

Ahresty Corporation

Results Briefing for the First Half of the Year Ending March 31, 2014



November 29, 2013

This document and comments made in the results briefing include forecasts that the Company has prepared based on data available at the time the document was produced. Actual results may differ materially from the forecasts for a range of reasons.

Contents

- ◆ TOPICS
- ◆ Overview of results for the first half of the fiscal year ending March 31, 2014
- ◆ Full-year forecast

TOPICS

■ 2013

- March** Consolidation of the former Hamamatsu Plant into the former Toyohashi Plant (Tokai Plant) completed
Expansion work starts at Ahresty Pretech's Toyohashi Plant
- April** Guangzhou Ahresty completes the first phase of plant construction on an adjacent site
Ahresty Wilmington Corp. begins expansion work
- July** Expansion work is completed at Ahresty Pretech's Toyohashi Plant
- August** Expansion work is completed at Ahresty Wilmington Corp.
- September** Expansion work is completed at Hefei Ahresty
Expansion work is completed at Ahresty India's plant
- October** Guangzhou Ahresty begins the second phase of plant construction on an adjacent site

Future plans

■ 2014

- July** Expansion work is expected to be completed at Ahresty India's plant
- September** Guangzhou Ahresty plans to complete the second phase of plant construction on an adjacent site

Guangzhou Ahresty began the second phase of construction at third plant

Guangzhou Ahresty Casting Co., Ltd.

■ Construction of third plant

First phase

Began in May 2012

Completed in April 2013

Second phase

Began in Oct. 2013

Expected to be completed in Sept. 2014

* The second phase involves the construction of the office building and product warehouse.



Integrated three leased plants into a third plant, to improve the efficiency of logistics and other operations and to accommodate increased production.

First plant

First phase of construction at third plant

Site of first and second phases of construction at first and third plants

As of November 2013

(Area)	First plant	Land: 43,000 m ²	Building: 26,300 m ²
	Second plant	Land: 17,700 m ²	Building: 10,400 m ²
	Third plant	Land: 21,100 m ²	Building: 16,000 m ² (first phase) Building: 8,700 m ² (second phase)

(Number of die-casting machines) 31

(Casting capacity) Monthly 2,600 t

Overview of results for the first half of the fiscal year ending March 31, 2014



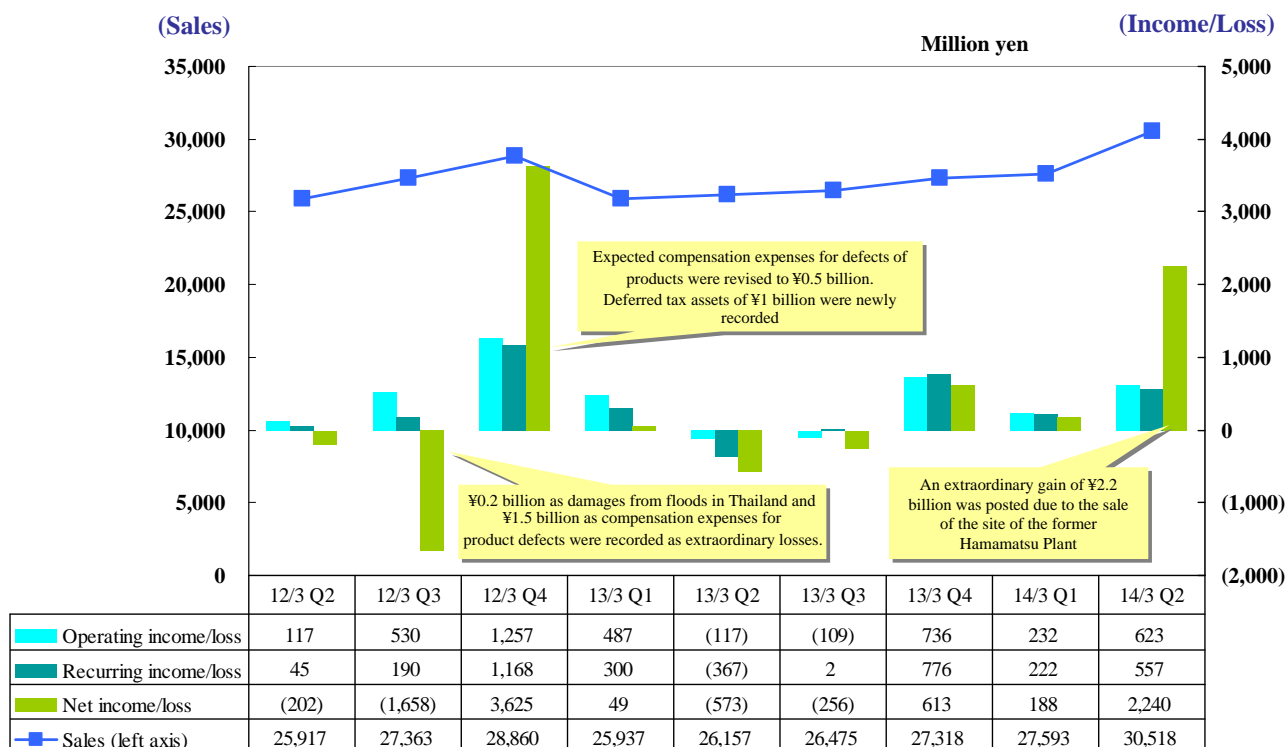
Key Results for First Half of the Fiscal Year Ending March 31, 2014

