

Ahresty Corporation

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

September 11, 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 quarter of the fiscal year ending March 31, 2014
- ◆ Full-year forecast

Reference: Medium-Term Strategy
(Fiscal 2013 – 2015)

■ 2013

- March** Consolidation of the former Hamamatsu Plant into the former Toyohashi Plant (Tokai Plant) completed
- April** Expansion work starts at Ahresty Pretech's Toyohashi Plant
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** Ahresty Wilmington Corp. completes expansion

Future plans

- September** Hefei Ahresty plans to complete expansion work
Expansion work is expected to begin at Ahresty India's plant
- October** Guangzhou Ahresty plans to begin the second phase of plant construction on an adjacent site

■ 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

Addition to Ahresty Pretech's Toyohashi Plant

Ahresty Pretech Corporation

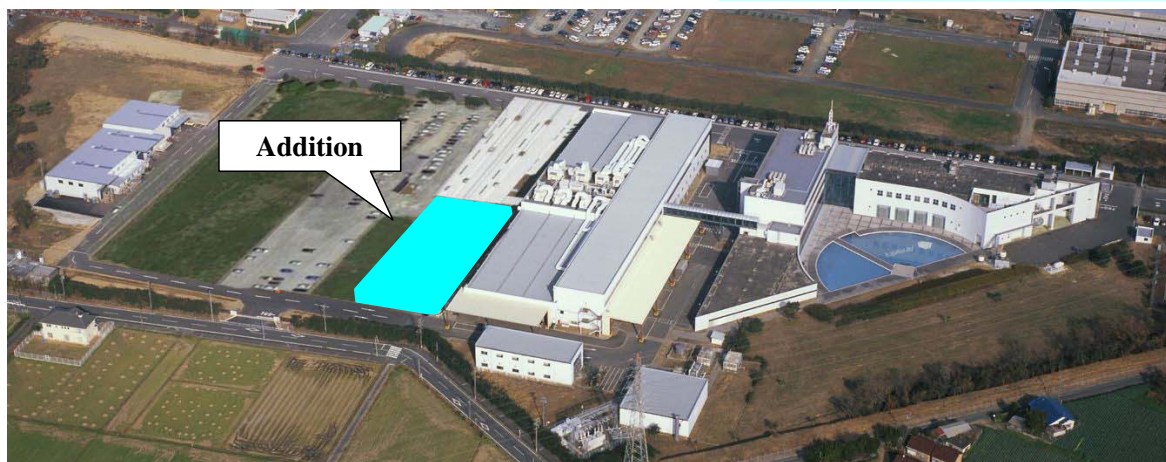
Business: Precision machining of major components for motorcycles, automobiles, and general-purpose machines

Plants: Head office plant, Toyohashi plant, Hamakita plant, Higashimikata plant, Takaokanishi plant

■ Addition to Toyohashi plant

- Mar. 2013: Begin work As of August 2013
- July 2013: Complete work (Building area) around 8,000 m²
- * The 2,600 m² addition is included.

Ahresty Pretech and the Ahresty Group built a more effective production system by closing Pretech's Azukimochi plant and consolidating its functions into Pretech's Toyohashi plant as part of the consolidation and restructuring of the Tokai plant.



The area of the Toyohashi plant addition

Ahresty India Private Limited Plant Expansion

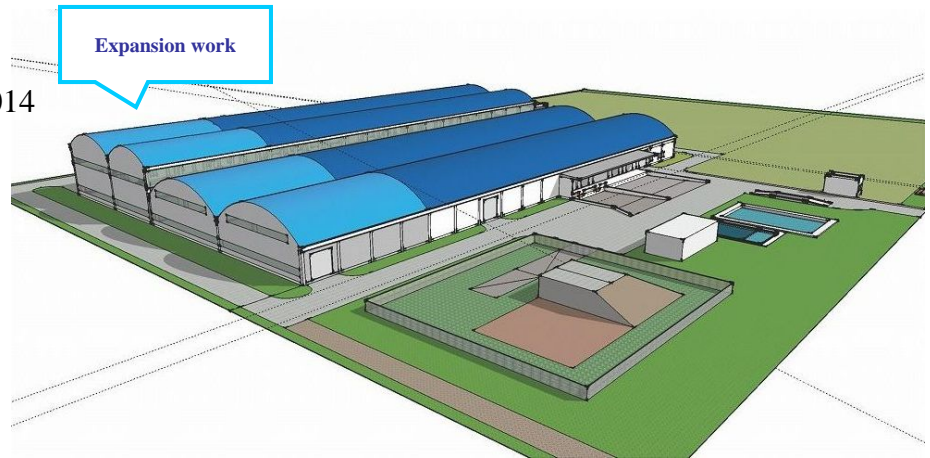
Ahresty India Private Limited

■ Plant expansion work

Began in September 2013

Expected to be completed in July 2014

* Casting and processing facilities will be added. Warehousing space will also be added in response to an increase in production and sales.



An illustration of the plant after the fifth expansion is completed

As of August 2013

(Plant area)	Land: 58,500 m ²	Buildings: 12,200 m ²
(Expansion area)		Buildings: around 3,034 m ² (casting: 1,274 m ² ; processing: 1,760 m ²)
(Number of die-casting machines) 14		* Three machines will be added by August 2014.
(Casting capacity) 900 t per month		* After the addition, casting capacity is expected to be 1,100t per month.

