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Financial Results for Fiscal Year ended June 2016

August 10, 2016

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



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**1. Summary of Consolidated Financial Results for FYE
June 2016**

2. Earnings Forecast for FYE June 2017



FYE June 2016 Main Points-1

Net Sales 39,511 Mil. Yen <Year-on-year +11.9%>

~Medical Division and Device Division, both progressed favorably~

- **Medical Division ~Large increase in both Japan and overseas markets due to firm demands**
 - ◆ **Positive results in both Japan and overseas markets and in both cardiovascular and non-cardiovascular segments.**
 - Good progress and increased share of PTCA GW mainly based on SION Series
 - Increase of Penetration Catheter due to all-purpose “Caravel”
 - Continuous increase of PTCA Guiding Catheter “Hyperion”
 - Increase of Peripheral vascular, Abdominal vascular, and Neurovascular products in non-cardiovascular segments.
 - Influences of reimbursement prices reductions (-186 Mil. Yen)
 - ◆ **Growth for PTCA GW and Penetration Catheter “Corsair” in all areas except for in China**
 - Temporary decrease in Chinese market due to inventory adjustments to change sales strategy(switch to multiple agent system)
 - Increase in non-cardiovascular segments based on peripheral vascular products switched to direct sales in the US in July 2015
- **Device Division ~Medical and Industrial components, both progressed favorably mainly in overseas markets~**
 - ◆ **In the Medical Components business, orders increased for inspection catheter components and abdominal vascular catheter components targeting US market**
 - ◆ **Industrial Components business became brisk in products targeting overseas leisure market**

Japan

Overseas



FYE June 2016 Main Points-2

While R&D expenses and sales expenses increased, positive sales growth contributed to large operating income performance

- **Gross profit 25,915 Mil. Yen < YoY +16.7% >**
 - **Gross Profit increased in proportion to sales increase. Gross profit ratio increased.**
- **Operating income 10,002 Mil. Yen < YoY +25.4% >**
 - **Increased R&D expenses (3,886 Mil. Yen) (YoY +655 Mil. Yen, Sales ratio 9.8%)**
 - **Increased sales related expenses to strengthen sales and marketing activities in overseas markets**
- **Ordinary income 9,521 Mil. Yen < YoY +13.4% >**
 - **Increased currency exchange loss (YoY +614 Mil. Yen)**
- **Net income^{*} 6,907 Mil. Yen < YoY +18.5% >**
 - **Payment of 300 million yen special merit bonus associated with the retirement of founding chairman.**

* : Net income for FYE June 2016 is net income attributable to parent company shareholders.

Exchange rate	(Unit: JPY)			
FYE June 2015	US \$	115.59	BAHT	3.53
	EURO	137.39	CNY	18.66
FYE June 2016	US \$	116.69	BAHT	3.27
	EURO	129.55	CNY	18.03



Highlights

	FYE June 2015		FYE June 2016						
	Amount (Mil. Yen)	Ratio (%)	Initial plan August 11, 2015	Amount (Mil. Yen)	Ratio (%)	YoY		Compared with initial plan August 11, 2015	
						Changes (Mil. Yen)	Changes (%)	Changes (Mil. Yen)	Changes (%)
Net sales	35,323	100.0	39,575	39,511	100.0	+4,187	+11.9	-63	-0.2
Gross profit	22,211	62.9	25,011	25,915	65.6	+3,704	+16.7	+904	+3.6
Operating income	7,976	22.6	9,050	10,002	25.3	+2,026	+25.4	+951	+10.5
Ordinary income	8,399	23.8	9,174	9,521	24.1	+1,122	+13.4	+346	+3.8
Net income	5,828	16.5	6,340	6,907 ^{*1}	17.5	+1,078	+18.5	+567	+8.9
EPS ^{*2}	90.92 yen	-	100.29 yen	109.24 yen	-	+18.32 yen	+20.1	+8.95 yen	+8.9

*1: Net income for FYE June 2016 is net income attributable to parent company shareholders.

*2: As of August 1, 2015, a 2-for-1 stock was implemented. As such, for EPS, figures after the share splits are shown in assuming splits of shares at the beginning of previous fiscal year.



Net Sales by Segment Division

	FYE June 2015		FYE June 2016			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	27,574	78.1	31,091	78.7	+3,516	+12.8
Device	7,748	21.9	8,419	21.3	+671	+8.7
Total amount	35,323	100.0	39,511	100.0	+4,187	+11.9

(Reference)

Medical field	30,056	85.1	34,190	86.5	+4,134	+13.8
Industrial field	5,267	14.9	5,320	13.5	+53	+1.0

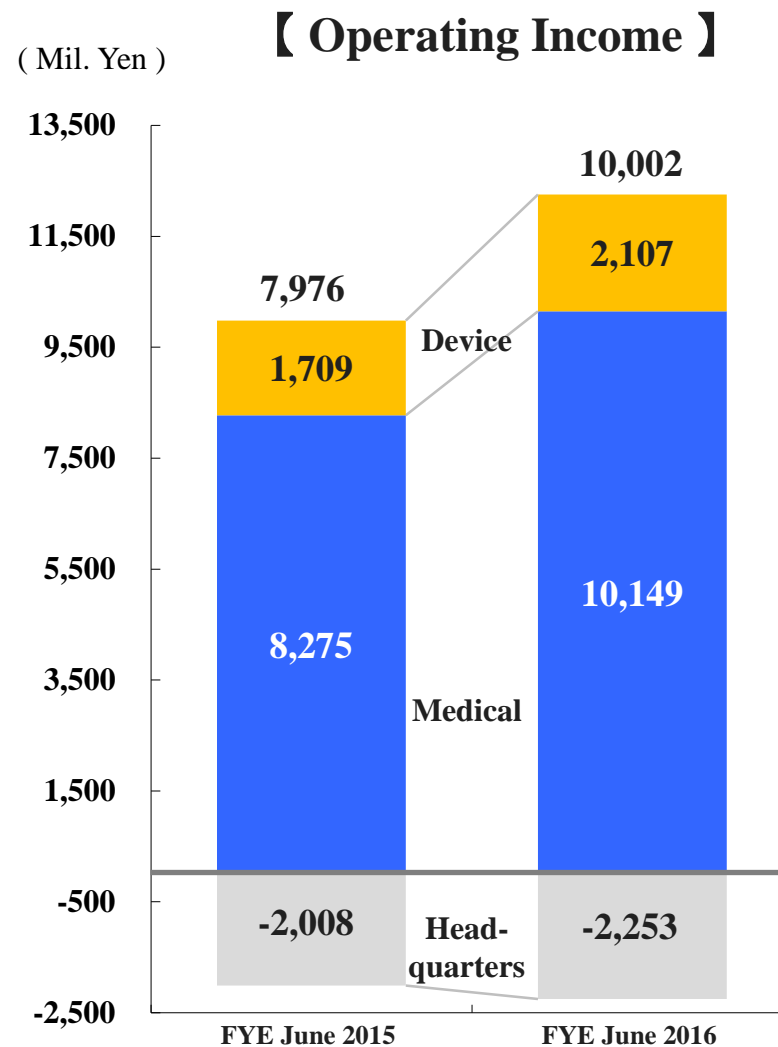
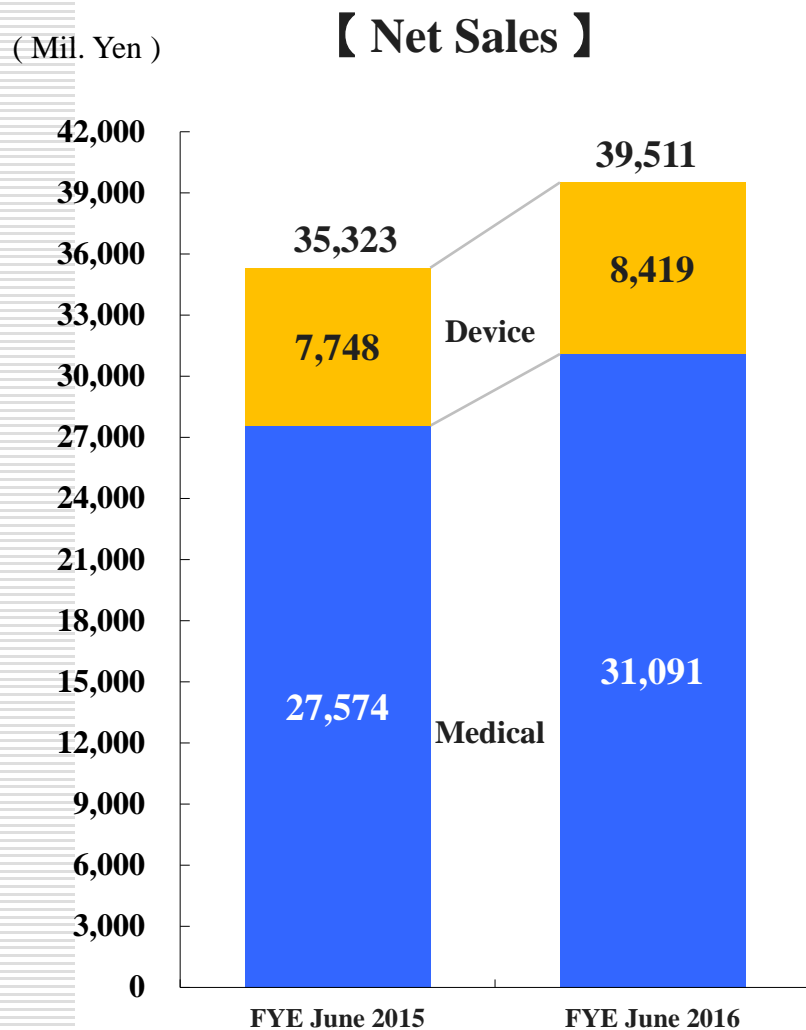


