



EPS Holdings, Inc.

**Financial Results
Overview
for the Fiscal Year
Ended September 30,
2018 (FY2018)**

**November 22, 2018
EPS Holdings, Inc.
Chairman & CEO
Yan Hao**

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1 | Overview for FY2018 Financial Results

FY2018 : EPS Group Business Areas



*as of September 30, 2018

Domestic Business	CRO	EPS, EPS Associate, EPMate, e-Trial
	SMO	EP-SOGO, EXAM *Merged with EP-SOGO on July 1, 2018
	CSO	EP-PharmaLine
	CPO	EP-CRSU, EPI Yamanashi, Sogo Rinsho Médéfi
Overseas Business	Global Research	EPS International Holdings etc.
	EKISHIN (China)	EPS EKISHIN, EPS (China) etc.
	Others	EPBiz (Shared Services)

FY2018 Consolidated Financial Results



(¥ million)

	FY2018 Results	FY2018 Initial Forecast	FY2018 Results	Change vs Plan	Percent Change vs Plan	Percent Change YoY
Net Sales	60,482	66,000	65,769	-231	-0.4%	8.7%
Operating Income (Ratio)	7,591 (12.6%)	6,850 (10.4%)	7,193 (10.9%)	343	5.0%	-5.2%
Recurring Profit (Ratio)	7,809 (12.9%)	7,000 (10.6%)	7,436 (11.3%)	436	6.2%	-4.8%
Profit Attributable to Owners of Parent (Ratio)	4,663 (7.7%)	4,200 (6.4%)	4,388 (6.7%)	188	4.5%	-5.9%

• Profit attributable to non-controlling interests FY2017 ¥313 million
FY2018 ¥202 million

FY2018 Financial Results by Business Segment

(¥ million)

			FY2018 Initial Forecast	FY2018 Results	Change vs Initial Forecast	Percent Change vs Plan	Percent Change YoY
Domestic	CRO	Net Sales	28,700	28,817	117	0.4%	2.8%
		Operating Income(%)	5,775 (20.1%)	6,338 (22.0%)	563	9.7%	0.2%
	SMO	Net Sales	15,250	14,297	-953	-6.2%	2.0%
		Operating Income(%)	1,580 (10.4%)	1,269 (8.9%)	-311	-19.7%	-25.3%
	CSO	Net Sales	8,400	7,813	-587	-7.0%	-5.9%
		Operating Income(%)	550 (6.5%)	384 (4.9%)	-166	-30.2%	-21.0%
	CPO	Net Sales	2,600	2,675	75	2.9%	12.0%
		Operating Income(%)	180 (6.9%)	303 (11.3%)	123	68.3%	-4.1%
Overseas	GR	Net Sales	4,100	4,942	842	20.5%	2.6%
		Operating Income(%)	- 200 -	13 (0.3%)	213	-	-
	EKISHIN (China)	Net Sales	10,700	11,093	393	3.7%	78.9%
		Operating Income(%)	- 15 -	121 (1.1%)	136	-	-51.8%

- * 1. The CRO segment in the earnings report (kessan tanshin) includes the CPO segment.
 2. Figures exclude management advisory fees.
 3. Figures include amortization of goodwill and outsourcing fees for shared services.

Overview of Financial Results

Net sales

- Net sales exceeded the previous year's results, as sales growth in CRO, CPO, GR and EKISHIN (China) Business made up for lower-than-planned sales in SMO and CSO.
- Sales increased year on year across all segments except for CSO.

Operating income

- Despite weaker-than-planned operating income in SMO and CSO, operating income surpassed the plan. This was mainly due to positive contributions from other segments.
- Operating income decreased year on year on a consolidated basis. Segment operating income increased year on year in CRO and GR, but decreased in other segments.

CRO

Net sales and operating income surpassed plans

- Clinical study services saw projects perform strongly due to measures to strengthen management and integrate internal management systems.
- In PMS services, profits were pressured by man-hour requirements for the launch of new projects, despite increased sales.
- High utilization of dispatched CRAs, and a positive EDC-related contribution.

SMO

Net sales and operating income were below plans

- Net sales surpassed the previous year's level, as integration progressed and efforts were made to strengthen the project management system.
- Impact of misconduct, as well as the effect of the cancellation of clinical trials on order intake and net sales.
- EXAM saw a recovery in operating results in the second half, despite a sluggish performance in the first half.

CSO

Net sales and operating income were below plans

- In CMR services, sales decreased due to the impact of reductions in MR staff at pharmaceutical companies.
- Sales were lower than planned as the Group was unable to win major projects for dispatching personnel in PMS services due to the impact of reductions in MR staff at pharmaceutical companies.
- Call center services posted steady growth in operating results.

CPO

Net sales and operating income both surpassed plans

- Both sales and profits achieved plans due to favorable progress on large projects won in the first half, despite facing an uphill battle due to the enforcement of the Clinical Research Act in the second half.
- A high utilization rate was maintained by proactively winning orders for investigator-initiated clinical trials.

GR

Net sales and operating income achieved plans

- Sales increased sharply due to favorable order intake, in addition to firm progress with clinical projects currently under way.
- Cost effectiveness improved due to the unification of Asia-Pacific management operations in Japan.

EKISHIN (China)

Net sales and operating income achieved plans

- Increased sales were supported by measures to strengthen the business base through continuous development of existing markets and cultivation of new regional markets in the products business.
- Rebuilt operations through the alliance strategy, in response to adverse conditions faced by CRO services in China.

Business

CRO Support for creating the Rare Disease Data Registry of Japan by the Japan Agency for Medical Research and Development (AMED)

Strive to enhance the level of medical care received by all people with rare diseases by promoting the elucidation of the cause and pathology of diseases, and the development of innovative diagnosis and treatment methods for rare diseases.

Rare diseases

Rare disease A
Registry research

Rare disease A
Registry research

Rare disease A
Registry research

Operational
support for
registry
research



Rare Disease Data Registry

Supply templates for the standard documents needed for each type of research, including standard research implementation plans and standard informed consent forms.

Build a standardized patient data collection system and support data collection in various research projects.