(Million yen)

	First half of year ended March 2013		First half of year ending March 2014		Change	
Sales	52,094	100%	58,111	100%	6,017	11.5%
Operating income	370	0.7%	855	1.5%	485	130.7%
Recurring income	(67)	(0.1%)	779	1.3%	846	-
Net income	(524)	(1.0%)	2,428	4.2%	2,952	-
EPS	(24.33)		112.57		136.90	

- ◆ **Sales:** Domestic sales declined, reflecting the effects of the termination of eco-car subsidies (especially in the first quarter), which offset strong sales of light vehicles and strong auto exports to North America. Meanwhile, overseas sales increased due to an increase in orders and the effects of the weakening yen. Overall, sales rose 11.5% year on year, to ¥58.1 billion.
- ◆ **Operating income:** The impact from the decline in domestic sales was offset by factors such as the effect of cost reductions, in addition to the positive effects of a change in the depreciation method, and operating income increased 130.7% year on year, to ¥850 million.
- ◆ **Recurring income:** The main difference between the non-operating balance this fiscal year and the previous fiscal year is that foreign exchange gains of ¥250 million were posted as non-operating income this fiscal year, while foreign exchange losses of ¥169 million were posted as non-operating expenses in the same half of the previous fiscal year. Recurring income stood at ¥770 million.
- ◆ **Net income:** The main reason for the change is the posting of an extraordinary gain of ¥2.28 billion due to the sale of the site of the former Hamamatsu Plant.

Overview of the (Quarterly) Consolidated Results



Die Casting Business

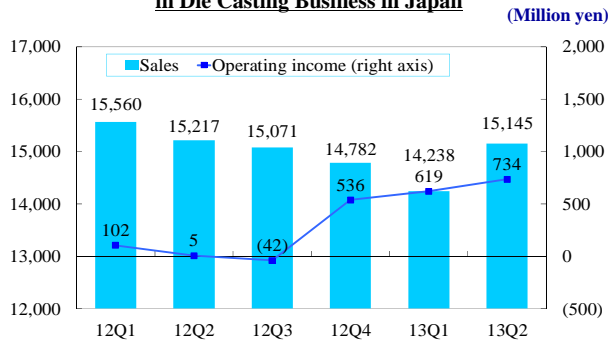
(Million yen)

		First half of year ended March 2013	First half of year ending March 2014	Change
Japan	Sales	30,777 100%	29,383 100%	(1,394) (4.5%)
	Segment income (loss)	107 0.3%	1,353 4.6%	1,246 1,160.5%
North America	Sales	10,699 100%	15,336 100%	4,637 43.3%
	Segment income (loss)	496 4.6%	(25) (0.2%)	(521) (105.0%)
Asia	Sales	8,089 100%	10,166 100%	2,077 25.7%
	Segment income (loss)	(263) (3.3%)	(496) (4.9%)	(233) -

* An explanation of the factors behind changes in segment results begins on the next page.