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



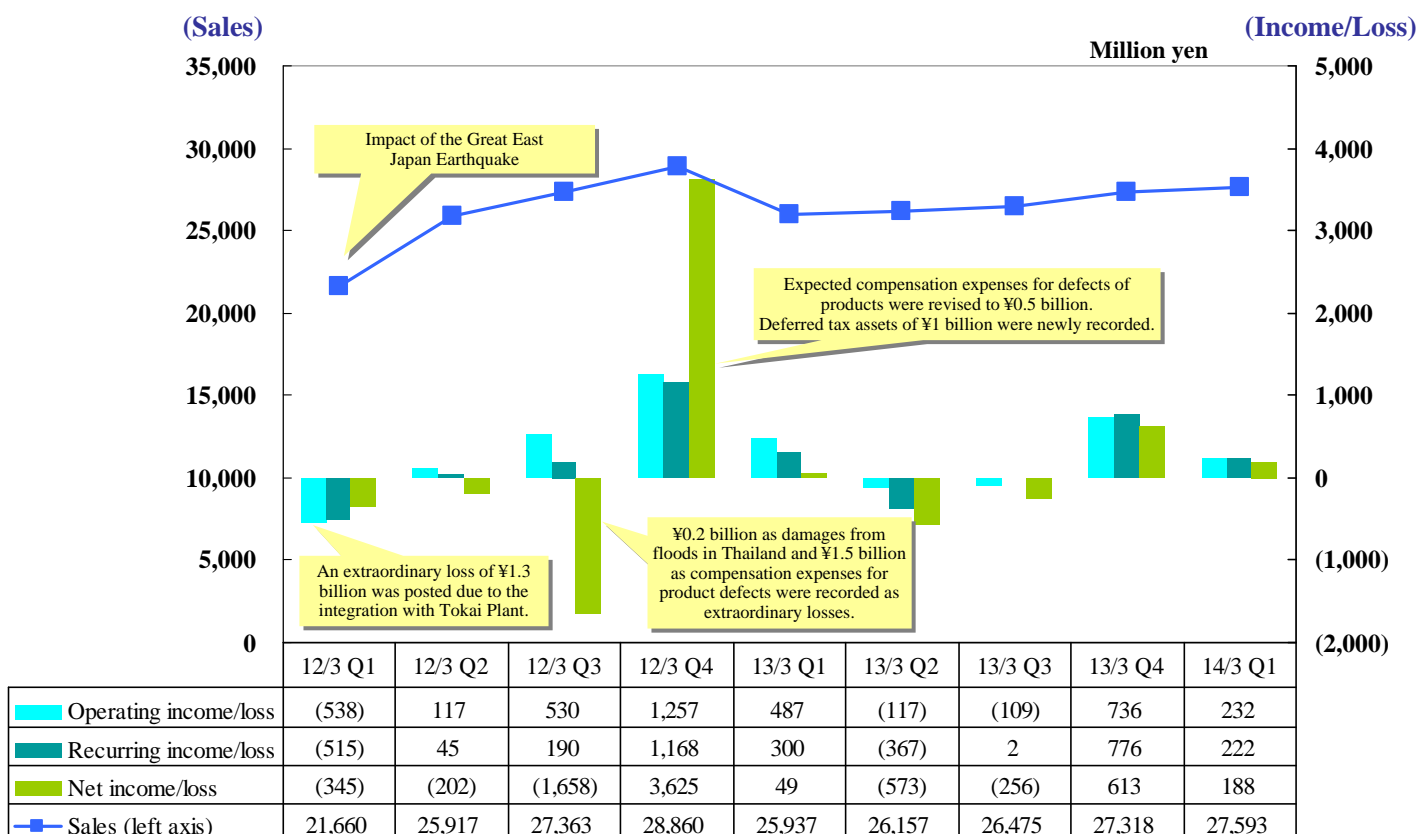
Key Results for First Quarter of the Fiscal Year Ending March 31, 2014

(Million yen)

	First quarter of year ended March 2013		First quarter of year ending March 2014		Change	
Sales	25,937	100%	27,593	100%	1,656	6.4%
Operating income	487	1.9%	232	0.8%	(255)	(52.3%)
Recurring income	300	1.2%	222	0.8%	(78)	(26.0%)
Net income	49	0.2%	188	0.7%	139	278.7%
EPS	2.31		8.75		6.44	

- ◆ Sales: Domestic sales declined, reflecting the effects of the termination of eco-car subsidies, 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 6.4% year on year, to ¥27.6 billion.
- ◆ Operating income: Despite the positive effects of a change in the depreciation method, operating income declined 52.3% year on year, to ¥230 million, primarily reflecting a decline in domestic sales.
- ◆ Recurring income: The main difference between the non-operating balance this fiscal year and the previous fiscal year is that foreign exchange gains of ¥144 million were posted as non-operating income this fiscal year, while foreign exchange losses of ¥55 million were posted as a non-operating expenses in the same quarter of the previous fiscal year. Recurring income stood at ¥220 million (down 26.0% year on year).
- ◆ Net income: The main reasons for the change are a change in extraordinary gains (losses) and a change in deferred income taxes associated with deferred tax accounting.

Overview of the (Quarterly) Consolidated Results



Die Casting Business

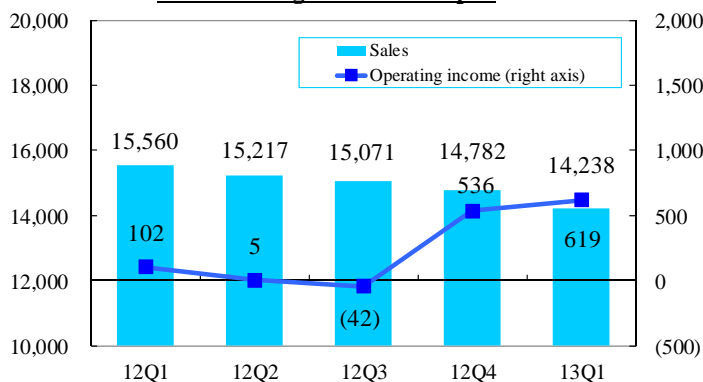
(Million yen)

		First quarter of year ended March 2013	First quarter of year ending March 2014	Change	
Japan	Sales	15,560 100%	14,238 100%	(1,322)	(8.5%)
	Segment income (loss)	102 0.7%	619 4.4%	517	506.9%
North America	Sales	5,336 100%	7,174 100%	1,838	34.5%
	Segment income (loss)	382 7.2%	73 1.0%	(309)	(80.9%)
Asia	Sales	3,918 100%	4,655 100%	737	18.8%
	Segment income (loss)	(2) (0.1%)	(355) (7.6%)	(353)	-

