



WIN A BETTER QUALITY OF LIFE

Results Presentation
WIN-Partners Co., Ltd. (3183)

2Q FY March 2017

2Q results ending September 2016

Consolidated results summary

(¥mil) 2Q to	Sep 2015	Sep 2016	YoY	OE
Sales	25,871	27,713	+7.1%	26,800
Operating profit	1,277	1,436	+12.5%	1,340
Recurring profit	1,283	1,438	+12.0%	1,340
Net profit	937	982	+4.8%	910
EPS (yen)	65.28	68.43	-	-
BPS (yen)	891.13	997.80	-	-

Our approach

◆ Negotiated selling and procurement prices to reflect new reimbursement prices

- Suppliers: Almost reached agreement
- Customers: Approx. 90% reached agreement

◆ Acquired new customers

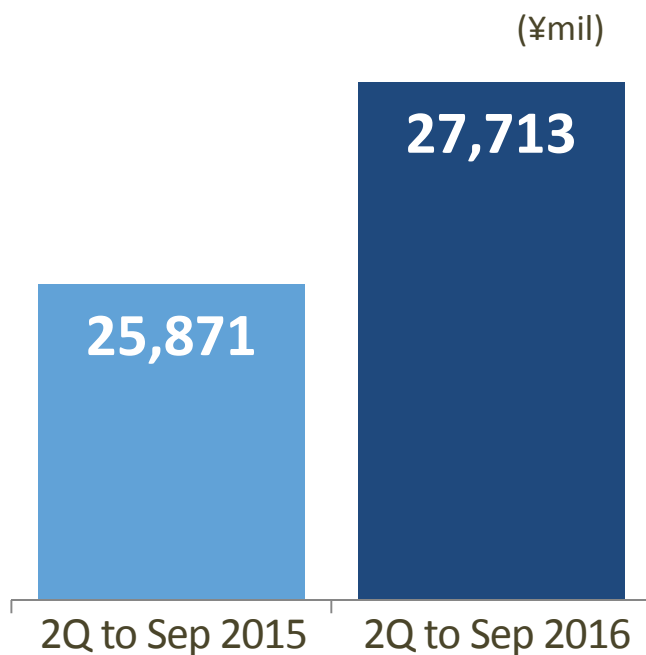
- Initiated business with new CRS customers from 2Q

◆ Strengthened sales structure

- Increased the number of CRS staffs
- Offered specialist services by ablation team

Highlights

Sales + **7.1%** YoY [vs. plan
+3.4%]



Higher sales volume absorbed negative impact from reimbursement price cuts (▲5%)

Contribution from new customers

CRS and large-sized equipment segments exceeded forecasts

Sales breakdown by segment

	Sales (¥mil)	YoY growth (%)		% of sales	
		Volume	Value	(%)	Change (pt)
Percutaneous coronary intervention (PCI)	10,491	+6.1	▲ 5.9	37.9	▲ 5.2
Cardiac rhythm segment (CRS)	6,601	+30.4	+19.0	23.8	+2.4
Cardiac vascular segment (CVS)	3,121	▲ 6.6	▲ 3.8	11.3	▲ 1.3
Percutaneous peripheral intervention (PPI)	1,398	+14.8	+2.3	5.0	▲ 0.2
Brain surgery	953	+10.2	+10.4	3.4	+0.1
Diabetes mellitus segment (DMS)	447	-	+24.8	1.6	+0.2
Large-sized medical equipment	2,330	-	+85.8	8.4	+3.6
Others	2,369	-	+13.3	8.5	+0.5
TOTAL	27,713	-	+7.1	100.0	

Segment review

PCI

suffered from reimbursement price cuts (▲8.7%) despite higher sales volume.

CRS

continued to post double digit growth in sales despite reimbursement price cuts (▲3.4%). Particularly sales of EP Ablation posted 40% growth.

CVS

suffered from reimbursement price cuts (▲2%), lower sales volume of stent graft and open-heart surgery related devices despite favorable sales of TAVI.

PPV

offset reimbursement price cuts (▲3.7%) with higher sales volume in PTA balloon catheters and peripheral vascular stents.

Large equip- -ment

enjoyed higher sales with eased negative impact of tax rise.

