

Miraca Holdings Inc.

Business Results for The First Quarter of FY2019 (April 1, 2019 – June 30, 2019)

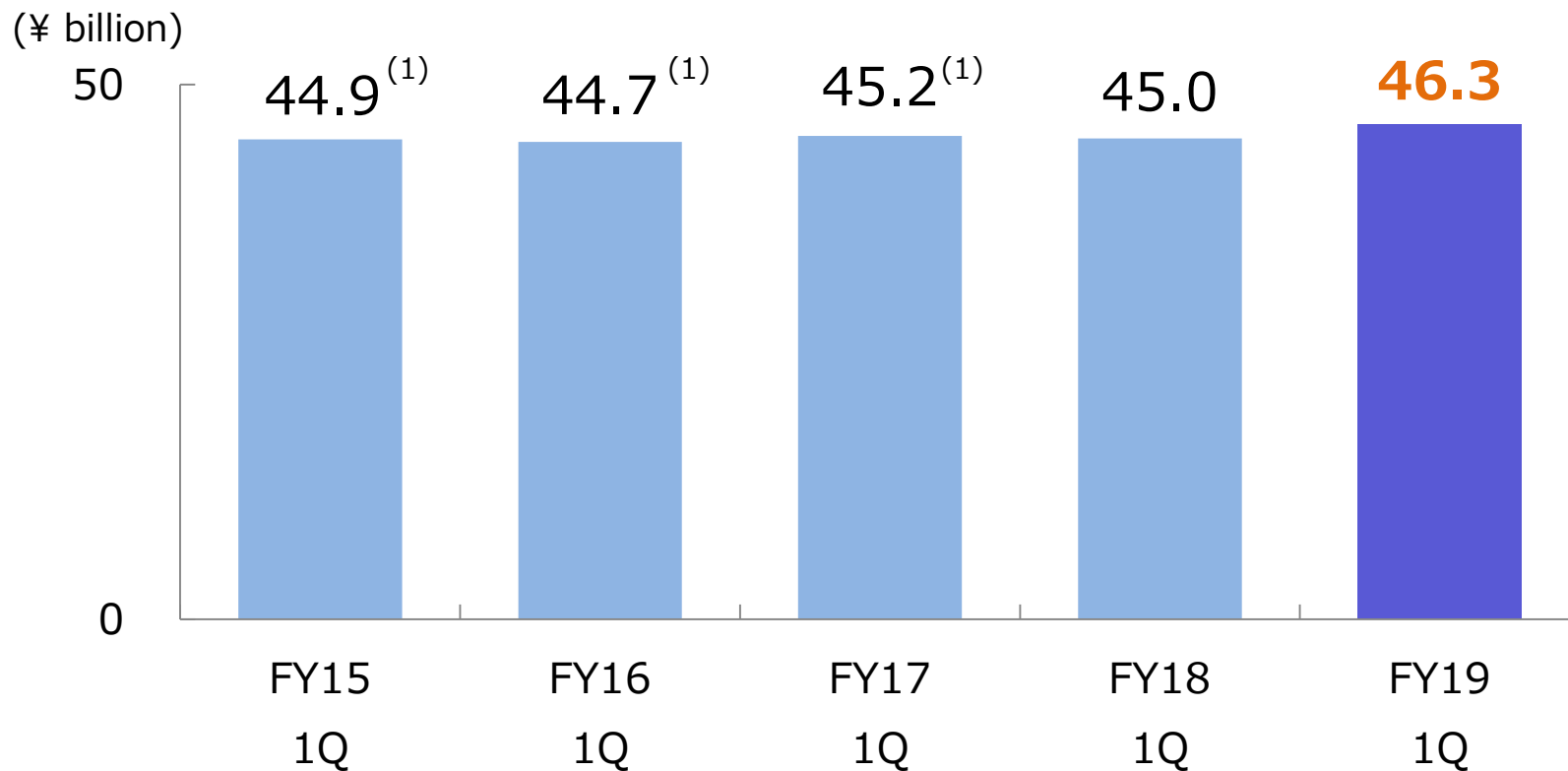
August 8, 2019

Notes & references:

- * The financial information provided on this material has been prepared in accordance with Japanese GAAP except for EBITDA which is a non-GAAP measure.
- * Profit/loss attributable to owners of parent may be mentioned as net profit/loss.
- * 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
 - SR: Sterilization and Related Services
 - FMS: Facility Management Service
 - Or. profit: Ordinary profit
 - IVD: In Vitro Diagnostics
 - ENB: Emerging New Business and others
 - OP: Operating profit

※ Exchange rate used in this presentation material :
FY2018 1Q: 1USD = 109.08JPY 1EURO = 130.06JPY
FY2019 1Q: 1USD = 109.90JPY 1EURO = 123.48JPY

