

Results Briefing for the First Half of the year ending March 31, 2020

November 26, 2019



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- Overview of Results for First Half of the Fiscal Year Ending March 31, 2020
 - Financial Forecasts for the Fiscal Year Ending March 31, 2020
 - Status of Progress of the 1921 Medium-Term Management Plan

Key Points of the Financial Results for the First Half of FY 2019

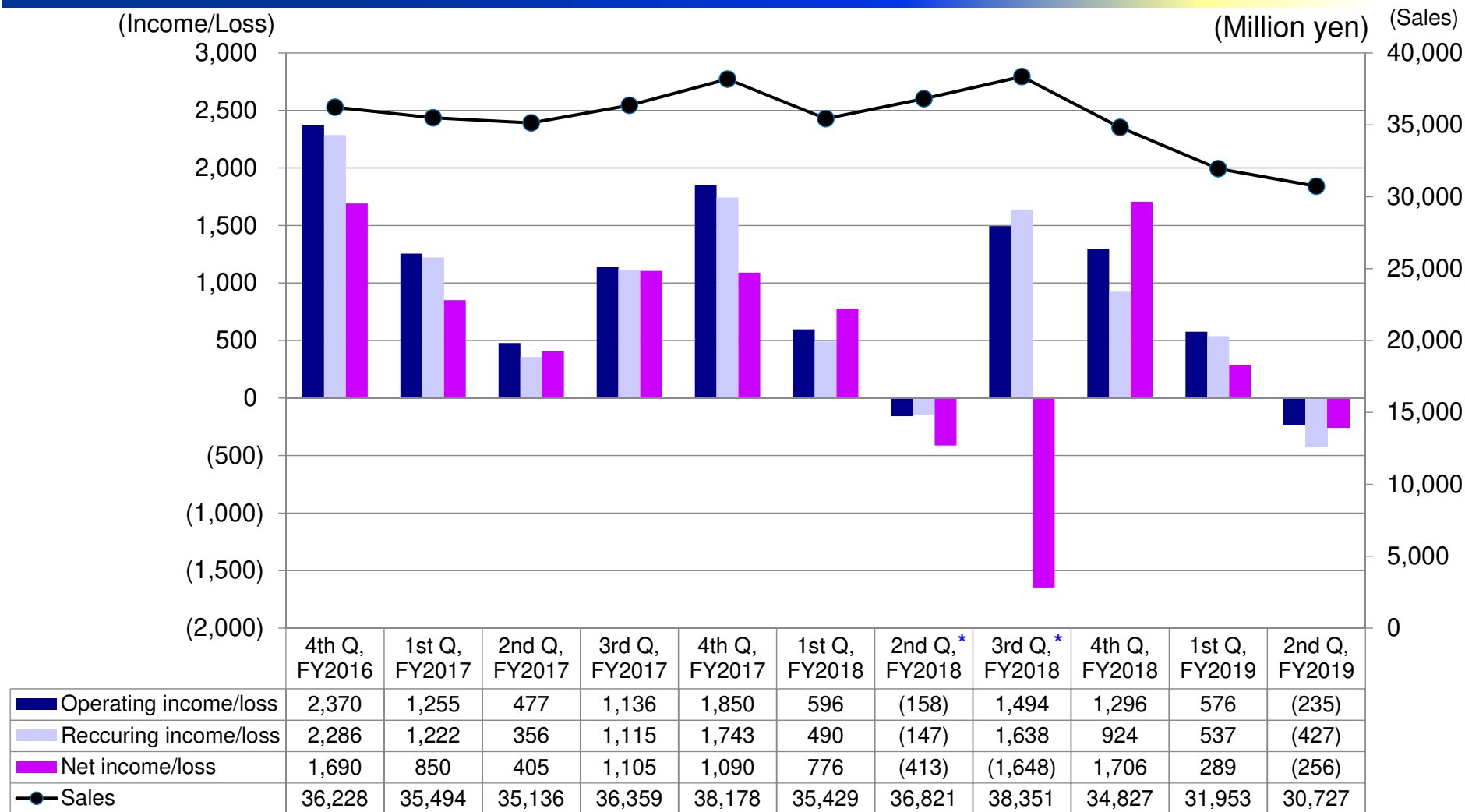
(Million yen)

	1H of year ended March 2019 (Profitability)		1H of year ending March 2020 (Profitability)		YoY Changes	
Sales	72,250	–	62,680	–	(9,570)	(13.2%)
Operating income	438	0.6%	341	0.5%	(96)	(22.1%)
Recurring income	343	0.5%	110	0.2%	(232)	(67.7%)
Net income	363	0.5%	33	0.1%	(329)	(90.7%)
EPS (yen)	14.02		1.31			

<Overview>

- Sales: Decreased due to a decline in car sales both in Japan and abroad, and a fall in the aluminum market. Furthermore, the decrease of around ¥900 million reflecting the changes in accounting standards in North America.
- Operating income and recurring income: Decreased mainly due to the lower sales volume of automobiles.
- Net income: In FY 2018, gain on sale of investment securities was recorded as extraordinary gains.
- EPS: A decrease in net income resulted in EPS of 1.31 yen per share.

Overview of the (Quarterly) Consolidated Results



* In Q2 of FY 2018, depreciation temporarily increased by ¥645 million, while in Q3, impairment losses of ¥3,015 million were incurred by a US plant.

