


M3

Presentation Material

4Q 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

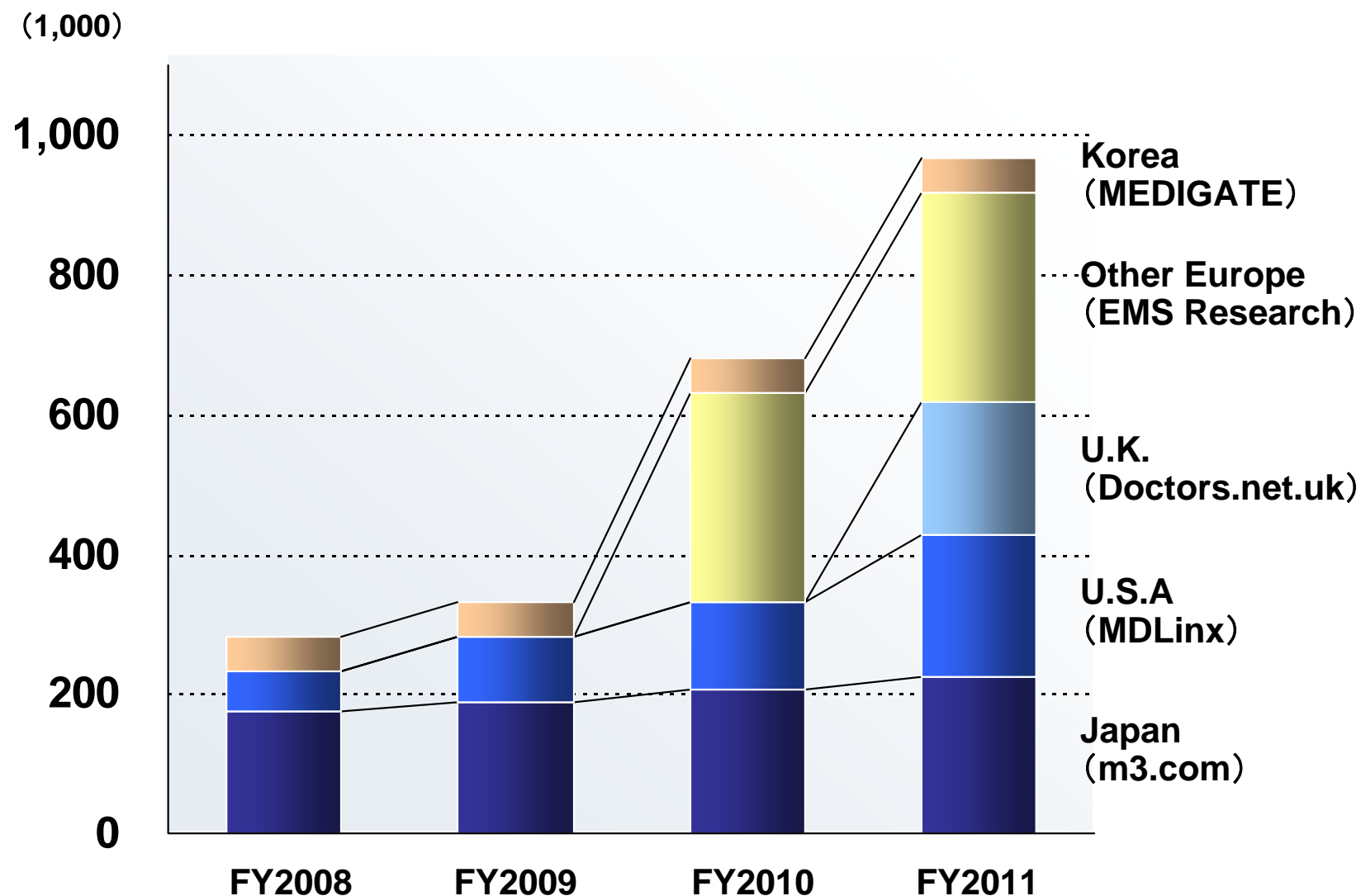
Name

→ 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

Physicians Registered in Our Site or Research Panel (Global)



