

**Summarized Translation**

# **Financial Results Overview for FY Ended September 30, 2016**

**November 22, 2016  
EPS Holdings, Inc.**



# Disclaimer

The earnings estimates and future predictions described in this document are made by our company based on the available information at the time of the creation of the document, and contain potential risks and uncertainties. Therefore, due to various factors such as change in business environment, it is possible that actual earnings results may differ greatly from the future outlook mentioned or described herein.

We have approached the creation of this document with caution, to ensure correctness. However, it is not a guarantee of completeness. Our company cannot be held liable for any problems or damages arising as a result of the information in this document. We appreciate your understanding.

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# **Financial Results Overview for FY 2016/9**

# FY 2016/9 : Business Areas

※as of September 30, 2016

Business Domestic	<b>CRO</b>	<b>EPS,</b> EPS Associate, EPMate, e-Trial
	<b>SMO</b>	<b>EPSOGO,</b> Sogo Rinsho Médéfi (※EPS group since January 1,2016)
	<b>CSO</b>	<b>EP-PharmaLine</b>
	<b>CPO</b>	<b>EPI, J-CRSU,</b> EPI(Suzhou), EPI Yamanashi
Business Overseas	<b>Global Research</b>	<b>EPS International Holdings</b> etc
	<b>EKISHIN</b>	<b>EPS EKISHIN, EPS(China)</b> etc
	<b>Others</b>	<b>EPBiz</b>

# FY 2016/9 : Financial Results (Consolidated)

( UNIT:JPY MILLION )

	2015/9 Results	2016/9 Estimates	2016/9 Results	Ratio for Estimates	Y o Y Change	Y o Y %
<b>Net Sales</b>	45,202	47,800	<b>52,703</b>	110.3%	7,501	16.6%
<b>Operating Income (Ratio)</b>	5,482 (12.1%)	4,730 (9.9%)	<b>6,224 (11.8%)</b>	131.6%	742	13.5%
<b>Ordinary Income (Ratio)</b>	5,362 (11.9%)	4,650 (9.7%)	<b>6,589 (12.5%)</b>	141.7%	1,227	22.9%
<b>Net Income (Ratio)</b>	2,163 (4.8%)	2,270 (4.7%)	<b>3,966 (7.5%)</b>	174.7%	1,803	83.4%

# FY 2016/9 : Financial Results (By Business Segment)

( UNIT:JPY MILLION )

		2015/9 Results	2016/9 Results	YoY Change	YoY %	
Domestic	CRO	Net Sales	25,219	<b>26,895</b>	1,675	6.6%
		Operating Income	5,491 21.8%	<b>6,099</b> 22.7%	607	11.1%
	SMO	Net Sales	6,486	<b>10,961</b>	4,475	69.0%
		Operating Income	691 10.7%	<b>610</b> 5.6%	△ 80	△11.6%
	CSO	Net Sales	6,788	<b>7,509</b>	720	10.6%
		Operating Income	383 5.6%	<b>426</b> 5.7%	43	11.2%
	CPO	Net Sales	900	<b>1,552</b>	652	72.4%
		Operating Income	4 -	△ 120 -	△ 124	-
Overseas	GR	Net Sales	2,773	<b>4,060</b>	1286	46.4%
		Operating Income	△ 31 -	<b>183</b> 4.5%	215	-
	EKI SHIN	Net Sales	4,274	<b>3,957</b>	△ 317	△7.4% (※)
		Operating Income	30 0.7%	△ 31 -	△ 62	-
HD & Others	Net Sales	△ 1,238	△ 2,231	△ 993	-	
	Operating Income	△ 1,086 -	△ 943 -	143	-	
Total	Net Sales	45,202	<b>52,703</b>	7,501	16.6%	
	Operating Income	5,482 12.1%	<b>6,224</b> 11.8%	742	13.5%	

(※ Due to foreign exchange fluctuations )



