

Ahresty Corporation

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



November 27, 2014

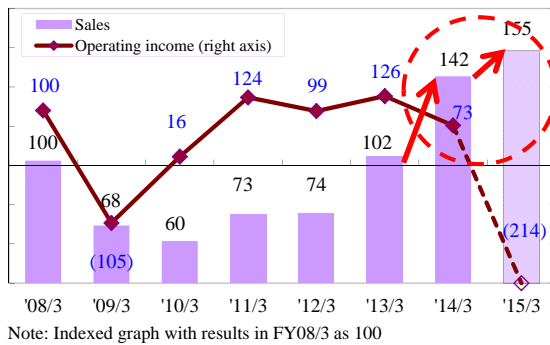
This document and comments made in the results briefing include forecasts that the Company has prepared based on data available at the time the document was produced. Actual results may differ materially from the forecasts for a range of reasons.

Contents

- ◆ North American Performance Deterioration and Improvement
- ◆ TOPICS
- ◆ Overview of results for the first half of the fiscal year ending March 31, 2015
- ◆ Full-year forecast

Performance Trends in North America (U.S. Plant)

U.S. Plant: Changes in Sales and Operating Income (Loss)



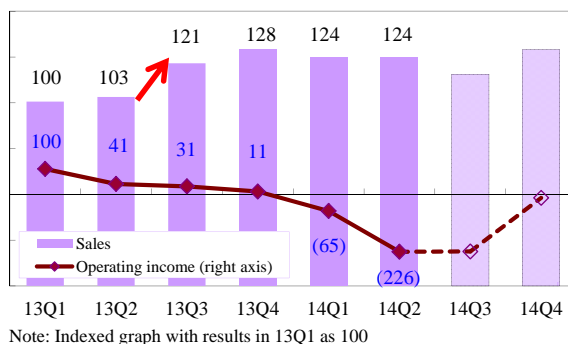
Workforce	527	341	370	404	463	568	704	930 ('14/9)
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- FY09/3 Reduction in workforce from layoffs after the collapse of Lehman Brothers
- Jan. 2012 Change of royalty rates
- May 2013 The 25th anniversary of our founding
- Aug. 2013 Completion of extension work (warehouse, etc., was extended by 2,664 m², and casting machines and process lines were expanded in the exiting space.)

- ◆ In FY09/3, an operating loss was posted as sales declined significantly due to a fall in demand reflecting the Lehman crash. The workforce was reduced through layoffs in order to be streamlined.
- ◆ In FY10/3, sales declined further, but operating profit was achieved.
- ◆ From FY11/3, while the workforce has increased as demand recovered, operating income remained at the level before the Lehman crash or higher (In FY12/3, flooding in Thailand had an impact).
- ◆ In FY13/3, sales and production scale returned to close to the level before the Lehman crash.
- ◆ In FY14/3, sales increased significantly, and workforce increased. Profitability began to decline in this fiscal year.

Factors for the Deterioration in Performance in North America (U.S. Plant)

U.S. Plant: Changes in Sales and Operating Income (Loss)



Amount of workforce	612	607	678	704	830	930	→	900 or less
New products	1	6	8	10	12	16	20	21

Note: The new products above are the number of cumulative items since 13Q1 (including products whose production was increased).

[Reference] Improvement guidance conducted by the Manufacturing Command with three months as one unit as part of measures to improve MONOZUKURI (manufacturing) at overseas bases did not cover the U.S. Plant.

- ◆ Decreased level of skills among workers
(Education and training in response to the larger workforce fell behind the curve)
- ◆ Early trouble in newly manufactured products
(Increases in new products and the number of items whose production was increased)
- ◆ Lower overall productivity
- ◆ An increase in expenses for production
(An increase in labor costs due to overtime work and work on holidays and a rise in the transportation costs of products)

Performance Improvement Plan in North America (U.S. Plant)

- An improvement project was launched in August.
- By the end of September, problems of major products were clarified (10 products with a large impact on both DC and MC) individually and an improvement plan was prepared (remedial measures have already been implemented for some products) and summarized as an overall improvement plan.
 - ❑ Improve productivity by going back to a normal five-day operation.
 - ❑ Provide training to improve workers' skills.
 - ❑ Implement equipment maintenance in a planned manner and cultivate engineers including trainers.
 - ❑ Set up two new casting machines and make improvements to the traffic line (make extensions to the building) ... To make a contribution in the next fiscal year.
- Individual specific plans have been implemented since October.

The individual specific plans are making progress almost as planned.

