

# Financial Results Overview for Second Quarter Ended March 31, 2017

May 24, 2017  
EPS Holdings, Inc.

# Disclaimer

The earnings forecasts 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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# **Business Areas & Management Structure**

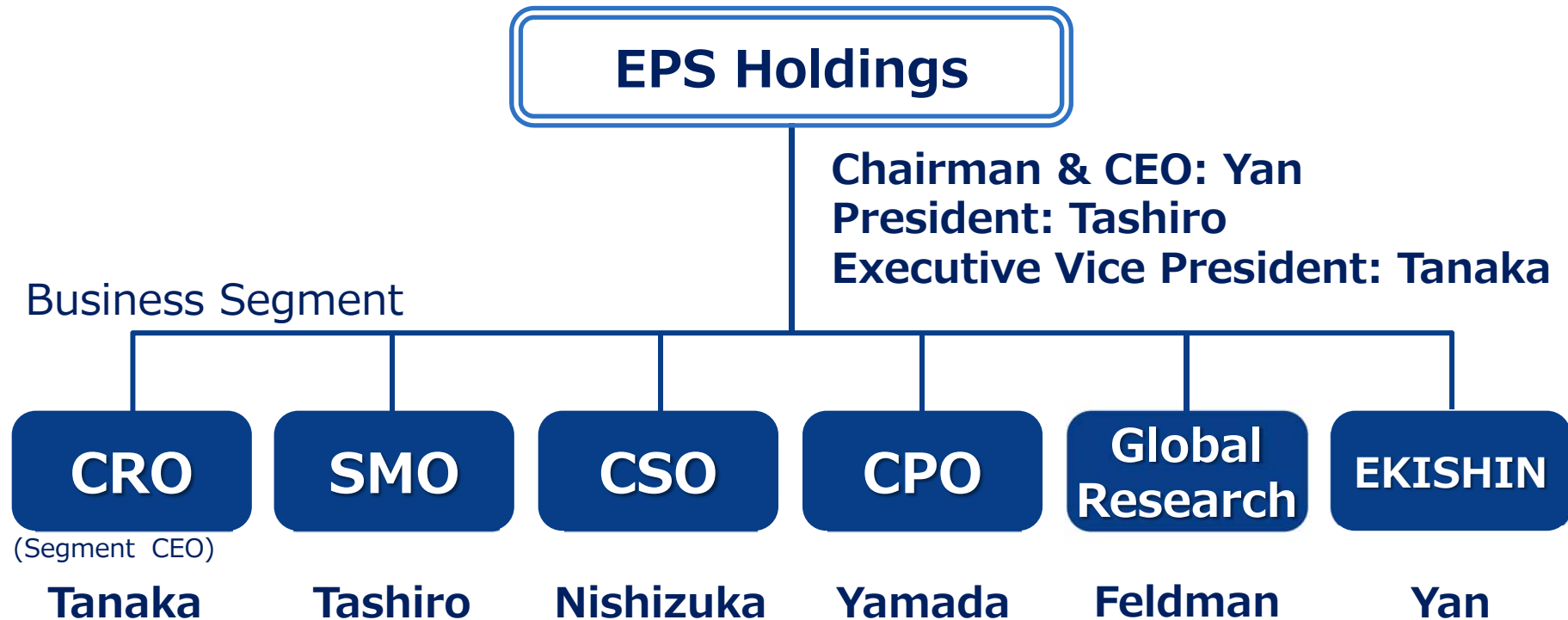
# FY2017 : Business Areas

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>EP-CRSU</b> ※, EPI(Suzhou), EPI Yamanashi (※From April 1,2017)
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>

