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# **Financial Results of the 2nd Quarter for Fiscal Year ending June 2017**

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**February 10, 2017**

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



# FYE June 2017 Q2 YTD Main Points-1

**Net Sales 20,403 Mil. Yen <Year-on-year +2.3%>**

**~Net sales increase strongly mainly in overseas markets in Medical Division despite negative impacts of external factors (the exchange rate and reimbursement prices reductions)~**

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

◆ **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 end of the previous fiscal year
- Volume increases of Peripheral vascular, Abdominal vascular, and Neurovascular products in non-cardiovascular segments.
- Negative impacts of reimbursement prices reductions (-367 Mil. Yen)

Overseas

- Volume increases of PTCA GW and Penetration Catheter in cardiovascular segments
- Increasing tendency in Chinese market due to the current change in sales strategy
- Good progress of peripheral vascular products in the US in non-cardiovascular segments
- Negative impacts of the exchange rate (-1,432 Mil. Yen)

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

- ◆ Decrease of the Medical Components due to negative impacts of the exchange rate despite increase of peripheral vascular system therapeutic catheter components in the US
- ◆ Decreased orders for US leisure market in the Industrial Components



## FYE June 2017 Q2 YTD Main Points-2

While R&D expenses and Sales related expenses increased, positive sales growth and increase of gross profit ratio contributed to profit performance

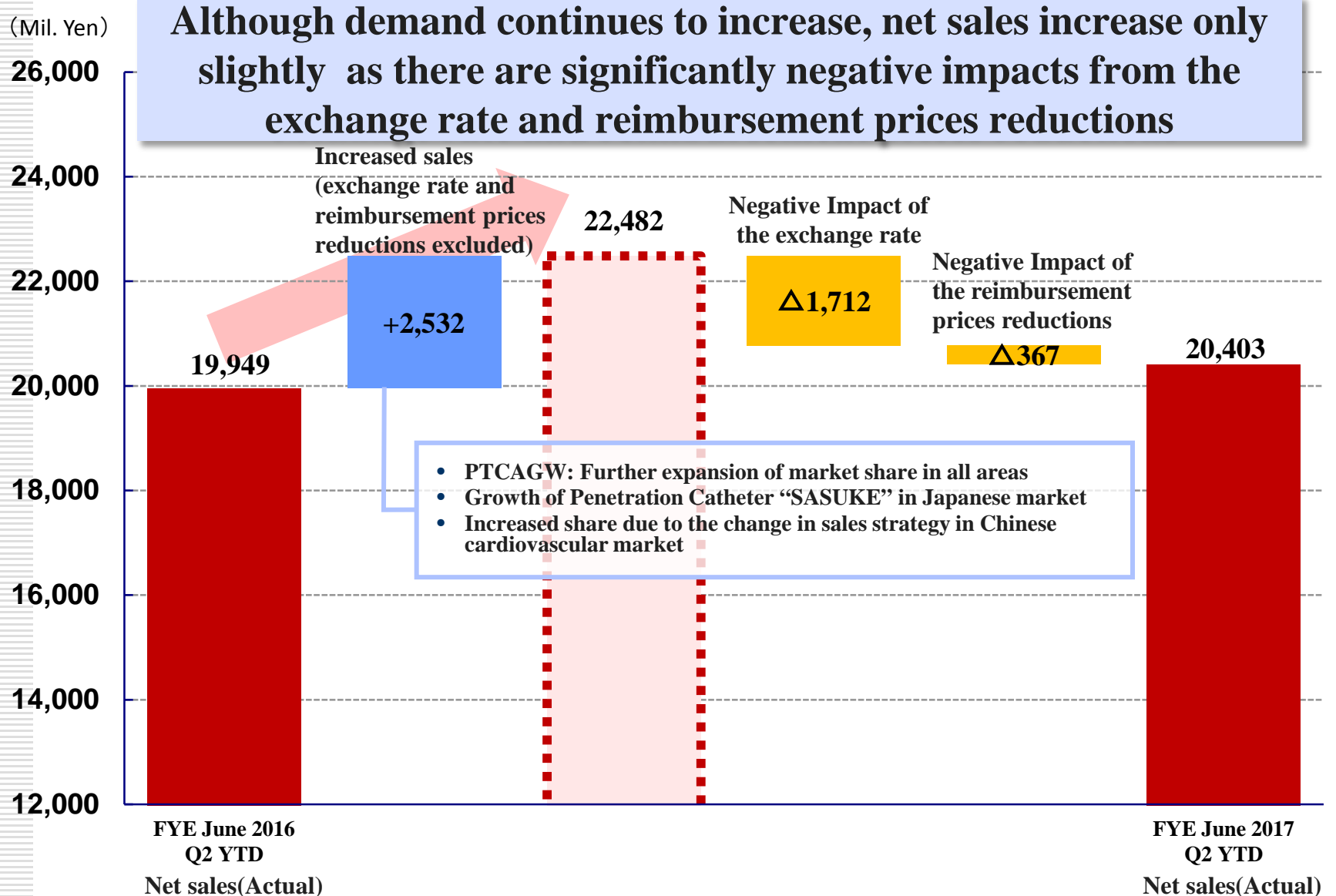
- **Gross profit 13,645 Mil. Yen < YoY +5.0% >**
  - Increased gross profit in proportion to sales increase
  - Increase of gross profit ratio due to strong orders and improved productivity, etc.
- **Operating income 5,884 Mil. Yen < YoY +3.4% >**
  - Increased R&D expenses (1,929Mil. Yen) (YoY +202 Mil. Yen, Sales ratio 9.5%)
  - Increased sales related expenses to strengthen sales and marketing activities in overseas markets
- **Ordinary income 6,187 Mil. Yen < YoY +8.3% >**
  - Increased currency exchange gain (YoY +315 Mil. Yen)
  - Decreased gain from sale of fixed asset ( Selling the land of a subsidiary) (YoY -119 Mil. Yen)
- **Net income attributable to parent company shareholders 4,245 Mil. Yen < YoY +4.2% >**
  - Increase of loss on revaluation of investments in securities 146 Mil. Yen

