

**November 2014
RESULTS
PRESENTATION
2Q FY March 2015**

WIN-Partners Co., Ltd.



STOCK CODE : 3183



2Q Results for FY March 2015

- April** · Reimbursement prices revised
 - Integrated two sales offices in Fukushima pref.
- May** · Altered to TSE 2nd section from JASDAQ
- June** · Opened a branch in Hiroshima pref.
- Aug** · Opened a branch in Kumamoto pref.
- Sept** · Assigned to TSE 1st section
 - Moved and expanded capacity of TESCO HQ and warehouse

Interim Profits in line with forecasts

2Q to	Sep 2013 (¥mil)	Sep 2014 (¥mil)	YoY	OE (¥mil)
Sales	22,230	23,590	+6.1%	24,342
Operating profit	1,051	1,093	+4.0%	1,060
Recurring profit	1,059	1,101	+4.0%	1,063
Net profit	1,021	706	▲30.8%	651
EPS (yen)	71.14	49.20	-	45.41
BPS (yen)	726.27	801.05	-	-

Consolidated Income Statements



2Q to	Sep 2013 (¥mil)	(%)	Sep 2014 (¥mil)	(%)
Sales	22,230	100.0	23,590	100.0
Cost of sales	19,226	86.5	20,453	86.7
Gross profit	3,003	13.5	3,136	13.3
SG&A expenses	1,952	8.8	2,043	8.7
Operating profit	1,051	4.7	1,093	4.6
Non-operating profit	8	0.0	8	0.0
Non-operating expenses	0	0.0	0	0.0
Recurring profit	1,059	4.8	1,101	4.7
Extraordinary profit	377	1.7	4	0.0
Extraordinary loss	0	0.0	0	0.0
Pretax profit	1,435	6.5	1,105	4.7
Taxes	414	1.9	399	1.7
Net profit	1,021	4.6	706	3.0

Outline of Reimbursement Price Cuts

Impact on group sales **▲5.7%**

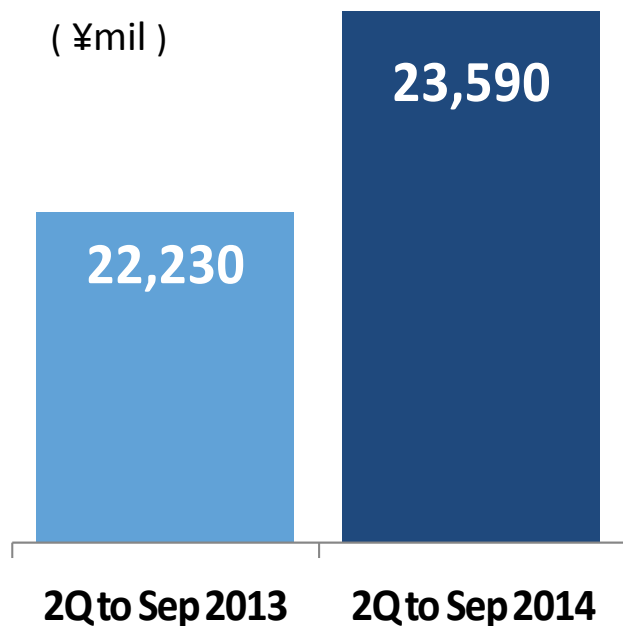
Segment	Reimbursement Prices (1,000 yen)		Impact on Sales (%)
	2012	2014	
Percutaneous Coronary Intervention (PCI)	-	-	▲8.5
PTCA Ballon Catheter	79	67	▲14.9
DES (Drug Eluting Stent)	295	261	▲11.5
IVUS (Intravascular Ultrasound Catheter)	115	109	▲5.2
Cardiac Rhythm Segment (CRS)	-	-	▲4.6
Pacemaker	1,000	827	▲17.3
ICD (Implantable Cardioverter Defibrillator)	3,060	2,970	▲2.9
CRT-D (Cardiac Resynchronization Therapy Difibrillator)	4,090	4,040	▲1.2
Ablation Catheter	158	149	▲5.7
Cardiac Vascular Segment (CVS)	-	-	▲2.0
Stentgraft(Abdomen)	1,520	1,510	▲0.7
Percutaneous Peripheral Intervention (PPI)	-	-	▲5.6
Brain Surgery	-	-	▲1.2
TOTAL	-	-	▲5.7

- Negotiated selling and procurement prices to reflect new reimbursement prices.
 - ➔ Reached agreement with 99% customers and suppliers.
- Implemented new procurement scheme.
(Bulk purchasing of PTCA balloon catheters)
- Integrated duplicated sales offices and opened small branches in western Japan.