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**
- September** **Second phase of plant construction on an adjacent site is completed at Guangzhou Ahresty plans**
Floor expansion work of the casting plant is completed at Ahresty Mexicana
- November** **Ahresty Wilmington begins expansion work**

Future plans

- May** **Ahresty Wilmington plans to complete the expansion work**

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



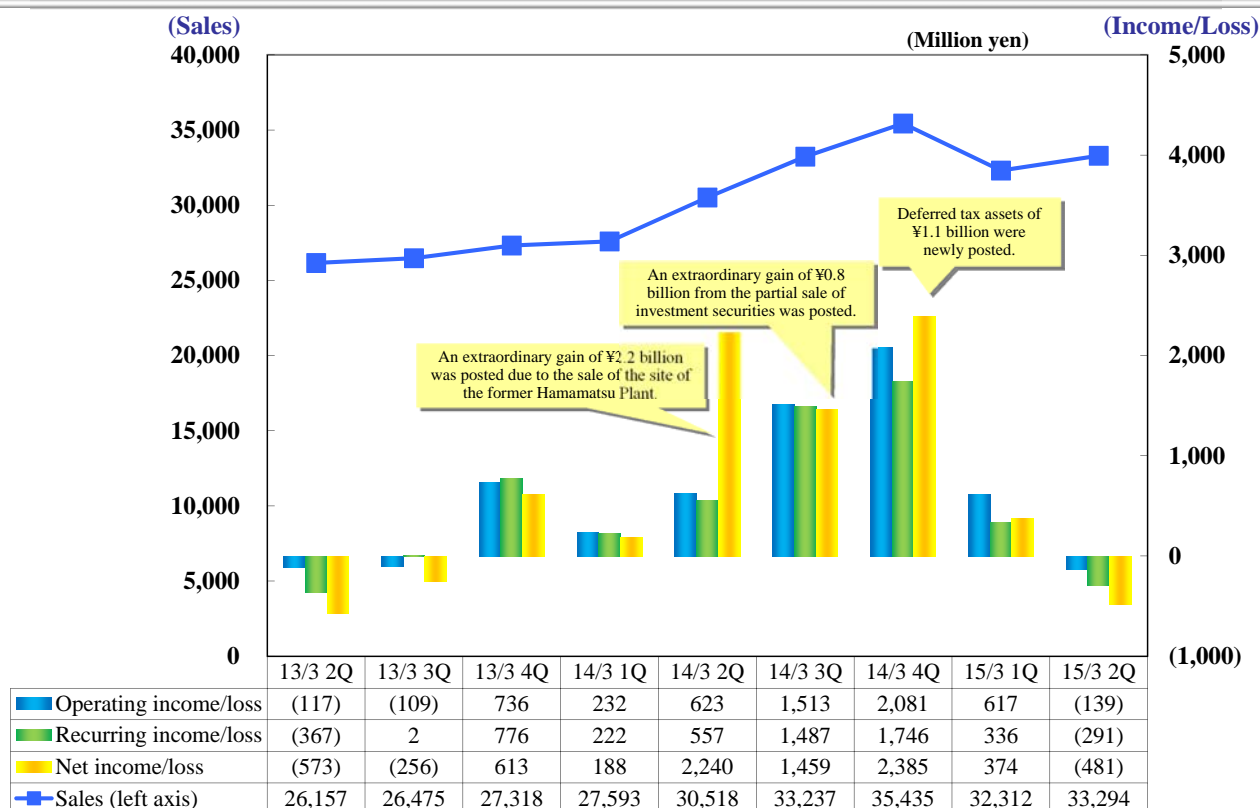
Key Results for First Half of the Fiscal Year Ending March 31, 2015

(Million yen)

	First half of year ended March 2014		First half of year ending March 2015		Change	
Sales	58,111	100%	65,606	100%	7,495	12.9%
Operating income	855	1.5%	478	0.7%	(377)	(4.1%)
Recurring income	779	1.3%	45	0.1%	(734)	(94.2%)
Net income	2,428	4.2%	(107)	(0.2%)	(2,535)	–
EPS	112.57		(4.18)		(116.75)	

- ◆ **Sales:** Domestic sales increased, mainly reflecting the effect of metal prices, as the order volume was the same as the level a year ago, despite the effect of a backlash against the consumption tax hike. Overseas sales increased primarily due to a rise in orders and exchange rate factors. Overall, sales rose 12.9% year on year, to ¥65.6 billion.
- ◆ **Operating income:** Despite the effect of higher income mainly in Die Casting in Asia, operating income declined 44.1% year on year, to ¥478 million due to a deteriorated income in Die Casting in North America.
- ◆ **Recurring income:** Although foreign exchange gains (¥250 million) were posted as non-operating income in the same period of the previous fiscal year, there was no effect of foreign exchange gains in the first half under review, and interest expenses increased (by ¥94 million), among others. Recurring income stood at ¥45 million, down 94.2% year on year.
- ◆ **Net income:** In the same period of the previous fiscal year, extraordinary income of ¥2.28 billion was posted due to the sale of a vacant lot of the former Hamamatsu Plant.

Overview of the (Quarterly) Consolidated Results



Die Casting Business

(Million yen)

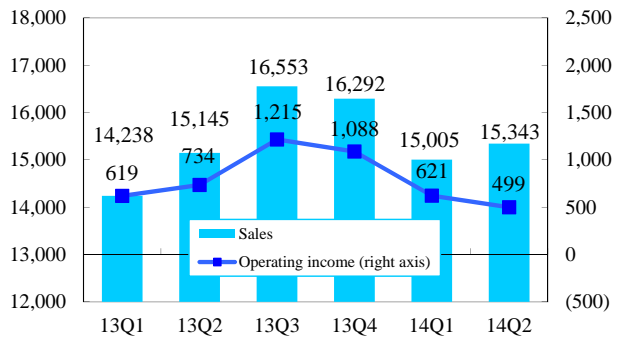
		First half of year ended March 2014	First half of year ending March 2015	Change
Japan	Sales	29,383 100%	30,348 100%	965 3.3%
	Segment income (loss)	1,353 4.6%	1,120 3.7%	(233) (17.2%)
North America	Sales	15,336 100%	19,063 100%	3,727 24.3%
	Segment income (loss)	(25) (0.2%)	(608) (3.2%)	(583) -
Asia	Sales	10,166 100%	12,979 100%	2,813 27.7%
	Segment income (loss)	(496) (4.9%)	67 0.5%	563 -

