

# **Financial Overview for First Half of Fiscal 2010** **Fiscal Year Ending March 31, 2010**

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President and Chief Operating Officer

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# First Half Consolidated Financial Highlights

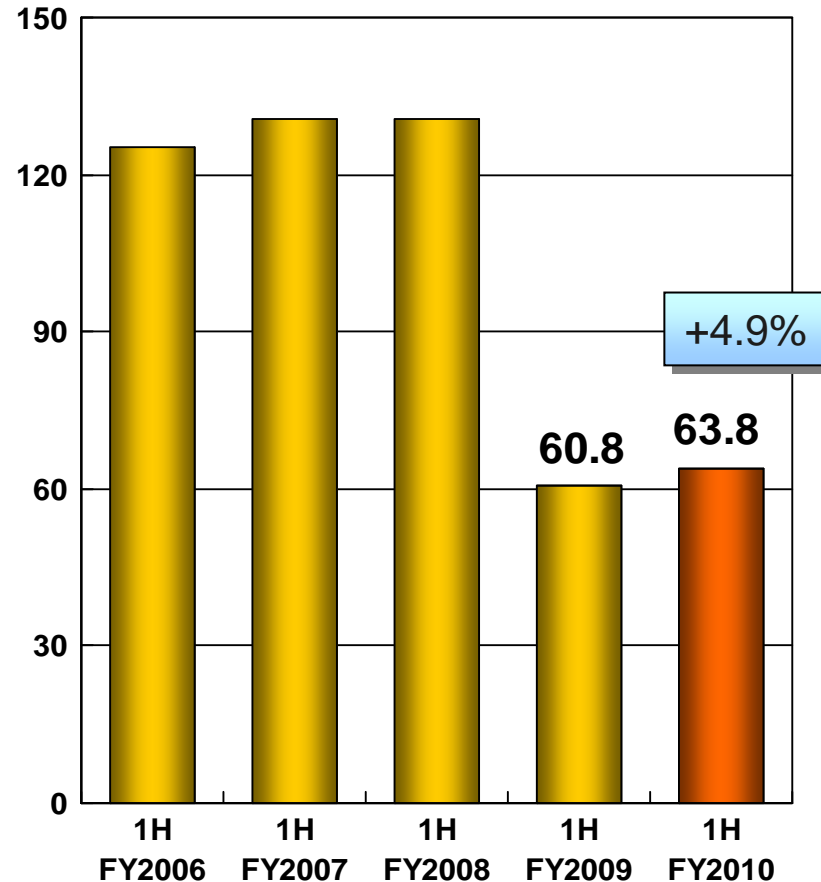
	1H FY2009		1H FY2010		Change	
	Amount	Profit rate	Amount	Profit rate	Amount	Percentage
	Million Yen	%	Million Yen	%	Million Yen	%
Net Sales	60,783	—	63,760	—	2,976	4.9
Gross Profit	33,997	55.9	36,391	57.1	2,394	7.0
Operating Income	8,442	13.9	9,877	15.5	1,435	17.0
Ordinary Income	8,097	13.3	9,473	14.9	1,376	17.0
Net Income	4,969	8.2	5,362	8.4	393	7.9
EPS (Yen)	121.01	—	130.97	—	9.96	8.2

On top of higher sales of mainstay brands with high margins, lower cost in the manufacturing division and efficient use of marketing expenses helped boost profitability (operating income to net sales ratio up 1.6 points).

# First Half Consolidated Financial Results

## Consolidated Net Sales

(¥ billion)



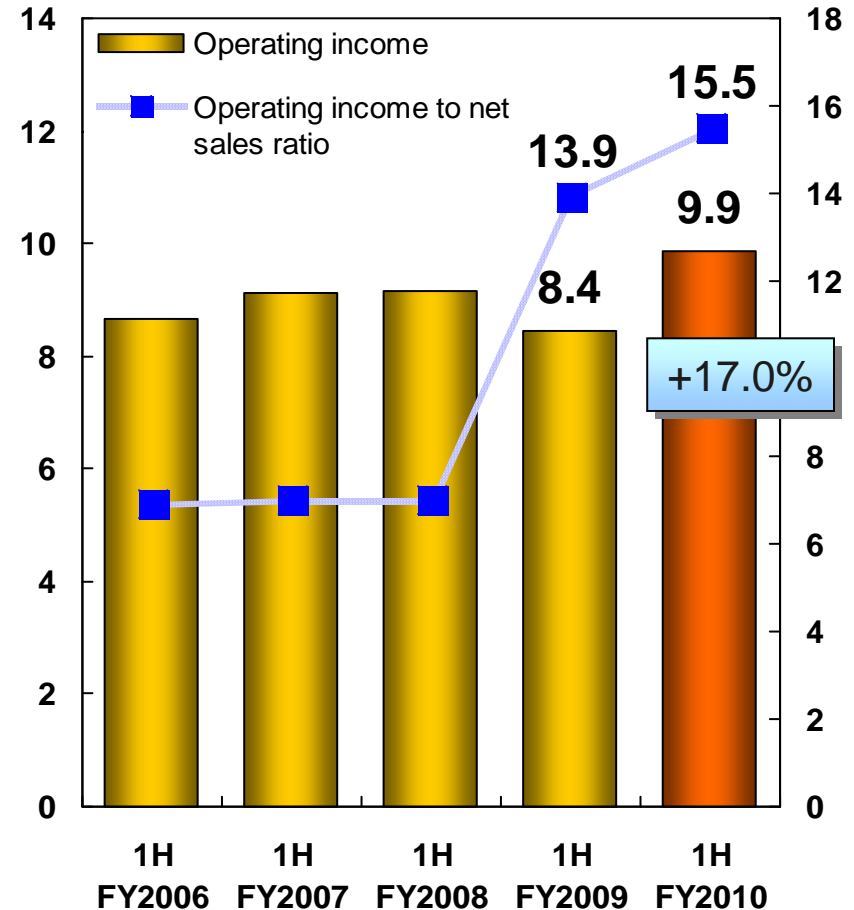
Net sales increased thanks to the launch of new products and higher sales of existing mainstay products

