



**Fiscal Year Ended March 2011  
(139th Business Year)**

**Financial Analyst Meeting**

**May 25, 2011**



Proven Products for Better Dentistry  
**SHOFU INC.**



**We offer our profound condolences to all those who have lost loved ones in the Tohoku earthquake and tsunami. The thoughts and prayers of everyone at Shofu are with all those who have been affected by this tragic disaster.**

# Impact of the Tohoku Earthquake and Tsunami and Shofu's Response



## Damage suffered by Shofu

- Shofu has verified the safety and well-being of all employees and contract employees.
- No Shofu buildings or facilities sustained damage as a result of the earthquake or subsequent tsunami.
- Some product inventory was damaged at the Sendai Sales Office and Tokyo Branch Office.

## Recovery aid offered by Shofu

- Shofu is donating products (surgical masks, etc.) through the Japan Dental Association.
- Shofu is also donating funds to assist recovery efforts in affected areas through the Japanese Red Cross Society.

## Disaster-related issues and responses

- The disaster is having an adverse effect on supplies of raw materials and products from some suppliers.  
→ Shofu is assessing the causes, severity, and responses for impacted items and will take appropriate action as necessary.
- Shofu is working to restore sales in the East Japan area.



## Contents of Today's Presentation

- ⇒ **Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2011**
- ⇒ **Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2012**
- ⇒ **Future Business Environment and Medium- and Long-term Business Strategies**

**Director/President Noriyuki Negoro**



## Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2011

Forecast of Consolidated Business Performance  
for Fiscal Year Ending March 31, 2012

Future Business Environment and  
Medium- and Long-term Business Strategies

# Summary of Business Performance (1)

⇒ Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2011



■ Positive factors ■ Negative factors

P/L

⇒ Sales totaled 15,711 million yen (a decrease of 2.0%).

Domestic sales totaled 12,042 million yen (a decrease of 3.2%).

- Sales in the dental business **fell 2.0%** due to lower revenue in the flagship artificial teeth segment as well as the abrasives and chemical products businesses.
- Sales in the nail care business **posted a significant 12.3% decline** due to slowing market growth and intensifying price competition.

Overseas sales totaled 3,668 million yen (an increase of 1.9%).

- Although sales in North America and South and Central America **fell 5.1%** in the wake of significant negative effects from foreign exchange fluctuations, Europe and Asia **experienced robust sales growth of 1.9% and 8.1%**, respectively.

⇒ Operating profits totaled 942 million yen.

- Despite improvements in the sales cost ratio and aggressive cost-cutting efforts, operating profits **fell 10.8%** due to the impact of lower sales, increases in prior investments such as personnel and advertising costs, and foreign exchange fluctuations.

⇒ Ordinary profits totaled 758 million yen.

- Ordinary profits **fell 20.3%** as a result of a worsening of extraordinary losses due to factors such as an increase in foreign exchange losses (51 million yen).

⇒ Current term net profit totaled 455 million yen.

- Current net term profit **fell 12.6%** due to factors such as gains from the sale of fixed assets (22 million yen) and losses on the valuation of securities (14 million yen).

# Summary of Business Performance (2)

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2011



■ Positive factors ■ Negative factors

B/S

C/F

- Due to losses on the valuation of securities totaling **14 million yen** and a decrease in the value of company-owned securities of **115 million yen**, which reflects decreases in the market value of the underlying issues, the valuation difference of securities as included in net worth decreased **57 million yen**.

Capital expenditures: 582 million yen

(Key expenditures)

- Fukuoka Sales Office 144 million yen (including land valued at 102 million yen and buildings valued at 40 million yen)
- Tokyo Branch Office 92 million yen (including land valued at 91 million yen and buildings valued at 1 million yen)
- New Web system 22 million yen (nail care subsidiary)



# Summary of Business Performance for the Current Fiscal Year

⇒ Summary of Consolidated Business Performance  
for Fiscal Year Ended March 31, 2011



⇒ Sales and profits decreased compared to both the previous period and forecast.

Units: millions of yen, %

	Fiscal March 2010 (Results) (% of sales)	Fiscal March 2011 (Forecast) (% of sales)	Fiscal March 2011 (Results) (% of sales)	Change from Previous Period (% change)	Change from Forecast (% change)
Sales	16,040 (100.0)	16,955 (100.0)	15,711 (100.0)	-328 (-2.0)	-1,243 (-7.3)
(Domestic sales)	12,440 (77.6)	13,138 (77.5)	12,042 (76.6)	-398 (-3.2)	-1,096 (-8.3)
(Overseas sales)	3,599 (22.4)	3,816 (22.5)	3,668 (23.4)	69 (1.9)	-147 (-3.9)
Operating profit	1,056 (6.6)	1,087 (6.4)	942 (6.0)	-113 (-10.8)	-144 (-13.3)
Ordinary profit	951 (5.9)	966 (5.7)	758 (4.8)	-192 (-20.3)	-208 (-21.6)
Net profit	521 (3.2)	596 (3.5)	455 (2.9)	-65 (-12.6)	-141 (-23.7)
Net profit per share	33.28 yen	37.13 yen	28.32 yen	-4.96 yen	-8.81 yen
Return on equity	2.98%	3.24%	2.49%	-0.49Pt	-0.75Pt



# Sales by Product Category (Comparison with Previous Period)

⇒ Summary of Consolidated Business Performance  
for Fiscal Year Ended March 31, 2011



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2010 (Results)	Fiscal March 2011 (Results)	Change from Previous Period		
				Domestic	Overseas
Artificial teeth	2,677	2,499	-178 (-6.7)	-108	-70
Abrasives	3,299	3,377	78 (2.4)	-26	105
Metal products	393	394	0 (0.3)	3	-2
Chemical products	2,997	2,985	-12 (-0.4)	-102	90
Cements and others	1,591	1,527	-63 (-4.0)	3	-66
Equipment and others	3,309	3,330	20 (0.6)	17	2
Dental business total	14,268	14,114	-154 (-1.1)	-212	58
Nail care business	1,713	1,520	-192 (-11.2)	-204	11
Other	57	76	18 (31.6)	18	0
Total	16,040	15,711	-328 (-2.0)	-398	69

**\* Overseas sales decreased by 241 million yen due to the effect of foreign currency fluctuations (US dollar, euro, pound sterling, renminbi).**

# Sales by Product Category (Comparison with Forecast)

⇒ Summary of Consolidated Business Performance  
for Fiscal Year Ended March 31, 2011



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2011 (Forecast)	Fiscal March 2011 (Results)	Change from Forecast		
				Domestic	Overseas
Artificial teeth	2,885	2,499	-386 (-13.4)	-250	-136
Abrasives	3,229	3,377	147 (4.6)	-60	207
Metal products	406	394	-11 (-2.9)	-7	-4
Chemical products	3,270	2,985	-284 (-8.7)	-203	-80
Cements and others	1,663	1,527	-135 (-8.1)	-32	-102
Equipment and others	3,403	3,330	-72 (-2.1)	-40	-32
Dental business total	14,857	14,114	-743 (-5.0)	-594	-148
Nail care business	2,023	1,520	-502 (-24.8)	-503	0
Other	73	76	2 (3.3)	2	0
Total	16,955	15,711	-1,243 (-7.3)	-1,096	-147

**\* Overseas sales decreased by 196 million yen due to the effect of foreign currency fluctuations (US dollar, euro, pound sterling, renminbi).**

# Domestic Sales

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2011



■ Positive factors ■ Negative factors

## Dental business

- Sales of equipment and others were robust thanks to the effects of new product launches.
- Revenue in the artificial teeth and abrasives segments fell 6.5% and 4.3%, respectively, as a slowdown in existing product sales offset robust across-the-board growth in new products sales.
- Overall, dental business sales saw a year-on-year decline of 212 million yen (2.0%).

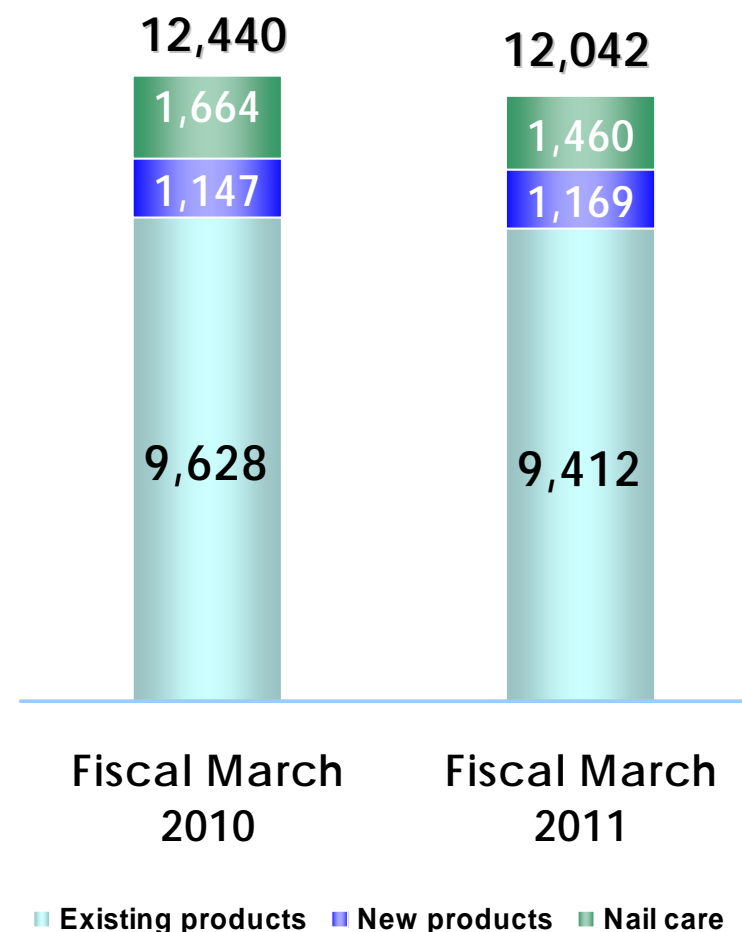
## Nail care business

- Sales in the nail care business fell 204 million yen (12.3%) compared to the previous period due to slowing market growth and intensifying price competition.

## Principal new products introduced in the period

- "MiCD Diamond Set," a diamond point FG (abrasives)
- "MiCD Loupe," a binocular magnifying lens (equipment)
- Estemat Slim, a vacuum electric furnace for baking porcelain (equipment)
- Piezon Master Surgery, a electrically powered bone surgery instrument (equipment)
- IP Temp Cement, a dental cement (cements)

Unit: millions of yen



# Overseas Sales

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2011



■ Positive factors ■ Negative factors

Unit: millions of yen; figures in parentheses represent component ratio (%)

## North America and Latin America

- Despite a decrease in revenue due to the negative effects of foreign exchange fluctuations, sales **grew 5.9%** on a local currency basis.

## Europe

- Robust sales of abrasives and chemical products drove an **8.1% increase** in sales on a local currency basis.

## Asia and Oceania

- China: **Increase of 46 million yen (10.4%)** compared to the previous period (on a local currency basis)  
Elsewhere: **Increase of 96 million yen (12.4%)** compared to the previous period

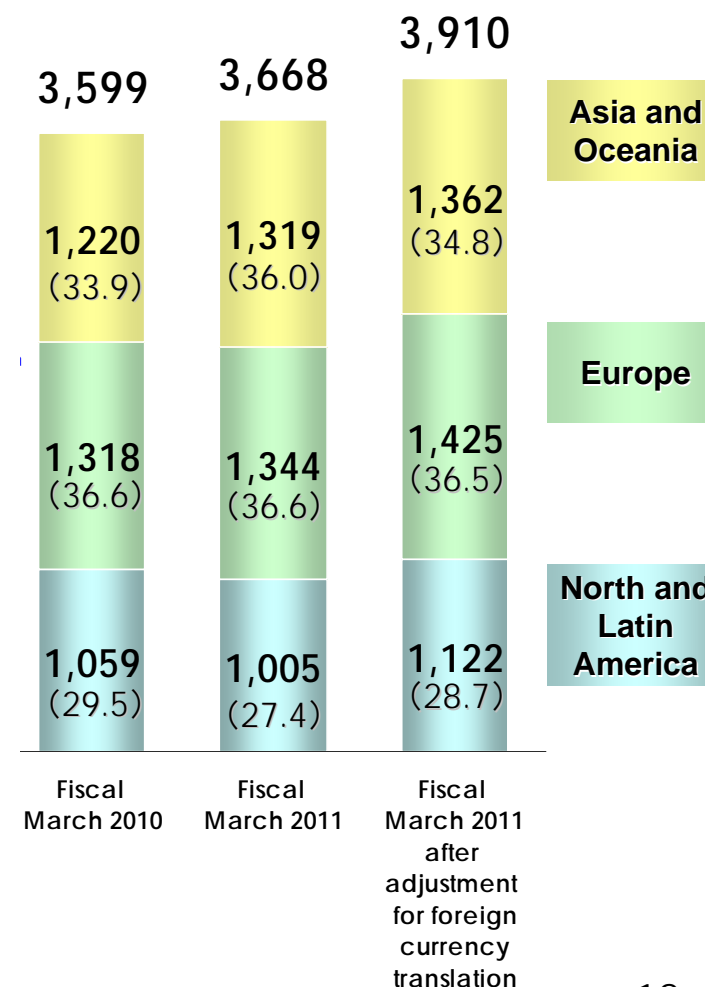
## Foreign exchange rates

- US dollar: **83.15 yen** (93.04 yen in the previous period)
- Euro: **117.57 yen** (124.92 yen in the previous period)

## ◇ (Dental business) Overseas sales ratio

- 25.6%** (24.9% in the same period last year) (26.8% after adjustment for foreign currency translation)

\* Overseas sales decreased by 241 million yen due to the effect of foreign currency fluctuations (US dollar, euro, pound sterling, renminbi).



# Performance by Segment (Sales and Operating Profits)

⇒ Summary of Consolidated Business Performance  
for Fiscal Year Ended March 31, 2011



Unit: millions of yen. Figures in parentheses represent  
percentage of sales and percentage changes (unit: %)

		Fiscal March 2010 (Results) Amount (% of sales)	Fiscal March 2011 (Forecast) Amount (% of sales)	Fiscal March 2011 (Results) Amount (% of sales)	Change from Previous Period	Change from Forecast
Dental	Sales	14,268	14,857	14,114	-154	-743
	Operating expenses	13,224	13,859	13,132	-92	-727
	Operating profit (operating profit margin)	1,044 (7.3)	998 (6.7)	981 (7.0)	-62	-16
Nail care	Sales	1,714	2,023	1,521	-193	-502
	Operating expenses	1,710	1,949	1,580	-130	-369
	Operating profit (operating profit margin)	3 (0.2)	74 (3.7)	-59 (-3.9)	-62	-133
Other	Sales	61	73	80	19	6
	Operating expenses	50	58	61	10	2
	Operating profit (operating profit margin)	10 (17.5)	15 (20.6)	19 (24.2)	8	4
Total before consolidation adjustment	Sales	16,043	16,955	15,716	-327	-1,239
	Operating expenses	14,985	15,867	14,773	-211	-1,093
	Operating profit (operating profit margin)	1,058 (6.6)	1,087 (6.4)	942 (6.0)	-115	-145
Consolidated	Sales	16,040	16,955	15,711	-328	-1,243
	Operating expenses	14,983	15,867	14,768	-215	-1,099
	Operating profit (operating profit margin)	1,056 (6.6)	1,087 (6.4)	942 (6.0)	-113	-144

\* The operating expenses for the nail care business include goodwill amortization of 89 million yen connected with the acquisition of Nail Labo Co., Ltd. (total amount: 712 million yen for eight-year amortization)

# Segment Information by Region (Sales and Operating Profits)

⇒ Summary of Consolidated Business Performance  
for Fiscal Year Ended March 31, 2011



Unit: millions of yen. Figures in parentheses represent  
percentage of sales and percentage changes (unit: %)

		Fiscal March 2010 (Results) Amount (% of sales)	Fiscal March 2011 (Forecast) Amount (% of sales)	Fiscal March 2011 (Results) Amount (% of sales)	Change from Previous Period	Change from Forecast
Japan	Sales	14,444	15,445	14,220	-223	-1,224
	Operating profit (operating profit margin)	830 ( 5.8)	902 ( 5.8)	669 ( 4.7)	-161	-232
Americas	Sales	1,094	1,024	1,017	-76	-6
	Operating profit (operating profit margin)	38 ( 3.5)	49 ( 4.9)	28 ( 2.8)	-9	-21
Europe	Sales	1,454	1,521	1,456	1	-64
	Operating profit (operating profit margin)	92 ( 6.4)	60 ( 4.0)	79 ( 5.5)	-12	19
Asia	Sales	654	766	708	54	-57
	Operating profit (operating profit margin)	45 ( 7.0)	71 ( 9.3)	141 ( 19.9)	95	70
Overseas total	Sales	3,203	3,311	3,182	-20	-128
	Operating profit (operating profit margin)	176 ( 5.5)	181 ( 5.5)	249 ( 7.8)	72	68
Total before consolidation adjustment	Sales	17,647	18,756	17,403	-244	-1,353
	Operating profit (operating profit margin)	1,007 ( 5.7)	1,083 ( 5.8)	919 ( 5.3)	-88	-163
Consolidated	Sales	16,040	16,955	15,711	-328	-1,243
	Operating profit (operating profit margin)	1,056 ( 6.6)	1,087 ( 6.4)	942 ( 6.0)	-113	-144

\* The elimination of unrealized profits from internal transactions is the principal consolidated adjustment item impacting operating profits.

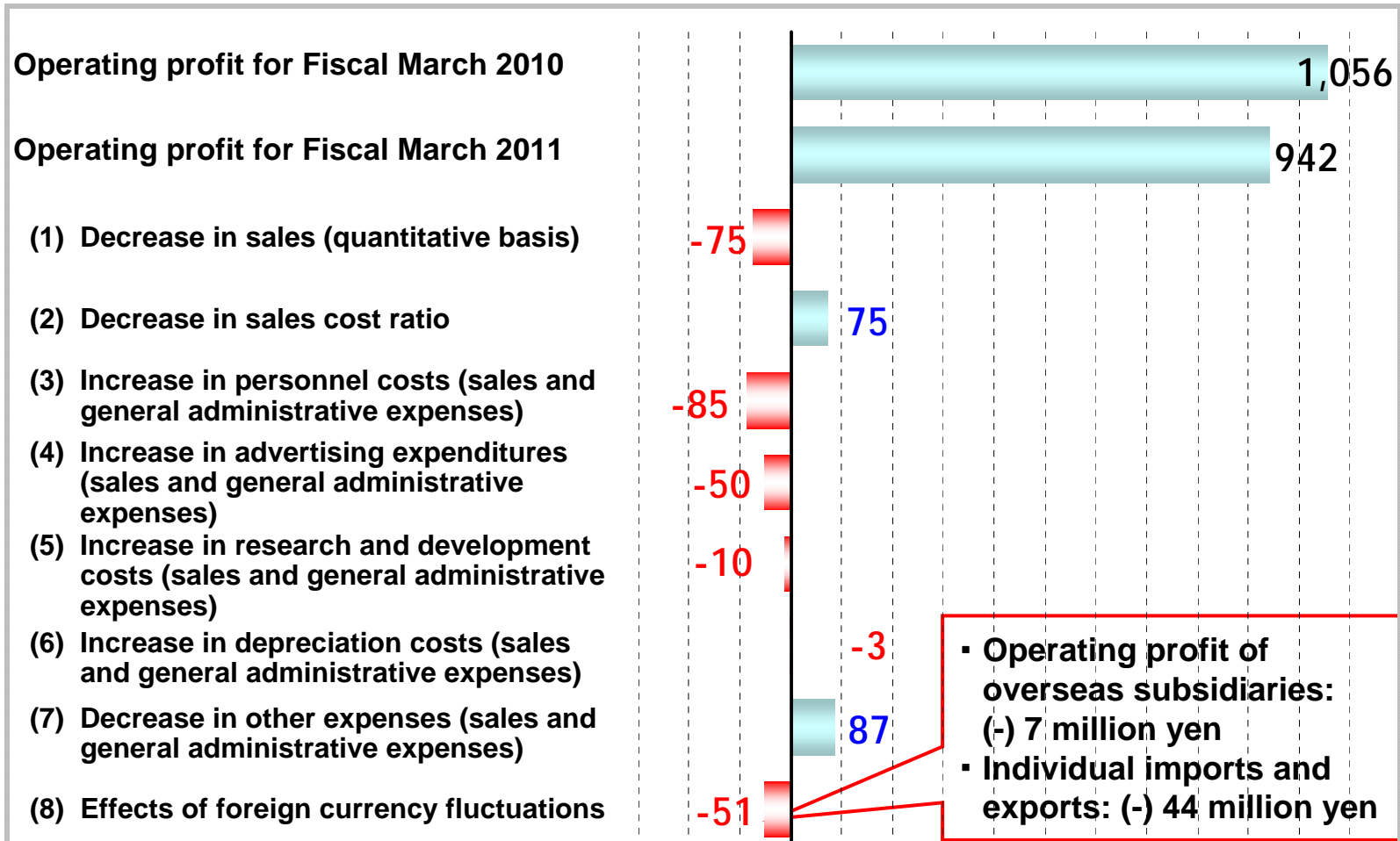


# Contributors to Change in Operating Profit

Summary of Consolidated Business Performance for Fiscal Year Ended March 31, 2011



Unit: millions of yen



\* The figures in items (1) to (7) do not incorporate the effects of foreign currency fluctuations.