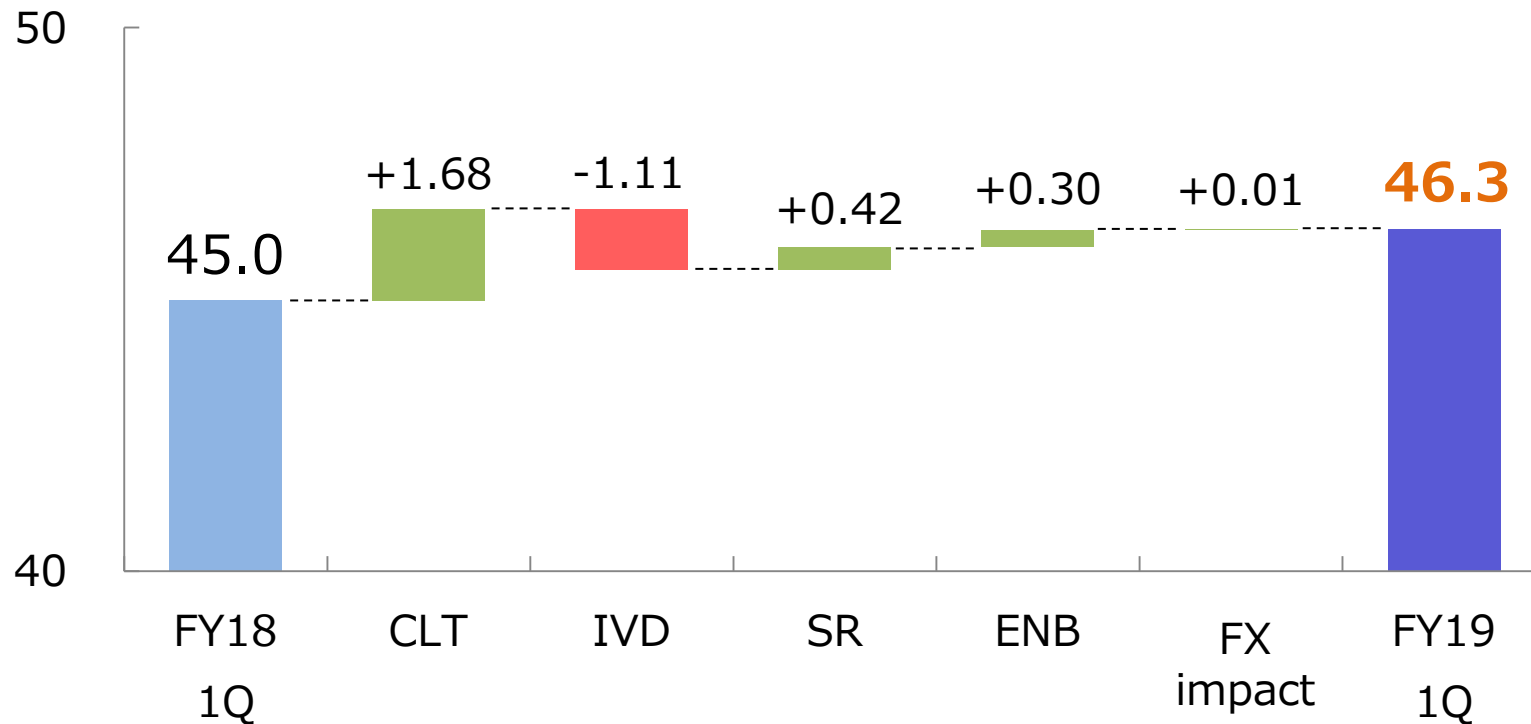
Transition of Consolidated Sales



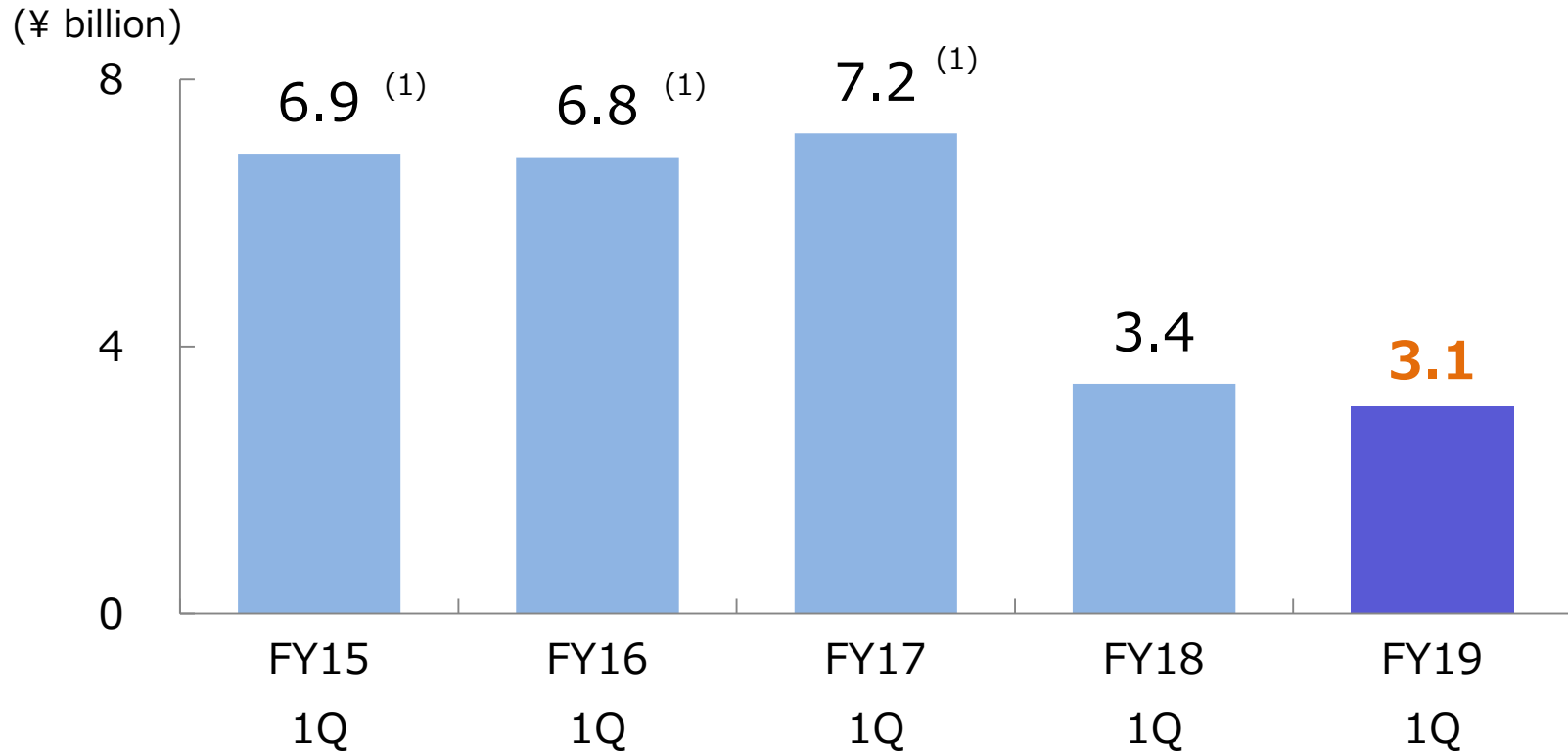
(1) Excluding CLT Global business, due to the business divestment taken place in November 2017.