Business

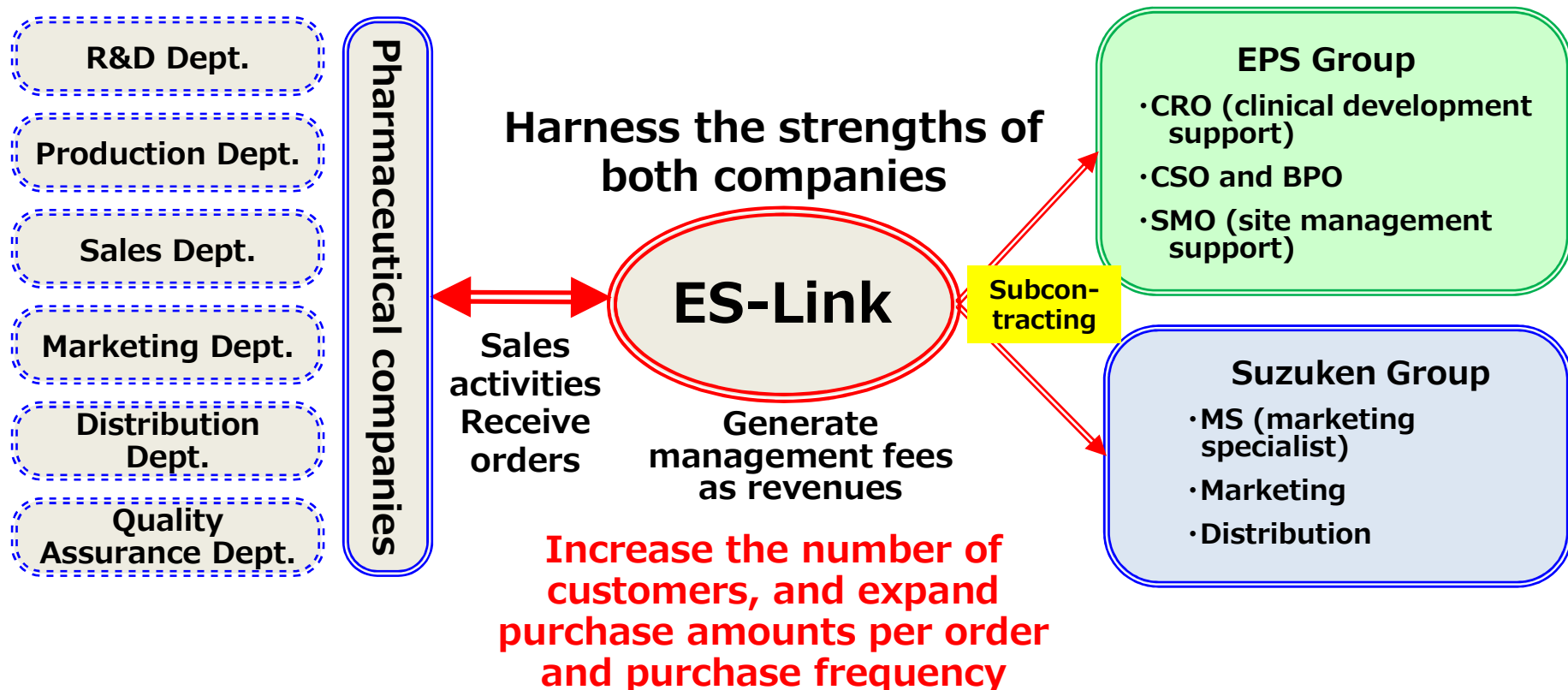
CRO Launch support services for development of regenerative medical products

Realize high-quality and speedy development of regenerative medical products by leveraging the Group's extensive experience and track record in supporting clinical trials and studies for pharmaceuticals and medical devices. In the process, the Group will contribute to much-anticipated advances in regenerative medicine.

Alliances

CSO Established ES-Link Co., Ltd. as a joint venture with Suzuken Co., Ltd. (Established on October 1, 2018)

Advantages for pharmaceutical companies: (1) Optimal efficiency through a one-stop solution; (2) Volume discounts; (3) Effective budget control; and (4) Promote distribution management in response to new needs for orphan drugs and medical devices.



M&A

GR Acquired U.S.-based CRO Medelis, Inc.

This acquisition seeks to strengthen service solutions in the oncology field, which offers prospects for further advances in clinical drug development including cancer immunotherapy.

Acquiring a site in the U.S. will enable the Group to more actively implement global clinical trials together with Medelis, Inc., thereby paving the way for increasing order intake.

M&A

SMO Integration of SMO Medisys and EXAM Co., Ltd., increasing market share to approx. 40%

With the integration of EXAM, the Group will bolster its presence in the dermatology field, which is EXAM's area of expertise.

M&A

CPO Acquired All Right Technology Inc. (completed on November 1, 2018)

This acquisition will integrate specialized clinical research services and medical IT services as a platform to support next-generation pharmaceutical development.

2 | **FY2019 Annual Budget**

FY2019 : EPS Group Business Areas



*as of October 2018

Domestic Business	CRO	EPS , EPS Associate, EPMate
	SMO	EP-SOGO
	CSO	EP-PharmaLine , ES-Link
	NRO	EP-CRSU , EPI Yamanashi, Sogo Rinsho Médéfi e-Trial, All Right Technology *from November 1, 2018 Three Chinese data services companies
Overseas Business	Global Research	EPS International Holdings etc. Two Chinese CRO companies
	EKISHIN (China)	EPS EKISHIN, EPS (China) etc.
	Others	EPBiz (Shared Services)

CSO

ES-Link Co., Ltd. was established as a joint venture to integrate the MS functions and related aspects of Suzuken Co., Ltd. and the BPO functions and medical contact center capabilities of the CSO Business, with the aim of enhancing proposal-based solutions for pharmaceutical companies.

NRO

Next-stage (New) Research Organization

The Group has reorganized the CPO segment by reclassifying three former CPO companies, as well as two IT services companies and three data services companies in China, under the NRO business. In this business, the Group aims to supply more efficient data science services that harness nearshore and offshore capabilities, along with working to integrate specialized services and IT services. These services will be supplied as a platform for supporting next-generation pharmaceutical development.

GR

Clarify responsibility by establishing a three-region structure comprising Japan, China and the Asia-Pacific.

Enhance collaboration in the CRO Business in China by transferring two Chinese CRO companies under the EKISHIN (China) segment to the Global Research Business.

