



January 16, 2013

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**Financial Report**  
**First 3 Quarters of Fiscal 2012**

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(April 1 – December 30, 2012)

Jun-ichi Hoki, President and CEO

Kazuo Takahashi, Director, Administration Div.

**HOGY MEDICAL Co., Ltd.**

## Notice Regarding Forward-Looking Statements

This presentation contains statements about the Company's plans, forecasts, strategies, and beliefs related to its future performance. Such forward-looking statements were prepared based on judgments of the Company's management according to information available when this presentation was prepared. Readers are asked not to rely completely on performance forecasts contained herein, and understand that actual results may differ from such forecasts.

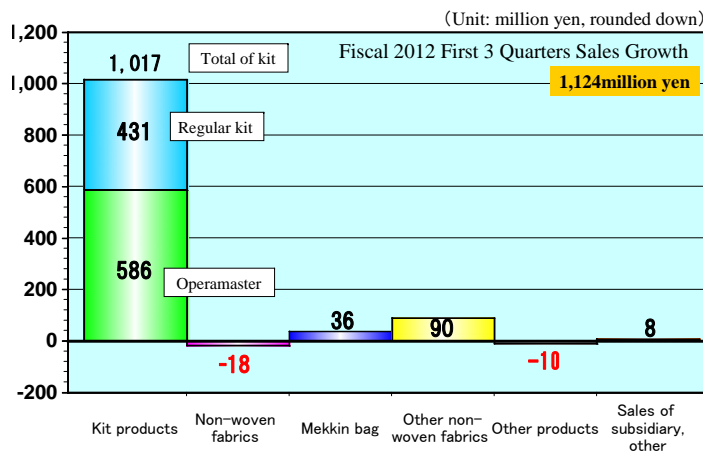
Financial results reported herein have not been audited.

# Overview

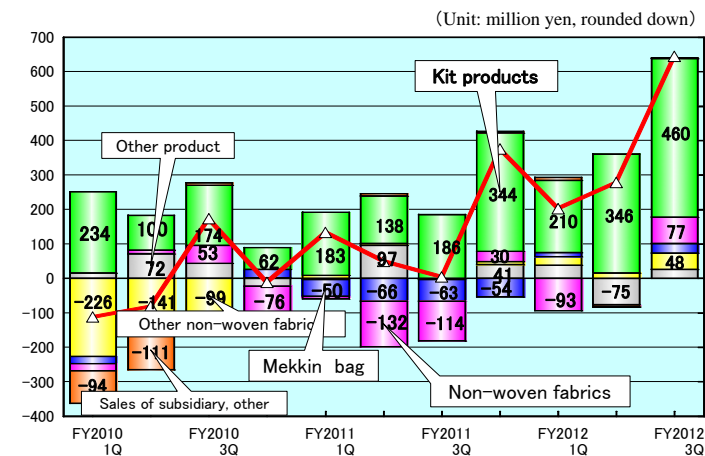
### Fiscal 2012 - First 3 Quarters Income Statements

(Unit: million yen, rounded down)	Fiscal 2011 First 3 Quarters Results		Fiscal 2012 First 3 Quarters Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	24,078		25,203		1,124	104.7%
Operating income	6,160	25.6%	6,505	25.8%	344	105.6%
Ordinary income	6,169	25.6%	6,629	26.3%	460	107.5%
Net income	3,627	15.1%	4,132	16.4%	504	113.9%
EPS	230.61yen		262.71yen			

### Fiscal 2012 - First 3 Quarters Sales Growth by Major Products



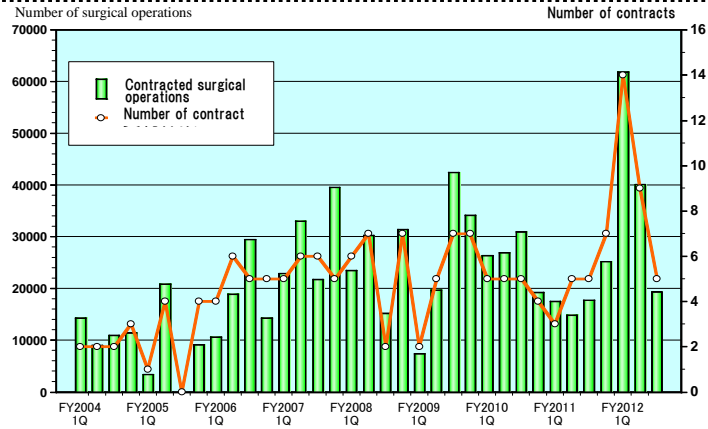
### Fiscal 2012 - First 3 Quarters Sales Growth by Quarter





