

Results Briefing for the First Quarter of the Year Ending March 31, 2017

August 30, 2016



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- Overview of results for the first quarter of the fiscal year ending March 31, 2017
- Forecast for the fiscal year ending March 31, 2017【August 8 announced】
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- 1618 Medium-Term Management Strategy

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- Overview of results for the first quarter of the fiscal year ending March 31, 2017
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Key Results for First Quarter of the Fiscal Year Ending March 31, 2017

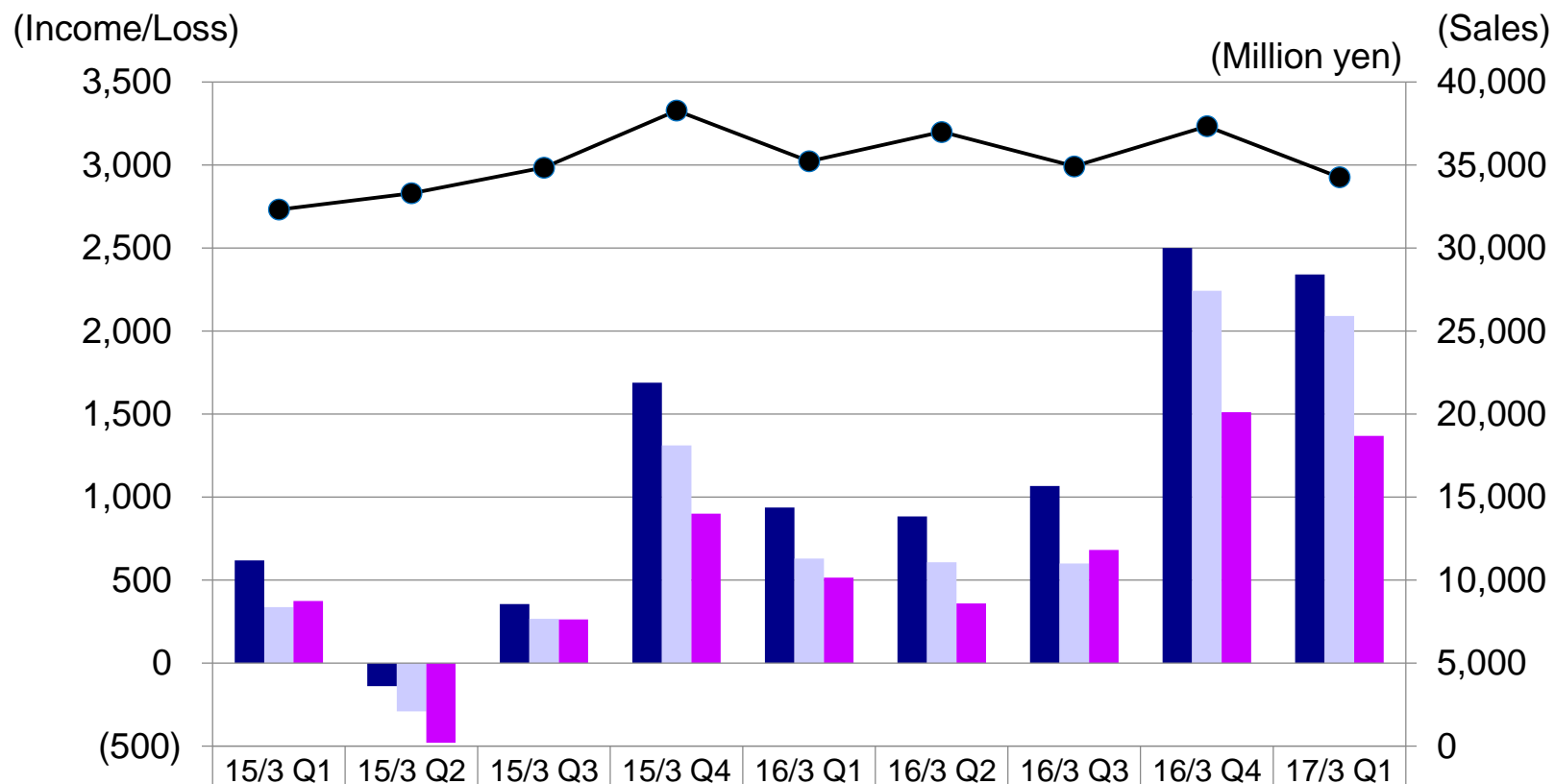
(Million yen)

	First quarter of year ended March 2016		First quarter of year ending March 2017		Change	
	Value	%	Value	%	Value	%
Sales	35,217	100.0%	34,258	100.0%	(959)	(2.7%)
Operating income	936	2.7%	2,340	6.8%	1,404	150.1%
Recurring income	629	1.8%	2,090	6.1%	1,461	232.0%
Net income	514	1.5%	1,368	4.0%	854	165.9%
EPS	19.93		52.94		33.01	

Overview

- Sales decreased due to the impact of the recent appreciation of the yen in the exchange markets and declines in metal prices, although the order volume rose.
- In China, the order volume increased, due in part to the positive effect of the reduction in taxes on compact cars.
- Productivity in our operations in North America improved further and made a significant contribution to income.
 - ⇒ Operating income was ¥2.3 billion (up 150.1% year on year).

Overview of the (Quarterly) Consolidated Results



	15/3 Q1	15/3 Q2	15/3 Q3	15/3 Q4	16/3 Q1	16/3 Q2	16/3 Q3	16/3 Q4	17/3 Q1
Operating income/loss	617	(139)	355	1,688	936	883	1,066	2,500	2,340
Recurring income/loss	336	(291)	266	1,311	629	607	599	2,242	2,090
Net income/loss	374	(481)	262	899	514	358	680	1,510	1,368
● Sales	32,312	33,294	34,842	38,279	35,217	36,989	34,913	37,332	34,258

Die Casting Business

(Million yen)

		First quarter of year ended March 2016		First quarter of year ending March 2017		Change	
Japan	Sales	15,196	100.0%	14,835	100.0%	(361)	(2.4%)
	Segment income/loss	595	3.9%	725	4.9%	130	21.9%
North America	Sales	12,010	100.0%	11,035	100.0%	(975)	(8.1%)
	Segment income/loss	344	2.9%	1,029	9.3%	685	199.2%
Asia	Sales	6,233	100.0%	6,432	100.0%	199	3.2%
	Segment income/loss	(132)	(2.1%)	382	5.9%	514	-

✓ The overseas sales ratio in the Die Casting Business:

