

Overview of Financial Results for 1st Quarter FY2017

CMIC HOLDINGS Co., Ltd.
February 2, 2017

Business segments and group companies

Blue indicates overseas.
*indicates affiliated company

Segment	Products and services	CMIC Group companies (as of end of Dec. 2016)
CRO Business	Services related to pharmaceutical development support, analytical chemistry services, and healthcare for pharmaceutical companies, and BPO and personnel services for the pharmaceutical industry	CMIC HOLDINGS Co., Ltd. CMIC Co., Ltd CMIC-PMS Co., Ltd. CMIC ShiftZero K.K. CMIC Pharma Science Co., Ltd. CMIC Career Co., Ltd. CMIC, Inc. CMIC Korea Co., Ltd. CMIC ASIA-PACIFIC, PTE, Ltd. CMIC ASIA-PACIFIC (Malaysia) SDN. BHD. CMIC (Beijing) Pharmaceutical Services Co., Ltd. CMIC (Beijing) Co., Ltd.
CDMO Business	Services related to drug formulation development and manufacturing support, from formulation design to investigational new drug manufacturing to commercial production of ethical drugs and nonprescription drugs for pharmaceutical companies	CMIC CMO Co., Ltd. CMIC CMO Korea Co., Ltd. CMIC CMO USA Corporation CMIC JSR Biologics Co., Ltd.*
CSO Business	Services provided to pharma companies related to sales & marketing support	CMIC Ashfield Co., Ltd. MDS-CMG, Inc.*
Healthcare Business	Support services primarily for medical institutions and treating, maintaining, and promoting the health of patients and general consumers, such as SMO services and healthcare information services	Site Support Institute Co., Ltd. Healthclick Co., Ltd. CMIC VIETNAM COMPANY LIMITED
IPM Business	Platform-type business that provides solutions to patients and pharmaceutical companies through innovative means. Currently involved with the development and sale of, primarily, diagnostics and orphan drugs	CMIC Holdings Co., Ltd. OrphanPacific, Inc.

● As of October 1, 2016, CMIC BS Co., Ltd., changed its trade name to CMIC Career Co., Ltd., and its segment from CSO business to CRO business.

● As of October 1, 2016, we changed segment names from CMO business to CDMO business, and from IPD business to IPM business.

Summary of 1st Quarter FY2017

Project Phoenix

~25th anniversary – to respond quickly to reforms in the healthcare and pharmaceutical industries~

- ▶ Promoted a solutions business that uses the features of PVC
- ▶ Strengthened the development support system for regenerative medicine and cell therapy
- ▶ Built a system for low-cost CDMO production and made strategic capital investments
- ▶ Promoted commercial solutions, such as providing multichannel support
- ▶ Began selling simple test kits for in vitro diagnostic drugs “L-FABP”
- ▶ Aimed for an innovative pharma model to contribute to healthcare through innovative means

Consolidated income statement (overview)

	2016/Q1		2017/Q1		Change (¥ millions)
	Amount	Composition ratio	Amount	Composition ratio	
	(¥ millions)	(%)	(¥ millions)	(%)	
Sales	14,633	100.0	15,389	100.0	756
Operating income	515	3.5	501	3.3	(13)
Ordinary profit	523	3.6	619	4.0	96
Net profit belonging to parent company shareholders	204	1.4	200	1.3	(3)
Earning per share	¥10.91		¥10.74		