Operating Income by Segment Division

	FYE June 2015		FYE June 2016			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	8,275	82.9	10,149	82.8	+1,874	+22.6
Device	1,709	17.1	2,107	17.2	+397	+23.2
Subtotal	9,985	100.0	12,256	100.0	+2,271	+22.7
Erasing & Head Quarters	-2,008	-	-2,253	-	-245	+12.2
Total amount	7,976	-	10,002	-	+2,026	+25.4

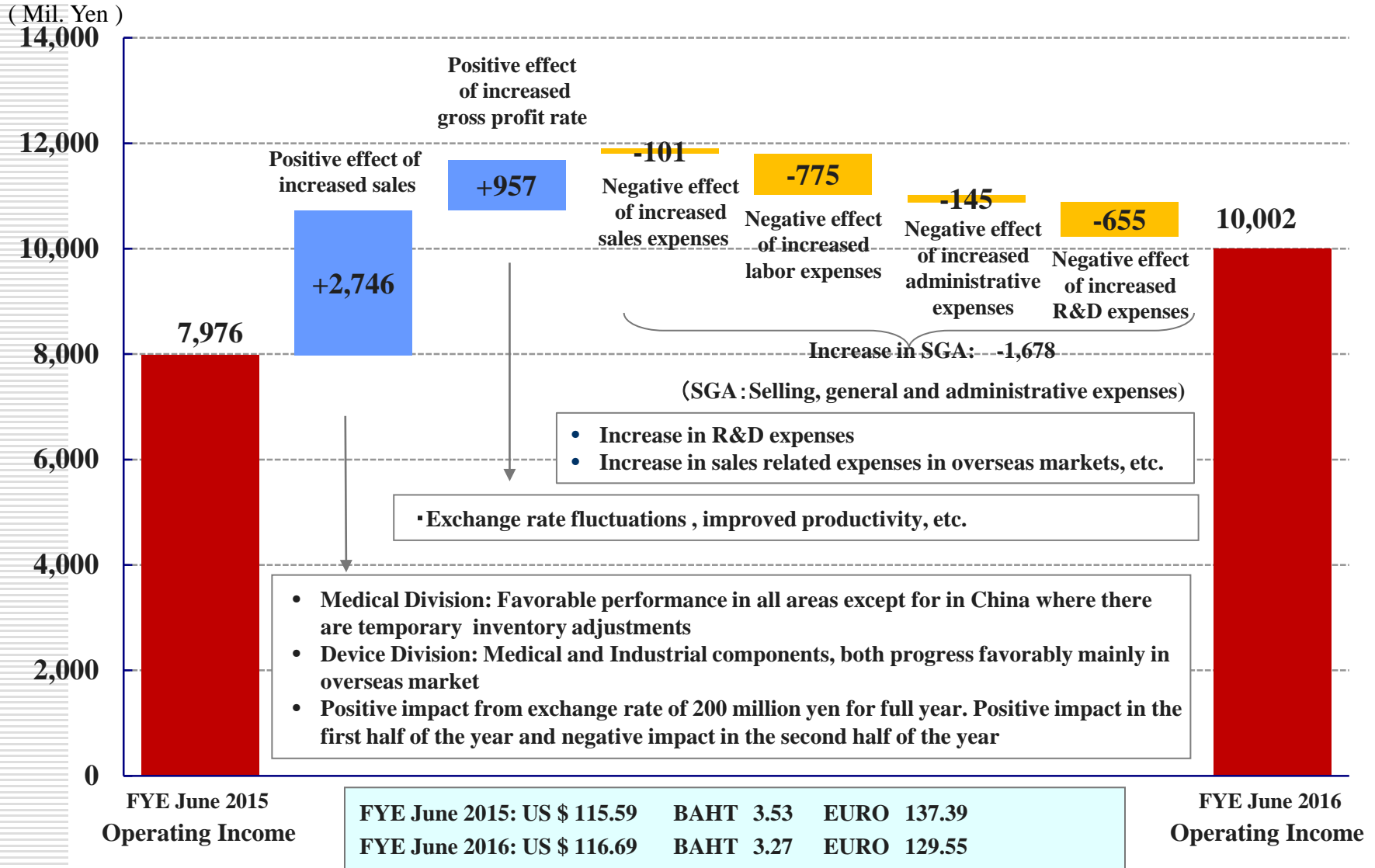


Earnings Performance by Segment Division





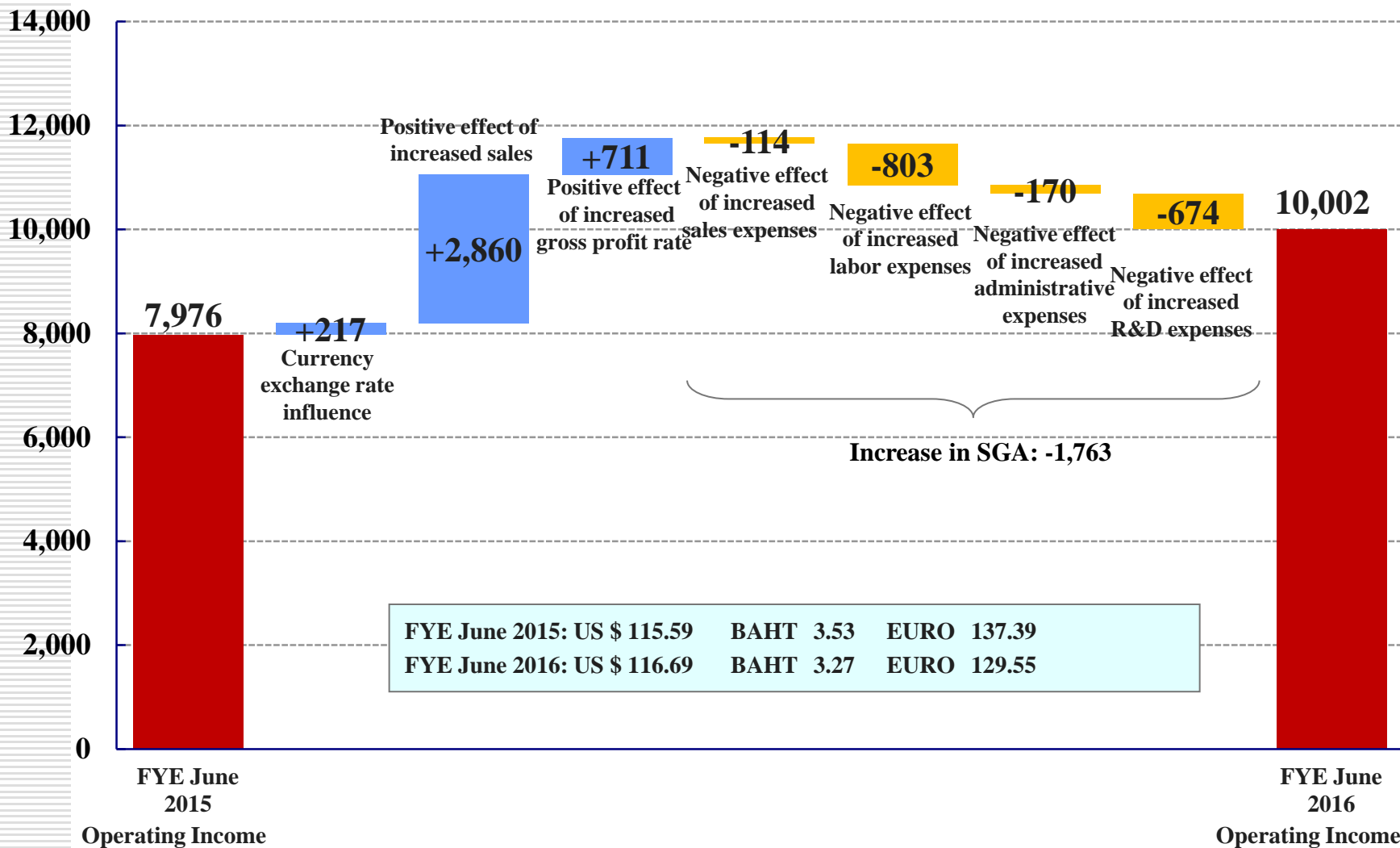
Attribution Analysis of Operating Income – 1 (Exchange Rate Fluctuations Included)





