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# 1st Quarter Financial Results for FYE June, 2014

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November 14, 2013

(Securities code : 7747

2nd section of the Tokyo Stock Exchange,  
2nd section of the Nagoya Stock Exchange)



## 1. Summary of Financial Results of FYE 6/2014 Q1

## 2. Earnings Estimate of FYE 6/2014



# FYE 6/2014 Q1 Main Points

## ■ Net Sales 6,201 Mil. Yen (+36.3%)

- Medical and Device Division both progressed favorably.

In addition to the firm market sales, currency appreciation of US Dollars & EURO backed up the growth trends.

- Medical Division : Market demand growing well in all areas continuously as from the previous year.
- Device Division : Components of both of Medical and Industrial increased.

## ■ While R&D and Sales expenses increased, positive sales growth contributed to large income performance.

### ● Gross profit 4,070 Mil. Yen (+ 26.5%)

- While gross profit ratio decreased due to inventory reduction, sales growth contributed to gross profit increase.

### ● Operating income 1,583 Mil. Yen (+ 41.7%)

- Increased R&D costs ( 562 mil.yen ) ( + 107 Mil. Yen YoY, Sales ratio 9.1%)
- Increased sales costs related to switch to direct sales, etc.

### ● Ordinary income 1,527 Mil. Yen (+ 40.9%)

### ● Net income 1,283 Mil. Yen (+ 50.9%)

- Earning of 319Mil. Yen were allocated, which comes from bargain purchase of goodwill by consolidated subsidiary of Toyoflex Co.,Ltd. .

Exchange rate	(Unit : JPY)			
13/6FY 1Q	US \$	78.12	BAHT	2.50
	EURO	97.65	CNY	12.32
14/6FY 1Q	US \$	98.06	BAHT	3.10
	EURO	129.61	CNY	16.02



# Highlight

	FYE 6/2013 1Q YTD		FYE 6/2014 1Q YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	YoY	
					Changes (mil.yen)	Changes (%)
Net sales	4,550	100.0	6,201	100.0	+1,650	+36.3
Gross profit	3,217	70.7	4,070	65.6	+852	+26.5
Operating income	1,117	24.5	1,583	25.5	+466	+41.7
Ordinary income	1,084	23.8	1,527	24.6	+443	+40.9
Net income	850	18.7	1,283	20.7	+432	+50.9
EPS	55.73Y	-	80.65Y	-	+24.92Y	+44.7



## Net Sales by Segment Division

	FYE 6/2013 1Q YTD		FYE 6/2014 1Q YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	Changes (%)
Medical	3,831	84.2	5,298	85.4	+1,467	+38.3
Device	718	15.8	902	14.6	+183	+25.5
Total Amount	4,550	100.0	6,201	100.0	+1,650	+36.3

(Reference)

Medical Field	4,256	93.5	5,870	94.7	+1,614	+37.9
Industrial Field	294	6.5	330	5.3	+36	+12.2



## Operating Income by Segment Division

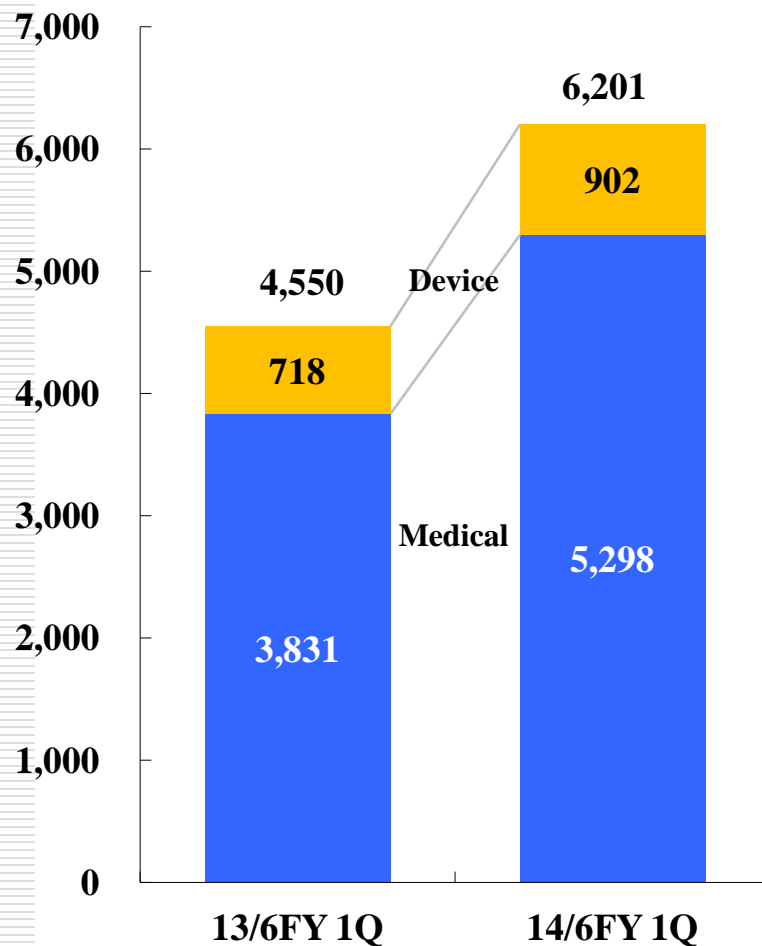
	FYE 6/2013 1Q YTD		FYE 6/2014 1Q YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	Changes (%)
Medical	1,038	71.4	1,646	84.3	+607	+58.5
Device	416	28.6	306	15.7	Δ109	Δ26.4
Subtotal	1,454	100.0	1,952	100.0	+497	+34.2
Erasing & Head quarters	Δ337	-	Δ369		Δ31	+9.3
Total Amount	1,117	-	1,583		+466	+41.7