The overseas sales ratio in the Die Casting Business: Fiscal year ended March 2014: 48.3%
 ⇒ First quarter of fiscal year ending March 2015: 51.1%
 ⇒ First half of fiscal year ending March 2015: 51.4%

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

Die Casting in Japan

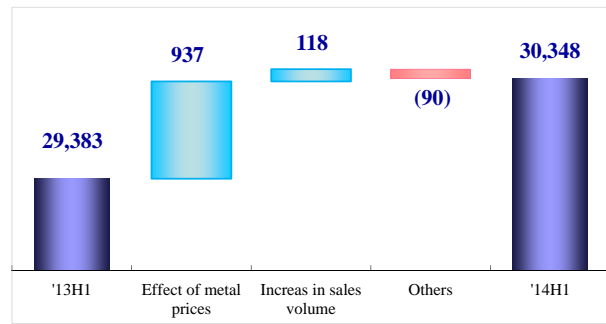
Changes in sales and segment income in Die Casting Business in Japan (Million yen)



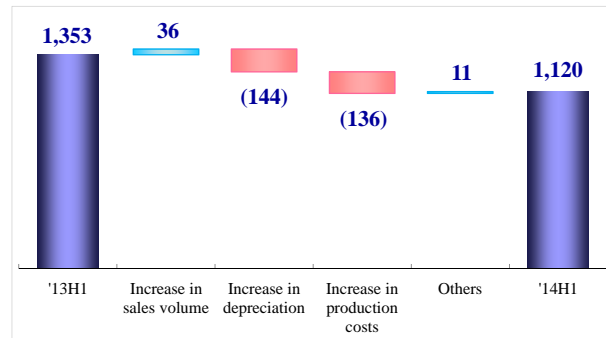
First-half sales increased year on year, partly reflecting the effect of metal prices, despite a fall in demand (from the second half of the previous fiscal year) as a reaction to the consumption tax hike.

Segment income declined 17.2% year on year, mainly due to the effect of higher depreciation and labor costs.

Factors of change in die casting sales (Million yen)

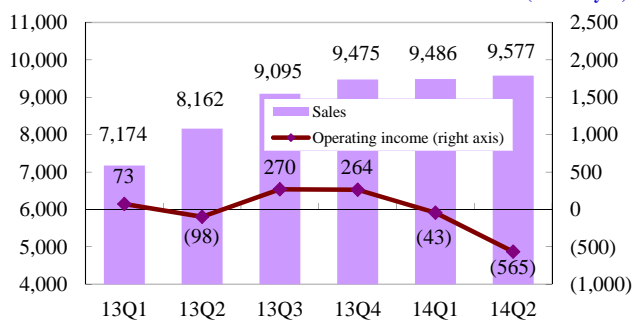


Factors of change in segment income (Million yen)



Die Casting in North America

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



U.S.: Although first-half sales rose, reflecting an increase in orders due to strong auto sales and exchange rate factors under the weaker yen, income declined due to a fall in productivity associated with a delay in response to a production hike and an increase in expenses.

Mexico: Sales increased due to a rise in orders combined with exchange rate factors. Income improved as manufacturing costs declined.

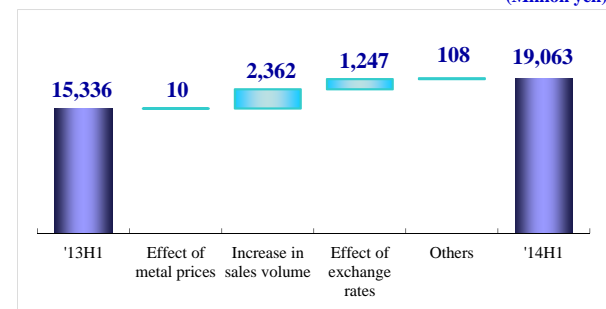
Income in North America declined. Currently, an improvement plan is in progress through project activities to improve income in the U.S.

* U.S.: April – March

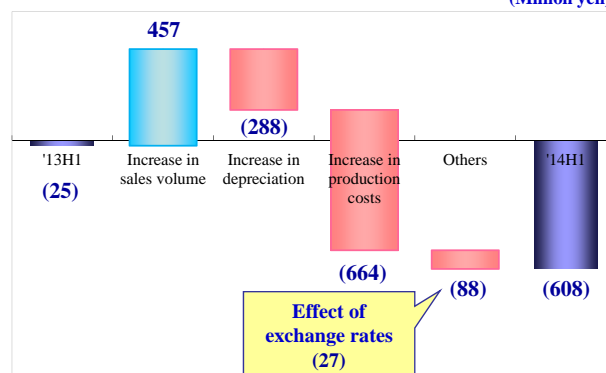
Mexico: January – December

Average exchange rate ('13H1 → '14H1)
 US dollar 97.99 → 103.50
 Mexican peso (US\$) 94.56 → 102.66

