



WIN PARTNERS
WIN A BETTER QUALITY OF LIFE®

WIN A BETTER QUALITY OF LIFE
INNOVATION
PARTNERSHIP
TRUST

SAFETY
CREATE VALUE
LEADERSHIP
HEALTHY SOCIETY

Results Presentation 2Q FY March 2020

Win-Partners Co., Ltd. (3183)



WINはQOL推進企業です

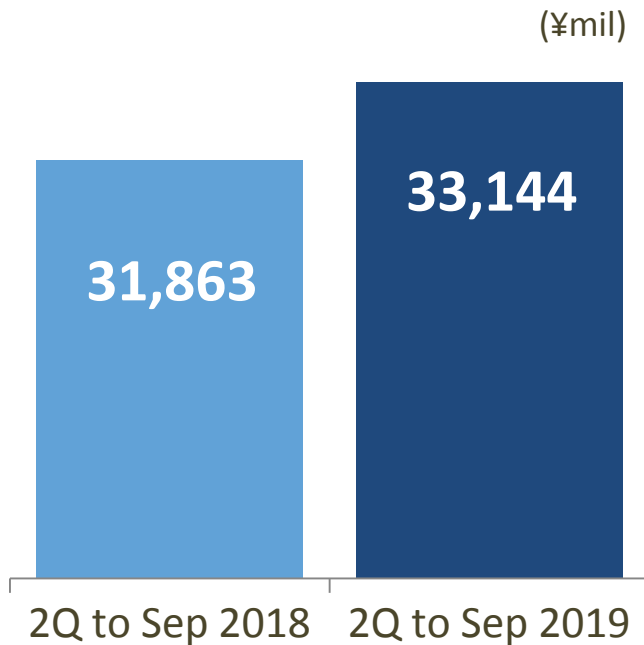
2Q results ending September 2019

Consolidated results summary

(¥mil)2Q to	Sep 2018	Sep 2019	YoY	RE(Aug9)
Sales	31,863	33,144	+4.0%	32,500
Operating profit	1,276	1,458	+14.3%	1,310
Recurring profit	1,273	1,455	+14.3%	1,310
Net profit	896	1,047	+16.8%	950
EPS (yen)	31.22	36.48		
BPS (yen)	621.01	685.41		

Highlights

Sales +4% YoY $\left[\begin{array}{c} \text{vs. RE} \\ +2\% \end{array} \right]$



Like-for-like sales +0.2%
(excluding MCI consolidated last December)

**Sales to a major customer
dropped significantly from June**
(particularly PCI, CRS, CVS)

**Achieved revised estimate except
PCI segment**

Sales breakdown by segment

	Sales (¥mil)	YoY growth (%)		% of sales	
		Volume	Value	(%)	Change (pt)
Percutaneous coronary intervention (PCI)	9,849	-5.2	-3.5	29.7	-2.3
Cardiac rhythm segment (CRS)	8,944	-3.0	+2.7	27.0	-0.3
Cardiac vascular segment (CVS)	4,669	-2.2	+0.6	14.1	-0.5
Percutaneous peripheral intervention (PPI)	1,789	+6.6	+10.9	5.4	+0.3
Brain surgery	1,322	+11.6	+13.6	4.0	+0.3
Diabetes mellitus segment (DMS)	1,060	-	+25.1	3.2	+0.5
Large-sized medical equipment	1,996	-	+30.5	6.0	+1.2
Others	3,513	-	+11.3	10.6	+0.7
TOTAL	33,144	-	+4.0	100.0	

Segment review

[vs. RE]

PCI

suffered from a major customer's drop although number of cases stopped falling at existing customer basis
Drug eluting balloon (DEB) increased while DES decreased



CRS

posted higher sales of pacemakers
EP Ablation related products decreased slightly suffered from a major customer's drop



CVS

posted higher sales of TAVI related products
Stent graft decreased suffered from a major customer's drop



PPI

posted higher sales of drug coating balloon (DCB) and drug eluting stent (DES)



