

Results Briefing for FY2016

May 30, 2017



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- Overview of results for FY2016
- Forecast for FY2017
- Progress of the 1618 Medium-Term Management Strategy

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Key Results for the Fiscal Year Ended March 31, 2017

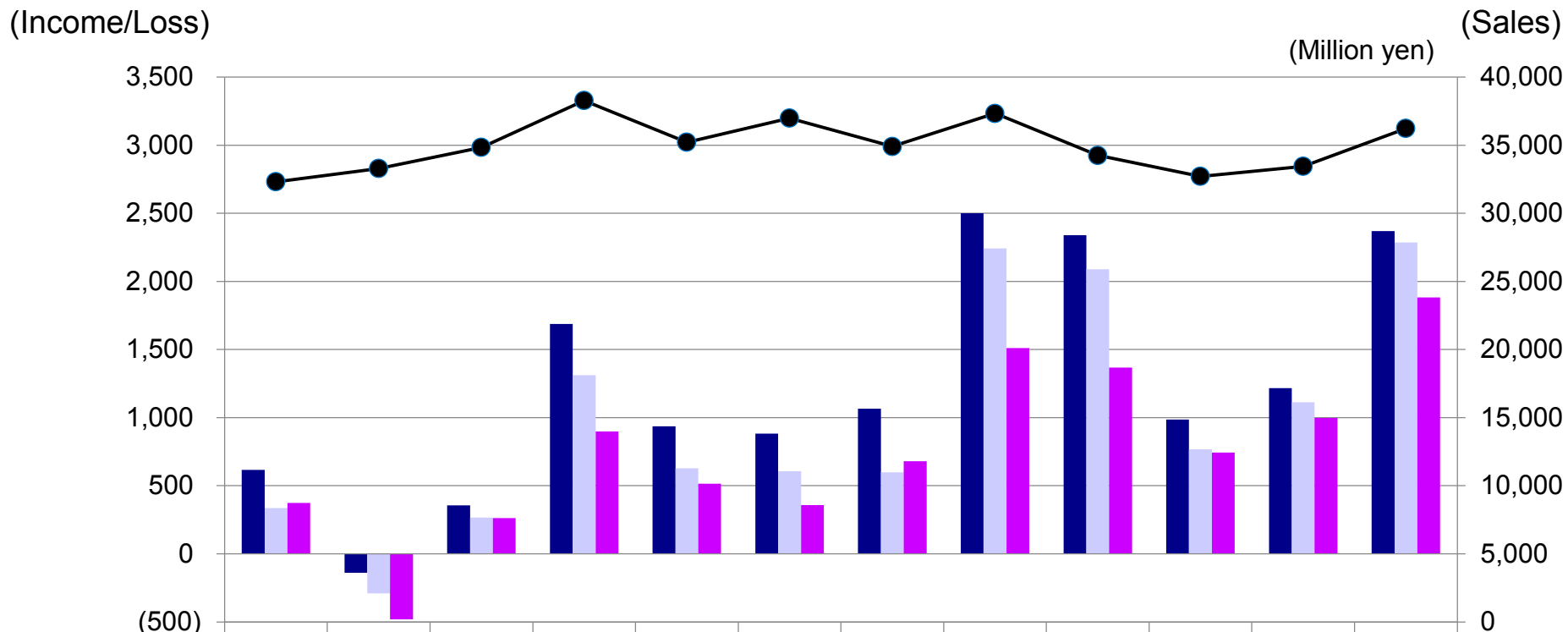
(Million yen)

	Fiscal year ended March 2016		Fiscal year ended March 2017		Change	
Sales	144,451	100.0%	136,657	100.0%	(7,794)	(5.4%)
Operating income	5,385	3.7%	6,912	5.1%	1,527	28.4%
Recurring income	4,077	2.8%	6,256	4.6%	2,179	53.5%
Net income	3,062	2.1%	4,992	3.7%	1,930	63.0%
EPS (yen)	118.50		193.15		74.65	

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, cost reductions and increases in the sales volume.
- Recurring income: Rose due to the increase in operating income and the decrease in interest expenses and foreign exchange losses.
- Net income: Climbed due to the increase in recurring income, and gain on sales of non-current assets and investment securities.
- EPS: Increased 74.65 yen per share due to the increase in net income.

Overview of the (Quarterly) Consolidated Results



	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	17/3 3Q	17/3 4Q
Operating income/loss	617	(139)	355	1,688	936	883	1,066	2,500	2,340	986	1,216	2,370
Recurring income/loss	336	(291)	266	1,311	629	607	599	2,242	2,090	767	1,113	2,286
Net income/loss	374	(481)	262	899	514	358	680	1,510	1,368	744	998	1,882
Sales	32,312	33,294	34,842	38,279	35,217	36,989	34,913	37,332	34,258	32,718	33,453	36,228

Die Casting Business

(Million yen)

		Fiscal year ended March 2016		Fiscal year ended March 2017		Change	
Japan	Sales	63,583	100.0%	63,008	100.0%	(575)	(0.9%)
	Segment income/loss	2,769	4.4%	2,519	4.0%	(250)	(9.0%)
North America	Sales	45,760	100.0%	40,854	100.0%	(4,906)	(10.7%)
	Segment income/loss	1,521	3.3%	2,163	5.3%	642	42.2%
Asia	Sales	27,594	100.0%	26,128	100.0%	(1,466)	(5.3%)
	Segment income/loss	573	2.1%	1,758	6.7%	1,185	206.6%

✓ The overseas sales ratio in the Die Casting Business:

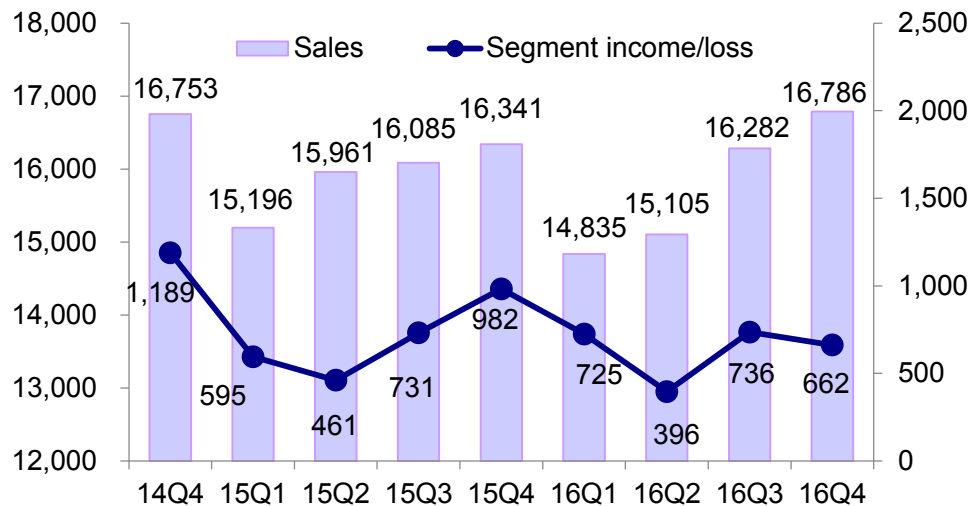
Fiscal year ended March 2016: 53.6%

⇒ Fiscal year ended March 2017: 51.5%

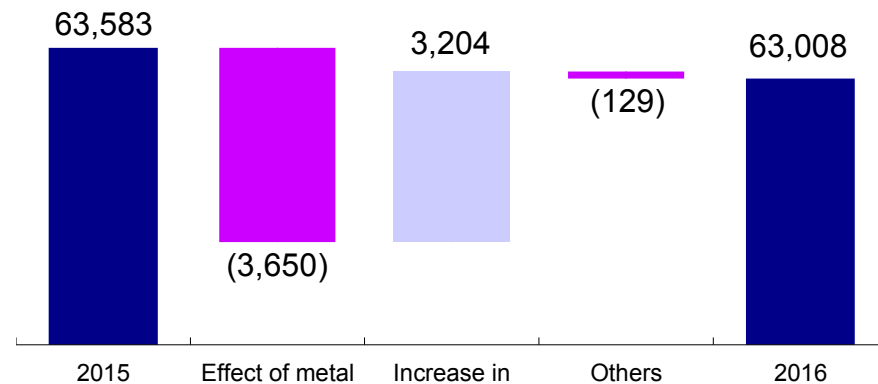
* An explanation of the factors behind changes in segment results begins on the next page.

