



FY2015 Financial Results and FY2016 Forecasts

May 23, 2016

Asahi Diamond Industrial Co., Ltd.



1. About Asahi Diamond

2. FY2015 Financial Results

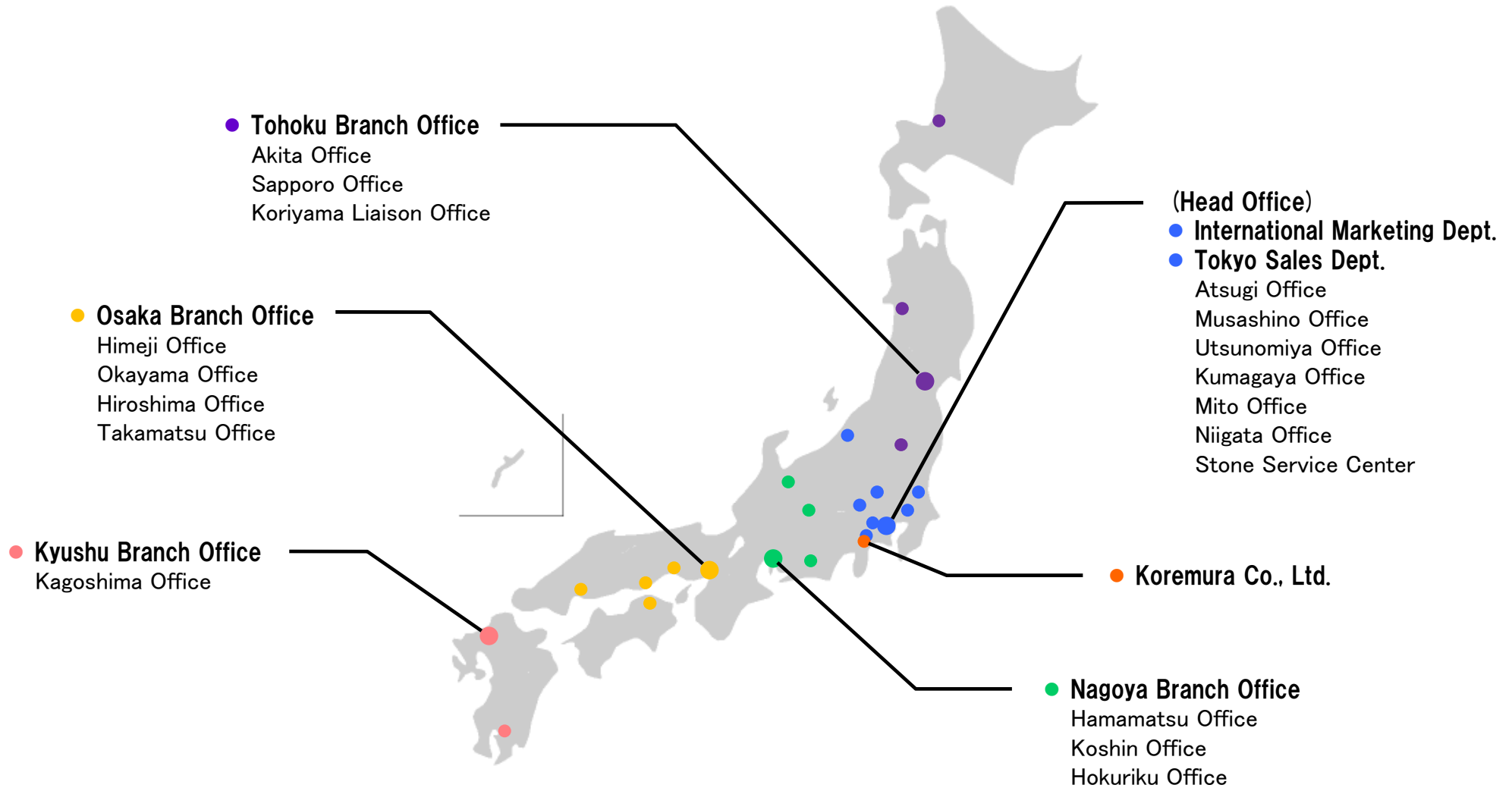
3. FY2016 Forecasts

4. Progress of Mid-Term Business Plan

- ◆ **Company Name:** Asahi Diamond Industrial Co., Ltd.
- ◆ **Establishment:** October 9th, 1937
- ◆ **Paid-in Capital:** 4,102 million yen
- ◆ **Head Office:** The New Otani Garden Court, 11th Floor 4-1, Kioi-cho Chiyoda-ku, Tokyo 102-0094 Japan
- ◆ **Number of Employees (Consolidated) :** 2,108 (March 31, 2016)
- ◆ **Business Over View:** To produces, sell, export and import various tools, instruments and precision machines applicable for diamond and other high-hardness objects; To lap, works, analyze, buy and sell various jewels, and to buy and sell precious metals and its products; To sell, import and export rough and powder diamond for industrial use
- ◆ **Directory** 2 Domestic Subsidiaries and 13 Overseas Companies (12 Subsidiaries / 1 Affiliated Company)
- ◆ **Net Sales (Consolidated) :** 45,459 million yen (FY2015)

Domestic Network (Sales Offices)

◆ Location of Sales offices : 25 sales offices in Japan



Domestic Network (Factories)

◆ Location of Factories : 6 factories in Japan

● Factory Main Industries

Yamanashi Asahi Diamond Industrial Co., Ltd.



For Electronic,
Semiconductor &
Transportation

Mie Factory



For Electronic,
Semiconductor, Machinery
Stone & Construction

Chiba No.2 Factory



For Electronic & Semiconductor

**R & D Center
Chiba Tsurumai Factory**



For Electronic &
Semiconductor

Tamagawa Factory

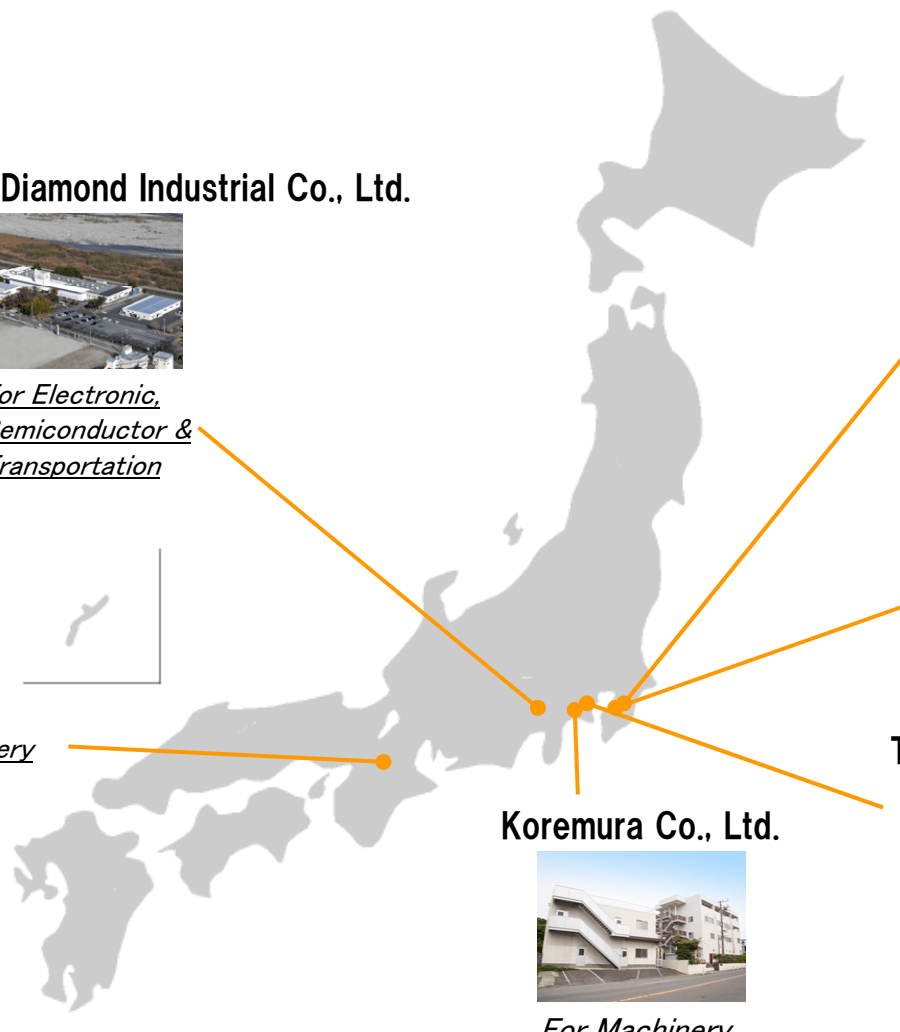


For Electronic,
Semiconductor, Machinery
& Transportation

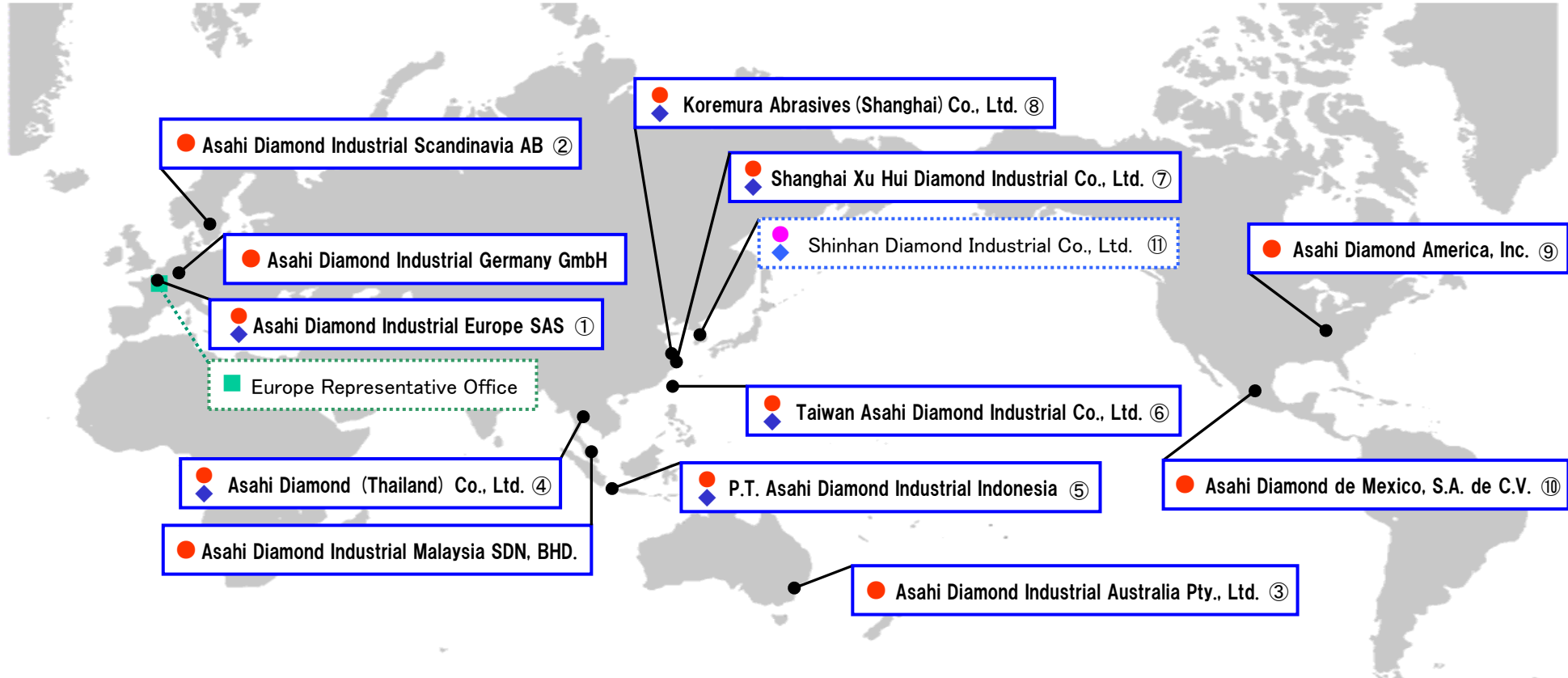
Koremura Co., Ltd.



