



April 15, 2013

Financial Report Fiscal 2012

(April 1 – March 31, 2013)

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.

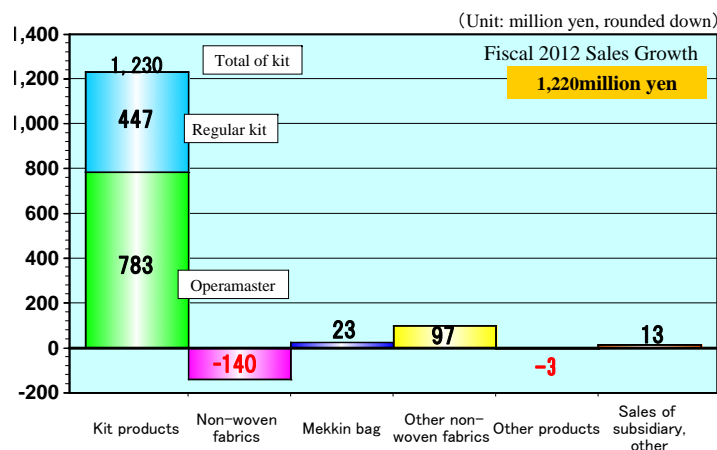
Financial results reported herein have not been audited.

Overview

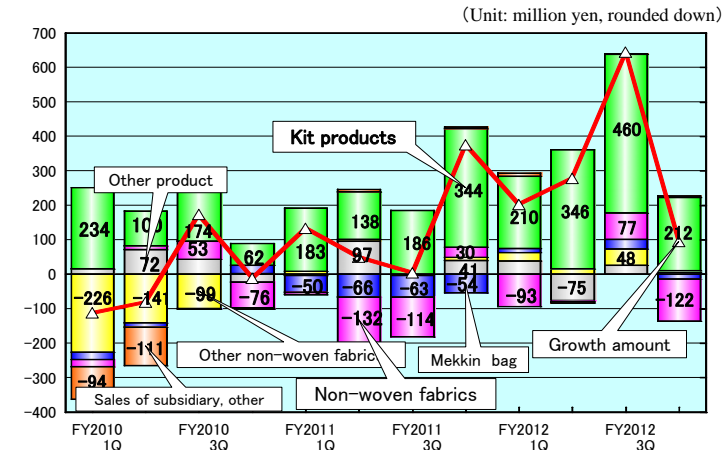
Fiscal 2012 Income Statements

(Unit: million yen, rounded down)	Fiscal 2011 Results		Fiscal 2012 Results		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	31,873		33,094		1,220	103.8%
Operating income	7,750	24.3%	8,113	24.5%	363	104.7%
Ordinary income	7,825	24.6%	8,353	25.2%	527	106.7%
Net income	4,624	14.5%	5,247	15.9%	622	113.5%
EPS	294.01yen		333.61yen			

