



FY2016 2Q Financial Results and FY2016 Forecasts

November 10, 2016

Asahi Diamond Industrial Co., Ltd.



1. FY2016 2Q Financial Results

2. FY2016 Forecasts

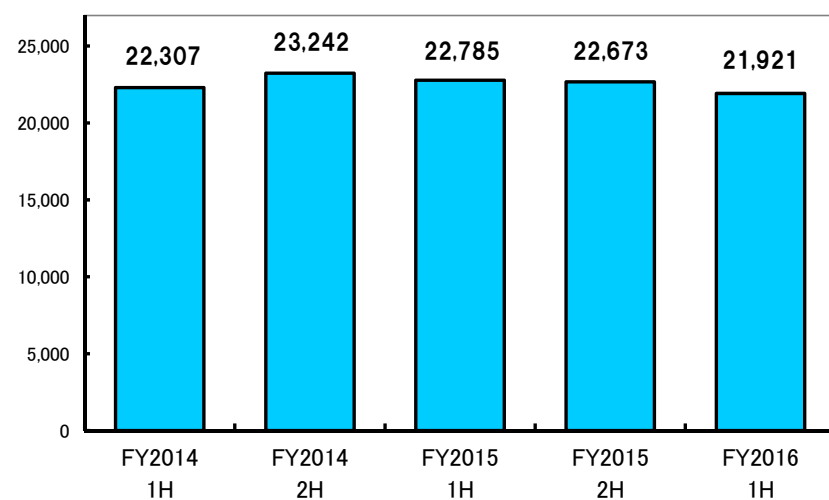
Financial Results (Consolidated)

(Millions of Yen)

	FY2015				FY2016					
	First half results '15/4-9	%	Second half results '15/10-'16/3	%	First half forecasts '16/4-9	%	First half results '16/4-9	%	Change year-on-year	Change year-on-year (%)
Net sales	22,785	100.0	22,673	100.0	22,700	100.0	21,921	100.0	-864	-3.8
Operating income	2,623	11.5	2,127	9.4	1,650	7.3	1,500	6.8	-1,122	-42.8
Ordinary income	2,861	12.6	2,230	9.8	1,810	8.0	1,361	6.2	-1,500	-52.4
Profit attributable to owners of parent	2,007	8.8	1,331	5.9	1,300	5.7	1,066	4.9	-940	-46.9
Earning per share (Yen)	34.78	-	23.53	-	22.93	-	18.86	-	-15.92	-45.8

Net sales (Millions of Yen)

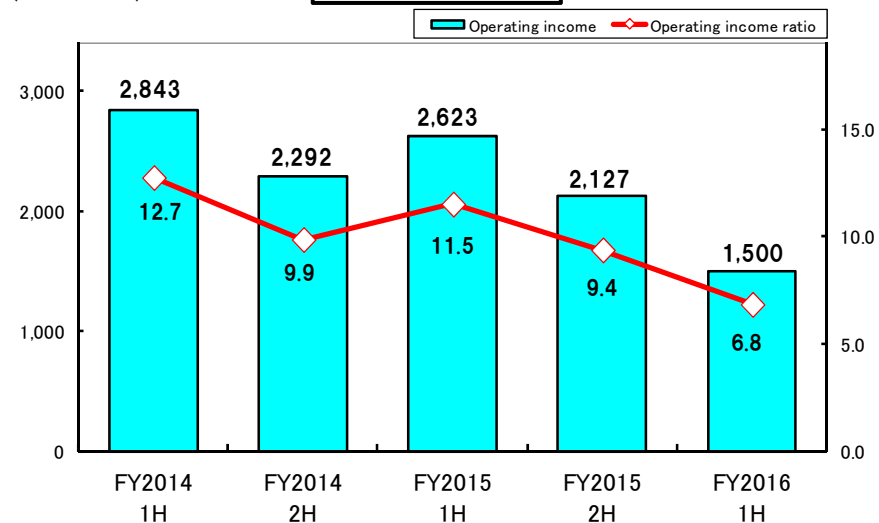
Net sales



Operating income (Millions of Yen)

Operating income

Operating income ratio (%)



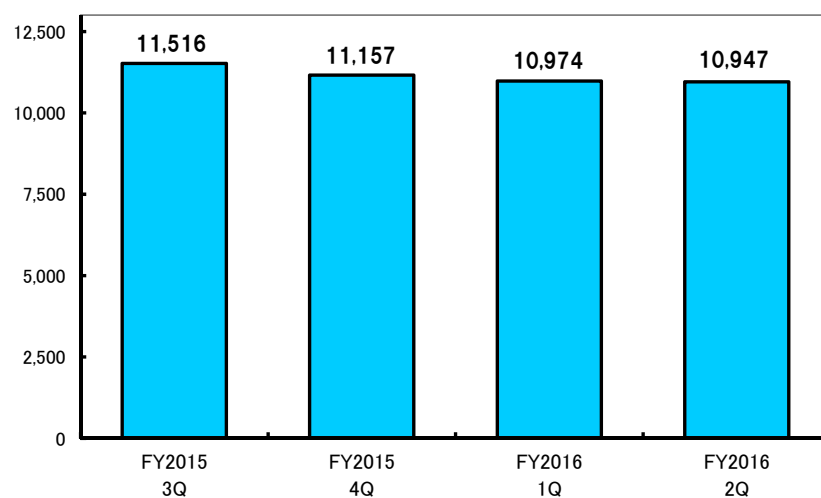
Quarterly Results of Operation (Consolidated)

(Millions of Yen)

	FY2015				FY2016			
	Third quarter		Fourth quarter		First quarter		Second quarter	
	Results	%	Results	%	Results	%	Results	%
Net sales	11,516	100.0	11,157	100.0	10,974	100.0	10,947	100.0
Operating income	1,313	11.4	813	7.3	826	7.5	674	6.2
Ordinary income	1,466	12.7	764	6.9	637	5.8	723	6.6
Profit attributable to owners of parent	1,106	9.6	224	2.0	486	4.4	580	5.3

Net sales
(Millions of Yen)

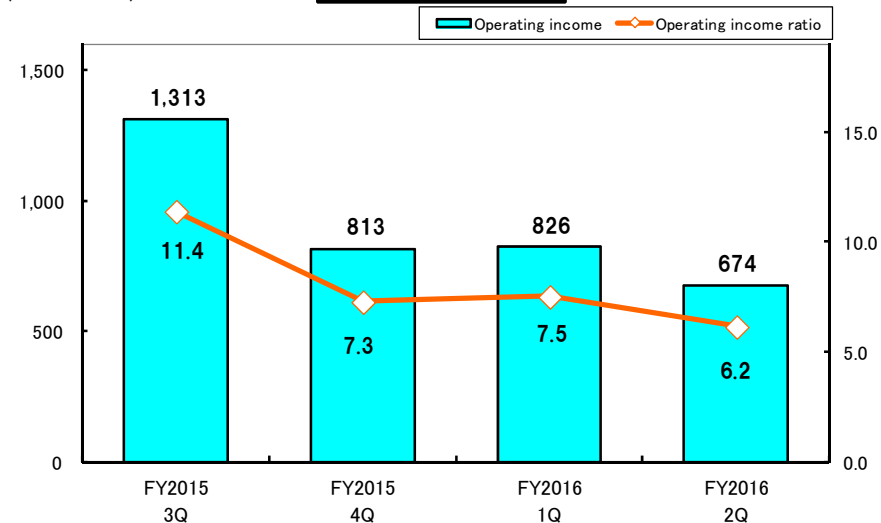
Net sales



Operating income
(Millions of Yen)

