



ASAHI

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Financial Results of the 2nd Quarter for Fiscal Year ending June 2019

February 13, 2019

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



FYE June 2019 Q2 YTD Main Points-1

Net Sales 27,804Mil. Yen <Year-on-year +9.4%>

~ 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

- Volume of PTCA GW remained at the same level
- Non-con type “NC Kamui” led the increase in demand of PTCA Balloon Catheters
- The guide wire for examination "Silverway" increased due to gradual expansion of facilities
- Increase in Neurovascular field in Non-Cardiovascular segment
- Falling of the reimbursement price (-607 Mil. Yen)

Overseas

- Started direct sales of PTCA GW in US (July 2018~). However, it will also be sold by Abbott until the end of 2018
- Strong growth for PTCA GW centered on China and Asia
- Strong growth for Penetration Catheters of Cardiovascular field in all regions
- Increase centered on China and Asia 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 the office automation equipment market in Japan



FYE June 2019 Q2 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 : 19,678 Mil. Yen < YoY +11.2% >**
 - Rising gross profit ratio due to strong orders and improved productivity, etc.
- **Operating income : 8,485 Mil. Yen < YoY +1.6% >**
 - Increase in R&D expenses (2,719Mil. Yen, YoY +364Mil. Yen, Ratio of Revenue 9.8%)
 - Increase in expenses to strengthen sales and marketing activities centered on US 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 : 8,380 Mil. Yen < YoY -0.3% >**
 - Incurring currency loss (YoY +68Mil. Yen)
- **Net income attributable to parent company shareholders : 6,571 Mil. Yen < YoY +6.7% >**
 - Gain on step acquisitions (400 Mil. Yen)

Exchange rate (Unit: JPY)	US \$	EURO	CNY	BAHT
FYE June 2019 Q2 YTD	112.17	129.19	16.35	3.41
FYE June 2018 Q2 YTD	111.99	131.72	16.86	3.38



Highlights

	FYE June 2018 Q2 YTD		FYE June 2019 Q2 YTD						
	Amount (Mil. Yen)	Ratio (%)	Initial plan Aug.10, 2018	Amount (Mil. Yen)	Ratio (%)	YoY		Comparison with Initial plan	
						Changes (Mil. Yen)	Changes (%)	Changes (Mil. Yen)	Changes (%)
Net sales	25,409	100.0	26,238	27,804	100.0	+2,395	+9.4	+1,565	+6.0
Gross profit	17,698	69.7	17,604	19,678	70.8	+1,980	+11.2	+2,074	+11.8
Operating income	8,353	32.9	6,662	8,485	30.5	+132	+1.6	+1,822	+27.4
Ordinary income	8,408	33.1	6,634	8,380	30.1	-28	-0.3	+1,746	+26.3
Net income attributable to parent company shareholders	6,160	24.2	5,074	6,571	23.6	+410	+6.7	+1,496	+29.5
EPS *	47.73 Yen	-	39.27 Yen	50.73 Yen	-	+3.00	+6.3	+11.46	+29.2

* : 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 Q2 YTD		FYE June 2019 Q2 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	21,070	82.9	23,316	83.9	+2,245	+10.7
Device	4,338	17.1	4,488	16.1	+149	+3.4
Total amount	25,409	100.0	27,804	100.0	+2,395	+9.4

(Reference)

Medical field	22,567	88.8	25,129	90.4	+2,562	+11.4
Industrial field	2,841	11.2	2,675	9.6	-166	-5.9