Wholesale Operation was excluded from the scope of consolidation in the fiscal year ended March 2009.

## Consolidated Operating Income

(¥ billion)

(%)



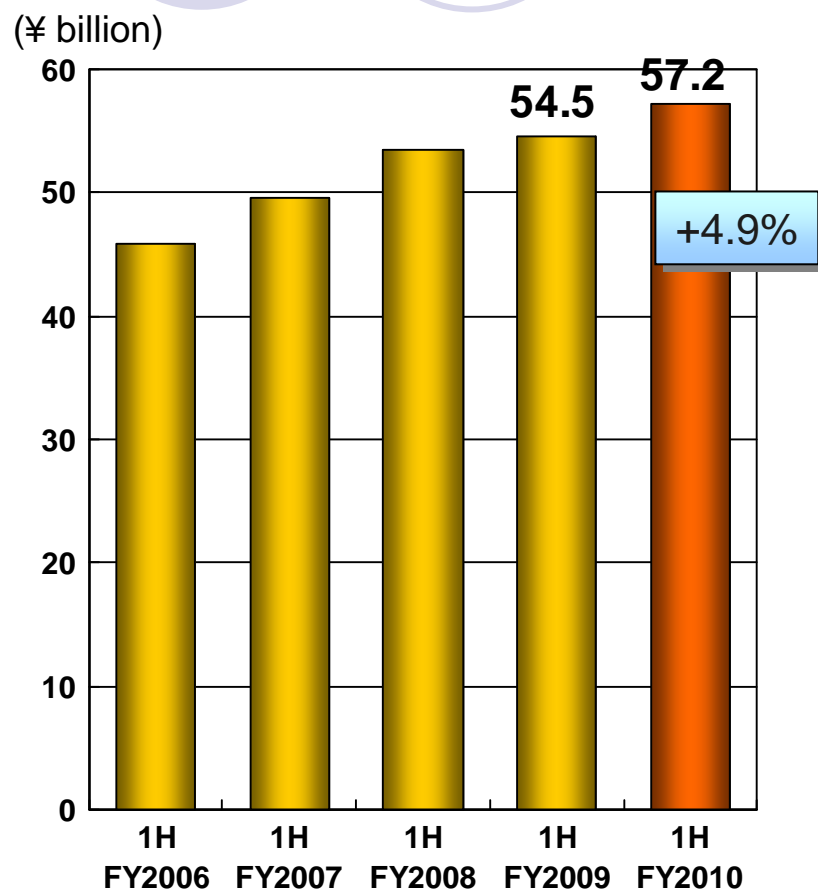
Higher sales of brands with high margin lifted operating income to net sales ratio by 1.6 points



