

Overview of Financial Results for the 3rd Quarter FY2018

CMIC HOLDINGS Co., Ltd.

July 27, 2018

Business segments and group companies

Blue indicates overseas.
*indicates affiliated company

Segment	Products and services	CMIC Group companies (as of end of June 2018)
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 Korea Co., Ltd. CMIC ASIA-PACIFIC, PTE. LTD. CMIC ASIA PACIFIC (MALAYSIA) SDN. BHD. CMIC Asia-Pacific (Hong Kong) Limited CMIC ASIA-PACIFIC (PHILIPPINES), INC. CMIC (Beijing) Pharmaceutical Services Co., Ltd. CMIC (Beijing) Co., Ltd. CMIC DATA SCIENCE VIETNAM COMPANY LIMITED CMIC Pharma Science Co., Ltd. CMIC, INC. CMIC (Suzhou) Pharmaceutical Technology Co., Ltd. CMIC Career 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. McCann MDS 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. CMIC Healthcare Co., Ltd. CMIC VIETNAM COMPANY LIMITED C3KK*
IPM Business	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

Promotion of “Project Phoenix -Initiatives to achieve sustainable growth”

Project Phoenix 2.0 achievements

- Establishment of the agile management system and started providing IPM solution
- Organizational and functional changes for top management in the group (two-top execution by CEO-COO)

Start of Project Phoenix 3.0

- CMIC’s take on healthcare Revolution
- Acceleration of global business management

CRO Business

- ✓ Enhancement of Post-marketing surveillance (PMS) and Clinical research support business using medical database
- ✓ Promoted readiness for evolving fields including biologics and regenerative medicine (Enhanced analytical services for Nucleic acid drugs and participated in the Technology Consortium aiming at the clinical application of platelet preparations derived from human iPS cells)

CDMO Business

- ✓ Capital and business tie-up agreement with DBJ
- ✓ Directed toward full-scale launch of a new injection building in October with capability to manufacture high potency drugs

CSO Business

- ✓ Acquired new large-scale projects using PVC model
- ✓ Provision of comprehensive commercial solution that combines various services

Healthcare Business

- ✓ Jointly developed a clinical trial support solution with NEC Corporation using AI voice recognition technology to promote efficiency of SMO operations
- ✓ Expanded new service models such as Medical Concierge Services

IPM Business

- ✓ Launched hypertension drug “Rasilez Tablets[®] (Aliskiren Fumarate) 150mg” transferred from Novartis Pharma

Consolidated income statement (overview)

	2017/3Q		2018/3Q		YoY change (¥ millions)	Percent change (%)
	Amount	Composition ratio	Amount	Composition ratio		
	(¥ millions)	(%)	(¥ millions)	(%)		
Sales	47,978	100.0	51,624	100.0	3,645	7.6
Operating income	2,922	6.1	4,016	7.8	1,094	37.4
Ordinary income	2,855	6.0	3,805	7.4	950	33.3
Profit attributable to owners of parent	1,025	2.1	1,229	2.4	203	19.9
Earnings per share	¥54.82		¥65.75			

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

(¥ millions)

	2017/3Q	2018/3Q		2017/3Q	2018/3Q
Non-operating income	160	56	Extraordinary losses	448	333
Interest income	14	4	Loss on sales of non-current assets	27	0
Foreign exchange gains	95	-	Loss on retirement of non-current assets	99	46
Rent income	12	14	Provision of allowance for doubtful accounts	321	-
Refunded consumption taxes	13	12	Loss on revision of pay Regulations	-	280
Other	25	24	Loss on valuation of investment securities	-	4
Non-operating expenses	227	266	Income taxes	1,249	2,194
Interest expenses	92	87	Current	897	1,282
Share of loss of entities accounted for using equity method	81	91	Deferred	351	912
Foreign exchange losses	-	39			
Other	53	48			

