

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

November 29, 2016



Contents

- Overview of results for the first half of the fiscal year ending March 31, 2017
- Full-year forecast for the fiscal year ending March 31, 2017

[Reference]

- Supplementary material for the results forecast (published on August 8, 2016)
- 1618 Medium-Term Management Strategy

Key Results for First Half of the Fiscal Year Ending March 31, 2017

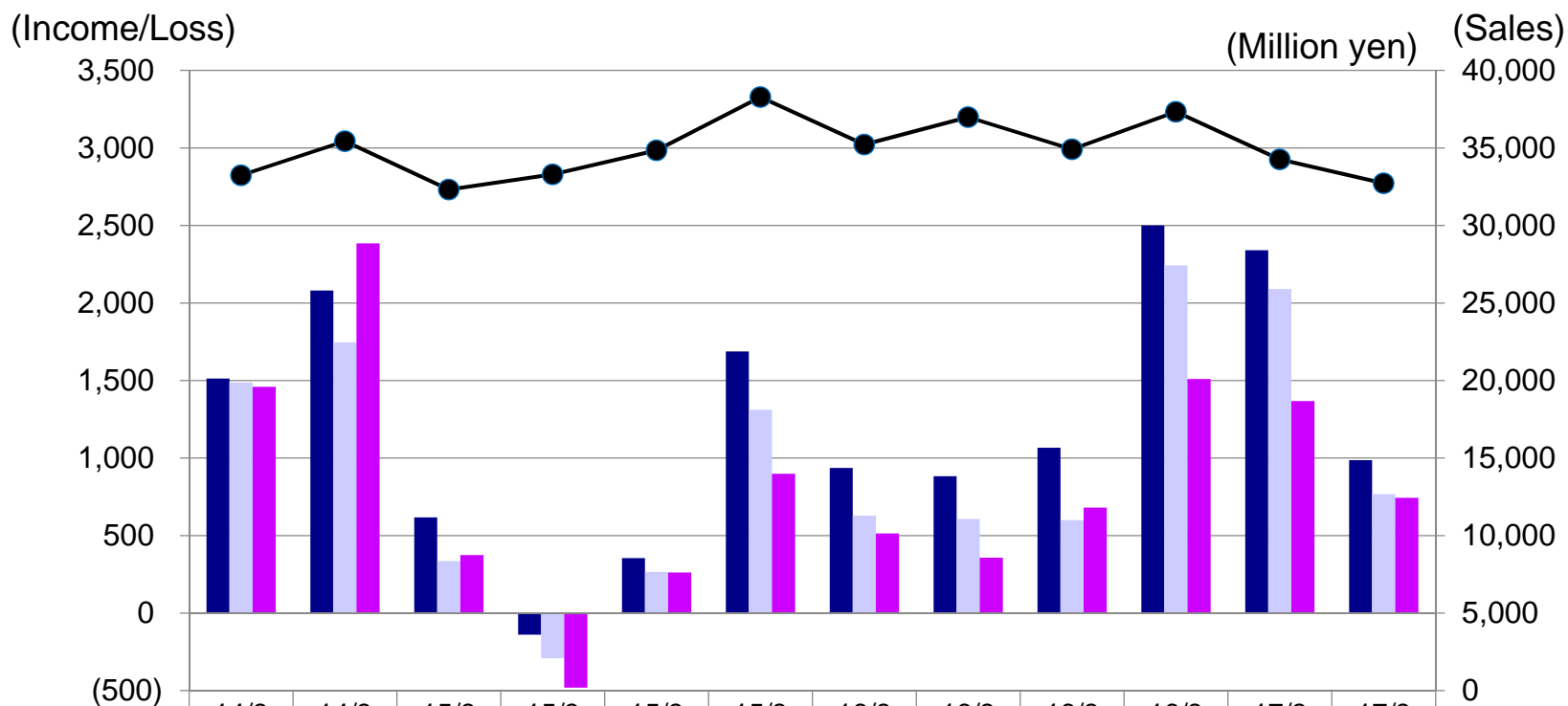
(Million yen)

	First half of year ended March 2016		First half of year ending March 2017		Change	
Sales	72,206	100.0%	66,976	100.0%	(5,230)	(7.2%)
Operating income	1,819	2.5%	3,326	5.0%	1,507	82.9%
Recurring income	1,236	1.7%	2,857	4.3%	1,621	131.2%
Net income	872	1.2%	2,112	3.2%	1,240	142.2%
EPS	33.77		81.75		47.98	

Overview

- Sales: Orders increased, but sales declined due to the effects of the stronger yen and a fall in metal prices.
- Operating income: Increased, reflecting an improvement in productivity in North America and increases in sales volume in Japan and China.
- Recurring income: Rose due to the increase in operating income.
- Net income: Climbed due to the increase in operating income.
- EPS: Increased 47.98 yen per share due to the increase in net income.

Overview of the (Quarterly) Consolidated Results



	14/3 3Q	14/3 4Q	15/3 1Q	15/3 2Q	15/3 3Q	15/3 4Q	16/3 1Q	16/3 2Q	16/3 3Q	16/3 4Q	17/3 1Q	17/3 2Q
■ Operating income/loss	1,513	2,081	617	(139)	355	1,688	936	883	1,066	2,500	2,340	986
■ Recurring income/loss	1,487	1,746	336	(291)	266	1,311	629	607	599	2,242	2,090	767
■ Net income/loss	1,459	2,385	374	(481)	262	899	514	358	680	1,510	1,368	744
● Sales	33,237	35,435	32,312	33,294	34,842	38,279	35,217	36,989	34,913	37,332	34,258	32,718

Die Casting Business

(Million yen)

		First half of year ended March 2016		First half of year ending March 2017		Change	
Japan	Sales	31,157	100.0%	29,940	100.0%	(1,217)	(3.9%)
	Segment income/loss	1,056	3.4%	1,121	3.7%	65	6.2%
North America	Sales	23,776	100.0%	21,091	100.0%	(2,685)	(11.3%)
	Segment income/loss	470	2.0%	1,363	6.5%	893	189.9%
Asia	Sales	13,618	100.0%	12,663	100.0%	(955)	(7.0%)
	Segment income/loss	106	0.8%	577	4.6%	471	443.8%

✓ The overseas sales ratio in the Die Casting Business:

Q2 of fiscal year ended March 2016: 54.5%

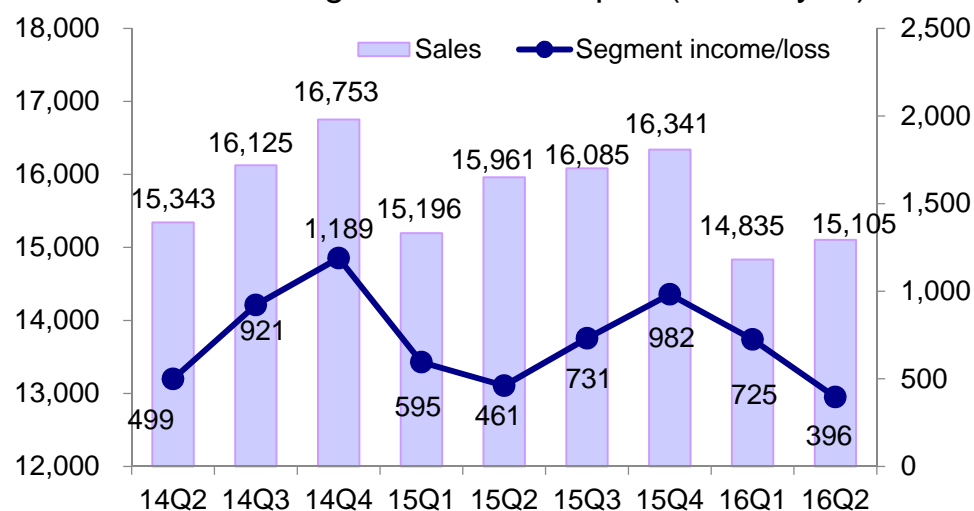
⇒ Q4 of fiscal year ended March 2016: 53.6%

