



FY2017 2Q Financial Results and FY2017 Forecasts

November 15, 2017

Asahi Diamond Industrial Co., Ltd.



1. FY2017 2Q Financial Results

2. FY2017 Forecasts

Financial Results (Consolidated)

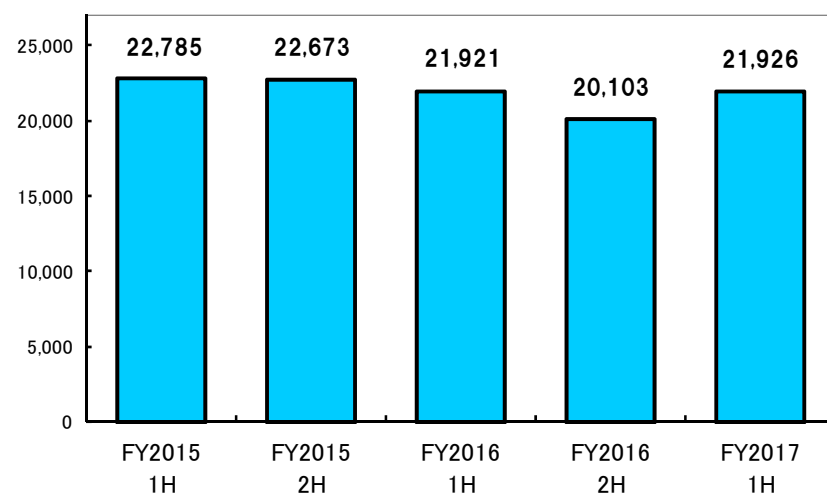
(Millions of Yen)

	FY2016				FY2017					
	1H Results '16/4-9	%	2H Results '16/10-'17/3	%	1H Rev'd Forecasts '17/4-9	%	1H Results '17/4-9	%	YoY Change	YoY Change (%)
Net sales	21,921	100.0	20,103	100.0	21,800	100.0	21,926	100.0	+5	+0.0
Operating income	1,500	6.8	1,144	5.7	1,790	8.2	1,802	8.2	+301	+20.1
Ordinary income	1,361	6.2	1,584	7.9	1,900	8.7	2,043	9.3	+682	+50.1
Profit attributable to owners of parent	1,066	4.9	1,421	7.1	1,340	6.1	1,489	6.8	+422	+39.7
Earning per share (Yen)	18.86	-	25.33	-	24.06	-	26.74	-	+7.88	+41.8

Note) Revised forecast figures were announced on September 15, 2017.

Net sales
(Millions of Yen)

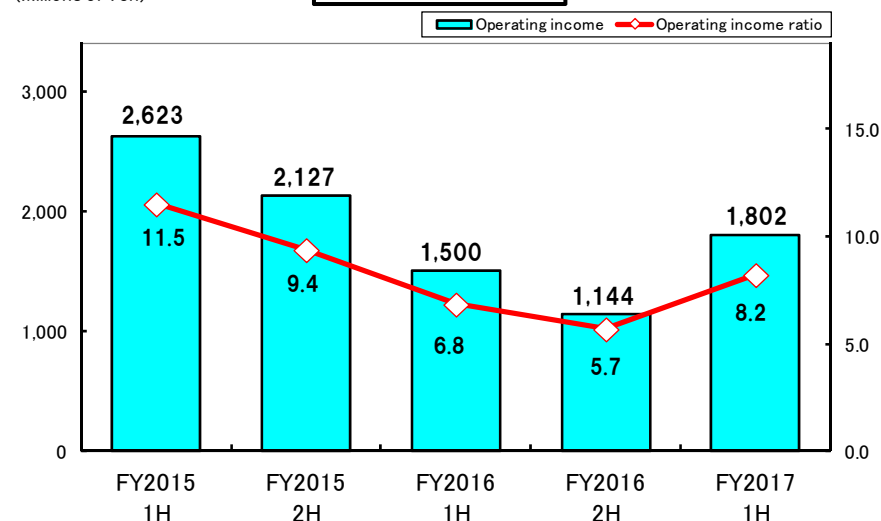
Net sales



Operating income
(Millions of Yen)

Operating income

Operating income ratio (%)



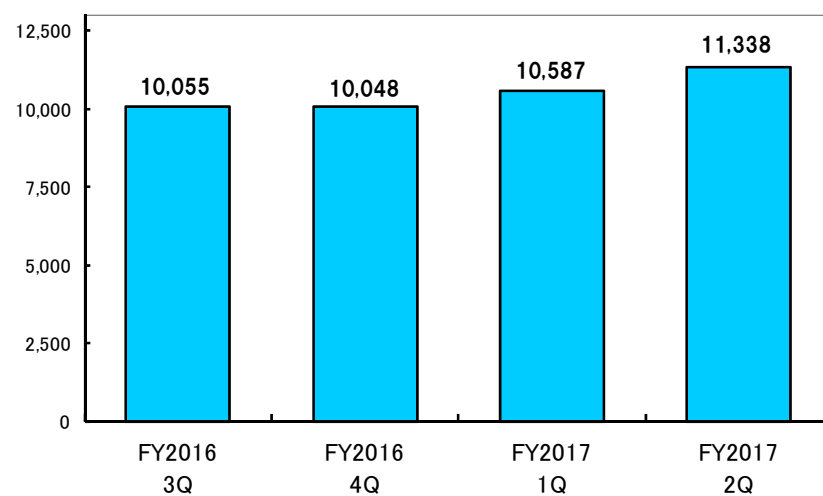
Quarterly Results of Operation (Consolidated)

(Millions of Yen)

	FY2016				FY2017			
	3Q		4Q		1Q		2Q	
	Results	%	Results	%	Results	%	Results	%
Net sales	10,055	100.0	10,048	100.0	10,587	100.0	11,338	100.0
Operating income	460	4.6	683	6.8	795	7.5	1,007	8.9
Ordinary income	731	7.3	852	8.5	887	8.4	1,155	10.2
Profit attributable to owners of parent	591	5.9	829	8.3	688	6.5	800	7.1

Net sales
(Millions of Yen)

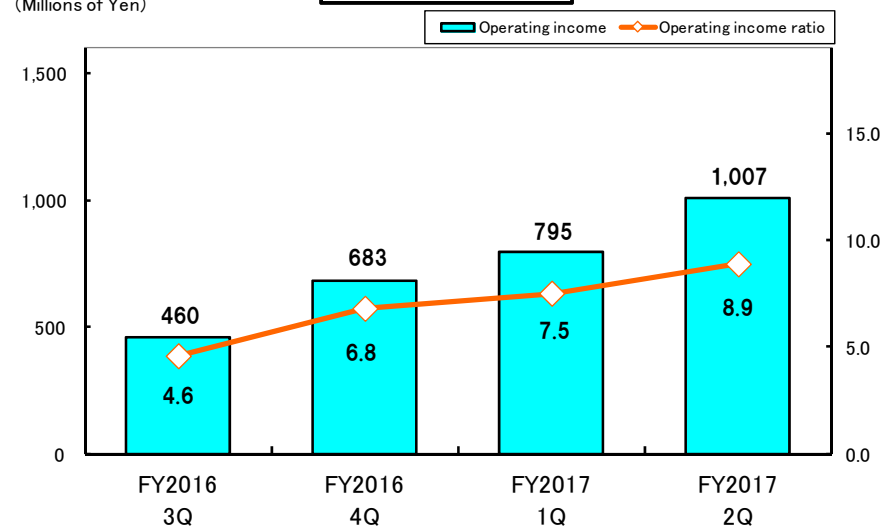
Net sales



Operating income
(Millions of Yen)

