



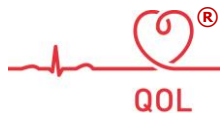
WIN A BETTER QUALITY OF LIFE
INNOVATION
PARTNERSHIP
TRUST

SAFETY
CREATE VALUE

LEADERSHIP
HEALTHY SOCIETY

Results Presentation FY March 2018

Win-Partners Co., Ltd. (3183)



WINはQOL推進企業です

Full year results ending March 2018

Consolidated results summary

(¥mil)	Mar 2017	Mar 2018	YoY	OE
Sales	57,760	62,832	+8.8%	63,100
Operating profit	3,058	3,144	+2.8%	3,250
Recurring profit	3,061	3,148	+2.8%	3,250
Net profit	2,141	3,005	+40.4%	2,914
EPS (yen)	74.58	104.69	-	101.50
BPS (yen)	539.69	618.79	-	-

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

◆ Consolidated Tesco Akita (ex-Osawa Shoji)

- 100% consolidation on October 1st
- Name change to Tesco Akita on November 1st
- Aiming to expand market share in the Tohoku region

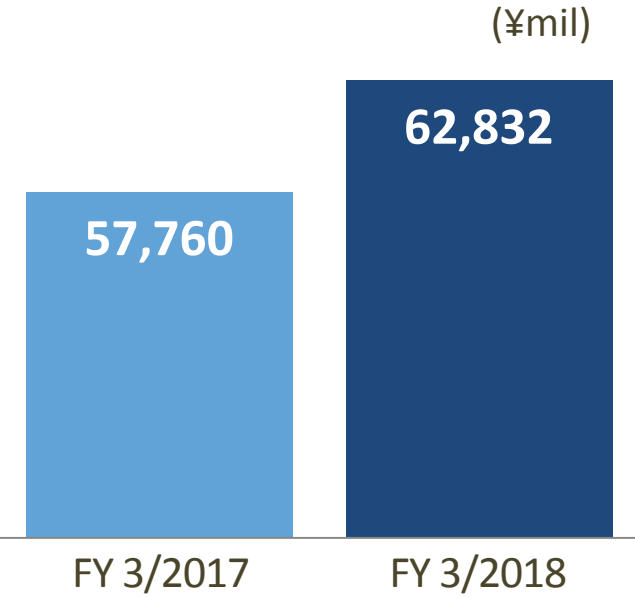
Highlights

Sales + 8.8% YoY [vs. plan
▲0.4%]

**Like-for-like sales +6%,
excluding Tesco Akita**

**Favorable existing customers &
Contribution from new customers**

**All categories except large
equipment achieved growth**



Sales breakdown by segment

	Sales (¥mil)	YoY growth (%)		% of sales	
		Volume	Value	(%)	Change (pt)
Percutaneous coronary intervention (PCI)	22,992	+6.5	+6.8	36.6	▲0.7
Cardiac rhythm segment (CRS)	15,130	+10.1	+11.8	24.1	+0.6
Cardiac vascular segment (CVS)	8,322	+16.5	+24.7	13.2	+1.7
Percutaneous peripheral intervention (PPI)	3,239	+18.6	+13.7	5.2	+0.2
Brain surgery	2,164	+1.2	+9.9	3.4	+0.0
Diabetes mellitus segment (DMS)	1,204	-	+26.4	1.9	+0.3
Large-sized medical equipment	3,948	-	▲24.9	6.3	▲2.8
Others	5,830	-	+16.7	9.3	+0.6
TOTAL	62,832	-	+8.8	100.0	

Segment review (YoY)

P C I enjoyed higher sales volume reflecting higher number of procedures.

C R S enjoyed double digit growth of MRI conditional pacemakers.
EP•Ablation related products also rose 10%.

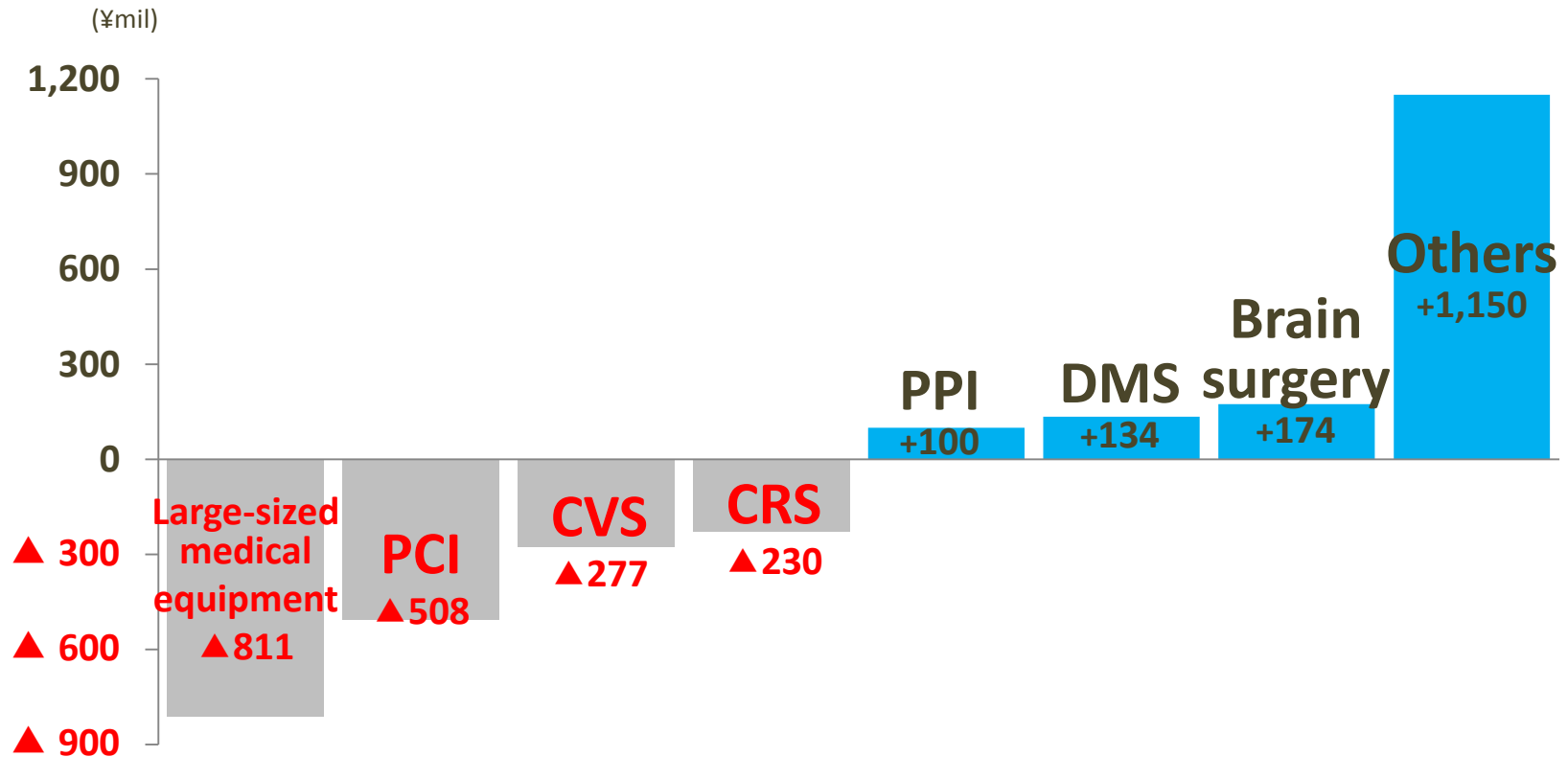
C V S enjoyed doubled sales of TAVI (transcatheter aortic valve implantation) related products together with favorable stent graft and bypass surgery related products.

