


M3

Presentation Material

2Q FY2012





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

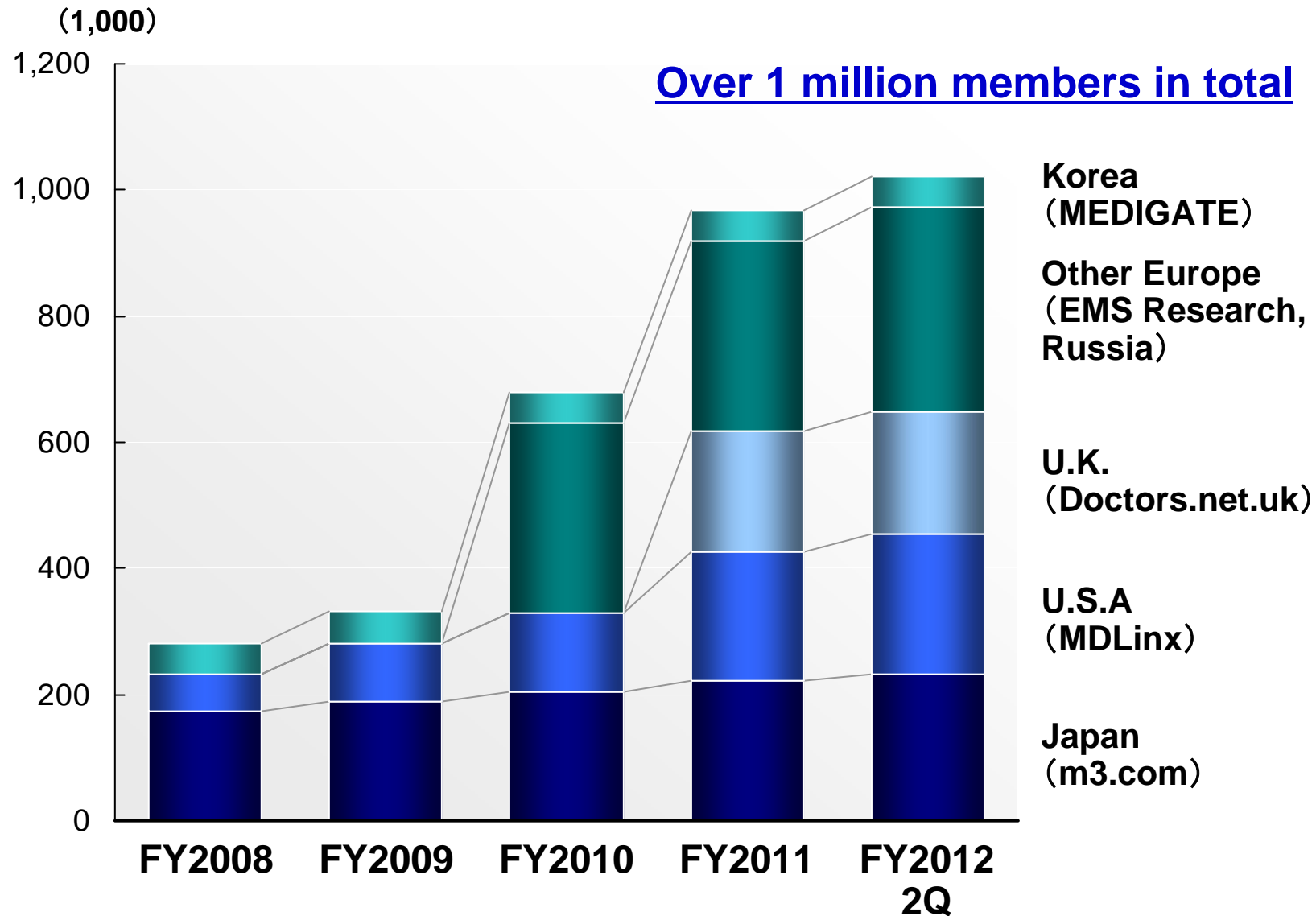
Name

→ 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

Physicians Registered in Our Site or Research Panel (Global)



Sponsor-free

Medical News

Search engine

Research Paper
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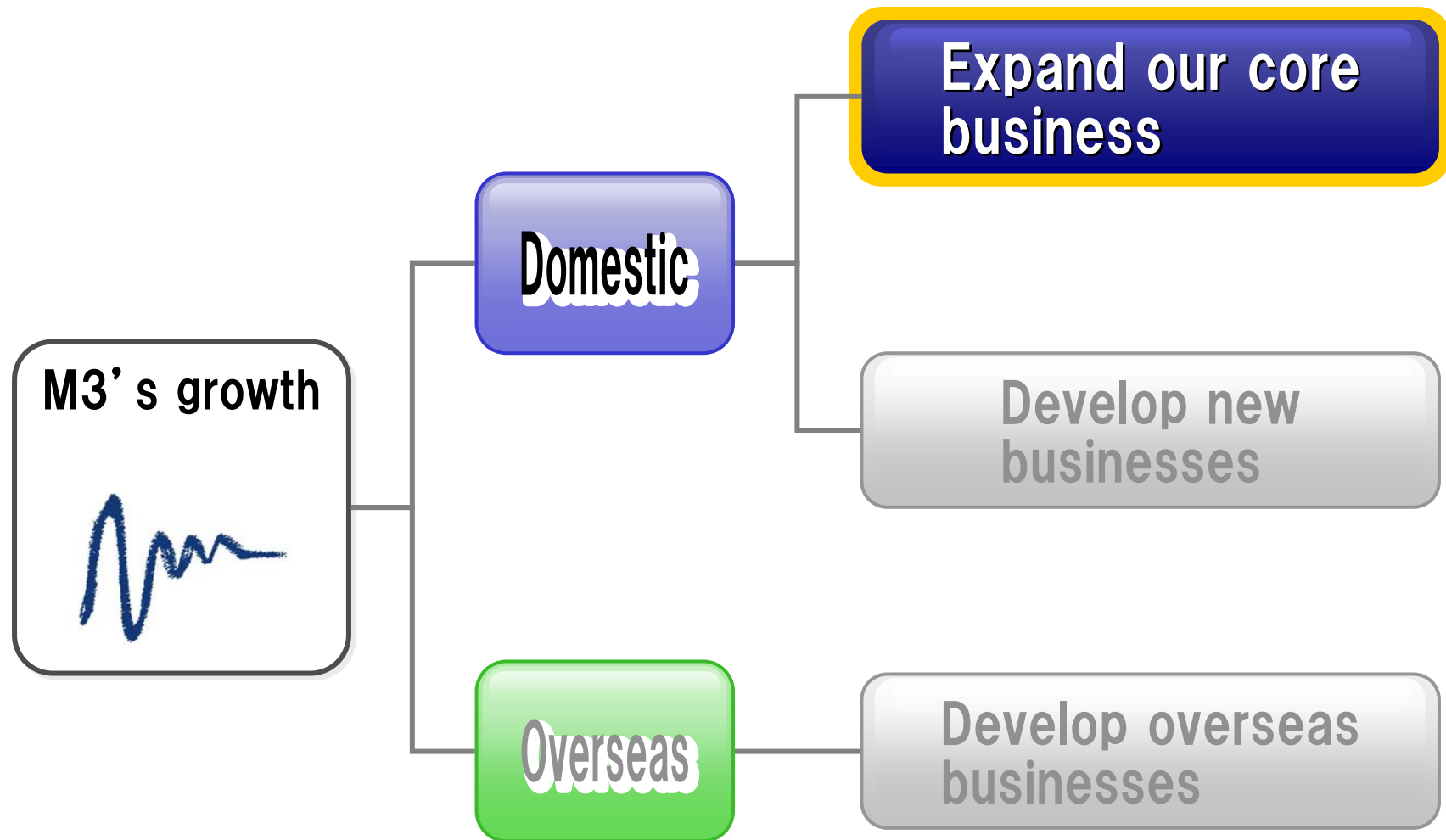
Web-based
medical tools