⇒ Q2 of fiscal year ending March 2017: 53.0%

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

Die Casting in Japan

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



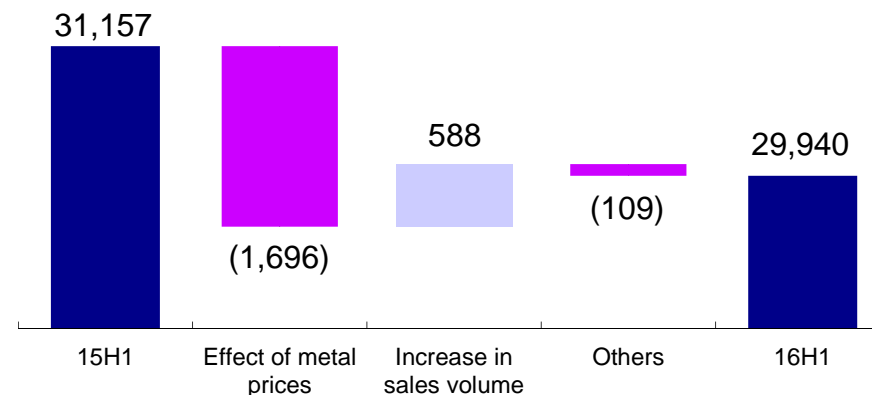
Sales: Decreased ¥1,210 million (down 3.9% year on year)

- Automobile exports bound for North America were strong. The order volume increased (up 1.9% year on year).
- Adverse effects of a decline in the aluminum ingot price

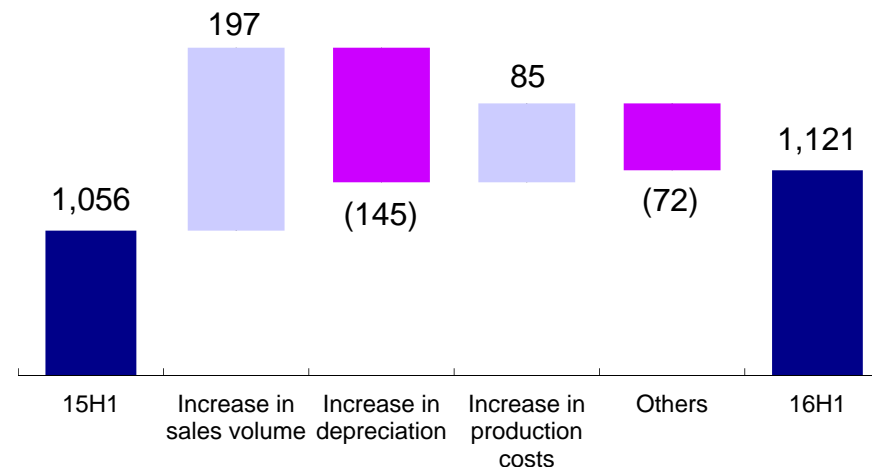
Segment income/loss: Increased ¥65 million (up 6.2% year on year)

- Income rose due to an increase in sales volume and a reduction in production costs, despite a rise in depreciation

Factors of change in die casting sales (Million yen)

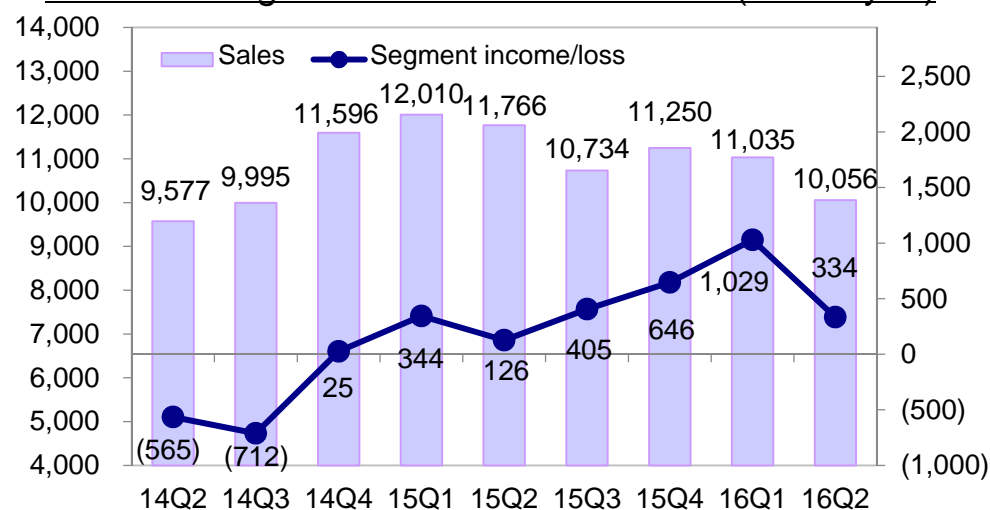


Factors of change in segment income (Million yen)



Die Casting in North America

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



Sales: Decreased ¥2,680 million (down 11.3% year on year)

- Orders for components for light trucks increased.
- The termination of production at certain customers had an adverse effect on orders.
- Adverse effects of declines in metal prices and exchange rate factors

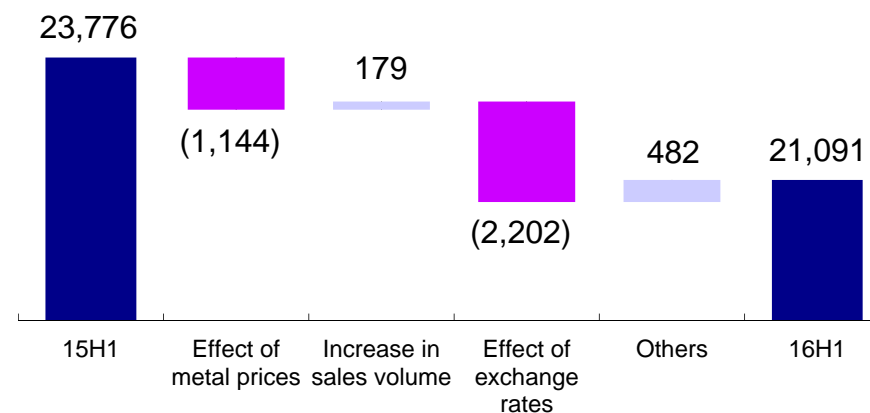
Segment income/loss: Increased ¥890 million (up 189.9% year on year)

- Production costs were reduced due to improved productivity in the United States and Mexico, resulting in increase in income.

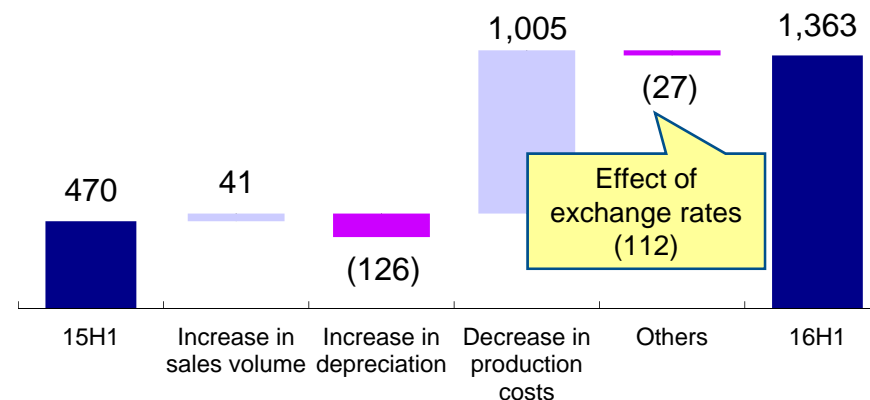
Fiscal year end: U.S.: March; Mexico: December

Exchange rate (15Q2 ⇒ 16Q2): U.S. dollar: ¥121.52 ⇒ ¥106.73; Mexican peso: ¥120.50 ⇒ ¥113.05

Factors of change in die casting sales (Million yen)