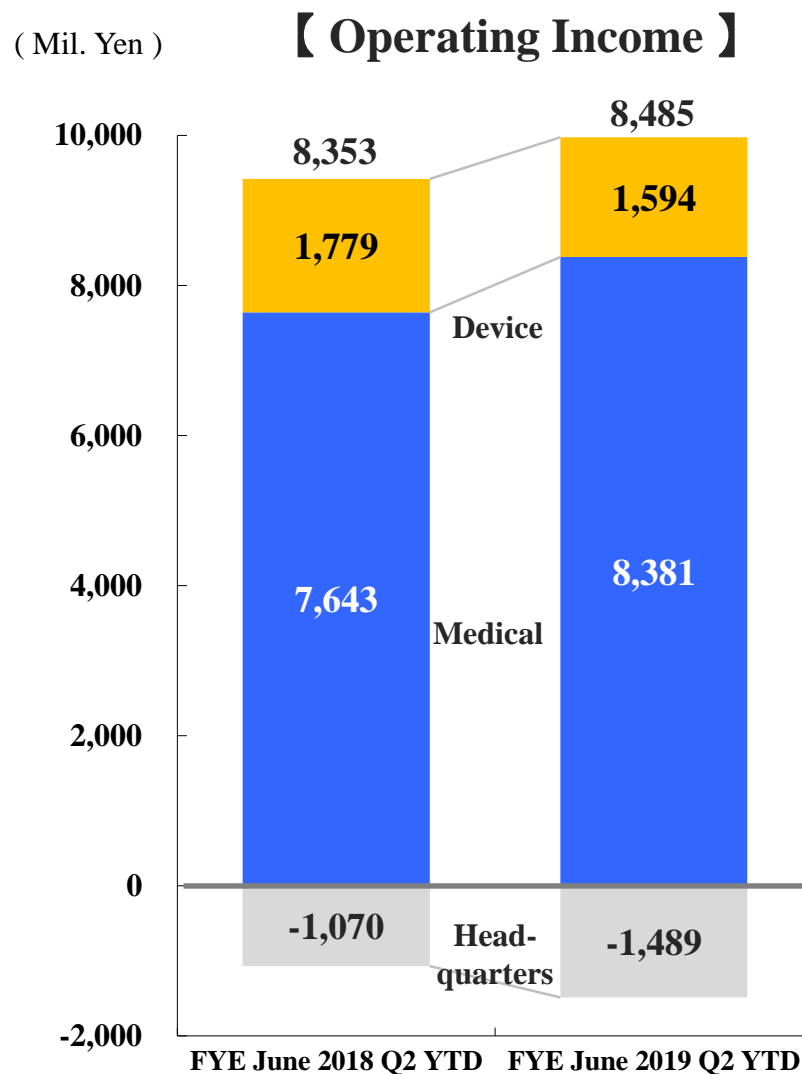
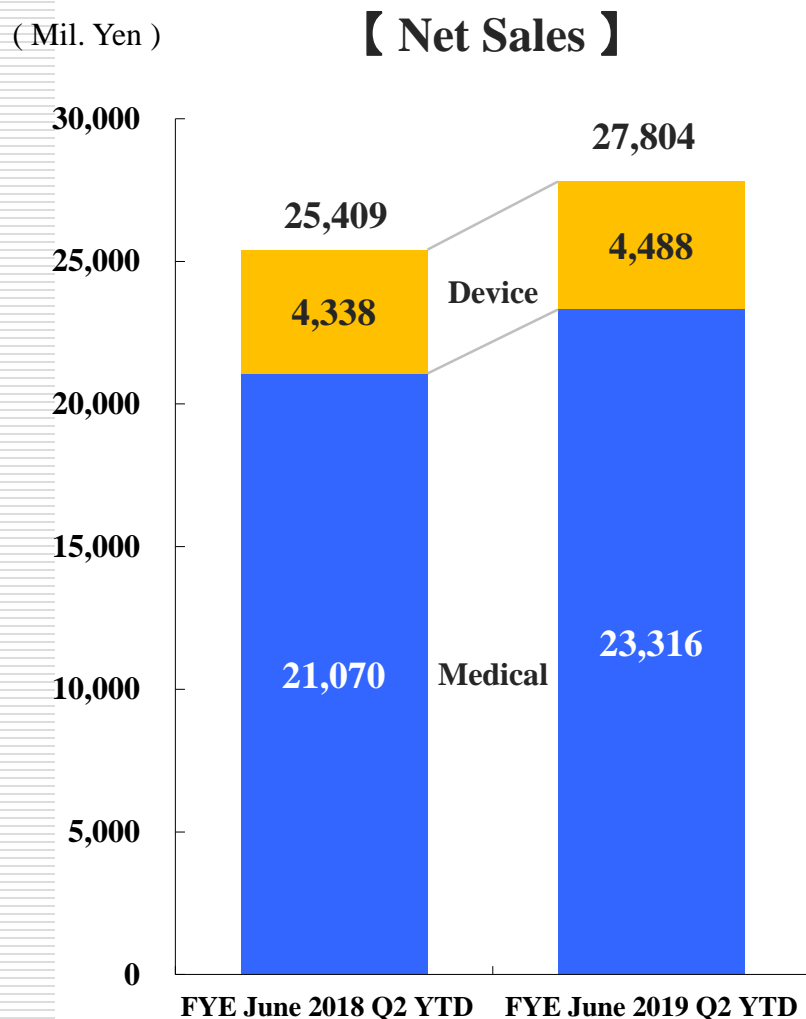