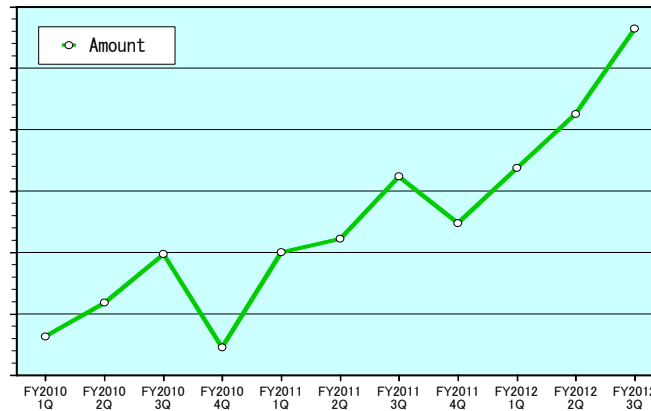
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### Number of Operamaster Contracts; Number of Surgical Operations



\* Number of contracted hospitals is current as of the end of the first 3 quarter of Fiscal 2012.

### Kit amount



### Fiscal 2012 – First 3 Quarters Main Point

- Number of Operamaster-contracted hospitals continued at record-high pace: 28 new contracts and 2 cancellations during three-quarter period (1Q: 14 contracts; 2Q: 9 contracts; 3Q: 5 contracts)
- Increase in sales volume thanks to 1,000-kit strategy
- IC Tracer adopted for first time
- Renewal of surgery management system and ongoing proposals
- Strategy to lower costs: Raise efficiency of kit-product production

# Fiscal 2012 Outlook

## Fiscal 2012 Income Forecasts

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(Unit: million yen, rounded down)	Fiscal 2011 Results		Fiscal 2012 Plan		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	31,873		32,870		996	103.1%
Operating income	7,750	24.3%	8,000	24.3%	249	103.2%
Ordinary income	7,825	24.6%	8,060	24.5%	234	103.0%
Net income	4,624	14.5%	5,043	15.3%	418	109.0%
EPS	294.01yen		320.60yen			

## Fiscal 2012 Strategies

### Get Operamaster up and running at contracted hospitals and raise customer satisfaction levels

- Pursuing ongoing efficiency improvements and make labor-saving proposals to Operamaster-contracted hospitals in FY2012
- Updated version of surgery management system released in December 2012

### Announce the success of luncheon seminars

- Hold seminars from specific perspectives of hospital managers, doctors, nurses, and administration staff
- Hold seminars to introduce new products

### Ongoing management seminars for hospital managers

### Sell new products and strengthen product development

- Build track record for IC Tracer at medical institutions that have deployed the system
- Strengthen sales of surgery management system
- Arrange promotions of new products slated for future market release
- Strengthen development of products

### Production system

#### Tsukuba Plant

- Move to two-shift system through strategy of reducing costs by raising efficiency
- Prepare for production at new plant (partial change to production system)

# Business Performance



## Progress of Operamaster Marketing

**Sales** : ¥7,586million (UP ¥586million or 8.4%)

### Number of contracts:

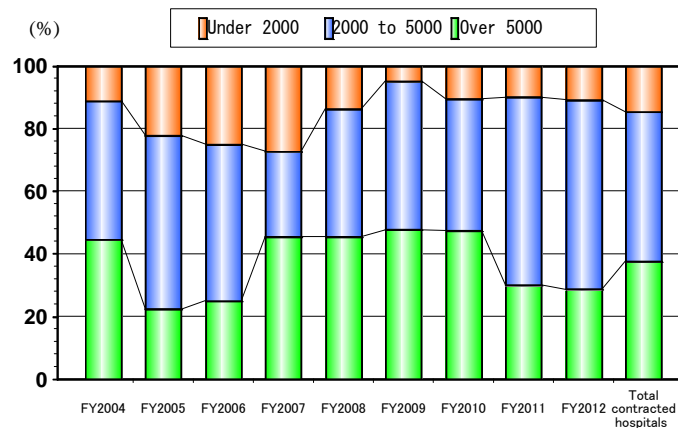
28 new contracts (an increase of 121,000 operations)