Operating income

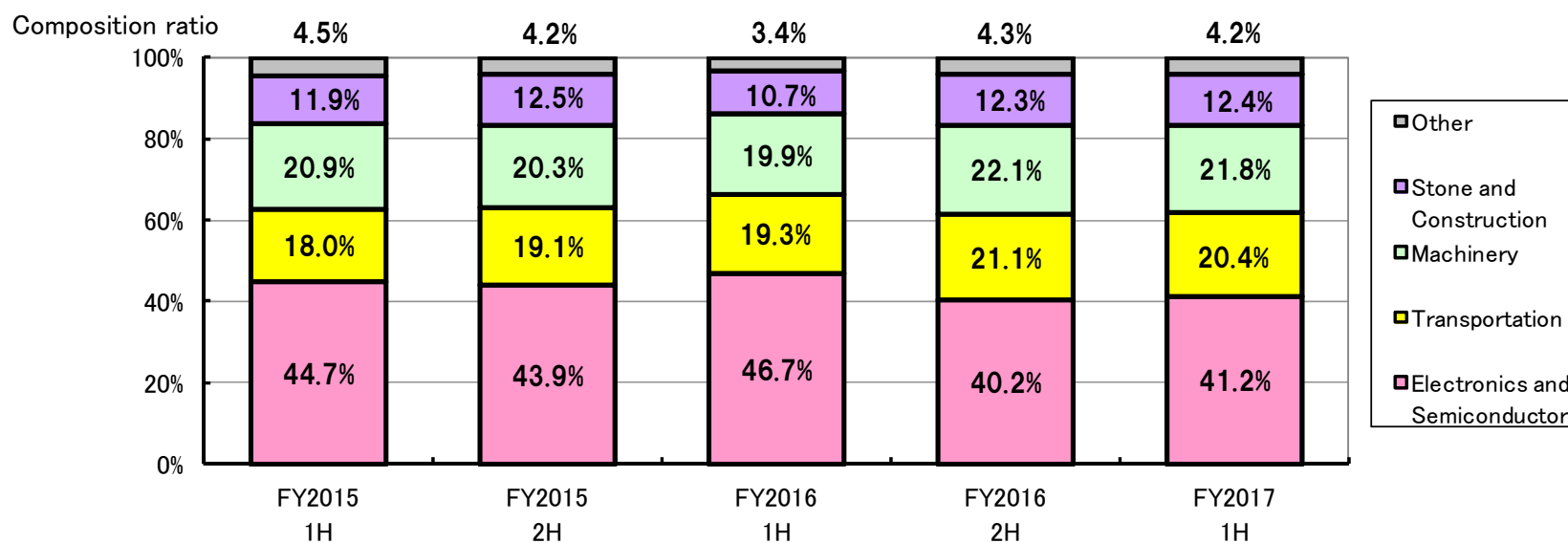
Operating income ratio
(%)



Net Sales Breakdown by Industry (Consolidated)

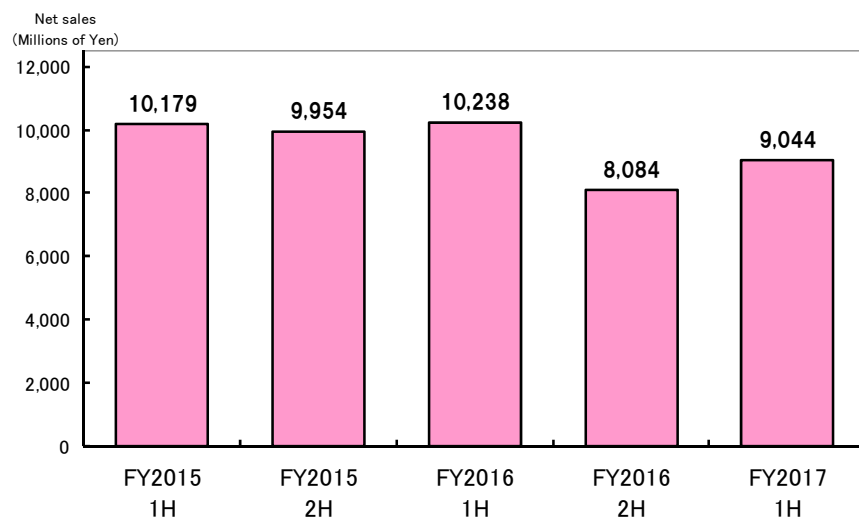
(Millions of Yen)

	FY2016				FY2017			
	1H Results '16/4-9	%	2H Results '16/10-'17/3	%	1H Results '17/4-9	%	YoY Change	YoY Change (%)
Electronics and Semiconductor	10,238	46.7	8,084	40.2	9,044	41.2	-1,193	-11.7
Transportation	4,232	19.3	4,249	21.1	4,464	20.4	+232	+5.5
Machinery	4,368	19.9	4,437	22.1	4,785	21.8	+417	+9.6
Stone and Construction	2,347	10.7	2,471	12.3	2,709	12.4	+362	+15.4
Other	734	3.4	860	4.3	922	4.2	+187	+25.4
Total	21,921	100.0	20,103	100.0	21,926	100.0	+5	+0.0

