



# Overview of Financial Results for FY2019 1Q

CMIC HOLDINGS Co., Ltd.  
February 1, 2019

# Business segments and group companies

Blue indicates overseas.  
\*indicates affiliated company

Segment	Products and services	CMIC Group companies (as of end of Dec. 2018)
<b>CRO Business</b>	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 ShiftZero K.K. <a href="#">CMIC Korea Co., Ltd.</a> <a href="#">CMIC ASIA-PACIFIC, PTE. LTD.</a> <a href="#">CMIC ASIA PACIFIC (MALAYSIA) SDN. BHD.</a> <a href="#">CMIC Asia-Pacific (Hong Kong) Limited</a> <a href="#">CMIC ASIA-PACIFIC (PHILIPPINES), INC.</a> <a href="#">CMIC (Beijing) Pharmaceutical Services Co., Ltd.</a> <a href="#">CMIC (Beijing) Co., Ltd.</a> <a href="#">CMIC DATA SCIENCE VIETNAM COMPANY LIMITED</a> CMIC Pharma Science Co., Ltd. <a href="#">CMIC, INC.</a> <a href="#">CMIC (Suzhou) Pharmaceutical Technology Co., Ltd.</a> CMIC Career Co., Ltd.
<b>CDMO Business</b>	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	<a href="#">CMIC CMO Co., Ltd.</a> <a href="#">CMIC CMO Korea Co., Ltd.</a> <a href="#">CMIC CMO USA Corporation</a> CMIC JSR Biologics Co., Ltd.*
<b>CSO Business</b>	Services provided to pharma companies related to sales & marketing support	CMIC Ashfield Co., Ltd. McCann MDS Inc.*
<b>Healthcare Business</b>	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. CMIC Healthcare Co., Ltd. <a href="#">CMIC VIETNAM COMPANY LIMITED</a>
<b>IPM Business</b>	Provision of new business solution to pharmaceutical companies that combines the system to support all value chains and manufacturing authorization and other licenses (intellectual properties) held by CMIC Group	CMIC HOLDINGS Co., Ltd. CMIC CMO Co., Ltd. OrphanPacific, Inc.

# Main initiatives of the current term

**Push forward "Project Phoenix—Initiatives to achieve sustainable growth—" and start the new "Mid-term Plan (2019-2021)"**

## Focus activities

Acceleration of "PVC model", our unique business model

Promoting Globalization

Creation of healthcare business

## CRO Business

- ✓ Enhanced Post-marketing surveillance (PMS) and Clinical research support business using medical database
- ✓ Promoted readiness for evolving fields including biologics and regenerative medicine
- ✓ Expanded the safety pharmacology evaluation service through partnership with Sophion Bioscience

## CDMO Business

- ✓ Launched a new parenteral drug manufacturing facility with capabilities to manufacture high-potency drugs and started producing clinical-trial materials
- ✓ Concluded a stock transfer agreement on the assignment of Nishine Plant from Astellas Pharma Tech (Acquisition date: 2019/6/1)

## CSO Business

- ✓ Held the first Medical Affairs personnel training course "MA Academy" in the private sector
- ✓ Expanded service in the area of Medical Affairs

## Healthcare Business

- ✓ Strengthened the oncology capabilities in the SMO operations
- ✓ Enhanced the services for patients using the healthcare portal site "HelC+"

## IPM Business

- ✓ Supported foreign pharmaceutical companies entering the Japanese market through provision of the IPM platform

# Consolidated income statement (overview)

	2018/1Q		2019/1Q		YoY change (¥ millions)	Percent change (%)
	Amount	Composition ratio	Amount	Composition ratio		
	(¥ millions)	(%)	(¥ millions)	(%)		
<b>Sales</b>	<b>16,637</b>	<b>100.0</b>	<b>17,399</b>	<b>100.0</b>	<b>761</b>	<b>4.6</b>
<b>Operating income</b>	<b>1,013</b>	<b>6.1</b>	<b>965</b>	<b>5.5</b>	<b>(48)</b>	<b>(4.8)</b>
<b>Ordinary income</b>	<b>1,035</b>	<b>6.2</b>	<b>861</b>	<b>5.0</b>	<b>(173)</b>	<b>(16.8)</b>
<b>Profit attributable to owners of parent</b>	<b>544</b>	<b>3.3</b>	<b>536</b>	<b>3.1</b>	<b>(7)</b>	<b>(1.4)</b>
<b>Earnings per share</b>	<b>¥29.09</b>		<b>¥28.89</b>			

Sales exceeded that of the same period of the previous year driven by the CRO business growth. Operating income was below that of the same period of the previous year due to decrease in profit of CDMO business, but overall it was progressed as planned.

# Breakdown of Non-operating income and expenses /Extraordinary income and losses/Income taxes



(¥ millions)	2018/1Q	2019/1Q		2018/1Q	2019/1Q
<b>Non-operating income</b>	<b>59</b>	<b>32</b>	<b>Extraordinary income</b>	<b>-</b>	<b>6</b>
Interest income	1	1	Gain on abolishment of retirement benefit plan	-	6
Share of profit of entities accounted for using equity method	16	-			
Foreign exchange gains	26	-	<b>Extraordinary losses</b>	<b>18</b>	<b>47</b>
Rent income	2	5	Loss on retirement of non-current assets	13	47
Refunded consumption taxes	3	4	Loss on valuation of investment securities	4	-
Insurance income	-	14			
Other	8	6			
<b>Non-operating expenses</b>	<b>37</b>	<b>135</b>	<b>Income taxes</b>	<b>475</b>	<b>551</b>
Interest expenses	28	32	Current	77	36
Foreign exchange losses	-	56	Deferred	398	514
Share of loss of entities accounted for using equity method	-	35			
Other	9	11			5

