

Summarized Translation



Financial Results Overview (24th Term)

EPS Corporation
Chairman & CEO Yan Hao

November 21th, 2014

Contents

- 1. Financial Results Overview (24th Term)**
- 2. Current Term Estimates (25th Term)**
- 3. Future Business Strategy**
 - Operational Structure**
(Transition to holding company structure, etc)
 - Mid-term Targets**

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24th Business Segment of EPS Group

Domestic Business	CRO Business	EPS (CRO Company), EPS Associates, EP-Mate, e-Trial
	SMO Business	EP-Mint
	CSO Business	EP-PharmaLine
Overseas Business	GR Business	EPS International Holdings EPSI(China), GRI(USA), EPS GR(GCRC) etc
	EKISHIN Business	EPS EKISHIN, EPS(China) etc
Others	BPO Business	EPI, EMS, EPI(Suzhou), EPS Yamanashi
	Others	EPBiz, LSG

24th Earnings Conditions (Consolidated)

(UNIT:JPY MILLION)

	23th Results	Estimates	24th Results	Ratio for Estimates(%)	Y o Y(%)
Net sales	37,584	40,961	41,800	102.0%	111.2%
Operating Income (%)	3,497 (9.3%)	4,110 (10.0%)	4,491 (10.7%)	109.3%	128.4%
Ordinary Income (%)	3,540 (9.4%)	4,150 (10.1%)	4,242 (10.1%)	102.2%	119.8%
Net Income (%)	1,709 (4.5%)	2,006 (4.9%)	1,828 (4.4%)	91.1%	106.9%

- Sales rose by 11.2% from the previous year and exceeded estimates due mainly to growth in the Domestic CRO business
- Operating income rose by a large margin from the previous year and exceeded estimates due to contribution from the Domestic CRO business
- Ordinary income grew from the previous year, but booking of doubtful account reserves as non-operating expense limited the amount by which it exceeded estimates by only 2.2%

24th Segment Earnings Conditions

Net sales by Business Segment

(UNIT:JPY MILLION)

		23th Amount	Estimates	24th Amount	Ratio for Estimates(%)	Y o Y(%)
Domestic Business	CRO	20,887	23,233	24,190	104.1%	115.8%
	SMO	5,703	6,500	6,287	96.7%	110.2%
	CSO	5,666	5,700	5,974	104.8%	105.4%
Overseas Business	GR	1,769	2,500	2,192	87.7%	123.9%
	EKISHIN	3,109	3,600	3,507	97.4%	112.8%

24th Segment Earnings Conditions

Operating Income by Business Segment

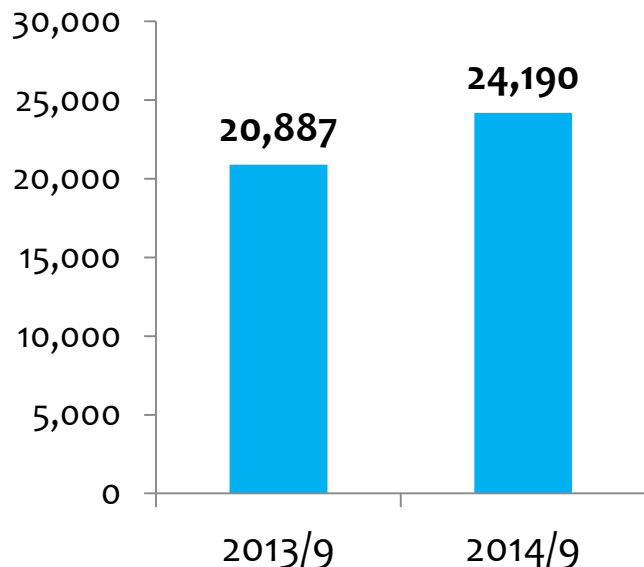
(UNIT:JPY MILLION)

		23th Amount	Estimates	24th Amount	Operating Income ratio	Ratio for Estimates(%)	Y o Y(%)
Domestic Business	CRO	2,834	3,469	3,803	15.7%	109.6%	134.2%
	SMO	400	900	900	14.3%	100.0%	224.8%
	CSO	30	97	259	4.3%	267.0%	841.6%
Overseas Business	GR	-52	-64	-250	-	-	-
	EKISHIN	270	-51	-117	-	-	-

24th Earnings Conditions: Domestic CRO Business

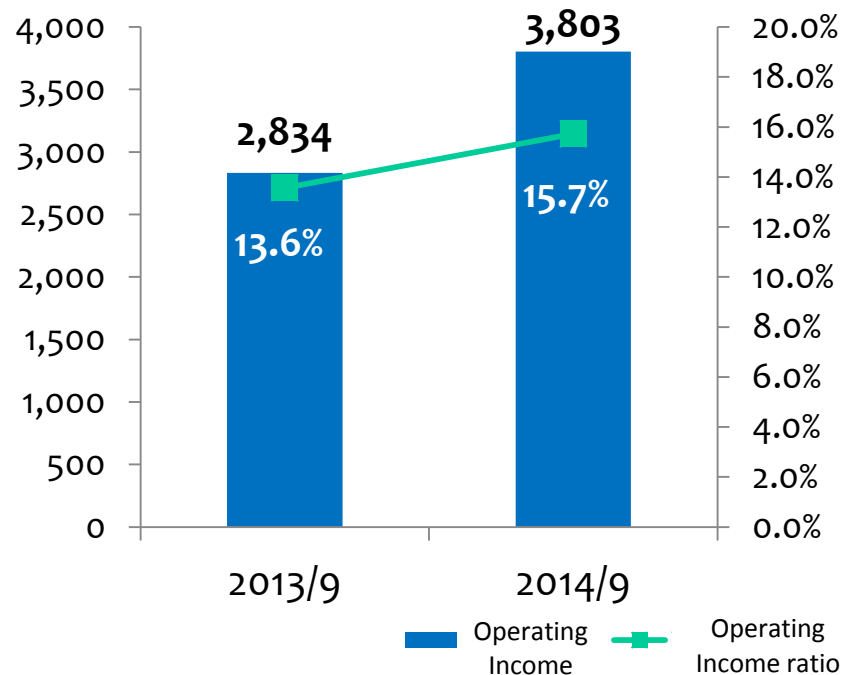
(UNIT:JPY MILLION)