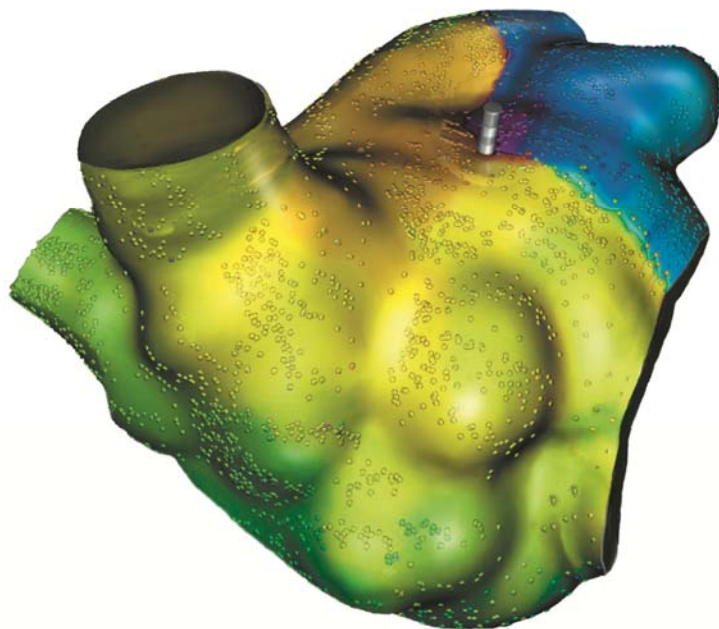
CRS highlight

Ablation treatment rapidly expanding

Diagnostic and treatment accuracy improved by new products
→ Number of atrial fibrillation procedures increased

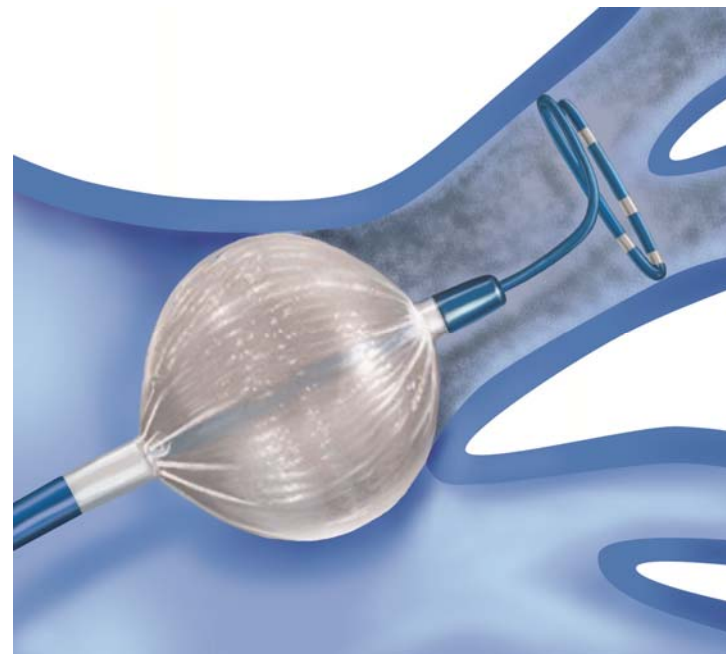
Diagnosis

3-D Mapping System



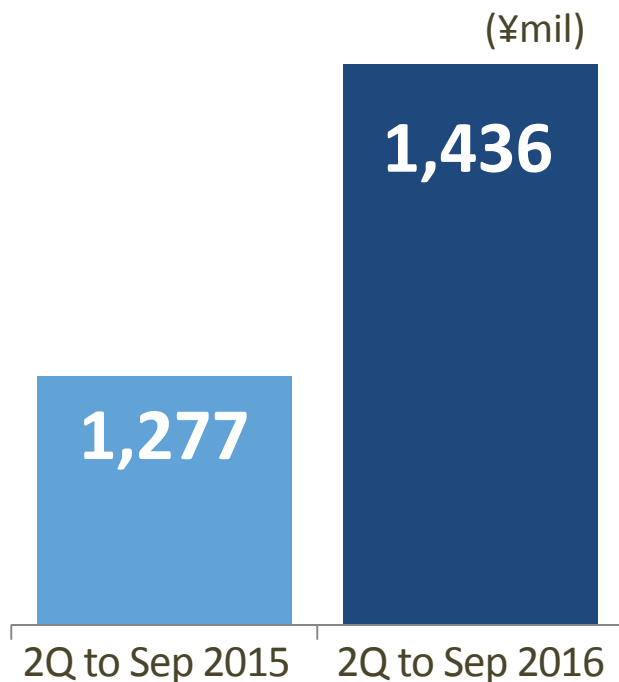
Treatment

Cardiac Cryoablation Catheter



Highlights

Operating profit **+12.5%** YoY [vs. plan **+7.2%**]