Sales

YoY **+6.1%**

vs. plan **▲3.1%**



Sales fell short but achieved YoY growth

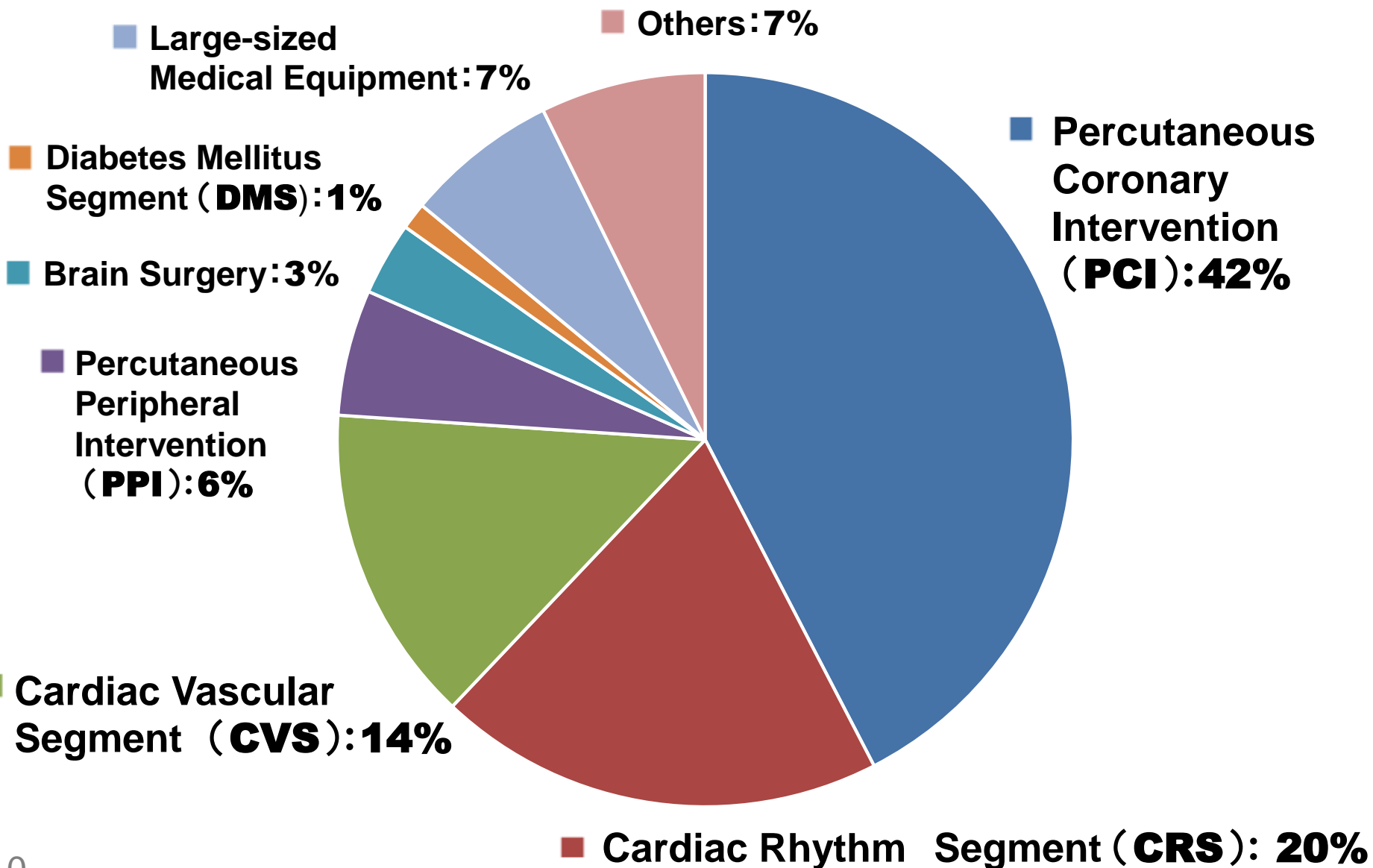
- **Positives**
Favorable sales of CRS, CVS and large sized-equipment etc.
- **Negatives**
Sales of PCI and PPI increased in terms of volume, but failed to offset price declines.

