



**Asante Incorporated**

**【 TSE First Section Securities Code 6073 】**

# **Financial Results for the Second Quarter Ended September 30, 2015**



**November 17, 2015**



#### Notes on Future Forecasts

This document is only to provide information to investors, and is not for the purpose of soliciting purchases or sales.

References to future forecasts in this document are based on goals and predictions, and are not certain or guaranteed.

When using this document, please be aware that the future results of the Company may differ from the current forecasts made by the Company.

Also, for references to the industry, etc., data thought to be trustworthy is used, but the Company provides no guarantees as to its accuracy or completeness.

No matter what purpose investors use this document for, it is provided with the understanding that clients will use it based on their own judgment and responsibility, and the Company shall bear no responsibility for its use.

# Corporate philosophy



**Protecting people, houses and forests  
by fostering our own people and technology**

Customers  
first

Development of  
excellent  
personnel

Sharing of  
technologies and  
know-how

**Anti-termite Measures  
Anti-humidity Measures  
Anti-earthquake Measures**

To provide customers  
with “**safety, security, and comfort**”

To help tackle  
the global warming issue

**Contribution to society**

# Managerial strategies



**1 Expand target areas for sales promotion, and dig deeper in existing areas**

**2 Grow mainly the termite control service**

**3 Emphasize the importance of termite control as a leading firm in this field**

**4 Expand community-based business in a down-to-earth manner, and keep a sound financial position**

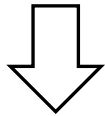
# Business environment

## in the first half of the FY ending March 2016



- People are getting more aware of the preservation of existing houses

- Trends of environmental protection, disaster prevention, and the expansion of distribution of excellent used houses



Improvement in the social recognition of our company in the field

- There are growing needs for measures against termites, which damage existing houses.

- Gentle recovery of consumer confidence

- Continuing issues of labor supply and demand

# Specific Initiatives for the first half of the FY ending March 2016



To expand our business in western Japan, and further cultivate existing target areas for sales promotion.

Sales promotion activities such as TV commercials and fliers



■ Nara Branch opened.

- To conduct sales promotion in 21 prefectures

■ External directors increased. (2 external directors in total)

■ Personnel Dept. established.  
(Unified management of human resources)

- Developing quality personnel using the Training Centers
- Adding new personnel, mainly in western Japan
- Utilization of senior generations

# Results of Profit and Loss

## for the first half of the FY ending March 2016



- Net sales increased by 3.3% from the previous fiscal year, as the sales toward existing customers were favorable.
- Operating income decreased by 2.9% from the previous fiscal year, due to the augmentation of cost, and ordinary income dropped by 2.2% from the previous fiscal year.
- Net income rose by 1.7% from the previous fiscal year, because there was no special loss and corporate tax ratio decreased.

(Unit: Million yen)	1H of FY March 2015		1H of FY March 2016		YoY	
	Results	Composition Ratio	Results	Composition Ratio	Change in Amount	Change in Ratio
Net Sales	7,114	—	7,349	—	+ 234	+ 3.3%
Gross Profit	5,136	72.2%	5,296	72.1%	+ 159	+ 3.1%
Operating Income	1,689	23.8%	1,640	22.3%	- 49	- 2.9%
Ordinary Income	1,690	23.8%	1,653	22.5%	- 37	- 2.2%
Net Income	1,056	14.9%	1,074	14.6%	+ 18	+ 1.7%
EPS(Yen)	86.51	—	87.09	—	+ 0.58	+ 0.7%

# Ratios to estimates

## for the first half of the FY ending March 2016



- Net sales are slightly smaller than the estimate.
- Operating and ordinary incomes are as estimated.
- In the second half, we aim to increase sales further, by improving the sales activities targeted at new customers.
- We aim to increase profit efficiency, by increasing sales mainly from termite control.

(Unit: Million yen)	1H of FY March 2016	Forecast for 1H of FY March 2016		Forecast for FY March 2016 (full-year)	
	Results	Forecast	Progress Ratio	Forecast	Progress Ratio
Net Sales	7,349	7,618	96.5%	13,900	52.9%
Gross Profit	5,296	5,482	96.6%	10,013	52.9%
Operating Income	1,640	1,648	99.5%	2,600	63.1%
Ordinary Income	1,653	1,662	99.5%	2,606	63.4%
Net Income	1,074	1,070	100.4%	1,661	64.7%
EPS(Yen)	87.09	86.74	100.4%	134.63	64.7%



# Net Sales by Service (YoY)

## for the first half of the FY ending March 2016



- The sales toward new customers are recovering, but the sales of termite control for new customers declined.
- The sales of renewal termite control and repair housing foundations and housing reinforcement for existing customers increased due to the increase of target real estate.

