



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

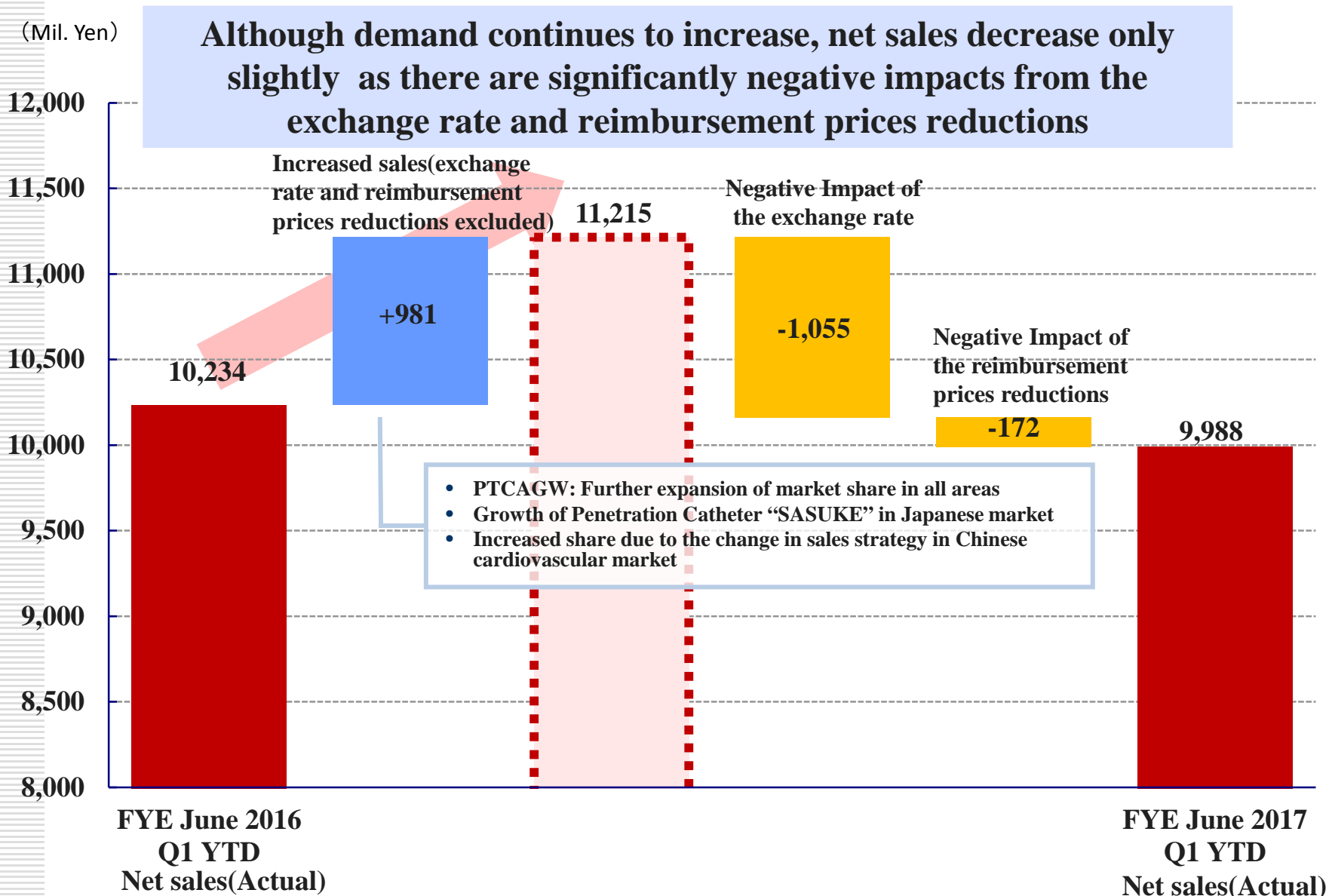
Operating income decreased slightly due to negative impacts of the exchange rate and increased SGA