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

**L a r g e
e q u i p
- m e n t** declined after large-scale projects in Tohoku region last FY.

Others boosted by Tesco Akita's dialysis related products etc.

Segment review (vs plan)



Large-sized Medical equipment :

Unachieved order intake in Tokyo Metropolitan area

PCI : Unachieved new customer acquisition

CVS : Over- estimated interim revision

CRS : Lower sales to existing customers

PPI : Higher sales to existing customers

DMS : Higher sales of new glucose monitoring device

Brain surgery : Higher sales to existing customers

Others : Higher sales of smaller medical equipment

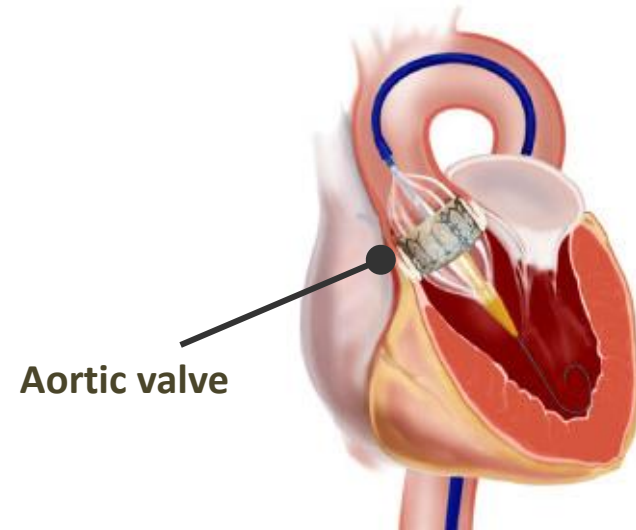
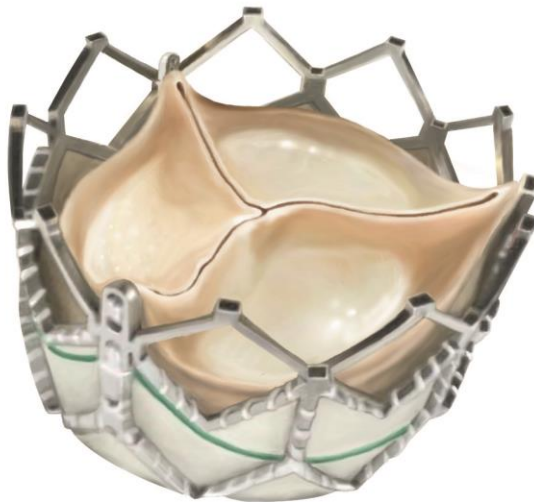
CVS highlight

Expanding TAVI

(transcatheter aortic valve implantation)

More customers accredited hospitals for TAVI

**Transcatheter
aortic valve**



【Aortic stenosis】

Deliver bioprosthetic valve by catheter

Highlights

Operating
profit

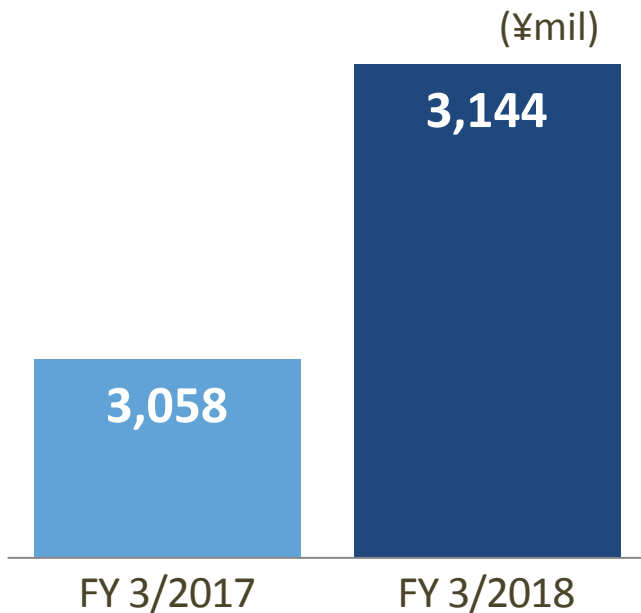
+ 2.8% YoY [vs. plan
▲ 3.3%]