Sponsored

m3.com MR-kun

Sponsor
messages



Japanese Pharma's Huge Marketing Costs

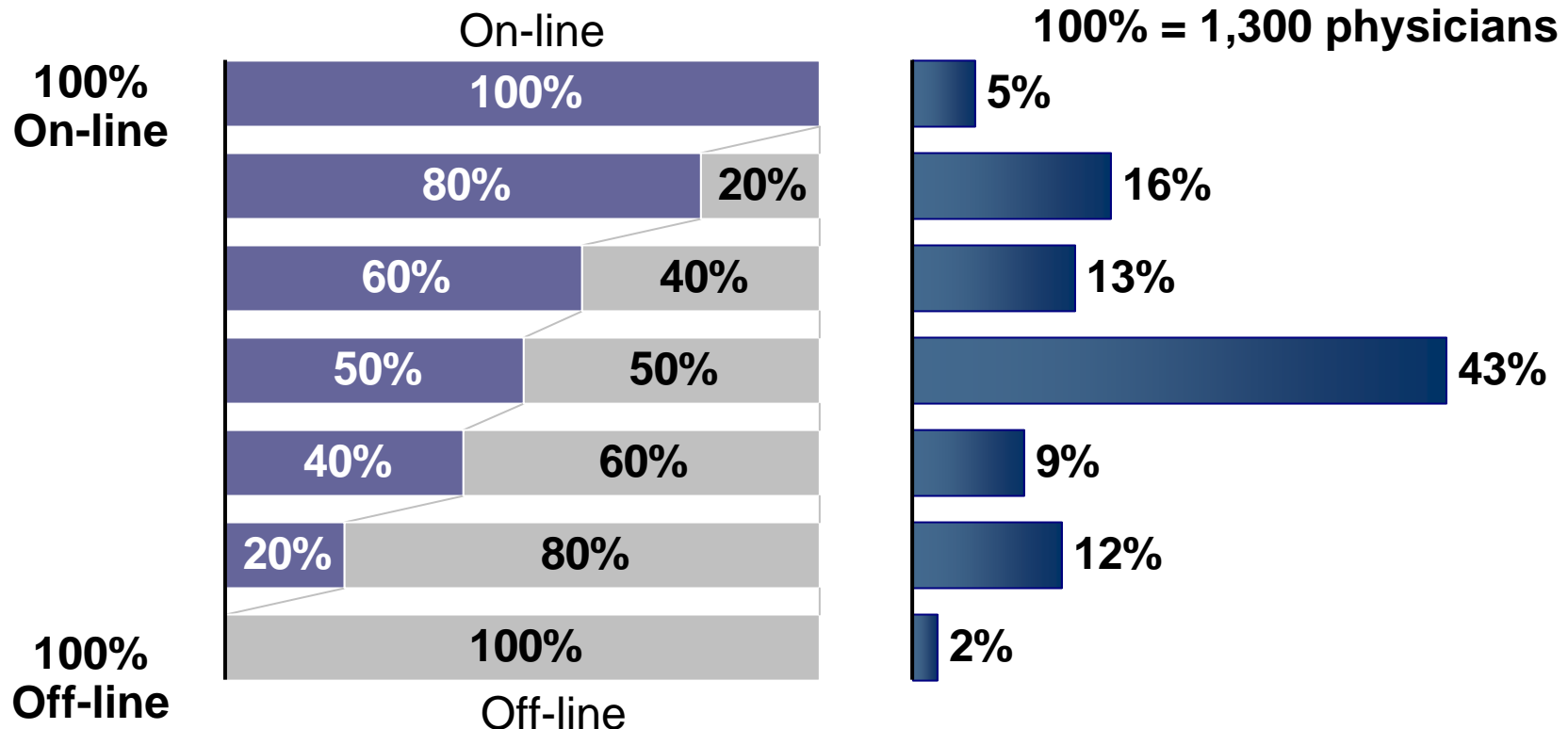
	Head count		Annual costs per person		
MRs (Pharmaceutical companies)	55,000	×	¥20mn	=	¥1.1tn
MSs (Pharmaceutical wholesalers)	30,000	×	¥10mn	=	¥300bn
					Total cost of whole industry ¥1.1-1.4 tn

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.

