
The business performance briefing
for the term ended Mar. 2015
(the 77th term)



EIKEN CHEMICAL CO., LTD.

Apr. 28, 2015

Operating Results for the
term ended Mar. 2015
(the 77th term)

Consolidated performance for the term ended Mar. 2015 (the 77th term)

(Millions of yen)

	Term ended Mar. 2015					
	Target value	Actual results	Ratio	Difference from target value	YoY change	Ratio
Net sales	31,320	31,014	100.0%	(305)	987	103.3%
Operating income	2,900	2,826	9.1%	(73)	(181)	94.0%
Ordinary income	2,930	3,013	9.7%	83	(81)	97.4%
Net income	1,870	2,100	6.8%	230	115	105.8%

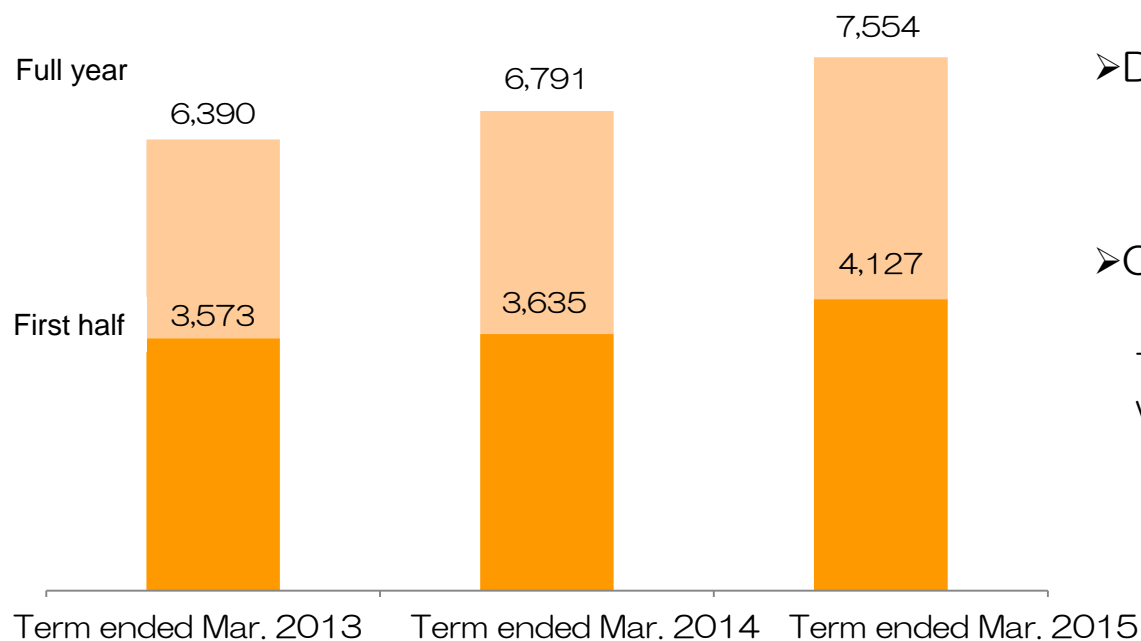
Consolidated performance for the term ended Mar. 2015 (the 77th term)

- The rebound from the last-minute surge in demand ahead of the consumption tax hike and the adjustment of fees for performing laboratory tests, part of the revision of health care fees had an adverse impact on the EIKEN Group's business performance, but sales in Japan were up slightly. Overseas sales were increased significantly, up 34.1% year-on-year.
- Domestic sales were increased as a result of the sales of fecal immunochemical test reagents. In addition the sales of stomach health evaluation (ABC classification) testing (helicobacter pylori and pepsinogen testing) reagents increased significantly.
- Overseas sales were increased as a result of the sales of both fecal occult blood diagnostic reagents and analyzers increased in America, Europe and Asia; so did sales of fully automated urine analyzers and dedicated test strips to Italy.
- Turning to profit, despite efforts to reduce the manufacturing cost ratio of our in-house products and make more efficient use of expenses results 0.3 points decrease, research and development expenses increased, resulting in operating income of 2,826 million yen (down 6.0% year-on-year) and ordinary income of 3,013 million yen (down 2.6% year-on-year). Net income was 2,100 million yen (up 5.8% year-on-year) due to tax reforms in 2014 resulting in lower corporate taxes.

Consolidated sales for product category

(Millions of yen)

Fecal immunochemical test reagents (OC)	Term ended Mar. 2013		Term ended Mar. 2014		Term ended Mar. 2015	
	First half	Full year	First half	Full year	First half	Full year
	3,573	6,390	3,635	6,791	4,127	7,554



↑ 11.2% year-on-year.

➤ Domestic sales

↑ 4.5 % year-on-year.

Promotion of the sale measure.

➤ Overseas sales

↑ 36.0% year-on-year.

The sales in Europe, America and Asia were increase.

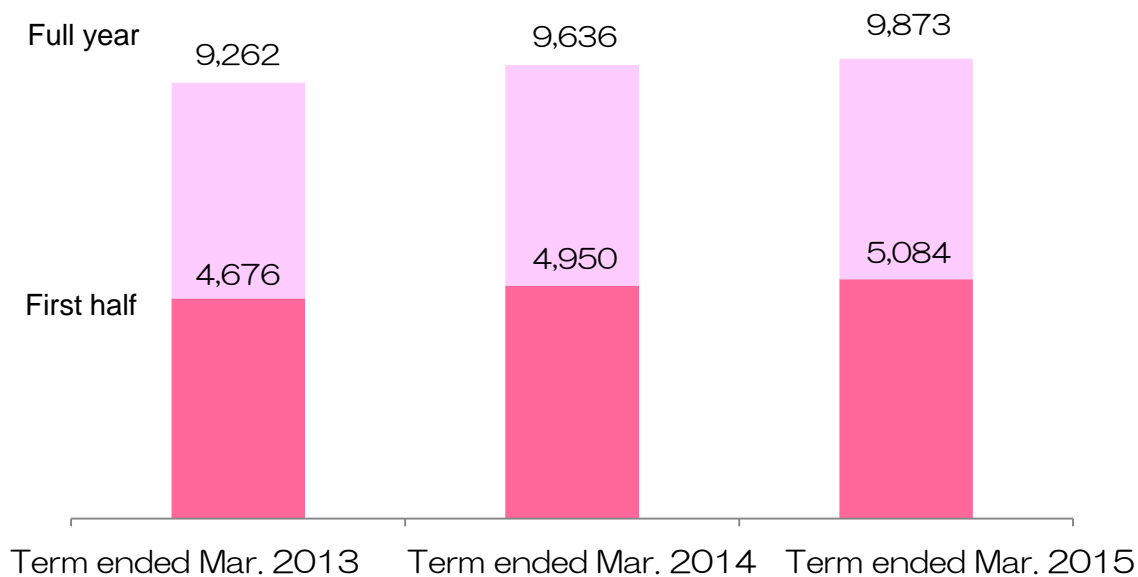


Consolidated sales for product category

(Millions of yen)

Immunological and serological reagents	Term ended Mar. 2013		Term ended Mar. 2014		Term ended Mar. 2015	
	First half	Full year	First half	Full year	First half	Full year
	4,676	9,262	4,950	9,636	5,084	9,873

↑ 2.5 % year-on-year.



