



Casting Our Eyes  
on the Future

# Ahresty Corporation

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



**November 26, 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

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- ◆ Overview of results for the first half of the fiscal year ending March 31, 2016
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# 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
- October** Expansion work of the casting plant is completed at Ahresty Tochigi



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



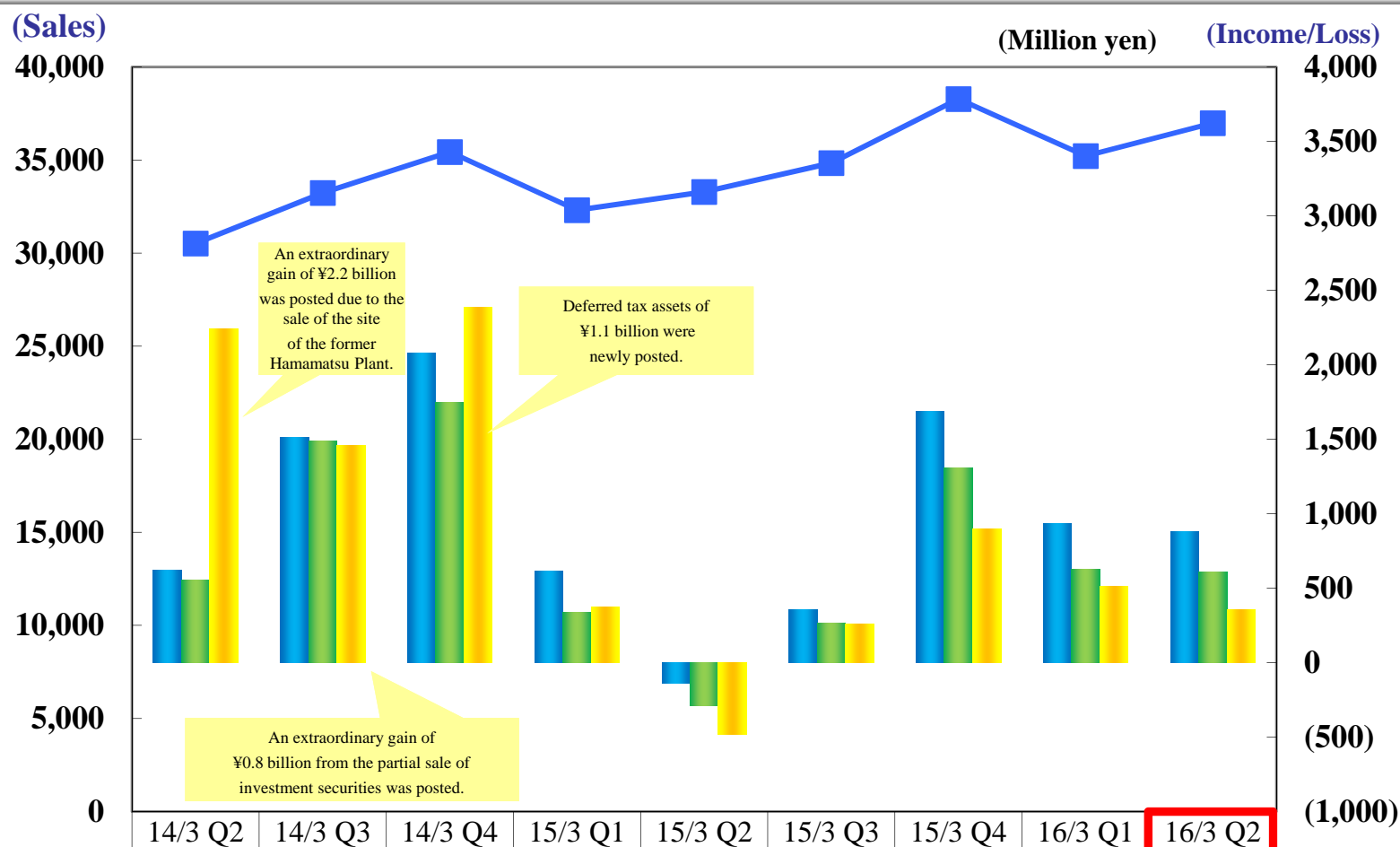
# Key Results for First Half of the Fiscal Year Ending March 31, 2016

(Million yen)

	First half of year ended March 2015		First half of year ending March 2016		Change	
<b>Sales</b>	<b>65,606</b>	100%	<b>72,206</b>	100%	<b>6,600</b>	10.1%
<b>Operating income</b>	<b>478</b>	0.7%	<b>1,819</b>	2.5%	<b>1,341</b>	280.4%
<b>Recurring income</b>	<b>45</b>	0.1%	<b>1,236</b>	1.7%	<b>1,191</b>	—
<b>Net income</b>	<b>(107)</b>	(0.2%)	<b>872</b>	1.2%	<b>979</b>	—
<b>EPS</b>	<b>(4.18)</b>		<b>33.77</b>		<b>37.95</b>	

- ◆ **Sales:** Domestic sales increased slightly, primarily reflecting a rise in metal prices, although orders declined attributable to the impact of slower sales due to the consumption tax hike and a rise in the light motor vehicle tax. In North America, sales increased thanks to a rise in orders due to strong automobile sales in the United States and the effects of the weakening yen. In Asia, sales increased due to higher orders in India and the effects of the weakening yen, although orders declined in China due to a fall in auto sales associated with the weakening economy. As a result, consolidated sales rose 10.1% year on year, to ¥72.2 billion.
- ◆ **Operating income:** Income declined in Japan, mainly due to the impact of the lower sales volume and a rise in depreciation. In North America, income increased mainly because a subsidiary in the United States became profitable. In Asia, income rose due to a decline in losses in India, despite the impact of the lower order volume in China. As a result, operating income came to ¥1.8 billion.
- ◆ **Recurring income:** Recurring income stood at ¥1.2 billion due to an improvement in operating income, despite increases in interest expenses and foreign exchange losses.
- ◆ **Net income:** Net income amounted to ¥800 million due to the increase in recurring income.