FY2019 Consolidated Annual Budget



(¥ million)

	FY2018 Results	FY2019 Forecast	Change YoY	Percent Change YoY
Net Sales	65,769	72,000	6,231	9.5%
Operating Income (Ratio)	7,193 (10.9%)	7,200 (10.0%)	7	0.1%
Recurring Profit (Ratio)	7,436 (11.3%)	7,350 (10.2%)	-86	-1.2%
Profit Attributable to Owners of Parent (Ratio)	4,388 (6.7%)	4,700 (6.5%)	312	7.1%

FY2019 Annual Budget by Segment



(¥ million)

			FY2018 Results	FY2019 Forecast	Change YoY	Percent Change YoY
Domestic	CRO	Net Sales	28,817	31,650	2,833	9.8%
		Operating Income(%)	6,338 (22.0%)	6,300 (19.9%)	-38	-0.6%
	SMO	Net Sales	14,297	14,300	3	0.0%
		Operating Income(%)	1,269 (8.9%)	1,450 (10.1%)	181	14.3%
	CSO	Net Sales	7,813	8,500	687	8.8%
		Operating Income(%)	384 (4.9%)	406 (4.8%)	22	5.7%
	NRO	Net Sales	2,675	6,000	3,325	124.3%
		Operating Income(%)	303 (11.3%)	355 (5.9%)	52	17.2%
Overseas	GR	Net Sales	4,942	4,500	-442	-8.9%
		Operating Income(%)	13 (0.3%)	10 (0.2%)	-3	-23.0%
	EKISHIN (China)	Net Sales	11,093	11,280	187	1.7%
		Operating Income(%)	121 (1.1%)	130 (1.2%)	9	7.4%

- * 1. The CRO segment in the earnings report (kessan tanshin) includes the CPO segment.
- 2. Figures exclude management advisory fees.
- 3. Figures include amortization of goodwill and outsourcing fees for shared services.

1. Outline of Annual Budget

Net sales:

Create new added value and pursue further M&As, while strengthening the management structure and existing businesses

Net sales are projected to increase by 9.5% year on year, led by CRO and CSO

Operating income:

Introduce efficient business methodologies and rigorously control costs, while making upfront investments to expand business

Operating income is projected to increase year on year on a consolidated basis, despite slightly lower operating income in CRO and GR

2. Outline by Segment

CRO

Accelerate new services that will drive sustained growth, with existing businesses as key pillars

SMO

Realize further core growth, leveraging the largest business scale in the industry

CSO

Advance multi-channel detailing services by integrating unique services

NRO

Target next-generation pharmaceutical development by integrating specialized services and pharmaceutical IT services

GR

Build a solid platform spanning Japan, Asia and China

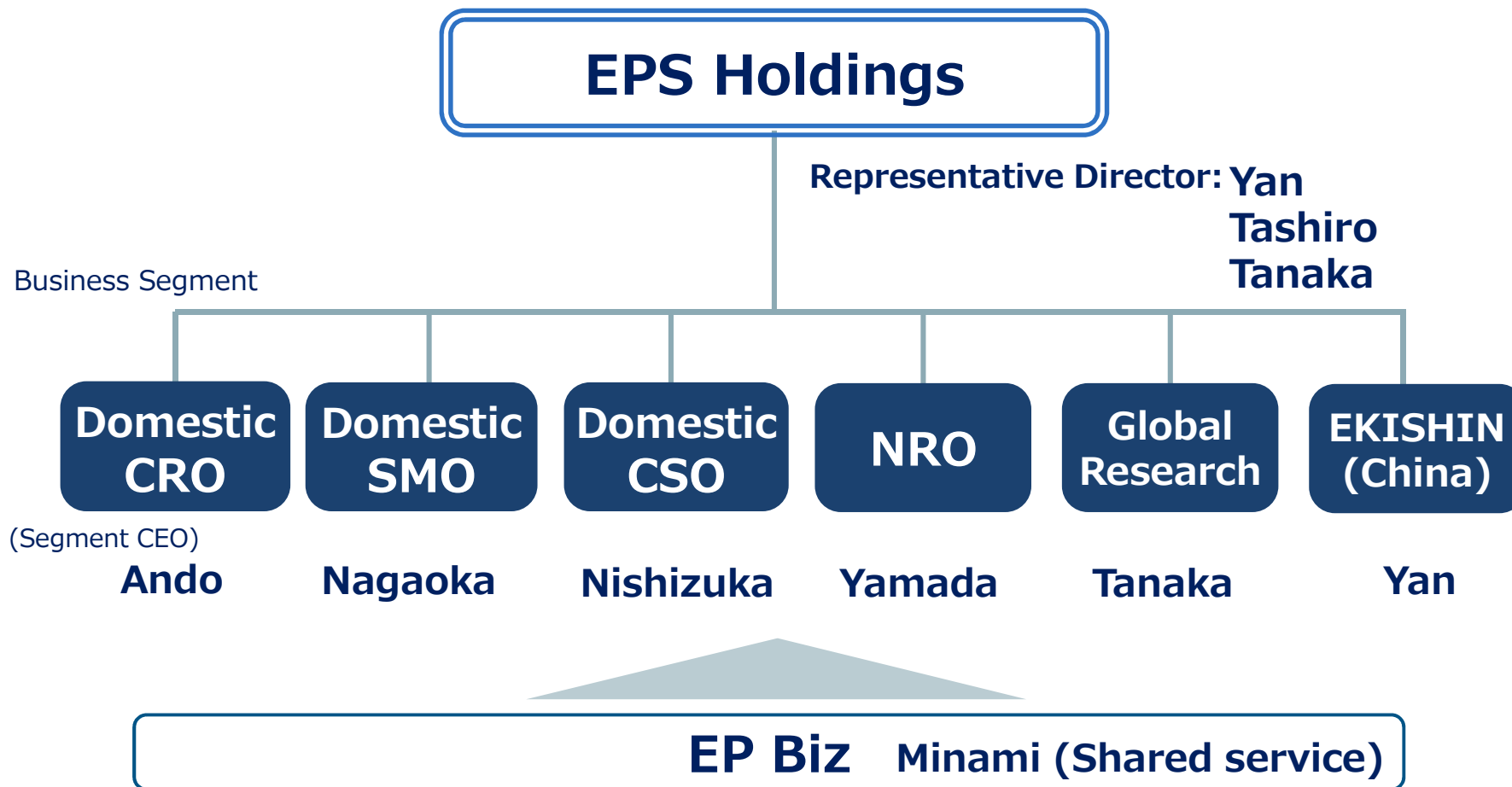
**EKISHIN
(China)**

Upgrade and expand the business platform for the products business and the specialized services business