Die Casting in Japan

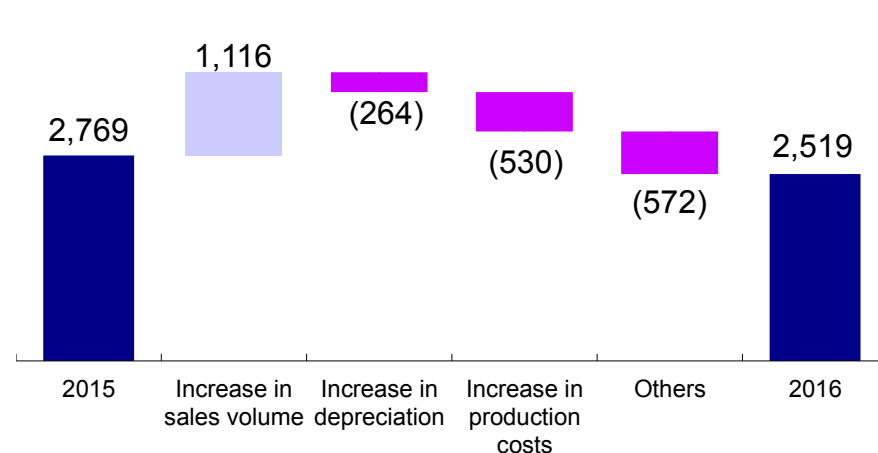
Changes in sales and segment income in Die Casting Business in Japan (Million yen)



Factors of change in die casting sales (Million yen)



Factors of change in segment income (Million yen)



Sales: Decreased ¥570 million (down 0.9% year on year)

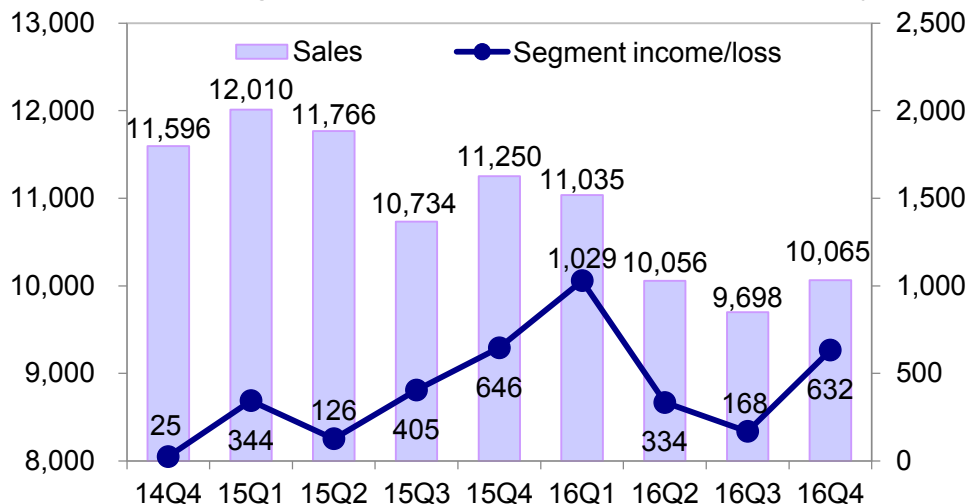
- Automobile exports bound for North America were strong. The order volume increased (up 5.0% year on year).
- Adverse effects of a decline in the aluminum ingot price

Segment income/loss: Decreased ¥250 million (down 9.0% year on year)

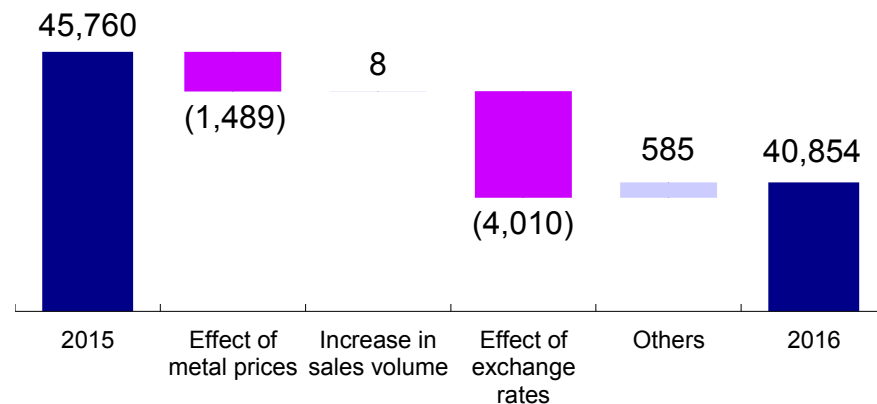
- Income fell due to an increase in depreciation, labor expenses, etc.

Die Casting in North America

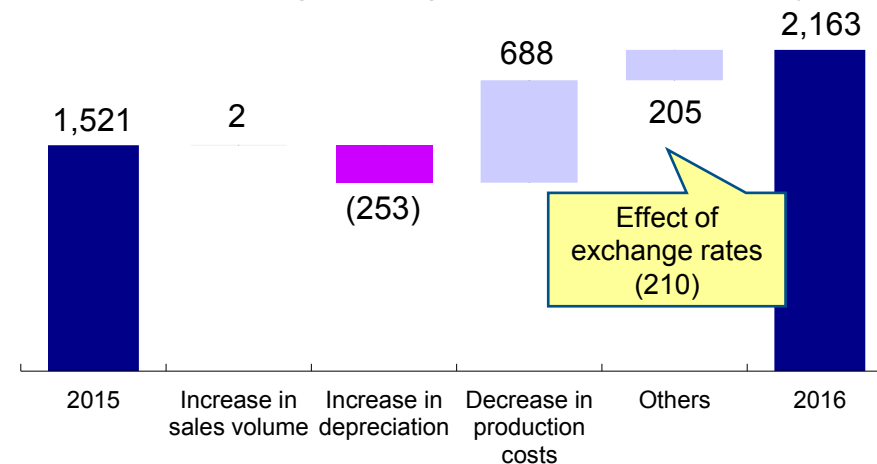
Changes in sales and segment income
in Die Casting Business in North America (Million yen)



Factors of change in die casting sales (Million yen)



Factors of change in segment income (Million yen)



Sales: Decreased ¥4,900 million (down 10.7% year on year)

- Orders for components for light trucks were strong.
- 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 ¥640 million (up 42.2% year on year)