# Sales & Operating income by segment

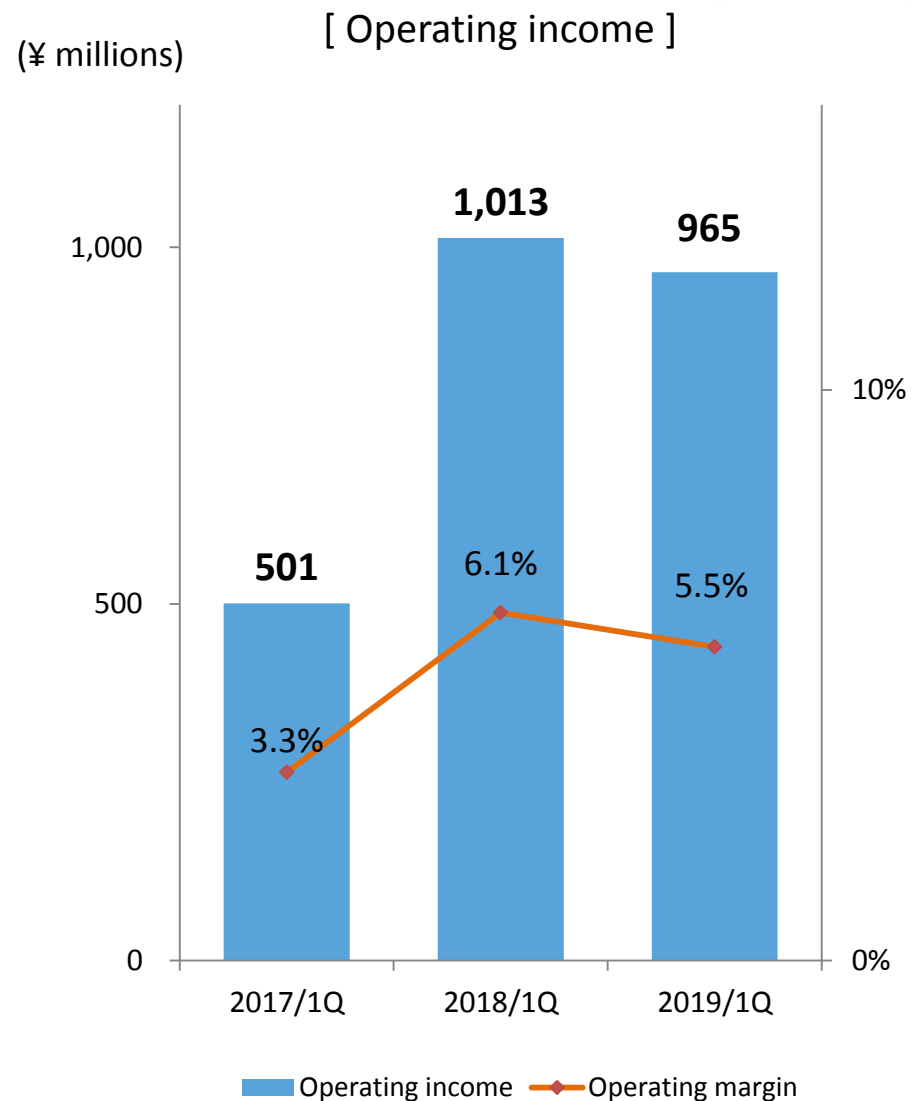
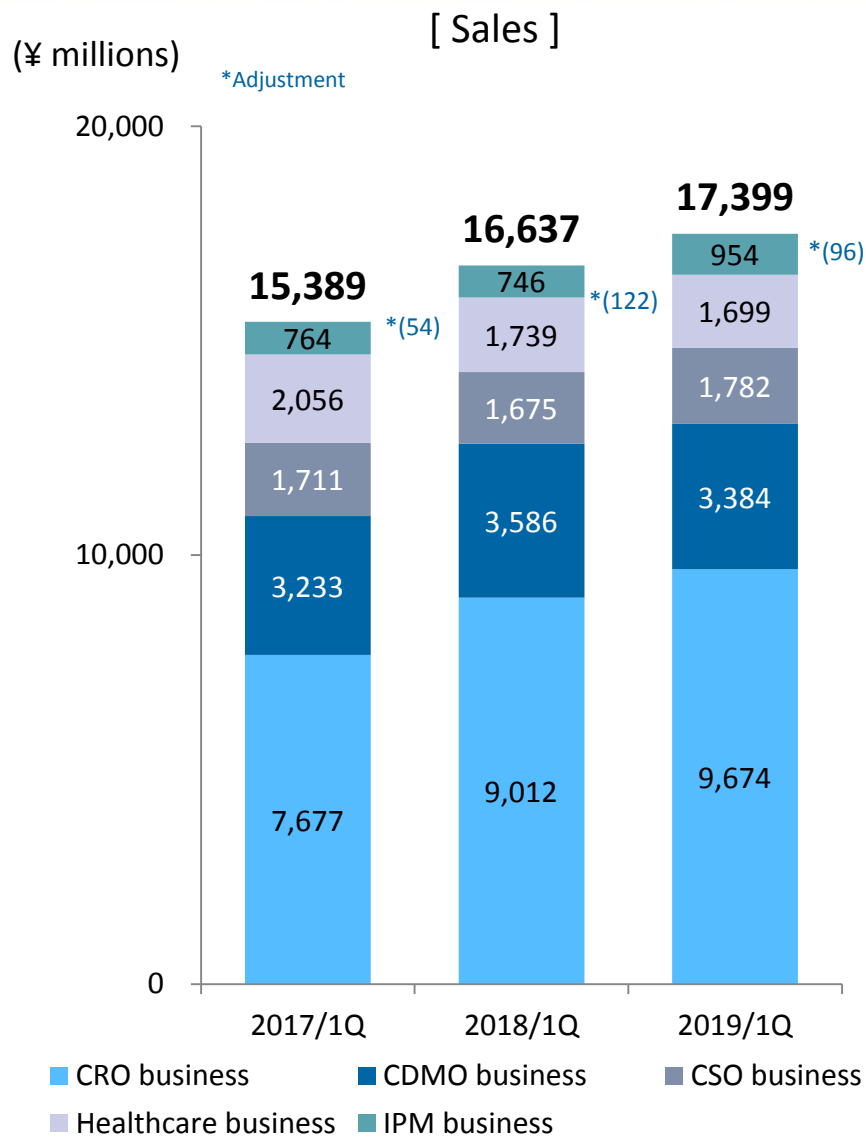
		2018/1Q Amount (¥ millions)	2019/1Q Amount (¥ millions)	Change (¥ millions)	Percent change (%)
<b>CRO Business</b>	Sales	9,012	<b>9,674</b>	662	7.3
	Operating income	1,812	<b>2,121</b>	309	17.0
<b>CDMO Business</b>	Sales	3,586	<b>3,384</b>	(202)	(5.6)
	Operating income	(184)	<b>(377)</b>	(193)	-
<b>CSO Business</b>	Sales	1,675	<b>1,782</b>	107	6.4
	Operating income	56	<b>(44)</b>	(100)	-
<b>Healthcare Business</b>	Sales	1,739	<b>1,699</b>	(39)	(2.3)
	Operating income	149	<b>106</b>	(42)	(28.6)
<b>IPM Business</b>	Sales	746	<b>954</b>	208	27.9
	Operating income	(65)	<b>(12)</b>	52	-
<b>Adjustments</b>	Sales	(122)	<b>(96)</b>	25	-
	Operating income	(755)	<b>(828)</b>	(73)	-
<b>Consolidated</b>	Sales	16,637	<b>17,399</b>	761	4.6
	Operating income	1,013	<b>965</b>	(48)	(4.8)

