

## The business performance briefing for the first third quarter of fiscal year ending Mar. 31 2017

January 26, 2017



### Consolidated Performance for the First Third Quarter of the Fiscal Year Ending March 31, 2017

(Millions of yen)

	First third quarter ending Mar. 31 2017			
	Results	Ratio	YoY change	YOY ratio (Previous period=100%)
Net sales	25,252	100.0%	1,025	104.2%
Operating income	3,382	13.4%	541	119.1%
Ordinary income	3,464	13.7%	589	120.5%
Net income*	2,474	9.8%	595	131.7%

\* Net income attributable to shareholders of parent company.

[Sales] Up 4.2% year-on-year.

Overseas sales increased compared to the previous fiscal year, as well as domestic sales of fecal immunochemical test reagents, quick test reagents (immunocatch series) and LAMP reagents increased.

[Operating income] Up 19.1% year-on-year.

Due to the reduction of the production cost, to make efficient use of expenses, and delay of research and development expenses expected for the third quarter consolidated period.



## Consolidated sales for product category

(Millions of yen)

Product category	First third quarter of fiscal year ending March 31, 2017	
	Results	YOY ratio (Previous period= 100%)
Fecal immunochemical test reagents (OC)	6,362	99.8
Immunological and serological reagents (exclude OC)	7,637	99.3
Urinalysis test strips	1,843	107.3
Microbiological reagents	3,930	112.0
Clinical chemistry reagents	478	95.3
Culture media for equipment, food and environment category	1,693	98.8
Molecular genetics(LAMP)	1,005	121.8
Medical devices (exclude molecular genetics)	2,300	121.9

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## Fecal immunochemical test reagents (OC)

□ YOY : 99.8% (Previous period= 100%)

➤ Domestic sales : YoY 101.7%  
(Previous period= 100%)

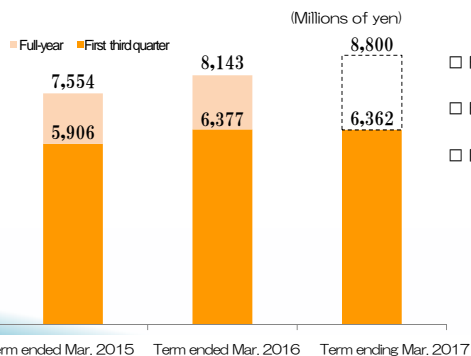
➤ Overseas sales : YoY 94.9%  
(Previous period= 100%)

□ Promotion by the analyzer "OC sensor PLEDIA"

□ U.S.A.: Decline in sales by delay of the market development.

□ Educational activities for colon cancer screening consultation rate up.

□ Europe: French sales has not been reached sales plan. England national colorectal cancer screening start time has delayed.



□ Focus on acquisition of new customers starting from the issuance of the USPSTF guideline.

□ Europe: Continuance of the action on the adoption of the national colon cancer in Europe.

□ Middle East : Acquisition of national screening test of colorectal cancer in Qatar.

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## Immunological and serological reagents

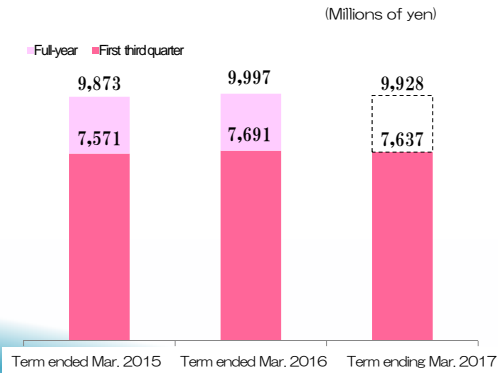
□ YOY : 99.3% (Previous period= 100%)

### ➤ AIA reagents

□ Decline in sales by competition intensification.

### ➤ LZ test

- Increase sales of reagents for test of the helicobacter-pylori antibody in the blood .
- Promotion of ABC classification.
- Promotion and adoption of KL-6, reagent of interstitial pneumonia .