※as of April 1,2017

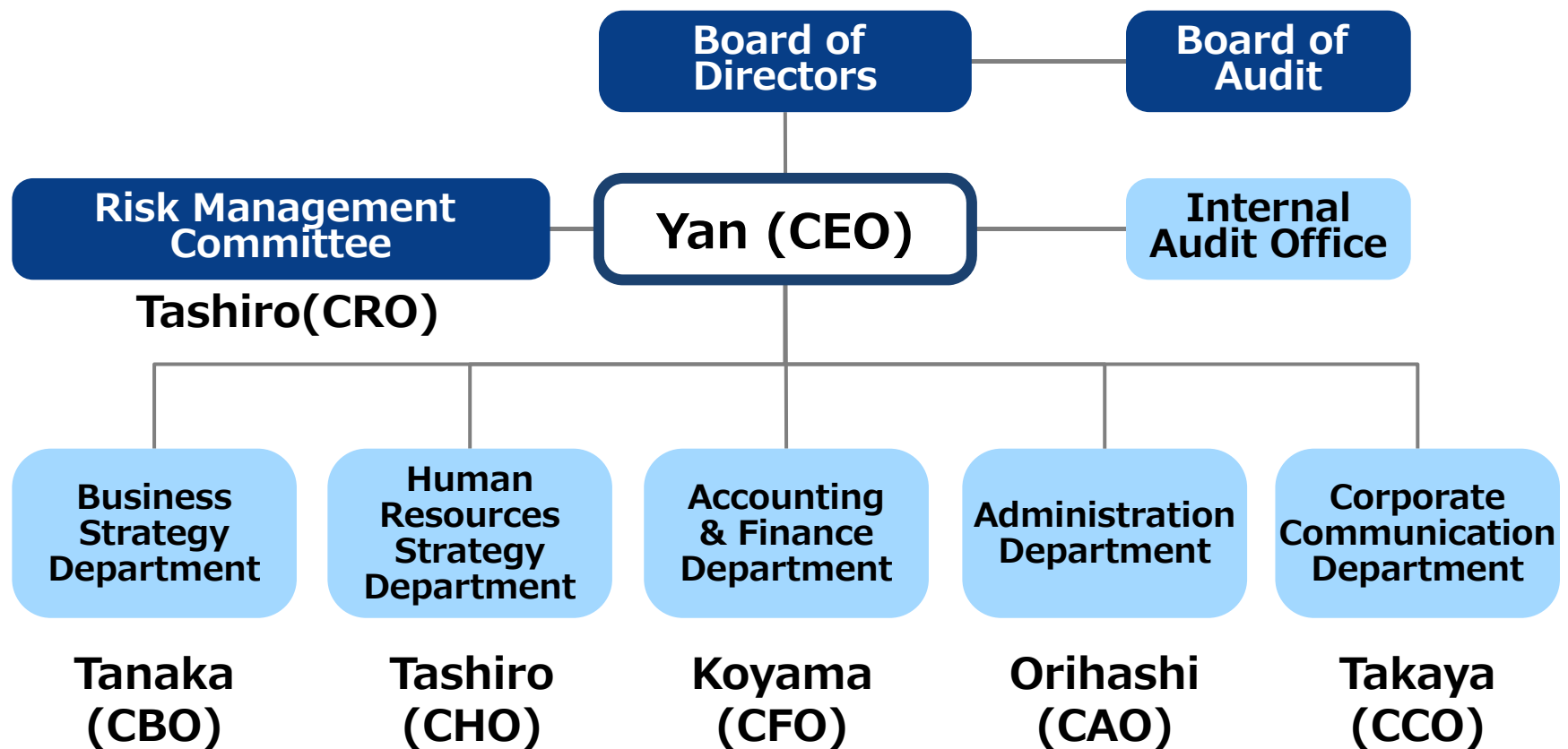
# FY2017 : Management Structure

## Business Management



# FY2017 : Management Structure

## Group Management





# **FY2017/2Q**

## **Financial Results Overview**

# FY2017/2Q: Financial Results of Consolidated

( UNIT:JPY MILLION )

	FY2016/2Q Results	FY2017/2Q Results	Change Y o Y	Y o Y
<b>Net Sales</b>	25,650	<b>30,397</b>	4,747	18.5%
<b>Operating Income</b> (Ratio)	3,794 (14.8%)	<b>4,636</b> (15.3%)	842	22.2%
<b>Recurring Profit</b> (Ratio)	3,937 (15.3%)	<b>4,774</b> (15.7%)	837	21.3%
<b>Net Income</b> (Ratio)	2,524 (9.8%)	<b>2,555</b> (8.4%)	31	1.2%
<b>Earnings Per share</b>	¥ 61.06	<b>¥ 55.44</b>	-	-