Operating income

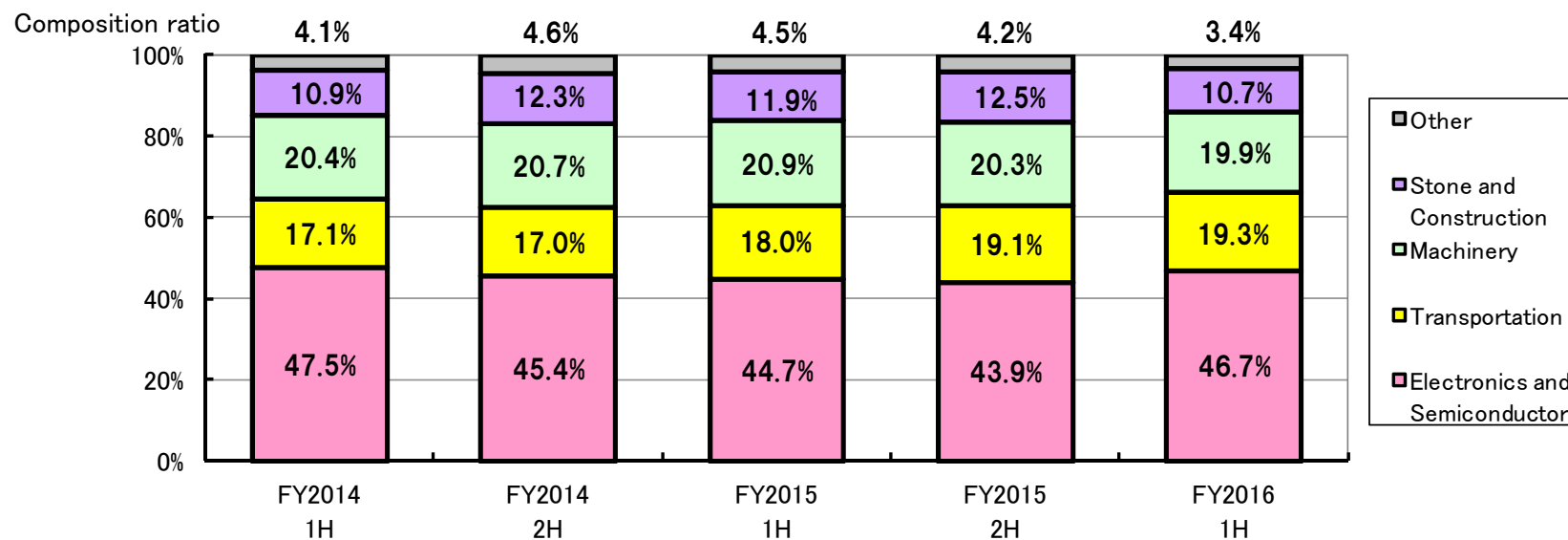
Operating income ratio
(%)



Net Sales Breakdown by Industry (Consolidated)

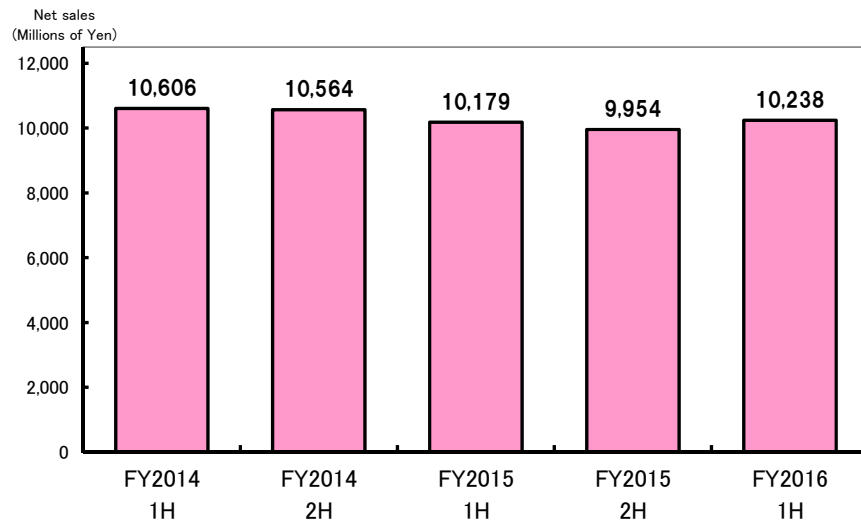
(Millions of Yen)

	FY2015				FY2016			
	First half results '15/4-9	%	Second half results '15/10-'16/3	%	First half results '16/4-9	%	Change year-on-year	Change year-on-year (%)
Electronics and Semiconductor	10,179	44.7	9,954	43.9	10,238	46.7	+59	+0.6
Transportation	4,112	18.0	4,327	19.1	4,232	19.3	+120	+2.9
Machinery	4,759	20.9	4,609	20.3	4,368	19.9	-391	-8.2
Stone and Construction	2,709	11.9	2,831	12.5	2,347	10.7	-361	-13.4
Other	1,025	4.5	951	4.2	734	3.4	-290	-28.4
Total	22,785	100.0	22,673	100.0	21,921	100.0	-864	-3.8

