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# 3rd Quarter Financial Results for FYE June, 2014

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March 15, 2014

(Securities code : 7747    2nd section of the Tokyo Stock Exchange,  
2nd section of the Nagoya Stock Exchange)



# FYE 6/2014 Q3 YTD Main Points

## ■ Net sales 20,787 Mil. Yen (Year-on-year +42.7 %)

~First half business performance continues. Medical Division and Device Division, both progress favorably.~

- **Medical Division** ~In addition to firm demands from all area, US and Euro currency appreciation supports the performance with large increase. ~
  - ✓ Domestic PTCA Guide Wire sales continues to show good result.
  - ✓ PTCA Guiding Catheter “Hyperion” shows progress with higher growth rate over the plan after 3rd Quarter.
  - ✓ In overseas, market penetration is especially strong tendency to increase in EU.
- **Device Division** ~In addition to the upward trend of conventional business, sales increases from its addition of Toyoflex group in our group after consolidation as subsidiary. ~
  - ✓ Increase mainly in Medical Components based on overseas markets
  - ✓ Sales increased from acquisition of Toyoflex group as consolidated subsidiary .

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

- **Gross profit 13,418 Mil. Yen (YoY +35.7 %)**
- **Operating income 5,048Mil. Yen (YoY +49.4 %)**
  - Increased R&D expense ( 1,876Mil. Yen ) (YoY+ 468 Mil. Yen , Sales ratio 9.0 %)
  - Increased Sales related expenses to switch to direct sales, etc.
- **Ordinary income 5,216 Mil. Yen (YoY +37.1 %)**
  - ✓ Decreased Currency exchange profit ( Δ389 Mil. Yen )
  - ✓ Grant allocated (69 Mil. Yen)

Exchange rate	(Unit : JPY)			
2013/06	US \$	84.49	BAHT	2.78
Q3YTD	EURO	107.01	CNY	13.51
2014/06	US \$	100.91	BAHT	3.14
Q3YTD	EURO	135.52	CNY	16.53

- **Net income 3,686 Mil. Yen Yen (YoY+ 53.2%)**
  - ✓ Earning of bargain purchase of goodwill by acquisition of Toyoflex Co.,Ltd. as consolidated subsidiary (319Mil. Yen )
  - ✓ Allocated impaired loss of GMA R&D Center’s former factory lands , etc. (66 Mil Yen)



# Highlight

	FYE 6/2013 Q3 YTD		FYE 6/2014 Q3 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	YoY	
					Changes (mil.yen)	Changes (%)
Net sales	14,566	100.0	20,787	100.0	+6,220	+42.7
Gross profit	9,888	67.9	13,418	64.6	+3,530	+35.7
Operating income	3,379	23.2	5,048	24.3	+1,668	+49.4
Ordinary income	3,804	26.1	5,216	25.1	+1,411	+37.1
Net income (Q3 YTD)	2,407	16.5	3,686	17.7	+1,279	+53.2
EPS(Yen) *	79.35Y	-	115.54Y		+36.19	+45.6

\* : As from January 1, 2014, one ordinary share was 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.



# Net Sales by Segment Division

	FYE 6/2013 Q3 YTD		FYE 6/2014 Q3 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	Changes (%)
Medical	12,464	85.6	16,392	78.9	+3,928	+31.5
Device	2,102	14.4	4,394	21.1	+2,291	+109.0
Total amount	14,566	100.0	20,787	100.0	+6,220	+42.7

(Reference)

Medical Field	13,735	94.3	18,076	87.0	+4,340	+31.6
Industrial Field	831	5.7	2,711	13.0	+1,879	+226.2

