



ASAHI

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Financial Results of the 2nd Quarter for Fiscal Year ending June 2020

February 14, 2020

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



FYE June 2020 Q2 YTD Main Points-1

Revenue 30,948Mil. Yen <Year-on-year +11.3%>

~Increase with strong performance, centering on foreign revenue in Medical Division despite influence of the external factors (Reimbursement price reduction, exchange rate fluctuation)~

■ **Medical Division ~ Increase with strong performance mainly in foreign demands~**

Japan

- The number of cases tended to decrease slightly compared to the same period of the previous year (Remained at the same level compared to the previous second half due to bottoming-out)
- PTCA GW remained at the same level due to decrease in number of cases
- Penetration Catheters increased with expansion of “Caravel”
- Neurovascular field favorably progressed partly due to launch of new product Balloon guide catheter “Branchor” in addition to increase of guide wires
- Reimbursement price reduction accompanying consumption tax revision (October) (-164 Mil. yen)

Overseas

- PTCA GW favorably progressed in all areas centering on US
- Expansion of PTCA Guiding Catheters “Hyperion” due to inventory replenishment to distributors in Chinese market
- Non-Cardiovascular segment increased in Abdominal vascular, Neurovascular and Peripheral vascular field
- Influence of the exchange rate fluctuation (-885 Mil. yen)

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

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



FYE June 2020 Q2 YTD Main Points-2

Despite increase in sales and R&D related expenses,
good progress of revenue contributed to increase operating profit

- **Gross profit : 21,153Mil. Yen < YoY +7.5% >**
 - Increase in gross profit due to revenue increase.
- **Operating income :8,708Mil. Yen < YoY +2.6% >**
 - Increase in expenses to strengthen sales and marketing activities such as US and Chinese market
 - Increase in R&D expenses (3,099Mil. Yen, YoY +379Mil. Yen, Ratio of Revenue 10.0%)
 - Increase in personnel expenses for strengthening organizational structure
- **Ordinary income : 8,848Mil. Yen < YoY +5.6% >**
 - Increase in currency exchange gain (YoY +120Mil. Yen)
- **Net income attributable to parent company shareholders : 6,158Mil. Yen < YoY -6.3% >**
 - Decrease in gain on step acquisitions (400 Mil. Yen)

Exchange rate (Unit: JPY)	US \$	EURO	CNY	BAHT
FYE June 2020 Q2 YTD	108.13	119.90	15.38	3.55
FYE June 2019 Q2 YTD	112.17	129.19	16.35	3.41



Highlights

	FYE June 2019 Q2 YTD		FYE June 2020 Q2 YTD						
	Amount (Mil. Yen)	Ratio (%)	Initial plan August 9, 2019	Amount (Mil. Yen)	Ratio (%)	YoY		Compared with initial plan	
						Changes (Mil. Yen)	Changes (%)	Changes (Mil. Yen)	Changes (%)
Revenue	27,804	100.0	30,479	30,948	100.0	+3,143	+11.3	+469	+1.5
Gross profit	19,678	70.8	20,821	21,153	68.4	+1,474	+7.5	+331	+1.6
Operating income	8,485	30.5	7,072	8,708	28.1	+223	+2.6	+1,636	+23.1
Ordinary income	8,380	30.1	7,072	8,848	28.6	+468	+5.6	+1,776	+25.1
Net income attributable to parent company shareholders	6,571	23.6	5,179	6,158	19.9	-412	-6.3	+979	+18.9
EPS *	25.36 yen	-	19.90 yen	23.66 yen	-	-1.70 yen	-6.7	+3.76 yen	+18.9

* : As of July 1st, 2019, 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 Revenue by Segment

	FYE June 2019 Q2 YTD		FYE June 2020 Q2 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	23,316	83.9	26,290	84.9	+2,974	+12.8
Device	4,488	16.1	4,657	15.1	+169	+3.8
Total amount	27,804	100.0	30,948	100.0	+3,143	+11.3

(Reference)

Medical field	25,129	90.4	28,411	91.8	+3,281	+13.1
Industrial field	2,675	9.6	2,536	8.2	-138	-5.2