# Financial Condition: Major Balance Sheet Accounts

Summary of Consolidated Business Performance  
for Fiscal Year Ended March 31, 2011



Unit: millions of yen

	Fiscal March 2010 (Results)	Fiscal March 2011 (Results)	Change	Major contributors to changes, special notes
Cash and deposits	6,430	6,625	195	
Notes and bills receivable, trade accounts receivable	2,444	2,576	131	
Inventory	3,305	3,277	-27	
Securities, investment securities	3,309	3,254	-55	Decrease in valuation difference of securities of 115 million yen Depletion of 14 million yen
Others	7,033	6,915	-117	Decrease in tangible and intangible fixed assets of 214 million yen
<b>Assets</b>	<b>22,522</b>	<b>22,649</b>	<b>126</b>	
Long-term and short-term borrowings	1,020	1,000	-20	
Reserve for retirement benefits and directors' retirement benefits	610	672	61	
Others	2,582	2,743	161	Increase in accounts payable, corporate taxes payable, etc.
<b>Liabilities</b>	<b>4,212</b>	<b>4,415</b>	<b>202</b>	
<b>Net worth</b>	<b>18,310</b>	<b>18,233</b>	<b>-76</b>	Decrease in valuation difference of securities of 57 million yen Decrease in foreign currency translation adjustment of 184 million yen
<b>Total liabilities and net worth</b>	<b>22,522</b>	<b>22,649</b>	<b>126</b>	
Capital adequacy ratio	81.3%	80.5%	-0.8Pt	
Net worth per share	1,139 yen	1,134 yen	-5 yen	

# Capital Expenditures, Depreciation Costs, R&D Expenses, etc.

⇒ Summary of Consolidated Business Performance  
for Fiscal Year Ended March 31, 2011



Unit: millions of yen

	Fiscal March 2010 (Results)	Fiscal March 2011 (Forecast)	Fiscal March 2011 (Results)	Change from Previous Period	Change from Forecast
Capital expenditures	558	1,196	582	24	-613
Depreciation costs	731	759	702	-28	-57
(of which goodwill amortization)	89	89	89	0	0
R&D expenses	1,030	1,323	1,040	10	-283
Foreign exchange rates					
US dollar	93.04	85.00	83.15	-9.89	-1.85
Euro	124.92	130.00	117.57	-7.35	-12.43
Pound sterling	140.40	140.00	133.89	-6.51	-6.11
Renminbi	13.49	13.50	12.29	-1.20	-1.21

\* The foreign exchange rates given are those in effect at the end of each term; conversions of items in the financial statements of overseas subsidiaries all use term-end rates.



Summary of Consolidated Business Performance  
for Fiscal Year Ended March 31, 2011

**Forecast of Consolidated Business Performance  
for Fiscal Year Ending March 31, 2012**

Future Business Environment and  
Medium- and Long-term Business Strategies

# Overview of the Next Fiscal Year (1)

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2012



■ Positive factors ■ Negative factors

P/L

⇒ Sales totaled 16,041 million yen (an increase of 2.1%).

■ Domestic sales totaled 12,193 million yen (an increase of 1.3%).

- The company expects dental business sales to **increase 0.8%** due to an expanded product lineup and aggressive efforts to grow sales in accordance with MiCD, its new concept for dental treatment.  
<New product sales: 1,595 million yen, or 12.3% of non-consolidated sales>
- The company expects nail business sales to **increase 4.4%** due to aggressive efforts to expand sales of in-house brand products, particularly updated “LED Gel Presto” and “Nail de Dance” offerings.

■ Overseas sales totaled 3,847 million yen (an increase of 4.9%).

- The company expects overseas sales to **grow 4.9%** due to efforts to expand sales in Asia, including in China, where a remarkable economic recovery is underway, and the worldwide rollout of an MiCD product group anchored by recently introduced artificial tooth and chemical products.

⇒ Operating profits totaled 1002 million yen (an increase of 6.3%).  
Ordinary profits totaled 893 million yen (an increase of 17.9%).  
Current term net profit totaled 551 million yen (an increase of 21.2%).

- ■ The company expects profit growth as the effects of increased sales and favorable changes in the sales mix offset increased sales, general, and administrative expenses including R&D.

# Overview of the Next Fiscal Year (2)

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2012



■ Positive factors

■ Negative factors

**B/S**

**C/F**

**Capital expenditures: 417 million yen**

**(Key expenditures)**

- **Production equipment (including subsidiaries):  
285 million yen**



# Comparison of Major Statistics

Forecast of Consolidated Business Performance  
for Fiscal Year Ending March 31, 2012



⇒ Increase in both sales and profits compared to fiscal March 2011

Units: millions of yen, %

	Fiscal March 2011 Business Performance (% of sales)	Fiscal March 2012 Forecast (% of sales)	Change from Previous Period (% change)
Sales	15,711 (100.0)	16,041 (100.0)	329 (2.1)
(Domestic sales)	12,042 (76.6)	12,193 (76.0)	150 (1.3)
(Overseas sales)	3,668 (23.4)	3,847 (24.0)	179 (4.9)
Operating profit	942 (6.0)	1,002 (6.2)	59 (6.3)
Ordinary profit	758 (4.8)	893 (5.6)	135 (17.9)
Net profit	455 (2.9)	551 (3.4)	96 (21.2)
Net profit per share	28.32 yen	34.33 yen	6.01 yen
Return on equity	2.49%	2.98%	0.49Pt

# Sales by Product Category

Forecast of Consolidated Business Performance  
for Fiscal Year Ending March 31, 2012



Unit: millions of yen

Figures in parentheses represent percentage changes; unit: %

	Fiscal March 2011 Business Performance	Fiscal March 2012 Forecast	Change from Previous Period		
				Domestic	Overseas
Artificial teeth	2,499	2,651	152 (6.1)	73	79
Abrasives	3,377	3,232	-145 (-4.3)	-52	-92
Metal products	394	395	1 (0.4)	1	0
Chemical products	2,985	3,093	107 (3.6)	33	73
Cements and others	1,527	1,685	158 (10.3)	67	90
Equipment and others	3,330	3,298	-31 (-0.9)	-44	13
Dental business total	14,114	14,357	243 (1.7)	78	164
Nail care business	1,520	1,600	79 (5.2)	64	14
Other	76	83	7 (9.6)	7	0
Total	15,711	16,041	329 (2.1)	150	179

\* Overseas sales are expected to decrease by 1 million yen due to foreign currency fluctuations.  
(US dollar, euro, pound sterling, renminbi)

# Domestic Sales

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2012



## ✧ Dental business

- The company expects sales to **increase by 0.8%** due to a further focus on the market penetration of recently introduced new products including artificial teeth and chemical products as well as the introduction of new cement products.

## ✧ Nail care business

- The company expects sales to **increase 4.4%** due to expanded sales of in-house products such as LED Gel Presto and Nail de Dance.

## ✧ Major products recently introduced

- **“Veracia SA,”** hard resin teeth (artificial teeth)
- **“Vintage MP,”** dental metal ceramic for restoration material (artificial teeth)
- **“Beautiful Flow Plus,”** a composite resin for tooth fillings (chemical products)
- **Piezon Master Surgery,** an electrically powered bone surgery instrument (equipment)
- **Resiglass Paste,** a dental cement (cements)
- **Solidex Opaque Dentin,** a hard resin for crowns (chemical products)

Unit: millions of yen



# Overseas Sales

Forecast of Consolidated Business Performance  
for Fiscal Year Ending March 31, 2012



Unit: millions of yen; figures in parentheses  
represent component ratio (%)

## Summary

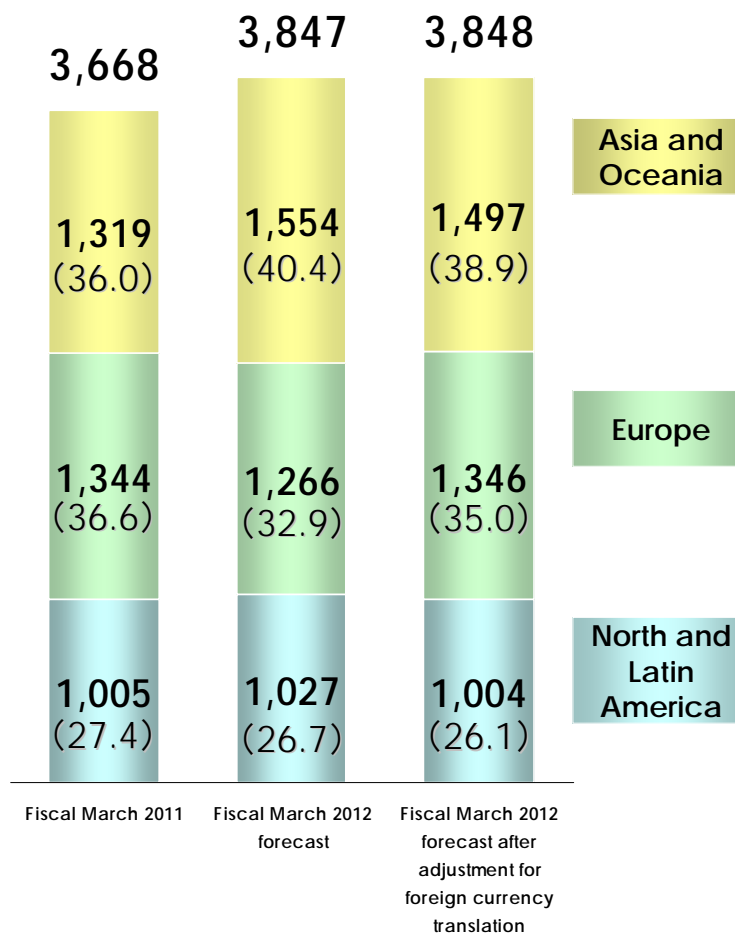
- The company expects to see an increase in sales in Asia and Europe.
- Growth rate on a local currency basis
  - North and Latin America **-0.1%**
  - Europe **+0.2%**
  - China **+8.6%**
  - Other Asian countries **+17.1%**
  - Total overseas sales **+5.2%**

## Foreign exchange rates

- US dollar: 85 yen  
(83.15 yen in the previous period)  
(Effect: **+22 million yen**)
- Euro: 110 yen  
(117.57 yen in the previous period)  
(Effect: **-80 million yen**)
- Yuan: 13.5 yen  
(12.29 yen in the previous period)  
(Effect: **+47 million yen**)

## (Dental business) Overseas sales ratio

- 26.3%** (25.6% in the previous period)  
(26.3% after foreign currency translation adjustments)



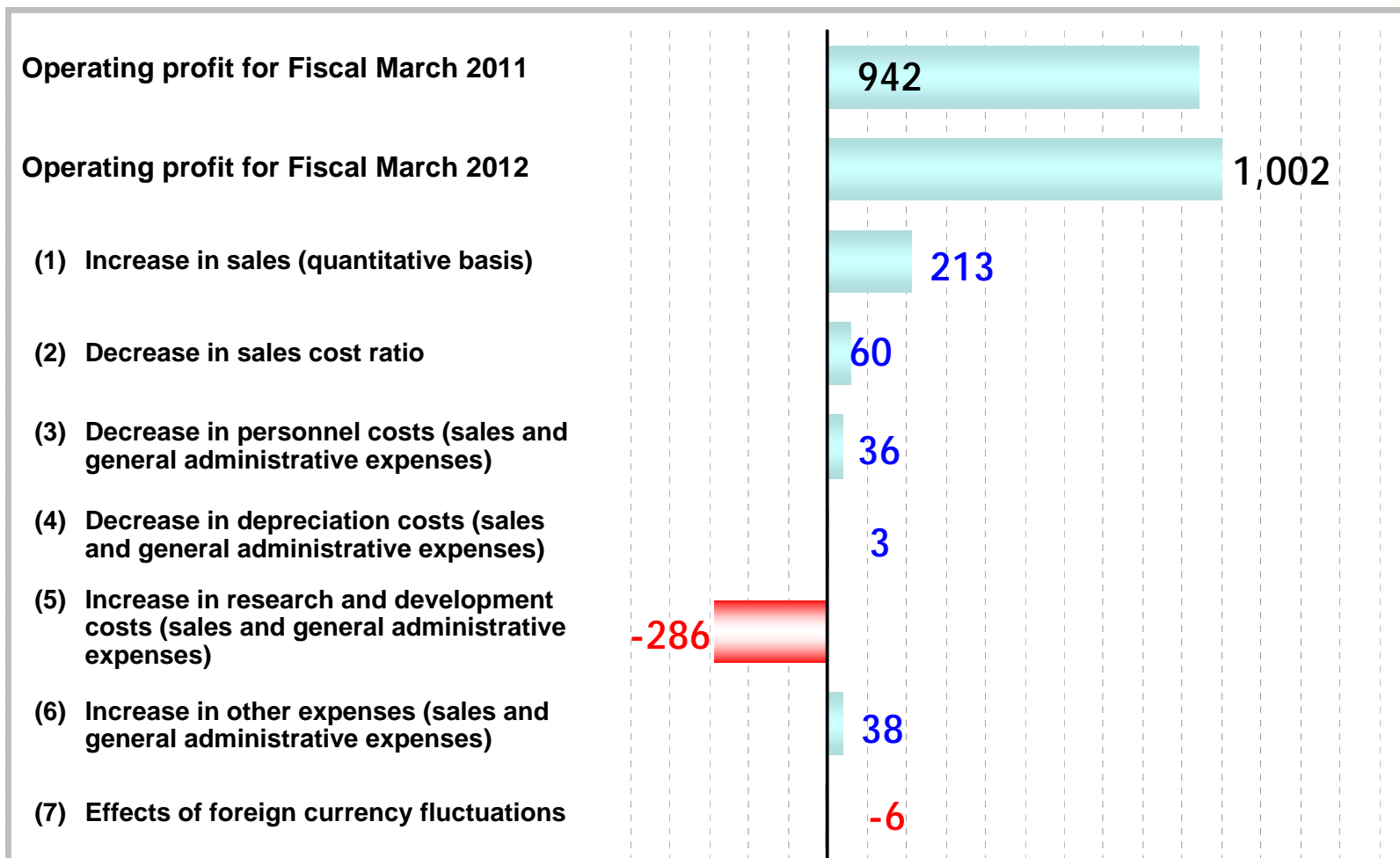
\* The "Fiscal March 2012 forecast after adjustment for foreign currency translation" is calculated based on the same foreign exchange rates used for the Fiscal March 2011 results.

# Contributors to Change in Operating Profit

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2012



Unit: millions of yen



\* The figures in items (1) to (6) do not incorporate the effects of foreign currency fluctuations.

# Impact of Foreign Exchange Fluctuations (US Dollar, Euro)

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2012



[Foreign Currency-denominated Transactions (Fiscal March 2012)] (Units: thousands of US dollars, thousands of euros)

	US Dollar	Euro
Sales (Sales to outside customers)	16,892	9,874
Sales costs (non-consolidated/imports)	1,831	2,794
Operating expenses (overseas subsidiaries)	11,060	9,459
Operating expenses	12,892	12,253
Exports (within group)	5,290	4,898
Operating profits	9,290	2,519



[Impact of Foreign Currency Fluctuations (one-yen appreciation)] (Unit: thousands of yen)

	US Dollar	Euro	Total
Sales	-16,892	-9,874	-26,766
Operating profits	-9,290	-2,519	-11,810

\* Plans for the fiscal year ending March 31, 2012, assume the following exchange rates:

USD 1 = JPY 85    EUR 1 = JPY 110



# Financial Condition: Major Balance Sheet Accounts

Forecast of Consolidated Business Performance  
for Fiscal Year Ending March 31, 2012



