

Ahresty Corporation

Results Briefing for the First Quarter of the Year Ending March 31, 2015



August 27, 2014

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.

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TOPICS

■ 2013

- August** Expansion work is completed at Ahresty Wilmington
Hefei Ahresty begins delivering mass-produced engine blocks to Dongfeng Motor Company Limited
- September** Expansion work is completed at Hefei Ahresty
Ahresty India begins expansion work
- October** Guangzhou Ahresty begins the second phase of plant construction on an adjacent site
The head office is relocated to Toyohashi City, Aichi

■ 2014

- March** The company moves to the First Section of the Tokyo Stock Exchange
- April** Ahresty Mexicana begins floor expansion work of the casting plant
- June** Guangzhou Ahresty begins delivering mass-produced products to the Volkswagen Group
- July** Expansion work is completed at Ahresty India

Future plans

- September** Guangzhou Ahresty plans to complete the second phase of plant construction on an adjacent site
Ahresty Mexicana plans to complete the floor expansion work of the casting plant

Completion of Expansion Work at Ahresty India

Ahresty India Private Limited

■ Plant expansion work

Began in September 2013

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.

At the time of completion of expansion work

(Plant area) Land: 58,500 m² Buildings: around 15,234 m²

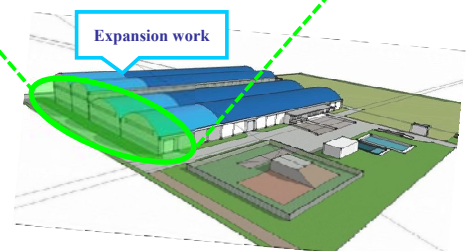
* Of these areas, those expanded: Buildings: around 3,034 m²
(casting: 1,274m²; processing: 1,760m²)

(Number of die-casting machines) 15 * Three machines are expected to be added by June 2015.

(Casting capacity) 900 t per month * After the addition, casting capacity is expected to be 1,140 t per month.



Exterior of the plant
after the 5th expansion work (part)



Overview of results for the first quarter of the fiscal year ending March 31, 2015



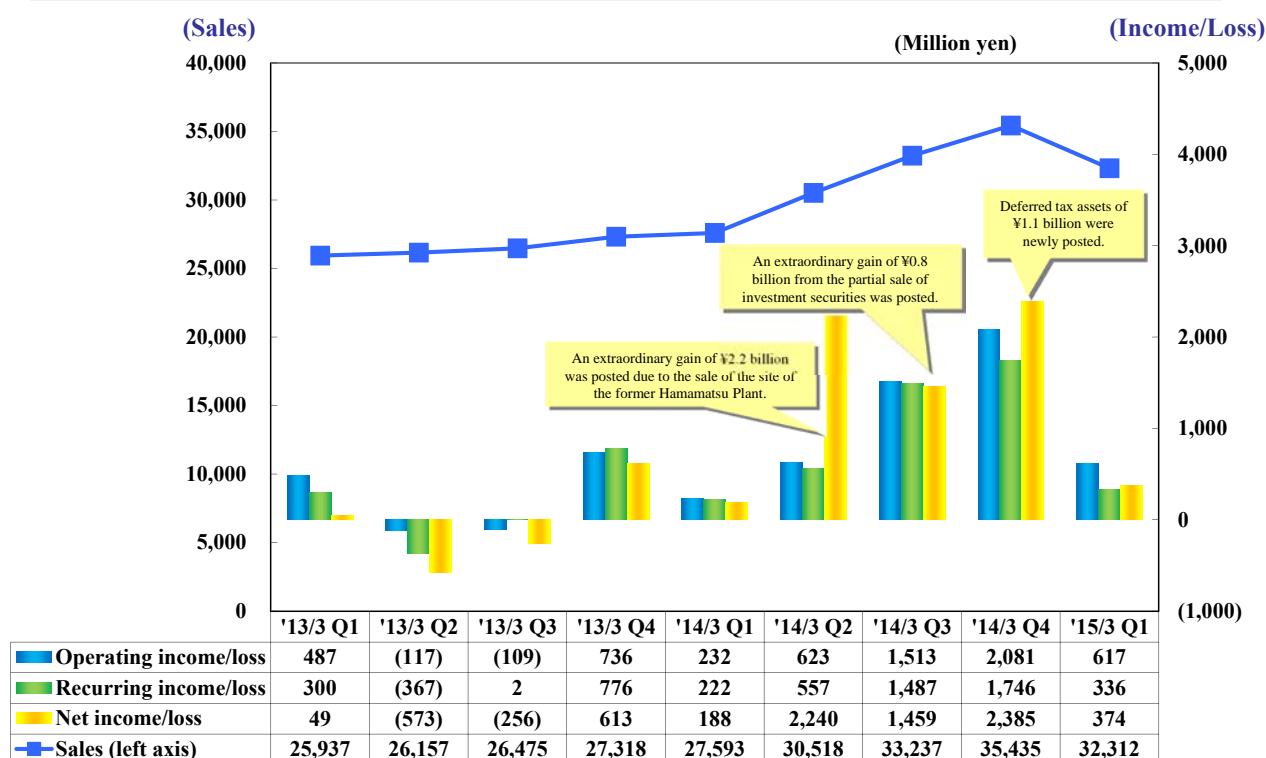
Key Results for First Quarter of the Fiscal Year Ending March 31, 2015