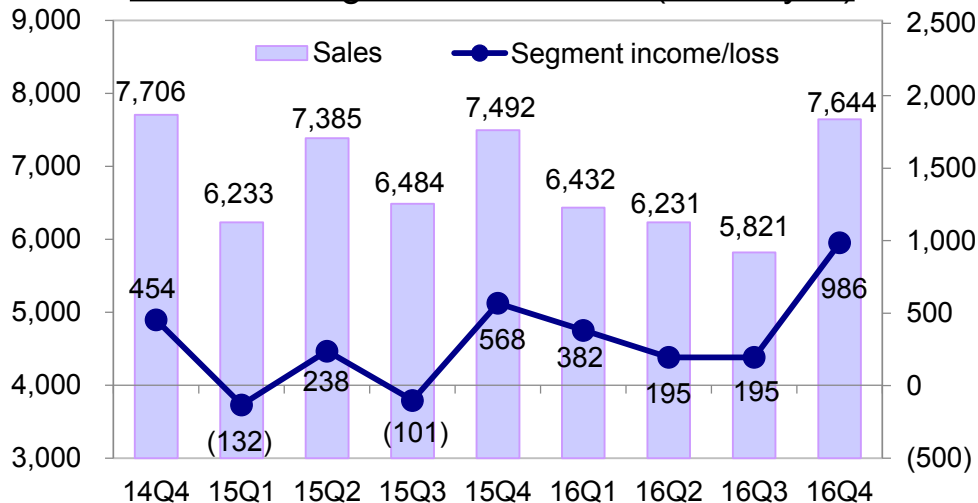
- Production costs decreased due to improved productivity, mainly in Mexico, resulting in increased income.

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

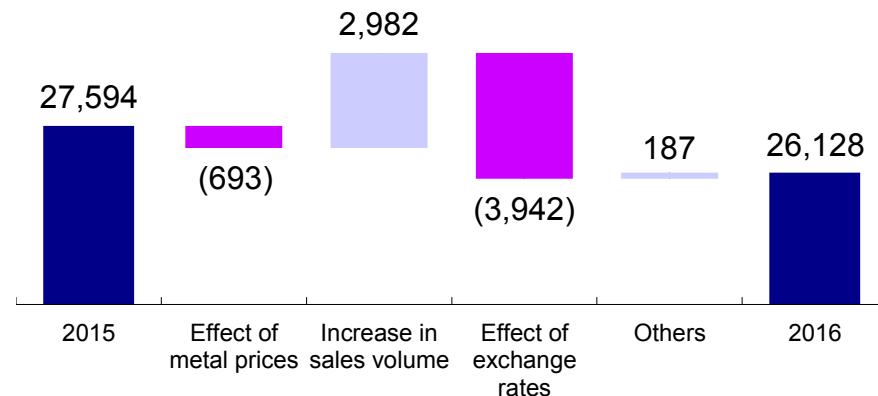
Exchange rate ('15/3 ⇒ '16/3): U.S. dollar: ¥120.01 ⇒ ¥109.18; Mexican peso: ¥121.00 ⇒ ¥110.30

Die Casting in Asia

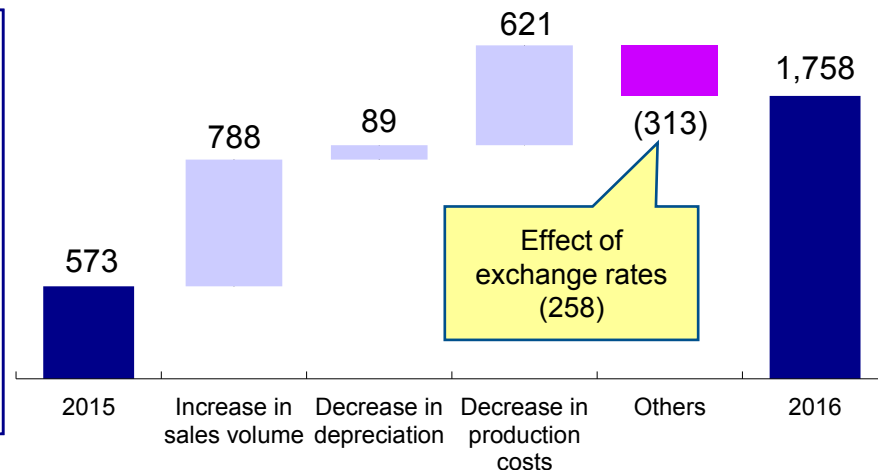
Changes in sales and segment income in Die Casting Business in Asia (Million yen)



Factors of change in die casting sales (Million yen)



Factors of change in segment income (Million yen)



Sales: Decreased ¥1,460 million (down 5.3% year on year)

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

Segment income/loss: Increased ¥1,180 million (up 206.6% year on year)

- An increase in sales volume and a decrease in production costs in China had a positive impact on income.

Fiscal year end: China: December; India: March

Exchange rate ('15/3 ⇒ '16/3): Chinese yuan: ¥19.21 ⇒ ¥16.56; Indian rupee: ₹1.84 ⇒ ₹1.63

Aluminum Business and Proprietary Products Business

(Million yen)

		Fiscal year ended March 2016		Fiscal year ended March 2017		Change	
Aluminum Business	Sales	4,921	100.0%	4,402	100.0%	(519)	(10.5%)
	Segment income/loss	338	6.9%	274	6.2%	(64)	(18.9%)
Proprietary Products Business	Sales	2,590	100.0%	2,263	100.0%	(327)	(12.6%)
	Segment income/loss	212	8.2%	155	6.8%	(57)	(26.7%)

Aluminum Business

- Sales: Sales decreased due to a decline in sales prices, despite an increase in sales volume (down 10.5% year on year).
- Segment income/loss: Income fell due to the impact of the aluminum market conditions, which offset the effect of cost reduction activities (down 18.9% year on year).

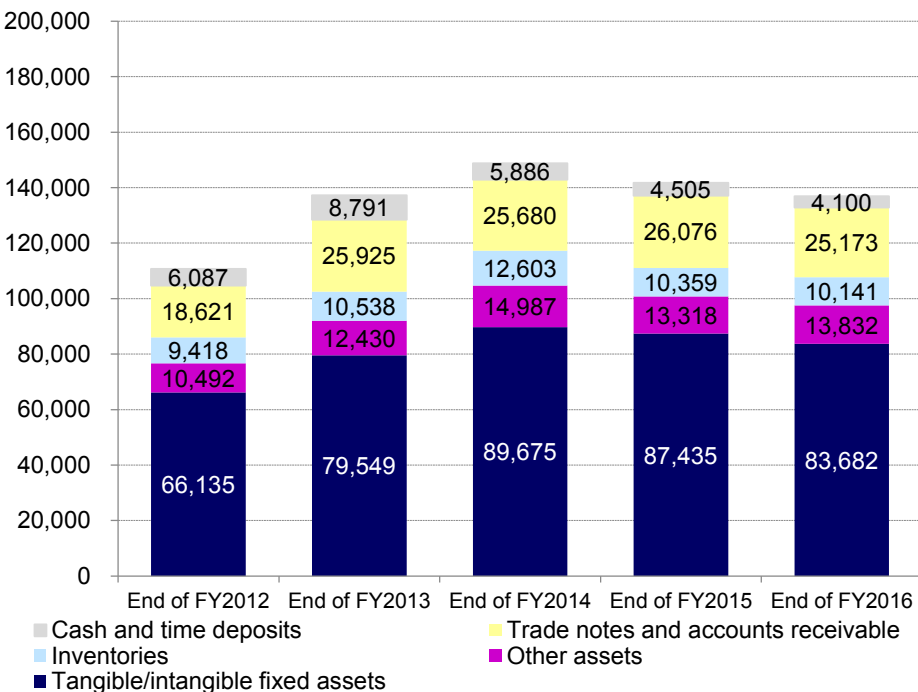
Proprietary Products Business

- Sales: Orders for projects for clean rooms and computer rooms from semiconductor-related companies decreased, resulting in decreased sales (down 12.6% year on year).
- Segment income/loss: Income fell due to the impact of a decrease in sales. (down 26.7% year on year).

