

Results Briefing for the year ended March 31, 2018

May 30, 2018



- **Topics**

- Overview of Results for FY2017

- Forecast for FY2018

- Progress in US Plant Improvement Project

Hefei Ahresty: New Foundry Completed

Construction of the new foundry was completed in March 2018
(will receive new and increased orders)

Construction of a new foundry was completed in March 2018.
Processing plant and office building will be completed
in September 2018.
(Photos: external and internal views of the new foundry)

[When completed in September 2018 (plan)]
Plant area: Land: 67,182 sq. m.
Building: 46,235 sq. m.

* Planned extension included in the above:
Foundry: 5,103 sq. m.
Processing plant: 12,856 sq. m.
Office building: 3,509 sq. m.

Production capacity that can be added upon completion
of the extension
(casting machine: from 15 units to approx. 23 units)
(processing machine: from 73 units to approx. 160 units)

■ **As of September 2017**

(Plant area) Land: 48,420 sq. m.
Building: 24,767 sq. m.



Ahresty Yamagata: Extension and Reconstruction Start in FY2018

Extension and reconstruction of plant by receiving new orders for electric system parts

[In or after January 2019 (plan)]

New construction of first processing building: 1,250 sq. m.

[In or after September 2019 (plan)]

Construction of new melting building: 650 sq. m.
(Melting furnaces and heat treatment furnaces)

[Placed in and after October 2018 as needed]

Die-cast machine: 2 units to be added
Processing machine: 20 units to be added

■ As of March 2018

(Plant area) Building: 13,614 sq. m.

Portion of extension and reconstruction indicated in a red box



Built a seamless process line (casting, deburring, and processing) and reduce waste

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- Topics
 - **Overview of Results for FY2017**
 - Forecast for FY2018
 - Progress in US Plant Improvement Project

Key Results for the Fiscal Year Ended March 31, 2018

(Million yen)

	Fiscal year ended March 2017		Fiscal year ended March 2018		Change	
	Value	%	Value	%	Value	%
Sales	136,657	100.0%	145,167	100.0%	8,510	6.2%
Operating income	6,912	5.1%	4,718	3.3%	(2,194)	(31.7%)
Recurring income	6,256	4.6%	4,436	3.1%	(1,820)	(29.1%)
Net income	4,620	3.4%	3,450	2.4%	(1,170)	(25.3%)
EPS (yen)	178.77		133.40			

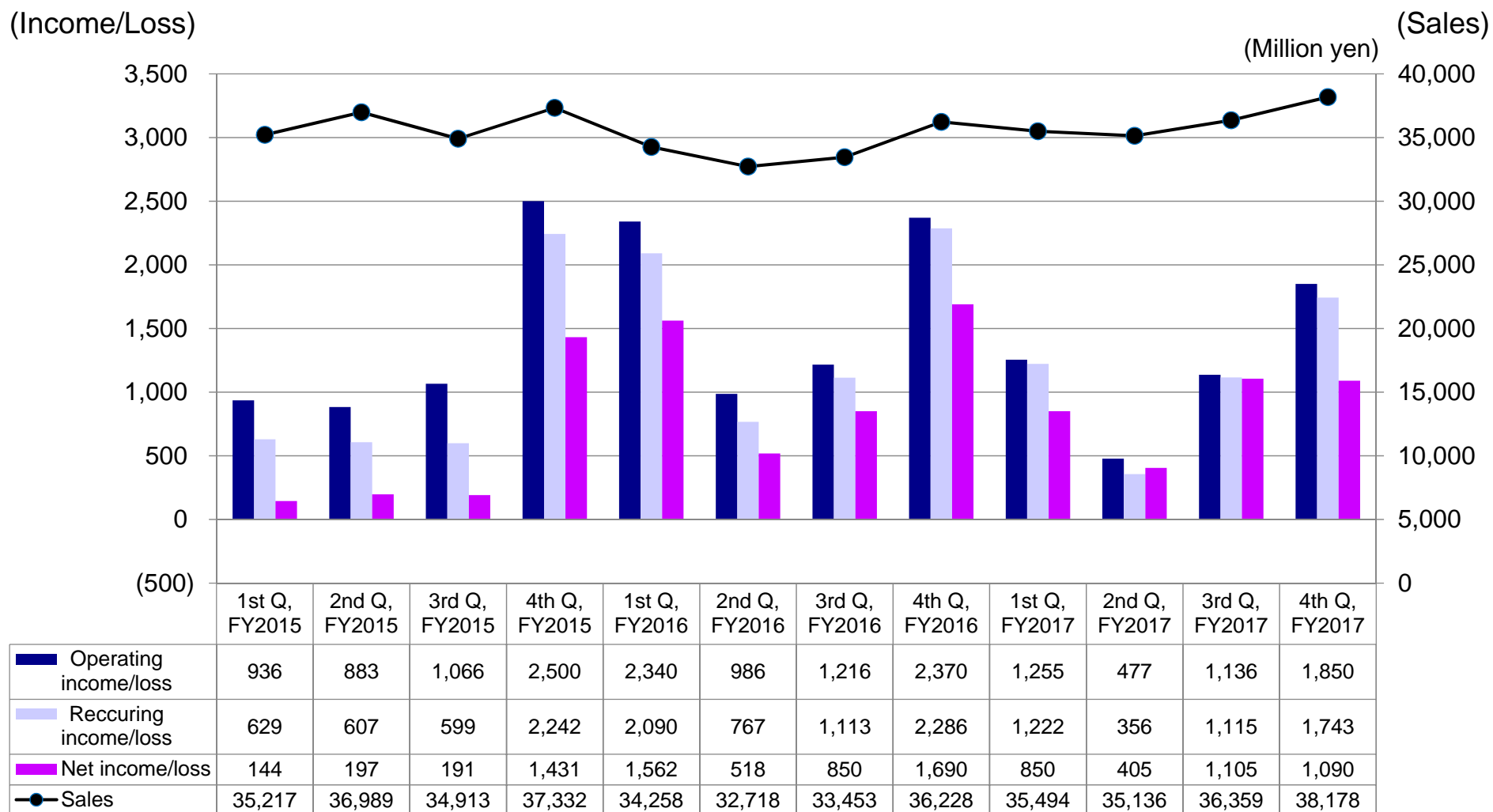
Ref. EBITDA: ¥20,693 million in FY2016 and ¥19,617 million in FY2017