Sponsor-free

Medical News

Search engine

Research Paper
search

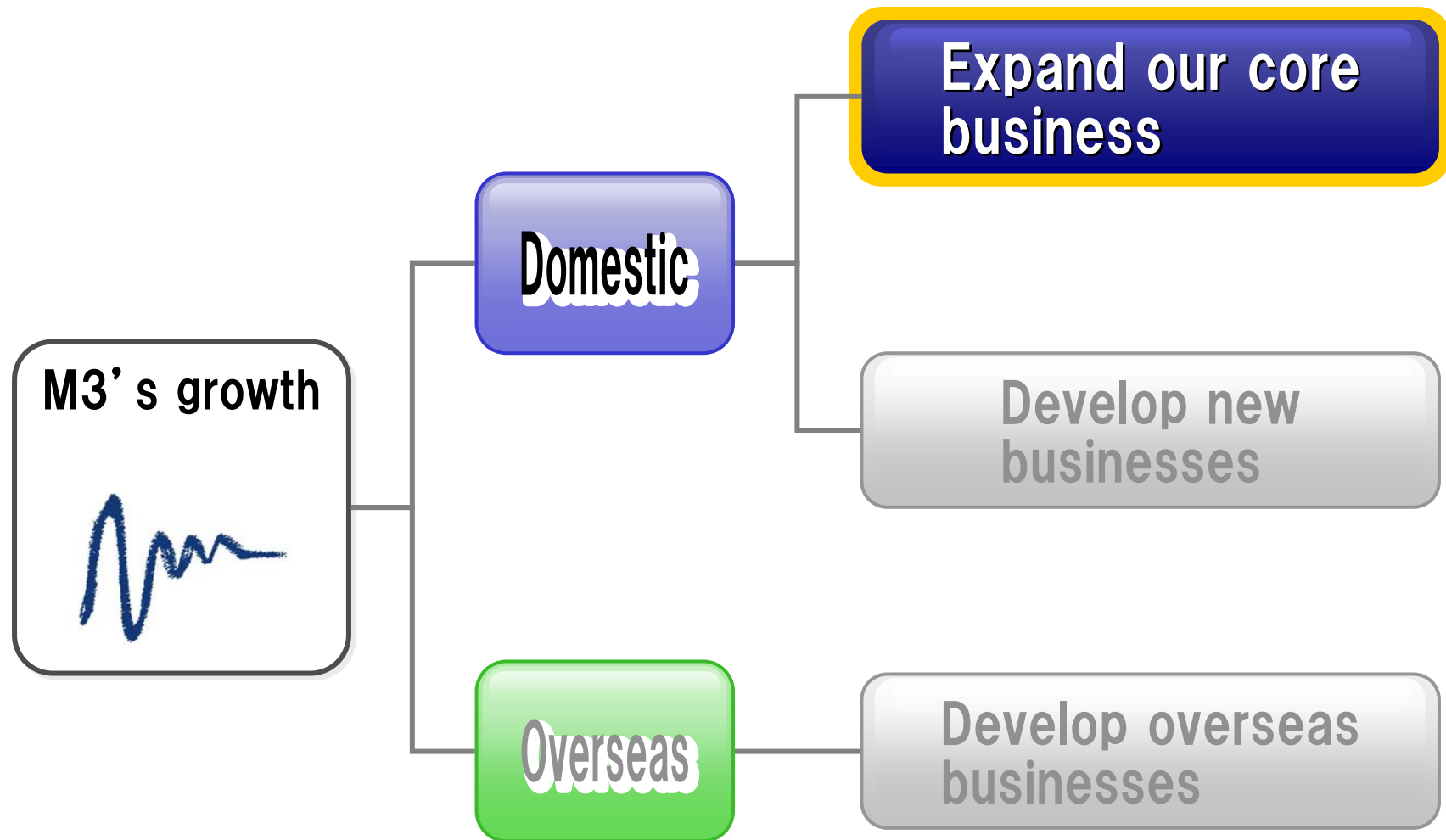
Web-based
medical tools



Sponsored

m3.com MR-kun

Sponsor
messages



Japanese Pharma's Huge Marketing Costs

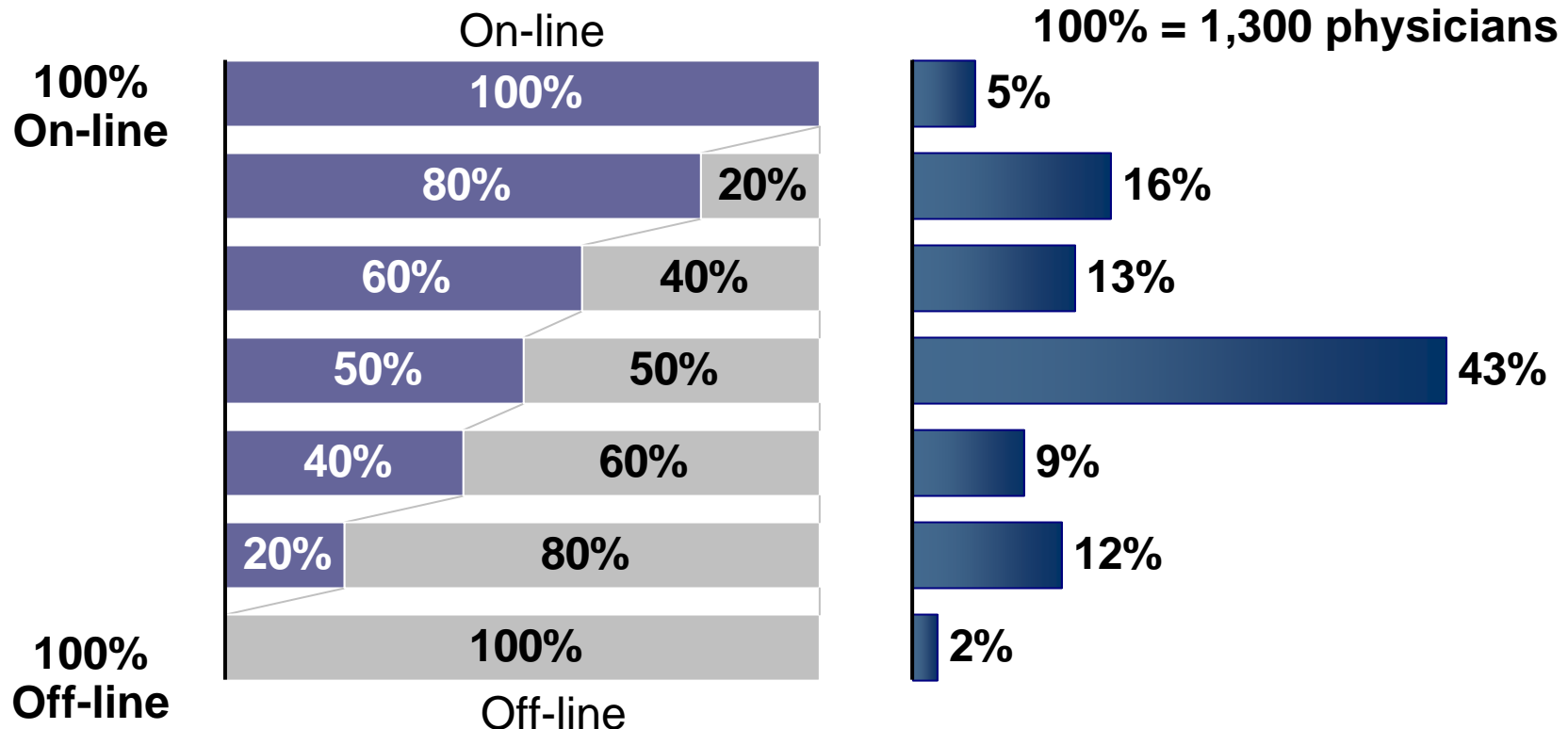
	Head count		Annual costs per person		
MRs (Pharmaceutical companies)	55,000	×	¥20mn	=	¥1.1tn
MSs (Pharmaceutical wholesalers)	30,000	×	¥10mn	=	¥300bn
					Total cost of whole industry ¥1.1-1.4 tn

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.



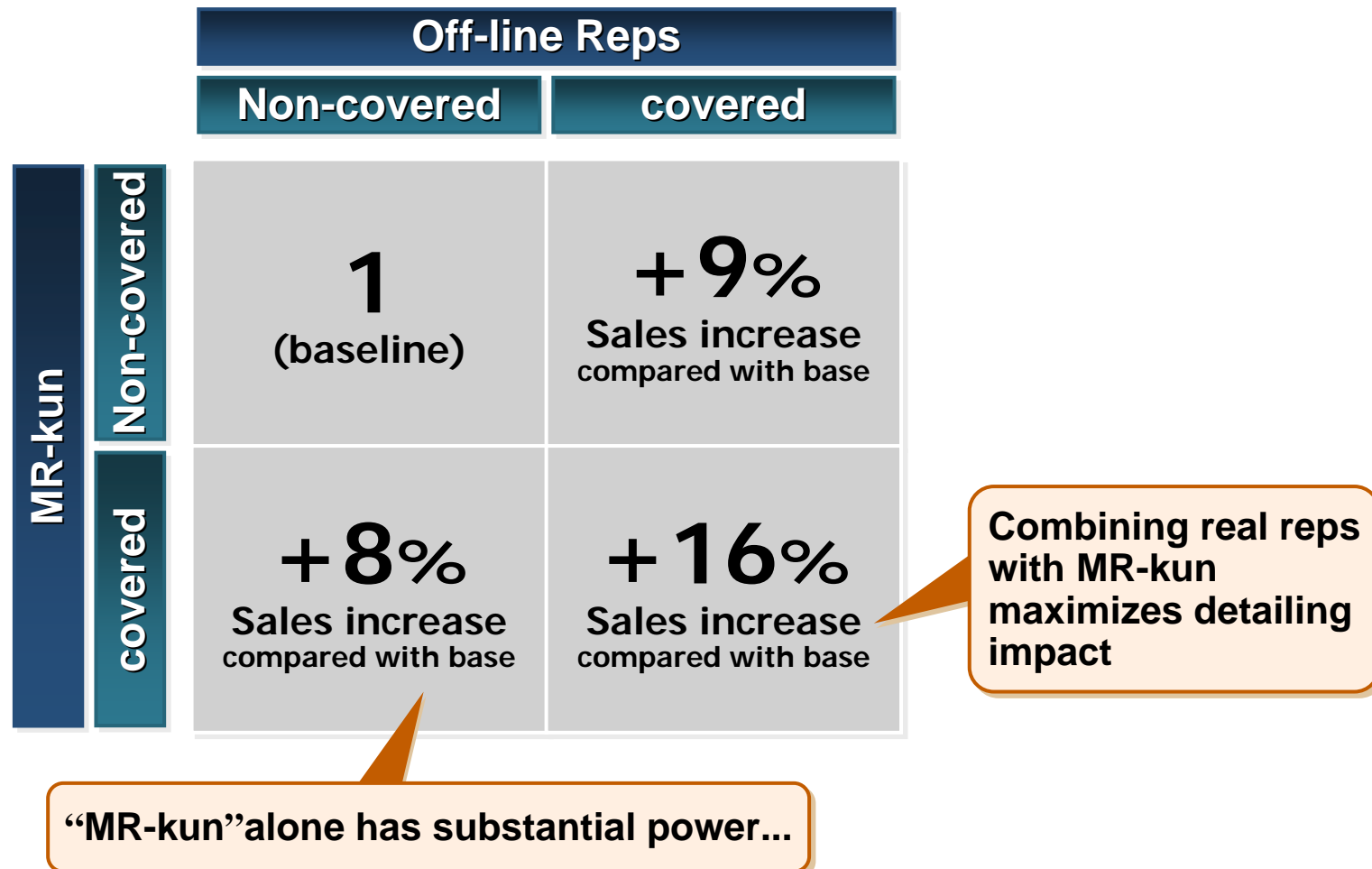
Demand for eDetails is quite high for busy physicians as they can get the information when it's convenient for themselves, not for MR

Source: M3 questionnaire to 1,300 physicians

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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