- **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

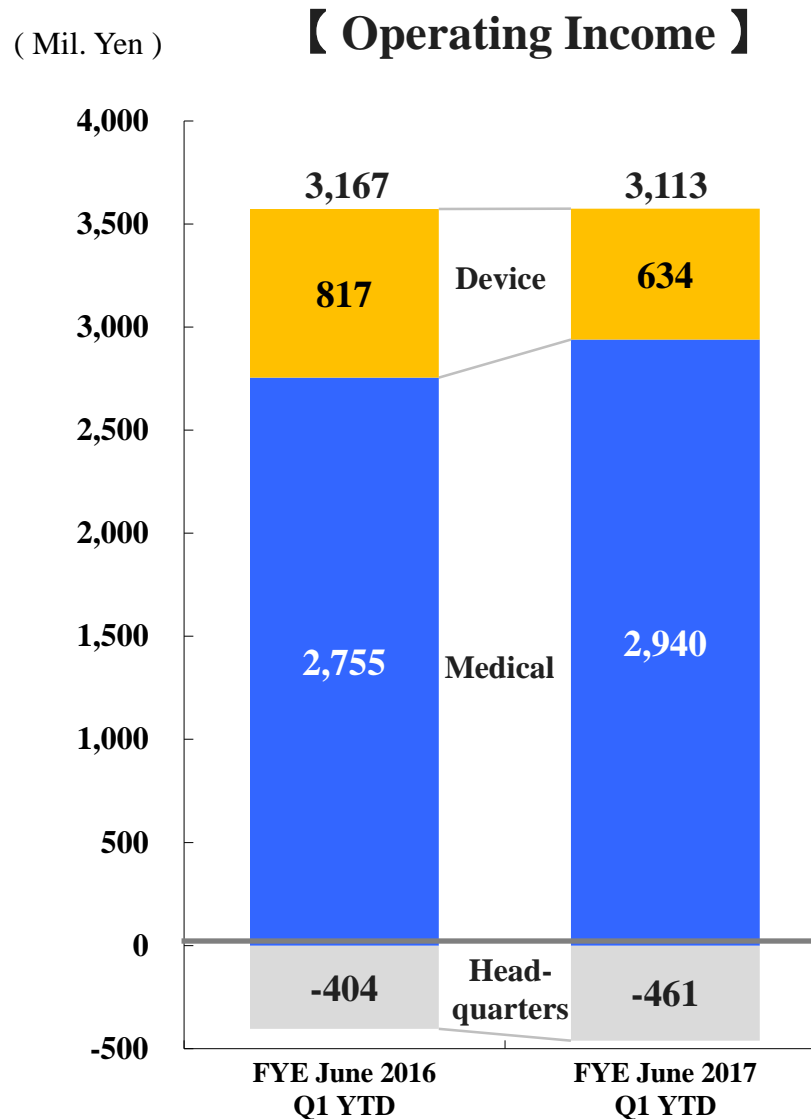
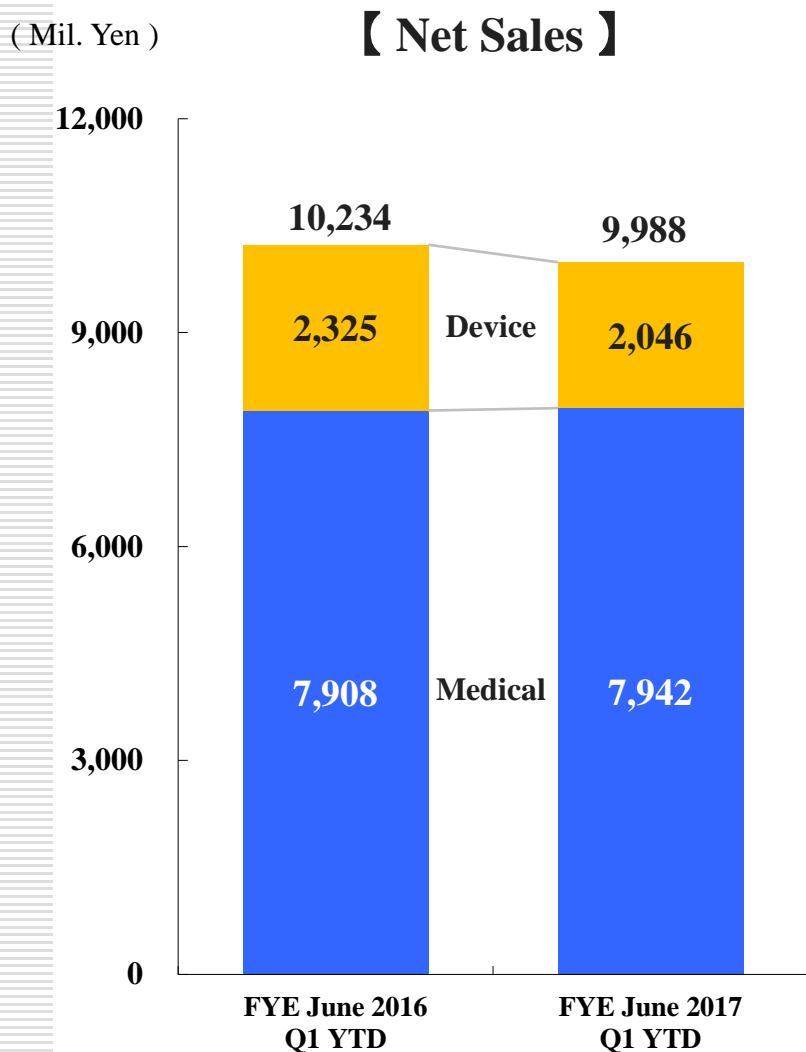