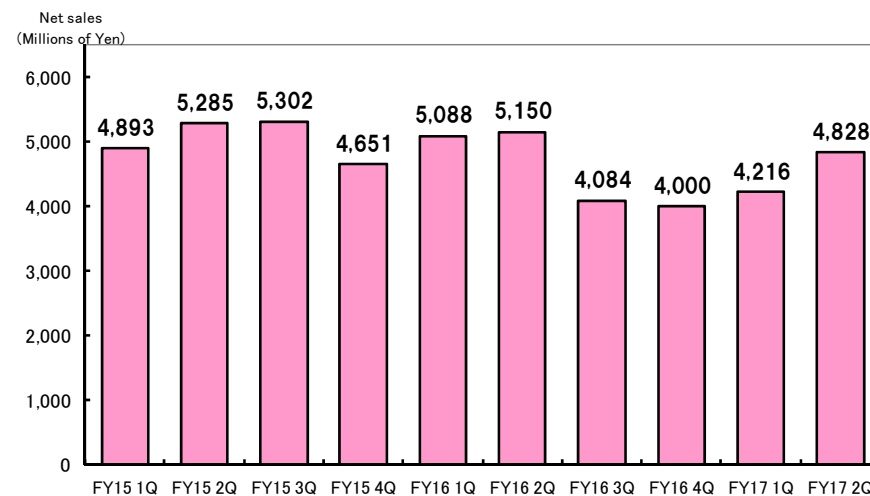


Net Sales Breakdown by Industry : 1. Electronics and Semiconductor

【Half-year】

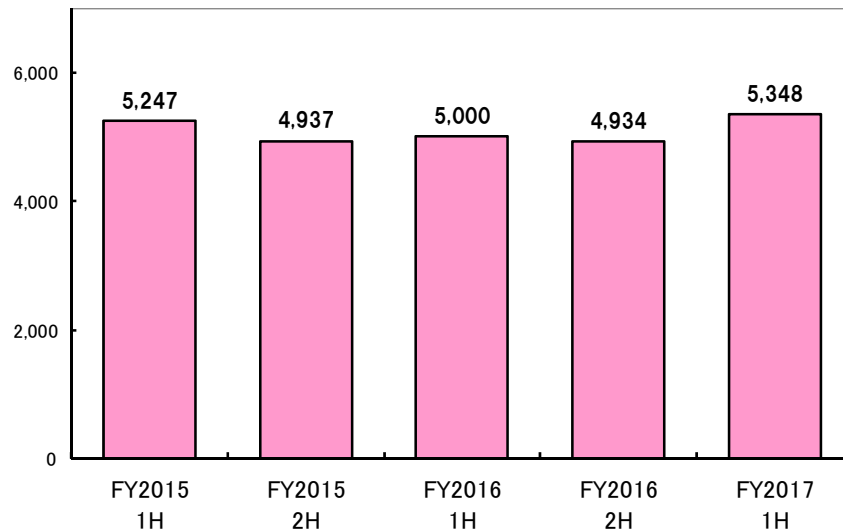


【Quarter】



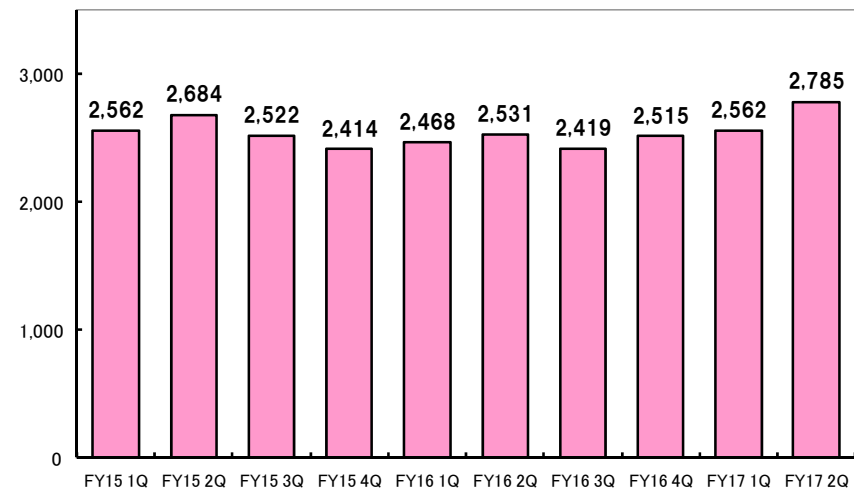
【Half-year】

Net sales
(Millions of Yen)



【Quarter】

Net sales
(Millions of Yen)



◆ Semiconductor & Electronic Component

Sales of the related tools increased with strong demand for Memory products and electronic components.

◆ F P D

Sales of the related tools increased by large order receipt for a newly-established facility at a main customer.

◆ Wire Drawing Die

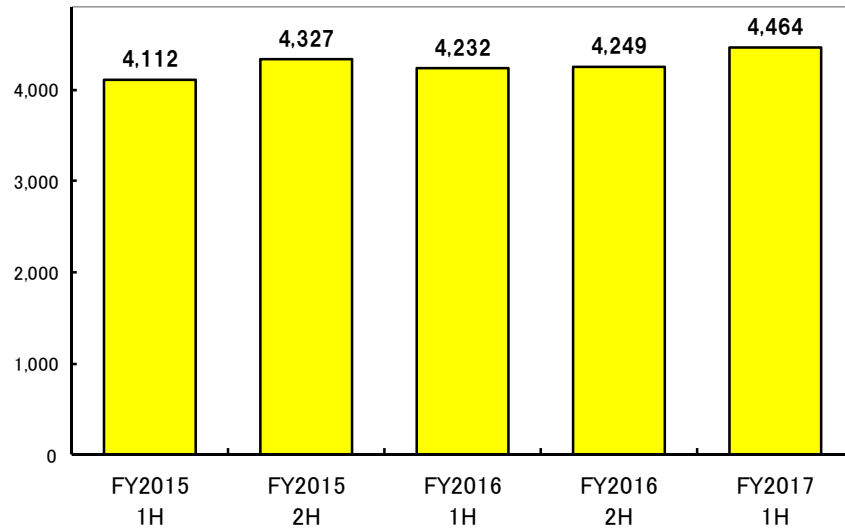
Sales of dies for saw wire and for bonding wire both remained virtually the same as the previous corresponding period.



Net Sales Breakdown by Industry : 2. Transportation

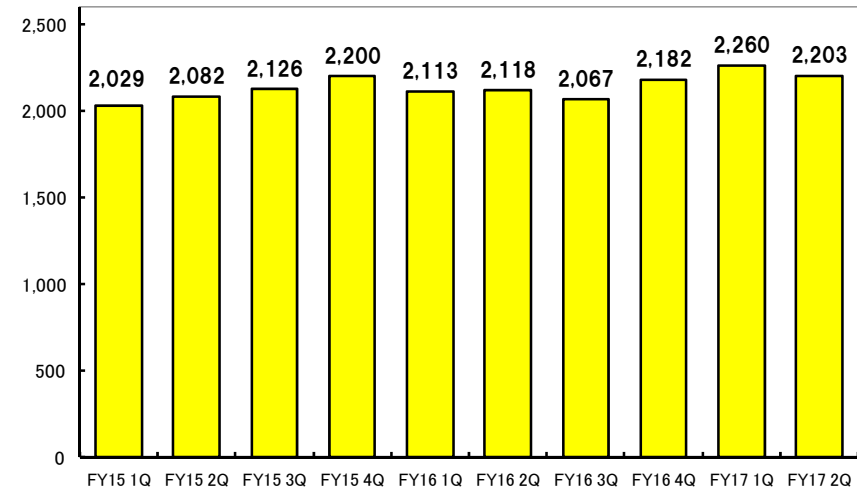
【Half-year】

Net sales
(Millions of Yen)



【Quarter】

Net sales
(Millions of Yen)



◆ Automobile

Sales of the related tools increased as demand remained stable.

◆ Aircraft

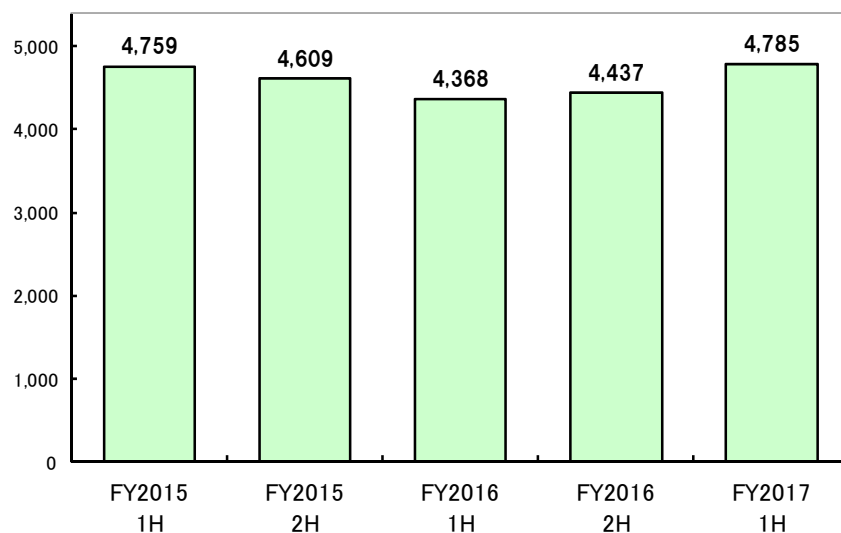
Sales of the related tools remained virtually the same as the previous corresponding period.