¥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

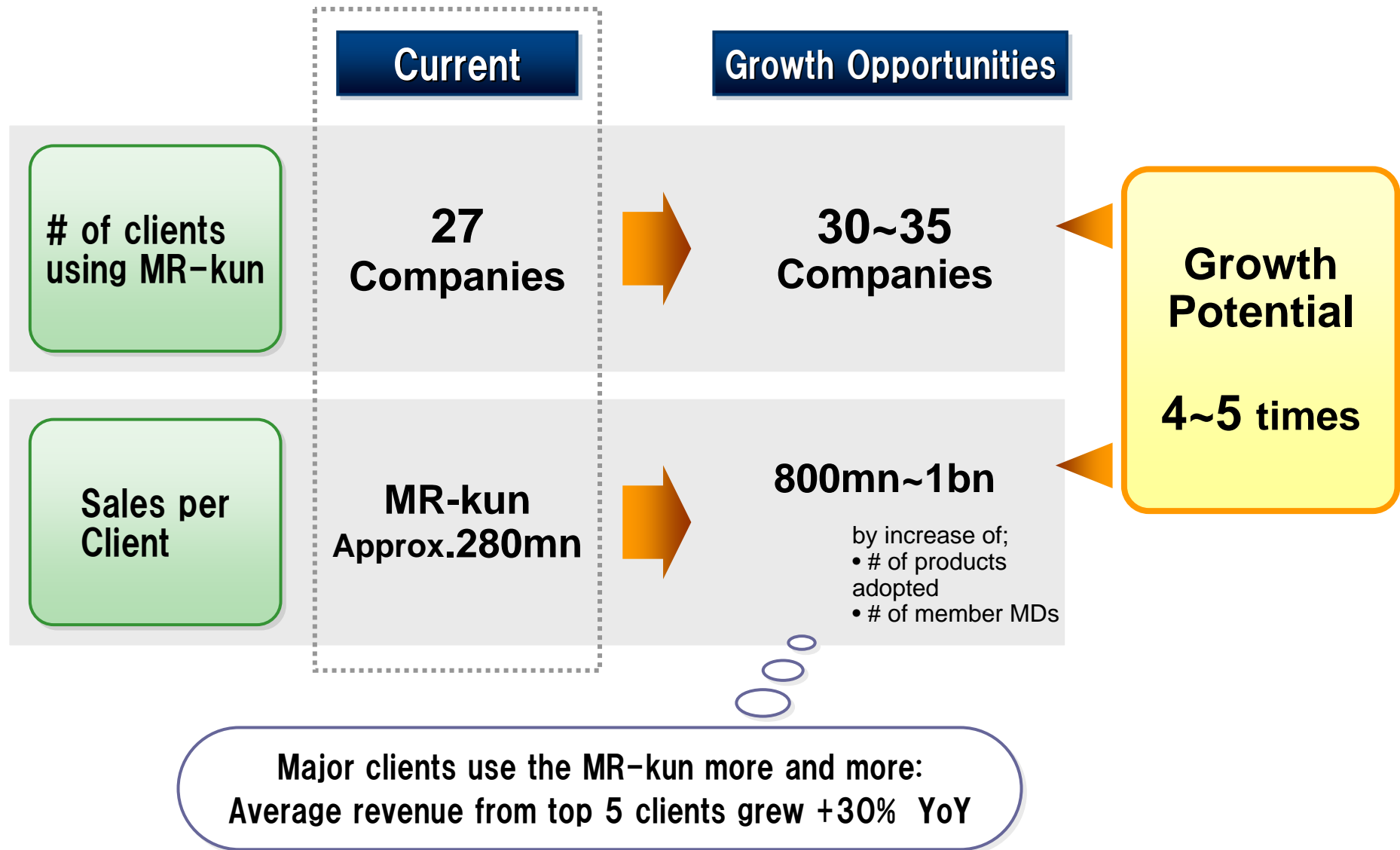
¥350mn

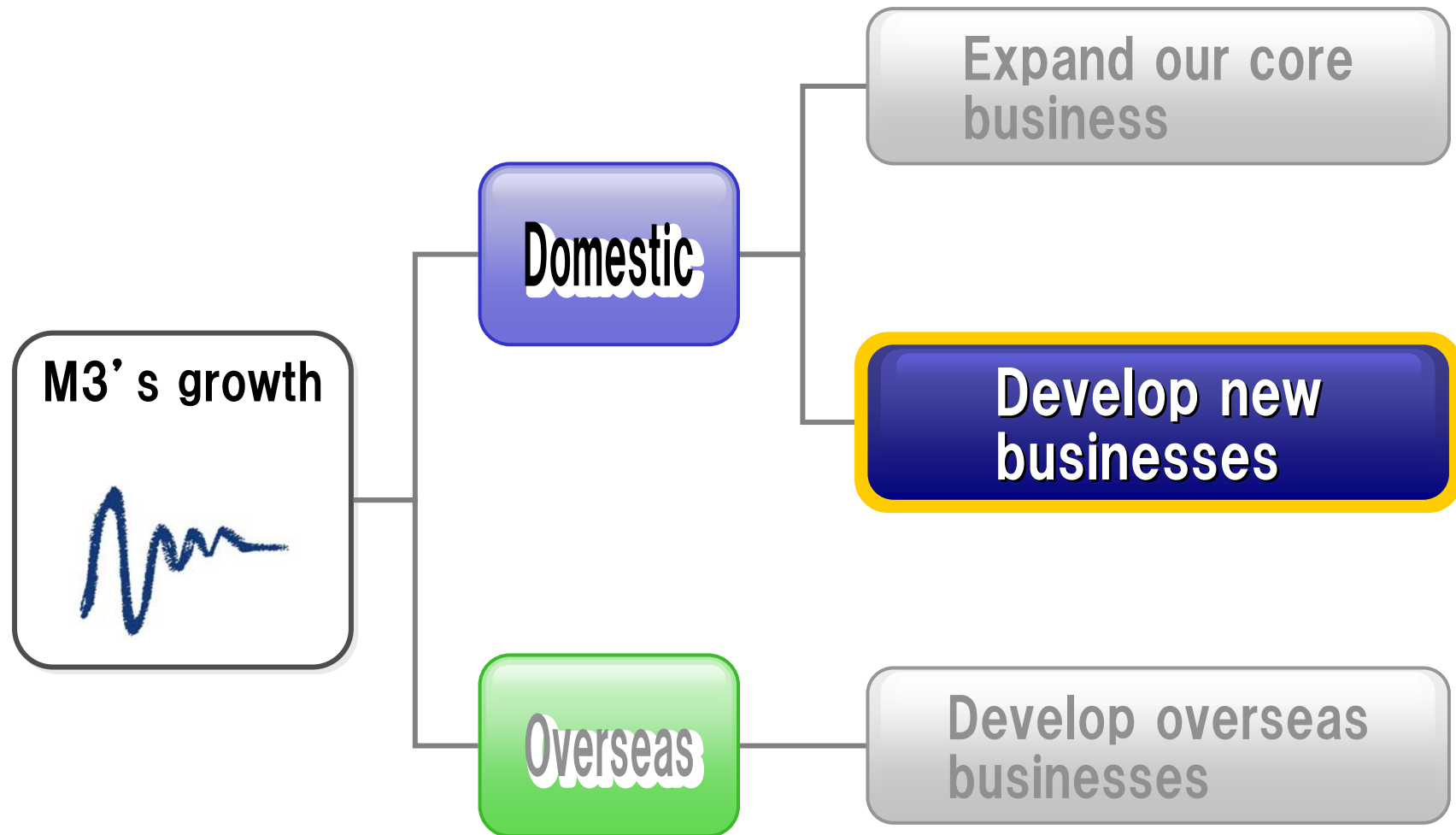
¥150mn

¥10mn

The average of top 5 clients: ¥600mn

MR-kun's Growth Potential in Japan



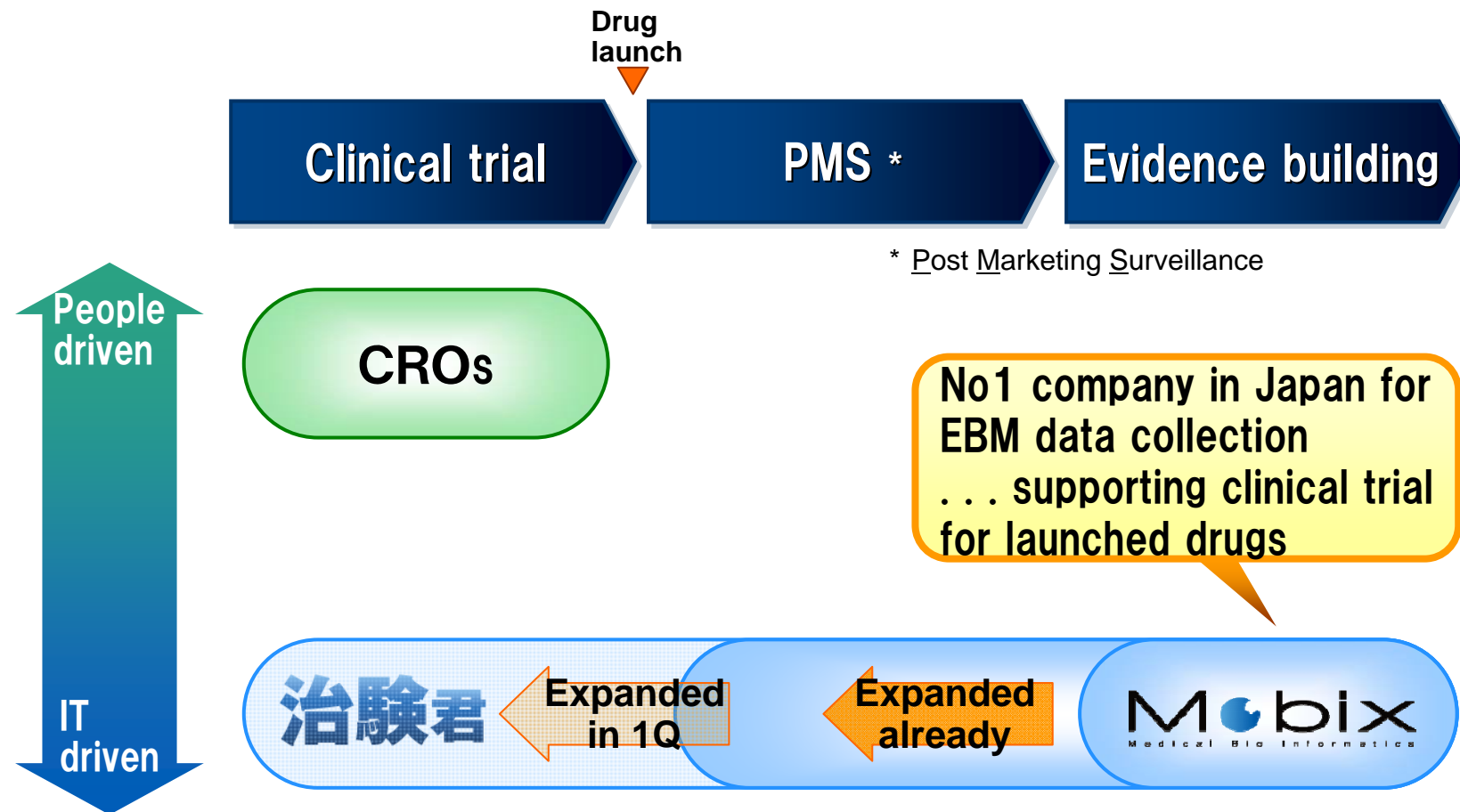


New Business Development on the Platform

		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	5	✓		
	E-mail, banner promotion service for pharma companies	6			✓