# Budget for FY 2017/9



# FY 2017/9 : Business Areas

※as of October 1 2016

Domestic Business	<b>CRO</b>	<b>EPS,</b> EPS Associate, EPMate, e-Trial
	<b>SMO</b>	<b>EPSOGO,</b> Sogo Rinsho Médéfi
	<b>CSO</b>	<b>EP-PharmaLine</b>
	<b>CPO</b>	<b>EPI, J-CRSU,</b> EPI(Suzhou), EPI Yamanashi
Overseas Business	<b>Global Research</b>	<b>EPS International Holdings</b> etc
	<b>EKISHIN</b>	<b>EPS EKISHIN, EPS(China)</b> etc
	<b>Others</b>	<b>EPBiz</b>

# FY 2016/9 : Budget (Consolidated)

( UNIT:JPY MILLION )

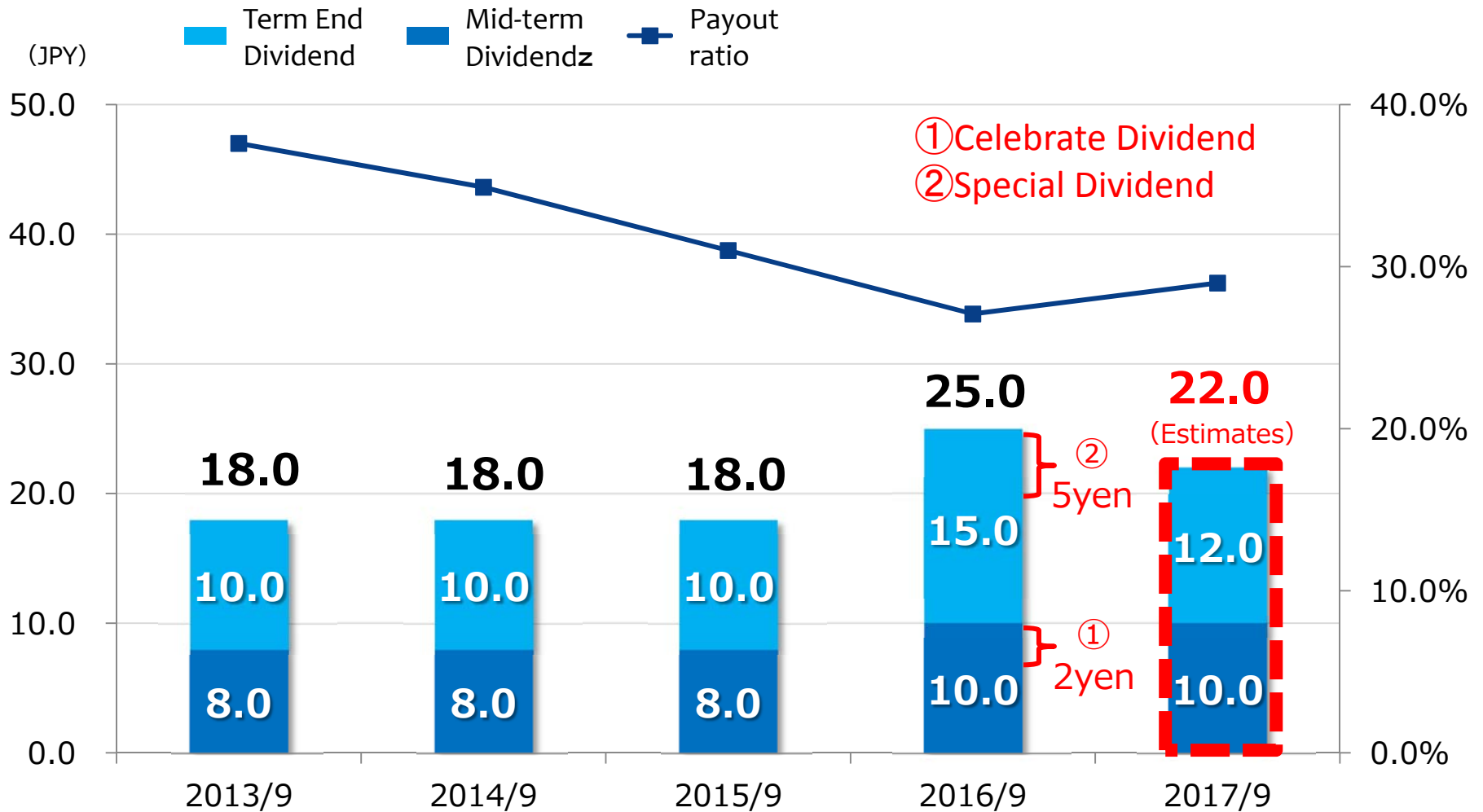
	2016/9 Results	2017/9 Estimates	Y o Y Change	Y o Y %
<b>Net Sales</b>	52,703	<b>58,000</b>	5,297	10.1%
<b>Operating Income (Ratio)</b>	6,224 (11.8%)	<b>6,500 (11.2%)</b>	276	4.4%
<b>Ordinary Income (Ratio)</b>	6,589 (12.5%)	<b>6,500 (11.2%)</b>	△ 89	△ 1.4%
<b>Net Income (Ratio)</b>	3,966 (7.5%)	<b>3,500 (6.0%)</b>	△ 466	△ 11.7%