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## Urinalysis test strips

□ YOY: 107.3% (Previous period= 100%)

### ➤ Domestic sales

□ Increase sales "Uropaper α III" by increase in new adoption of the automatic urine analyzer "US-2200" and "US-3500" .

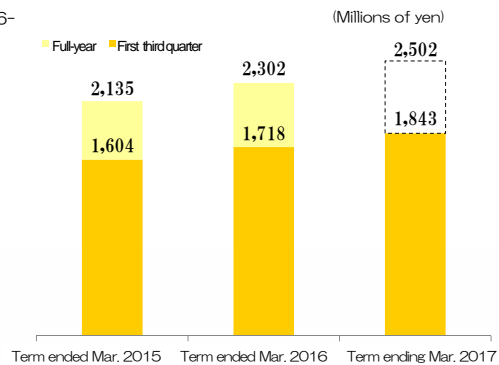
### ➤ Overseas sales

□ Urinalysis test strips for Sysmex contributed to the sales.

□ Released automatic urine analyzer "US-1200", successor model of "US-1000". -August, 2016-



US-1200



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## Microbiological reagents

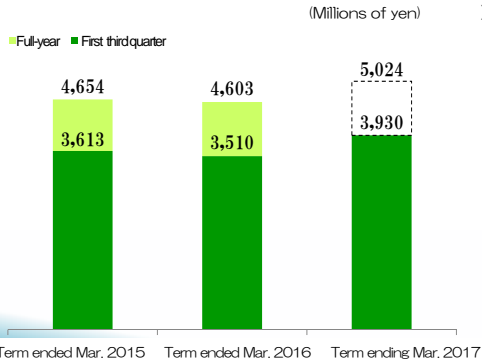
◇ YoY: 112.0% (Previous period= 100%)

### ➤ Culture medium

- Decline in sales mainly in feces medium under the influence of genetic testing.

### ➤ Quick test reagents

- Large increase of sales by promotion of "immuno catch-Legionella " and "immuno catch-Pneumococcus " .



### ➤ Reagent for Antibiotic sensitivity Test

- Increase in dry plate sales due to acquiring new customers, etc. through total proposal combined with microorganism classification and identification analyzer (MALDI BIOTYPEER) at hospital market.

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## Molecular genetics(LAMP)

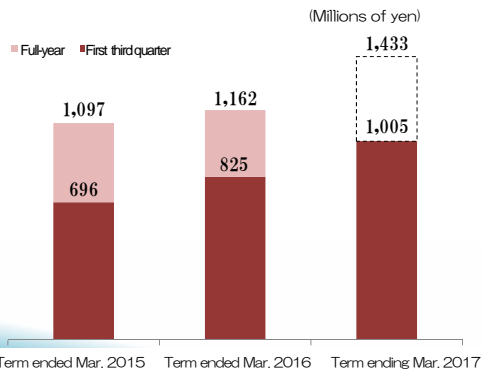
□ YoY : 121.8% (Previous period= 100%)

### ➤ Domestic sales

- Increase sales of reagents for TB and *Mycoplasma*.
- *Bordetella pertussis* detection kit was listed to National Health Insurance. -November, 2016-

### ➤ Overseas sales

- WHO recommends TB-LAMP. - August 2016 -
- Distribution agreement with HUMAN for TB-LAMP and malaria except for some areas.



### ➤ Licensing fee

- 372 million yen.
- YoY: 305 million yen.

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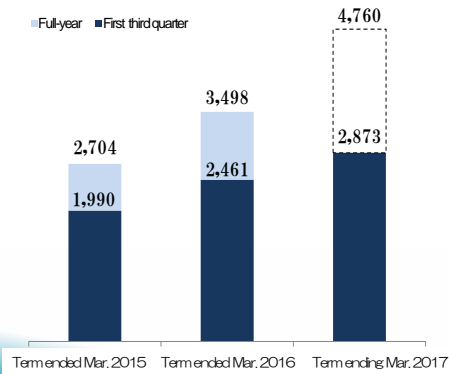
## Consolidated overseas sales

### Sales

□ YoY: 116.8% (Previous period= 100%)

(Millions of yen)

■ Full-year ■ First third quarter



### Sales for product category

● OC YoY: 94.9% (Previous period= 100%)

□ Decline in sales in U.S.A. and Europe.