Exchange rate (Unit: JPY)	US \$	BAHT	EURO	CNY
FYE June 2016 Q2 YTD	121.59	3.39	134.42	19.03
FYE June 2017 Q2 YTD	105.76	3.01	115.98	15.65



## Attribution Analysis of Net Sales

(Impact of the exchange rate and reimbursement prices reductions )





# Highlights

	FYE June 2016 Q2YTD		FYE June 2017 Q2YTD						
	Amount (Mil. Yen)	Ratio (%)	Initial plan Aug. 10, 2016	Amount (Mil. Yen)	Ratio (%)	YoY		Compared with initial plan	
						Changes (Mil. Yen)	Changes (%)	Changes (Mil. Yen)	Changes (%)
Net sales	19,949	100.0	19,633	20,403	100.0	+453	+2.3	+769	+3.9
Gross profit	12,994	65.1	12,799	13,645	66.9	+650	+5.0	+845	+6.6
Operating income	5,689	28.5	4,815	5,884	28.8	+194	+3.4	+1,068	+22.2
Ordinary income	5,712	28.6	4,763	6,187	30.3	+474	+8.3	+1,424	+29.9
Net income attributable to parent company shareholders	4,073	20.4	3,322	4,245	20.8	+171	+4.2	+923	+27.8
EPS	64.42 yen	-	52.53 yen	67.01 yen	-	+2.59 yen	+4.0	+14.48 yen	+27.6



## Net Sales by Segment Division

	FYE June 2016 Q2 YTD		FYE June 2017 Q2 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
<b>Medical</b>	<b>15,631</b>	<b>78.4</b>	<b>16,212</b>	<b>79.5</b>	<b>+581</b>	<b>+3.7</b>
<b>Device</b>	<b>4,318</b>	<b>21.6</b>	<b>4,190</b>	<b>20.5</b>	<b>-128</b>	<b>-3.0</b>
<b>Total amount</b>	<b>19,949</b>	<b>100.0</b>	<b>20,403</b>	<b>100.0</b>	<b>+453</b>	<b>+2.3</b>

### (Reference)

<b>Medical field</b>	<b>17,252</b>	<b>86.5</b>	<b>17,766</b>	<b>87.1</b>	<b>+513</b>	<b>+3.0</b>
<b>Industrial field</b>	<b>2,696</b>	<b>13.5</b>	<b>2,636</b>	<b>12.9</b>	<b>-60</b>	<b>-2.2</b>