(Million yen)

	First quarter of year ended March 2014		First quarter of year ending March 2015		Change	
Sales	27,593	100%	32,312	100%	4,719	17.1%
Operating income	232	0.8%	617	1.9%	385	165.9%
Recurring income	222	0.8%	336	1.0%	114	51.4%
Net income	188	0.7%	374	1.2%	186	98.6%
EPS	8.75		14.52		5.77	

- ◆ **Sales:** Domestic sales increased, primarily reflecting the effect of metal prices, as the volume of orders stayed the same as the year-ago level despite the adverse effect of the reaction to the consumption tax hike. Meanwhile, overseas sales increased with a rise in orders and the effect of exchange rates. Overall, sales rose 17.1% year on year, to ¥32.3 billion.
- ◆ **Operating income:** Operating income rose 165.9% year on year, to ¥617 million, chiefly due to the effect of the improved profitability of Die Casting Business in Asia.
- ◆ **Recurring income:** Recurring income increased 51.4% year on year, to ¥336 million. A foreign exchange currency loss of ¥80 million was recorded, while a foreign currency exchange gain of ¥144 million was posted as non-operating income a year ago.
- ◆ **Net income:** The main reasons for the change are an increase in recurring income and the posting of deferred tax assets at some subsidiaries.

Overview of the (Quarterly) Consolidated Results



Die Casting Business

(Million yen)

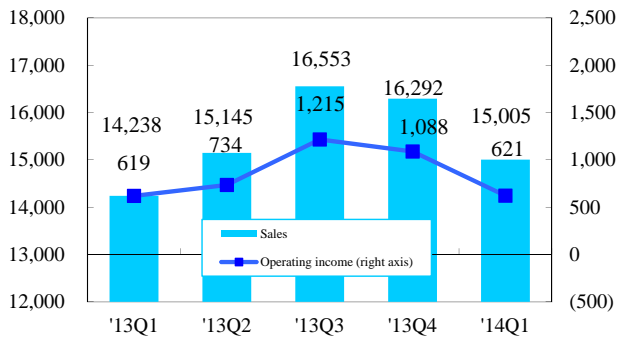
		First quarter of year ended March 2014	First quarter of year ending March 2015	Change	
Japan	Sales	14,238 100%	15,005 100%	767	5.4%
	Segment income (loss)	619 4.4%	621 4.1%	2	0.3%
North America	Sales	7,174 100%	9,486 100%	2,312	32.2%
	Segment income (loss)	73 1.0%	(43) (4.5%)	(116)	—
Asia	Sales	4,655 100%	6,199 100%	1,544	33.2%
	Segment income (loss)	(355) (7.6%)	58 0.9%	413	—

The overseas sales ratio in the Die Casting Business: Fiscal year ended March 2014: 48.3% ⇒ Q1 of fiscal year ended March 2015: 51.1%

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

Die Casting in Japan

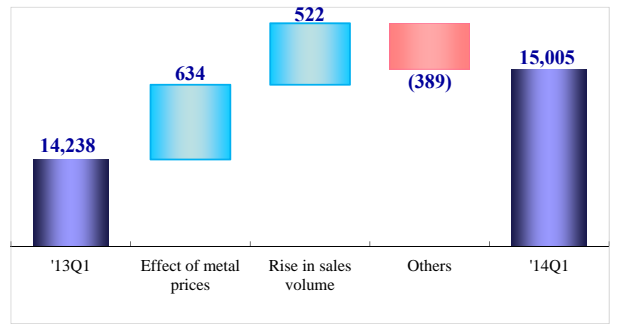
Changes in sales and segment income in Die Casting Business in Japan (Million yen)



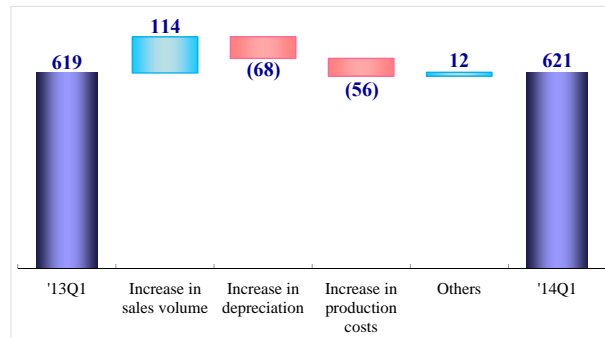
Sales rose year on year with the effect of metal prices, which offset a fall in demand (from the most recent quarter) as a reaction to the consumption tax hike.