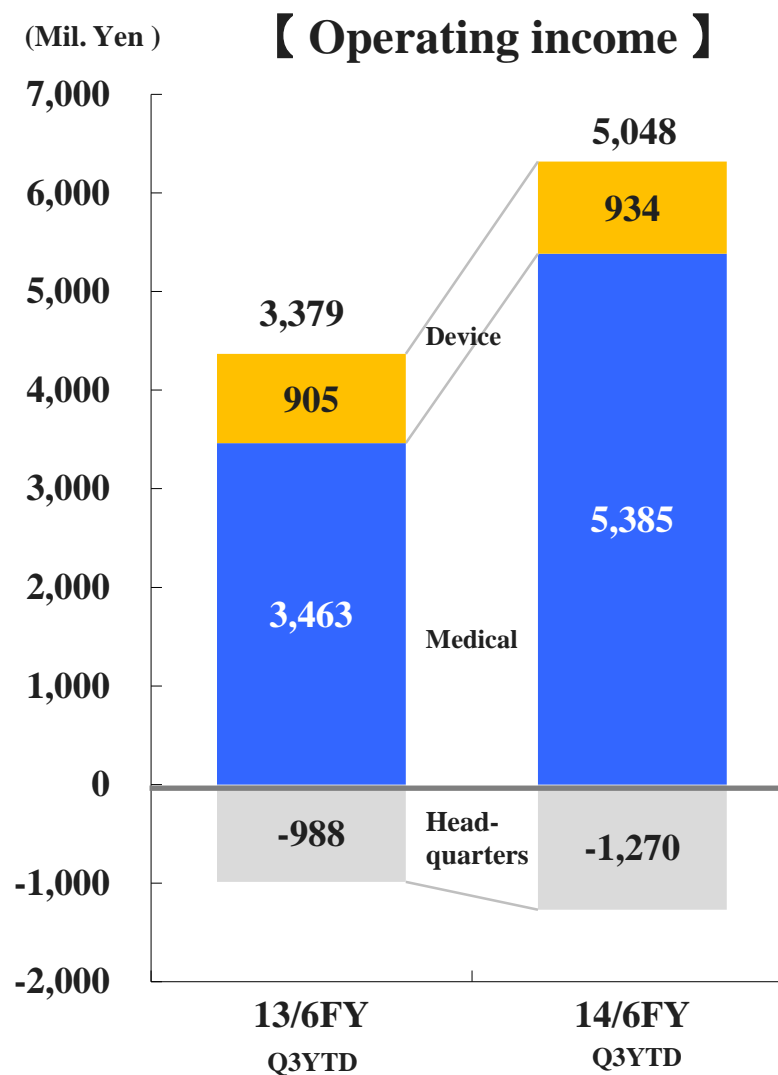
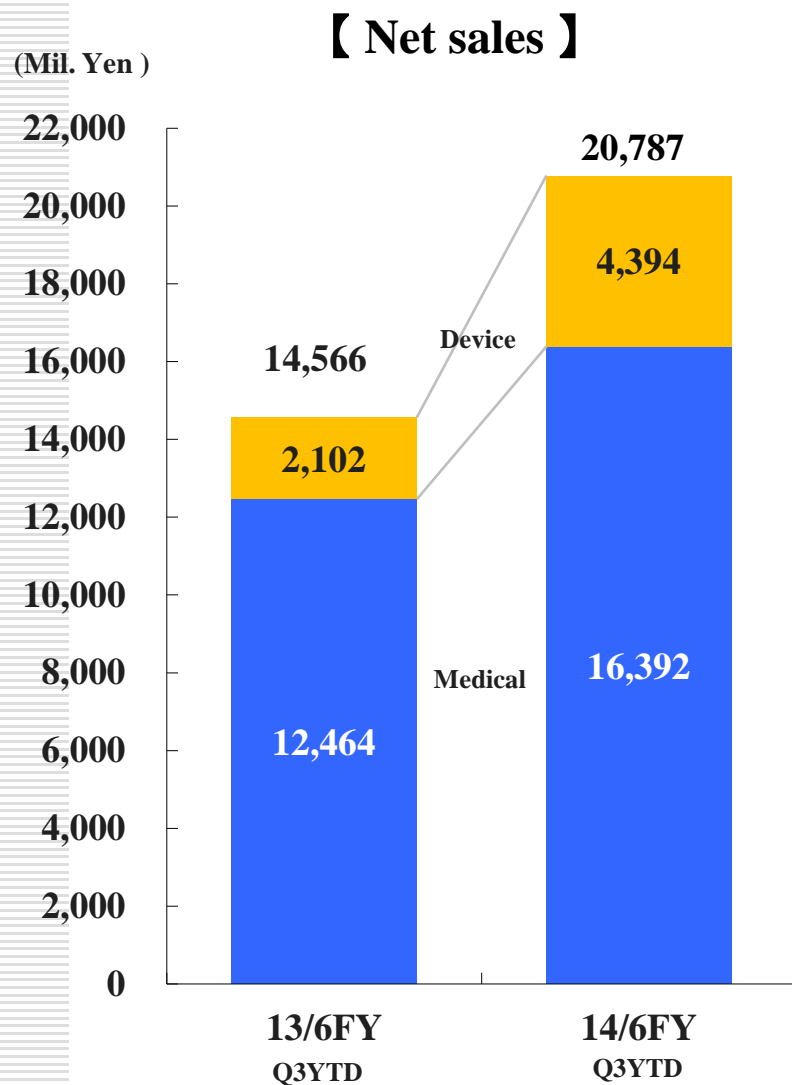