Unit: millions of yen

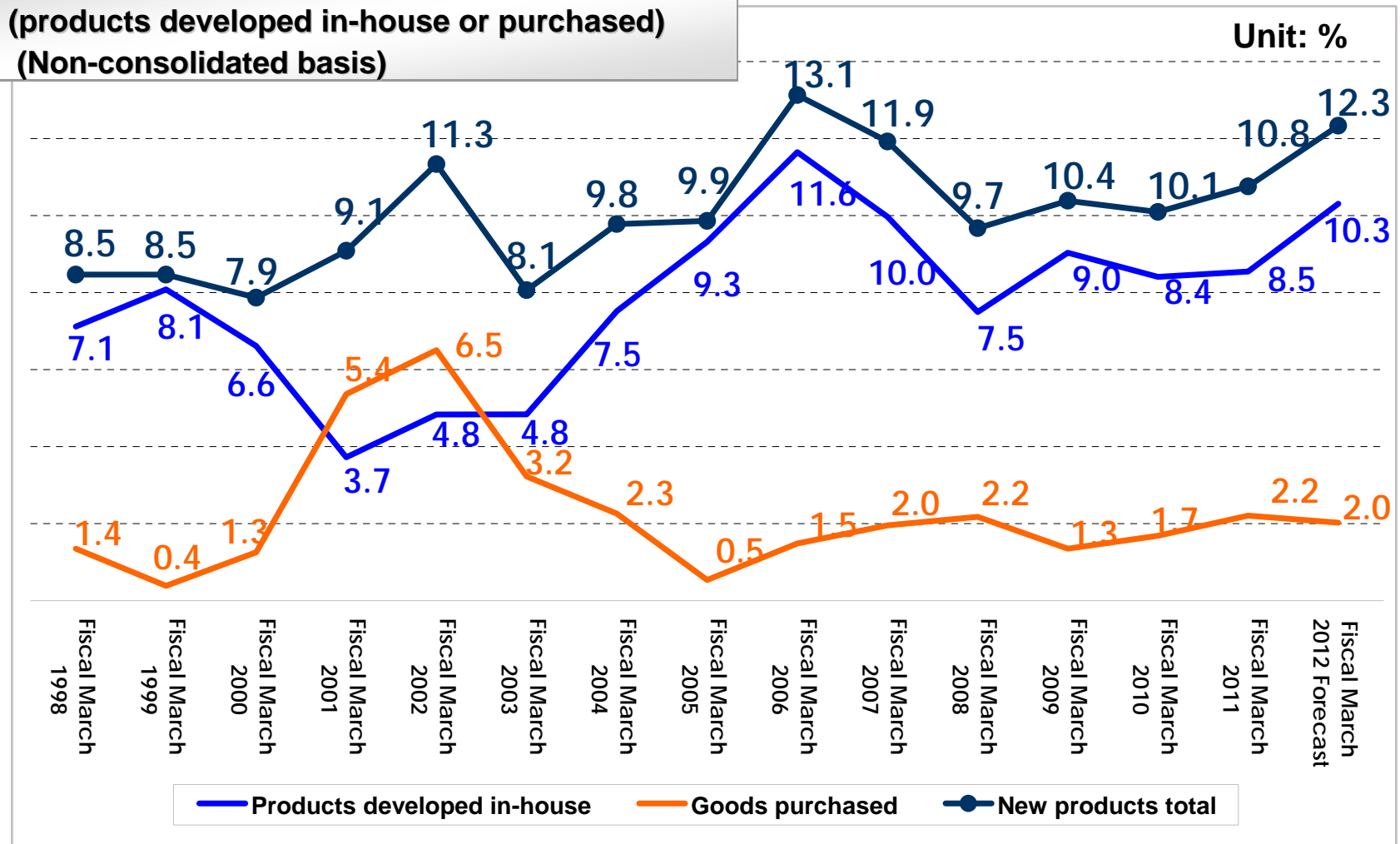
	Fiscal March 2011 (Results)	Fiscal March 2012 (Forecast)	Change	Major contributors to changes, special notes
<b>Cash and deposits</b>	6,625	6,628	3	
Notes and bills receivable, trade accounts receivable	2,576	2,433	-143	
<b>Inventory</b>	3,277	3,302	25	
<b>Securities, investment securities</b>	3,254	3,235	-18	
<b>Others</b>	6,915	7,218	303	
<b>Assets</b>	<b>22,649</b>	<b>22,819</b>	<b>170</b>	
<b>Long-term and short-term borrowings</b>	1,000	1,000	0	
Reserve for retirement benefits and directors' retirement benefits	672	123	-548	Elimination of retirement bonuses for directors
<b>Others</b>	2,743	3,005	262	
<b>Liabilities</b>	<b>4,415</b>	<b>4,128</b>	<b>-286</b>	
<b>Net worth</b>	<b>18,233</b>	<b>18,690</b>	<b>457</b>	Increase in retained earnings
<b>Total liabilities and net worth</b>	<b>22,649</b>	<b>22,819</b>	<b>170</b>	
<b>Capital adequacy ratio</b>	80.5%	81.9%	1.4Pt	
<b>Net worth per share</b>	1,134 yen	1,163 yen	28 yen	

# Sales Trends for New Products

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2012



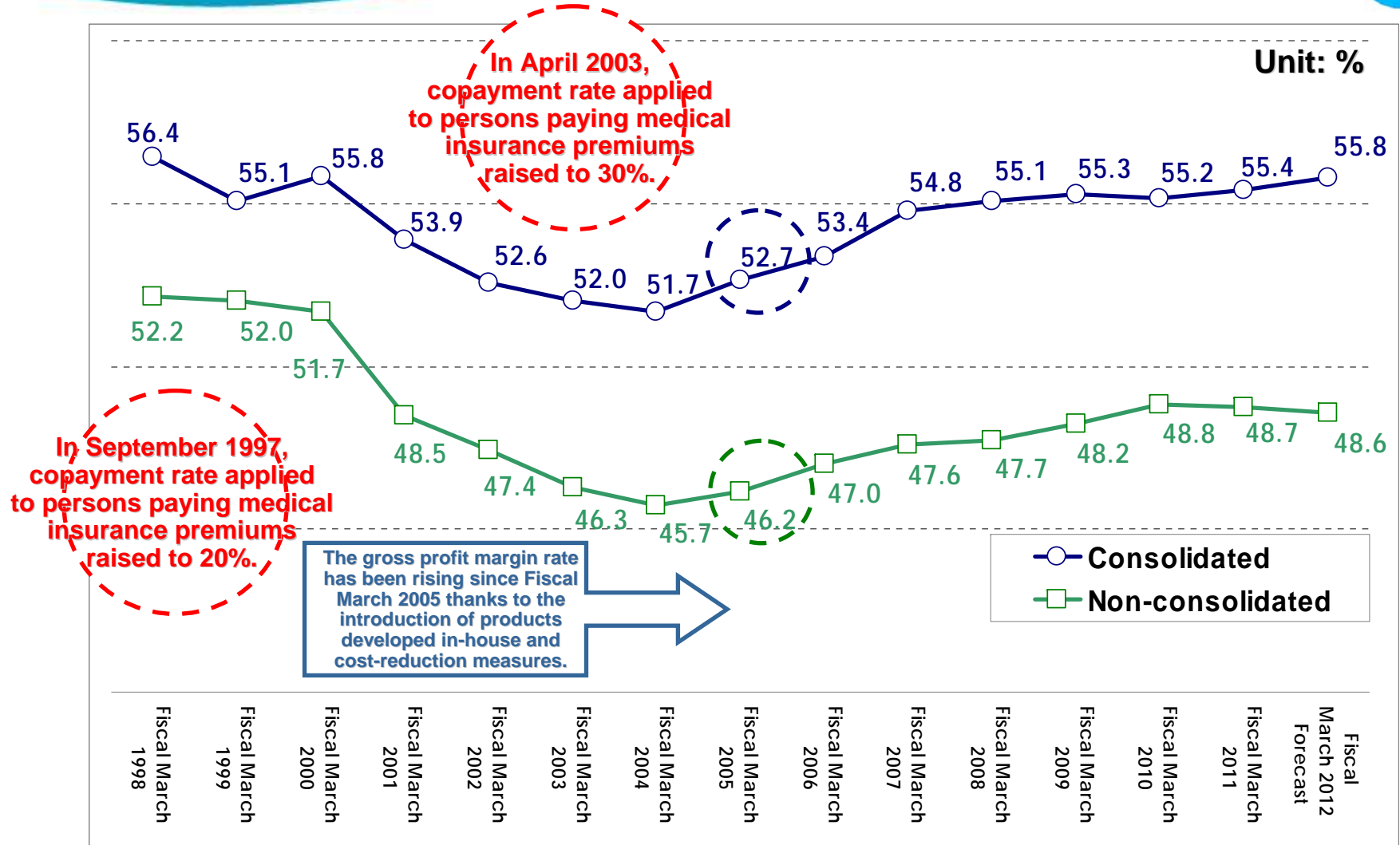
Ratio of sales of new products to total sales (products developed in-house or purchased) (Non-consolidated basis)



\* Major goods purchased: Johnson & Johnson products, EMS ultrasonic scalers and root canal treatment equipment (reamers/files)

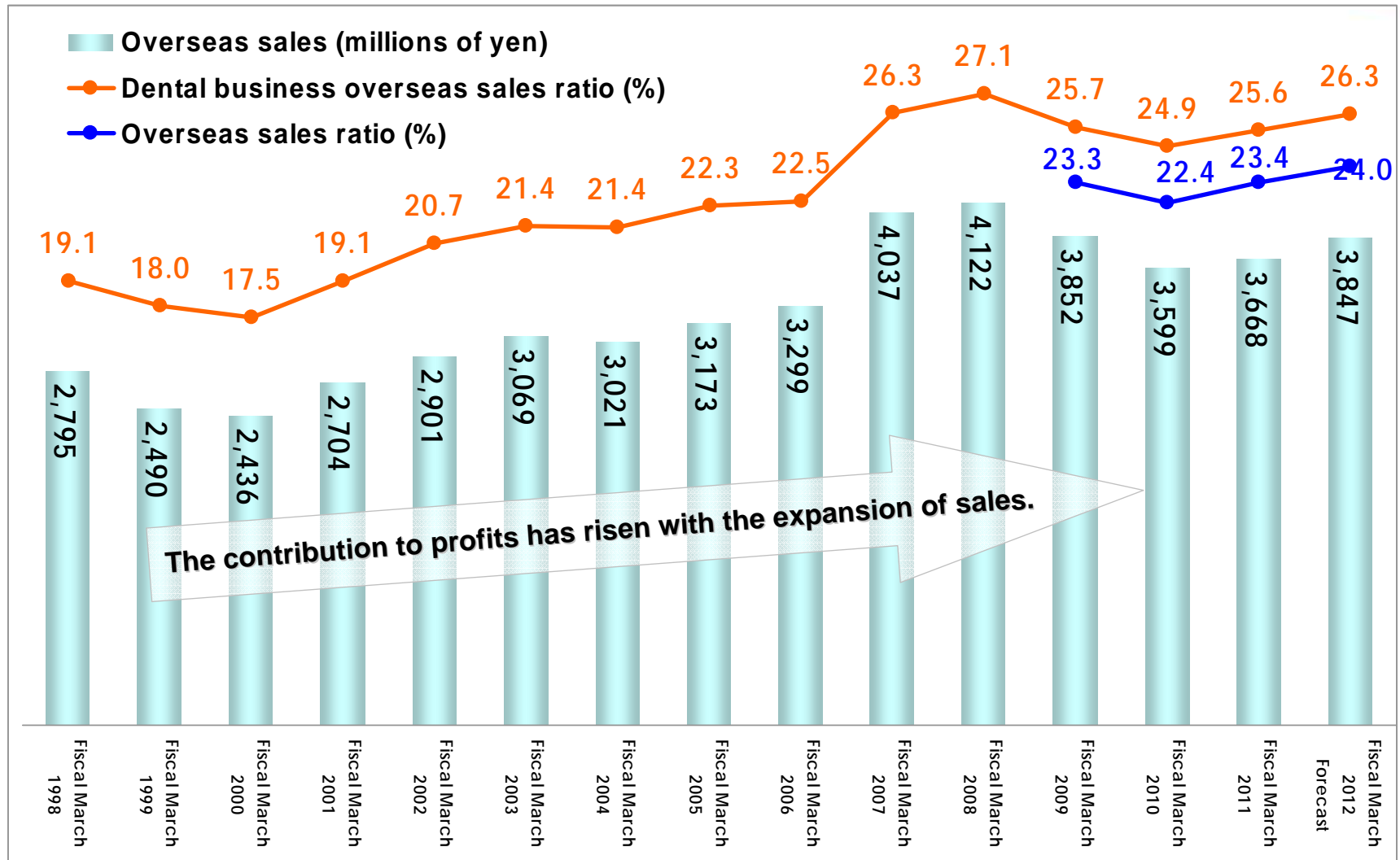
# Gross Profit Margin Rates

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2012



# Overseas Sales and Overseas Sales Ratios

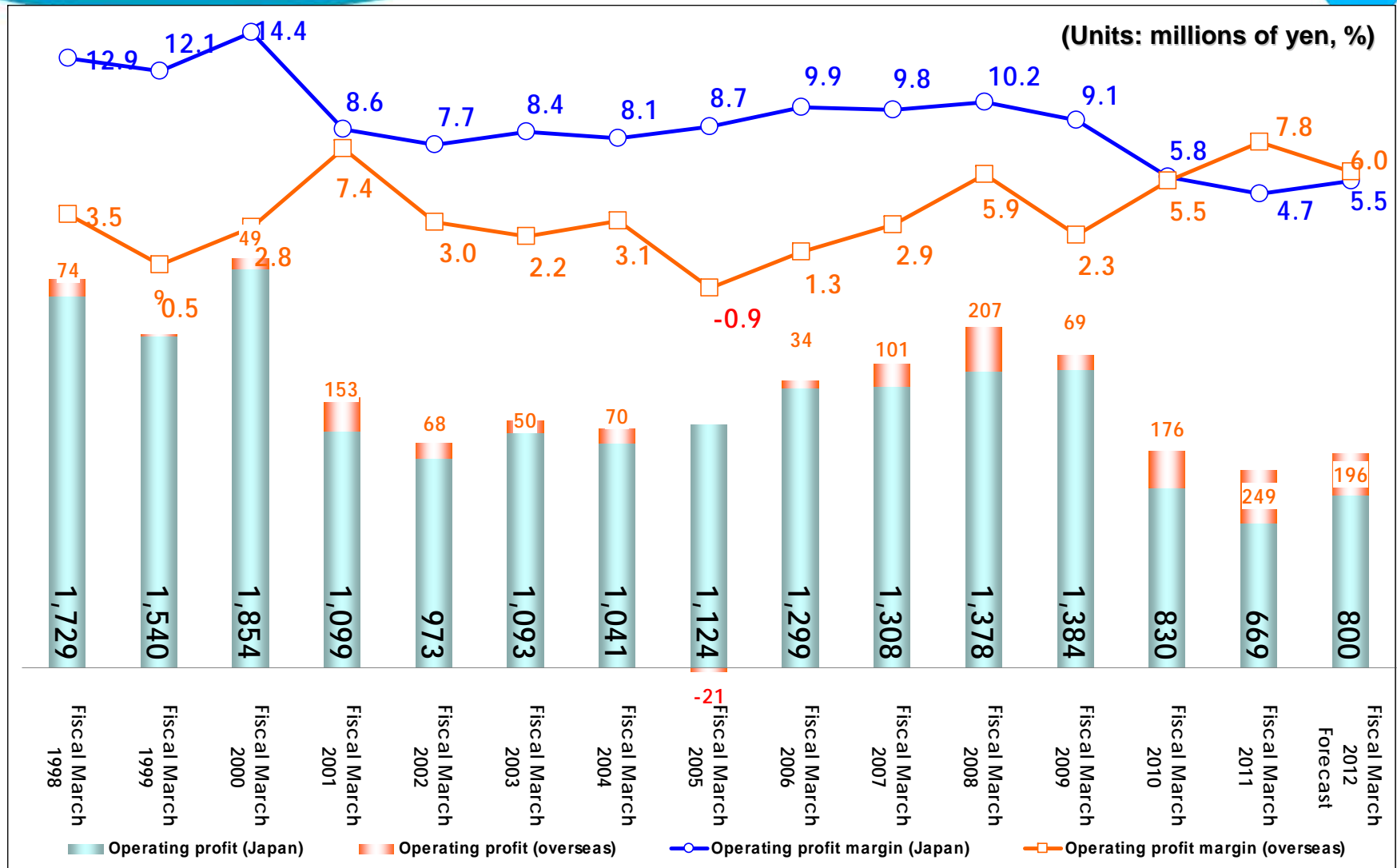
Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2012



The contribution to profits has risen with the expansion of sales.

# Operating Profit by Geographic Segment

Forecast of Consolidated Business Performance for Fiscal Year Ending March 31, 2012





Summary of Consolidated Business Performance  
for Fiscal Year Ended March 31, 2011

Forecast of Consolidated Business Performance  
for Fiscal Year Ending March 31, 2012

**Future Business Environment and  
Medium- and Long-term Business Strategies**



# Fiscal 2009 to 2011 Medium-term Business Plan: Company-wide Goals

⇒ Future Business Environment and Medium- and Long-term Business Strategies



Goals to fulfill by the fiscal year ending March 31, 2012

**Reach 18.0 billion yen in global sales.**

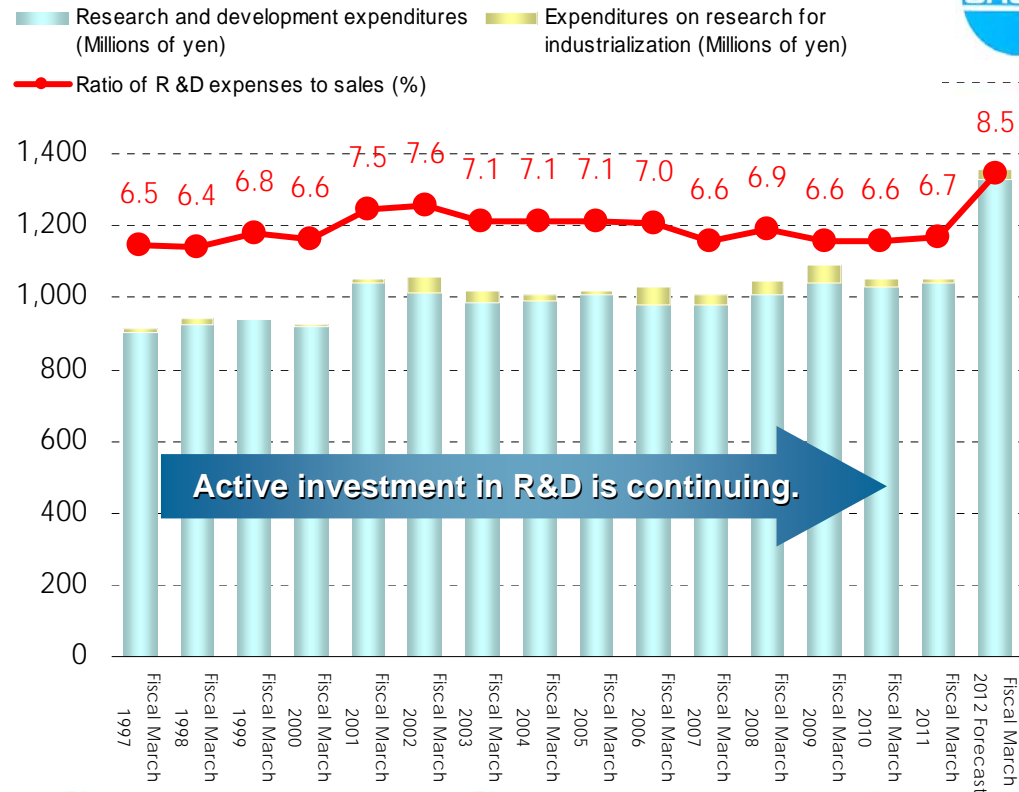
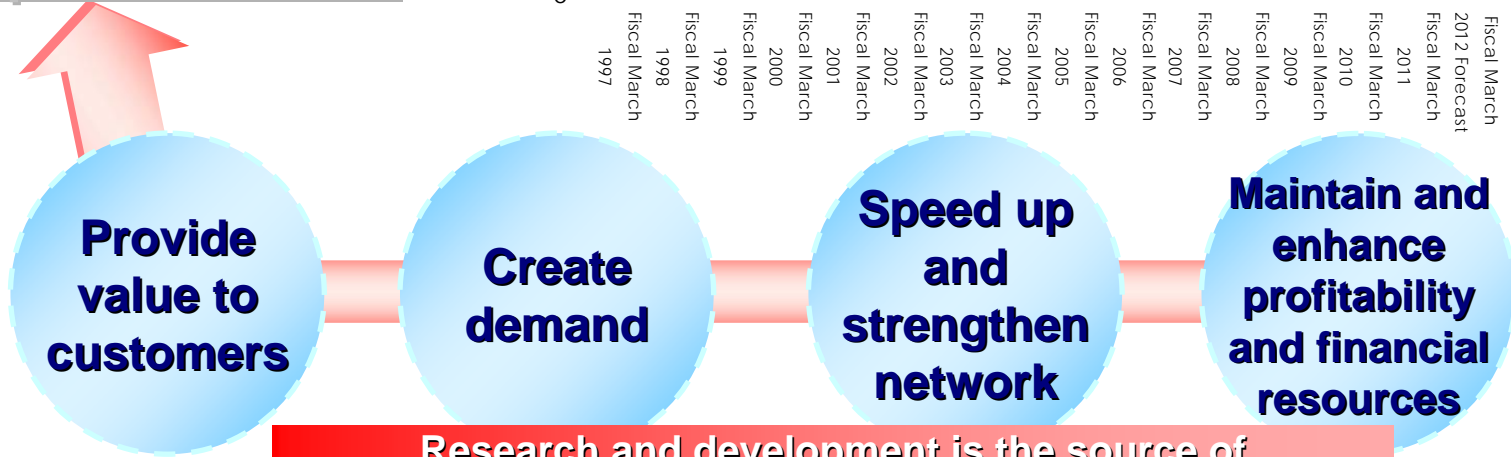
- **Strengthening global marketing functions as well as creating demand and increasing market share through new products and technologies**  
[Target: New product sales ratio of 15%] ⇒ **Fiscal March 2011 (business performance) : 10.8%**
- **Restoring sales of artificial teeth through new products and expanding market share in the composite resin/bonding segment**  
[Target: Rank in top 3 in terms of market share.] ⇒ **Fiscal March 2011 (business performance) : Increased sales of large new products**
- **Expanding overseas businesses**  
[Target: Dental business overseas sales ratio of 30%] ⇒ **Fiscal March 2011 (business performance) : 25.6%**
- **Accommodating increasing demand and relocating production bases to cut costs**  
[Cost-cutting target: Cut the cost of in-house products by 20% compared to the fiscal year ending March 31, 2003.] ⇒ **Fiscal March 2011 (business performance) : 5.1%**

# Specific Efforts – Research and Development

Future Business Environment and Medium- and Long-term Business Strategies



- ⇒ Quality competitiveness
- ⇒ Marketing power
- ⇒ Price competitiveness



Active investment in R&D is continuing.