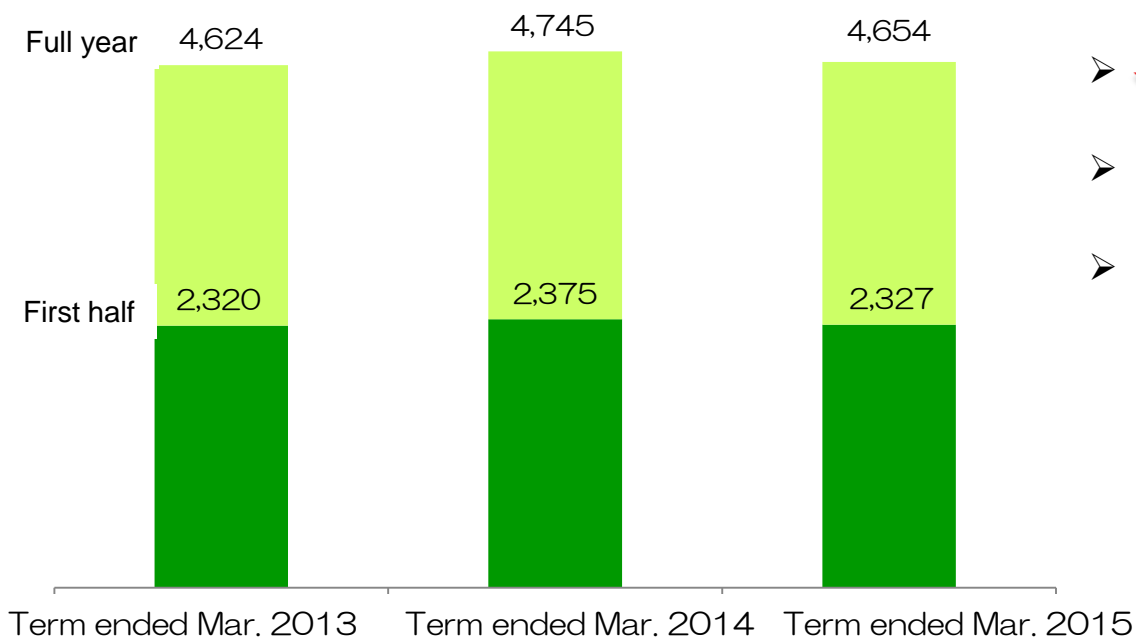
- ↑ LZ & E plate
 - Reagents for ABC classification.
 - MMP-3 (rheumatoid arthritis)
- ↓ Tosoh corporation's reagents



Consolidated sales for product category

(Millions of yen)

Microbiological reagents	Term ended Mar. 2013		Term ended Mar. 2014		Term ended Mar. 2015	
	First half	Full year	First half	Full year	First half	Full year
	2,320	4,624	2,375	4,745	2,327	4,654



↓ 1.9 % year-on-year.

- ↓ Reagents for drug sensitivity tests.
- ↓ Powdered media.
- ↓ Reagents for POCT.

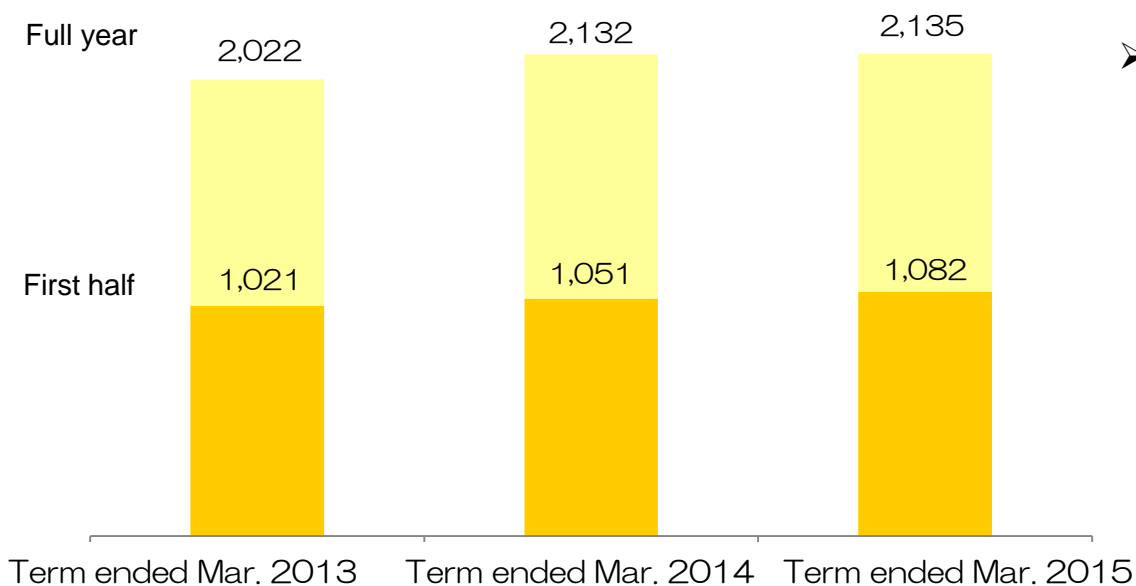


Consolidated sales for product category

(Millions of yen)

Urinalysis test trips	Term ended Mar. 2013		Term ended Mar. 2014		Term ended Mar. 2015	
	First half	Full year	First half	Full year	First half	Full year
	1,021	2,022	1,051	2,132	1,082	2,135

➔ 0.1% ↑ year-on-year.



➤ ↑ Urinalysis test trips "Uropaper α III" for the automatic urine analyzer.