# Overview of the (Quarterly) Consolidated Results



	14/3 Q2	14/3 Q3	14/3 Q4	15/3 Q1	15/3 Q2	15/3 Q3	15/3 Q4	16/3 Q1	16/3 Q2
Operating income/loss	623	1,513	2,081	617	(139)	355	1,688	936	883
Recurring income/loss	557	1,487	1,746	336	(291)	266	1,311	629	607
Net income/loss	2,240	1,459	2,385	374	(481)	262	899	514	358
Sales (left axis)	30,518	33,237	35,435	32,312	33,294	34,842	38,279	35,217	36,989

# Die Casting Business

(Million yen)

		First half of year ended March 2015	First half of year ending March 2016	Change
Japan	Sales	30,348 100%	31,157 100%	809 2.7%
	Segment income (loss)	1,120 3.7%	1,056 3.4%	(64) (5.7%)
North America	Sales	19,063 100%	23,776 100%	4,713 24.7%
	Segment income (loss)	(608) (3.2%)	470 2.0%	1,078 —
Asia	Sales	12,979 100%	13,618 100%	639 4.9%
	Segment income (loss)	67 0.5%	106 0.8%	39 56.4%

The overseas sales ratio in the Die Casting Business:

Fiscal year ended March 2015: 51.9%

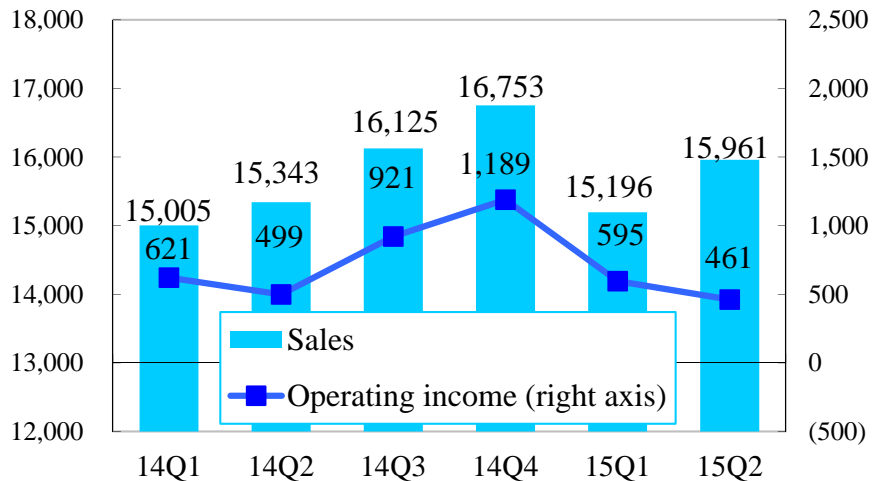
⇒ Q1 of fiscal year ending March 2016: 54.6%

⇒ First half of fiscal year ending March 2016: 54.5%

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

# Die Casting in Japan

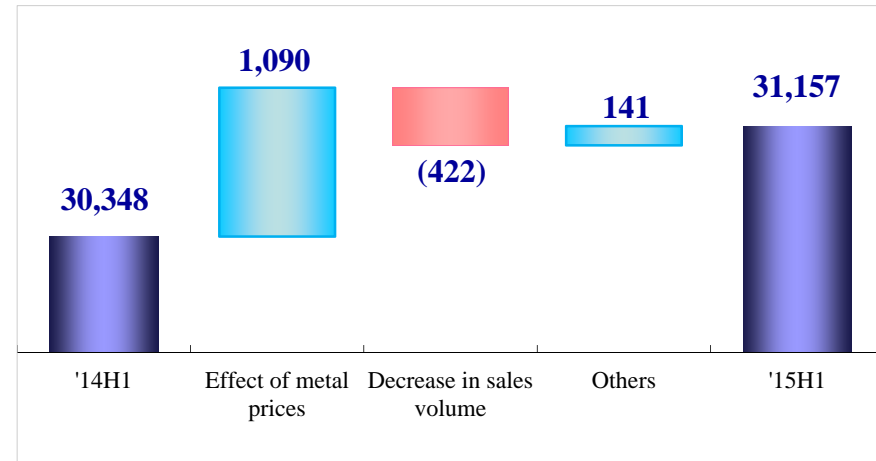
**Changes in sales and segment income  
in Die Casting Business in Japan**



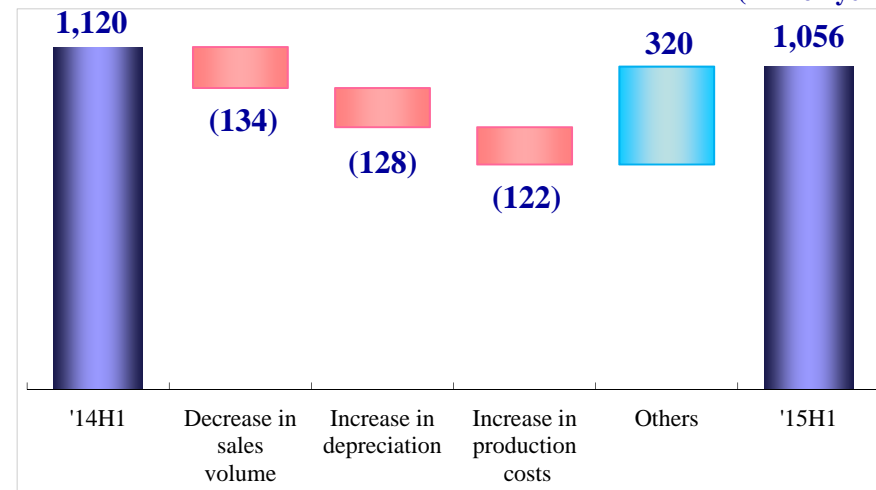
Sales increased year on year due to the impact of metal prices, although domestic sales continued to slow down due to falling sales following the consumption tax hike and a rise in the light motor vehicle tax, as well as a decline in order volume, despite strong exports due to the effects of the weaker yen and low oil prices.

Segment income declined 5.7% year on year, primarily due to the effects of smaller sales volume and higher depreciation.

