


M3

Presentation Material

3Q 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
2011	Aug	Acquired Doctors.net.uk and entered into UK market

Sponsor-free

Medical News

Search engine

Research Paper
search

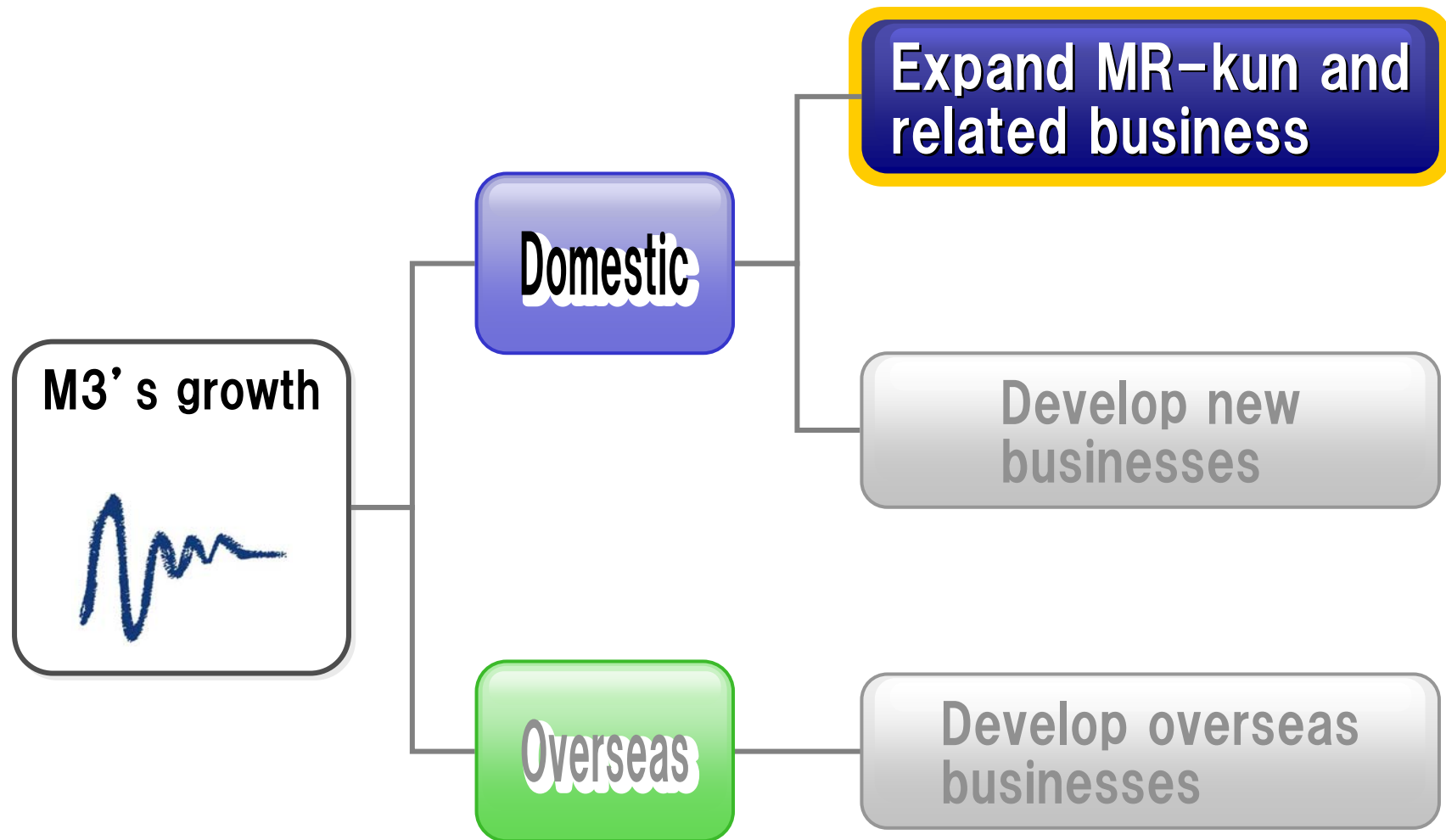
Web-based
medical tools



Sponsored

m3.com MR-kun

Sponsor
messages



Japanese Pharma's Huge Marketing Costs

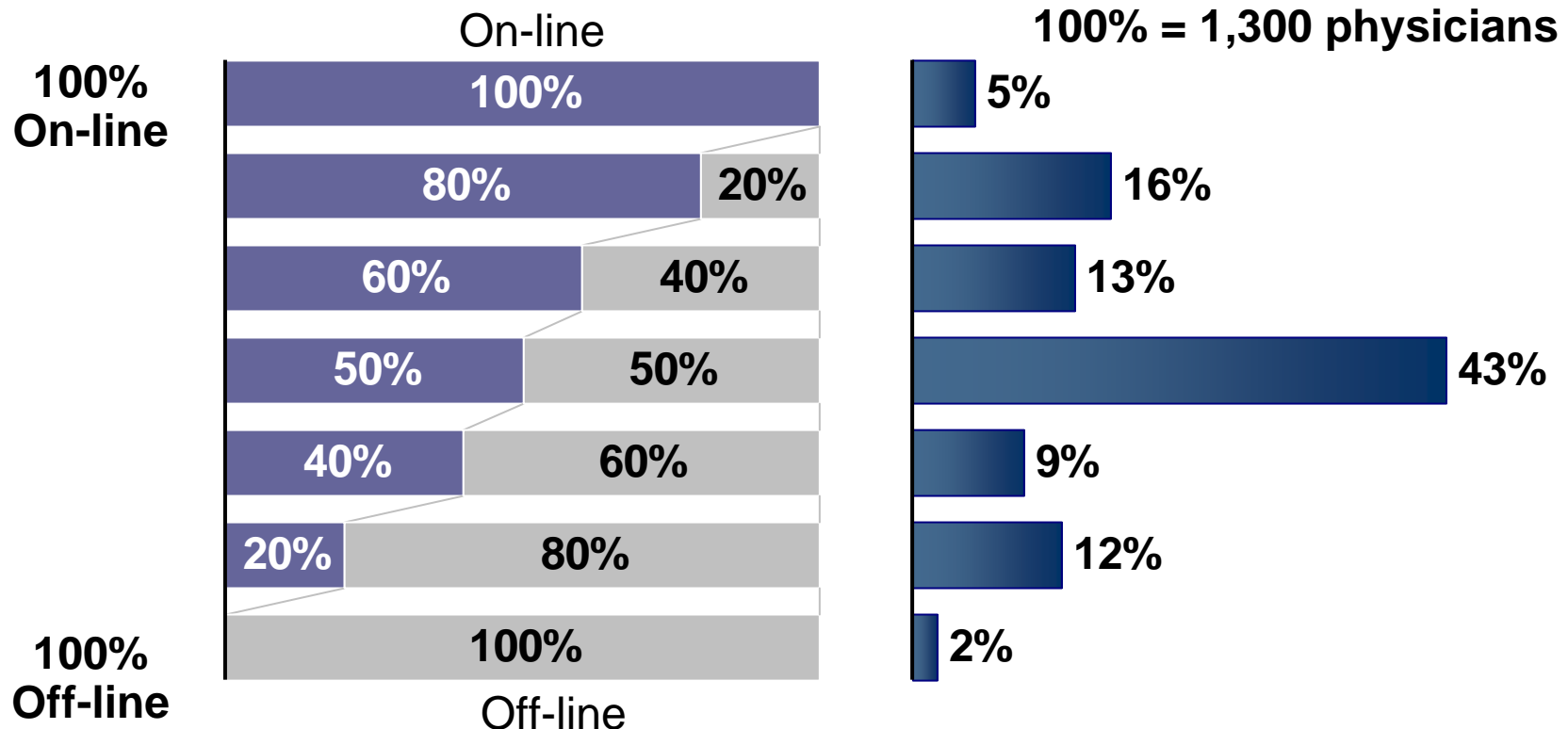
	Head count		Annual costs per person		
MRs (Pharmaceutical companies)	55,000	×	¥20mn	=	¥1.1tn
MSs (Pharmaceutical wholesalers)	30,000	×	¥10mn	=	¥300bn
					Total cost of whole industry ¥1.1-1.4 tn

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.



