

# Miraca Holdings Inc.

## Business Results for The Third Quarter of FY2019 (April 1, 2019 – December 31, 2019)

February 10, 2020

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:

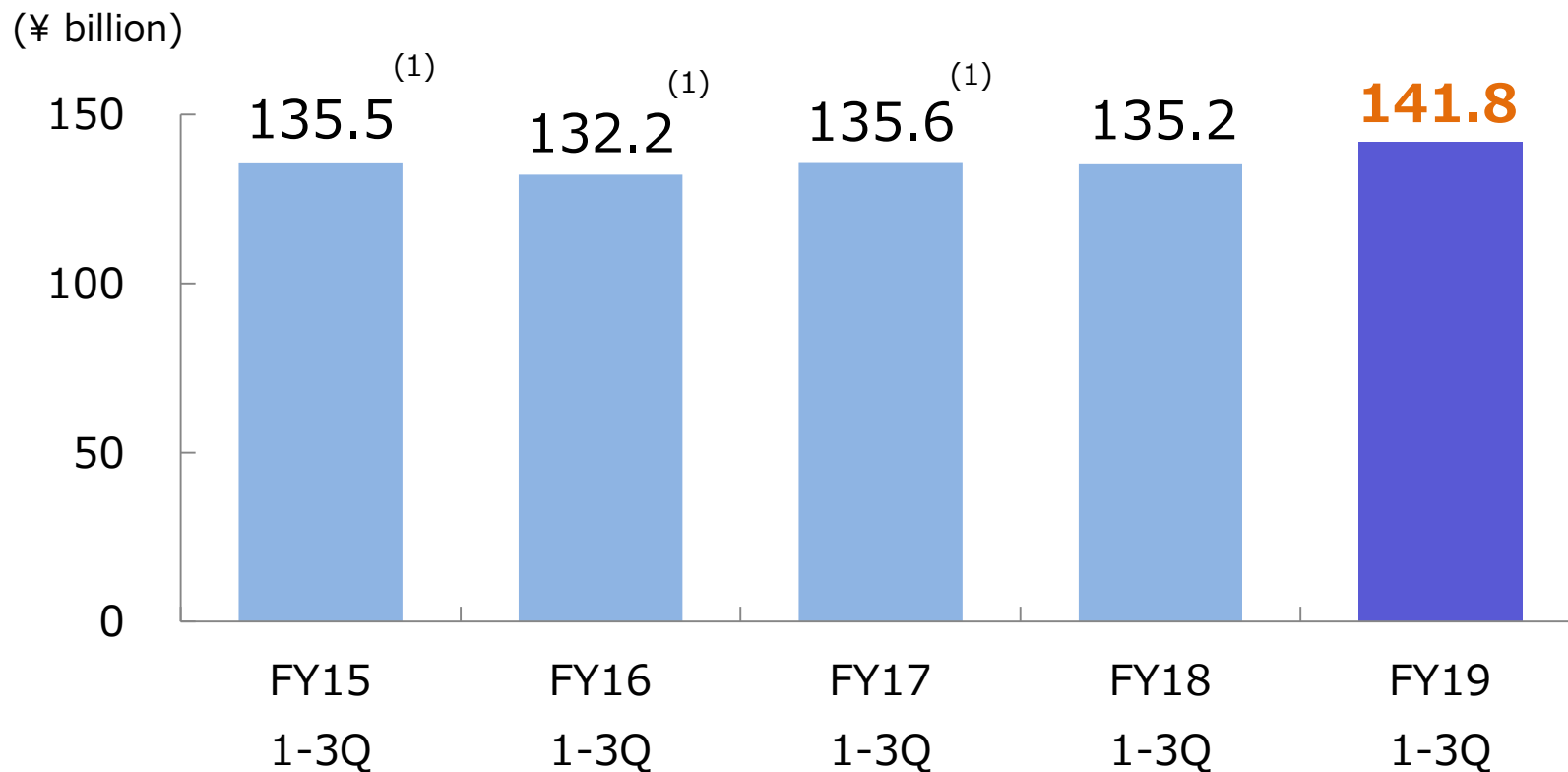
CLT: Clinical Laboratory Testing	IVD: In Vitro Diagnostics
SR: Sterilization and Related Services	ENB: Emerging New Business and others
FMS: Facility Management Service	OP: Operating profit
Or. profit: Ordinary profit	BMGL: Baylor Miraca Genetics Laboratories, LLC
- \* Business segments has been changed from 1Q FY19. Past figures has been retroactively adjusted in accordance with the current segmentation.