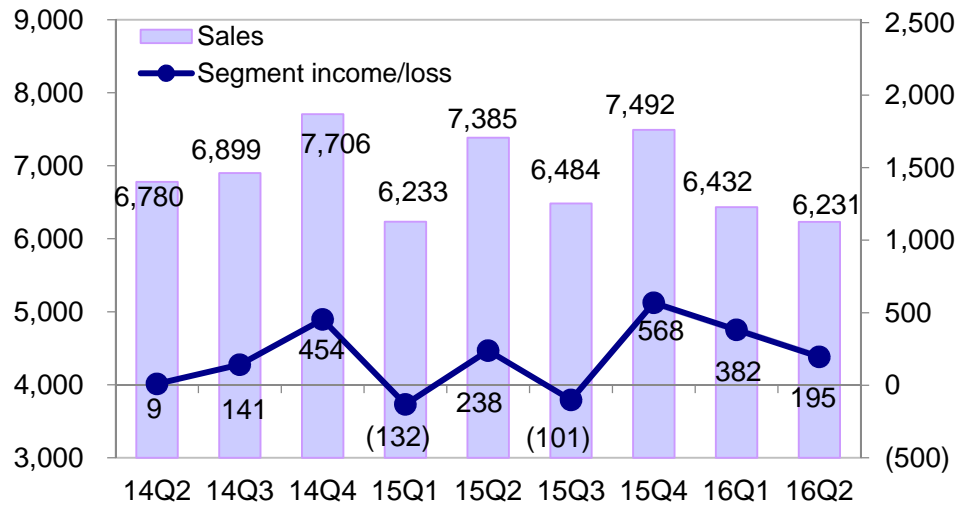


Factors of change in segment income (Million yen)



Die Casting in Asia

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



Sales: Decreased ¥950 million (down 7.0% year on year)

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

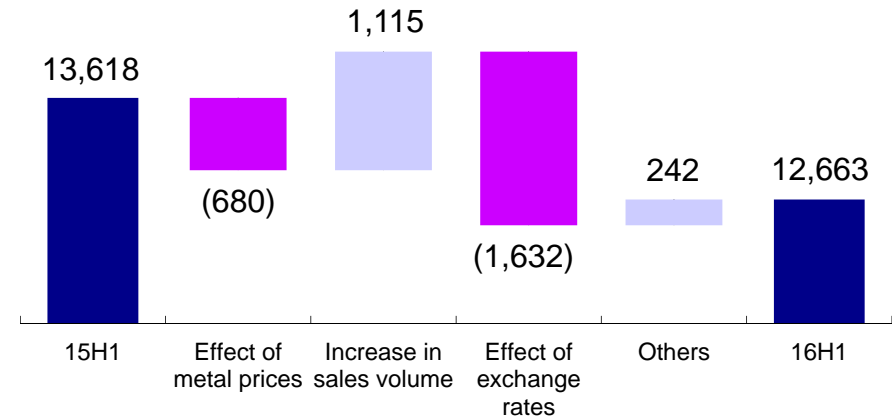
Segment income/loss: Increased ¥470 million (up 443.8% year on year)

- An increase in sales volume in China had a positive impact on income.

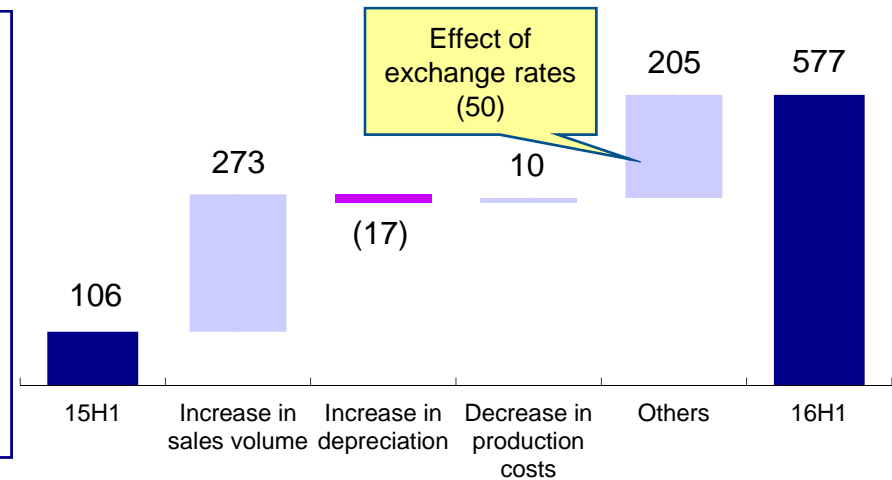
Fiscal year end: China: December; India: March

Exchange rate (15Q2 ⇒ 16Q2): Chinese yuan: ¥19.36 ⇒ ¥17.22; Indian rupee: ₹1.90 ⇒ ₹1.60

Factors of change in die casting sales (Million yen)

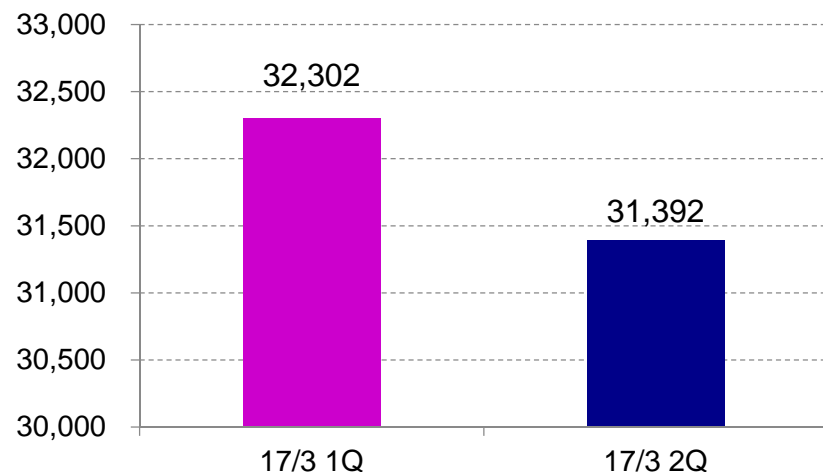


Factors of change in segment income (Million yen)



Comparison of Quarterly Results in Die Casting Business

Die casting sales (million yen)

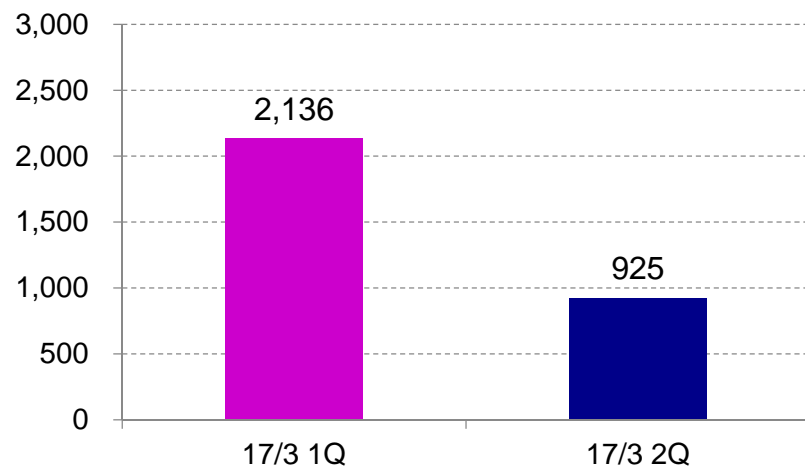


Die casting sales: factors of change from Q1 to Q2

Die casting sales (down ¥910 million from Q1)

- Increase in sales volume (+600 million yen)
- Effect of metal prices (-240 million yen)
- Effect of exchange rates (-1,010 million yen)
- Other effects (-260 million yen)

Die casting operating income (million yen)



Die casting operating income: factors of change from Q1 to Q2

Die casting operating income (down ¥1,210 million from Q1)

- Increase in sales volume (+160 million yen)
- Increase in production costs (-420 million yen)
- Effect of exchange rates (-70 million yen)
- Decrease in income from die casting dies and other factors (-880 million yen)

Aluminum Business and Proprietary Products Business

(Million yen)

		First half of year ended March 2016		First half of year ending March 2017		Change	
Aluminum Business	Sales	2,590	100%	2,143	100%	(447)	(17.3%)
	Segment income/loss	149	5.8%	148	6.9%	(1)	(0.9%)
Proprietary Products Business	Sales	1,063	100%	1,138	100%	75	7.0%
	Segment income/loss	41	3.9%	68	6.0%	27	64.9%

