



Your dreams. Woven together.

Financial Results of the 3rd Quarter for Fiscal Year ending June 2019

May 15, 2019

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



FYE June 2019 Q3 YTD Main Points-1

Net Sales 42,764Mil. Yen <Year-on-year +11.5%>

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

■ **Medical Division ~ Strong performance in end user demand mainly in foreign markets and greatly increased due to special demand ~**

Japan

- Increase in PTCA GW except for influence of reimbursement price reduction
- Non-compliant type “NC Kamui” led the increase in numbers of PTCA Balloon Catheters
- Diagnostic GW “Silverway” increased due to expansion of facilities
- Sales of Neurovascular field increased in Non-Cardiovascular segment
- Reimbursement price reduction (-910 Mil. Yen)

Overseas

- Started direct sales of PTCA GW in US (July 2018~). However, it had been also sold by Abbott until the end of 2018
- Strong growth for PTCA GW centering on US, China and Asia
- Strong growth for Penetration Catheters of Cardiovascular field all over the world
- Increase centering on China due to special demand caused by supply unstableness of a competitor

■ **Device Division ~ Despite the decrease in Industrial Components business, increased due to good progress of Medical Components business ~**

- ◆ In Medical Components business, good progress in Gastrointestinal components for Japanese markets and Cardiovascular examination catheter components for US market
- ◆ In Industrial Components business, decrease in business for the automotive market in Japan and overseas despite increase in business for leisure related market in overseas



FYE June 2019 Q3 YTD Main Points-2

Despite sales growth and rising gross profit ratio, operating income remained steady along with increases in sales related expenses

- **Gross profit : 30,189 Mil. Yen < YoY +12.6% >**
 - **Rising gross profit ratio due to strong orders and improved productivity, etc.**
- **Operating income :12,919 Mil. Yen < YoY +5.0% >**
 - **Increase in R&D expenses (4,186Mil. Yen, YoY +661Mil. Yen, Ratio of Revenue 9.8%)**
 - **Increase in expenses to strengthen sales and marketing activities such as US and Chinese market**
 - **Incurring expenses related to new building**
 - **Incurring depreciation of goodwill for stock acquisition of Retro Vascular, Inc. (current ASAHI Medical Technologies, Inc.)**
- **Ordinary income : 12,897Mil. Yen < YoY +5.4% >**
 - **Increase in loss on sale and disposal of fixed asset (YoY +48Mil. Yen)**
- **Net income attributable to parent company shareholders : 9,934 Mil. Yen < YoY +9.7 >**
 - **Gain on step acquisitions (400 Mil. Yen)**

Exchange rate (Unit: JPY)	US \$	EURO	CNY	BAHT
FYE June 2019 Q3 YTD	111.58	127.93	16.34	3.44
FYE June 2018 Q3 YTD	110.83	132.16	16.92	3.40



Highlights

	FYE June 2018 Q3 YTD		FYE June 2019 Q3 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	YoY	
					Changes (Mil. Yen)	Changes (%)
Net sales	38,362	100.0	42,764	100.0	+4,402	+11.5
Gross profit	26,803	69.9	30,189	70.6	+3,386	+12.6
Operating income	12,307	32.1	12,919	30.2	+612	+5.0
Ordinary income	12,240	31.9	12,897	30.2	+656	+5.4
Net income attributable to parent company shareholders	9,054	23.6	9,934	23.2	+879	+9.7
EPS *	70.12 yen	-	76.59 yen	-	+6.47 yen	+9.2

* : 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 2018 Q3 YTD		FYE June 2019 Q3 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	31,866	83.1	36,144	84.5	+4,278	+13.4
Device	6,495	16.9	6,619	15.5	+124	+1.9
Total amount	38,362	100.0	42,764	100.0	+4,402	+11.5

(Reference)

Medical field	34,164	89.1	38,784	90.7	+4,620	+13.5
Industrial field	4,198	10.9	3,980	9.3	-218	-5.2

