



ASAHI

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Financial Results of the 3rd Quarter for Fiscal Year ending June 2017

May 12, 2017

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



FYE June 2017 Q3 YTD Main Points-1

Net Sales 31,579 Mil. Yen <Year-on-year +4.1%>

~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

- Volume increases of PTCA GW based on SION Series
- 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 (-555 Mil. Yen)

Overseas

- Volume increases of PTCA GW and Penetration Catheter in cardiovascular segments
- Significant increase in Chinese market due to the current change in sales strategy
- Significant increase of peripheral vascular products in the US in non-cardiovascular segments
- Negative impacts of the exchange rate (-1,584 Mil. Yen)

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

- ◆ Flat sales of the Medical Components due to negative impacts of the exchange rate despite increase of endoscope related components
- ◆ Flat sales of the Industrial Components due to increased orders for domestic construction market while decreased orders for US leisure market



FYE June 2017 Q3 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

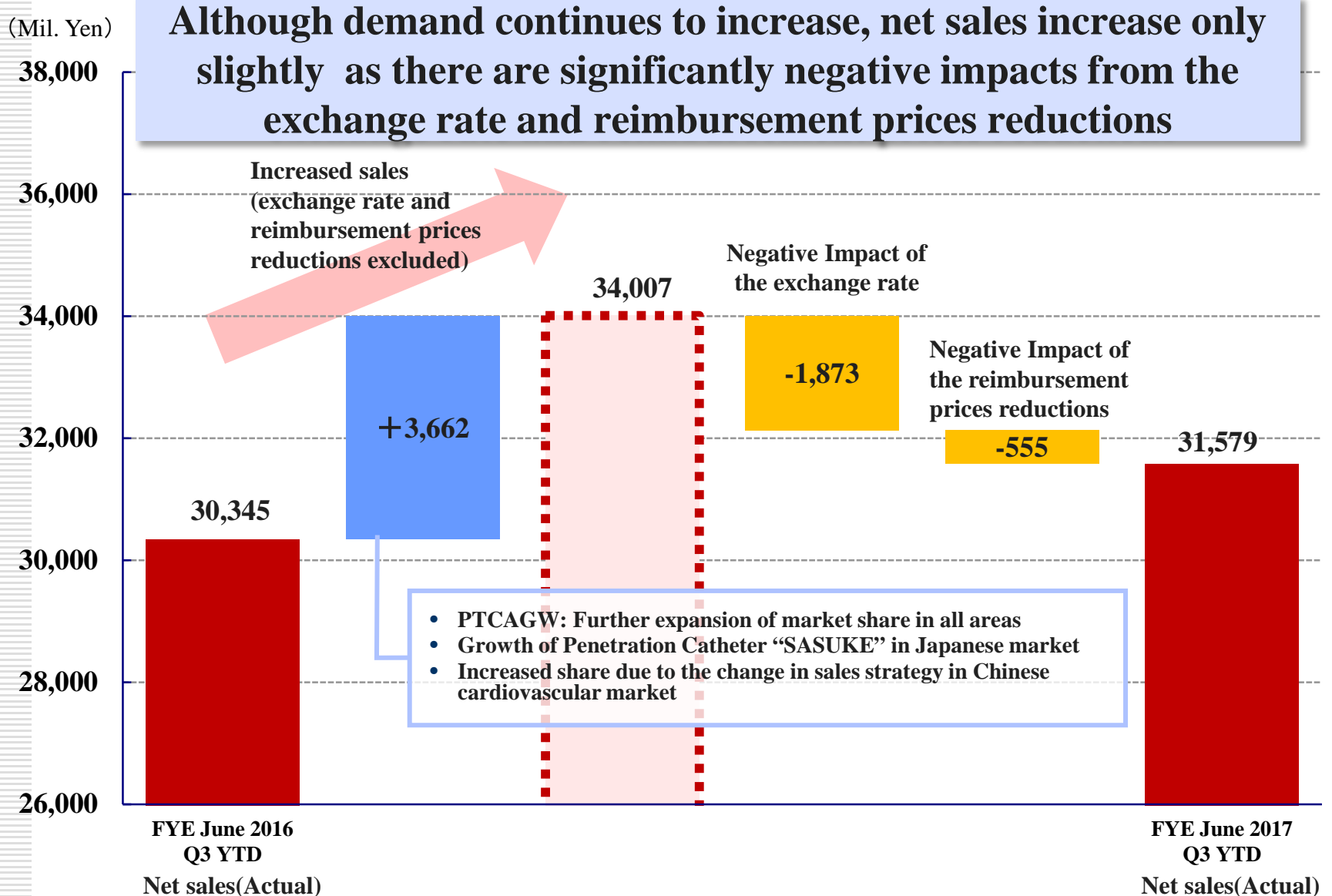
- **Gross profit 21,298 Mil. Yen < YoY +6.5% >**
 - Increased gross profit in proportion to sales increase
 - Increase of gross profit ratio due to strong orders and improved productivity, etc.
- **Operating income 9,434 Mil. Yen < YoY +6.2% >**
 - Increased R&D expenses (2,985Mil. Yen) (YoY +294 Mil. Yen, Sales ratio 9.5%)
 - Increased sales related expenses to strengthen sales and marketing activities in overseas markets
- **Ordinary income 9,647 Mil. Yen < YoY +10.5% >**
 - Increased currency exchange gain (YoY +218 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 6,573 Mil. Yen < YoY +4.4% >**
 - Increase of loss on revaluation of investments in securities 146 Mil. Yen