* EBITDA = operating income + depreciation and amortization

Overview

- Sales: Sales grew thanks largely to an increase in orders received and an improvement in the state of the aluminum market.
- Operating income: Decreased primarily as a result of a slow increase in productivity at the U.S. and Tochigi plants and the revision of product prices.
- Recurring income: Decreased due to reduced operating income.
- Net income: Decreased due to reduced recurring income, which was, however, partly offset by the tax effect in North America.
- EPS: Decreased 45.37 yen per share due to the decrease in net income.

Overview of the (Quarterly) Consolidated Results



Die Casting Business

(Million yen)

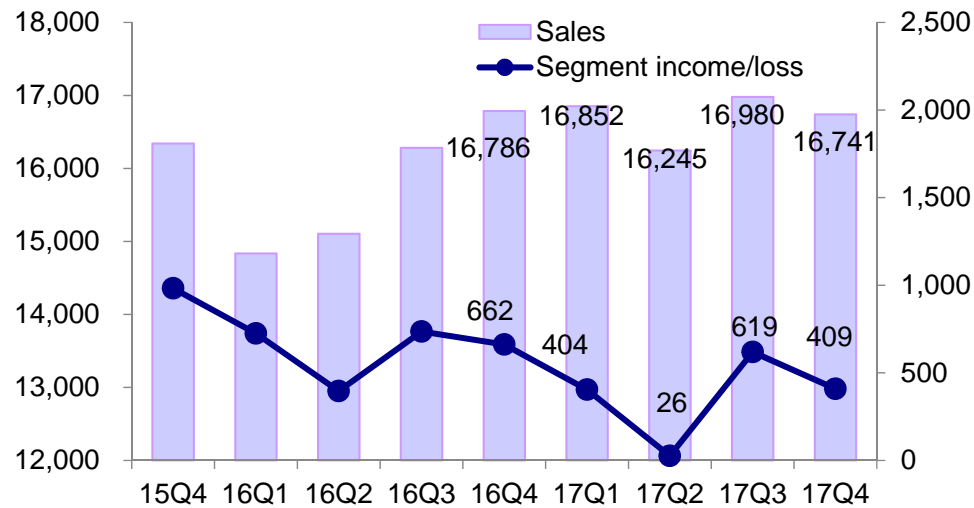
		Fiscal year ended March 2017		Fiscal year ended March 2018		Change	
Japan	Sales	63,008	100.0%	66,818	100.0%	3,810	6.0%
	Segment income/loss	2,519	4.0%	1,458	2.2%	(1,061)	(42.1)
North America	Sales	40,854	100.0%	39,937	100.0%	(917)	(2.2%)
	Segment income/loss	2,163	5.3%	291	0.7%	(1,872)	(86.5%)
Asia	Sales	26,128	100.0%	30,442	100.0%	4,314	16.5%
	Segment income/loss	1,758	6.7%	2,378	7.8%	620	35.2%

- ✓ The overseas sales ratio in the Die Casting Business:
 Fiscal year ended March 2017: 51.5%
 ⇒ Fiscal year ended March 2018: 51.3%

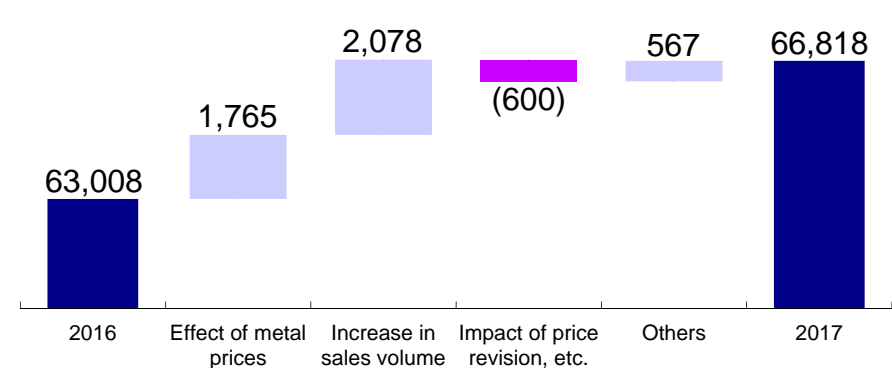
* An explanation of the factors behind changes in segment results begins on the next page.