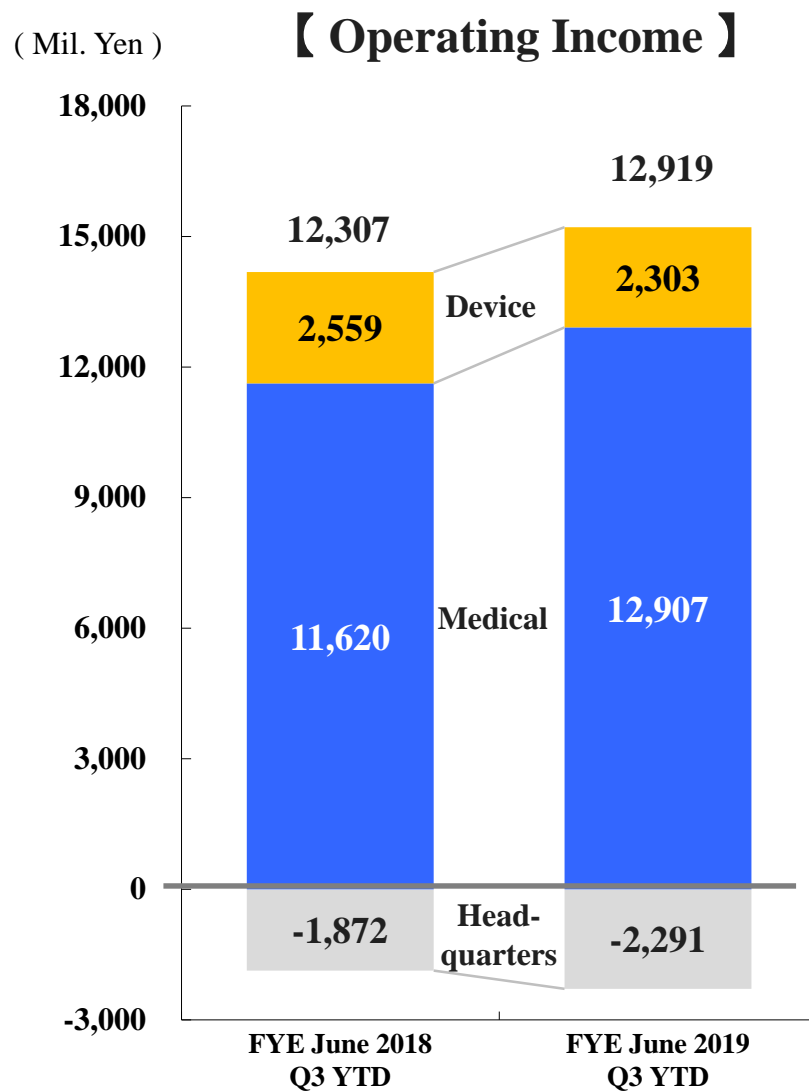
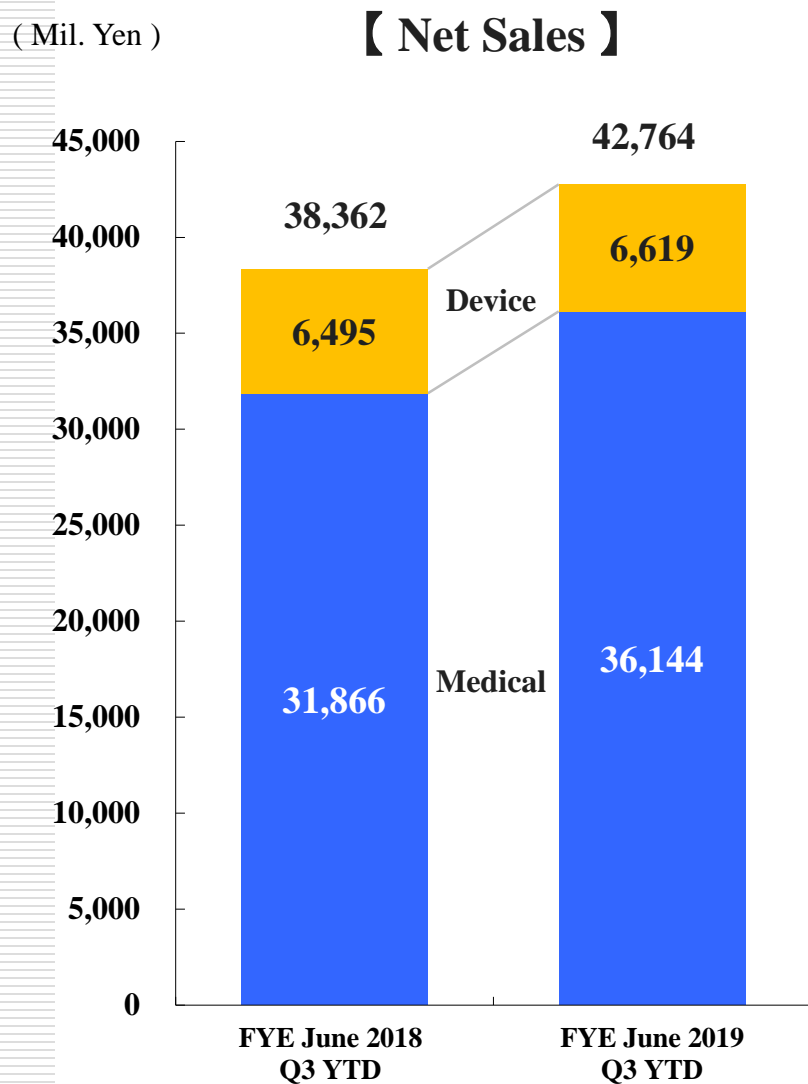