For Machinery
& Transportation

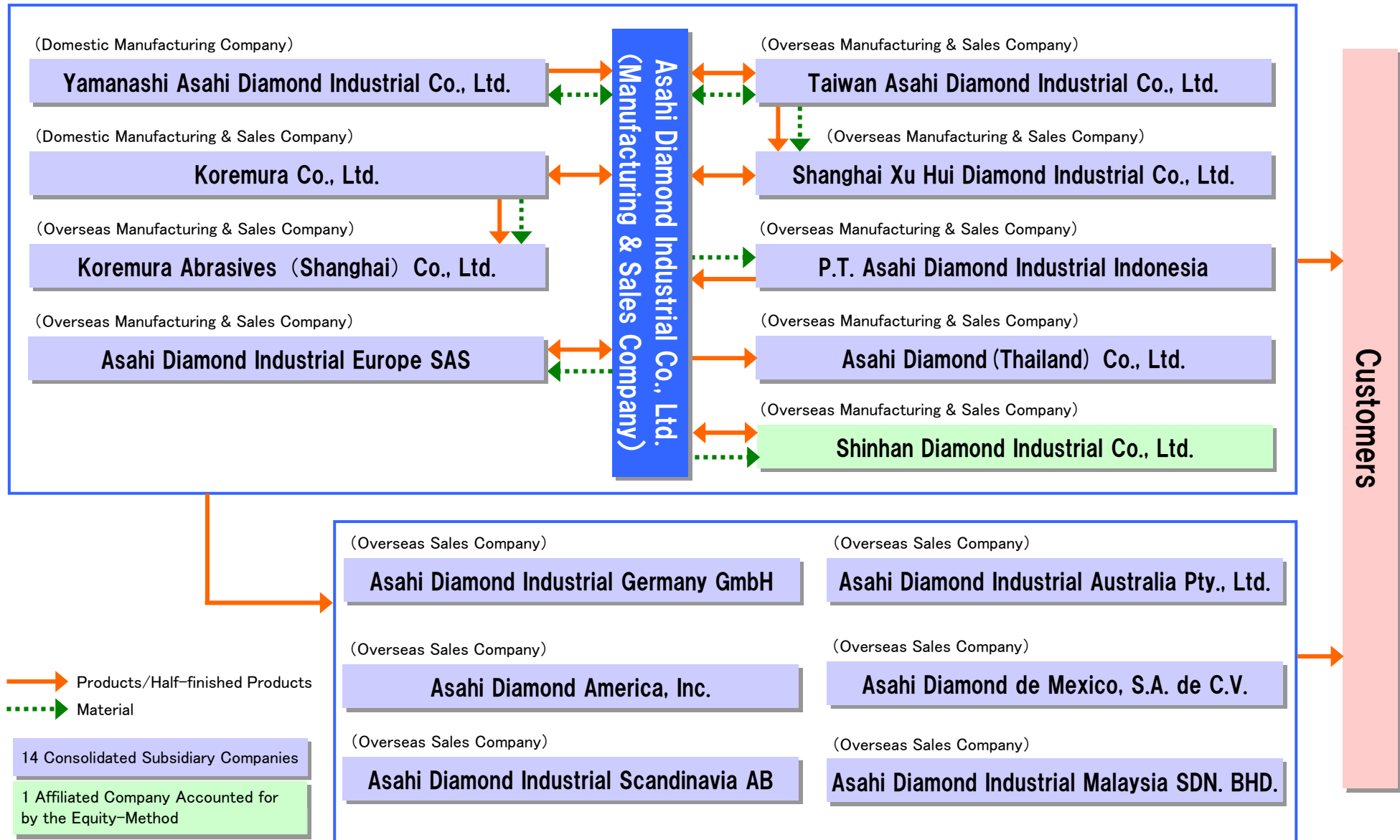


Global Network



Subsidiaries		Affiliate	
●	Sales Office	●	Sales Office
◆	Manufacturing Site	◆	Manufacturing Site
		■	Representative Office

Business Relation Chart



Sales by Industry and Markets

Industry	Financial Year 2015		Classification	Application	Market
	(Millions of Yen)	%			
Electronics and Semiconductor	20,133	44.3%	Polycrystalline and Monocrystalline Silicon Cells	○Cutting ingots ○Slicing wafers ○Grinding wafers	Solar cells Semiconductor
			Electronic Materials	○Cutting/Grinding Sapphire (for LED)	LED
			Semiconductor	○CMP ○Wafer thinning process (Back grinding) ○Dicing (Cutting)	Semiconductor
			FPD glass	○For pencil edging FPD glass	FPD
			Wire	○Drawing copper wire and gold wire ○Drawing steel wire	Electric wire/Bonding wire Wire harness for automobile
Transportation	8,439	18.6%	Automobiles Motorcycles	○Processing automobile parts ○For pencil edging automobile window glass ○Processing for ceramic filters of DPF	Automobiles Motorcycles
			Aircraft	○Grinding for turbine blade of engine ○Processing for CFRP of airplanes	Airplanes
Machinery	9,368	20.6%	Bearings	○Processing for bearing/superfinish	Bearing
			Cemented Carbide Tools	○Processing for cemented Carbide Tools	Cemented carbide tools
			Machine Tools	○Processing for parts	Machine tools
Stone and Construction	5,541	12.2%	Stone (Gravestone/ Construction)	○Cutting/grinding gravestone ○Cutting/grinding building stone	Gravestone Construction
			Construction	○Cutting/grinding concrete road ○Demolishing concrete structures	Construction Public works
			Public works (Exploration)	○Grouting for dams/boring for hot spring ○Research metal/Exploration drilling	Dam Mine, Resource survey
Others	1,977	4.3%		○University, research institution, ceramic industry, jewel, etc.	
Total	45,459	100.0%			

1. About Asahi Diamond

2. FY2015 Financial Results

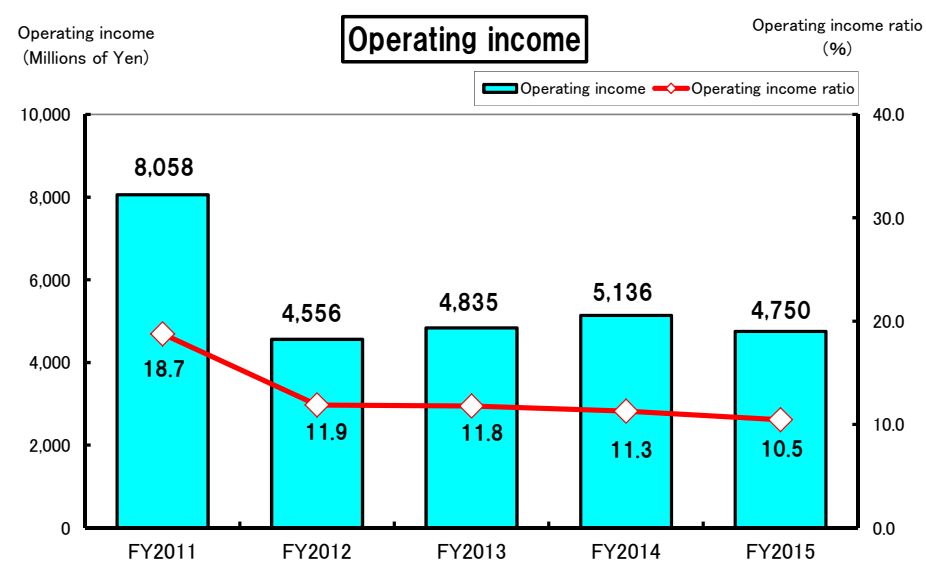
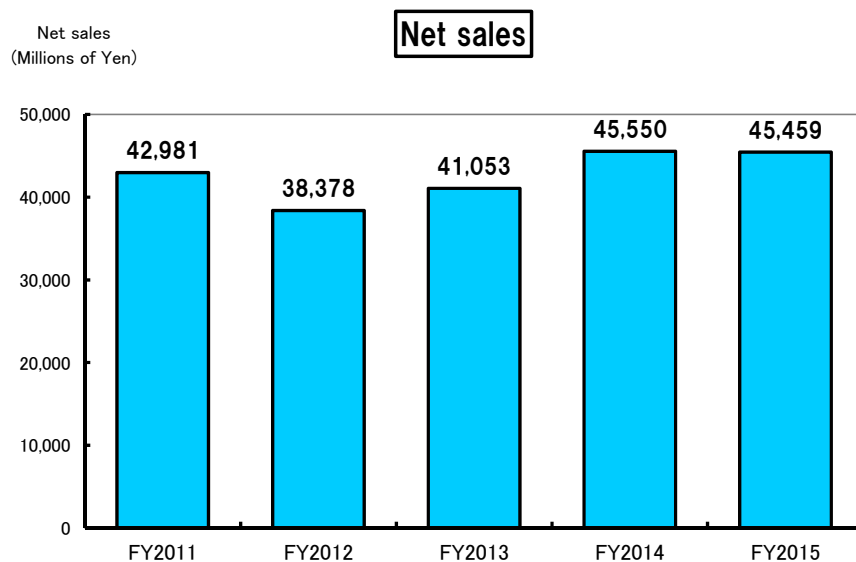
3. FY2016 Forecasts

4. Progress of Mid-Term Business Plan

Financial Results (Consolidated)

(Millions of Yen)