Exchange rate (Unit: JPY)	US\$	BAHT	EURO	CNY
FYE June 2017 Q3 YTD	108.31	3.09	117.64	15.95
FYE June 2016 Q3 YTD	119.41	3.34	132.00	18.54



Attribution Analysis of Net Sales

(Impact of the exchange rate and reimbursement prices reductions)





Highlights

	FYE June 2016 Q3 YTD		FYE June 2017 Q3 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	YoY	
					Changes (Mil. Yen)	Changes (%)
Net sales	30,345	100.0	31,579	100.0	+1,233	+4.1
Gross profit	19,994	65.9	21,298	67.4	+1,303	+6.5
Operating income	8,883	29.3	9,434	29.9	+550	+6.2
Ordinary income	8,732	28.8	9,647	30.6	+914	+10.5
Net income attributable to parent company shareholders	6,298	20.8	6,573	20.8	+275	+4.4
EPS	99.61 yen	-	103.67 yen	-	+4.06 yen	+4.1



Net Sales by Segment Division

	FYE June 2016 Q3 YTD		FYE June 2017 Q3 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	23,896	78.7	25,148	79.6	+1,251	+5.2
Device	6,448	21.3	6,430	20.4	-17	-0.3
Total amount	30,345	100.0	31,579	100.0	+1,233	+4.1

(Reference)

Medical field	26,274	86.6	27,523	87.2	+1,249	+4.8
Industrial field	4,071	13.4	4,056	12.8	-15	-0.4