Operating Income by Segment

	FYE June 2018 Q3 YTD		FYE June 2019 Q3 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	11,620	82.0	12,907	84.9	+1,286	+11.1
Device	2,559	18.0	2,303	15.1	-255	-10.0
Subtotal	14,180	100.0	15,210	100.0	+1,030	+7.3
Erasing & Head Quarters	-1,872	-	-2,291	-	-418	+22.3
Total amount	12,307	-	12,919	-	+612	+5.0
(Reference) Device Division Segment Sales	2,645	-	2,646	-	+0	+0.0

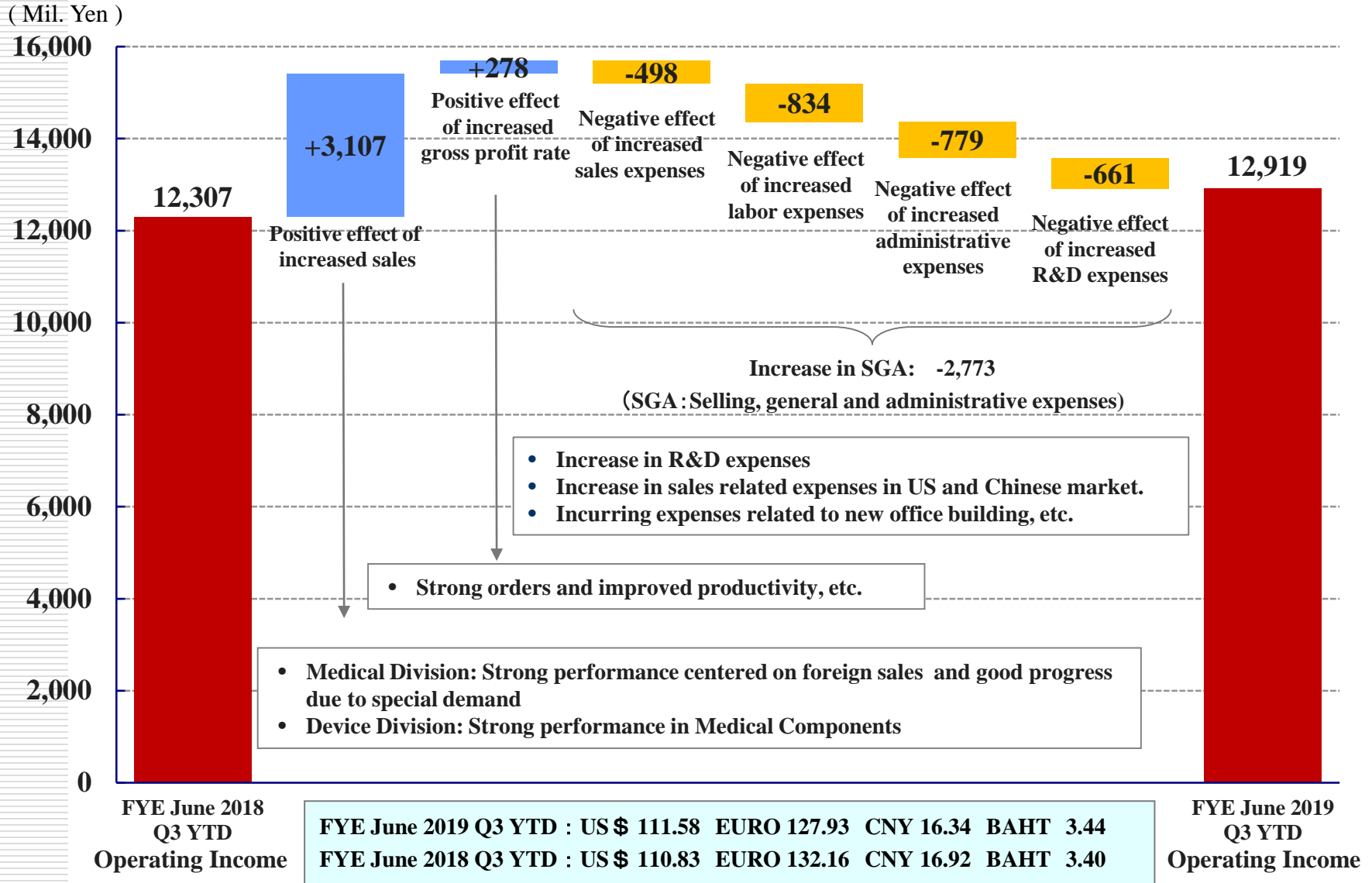