**Factors of change in die casting sales** (Million yen)



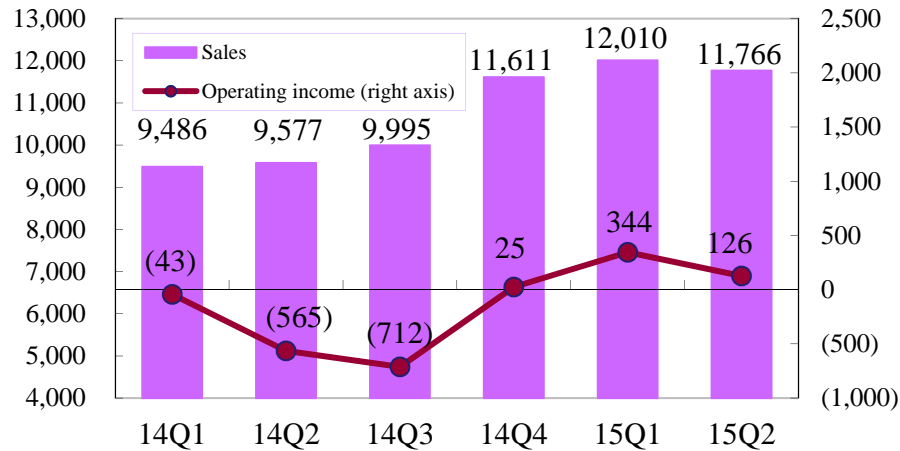
**Factors of change in segment income** (Million yen)





# Die Casting in North America

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



**U.S.:** Sales rose, reflecting an increase in orders due to strong auto sales and exchange rate factors. Income was secured as manufacturing costs declined due to an improvement in productivity.

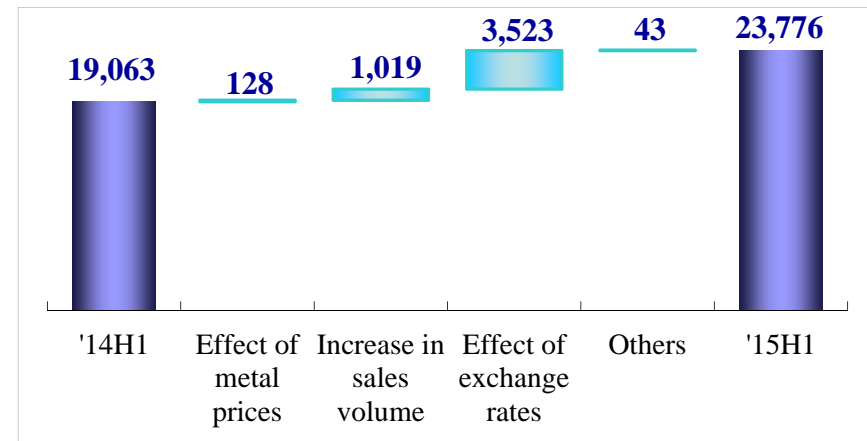
**Mexico:** Sales increased due to a rise in orders combined with exchange rate factors. Income rose due to the effects of higher sales and improved productivity.

Although income in the United States followed a recovery trend and maintained the black until the second quarter, it did not return to the previous income level. The Company will continue to work on improvement going forward.

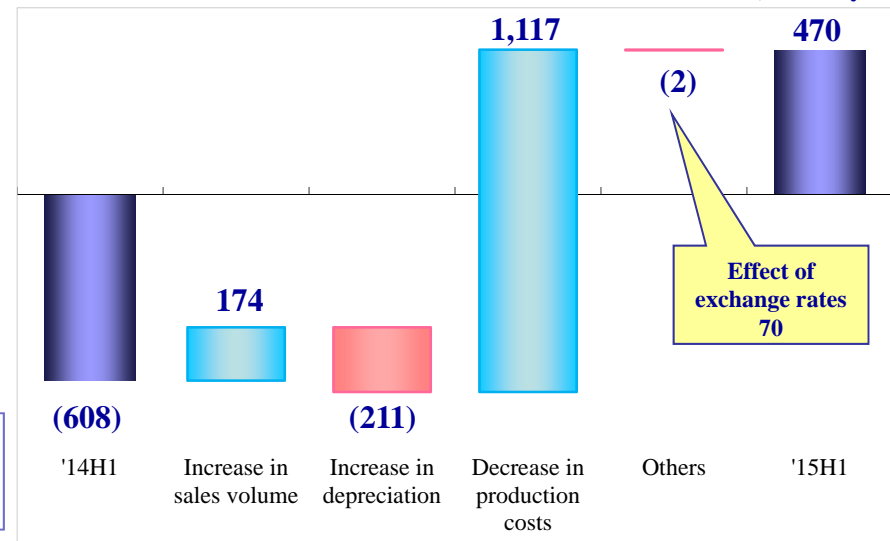
\*U.S.: April - March  
Mexico: January - December

Average exchange rate ('14H1 → '15H1)  
US dollar 103.50 → 121.52  
Mexican peso (US\$) 102.66 → 120.50

**Factors of change in die casting sales (Million yen)**

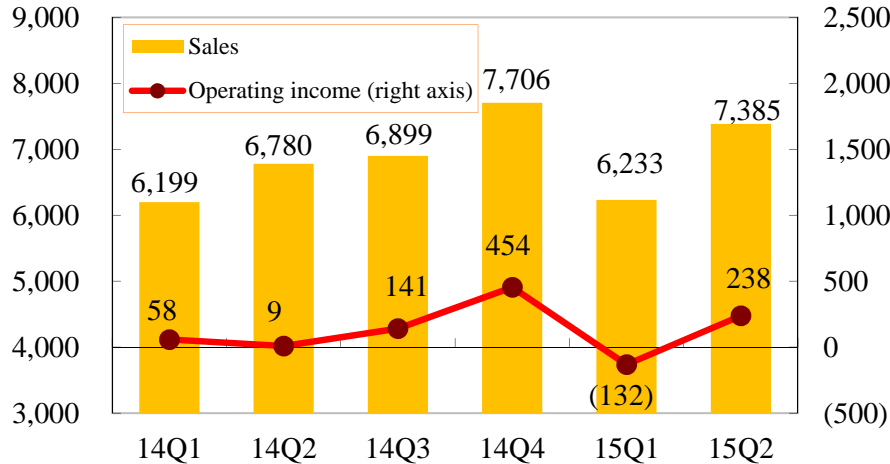


**Factors of change in segment income (Million yen)**



# Die Casting in Asia

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



**China:** The sales volume declined, reflecting the lower growth rate in the auto market due to the slowdown of the Chinese economy. However, sales increased due to exchange rate factors. Income declined because of the impact of the lower sales volume, despite efforts to reduce manufacturing costs.