	Promotion service for non-pharma companies	9		✓	
	Consumer service	5		✓	
<div>Consolidated subsidiary</div>	Mebix	100	✓		
	M3 Career	100	✓		
	iTICKET	20			✓

- Revenue from the new businesses exceeded the revenue of MR-kun in FY2011.
- Many of the new businesses are run by few staff and quite profitable.

Evidence Solution Business – Mebix

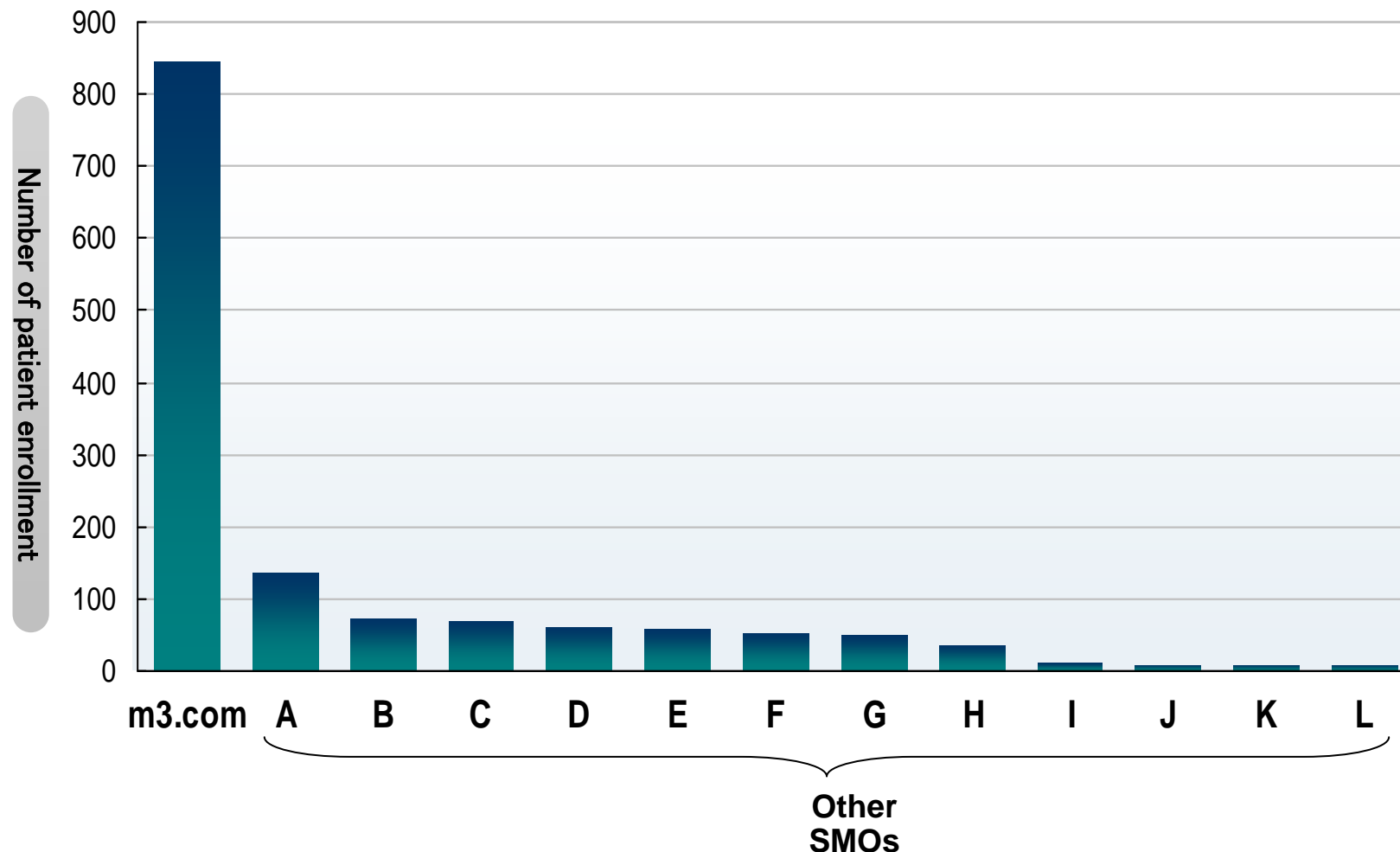


- “Chicken-kun” service acquired 3 clinical trials and more inquiries from pharma.