# Operating Income by Segment Division

	FYE 6/2013 Q3 YTD		FYE 6/2014 Q3 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	Changes (%)
Medical	3,463	79.3	5,385	85.2	+1,921	+55.5
Device	905	20.7	934	14.8	+28	+3.2
Subtotal	4,368	100.0	6,319	100.0	+1,950	+44.6
Erasing & Head quarters	△988	-	△1,270	-	△282	+28.5
Total Amount	3,379	-	5,048	-	+1,668	+49.4

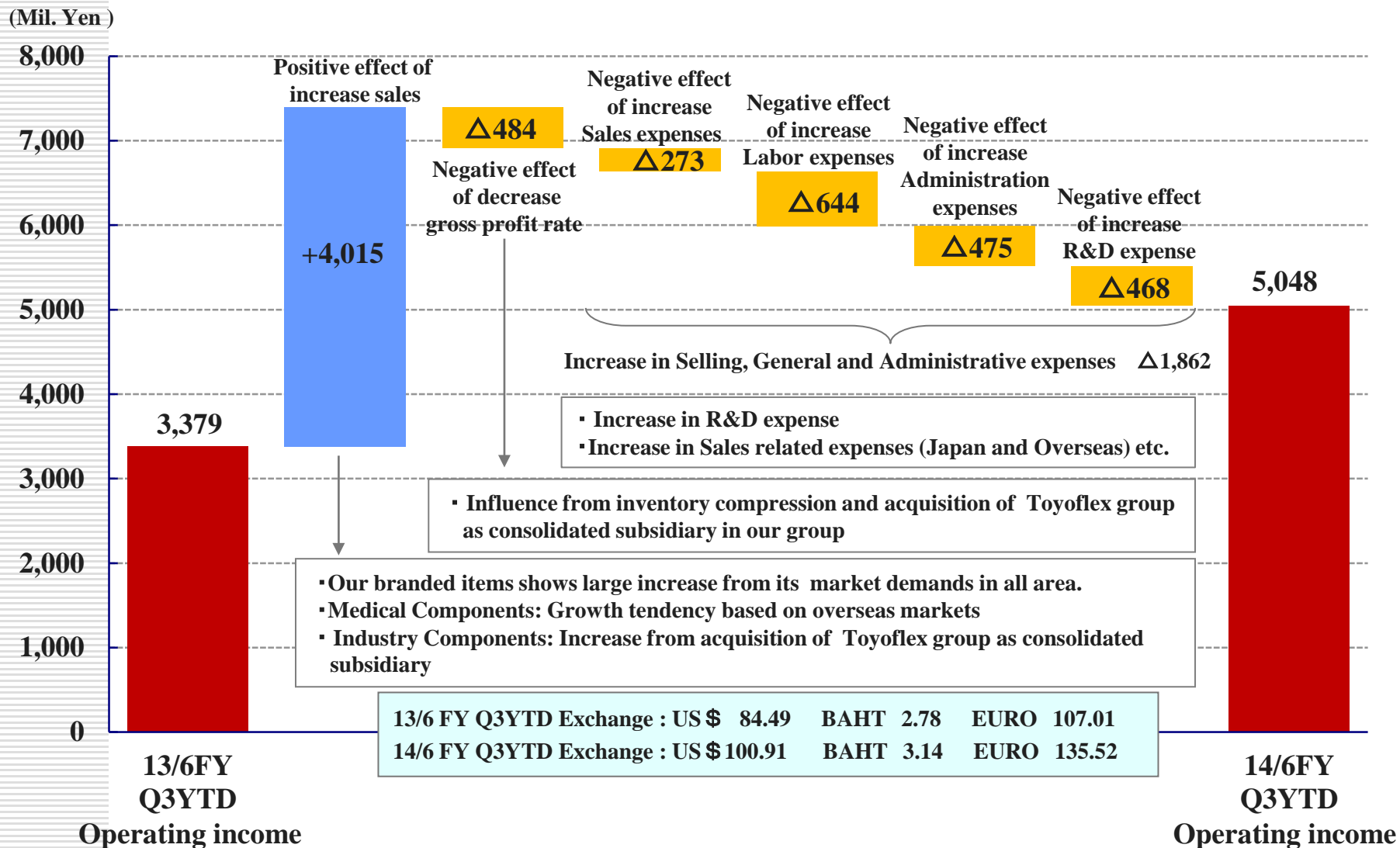


# Earnings Performance by Segment Division



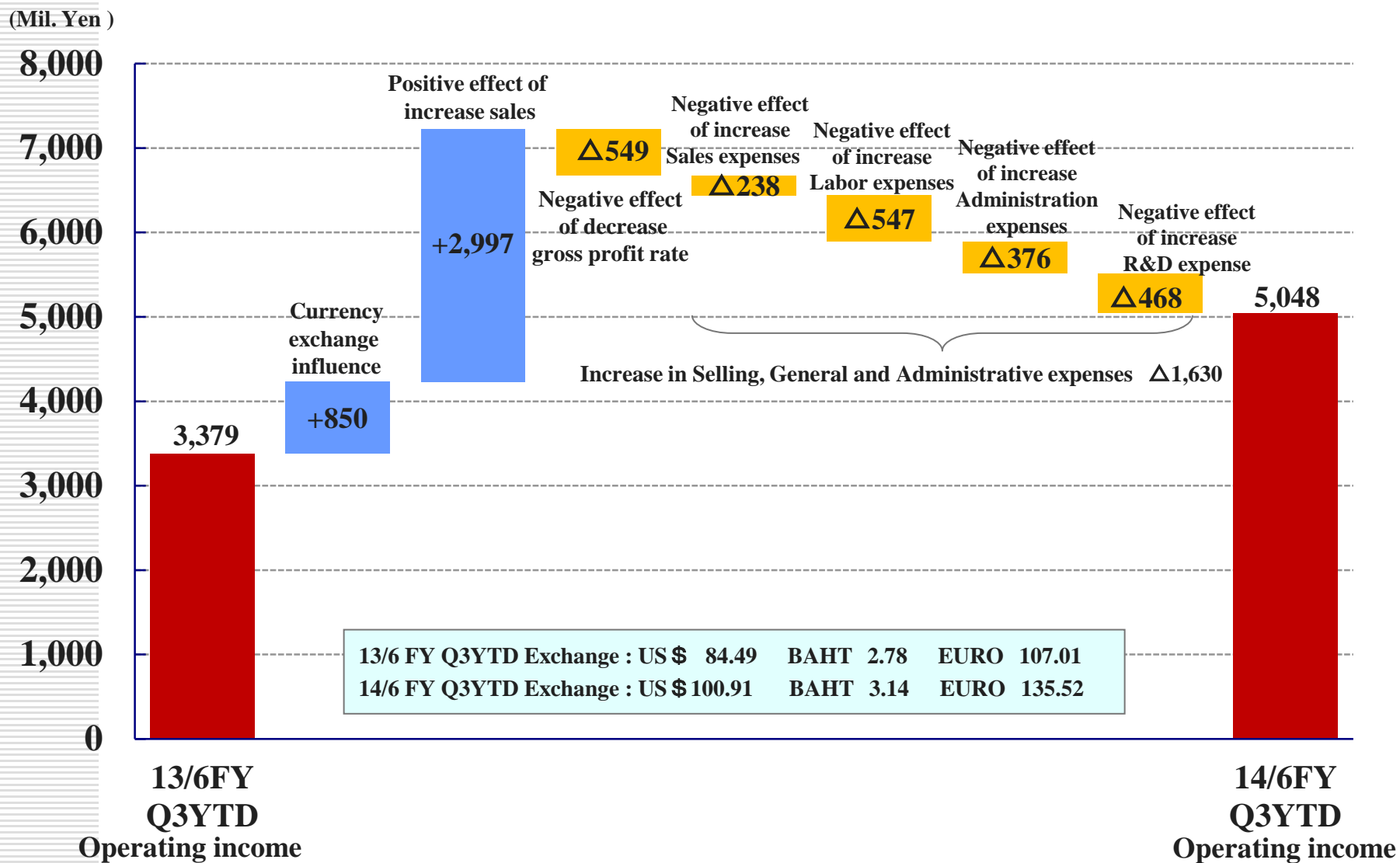


# Attribution analysis of Operating Income – 1 (Exchange rate fluctuations included)





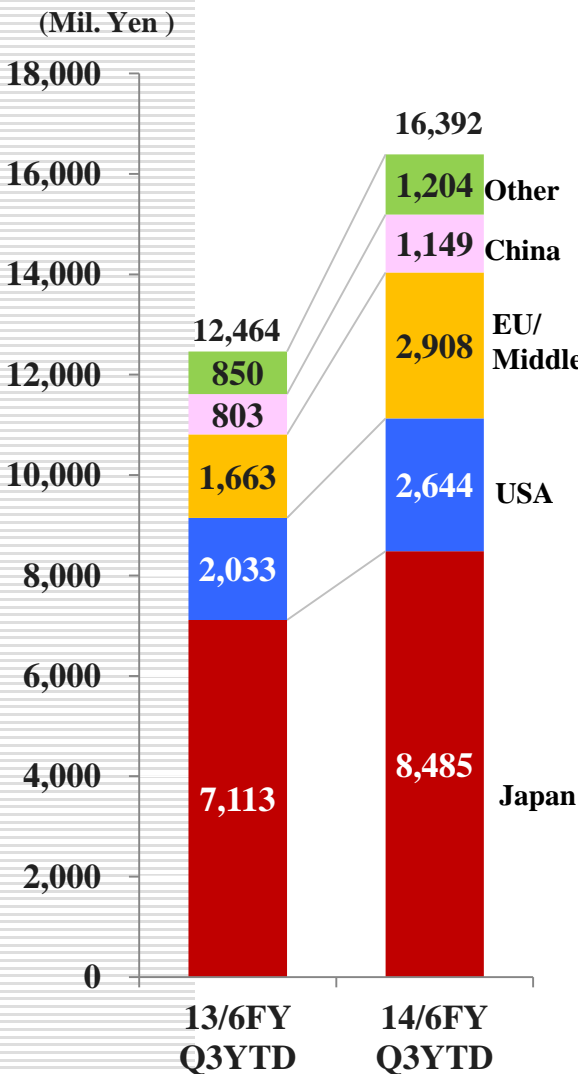
## Attribution analysis of Operating Income – 2 (Exchange rate fluctuations excluded)







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