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

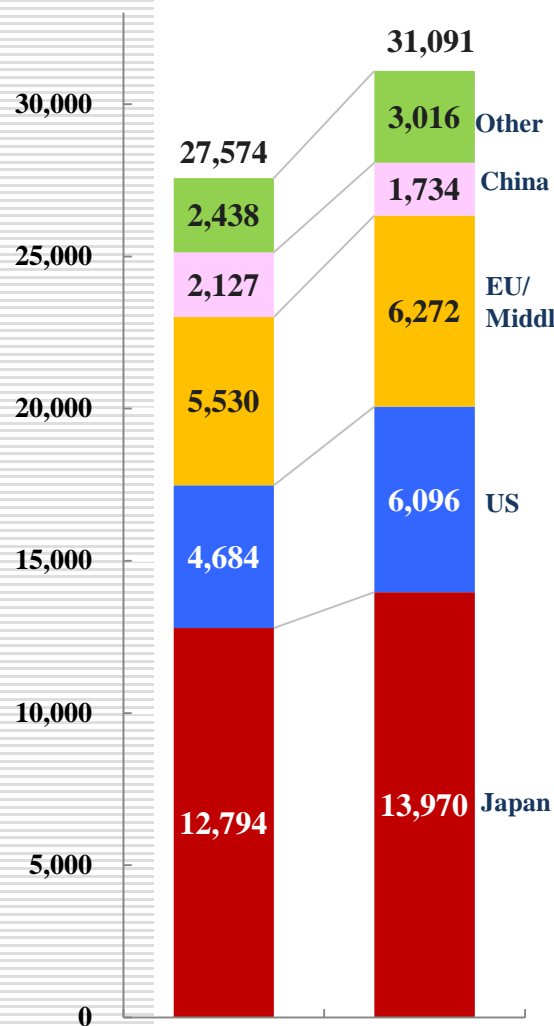
(Mil. Yen)





Per Segment by Medical Division (by Geography - 1)

(Mil. Yen)



【Net Sales (YoY)】

■ **Japan: Cardiovascular and non-cardiovascular segments favorably progressed despite reimbursement price reductions (-186 Mil. Yen)**

- PTCA GW: Volume increases based on SION Series
- Penetration Catheter: Favorable growth of all-purpose “Caravel”
- Penetration Catheter: Limited sales of new product “SASUKE” launched in January
- PTCA Guiding Catheter: Increased share based on “Hyperion”
- Non-cardiovascular segment: Increase in Peripheral vascular, Abdominal vascular, and Neurovascular products

■ **Overseas: Orders increased in all areas except for in China, where there are temporary inventory adjustments.**

- <US>
PTCA GW: Orders above contractual minimums, carried over to the next period
Penetration Catheter: Favorable performance of “Corsair” from effect of direct sales
Peripheral vascular products: Increases based on switch to direct sales in July 2015
- <EU/Middle East>
PTCA GW and Penetration Catheter “Corsair”: Growth trends due to increased share mainly in Western Europe
- <China>
Cardiovascular products: Temporary decrease due to inventory adjustments associated with switch to multiple agent system starting from the next period
- <Other>
PTCA GW and Penetration Catheter “Corsair”: Growth trends by expanding market in Asia

【Operating Income】

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

FYE June 2015 FYE June 2016



Per Segment by Medical Division (by Geography - 2)

(Mil. Yen)

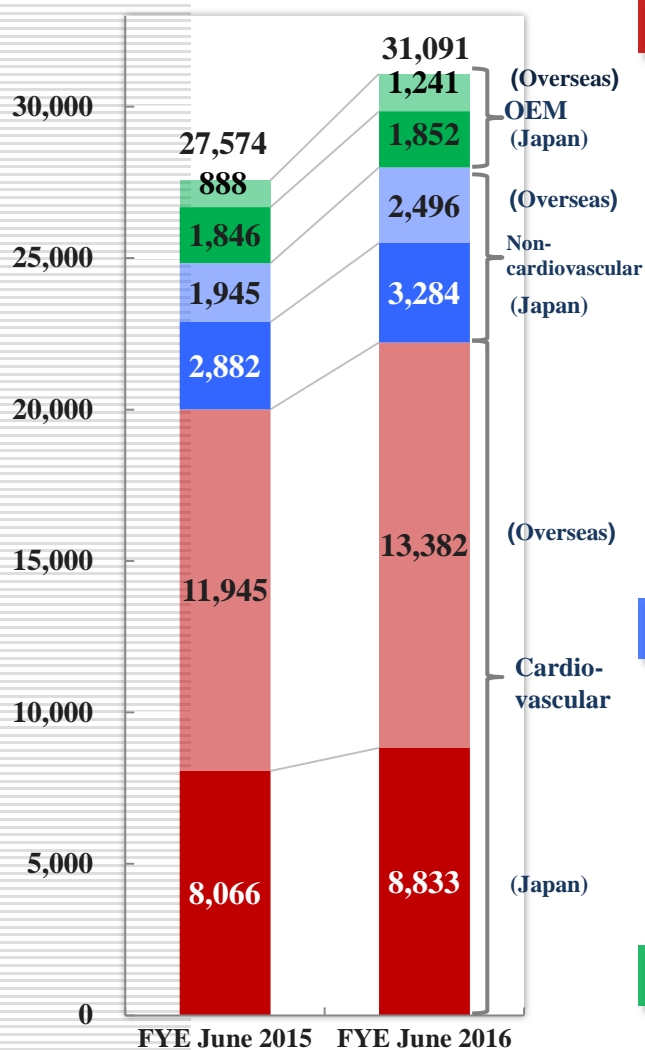
	FYE June 2015	FYE June 2016	YoY	
			Changes	Changes (%)
(Exchange rate: USD→Yen)	115.59 yen	116.69 yen	+1.10 yen	+1.0
Net sales	27,574	31,091	+3,516	+12.8
Japan	12,794	13,970	+1,176	+9.2
Overseas	14,780	17,120	+2,340	+15.8
US	4,684	6,096	+1,412	+30.2
EU/Middle East	5,530	6,272	+742	+13.4
China	2,127	1,734	-393	-18.5
Other	2,438	3,016	+578	+23.7
Operating income	8,275	10,149	+1,874	+22.6



Per Segment by Medical Division (by Treatment - 1)

【Net Sales (YoY)】

(Mil. Yen)



Cardiovascular

- **Japan:** In addition to existing products, new products also progressed well
 - PTCA GW: SION Series mainly showed good results
 - Penetration Catheter: Favorable growth of all-purpose “Caravel”
 - PTCA Guiding Catheter: Increased share based on “Hyperion”
- **Overseas:** PTCA GW and Penetration Catheter mainly showed good results
 - PTCA GW: Increased sales in US ,EU/Middle East and Asia
 - Penetration Catheter “Corsair”: Increased sales in US ,EU/Middle East and Asia
 - Cardiovascular products in Chinese market: Temporary decrease due to inventory adjustments associated with switch to multiple agent system starting from the next fiscal period

Non-cardiovascular

- **Japan:** Good progress of Peripheral vascular, Abdominal vascular, and Neurovascular products
- **Overseas:** Increases based on switch to direct sales of Peripheral Guide Wire in July 2015 in the US

OEM

- **Japan:** Flattening out
- **Overseas:** : Started full supply of FFR guide wire for cardiovascular diagnosis