Sales & operating income by segment

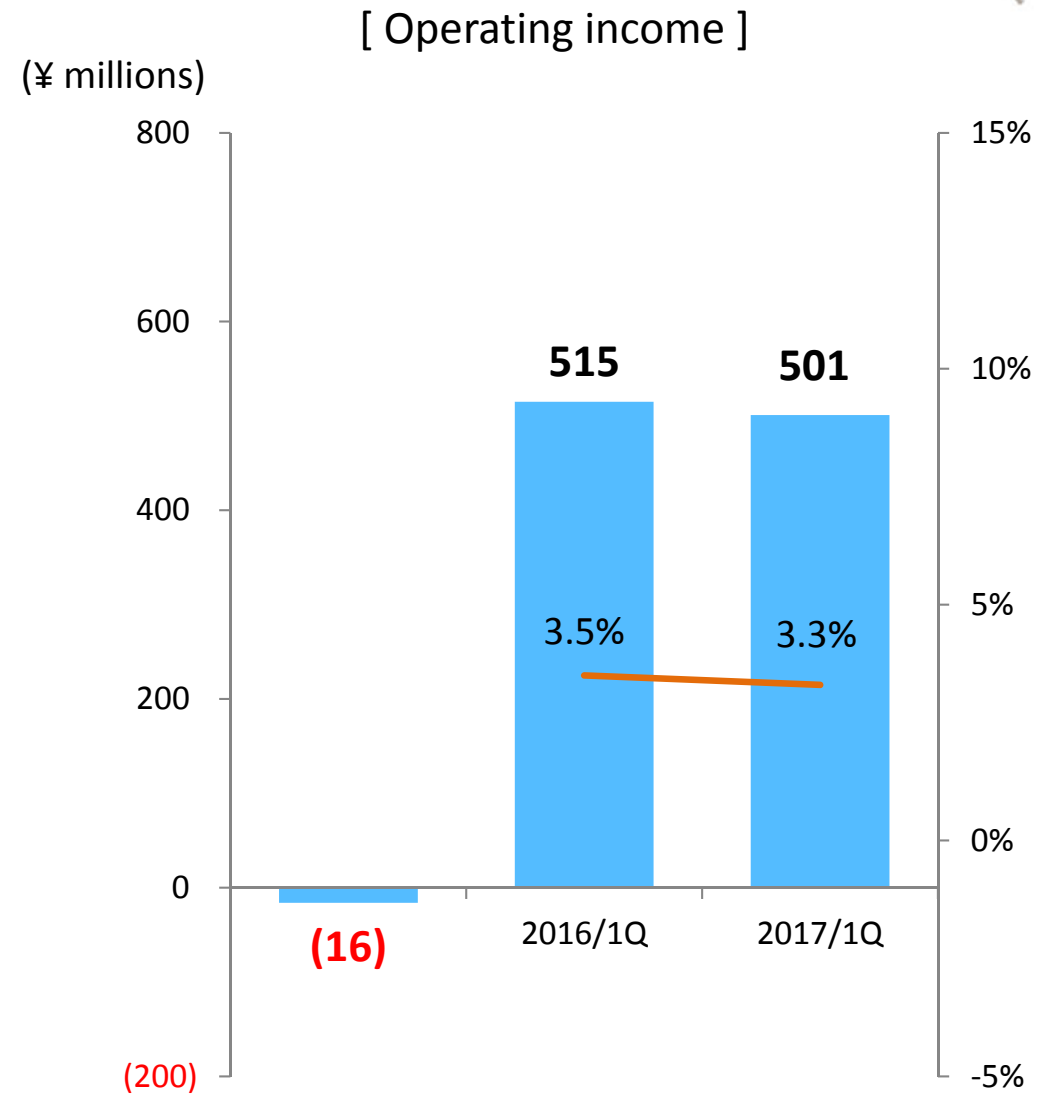
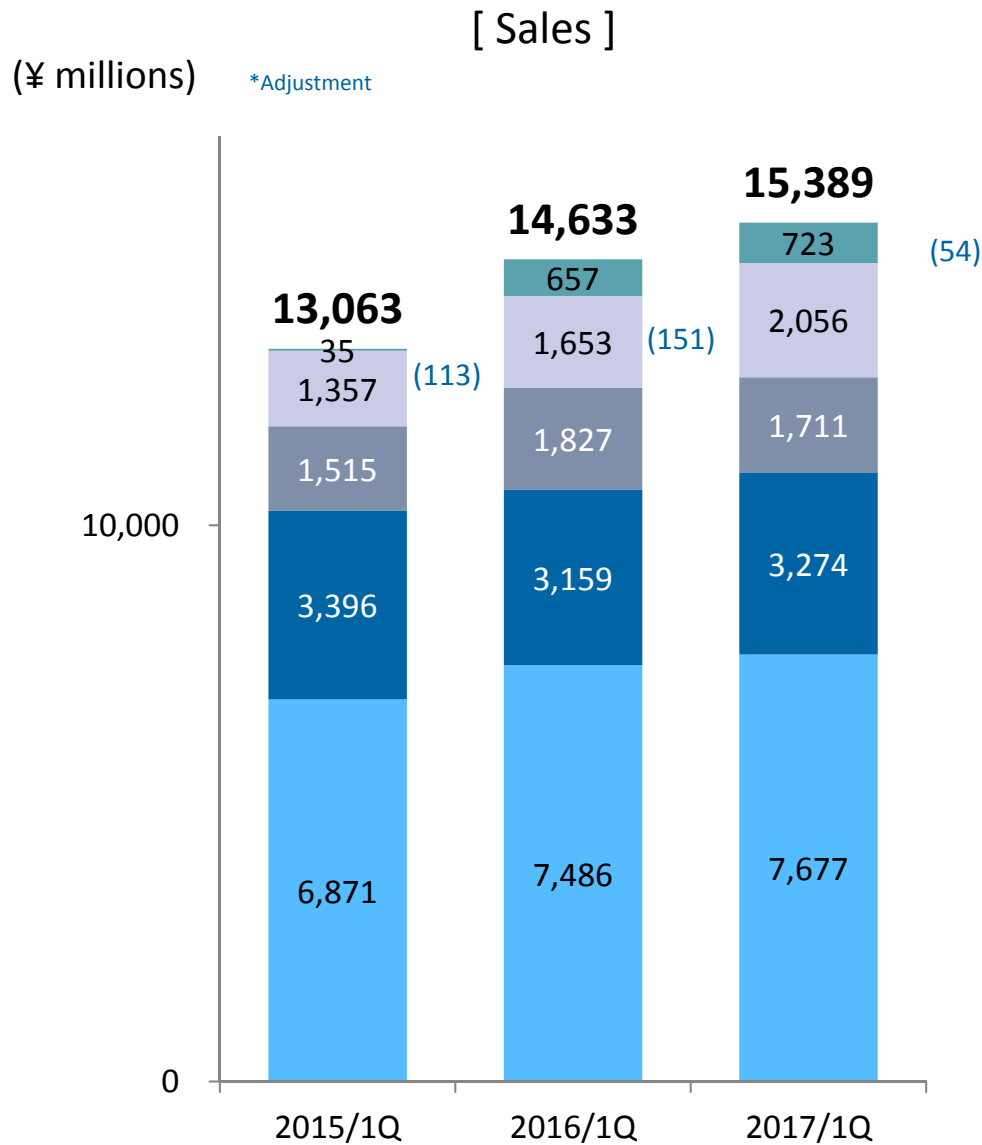
		2016/1Q Amount (¥ millions)	2017/1Q Amount (¥ millions)	Change (¥ millions)	Percent change (%)
CRO Business	Sales	7,486	7,677	191	2.6
	Operating income	954	1,157	202	21.3
CDMO Business	Sales	3,159	3,274	114	3.6
	Operating income	(68)	(199)	(131)	—
CSO Business	Sales	1,827	1,711	(116)	(6.4)
	Operating income	90	83	(7)	(7.9)
Healthcare Business	Sales	1,653	2,056	403	24.4
	Operating income	(8)	194	203	—
IPM Business	Sales	657	723	66	10.0
	Operating income	88	8	(79)	(89.9)
Adjustments	Sales	(151)	(54)	97	—
	Operating income	(541)	(742)	(201)	—
Consolidated	Sales	14,633	15,389	756	5.2
	Operating income	515	501	(13)	(2.7)

Orders received / Backlog

	2016/1Q		2017/1Q			
	Orders received (¥ millions)	Backlog (¥ millions)	Orders received (¥ millions)	Percent change (%)	Backlog (¥ millions)	Percent change (%)
CRO Business	8,307	43,889	13,789	66.0	51,719	17.8
CDMO Business	3,302	3,398	3,680	11.4	3,714	9.3
CSO Business	1,087	6,294	1,045	(3.8)	4,929	(21.7)
Healthcare Business	1,409	8,677	1,999	41.8	9,448	8.9
IPM business	644	12	723	12.2	—	—
Total	14,752	62,272	21,239	44.0	69,811	12.1

- Accounts for only the backlog of firm CDMO business orders. There is customer demand for scheduled orders but these are different from firm orders so we have not included these in the backlog.
- There has been a lag in new CSO business orders received, but this is recovering.