# FY 2017/9 : Budget (By Business Segment)

( UNIT:JPY MILLION )

		2016/9 Results		2017/9 Estimates		YoY Change	YoY %
<b>CRO</b>	Net Sales	26,895		<b>27,500</b>		605	2.2%
	Operating Income	6,099	22.7%	<b>5,800</b>	21.1%	<b>△ 299</b>	<b>△ 4.9%</b>
<b>SMO</b>	Net Sales	10,961		<b>12,800</b>		1,839	16.8%
	Operating Income	610	5.6%	<b>768</b>	6.0%	158	25.9%
<b>CSO</b>	Net Sales	7,509		<b>8,300</b>		791	10.5%
	Operating Income	426	5.7%	<b>480</b>	5.8%	54	12.7%
<b>CPO</b>	Net Sales	1,552		<b>1,909</b>		357	23.0%
	Operating Income	<b>△ 120</b>	-	<b>30</b>	1.6%	150	-
<b>GR</b>	Net Sales	4,060		<b>5,100</b>		1,040	25.6%
	Operating Income	183	4.5%	<b>330</b>	6.5%	147	80.3%
<b>EKI SHIN</b>	Net Sales	3,957		<b>6,000</b>		2,043	51.6%
	Operating Income	<b>△ 31</b>	-	<b>250</b>	4.2%	281	-
<b>HD &amp; Others</b>	Net Sales	<b>△ 2,231</b>		<b>△ 3,609</b>		<b>△ 1,378</b>	-
	Operating Income	<b>△ 943</b>		<b>△ 1,158</b>		<b>△ 215</b>	-
<b>Total</b>	Net Sales	52,703		<b>58,000</b>		5,297	10.1%
	Operating Income	6,224	11.8%	<b>6,500</b>	11.2%	276	4.4%

# Dividend Per Share Trends



※The dividend conditions shown in the above graph reflects retroactive revised data that takes into considering the effect of a stock split.



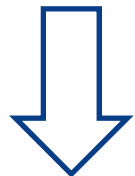
# **Establishment of a New Mid-Term Business Plan**

# Flow of The Plan in So Far, and Features of This Time

1. Previous Mid-Term Business Plans of ours were made as three years plan. However, this time, five years plan including 30<sup>th</sup> anniversary of the Group's founding is made.
2. New Mid-Term Business Plan is made as the "rolling plan" with FY 2017/9 as the first year, which is the out year of the current Business Plan.
3. We set new Numerical Target three times, first year, third year, and out year.