Die Casting in Japan

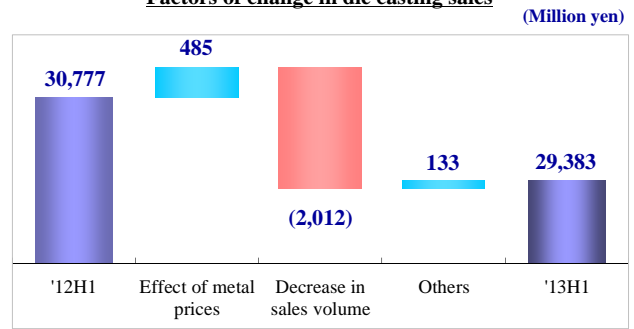
Changes in sales and segment income in Die Casting Business in Japan



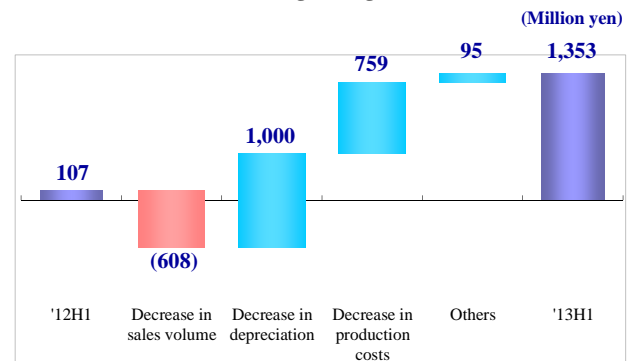
First-half sales totalled ¥29.3 billion (down 4.5% year on year). Despite strong sales of light vehicles and strong auto exports to North America, orders declined, chiefly due to the decline following the termination of eco-car subsidies.

Segment income was ¥1.35 billion (12.6 times higher than a year ago), primarily reflecting a decrease in the depreciation allowance, partly due to a change in the depreciation method, and the effect of cuts in manufacturing costs, which more than offset the effects of a decline in sales volume.

Factors of change in die casting sales

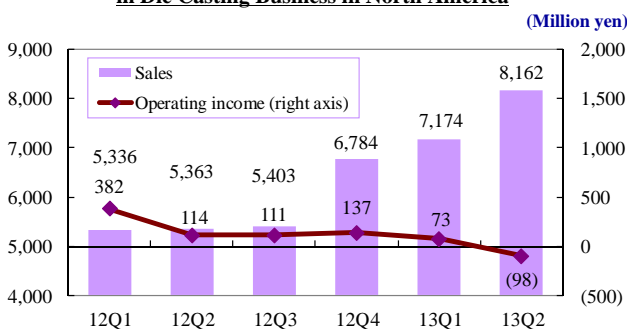


Factors of change in segment income



Die Casting in North America

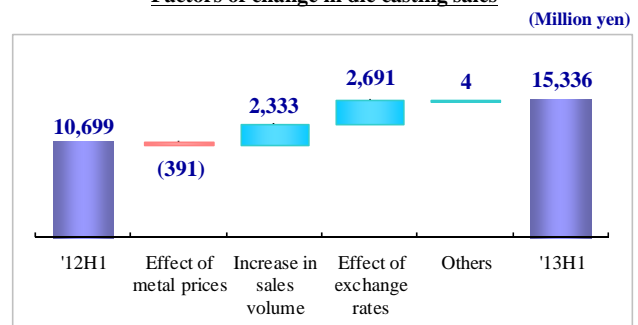
Changes in sales and segment income in Die Casting Business in North America



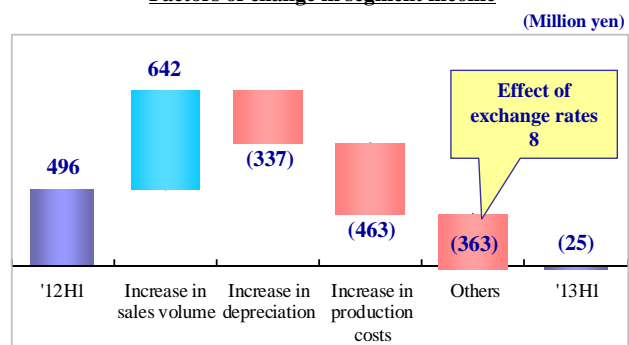
U.S.: Although first-half sales rose, reflecting an increase in orders associated with strong auto sales and the effects of the weakening yen, income declined temporarily due to higher fixed costs.