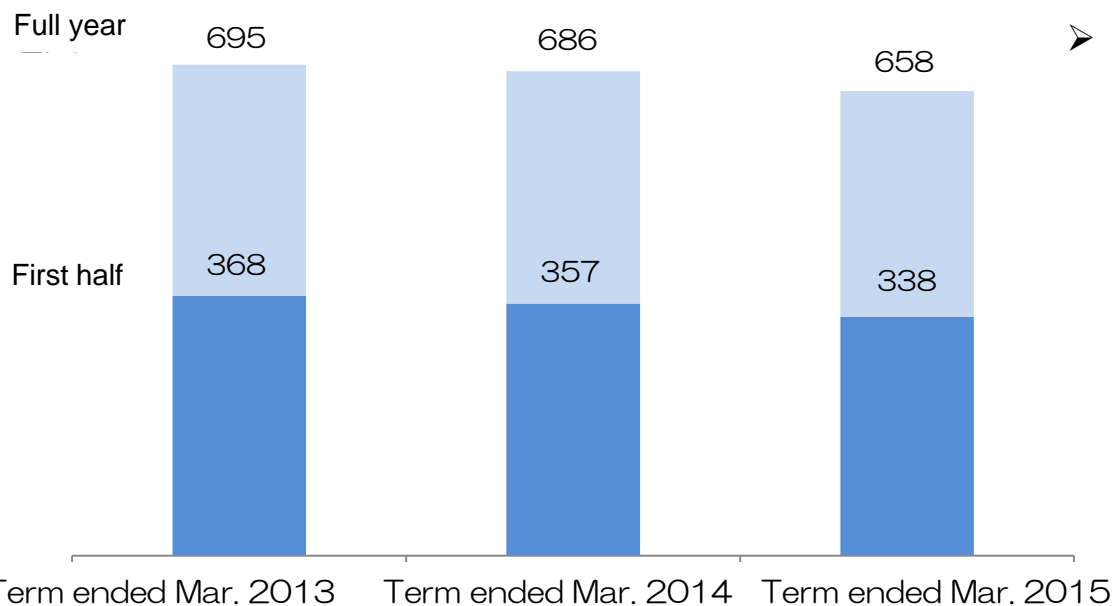


Consolidated sales for product category

(Millions of yen)

Clinical chemistry reagents	Term ended Mar. 2013		Term ended Mar. 2014		Term ended Mar. 2015	
	First half	Full year	First half	Full year	First half	Full year
	368	695	357	686	338	658

↓ 4.1 % year-on-year.



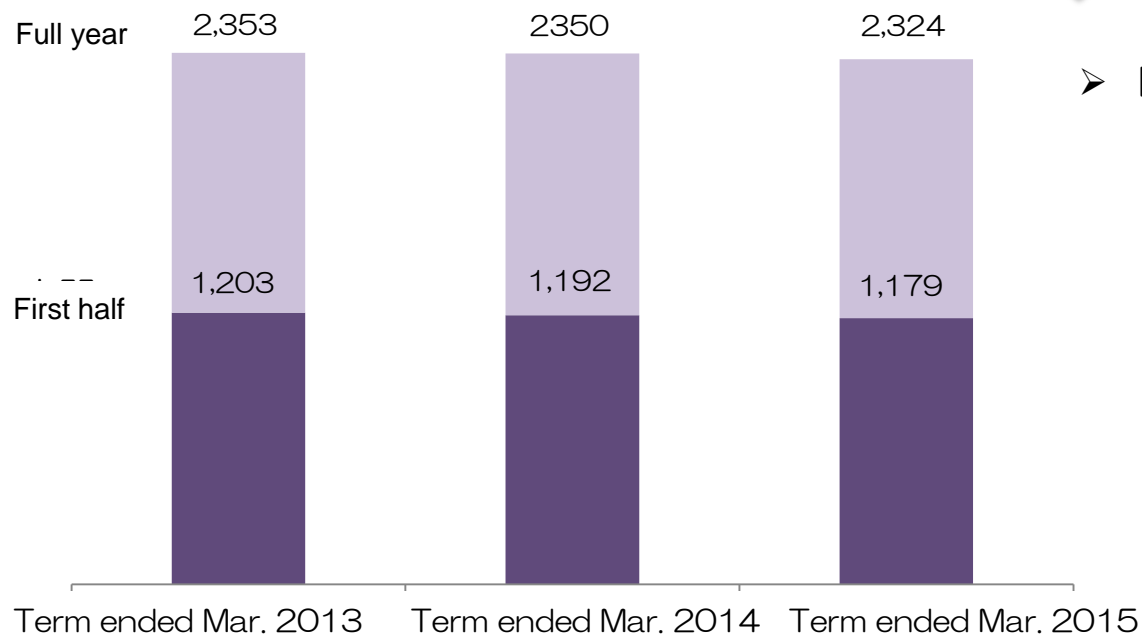
➤ Increased market price competition.



Consolidated sales for product category

(Millions of yen)

Culture media for equipment, food and environment category	Term ended Mar. 2013		Term ended Mar. 2014		Term ended Mar. 2015	
	First half	Full year	First half	Full year	First half	Full year
	1,203	2,353	1,192	2,350	1,179	2,324



↓ 1.1 % year-on-year.

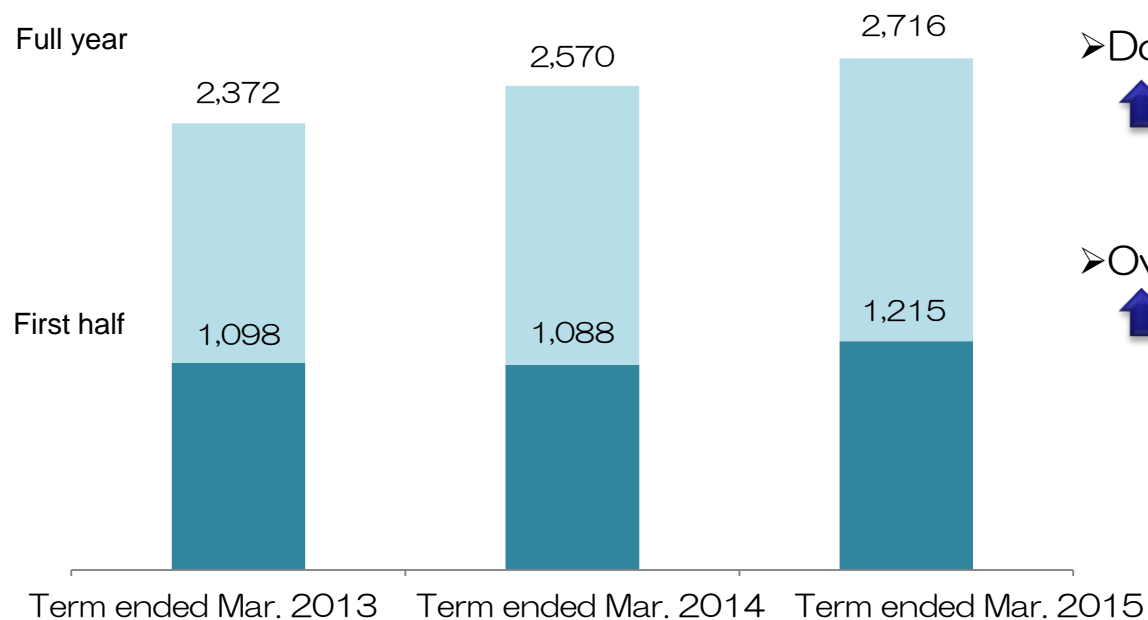
➤ Increased market price competition.



