

# Miraca Holdings Inc.

## Business Results for The Third Quarter of FY2017

(Nine-month period ended December 31, 2017)

February 2, 2018

Please be aware of the following:

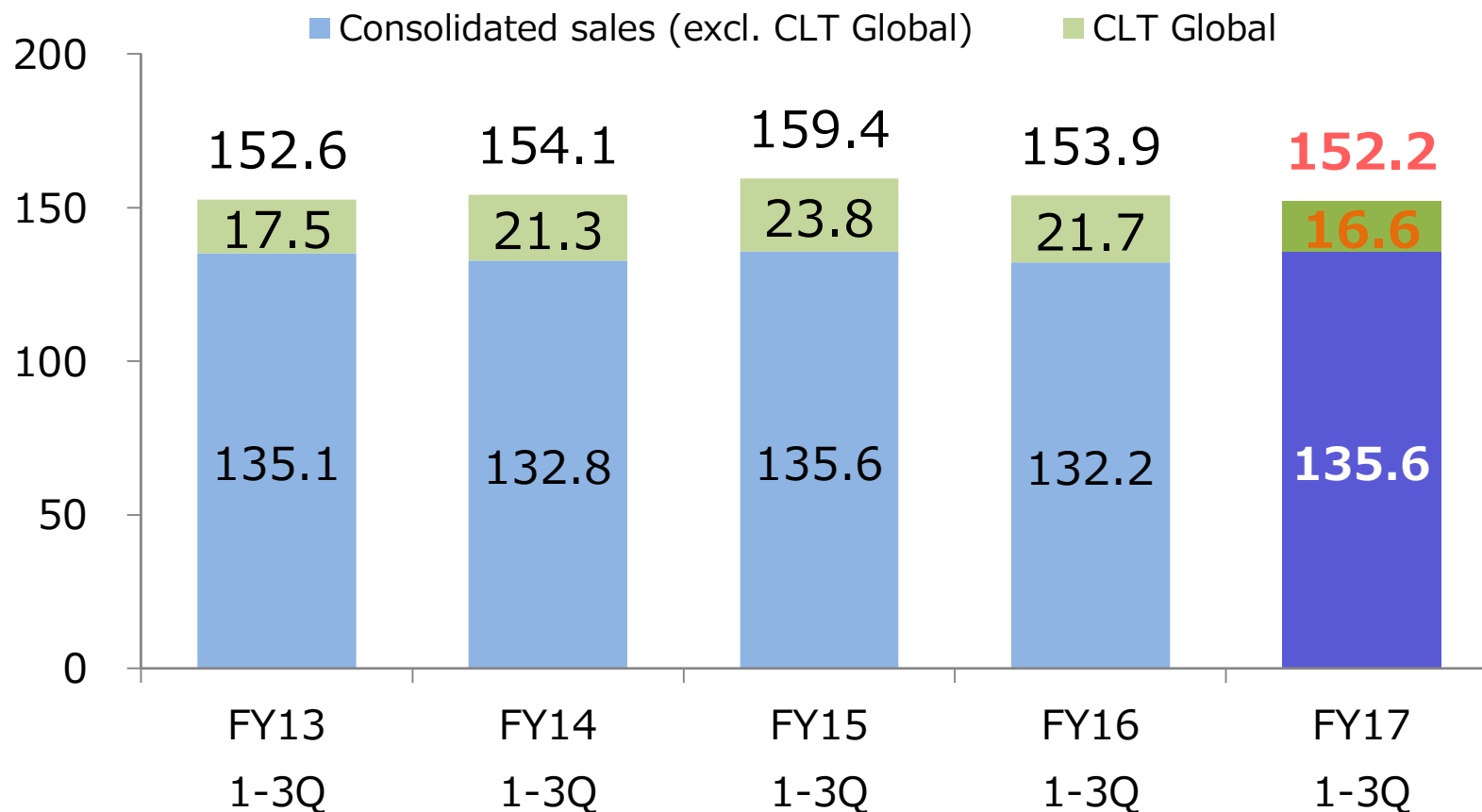
- \* The financial information provided on this material has been prepared in accordance with Japanese GAAP in principle.
- \* Figures and ratio in this material are rounded to the appropriate unit in principle, and the sums of the individual figures in each table do not always correspond to the total, because of rounding.
- \* Abbreviations:
  - CLT: Clinical Laboratory Testing (business)
  - HR: Healthcare Related (business)
  - Op. income: Operating income
  - IVD: In Vitro Diagnostics (business)
  - Ord. income: Ordinary income

※ Exchange rate : FY2016 1-3Q:1USD = 106.68JPY 1EURO = 118.08JPY FY2017 1-3Q:1USD = 111.72JPY 1EURO = 128.55JPY
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# Transition of Consolidated Sales

Net sales decreased due to divestment<sup>※1</sup> of CDxHD(MLS)

(¥ billion)