Tighter control of SG&A (+0.5%)

Labor cost accounting for 70% of SG&A rose by only 1%

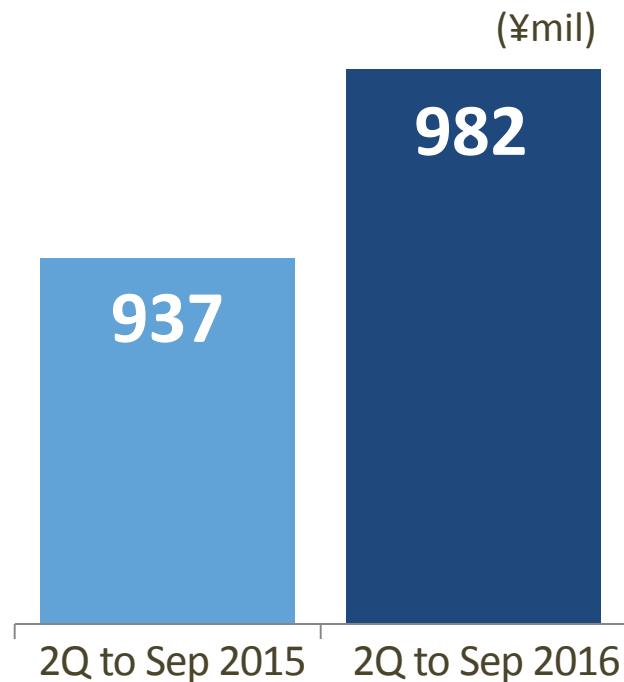
[Number of employees] Mar 2016 Sep 2016
 422 → 440

Gross profit margin dropped 0.2pt

- Changes in sales mix due to the decrease in sales of PCI
- Decreased bulk purchase
- Covered negative impact of reimbursement price cuts by reducing procurement costs

Highlights

Net profit **+ 4.8%** YoY [vs. plan **+7.9%**]



Marginal increase after the extraordinary profit posted in FY3/2016

(Sales proceeds of marketable securities, etc.)

Consolidated income statements

2Q to	Sep 2015		Sep 2016	
	(¥mil)	(%)	(¥mil)	(%)
Sales	25,871	100.0	27,713	100.0
Cost of sales	22,420	86.7	24,091	86.9
Gross profit	3,450	13.3	3,622	13.1
SG&A expenses	2,173	8.4	2,186	7.9
Operating profit	1,277	4.9	1,436	5.2
Non-operating profit	7	0.0	2	0.0
Non-operating expenses	0	0.0	0	0.0
Recurring profit	1,283	5.0	1,438	5.2
Extraordinary profit	263	1.0	-	-
Extraordinary loss	167	0.6	0	0.0
Pretax profit	1,379	5.3	1,437	5.2
Taxes	442	1.7	455	1.6
Net profit	937	3.6	982	3.5

Consolidated balance sheet

	Mar 2016		Sep 2016		Change (¥mil)
	(¥mil)	(%)	(¥mil)	(%)	
Current assets	26,624	90.2	26,947	90.5	323
Cash and deposits	9,285	31.5	10,516	35.3	1,230
Accounts receivable	15,137	51.3	13,941	46.8	▲ 1,196
Inventory	1,475	5.0	1,543	5.2	68
Other current assets	725	2.5	946	3.2	220
Fixed assets	2,891	9.8	2,841	9.5	▲ 49
Total assets	29,515	100.0	29,789	100.0	273
Current liabilities	14,903	50.5	14,745	49.5	▲ 157
Accounts payable	13,477	45.7	13,779	46.3	302
Taxes payable	604	2.0	432	1.5	▲ 171
Other current liabilities	821	2.8	533	1.8	▲ 288
Fixed liabilities	684	2.3	721	2.4	36
Total liabilities	15,587	52.8	15,466	51.9	▲ 121
Net assets	13,927	47.2	14,322	48.1	394
Total liabilities, net assets	29,515	100.0	29,789	100.0	273