Net Sales Breakdown by Industry : 3. Machinery

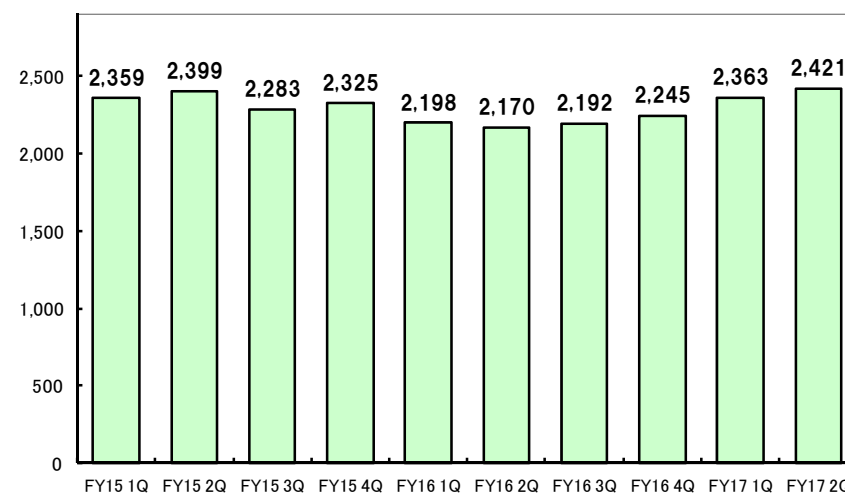
【Half-year】

Net sales
(Millions of Yen)



【Quarter】

Net sales
(Millions of Yen)



◆ Bearing

Sales of the related tools increased due to strong demand for industrial machine.

◆ Cemented Carbide Tool

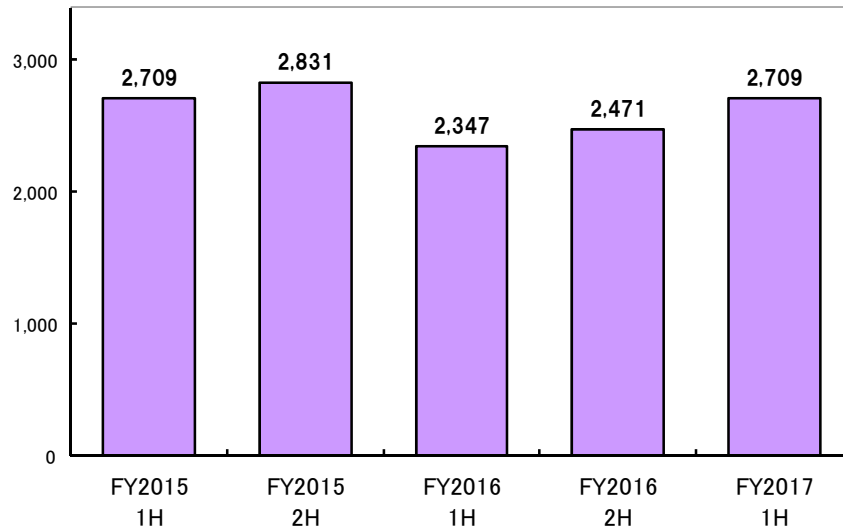
Sales of the related tools increased due to strong demand for cemented carbide tools in Japan.



Net Sales Breakdown by Industry : 4. Stone and Construction

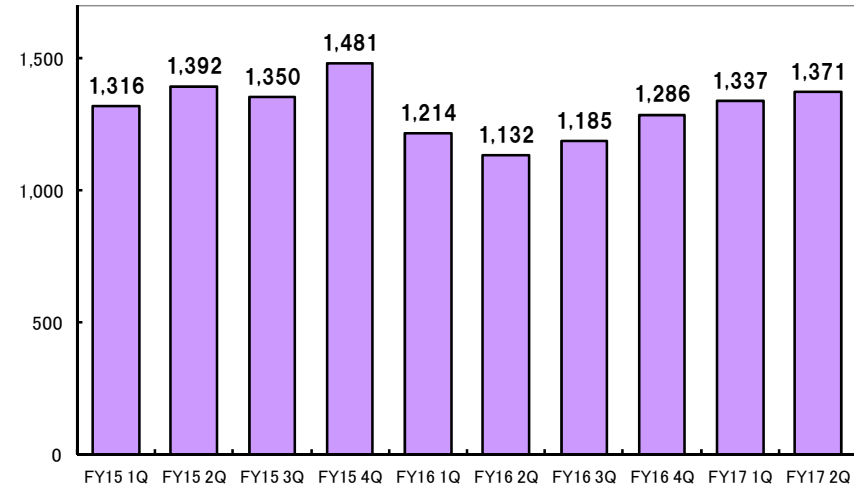
【Half-year】

Net sales
(Millions of Yen)



【Quarter】

Net sales
(Millions of Yen)



◆ Mining

Sales of the related tool increased due to improved demand in a part of the industry.

◆ Construction in Japan

Sales of the tools for demolition increased despite fewer public works of road constructions.

◆ Commercial Product (Portable Cutter)

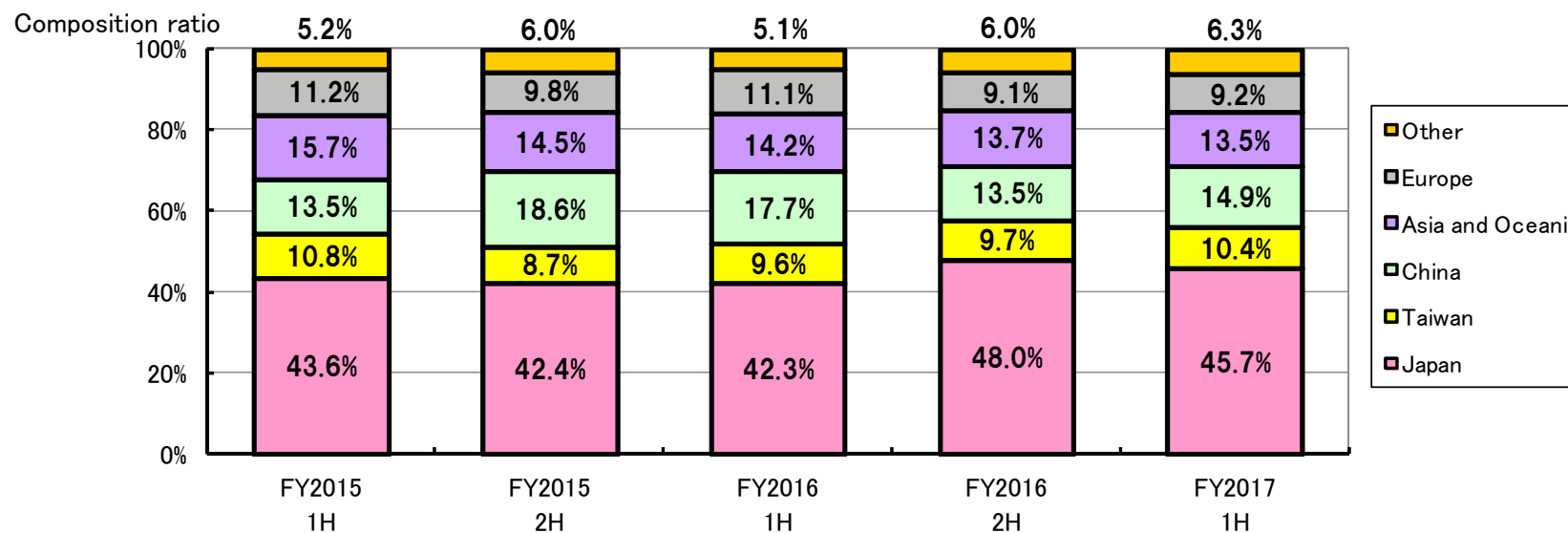
Sales increased by strong overseas demand.