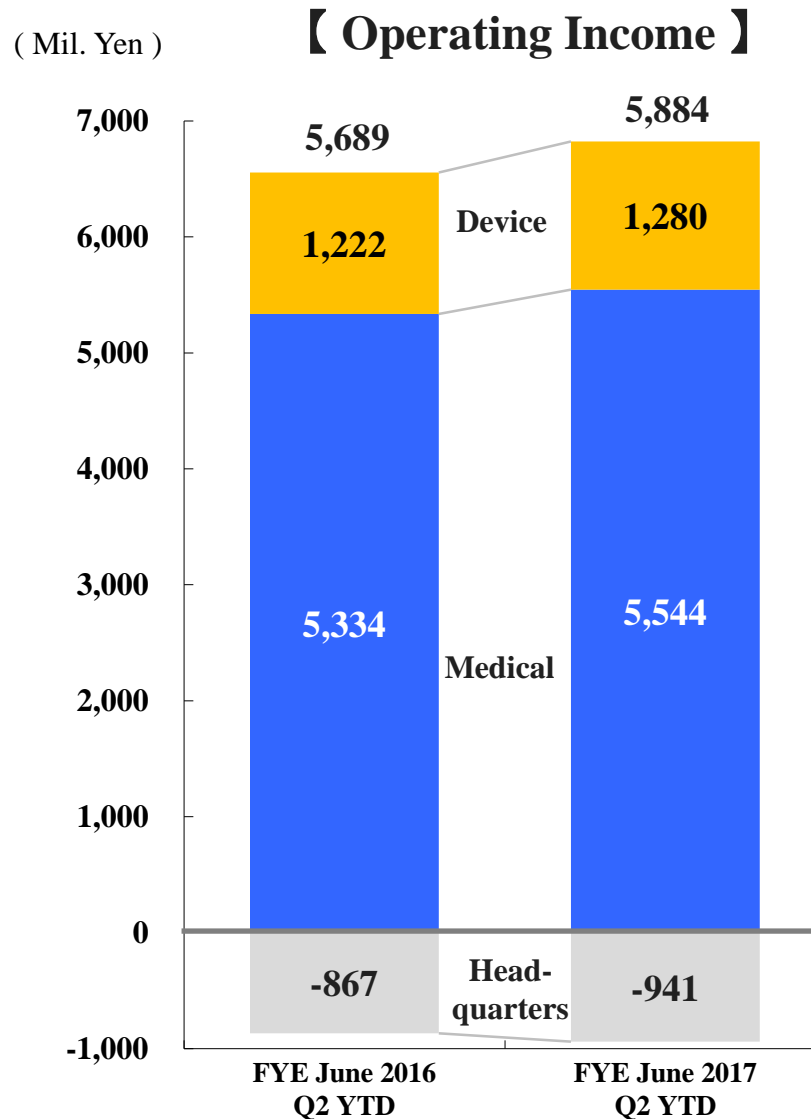
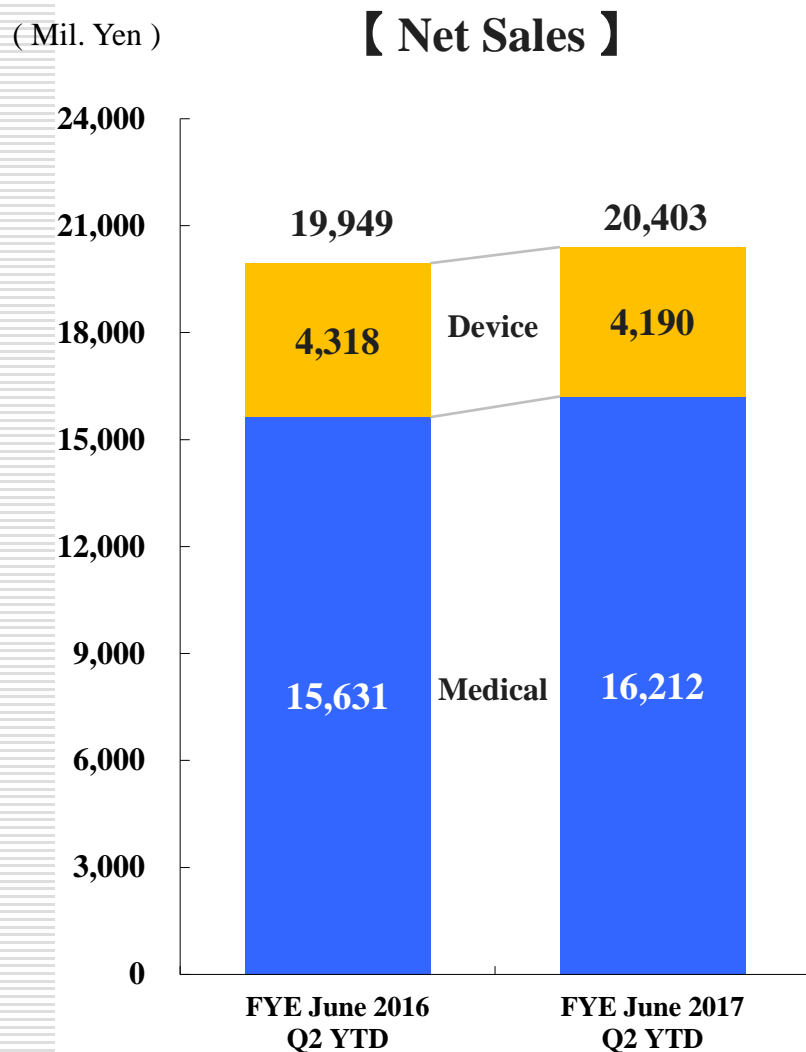


# Operating Income by Segment Division

	FYE June 2016 Q2YTD		FYE June 2017 Q2 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	5,334	81.4	5,544	81.2	+210	+3.9
Device	1,222	18.6	1,280	18.8	+57	+4.7
Subtotal	6,557	100.0	6,825	100.0	+268	+4.1
Erasing & Head Quarters	-867	-	-941	-	-73	+8.5
Total amount	5,689	-	5,884	-	+194	+3.4