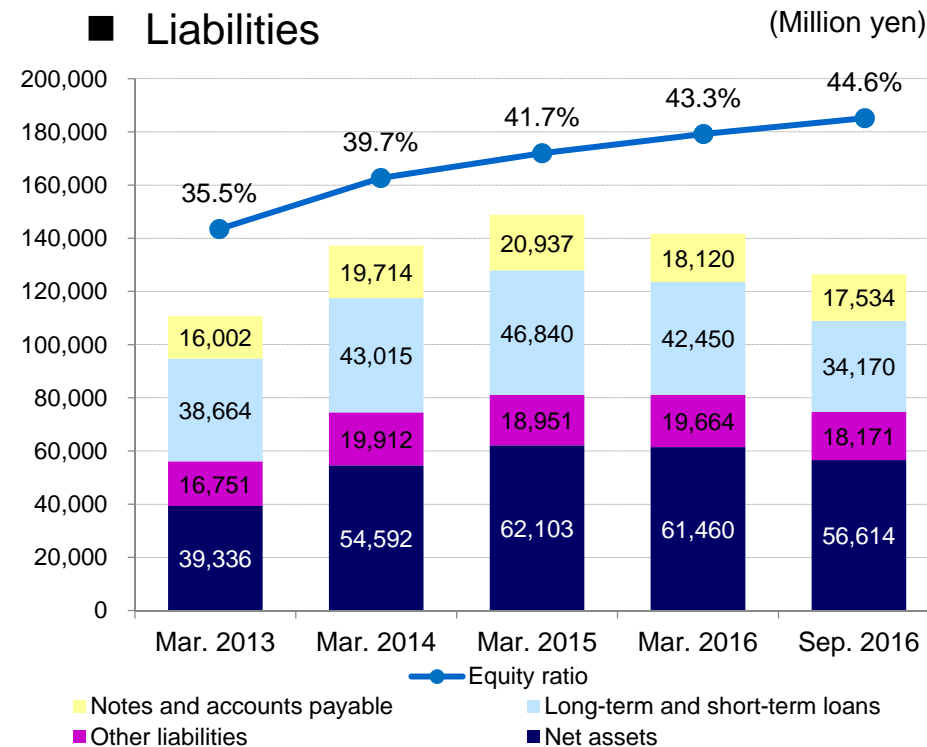
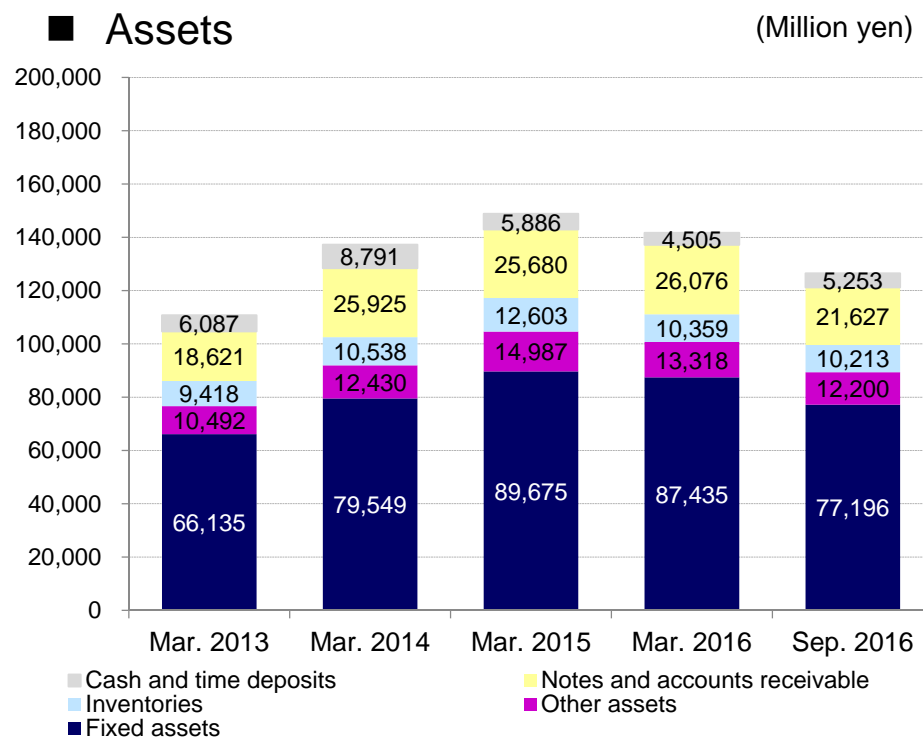
Aluminum Business

- Sales: Sales prices declined as a result of fluctuations in the aluminum market conditions (Down ¥447 million, 17.3%, year on year)
- Segment income: Fluctuations in raw material prices and cost reduction activities (Up ¥1 million, 0.9%, year on year)

Proprietary Products Business

- Sales: Orders for projects for clean rooms and computer rooms from semiconductor-related companies increased (Up ¥75 million, 7.0%, year on year)
- Segment income: Effect of higher sales, etc. (Up ¥27 million, 64.9%, year on year)

Consolidated Financial Statements



➤ **Changes from March 31, 2016**

Effect of exchange rates: Decrease of ¥12bn
 → Net change: Decrease of ¥3.2bn

Current assets: Net decrease of ¥1.3bn (liquidation of receivables, decrease in sales)

Tangible fixed assets: Net decrease of ¥1.7bn (net increase of ¥1.0bn in Japan; decrease overseas due to depreciation)

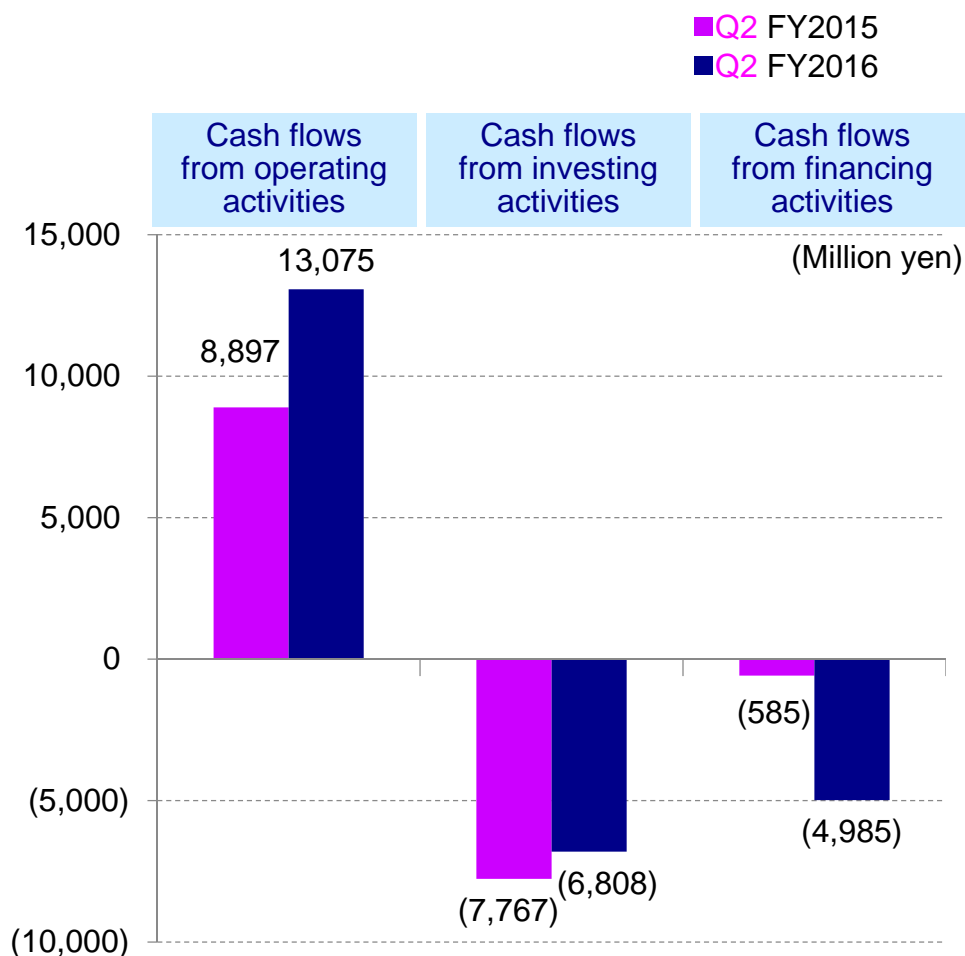
➤ **Changes from March 31, 2016**

Liabilities: Effect of exchange rates: decrease of ¥5.2bn
 → Net change: Decrease of ¥5.2bn
 Net decrease of ¥1.9bn in current liabilities, net decrease of ¥3.3bn in long-term liabilities (decrease in long-term and short-term interest-bearing debt)

Net assets: Decrease of ¥4.8bn, with an increase of ¥2.0bn mainly due to net income more than offset by foreign currency translation adjustments of -¥6.7bn

Equity ratio: 44.6%, an improvement of 1.3 percentage points

Consolidated Statement of Cash Flows



Factors of change from the same quarter of the previous fiscal year

- **Cash flows from operating activities: +4.1bn**
Income before income taxes and others:
+1.5bn
Decrease (increase) in notes and accounts receivable:
+2.8bn
 Increase mainly due to the liquidation of receivables
- **Cash flows from investing activities: -0.9bn**
Increase in capital expenditures in Japan due to expenditures for Fuji Heavy Industries
Capital expenditures declined overseas.
- **Cash flows from financing activities: -4.4bn**
Long- and short-term debt repayment made progress in association with an increase in free cash flow.

