



Casting Our Eyes
on the Future

Ahresty Corporation

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



February 25, 2016

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

- ◆ Overview of results for the first three quarters of the fiscal year ending March 31, 2016
- ◆ [Reference] Full-year forecast

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



Ahresty

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



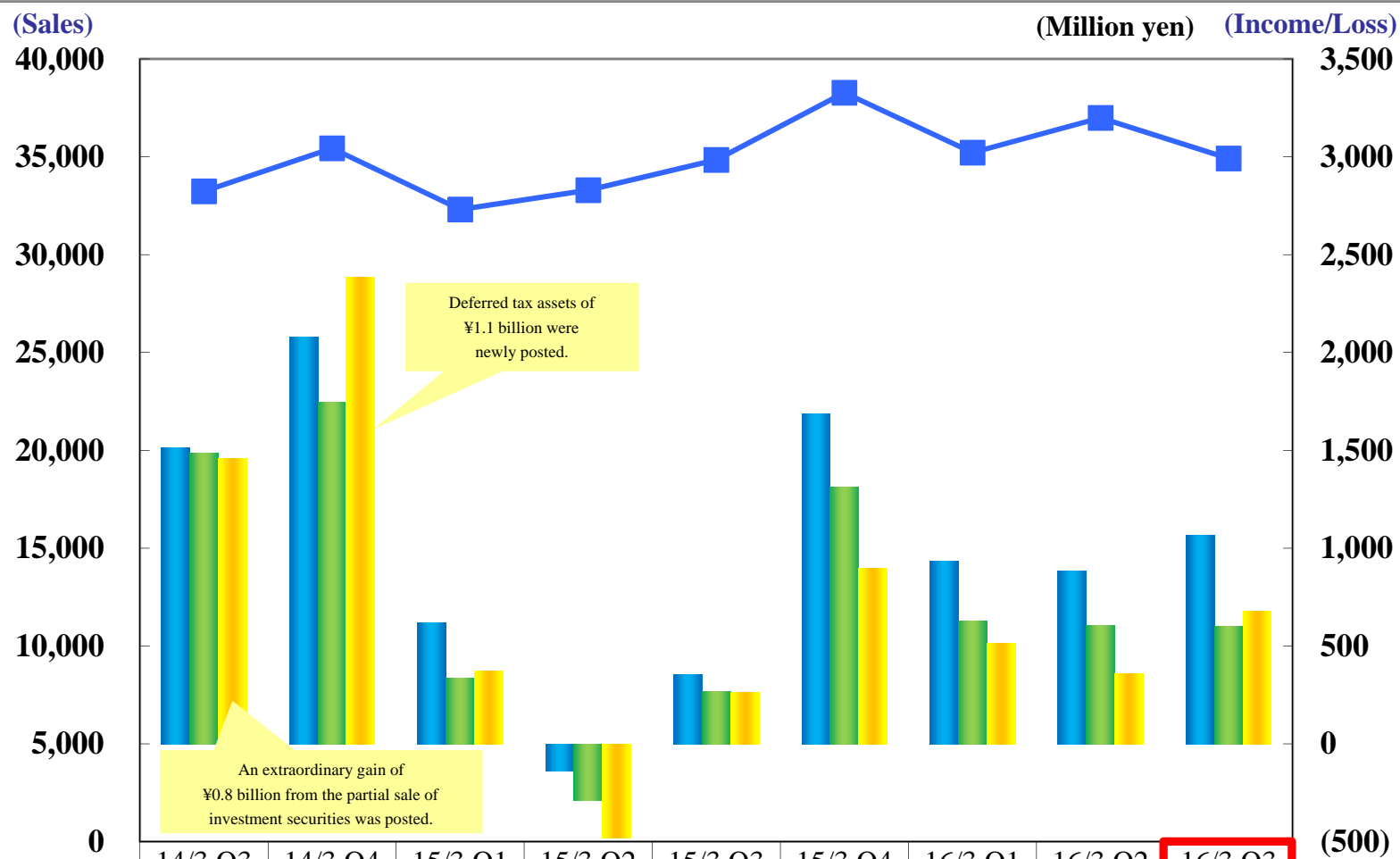
Key Results for First Three Quarters of the Fiscal Year Ending March 31, 2016

(Million yen)

	First three quarters of year ended March 2015		First three quarters of year ending March 2016		Change	
Sales	100,448	100%	107,119	100%	6,671	6.6%
Operating income	833	0.8%	2,885	2.7%	2,052	246.2%
Recurring income	311	0.3%	1,835	1.7%	1,524	489.3%
Net income	155	0.2%	1,552	1.4%	1,397	897.8%
EPS	6.02		60.08		54.06	

- ◆ **Sales:** Domestic sales increased with the effects of the weakening yen and metal market conditions, although orders tended to decline in the wake of the consumption tax hike and a rise in the light motor vehicle tax. In North America, sales increased thanks to the historically high automobile sales. In Asia, overall sales increased, driven by an increase in sales in India with a positive contribution from the commencement of volume production of new components, in addition to a slight increase in sales in China, attributable to exchange rate factors offsetting lower orders due to the effects of model-based sales results of Japanese automobile manufacturers. As a result, consolidated sales rose 6.6% year on year, to ¥107.1 billion.
- ◆ **Operating income:** Income declined in Japan, mainly because of a rise in depreciation. In North America, income increased chiefly because a subsidiary in the United States became profitable. In Asia, income decreased due to the impact of the lower orders in China, despite a profit improvement of the India Plant. As a result, operating income came to ¥2.8 billion.
- ◆ **Recurring income:** Recurring income stood at ¥1.8 billion due to an improvement in operating income, despite increase in foreign exchange losses.
- ◆ **Net income:** Net income amounted to ¥1.5 billion due to the increases in operating income and recurring income.