	FY2014		FY2015					
	Results	%	Forecasts	%	Results	%	Change year-on-year	Change year-on-year (%)
Net sales	45,550	100.0	46,500	100.0	45,459	100.0	-90	-0.2
Operating income	5,136	11.3	5,500	11.8	4,750	10.5	-385	-7.5
Ordinary income	5,991	13.2	6,050	13.0	5,092	11.2	-898	-15.0
Profit attributable to owners of parent	3,584	7.9	4,250	9.1	3,338	7.3	-246	-6.9
Earning per share (Yen)	62.13	-	73.66	-	58.26	-	-3.87	-6.2



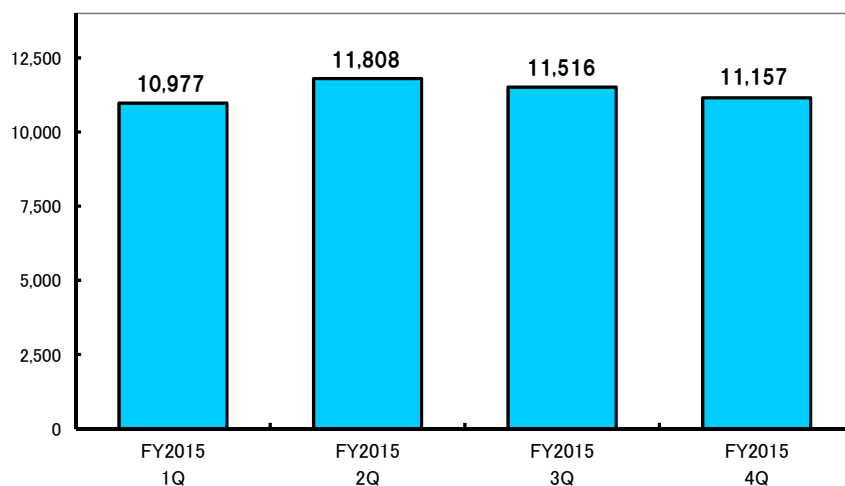
Quarterly Results of Operation (Consolidated)

(Millions of Yen)

	FY2015							
	First quarter		Second quarter		Third quarter		Fourth quarter	
	Results	%	Results	%	Results	%	Results	%
Net sales	10,977	100.0	11,808	100.0	11,516	100.0	11,157	100.0
Operating income	1,354	12.3	1,268	10.7	1,313	11.4	813	7.3
Ordinary income	1,565	14.3	1,296	11.0	1,466	12.7	764	6.9
Profit attributable to owners of parent	1,154	10.5	852	7.2	1,106	9.6	224	2.0

Net sales
(Millions of Yen)

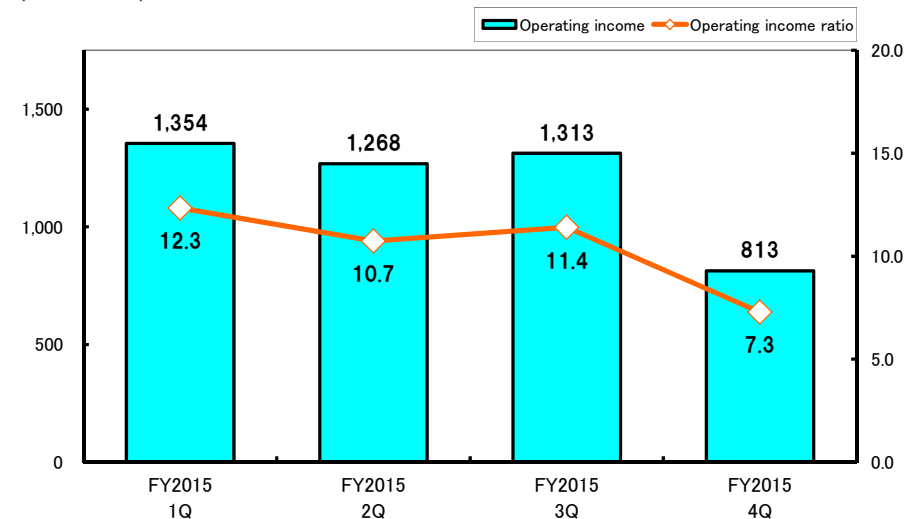
Net sales



Operating income
(Millions of Yen)

Operating income

Operating income ratio
(%)



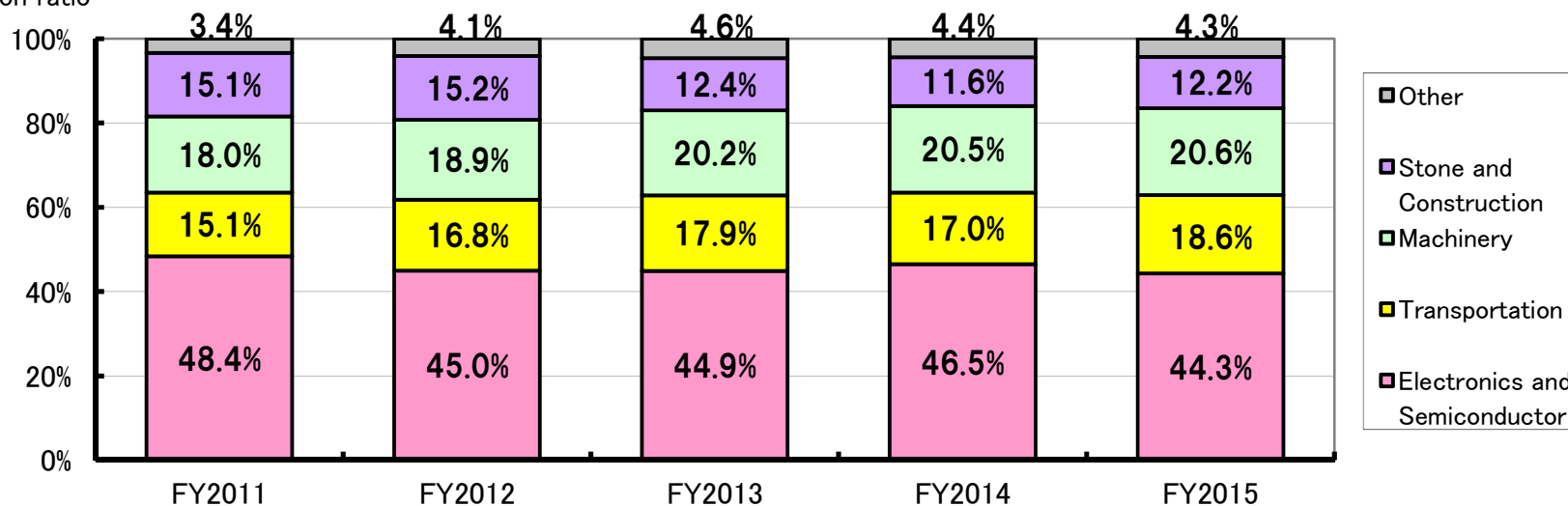
Net Sales Breakdown by Industry (Consolidated)

(Millions of Yen)

	FY2014		FY2015					
	Results	%	Revised forecasts	%	Results	%	Change year-on-year	Change year-on-year (%)
Electronics and Semiconductor	21,170	46.5	21,200	45.6	20,133	44.3	-1,037	-4.9
Transportation	7,753	17.0	8,300	17.9	8,439	18.6	+685	+8.8
Machinery	9,350	20.5	9,600	20.6	9,368	20.6	+17	+0.2
Stone and Construction	5,296	11.6	5,550	11.9	5,541	12.2	+244	+4.6
Other	1,978	4.4	1,850	4.0	1,977	4.3	-1	-0.1
Total	45,550	100.0	46,500	100.0	45,459	100.0	-90	-0.2

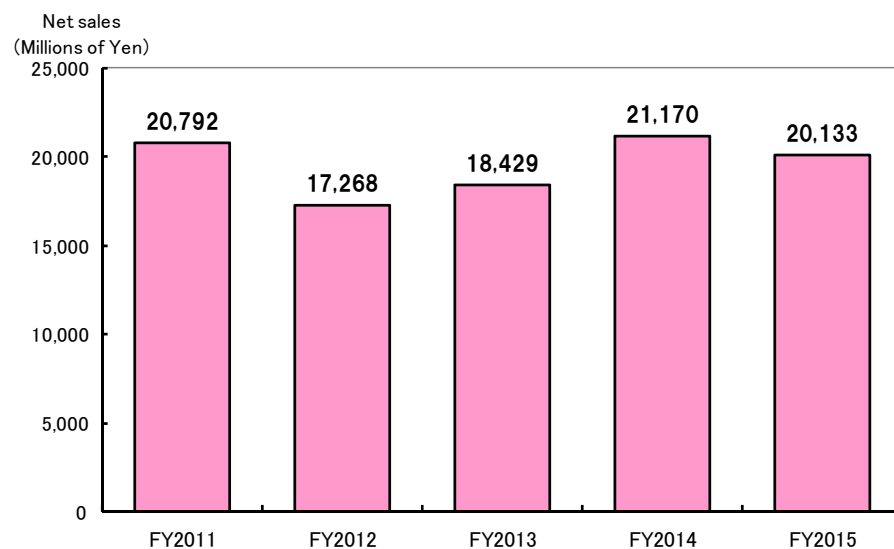
Note) Revised forecast figures were announced on October 30, 2015.