Consolidated Sales Breakdown by Segment

Segment	Sales (¥mil) 2Q to Sep 2014	YoY Growth (%)		% of sales
		Volume	Value	
Percutaneous Coronary Intervention (PCI)	10,003	+0.7	▲ 0.3	42.4
Cardiac Rhythm Segment (CRS)	4,634	+26.9	+10.7	19.6
Cardiac Vascular Segment (CVS)	3,305	▲ 7.2	+15.5	14.0
Percutaneous Peripheral Intervention (PPI)	1,309	+5.3	▲ 3.3	5.5
Brain Surgery	760	+13.0	+10.5	3.2
Diabetes Mellitus Segment (DMS)	278	-	+10.8	1.2
Large-sized Medical Equipment	1,586	-	+23.6	6.7
Others	1,712	-	+8.9	7.3
TOTAL	23,590	-	+6.1	100

(note: Due to accounting standard changes on Others segment , historical numbers were modified for comparison)

Consolidated Sales Breakdown



PCI suffered from delayed new customer acquisitions under slower market growth. Sales of main DES (drug eluting stents) rose only 5% in terms of volume and could not offset price decline.

CRS enjoyed strong sales of EP ablation, favorable sales of MRI-conditional pacemaker, ICD, CRTD, and new customer acquisition.

CVS enjoyed strong sales of stent graft.
TAVI (Trans Catheter Aortic Valve Implantation) achieved 47 procedures. Segment sales fell short slightly due to decreased procedures of on-pump CABG (coronary artery bypass graft).

PPI suffered from lower sales of peripheral vascular stents despite favorable PTA balloon catheters for dialysis access shunts.

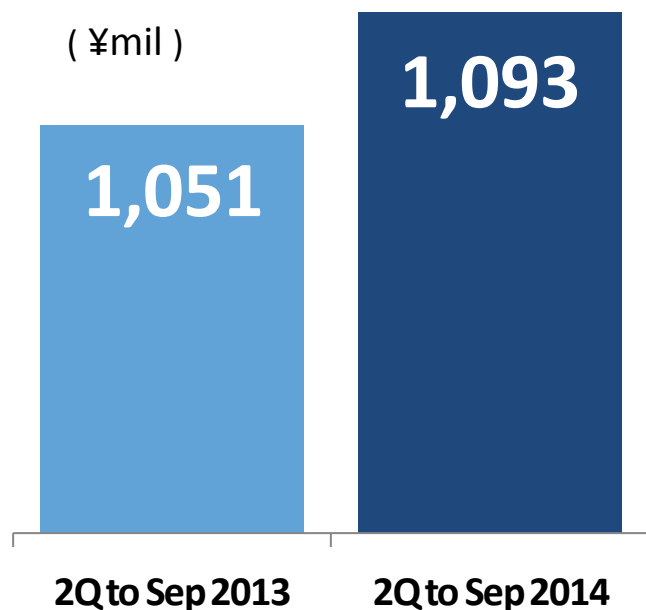
Large Equipment enjoyed higher demand relating to constructions and renovations of medical facilities etc.

Others enjoyed higher demand for gastrointestinal endoscopy etc.

Operating profit

YoY **+4.0%**

vs. plan **+3.1%**



Achieved initial forecast by controlling SG&A expenses

Gross profit margin

13.3%

vs. plan **+0.1ppt**

- Cost reductions by bulk purchasing of PTCA balloon etc.

YoY **▲0.2ppt**

- Lower sales of profitable PCI-PPI
- Lower margin of CVS due to new customer acquisitions and higher sales of less profitable stent graft etc.

