


M3

Presentation Material

3Q 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

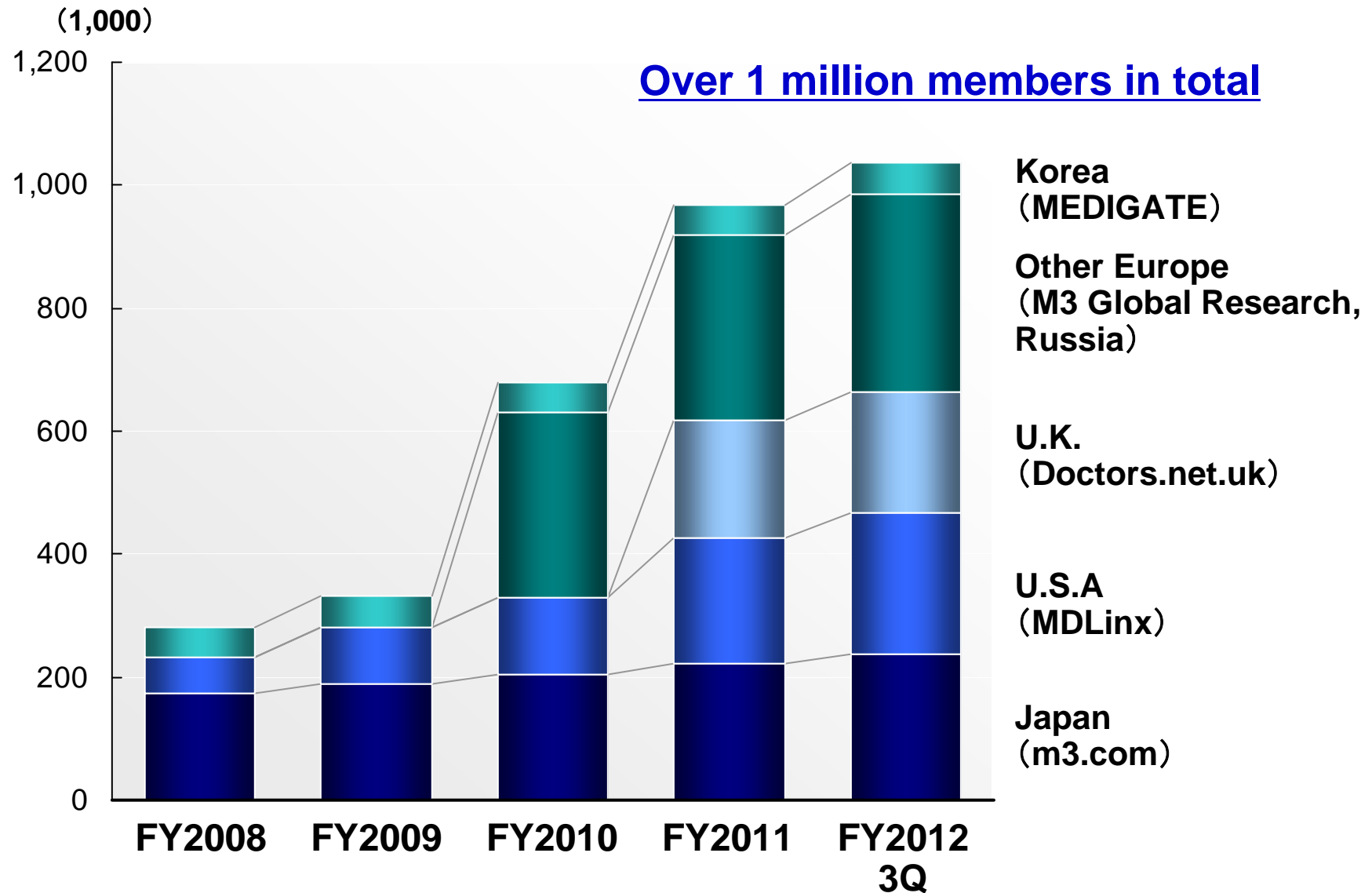
Name

→ 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
search

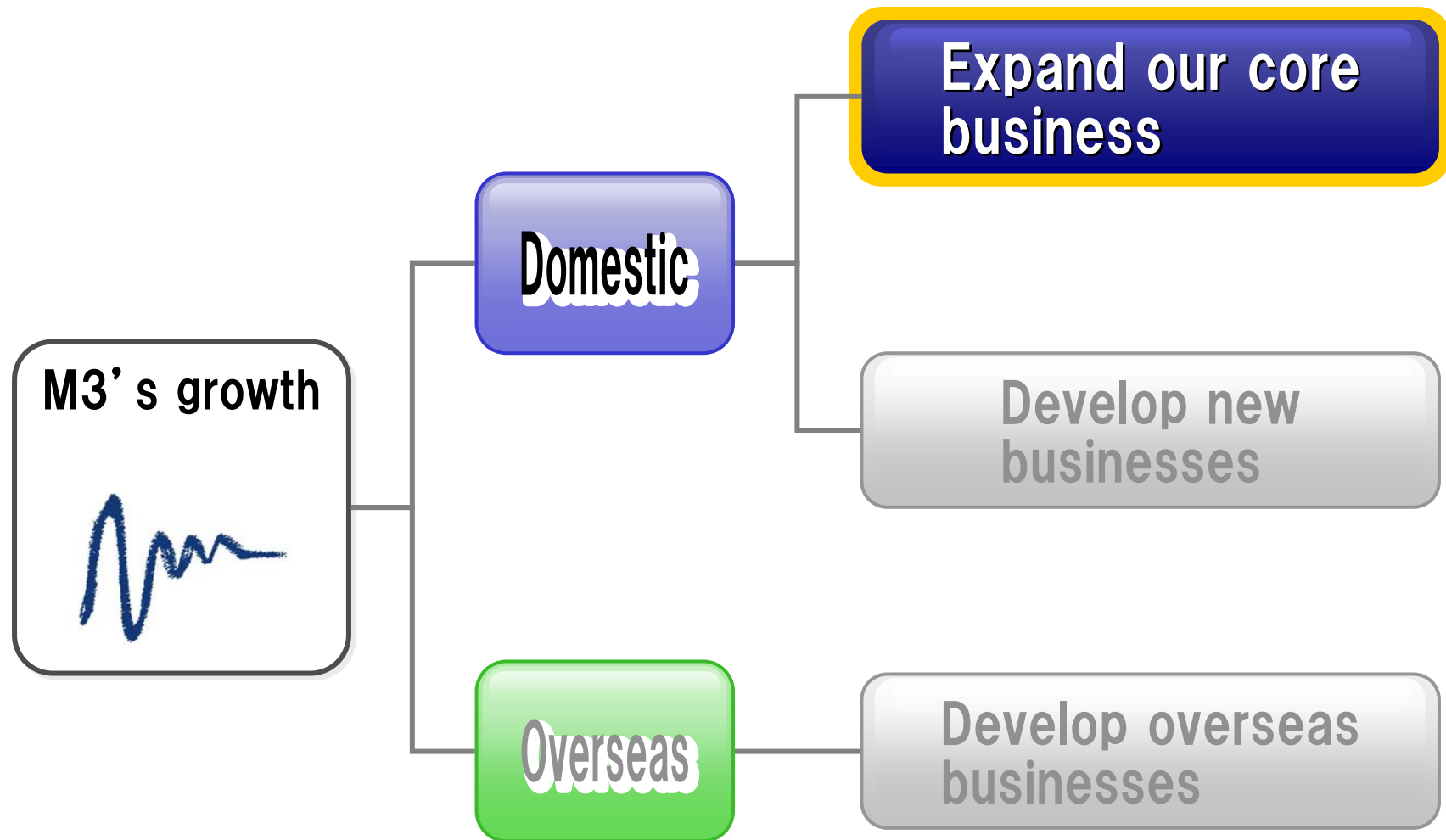
Web-based
medical tools



Sponsored

m3.com MR-kun

Sponsor
messages



Japanese Pharma's Huge Marketing Costs

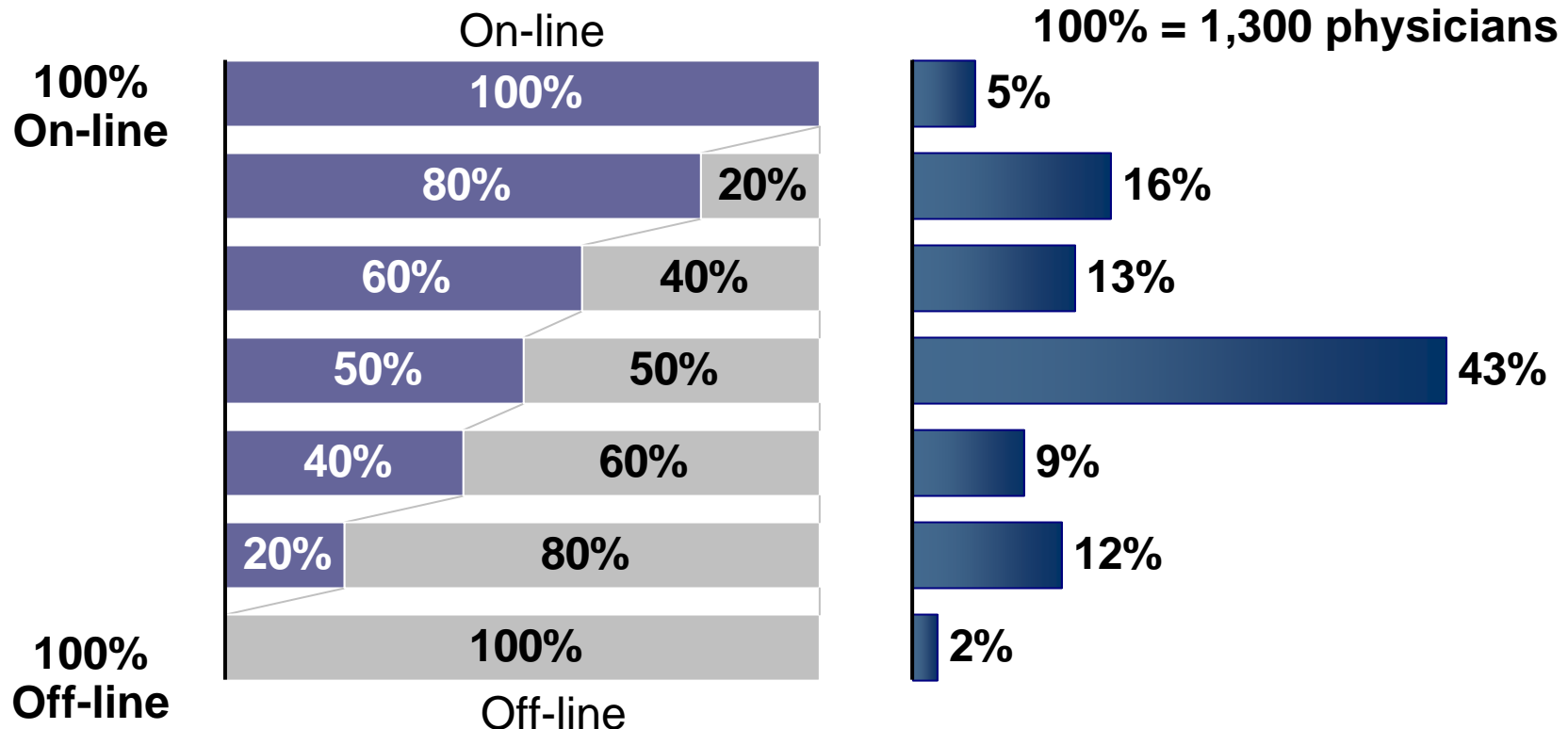
	Head count		Annual costs per person		
MRs (Pharmaceutical companies)	55,000	×	¥20mn	=	¥1.1tn