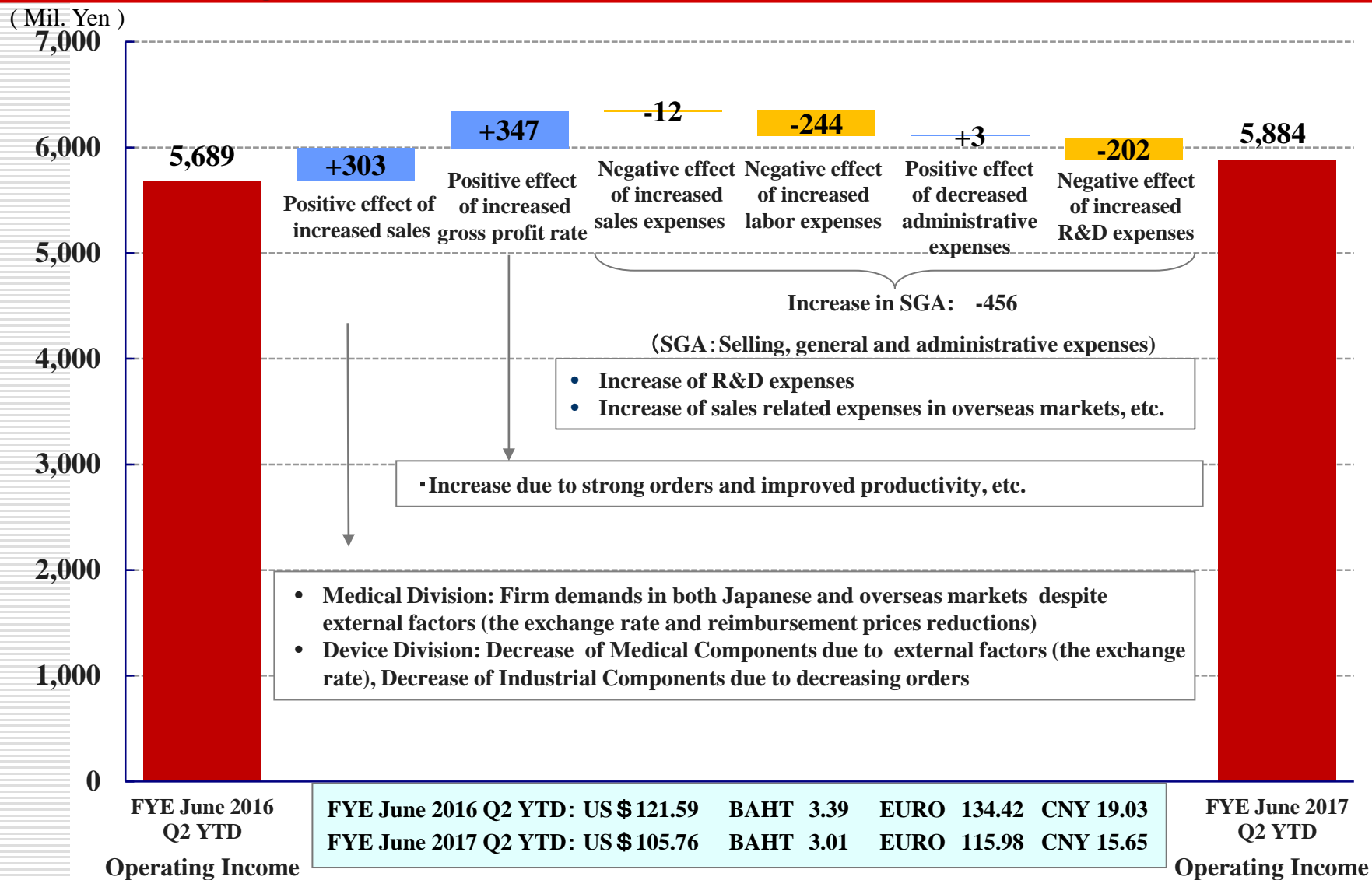
# Earnings Performance by Segment Division