# FY2017/2Q: Financial Results by Business Segment

			(Ratio)		(Ratio)	(UNIT:JPY MILLION)	
			FY2016/2Q Results		FY2017/2Q Results	Change Y o Y	Y o Y
Domestic	CRO	Net Sales	13,443		<b>13,898</b>	455	3.4%
		Operating Income	3,631	27.0%	<b>3,508</b>	25.2%	△ 123
	SMO	Net Sales	5,004		<b>7,090</b>	2,086	41.7%
		Operating Income	419	8.4%	<b>1,012</b>	14.3%	593
	CSO	Net Sales	3,539		<b>4,155</b>	616	17.4%
		Operating Income	124	3.5%	<b>260</b>	6.3%	136
	CPO	Net Sales	718		<b>1,286</b>	568	79.1%
		Operating Income	△ 18	-	<b>277</b>	21.5%	295
Overseas	GR	Net Sales	2,098		<b>2,384</b>	286	13.6%
		Operating Income	219	10.4%	△ 152	-	△ 371
	EKI SHIN	Net Sales	1,869		<b>3,165</b>	1,296	69.3%
		Operating Income	△ 74	-	<b>183</b>	5.8%	257
HD Others	Net Sales	△ 1,021		△ 1,581	△ 560	-	
	Operating Income	△ 507	-	△ 452	-	55	-
Total	Net Sales	25,650		<b>30,397</b>	4,747	18.5%	
	Operating Income	3,794	14.8%	<b>4,636</b>	15.3%	842	22.2%



# Forecasts of Consolidated Results for FY2017

# FY2017 : Consolidated Forecasts for Full Year

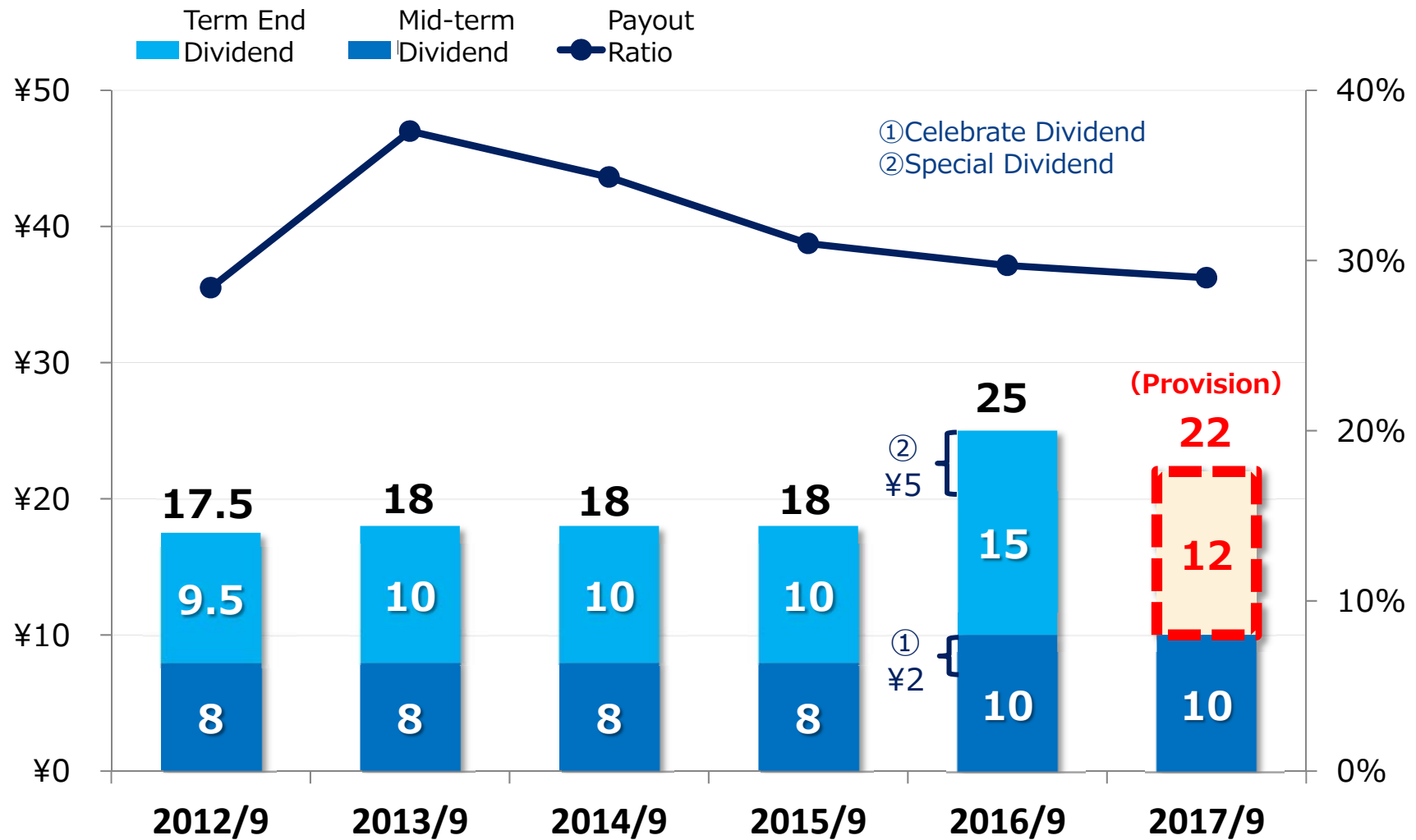
( UNIT:JPY MILLION )