# Specific Efforts – Production

Future Business Environment and Medium- and Long-term Business Strategies



## ⇒ Succession and continuous improvement of production technology

- Pass on technologies to the next generation and work out labor-saving measures in order to cope with an increasing number of employees reaching retirement age.

## ⇒ Enhancement of efficiency in production and logistics and improvement of customer service

- Enhance efficiency in production and logistics through the introduction of new production systems
- Establish a system to ensure traceability in compliance with the Revised Pharmaceutical Affairs Law

## ⇒ Accommodation of increasing demand and relocation of production bases to cut costs

- Promote a cost-reduction project in each workplace

Effect of cost-rate reduction initiatives (actual reduction achieved in Fiscal March 2003 through Fiscal March 2011)  
In-house production cost rate lowered by 5.1% or 358 million yen

**Strengthening quality competitiveness**

**Strengthening price competitiveness**

**Cost reduction**  
Cutting the cost of in-house production by 20%

# Specific Efforts – Domestic Business

Future Business Environment and Medium- and Long-term Business Strategies



## Expansion of market share in existing product categories

- Artificial teeth
- Abrasives
- Filling and restorative dental materials
- Hard resin for crowns
- Luting and bonding materials

Key objective

Restoration of sales of artificial teeth through new products and expansion of market share in the composite resin/bonding segment (filling and restorative materials)

## Market creation in new fields

- Aesthetic dentistry: (example) Tooth whitening, orthodontic dentistry
- Preventive dentistry, oral hygiene: (example) PMTC
- Regenerative medicine: (example) Commercialization of bone repairing materials
- Periodontal disease-related fields: (example) Diagnostic kit for periodontal disease
- Commitment to implant business

Raise awareness of customer orientation

Enhance marketing power

Implement flexible and efficient sales tactics

Conduct simultaneous sales promotions worldwide for the MiCD product line through the MiCD Project.

# Specific Efforts – Overseas Business

Future Business Environment and Medium- and Long-term Business Strategies



## Americas

- Develop a new market for exports—Brazil and Mexico
- Enhance efforts to work with dental equipment evaluation organizations.

## Europe

- Enter the artificial teeth (resin teeth) market
- Develop a new market in Eastern Europe

## Asia

- Efforts to expand market share in China
  - ◆ Production: Commence export of artificial teeth and abrasives
    - Increase the number of production items
  - ◆ Sales: Increase the number of items for sale
- Commence efforts to open up a market in India and Vietnam

Enhance marketing functions

Conduct strategic activities with the aim of rolling out new products

### [Key products]

- Porcelain powder
- Hard resin for crowns
- Filling and restorative dental materials

***Conduct simultaneous sales promotions worldwide for the MiCD product line through the MiCD Project.***



# Enhancing global marketing functions

## Specific Efforts – MiCD Project

Future Business Environment and Medium- and Long-term Business Strategies



### MiCD Project

#### (Minimally Invasive Cosmetic Dentistry)

Supporting the development of cosmetic dental treatment that delivers cosmetic results while minimizing surgical intervention of cavity lesion

Increased sales of filling and restorative products

Improved cost effectiveness

Enhance image as a company that promotes state-of-the-art medicine

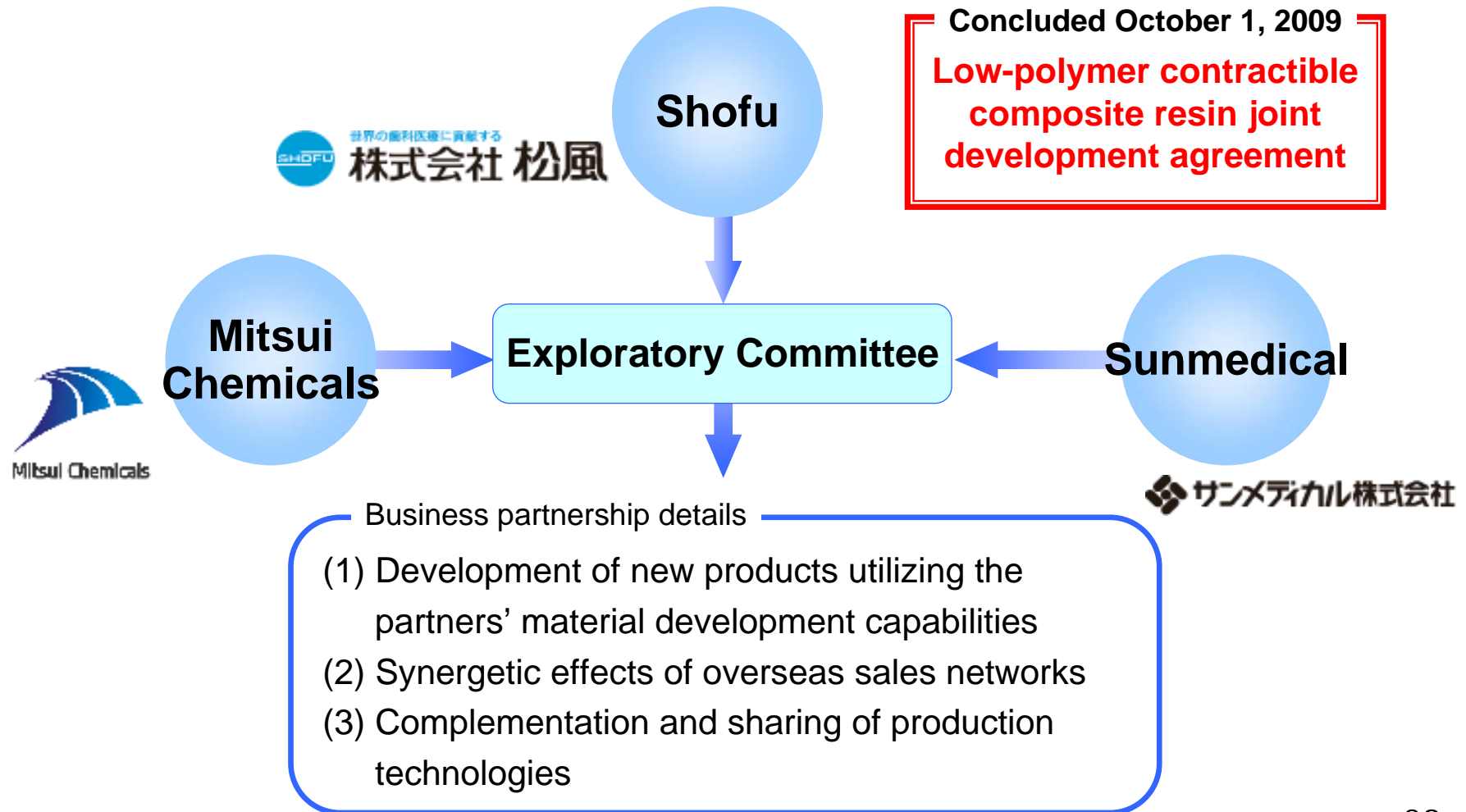
#### Specific activities

- ◆ Establish study groups consisting of dental professionals around the world
- ◆ Provide trainings for the dental professionals who chairs study groups worldwide
- ◆ Developing products based on MiCD concept
- ◆ Appeal as a dental manufacturer that satisfies patient's cosmetic desire and oral hygiene

# Strengthening Shofu's business in the dental materials segment

## Business Partnership with Mitsui Chemicals and Sunmedical

Future Business Environment and Medium- and Long-term Business Strategies





# Specific Efforts – Nail Care Business

Future Business Environment and Medium- and Long-term Business Strategies



⇒ Acquisition of market share in the LED gel market with Presto

⇒ Expansion of market share in overseas markets – U.S., Europe, South Korea, China



⇒ Development of new materials and associated equipment and acquisition of market share

⇒ Sales plan

2.0 billion yen in the fiscal year ending March 31, 2010 → 2.3 billion yen in the fiscal year ending March 31, 2011 → 2.6 billion yen in the fiscal year ending March 31, 2012

(1.7 billion yen [business performance for the fiscal year ended March 31, 2010] ⇒ 1.5 billion yen [business performance for the fiscal year ended March 31, 2011] ⇒ 1.6 billion yen [forecast for the fiscal year ending March 31, 2012])

- Shares of Nail Labo Co., Ltd., the No. 3 trading company in the nail care industry, were acquired to make the company a Shofu subsidiary in February 2008 (total investment: approx. 1.1 billion yen).
- Establish an integrated system extending from development (Shofu) to production (Promech) and sales (Nail Labo).

**Work to expand the nail business by taking advantage of Shofu's R&D capabilities and production technologies in dental materials.**

# Initiatives designed to enhance the company's management foundation

➤ Future Business Environment and Medium- and Long-term Business Strategies



## ✓ Introducing a corporate officer system

⇒ In addition to reducing the number of directors, Shofu will work to grant decision-making authority to executive staff and actively promote talented individuals.

## ✓ Granting stock options to directors and corporate officers

⇒ In addition to strengthening incentives for improving the company's performance, stock option grants will create a sense of shared interest with stockholders.

# Medium-term Business Plan – Principle Targets

➤ Future Business Environment and Medium- and Long-term Business Strategies



Unit: Millions of yen, %

	Fiscal March 2010			Fiscal March 2011			Fiscal March 2012		
	Plan	Results	Change	Plan	Results	Change	Plan	Results	Change
<b>Sales</b>	<b>16,687</b>	<b>16,040</b>	<b>-647</b>	<b>17,357</b>	<b>15,711</b>	<b>-1,646</b>	<b>18,174</b>	<b>16,041</b>	<b>-2,133</b>
(Compared to previous fiscal year)	(1.0%)	(-2.9%)		(4.0%)	(-2.0%)		(4.7%)	(2.1%)	
<b>Domestic sales</b>	<b>13,076</b>	<b>12,440</b>	<b>-635</b>	<b>13,411</b>	<b>12,042</b>	<b>-1,369</b>	<b>13,915</b>	<b>12,193</b>	<b>-1,722</b>
(Compared to previous fiscal year)	(3.2%)	(-1.8%)		(2.6%)	(-3.2%)		(3.8%)	(1.3%)	
<b>Overseas sales</b>	<b>3,611</b>	<b>3,599</b>	<b>-11</b>	<b>3,945</b>	<b>3,668</b>	<b>-276</b>	<b>4,258</b>	<b>3,847</b>	<b>-410</b>
(Compared to previous fiscal year)	(-6.3%)	(-6.6%)		(9.3%)	(1.9%)		(7.9%)	(4.9%)	
<b>Operating profit</b>	<b>1,121</b>	<b>1,056</b>	<b>-64</b>	<b>1,371</b>	<b>942</b>	<b>-428</b>	<b>1,749</b>	<b>1,002</b>	<b>-747</b>
(Percentage of sales)	(6.7%)	(6.6%)		(7.9%)	(6.0%)		(9.6%)	(6.2%)	
<b>Ordinary profit</b>	<b>1,041</b>	<b>951</b>	<b>-90</b>	<b>1,295</b>	<b>758</b>	<b>-537</b>	<b>1,671</b>	<b>893</b>	<b>-777</b>
(Percentage of sales)	(6.2%)	(5.9%)		(7.5%)	(4.8%)		(9.2%)	(5.6%)	
<b>Net profit</b>	<b>677</b>	<b>521</b>	<b>-156</b>	<b>798</b>	<b>455</b>	<b>-343</b>	<b>1,044</b>	<b>551</b>	<b>-492</b>
(Percentage of sales)	(4.1%)	(3.2%)		(4.6%)	(2.9%)		(5.7%)	(3.4%)	
<b>Net profit per share</b>	<b>42.18yen</b>	<b>33.28yen</b>	<b>-8.90yen</b>	<b>49.70yen</b>	<b>28.32yen</b>	<b>-21.38yen</b>	<b>64.99yen</b>	<b>34.33yen</b>	<b>-30.66yen</b>
<b>Return on equity</b>	<b>3.9%</b>	<b>3.0%</b>	<b>Δ0.9Pt</b>	<b>4.3%</b>	<b>2.5%</b>	<b>Δ1.8Pt</b>	<b>5.5%</b>	<b>3.0%</b>	<b>Δ2.5Pt</b>
(Dental business) Overseas sales ratio	<b>24.3%</b>	<b>24.9%</b>	<b>0.6Pt</b>	<b>25.7%</b>	<b>25.6%</b>	<b>Δ0.1Pt</b>	<b>26.5%</b>	<b>26.3%</b>	<b>Δ0.2Pt</b>

# Medium-term Business Plan by Segment (Sales and Operating Profits)

⇒ Future Business Environment and Medium- and Long-term Business Strategies



Unit: Millions of yen, %

	Fiscal March 2010		Fiscal March 2011		Fiscal March 2012	
	Amount	%	Amount	%	Amount	%
Dental business	14,566	87.3	14,959	86.2	15,479	85.2
Nail care business	2,035	12.2	2,308	13.3	2,602	14.3
Other businesses	85	0.5	90	0.5	92	0.5
<b>Sales</b>	<b>16,687</b>	<b>100.0</b>	<b>17,357</b>	<b>100.0</b>	<b>18,174</b>	<b>100.0</b>

Fiscal March 2010 (Results)		Fiscal March 2011 (Results)		Fiscal March 2012 (Forecast)	
Amount	%	Amount	%	Amount	%
14,268	89.0	14,114	89.8	14,357	89.5
1,714	10.7	1,521	9.7	1,600	10.0
61	0.4	80	0.5	83	0.5
<b>16,040</b>	<b>100.0</b>	<b>15,711</b>	<b>100.0</b>	<b>16,041</b>	<b>100.0</b>

Dental business	991	6.8	1,171	7.8	1,478	9.5
Nail care business	110	5.4	178	7.8	249	9.6
Other businesses	19	22.6	20	23.1	21	23.3
<b>Operating profit</b>	<b>1,121</b>	<b>6.7</b>	<b>1,371</b>	<b>7.9</b>	<b>1,749</b>	<b>9.6</b>

1,044	7.3	981	7.0	1,012	7.1
3	0.2	-59	-3.9	-35	-2.2
10	17.5	19	24.2	24	29.7
<b>1,058</b>	<b>6.6</b>	<b>942</b>	<b>6.0</b>	<b>1,002</b>	<b>6.2</b>

# Medium-term Business Plan by Region (Sales and Operating Profits)

➔ Future Business Environment and Medium- and Long-term Business Strategies



Unit: Millions of yen, %

		Fiscal March 2010	Fiscal March 2011	Fiscal March 2012	Fiscal March 2010 (Results)	Fiscal March 2011 (Results)	Fiscal March 2012 (Forecast)
Japan	<b>Sales</b>	15,463	16,089	16,805	14,444	14,220	14,594
	Operating profit (Percentage of sales)	950 (6.1%)	1,108 (6.9%)	1,394 (8.3%)	830 (5.8%)	669 (4.7%)	800 (5.5%)
Americas	<b>Sales</b>	1,026	1,115	1,205	1,094	1,017	1,051
	Operating profit (Percentage of sales)	37 (3.6%)	84 (7.6%)	127 (10.6%)	38 (3.5%)	28 (2.8%)	50 (4.8%)
Europe	<b>Sales</b>	1,291	1,320	1,351	1,454	1,456	1,369
	Operating profit (Percentage of sales)	64 (5.0%)	74 (5.7%)	82 (6.1%)	92 (6.4%)	79 (5.5%)	66 (4.8%)
Asia	<b>Sales</b>	615	781	942	654	708	833
	Operating profit (Percentage of sales)	65 (10.7%)	99 (12.7%)	140 (14.9%)	45 (7.0%)	141 (19.9%)	79 (9.6%)
Overseas total	<b>Sales</b>	2,933	3,217	3,499	3,203	3,182	3,253
	Operating profit (Percentage of sales)	167 (5.7%)	259 (8.1%)	350 (10.0%)	176 (5.5%)	249 (7.8%)	196 (6.0%)
Total before consolidation adjustment	<b>Sales</b>	18,397	19,307	20,305	17,647	17,403	17,848
	Operating profit (Percentage of sales)	1,117 (6.1%)	1,367 (7.1%)	1,745 (8.6%)	1,007 (5.7%)	919 (5.3%)	996 (5.6%)

# Medium-term Business Plan

## Capital Expenditures, Depreciation Costs, R&D Expenses

➤ Future Business Environment and Medium- and Long-term Business Strategies



Unit: Millions of yen

	Fiscal March 2010	Fiscal March 2011	Fiscal March 2012	Fiscal March 2010 (Results)	Fiscal March 2011 (Results)	Fiscal March 2012 (Forecast)
Capital expenditures	1,418	593	618	558	582	417
Depreciation costs (of which goodwill amortization)	744 89	768 89	794 89	731 89	707 89	697 89
R&D expenses	1,153	1,139	1,182	1,030	1,040	1,327

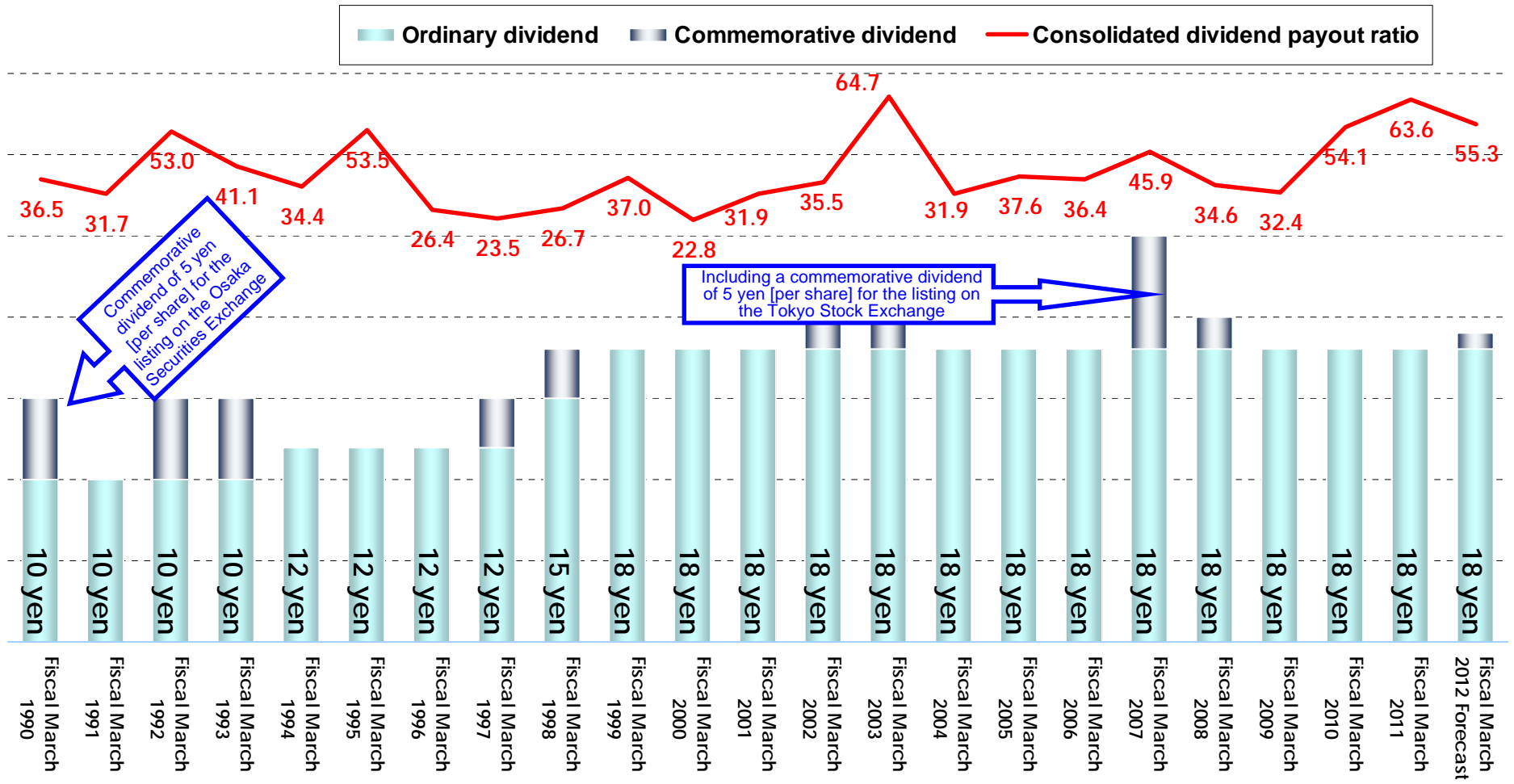
### ✧ Projects not included in the Medium-term Business Plan (issues for future consideration):

- East Japan Logistics Center, West Japan Logistics Center
- Expansion and relocation of production bases, including the Head Office Plant as well as domestic and overseas manufacturing subsidiaries
- Group main system
- Nail care business

# Dividend Policy

- Target dividend payout ratio: More than 30%
- Average consolidated dividend payout ratio since listing: 36.2%  
(Weighted average from Fiscal March 1990 to March 2011)

➤ Future Business Environment and Medium- and Long-term Business Strategies







Forecasts in this document are based on information and data available at the time of release as well as on assumptions concerning uncertain factors that might affect the company's future business performance. Depending on various factors, actual business performance could differ substantially from the forecasts contained in this document.