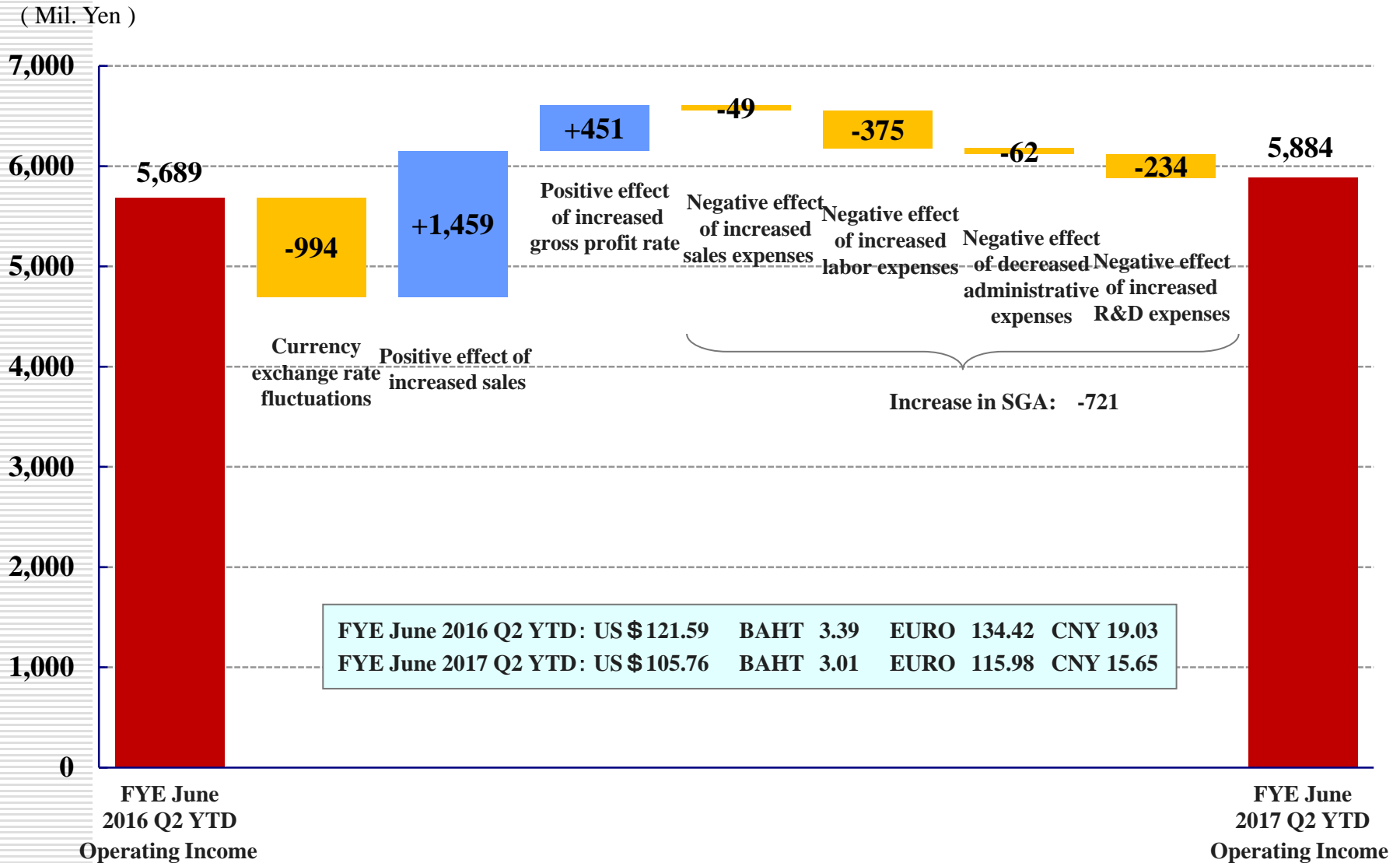


## Attribution Analysis of Operating Income – 1 (Exchange Rate Fluctuations Included)





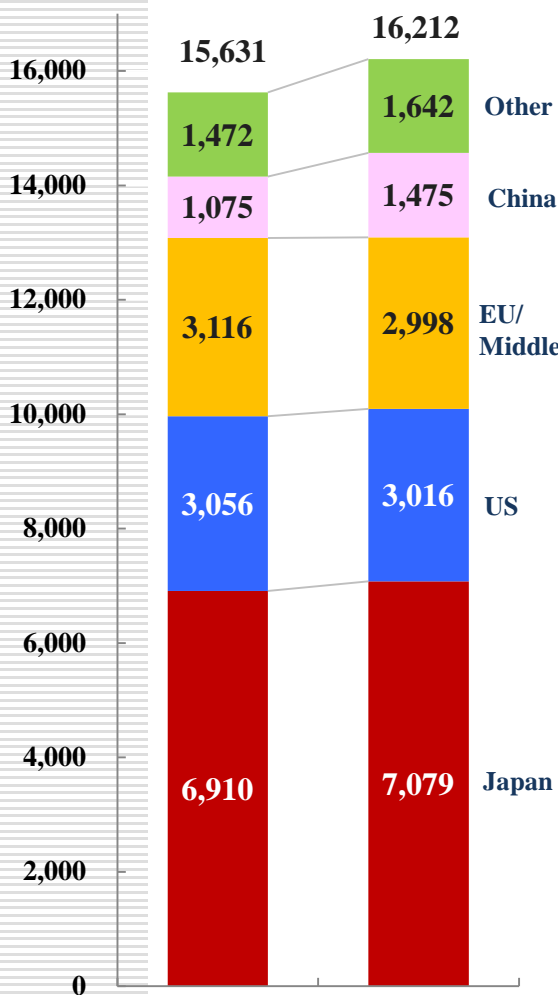
# Attribution Analysis of Operating Income – 2 (Exchange Rate Fluctuations Excluded)





# 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 volume increases based on SION Series
  - Penetration Catheter: Favorable growth based on new product “SASUKE”
  - Non-cardiovascular segment: Volume increases in all regions, especially good progress in Neurovascular products
  - Negative impact of reimbursement prices reductions (-367 Mil. Yen)
- **Overseas: Slight increases due to the negative impacts of the exchange rate(-1,432 Mil. Yen) despite strong demands. Good progress in Chinese market due to the change in sales strategy**
  - <US>  
PTCA GW: Order above contractual minimums  
Peripheral Guide Wire: Increases due to the direct sales
  - <EU/Middle East>  
PTCA GW: Increases due to larger share  
Penetration Catheter: Increased sales based on the launch of 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】

