



Casting Our Eyes
on the Future

Ahresty Corporation

Results Briefing for the First Quarter of the Year Ending March 31, 2016



August 27, 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.

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- ◆ Overview of results for the first quarter of the fiscal year ending March 31, 2016

[Reference]

- ◆ Forecast for the fiscal year ending March 31, 2016
- ◆ 10-Year Vision and the Medium-Term Target

TOPICS

■ 2014

- March** The company moves to the First Section of the Tokyo Stock Exchange and conducts a capital increase through public offering
- 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

■ 2015

- March** Ahresty Tochigi begins work to expand the casting plant
- April** Ahresty India begins delivering diesel two-cylinder blocks (products jointly developed with Maruti Suzuki)
- June** Expansion work is completed at Ahresty Wilmington

Future plan

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



Ahresty

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Overview of results for the first quarter of the fiscal year ending March 31, 2016



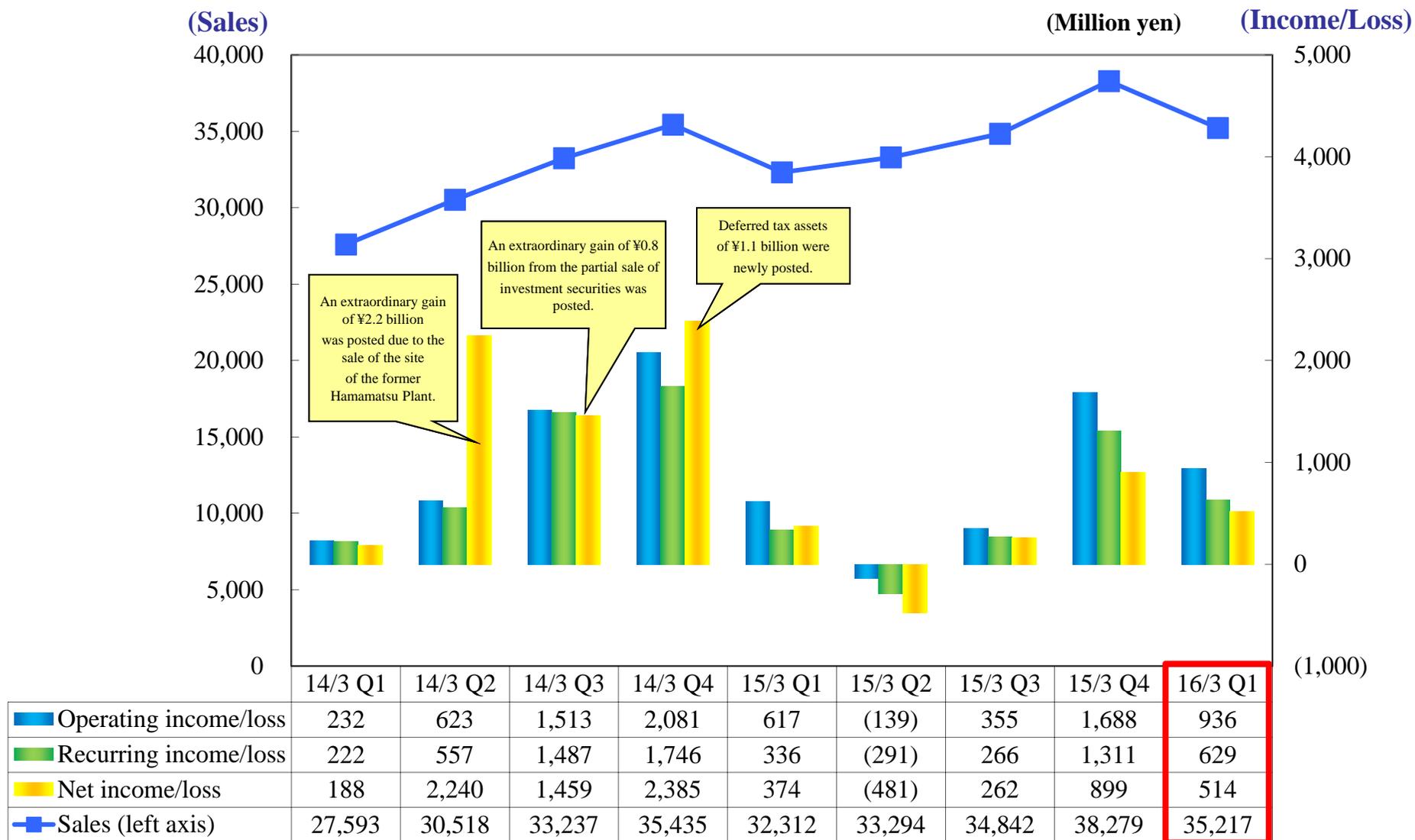
Key Results for First Quarter of the Fiscal Year Ending March 31, 2015

(Million yen)

	First quarter of year ended March 2015		First quarter of year ending March 2016		Change	
Sales	32,312	100%	35,217	100%	2,905	9.0%
Operating income	617	1.9%	936	2.7%	319	51.7%
Recurring income	336	1.0%	629	1.8%	293	87.1%
Net income	374	1.2%	514	1.5%	140	37.3%
EPS	14.52		19.93		5.41	

- ◆ **Sales:** Domestic sales increased slightly, primarily reflecting the effect of metal prices, although orders declined in automakers due to the effect of the consumption tax hike. Overseas sales increased, primarily with a rise in orders in North America and the effects of the weakening yen. Overall, sales rose 9.0% year on year, to ¥35.2 billion.
- ◆ **Operating income:** Although income declined in Japan and Asia due to a drop in the sales volume, operating income increased 51.7% year on year, to ¥900 million, reflecting improvement in productivity and the effect of higher income in North America.
- ◆ **Recurring income:** Recurring income rose 87.1% year on year, to ¥600 million, backed by higher sales and improved profitability.
- ◆ **Net income:** Net income increased 37.4% year on year, to ¥500 million, as a result of a rise in recurring income.
- ◆ **EPS:** As a result of the above, EPS came to ¥19.93 (compared with ¥14.52 a year ago).

Overview of the (Quarterly) Consolidated Results



Die Casting Business

(Million yen)

		First quarter of year ended March 2015		First quarter of year ending March 2016		Change	
Japan	Sales	15,005	100%	15,196	100%	191	1.3%
	Segment income (loss)	621	4.1%	595	3.9%	(26)	(4.3%)
North America	Sales	9,486	100%	12,010	100%	2,524	26.6%
	Segment income (loss)	(43)	(0.5%)	344	2.9%	387	—
Asia	Sales	6,199	100%	6,233	100%	34	0.5%
	Segment income (loss)	58	0.9%	(132)	2.1%	(190)	—

The overseas sales ratio in the Die Casting Business:

Q1 of fiscal year ended March 2015: 51.1%

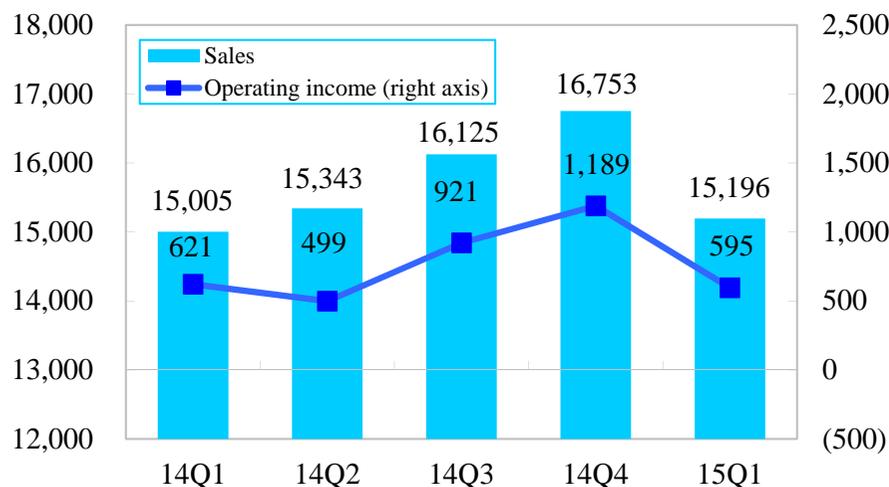
⇒ Fiscal year ended March 2015: 51.9%

⇒ Q1 of fiscal year ending March 2016: 54.6%

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

Die Casting in Japan

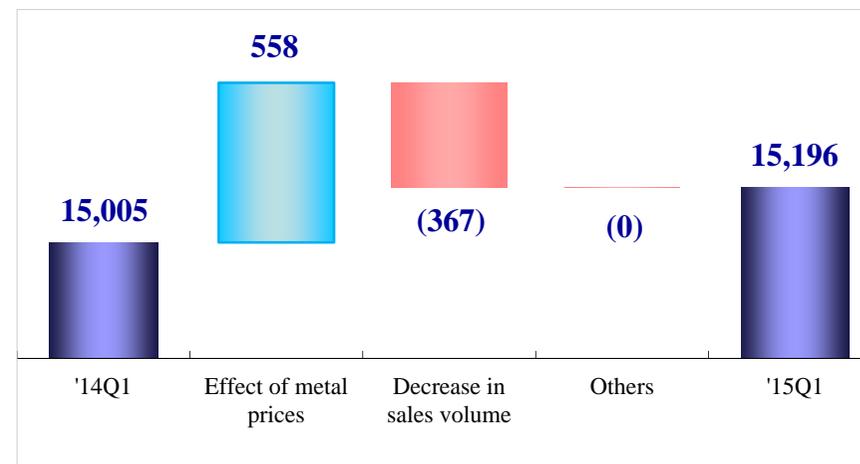
**Changes in sales and segment income
in Die Casting Business in Japan**



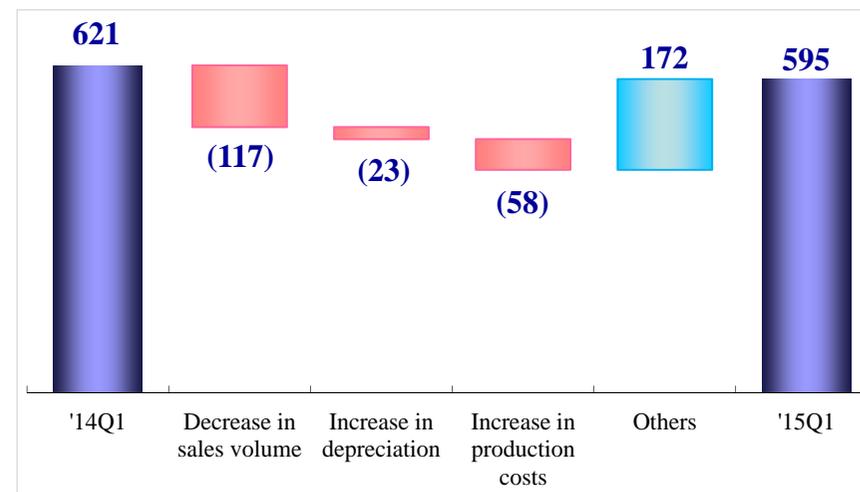
Sales increased slightly year on year, partly reflecting the effect of metal prices, despite the continued fall in sales volume as a result of the decline in demand following the consumption tax hike.

Segment income declined 4.3% year on year, primarily due to the effects of smaller sales volume and higher manufacturing costs.

Factors of change in die casting sales (Million yen)



Factors of change in segment income (Million yen)

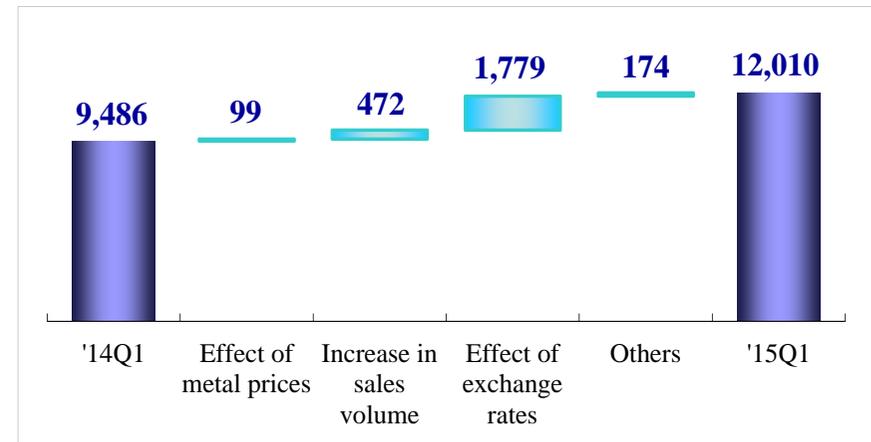


Die Casting in North America

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



Factors of change in die casting sales



U.S.: Sales rose, reflecting an increase in orders due to strong auto sales and exchange rate factors as a result of the weaker yen. Manufacturing costs declined due to an improvement in productivity. Income returned to the black in the first quarter under review.

Mexico: Sales increased due to a rise in orders combined with exchange rate factors. Income increased year on year, while manufacturing costs declined.

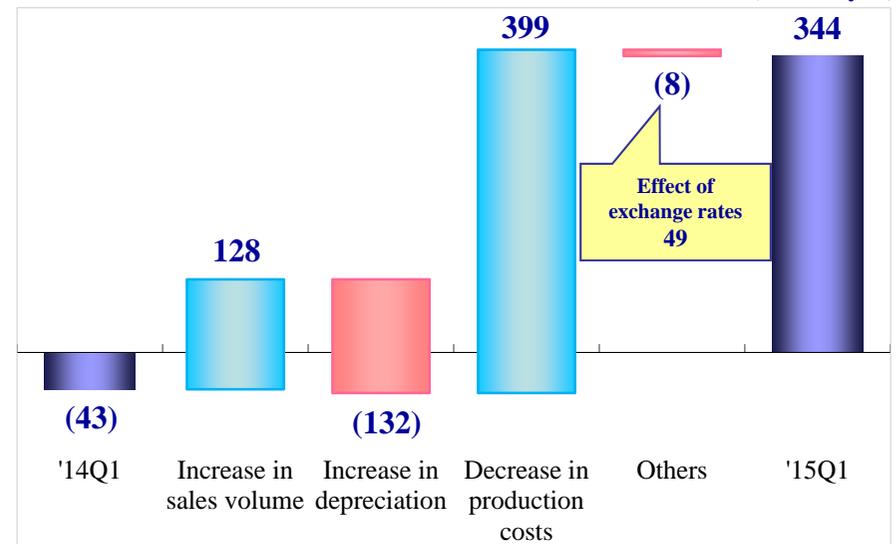
Although there was the effect of improved productivity in the United States, productivity has yet to recover to the prior level. The project came to an end, but activities to further improve productivity continue to be conducted even now.