Sales & Operating income by segment

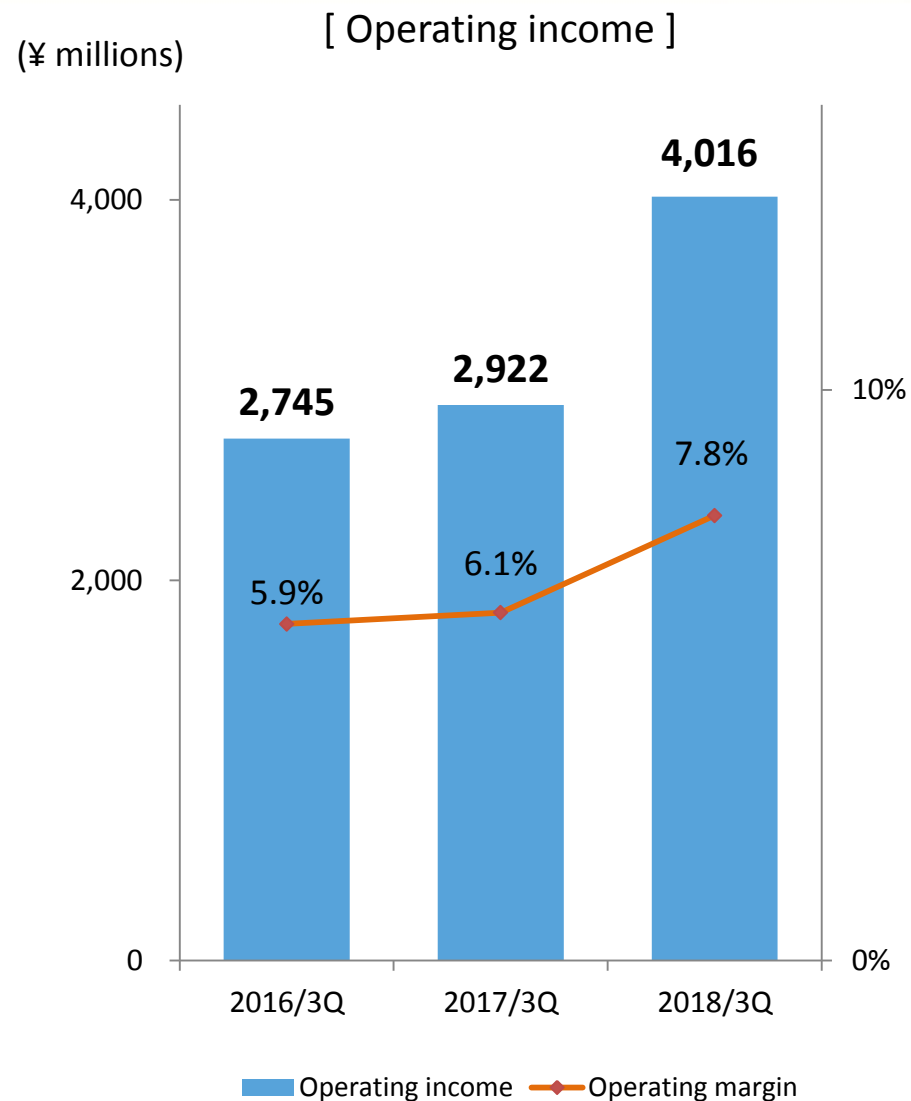
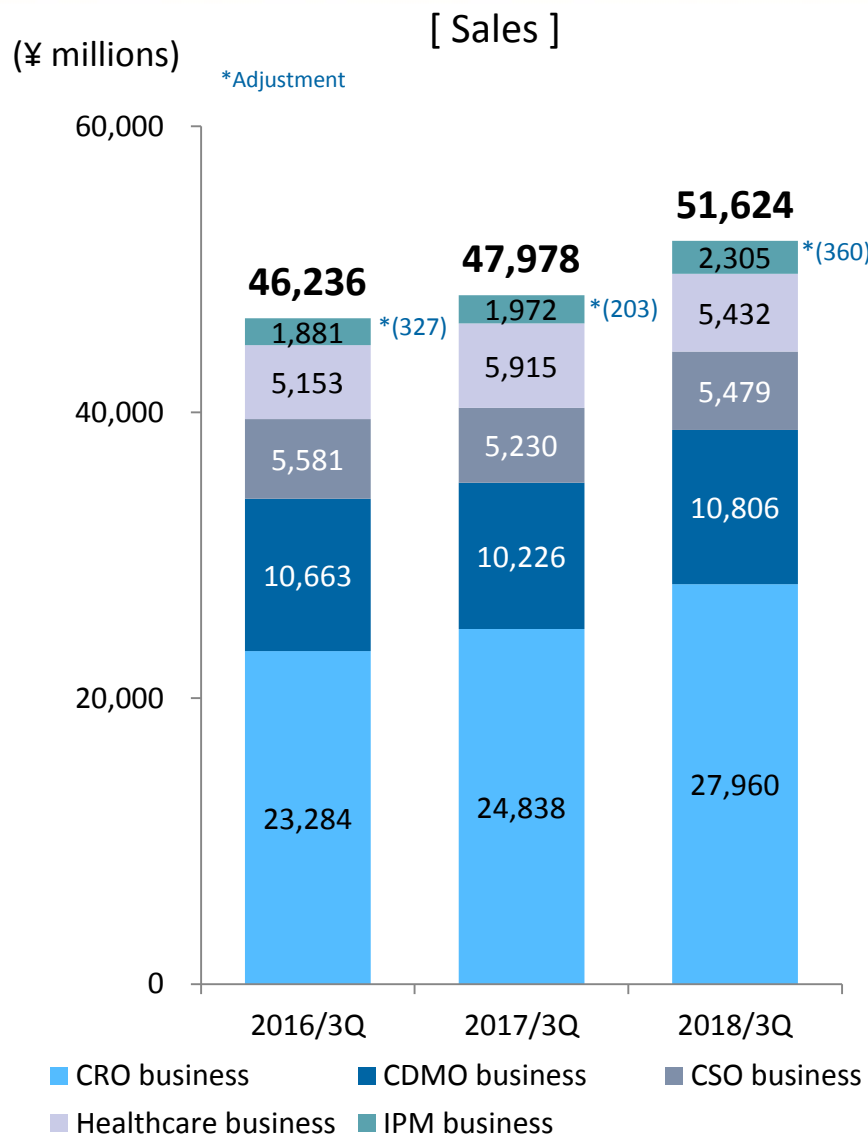
		2017/3Q Amount (¥ millions)	2018/3Q Amount (¥ millions)	Change (¥ millions)	Percent change (%)
CRO Business	Sales	24,838	27,960	3,121	12.6
	Operating income	4,280	5,904	1,624	37.9
CDMO Business	Sales	10,226	10,806	580	5.7
	Operating income	(25)	(473)	(448)	-
CSO Business	Sales	5,230	5,479	249	4.8
	Operating income	396	349	(46)	(11.8)
Healthcare Business	Sales	5,915	5,432	(482)	(8.2)
	Operating income	944	668	(276)	(29.3)
IPM Business	Sales	1,972	2,305	332	16.9
	Operating income	(343)	(185)	158	-
Adjustments	Sales	(203)	(360)	(156)	-
	Operating income	(2,329)	(2,246)	83	-
Consolidated	Sales	47,978	51,624	3,645	7.6
	Operating income	2,922	4,016	1,094	37.4