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(UNIT:JPY MILLION)

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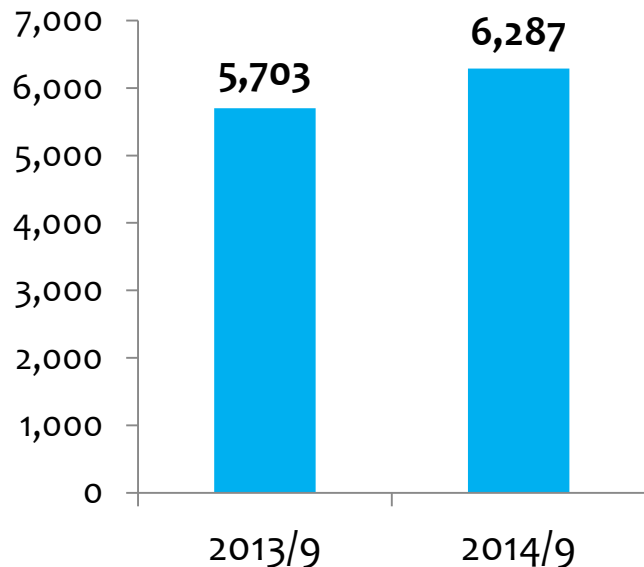


- Monitoring services acted as a growth driver and sales grew favorably
- Both operating income and margin improved on the back of profitability improvement measures for the data management operations
- EPS Associates Co., Ltd., which was acquired in 24th term, is expected to contribute on a full scale basis from 25th term.

24th Earnings Conditions: Domestic SMO Business

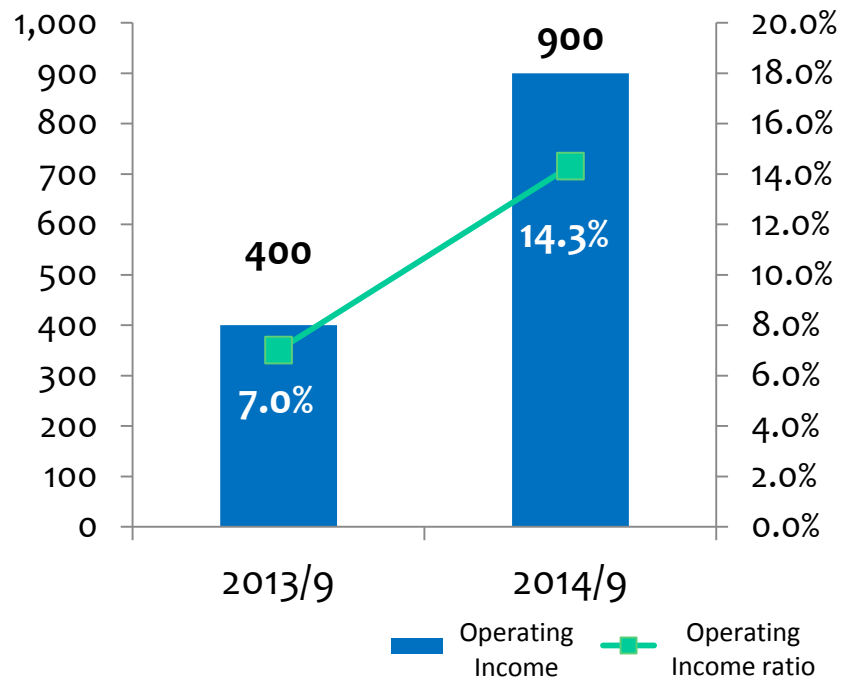
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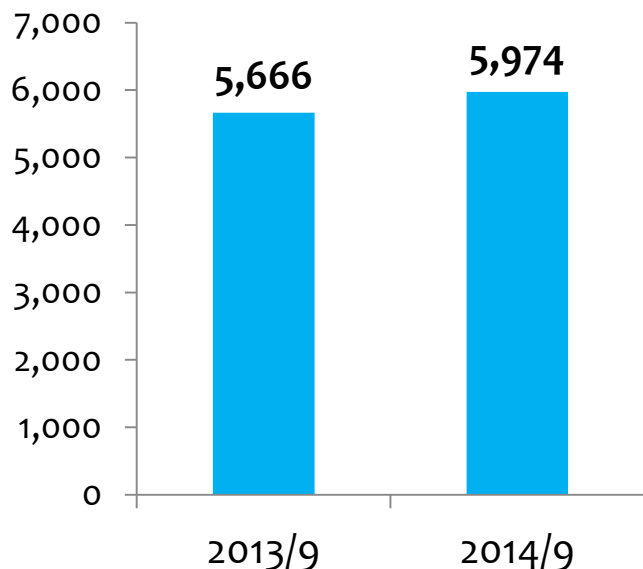


- Steady progress on large projects contributed to a year-on-year increase in sales. However, the completion of large projects led to a slowing in growth toward the end of the term and to a shortfall of estimates.
- Reductions in cost of sales, SG&A expenses from expense restraint measures and efficient staff hiring allowed profits to grow.

