

Ahresty Corporation

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



February 25, 2015

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 three quarters of the fiscal year ending March 31, 2015
- ◆ [Reference] Full-year forecast

TOPICS

■ 2013

August Hefei Ahresty begins delivering mass-produced engine blocks to Dongfeng Motor Company Limited

September 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

March Ahresty Tochigi plans to begin expansion work of the casting plant

May Ahresty Wilmington plans to complete the expansion work

October Ahresty Tochigi plans to complete the expansion work of the casting plant



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



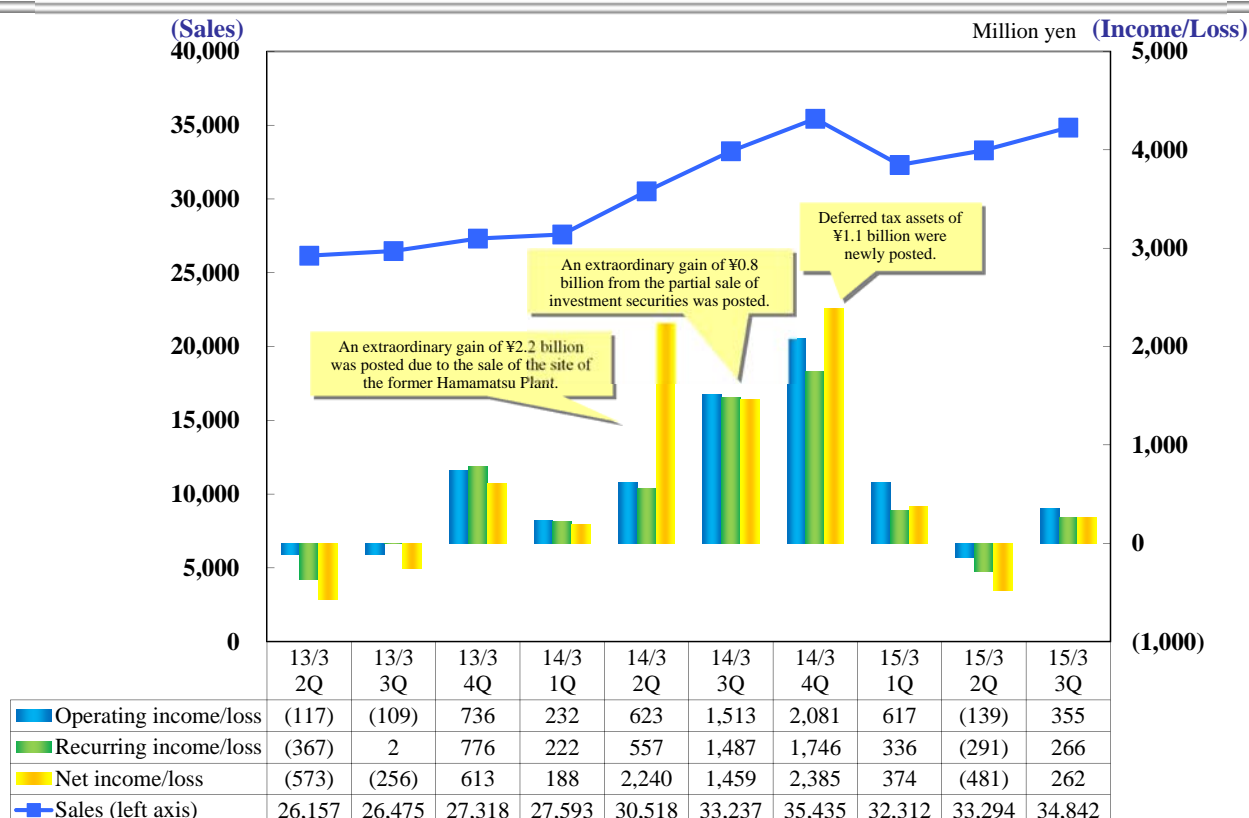
Key Results for First Three Quarters of the Fiscal Year Ending March 31, 2015