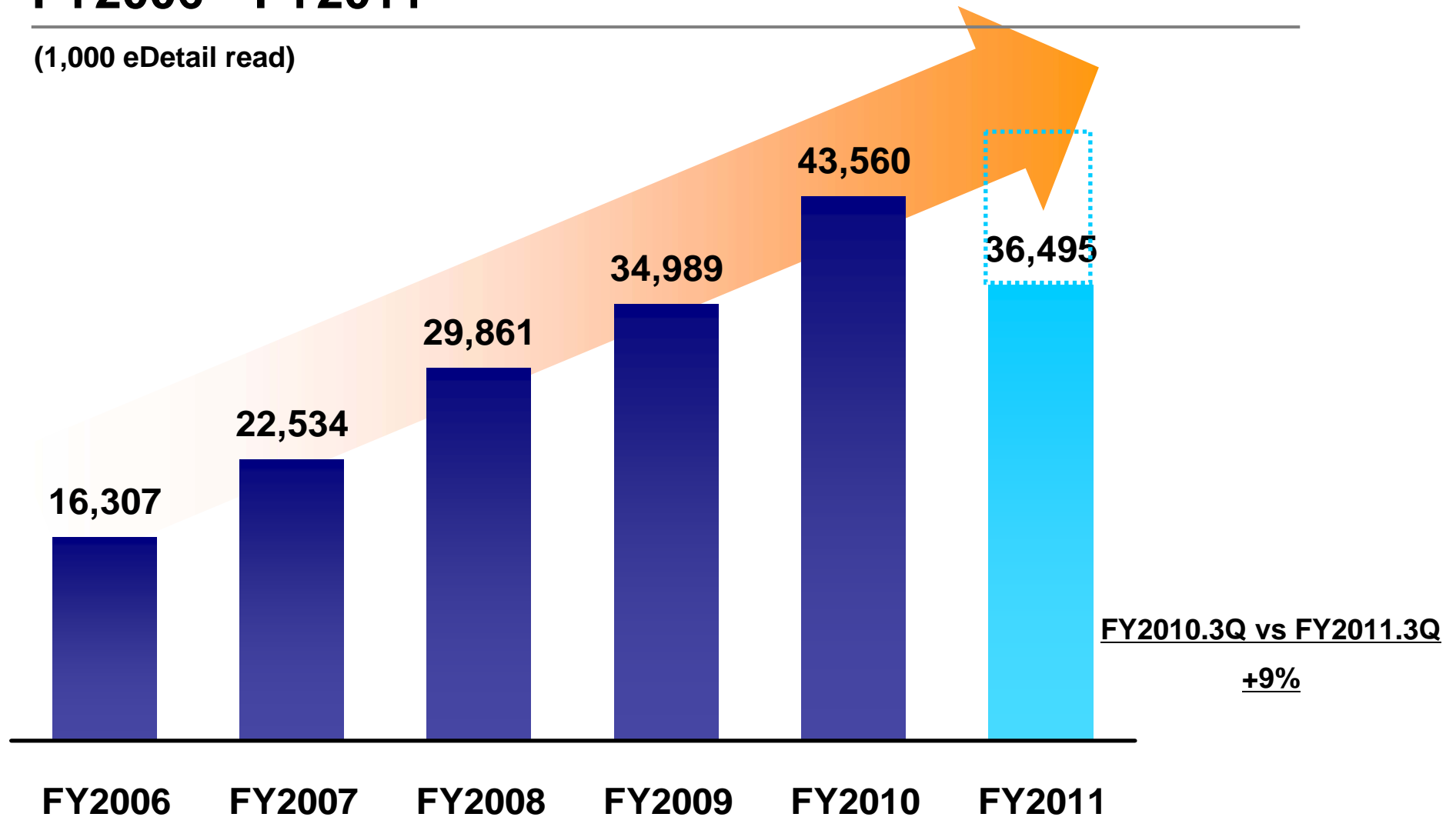
Demand for eDetails is quite high for busy physicians as they can get the information when it's convenient for themselves, not for MR