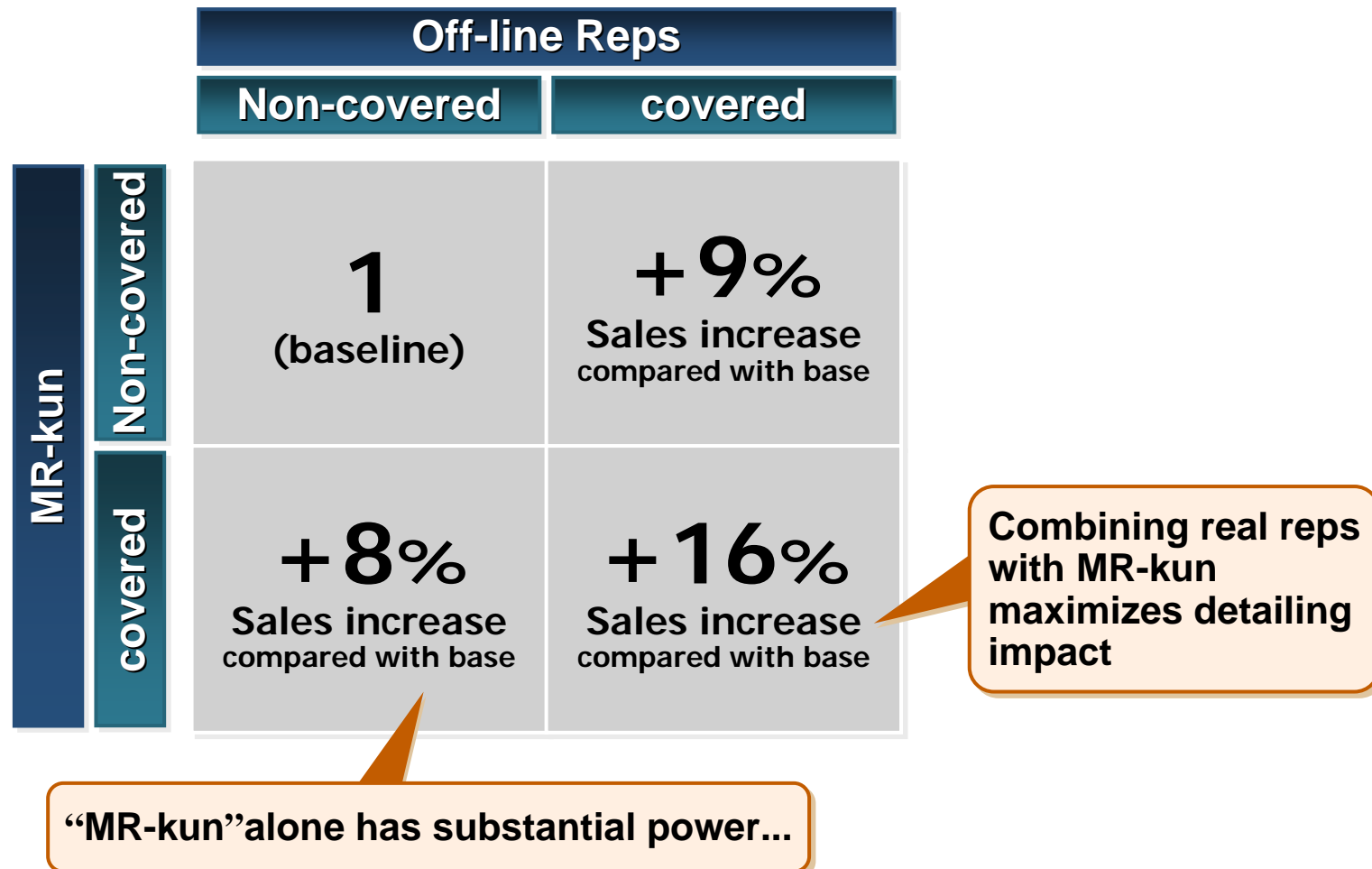


Demand for eDetails is quite high for busy physicians as they can get the information when it's convenient for themselves, not for MR

Source: M3 questionnaire to 1,300 physicians

MR-kun Increases Sales Like Reps

Case
study



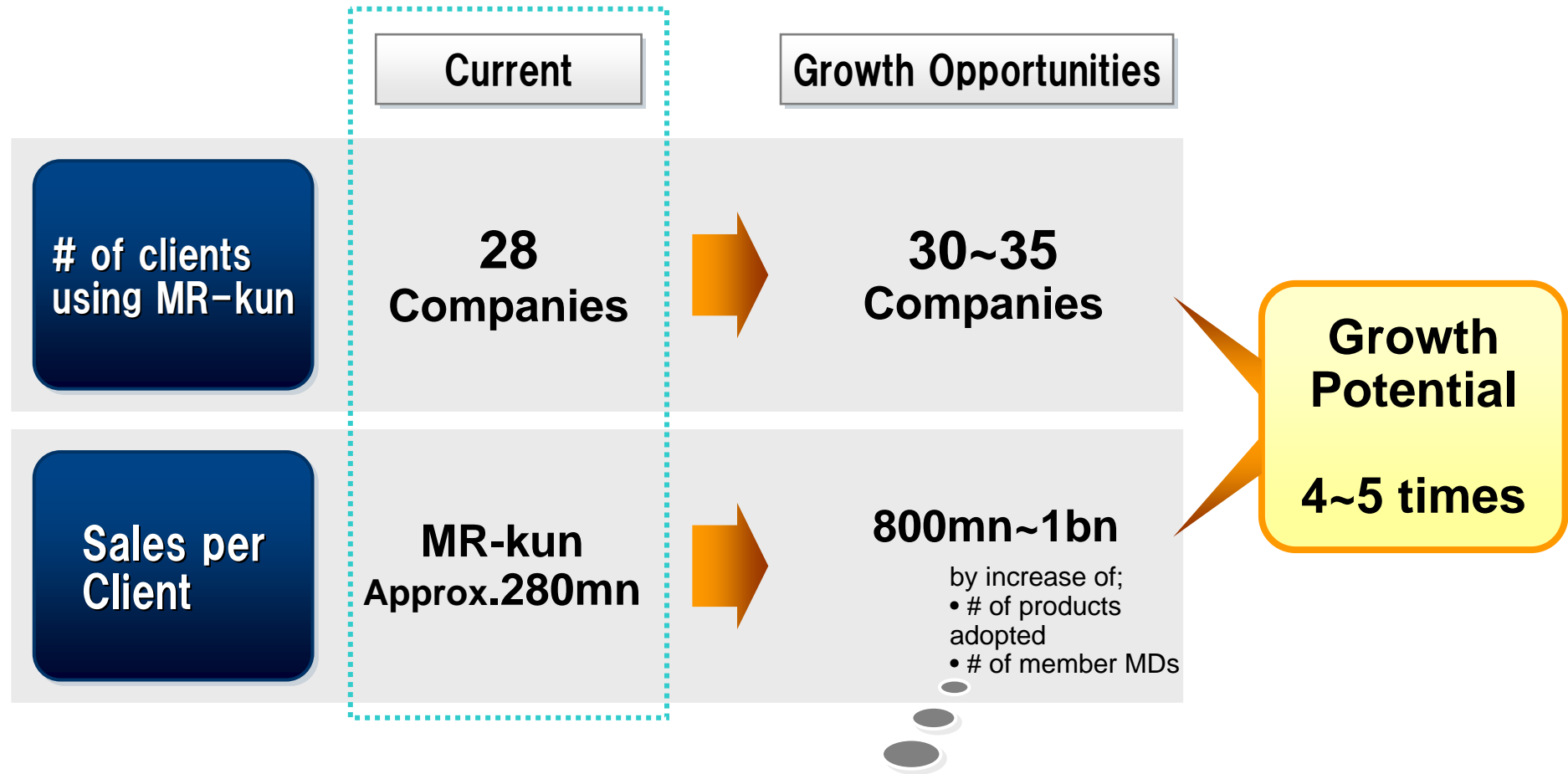
Source: M3
Notes: Questionnaire to 16,000 General Practitioners