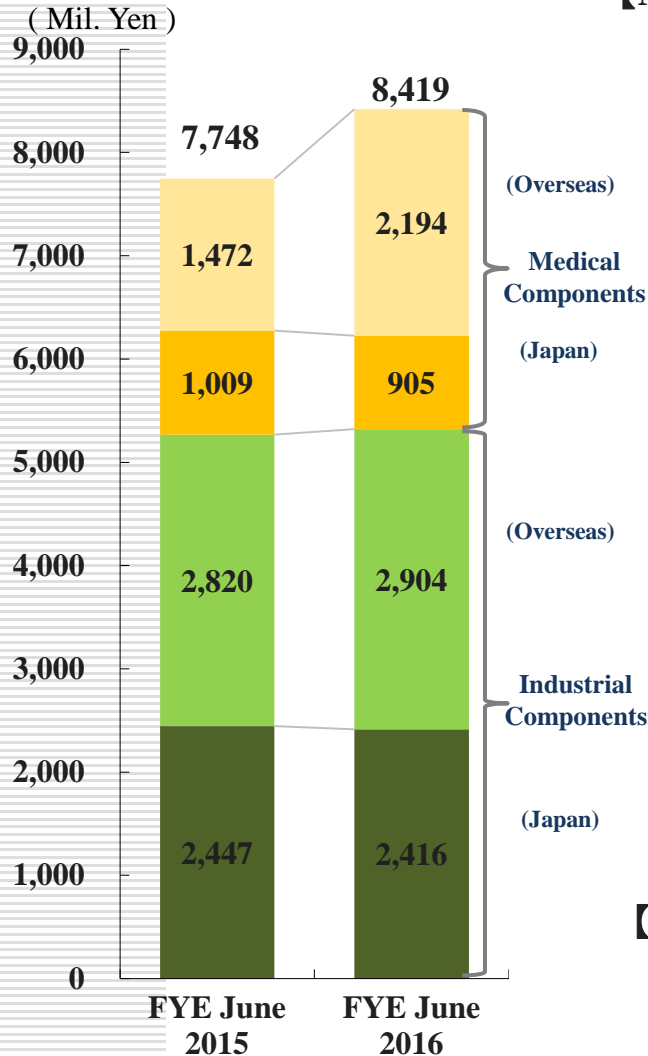
Per Segment by Medical Division (by Treatment - 2)

(Mil. Yen)

	FYE June 2015	FYE June 2016	YoY	
			Changes	Changes (%)
(Exchange rate: USD→Yen)	115.59 yen	116.69 yen	+1.10 yen	+1.0
Net sales	27,574	31,091	+3,516	+12.8
Japan	12,794	13,970	+1,176	+9.2
Overseas	14,780	17,120	+2,340	+15.8
Cardiovascular	20,011	22,216	+2,204	+11.0
Japan	8,066	8,833	+767	+9.5
Overseas	11,945	13,382	+1,436	+12.0
Non-cardiovascular	4,827	5,780	+952	+19.7
Japan	2,882	3,284	+402	+14.0
Overseas	1,945	2,496	+550	+28.3
OEM	2,735	3,094	+359	+13.1
Japan	1,846	1,852	+6	+0.4
Overseas	888	1,241	+352	+39.7



Per Segment by Device Division - 1



【Net Sales (YoY)】

Medical Components

- **Japan:**
Endoscope related components decreased due to client's overseas transfer
- **Overseas:**
Endoscope related components increased due to client's overseas transfer
Increase of Cardiovascular inspection catheter components and abdominal vascular catheter components for US market

Industrial Components

- **Japan:** Orders decreased in leisure market
- **Overseas:** Increase of shoe wire for BOA Technology Inc. ,etc.



【Operating Income】

- Sales increases to outside customers and segment sales increases contributed to profit growth



Per Segment by Device Division - 2

	FYE June 2015	FYE June 2016	YoY	
			Changes	Changes (%)
(Exchange rate: USD→YEN)	115.59 yen	116.69 yen	+1.10 yen	+1.0
Net sales	7,748	8,419	+671	+8.7
Japan	3,456	3,321	-134	-3.9
Overseas	4,292	5,098	+805	+18.8
Medical Components	2,481	3,099	+617	+24.9
Japan	1,009	905	-104	-10.3
Overseas	1,472	2,194	+721	+49.0
Industrial Components	5,267	5,320	+53	+1.0
Japan	2,447	2,416	-30	-1.3
Overseas	2,820	2,904	+84	+3.0
Operating income	1,709	2,107	+397	+23.2
(Reference) Segment Sales	1,748	1,986	+238	+13.6

(Mil. Yen)



Reference: P/L

	FYE June 2015		FYE June 2016			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Net sales	35,323	100.0	39,511	100.0	+4,187	Both divisions progressed favorably
Cost of sales	13,112	37.1	13,595	34.4	+483	
Gross profit	22,211	62.9	25,915	65.6	+3,704	Along with brisk sales growth
SGA	14,234	40.3	15,913	40.3	+1,678	R&D and Sales Related expenses increased
Operating income	7,976	22.6	10,002	25.3	+2,026	
Non-operating income	523	1.5	217	0.6	-306	Currency exchange gain decreased -348 Mil. Yen
Non-operating expense	100	0.3	699	1.8	+598	Currency exchange loss increased +614 Mil. Yen
Ordinary income	8,399	23.8	9,521	24.1	+1,122	
Extraordinary gain	0	0.0	0	0.0	0	
Extraordinary loss	40	0.1	309	0.8	+269	Payment of special merit bonus +300 Mil. Yen
Net income	5,828	16.5	6,907*	17.5	+1,078	
Comprehensive income	7,940	22.5	4,126	10.4	-3,814	Foreign currency translation adjustment decreased -4,669 Mil. Yen

* : Net income for FYE June 2016 is net income attributable to parent company shareholders.

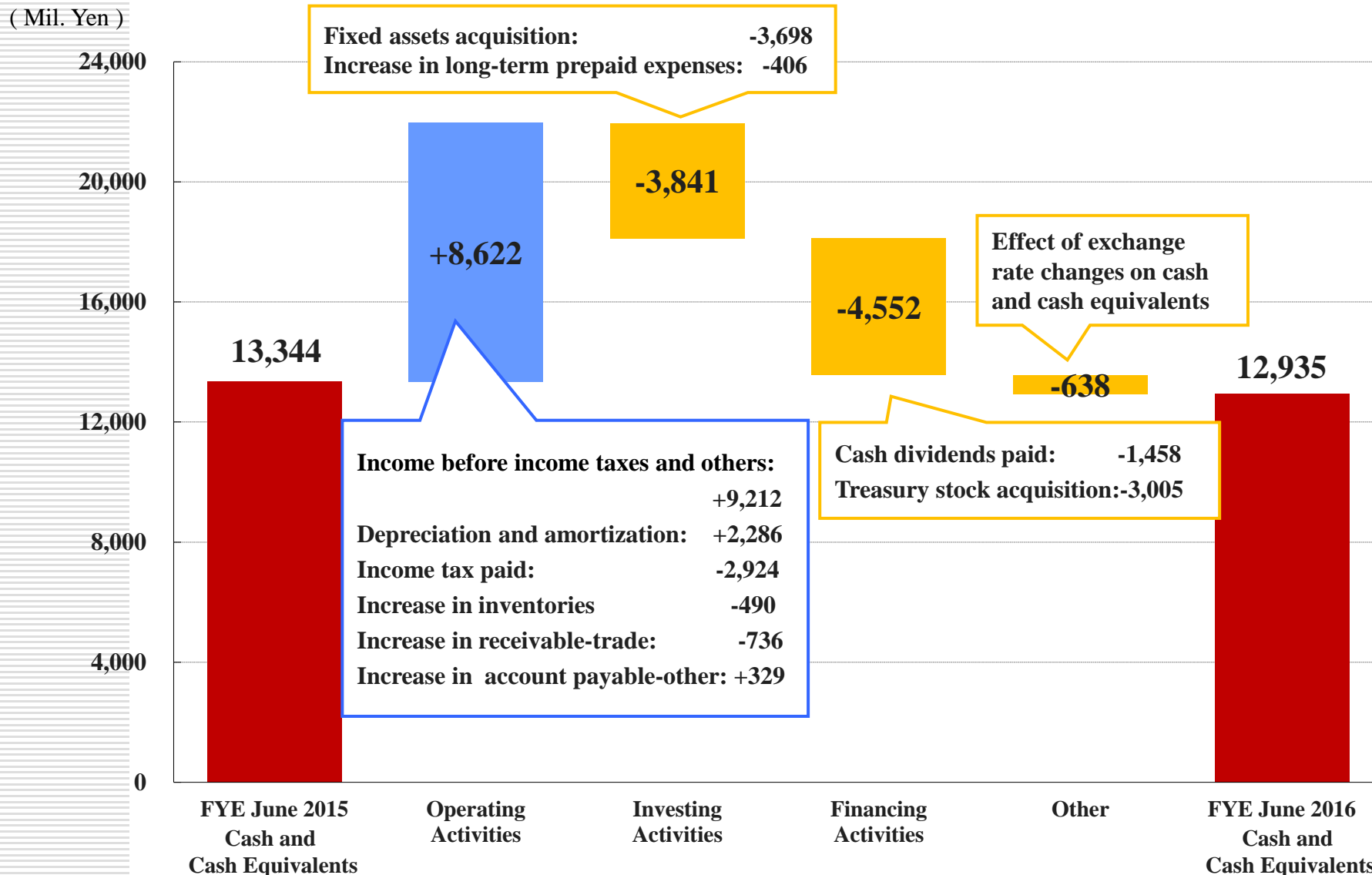


Reference: B/S

		FYE June 2015		FYE June 2016			
		Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Assets	Current assets	31,423	61.6	30,351	60.4	-1,071	Cash and deposit: -408 Inventory assets: -531
	Fixed assets	19,625	38.4	19,934	39.6	+308	Investments and other assets: +271 Land: +209 Long term deferred tax assets: -124
Total assets		51,049	100.0	50,286	100.0	-763	
Liabilities	Current liabilities	10,595	20.8	9,377	18.6	-1,218	Short-term debt: -853 Accrued corporation tax: -538
	Fixed liabilities	7,861	15.4	8,645	17.2	+784	Long-term debt: +623 Long term deferred tax liability: -206 Allowance for retirement benefits for directors: +300
Total liabilities		18,457	36.2	18,022	35.8	-434	
Total net assets		32,592	63.8	32,263	64.2	-328	Retained earnings: +5,450 Treasury stock: -3,005 Foreign currency translation adjustment: -2,727
Total liabilities & net assets		51,049	100.0	50,286	100.0	-763	