## Last Time

Mid-Term Business Plan  
2010/10~2013/9



Out Year	Plan	Results
Net Sales	450	375
Operating Income	60	34

(Unit : JPY 100 million)

## Current

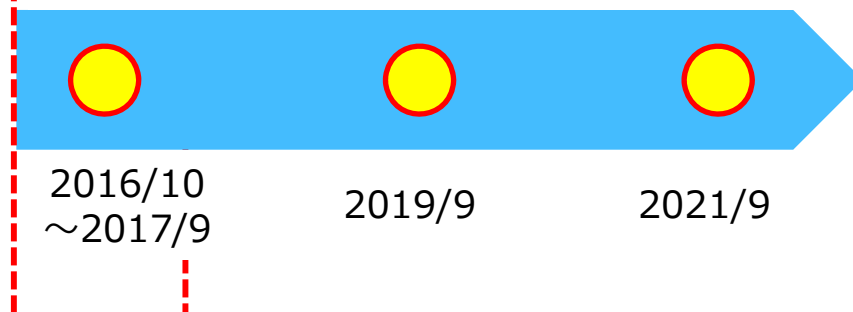
Mid-Term Business Plan  
2014/10~2017/9



2013/10~2014/9

 : Set Year of Numeric Target

**New** Mid-Term Business Plan  
2016/10~2021/9



2016/10  
~2017/9

2019/9

2021/9

# Current Mid-Term Business Plan (2014/10~2017/9)

(Unit : JPY Million)

		2015/9		2016/9		2017/9		
		Plan	Results	Plan	Results	Plan	(Estimates)	
Consolidated	Net Sales	44,120	45,202	47,500	52,703	52,500	58,000	
	Operating Income	4,625	5,482	5,500	6,224	6,700	6,500	
	Operating Income Margin(%)	10.5%	12.1%	11.6%	11.8%	12.8%	11.2%	
By Business Segment	Net Sales	CRO	24,833	26,119	27,000	28,447	29,700	29,409 (※)
		SMO	6,800	6,486	7,500	10,961	8,300	12,800
		CSO	6,500	6,788	7,200	7,509	8,000	8,300
		GR	2,226	2,773	2,400	4,060	3,000	5,100
		EKISHIN	4,050	4,274	5,000	3,957	7,000	6,000

(※ FY2016/9 results and FY2017/9 Estimates for CRO include numerical value of CPO. )

# In Formulate of a New Mid-Term Business Plan

## Our Mission

We will contribute to advancement of the healthcare industry by providing high-value-added solutions to our clients.

## Our Vision

If we improve each day, we can progress ourselves daily, and will continue to do so.

(苟日新、日夕新、又日新)

## Ever Progressing System

## Our Values

①For the Clients, ②For the Business, ③For the People



# Policy of New Mid-Term Business Plan

## 1. Establishing a Firm Position as a Provider of Solutions in the Healthcare Industry

we will aim to promote growth of our customer base to the healthcare industry at large, including the medical equipment industry, hospitals, and more, in conjunction with growing our existing businesses as well as improving and enhancing the quality of a variety of services.

### **( 1 ) Providing solutions intended to enhance customer value.**

- ① Integrating an assortment of services based on the business needs of clients and offering solutions that match those needs.
- ② Improving the quality of services and developing new services that are both aligned with and anticipatory of the front-line needs of clients.

### **( 2 ) Working toward and establishing business models that enable sustainable growth.**

- ① Refining existing business models by means such as restructuring intra-group operations.
- ② Creating new business models by means such as partnerships with outside parties.

# Policy of New Mid-Term Business Plan

## 2. Securing the Scale

In view of expected intensification in competition with global leaders in the industry moving forward, the EPS Group will promote further bolstering of its base in the domestic market as well as strengthening a framework to enhance its ratio of business overseas, which still remains at 15%.