Large equip-ment

enjoyed increased number of projects



Others

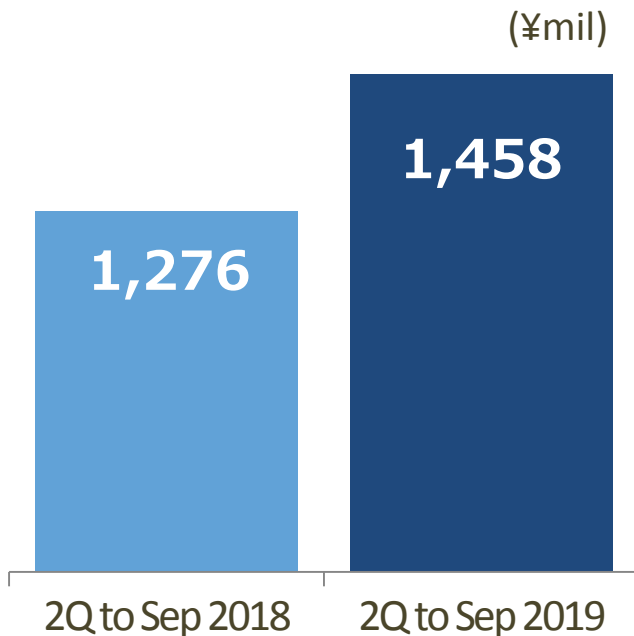
posted higher sales of smaller equipment and accessories



Highlights

Operating
profit

+14.3% YoY [vs. RE
+11%]



Gross profit margin

12.7% (+0.2pp YoY)

- Contribution from MCI
- Cost reduction through bulk purchasing
- Improvement of large equipment's margin

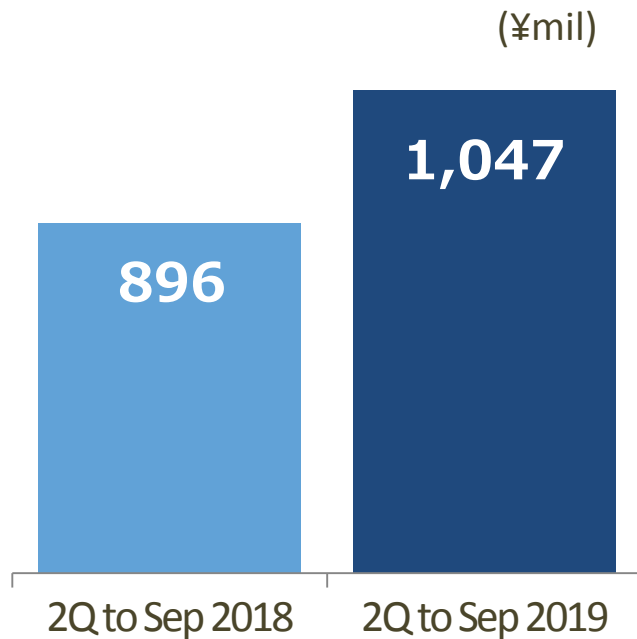
SG&A +2% YoY

- Labor cost (+5.5%)
- Number of employees: 527 → 548
(Sep 2018) (Sep 2019)

**OP exceeded revised estimate due to
higher sales & lower than expected
SG&A**

Highlights

Net profit **+16.8%** YoY $\left[\begin{array}{c} \text{vs. RE} \\ +10\% \end{array} \right]$



Extraordinary profit boosted net profit

- ¥82mil income from silent partnership investment (MCI)

Consolidated income statements

2Q to	Sep 2018		Sep 2019	
	(¥mil)	(%)	(¥mil)	(%)
Sales	31,863	100.0	33,144	100.0
Cost of sales	27,890	87.5	28,934	87.3
Gross profit	3,973	12.5	4,210	12.7
SG&A expenses	2,696	8.5	2,751	8.3
Operating profit	1,276	4.0	1,458	4.4
Non-operating profit	2	0.0	6	0.0
Non-operating expenses	5	0.0	8	0.0
Recurring profit	1,273	4.0	1,455	4.4
Extraordinary profit	0	0.0	82	0.2
Extraordinary loss	1	0.0	0	0.0
Pretax profit	1,272	4.0	1,538	4.6
Taxes	376	1.2	491	1.5
Net profit	896	2.8	1,047	3.2