Composition ratio

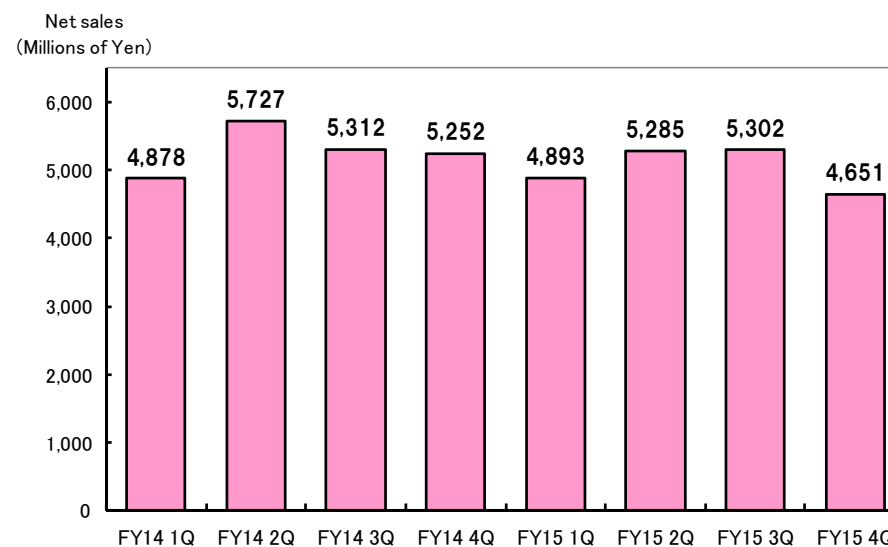


Net Sales Breakdown by Industry : 1. Electronics and Semiconductor

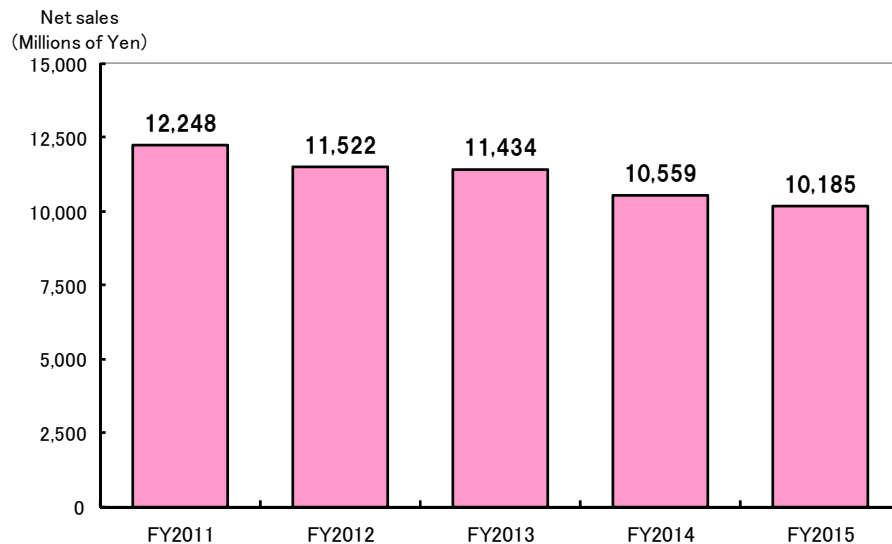
【Full-year】



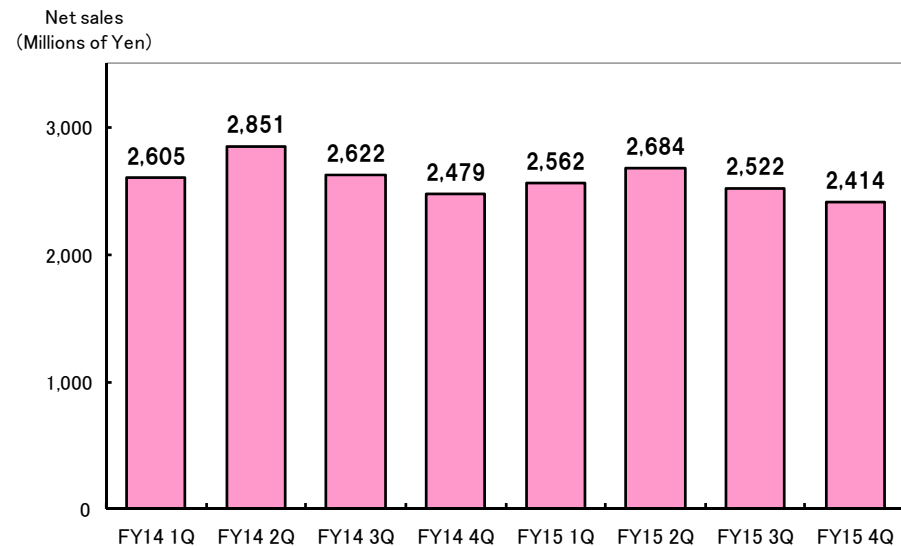
【Quarter】



【Full-year】



【Quarter】



◆ Semiconductor & Electronic Component

Sales of the related tools increased though productions of these parts decreased toward the end of the year.

◆ F P D

Sales of touch-panel related tools substantially decreased, compared with the prior fiscal year.

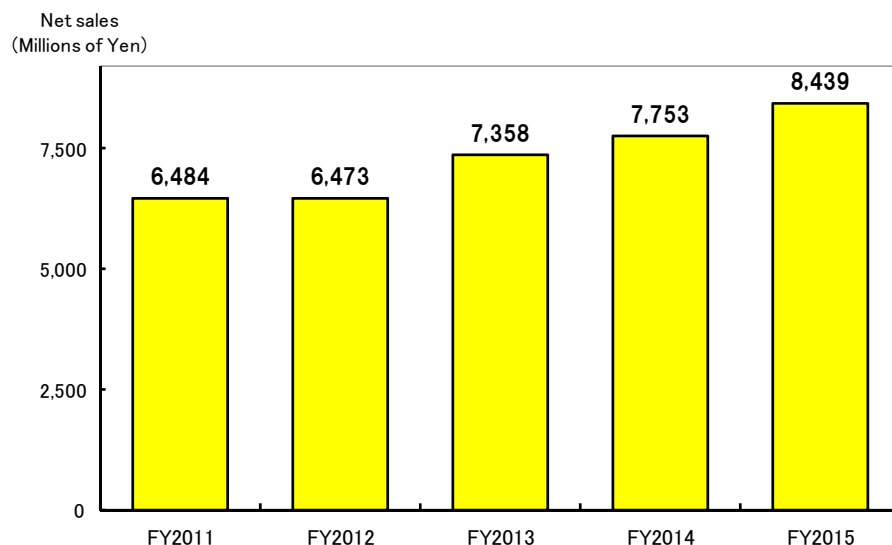
◆ Wire Drawing Die

Sales of dies for saw wire increased, while for bonding wire decreased.

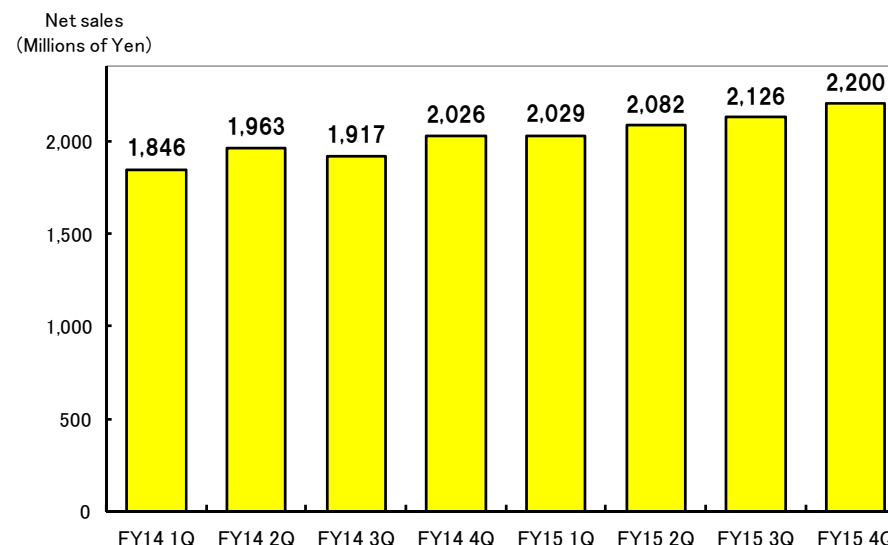


Net Sales Breakdown by Industry : 2. Transportation

【Full-year】



【Quarter】



◆ Automobile

Sales of the related tools increased because of rising global demand and sales promotion of high-precision tools.

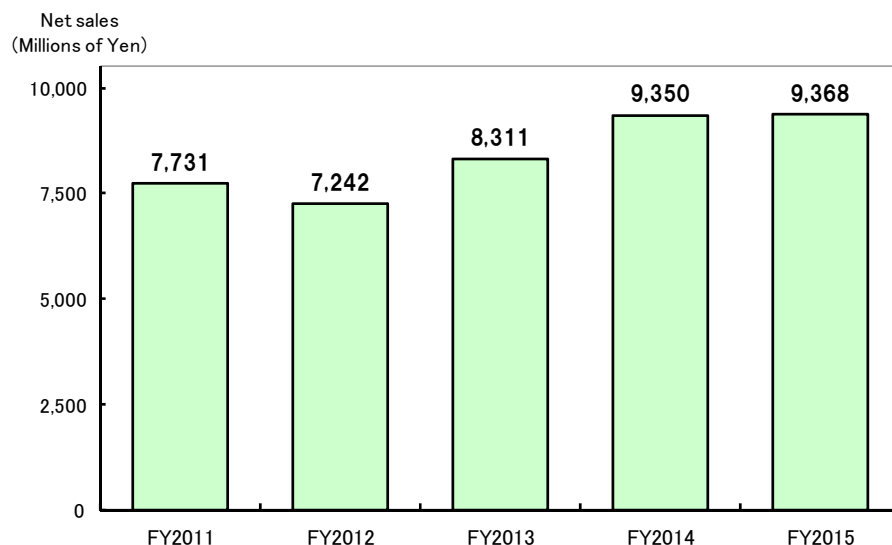
◆ Aircraft

Sales of the related tools significantly increased as a result of rising demand and sales promotion.

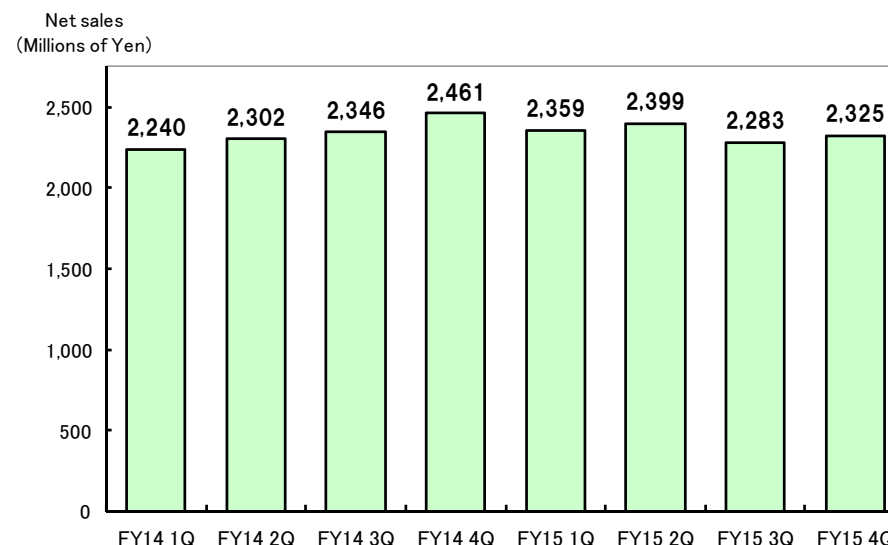


Net Sales Breakdown by Industry : 3. Machinery

【Full-year】



【Quarter】



◆ Cemented Carbide Tool

Sales of the related tools increased, resulting from a production gain in cemented carbide tools with expanding automobile and aircraft productions.