Consolidated cashflow statements

(¥mil) 2Q to	Sep 2015	Sep 2016
Cash flows from operating activities	791	1,898
Net profit before taxes	1,379	1,437
Depreciation	133	119
Sales proceeds of marketable securities	▲ 169	-
Cash surrender value of insurance	▲ 93	-
Actuarial loss on retirement allowance	159	-
Notes and accounts receivable	730	1,196
Inventories	▲ 16	▲ 65
Notes and accounts payable	▲ 850	302
Tax paid	▲ 478	▲ 738
Cash flows from investing activities	295	▲ 79
Purchase of tangible assets	▲ 166	▲ 68
Sale of marketable securities	299	-
Surrender of insurance	106	-
Cash flows from financing activities	▲ 545	▲ 588
Cash dividends paid	▲ 545	▲ 588
Net increase in cash and cash equivalents	541	1,230
Cash and cash equivalents at beginning of FY	7,238	9,285
Cash and cash equivalents at the end of 2Q	7,779	10,516

Outlook

Outline of 2016 revision of medical fee

1. Reimbursement price cut of devices

→ Estimated impact to our group:

Average ▲**5%** on sales

2. Stricter assessment of acute care hospitals

→ **10%** of number of bed units for acute care hospitals likely to be disqualified

1. Impact of reimbursement price cut on group sales

Segment	Impact (%)
Percutaneous Coronary Intervention (PCI)	▲ 8.7
Cardiac Rhythm Segment (CRS)	▲ 3.4
Cardiac Vascular Segment (CVS)	▲ 2.0
Percutaneous Peripheral Intervension (PPI)	▲ 3.7
Brain Surgery	▲ 2.3
Others	▲ 0.7
Total	▲ 5.0

Calculated based on the actual sales volume and product mix on FY 3/2016

Outline of reimbursement price cuts

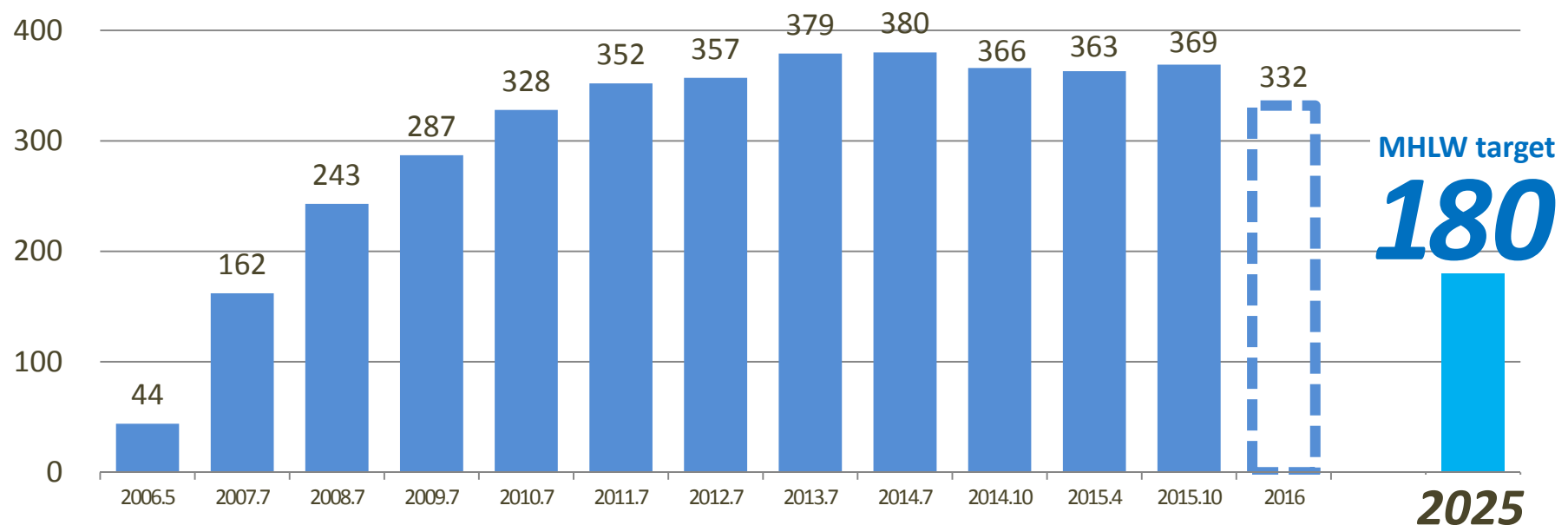
Segment	Items	Reimbursement prices (¥000)		Change (%)
		2014	2016	
PCI	PTCA Ballon Catheter	67	59	▲ 12.0
	DES (Drug Eluting Stent)	261	226	▲ 13.4
	IVUS (Intravascular Ultrasound Catheter)	109	100	▲ 8.3
CRS	Pacemaker	827	739	▲ 10.6
	Pacemaker (MRI-conditional)	1,040	986	▲ 5.2
	ICD (Implantable Cardioverter Defibrillator)	2,940	2,890	▲ 1.7
	ICD (MRI-conditional)	3,300	3,300	0.0
	CRTD (Cardiac Resynchronization Therapy Defibrillator)	4,280	4,140	▲ 3.3
	CRTD (MRI-conditional)	4,500	4,500	0.0
	Subcutaneous Implantable Defibrillator (S-ICD)	—	2,870	-
	Ablation Catheter	149	143	▲ 4.0
	Cardiac Cryoablation Catheter	637	637	0.0
CVS	Stent graft (abdomen)	1,310	1,310	0.0
	Open Stent graft	—	1,140	-
	Heart valve for Transcatheter Aortic Valve Implantation (TAVI) (Balloon-expandable)	4,650	4,430	▲ 4.7
	Heart valve for TAVI (self-expanding)	—	3,670	-
PPI	PTA Ballon Catheter	72	67	▲ 6.9
	Peripheral Vascular Stent graft	188	188	0.0