# Orders received / Backlog

	2018/1Q		2019/1Q			
	Orders received (¥ millions)	Backlog (¥ millions)	Orders received (¥ millions)	Percent change (%)	Backlog (¥ millions)	Percent change (%)
<b>CRO Business</b>	10,479	56,440	<b>8,320</b>	(20.6)	<b>54,520</b>	(3.4)
<b>CDMO Business</b>	3,523	3,582	<b>4,195</b>	19.1	<b>4,657</b>	30.0
<b>CSO Business</b>	1,663	3,084	<b>2,595</b>	56.0	<b>4,075</b>	32.1
<b>Healthcare Business</b>	1,606	9,054	<b>2,300</b>	43.2	<b>10,248</b>	13.2
<b>Total</b>	<b>17,272</b>	<b>72,161</b>	<b>17,411</b>	0.8	<b>73,501</b>	1.9

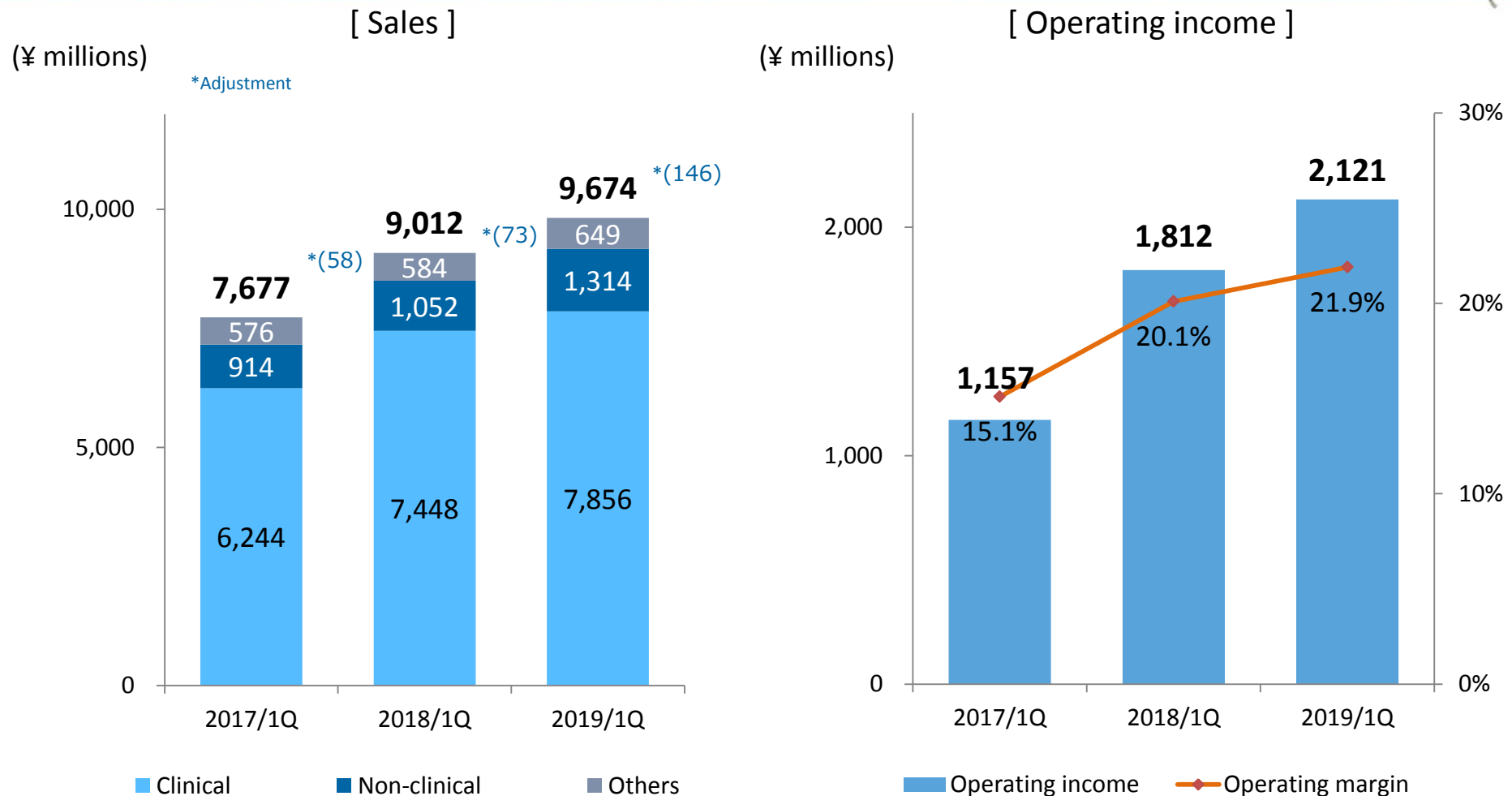
- New orders dropped as a rebound from the acquisition of large-scale projects from the same period of the previous year, and the number of inquiries remains high. New orders for CSO and Healthcare significantly exceeded that of the same period of the previous year.
- Accounts for only the backlog of 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.
- Order status is not included for IPM Business because its business conditions are different from those of contract business.

