


M3

Presentation Material

1Q FY2011





The following contains statements that constitute forward-looking statements, plans for the future, management targets, etc. relating to M3, Inc. and/or its group. These are based on current assumptions of future events, and there exist possibilities that such assumptions are objectively incorrect and actual results may differ from those in the statements as a results of various factors.

Furthermore, information and data other than those concerning the Company and its subsidiaries/affiliates are quoted from public information, and the Company has not verified and will not warrant its accuracy or dependency.

M3, Inc.

Company Background



Business domain

Internet-based
healthcare businesses

Name

→ M3
Medicine
Media
Metamorphosis

History

2000 Sep	Founded
Oct	Launched MR-kun service
2002 Mar	Acquired WebMD Japan
2004 Sep	Listed on TSE Mothers
2005 May	Alliance with Medi C&C and entry into Korean market
Sep	Launched QOL-kun service
Dec	Launched AskDoctors service
2006 Jun	Acquired MDLinx and entered into US market
2007 Mar	Listed on TSE 1
2008 Oct	Opened “MedQuarter.de” to enter into Europe market
2009 Apr	Acquired Mebix and entered into clinical trial market
2010 Nov	Acquired EMS Research and established global research physician panel

Sponsor-free

Medical News

Search engine

Research Paper
search

Web-based
medical tools



Sponsored

m3.com MR-kun

Sponsor
messages

Platform Power of m3.com Improving Steadily

Physicians
registered in m3.com

Physicians
login to m3.com

Physicians
in MR-kun active

MR-kun eDetails
read by physicians

+9.0%



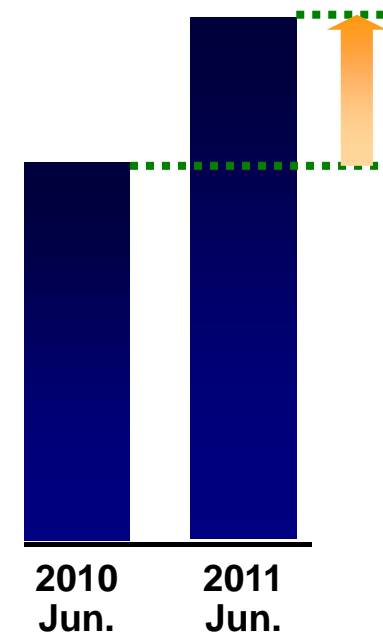
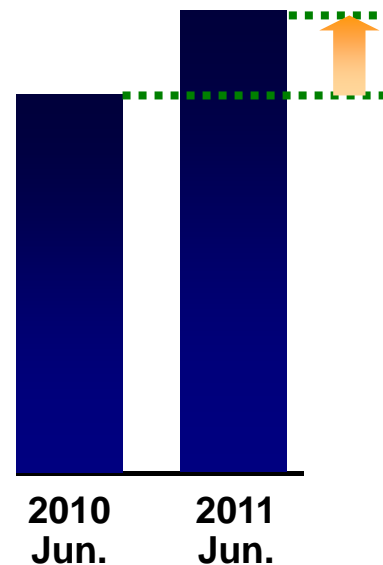
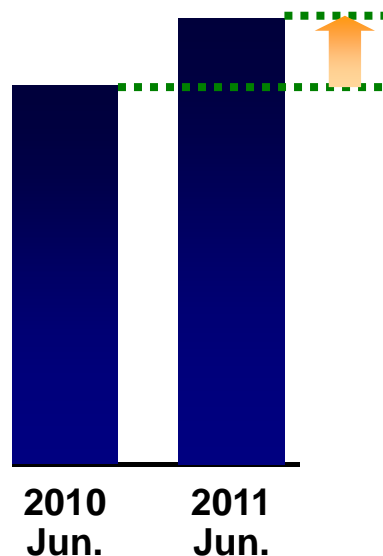
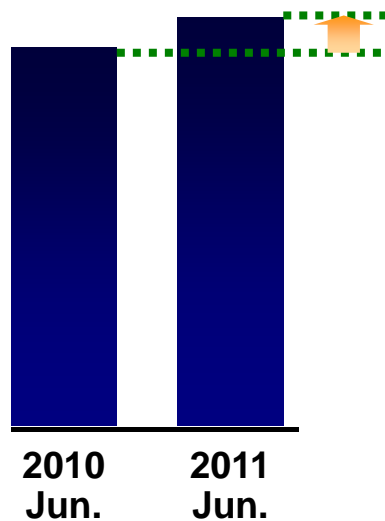
+19.0%