Consolidated balance sheet

	Mar 2019		Sep 2019		Change
	(¥mil)	(%)	(¥mil)	(%)	(¥mil)
Current assets	36,754	92.1	34,587	91.8	-2,166
Cash and deposits	15,289	38.3	16,499	43.8	1,209
Accounts receivable	18,361	46.0	15,147	40.2	-3,214
Inventory	2,335	5.9	2,218	5.9	-116
Other current assets	767	1.9	722	1.9	-44
Fixed assets	3,156	7.9	3,084	8.2	-71
Total assets	39,910	100.0	37,672	100.0	-2,238
Current liabilities	19,439	48.7	17,027	45.2	-2,411
Accounts payable	18,168	45.5	15,885	42.2	-2,282
Taxes payable	484	1.2	530	1.4	45
Other current liabilities	786	2.0	611	1.6	-174
Fixed liabilities	924	2.3	967	2.6	43
Total liabilities	20,363	51.0	17,995	47.8	-2,368
Net assets	19,547	49.0	19,676	52.2	129
Total liabilities, net assets	39,910	100.0	37,672	100.0	-2,238

Major customer's drop

Consolidated cashflow statements

(¥mil) 2Q to	Sep 2018	Sep 2019
Cash flows from operating activities	1,327	2,144
Net profit before taxes	1,272	1,538
Depreciation	115	94
Notes and accounts receivable	1,468	3,214
Inventories	-512	129
Notes and accounts payable	-151	-2,282
Tax paid	-490	-513
Other	-373	-37
Cash flows from investing activities	-59	-16
Purchase of tangible assets	-53	-65
Other	-5	49
Cash flows from financing activities	-832	-918
Cash dividends paid	-832	-918
Other	0	-
Net increase in cash and cash equivalents	435	1,209
Cash and cash equivalents at beginning of FY	13,317	10,289
Cash and cash equivalents at the end of 2Q	13,752	11,499

Outlook

Measures for earnings recovery

① New customer acquisition

Opened Yamato branch office in Kanagawa pref. (July)

Develop in Shizuoka, Sapporo, Akita and new regions (Organic & M&A)

② Customer share expansion

Explore replacement demand for large equipment

③ Gross margin improvement

Expand items for bulk purchasing

④ Tighter SG&A control

Freeze new hire [No. of employees] initial E 584 → 560 (Mar 2020E)

⑤ Appeal of our role and value to customers

Promote our services to secure safety and quality at clinical sites
and increase the value of hospital

Our role

Procurement of optimal devices from wide variety, delivery and inventory control

PCI not completed with one company's products



PTCA balloon catheter
made by Company A



Guidewire made by D



Stent made by Company B



IVUS catheter made by C



Indeflator made by I

Guiding catheter made by E

Sheath made by F

Y connector made by G



Modality made by H

Our value-added service

Support to use devices properly

[Pre operation]

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



[During operation]

- ◆ Stand by in case of emergency



[Post operation]

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



Our value-added service

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

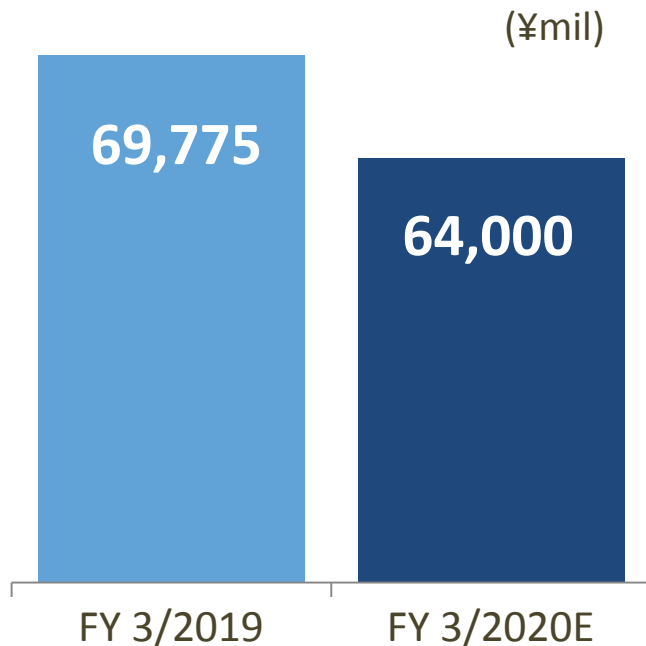


Consolidated Forecasts to March 2020

	(¥mil)	YoY (%)	(%)
Sales	64,000	-8.3	100.0
Operating profit	2,590	-20.6	4.8
Recurring profit	2,590	-20.7	4.8
Net profit	1,820	-31.1	3.4
EPS (yen)	63.40		
DPS (yen)	33.00		