* U.S.: April – March

Mexico: January – December

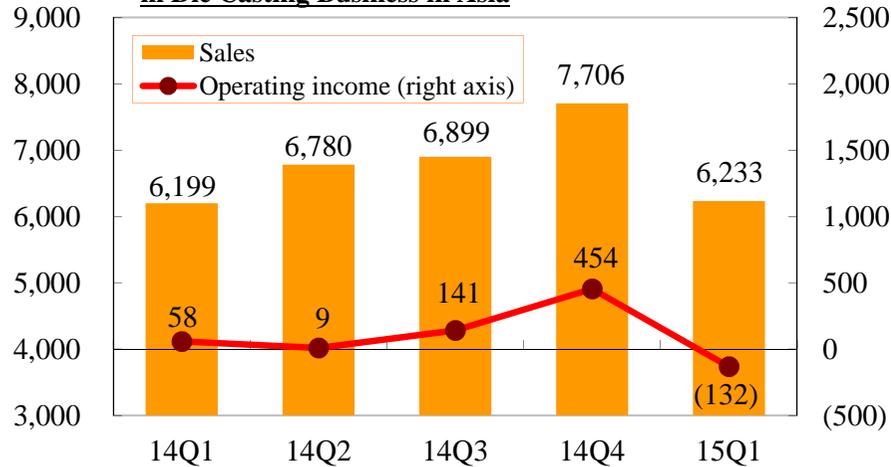
Average exchange rate ('14Q1 → '15Q1)
 US dollar 102.12 → 121.37
 Mexican peso (US\$) 103.27 → 119.58

Factors of change in segment income



Die Casting in Asia

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



China: Sales volume declined, affected by the weak auto market associated with the slower economy in China. Sales increased slightly year on year, reflecting exchange rate factors. Hefei Ahresty continued to make a profit. The overall sales and income in China declined from a year earlier, reflecting a drop in the sales volume.

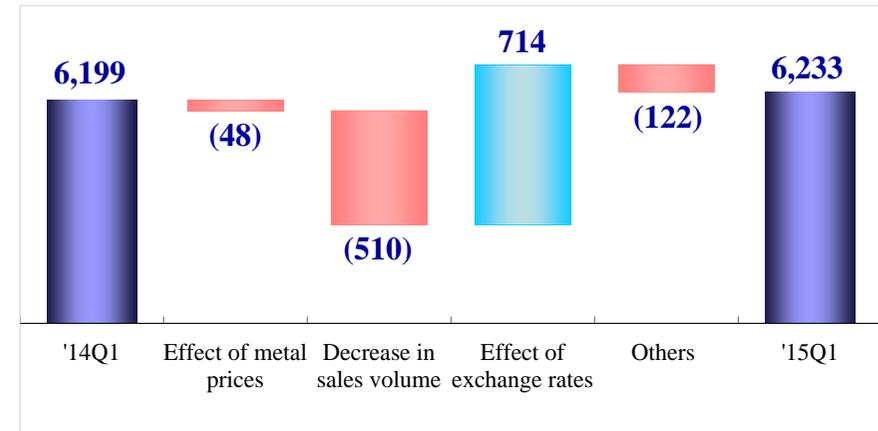
India: Sales increased due to a rise in the sales volume and exchange rate factors. The amount of losses decreased, thanks to improvement in manufacturing costs.

Earnings declined in Asia.

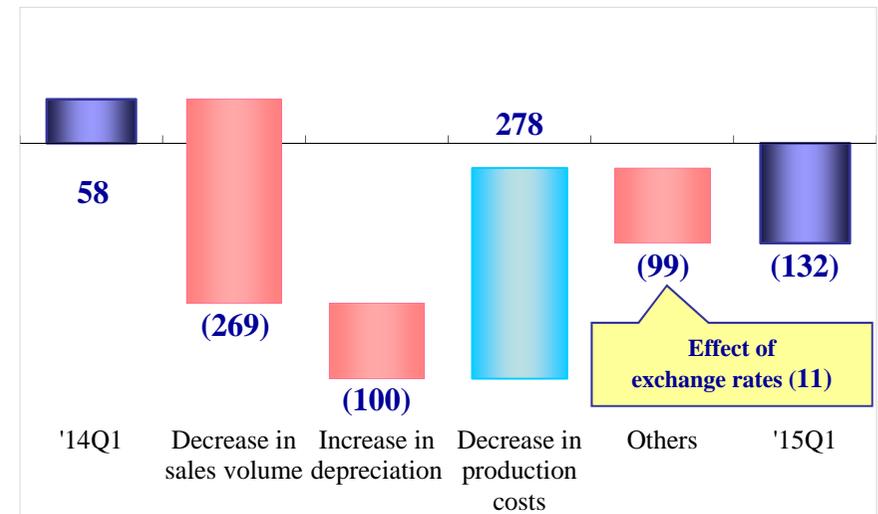
* China: January – December
India: April – March

Average exchange rate ('14Q1 → '15/Q1)	
Chinese yuan	16.92 → 19.16
Indian rupee	1.71 → 1.92

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 2015		First quarter of year ending March 2016		Change	
Aluminum Business	Sales	1,129	100%	1,272	100%	143	12.7%
	Segment income (loss)	(0)	(0.0%)	74	5.8%	74	–
Proprietary Products Business	Sales	491	100%	503	100%	12	2.6%
	Segment income (loss)	(19)	3.9%	33	6.6%	52	–

Aluminum Business:

Sales rose 12.7% year on year, driven by a rise in sales unit prices, although the order volume remained flat year on year. Segment income came to ¥74 million, mainly reflecting a decline in prices of raw materials used and the effect of cost reduction activities.

Proprietary Products Business:

Sales rose 2.6% from a year earlier, boosted by an increase in orders from the Company's main customers, such as orders from telecommunication companies for data centers and orders from semiconductor manufacturers for clean rooms. Segment income came to ¥33 million, thanks to higher sales and cost reduction activities.

Overview of Results Balance Sheets

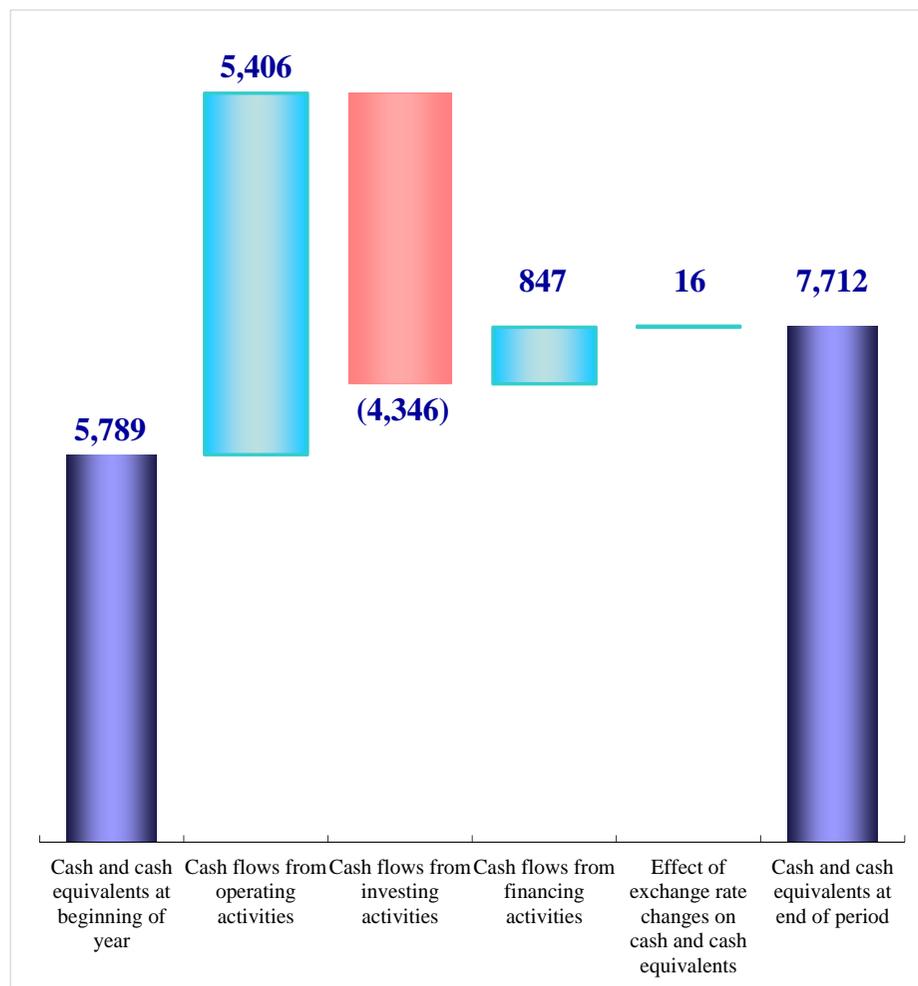
(Million yen)