(Units: Million yen)	1H of FY March 2015		1H of FY March 2016		YoY	
	Results	Composition Ratio	Results	Composition Ratio	Change in Amount	Change in Ratio
<b>Net Sales</b>	7,114	—	<b>7,349</b>	—	+ 234	+ 3.3%
<b>Termite Control</b>	3,234	45.5%	<b>3,294</b>	<b>44.8%</b>	+ 59	+ 1.9%
New	1,947	27.4%	<b>1,855</b>	<b>25.3%</b>	- 92	- 4.7%
Renewal	1,286	18.1%	<b>1,438</b>	<b>19.6%</b>	+ 152	+ 11.8%
<b>Underfloor Ventilation Systems</b>	1,804	25.4%	<b>1,814</b>	<b>24.7%</b>	+ 10	+ 0.6%
<b>Repair Housing Foundations/Housing Reinforcement</b>	1,752	24.6%	<b>1,930</b>	<b>26.3%</b>	+ 178	+ 10.2%
<b>Others</b>	322	4.5%	<b>309</b>	<b>4.2%</b>	- 13	- 4.2%

# Monthly sales in the FY ending March 2016



(Units: Million yen)	Apr.	May	Jun.	1 Q	Jul.	Aug.	Sep.	2 Q	First Half
Fiscal year ended March 2015	1,013	1,500	1,186	3,700	1,183	1,035	1,194	3,413	7,114
Change from the same month of the previous year	-44	+21	+34	+11	+1	+ 34	+ 79	+ 115	+ 126
Change in ratio	-4.2%	+1.5%	+3.0%	+0.3%	+0.1%	+3.4%	+7.1%	+3.5%	+1.8%
<b>Fiscal year ending March 2016</b>	<b>1,077</b>	<b>1,544</b>	<b>1,275</b>	<b>3,897</b>	<b>1,205</b>	<b>1,083</b>	<b>1,162</b>	<b>3,451</b>	<b>7,349</b>
Change from the same month of the previous year	+63	+44	+88	+196	+21	+48	-31	+38	+234
Change in ratio	+6.3%	+3.0%	+7.5%	+5.3%	+1.8%	+4.7%	-2.7%	+1.1%	+3.3%

	Oct.	Nov.	Dec.	3 Q	Jan.	Feb.	Mar.	4 Q	Second Half	Full-Year
Fiscal year ended March 2015	1,035	1,014	777	2,827	707	927	1,092	2,727	5,554	12,669
Change from the same month of the previous year	-23	-47	-115	-186	-73	-6	-114	-194	-381	-254
Change in ratio	-2.2%	-4.5%	-12.9%	-6.2%	-9.5%	-0.7%	-9.5%	-6.7%	-6.4%	-2.0%
<b>Fiscal year ending March 2016</b>	<b>1,180</b>									
Change from the same month of the previous year	+145									
Change in ratio	+14.0%									

■ As a whole, the recovery of consumer confidence was delayed, and the weather was abnormal in Sep., producing adverse effects.

■ The sales in Oct. were 14.0% larger than those in Oct. of the previous year.

# Actual expenses (YoY) for the first half of the FY ending March 2016



- Overall personnel costs and other expenses (such as depreciation) augmented, due to the increases of employees and business establishments.

(Unit: Million yen)	1H of FY March 2015		1H of FY March 2016		YoY		
	Results	Composition Ratio	Results	Composition Ratio	Change in Amount	Change in Ratio	Difference in ratio to sales
<b>Net Sales</b>	7,114	—	<b>7,349</b>	—	+ 234	+ 3.3%	—
<b>Cost of Sales</b>	1,977	27.8%	<b>2,052</b>	<b>27.9%</b>	+ 75	+ 3.8%	+ 0.1pt
Materials Costs	845	11.9%	<b>883</b>	<b>12.0%</b>	+ 38	+ 4.5%	+ 0.1pt
Labor Costs	701	9.9%	<b>748</b>	<b>10.2%</b>	+ 46	+ 6.6%	+ 0.3pt
Other Costs	430	6.1%	<b>421</b>	<b>5.7%</b>	- 8	- 2.1%	- 0.3pt
<b>SG&amp;A</b>	3,447	48.5%	<b>3,655</b>	<b>49.7%</b>	+ 208	+ 6.1%	+ 1.3pt
Personnel Expenses	2,199	30.9%	<b>2,306</b>	<b>31.4%</b>	+ 106	+ 4.8%	+ 0.5pt
Advertising Expenses	253	3.6%	<b>255</b>	<b>3.5%</b>	+ 1	+ 0.4%	- 0.1pt
Other Expenses	993	14.0%	<b>1,094</b>	<b>14.9%</b>	+ 100	+ 10.2%	+ 0.9pt
<b>Overall Personnel Costs</b>	2,901	40.8%	<b>3,054</b>	<b>41.6%</b>	+ 153	+ 5.3%	+ 0.8pt