**SHOFU INC.**

11 Kamitakamatsu-cho, Fukuine,  
Higashiyama-ku, Kyoto 605-0983, Japan

Phone: +81-75-561-1112

Fax: +81-75-561-1227

URL: <http://www.shofu.co.jp>

E-mail: [ir@shofu.co.jp](mailto:ir@shofu.co.jp)

Contact: Corporate Planning Department





The pages below are provided only for your reference.  
The information on these pages will not be covered in the  
financial analysis meeting.

## SHOFU and Its Operations (Summary of the Company Profile and Its Businesses)

# Company Profile

Company and Business Profiles



(As of March 31, 2011)

■ Company name	SHOFU Inc.
■ Representative	Noriyuki Negoro, President and CEO
■ Address	11 Kamitakamatsu-cho, Fukuine, Higashiyama-ku, Kyoto 605-0983, Japan
■ Date of establishment	May 15, 1922
■ Capital	4,474,646,614 yen
■ Listed exchanges	Second Section of Tokyo Stock Exchange (date listed: February 15, 2007)
■ Number of employees	440 (entire group: 810, including 245 in overseas subsidiaries)
■ Business	Manufacture and sale of dental materials and equipment
■ Main customers	Dental institutions (via sales agencies)
■ Number of group companies	12 (four in Japan, eight overseas) Dental companies: 10 (three in Japan, seven overseas) Nail care companies: 2 (one in Japan, one overseas)

# Main Products



The company manufactures and markets a wide range of dental materials and equipment.

## Artificial teeth



Artificial tooth and implant materials

- Porcelain teeth, porcelain powder, resin teeth

## Chemical products



Materials for use in a variety of applications, including implants, diseased area fillings, gums for artificial teeth, etc.

- Synthetic resins
- Impression materials
- Waxes

## Abrasives



Materials for removing diseased areas and polishing crowns

- Diamond abrasive
- Carborundum abrasive
- Silicon polisher
- Other carving and polishing materials
- Industrial grinding and polishing materials

## Cements



Materials for use in the adhesion of implants, fillings, etc.

- Dental cements
- Dental stones and investments

## Metal products



Materials for use as dental crowns and as the base for implants

- Alloys for casting, silver alloys
- Other metals

## Equipment and appliances



Equipment and appliances for dental treatment and procedures

- Dental equipment
- Products for oral care and infection prevention
- Orthodontic materials
- Health and beauty equipment
- Other equipment and appliances

Please refer to "Product Profiles" attached to this document.

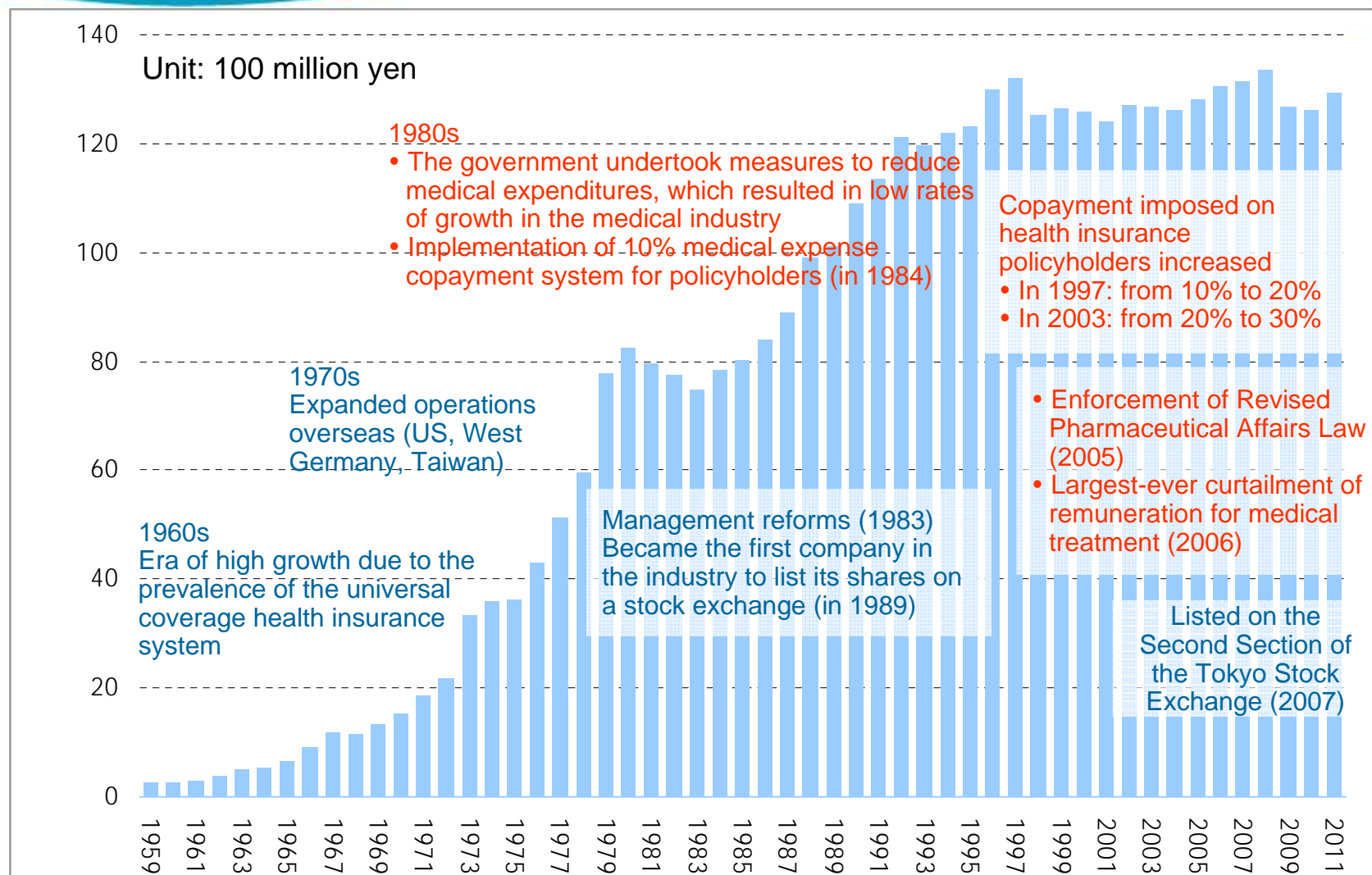
The company's products are designed for use in dental care and treatment.

# Corporate History



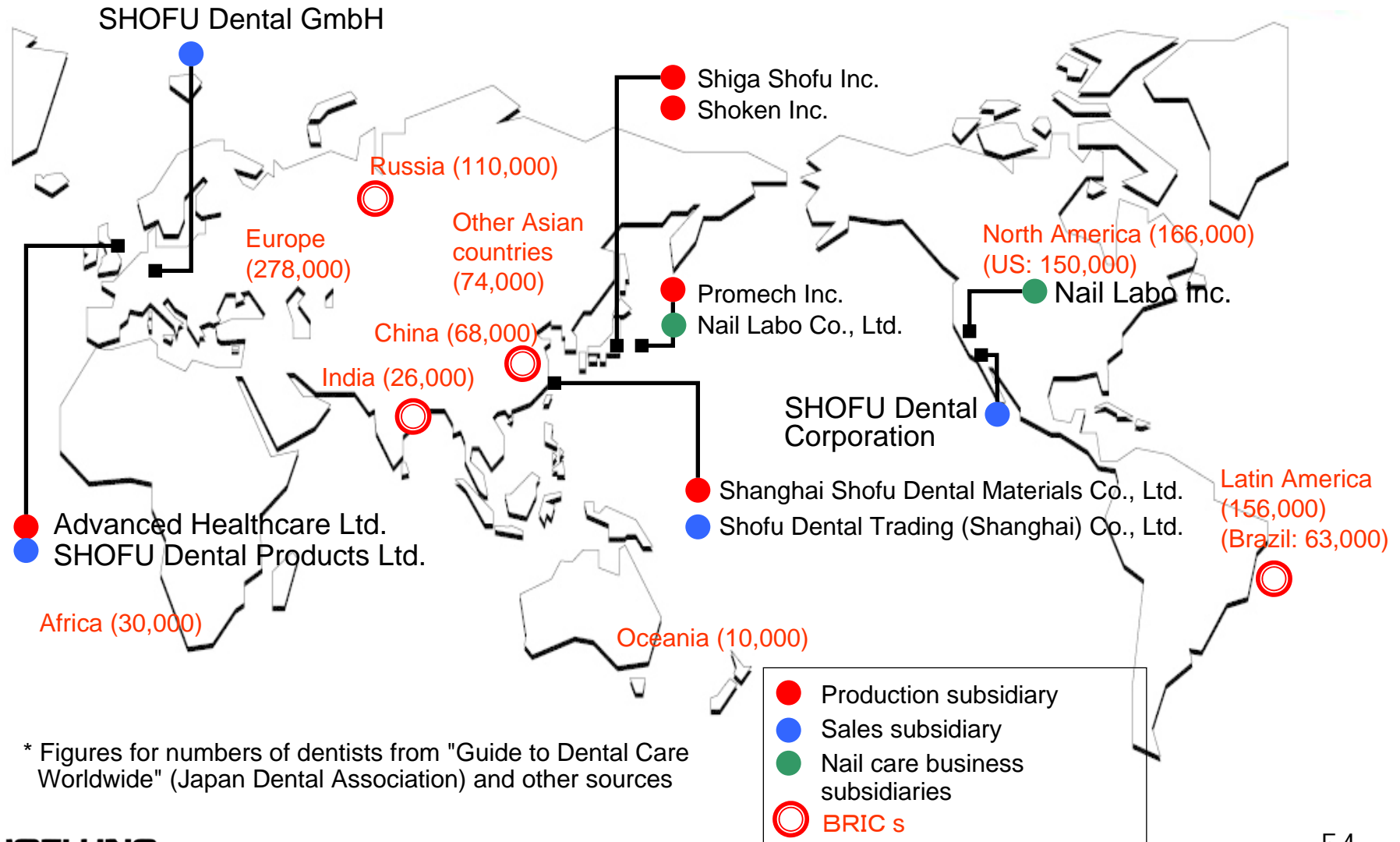
• 1922	Shofu Dental Manufacturing Co., Ltd. founded and commenced the manufacture and sale of Japan's first artificial teeth.
• 1963	Shofu shares listed on the over-the-counter market.
• 1971~1978	Established sales subsidiaries in the U.S. and West Germany. Started overseas production (in Taiwan). Established Shiga Shofu Inc. as a manufacturing facility for resin teeth.
• 1983	Changed the company name to SHOFU Inc. Commenced management reforms.
• 1989	Shofu's shares listed on the Second Section of the Osaka Securities Exchange (in November).
• 1990~1997	Purchased a British research & development and manufacturing company. Founded a sales subsidiary in the U.K. Obtained the UK GMP (Good Manufacturing Practice) Certificate. Acquired a CE marking certificate.
• 1996	Founded Promech Inc. Established Liaison Office in Shanghai, China.
• 1997	Established the industry's largest research facility as a part of a project to commemorate Shofu's 75th anniversary.
• 2002~2003	Celebrated the company's 80th anniversary (in May 2002). Established Liaison Office in Beijing, China. Obtained ISO 14001 (Environmental Management System) certification (both for the headquarters and all group companies). Established Shanghai Shofu Dental Materials Co., Ltd., a production facility in China.
• 2005	Acquired Shoken Inc. as a wholly owned subsidiary through a share exchange. Established Shofu Dental Supplies (Shanghai) Co., Ltd., a sales facility in China.
• 2006	Training Center designed to promote customers service completed (in August).
• 2007	Celebrated the company's 85th anniversary. Shofu's shares listed on the Second Section of the Tokyo Stock Exchange (in February).
• 2008	Acquired and turned Nail Labo Co., Ltd. into a subsidiary. Acquired 1.6 million of the company's own shares in accordance with the purchase of the company's own shares scheme in the J-NET market of the Osaka Securities Exchange.
• 2009	Reached basic agreement concerning business and capital partnership with Mitsui Chemicals, Inc., and Sunmedical Co., Ltd. Transferred 1.8 million shares of treasury stock to Mitsui Chemicals, Inc., through a third-party allocation. Delisted from the Osaka Securities Exchange.

# Corporate History - Sales



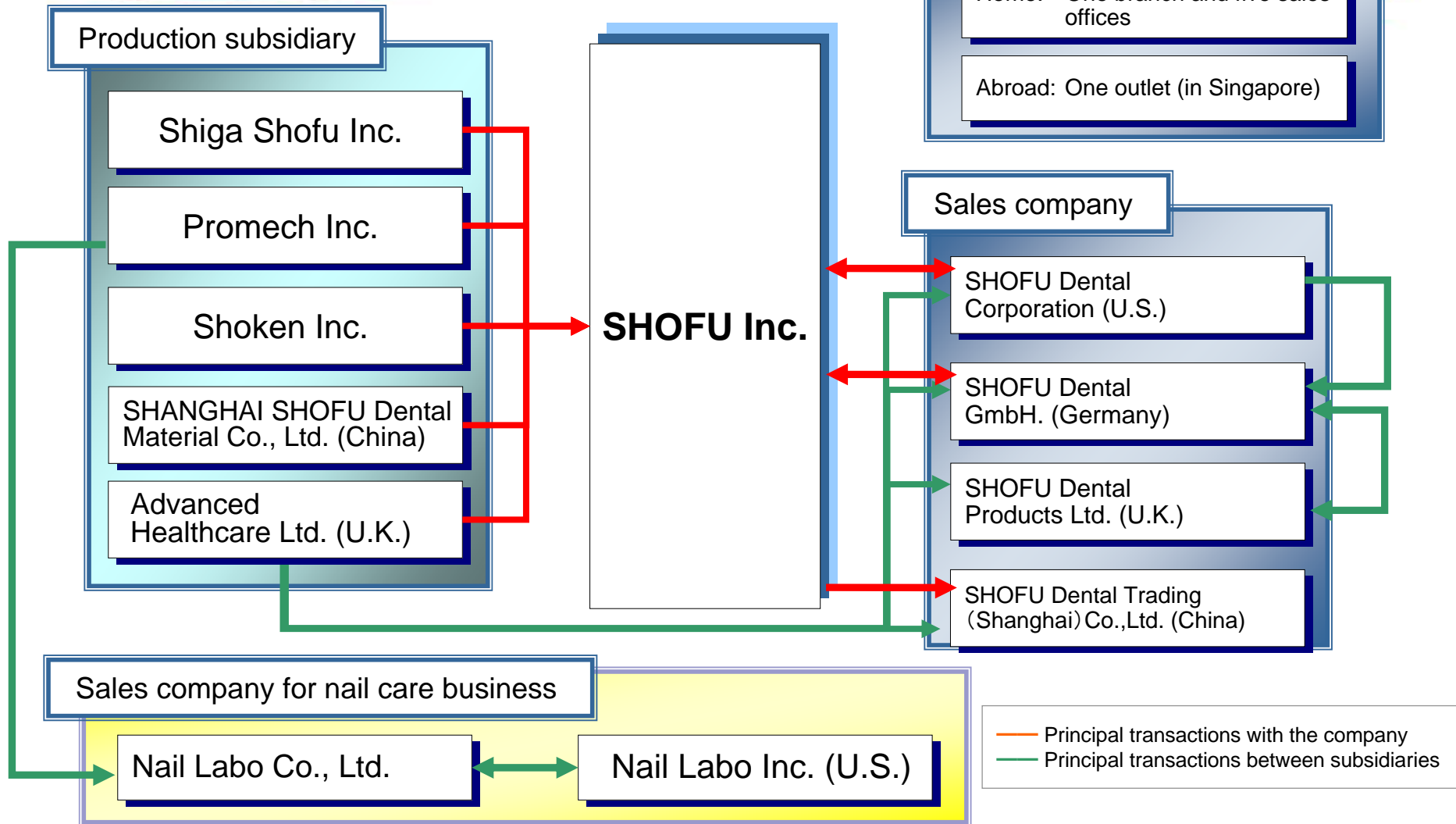


# Group Profile and Number of Dentists Worldwide

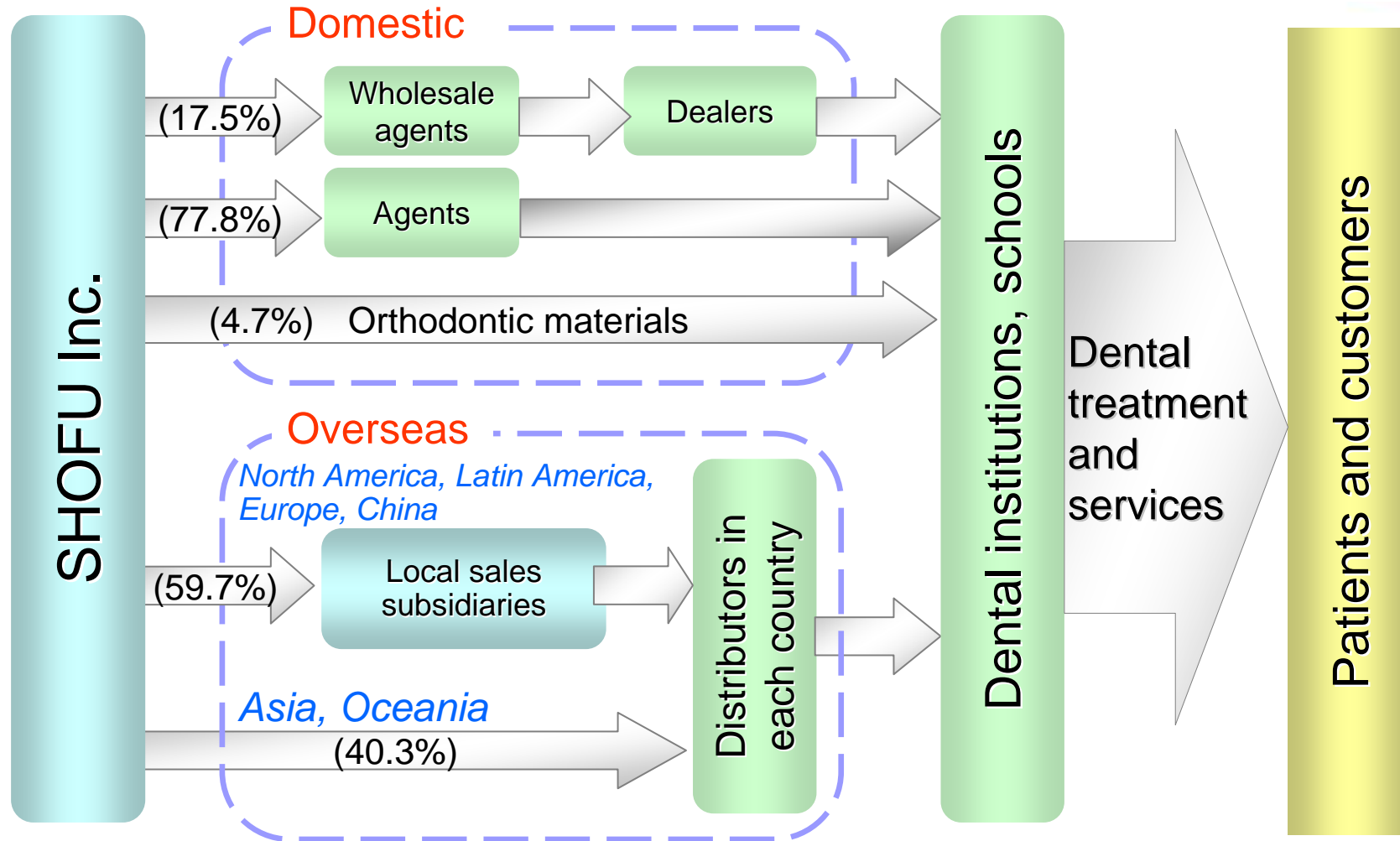


\* Figures for numbers of dentists from "Guide to Dental Care Worldwide" (Japan Dental Association) and other sources