- Large hospitals: 8
- Small and medium-sized hospitals: 20

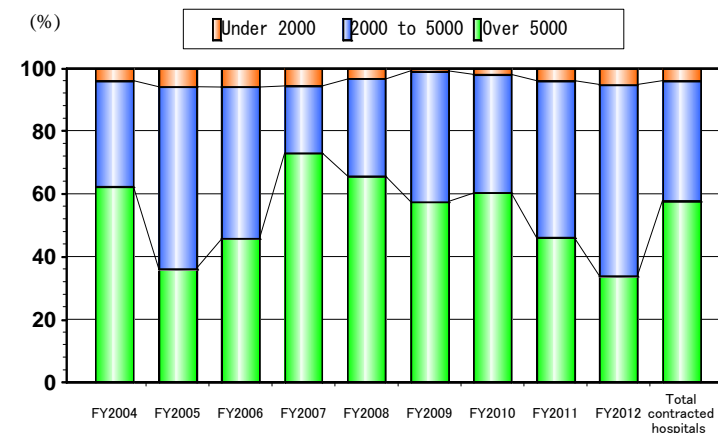
2 cancelled contracts (5,900 operations)

Cumulative total number of contracts: 170

## Operamaster-Contracted Hospitals: Breakdown by Size

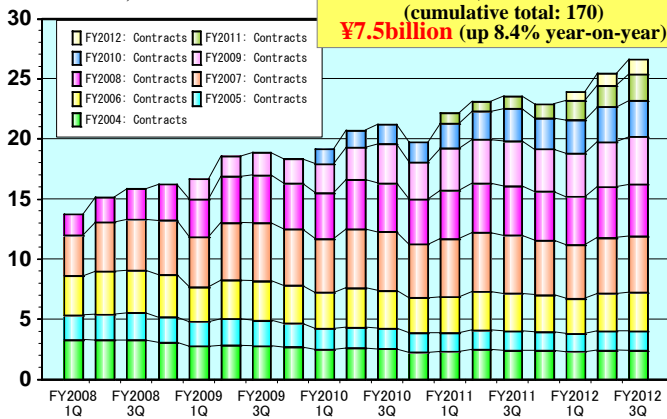


## Sales Breakdown by Hospitals Size of Operamaster-Contracted Hospitals

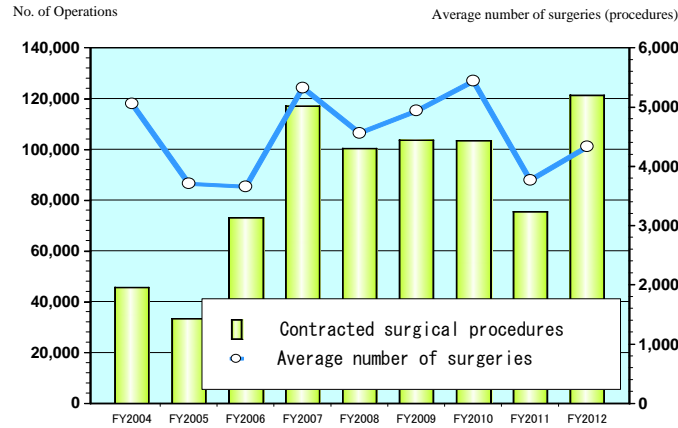


### Sales of Operamaster

(¥100 million, rounded down)