Orders received / Backlog

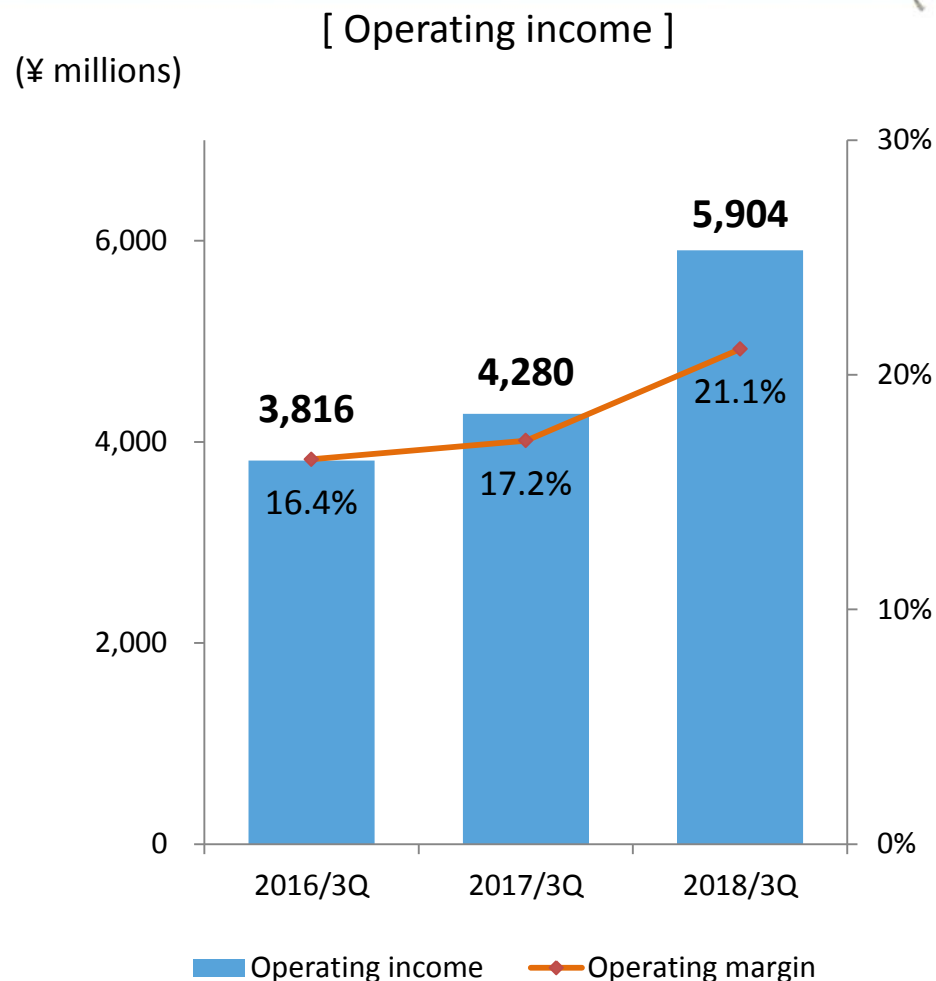
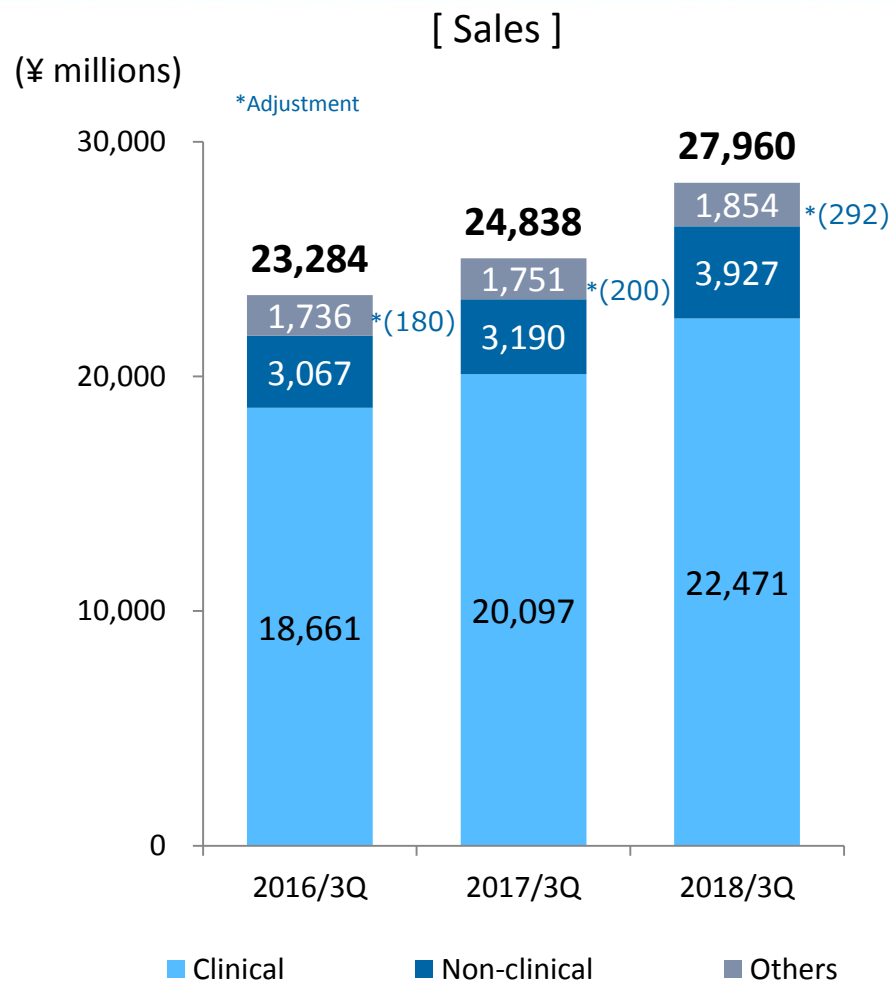
	2017/3Q		2018/3Q			
	Orders received (¥ millions)	Backlog (¥ millions)	Orders received (¥ millions)	Percent change (%)	Backlog (¥ millions)	Percent change (%)
CRO Business	34,358	55,190	33,567	(2.3)	60,718	10.0
CDMO Business	10,939	4,084	11,279	3.1	4,190	2.6
CSO Business	2,735	3,099	6,077	122.2	3,693	19.1
Healthcare Business	4,933	8,545	4,521	(8.3)	8,305	(2.8)
Total	52,966	70,920	55,446	4.7	76,907	8.4

