



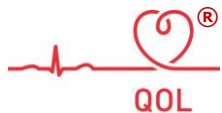
WIN A BETTER QUALITY OF LIFE
INNOVATION
PARTNERSHIP
TRUST

SAFETY
CREATE VALUE

LEADERSHIP
HEALTHY SOCIETY

Results Presentation FY March 2020

Win-Partners Co., Ltd. (3183)



WINはQOL推進企業です

Full year results ending March 2020

Consolidated results summary

(¥ mil)	Mar 2019	Mar 2020	YoY	RE(Aug9)
Sales	69,775	64,537	-7.5%	64,000
Operating profit	3,261	2,649	-18.8%	2,590
Recurring profit	3,264	2,655	-18.7%	2,590
Net profit	2,640	1,872	-29.1%	1,820
EPS (yen)	91.99	65.23	-	63.40
BPS (yen)	680.89	714.27	-	-

Main events in 3/2020

June

Sales to a hospital chain decreased substantially

October

Reimbursement price revision

How WIN tackled

① New customer acquisition

Relocating sales staff (September)

② Tighter cost control

Freezing new hires of mid-careers

Number of employees: initial estimates 584 → 541 (Mar 2020)

③ Expanding sales in existing customers

Acquiring replacement demand for large-sized equipment

④ Tougher price negotiation with suppliers

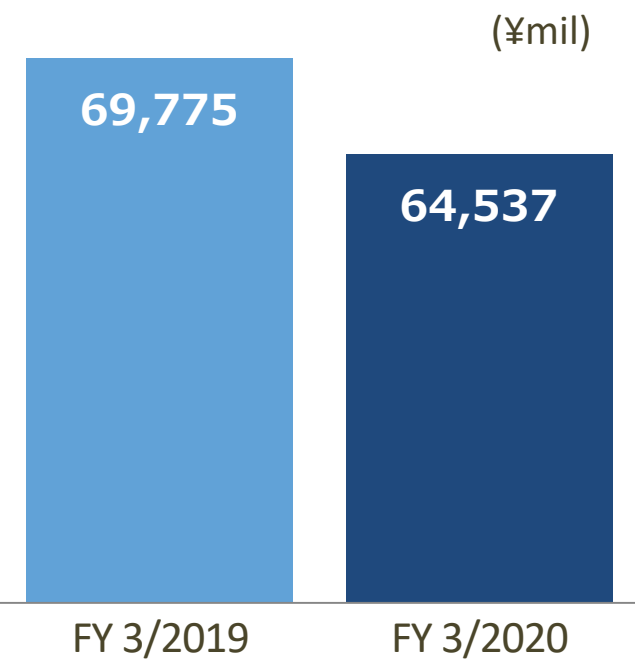
Increasing items for bulk purchase

⑤ Logistic revolution (separation of shipment procedure)

In-house system development and shifting operations to the cloud

Highlights

Sales - **7.5%** YoY vs. plan
+0.8%



-10% excluding MCI

Sales to a hospital chain decreased from June

(In particular PCI, CRS, CVS)

Reimbursement price revision since October

(99.7% agreed as at March)

Sales impact by the reimbursement price revision in October

Segment	Assumed impact(%)
Percutaneous Coronary Intervention (PCI)	-6.1
Cardiac Rhythm Segment (CRS)	-3.3
Cardiac Vascular Segment (CVS)	-0.6
Percutaneous Peripheral Intervension (PPI)	-4.2
Brain Surgery	-0.2
Others	-0.3
Total	-2.8

Note: Based on sales mix/volume in the 2nd half to September 2019

Sales breakdown by segment

	Sales (¥mil)	YoY growth (%)		% of sales	
		Volume	Value	(%)	Change (pp)
Percutaneous coronary intervention (PCI)	18,953	-10.6	-11.1	29.4	-1.2
Cardiac rhythm segment (CRS)	17,385	-4.5	-1.4	26.9	+1.7
Cardiac vascular segment (CVS)	9,171	-5.7	-6.2	14.2	+0.2
Percutaneous peripheral intervention (PPI)	3,484	+0.2	+0.6	5.4	+0.4
Brain surgery	2,626	+0.9	+5.6	4.1	+0.5
Diabetes mellitus segment (DMS)	2,193	-	+20.4	3.4	+0.8
Large-sized medical equipment	3,903	-	-41.7	6.0	-3.5
Others	6,819	-	+3.5	10.6	+1.1
Total	64,537	-	-7.5	100.0	