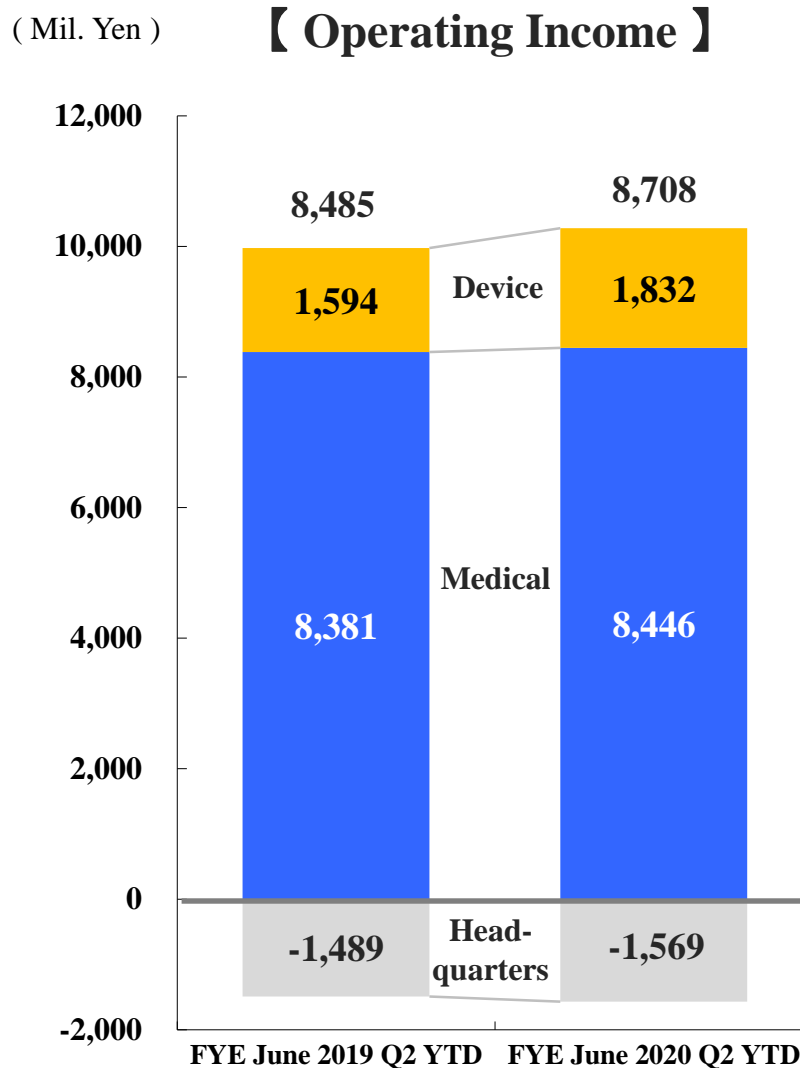
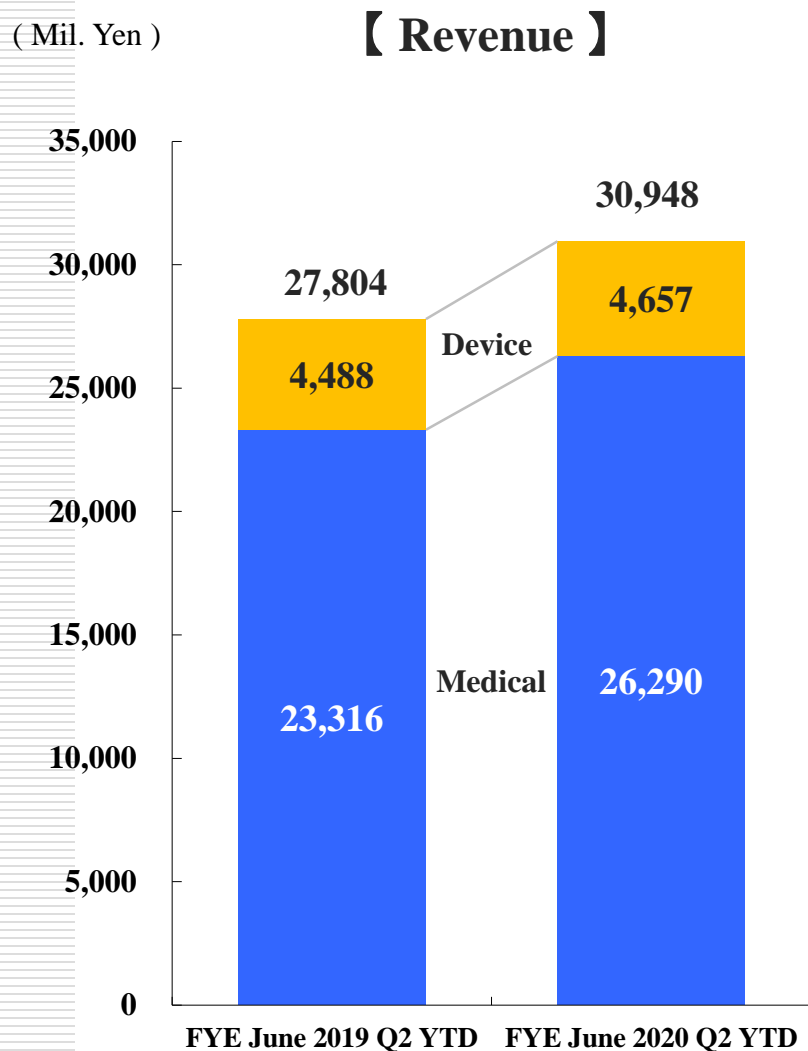