# Consumer Products Operation Results

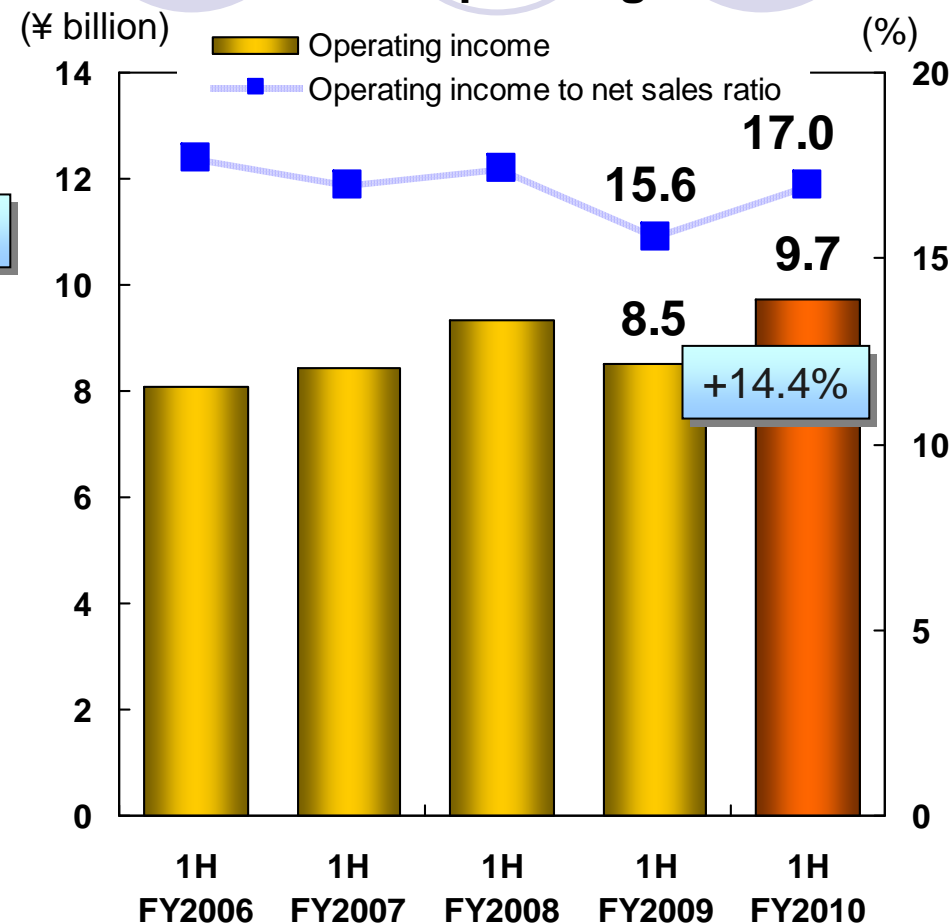
# Net Sales and Operating Income

## Consolidated Net Sales



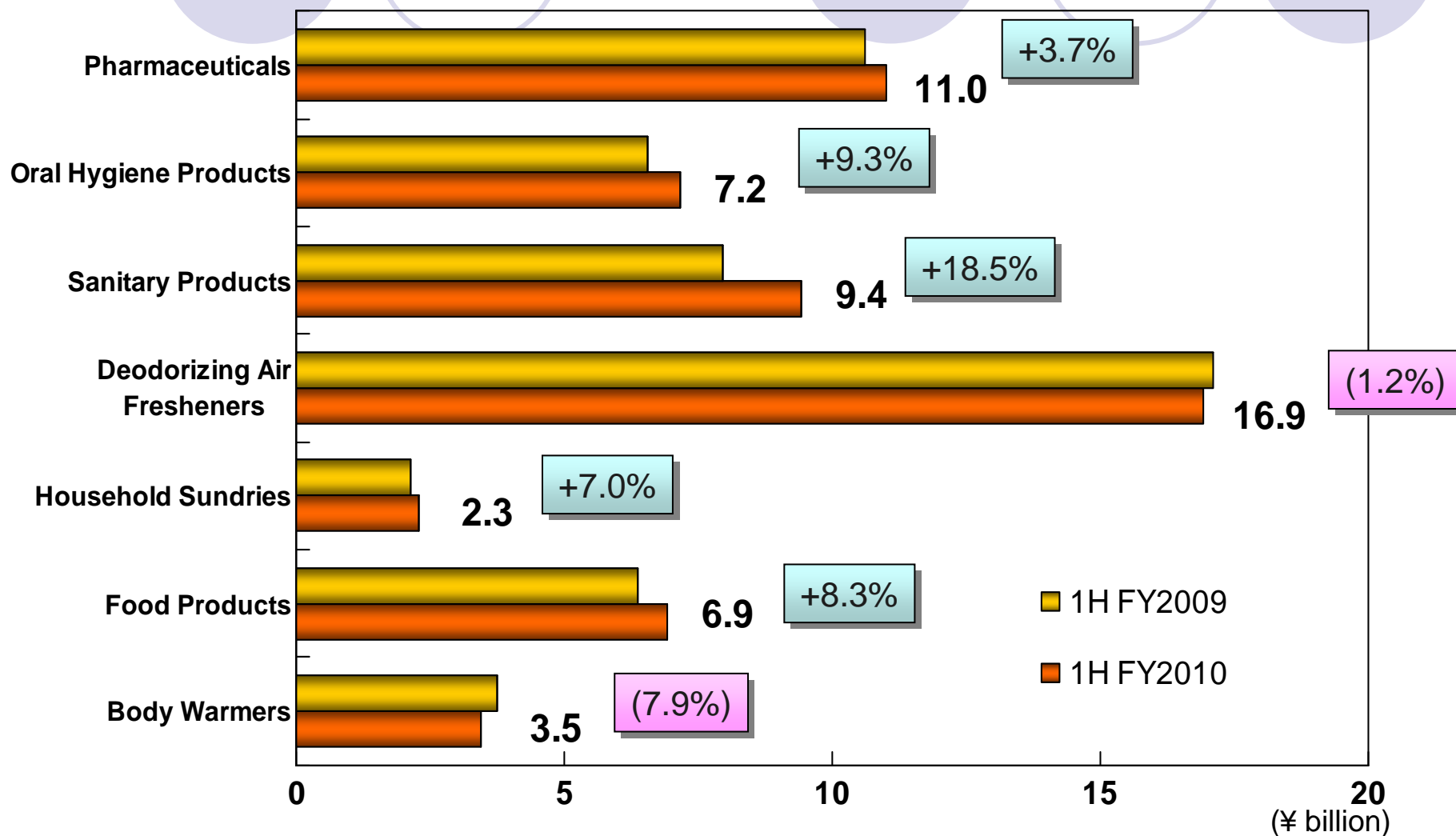
In addition to the launch of new products and higher sales of existing mainstay brands, products related to the new influenza virus contributed (¥1.1 billion).