- While R&D and Sales related expenses increased, positive sales growth and increase of gross profit ratio contributed to profit performance

FYE June 2016 Q2 YTD    FYE June 2017 Q2 YTD



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

		FYE June 2016 Q2 YTD	FYE June 2017 Q2 YTD	YoY	
				Changes	Changes (%)
Exchange rate(Yen)	USD	121.59	105.76	-15.83	-13.0
	EURO	134.42	115.98	-18.44	-13.7
	CNY	19.03	15.65	-3.38	-17.8
Net sales		15,631	16,212	+581	+3.7
Japan		6,910	7,079	+168	+2.4
Overseas		8,720	9,133	+412	+4.7
US		3,056	3,016	-40	-1.3
EU/Middle East		3,116	2,998	-117	-3.8
China		1,075	1,475	+400	+37.3
Other		1,472	1,642	+169	+11.5
Operating income		5,334	5,544	+210	+3.9

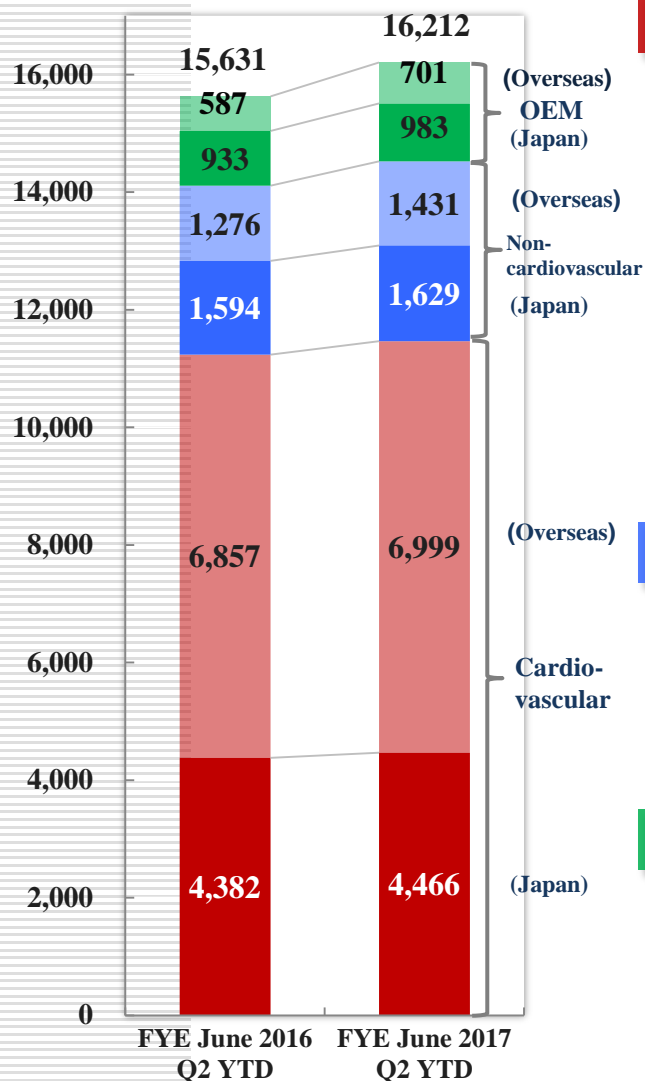
(Mil. Yen)



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

【Net Sales (YoY)】

(Mil. Yen)



## Cardiovascular

- **Japan: Slight sales increases due to new products impacts despite reimbursement price reductions**
  - PTCA GW: Slight sales increases based on SION Series
  - Penetration Catheter: : Favorable growth of new product “SASUKE”
  - Negative impact of reimbursement prices reductions (-367 Mil. Yen)
- **Overseas: PTCA GW and Penetration Catheter mainly showed good results**
  - PTCA GW: Volume increases in all areas
  - Penetration Catheter : Volume increase mainly in China and EU/Middle East

## Non-cardiovascular

- **Japan: Volume increases in all regions, especially good progress in Neurovascular products**
- **Overseas: Increase of Peripheral Guide Wire in the US due to the direct sales**