Overview of the (Quarterly) Consolidated Results



	14/3 Q3	14/3 Q4	15/3 Q1	15/3 Q2	15/3 Q3	15/3 Q4	16/3 Q1	16/3 Q2	16/3 Q3
Operating income/loss	1,513	2,081	617	(139)	355	1,688	936	883	1,066
Recurring income/loss	1,487	1,746	336	(291)	266	1,311	629	607	599
Net income/loss	1,459	2,385	374	(481)	262	899	514	358	680
Sales (left axis)	33,237	35,435	32,312	33,294	34,842	38,279	35,217	36,989	34,913

Die Casting Business

(Million yen)

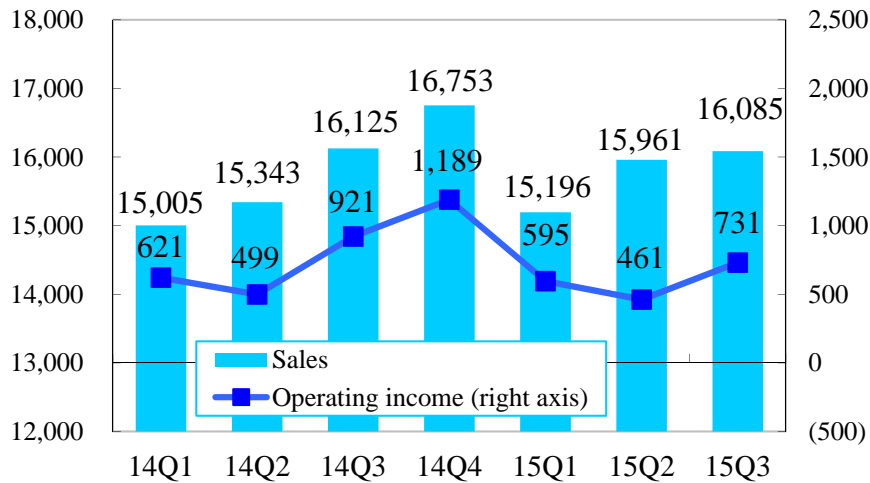
		First three quarters of year ended March 2015		First three quarters of year ending March 2016		Change	
Japan	Sales	46,473	100%	47,242	100%	769	1.7%
	Segment income (loss)	2,041	4.4%	1,787	3.8%	(254)	(12.4%)
North America	Sales	29,058	100%	34,510	100%	5,452	18.8%
	Segment income (loss)	(1,320)	(4.5%)	875	2.5%	2,195	–
Asia	Sales	19,878	100%	20,102	100%	224	1.1%
	Segment income (loss)	208	1.0%	5	0.0%	(203)	(97.4%)

The overseas sales ratio in the Die Casting Business: First quarter of fiscal year ending March 2016: 54.6%
 ⇒ First half of fiscal year ending March 2016: 54.5%
 ⇒ First three quarters of fiscal year ending March 2016: 53.6%

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

Die Casting in Japan

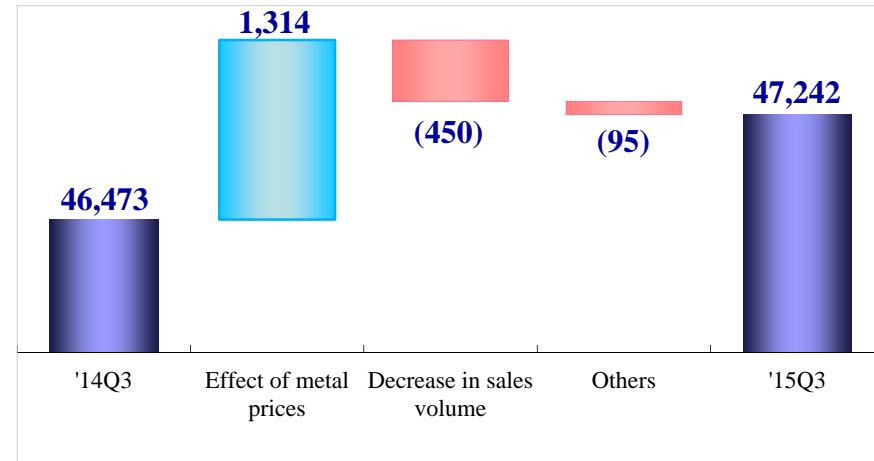
Changes in sales and segment income in Die Casting Business in Japan (Million yen)



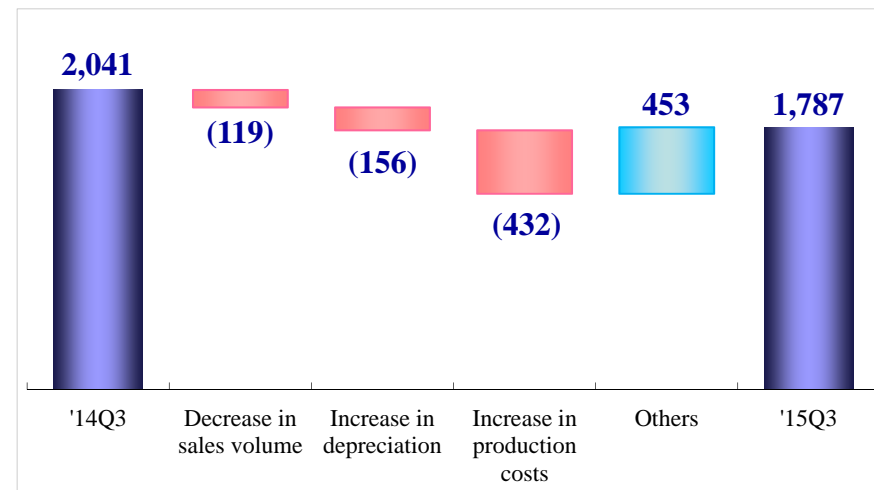
Domestic sales continued to slow down given falling sales following the consumption tax hike and a rise in the light motor vehicle tax. On the other hand, overseas exports remained buoyant thanks to the effects of the weaker yen and low oil prices. Although orders tended to decrease due to the effects of these factors, sales increased slightly compared to the same period a year ago, primarily reflecting conditions in the metal market.

