



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 3Q FY March 2020

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



WINはQOL推進企業です

3Q results ending December 2019

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# Consolidated results summary

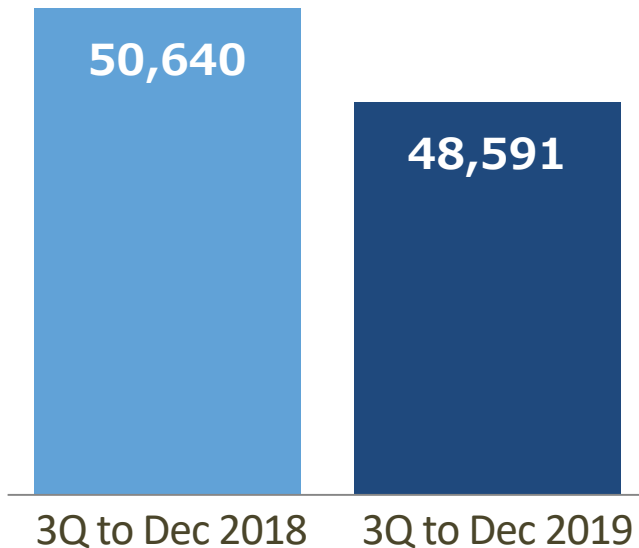
(¥mil) 3Q to	Dec 2018	Dec 2019	YoY
Sales	50,640	<b>48,591</b>	-4.0%
Operating profit	2,199	<b>2,046</b>	-6.9%
Recurring profit	2,198	<b>2,045</b>	-7.0%
Net profit	1,850	<b>1,449</b>	-21.7%
EPS (yen)	64.46	<b>50.50</b>	-
BPS (yen)	654.21	<b>701.09</b>	-

# Highlights

**Sales** **-4%** YoY

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(¥mil)



**-7.3% in like-for-like sales**

(excluding MCI consolidated since last December)

**Sales to a hospital chain decreased from June**

(particularly PCI, CRS, CVS)

**Reimbursement price revision since October**

(59% agreed as at December)

# Sales impact by the reimbursement price revision

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

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)	2019(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-expandable)	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

	Sales (¥mil)	YoY growth (%)		% of sales	
		Volume	Value	(%)	Change (pt)
Percutaneous coronary intervention (PCI)	<b>14,512</b>	<b>-8.6</b>	<b>-8.3</b>	29.9	-1.4
Cardiac rhythm segment (CRS)	<b>13,091</b>	<b>-5.0</b>	<b>-0.5</b>	26.9	+1.0
Cardiac vascular segment (CVS)	<b>7,032</b>	<b>-6.1</b>	<b>-2.7</b>	14.5	+0.2
Percutaneous peripheral intervention (PPI)	<b>2,644</b>	<b>+2.2</b>	<b>+4.8</b>	5.4	+0.5
Brain surgery	<b>1,974</b>	<b>+4.6</b>	<b>+9.0</b>	4.1	+0.5
Diabetes mellitus segment (DMS)	<b>1,642</b>	-	<b>+20.8</b>	3.4	+0.7
Large-sized medical equipment	<b>2,543</b>	-	<b>-33.1</b>	5.2	-2.3
Others	<b>5,149</b>	-	<b>+4.2</b>	10.6	+0.8
TOTAL	<b>48,591</b>	-	<b>-4.0</b>	100.0	

# Segment review

**P C I**

suffered from decreased sales to a major customer and the reimbursement price revision