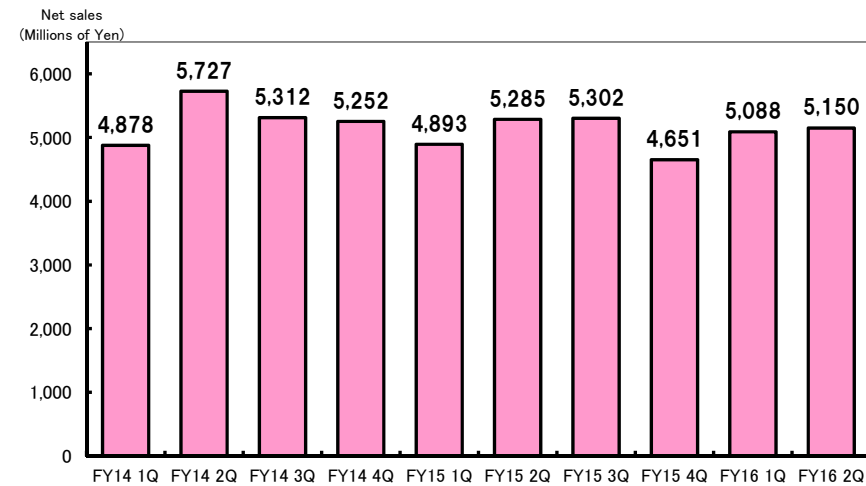


Net Sales Breakdown by Industry : 1. Electronics and Semiconductor

【Half-year】

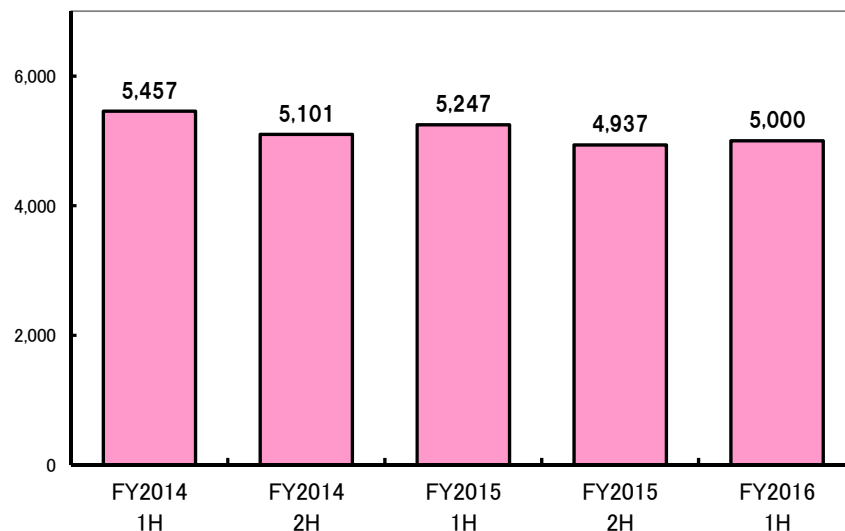


【Quarter】



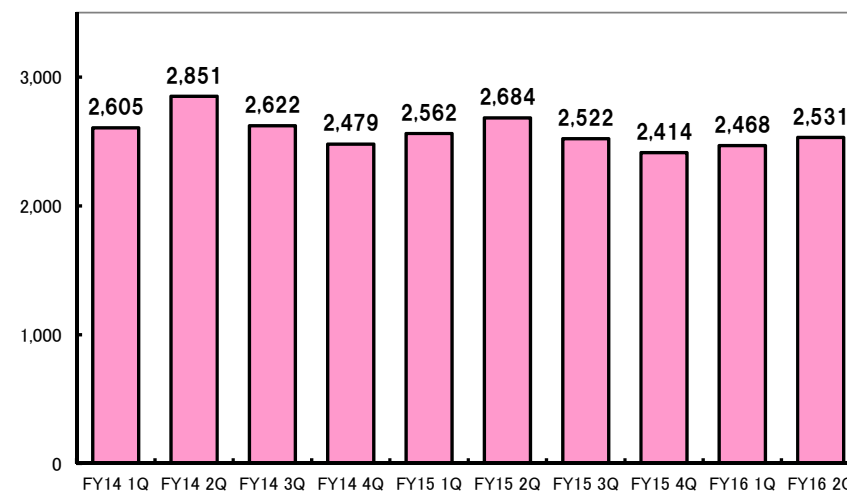
【Half-year】

Net sales
(Millions of Yen)



【Quarter】

Net sales
(Millions of Yen)



◆ Semiconductor & Electronic Component

Sales of the related tools decreased for unfavorable sales of Smartphone, etc.

◆ F P D

Sales of the related tools decreased by production efficiency improvement at main customers.

◆ Wire Drawing Die

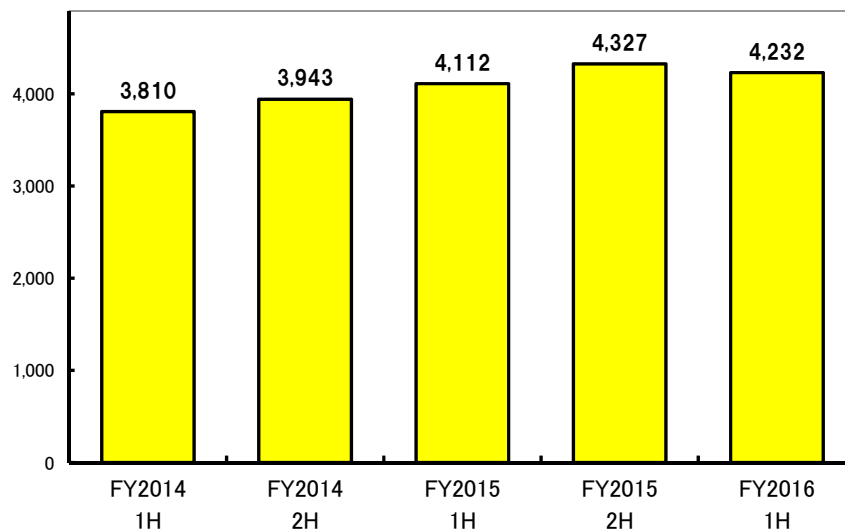
Sales of dies for saw wire and for bonding wire both decreased.



Net Sales Breakdown by Industry : 2. Transportation

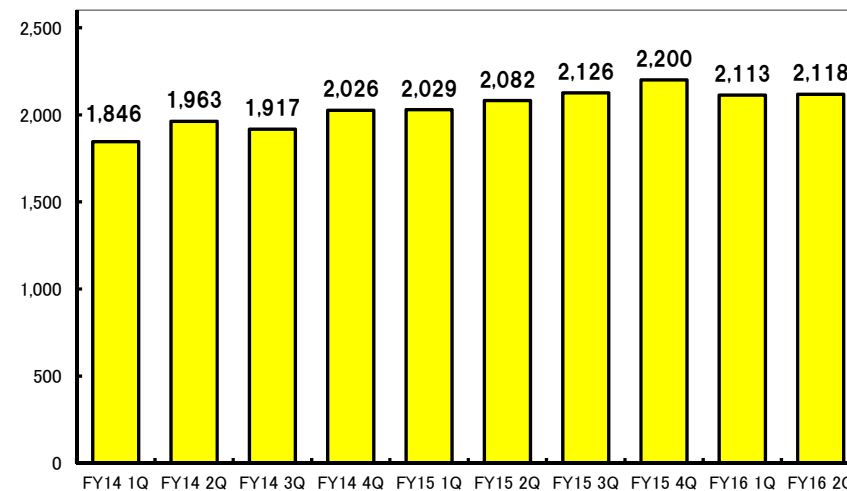
【Half-year】

Net sales
(Millions of Yen)



【Quarter】

Net sales
(Millions of Yen)



◆ Automobile

Sales of the related tools increased due to gradual growth of automobile production with sales promotion of high-precision tools.

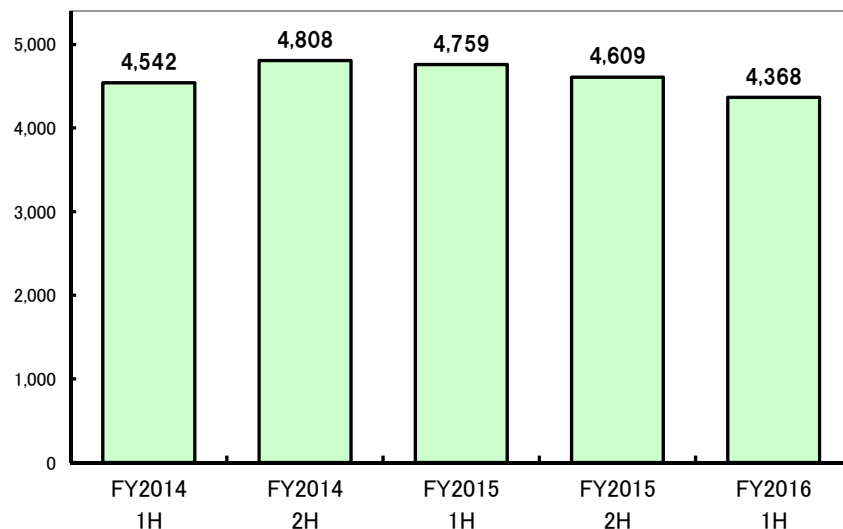
◆ Aircraft

Sales of the related tools decreased as being impacted by an inventory adjustment at main customers.