MSs (Pharmaceutical wholesalers)	30,000	×	¥10mn	=	¥300bn
					Total cost of whole industry ¥1.1-1.4 tn

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.

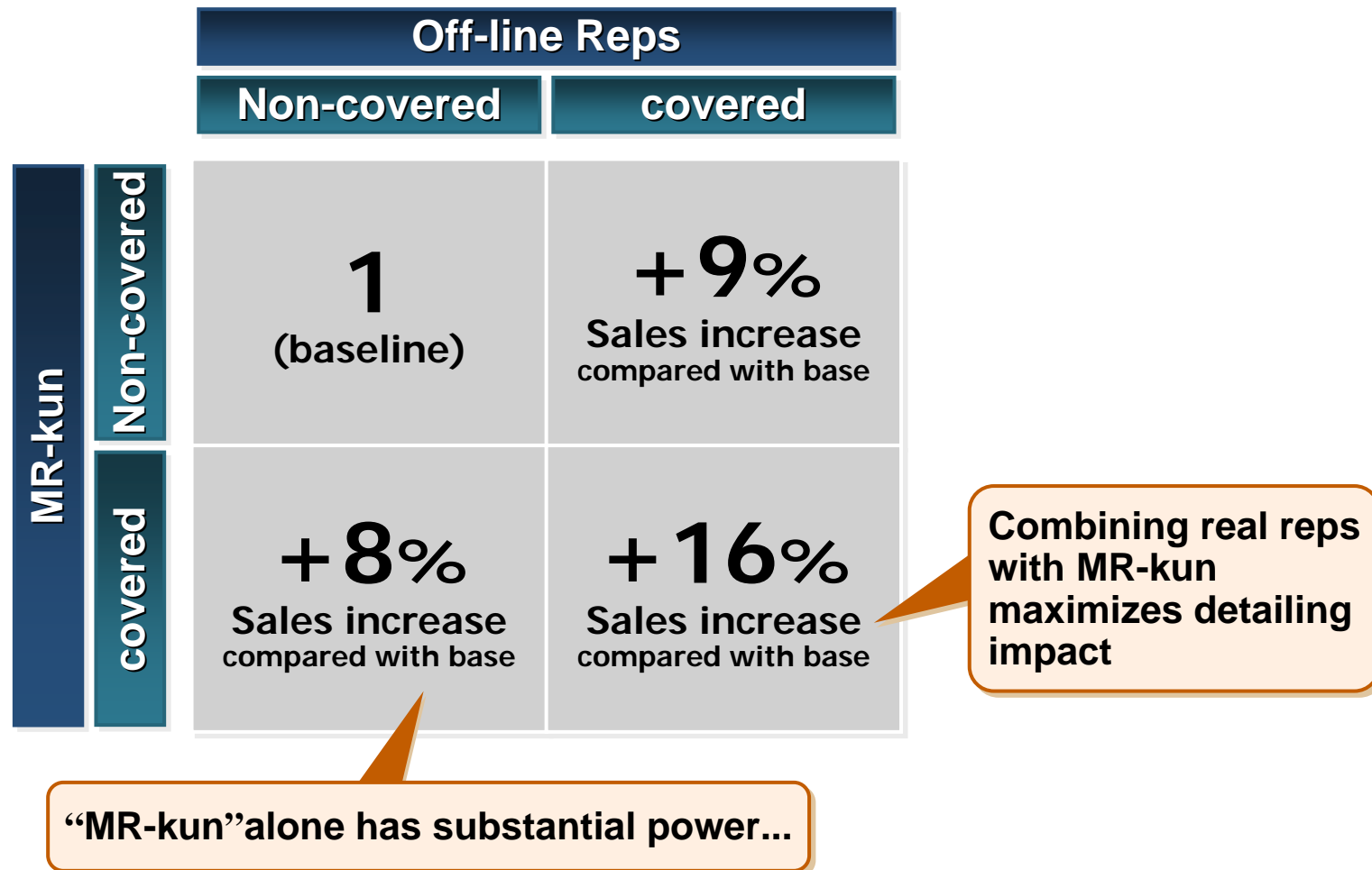


Demand for eDetails is quite high for busy physicians as they can get the information when it's convenient for themselves, not for MR

Source: M3 questionnaire to 1,300 physicians

MR-kun Increases Sales Like Reps

Case
study



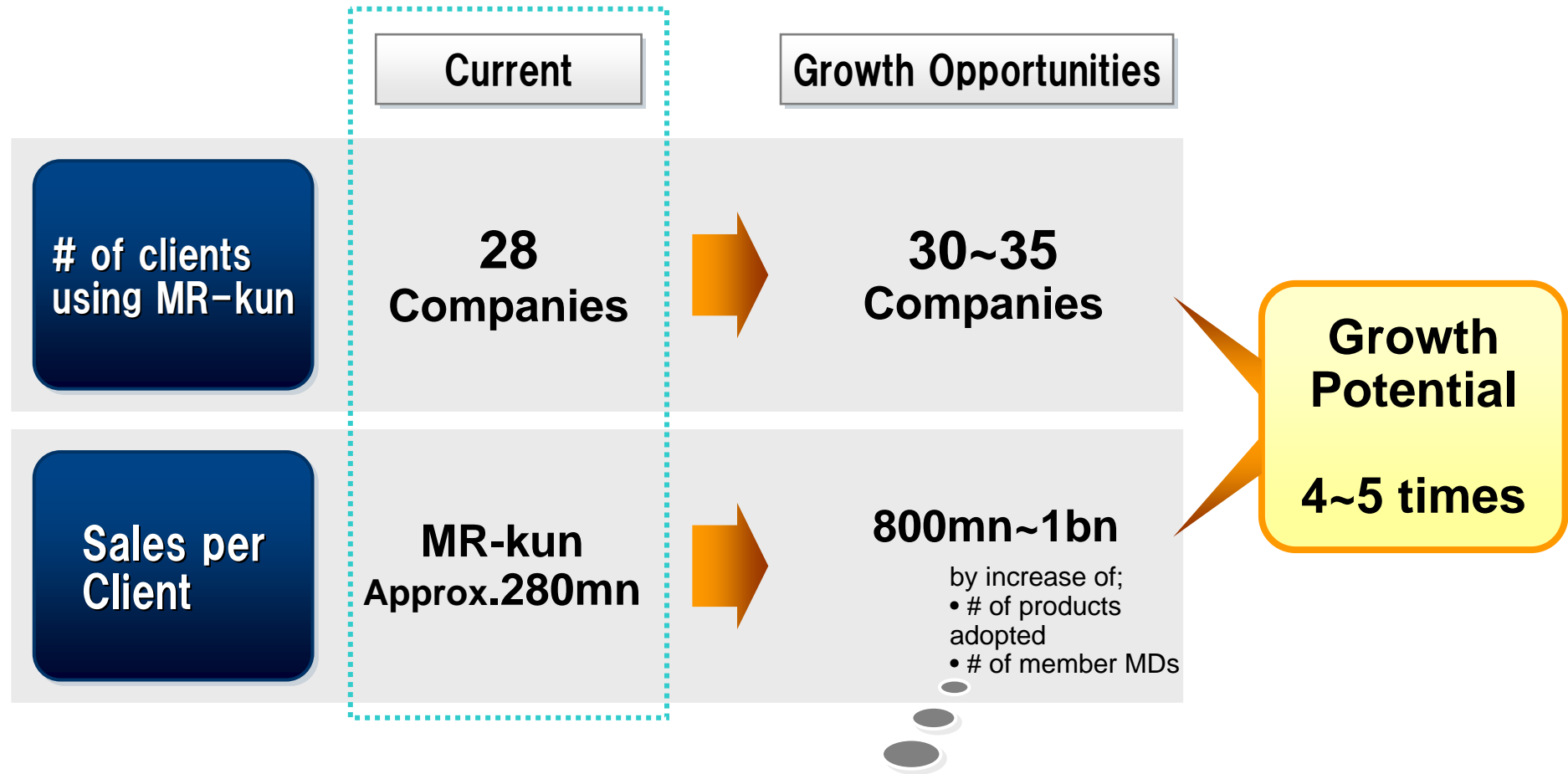
Source: M3
Notes: Questionnaire to 16,000 General Practitioners