3 | EPS Group Management Structure

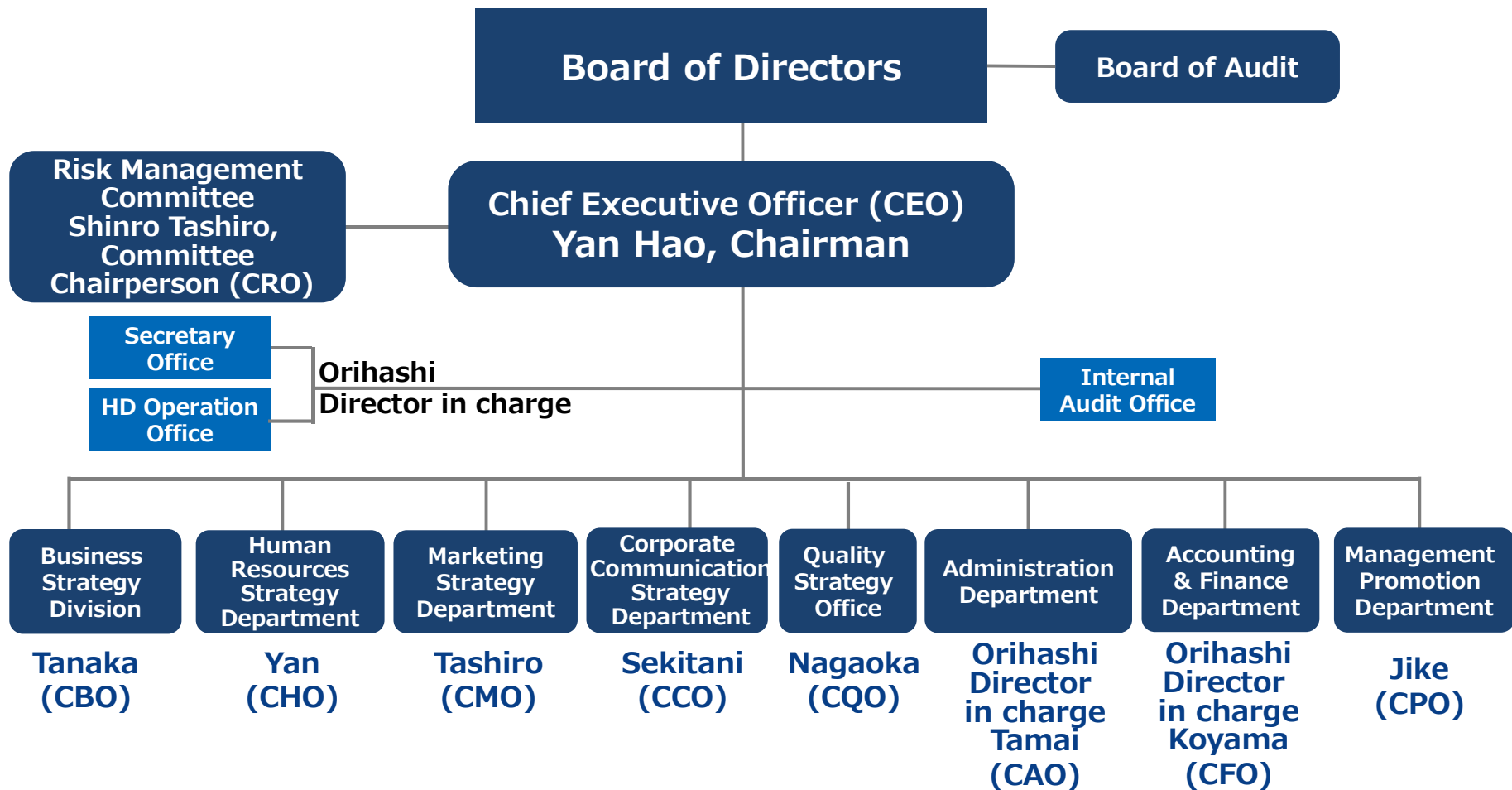
FY2019 Business Management Structure

(Vertical Dimension)



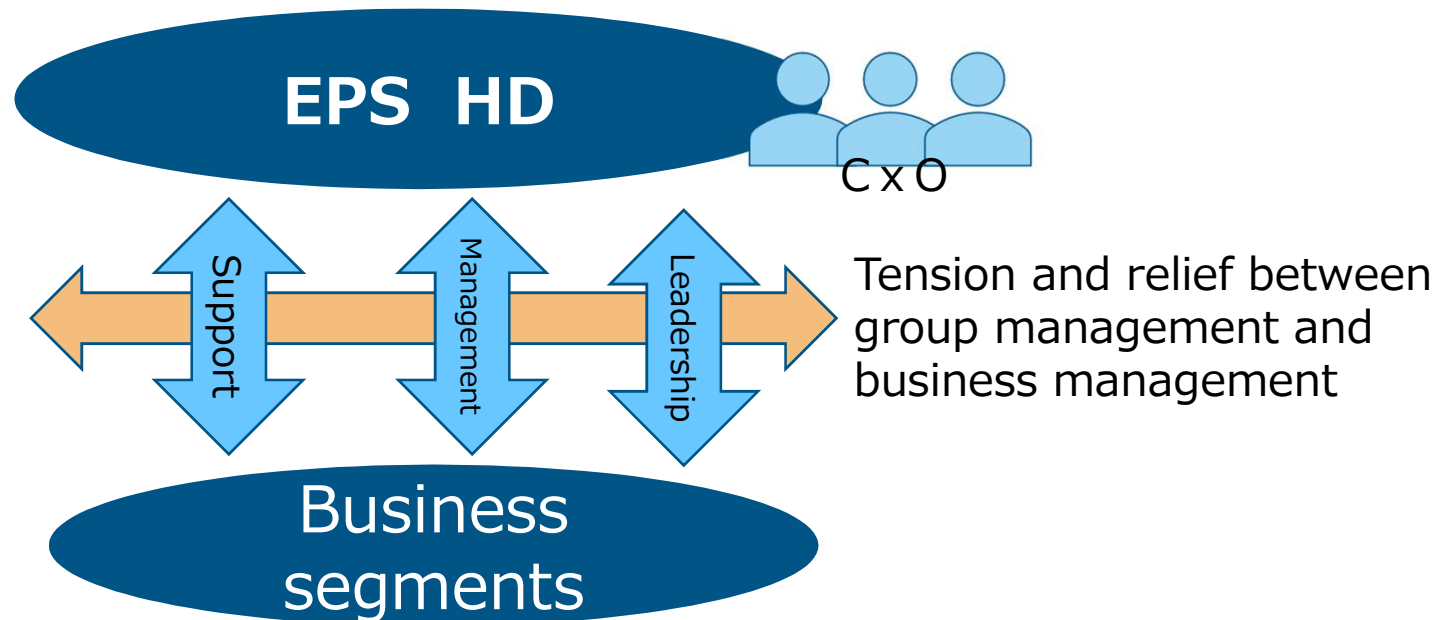
FY2019 Business Management Structure

(Horizontal Dimension)



Main Changes to the Management Structure

1. Establish a stronger management structure to realize VISION 30 in the run-up to the Group's 30th founding anniversary in 2021.
2. Systematically strengthen the management structure from the perspective of "One EPS," while promoting the independence and autonomy of each segment.
3. Ambitiously develop new business models to achieve sustained growth.