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

Die Casting in Japan

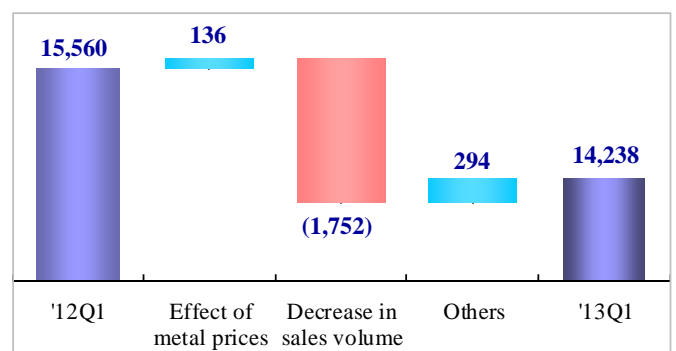
Changes in sales and segment income in Die Casting Business in Japan (Million yen)



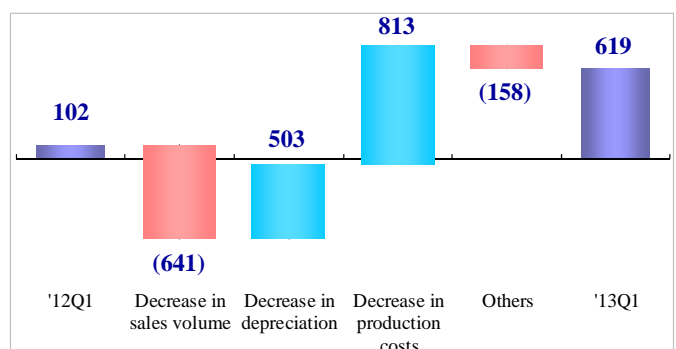
Sales totaled ¥14.2 billion (down 8.5% year on year). Despite strong sales of light vehicles and strong auto exports to North America, orders declined, chiefly due to the decline following the termination of eco-car subsidies.

Segment income was ¥600 million (up 507% year on year), 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 (Million yen)

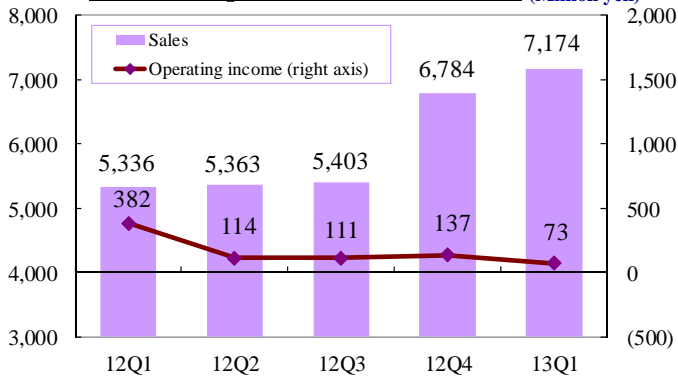


Factors of change in segment income (Million yen)



Die Casting in North America

Changes in sales and segment income in Die Casting Business in North America (Million yen)



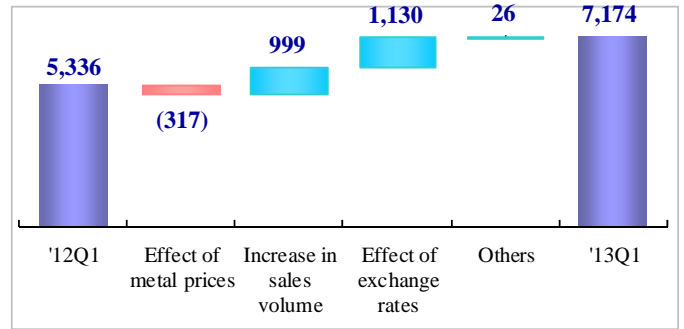
U.S.: Earnings were healthy due to an increase in orders associated with strong auto sales and the effects of the weakening yen.

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 in depreciation.

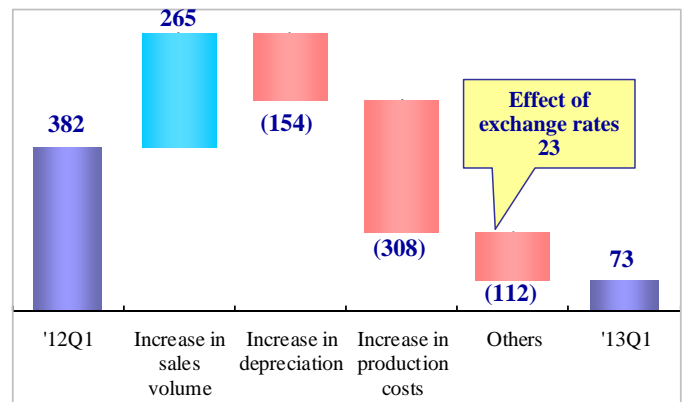
* U.S.: April – March
Mexico: January – December

Average exchange rate (12Q1 → 13Q1)
US dollar 80.39 → 97.93
Mexican peso (US\$) 79.23 → 91.06

Factors of change in die casting sales (Million yen)

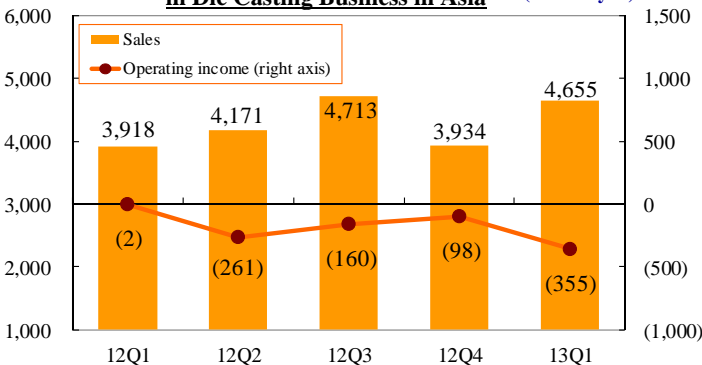


Factors of change in segment income (Million yen)