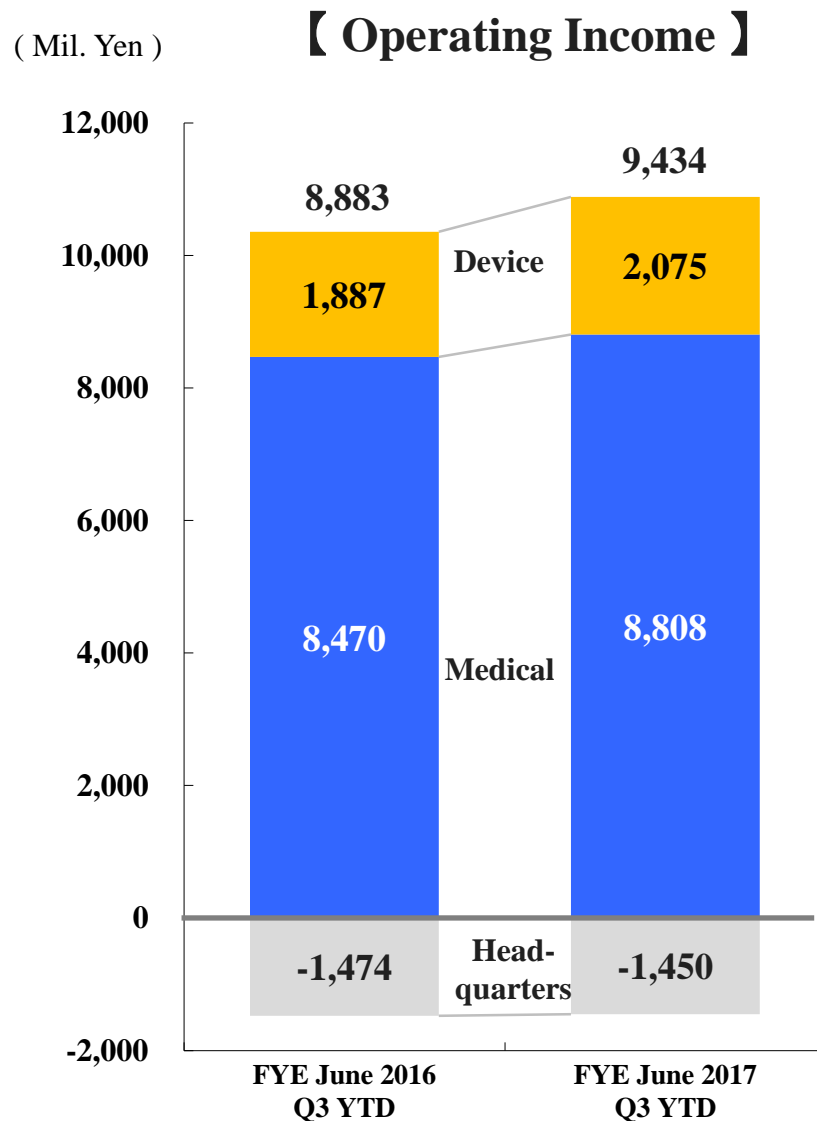
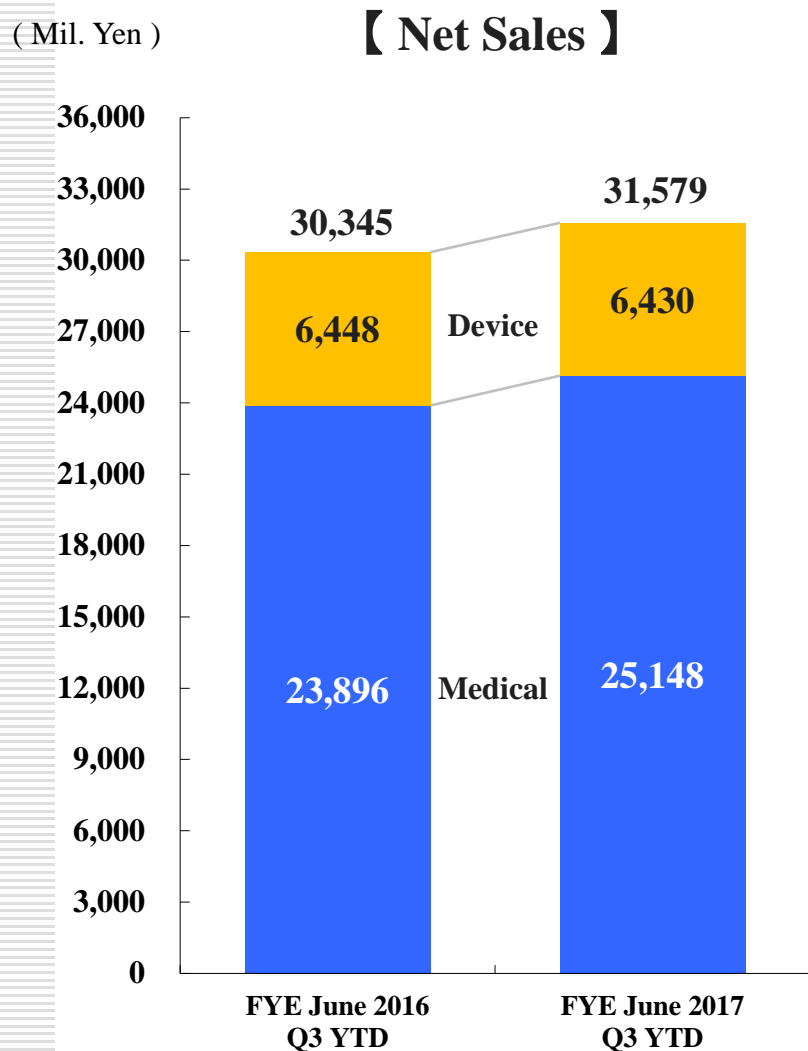


Operating Income by Segment Division

	FYE June 2016 Q3YTD		FYE June 2017 Q3 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	8,470	81.8	8,808	80.9	+338	+4.0
Device	1,887	18.2	2,075	19.1	+187	+10.0
Subtotal	10,357	100.0	10,884	100.0	+526	+5.1
Erasing & Head Quarters	-1,474	-	-1,450	-	+24	-1.6
Total amount	8,883	-	9,434	-	+550	+6.2