Segment income declined 12.4% year on year, chiefly due to the effects of smaller sales volume and higher depreciation.

Factors of change in die casting sales (Million yen)

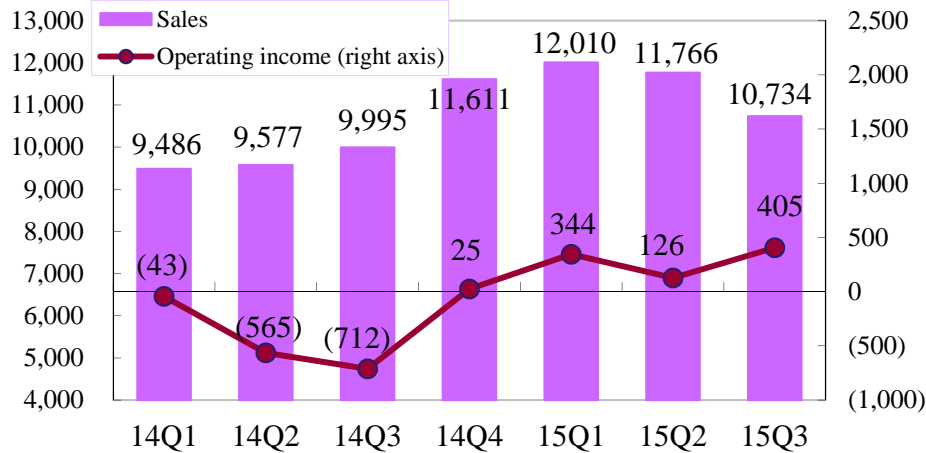


Factors of change in segment income (Million yen)



Die Casting in North America

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



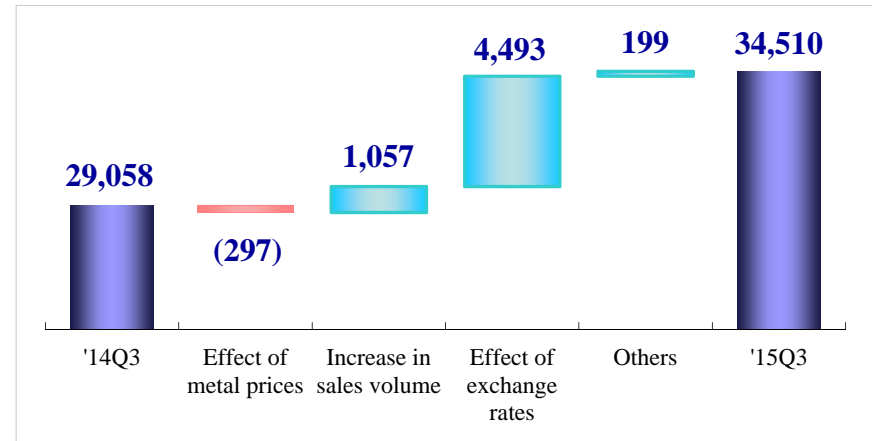
Orders increased, attributable to the effects of the historically high automobile sales. Sales rose on the back of the launch of new components and the effects of exchange rate factors and metal market conditions. Income was secured as manufacturing costs declined due to further improvements in productivity.

Although income in the United States was recovering and remained in the black until the third quarter, it did not return to its previous level. The Company will continue to work on improvement going forward.

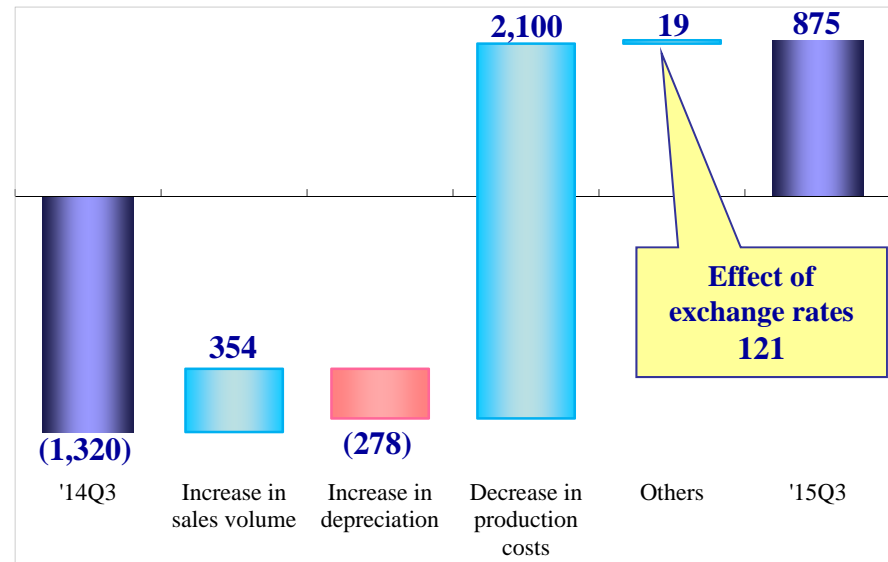
* Fiscal term: United States: from April until March
Mexico: from January until December

Average exchange rate ('14Q3 → '15Q3)
US dollar 107.26 → 121.49
Mexican peso (US\$) 103.47 → 120.87