Breakdown of Consolidated Sales

(¥ billion)



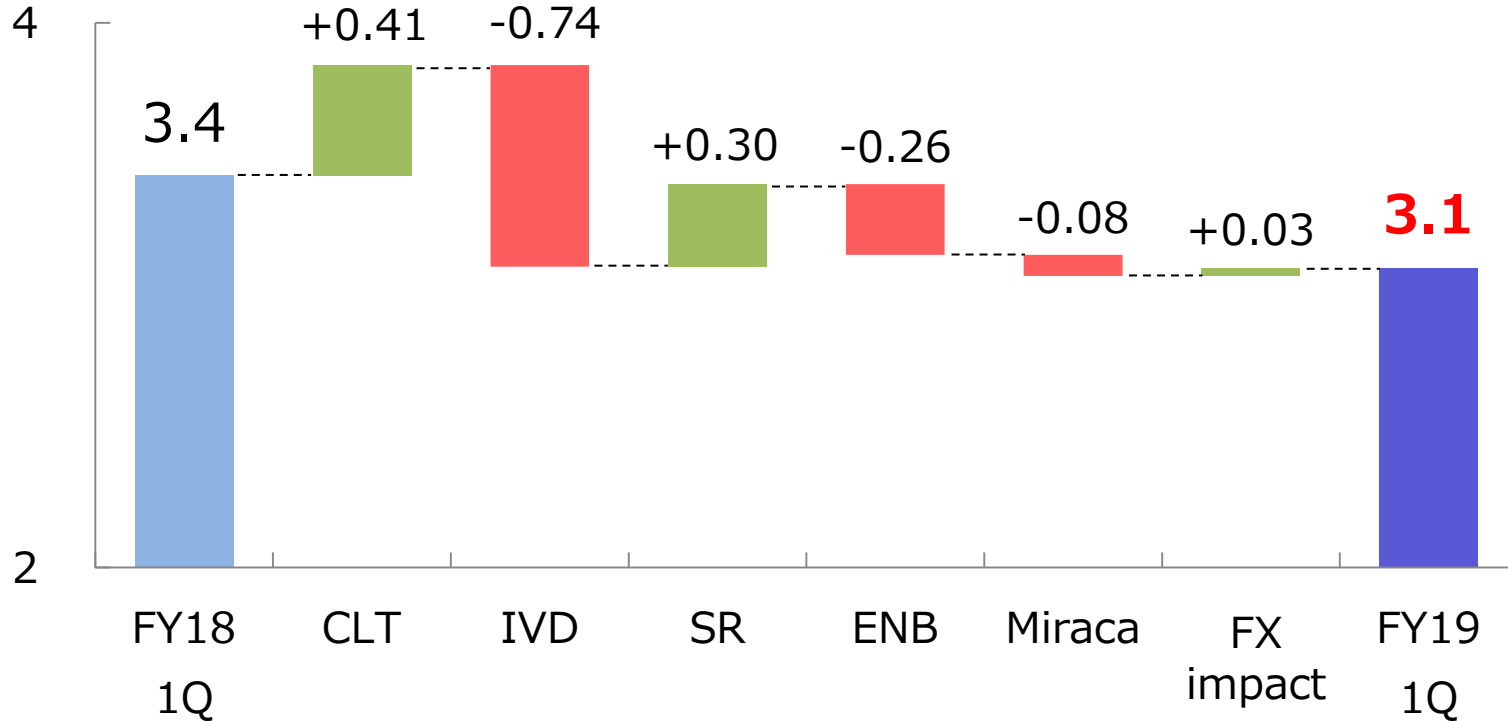
Transition of Consolidated Operating Profit