24th Earnings Conditions: Domestic CSO Business

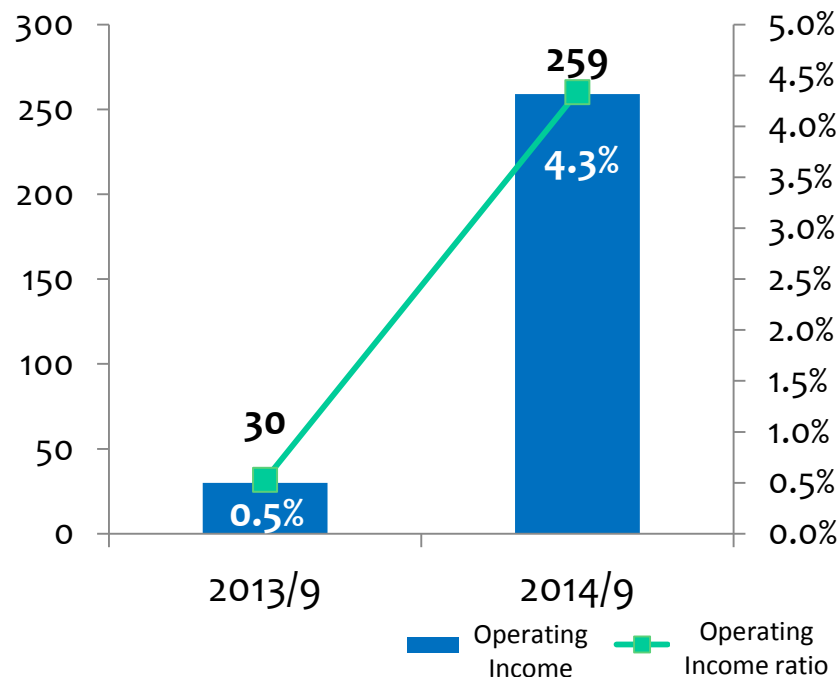
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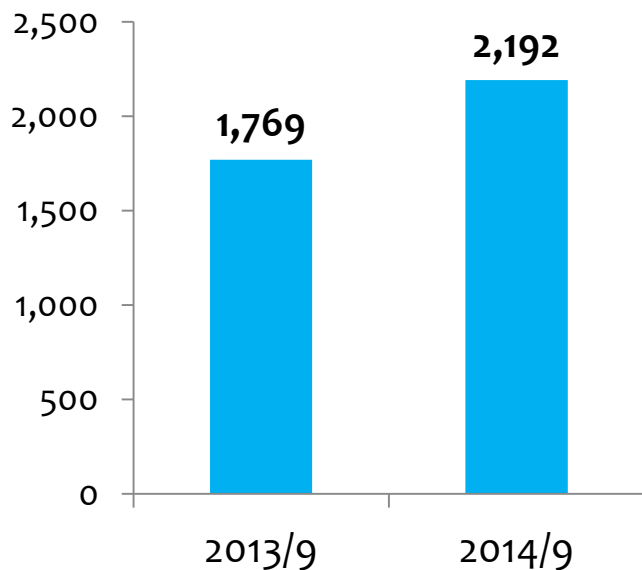


- Growth trend of contracted MR services due to fortification of hiring and facilitation of offices
- Favorable trend of medical related call center services
- PMS (Post Market Surveys) restructuring implemented to reduce costs, improve operational efficiency
- Sales and profits grew by large margins

24th Earnings Conditions: GR Business

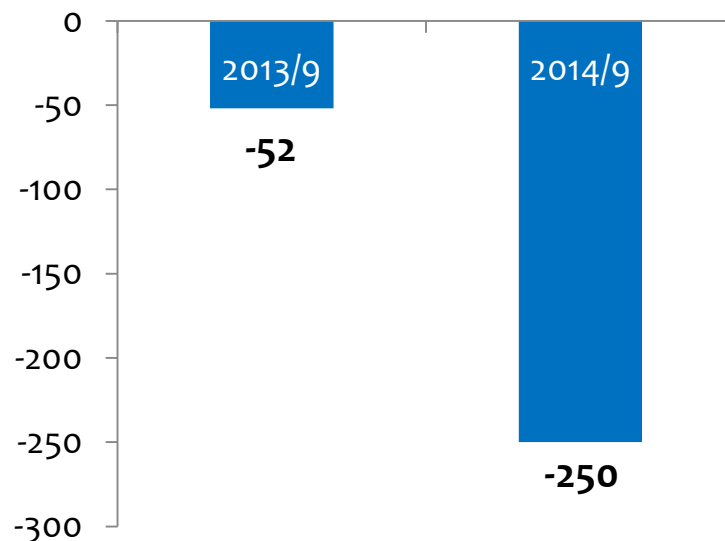
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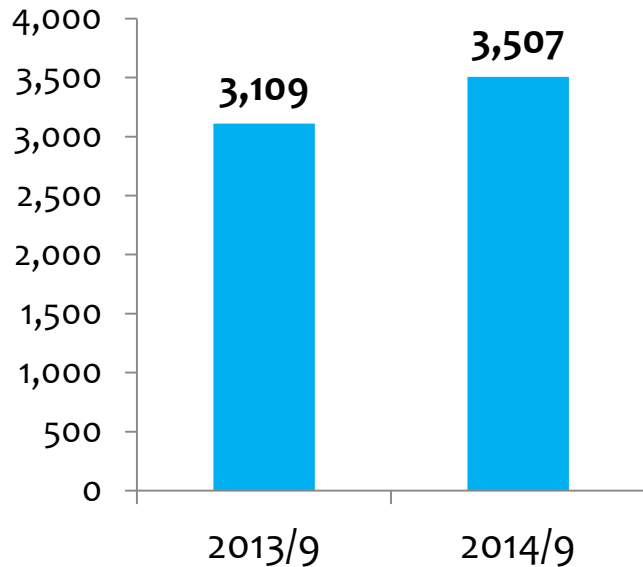