SG&A to sales

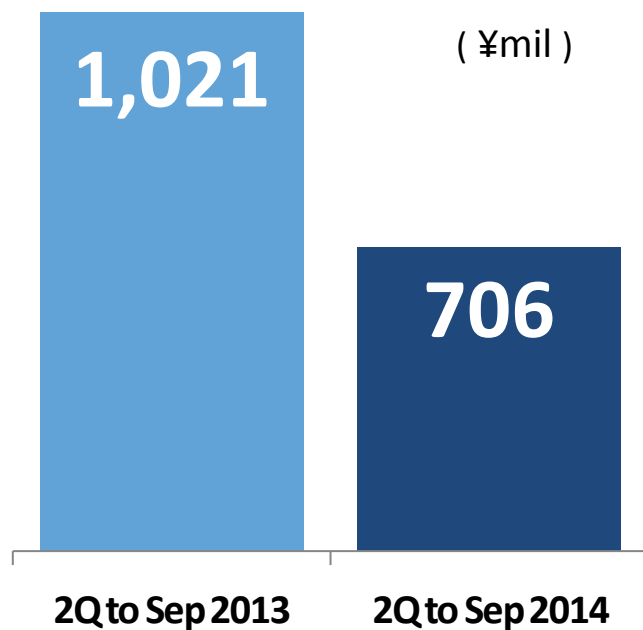
8.7%

vs. plan ▪ YoY **▲0.1ppt**

Net Profit

YoY ▲ **30.8%**
vs. plan **+8.4%**

Absence of merger-related extraordinary profits last year



¥196 mil negative goodwill

¥180 mil valuation profit of TESCO shares

Consolidated Balance Sheet

	Mar 2014		Sep 2014	
	(¥mil)	(%)	(¥mil)	(%)
Current Assets	23,922	88.8	21,429	86.7
Cash and deposits	8,563	31.8	6,328	25.6
Accounts receivable	13,798	51.2	12,383	50.1
Inventory	1,124	4.2	1,943	7.9
Other current assets	436	1.6	774	3.1
Fixed Assets	3,011	11.2	3,291	13.3
Total Assets	26,934	100.0	24,721	100.0
Current Liabilities	15,326	56.9	12,817	51.9
Accounts payable	14,276	53.0	12,018	48.6
Taxes payable	500	1.9	371	1.5
Other current liabilities	549	2.0	428	1.7
Fixed Liabilities	374	1.4	404	1.6
Total Liabilities	15,701	58.3	13,222	53.5
Net Assets	11,233	41.7	11,498	46.5
Total Liabilities, net	26,934	100.0	24,721	100.0

Bulk purchasing of catheters etc.

Affected by higher sales of large equipment before tax rise last year

Consolidated Cashflow Statements

	(¥mil)	2Q to Sep	2Q to Sep
Cash flows from operating activities		738	▲1,288
Net profit before taxes		1,435	1,105
Depreciation		108	123
Negative goodwill		▲196	-
Equity valuation profit		▲180	-
Notes and accounts receivable-trade		1,154	1,415
Inventories		▲119	▲819
Notes and accounts payable-trade		▲898	▲2,257
Income tax paid		▲599	528
Cash flows from investing activities		▲335	▲486
Purchase of property and equipment		▲295	▲436
Others		▲40	▲50
Cash flows from financing activities		▲355	▲459
Cash dividends paid		▲355	▲459
Net increase in cash and cash equivalents		47	▲2,235
Cash and cash equivalents at beginning of the FY		4,611	8,563
Net increase in cash and cash equivalents from joint share transfer		2,269	-
Cash and cash equivalents at the end of 2Q		6,928	6,328

TESCO's new HQ and warehouse

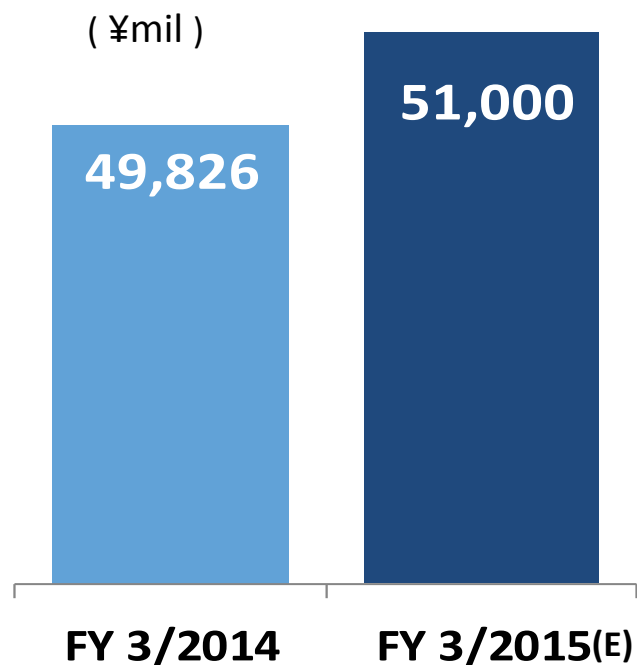
Full Year Forecasts to March 2015

Initial Forecasts unchanged

	FY March 2015 (E)		
	(¥mil)	(%)	YoY(%)
Sales	51,000	100.0	+2.4
Operating profit	2,573	5.0	+3.8
Recurring profit	2,578	5.1	+3.2
Net profit	1,659	3.3	▲9.9
EPS (yen)	115.59	-	▲9.9
BPS (yen)	35.0	-	+9.4

Sales +2.4%

(YoY)