	Fiscal year ended March 2015	First quarter of year ending March 2016	Change
Current assets	48,464	48,247	(217)
Cash and time deposits	5,885	7,751	1,866
Notes and accounts receivable	25,679	24,304	(1,375)
Inventories	12,602	12,015	(587)
Fixed assets	100,367	102,069	1,702
Tangible fixed assets	88,133	88,998	865
Total assets	148,831	150,317	1,486
Total liabilities	86,728	87,243	515
Notes and accounts payable	20,936	19,578	(1,358)
Long-term and short-term loans	46,838	47,941	1,103
Total net assets	62,103	63,073	970
Equity ratio	41.7	42.0	

- ◆ Exchange rate factors for total assets accounted for an increase of ¥280 million.
- ◆ Cash and cash equivalents at the end of the period increased, and was carried forward to the beginning of the next period.
- ◆ Notes and accounts receivable declined due to a drop in the sales of Guangzhou Ahresty and Hefei Ahresty.
- ◆ Tangible fixed assets increased, reflecting capital expenditures made mainly overseas.
- ◆ Notes and accounts payable declined due to a decline in the orders received by Guangzhou Ahresty and Hefei Ahresty.
- ◆ Long-term and short-term loans increased as funds for the beginning of the next period (net loans decreased)
- ◆ Total net assets increased as a result of net income and the valuation difference of securities.

Cash Flows

(Million yen)



Cash flows from operating activities	5,406
Income before income taxes and others	641
Depreciation and amortization	3,709
Decrease (increase) in notes and accounts receivable	1,484
Decrease (increase) in inventories	644
Increase (decrease) in notes and accounts payable	(1,383)
Increase (decrease) in accrued consumption taxes and others	(204)
Income taxes paid	(743)
Others	1,258
Cash flows from investing activities	(4,346)
Purchases of tangible fixed assets	(4,392)
Proceeds from sales of tangible fixed assets	7
Others	39
Cash flows from financing activities	847
Increase (decrease) in short-term loans payable	(192)
Increase (decrease) in long-term loans payable	1,239
Dividends paid	(140)
Others	(60)

- ◆ **Capital expenditures within the scope of cash flows from operating activities were made mainly overseas.**
- ◆ **Cash and cash equivalents at the end of the period increased, and was carried forward to the beginning of the next period.**



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[Reference: Presentation file of May 29, 2015]
Full-year forecast



Forecast for the Fiscal Year Ending March 31, 2016

(Million yen)

	Fiscal year ended March 2015		Forecast for fiscal year ending March 2016		Change	
Sales	138,727	100%	146,200	100%	7,473	7.3%
Operating income	2,521	1.8%	4,250	2.9%	1,729	68.6%
Recurring income	1,622	1.2%	3,300	2.3%	1,678	103.4%
Net income	1,054	0.8%	2,000	1.4%	946	89.6%
EPS	40.85		77.45		36.60	

- ◆ **Sales:** In Japan, domestic production is expected to increase in certain quarters, given the weak yen, but a full-scale recovery in demand after the consumption tax hike is likely to be delayed. Overseas, sales are expected to increase in North America due to an increase in sales volume and exchange rate effects while, in Asia, although there are concerns over the sales volume trend in China, sales in China overall are expected to increase due to an increase in sales volume and exchange rate effects. As a result, consolidated sales are forecast to increase ¥7.4 billion year on year.
 - ◆ **Operating income:** In Japan, income is likely to fall, chiefly reflecting lower sales volume, and, in Asia, income is expected to decrease on the back of the expectation that the sales volume is likely to fall below production capacity, while income in North America is expected to improve. As a result, consolidated operating income is forecast to increase ¥1.7 billion year on year.
 - ◆ **Recurring income:** Recurring income is expected to increase as a result of an increase in operating income.
 - ◆ **Net income:** Net income is expected to increase as a result of an increase in recurring income.
- Exchange rate assumptions: ¥115/US dollar, ¥19/Chinese yuan, ¥1.9/Indian rupee

Forecast for the Fiscal Year Ending March 31, 2016

(Million yen)

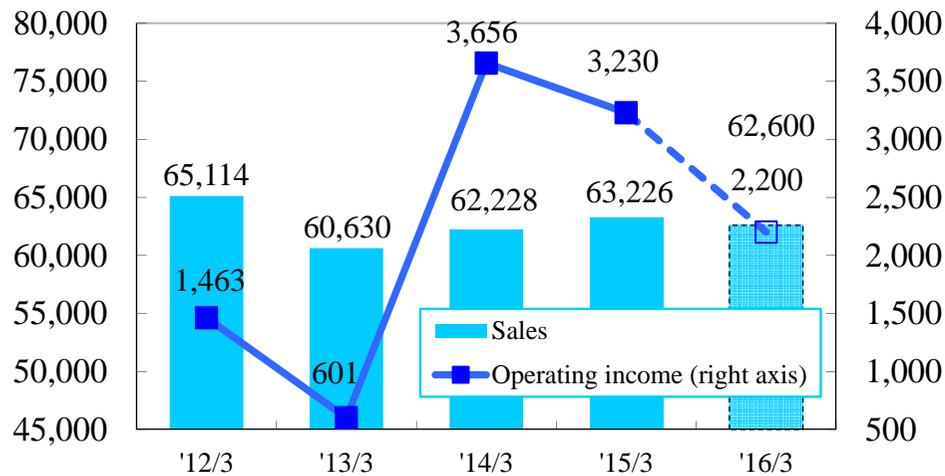
	Fiscal year ended March 2015	Forecast for fiscal year ending March 2016	Change	Percentage change
Sales	138,727	146,200	7,473	7.3%
Die Casting in Japan	63,226	62,600	(626)	(1.0%)
Die Casting in North America	40,654	44,500	3,846	9.5%
Die Casting in Asia	27,584	32,100	4,516	16.4%
Aluminum	5,015	5,200	185	3.7%
Proprietary Products	2,245	1,800	(445)	(19.8%)
Operating income	2,521	4,250	1,729	68.6%
Die Casting in Japan	3,230	2,200	(1,030)	(31.9%)
Die Casting in North America	(1,295)	1,400	2,695	—
Die Casting in Asia	662	500	(162)	(24.5%)
Aluminum	5	100	95	—
Proprietary Products	83	50	(33)	(39.8%)
Eliminations and Corporate	(165)	—	165	—
Recurring income	1,622	3,300	1,678	103.4%
Net income	1,054	2,000	946	89.6%