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

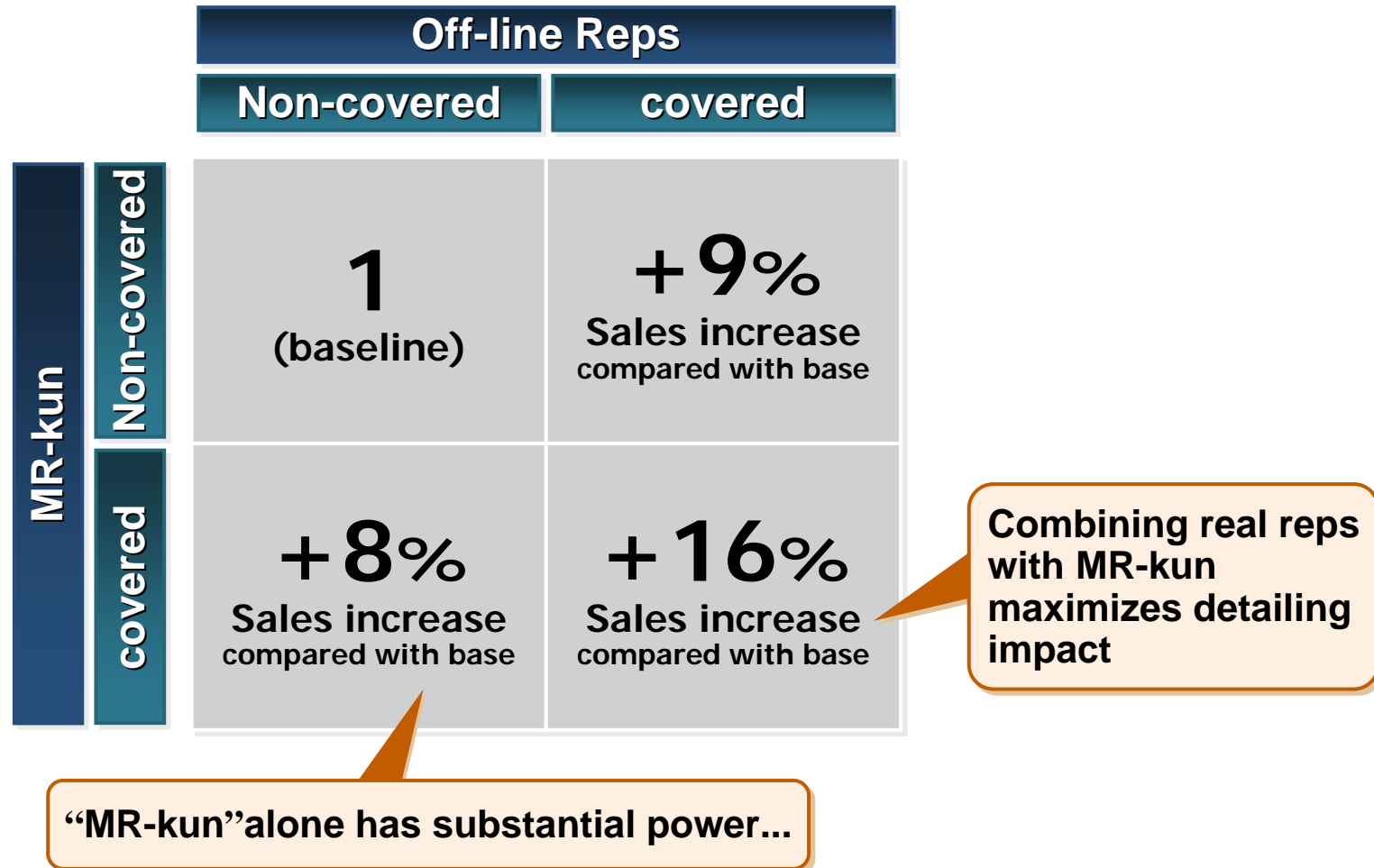
¥150mn

¥10mn

The average of top 5 clients: ¥480mn

MR-kun Increases Sales Like Reps

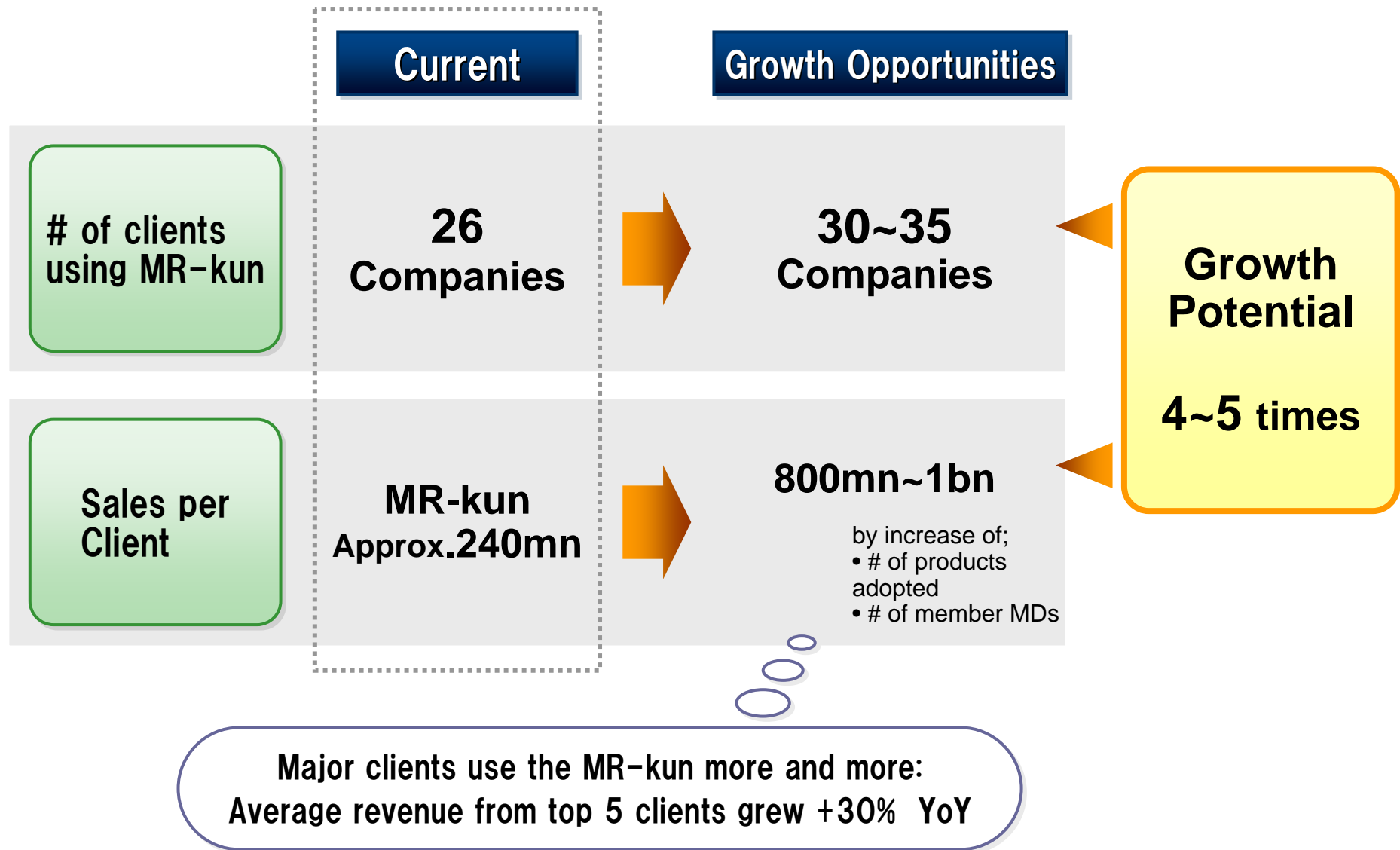
Case
study

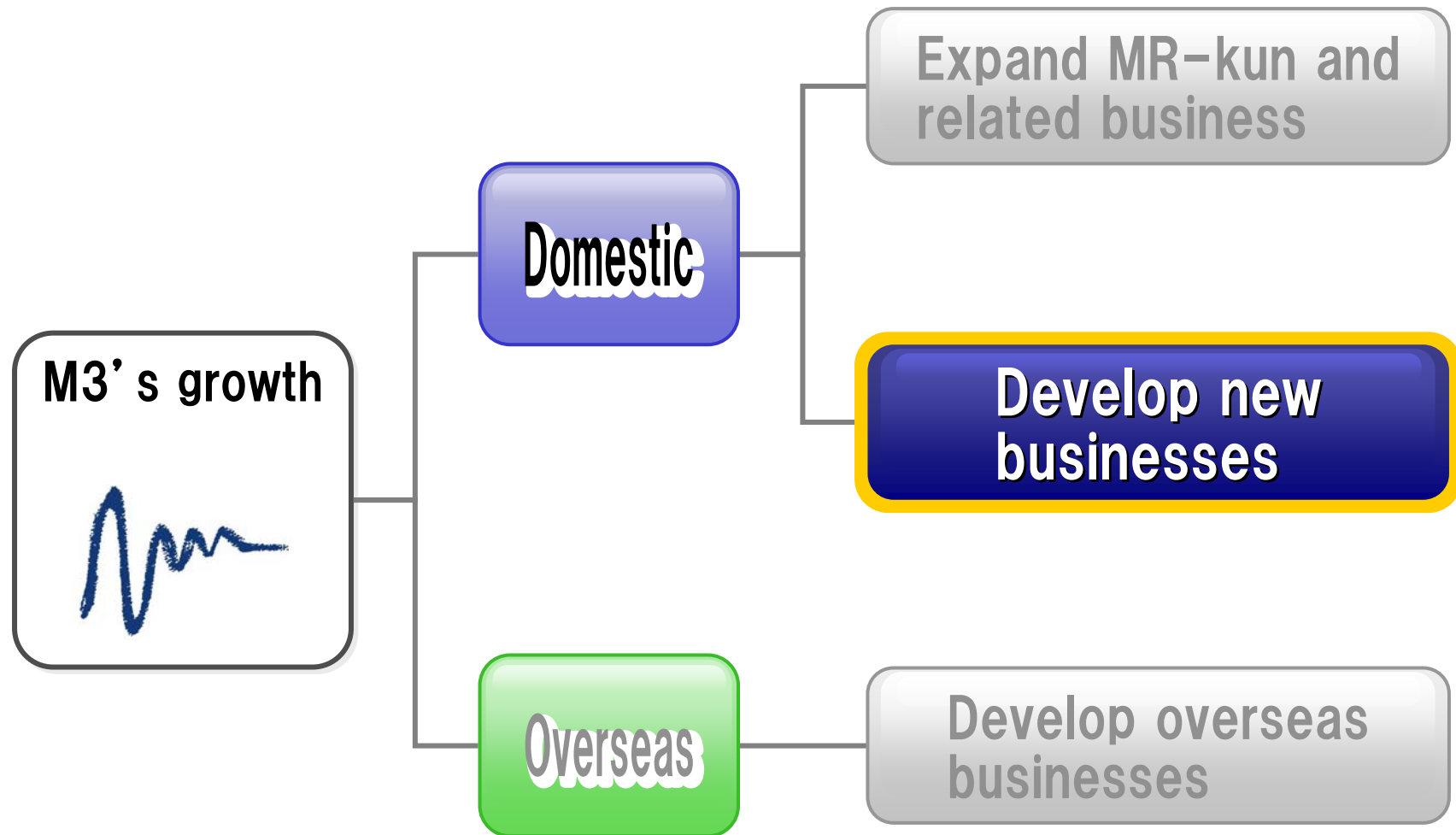


Source: M3
Notes: Questionnaire to 16,000 General Practitioners

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MR-kun's Growth Potential in Japan