Segment income remained flat from a year ago, mainly due to an increase in sales volume and a rise in depreciation.

Factors of change in die casting sales (Million yen)

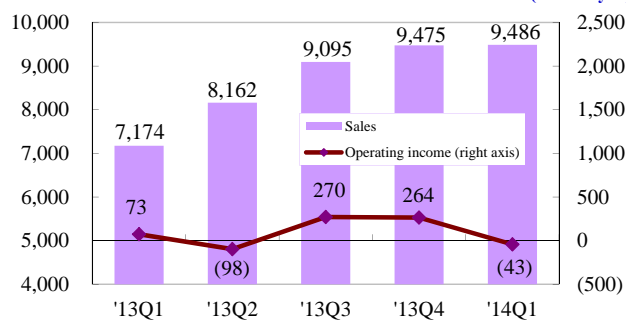


Factors of change in segment income (Million yen)



Die Casting in North America

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



U.S.: Although sales rose, reflecting an increase in orders associated with strong auto sales and the effects of the weakening yen, income declined due to a delay in the response associated with the production hike.

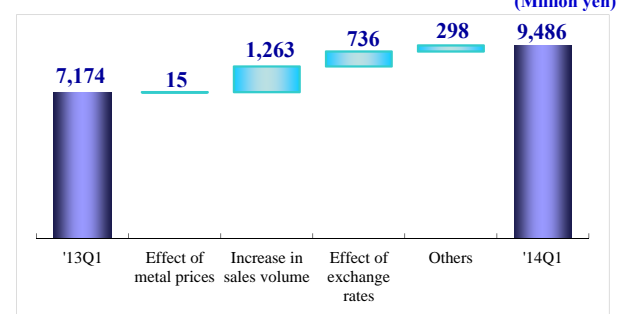
Mexico: Sales increased with a rise in orders and the effect of exchange rates. Income increased on improved manufacturing costs.

Earnings deteriorated in North America. At the moment, project activities, which were initiated to improve earnings in the United States, are in progress.

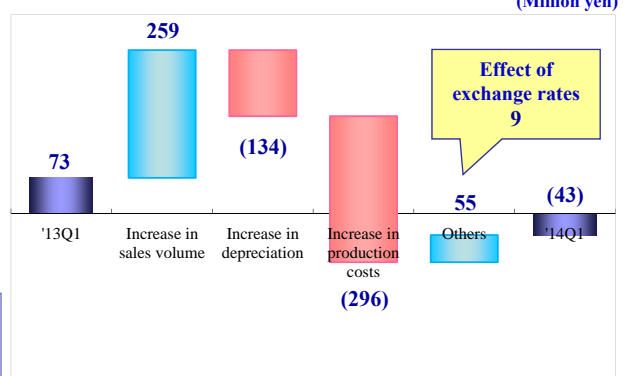
* U.S.: April – March
Mexico: January – December

Average exchange rate ('13Q1 → '14Q1)
US dollar 97.93 → 102.12
Mexican peso (US\$) 91.06 → 103.27

Factors of change in die casting sales (Million yen)

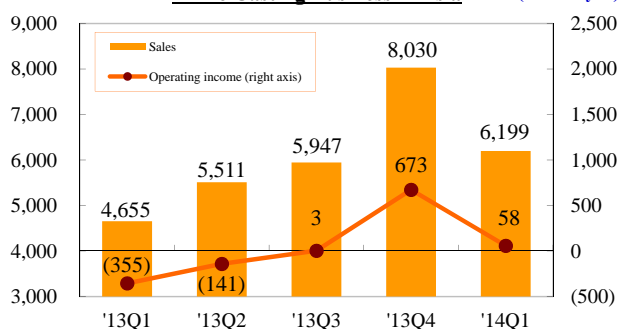


Factors of change in segment income (Million yen)



Die Casting in Asia

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



China: Sales rose year on year, despite a decline from the most recent quarter, as auto production was recovering to the level it had attained before it started to decline as a result of the deteriorating relationship between Japan and China. Hefei Ahresty in the fourth year of operation continued to post profitability since the fourth quarter of the previous fiscal year. Income increased year on year due to the effect of manufacturing cost savings.

India: Sales were below initial forecasts and declined year on year. Income deteriorated slightly from a year ago chiefly due to the effect of lower sales.