	FY2016/9 Results	FY2017/9 Forecast	Change Y o Y	Y o Y
<b>Net Sales</b>	52,703	<b>58,000</b>	5,297	10.1%
<b>Operating Income</b> (Ratio)	6,224 (11.8%)	<b>6,500</b> <b>(11.2%)</b>	276	4.4%
<b>Recurring Profit</b> (Ratio)	6,589 (12.5%)	<b>6,500</b> <b>(11.2%)</b>	<b>△89</b>	<b>△1.4%</b>
<b>Net Income</b> (Ratio)	3,966 (7.5%)	<b>3,500</b> <b>(6.0%)</b>	<b>△466</b>	<b>△11.7%</b>

# FY2017 : Forecasts for Full Year by Business Segment

			(Ratio)		(Ratio)	( UNIT:JPY MILLION )	
			FY2016/9 Results		FY2017/9 Forecast	Change Y o Y	Y o Y
Domestic	CRO	Net Sales	26,895		<b>27,162</b>	267	1.0%
		Operating Income	6,099	22.7%	<b>5,773</b>	21.3%	△ 326
	SMO	Net Sales	10,961		<b>13,390</b>	2,429	22.2%
		Operating Income	610	5.6%	<b>1,212</b>	9.1%	602
	CSO	Net Sales	7,509		<b>8,000</b>	491	6.5%
		Operating Income	426	5.7%	<b>450</b>	5.6%	24
	CPO	Net Sales	1,552		<b>2,250</b>	698	45.0%
		Operating Income	△ 120	-	<b>216</b>	9.6%	336
Overseas	GR	Net Sales	4,060		<b>5,100</b>	1,040	25.6%
		Operating Income	183	4.5%	△ 150	-	△ 333
	EKI SHIN	Net Sales	3,957		<b>6,150</b>	2,193	55.4%
		Operating Income	△ 31	-	<b>280</b>	4.6%	311
HD Others	Net Sales	△ 2,231		△ 4,052		△ 1,821	-
	Operating Income	△ 943	-	△ 1,281	-	△ 338	-
Total	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

