



ASAHI

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Financial Results for Fiscal Year ended June 2018

August 10, 2018

**(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 2018**

2. Earnings Forecast for FYE June 2019



FYE June 2018 Main Points-1

Net Sales 50,124Mil. Yen <Year-on-year +17.4%>

~ Strong performance, especially in foreign sales in Medical Division though influenced by the external factors (Reimbursement price reduction)~

- **Medical Division ~ Sales increased greatly mainly in foreign markets due to strong end user demand and special demand ~**
 - ◆ **Good progress in both cardiovascular and non-cardiovascular segments in Japanese and overseas markets**
 - Good progress with PTCA GW centering on SION Series
 - Non-con type “NC Kamui” led the expansion of market share in PTCA Balloon Catheters
 - Good progress with “Caravel” and “SASUKE” in Penetration Catheter
 - Increase in all areas in peripheral, abdominal, and neurovascular in non-cardiovascular segment
 - Falling of the reimbursement price (-304Mil.Yen)
 - ◆ **Good progress with PTCA GW and Penetration Catheter in cardiovascular segments in all areas**
 - Increase due to special demand in addition to end user demand
 - Positive impact of exchange rate (+1,079 Mil. Yen)
- **Device Division ~ Despite the decrease in Medical Components business, slight increase in Device Division due to good progress of Industrial Components business in overseas markets ~**
 - ◆ **Decrease in components for cardiovascular examination and catheter components for abdominal vascular in US in Medical Components business**
 - ◆ **Increase in US leisure market in Industrial Components business**
 - ◆ **Negative impact of exchange rate (+80 mil. Yen)**

Japan

Overseas



FYE June 2018 Main Points-2

Despite increase in R&D expenses and sales related expenses, increase in sales growth and gross profit ratio contributed to profit performance

- **Gross profit : 34,855 Mil. Yen < YoY +22.6% >**
 - Increase in sales and rising gross profit ratio due to strong orders and improved productivity, etc.
- **Operating income : 13,773 Mil. Yen < YoY +27.6% >**
 - Increase in R&D expenses (5,052 Mil. Yen) (YoY +555 Mil. Yen, Sales ratio 10.1%)
 - Increase in expenses to strengthen sales and marketing activities in overseas markets
- **Ordinary income : 13,740 Mil. Yen < YoY +25.6% >**
 - Decrease of currency gain (YoY -193 Mil. Yen)
- **Net income attributable to parent company shareholders 10,042 Mil. Yen < YoY +30.0% >**
 - Appropriation for loss on revaluation of investments in securities (193 Mil. Yen)

Exchange rate (Unit: JPY)	US \$	BAHT	EURO	CNY
FYE June 2018	110.39	3.40	131.61	16.97
FYE June 2017	109.02	3.13	118.82	16.02



Highlights

	FYE June 2017		FYE June 2018						
	Amount (Mil. Yen)	Ratio (%)	Initial plan August 10, 2017	Amount (Mil. Yen)	Ratio (%)	YoY		Compared with initial plan	
						Changes (Mil. Yen)	Changes (%)	Changes (Mil. Yen)	Changes (%)
Net sales	42,709	100.0	47,426	50,124	100.0	+7,414	+17.4	+2,698	+5.7
Gross profit	28,426	66.6	31,402	34,855	69.5	+6,429	+22.6	+3,453	+11.0
Operating income	10,795	25.3	12,135	13,773	27.5	+2,978	+27.6	+1,637	+13.5
Ordinary income	10,941	25.6	12,170	13,740	27.4	+2,799	+25.6	+1,570	+12.9
Net income attributable to parent company shareholders	7,725	18.1	8,599	10,042	20.0	+2,316	+30.0	+1,442	+16.8
EPS *	60.86 yen	-	66.68 yen	77.75 yen	-	+16.89 yen	+27.8	+11.07 yen	+16.6

* :As of Jan. 1st, 2018, 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

	FYE June 2017		FYE June 2018			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	34,001	79.6	41,366	82.5	+7,365	+21.7
Device	8,708	20.4	8,757	17.5	+49	+0.6
Total amount	42,709	100.0	50,124	100.0	+7,414	+17.4

(Reference)

Medical field	37,270	87.3	44,603	89.0	+7,333	+19.7
Industrial field	5,439	12.7	5,520	11.0	+81	+1.5



Operating Income by Segment

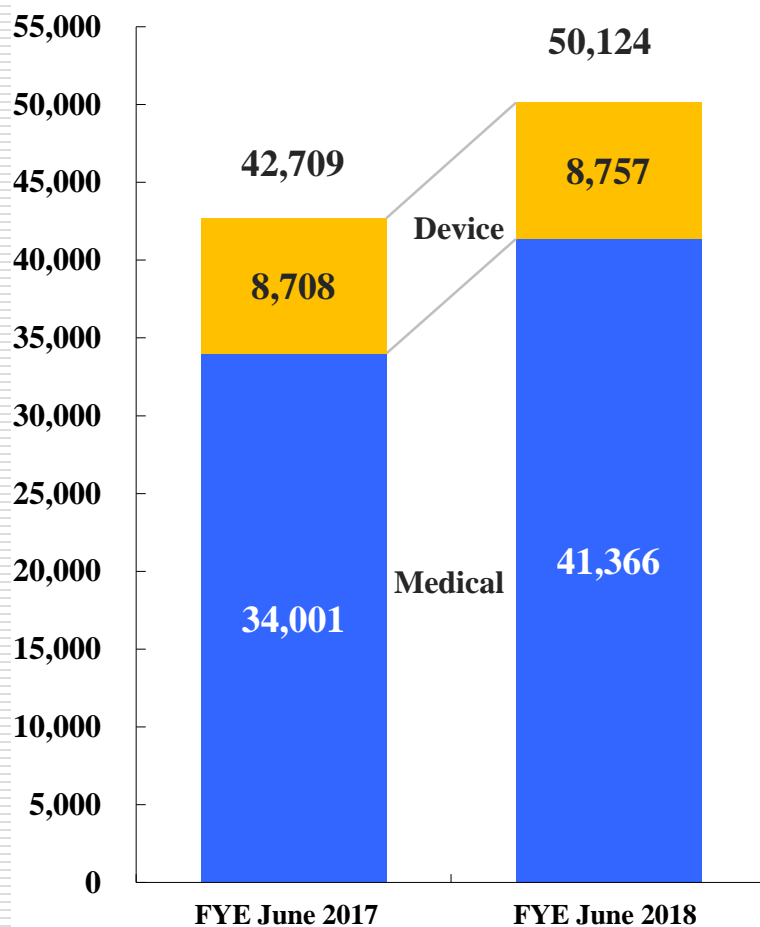
	FYE June 2017		FYE June 2018			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	10,256	77.8	13,609	81.0	+3,353	+32.7
Device	2,923	22.2	3,189	19.0	+265	+9.1
Subtotal	13,179	100.0	16,798	100.0	+3,618	+27.5
Erasing & Head Quarters	-2,384	-	-3,025	-	-640	+26.9
Total amount	10,795	-	13,773	-	+2,978	+27.6
(Reference) Device Division Segment Sales	2,669	-	3,411	-	+712	+26.4