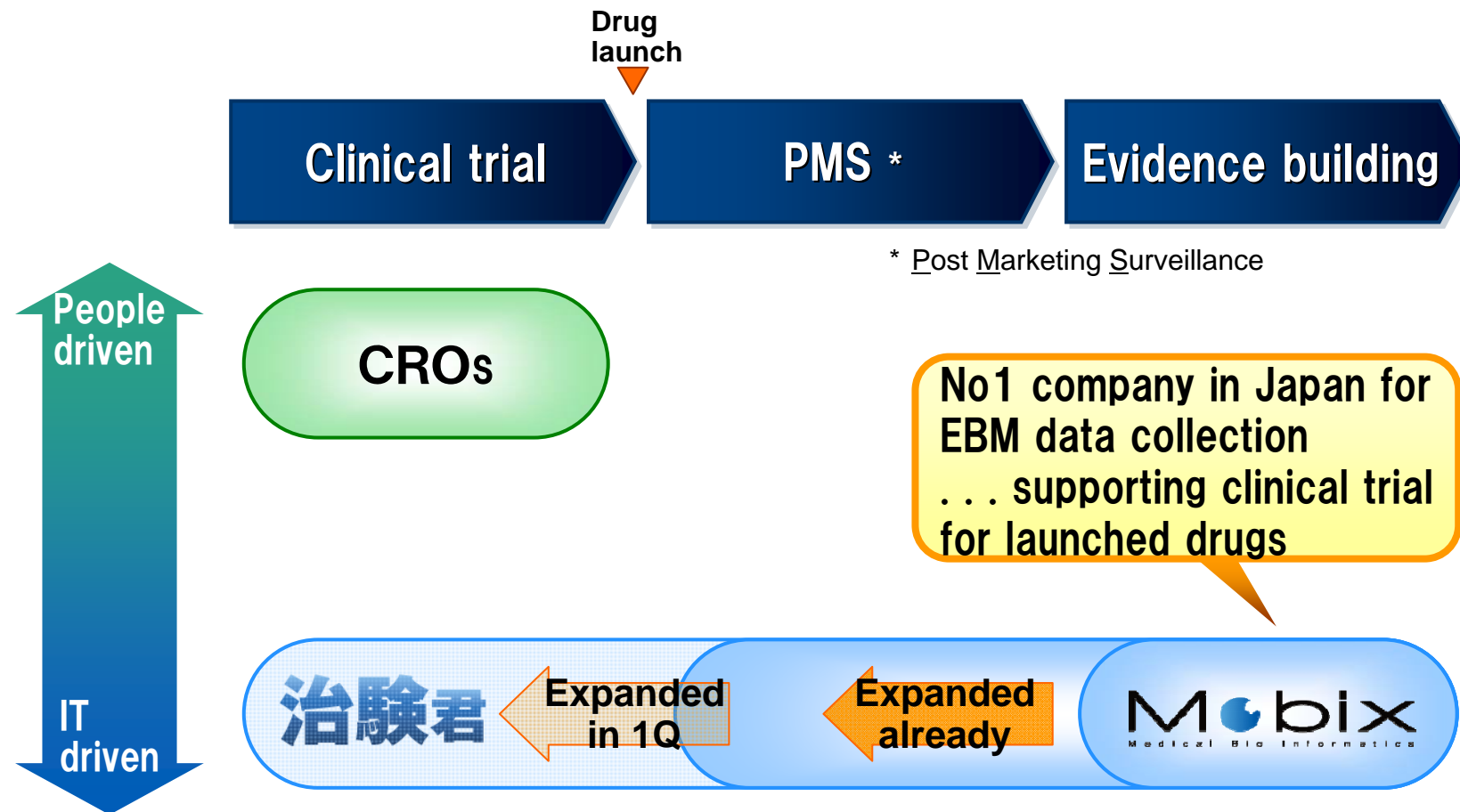
New Business Development on the Platform

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	6			✓
QOL kun etc.	Promotion service for non-pharma companies	8		✓	
Consumer Business	Consumer service	5		✓	
<hr/>					
Consolidated subsidiaries	Mebix	Evidence solution service	100	✓	
	M3 Career	Job information for Physicians, Pharmacist	70	✓	
	iTICKET	Online clinical reservation system for patient	20		✓

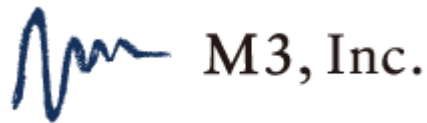
- Revenue from the new businesses will exceed the revenue of MR-kun in FY2011.
- Many of the new businesses are run by few staff and quite profitable.
- 4 companies since the beginning of current FY.

Evidence Solution Business – Mebix



- “Chicken-kun” service acquired 3 clinical trials and more inquiries from pharma.

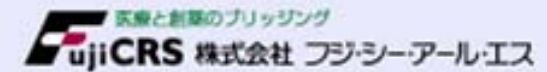
Acquisition of Fuji CRS



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



Accelerate the growth of “Chicken-kun” service*



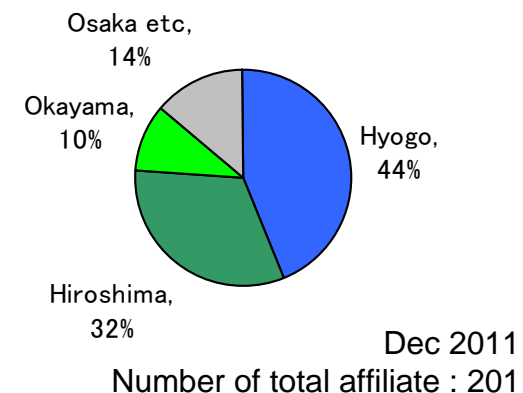
- Experience in clinical trial as SMO.
- Good track records with major pharmaceutical companies in clinical trial.

* Participating physician and patient recruiting via m3.com

Company Overview

Name	Fuji CRS, KK..
Established	Feb. 2002
Capital	20 million yen
Business	Site Management Organization (SMO). Focus on Kinki and Chugoku area
Employees	40
Office	Hyogo, Okayama, Hiroshima

Medical facilities in affiliation



M3 Career, Inc



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

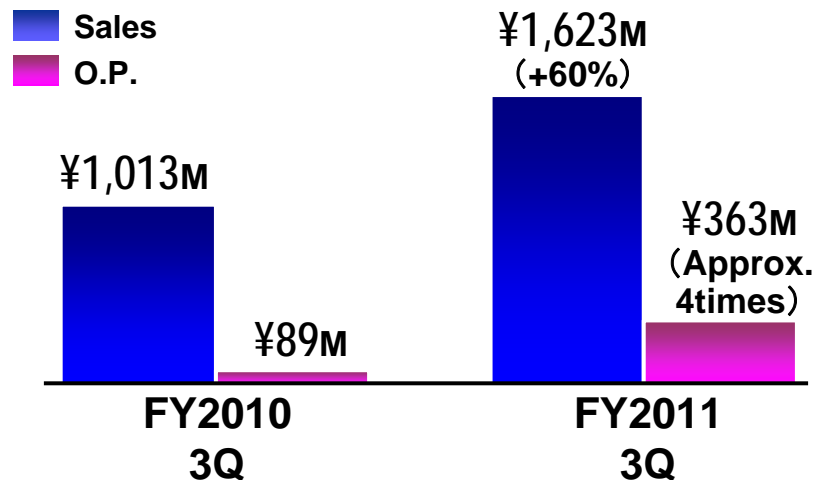


Full-line service and platform for best match between employers and job seekers



- 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)