Operating Income by Segment

	FYE June 2018 Q2 YTD		FYE June 2019 Q2 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	7,643	81.1	8,381	84.0	+737	+9.6
Device	1,779	18.9	1,594	16.0	-185	-10.4
Subtotal	9,423	100.0	9,975	100.0	+551	+5.9
Erasing & Head Quarters	-1,070	-	-1,489	-	-419	+39.2
Total amount	8,353	-	8,485	-	+132	+1.6
(Reference) Device Division Segment Sales	1,831	-	1,712	-	-119	-6.5

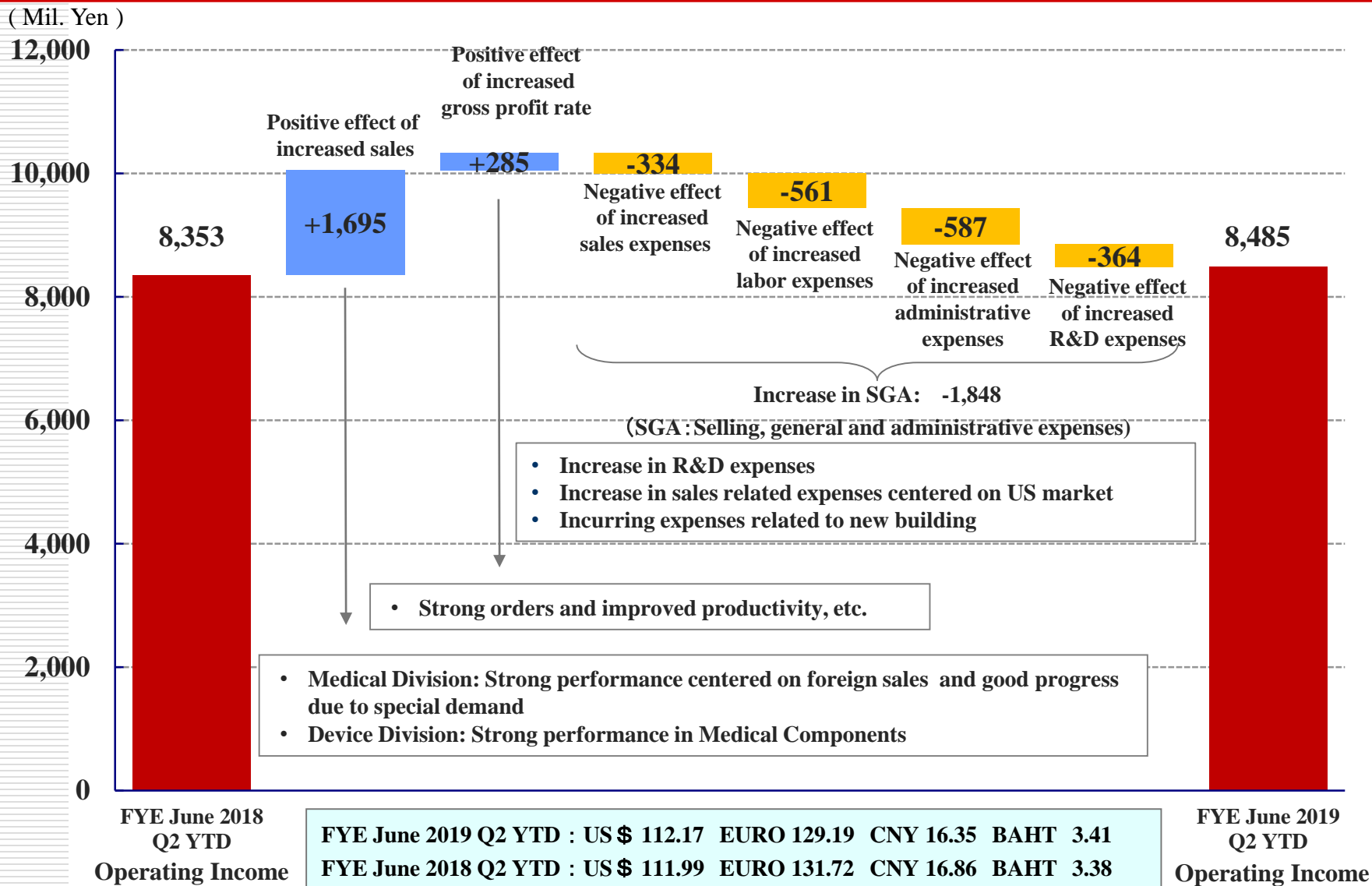


Earnings Performance by Segment





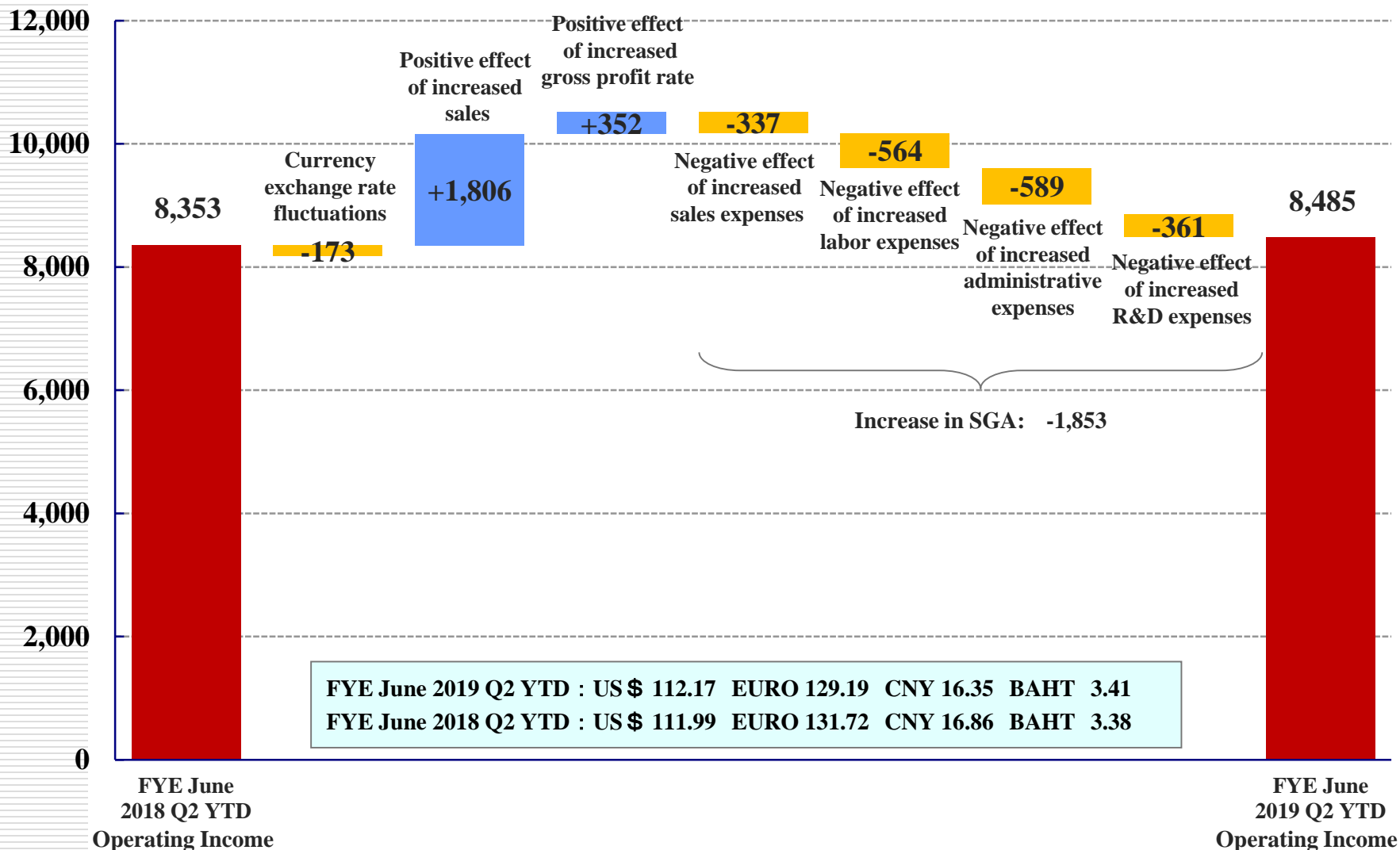
Attribution Analysis of Operating Income – 1 (Exchange Rate Fluctuations Included)





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

(Mil. Yen)