Factors of change in die casting sales (Million yen)

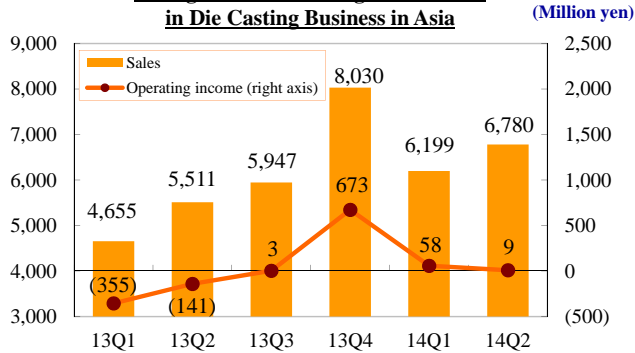


Factors of change in segment income (Million yen)



Die Casting in Asia

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



China: As auto production declined due to a deteriorated relationship between Japan and China was returning to the level it had attained before, sales increased year on year, although sales declined from the fourth quarter of the previous fiscal year. Hefei Ahresty in the fourth year of its operation continued to make a profit since the fourth quarter of the previous fiscal year. Income increased year on year due to the effect of manufacturing cost reductions.

India: Sales were below the previous forecast and declined year on year. Income declined year on year mainly due to the fall in sales.

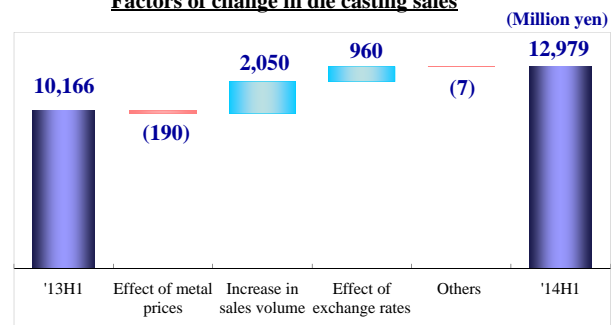
Earnings improved in Asia.

* China: January – December

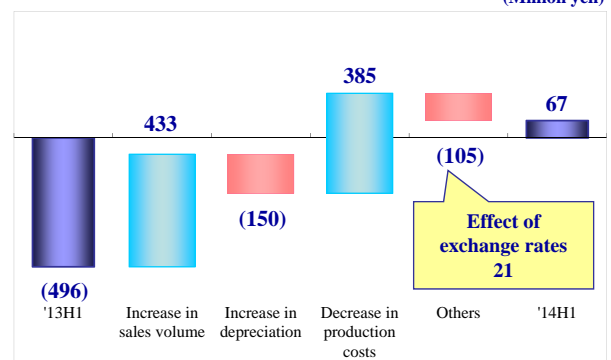
India: April – March

Average exchange rate ('13H1 → '14H1)
Chinese yuan 15.29 → 16.67
Indian rupee 1.67 → 1.72

Factors of change in die casting sales



Factors of change in segment income



Aluminum Business and Proprietary Products Business

(Million yen)

		First half of year ended March 2014	First half of year ending March 2015	Change	
Aluminum Business	Sales	2,228 100%	2,345 100%	117	5.2%
	Segment income (loss)	22 1.0%	(33) (1.4%)	(55)	–
Proprietary Products Business	Sales	995 100%	869 100%	(126)	(12.7%)
	Segment income (loss)	13 1.4%	(12) (1.4%)	(25)	–

Aluminum Business:

First-half sales rose 5.2% year on year attributable to a rise in sales unit prices, although order volume remained flat year on year. Segment loss came to ¥33 million due to the effect of rising raw material prices, etc.

Proprietary Products Business:

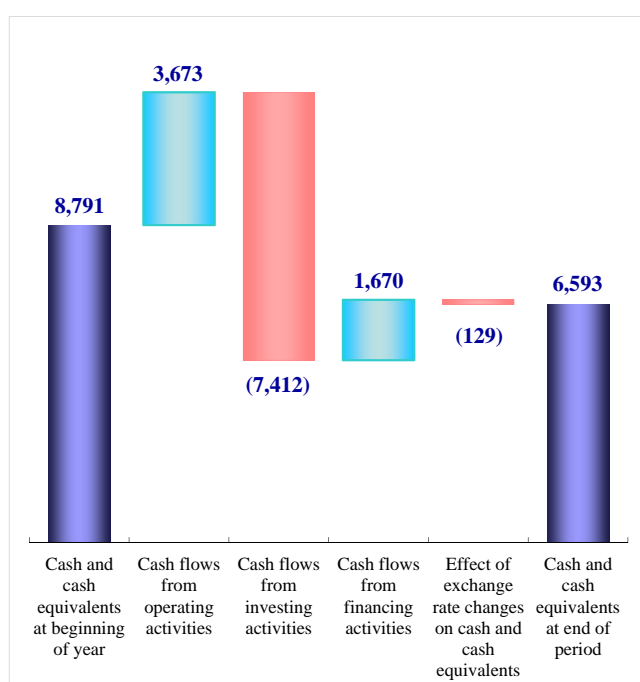
Sales declined 12.7%, given decreased orders from semiconductor manufacturers, the Company's main customers, and smaller orders from telecommunications companies for data centers. Segment loss was ¥12 million, chiefly attributable to the effect of the fall in sales.