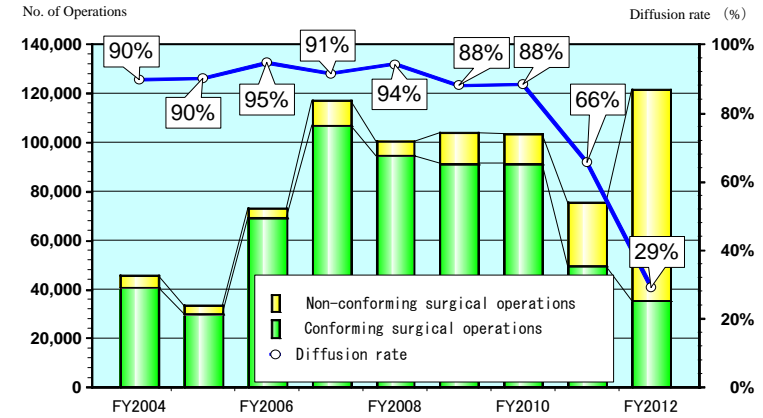


### Number of Surgical Procedures, by Contract Period



\* Number of contracted hospitals is current as of the end of the first 3 quarter of Fiscal 2012.

### Operamaster-Proliferation Ratio and Number of Surgical Procedures, by Fiscal Year



\* Number of contracted hospitals is current as of the end of the first 3 quarter of Fiscal 2012.

### Fiscal 2012 – First 3 Quarters Income Statements

### Fiscal 2012 – First 3 Quarters Analysis of Cost and SG&A Expenses

### Fiscal 2012 – First 3 Quarter Analysis of Non-Operating items, Capex, Depreciation



(Unit: million yen, rounded down)	Fiscal 2011 First 3 Quarters Results		Fiscal 2012 First 3 Quarters Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	24,078		25,203		1,124	104.7%
Cost of sales	11,738	48.8%	12,317	48.9%	579	104.9%
Gross profit	12,339	51.2%	12,885	51.1%	545	104.4%
SG & A expenses	6,179	25.7%	6,379	25.3%	200	103.3%
Operating income	6,160	25.6%	6,505	25.8%	344	105.6%
Non-operating income/loss	8		124		115	
Ordinary income	6,169	25.6%	6,629	26.3%	460	107.5%
Extraordinary income/loss	△2		0		3	
Net income	3,627	15.1%	4,132	16.4%	504	113.9%
EPS	230.61yen		262.71yen			

#### Cost of sales ratio : Up 0.1 points year-on-year

- Improve productivity by increasing production volume and enhancing capacity
- Increase in inventories due to sales of new products
- Improved productivity on increased production as production delay problems solved in previous year
- Price revision difference

#### SG&A expenses : UP ¥200 million year-on-year

- Depreciation expenses +86million
- Trial research expenses +54million
- Travel expenses +41million

#### Non-operating expenses (net of non-operating income) :

¥124 million (Up ¥115 million year to year)

Foreign exchange : ¥38 million (Up ¥119 million year to year)

Capex : ¥1,337 million (Up ¥252 million year on year)

Depreciation : ¥2,151 million (Down ¥83 million year on year)

•Cost of sales : ¥1,547 million (Down ¥169 million)

•SG&A expenses : ¥ 604 million (up ¥86 million)