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)

-
- Overview of results for the first half of the fiscal year ending March 31, 2017
 - Full-year forecast for the fiscal year ending March 31, 2017

[Reference]

- **Supplementary material for the results forecast (published on August 8, 2016)**
- 1618 Medium-Term Management Strategy

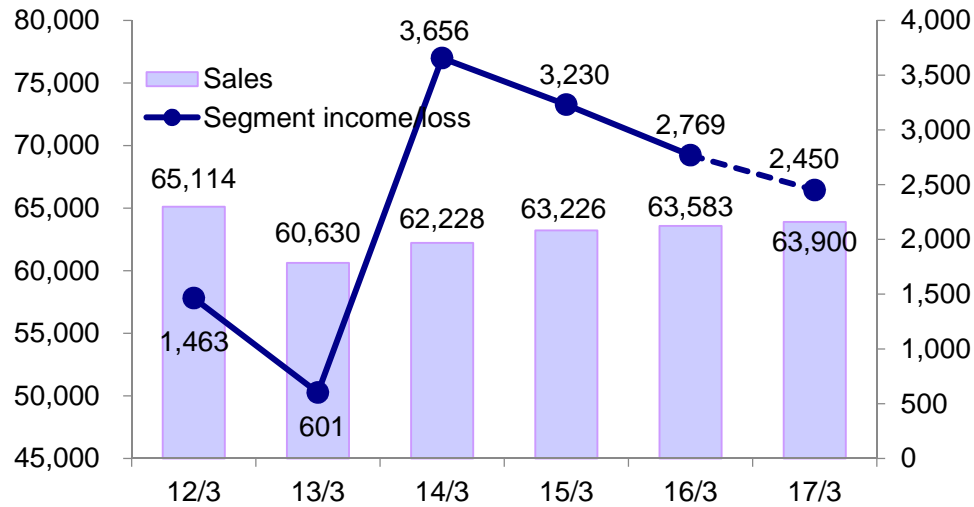
Forecast for FY2016

(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)



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.

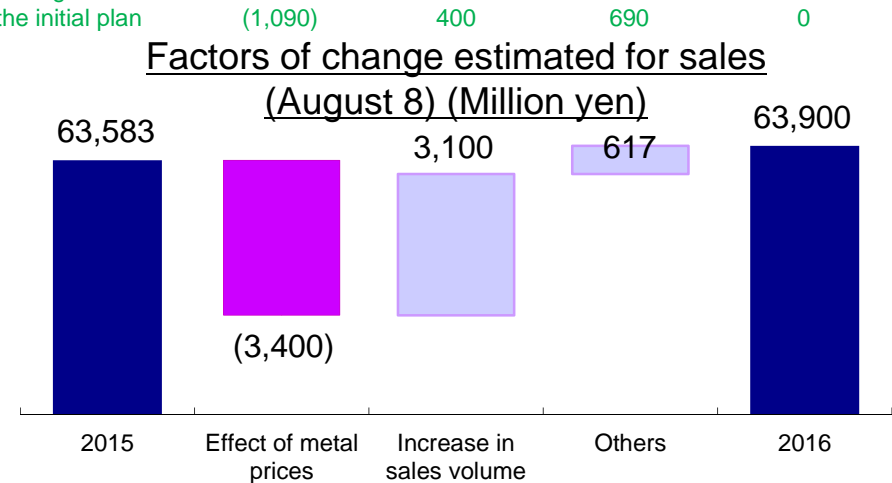
Segment income/loss: ¥2,450 million

(up 6.5% compared to the initial plan)

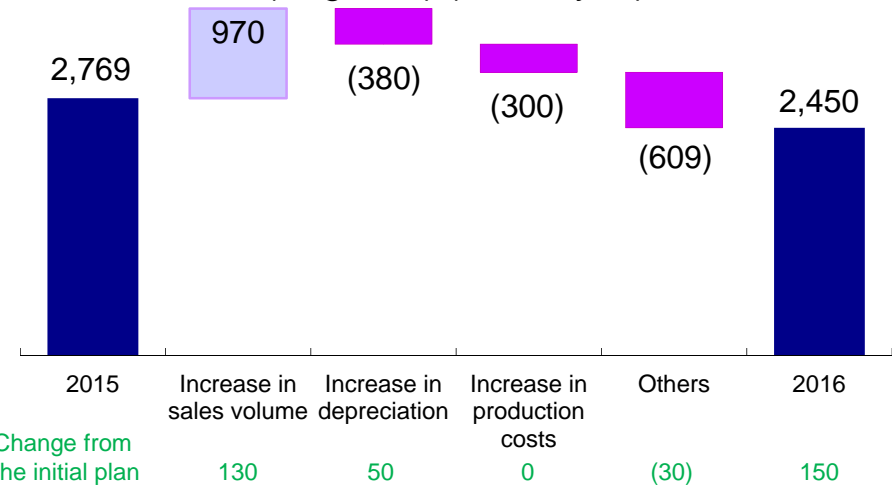
- Income is expected to exceed the initial plan, attributable to the positive impact of an increase in sales volume.

Change from the initial plan

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



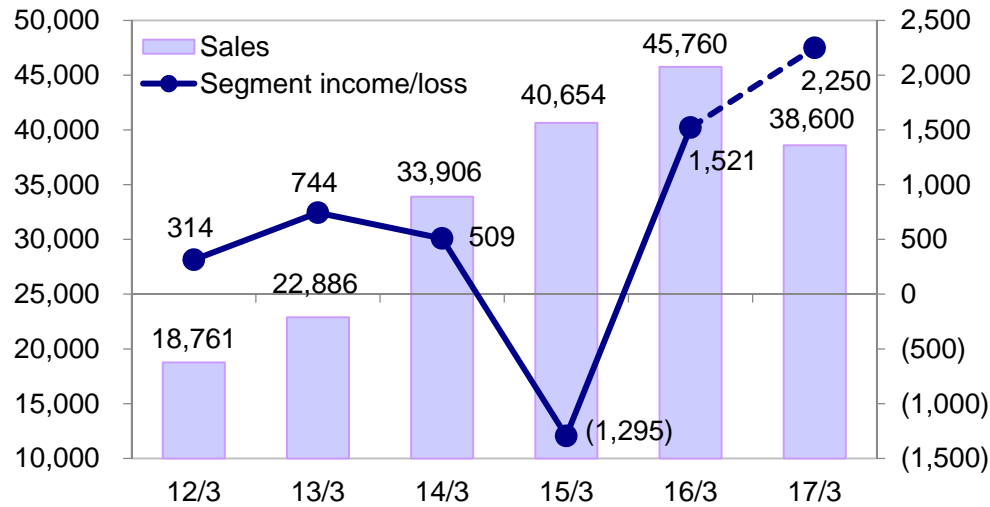
Factors of change estimated for segment income (August 8) (Million yen)



Change from the initial plan

Die Casting in North America

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

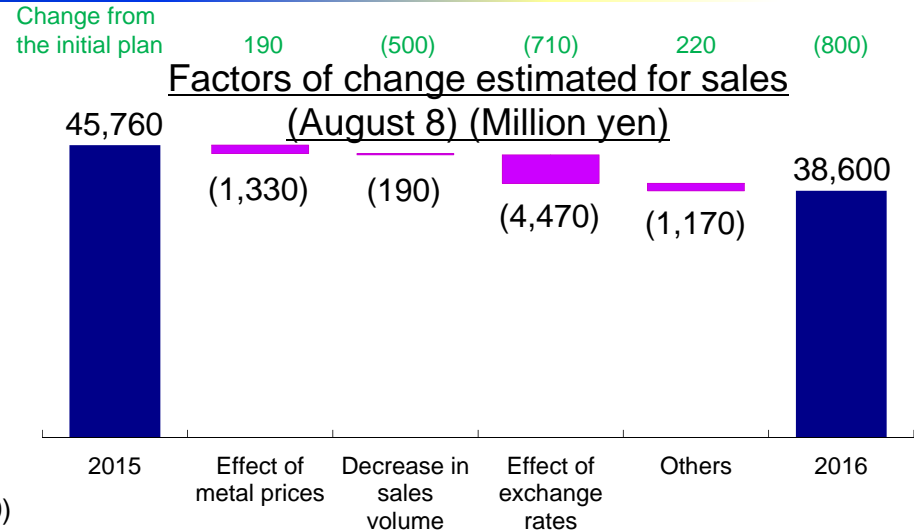


Sales: ¥38,600 million (down 2% compared to the initial plan)