- 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

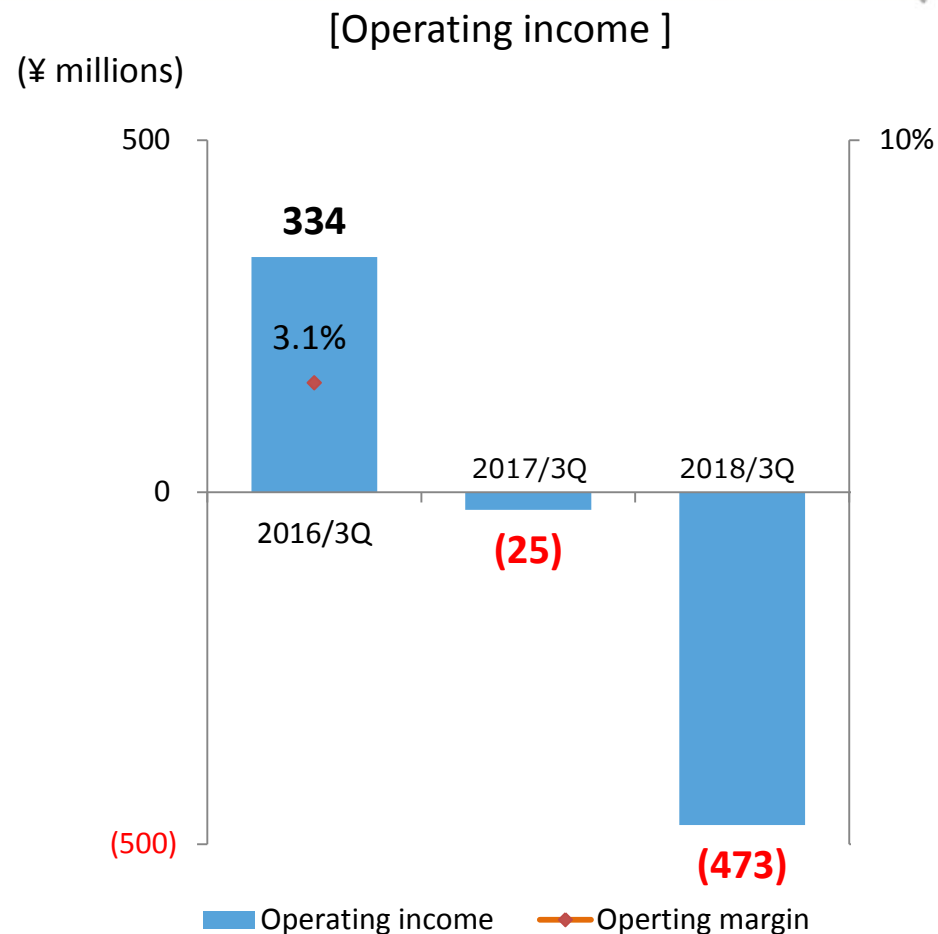
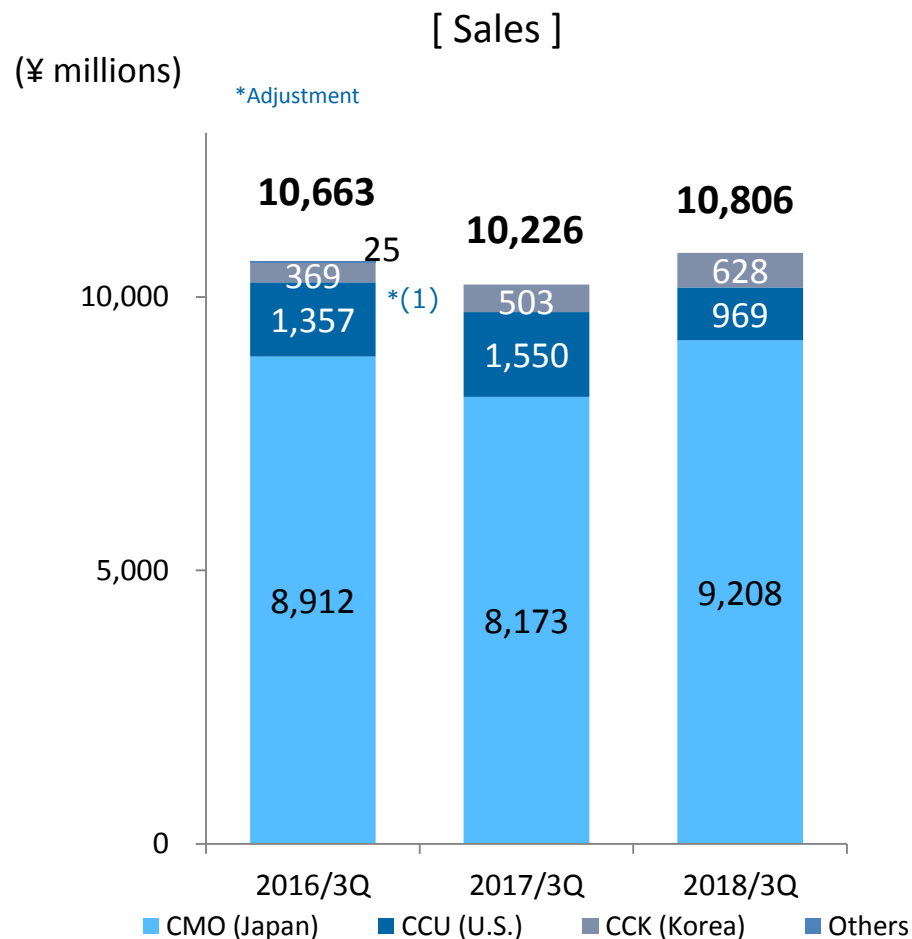