Consolidated sales for product category

(Millions of yen)

Medical devices (exclude molecular genetics)	Term ended Mar. 2013		Term ended Mar. 2014		Term ended Mar. 2015	
	First half	Full year	First half	Full year	First half	Full year
	1,098	2,372	1,088	2,570	1,215	2,716



↑ 5.7% year-on-year.

➤ Domestic sales

↑ Analyzers for Immunological and serological tests and microbiological tests.

➤ Overseas sales

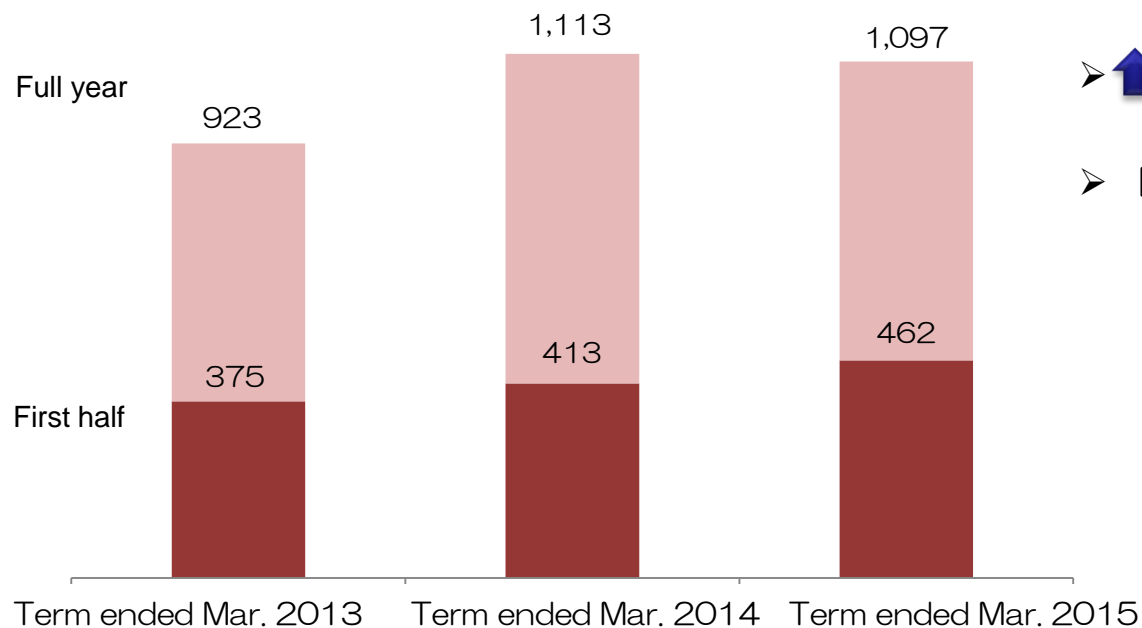
↑ Analyzers for fecal immunochemical tests and urine tests.



Consolidated sales for product category

(Millions of yen)

Molecular genetics (LAMP) (include devices)	Term ended Mar. 2013		Term ended Mar. 2014		Term ended Mar. 2015	
	First half	Full year	First half	Full year	First half	Full year
	375	923	413	1,113	462	1,097



↓ 1.4 % year-on-year.

- ↑ Genetic test reagents.
- Patent rights income.
498 millions yen.



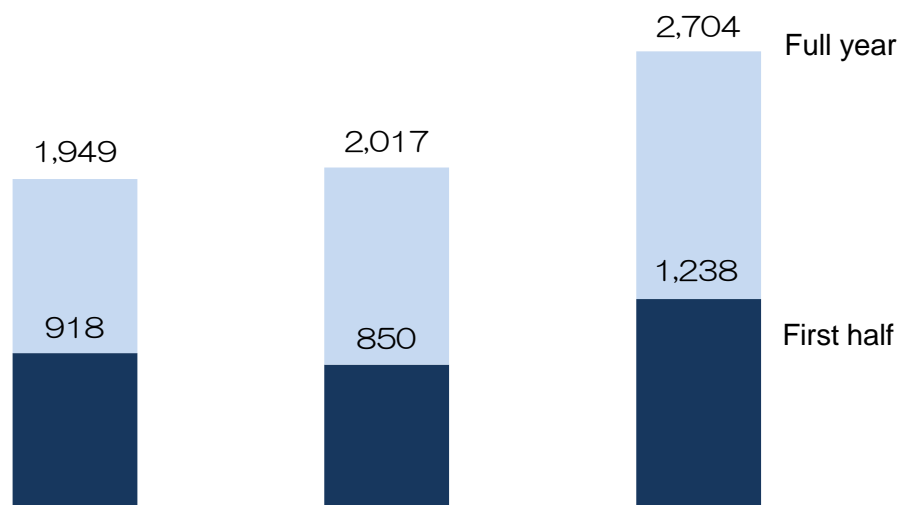
Consolidated overseas sales

(Millions of yen)

Overseas sales	Term ended Mar. 2013		Term ended Mar. 2014		Term ended Mar. 2015	
	First half	Full year	First half	Full year	First half	Full year
	918	1,949	850	2,017	1,238	2,704