Mexico: Although sales rose significantly due to an increase in orders and the effects of exchange rates, segment income declined, reflecting increases in manufacturing costs and depreciation.

Factors of change in die casting sales



Factors of change in segment income

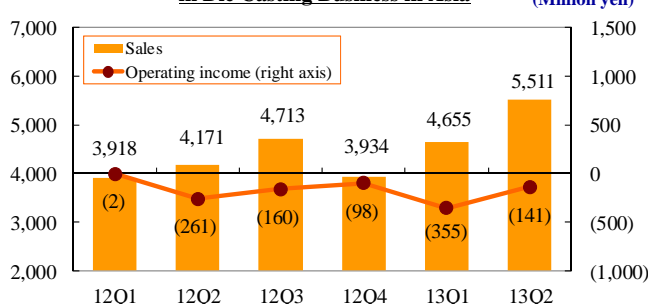


* U.S.: April – March
Mexico: January – December

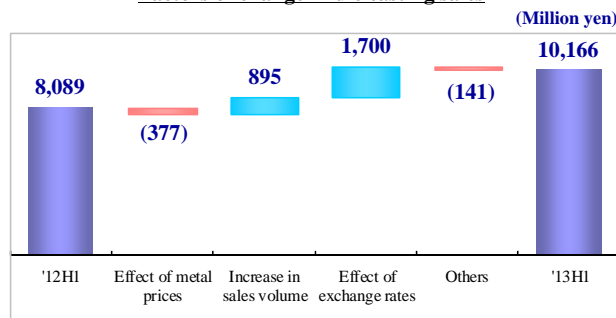
Average exchange rate (12H1 → 13H1)
US dollar 79.42 → 97.99
Mexican peso (US\$) 79.48 → 94.56

Die Casting in Asia

Changes in sales and segment income in Die Casting Business in Asia



Factors of change in die casting sales



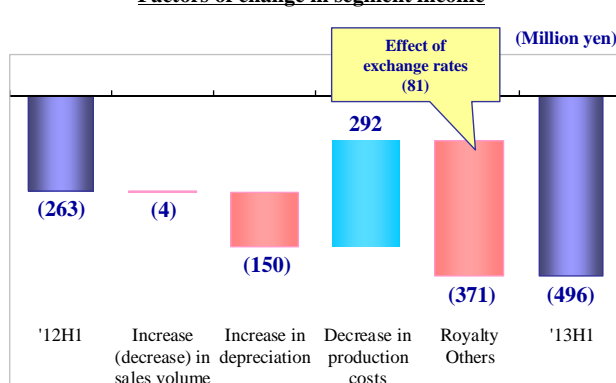
China: Although auto production failed to recover to the level it had attained before it started to decline as a result of the deteriorating relationship between Japan and China, sales remained flat except for the effect of exchange rates. Income declined, mainly due to increases in depreciation and royalties to Japan.

India: Sales were below forecasts, but rose from the previous year. Losses narrowed, partly due to the effects of a change in the depreciation method.

* China: January – December
India: April – March

Average exchange rate (12HI → 13HI)
Chinese yuan 12.59 → 15.29
Indian rupee 1.47 → 1.67

Factors of change in segment income



Aluminum Business and Proprietary Products Business

(Million yen)

		First half of year ended March 2013	First half of year ending March 2014	Change	
Aluminum Business	Sales	1,834 100%	2,228 100%	394	21.5%
	Segment income (loss)	45 2.5%	22 1.0%	(23)	(50.0%)
Proprietary Products Business	Sales	693 100%	995 100%	302	43.5%
	Segment income (loss)	(32) (4.7%)	13 1.4%	45	-

Aluminum Business:

First-half sales rose 21.5% year on year, chiefly attributable to a 9.2% year-on-year increase in shipments of secondary alloy ingots and a rise in sales unit prices due to the effects of changes in foreign exchange rates. Segment income declined 50% due to the effects of market conditions for raw materials.

Proprietary Products Business:

Sales climbed 43.5% from a year earlier, given increased orders from semiconductor manufacturers, the Company's main customers, and orders from telecommunications companies for data centers. Segment income was ¥13 million, primarily due to the effect of increased sales.

