



ASAHI

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Financial Results of the 1st Quarter for Fiscal Year ending June 2017

November 11, 2016

**(Securities code: 7747 Second Section of the Tokyo Stock Exchange,
Second Section of the Nagoya Stock Exchange)**



FYE June 2017 Q1 YTD Main Points-1

Net Sales 9,988 Mil. Yen < Year-on-year -2.4% >

~ Although demand continues to increase, net sales decrease only slightly as there are significantly negative impacts of external factors (the exchange rate and reimbursement prices reductions) ~

■ **Medical Division ~ Flat sales due to the external factors despite firm demands in both Japanese and overseas markets**

◆ **Good progress in both cardiovascular and non-cardiovascular segments in Japanese and overseas markets except impacts of external factors**

Japan

- Slight increases of PTCA GW except negative impacts of reimbursement prices reductions
- Considerable increases of Penetration Catheter “Sasuke” launched at the previous fiscal year
- Volume increases of Peripheral vascular, Abdominal vascular, and Neurovascular products in non-cardiovascular segments.
- Negative impacts of reimbursement prices reductions (-172 Mil. Yen)

Overseas

- Volume increases of PTCA GW and Penetration Catheter in cardiovascular segments
- Recovery trend in Chinese market due to the change in sales strategy
- Good progress of peripheral vascular products in the US in non-cardiovascular segments
- Negative impacts of the exchange rate (-886 Mil. Yen)

■ **Device Division ~ Decrease in both Medical and Industrial Components due to significant impacts of the exchange rate**

- ◆ Decrease of abdominal vascular catheter for overseas market in the Medical Components
- ◆ Decreased orders for overseas leisure market in the Industrial Components



FYE June 2017 Q1 YTD Main Points-2

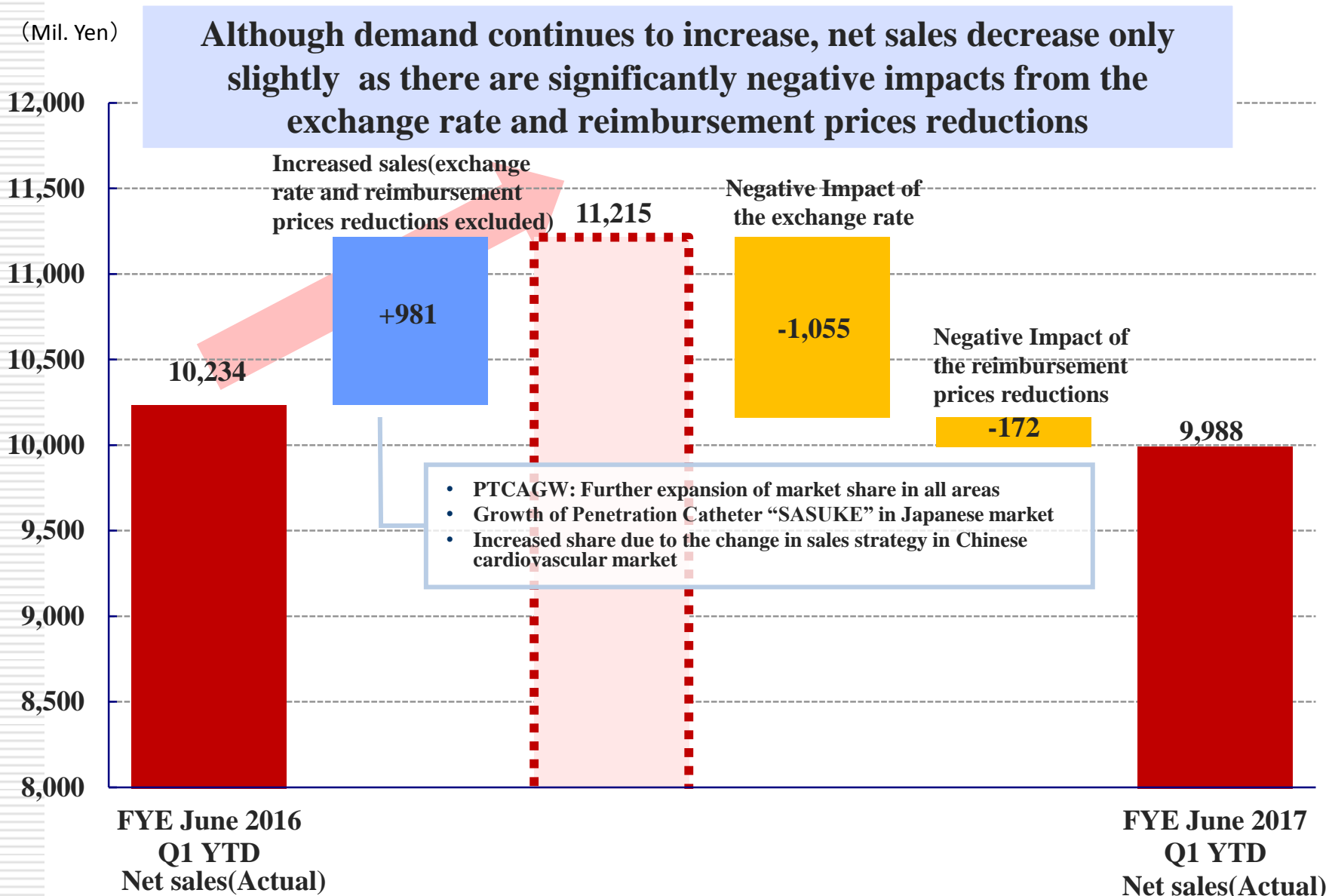
Operating income decreased slightly due to negative impacts of the exchange rate and increased R&D expenses