Gross profit margin declined 0.3pt

- Fell short of the target
- PPI improved while CVS and large equipment worsened
- Lesser impact from bulk purchasing

SG&A rose 9.1%(excl. Tesco Akita +5.3%)

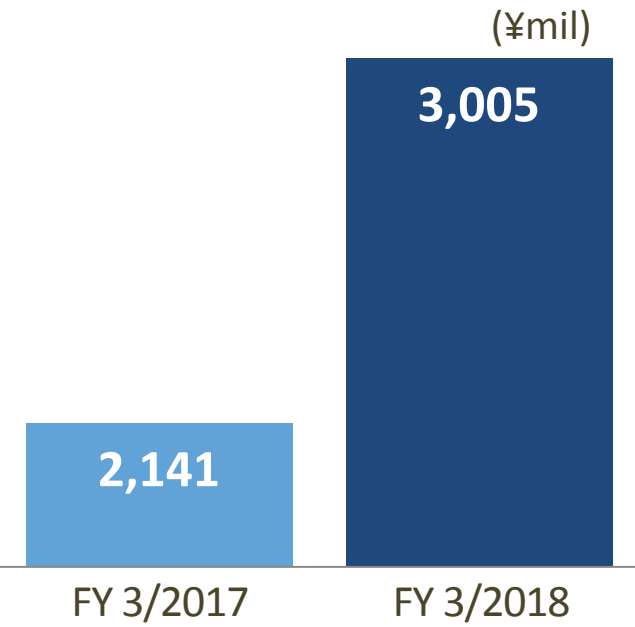
- including labor cost (+7.5%)
- Number of employees 447 → 517
(Mar 2017) (Mar 2018)



Highlights

Net profit **+40.4%** YoY [vs. plan
+3.1%]

Negative goodwill of Tesco Akita (¥684mil) boosting net profit



Consolidated income statements

	Mar 2017		Mar 2018	
	(¥mil)	(%)	(¥mil)	(%)
Sales	57,760	100.0	62,832	100.0
Cost of sales	50,208	86.9	54,787	87.2
Gross profit	7,551	13.1	8,044	12.8
SG&A expenses	4,493	7.8	4,900	7.8
Operating profit	3,058	5.3	3,144	5.0
Non-operating profit	4	0.0	9	0.0
Non-operating expenses	0	0.0	5	0.0
Recurring profit	3,061	5.3	3,148	5.0
Extraordinary profit	6	0.0	734	1.2
Extraordinary loss	0	0.0	55	0.1
Pretax profit	3,067	5.3	3,826	6.1
Taxes	926	1.6	821	1.3
Net profit	2,141	3.7	3,005	4.8

Consolidated balance sheet

	Mar 2017		Mar 2018		Change (¥mil)	
	(¥mil)	(%)	(¥mil)	(%)		
Current assets	30,395	91.6	33,181	91.7	2,786	
Cash and deposits	11,954	36.0	13,317	36.8	1,362	
Accounts receivable	15,597	47.0	17,377	48.0	1,780	← Including Tesco Akita ¥407mil
Inventory	1,862	5.6	1,646	4.6	▲215	
Other current assets	980	3.0	840	2.3	▲140	
Fixed assets	2,792	8.4	3,007	8.3	214	← Including Tesco Akita ¥155mil
Total assets	33,187	100.0	36,188	100.0	3,000	
Current liabilities	16,964	51.1	17,635	48.7	671	
Accounts payable	15,765	47.5	16,388	45.3	623	← Including Tesco Akita ¥651mil
Taxes payable	486	1.5	485	1.3	0	
Other current liabilities	712	2.1	760	2.1	47	
Fixed liabilities	729	2.2	789	2.2	59	
Total liabilities	17,694	53.3	18,424	50.9	730	
Net assets	15,493	46.7	17,764	49.1	2,270	
Total liabilities, net assets	33,187	100.0	36,188	100.0	3,000	

Consolidated cashflow statements

(¥mil)	March 2017	March 2018
Cash flows from operating activities	3,386	1,343
Net profit before taxes	3,067	3,826
Depreciation	249	261
Sales proceeds of marketable securities	-	▲ 38
Negative goodwill	-	▲ 684
Notes and accounts receivable	▲460	▲ 1,393
Inventories	▲378	365
Notes and accounts payable	2,278	▲ 49
Tax paid	▲1,217	▲ 927
Other	▲151	▲ 16
Cash flows from investing activities	▲128	764
Purchase of tangible assets	▲126	▲ 198
Sales proceeds of tangible assets	20	115
Sale of marketable securities	-	280
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	604
Other	▲21	▲ 37
Cash flows from financing activities	▲588	▲ 746
Cash dividends paid	▲588	▲ 746
Net increase in cash and cash equivalents	2,669	1,362
Cash and cash equivalents at beginning of FY	9,285	11,954
Cash and cash equivalents at the end of FY	11,954	13,317

Outlook

Outline of 2018 revision of medical fee

1. Reimbursement price cut of devices

- Estimated impact to our group:

Average ▲**5.9%** on sales

2. Bed control toward 2025

- Reclassify acute care inpatient's wards (7to1,10to1) into 7 categories
- Reform inpatient medical fee of community based integrated care ward (13to1)

1. Reimbursement price cut : impact on group sales

Segment	Impact (%)
Percutaneous Coronary Intervention (PCI)	▲ 10.6
Cardiac Rhythm Segment (CRS)	▲ 5.5
Cardiac Vascular Segment (CVS)	▲ 0.9
Percutaneous Peripheral Intervension (PPI)	▲ 7.3
Brain Surgery	▲ 2.0
Others	▲ 0.3
Total	▲ 5.9