Earnings Performance by Segment





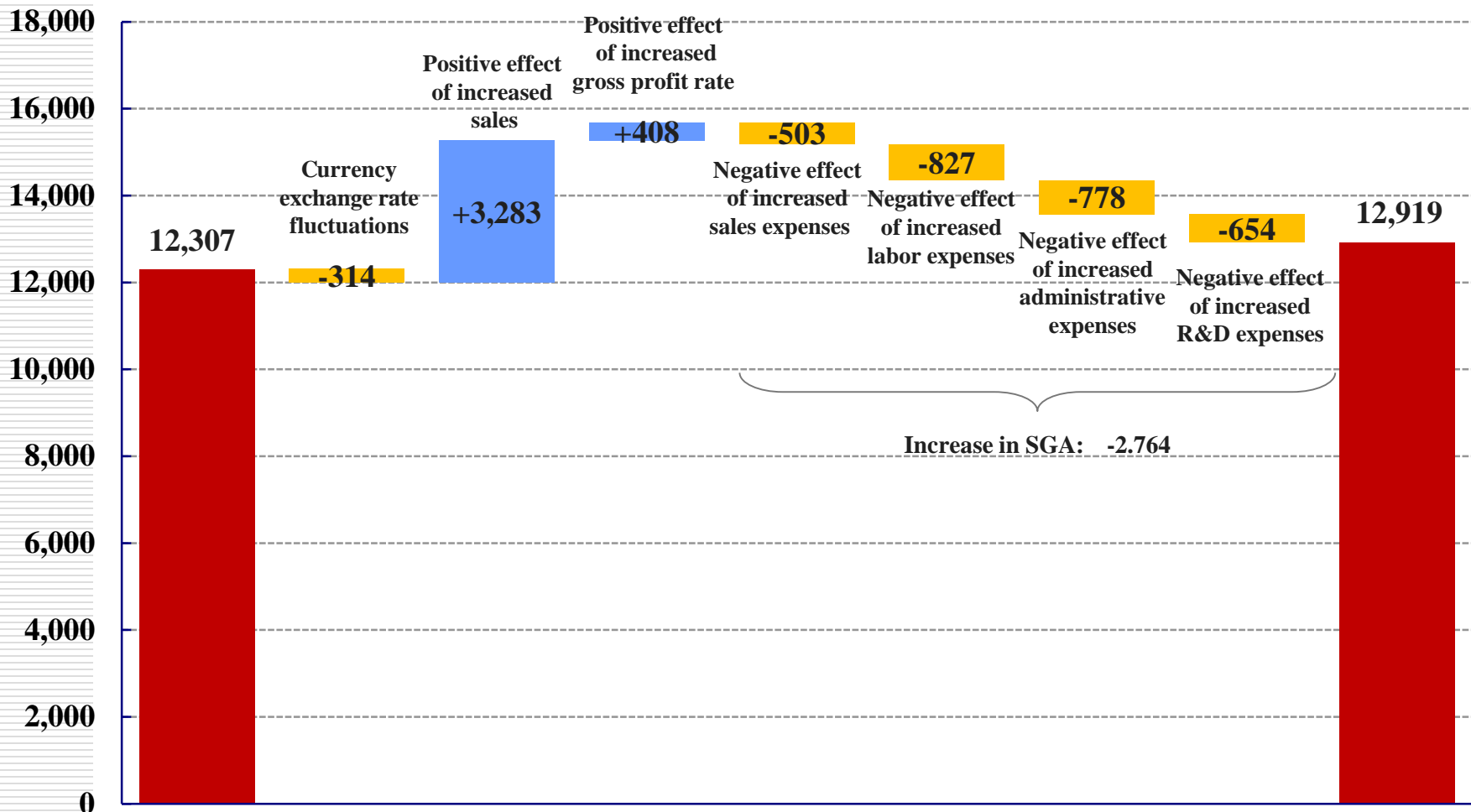
Attribution Analysis of Operating Income – 1 (Exchange Rate Fluctuations Included)





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

(Mil. Yen)



FYE June
2018 Q3 YTD
Operating Income

FYE June 2019 Q3 YTD : US \$ 111.58 EURO 127.93 CNY 16.34 BAHT 3.44
FYE June 2018 Q3 YTD : US \$ 110.83 EURO 132.16 CNY 16.92 BAHT 3.40