Operating Income by Segment Division

	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

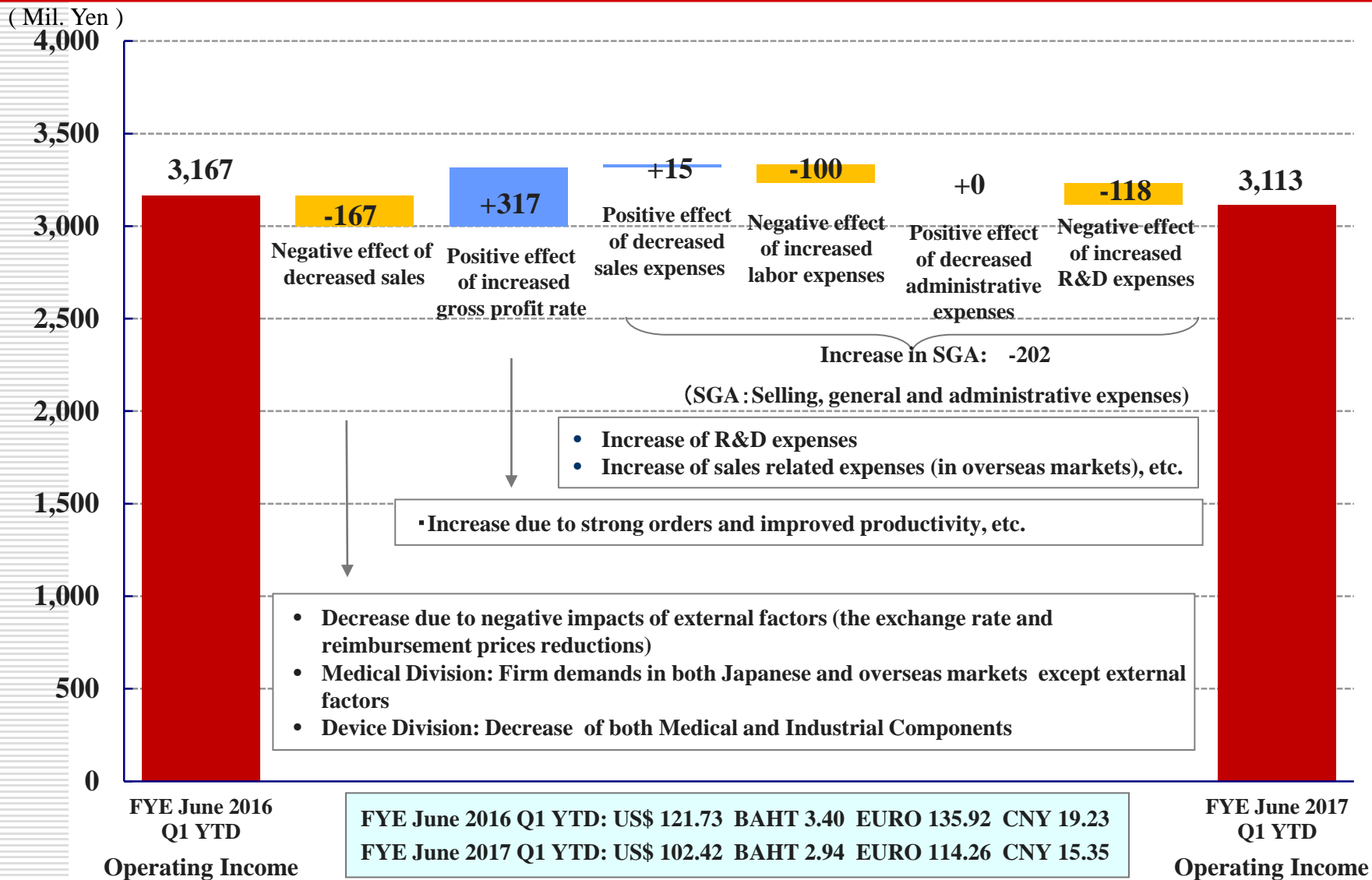


Earnings Performance by Segment Division