Die Casting in Japan

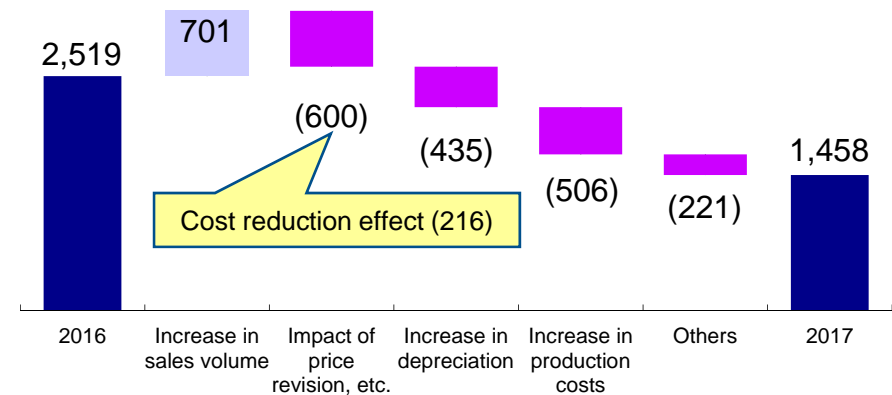
Changes in sales and segment income in Die Casting Business in Japan (Million yen)



Factors of change in die casting sales (Million yen)



Factors of change in segment income (Million yen)



Sales: Increased ¥3,810 million (up 6.0% year on year)

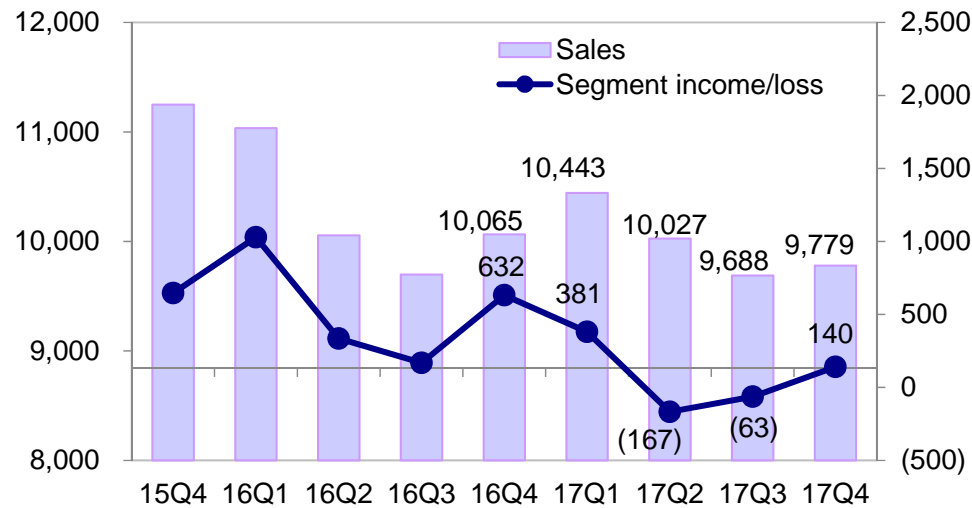
- Orders received increased based on strong exports of key customers.

Segment income: Decreased ¥1,060 million (down 42.1% year on year)

- Income decreased due partly to an increase in labor and fuel expenses.
- Income has been growing thanks to increased productivity at domestic plants.
- Tochigi plant is promoting manpower savings, etc. to reduce manufacturing costs.

Die Casting in North America

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



Sales: Decreased ¥910 million (down 2.2% year on year)

- Orders received decreased in the U.S. in response to downsizing.
- Orders received generally increased in Mexico.

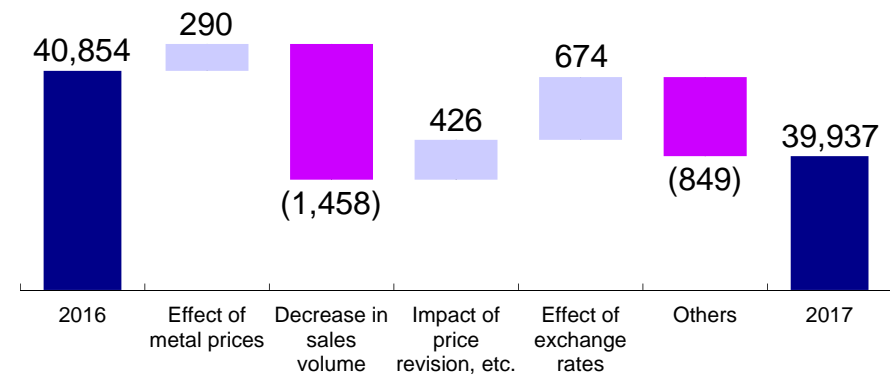
Segment income: Decreased ¥1,870 million (down 86.5% year on year)

- U.S.: Decreased due to a decline in sales and a slow increase in productivity
Project started in January, seeking an increase in productivity.
- Mexico: an increase in profit from sales growth was offset by higher fuel expenses, etc. (PTU has been included in operating income since the first quarter of FY2017.)

