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# 2nd Quarter Financial Results for FYE June, 2015

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February 13, 2015

(Securities code : 7747

2nd section of the Tokyo Stock Exchange,  
2nd section of the Nagoya Stock Exchange)



# Contents

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**1. Summary of Financial Results of FYE 6/2015 Q2 YTD**

**2. Earnings Estimate of FYE 6/2015**



# FYE 6/2015 Q2YTD Main Points - 1

Net Sales 16,958 Mil. Yen <Year-on-year +28.8%>

~Medical Division and Device Division, both progress favorably.~

## ■ Medical Division

~ addition to firm demands from all area, US and Euro currency appreciation supports the performance with large increase.

- After CCT Conference, domestic sales accelerated .
  - Growth of PTCA GW especially due to “SION Series”
  - Launch and share growth of PTCA GC “Hyperion” and PTCA Balloon “Kamui”
  - Falling Reimbursement prices (Δ492 Mil. Yen )
- Tendency to strong growth shown for PTCA GW in the EU and Middle East
  - Strong growth for the Penetration Catheter “Corsair” in US, EU, Middle East, and China

Japan

Overseas

## ■ Device Division

~Industrial components capacity increased, including effect of acquisition of Toyoflex group as a wholly owned subsidiary~

✓ Medical components increased both domestically and overseas.

✓ Industrial component business became brisk especially

in automobile and construction market as one of effect of Toyoflex consolidation

Exchange rate	(Unit : JPY)			
14/6FY	US \$	100.09	BAHT	3.15
2QYTD	EURO	132.57	CNY	16.41
15/6FY	US \$	110.69	BAHT	3.42
2QYTD	EURO	140.61	CNY	17.95



## FYE 6/2015 Q2YTD Main Points - 2

While R&D expense and Sales expenses increased, positive sales growth contributed to large Operating income performance.

- **Gross profit 10,661 Mil. Yen < YoY +24.7% >**
- **Operating income 4,147 Mil. Yen < YoY +32.2% >**
  - Increased R&D expense (1500 Mil. Yen) (YoY +295 Mil. Yen, Sales ratio 8.8%)
  - Increased Sales related expenses, etc.
- **Ordinary income 4,543 Mil. Yen < YoY +39.1% >**
  - Increased Currency exchange gain (+231 Mil. yen)
- **Net income 3,073 Mil. Yen < YoY +24.4% >**
  - Total negative goodwill from last year's acquisition of Toyoflex has not occurred in this year, thus affecting decrease of profit earning this year (Δ319 Mil. Yen)

Exchange rate	(Unit : JPY)			
14/6FY	US \$	100.09	BAHT	3.15
2QYTD	EURO	132.57	CNY	16.41
15/6FY	US \$	110.69	BAHT	3.42
2QYTD	EURO	140.61	CNY	17.95



# Highlight

	FYE6/2014 Q2YTD (Actual)		FYE 6/2015 Q2YTD						
	Amount (Mil. Yen)	Ratio (%)	Initial plan 2014/8/12	Amount (Mil. Yen)	Ratio (%)	YoY		Compared with Initial plan	
						Changes (Mil. Yen)	Changes (%)	Changes (Mil. Yen)	Changes (%)
Net sales	13,170	100.0	15,655	16,958	100.0	+3,787	+28.8	+1,303	+8.3
Gross profit	8,551	64.9	10,048	10,661	62.9	+2,109	+24.7	+613	+6.1
Operating income	3,136	23.8	3,295	4,147	24.5	+1,011	+32.2	+851	+25.8
Ordinary income	3,266	24.8	3,282	4,543	26.8	+1,276	+39.1	+1,261	+38.4
Net income	2,470	18.8	2,155	3,073	18.1	+603	+24.4	+918	+42.6
EPS *	77.51yen	-	67.25yen	95.88yen	-	+18.37yen	+23.7	+28.63yen	+42.6

\* : As from January 1, 2014, one ordinary share is scheduled to be split into two shares. As such, as to EPS, figures after share splits are shown in assumption of Splits of share at the beginning of previous fiscal year.



# Net Sales by Segment Division

	FYE 6/2014 Q2 YTD		FYE 6/2015 Q2 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	10,601	80.5	13,161	77.6	+2,559	+24.1
Device	2,568	19.5	3,796	22.4	+1,228	+47.8
Total amount	13,170	100.0	16,958	100.0	+3,787	+28.8

(Reference)

Medical Field	11,722	89.0	14,358	84.7	+2,635	+22.5
Industrial Field	1,447	11.0	2,600	15.3	+1,152	+79.6