Calculated based on the actual sales volume and product mix on FY 3/2018

Outline of reimbursement price cuts

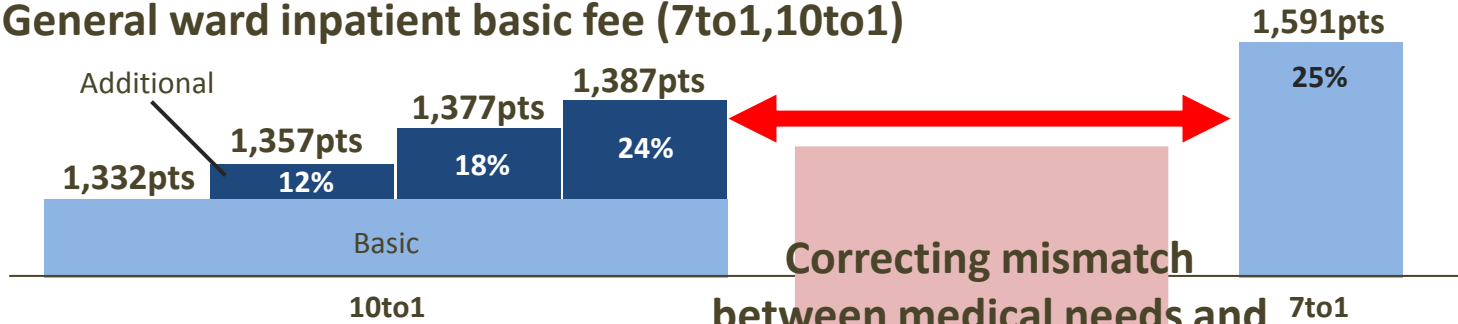
Segment	Items	Reimbursement prices (¥000)		Change (%)
		2016	2018	
PCI	PTCA Ballon Catheter	59	45	▲ 23.3
	DES (Drug Eluting Stent)	226	193	▲ 14.6
	IVUS (Intravascular Ultrasound Catheter)	100	89	▲ 10.5
CRS	Pacemaker	739	831	12.4
	Pacemaker (MRI-conditional)	986	831	▲ 15.7
	ICD (Implantable Cardioverter Defibrillator)	2,890	3,040	5.2
	ICD (MRI-conditional)	3,300	3,040	▲ 7.9
	CRTD (Cardiac Resynchronization Therapy Defibrillator)	4,140	4,140	0.0
	CRTD (MRI-conditional)	4,500	4,140	▲ 8.0
	Subcutaneous Implantable Defibrillator (S-ICD)	3,060	3,060	0.0
	Ablation Catheter	143	133	▲ 7.0
Cardiac CryoAblation Catheter	637	637	0.0	
CVS	Stent graft (abdomen)	1,310	1,300	▲ 0.8
	Open Stent graft	1,090	1,090	0.0
	Heart valve for Transcatheter Aortic Valve Implantation (TAVI) (Balloon-expandable)	4,430	4,430	0.0
	Heart valve for TAVI (self-expanding)	3,670	3,670	0.0
PPI	PTA Ballon Catheter	67	60	▲ 10.4
	Peripheral Vascular Stent graft	188	179	▲ 4.8

2. Bed control : Inpatient basic fee

(Aiming to allocate medical resources based on patient's status)

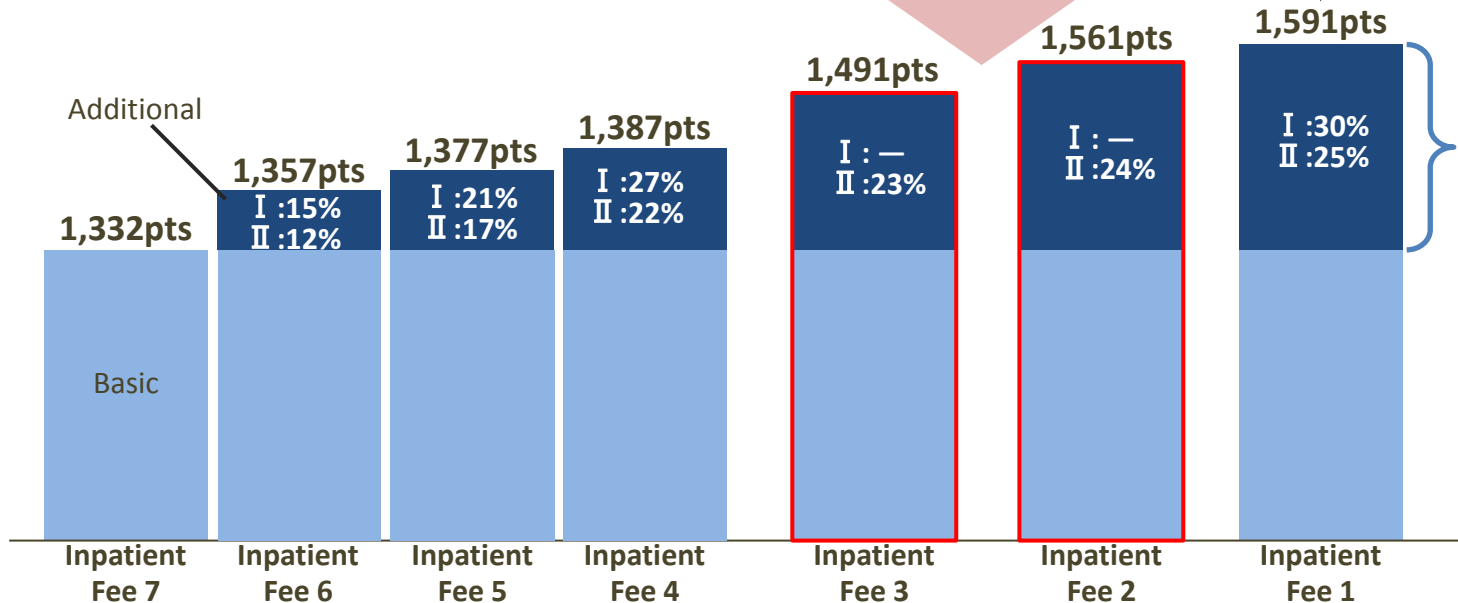
【Before】

General ward inpatient basic fee (7to1,10to1)