Overview of Results Balance Sheets

(Million yen)

	Fiscal year ended March 2014	First half of year ending March 2015	Change	
Current assets	48,920	46,469	(2,451)	◆ Cash and time deposits, which had temporarily increased due to capital increase, declined.
Cash and time deposits	8,791	6,593	(2,198)	◆ Notes and accounts receivable declined due to a fall in sales in Guangzhou Ahresty and exchange rate factors.
Notes and accounts receivable	25,924	24,829	(1,095)	◆ Tangible fixed assets increased, reflecting capital expenditures overseas.
Inventories	10,536	11,004	468	◆ Loans payable increased due to capital expenditures.
Fixed assets	88,313	89,580	1,267	◆ Exchange rate factors in the change of total assets were negative ¥2.1 billion.
Tangible fixed assets	78,208	78,561	353	◆ Net assets declined mainly due to a fall in retained earnings.
Total assets	137,233	136,050	(1,183)	
Total liabilities	82,641	82,029	(612)	
Notes and accounts payable	19,714	19,111	(603)	
Long-term and short-term loans	43,014	43,958	944	
Total net assets	54,592	54,020	(572)	
Equity ratio	39.7	39.6	(0.1)	

Cash Flows



Cash flows from operating activities	3,673
Income before income taxes and others	3
Depreciation and amortization	5,984
Decrease (increase) in notes and accounts receivable	837
Decrease (increase) in inventories	(495)
Increase (decrease) in notes and accounts payable	(462)
Increase (decrease) in accrued consumption taxes and others	(320)
Income taxes paid	(1,843)
Others	(31)
Cash flows from investing activities	(7,412)
Expenditures from purchases of tangible fixed assets	(7,403)
Proceeds from sales of tangible fixed assets	45
Others	(54)
Cash flows from financing activities	1,670
Increase (decrease) in short-term loans payable	(298)
Increase (decrease) in long-term loans payable	2,232
Dividends paid	(153)
Others	(108)

- ◆ Capital expenditures larger than cash flows from operating activities were conducted mainly overseas.
- ◆ The shortfall was covered by a fall in cash and time deposits (which had temporarily increased due to a capital increase through public offering conducted in March 2014) and an increase in loans payable.

Full-year forecast



Forecast for the Fiscal Year Ending March 31, 2015

(Million yen)

	Fiscal year ended March 2014		Previous forecast for year ending March 2015		Revised forecast for year ending March 2015 (October 29)		Change from the previous forecast	
Sales	126,783	100%	135,300	100%	135,900	100%	600	0.4%
Operating income	4,449	3.5%	4,800	3.5%	1,800	1.3%	(3,000)	(62.5%)
Recurring income	4,012	3.2%	4,000	3.0%	700	0.5%	(3,300)	(82.5%)
Net income	6,272	4.9%	2,500	1.8%	400	0.3%	(2,100)	(84.0%)
EPS	287.10		96.81		15.49		(81.32)	

- ◆ **Sales:** Domestic sales are expected to increase in the full year due to the effect of metal prices, although a fall in demand in reaction to a last-minute demand surge before the consumption tax hike in the previous fiscal year is a concern. Overseas, although sales are expected to increase in North America due to a rise in sales volume and exchange rate effects, sales are projected to decline in Asia mainly owing to a fall in sales volume at Guangzhou Ahresty. Consolidated sales are forecast to exceed the previous forecast slightly.
- ◆ **Operating income:** Income is likely to fall short of the previous forecast in Japan and Asia as sales volume is expected to decline, and consolidated operating income is projected to fall below the previous forecast by a large margin due to deteriorated income in North America.
- ◆ **Recurring income:** Recurring income is expected to decline, mainly reflecting a rise in interest expenses due to exchange rate factors, in addition to the fall in operating income.
- ◆ **Net income:** Net income is projected to decrease associated with the decline in recurring income.

Exchange rate assumptions (after October): ¥105/US dollar, ¥17.0/Chinese yuan, ¥1.70/Indian rupee
(Exchange rate assumptions at the beginning of the fiscal year: ¥100/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	Previous forecast for year ending March 2015	Revised forecast for year ending March 2015 (October 29)	Change from the previous forecast	Percentage change from the previous forecast
Sales	126,783	135,300	135,900	600	0.4%
Die Casting in Japan	62,228	63,300	63,600	300	0.5%
Die Casting in North America	33,906	36,400	38,600	2,200	6.0%
Die Casting in Asia	24,143	29,300	27,200	(2,100)	(7.2%)
Aluminum	4,657	4,700	4,900	200	4.3%
Proprietary Products	1,848	1,600	1,600	–	–
Operating income	4,449	4,800	1,800	(3,000)	(62.5%)
Die Casting in Japan	3,656	2,930	2,780	(150)	(5.1%)
Die Casting in North America	509	850	(1,300)	(2,150)	–
Die Casting in Asia	180	950	300	(650)	(68.4%)
Aluminum	(6)	50	0	(50)	(100.0%)
Proprietary Products	66	20	20	–	–
Eliminations and Corporate	43	–	–	–	–
Recurring income	4,012	4,000	700	(3,300)	(82.5%)
Net income	6,272	2,500	400	(2,100)	(84.0%)