Consolidated Balance Sheets

Assets

(Million yen)



> Changes from March 31, 2016

Effect of exchange rates: Decrease of ¥4.0bn => Net change: Decrease of ¥0.8bn

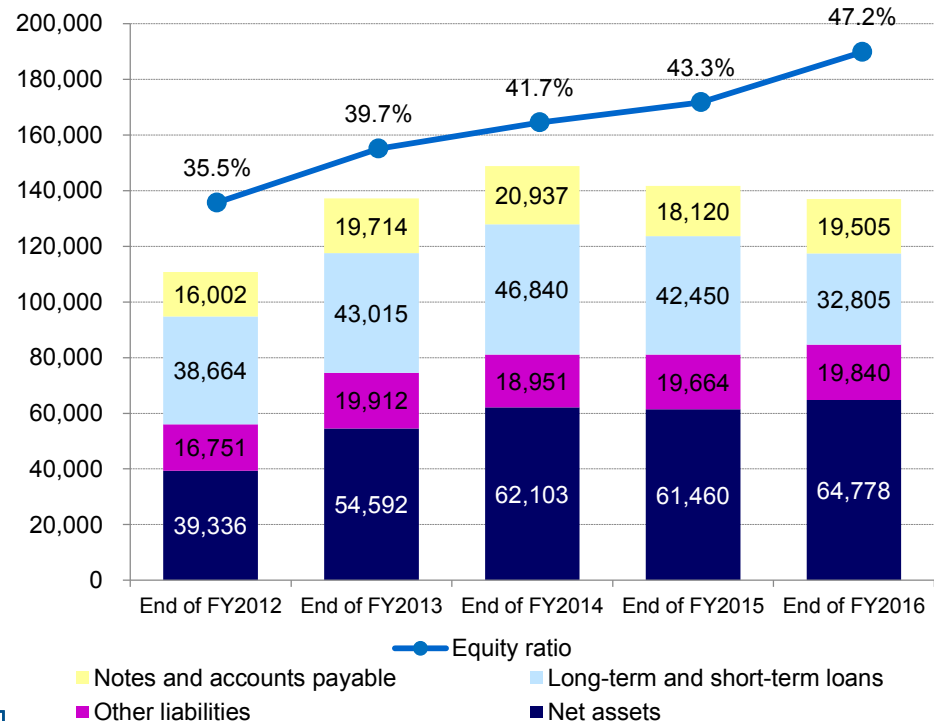
Raw material inventory decreased due to favorable metal prices.

Current assets: Net decrease of ¥0.7bn (Notes and accounts receivable decreased due to the liquidation of receivables and decreased sales.)

Fixed assets: Net decrease of ¥0.1bn (Tangible fixed assets: Recorded a net increase in Japan and a decrease overseas with the progress of depreciation.)

Liabilities

(Million yen)



> Changes from March 31, 2016

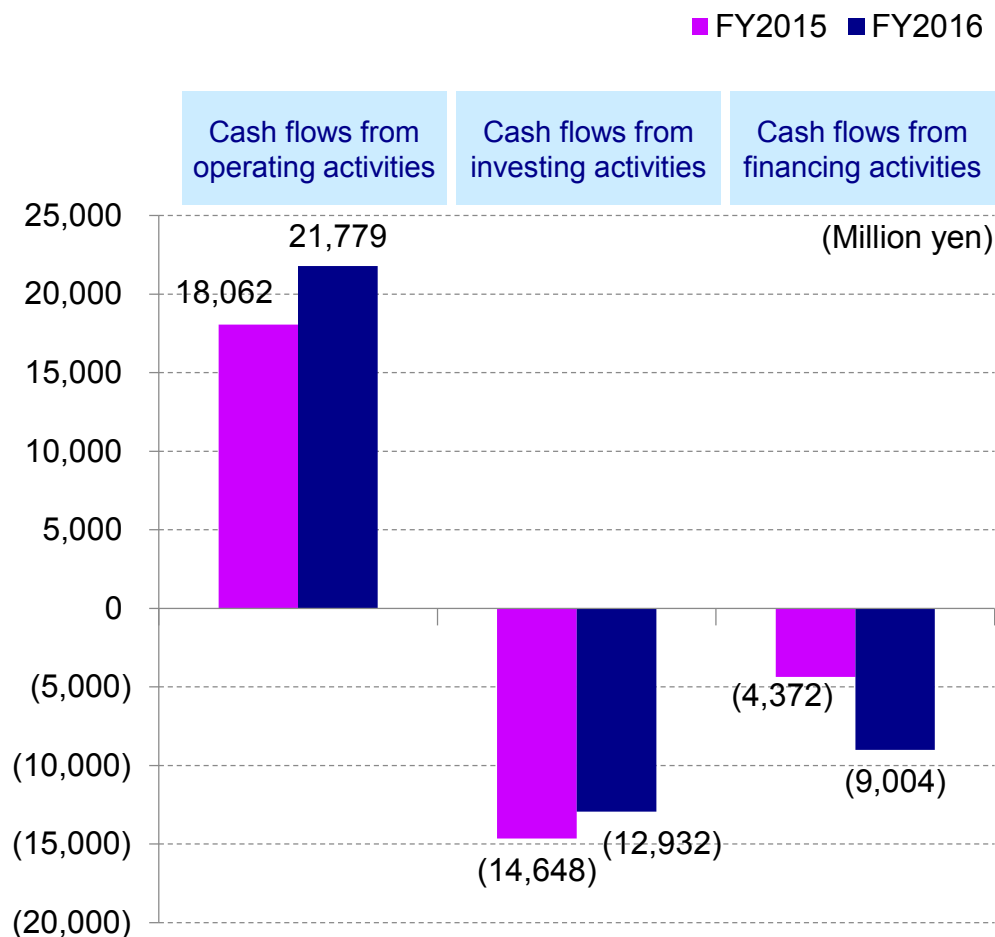
Liabilities: Effect of exchange rates: decrease of ¥1.4bn => Net change: Decrease of ¥6.7bn

Net decrease of ¥1.4bn in current liabilities, net decrease of ¥5.3bn in long-term liabilities (decrease in long-term and short-term interest-bearing debt)

Net assets: Net increase of ¥3.3bn with increase of mainly net income, ¥4.6bn, offset by foreign currency translation adjustments, etc. of ¥-1.3bn

Equity ratio: 47.2%, an improvement of 3.9 percentage points

Consolidated Cash Flows



Factors for change from the previous fiscal year

- **Cash flows from operating activities +3.7 billion**
Income before income taxes and others **+3.0 billion**
Decrease (increase) in notes and accounts receivable **+1.5 billion**
 Increase due to the liquidation of receivables
- **Cash flows from investing activities +1.7 billion**
Increase in capital expenditures in Japan due to expenditures for SUBARU
Capital expenditures declined overseas.
Review and postponement of investment due to customer convenience, etc.
- **Cash flows from financing activities -4.6 billion**
Long- and short-term debt repayment made progress in association with an increase in free cash flow.