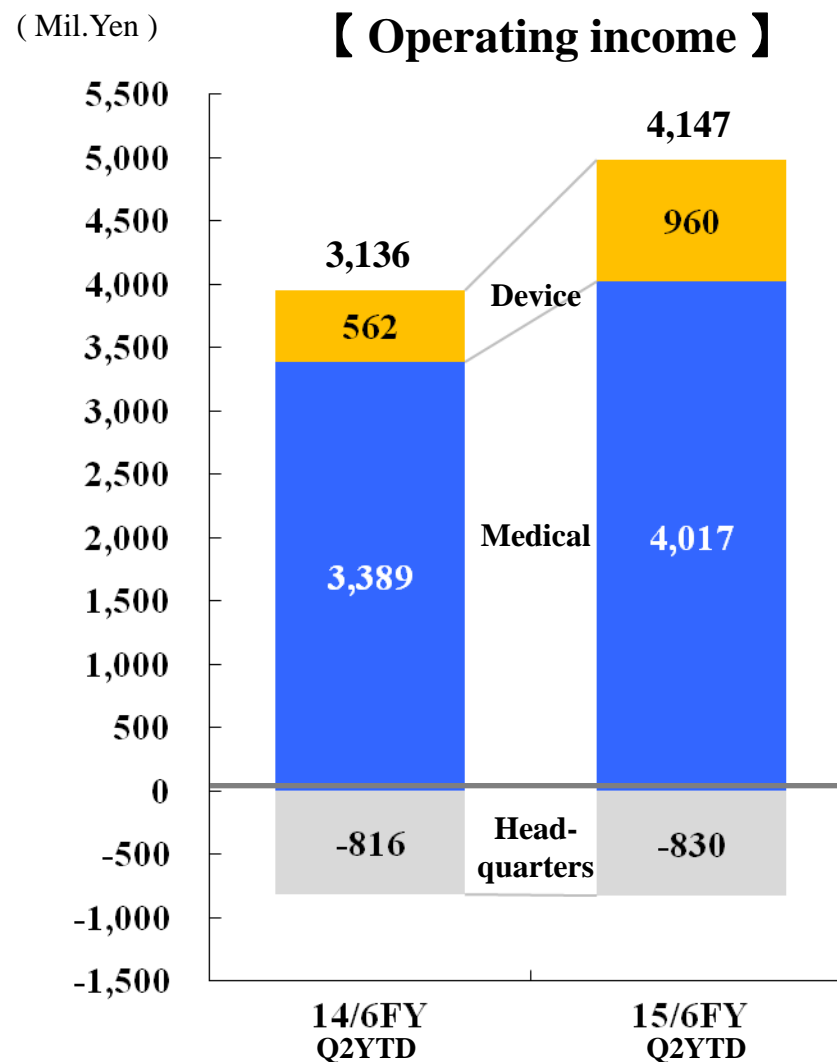
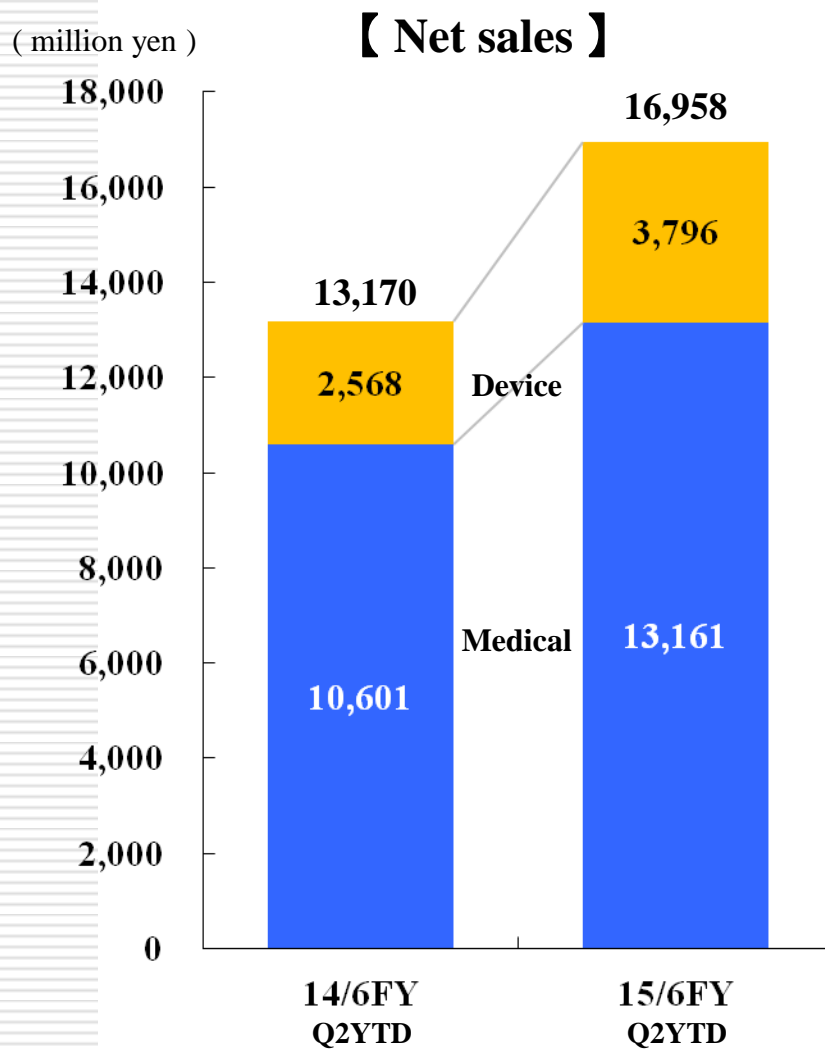


# Operating Income by Segment Division

	FYE 6/2014 Q2 YTD		FYE 6/2015 Q2 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	3,389	85.8	4,017	80.7	+627	18.5
Device	562	14.2	960	19.3	+397	70.7
Subtotal	3,952	100.0	4,977	100.0	+1,025	25.9
Erasing & Head quarters	△816	-	△830	-	△14	1.7
Total Amount	3,136	-	4,147	-	+1,011	32.2



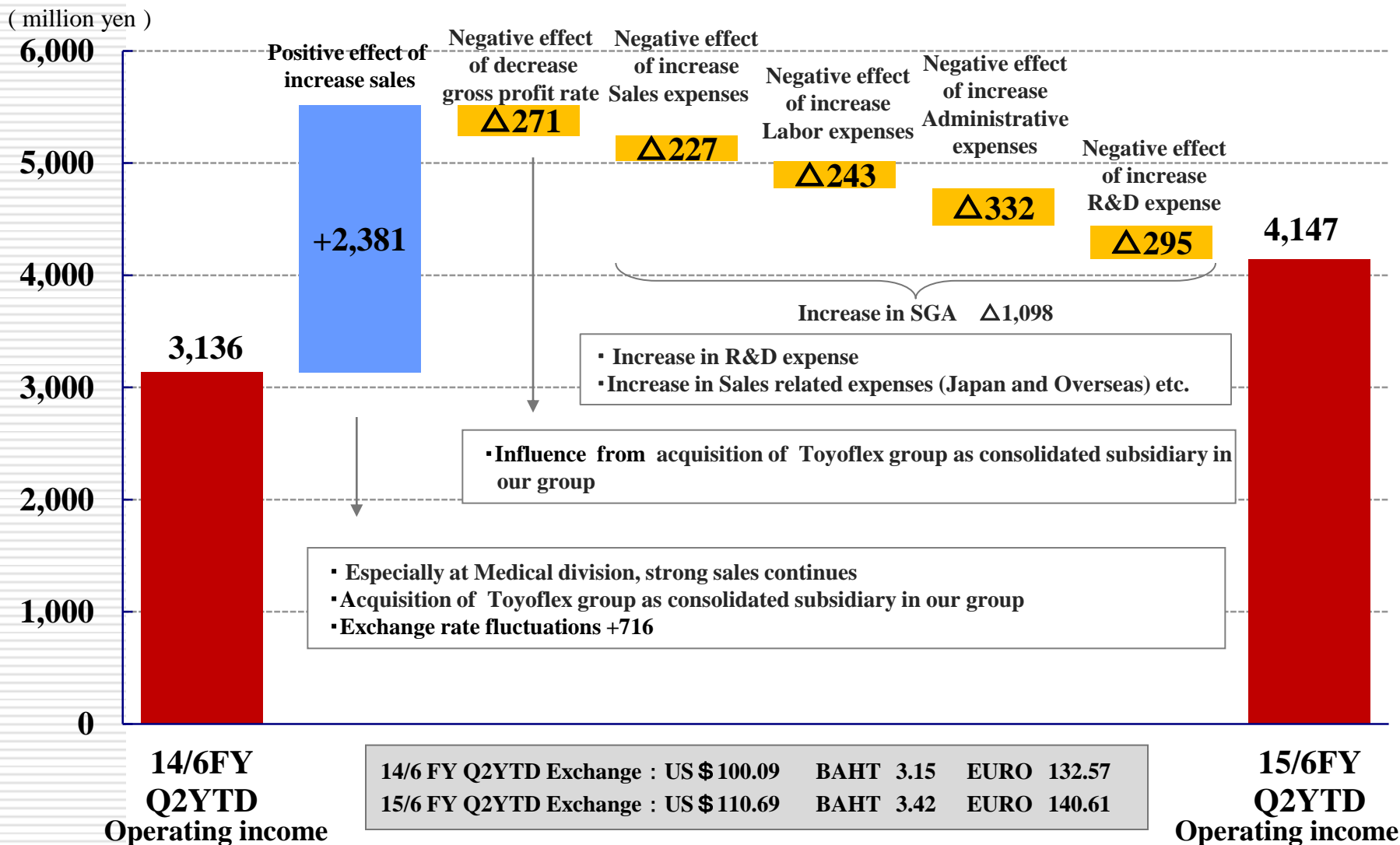
# Earnings Performance by Segment Division