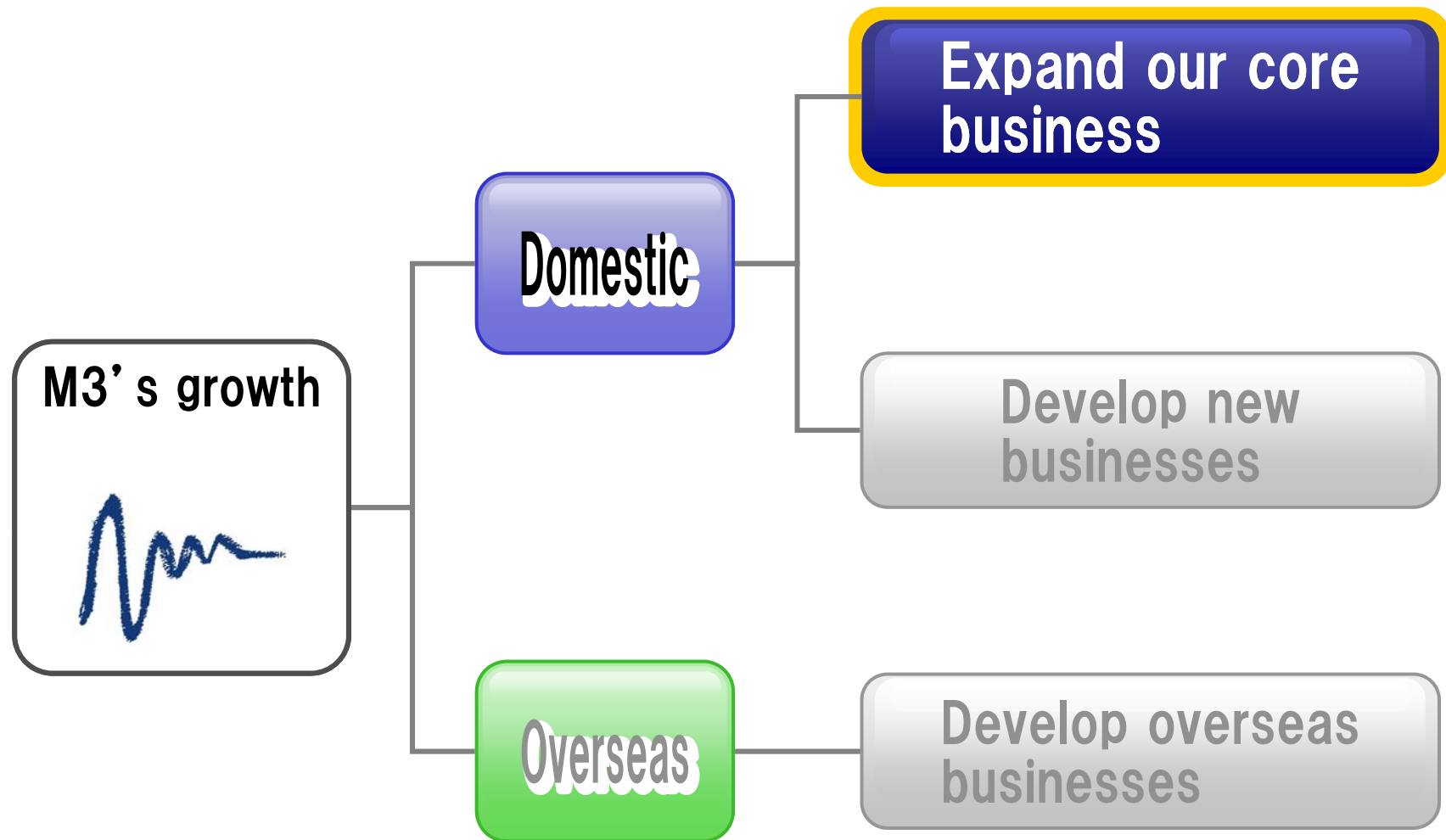
+23.1%



+39.1% *



* Increase +33.8% vs P.Y. in this quarter



Japanese Pharma's Huge Marketing Costs

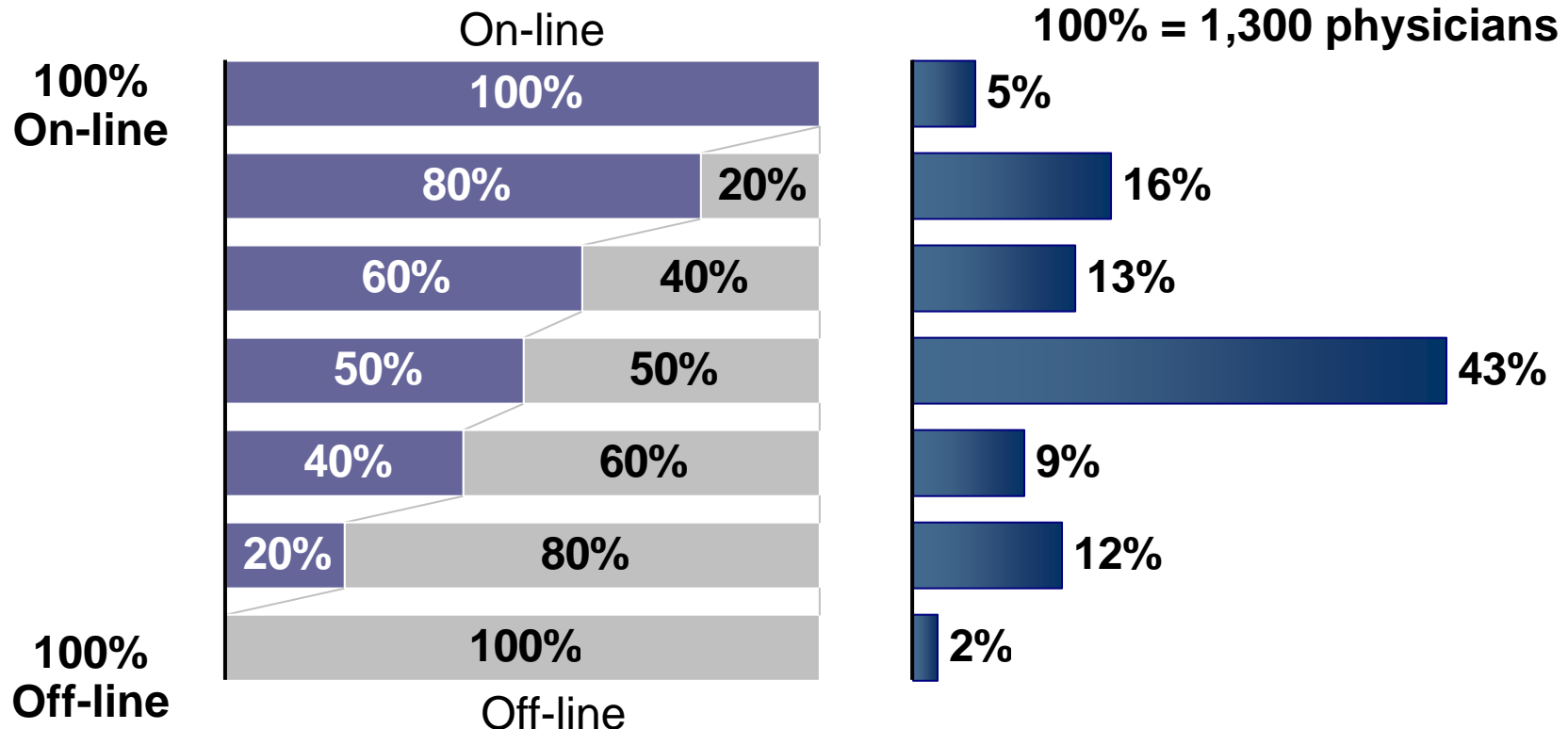
	Head count		Annual costs per person		
MRs (Pharmaceutical companies)	55,000	×	¥20mn	=	¥1.1tn
MSs (Pharmaceutical wholesalers)	30,000	×	¥10mn	=	¥300bn
					Total cost of whole industry ¥1.1-1.4 tn

Source: MIX, Research by M3

Physicians' Demand for On-Line Detailing

Q. What is the ideal ratio of on-line and off-line promotional information (“details”) from pharma companies?

A.



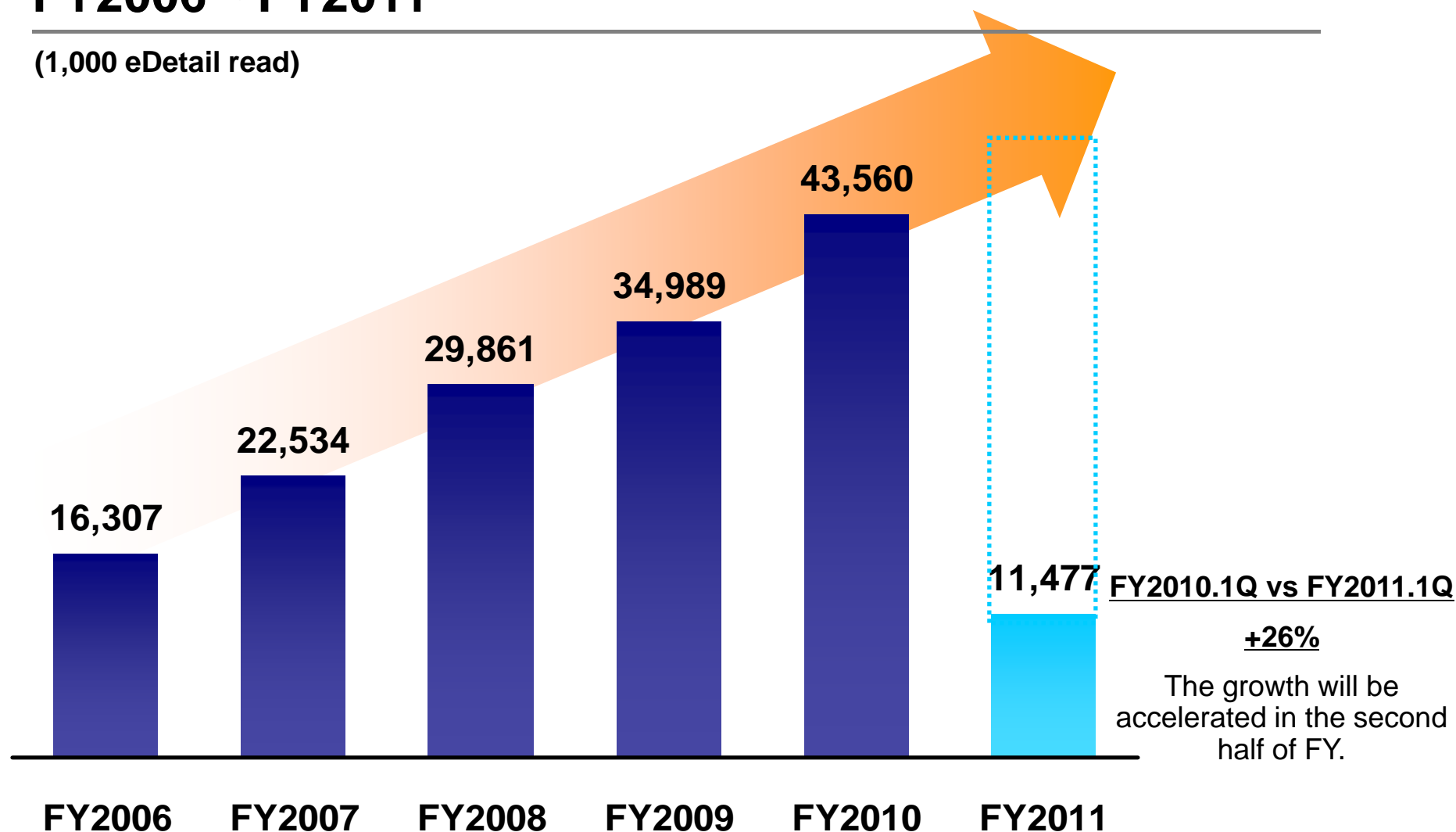
Demand for eDetails is quite high for busy physicians as they can get the information when it's convenient for themselves, not for MR

Source: M3 questionnaire to 1,300 physicians

MR-kun eDetails Read by Physicians

FY2006~FY2011

(1,000 eDetail read)



MR-kun Annual Fee Structure

MR-kun base fee

Detail fee

¥100 per detail

Contents production fee

M3 produces web contents shown on MR-kun

Operation fee

Basic operation, including sending messages to physicians and replying to physicians' questions