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**CRS**

decreased sales to a major customer resulted in lower sales of main products

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**CVS**

decreased sales to a major customer resulted in lower sales of main products

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**P P I**

sales of DCB (drug coating balloon catheter) and peripheral DES increased

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**Large  
equip-  
-ment**

a reaction from large-scale orders last year

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# Highlights

Operating  
profit

- **6.9%** YoY

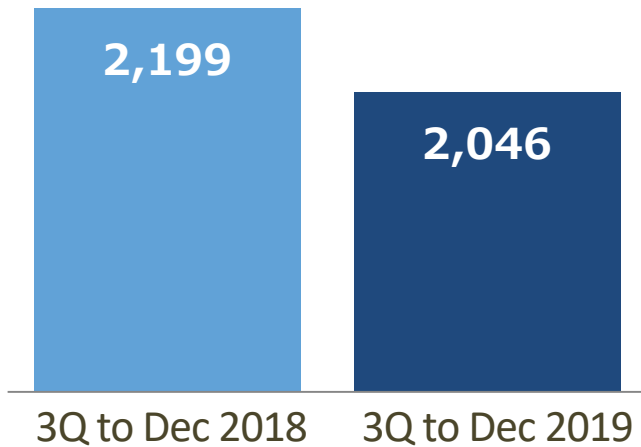
(¥mil)

**Gross profit margin improved to 12.7% (+0.4pp)**

- Contribution from MCI
- Cost reduction by bulk purchase
- Improved profit margin on large-sized equipment

**SG&A rose 2.1%**

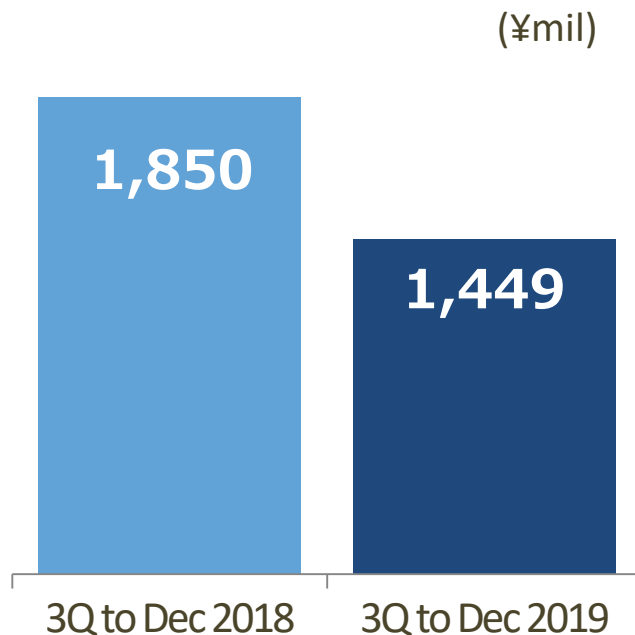
- Including increased labor cost (+4.1%)
- Number of employees : 538 (Dec 18) → 550 (Dec 19)



# Highlights

**Net profit - 21.7%** YoY

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**Absence of negative goodwill**

- ¥278mil to FY3/2019

**Extraordinary profit**

- ¥82mil from silent partnership investment (MCI)

# Consolidated income statements

	Dec 2018		Dec 2019	
	(¥mil)	(%)	(¥mil)	(%)
<b>Sales</b>	<b>50,640</b>	<b>100.0</b>	<b>48,591</b>	<b>100.0</b>
Cost of sales	44,406	87.7	42,424	87.3
<b>Gross profit</b>	<b>6,233</b>	<b>12.3</b>	<b>6,167</b>	<b>12.7</b>
SG&A expenses	4,034	8.0	4,120	8.5
<b>Operating profit</b>	<b>2,199</b>	<b>4.3</b>	<b>2,046</b>	<b>4.2</b>
Non-operating profit	5	0.0	8	0.0
Non-operating expenses	5	0.0	10	0.0
<b>Recurring profit</b>	<b>2,198</b>	<b>4.3</b>	<b>2,045</b>	<b>4.2</b>
Extraordinary profit	279	0.6	82	0.2
Extraordinary loss	2	0.0	0	0.0
<b>Pretax profit</b>	<b>2,475</b>	<b>4.9</b>	<b>2,128</b>	<b>4.4</b>
Taxes	625	1.2	678	1.4
<b>Net profit</b>	<b>1,850</b>	<b>3.7</b>	<b>1,449</b>	<b>3.0</b>