Earnings Performance by Segment

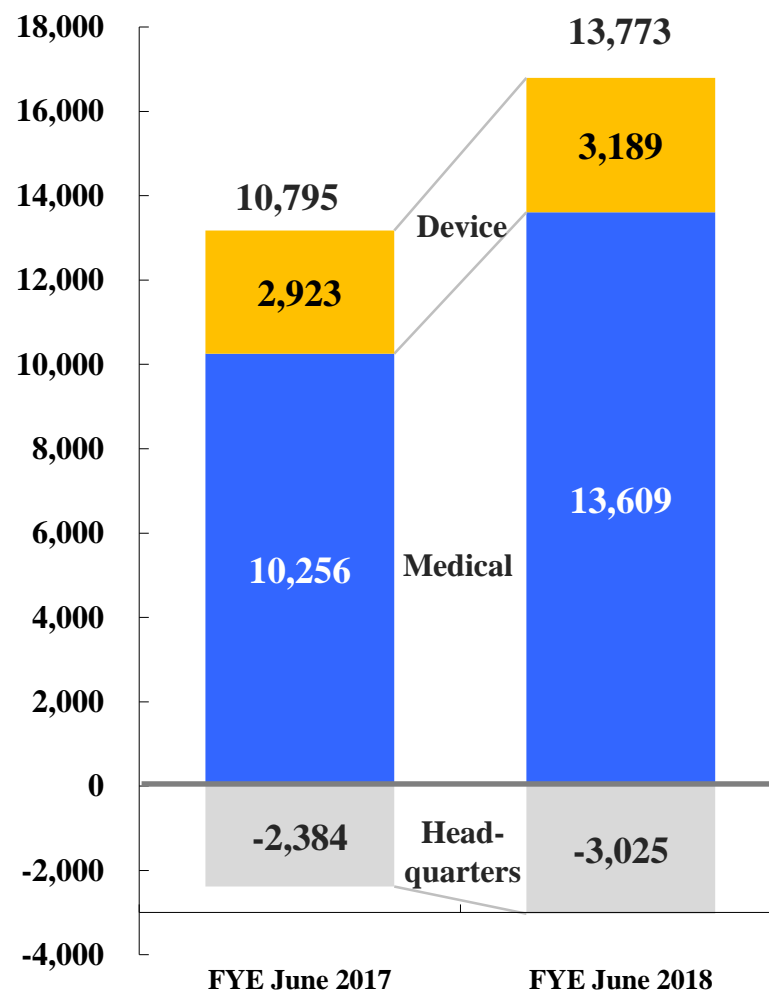
(Mil. Yen)

【 Net Sales 】



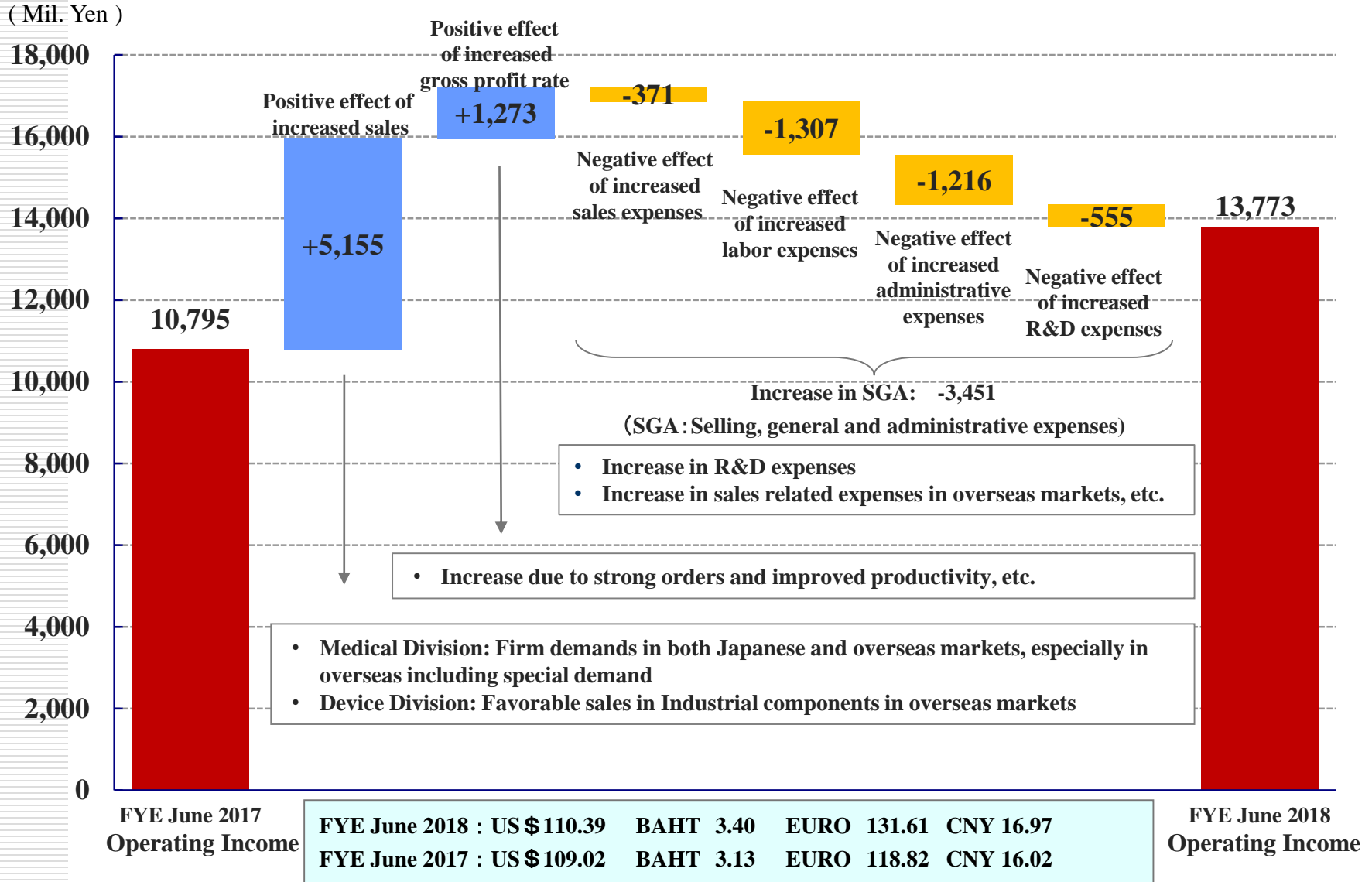
(Mil. Yen)