Operating Income by Segment

	FYE June 2019 Q2 YTD		FYE June 2020 Q2 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Changes (%)
Medical	8,381	84.0	8,446	82.2	+64	+0.8
Device	1,594	16.0	1,832	17.8	+238	+14.9
Subtotal	9,975	100.0	10,278	100.0	+302	+3.0
Erasing & Head Quarters	-1,489	-	-1,569	-	-79	+5.4
Total amount	8,485	-	8,708	-	+223	+2.6
(Reference) Device Division Segment Revenue	1,712	-	2,143	-	+431	+25.2

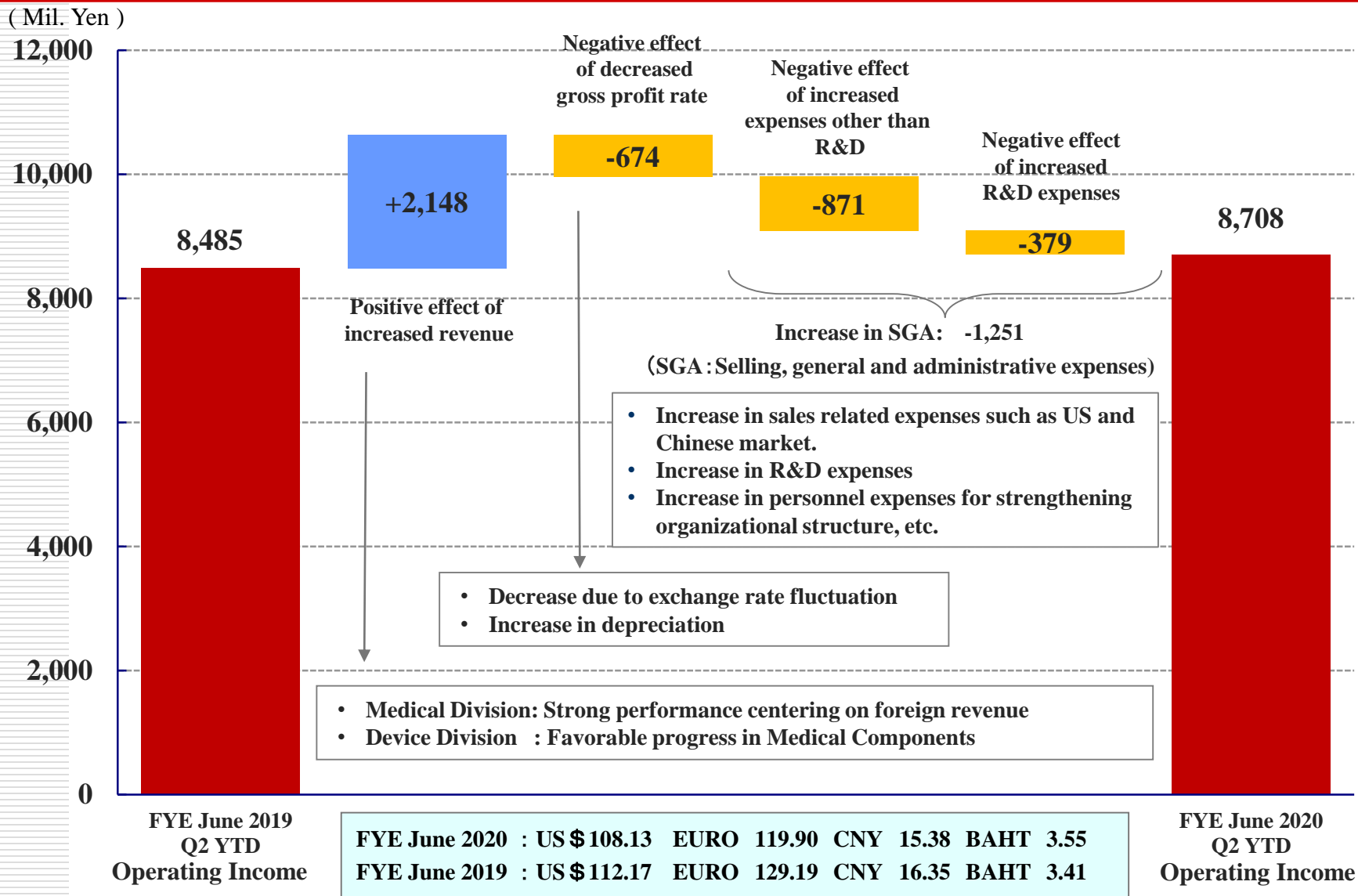


Earnings Performance by Segment





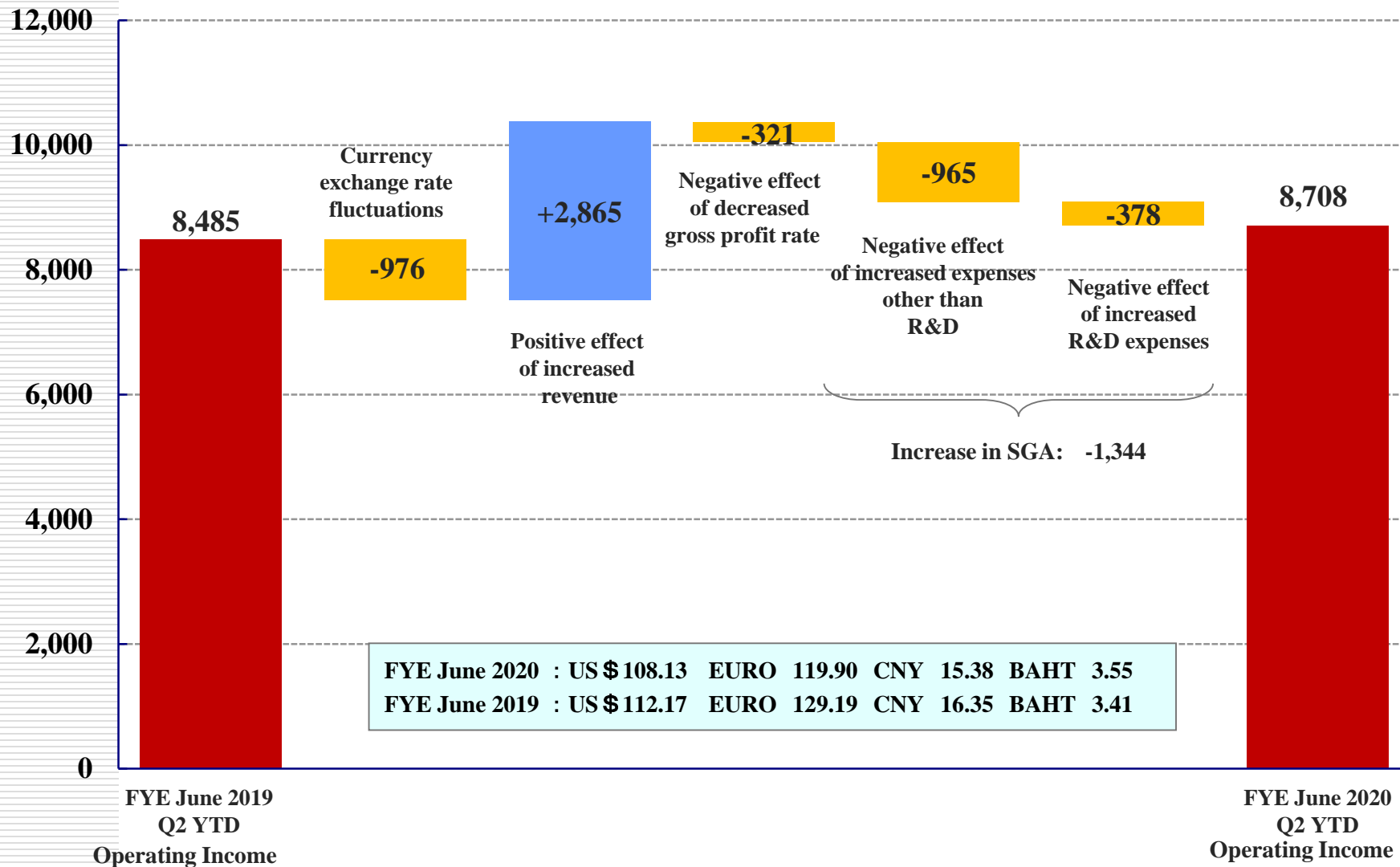
Attribution Analysis of Operating Income – 1 (Exchange Rate Fluctuations Included)





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

(Mil. Yen)





Situation Per Segment Division



Per Segment by Medical Division (by Geography - 1)