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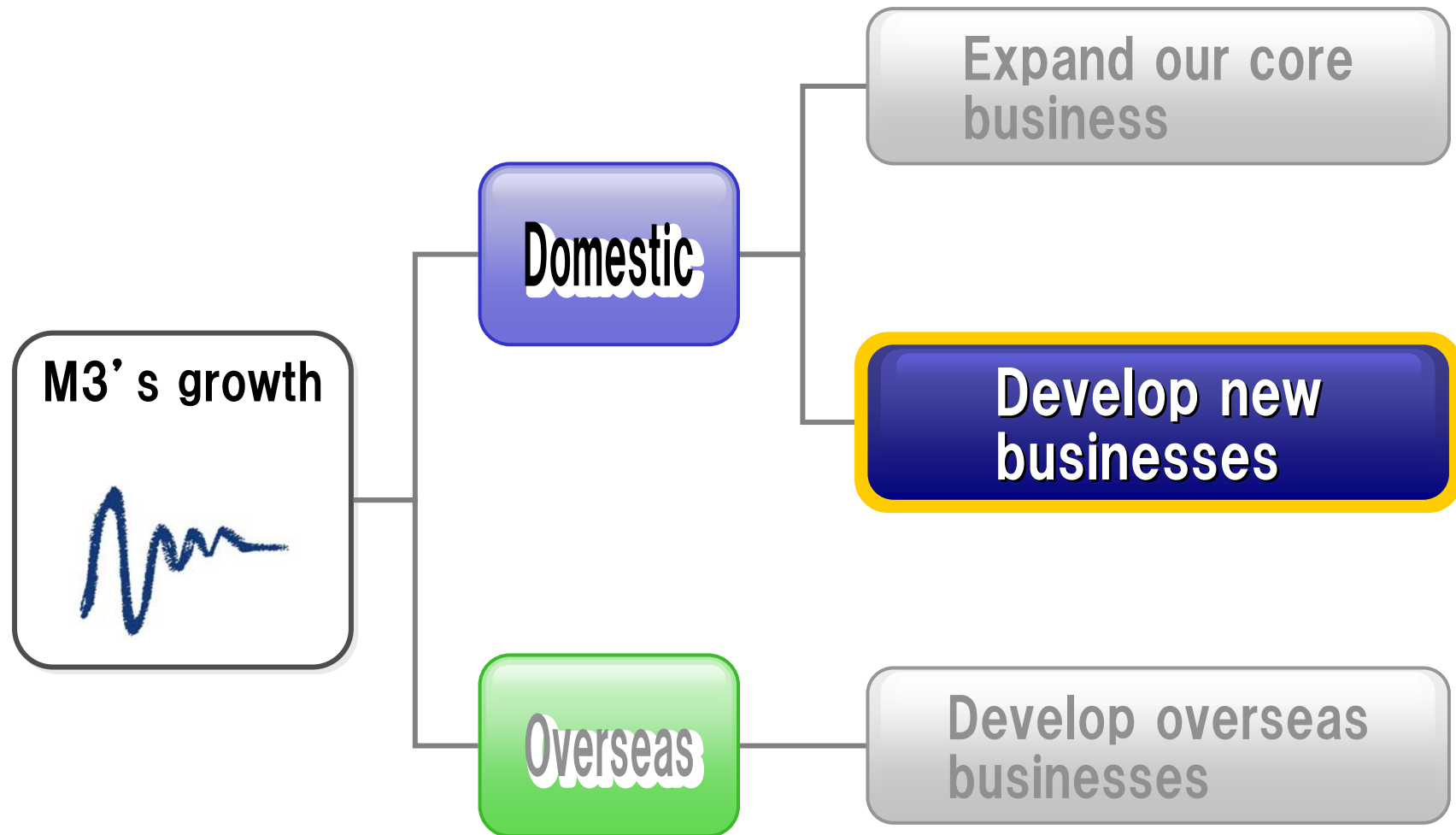
MR-kun Annual Fee Structure

	MR-kun base fee	Detail fee	Contents production fee	Operation fee
		¥100 per detail	M3 produces web contents shown on MR-kun	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	¥350mn	¥150mn	¥10mn
	The average of top 5 clients: ¥600mn			

MR-kun's Growth Potential in Japan



Major clients use the MR-kun more and more:
Average revenue from top 5 clients grew +30% YoY

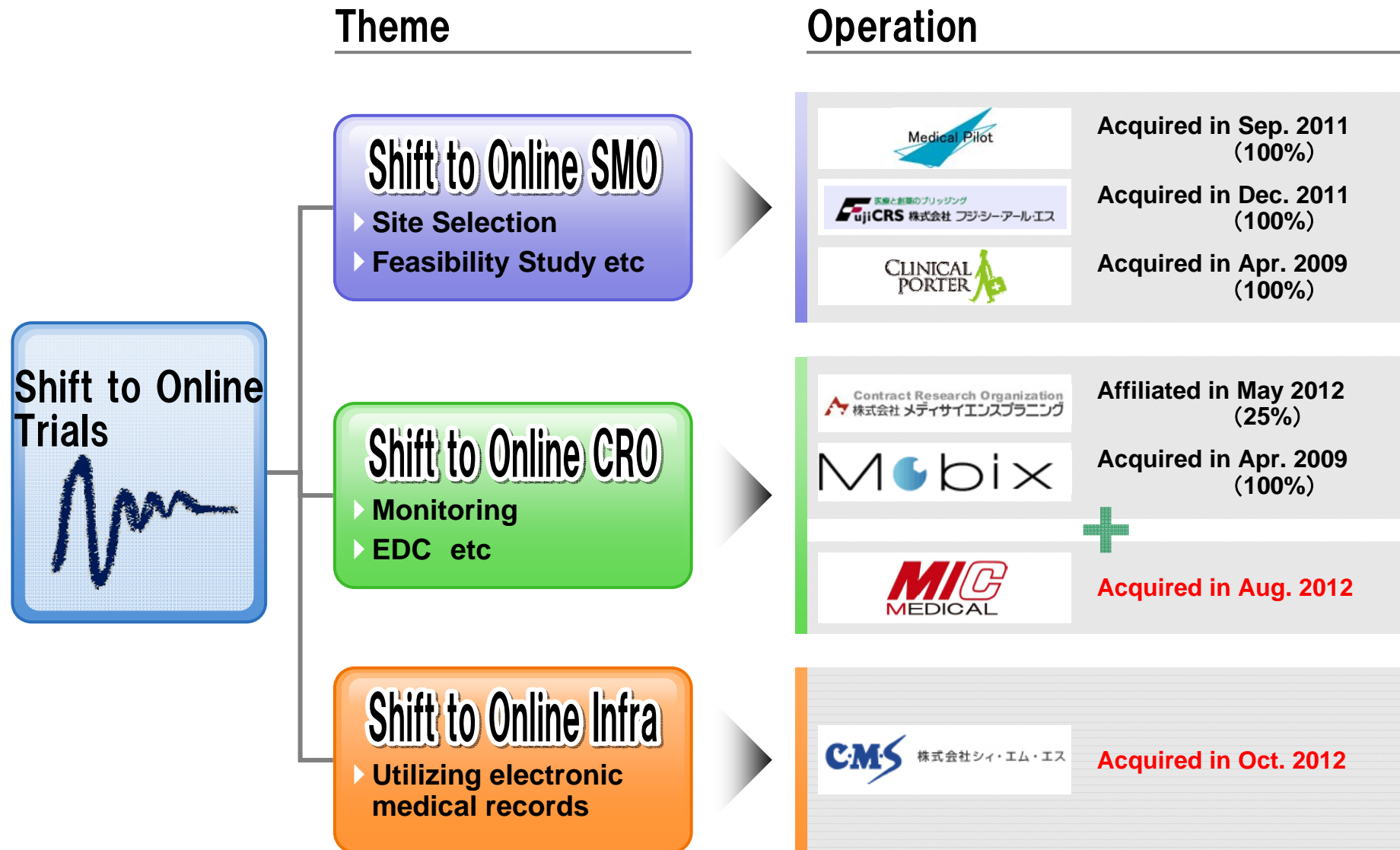


New Business Development on the Platform

		FY2012SalesForecast			
		Assigned staff	Above 1,000mn	¥750mn ~ ¥1,000mn	¥0mn ~ ¥750mn
<div>Research (Japan)</div> <div>m3MT</div> <div>QOL kun etc.</div> <div>Consumer Business</div>	Web-based Physician Surveys	9	✓		
	E-mail, banner promotion service for pharma companies	8			✓
	Promotion service for non-pharma companies	10		✓	
	Consumer service	6		✓	
<div>Consolidated subsidiary</div> <div>Mebix</div> <div>M3 Career</div> <div>iTICKET</div>	Evidence solution service	100	✓		
	Job information for Physicians, Pharmacist	130	✓		
	Online clinical reservation system for patient	20			✓

- Revenue from the new businesses exceeded the revenue of MR-kun.
- Many of the new businesses are run by few staff and quite profitable.
- Acquired MIC Medical Corp. in FY2012.