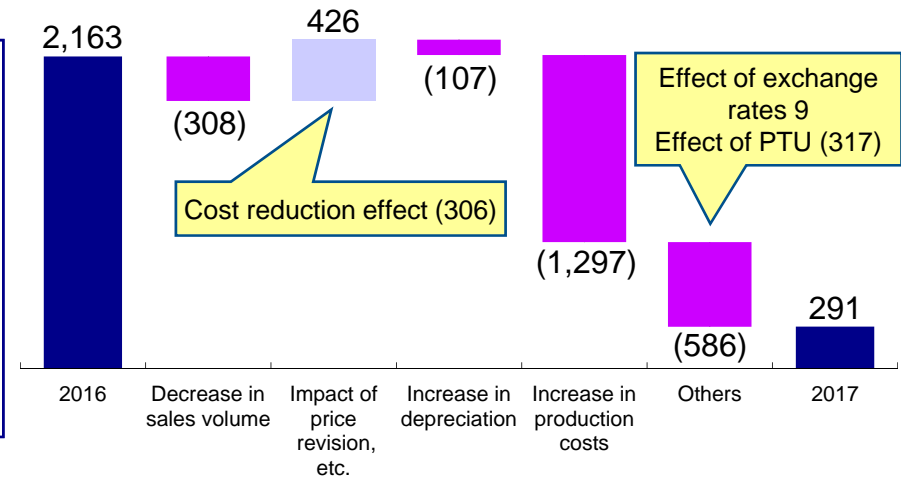
Fiscal year end: U.S.: March; Mexico: December

Exchange rate ('16Q4 ⇔ '17Q4): U.S. dollar: ¥109.18 ⇔ ¥110.83; Mexican peso: ¥110.30 ⇔ ¥112.39

Factors of change in die casting sales (Million yen)

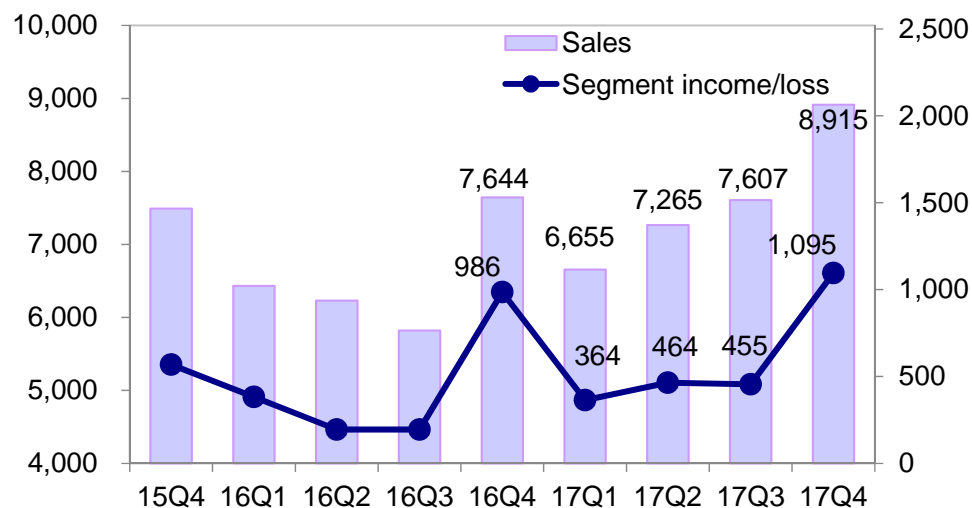


Factors of change in segment income (Million yen)



Die Casting in Asia

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



Sales: Increased ¥4,310 million (up 16.5% year on year)

- Orders received in China rose thanks to increased production of SUVs.
- Sales in India also grew based on a higher volume of orders received.

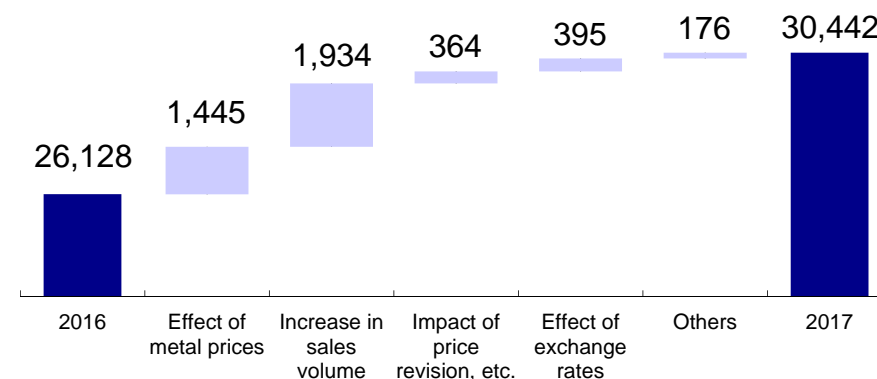
Segment income: Increased ¥620 million (up 35.2% year on year)

- Growth in orders received in China and India resulted in increased profit.
- Higher productivity in China also facilitated profit growth.

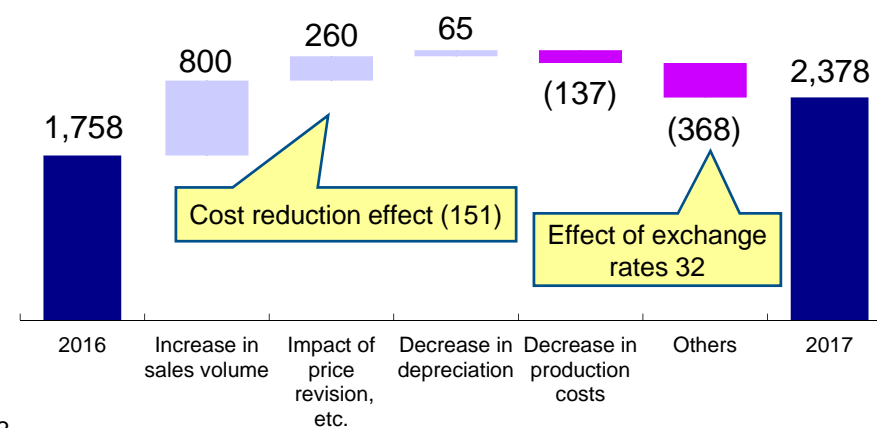
Fiscal year end: China: December; India: March