Segment review (vs. 3/2019)

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

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

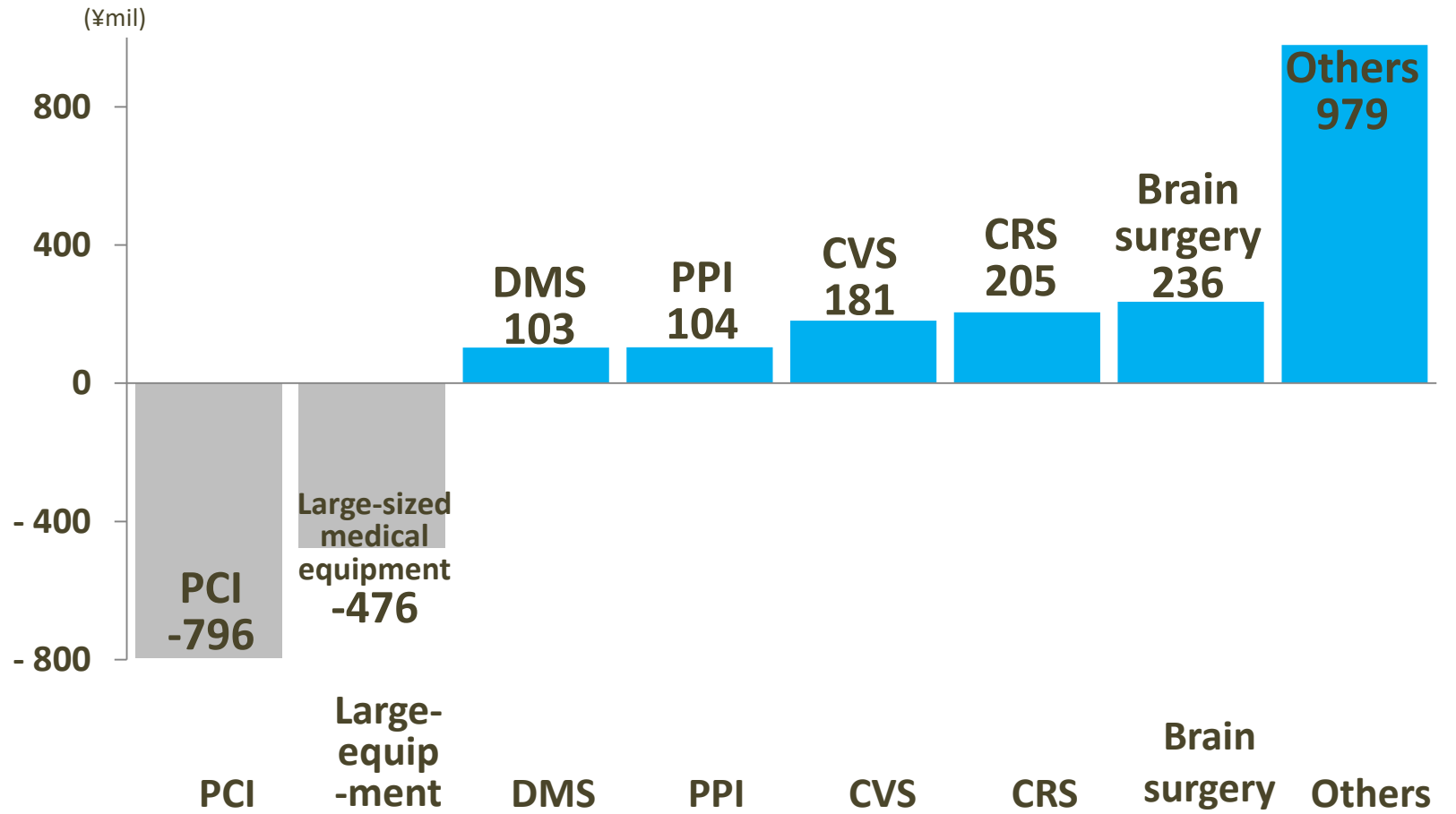
C V S suffered from decreased sales to a major customer