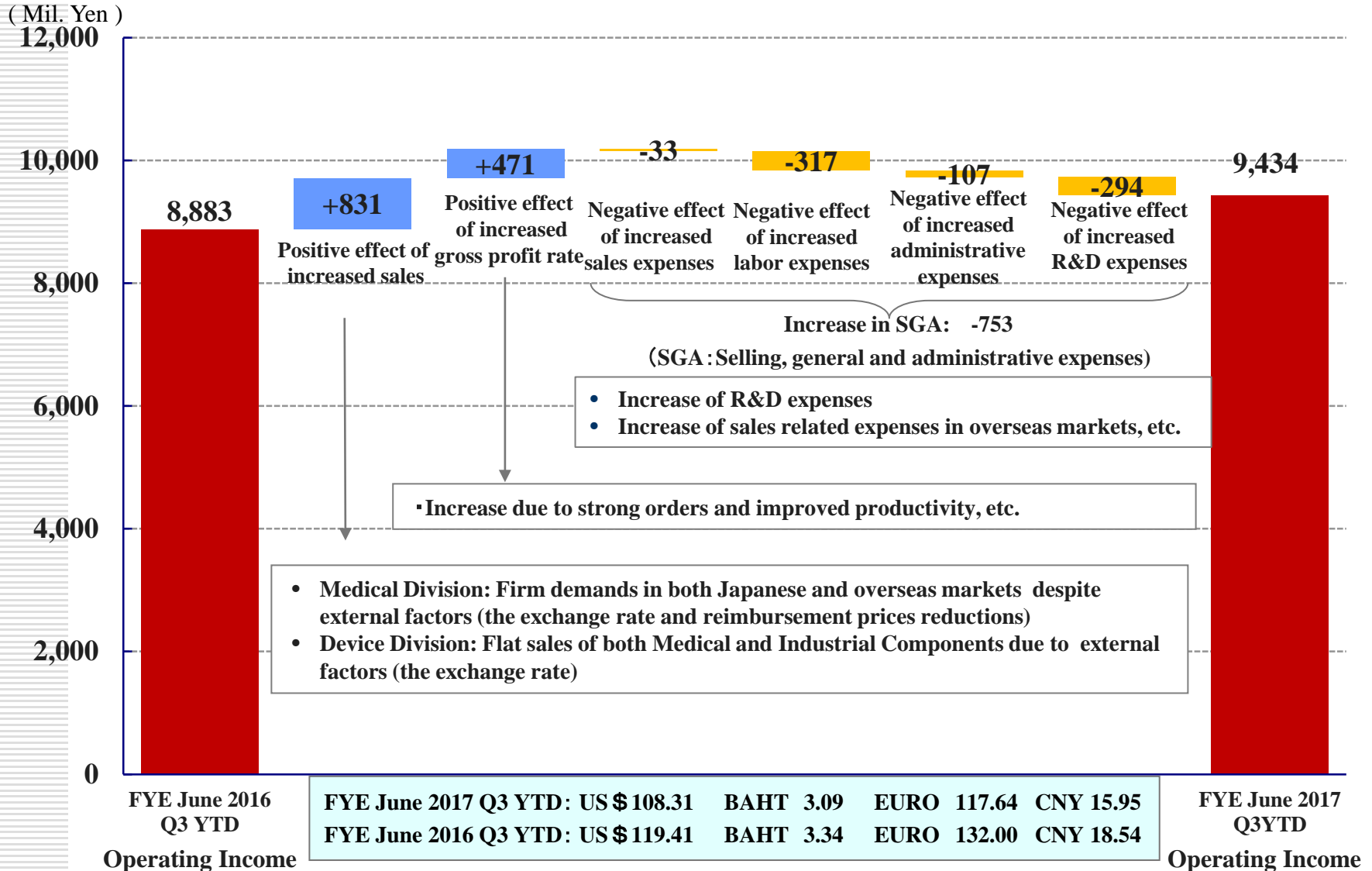


Earnings Performance by Segment Division





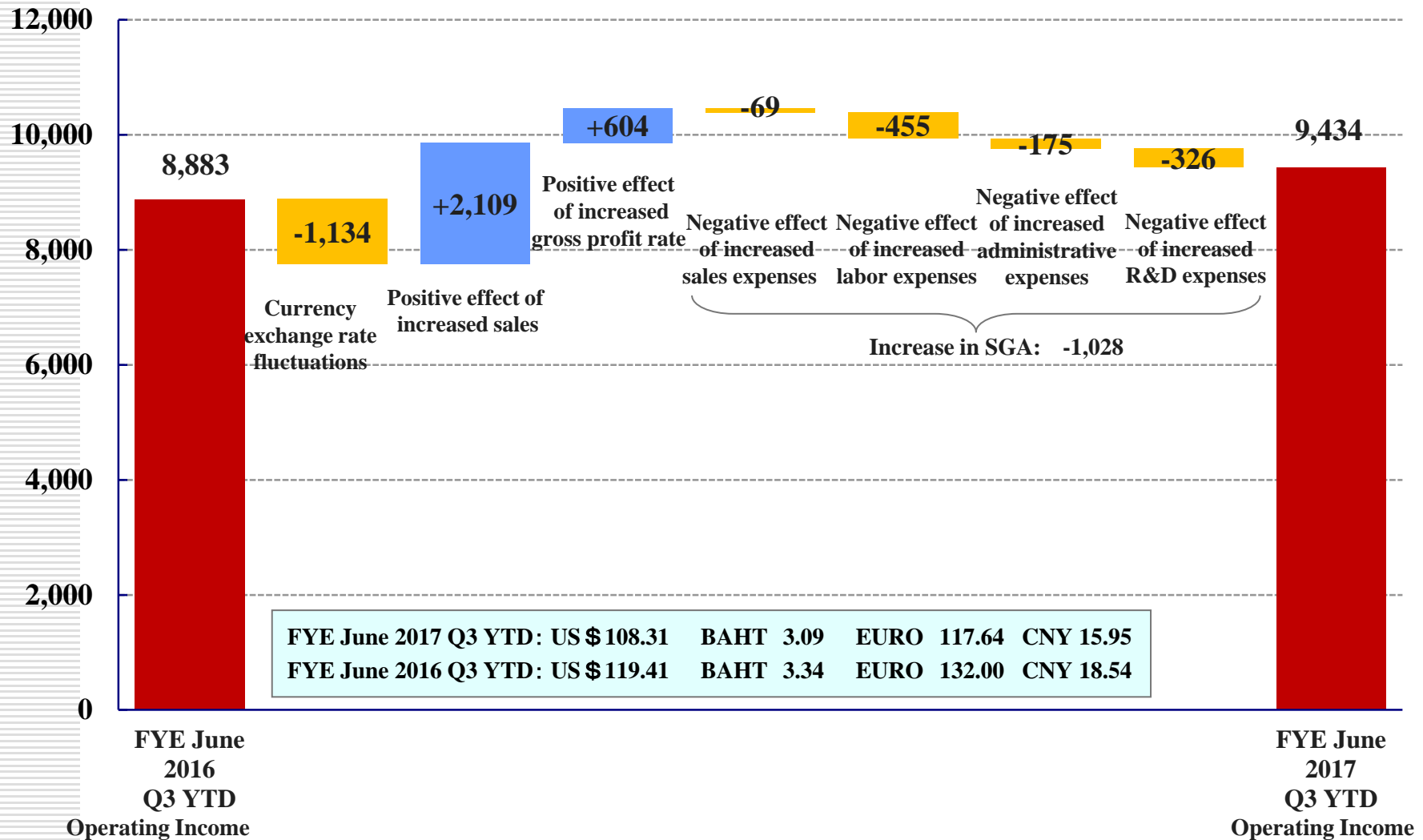
Attribution Analysis of Operating Income – 1 (Exchange Rate Fluctuations Included)