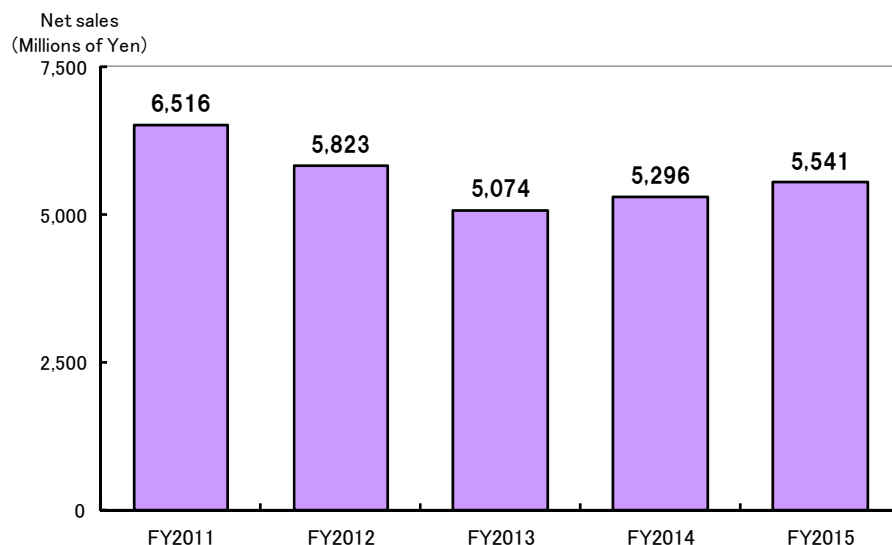
◆ Bearing

Lower sales of the related tools despite an increase in sales of high-precision tools.

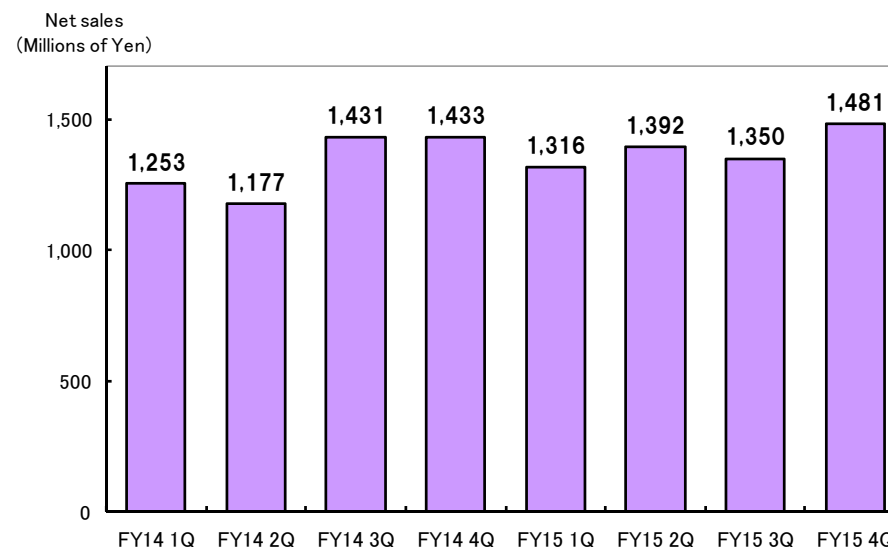


Net Sales Breakdown by Industry : 4. Stone and Construction

【Full-year】



【Quarter】



◆ Mining

Sales of the related tools and other equipments were increased by obtaining the spot demands.

◆ Construction in Japan

Sales of the related tools decreased with fewer public works.

◆ Commercial Product (Portable Cutter)

Sales mostly for oversea customers increased.



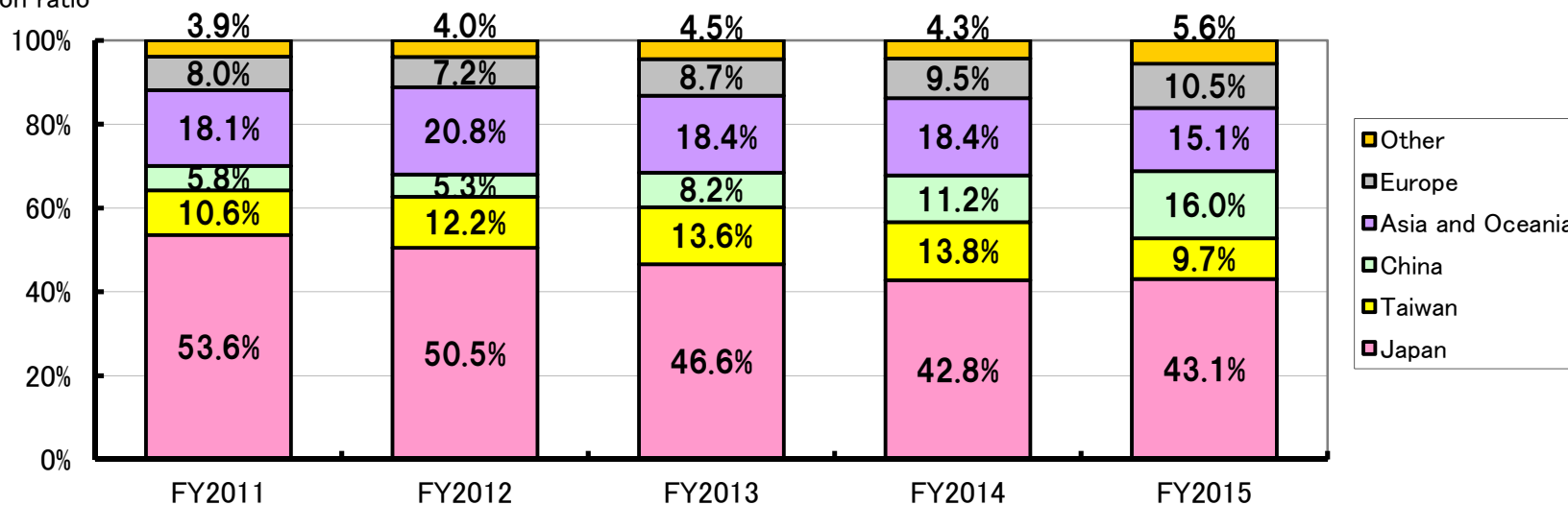
Net Sales Breakdown by Geographical Region (Consolidated)

(Millions of Yen)

	FY2014		FY2015					
	Results	%	Revised forecasts	%	Results	%	Change year-on-year	Change year-on-year (%)
Japan	19,486	42.8	20,100	43.2	19,567	43.1	+81	+0.4
Taiwan	6,307	13.8	4,500	9.7	4,424	9.7	-1,882	-29.9
China	5,117	11.2	7,200	15.5	7,293	16.0	+2,175	+42.5
Other Asia and Oceania	8,399	18.4	7,500	16.1	6,867	15.1	-1,532	-18.2
Europe	4,267	9.5	4,800	10.3	4,785	10.5	+517	+12.1
Other	1,971	4.3	2,400	5.2	2,521	5.6	+549	+27.9
Overseas total	26,063	57.2	26,400	56.8	25,891	56.9	-171	-0.7
Total	45,550	100.0	46,500	100.0	45,459	100.0	-90	-0.2

Note) Revised forecast figures were announced on October 30, 2015.

Composition ratio



Consolidated Balance Sheets

(Millions of Yen)

	2015/3	2016/3	Change		2015/3	2016/3	Change
Assets				Liabilities			
Cash and deposits	12,697	12,598	-98	Notes and accounts payable-trade	1,939	1,505	-433
Notes and accounts receivable-trade	13,241	11,528	-1,712	Loans payable	1,099	747	-351
Inventories	6,550	6,510	-39	Income taxes payable	1,142	540	-601
Allowance for doubtful accounts	-1,227	-1,352	-125	Provision for business structure improvement	293	193	-100
Property, plant and equipment	25,247	24,556	-691	Net defined benefit liability	7,604	7,644	+40
Intangible assets	110	120	+9	Other	3,538	3,563	+25
Investment securities	14,317	12,861	-1,456	Total liabilities	15,615	14,195	-1,420
Other	3,455	4,315	+859	Net assets			
				Shareholders' equity	52,646	52,832	+186
				Accumulated other comprehensive income	4,896	2,910	-1,986
				Non-controlling interests	1,235	1,201	-33
				Total net assets	58,778	56,943	-1,834
Total assets	74,394	71,139	-3,255	Total liabilities and net assets	74,394	71,139	-3,255

Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2014	FY2015	Change
Profit before income taxes	5,685	5,031	-653
Depreciation	3,465	3,627	+162
Increase (decrease) in allowance for doubtful accounts	1,124	148	-975
Decrease (increase) in notes and accounts receivable • trade	-1,258	1,571	+2,829
Decrease (increase) in inventories	-23	-85	-61
Income taxes paid	-2,157	-2,099	+57
Other	-561	-903	-342
Net cash provided by (used in) operating activities	6,273	7,290	+1,016
Decrease (increase) in time deposits	1,031	26	-1,005
Purchase or sales of property, plant and equipment	-6,936	-3,164	+3,771
Purchase or sales or redemption of investment securities	-22	-132	-110
Other	80	42	-38
Net cash provided by (used in) investing activities	-5,846	-3,228	+2,618
Increase (decrease) in loans payable	120	-286	-406
Purchase or sales of treasury shares	-4	-1,248	-1,244
Cash dividends paid	-1,388	-1,903	-514
Other	-169	-151	+17
Net cash provided by (used in) financing activities	-1,441	-3,590	-2,148
Cash and cash equivalents at end of period	12,857	12,966	+109