# Earnings Performance by Segment Division

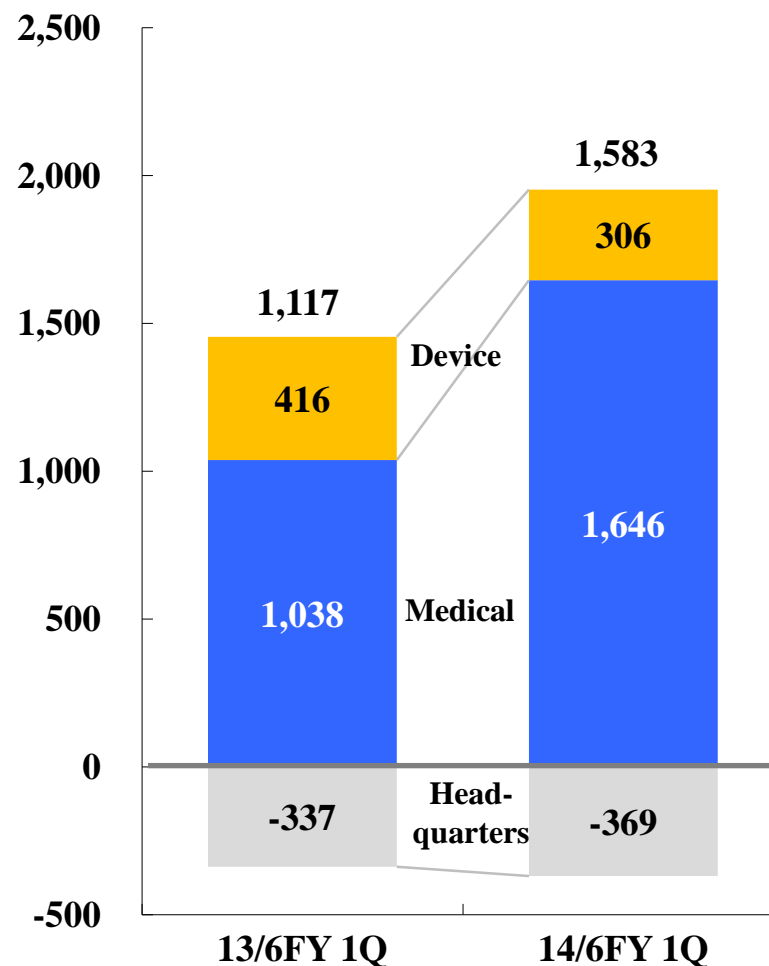
## 【 Net sales 】

( million yen )



## 【 Operating income 】

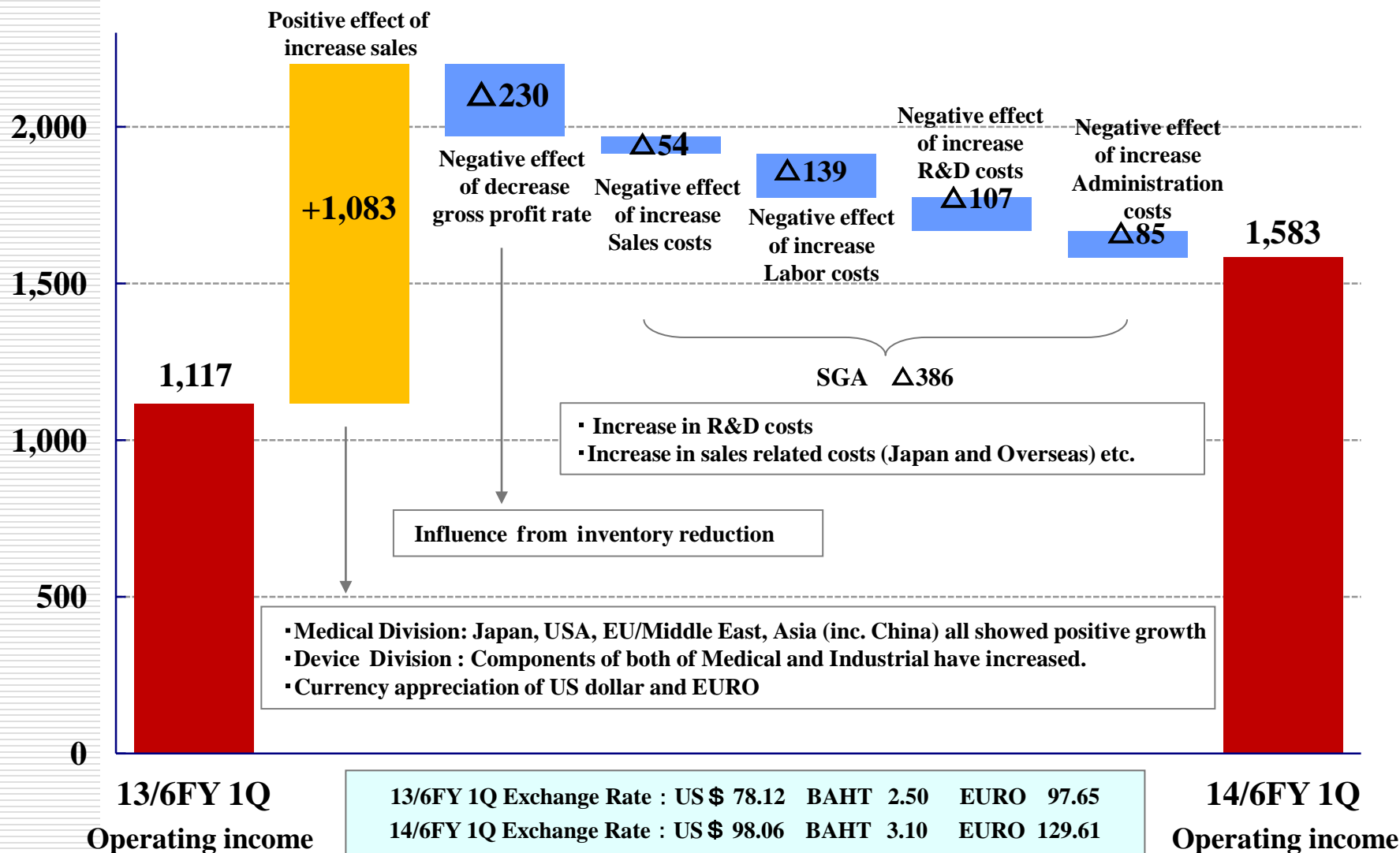
( million yen )





# Attribution analysis of Operating Income – 1 (Exchange rate fluctuations included)

(million yen)