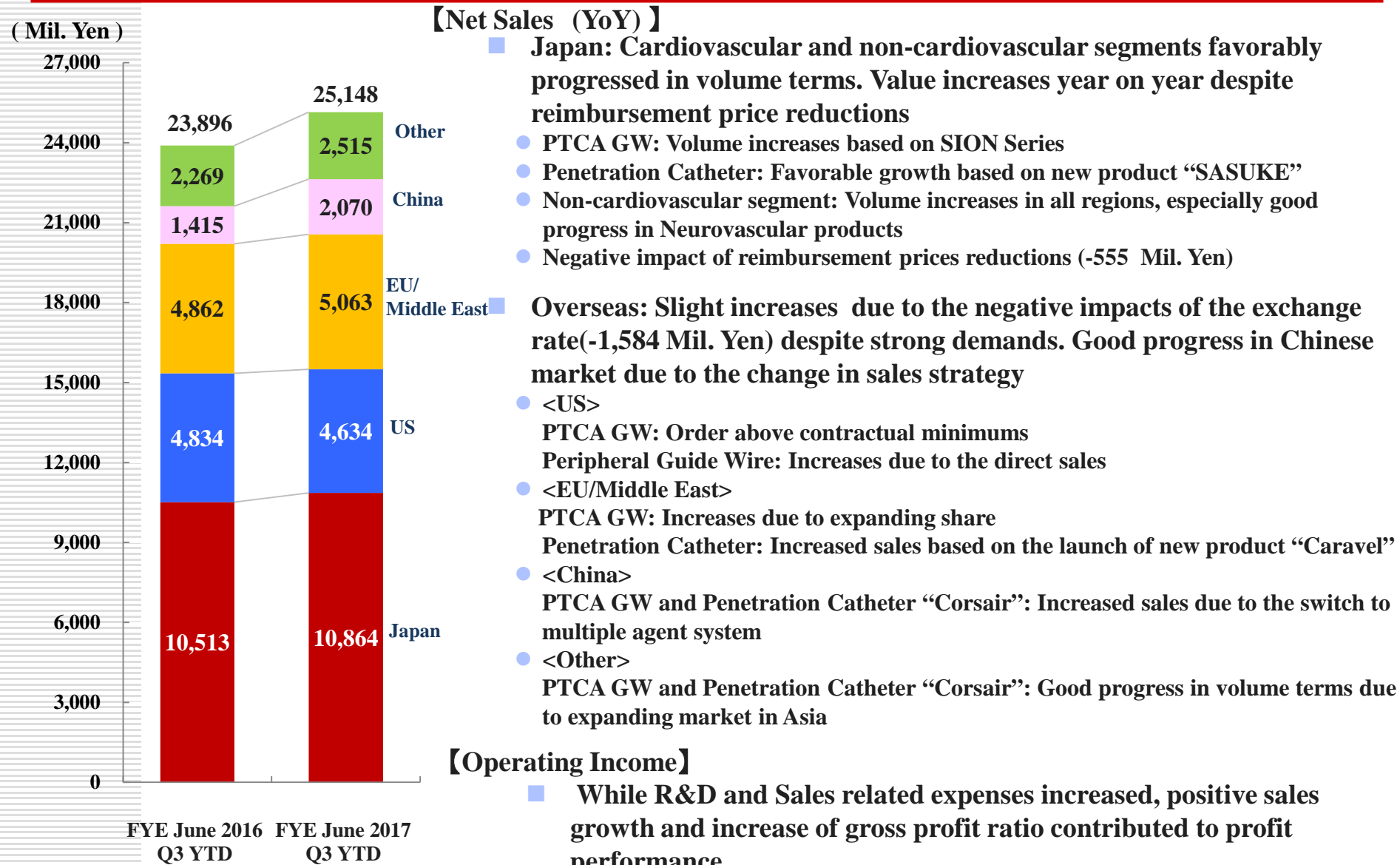
Attribution Analysis of Operating Income – 2 (Exchange Rate Fluctuations Excluded)