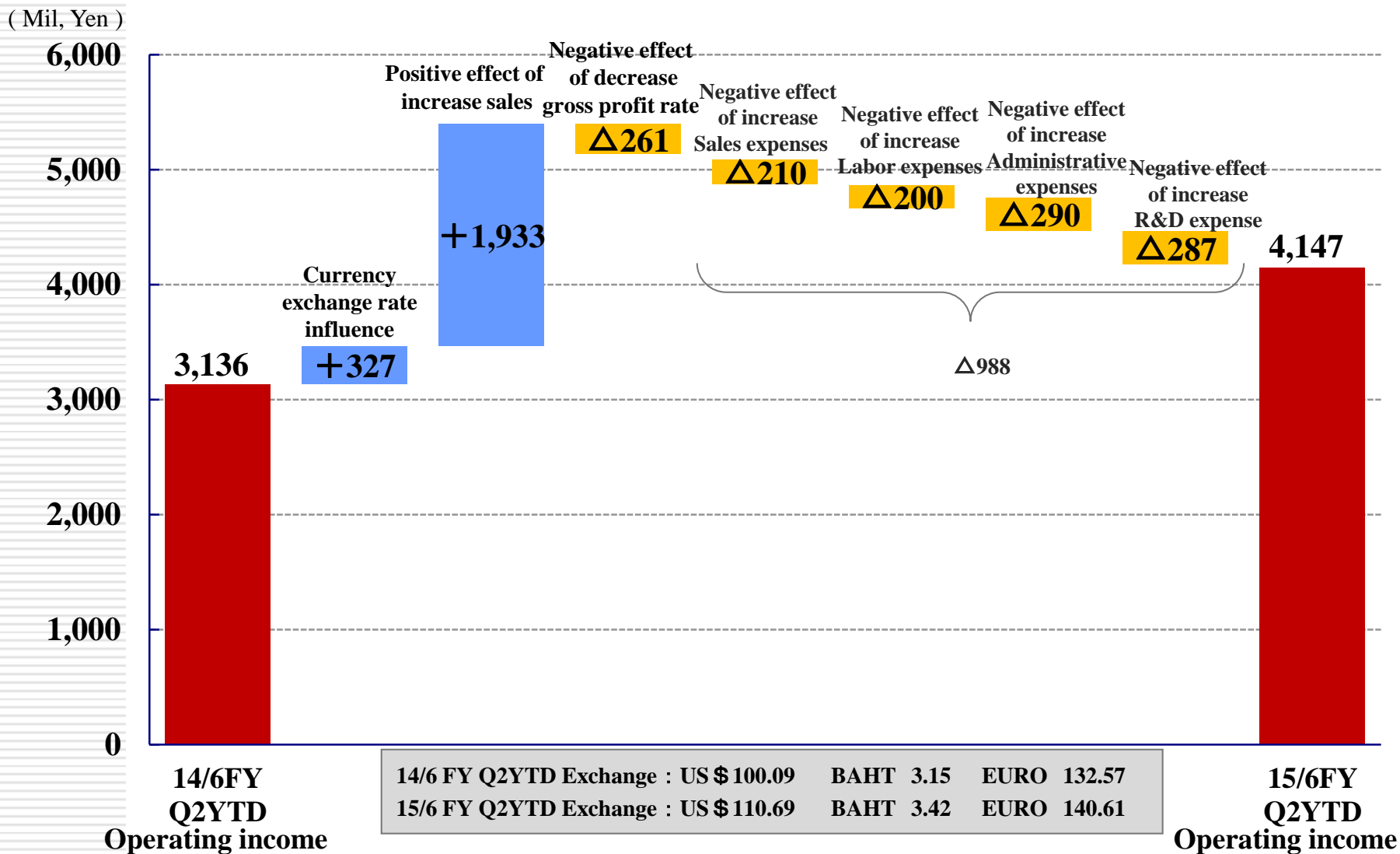


# Attribution analysis of Operating Income – 1 (Exchange rate fluctuations included)





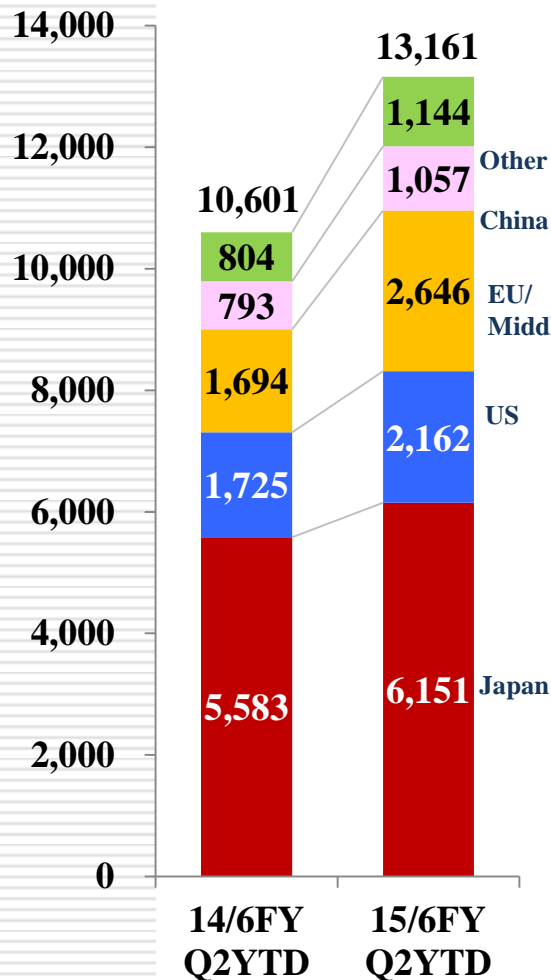
## Attribution analysis of Operating Income – 2 (Exchange rate fluctuations excluded)





## Per Segment by Medical Division (by Geography-1)

(million yen)



### 【Net Sales (YoY)】

■ **Japan:** Cardiovascular and non-Cardiovascular segments favorably progressed despite reimbursement price reduction (Δ492 Mil. Yen).

- PTCAGW: Volume increases based on “SION Series”
- PTCA Balloon Catheter: Increased share due to launch of new product “Kamui”
- PTCA Guiding Catheter: : Increased share due to launch of new product “Hyperion”
- Penetration Catheter: Expansion of new product “Caravel” with vertical angle trend.
- Abdominal /Neurovascular Products: : Slight increase due to favorable sales figures

■ **Overseas :** In all area, good market demand shown. US and Euro currency appreciation supports further increase.