FYE June
2019 Q3 YTD
Operating Income

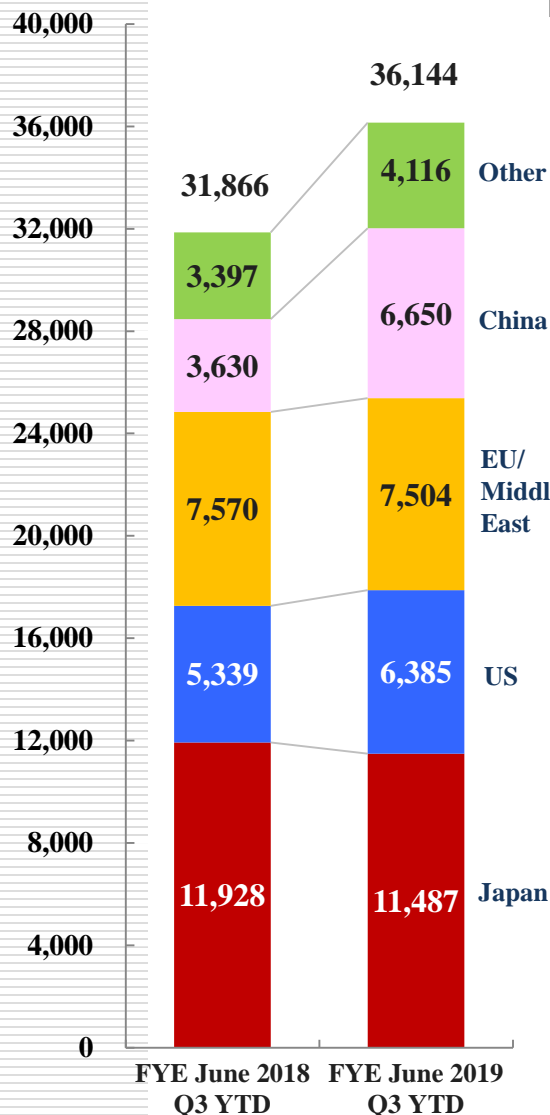


Situation Per Segment Division



Per Segment by Medical Division (by Geography - 1)

(Mil. Yen)



【Net Sales (YoY)】

- **Japan:** Volume increased due to sustained growth of existing products, though influenced by the reimbursement price reduction (-910 Mil. Yen)
 - PTCA GW: Increase except for influence of reimbursement price reduction
 - PTCA Balloon Catheters: Increase in numbers with expansion of “NC Kamui”
 - Diagnostic GW : “Silverway” increased due to expansion of facilities
 - Non-cardiovascular segment: Increase in Neurovascular field
- **Overseas:** Sales increased greatly due to the promotion of direct sales in US and the special demand centering on China
 - <US>
 - PTCA GW: Increase by starting direct sales in July 2018. Parallel sales until December
 - Penetration Catheter / Peripheral GW: Increase due to direct sales
 - Neurovascular field : Increase due to starting shipping for Medtronic
 - <EU/Middle East>
 - Decrease due to exchange rate fluctuations
 - Penetration Catheter: Good progress centering on “Caravel”
 - Neurovascular GW : Progress favorably
 - <China>
 - PTCA GW / Penetration Catheter “Corsair”: Increase due to switching to multi distributor system , partly due to the special demand
 - <Other>
 - PTCA GW / Penetration Catheter: Good progress with market expansion mainly in Asia, partly due to the special demand

【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)

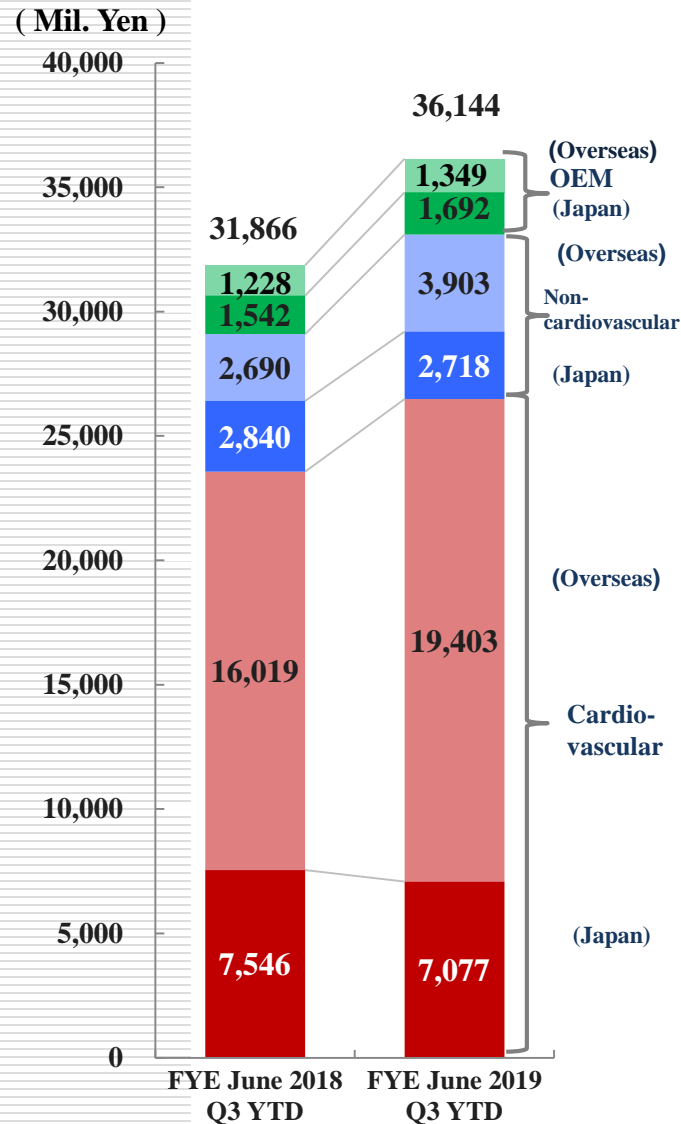
(Mil. Yen)