※ Exchange rates used in this presentation material:

FY2018 1-3Q: 1USD = 111.15 JPY 1EURO = 129.48 JPY

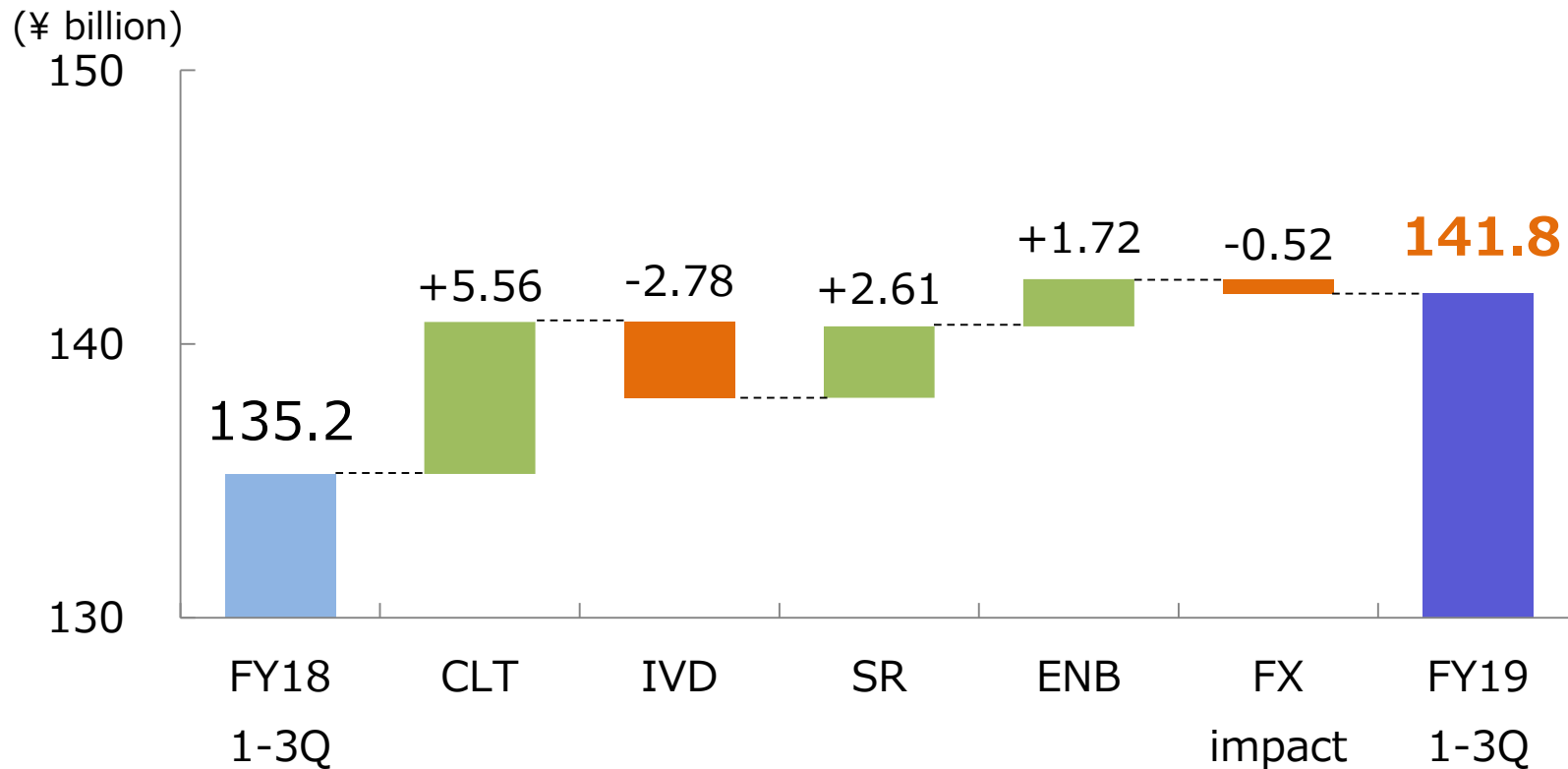
FY2019 1-3Q: 1USD = 108.67 JPY 1EURO = 121.04 JPY