【 Operating Income 】



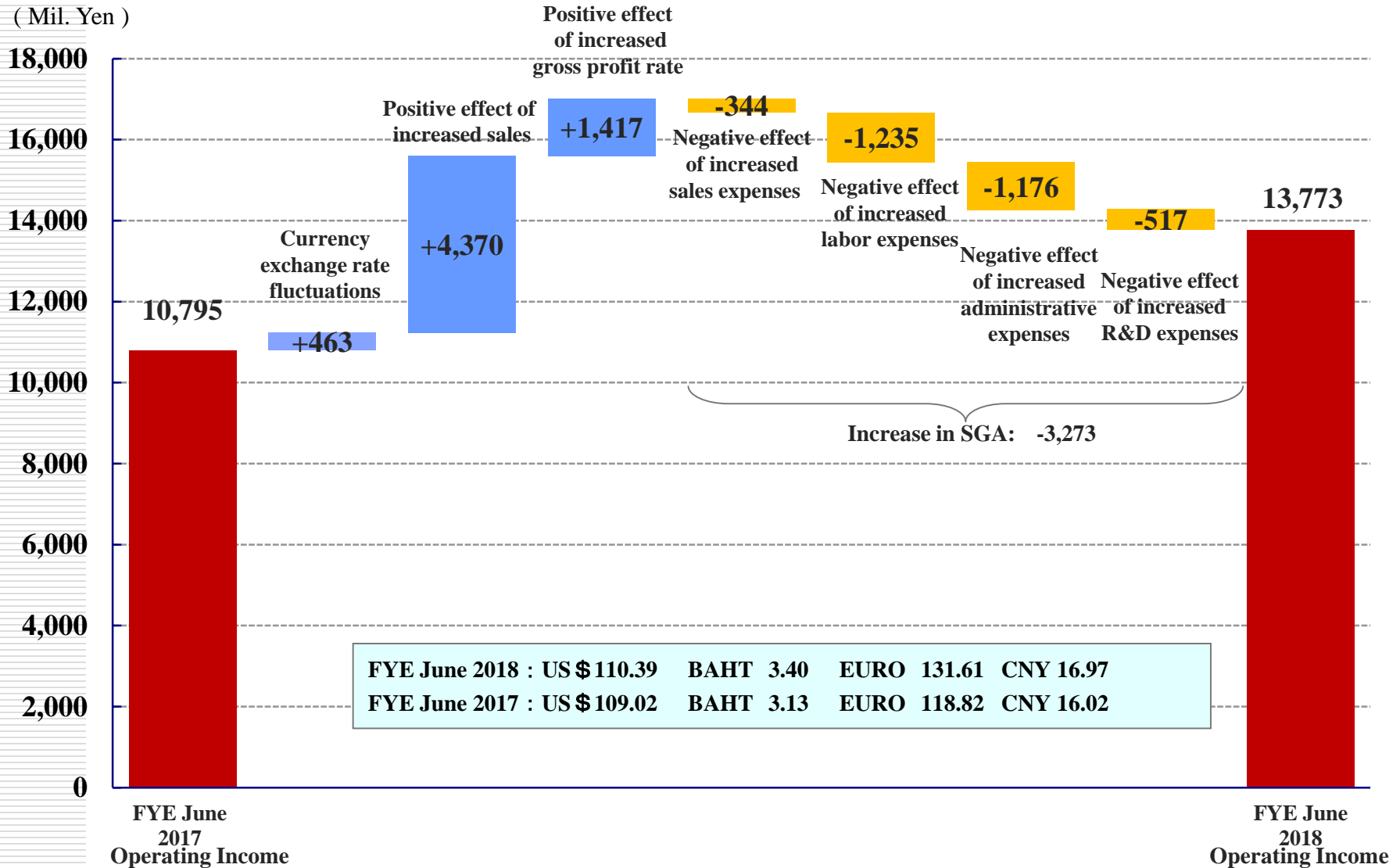


Attribution Analysis of Operating Income – 1 (Exchange Rate Fluctuations Included)



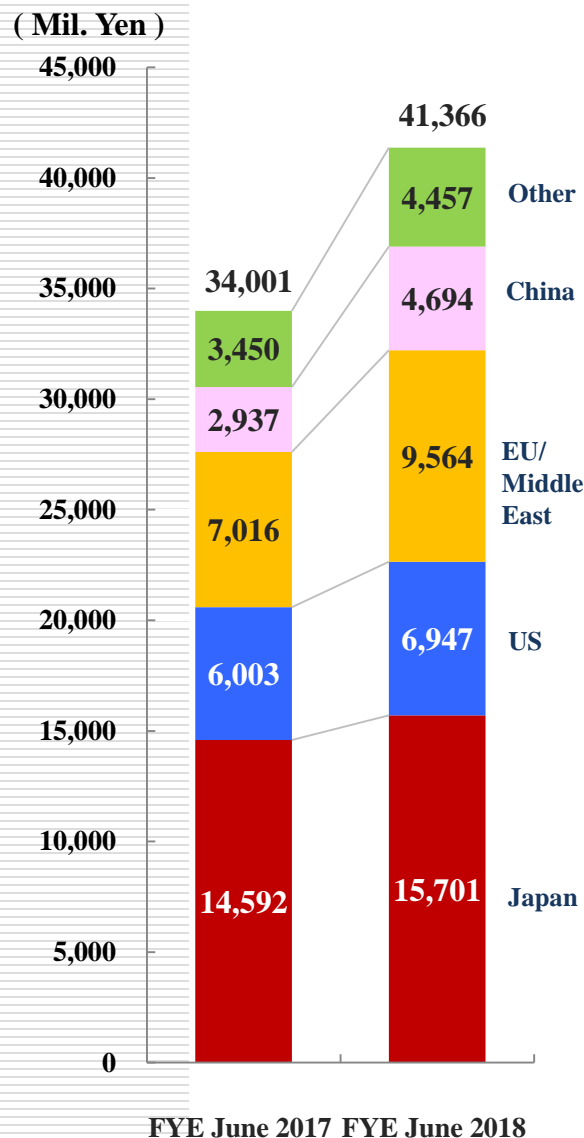


Attribution Analysis of Operating Income – 2 (Exchange Rate Fluctuations Excluded)





Per Segment by Medical Division (by Geography - 1)



【Net Sales (YoY)】

- **Japan: Both cardiovascular and non-cardiovascular segments favorably progressed though influenced by the reimbursement price reduction (-304 Mil. Yen)**
 - PTCA GW: Good progress centering on SION series
 - PTCA Balloon Catheters: Expansion of “NC Kamui” launched in the second half of the previous fiscal year
 - Penetration Catheter: Increase in demand led by “Caravel” and “SASUKE”
 - Non-cardiovascular segment: Increase all in Peripheral vascular, Neurovascular and Abdominal vascular
- **Overseas: Sales increased greatly due to the special demand, and positive impacts of the exchange rate contributed to sales performance.**
 - <US>
PTCA GW: Good progress due to the special demand around the end of the first half
Penetration Catheter/ Peripheral Guide Wire: Increase due to the direct sales
 - <EU/Middle East>
PTCA GW: Good progress due to expanding market share, partly due to the special demand
Penetration Catheter: Good progress centering on “Corsair”
 - <China>
PTCA GW and Penetration Catheter “Corsair”: Increase due to switching to multi agent system, partly due to the special demand
 - <Other>
PTCA GW and Penetration Catheter “Corsair”: Good progress with expanding market mainly in Asia

【Operating Income】

- **Despite the expenditure for R&D and sales related expenses, positive sales growth and rising gross profit ratio contributed to profit performance**



Per Segment by Medical Division (by Geography - 2)

		FYE June 2017	FYE June 2018	YoY	
				Changes	Changes (%)
Exchange rate(Yen)	USD	109.02	110.39	+1.37	+1.3
	EURO	118.82	131.61	+12.79	+10.8
	CNY	16.02	16.97	+0.95	+5.9
Net sales		34,001	41,366	+7,365	+21.7
Japan		14,592	15,701	+1,108	+7.6
Overseas		19,408	25,665	+6,256	+32.2
US		6,003	6,947	+944	+15.7
EU/Middle East		7,016	9,564	+2,547	+36.3
China		2,937	4,694	+1,757	+59.8
Other		3,450	4,458	+1,007	+29.2
Operating income		10,256	13,609	+3,353	+32.7

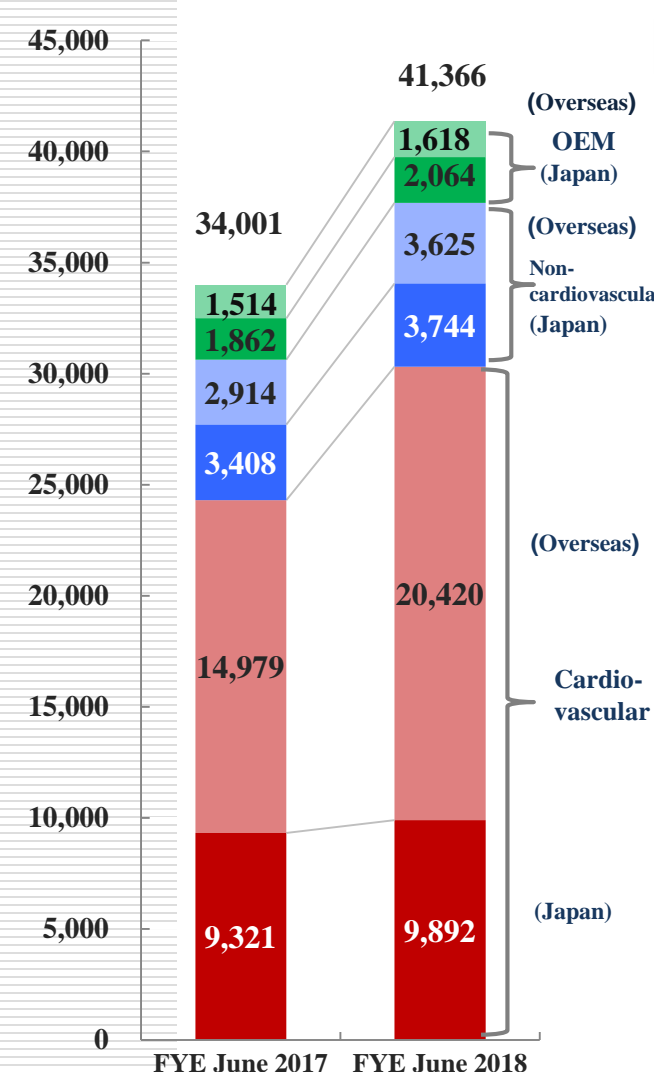
(Mil. Yen)



Per Segment by Medical Division (by Treatment - 1)

(Mil. Yen)