Net Sales Breakdown by Geographical Region (Consolidated)

(Millions of Yen)

	FY2016				FY2017			
	1H Results '16/4-9	%	2H Results '16/10-'17/3	%	1H Results '16/4-9	%	YoY Change	YoY Change (%)
Japan	9,273	42.3	9,646	48.0	10,013	45.7	+740	+8.0
Taiwan	2,103	9.6	1,940	9.7	2,286	10.4	+183	+8.7
China	3,884	17.7	2,721	13.5	3,264	14.9	-619	-16.0
Other Asia and Oceania	3,107	14.2	2,751	13.7	2,960	13.5	-147	-4.7
Europe	2,445	11.1	1,835	9.1	2,018	9.2	-426	-17.4
Other	1,107	5.1	1,209	6.0	1,382	6.3	+275	+24.9
Overseas total	12,648	57.7	10,457	52.0	11,912	54.3	-735	-5.8
Total	21,921	100.0	20,103	100.0	21,926	100.0	+5	+0.0



Consolidated Balance Sheets

(Millions of Yen)

	2017/3	2017/9	Change
Assets			
Cash and deposits	14,916	16,887	+1,971
Notes and accounts receivable-trade	10,846	11,895	+1,049
Inventories	6,234	5,970	-264
Allowance for doubtful accounts	-1,265	-885	+380
Property, plant and equipment	23,133	22,611	-521
Intangible assets	123	113	-9
Investment securities	12,930	13,902	+971
Other	3,764	3,082	-681
Total assets	70,682	73,578	+2,896

	2017/3	2017/9	Change
Liabilities			
Notes and accounts payable-trade	1,632	1,784	+151
Loans payable	490	506	+16
Income taxes payable	208	518	+309
Provision for business structure improvement	40	38	-2
Net defined benefit liability	7,672	7,681	+8
Other	3,349	3,818	+468
Total liabilities	13,394	14,346	+952
Net assets			
Shareholders' equity	53,065	54,220	+1,155
Accumulated other comprehensive income	3,044	3,818	+773
Non-controlling interests	1,178	1,192	+14
Total net assets	57,288	59,231	+1,943
Total liabilities and net assets	70,682	73,578	+2,896

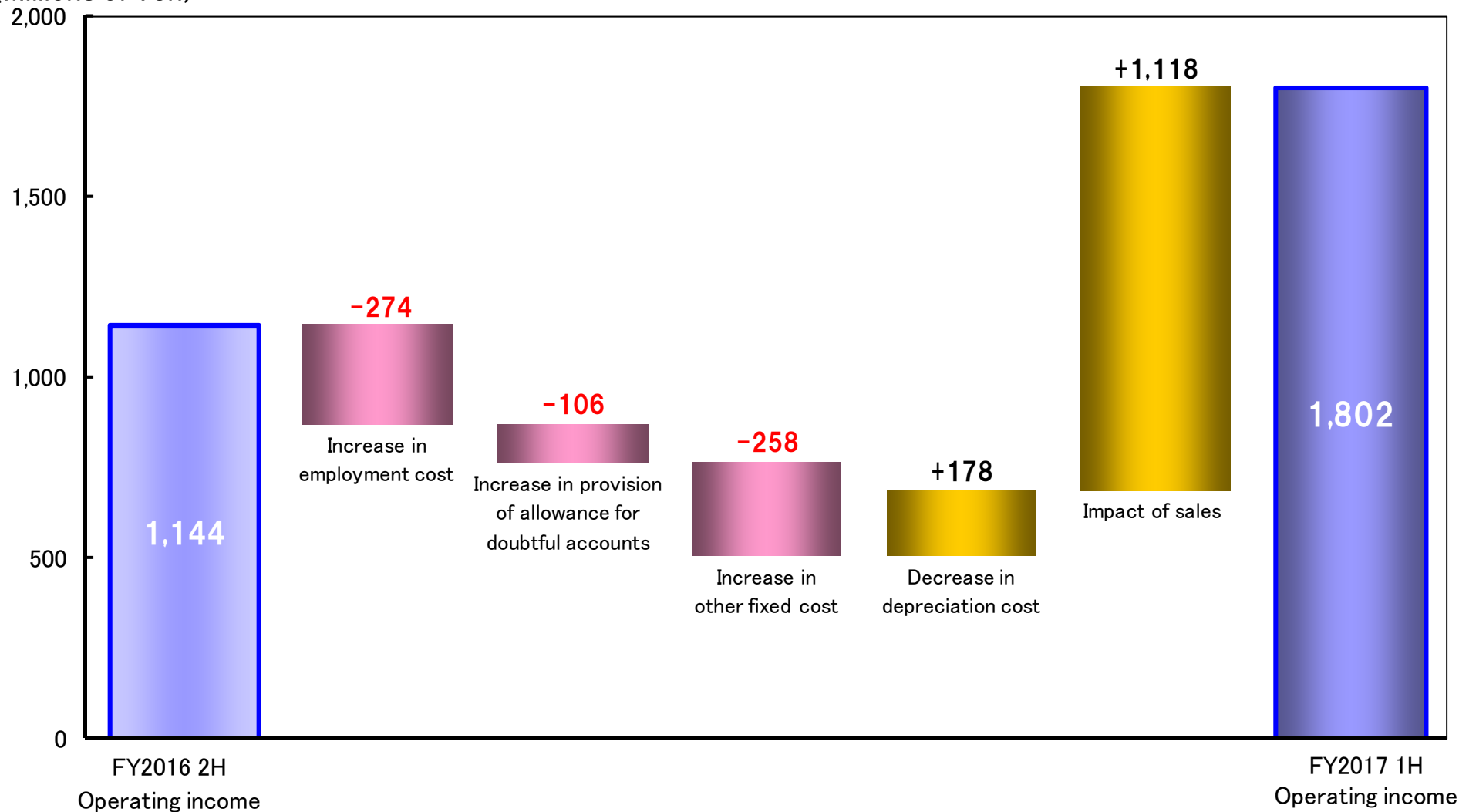


Consolidated Operating Income 「Analysis of Factors Affecting Increase and Decrease」

ASAHI DIAMOND



(Millions of Yen)



Asahi Diamond Industrial Co., Ltd.