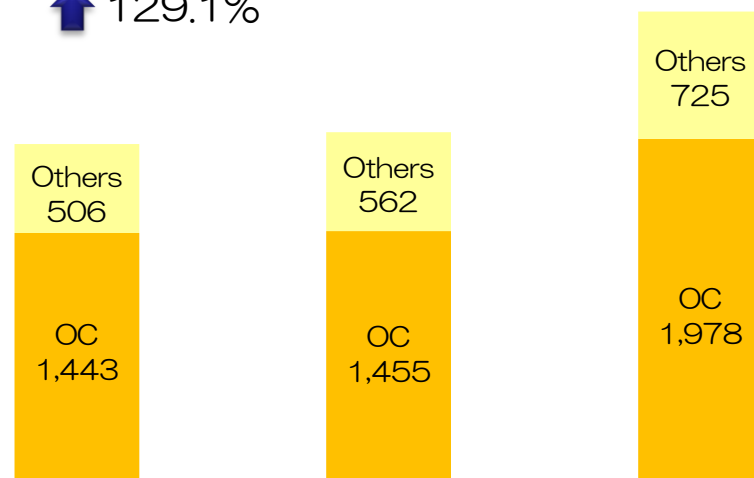
Sales

↑ 34.1 % year-on-year



Sales for product category

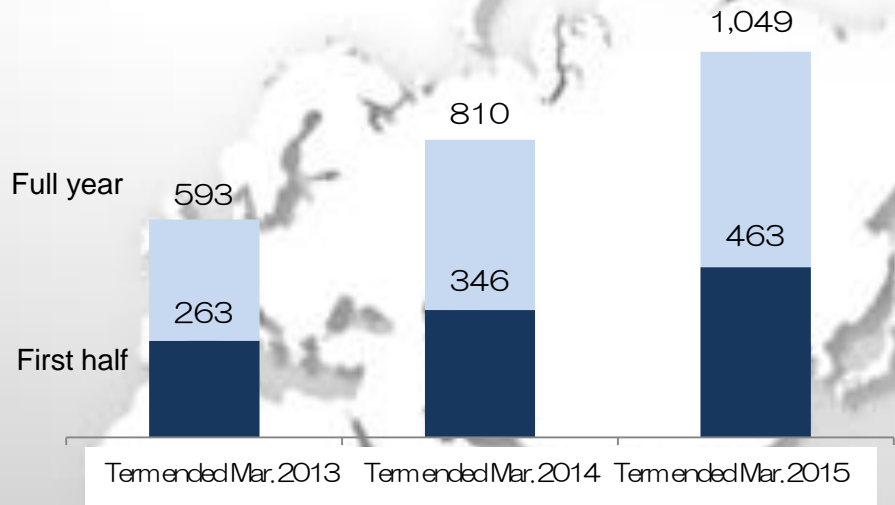
- Fecal immunochemical test reagents (OC)
 - ↑ 36.0 % year-on-year.
- Others
 - ↑ 129.1%



Consolidated overseas sales

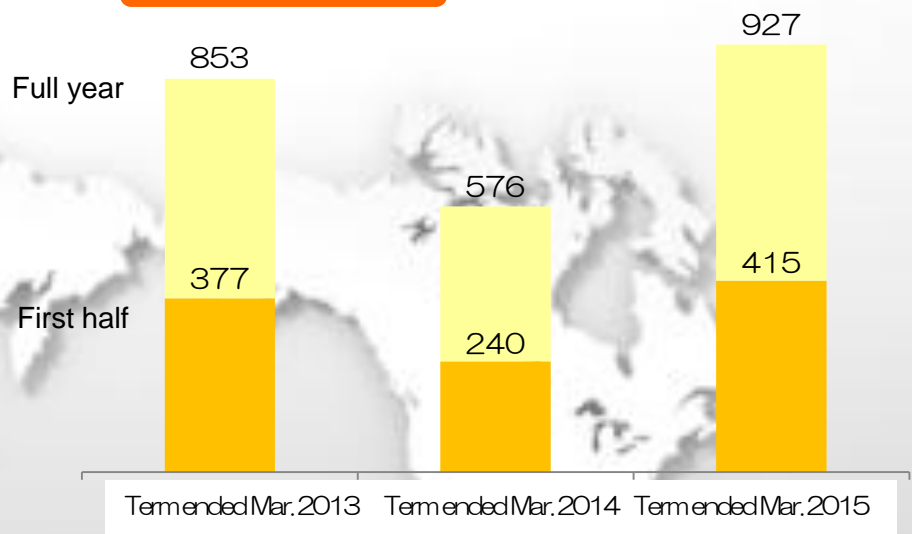
Europe

(Millions of yen)



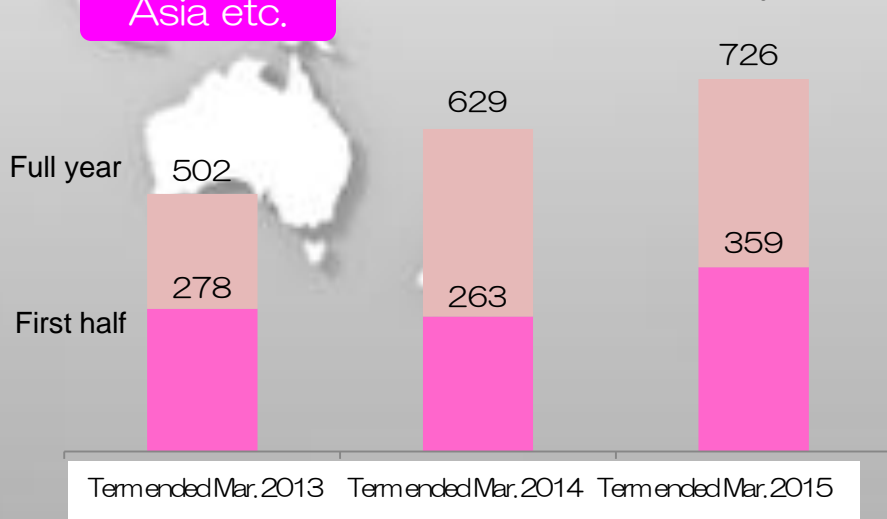
North America

(Millions of yen)



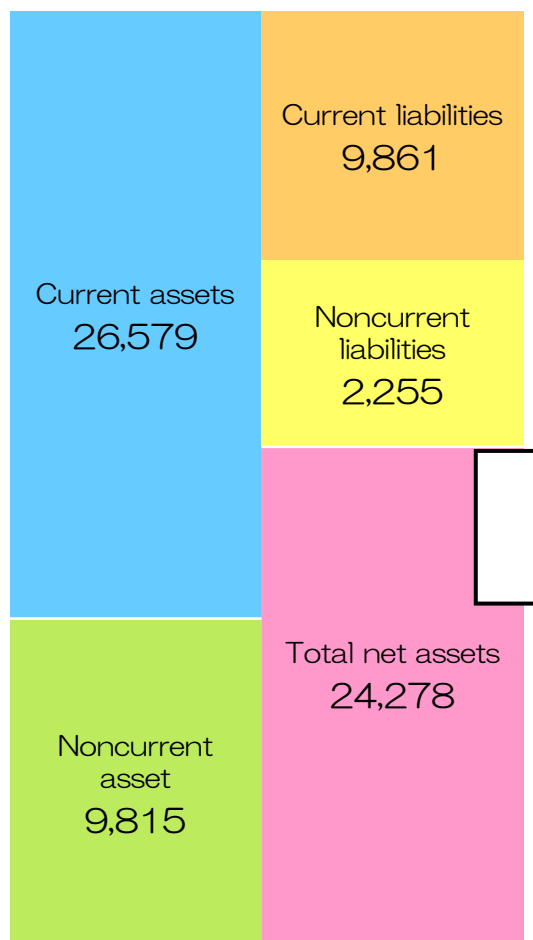
Asia etc.