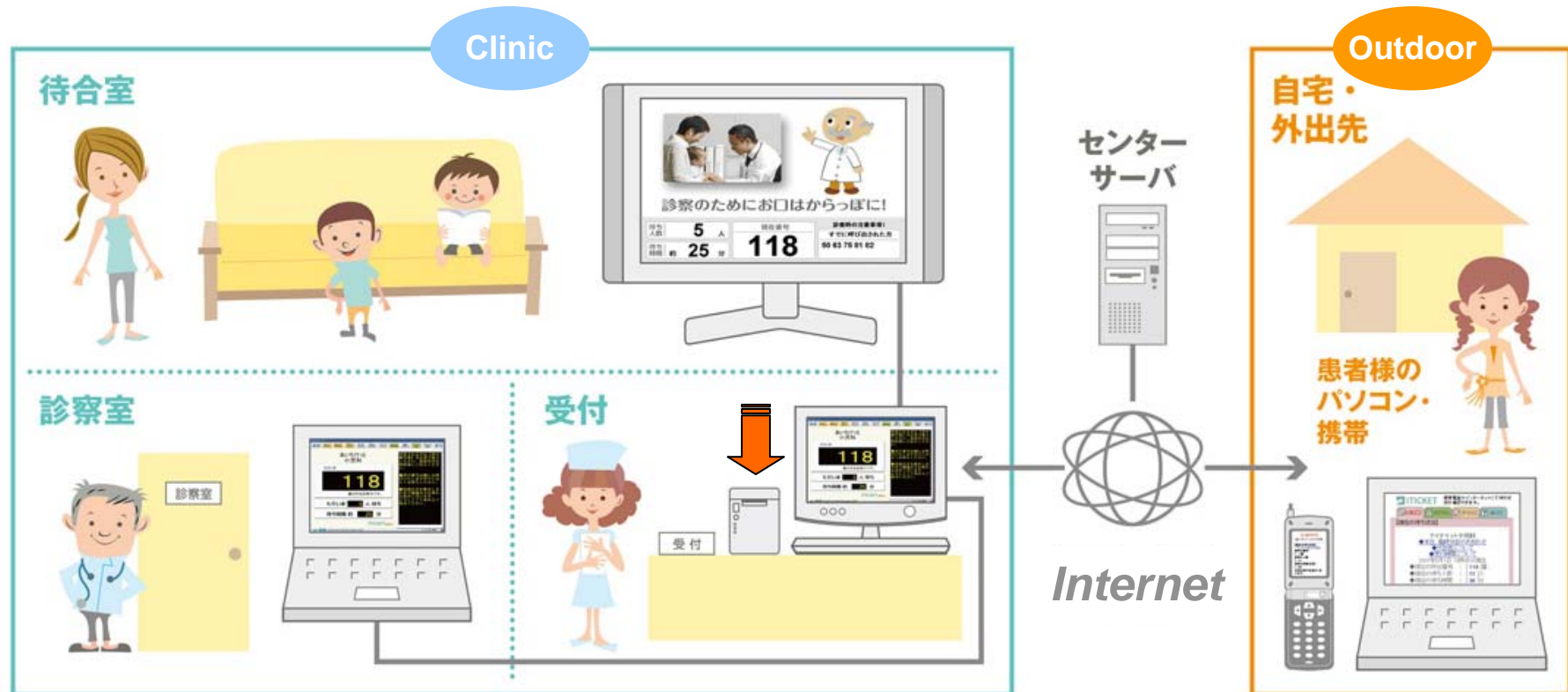


- Improvement in operation efficiency.
- Development of newly-hired staff in productivity.

Sales and profits has improved steadily since previous year, absorbing prior investment such as increasing staff.

Acquisition of iTICKET

Web-based reservation system for clinics

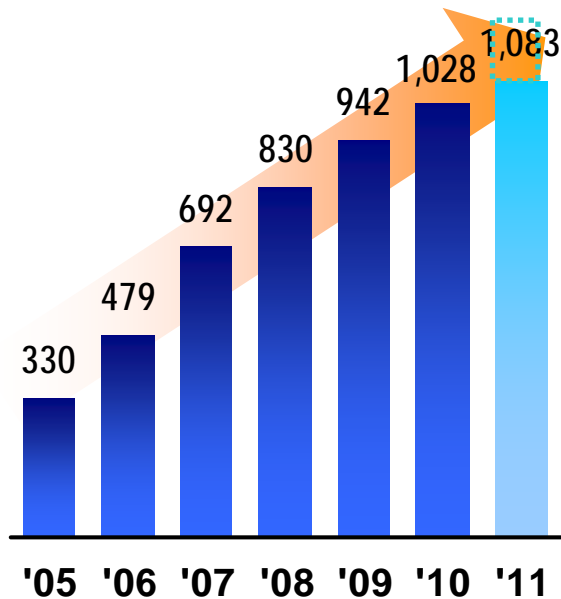


👉 Used in 1,000+ clinics , more than 1 million unique users per month, more than 500,000 members (mostly moms with little kids) registered to the pan-clinic site. ...became one of the largest “mom” platforms in Japan.

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



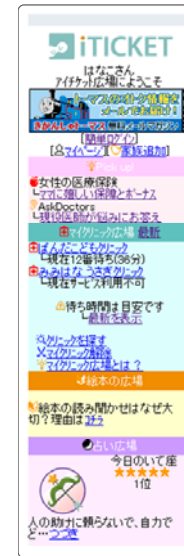
Ticket Media



<Fee Structure>

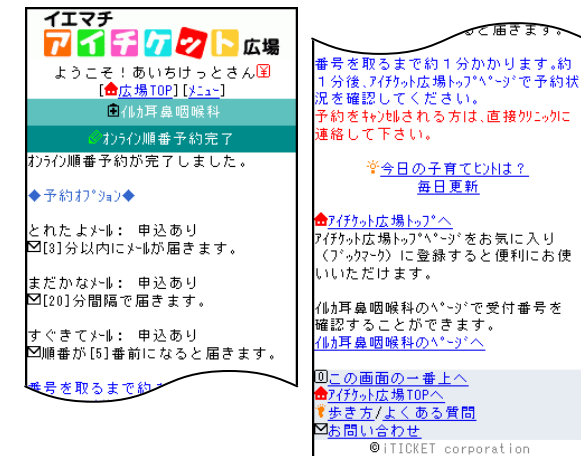
- Clinic Media: 1,500,000yen / Month ~
- Mobile Media: 130,000yen / 2Week ~
- Ticket Media: 750,000yen / Project ~