# Consolidated balance sheet

	Mar 2019		Dec 2019		Change (¥mil)
	(¥mil)	(%)	(¥mil)	(%)	
<b>Current assets</b>	<b>36,754</b>	92.1	<b>35,249</b>	<b>91.8</b>	<b>-1,505</b>
Cash and deposits	15,289	38.3	17,047	44.4	1,757
Accounts receivable	18,361	46.0	14,502	37.8	-3,859
Inventory	2,335	5.9	2,794	7.3	459
Other current assets	767	1.9	904	2.4	137
<b>Fixed assets</b>	<b>3,156</b>	7.9	<b>3,128</b>	<b>8.2</b>	<b>-28</b>
<b>Total assets</b>	<b>39,910</b>	100.0	<b>38,377</b>	<b>100.0</b>	<b>-1,533</b>
<b>Current liabilities</b>	<b>19,439</b>	48.7	<b>17,262</b>	<b>45.0</b>	<b>-2,177</b>
Accounts payable	18,168	45.5	16,430	42.8	-1,738
Taxes payable	484	1.2	240	0.6	-244
Other current liabilities	786	2.0	591	1.5	-194
<b>Fixed liabilities</b>	<b>924</b>	2.3	<b>988</b>	<b>2.6</b>	<b>63</b>
<b>Total liabilities</b>	<b>20,363</b>	51.0	<b>18,250</b>	<b>47.6</b>	<b>-2,113</b>
<b>Net assets</b>	<b>19,547</b>	49.0	<b>20,127</b>	<b>52.4</b>	<b>580</b>
<b>Total liabilities, net assets</b>	<b>39,910</b>	100.0	<b>38,377</b>	<b>100.0</b>	<b>-1,533</b>

# Outlook

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# Measures for earnings recovery

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## ① New customer acquisition

Opened Yamato branch office in Kanagawa pref. (July)

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

## ② Expanding sales in existing customers

Replacement demand for large-sized equipment

## ③ Gross margin improvement

Increasing items for bulk purchase

## ④ Tighter SG&A control

Freezing new hire of mid-careers

Number of employees : initial estimates 584 → 560 (Mar 2020)

## ⑤ Appeal of WIN's role & value to customers

Support to secure safety and quality at hospitals and clinics

Management support for hospitals and clinics

# WIN's role

Optimal choice from a wide range of medical devices,  
adequate delivery and inventory control

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**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

# WIN's value-added service

## Support to use devices properly

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### [Pre operation]

- ◆ Confirm operation plan
- ◆ Select optimal devices for each clinical case
- ◆ Explain how to use devices properly, determine specification, and deliver



### [During operation]

- ◆ Stand by in case of emergency



### [Post operation]

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





# WIN's value-added service

## Proposals to increase hospitals' value

### [Functional upgrading]

- ◆ Latest technology and products
- ◆ Capital spending for advanced care
- ◆ Recruitment of medical professionals



### [Marketing]

- ◆ Research of catchment area
- ◆ Target areas and domain
- ◆ Measures to gather and increase patients