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Forecast for FY2017

(Million yen)

	FY2016 Actual		FY2017 Forecast		Change	
	Value	%	Value	%	Value	%
Sales	136,657	100.0%	142,000	100.0%	5,343	3.9%
Operating income	6,912	5.1%	7,000	4.9%	88	1.3%
Recurring income	6,256	4.6%	6,400	4.5%	144	2.3%
Net income	4,992	3.7%	4,400	3.1%	(592)	(11.9%)

Exchange rate for FY2016 (full-year average): US ¥109.18/USD, Mexico ¥110.30/USD, Chinese yuan ¥16.56/RMB, India ¥1.63/IDR
 Exchange rate for FY2017 assumptions: ¥110/USD, ¥16.0/RMB, ¥1.6/IDR

Business Forecast for FY2017

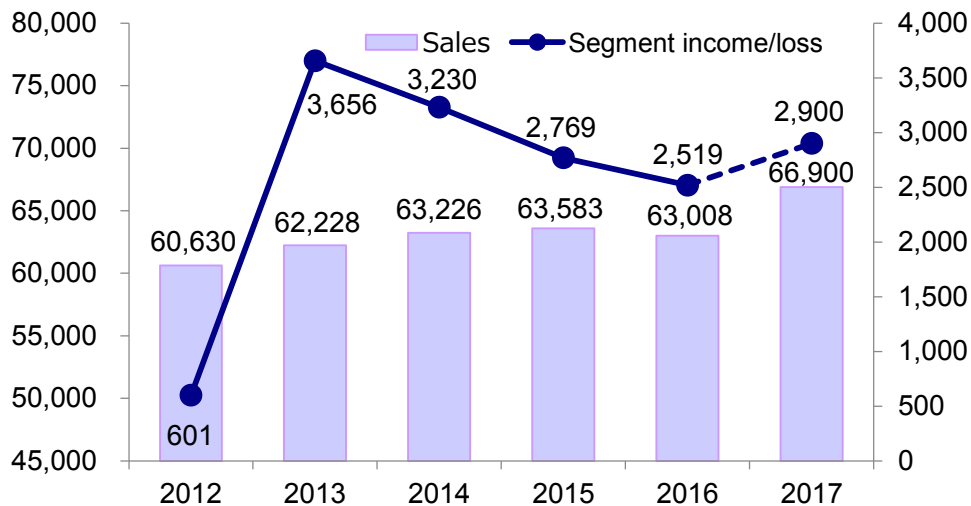
(Million yen)

	FY2016 Actual	FY2017 Forecast	Change	Percentage change
Sales	136,657	142,000	5,343	3.9%
Die Casting in Japan	63,008	66,900	3,892	6.2%
Die Casting in North America	40,854	39,900	(954)	(2.3%)
Die Casting in Asia	26,128	28,400	2,272	8.7%
Aluminum	4,402	4,600	198	4.5%
Proprietary Products	2,263	2,200	(63)	(2.8%)
Operating income	6,912	7,000	88	1.3%
Die Casting in Japan	2,519	2,900	381	15.1%
Die Casting in North America	2,163	2,250	87	4.0%
Die Casting in Asia	1,758	1,500	(258)	(14.7%)
Aluminum	274	250	(24)	(8.8%)
Proprietary Products	155	100	(55)	(35.5%)
Eliminations and Corporate	40	–	(40)	–
Recurring income	6,256	6,400	144	2.3%
Net income	4,992	4,400	(592)	(11.9%)

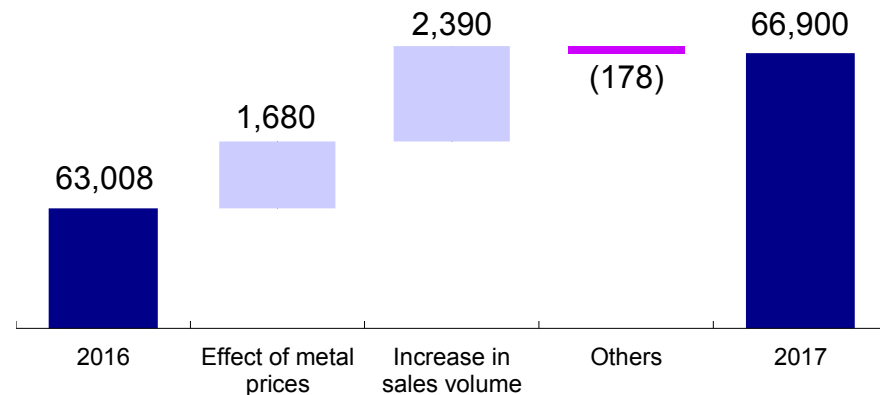
The overseas sales ratio in the Die Casting Business: FY2016: 51.5% ⇒ FY2017: 50.9%

Die Casting in Japan

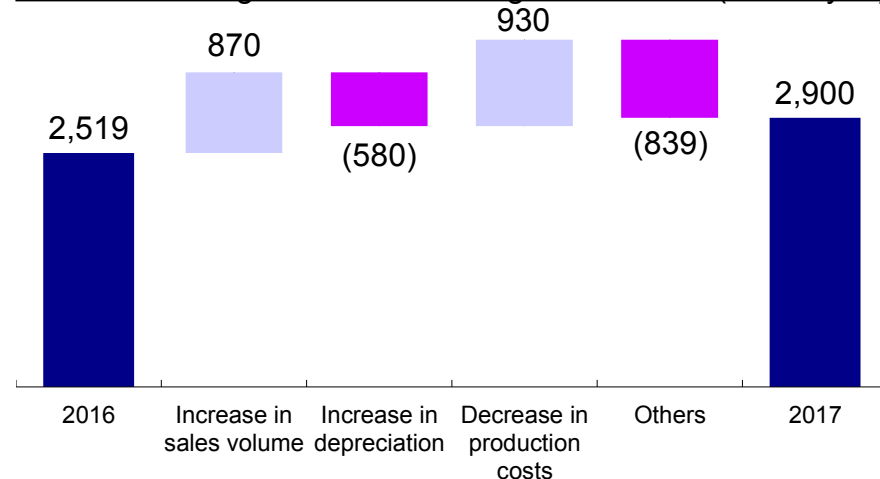
Changes in sales and segment income in Die Casting Business in Japan (million yen)



Factors of change estimated for sales (million yen)



Factors of change estimated for segment income (million yen)



Sales: ¥66.9 billion (up 6.2% year on year)

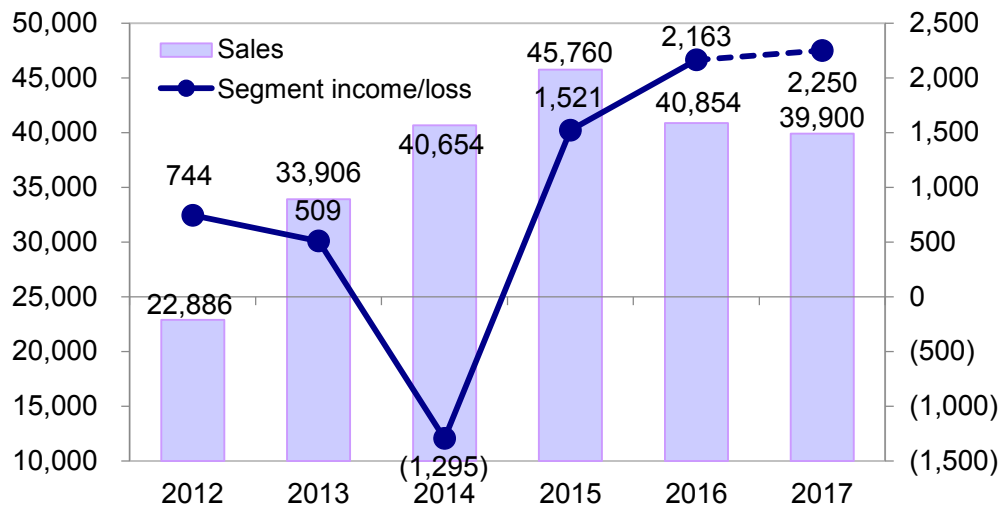
- The sales volume is likely to be above the level of the previous fiscal year.
- Metal prices are expected to rise further from the level of the previous fiscal year.