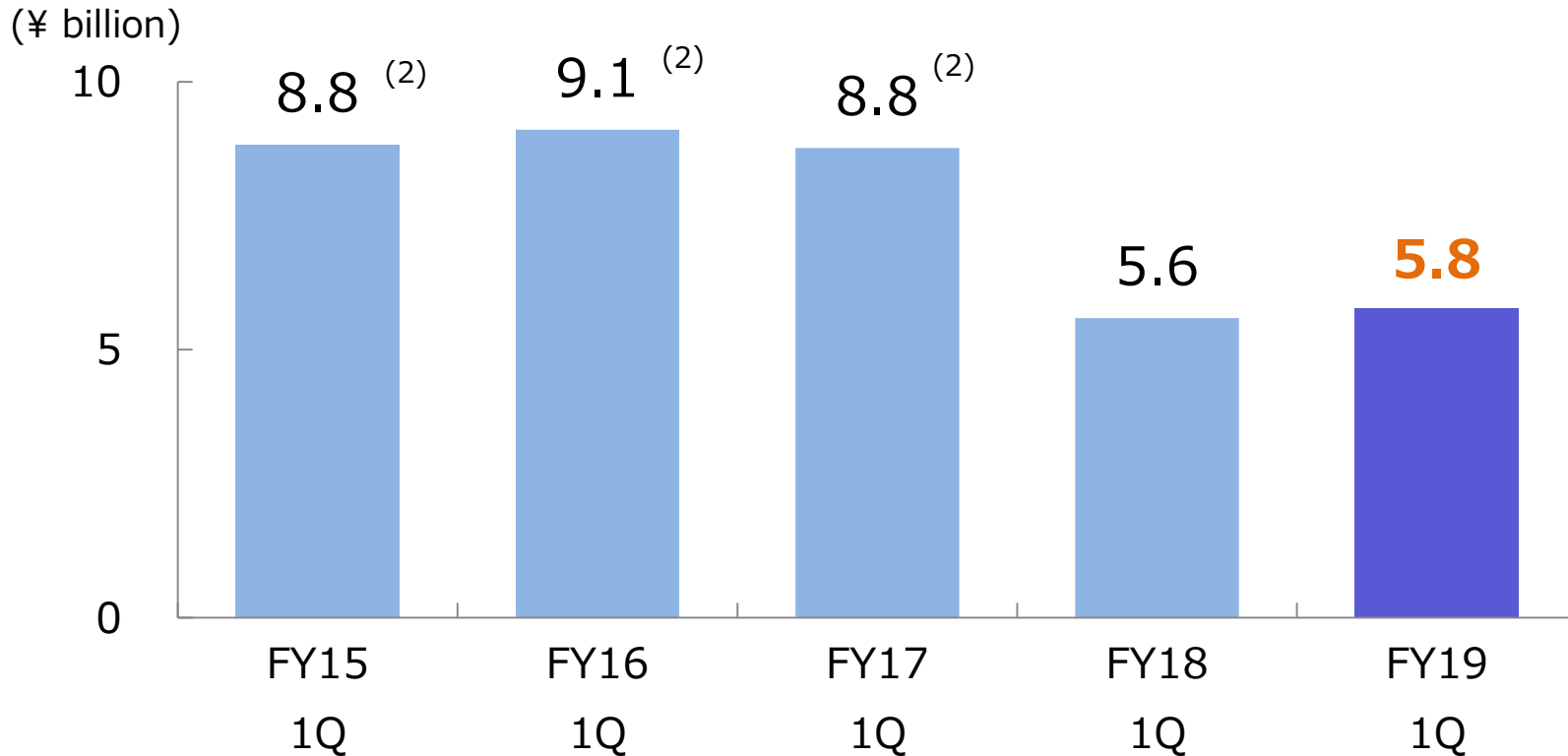
(1) Excluding CLT Global business, due to the business divestment taken place in November 2017.

Breakdown of Consolidated Op. Profit

(¥ billion)