Die Casting in Asia

Changes in sales and segment income in Die Casting Business in Asia (Million yen)



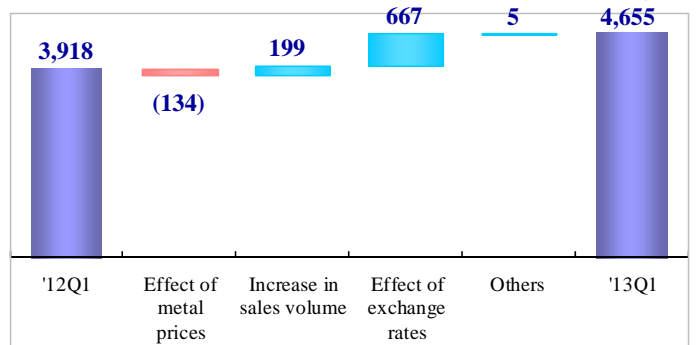
China: Although auto production failed to recover to the level it had attained before it started to decline as a result of the deteriorating relationship between Japan and China, sales remained flat except for the effect of exchange rates. Income declined, mainly due to increases in depreciation and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

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

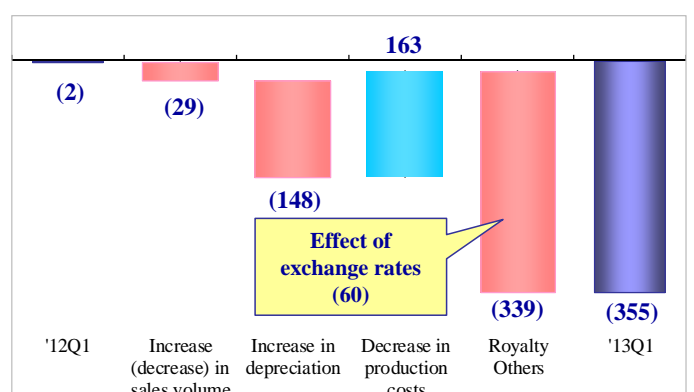
* China: January – December
India: April – March

Average exchange rate (12Q1 → 13Q1)
Chinese yuan 12.57 → 14.65
Indian rupee 1.49 → 1.75

Factors of change in die casting sales (Million yen)



Factors of change in segment income (Million yen)



Aluminum Business and Proprietary Products Business

(Million yen)

		First quarter of year ended March 2013	First quarter of year ending March 2014	Change
Aluminum Business	Sales	925 100%	1,109 100%	184 19.8%
	Segment income (loss)	20 2.2%	12 1.1%	(8) (40.6%)
Proprietary Products Business	Sales	195 100%	415 100%	220 112.5%
	Segment income (loss)	(34) (17.4%)	(13) (3.2%)	21 -

Aluminum Business:

Sales rose 19.8% year on year, chiefly attributable to a 10.6% 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 40.6% due to the effects of market conditions for raw materials.

Proprietary Products Business:

Sales more than doubled from a year earlier, given increased orders from semiconductor manufacturers, the Company's main customers, and orders from telecommunications companies for data centers. A loss of ¥13 million was recorded in this segment, largely due to the impact of escalating price competition, despite the rise in net sales.



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Overview of Results Balance Sheets

(Million yen)

	Fiscal year ended March 2013	First quarter of year ending March 2014	Change
Current assets	37,153	39,026	1,873
Cash and time deposits	6,087	5,819	(268)
Notes and accounts receivable	18,620	20,014	1,394
Inventories	9,417	9,986	569
Fixed assets	73,599	79,445	5,846
Tangible fixed assets	65,150	69,766	4,616
Total assets	110,752	118,472	7,720
Total liabilities	71,416	76,517	5,101
Notes and accounts payable	16,001	16,657	656
Long-term and short-term loans	38,662	41,652	2,990
Total net assets	39,335	41,955	2,620

- ◆ 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 exceed 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 the valuation of negotiable securities.



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Full-year forecast



Forecast for the Fiscal Year Ending March 31, 2014

(Million yen)

	Fiscal year ended March 2013		Initial forecast for year ending March 2014 (May 13)		Revised forecast for year ending March 2014 (August 8)		Change from the initial forecast	
Sales	105,887	100%	119,500	100%	122,300	100%	2,800	2.3%
Operating income	997	0.9%	2,250	1.9%	3,050	2.5%	800	35.6%
Recurring income	711	0.7%	1,500	1.3%	2,400	2.0%	900	60.0%
Net income	(167)	(0.2%)	2,750	2.3%	3,950	3.2%	1,200	43.6%
EPS	(7.76)		127.53		183.10		55.57	

- ◆ Sales: Domestic sales are expected to exceed the initial forecast thanks to production increases at main customers. Sales in North America and Asia are expected to be below the initial forecast in local currencies. Consolidated sales are, however, projected to exceed the initial forecast by ¥2.8 billion, reflecting an increase in sales in North America associated with a change in the exchange rate assumption.
 - ◆ Operating income: Despite a decrease in overseas sales in local currencies, operating income is expected to exceed the initial forecast by ¥0.8 billion due to a rise in domestic sales and more cuts in depreciation and costs than initially expected.
 - ◆ Net income: The forecast incorporates an extraordinary income around ¥2.2 billion in proceeds from the sale of land for the former Hamamatsu plant and around ¥0.8 billion from the partial sale of a negotiable securities investment.
- Exchange rate assumptions from the second quarter: ¥98/US dollar, ¥15.3/Chinese yuan, ¥1.75/Indian rupee
(Exchange rate assumptions for the initial forecast: ¥92/US dollar, ¥14.5/Chinese yuan, ¥1.7/Indian rupee)