Q1 of fiscal year ended March 2016: 54.6%

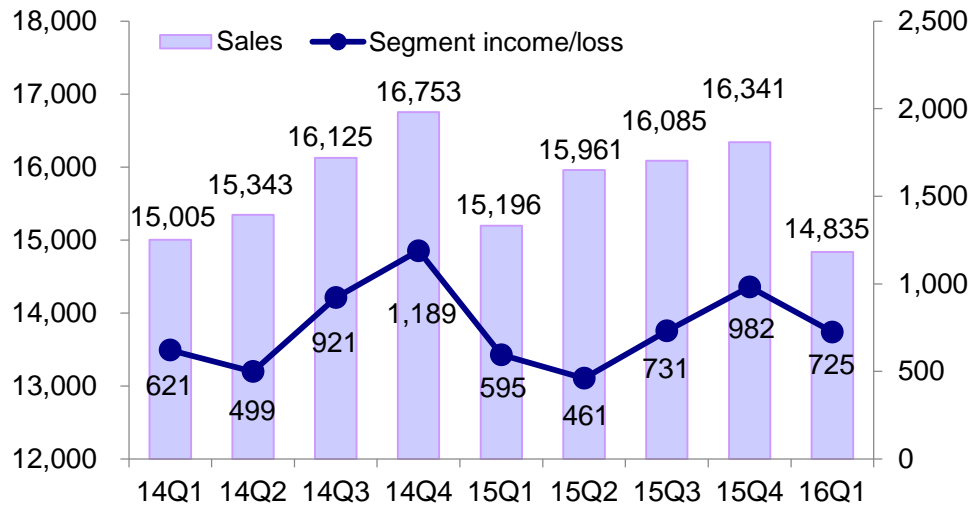
⇒ Fiscal year ended March 2016: 53.6%

⇒ Q1 of fiscal year ending March 2017: 54.1%

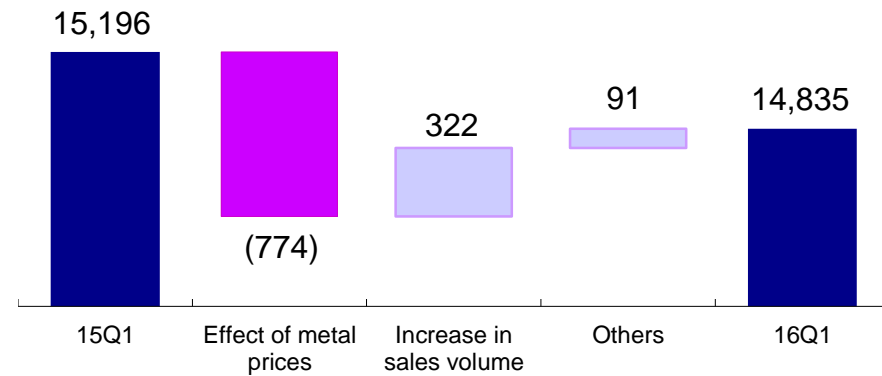
* An explanation of the factors behind changes in segment results begins on the next page.

Die Casting in Japan

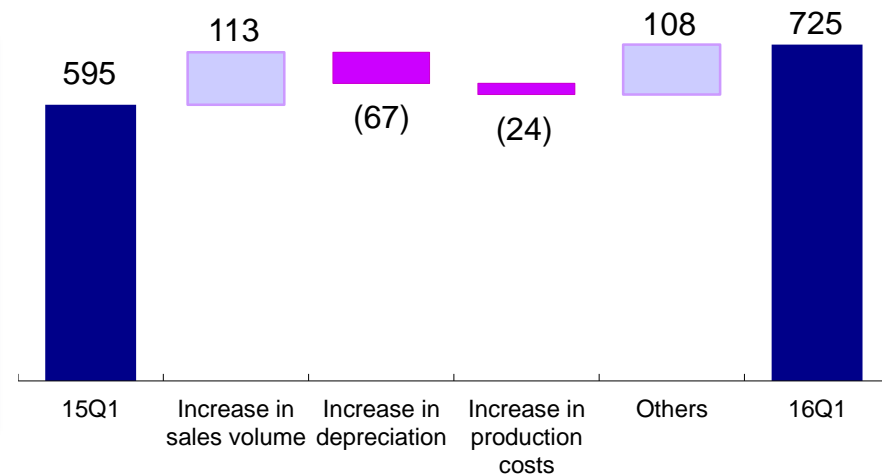
Changes in sales and segment income
in Die Casting Business in Japan (Million yen)



Factors of change in die casting sales (Million yen)



Factors of change in segment income (Million yen)



Sales: Decreased ¥360 million (down 2.4% year on year)

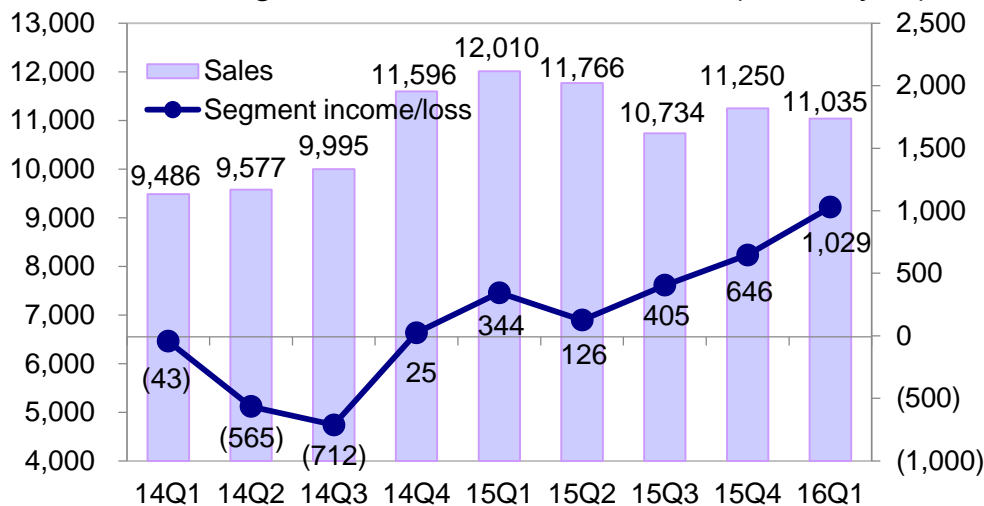
- Automobile exports bound for North America were strong. The order volume increased (up 2.1% year on year).
- Effects of a decline in the aluminum ingot price

Segment income/loss: Increased ¥130 million (up 21.9% year on year)

- The higher sales volume resulted in higher income.