### 【Net sales (YoY)】

■ **Japan:** Both in Cardiovascular and Non-Cardiovascular segments, the result shows good progress.

- PTCA Guide Wire : “SION Series” mainly shows good result trends.
- PTCA Balloon Catheter : New item “Kamui” progresses well .
- PTCA Guiding Catheter : New item “Hyperion” shows high growth rate after 3rd Quarter.
- Abdominal vascular products :  
IVR GW / It shows increase trend from direct sales effects.  
Micro Catheter / As was year ago, it shows temporary increase (Re-stocking orders).
- Neurovascular products :  
Neuro GW / It shows increase trend from direct sales effects.  
Neuro GC / As was year ago, it shows temporary increase (Initial Stock Fulfillment) .

■ **Overseas :** In all area, good market demand shown. US & EURO currency appreciation supports further increase.

- USA: PTCA GW / Half-year shipments as agreed contractually  
Penetration Catheter “Corsair”/ Growth trends from direct sales effects  
Peripheral vascular products : Peripheral GW shows good progress.
- EU/ Middle East : PTCA GW / Market demands grows continuously, resulting in good result progress.
- China: PTCA GW / Progresses well over market growth rate
- Other : PTCA GW mainly shows good result trends.

### 【Operating income】

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



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

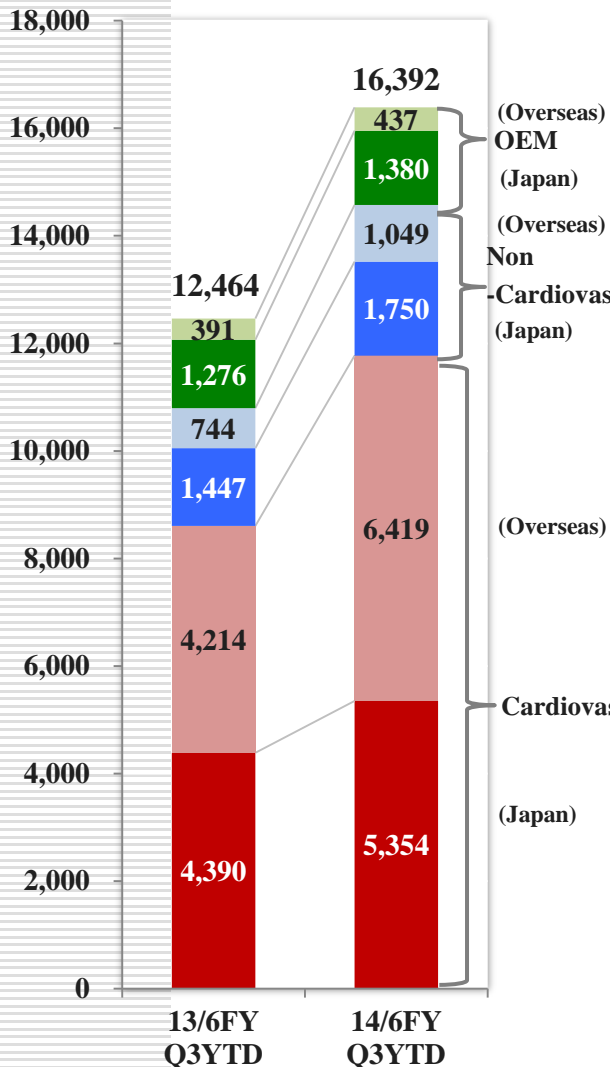
(Mil. Yen )