Initial Phase

¥70mn

- Revised as of Oct. 2005 for new client
- Previous fee: ¥60mn

¥20mn

§

¥40mn

¥30mn

§

¥10mn

¥130mn~¥150mn

Top 5 clients

¥60mn

§

¥70mn

¥250mn

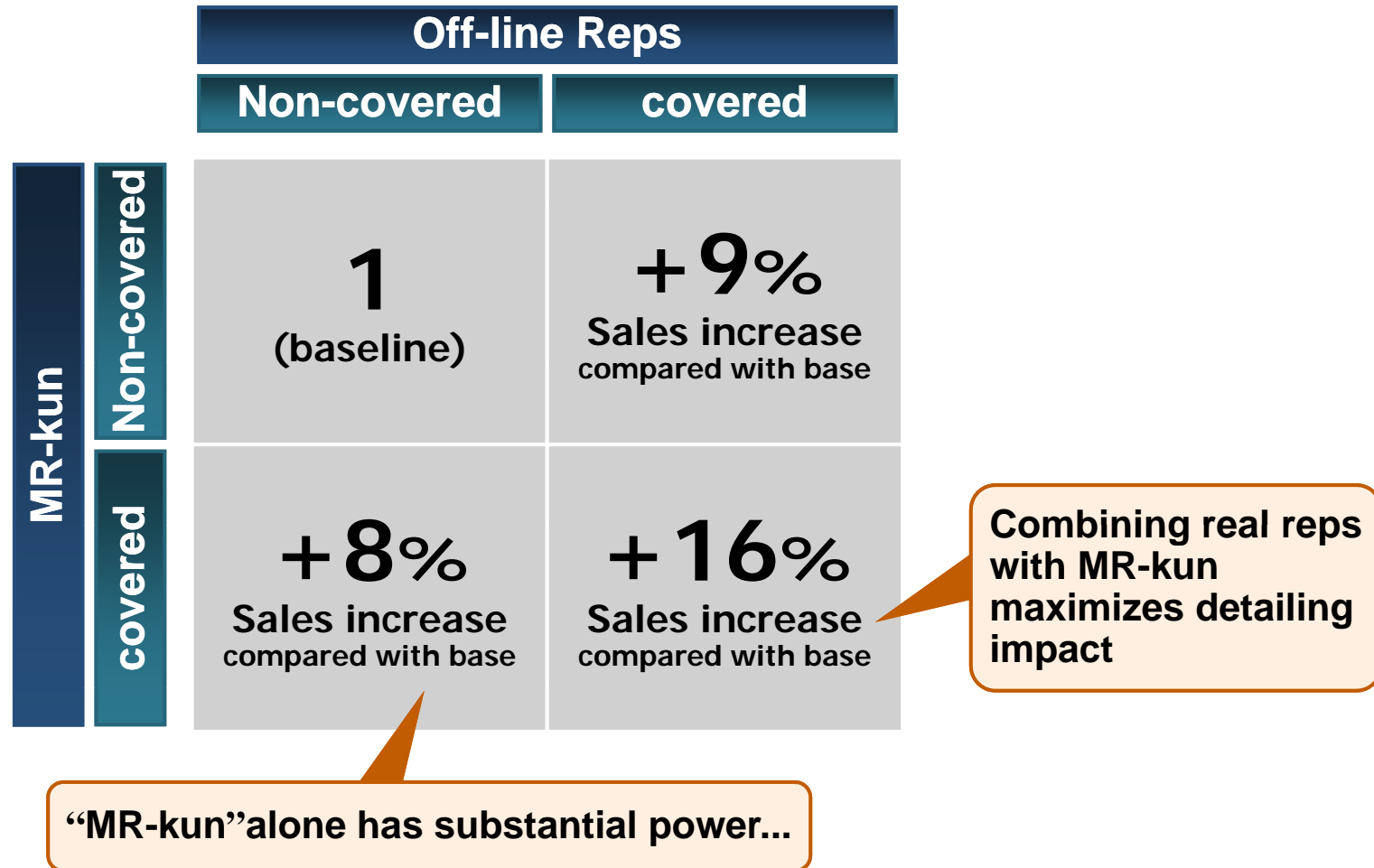
¥150mn

¥10mn

The average of top 5 clients: ¥480mn

MR-kun Increases Sales Like Reps

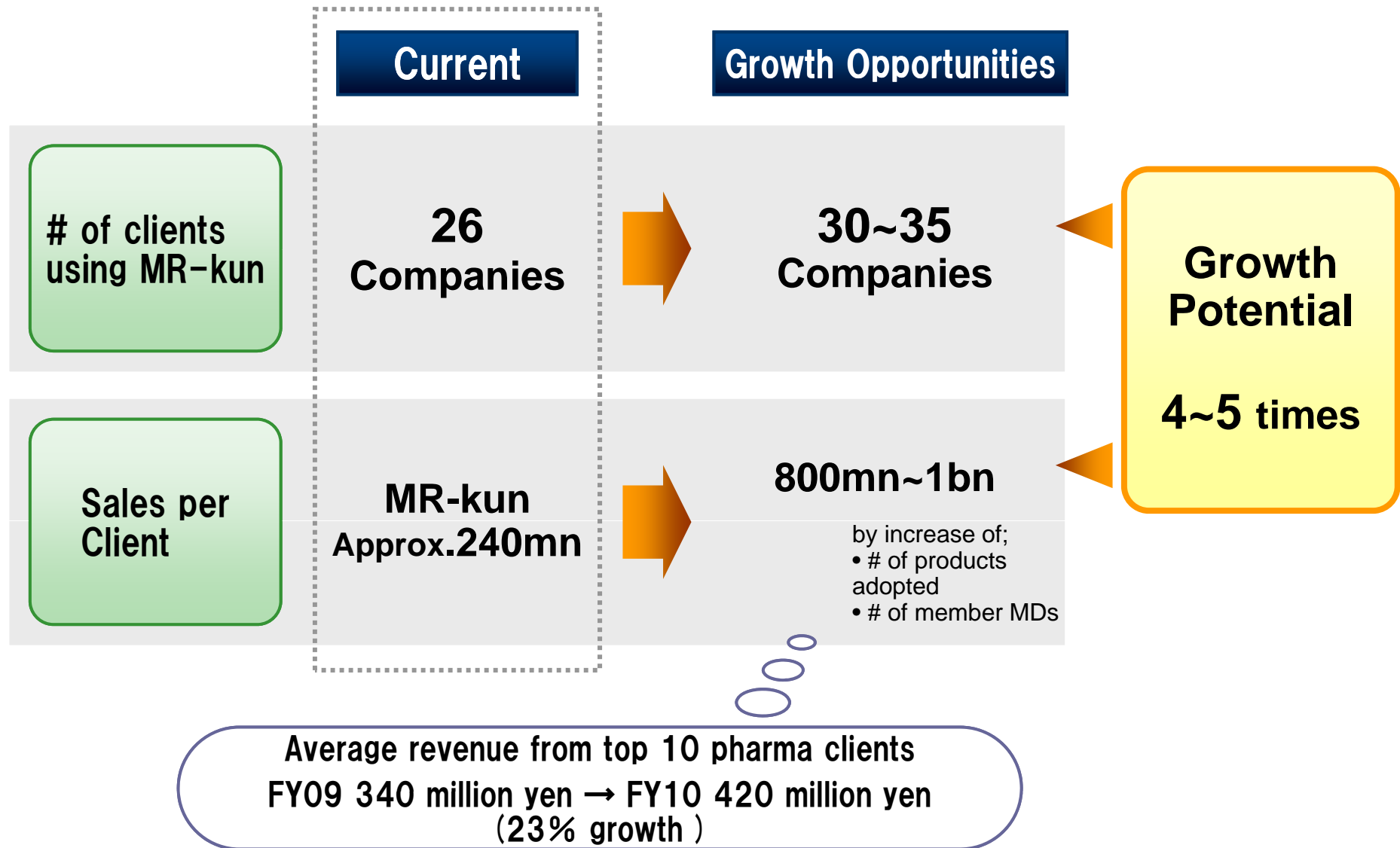
Case
study

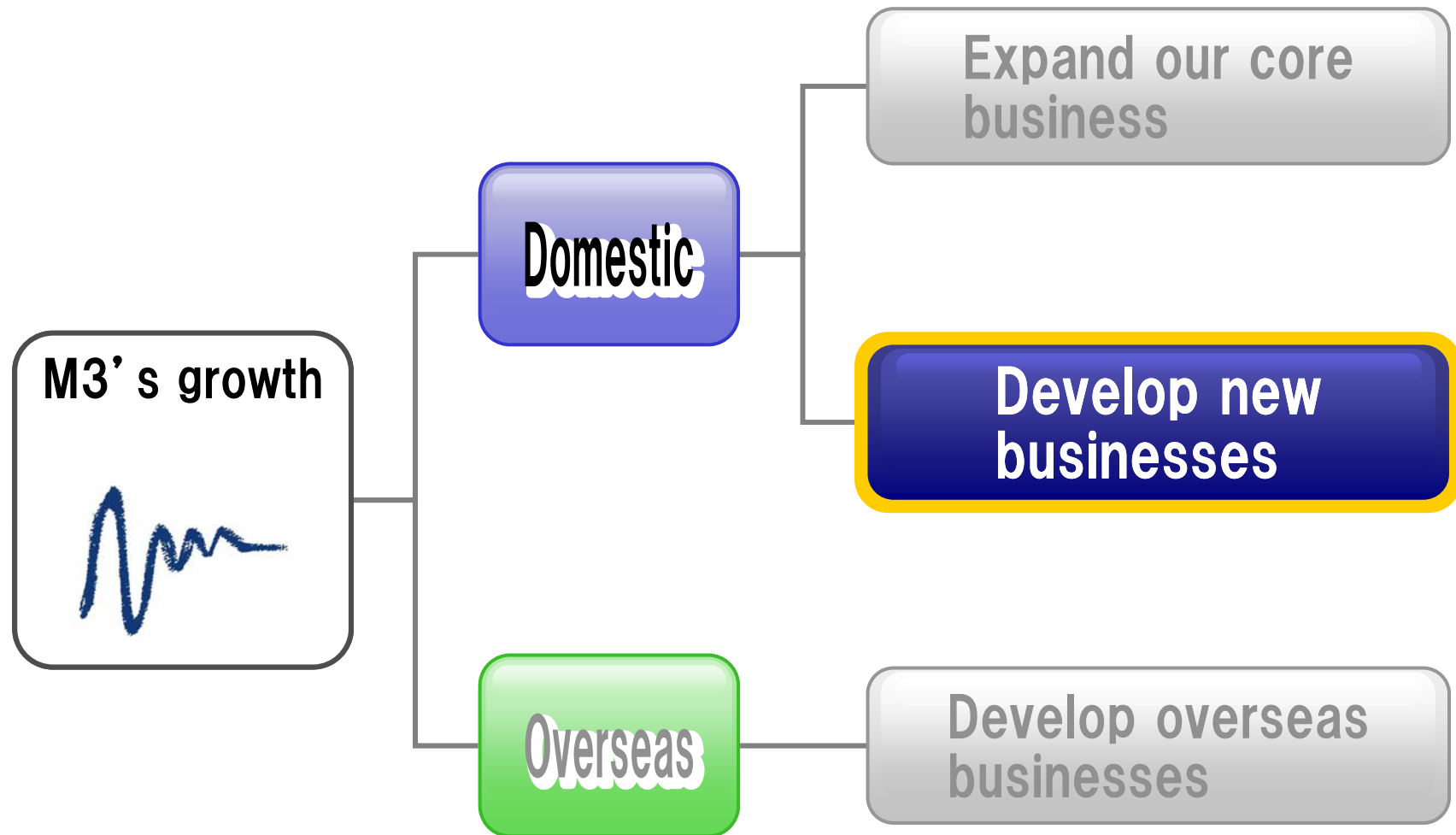


Source: M3
Notes: Questionnaire to 16,000 General Practitioners

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MR-kun's Growth Potential in Japan





New Business Development on the Platform

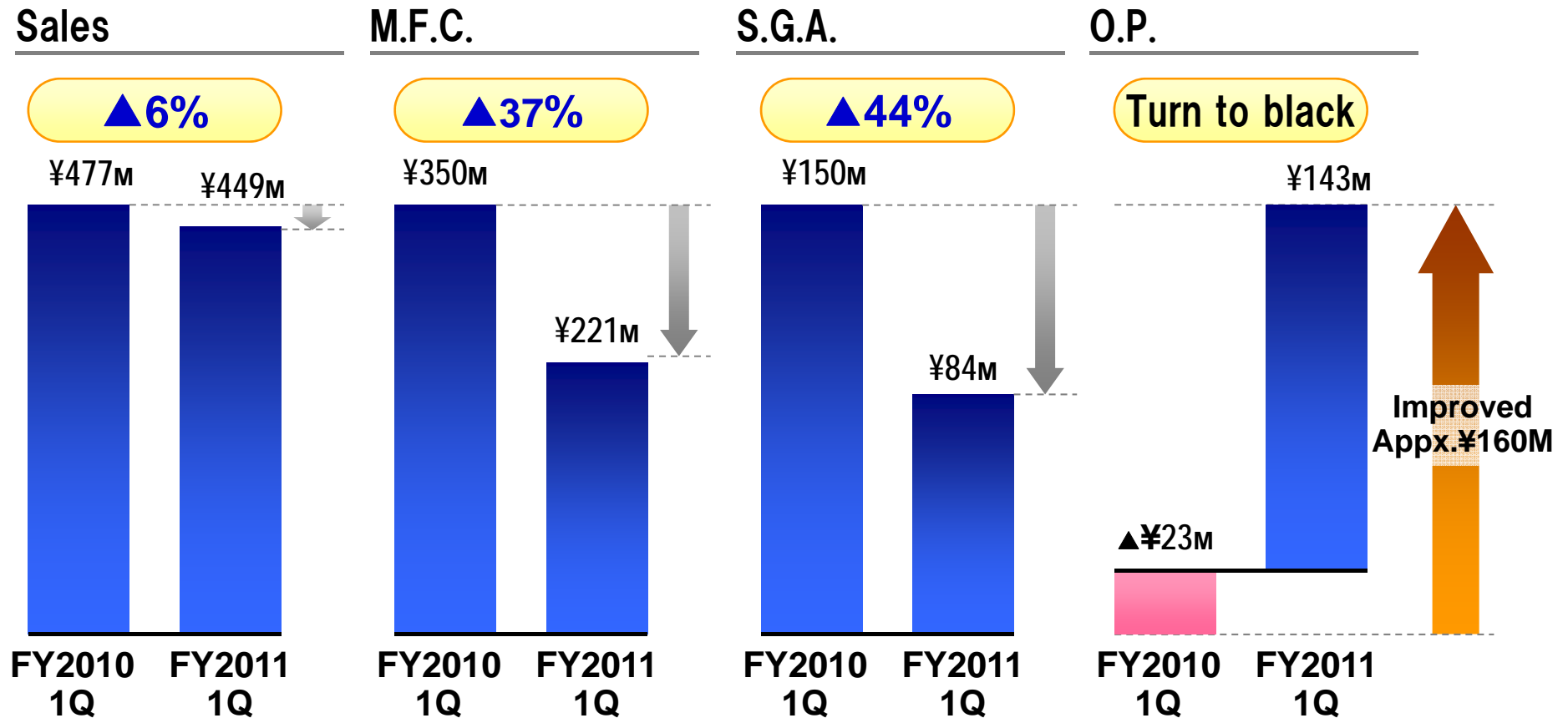
FY2011 Sales Forecast

		Assigned staff	Above 1,000mn	¥750mn ~ ¥1,000mn	¥0mn ~ ¥750mn