- <US>  
PTCA GW :Shipments above contractual minimums  
Penetration Catheter “Corsair”:Growth trends from direct sales effects
- <EU/ Middle East>  
PTCA GW: Market demands grows continuously, resulting in good result progress.  
Penetration Catheter “Corsair”: Increasing Demand
- <China>  
PTCA GW: Progresses well over market growth rate  
Penetration Catheter “Corsair”: Increased sales due to increased demand
- <Other>  
PTCA GW mainly shows good result trends.

### 【Operating income】

- While expending R&D expense and Sales related expenses, sales growth contributed to large profit performance.



## Per Segment by Medical Division (by Geography-2)

(Mil Yen)

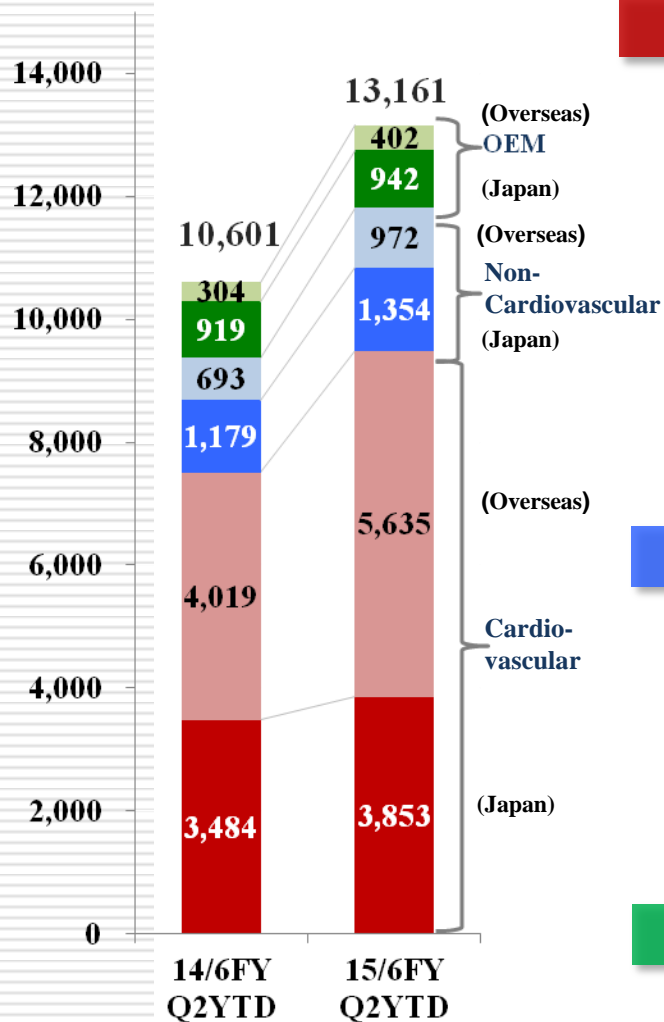
	FYE 6/2014 Q2 YTD	FYE 6/2015 Q2 YTD	YoY	
			Changes (Mil. Yen)	Changes (%)
<b>(Exchange rate: USD)</b>	<b>100.09</b>	<b>110.69</b>	<b>+10.60</b>	<b>+10.6</b>
<b>Net sales</b>	<b>10,601</b>	<b>13,161</b>	<b>+2,559</b>	<b>+24.1</b>
<b>Japan</b>	<b>5,583</b>	<b>6,151</b>	<b>+567</b>	<b>+10.2</b>
<b>Overseas</b>	<b>5,018</b>	<b>7,010</b>	<b>+1,992</b>	<b>+39.7</b>
<b>USA</b>	<b>1,725</b>	<b>2,162</b>	<b>+437</b>	<b>+25.3</b>
<b>EU/EMEA</b>	<b>1,694</b>	<b>2,646</b>	<b>+951</b>	<b>+56.1</b>
<b>China</b>	<b>793</b>	<b>1,057</b>	<b>+263</b>	<b>+33.1</b>
<b>Other</b>	<b>804</b>	<b>1,144</b>	<b>+340</b>	<b>+42.4</b>
<b>Operating income</b>	<b>3,389</b>	<b>4,017</b>	<b>+628</b>	<b>+18.5</b>



# Per Segment by Medical Division (by Treatment-1)

( Mil. Yen )

【Net Sales (YoY)】



## Cardiovascular

- **Japan:** In addition to established product, new products also progress well.  
PTCA GW / “SION Series” mainly shows good results.  
PTCA Balloon Catheter/ Increased share due to launch of new product “Kamui”  
PTCA Guiding Catheter:/ Increased share due to launch of new product “Hyperion”
- **Overseas :** In all area, PTCA GW mainly shows good result trends.  
US: PTCA GW/ Shipments above contractual minimums.  
US, EU, Middle East, China: Penetration Catheter “Corsair”/ Increased sales due to increased demand

## Non-Cardiovascular

- **Japan :**  
Abdominal/Neurovascular products: Trend to increase due to strong sales.  
Flat trend kept despite temporary decrease due to switch to direct sales of Peripheral GW.
- **Overseas :**  
Asia(including China) : Abdominal products shows good result trends.

## OEM

- **Japan :** Increase of Endoscope Snare etc.
- **Overseas :** Mini-Guide Wire in cardiovascular diagnosis increases.



## Per Segment by Medical Division (by Treatment-2)

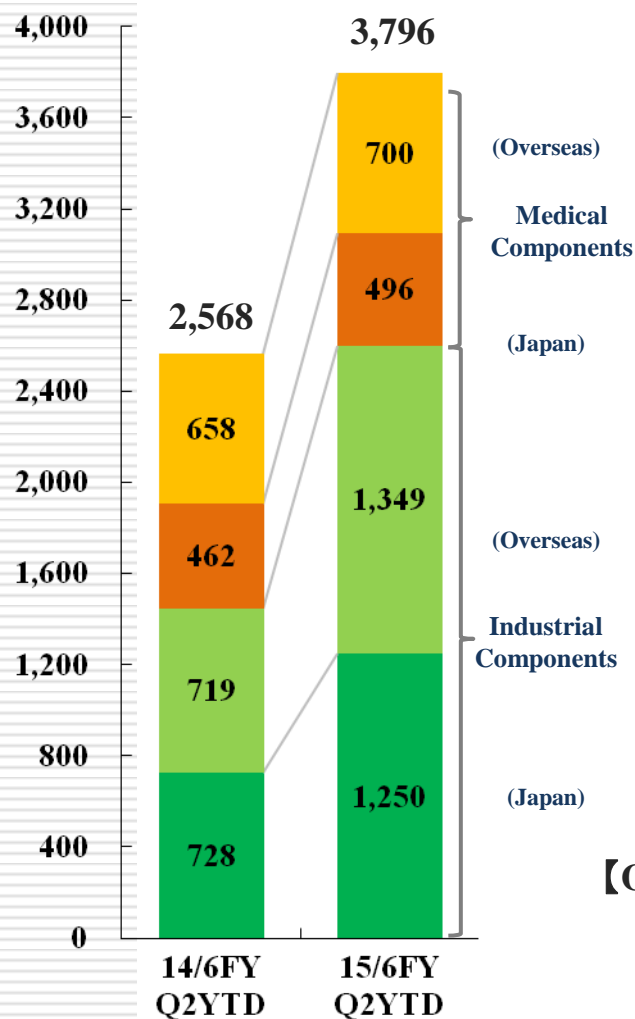
(Mil. yen)