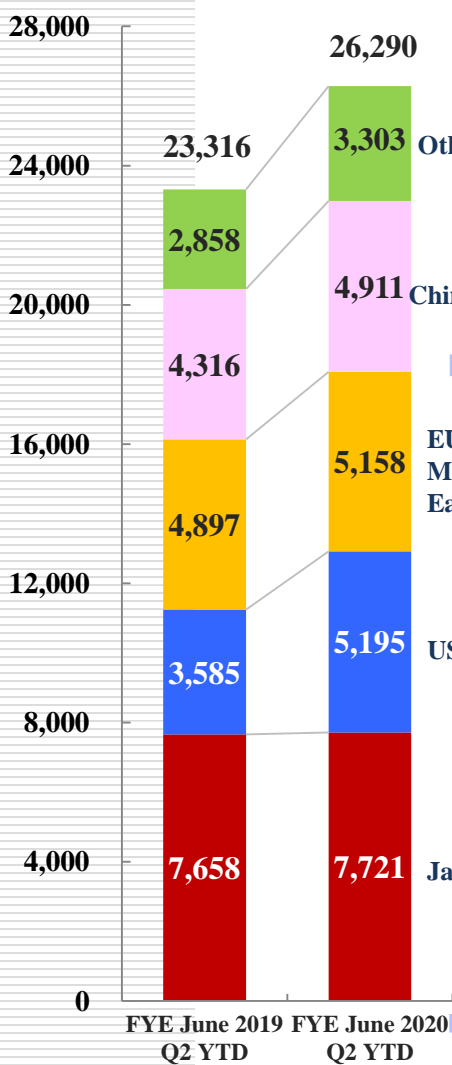
【Revenue (YoY)】

- Japan: Despite the influence of reimbursement price reduction (-164Mil.yen), progressed steady centering on non-cardiovascular segment as the number of cases bottomed out
 - Bottoming-out in the number of cases since previous second half However, the number of cases tended to decrease slightly in this first half compared to the same period of the previous year
 - PTCA GW: Revenue decreased due to reimbursement price reduction although volume remained at the same level
 - Penetration Catheters: Increased with expansion of “Caravel”
 - Neurovascular field: In addition to increase in GW, favorably progressed with launch of new product Balloon guide catheter “Branchor”.
- Overseas: Increased greatly centering on US and China despite the influence of exchange rate fluctuation (-885Mil. yen)
 - <US>
 - PTCA GW: Increase due to promotion of direct sales (Parallel sales in the first half of the previous year)
 - Penetration Catheter / Peripheral GW: Increase due to strengthening direct sales
 - Neurovascular field : Temporary decrease due to inventory adjustment of Medtronic
 - <EU/Middle East>
 - PTCA GW: Increase due to expansion of market share
 - <China>
 - PTCA GW: Increase due to inventory replenishment to new distributors / special demand shifting to actual demand
 - PTCA Guiding Catheters “Hyperion”: Increase due to inventory replenishment to distributors
 - Non-cardiovascular segment: Increase in abdominal micro catheters and Neurovascular field
 - <Other>
 - PTCA GW: Good progress mainly in Asia, partly ahead of schedule from the second half

【Operating Income】

- Despite expenditure for R&D and sales related expenses, positive revenue growth contributed to profit performance

(Mil. Yen)





Per Segment by Medical Division (by Geography - 2)

(Mil. Yen)

		FYE June 2019 Q2 YTD	FYE June 2020 Q2 YTD	YoY	
				Changes	Changes (%)
Exchange rate(Yen)	USD	112.17	108.13	-4.04	-3.6
	EURO	129.19	119.90	-9.29	-7.2
	CNY	16.35	15.38	-0.97	-5.9
Total Revenue		23,316	26,290	+2,974	+12.8
Japan		7,658	7,721	+63	+0.8
Overseas		15,658	18,568	+2,910	+18.6
US		3,585	5,195	+1,610	+44.9
EU/Middle East		4,897	5,158	+260	+5.3
China		4,316	4,911	+594	+13.8
Other		2,858	3,303	+444	+15.6
Operating income		8,381	8,446	+64	+0.8



Per Segment by Medical Division (by Treatment - 1)