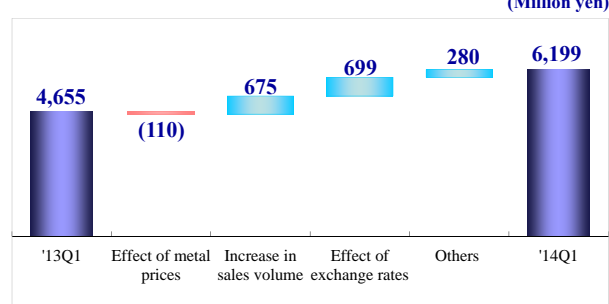
Earnings improved in Asia.

* China: January – December

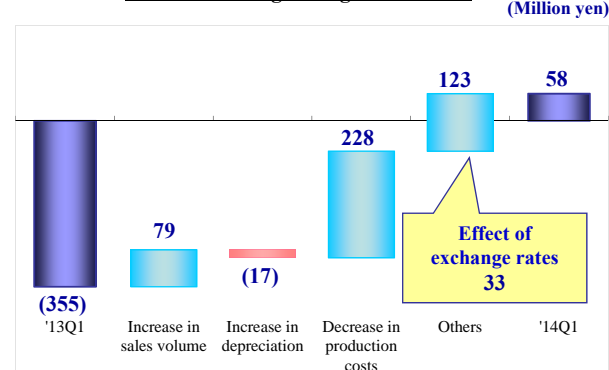
India: April – March

Average exchange rate ('13Q1 → '14Q1)
Chinese yuan 14.65 → 16.92
Indian rupee 1.75 → 1.71

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 2014	First quarter of year ending March 2015	Change	
Aluminum Business	Sales	1,109 100%	1,129 100%	20	1.8%
	Segment income (loss)	12 1.1%	0 0.0%	(12)	–
Proprietary Products Business	Sales	415 100%	491 100%	76	18.2%
	Segment income (loss)	(13) (3.2%)	(19) (3.9%)	(6)	–

Aluminum Business:

Sales rose 1.8% year on year on a rise in sales unit prices although orders declined 3.8% year on year. The segment loss was ¥0 million mainly due to the effect of rising raw materials prices.

Proprietary Products Business:

Sales climbed 18.2% from a year earlier, given increased orders from semiconductor manufacturers, the Company's main customers, and orders from telecommunications companies for data centers. However, the segment loss was ¥19 million, primarily due to the effect of price competition.

Overview of Results Balance Sheets

(Million yen)

	Fiscal year ended March 2014	First quarter of year ending March 2015	Change
Current assets	48,920	45,885	(3,035)
Cash and time deposits	8,791	6,113	(2,678)
Notes and accounts receivable	25,924	24,251	(1,673)
Inventories	10,536	11,458	922
Fixed assets	88,313	87,777	(536)
Tangible fixed assets	78,208	77,624	(584)
Total assets	137,233	133,663	(3,570)
Total liabilities	82,641	80,096	(2,545)
Notes and accounts payable	19,714	19,184	(530)
Long-term and short-term loans	43,014	40,458	(2,556)
Total net assets	54,592	53,566	(1,026)

- ◆ Exchange rate effects accounted for around 70% of the change in total assets.
- ◆ Cash and time deposits, which increased temporarily due to the capital increase, declined.
- ◆ Notes and accounts receivable declined due to a fall in sales at Guangzhou Ahresty and the effect of exchange rates.
- ◆ Tangible fixed assets declined due to the effect of exchange rates.
- ◆ Loans declined due to the effect of exchange rates and repayment.
- ◆ Net assets decreased due to a fall in foreign currency translation adjustment, despite a rise in shareholders' equity.



[Reference: Presentation file of May 29, 2014]
Full-year forecast



Forecast for the Fiscal Year Ending March 31, 2015

(Million yen)

	Fiscal year ended March 2014		Forecast for year ending March 2015		Change	
Sales	126,783	100%	135,300	100%	8,517	6.7%
Operating income	4,449	3.5%	4,800	3.5%	351	7.9%
Recurring income	4,012	3.2%	4,000	3.0%	(12)	(0.3%)
Net income	6,272	4.9%	2,500	1.8%	(3,772)	(60.1%)
EPS	287.10		96.81		(190.29)	

- ◆ **Sales:** Domestic sales are expected to increase in the full year, despite a concern about a reactionary fall to the last-minute demand increase before the consumption tax hike in the previous fiscal year. Overseas sales are expected to rise in both Asia and North America. Consolidated sales are thus projected to increase ¥8.5 billion year on year.
 - ◆ **Operating income:** Although operating income is expected to decline in Japan due to an increase in depreciation, despite the positive effect of higher revenue, income is likely to improve in Asia and North America. As a result, consolidated operating income is expected to rise ¥350 million year on year.
 - ◆ **Recurring income:** Recurring income is projected to be on par with a year-ago level as foreign currency exchange gain (¥470 million in the previous fiscal year) is not anticipated.
 - ◆ **Net income:** The projection of net income is based on the effective tax rate on income before taxes, without taking into account extraordinary gains and losses.
- Exchange rate assumptions (full-year average): ¥100.00/US dollar, ¥16.5/Chinese yuan, ¥1.65/Indian rupee