### [Profitability improvement]

- ◆ Efficient operations
- ◆ Cost reductions



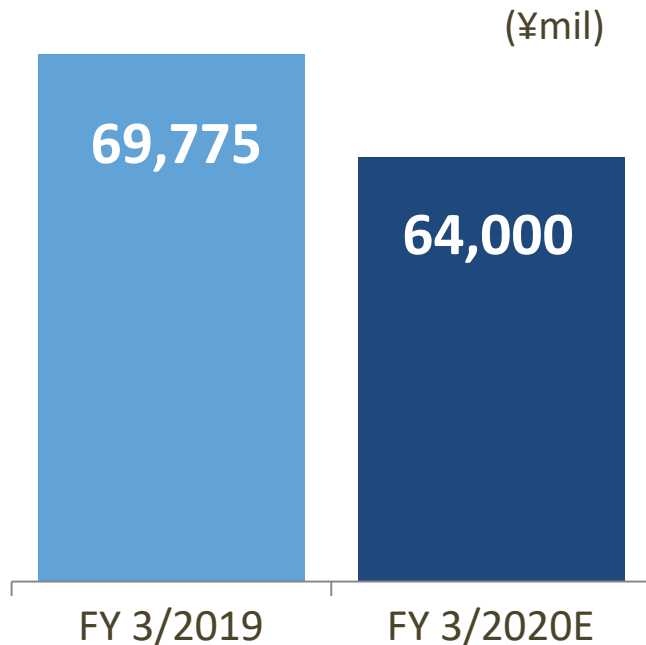
# Consolidated Earnings Forecasts to March 2020

	(¥mil)	YoY (%)	(%)
Sales	<b>64,000</b>	-8.3	100.0
Operating profit	<b>2,590</b>	-20.6	4.0
Recurring profit	<b>2,590</b>	-20.7	4.0
Net profit	<b>1,820</b>	-31.1	2.8
EPS (yen)	<b>63.40</b>		
DPS (yen)	<b>33.00</b>		

# Highlights

**Sales**      **-8.3%** YoY

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**Sales to a hospital chain  
decreased from June (¥7.4bn)**

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

# Sales breakdown by segment

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

# Highlights

**Operating profit** **-20.6%** YoY

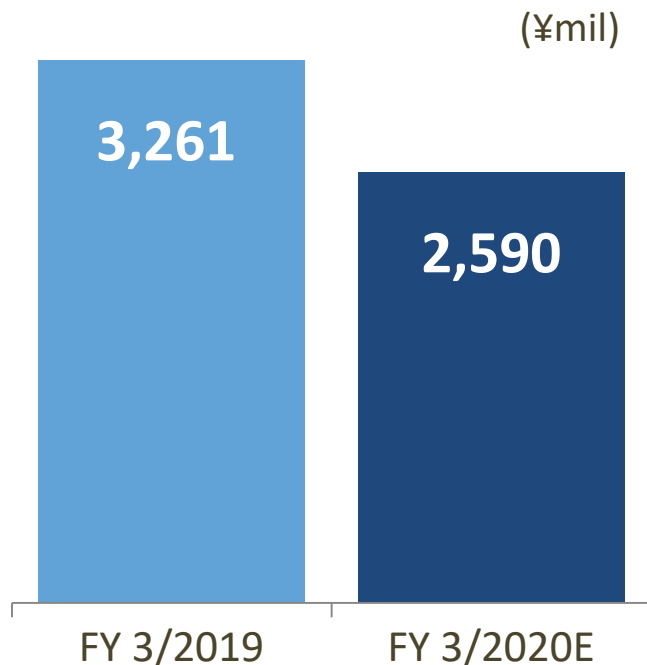
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**Gross profit : 12.8% +0.4pp YoY**

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

**SG&A : ¥5.59bn +4.5% YoY**

- Number of employees  
536 (Mar 2019) → 560 (Mar 2020E)