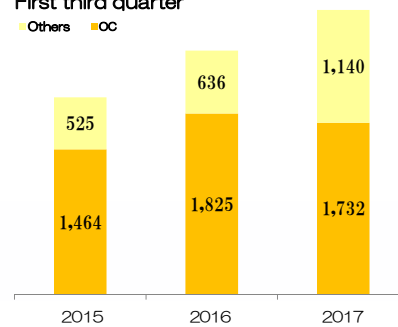
● Others YoY: 179.3% (Previous period= 100%)

□ Urinalysis test strips and analyzer for Sysmex were contribute to sales.

### First third quarter

■ Others ■ OC

(Millions of yen)



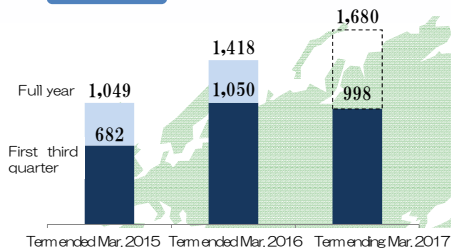
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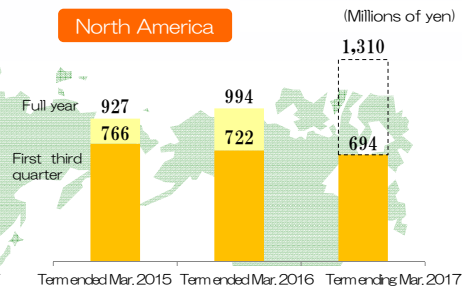
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## Consolidated overseas sales

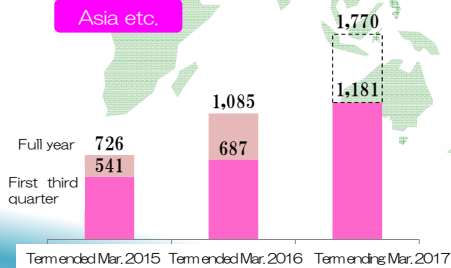
### Europe



### North America



### Asia etc.



□ USA

Decline in sales year on year due to temporary inventory adjustment by sluggishness in veteran medical care program (VA) screening rate.

□ Europe

Decline in sales year on year due to the failure to reach the plan for FIT reagent for France.

□ Asia etc.

Increase of sales year on year due to start to supply reagents and analyzer for Sysmex, and increase of sales OC in Middle East, Oceania.

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## Consolidated earnings forecast for the term ending Mar. 2017

Target value (Millions of yen)

	Consolidated		
	Amount	Ratio [%]	YoY change [%]
Net sales	33,830	100.0%	105.2%
Operating income	2,710	8.0%	76.6%*2
Ordinary income	2,710	8.0%	75.9%*2
Net income ※1	1,820	5.4%	74.9%*2

※1 Net income attributable to shareholders of parent company.

※2 Decrease profit by temporary increase in costs resulting from investments focused on research and development activities in 4th quarter.

Dividend (yen)

	Interim dividend	Term-end dividend	Annual	Consolidated dividend payout ratio
	20	20	40	40.2%

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We will continue to contribute to the Health of people  
as a general manufacturer of clinical diagnostics.

#### Forward-Looking Statements

This material contains forward-looking statements about EIKEN CHEMICAL CO., LTD. (EIKEN). These forward-looking statements are based on the current judgments and assumptions of EIKEN in light of the information currently available to it.

Uncertainties inherent in such judgments and assumptions, the future course of our business operations and changes in operating environments both in Japan and overseas may cause our actual results, performance, achievements, or financial position to be materially different from any future results, performance, achievements or financial position either expressed or implied within these forward-looking statements.

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