# Trend in consolidated Sales & Operating income



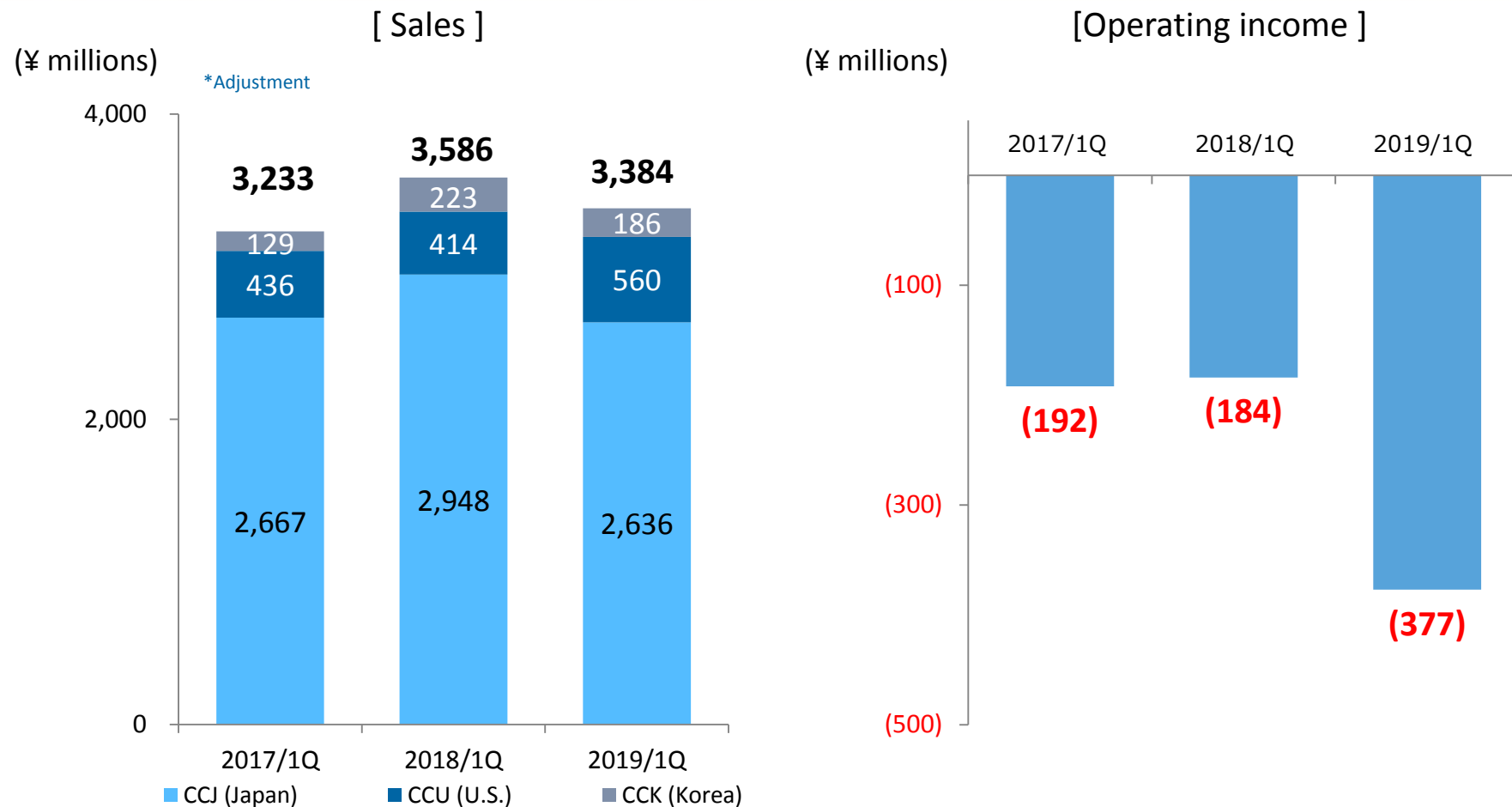


# Contract Research Organization (CRO) Business



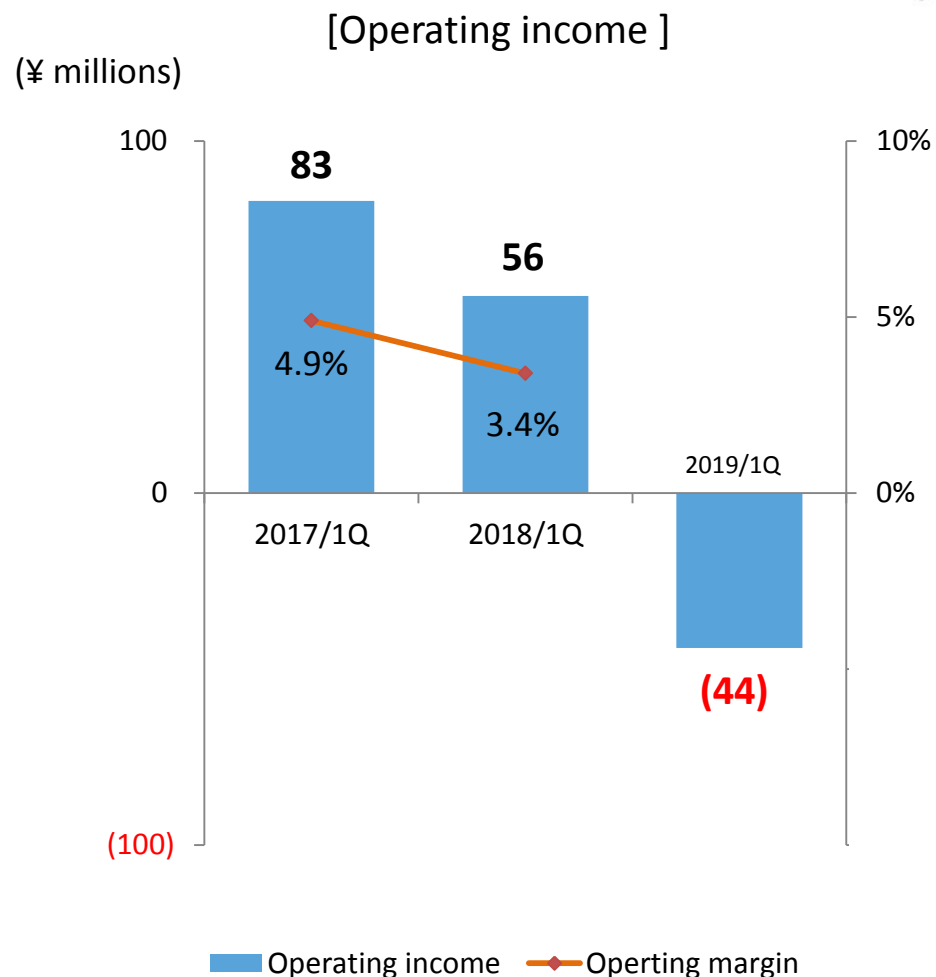
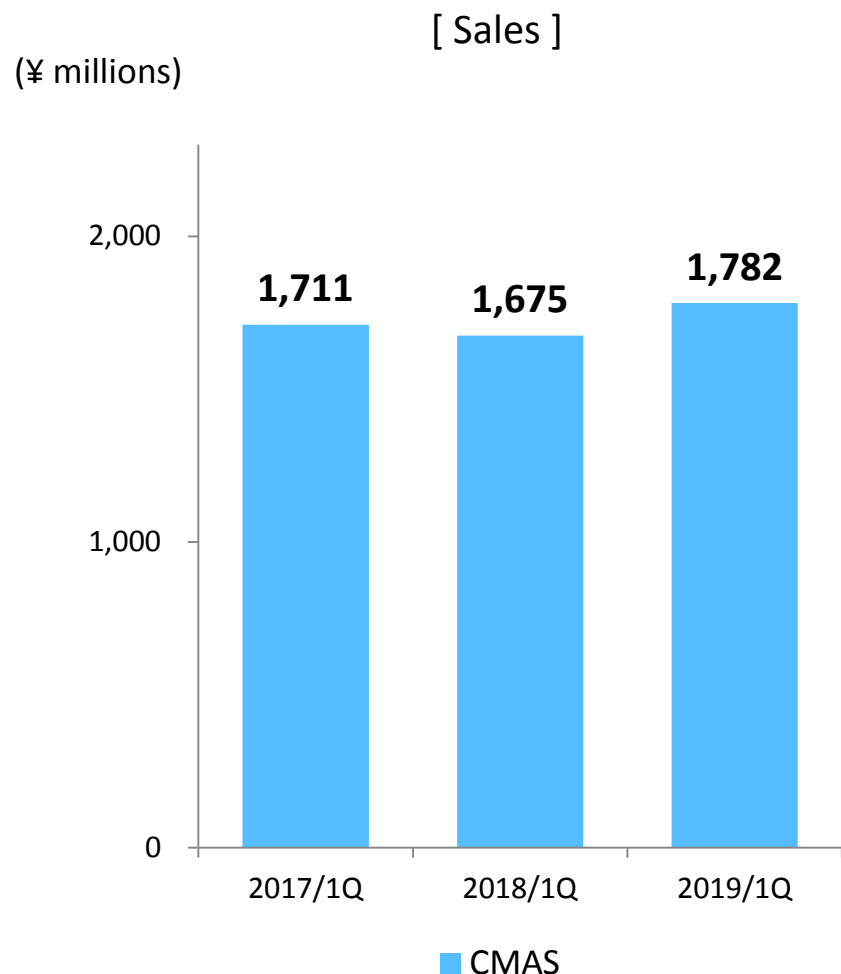
Supported overseas companies entering the Japanese market, non-healthcare companies entering the healthcare sphere, and promoted measures to address sophisticating development needs including biopharmaceuticals and regenerative medicine. Sales and operating income exceeded those from the same period of the previous year thanks to robust growth in new and existing contracts.