Forecast for the Fiscal Year Ending March 31, 2015

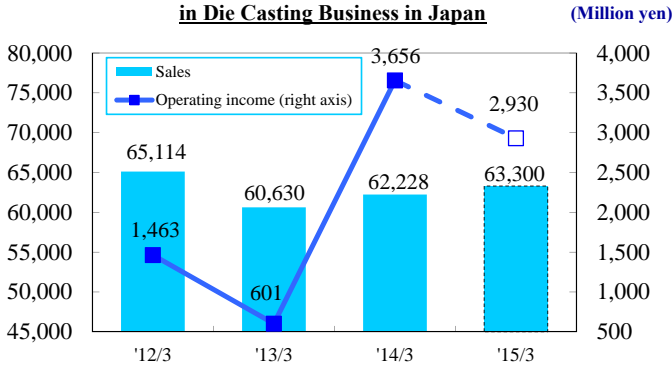
(Million yen)

	Fiscal year ended March 2014	Forecast for year ending March 2015	Change	Percentage change
Sales	126,783	135,300	8,517	6.7%
Die Casting in Japan	62,228	63,300	1,072	1.7%
Die Casting in North America	33,906	36,400	2,494	7.4%
Die Casting in Asia	24,143	29,300	5,157	21.4%
Aluminum	4,657	4,700	43	0.9%
Proprietary Products	1,848	1,600	(248)	(13.4%)
Operating income	4,449	4,800	351	7.9%
Die Casting in Japan	3,656	2,930	(726)	(19.9%)
Die Casting in North America	509	850	341	67.0%
Die Casting in Asia	180	950	770	427.8%
Aluminum	(6)	50	56	—
Proprietary Products	66	20	(46)	(69.7%)
Eliminations and Corporate	43	—	(43)	(100.0%)
Recurring income	4,012	4,000	(12)	(0.3%)
Net income	6,272	2,500	(3,772)	(60.1%)

The overseas sales ratio in the Die Casting Business: Fiscal year ended March 2014: 48.3% ⇨ Fiscal year ended March 2015: 50.9%

Die Casting in Japan

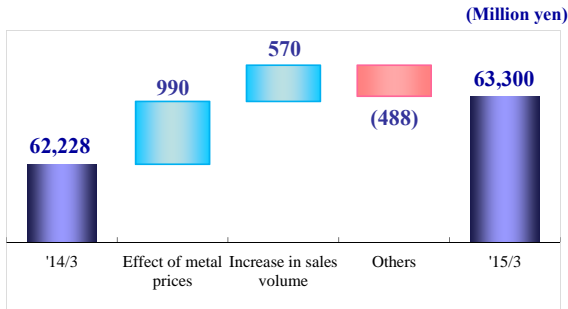
Changes in sales and segment income in Die Casting Business in Japan



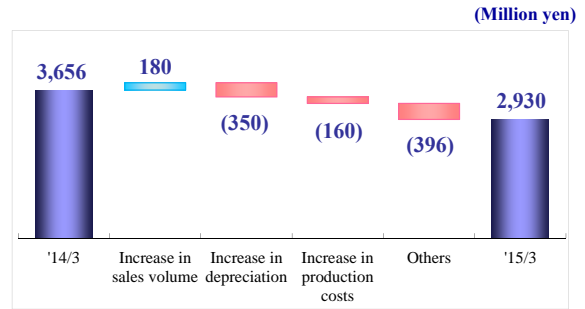
Sales: Sales are expected to increase in the full year, partly due to recovery from the second quarter and the effect of metal prices, despite a concern about a reactionary fall to the last-minute demand increase before the consumption tax hike in the previous fiscal year.

Income: Income is projected to decline, given an increase in depreciation, a rise in labor costs, and a smaller income in die casting dies, costs of which are recovered with payment in installments, despite expected higher sales.