(Mil. Yen)





Per Segment by Medical Division (by Geography - 1)





Per Segment by Medical Division (by Geography - 2)

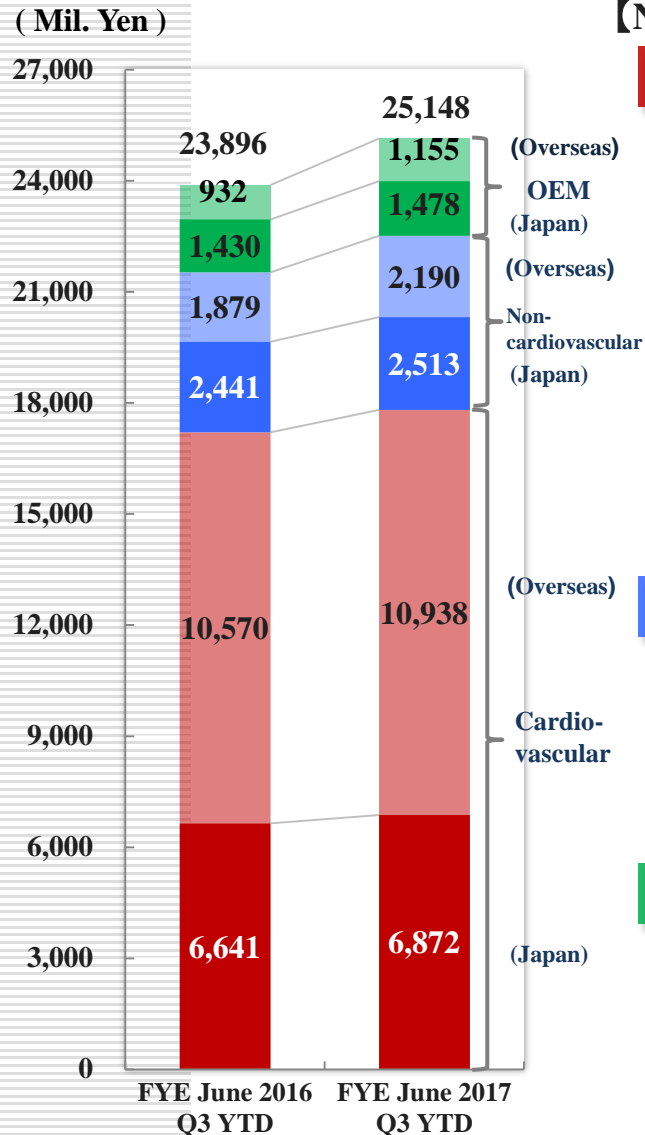
		FYE June 2016 Q3 YTD	FYE June 2017 Q3 YTD	YoY	
				Changes	Changes (%)
Exchange rate(Yen)	USD	119.41	108.31	-11.10	-9.3
	EURO	132.00	117.64	-14.36	-10.9
	CNY	18.54	15.95	-2.59	-14.0
Net sales		23,896	25,148	+1,251	+5.2
Japan		10,513	10,864	+350	+3.3
Overseas		13,383	14,284	+901	+6.7
US		4,834	4,634	-199	-4.1
EU/Middle East		4,862	5,063	+200	+4.1
China		1,415	2,070	+654	+46.2
Other		2,269	2,515	+245	+10.8
Operating income		8,470	8,808	+338	+4.0

(Mil. Yen)



Per Segment by Medical Division (by Treatment - 1)

【Net Sales (YoY)】



Cardiovascular

- **Japan:** Sales increases due to new products impacts despite reimbursement price reductions
 - PTCA GW: Volume increases based on SION Series
 - Penetration Catheter: : Sales increased based on new product “SASUKE”
 - Negative impact of reimbursement prices reductions (-555 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)