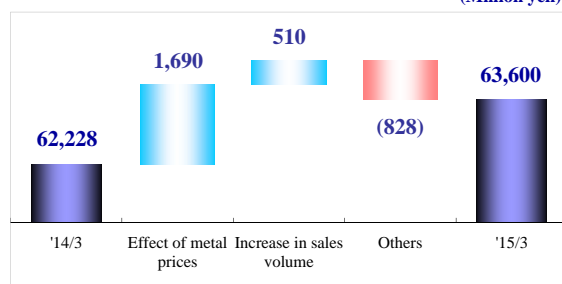


19

Die Casting in Japan

Factors of change estimated for sales (October 29)

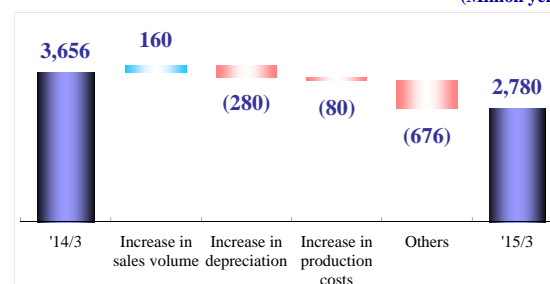
(Million yen)



Change from the previous forecast 700 (60) (340) 300

Factors of change estimated for segment income (October 29)

(Million yen)



Change from the previous forecast (20) 70 80 (280) (150)

Sales: The effect of smaller demand as a reaction to the last-minute demand surge before the consumption tax hike in the previous fiscal year is almost the same as was expected in the previous forecast, and sales are projected to increase in the full year partly due to the effect of metal prices.

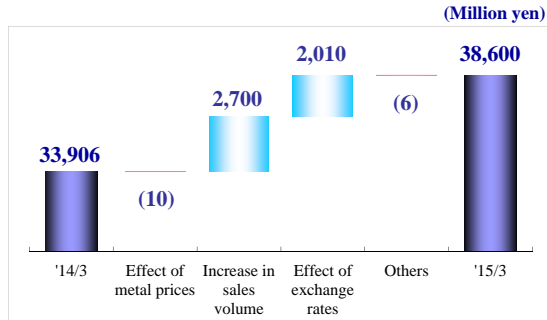
Income: Income is expected to fall short of the previous forecast chiefly due to a fall in royalties from overseas subsidiaries, although smaller depreciation than the previous forecast and improvement in manufacturing costs are anticipated.



20

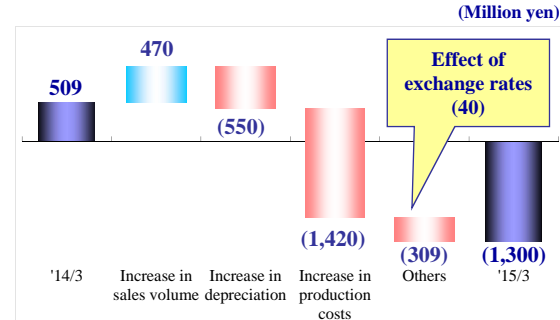
Die Casting in North America

Factors of change estimated for sales (October 29)



Change from the previous forecast 30 450 1,430 290 2,200

Factors of change estimated for segment income (October 29)



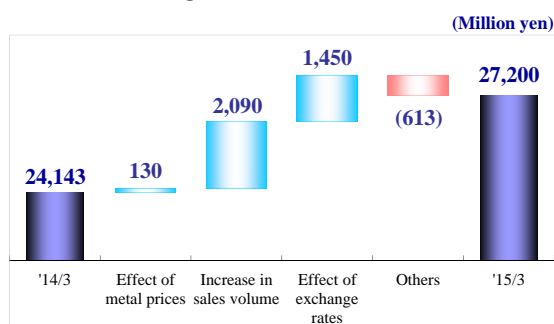
Change from the previous forecast 0 (70) (2,150) 70 (2,150)

Sales: Sales are expected to exceed the previous forecast, reflecting an increase in sales volume at the Mexico Plant and changes in exchange rate assumptions.

Income: Income is projected to fall short of the previous forecast by a large margin due to the effect of lower productivity at the U.S. Plant.

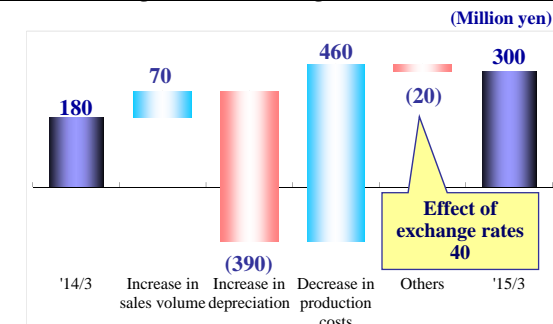
Die Casting in Asia

Factors of change estimated for sales (October 29)



Change from the previous forecast 840 (3,100) 160 0 (2,100)

Factors of change estimated for segment income (October 29)



Change from the previous forecast (750) 30 (300) 370 (650)

Sales: Sales are expected to be much smaller than the previous forecast mainly at the Guangzhou Ahresty Plant.