Factors of change estimated for sales

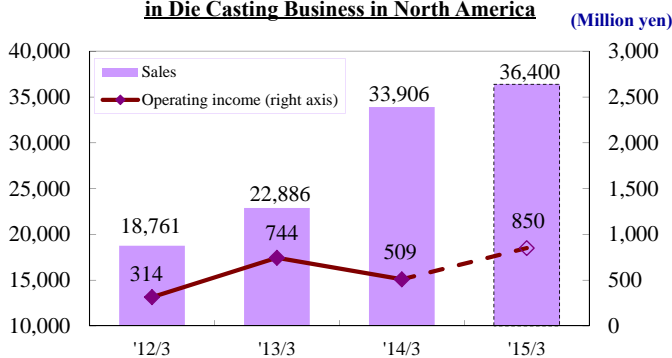


Factors of change estimated for segment income



Die Casting in North America

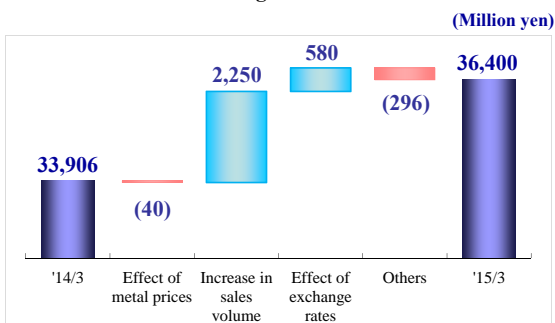
Changes in sales and segment income in Die Casting Business in North America



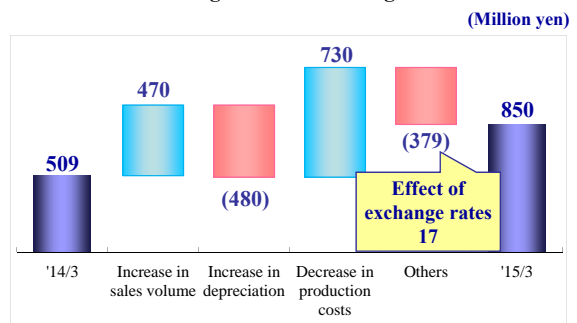
Sales: Sales are projected to increase, although growth will be slower than in the previous fiscal year.

Income: Income is expected to increase due to improvement in manufacturing costs, despite a rise in depreciation.

Factors of change estimated for sales

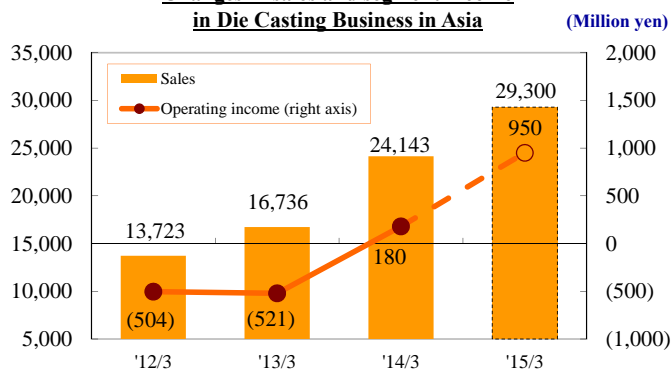


Factors of change estimated for segment income



Die Casting in Asia

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

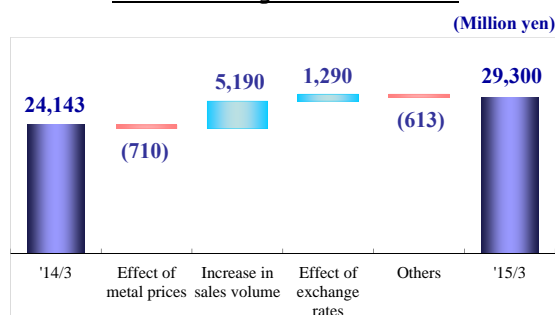


Sales: Sales are likely to increase steadily in both China and India, chiefly thanks to the launch of new products and a production hike.

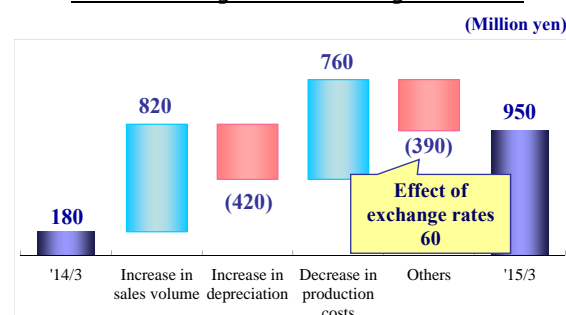
Income: Income is expected to rise in Guangzhou Ahresty due to the effect of higher sales and the reduction of manufacturing costs. Hefei Ahresty is also expected to move into the black as sales are increasing steadily. The loss in India is projected to contract as income will improve mainly due to the effect of higher sales.

Profitability is expected to improve significantly in Asia.