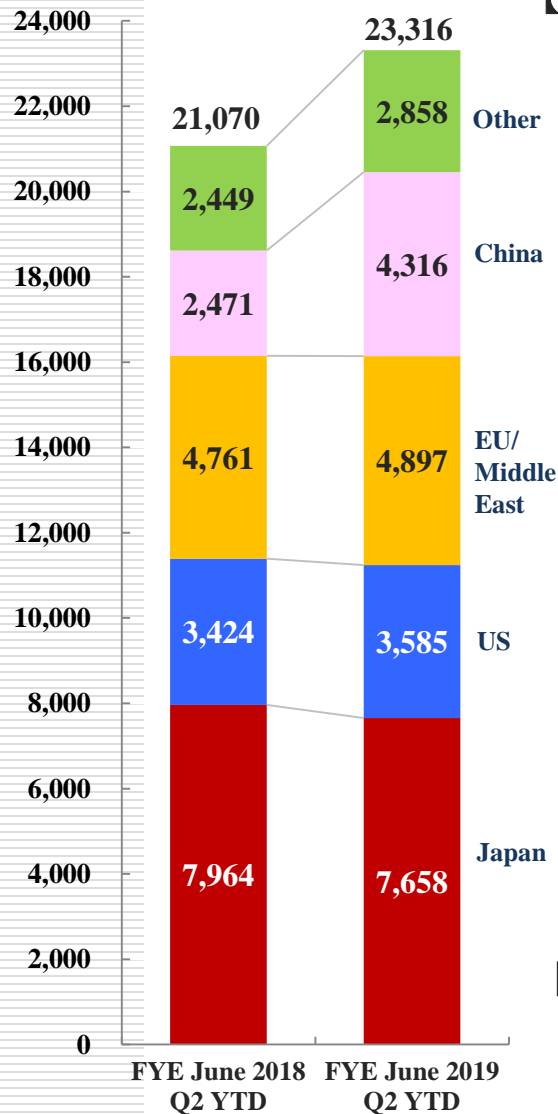


Situation Per Segment Division



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 (-607 Mil. Yen)**
 - PTCA GW: Volume remained at the same level
 - PTCA Balloon Catheters: : Increase in demand with expansion of “NC Kamui”
 - The guide wire for examination : "Silverway" increased due to gradual 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 centered on China**
 - <US>
PTCA GW: Start in direct sales in July 2018. Parallel sales until December
Penetration Catheter / Peripheral Guide Wire: Increase due to direct sales
 - <EU/Middle East>
Penetration Catheter: Good progress centering on “Caravel”
Neurovascular GW : Progress favorably
 - <China>
PTCA GW / Penetration Catheter “Corsair”: Increase due to switching to multi agent system , partly due to the special demand
 - <Other>
PTCA GW: 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**



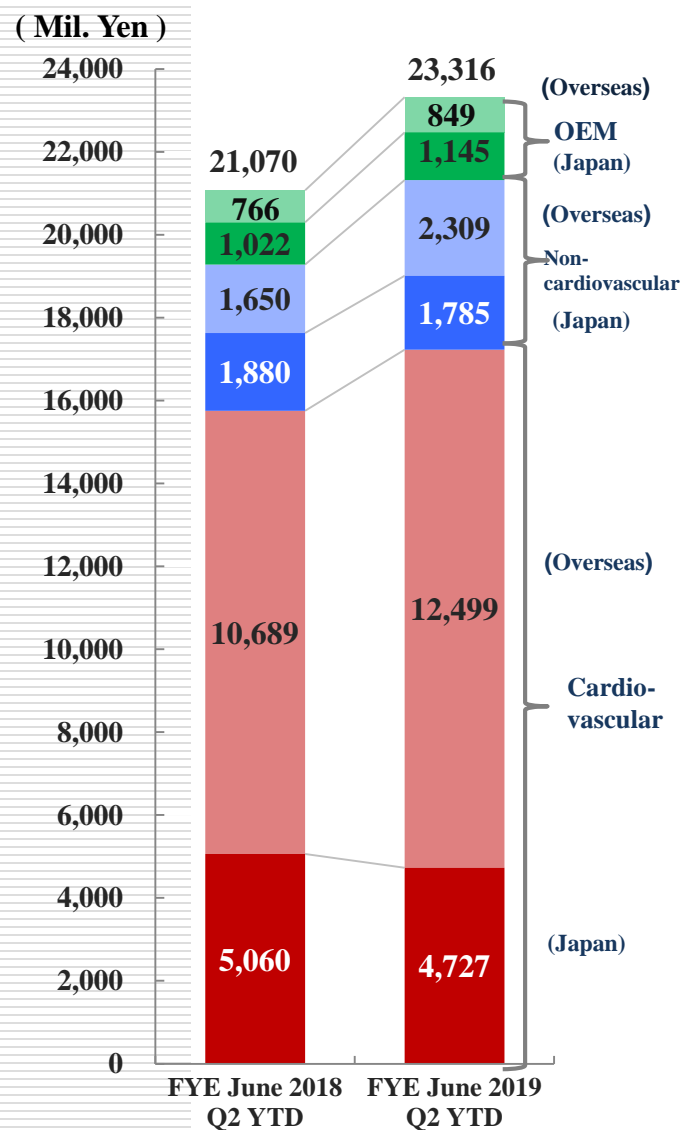
Per Segment by Medical Division (by Geography - 2)