	Research (Japan)	Web-based Physician Surveys	5	✓	
	m3MT	E-mail, banner promotion service for pharma companies	5		✓
	QOL kun etc.	Promotion service for non-pharma companies	9	✓	
	Consumer Business	Consumer service	3	✓	
	Mebix	Evidence solution service	100	✓	
	M3 Career	Job information for Physicians, Pharmacist	70	✓	
	iTICKET	Online clinical reservation system for patient	20		✓

- Revenue from the new businesses will exceed the revenue of MR-kun in FY2011.
- Many of the new businesses are run by few staff and quite profitable.
- companies since the beginning of current FY, and one more in progress.

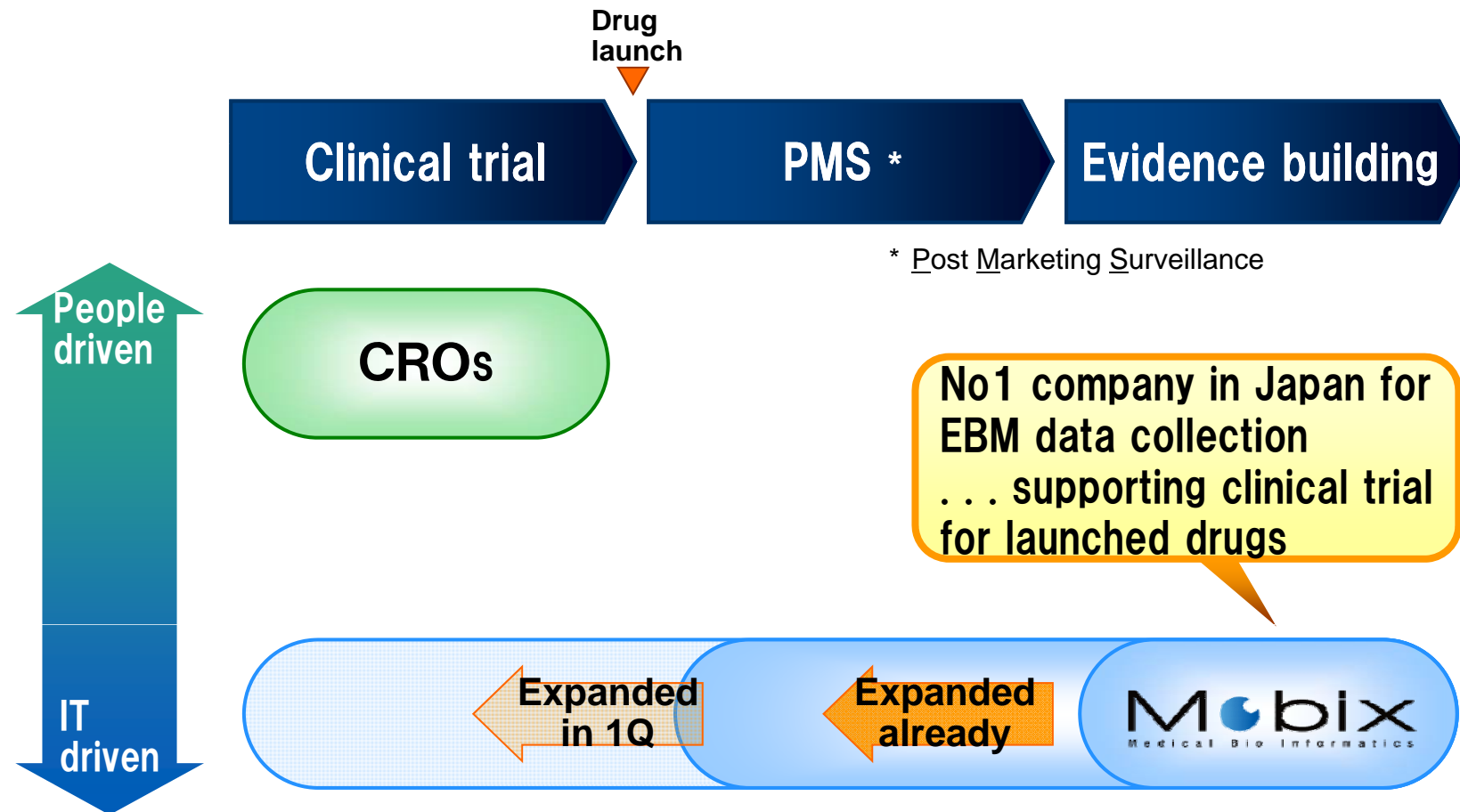
Mebix –Restructuring Produced Positive Outcome

Financial performance in Mebix(Apr. – Jun.)