- Sales grew strongly on back of aggressive marketing globally
- Operating loss expanded on inability to absorb higher costs due to foreign exchange fluctuation, and ex-GCRC's shortfall of earnings estimates, which was acquired in 23rd term.

24th Earnings Conditions: EKSHIN Business

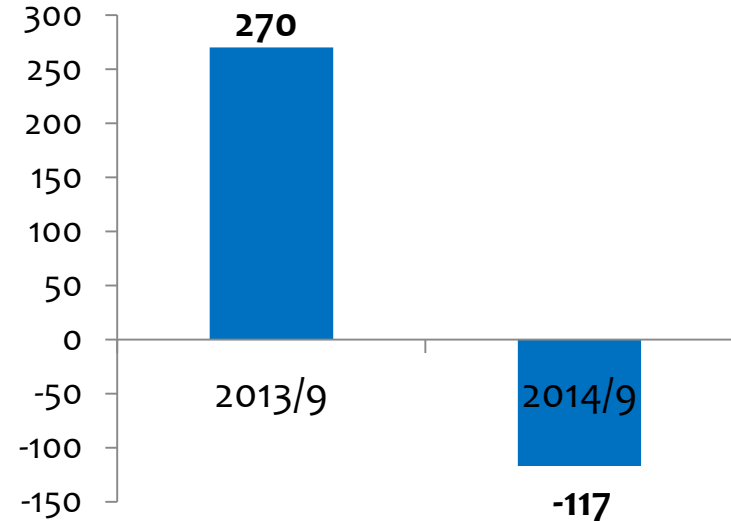
(UNIT:JPY MILLION)

< Net sales >



(UNIT:JPY MILLION)

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- Favorable trends for digital X-ray examination equipment, medical image film and other medical equipment allowed sales to grow
- Cost restraint measures implemented, but loss incurred due to delay in some development rights license out

24th Business Segment Orders

(UNIT:JPY MILLION)

	Orders Received	Y o Y (%)	Backlog	Y o Y (%)
Domestic CRO Business	25,413	118.9%	34,394	114.5%
Monitoring	13,492	118.3%	17,836	115.0%
Data Management	9,509	125.3%	14,269	113.1%
CRO Others	2,410	101.2%	2,289	119.7%
Domestic SMO Business	6,530	125.5%	8,041	111.4%
Domestic CSO Business	6,563	111.0%	4,763	115.9%
Global Research Business	2,898	104.7%	3,926	104.5%
EKISHIN Business	3,429	117.0%	51	84.3%
Others	1,489	116.5%	134	106.2%
Total	46,323	117.4%	51,311	113.2%

- Favorable trends in monitoring services in the Domestic CRO business allowed orders and order backlog to rise by 18.9% and 14.5% year-on-year respectively
- Fortification of the marketing structure including proposal based marketing allowed the Domestic SMO business orders to rise by a large margin of 25.5% year-on-year
- Favorable trends in contract MR services and medical related call center services allowed the Domestic CSO business orders and order backlogs to rise by 11.0% and 15.9% year-on-year respectively
- GR business saw 4.7% and 4.5% year-on-year increases in orders and order backlogs respectively
- EKISHIN business orders rose 17.0% year-on-year on back of favorable trends in the medical equipment sales services

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25th Full Year Earnings Estimates (Consolidated)

(UNIT:JPY MILLION)

	24 th Results	25 th Estimates	Y o Y(%)
Net sales	41,800	44,120	105.6%
Operating Income (%)	4,491 (10.7%)	4,625 (10.5%)	103.0%
Ordinary Income (%)	4,242 (10.1%)	4,327 (9.8%)	102.0%
Net Income (%)	1,828 (4.4%)	1,937 (4.4%)	106.0%

- Sales expected to steadily expand
- Organization and strategy to be fortified in the current term, operating income expected to gradually grow

25th Full Year Earnings Estimates (Consolidated)

(UNIT:JPY MILLION)

		Net sales	YoY(%)	Operating Income	Operating Income ratio (%)	YoY(%)
Domestic Business	CRO	24,833	102.7%	4,612	18.6%	-
	SMO	6,800	108.2%	950	14.0%	105.4%
	CSO	6,500	108.8%	350	5.4%	136.2%
Overseas Business	GR	2,226	101.6%	-50	-	-
	EKISHIN	4,050	115.5%	0	-	-

Note: Operating income of the above mentioned business segments represent income before allocation of expenses resulting from the transition to a holding company structure