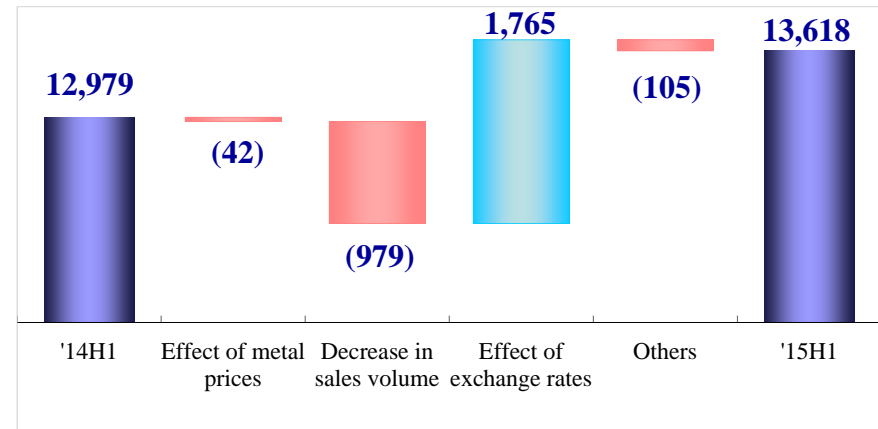
**India:** Sales increased mainly due to the commencement of the volume production of new products. In terms of income, the loss declined thanks to the impact of higher sales and the reduction of manufacturing costs.

Income was secured in Asia as a whole, primarily thanks to the reduction of manufacturing costs, despite the impact of lower orders in China.

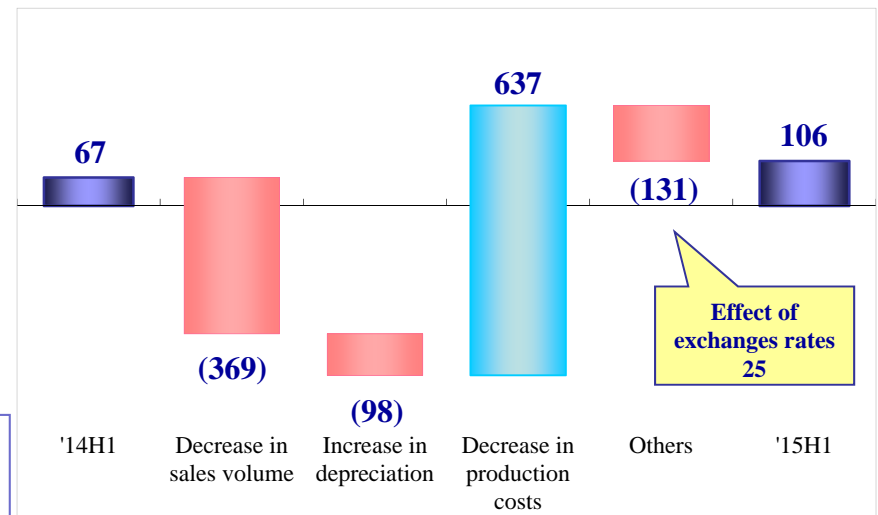
\* **China:** January - December  
**India:** April - March

Average exchange rate ('14H1 → '15H1)  
 Chinese yuan 16.67 → 19.36  
 Indian rupee 1.72 → 1.90

**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 half of year ended March 2015		First half of year ending March 2016		Change	
<b>Aluminum Business</b>	Sales	<b>2,345</b>	100%	<b>2,590</b>	100%	<b>245</b>	10.5%
	Segment income (loss)	<b>(33)</b>	(1.4%)	<b>149</b>	5.8%	<b>182</b>	—
<b>Proprietary Products Business</b>	Sales	<b>869</b>	100%	<b>1,063</b>	100%	<b>194</b>	22.2%
	Segment income (loss)	<b>(12)</b>	(1.4%)	<b>41</b>	3.9%	<b>53</b>	—

## Aluminum Business:

Sales rose 10.5% year on year, driven by a rise in sales unit prices, although the order volume remained almost unchanged from a year ago. Segment income came to ¥149 million due to the effects of falling raw material prices and cost reduction activities.

## Proprietary Products Business:

Sales increased 22.2% from a year earlier, boosted by orders from the Company's main customers, such as orders from semiconductor-related companies for clean rooms and from telecommunication companies for data centers. Segment income came to ¥41 million thanks to the effects of higher sales and cost reduction activities.

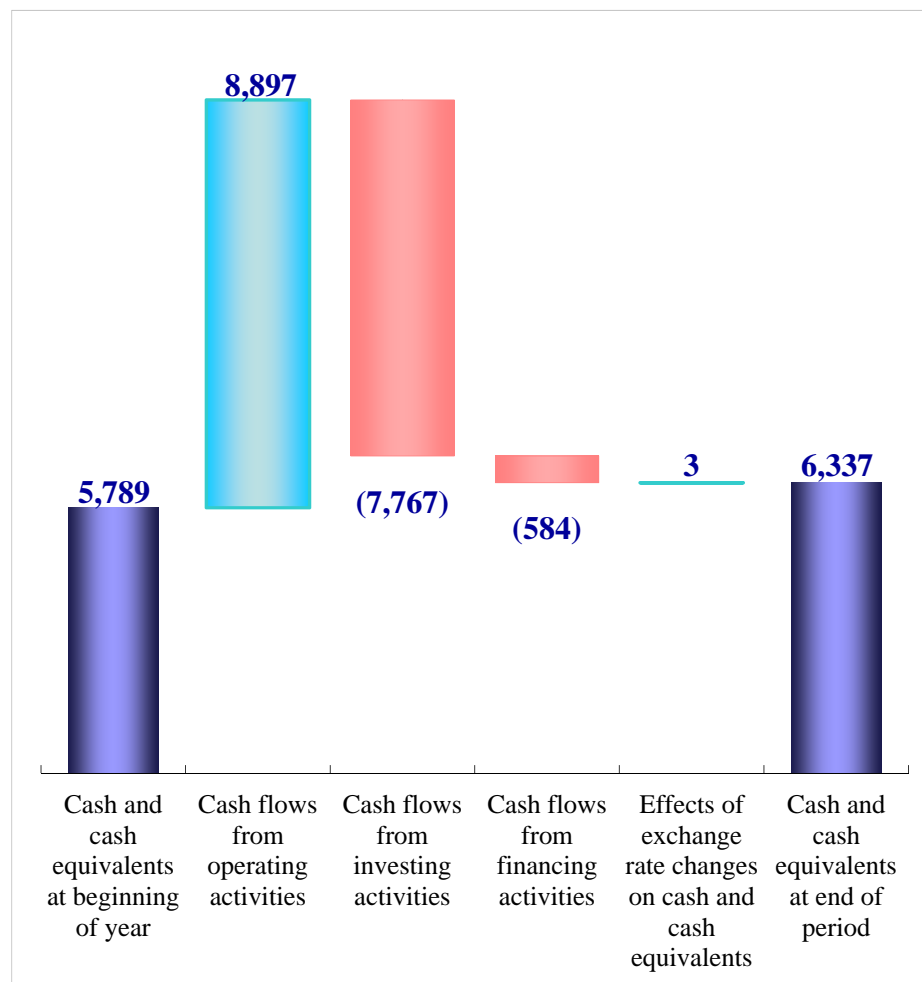
# Overview of Results Balance Sheets

(Million yen)