Segment income/loss: ¥2.9 billion (up 15.1% year on year)

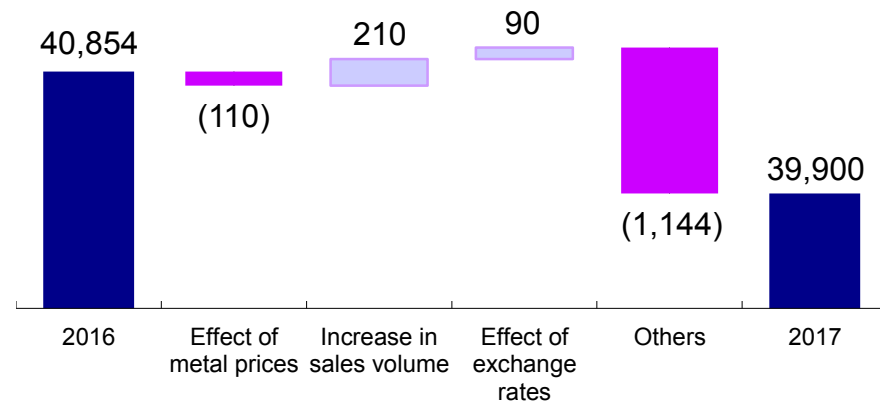
- Income is expected to increase, given the positive impact of an increase in volume and cost cutting.

Die Casting in North America

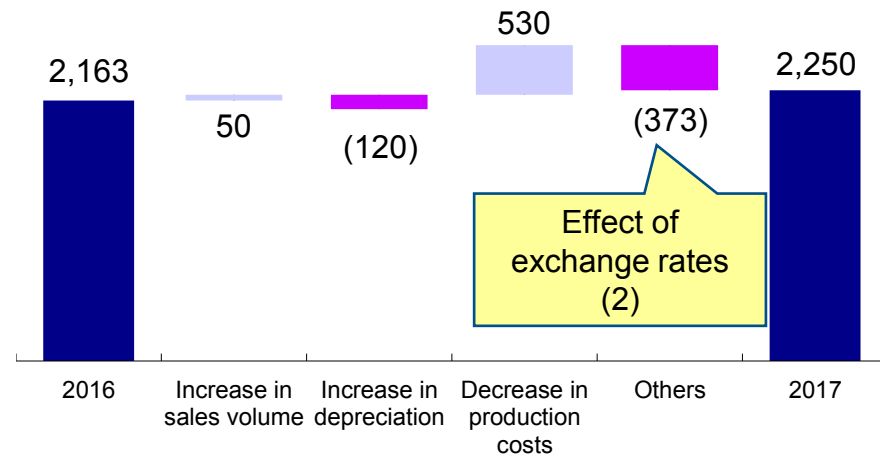
Changes in sales and segment income
in Die Casting Business in North America (million yen)



Factors of change estimated for sales (million yen)



Factors of change estimated for segment income (million yen)



Sales: ¥39.9 billion (down 2.3% year on year)

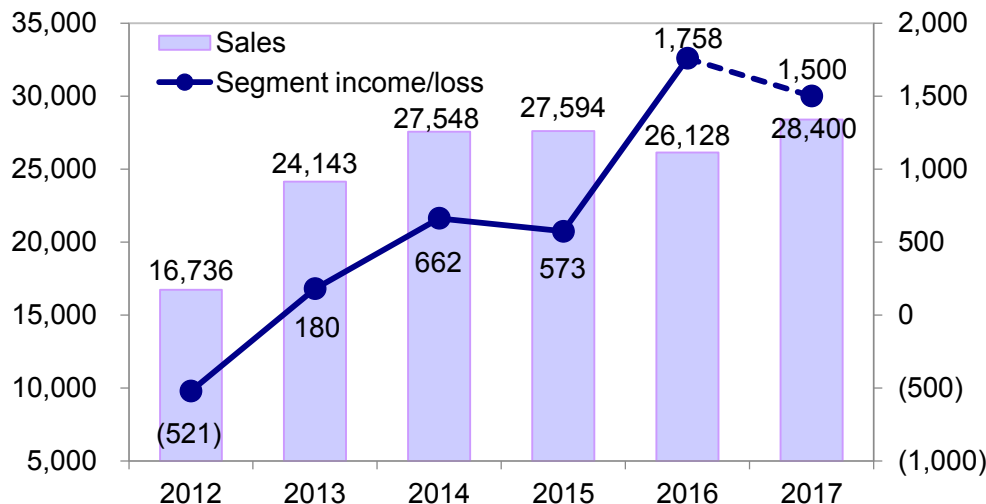
- The sales volume is likely to increase slightly.
- The sales of die casting dies and others are likely to decrease from the results for the previous fiscal year.

Segment income/loss: ¥2.25 billion (up 4.0% year on year)

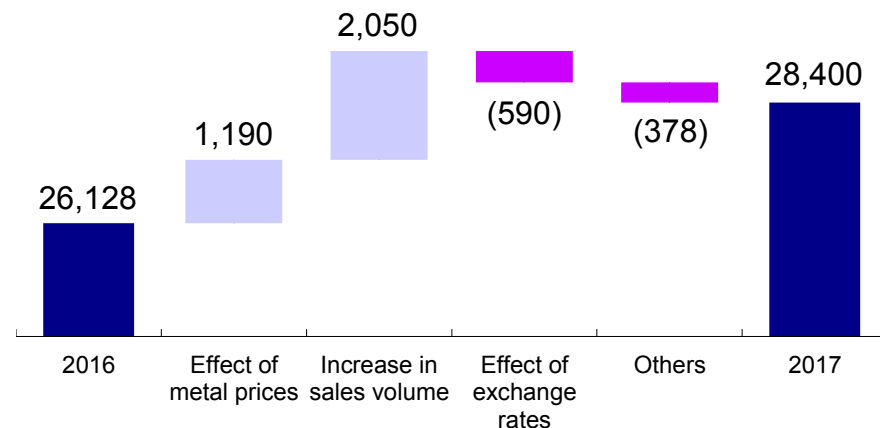
- Income is expected to increase due to the positive impact of cost cutting.