The overseas sales ratio in the Die Casting Business: Fiscal year ended March 2015: 51.9%

⇒ Fiscal year ending March 2016: 55.0%

Die Casting in Japan

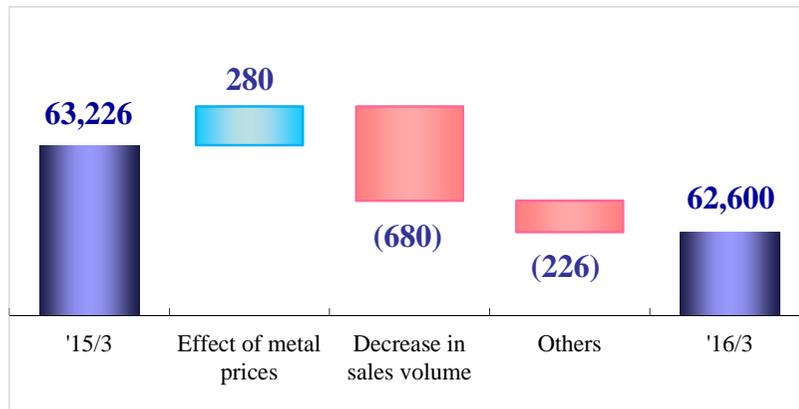
Changes in sales and segment income in Die Casting Business in Japan (Million yen)



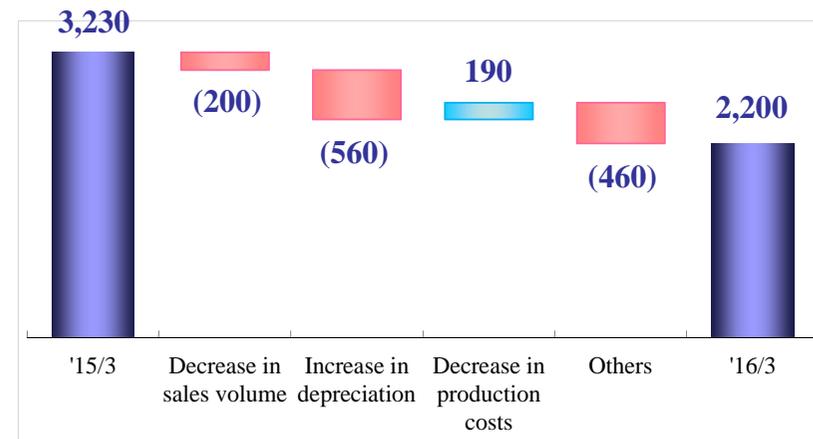
Sales: Domestic production is expected to increase in certain quarters, given the weak yen, but a full-scale recovery in demand after the consumption tax hike is likely to be delayed. Consequently, sales are projected to fall.

Income: Income is expected to fall, mainly due to the effects of lower sales, an increase in depreciation and a smaller income from die casting dies, costs of which are recovered with payments in installments.

Factors of change estimated for sales (Million yen)

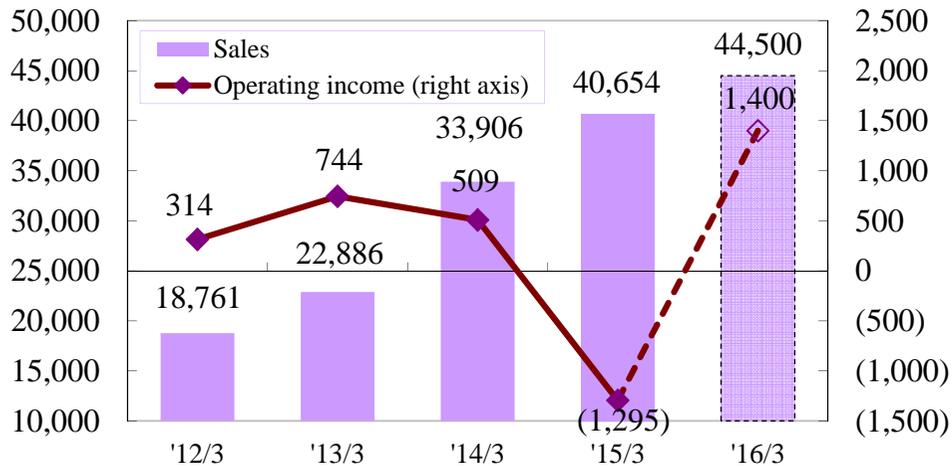


Factors of change estimated for segment income (Million yen)



Die Casting in North America

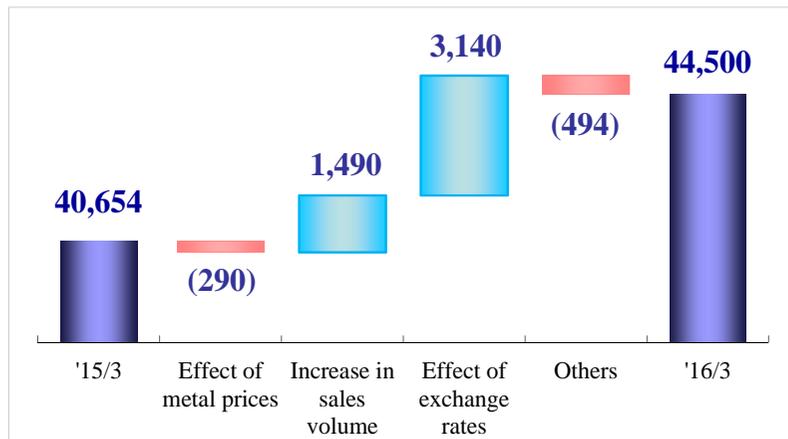
Changes in sales and segment income in Die Casting Business in North America (Million yen)



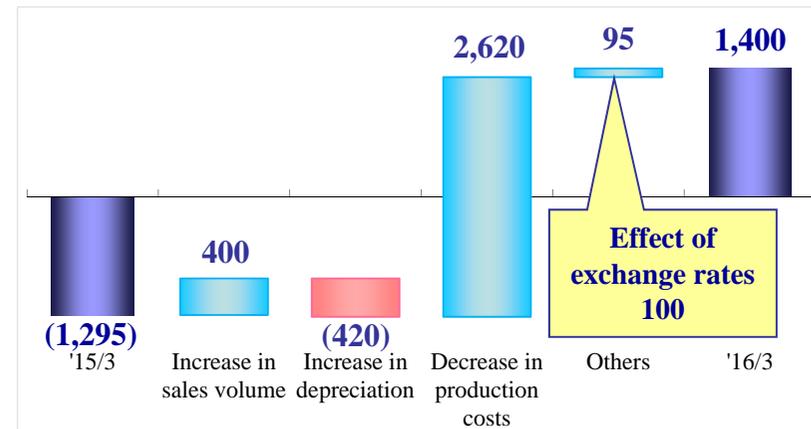
Sales: Reflecting an increase in sales volume, albeit smaller growth compared with the previous fiscal year, and the effects of foreign exchange rates, sales are expected to rise.