1. FY2017 2Q Financial Results

2. FY2017 Forecasts

Outline of Forecasts (Consolidated)

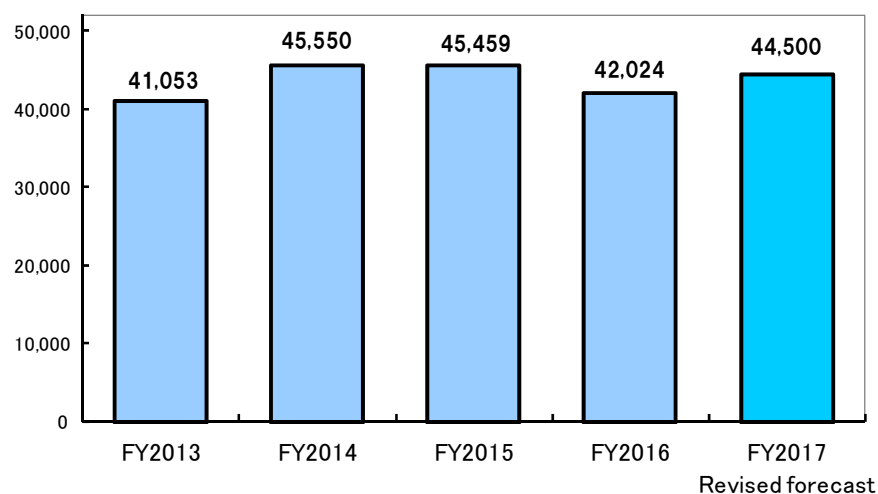
(Millions of Yen)

	FY2016 Full-Yr Results	%	FY2017 Full-Yr Pre. Forecasts	%	FY2017 1H Results	%	FY2017 2H Rev'd Forecasts	%	Change from 1H	FY2017 Full-Yr Rev'd Forecasts	%	Change from Pre. Forecasts	YoY Change (%)
Net sales	42,024	100.0	42,000	100.0	21,926	100.0	22,573	100.0	+646	44,500	100.0	+2,500	+5.9
Operating income	2,645	6.3	1,660	4.0	1,802	8.2	1,867	8.3	+64	3,670	8.2	+2,010	+38.7
Ordinary income	2,945	7.0	1,910	4.5	2,043	9.3	2,016	8.9	-26	4,060	9.1	+2,150	+37.8
Profit attributable to owners of parent	2,487	5.9	1,360	3.2	1,489	6.8	1,210	5.4	-278	2,700	6.1	+1,340	+8.5

Note) Revised forecast figures were announced on November 2, 2017.

Net sales
(Millions of Yen)

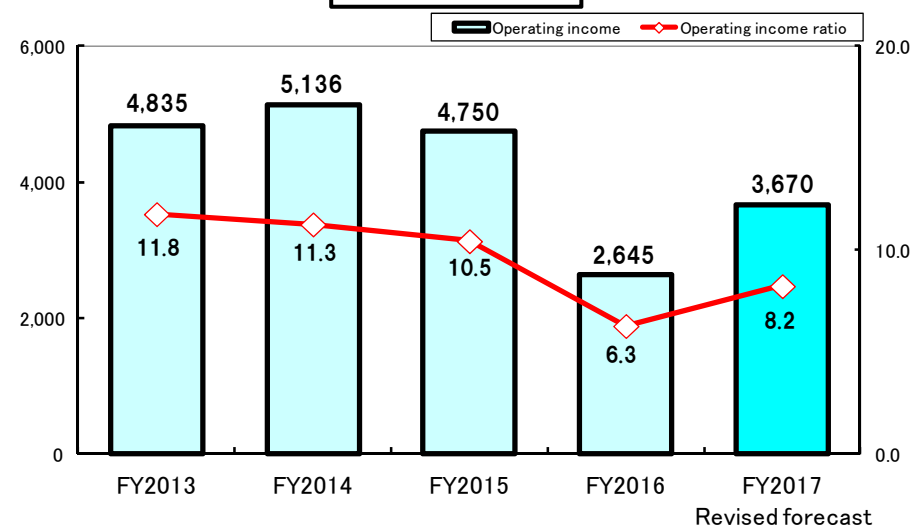
Net sales



Operating income
(Millions of Yen)

Operating income

Operating income ratio
(%)

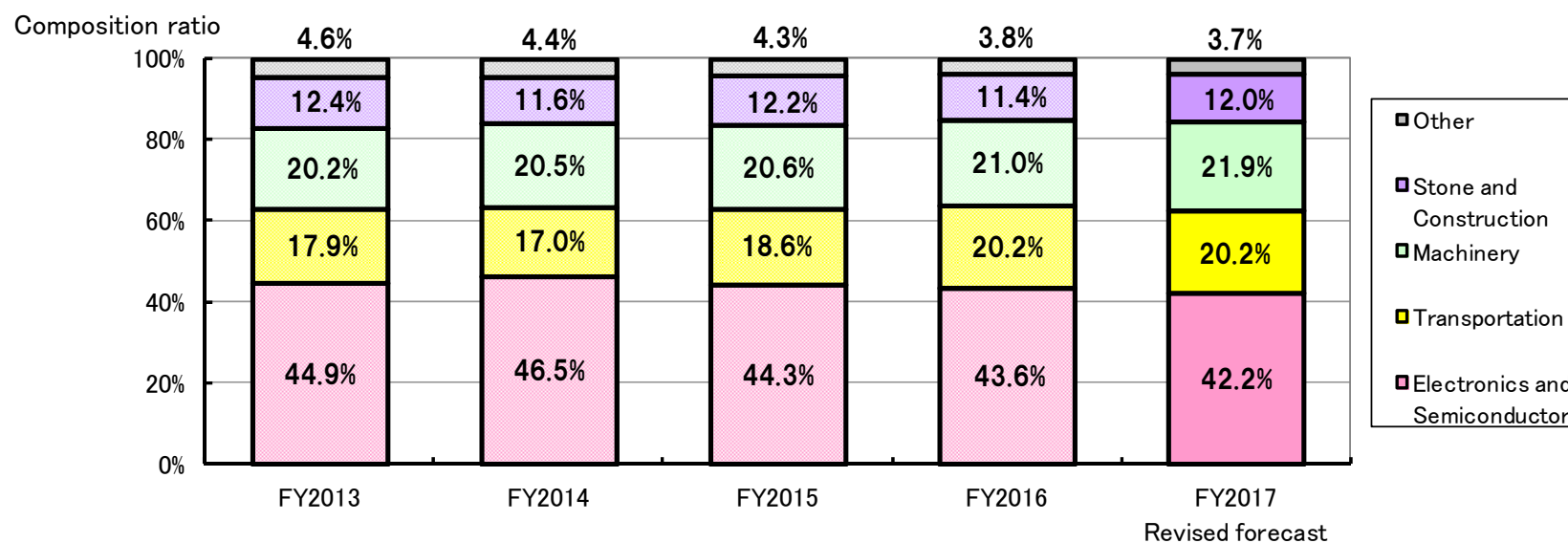


Forecasts of Net Sales Breakdown by Industry (Consolidated)

(Millions of Yen)

	FY2016 Full-Yr Results	%	FY2017 Full-Yr Pre. Forecasts	%	FY2017 1H Results	%	FY2017 2H Rev'd Forecasts	%	Change from 1H	FY2017 Full-Yr Rev'd Forecasts	%	Change from Pre. Forecasts	YoY Change (%)
Electronics and Semiconductor	18,323	43.6	16,950	40.4	9,044	41.2	9,755	43.2	+710	18,800	42.2	+1,850	+2.6
Transportation	8,481	20.2	8,960	21.3	4,464	20.4	4,545	20.1	+80	9,010	20.2	+50	+6.2
Machinery	8,805	21.0	9,250	22.0	4,785	21.8	4,944	21.9	+158	9,730	21.9	+480	+10.5
Stone and Construction	4,818	11.4	5,300	12.6	2,709	12.4	2,610	11.6	-98	5,320	12.0	+20	+10.4
Other	1,595	3.8	1,540	3.7	922	4.2	717	3.2	-204	1,640	3.7	+100	+2.8
Total	42,024	100.0	42,000	100.0	21,926	100.0	22,573	100.0	+646	44,500	100.0	+2,500	+5.9

Note) Revised forecast figures were announced on November 2, 2017.