4 | Initiatives in the Current Fiscal Year

- 1. Evolution of independent and autonomous management in mature businesses**
- 2. Strategic initiatives in developing businesses**
- 3. Promote the development of new products**
 - Improve products at the frontlines and build a framework for promoting product development activities
 - Develop strategic new products
- 4. Promote the development of new businesses**
 - Realignment of existing businesses (business models)
 - Push ahead with M&A activity
 - Promote investment and related management system
- 5. Build a group management structure**

1. Strengthen the management structure and brush up the organization

- Reshuffle executive officers, increase their number and delegate authority to them, in order to speed up decision making
- Strengthen the organization to build and utilize real world evidence (PMS services, etc.)

2. Promote new services that will spur sustained growth, with existing businesses as key pillars

- Fortify project management (PM) capabilities to meticulously address the increasing number of full outsourcing projects
- Enhance full services after manufacturing and marketing in order to support customer needs

3. Create new added value and pursue new businesses

- Step up the use of medical databases and further advance the regenerative medicine business
- Inter-segment reorganization, and collaboration and M&As with other companies

1. Strengthen the management structure and brush up the organization

- Integrate six branches into four branches to speed up decision-making and improve resource liquidity
- Promote regional strategies to supply resources to prime facilities in major metropolitan areas

2. Realize further core growth, leveraging the largest business scale in the industry

- Expand facilities further by leveraging the Group's industry-leading strengths in the oncology and dermatology fields
- Expand psychological assessment services for central nervous system clinical trials with the industry's largest number of psychologists

3. Create new added value and pursue new businesses

- Full-scale entry into screening support services in the regenerative medicine and clinical research fields
- Cultivate new fields such as mental healthcare and the training of psychologists, by leveraging strengths in the psychology business

1. Strengthen the management structure and brush up the organization

- Clarify responsibilities and authority by separating sales and operations, in order to strengthen business capabilities

2. Advance multi-channel detailing activities by integrating unique services

- Promote differentiation from other companies by integrating the channels of contract medical representatives (MR), Suzuken marketing specialists (MS), call centers, and e-detailing

3. Create new added value and pursue new businesses

- In medical devices services, the Group will expand new businesses in areas involving field engineers and materials bases
- ES-Link will push ahead with promotion services and distribution management in response to new needs for orphan drugs and medical devices
- Promote M&As and collaboration with other companies

1. Strengthen the management structure and brush up the organization

- Integrate specialized clinical research services and medical IT services* as a platform to support next-generation pharmaceutical development
- Build a nearshore and offshore** structure with the aim of providing efficient data science services

* Two IT services companies (e-Trial, All Right Technology)

** Three Chinese data services companies (EPT Suzhou, EPT Nantong, EPT Jiaxing)

2. Target next-generation pharmaceutical development by integrating specialized services and pharmaceutical IT services

- Develop optimal IT/ICT solutions and operations products for next-generation data science
- Implement big data-type cloud EDC products for healthcare and medical clinical research

3. Create new added value and pursue new businesses

- Expand the medical big data business in China
- Build data science centers in the global and Chinese CRO business

1. Strengthen the management structure and brush up the organization

- Establish a regional management structure (Japan, Asia and China) to implement global clinical trials
- Strengthen the management structure in Japan, where the Group is headquartered, in order to conduct management in Asia and China

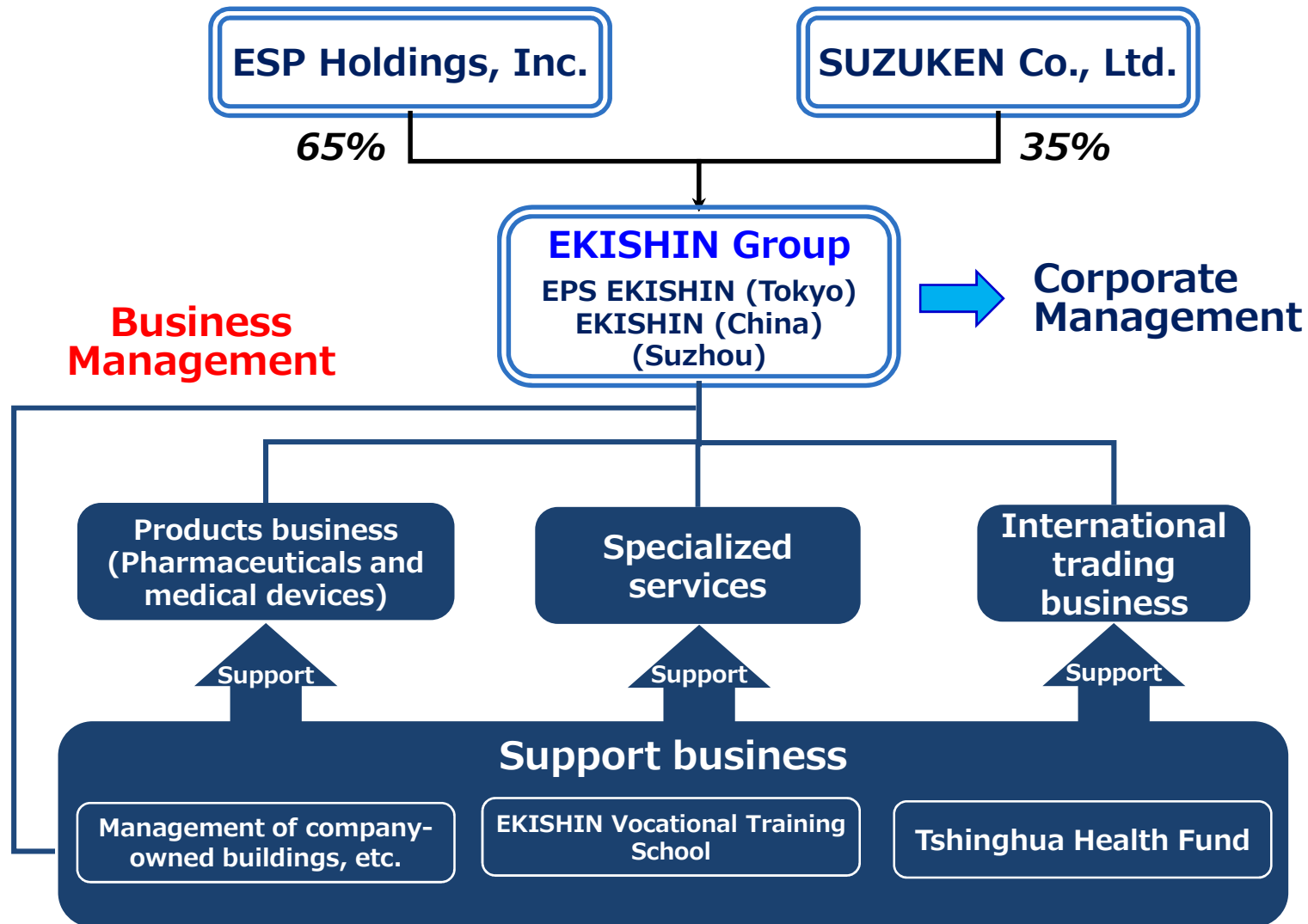
2. Aim to be a leading CRO company in the Asia-Pacific region