Mobile Media



Consumer business

Charged Option

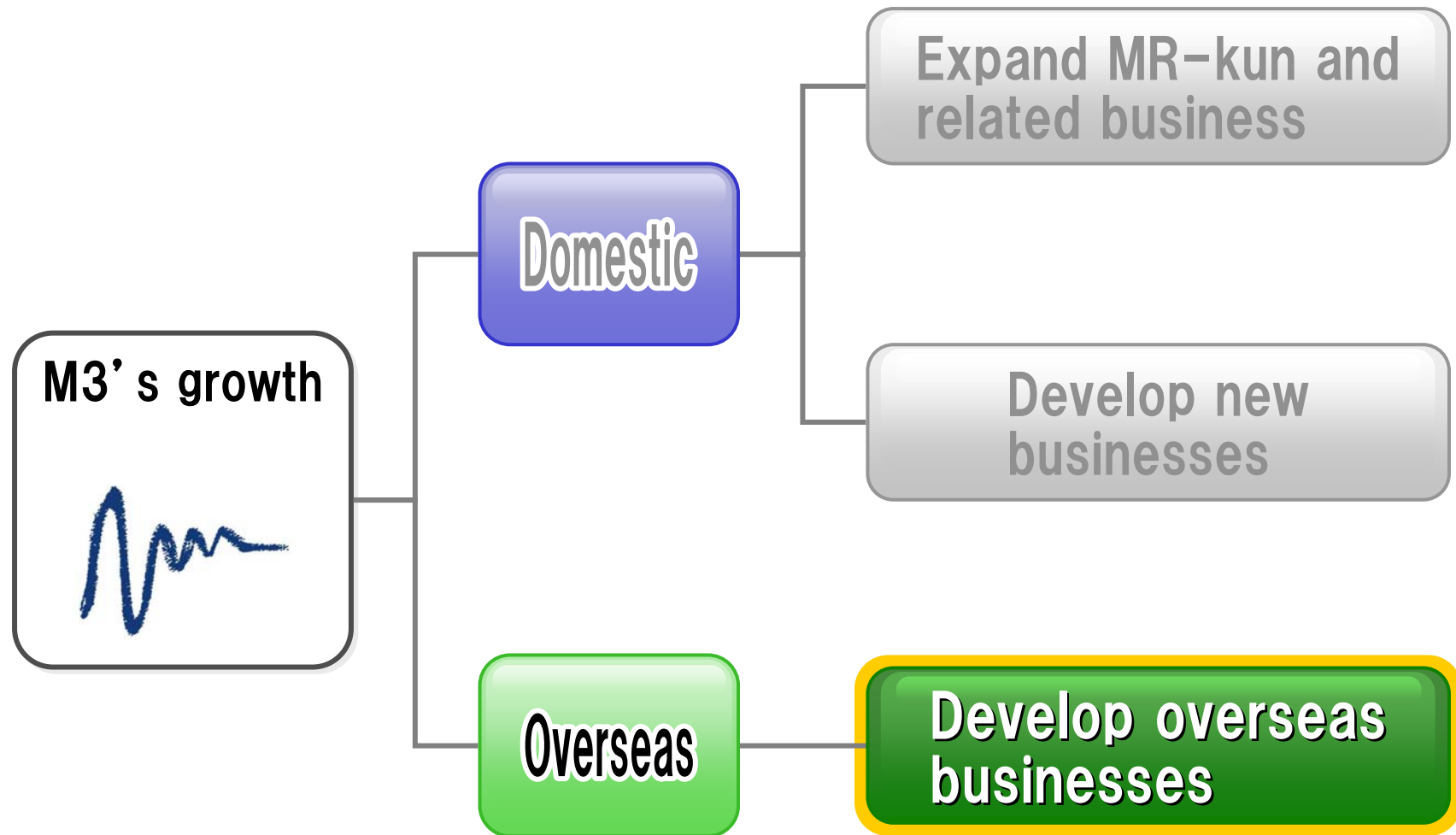


- とれたよメール
- まだかなメール
- すぐきてメール

<Fee Structure>

- 210yen / Month

Acquired 9000+ registered users with no promotion cost.



Development in the US

HemeOnc Linx MDLinx
Today's Top Medical Abstracts.

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- Breast
- Carcinogenesis
- 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
- Pain/Palliative Care
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- Popular Press
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- Side Effects
- Soft Tissue/ Sarcoma/Transfusion
- Medicine

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Messages

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Journal of Clinical Oncology, 01/29/07
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Slide Kits

e-Details

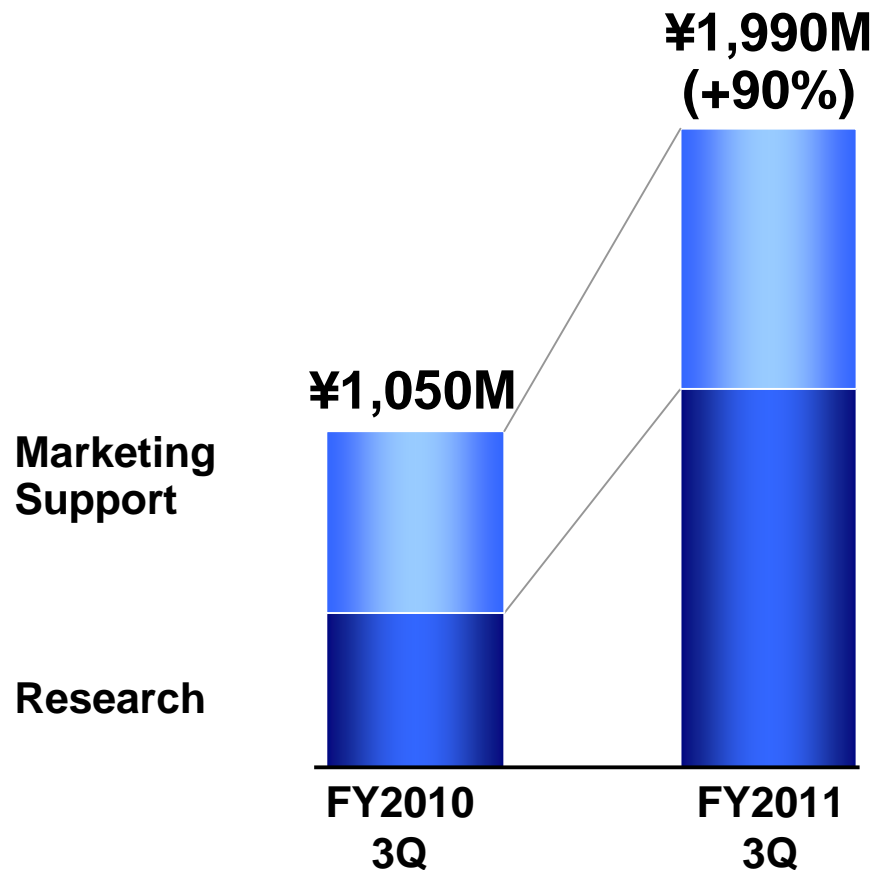
Abstracts

Patient Education

- “M3 Messages” (US version of MR-kun) started on MDLinx (merged with M3 USA in Mar. 2009).
 - Washington D.C.
 - 546K medical professionals (incl. 199K physicians) as registered member
- Acquiring physician members rapidly
 - Added 22K in this quarter (added 96K in the 12 months)
- Expanding both “M3 Messages” and “MDLinx Clicks”.

Sales Breakdown of M3 USA (Including EMS Research, Doctors.net.uk)

Sales Breakdown of M3 USA



► Marketing Support

- Both “M3 Messages” and “MDLinx Clicks” are growing.
- Acquired Doctors.net.uk in Aug. 2011. Entered into UK market.

► Research

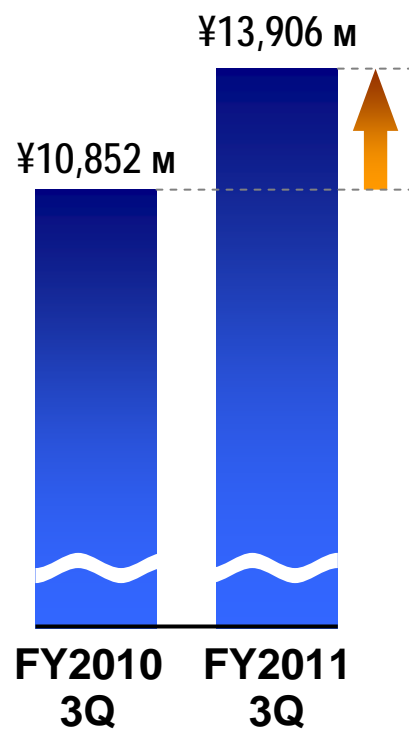
- Increase of registered physicians in MDLinx drives growth.
- Acquired EMS Research Ltd. in Nov. 2010. Realized 1M+ global research physician panel.

 US operation increased O.P. YoY, (+77 mil yen, +80%).
Doctors.net.uk made good start, posting profits in 3Q.