(Million yen)

	First three quarters of year ended March 2014		First three quarters of year ending March 2015		Change	
Sales	91,348	100%	100,448	100%	9,100	10.0%
Operating income	2,368	2.6%	833	0.8%	(1,535)	(64.8%)
Recurring income	2,266	2.5%	311	0.3%	(1,955)	(86.3%)
Net income	3,887	4.3%	155	0.2%	(3,732)	(96.0%)
EPS	180.19		6.02		(174.17)	

- ◆ **Sales:** Domestic sales increased, primarily reflecting the effect of metal prices, although sales volumes declined slightly year on year in reaction to the consumption tax hike. Meanwhile, overseas sales increased, primarily with a rise in orders and the effects of the weakening yen. Overall, sales rose 10.0% year on year, to ¥100.4 billion.
- ◆ **Operating income:** Despite the effect of higher income mainly in Die Casting in Asia, operating income declined 64.8% year on year, to ¥833 million due to a deteriorated income in Die Casting in North America.
- ◆ **Recurring income:** Recurring income declined 86.3% year on year, to ¥311 million, primarily reflecting a ¥351 million fall in foreign currency exchange gains and a ¥127 million increase in interest expenses in non-operating income.
- ◆ **Net income:** In the same period of the previous fiscal year, a ¥2.28 billion gain on the sale of a fixed asset (a vacant lot of the former Hamamatsu Plant) and a ¥830 million gain on sales of investment securities were posted.

Overview of the (Quarterly) Consolidated Results



Die Casting Business

(Million yen)

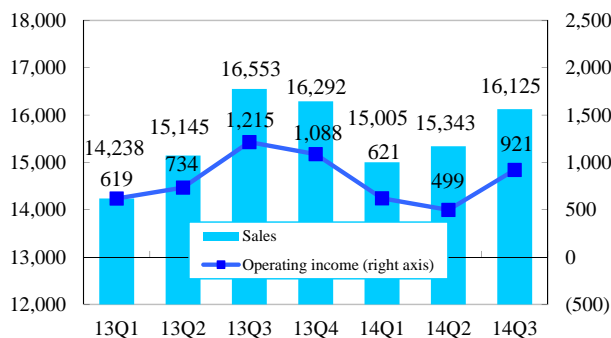
		First three quarters of year ended March 2014	First three quarters of year ending March 2015	Change	
Japan	Sales	45,936 100%	46,473 100%	537	1.2%
	Segment income (loss)	2,568 5.6%	2,041 4.4%	(527)	(20.5%)
North America	Sales	24,431 100%	29,058 100%	4,627	18.9%
	Segment income (loss)	245 1.0%	(1,320) (4.5%)	(1,565)	–
Asia	Sales	16,113 100%	19,878 100%	3,765	23.4%
	Segment income (loss)	(493) (3.1%)	208 1.0%	701	–

The overseas sales ratio in the Die Casting Business: Fiscal year ended March 2014: 48.3%
 ⇒ First half of fiscal year ending March 2015: 51.4%
 ⇒ First three quarters of fiscal year ending March 2015: 51.3%

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

Die Casting in Japan

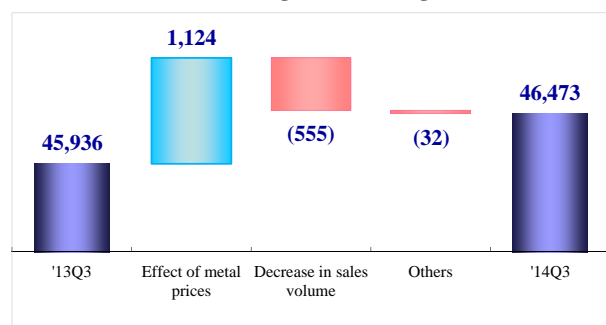
Changes in sales and segment income in Die Casting Business in Japan (Million yen)