- Supply the high-quality products (services) required by global clinical trials
- Strive to win contracts in Asia by strengthening sales activities

3. Create new added value and pursue new businesses

- Create businesses by strategically approaching the Chinese pipeline
- Create new services in collaboration with the CRO segment, NRO segment and U.S.-based CRO Medelis, Inc. and through business alliances with other companies

EKISHIN (China) business Business composition



1. Strengthen the management structure and brush up the organization

- Advance the Matrix Management Structure (vertical and horizontal dimensions)
- Create a corporate culture through a fusion of Japanese and Chinese cultures
- Identify and nurture the next generation of human resources

2. Bolster and expand existing business platforms

- Strengthen the existing products business and introduce new products
- Improve and conduct stable management of core businesses (products, specialized services, international trade)
- Strengthen sales activities for clinical research-related services in collaboration with the Global Research Business

3. Create new added value and pursue new businesses

- Develop business primarily through the introduction of new products, harnessing resources within the Group and partner companies
- Incubate new businesses through investment and business support
- M&A

5 | Progress on the Mid-Term Business Plan

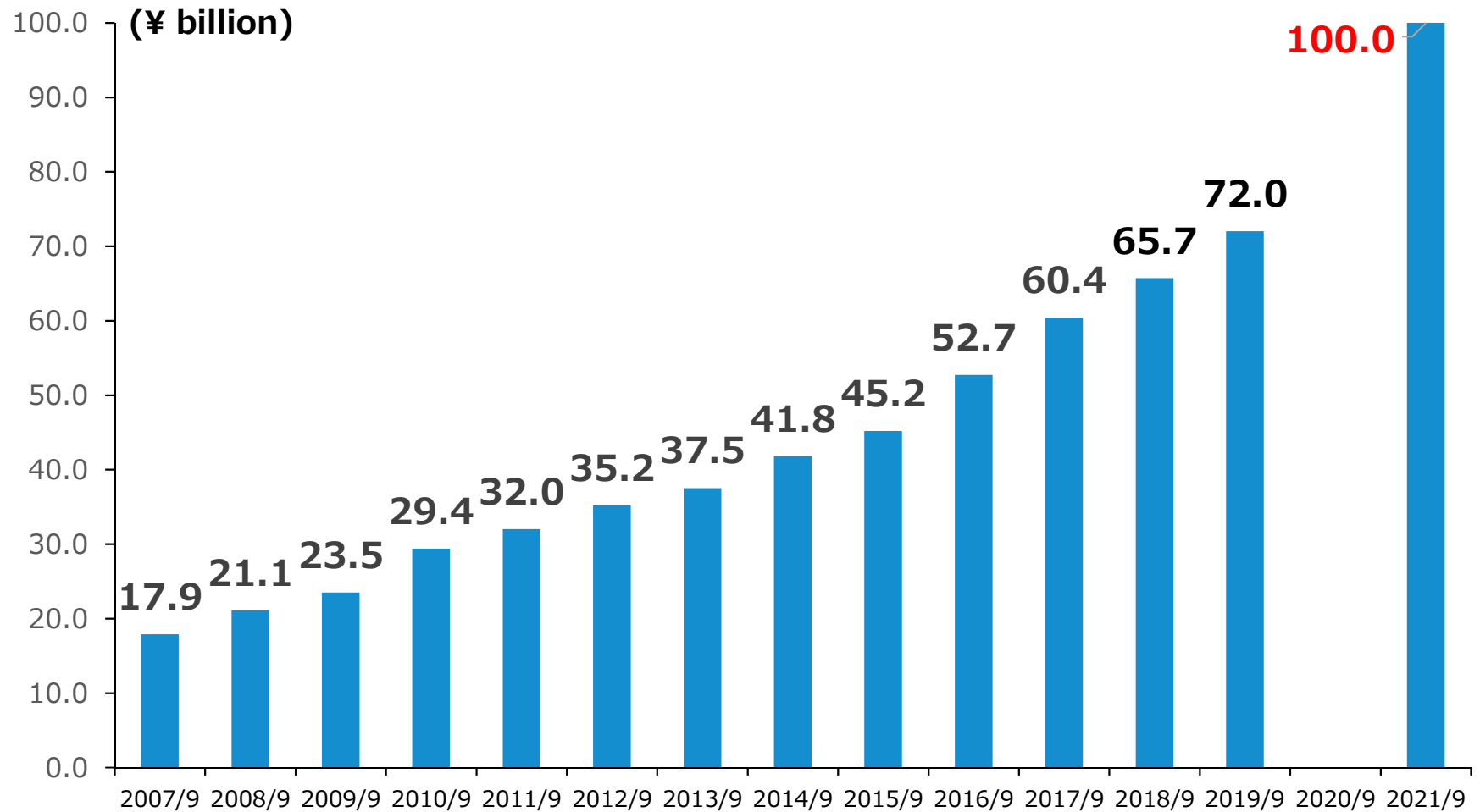
Mid-Term Business Plan—Progress



(¥ million)