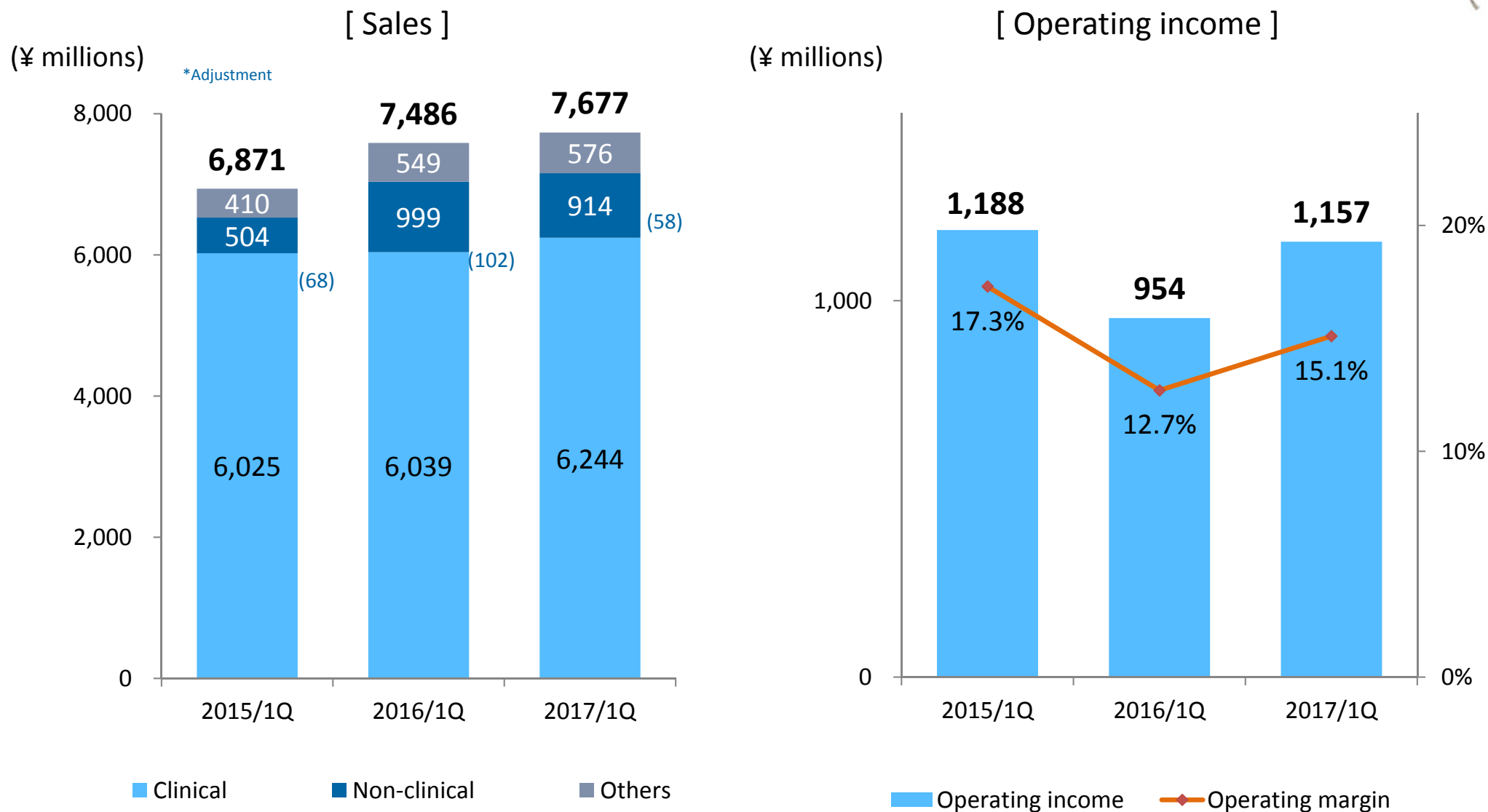
Trend in consolidated sales & operating income



■ CRO business
 ■ CDMO business
 ■ CSO business
■ Healthcare business
 ■ IPM business