# Contract Development Manufacturing Organization (CDMO) Business



Launched a new parenteral drug manufacturing facility in Ashikaga and started producing clinical-trial materials. Concluded a stock transfer agreement on the assignment of Nishine Plant from Astellas Pharma Tech to improve the oral solid dose manufacturing capabilities. Sales were less than the same period of the previous year mainly due to production schedule changes. Operating loss was recorded following the commercial production start-up expenses for the new parenteral drug manufacturing facility in Ashikaga and increased depreciation cost.

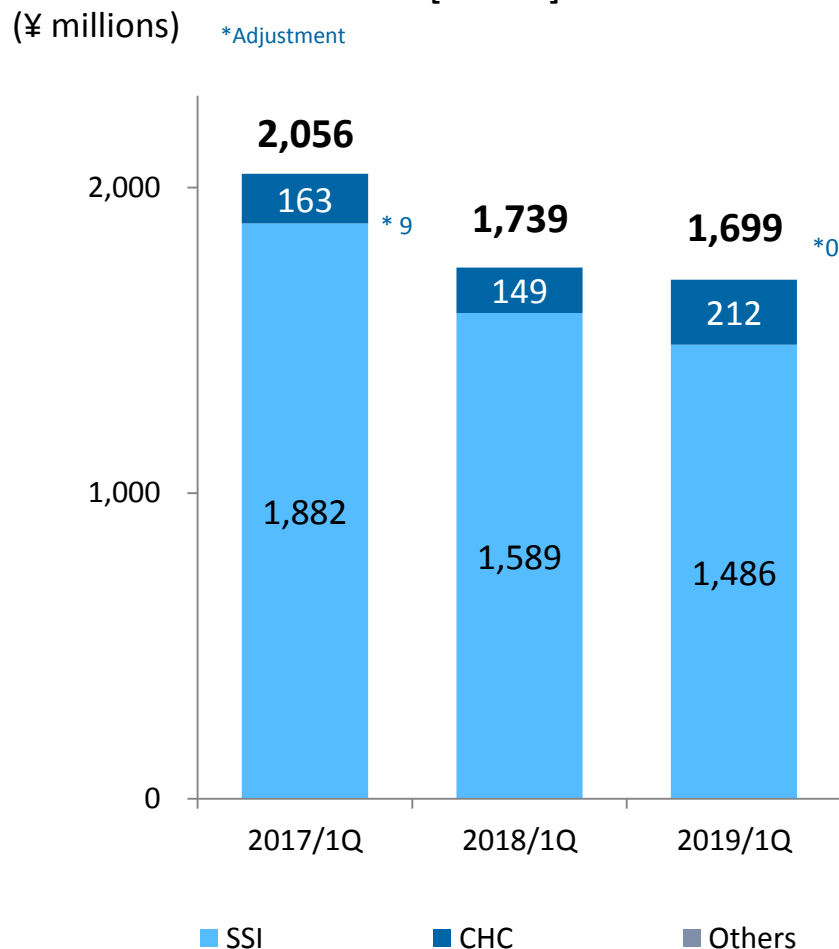
# Contract Sales Organization (CSO) Business