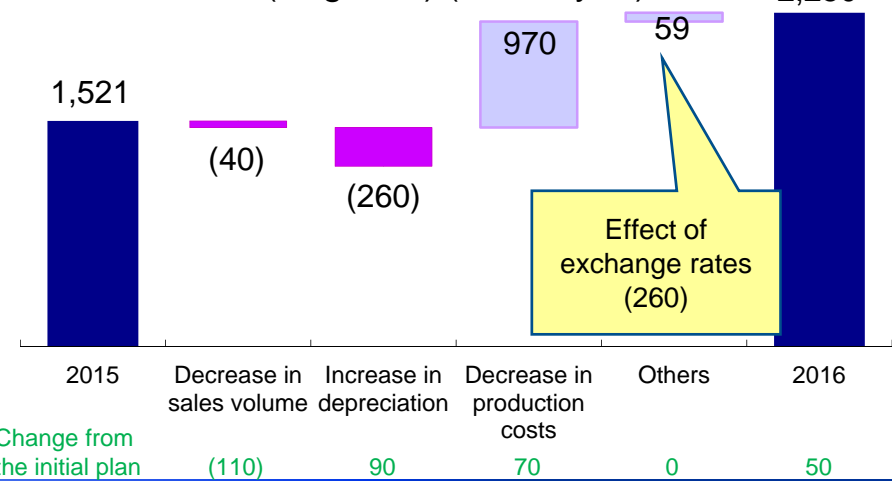
- The sales volume in the U.S. is expected to exceed the initial plan.
- The sales volume in Mexico is likely to decrease year on year.
- Impact of a stronger yen

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.

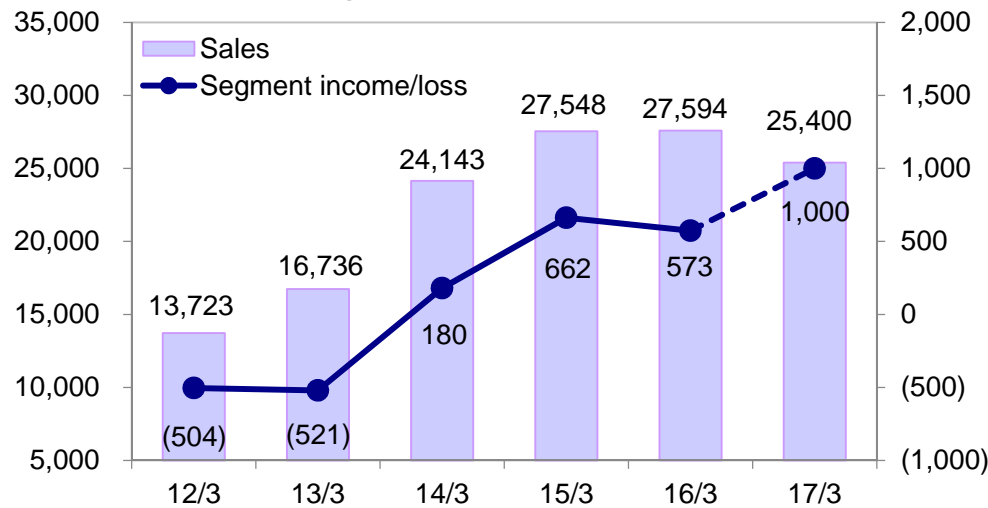


Factors of change estimated for segment income (August 8) (Million yen)



Die Casting in Asia

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

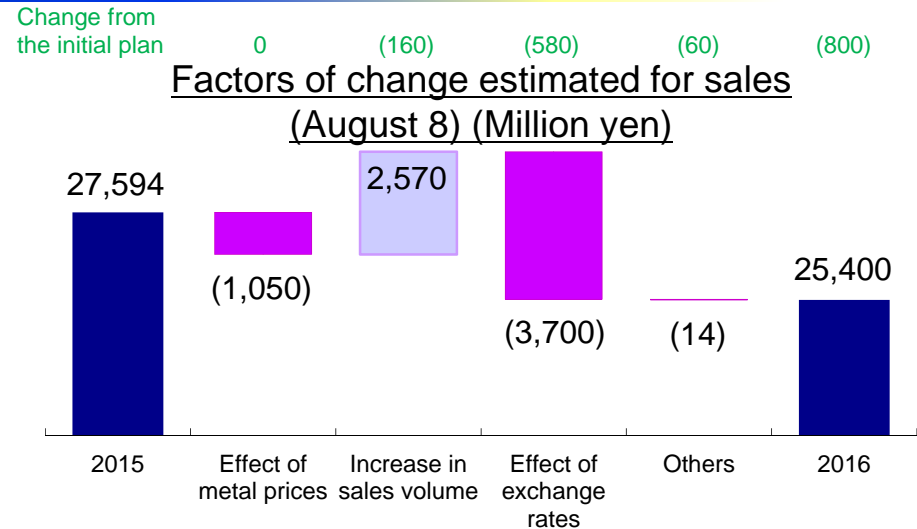


Sales: ¥25,400 million (down 3% compared to the initial plan)

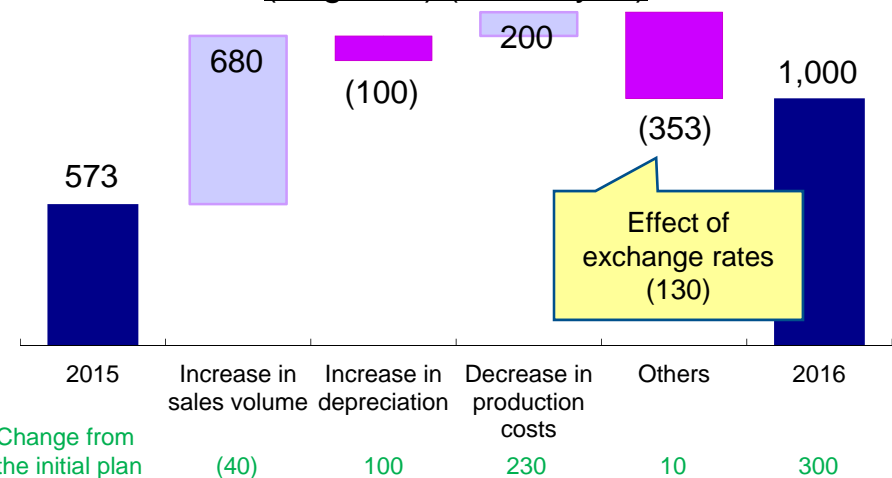
- China: The sales volume is likely to be on a par with the level assumed in the initial plan.
- India: The sales volume is likely to be lower than the initial plan.
- Impact of a stronger yen

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.