P P I suffered from decreased sales to a major customer, but sales of DCB and peripheral DES increased

**L a r g e
e q u i p -
m e n t** large-scale orders decreased

Others sales of small/mid-sized equipment increased

Segment review (vs. plan)

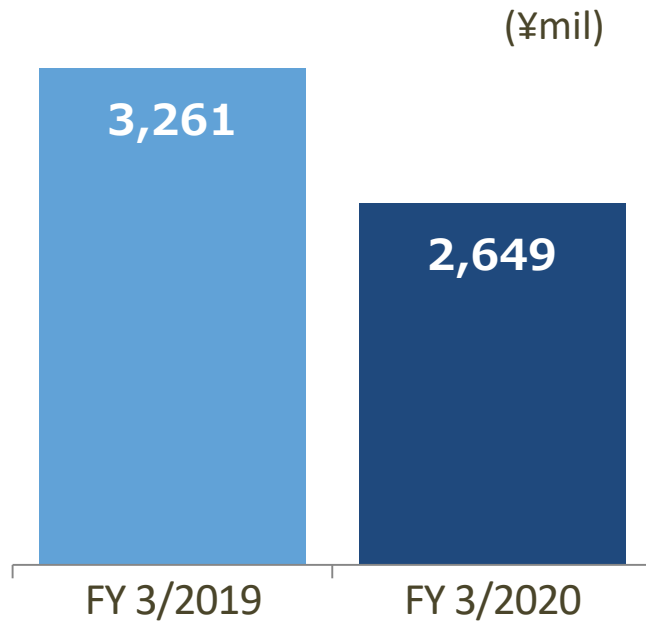


PCI	Large-equip-ment	DMS	PPI	CVS	CRS	Brain surgery	Others
lower sales for both new & existing customers	order size contracted	better sales of blood glucose measuring equipment	better sales for existing customers	better sales for existing customers	better new customer acquisition	better sales for both new & existing customers	better sales of small/mid-sized equipment

Highlights

**Operating
profit**

- 18.8% YoY [vs. plan
+2.3%]



Gross profit margin improved to 12.7%(+0.3pp)

- Full contribution from MCI
- Improved margins of large-sized equipment

SGA increased +3.2%

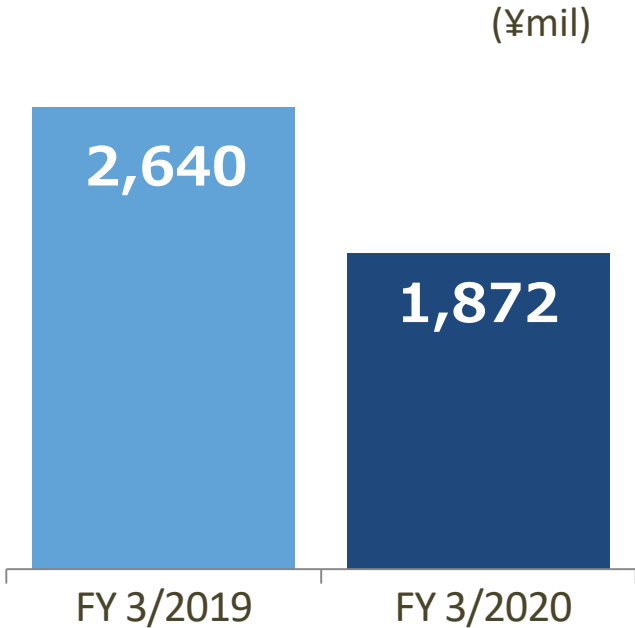
- Labor cost +5.7%
- Number of employees :536(Mar 19)→541(Mar 20)

Highlights

Net profit

-29.1% YoY

(vs. plan
+2.9%)



Absence of negative goodwill

¥278 mil to 3/19

Extraordinary profit

¥82 mil from silent partnership investment (MCI)