Income: Income is expected to make a V-shape recovery with a recovery in income at the U.S. plant on the back of its productivity improvements and the effects of higher sales and an improvement in productivity at the Mexico Plant, offsetting higher depreciation.

Factors of change estimated for sales (Million yen)

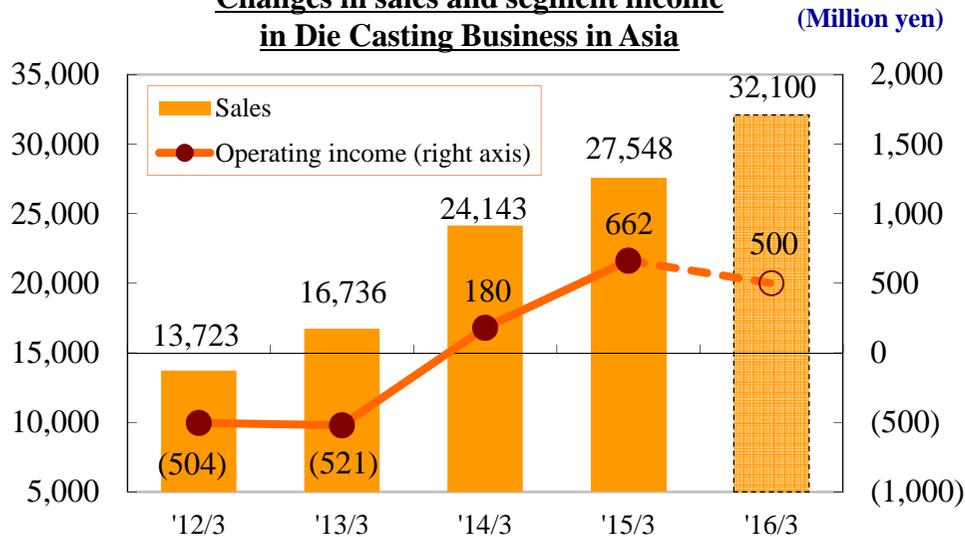


Factors of change estimated for segment income (Million yen)



Die Casting in Asia

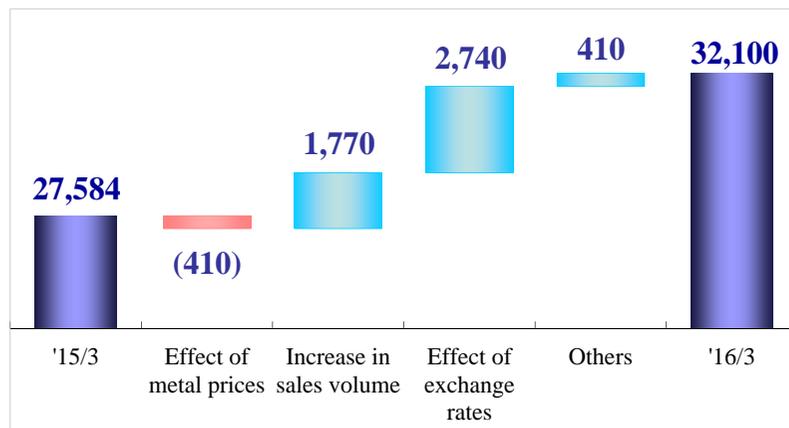
Changes in sales and segment income in Die Casting Business in Asia



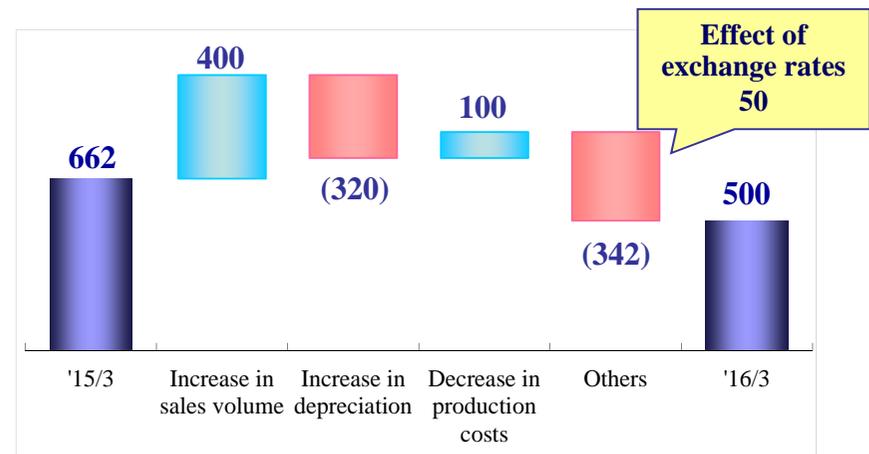
Sales: Given an increase in sales volume, despite failing to reach the production capacity level, and the effects of foreign exchange rates, sales in both China and India are expected to rise.

Income: Despite the effects of higher sales, mainly reflecting higher depreciation, income is likely to fall. In India, primarily due to an improvement in profitability on the back of the effects of higher sales and other factors, losses are expected to be reduced.

Factors of change estimated for sales (Million yen)



Factors of change estimated for segment income (Million yen)



Dividends

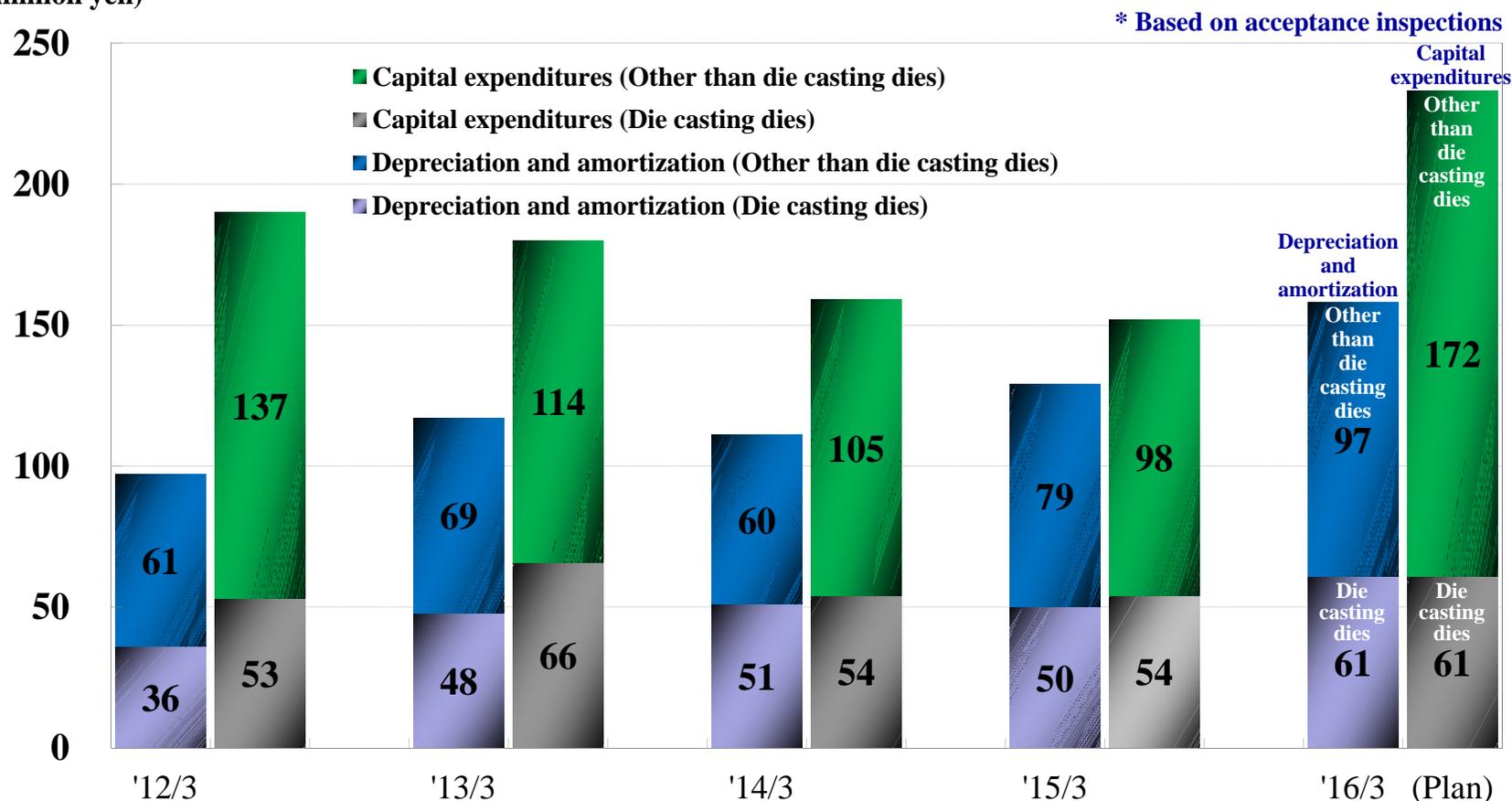
(Yen)	FY ended March 2012	FY ended March 2013	FY ended March 2014	FY ended March 2015	FY ending March 2015 Plan
Dividend per share					
(Annual dividend)	6	3	14	12	12
Interim dividend	3	3	8	6	6
Year-end dividend	3	–	6	6	6
Net income (loss) per share (consolidated)	65.87	(7.76)	287.10	40.85	77.45
Payout ratio (consolidated)	9.1%	–	4.9%	29.4%	15.5%