Exchange rate (16Q4 ⇌ 17Q4): Chinese yuan: ¥16.56 ⇌ ¥16.64; Indian rupee: ₹1.63 ⇌ ₹1.72

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)

		Fiscal year ended March 2017		Fiscal year ended March 2018		Change	
Aluminum Business	Sales	4,402	100.0%	4,597	100.0%	195	4.4%
	Segment income/loss	274	6.2%	213	4.6%	(61)	(22.2%)
Proprietary Products Business	Sales	2,263	100.0%	3,371	100.0%	1,108	49.0%
	Segment income/loss	155	6.8%	392	11.6%	237	151.6%

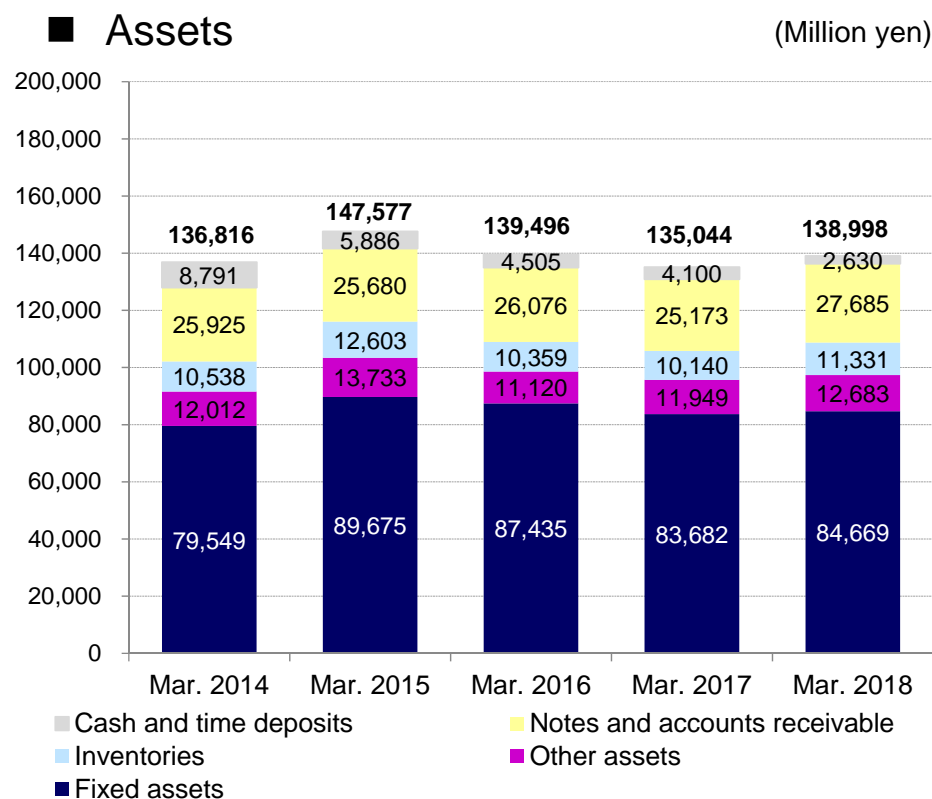
Aluminum Business

- Sales: Increased thanks to changes in the state of the aluminum market (up 4.4% year on year).
- Segment income: Decreased due primarily to rising fuel expenses (down 22.2% year on year).

Proprietary Products Business

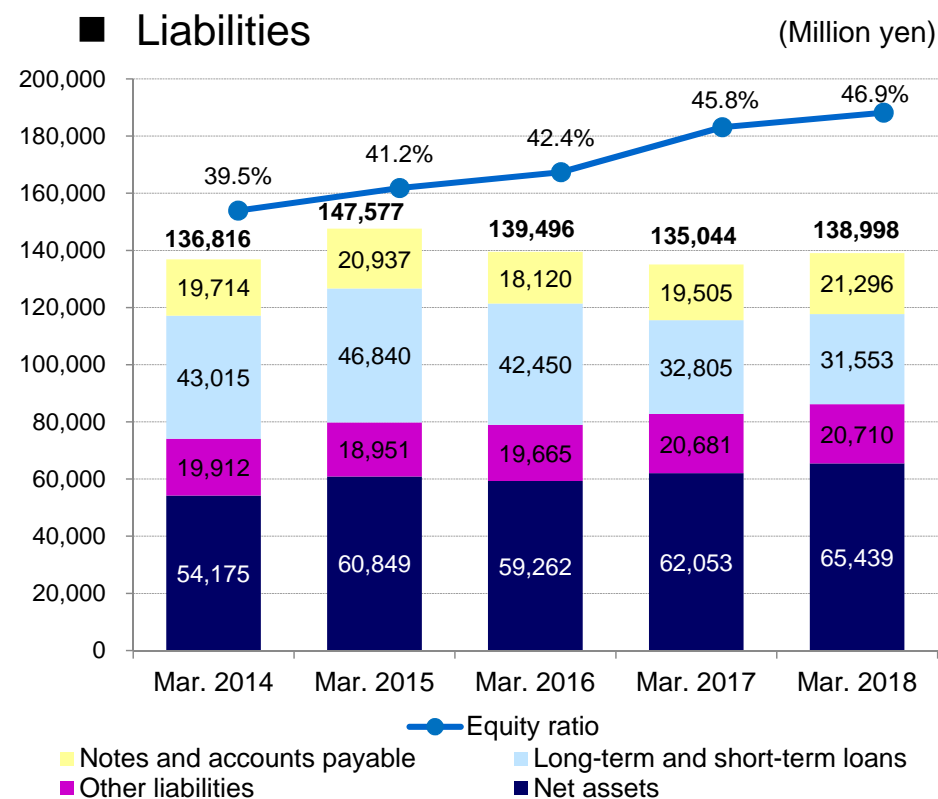
- Sales: Grew after orders received increased (up 49.0% year on year).
- Segment income: Increased due chiefly to sales growth and efforts to reduce costs (up 151.6% year on year).