(Mil. Yen)

		FYE June 2018 Q2 YTD	FYE June 2019 Q2 YTD	YoY	
				Changes	Changes (%)
Exchange rate(Yen)	USD	111.99	112.17	+0.18	+0.2
	EURO	131.72	129.19	-2.53	-1.9
	CNY	16.86	16.35	-0.51	-3.0
Net sales		21,070	23,316	+2,245	+10.7
Japan		7,964	7,658	-306	-3.8
Overseas		13,106	15,658	+2,551	+19.5
US		3,424	3,585	+161	+4.7
EU/Middle East		4,761	4,897	+136	+2.9
China		2,471	4,316	+1,845	+74.6
Other		2,449	2,858	+409	+16.7
Operating income		7,643	8,381	+737	+9.6



Per Segment by Medical Division (by Treatment - 1)



【Net Sales (YoY)】

Cardiovascular

- **Japan: Favorable progress though influenced by the reimbursement price reduction**
 - PTCA GW: Volume remained at the same level
 - PTCA Balloon Catheter : Increase in demand with expansion of “NC Kamui”
 - The guide wire for examination : "Silverway" increased due to gradual 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 until December
 - Penetration Catheter : Good progress in all regions partly due to the special demand

Non-cardiovascular

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

OEM

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



Per Segment by Medical Division (by Treatment - 2)

		FYE June 2018 Q2 YTD	FYE June 2019 Q2 YTD	YoY	
				Changes	Changes (%)
Exchange rate (Yen)	USD	111.99	112.17	+0.18	+0.2
	EURO	131.72	129.19	-2.53	-1.9
	CNY	16.86	16.35	-0.51	-3.0
Net sales		21,070	23,316	+2,245	+10.7
	Japan	7,964	7,658	-306	-3.8
	Overseas	13,106	15,658	+2,551	+19.5
Cardiovascular		15,749	17,226	+1,476	+9.4
	Japan	5,060	4,727	-333	-6.6
	Overseas	10,689	12,499	+1,810	+16.9
Non-cardiovascular		3,531	4,094	+562	+15.9
	Japan	1,880	1,785	-95	-5.1
	Overseas	1,650	2,309	+658	+39.9
OEM		1,788	1,994	+206	+11.5
	Japan	1,022	1,145	+122	+12.0
	Overseas	766	849	+83	+10.9

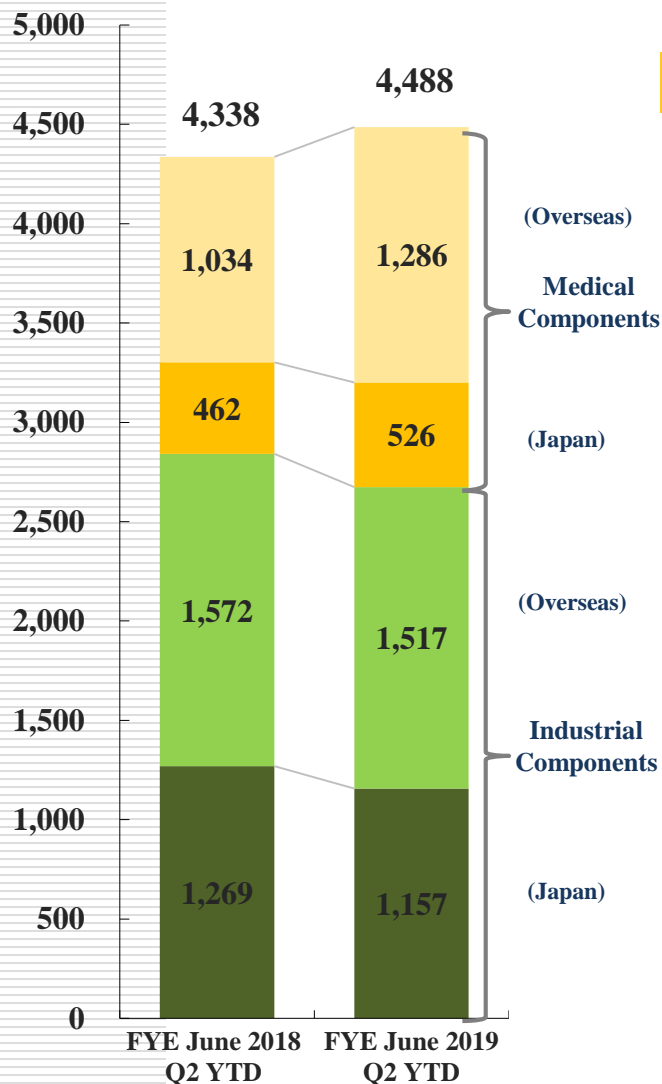
(Mil. Yen)