2. Stricter assessment of acute care hospitals

Due to the **stricter regulation** of medical fees, **10%** of number of bed units (c. 36,000) for **acute care hospitals** likely to be eliminated

Changes in number of bed units for acute care hospitals

(000 units)



Source: WIN-Partners Co., Ltd., based on the data published by Central Social Insurance Medical Council, MHLW on Dec. 9, 2015

Issues on 2018 revision of medical fee

1. Establishment of integrated community care system

→ Efficient and effective home medical care

2. Promotion of bed classification by clinical specialization

→ Bed classification based on patient status
(Consideration of new assessment measures, etc.)

3. Review of high-priced pharmaceuticals

Our approach from FY 3/2017 onward

Promoting support to strengthen customer hospital functions

- Support customers to grade up functions to become core acute care hospitals in each region
- Propose measures to gather and increase patients
- Support customers for more effective and efficient medical care and hospital operation

Our concrete measures to strengthen customer hospital functions

Support upgrading to “Multi-specialty” hospitals

- 1) Propose customers to start up new department:
Cardiovascular internal medicine → Cardiac surgery
- 2) Propose customers to expand the clinical field:
**Percutaneous coronary intervention
→ Cardiac rhythm**
- 3) Recommend screening to discover potential patients:
Heart ↔ Peripheral
- 4) Support to form “Hybrid medical” team
- 5) Offer specialist services:
Support to use ablation devices properly by the ablation team

Consolidated Forecasts to March 2017

	(¥mil)	(%)	YoY(%)
Sales	56,600	100.0	+4.5
Operating profit	3,000	5.3	+1.2
Recurring profit	3,000	5.3	+0.7
Net profit	2,050	3.6	▲2.9
EPS (yen)	71.41*		
DPS (yen)	21.50*		

*Figures after the stock split (1:2)

Forecast highlights

Sales +4.5%_{YoY}

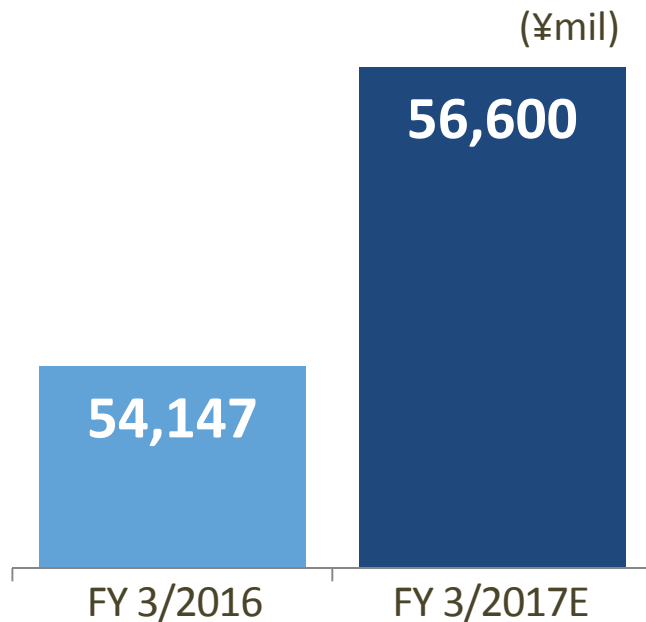
Expand customer share

- Support to strengthen hospital functions

Acquire new customers

- Acquire major hospitals in the metropolitan area
 - Expand regional branches in response to increasing requests for consulting
- Enhance our value-added services