	2013/6FYE Q3 YTD	2014/6FYE Q3 YTD	YoY	
			Changes (mil.yen)	Changes (%)
<b>(Exchange rate:USD)</b>	<b>84.49</b>	<b>100.91</b>	<b>+16.42</b>	<b>+19.4</b>
<b>Net sales</b>	<b>12,464</b>	<b>16,392</b>	<b>+3,928</b>	<b>+31.5</b>
<b>Japan</b>	<b>7,113</b>	<b>8,485</b>	<b>+1,371</b>	<b>+19.3</b>
<b>Overseas</b>	<b>5,350</b>	<b>7,907</b>	<b>+2,556</b>	<b>+47.8</b>
<b>USA</b>	<b>2,033</b>	<b>2,644</b>	<b>+611</b>	<b>+30.1</b>
<b>EU/EMEA</b>	<b>1,663</b>	<b>2,908</b>	<b>+1,244</b>	<b>+74.8</b>
<b>China</b>	<b>803</b>	<b>1,149</b>	<b>+345</b>	<b>+43.1</b>
<b>Other</b>	<b>850</b>	<b>1,204</b>	<b>+354</b>	<b>+41.7</b>
<b>Operating income</b>	<b>3,463</b>	<b>5,385</b>	<b>+1,921</b>	<b>+55.5</b>



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

(Mil. Yen)



【Net sales (YoY)】

## Cardiovascular

- **Japan:** In addition to conventional product, new products also progress well.
  - PTCA GW / “SION Series” mainly shows good result trends.
  - PTCA BC / New Item “Kamui” shows high growth rate after 3rd Quarter.
  - PTCA GC / New item “Hyperion” gains good evaluation after its launch.
- **Overseas :** In all area, PTCA GW mainly shows good result trends.
  - USA: PTCA GW / Half-year shipments as agreed contractually
  - Penetration Catheter “Corsair” / Growth trends from direct sales effects

## Non-Cardiovascular

- **Japan :** Abdominal vascular • Neurovascular products :
  - Per its direct sales from September 2014/6FY, it shows increases, while temporal initial supply effect exists as compared with year-ago.
- **Overseas :** USA Peripheral vascular products : Peripheral GW shows good result trends

## OEM

- **Japan :** Mini-Guide Wire in cardiac diagnosis increases.
  - Endoscope related products shows good progress.
- **Overseas :** Mini-Guide Wire in cardiovascular diagnosis increases.



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

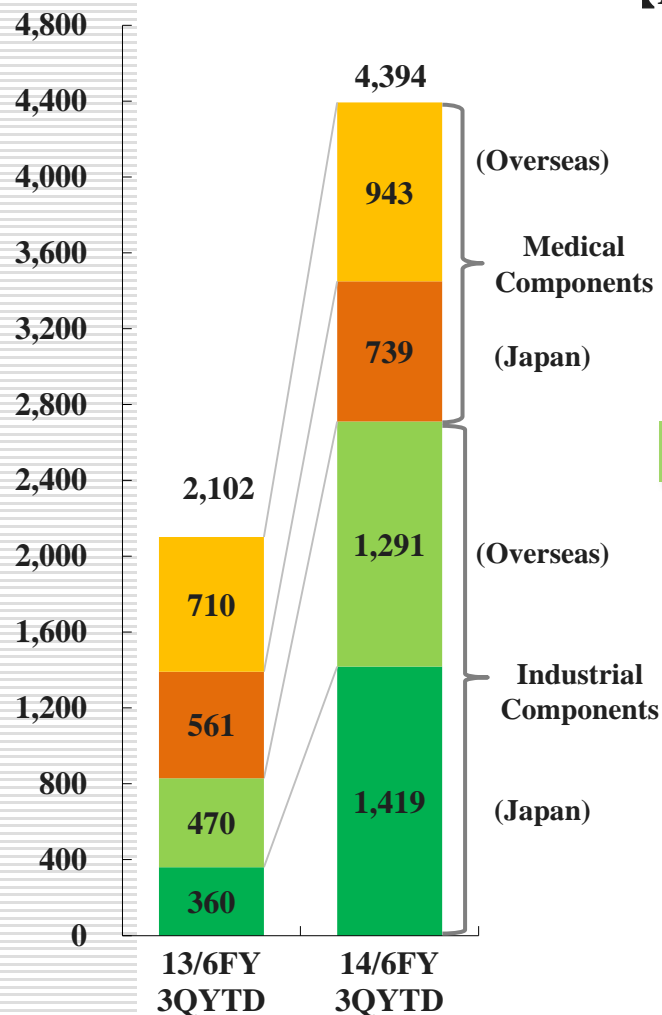
	2013/6FYE Q3 YTD	2014/6FYE Q3 YTD	YoY	
			Changes (mil.yen)	Changes (%)
(Exchange rate:USD)	84.49	100.91	+16.42	+19.4
Net sales	12,464	16,392	+3,928	+31.5
Japan	7,113	8,485	+1,371	+19.3
Overseas	5,350	7,907	+2,556	+47.8
Vascular	8,604	11,773	+3,168	+36.8
Japan	4,390	5,354	+963	+22.0
Overseas	4,214	6,419	+2,205	+52.3
Non-Vascular	2,191	2,800	+608	+27.8
Japan	1,447	1,750	+303	+21.0
Overseas	744	1,049	+305	+41.0
OEM	1,667	1,818	+150	+9.0
Japan	1,276	1,380	+104	+8.2
Overseas	391	437	+46	+11.8