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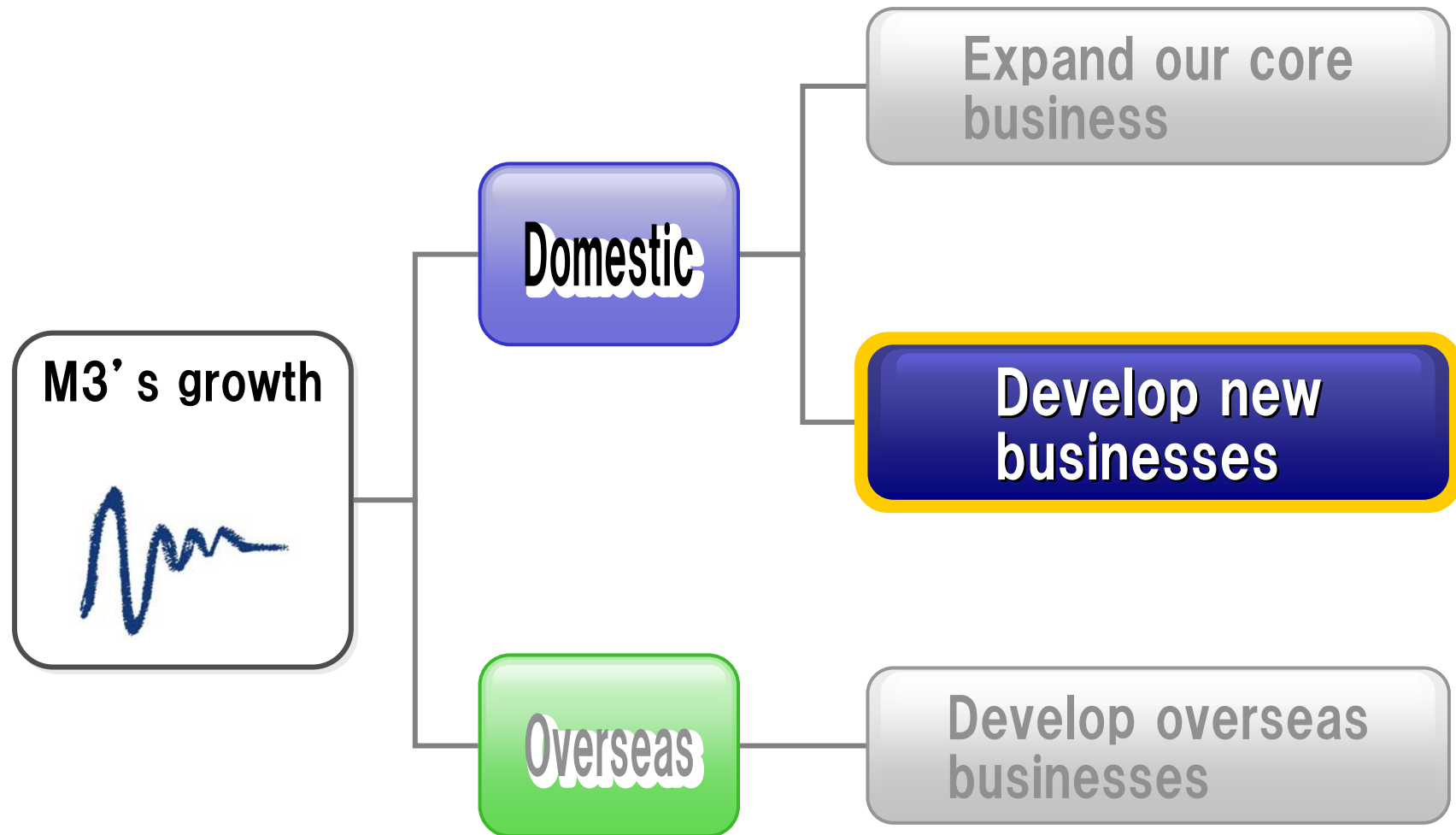
MR-kun Annual Fee Structure

	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 <ul style="list-style-type: none"> 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

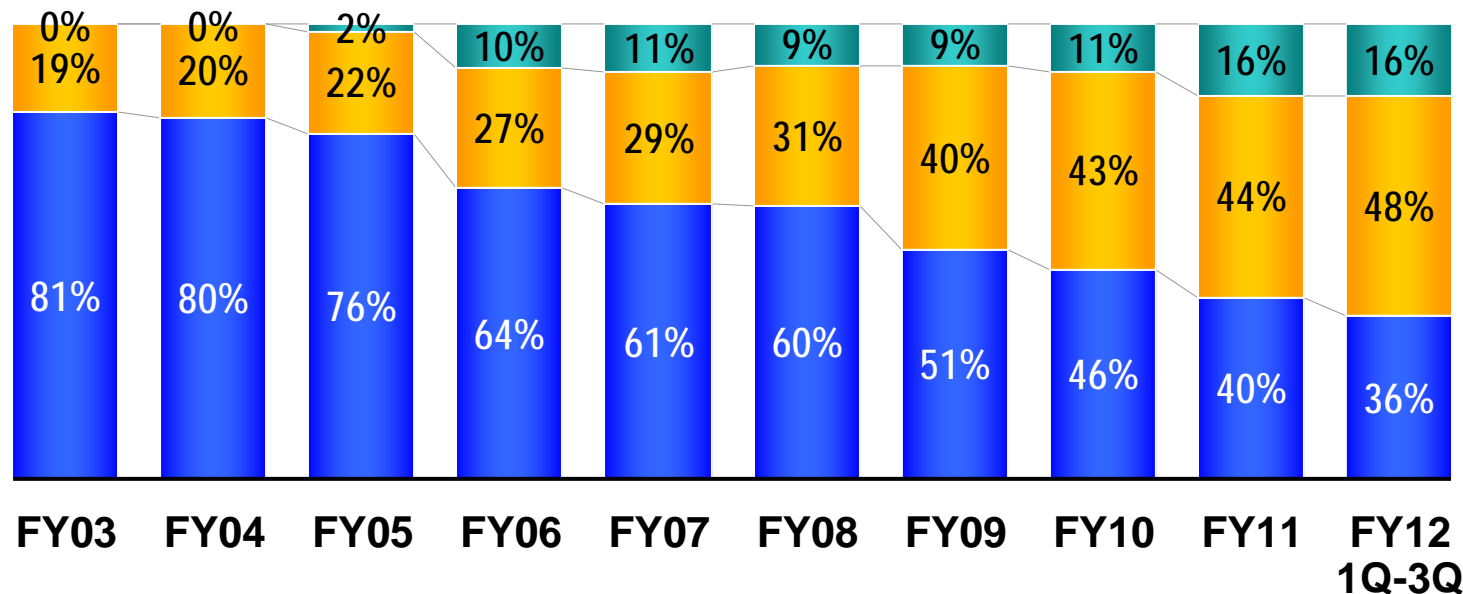
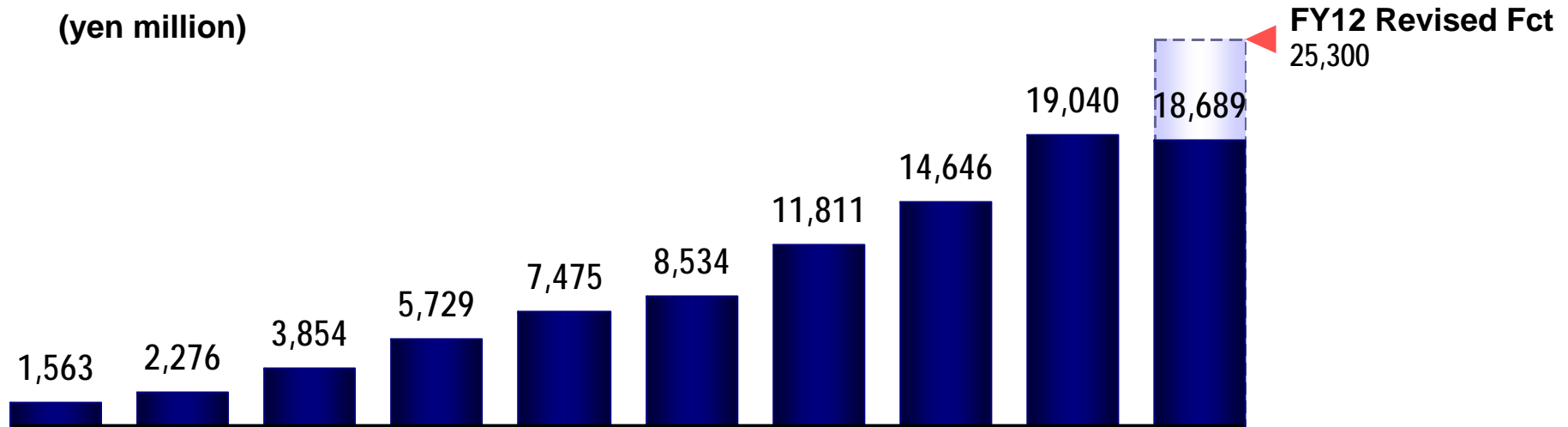