Revised full year sales breakdown by segment, reflecting 2Q results



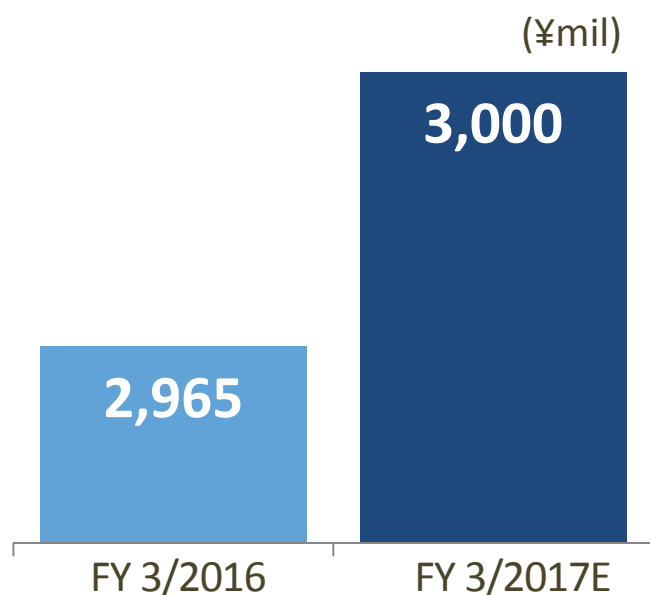
Full year sales breakdown by segment

	(¥mil)	YoY	OE
Percutaneous coronary intervention (PCI)	21,500	▲5.0%	23,330
Cardiac rhythm segment (CRS)	13,660	+20.1%	11,960
Cardiac vascular segment (CVS)	6,400	▲3.9%	6,820
Percutaneous peripheral intervension (PPI)	3,010	+7.4%	3,010
Brain surgery	1,770	▲7.0%	1,770
Diabetes mellitus segment (DMS)	1,030	+33.2%	1,030
Large-sized medical equipment	5,000	+50.2%	3,970
Others	4,230	▲9.5%	4,710
TOTAL	56,600	+4.5%	56,600

Forecast highlights

Operating profit

+1.2% YoY



Gross profit margin

13.2% ▲0.2pt YoY

- Although aiming to improve profit margin through higher rebates and bulk purchasing in the second half, revised from initial 13.5% reflecting 2Q results

SG&A

+4.1% YoY

- Revised SG&A expenses from ¥4.66bn to ¥4.47bn
Revisions in total number of employees

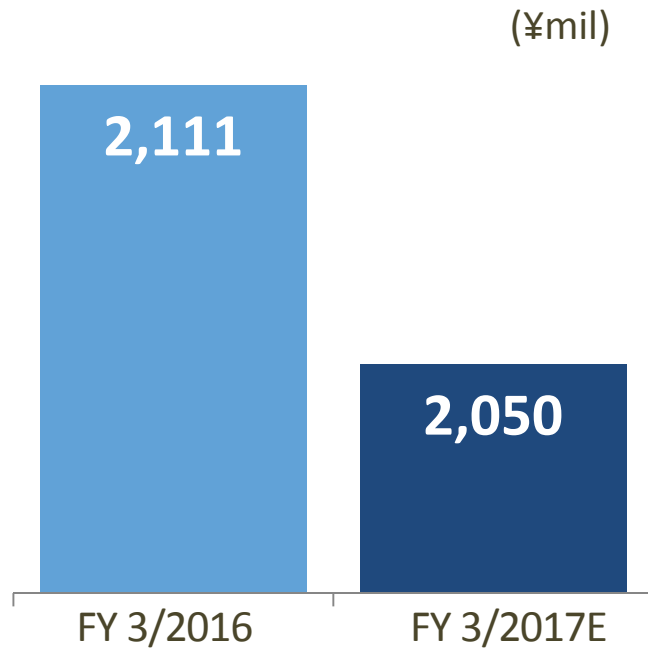
OE : 478 → RE: 460 as of March 31, 2017
(422 as of March 31, 2016)