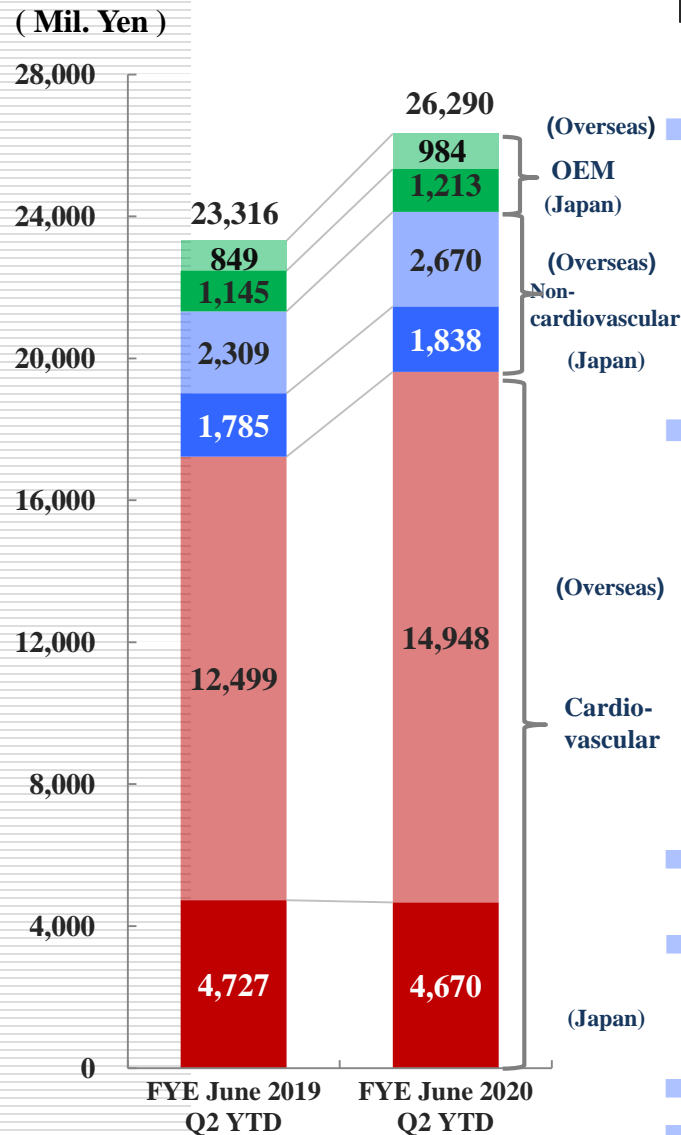
【Revenue (YoY)】

Cardiovascular

- **Japan:** : Despite the influence of reimbursement price reduction, volume progressed steady as the number of cases bottomed out
 - Bottoming-out in the number of cases since previous second half
 - However, the number of cases tended to decrease slightly in this first half compared to the same period of the previous year
 - PTCA GW: Volume remaining at the same level
 - Penetration Catheters: Increase with expansion of “Caravel”
- **Overseas:** Good progress centering on PTCA GW despite the influence of exchange rate fluctuation
 - PTCA GW: Good progress in all areas
 - Increase in US market due to promotion of direct sales
 - Increase in Chinese market due to special demand shifting to actual demand
 - PTCA Guiding Catheter: Sales expansion due to inventory replenishment of “Hyperion” to distributors in Chinese market

Non-cardiovascular

- **Japan:** Favorable progress in Neurovascular field partly due to launch of new product Balloon guide catheter “Branchor”.
 - **Overseas:** Good progress in Abdominal vascular, Neurovascular and Peripheral vascular field
- ### OEM
- **Japan:** Increase in business of Wires for Gastrointestinal, etc.
 - **Overseas:** increase in supply of FFR components for Boston Scientific (US)





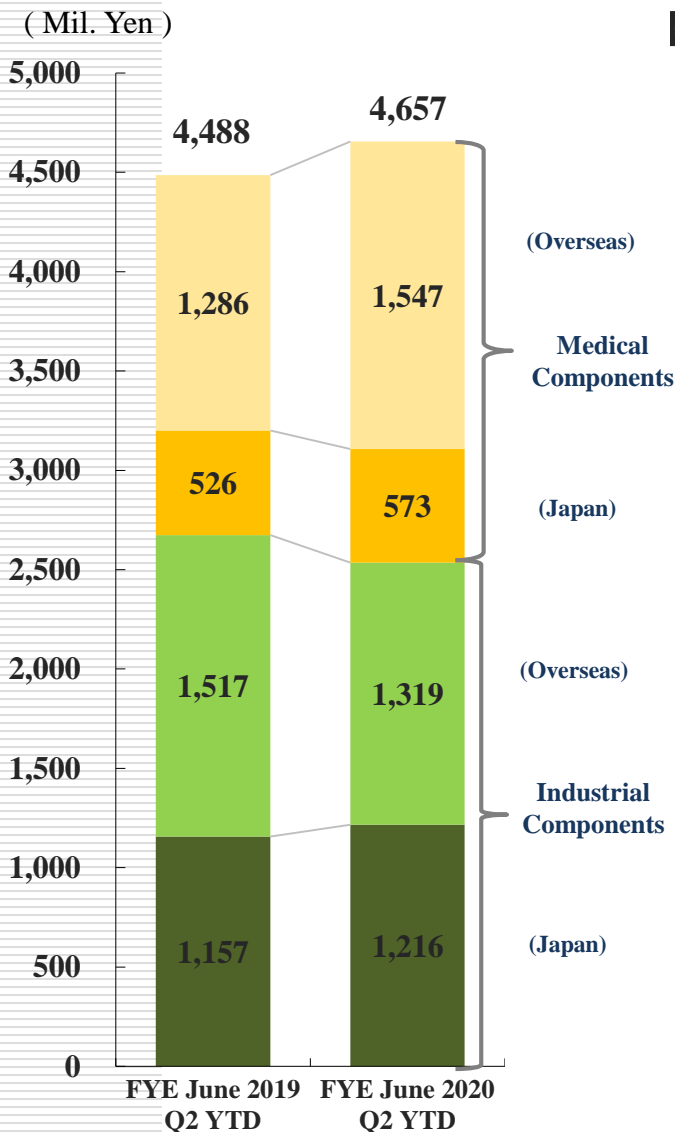
Per Segment by Medical Division (by Treatment - 2)