Reference: C/F





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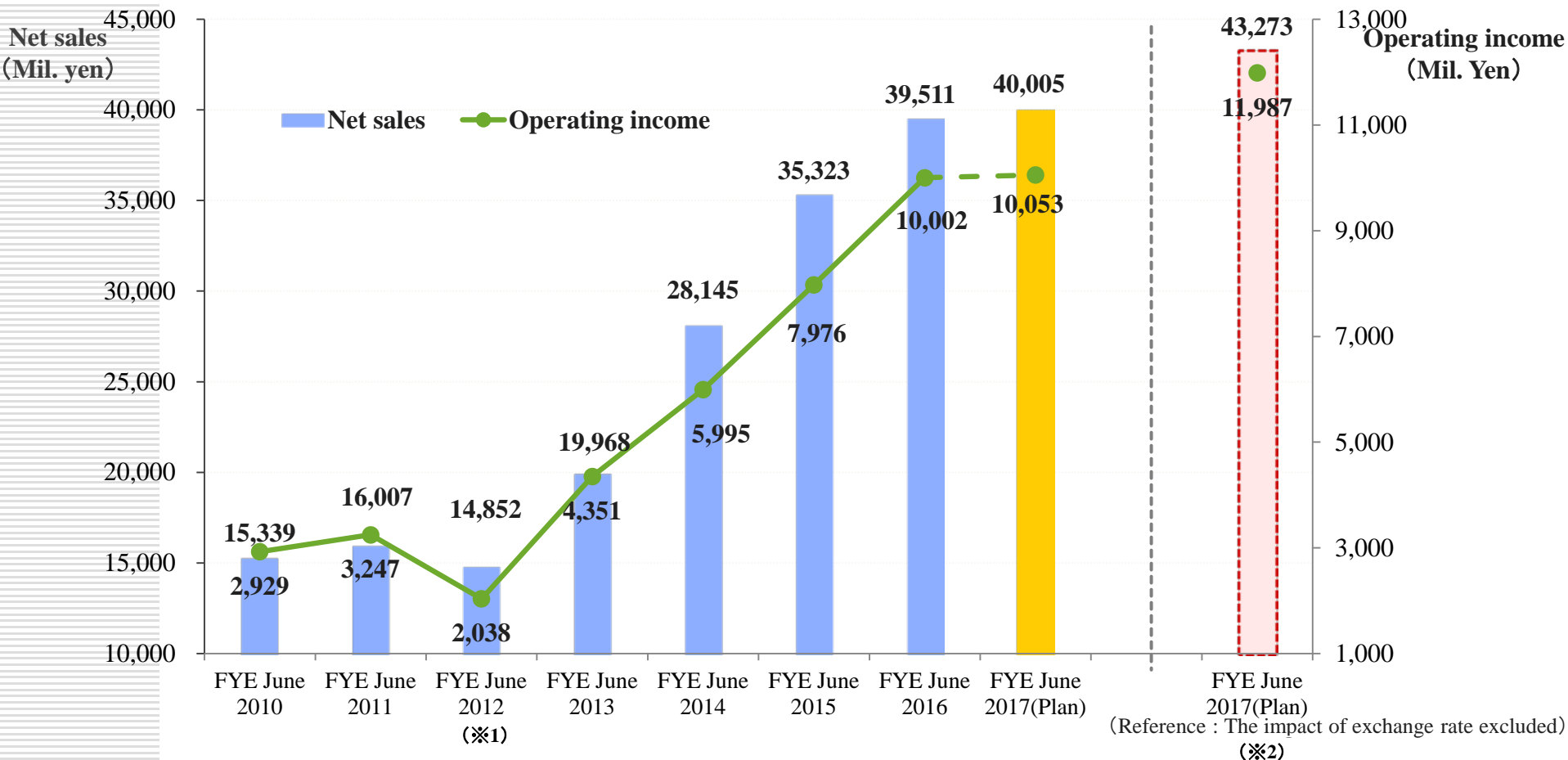
**1. Summary of Consolidated Financial Results for FYE
June 2016**

2. Earnings Forecast for FYE June 2017



Mid-Term Management Plan: Profit Goals to FYE June 2017

Although demand continues to increase, net sales increase slightly as there are significantly negative impacts from the exchange rate



(※1) In FYE June 2012, a temporary decrease of sales and profit occurred due to reduced production. The reason for such was that our main factory of our consolidated subsidiary company, Asahi Intecc Thailand was forced to suspend operations temporarily when flooding hit Thailand at that time.

(※2) The net sale and operating income are the figure if the exchange rate in 2017 is as same as in 2016



Vision for FYE June 2017

Despite external factors such as a strong yen exchange rate and medical reimbursement prices reductions contributing to decreased income, Asahi Intecc has secured flat operating income in line with the expansion of overseas sales in its Medical Division and other factors.

- Although demand continues to increase, net sales is forecast to be 40,005 Mil. Yen (YoY +1.2%) as there are significant impacts from the exchange rate.

- PTCA GW : Further expansion of market share in all areas.
- New product in Japan market launched in the previous fiscal period : Growth of Penetration Catheter “Sasuke”
- Launch of all-purpose Penetration Catheter “Caravel” in US, EU/Middle East, and Asia market
- Increased share due to the change in sales strategy (multiple agent system) in Chinese cardiovascular market

- Influences of reimbursement prices reductions (-532 Mil. Yen)
- Negative impact of the exchange rate (-3,268 Mil. Yen)

- Secured flat operating income with increased sales despite with sales costs and other fees in addition to the impact of the exchange rate.

- Operating income 10,053 Mil. Yen (YoY+0.5 %)
 - Increased R&D expenses (YoY+ 226 Mil. Yen, Sales ratio 10.3 %)
 - Increased personnel and related expenses to strengthen sales and marketing activities mainly in overseas markets
 - Impact of the exchange rate (-1,934 Mil. Yen)

- Ordinary income 9,996 Mil. Yen (YoY+5.0%)

- Net income attributable to parent company shareholders 6,928 Mil. Yen (YoY+0.3 %)

Assumed Exchange Rate	(Unit : JPY)			
FYE June 2016	US \$	116.59	BAHT	3.27
	EURO	129.55	CNY	18.03
FYE June 2017 (Plan)	US \$	100.00	BAHT	2.95
	EURO	115.00	CNY	15.00

Effect of exchange rate on operating income (Main currency)

US \$ (+ 1 yen influence) : approx. 96 Mil. Yen Increase
 BAHT(+0.1 yen influence) : approx. 159 Mil. Yen Decrease
 EURO (+ 1 yen influence) : approx. 40 Mil. Yen Increase
 CNY (+ 1 yen influence) : approx. 79 Mil. Yen Increase