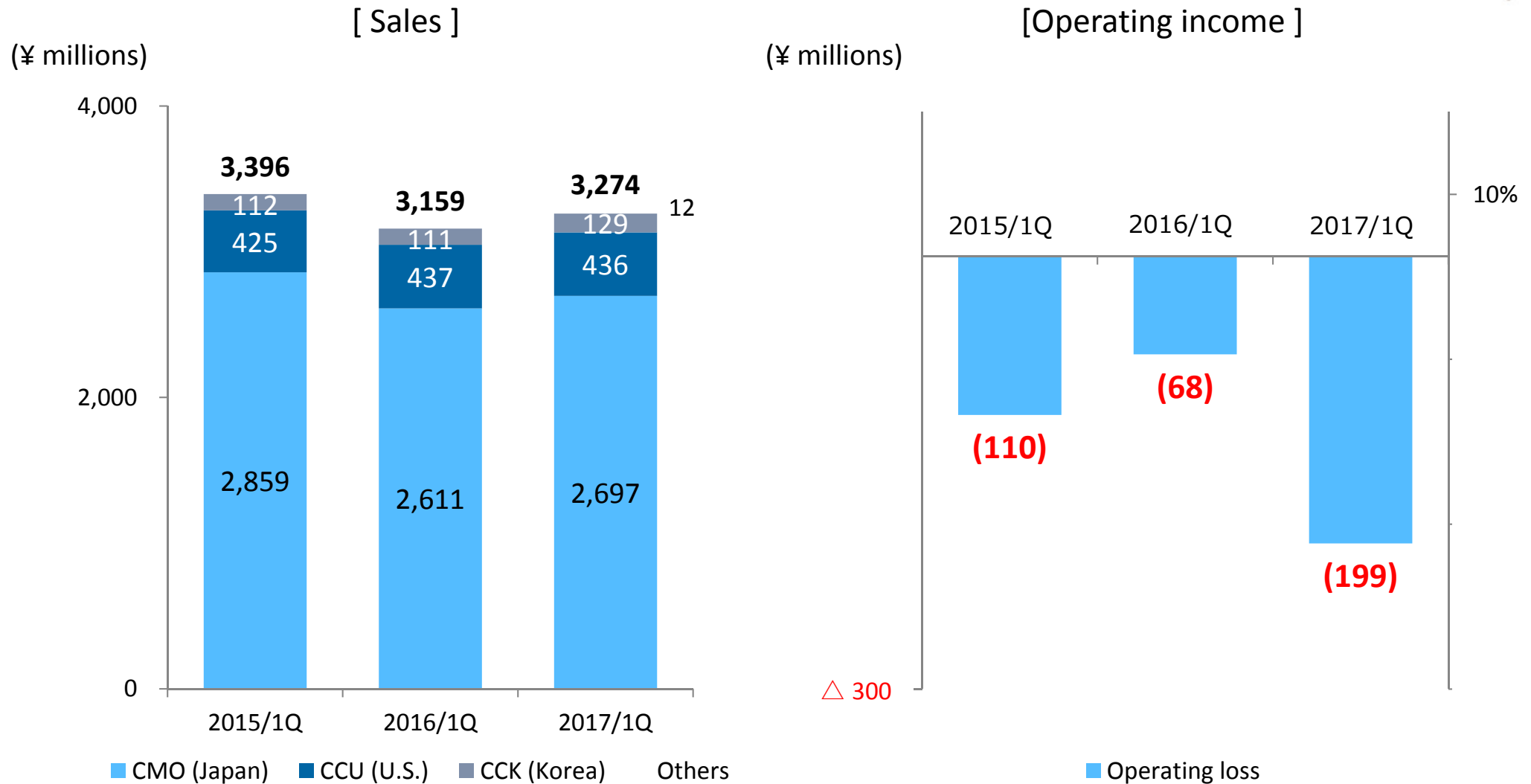
■ Operating P&L
 — Operating margin

Contract Research Organization (CRO) Business



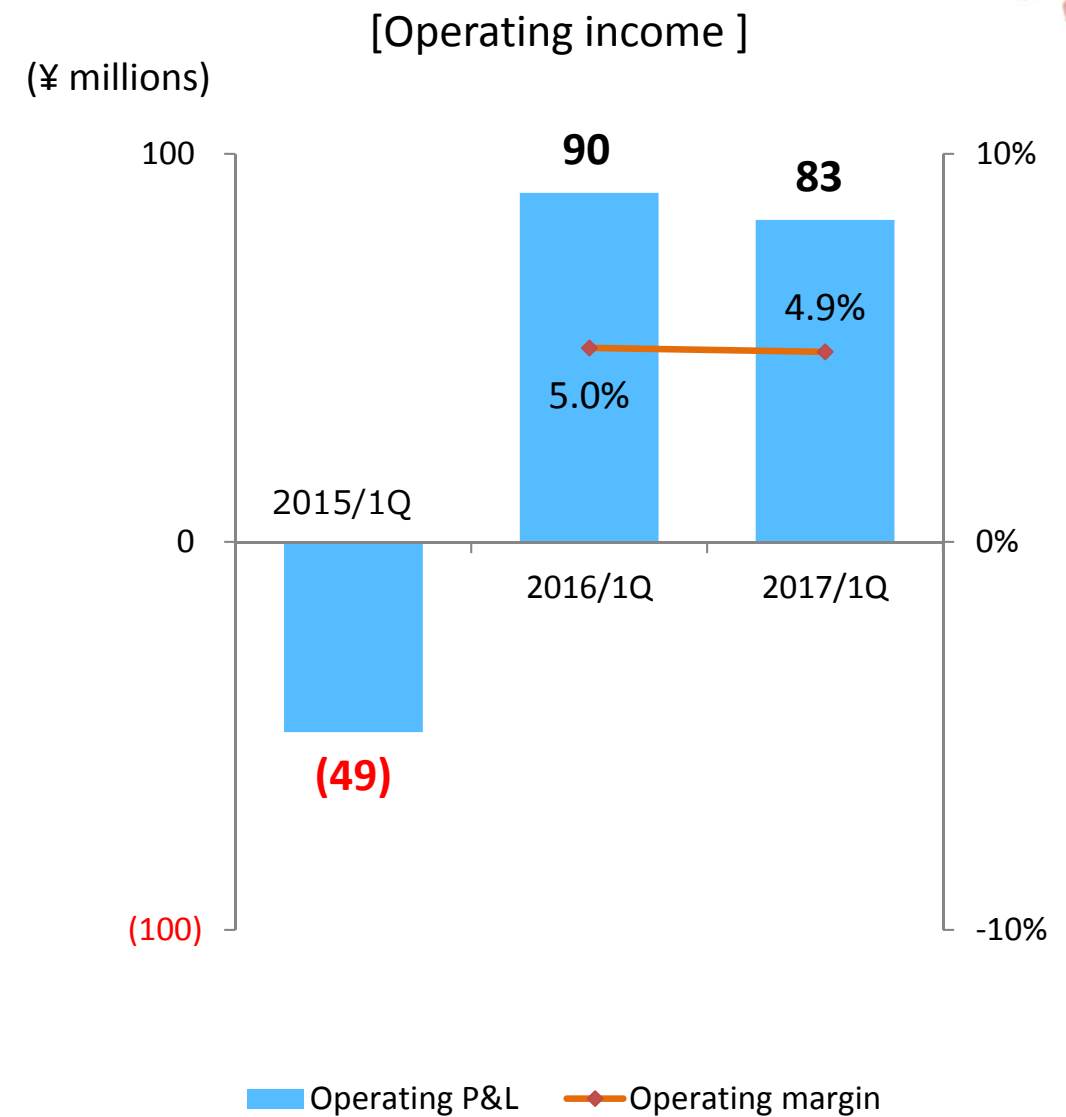
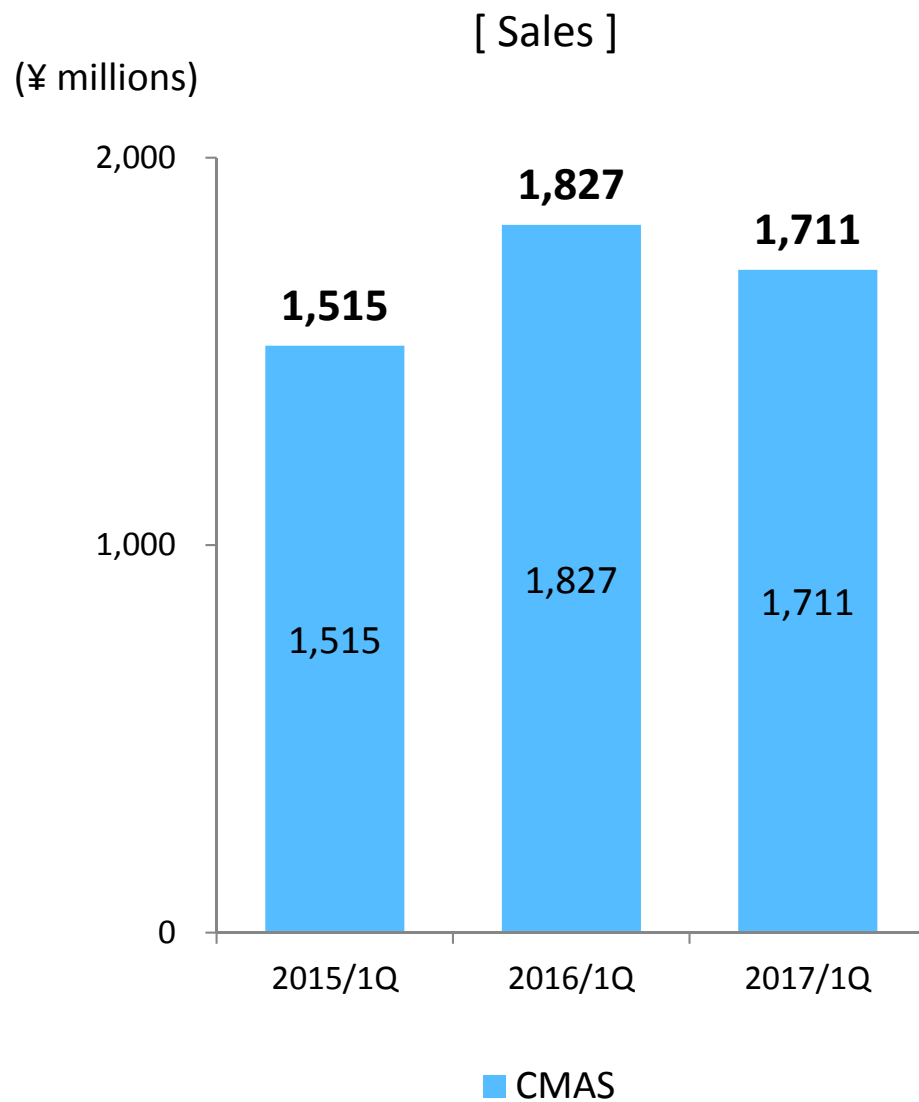
Work to develop human resources with the aim of securing human resources based on robust demand, further expertise, and improving quality. Build a support system related to the field of regenerative medicine. Strengthen U.S.-Japan ties in non-clinical services such as support for companies in the U.S. market. Sales and operating income exceeded those of the previous year on growth in new orders and existing contracts.