# Group Profile

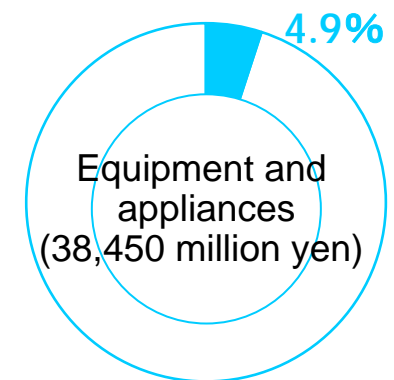
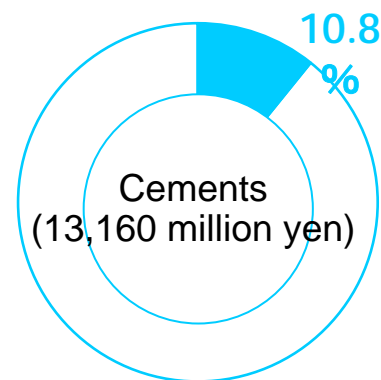
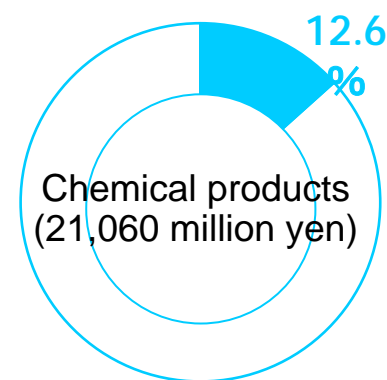
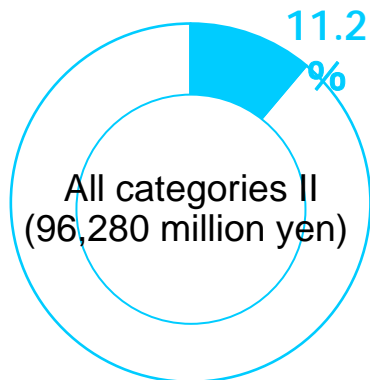
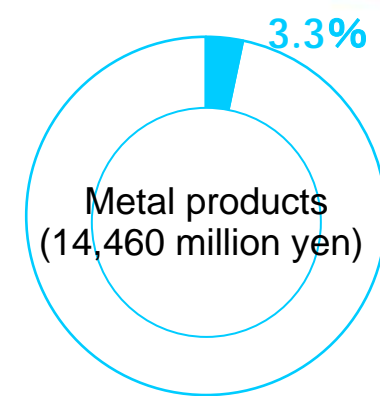
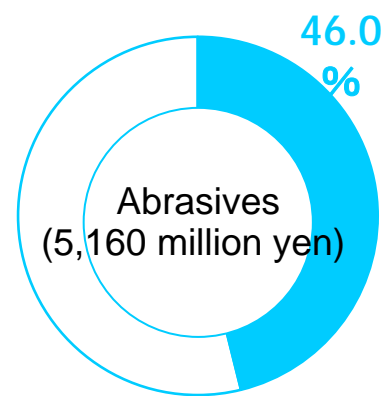
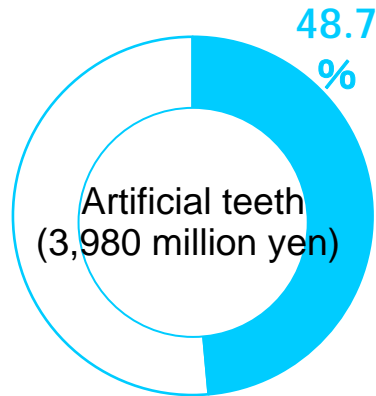
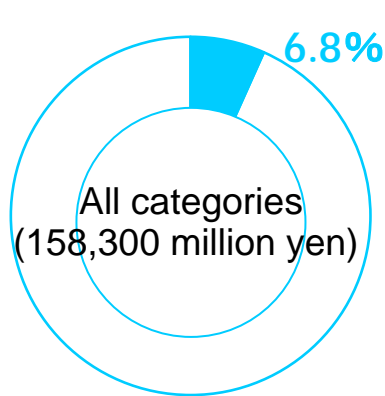


# Sales Channels



Figures in parentheses represent each sales channel as percentage of total sales (Non-consolidated figures as of Fiscal March 2011).

# Market share by product category



“All categories” includes “gold-silver-palladium alloy” and “machines and equipment for dental clinics.” “All categories II” and other categories do not include “gold-silver-palladium alloy” and “machines and equipment for dental clinics.”

Source: Production Statistics issued by the Pharmaceutical Industry (Manufacturers' shipment values), Ministry of Health, Labour and Welfare (Domestic data, Calendar Year 2008)  
 Figures in parentheses represent market size. (Figures rounded down to the nearest ten million yen)



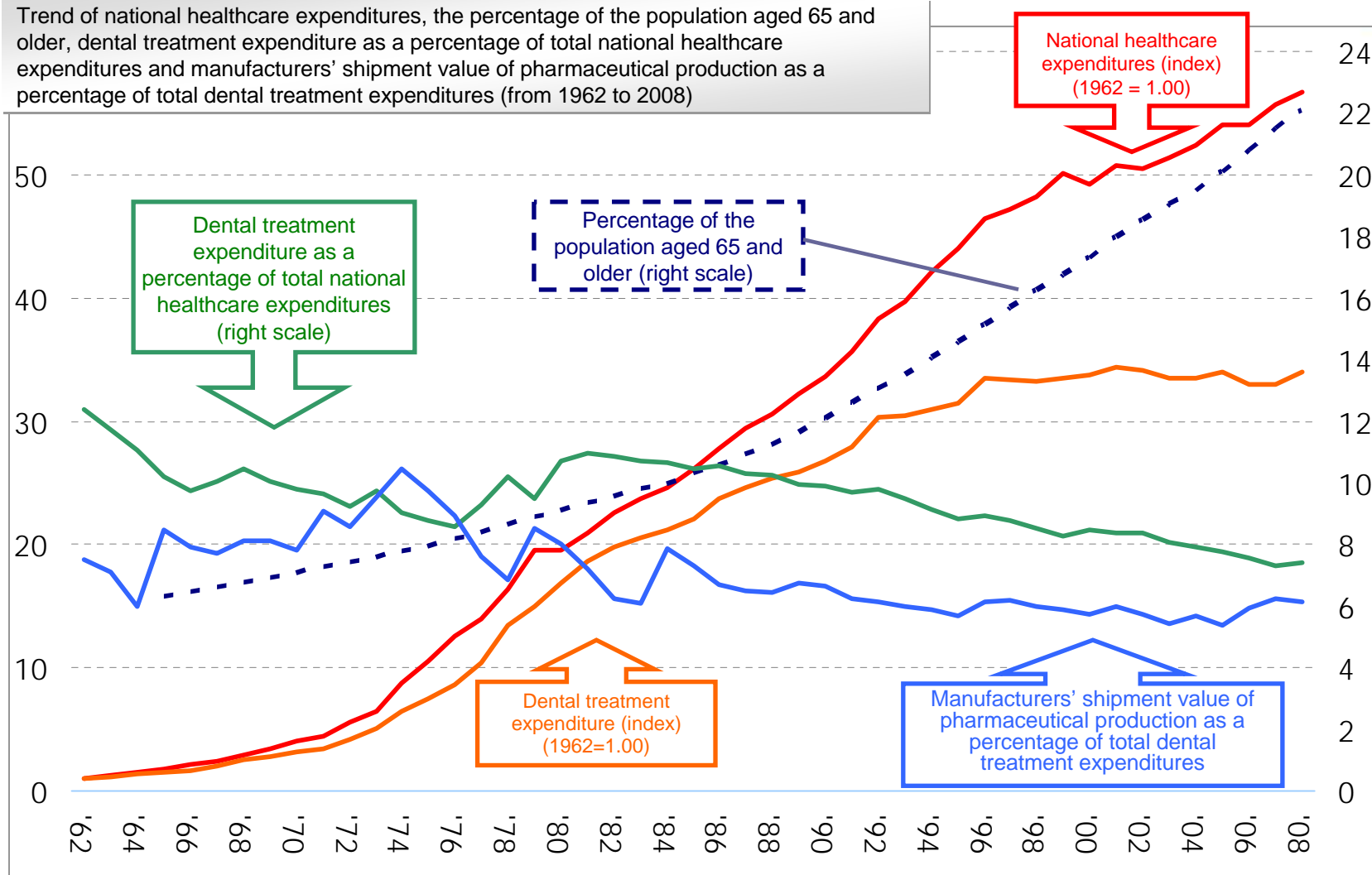
**Reference <Dentistry Data>**

# Long-term Trend of Dentistry-Related Statistics

Reference <Dentistry Data>

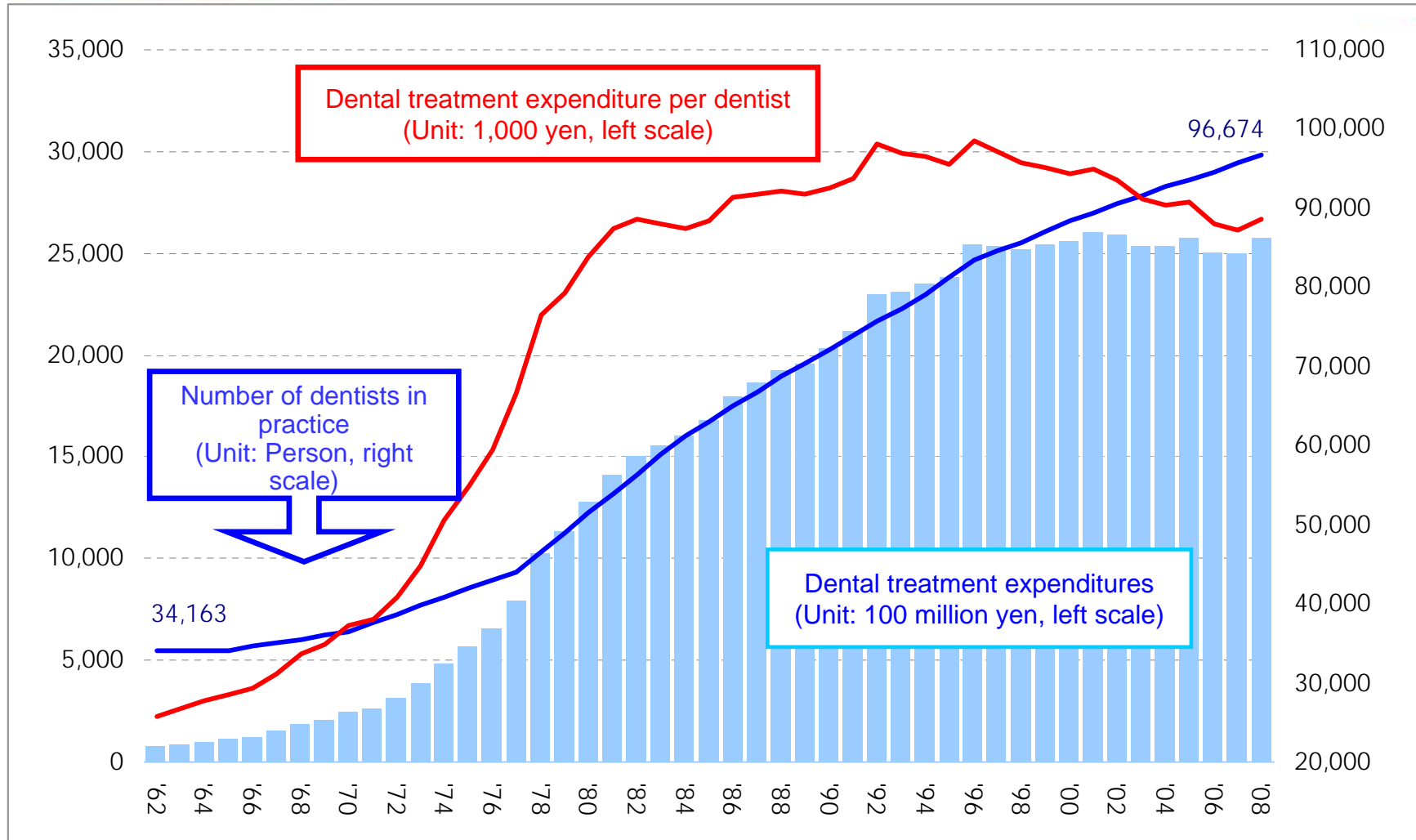


Trend of national healthcare expenditures, the percentage of the population aged 65 and older, dental treatment expenditure as a percentage of total national healthcare expenditures and manufacturers' shipment value of pharmaceutical production as a percentage of total dental treatment expenditures (from 1962 to 2008)



# Trend of the Number of Dentists and Dental Treatment Expenditure

Reference <Dentistry Data>



Prepared using yearly data from Summary of National Healthcare Expenditures, Survey on Doctors, Dentists and Pharmacists (Ministry of Health, Labour and Welfare)



# Healthcare Expenditures by Age Group (Component Ratio)

Reference <Dentistry Data>

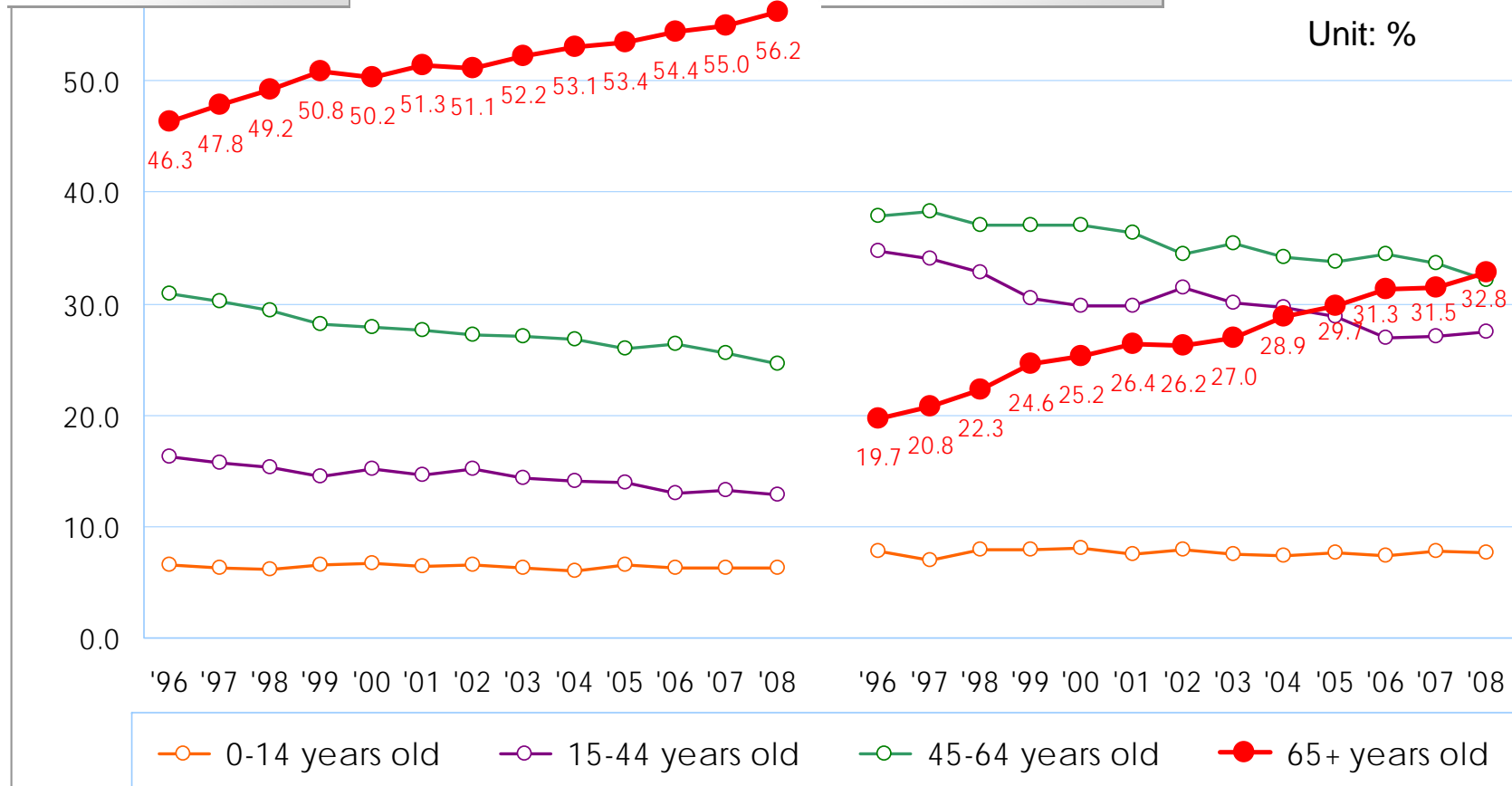
People aged 65 years and older tend to place less importance on dental treatment than general medical treatment.