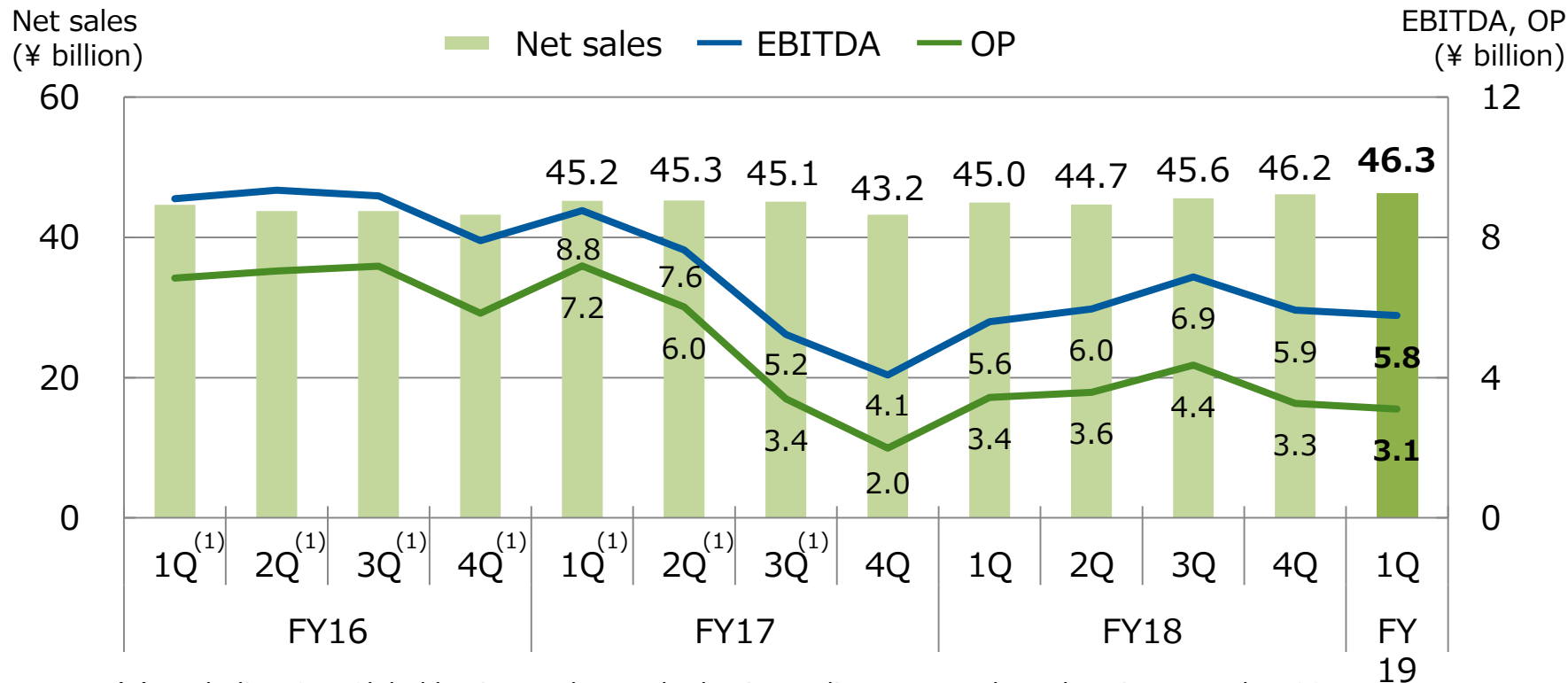
Transition of EBITDA⁽¹⁾



(1) EBITDA = Operating income + Depreciation + Amortization of goodwill

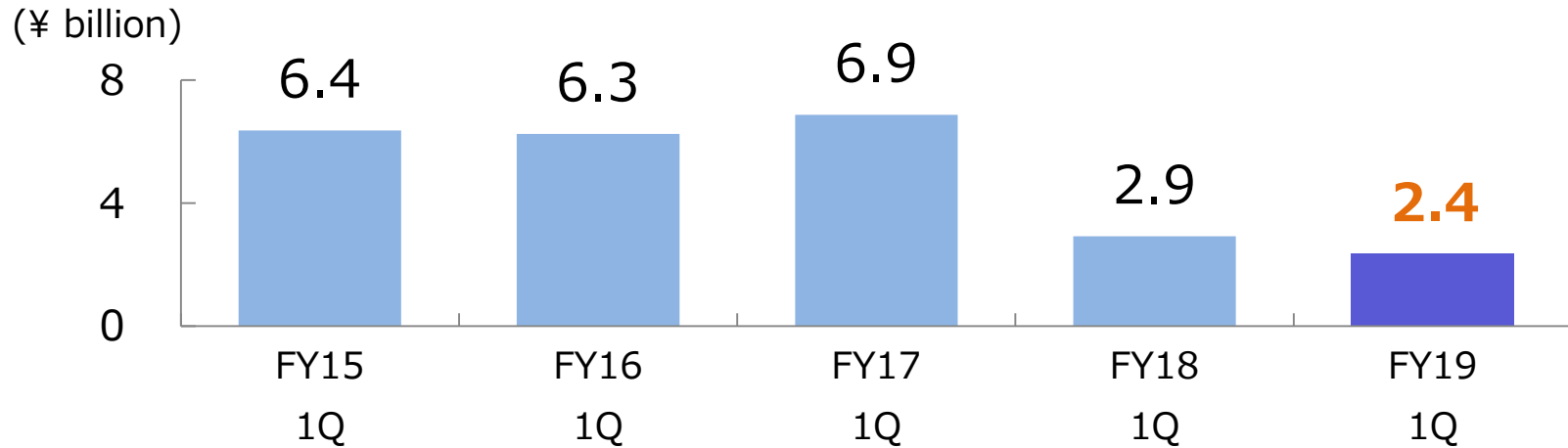
(2) Excluding CLT Global business, due to the business divestment taken place in November 2017.

Quarterly Performance Transition



(1) Excluding CLT Global business, due to the business divestment taken place in November 2017.

Transition of Consolidated Ordinary Profit



Major items of non-operating losses

【FY18 1Q】

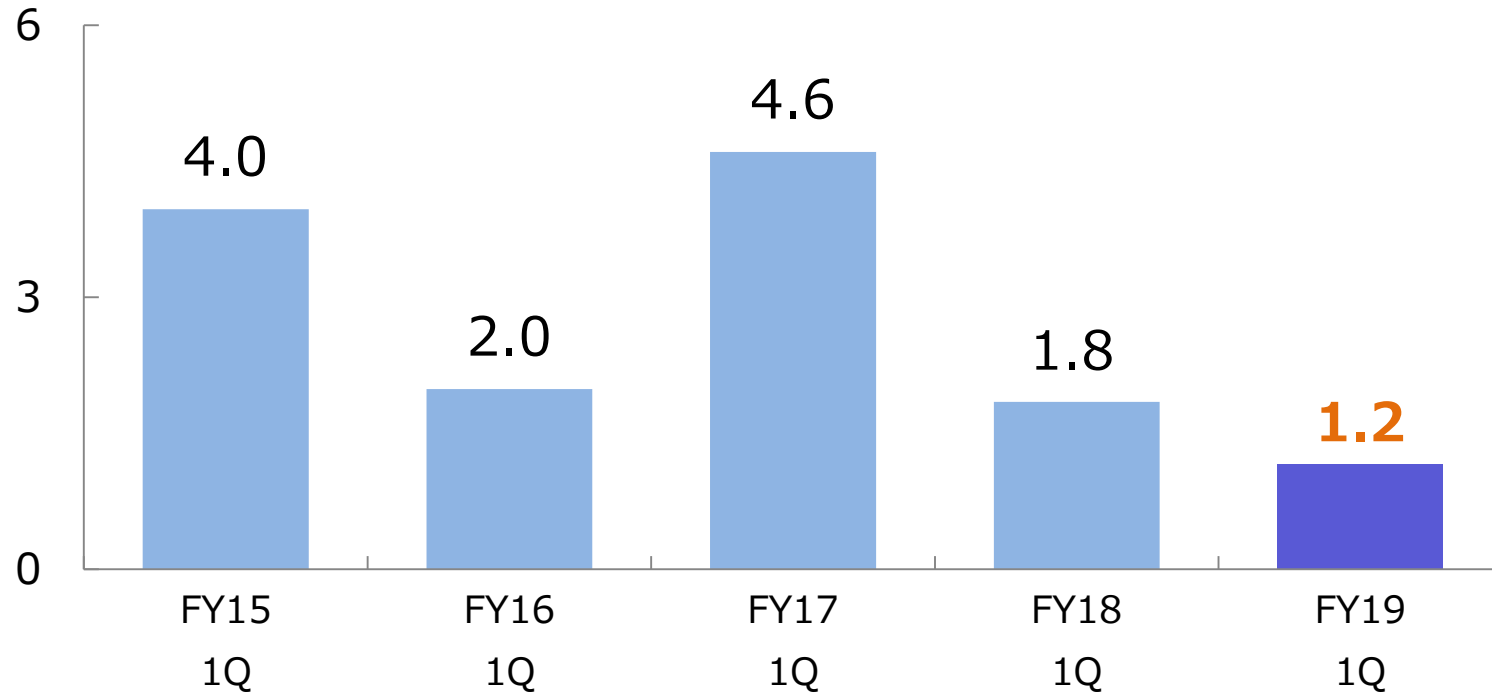
- Share of loss of entities accounted for using equity method -¥0.5 bn