# Transition of Consolidated Sales



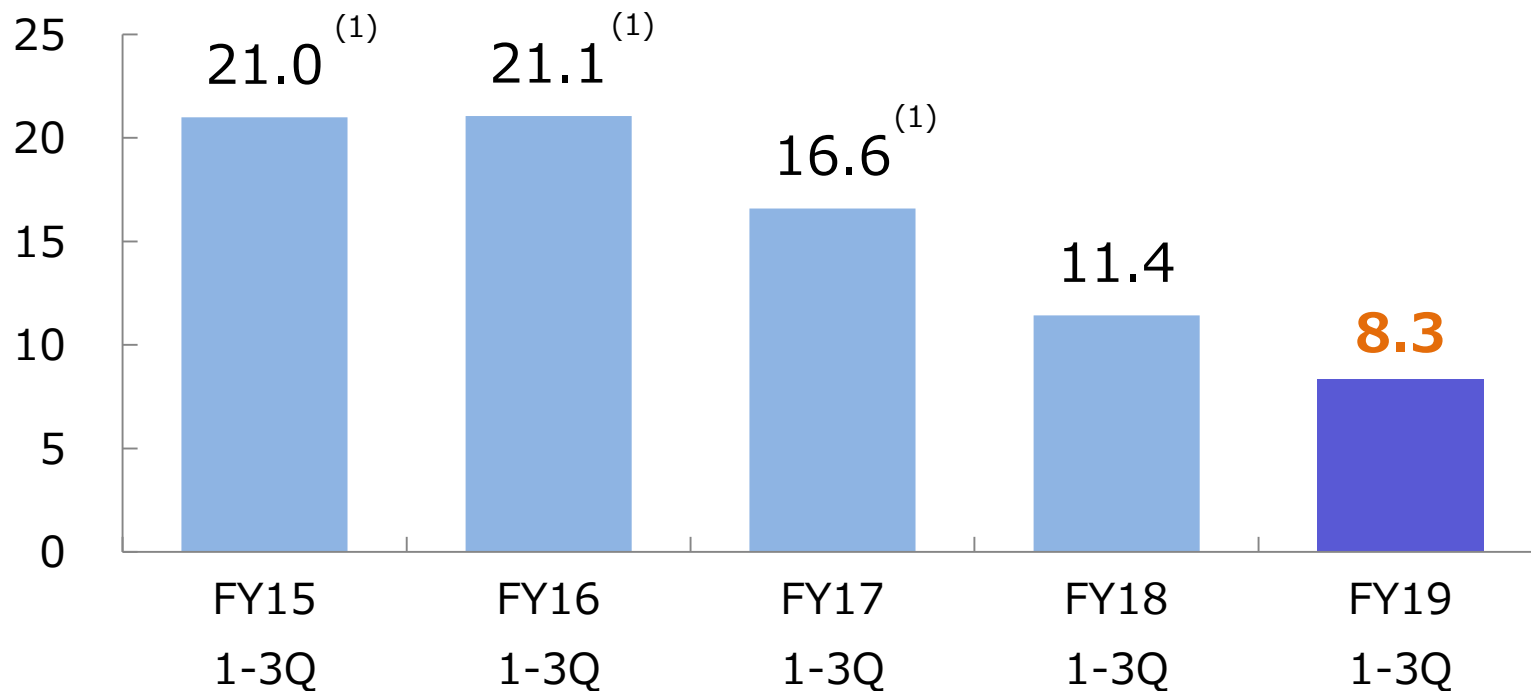
(1) Excluding CLT Global business, due to the business divestment taken place in November 2017.

# Breakdown of Consolidated Sales



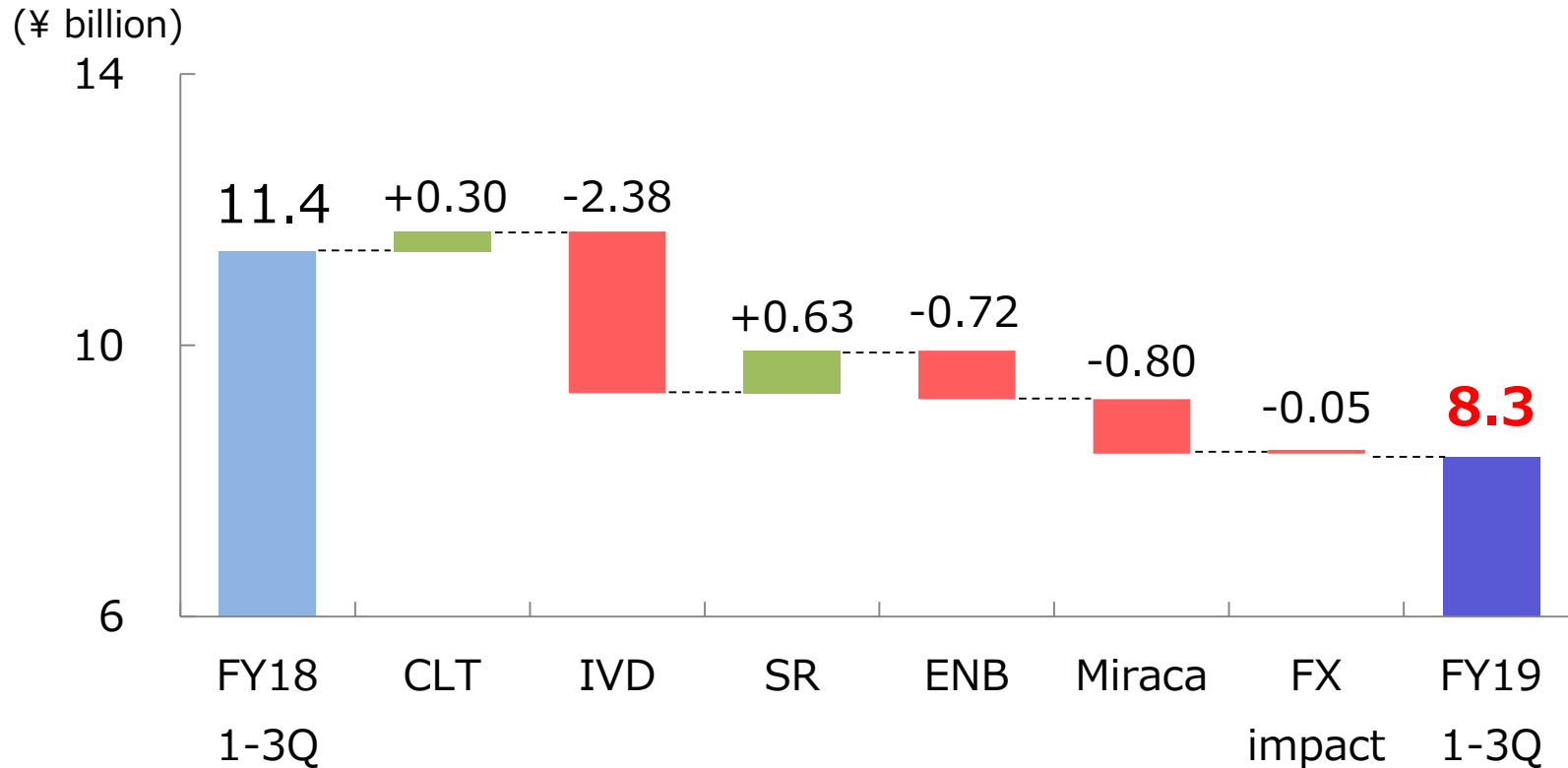
# Transition of Consolidated Operating Profit