Income: Income is likely to fall much shorter from the previous forecast, given the large impact of lower sales at the Guangzhou Ahresty Plant although the Hefei Ahresty Plant shows a solid performance, continuing to record a profit.

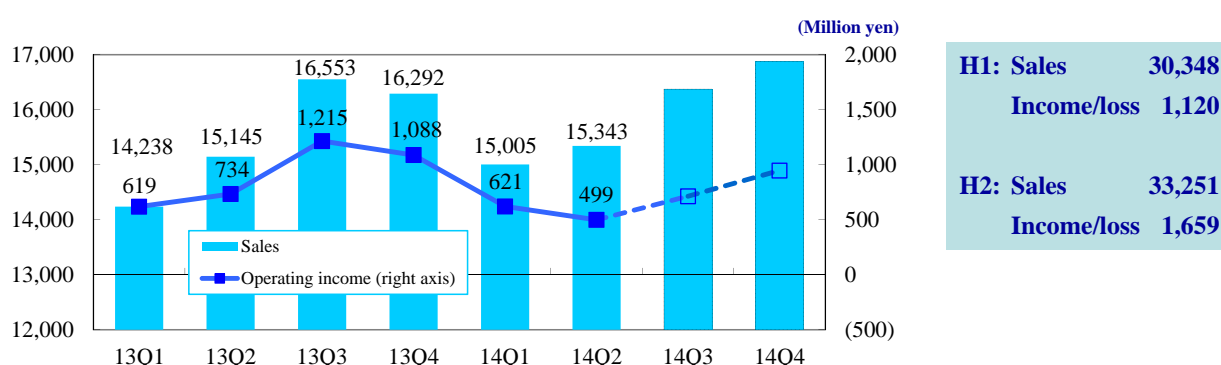
Forecast for the Second Half of the Fiscal Year Ending March 31, 2015

(Million yen)

	First half of year ending March 2015	Revised forecast for second half of year ending March 2015	Change	Rate of change
Sales	65,606	70,293	4,687	7.1%
Die Casting in Japan	30,348	33,251	2,903	9.6%
Die Casting in North America	19,063	19,536	473	2.5%
Die Casting in Asia	12,979	14,220	1,241	9.6%
Aluminum	2,345	2,554	209	8.9%
Proprietary Products	869	730	(139)	(16.1%)
Operating income	478	1,322	844	176.4%
Die Casting in Japan	1,120	1,659	538	48.1%
Die Casting in North America	(608)	(691)	(83)	—
Die Casting in Asia	67	232	164	241.9%
Aluminum	(33)	33	67	—
Proprietary Products	(12)	32	45	—
Eliminations and Corporate	(55)	55	110	—
Recurring income	45	654	609	—
Net income	(107)	508	615	—

Die Casting in Japan

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

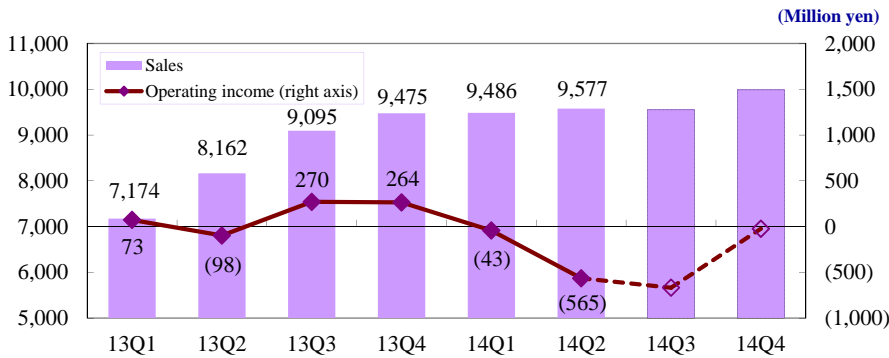


Sales: Sales are expected to increase in the second half (up ¥2.9 billion, or 9.6%, from the first half) due to recovery from the reactionary fall in demand to the last-minute demand surge before the consumption tax hike in the previous fiscal year and strong exports.
(The effect of metal prices will increase about ¥400 million compared with the first half.)

Income: Income is projected to increase ¥500 million from the first half mainly due to the effect of higher sales.

Die Casting in North America

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



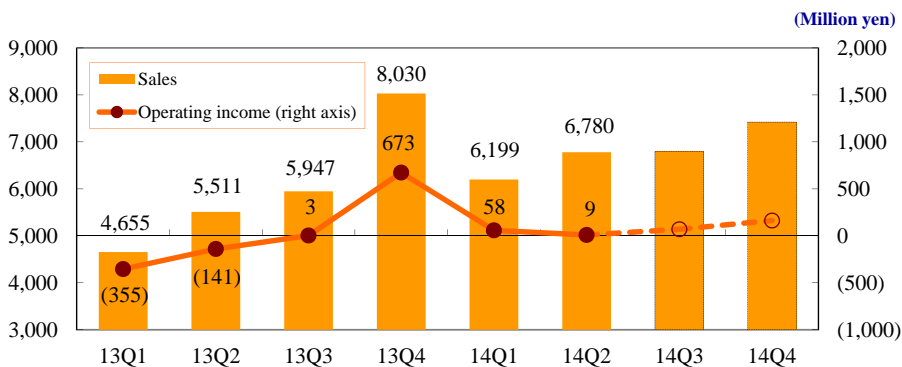
H1: Sales	19,063
Income/loss	(608)
H2: Sales	19,536
Income/loss	(691)

Sales: Sales are likely to increase in the fourth quarter at the U.S. Plant although sales will decline temporarily in the third quarter, and sales are expected to start increasing from the third quarter at the Mexico Plant. In North America, overall sales are projected to increase 2.5% from the first half.