- Sales and profits of the three Domestic business segments are expected to grow. In particular, strong expansion is expected in the SMO and CSO businesses.
- Focus upon profits (Reduce losses) in overseas business segments, with large improvement in loss of GR business, and EKISHIN expected to reach break even

Strategies in 25th Term (By Business Segment – Domestic)

Domestic CRO

- Strict cost of sales control, business expansion based upon acquisition of new clients
 - Secure new resources, optimize system by reviewing and leveraging resources in Group-wide
 - Expand synergies derived from EPS Associates
-

Domestic SMO

- Improve customer satisfaction through project progress management
 - Expand facilities in the oncology area, cultivate CRCs
 - Fortify unity of group operations through delisting, conversion to 100% owned subsidiary
-

Domestic CSO

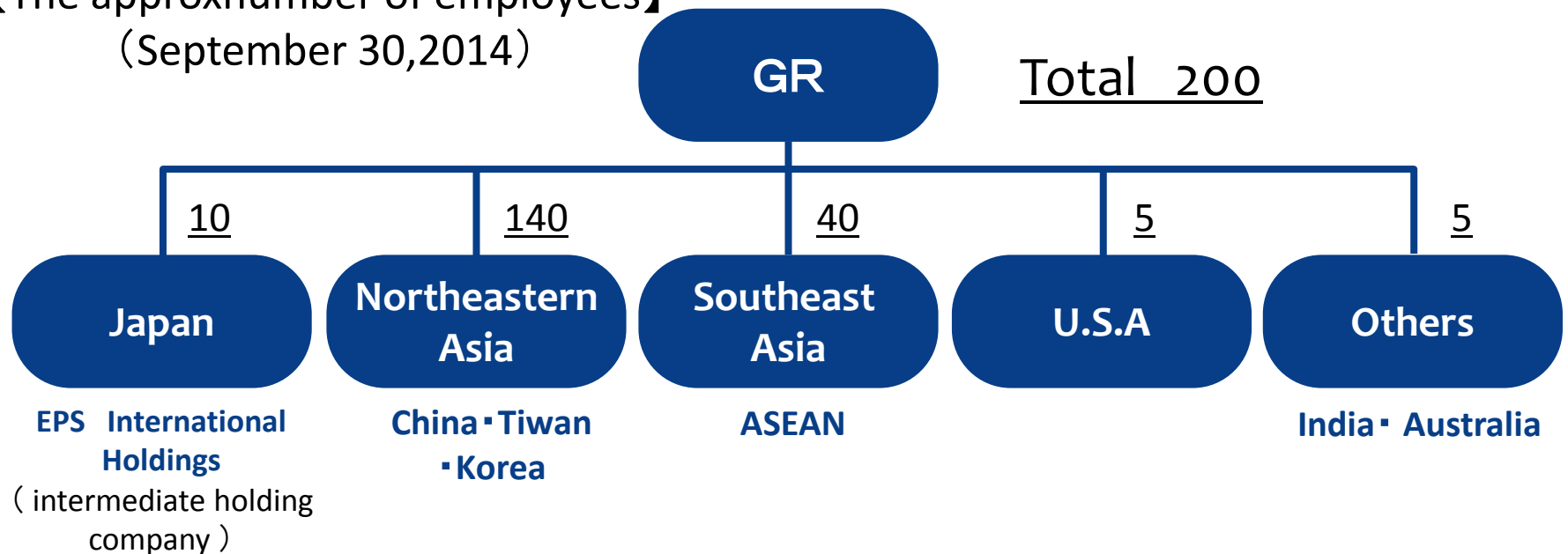
- Fortify, introduce new services including a service that integrates MRs and call centers
- Aggressive market launch, deployment of highly unique services to ensure high competitiveness

Strategies in 25th Term (By Business Segment – Overseas)

GR Business

- Acquisition, execution of new global clinical trials
 - Strengthen marketing in Japan, Asia, and Pacific regions
 - Leverage our regional coverage spanning over 10 countries
- Strengthen integrated operations of GR services through implementation of an intermediate holding company