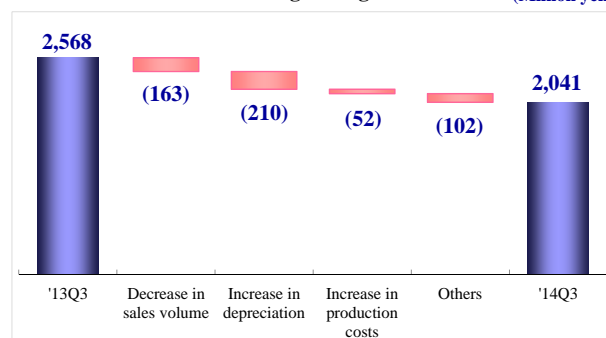
Sales increased year on year, partly reflecting the effect of metal prices, despite a fall in demand (from the second half of the previous fiscal year) as a reaction to the consumption tax hike. Sales volume has been increasing every quarter.

Segment income declined 20.5% year on year, primarily reflecting the effects of a decline in sales volume and an increase in depreciation. In the third quarter, income improved due to an increase in sales volume from the level in the first half.

Factors of change in die casting sales (Million yen)

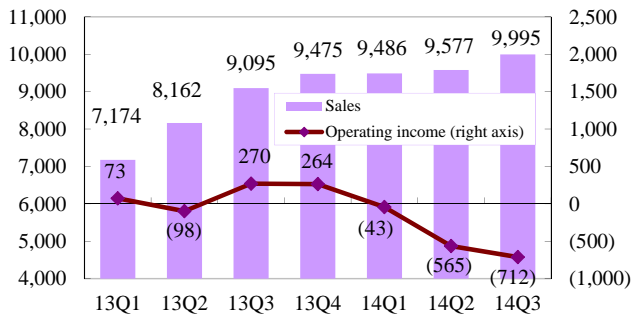


Factors of change in segment income (Million yen)

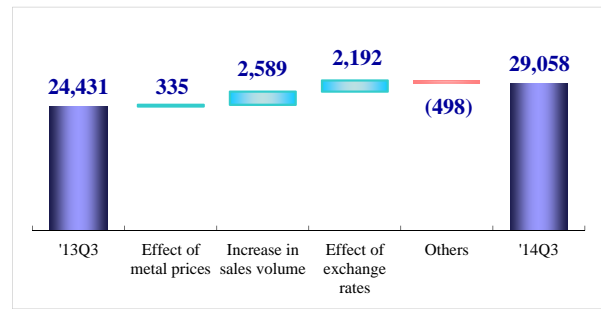


Die Casting in North America

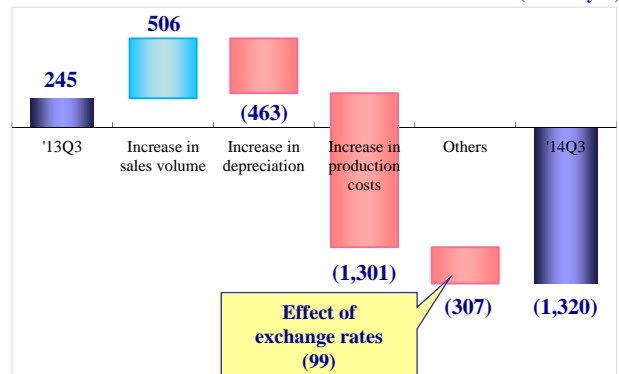
Changes in sales and segment income in Die Casting Business in North America (Million yen)



Factors of change in die casting sales (Million yen)



Factors of change in segment income (Million yen)



U.S.: Although first-three-quarter 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 progressing just about as scheduled through project activities to improve income in the U.S.