Consolidated income statements

	Mar 2019		Mar 2020	
	(¥mil)	(%)	(¥mil)	(%)
Sales	69,775	100.0	64,537	100.0
Cost of sales	61,163	87.7	56,365	87.3
Gross profit	8,612	12.3	8,172	12.7
SG&A expenses	5,351	7.7	5,522	8.6
Operating profit	3,261	4.7	2,649	4.1
Non-operating profit	8	0.0	18	0.0
Non-operating expenses	5	0.0	12	0.0
Recurring profit	3,264	4.7	2,655	4.1
Extraordinary profit	279	0.4	82	0.1
Extraordinary loss	4	0.0	14	0.0
Pretax profit	3,540	5.1	2,724	4.2
Taxes	899	1.3	851	1.3
Net profit	2,640	3.8	1,872	2.9

Consolidated balance sheet

	Mar 2019		Mar 2020		Change (¥mil)
	(¥mil)	(%)	(¥mil)	(%)	
Current assets	36,754	92.1	35,499	91.9	-1,254
Cash and deposits	15,289	38.3	17,495	45.3	2,206
Accounts receivable	18,361	46.0	14,666	38.0	-3,695
Inventories	2,335	5.9	2,571	6.7	235
Other current assets	767	1.9	767	2.0	0
Fixed assets	3,156	7.9	3,132	8.1	-23
Total assets	39,910	100.0	38,632	100.0	-1,278
Current liabilities	19,439	48.7	17,098	44.3	-2,341
Accounts payable	18,168	45.5	15,899	41.2	-2,269
Taxes payable	484	1.2	435	1.1	-48
Other current liabilities	786	2.0	762	2.0	-23
Fixed liabilities	924	2.3	1,029	2.7	104
Total liabilities	20,363	51.0	18,127	46.9	-2,236
Net assets	19,547	49.0	20,505	53.1	958
Total liabilities, net assets	39,910	100.0	38,632	100.0	-1,278

Consolidated cashflow statements

(¥mil)	Mar 2019	Mar 2020
Cash flows from operating activities	2,289	3,219
Net profit before taxes	3,540	2,724
Depreciation	237	196
Sales proceeds of marketable securities	1	-
Negative goodwill	-278	-
Notes and accounts receivable	-594	3,695
Inventories	-651	-215
Notes and accounts payable	1,321	-2,269
Tax paid	-964	-966
Other	-321	54
Cash flows from investing activities	-4,484	-94
Time deposits	-5,000	-5,000
Withdrawal from time deposits	-	5,000
Purchase of tangible assets	-91	-107
Sales proceeds of tangible assets	7	8
Sale of marketable securities	9	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation	613	-
Other	-24	4
Cash flows from financing activities	-832	-918
Cash dividends paid	-832	-918
Net increase in cash and cash equivalents	-3,027	2,206
Cash and cash equivalents at beginning of FY	13,317	10,289
Cash and cash equivalents at the end of FY	10,289	12,495

Outlook

Impact from COVID-19

Up to March 2020

No significant impact on the number of cases of coronary disease treatment and related medical device sales

From April onward

Some non-acute (COVID-19 irrelevant) treatments have been postponed

- Only acute inspections and treatment should be done and non-acute ones postponed
- Regular check for outpatients with pacemaker should be postponed
- Remote medical care should be considered

(extracts from proposals by The Japanese Circulation Society as at 26th April)

Demand for COVID-19 care related medical device (e.g. ECMO) is expected to be limited as of now

Measures WIN takes

Continuous support for medical professionals & hospitals

Obtaining enough medical device inventories for sustainable supply

Risk diversification

Preventing the infection spread and avoiding contagion risk of medical devices

- Setting up separate 10 depots for backup
- Promoting telework by staff etc.