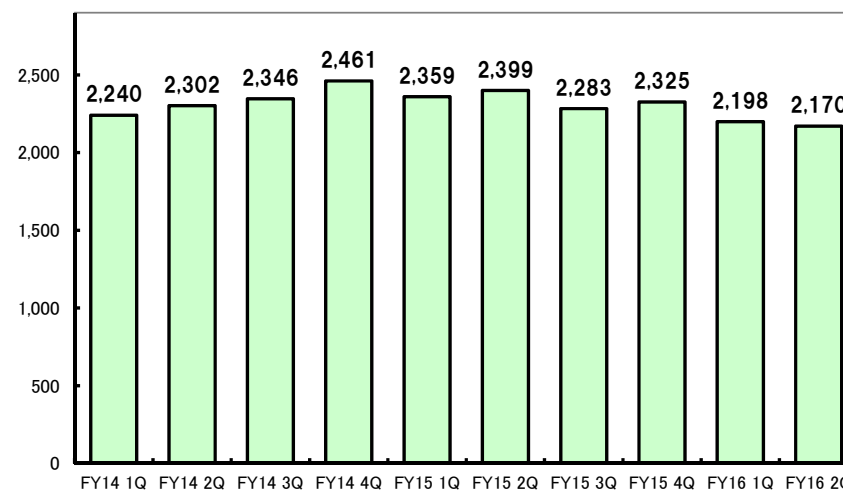
【Half-year】

Net sales
(Millions of Yen)



【Quarter】

Net sales
(Millions of Yen)



◆ Cemented Carbide Tool

Sales of the related tools decreased, resulting from a production reduction in cemented carbide tools.

◆ Bearing

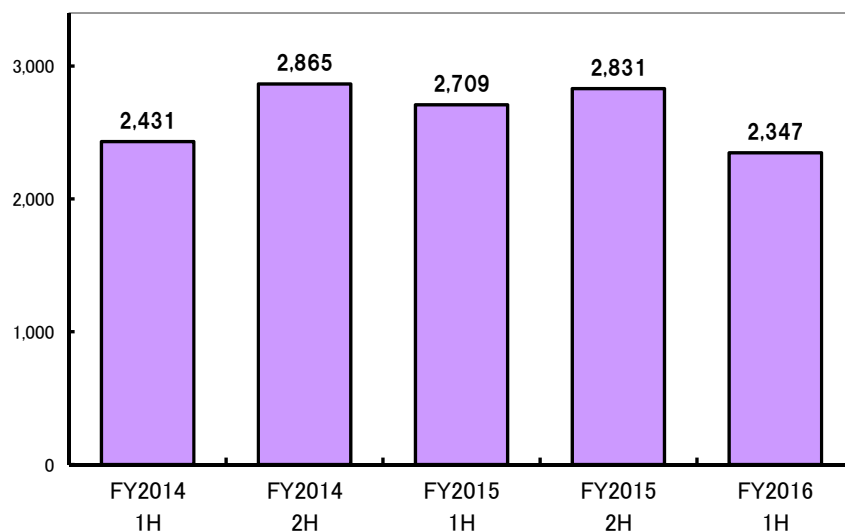
Sales of the related tools decreased with lower production of bearing for industrial machinery.



Net Sales Breakdown by Industry : 4. Stone and Construction

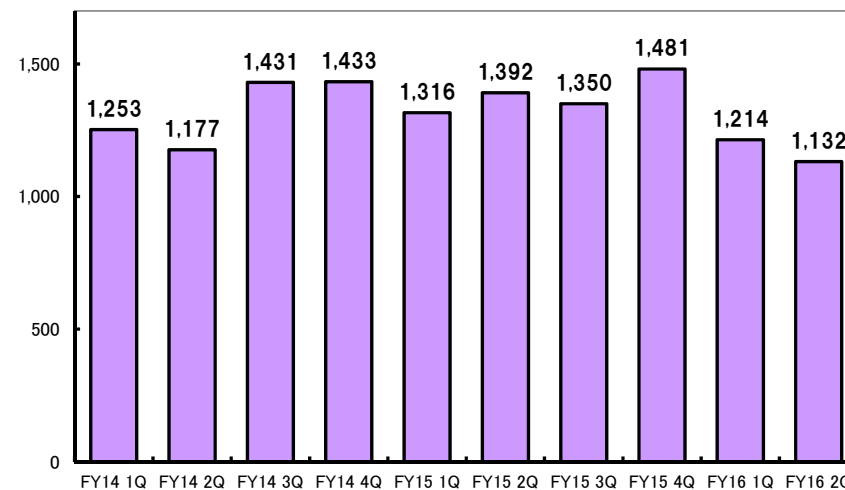
【Half-year】

Net sales
(Millions of Yen)



【Quarter】

Net sales
(Millions of Yen)



◆ Mining

Sales of the related tools decreased due to sluggish growth in the whole industry.

◆ Construction in Japan

Sales of the related tools decreased with fewer public works of road constructions.

◆ Commercial Product (Portable Cutter)

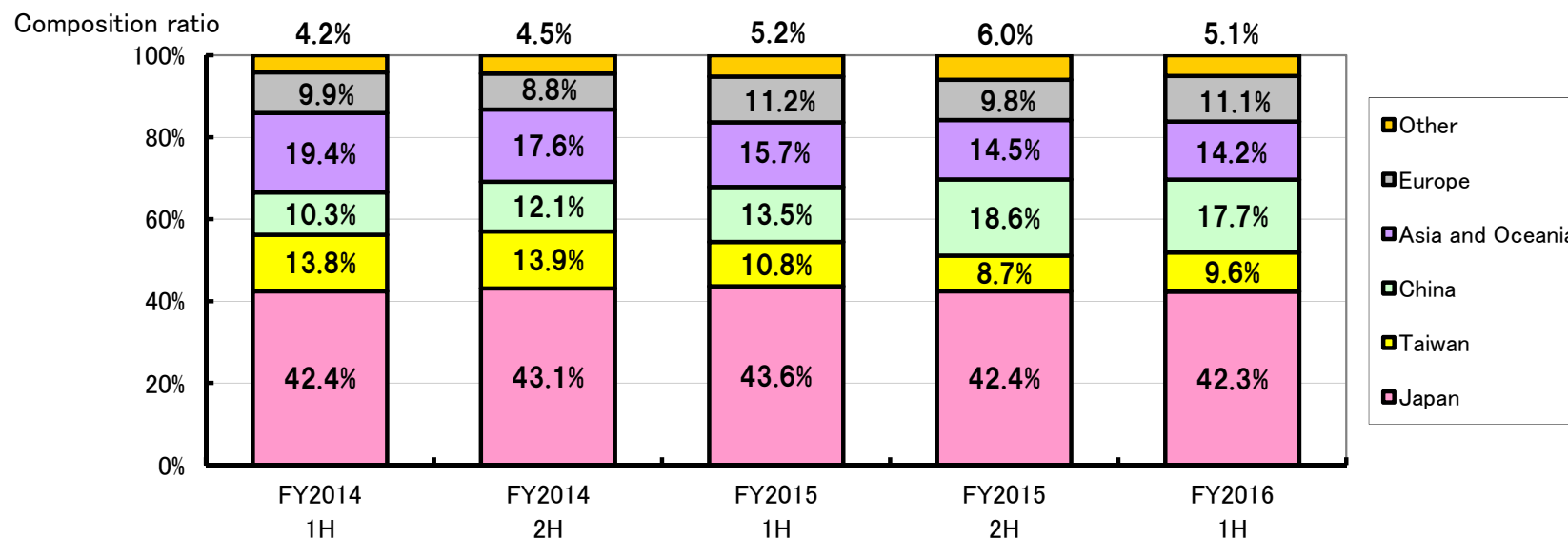
Sales for both Japanese and overseas customers decreased.