Earnings Forecast for FYE June 2017

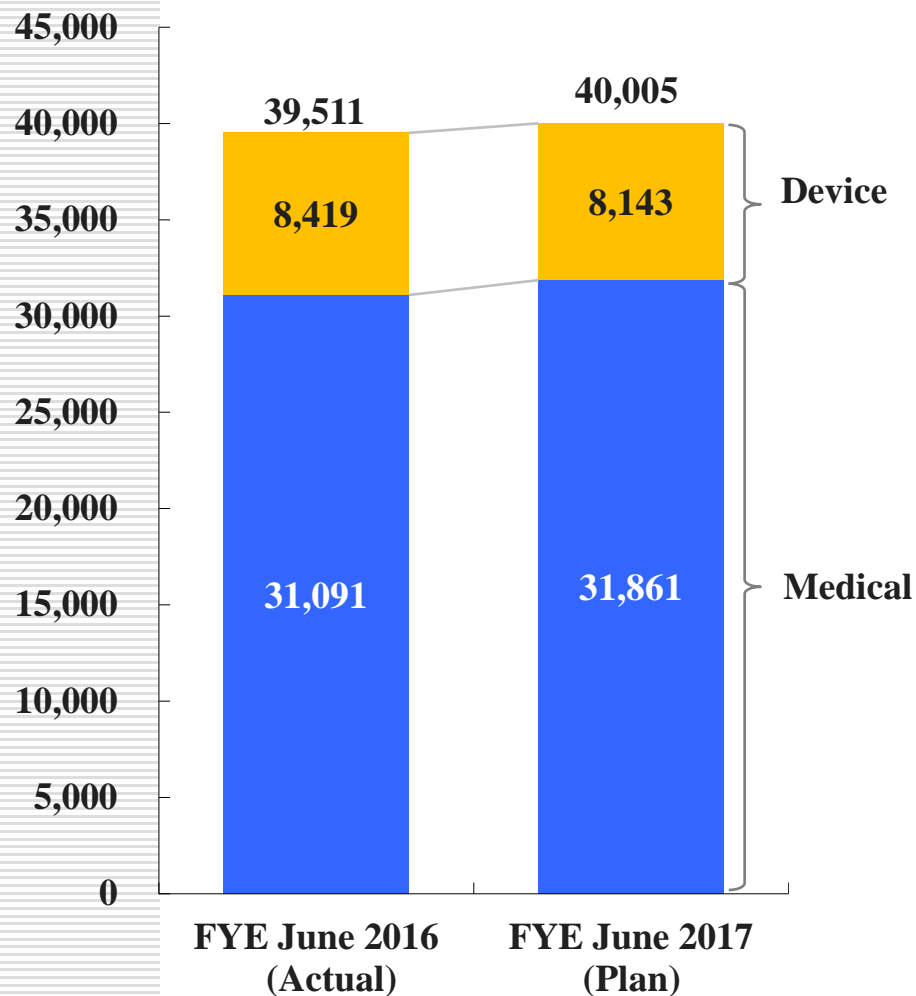
	FYE June 2016 (Actual)		FYE June 2017 (Plan)			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	YoY	
					Changes (Mil. Yen)	Changes (%)
Net sales	39,511	100.0	40,005	100.0	+493	+1.2
Gross profit	25,915	65.6	26,061	65.1	+145	+0.6
Operating income	10,002	25.3	10,053	25.1	+50	+0.5
Ordinary income	9,521	24.1	9,996	25.0	+475	+5.0
Net income attributable to parent company shareholders	6,907	17.5	6,928	17.3	+21	+0.3
EPS	109.24 yen	-	109.56 yen	-	+0.32 yen	+0.3



Earnings Forecast by Segment Division

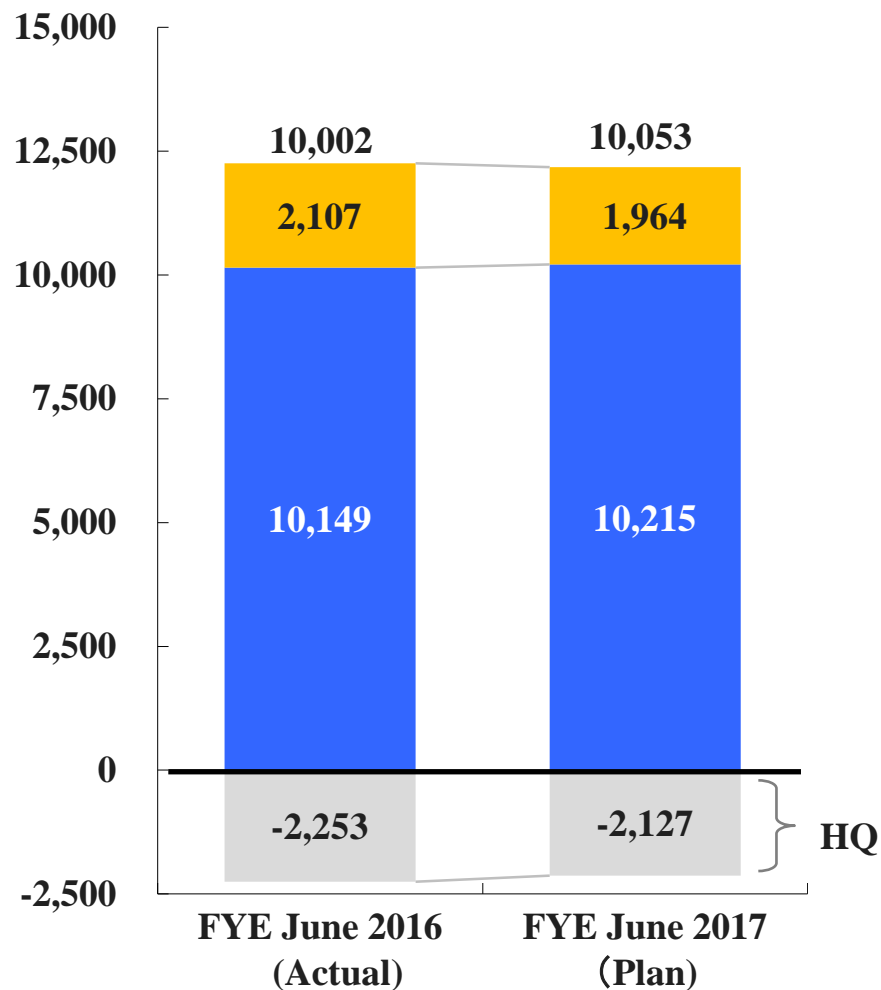
(Mil. Yen)

【 Net Sales 】



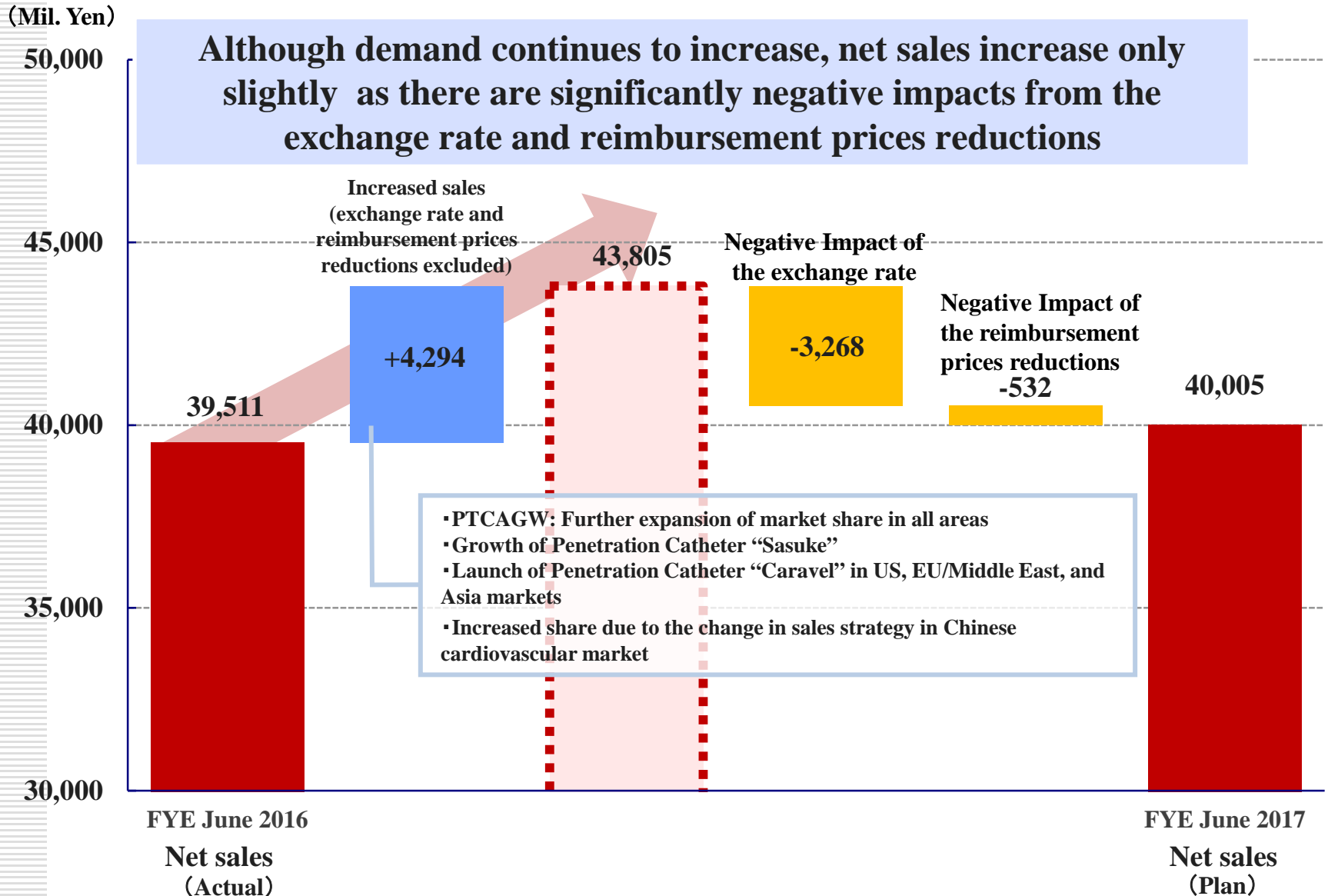
(Mil. Yen)