- **Gross profit 6,817 Mil. Yen < YoY +2.2% >**
 - Strong orders and increase of gross profit ratio due to improved productivity, etc.
- **Operating income 3,113 Mil. Yen < YoY -1.7% >**
 - Increased R&D expenses (931 Mil. Yen) (YoY +118 Mil. Yen, Sales ratio 9.3%)
 - Increased sales related expenses to strengthen sales and marketing activities in overseas markets
- **Ordinary income 3,115 Mil. Yen < YoY -2.9% >**
 - Decreased gain from sale of fixed asset (Selling the land of a subsidiary) (YoY -119 Mil. Yen)
 - Decreased currency exchange loss (YoY -82 Mil. Yen)
- **Net income attributable to parent company shareholders 2,324 Mil. Yen < YoY -0.6% >**

| Exchange rate (Unit: JPY) | US\$ | BAHT | EURO | CNY |
|---------------------------|--------|------|--------|-------|
| FYE June 2016 Q1 YTD | 121.73 | 3.40 | 135.92 | 19.23 |
| FYE June 2017 Q1 YTD | 102.42 | 2.94 | 114.26 | 15.35 |



Attribution Analysis of Net Sales (Impact of the exchange rate and reimbursement prices reductions)





Highlights

| | FYE June 2016 Q1 YTD | | FYE June 2017 Q1 YTD | | | |
|---|-------------------------|--------------|-------------------------|--------------|-----------------------|----------------|
| | Amount (Mil. Yen) | Ratio (%) | Amount (Mil. Yen) | Ratio (%) | YoY | |
| | | | | | Changes (Mil. Yen) | Changes (%) |
| Net sales | 10,234 | 100.0 | 9,988 | 100.0 | -245 | -2.4 |
| Gross profit | 6,668 | 65.2 | 6,817 | 68.3 | +149 | +2.2 |
| Operating income | 3,167 | 30.9 | 3,113 | 31.2 | -53 | -1.7 |
| Ordinary income | 3,208 | 31.4 | 3,115 | 31.2 | -93 | -2.9 |
| Net income attributable to parent company shareholders | 2,338 | 22.8 | 2,324 | 23.3 | -14 | -0.6 |
| EPS | 36.98 yen | - | 36.74 yen | - | -0.25 yen | -0.7 |



Net Sales by Segment Division

| | FYE June 2016 Q1 YTD | | FYE June 2017 Q1 YTD | | | |
|---------------------|-------------------------|--------------|-------------------------|--------------|-----------------------|----------------|
| | Amount (Mil. Yen) | Ratio (%) | Amount (Mil. Yen) | Ratio (%) | Changes (Mil. Yen) | Changes (%) |
| Medical | 7,908 | 77.3 | 7,942 | 79.5 | +33 | +0.4 |
| Device | 2,325 | 22.7 | 2,046 | 20.5 | -279 | -12.0 |
| Total amount | 10,234 | 100.0 | 9,988 | 100.0 | -245 | -2.4 |

(Reference)

| | | | | | | |
|------------------|-------|------|-------|------|------|-------|
| Medical field | 8,819 | 86.2 | 8,722 | 87.3 | -96 | -1.1 |
| Industrial field | 1,414 | 13.8 | 1,265 | 12.7 | -149 | -10.6 |