Net Sales Breakdown by Geographical Region (Consolidated)

(Millions of Yen)

	FY2015				FY2016			
	First half results '15/4-9	%	Second half results '15/10-'16/3	%	First half results '16/4-9	%	Change year-on-year	Change year- on-year (%)
Japan	9,944	43.6	9,623	42.4	9,273	42.3	-671	-6.8
Taiwan	2,451	10.8	1,973	8.7	2,103	9.6	-347	-14.2
China	3,071	13.5	4,221	18.6	3,884	17.7	+813	+26.5
Other Asia and Oceania	3,585	15.7	3,281	14.5	3,107	14.2	-478	-13.3
Europe	2,559	11.2	2,225	9.8	2,445	11.1	-114	-4.5
Other	1,173	5.2	1,348	6.0	1,107	5.1	-65	-5.6
Overseas total	12,841	56.4	13,050	57.6	12,648	57.7	-192	-1.5
Total	22,785	100.0	22,673	100.0	21,921	100.0	-864	-3.8



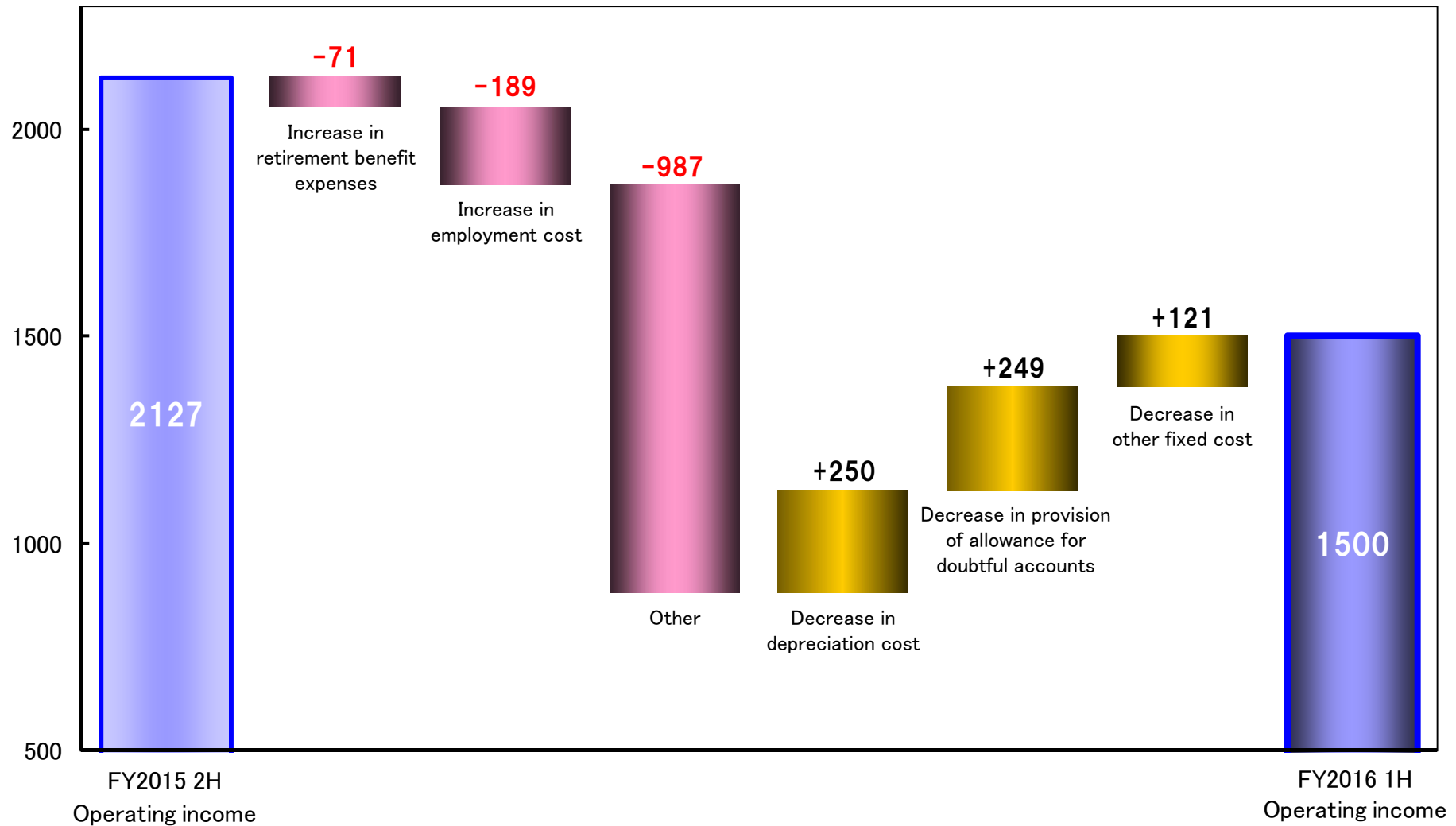
Consolidated Balance Sheets

(Millions of Yen)

	2016/3	2016/9	Change		2016/3	2016/9	Change
Assets				Liabilities			
Cash and deposits	12,598	12,573	-25	Notes and accounts payable-trade	1,505	1,801	+295
Notes and accounts receivable-trade	11,528	11,305	-222	Loans payable	747	529	-217
Inventories	6,510	6,263	-246	Income taxes payable	540	360	-180
Allowance for doubtful accounts	-1,352	-1,244	+108	Provision for business structure improvement	193	163	-29
Property, plant and equipment	24,556	23,540	-1,016	Net defined benefit liability	7,644	7,555	-88
Intangible assets	120	106	-14	Other	3,563	3,415	-148
Investment securities	12,861	11,507	-1,353	Total liabilities	14,195	13,826	-369
Other	4,315	4,103	-211	Net assets			
				Shareholders' equity	52,832	52,201	-630
				Accumulated other comprehensive income	2,910	1,111	-1,798
				Non-controlling interests	1,201	1,017	-184
Total assets	71,139	68,156	-2,982	Total net assets	56,943	54,330	-2,613
				Total liabilities and net assets	71,139	68,156	-2,982

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

(Millions of Yen)