Die Casting in North America

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



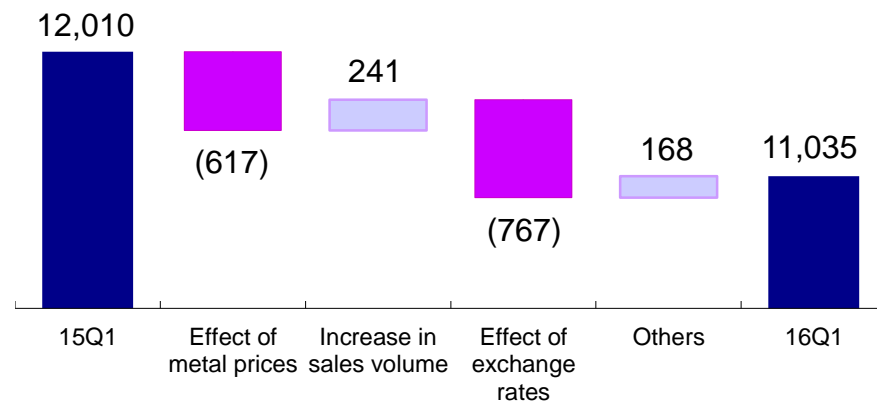
Sales: Decreased ¥980 million (down 8.1% year on year)

- Orders for components for light trucks increased.
- Effects of declines in metal prices and exchange rate factors

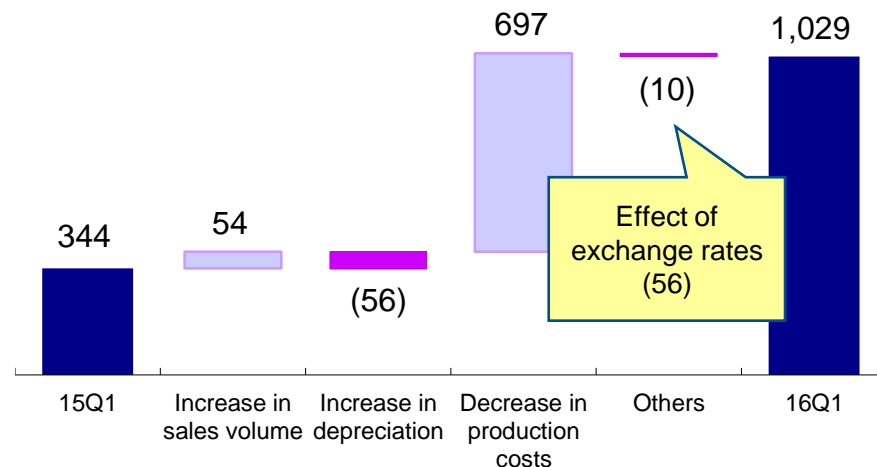
**Segment income/loss: Increased ¥690 million
(up 199.2% year on year)**

- Improved productivity had a positive impact on income.

Factors of change in die casting sales (Million yen)



Factors of change in segment income (Million yen)

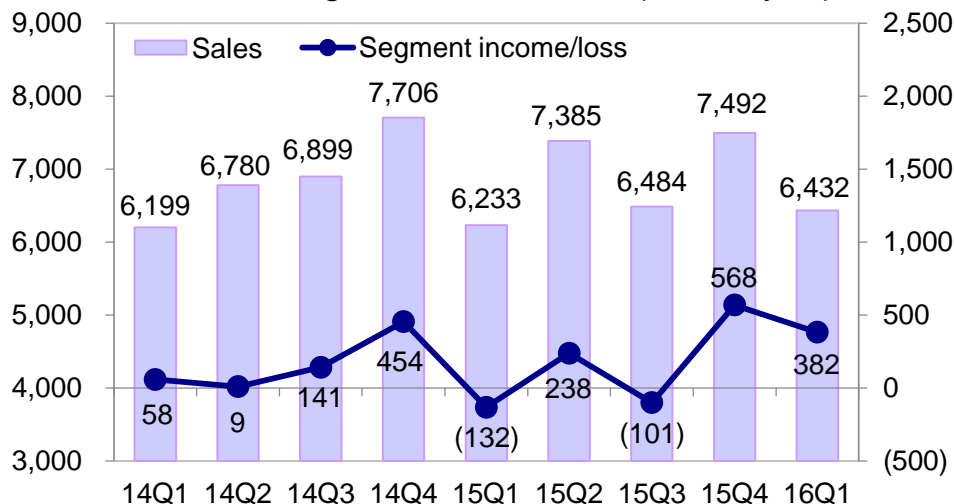


Fiscal year end: U.S.: March; Mexico: December

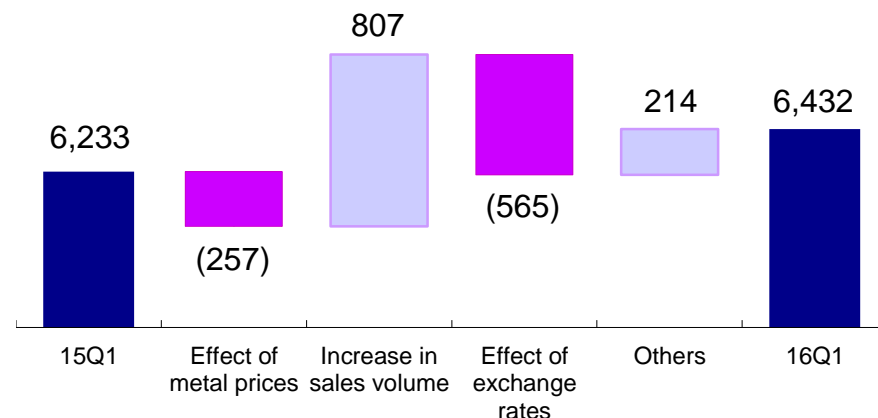
Exchange rate (15Q1 ⇒ 16Q1): U.S. dollar: ¥121.37 ⇒ ¥109.58; Mexican peso: ¥119.58 ⇒ 116.44

Die Casting in Asia

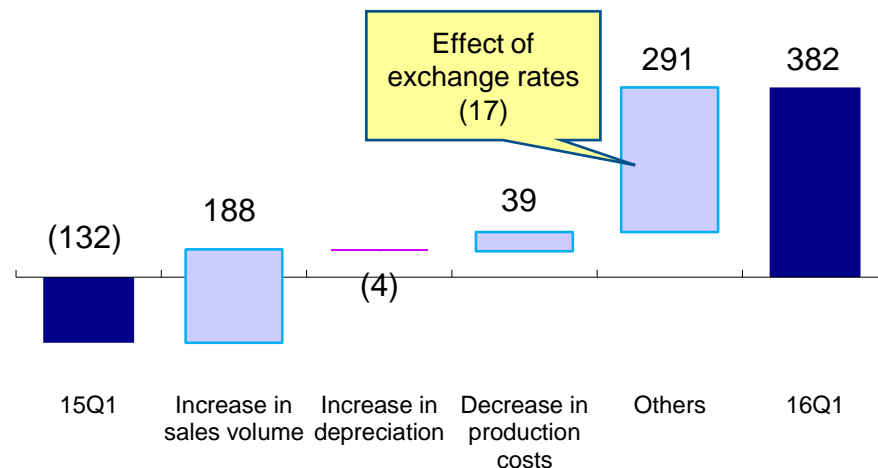
Changes in sales and segment income in Die Casting Business in Asia (Million yen)



Factors of change in die casting sales (Million yen)



Factors of change in segment income (Million yen)



Sales: Increased ¥200 million (up 3.2% year on year)

- Effects of declines in metal prices and exchange rate factors
- China: Orders increased, attributable to the launch of new components for compact cars.
- India: Effects of a decrease in sales volume due to a reduction in the demand for diesel fuel vehicles.