【 Operating Income 】





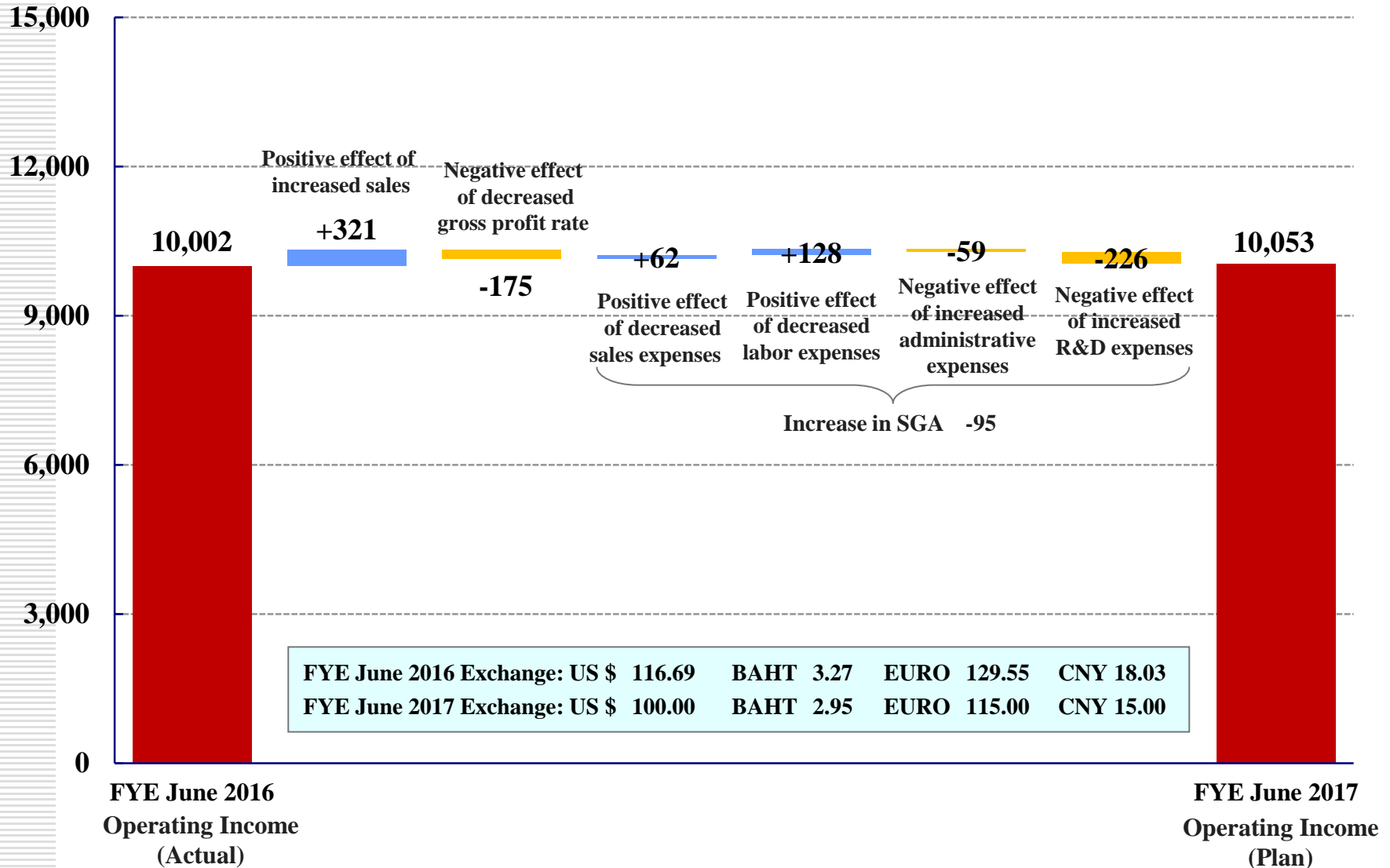
Attribution Analysis of Net Sales (Impact of the exchange rate and reimbursement prices reductions)





Attribution Analysis of Operating Income (Exchange Rate Fluctuations Included)

(Mil. Yen)

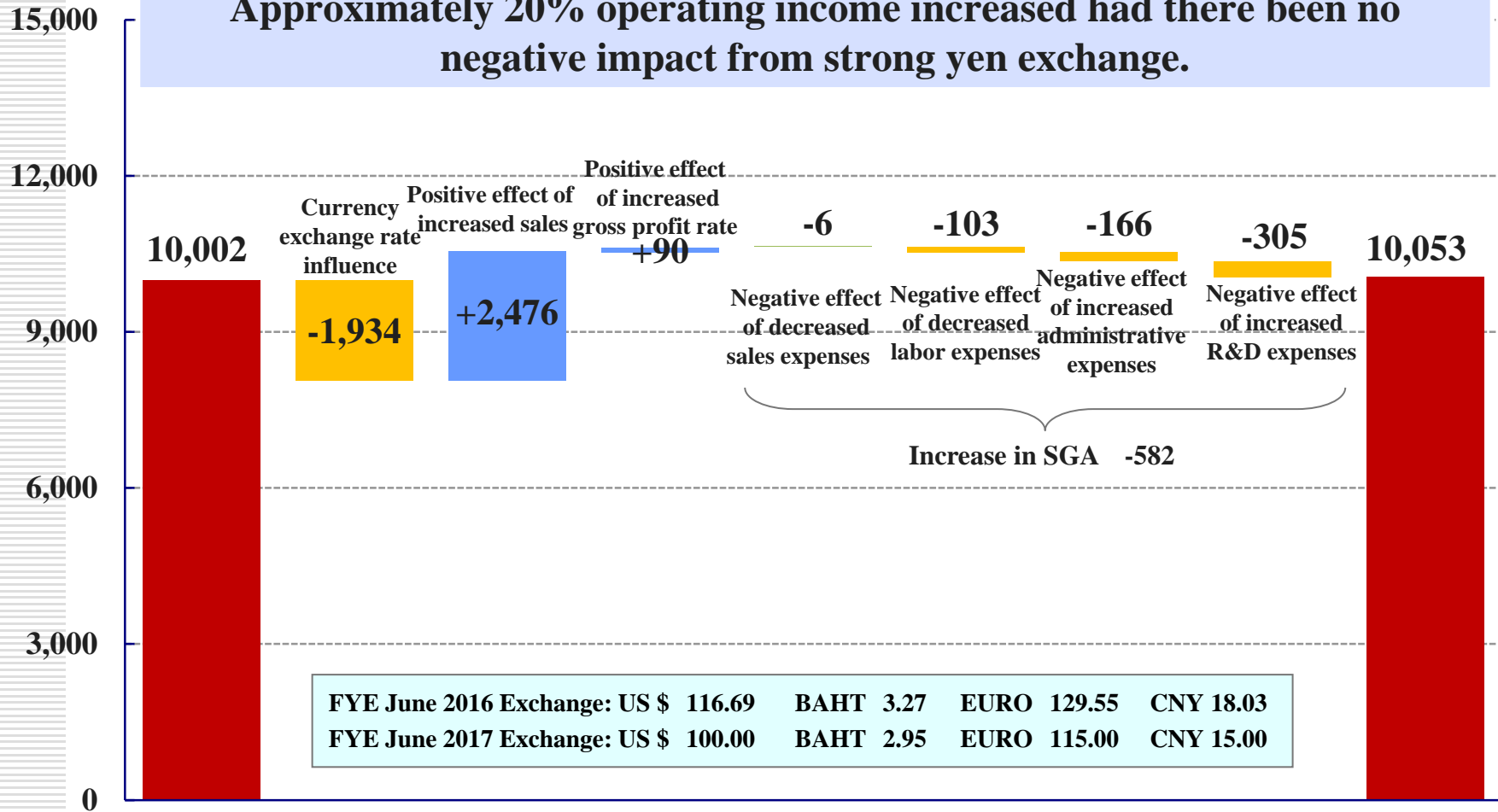




Attribution Analysis of Operating Income – 2 (Exchange Rate Fluctuations Excluded)

(Mil. Yen)

Approximately 20% operating income increased had there been no negative impact from strong yen exchange.