Die Casting Business

(Million yen)

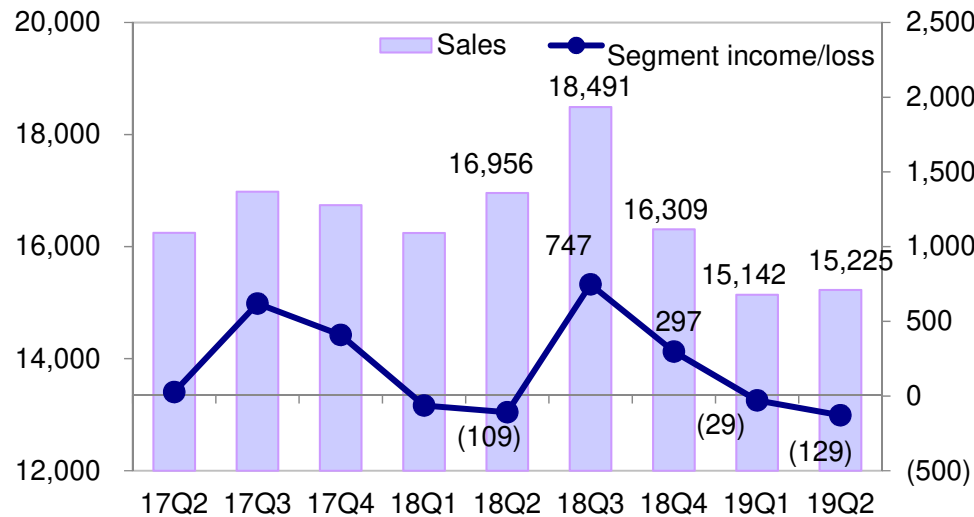
		1H of year ended March 2019 (Profitability)		1H of year ending March 2020 (Profitability)		YoY Changes	
Japan	Sales	33,198	–	30,367	–	(2,830)	(8.5%)
	Segment income/loss	(173)	–	(158)	–	14	–
North America	Sales	20,514	–	16,982	–	(3,531)	(17.2%)
	Segment income/loss	(198)	–	478	2.8%	676	–
Asia	Sales	15,143	–	11,745	–	(3,398)	(22.4%)
	Segment income/loss	748	4.9%	(320)	–	(1,068)	–

- ✓ Overseas sales ratio in the Die Casting Business:
Q2 of fiscal year ended March 2019: 51.8% ⇒ Q2 of fiscal year ending March 2020: 48.6%

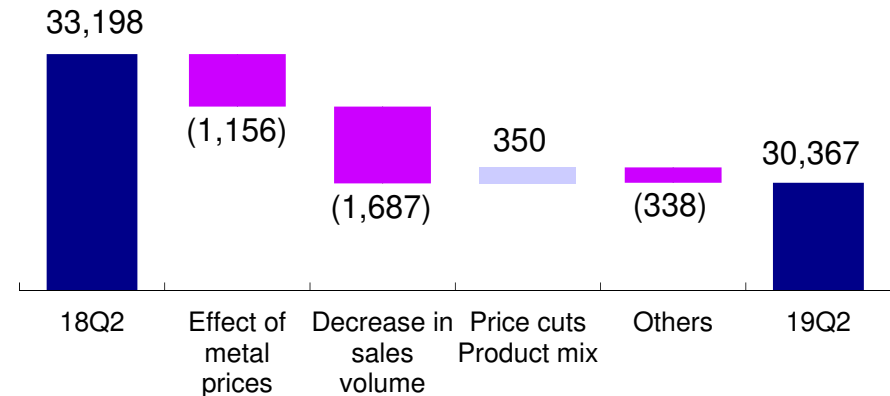
* An explanation of the factors behind changes in segment results begins on the next page.

Die Casting in Japan

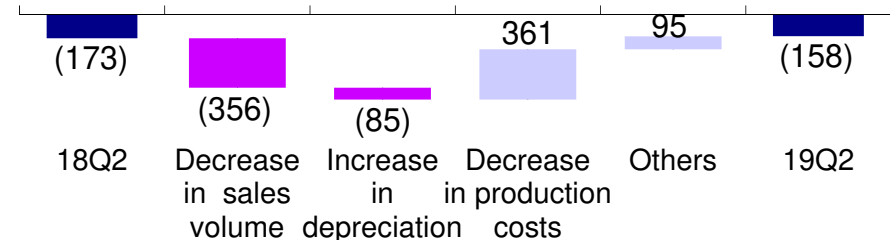
Changes in sales and segment income in Die Casting Business in Japan (Millionyen)



Factors of change in die casting sales (Millionyen)



Factors of change in segment income (Millionyen)



Sales: Decreased ¥2,830 million (down 8.5% year on year)

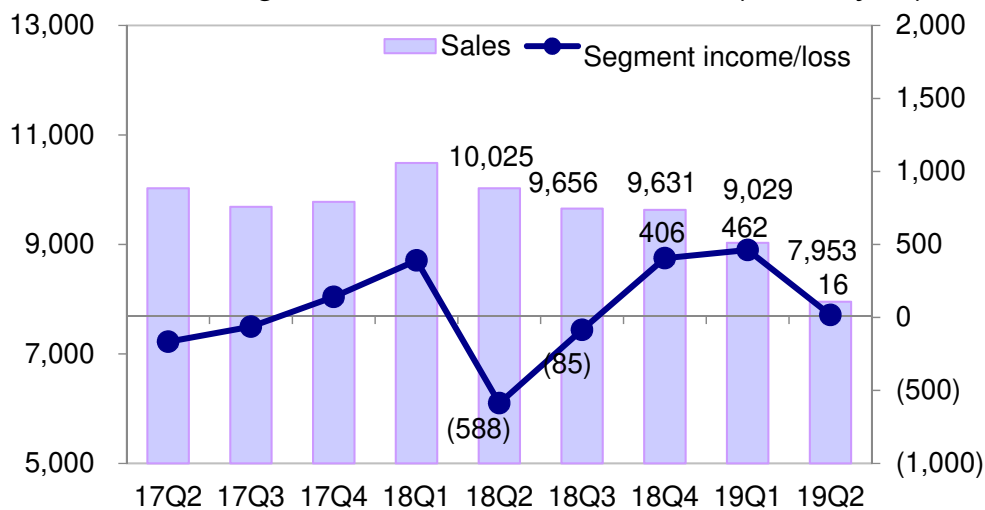
- Sales volume shrank due to the impact of production adjustments made by customers and a decrease in car sales.
- Decreased chiefly due to fluctuations in aluminum market conditions.