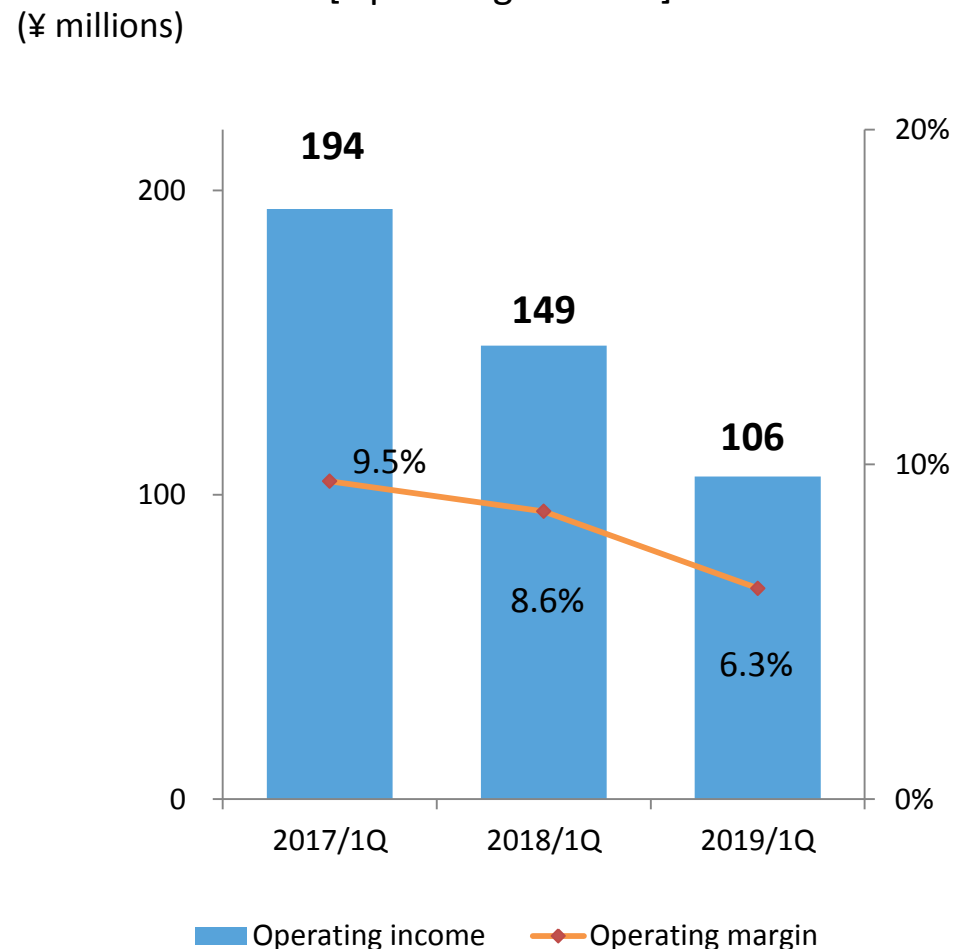
Enhanced the sales activities for Medical Affairs-related operations. Sales exceeded that of the same period of the previous year thanks to the steady execution of existing projects, but operating loss was recorded due to the costs generated to meet the increasing demand and take on large-scale projects including hiring and training costs.

# Healthcare Business

[ Sales ]