1. FY2016 2Q Financial Results

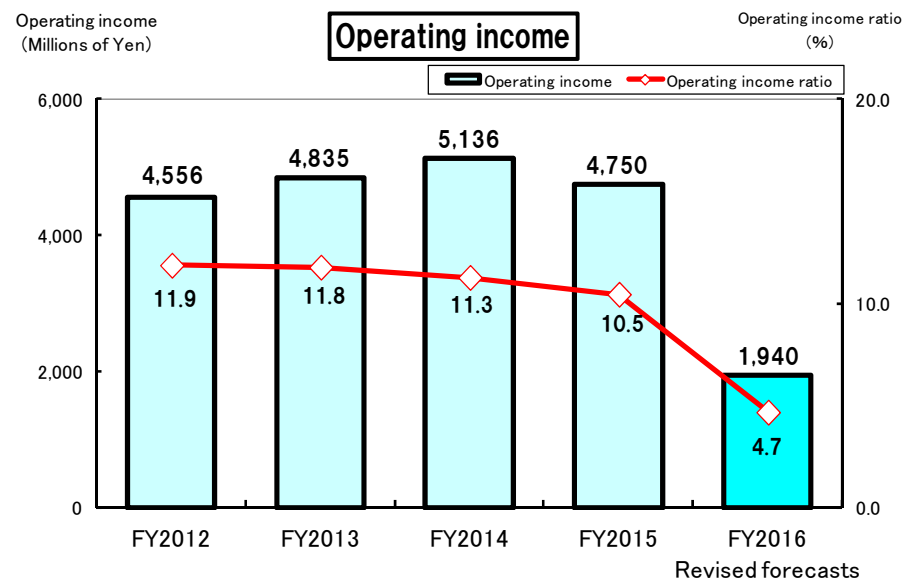
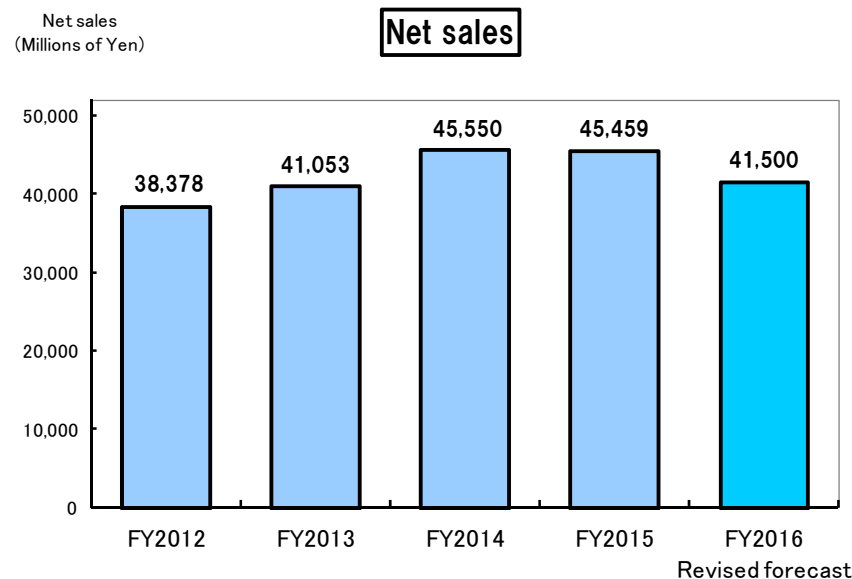
2. FY2016 Forecasts

Outline of Forecasts (Consolidated)

(Millions of Yen)

	FY2015		FY2016										
	Full-year results	%	Full-year previous forecasts	%	First half results	%	Second half revised forecasts	%	Change from first half	Full-year revised forecasts	%	Change from previous forecasts	Change year-on-year (%)
Net sales	45,459	100.0	46,500	100.0	21,921	100.0	19,578	100.0	-2,342	41,500	100.0	-5,000	-8.7
Operating income	4,750	10.5	4,230	9.1	1,500	6.8	439	2.2	-1,061	1,940	4.7	-2,290	-59.2
Ordinary income	5,092	11.2	4,550	9.8	1,361	6.2	588	3.0	-772	1,950	4.7	-2,600	-61.7
Profit attributable to owners of parent	3,338	7.3	3,350	7.2	1,066	4.9	513	2.6	-552	1,580	3.8	-1,770	-52.7

(Note) Revised forecast figures announced on October 20, 2016.

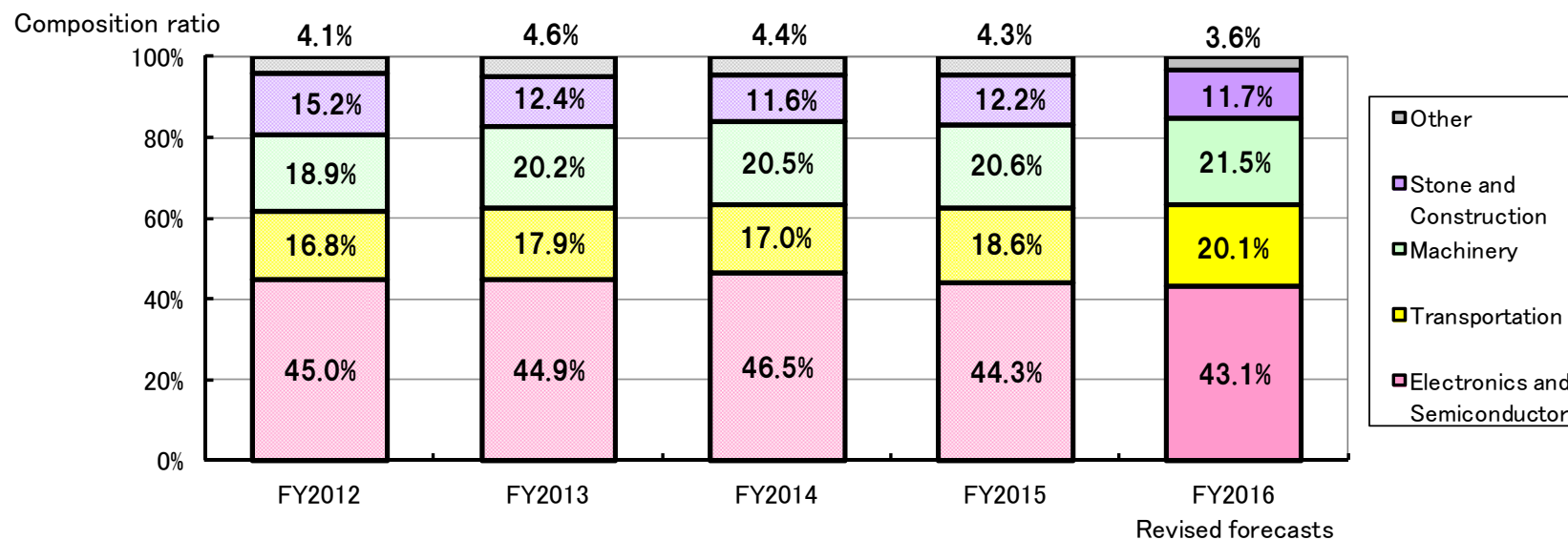


Forecasts of Net Sales Breakdown by Industry (Consolidated)

(Millions of Yen)

	FY2015		FY2016										
	Full-year results	%	Full-year previous forecasts	%	First half results	%	Second half revised forecasts	%	Change from first half	Full-year revised forecasts	%	Change from previous forecasts	Change year-on-year (%)
Electronics and Semiconductor	20,133	44.3	21,000	45.2	10,238	46.7	7,661	39.1	-2,576	17,900	43.1	-3,100	-11.1
Transportation	8,439	18.6	8,550	18.4	4,232	19.3	4,097	20.9	-134	8,330	20.1	-220	-1.3
Machinery	9,368	20.6	9,650	20.8	4,368	19.9	4,531	23.2	+163	8,900	21.5	-750	-5.0
Stone and Construction	5,541	12.2	5,650	12.1	2,347	10.7	2,512	12.8	+165	4,860	11.7	-790	-12.3
Other	1,977	4.3	1,650	3.5	734	3.4	775	4.0	+40	1,510	3.6	-140	-23.6
Total	45,459	100.0	46,500	100.0	21,921	100.0	19,578	100.0	-2,342	41,500	100.0	-5,000	-8.7

(Note) Revised forecast figures announced on October 20, 2016.