Measures to achieve initial forecasts

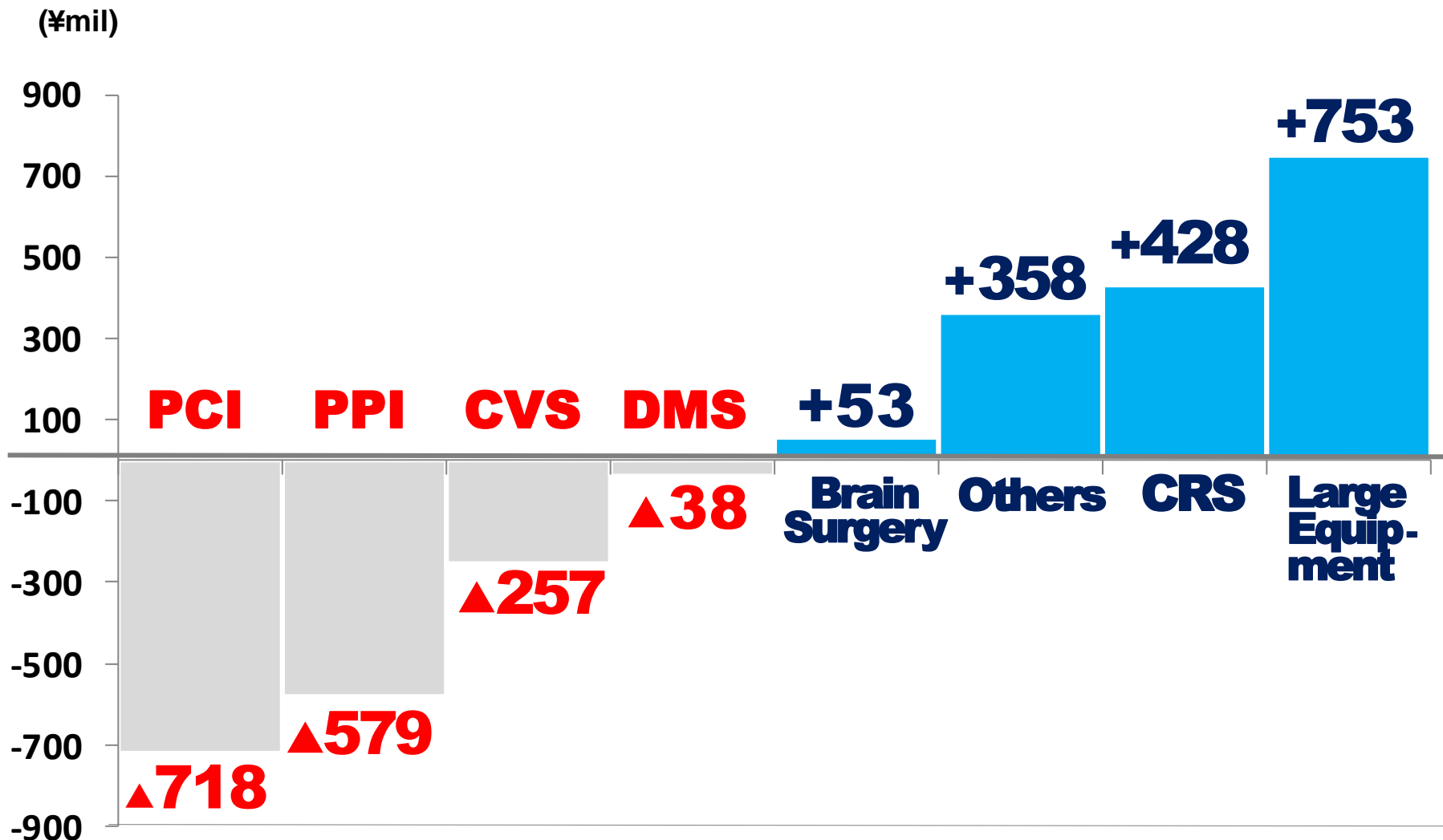
- Expand marketing to new areas including Hiroshima, Kumamoto and Hakodate city
- Acquire new customers for PCI, CVS and CRS etc.
- Involve in medical facility projects and gain large-sized equipment orders

Revised segment breakdown, factoring interim situation

Sales Forecasts by Segment (Revised)

Segment	FY March 2015E		Growth YoY(%)
	(¥mil)	(%)	
Percutaneous Coronary Intervention (PCI)	21,390	41.9	+1.7
Cardiac Rhythm Segment (CRS)	9,750	19.1	+13.3
Cardiac Vascular Segment (CVS)	7,040	13.8	+6.7
Percutaneous Peripheral Intervension (PPI)	2,690	5.3	+0.0
Brain Surgery	1,570	3.1	+5.3
Diabetes Mellitus Segment (DMS)	620	1.2	+20.3
Large-sized Medical Equipment	4,550	8.9	▲ 24.9
Others	3,390	6.6	+19.6
TOTAL	51,000	100.0	+2.4

Difference from Initial Forecasts



PCI expects to gain new customers, but not offset interim shortfall.

PPI expects continuous sluggish peripheral vascular stents despite favorable PTA balloon catheters for dialysis access shunts.

CVS expects strong sales of stent graft and TAVI (Trans Catheter Aortic Valve Implantation), but not offset interim shortfall.