(¥ billion)



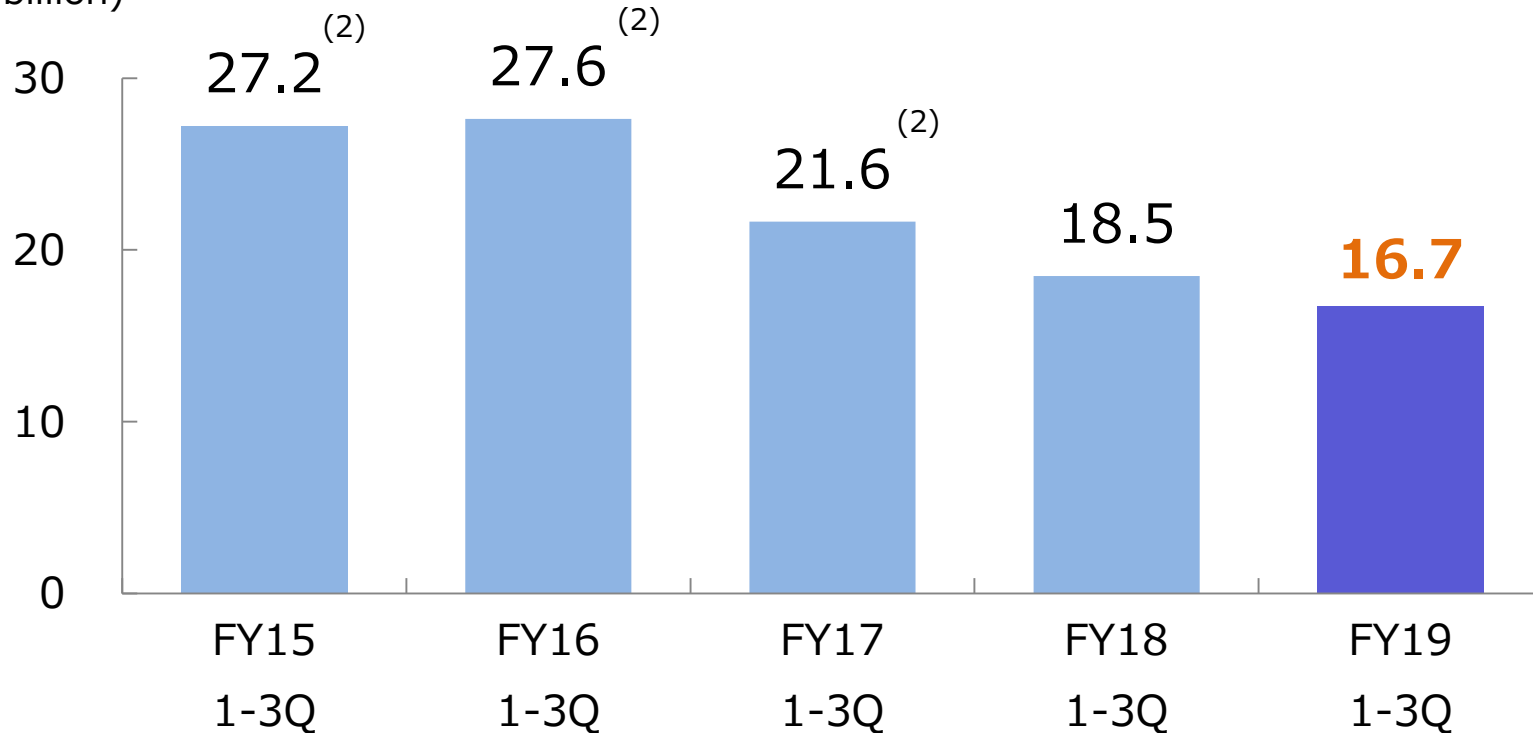
(1) Excluding CLT Global business, due to the business divestment taken place in November 2017.

# Breakdown of Consolidated Operating Profit



# Transition of EBITDA <sup>(1)</sup>

(¥ billion)