## OEM

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



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

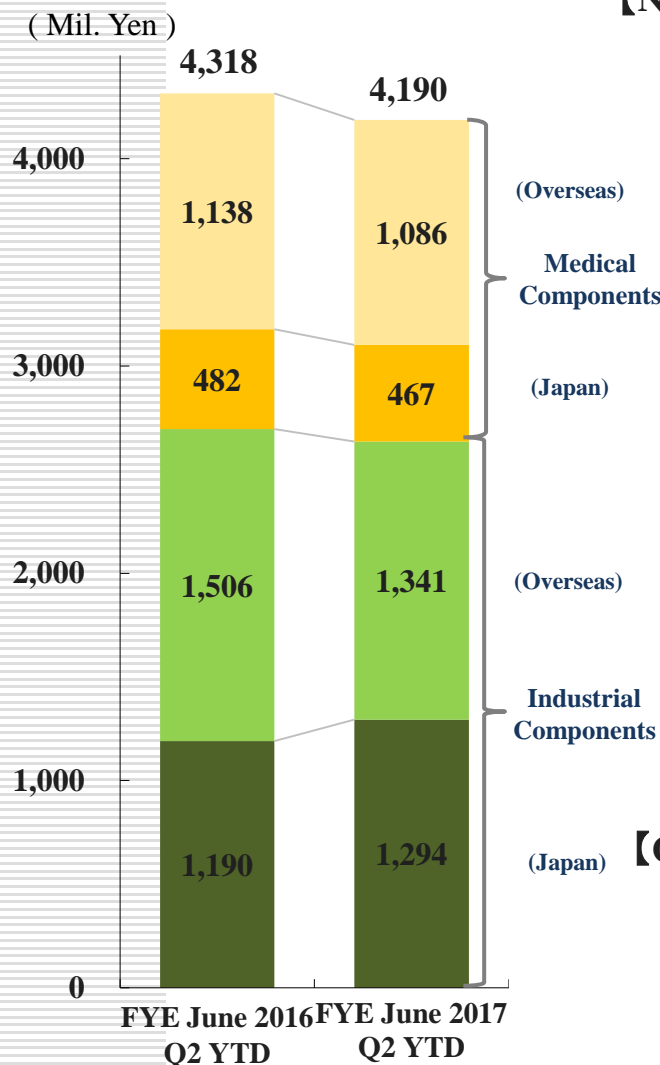
		FYE June 2016 Q2 YTD	FYE June 2017 Q2 YTD	YoY	
				Changes	Changes (%)
Exchange rate (Yen)	USD	121.59	105.76	-15.83	-13.0
	EURO	134.42	115.98	-18.44	-13.7
	CNY	19.03	15.65	-3.38	-17.8
Net sales		15,631	16,212	+581	+3.7
	Japan	6,910	7,079	+168	+2.4
	Overseas	8,720	9,133	+412	+4.7
Cardiovascular		11,239	11,465	+225	+2.0
	Japan	4,382	4,466	+83	+1.9
	Overseas	6,857	6,999	+142	+2.1
Non-cardiovascular		2,871	3,061	+190	+6.6
	Japan	1,594	1,629	+35	+2.2
	Overseas	1,276	1,431	+155	+12.2
OEM		1,520	1,685	+164	+10.8
	Japan	933	983	+50	+5.4
	Overseas	587	701	+114	+19.5

(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(-156 Mil. Yen)  
Increase of peripheral vascular system therapeutic catheter components in the US  
Increase of endoscope related components due to client's overseas transfer.

### Industrial Components

- **Japan:** Increased orders for home electronics market
- **Overseas:** Negative impacts from the exchange rate(-123 Mil. Yen)  
Decreased orders for leisure market in the US

## 【Operating Income】

- Positive segment sales and increase of gross profit ratio contributed to profit performance



## Per Segment by Device Division - 2

		FYE June 2016 Q2 YTD	FYE June 2017 Q2 YTD	YoY	
				Changes	Changes (%)
Exchange rate (Yen)	USD	121.59	105.76	-15.83	-13.0
Net sales		4,318	4,190	-128	-3.0
	Japan	1,672	1,761	+88	+5.3
	Overseas	2,645	2,428	-217	-8.2
Medical Components		1,621	1,553	-67	-4.2
	Japan	482	467	-15	-3.2
	Overseas	1,138	1,086	-51	-4.6
Industrial Components		2,696	2,636	-60	-2.2
	Japan	1,190	1,294	+104	+8.8
	Overseas	1,506	1,341	-165	-11.0
Operating income		1,222	1,280	+57	+4.7
(Reference) Segment Sales		1,023	1,063	+39	+3.9

(Mil. Yen)





## Reference: P/L

	FYE June 2016 Q2 YTD		FYE June 2017 Q2 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Net sales	19,949	100.0	20,403	100.0	+453	Increase mainly in Medical Division despite negative impacts of external factors (the exchange rate and reimbursement prices)
Cost of sales	6,955	34.9	6,757	33.1	-197	
Gross profit	12,994	65.1	13,645	66.9	+650	Increase due to strong orders and improved productivity, etc.
SGA	7,304	36.6	7,760	38.0	+456	Increased R&D and Sales Related expenses
Operating income	5,689	28.5	5,884	28.8	+194	
Non-operating income	168	0.8	369	1.8	+200	Increased currency exchange gain , decreased gain from sale of fixed asset
Non-operating expense	145	0.7	66	0.3	-79	Decreased currency exchange loss
Ordinary income	5,712	28.6	6,187	30.3	+474	
Extraordinary gain	0	0.0	0	0.0	+0	
Extraordinary loss	7	0.0	151	0.7	+143	Loss on revaluation of investments in securities
Net income attributable to parent company shareholders	4,073	20.4	4,245	20.8	+171	
Comprehensive income	3,319	16.6	5,972	29.3	+2,653	Foreign currency translation adjustment increased +2,405 Mil. Yen