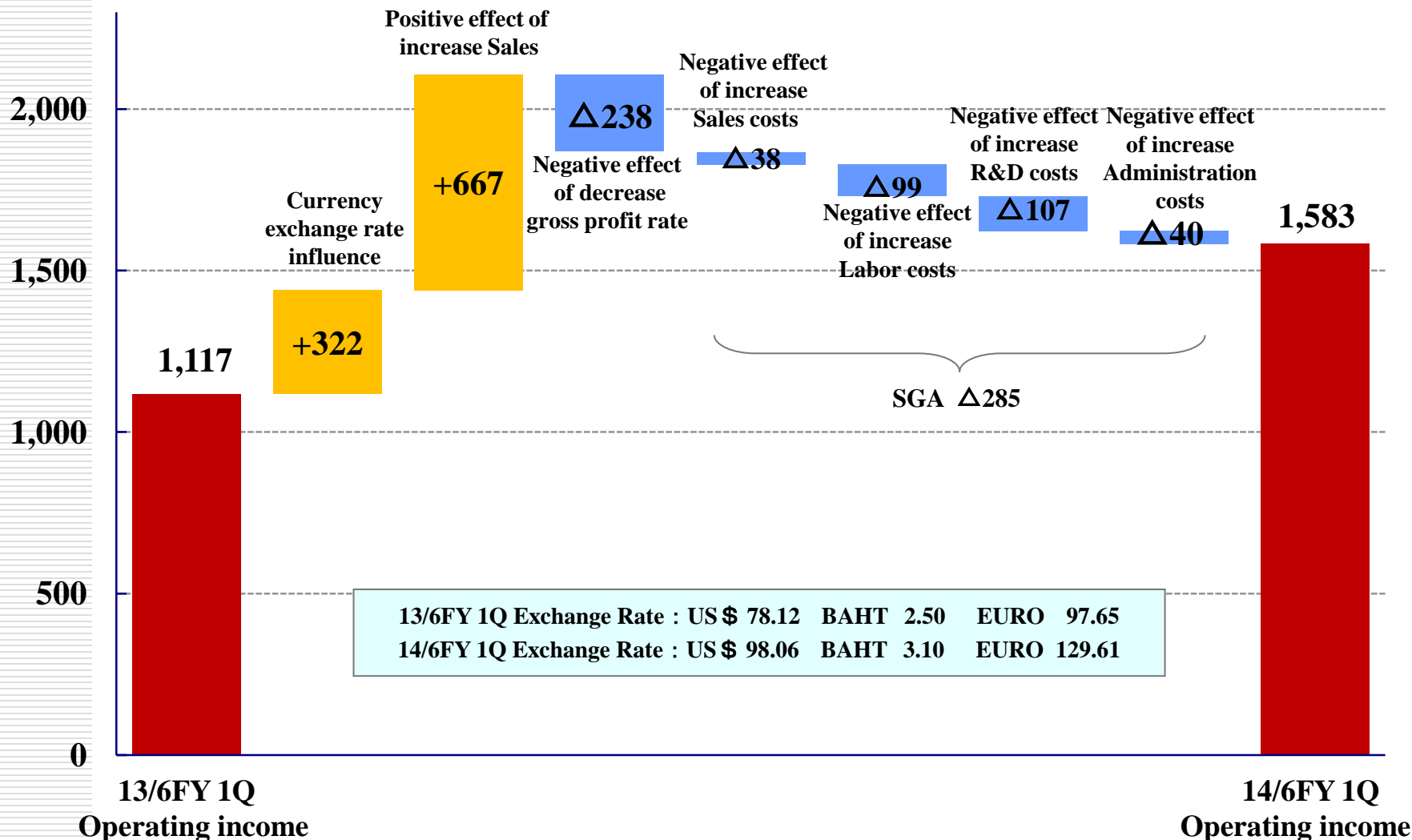






# Attribution analysis of Operating Income – 2 (Exchange rate fluctuations excluded)

(million yen)



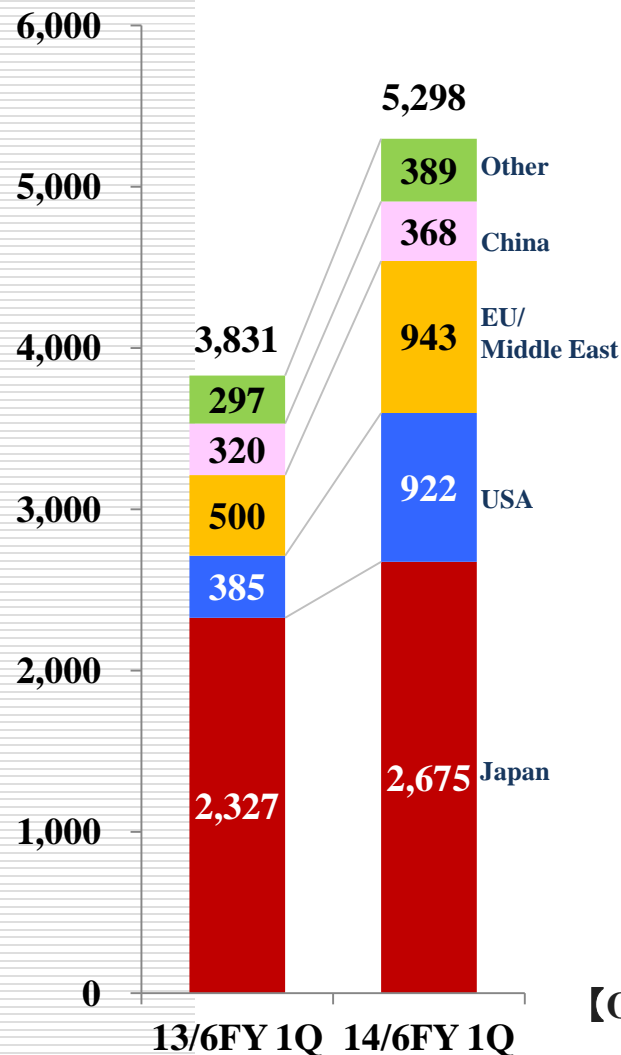


# Situation Per Segment Division



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

(million yen)



### 【Net Sales (YoY)】

- **Japan:** Segments both in cardiovascular and non cardiovascular progressing well.
  - PTCA GW: “SION Series” usage growing as expected with other items
  - PTCA Balloon Catheter : New item of “Kamui” growing favorably
  - Peripheral vascular products : Peripheral GW showed favorable trends as it penetrates well into market.
  - Abdominal vascular products :
    - IVR GW / Growth trends from direct business effects.
    - Micro Catheter / Previous 1Q: Temporal increase occurred in line with distribution change.
  - Neurovascular products :
    - Neuro GW / Growth trends from direct business.
    - Neuro Guiding Catheter / Previous 1Q: Initial delivery in line with business commencement.
- **Overseas:** Market demand growing well in all areas continuously as from the previous year. US & EURO Currency appreciation supports the growth trends further.
  - USA: PTCA GW / There is no change of contracted quantity on half year basis. Previous 1Q: Carried over to next 2Q, due to timing factor of auditing. Penetration Catheter “Corsair” / Growth trends from direct business effects
  - EU/ Middle East: PTCA GW / Good trends continued due to strong market demand
  - China : PTCA GW / Good trends continued due to increase over market growth ratio
  - Other : Business progresses well mainly from PTCA GW.

### 【Operating income】

- While R&D and Sales expense increased, sales growth contributed to large profit performance.



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

( million yen )