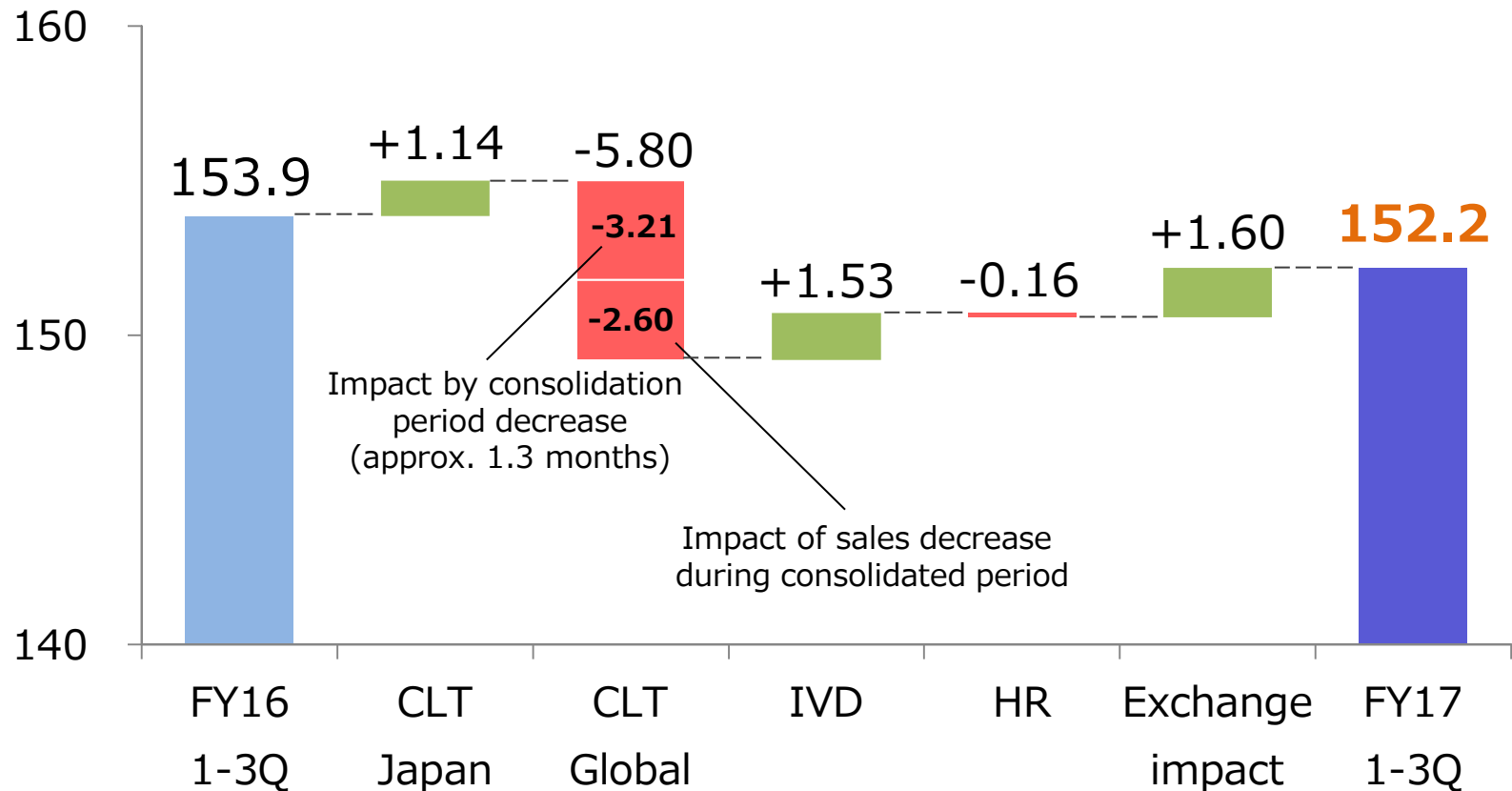


※1 Business performance from April 1 to November 20 has been consolidated

# Consolidated Sales (vs. 1-3Q/FY2016)

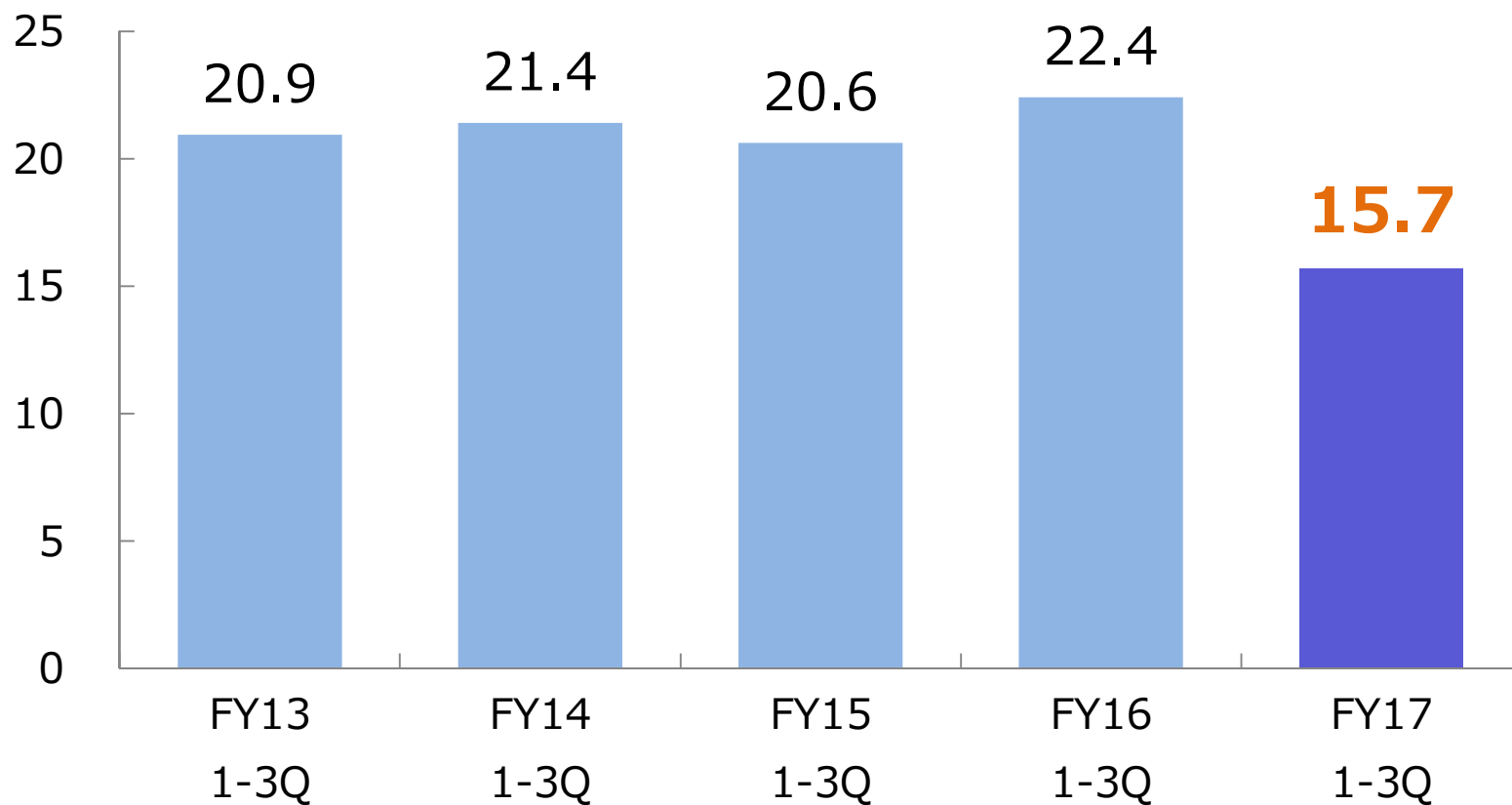
## Net sales increased in CLT Japan and IVD