【FY19 1Q】

- Share of loss of entities accounted for using equity method -¥0.7 bn

Transition of Consolidated Net Profit

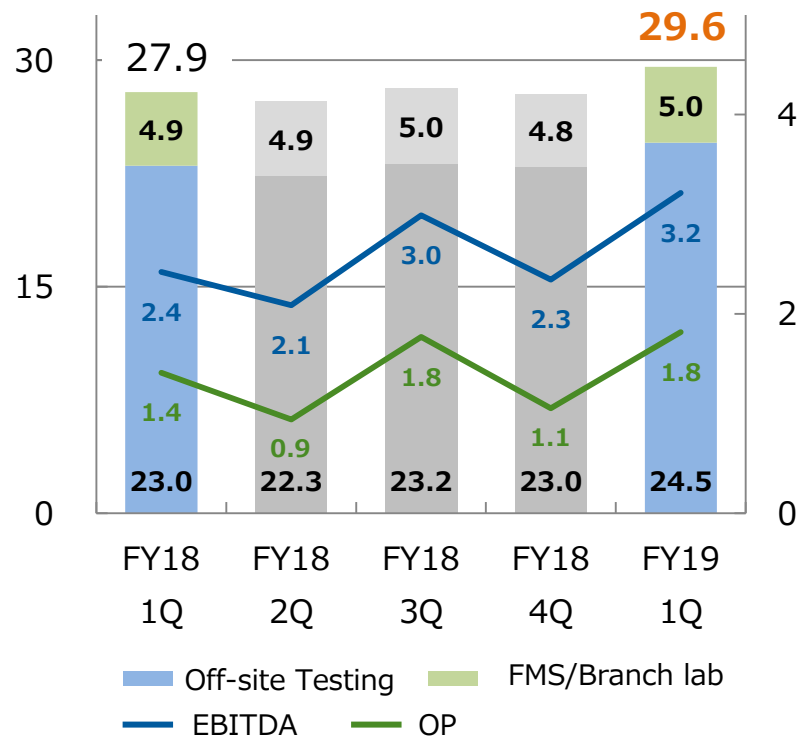
(¥ billion)



Quarterly Transition

Net sales
(¥ billion)

EBITDA, OP
(¥ billion)



Comparison with 1Q/FY18

(¥ billion)

	FY18 1Q	FY19 1Q	Variance	
Net sales	27.9	29.6	+1.68	+6.0%
FMS/Branch	4.9	5.0	+0.15	+3.1%
Off-site	23.0	24.5	+1.53	+6.7%
EBITDA	2.4	3.2	+0.79	+32.8%
OP	1.4	1.8	+0.41	+28.8%

Factors for sales increase

- # of tests: +6.2%
- Growth of test items related to genetic testing

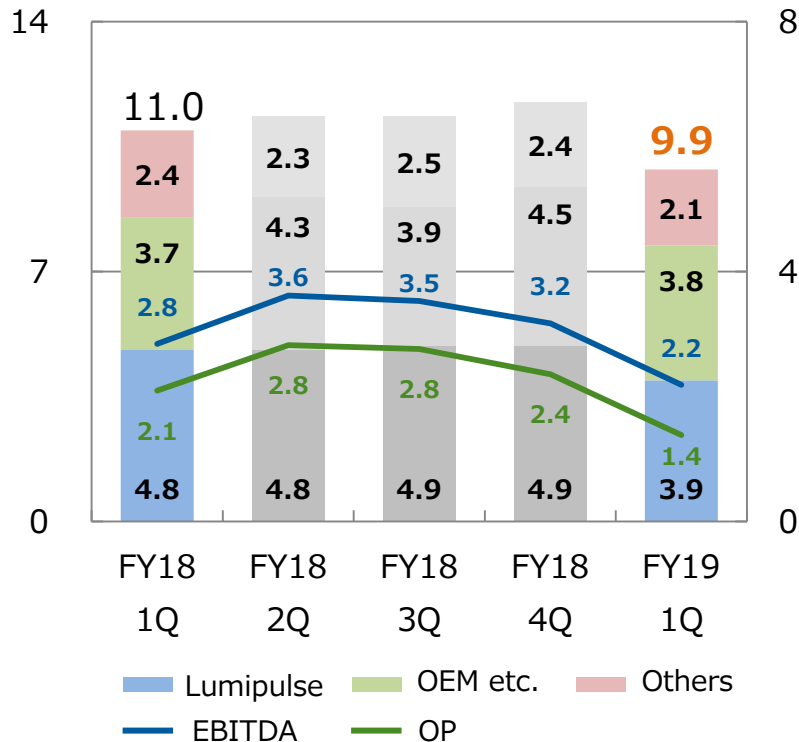
Pricing impact

- Within scope of projection

Quarterly Transition

Net sales
(¥ billion)

EBITDA, OP
(¥ billion)



Comparison with 1Q/FY18

(¥ billion)

	FY18 1Q	FY19 1Q	Variance	
Net sales	11.0	9.9	-1.09	-10.0%
Lumipulse	4.8	3.9	-0.86	-17.9%
Japan	4.5	3.5	-0.99	-22.0%
Overseas	0.3	0.5	+0.13	+38.5%
OEM etc.	3.7	3.8	+0.07	+2.0%
Others	2.4	2.1	-0.31	-12.6%
EBITDA	2.8	2.2	-0.65	-23.0%
OP	2.1	1.4	-0.71	-34.0%