	FYE 6/2014 Q2 YTD	FYE 6/2015 Q2 YTD	YoY	
			Changes	Changes (%)
(Exchange rate: USD)	<b>100.09</b>	<b>110.69</b>	<b>+10.60</b>	<b>+10.6</b>
Net sales	<b>10,601</b>	<b>13,161</b>	<b>+2,559</b>	<b>+24.1</b>
Japan	<b>5,583</b>	<b>6,151</b>	<b>+567</b>	<b>+10.2</b>
Overseas	<b>5,018</b>	<b>7,010</b>	<b>+1,992</b>	<b>+39.7</b>
Vascular	<b>7,504</b>	<b>9,489</b>	<b>+1,984</b>	<b>+26.4</b>
Japan	<b>3,484</b>	<b>3,853</b>	<b>+369</b>	<b>+10.6</b>
Overseas	<b>4,019</b>	<b>5,635</b>	<b>+1,615</b>	<b>+40.2</b>
Non Vascular	<b>1,873</b>	<b>2,327</b>	<b>+454</b>	<b>+24.2</b>
Japan	<b>1,179</b>	<b>1,354</b>	<b>+174</b>	<b>+14.8</b>
Overseas	<b>693</b>	<b>972</b>	<b>+279</b>	<b>+40.2</b>
OEM	<b>1,223</b>	<b>1,344</b>	<b>+120</b>	<b>+9.9</b>
Japan	<b>919</b>	<b>942</b>	<b>+23</b>	<b>+2.5</b>
Overseas	<b>304</b>	<b>402</b>	<b>+97</b>	<b>+32.1</b>



# Per Segment by Device Division -1

( million yen )



## 【Net Sales (YoY)】

Medical components increased both domestically and overseas.

Industrial components increased given effect of the Toyoflex acquisition. (1Q portion increased due to effect of subsidiary consolidation in 2Q of last year.)

### Medical Components

- **Japan** : Endoscope related components shows good progress.
- **Overseas** : Increase of Medical Component business of Peripheral and Cardiovascular markets in North America.

### Industrial Components

- **Japan** : Component supply increased in construction market and automobile market./ Increase from acquisition of Toyoflex group as consolidated subsidiary
- **Overseas** : Component supply increased in automobile market and construction market /Increase from acquisition of Toyoflex group as consolidated subsidiary

## 【Operating income】

- Minimal profit growth from acquisition of Toyoflex group as consolidated subsidiary.
- Sales Amount Increases contributed its profit growth.



## Per Segment by Device Division -2

( Mil. Yen)

	FYE 6/2014 Q2 YTD	FYE 6/2015 Q2 YTD	YoY		
			Changes	Toyoflex Co.	Changes (%)
				Q1 YTD	
<b>(Exchange rate : USD)</b>	<b>100.09</b>	<b>110.69</b>	<b>+10.60</b>	<b>-</b>	<b>+10.6</b>
<b>Net sales</b>	<b>2,568</b>	<b>3,796</b>	<b>+1,228</b>	<b>+959</b>	<b>+47.8</b>
<b>Japan</b>	<b>1,190</b>	<b>1,747</b>	<b>+556</b>	<b>+527</b>	<b>+46.8</b>
<b>Overseas</b>	<b>1,377</b>	<b>2,049</b>	<b>+671</b>	<b>+432</b>	<b>+48.7</b>
<b>Medical Components</b>	<b>1,120</b>	<b>1,196</b>	<b>+75</b>	<b>-</b>	<b>+6.8</b>
<b>Japan</b>	<b>462</b>	<b>496</b>	<b>+34</b>	<b>-</b>	<b>+7.4</b>
<b>Overseas</b>	<b>658</b>	<b>700</b>	<b>+41</b>	<b>-</b>	<b>+6.3</b>
<b>Industrial Components</b>	<b>1,447</b>	<b>2,600</b>	<b>+1,152</b>	<b>+959</b>	<b>+79.6</b>
<b>Japan</b>	<b>728</b>	<b>1,250</b>	<b>+522</b>	<b>+527</b>	<b>+71.7</b>
<b>Overseas</b>	<b>719</b>	<b>1,349</b>	<b>+629</b>	<b>+432</b>	<b>+87.6</b>
<b>Operating income</b>	<b>562</b>	<b>960</b>	<b>+397</b>	<b>-</b>	<b>+70.7</b>





## Reference : P/L

	FYE 6/2014 Q2YTD		FYE 6/2015 Q2YTD			
	Amount (Mil.Yen)	Ratio (%)	Amount (Mil.Yen)	Ratio (%)	Changes (Mil.Yen)	The main comparison factors
Net sales	13,170	100.0	16,958	100.0	+3,787	<ul style="list-style-type: none"> <li>Positive trends observed in Medical Field in all area.</li> <li>Acquisition of Toyoflex group as consolidated subsidiary in our group</li> </ul>
Cost of Sales	4,618	35.1	6,296	37.1	+1,678	
Gross profit	8,551	64.9	10,661	62.9	+2,109	<ul style="list-style-type: none"> <li>Brisk sales growth</li> <li>Gross profit ratio decreased due to acquisition of Toyoflex group as consolidated subsidiary</li> </ul>
SGA	5,415	41.1	6,514	38.4	+1,098	<ul style="list-style-type: none"> <li>R&amp;D expense and Sales related expenses increased</li> </ul>
Operating income	3,136	23.8	4,147	24.5	+1,011	
Non-operating income	194	1.5	423	2.5	+229	<ul style="list-style-type: none"> <li>Currency exchange gain increased</li> </ul>
Non-operating expense	63	0.5	27	0.2	Δ36	
Ordinary income	3,266	24.8	4,543	26.8	+1,276	
Extraordinary gain	319	2.4	-	0.0	Δ319	<ul style="list-style-type: none"> <li>Total negative goodwill from last year's acquisition of Toyoflex group has not occurred this year, thus affecting Δ319 Mil. Yen this year.</li> </ul>
Extraordinary loss	0	0.0	-	0.0	0	
Net income	2,470	18.8	3,073	18.1	+603	
Comprehensive income	2,843	21.6	5,204	30.7	+2,360	<ul style="list-style-type: none"> <li>Foreign currency translation adjustment increased +1959 Mil. Yen</li> </ul>