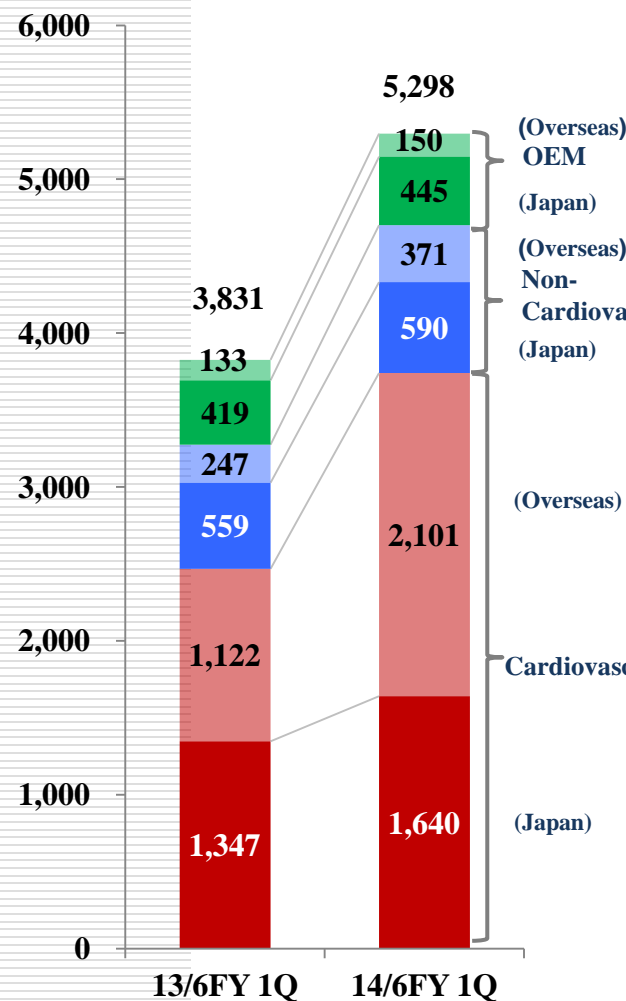
	FYE 6/2013 1Q YTD	FYE 6/2014 1Q YTD	YoY	
			Changes (mil.yen)	Changes (%)
<b>(Exchange rate:USD)</b>	<b>78.12</b>	<b>98.06</b>	<b>+19.94</b>	<b>+25.5</b>
<b>Net sales</b>	<b>3,831</b>	<b>5,298</b>	<b>+1,467</b>	<b>+38.3</b>
<b>Japan</b>	<b>2,327</b>	<b>2,675</b>	<b>+347</b>	<b>+14.9</b>
<b>Overseas</b>	<b>1,504</b>	<b>2,623</b>	<b>+1,119</b>	<b>+74.4</b>
<b>USA</b>	<b>385</b>	<b>922</b>	<b>+536</b>	<b>+139.3</b>
<b>EU/Middle East</b>	<b>500</b>	<b>943</b>	<b>+442</b>	<b>+88.4</b>
<b>China</b>	<b>320</b>	<b>368</b>	<b>+47</b>	<b>+15.0</b>
<b>Other</b>	<b>297</b>	<b>389</b>	<b>+92</b>	<b>+31.0</b>
<b>Operating income</b>	<b>1,038</b>	<b>1,646</b>	<b>+607</b>	<b>+58.5</b>



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

【Net Sales (YoY)】

(million yen)



## Cardiovascular

- **Japan** : Market penetration of new item of “Kamui” progressing favorably
  - PTCA GW / “SION Series” usage growing as expected with other items
  - PTCA Balloon catheter / New item of “Kamui” growing favorably
- **Overseas** : EU/Middle East, USA, Asia (inc. China) increases PTCA GW.
  - USA : PTCA GW / There is no change of contracted quantity on half year basis. Previous 1Q: Carried over to next 2Q, due to timing factor of auditing.
  - Penetration catheter “Corsair” / Growth trends from direct business effects

## Non-Cardiovascular

- **Japan** : Peripheral vascular products : Market penetration of Peripheral GW progressing favorably.
  - Increase from the advantage of switching to direct business of cardiovascular and neurovascular products in domestic market . See P.11
- **Overseas** : Market penetration of Peripheral GW progressing favorably

## OEM

- **Japan** : Endoscope related products / Advanced shipment from 2Q to 1Q occurred.
- **Overseas** : Increase of mini-guide wire for cardiovascular diagnosis



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

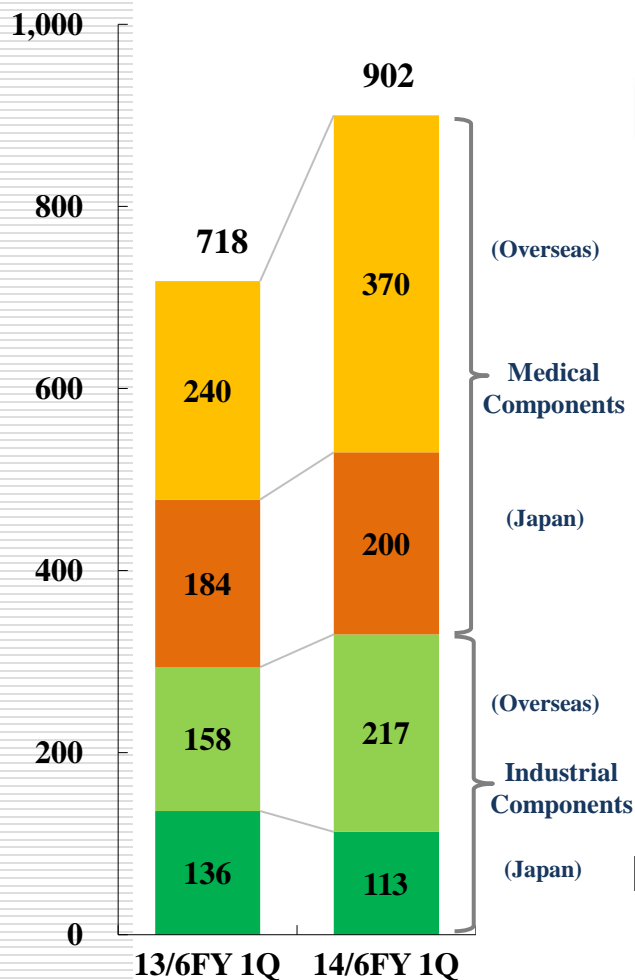
( million yen )

	FYE 6/2013 1Q YTD	FYE 6/2014 1Q YTD	YoY	
			Changes (mil.yen)	Changes (%)
(Exchange rate : USD)	<b>78.12</b>	<b>98.06</b>	<b>+19.94</b>	<b>+25.5</b>
Net sales	<b>3,831</b>	<b>5,298</b>	<b>+1,467</b>	<b>+38.3</b>
Japan	<b>2,327</b>	<b>2,675</b>	<b>+347</b>	<b>+14.9</b>
Overseas	<b>1,504</b>	<b>2,623</b>	<b>+1,119</b>	<b>+74.4</b>
Cardio Vascular	<b>2,470</b>	<b>3,742</b>	<b>+1,271</b>	<b>+51.5</b>
Japan	<b>1,347</b>	<b>1,640</b>	<b>+292</b>	<b>+21.7</b>
Overseas	<b>1,122</b>	<b>2,101</b>	<b>+979</b>	<b>+87.2</b>
Non-Cardio Vascular	<b>807</b>	<b>961</b>	<b>+153</b>	<b>+19.0</b>
Japan	<b>559</b>	<b>590</b>	<b>+30</b>	<b>+5.4</b>
Overseas	<b>247</b>	<b>371</b>	<b>+123</b>	<b>+50.0</b>
OEM	<b>553</b>	<b>595</b>	<b>+41</b>	<b>+7.5</b>
Japan	<b>419</b>	<b>445</b>	<b>+25</b>	<b>+6.0</b>
Overseas	<b>133</b>	<b>150</b>	<b>+16</b>	<b>+12.2</b>



# Per Segment by Device Division -1

( million yen )



## 【Net Sales (YoY)】

### Medical Components

- Growth tendency based on overseas markets
  - USA Market: Gains due to increases in medical components for usage of cardiovascular diagnostic devices.