Average exchange rate ('13Q3 → '14Q3)
 US dollar 99.22 → 107.26
 Mexican peso (US\$) 95.61 → 103.47

* U.S.: April – March

Mexico: January – December

Improved Productivity in North America (U.S. Plant)

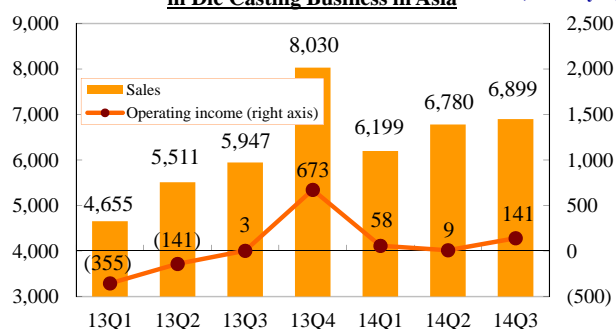
Undertake remedial measures for individual problems of major products (10 products with a large impact on both casting and processing).

- Improve productivity by going back to a normal five-day operation.
 - Despite variations in individual progress, overall, productivity is improving just about as planned, and the ratio of five-day operations is increasing. Along with this, workforce is being reduced as planned.
 - Product delivery expenses were cut significantly with discounts on specified flights.
- Provide training to improve workers' skills.
- Implement equipment maintenance in a planned manner and cultivate engineers including trainers.
 - Cultivating engineers according to the plan (progressing nearly as planned).
 - Carry out equipment maintenance in a planned manner during the Christmas holiday, etc.
- 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.
 - Extending the building as planned.

Die Casting in Asia

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

(Million yen)



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 fell significantly below the initial forecast. 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.

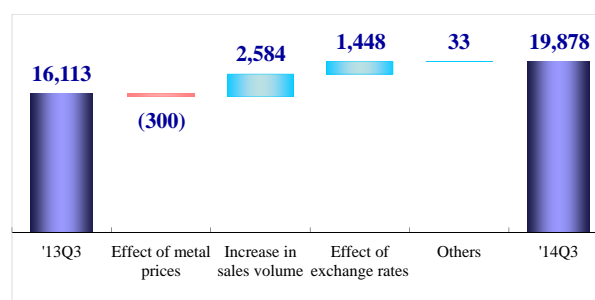
* China: January – December

India: April – March

Average exchange rate ('13Q3 → '14Q3)
Chinese yuan 15.51 → 16.80
Indian rupee 1.66 → 1.77

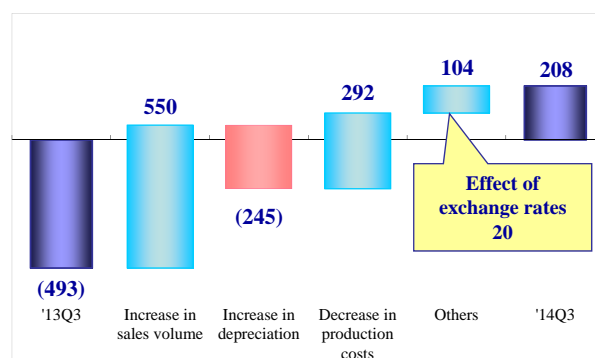
Factors of change in die casting sales

(Million yen)



Factors of change in segment income

(Million yen)



Aluminum Business and Proprietary Products Business

(Million yen)

		First three quarters of year ended March 2014	First three quarters of year ending March 2015	Change	
Aluminum Business	Sales	3,438 100%	3,742 100%	304	8.8%
	Segment income (loss)	3 0.1%	(27) (0.7%)	(30)	–
Proprietary Products Business	Sales	1,427 100%	1,295 100%	(132)	(9.3%)
	Segment income (loss)	39 2.8%	17 1.3%	(22)	56.3%

Aluminum Business:

First-three-quarter sales rose 8.8% year on year attributable to a rise in sales unit prices, although order volume remained flat year on year. Segment loss came to ¥27 million due to the effect of rising raw material prices, etc.

Proprietary Products Business:

Sales declined 9.3% from a year earlier, given decreased orders from the Company's main customers, such as telecommunication companies for their data centers and semiconductor manufacturers for their clean rooms. Segment income fell 56.3% due to the effect of smaller sales.