Forecast highlights

Sales **-8.3%** YoY



**Sales to a major customer
(a hospital chain) dropped
from June (¥7.4bn)**

**2.7% negative impact from the
reimbursement price revision
in 2H (¥0.9bn) etc**

Sales impact by the reimbursement price revision

Segment	Assumed impact(%)
Percutaneous Coronary Intervention (PCI)	-6.1
Cardiac Rhythm Segment (CRS)	-3.3
Cardiac Vascular Segment (CVS)	-0.4
Percutaneous Peripheral Intervension (PPI)	-4.1
Brain Surgery	-0.4
Others	-0.2
Total	-2.7

Note: Calculated based on reimbursement prices, sales volume and product mix on 2H to FY 3/2019

Outline of the reimbursement price revision

Segment	Items	Reimbursement prices (¥000)		Change (%)
		2018(Apr)	2018(Oct)	
PCI	PTCA Ballon Catheter	45	38	- 14.3
	DES (Drug Eluting Stent)	193	173	- 10.4
	IVUS (Intravascular Ultrasound Catheter)	89	84	- 5.9
CRS	Pacemaker	831	763	- 8.2
	ICD (Implantable Cardioverter Defibrillator)	3,040	2,950	- 3.0
	CRTD (Cardiac Resynchronization Therapy Defibrillator)	4,140	3,990	- 3.6
	Subcutaneous Implantable Defibrillator (S-ICD)	3,060	3,120	2.0
	Ablation Catheter	133	126	- 5.3
	Cardiac CryoAblation Catheter	637	649	1.9
CVS	Stent graft (abdomen)	1,300	1,320	1.5
	Open Stent graft	1,090	1,110	1.8
	Heart valve for Transcatheter Aortic Valve Implantation (TAVI) (Balloon-expandable)	4,430	4,510	1.8
	Heart valve for TAVI (self-expanding)	3,670	3,740	1.9
PPI	PTA Ballon Catheter	60	56	- 7.3
	Peripheral Vascular Stent	179	175	- 2.2
	Peripheral DES (Drug Eluting Stent)	229	233	1.7

Sales breakdown by segment

FY 3/2020	(¥mil)	YoY(%)	% of sales
Percutaneous coronary intervention (PCI)	19,750	-7.4	30.9%
Cardiac rhythm segment (CRS)	17,180	-2.5	26.8%
Cardiac vascular segment (CVS)	8,990	-8.0	14.0%
Percutaneous peripheral intervension (PPI)	3,380	-2.4	5.3%
Brain surgery	2,390	-3.9	3.7%
Diabetes mellitus segment (DMS)	2,090	+14.7	3.3%
Large-sized medical equipment	4,380	-34.5	6.8%
Others	5,840	-11.4	9.1%
TOTAL	64,000	-8.3	100.0%

Forecast highlights

Operating profit **-20.6%** YoY

Gross profit margin

(¥mil)

12.8% +0.4pp YoY

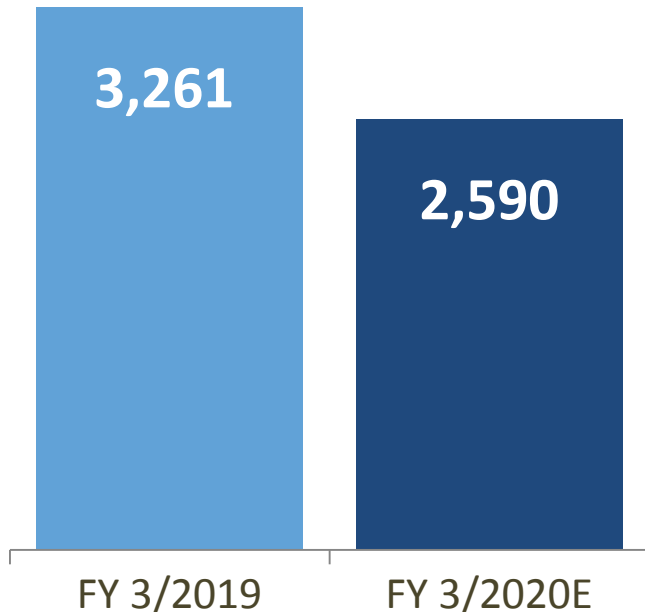
- Price negotiation in proportion to new reimbursement prices
- Cost reduction by bulk purchasing