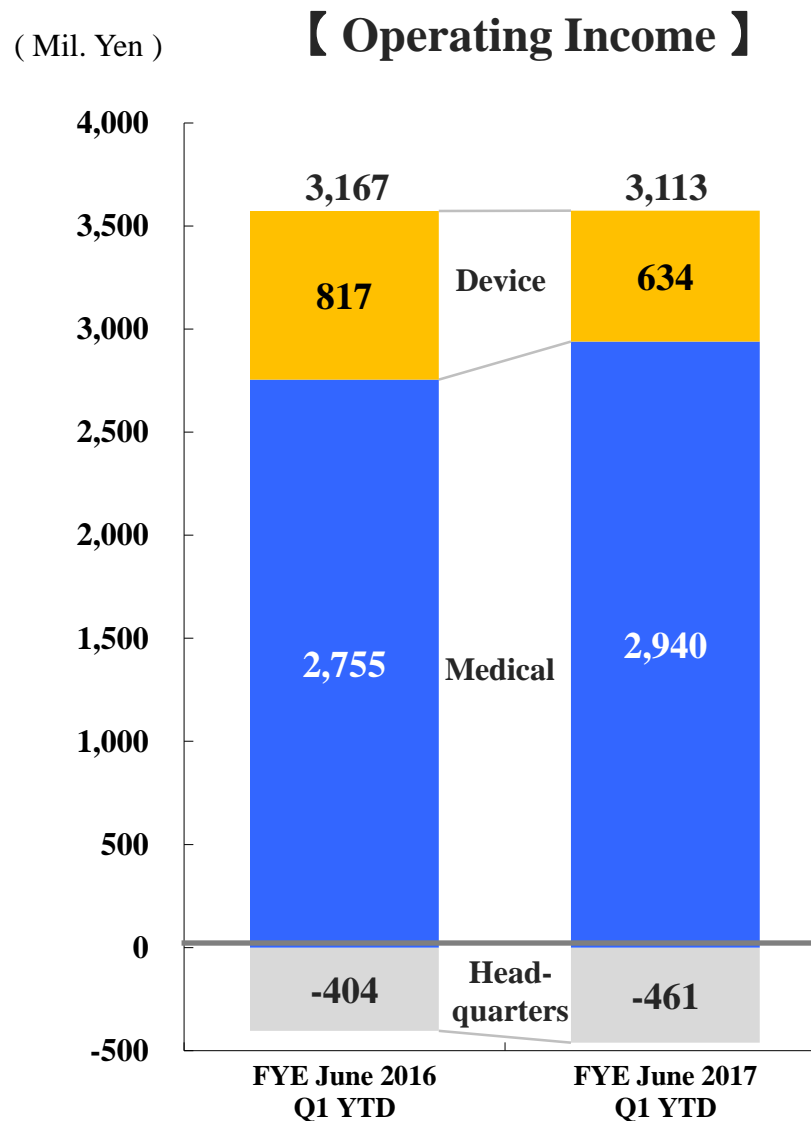
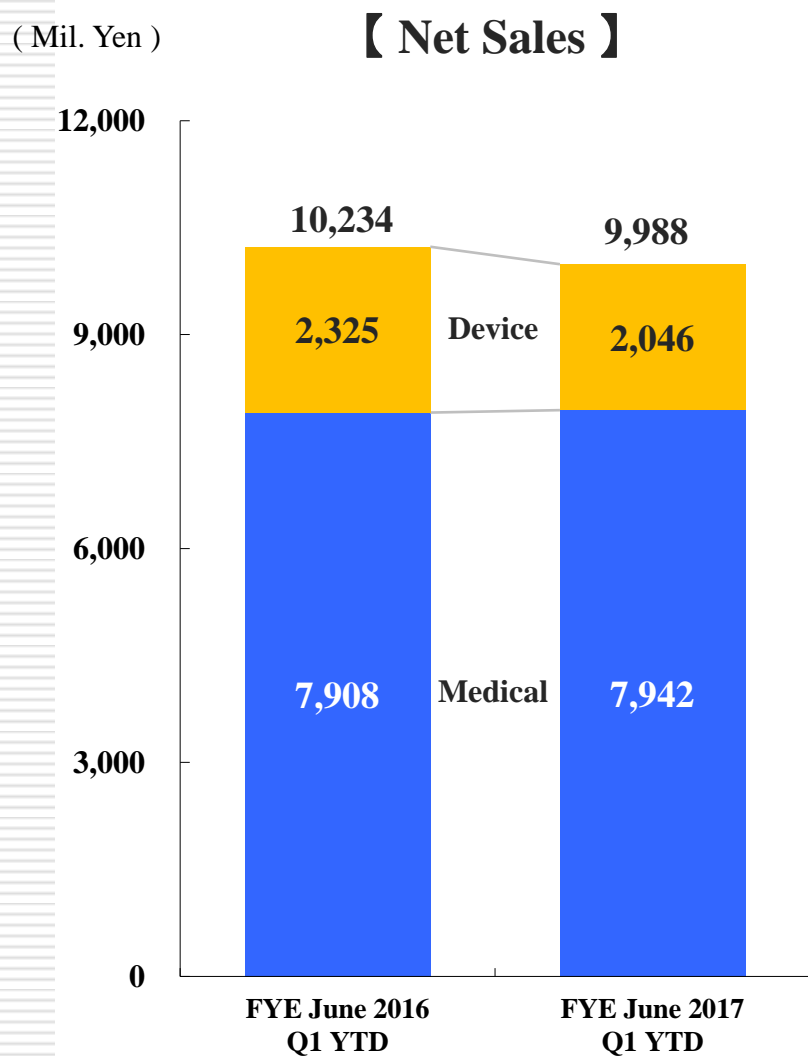


Operating Income by Segment Division

| | FYE June 2016 Q1 YTD | | FYE June 2017 Q1 YTD | | | |
|----------------------------|-------------------------|--------------|-------------------------|--------------|-----------------------|----------------|
| | Amount (Mil. Yen) | Ratio (%) | Amount (Mil. Yen) | Ratio (%) | Changes (Mil. Yen) | Changes (%) |
| Medical | 2,755 | 77.1 | 2,940 | 82.3 | +185 | +6.7 |
| Device | 817 | 22.9 | 634 | 17.7 | -182 | -22.3 |
| Subtotal | 3,572 | 100.0 | 3,575 | 100.0 | +3 | +0.1 |
| Erasing & Head Quarters | -404 | - | -461 | - | -56 | +14.0 |
| Total amount | 3,167 | - | 3,113 | - | -53 | -1.7 |