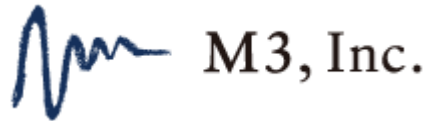
👉 “Leaner” operation and synergy with m3.com improved profitability, in addition to the reduced CoGS on a trial redesign in 1Q.

Evidence Solution Business – Mebix



- Adopted by PMDA in a PMS project.
(PMDA: Pharmaceuticals and Medical Devices Agency)
- Started acquiring clinical trials and a couple projects in negotiation (USD several million) .

Acquisition of Medical Pilot in Progress



- Media power of m3.com
 - Over 200K Physicians
- Experience in the Internet-Based service development.



Accelerate the growth of “Chicken-kun” service*



- Experience in clinical trial as SMO.
- Good track records with major pharmaceutical companies in clinical trial.

* Participating physician and patient recruiting via m3.com

Company Overview

Name	Medical Pilot inc.
Established	June 2002
Capital	43 million yen
Business	Site Management Organization (SMO) Focused on psychiatry, psychosomaty, and neurology
Employees	30
Office	Tokyo

Medical facilities in affiliation

Area	Hospital	Clinic	Total
Tokyo	6	29	35
Saitama	1	12	13
Chiba	1	6	7
Kanagawa	8	2	10
Ibaraki	1		1
Total	17	49	66

May 2011

Number of accumulated total affiliate : 88

M3 Career, Inc



- Media power of m3.com
 - Over 200K Physicians
 - Over 70K Pharmacist
- Experience in the recruiting ad business for medical professionals

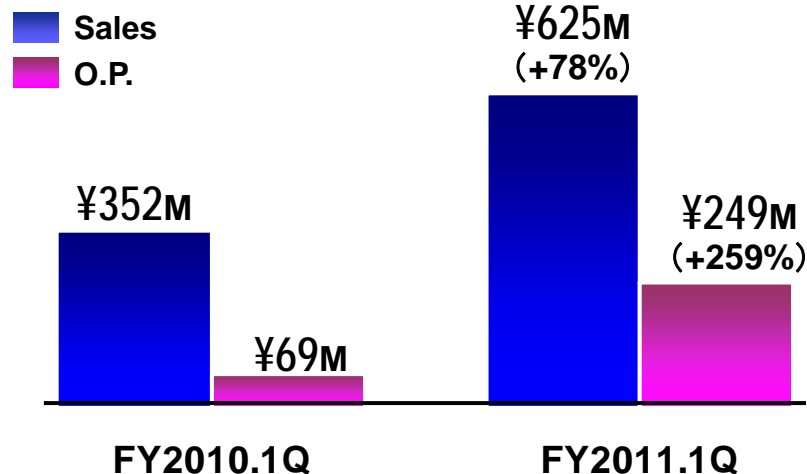


Full-line service and platform for best match between employers and job seekers



- Direct relationship both with employers (clinics etc) and job seekers (physicians, pharmacists)
- Experience in the employment agent business for nurses and care workers

Sales and O.P. (vs. PY)

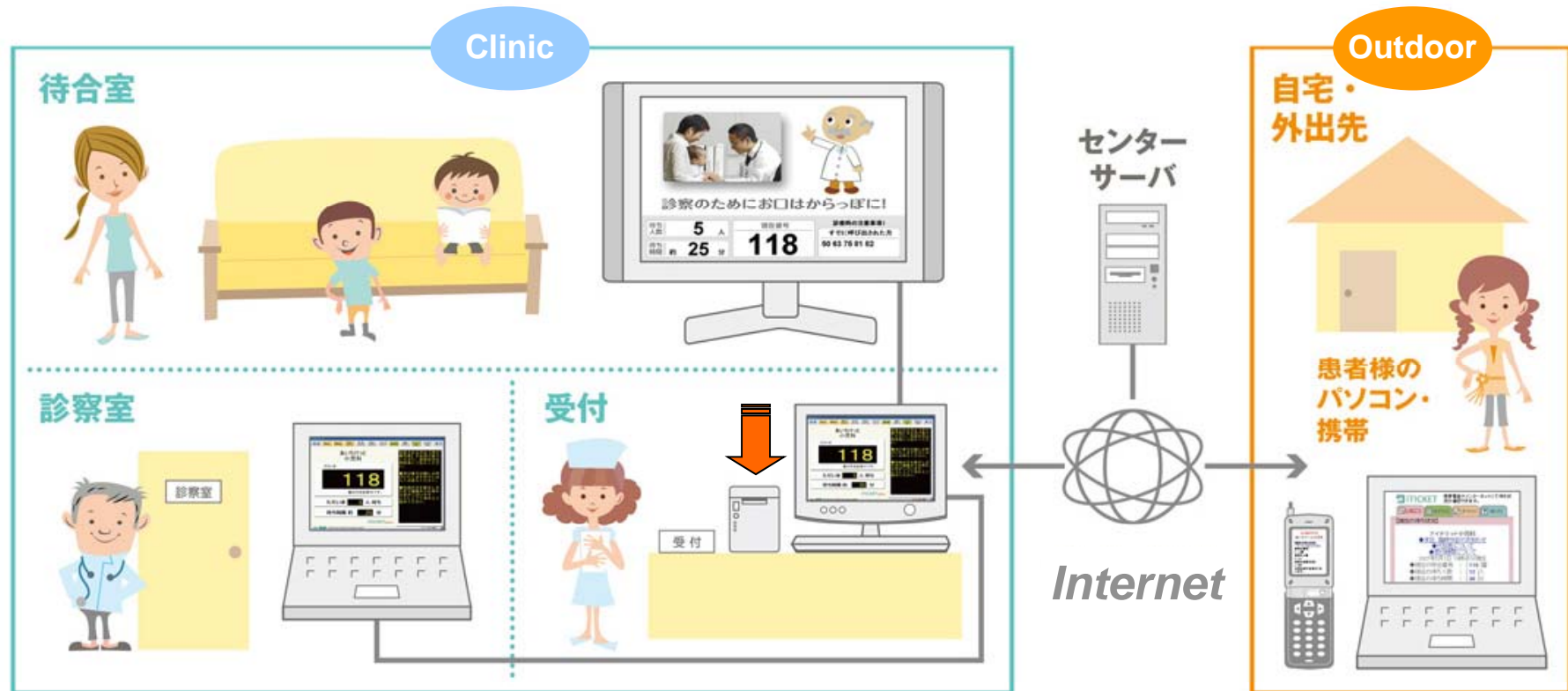


- Improvement in operation efficiency.
- Development of newly-hired staff in productivity.

Continue growth since last year.

Acquisition of iTICKET

Web-based reservation system for clinics

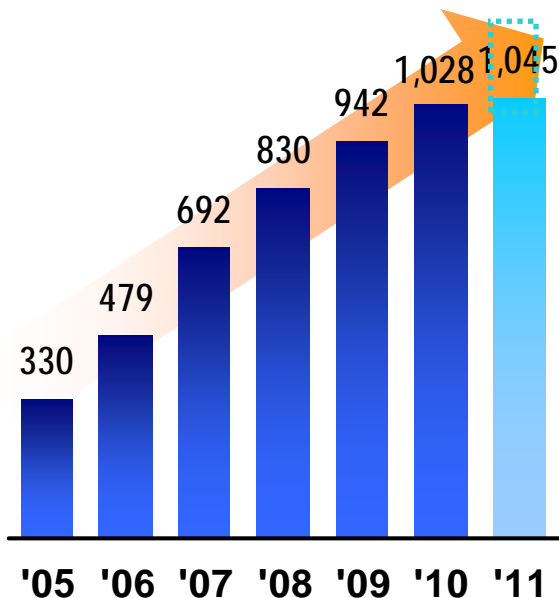


👉 Used in 1,000+ clinics , more than 1 million unique users per month, more than 460,000 members (mostly moms with little kids) registered to the pan-clinic site. ...became one of the largest “mom” platforms in Japan.