(Mil. Yen )



# Per Segment by Device Division -1

(Mil. Yen)



## 【Net sales (YoY)】

Addition to increase Medical Components based on overseas markets, increase from acquisition of Toyoflex group as consolidated subsidiary +1,819

### Medical Components

- Growth tendency based on overseas markets

- USA: Increase in medical components for usage of cardiovascular diagnostic devices.

### Industrial Components

- Japan : Increase from acquisition of Toyoflex group as consolidated subsidiary

+1,060

- Overseas : Component supply increased in leisure industry and automobile market.

Increase from acquisition of Toyoflex group as consolidated subsidiary

+634

## 【Operating income】

- Minimal profit growth from acquisition of Toyoflex group as consolidated subsidiary.

- Flattening out in operating income due to decreasing inter segment sales.



## Per Segment by Device Division -2

(Mil. Yen )

	2013/6FYE Q3 YTD	2014/6FYE Q3 YTD	YoY		
			Changes	Changes	
				Toyoflex.Co.	(%)
(Exchange rate:USD)	84.49	100.91	+16.42	-	+19.4
Net sales	2,102	4,394	+2,291	1,819	+109.0
Japan	921	2,158	+1,237	1,180	+134.2
Overseas	1,180	2,235	+1,054	639	+89.3
Medical Components	1,271	1,683	+411	124	+32.4
Japan	561	739	+177	119	+31.7
Overseas	710	943	+233	5	+32.9
Industrial Components	831	2,711	+1,879	1,694	+226.2
Japan	360	1,419	+1,059	1,060	+293.8
Overseas	470	1,291	+820	634	+174.4
Operating income	905	934	+28	-	+3.2



## Reference : P/L

	2013/6FYE Q3 YTD		2014/6FYE Q3 YTD			
	Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	The main comparison factors
Net sales	14,566	100.0	20,787	100.0	+6,220	<ul style="list-style-type: none"> <li>Positive trends observed in Medical Field in all area.</li> <li>Increase from acquisition of Toyoflex group as consolidated subsidiary</li> </ul>
Cost of Sales	4,678	32.1	7,368	35.4	+2,689	
Gross profit	9,888	67.9	13,418	64.6	+3,530	<ul style="list-style-type: none"> <li>Along with brisk sales growth</li> <li>Gross profit ratio decreased due to acquisition of Toyoflex group as consolidated subsidiary</li> </ul>
SGA	6,508	44.7	8,370	40.3	+1,862	<ul style="list-style-type: none"> <li>R&amp;D expense and Sales related expenses increased</li> </ul>
Operating income	3,379	23.2	5,048	24.3	+1,668	
Non-operating income	496	3.4	236	1.1	△260	
Non-operating expense	71	0.5	68	0.3	△3	
Ordinary income	3,804	26.1	5,216	25.1	+1,411	
Extraordinary gain	0	0.0	319	1.5	+319	<ul style="list-style-type: none"> <li>Allocated bargain purchase of goodwill by acquisition of Toyoflex group as consolidated subsidiary 319Mil. Yen</li> </ul>
Extraordinary loss	3	0.0	76	0.4	+72	<ul style="list-style-type: none"> <li>Allocated impairment loss 66Mil. Yen</li> </ul>
Net income	2,407	16.5	3,686	17.7	+1,279	
Comprehensive income	4,503	30.9	3,855	18.5	△647	<ul style="list-style-type: none"> <li>Foreign currency translation adjustment decreased △1,671Mil. Yen</li> </ul>