Factors of change estimated for sales



Factors of change estimated for segment income



Dividends

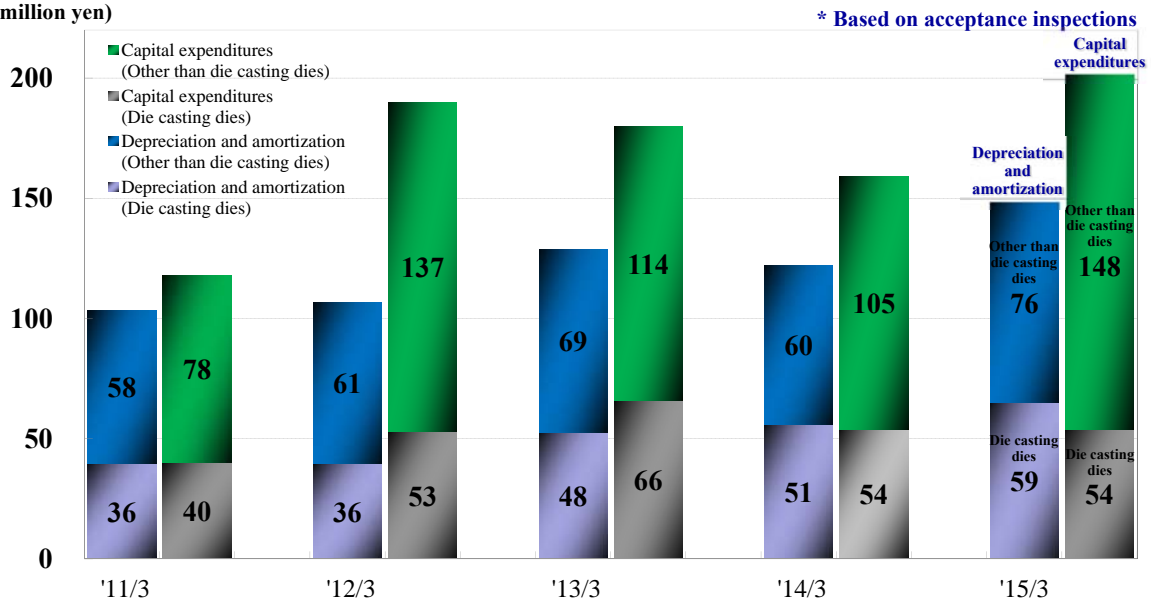
(Yen)	FY ended March 2011	FY ended March 2012	FY ended March 2013	FY ended March 2014	FY ending March 2015 Plan
Dividend per share					
(Annual dividend)	12	6	3	14	12
Interim dividend	6	3	3	8	6
Year-end dividend	6	3	—	6	6
Net income (loss) per share (consolidated)	68.80	65.87	(7.76)	287.10	96.81
Payout ratio (consolidated)	17.4%	9.1%	—	4.9%	12.4%

- ◆ Regarding dividends for the fiscal year ended March 31, 2014, we have decided a payout of ¥14 after considering earnings results and commemorative dividends.
(We paid an interim dividend of ¥8, inclusive of ¥5 in commemoration of our 75th anniversary.)
- ◆ For dividends at the end of the fiscal year ending March 2015, we are estimating a payout of ¥12 for the full year after considering earnings results.
- ◆ Will allocate management resources for future growth, while considering the payout ratio.

Trends of Capital Expenditures and Depreciation and Amortization

◆ Capital investment is planned in order to expand the capacity of the overseas die casting business.

(100 million yen)



* Capital investment: 40% more than in the previous fiscal year is planned (for other than die casting dies) mainly to expand the capacity at die casting bases overseas. Investment in die casting dies will be on par with the year-ago level.



[Reference: Presentation file of May 29, 2014]
Medium-Term Targets
(Fiscal Year Ending in March 2017)