Factors for sales increase

- Growth in Lumipulse overseas
- Steady growth in OEM business

Factors for sales decrease

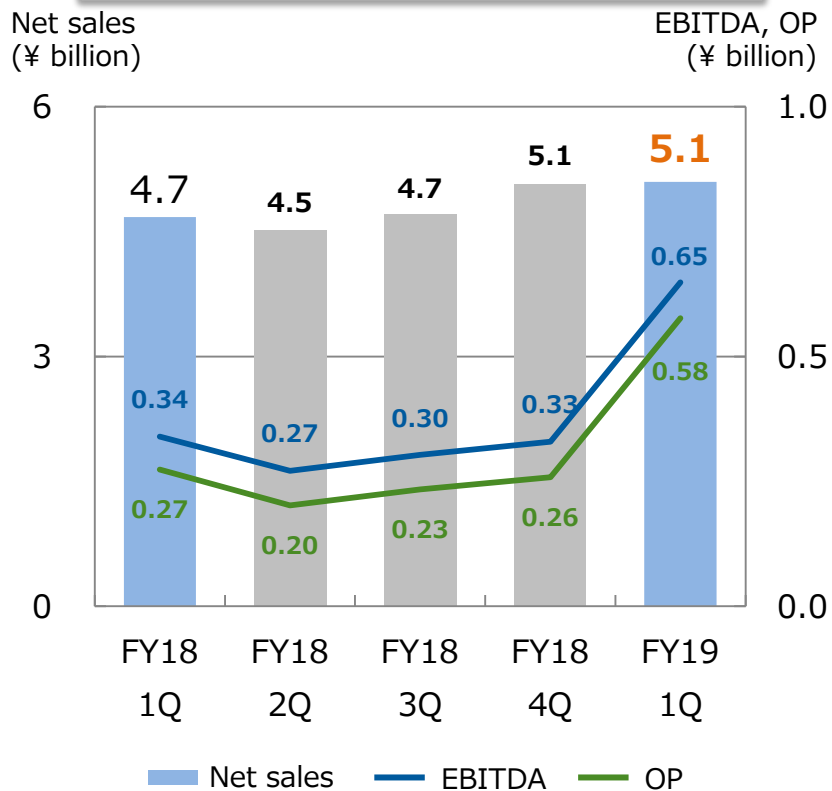
- Contract completion with JRC ⁽¹⁾

Factors for profit decrease

- Contract completion with JRC
- Upfront costs to win large customers

(1) Japan Red Cross

Quarterly Transition



Comparison with 1Q/FY18

(¥ billion)

	FY18 1Q	FY19 1Q	Variance	
Net sales	4.7	5.1	+0.42	+9.0%
EBITDA	0.34	0.65	+0.31	+91.0%
OP	0.27	0.58	+0.30	+110.8%

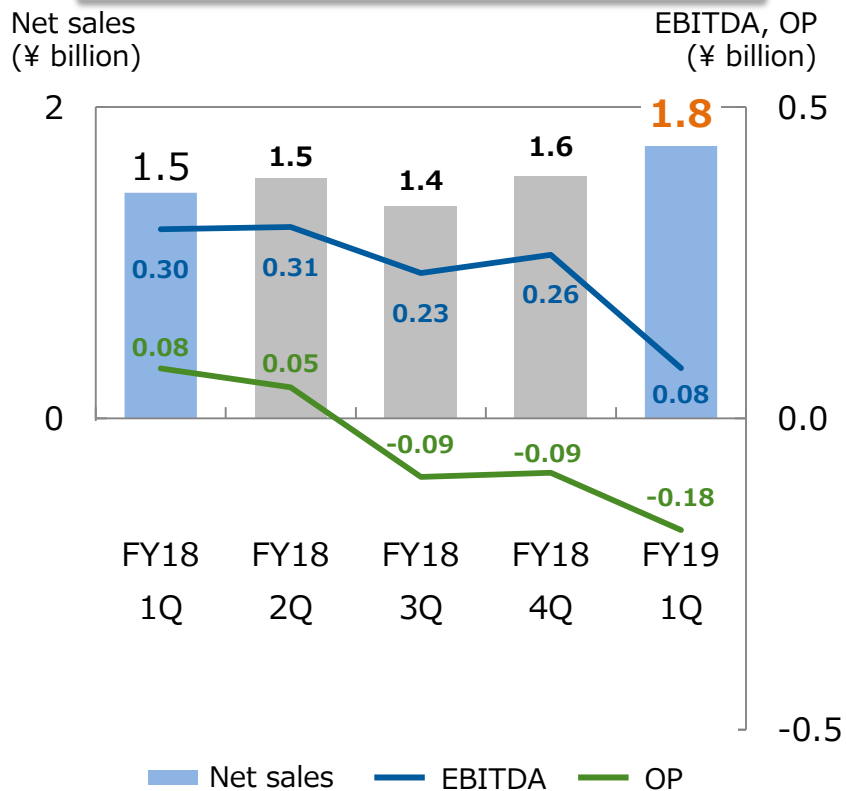
Factors for sales increase

- Contract price revision
- Product and consumable supplies sales growth

Factors for profit increase

- Contract price revision

Quarterly Transition



Comparison with 1Q/FY18

(¥ billion)

	FY18 1Q	FY19 1Q	Variance	
Net sales	1.5	1.8	+0.30	+20.9%
EBITDA	0.30	0.08	-0.22	-73.4%
OP	0.08	-0.18	-0.26	-