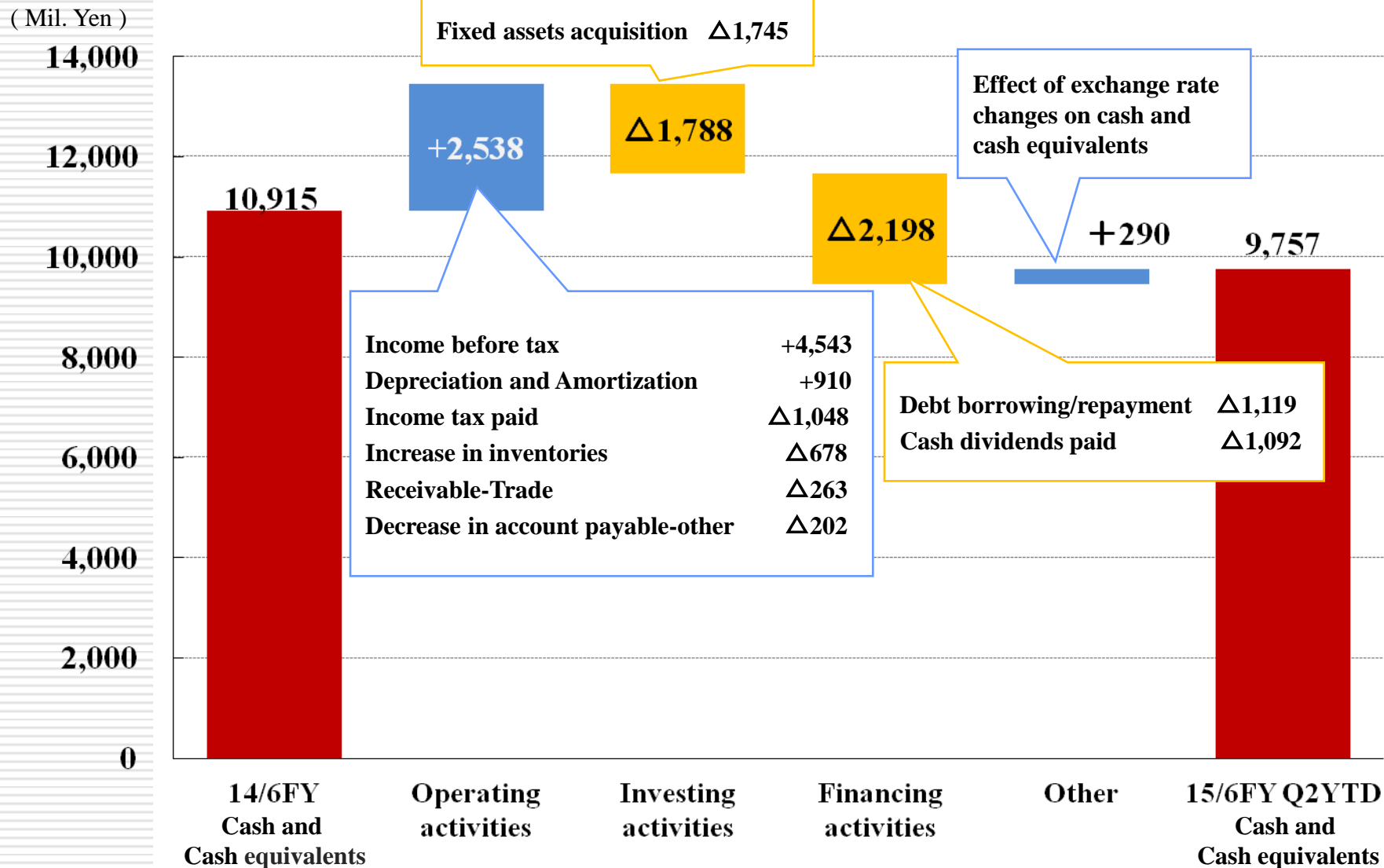


## Reference : B/S

		FYE 6/2014		FYE 6/2015 Q2YTD			The main comparison factors
		Amount (Mil.Yen)	Ratio (%)	Amount (Mil.Yen)	Ratio (%)	Changes (Mil.Yen)	
Assets	Current assets	26,408	61.5	27,644	59.7	+1,235	Cash and deposit $\Delta$ 598 Receivable-trade +790 Investment securities (Negotiable deposit) $\Delta$ 600 Inventory assets +1,406
	Fixed assets	16,558	38.5	18,666	40.3	+2,107	Tangible fixed assets +1,600 Investments and other assets +419
Total assets		42,967	100.0	46,310	100.0	+3,343	
Liabilities	Current liabilities	9,482	22.1	9,280	20.0	$\Delta$ 202	Short-term debt $\Delta$ 205
	Fixed liabilities	7,747	18.0	7,176	15.5	$\Delta$ 571	Long-term debt $\Delta$ 913 Long-term deferred tax liabilities +304
Total liabilities		17,230	40.1	16,457	35.5	$\Delta$ 773	
Total net assets		25,736	59.9	29,853	64.5	+4,117	Retained earnings +1,966 Foreign currency translation adjustments +1,959
Total liabilities & Net assets		42,967	100.0	46,310	100.0	+3,343	



## Reference : C/F





# Contents

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**1. Summary of Financial Results of FYE 6/2015 Q2 YTD**

**2. Earnings Estimate of FYE 6/2015**



# Forecast of Financial Closing of FYE June, 2015

**Profit Increase attainable since sales increase over initial assumption absorbs increase of expenses in area of sales related, general admin and extraordinary loss.**

<Items reflecting revision of performance estimation>

## ■ Reflection of Brisk Sales Amount

- At the main Medical Division, demands from both Japan/Overseas markets increased over initial assumption as well as back-up from currency appreciation both in US and Euro.

## ■ Increase of Sales related and general admin expense

- Expense originally budgeted in year-to-date 2<sup>nd</sup> quarter are to occur in the period after 3<sup>rd</sup> quarter.
- R&D and Sales related expense invested earlier in view of brisk sales trend.
- Expense increase relating to exchange influence.

## ■ Allocation of Extraordinary expense

- Sellout of non consolidated subsidiary companies. ( Hong Kong, China)



## Earning Estimate of FYE 6/2015

	FYE6/2014 (Actual)		FYE 6/2015 (Plan)						
	Amount (Mil. Yen)	Ratio (%)	Initial plan 2014/8/12	Amount (Mil. Yen)	Ratio (%)	YoY		Compared with Initial plan	
						Changes (Mil. Yen)	Changes (%)	Changes (Mil. Yen)	Changes (%)
Net sales	28,145	100.0	32,101	34,930	100.0	+6,785	+24.1	+2,828	+8.8
Gross profit	17,919	63.7	20,718	21,970	62.9	+4,051	+22.6	+1,252	+6.0
Operating income	5,995	21.3	6,908	7,500	21.5	+1,504	+25.1	+591	+8.6
Ordinary income	6,099	21.7	6,890	7,900	22.6	+1,800	+29.5	+1,009	+14.6
Net income	4,360	15.5	4,406	5,223	15.0	+863	+19.8	+816	+18.5
EPS *	136.50	-	137.49	162.93	-	+26.43	+19.4	+25.44	+18.5

\* : As from January 1, 2014, one ordinary share is scheduled to be split into two shares. As such, as to EPS, figures after share splits are shown in assumption of Splits of share at the beginning of previous fiscal year.