Progress in the Forecast for the Second Half of the Year ending March 2015

(Million yen)

	Results for the first half of the year ending March 2015	Revised forecast for the second half of year ending March 2015	Results for the third quarter (3 months)	Progress of the second half forecast
Sales	65,606	70,293	34,842	49.6%
Die Casting in Japan	30,348	33,251	16,125	48.5%
Die Casting in North America	19,063	19,536	9,995	51.2%
Die Casting in Asia	12,979	14,220	6,899	48.5%
Aluminum	2,345	2,554	1,397	54.7%
Proprietary Products	869	730	426	58.4%
Operating income	478	1,322	355	26.9%
Die Casting in Japan	1,120	1,659	921	55.5%
Die Casting in North America	(608)	(691)	(712)	—
Die Casting in Asia	67	232	141	60.8%
Aluminum	(33)	33	6	18.2%
Proprietary Products	(12)	32	29	90.6%
Eliminations and Corporate	(55)	55	(30)	—
Recurring income	45	654	266	40.7%
Net income	(107)	508	262	51.6%

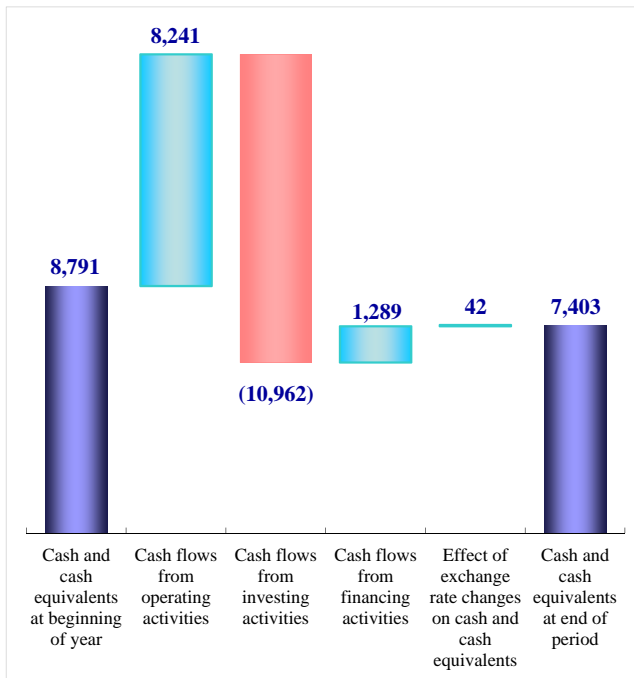
Overview of Results Balance Sheets

(Million yen)

	Fiscal year ended March 2014	First three quarters of year ending March 2015	Change	
Current assets	48,920	48,775	(145)	◆ Cash and time deposits, which had temporarily increased due to capital increase, declined.
Cash and time deposits	8,791	7,403	(1,388)	
Notes and accounts receivable	25,924	24,534	(1,390)	
Inventories	10,536	12,426	1,890	
Fixed assets	88,313	94,524	6,211	◆ Tangible fixed assets increased, reflecting capital expenditures overseas.
Tangible fixed assets	78,208	83,045	4,837	◆ Exchange rate factors in the change of total assets were ¥5.0 billion.
Total assets	137,233	143,300	6,067	
Total liabilities	82,641	85,588	2,947	◆ Loans payable increased due to capital expenditures (Exchange rate factors ¥1.5 billion)
Notes and accounts payable	19,714	20,967	1,253	
Long-term and short-term loans	43,014	46,184	3,170	◆ Total net assets rose as a result of an increase in foreign currency translation adjustment.
Total net assets	54,592	57,712	3,120	
Equity ratio	39.7	40.2	0.5	

Cash Flows

(Million yen)