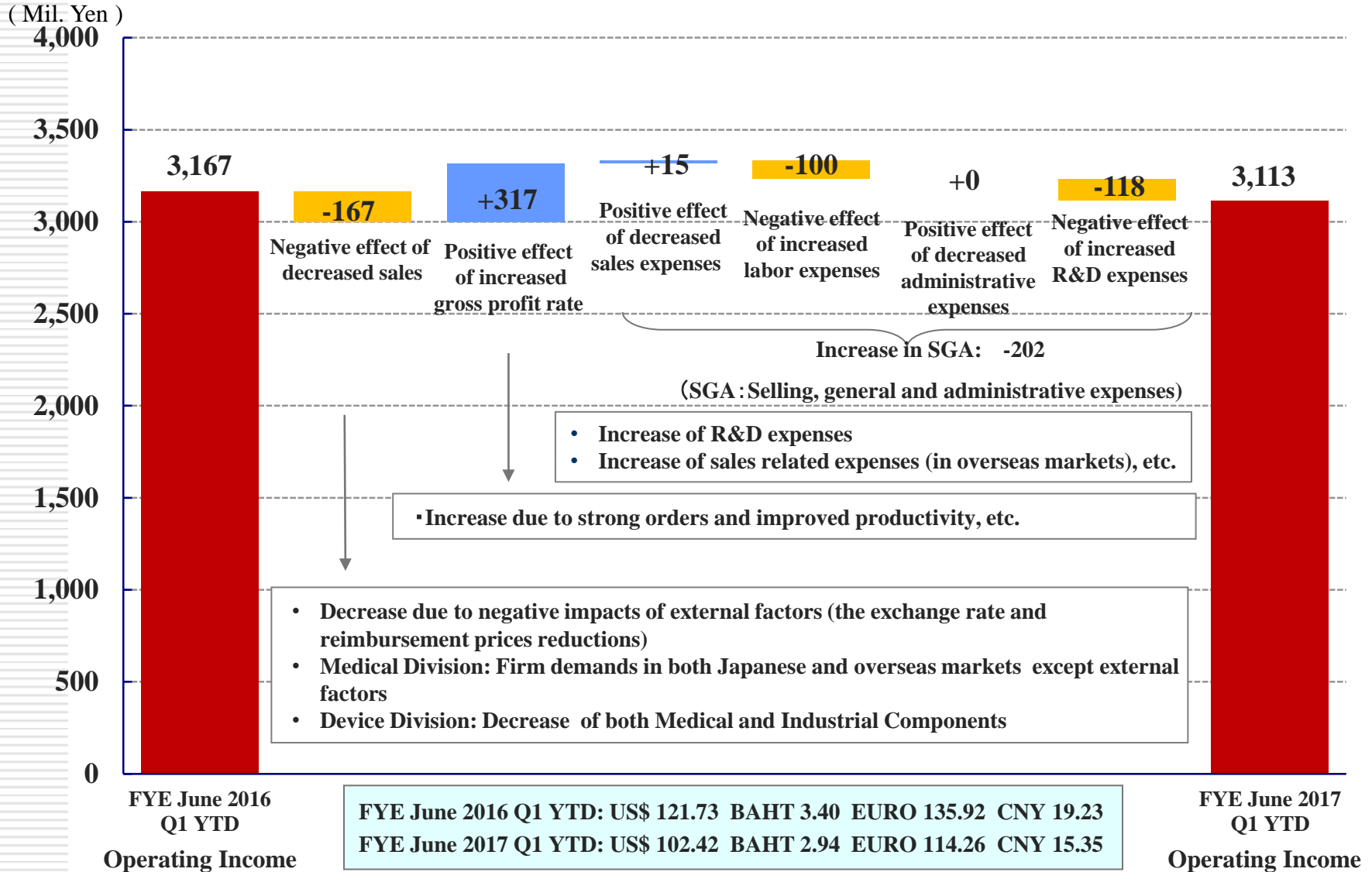


Earnings Performance by Segment Division



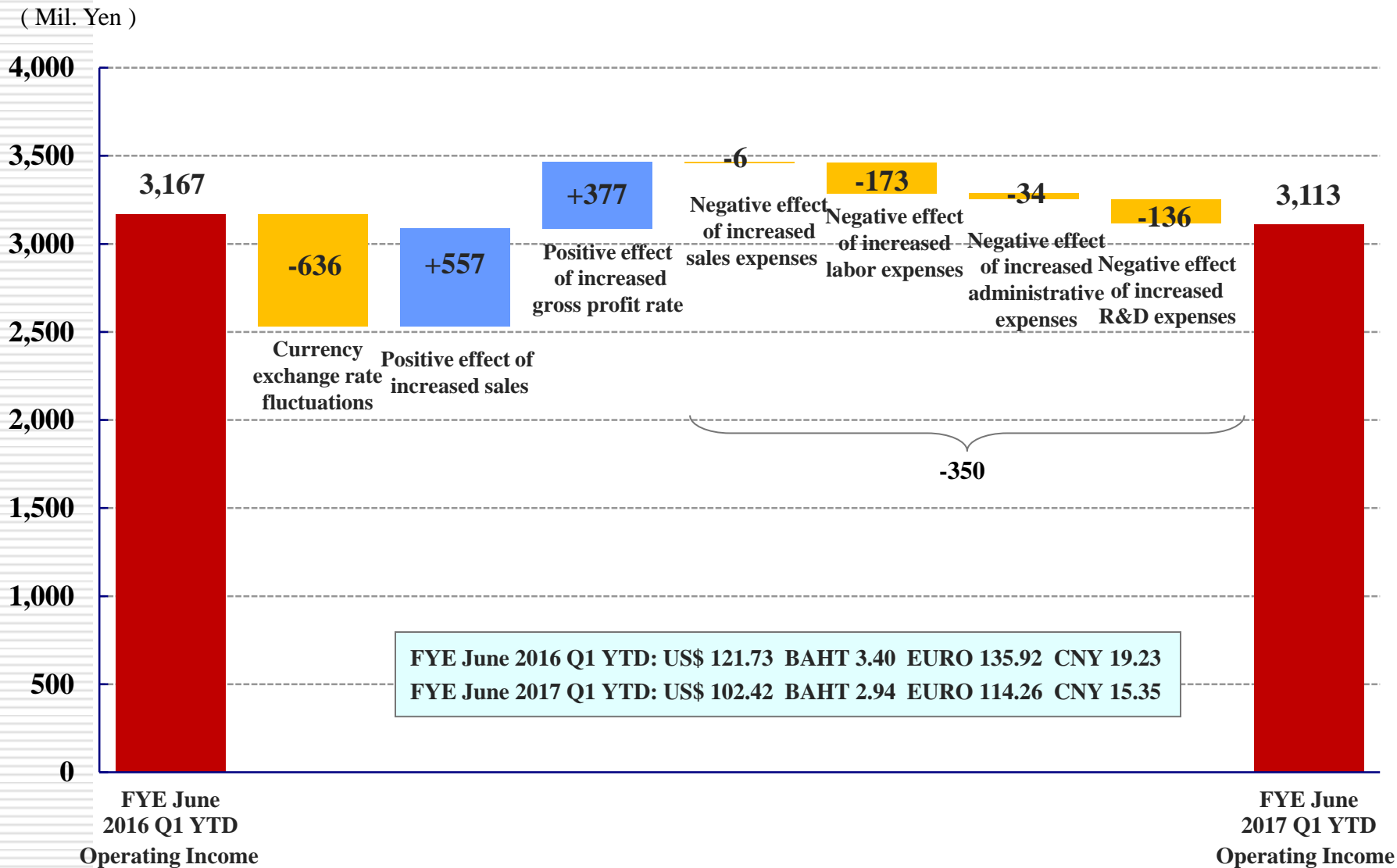


Attribution Analysis of Operating Income – 1 (Exchange Rate Fluctuations Included)





Attribution Analysis of Operating Income – 2 (Exchange Rate Fluctuations Excluded)





Per Segment by Medical Division (by Geography - 1)

【Net Sales (YoY)】

■ **Japan: Cardiovascular and non-cardiovascular segments favorably progressed in volume terms. Slight value increases year on year despite reimbursement price reductions**

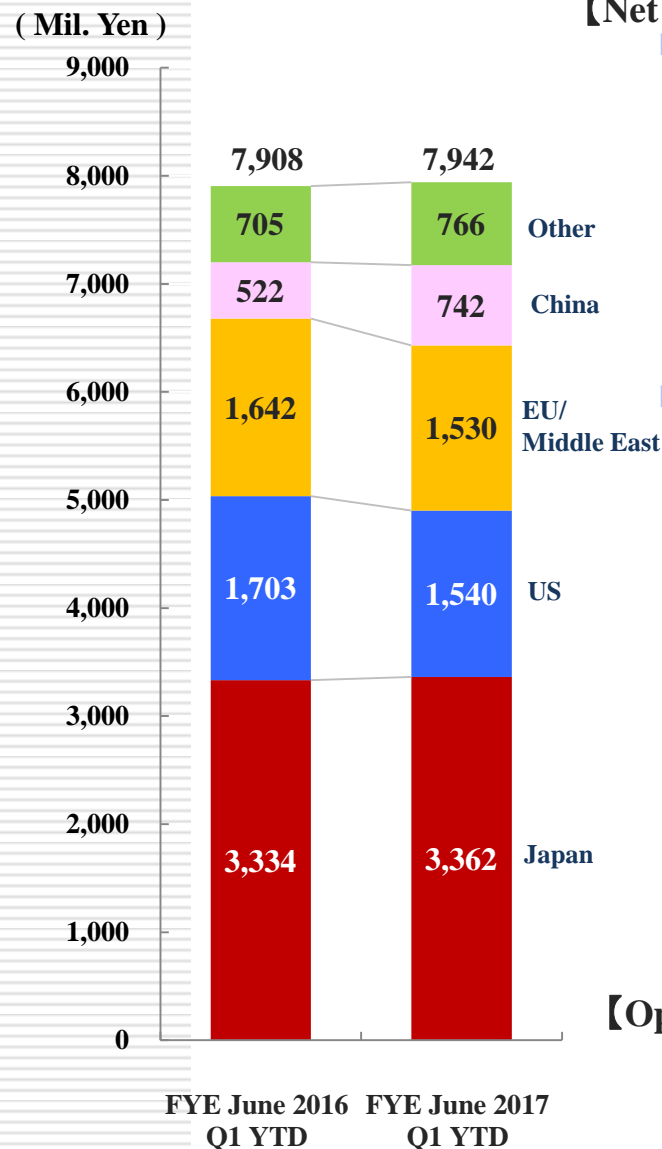
- PTCA GW: Slight increases based on SION Series
- Penetration Catheter: Favorable growth of new product “SASUKE”
- Non-cardiovascular segment: Volume increase in Peripheral vascular, Abdominal vascular, and Neurovascular products
- Negative impact of reimbursement prices reductions (-172 Mil. Yen)

■ **Overseas: Slight increases due to the negative impacts of the exchange rate(-886) despite strong demands. Good progress in Chinese market due to the change in sales strategy**

- <US>
PTCA GW: Volume increase above contractual minimums
Peripheral Guide Wire: Good progress on direct sales
- <EU/Middle East>
PTCA GW: Good progress in volume terms due to increased share
Penetration Catheter: Increased sales based on new product “Caravel”
- <China>
PTCA GW and Penetration Catheter “Corsair”: Increased sales due to the switch to multiple agent system
- <Other>
PTCA GW and Penetration Catheter “Corsair”: Good progress in volume terms due to expanding market in Asia

【Operating Income】

■ **Despite expending R&D and Sales related expenses, strong orders and increase of gross profit rate due to improved productivity contributed to profit performance**





Per Segment by Medical Division (by Geography - 2)