Overview of Results

Balance Sheets

(Million yen)

	Fiscal year ended March 2013	First half of year ending March 2014	Change
Current assets	37,153	39,353	2,200
Cash and time deposits	6,087	4,684	(1,403)
Notes and accounts receivable	18,620	21,903	3,283
Inventories	9,417	9,903	486
Fixed assets	73,599	83,082	9,483
Tangible fixed assets	65,150	72,541	7,391
Total assets	110,752	122,436	11,684
Total liabilities	71,416	76,895	5,479
Notes and accounts payable	16,001	17,078	1,077
Long-term and short-term loans	38,662	40,710	2,048
Total net assets	39,335	45,540	6,205

- ◆ Exchange rate effects accounted for around 60% of the change in total assets.
- ◆ With the increase in net sales, notes and accounts receivable and inventories rose.
- ◆ Tangible fixed assets rose mainly as a result of an increase in investments overseas.
- ◆ Procured investment funds that exceeded the amount of operating cash flow through a decline in cash and time deposits as well as through borrowing.
- ◆ Total net assets rose as a result of an increase in exchange rate translation adjustment and an increase in the change in valuation of negotiable securities, in addition to an increase net income.



Full-year forecast



Forecast for the Fiscal Year Ending March 31, 2014

(Million yen)

	Fiscal year ended March 2013		Previous forecast for year ending March 2014 (August 8)		Revised forecast for year ending March 2014 (November 11)		Change from the previous forecast	
Sales	105,887	100%	122,300	100%	123,500	100%	1,200	1.0%
Operating income	997	0.9%	3,050	2.5%	3,550	2.9%	500	16.4%
Recurring income	711	0.7%	2,400	2.0%	2,750	2.2%	350	14.6%
Net income	(167)	(0.2%)	3,950	3.2%	4,100	3.3%	150	3.8%
EPS	(7.76)		183.10		190.05		6.95	

- ◆ Sales: Domestic sales are expected to exceed the previous forecast thanks to production increases at main customers. Although sales in North America will be as previously forecast, sales in Asia are expected to be below the previous forecast. Consolidated sales are projected to exceed the previous forecast by ¥1.2 billion.
- ◆ Operating income: Despite a decrease in sales in Asia, operating income is expected to exceed the previous forecast by ¥0.5 billion primarily due to a rise in domestic sales.
- ◆ Net income: The forecast incorporates as extraordinary income around ¥2.2 billion in proceeds from the sale of the site of the former Hamamatsu Plant (recorded in the first half), and around ¥0.8 billion from the partial sale of a negotiable securities investment.
Exchange rate assumptions from the third quarter: ¥98/US dollar, ¥15.3/Chinese yuan, ¥1.75/Indian rupee (same as previous forecast)

Forecast for the Fiscal Year Ending March 31, 2014

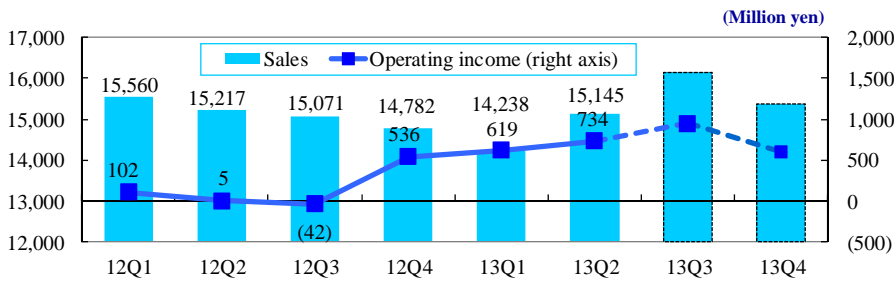
(Million yen)