Cash flows from operating activities	8,241
Income before income taxes and others	300
Depreciation and amortization	9,344
Decrease (increase) in notes and accounts receivable	1,924
Decrease (increase) in inventories	(1,367)
Increase (decrease) in notes and accounts payable	889
Increase (decrease) in accrued consumption taxes and others	(281)
Income taxes paid	(2,039)
Others	(529)
Cash flows from investing activities	(10,962)
Expenditures from purchases of tangible fixed assets	(10,921)
Proceeds from sales of tangible fixed assets	71
Others	(112)
Cash flows from financing activities	1,289
Increase (decrease) in short-term loans payable	(385)
Increase (decrease) in long-term loans payable	2,129
Dividends paid	(291)
Others	(161)

- ◆ **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.**

[Reference] Full-year forecast
(Revised plan of October 29, 2014)



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 prospected 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 (from 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

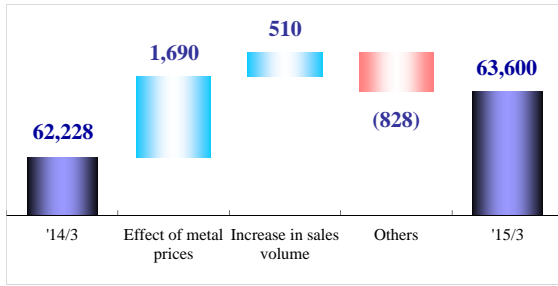
(Million yen)

	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%)

Die Casting in Japan

Factors of change estimated for sales (October 29)

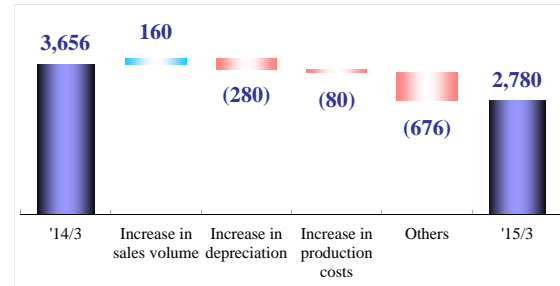
(Million yen)



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)

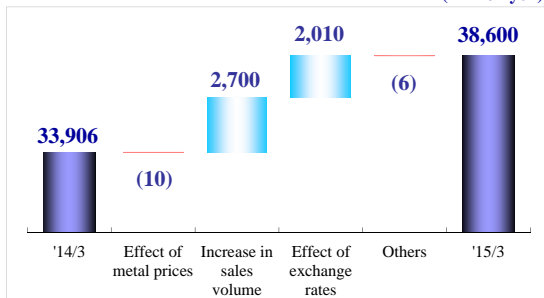
Sales: The effect of smaller demand as a reaction to the last-minute demand surge before the consumption tax hike in the previous fiscal year is almost the same as was expected in the previous forecast, and sales are projected to increase in the full year partly due to the effect of metal prices.

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.

Die Casting in North America

Factors of change estimated for sales (October 29)

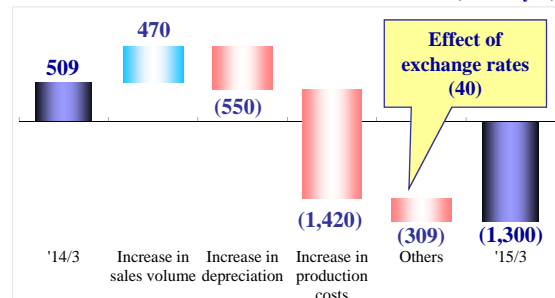
(Million yen)



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

Factors of change estimated for segment income (October 29)

(Million yen)



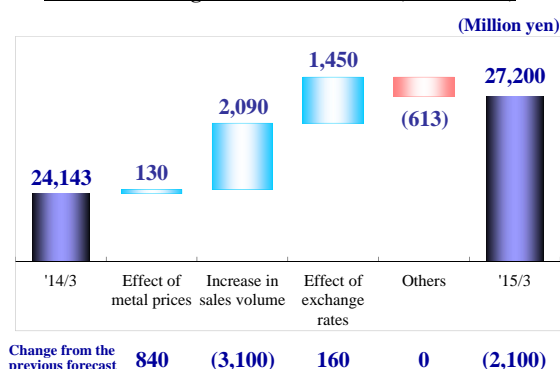
Change from the previous forecast: 0, (70), (2,150), 70, (2,150)

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.