Forecast for the Fiscal Year Ending March 31, 2014

(Million yen)

	Fiscal year ended March 2013	Initial forecast for year ending March 2014 (May 13)	Revised forecast for year ending March 2014 (August 8)	Change from the initial forecast	Percentage change from the initial forecast
Sales	105,887	119,500	122,300	2,800	4.3%
Die Casting in Japan	60,630	57,700	59,100	1,400	2.4%
Die Casting in North America	22,886	31,200	33,000	1,800	5.8%
Die Casting in Asia	16,736	24,700	23,900	(800)	(3.2%)
Aluminum	3,840	4,100	4,400	300	7.3%
Proprietary Products	1,793	1,800	1,900	100	5.6%
Operating income	997	2,250	3,050	800	35.6%
Die Casting in Japan	601	1,450	2,350	900	62.1%
Die Casting in North America	744	850	800	(50)	(5.9%)
Die Casting in Asia	(521)	(150)	(250)	(100)	—
Aluminum	50	50	100	50	100.0%
Proprietary Products	78	50	50	—	—
Eliminations and Corporate	45	0	0	0	—
Recurring income	711	1,500	2,400	900	60.0%
Net income	(167)	2,750	3,950	1,200	43.6%

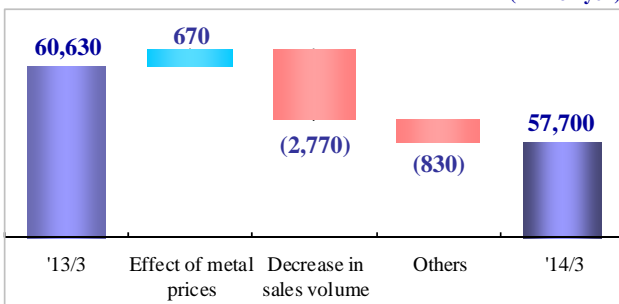


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Die Casting in Japan

Initial factors of change estimated for sales

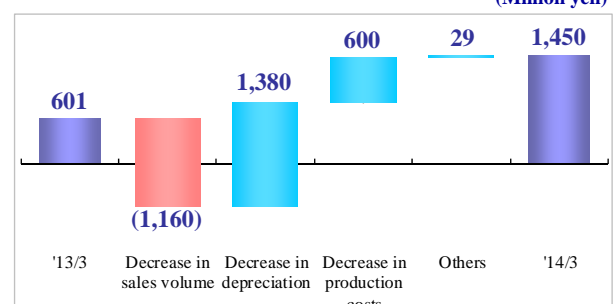
(Million yen)



Sales: The effect of a decrease in sales volume is expected to be reduced with a domestic production increase at major customers. Sales are forecast to exceed the initial forecast by ¥1.4 billion.

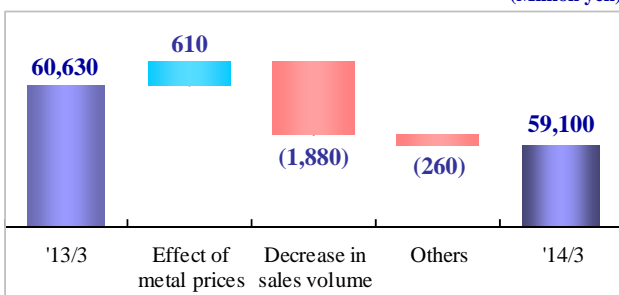
Initial factors of change estimated for segment income

(Million yen)



Revised factors of change estimated for sales (August 8)

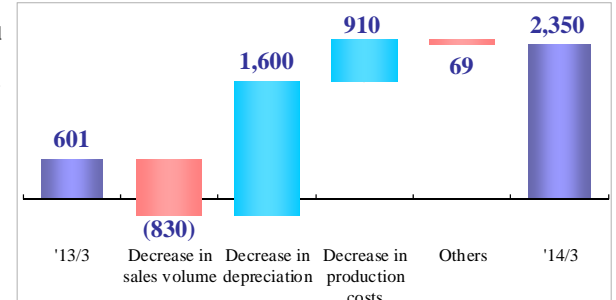
(Million yen)



Income: Income is projected to exceed the initial forecast due to a less severe decline in sales volume and less depreciation than initially expected.

Revised factors of change estimated for segment income (August 8)

(Million yen)



Change from the initial forecast (60) 890 570 1,400

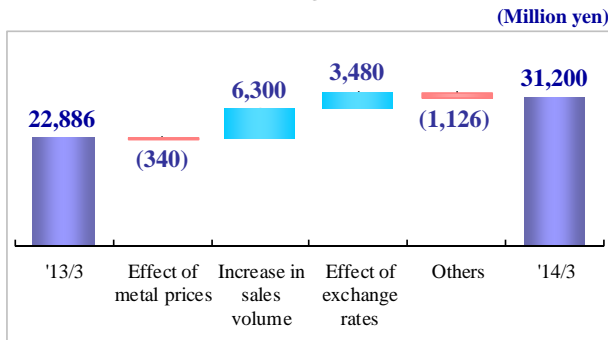
Change from the initial forecast 330 220 310 40 900



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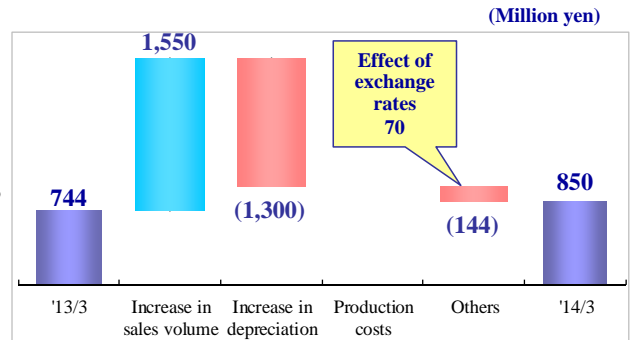
Die Casting in North America