【Net Sales (YoY)】



- Cardiovascular**
 - **Japan: Good progress due to new products impacts in addition to the existing products growth**
 - PTCA GW: Good progress centering on SION Series
 - PTCA Balloon Catheter : Expansion of “NC Kamui” launched in the second half of the previous fiscal year
 - Penetration Catheter : Increase in demand led by “Caravel” and “SASUKE”
 - **Overseas: Favorable progress mainly in PTCA GW and Penetration Catheter**
 - PTCA GW: Good progress in all areas, partly due to the special demand
 - Penetration Catheter : Good progress in all areas, partly due to the special demand
- Non-cardiovascular**
 - **Good progress with Peripheral vascular, Abdominal vascular, and Neurovascular products both in Japan and overseas**
- OEM**
 - **Japan: Increase in business of gastrointestinal and peripheral wires**
 - **Overseas: Increase in supply of FFR guide wire for Boston Scientific (US)**



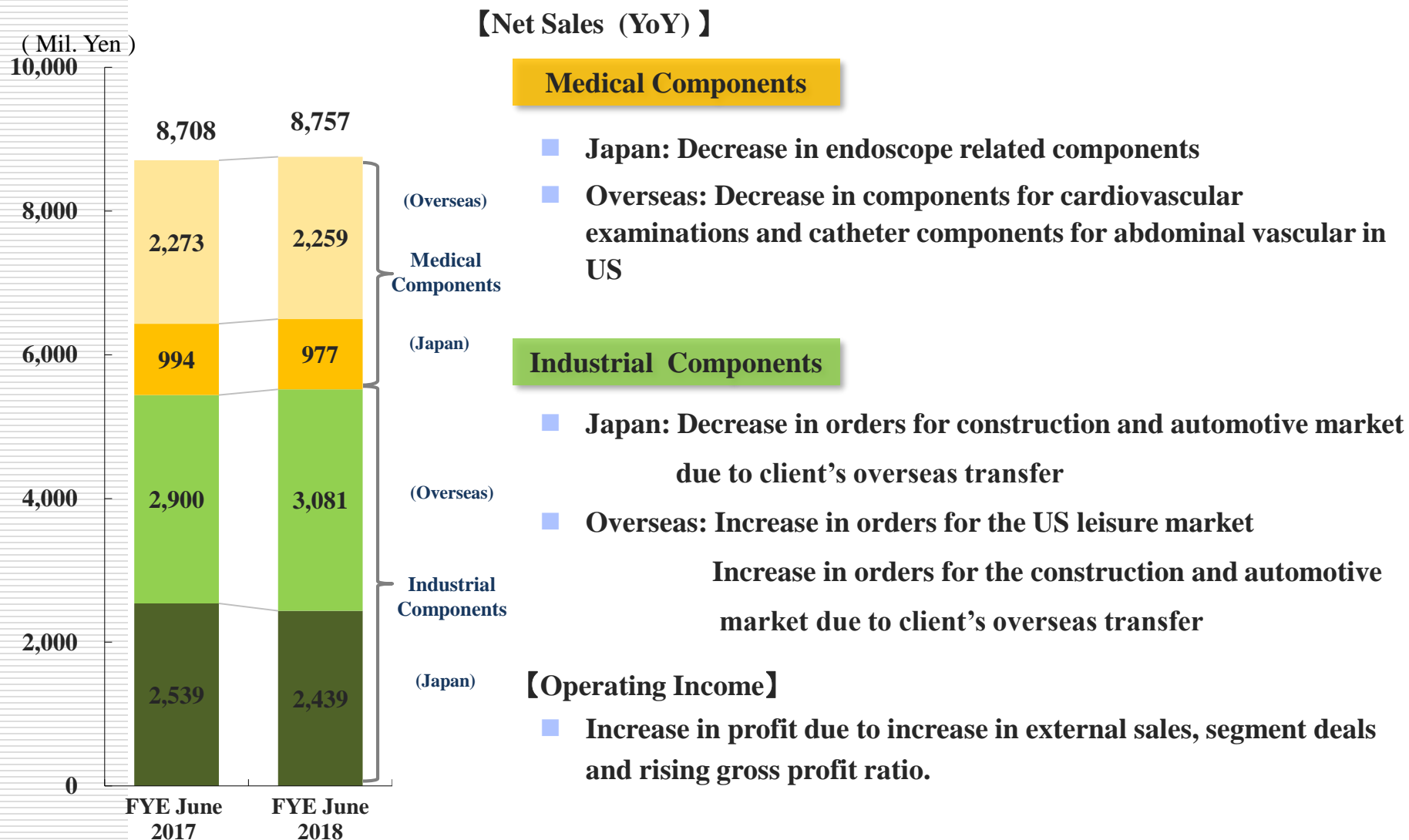
Per Segment by Medical Division (by Treatment - 2)

		FYE June 2017	FYE June 2018	YoY	
				Changes	Changes (%)
Exchange rate (Yen)	USD	109.02	110.39	+1.37	+1.3
	EURO	118.82	131.61	+12.79	+10.8
	CNY	16.02	16.97	+0.95	+5.9
Net sales		34,001	41,366	+7,365	+21.7
	Japan	14,592	15,701	+1,108	+7.6
	Overseas	19,408	25,665	+6,256	+32.2
Cardiovascular		24,301	30,313	+6,011	+24.7
	Japan	9,321	9,892	+570	+6.1
	Overseas	14,979	20,420	+5,440	+36.3
Non-cardiovascular		6,322	7,370	+1,047	+16.6
	Japan	3,408	3,744	+335	+9.9
	Overseas	2,914	3,625	+711	+24.4
OEM		3,376	3,683	+306	+9.1
	Japan	1,862	2,064	+201	+10.8
	Overseas	1,514	1,618	+104	+6.9

(Mil. Yen)



Per Segment by Device Division - 1





Per Segment by Device Division - 2

		FYE June 2017	FYE June 2018	YoY	
				Changes	Changes (%)
Exchange rate (Yen)	USD	109.02	110.39	+1.37	+1.3
Net sales		8,708	8,757	+49	+0.6
	Japan	3,534	3,416	-117	-3.3
	Overseas	5,174	5,341	+166	+3.2
Medical Components		3,268	3,236	-31	-1.0
	Japan	994	977	-17	-1.8
	Overseas	2,273	2,259	-13	-0.6
Industrial Components		5,439	5,520	+81	+1.5
	Japan	2,539	2,439	-99	-3.9
	Overseas	2,900	3,081	+180	+6.2
Operating income		2,923	3,189	+265	+9.1
(Reference) Segment Sales		2,699	3,411	+712	+26.4

(Mil. Yen)



Reference: P/L

	FYE June 2017		FYE June 2018			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Net sales	42,709	100.0	50,124	100.0	+7,414	<ul style="list-style-type: none"> • Strong performance mainly in Medical division • Special demand caused by the supply unstableness of other suppliers
Cost of sales	14,283	33.4	15,268	30.5	+985	
Gross profit	28,426	66.6	34,855	69.5	+6,429	• Increase due to strong orders and improved productivity, etc.
SGA	17,630	41.3	21,028	42.1	+3,451	• Increase in R&D and sales related expenses
Operating income	10,795	25.3	13,773	27.5	+2,978	
Non-operating income	356	0.8	166	0.3	-190	• Decrease in currency exchange gain
Non-operating expense	209	0.5	198	0.4	-11	
Ordinary income	10,941	25.6	13,740	27.4	+2,799	
Extraordinary gain	0	0.0	0	0.0	0	
Extraordinary loss	152	0.4	201	0.4	+49	• Appropriation of loss on revaluation of investments in securities
Net income attributable to parent company shareholders	7,725	18.1	10,042	20.0	+2,316	
Comprehensive income	9,490	22.2	10,623	21.2	+1,132	• Decrease in foreign currency translation adjustment (-1,576)