Die Casting in Asia

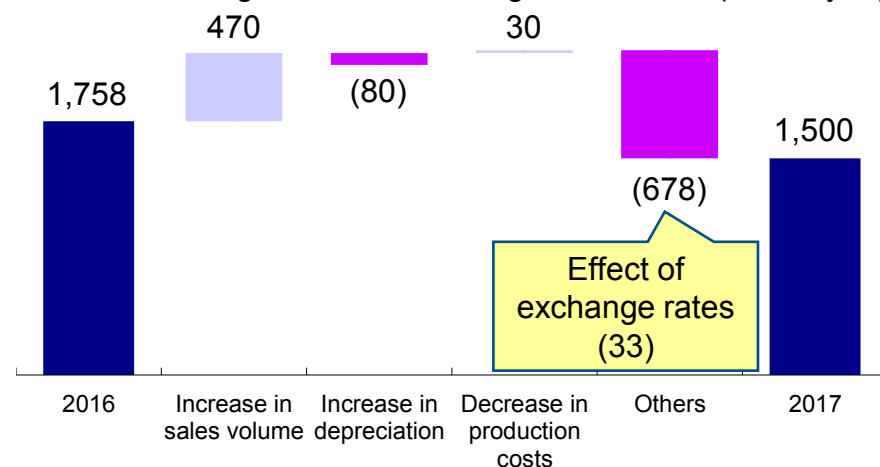
Changes in sales and segment income in Die Casting Business in Asia (million yen)



Factors of change estimated for sales (million yen)



Factors of change estimated for segment income (million yen)



Sales: ¥28.4 billion (up 8.7% year on year)

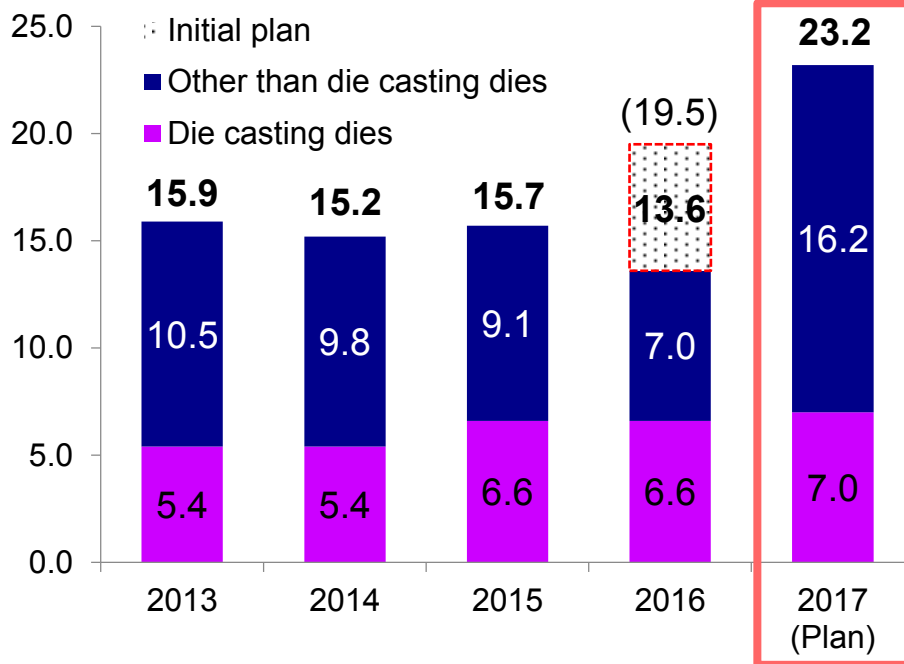
- The sales volume is likely to exceed the level of results for the previous fiscal year.
- Metal prices are forecast to increase further than the level of results for the previous fiscal year.
- Impact of a stronger yen

Segment income/loss: ¥1.5 billion (down 14.7% year on year)

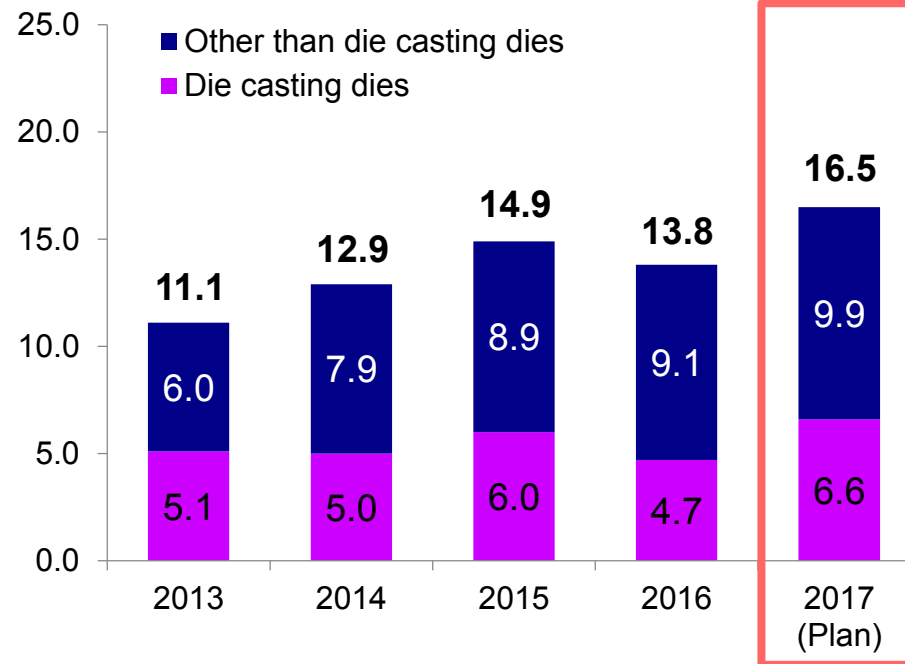
- Income is expected to decrease, mainly due to a change in the added value unit price.

Trends of Capital Expenditures and Depreciation and Amortization

Capital expenditures (billion yen)



Depreciation and amortization (billion yen)



FY2017

- 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: ¥23.2 billion (Other than die casting dies: ¥16.2 billion; Die casting dies: ¥7.0 billion)

* Decrease due to the review and postponement of capital expenditures due to customer convenience, etc. for FY2016 (initial plan of ¥19.5bn -> actuals of ¥13.6bn)