SG&A ¥5.59bn +4.5% YoY

- Total number of employees

536 → 560

(Mar 2019) (Mar 2020E)

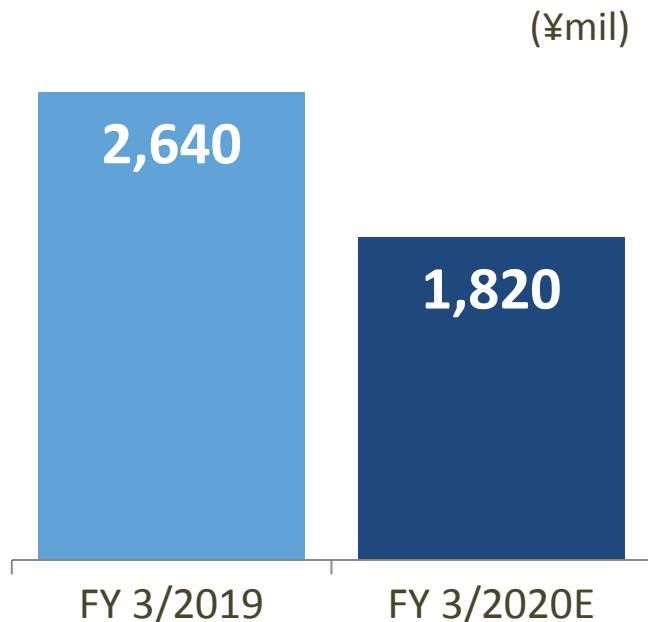


Forecast highlights

Net profit **-31.1%** YoY

Absence of negative goodwill (¥278mil to FY3/2019)

Income from silent partnership investment (¥82mil)