Segment income: Increased ¥10 million (up year on year)

- Remained on par (losses) with the previous year amid a decrease in sales volume, which was attributable to our efforts to reduce both production costs and discounts.

Die Casting in North America

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



Sales: Decreased ¥3,530 million (down 17.2% year on year)

➤ Sales shrank due to the impact of sluggish sales at car manufacturers, our main customers, despite orders received by the U.S. plant for small trucks and full-fledged mass production of new parts in Mexico.

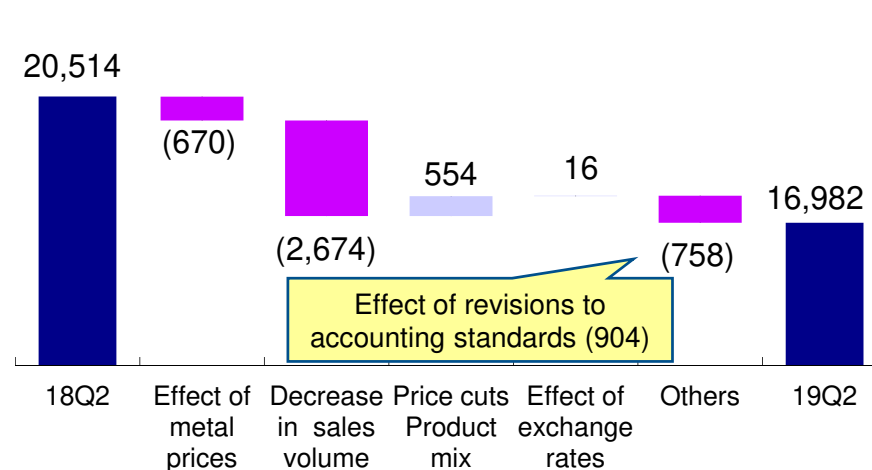
Segment income: Increased ¥670 million (up year on year)

➤ Increased thanks to improving productivity and a decline in depreciation (Affected by impairment loss and a temporary increase in depreciation in the previous fiscal year), despite decreased sales.

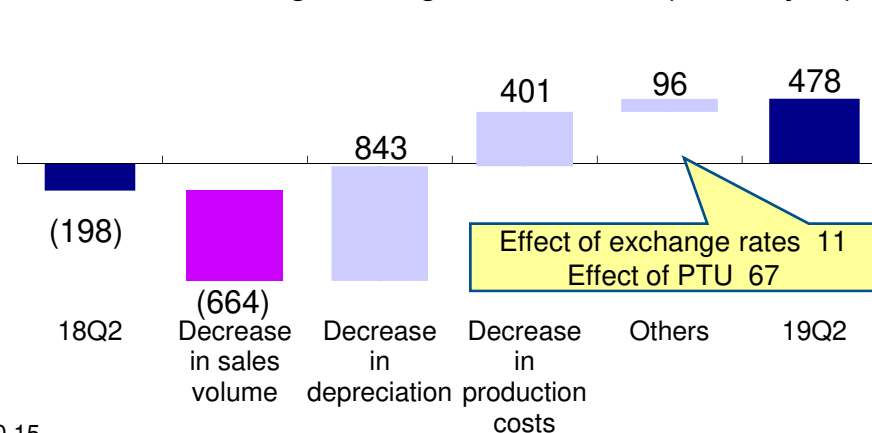
Fiscal year end: U.S.: March; Mexico: December

Exchange rate (18Q2 ⇒ 19Q2): U.S. dollar: ¥110.07 ⇒ 109.04; Mexican peso: ¥109.17 ⇒ 110.15

Factors of change in die casting sales (Million yen)

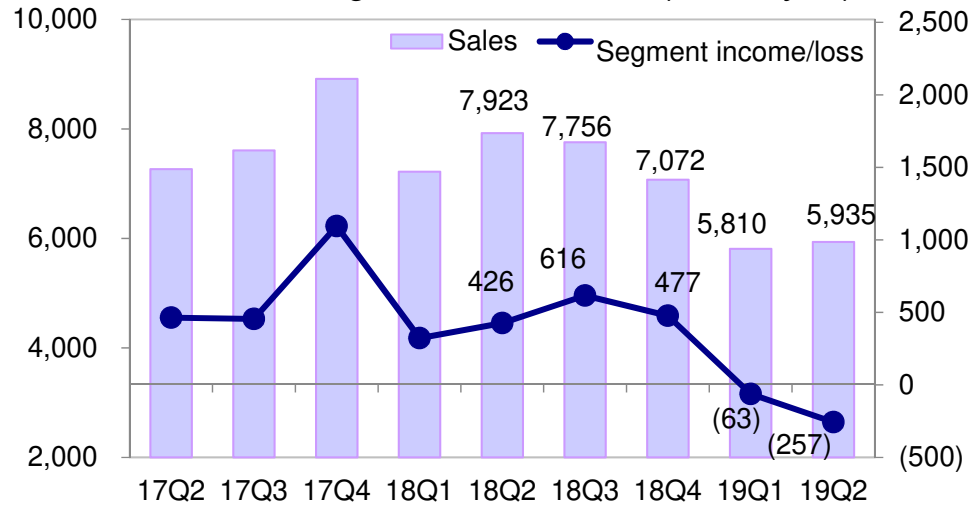


Factors of change in segment income (Million yen)



Die Casting in Asia

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



Sales: Decreased ¥3,390 million (down 22.4% year on year)

- In China, sales decreased mainly reflecting a slowdown in business of local OEM manufacturers, and foreign exchange.
- India also recorded a decrease in sales volume due to a fall in car sales.

