Ahresty Corporation Company Outline

Our Business

Ahresty Corporation is a manufacturer of automotive parts focused on die casting. We have developed 3 businesses around the central pillar of die casting.

Die Casting Business

Accounts for 90% of sales. Orders for engine parts, transmission parts and other powertrain systems are relatively high. Main customers are automobile manufacturers, automotive parts manufacturers.



Cylinder Block

Aluminum Business

We melt down aluminum scrap collected from housing and automotive waste or beverage cans to manufacture recycled aluminum alloy ingots. Main customers are foundries and die cast manufacturers. As well as using a portion of the ingots we manufacture for our die casting business, we also put our know-how of the metal trade to use with a raw materials purchasing function for the die casting business.



Ingot

Proprietary Products Business

We manufacture, sell and install the aluminum raised floor system (MOVAFLOR) used in data centers and clean rooms at semiconductor plants. Main customers are general contractors in the construction business. MOVAFLOR is manufactured at Ahresty Tochigi (Japan) and Guangzhou Ahresty (China).



MOVAFLOR

■ Die Cast Production Facilities

We are expanding overseas in order to meet vigorous demand. At our domestic facilities, we aim for a strong structure through consolidation and improved production efficiency.

Japan: Ahresty Hamamatsu plant and Toyohashi plant (consolidation as Tokai plant expected for 2013) Higashimatsuyama plant (specialist foundry), Ahresty Tochigi, Ahresty Yamagata, Ahresty Kumamoto

North America:

Ahresty Wilmington (USA), Ahresty Mexicana (Mexico)

Asia: Guangzhou Ahresty (China), Hefei Ahresty * Operation planned for summer 2011 (China), Ahresty

India (India)

■ Mold Manufacturing Facilities

Japan: Die Mold Hamamatsu, Die Mold Tochigi, Die Mold Kumamoto

Asia: Ahresty Precision Die Mold (Guangzhou) Co., Ltd. (non-consolidated), Thai Ahresty Die,

Ahresty Mexicana (in preparation)

■ Aluminum Recycling Plant Ahresty Kumagaya Plant

Glossary

Die casting: A technology for molding metals. As the molten metal is cast in the mold at high speed and under

high pressure, the method is suited for mass production of complex shapes.

Ingot: A bar of aluminum, raw material for die cast products.

■ Points to Note

Impact of Metal Market Conditions

The recycled aluminum that we use for raw material is largely operated on a contract system where contract unit prices are reviewed every 3 months. Since fluctuations in market conditions are shifted to product prices, there is potential for an impact on profits in the short term, but in the long term, there is hardly any impact on profits. However, since fluctuating metal market conditions have an impact on sales, they are the main cause of fluctuations in profit ratio.

Impact of Exchange Rates

Currency exchange sensitivity is low as we do not export much, but profit/loss arise at the time of consolidating the balance sheet with our overseas subsidiaries.

Accounting Periods for Overseas Subsidiaries

Among our overseas subsidiaries, North America and India close the accounts in March, but Mexico, China and Thailand close the accounts in December.

The Die Casting Business

Clients

Main customers both in Japan and overseas are Japanese automobile manufacturers. Focused on overseas facilities, we aim to expand transactions with US and European manufacturers.

Currently, main customers are Japanese automobile makers and parts makers. In order of size of transactions, they are the Nissan Group, Honda, Fuji Heavy Industries, Suzuki, the Toyota Group.

■ Our Position in the Industry

A top-class die cast specialist maker both in Japan and overseas

There are around 700 companies in Japan specializing in die casting, but the majority are relatively small-scale businesses with fewer than 100 employees, and only a few are listed companies. There are few die cast makers worldwide who have expanded overseas and are capable of supplying products internationally. Ahresty is a top-class die cast specialist with scale and technical strength also on the international level.

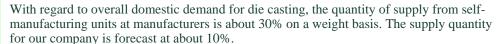


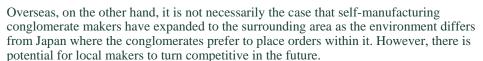
Oil par

■ The Competition

We have few specialist competitors, but automobile makers are both customers and competition.

In the sense of die cast specialists, there are few corporations that compete with us on scale and technology, but from the perspective of die cast suppliers, our competitors are not only die cast specialist makers, but also automobile makers with self-manufacturing units, group companies, and conglomerates with self-manufacturing units.









Subframe

Our Strengths

- A streamlined production system from mold design to processing

Our strong point is that we are able to streamline the process from mold design to mold manufacturing, die casting and processing. In addition, our Group incorporated a machining specialist maker in 2008 to reinforce processing technologies.

- Accumulating technology for casting requirements and mold design

Aluminum die cast products are indispensable for building lightweight automobiles, but internal quality control is difficult due to their special characteristics. Therefore, it is important to possess technical strength and know-how of mold design to produce constant product quality. The larger the product, the more technical strength is important.

- Global Supply Capability

Few die cast makers are able to supply products internationally. We also have production facilities in important areas including the US, Mexico, China and India, which is a point of strong appeal these days when worldwide simultaneous startups are commonplace.

■ Responding to EV and HEV

HEV are growing their market share rapidly, but as they are equipped with an engine, they are not a threat. EV, on the other hand, which do not have an internal combustion engine and feature very few die-cast products, do represent a threat to our company. There are various prognoses for the penetration of EV in ten years time, but the majority of forecasts are for less than a 10% share of the global market. It is also thought that popularity will remain low in the emerging economies where the infrastructure environment is not ready. Growth in the automobile market will focus on the emerging economies in the future, and it is expected that global demand for die casting will continue to grow worldwide for the next 10 to 15 years. However, assuming that the popularity of EV will increase after that, we are turning our attention to developing die casts for other parts than the internal combustion engine, such as parts for the body and chassis.