Consumer Business is growing

ASP : Reservation for medical care

Clinic Users



<Fee Structure>

- Initial Fee: 498,000yen / Clinic ~
- ASP Service: 11,400yen / Month ~

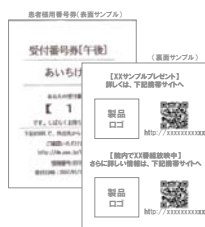
Over 1,000 Clinic

Media business

Clinic Media



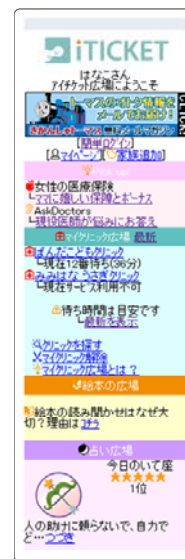
Ticket Media



<Fee Structure>

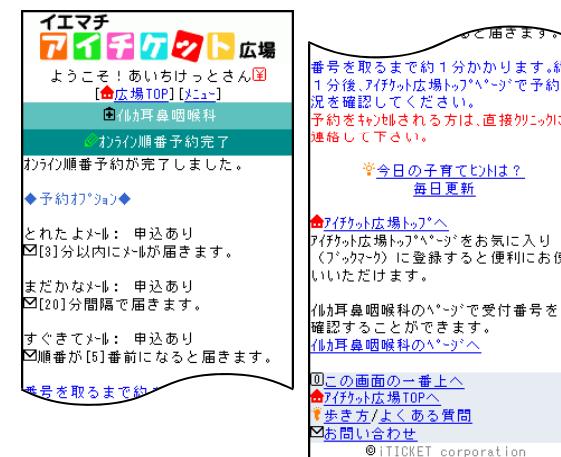
- Clinic Media: 1,500,000yen / Month ~
- Mobile Media: 130,000yen / 2Week ~
- Ticket Media: 750,000yen / Project ~

Mobile Media



Consumer business

Charged Option

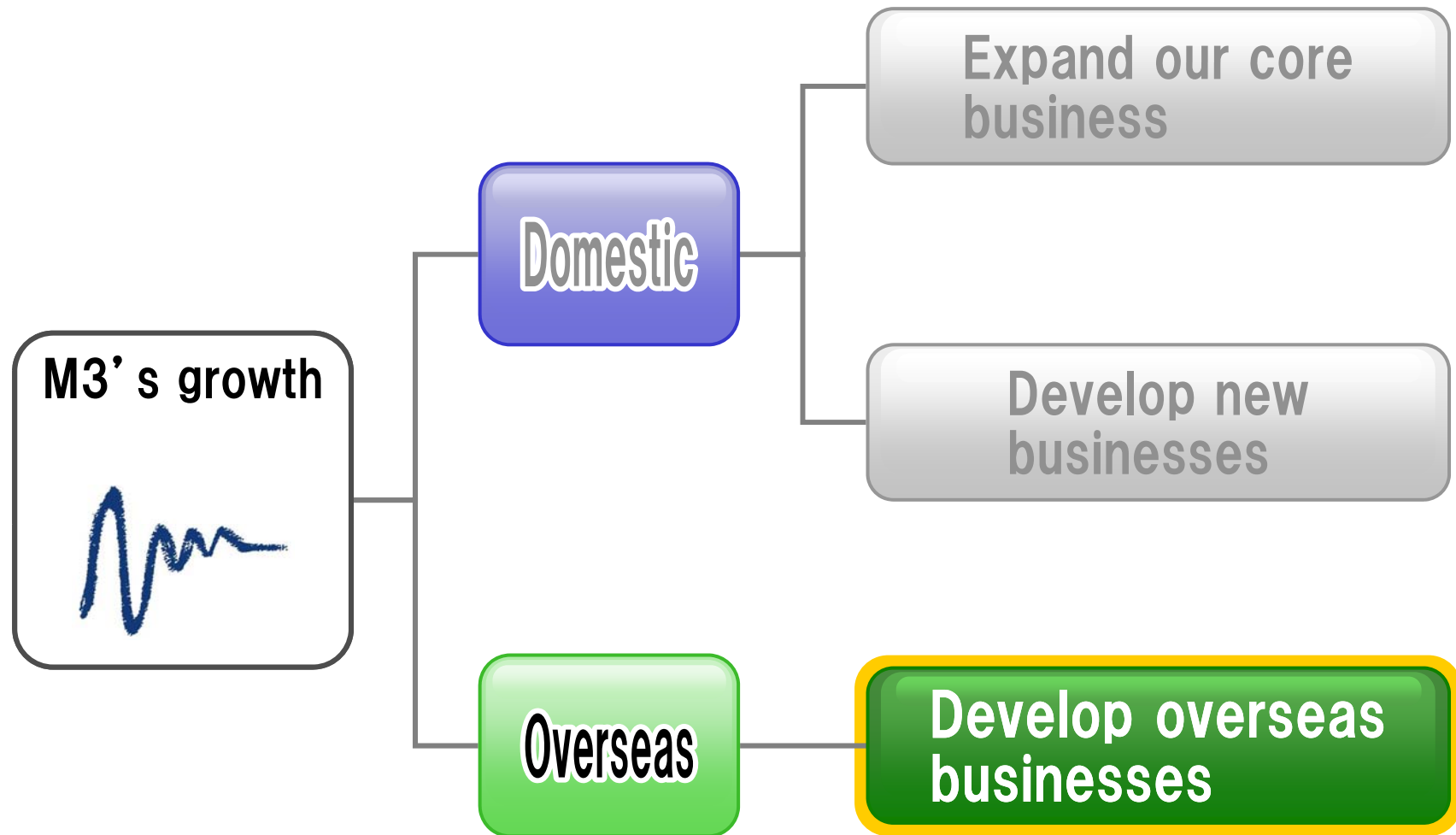


- とれたよメール
- まだかなメール
- すぐきてメール

<Fee Structure>

- 210yen / Month

Registered by 7,000+ members
in 2 months from launch.
Advertising cost : zero



Development in the US

HemeOnc Linx
MDLinx
Today's Top Medical Abstracts.

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- Coagulation/Bleeding Dz
- Colorectal Cancer/Polyps
- Dermatologic Oncology
- Diagnostics/Radiology
- Economics of Medicine
- Endocrine Oncology
- GI Oncology
- Gynecologic Oncology
- Head and Neck
- Hepatobiliary/Pancreas
- GI Oncology
- Gynecologic Oncology
- Head and Neck
- Hepatobiliary/Pancreas
- Leukemia / Lymphoma
- Lung/Thoracic Oncology
- Myeloproliferative Dz
- Neurologic Oncology
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- Pediatric Heme/Oncology
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- Side Effects
- Soft Tissue/ Sarcoma/Transfusion
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Messages

- Today's Hot Topic: [Making Cigarettes More Addictive](#)
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Journal of Clinical Oncology, 01/29/07
- [Activation of Integrin-Linked Kinase Is a Critical Prosurvival Pathway Induced in Leukemic Cells by Bone Marrow-Derived Stromal Cells](#)
Cancer Research, 01/31/07
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- [Artificial sweeteners and cancer risk in a network of case-control studies](#)
Journal of Clinical Oncology, 01/30/07
- [Final Results of a Prospective Clinical Trial With VAMP and Low-Dose Involved-Field Radiation for Children With Low-Risk Hodgkin's Disease](#)
Journal of Clinical Oncology, 01/30/07
- [Anthracyclines, Mitoxantrone, Radiotherapy, and Granulocyte Colony-Stimulating Factor Risk Factors for Leukemia and Myelodysplastic Syndrome After Breast Cancer](#)
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- “M3 Messages” (US version of MR-kun) started on MDLinx (merged with M3 USA in Mar. 2009).

- Washington D.C.
- 403K medical professionals (incl. 157K physicians) as registered member

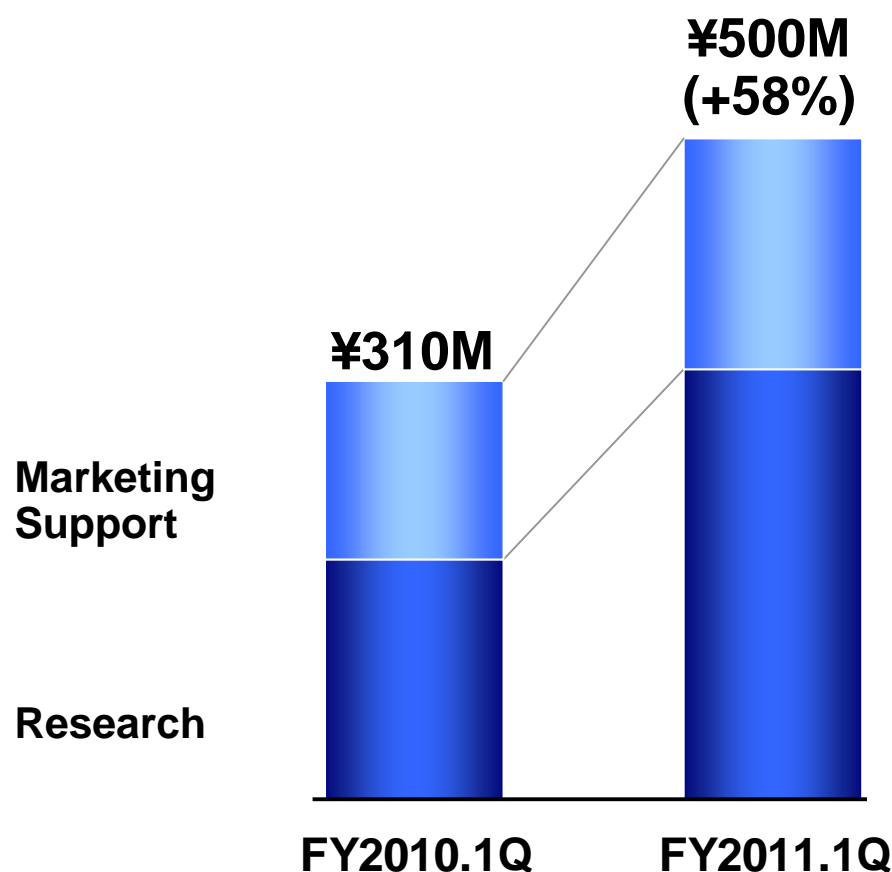
- Acquiring physician members rapidly

- Added 30K+ in this quarter (added 50K+ in the half of the year)

- Expanding both “M3 Messages” and “MDLinx Clicks”.