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

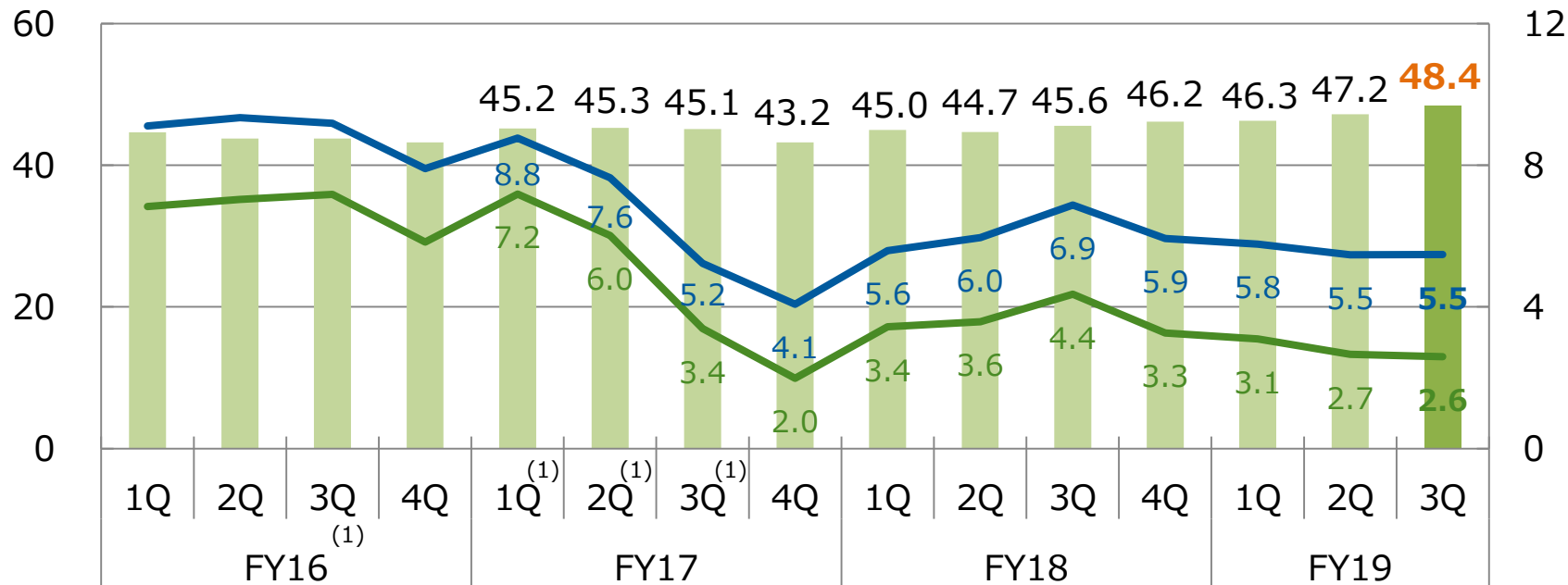
(2) Excluding CLT Global business, due to the business divestment taken place in November 2017.

# Quarterly Performance Transition

Net sales  
(¥ billion)

Net sales EBITDA OP

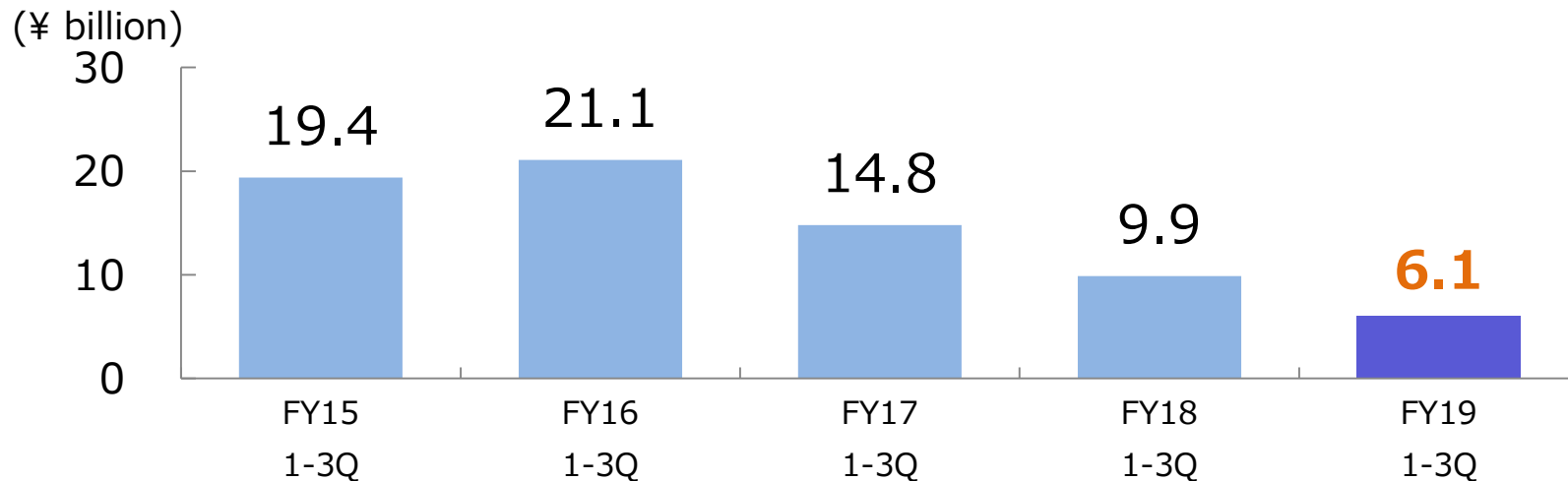
OP, EBITDA  
(¥ billion)