Fiscal 2012 Sales Growth by Major Products



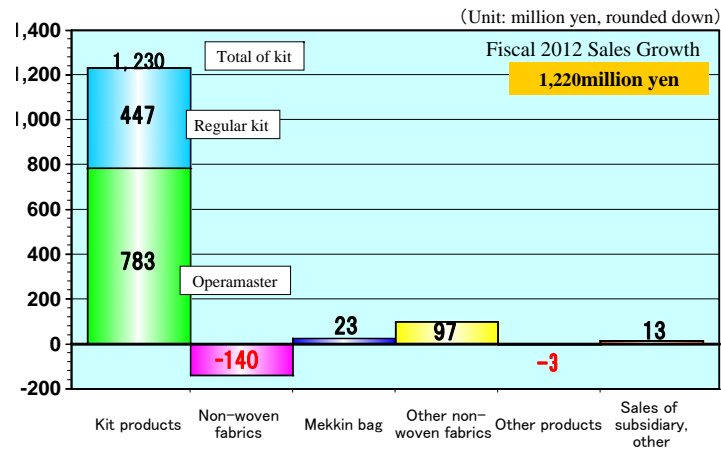
Fiscal 2012 Sales Growth by Quarter



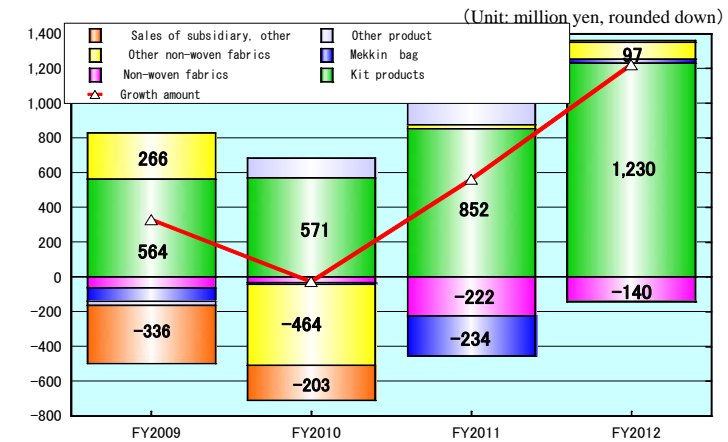
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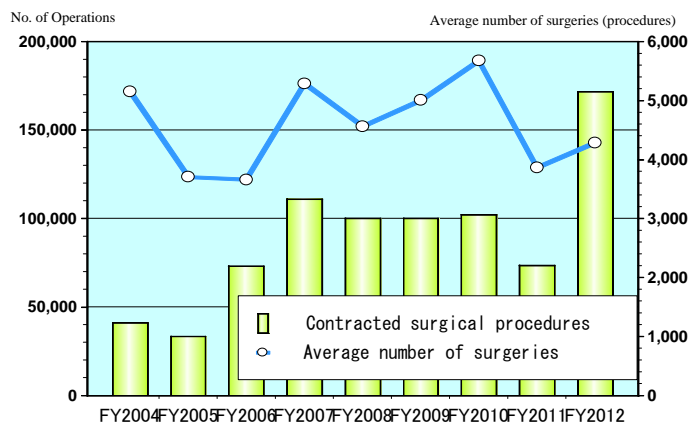
Fiscal 2012 Sales Growth by Major Products



Fiscal 2012 Sales Growth by year



Number of Surgical Procedures, by Contract Period



* As of March 31, 2013

Fiscal 2012 Main Point



- Number of Operamaster-contracted hospitals reached record high (40 new contracts and 7 cancellations during period)
(1Q: 14 contracts; 2Q: 9 contracts; 3Q: 5 contracts ; 4Q: 12 contracts)
- Regional strategies
- Volume sales of surgery-use kit products reached record high thanks to 1,000-kit strategy
- Reinforced sales to hospitals not yet using kit products (expansion of base)
- Cumulative sales of IC Tracer reached 5 units
- Improved production efficiency for kit products as measure to reduce costs
- Reevaluated certain products and materials
- Generated foreign exchange gain on strong yen throughout year
- Year-on-year increase in net income thanks to lower income taxes

Strategies and Measures



Fiscal 2013 Income Forecasts

(Unit: million yen, rounded down)	Fiscal 2012 Results		Fiscal 2013 Plan		Year-on-Year Comparison	
	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	33,094		34,760		1,665	105.0%
Operating income	8,113	24.5%	8,970	25.8%	856	110.6%
Ordinary income	8,353	25.2%	9,160	26.4%	806	109.7%
Net income	5,247	15.9%	5,730	16.5%	482	109.2%
EPS	333.61yen		364.28yen			

Fiscal 2013 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 (qualitative and quantitative improvements)
- Strengthen proposal of surgery management system

Announce the successes at luncheon seminars

- Highlighted new successful case studies based on themes of “enhanced management” and “improved care processes”
- Conduct IC Tracer seminars

Step up proposals to hospitals not yet using kit products (implement Operamaster strategy going forward)

Sell new products and strengthen product Development

- Commence sales of Tigalyer (high performance non-wovens class-4)
- Strengthen sales of surgery management system
- Plan to launch medical equipment management system in second half
- Step up sales of IC Tracer
- Strengthen development of products