【After】

Acute general ward inpatient basic fee

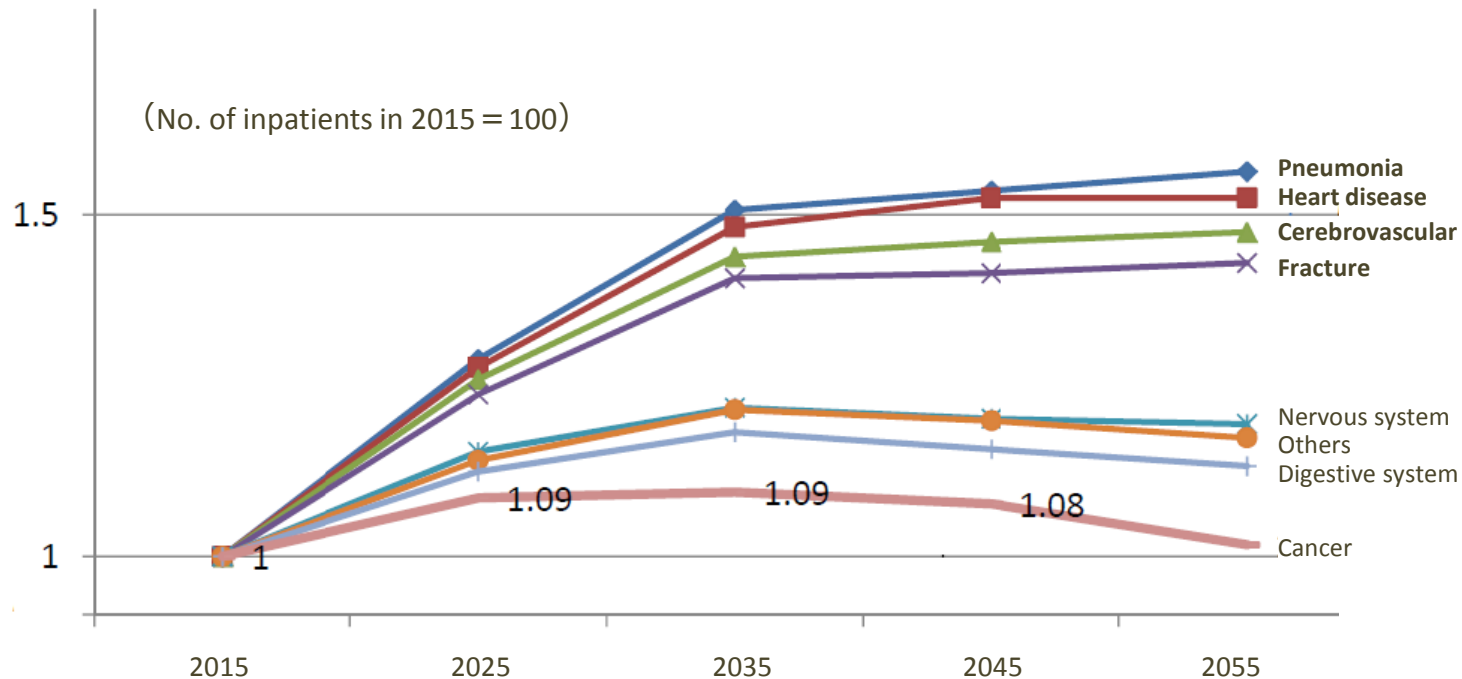


[Assessment of severity and degree of requiring care]

I : Current evaluation
II : Evaluation based on DCP data

Outlook of inpatient

Inpatient of heart & cerebrovascular disease, pneumonia and fracture to increase in aging



Source : Central Social Insurance Medical Council 347 General Meeting (15 March 2017)

Customer hospitals situation

Most of acute care hospitals hoping to maintain current status (7to1 patient to nurse)

- accepting more patients of heart and cerebrovascular disease to satisfy given criteria

Our approach for 3/2019

- ✓ **Support customer hospitals to grow responding to medical care reform and regional medical care plans**
 - Support to enforce acute care functions
 - Support to gather and increase patients

- ✓ **Improve gross profit margin**
 - Cost reduction backed by purchasing power and volume commitment
 - Review of inventory strategy
(taking inventory risk gradually)