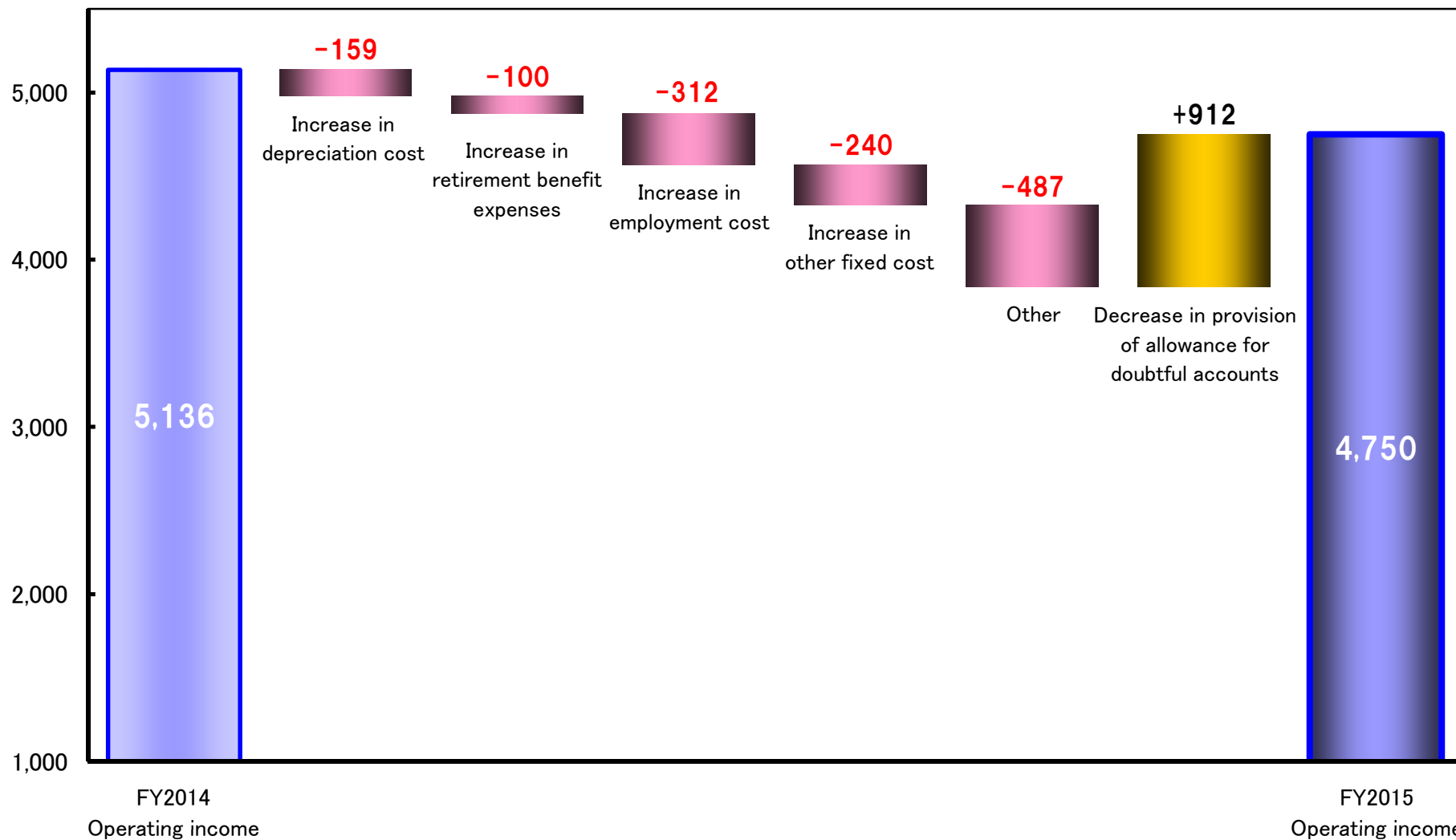


Consolidated Operating Income 「Analysis of Factors Affecting Increase and Decrease」

ASAHI DIAMOND



(Millions of Yen)



Asahi Diamond Industrial Co., Ltd.

1. About Asahi Diamond

2. FY2015 Financial Results

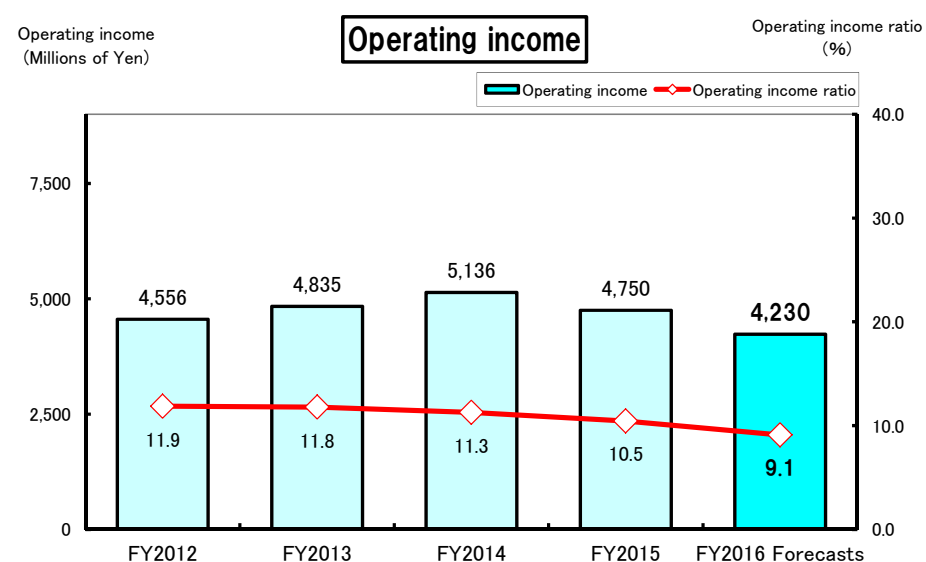
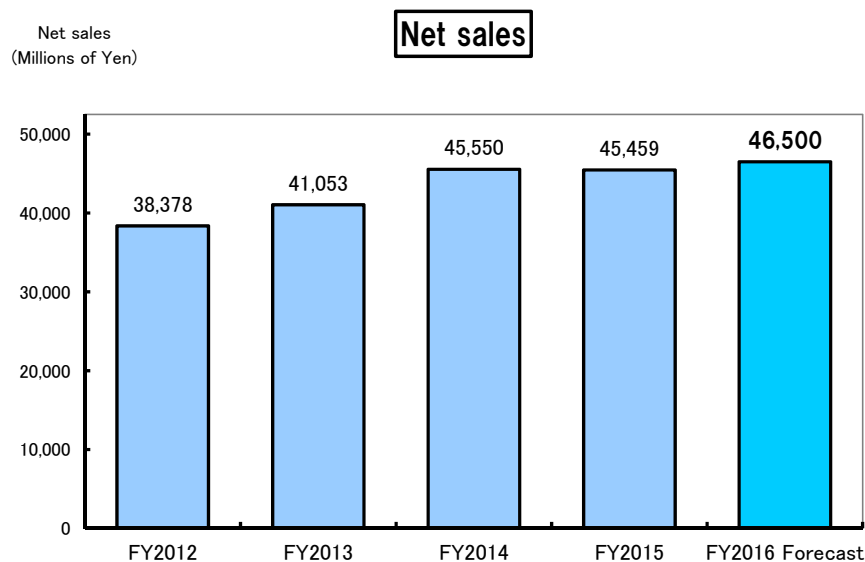
3. FY2016 Forecasts

4. Progress of Mid-Term Business Plan

Outline of Forecasts (Consolidated)

(Millions of Yen)

	First half						Full-year						
	FY2015 Results	%	FY2016 Forecasts	%	Change year-on-year	Change year-on-year (%)	FY2015 Results	%	FY2016 Forecasts	%	Change year-on-year	Change year-on-year (%)	
Net sales	22,785	100.0	22,700	100.0	-85	-0.4	45,459	100.0	46,500	100.0	+1,040	+2.3	
Operating income	2,623	11.5	1,650	7.3	-973	-37.1	4,750	10.5	4,230	9.1	-520	-11.0	
Ordinary income	2,861	12.6	1,810	8.0	-1,051	-36.7	5,092	11.2	4,550	9.8	-542	-10.6	
Profit attributable to owners of parent	2,007	8.8	1,300	5.7	-707	-35.2	3,338	7.3	3,350	7.2	+11	+0.3	
Exchange rate	JPY/USD							121.0	-	110.0			
	JPY/EUR							134.5	-	125.0			

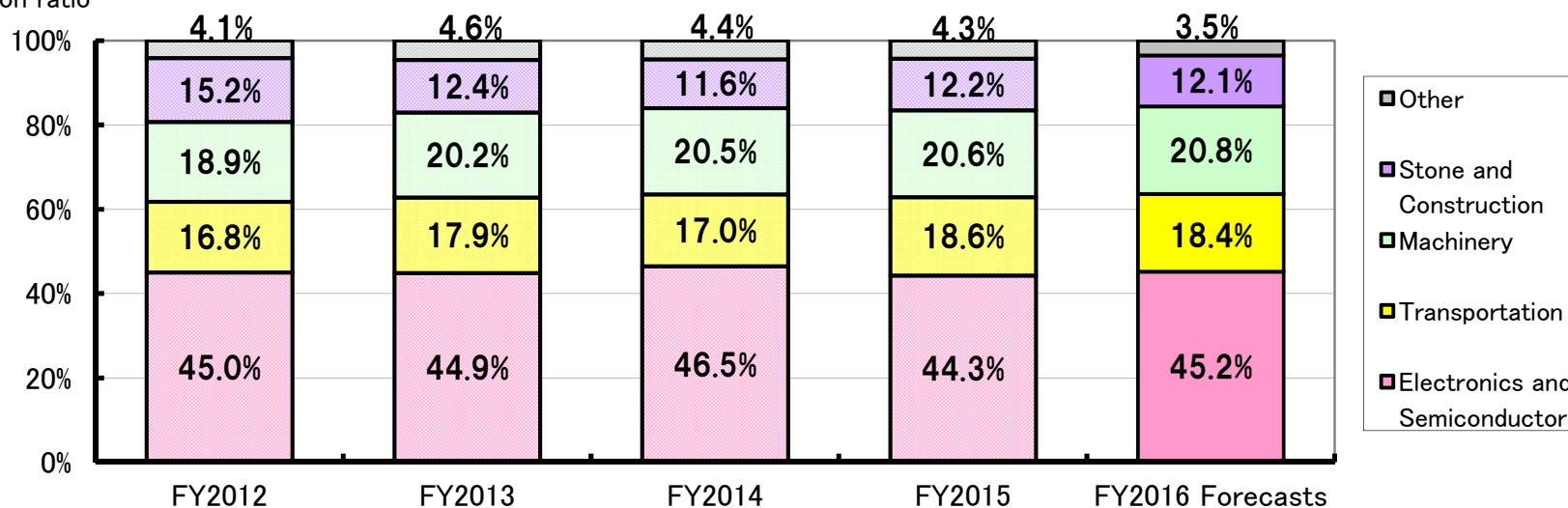


Forecasts of Net Sales Breakdown by Industry (Consolidated)

(Millions of Yen)

	First half						Full-year					
	FY2015 Results	%	FY2016 Forecasts	%	Change year-on-year	Change year-on-year (%)	FY2015 Results	%	FY2016 Forecasts	%	Change year-on-year	Change year-on-year (%)
Electronics and Semiconductor	10,179	44.7	10,180	44.8	+0	+0.0	20,133	44.3	21,000	45.2	+866	+4.3
Transportation	4,112	18.0	4,160	18.3	+47	+1.2	8,439	18.6	8,550	18.4	+110	+1.3
Machinery	4,759	20.9	4,760	21.0	+0	+0.0	9,368	20.6	9,650	20.8	+281	+3.0
Stone and Construction	2,709	11.9	2,740	12.1	+30	+1.1	5,541	12.2	5,650	12.1	+108	+2.0
Other	1,025	4.5	860	3.8	-165	-16.2	1,977	4.3	1,650	3.5	-327	-16.5
Total	22,785	100.0	22,700	100.0	-85	-0.4	45,459	100.0	46,500	100.0	+1,040	+2.3