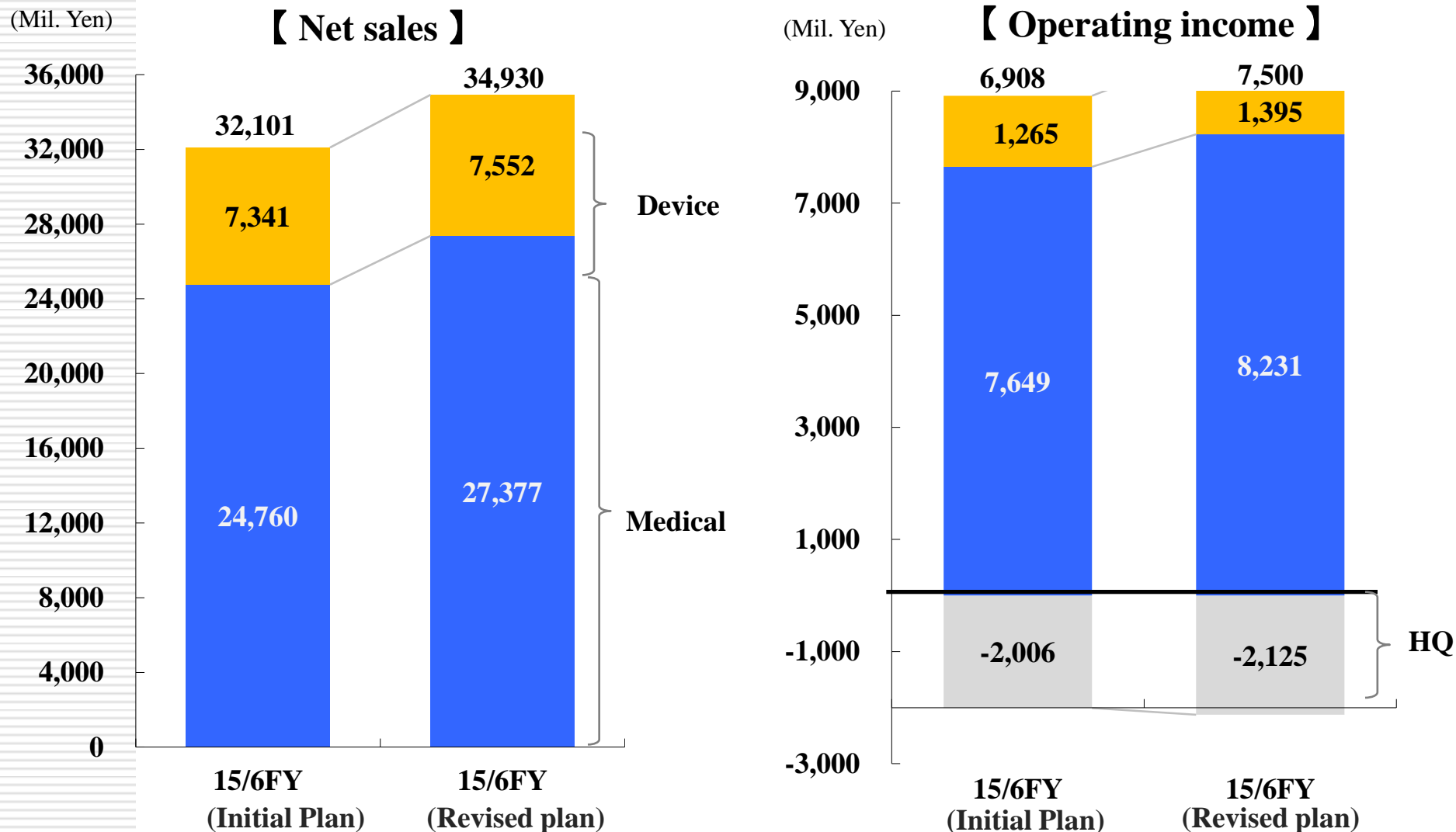
Initial Budgeted Exchange Rate : US \$100.00 BAHT 3.16 EURO 140.00  
 New Budgeted Exchange Rate : US \$112.85 BAHT 3.53 EURO 135.31  
 ( New 2<sup>nd</sup> Half budgeted Exchange Rate : US \$115.00 BAHT 3.65 EURO 130.00 )

#### Influence to Operating Income from exchange Fluctuation • Est. (Main currency only)

US \$ (+1Yen Influence) : Around 71 Mil Yen Increase ( Excluding 1<sup>st</sup> half realization +43)  
 BAHT(+0.1Yen Influence) : Around 140 Mil Yen decrease  
 EURO(+1Yen influence) : Around 30 Mil Yen Increase (Excluding 1st half realization +16)



## Earnings Estimate by Segment Division





# Equipment Installation Actual and Plan

13/6 (Actual) • Hanoi New Factory Construction (Part) 684 Mil. Yen  
 • GMA New R&D Facility 716 Mil. Yen

14/6 (Actual) • Hanoi secondary factory (new factory) Construction (partly) 168 Mil. Yen  
 • GMA R&D Center Construction (Partly) 100 Mil. Yen  
 • Cebu New Factory (4th factory) Construction 147 Mil. Yen  
 • Enterprise Resource Planning (ERP) System related 128 Mil. Yen