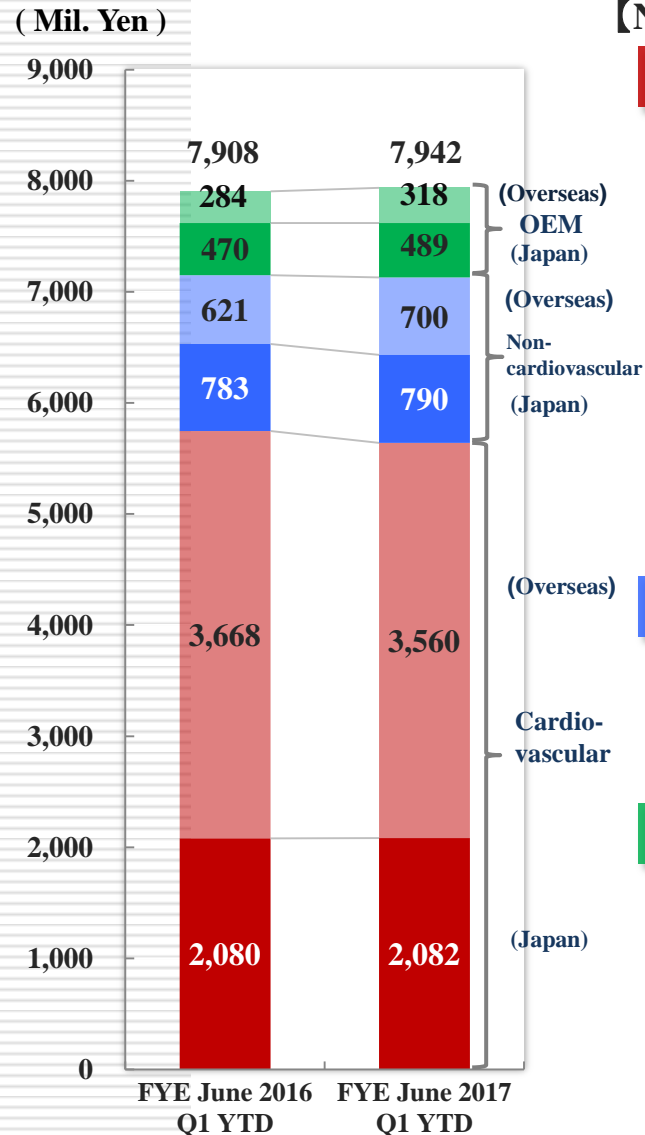
| | | FYE June 2016 Q1 YTD | FYE June 2017 Q1 YTD | YoY | |
|------------------|------|----------------------------|----------------------------|------------|----------------|
| | | | | Changes | Changes (%) |
| Exchange rate | USD | 121.73 yen | 102.42 yen | -19.31 yen | -15.9 |
| | EURO | 135.92 yen | 114.26 yen | -21.66 yen | -15.9 |
| | CNY | 19.23 yen | 15.35 yen | -3.88 yen | -20.2 |
| Net sales | | 7,908 | 7,942 | +33 | +0.4 |
| Japan | | 3,334 | 3,362 | +28 | +0.8 |
| Overseas | | 4,574 | 4,579 | +5 | +0.1 |
| US | | 1,703 | 1,540 | -163 | -9.6 |
| EU/Middle East | | 1,642 | 1,530 | -111 | -6.8 |
| China | | 522 | 742 | +219 | +41.9 |
| Other | | 705 | 766 | +60 | +8.6 |
| Operating income | | 2,755 | 2,940 | +185 | +6.7 |

(Mil. Yen)



Per Segment by Medical Division (by Treatment - 1)

【Net Sales (YoY)】



Cardiovascular

- **Japan:** Slight increases due to new products impacts despite reimbursement price reductions
 - PTCA GW: Slight increases based on SION Series
 - Penetration Catheter: : Favorable growth of new product “SASUKE”
 - Negative impact of reimbursement prices reductions (-172 Mil. Yen)
- **Overseas:** PTCA GW and Penetration Catheter mainly showed good results
 - PTCA GW: Good progress in all areas
 - Penetration Catheter : Volume increase mainly in China and EU/Middle East

Non-cardiovascular

- **Japan:** Volume increase of Peripheral vascular, Abdominal vascular, and Neurovascular products
- **Overseas:** Good progress on direct sales of Peripheral Guide Wire in the US

OEM

- **Japan:** Increase of Mini-Guide wire in cardiovascular diagnosis
Increased orders of Peripheral vascular products
- **Overseas:** : Increased supply of FFR guide wire for Boston Scientific (US)



Per Segment by Medical Division (by Treatment - 2)