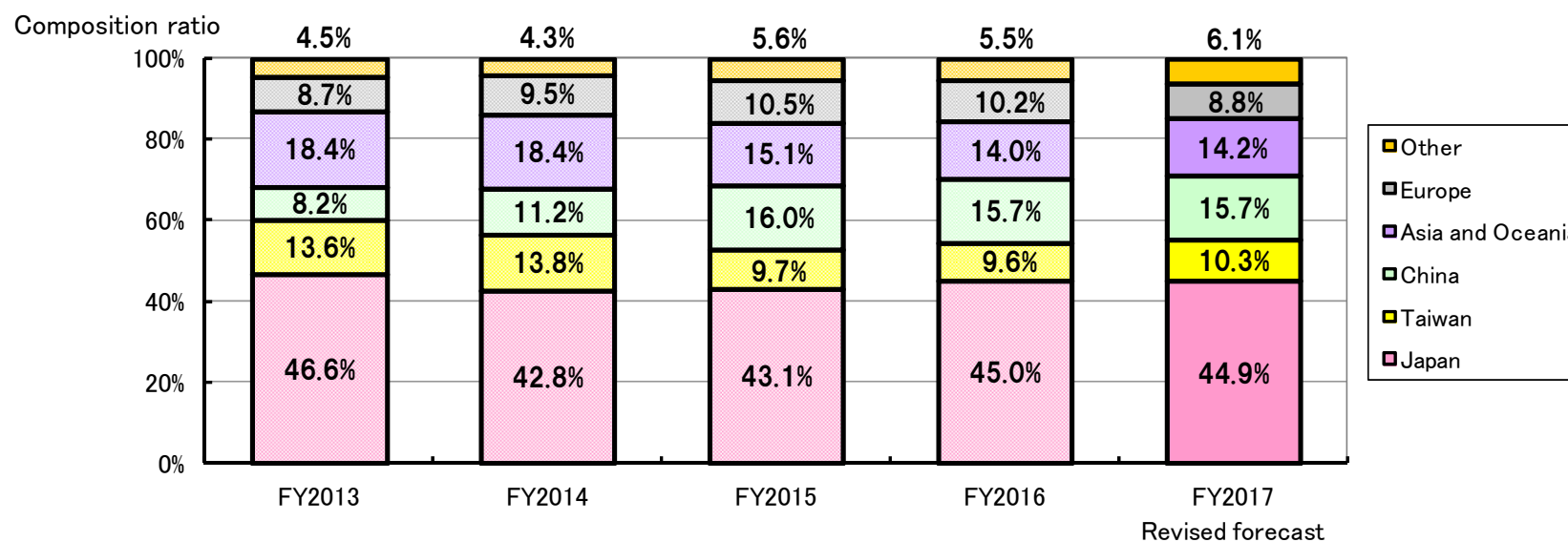


Forecasts of Net Sales Breakdown by Geographical Region (Consolidated)

(Millions of Yen)

	FY2016 Full-Yr Results	%	FY2017 Full-Yr Pre. Forecasts	%	FY2017 1H Results	%	FY2017 2H Rev'd Forecasts	%	Change from 1H	FY2017 Full-Yr Rev'd Forecasts	%	Change from Pre. Forecasts	YoY Change (%)
Japan	18,919	45.0	19,300	46.0	10,013	45.7	9,986	44.3	-27	20,000	44.9	+700	+5.7
Taiwan	4,043	9.6	4,500	10.7	2,286	10.4	2,313	10.3	+26	4,600	10.3	+100	+13.8
China	6,605	15.7	5,700	13.6	3,264	14.9	3,735	16.5	+470	7,000	15.7	+1,300	+6.0
Other Asia and Oceania	5,858	14.0	5,900	14.0	2,960	13.5	3,339	14.8	+379	6,300	14.2	+400	+7.5
Europe	4,280	10.2	4,000	9.5	2,018	9.2	1,881	8.3	-137	3,900	8.8	-100	-8.9
Other	2,316	5.5	2,600	6.2	1,382	6.3	1,317	5.8	-64	2,700	6.1	+100	+16.6
Overseas total	23,105	55.0	22,700	54.0	11,912	54.3	12,587	55.7	+674	24,500	55.1	+1,800	+6.0
Total	42,024	100.0	42,000	100.0	21,926	100.0	22,573	100.0	+646	44,500	100.0	+2,500	+5.9

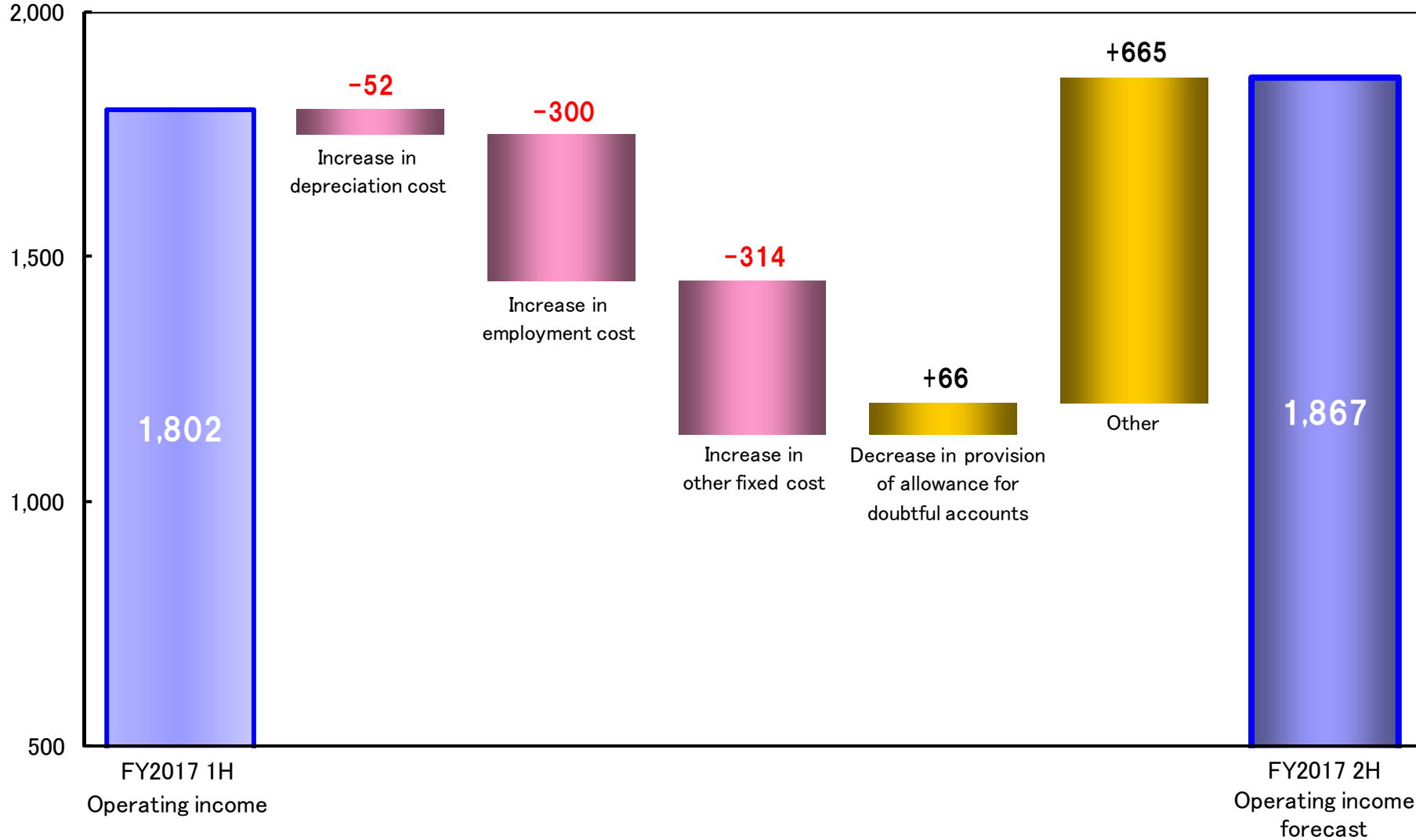
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Forecast of Consolidated Operating Income 「Analysis of Factors Affecting Increase and Decrease」