### Industrial Components

- Japan : Business for Home electric appliance market reduced.
- Overseas : Component supply increased in leisure industry and automobile market.

## 【Operating income】

- Decreased in operating income due to decreasing inter segment sales.



## Per Segment by Device Division -2

( million yen )

	FYE 6/2013 1Q YTD	FYE 6/2014 1Q YTD	YoY	
			Changes (mil.yen)	Changes (%)
(Exchange rate : USD)	<b>78.12</b>	<b>98.06</b>	<b>+19.94</b>	<b>+25.5</b>
Net sales	<b>718</b>	<b>902</b>	<b>+183</b>	<b>+25.5</b>
Japan	<b>320</b>	<b>314</b>	<b>△6</b>	<b>△1.9</b>
Overseas	<b>398</b>	<b>588</b>	<b>+189</b>	<b>+47.6</b>
Medical Components	<b>424</b>	<b>571</b>	<b>+147</b>	<b>+34.8</b>
Japan	<b>184</b>	<b>200</b>	<b>+16</b>	<b>+9.1</b>
Overseas	<b>240</b>	<b>370</b>	<b>+130</b>	<b>+54.5</b>
Industrial Components	<b>294</b>	<b>330</b>	<b>+36</b>	<b>+12.2</b>
Japan	<b>136</b>	<b>113</b>	<b>△22</b>	<b>△16.8</b>
Overseas	<b>158</b>	<b>217</b>	<b>+58</b>	<b>+37.2</b>
Operating income	<b>416</b>	<b>306</b>	<b>△109</b>	<b>△26.4</b>





## Reference : P/L

	FYE 6/2013 1Q YTD		FYE 6/2014 1Q YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	The main comparison factors
Net sales	4,550	100.0	6,201	100.0	+1,650	Positive trends observed in Medical Field in all territories.
Cost of Sales	1,333	29.3	2,131	34.4	+798	
Gross profit	3,217	70.7	4,070	65.6	+852	Along with Sales Increase
SGA	2,100	46.2	2,487	40.1	+386	R&D costs and Sales related costs
Operating income	1,117	24.5	1,583	25.5	+466	
Non-operating income	19	0.4	14	0.2	△4	
Non-operating expense	52	1.2	70	1.1	+17	
Ordinary income	1,084	23.8	1,527	24.6	+443	
Extraordinary gain	0	0.0	319	5.2	+319	Bargain purchase of goodwill by consolidated subsidiary of Toyoflex Co.,Ltd. 319
Extraordinary loss	3	0.1	-	0.0	△3	
Net income	850	18.7	1,283	20.7	+432	
Comprehensive income	988	21.7	1,154	18.6	+167	Foreign currency translation adjustment △148



## Reference : B/S

		FYE 6/2013		FYE 6/2014 1Q YTD			The main comparison factors
		Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	
Assets	Current assets	22,343	61.1	22,801	58.3	+458	Cash and deposit $\Delta 905$ Receivable-trade +911
	Fixed assets	14,243	38.9	16,339	41.7	+2,096	Tangible fixed assets +1,272 Investments and other assets +789
Total assets		36,587	100.0	39,141	100.0	+2,554	
Liabilities	Current liabilities	7,804	21.3	8,307	21.2	+502	Short-term debt +776 Payable-trade +553 Income tax payable $\Delta 927$
	Fixed liabilities	6,857	18.7	8,424	21.5	+1,567	Long-term debt +1,294
Total liabilities		14,662	40.1	16,732	42.7	+2,070	
Total net assets		21,924	59.9	22,408	57.3	+484	Retained earnings +532 Foreign currency translation adjustment $\Delta 148$
Total liabilities & Net assets		36,587	100.0	39,141	100.0	+2,554	



# Reference : C/F

( million yen )

12,000

10,000

8,000

6,000

4,000

2,000

0

Tangible fixed assets acquisition  $\Delta 750$   
 Proceed of acquisition of subsidiaries +299

9,899

734

$\Delta 441$

Effect of exchange rate changes on cash and cash equivalents

$\Delta 3$

$\Delta 1,398$

Income before tax +1,847  
 Depreciation and Amortization +333  
 Gain an bargain purchase of goodwill  $\Delta 319$   
 Inventory asset +508  
 Receivable-Trade  $\Delta 342$   
 Income tax payment  $\Delta 1,397$

Debt borrowing/repayment  $\Delta 807$   
 Cash dividends paid  $\Delta 670$   
 Exercise of subscription rights to Stock option +80

8,789

13/6FY Cash and Cash equivalents    Operating activities    Investing activities    Financing activities    Other    14/6FY 1Q Cash and Cash equivalents



## **1. Summary of Financial Results of FYE 6/2014 Q1**

## **2. Earnings Estimate of FYE 6/2014**



## Vision for FYE 6/2014 (After revision)

The increase of sales coming from continuous growth of main force item of PTCA GW on global scale, new product launch of catheter range toward the establishment of second main force item, and also consolidation of subsidiary of Toyolex as from 2nd quarter.

### ■ Net Sales forecast is 26,578Mil.yen ( +33.1% YoY)

< Increase of income factors >

- Japan, EU/Middle East, Asia (inc. China) increased shares of growing markets
- Launch of new products: PTCA Balloon Catheter “Kamui” and PTCA Guiding Catheter “Hyperion”
- Profit increases due to domestic direct sales of Abdominal and Neurovascular products
- Revenue increase from consolidated subsidiary of Toyoflex Co.,Ltd.

< Decrease of income factors >

- Reimbursement prices falling (Δ250 Mil. Yen )

### ■ Sales costs and other fees coupled with increased sales led to large profit increases

#### ● Operating income 5,546 Mil. Yen (+27.4% YoY)

- Increased R&D costs ( + 622 Mil. Yen YoY, Sales ratio 9.7 %)
- Labor cost and related overhead cost increase due to enforcement of sales function.

#### ● Ordinary income 5,519 Mil. Yen (+14.9% YoY)

#### ● Net income 4,168 Mil. Yen ( + 38.7 % YoY)

#### ● Earning of 319Mil. Yen were allocated, which

comes from bargain purchase of goodwill by consolidated subsidiary of Toyoflex Co.,Ltd.