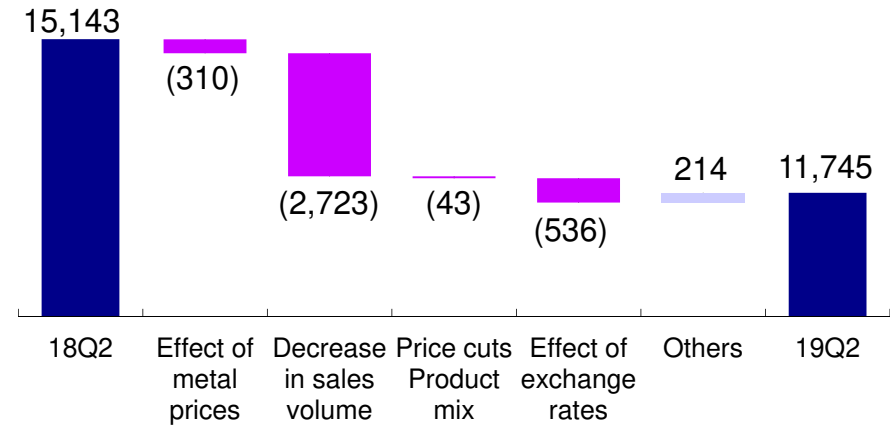
Segment income: Decreased ¥1,060 million (down year on year)

- Segment losses were recorded due to a sharp decline in sales volume and a failure to cut costs corresponding to the decrease in sales volume.

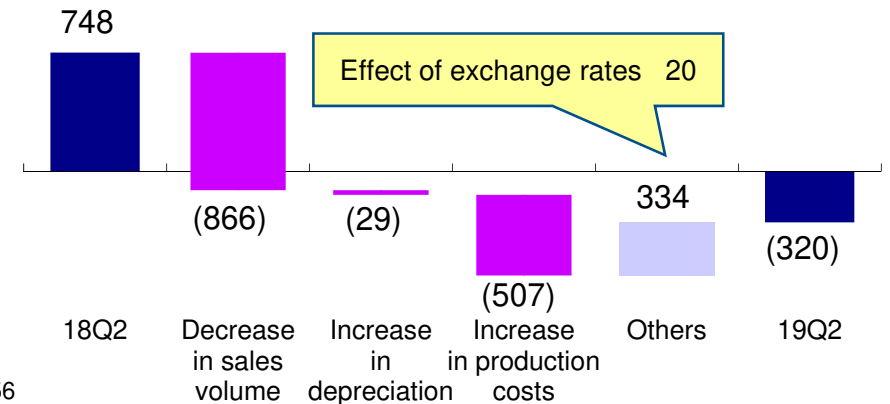
Fiscal year end: China: December; India: March

Exchange rate (18Q2 ⇒ 19Q2): Chinese yuan: ¥ 17.05 ⇒ 16.23; Indian rupee: ¥ 1.61 ⇒ 1.56

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)

		1H of year ended March 2019 (Profitability)		1H of year ending March 2020 (Profitability)		YoY Changes	
Aluminum Business	Sales	2,290	–	2,067	–	(222)	(9.7%)
	Segment income/loss	43	1.9%	107	5.2%	64	147.2%
Proprietary Products Business	Sales	1,104	–	1,517	–	413	37.4%
	Segment income/loss	70	6.3%	113	7.5%	43	62.2%