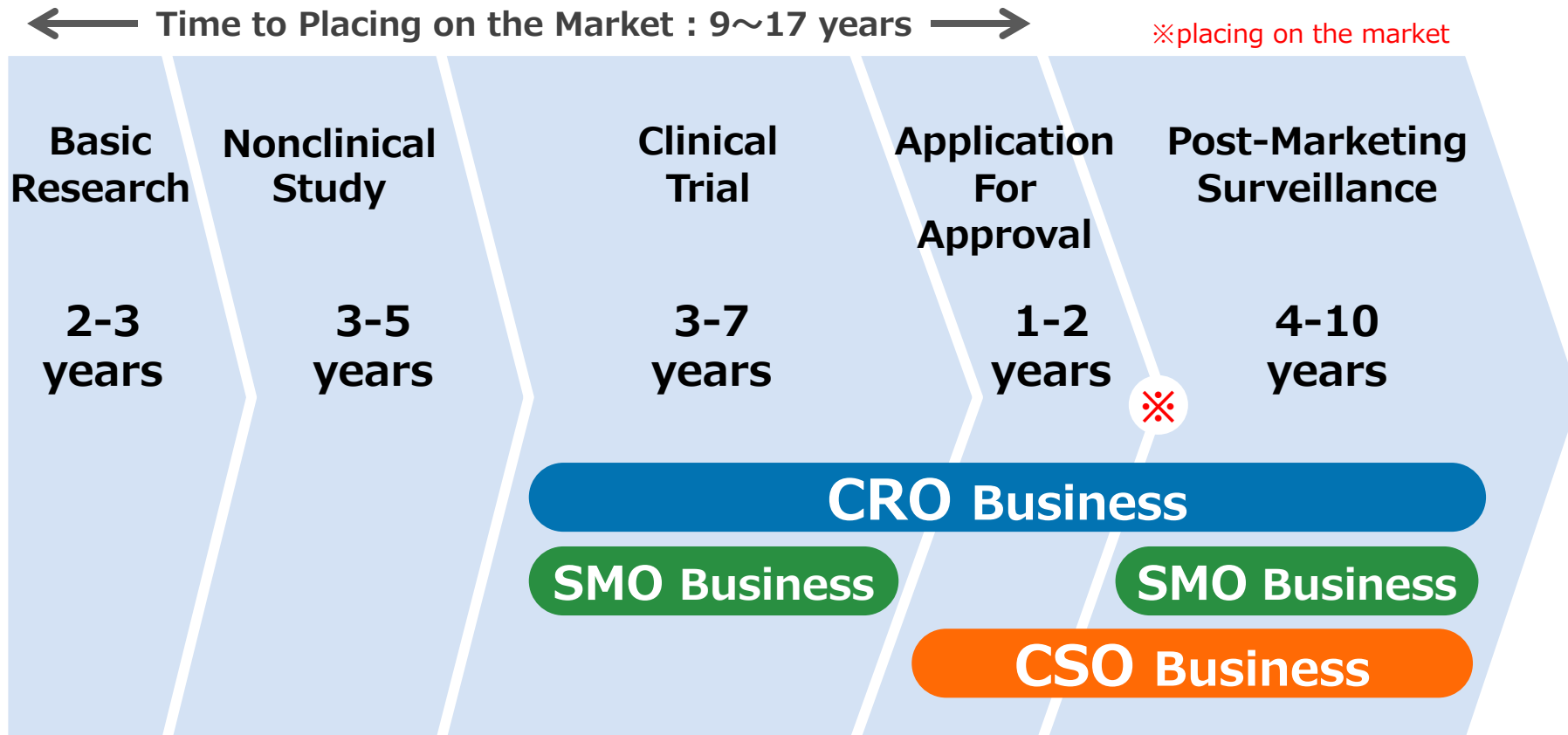


※The dividend conditions shown in the above graph reflects retroactive revised data that takes into considering the effect of stock splits.



# **Business Introduction of EPS group**

# Drug & Medical Device Development of EPS group (Domestic Business)



▼ Support for  
Pharmaceutical & Medical Device Companies

**CRO Business**

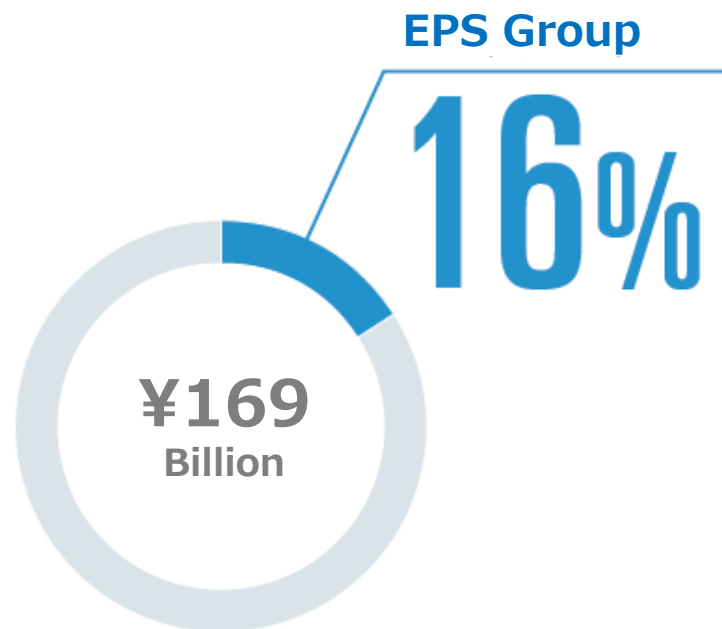
**CSO Business**

▼ Support for Medical Institution

**SMO Business**

# CRO Business CRO Leading Company with strengths on Oncology & Brain/Neurology

## Market & Share



※From company's 2015 report of MIC Research Institute Ltd., Yano Research Institute Ltd., and Japan CRO association's 2015 presentation materials.