Major clients use the MR-kun more and more:
Average revenue from top 5 clients grew +30% YoY



Consolidated Sales Trend

(yen million)

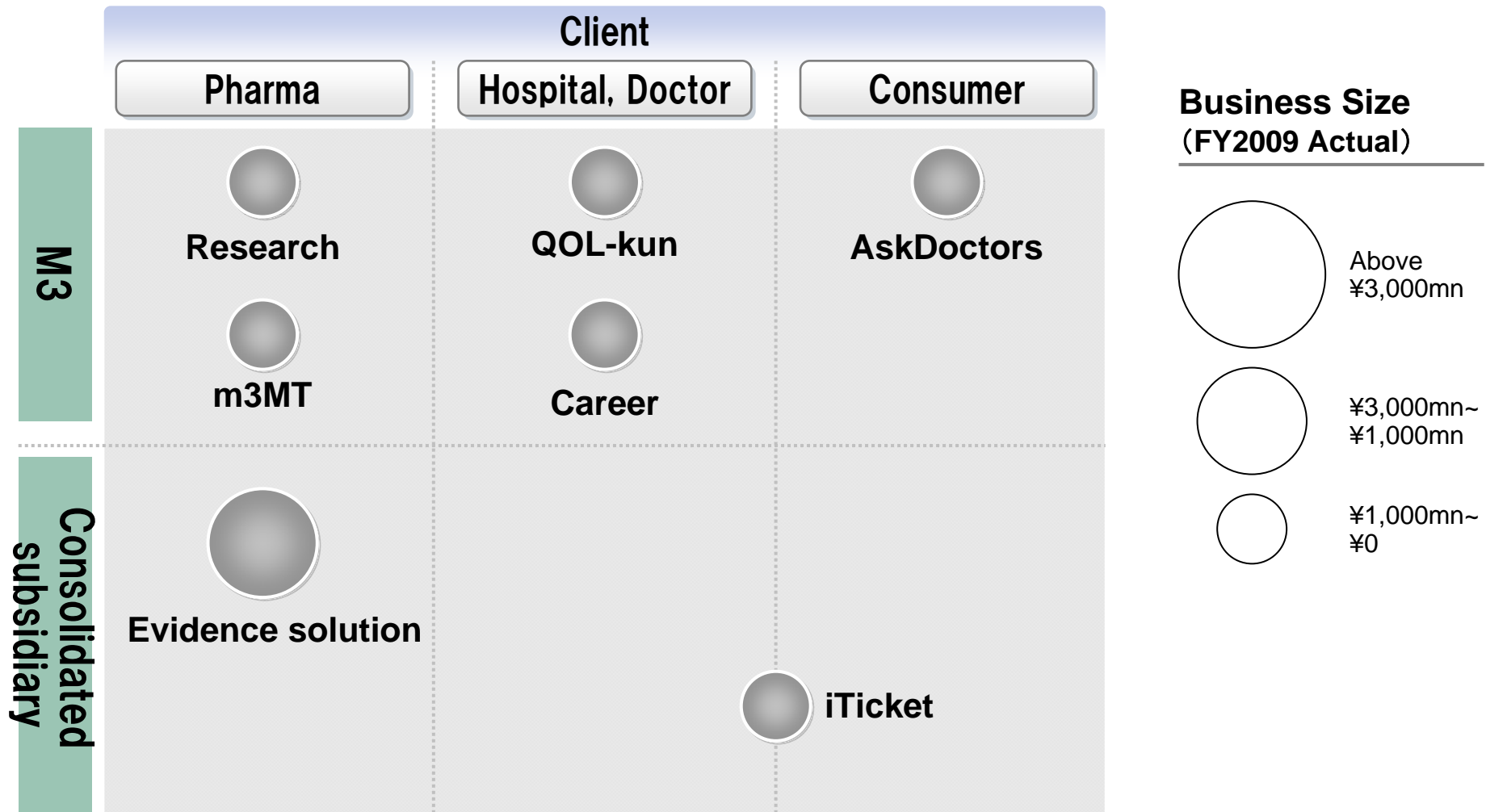


Overseas development

New business (domestic)

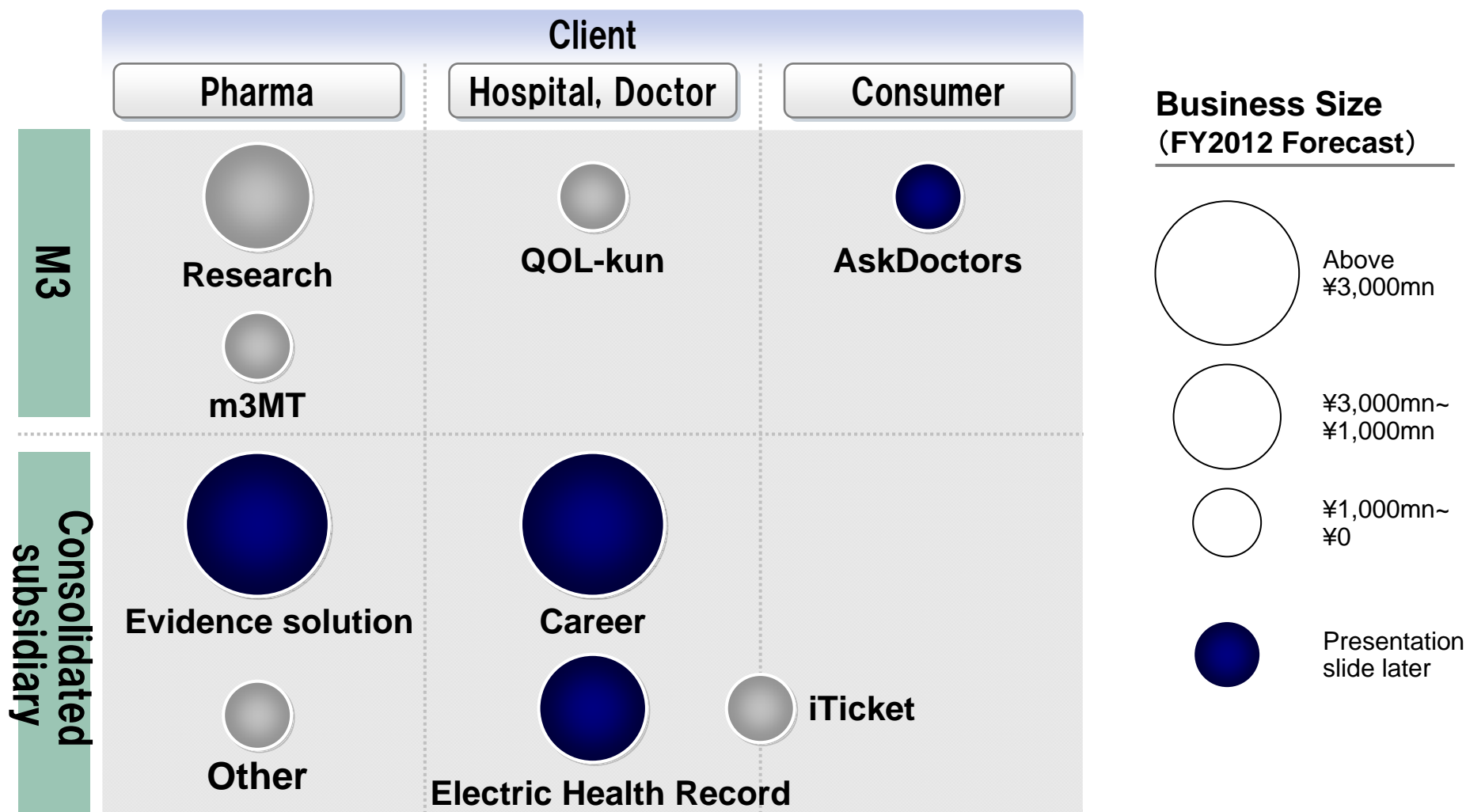
Core business (MR-kun)

New Business Development on the Platform (as of Dec. 2009)



Total revenue of new business was less than 5 billion yen. M3 Career was not established yet and only Mebix offered evidence solution service.

New Business Development on the Platform (as of Dec. 2012)



Total revenue of new business is more than 12 billion yen.
Planning 10 to 20 new business idea and development to overseas.