# Balance Sheet

## at the end of 2<sup>nd</sup> quarter of the FY ending March 2016



(Unit: Million yen)		End of FY March 2015	End of 2Q of FY March 2016	Change in Amount	Main Factors for Changes
	Cash and Deposits	5,021	<b>5,615</b>	+ 594	Operating CF: +1,047 Investment CF: -20 Financial CF: -433
	Accounts Receivable	1,687	<b>1,936</b>	+ 249	Increase in Sales
	Property, Plant and Equipment	4,991	<b>4,939</b>	- 52	Depreciation
	<b>Total Assets</b>	12,749	<b>13,672</b>	+ 923	
	Accounts Payable	243	<b>271</b>	+ 27	
	Long and Short Term Loans Payable	1,159	<b>1,137</b>	- 21	
	Income Taxes Payable	257	<b>607</b>	+ 350	
	<b>Total Liabilities</b>	3,481	<b>3,724</b>	+ 243	
	Retained Earnings	7,255	<b>7,935</b>	+ 679	Net Income +1,074 Cash Dividends Paid -395
	<b>Total Net Assets</b>	9,268	<b>9,948</b>	+ 679	

# Cash flow statement

## for the first half of the FY ending March 2016



(Unit: Million yen)	1H of FY March 2015	1H of FY March 2016	Remarks
<b>Cash Flows from Operating Activities</b>	699	<b>1,047</b>	Income before Income Taxes : 1,653 Increase in Accounts Receivable: -246 Income Taxes Paid : -241
<b>Cash Flows from Investing Activities</b>	- 335	<b>- 20</b>	
<b>Cash Flows from Financing Activities</b>	- 314	<b>- 433</b>	Cash Dividends Paid: -395
<b>Net Increase/Decrease in Cash and Cash Equivalents</b>	50	<b>594</b>	
<b>Cash and Cash Equivalents at Beginning of Period</b>	4,955	<b>5,021</b>	
<b>Cash and Cash Equivalents at End of Period</b>	5,006	<b>5,615</b>	

# Management Indicators (YoY)

## for the first half of the FY ending March 2016



	2Q of FY March 2015	2Q of FY March 2016	Difference in ratio to sales
<b>Current Ratio</b>	320.1%	<b>327.2%</b>	+ 7.0pt
<b>Equity-to-asset Ratio</b>	71.1%	<b>72.8%</b>	+ 1.6pt
<b>Dependence on Interest-bearing Debts</b>	9.5%	<b>8.3%</b>	- 1.1pt
<b>Operating Income Ratio</b>	23.8%	<b>22.3%</b>	- 1.4pt
<b>ROA</b>	13.8%	<b>12.5%</b>	- 1.3pt
<b>ROE</b>	12.4%	<b>11.2%</b>	- 1.2pt
Note: ROA and ROE were calculated with the equations: (Profit for the fiscal year concerned) / (Average total assets for the fiscal year concerned) and (Profit for the fiscal year concerned) / (Shareholders' equity)			
<b>DOE</b>	86.51	<b>87.09</b>	+ 0.58
<b>Net Assets Per Share</b>	725.27	<b>806.08</b>	+ 80.81

# Forecast of Results for the FY ending March 2016 (YoY)



No changes from the values released on May 8

(Unit: Million yen)	FY March 2015		FY March 2016		YoY	
	Results	Composition Ratio	Results	Composition Ratio	Change in Amount	Change in Ratio
Net Sales	12,669	—	13,900	—	+ 1,230	+ 9.7%
Gross Profit	9,021	71.2%	10,013	72.0%	+ 991	+ 11.0%
Operating Income	2,299	18.2%	2,600	18.7%	+ 300	+ 13.1%
Ordinary Income	2,349	18.5%	2,606	18.8%	+ 257	+ 10.9%
Net Income	1,412	11.1%	1,661	12.0%	+ 249	+ 17.7%
EPS (Yen)	115.22	—	134.63	—	+ 19.41	+ 16.8%

# Dividend

No changes from the values released on May 8