	Fiscal year ended March 2015	First half of year ending March 2016	Change
<b>Current assets</b>	<b>48,464</b>	<b>47,435</b>	<b>(1,029)</b>
Cash and time deposits	5,885	6,337	452
Notes and accounts receivable	25,679	25,539	(140)
Inventories	12,602	11,918	(684)
<b>Fixed assets</b>	<b>100,367</b>	<b>101,983</b>	<b>1,616</b>
Tangible fixed assets	88,133	89,528	1,395
<b>Total assets</b>	<b>148,831</b>	<b>149,419</b>	<b>588</b>
<b>Total liabilities</b>	<b>86,728</b>	<b>86,249</b>	<b>(479)</b>
Notes and accounts payable	20,936	19,854	(1,082)
Long-term and short-term loans	46,838	46,907	69
<b>Total net assets</b>	<b>62,103</b>	<b>63,169</b>	<b>1,066</b>
Equity ratio	41.7	42.2	0.5

- ◆ Exchange rate factors for total assets were ¥850 million.
- ◆ Inventories declined associated with lower sales.
- ◆ Tangible fixed assets increased, reflecting capital expenditures in Japan and overseas.
- ◆ Notes and accounts payable declined due to a fall in purchases associated with a decline in orders.
- ◆ Total net assets increased, mainly due to rises in retained earnings and foreign currency translation adjustment.

# Cash Flows



(Million yen)

<b>Cash flows from operating activities</b>	<b>8,897</b>
Income before income taxes and others	1,228
Depreciation and amortization	7,520
Decrease (increase) in notes and accounts receivable	285
Decrease (increase) in inventories	777
Increase (decrease) in notes and accounts payable	(1139)
Increase (decrease) in accrued consumption taxes and other	237
Income taxes paid	(542)
Others	531
<b>Cash flows from investing activities</b>	<b>(7767)</b>
Expenditures from purchases of tangible fixed assets	(7783)
Proceeds from sales of tangible fixed assets	10
Others	6
<b>Cash flows from financing activities</b>	<b>(584)</b>
Increase (decrease) in short-term loans payable	331
Increase (decrease) in long-term loans payable	(637)
Dividends paid	(156)
Others	(122)

- ◆ **Capital expenditures were made within the scope of cash flows from operating activities in Japan and overseas, while keeping them lower than the plan.**
- ◆ **Excess funds generated from capital expenditures made within the scope of operating cash flows were appropriated to the repayment of loans payable.**



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# Full-year forecast



# Forecast for the Fiscal Year Ending March 31, 2016

(Million yen)

	Fiscal year ended March 2015		Previous forecast for year ending March 2016		Revised forecast for year ending March 2016 (November 10)		Change from the previous forecast	
Sales	138,727	100%	146,200	100%	143,900	100%	(2,300)	(1.6%)
Operating income	2,521	1.8%	4,250	2.9%	4,200	2.9%	(50)	(1.2%)
Recurring income	1,622	1.2%	3,300	2.3%	2,800	1.9%	(500)	(15.2%)
Net income	1,054	0.7%	2,000	1.4%	1,750	1.2%	(250)	(12.5%)
EPS	40.85		77.45		67.72		(9.73)	

- ◆ **Sales:** In Japan, sales are expected to increase due to the impact of metal prices, although orders are likely to decline slightly from the initial plan. In North America, sales are expected to increase due to exchange rate factors, despite an expected fall in orders in Mexico. In Asia, sales are expected to decrease significantly as the impact of the lower sales volume in China is likely to continue. As a result, consolidated sales are forecast to decline from the initial plan, primarily reflecting the significant adverse effects in Asia.
- ◆ **Operating income:** While income is expected to increase in Japan, chiefly thanks to cost reductions, income is forecast to decline in North America and Asia due to the impact of lower sales in China and Mexico. Consolidated operating income is expected to fall slightly below the initial plan, even taking into account the effects of cost reductions in the Aluminum Business and the Proprietary Products Business.
- ◆ **Recurring income:** Recurring income is expected to fall below the initial plan as foreign exchange losses are anticipated, in addition to the fall in operating income.
- ◆ **Net income:** Net income is expected to decrease associated with the decline in recurring income.

Exchange rate assumption (full-year average): ¥119.45/US dollar, ¥19.25/Chinese yuan, ¥1.9/Indian rupee  
(Initial exchange rate assumptions: ¥115/US dollar, ¥19/Chinese yuan, ¥1.9/Indian rupee)

## Forecast for the Fiscal Year Ending March 31, 2016

(Million yen)

