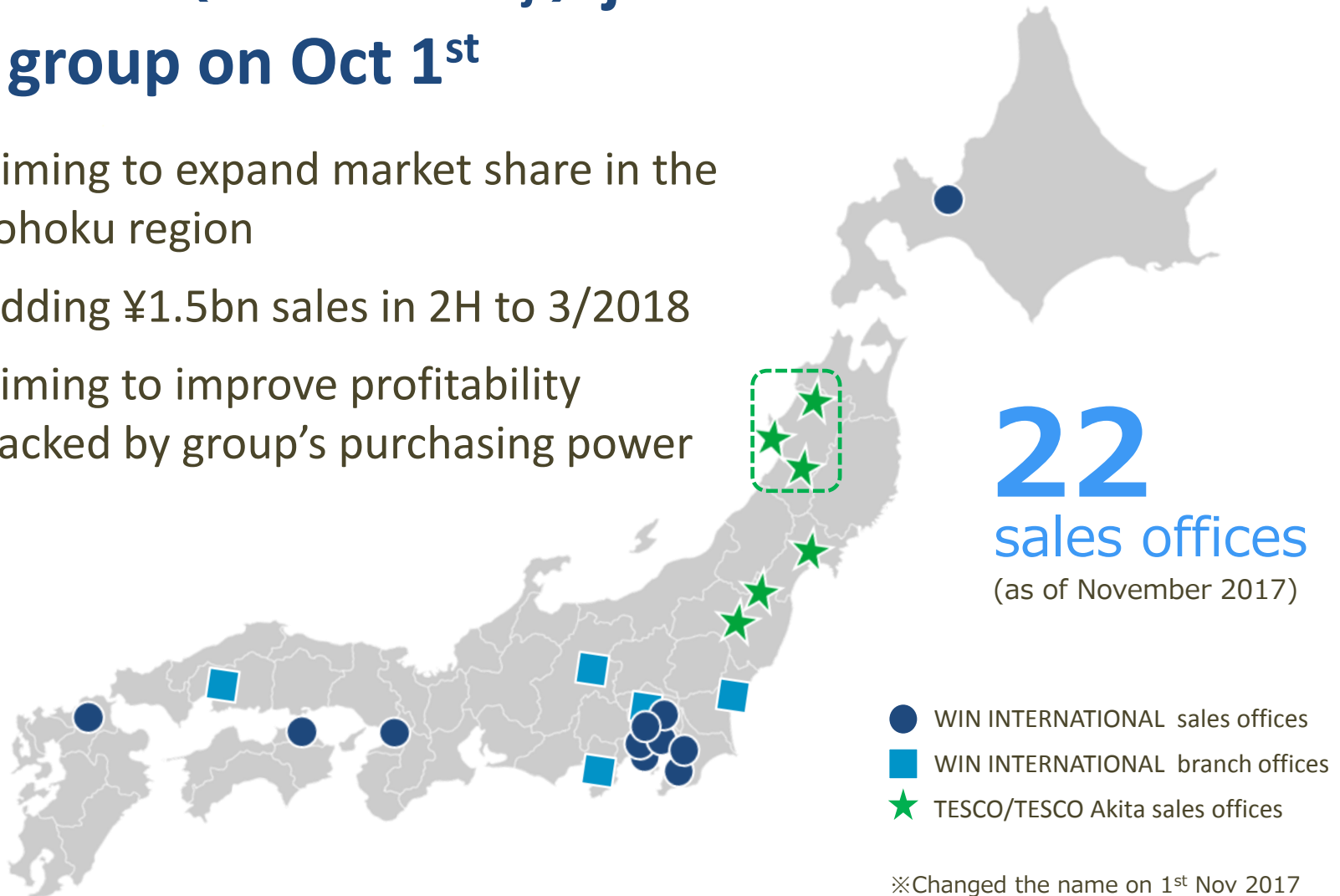
## Support upgrading to “Multi-specialty” hospitals

- (1) Propose customers to start up new department:  
**Cardiovascular internal medicine → Cardiac surgery**
- (2) Propose to expand the clinical field:  
**e.g. TAVI**
- (3) Support to collaborate with other hospitals and clinics:  
**Referral patients/doctors**
- (4) Support doctors for hands-on training:  
**Japan, India**