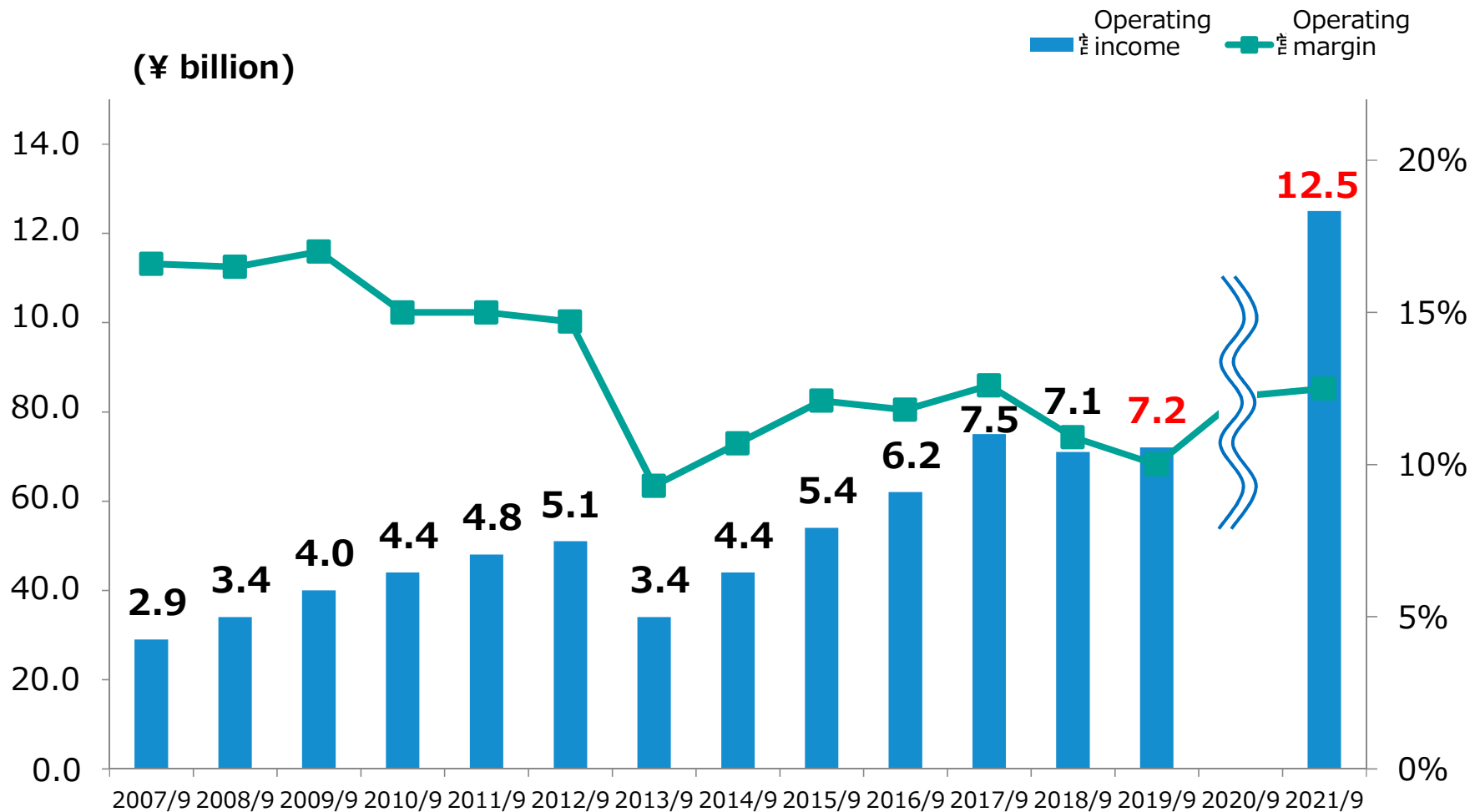
	First year	Second year		Third year	Fifth year
	FY2017	FY2018		FY2019	FY2021
	Results	Budget	Results	Forecast for 2019/9	Initial forecast
Net sale	60,482	66,000	65,769	72,000	100,000
Operating income	7,591	6,850	7,193	7,200	12,500
Operating Margin	12.6%	10.4%	10.9%	10.0%	12.5%

Trend in Net Sales (from FY2007 to FY2021)