Placing Evidence Solution Business in Our Strategy

“Making use of the Internet to increase, as much as possible, the number of people who can live longer, healthier and happier lives, and to reduce, as much as possible, the amount of unnecessary medical costs”

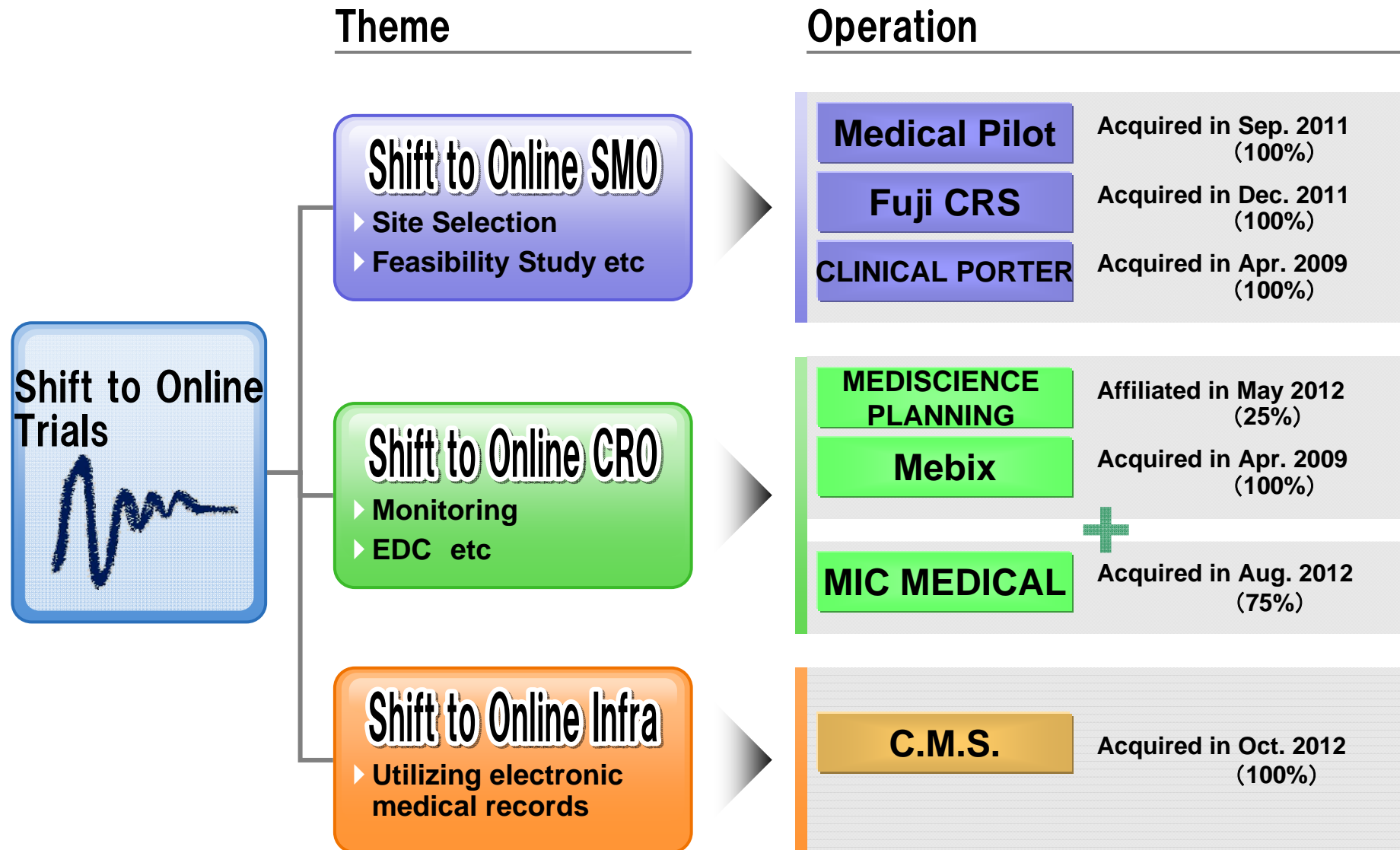
**Past
10 years**

**Boosted shifting to online promotion
with “MR-kun”**

Next

**Challenge shifting to online trials
with “Chicken-kun”**

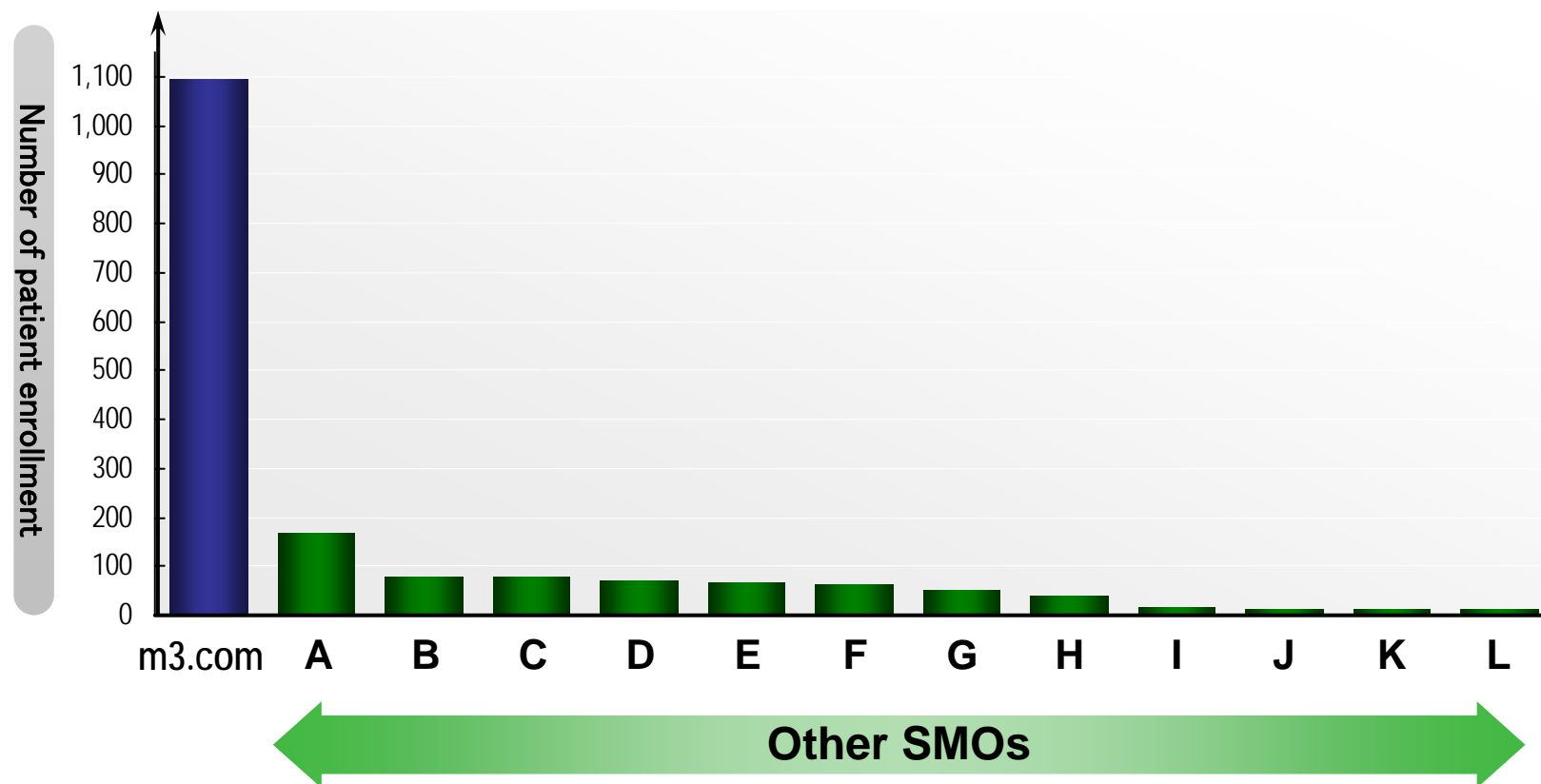
Shift to Online Trials



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:



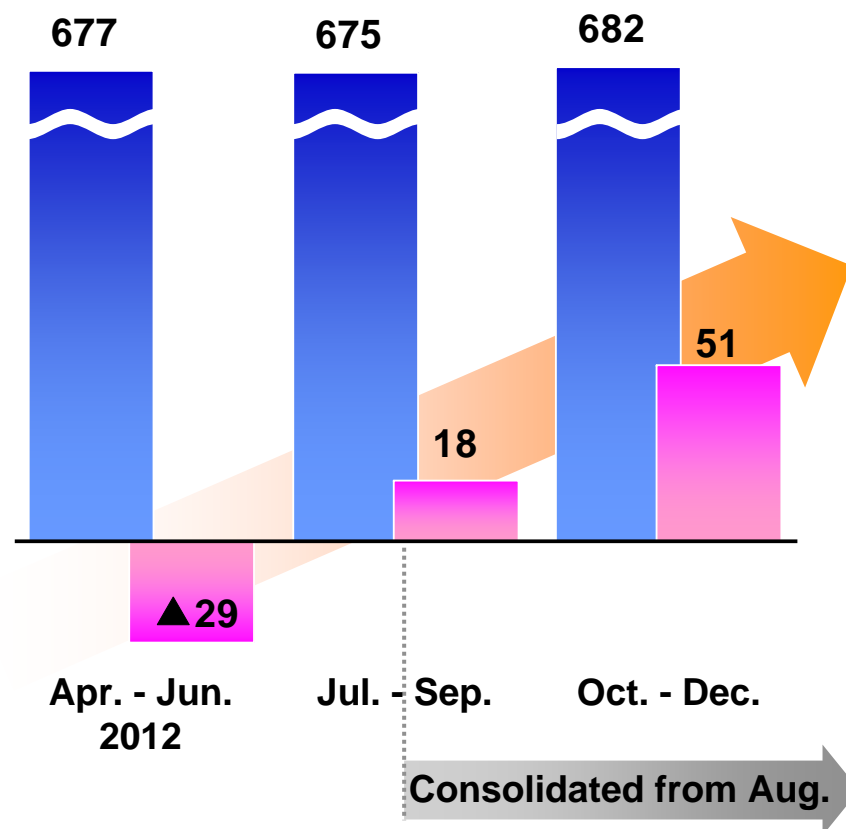
Turning around MIC Medical

Quarterly Performance of MIC

(yen million)

■ Sales

■ O.P.