Consolidated P/L Statement for FY2011 3Q

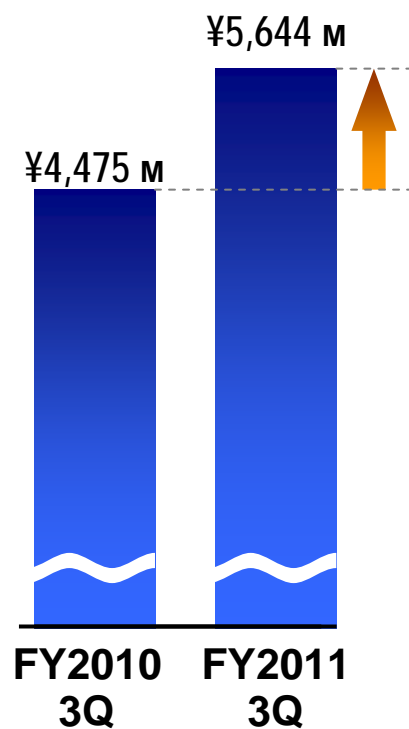
Sales

+28%



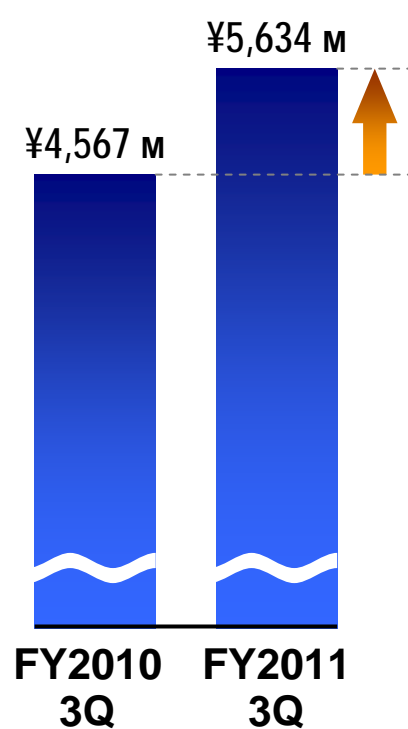
Operating income

+26%



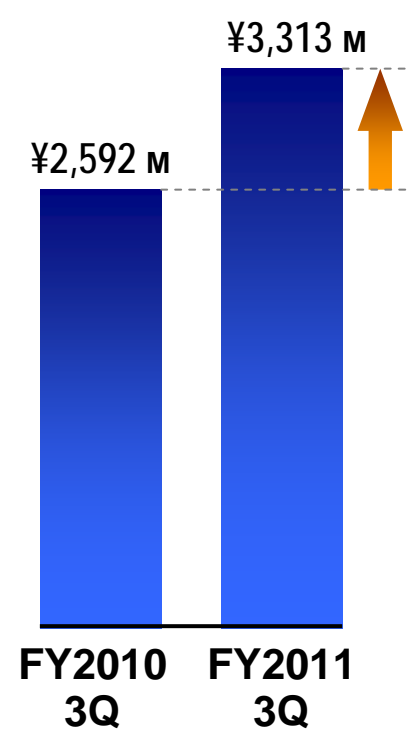
Ordinary profit

+23%



Net profit

+28%



Consolidated P/L Statement for FY2011 3Q

Breakdown by Business Segments

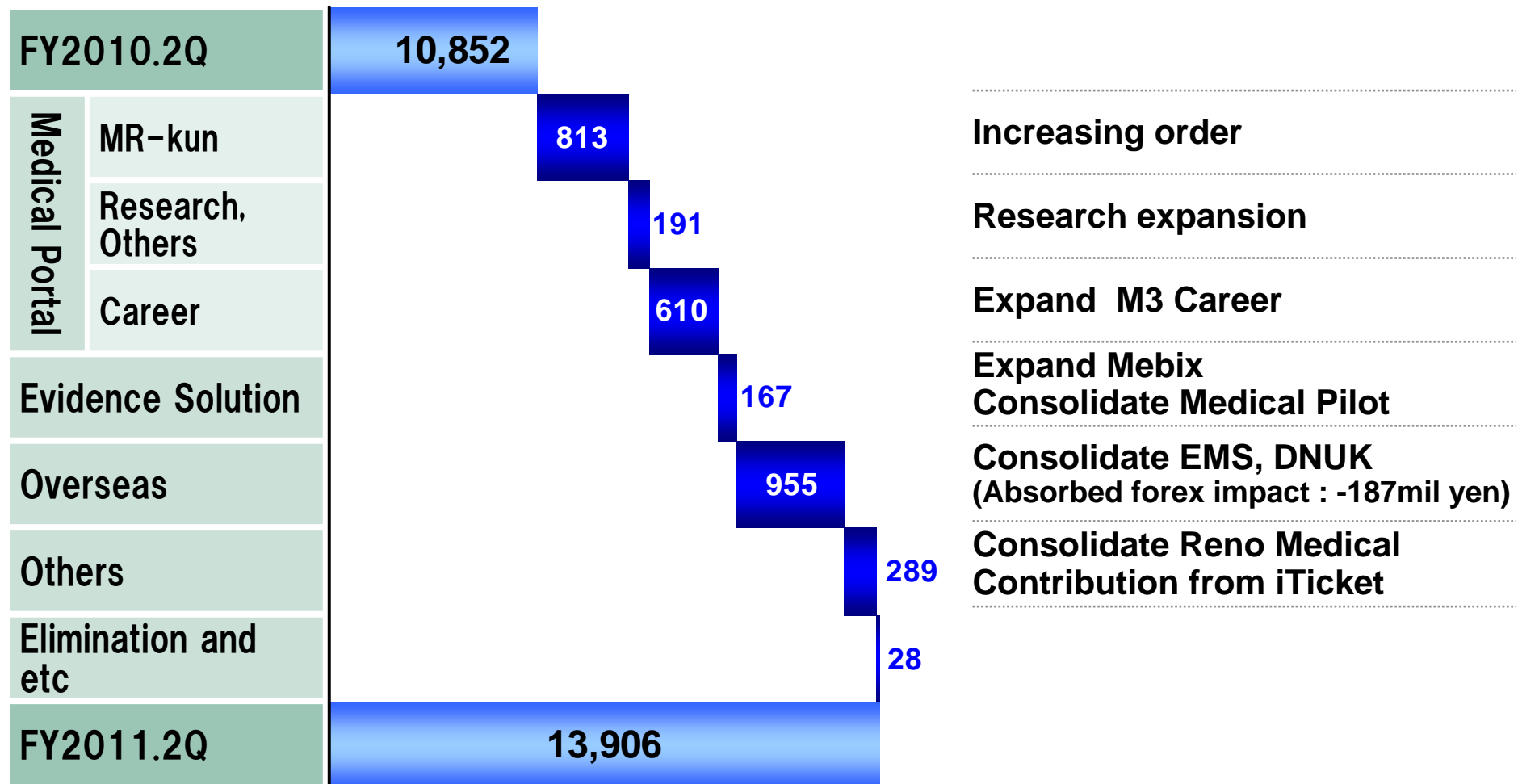
(yen million)

		FY2010.3Q	FY2011.3Q	YoY Growth
Medical Portal	Sales	8,231	9,845	+20%
	Profit	4,757	5,609	+18%
Evidence Solution	Sales	1,473	1,640	+11%
	Profit	▲28	288	—
Overseas*	Sales	1,143	2,098	+84%
	Profit	68	133	+95%
Others	Sales	222	511	+130%
	Profit	163	53	-67%

* O.P. of US business increased +77 mil yen from P.Y.

Consolidated Sales Analysis (vs P.Y.)

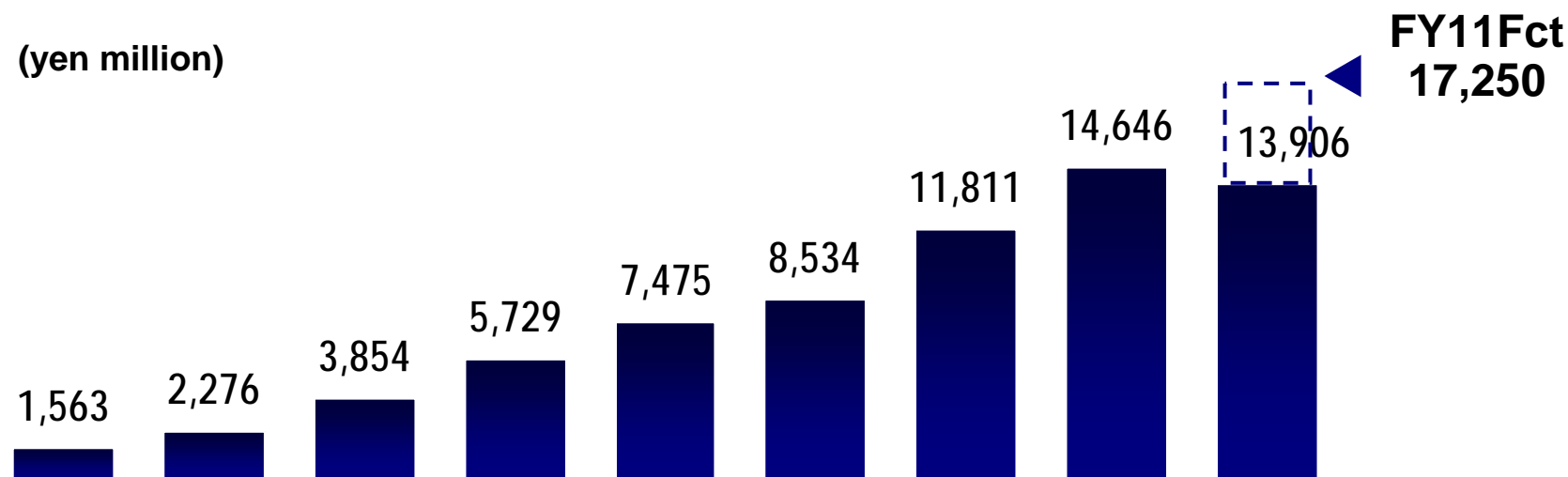
(yen million)