What WIN will do

① Compress idle inventories

Reduce disposal loss

② Acquire new customers

Effectively utilize in-house resources such as short-time employees

③ M&A

Continue studying M&A targets for business expansion

④ Focus on CRS

Promote products with high growth potential (e.g. ablation, ICD)

Number of CDR holders: 27(Mar 2017) → 73(Mar 2020) expansion

⑤ Logistic revolution (separation of shipment procedure)

Consolidated Forecasts to March 2021

	(¥mil)	YoY (%)	(%)
Sales	65,400	+1.3	100.0
Operating profit	2,660	+0.4	4.1
Recurring profit	2,660	+0.2	4.1
Net profit	1,830	-2.2	2.8
EPS (yen)	63.74		
DPS (yen)	34.00		

Forecast Highlights

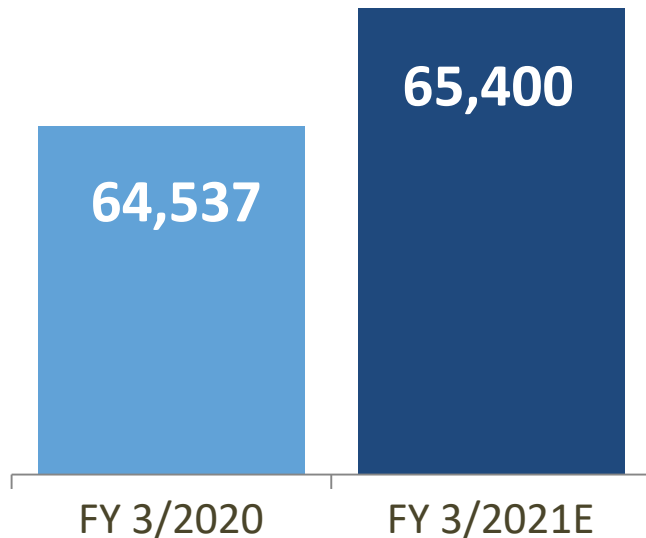
Sales **+1.3%** YoY

Impact from reimbursement price revision

(¥mil) (H1 : -4.3% H2 : -1.5%)

New customer acquisitions to offset sales absence for a hospital chain (April & May)

No impact from COVID-19 discounted in the forecast



Sales impact by the reimbursement price revision in April

Segment	Assumed impact(%)
Percutaneous Coronary Intervention (PCI)	-3.7
Cardiac Rhythm Segment (CRS)	-1.2
Cardiac Vascular Segment (CVS)	-0.4
Percutaneous Peripheral Intervension (PPI)	-0.8
Brain Surgery	-1.3
Others	-0.1
Total	-1.5

Note: Calculated based on reimbursement prices revised in October 2019

Sales breakdown by segment

	(¥mil)	YoY(%)	% of sales
Percutaneous coronary intervention (PCI)	18,740	-1.1	28.7%
Cardiac rhythm segment (CRS)	18,130	+4.3	27.7%
Cardiac vascular segment (CVS)	9,250	+0.9	14.1%
Percutaneous peripheral intervension (PPI)	3,620	+3.9	5.5%
Brain surgery	2,590	-1.4	4.0%
Diabetes mellitus segment (DMS)	2,540	+15.8	3.9%
Large-sized medical equipment	5,340	+36.8	8.2%
Others	5,190	-23.9	7.9%
Total	65,400	+1.3	100.0%

Forecast Highlights

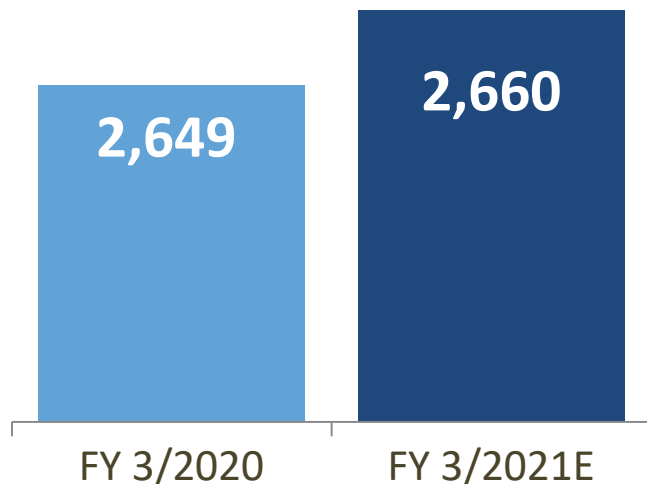
Operating profit **+0.4%** YoY

Gross profit margins to improve to
(¥mil) **12.8% (+0.1pp)**

- Volume discount for medical device procurement including rebate program

SG&A ¥5.74bn (+3.9%)