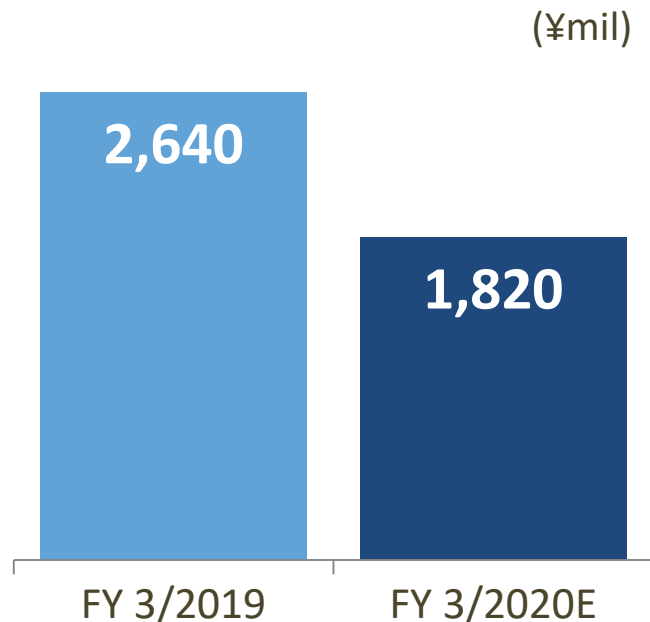
# Highlights

**Net profit** **-31.1%** YoY

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**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

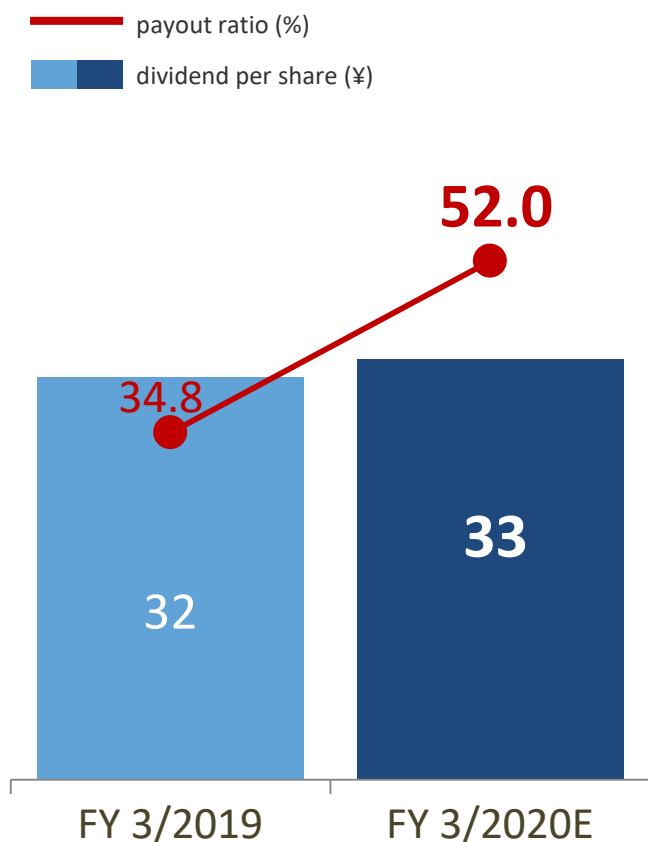
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FY ending March 2020

Initial estimate unchanged

**33** yen

(payout ratio)  
52%



# New product

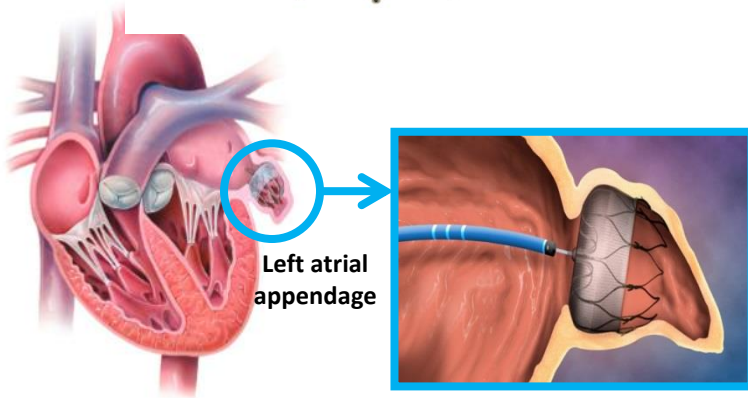
Boston Scientific  
'WATCHMAN™'