		FYE June 2019 Q2YTD	FYE June 2020 Q2 YTD	YoY	
				Changes	Changes (%)
Exchange rate (Yen)	USD	112.17	108.13	-4.04	-3.6
	EURO	129.19	119.90	-9.29	-7.2
	CNY	16.35	15.38	-0.97	-5.9
Total Revenue		23,316	26,290	+2,974	+12.8
	Japan	7,658	7,721	+63	+0.8
	Overseas	15,658	18,568	+2,910	+18.6
Cardiovascular		17,226	19,619	+2,392	+13.9
	Japan	4,727	4,670	-56	-1.2
	Overseas	12,499	14,948	+2,449	+19.6
Non-cardiovascular		4,094	4,509	+414	+10.1
	Japan	1,785	1,838	+52	+3.0
	Overseas	2,309	2,670	+361	+15.7
OEM		1,994	2,161	+166	+8.4
	Japan	1,145	1,213	+67	+5.9
	Overseas	849	948	+99	+11.7

(Mil. Yen)



Per Segment by Device Division - 1



【Revenue (YoY)】

Medical Components

- **Japan:** Increase in business of prototypes for new fields
- **Overseas:** Increase in Cardiovascular examination catheter components for US and Abdominal vascular catheter components

Industrial Components

- **Japan:** Increase in business related to construction and leisure market
- **Overseas:** Despite increase in business related to leisure market, decrease in business related to automotive and construction market

【Operating Income】

- Increase in profit due to increase in external sales and segment deals



Per Segment by Device Division - 2

		FYE June 2019 Q2 YTD	FYE June 2020 Q2 YTD	YoY	
				Changes	Changes(%)
Exchange rate (Yen)	USD	112.17	108.13	-4.04	-3.6
Total Revenue		4,488	4,657	+169	+3.8
	Japan	1,684	1,789	+105	+6.3
	Overseas	2,803	2,867	+63	+2.3
Medical Components		1,813	2,121	+307	+17.0
	Japan	526	573	+46	+8.9
	Overseas	1,286	1,547	+261	+20.3
Industrial Components		2,675	2,536	-138	-5.2
	Japan	1,157	1,216	+58	+5.1
	Overseas	1,517	1,319	-197	-13.0
Operating income		1,594	1,832	+238	+14.9
(Reference) Segment Revenue		1,712	2,143	+431	+25.2

(Mil. Yen)



Reference: P/L

	FYE June 2019 Q2 YTD		FYE June 2020 Q2 YTD			
	Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Revenue	27,804	100.0	30,948	100.0	+3,143	•Strong performance mainly in overseas revenue in Medical division
Cost of sales	8,125	29.2	9,794	31.6	+1,668	
Gross profit	19,678	70.8	21,153	68.4	+1,474	•Increase in proportion to good revenue progress
SGA	11,193	40.3	12,444	40.2	+1,251	•Increase in R&D expenses and sales related expenses
Operating income	8,485	30.5	8,708	28.1	+223	
Non-operating income	66	0.2	183	0.6	+116	•Increase in currency exchange gain
Non-operating expense	172	0.6	42	0.1	-129	•decrease in currency exchange loss •Decrease in loss on sale and disposal of fixed assets
Ordinary income	8,380	30.1	8,848	28.6	+468	
Extraordinary gain	400	1.4	-	0.0	-400	•Decrease in Gain on step acquisitions
Extraordinary loss	-	0.0	192	0.6	+192	•Recording loss on revaluation of investment securities
Net income attributable to parent company shareholders	6,571	23.6	6,158	19.9	-412	
Comprehensive income	6,242	22.5	7,244	23.4	+1,001	•Increase in valuation difference on available-for-sale securities +962 •Increase in foreign currency translation adjustment +445