Per Segment by Device Division - 1

(Mil. Yen)

【Net Sales (YoY)】



Medical Components

- **Japan: Increase in Gastrointestinal components and endoscope related components**
- **Overseas: Increase in Cardiovascular examination catheter components for US market**

Industrial Components

- **Japan: Despite increase in business for the office automation equipment market, decrease in business for the automotive and construction market**
- **Overseas: Despite increase in business for the construction market, decrease in business for the automotive and office automation equipment**

【Operating Income】

- **Decrease in segment deals**
- **Decrease in profit due to expenditures of SGA centered on R&D expenses**



Per Segment by Device Division - 2

		FYE June 2018 Q2 YTD	FYE June 2019 Q2 YTD	YoY	
				Changes	Changes(%)
Exchange rate (Yen)	USD	111.99	112.17	+0.18	+0.2
Net sales		4,338	4,488	+149	+3.4
	Japan	1,732	1,684	-48	-2.8
	Overseas	2,606	2,803	+197	+7.6
Medical Components		1,496	1,813	+316	+21.1
	Japan	462	526	+63	+13.8
	Overseas	1,034	1,286	+252	+24.4
Industrial Components		2,841	2,675	-166	-5.9
	Japan	1,269	1,157	-112	-8.8
	Overseas	1,572	1,517	-54	-3.5
Operating income		1,779	1,594	-185	-10.4
(Reference) Segment Sales		1,831	1,712	-119	-6.5

(Mil. Yen)



Reference: P/L

	FYE June 2018 Q2 YTD		FYE June 2019 Q2 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Net sales	25,409	100.0	27,804	100.0	+2,395	<ul style="list-style-type: none"> • Strong performance mainly in overseas in Medical division • Special demand caused by the supply unstableness of other suppliers
Cost of sales	7,711	30.3	8,125	29.2	+414	
Gross profit	17,698	69.7	19,678	70.8	+1,980	<ul style="list-style-type: none"> • Increase due to strong orders and improved productivity, etc.
SGA	9,344	36.8	11,193	40.3	+1,848	<ul style="list-style-type: none"> • Increase in R&D expenses and sales related expenses
Operating income	8,353	32.9	8,485	30.5	+132	
Non-operating income	89	0.4	66	0.2	-22	
Non-operating expense	34	0.1	172	0.6	+137	<ul style="list-style-type: none"> • Increase in currency exchange loss
Ordinary income	8,408	33.1	8,380	30.1	-28	
Extraordinary gain	0	0.0	400	1.4	+400	<ul style="list-style-type: none"> • Gain on step acquisitions
Extraordinary loss	0	0.0	0	0.0	-0	
Net income attributable to parent company shareholders	6,160	24.2	6,571	23.6	+410	
Comprehensive income	7,076	27.9	6,242	22.5	-834	<ul style="list-style-type: none"> • Decrease in unrealized loss on securities -936 • Decrease in foreign currency translation adjustment -304