## Consolidated Operating Income



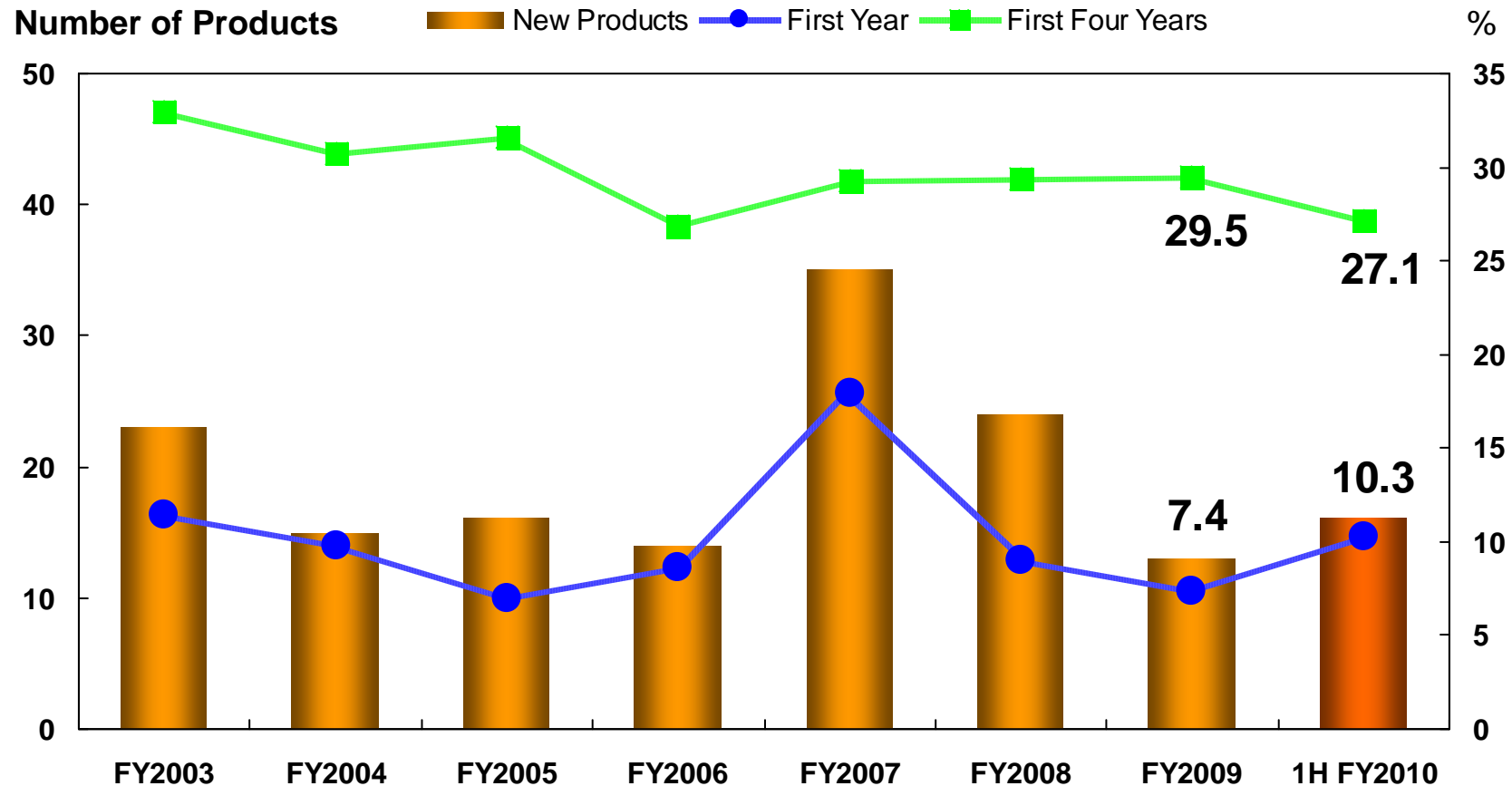
Higher sales of brands with high margins and lower cost in the manufacturing division led to a double-digit increase in operating income.