(Millions of yen)



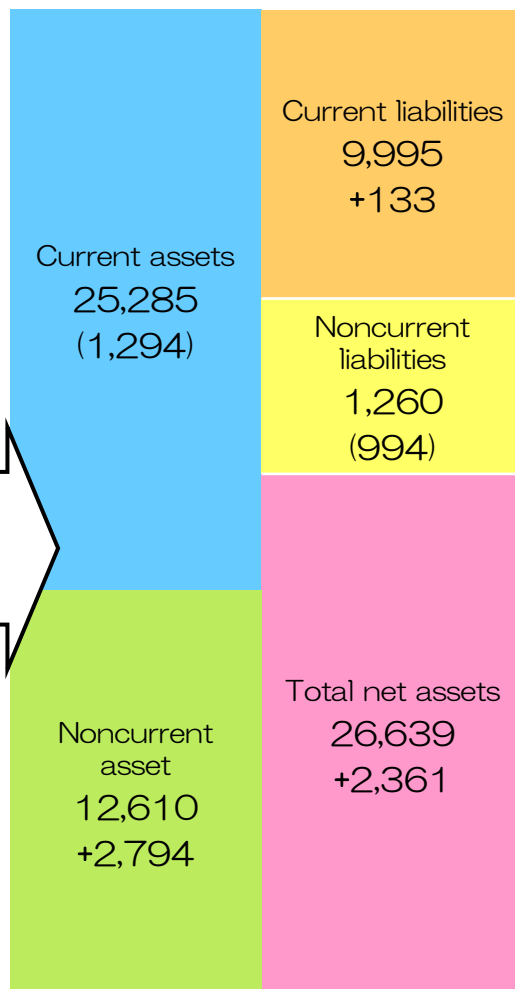
Consolidated balance sheets

Term ended Mar. 2014



Total asset **36,395** million yen

Term ended Mar. 2015



Total asset **37,895** million yen

Main reasons of increase/decrease (Millions of yen)

Current assets	Changes
Cash and deposits	(1,442)
Note and accounts receivable - trade	514
Noncurrent assets	
Property, plant and equipment	331
Intangible assets	67
Long-term time deposit	2,400
Current liabilities	
Electronically recorded obligations	235
Current portion of long-term loans payable	(270)
Income taxes payable	116
Noncurrent liabilities	
Asset retirement obligations	(942)
Total net assets	
Remeasurements of defined benefit plans	457
Retained earnings	1,660

Consolidated Statements of Cash Flows

(Millions of yen)

	Term ended Mar. 2014	Term ended Mar. 2015
Cash and cash equivalents at beginning of the period	9,568	10,940
Net cash provided by (used in) operating activities	3,410	3,393
Net cash provided by (used in) investing activities	(779)	(6,652)
Net cash provided by (used in) financing activities	(1,268)	(1,107)
Effect of exchange rate changes on cash and cash equivalents	9	4
Cash and cash equivalents at end of the period	10,940	6,577

Main items in operating cash flows	Changes
Income before income taxes and minority interests	3,004
Depreciation and amortization	1,253
Loss on sales and retirement of property, plant and equipment	(218)
Decrease in notes and accounts receivable - trade	(504)
Increase in notes and accounts payable - trade	183
Income taxes paid	(835)

Main items in investing cash flows	Changes
Purchase of property, plant and equipment	(1,048)
Payments into time deposits	(5,803)

Main items in financing cash flows	Changes
Payment of long-term loans	(270)
Cash dividends paid	(674)

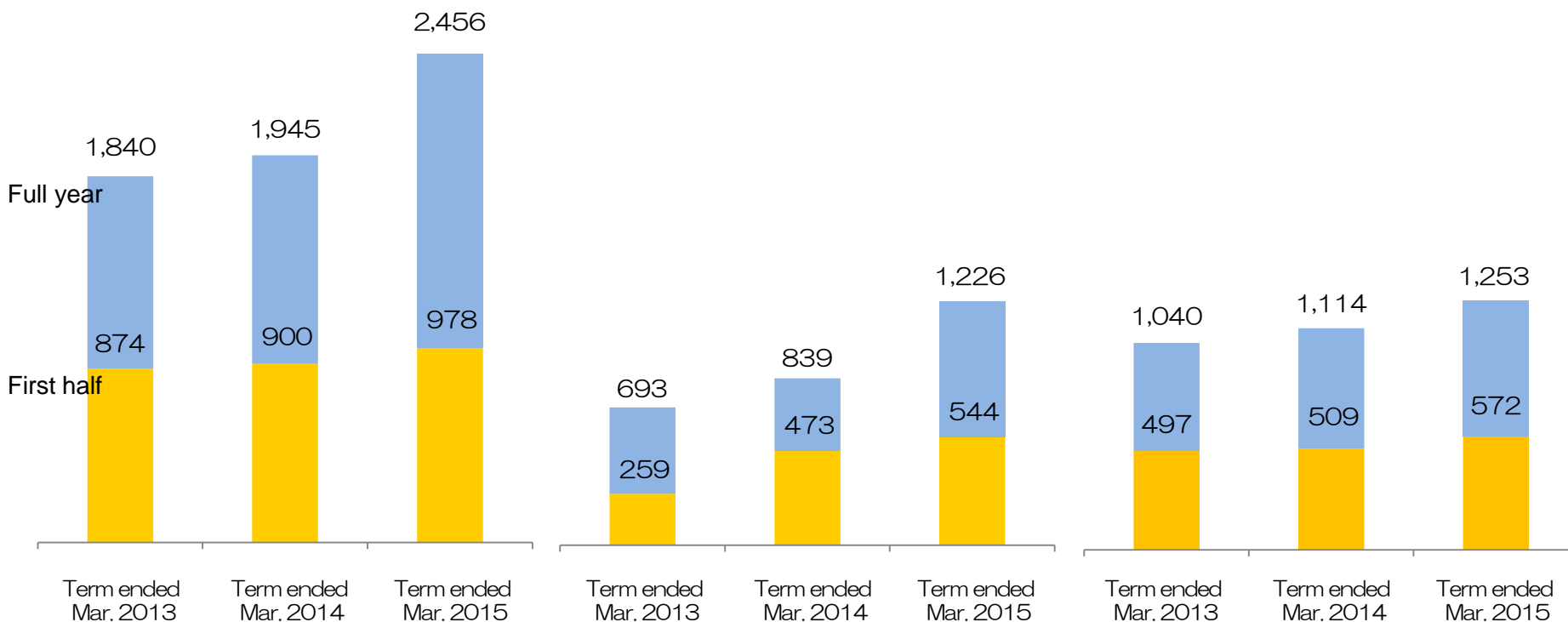
R&D cost and investment in equipment (consolidated)