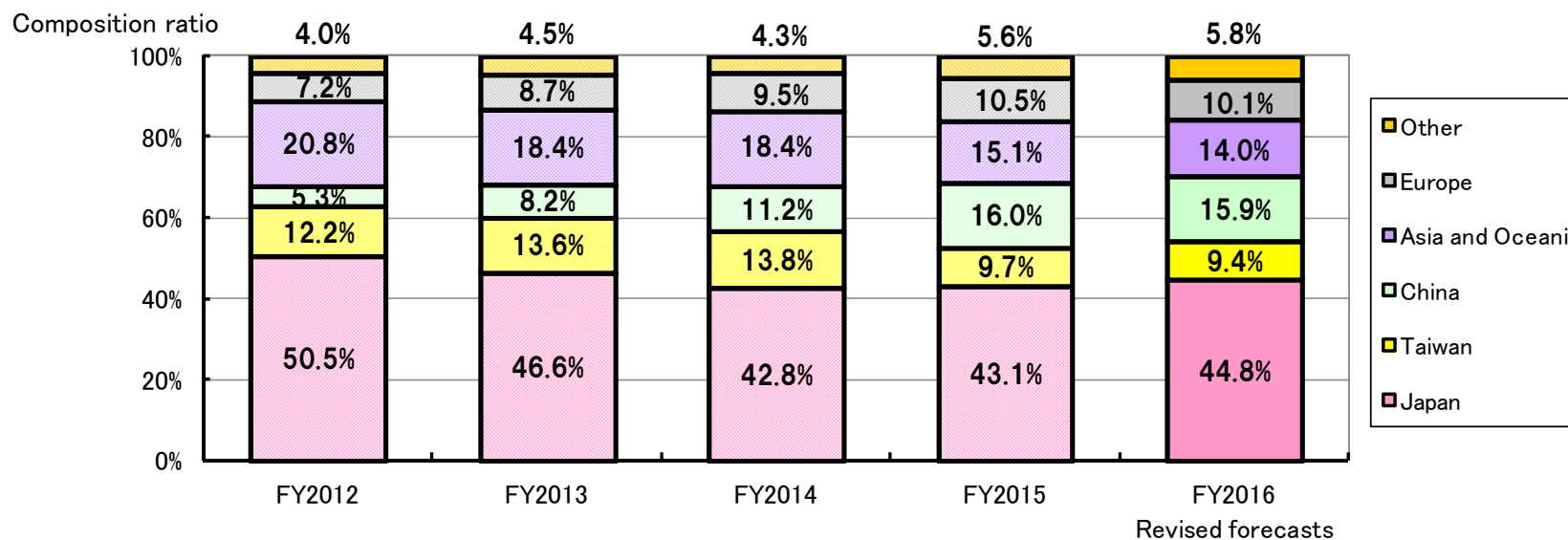


Forecasts of Net Sales Breakdown by Geographical Region (Consolidated)

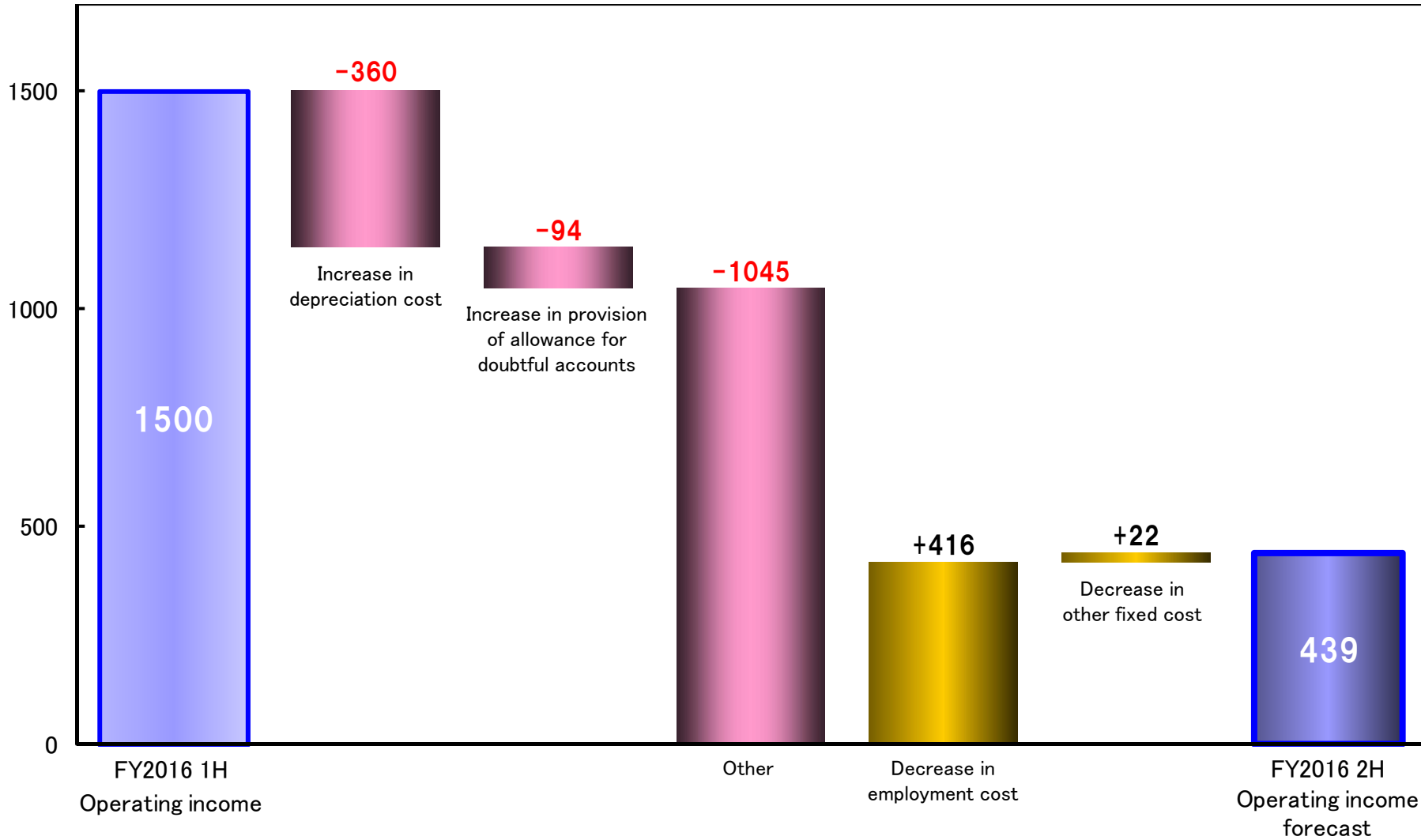
(Millions of Yen)