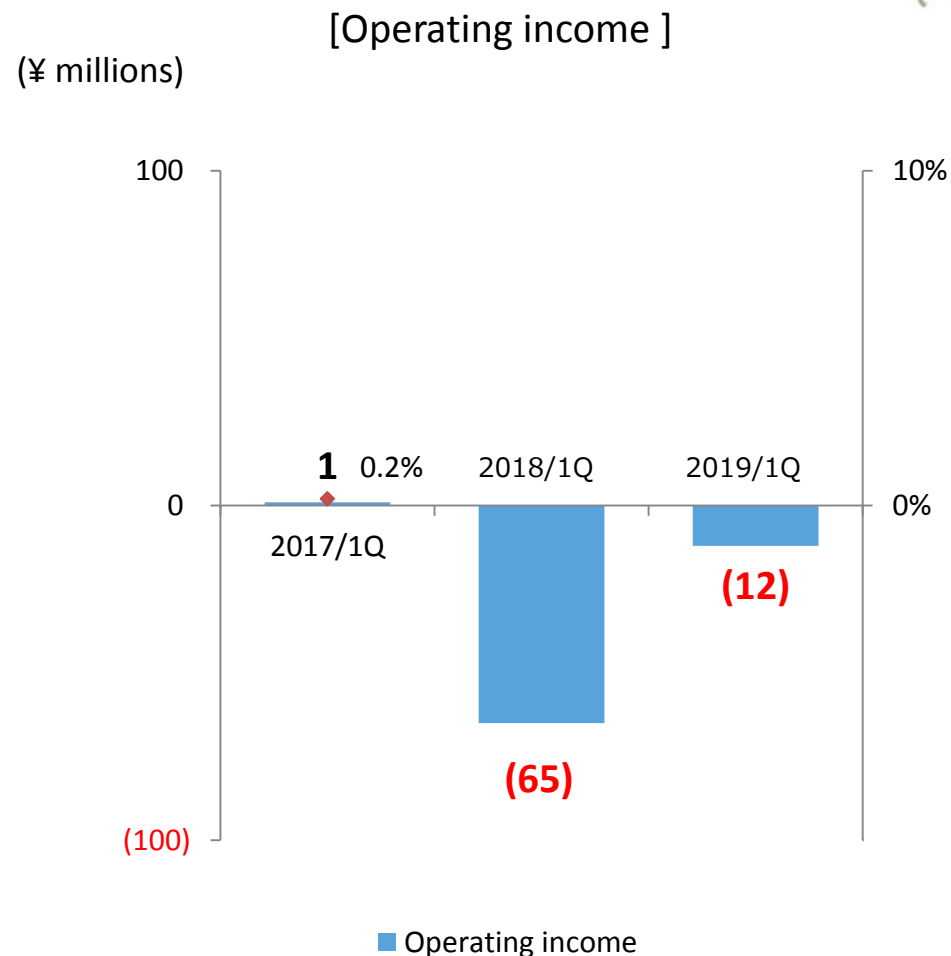
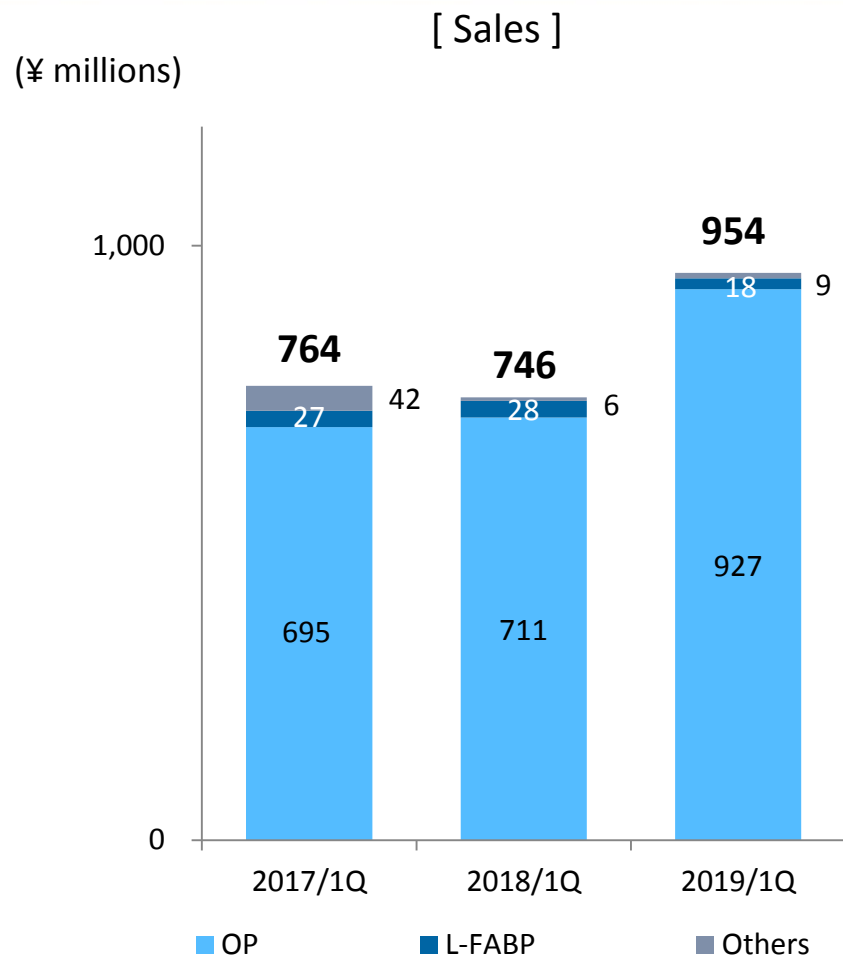


[ Operating income ]



Strengthened the oncology capabilities in the SMO operations. Enhanced the services for patients by providing information of clinical trials using the healthcare portal site “HelC+”. Sales and operating income are below that of the same period of the previous year due to discontinuation or temporary interruption of contract studies in SMO business operations.