Contract Research Organization (CRO) Business



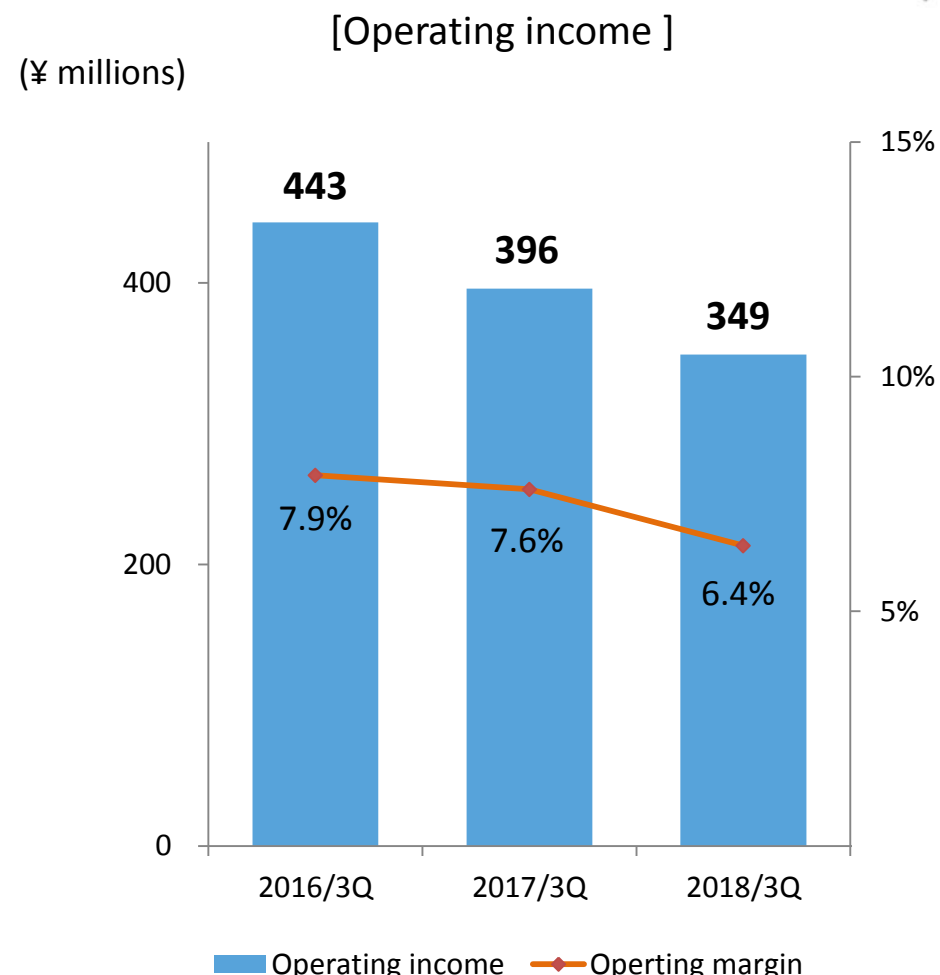
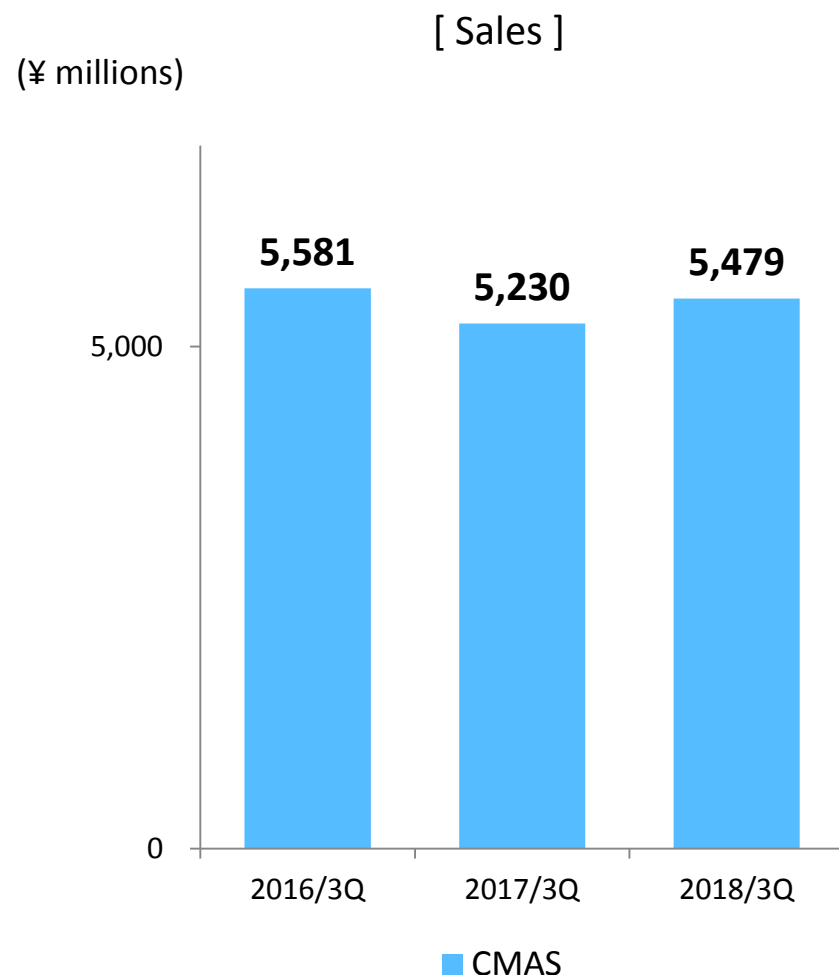
Secured human resources to meet robust demand in clinical services. Preparation is underway to establish an organization to provide end-to-end support that covers from clinical trial to PMS. For non-clinical services, our laboratories in Japan and the United States are collaborating to provide drug discovery support for next-generation drugs including nucleic acid drugs and regenerative medicine to enhance seamless services for pharmaceutical development needs in Japan and the United States. 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



Continued an effort to establish a low-cost production structure in the pursuit of productivity and efficiency through total service provision for drug manufacturing. Focused on the preparation towards the full-scale operation of the new injection building. Announced a capital and business tie-up agreement with Development Bank of Japan Inc. (hereafter "DBJ") to promote broader strategies and expand our business through as a global manufacturing platform utilization of DBJ funding, personnel, and network in Japan and overseas, in addition to our growth based on existing business. Sales exceeded that of the same period last year thanks to robust progress of new contract manufacturing projects. Operating loss was recorded due to temporary production volume decrease of existing orders in the United States and the commercial production start-up expenses for the new injection building in Ashikaga.