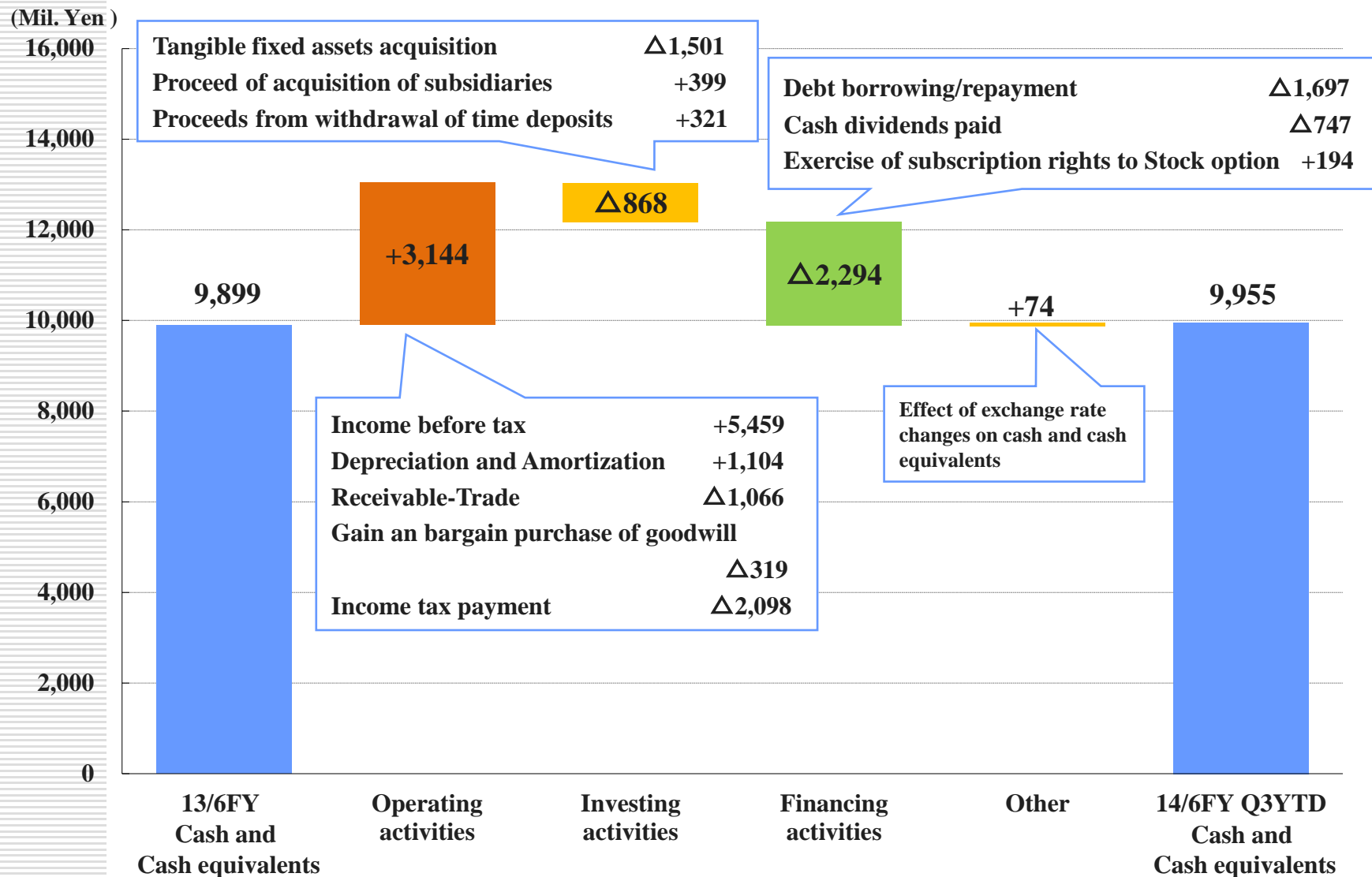
## Reference : B/S

		FYE 6/2013		2014/6FYE Q3 YTD			
		Amount (mil.yen)	Ratio (%)	Amount (mil.yen)	Ratio (%)	Changes (mil.yen)	The main comparison factors
Assets	Current assets	22,343	61.1	25,271	60.3	+2,927	Cash and deposit $\Delta$ 1,591 Receivable-trade +1,870 Investment securities +1,600
	Fixed assets	14,243	38.9	16,636	39.7	+2,392	Tangible fixed assets +1,763 Investments and other assets +618
Total assets		36,587	100.0	41,907	100.0	+5,320	
Liabilities	Current liabilities	7,804	21.3	8,486	20.2	+681	Payable-Trade +1,157 Accrued corporation tax $\Delta$ 715
	Fixed liabilities	6,857	18.7	8,197	19.6	+1,339	Long term debt +1,061
Total liabilities		14,662	40.1	16,683	39.8	+2,021	
Total net assets		21,924	59.9	25,224	60.2	+3,299	Retained earnings +2,935 Foreign currency translation adjustment +136
Total liabilities & Net assets		36,587	100.0	41,907	100.0	+5,320	





# Reference : C/F





## 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 here.**

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