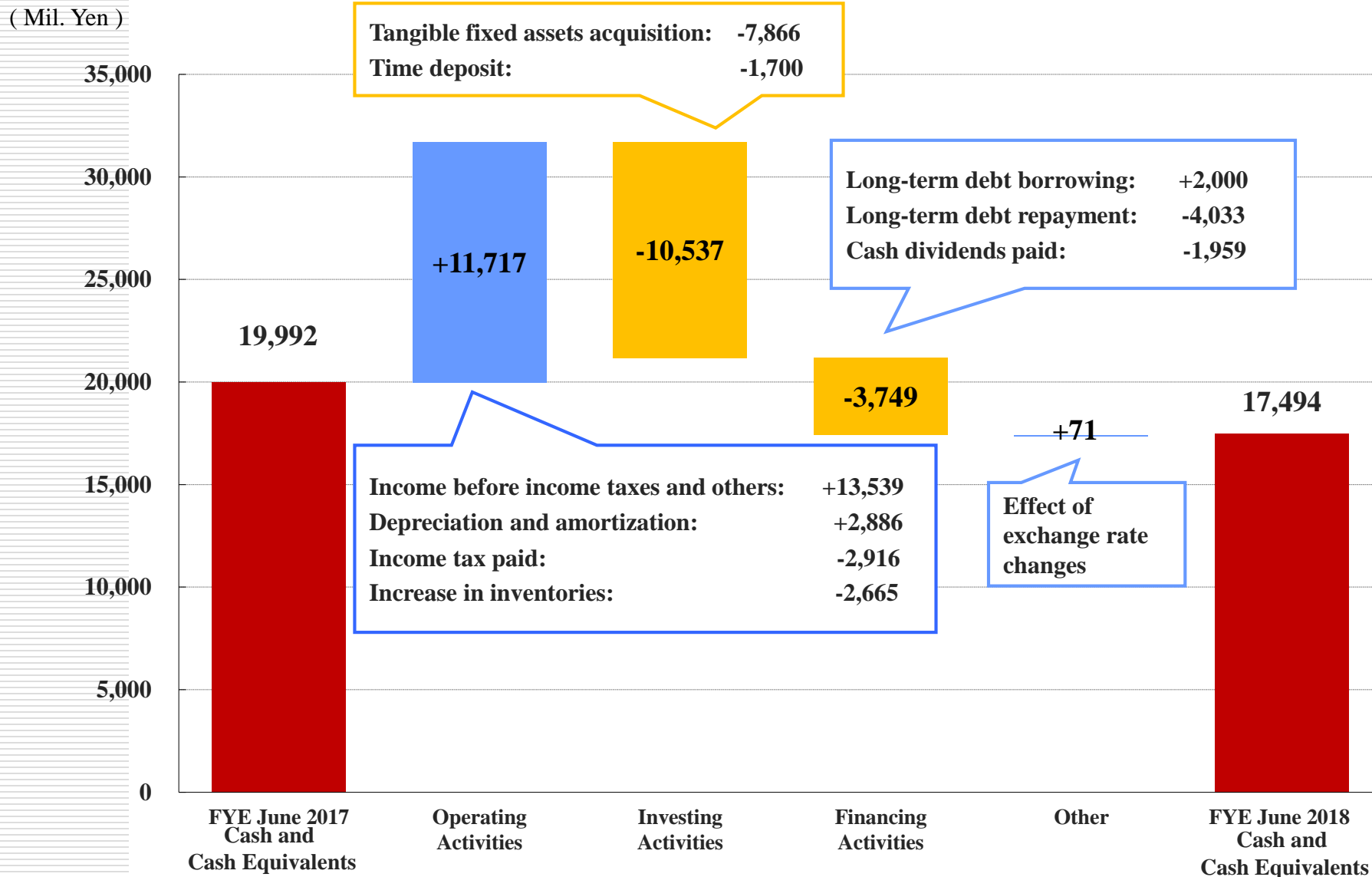


Reference: B/S

		FYE June 2017		FYE June 2018			
		Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Assets	Current assets	39,718	62.8	42,682	58.8	+2,964	Cash and deposit: -833 Receivable-trade: +460 Inventory assets: +2,666
	Fixed assets	23,528	37.2	29,950	41.2	+6,422	Tangible fixed assets: +5,217 Investments and other assets: +1,107
Total assets		63,246	100.0	72,633	100.0	+9,386	
Liabilities	Current liabilities	12,285	19.4	12,392	17.1	+107	Short-term debt: -1,876 Accrued corporation tax: +596 Other current liability: +710
	Fixed liabilities	6,302	10.0	6,640	9.1	+338	Deferred tax liability: +508
Total liabilities		18,587	29.4	19,033	26.2	+446	
Total net assets		44,659	70.6	53,599	73.8	+8,940	Retained earnings: +8,081
Total liabilities & net assets		63,246	100.0	72,633	100.0	+9,386	



Reference: C/F





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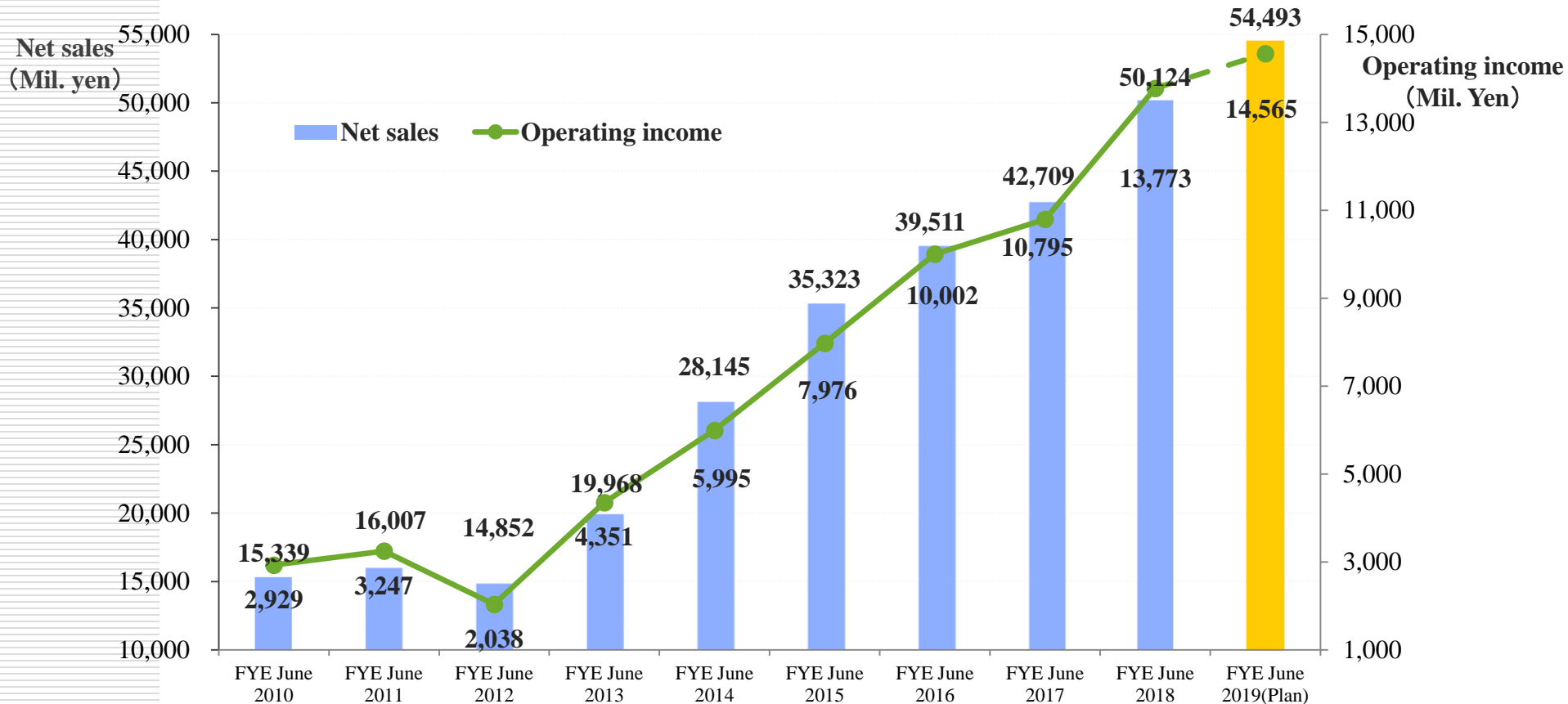
**1. Summary of Consolidated Financial Results for
FYE June 2018**

2. Earnings Forecast for FYE June 2019



Mid-Term Management Plan: Profit Goals to FYE June 2018

Despite the external factors such as reimbursement price reduction and negative impact of exchange rate, +8.7% growth due to increasing in number



(※)

(※)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.