(¥ billion)



# Transition of Consolidated Op. Income

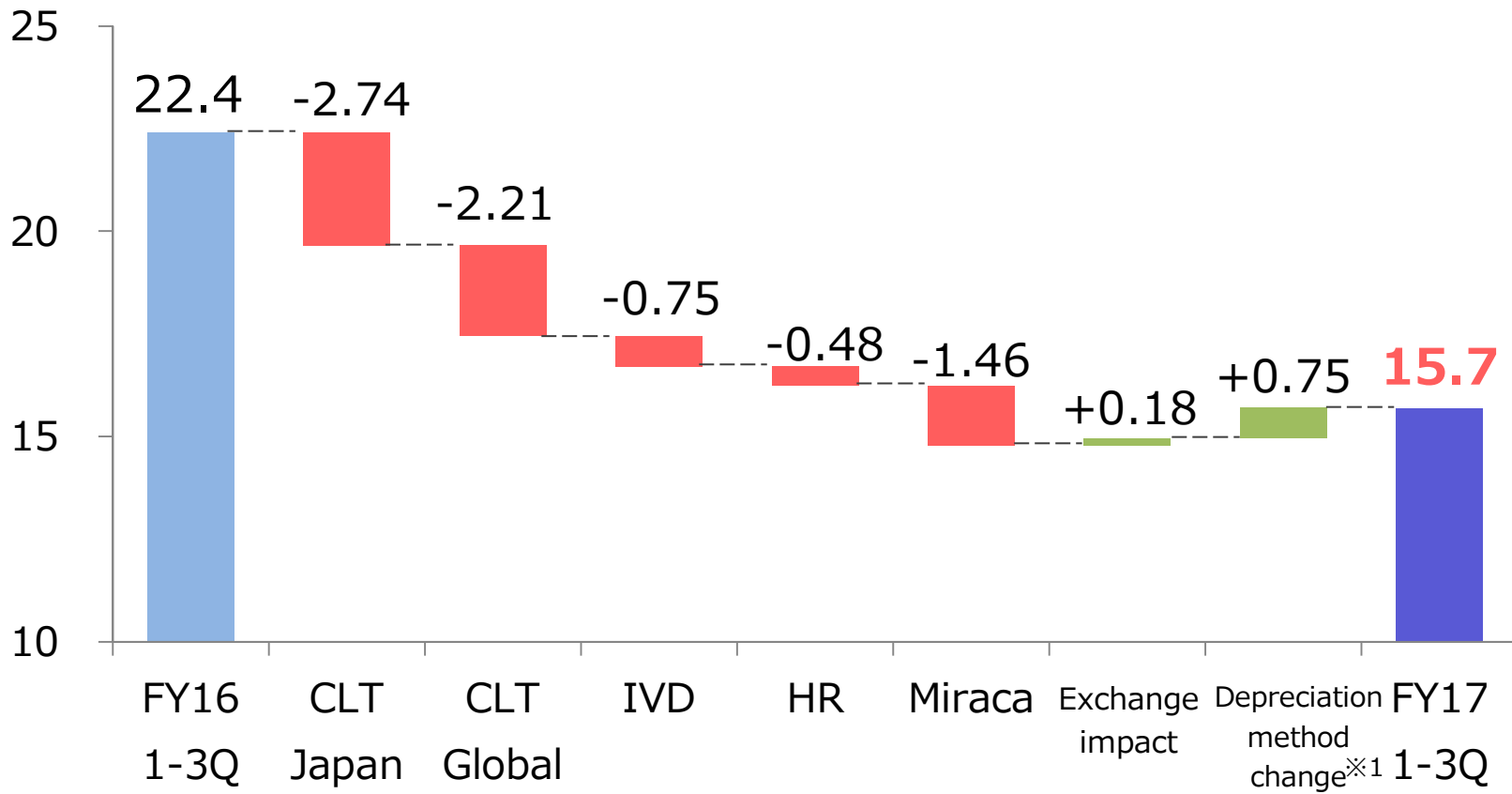
(¥ billion)



# Consolidated Op. Income (vs. 1-3Q/FY2016)

Op. income decreased mainly by expenditure increase in CLT Japan and MHD

(¥ billion)