Implement profit enhancement strategies

- Promote in-house manufacturing

Start building new factory for kit products

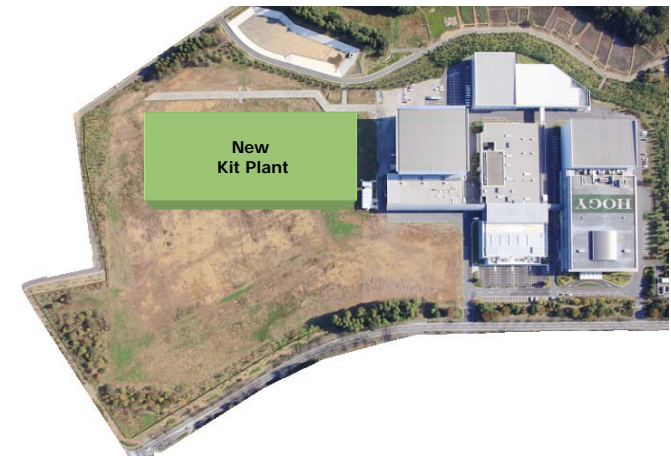
Impact of weak yen

Plan for New Factory



- Manufacture high-value-added products
 - ✓ [Improve product reliability through enhanced manufacturing methods and product designs](#)
 - ✓ Emphasize products that customers find easy to use
 - [Use lessons of earthquake to complement production systems and equipment](#)
- Increase production capacity
- Maintain high utilization rate through staged investments in production equipment
- Ensure reliable production through renewal of production management system
- Promote in-house manufacture of materials

	FY2013 Plan (Year to March 2014)	FY2014 Plan (Year to March 2015)	FY2015 Plan (Year to March 2016)
Announced in medium-term management plan	<div style="background-color: #90EE90; padding: 2px; display: inline-block; margin-bottom: 5px;">Factory CPU</div> <div style="background-color: #90EE90; padding: 2px; display: inline-block; margin-bottom: 5px;">Buildings</div>	<div style="background-color: #90EE90; padding: 2px; display: inline-block; margin-bottom: 5px;">Establish assembly for non-wovens</div> <div style="background-color: #90EE90; padding: 2px; display: inline-block; margin-bottom: 5px;">Establish kit products</div>	
Currently in progress	<div style="background-color: #90EE90; padding: 2px; display: inline-block; margin-bottom: 5px;">Factory CPU</div>	<div style="background-color: #90EE90; padding: 2px; display: inline-block; margin-bottom: 5px;">Buildings</div> <div style="background-color: #90EE90; padding: 2px; display: inline-block; margin-bottom: 5px;">Production line (Phase I)</div>	<div style="background-color: #90EE90; padding: 2px; display: inline-block; margin-bottom: 5px;">Production line (Phase II)</div>





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Business Performance

HOGY MEDICAL Co., Ltd.

Progress of Operamaster Marketing

Operamaster-Contracted Hospitals: Breakdown by Size

Sales Breakdown by Hospitals Size of Operamaster-Contracted Hospitals



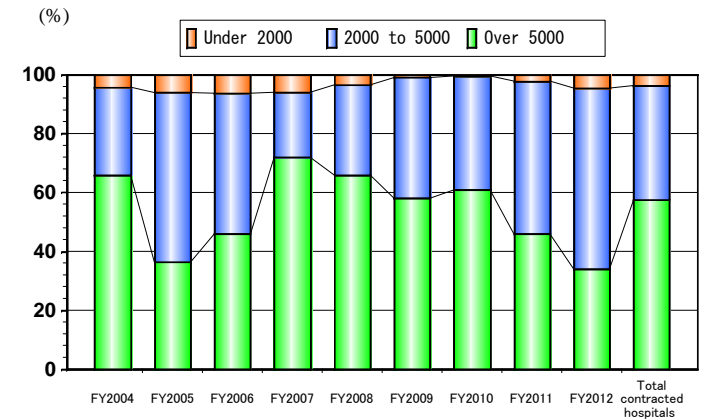
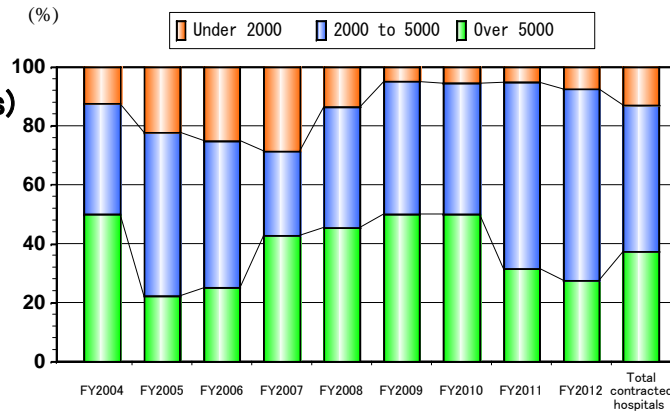
Sales : 10,094million(UP 783million or 8.4%)

40new contracts (an increase of 171,000 operations)