Net sales

- Growth contribution from Selmesta (+¥0.5 bn compared to 1Q/FY18)
- Downward impact from pharmacy business divestment (-¥0.3 bn compared to 1Q/FY18)

New business progress

- Food, environment and cosmetics testing business started from June, 2019

1. Progress related to Joint Venture with Ping An Group

- 3 labs had been opened by Ping An Group (Wuhan, Hefei, Guangzhou)
- JV lab has just opened in Shenzhen (August)
 - Organized the Lab-Test function
 - Assuming consultation services, etc. to Ping An Group labs in China



Opening ceremony (Aug. 1st)

2. New sterilization center in Hinode for SR business

- Relocation of aging Tachikawa center (New facility planned to be opened in Sep. 2019)



Laboratory in Shenzhen

3. Business performance of BMGL⁽¹⁾

- Monthly EBITDA shows recovering trend
\$US -2.2M (Jan. 2019) → \$US -1.4M (Jun. 2019)

(1) Baylor Miraca Genetics Laboratories

KPI

				FY19 1Q	FY18 Full year
CLT	Net # of increase/decrease for FMS/Branch lab clients			+ 16	+ 33
	Net # of increase/decrease for GP clients			+ 275	+ 933
IVD	Lumipulse (incl. all kinds of instruments)	Japan ⁽¹⁾	Installation #	43	150
			Net # of increase/decrease	-2	+ 30
		Global	Installation #	29	135
			Net # of increase/decrease	+ 14	+ 117
	Net # of increase/decrease for intra-group transactions (billion yen)			+ 0.03	+ 0.28

(1) Net increase/decrease # of instruments at sites of clients and group companies (incl. FMS/Branch-labs)

Comparison with 1Q/FY18

	1Q/FY18	1Q/FY19	Variance	
Net Sales	45.0	46.3	+1.31	+2.9%
CLT	27.9	29.6	+1.68	+6.0%
IVD	11.0	9.9	-1.09	-10.0%
SR	4.7	5.1	+0.42	+9.0%
ENB	1.5	1.8	+0.30	+20.9%
OP⁽¹⁾	3.4 7.6%	3.1 6.7%	-0.34	-9.8%
CLT	1.4	1.8	+0.41	+28.8%
IVD	2.1	1.4	-0.71	-34.0%
SR	0.3	0.6	+0.30	+110.8%
ENB	0.1	-0.2	-0.26	-
Or. Profit	2.9 6.5%	2.4 5.1%	-0.55	-18.8%
Profit/loss attributable to owners of parent	1.8 4.1%	1.2 2.5%	-0.69	-37.3%
EBITDA⁽²⁾	5.6 12.4%	5.8 12.5%	+0.18	+3.2%

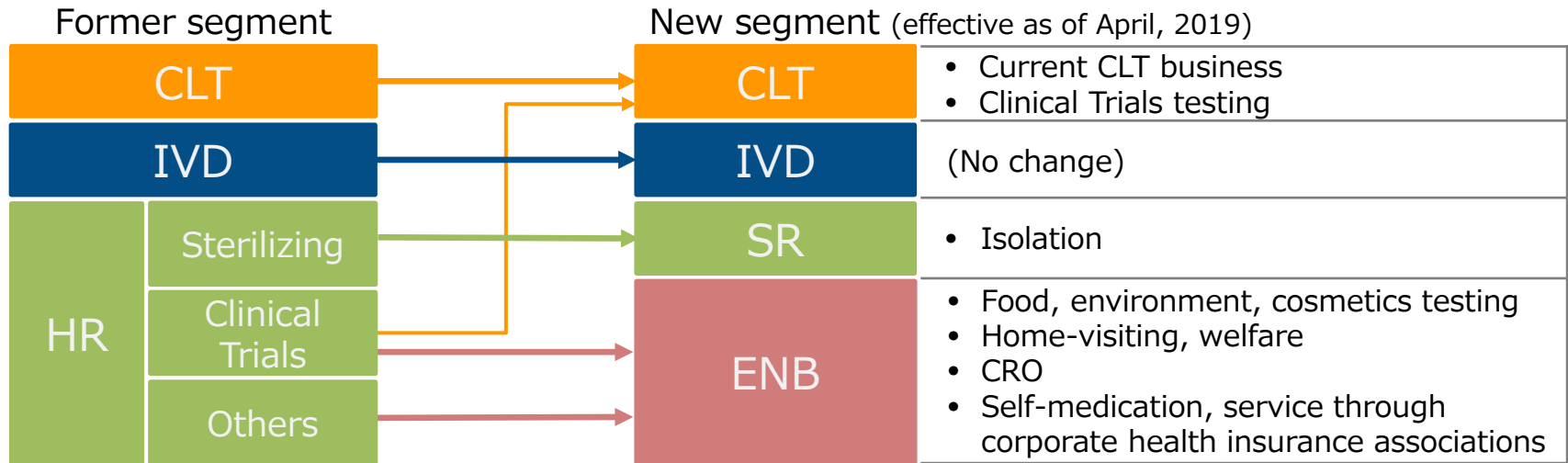
Note: Small blue figures shown in the upper right corners are the individual profit margins

(1) OP includes Miraca Holdings and Miraca Research institute, as well as segmentation adjustments (FY18 1Q: -¥0.42 bn, FY19 1Q: -¥0.50 bn)

(2) EBITDA = Operating profit + Depreciation + Amortization of goodwill

Business Segmentation Change (Reference)

- Establishment of Emerging New Business segment (ENB⁽¹⁾)
- Isolate Sterilizing business to Sterilization and Related Services segment (SR⁽²⁾)
- Transfer Clinical Trials testing (excl. CRO⁽³⁾) to CLT
- Transfer CRO to ENB



(1) Emerging New Business & others (2) Sterilization & Related services (3) Contract Research Organization

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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.