Activity

■ Sales Increase

- Increasing availability ratio and unit price of CRA with optimizing assignment in M3 group including Mebix or MEDISCIENCE PLANNING.
- Balancing orders reach record level.

■ Cost Reduction

- Delisting
- Review indirect cost such as S.G.A.

👉 Restructuring proceeds steadily, making MIC leaner.

M3 Career, Inc



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

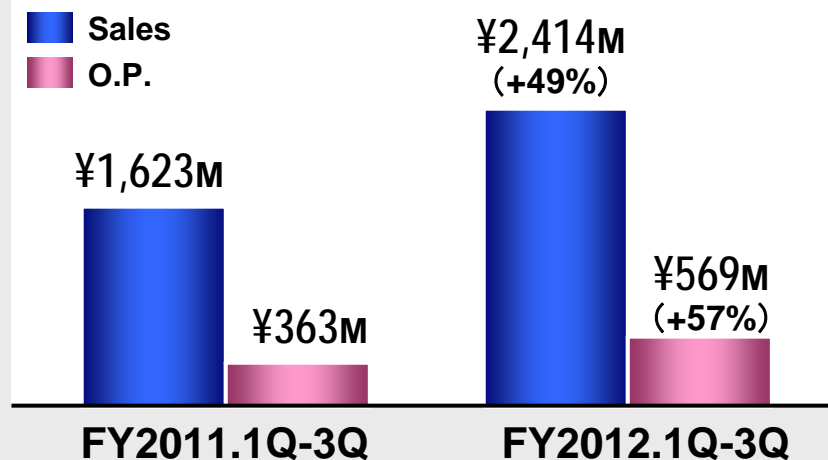


Full-line service and platform for best match between employers and job seekers



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

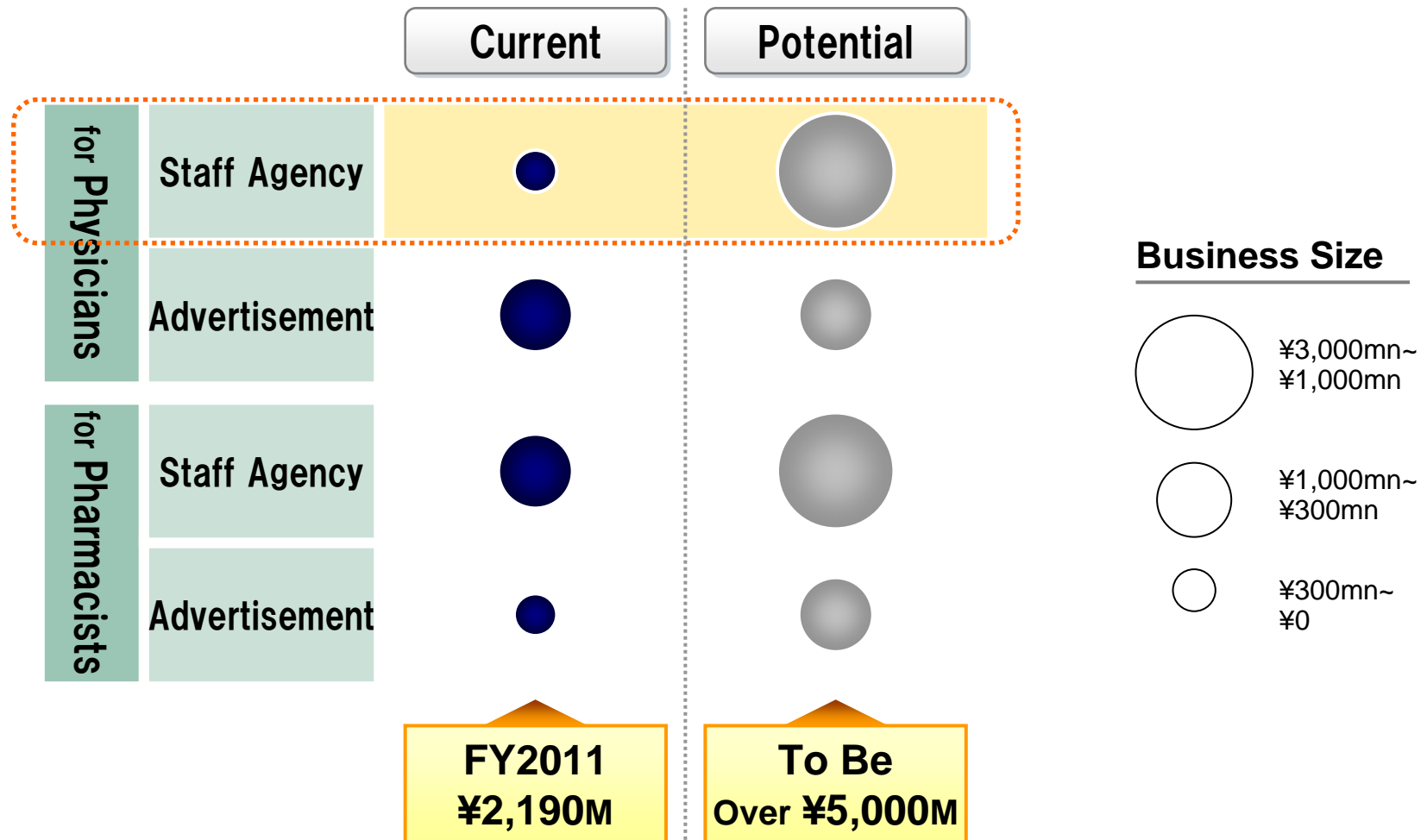
Sales and O.P. (vs. PY)




- 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.

Growth Potential of Career Business

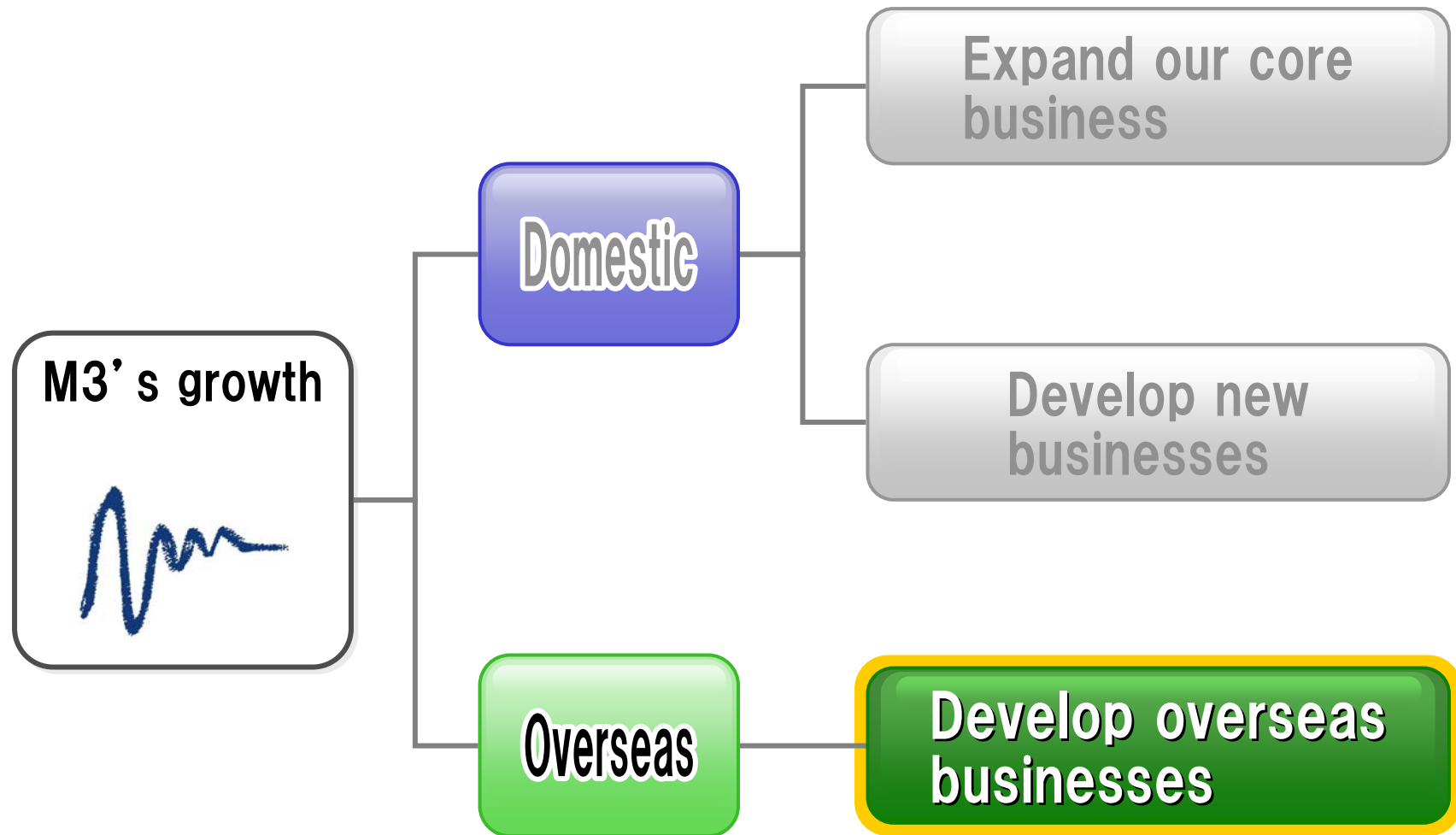


 Currently, staff agency business for physicians posts less than 300M yen per year. But its size should be several billion yen in the future.