Strengthen customer support

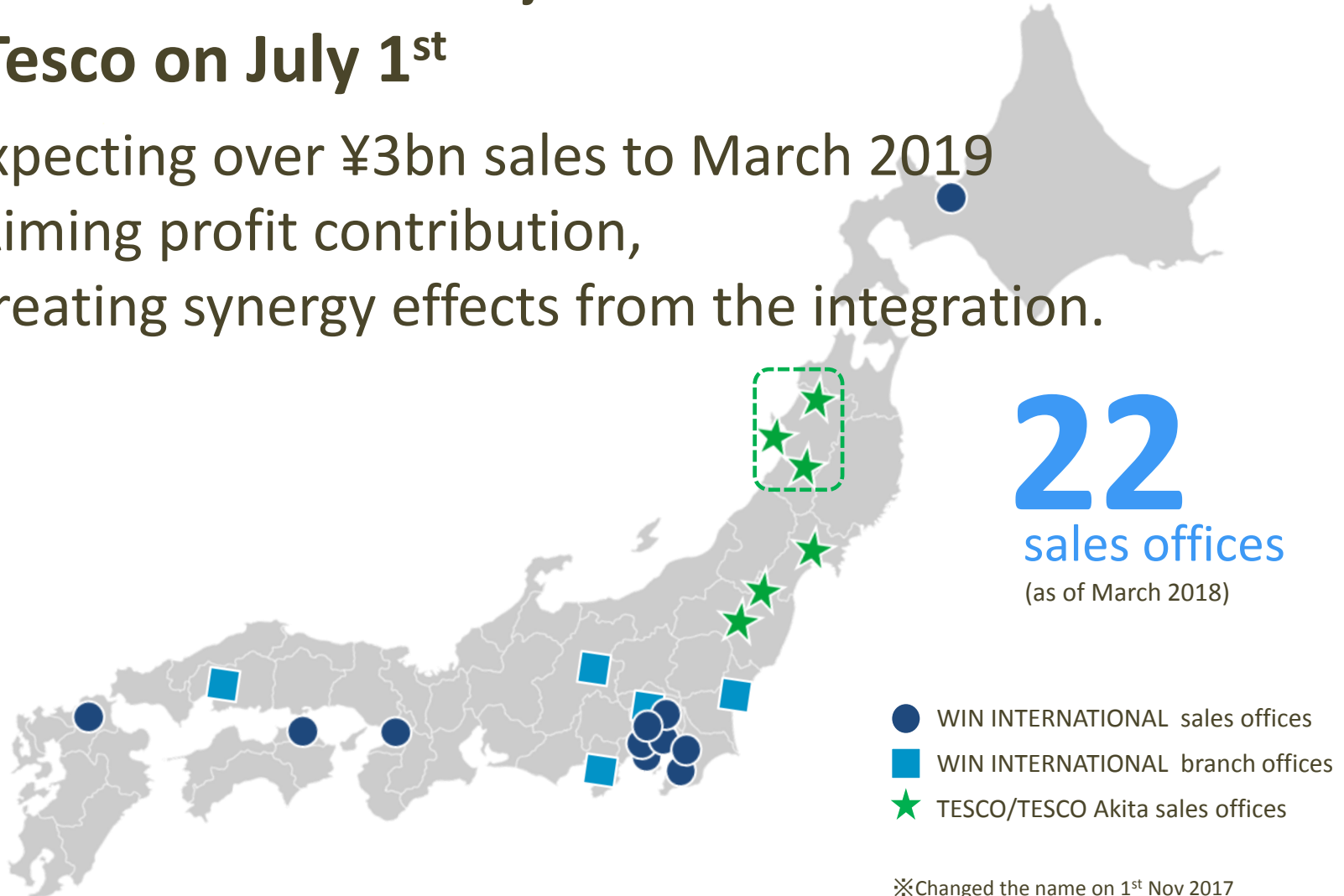
Upgrading to “Multi-specialty” hospitals and regional medical center

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

PMI : TESCO Akita

Tesco Akita (ex-Osawa Shoji)[※] to be absorbed into Tesco on July 1st

- ✓ Expecting over ¥3bn sales to March 2019
- ✓ Aiming profit contribution, creating synergy effects from the integration.



※Changed the name on 1st Nov 2017

Consolidated Forecasts to March 2019

	(¥mil)	YoY (%)	(%)
Sales	67,000	+ 6.6	100.0
Operating profit	3,200	+ 1.8	4.8
Recurring profit	3,200	+ 1.6	4.8
Net profit	2,300	▲ 23.5	3.4
EPS (yen)	80.12		
DPS (yen)	30.00		

Forecast highlights

Sales + **6.6%** YoY

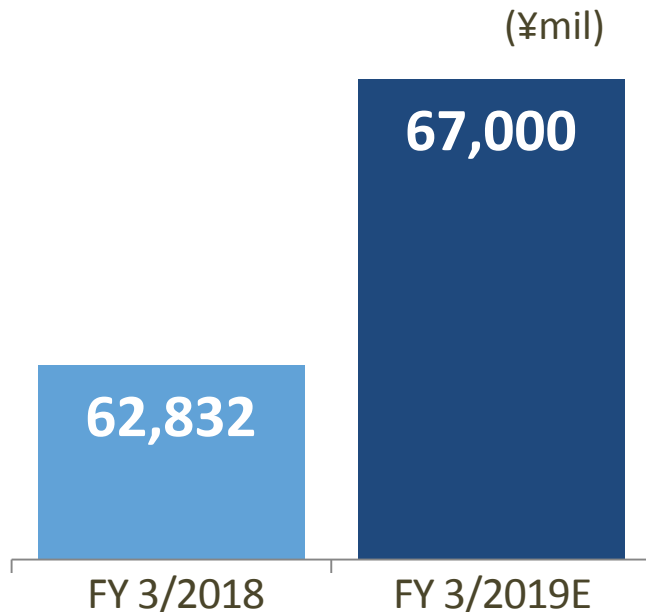
Expand customer share

- Support customers to upgrade to multi-specialty and expand trading volume per customer

Acquire new customers

- University hospital groups
- Regional core hospitals
- Diabetes clinic

**Like-for-like sales +4%,
excluding Tesco Akita**



Sales breakdown by segment

	(¥mil)	YoY	% of sales
Percutaneous coronary intervention (PCI)	23,110	+0.5%	34.5%
Cardiac rhythm segment (CRS)	16,810	+11.1%	25.1%
Cardiac vascular segment (CVS)	9,480	+13.9%	14.1%
Percutaneous peripheral intervension (PPI)	3,310	+2.2%	4.9%
Brain surgery	2,180	+0.7%	3.3%
Diabetes mellitus segment (DMS)	1,580	+31.2%	2.4%
Large-sized medical equipment	4,400	+11.4%	6.6%
Others	6,130	+5.1%	9.1%
TOTAL	67,000	+6.6%	100.0%

Forecast highlights

**Operating
profit**

+1.8% YoY

Gross profit margin

13.1% +0.3pt YoY

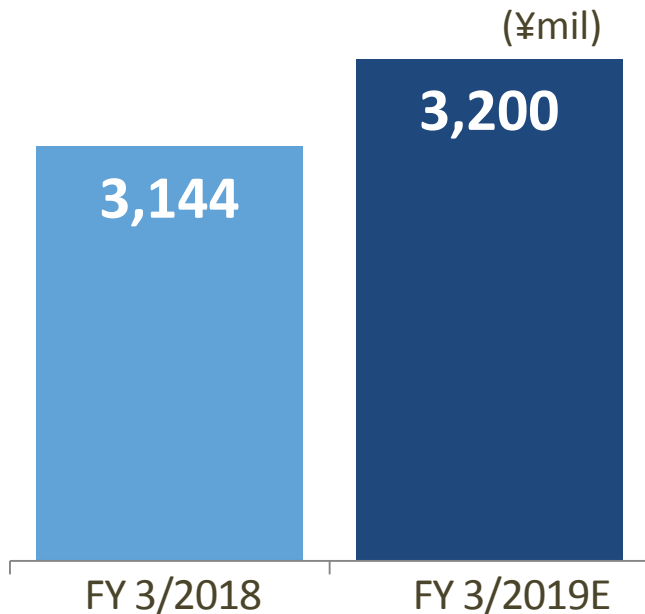
- Aiming to recover through volume discounts
- Expecting to improve margins of PCI, CRS, CVS