Segment income/loss: Increased ¥510 million

(compared to a decrease of ¥130 million a year ago)

- Increased sales in China had a positive impact on income.

Fiscal year end: China: December; India: March

Exchange rate (15Q1 ⇒ 16Q1): Chinese yuan: ¥19.16 ⇒ ¥17.77; Indian rupee: ₹1.92 ⇒ 1.64

Aluminum Business and Proprietary Products Business

(Million yen)

		First quarter of year ended March 2016		First quarter of year ending March 2017		Change	
Aluminum Business	Sales	1,272	100%	1,123	100%	(149)	(11.7%)
	Segment income/loss	74	5.8%	90	8.0%	16	21.0%
Proprietary Products Business	Sales	503	100%	831	100%	328	65.0%
	Segment income/loss	33	6.6%	59	7.1%	26	77.5%

Aluminum Business

- Sales: Sales prices declined as a result of fluctuations in the aluminum market conditions (Down ¥149 million, 11.7%, year on year)
- Segment income: Fluctuations in raw material prices and cost reduction activities (Up ¥16 million, 21.0%, year on year)

Proprietary Products Business

- Sales: Orders for projects for clean rooms and computer rooms from semiconductor-related companies increased (Up ¥328 million, 65.0%, year on year)
- Segment income: Effect of higher sales, etc. (Up ¥26 million, 77.5%, year on year)

Balance Sheets

Exchange rate factors amounted to ¥-5.7 billion. Total net assets decreased ¥3.4 billion (excluding exchange rate factors).
Borrowings were reduced as a result of decreases in notes and accounts receivable and tangible fixed assets.

(Million yen)

	End of March 2016	End of June 2016	Change
Current assets	44,181	41,435	(2,746)
Cash and time deposits	4,505	5,228	723
Notes and accounts receivable	26,076	23,280	(2,796)
Inventories	10,356	9,964	(392)
Fixed assets	97,512	91,102	(6,410)
Tangible fixed assets	85,806	80,635	(5,171)
Total assets	141,694	132,538	(9,156)
Total liabilities	80,233	73,539	(6,694)
Notes and accounts payable	18,118	16,844	(1,274)
Long-term and short-term loans	42,448	37,295	(5,153)
Total net assets	61,460	58,998	(2,462)
Equity ratio	43.3%	44.4%	1.1%

Cash Flows

Cash flows from operating activities increased, attributable to an increase in income before income taxes and others and a decrease in operating capital.
Continued to repay long- and short-term loans payable (down ¥4.4 billion year on year).

(Million yen)

	First quarter of year ended March 2016	First quarter of year ending March 2017	Change
Cash flows from operating activities	5,406	7,893	2,487
Income before income taxes and others	641	2,075	1,434
Depreciation and amortization	3,709	3,470	(239)
Increase (decrease) in operating capital	744	1,381	637
Others	312	967	655
Cash flows from investing activities	(4,346)	(3,361)	985
Acquisition of tangible and intangible fixed assets	(4,392)	(3,278)	1,114
Others	46	(83)	(129)
Cash flows from financing activities	847	(3,552)	(4,399)
Increase (decrease) in short-term loans payable	(191)	(1,910)	(1,719)
Increase (decrease) in long-term loans payable	1,238	(1,378)	(2,616)
Others	(200)	(264)	(64)

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Forecast for FY2016

(Million yen)

	FY2015		FY2016 Initial plan (May 9)		FY2016 Revised plan (August 8)		Change compared to initial plan	
Sales	144,451	100%	136,000	100%	134,400	100%	(1,600)	(1.2%)
Operating income	5,385	3.7%	5,500	4.0%	6,000	4.5%	500	9.1%
Recurring income	4,077	2.8%	4,700	3.5%	5,200	3.9%	500	10.6%
Net income	3,062	2.1%	3,100	2.3%	3,750	2.8%	650	21.0%
EPS	118.50		119.94		145.09		–	

Sales

- Regarding die casting in Japan, U.S. and China, orders are likely to be on a par with or higher than the level assumed in the plan made at the beginning of the term.
- Orders are expected to decrease in Mexico due to the end of production and in India due to a decrease in sales of diesel vehicles.
- Consolidated sales are likely to be lower than the level assumed in the initial plan, reflecting the effects of declining metal prices and changes in exchange rate assumptions.

Operating income

- Operating income is likely to increase year on year, attributable to the effects of cost reductions and an increase in the sales volume.

Exchange rates assumed in the initial plan (May 9): ¥110/USD; ¥17.0/RMB; ¥1.7/IDR

Exchange rates assumed in the revised plan (August 8): ¥105/USD; ¥16.0/RMB; ¥1.6/IDR (July 2016 and thereafter)

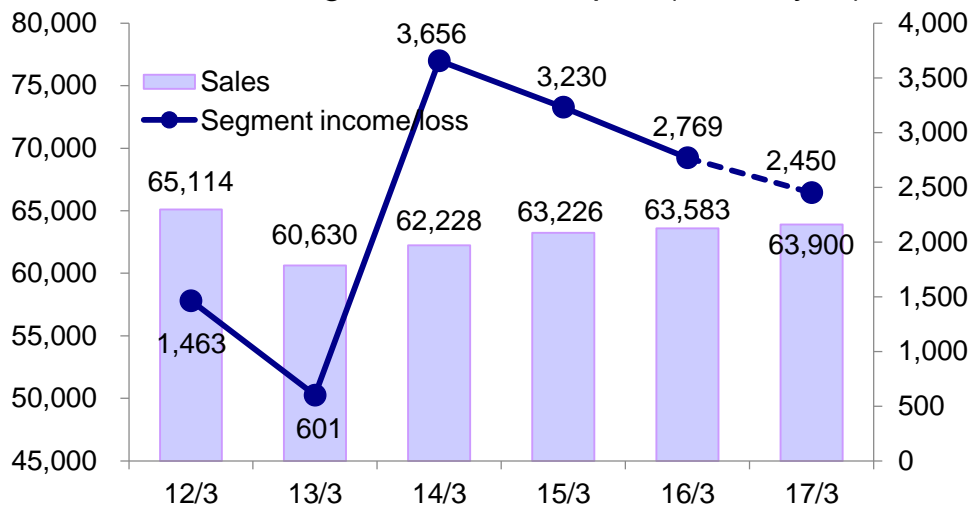
Forecast for FY2016

(Million yen)