Contract Sales Organization (CSO) Business

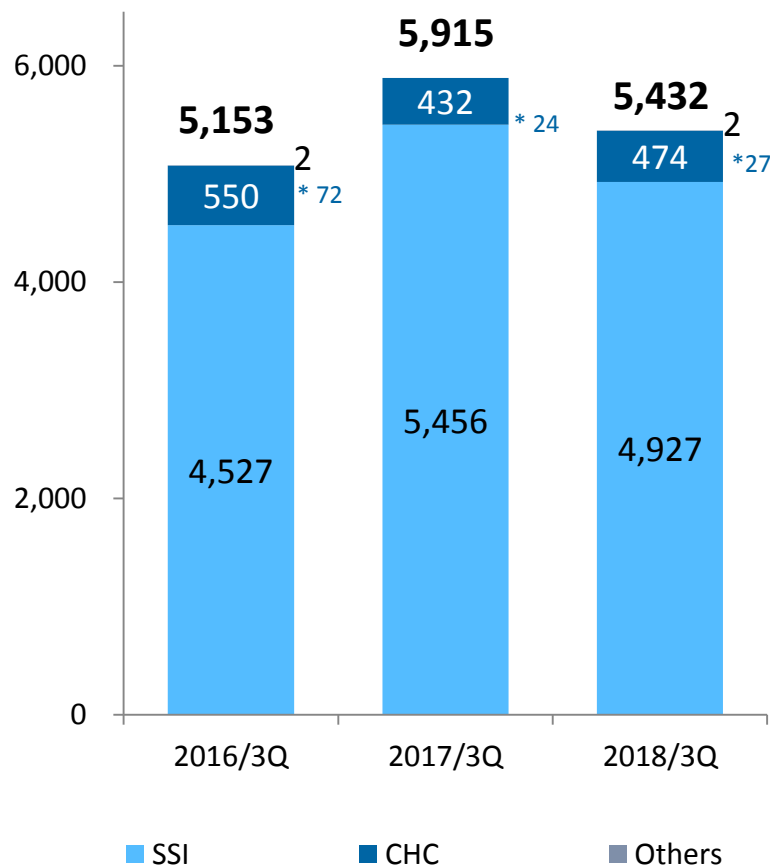


CMIC Ashfield Co., Ltd. has worked steadily to strengthen its capacity to take new orders and move through existing projects, they are also providing comprehensive commercial solution that combines various services to meet customer demands. Sales exceeded that of the same period last year thanks to robust progress of new contract projects including large projects utilizing our PVC model, but operating income was less than that of the same period last year due to the costs generated to take on large-scale projects. We will continue to steadily execute the existing projects and strive to win new projects.

Healthcare Business

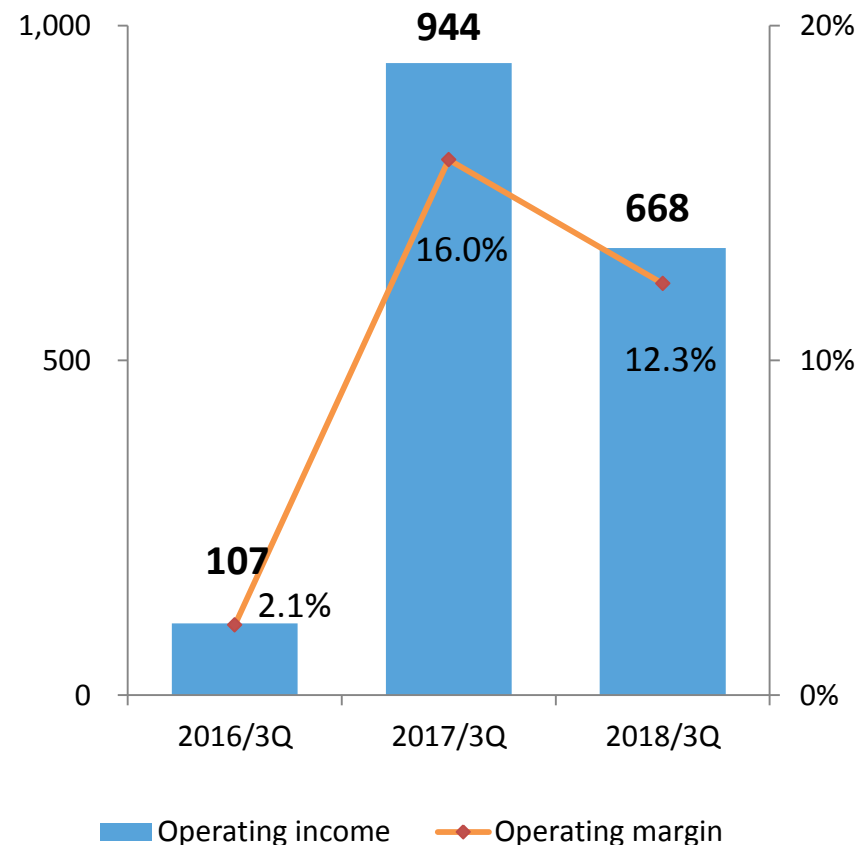
[Sales]