Factors of change in die casting sales (Million yen)

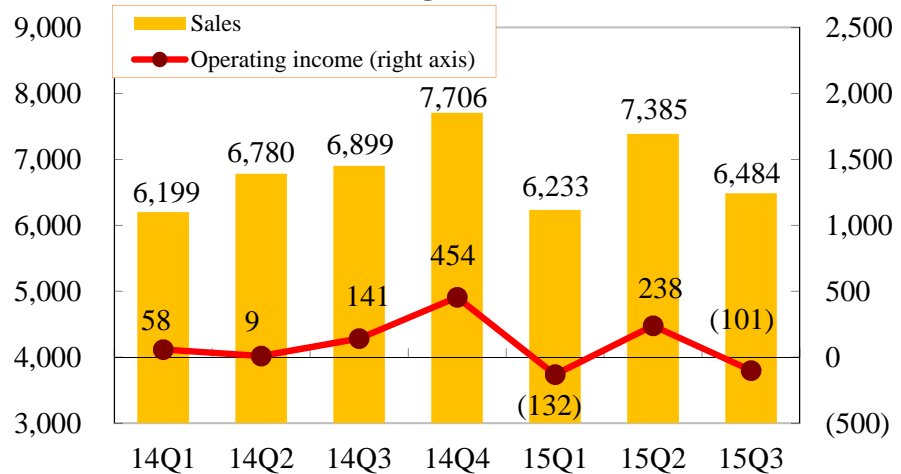


Factors of change in segment income (Million yen)



Die Casting in Asia

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



China: Sales increased slightly due to the effects of exchange rate factors, despite a decrease in orders reflecting the effects of model-based sales results of Japanese automobile manufacturers. Income was secured thanks to cost reduction activities which more than offset the significant impact from the decline in orders.

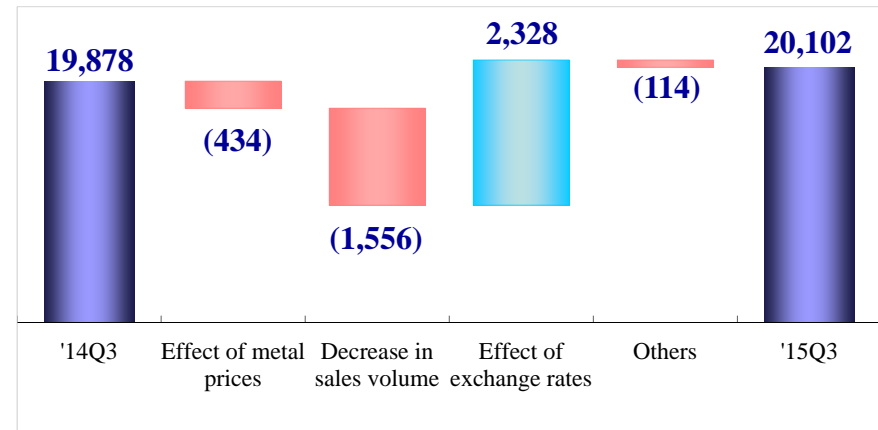
India: Sales increased mainly due to the commencement of the volume production of new components. In terms of income, the loss declined thanks to a number of improvements made.

Income was secured in Asia overall, primarily because of a further profit improvement in India and the reduction of manufacturing costs, which offset the impact of lower orders in China.

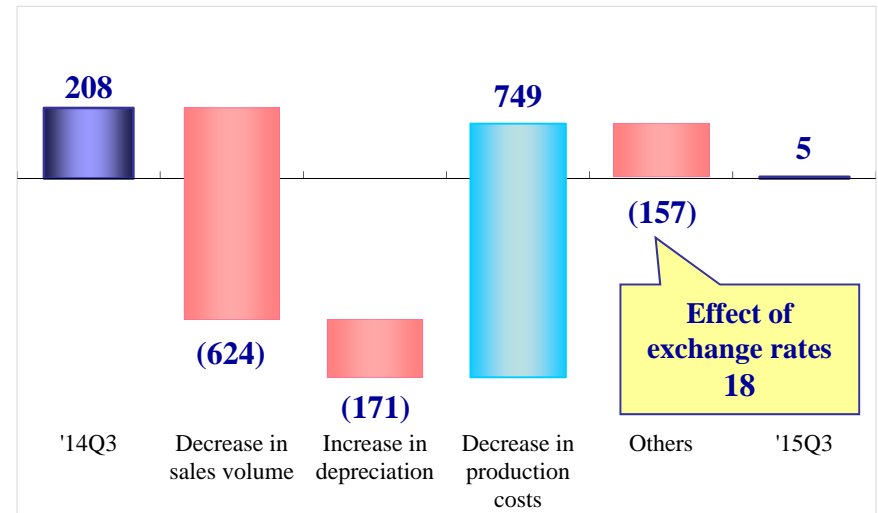
* **China:** from January until December
India: from April until March

Average exchange rate ('14Q3 → '15Q3)
 Chinese yuan 16.80 → 19.32
 Indian rupee 1.77 → 1.88

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 2015	First three quarters of year ending March 2016	Change	
Aluminum Business	Sales	3,742 100%	3,805 100%	63	1.7%
	Segment income (loss)	(27) (0.7%)	229 6.0%	256	–
Proprietary Products Business	Sales	1,295 100%	1,459 100%	164	12.7%
	Segment income (loss)	17 1.3%	59 4.0%	42	244.7%

Aluminum Business:

Sales rose 1.7% year on year, driven by a rise in sales prices, although the order volume decreased slightly from a year ago. Segment income came to ¥229 million due to the effects of falling raw material prices used by the Company and cost reduction activities.