Capex **¥130 mil**

vs. ¥143mil for FY 3/2019

Depreciation **¥220 mil**

vs. ¥237mil for FY 3/2019

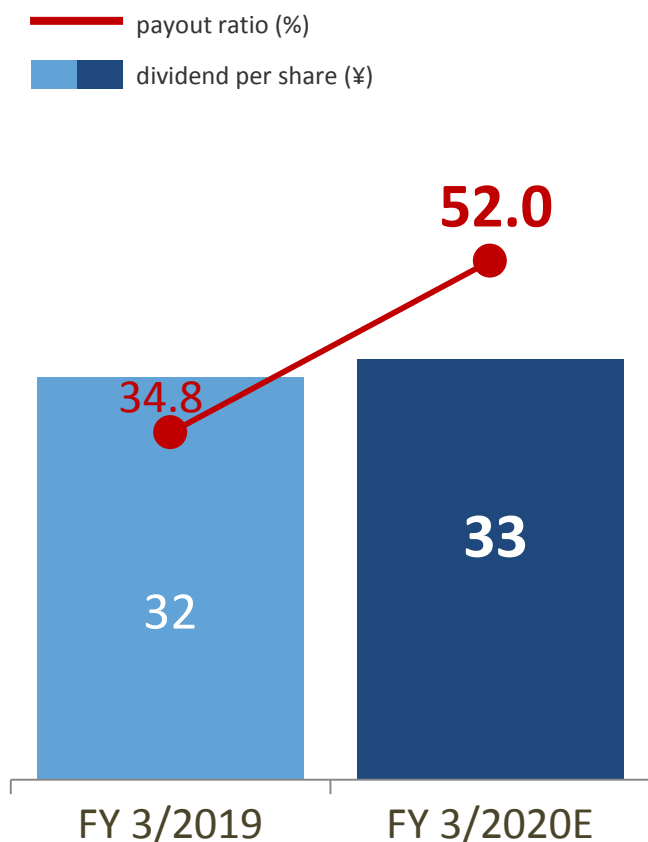
Dividends

FY ending March 2020

Initial estimate unchanged

33 yen

(payout ratio)
52%



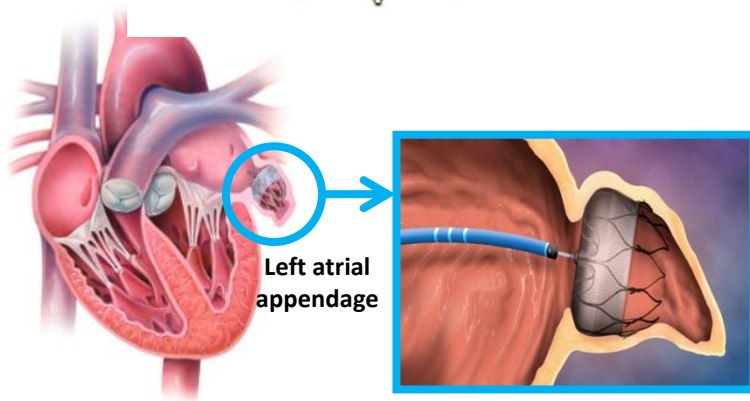
New product

Boston Scientific 'WATCHMAN™'

Left atrial appendage closure device













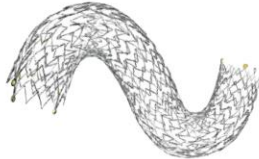





Device to prevent migration of blood clots, reducing the risk of stroke and systemic embolism



Feb 2019 : Approval

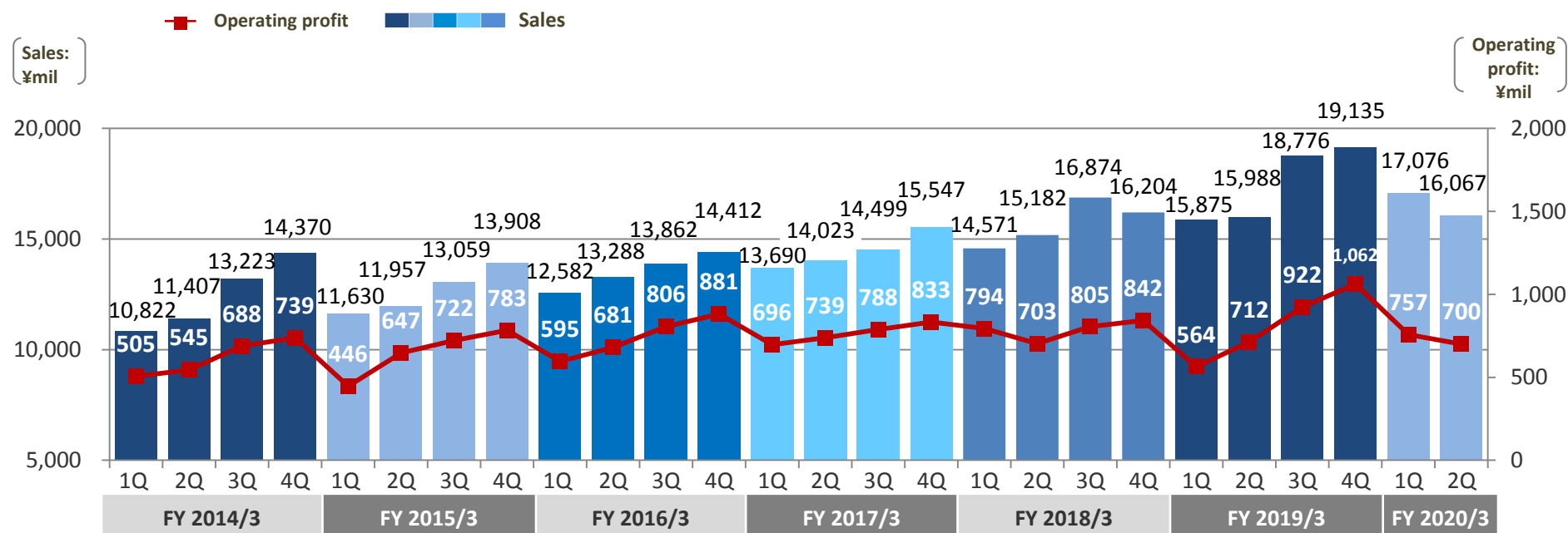
Sep 2019 : Launch with reimbursement price