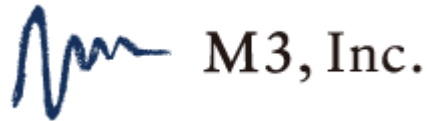
Patient Enrollment in a Large-scale Clinical Trial

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:



M3 Career, Inc



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

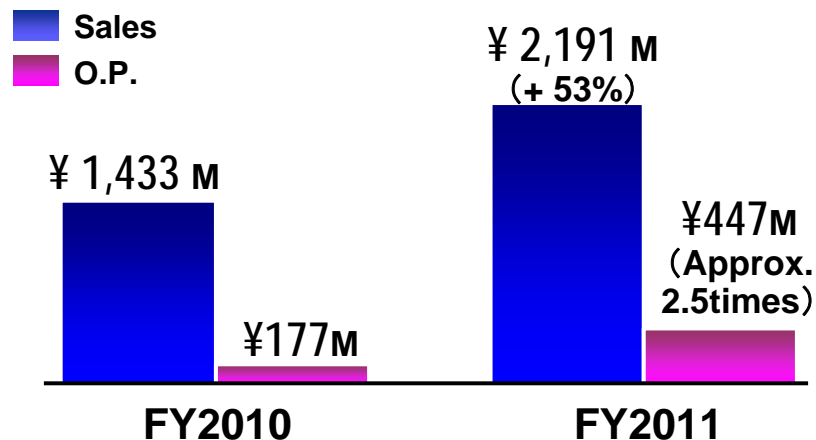


Full-line service and platform for best match between employers and job seekers



- 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)

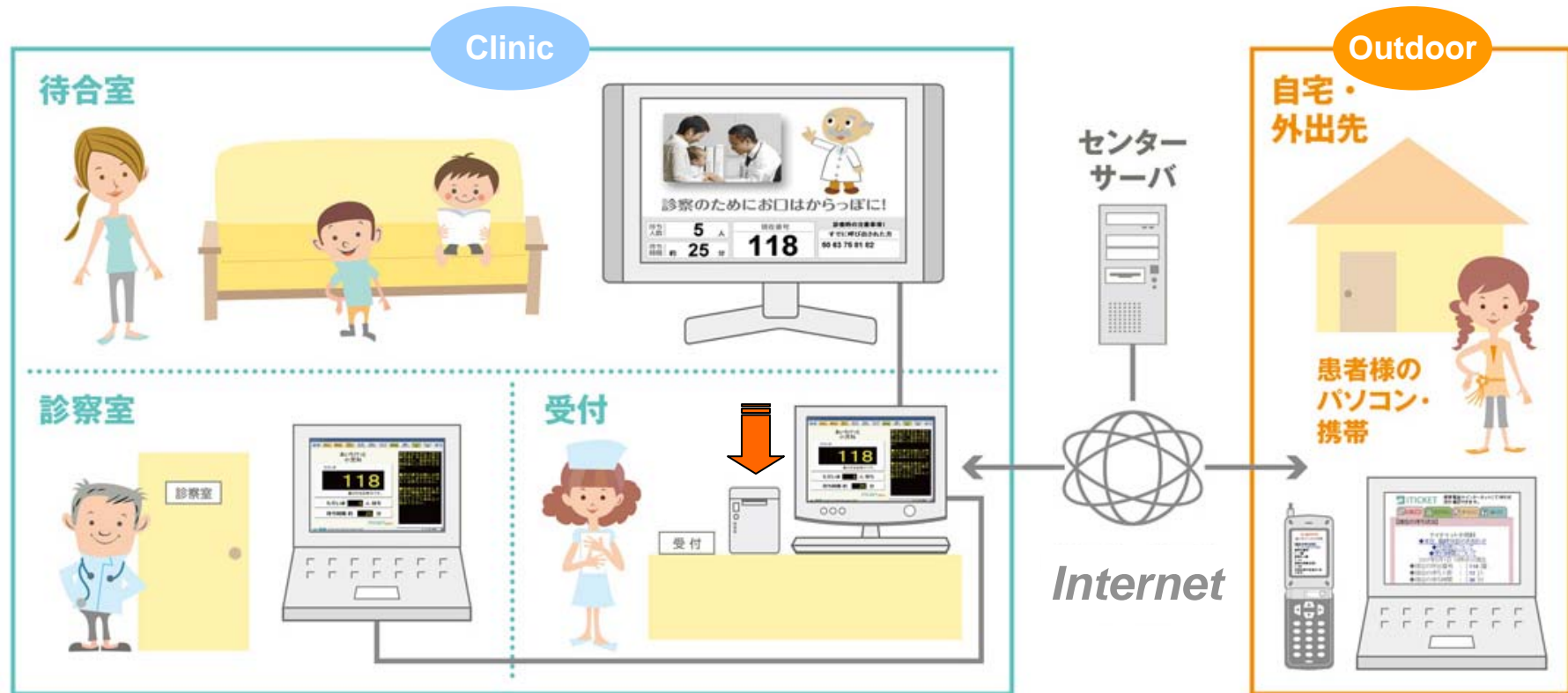


- Improvement in operation efficiency.
- Development of newly-hired staff in productivity.

Sales will grow +60% in FY12.
For future growth, continue 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 600,000 members (mostly moms with little kids) registered to the pan-clinic site. ...became one of the largest “mom” platforms in Japan.