- ◆ In the fiscal year ended March 31, 2015, although results planned at the beginning of the term were not achieved, the annual dividend of ¥12 was paid, as forecasted at the beginning of the term.
- ◆ In the fiscal year ending March 31, 2016, we intend to pay an annual dividend of ¥12. (Targeting a payout ratio of around 15% in the near future)
- ◆ While paying attention to the payout ratio, the distribution of management resources is promoted by taking future growth into account.

Trends of Capital Expenditures and Depreciation and Amortization

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

(100 million yen)



* Because there is a delay in capital expenditures that were planned in the fiscal year ended March 2015 and capital expenditures in Japan will be increased while capital expenditures in overseas die casting bases will continue, capital expenditures are planned to be increased greatly in the fiscal year ending March 31, 2016.



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[Reference: Presentation file of May 29, 2015]
10-Year Vision
and the Medium-Term Target
(for the fiscal year ending March 31, 2017)



Business Environment Surrounding the Company

Expand the overseas business by capturing the trends of globalization and outsourcing.

➤ Global automobile production is rising, centered on emerging nations.

- ✓ Production will increase by more than 20 million units. (An increase in demand equivalent to approximately twice the production volumes in Japan)

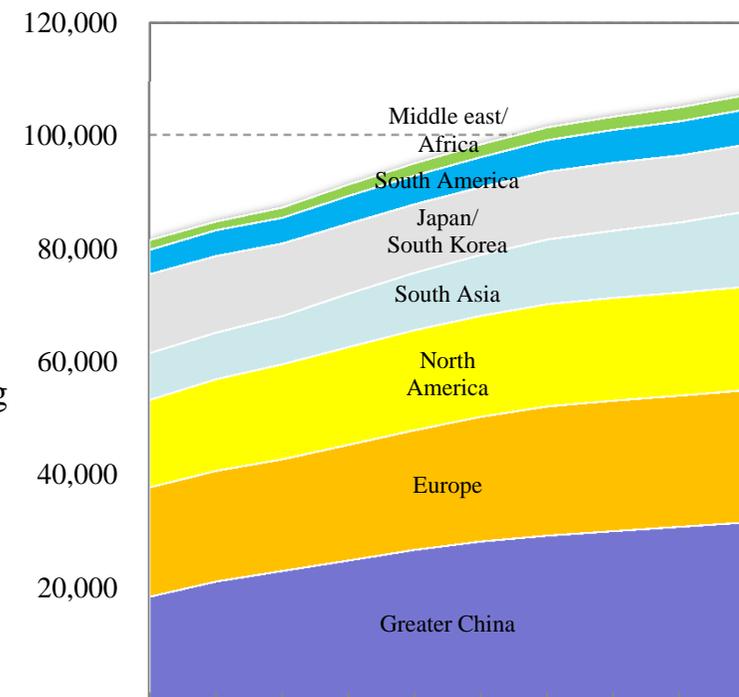
➤ Trends of increasing outsourcing

- ✓ While automobile production volumes are increasing, because of the priority orders of capital expenditures among automakers, die casting will be outsourced.
- ✓ Processing up to machine processing is outsourced. Mass production of Nissan engine blocks in China

➤ There are not many global die casting makers.

- ✓ The Company's position: One of the leading companies in the industry for its business scale, technological capabilities and development capabilities

Units (1,000 units)



CY 2012 CY 2014 CY 2016 CY 2018 CY 2020
Forecast global production volume of light vehicles
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The Company's Strength

➤ **Technological capabilities and the global production base network**

The Company is capable of supplying complex large-scale products (for example, engine blocks and mission cases) both in Japan and overseas.

➤ **Comprehensive technological development capabilities from die casting design to die casting production**

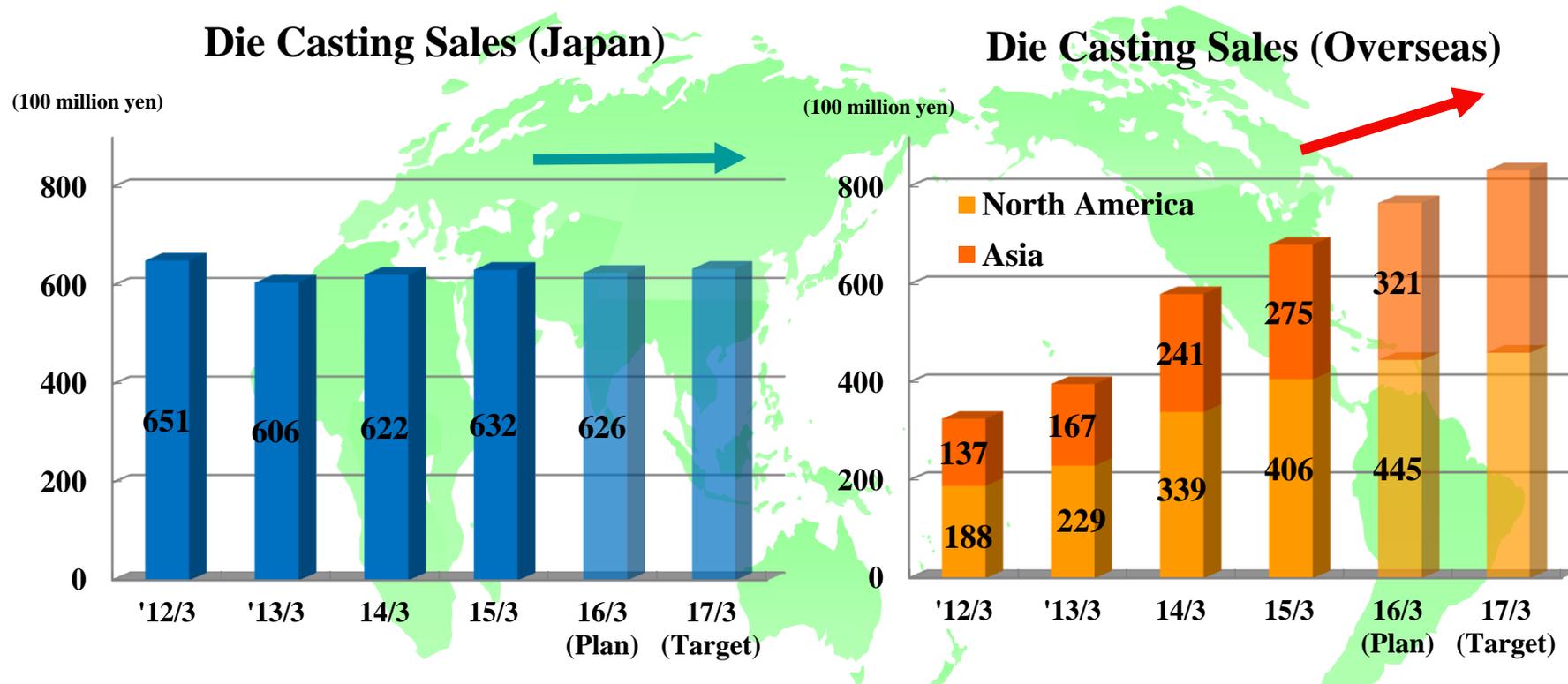
The Company is capable of creating quality, productivity, etc. for customers from the development stage.