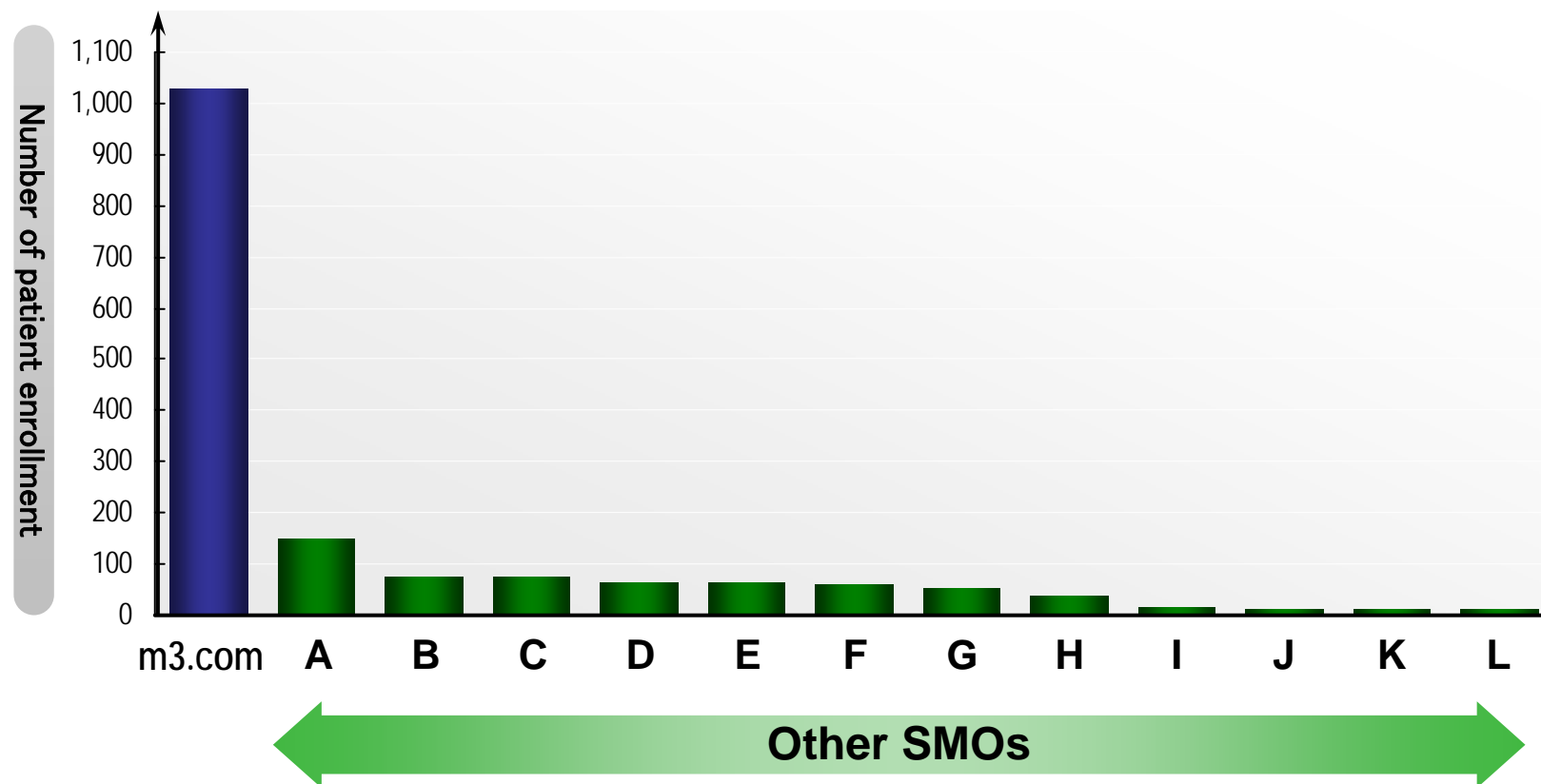
Shift to Online Trials



Patient Enrollment in a Large-scale Clinical Trial

Case study

In the case of study in the Endocrinology and Metabolism area, sites of m3.com doctors enrolled five times more patients than those of other SMOs:



Acquisition of C.M.S Co. Ltd.,

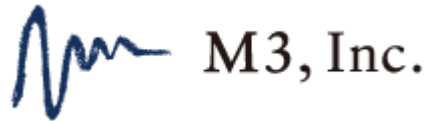
Company Outline



株式会社シー・エム・エス

Name	C.M.S Co. Ltd.,
Established	1990
Capital	20 million yen
Business	Development, sales, and maintenance of electronic health record or receipt computer
Employee	130
Site	Nagoya, Tokyo, Osaka, Fukuoka, etc.
Financial (2012.3)	Sales : 2,342 million yen、 O.P. : 69 million yen

M3 Career, Inc



- Media power of m3.com
 - Over 200K Physicians
 - Over 80K Pharmacist
- Experience in the recruiting ad business for medical professionals