Initial factors of change estimated for sales

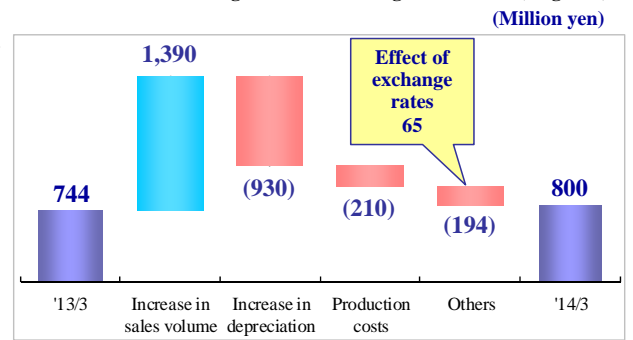


Sales: The sales increase due to an increase in sales volume is expected to be less than the initial forecast, but sales are forecast to exceed initial forecasts by ¥1.8 billion due to a change in the exchange rate assumption.

Initial factors of change estimated for segment income

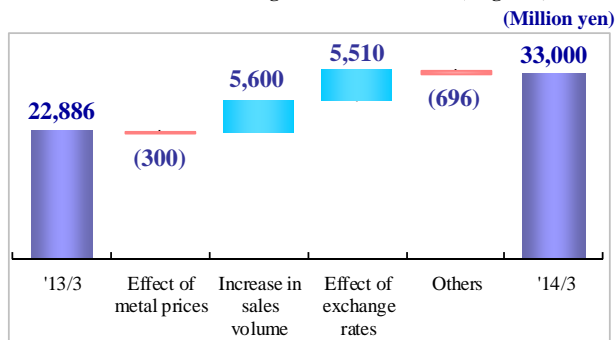


Revised factors of change estimated for segment income (August 8)



Income: Despite the positive effect of a decrease in depreciation, income is expected to be below the initial forecast, chiefly reflecting a lower-than-expected sales volume and an increase in labor costs.

Revised factors of change estimated for sales (August 8)

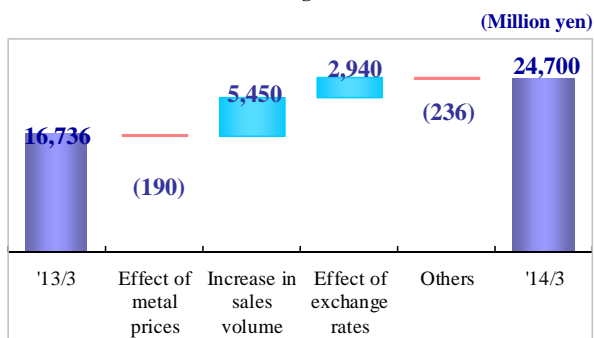


Change from the initial forecast 40 (700) 2,030 430 1,800

Change from the initial forecast (160) 370 (210) (50) (50)

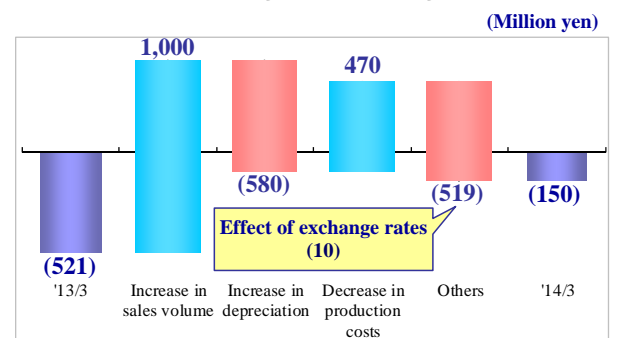
Die Casting in Asia

Initial factors of change estimated for sales



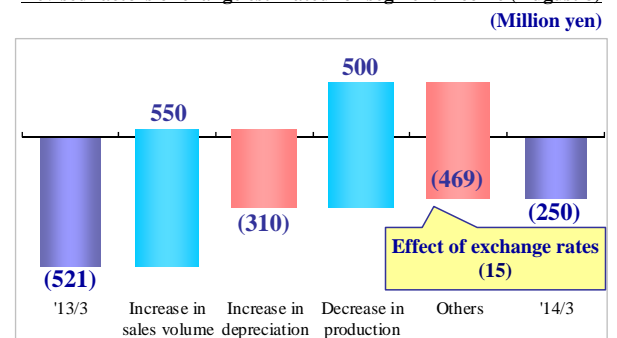
Sales: The rise in sales associated with an increase in sales volume is expected to be less than forecast, both in China and India. Sales are forecast to be ¥0.8 billion less than initial forecasts, even if the effect of a change in exchange rate assumptions is taken into consideration.

Initial factors of change estimated for segment income

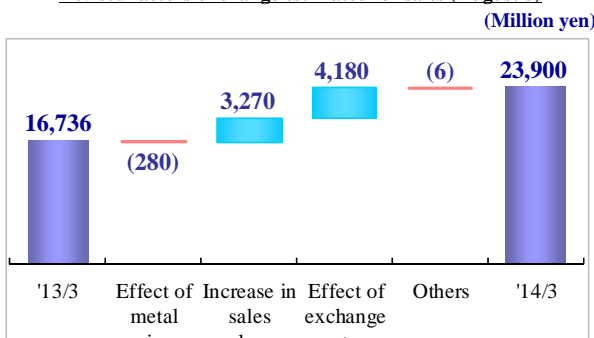


Income: Depreciation and production costs are expected to be less than the initial forecast. However, segment income is forecast to be below initial forecasts, mainly due to a lower-than-expected sales volume.