Large Equipment expects higher renewal demand for smaller projects, despite negative YOY growth after tax rise.

CRS expects strong sales of EP ablation and successful new customer acquisitions.

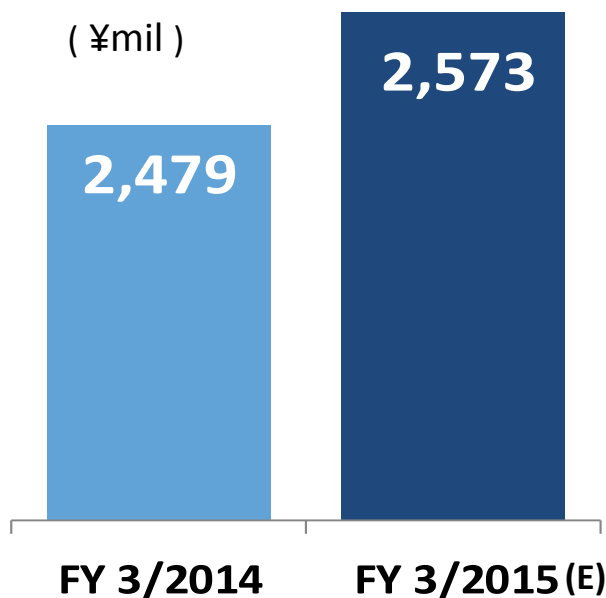
Others expects higher demand for gastrointestinal endoscopies and maintenance etc.

Operating Profit

+3.8%

(YoY)

(¥mil)



Gross profit margin

* Revised **13.1%**

vs. plan **▲0.2ppt**

YoY **+0.3ppt**

- Product mix changes including lower PCI and PPI

- Cost cuttings by bulk purchasing of PTCA balloon catheters and DES (drug eluting stents) etc.

- Higher rebates from manufacturers through volume sales etc.

SG&A to sales

* Revised **8.0%**

vs. plan **▲0.3ppt**

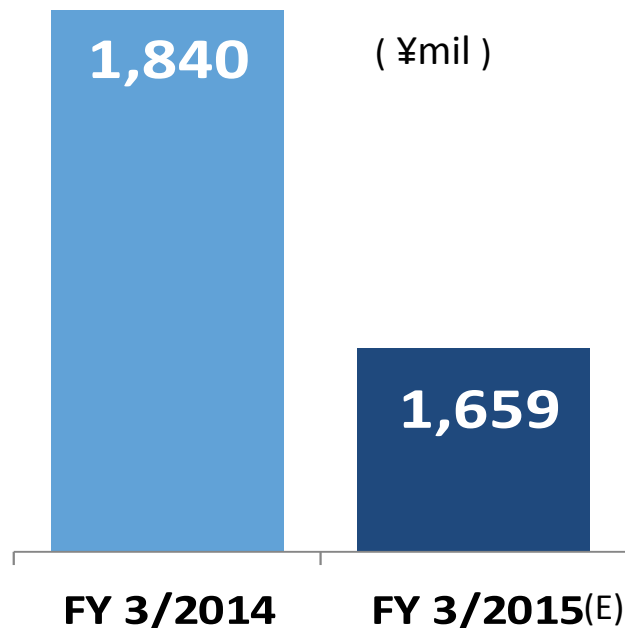
YoY **+0.1ppt**

Net Income

▲9.9%

(YoY)