	FY2015 Actual	FY2016 Initial plan	FY2016 Revised plan (August 8)	Change compared to initial plan	Percentage change compared to initial plan
Sales	144,451	136,000	134,400	(1,600)	(1.2%)
Die Casting in Japan	63,583	63,900	63,900	–	–
Die Casting in North America	45,760	39,400	38,600	(800)	(2.0%)
Die Casting in Asia	27,594	26,200	25,400	(800)	(3.1%)
Aluminum	4,921	4,300	4,300	–	–
Proprietary Products	2,590	2,200	2,200	–	–
Operating income	5,385	5,500	6,000	500	9.1%
Die Casting in Japan	2,769	2,300	2,450	150	6.5%
Die Casting in North America	1,521	2,200	2,250	50	2.3%
Die Casting in Asia	573	700	1,000	300	42.9%
Aluminum	338	200	200	–	–
Proprietary Products	212	100	100	–	–
Eliminations and Corporate	(30)	–	–	–	–
Recurring income	4,077	4,700	5,200	500	10.6%
Net income	3,062	3,100	3,750	650	21.0%

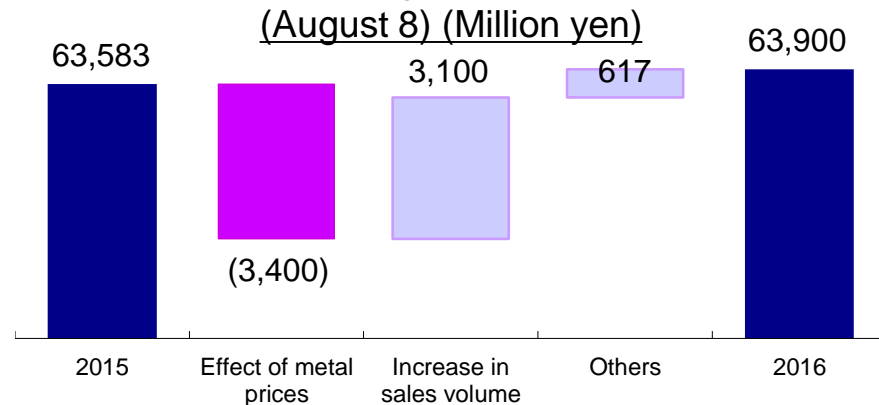
Die Casting in Japan

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

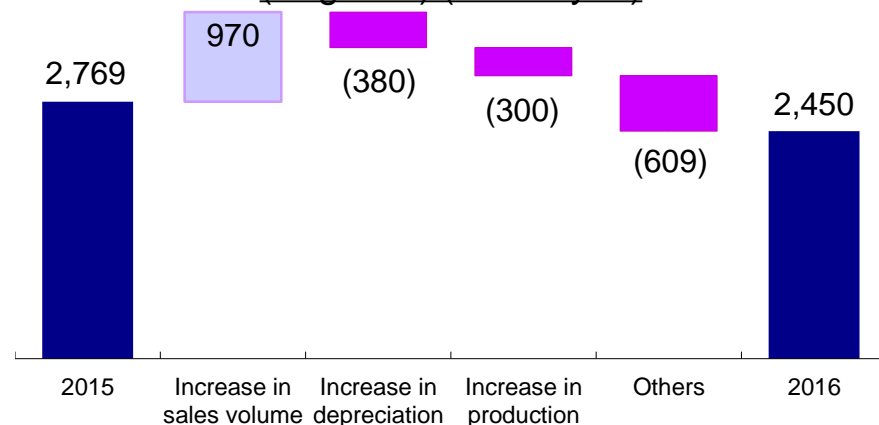


Change from the initial plan

Factors of change estimated for sales (August 8) (Million yen)



Factors of change estimated for segment income (August 8) (Million yen)



Change from the initial plan

130 50 0 (30) 150

Sales: ¥63,900 million

- The sales volume is likely to be above the level assumed in the initial plan.
- Metal prices are forecast to decline further than the level assumed in the initial plan.

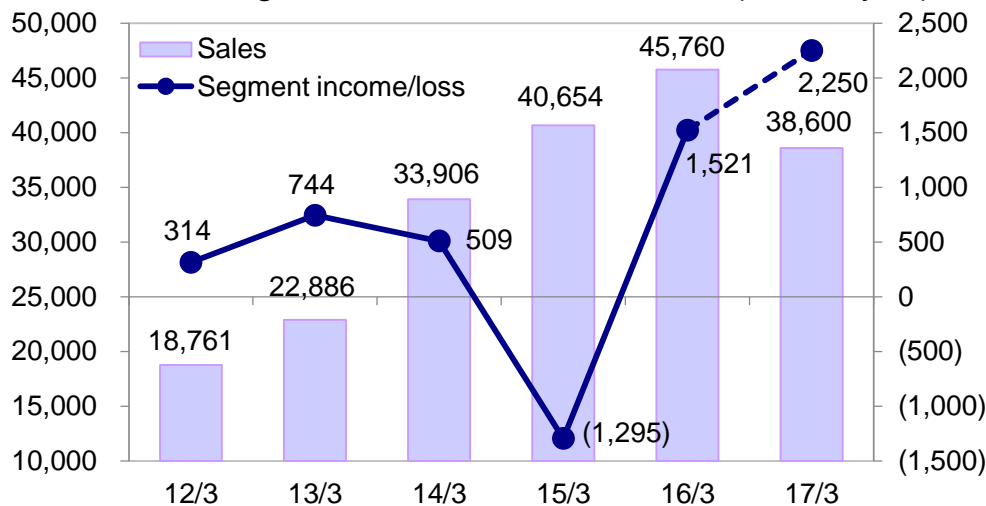
Segment income/loss: ¥2,450 million

(up 6.5% compared to the initial plan)

- Income is expected to exceed the initial plan, attributable to the positive impact of an increase in sales volume.