		FYE June 2018 Q3 YTD	FYE June 2019 Q3 YTD	YoY	
				Changes	Changes (%)
Exchange rate(Yen)	USD	110.83	111.58	+0.75	+0.7
	EURO	132.16	127.93	-4.23	-3.2
	CNY	16.92	16.34	-0.58	-3.4
Net sales		31,866	36,144	+4,278	+13.4
Japan		11,928	11,487	-441	-3.7
Overseas		19,937	24,656	+4,719	+23.7
US		5,339	6,385	+1,046	+19.6
EU/Middle East		7,570	7,504	-65	-0.9
China		3,630	6,650	+3,020	+83.2
Other		3,397	4,116	+718	+21.1
Operating income		11,620	12,907	+1,286	+11.1



Per Segment by Medical Division (by Treatment - 1)

【Net Sales (YoY)】



Cardiovascular

- **Japan: Steady progress though influenced by the reimbursement price reduction**
 - PTCA GW: Increase except for influence of reimbursement price reduction
 - PTCA Balloon Catheter : Increase in numbers with expansion of “NC Kamui”
 - Diagnostic GW : “Silverway” increased due to expansion of facilities
- **Overseas: Good progress mainly in PTCA GW and Penetration Catheter**
 - PTCA GW: Good progress centered on China and Asia, partly due to the special demand
Start in direct sales in July 2018 in US. Parallel sales continued until December
 - Penetration Catheter : Good progress in all regions partly due to the special demand

Non-cardiovascular

- **Japan: Increase in Neurovascular field**
- **Overseas: Good progress in Peripheral vascular, Abdominal vascular and Neurovascular field**

OEM

- **Japan: Increase in business of Wires for Gastrointestinal and Peripheral**
- **Overseas: Increase in business of Peripheral GW**



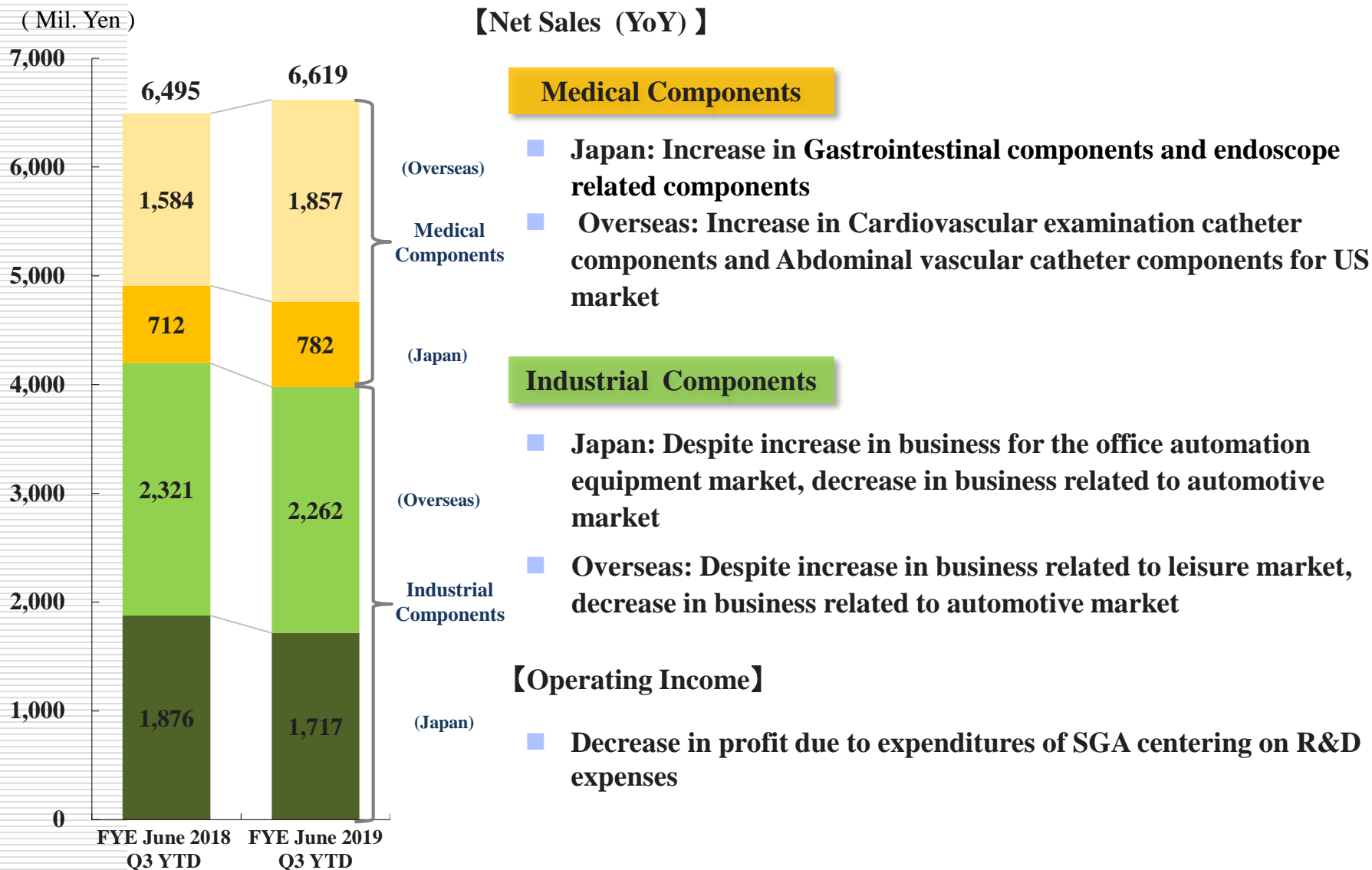
Per Segment by Medical Division (by Treatment - 2)