(Millions of yen)

R&D cost

Investment in equipment

Depreciation and amortization



Primary strategies for the
term ended Mar. 2015
(the 77th term)

Primary strategies for the term ended Mar. 2015

Japan : Increase the market share

- (1) Fecal immunochemical test reagents - OC -
 - Expansion of sales in line with the expansion of screening tests for colon cancer.
 - Launch of the analyzer “OC sensor PLEDIA®” .
- (2) Urinalysis test strips
 - Promotion of Uropaper.
 - Launch of the analyzer “US-3500” .
- (3) Immunological and serological reagents
 - Sales promotion of reagents for ABC classification. — H. pylori, Pepsinogen —
 - Launch of the reagent “ LZ test ‘EIKEN’ H. pylori antibody ”
- (4) Microbiological reagents
 - Launch of the microbial systematic identification analyzer “ MALDI bio typer MF ” .
 - Launch of the reagent and analyzer for drug sensitivity testing “ Dry plate 192” , “ DPS192iX ” , and the sales promotion by a combination of the microbial systematic identification analyzer .
 - Launch of the reagent “ Immunocatch-Legionera ” .
- (5) Molecular genetics - Loopamp -
 - Sales promotion of LAMP reagent for tuberculosis, mycoplasma etc

Primary strategies for the term ended Mar. 2015

Overseas expansion of the business — OC, LAMP —

U.S.

- Sales promotion of OC reagents and analyzers.

Europe

- (1) The expansion of diffusion of fecal occult blood tests - OC -.
 - France adopted a national colon cancer screening test using OC.
 - Madrid in Spain adopted a colon cancer screening test using OC.
 - Correspond to adoption of OC. — England, etc
- (2) Promotion of automated urine analyzer and urinalysis test trip.
 - Sales promotion in Italy.

Asia, etc

- (1) The expansion of diffusion of fecal occult blood tests - OC -.
 - Correspond to adoption of OC.
 - Thailand, Hong Kong, Australia, New Zealand, etc.—
- (2)Promotion of Chinese business.
 - The expansion of sales of LAMP and OC reagents and devises.
 - LAMP Tuberculosis test — adoption of CFDA, go on sale.

Primary strategies for the term ended Mar. 2015

FIND business

- (1) Tuberculosis test
 - Continue to collect clinical data, count and analysis towards the acquirement of recommendation of WHO.

- (2) Malaria
 - Continue to sale screening reagents for malaria eradication project.

- (3) HAT – Human African Typanosomiasis –
 - Continuing clinical tests in Uganda and Congo.
 - Sales reagents for the eradication project were sold in 4 African countries.

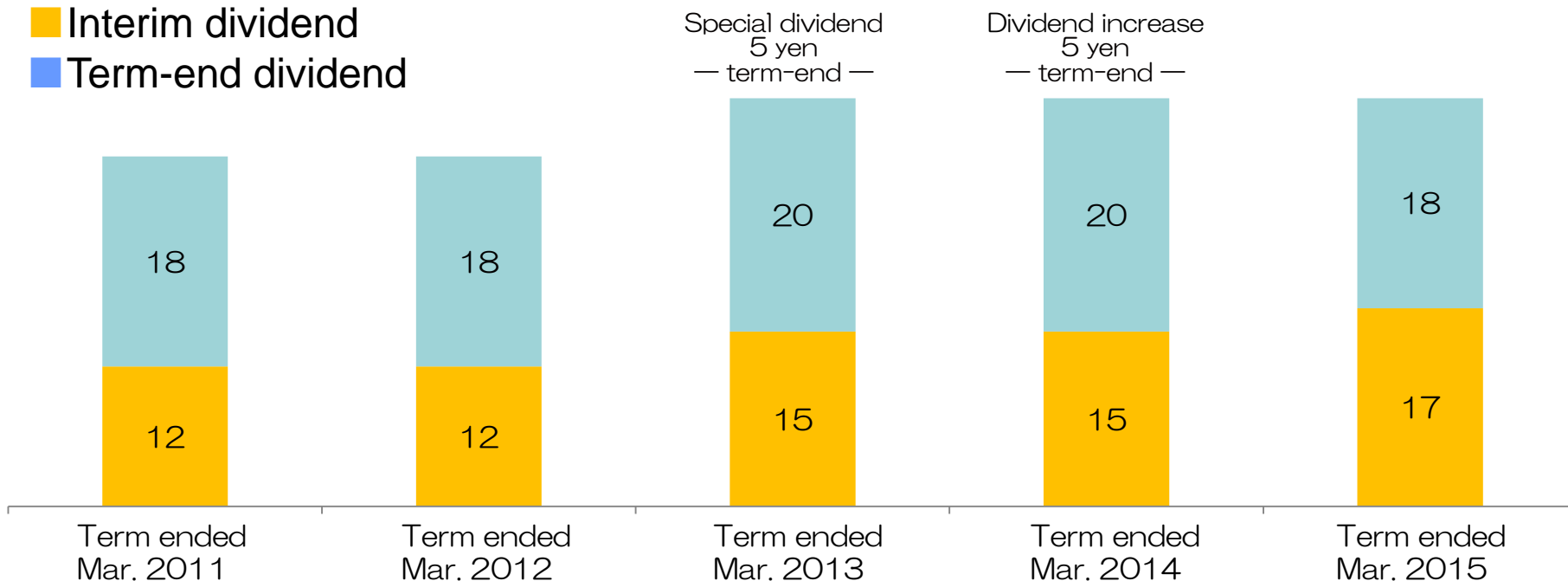
- (4) Leishmaniasis and Chagas disease
 - The assessment of sample by FIND.