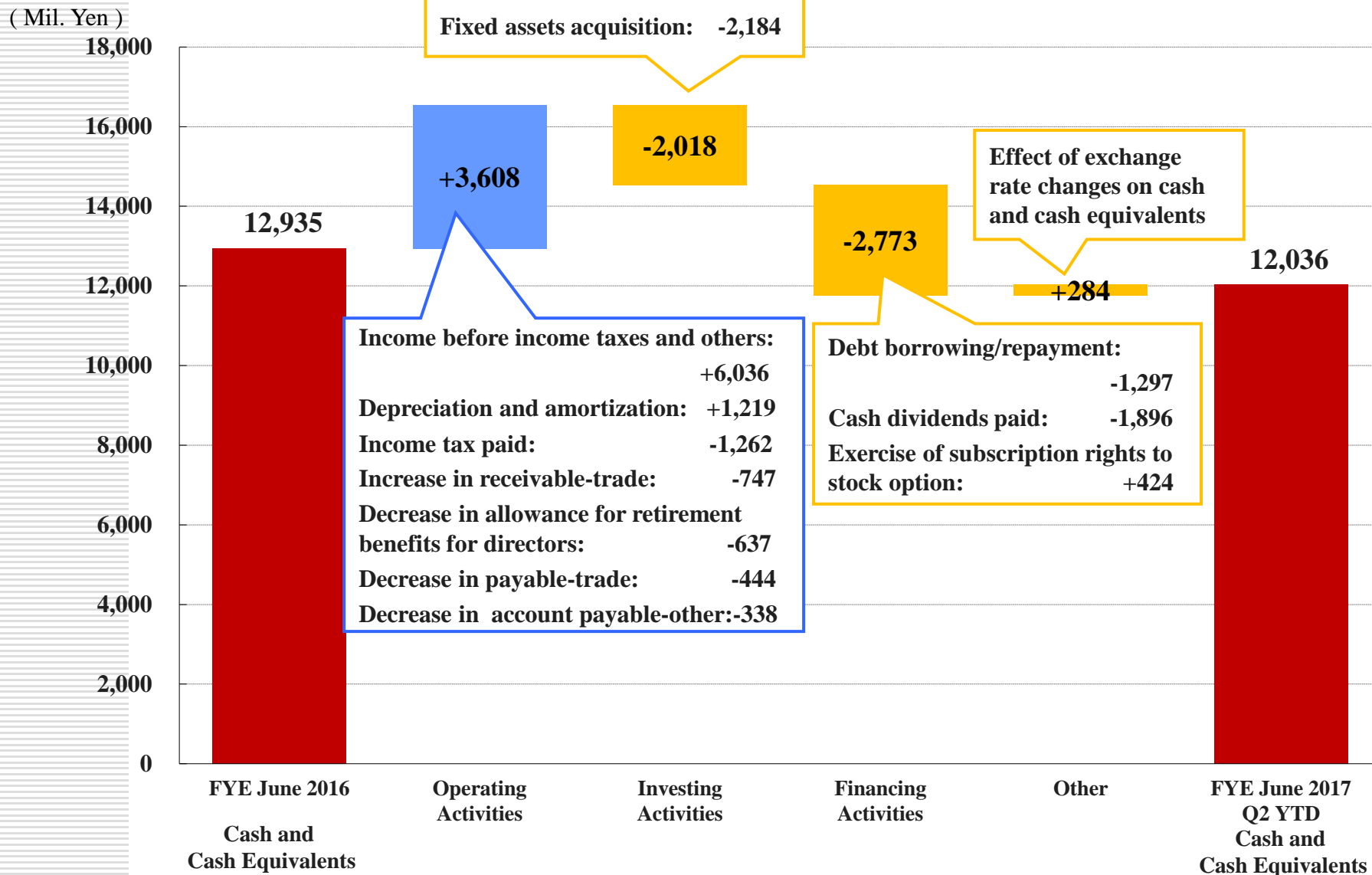


## Reference: B/S

		FYE June 2016		FYE June 2017 Q2 YTD			
		Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Assets	Current assets	30,351	60.4	31,739	59.4	+1,387	Cash and deposit: -899 Receivable-trade: +1,146 Inventory assets: +459 Other current assets: +613
	Fixed assets	19,934	39.6	21,708	40.6	+1,773	Tangible fixed assets: +2,048 Investments and other assets: -273
Total assets		50,286	100.0	53,447	100.0	+3,161	
Liabilities	Current liabilities	9,377	18.6	10,655	19.9	+1,278	Short-term debt: +1,776 Other current liability: -390
	Fixed liabilities	8,645	17.2	6,028	11.3	-2,616	Long-term debt: -2,966 Allowance for retirement benefits for directors: -637 Other fixed liability: +959
Total liabilities		18,022	35.8	16,684	31.2	-1,338	
Total net assets		32,263	64.2	36,763	68.8	+4,499	Retained earnings: +2,348 Foreign currency translation adjustment: +1,639
Total liabilities & net assets		50,286	100.0	53,447	100.0	+3,161	



# 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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