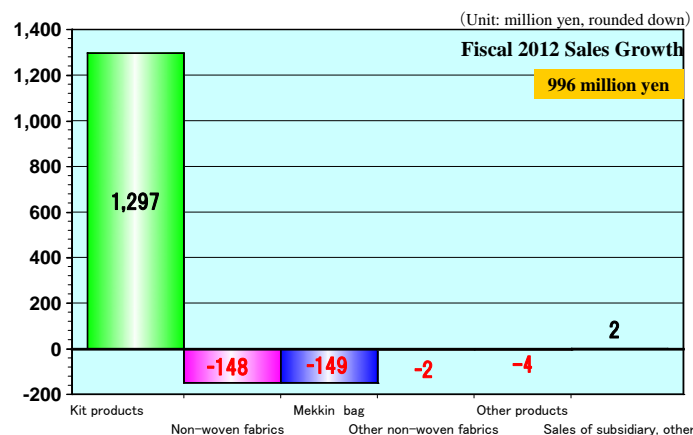
OPERATIONS

# Fiscal 2012 Full-Year Projections

## Fiscal 2012 Income Statements

(Unit: million yen, rounded down)	Fiscal 2011 Results		Fiscal 2012 Plan		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	31,873		32,870		996	103.1%
Cost of sales	15,711	49.3%	16,180	49.2%	468	103.0%
Gross profit	16,162	50.7%	16,690	50.8%	527	103.3%
SG & A expenses	8,412	26.4%	8,690	26.4%	277	103.3%
Operating income	7,750	24.3%	8,000	24.3%	249	103.2%
Non-operating income/loss	75		60		-15	
Ordinary income	7,825	24.6%	8,060	24.5%	234	103.0%
Extraordinary income/loss	-3		0		3	
Net income	4,624	14.5%	5,043	15.3%	418	109.0%
EPS	294.01yen		320.60yen			

## Fiscal 2012 Sales Growth by Major Products



## Fiscal 2012 Sales Projections

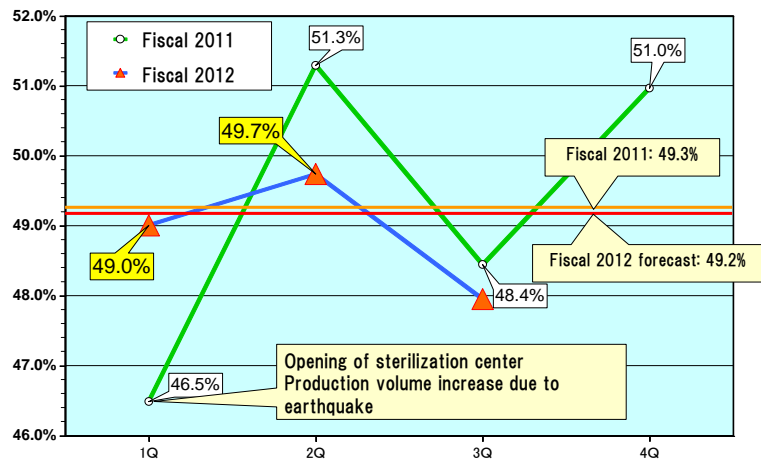
### ● Kit Products

- ✓ Step up sales activities centering on large hospitals
- ✓ Strengthen promotion of post-contractual system building
- ✓ Expand sales of regular kit products

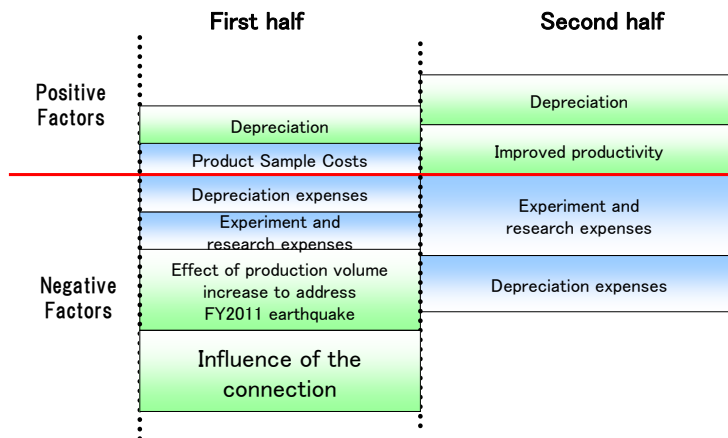
### ● Revitalize sales activities

- ✓ Reinforce support system to facilitate sales activities
- Factor in sales price reduction for some products, such as non-woven fabrics

### Cost of Sales Ratio



### Fiscal 2012 Revenue Projections



**Cost of Sales ratio: 0.1 points year-on-year improvement**

- Raise efficiency
- Improve productivity by increasing production volume
- Increase in inventories due to sales of new products

**SG&A expenses: UP ¥277 million year-on-year**

- Trial research expenses +273 million
- Depreciation +166 million
- Product sample costs -66 million

**Cash dividends: ¥100.00 per share (full-year)**

1Q: ¥24.00 2Q: ¥24.00 3Q: ¥26.00 4Q: ¥26.00 estimate)



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