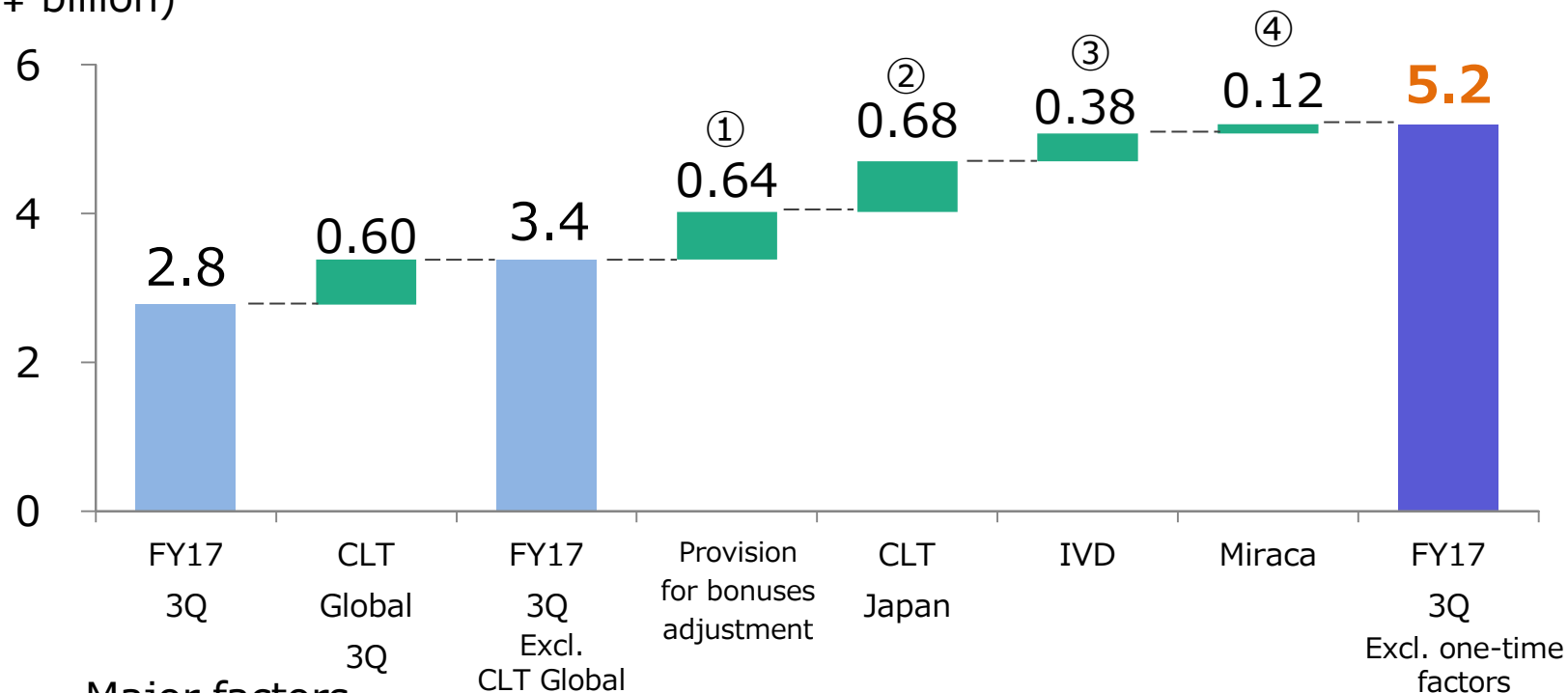


※1 Depreciation method was changed from fixed percentage to straight-line

# Op. income excl. one-time factors etc.

The amount of Op. income decrease shrinks by excluding one-time factors and expenditure timing shift

(¥ billion)