# Post merger integration

## Tesco Akita (ex-Osawa Shoji)\* joined our group on Oct 1<sup>st</sup>

- Aiming to expand market share in the Tohoku region
- Adding ¥1.5bn sales in 2H to 3/2018
- Aiming to improve profitability backed by group's purchasing power



# Consolidated Forecasts to March 2018

Revised by Tesco Akita figures (excluding goodwill)

	(¥mil)	(%)	YoY(%)	OE(¥mil)
Sales	<b>63,100</b>	<b>100.0</b>	+9.2	<b>61,600</b>
Operating profit	<b>3,250</b>	<b>5.2</b>	+6.3	<b>3,250</b>
Recurring profit	<b>3,250</b>	<b>5.2</b>	+6.1	<b>3,250</b>
Net profit	<b>2,230</b>	<b>3.5</b>	+4.2	<b>2,230</b>
EPS (yen)	<b>77.68</b>			
DPS (yen)	<b>27.00</b>			

# Forecast highlights

**Sales** + **9.2%** YoY

---

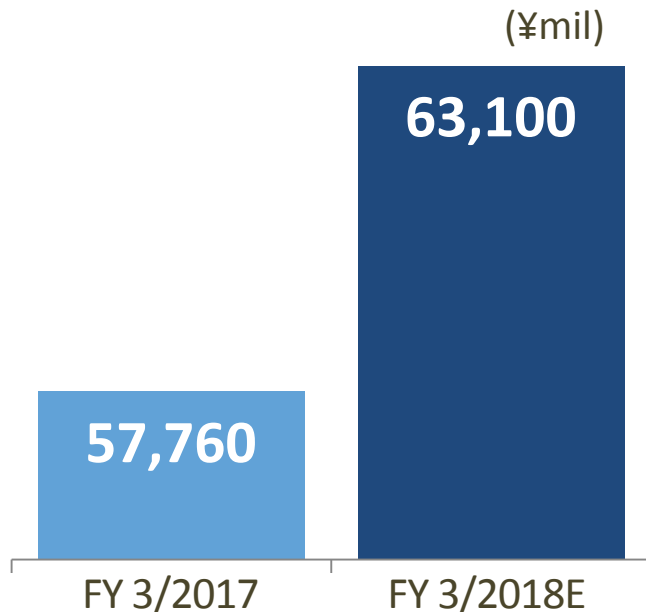
## Expand customer share

- Support upgrading to multi-specialty hospitals

## Acquire new customers

- University hospitals
- Regional core hospitals
- Diabetes clinic

**Revised by 6 month sales of  
Tesco Akita**



# Full year sales breakdown by segment

	(¥mil)	YoY	% of sales	OE(¥mil)
Percutaneous coronary intervention (PCI)	<b>23,500</b>	<b>+9.2%</b>	<b>37.2%</b>	23,960
Cardiac rhythm segment (CRS)	<b>15,360</b>	<b>+13.4%</b>	<b>24.3%</b>	15,130
Cardiac vascular segment (CVS)	<b>8,600</b>	<b>+28.9%</b>	<b>13.6%</b>	7,380
Percutaneous peripheral intervension (PPI)	<b>3,140</b>	<b>+10.2%</b>	<b>5.0%</b>	3,120
Brain surgery	<b>1,990</b>	<b>+1.0%</b>	<b>3.2%</b>	1,970
Diabetes mellitus segment (DMS)	<b>1,070</b>	<b>+12.3%</b>	<b>1.7%</b>	1,070
Large-sized medical equipment	<b>4,760</b>	<b>▲9.5%</b>	<b>7.5%</b>	4,770
Others	<b>4,680</b>	<b>▲6.4%</b>	<b>7.4%</b>	4,200
<b>TOTAL</b>	<b>63,100</b>	<b>+9.2%</b>	<b>100.0%</b>	61,600