	Fiscal year ended March 2013	Previous forecast for year ending March 2014 (August 8)	Revised forecast for year ending March 2014 (November 11)	Change from the previous forecast	Percentage change from the previous forecast
Sales	105,887	122,300	123,500	1,200	1.0%
Die Casting in Japan	60,630	59,100	60,900	1,800	3.0%
Die Casting in North America	22,886	33,000	33,000	-	-
Die Casting in Asia	16,736	23,900	23,300	(600)	(2.5%)
Aluminum	3,840	4,400	4,400	-	-
Proprietary Products	1,793	1,900	1,900	-	-
Operating income	997	3,050	3,550	500	16.4%
Die Casting in Japan	601	2,350	2,900	550	23.4%
Die Casting in North America	744	800	900	100	12.5%
Die Casting in Asia	(521)	(250)	(350)	(100)	-
Aluminum	50	100	50	(50)	(50.0%)
Proprietary Products	78	50	50	-	-
Eliminations and Corporate	45	0	0	-	-
Recurring income	711	2,400	2,750	350	14.6%
Net income	(167)	3,950	4,100	150	3.8%

Die Casting in Japan

First half: Sales of ¥29,383 million and income of ¥1,353 million
 Second half: Sales of ¥31,517 million and income of ¥1,547 million

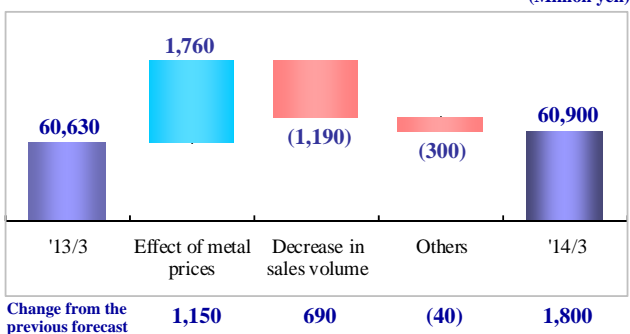
Changes in sales and segment income in Die Casting Business in Japan



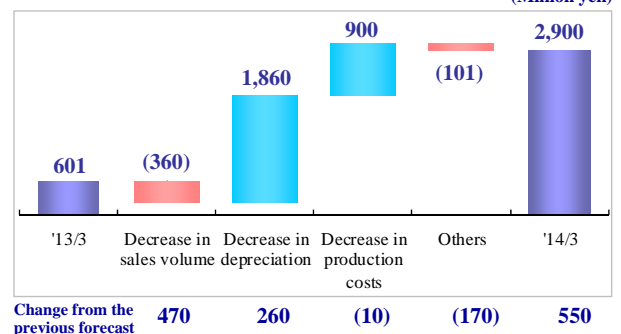
Sales: The effect of the previously forecast decrease in sales volume is expected to be reduced with a domestic production increase at major customers, and bolstered by ingot market conditions, sales are expected to exceed the previous forecast by ¥1.8 billion. Fourth quarter sales are expected to decline following the consumption tax hike.

Income: Income is projected to exceed the previous forecast due to a less severe decline in sales volume and less depreciation that previously forecast.

Revised factors of change estimated for sales (November 11)



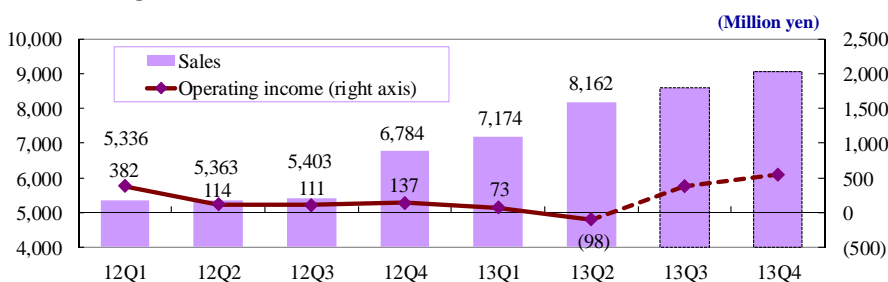
Revised factors of change estimated for segment income (November 11)



Die Casting in North America

First half: Sales of ¥15,336 million and income of ¥-25 million
 Second half: Sales of ¥17,664 million and income of ¥925 million

Changes in sales and segment income in Die Casting Business in North America

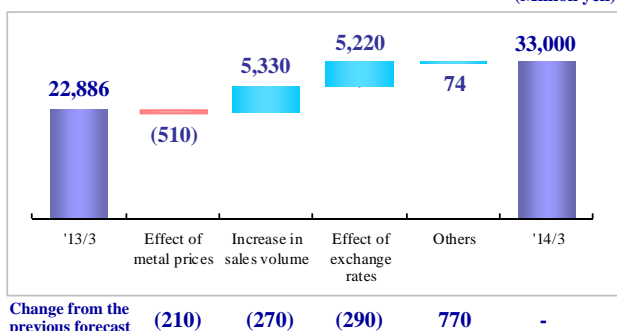


Sales: Although sales will fall, reflecting ingot market conditions and a smaller increase in sales volume, the previous forecast is left unchanged due to increased sales of die casting dies and other products. Sales are growing steadily.