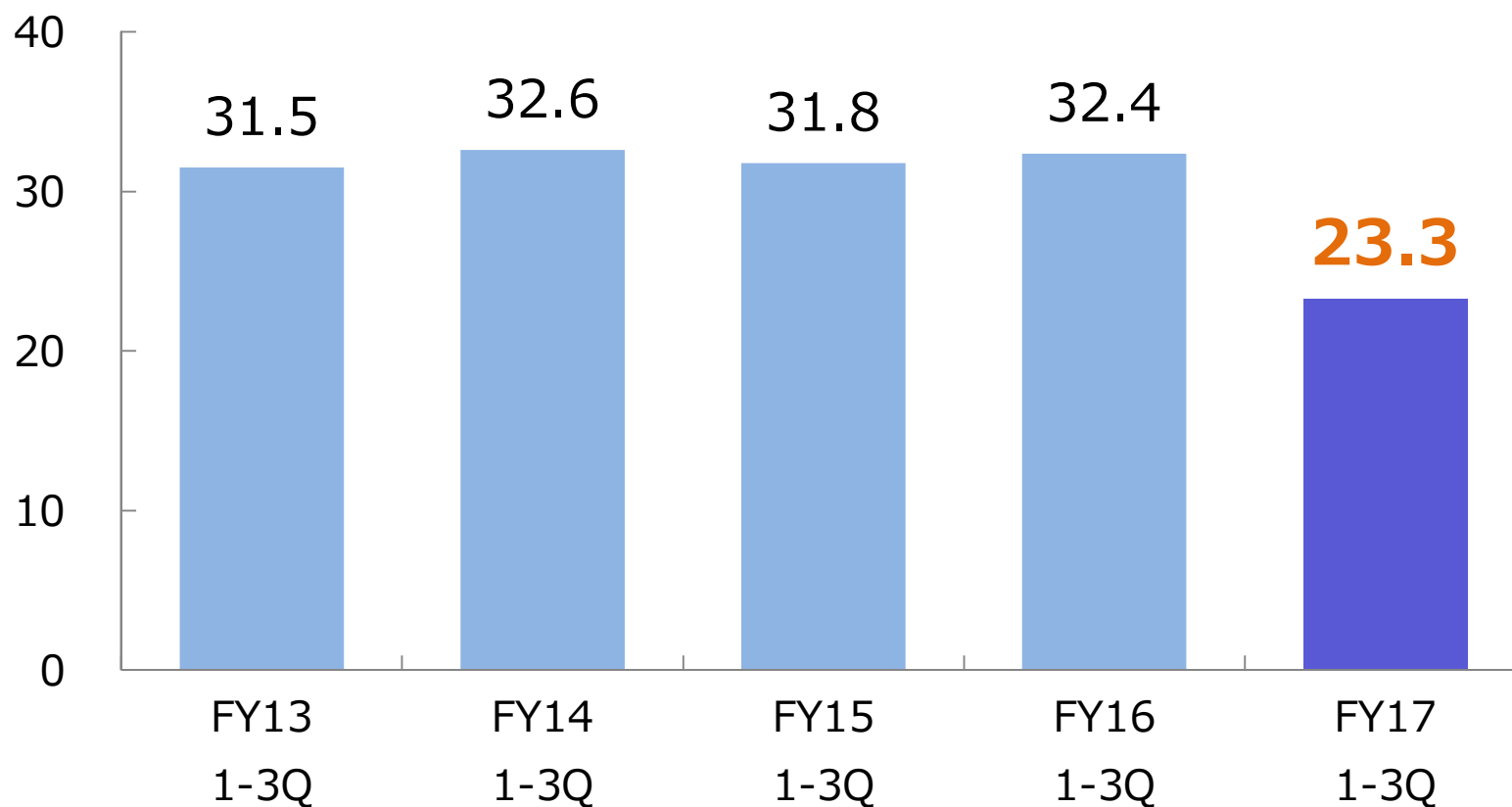


## Major factors

- ① Bonus provision increased by HR rules integration to Miraca group
- ② Expenses related to operational optimization, Expenditure related to new CLT lab, disposal of stock
- ③ Instrument installation progress, R&D expenditure timing shift
- ④ Advisory cost related to transfer of CDxHD

# Transition of Consolidated EBITDA

(¥ billion)



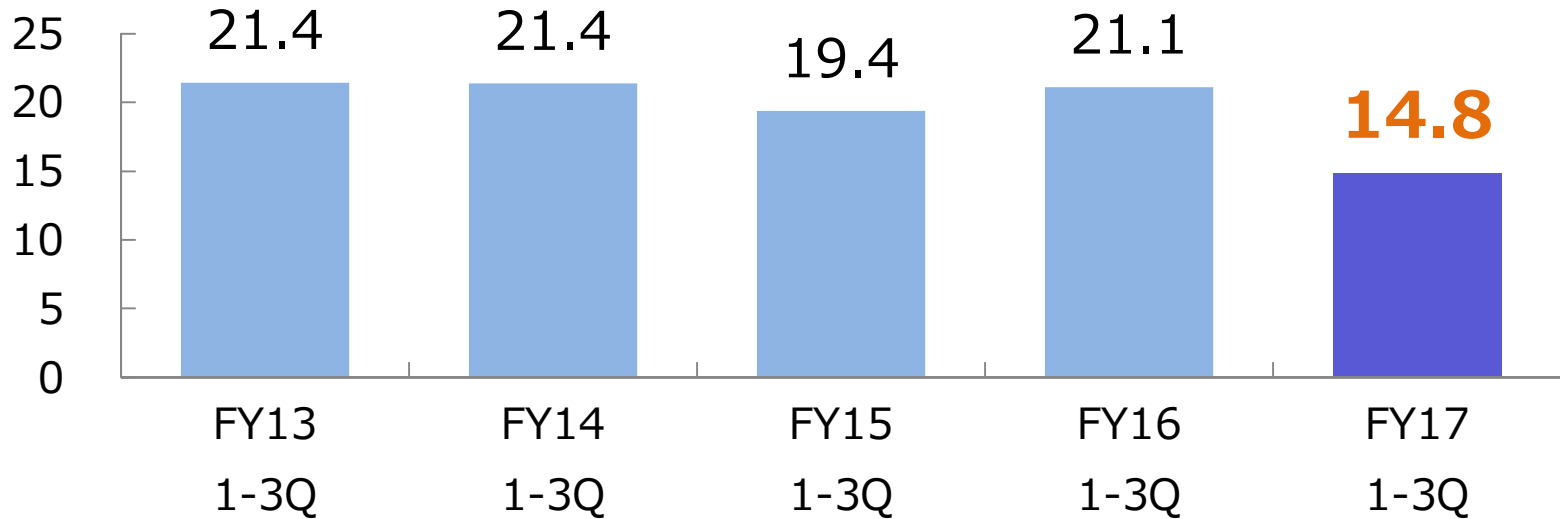
※ EBITDA = Operating income + Depreciation + Amortization of goodwill



# Transition of Consolidated Ord. Income

Ord. income decreased due to Op. income decline

(¥ billion)