(¥ millions) *Adjustment



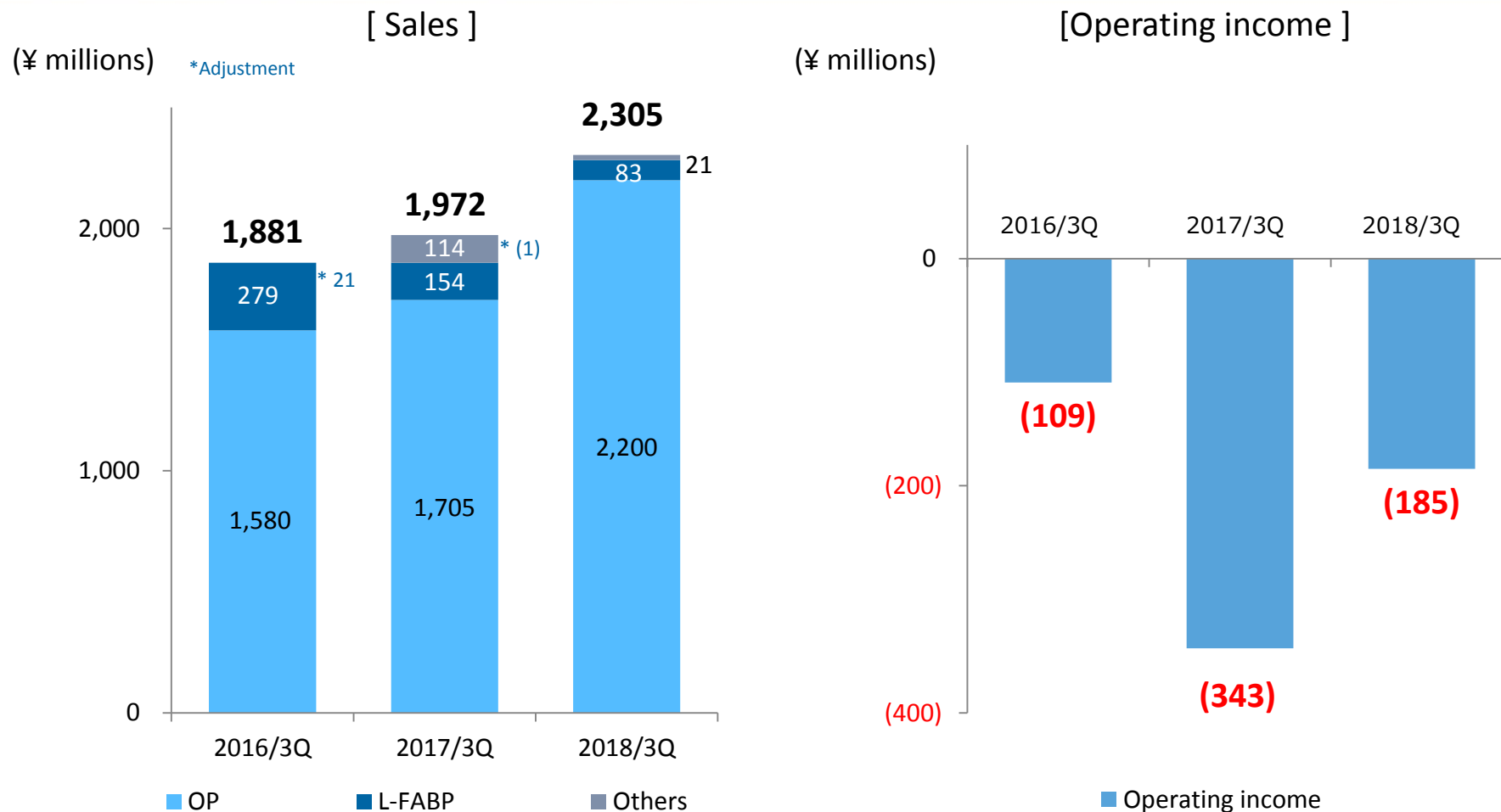
[Operating income]

(¥ millions)



Site Support Institute Co., Ltd. has acquired new orders and provided new services such as Medical Concierge Services. Jointly developed a clinical trial support solution with NEC Corporation using AI voice recognition technology to promote efficiency and quality of SMO operations. Sales and operating income are below that of the same period last year due to losing some large-scale SMO projects we had in the same period last year and discontinuation of contract studies.

Innovative Pharma Model (IPM) Business



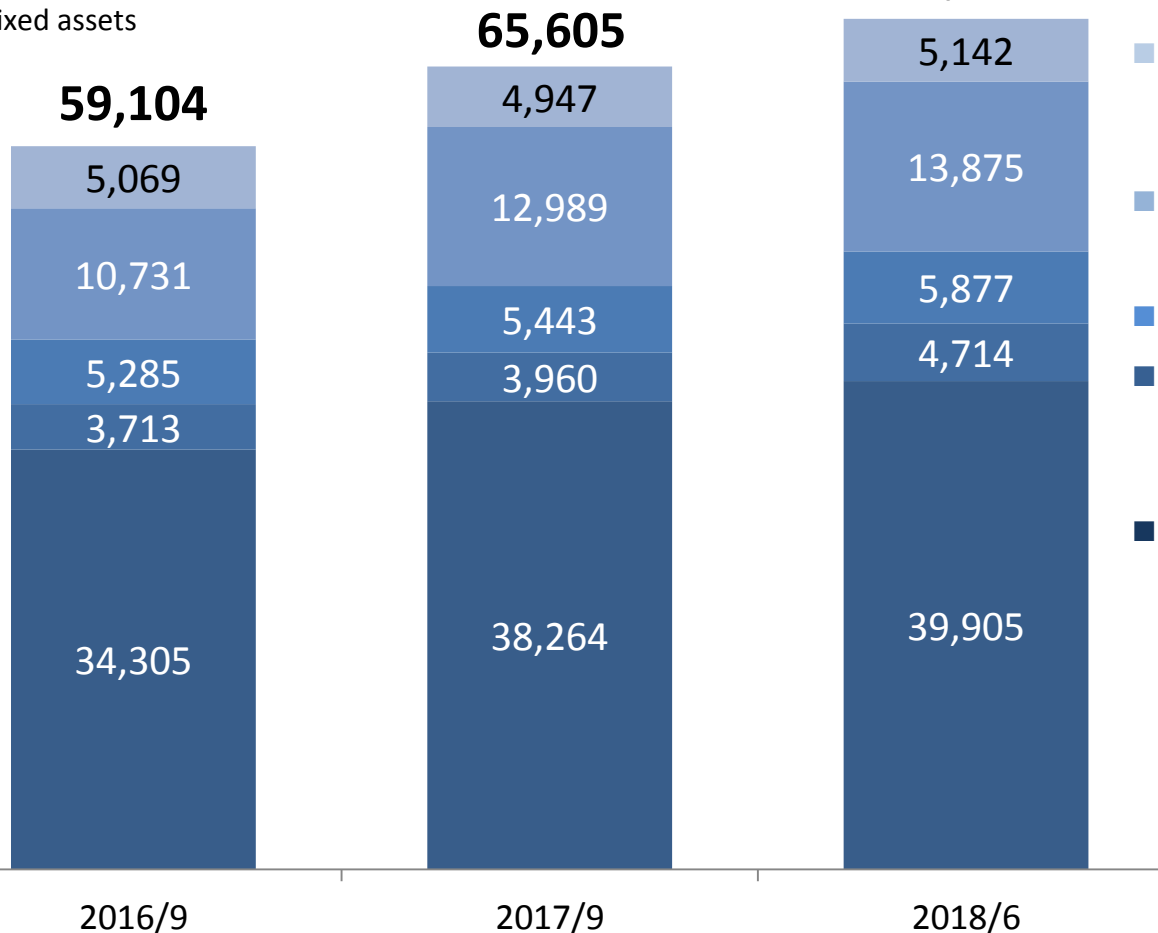
Strengthened IPM business foundation through provision of IPM platform such as selling orphan drugs including the products developed in-house and supporting foreign companies entering the Japanese market. Launched hypertension drug Rasilez[®] Tablets 150mg in March 2018. Expanded the market and strengthen promotions of the kidney disease biomarker “human L-type fatty acid-binding protein (L-FABP) kit”. Sales exceeded that of the same period last year due to sales increase of orphan drugs. Operating loss was recorded because of sales promotion expenses for “Zanmira Nail” (toe nail repair solution). Continued to expand our business scale through provision of new solutions towards positive turnaround of sales.