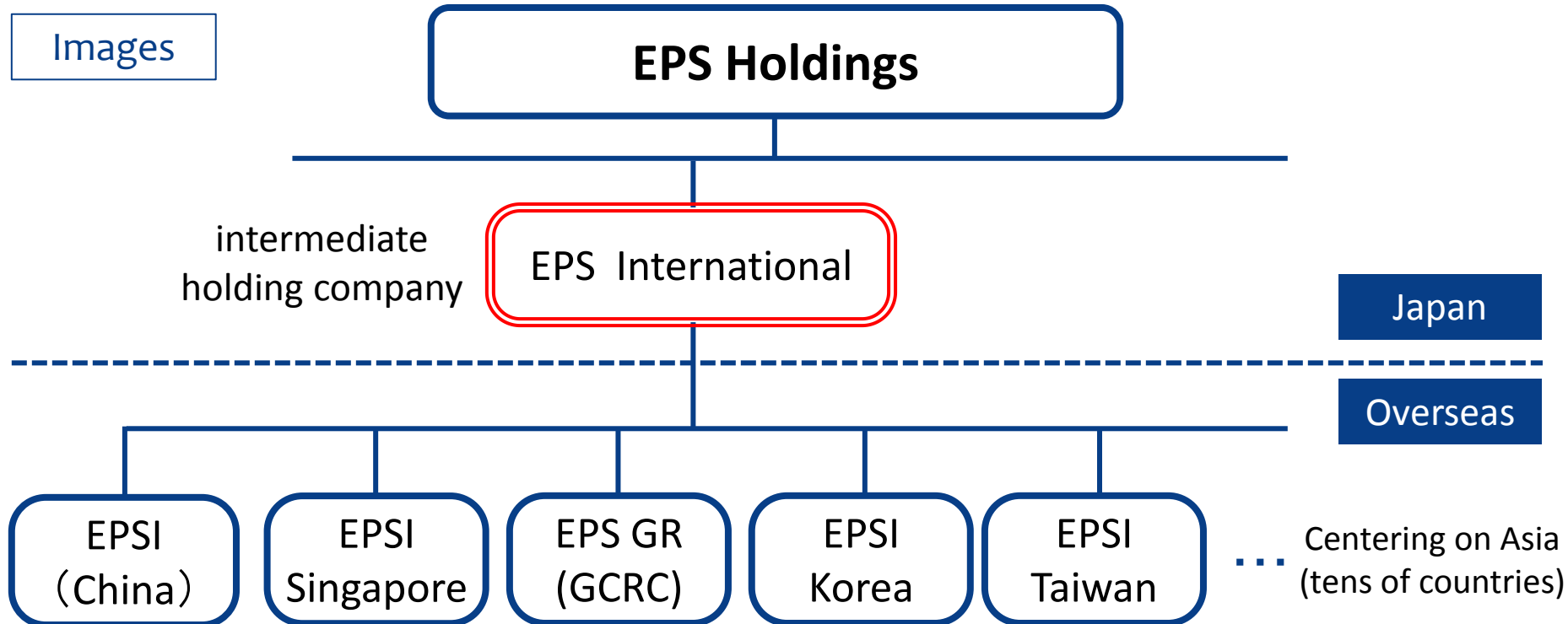
【The approxnumber of employees】
(September 30,2014)



Strategies in 25th Term (By Business Segment – GR)

implementation of an intermediate holding company

Images



Implement integrated operations through an intermediate holding company for GR services, which many overseas subsidiaries provide.

Strategies in 25th Term (By Business Segment – Overseas)

EKISHIN Business

- Expand medical equipment sales
- Strengthen investment management through licensing out of pharmaceutical development rights
- Develop non-clinical trial materials trading firm function
- Strengthen integrated operations of EKISHN business through an intermediate holding company

EPS EKISHIN Co.,Ltd.
Holding Company (Operational)

- 1) LSG Business
- 2) C&L Business
- 3) Investment management Business

EPS (China) Co.,Ltd.
Holding Company (No operations)

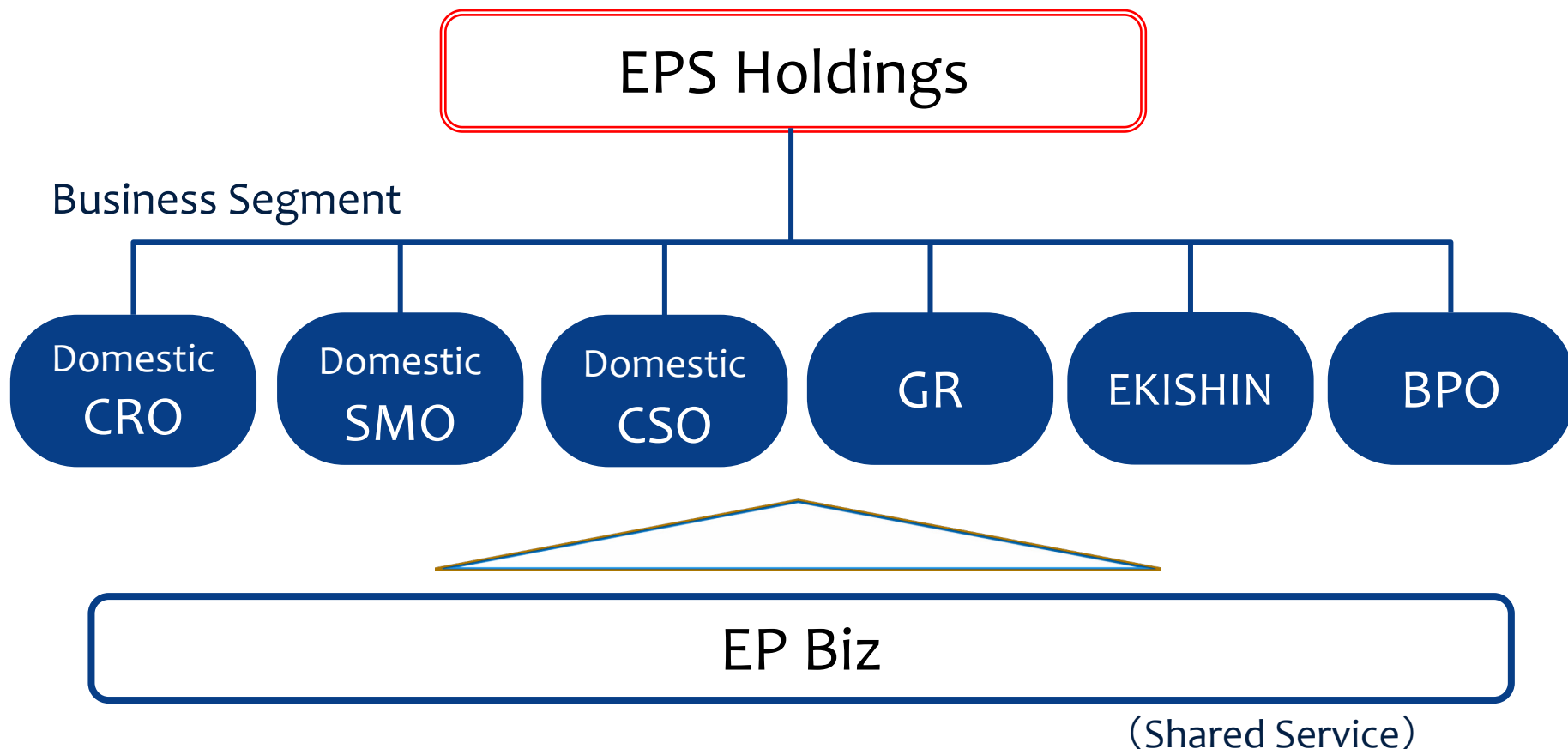
- 1) Medical Device Production & Sales Business
- 2) The Related Service Business