## Major item of non-operating losses

### 【FY2016 1-3Q】

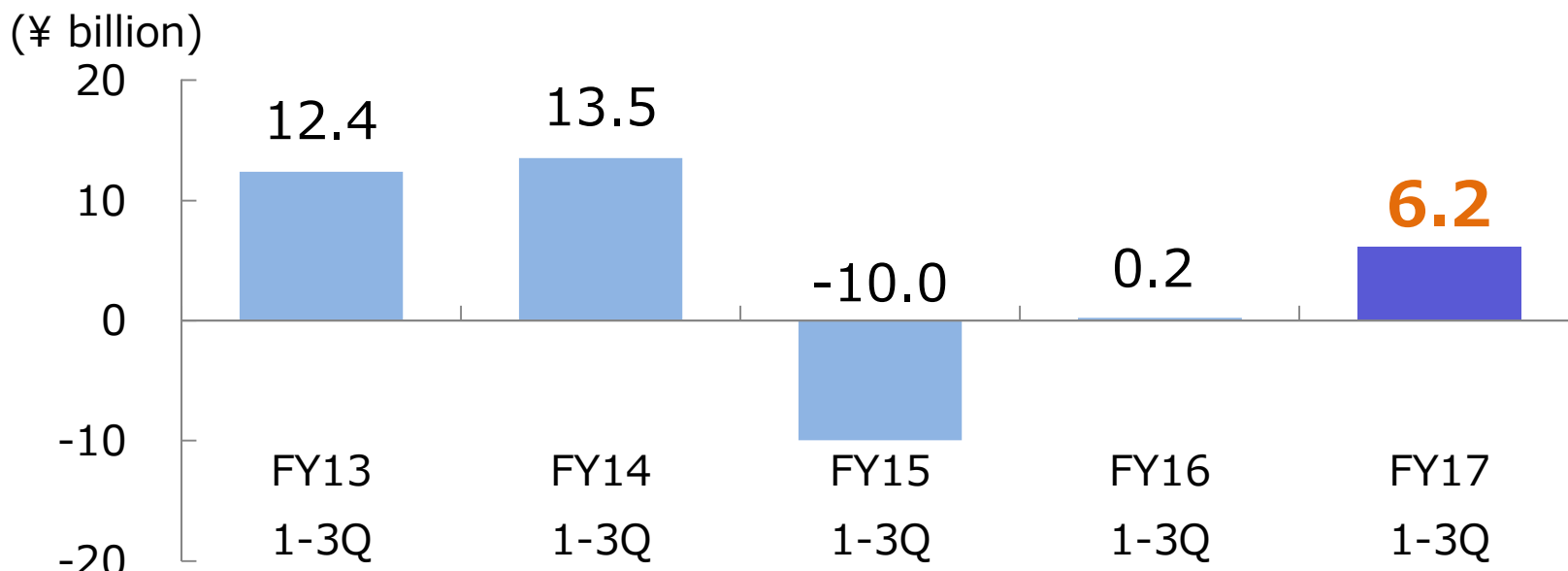
- Share of loss of entities accounted for using equity method -¥1.1bn
- Foreign exchange losses -¥0.2bn

### 【FY2017 1Q-3Q】

- Share of loss of entities accounted for using equity method -¥0.8bn

# Transition of Consolidated Net Profit

Extraordinary income/losses related to divestment of CDxHD influenced net profit



## Major item of extraordinary income/losses

### 【FY2016 1-3Q】

- Provision for loss on litigation -¥3.0bn
- Loss on liquidation of project -¥14.6bn

### 【FY2017 1Q-3Q】

- Foreign currency translation adjustments reversal gains +¥27.5bn
- Extraordinary losses related to divestment of CDxHD -¥40.4bn
- Business structure improvement expenses (voluntary retirement program) -¥2.6bn

# 1-3Q/FY2017 Results by Business Segment

(¥ billion)

	1-3Q/FY2016	1-3Q/FY2017	Y/Y Variation	
<b>Net Sales</b>	<b>153.9</b>	<b>152.2</b>	<b>- 1.68</b>	<b>-1.1%</b>
CLT	100.5	96.6	- 3.94	-3.9%
IVD	32.0	34.4	+ 2.41	+7.5%
HR	21.3	21.1	- 0.16	-0.7%
<b>Op. Income</b>	※1 <b>22.4</b> <b>14.6%</b>	※1 <b>15.7</b> <b>10.3%</b> ※3	<b>- 6.71</b>	<b>-29.9%</b>
CLT	10.9 <b>10.9%</b>	6.5 <b>6.7%</b>	- 4.49	-41.0%
IVD	9.0 <b>28.2%</b>	8.7 <b>25.4%</b>	- 0.30	-3.4%
HR	2.4 <b>11.3%</b>	1.9 <b>9.1%</b>	- 0.46	-19.4%
<b>Ord. Income</b>	<b>21.1</b> <b>13.7%</b>	<b>14.8</b> <b>9.7%</b>	<b>- 6.28</b>	<b>-29.8%</b>
<b>Profit/loss attributable to</b>	<b>0.2</b> <b>0.1%</b>	<b>6.2</b> <b>4.0%</b>	<b>+ 5.94</b>	<b>-</b>
<b>EBITDA</b> ※2	<b>32.4</b> <b>21.0%</b>	<b>23.3</b> <b>15.3%</b>	<b>- 9.11</b>	<b>-28.1%</b>

※1 Op. income includes Miraca Corporate and segmentation adjustment (FY16 : +0.02、FY17 : -1.43)