Vision for FYE June 2019

We expect higher sales and higher profits though influenced by the external factors (Currency movement and reimbursement price reduction) and increase in temporary expenses

■ **Net sales is forecasted to be 54,493 Mil. Yen (YoY +8.7%) as demand continues to increase**

Increased factors	● PTCA GW : Further expansion of market share in all areas.
	● Increase in number from the second half of the year with starting direct sales of PTCA GW in US
	● Expansion of penetration catheter in all areas, and “SASUKE” is expected to be spread gradually in EU
	● Cardiovascular products in China tend to increase with strengthening of transition to multiple agent system and actual demand turned of special demand
Decreased factors	● Influence of reimbursement price reduction (-999 Mil. Yen)
	● Negative impact of exchange rate (-397 Mil. Yen)

■ **Despite the increase in expenses due to moving to new office building, operating income increased with sales expanding**

- Decrease slightly in Gross profit ratio with increase in fixed cost, etc.
- Operating income 14,565 Mil. Yen (YoY+5.8 %)
 - Increase in R&D expenses (YoY+ 687 Mil. Yen, Sales ratio 10.5 %)
 - Increase in expenses to move for new office building +620mil. Yen
- Ordinary income 14,557 Mil. Yen (YoY+5.9%)
- Net income attributable to parent company shareholders:

10,884 Mil. Yen (YoY+8.4%)

Assumed Exchange Rate	(Unit : JPY)			
FYE June 2019 (Plan)	US \$	110.00	BAHT	3.40
	EURO	129.00	CNY	16.00
FYE June 2018	US \$	110.39	BAHT	3.40
	EURO	131.61	CNY	16.97

Effect of exchange rate on operating income (Main currency)

US \$ (+ 1 yen influence) : approx. 132 Mil. Yen Increase
 BAHT(+0.1 yen influence) : approx. 199 Mil. Yen Decrease
 EURO (+ 1 yen influence) : approx. 61 Mil. Yen Increase
 CNY (+ 1 yen influence) : approx. 130 Mil. Yen Increase



Earnings Forecast for FYE June 2019

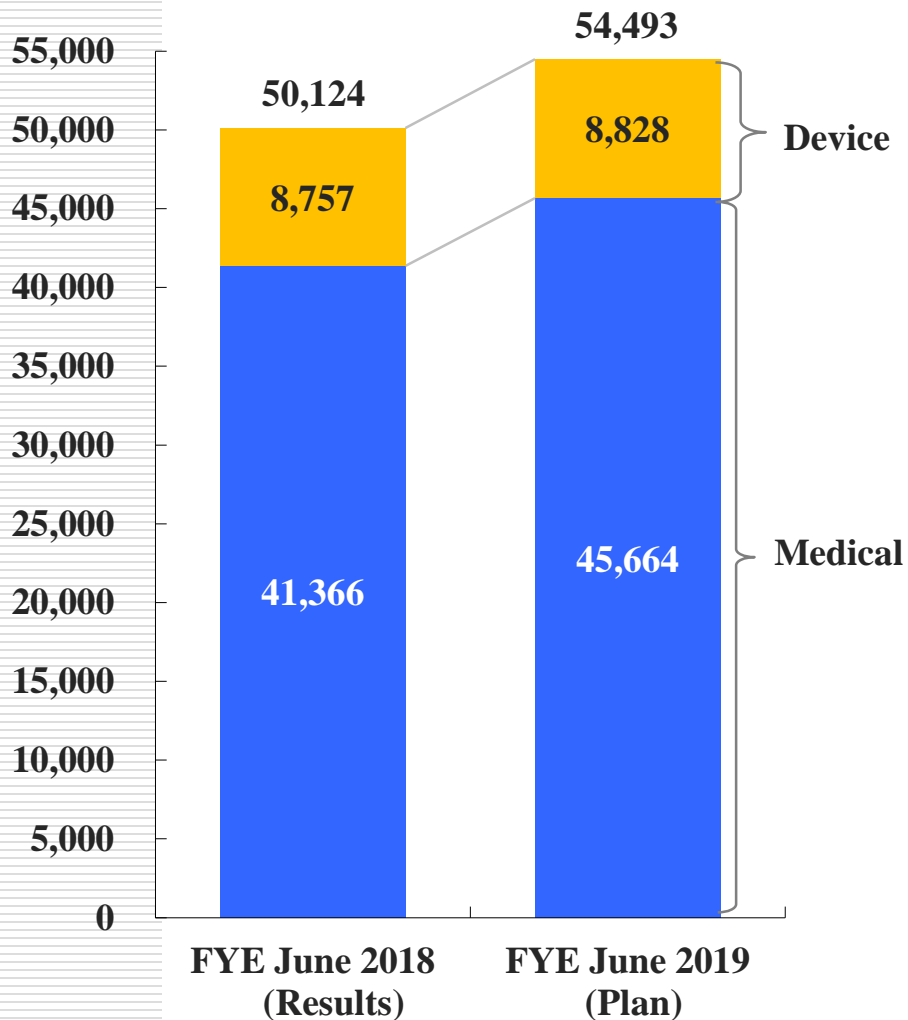
	FYE June 2018 (Results)		FYE June 2019 (Plan)			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	YoY	
					Changes (Mil. Yen)	Changes (%)
Net sales	50,124	100.0	54,493	100.0	+4,369	+8.7
Gross profit	34,855	69.5	37,093	68.1	+2,237	+6.4
Operating income	13,773	27.5	14,565	26.7	+ 792	+5.8
Ordinary income	13,740	27.4	14,557	26.7	+ 817	+5.9
Net income attributable to parent company shareholders	10,042	20.0	10,884	20.0	+ 842	+8.4
EPS	77.75 yen	-	84.22 Yen	-	+6.47 Yen	+8.3



Earnings Forecast by Segment

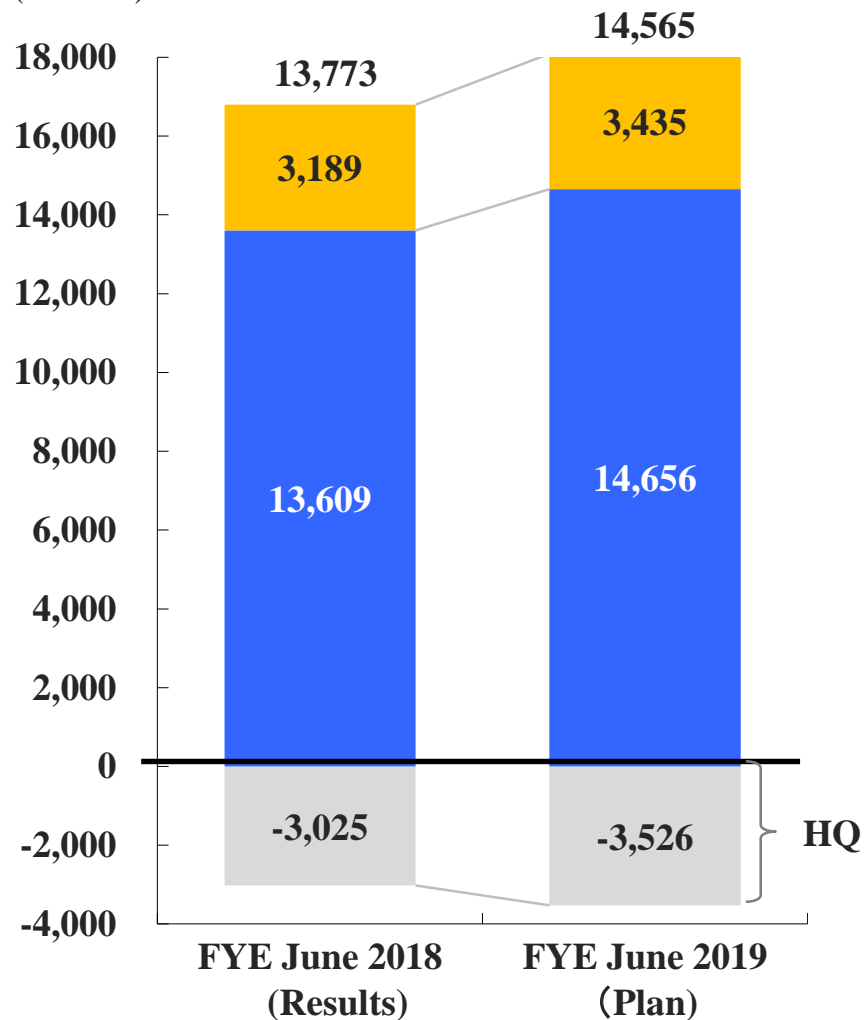
(Mil. Yen)