Consumer Business



- ▶ **Number of paid membership has been more than 200 thousand and reached record level.**
 - Rapidly increasing number of membership using smart phone in AskDoctors.
 - Lifetime value of smart phone user tend to be higher than that of feature phone user.
- ▶ **Launching new services and functions**
 - Offering product development or product assessment in consumer healthcare area excepting medical area.
 - Providing medical or healthcare information taking advantage of huge platform of physicians and patients.
 - Developing new functions using specialty of smart phone.



Development in the US

HemeOnc Linx MDLinx
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- Colorectal Cancer/Polyps
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- Economics of Medicine
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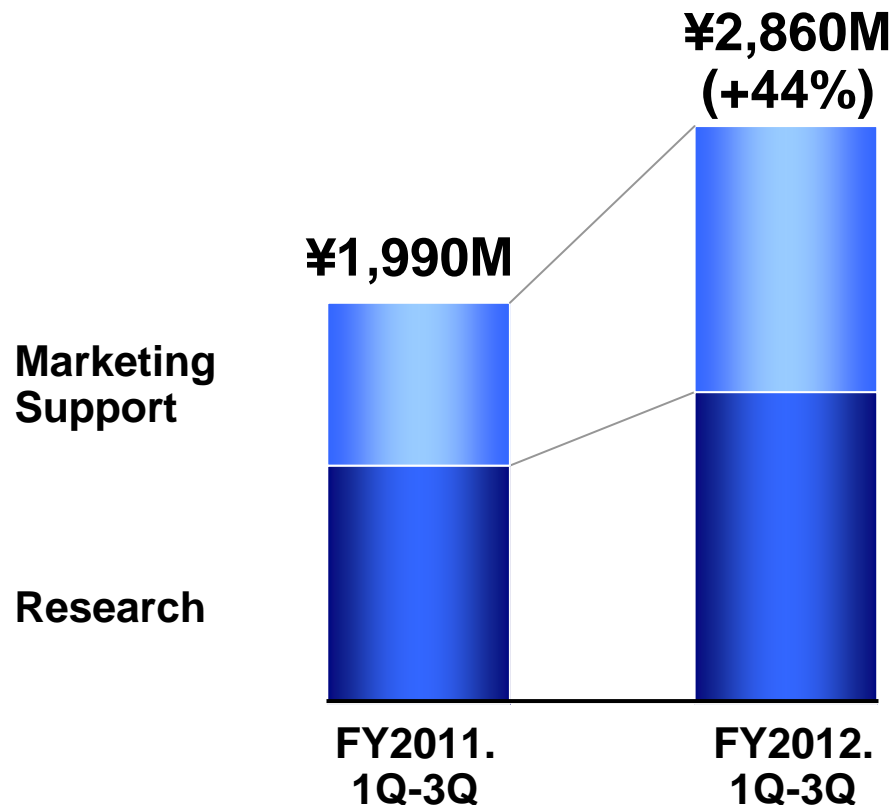
[Abstracts](#)

[Patient Education](#)

- “M3 Messages” (US version of MR-kun) started on MDLinx (merged with M3 USA in Mar. 2009).
 - Washington D.C.
 - 229K physicians as registered member
- Acquiring physician members rapidly
 - Added 30K 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. (current name: M3 Global Research) in Nov. 2010. realized 1M+ global research physician panel.



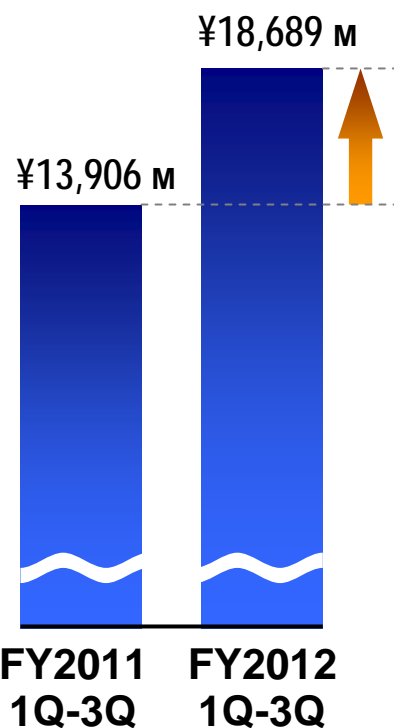
US operation: expanded steadily.

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

Consolidated P/L Statement for FY2012 3Q

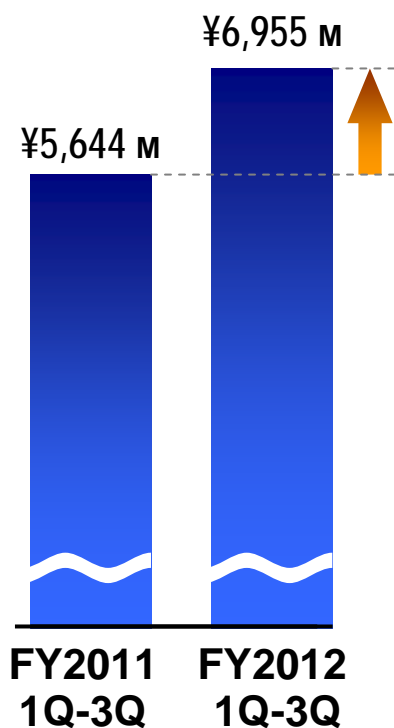
Sales

+34%



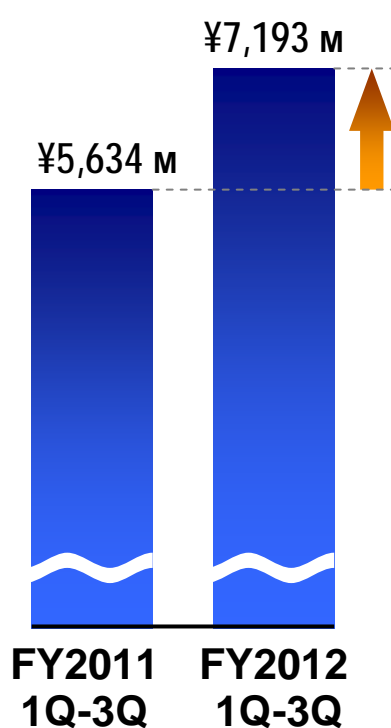
Operating income

+23%



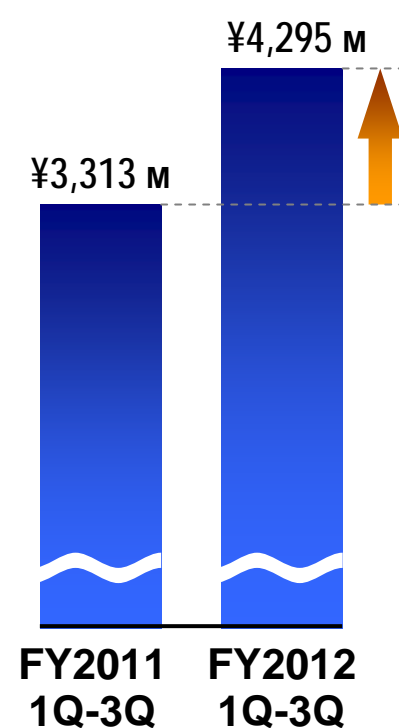
Ordinary profit

+28%



Net profit

+30%



In this 3Q (3 month) , posted a record result.