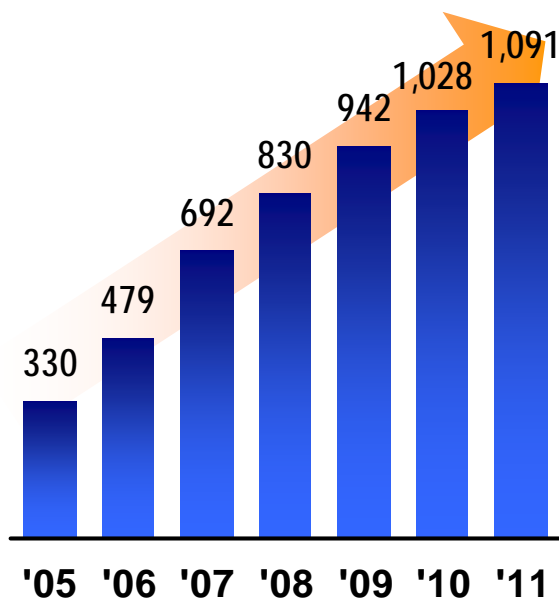
Consumer Business is growing

ASP : Reservation for medical care

Media business

Consumer business

Clinic Users



<Fee Structure>

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

Over 1,000 Clinic

Clinic Media



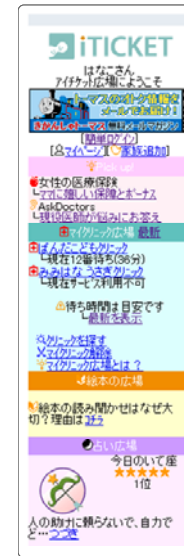
Ticket Media



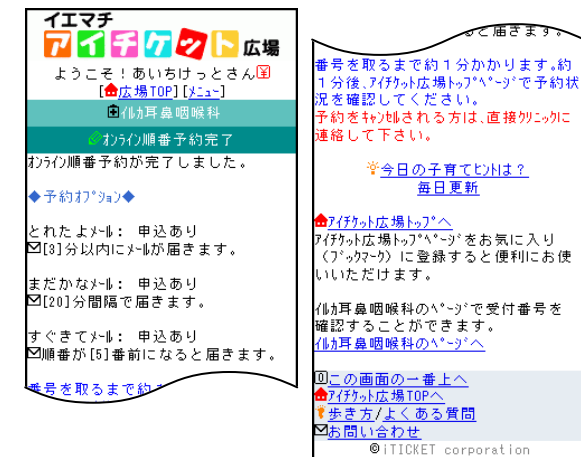
<Fee Structure>

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

Mobile Media



Charged Option

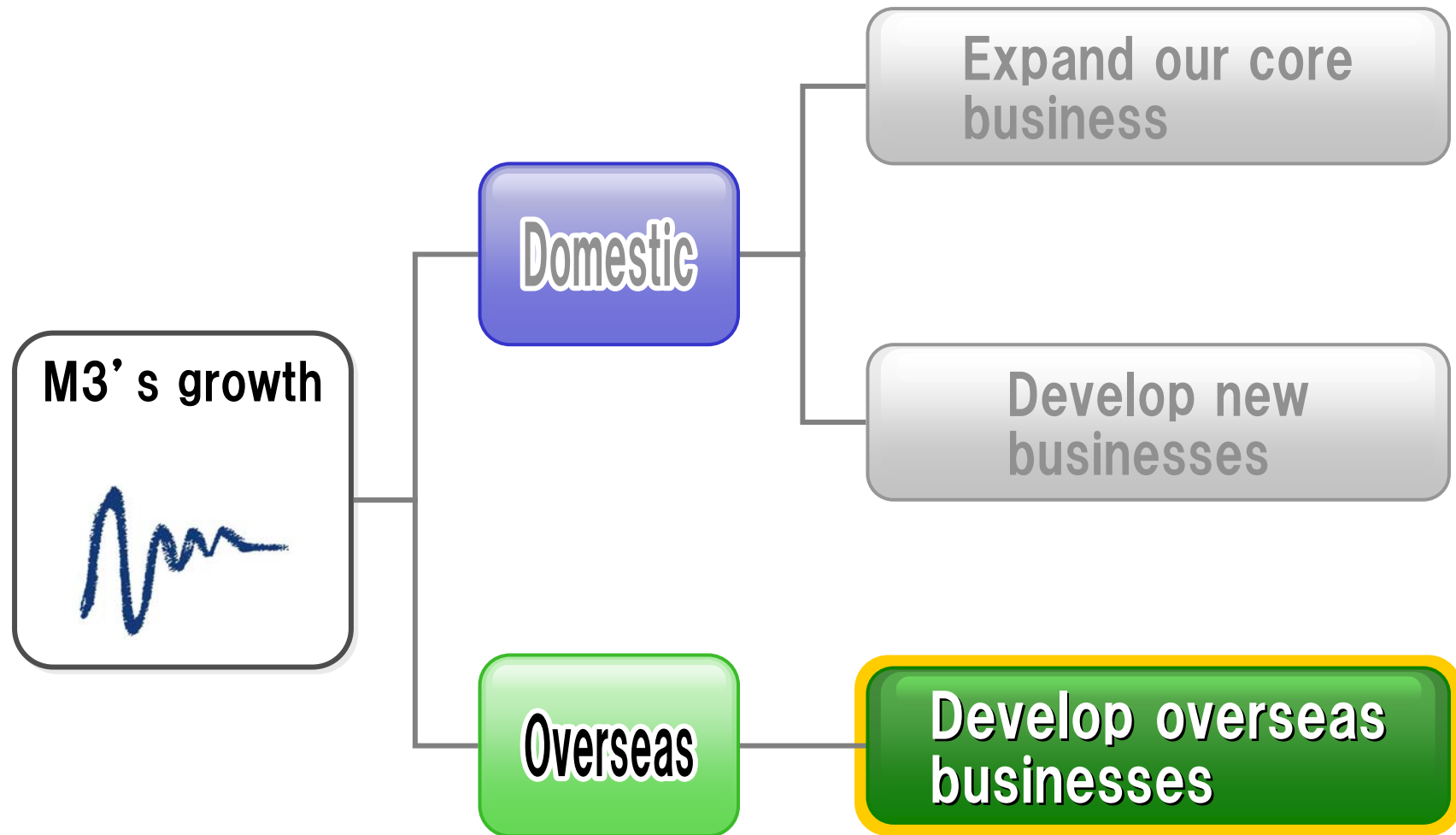


- とれたよメール
- まだかなメール
- すぐきてメール

<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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- 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
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- Head and Neck
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- Leukemia / Lymphoma
- Lung/Thoracic Oncology
- Myeloproliferative Dz
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- Medicine

Help

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Messages

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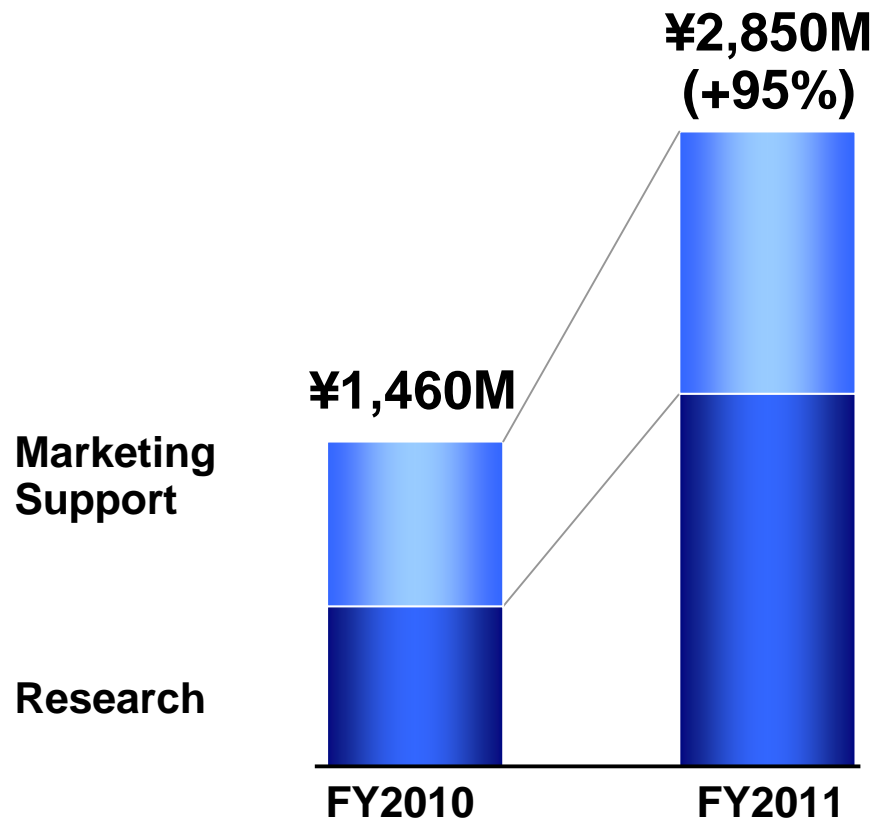
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Slide Kits
e-Details
Abstracts
Patient Education

- “M3 Messages” (US version of MR-kun) started on MDLinx (merged with M3 USA in Mar. 2009).
 - Washington D.C.
 - 557K medical professionals (incl. 204K physicians) as registered member
- Acquiring physician members rapidly
 - Added 79K in this fiscal year.

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.



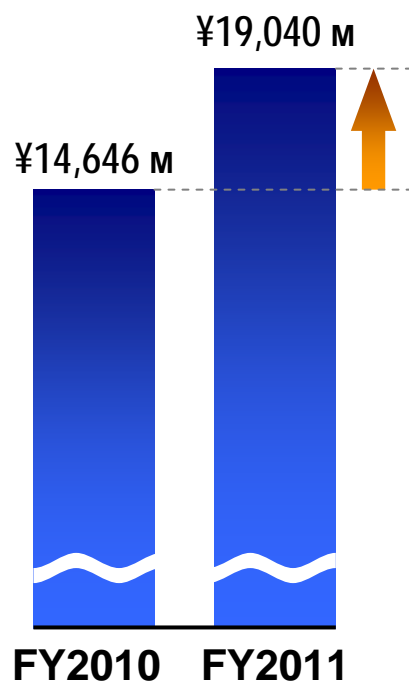
US operation posted profit in 4Q despite the weakest quarter in the year.

Doctors.net.uk turned into red caused by restructuring cost.