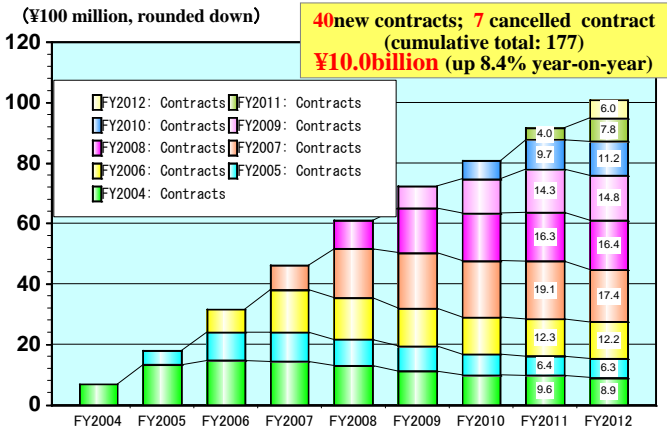
- Large hospitals: 11
- Small and medium-sized hospitals: 29

7 cancelled contracts (23,000operations)

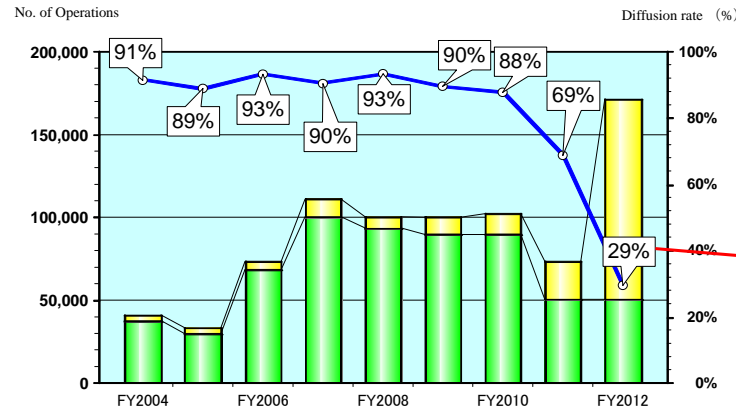
Cumulative total number of contracts: 177



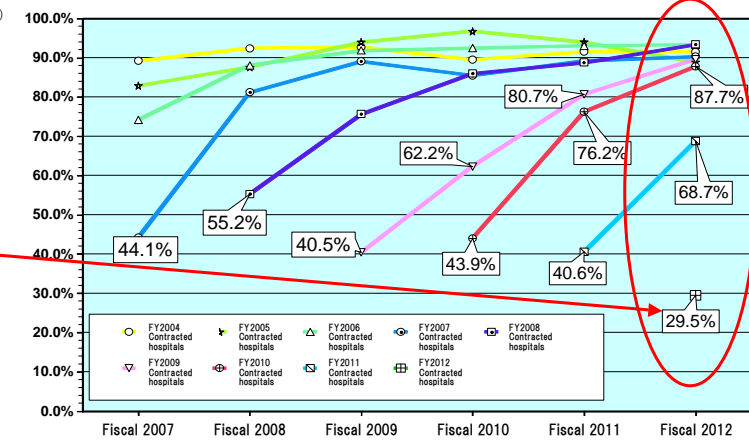
Sales of Operamaster



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



Operamaster Proliferation Ratio

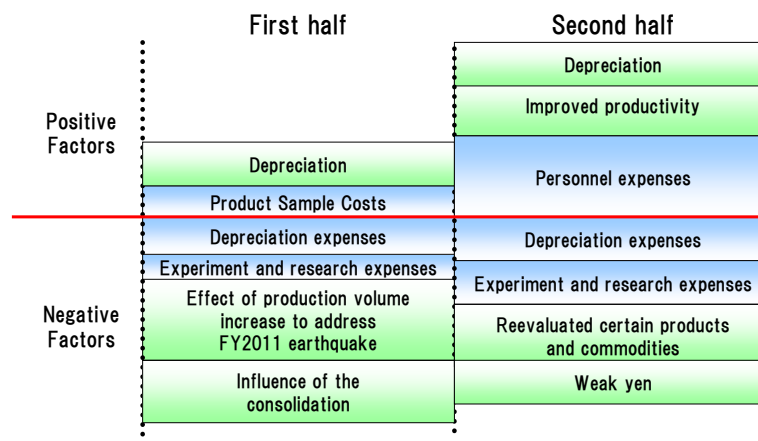


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Fiscal 2012 Income Statements