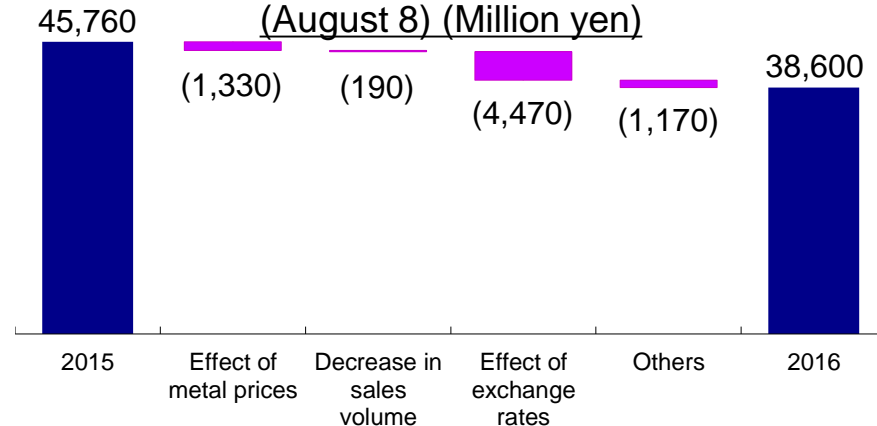
Die Casting in North America

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

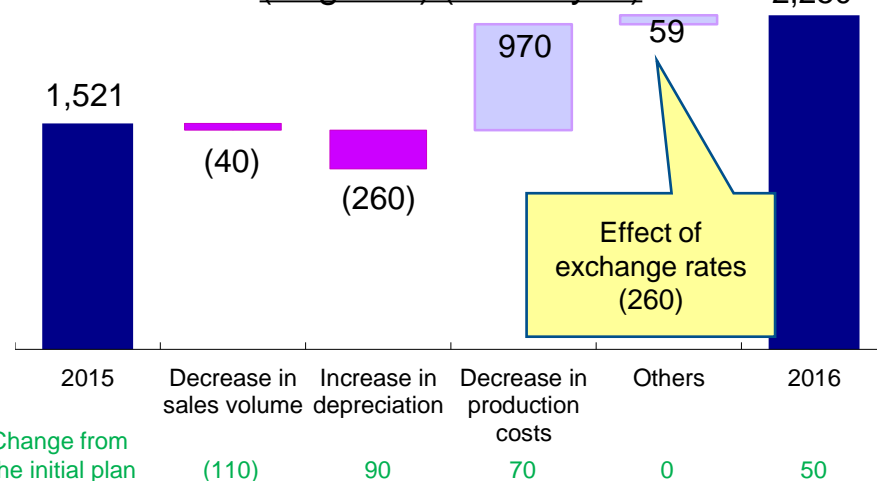


Change from the initial plan

Factors of change estimated for sales
(August 8) (Million yen)



Factors of change estimated for segment income
(August 8) (Million yen)



Sales: ¥38,600 million (down 2% compared to the initial plan)

- The sales volume in the U.S. is expected to exceed the initial plan.
- The sales volume in Mexico is likely to decrease year on year.
- Impact of a stronger yen

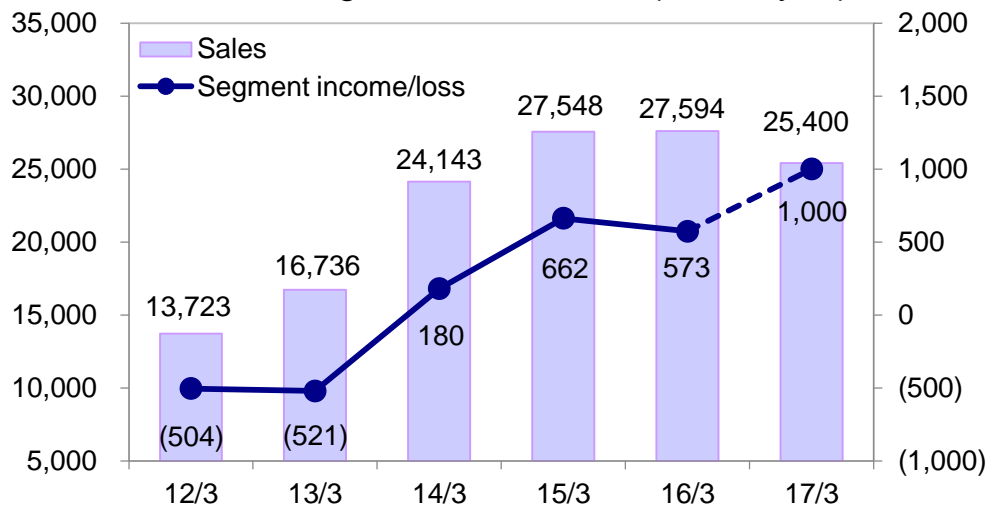
Segment income/loss: ¥2,250 million

(up 2.3% compared to the initial plan)

- Cost reductions in the U.S. and Mexico are likely to have a positive impact on income.

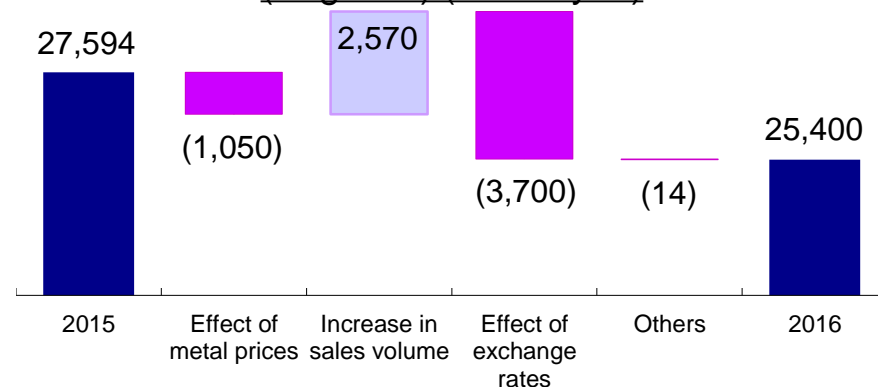
Die Casting in Asia

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

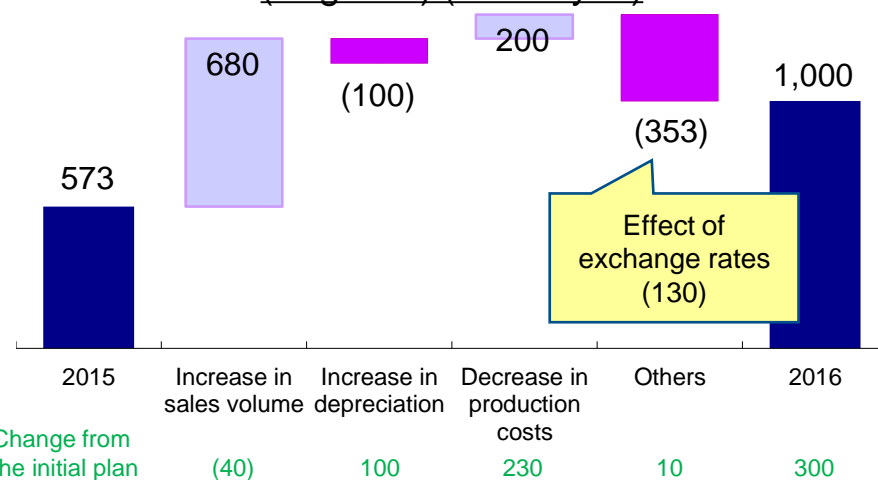


Change from the initial plan

Factors of change estimated for sales (August 8) (Million yen)



Factors of change estimated for segment income (August 8) (Million yen)