sales: ¥7,311M, O.P.: ¥2,643M, G.P.: ¥2,745M, N.P.: ¥1,676M

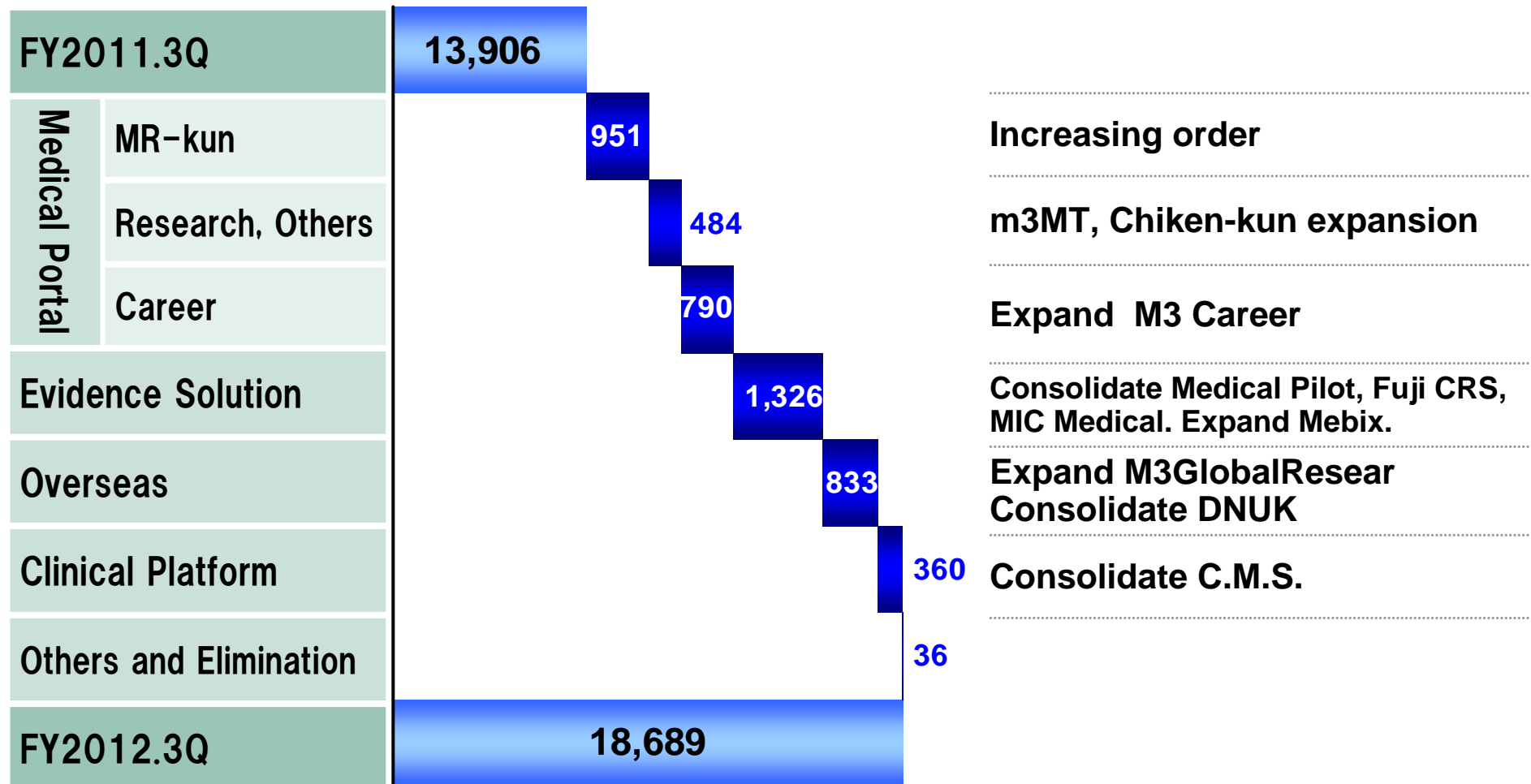
Consolidated P/L Statement for FY2012 3Q

Breakdown by Business Segments

(百万円)		FY2011.3Q	FY2012.3Q	YoY Growth
Medical Portal	Sales	9,845	12,072	+23%
	Profit	5,609	6,904	+23%
Evidence Solution	Sales	1,640	2,967	+81%
	Profit	288	366	+27%
Overseas	Sales	2,098	2,931	+40%
	Profit	133	139	+4%
Clinical Platform	Sales	-	360	-
	Profit	-	▲3	-
Others	Sales	511	576	+13%
	Profit	53	45	▲16%

Consoli. Sales Analysis (vs P.Y.)

(yen million)

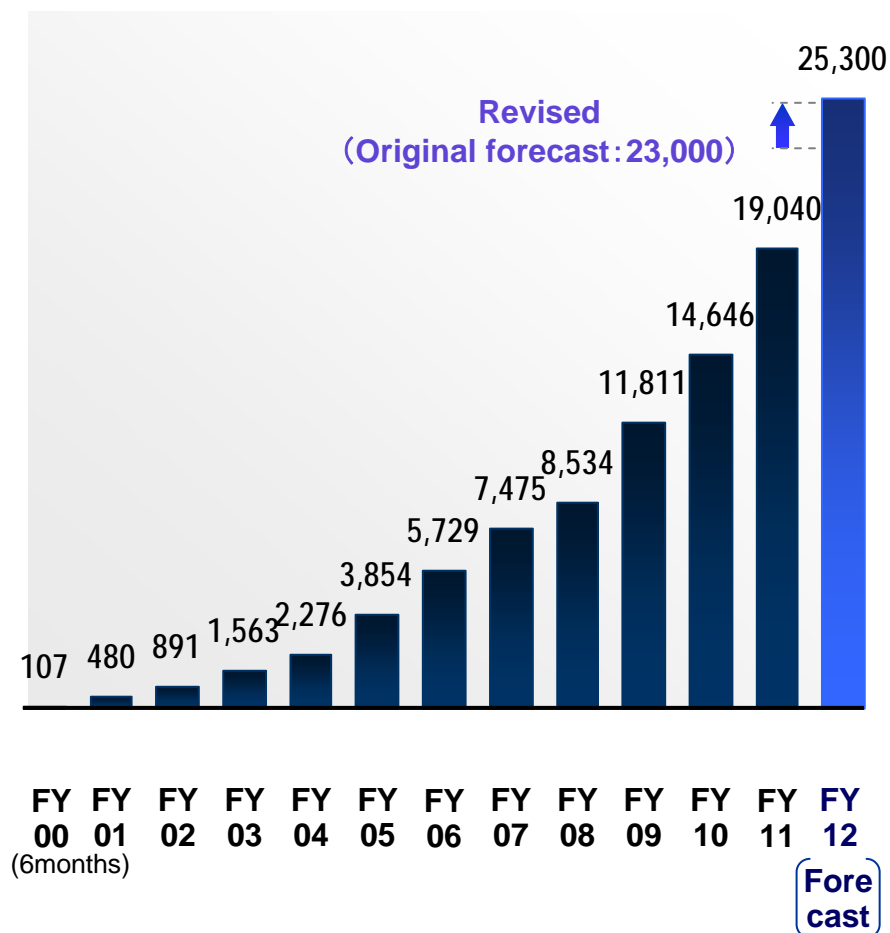


 **Steady growth momentum continues.**

Annual Results & Forecast for FY2012

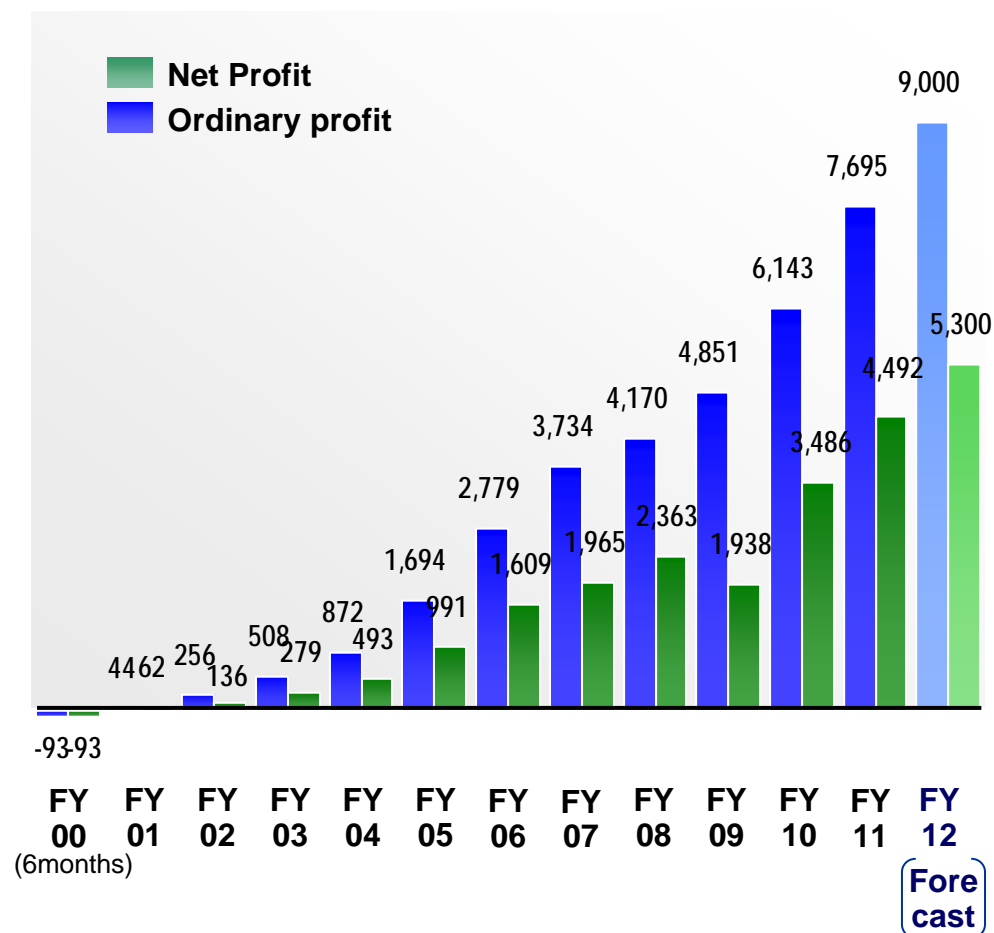
Sales

(¥ 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