Composition ratio

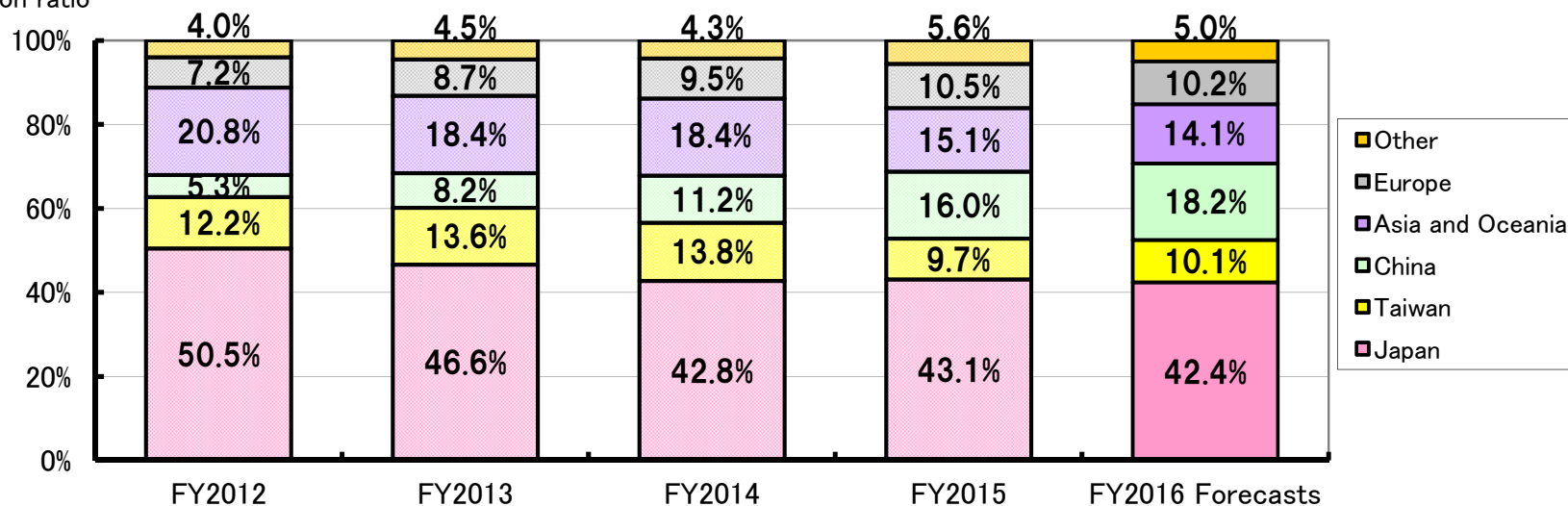


Forecasts of Net Sales Breakdown by Geographical Region (Consolidated)

(Millions of Yen)

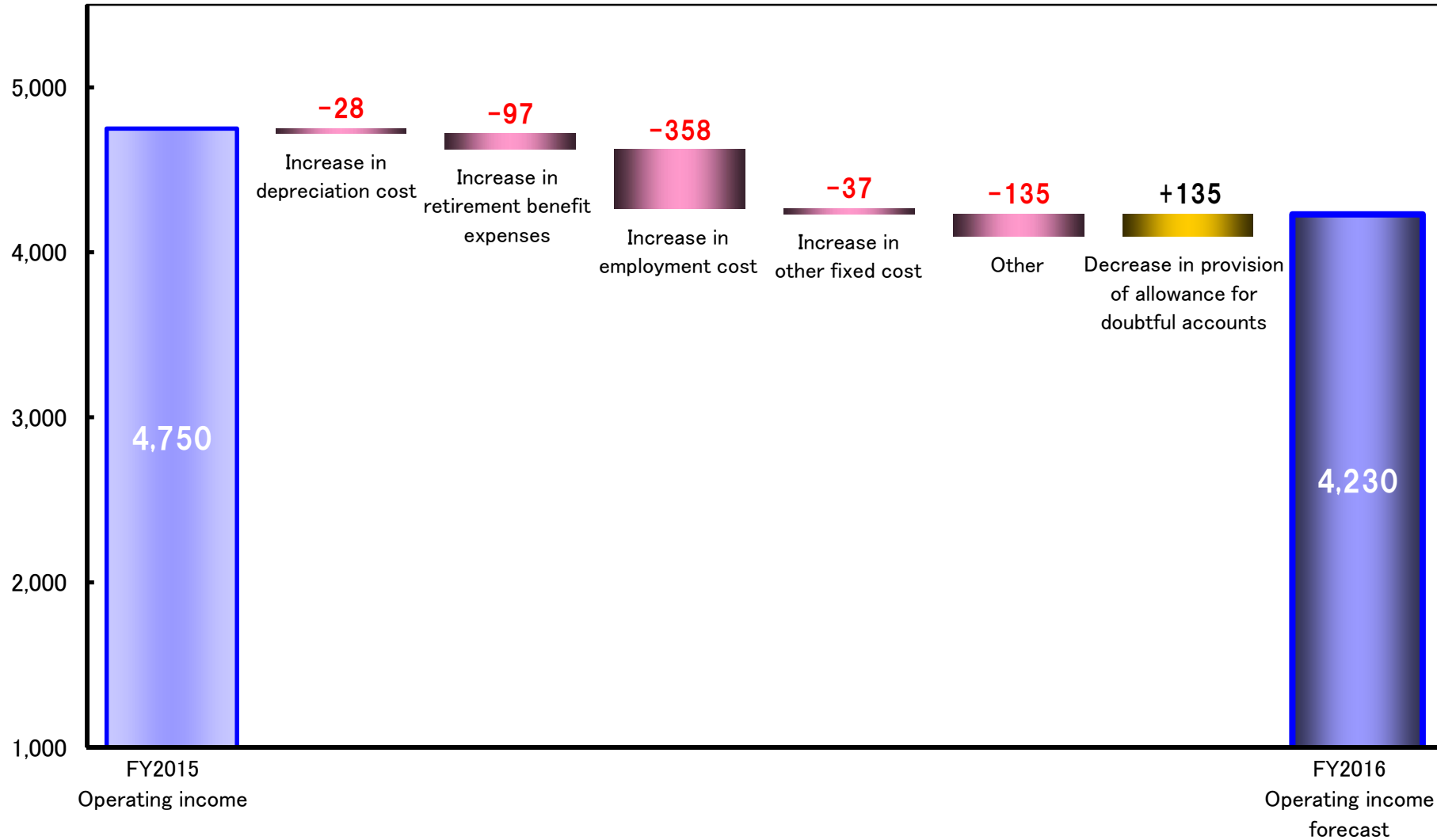
	First half						Full-year					
	FY2015 Results	%	FY2016 Forecasts	%	Change year-on-year	Change year-on-year (%)	FY2015 Results	%	FY2016 Forecasts	%	Change year-on-year	Change year-on-year (%)
Japan	9,944	43.6	9,700	42.7	-244	-2.5	19,567	43.1	19,700	42.4	+132	+0.7
Taiwan	2,451	10.8	2,200	9.7	-251	-10.2	4,424	9.7	4,700	10.1	+275	+6.2
China	3,071	13.5	3,900	17.2	+828	+27.0	7,293	16.0	8,450	18.2	+1,156	+15.9
Other Asia and Oceania	3,585	15.7	3,100	13.7	-485	-13.5	6,867	15.1	6,550	14.1	-317	-4.6
Europe	2,559	11.2	2,600	11.4	+40	+1.6	4,785	10.5	4,750	10.2	-35	-0.7
Other	1,173	5.2	1,200	5.3	+26	+2.3	2,521	5.6	2,350	5.0	-171	-6.8
Overseas total	12,841	56.4	13,000	57.3	+158	+1.2	25,891	56.9	26,800	57.6	+908	+3.5
Total	22,785	100.0	22,700	100.0	-85	-0.4	45,459	100.0	46,500	100.0	+1,040	+2.3

Composition ratio

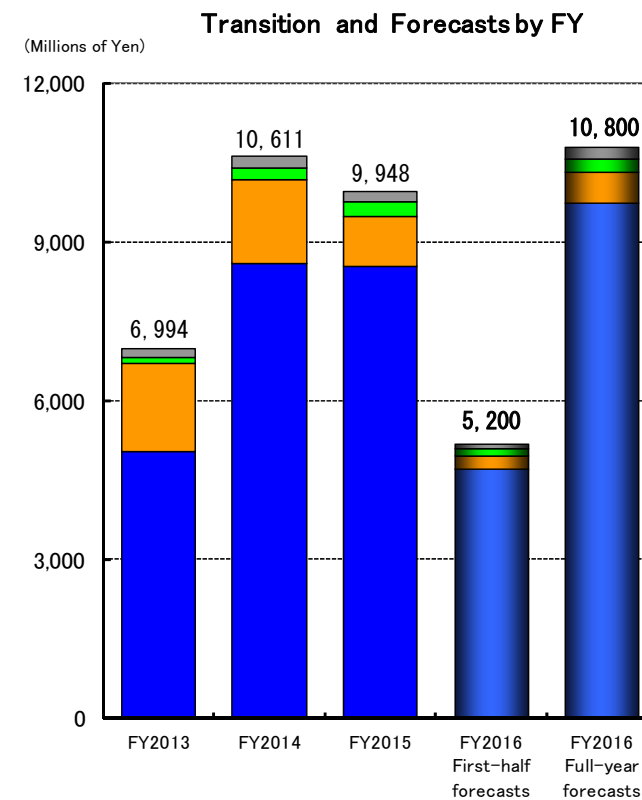
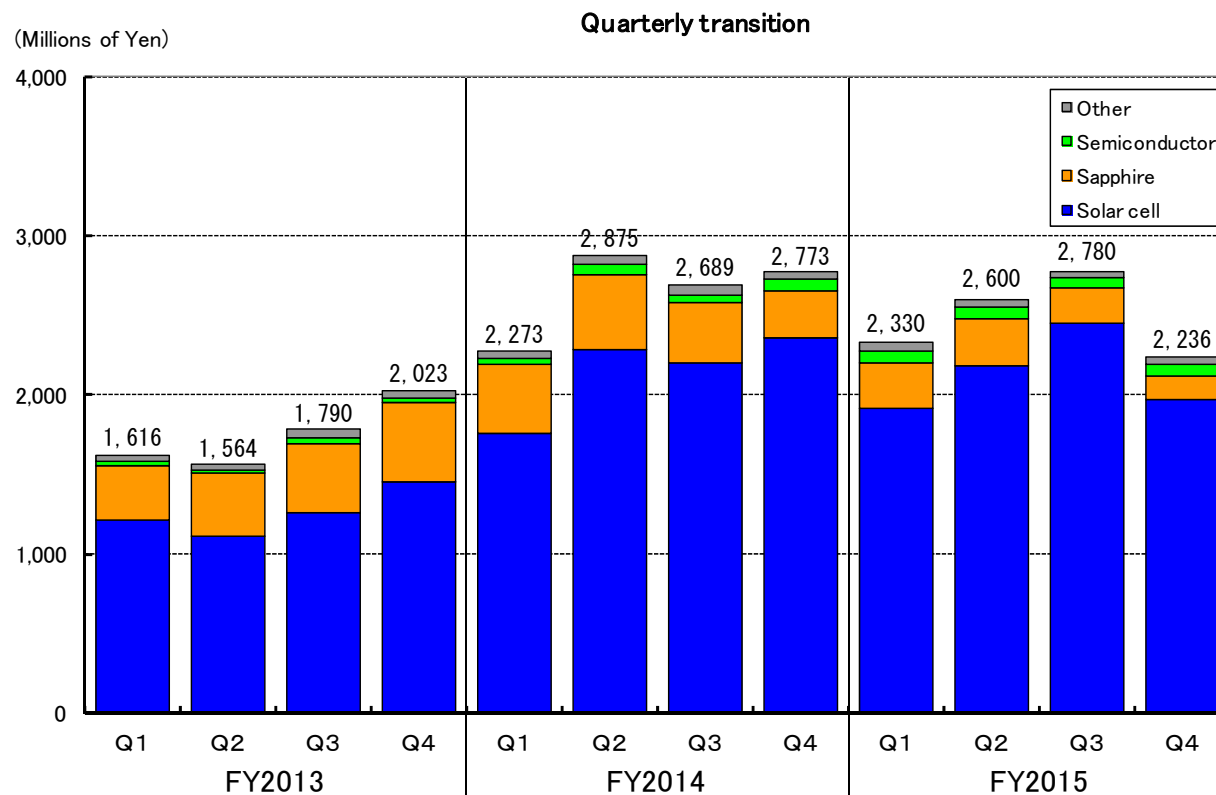


