

Press Release

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Securities code: 4549 (TSE 1st Section)

Regarding the Establishment of the New "EIKEN ROAD MAP 2019" Management Framework and the New Medium-term Management Plan

This news release concerns the Company's establishment of a new management framework called "EIKEN ROAD MAP 2019." On February 20th of this year, the Company celebrated the 80th anniversary of its founding. However, 80 years is just a checkpoint, and the Company will continue aiming for continuous growth in preparation for the 100th anniversary of its founding, establishing and implementing business plans based on the EIKEN ROAD MAP 2019 framework and carrying out initiatives to further improve corporate value.

In addition, the new Medium-term Management Plan lasting until March 2022 was established, and the details will be shared below. The Group will set priority measures in accordance with the fundamental strategy of the EIKEN ROAD MAP 2019 framework, carrying out internal restructuring and aiming for continuous growth and steady profitability increase to make Eiken into a global company.

I. Background Factors in the Establishment of the EIKEN ROAD MAP 2019

Due to factors such as the trade problems originating from the protective trade of the United States and confusion related to the United Kingdom's withdrawal from the EU, the global economy is in a highly unpredictable state. On the other hand, the world has entered a border-less era, and the movements of giant corporations such as GAF A and changes in international conditions have major effects on the Japanese economy, making future global trends unclear in the current era.

Based on the EIKEN ROAD MAP 2019, the Company is working to increase corporate value while achieving continuous growth with transformation to a global business as the main pillar of support. The new "ROAD MAP" was established out of consideration for the necessity of speeding up and expanding the business in order to keep the Company's growth going.

EIKEN ROAD MAP 2019 is a fundamental strategy for achieving the Company's grand vision, "continuing to protect people's health as a global clinical diagnostics company," by the 90th anniversary of its founding in the 2028 fiscal year.

II. Overall Concept of EIKEN ROAD MAP 2019

1. Business areas
 - Clinical diagnostics business
 - Testing of food and environment business
 - Animal testing business

2. Grand vision

"Saving Your Health"

(Continuing to protect people's health as a global clinical diagnostics company)

3. Fundamental strategy

- (1) Fundamental strategy 1: Increasing growth and profitability
 - 1) Promoting global expansion
 - 2) Maintaining domestic sales and increasing market share
 - 3) Increasing profitability
- (2) Fundamental strategy 2: Creating new business
 - 1) Strategic partnership through open innovation
 - 2) Creation and expansion of new business and new markets
- (3) Fundamental strategy 3: Infrastructure development
 - 1) Increasing productivity through IoT and AI
 - 2) Personnel training and acquisition and structural reform
 - 3) Establishing a sales network and strengthening marketing

III. Medium-term Management Plan

1. Management goals

The 2020 to 2022 fiscal years will be a restructuring period, and the internal structures of the Company will be reorganized as Eiken moves toward becoming a global company with the goal of achieving continuous growth and steady improvements in profitability through contributions to the world via health care.

2. Performance goals

(Millions of yen)

	Fiscal Year Ending March 31, 2020	Fiscal Year Ending March 31, 2021	Fiscal Year Ending March 31, 2022
Net sales	35,900	37,000	38,700
Net sales to overseas	6,920	7,930	9,460
Overseas ratio of net sales (%)	19.3	21.4	24.4
Operating income	3,600	3,950	5,320
Operating income margin (%)	10.0	10.7	13.7
ROE (%)	7.4	8	10

3. Priority measures

(1) Developing foundations to increase management efficiency

- Providing high value-added services through integration of core systems and IT conversion of quality systems and sales service departments
- Reforming organizational function and structure in a simple and flat style for the promotion of global expansion
- Increased efficiency through strengthening and consolidation of production and distribution centers

(2) Promoting global expansion

- Promoting the spread of colorectal cancer screening testing and acquiring national screening contracts, achieving market share in developing nations
- Expanding the market for immunological and serological reagents, especially ABC category (for evaluating stomach health)
- Expanding sales in the qualitative urinary testing field through sales cooperation with Sysmex Corporation
- Accelerating expansion of tests using the LAMP method such as those for tuberculosis and malaria

(3) Maintaining domestic sales and increasing market share

- Expanding the lineup of manufactured products for steady growth
- Expanding the spread of colorectal cancer testing and ABC category (stomach health evaluation) products and establishing the Company as a digestive organ cancer screening brand
- Expanding sales of the compact fully automated genetic testing system (Simprova)

(4) Improving research and development ability

- Promoting development of a new panel for the compact fully automated genetic testing system (Simprova)
- Developing new bio-markers through open innovation
- Developing new POCT platforms targeted to fields such as primary care

4. Shareholder return

The Company considers profit return for all shareholders to be one of the most important management issues. Taking into consideration the internal reserves necessary for strengthening financial constitution and carrying out progress business expansion, the fundamental policy implemented by the Company is providing a stable dividend. More specifically, the goal is continuing allotment with dividend ratios of 30% of more on a consolidated basis.

Contact details

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