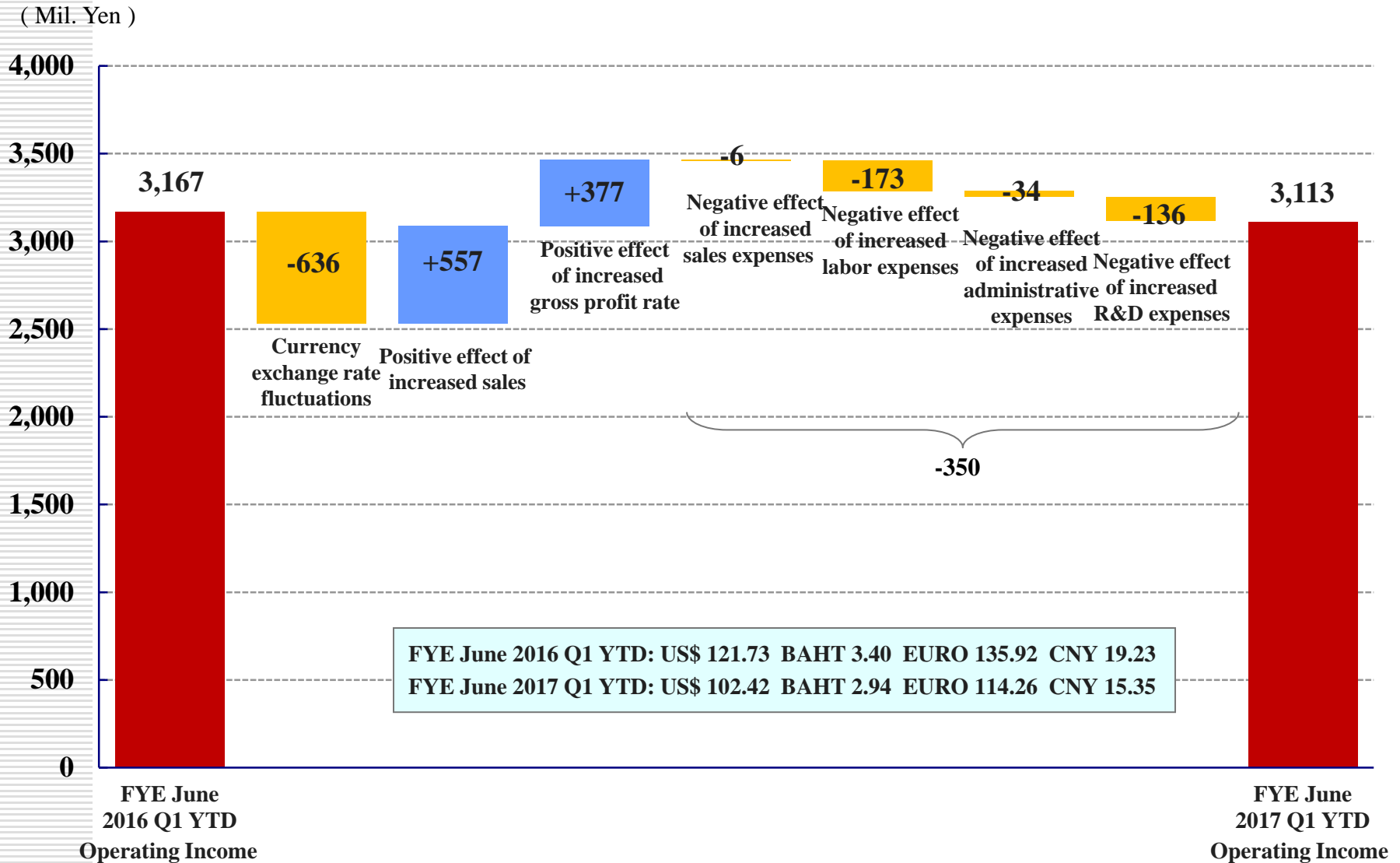


Attribution Analysis of Operating Income – 1 (Exchange Rate Fluctuations Included)





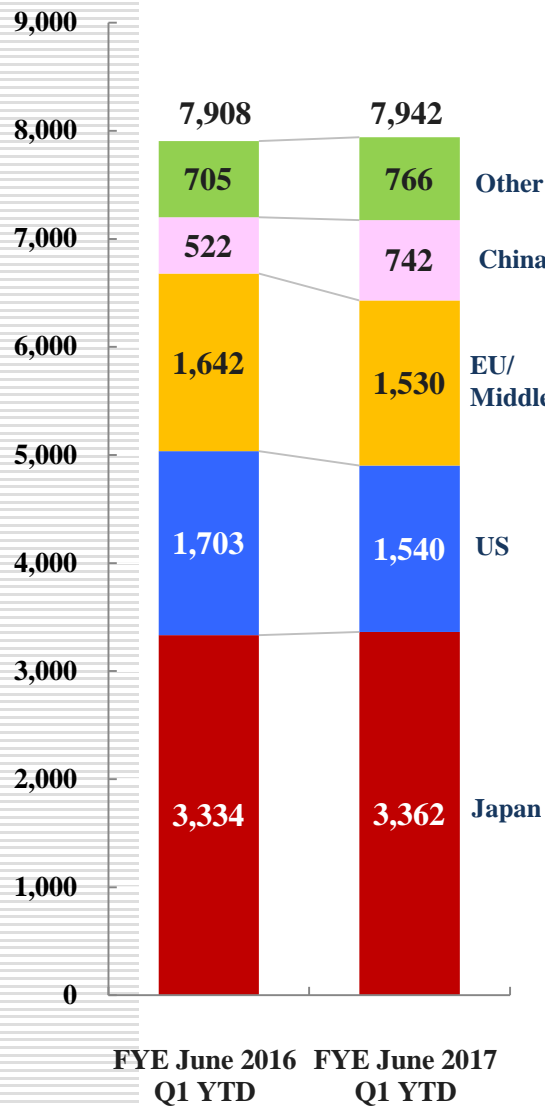
Attribution Analysis of Operating Income – 2 (Exchange Rate Fluctuations Excluded)





Per Segment by Medical Division (by Geography - 1)

(Mil. Yen)