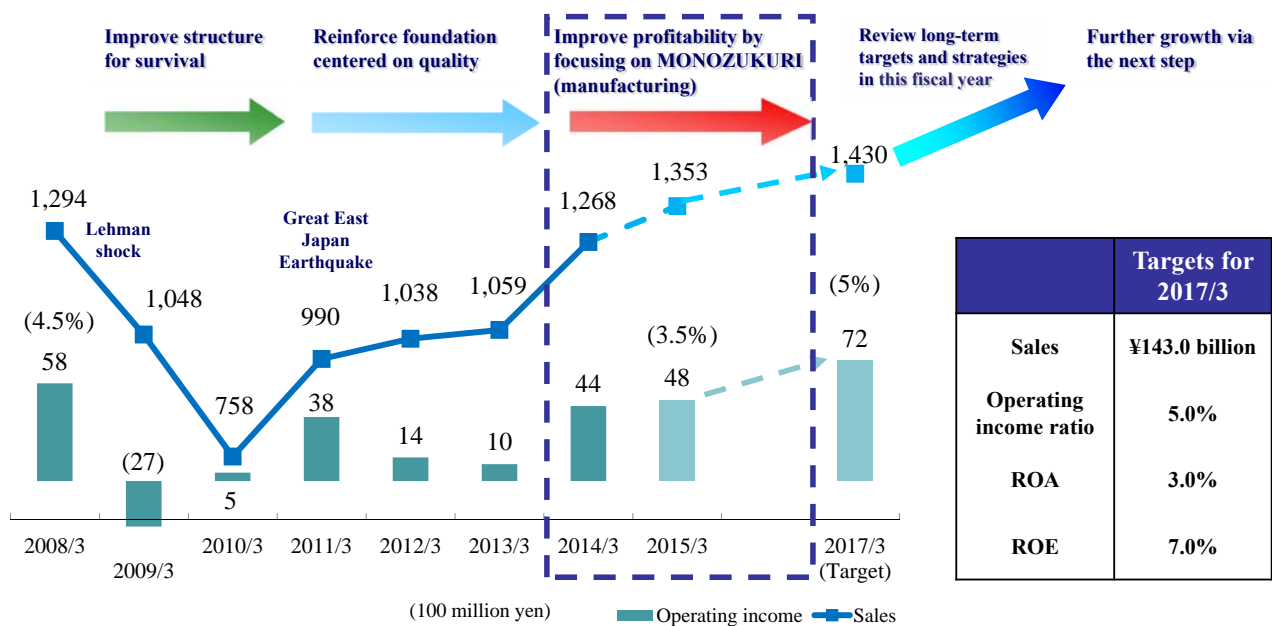


Numerical Targets for the Fiscal Year Ending in March 2017

	Existing targets (Fiscal year ending in March 2016)	Actual results in fiscal year ended in March 2014	Assessment	New targets (Fiscal year ending in March 2017)
Sales	¥125.0 billion	¥126.7 billion	○	¥143.0 billion
Operating income ratio	4.0%	3.5%	△	5.0%
ROA (Return on Assets)	3.0%	5.1% (2.5%)	△	3.0%
ROE (Return on Equity)	8.0%	13.4% (6.7%)	△	7.0%

Note: The figures in parentheses are values excluding gains on sales of the site of the former Hamamatsu Plant and gains on sales of investment securities.

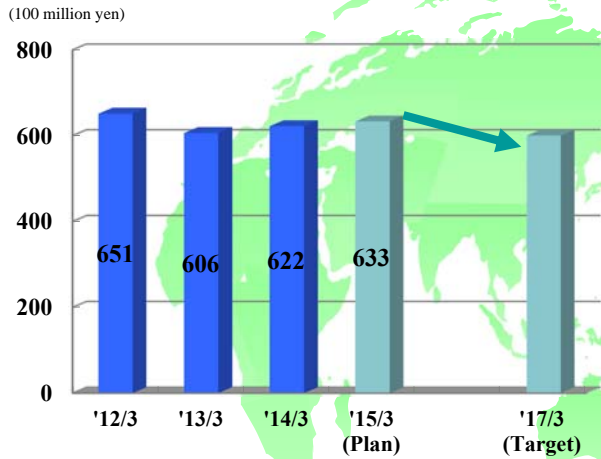
Numerical Targets for the Fiscal Year Ending in March 2017



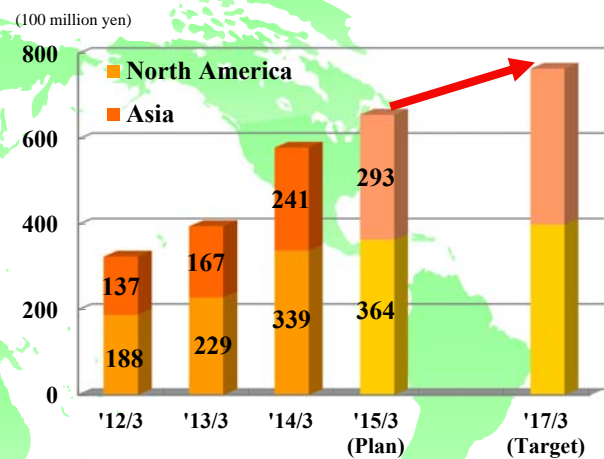
- ✓ Expand the overseas die casting business centered on China and North America, by responding to stronger global demand
- ✓ Promote the 1315 Medium-Term Strategy with focus on MONOZUKURI (manufacturing)

Trends in Die Casting Business Sales

Die Casting Sales (Japan)



Die Casting Sales (Overseas)



- Japan: Domestic demand is due to decrease in the medium and long terms, but to achieve a certain level of sales and income through proactive sales activities.
- North America: Increase profitability by investing in capacity expansion to respond to higher demand.
- Asia: Strive to move into the black in India by improving productivity; and increase profitability in China by responding to expanding demand.



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.