# Sales by Consumer Products Category



Sales expanded in healthcare-related categories (pharmaceuticals, oral hygiene products and food products) that we have been focusing on.

# Contribution Rate of New Products



The first-year contribution rate goal of 10% was achieved thanks to the launch of the anti-obesity medication Visrrat Gold a and the anti-virus product Virutect.

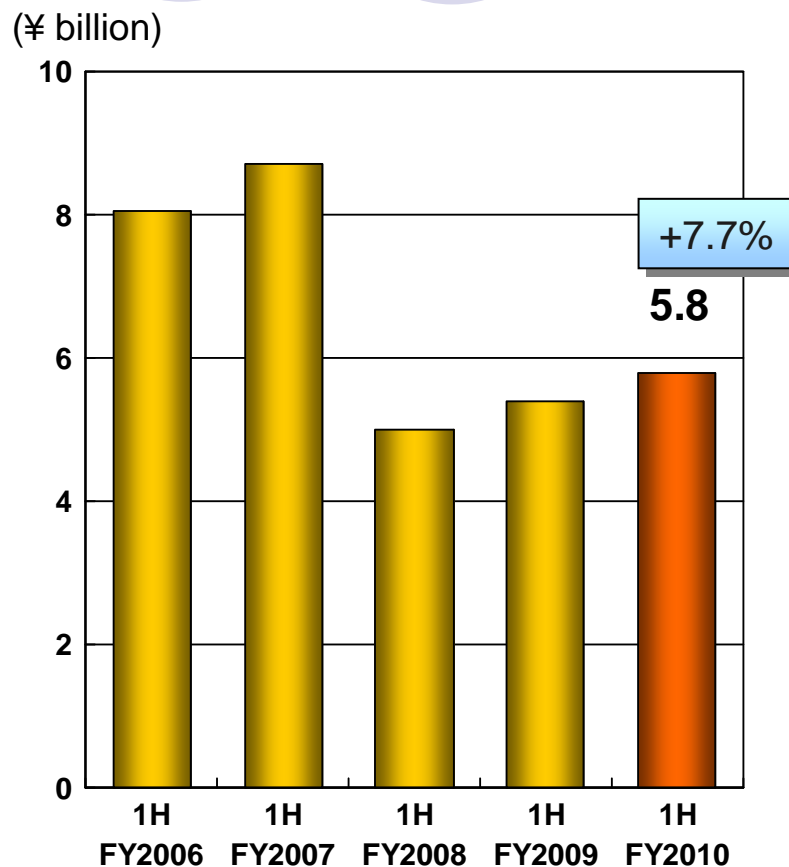


# **Medical Devices Operation Results**



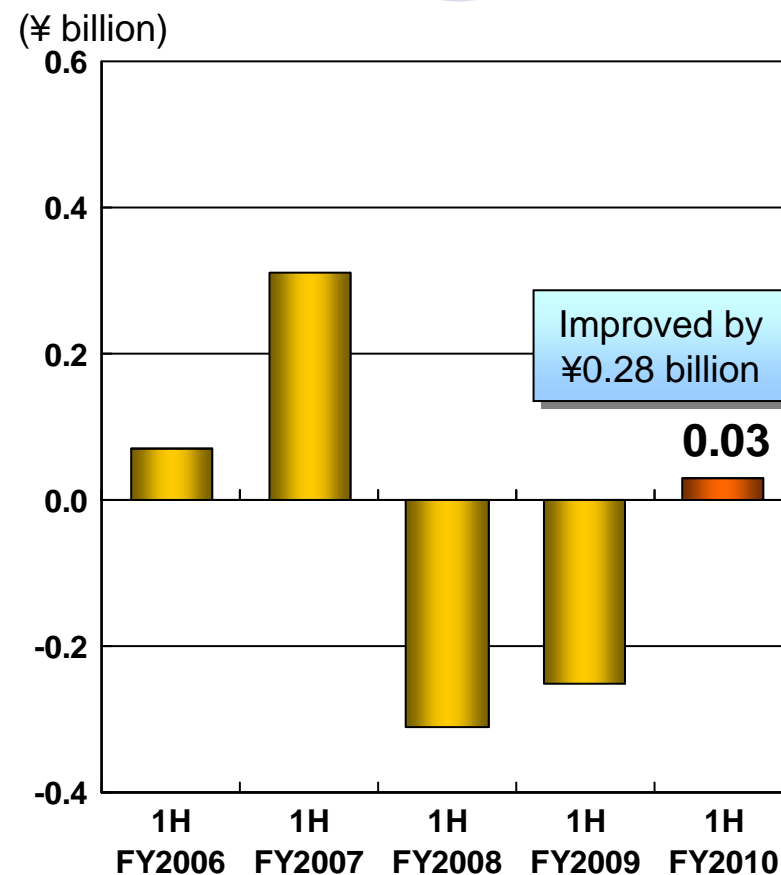
# Net Sales and Operating Income

## Net Sales



Sales grew at Kobayashi Medical due to its strategy to focus on key domains and at eVent Medical due to the global pandemic wave of the new influenza virus.