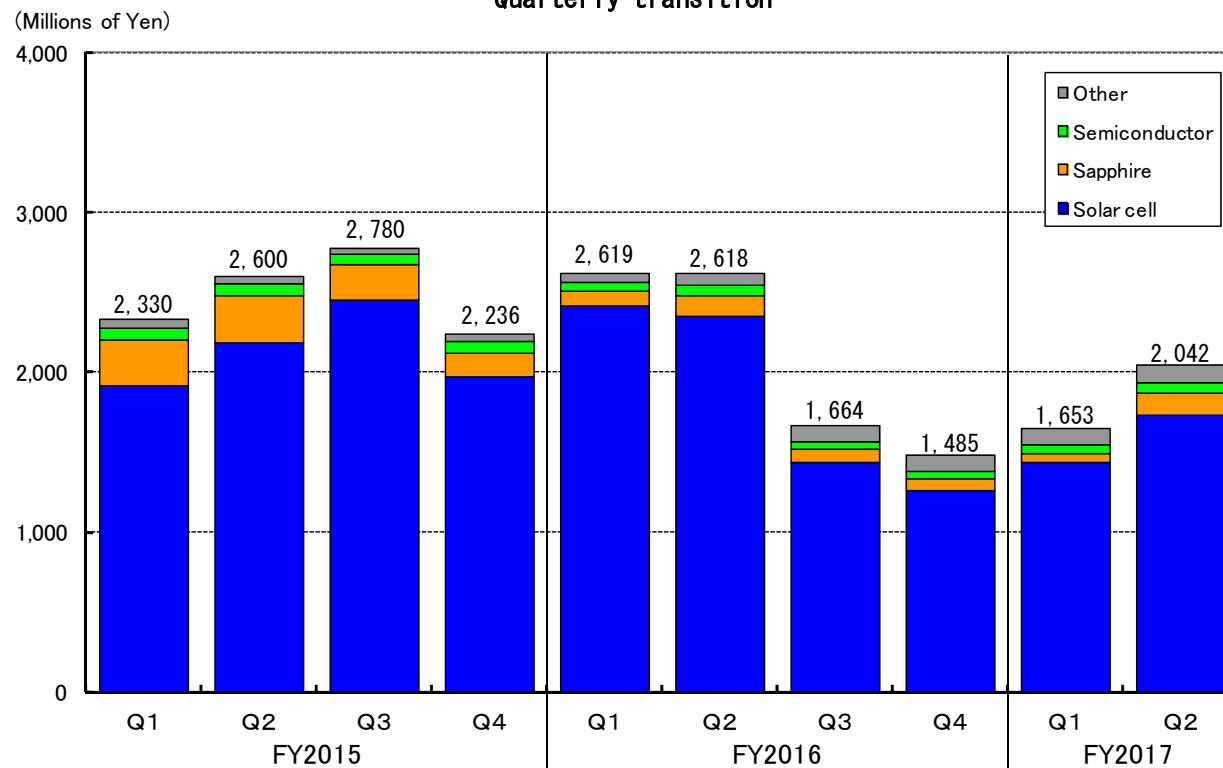


(Millions of Yen)

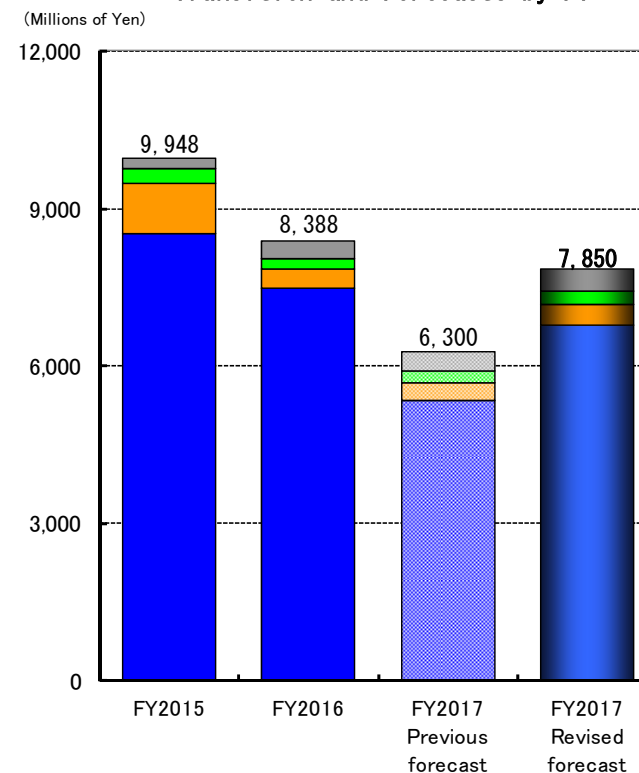


「EcoMEP」 Sales Trend and Forecasts (Consolidated)

Quarterly transition



Transition and Forecasts by FY



- ◆ Total sales of EcoMEP was ¥3,690 million in FY2017 first half. (-29% vs. 1st Half FY2016 and +17% vs. 2nd Half FY2016)
 - For PV production : +34% vs. 1H FY2016 and +17% vs. 2H FY2016
 - For other : +13% vs. 1H FY2016 and +18% vs. 2H FY2016
- ◆ Forecast of EcoMEP sales for FY2017 is ¥7,850 million. (-6% vs. FY2016 and +25% vs. previous forecasts FY2017)
 - For PV production : -9% vs. FY2016 and +27% vs. previous forecast FY2017
 - For other : +5% vs. FY2016 and +11% vs. previous forecast FY2017

- ① **Precision Tools**
 - Automobile industry
 - Electronic component industry
 - Bearing industry
- ② **Electroplated Diamond Wire (Eco MEP)**
 - Responding to request for thinner wire
 - Expanding sales in new use
 - Emphasizing highly value added products to maintain product selling prices
- ③ **Reduction in Manufacturing Costs**
- ④ **Overseas Business Expansion**
- ⑤ **New Establishment of Chiba Factory**

 **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.