Sales Breakdown of M3 USA (Including EMS Research)

Sales Breakdown of M3 USA



▶ Marketing Support

- Both “M3 Messages” and “MDLinx Clicks” are growing.
- Expanding the range of services to meet pharmaceutical clients’ needs

▶ Research

- Increase of registered physicians in MDLinx drives growth.
- Acquired EMS Research Ltd. in Nov. 2010. Realized 1M+ global research physician panel.

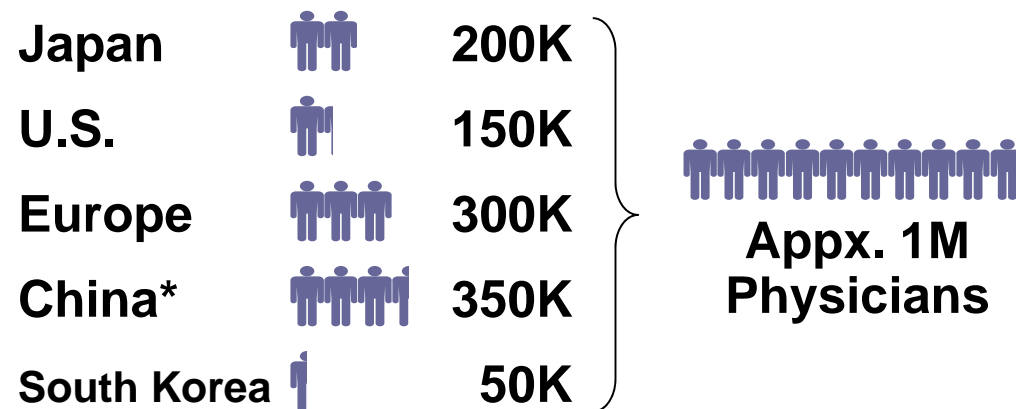
 Operating Profit grew steadily, +78% compared with FY2010 1Q.
(FY10:21mil yen ⇒FY11:37mil yen)

Global Research Panel

- ✓ Research panel of over 1M physicians.
- ✓ Research Area: Japan, U.S., Europe, China, South Korea
- ✓ Offers multi-regional research capacity for global clients.

Meets increasing demands of global survey from pharma clients.

Global Research Panel (Number of Physicians)

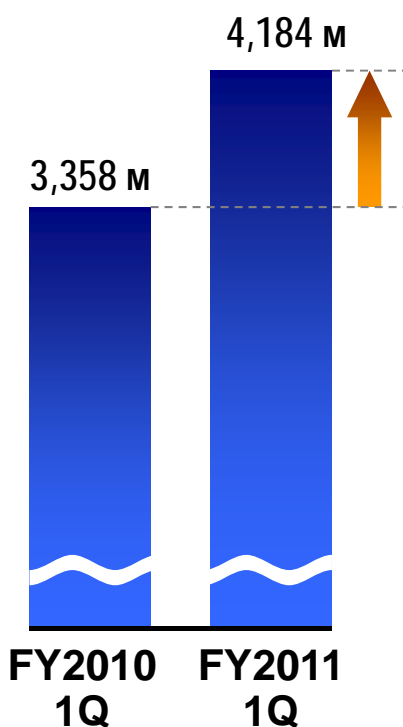


*Exclusive alliance in research with DXY

Consolidated P/L Statement for FY2011 1Q

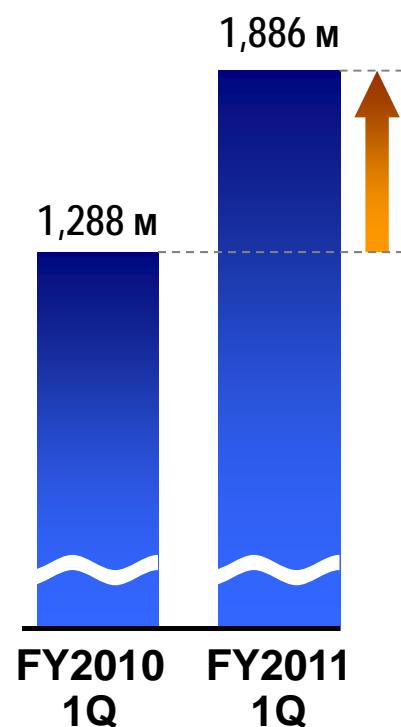
Sales

+25%



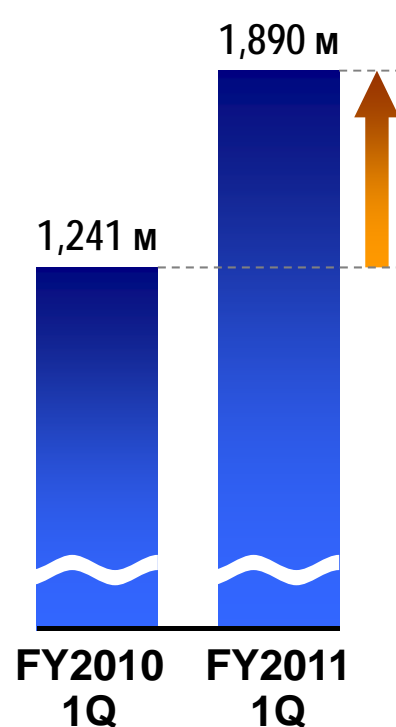
Operating income

+46%



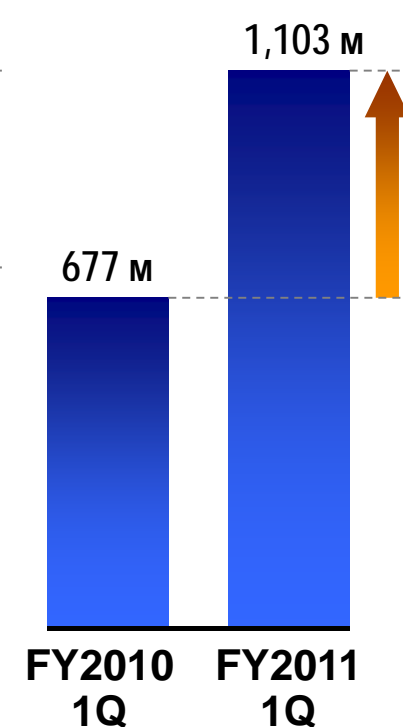
Ordinary profit

+52%



Net profit

+63%



Consolidated P/L Statement for FY2011 1Q

Breakdown by Business Segments

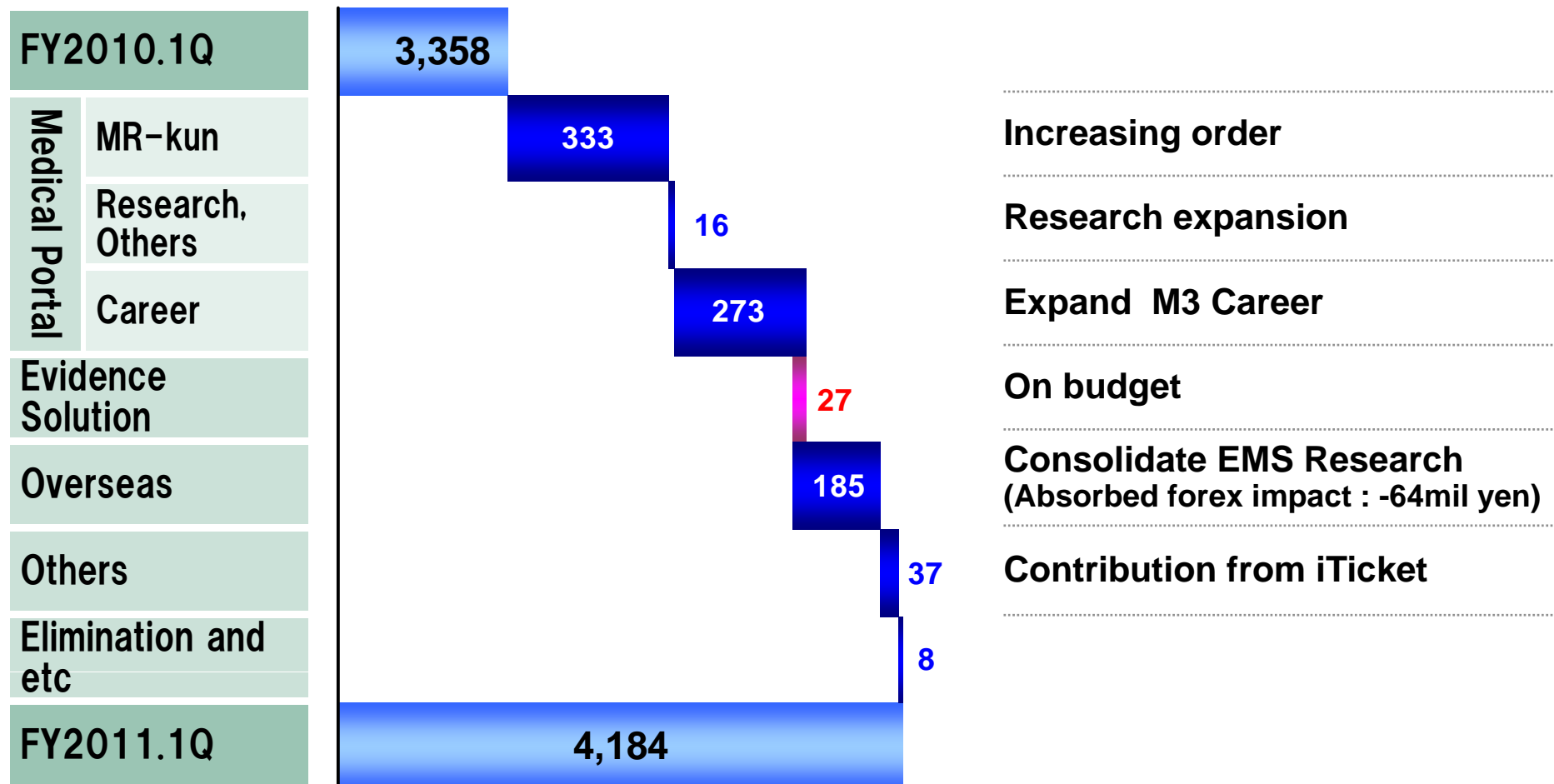
(yen million)