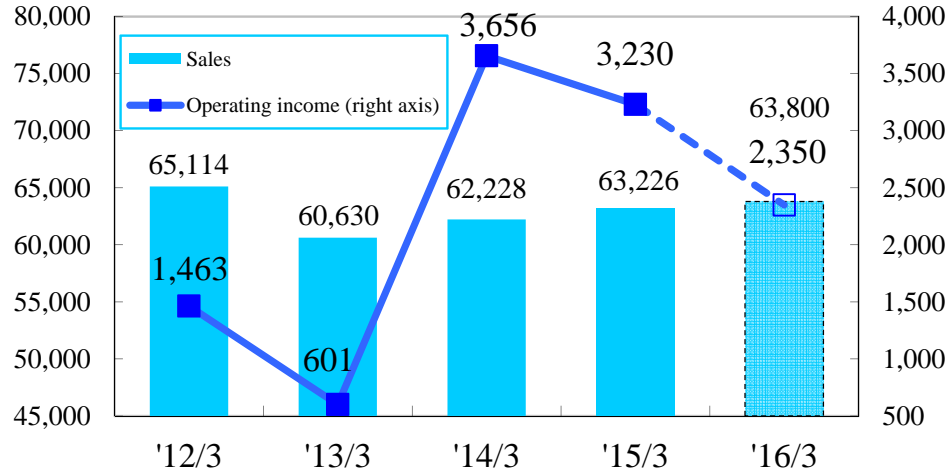
	Fiscal year ended March 2015	Previous forecast for year ending March 2016	Revised forecast for year ending March 2016 (November 10)	Change from the previous forecast	Percentage change from the previous forecast
<b>Sales</b>	<b>138,727</b>	<b>146,200</b>	<b>143,900</b>	<b>(2,300)</b>	<b>(1.6%)</b>
Die Casting in Japan	63,226	62,600	63,800	1,200	1.9%
Die Casting in North America	40,654	44,500	45,300	800	1.8%
Die Casting in Asia	27,584	32,100	27,600	(4,500)	(14.0%)
Aluminum	5,015	5,200	4,900	(300)	(5.8%)
Proprietary Products	2,245	1,800	2,300	500	27.8%
<b>Operating income</b>	<b>2,521</b>	<b>4,250</b>	<b>4,200</b>	<b>(50)</b>	<b>(1.2%)</b>
Die Casting in Japan	3,230	2,200	2,350	150	6.8%
Die Casting in North America	(1,295)	1,400	1,150	(250)	(17.9%)
Die Casting in Asia	662	500	400	(100)	(20.0%)
Aluminum	5	100	230	130	130.0%
Proprietary Products	83	50	70	20	40%
Elimination and Corporate	(165)	—	—	—	—
<b>Recurring income</b>	<b>1,622</b>	<b>3,300</b>	<b>2,800</b>	<b>(500)</b>	<b>(15.2%)</b>
<b>Net income</b>	<b>1,054</b>	<b>2,000</b>	<b>1,750</b>	<b>(250)</b>	<b>(12.5%)</b>



# Die Casting in Japan

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

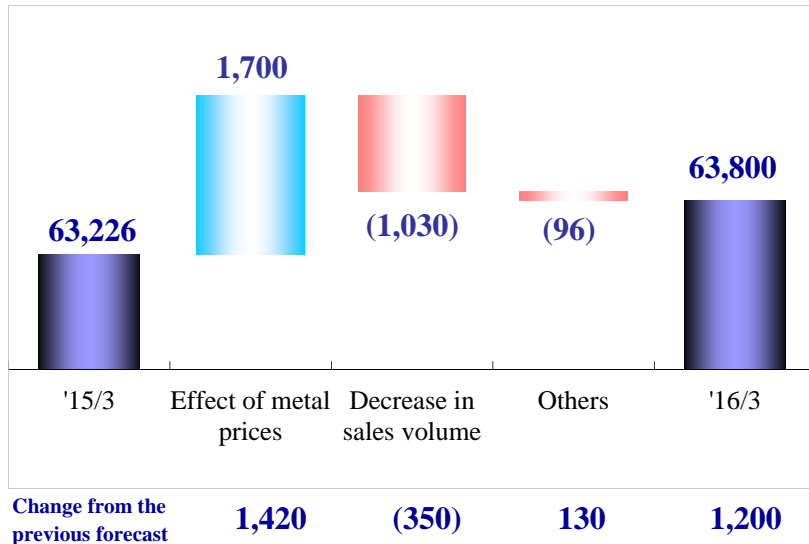
(Million yen)



**Sales:** Sales are expected to increase slightly in the full year, reflecting the stronger impact of metal prices than initially expected, although the impact of slower auto sales due to the consumption tax hike and a rise in light motor vehicle tax is likely to be slightly greater than initially expected.

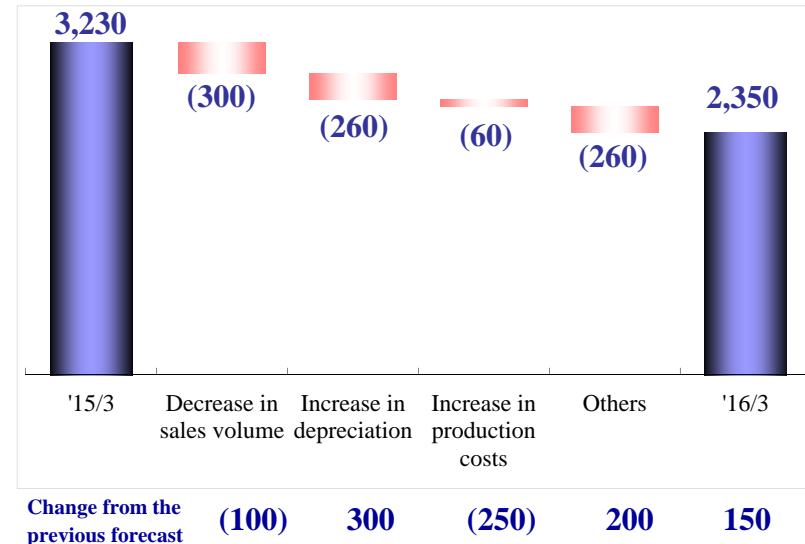
**Income:** Income is expected to decline, given the effects of the lower sales volume, an increase in depreciation and lower income from die casting, the costs of which are recovered with payments in installments, etc.

**Factors of change estimated for sales (November 10)** (Million yen)



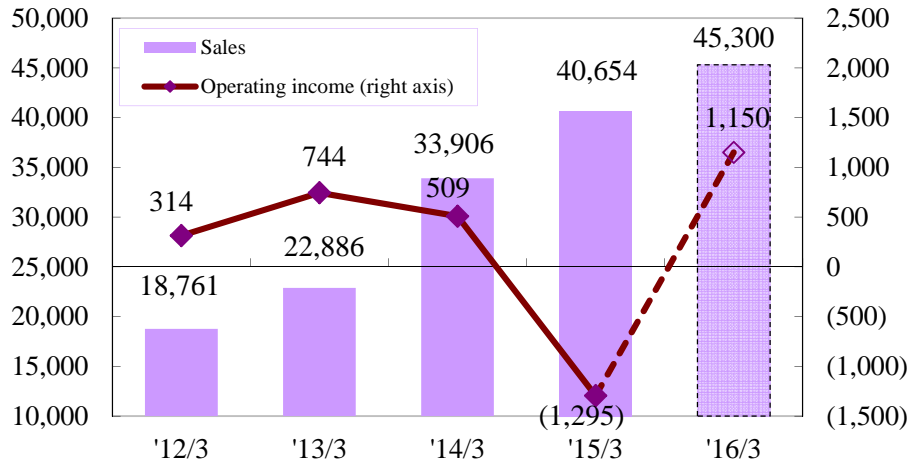
**Factors of change estimated for segment income (November 10)**