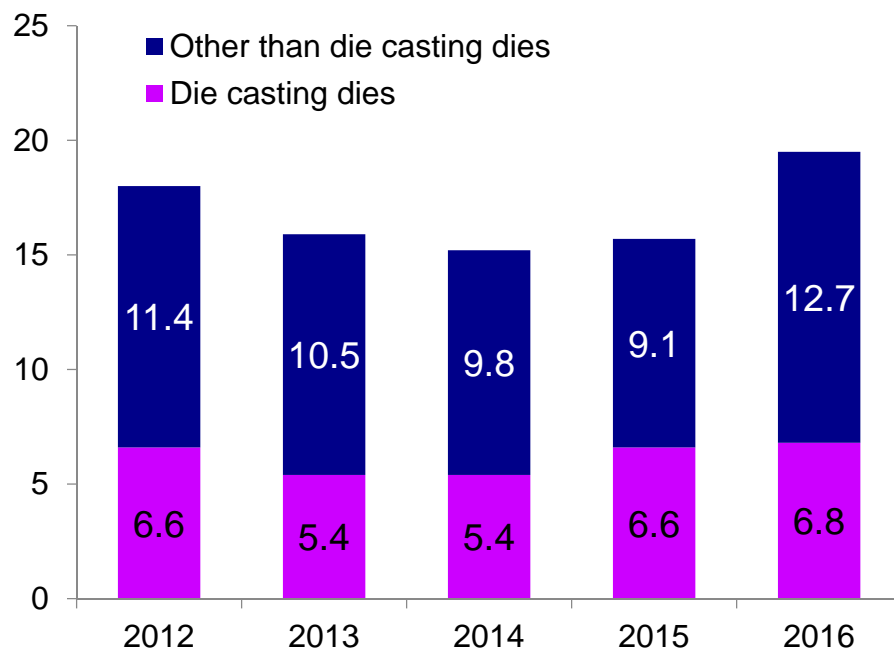


Factors of change estimated for segment income (August 8) (Million yen)

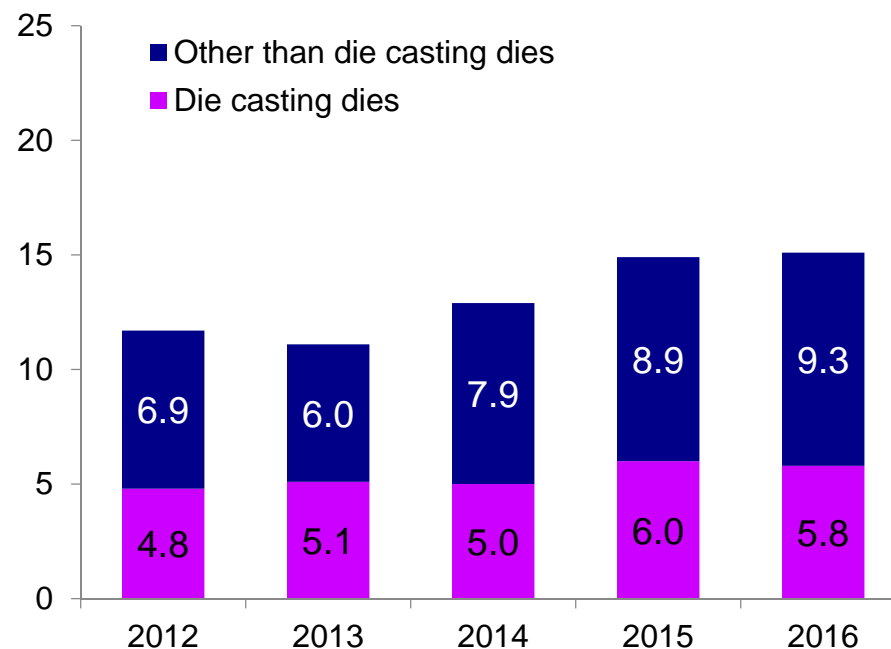


Trends of Capital Expenditures and Depreciation and Amortization

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%

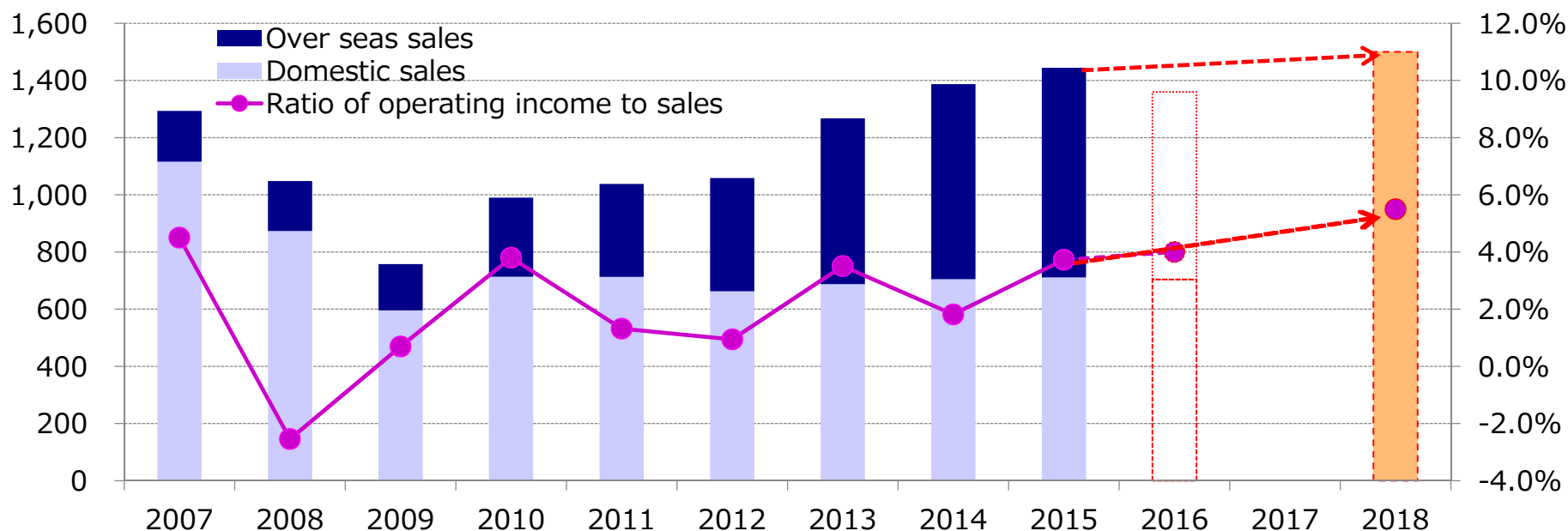
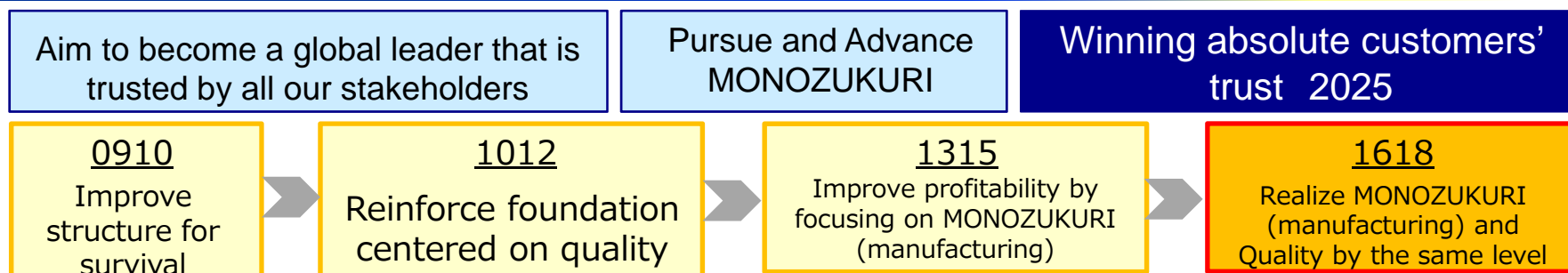
- For FY2015, the results planned at the start of the term were achieved. The year-end dividend was therefore increased by ¥2, resulting in an annual dividend of ¥14.
- For FY2016, we intend to pay an annual dividend of ¥16.
- We will promote the fair return of profit while taking into account the management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

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- **1618 Medium-Term Management Strategy**