		FY2010.1Q	FY2011.1Q	YoY Growth
Medical Portal	Sales	2,537	3,160	+25%
	Profit	1,435	1,886	+31%
Evidence Solution	Sales	477	449	▲6%
	Profit	▲55	111	—
Overseas	Sales	351	536	+53%
	Profit	10	8*	▲24%
Others	Sales	65	102	+57%
	Profit	▲1	10	—

* O.P. of M3 USA: 37 mil yen

Consoli. Sales Analysis (vs P.Y.)

(yen million)



 **Steady growth momentum continues.**

Stock Split

Objective

- Expanding the shareholder base by;
 - Lowering minimum amount for stock purchase
 - Improving liquidity

Outline

- Ratio: 2-for-1 Stock Split
- Record Date: Sep. 30th , 2011
- Effective Date: Oct. 1st , 2011

Office Relocation

Objective

- Resolution of shortage of office space due to staff increase.
- Creation of further synergy among group companies.

Overview

- Schedule : Nov. 2011
- New address : Akasaka, Minato-ku, Tokyo

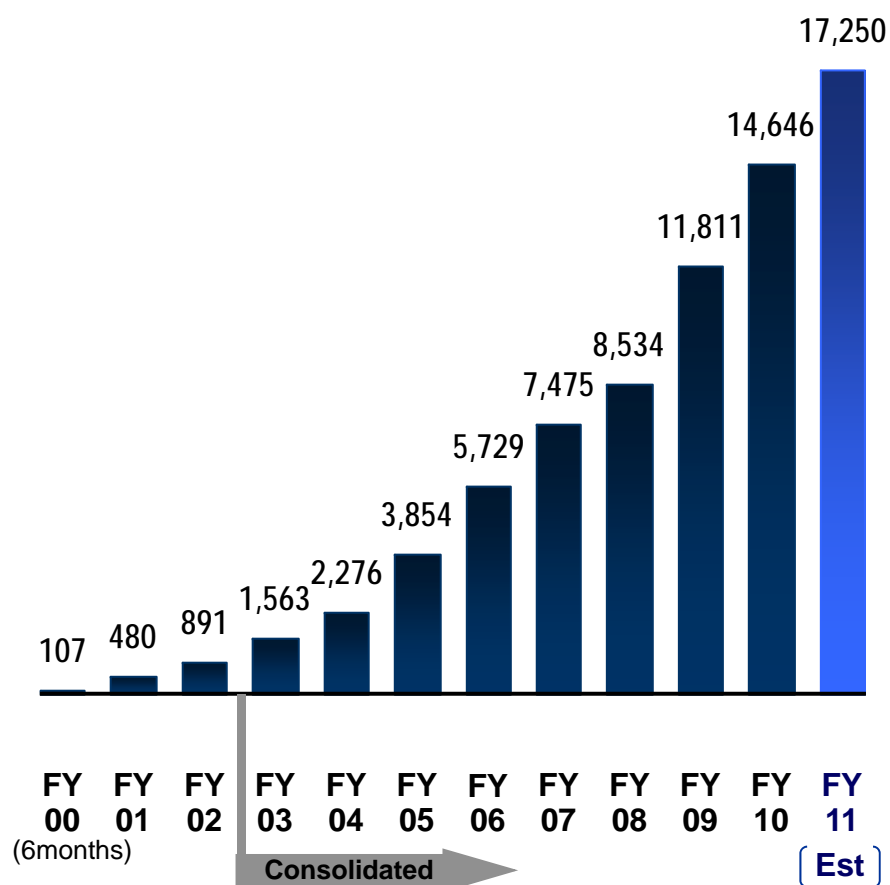
Financial Impacts

- One-time cost for relocation : Approx, 200 mil yen (to be posted on 2Q – 3Q).
- The rent per seat per month will be reduced.

Annual Results & Forecast for FY2011

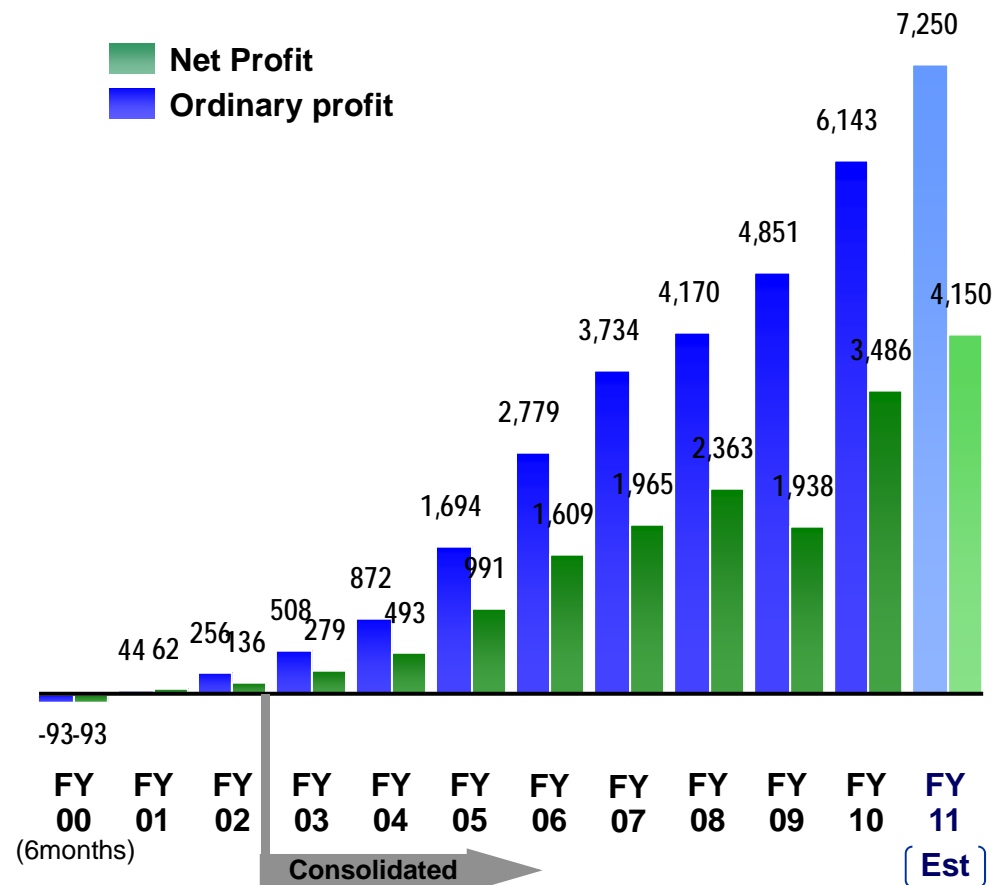
Sales

(¥ mn)



Ordinary Profit & Net Profit

(¥ mn)



Creating New Value in Healthcare



→ M3

Medicine

Media

Metamorphosis

→ Healthcare sector is huge...

- Japanese national spending on medical services is approximately ¥33tn (approximately ¥50tn if peripheral businesses are included)
- Equivalent to 10% of Japanese GDP
- Sector controlled by only 270,000 people, e.g., physicians, representing only 0.2% of the population

→ M3 aims to create new value in this sector

- Solve the issues and problems of the medical sector
- With new and unique business models
- While focusing on areas where we can add high value (e.g., have high profit) to boost our enterprise value

Source: Ministry of Health, Labour and Welfare, the Japan Medical Association, M3