## Operating Income

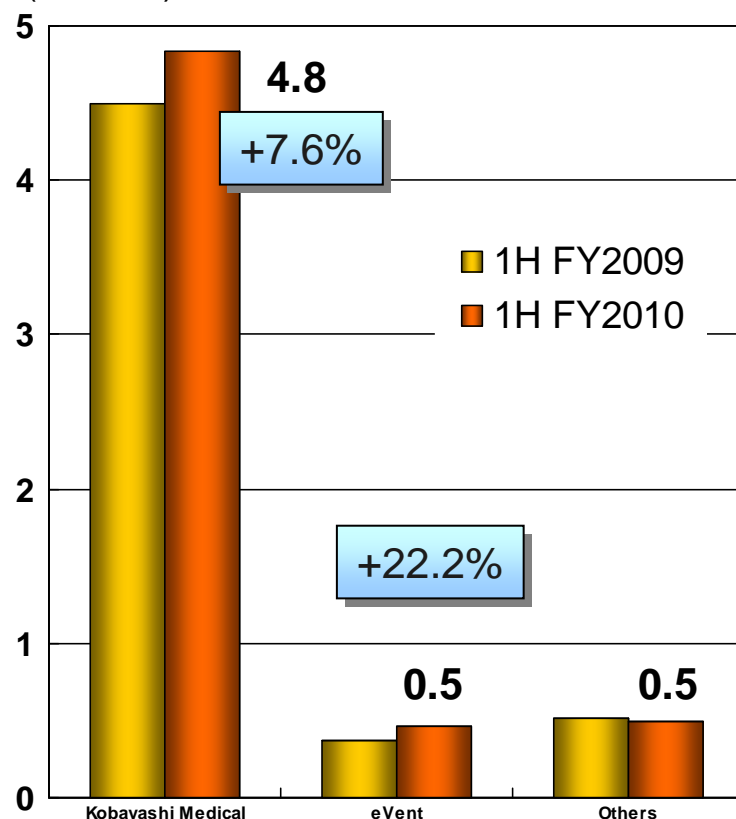


Moved into the black both at home and overseas thanks to higher sales and thorough cost control.

# Sales Breakdown by Division/ KMD Sales Breakdown by Domain

## Breakdown by Division

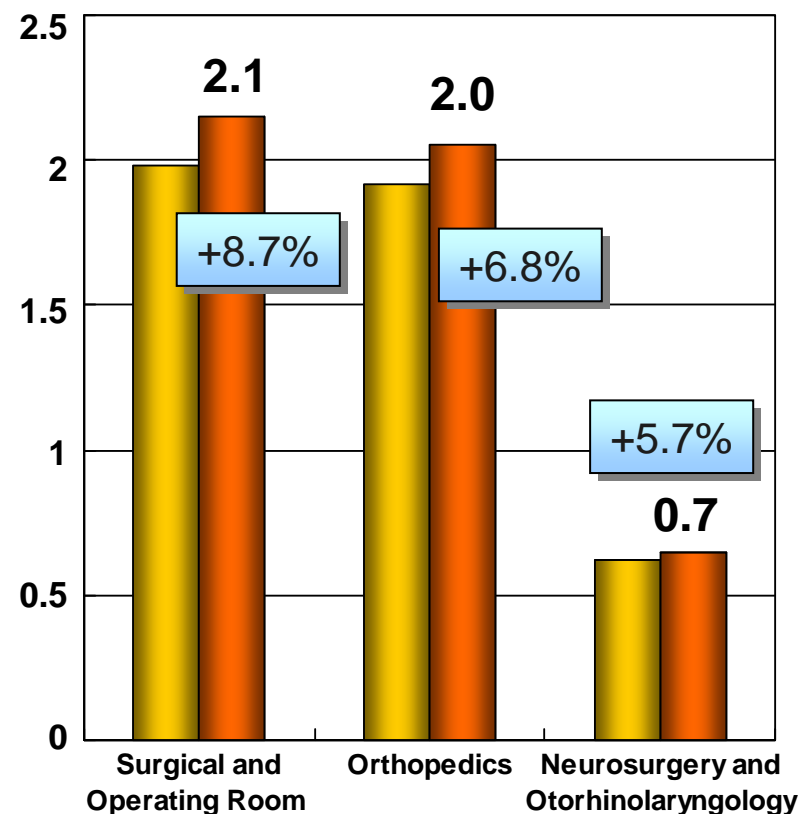
(¥ billion)