Proprietary Products Business:

Sales increased 12.7% 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 ¥59 million thanks to the effects of higher sales and cost reduction activities.

Overview of Results Balance Sheets

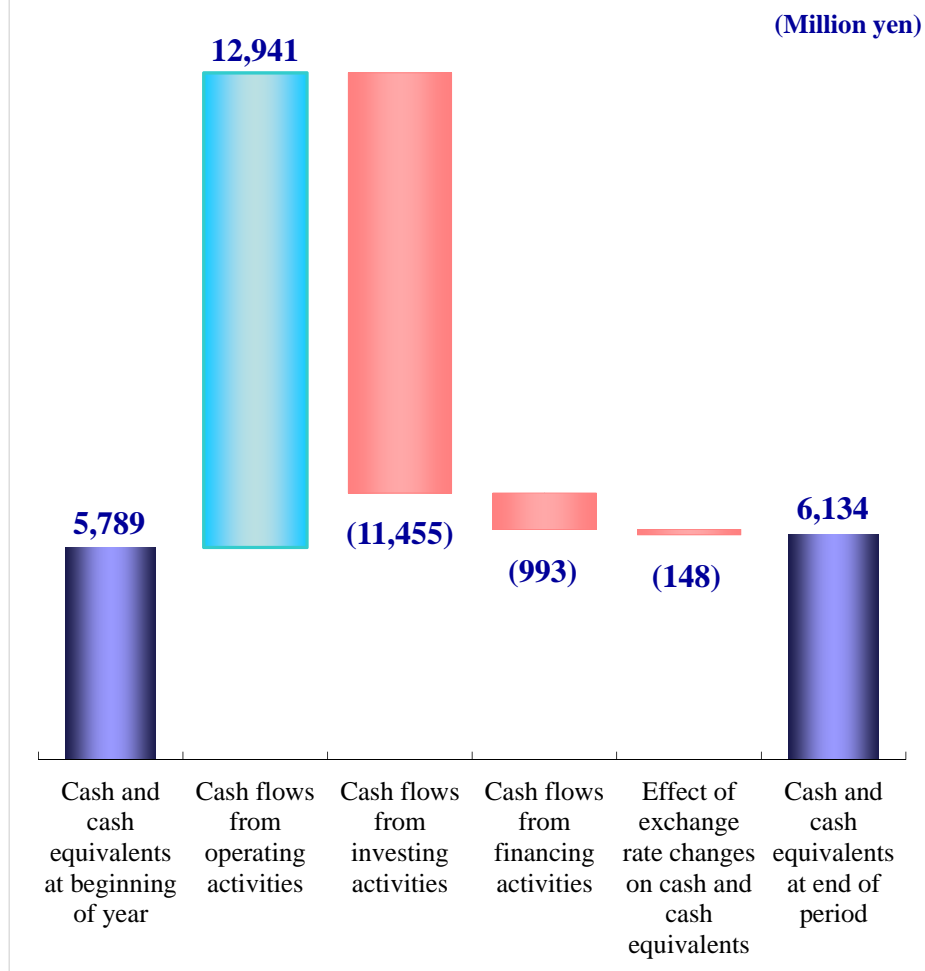
(Million yen)

	Fiscal year ended March 2015	First three quarters of year ending March 2016	Change
Current assets	48,464	46,317	(2,147)
Cash and time deposits	5,885	6,171	286
Notes and accounts receivable	25,679	24,926	(753)
Inventories	12,602	12,064	(538)
Fixed assets	100,367	100,922	555
Tangible fixed assets	88,133	87,729	(404)
Total assets	148,831	147,240	(1,591)
Total liabilities	86,728	84,400	(2,328)
Notes and accounts payable	20,936	19,561	(1,375)
Long-term and short-term loans	46,838	46,144	(694)
Total net assets	62,103	62,839	736
Equity ratio	41.7	42.7	

- ◆ Exchange rate factors for total assets were -¥1.3 billion.
- ◆ Notes and accounts receivable declined with lower sales in China. Inventories also decreased.
- ◆ Tangible fixed assets increased, reflecting capital expenditures in Japan and overseas (In terms of year-on-year change, a decrease due to the effects of exchange rate factors).
- ◆ Notes and accounts payable declined due to a fall in purchases associated with a decline in orders.
- ◆ Total net assets increased, attributable to the net income of the quarter under review.

Cash Flows

First three quarters of year ending March 2016



	(Million yen)
Cash flows from operating activities	12,941
Income before income taxes and others	1,827
Depreciation and amortization	11,178
Decrease in notes and accounts receivable	653
Decrease in inventories	522
Decrease in notes and accounts payable	(1,286)
Increase in accrued consumption taxes and others	245
Income taxes paid	(1,115)
Others	917
Cash flows from investing activities	(11,455)
Expenditures from purchases of tangible fixed assets	(11,301)
Proceeds from sales of tangible fixed assets	20
Others	(174)
Cash flows from financing activities	(993)
Increase in short-term loans payable	141
Decrease in long-term loans payable	(651)
Dividends paid	(298)
Others	(185)

- ◆ **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 (Announced on November 10th)