Forecast highlights

Net profit

▲2.9% YoY

Absence of extraordinary profit



Capex ¥60mil

vs. ¥310mil for FY 3/2016

Depreciation ¥230mil

vs. ¥276mil for FY 3/2016

Dividends

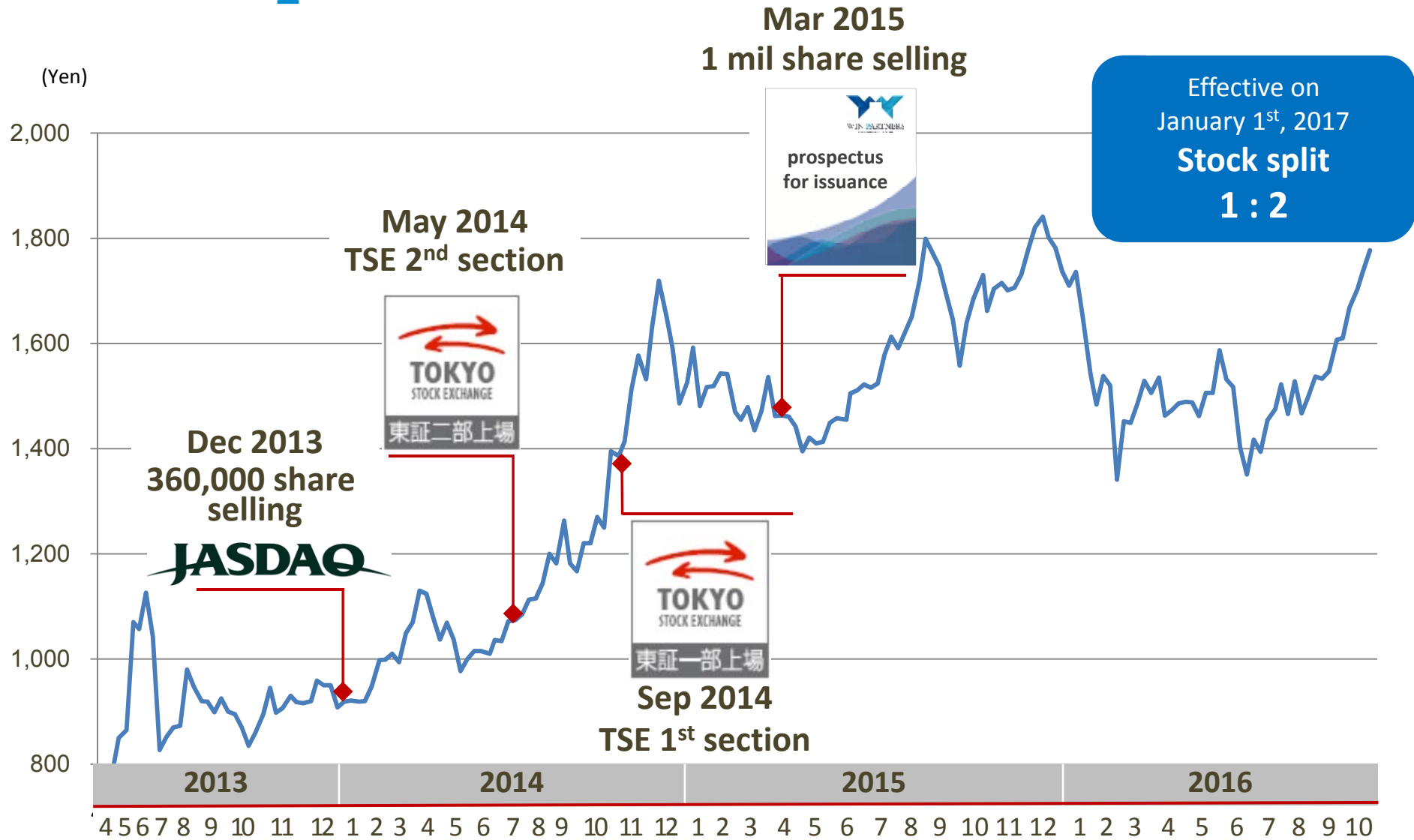
We aim at
Over 30% payout ratio

Dividends FY ending March 2017

21.5 yen*

*After the stock split (1:2)

Share price



Upcoming new product (PCI)

The first Bioresorbable stent in Japan

Bioresorbable Vascular Scaffold (BVS)



Absorb and Absorb GT1 are trademarks of the Abbott Group of Companies.