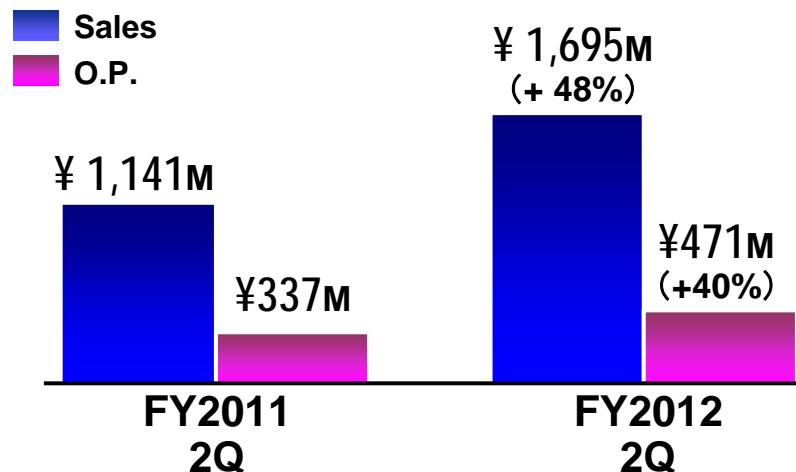


Full-line service and platform for best match between employers and job seekers



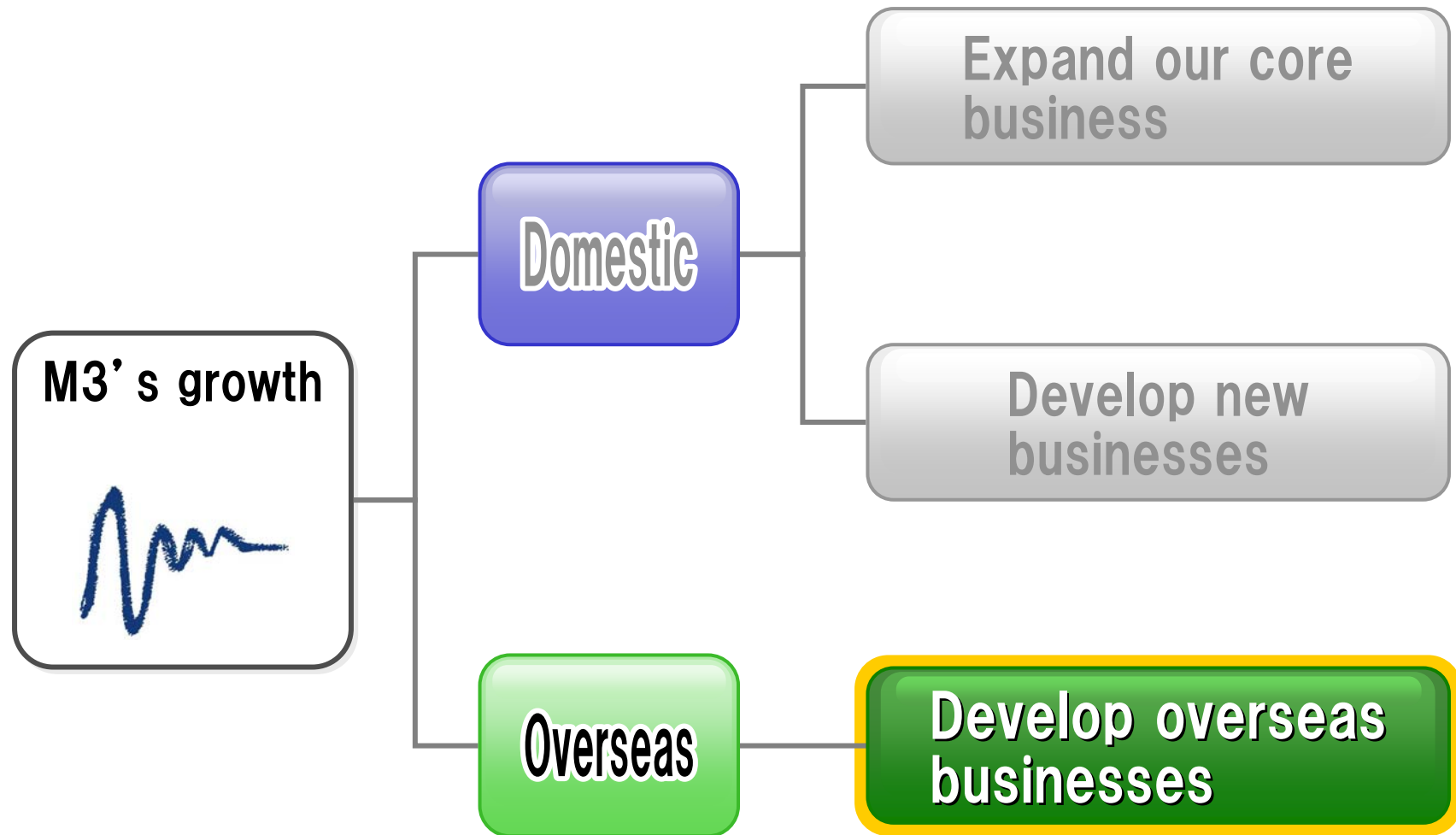
- Direct relationship both with employers (clinics etc) and job seekers (physicians, pharmacists)
- Experience in the employment agent business for nurses and care workers

Sales and O.P. (vs. PY)



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

Sales will grow +60% in FY12.
For future growth, continue prior investment such as increasing staff.



Development in the US

HemeOnc Linx MDLinx
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- Medicine

Help

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Messages

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by John Smith, PhD. MDLinx
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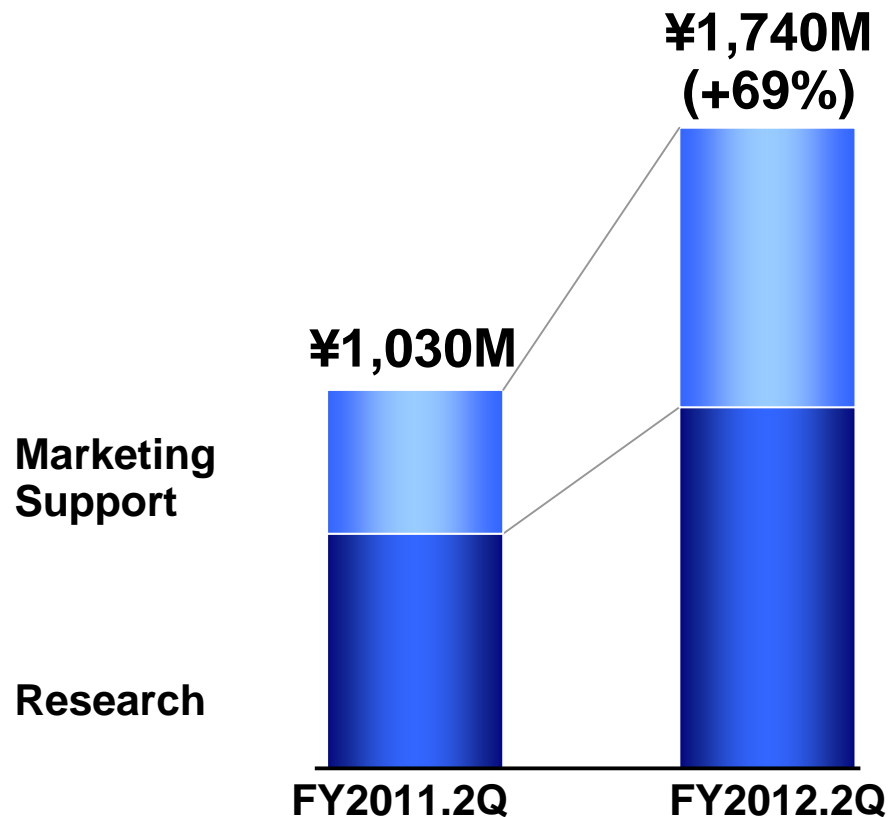
[Abstracts](#)

[Patient Education](#)

- “M3 Messages” (US version of MR-kun) started on MDLinx (merged with M3 USA in Mar. 2009).
 - Washington D.C.
 - 223K physicians as registered member
- Acquiring physician members rapidly
 - Added 46K in this 1 year.
- Started career service as a trial.

Sales Breakdown of M3 USA (Including M3GlobalResearch, 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: expanded steadily.

UK operation: revamp the system of Doctors.net.uk.