Sales: ¥25,400 million (down 3% compared to the initial plan)

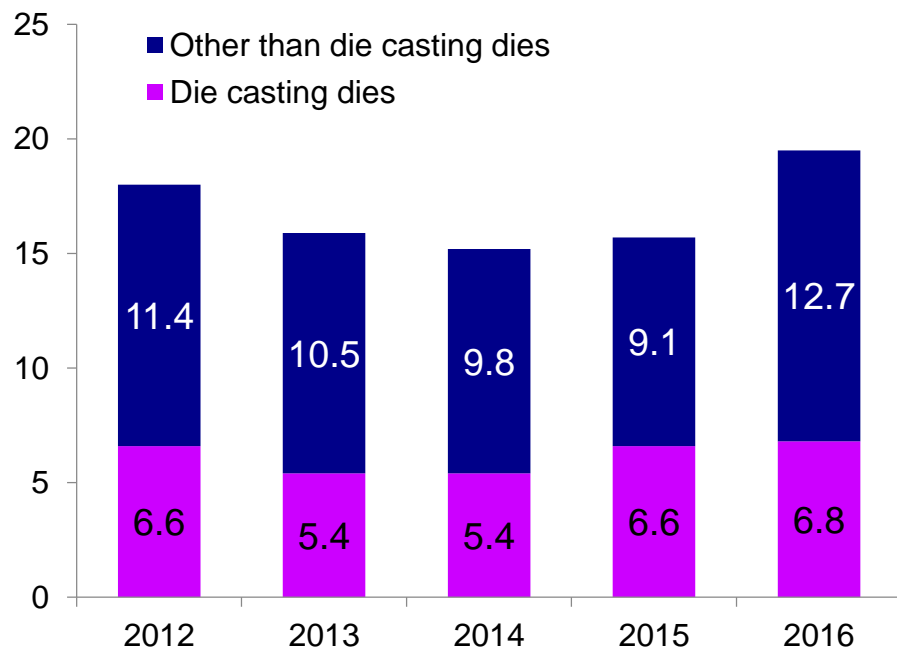
- China: The sales volume is likely to be on a par with the level assumed in the initial plan.
- India: The sales volume is likely to be lower than the initial plan.
- Impact of a stronger yen

Segment income/loss: ¥1,000 million (up 42.9% compared to the initial plan)

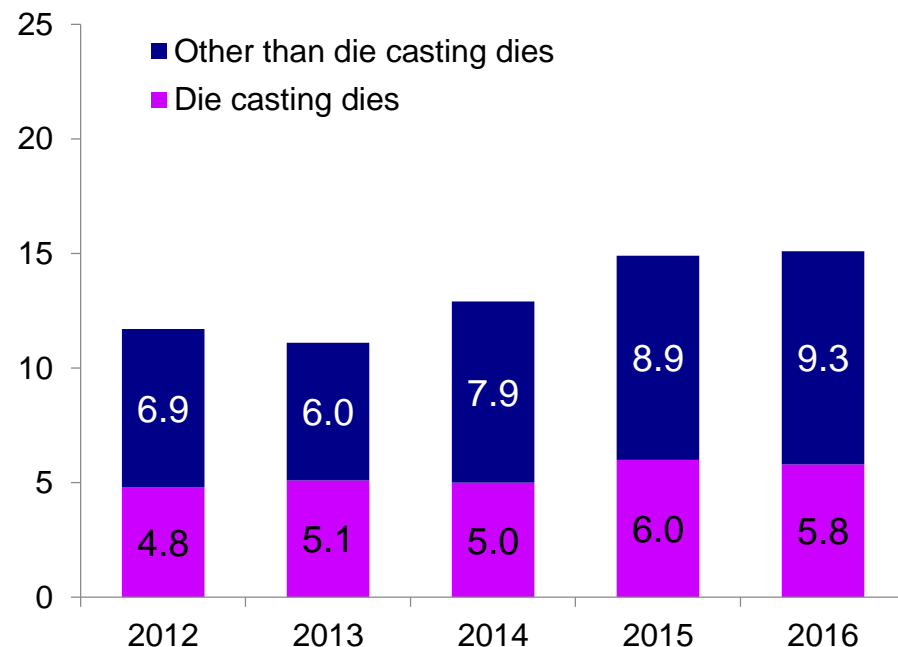
- An increase in the sales volume and the effect of the cost reductions are expected to have a positive impact in China.

Trends of Capital Expenditures and Depreciation and Amortization

Changes in capital expenditures (Billion yen)



Changes in depreciation and amortization (Billion yen)



FY2016

- Investment areas
 - Die casting: investment mainly for maintaining capacity and improving efficiency
 - Machining: investment mainly for expanding capacity at overseas plants and offices
- Total capital expenditure:
 - ¥19.5 billion
 - (Other than die casting dies: ¥12.7 billion; Die casting dies: ¥6.8 billion)

Dividends

	FY2012	FY2013	FY2014	FY2015	FY2016 Forecast
Dividend per share					
(Annual dividend)	3	14	12	14	16
Interim dividend	3	8	6	6	8
Year-end dividend	—	6	6	8	8
Net income (loss) per share (consolidated)	(7.76)	287.10	40.85	118.50	145.09
Payout ratio (consolidated)	—	4.9%	29.4%	11.8%	11.0%