【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

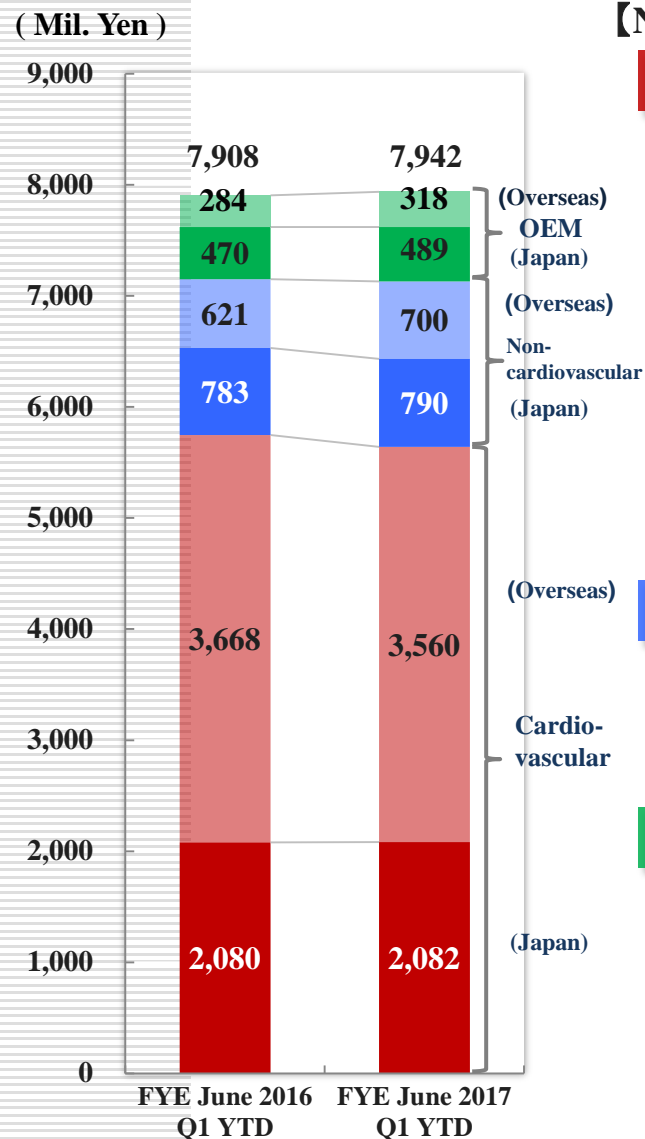
- **Japan:** Slight increases due to new products impacts despite reimbursement price reductions
 - PTCA GW: Slight increases based on SION Series
 - Penetration Catheter: : Favorable growth of new product “SASUKE”
 - Negative impact of reimbursement prices reductions (-172 Mil. Yen)
- **Overseas:** 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)

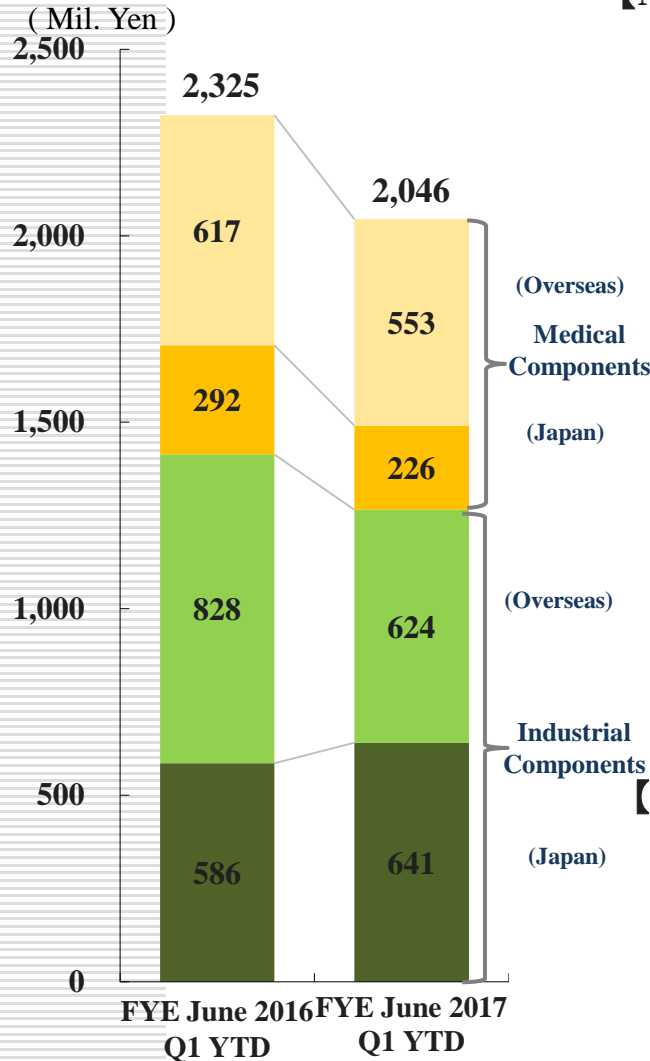
		FYE June 2016 Q1 YTD	FYE June 2017 Q1 YTD	YoY	
				Changes	Changes (%)
Exchange rate	USD	121.73 yen	102.42 yen	-19.31 yen	-15.9
	EURO	135.92 yen	114.26 yen	-21.66 yen	-15.9
	CNY	19.23 yen	15.35 yen	-3.88 yen	-20.2
Net sales		7,908	7,942	+33	+0.4
	Japan	3,334	3,362	+28	+0.8
	Overseas	4,574	4,579	+5	+0.1
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	634	-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