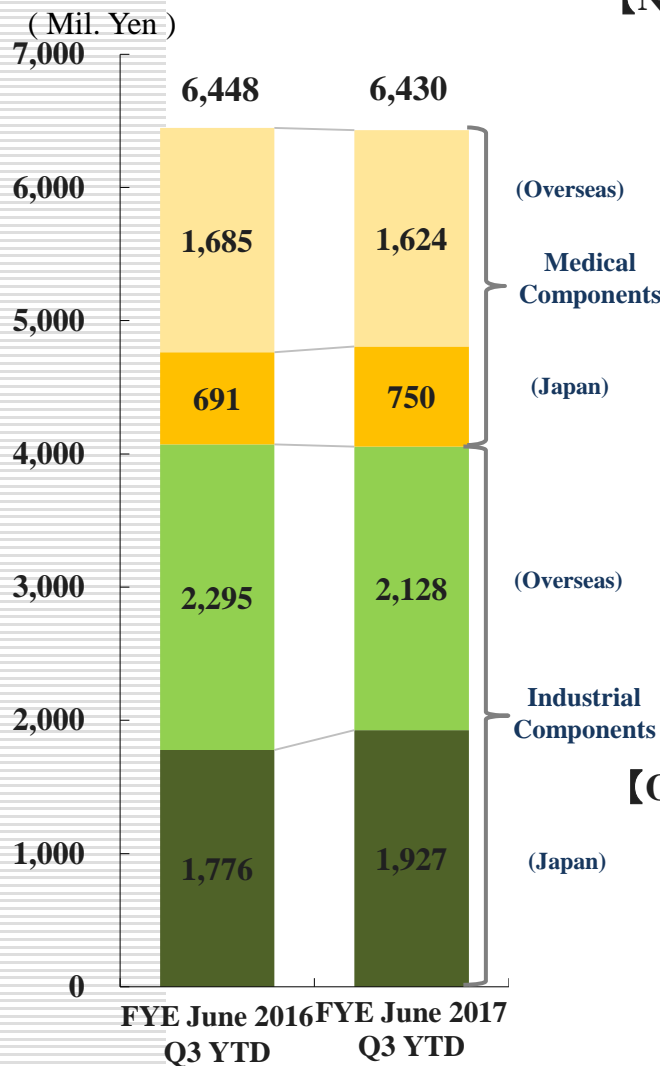
		FYE June 2016 Q3 YTD	FYE June 2017 Q3 YTD	YoY	
				Changes	Changes (%)
Exchange rate (Yen)	USD	119.41	108.31	-11.10	-9.3
	EURO	132.00	117.64	-14.36	-10.9
	CNY	18.54	15.95	-2.59	-14.0
Net sales		23,896	25,148	+1,251	+5.2
	Japan	10,513	10,864	+350	+3.3
	Overseas	13,383	14,284	+901	+6.7
Cardiovascular		17,211	17,810	+598	+3.5
	Japan	6,641	6,872	+231	+3.5
	Overseas	10,570	10,938	+367	+3.5
Non-cardiovascular		4,321	4,703	+381	+8.8
	Japan	2,441	2,513	+71	+2.9
	Overseas	1,879	2,190	+310	+16.5
OEM		2,363	2,634	+270	+11.5
	Japan	1,430	1,478	+47	+3.3
	Overseas	932	1,155	+222	+23.9

(Mil. Yen)



Per Segment by Device Division - 1

【Net Sales (YoY)】



Medical Components

- **Japan:** Increase of inspection catheter components
- **Overseas:** Negative impacts from the exchange rate(-159 Mil. Yen)
Increase of endoscope related components

Industrial Components

- **Japan:** Increased orders for construction market
- **Overseas:** Negative impacts from the exchange rate(-129 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 Q3 YTD	FYE June 2017 Q3 YTD	YoY	
				Changes	Changes (%)
Exchange rate (Yen)	USD	119.41	108.31	-11.10	-9.3
Net sales		6,448	6,430	-17	-0.3
	Japan	2,468	2,677	+209	+8.5
	Overseas	3,980	3,753	-227	-5.7
Medical Components		2,377	2,374	-2	-0.1
	Japan	691	750	+58	+8.4
	Overseas	1,685	1,624	-60	-3.6
Industrial Components		4,071	4,056	-15	-0.4
	Japan	1,776	1,927	+151	+8.5
	Overseas	2,295	2,128	-166	-7.3
Operating income		1,887	2,075	+187	+10.0
(Reference) Segment Sales		1,526	1,765	+239	+15.7

(Mil. Yen)



Reference: P/L

	FYE June 2016 Q3 YTD		FYE June 2017 Q3 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Net sales	30,345	100.0	31,579	100.0	+1,233	Increase in Medical Division despite negative impacts of external factors (the exchange rate and reimbursement prices)
Cost of sales	10,351	34.1	10,281	32.6	-70	
Gross profit	19,994	65.9	21,298	67.4	+1,303	Increase due to strong orders and improved productivity, etc.
SGA	11,111	36.6	11,864	37.6	+753	Increased R&D and Sales Related expenses
Operating income	8,883	29.3	9,434	29.9	+550	
Non-operating income	203	0.7	324	1.0	+121	Increased currency exchange gain , decreased gain from sale of fixed asset
Non-operating expense	354	1.2	111	0.4	-242	Decreased currency exchange loss
Ordinary income	8,732	28.8	9,647	30.6	+914	
Extraordinary gain	0	0.0	0	0.0	+0	
Extraordinary loss	7	0.0	151	0.5	+143	Loss on revaluation of investments in securities
Net income attributable to parent company shareholders	6,298	20.8	6,573	20.8	+275	
Comprehensive income	4,695	15.5	8,111	25.7	+3,415	Foreign currency translation adjustment increased +3,045 Mil. Yen