Forecast of Consolidated Operating Income 「Analysis of Factors Affecting Increase and Decrease」

(Millions of Yen)



「EcoMEP」 Sales Trend and Forecasts (Consolidated)



◆ Total sales of EcoMEP was ¥9,948 million in FY2015. (-6% vs. FY2014)

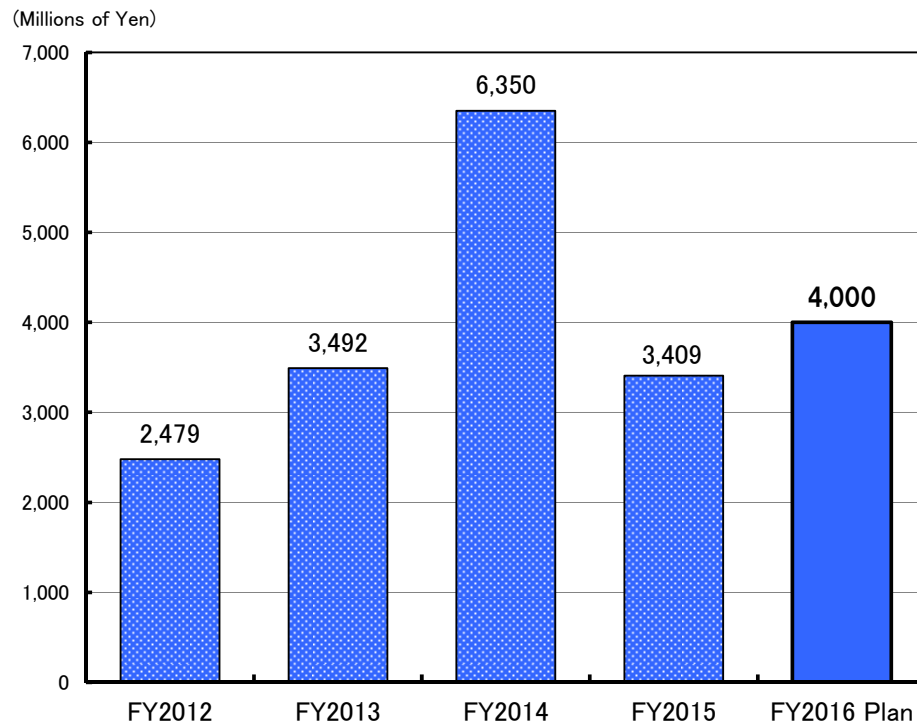
- For PV production : -1% vs. FY2014
- For Sapphire production : -40% vs. FY2014

◆ Forecast of EcoMEP sales for FY2016 is ¥10,800 million. (+9% vs. FY2015)

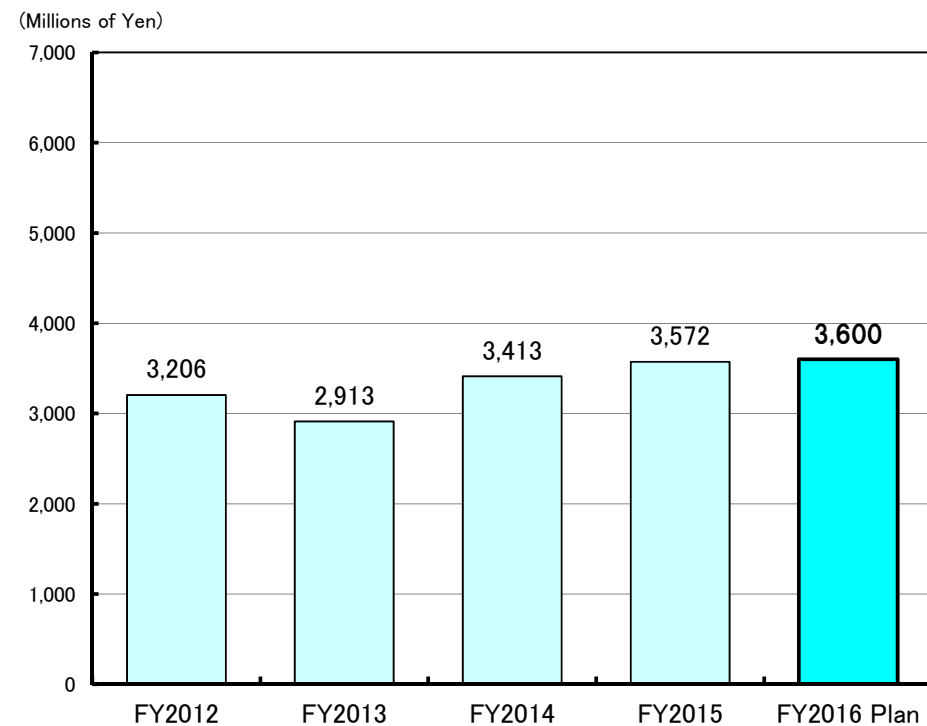
- For PV production : +14% vs. FY2015
- For Sapphire production : -37% vs. FY2015

Capital Expenditures 「Results and Plan」

Capital expenditures



Depreciation



1. About Asahi Diamond

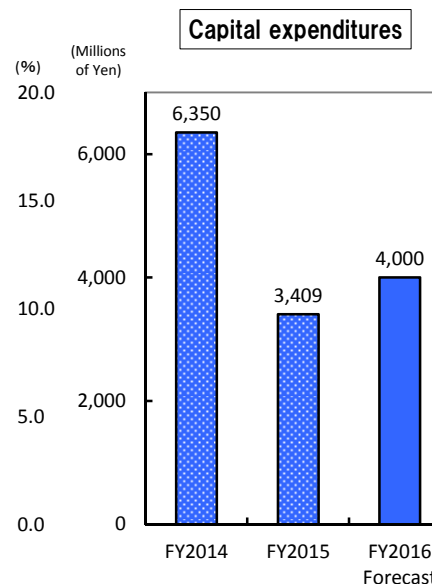
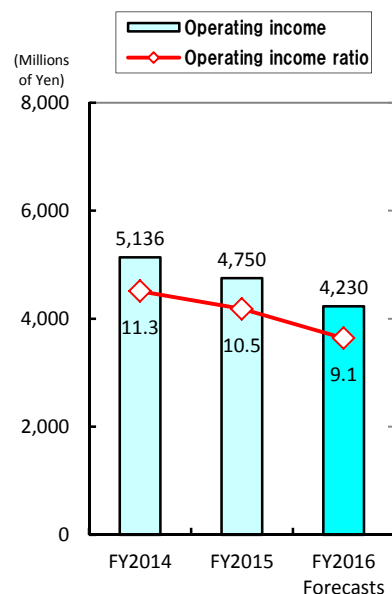
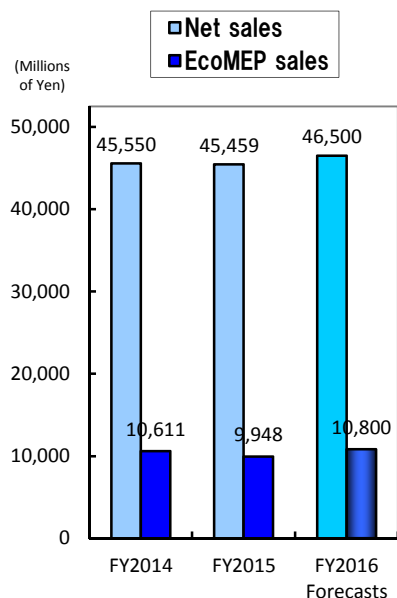
2. FY2015 Financial Results

3. FY2016 Forecasts

4. Progress of Mid-Term Business Plan

Progress of Mid-Term Business Plan

	FY2017 Targets		FY2017 Targets
Consolidated net sales (Millions of Yen)	51,000	ROE (%)	10.0
EcoMEP sales (Millions of Yen)	13,000	Consolidated payout ratio	Over 40%
Consolidated operating income (Millions of Yen)	8,000	Purchase of treasury shares	Flexible
Consolidated operating income ratio (%)	15.7	Capital expenditures (Millions of Yen)	11,000 ※FY2015-FY2017



	FY2014 Results	FY2015 Results
ROE (%)	6.5	5.9
Consolidated payout ratio (%)	48.3	51.5
Total return ratio (%)	48.3	88.7
Purchase of treasury shares (Millions of Yen)	-	1,245



Asahi Diamond Industrial Co., Ltd.

This presentation contains forward-looking statements and plans, which based on current available information and assumptions we believe to be reasonable. These forward-looking statements involve various factors, and Asahi Diamond's actual results could be materially different from those mentioned on these forward-looking statements.