## Expert Staff

CRA  
(Clinical Research Associate)

**950**

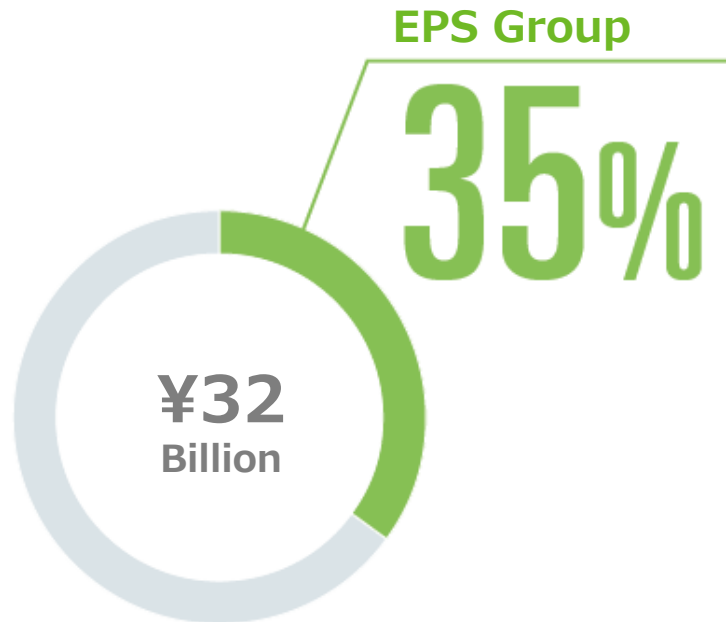
## Advantage

- “Full Service System” which can be entrusted with all duties from Clinical Trial to PMS.
- Many achievements of Oncology & Brain/Neurology.
- Active introduction of IT solution of imaging, etc.



# SMO Business a Firm No.1 SMO Company

## Market & Share



※From company's 2015 report of MIC Research Institute Ltd., Yano Research Institute Ltd., and Japan SMO association's 2015 presentation materials.

## Expert Staff

CRC  
(Clinical Research Coordinator)

1,000

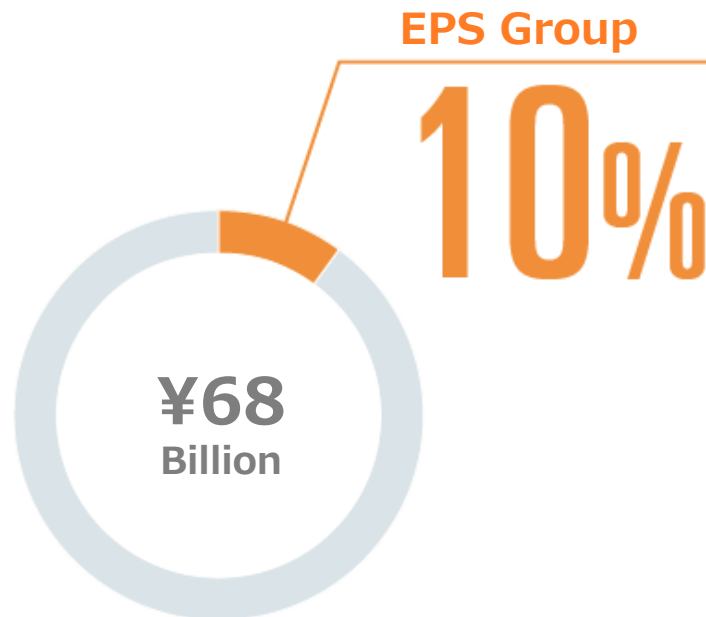
## Advantage

- Overwhelming No.1 market company with more than 30% share.
- Partnering with the industry's largest number of 5600 medical institutions.
- Over 1,000 CRCs.

## CSO Business

# CSO Leading Company with Originality

### Market & Share



※From company's 2015 report of MIC Research Institute Ltd., Yano Research Institute Ltd., and Japan CSO association's 2015 presentation materials.

### Expert Staff

CMR (Contract Medical Representative)	200
Pharmacists	420

### Advantage

- Scale of No.1 in the industry Medical Contact Center of DI (Drug Information) service.
- 24 hours, 365 days, by Pharmacists & Clinical Nurse.
- No.1 in the Industry of Medical Device CS (Contract Sales) Human Resource supply.

# EKISHIN (China) Business

## Full-Scale Operation of Pharmaceutical Business in China

### About “Shanghai Hua Xin High Biotechnology Co., Ltd”

- In October 2016, Shanghai Hua Xin High Biotechnology Co., Ltd (hereafter “Shanghai Hua Xin”), a pharmaceutical manufacturer in China, entered into our group.
- That added Pharmaceutical manufacturing and wholesaling sector to EKISHIN (China) Business, expanding its value chain.
- Major product “Recombinant Human Interferon α2b Vaginal Effervescent Capsules” of Shanghai Hua Xin, is used in more than 6,500 medical institutions in China. And this interferon occupies over 50%※1 share in Biological Pharmaceutical Market in treatment of HPV※2.