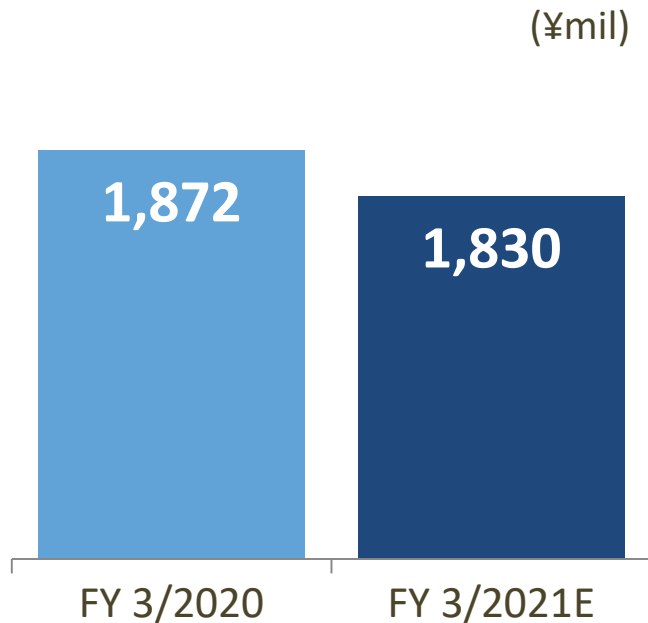
- Number of employees 541(Mar 2020) → 581(Mar 2021E)



Forecast Highlights

Net profit **-2.2%** YoY

Absence of income from silent partnership investment last year (¥82mil)



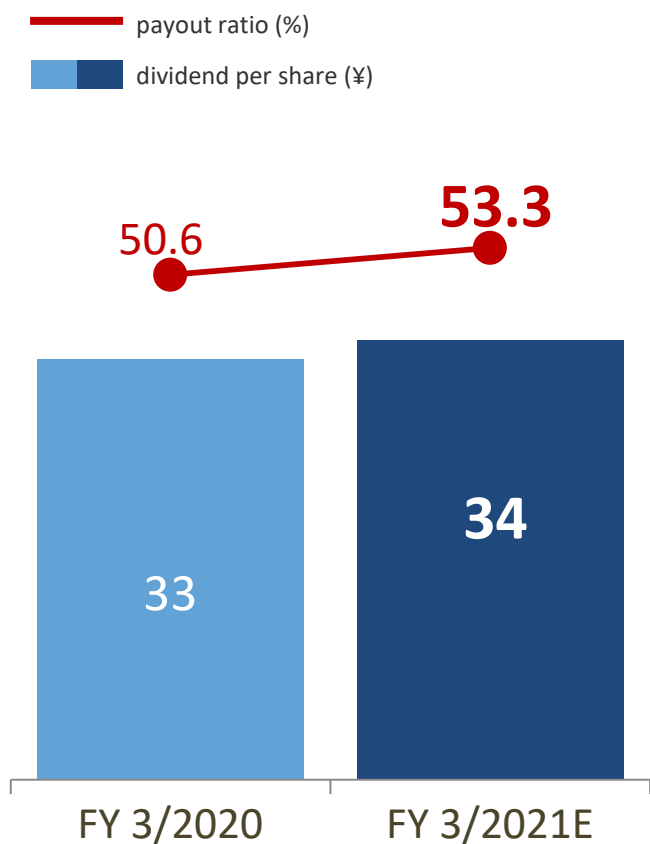
Capex **¥100 mil**

vs. ¥97mil for FY 3/2020

Depreciation **¥180 mil**

vs. ¥196mil for FY 3/2020

Dividends



34 yen

(+1 yen from March 2020)