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

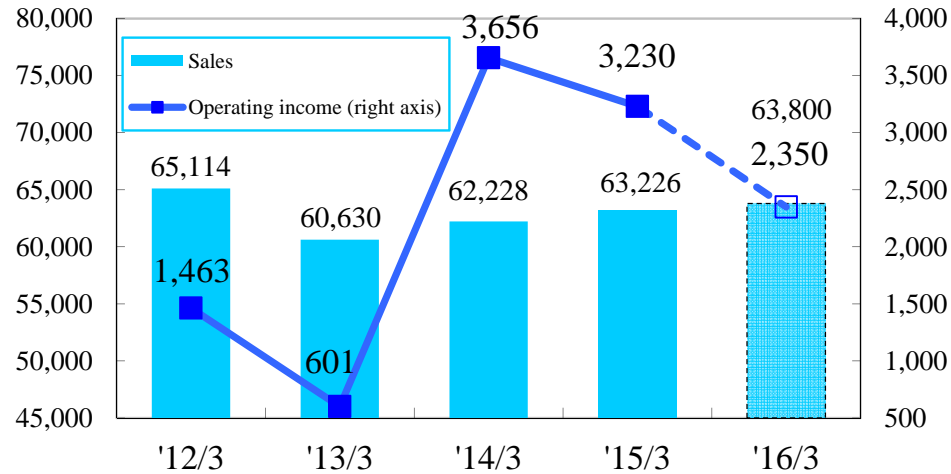
(Million yen)

	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
Sales	138,727	146,200	143,900	(2,300)	(1.6%)
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%
Operating income	2,521	4,250	4,200	(50)	(1.2%)
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)	—	—	—	—
Recurring income	1,622	3,300	2,800	(500)	(15.2%)
Net income	1,054	2,000	1,750	(250)	(12.5%)

Die Casting in Japan

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

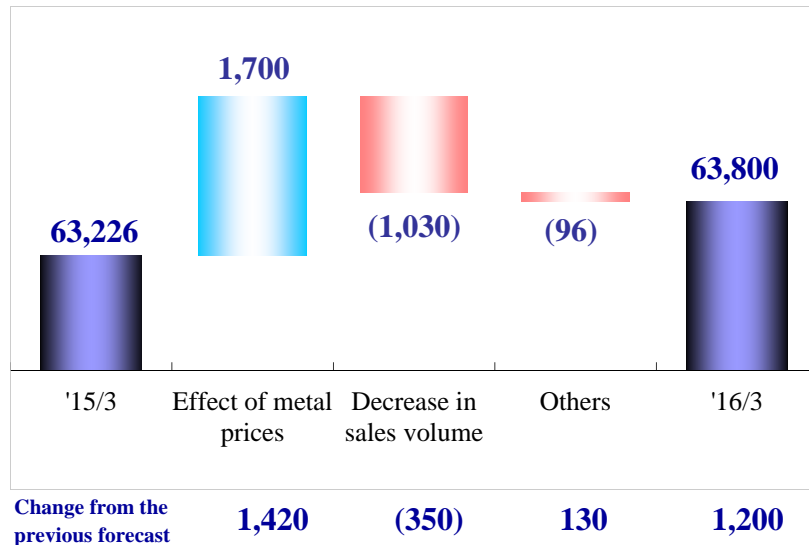
(Million yen)



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.

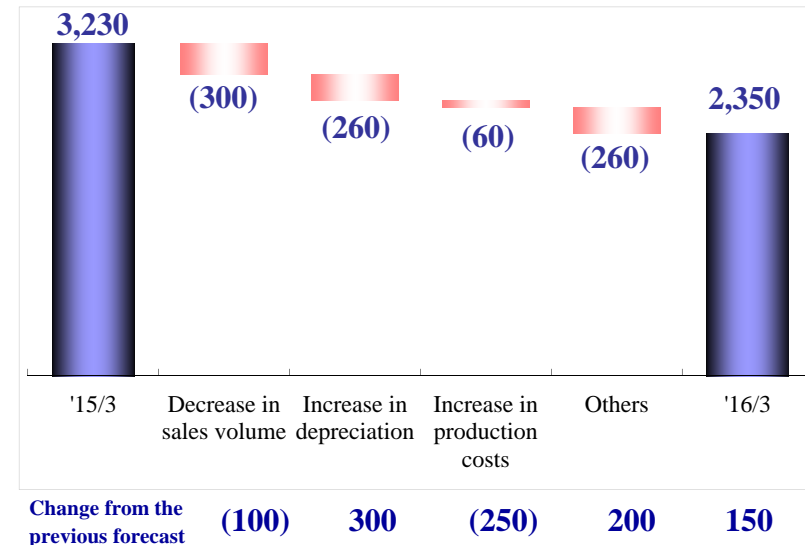
Income: Income is expected to decline, given the effects of the lower sales volume, an increase in depreciation and lower income from die casting, the costs of which are recovered with payments in installments, etc.

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



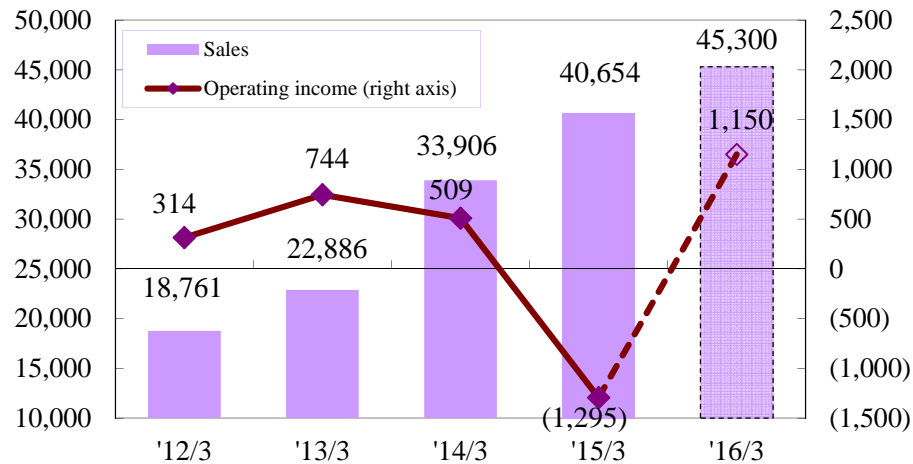
Factors of change estimated for segment income (November 10)