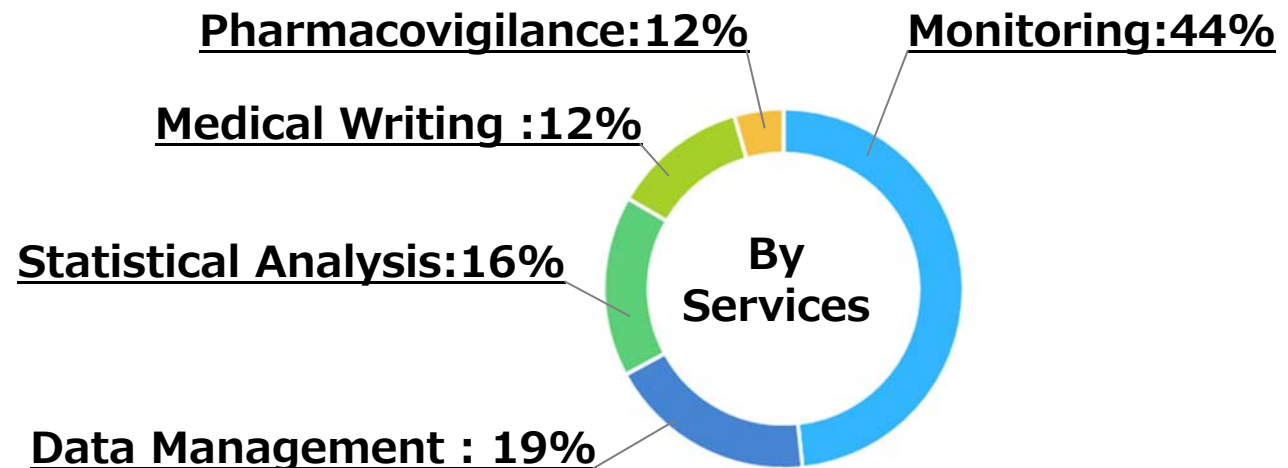
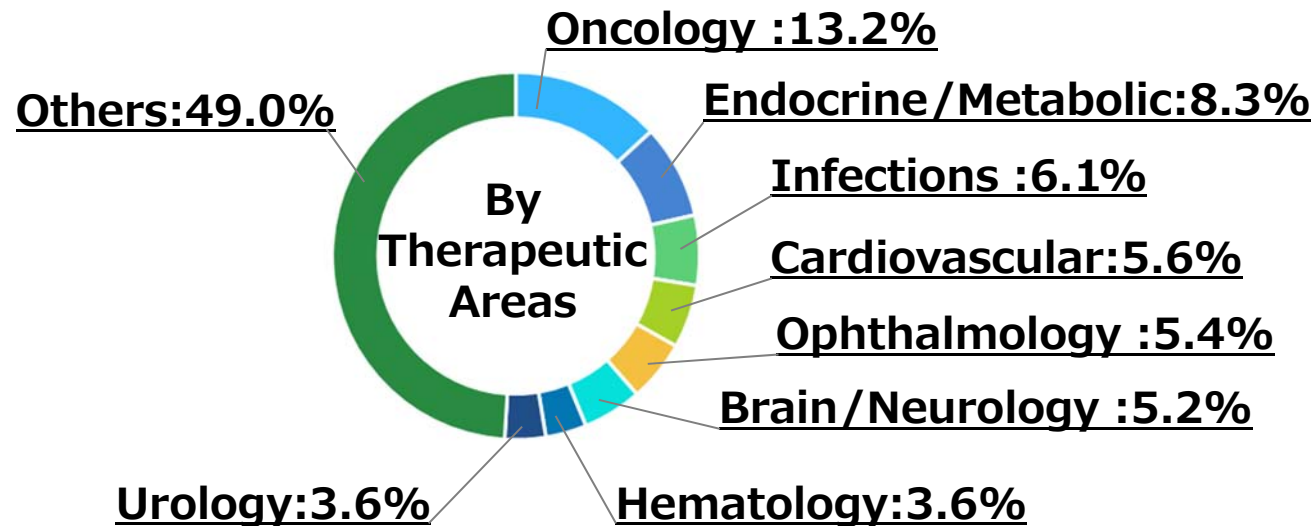
※1 : Reference : IMS, 2015Q4-2016Q3