Left atrial appendage closure device

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











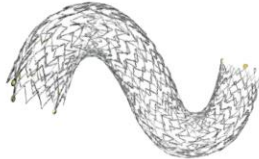







Feb 2019 : Approval

Sep 2019 : Launch with reimbursement price

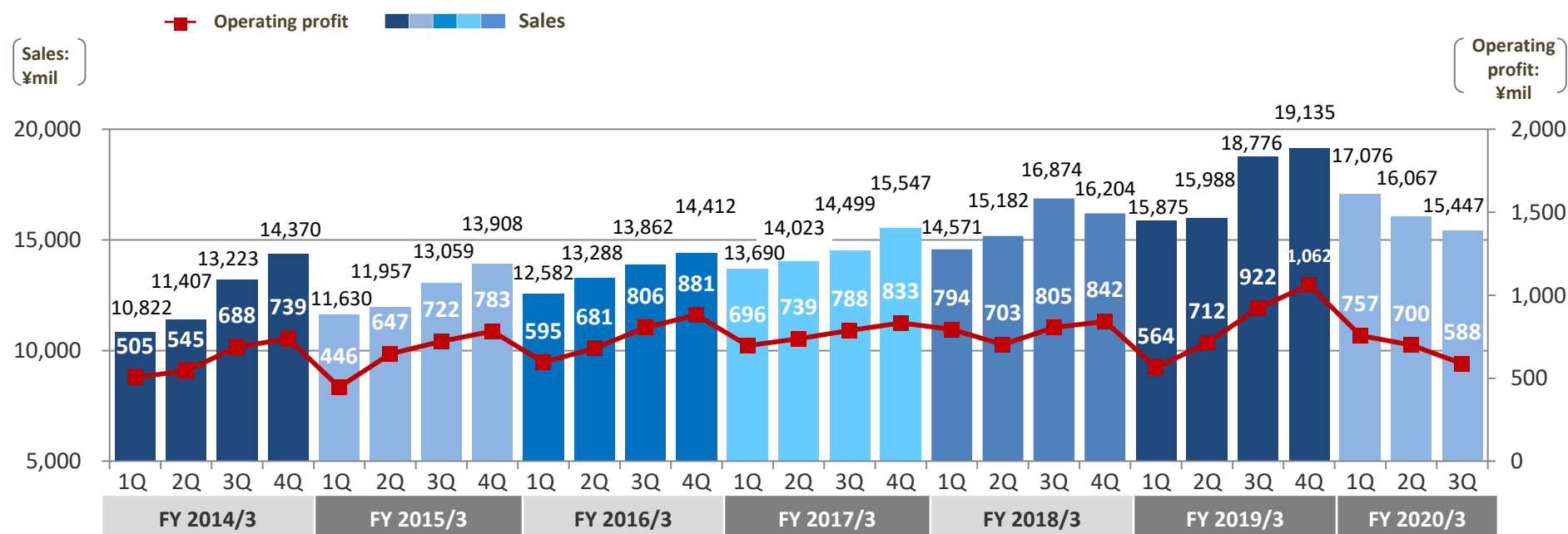


# Major products

Segment	Disease	Product		
PCI	<ul style="list-style-type: none"> <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)
				
CVS	<ul style="list-style-type: none"> <li>Aortic aneurysm</li> <li>Aortic stenosis</li> </ul>	Ablation catheter	Stent graft	Transcatheter aortic valve
				
PPI/ Brain surgery	<ul style="list-style-type: none"> <li>Arteriosclerosis obliterans</li> </ul>	Mechanical heart valve	Peripheral vascular stent	Carotid stent
				
DMS/ Large equipment	<ul style="list-style-type: none"> <li>Diabetes</li> <li>Diagnosis</li> </ul>	Neurovascular occlusion coil	Insulin pump	X-ray equipment
				
				Magnetic resonance imaging (MRI)
				