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

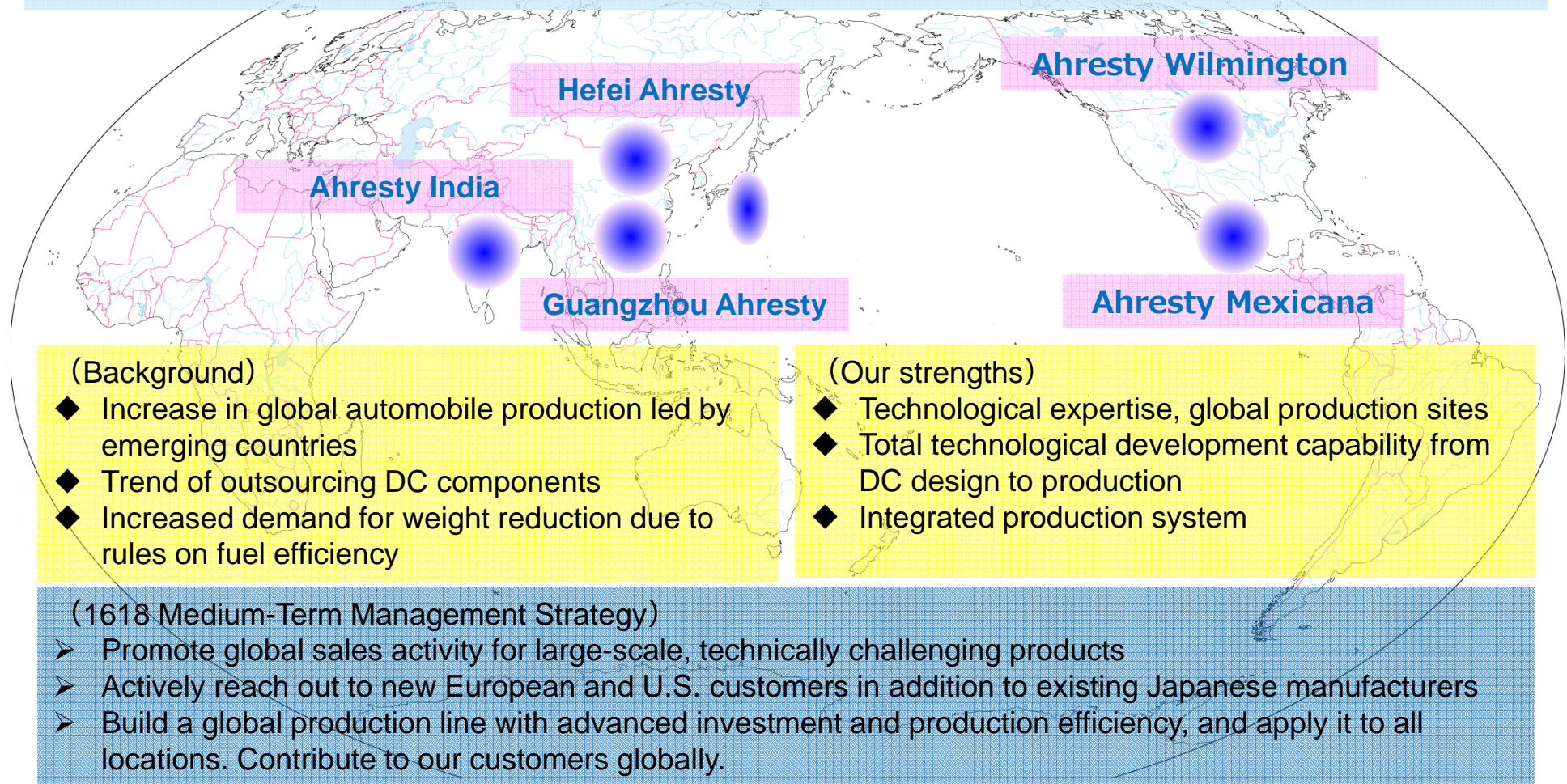
Pursue comprehensive risk management

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



(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

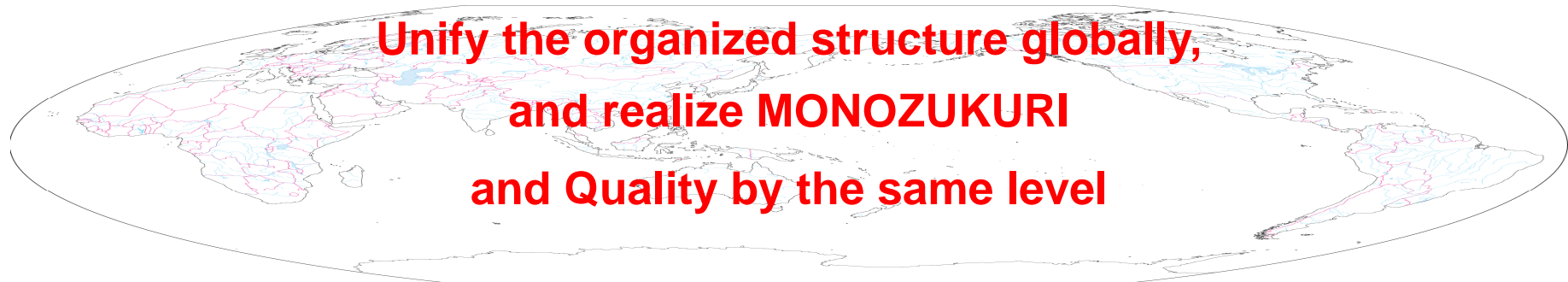
(Our strengths)

- ◆ 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



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.

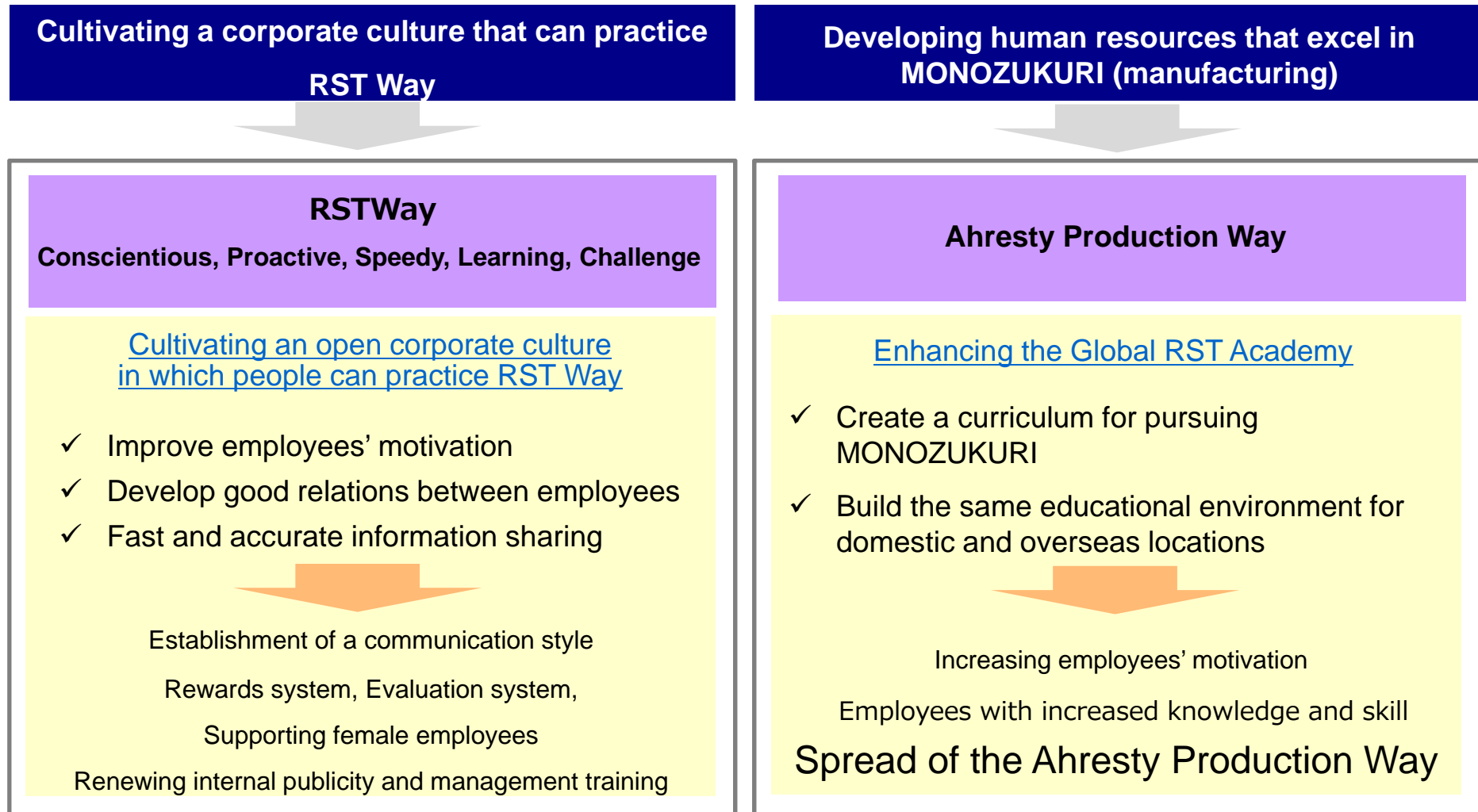
Realizing the technological roadmap

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



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



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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.