Consolidated Balance Sheet



➤ **Changes from March 31, 2017**

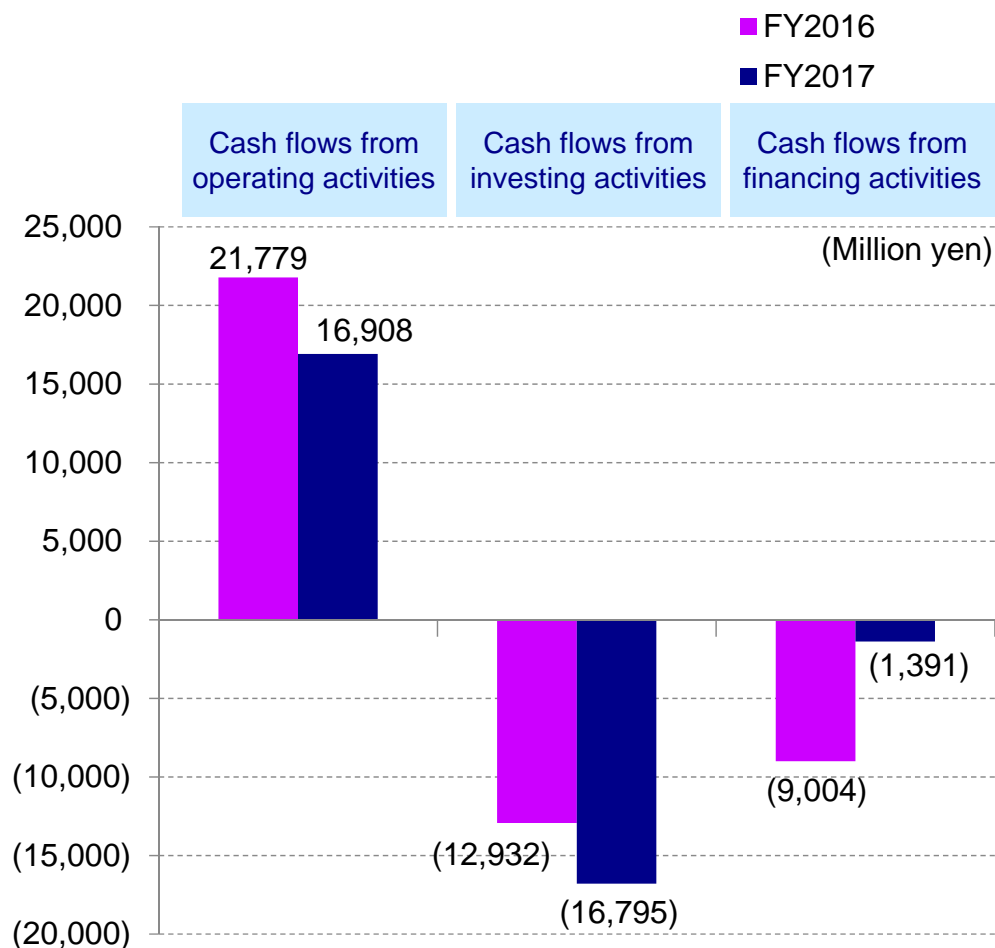
Assets: Increase of ¥3.9 bn → Net change: Increase of 4.7 bn
 Current assets: Increase of ¥2.0 bn
 (Notes and accounts receivable and inventory assets increased due to sales growth.)
 Fixed assets: Increase of ¥2.7 bn
 (Tangible fixed assets increased in Japan and Asia.)
 Investment securities increased due to a rise in stock price)



➤ **Changes from March 31, 2017**

Liabilities: Effect of exchange rates: Increase of ¥0.6 bn
 → Net change: Increase of ¥1.2 bn
 (Long- and short-term borrowings decreased.)
 Net assets: Increase of ¥3.4 bn with increase of mainly net income
 Equity ratio: 46.9%, an increase of 1.1 percentage points

Consolidated Cash Flows



Cash flow factors for FY2017

➤ Cash flows from operating activities

Income before income taxes and others:

4.1bn

Depreciation and amortization 14.8bn

Increase in notes and accounts receivable

-2.3bn

Increase in inventories

-1.0bn

Increase in notes and accounts payable

+1.7bn

➤ Cash flows from investing activities

Increase in capital expenditure in Japan and Asia

➤ Cash flows from financing activities

Decrease in long-term and short-term loans

(March 31, 2017: 32.8 bn → March 31, 2018: 31.5 bn)

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 - **Forecast for FY2018**
 - Progress in US Plant Improvement Project

Forecast for FY2018

(Million yen)