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	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	31,873		33,094		1,220	103.8%
Cost of sales	15,711	49.3%	16,380	49.5%	669	104.3%
Gross profit	16,162	50.7%	16,713	50.5%	550	103.4%
SG & A expenses	8,412	26.4%	8,599	26.0%	187	102.2%
Operating income	7,750	24.3%	8,113	24.5%	363	104.7%
Non-operating income/loss	75		240		164	
Ordinary income	7,825	24.6%	8,353	25.2%	527	106.7%
Extraordinary income/loss	△3		△0		3	
Net income	4,624	14.5%	5,247	15.9%	622	113.5%
EPS	294.01yen		333.61yen			

Fiscal 2012 Revenue Analysis



Cost of Sales ratio: 0.2 points year-on-year Improvement

- Increased production volume and capacity led to enhanced productivity
- Increase in inventories due to sales of new products
- End of production delays from previous period resulted in increased production and enhanced productivity
- Reevaluated certain products and commodities

SG&A expenses: UP¥187 million year-on-year

- Personnel expenses -193 million
- Experiment and research expenses +137 million
- Depreciation +119 million



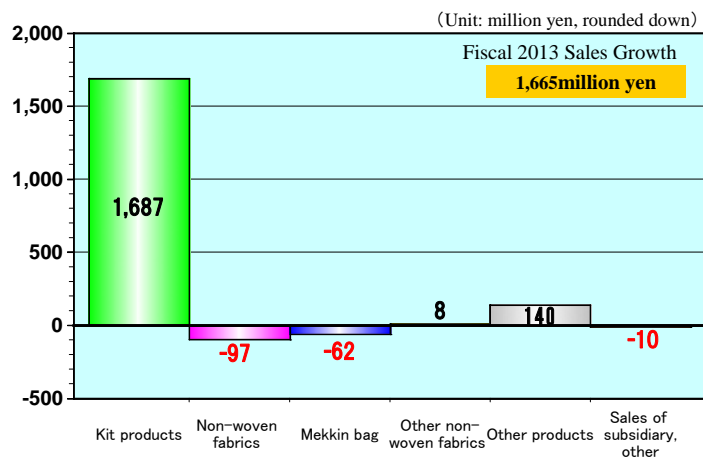
OPERATIONS

Fiscal 2013 Full-Year Projections

Fiscal 2013 Income Statements

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	Amount	% of Total	Amount	% of Total	Amount	%
Net sales	33,094		34,760		1,665	105.0%
Cost of sales	16,380	49.5%	16,970	48.8%	589	103.6%
Gross profit	16,713	50.5%	17,790	51.2%	1,076	106.4%
SG & A expenses	8,599	26.0%	8,820	25.4%	220	102.6%
Operating income	8,113	24.5%	8,970	25.8%	856	110.6%
Non-operating income/loss	240		190		△ 50	
Ordinary income	8,353	25.2%	9,160	26.4%	806	109.7%
Extraordinary income/loss	△ 0		△ 4		△ 4	
Net income	5,247	15.9%	5,730	16.5%	482	109.2%
EPS	333.61yen		364.28yen			

Fiscal 2013 Sales Growth by Major Products



Fiscal 2013 Sales Projections

● Kit Products

- ✓ Strengthen sales activities centering on large hospitals
- ✓ Expand sales of regular kit products
- ✓ Strengthen support to Operamaster-contracted hospitals

● Revitalize sales activities

- ✓ Reassess incentive evaluation system
- ✓ Reinforce support system to facilitate sales activities

Fiscal 2013 Income Statements

Fiscal 2013 Revenue Projections



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Extraordinary income/loss	△0		△4		△4	
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Cost of Sales ratio: 0.7 points year-on-year

Improvement

- Improve productivity by increasing production volume
- Decline in depreciation expense
- Reevaluate products and commodities from previous period

SG&A expenses: UP¥220 million year-on-year

- Personnel expenses +407 million
- Depreciation +95 million
- Experiment and research expenses -118 million

Capex : ¥ 8,300 million (up ¥ 6,385 million year-on-year)

· Partial payment to start construction of new factory: ¥6,900 million

Depreciation : ¥ 2,870 million (down ¥ 101 million year-on-year)

· Cost of sales : ¥ 1,930 million (down ¥197 million)

· SG&A expenses : ¥ 940 million (up ¥ 95 million)

Cash dividends : ¥108.00 per share/full-year
(Dividend payout ratio:29.6%)



April 15, 2013

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(April 1 – March 31, 2013)

Jun-ichi Hoki, President and CEO

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