【 Net Sales 】



(Mil. Yen)

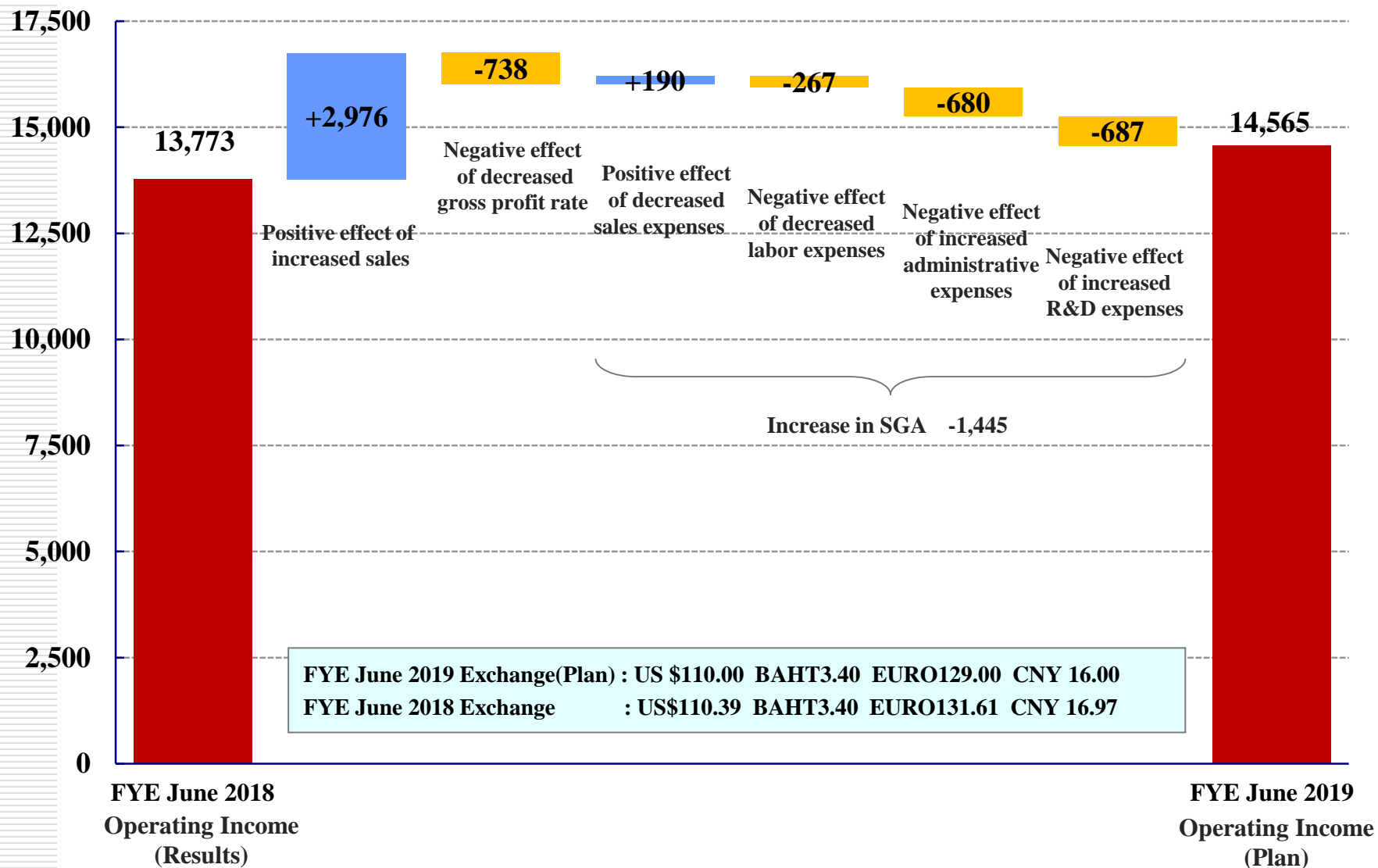
【 Operating Income 】





Attribution Analysis of Operating Income (Exchange Rate Fluctuations Included)

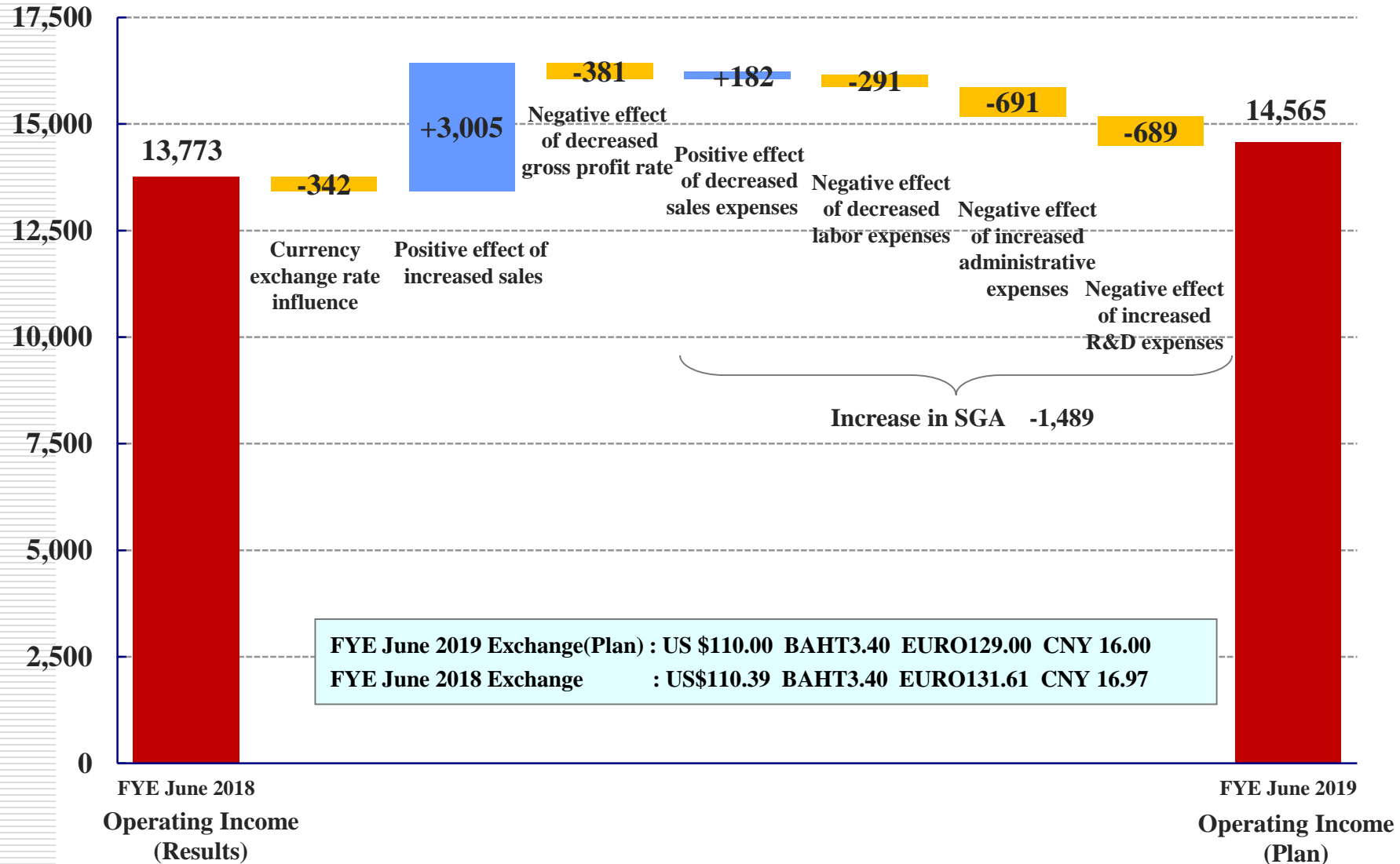
(Mil. Yen)