Assumed Exchange Rate	(Unit : JPY)			
	US \$	88.18	BAHT	2.90
2013/6FY (Actual)	EURO	112.00	CNY	14.17
2014/6 FY (Plan)	US \$	95.00	BAHT	3.30
	EURO	125.00	CNY	15.00

#### Effect of exchange rate on operating income (estimate)

US \$ (+ 1 yen influence) : approx. 63 Mil. Yen Increase  
 BAHT(+0.1 yen influence) : approx. 120 Mil. Yen Decrease  
 EURO (+ 1 yen influence) : approx. 18 Mil. Yen Increase



## Vision for FYE 6/2014 (After revision)-2

**Due to consolidation of subsidiary of Toyoflex Co.,Ltd., financial result forecast for 2nd quarter and fiscal year accumulation upwardly revised.**

- **After share acquisition on September 17, 2013, those two companies of Toyoflex Co.,Ltd. and its subsidiary TOYOFLEX CEBU CORPORATION became our consolidated subsidiary.  
B/S : Consolidated from 1st quarter  
P/L : To be consolidated from 2nd quarter**
- **TOYOFLEX (H.K.) CO., LIMITED as subsidiary of Toyoflex Co.,Ltd. and Toyo Precision Industry (Huizhou) Ltd. as sub-subsidiary of Toyoflex Co.,Ltd. are decided to be non-consolidated companies due to its smaller size operation and less monetary importance.**

### <Revising factors of result forecasts>

- **In line with consolidation of subsidiary, bargain purchase of goodwill (319Mil. Yen) allocated in 1st quarter to be reflected.**
- **From 2nd quarter, two companies of Toyoflex Co.,Ltd. and TOYOFLEX CEBU CORPORATION are inclusive in consolidation.**



# Range of Addition of Consolidated Subsidiary

## Non consolidated subsidiary

Due to its smaller size and less monetary importance, the following two companies were categorized as non consolidated subsidiary.

Toyo Precision Industry (Huizhou) Ltd.

TOYOFLEX HONGKONG

## Consolidated subsidiary

Toyoflex Co.,Ltd.  
(Head Office • Towada Factory •  
Nagano Office)



TOYOFLEX CEBU CORPORATION  
(Cebu Factory )





# Earning Estimate of FYE 6/2014 (After revision)

	FYE 6/2013 (Actual)		FYE 6/2014 (Plan)						
	Amount (mil.yen)	Ratio (%)	Initial plan 2013/8/9	Amount (mil.yen)	Ratio (%)	YoY		Compared with Initial plan	
						Changes (mil.yen)	Changes (%)	Changes (mil.yen)	Changes (%)
Net sales	19,968	100.0	24,055	26,578	100.0	+6,609	+33.1	+2,522	+10.5
Gross profit	13,510	67.7	16,248	16,958	63.8	+3,448	+25.5	+709	+4.4
Operating income	4,351	21.8	5,446	5,546	20.9	+1,194	+27.4	+99	+1.8
Ordinary income	4,802	24.0	5,434	5,519	20.8	+717	+14.9	+85	+1.6
Net income	3,004	15.0	3,804	4,168	15.7	+1,164	+38.7	+363	+9.6
EPS	98.90Y*	-	119.69Y*	130.69Y*	-	Δ31.79Y	Δ32.1	+11.00Y	+9.2

\* : As from January 1, 2014, one ordinary share is scheduled to be split into two shares. As such, as to EPS, figures after share splits are shown in assumption of Splits of share at the beginning of previous fiscal year.