Consolidated P/L Statement for FY2011

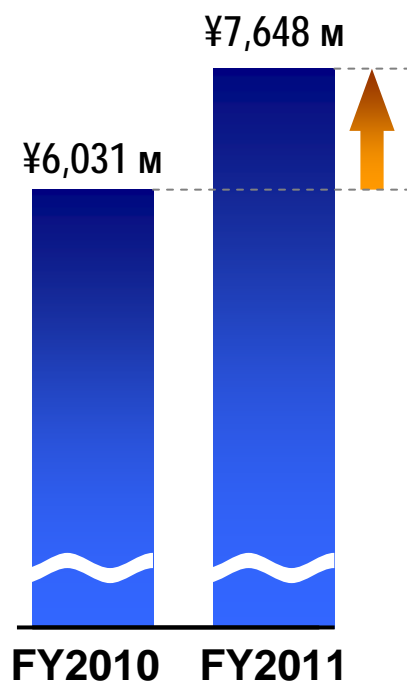
Sales

+30%



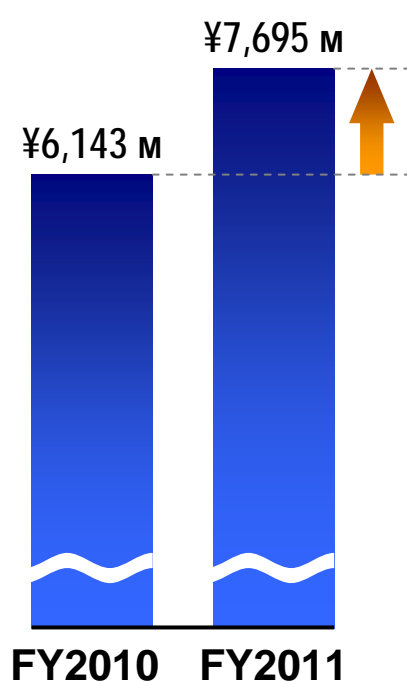
Operating income

+27%



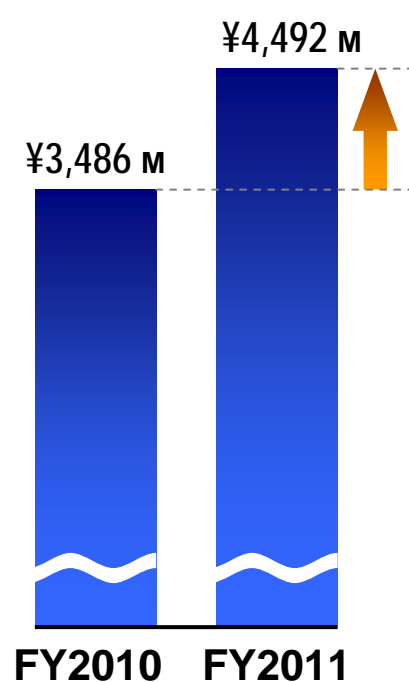
Ordinary profit

+25%



Net profit

+29%



Consolidated P/L Statement for FY2011

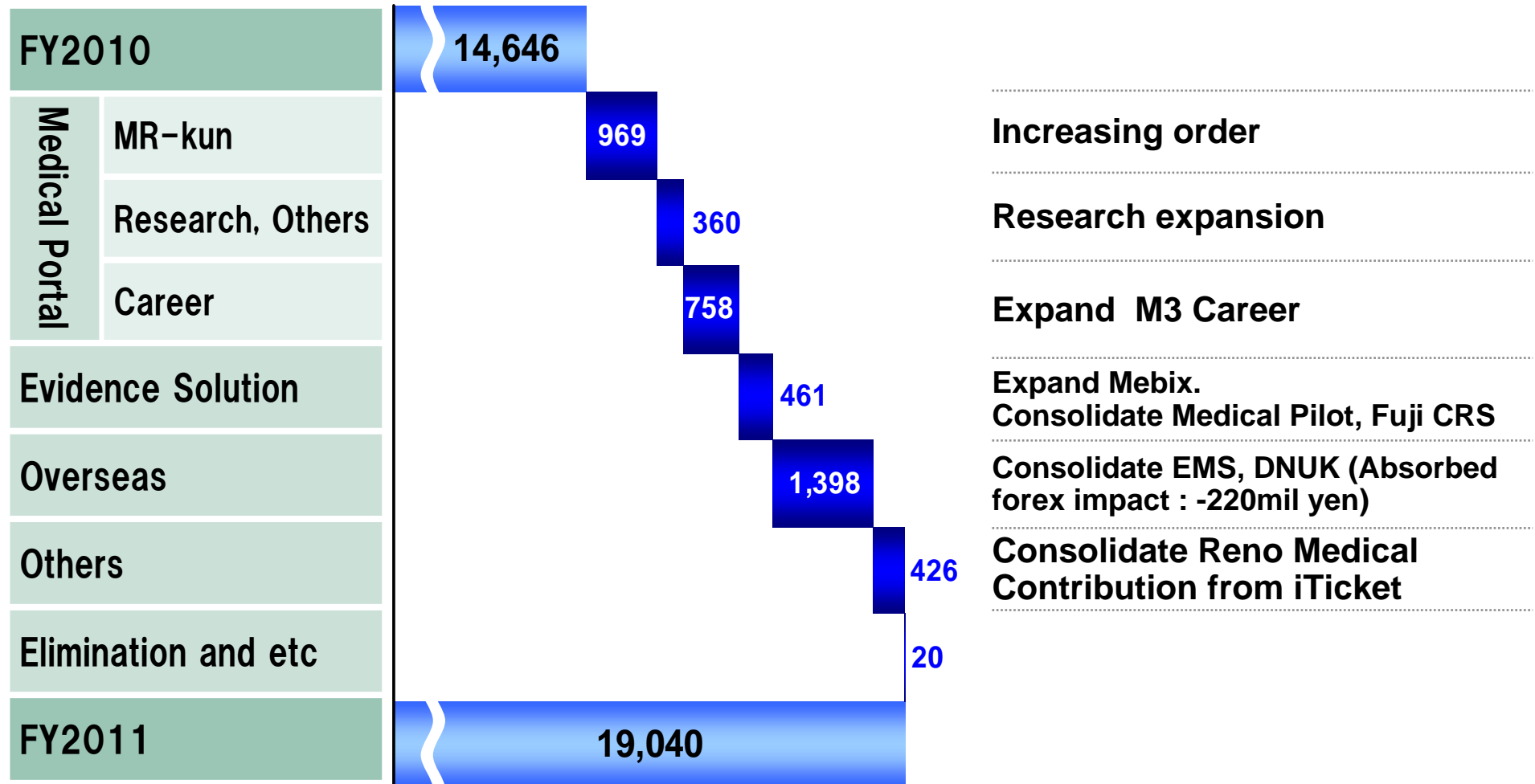
Breakdown by Business Segments

(yen million)

		FY2010	FY2011	YoY Growth
Medical Portal	Sales	11,193	13,281	+19%
	Profit	6,483	7,625	+18%
Evidence Solution	Sales	1,860	2,321	+25%
	Profit	▲58	423	—
Overseas	Sales	1,585	2,983	+88%
	Profit	55	138	+150%
Others	Sales	310	737	+137%
	Profit	190	76	-60%

Consoli. Sales Analysis (vs P.Y.)

(yen million)