(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 1-3Q】

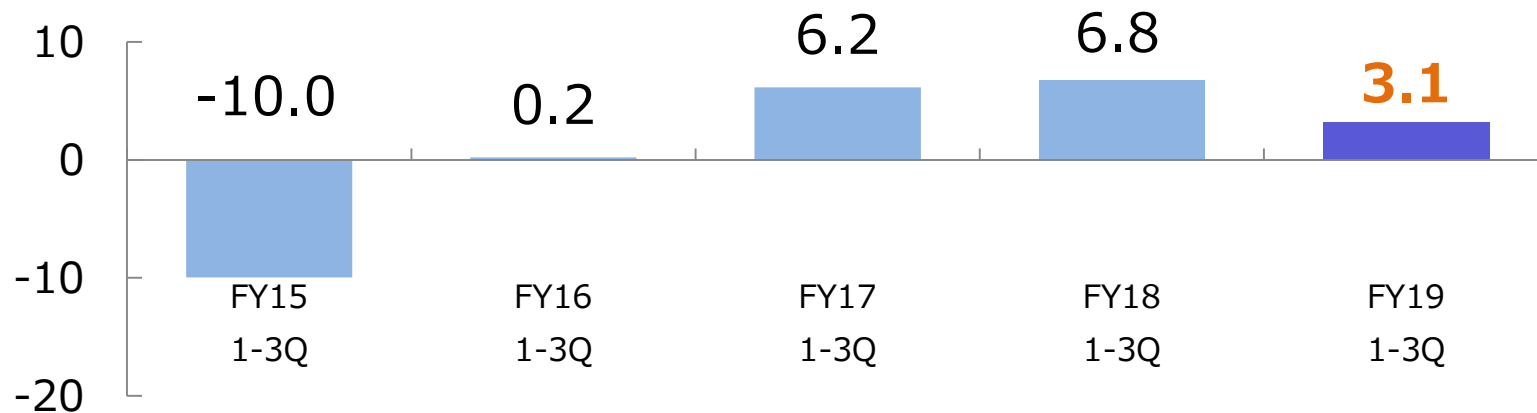
- Share of loss of entities accounted for using equity method -¥1.9 bn

### 【FY19 1-3Q】

- Share of loss of entities accounted for using equity method -¥2.3 bn
- Impact from BMGL: -¥1.8 bn  
Impact from JV with Ping An Insurance Group: -¥0.5 bn

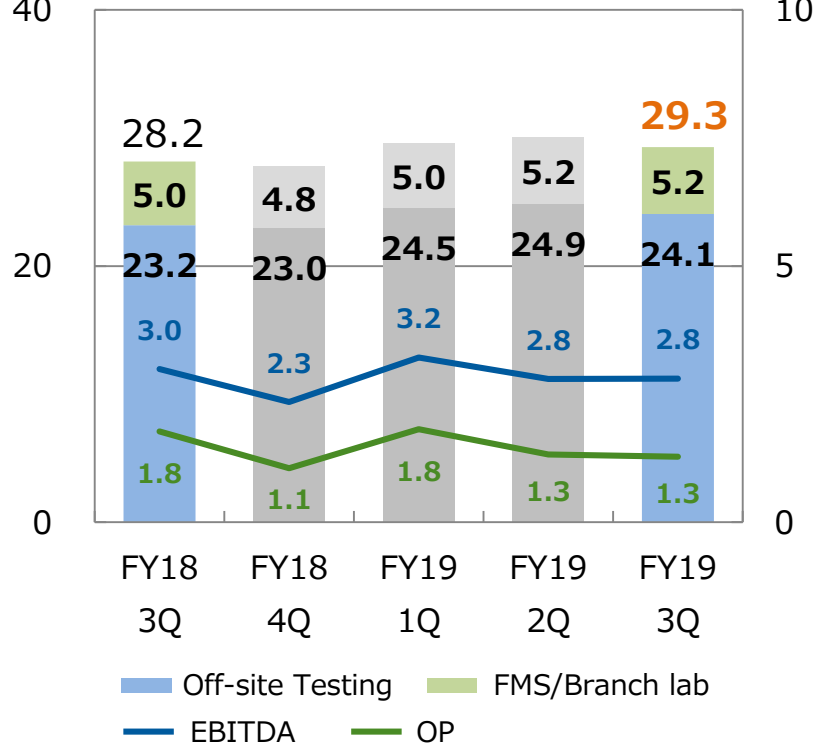
# Transition of Consolidated Net Profit

(¥ billion)



## Quarterly Transition

Net sales (¥ billion) EBITDA, OP (¥ billion)



## Comparison with 1-3Q/FY18

(¥ billion)

	FY18 1-3Q	FY19 1-3Q	Variance	
Net sales	83.3	88.9	+5.56	+6.7%
FMS/Branch	14.8	15.4	+0.64	+4.4%
Off-site	68.5	73.5	+4.92	+7.2%
EBITDA	7.5	8.8	+1.31	+17.4%
OP	4.1	4.4	+0.30	+7.2%

### Net sales

- # of tests: +5.8%
- Growth of test items related to genetic testing
- Acquisition of new customers