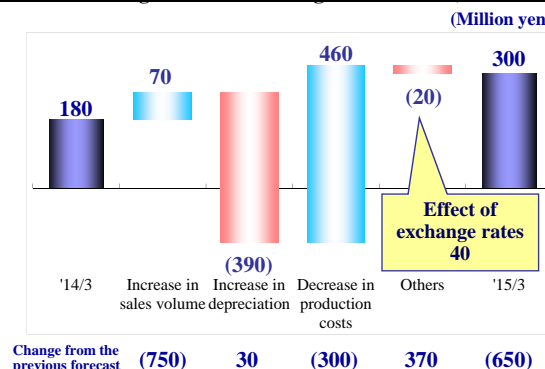
Income: Income is projected to fall short of the previous forecast by a large margin due to the effect of lower productivity at the U.S. Plant.

Die Casting in Asia

Factors of change estimated for sales (October 29)



Factors of change estimated for segment income (October 29)



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.

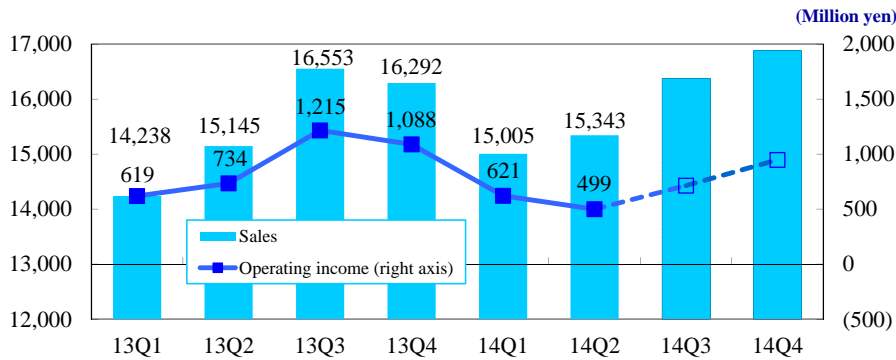
Forecast for the Second Half of the Fiscal Year Ending March 31, 2015

(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



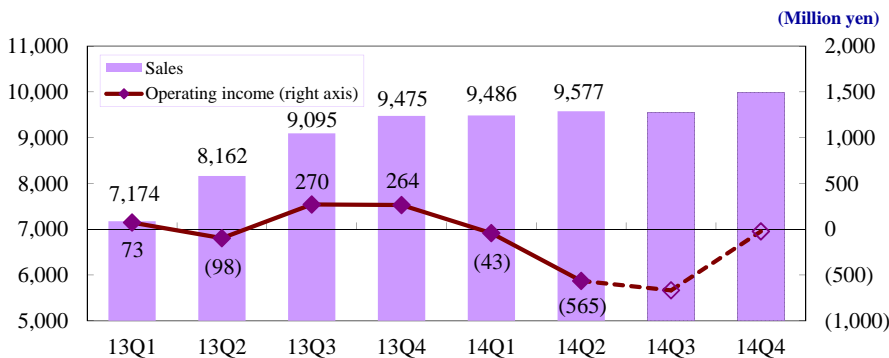
H1: Sales	30,348
Income/loss	1,120
H2: Sales	33,251
Income/loss	1,659