## General treatment

## Dental treatment

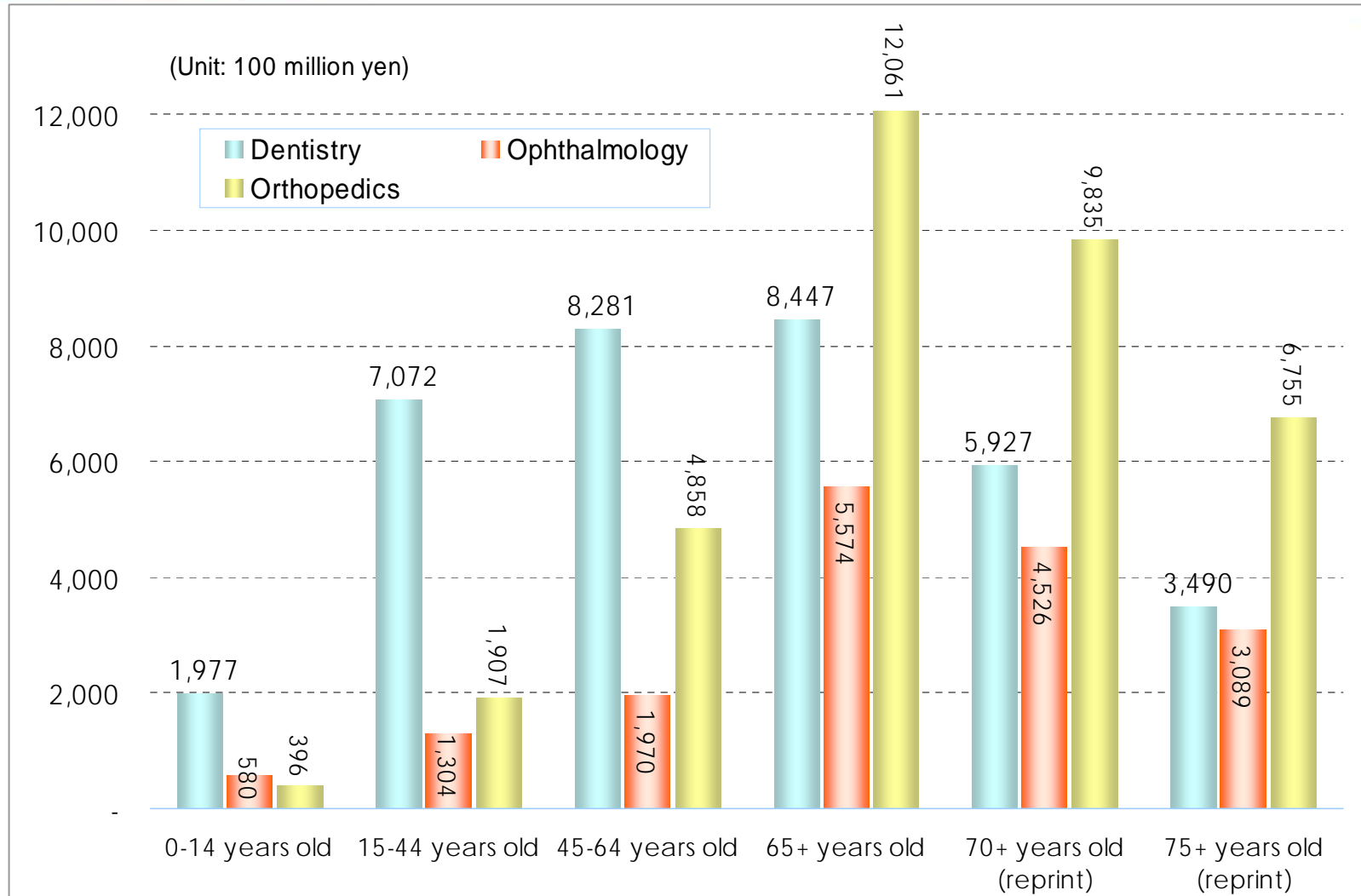
Unit: %



Prepared using yearly data from Summary of National Healthcare Expenditures (Ministry of Health, Labour and Welfare)

# Comparison of Healthcare Expenditures by Age Group - Dentistry, Ophthalmology and Orthopedics

Reference <Dentistry Data>

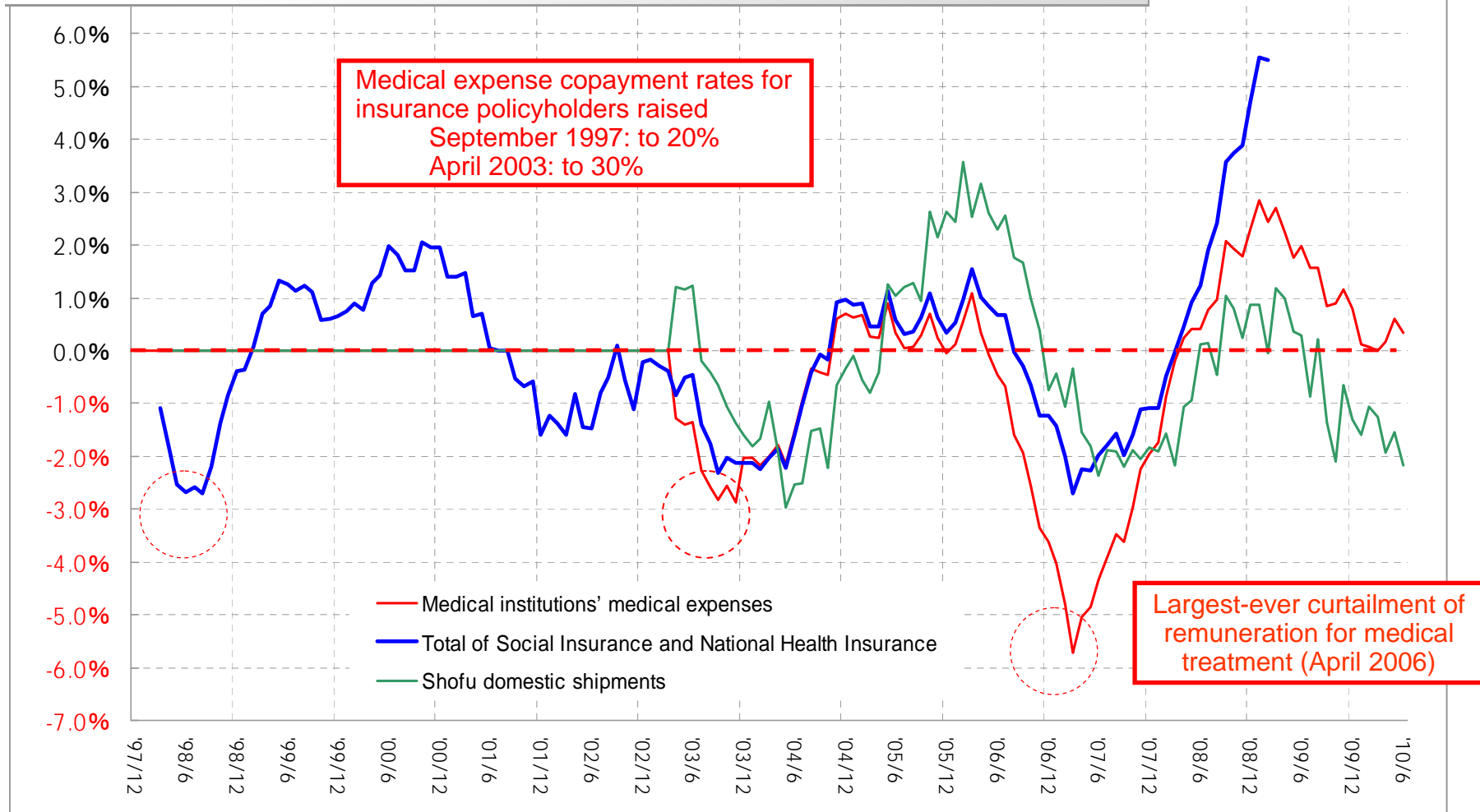


# Dental Treatment Expenditures (2)

Reference <Dentistry Data>



Year-on-year comparison of amount paid by dental health insurance (deviation from 12-month moving average) from December 1997 to June 2010

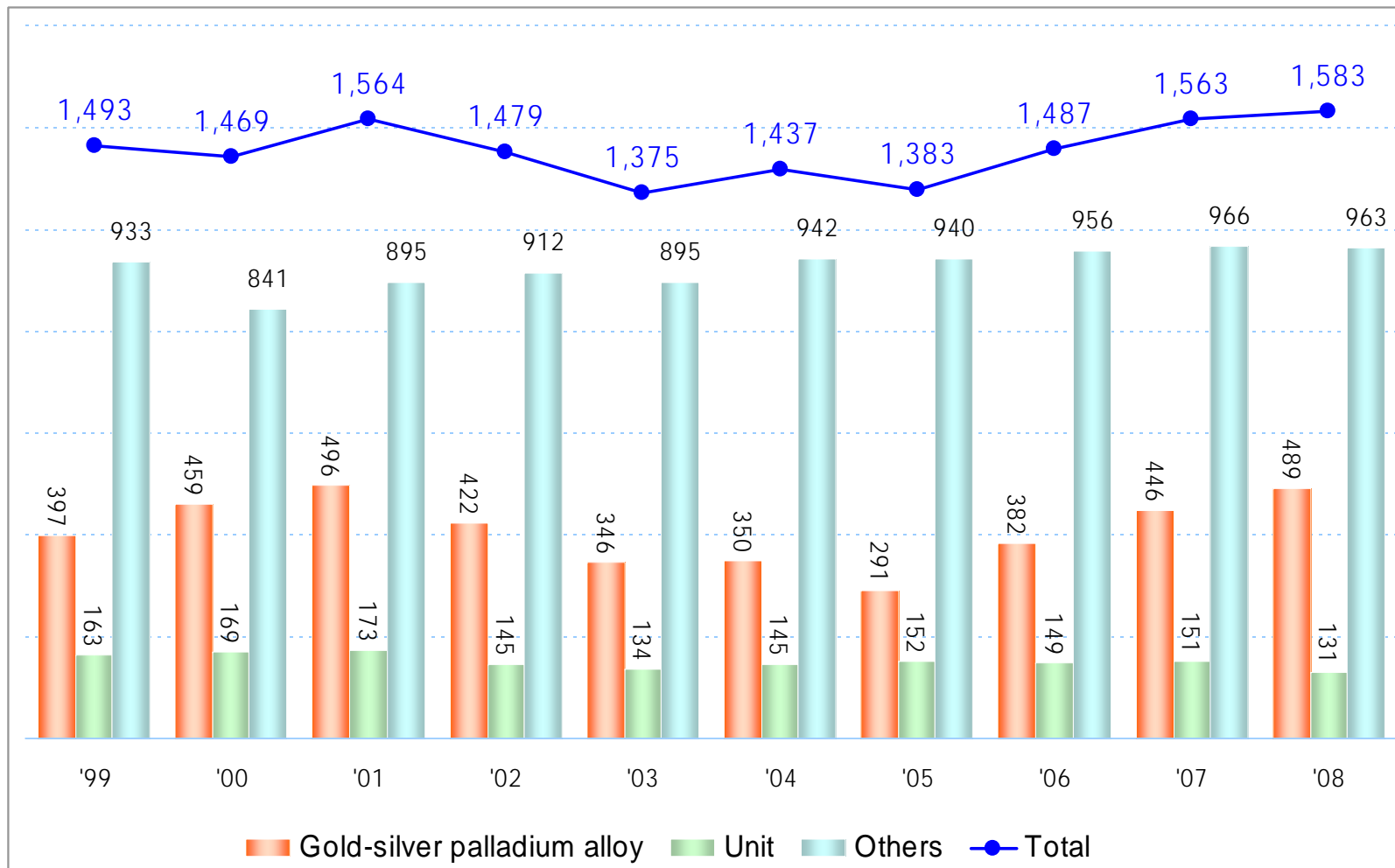


# Trend of Shipment Value of Pharmaceutical Industry Production

Reference <Dentistry Data>



Shipment value, Unit: 100 million yen



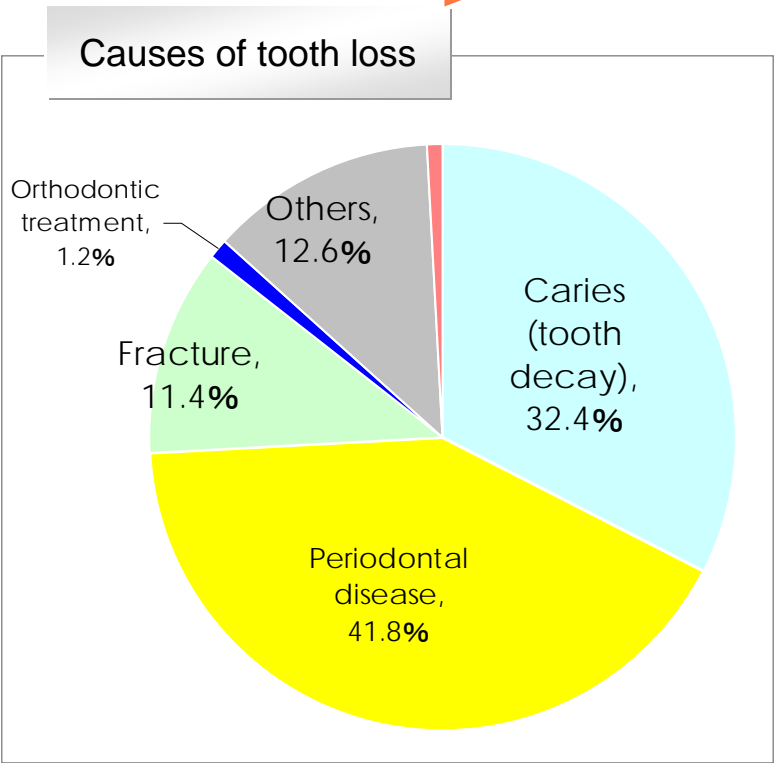
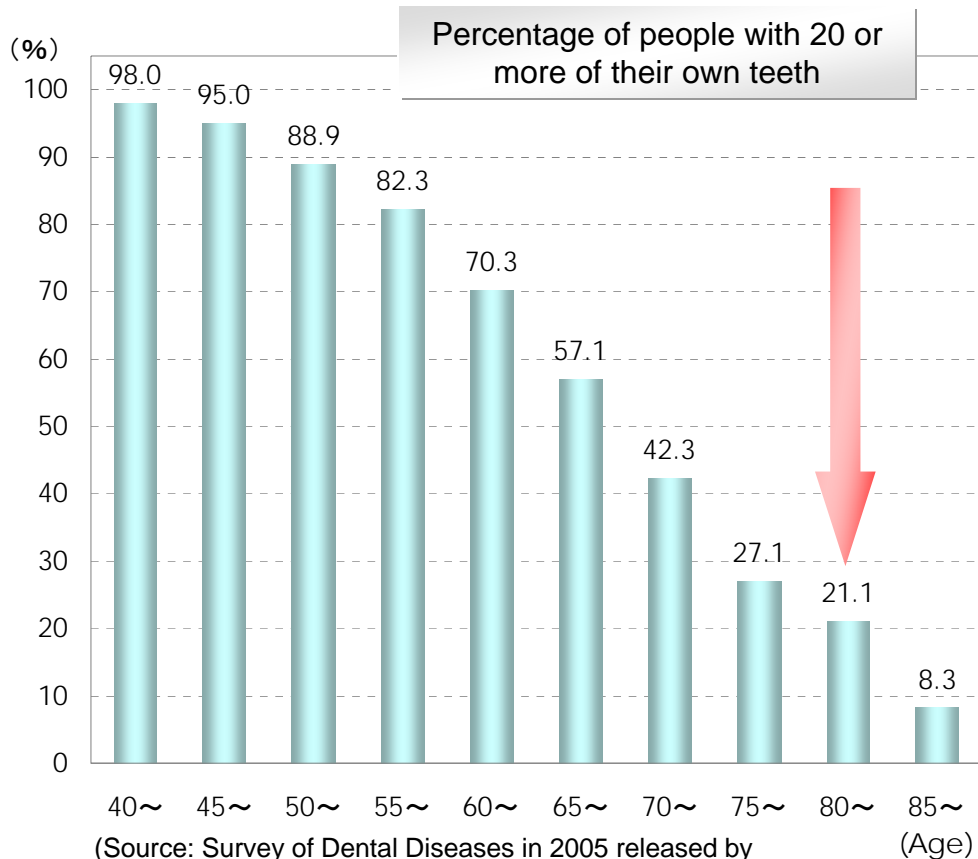
Prepared using data from Production Statistics issued by the Pharmaceutical Industry (Manufacturers' shipment values), (Year Book for each year), released by the Ministry of Health, Labour and Welfare

# The 8020 Movement and Changes in Dental Diseases

Reference <Dentistry Data>



The primary target of “20% of the population achieving 8020” was reached in 2006.



(Survey by the 8020 Promotion Foundation in 2005)

(Source: Survey of Dental Diseases in 2005 released by the Ministry of Health, Labour and Welfare)

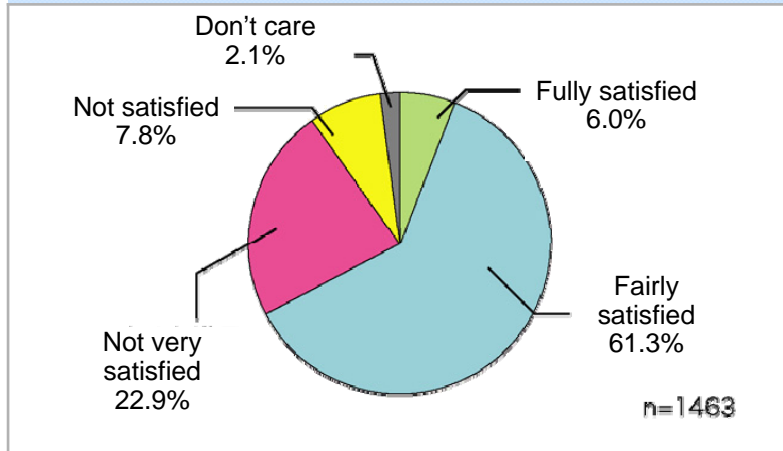
# Perception of Dental and Oral Health

Reference <Dentistry Data>

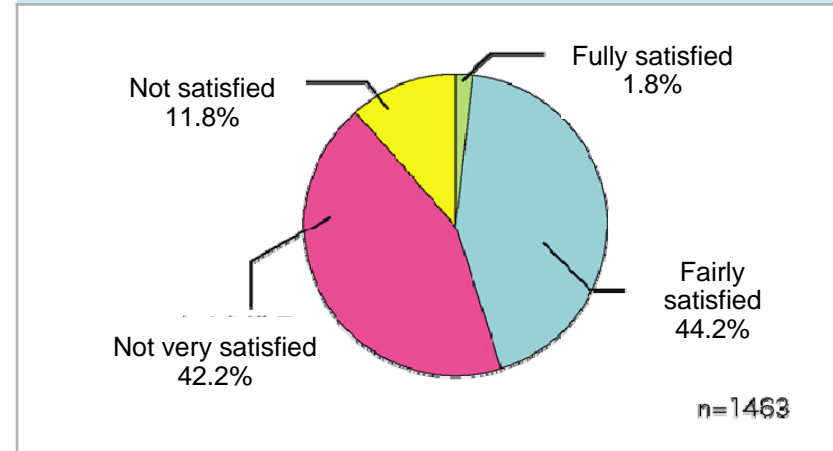


Source: Fiscal 2007's Dental Equipment Industry Vision (References)

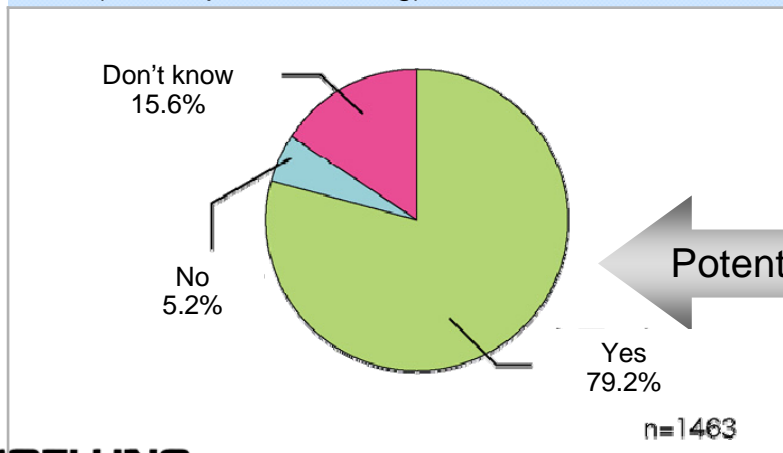
Are you satisfied with your physical health?