Contract Development Manufacturing Organization (CDMO) Business



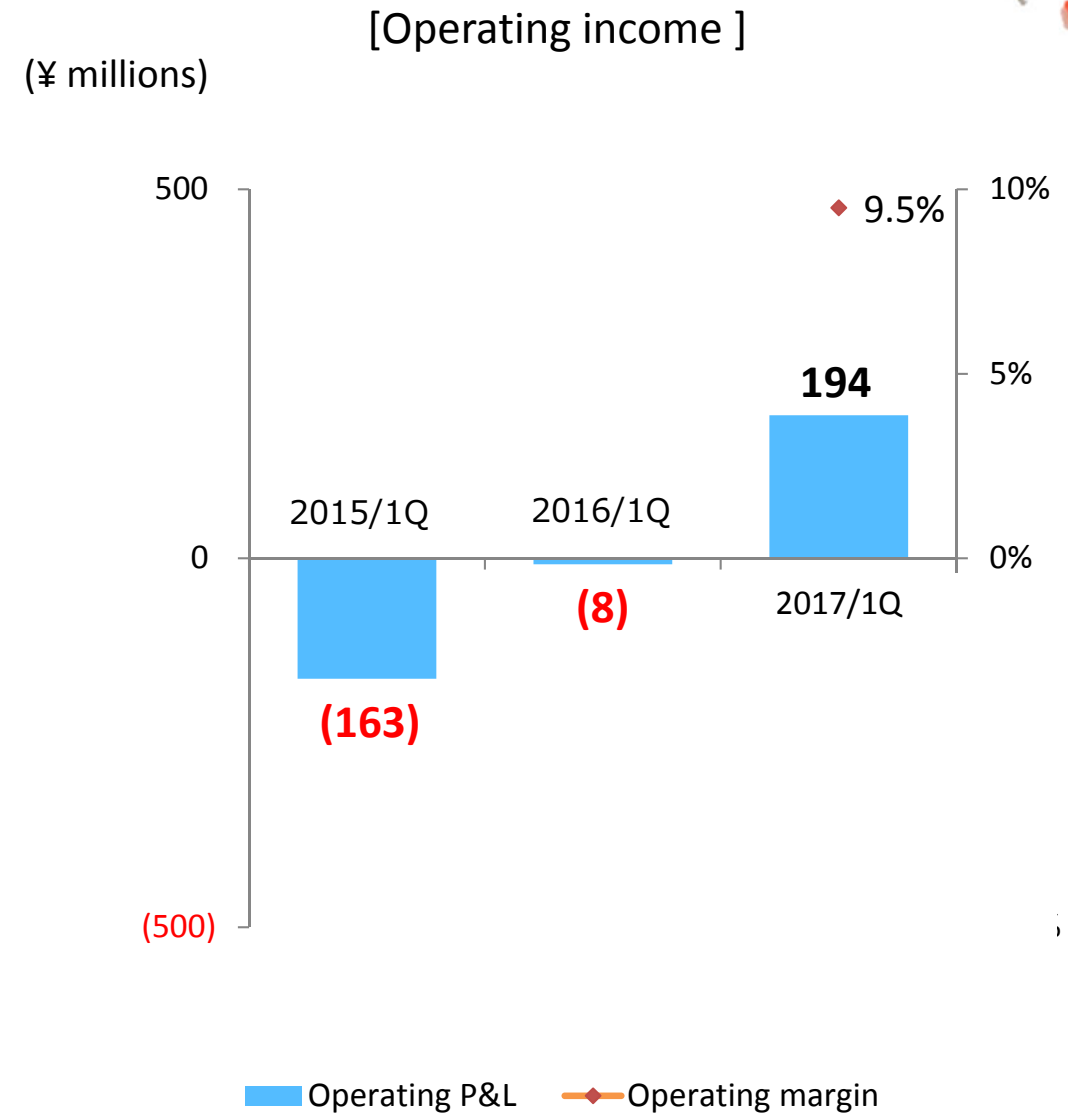
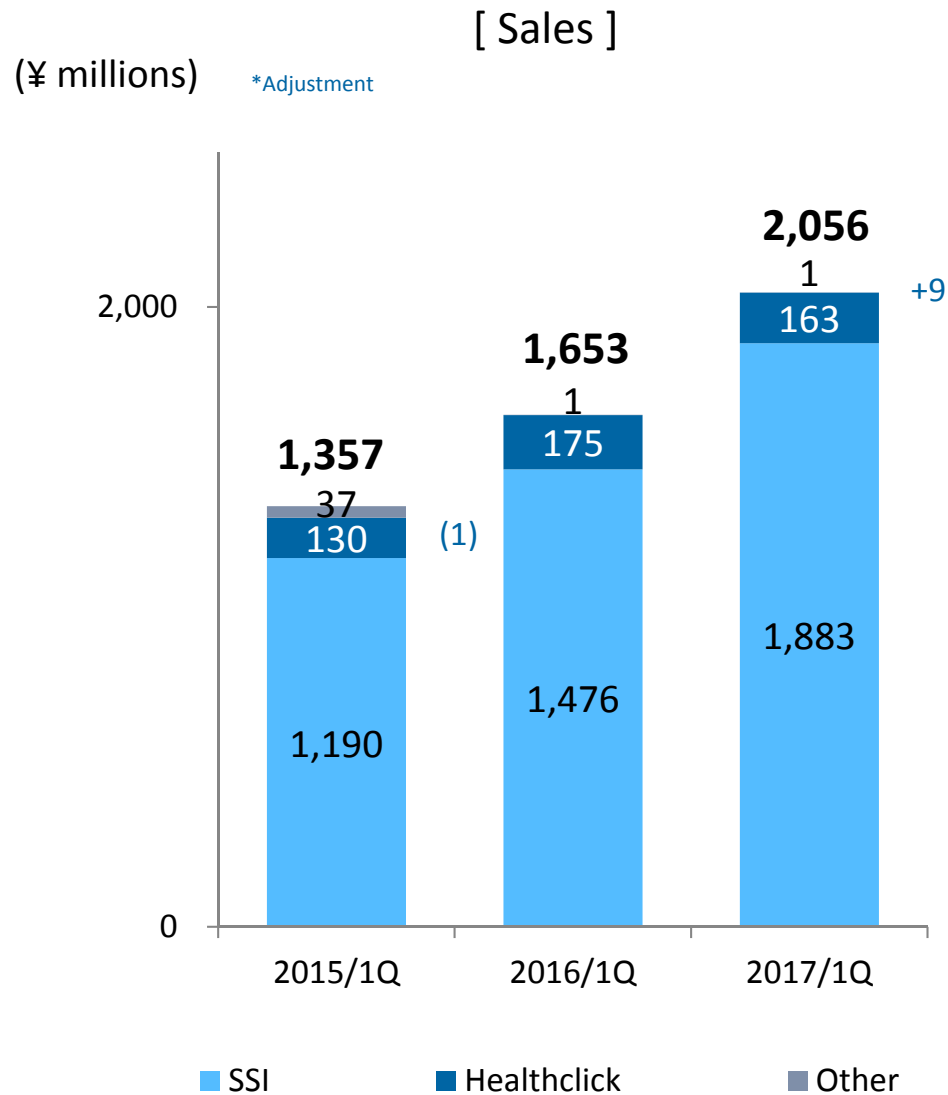
New orders for generic drugs increased, and we built a low-cost production structure as part of transitioning to a price-competitive cost structure. Sales exceeded those of the previous year on robust growth in contract production for new orders and existing contracts. Despite recording an operating loss greater than that during the same period of the previous year, business is broadly going according to plan, with the difference due to a temporary decrease in production resulting from clients' inventory adjustment.