Reference: B/S

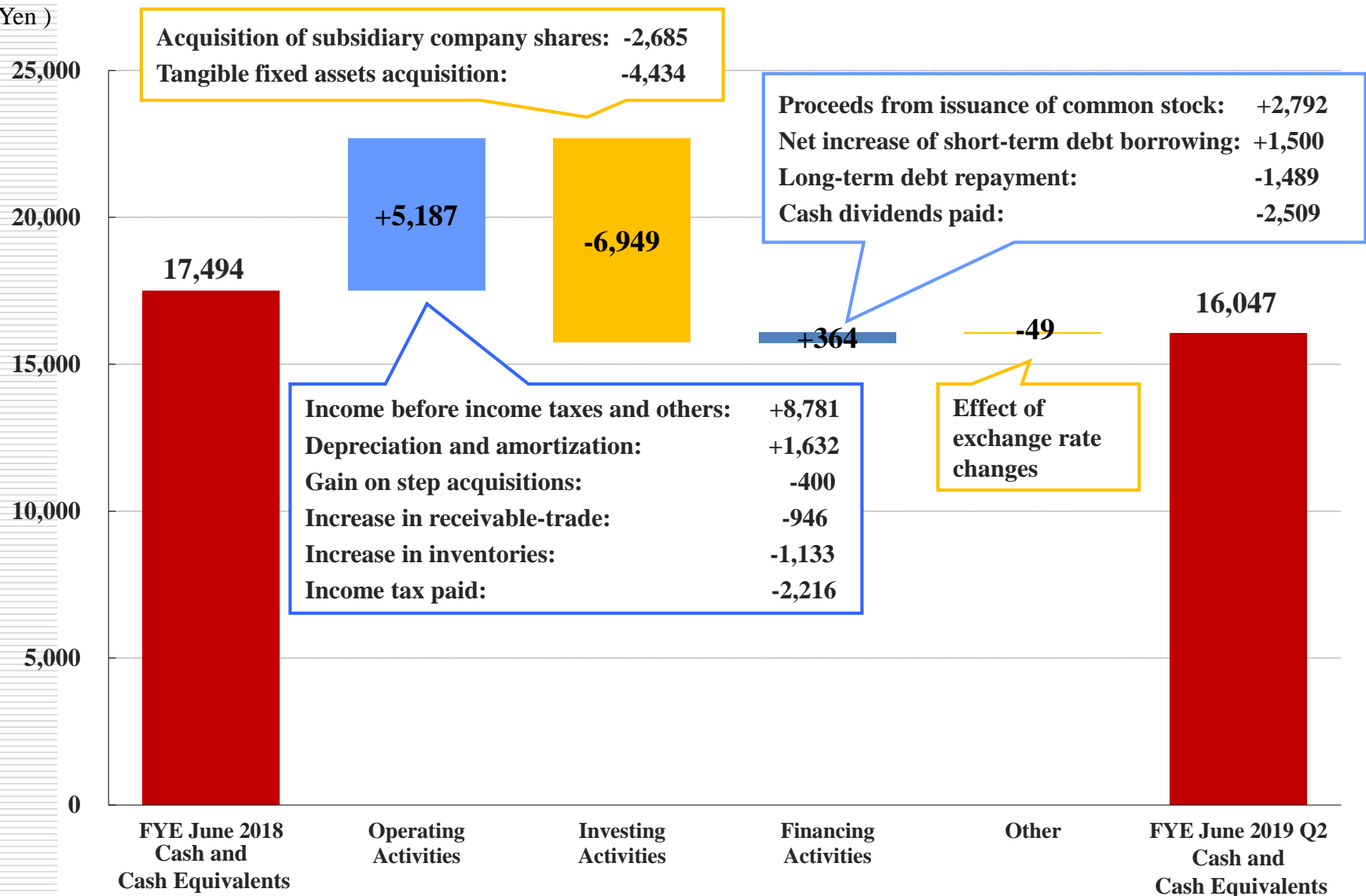
		FYE June 2018		FYE June 2019 Q2 YTD			
		Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Assets	Current assets	42,056	58.3	42,740	54.4	+684	Inventory assets: +1,267 Receivable-trade: +1,026 Cash and deposit: -1,918
	Fixed Assets	30,048	41.7	35,809	45.6	+5,760	Tangible fixed assets: +3,056 Goodwill: +2,904
Total assets		72,104	100.0	78,549	100.0	+6,444	
Liabilities	Current Liabilities	12,392	17.2	12,667	16.1	+274	Short-term debt: +488 Other currency liability: -225
	Fixed liabilities	6,112	8.5	5,638	7.2	-473	Long-term debt: -473
Total liabilities		18,505	25.7	18,306	23.3	-198	
Total net assets		53,599	74.3	60,242	76.7	+6,643	Retained earnings: +4,060 Capital stock: +1,445 Capital surplus: +1,445
Total liabilities & net assets		72,104	100.0	78,549	100.0	+6,444	

* : 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.

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