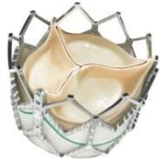

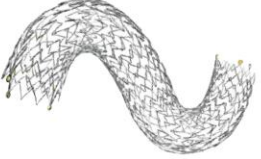





(Payout ratio)
53.3%

Reference

The reimbursement prices of major products

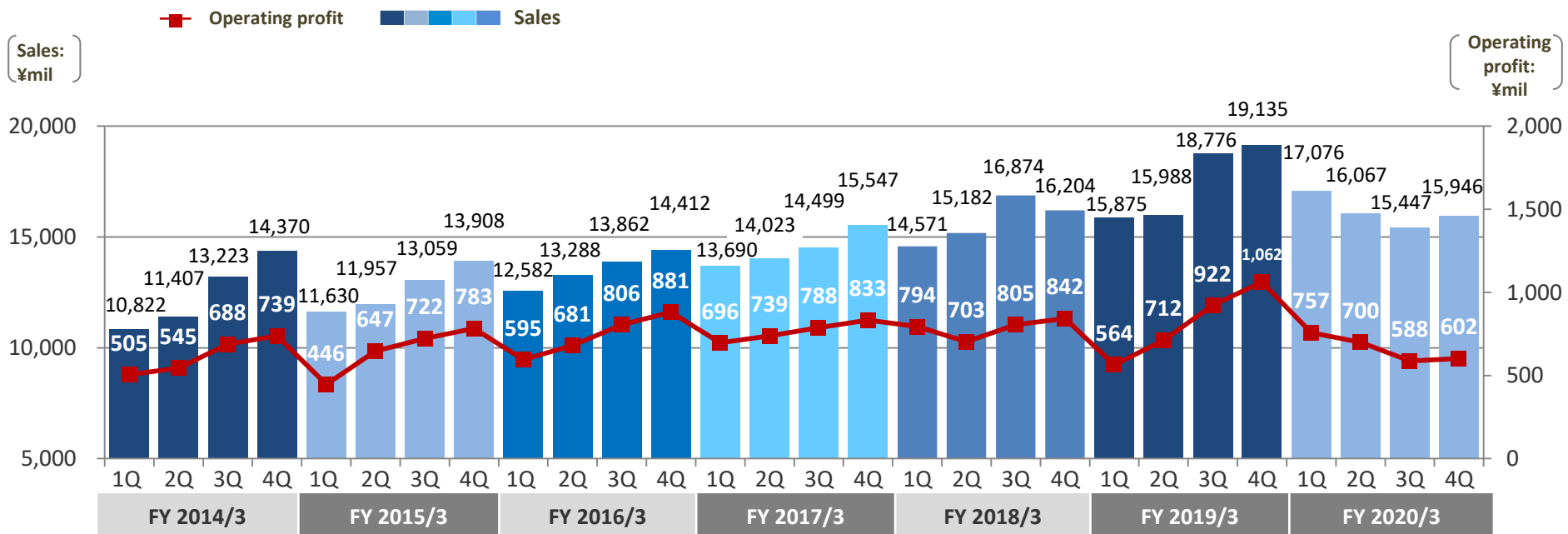
Segment	Items	Reimbursement prices (¥000)				
		2018 (Apr)	2019 (Oct)	Change % ('18 vs '19)	2020 (Apr)	Change % ('19 vs '20)
PCI	PTCA Ballon Catheter	45	38	- 14.3	35	- 8.7
	DES (Drug Eluting Stent)	193	173	- 10.4	161	- 6.9
	IVUS (Intravascular Ultrasound Catheter)	89	84	- 5.9	80	- 4.6
CRS	Pacemaker	831	763	- 8.2	720	- 5.6
	ICD (Implantable Cardioverter Defibrillator)	3,040	2,950	- 3.0	2,950	0.0
	CRTD (Cardiac Resynchronization Therapy Defibrillator)	4,140	3,990	- 3.6	3,990	0.0
	Subcutaneous Implantable Defibrillator (S-ICD)	3,060	3,120	2.0	3,120	0.0
	Ablation Catheter	133	126	- 5.3	124	- 1.6
	Cardiac CryoAblation Catheter	637	649	1.9	649	0.0
CVS	Stent graft (abdomen)	1,300	1,320	1.5	1,320	0.0
	Open Stent graft	1,090	1,110	1.8	1,110	0.0
	Heart valve for Transcatheter Aortic Valve Implantation (TAVI) (Balloon-expandable)	4,430	4,510	1.8	4,510	0.0
	Heart valve for TAVI (self-expandable)	3,670	3,740	1.9	3,740	0.0
PPI	PTA Ballon Catheter	60	56	- 7.3	55	- 1.6
	Peripheral Vascular Stent	179	175	- 2.2	174	- 0.6
	Peripheral DES (Drug Eluting Stent)	229	233	1.7	233	0.0