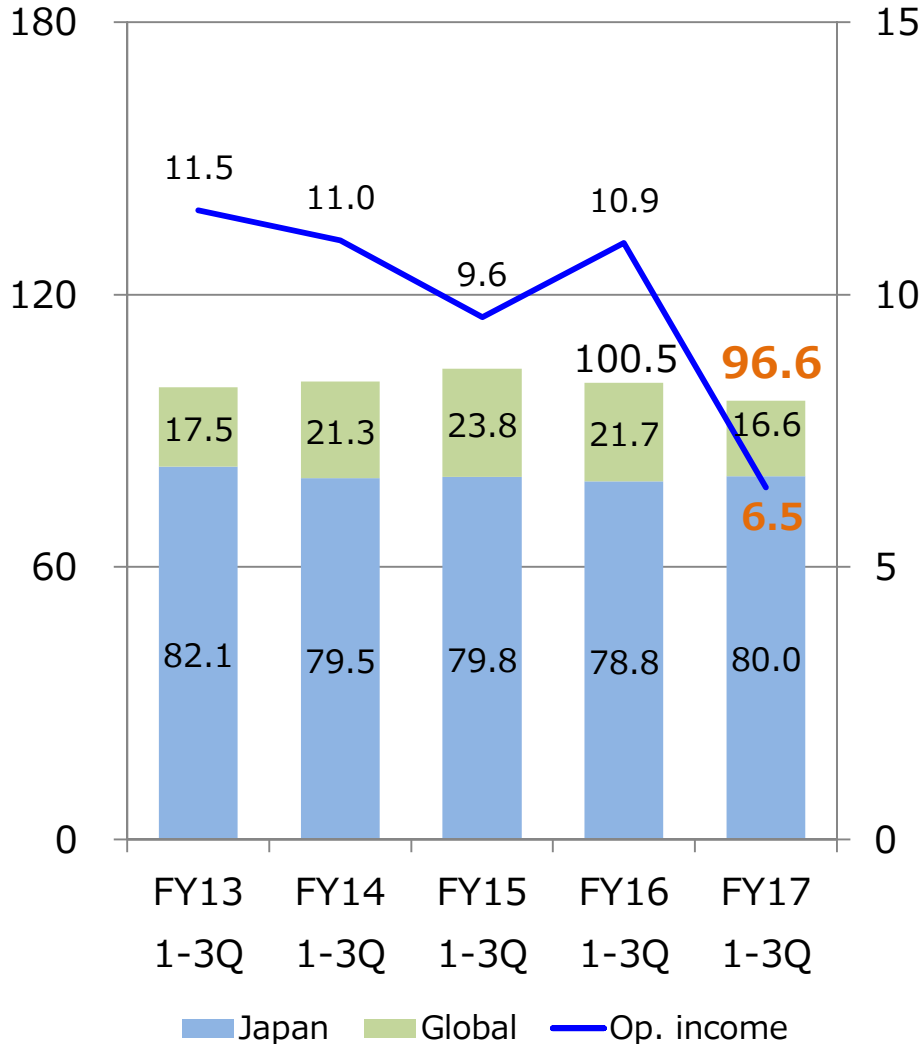
※2 EBITDA = Operating income + Depreciation + Amortization of goodwill

※3 Figures shown in the upper right corner in blue are each profit margin

# CLT Business

Net sales  
(¥ billion)

Op. income  
(¥ billion)



**Net sales : - 3.9**

**Op. income : - 4.5**

◆ Japan

Net sales : +1.14, Op. income : -2.24

● Net sales

- New test item expansion
- Sales increase by newly acquired FMS/Branch lab clients

● Op. income

- Provision for bonuses adjustment
- One-time expenses related to operational optimization
- Expenditure related to new CLT lab

◆ Global

Net sales : -5.08, Op. income : -2.25

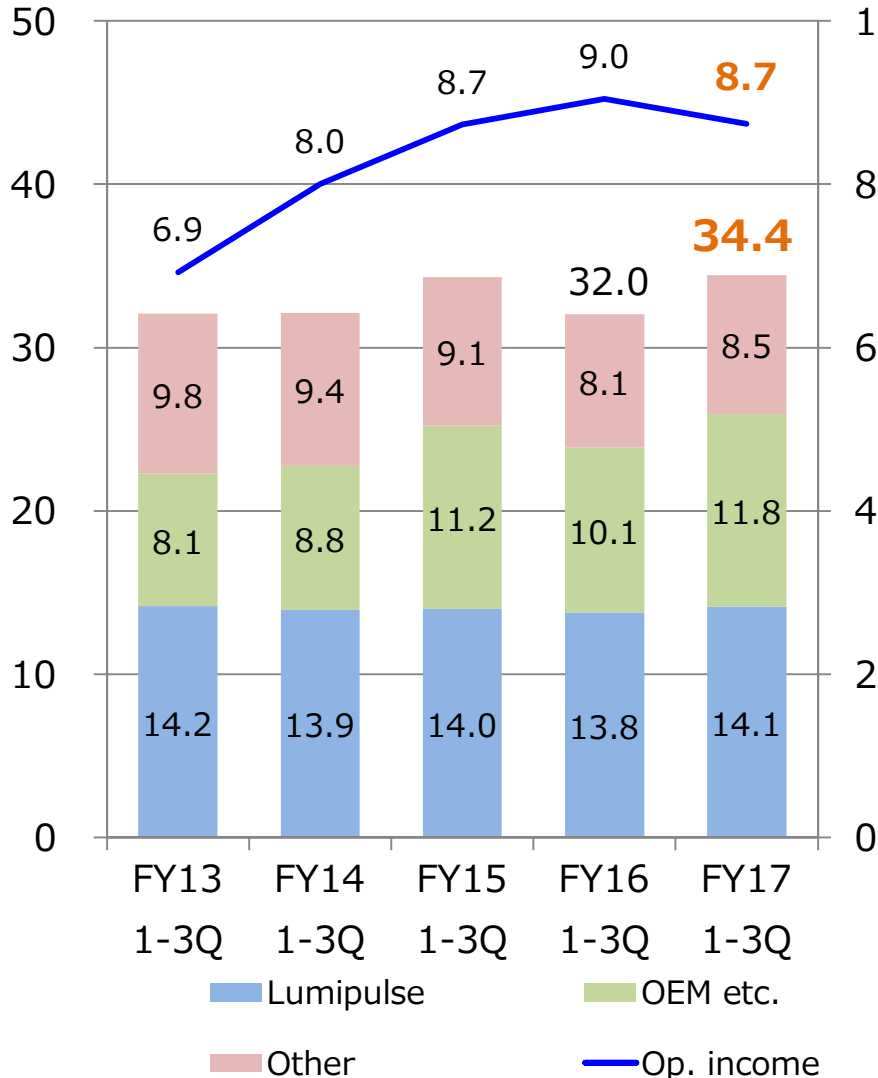
- Price cut impact
- Consolidation period decrease (approx. 1.3 months)

※Currency exchange impact on net sales : +0.75

# IVD Business

Net sales  
(¥ billion)

Op. income  
(¥ billion)