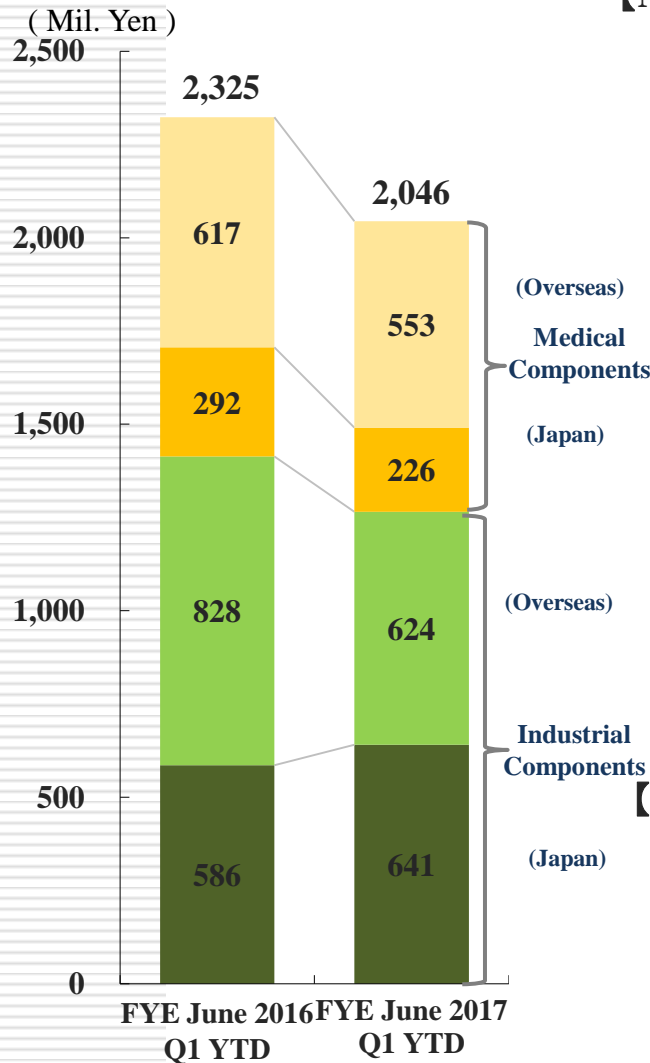
| | | FYE June 2016 Q1 YTD | FYE June 2017 Q1 YTD | YoY | |
|--------------------|----------|----------------------------|----------------------------|------------|----------------|
| | | | | Changes | Changes (%) |
| Exchange rate | USD | 121.73 yen | 102.42 yen | -19.31 yen | -15.9 |
| | EURO | 135.92 yen | 114.26 yen | -21.66 yen | -15.9 |
| | CNY | 19.23 yen | 15.35 yen | -3.88 yen | -20.2 |
| Net sales | | 7,908 | 7,942 | +33 | +0.4 |
| | Japan | 3,334 | 3,362 | +28 | +0.8 |
| | Overseas | 4,574 | 4,579 | +5 | +0.1 |
| Cardiovascular | | 5,748 | 5,643 | -105 | -1.8 |
| | Japan | 2,080 | 2,082 | +2 | +0.1 |
| | Overseas | 3,668 | 3,560 | -107 | -2.9 |
| Non-cardiovascular | | 1,404 | 1,491 | +86 | +6.2 |
| | Japan | 783 | 790 | +7 | +0.9 |
| | Overseas | 621 | 700 | +79 | +12.8 |
| OEM | | 755 | 807 | +51 | +6.9 |
| | Japan | 470 | 489 | +18 | +3.9 |
| | Overseas | 284 | 318 | +33 | +11.7 |

(Mil. Yen)



Per Segment by Device Division - 1

【Net Sales (YoY)】



Medical Components

- **Japan:** Decrease of endoscope related components due to client's overseas transfer
- **Overseas:** Negative impacts from the exchange rate. Decrease of abdominal vascular catheter components for US market. Increase of endoscope related components due to client's overseas transfer.

Industrial Components

- **Japan:** Increased orders for construction market
- **Overseas:** Negative impacts from the exchange rate. Decreased orders for leisure market in the US

【Operating Income】

- **Profit decreased due to decrease in external sales and segment sales**



Per Segment by Device Division - 2

| | FYE June 2016 Q1 YTD | FYE June 2017 Q1 YTD | YoY | |
|------------------------------|----------------------------|----------------------------|------------|----------------|
| | | | Changes | Changes (%) |
| (Exchange rate: USD) | 121.73 yen | 102.42 yen | -19.31 yen | 15.9 |
| Net sales | 2,325 | 2,046 | -279 | -12.0 |
| Japan | 879 | 868 | -11 | -1.3 |
| Overseas | 1,446 | 1,178 | -268 | -18.5 |
| Medical Components | 910 | 780 | -129 | -14.3 |
| Japan | 292 | 226 | -66 | -22.5 |
| Overseas | 617 | 553 | -63 | -10.3 |
| Industrial Components | 1,414 | 1,265 | -149 | -10.6 |
| Japan | 586 | 641 | +54 | +9.4 |
| Overseas | 828 | 624 | -204 | -24.7 |
| Operating income | 817 | 633 | -182 | -22.3 |
| (Reference) Segment Sales | 564 | 494 | -69 | -12.3 |

(Mil. Yen)



Reference: P/L

| | FYE June 2016 Q1 YTD | | FYE June 2017 Q1 YTD | | | |
|--|-------------------------|--------------|-------------------------|--------------|-----------------------|--|
| | Amount (Mil. Yen) | Ratio (%) | Amount (Mil. Yen) | Ratio (%) | Changes (Mil. Yen) | Main comparison factors |
| Net sales | 10,234 | 100.0 | 9,988 | 100.0 | -245 | Slight decrease due to the significant impacts of external factors |
| Cost of sales | 3,566 | 34.8 | 3,170 | 31.7 | -395 | |
| Gross profit | 6,668 | 65.2 | 6,817 | 68.3 | +149 | Increase due to strong orders and improved productivity, etc. |
| SGA | 3,500 | 34.2 | 3,703 | 37.1 | +202 | Increased R&D and Sales Related expenses |
| Operating income | 3,167 | 30.9 | 3,113 | 31.2 | -53 | |
| Non-operating income | 143 | 1.4 | 21 | 0.2 | -122 | Decreased gain from sale of fixed asset |
| Non-operating expense | 102 | 1.0 | 19 | 0.2 | -82 | Decreased currency exchange loss |
| Ordinary income | 3,208 | 31.4 | 3,115 | 31.2 | -93 | |
| Extraordinary gain | 0 | 0.0 | 0 | 0.0 | -0 | |
| Extraordinary loss | 0 | 0.0 | 0 | 0.0 | -0 | |
| Net income attributable to parent company shareholders | 2,338 | 22.8 | 2,324 | 23.3 | -14 | |
| Comprehensive income | 1,275 | 12.5 | 2,166 | 21.7 | +890 | Foreign currency translation adjustment increased +778 Mil. Yen |