(Million yen)



# Die Casting in North America

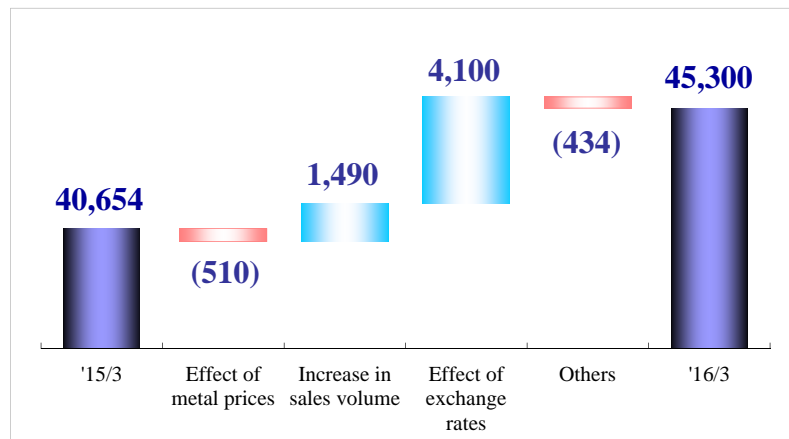
**Changes in sales and segment income in Die Casting Business in North America (Million yen)**



**Sales:** Reflecting exchange rate factors, etc., sales are expected to increase in North America as a whole, although a larger fall in order volume than initially expected is anticipated at the Mexico plant.

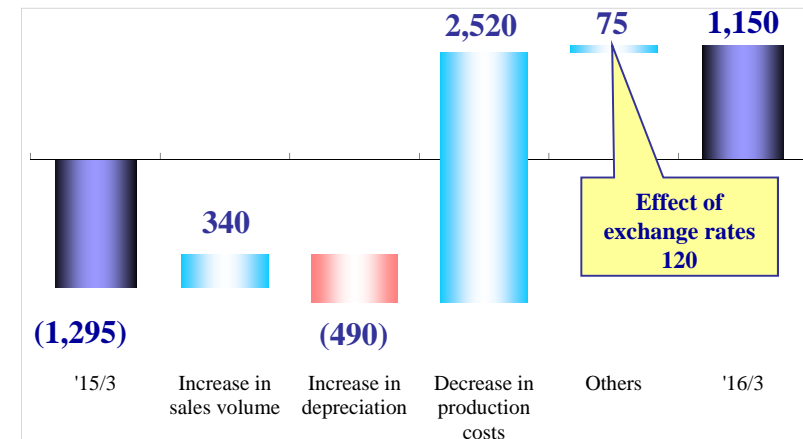
**Income:** Income is expected to increase due to the recovery of income at the U.S. plant associated with better productivity and the impact of an improvement in productivity at the Mexico plant, despite the effects of an increase in depreciation.

**Factors of change estimated for sales (November 10) (Million yen)**



Change from the previous forecast (220) 0 960 60 800

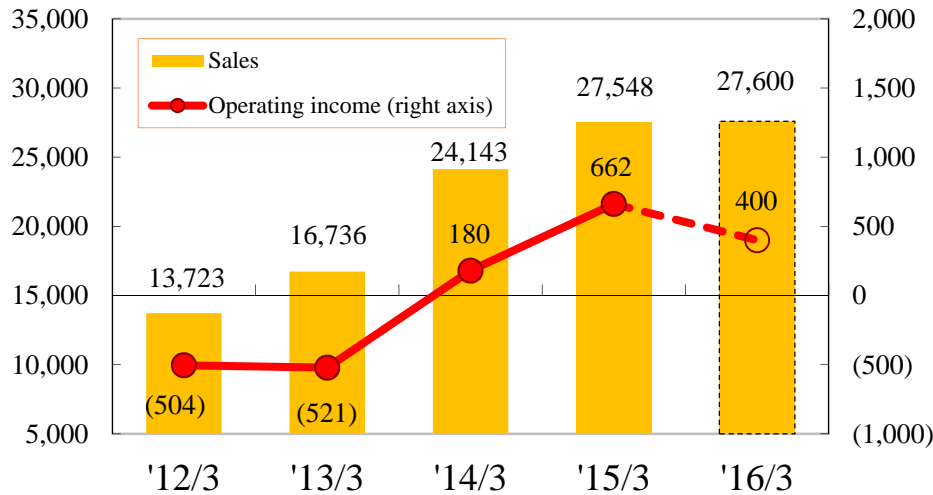
**Factors of change estimated for segment income (November 10) (Million yen)**



Change from the previous forecast (60) (70) (100) (20) (250)

# Die Casting in Asia

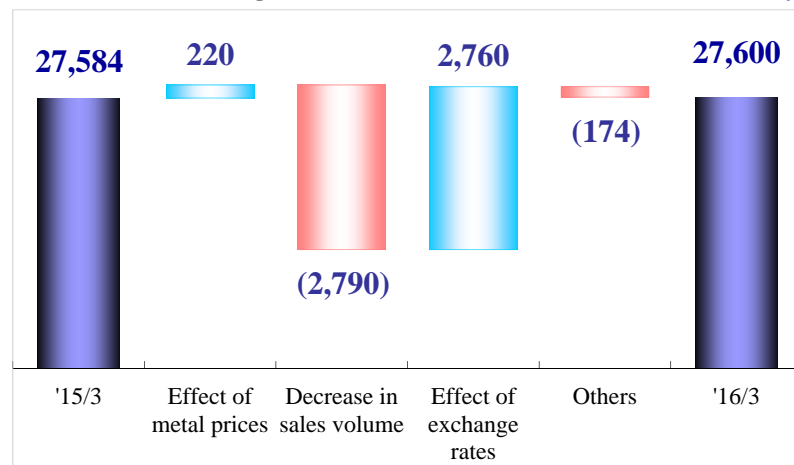
**Changes in sales and segment income in Die Casting Business in Asia (Million yen)**



**Sales:** Although the order volume is expected to decline, influenced significantly by the slower economy in China, sales are forecast to remain flat from a year ago in Asia due to the higher order volume in India and exchange rate factors.