Absence of merger-related
extraordinary profits



Capex·Depreciation

Capex

¥690 mil

vs. ¥960 mil for FY March 2014

Depreciation

¥270 mil

vs. ¥240 mil for FY March 2014

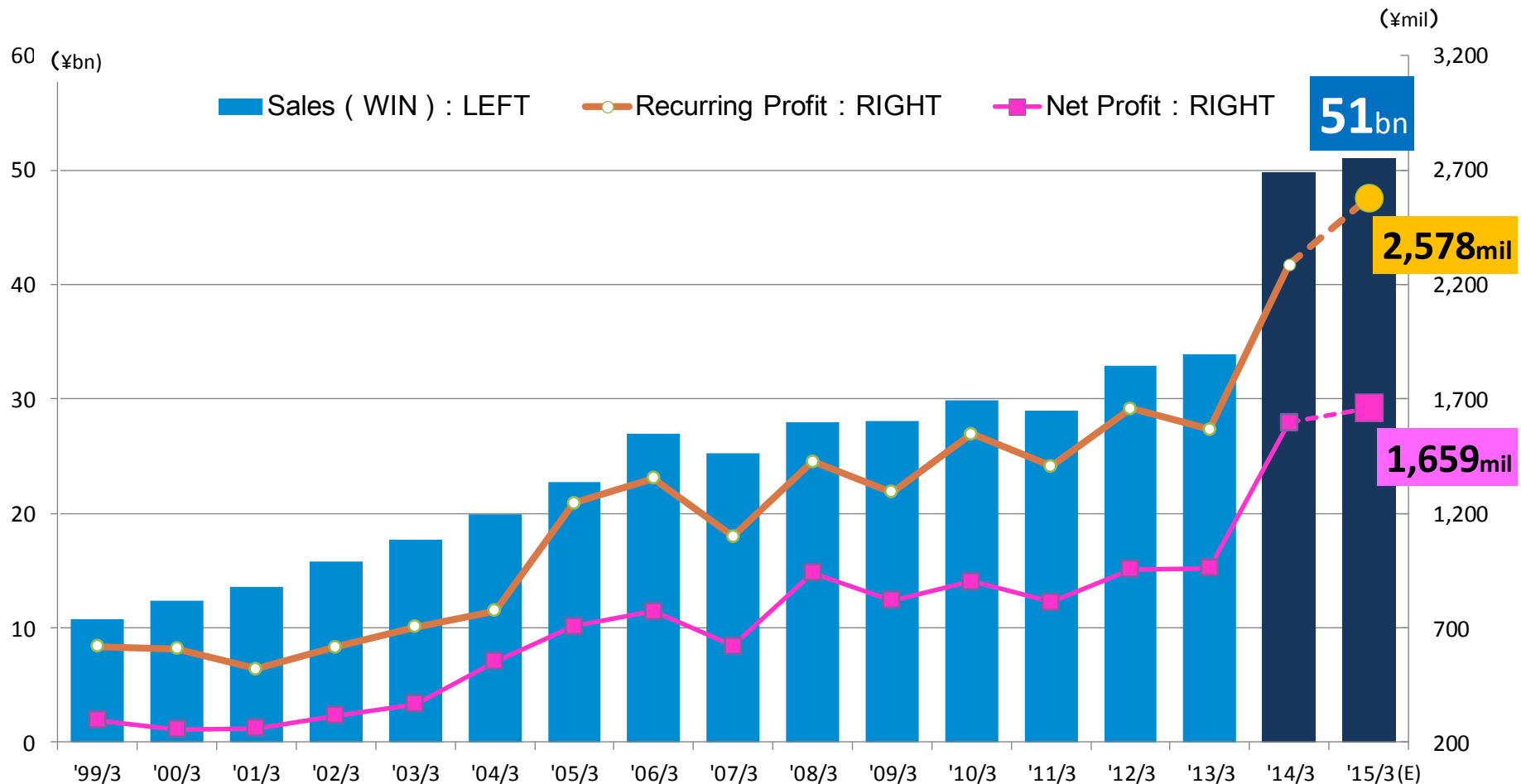
FY 3/2014

FY 3/2015

FY 3/2016

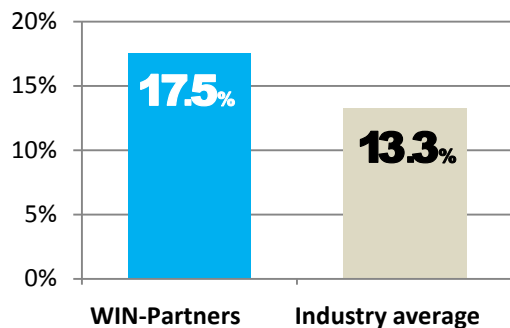
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- Improve group management framework
 - Strengthen TESCO's governance
 - Integrate accounting system
 - Strengthen sales activities backed by information sharing
- Integrate overlapped Fukushima sales offices (April 1st)
 - Integrate information system
- Integrate purchasing function
-