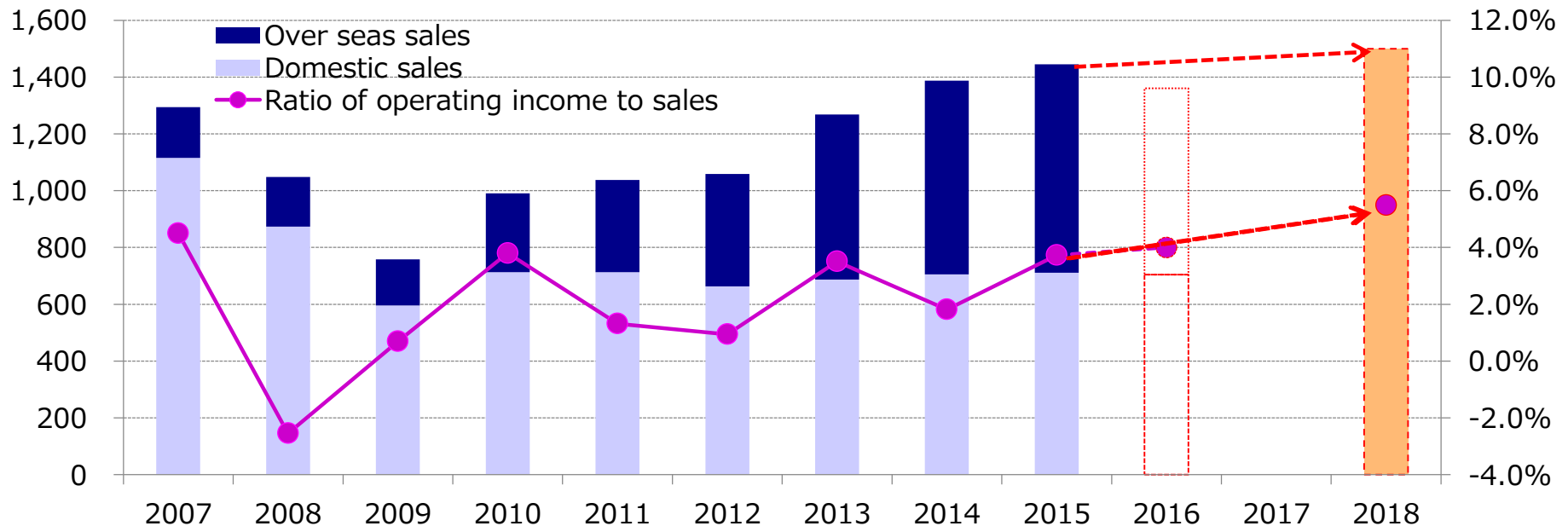
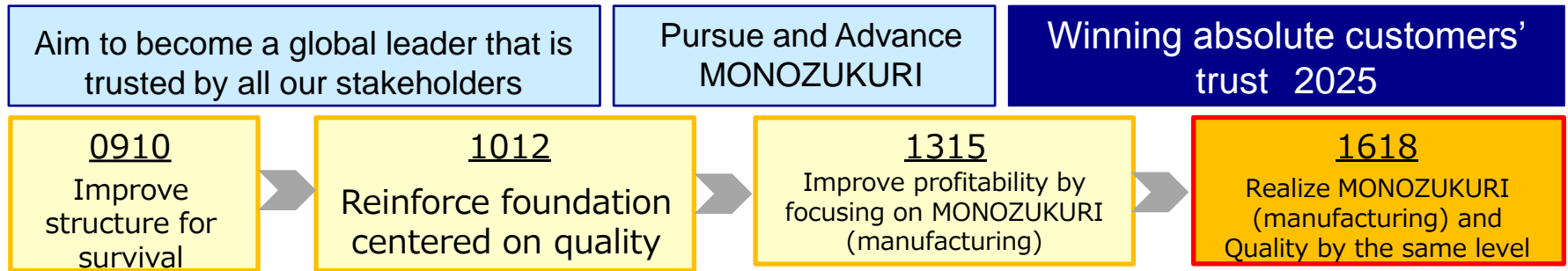
- For FY2015, the results planned at the start of the term were achieved. The year-end dividend was therefore increased by ¥2, resulting in an annual dividend of ¥14.
- For FY2016, we intend to pay an annual dividend of ¥16.
- We will promote the fair return of profit while taking into account the management resources and payout ratio necessary for medium- and long-term growth.

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10-year vision and changes in our Medium-Term Plan



The 1618 Medium-Term Management Strategy will implement the measures included in its predecessor (1315) at a global level, aiming to improve MONOZUKURI (manufacturing), HITOZUKURI (development of human resources), and profitability.

Basic Policy of the 1618 3-year Ahresty Plan

Ahresty 10-Year Vision

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

1618 3-year Ahresty Plan

Become the most reliable supplier of large products requiring high precision, in the eyes of our customers

Pursue MONOZUKURI (manufacturing)

Build up a Corporation taking pride in our work

Enhance profitability

Pursue comprehensive risk management

Business environment

- Increased demand for automobiles, mainly in emerging countries
- Demand recovering in developed countries
- Decrease in domestic automobile sales due to the declining birthrate and aging population

Become the most reliable supplier of large products requiring high precision, in the eyes of our customers

Aim to attain first place in customer ratings
by improving QCD for large products requiring high precision

Hefei Ahresty

Ahresty Wilmington

Ahresty India

Guangzhou Ahresty

Ahresty Mexicana

(Background)

- ◆ Increase in global automobile production led by emerging countries
- ◆ Trend of outsourcing DC components
- ◆ Increased demand for weight reduction due to rules on fuel efficiency

(Our strengths)

- ◆ Technological expertise, global production sites
- ◆ Total technological development capability from DC design to production
- ◆ Integrated production system

(1618 Medium-Term Management Strategy)

- Promote global sales activity for large-scale, technically challenging products
- Actively reach out to new European and U.S. customers in addition to existing Japanese manufacturers
- Build a global production line with advanced investment and production efficiency, and apply it to all locations. Contribute to our customers globally.

Pursue MONOZUKURI



**Unify the organized structure globally,
and realize MONOZUKURI
and Quality by the same level**

Reform and standardization of global operations

Build a globally unified process and system for increasing added value based on the objective/goal of the business (product, service) or function (Q, C, D, etc.)

Establishing a process for MONOZUKURI (manufacturing) based on global standards

Create a globally unified system through constant actions for improving productivity based on analysis of manufacturing conditions, and apply the results to other locations.

Providing a quality guarantee to gain ultimate trust from customers

Build a system to enable each division and production process to ensure high quality. Constantly carry out actions to improve quality.

Realizing the technological roadmap

Resolve technological issues based on the technological roadmap, and apply the results to other products and locations.

Thorough implementation of production cost reduction activities

Reduce production costs by further improving productivity and reducing the basic manufacturing unit through increased efficiency and streamlining.

Build up a Corporation taking pride in our work

Cultivating a corporate culture that can practice RST Way

RSTWay

Conscientious, Proactive, Speedy, Learning, Challenge

Cultivating an open corporate culture
in which people can practice RST Way

- ✓ Improve employees' motivation
- ✓ Develop good relations between employees
- ✓ Fast and accurate information sharing

Establishment of a communication style

Rewards system, Evaluation system,

Supporting female employees

Renewing internal publicity and management training

Developing human resources that excel in MONOZUKURI (manufacturing)

Ahresty Production Way

Enhancing the Global RST Academy

- ✓ Create a curriculum for pursuing MONOZUKURI
- ✓ Build the same educational environment for domestic and overseas locations

Increasing employees' motivation

Employees with increased knowledge and skill

Spread of the Ahresty Production Way

Enhance profitability

Management goals for the 1618 3 Year Ahresty Plan

Sales
150.0 billion yen

Ratio of operating
income to sales
5.5%

ROA
3.0%

ROE
7.0%

Enhance our financial footing and management foundation
for medium- to long-term development and growth

Fair return of profit

Aiming to become a leader in research and development, service, and technology



Contact for inquiries about this document and the Company's IR:
Management Planning Section, Management Planning Department,
Ahresty Corporation

Phone: +81-3-6369-8664

E-mail: ahresty_MP0_IR@ahresty.com

URL: <http://www.ahresty.co.jp>

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.