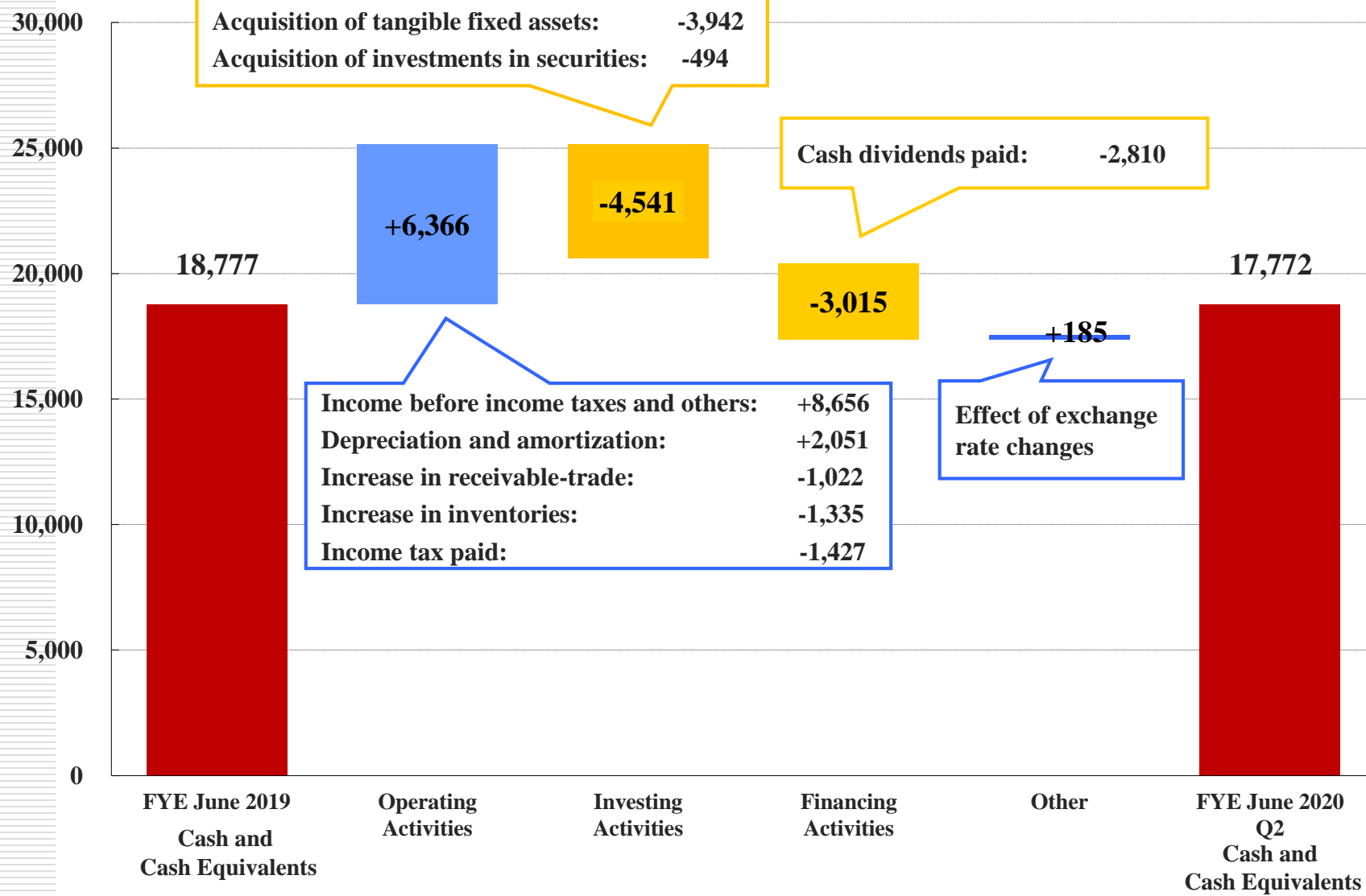
Reference: B/S

		FYE June 2019		FYE June 2020 Q2 YTD			
		Amount (Mil. Yen)	Ratio (%)	Amount (Mil. Yen)	Ratio (%)	Changes (Mil. Yen)	Main comparison factors
Assets	Current assets	45,824	54.3	46,793	52.6	+969	Inventory assets: +1,315 Receivable-trade: +1,193 Cash and deposit: -1,005
	Fixed Assets	38,534	45.7	42,245	47.4	+3,710	Tangible fixed assets: +3,243 Investment securities: +702
Total assets		84,358	100.0	89,038	100.0	+4,679	
Liabilities	Current Liabilities	12,621	15.0	12,352	13.9	-268	Accrued corporation tax: +721 Other current liability: -631
	Fixed liabilities	6,286	7.5	6,778	7.6	+491	Other fixed liability: +385 Deferred tax liability: +194 Long-term debt: -174
Total liabilities		18,908	22.4	19,131	21.5	+222	
Total net assets		65,450	77.6	69,907	78.5	+4,456	Retained earnings: +3,311 Foreign currency translation adjustment: +793
Total liabilities & net assets		84,358	100.0	89,038	100.0	+4,679	



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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