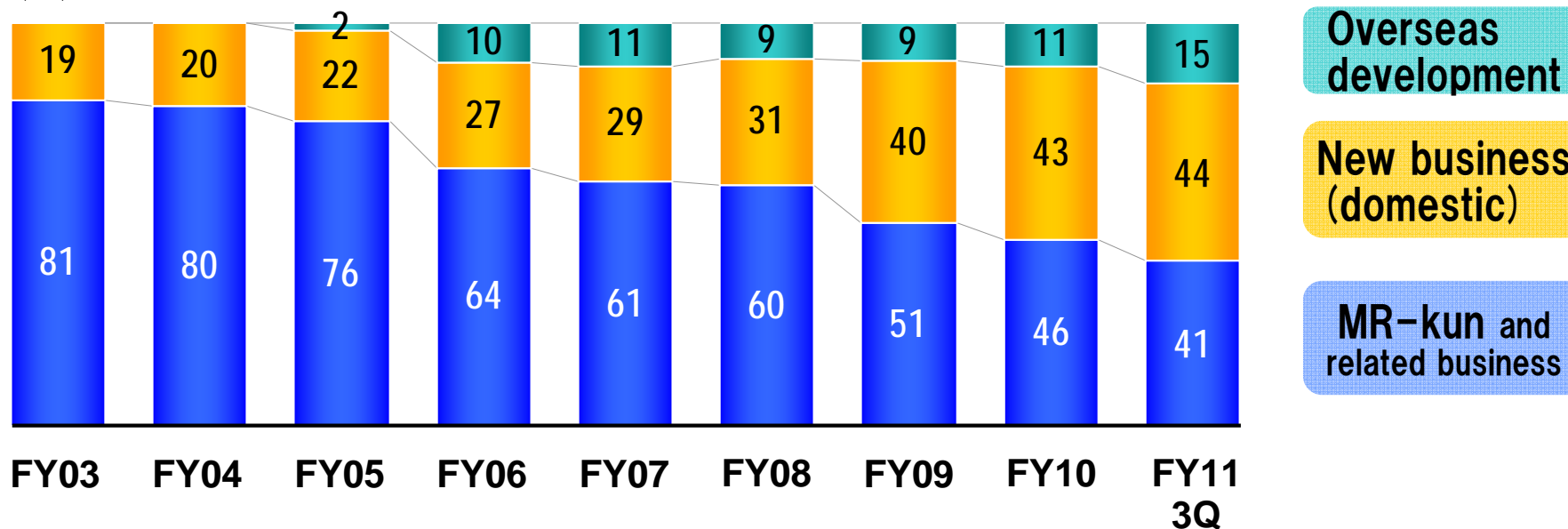
 Steady growth momentum continues.

Consolidated Sales Trend

(yen million)



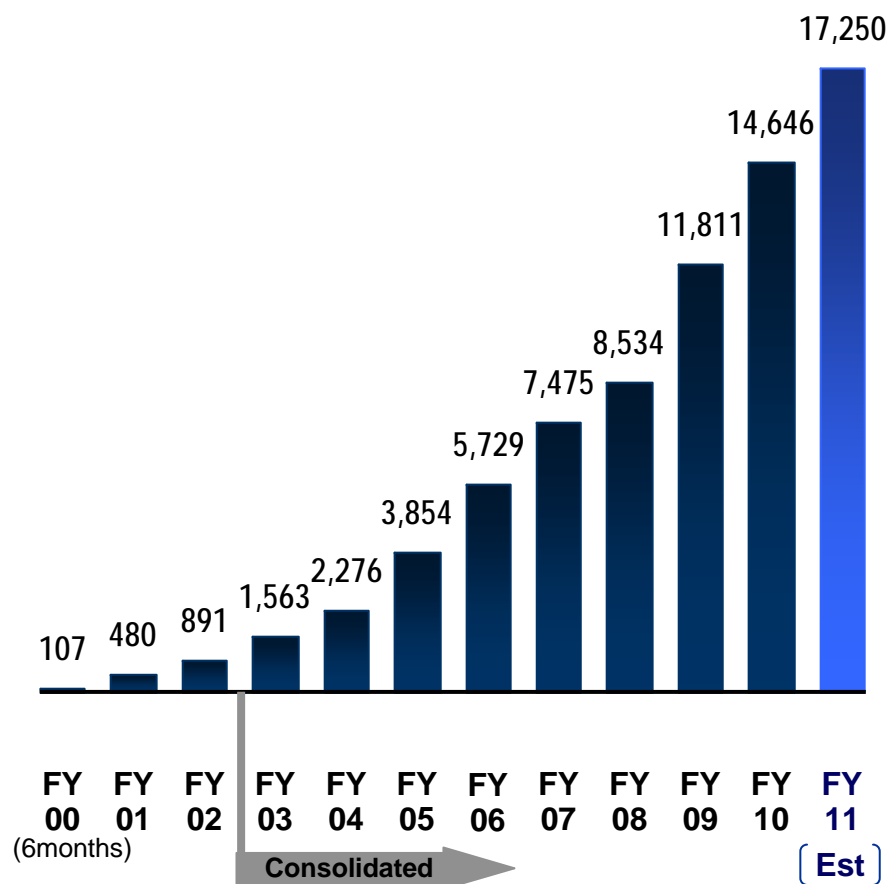
(%)



Annual Results & Forecast for FY2011

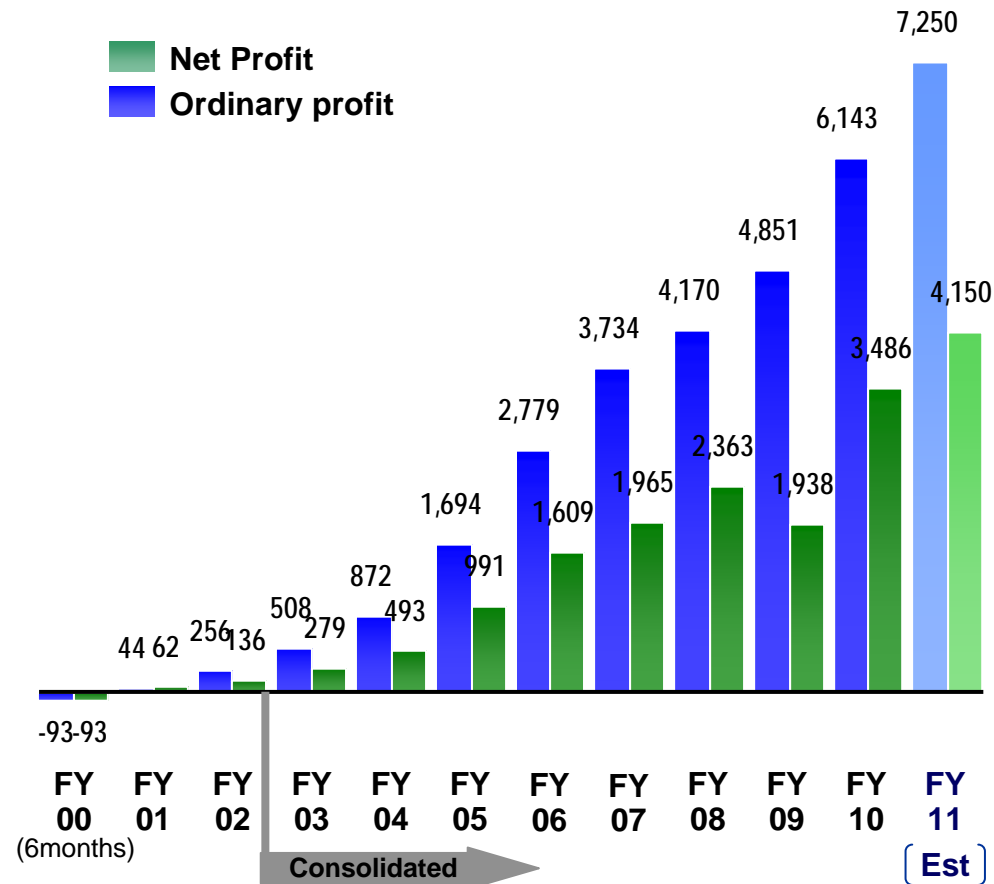
Sales

(¥ 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 280,000 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