(Million yen)



Die Casting in North America

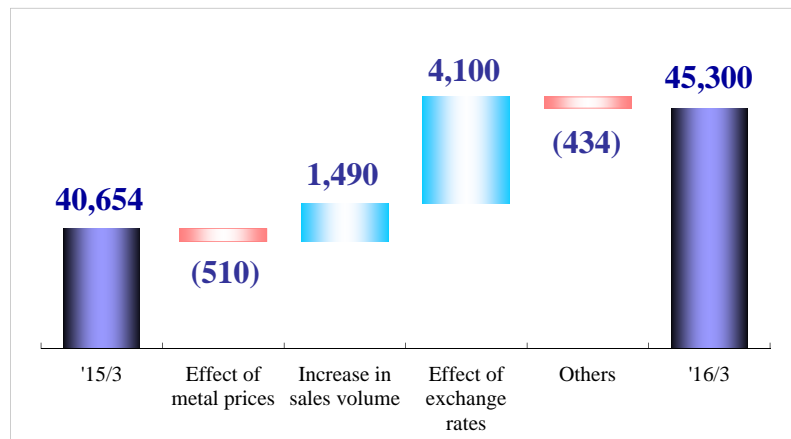
Changes in sales and segment income in Die Casting Business in North America (Million yen)



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.

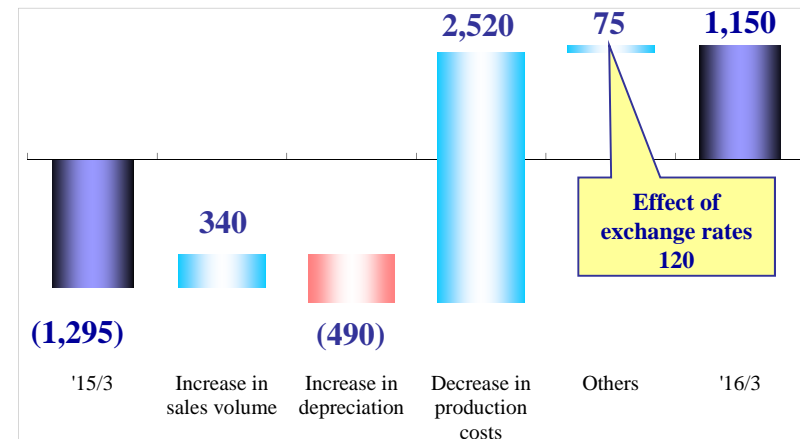
Income: Income is expected to increase due to the recovery of income at the U.S. plant associated with better productivity and the impact of an improvement in productivity at the Mexico plant, despite the effects of an increase in depreciation.

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



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

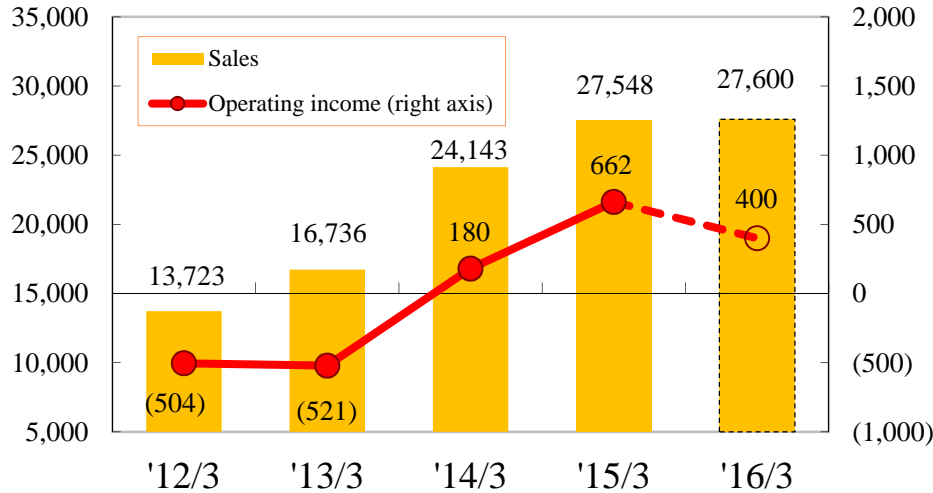
Factors of change estimated for segment income (November 10) (Million yen)



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

Die Casting in Asia

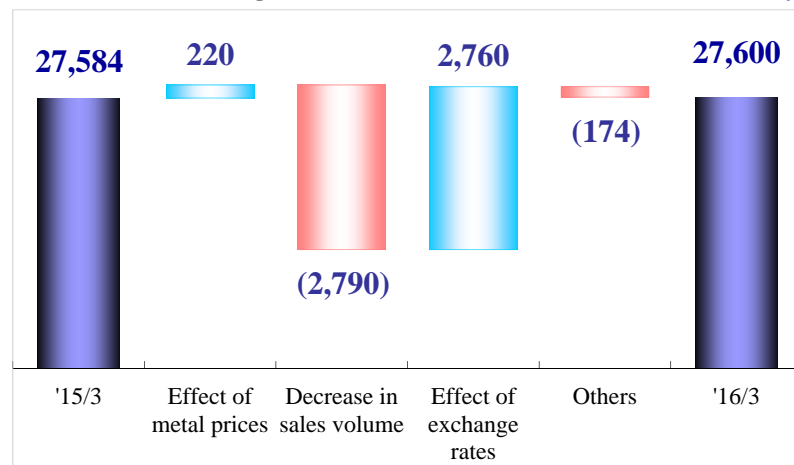
Changes in sales and segment income in Die Casting Business in Asia (Million yen)