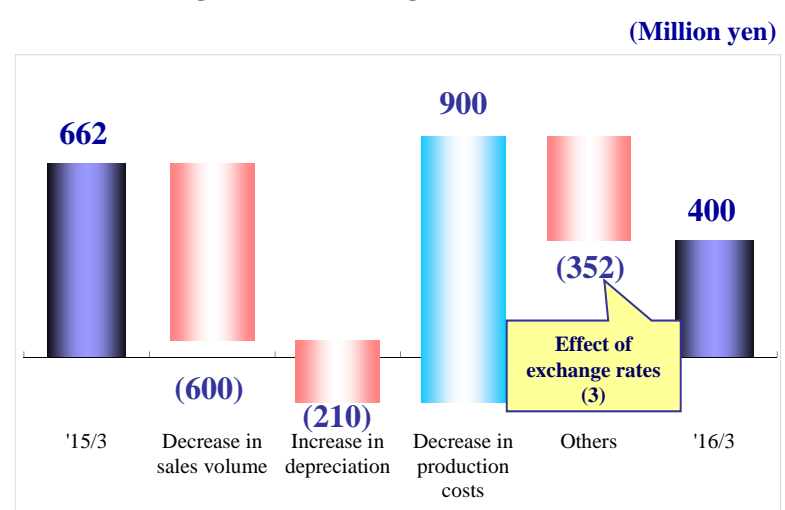
**Income:** Profitability is expected to be secured thanks to cost reduction activities in China and higher income in India, despite the significant impact of lower sales in China.

**Factors of change estimated for sales (November 10) (Million yen)**



Change from the previous forecast: 630, (4,560), 20, (590), (4,500)

**Factors of change estimated for segment income (November 10) (Million yen)**



Change from the previous forecast: (1,000), 110, 800, (10), (100)

# Dividends

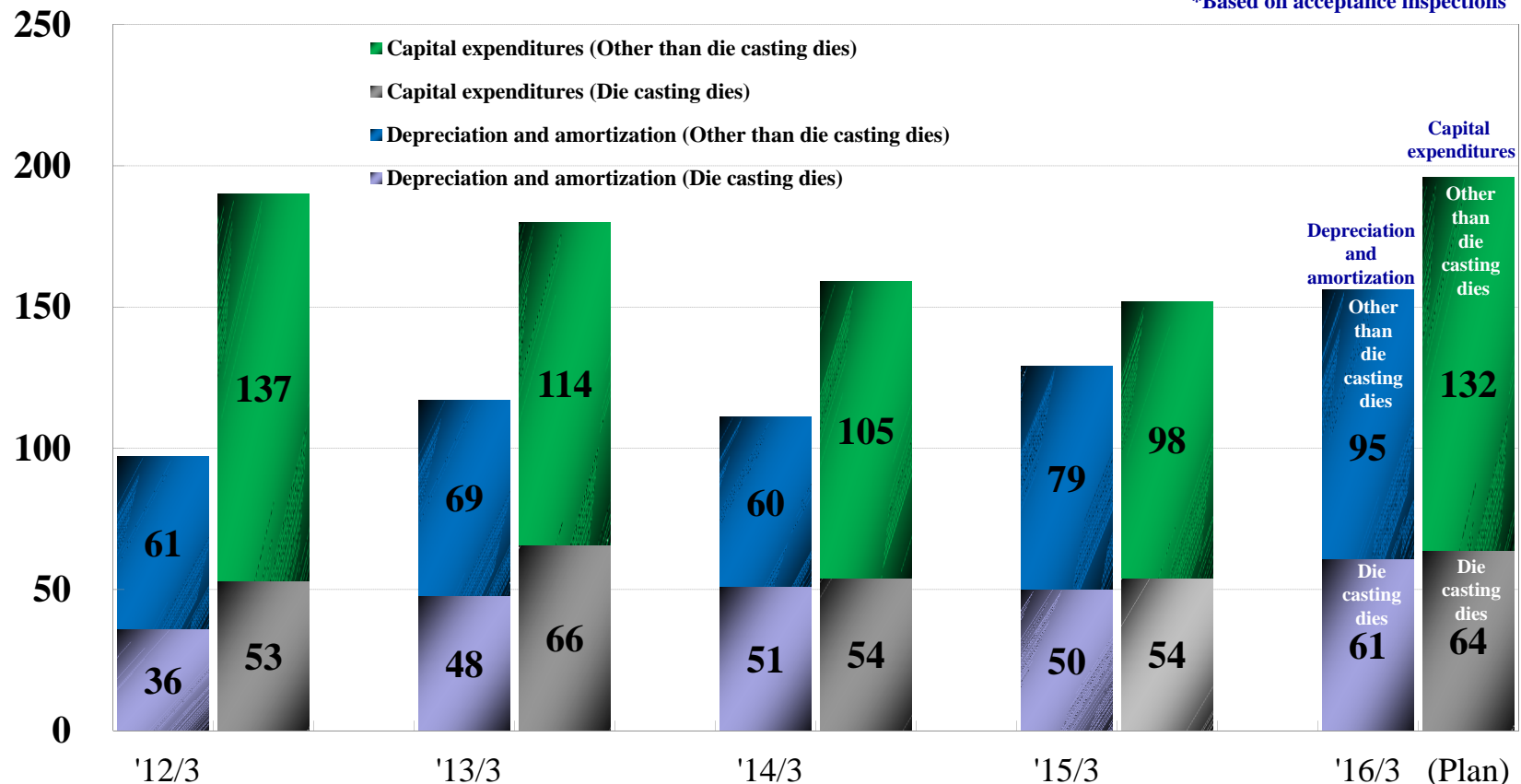
(Yen)	FY ended March 2012	FY ended March 2013	FY ended March 2014	FY ended March 2015	FY ending March 2016
<b>Dividend per share</b>					
(Annual dividend)	6	3	14	12	12
Interim dividend	3	3	8	6	6
Year-end dividend	3	—	6	6	6
Net income (loss) per share (consolidated)	65.87	(7.76)	287.10	40.85	67.72
Payout ratio (consolidated)	9.1%	—	4.9%	29.4%	17.7%

- ◆ 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 overseas die casting business.

(100 million yen)



\* Although capital expenditures of ¥17.2 billion for other than die casting dies were planned in the initial plan, they were reduced by ¥4.0 billion, taking into account the order situation mainly in China.

(Capital expenditures for die casting dies were increased by ¥300 million from the initial plan.)



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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.