# Forecast highlights

**Operating  
profit**

**+6.3%** YoY

**Gross profit margin**

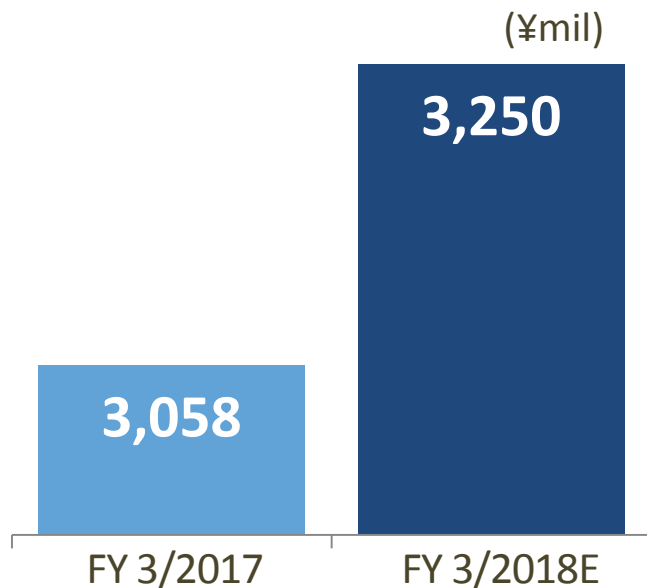
**13.2%** +0.1pt YoY

- Aim to recover through bulk purchasing and volume discounts
- Minimal impact from Tesco Akita

**SG&A** +12.4% YoY

- Revised reflecting Tesco Akita
- Estimated total number of employees

447 → 531 (OE 491)  
(Mar 2017) (Mar 2018)