FYE June 2016 Exchange:	US \$ 116.69	BAHT 3.27	EURO 129.55	CNY 18.03
FYE June 2017 Exchange:	US \$ 100.00	BAHT 2.95	EURO 115.00	CNY 15.00

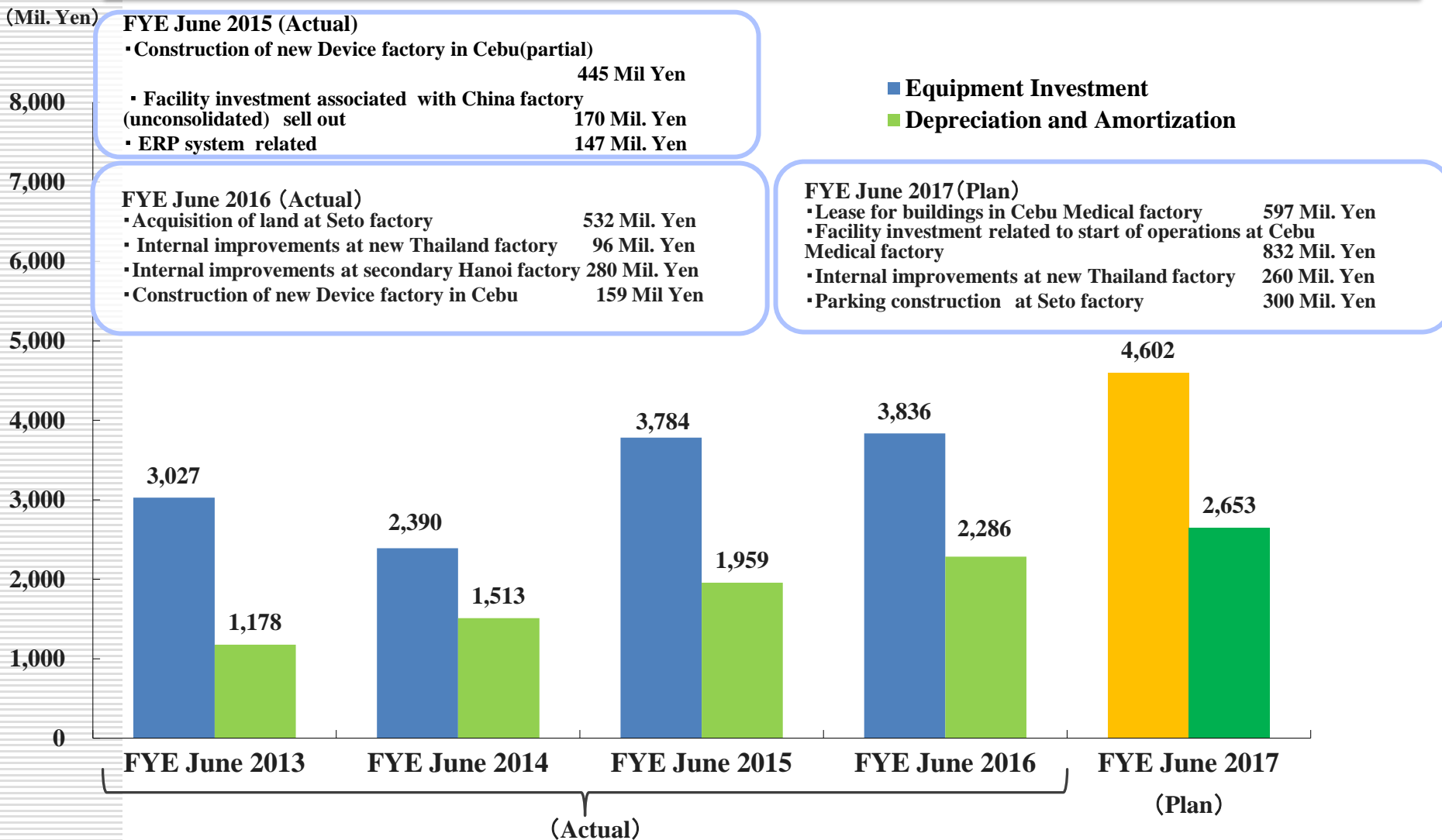
FYE June 2016
Operating Income
(Actual)

FYE June 2017
Operating Income
(Plan)



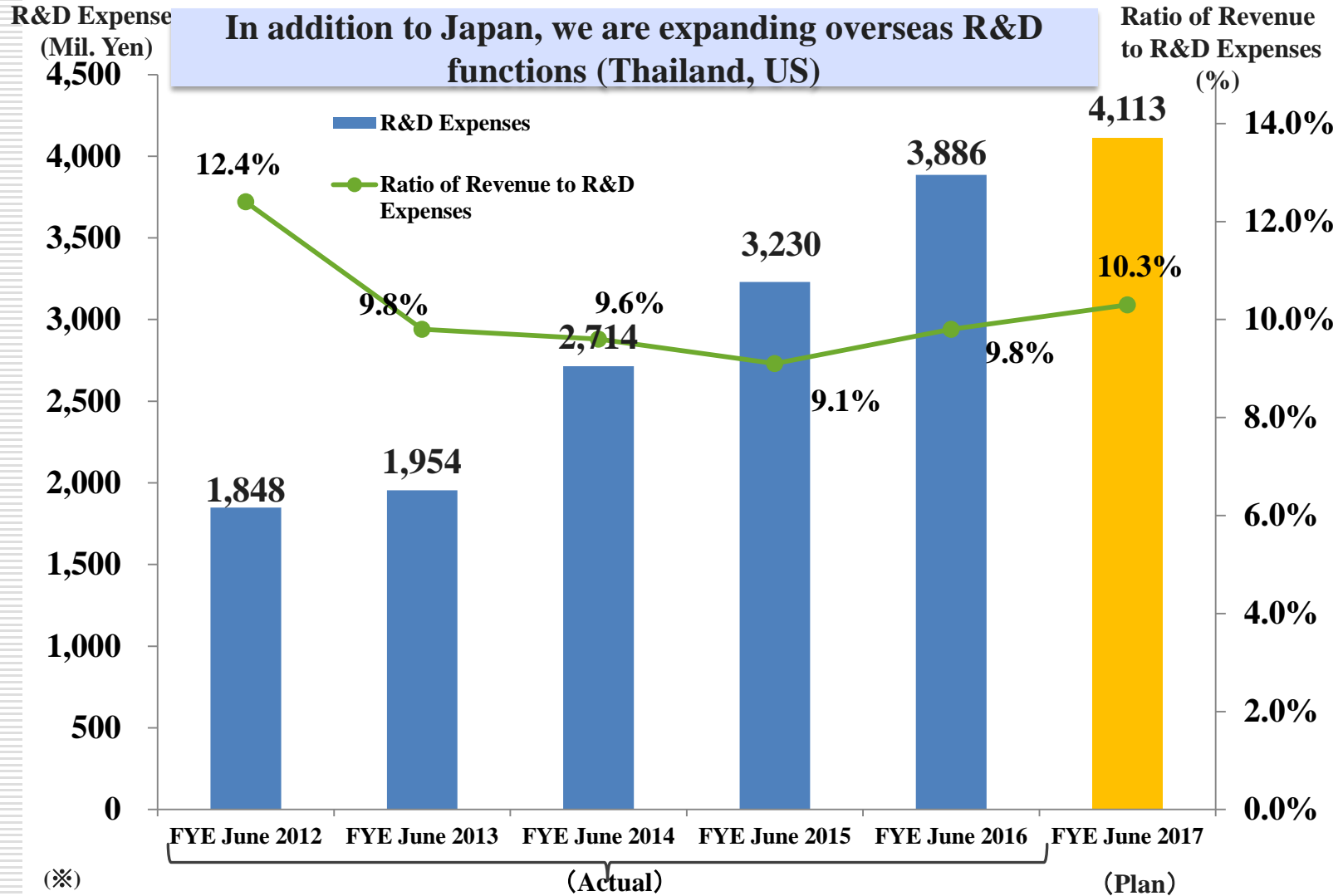
Equipment Installation Actual and Plan

Increased equipment investment mainly for extension work in overseas factories and R&D





R&D Expenses



In FYE June 2012, as a temporal decrease of sales and profit occurred due to reduced production, ratio of revenue to R&D expenses was high temporarily. The reason for such was that our main factory of our consolidated subsidiary company, Asahi Intecc Thailand was forced to suspend operations temporarily when flooding hit Thailand at that time.



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.

【 IR contact 】

Asahi Intecc Co., Ltd. Corporate strategic office

TEL 052-768-1211

URL <http://www.asahi-intecc.co.jp/en/>