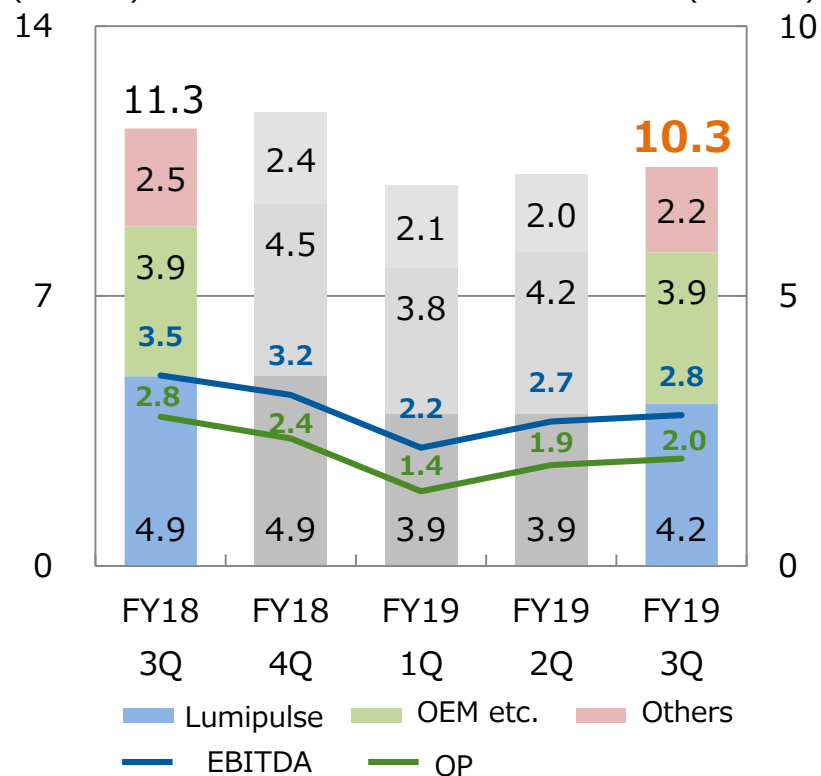
### Operating profit

- Profit increased by YoY comparison
- Minor margin improvement due to under-achievement of fixed cost reduction measures
- Increase in depreciation expenses (-¥1.0 bn)
- Upfront cost for expansion in Chinese market (-¥0.4 bn)

## Quarterly Transition

Net sales  
(¥ billion)

EBITDA, OP  
(¥ billion)



## Comparison with 1-3Q/FY18

(¥ billion)

	FY18 1-3Q	FY19 1-3Q	Variance	
Net sales	33.6	30.3	-3.30	-9.8%
Lumipulse	14.5	12.1	-2.44	-16.8%
Japan	13.5	10.5	-3.00	-22.2%
Overseas	1.0	1.6	+0.56	+55.2%
OEM etc.	11.9	11.9	+0.05	+0.4%
Others	7.3	6.4	-0.91	-12.5%
EBITDA	10.0	7.7	-2.33	-23.4%
OP	7.7	5.2	-2.44	-31.8%

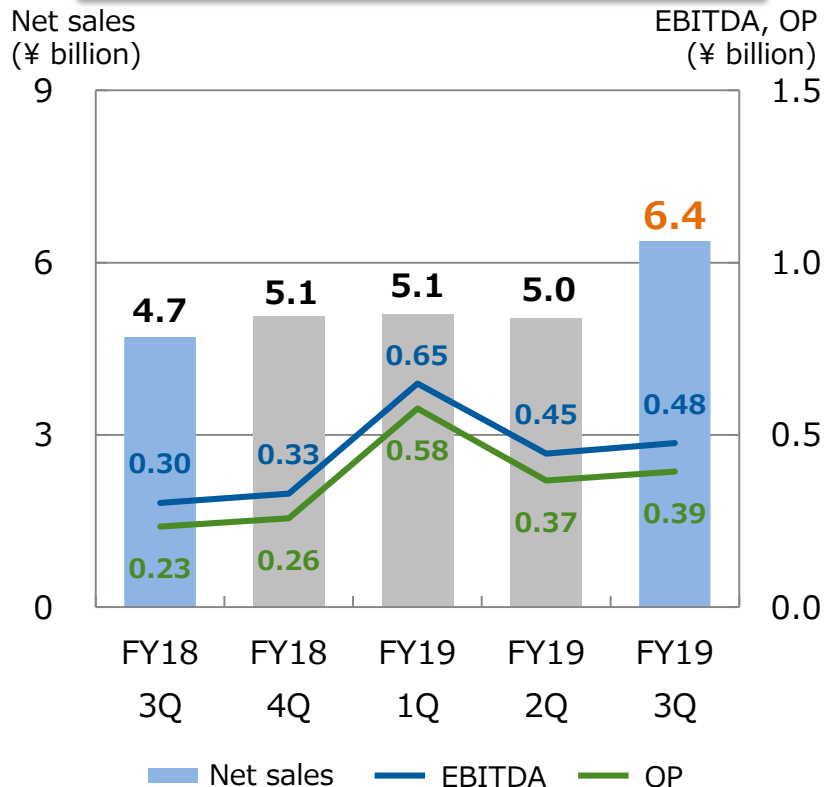
### Net sales

- Contract completion with Japan Red Cross
- Growth in Lumipulse Overseas
- OEM etc.: steady growth on a local currency basis

### Operating profit

- Contract completion with Japan Red Cross
- Upfront costs to win large customers