		FYE June 2018 Q3 YTD	FYE June 2019 Q3 YTD	YoY	
				Changes	Changes (%)
Exchange rate (Yen)	USD	110.83	111.58	+0.75	+0.7
	EURO	132.16	127.93	-4.23	-3.2
	CNY	16.92	16.34	-0.58	-3.4
Net sales		31,866	36,144	+4,278	+13.4
	Japan	11,928	11,487	-441	-3.7
	Overseas	19,937	24,656	+4,719	+23.7
Cardiovascular		23,565	26,480	+2,915	+12.4
	Japan	7,546	7,077	-469	-6.2
	Overseas	16,019	19,403	+3,384	+21.1
Non-cardiovascular		5,530	6,622	+1,091	+19.7
	Japan	2,840	2,718	-121	-4.3
	Overseas	2,690	3,903	+1,213	+45.1
OEM		2,771	3,042	+271	+9.8
	Japan	1,542	1,692	+150	+9.7
	Overseas	1,228	1,349	+121	+9.8

(Mil. Yen)



Per Segment by Device Division - 1





Per Segment by Device Division - 2

		FYE June 2018 Q3 YTD	FYE June 2019 Q3 YTD	YoY	
				Changes	Changes(%)
Exchange rate (Yen)	USD	110.83	111.58	+0.75	+0.7
Net sales		6,495	6,619	+124	+1.9
	Japan	2,589	2,499	-90	-3.5
	Overseas	3,905	4,120	+214	+5.5
Medical Components		2,297	2,639	+342	+14.9
	Japan	712	782	+69	+9.7
	Overseas	1,584	1,857	+273	+17.2
Industrial Components		4,198	3,980	-218	-5.2
	Japan	1,876	1,717	-159	-8.5
	Overseas	2,321	2,262	-58	-2.5
Operating income		2,559	2,303	-255	-10.0
(Reference) Segment Sales		2,645	2,646	+0	+0.0

(Mil. Yen)



Reference: P/L

	FYE June 2018 Q3 YTD		FYE June 2019 Q3 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Net sales	38,362	100.0	42,764	100.0	+4,402	<ul style="list-style-type: none"> • Strong performance mainly in overseas in Medical division • Influence of special demand
Cost of sales	11,558	30.1	12,574	29.4	+1,015	
Gross profit	26,803	69.9	30,189	70.6	+3,386	<ul style="list-style-type: none"> • Increase due to strong orders and improved productivity, etc.
SGA	14,496	37.8	17,269	40.4	+2,773	<ul style="list-style-type: none"> • Increase in R&D expenses and sales related expenses
Operating income	12,307	32.1	12,919	30.2	+612	
Non-operating income	99	0.3	179	0.4	+80	<ul style="list-style-type: none"> • Recording subsidy
Non-operating expense	165	0.4	202	0.5	+36	<ul style="list-style-type: none"> • Recording loss on sale and disposal of fixed asset
Ordinary income	12,240	31.9	12,897	30.2	+656	
Extraordinary gain	0	0.0	400	0.9	+400	<ul style="list-style-type: none"> • Gain on step acquisitions
Extraordinary loss	8	0.0	0	0.0	-8	
Net income attributable to parent company shareholders	9,054	23.6	9,934	23.2	+879	
Comprehensive income	9,399	24.5	10,250	24.0	+850	<ul style="list-style-type: none"> • Decrease in unrealized loss on securities -678 • Increase in foreign currency translation adjustment +655