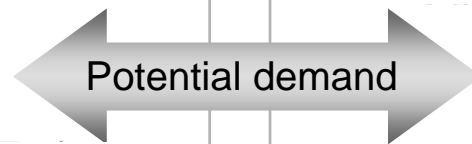
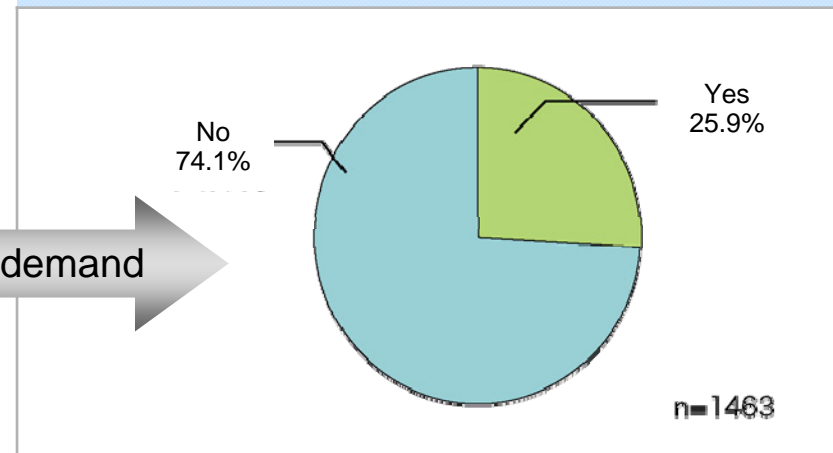
Are you satisfied with your oral health?



Do you think it necessary to receive regular dental care (checkup and cleaning) at a dental clinic?

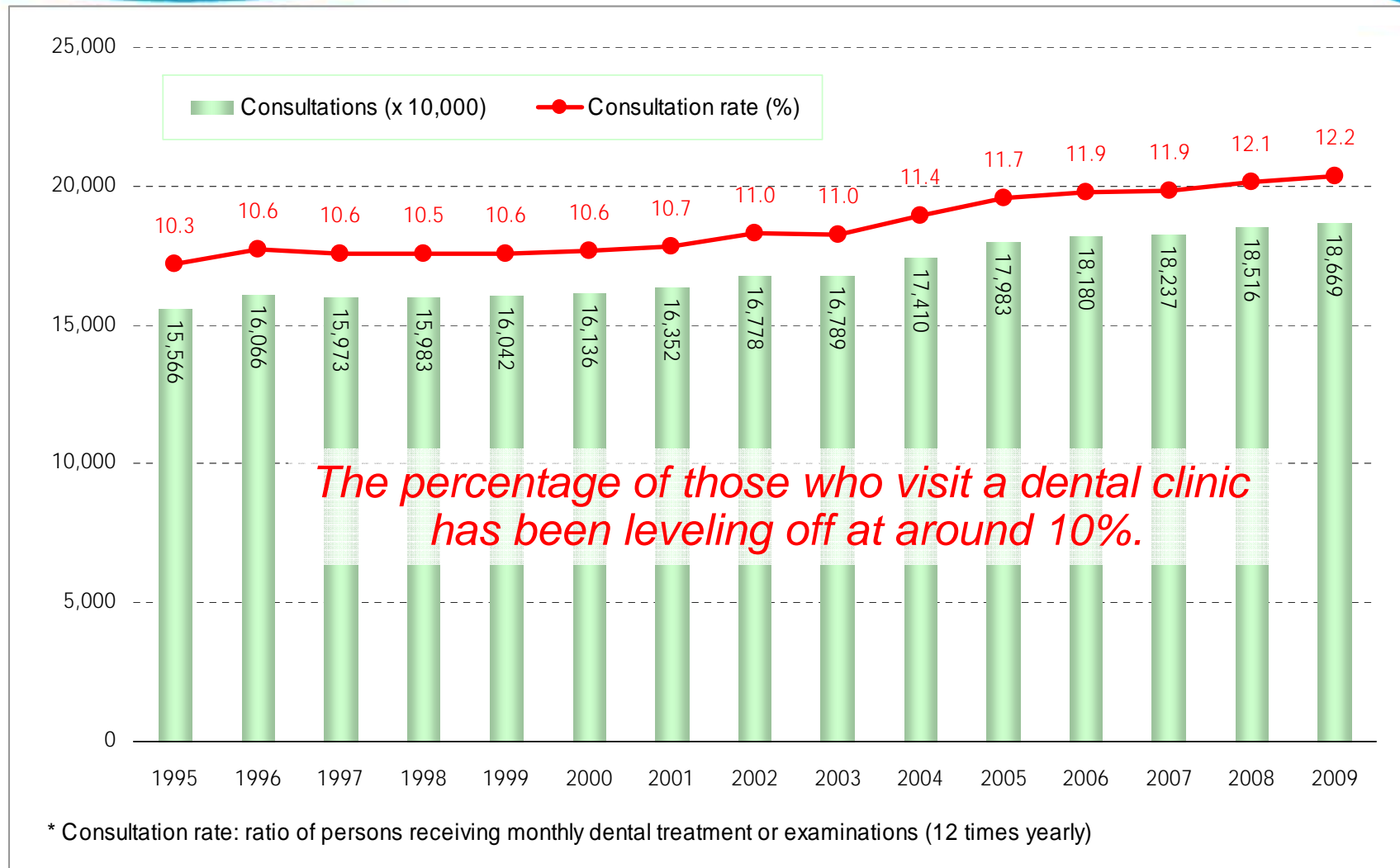


Do you actually receive regular dental care?



# Dental Clinic Consultation Rates

Reference <Dentistry Data>





# Trend in the North American Market

Reference <Dentistry Data>



The public developed the habit of paying regular visits to dental clinics. → Shortage of dentists

Increase in regular visits to dental clinics  
→ Solution to the problem of oversupply of dentists

	North America	Japan
Percentage of those who make regular visits to dental clinics	54%	16%
Number of dentists (per 1,000 persons)	0.6 person	0.7 person
Population (per dentist)	1,670 person	1,430 person

WHO says that one dentist per 2,000 persons is the appropriate ratio.

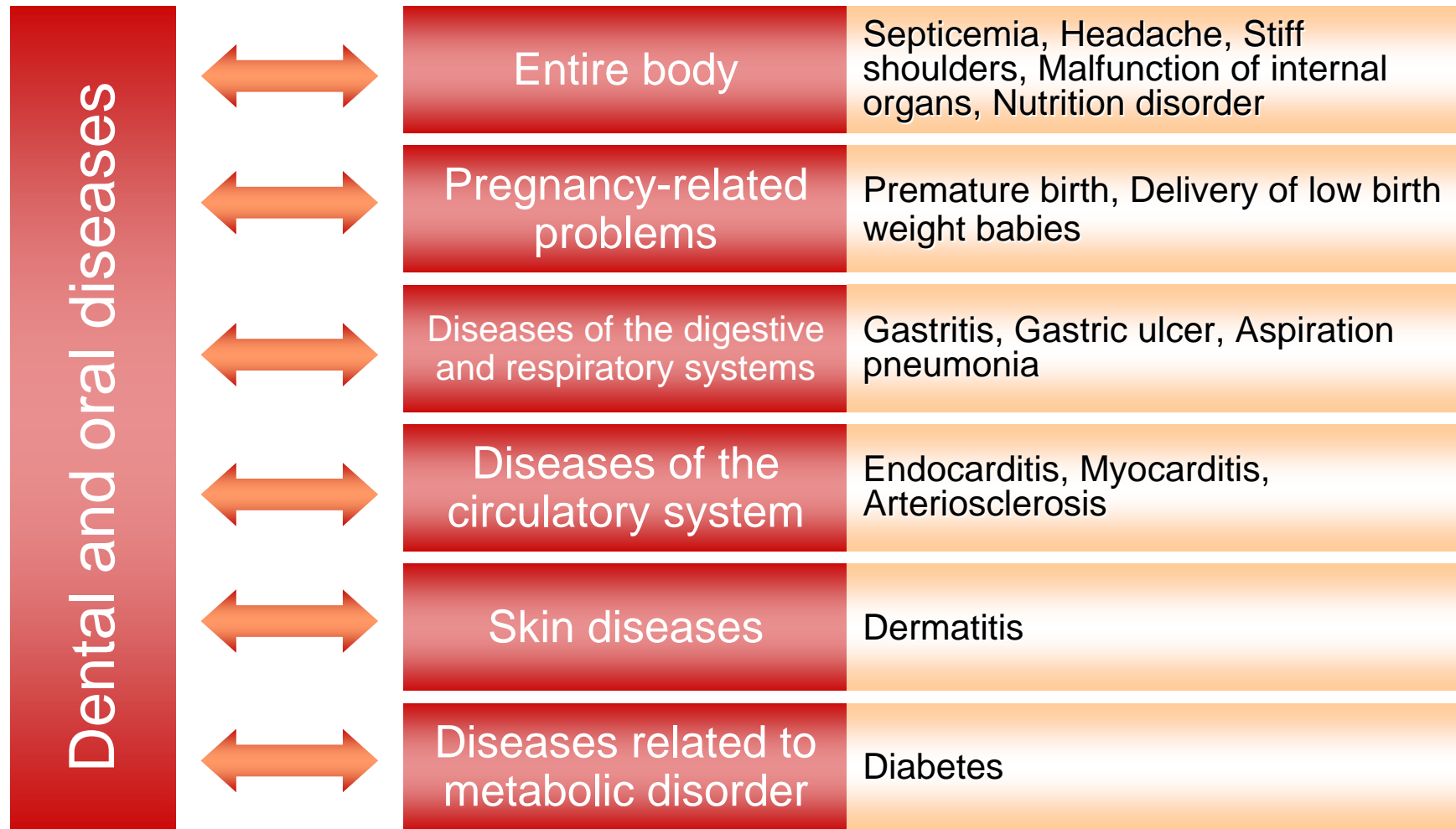
Source:

\* Health and Welfare Survey in 1999 conducted by the Ministry of Health, Labour and Welfare and a survey conducted by Colgate-Palmolive Company

\* Consulted an article titled "Reasons for the Success of the Canadian Dental Community" (DH Style, September 2007) by Ken Yaegaki DDS Ph.D., Professor and head of the Department of Oral Health, Nippon Dental University School of Life Dentistry)

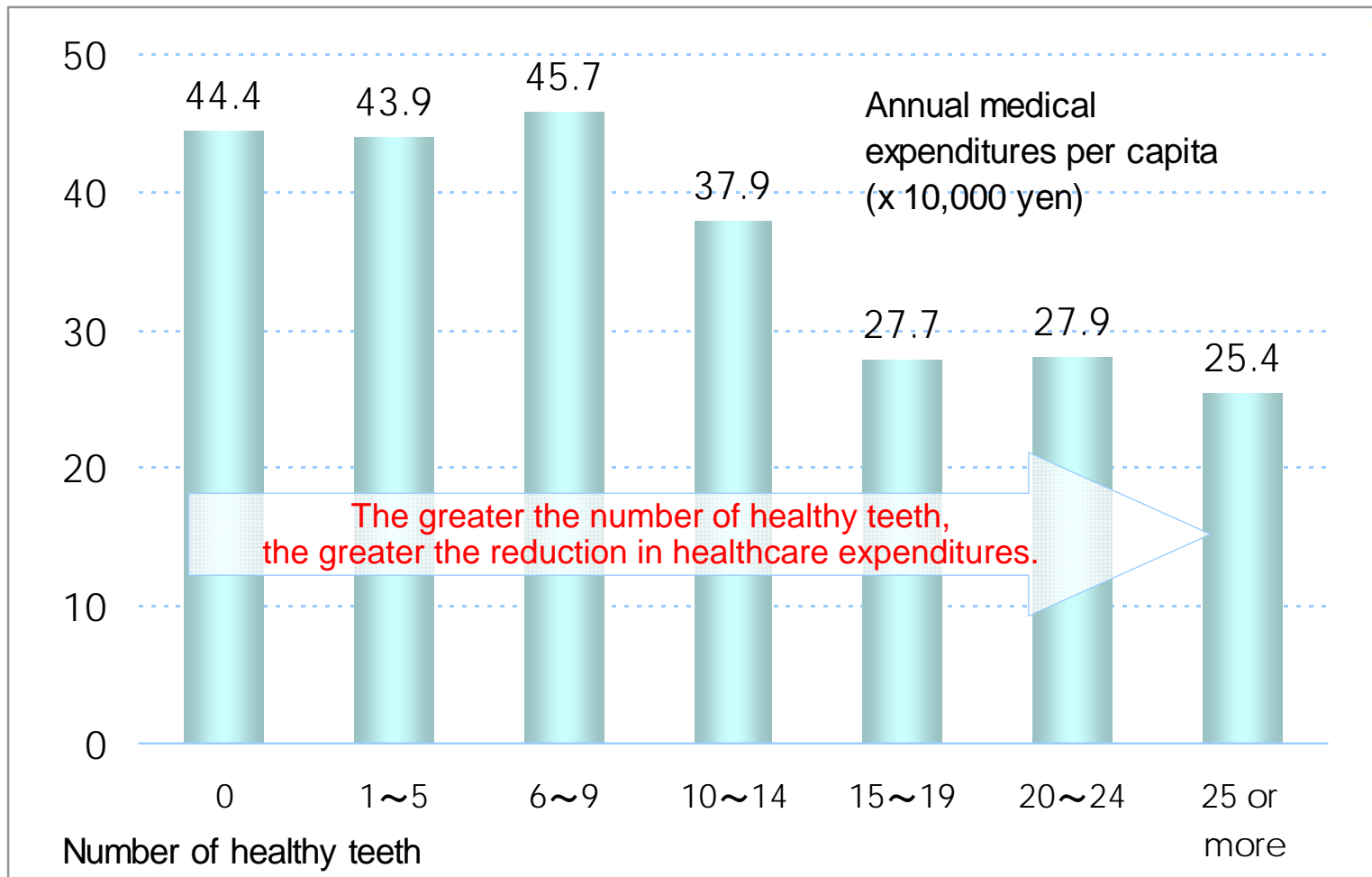
# Systemic Diseases Caused by Caries and Periodontal Disease

Reference <Dentistry Data>



# Correlation between Number of Healthy Teeth and Healthcare Expenditures

Reference <Dentistry Data>



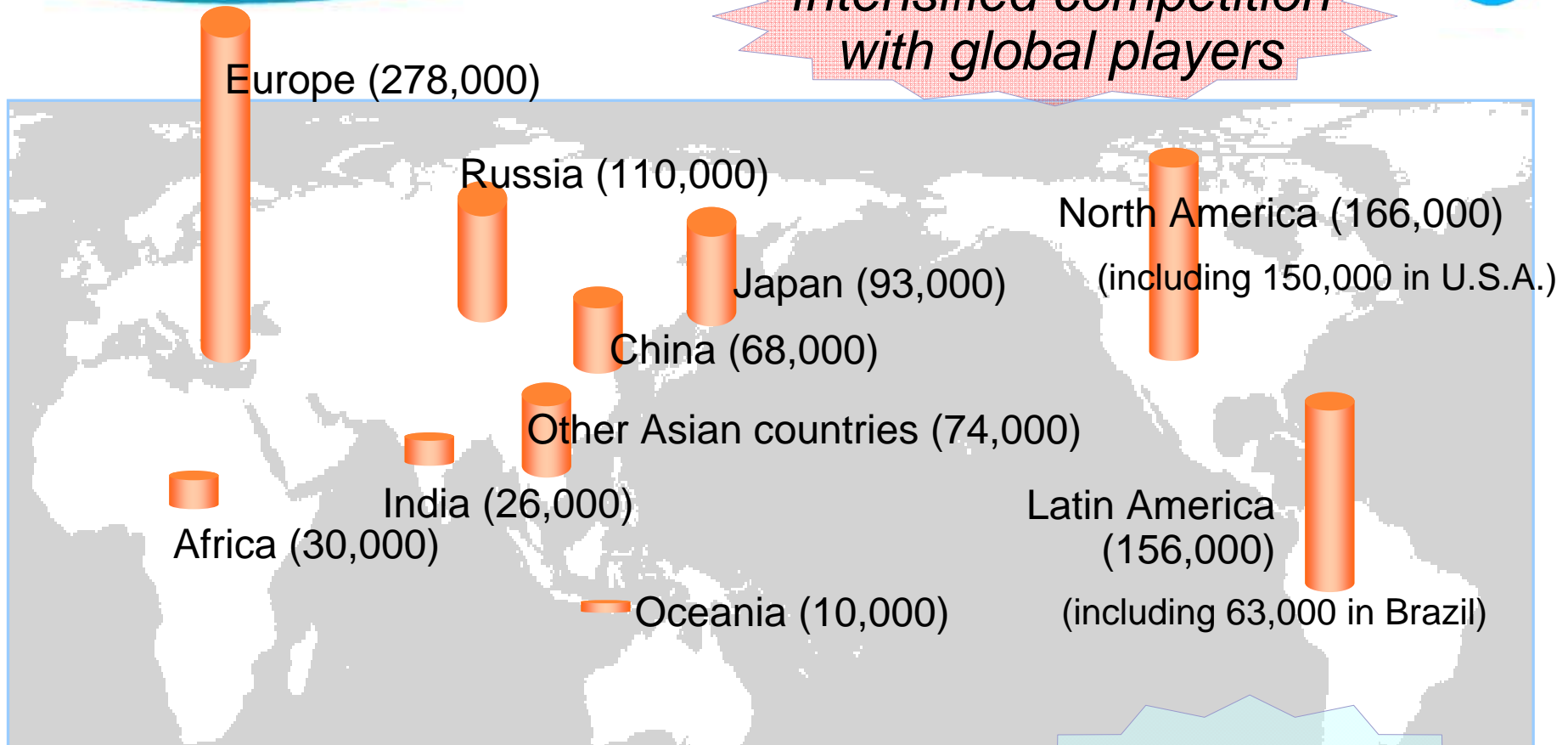
Prepared on the basis of "Correlation between Oral Hygiene Status of Elderly Persons and Healthcare Expenditures," a paper published in 2003 by Kazumune Arikawa, a full-time instructor at the Nihon University School of Dentistry at Matsudo  
Subjects surveyed: 954 persons aged 80 living independently (392 men, 562 women)

# Number of Dentists in the World

Reference <Dentistry Data>



*Intensified competition with global players*



◆ Source:  
Number of dentists – “Guide to Dental Health Care in the World: How to Provide and Receive Dental Care in Other Countries” (Japan Dental Association)  
Estimated market size – “Dental Equipment Industry Vision in Fiscal 2007” (Council for Compiling Dental Equipment Industry Vision)

Number of dentists in the world:  
Approx. 1 (one) million  
Estimated market size:  
Approx. 2 (two) trillion yen