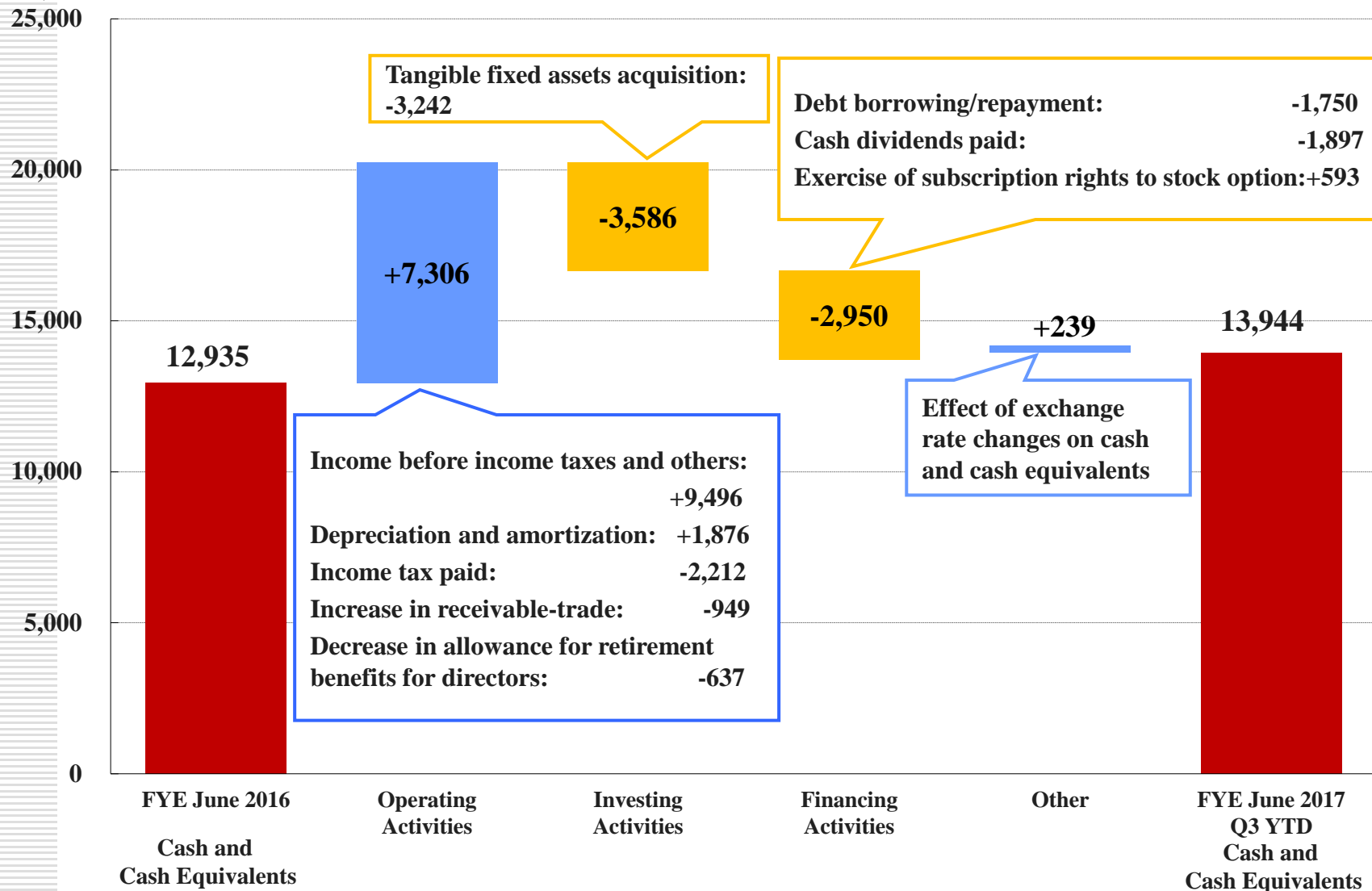
Reference: B/S

		FYE June 2016		FYE June 2017 Q3			
		Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Assets	Current assets	30,351	60.4	33,458	60.1	+3,106	Cash and deposit: +1,008 Receivable-trade: +1,280 Inventory assets: +583
	Fixed assets	19,934	39.6	22,200	39.9	+2,266	Tangible fixed assets: +2,258
Total assets		50,286	100.0	55,659	100.0	+5,372	
Liabilities	Current liabilities	9,377	18.6	10,991	19.7	+1,614	Short-term debt: +1,702
	Fixed liabilities	8,645	17.2	5,597	10.1	-3,047	Long-term debt: -3,379
Total liabilities		18,022	35.8	16,589	29.8	-1,433	
Total net assets		32,263	64.2	39,070	70.2	+6,806	Retained earnings: +4,676 Foreign currency translation adjustment: +1,492
Total liabilities & net assets		50,286	100.0	55,659	100.0	+5,372	



Reference: C/F

(Mil. Yen)





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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