SG&A

+13.3% YoY

- +10% excluding Tesco Akita
- Estimated total number of employees

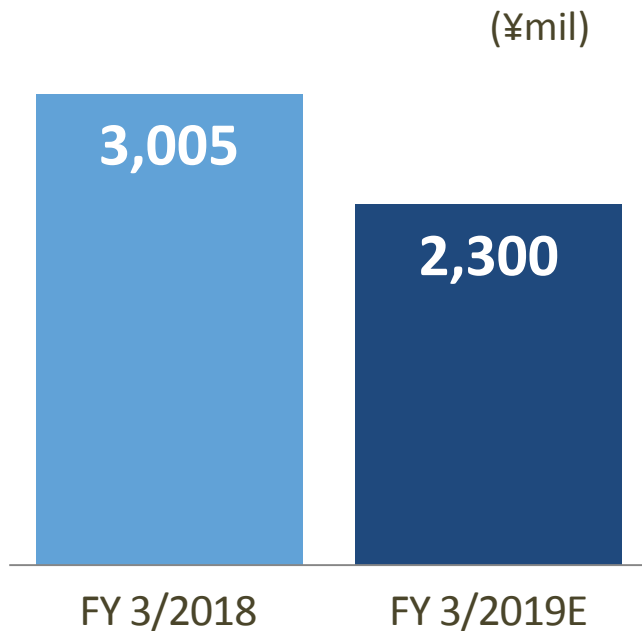
517 → 561
(Mar 2018) (Mar 2019)



Forecast highlights

Net profit ▲ **23.5%** YoY

**Absence of negative goodwill of
Tesco Akita**



Capex **¥150mil**

vs. ¥198mil for FY 3/2018

Depreciation **¥220mil**

vs. ¥262mil for FY 3/2018

Dividends

We aim at

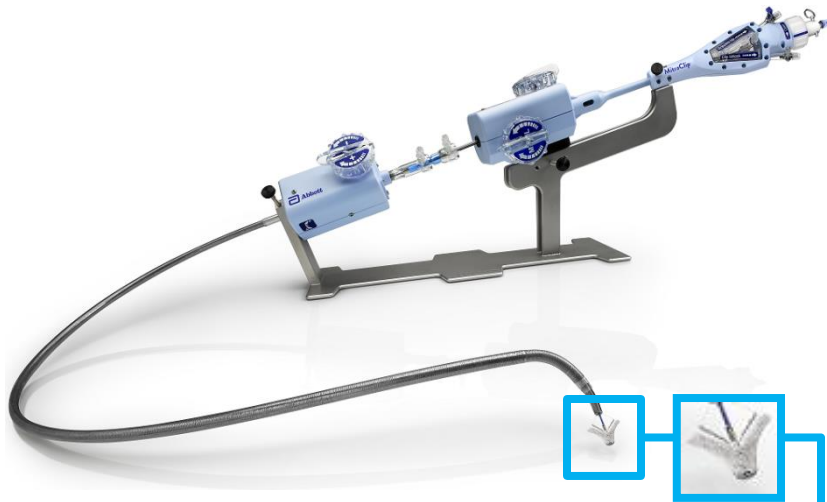
Over 30% payout ratio

Dividends FY ending March 2019

30 yen (payout ratio)
37%

New Product Information (CVS)

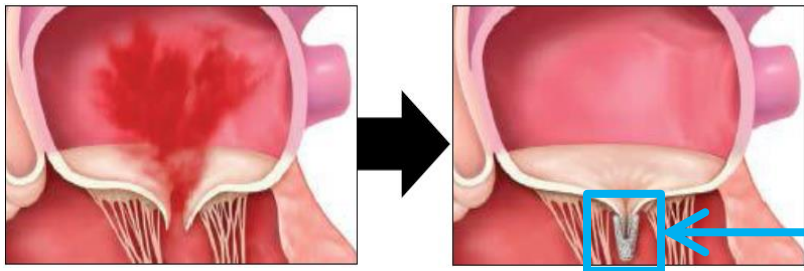
Abbott “MitraClip[®] NT system”



First transcatheter mitral valve repair device in Japan

Launched in April 2018 as new treatment for mitral regurgitation※

※ mitral valve does not close properly, allowing blood to flow backward into the heart