# Innovative Pharma Model ( IPM ) Business

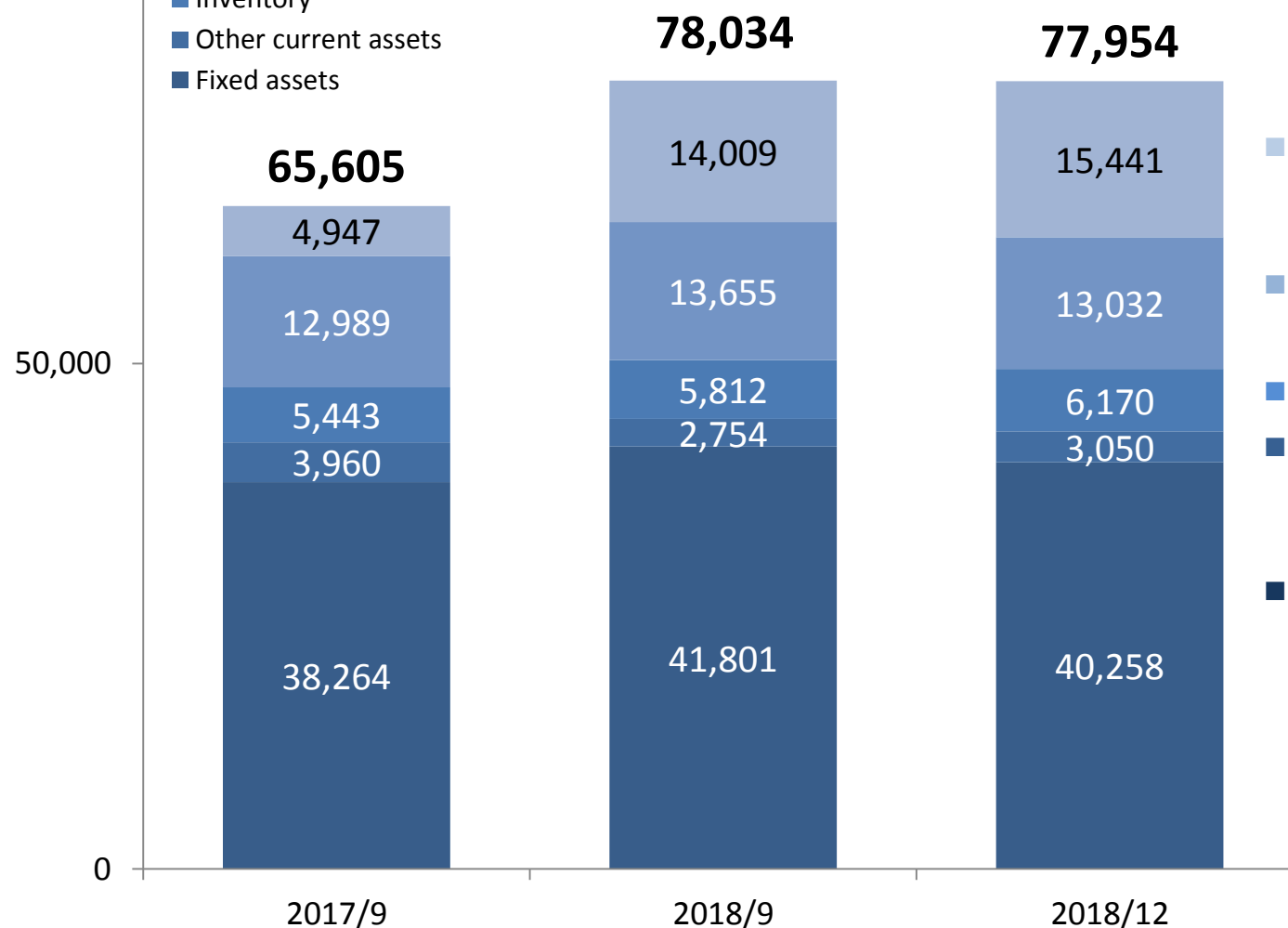


Marketed orphan drugs, including products developed in-house. Expanded the market and strengthened promotions of the kidney disease biomarker “human L-type fatty acid-binding protein (L-FABP) kit”. Sales exceeded that of the same period of the previous year due to sales increase of orphan drugs. Continued to expand our business scale through provision of new solutions towards positive turnaround of sales.

# Balance sheet (assets)

(¥ millions)

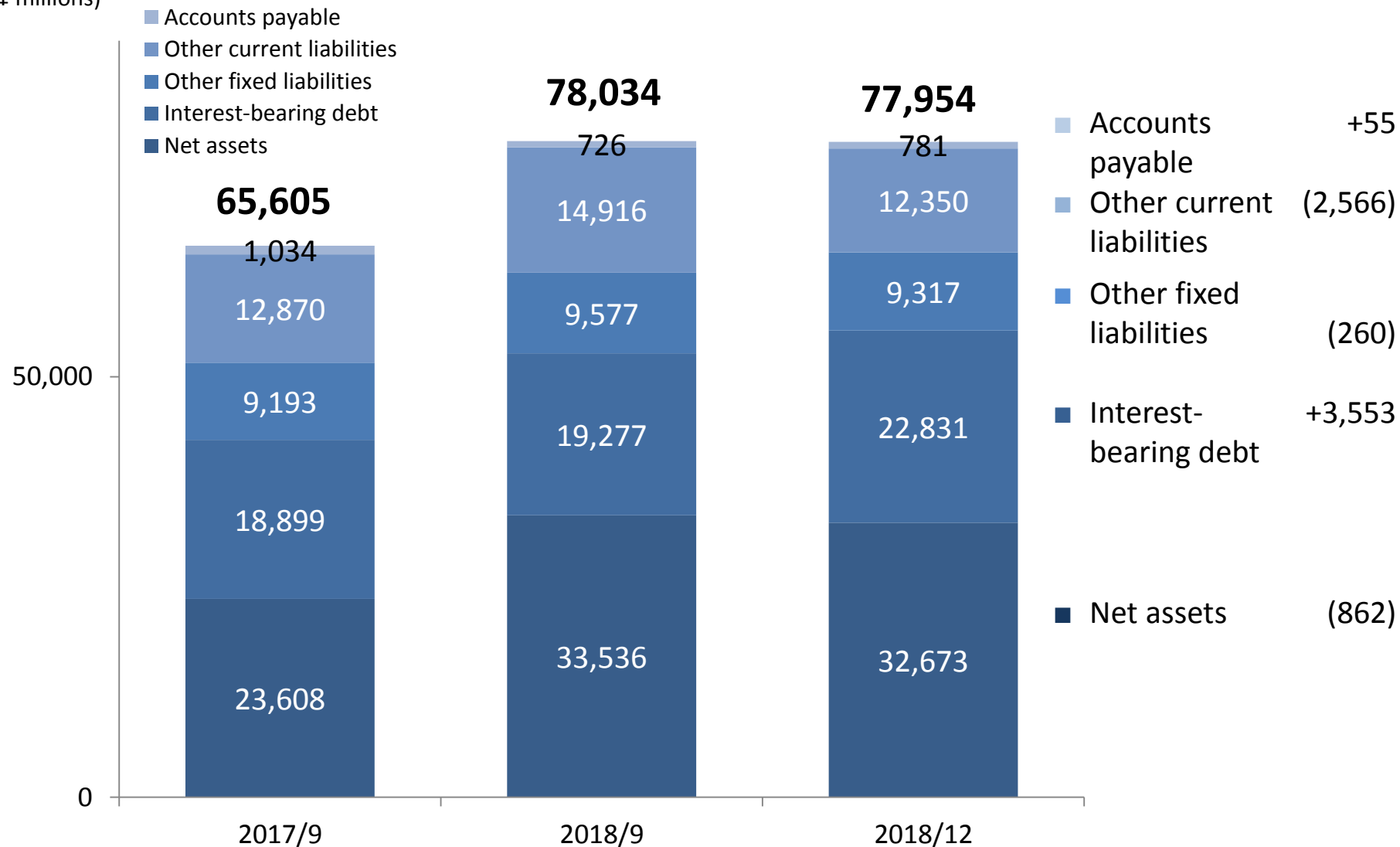
- Cash equivalents
- Trade receivables
- Inventory
- Other current assets
- Fixed assets




Total assets	(80)
Cash equivalents	+1,432
Trade receivables	(622)
Inventory	+357
Other current assets	+295
Fixed assets	(1,542)

# Balance sheet (liabilities and net assets)

(¥ millions)





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.