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



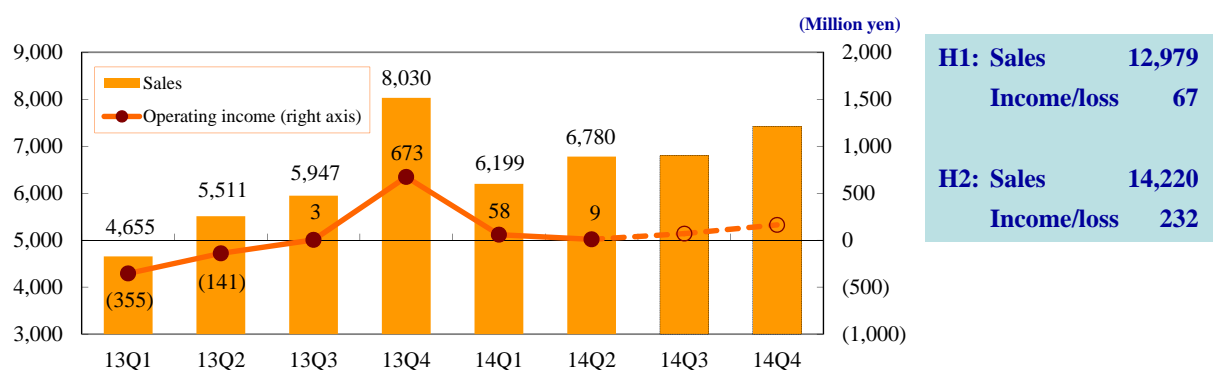
H1: Sales	19,063
Income/loss	(608)
H2: Sales	19,536
Income/loss	(691)

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



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.

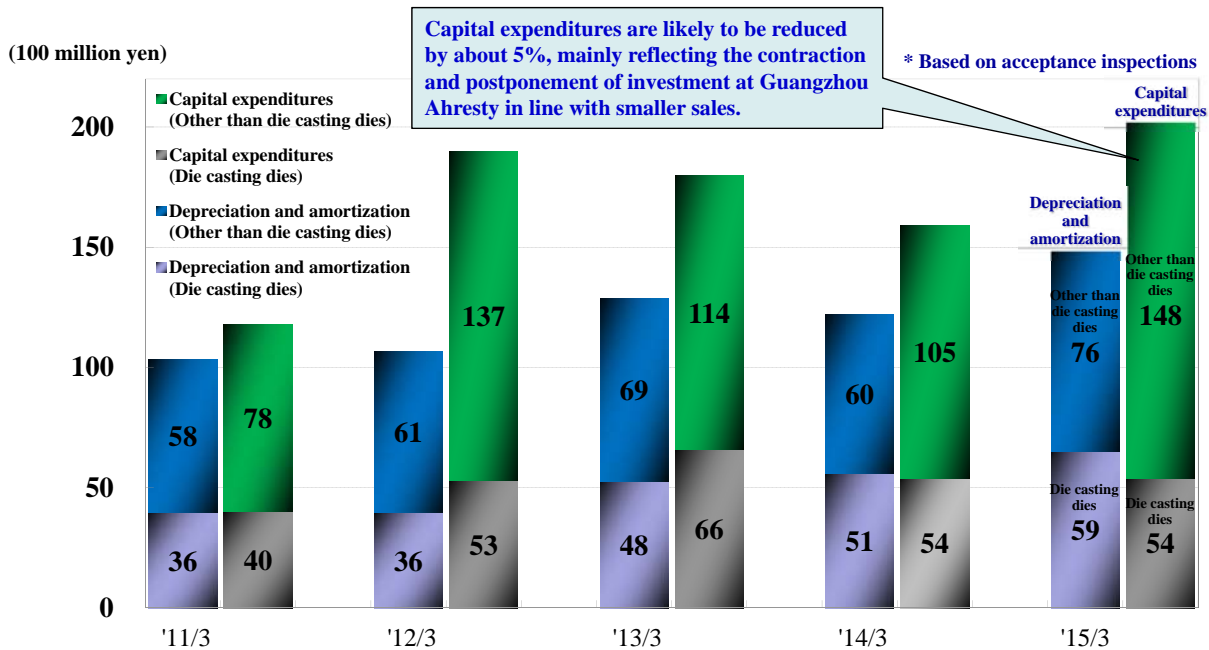
Dividends

(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 Corporation

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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.