Consolidated P/L Statement for FY2012 2Q

Consolidated

(百万円)	FY2011.2Q	FY2012.2Q		
	Actual	Forecast	Actual	YoY Growth
Sales	8,524	10,500	11,378	+33%
Operating profit	3,487	4,100	4,312	+24%
Ordinary profit	3,484	4,100	4,448	+28%
Net profit	2,027	2,400	2,619	+29%

Consolidated P/L Statement for FY2012 2Q

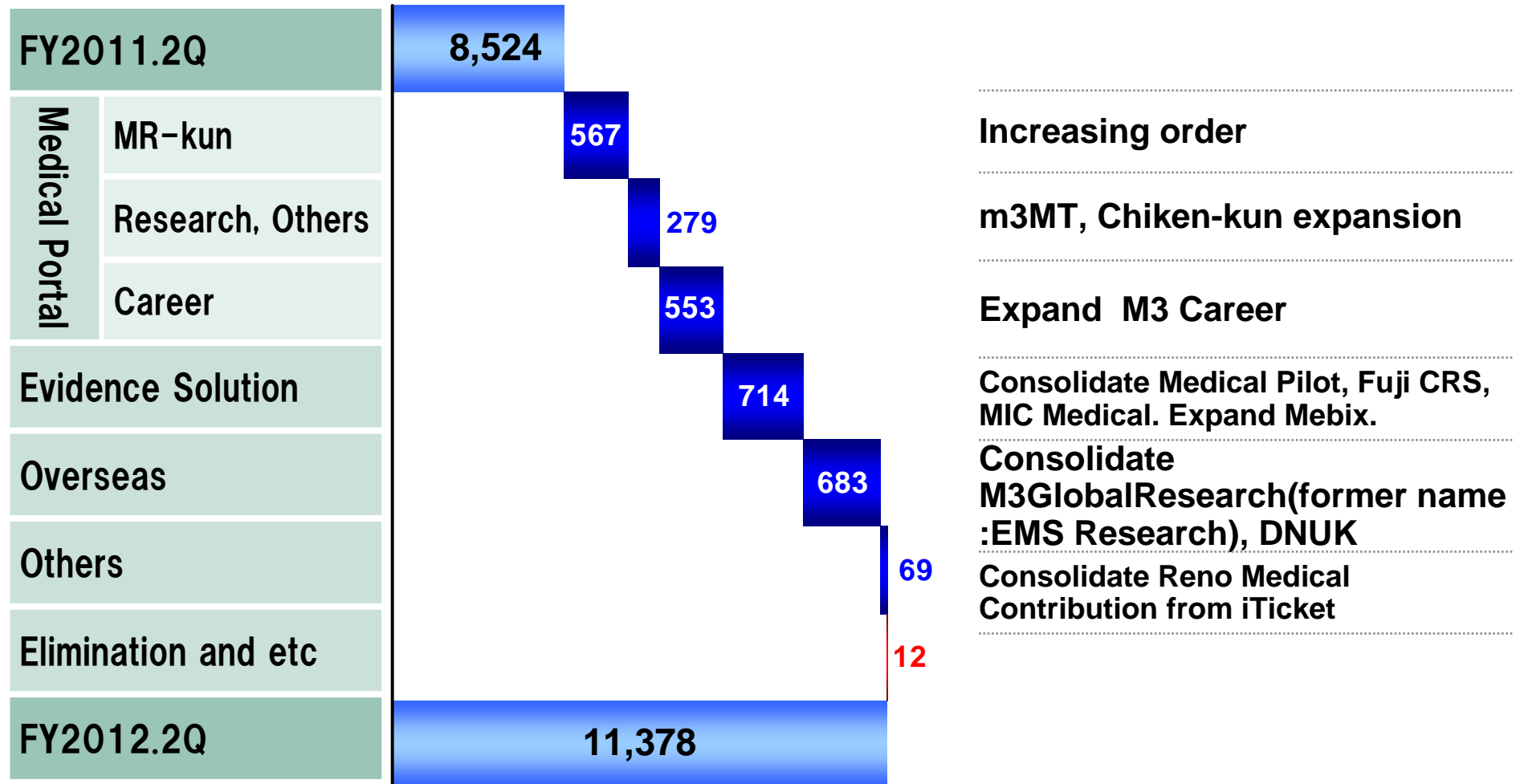
Breakdown by Business Segments

(百万円)		FY2011.2Q	FY2012.2Q	YoY Growth
Medical Portal	Sales	6,331	7,730	+22%
	Profit	3,660	4,342	+19%
Evidence Solution	Sales	907	1,626	+79%
	Profit	144	226	+56%
Overseas *	Sales	1,104	1,788	+62%
	Profit	34	12	▲62%
Others	Sales	305	374	+23%
	Profit	▲3	23	-

* Revamp the system of Doctors.net.uk.

Consoli. Sales Analysis (vs P.Y.)

(yen million)



 **Steady growth momentum continues.**

Revised Up Consolidated Sales Forecast for FY2012

Reason

- Revised up consolidated sales forecast due to increasing consolidated companies.
 - Acquired MIC Medical Corp. in Aug.
 - Acquired C.M.S Co. Ltd, in Oct.

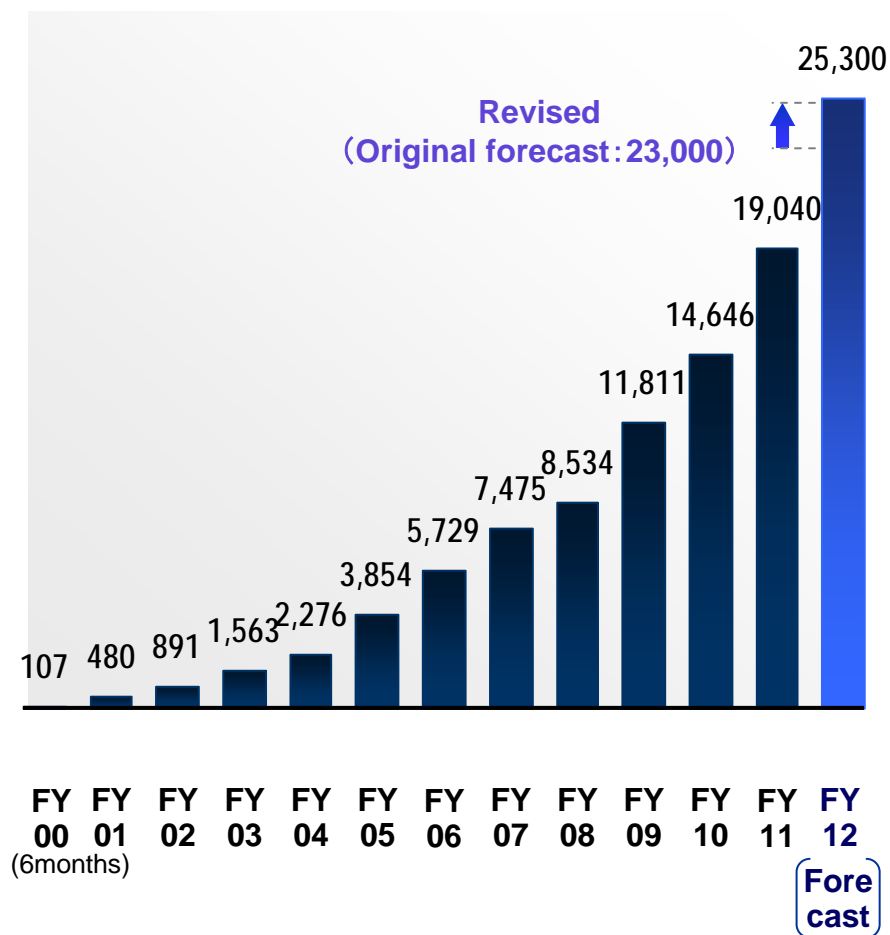
Outline

(Mil yen)	Sales	Operating profit	Ordinary profit	Net profit
Original forecast	23,000	9,000	9,000	5,300
Revised forecast	25,300	9,000	9,000	5,300
Change (%)	+10%	—	—	—
Actual (previous year)	19,040	7,648	7,695	4,492