Return to shareholders - interim dividend -

Interim dividend: 35 yen per share

Consolidated total interim dividends : 638 Millions of yen
Dividend payout ratio: 30.4%

■ Interim dividend
■ Term-end dividend



Primary strategies and earnings
forecast for the term ending
Mar. 2016 (the 78th term)

Primary strategies for the term ending Mar. 2016

Sales promotion

(1) Domestic market

- ✓ Enhancement of sales:
 - Fecal immunochemical test reagents and analyzers, urinalysis test strips and analyzers.
 - Reagents for general-purpose automatic analyzers. - LZ test 'eiken' series -
 - Microbiological reagents. - Reagents for drug sensitivity tests, Industrial products-
 - Products of Tosho - AIA, HbA1c -
 - LAMP
 - POCT

(2) International market

- ✓ Development of market share and new business in the expansion market
 - Building OC brand in screening of colon cancer and expansion of sales.
 - Adoption national screening tests. -
 - Promotion of 'Uro paper' urinalysis test strip.
 - Promotion of LMAP products and LZ tests series in China.
- ✓ Expansion into an emerging market. - ASEAN, India -
- ✓ Expansion of sales FIND related products. - TB, Malaria -

Primary strategies for the term ending Mar. 2016

Strengthening of research and development

- (1) Sure understanding of customer's needs and application them to products development.
- (2) Promotion of development of LAMP and POCT products.
 - Development of the next-generation compact fully automated genetic testing device and multi-item testing chip, using the LAMP method.
 - Line up of POCT products.
- (3) Development of OTC reagents for fecal immunochemical tests.
- (4) Improvement of products by fine-tuning existing technology.
- (5) Promotion of research new bio-marker and new diagnostics technology.
- (6) FIND business - TB: Obtain WHO recommendation -

Improvements in productivity

- (1) Increase in productive capacity and reduction in manufacturing costs by renewal of a building and manufacturing equipment.
- (2) Improvement of the cost to sales ratio and reduction of sales administrative expenses by optimizing work flow.

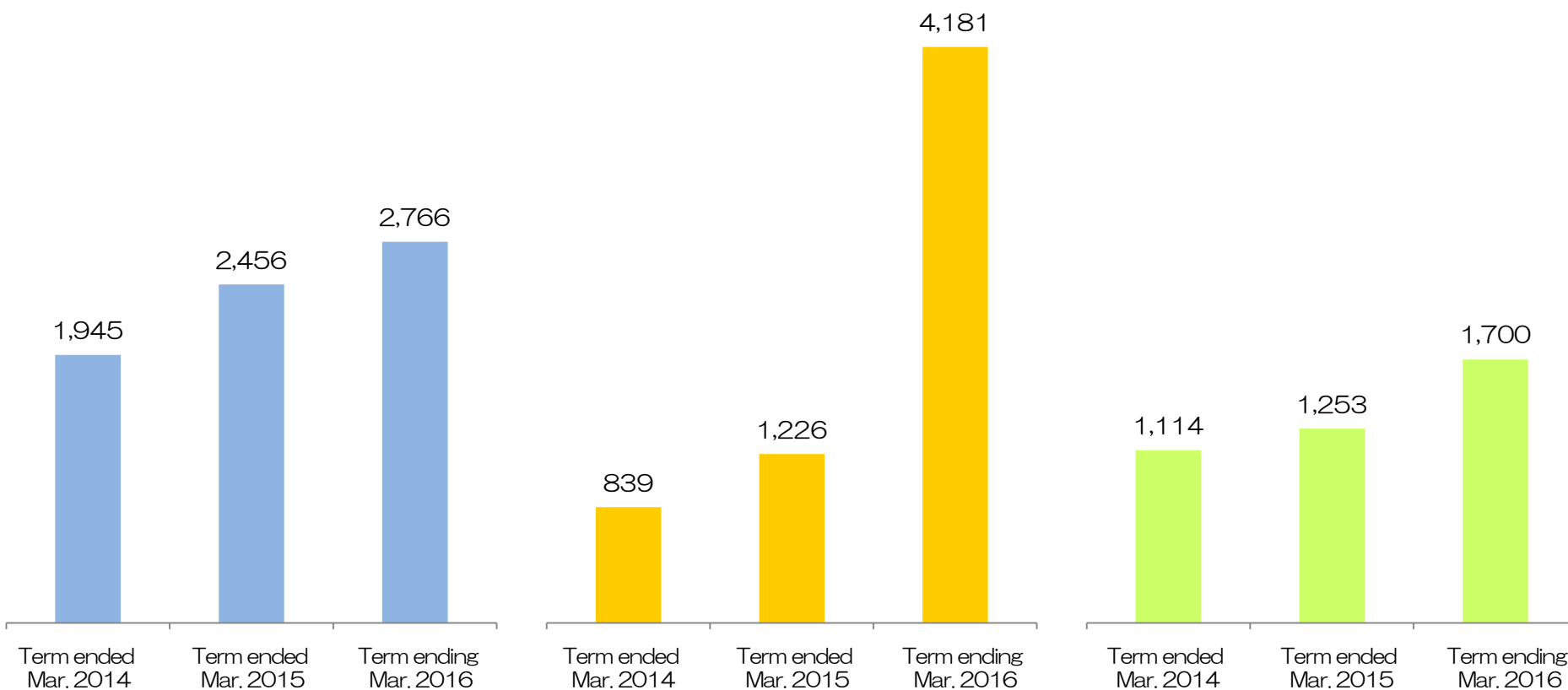
R&D cost and investment in equipment (consolidated)

(Millions of yen)

R&D cost

Investment in equipment

Depreciation and amortization



Consolidated earnings forecast for the term ending Mar. 2016

Target value (revision)

(Millions of yen)

	Consolidated			Non-consolidated		
	Amount	Ratio [%]	YoY change [%]	Amount	Ratio [%]	YoY change [%]
Net sales	32,820	100.0%	105.8%	32,750	100.0%	105.7%
Operating income	3,330	10.1%	117.8%	3,380	10.3%	116.4%
Ordinary income	3,350	10.2%	111.2%	3,380	10.3%	112.1%
Net income	2,180	6.6%	103.8%	2,210	6.7%	105.1%

Overseas sales

(Millions of yen)

	Term ended Mar. 2015	Term ending Mar. 2015 Target value	Variation
Sales	2,704	3,860	1,155
Ratio	8.7%	11.8%	(YOY : 142.7%)

Dividend

(yen)

	Interim dividend	Term-end dividend	Annual
	20	20	40



EIKEN CHEMICAL CO., LTD.

We protect the health of the public through health care services

<http://www.eiken.co.jp>