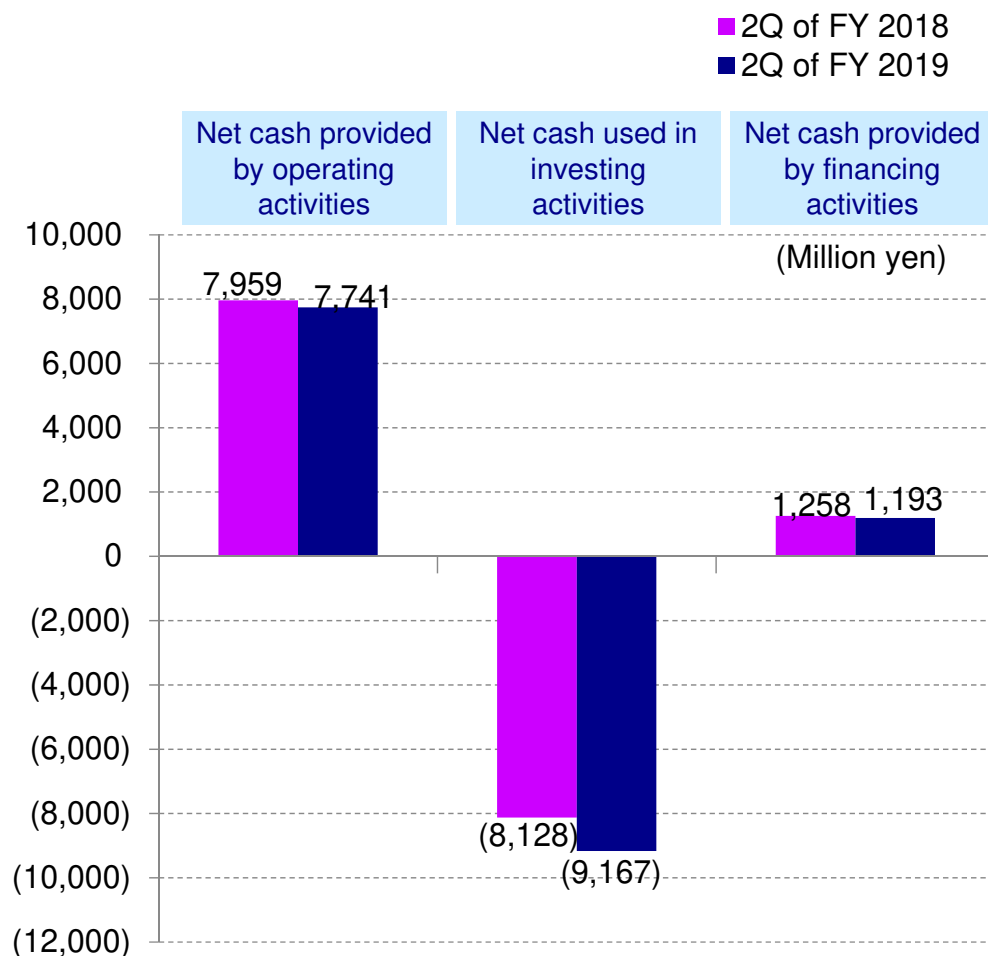
Aluminum Business

- Sales: Decreased due to a fall in sales unit prices attributable to fluctuations in the aluminum market.
- Segment income: Increased because of a fall in raw material purchase prices.

Proprietary Products Business

- Sales: Increased thanks to an increase in orders for projects for clean rooms and data centers.
- Segment income: Increased reflecting a rise in sales.

Consolidated Cash Flow



- Cash flows from operating activities (Breakdown)
 - Income before income taxes and others ¥100 million
 - Depreciation and amortization ¥7,200 million
 - Decrease in notes and accounts receivable ¥2,900 million
 - Decrease in notes and accounts payable (¥2,100 million)
- Cash flows from investing activities
 - Increase in capital expenditures in North America and Asia
- Cash flows from financing activities
 - Increase in short- and long-term loans payable (from ¥30,700 million as of March 31, 2019 to ¥32,200 million as of September 30, 2019)

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Forecast of consolidated results for FY 2019

(Million yen)

	Results for FY 2018		Plan at beginning of FY 2019 (Announced on May 15)		Revised plan for FY 2019 (Announced on October 17)		Increase/decrease from the initial plan	
Net sales	145,428	—	134,000	—	123,400	—	(10,600)	(7.9%)
Operating income	3,228	(2.2%)	2,700	(2.0%)	900	(0.7%)	(1,800)	(66.7%)
Recurring income	2,905	(1.9%)	2,500	(1.8%)	700	(0.5%)	(1,800)	(72.0%)
Net income	421	(0.2%)	1,700	(1.2%)	200	(0.1%)	(1,500)	(88.2%)
EPS	16.26		65.60		7.81		—	
Dividend (yen)	22		22		18		—	

Exchange rates applied to the initial plan (May 15): ¥107.0/USD; ¥16.0/RMB; ¥1.5/INR

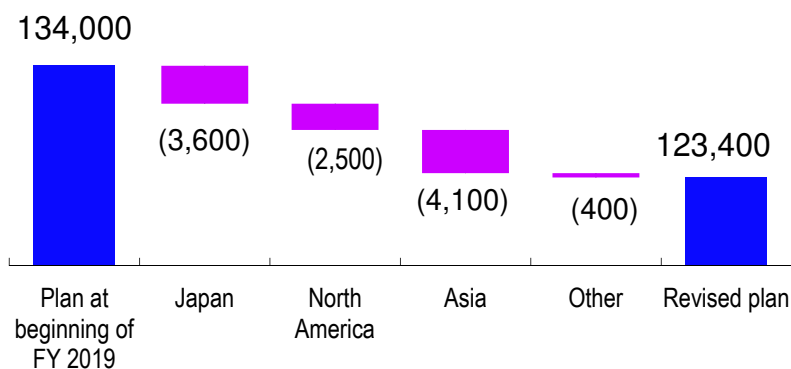
Exchange rates applied to the revised plan (Oct. 17): ¥107.0/USD; ¥16.0/RMB; ¥1.5/INR

Forecast of the Die Casting Business for FY 2019

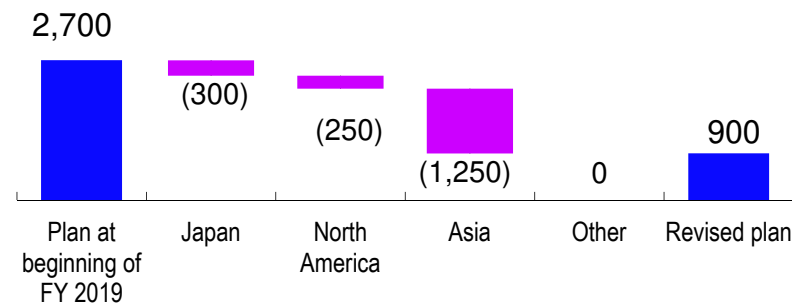
(Million yen)

		1H of FY 2019		2H of FY 2019		Full-year of FY 2019		
		Results	Increase/decrease from plan at beginning of FY 2019	Revised plan	Increase/decrease from plan at beginning of FY 2019	Revised plan	Increase/decrease from plan at beginning of FY 2019	
Japan	Sales	30,367	(1,133)	30,630	(2,470)	61,000	(3,600)	(5.6%)
	Segment profit	(158)	142	60	(440)	(100)	(300)	—
North America	Sales	16,982	(1,018)	14,520	(1,480)	31,500	(2,500)	(7.4%)
	Segment profit	478	(322)	270	70	750	(250)	—
Asia	Sales	11,745	(1,255)	12,660	(2,840)	24,400	(4,100)	(14.4%)
	Segment profit	(320)	(420)	270	(830)	(50)	(1,250)	—