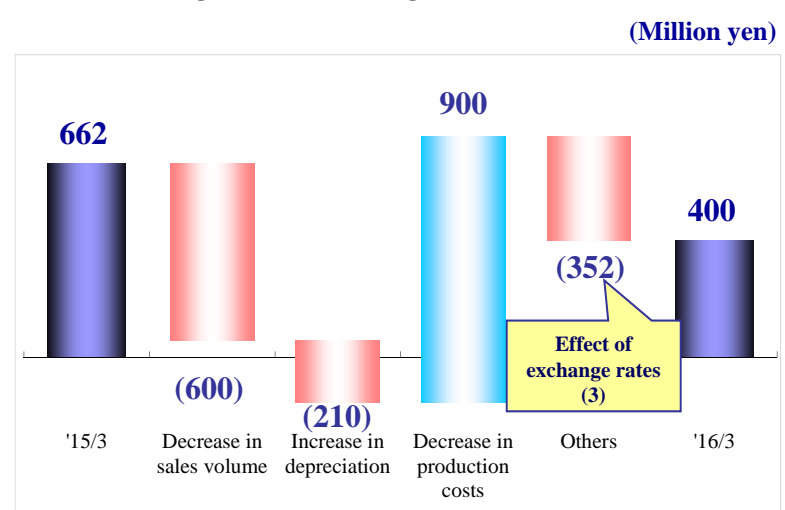
Sales: Although the order volume is expected to decline, influenced significantly by the slower economy in China, sales are forecast to remain flat from a year ago in Asia due to the higher order volume in India and exchange rate factors.

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)



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



Dividends

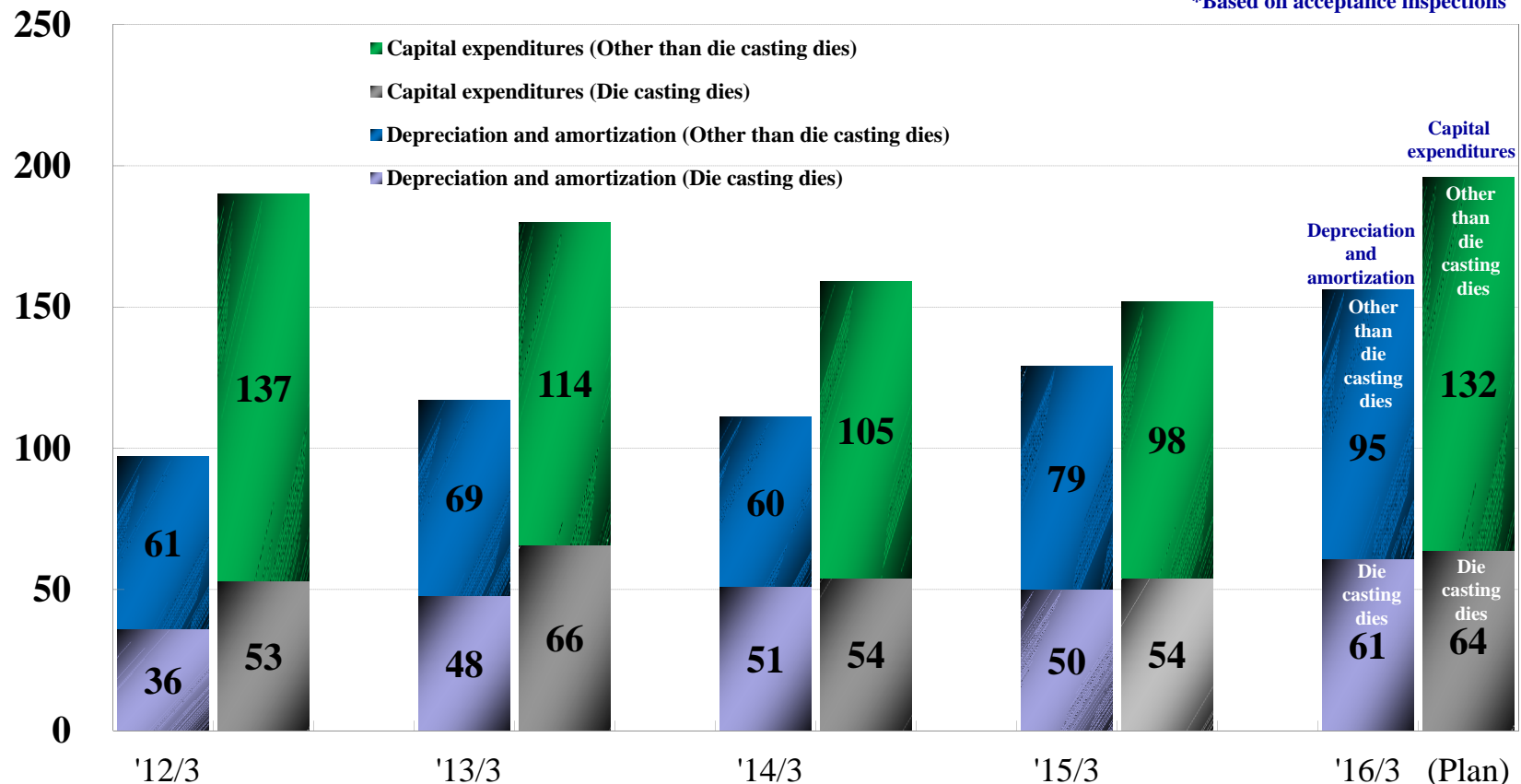
(Yen)	FY ended March 2012	FY ended March 2013	FY ended March 2014	FY ended March 2015	FY ending March 2016
Dividend per share					
(Annual dividend)	6	3	14	12	12
Interim dividend	3	3	8	6	6
Year-end dividend	3	—	6	6	6
Net income (loss) per share (consolidated)	65.87	(7.76)	287.10	40.85	67.72
Payout ratio (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.