➤ **Comprehensive one-stop production structure**

The Company is capable of responding to all requirements, including raw material production, die casing dies production, casting and machine processing.

Trends in Die Casting Business Sales

Further Expansion of Overseas Sales



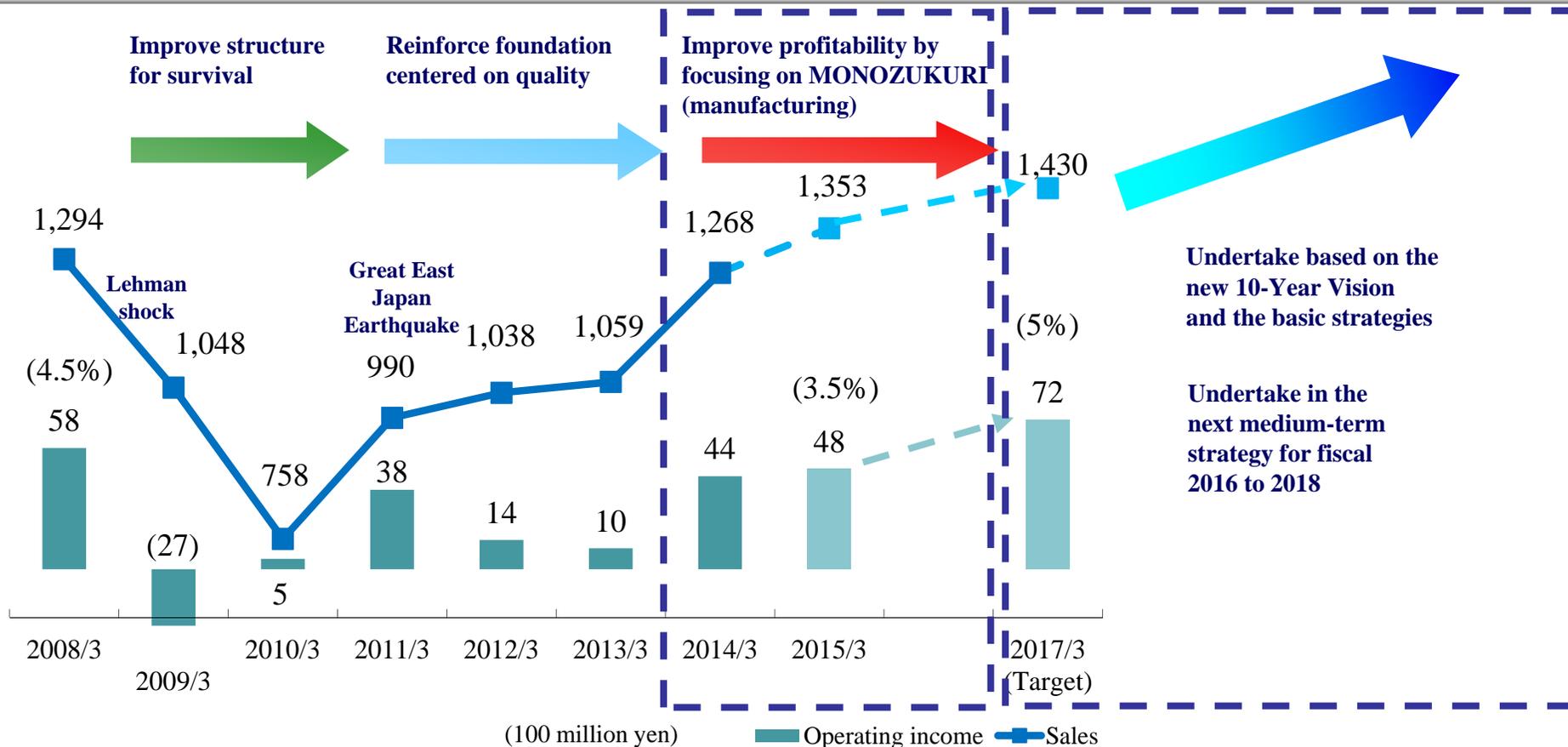
■ Based on the new 10-year Vision, we aim to achieve sustainable growth by winning customers' absolute trust and generating steady results.

■ 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.

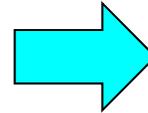
Past changes and medium-and-long term direction



- ✓ **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) (Adopting part of the basic strategies of the new 10-year Vision)**
- ✓ **The medium-term strategy based on the new 10-Year Vision and the basic strategies will be undertaken in earnest in the next medium-term strategy for fiscal 2016 to 2018.**

10-Year Vision

version of the year
2012



version of the year
2015

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

Winning

absolute customers' trust 2025

Our aspirations

**Become the most reliable supplier in the eyes of
our customers**

**Contribute to the weight reduction of
automobiles globally**

Achieve sales target over 200 billion yen

**By firmly focusing on its own operations
and responding to customers' trust and
expectations, the Company aims to
achieve sustainable growth.**

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

There are no major changes in the implementation items above, but part of the basic strategies of the new 10-year Vision has been adopted.

Basic strategies based on the new 10-year Vision will be carried out in the next Medium-Term Management Plan (2016-2018).

Numerical Targets for the Fiscal Year Ending in March 2017

	Fiscal year ended March 2015	Forecast for fiscal year ending March 2016	Initial target (Fiscal year ending March 2017) Announced on May 9, 2014	Revised target (Fiscal year ending March 2017) Announced on May 8, 2015
Sales	¥138.7 billion	¥146.2 billion	¥143.0 billion	¥154.0 billion
Operating income ratio	1.8%	2.9%	5.0%	5.0%
ROA (Return on Assets)	0.7%	—	3.0 %	3.0%
ROE (Return on Equity)	1.8%	—	7.0%	7.0%

The sales target has been changed.



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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.