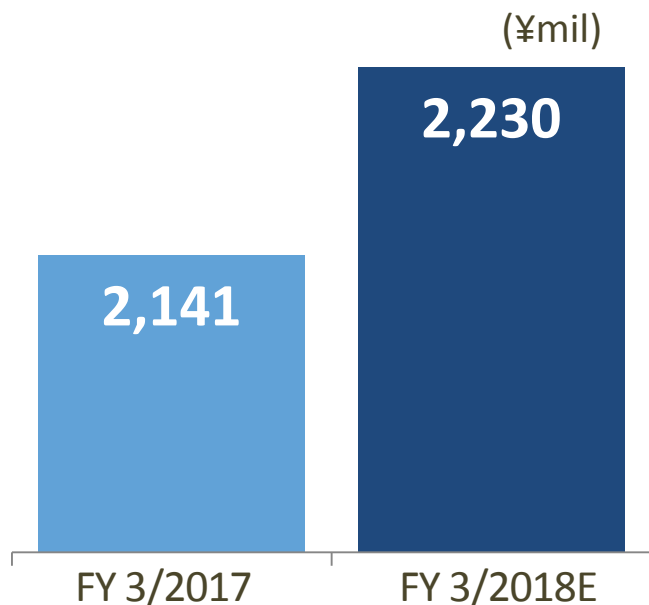


# Forecast highlights

**Net profit**

**+4.2%** YoY

**Goodwill on Tesco Akita under assessment**



**Capex** **¥100mil**

vs. ¥140mil for FY 3/2017

**Depreciation** **¥240mil**

vs. ¥250mil for FY 3/2017

# Dividends

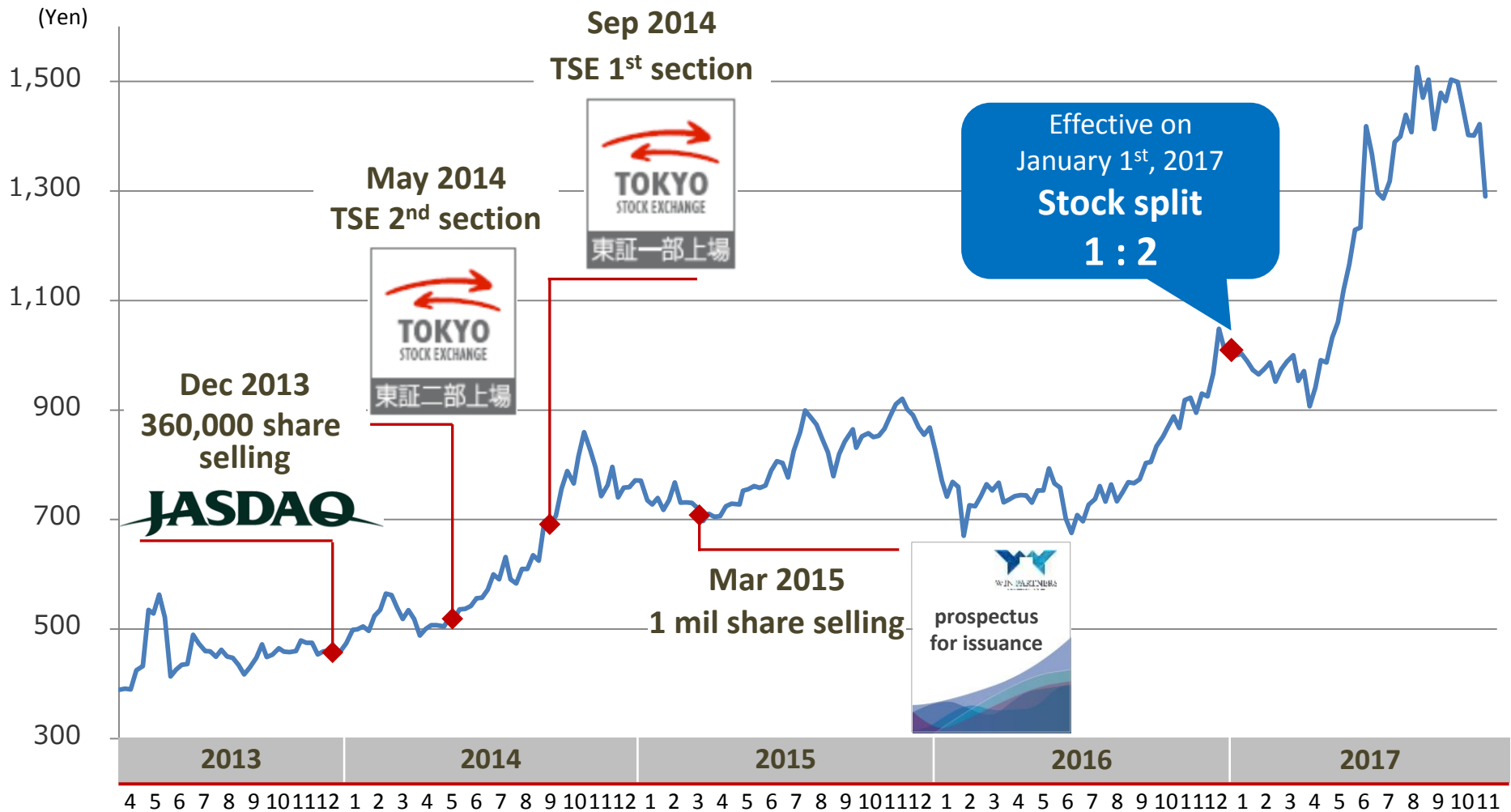
We aim at  
**Over 30% payout ratio**

Dividends FY ending March 2018

**27** yen

---

# Share price

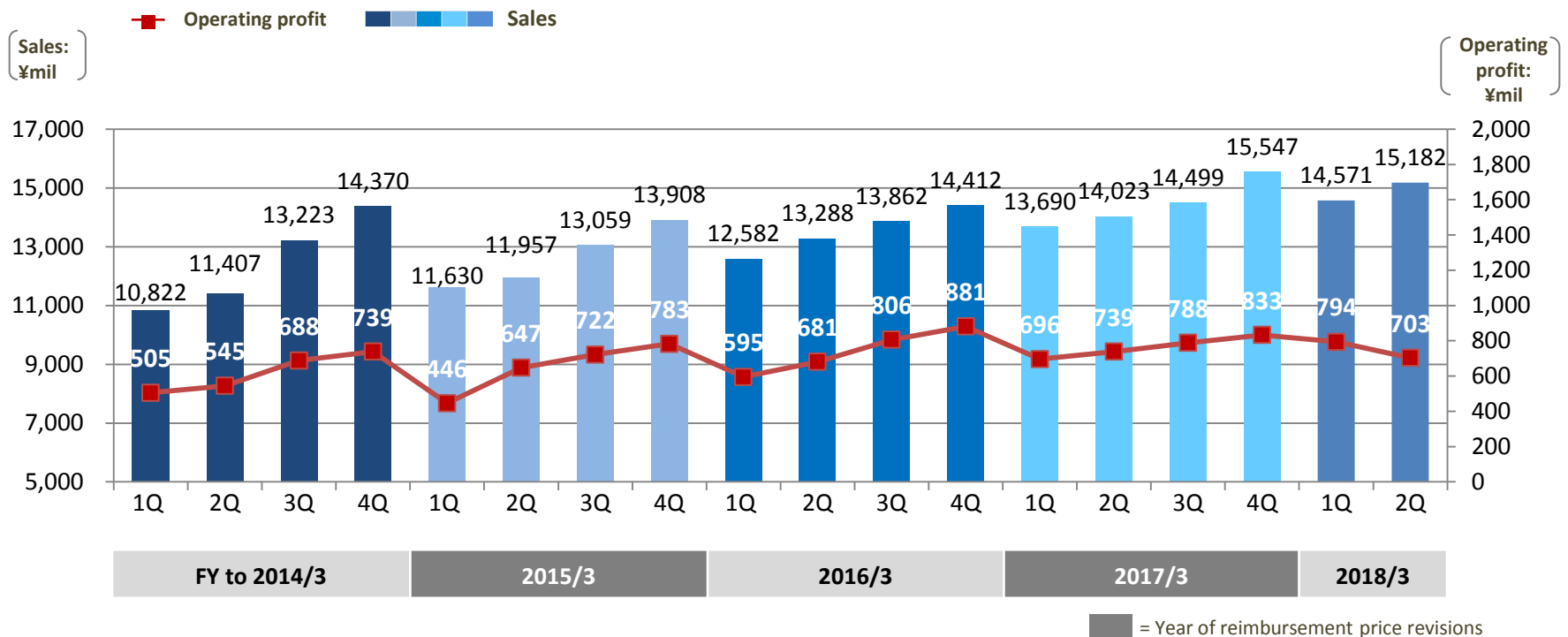


# Major products

Segment	Disease	Product			
PCI	<ul style="list-style-type: none"> <li>• Myocardial infarction</li> <li>• Angina</li> </ul>	PTCA balloon catheter	Drug-eluting stent (DES)	Intravascular ultrasound (IVUS) catheter	
CRS	<ul style="list-style-type: none"> <li>• Abnormal cardiac rhythm</li> </ul>	Pacemaker	Implantable cardioverter defibrillator (ICD)	Cardiac resynchronization therapy defibrillator (CRTD)	Ablation catheter
CVS	<ul style="list-style-type: none"> <li>• Aortic aneurysm</li> <li>• Aortic stenosis</li> </ul>	Stent graft	Transcatheter aortic valve	Mechanical heart valve	
PPI/ Brain surgery	<ul style="list-style-type: none"> <li>• Arteriosclerosis obliterans</li> </ul>	Peripheral vascular stent	Carotid stent	Neurovascular occlusion coil	
DMS/ Large equipment	<ul style="list-style-type: none"> <li>• Diabetes</li> <li>• Diagnosis</li> </ul>	Insulin pump	X-ray equipment	Magnetic resonance imaging (MRI)	

# Track record of quarterly results

## Sales/Operating profit (quarterly)





## Disclaimer

This material was prepared based on information available and views held at the time it was made. Statements in this material that are not historical facts, including, without limitation, plans, forecasts and strategies are “forward-looking statements”.

Forward-looking statements are by their nature subject to various risks and uncertainties, including, without limitation, a decline in general economic conditions, general market conditions, technological developments, changes in customer demand for products and services, increased competition, and other important factors, each of which may cause actual results and future developments to differ materially from those expressed or implied in any forward-looking statement.

With the passage of time, information in this material (including, without limitation, forward-looking statements) could be superseded or cease to be accurate. WIN-Partners Co., Ltd. disclaims any obligation or responsibility to update, revise or supplement any forward-looking statement or other information in any material or generally to any extent. Use of or reliance on the information in this material is at your own risk.

## Contact

**WIN-Partners Co., Ltd.**

**Investor Relations**

**TEL: +81-3-3548-0790**

**<http://www.win-partners.co.jp>**