Income: The U.S. Plant will record almost the same loss as in the second quarter in the third quarter partly due to a temporary fall in sales, although productivity is expected to improve. In the fourth quarter, the U.S. Plant will move into the black in the single month of March as improvement in productivity will progress. In North America, income is likely to return to the level of the first quarter in the fourth quarter and move into the black in the next fiscal year.

Die Casting in Asia

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



H1: Sales	12,979
Income/loss	67
H2: Sales	14,220
Income/loss	232

Sales: Although sales are expected to fall slightly short of results in the first half as sales at the Guangzhou Ahresty Plant are likely to fall much shorter than the previous forecast, sales are projected to increase from the first half at the Hefei Ahresty Plant and the India Plant. Overall sales in Asia are expected to increase 9.6% from the first half.

Income: Although the Guangzhou Plant is expected to see income fall as the effect of less sales is significant, the Hefei Ahresty Plant continues to firmly make a profit. The India Plant is also expected to reduce a loss associated with higher sales. In Asia, overall income is projected to increase ¥160 million from the first half.

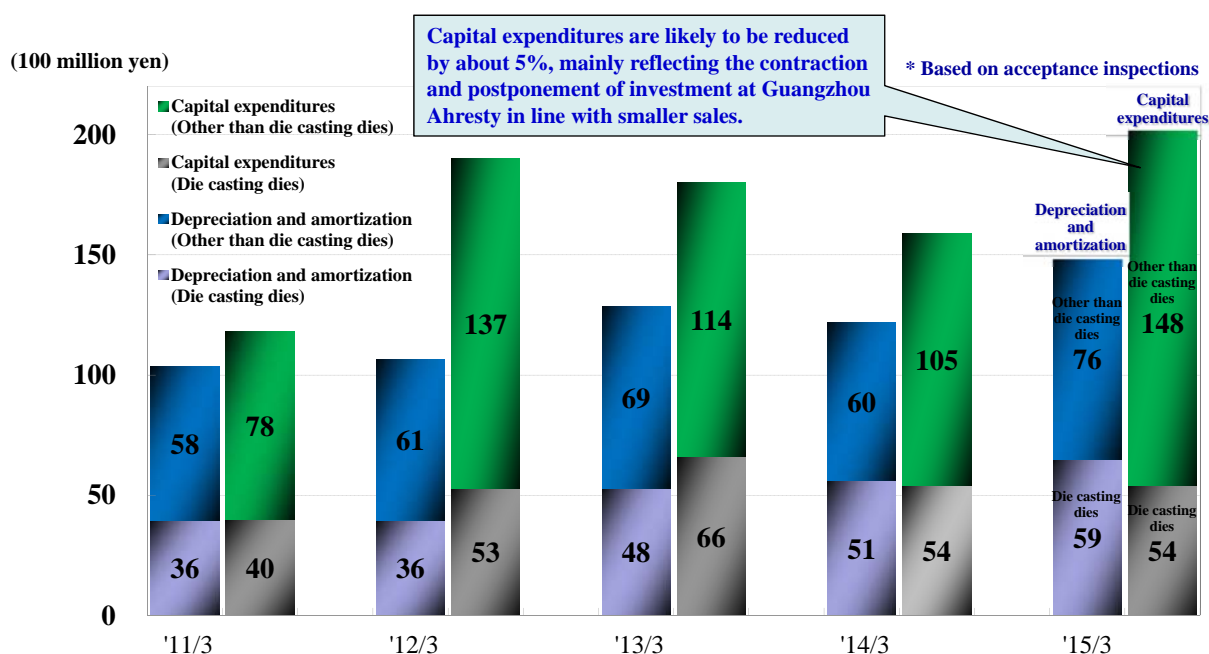
Dividends

(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	15.49
Payout ratio (consolidated)	17.4%	9.1%	—	4.9%	77.5%

- ◆ Regarding dividends for the fiscal year ended March 31, 2014, we have decided to pay an annual dividend of ¥14, taking into consideration earnings results and commemorative dividends.
(We paid an interim dividend of ¥8, inclusive of ¥5 in commemoration of the 75th anniversary of the Company's founding.)
- ◆ In the fiscal year ending March 31, 2015, we intend to pay an annual dividend of ¥12. (We have decided to pay an interim dividend of ¥6).

Trends of Capital Expenditures and Depreciation and Amortization

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



* Capital expenditures: 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.



Ahresty

Casting Our Eyes
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Ahresty Corporation

Aiming to become a leader in research and
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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.