Revised factors of change estimated for segment income (August 8)



Revised factors of change estimated for sales (August 8)



Change from the initial forecast (90) (2,180) 1,240 230 (800)

Change from the initial forecast (450) 270 30 50 (100)

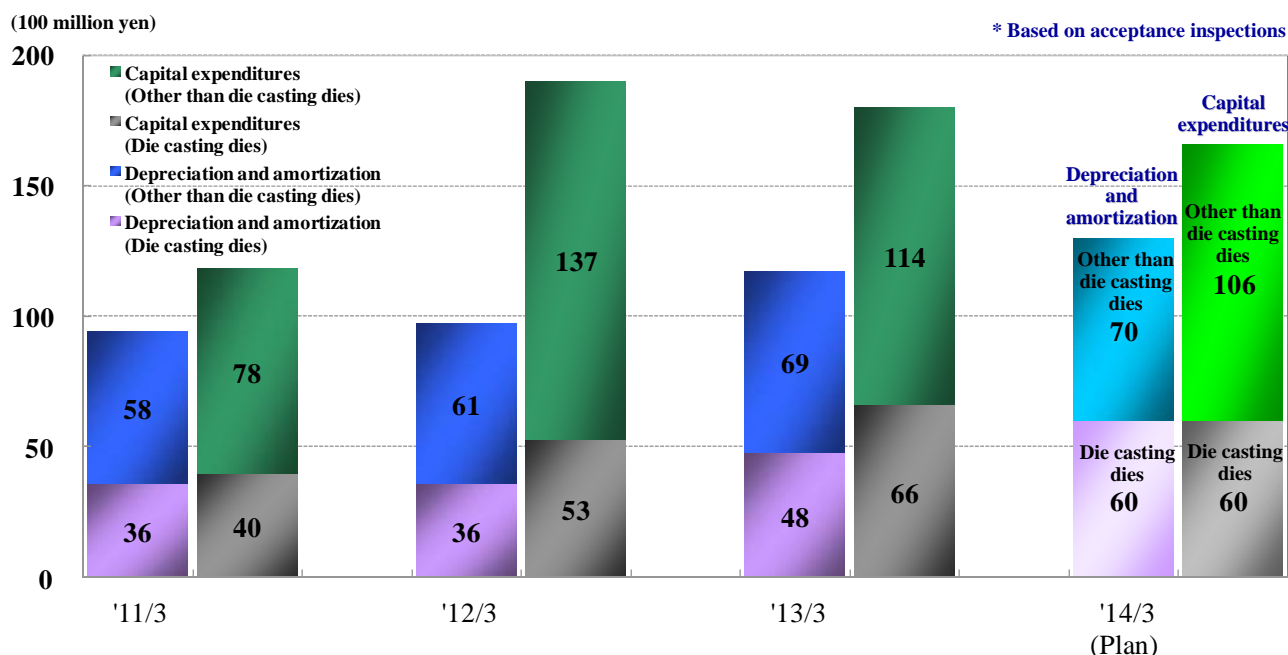
Dividends

(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%

- ◆ We decided not to pay dividends at the end of the fiscal year ended March 31, 2013, given our earnings results for the full year.
- ◆ Regarding dividends for the fiscal year ending March 31, 2014, we are estimating a payout of ¥14 after considering earnings results and commemorative dividends.
(The interim dividend includes a commemorative dividend of ¥5 for 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



* 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 ¥800 million compared with the method used thus far.

Reference : Medium-Term Strategy (Fiscal 2013 - 2015)



Looking Back at the 1012 Medium-Term Strategy

FY2010 - 2012 Medium-Term Strategy

Category	Items implemented	Result	Note
Enhance quality foundation of Manufacturing	Measures aimed at enhancing management technology and traditional technology and getting to the source of an issue in order to pursue the truth behind defects in quality	△	A certain level of results was achieved in terms of quality system/degree of customer satisfaction/improved productivity; further improvement is needed
Develop professional human resources	Rebuilding and implementation of specialized education based on division and the level of ability, cultivating management experts as well as spreading and establishing the concept of Ahresty's Way	○	Completed setting up a foundation for a specialized education structure and implemented education of human resources
Construction, development and knowledge of a global management system	Set up and make global work standards, technological standards and making them common knowledge	○	Made progress in strengthening the foundation of management/sales/production functions centered on setting up global standards
Risk management	BCM (Business Continuity Management), BCP (Business Continuity Plan)	○	Built BCM, devised BCP and promoted

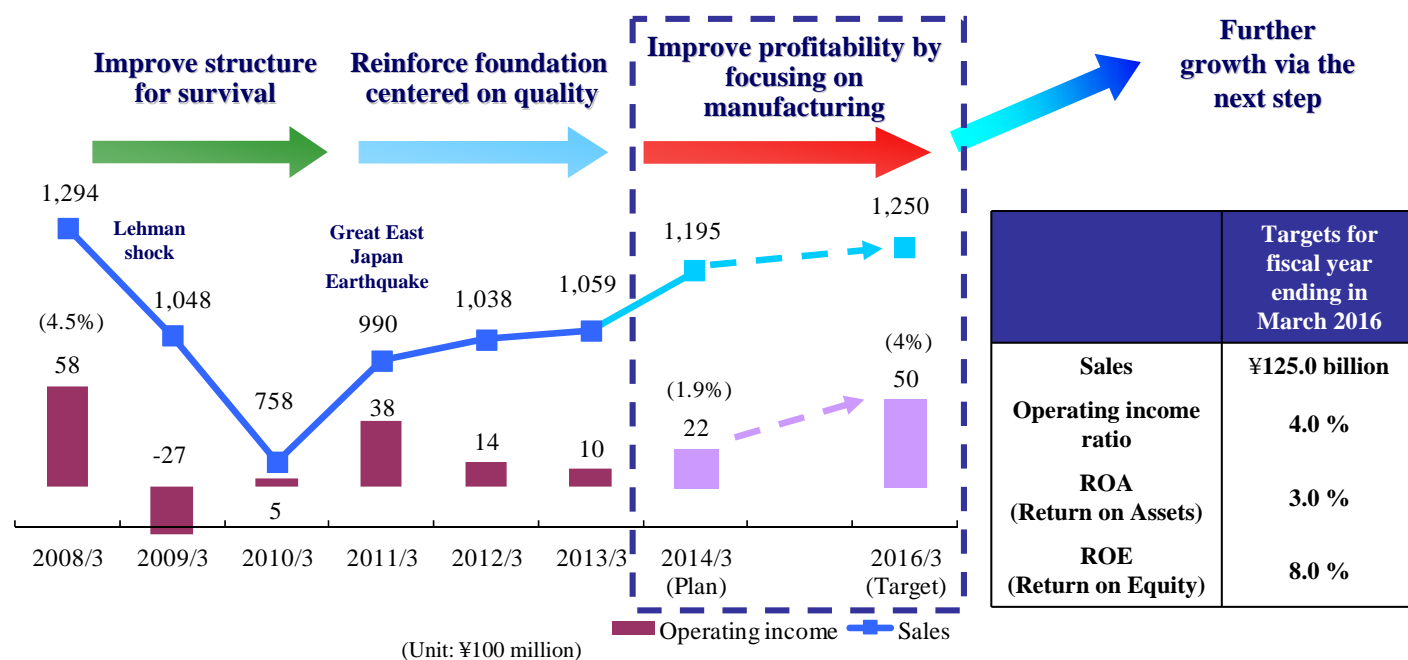
Challenges going forward: Establish an efficient production structure in further pursuit of manufacturing in anticipation of an environment in which there will be stronger global demand and weakening domestic demand