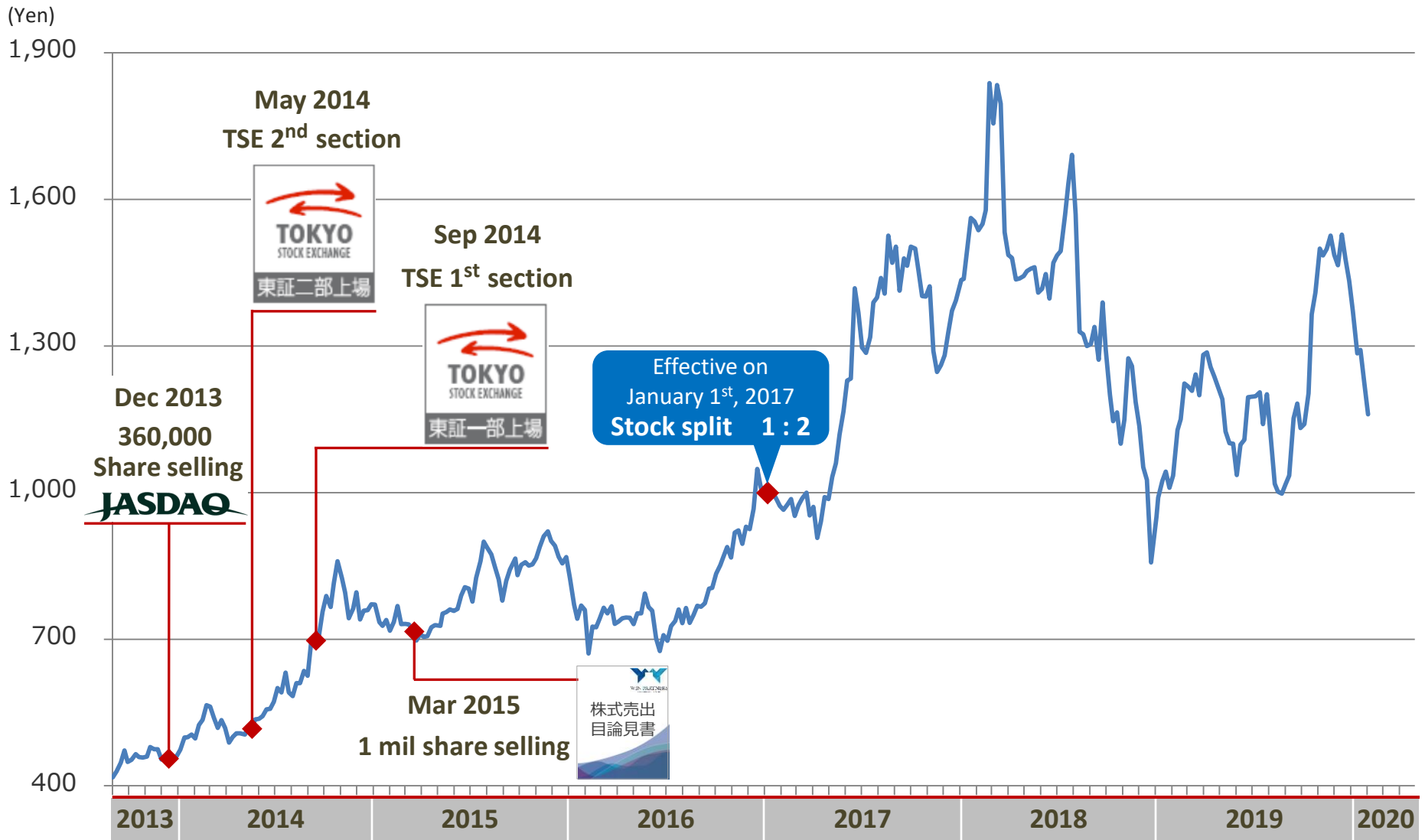
# Track record of quarterly results

## Sales/Operating profit (quarterly)



■ = Year of reimbursement price revisions

# Share price





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