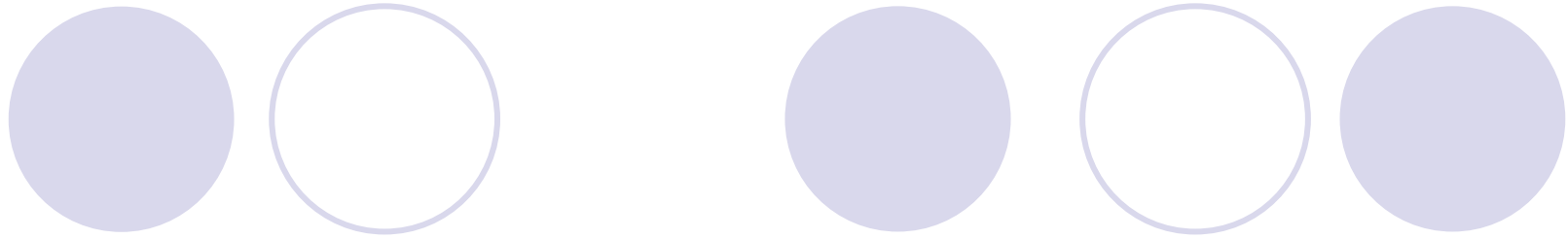
In Japan Kobayashi Medical turned in a solid performance. eVent Medical received increased orders with the spread of the new influenza virus.

## Breakdown of KMD Sales by Domain

(¥ billion)



The strategy of placing a selective focus on certain products in the orthopedics and surgical and operating room fields paid off.



# **FY2010 Financial Forecasts**

# Consolidated Financial Forecasts

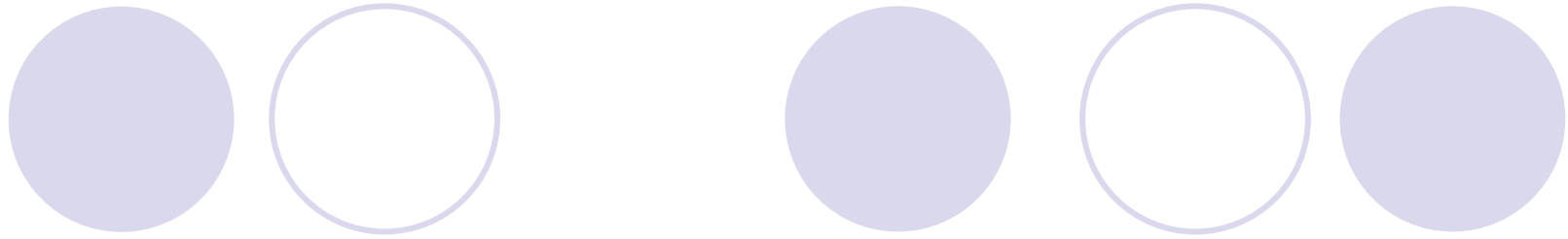
	FY2009		FY2010		Change	
	Amount	Profit rate	Amount	Profit rate	Amount	Percentage
	Million Yen	%	Million Yen	%	Million Yen	%
Net Sales	125,693	—	130,000	—	4,307	3.4
Gross Profit	68,679	54.6	72,000	55.4	3,321	4.8
Operating Income	15,818	12.6	16,600	12.8	782	4.9
Ordinary Income	15,333	12.2	16,600	12.8	1,267	8.3
Net Income	8,853	7.0	9,300	7.2	447	5.0
EPS (Yen)	215.89	—	227.11	—	11.22	5.2

Though the first half results surpassed estimates made at the beginning of the year in both net sales and income, the situation remains severe, as defensive and savings-oriented consumer sentiments remain intact. Thus, we have kept full-year forecasts unchanged.

# Forecasts by Segment

Consumer Products Operation	FY2009	FY2010	Change	
			Amount	Percentage
	Million Yen	Million Yen	Million Yen	%
Net Sales	112,620	116,000	3,380	3.0
Operating Income	15,910	16,400	490	3.1

Medical Devices Operation	FY2009	FY2010	Change	
			Amount	Percentage
	Million Yen	Million Yen	Million Yen	%
Net Sales	11,325	12,000	675	6.0
Operating Income	(554)	(100)	454	—

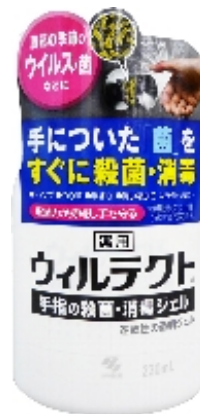


## **Approach in the Consumer Products Operation**

# Speedy Product Development through a Business Division System

Realization of even faster product development by a shift from a functional organization to a business division system