Contract Sales Organization (CSO) Business



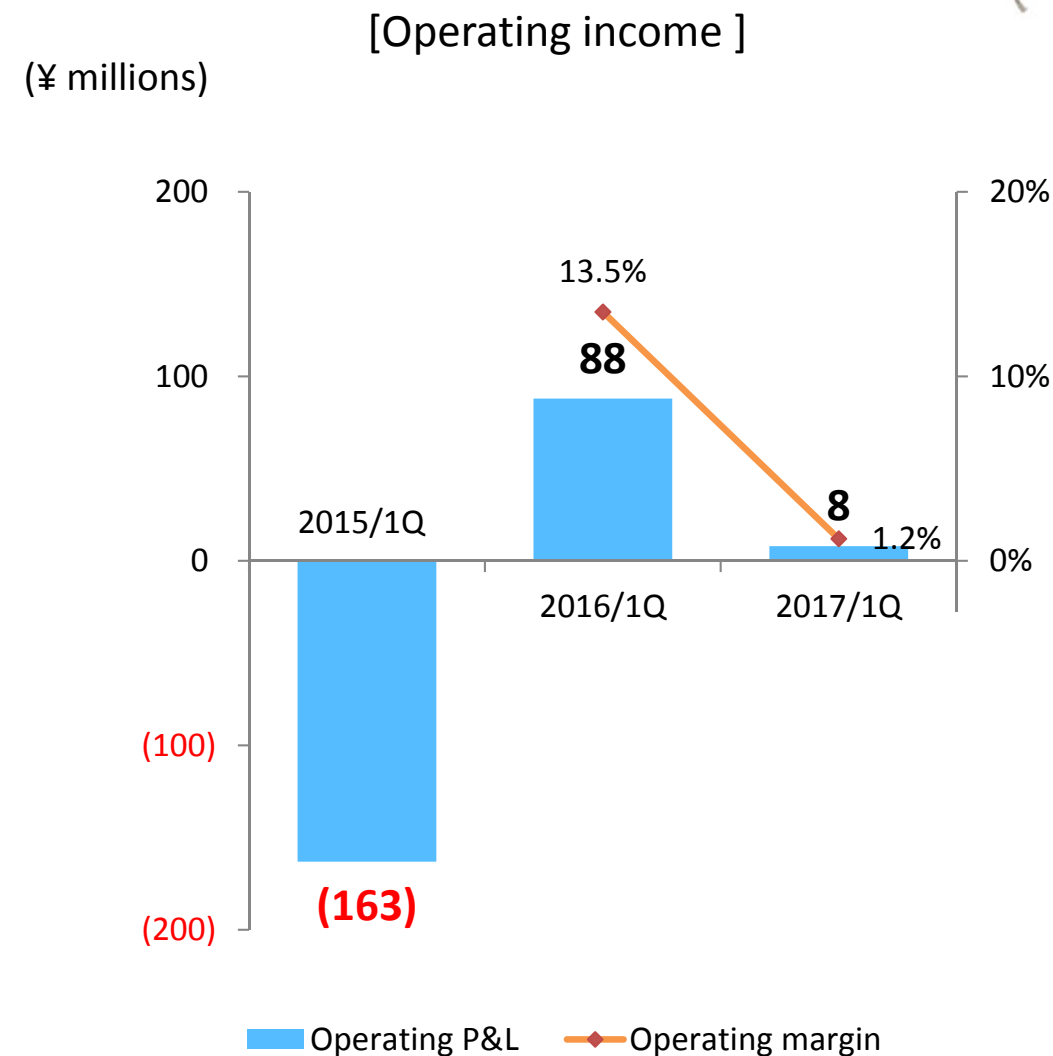
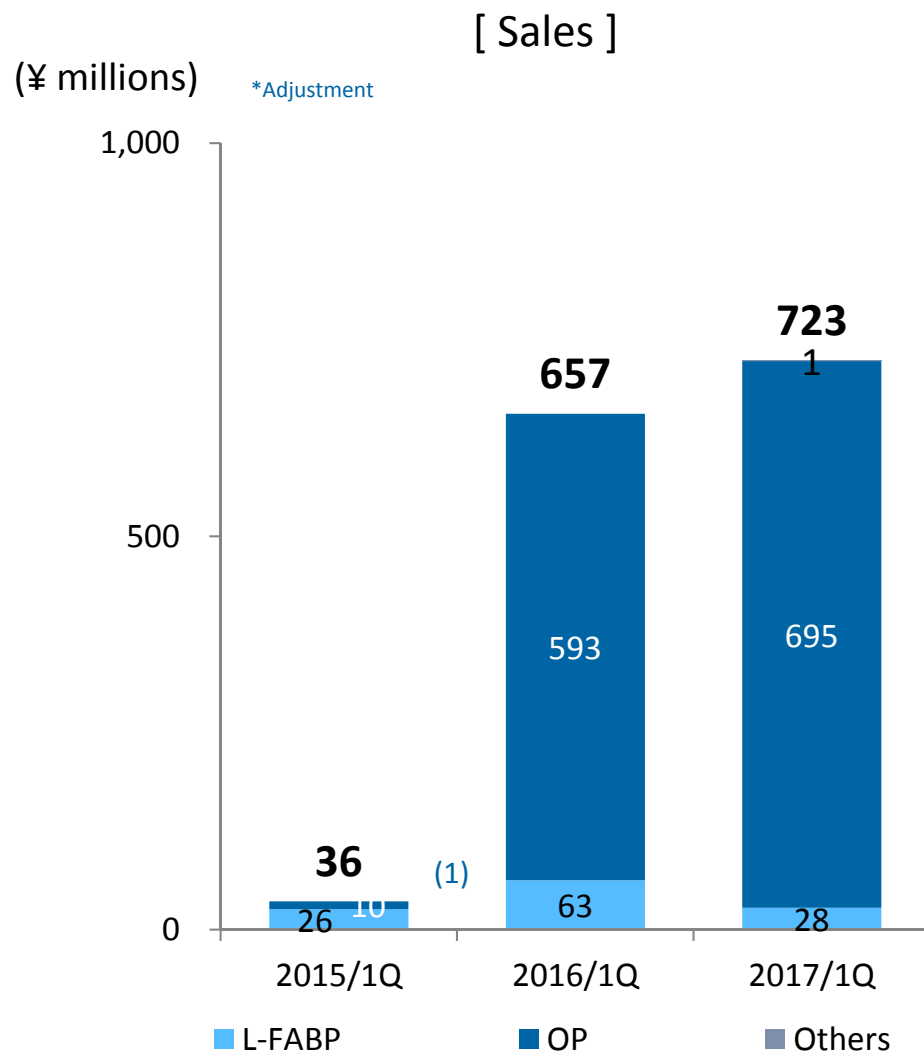
CMIC Ashfield K.K. worked to increase capacity to receive new orders and steadily move through existing contracts. Strove to expand market share by providing multichannel services. Sales and operating income came in lower than the same period the previous year due to the impact of the temporary adjustment of outsourcing needs in the previous period, but recent demand for orders is higher.