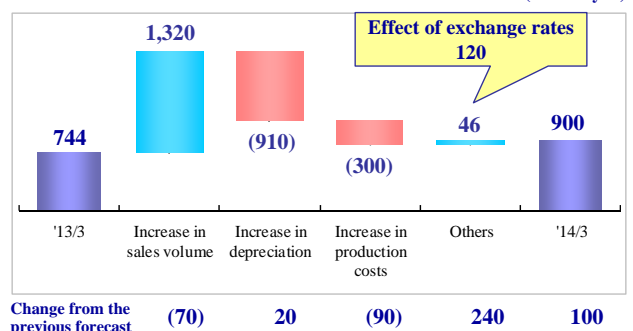
Income: Income is projected to exceed the previous forecast due to greater improvement in other income that previously forecast.

There was an increase in upfront fixed costs in the second quarter, but, from the third quarter, profitability is expected to recover as a result of sales growth.

Revised factors of change estimated for sales (November 11)



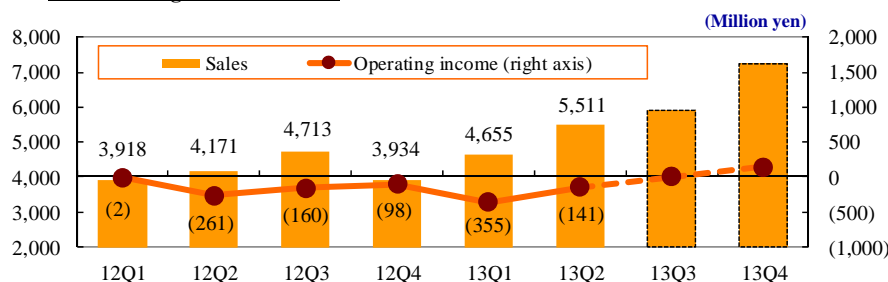
Revised factors of change estimated for segment income (November 11)



Die Casting in Asia

First half: Sales of ¥10,166 million and income of ¥-496 million
 Second half: Sales of ¥13,134 million and income of ¥146 million

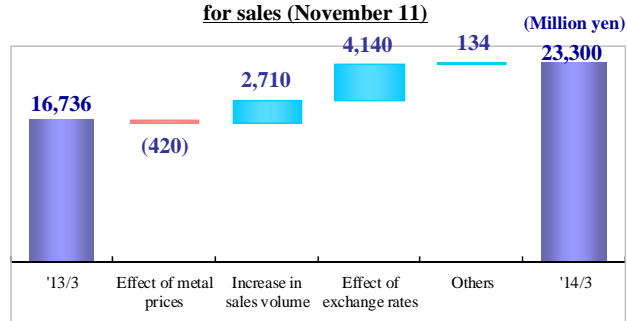
Changes in sales and segment income in Die Casting Business in Asia



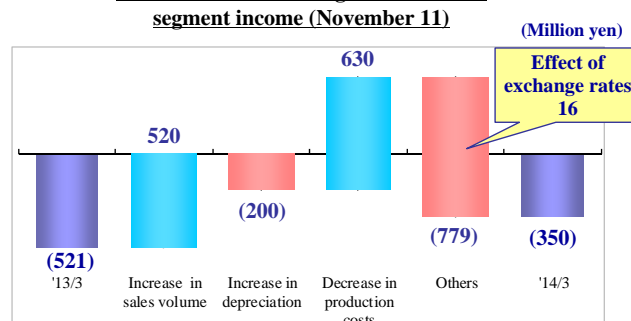
Sales: The rise in sales associated with an increase in sales volume is expected to be less than previously forecast, both in China and India, and sales are projected to be ¥0.6 billion less than the previous forecast. Though below the previous forecast, sales are growing steadily.