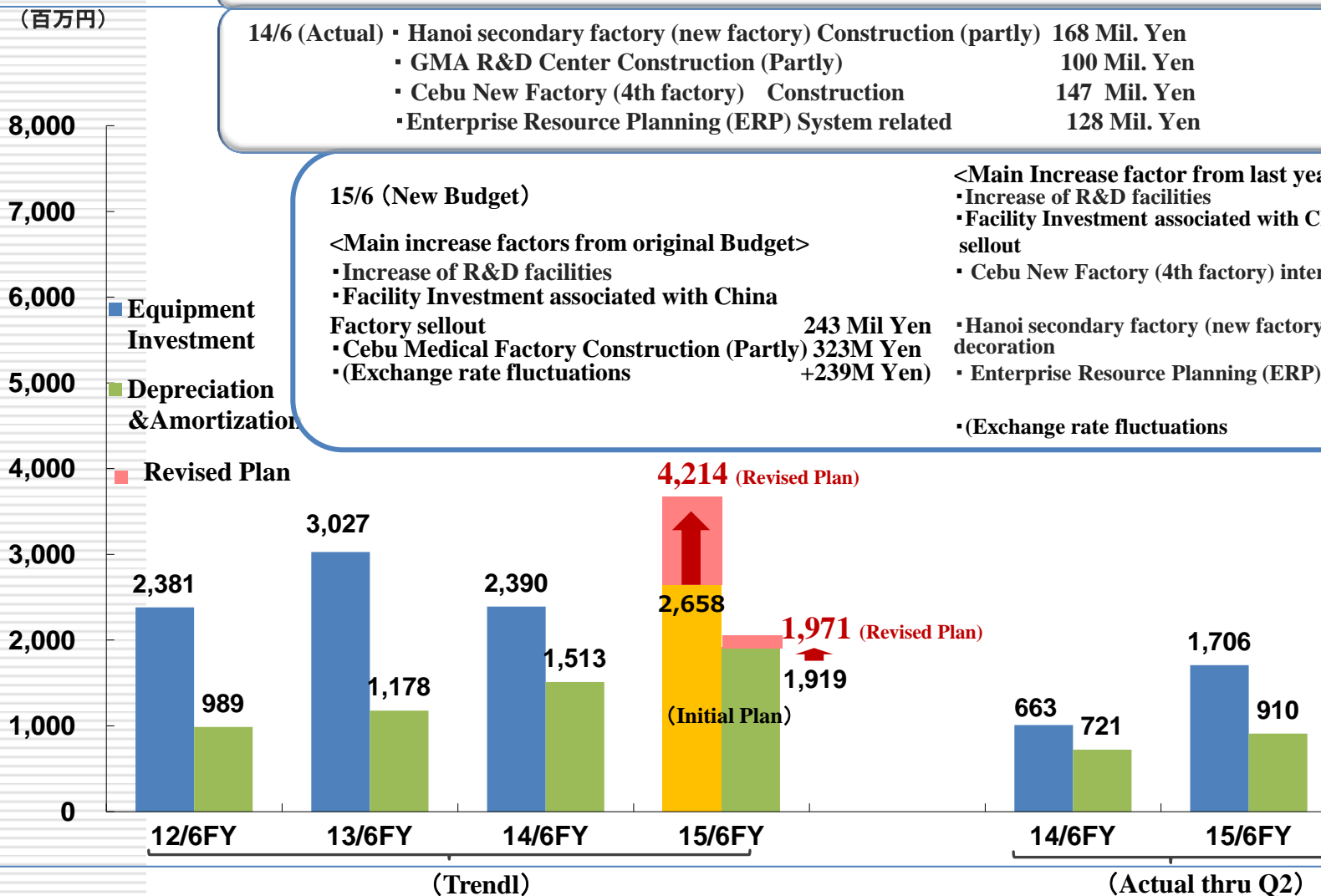
15/6 (New Budget)

<Main increase factors from original Budget>

• Increase of R&D facilities  
 • Facility Investment associated with China Factory sellout 243 Mil Yen  
 • Cebu Medical Factory Construction (Partly) 323M Yen  
 • (Exchange rate fluctuations +239M Yen)

<Main Increase factor from last year>

• Increase of R&D facilities  
 • Facility Investment associated with China Factory sellout 243 Mil Yen  
 • Cebu New Factory (4th factory) interior decoration 413 Mil Yen  
 • Hanoi secondary factory (new factory) interior decoration 108 Mil. Yen  
 • Enterprise Resource Planning (ERP) System related 165 Mil. Yen  
 • (Exchange rate fluctuations +240Mil. Yen)



(Trendl)

(Actual thru Q2)





# Reference : R&D expense

R&D expense

Ratio of revenue to R&D expense (%)

(Mil. Yen)

3,500

3,000

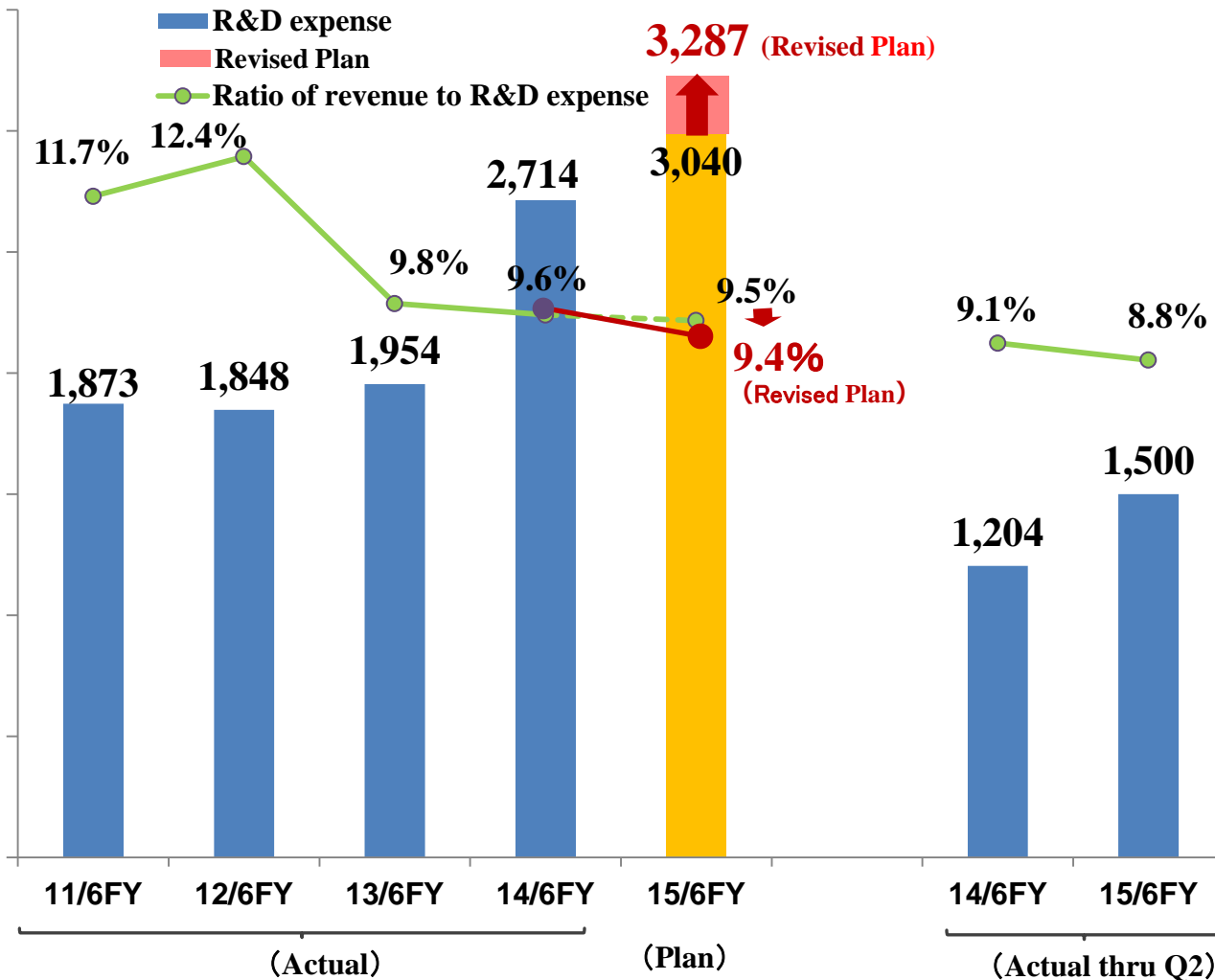
2,500

2,000

1,500

500

0





# Caution Regarding Information Presented

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**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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