## Quarterly Transition



## Comparison with 1-3Q/FY18

	FY18 1-3Q	FY19 1-3Q	Variance	
Net sales	13.9	16.5	+2.61	+18.8%
EBITDA	0.91	1.57	+0.66	+71.9%
OP	0.71	1.34	+0.63	+88.6%

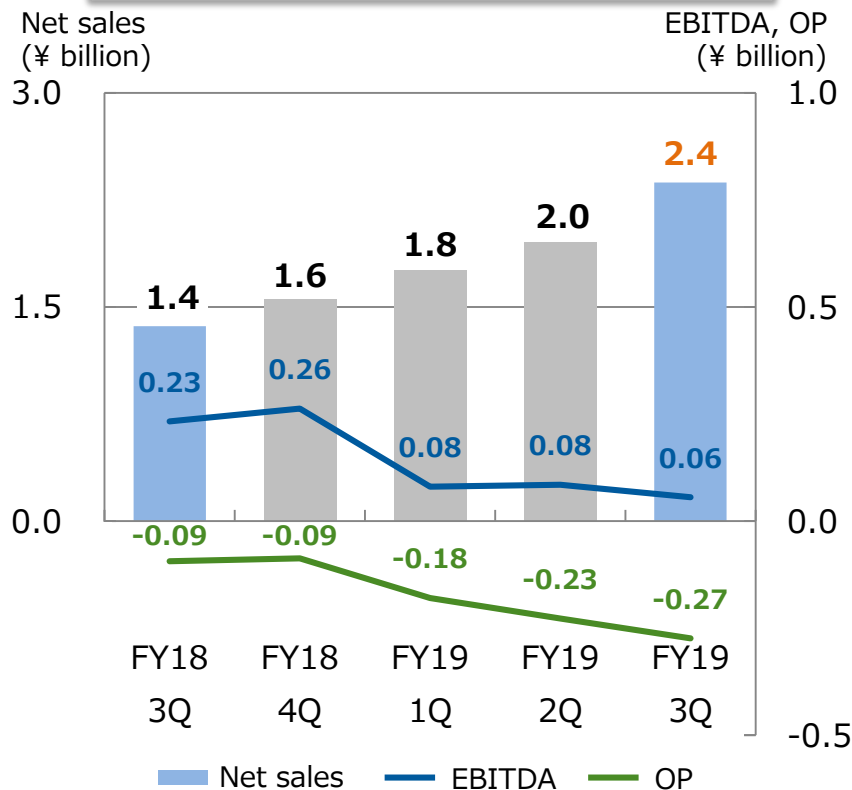
### Net sales

- Growth from sale of equipment and consumables
  - ✓ Comprehensive support solution
  - ✓ Full service for central sterile supply department
- Commencement of deposit inventory business drove sales growth
- Contract price upward revision

### Operating profit

- Contract price upward revision

## Quarterly Transition



## Comparison with 1-3Q/FY18

	FY18 1-3Q	FY19 1-3Q	Variance	
Net sales	4.4	6.1	+1.72	+39.5%
EBITDA	0.84	0.22	-0.62	-73.7%
OP	0.04	-0.68	-0.72	-

### Net sales

- Growth contribution from Selmesta (+¥1.8 bn compared to the previous year)
- Downward impact from pharmacy business divestment (-¥0.6 bn compared to the previous year)
- Growth in home-visiting, welfare business

### New business progress

- Food, environment, cosmetics testing business
  - ✓ Japan Institute of Foods Ecology, Inc. became a wholly owned subsidiary (as of Dec. 2019 <sup>(1)</sup>)

<sup>(1)</sup> Consolidation starts from 4Q

# KPI

			FY19 1-3Q	FY18 1-3Q	
<b>CLT</b>	Net # of increase/decrease for FMS/Branch lab clients		+ 39	+ 28	
	Net # of increase/decrease for GP clients		+ 688	+ 535	
<b>IVD</b>	Lumipulse (incl. all kinds of instruments)	Japan <sup>(1)</sup>	Installation #	106	86
			Net # of increase/decrease	±0	+ 6
		Over-seas	Installation #	92	80
			Net # of increase/decrease	+ 61	+ 64
Net amount of increase/decrease for intra-group transactions (billion yen)			+0.37	+0.29	

(1) Number of installed instruments at sites of both customers and group companies (incl. FMS/Branch-labs)

# Revision of earnings forecast

	Initial forecast	Revised forecast	Differences	Increase/ decrease	(reference) (Billion yen) FY18
Net sales	<b>191.0</b>	<b>191.0</b>	-	-	181.4
OP	<b>14.5</b>	<b>11.8</b>	<b>-2.7</b>	<b>-18.6%</b>	14.6
Or. profit	<b>11.7</b>	<b>8.8</b>	<b>-2.9</b>	<b>-24.8%</b>	11.5
Net profit	<b>7.6</b>	<b>5.3</b>	<b>-2.3</b>	<b>-30.3%</b>	6.4
EBITDA	<b>26.5</b>	<b>22.8</b>	<b>-3.7</b>	<b>-14.0%</b>	24.4

## Reasons for revision

### 【OP】

- CLT : Change in sales mix of test items  
Under-achievement and delay of fixed cost reduction measures
- ENB : Slower-than-expected business development

### 【Or. profit】

- BMGL : Delay in sales contribution from newly acquired projects



# **【Contact information】**

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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.