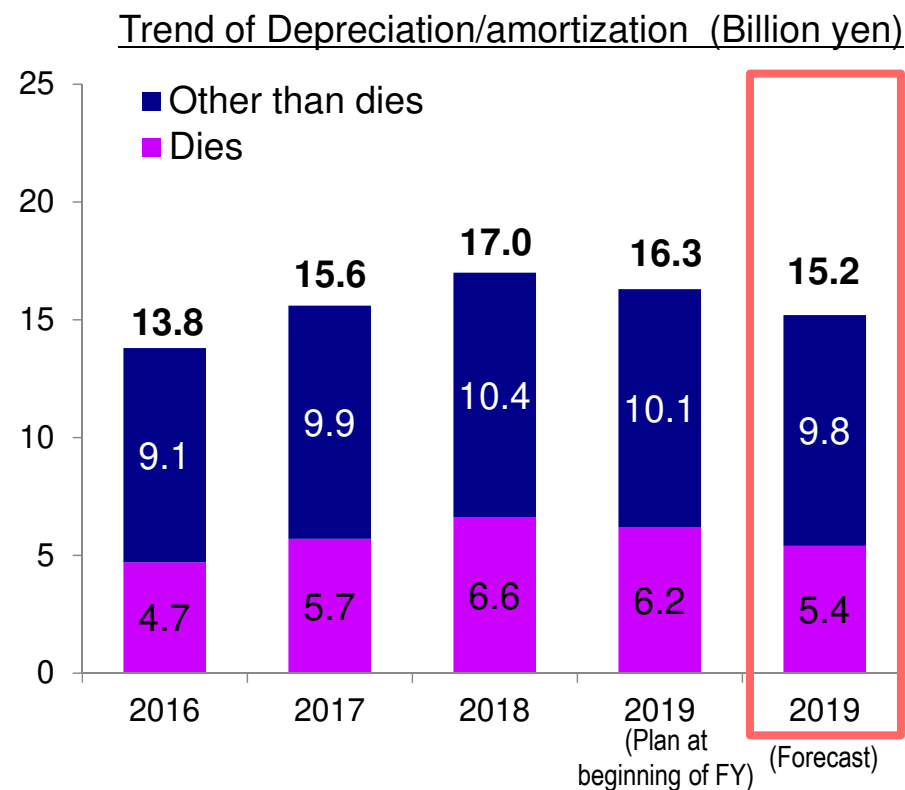
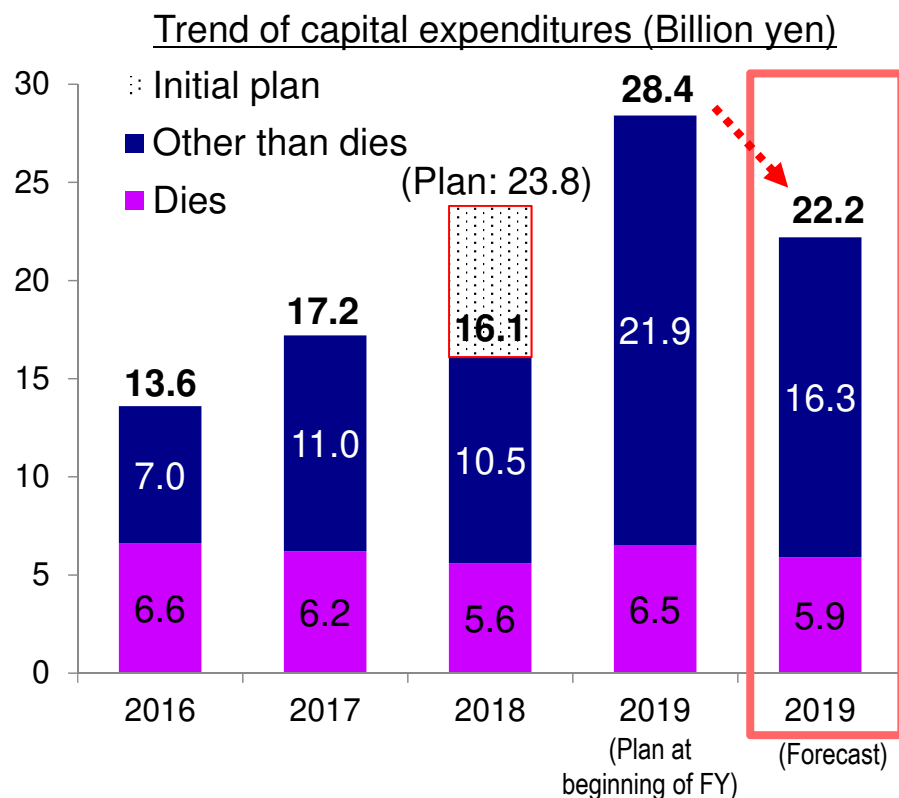
Sales: Increase/decrease from plan at beginning of FY 2019 (Million yen)



Segment profit: Increase/decrease from plan at beginning of FY 2019 (Million yen)



Forecast of Capital Expenditure and Depreciation/Amortization



Revision to the capital expenditure plan for FY 2019

- Revision: Partial revision to the capital expenditure plan mainly in China due to investments carried over for reasons attributable to a customer and other factors.
- Amount of capital expenditure: ¥22.2 billion in total (General capital expenditure: ¥16.3 billion; Investments in dies: ¥5.9 billion)

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1921 Medium-Term Management Plan