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EPS Group Management System

Transition to a holding company structure is expected to be implemented on January 1, 2015



Objective of Transition to A Holding Company Structure

1. Establish independent and autonomous management structures for each business segment
2. Clarification and fortification of group management functions for the holding company
3. Increase efficiency of administrative function by EP Biz's shared services

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Mid-term Term Business Strategy

<Goal Three Years Forward>

- Establish a business structure that can achieve sustained growth within Japan
- Become an Asian and global CRO services provider originated in Japan
- Become a specialist health care trading firm connecting Japan to China and South East Asia

<Various Business Segments: Themes of Our Mid-term Business Strategy>

- Domestic CRO: Become unchallenged industry leader
- Domestic SMO: Become unchallenged industry leader
- Domestic CSO: Become the leading company with unique services
- Global Research: Become an Asian and global CRO services provider originated in Japan
- EKISHIN: Become a specialist health care trading firm connecting Japan to China and South East Asia
- Overall Group: Establish Group management, optimize administrative division

Mid-term Numerical Targets: Sales, Operating income (Consolidated)

(UNIT:JPY MILLION)

	2015	Y o Y(%)	2016	Y o Y(%)	2017	Y o Y(%)
Net sales	44,120	105.6%	47,500	107.7%	52,500	110.5%
Operating Income	4,625	103.0%	5,500	118.9%	6,700	121.8%
Operating Income ratio (%)	(10.5%)		(11.6%)		(12.8%)	

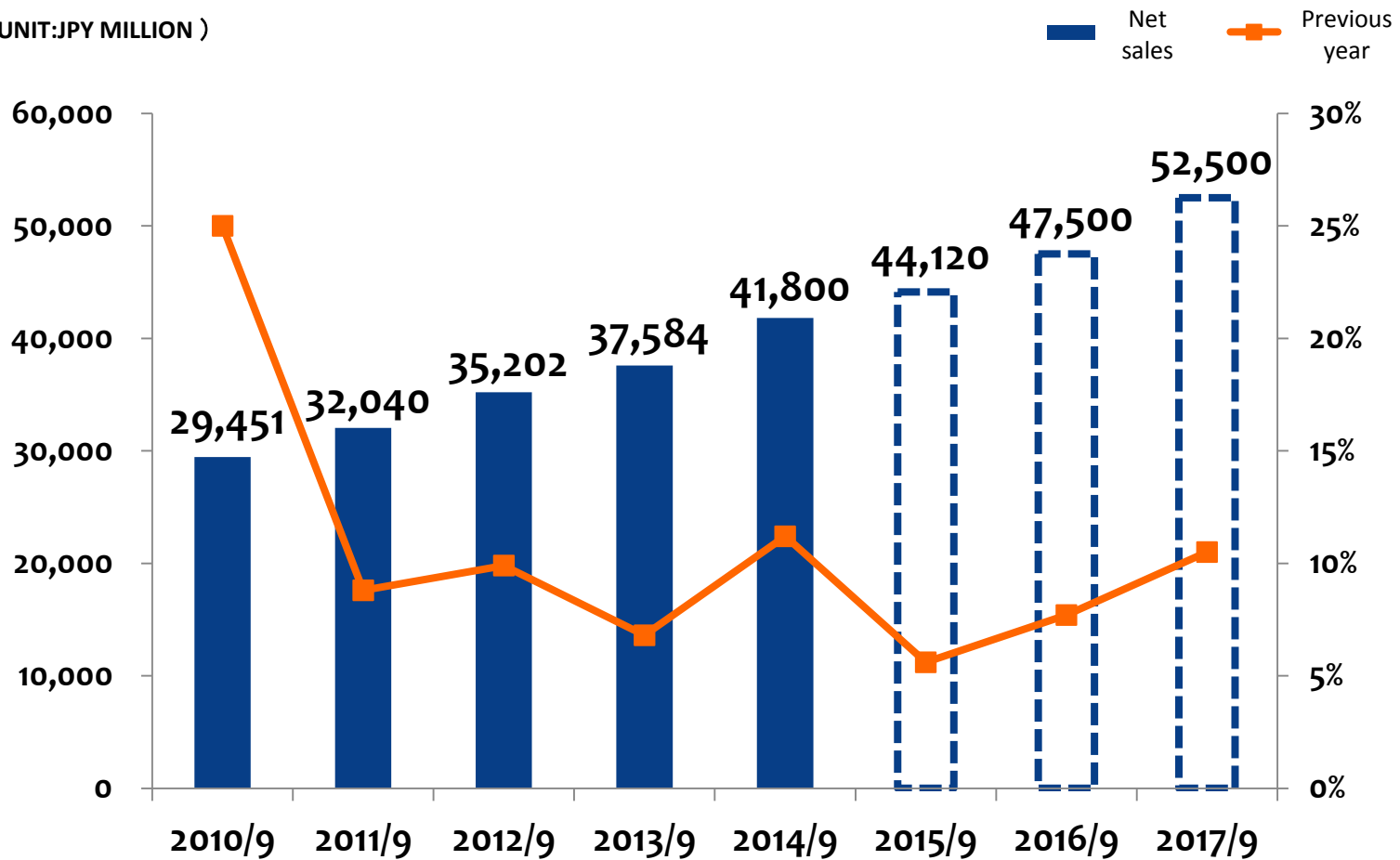
Mid-term Numerical Targets: Business segment sales