	FY2017		FY2018 Forecast		Change	
	Value	%	Value	%	Value	%
Sales	145,167	100.0%	152,000	100.0%	6,832	4.7%
Operating income	4,718	3.3%	5,800	3.8%	1,081	22.9%
Recurring income	4,436	3.1%	5,300	3.5%	863	19.5%
Net income	3,450	2.4%	3,600	2.4%	149	4.3%
EPS (yen)	133.40		139.17			

Exchange rate for FY2017 (full-year average): US ¥110.83/USD, Mexico ¥112.39/USD, Chinese yuan ¥16.64/RMB, India ¥1.72/IDR
 Exchange rate for FY2018 assumptions: ¥110/USD, ¥16.0/RMB, ¥1.75/IDR

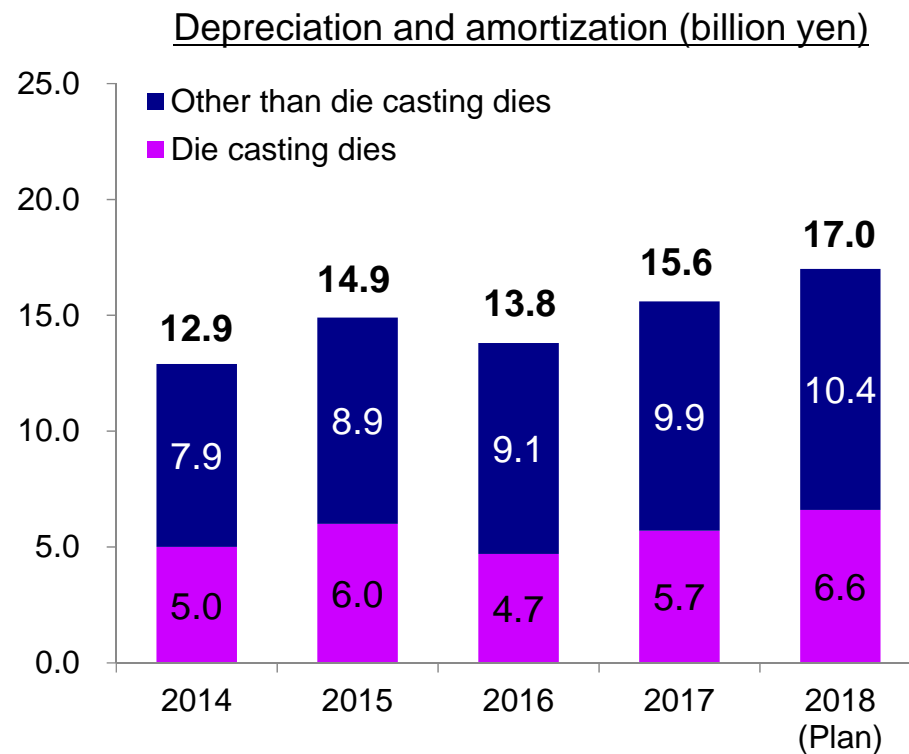
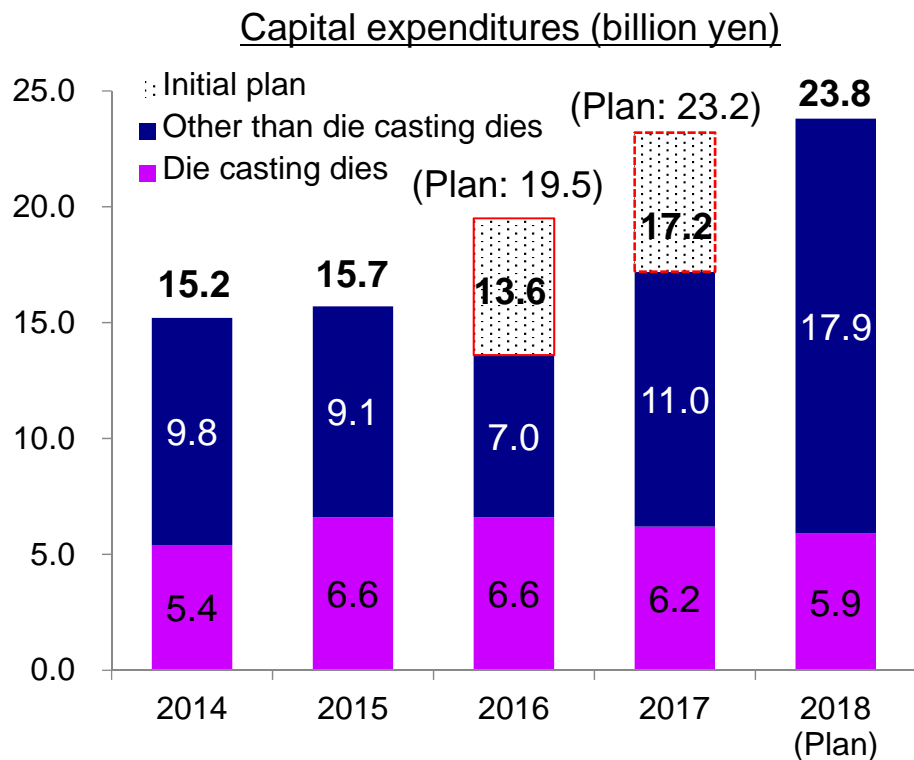
Business Forecast for FY2018

(Million yen)