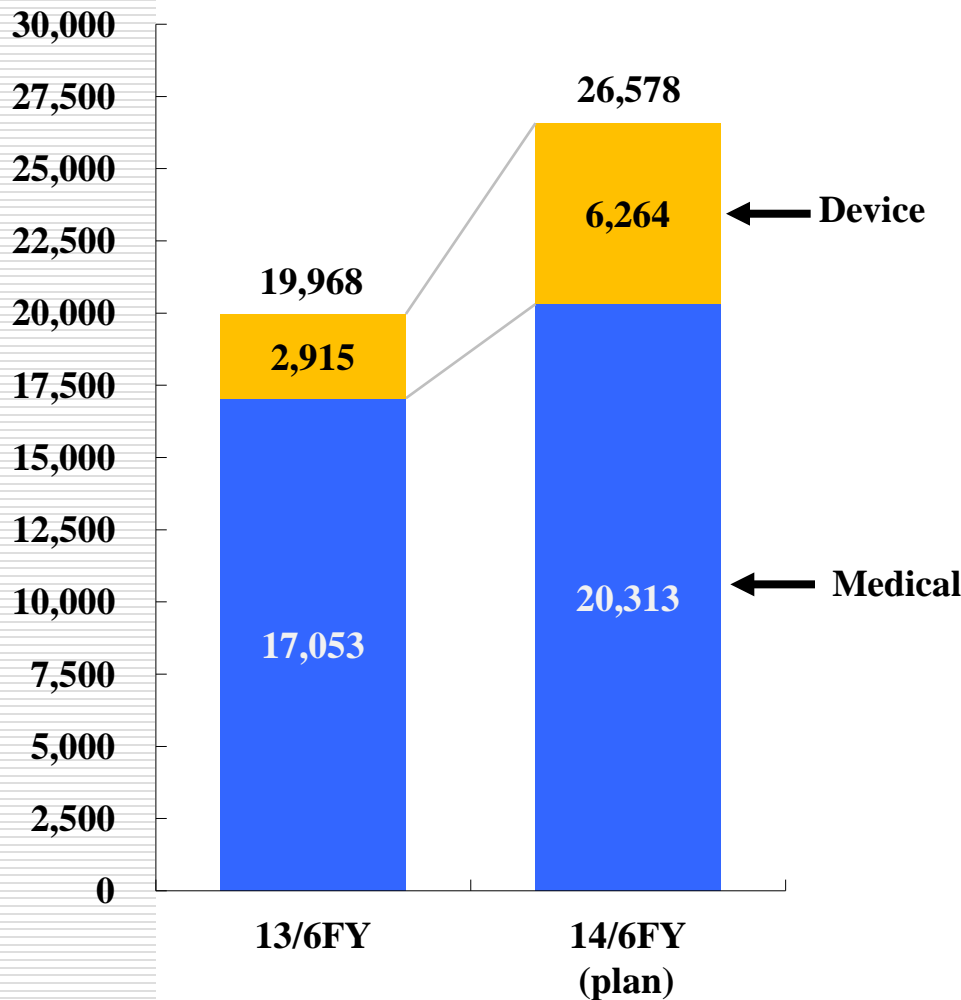




# Earnings Estimate by Segment Division (After revision)

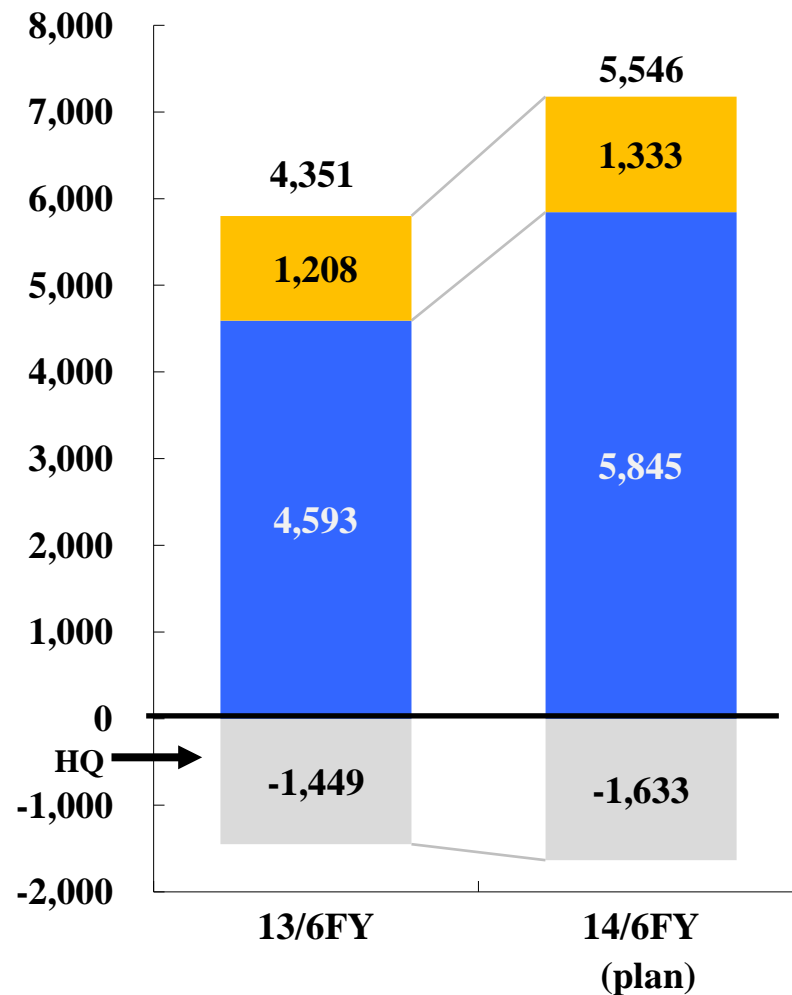
(million yen)

【 Net sales 】



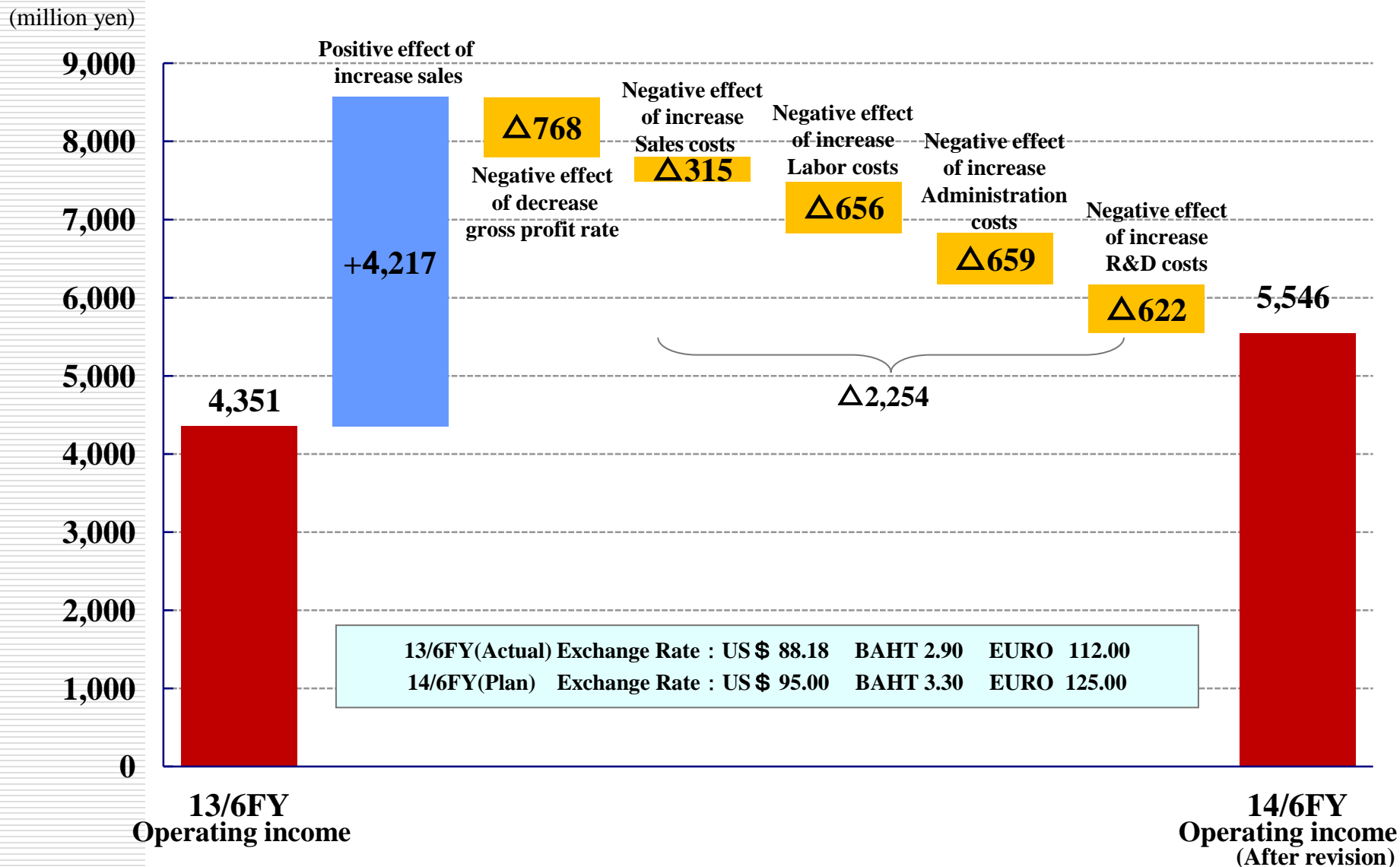
(million yen)