Ahresty 10-Year Vision

Winning customers'
absolute trust 2025



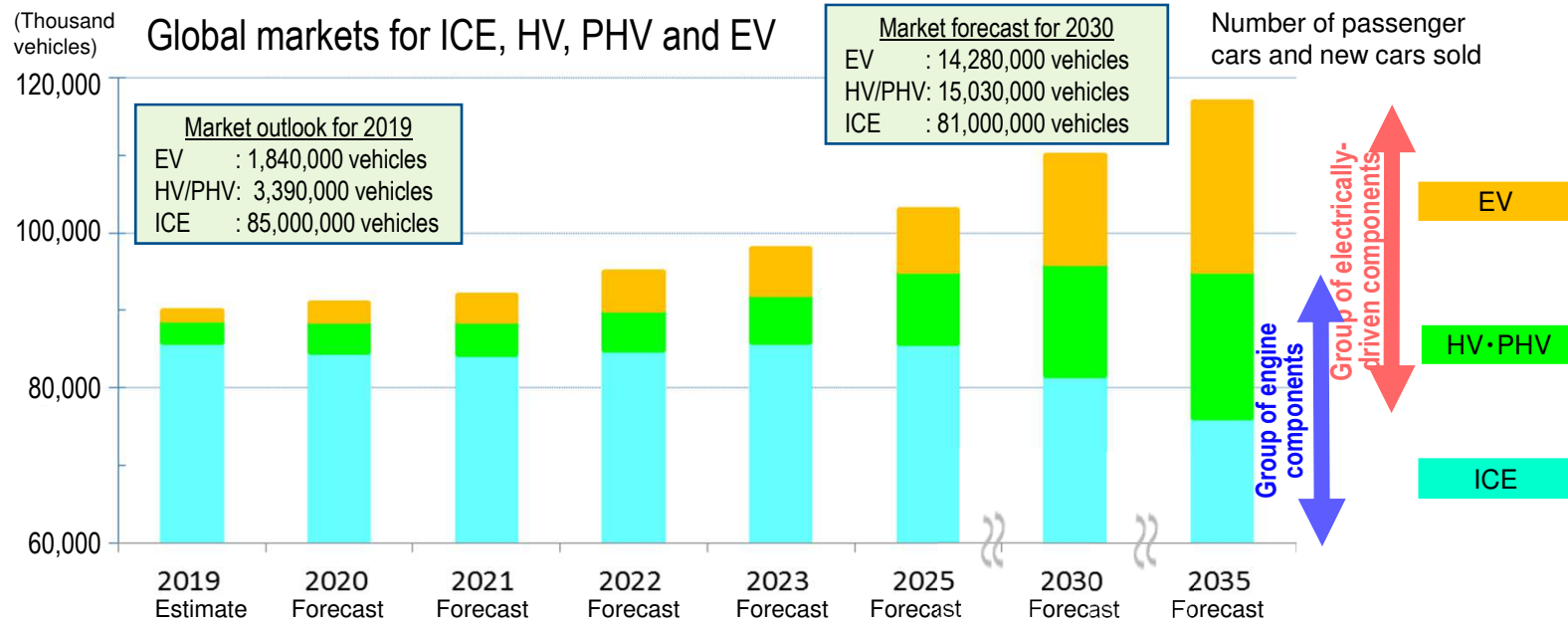
- Become the most reliable supplier in the eyes of our customers
- Contribute to the weight reduction of automobiles globally
- Achieve sales target over 200 billion yen

1921 Medium-Term Management Plan

- Implement business strategies with an eye on the future automotive market
- Enhance earnings strength by improving productivity and quality
- Develop human resources that underpin corporate growth

Implement business strategies with an eye on the future automotive market

Outlook for the Automotive Market



Challenges for the manufacturing of electric vehicles

- Social infrastructure including public charging facilities
- Cruising distance of electric vehicles
- Price of batteries
- Securing natural resources for use in batteries
- Recycling of batteries

Number of battery chargers installed nationwide

	Japan	China	USA	Germany	UK	France	The Netherlands	Sweden	Norway
Number of public charging facilities	30,000	213,000	45,000	24,000	14,000	16,000	33,000	4,000	10,000
Number of EVs and PHVs per charging facilities	7	6	16	5	10	7	4	12	18

IEA Global EV Outlook 2018 より

Implement business strategies with an eye on the future automotive market

Respond to and Realize the Needs for Our Products

Evolution of die cast products through the dissemination of EVs

	B: Engine	M: Transmission	E: Parts for electric vehicles	S: Structural parts
ICE (Internal Combustion Engine)	Cylinder block Lower block Oil pan Chain cover	Transmission case Converter case Side cover		Shock tower Pillar Door frame Sub-frame
HEV / PHEV	Motor case Inverter case Converter case Battery case	Transmission case Converter case Side cover	Motor case Inverter case Converter case Battery case	Shock tower Pillar Door frame Sub-frame
EV		Reduction gear case	Motor case Inverter case Converter case Battery case	Shock tower Pillar Door frame Sub-frame



[Needs to be met]

	B: Engine	M: Transmission	E: Parts for electric vehicles	S: Structural parts
Global supply capability (One-print multi-location)	○	○	○	○
Light-weight and thinner products		○	△	○
Countermeasures against contamination	△	△	○	
Strength, bearing capacity, elongation			△ (Battery case)	○

Responses of Ahresty

- Provide the same products of the same quality to foreign countries (six countries).
- Reduce weight by 50% by changing the material from steel to aluminum.
- Establish a clean booth.
- Secure air-tightness.
- Develop and apply alloys for automotive body.

Implement business strategies with an eye on the future automotive market

Receive orders for the component groups with an eye on the future business environment

- Plants were expanded to respond to increasing orders receipts.



Ahresty Pretech Corporation (Processing Plant No. 4)
Construction completed in September 2019
Operations in preparation with installed new processing facilities
Mass production to be commenced in March 2020.
Area: 4,575 square meters

Three products out of five to be manufactured will be electric-driven components.