Major products

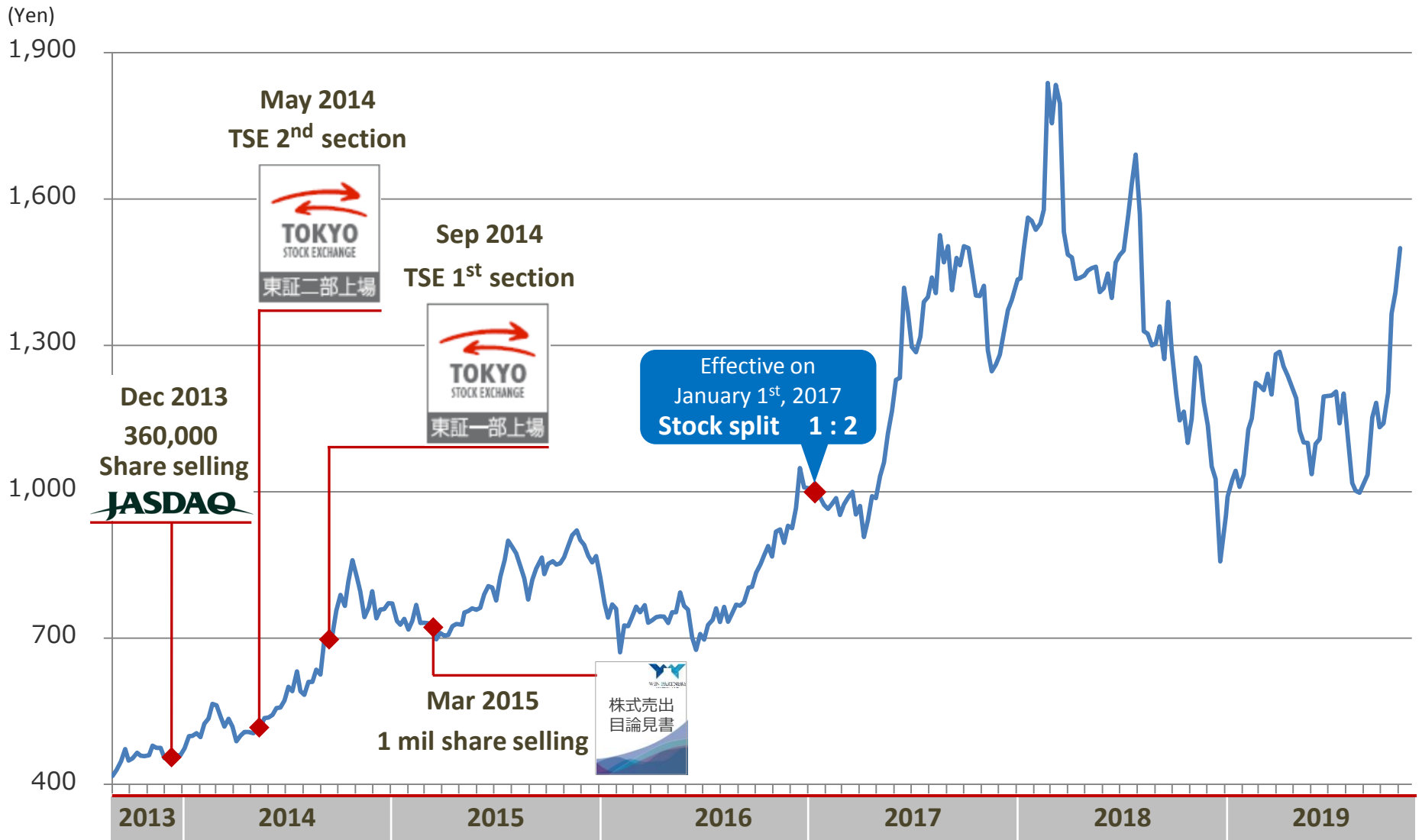
Segment	Disease	Product		
PCI	<ul style="list-style-type: none"> Myocardial infarction Angina 	PTCA balloon catheter	Drug-eluting stent (DES)	Intravascular ultrasound (IVUS) catheter
				
CRS	<ul style="list-style-type: none"> Abnormal cardiac rhythm 	Pacemaker	Implantable cardioverter defibrillator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

Track record of quarterly results

Sales/Operating profit (quarterly)



Share price





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Contact

WIN-Partners Co., Ltd.

Investor Relations

TEL: +81-3-3548-0790

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