Attribution Analysis of Operating Income (Exchange Rate Fluctuations Excluded)

(Mil. Yen)



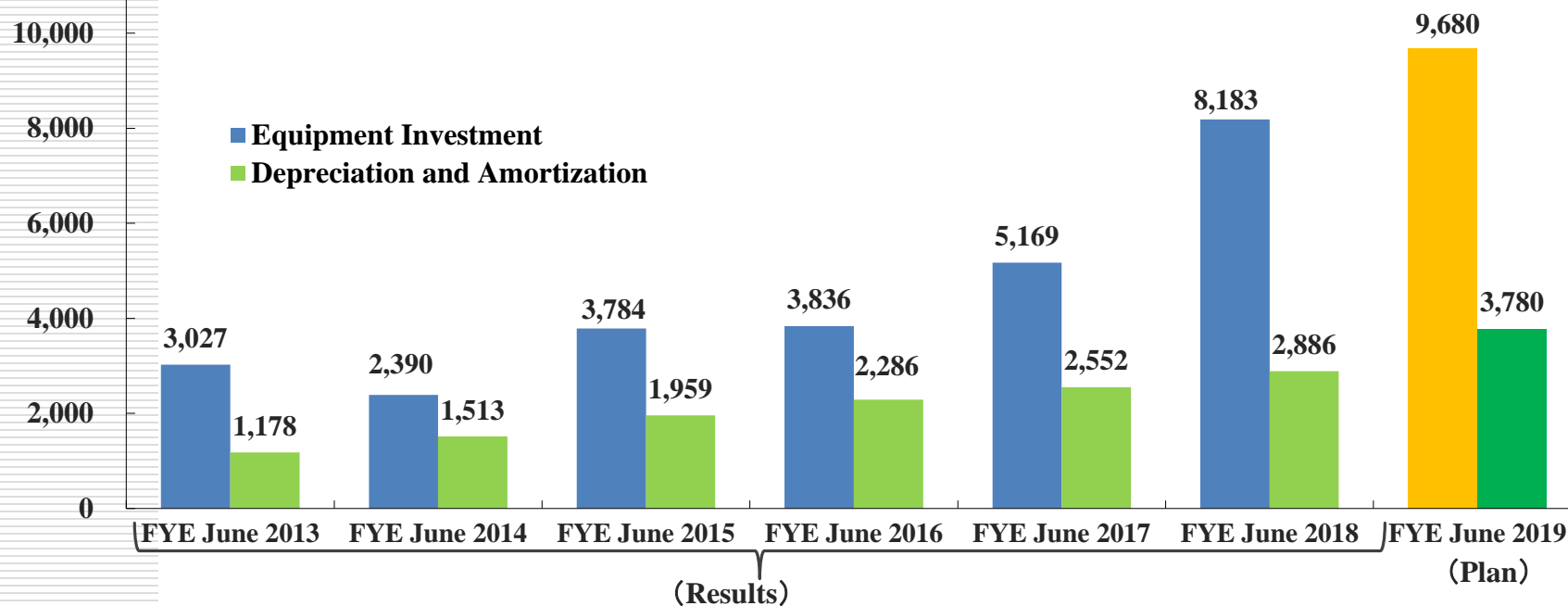


Results and Plan for Equipment Installation

Increase mainly in construction of new office building and Tohoku R & D center, and expansion of overseas factories

(Mil. Yen)

Main investment matter	FYE June 2017 (Results)	FYE June 2018 (Results)	FYE June 2019 (Plan)
New Building at Seto factory	-	2,705	2,517
Expansion of Seto factory (Land/Parking area)	302	-	-
Construction of new Medical factory in Cebu	1,395	436	-
Construction of Tohoku R&D center	233	683	292
Expansion of Medical factory in Thailand	-	1,159	635
Introduction of core information system (SAP)	-	143	1,414



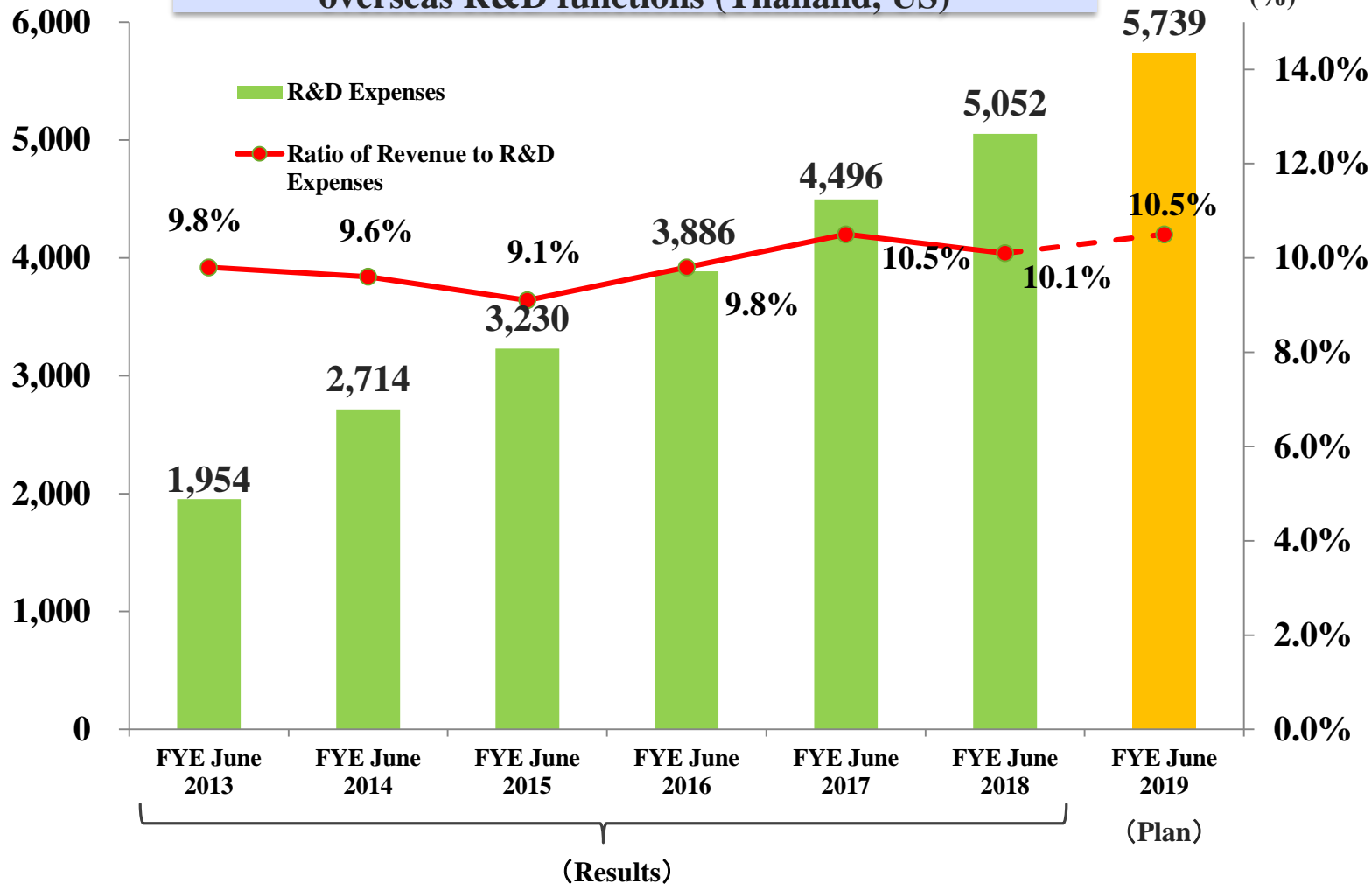


R&D Expenses

R&D Expenses
(Mil. Yen)

In addition to strengthening domestic factories, expand overseas R&D functions (Thailand, US)

Ratio of Revenue to R&D Expenses (%)





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 】

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