**Net sales : + 2.4**

**Op. income : - 0.3**

## Net sales

### ◆ Lumipulse

- Sales increase by L2400 installation progress

### ◆ OEM & Raw Material Supply

- Stable growth
- Sales increase by one-time sales in USA business (+ 0.29)

### ◆ Other

- Contribution by sales of Stago products

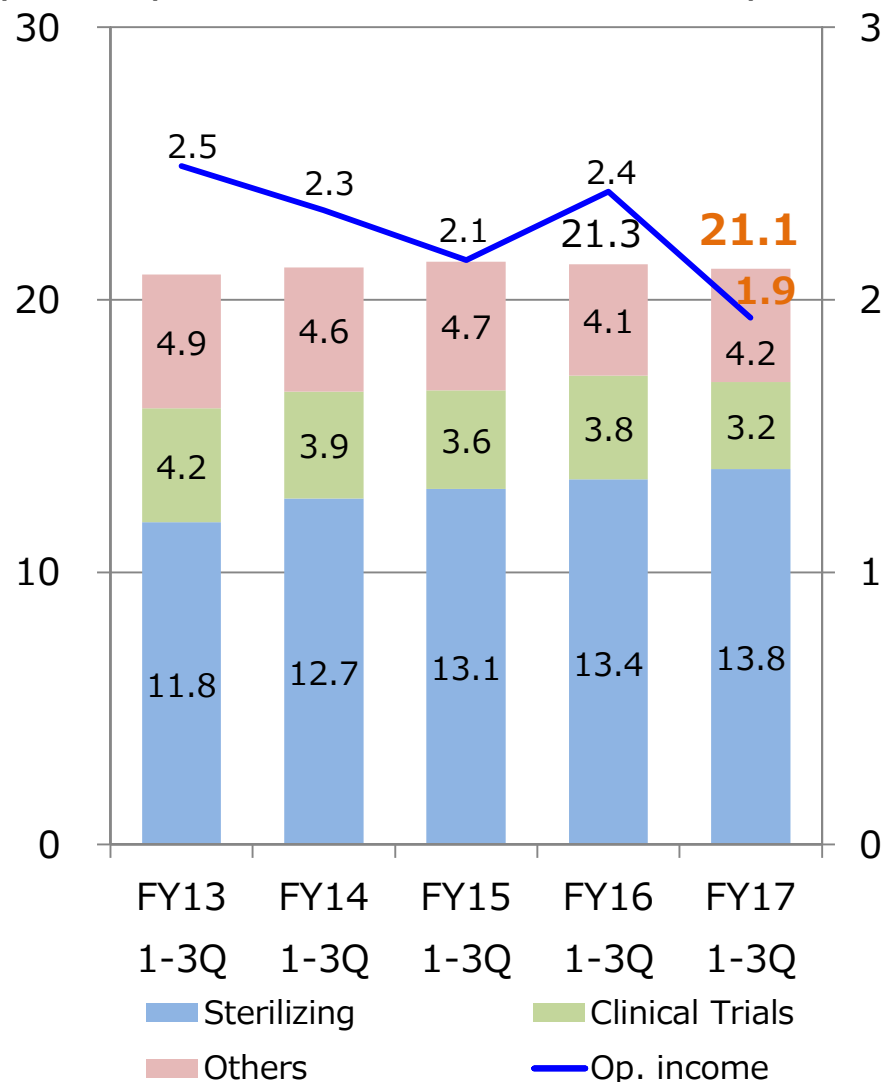
※ Currency exchange impact: +0.88

## Op. income

- ◆ Increase in sales/marketing expenses

Net sales  
(¥ billion)

Op. income  
(¥ billion)



**Net sales : - 0.2**

**Op. income : - 0.5**

◆ Sterilizing

Net sales: +0.39, Op. income: -0.53

- Sales growth achieved through development of new accounts and equipment sales
- Increase in labor costs for business foundation reinforcement

◆ Clinical Trials

Net sales: -0.64

Op. income: Slight decrease

- Sales decrease due to delay of some parts of expected PJ's sales contribution

◆ Others

Net sales: +0.10, Op. income : +0.10

- OP increase by disposal of some parts of provision

\* Pharmaceutical and Cosmetics Analysis business has been transferred to CLT segment. The past results are adjusted accordingly.

# Results of Voluntary Retirement Program

- ◆ Number of applied : 236 (expected applicants:350)
- ◆ Financial impact
  - Extraordinary losses (Business structure improvement expenses) : 2.6 billion yen
  - Date of retired : January 31, 2018

## Contents of Voluntary Retirement Program (reference)

- ◆ Reason for Voluntary Retirement Program
  - Organization and personnel optimization to implement the mid-term plan
- ◆ Program outline
  - Applied companies : Miraca Holdings, SRL, Fujirebio
  - Eligible persons : Employees with over one year service and who are 50 years old or older (excluding managerial position)
  - Number of applicants : approximately 350
  - Application period : From November 20 to December 22, 2017
  - Date of retirement : January 31, 2018
- ◆ Preferential treatment
  - A premium will be paid in addition to normal retirement benefit
  - Support for reemployment will be provided to those who request it

## **【Contact information】**

# **Miraca Holdings Inc.**

**Investor and Public Relations Department**

**Email : [mhd.ir@miraca.com](mailto:mhd.ir@miraca.com)**

Disclaimer regarding forward-looking statement:

The performance forecast provided in this document is prepared by the management based on currently available information and various hypotheses and ideas including significant risks or uncertainties. Please be aware that the actual performance may turn out to be different from the forecast as a result of various contributing factors.

Factors affecting the performance include, among others, aggravation of the economic situation, fluctuation of the exchange rate, change of regulatory, statutory, and administrative requirements, delayed launch of new products, pressures from the product strategies of competitive companies, and decline of the sales potential of existing products.