Income: Production costs are expected to be less than previously forecast. However, segment income is projected to be below the previous forecast, mainly due to lower-than-anticipated sales volume. Profitability is expected to recover as a result of growth in sales.

Revised factors of change estimated for sales (November 11)



Revised factors of change estimated for segment income (November 11)



Change from the previous forecast (140) (560) (40) 140 (600)

Change from the previous forecast (30) 110 130 (310) (100)



Dividends

(Yen)	FY ended March 2010	FY ended March 2011	FY ended March 2012	FY ended March 2013	FY ending March 2014 Plan
Dividend per share					
(Annual dividend)	5	12	6	3	14
Interim dividend	-	6	3	3	8
Year-end dividend	5	6	3	-	6
Net income (loss) per share (consolidated)	(2.77)	68.80	65.87	(7.76)	183.10
Payout ratio (consolidated)	-	17.4%	9.1%	-	7.6%

- ◆ Regarding dividends for the fiscal year ending March 31, 2014, we are estimating a payout of ¥14 after considering earnings results and commemorative dividends. (We will pay an interim dividend of ¥8, inclusive of ¥5 in commemoration of our 75th anniversary.)
- ◆ We will allocate management resources for future growth, while considering the payout ratio.

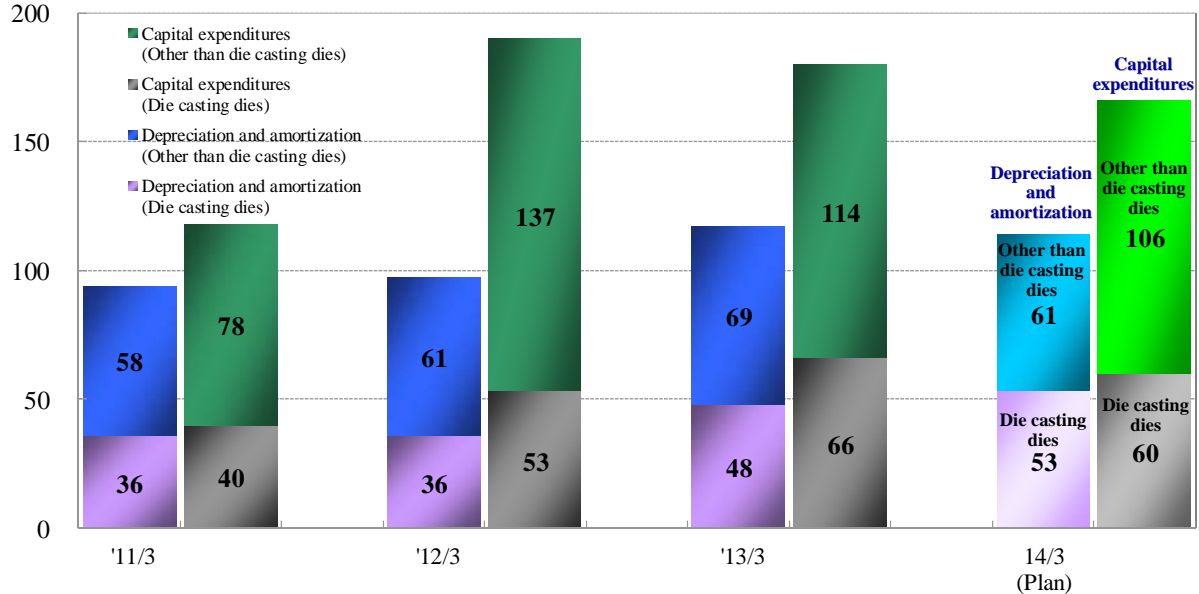


Trends of Capital Expenditures and Depreciation and Amortization

- ◆ Will proceed with expanding the overseas die casting business, but restrain capital investment compared with the past

(100 million yen)

* Based on acceptance inspections



* In light of the advancement of globalization, the straight-line method (units of production method, etc. to be used for die casting) will be used for depreciation of tangible fixed assets instead of the declining balance method starting in the fiscal year ending in March 2014. The number of years used for the useful life of tangible fixed assets will be also changed based on actual use. As a result of these changes, depreciation costs will be reduced by around ¥2 billion compared with the method used thus far.



Casting Our Eyes
on the Future

Ahresty Corporation

Aiming to become a leader in research and development, service, and technology



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