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)			

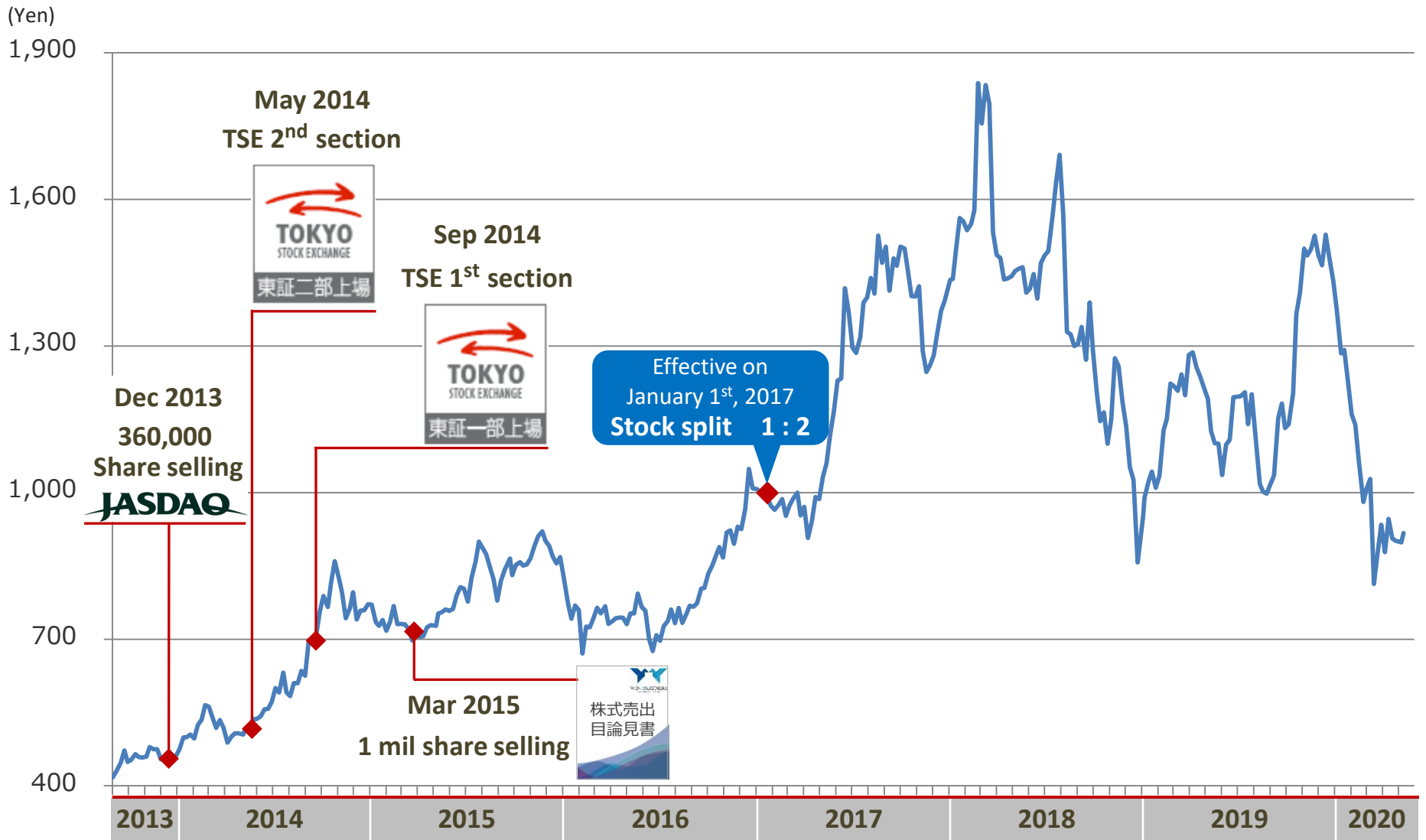
Track record of quarterly results

Sales/Operating profit (quarterly)



■ = Year of reimbursement price revisions

Share price





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