Ahresty Yamagata Corporation
(Processing Facilities No. 1)
Construction completed in January 2019
Mass production commenced in October 2019
Area: 1,250 square meters

[Melting Facilities]

Operations to be commenced in April 2020
Area: 650 square meters

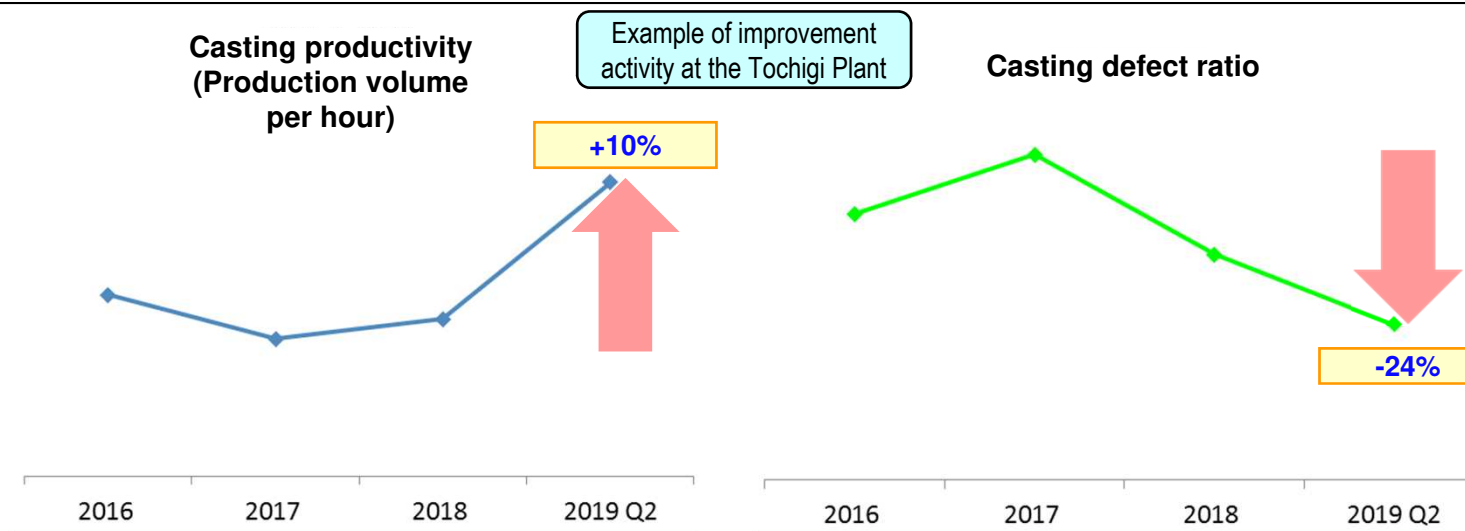
Three products out of four to be manufactured will be electric-driven components.

Enhance earnings strength by improving productivity and quality

Productivity Improvement Activities to Increase Profitability

Cross-sectional product improvement initiatives are implemented across the entire Group.

- Automatization and labor-saving efforts; Finding of specially devised items and their information sharing
- Further promote the improvement of productivity and defect reduction activity through OPCC



Example of improvement activity at the Tochigi Plant

Increase production volume per hour by eliminating unnecessary processes, etc.

Improve the work environment by understanding the challenges of time loss.

Increase production volume by reducing machine downtime.

Labor-saving operation by reviewing the inspection process.

Achievements at the Tochigi Plant in the first half of FY 2019

Enhance earnings strength by improving productivity and quality.

Manufacturing Products Highly Acclaimed by Our Customers

- Received the Best Performance Award from JATCO Mexico, S.A. de C.V. for two consecutive years
- Received the Overall Performance Award from Maruti Suzuki India Limited for three consecutive years



Best Performance Award (Ahresty Mexicana)



Overall Performance Award (Ahresty India)

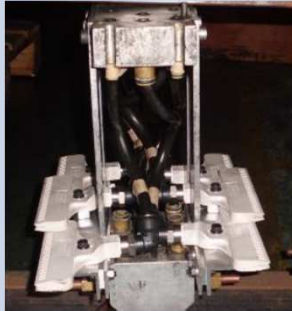










New transactions commenced with Aishin AW Co., Ltd.

We started new transactions with Aishin AW Co., Ltd. which holds the top world market share of automatic transmissions. Our products are embedded in Toyota RAV4, and mass production is in operation for more than 20,000 vehicles per month.



Toyota New RAV4

Initiatives for ESG and SDGs

E: Becoming an environmentally-friendly company Policy of the entire Group	S: Development of a corporate culture in which employees can observe their personal development and find their work rewarding Policy of the entire Group	G: Establishment of a management system that enables us to maintain a high level of transparency and make decisions promptly
<ul style="list-style-type: none"> ✓ Contribute to the weight reduction of automobiles through our aluminum die cast products. ✓ Eliminate burdens on the environment in the manufacturing process. ✓ Shift to more energy-efficient facilities (such as melting furnaces), etc. 	<ul style="list-style-type: none"> ✓ Secure a safe and comfortable work environment. ✓ Response to diversification of work style ✓ Secure high quality and productivity ✓ Develop human resources that underpin manufacturing ✓ Grow together with local communities, etc. <p>Improved in noise reduction through the small quantity coating technique of mold release agent (The photo shows a spray cassette for small quantity coating technique.)</p> 	<ul style="list-style-type: none"> ✓ Enhance corporate governance <ul style="list-style-type: none"> • Establishment of the Nomination and Compensation Committee • Performance-linked stock compensation ✓ Thorough implementation of risk management ✓ Thorough implementation of compliance ✓ Constructive dialogues with shareholders and investors
<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>3 GOOD HEALTH AND WELL-BEING</p> </div> <div style="text-align: center;">  <p>6 CLEAN WATER AND SANITATION</p> </div> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div style="text-align: center;">  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>4 QUALITY EDUCATION</p> </div> <div style="text-align: center;">  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> </div> <div style="text-align: center;">  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> </div>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> </div> <div style="text-align: center;">  <p>17 PARTNERSHIPS FOR THE GOALS</p> </div> </div>



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.