	FY2015		FY2016										
	Full-year results	%	Full-year previous forecasts	%	First half results	%	Second half revised forecasts	%	Change from first half	Full-year revised forecasts	%	Change from previous forecasts	Change year-on-year (%)
Japan	19,567	43.1	19,700	42.4	9,273	42.3	9,326	47.6	+53	18,600	44.8	-1,100	-4.9
Taiwan	4,424	9.7	4,700	10.1	2,103	9.6	1,796	9.2	-306	3,900	9.4	-800	-11.9
China	7,293	16.0	8,450	18.2	3,884	17.7	2,715	13.9	-1,168	6,600	15.9	-1,850	-9.5
Other Asia and Oceania	6,867	15.1	6,550	14.1	3,107	14.2	2,692	13.7	-415	5,800	14.0	-750	-15.5
Europe	4,785	10.5	4,750	10.2	2,445	11.1	1,754	9.0	-691	4,200	10.1	-550	-12.2
Other	2,521	5.6	2,350	5.0	1,107	5.1	1,292	6.6	+185	2,400	5.8	+50	-4.8
Overseas total	25,891	56.9	26,800	57.6	12,648	57.7	10,251	52.4	-2,396	22,900	55.2	-3,900	-11.6
Total	45,459	100.0	46,500	100.0	21,921	100.0	19,578	100.0	-2,342	41,500	100.0	-5,000	-8.7

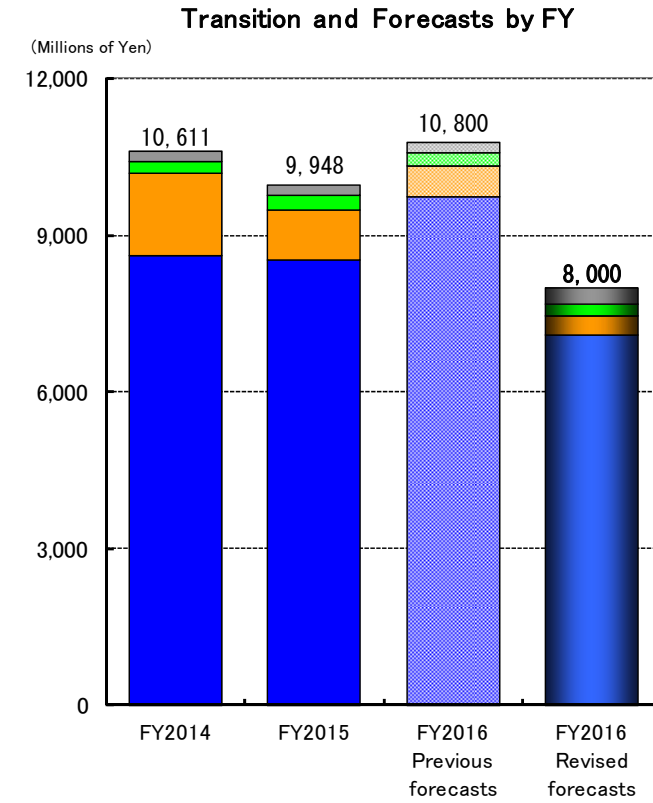
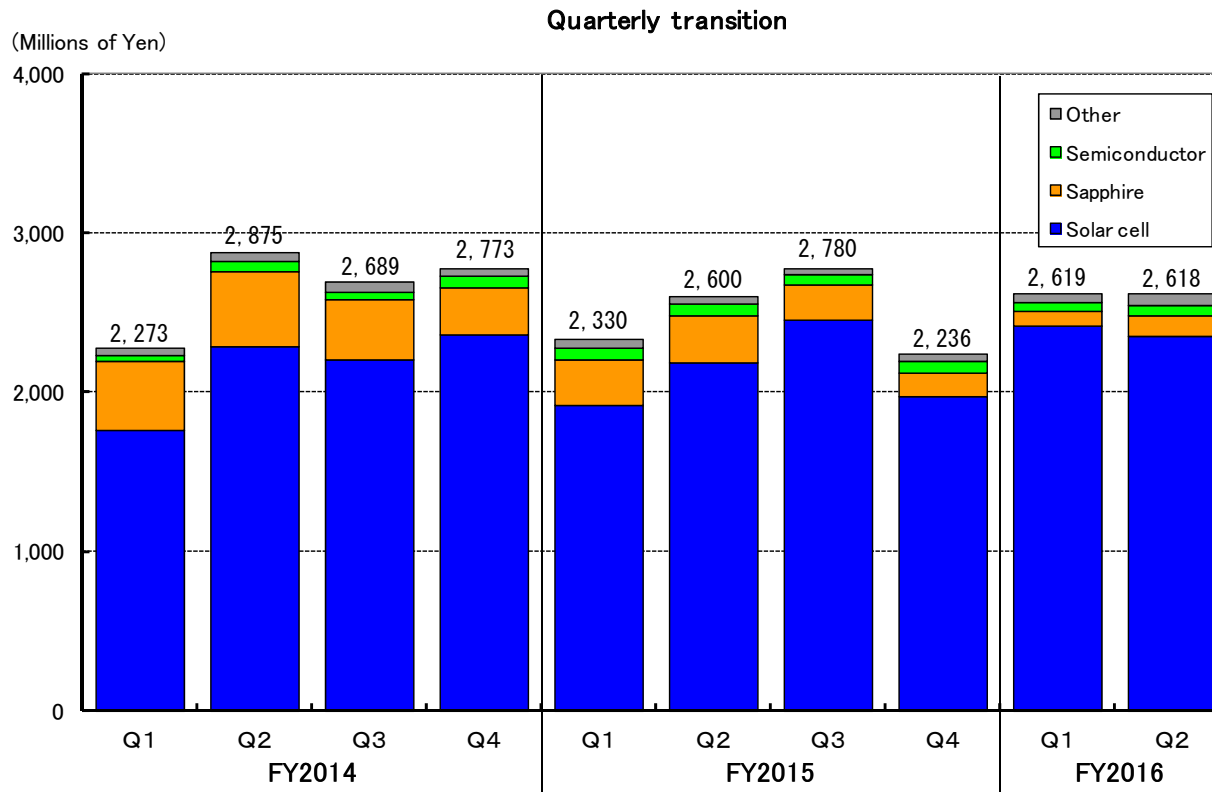
(Note) Revised forecast figures announced on October 20, 2016.



(Millions of Yen)



「EcoMEP」 Sales Trend and Forecasts (Consolidated)



- ◆ Total sales of EcoMEP was ¥5,230 million in FY2016 first half. (+6% vs. 1st Half FY2015 and +4% vs. 2nd Half FY2015)
 - For PV production : +16% vs. 1H FY2015 and +8% vs. 2H FY2015
 - For Sapphire production : -63% vs. 1H FY 2015 and -40% 2H FY2015
- ◆ Forecast of EcoMEP sales for FY2016 is ¥8,000 million. (-20% vs. FY2015 and -26% vs. previous forecasts FY2016)
 - For PV production : -17% vs. FY2015 and -27% vs. previous forecast FY2016
 - For Sapphire production : -61% vs. FY2015 and -38% vs. previous forecast FY2016

① EcoMEP

- avoiding price competition
- responding to request for thinner wire
- expanding sales in new uses

② Sales Expansion of Grinding Wheel and Others in,

- automotive industry
- electronic component industry

③ Capital Investment

④ Cost Reduction in Manufacturing

⑤ Cost Reduction in Business Operation

⑥ Overseas Business Expansion



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.

