



Press Release

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Securities code: 4549 (TSE 1st Section)

Regarding the Medium-Term Management Plan of Eiken Group

Ever since March 2009 when Eiken Chemical formulated a new management framework, “EIKEN ROAD MAP 2009”, the EIKEN group (“the Group”) has been rendering its utmost effort in accelerating its global business expansion and in reinforcing its revenue base for such pursuit.

We hereby announce that the Group has formulated its medium-term management plan through the last fiscal year of "EIKEN ROAD MAP 2009", ending March 31, 2019.

In accordance with its basic policy, "EIKEN ROAD MAP 2009", the Group has established its priority measures and aims to achieve net sales of 37,880 million yen, operating income 4,700 million yen, and a ROE of 10.4%.

The global clinical diagnostics market is expected to continue growing. Developed countries including Japan hold out the prospect of further accommodating the needs to efficiently reduce health care expenditures, as well as of a significant progress in personalized medicine and preventive medicine. At the same time, emerging countries should be working on developing their medical infrastructure in tandem with population growth and economic development.

Under such circumstances, the Group strives to achieve stable growth in the Japanese market while in the international market, we place particular emphasis on 4 key fields: Fecal immunochemical tests, Urinalysis tests, Immunological and serological tests and Molecular genetics, to accelerate sales expansion world-wide.

In research and development, while strengthening ties with industrial, governmental, and academic parties, the Group has devoted to the development of highly competitive next-generation products, centering on the priority business fields.

Also, we will successively implement strategic investments in order to strengthen our revenue base. Among these measures, we will step up initiatives to deepen the expertise accumulated so far in multi-type, small-quantity production and streamline productivity, as well as efforts to establish sales bases in support of global business expansion, to reinforce production facilities and review the company-wide IT system.

As part of our corporate governance practices, we will strive to promote dialog with shareholders and investors, and constantly improve our corporate value. At the same time, we will enhance soundness and transparency of management by means of reinforcing supervisory functions through the review of the Board of Directors' structure, as well as by continuously reviewing the internal control.

Guided by the management philosophy to “Protect the health of the public through health care services”, the Group makes its contribution to protecting the health of many people, at the same time as it keeps growing further under its medium-term management plan.

1. Overview of EIKEN ROAD MAP 2009

(1) Business domain

- Clinical diagnostics business
- Food and environment testing business

(2) Grand Vision

We will transform EIKEN into a global corporation by 2018 that can leverage expertise as a medical testing pioneer to protect the health of the public.

(3) Fundamental policy

a) Increase the market share of EIKEN products in Japan

Adopt the customers' perspective to improve products and services in every possible way. Achieve consistent growth by enlarging the lineup of core products and becoming more competitive.

b) Expand global operations

To firmly establish the EIKEN brand outside Japan, rebuild the overseas sales infrastructure and network and steadily expand geographic coverage, extending from the U.S. and Europe to emerging markets.

c) Further upgrade core technologies

Create and expand new sources of demand by leveraging innovative ideas, advanced technologies and other core EIKEN strengths. Accept the challenge of supplying products that exceed customers' expectations through the relentless pursuit of advances in performance and quality.

d) Improve productivity

As a manufacturer, aim for constant improvements in productivity in all work processes, extending from R&D to manufacturing and sales.

e) Establish market superiority

Channel resources to market sectors where EIKEN is most competitive and the development of strategic value-added products. The goals are to earn the highest possible returns on capital and achieve market superiority.

f) Launch new businesses and create new markets

As a pioneer in medical testing, create new businesses and markets by drawing on new and highly specialized technologies. Seek business opportunities of all kinds in order to quickly launch new businesses that can drive the next phase of growth.

g) Forge strategic alliances

Forge strategic alliances with partners that can produce synergies, such as by reinforcing existing strengths, providing complementary functions and acquiring new technologies.

h) Enhance the corporate brand

Improve the quality of human resources and the company in order to build a base of operations for transforming EIKEN into a global organization.

2. Overview of the Medium-Term Management Plan

(1) Management targets

While accelerating our efforts to transform EIKEN into a global corporation, we aim to contribute to the world through health care services, as well as to achieve sustainable growth and stable improvement of profitability.

(2) Performance targets

	Millions of yen		
	Fiscal year ended March 2017	Fiscal year ended March 2018	Fiscal year ended March 2019
Net sales	33,830	35,840	37,880
Overseas sales	4,760	6,520	8,120
Overseas sales to net sales	14.1%	18.2%	21.4%
Operating income	2,710 [※]	3,600	4,700
Operating income to net sales	8.0%	10.0%	12.4%
ROE	6.4%	8.4%	10.5%

[※]By temporary expenses increase for the intensive cost of research and development.

(3) Key initiatives

a) Increase the market share of our in-house products in Japan

- Achieve steady growth by expanding our in-house product group lineup

b) Acceleration of global business expansion

- Acquire a national colorectal cancer screening test and cultivate new markets in emerging countries
- Drive forward the global deployment in urine qualitative screening
- Advance towards global deployment of our tuberculosis complex detecting reagent (TB-LAMP) and other reagents using the LAMP method
- Pursue global deployment of LZ test for the evaluation of the health levels of the stomach (ABC classification)

c) Strengthening of our R&D capabilities

- Promote the next-generation small-sized automatic genetic screening device and multi-item screening chip
- Improve our products by refining the existing technologies, and expand our product lineup
- Search for new biomarkers and new technologies by advancing research in cooperation with industrial, governmental, and academic parties

d) Establishing of an infrastructure to increase operating efficiency

- Increase production capacity and reduce production costs by renewing Nogi and Nasu facilities
- Improve operating efficiency by reviewing the corporate-wide IT system

(4) Return to shareholders

The return of profits to our shareholders is one of Eiken Chemical's highest priorities, and thus we make it a policy to maintain a stable dividend while taking into consideration profit distribution in accordance with business performance and strengthening of the Company's financial standing, as well as the enhancement of earning retention necessary for a proactive business expansion.

Specifically, we aim at a consolidated dividend payout ratio of 30% or more.

Contact details

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