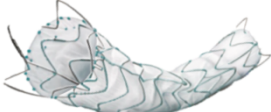


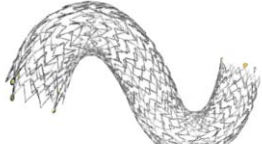



©2016 Abbott. All Rights Reserved. (3-CT-ST-ABGT1-PR-7-1)

Obtained approval in Nov 2016

Abbott

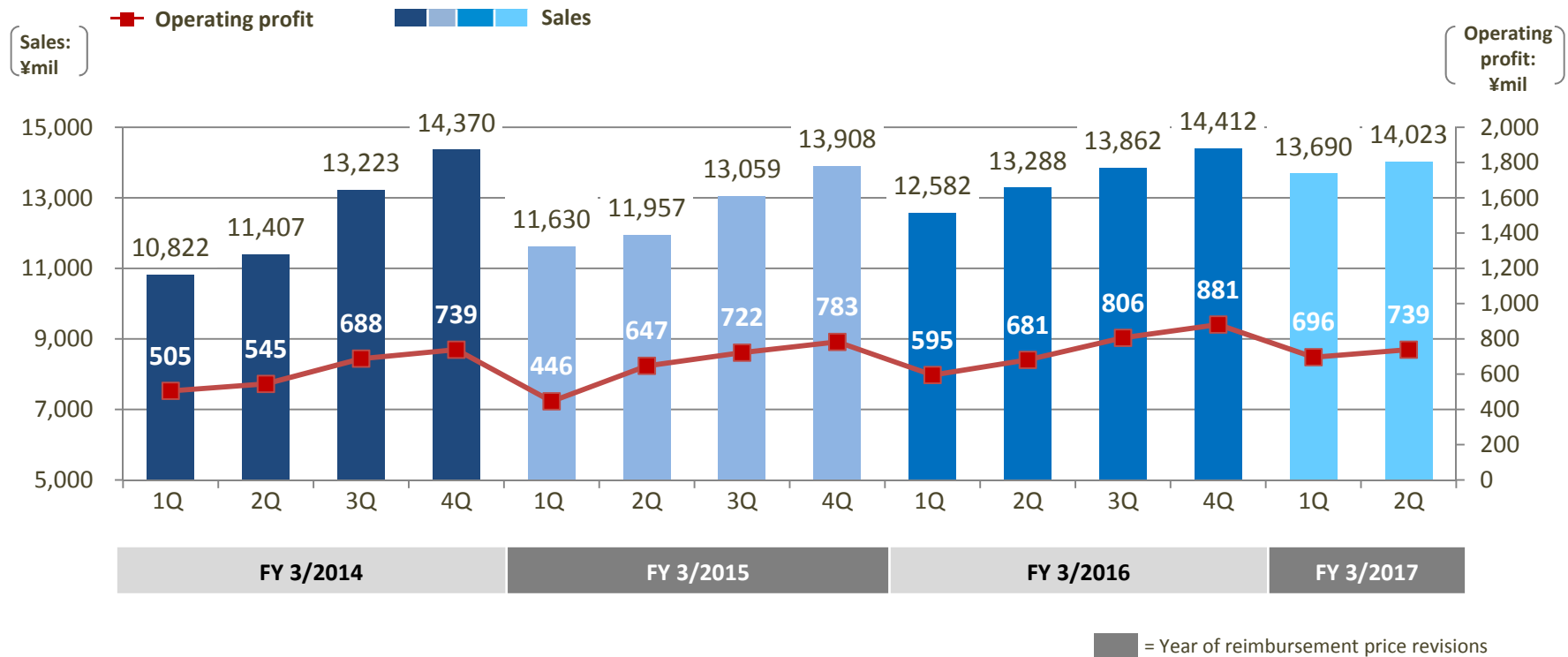
「AbsorbGT1」

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	
DMS/ Large equipment	<ul style="list-style-type: none"> • Diabetes • Diagnosis 							Insulin pump		X-ray equipment	

Track record of quarterly results

Sales/Operating profit (quarterly)





Disclaimer

This material was prepared based on information available and views held at the time it was made. Statements in this material that are not historical facts, including, without limitation, plans, forecasts and strategies are “forward-looking statements”.

Forward-looking statements are by their nature subject to various risks and uncertainties, including, without limitation, a decline in general economic conditions, general market conditions, technological developments, changes in customer demand for products and services, increased competition, and other important factors, each of which may cause actual results and future developments to differ materially from those expressed or implied in any forward-looking statement.

With the passage of time, information in this material (including, without limitation, forward-looking statements) could be superseded or cease to be accurate. WIN-Partners Co., Ltd. disclaims any obligation or responsibility to update, revise or supplement any forward-looking statement or other information in any material or generally to any extent. Use of or reliance on the information in this material is at your own risk.

Contact

WIN-Partners Co., Ltd.

Investor Relations

TEL: +81-3-6895-1234

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