Trend in Operating Income and Operating Margin

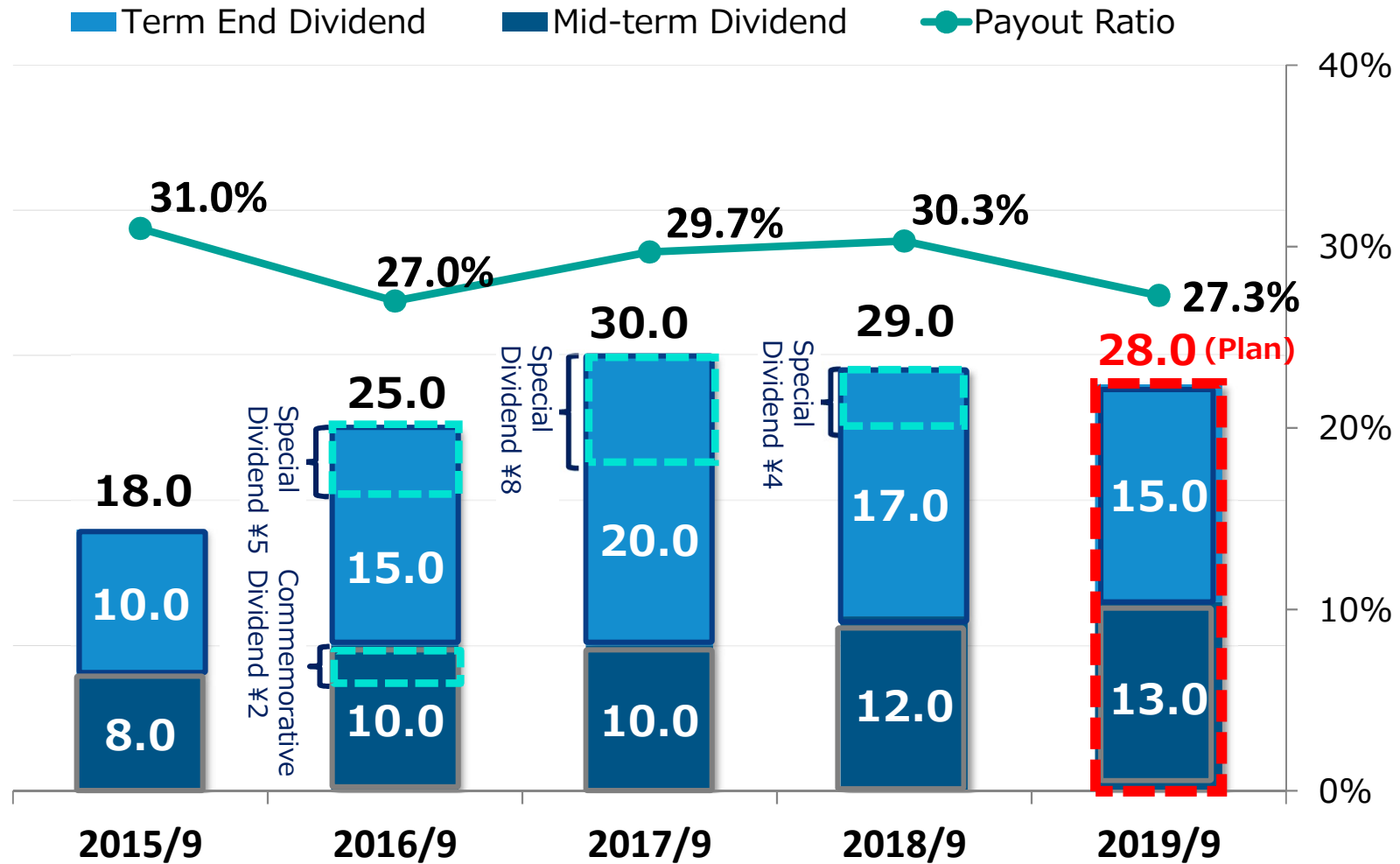
(from FY2007 to FY2021)



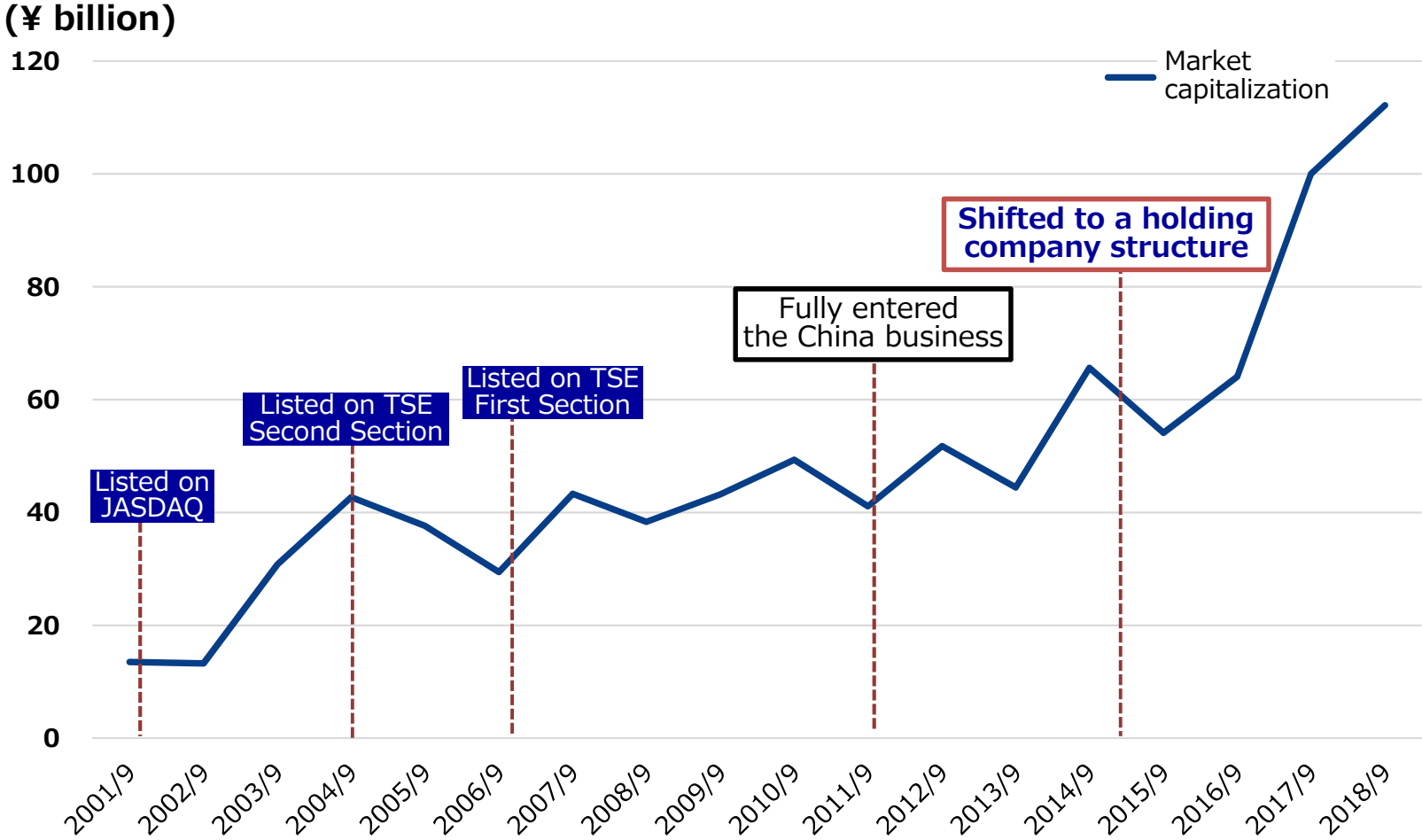
- 1. Establish a position as a Solutions Provider in the Healthcare Industry** (Solutions provided as infrastructure)
- 2. Build up business scale to compete effectively with the major global players and strengthen global business expansion**
- 3. Extend independent and autonomous business management and promote Group management**
- 4. Make the EPS Way transparent and instill it in the organization (build a corporate culture)**
- 5. Nurture the next generation of management leaders**

6 | Stock Information

Dividend Per Share



Trend in Market Capitalization



Thank you for your attention.

**Please direct inquiries
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EPS Holdings, Inc.

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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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