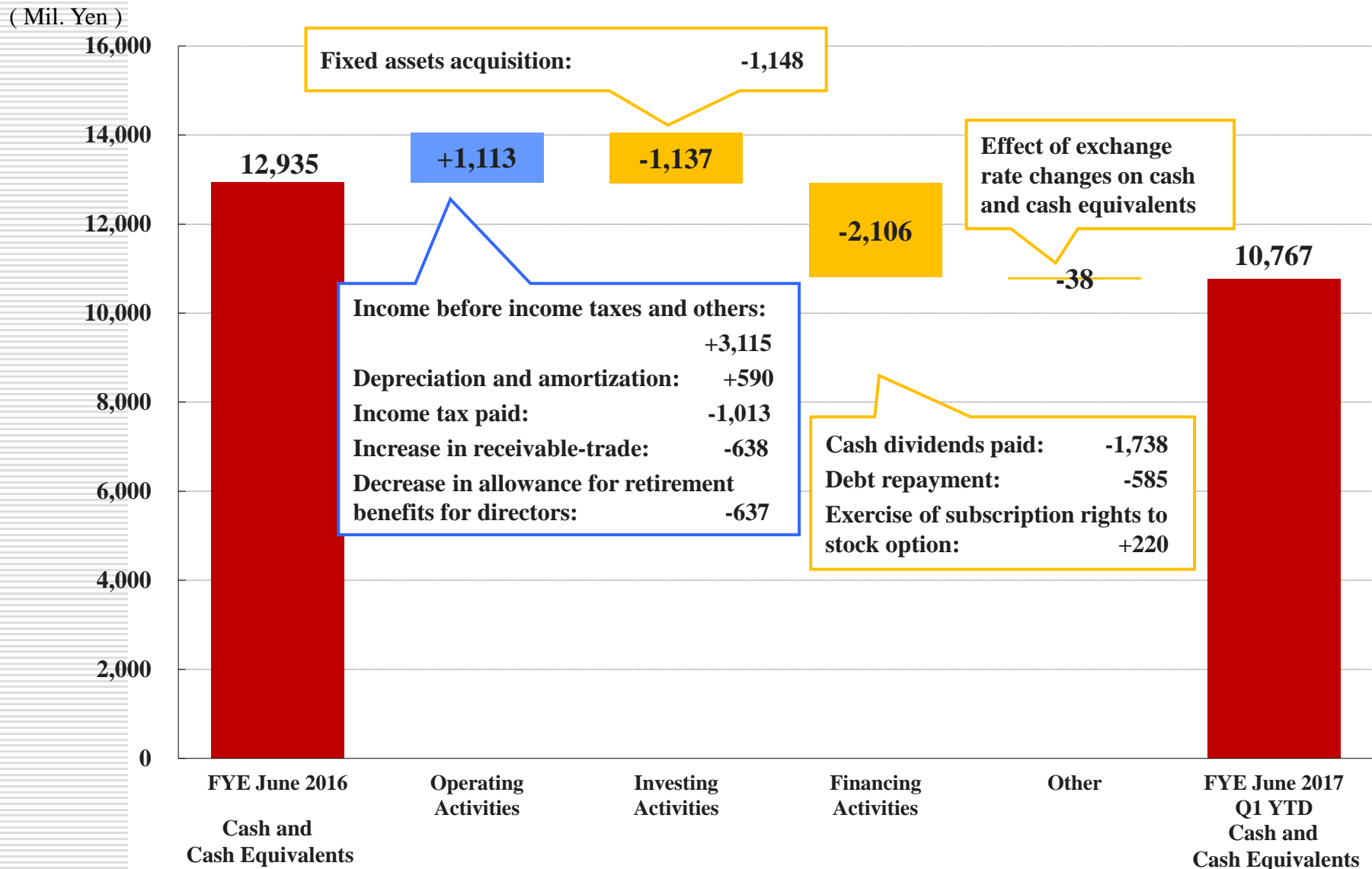


Reference: B/S

		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.

【 IR contact 】

Asahi Intecc Co., Ltd. Corporate strategic office

TEL 052-768-1211

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