1315 Medium-Term Strategy

FY2013 - 2015 Medium-Term Management Strategy

Category	Items for implementation
Pursuit and sharing of the best MONOZUKURI (manufacturing)	Rebuild manufacturing that integrates actual sites with design; realize identical quality/productivity at all locations; implement measures aimed at improving productivity, etc.
Development of technologies utilized on the MONOZUKURI shop-floor	Implement measures based on a technological road map in to thoroughly investigate manufacturing; implement measures aimed at cultivating markets other than the powertrain
Development of human resources supporting MONOZUKURI	Cultivate people with skills backed by practical experience; implement measures that cultivated technologists who can take action based on the principle of five <i>gens</i> (<i>genba</i> for on site, <i>genbutsu</i> for actual thing, <i>genjitsu</i> for reality, <i>genri</i> for theory and <i>gensoku</i> for rule)
Pursuit of healthy profits	Realize sustainable corporate growth through improved profitability and develop in growth markets; realize work efficiency as well as a processing facility concept with high investment efficiency; implement measures aimed at improving the level of earnings management through the visualization of costs related to processes and divisions

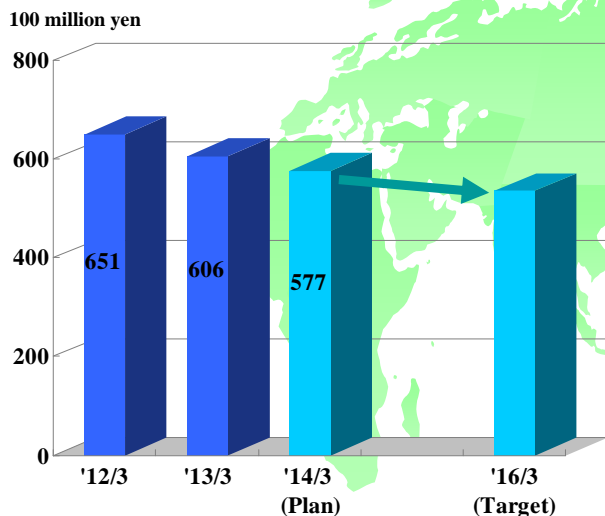
Numerical targets for the Fiscal Year ending in March 2016



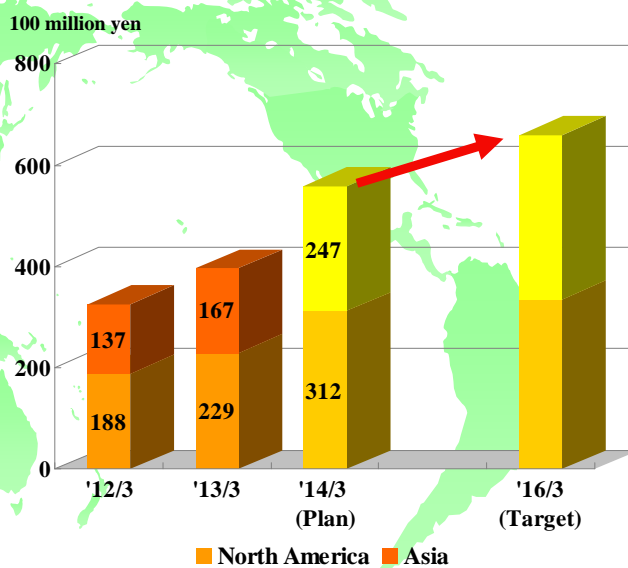
- ✓ Expand the overseas die casting business centered on China, North America, by responding to stronger global demand
- ✓ Establish an efficient production structure in anticipation of weaker domestic demand
- ✓ Promote the 1315 Medium-Term Strategy with focus on manufacturing

Trends in Die Casting Business Sales

Die Casting Sales (Japan)



Die Casting Sales (Overseas)



- Japan: Domestic demand in heading toward a weakening over the medium term. Secure a certain level of profits by establishing a production structure that matches demand.
- North America: Respond to stronger demand while maintaining healthy earnings levels in the United States; improve productivity in Mexico while restraining investment and expanding sales.
- Asia/India: Realize profitability at Hefei Ahresty in China and respond to stronger demand by improving productivity and restraining investment.

New 10-Year Vision

Global Top Die Casting Company

"Pursue and Advance MONOZUKURI"

Pursuit and sharing of the best MONOZUKURI

Development of technologies utilized on the MONOZUKURI shop-floor

Pursuit of healthy profits

Development of human resources supporting MONOZUKURI



Casting Our Eyes
on the Future

Ahresty Corporation

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



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This document and what has been said in the results briefing include forecasts that the Company has made based on data available when the document was prepared.
Actual results could be different from the forecasts for a range of reasons.