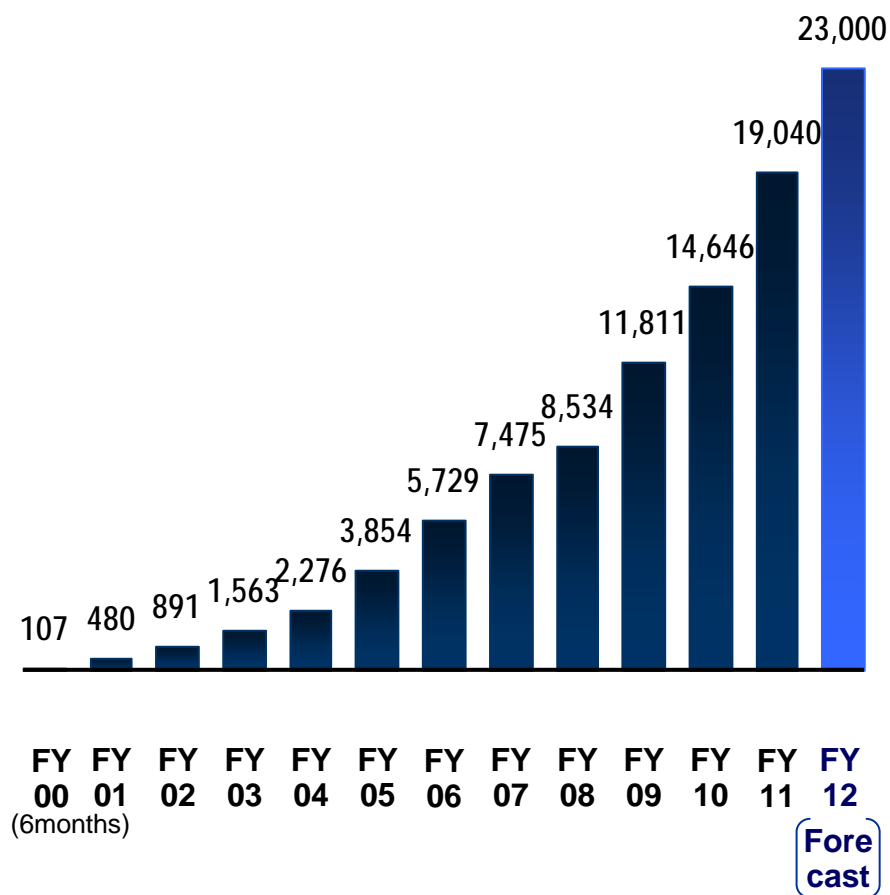


 **Steady growth momentum continues.**

Annual Results & Forecast for FY2012

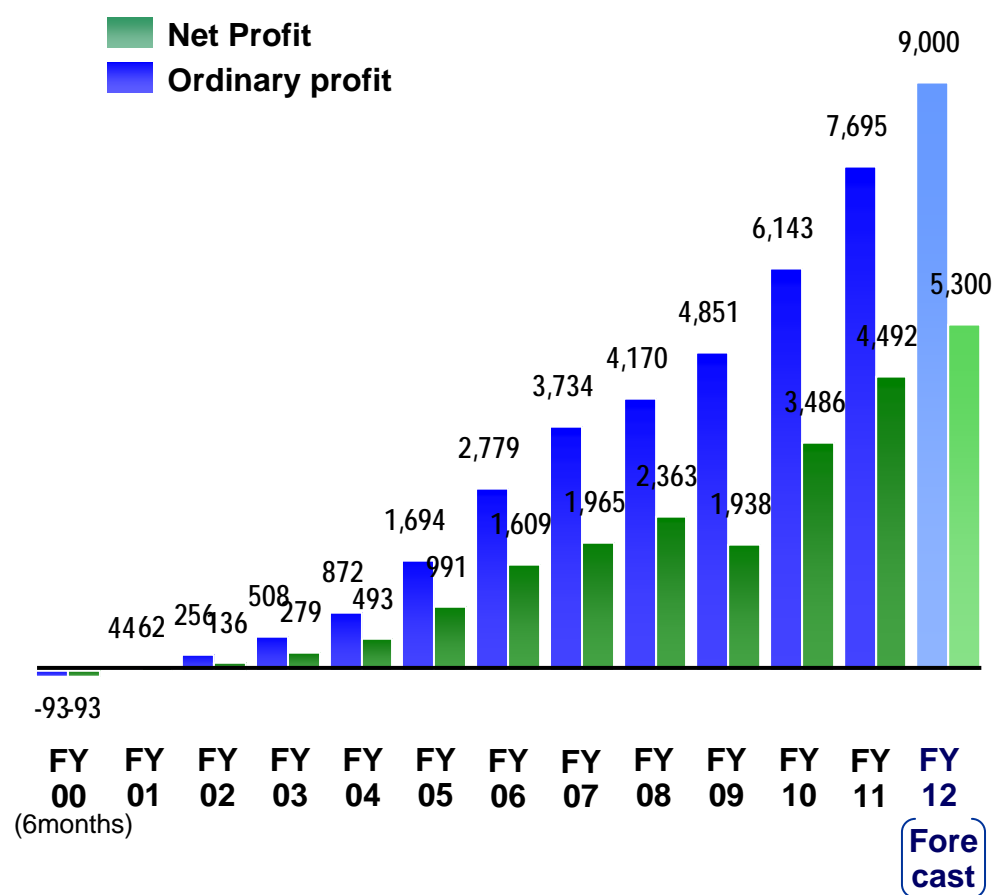
Sales

(¥ mn)

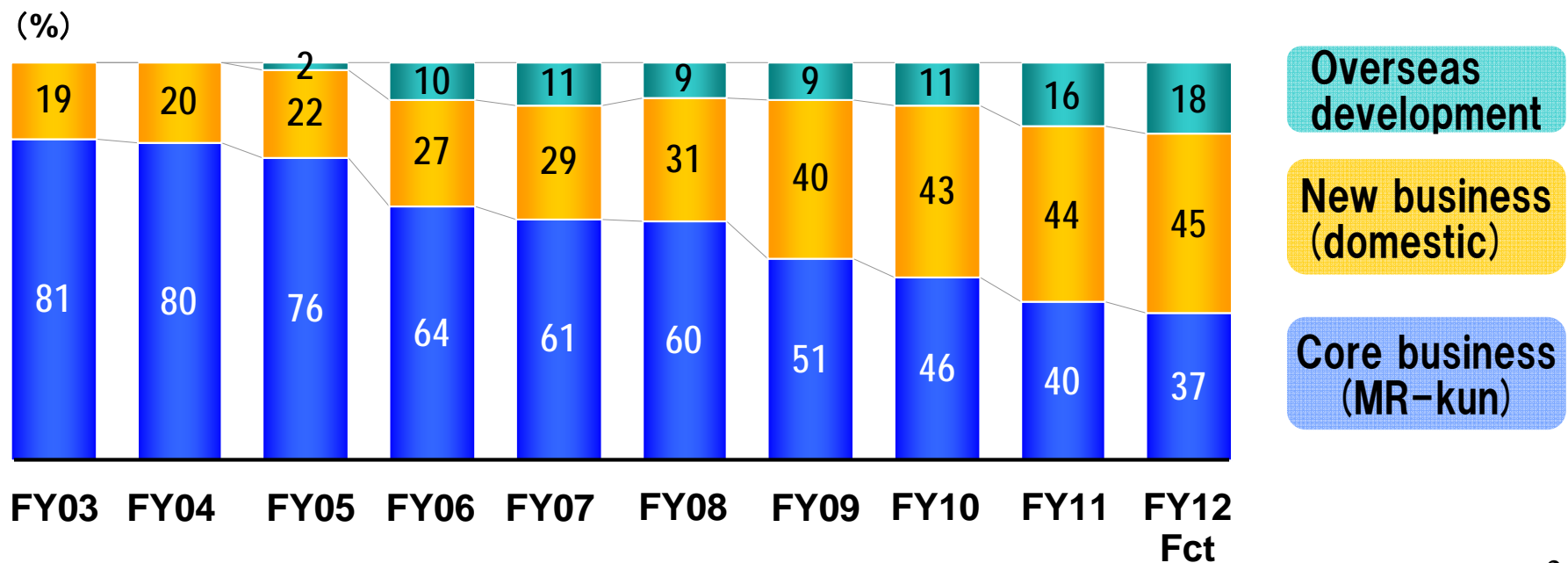
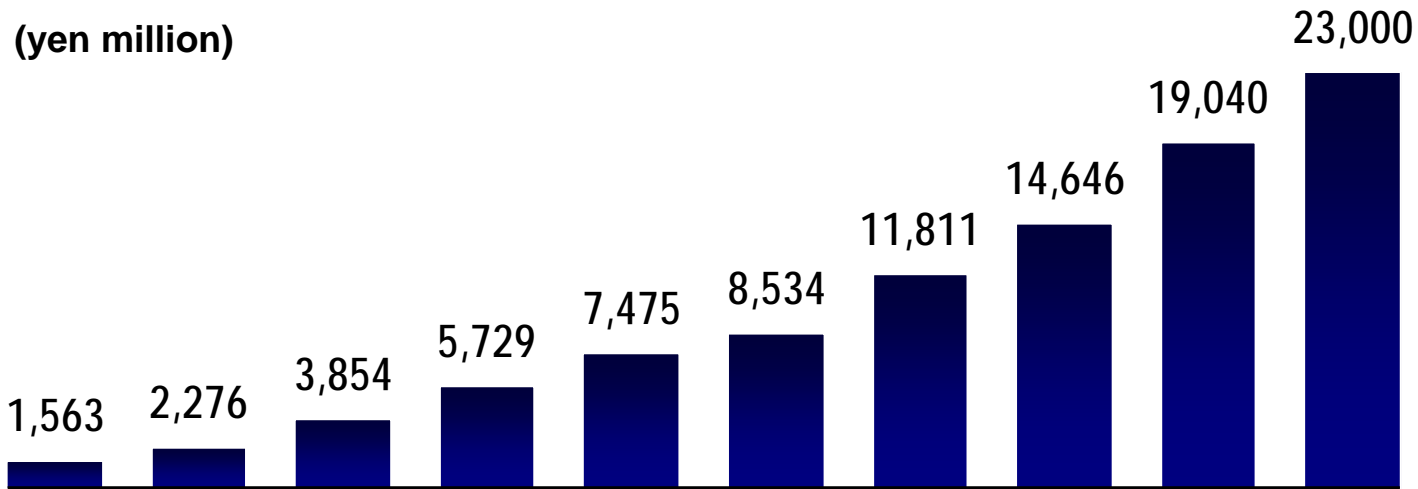


Ordinary Profit & Net Profit

(¥ mn)



Consolidated Sales Trend



Presuppositions for FY2012 Forecast

Top Line	MR-kun	↗	Expand at the same pace as FY2011.
	Research, Others	↗	Expand research and Chiken-kun, and plan conservatively in AskDoctors and QOL-kun.
	Career	↗	Grow sales +60% by increasing number of candidates, improving operation efficiency, and adding career consultants .
	Evidence Solution	↗	Add Medical Pilot and Fuji CRS. Mebix close to same revenue level with FY2011.
	Overseas	↗	Expand marketing support and research steadily, plus addition of Doctors.net.uk.
	Others	↗	Expand iTicket and Reno Medical.
Cost	M3	↗	Plan to add approx.50 staff (+30%), mainly engineer and sales staff for pharmaceutical companies.
	M3 Career	↗	Plan to add approx.70 staff (+70%), mainly career consultants.

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