		FY2017		FY2018 Forecast		Change	
Japan	Sales	66,818	100.0%	69,800	100.0%	2,982	4.5%
	Segment income/loss	1,458	2.2%	2,150	3.1%	692	47.5%
North America	Sales	39,937	100.0%	41,000	100.0%	1,063	2.7%
	Segment income/loss	291	0.7%	1,470	3.6%	1,179	405.2%
Asia	Sales	30,442	100.0%	33,000	100.0%	2,558	8.4%
	Segment income/loss	2,378	7.8%	1,900	5.8%	(478)	(20.1%)
Aluminum Business	Sales	4,597	100.0%	5,000	100.0%	403	8.8%
	Segment income/loss	213	4.6%	110	2.2%	(103)	(48.4%)
Proprietary Products Business	Sales	3,371	100.0%	3,200	100.0%	(171)	(5.1%)
	Segment income/loss	392	11.6%	170	5.3%	(222)	(56.6%)

The overseas sales ratio in the Die Casting Business: FY2017: 51.3% ⇒ FY2018: 51.5%

Trends of Capital Expenditures and Depreciation and Amortization



FY2018

- Investment areas
 - Die casting: investment mainly for maintaining capacity and improving efficiency
 - Processing: investment mainly for expanding capacity at overseas plants and offices
- Total capital expenditure: ¥23.8 billion (Other than die casting dies: ¥17.9 billion; Die casting dies: ¥5.9 billion)

Dividends

Dividend per share	FY2015	FY2016	FY2017	FY2018 Plan
(Annual dividend)	14	20	26	26
Interim dividend	6	8	12	12
Year-end dividend	8	12	14	14
Net income (loss) per share (consolidated)	75.97	178.77	133.40	139.17
Payout ratio (consolidated)	18.4	11.2	19.5	18.7

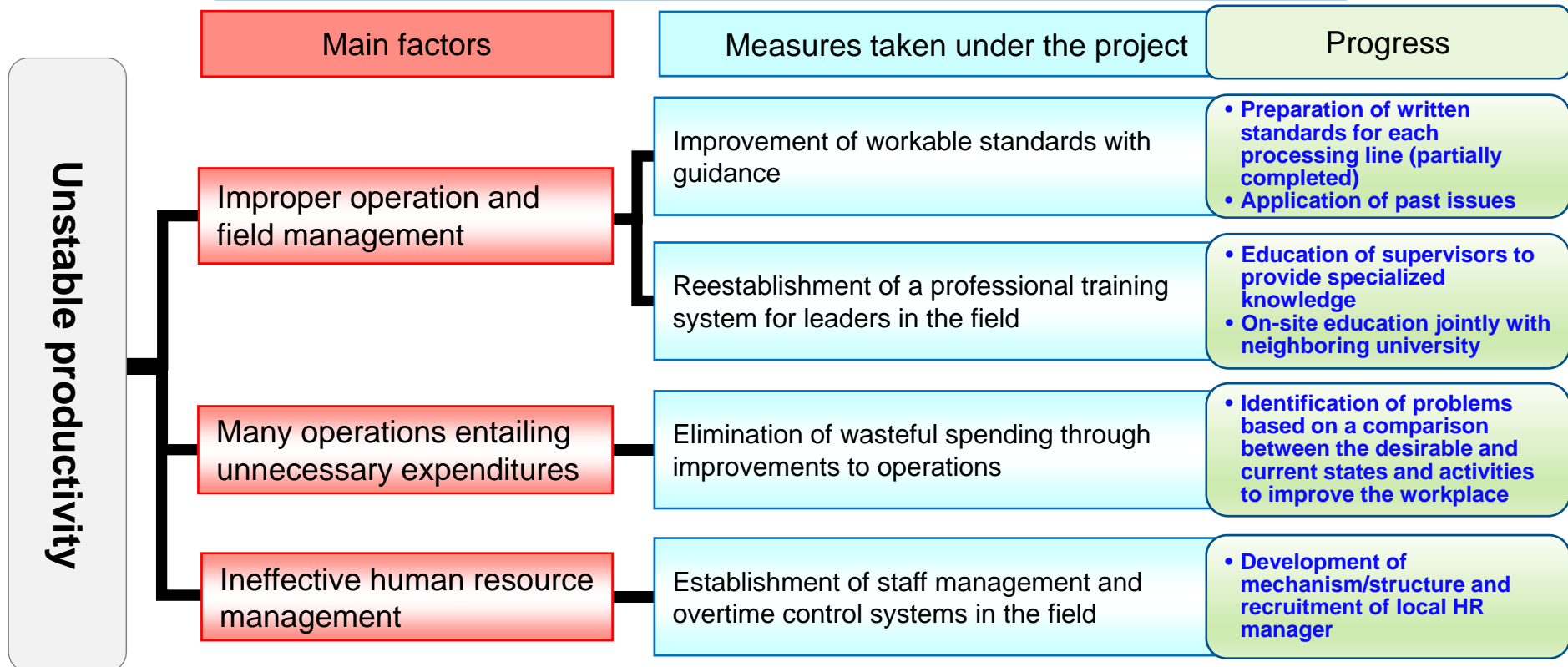
- Although the results for FY2017 did not reach the targets set at the beginning of the fiscal year, the interim and year-end dividends were increased as planned by ¥4 and ¥2, respectively, which resulted in an annual dividend of ¥26.
- For FY2018, we intend to pay an annual dividend of ¥26.
- We will focus on 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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Project to improve the US Plant

Deteriorated results for 2014 and 2015 picked up temporarily, but did not continue to consistently improve thereafter.
Launched a project in January 2018 to carry out improvement activities, while maintaining stable conditions.

Activities are carried out mainly by the local US staff and Japanese staff provide support.





Casting Our Eyes on the Future

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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.