Balance sheet (assets)

(¥ millions)

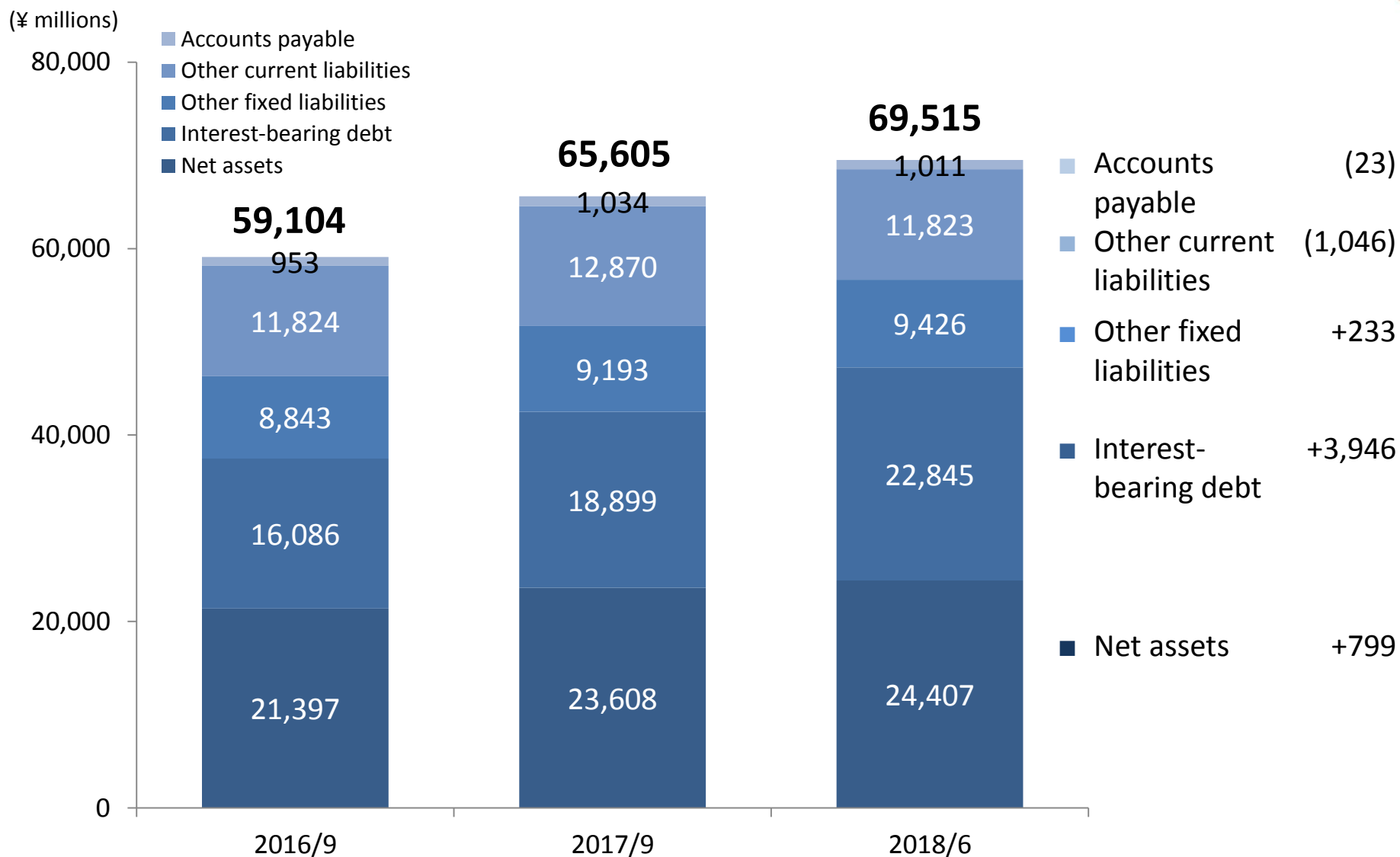



- Cash equivalents
- Trade receivables
- Inventory
- Other current assets
- Fixed assets



Total assets	+3,909
Cash equivalents	+194
Trade receivables	+885
Inventory	+433
Other current assets	+754
Fixed assets	+1,641

Balance sheet (liabilities and net assets)





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.