Reference: B/S

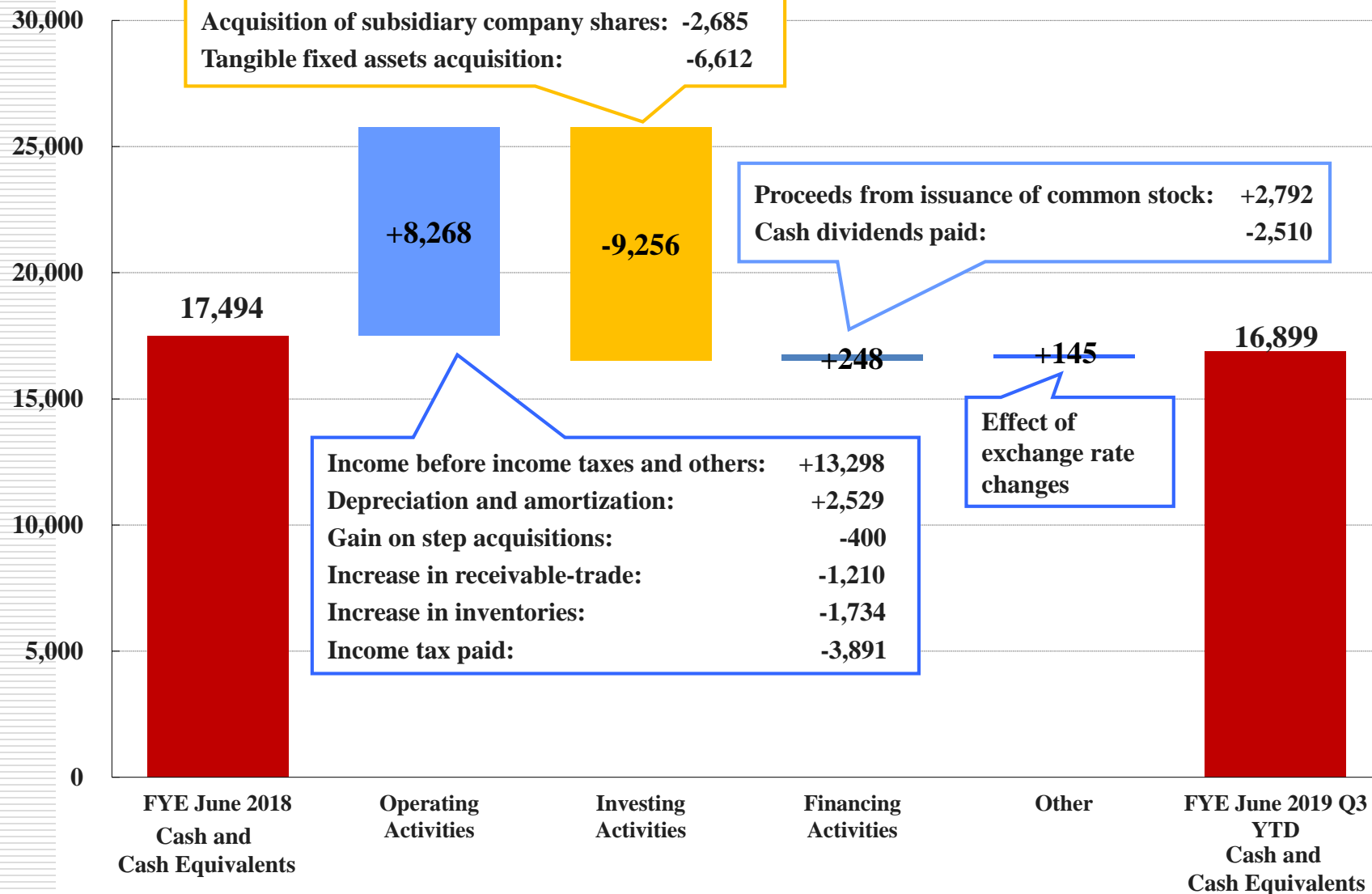
		FYE June 2018		FYE June 2019 Q3 YTD			Main comparison factors	
		Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)		
Assets	Current assets	42,056	58.3	44,982	54.6	+2,926	Inventory assets: +2,013 Receivable-trade: +1,352 Cash and deposit: -1,038	
	Fixed Assets	30,048	41.7	37,406	45.4	+7,358	Tangible fixed assets: +4,210 Goodwill: +2,877	
Total assets		72,104	100.0	82,389	100.0	+10,284		
Liabilities	Current Liabilities	12,392	17.2	10,856	13.2	-1,536	Short-term debt: -973 Accrued corporation tax: -607	
	Fixed liabilities	6,112	8.5	7,228	8.8	+1,116	Long-term debt: +827	
Total liabilities		18,505	25.7	18,085	22.0	-420		
Total net assets		53,599	74.3	64,304	78.0	+10,704	Retained earnings: +7,422 Capital stock: +1,472 Capital surplus: +1,472	
Total liabilities & net assets		72,104	100.0	82,389	100.0	+10,284		

* : Since “Partial revision of “Accounting standard for tax effect accounting”” (Corporate Accounting Standard No. 28, February 16, 2018) etc. has been applied from the beginning of the first quarter of FYE June 2019, the figures after applying the accounting standards etc. are stated for FYE June 2018.



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.

【 IR contact 】

Asahi Intecc Co., Ltd. Corporate strategic office

TEL 0561-48-5551

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