1. Anti-virus products
2. Easy-to-use food preparation tools for microwave ovens



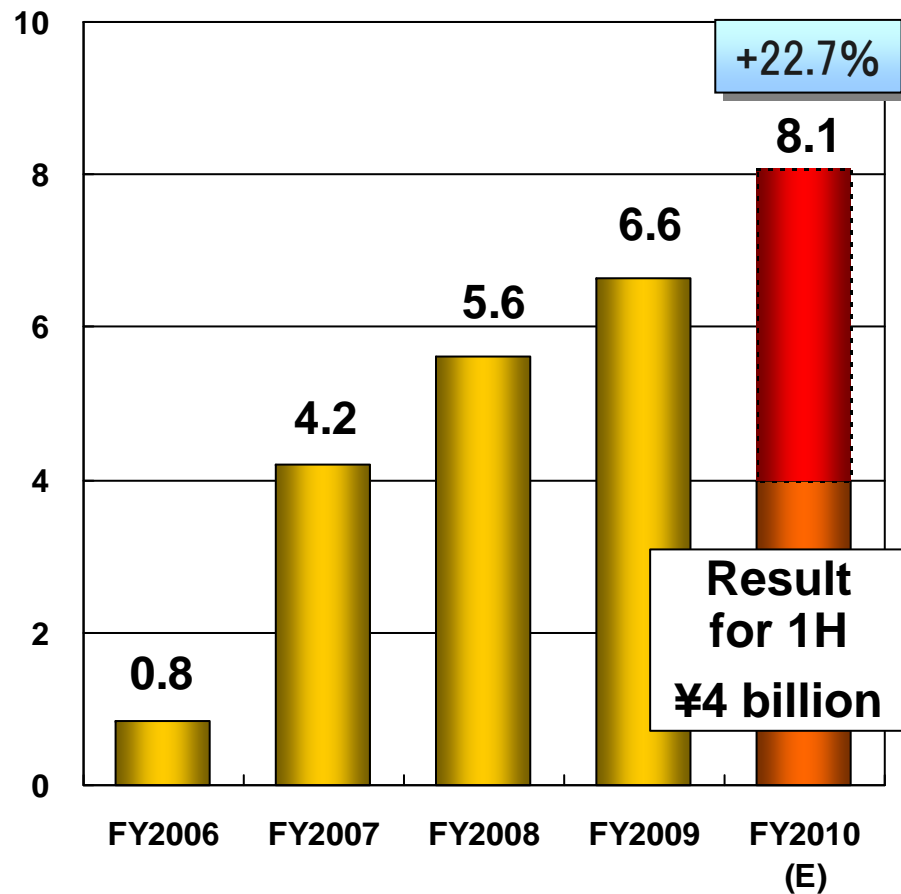
# Greater Focus on Chinese Herbal Medicine Preparations

Responses to diversified healthcare needs with Chinese herbal medicine preparations



## Sales of Chinese Herbal Medicine Preparations

(¥ billion)



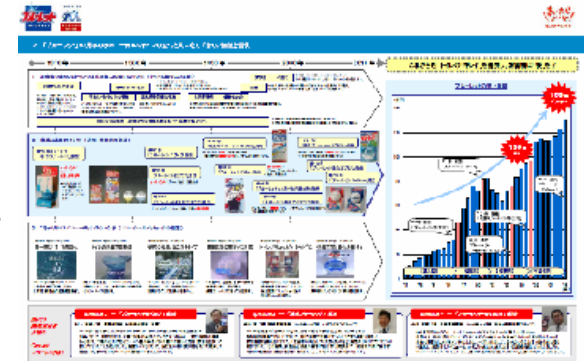


# 40th Anniversary of the Launching of Bluelet



## "Clean Toilet" Campaign

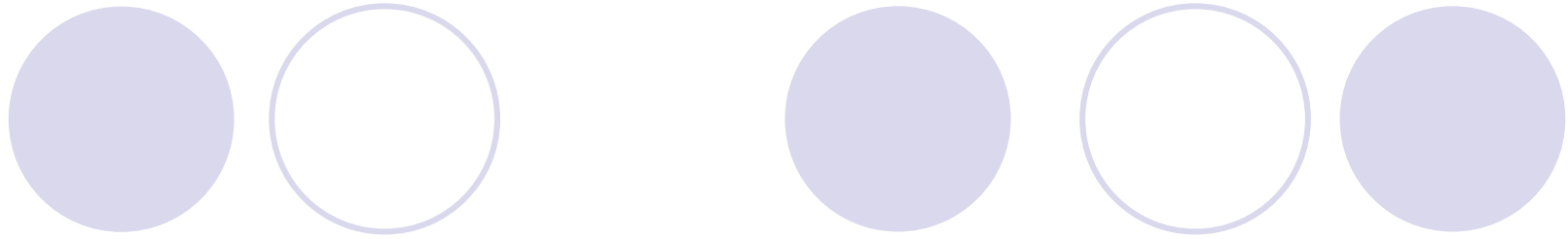
1. Parent-child toilet-cleaning activities
2. Donation of bio toilets to world natural heritage sites



Toilet-cleaning activities in the Fuji-Hakone-Izu National Park



Donation of bio toilets to sites in the Shirakami Mountain Range



# **Approach to the Medical Devices Operation**

# Losses Shrink at eVent Medical

## <Sales>

Increased orders received due to the new influenza pandemic

Despite an uphill battle in North America, sales expanded in South America and the Middle East

Started selling low-priced products aimed at the global market

## <Finance>

Manufacturing costs reduced, selling and administrative expenses trimmed



Low-priced ventilators  
to be launched soon



You make a wish and we make it happen