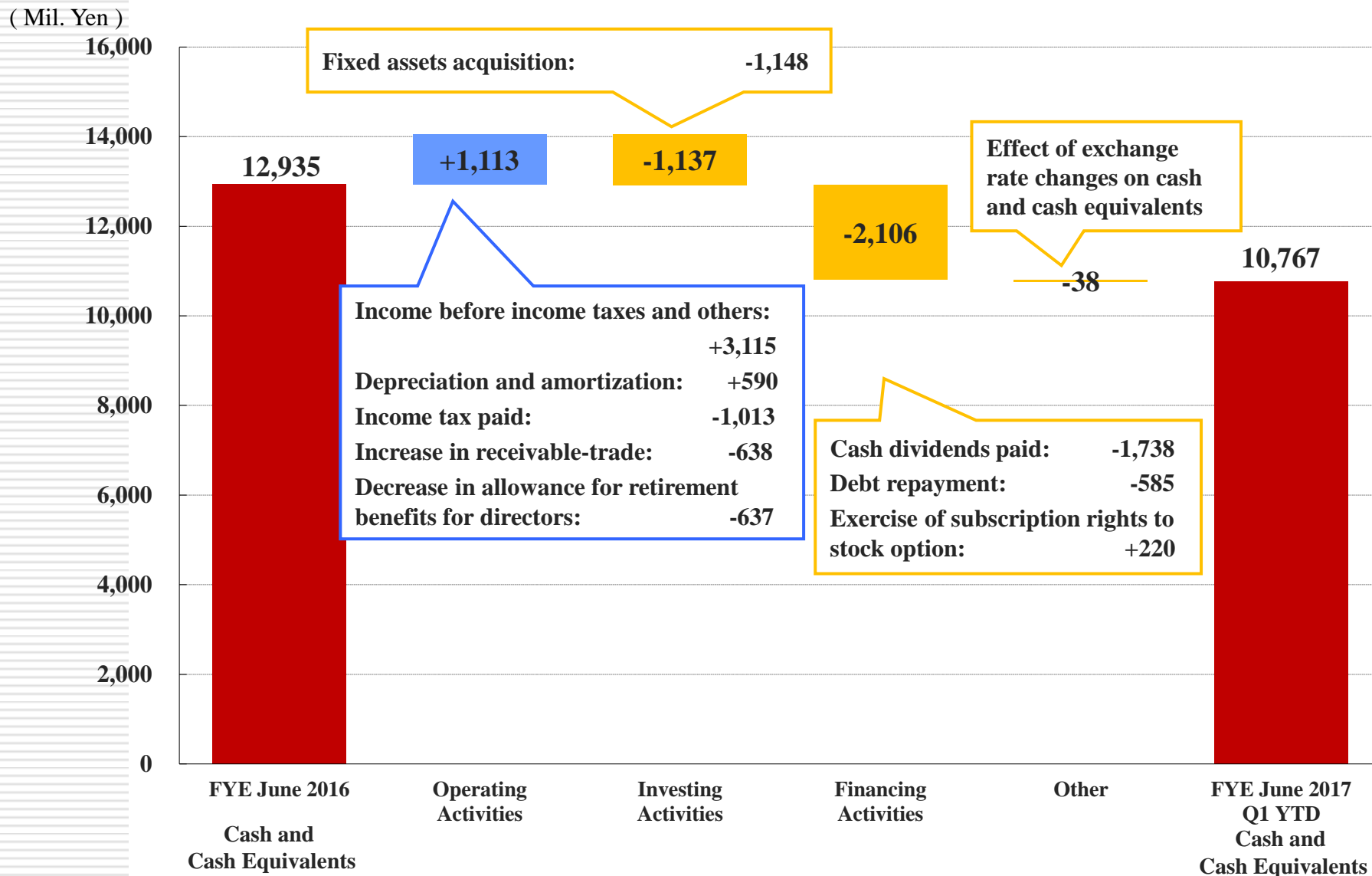


Reference: B/S

| | | FYE June 2016 | | FYE June 2017 Q1 YTD | | | |
|--------------------------------|---------------------|----------------------|--------------|----------------------|--------------|-----------------------|---|
| | | Amount (Mil. Yen) | Ratio (%) | Amount (Mil. Yen) | Ratio (%) | Changes (Mil. Yen) | Main comparison factors |
| Assets | Current assets | 30,351 | 60.4 | 28,983 | 58.5 | -1,368 | Cash and deposit: -2,168 Receivable-trade: +586 Inventory assets: +133 |
| | Fixed assets | 19,934 | 39.6 | 20,590 | 41.5 | +655 | Tangible fixed assets: +696 |
| Total assets | | 50,286 | 100.0 | 49,573 | 100.0 | -712 | |
| Liabilities | Current liabilities | 9,377 | 18.6 | 10,531 | 21.2 | +1,154 | Short-term debt: +1,838 Provision for bonuses: +189 Accrued corporation tax: -445 |
| | Fixed liabilities | 8,645 | 17.2 | 6,288 | 12.7 | -2,356 | Long-term debt: -2,438 Allowance for retirement benefits for directors: -637 |
| Total liabilities | | 18,022 | 35.8 | 16,820 | 33.9 | -1,202 | |
| Total net assets | | 32,263 | 64.2 | 32,753 | 66.1 | +489 | Retained earnings: +427 |
| Total liabilities & net assets | | 50,286 | 100.0 | 49,573 | 100.0 | -712 | |



Reference: C/F





Caution Regarding Information Presented

All forward looking statements contained herein, including sales forecasts, outlooks, and strategic plans, are based on the best currently available data; however, risk and uncertainty are involved in these statements. Please note that actual results may differ greatly from plans presented here.

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