Healthcare Business



Promoted the acquisition of new orders through efforts to further strengthen sales and marketing activities in SMO services and expand its medical institute network. Sales significantly exceeded the same period the previous year on robust growth in new orders and existing contracts. Significantly improved profitability and recorded a business profit through ongoing managerial streamlining measures.

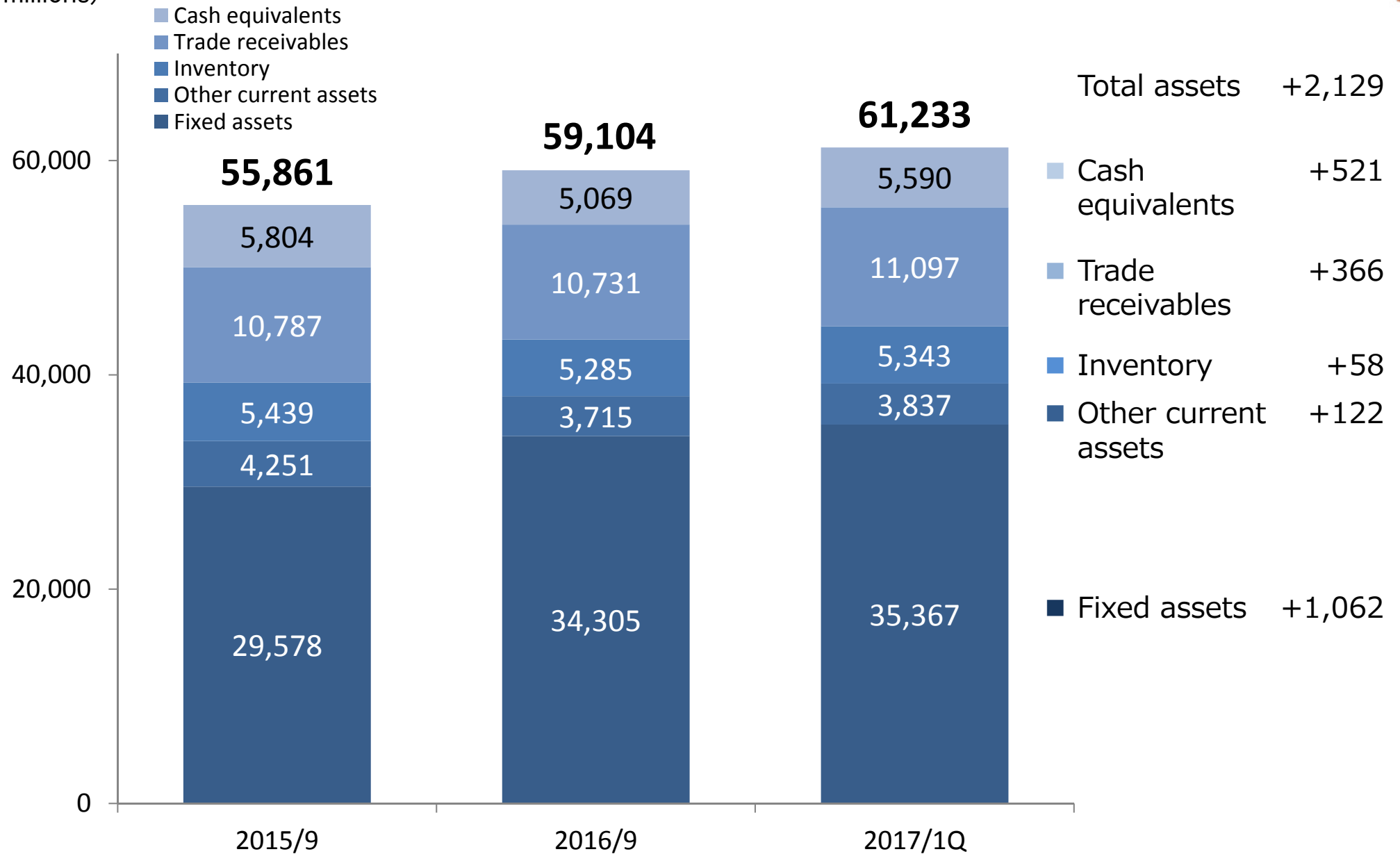
Innovative Pharma Model (IPM) Business



In the diagnostics business, began selling a simple test kit (Dip-test) for in vitro diagnostic drugs. In the orphan drug business, worked to expand sales by selling 5 products, including their own products, and implementing measures to increase disease recognition. Sales exceeded those from the previous year as orphan drug sales increased. While operating income came in lower than during the previous year on increased product investment costs, business is generally going according to plan.

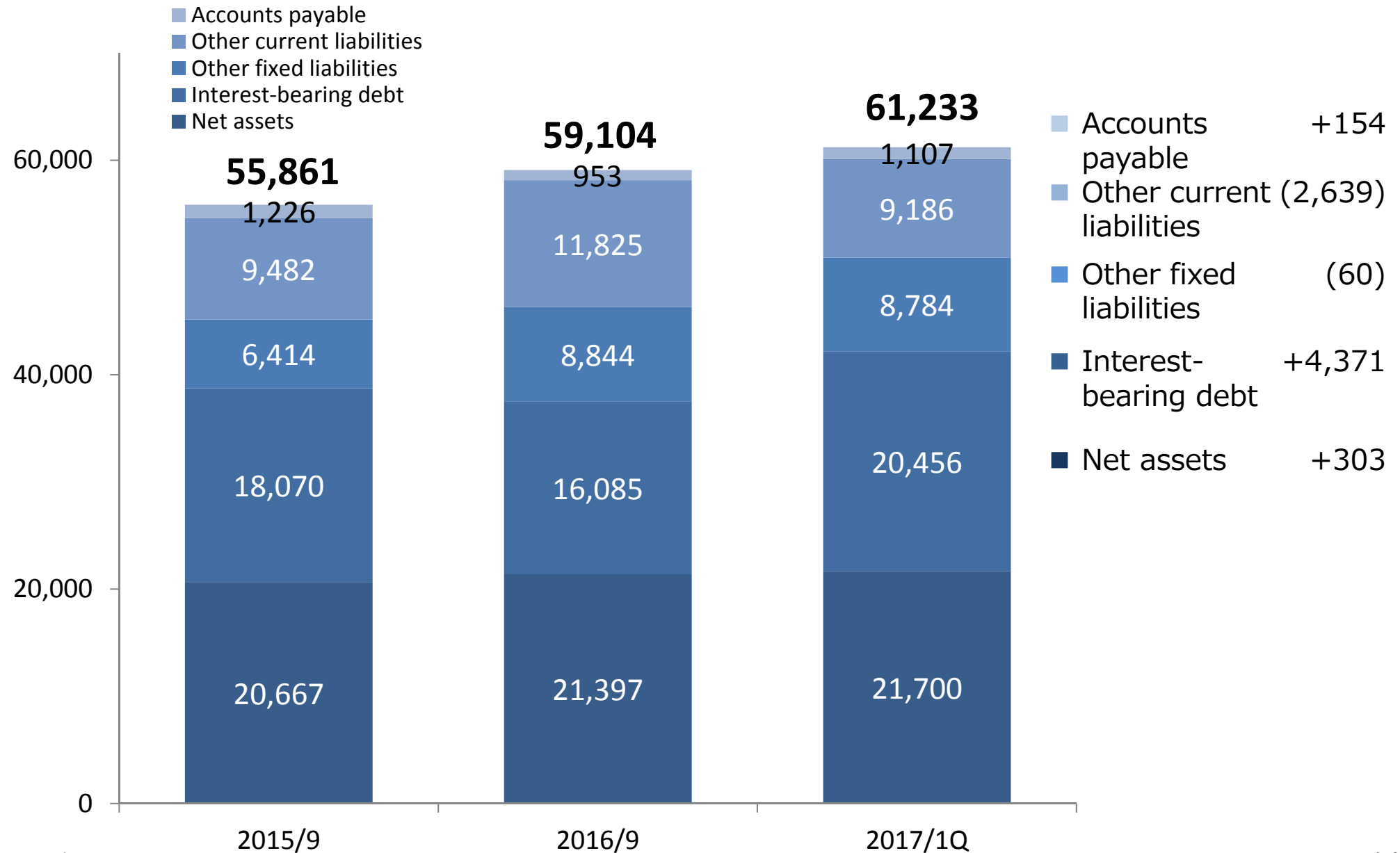
Balance sheet (assets)

(¥ millions)



Balance sheet (liabilities and net assets)


(¥ millions)



(Reference) Previous period (fiscal year ending Sept. 2016) results - transition

In the fiscal year ending in Sept 2016, we changed CMIC Career Co., Ltd., from CSO business to CRO business, and a portion of IPM business services to CRO business. Results for the fiscal year ending September 2016, corresponding to segments after changes, are as follows.

		2016/2Q Amount (¥ millions)	2016/3Q Amount (¥ millions)	FY2016 Amount (¥ millions)
CRO business	Sales	15,783	23,284	31,716
	Operating income	2,693	3,816	5,193
CDMO business	Sales	6,787	10,663	14,201
	Operating income	144	334	293
CSO business	Sales	3,739	5,581	7,397
	Operating income	330	443	452
Healthcare business	Sales	3,450	5,153	6,895
	Operating income	28	107	172
IPM business	Sales	1,263	1,881	2,245
	Operating income	(16)	(109)	(228)
Adjustments	Sales	(257)	(327)	(417)
	Operating income	(1,128)	(1,845)	(2,520)
Consolidated	Sales	30,767	46,236	62,039
	Operating income	2,052	2,745	3,363



Cautionary statement:

This material includes forward-looking statements based on assumptions and beliefs in light of the information currently available to management, and is subject to significant risks and uncertainties. Actual financial results may vary materially from the content of this material depending on a number of factors. While this material contains information on pharmaceuticals (including compounds under development), this information is not intended to make any representations or advertisements regarding the efficacy or effectiveness of their preparations, promote any kind of unapproved uses, nor provide medical advice of any kind.