Annual Results & Forecast for FY2012

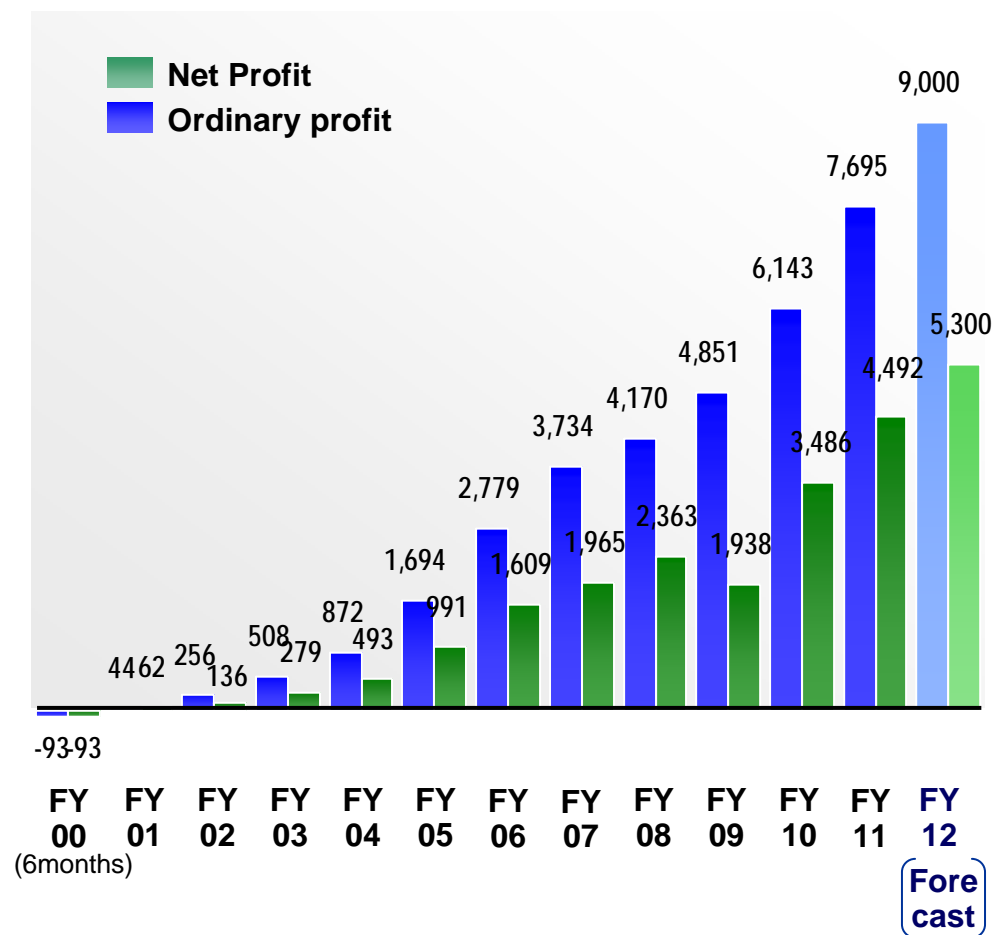
Sales

(¥ mn)



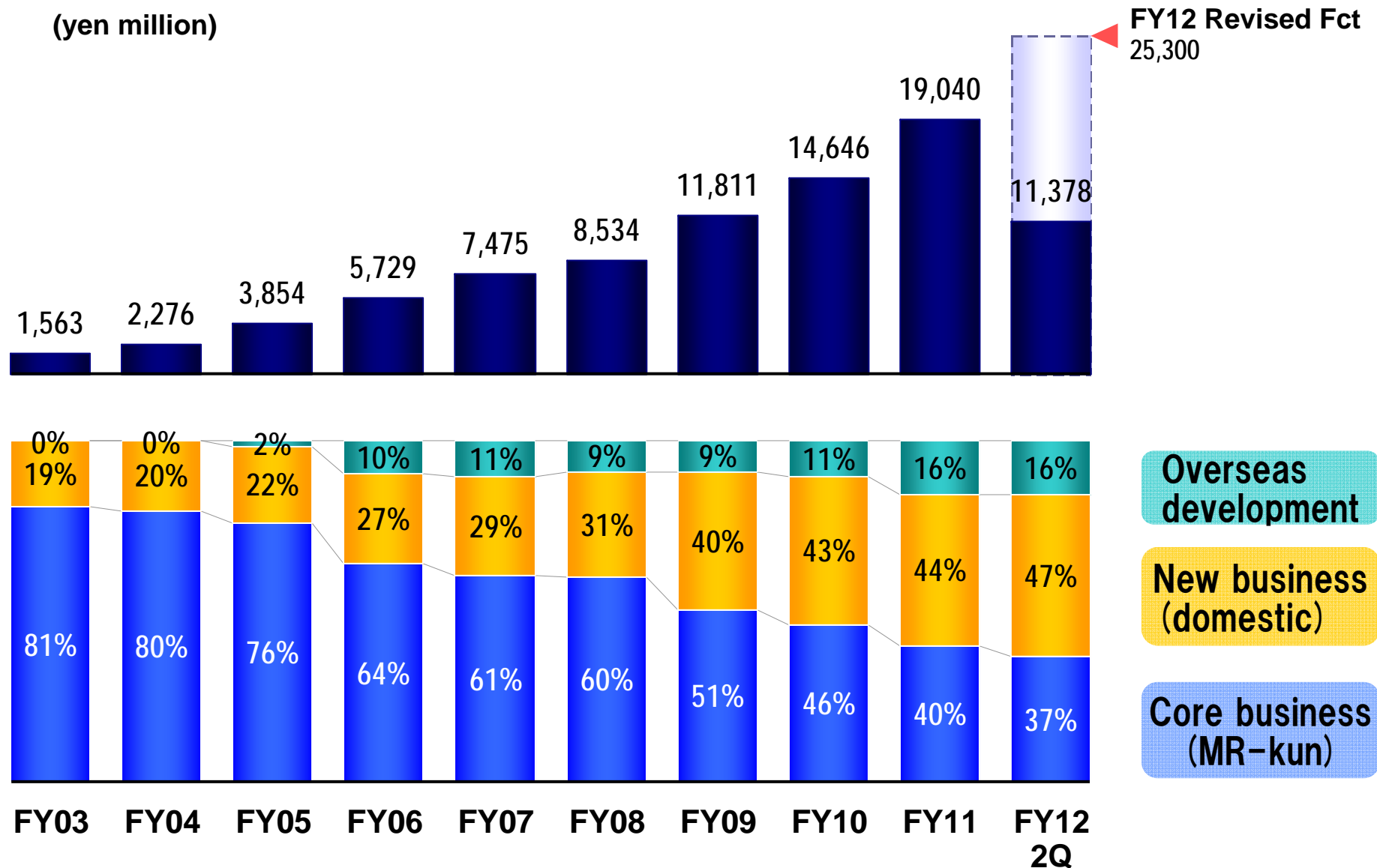
Ordinary Profit & Net Profit

(¥ mn)



Consolidated Sales Trend

(yen million)



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