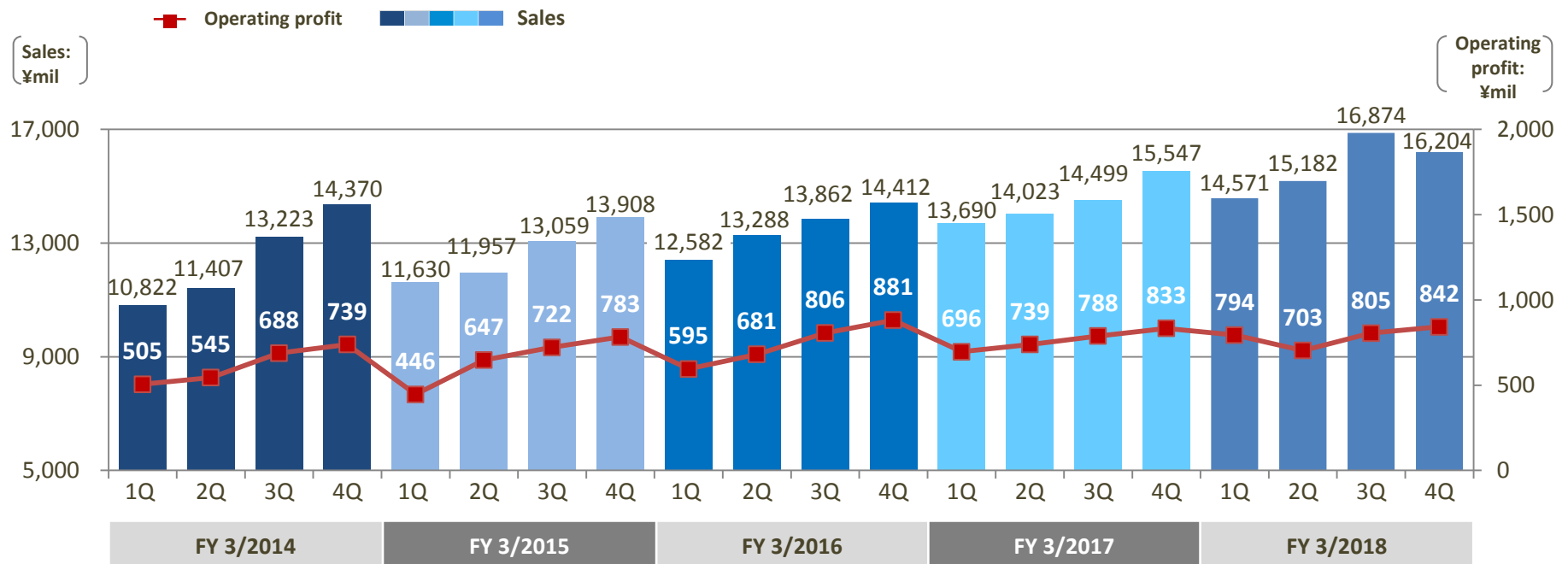
(Source: Abbott)

Major products

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

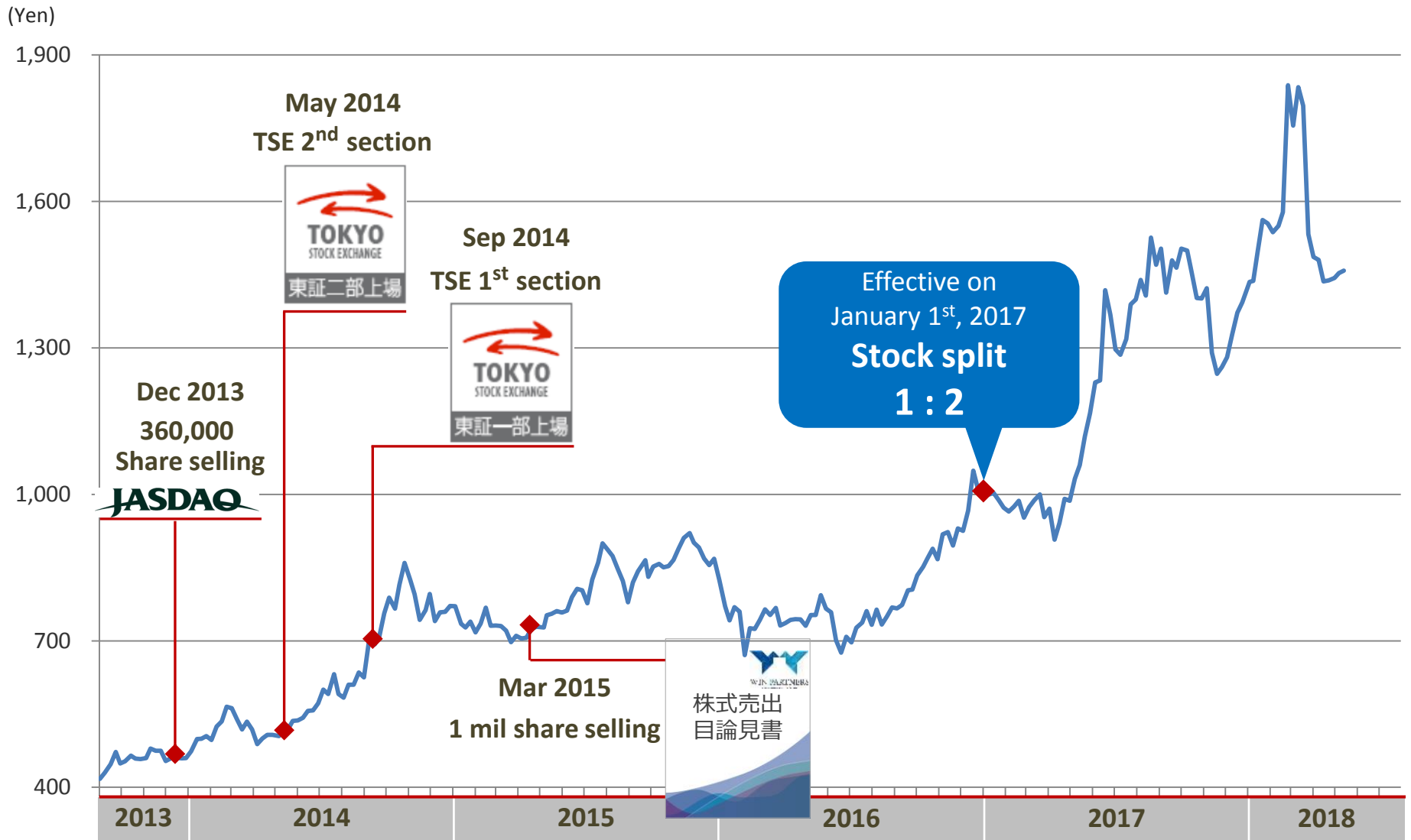
Track record of quarterly results

Sales/Operating profit (quarterly)



■ = Year of reimbursement price revisions

Share price





Disclaimer

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