※2 : HPV : Human papillomavirus



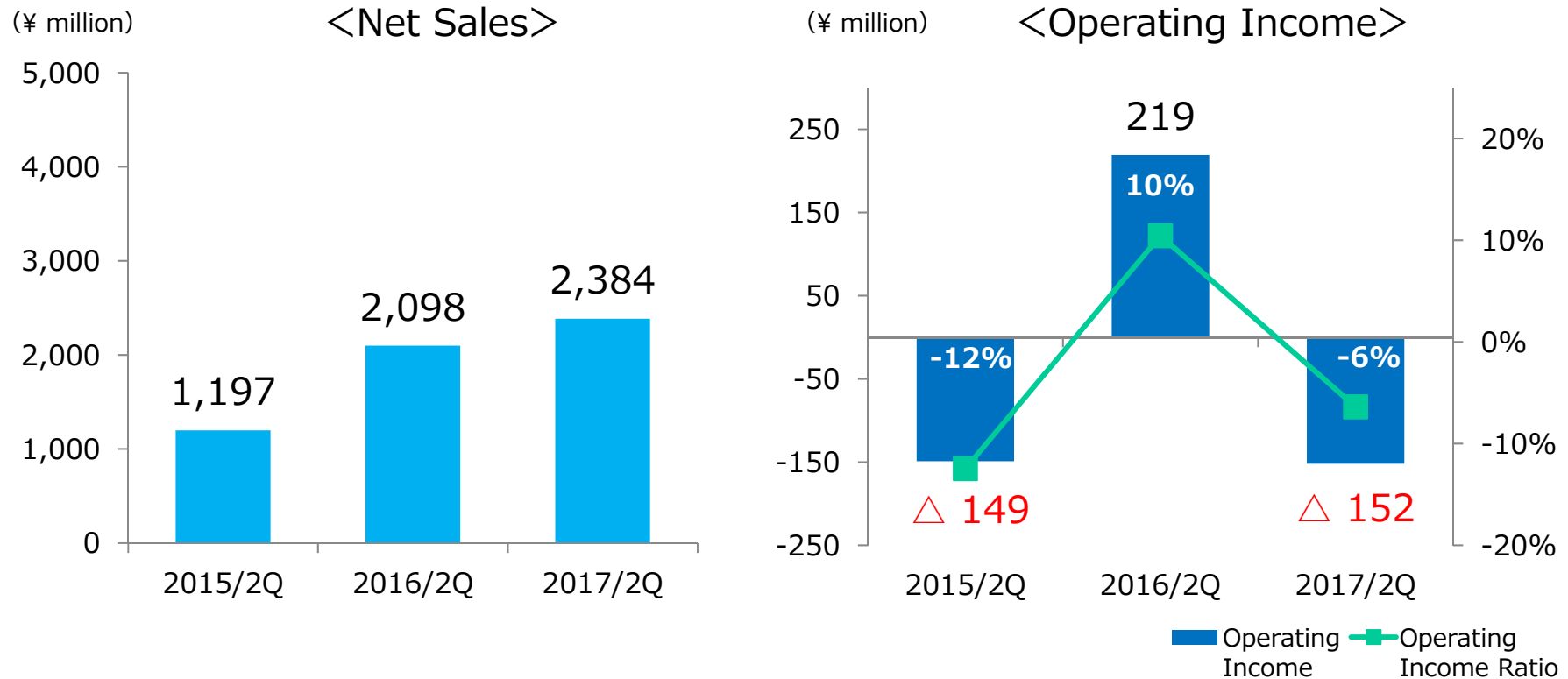
“Recombinant Human Interferon α2b  
Vaginal Effervescent Capsules”

# Global Research Business Business Results



※as of March, 2017

# Global Research Business Net Sales & Operating Income



- Net Sales have been steady due to an increase in contracted business of Asian study including Japan.
- However the prospect is in the red. For current term due to costs increasing mainly of the human resource securing etc.

# Positioning of This Term (27th) in a New Mid-Term Business Plan

( UNIT:JPY 100 MILLION )

	26 Term Results	27 Term			29 Term Forecast	31 Term Forecast
		First half Results	Second half Forecast	Full year forecast		
Net Sales	527	304	276	580	750	1,000
Operating Income	62	46	19	65	90	125
(%)	11.8%	15.3%	6.8%	11.2%	12.0%	12.5%
number of employees	4,890	-				8,000
Overseas ratio	15.1%	17.6%	21.3%	19.1%	25.3%	30.0%
CAGR		18.5%				13.7%

This Term is First Term in  
a New Mid-Term Business Plan

# 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.

# Thank you

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