(UNIT:JPY MILLION)

		2015	Y o Y(%)	2016	Y o Y(%)	2017	Y o Y(%)
Domestic Business	CRO	24,833	102.7%	27,000	108.7%	29,700	110.0%
	SMO	6,800	108.2%	7,500	110.3%	8,300	110.7%
	CSO	6,500	108.8%	7,200	110.8%	8,000	111.1%
Overseas Business	GR	2,226	101.6%	2,400	107.8%	3,000	125.0%
	EKISHIN	4,050	115.5%	5,000	123.5%	7,000	140.0%

Sales Trend, Year-On-Year Change

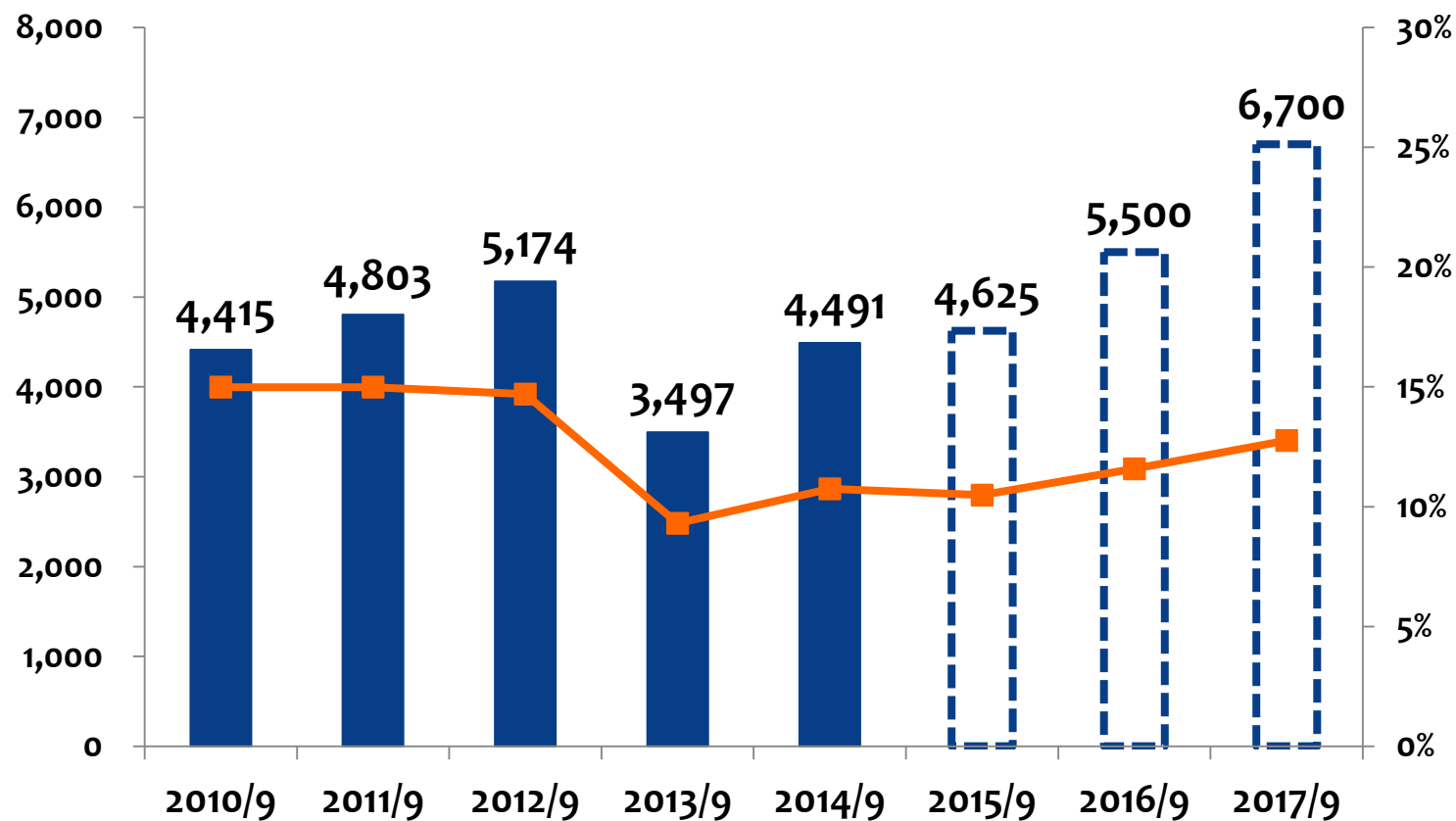
(UNIT:JPY MILLION)



Operating Income Trend, Operating Margin

(UNIT:JPY MILLION)

Operating Income Operating Income ratio





Thank you

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