Earnings Growth set to Accelerate

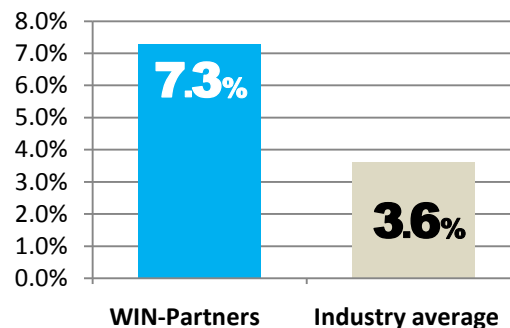


Financial Ratios

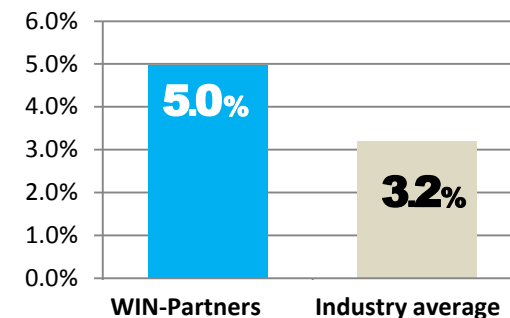
ROE



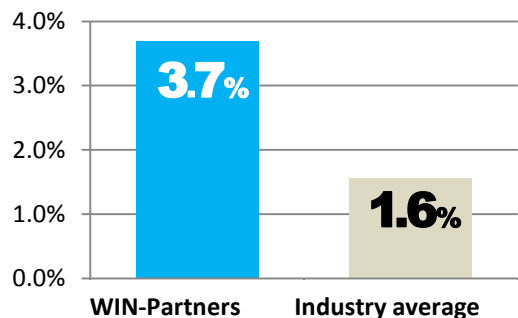
ROA



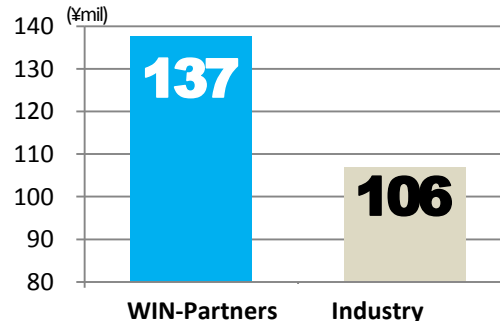
Operating profit margin



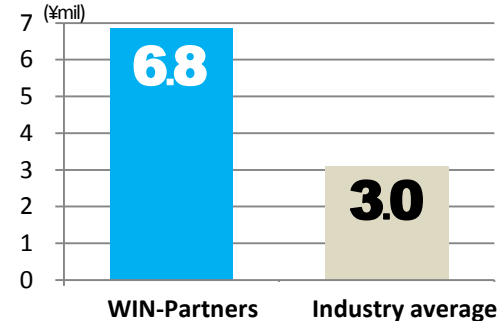
Net profit margin



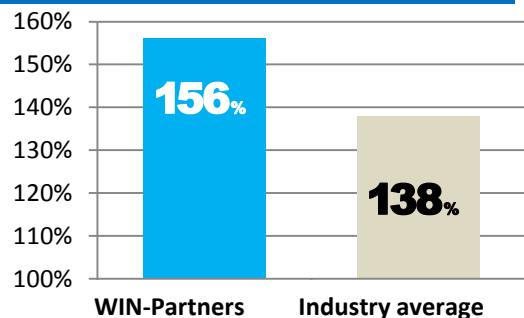
Sales per head



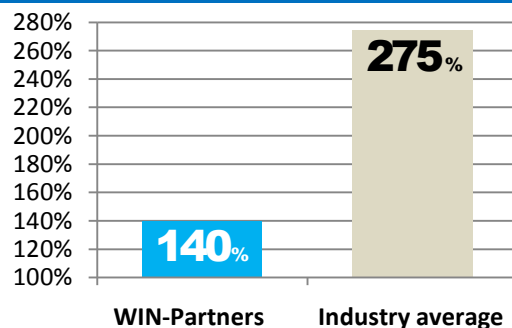
Operating profit per head



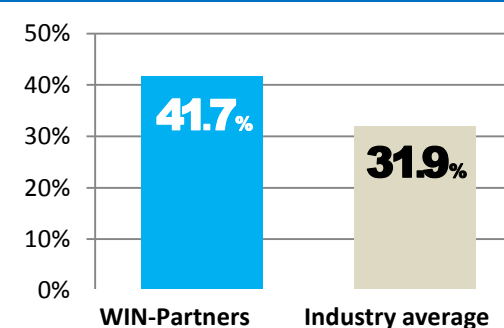
Current ratio



Debt to equity ratio



Equity ratio



① Reimbursement price cut of devices

⇒ Impact to our group: Average ▲**5.7%** on sales

② Stricter assessment of acute care hospitals

⇒ c.**30%** of acute care hospitals likely to be disqualified



**Polarization of hospital functions
among customer hospitals**

Reimbursement prices affect our selling prices

Our Strategies

(1) Dominance in cardiovascular market

- Focus on growing CRS and CVS
- Increase sales volume and expand value-added products
- Reduce procurement costs backed by higher market share

(2) New procurement scheme

- Improve GPM through bulk purchasing, taking inventory risk

Stricter assessment of hospital functions likely force our customers to change status

Our Strategies

(1) To customers to stay as acute care hospitals

- Support to enhance acute care functions
- Approach new customers with potentials

(2) To customers to transform hospital functions

- Support to transform into sub-acute care hospitals etc.



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