### **(1) Securing the top position in the domestic market.**

- ① Securing the top position in the sector related to clinical trials (contract research organization, “CRO,” and site management organization, “SMO”).
- ② Further growth in our contract sales organization (“CSO”) business and creation of new ventures geared toward new client bases such as hospitals.

### **(2) Enhancing expansion overseas.**

- ① Strengthening foundations in the Asia-Pacific market.
- ② Establishing a presence in American and European markets.

# Policy of New Mid-Term Business Plan

## 3. Strengthening and Establishing a Structure of Management

We will deliver synergistic effects between each respective business segment and aspire to the sound, sustainable advancement of the organization.

### **(1) Strengthening and establishing the basic structure of the management structure.**

- ① Enriching the independent and autonomous management of each respective business segment.
- ② Promoting group management.

### **(2) Promoting a management system that enables sustainable growth.**

- ① Further development of the basic structure of the management system from above.
- ② Training and producing management personnel that will lead the next generation.

## Numerical Target of Out Year (FY 2021/9)

Item	Target
Net Sales	100 billion JPY
Operating Margin	12.5%
CAGR	13.7%
Overseas Ratio	30%

# Numerical Plan of New Mid-Term Business Plan

(UNIT: JPY 100 million)

			2016/9 Results	2017/9 Plan	2019/9 Plan	2021/9 Plan	CAGR
<b>Net Sales</b>			<b>527</b>	580	750	1,000	13.7%
<b>Operating Income</b>			<b>62</b>	65	90	125	15.0%
<b>(Ratio)</b>			<b>11.8%</b>	11.2%	12.0%	12.5%	
<b>Domestic</b>	<b>CRO</b>	Net Sales	<b>268</b>	275	350	450	10.8%
	<b>SMO</b>	Net Sales	<b>109</b>	128	150	200	12.8%
	<b>CSO</b>	Net Sales	<b>75</b>	83	115	150	14.8%
	<b>CPO</b>	Net Sales	<b>15</b>	19	30	50	26.4%
	Subtotal	Net Sales	<b>467</b>	505	645	850	12.6%
<b>Overseas</b>	<b>GR</b>	Net Sales	<b>40</b>	51	90	150	29.9%
	EKISHIN	Net Sales	<b>39</b>	60	100	150	30.5%
	Subtotal	Net Sales	<b>80</b>	111	190	300	30.2%

# Specific measures to be implemented

## ~Domestic Business~

### CRO Business

- ① Improving existing products that match clients' needs along with developing new products that anticipate those needs, as well as exceeding the market growth rate by ensuring and maintaining stable supply.
- ② Active development of new businesses including M&As.

### SMO Business

- ① Improving supply capacity utilizing the largest-scale CRC and our network of facilities, as well as expanding market share by enhancing expertise in areas such as oncology.
- ② Active development of new businesses including M&As, particularly creating new services geared toward contracted hospital, clinics.

### CSO Business

- ① Expanding a unique contract sales organization ("CSO") combining contract medical representatives ("CMR"), drug information management ("DI"), post-market surveys ("PMS"), MR direct services, and more.
- ② Active development of new businesses including M&As, particularly BPO services, which are highly-specialized.

# Specific measures to be implemented

## ~Overseas Business~

### Global Research Business

- ① Strengthening and establishing an operational system in three regions: Japan, China, and the Asia-Pacific.
- ② Strengthening Japanese operations and promoting business development in Europe and the United States.
- ③ Establishing a global management system that can withstand business growth.

### EKISHIN(China) Business

- ① Strengthening and expanding the operations of our pharmaceutical and medical devices business.
- ② Accelerating commercialization of investment in pharmaceutical ventures, etc.
- ③ Expanding and enhancing existing businesses, utilizing management base strengthened by our capital partnership with SUZUKEN CO., LTD., as well as exploring new businesses such as medical services, nursing care, and more.

# Thank you

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