【 Operating income 】



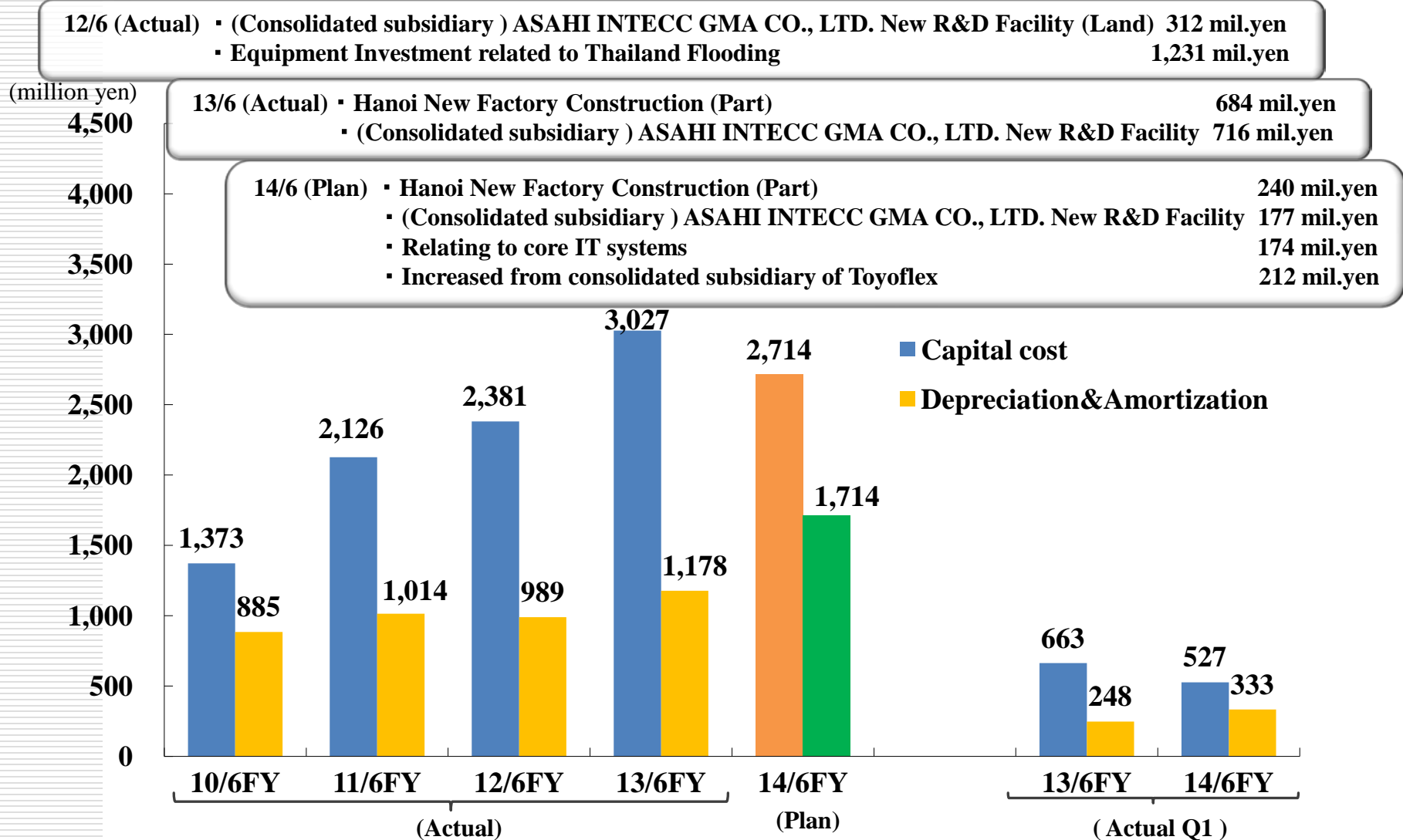


# Attribution analysis of Operating Income for Earnings Estimate of FYE 6/2014 (After Revision)





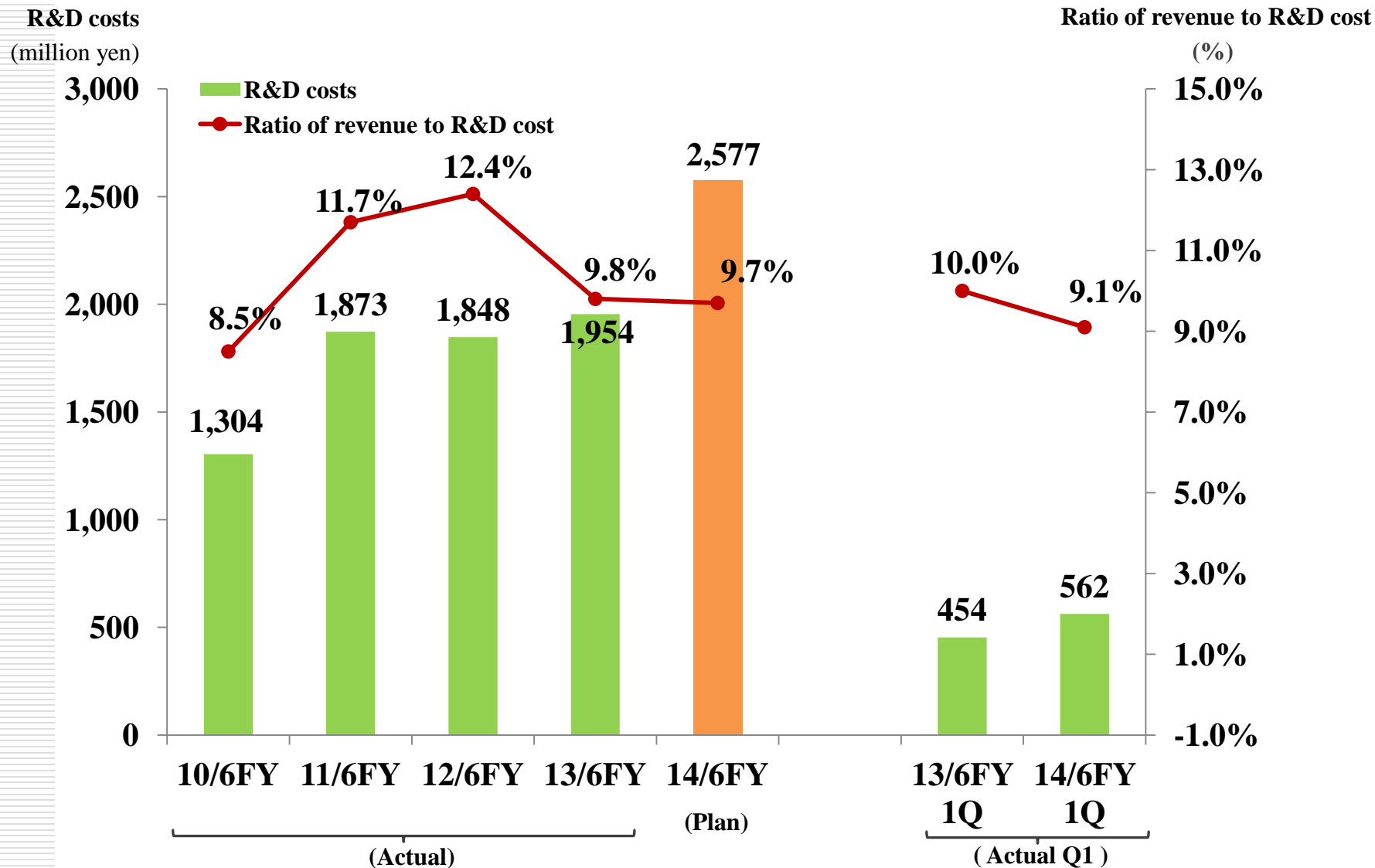
## Reference : Equipment Installation Actual and Plan (After revision)



\* :From FYE June, 2013, depreciation method except building to change from the fixed rate to the straight line method in our company and domestic consolidated subsidiary.



# Reference : R&D costs (After revision)





# Caution Regarding Information Presented

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**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 herein.**

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