Dividends

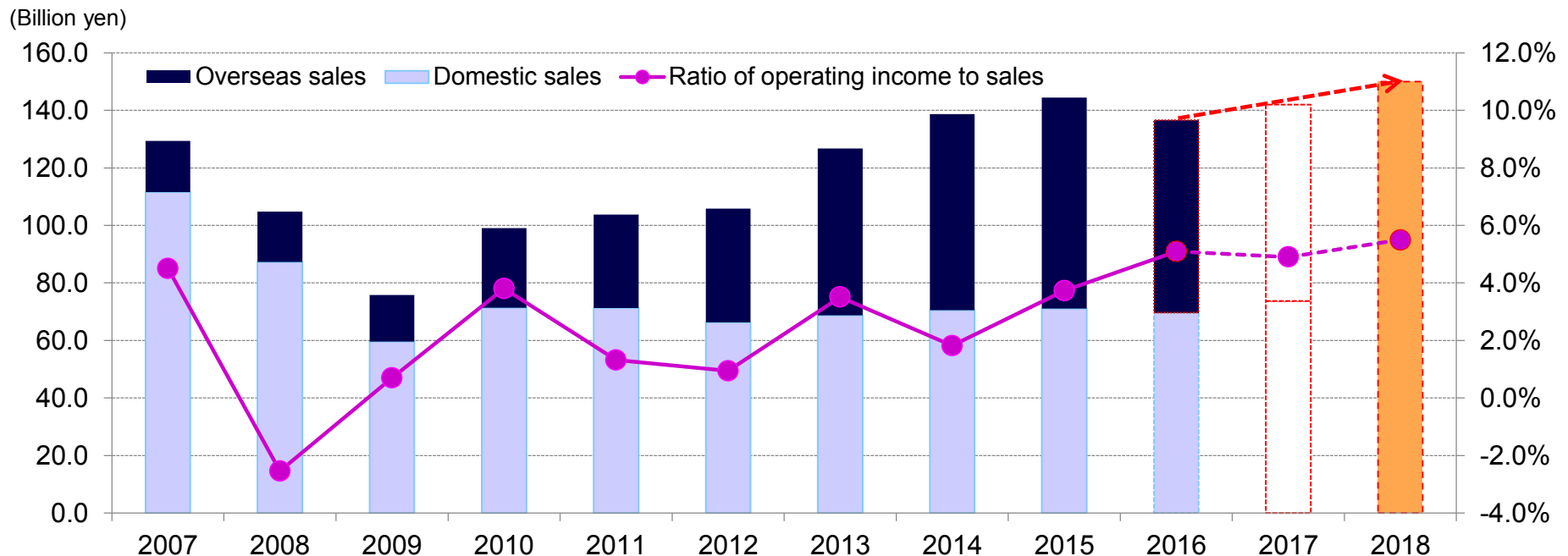
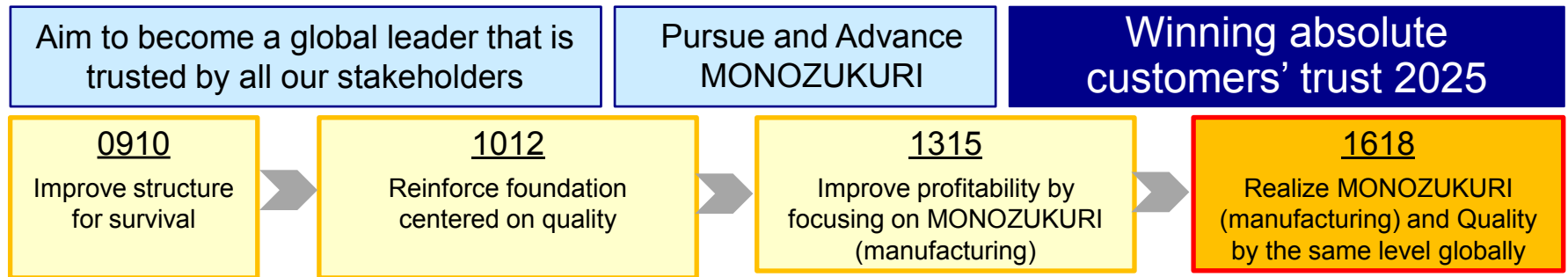
Dividend per share	FY2013	FY2014	FY2015	FY2016	FY2017 Plan
(Annual dividend)	14	12	14	20	26
Interim dividend	8	6	6	8	12
Year-end dividend	6	6	8	12	14
Net income (loss) per share (consolidated)	287.10	40.85	118.50	193.15	170.24
Payout ratio (consolidated)	4.9%	29.4%	11.8%	10.4%	15.3%

- For FY2016, the results planned at the start of the term were achieved. The interim and year-end dividends were therefore increased by ¥2 and ¥4 respectively, resulting in an annual dividend of ¥20.
- For FY2017, 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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10-year Vision and Changes in Our Medium-Term Management Strategy



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 Medium-Term Management Strategy

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 Medium-Term Management Strategy

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

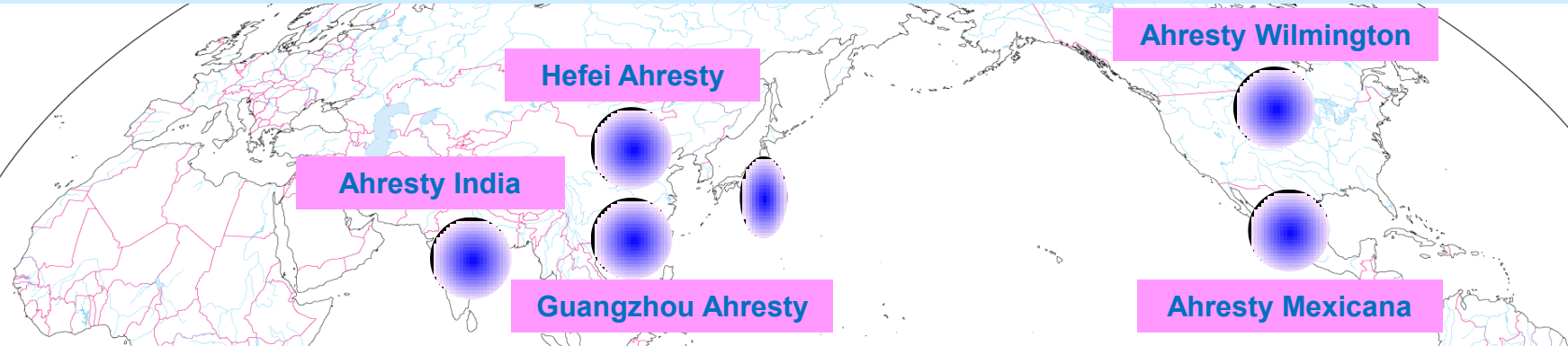
Pursue comprehensive risk management

Progress of the 1618 Medium-Term Management Strategy

- Under the basic policy of pursuing MONOZUKURI (manufacturing) and establishing Ahresty Production Way, proceed with the five core strategies.
- Raise the level through activities to unify the system globally and ensure MONOZUKURI of the same quality.
- Conduct of PDCA control at a meeting for the evaluation of the policy (4 times in Japan, 9 times overseas (3 times in each of North America, China, India/Thailand))

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



(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.

(Progress)

- ◆ Strengthen sales in North America and China: establishment of the North America office, increase of salespersons in China and North America, start of contact with European and North American manufacturers
- ◆ Construction of the line exclusively for blocks for SUBARU at the Tochigi Plant
- ◆ Allocation of a team dedicated to meet needs for lighter car bodies and suspension
- ◆ All Excellence Award received from Maruti Suzuki (India); award for excellent quality received from Hino; award for excellent supplier received from Shenyang Aerospace Mitsubishi Motors Engine Manufacturing Co., Ltd. (Hefei); award for quality received from Toyota; ZERO PPM award (India)

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.

(Progress)

- ◆ (1) Monitoring and management of the optimal manufacturing conditions for casting and processing; (2) establishment of the quality assurance system through level enhancement activities; (3) promotion of the solution of issues and the accumulation of technologies according to the technological roadmap; and (4) promotion of cost reduction by loss reduction and basic unit control
- ◆ Reduce the number of complaints by carrying out and applying initiatives for quality assurance level enhancement.
- ◆ Hold a meeting for an evaluation of the policy (once every three months in Japan, once every four months overseas); hold the Global Kaizen Meeting.

Build Up a Corporation Taking Pride in Our Work

Cultivating a corporate culture that can practice the RST Way

RST Way

“Honesty” “Initiative” “Speed” “Growth” “Challenge”

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

Improve employees' motivation

Develop good relations between employees

Fast and accurate information sharing

(Progress)

- ◆ Initiatives for the Way were intensified from the previous year, spreading among divisions.
- ◆ Regular meetings of the persons in charge of promoting the Way and information sharing
- ◆ Award of RST Way; creation of Ahresty Award
- ◆ Establishment of the committee for the stimulation of communication, activities of the committee
- ◆ Issue of a whole-company newspaper; issue of an in-house newsletter and global report

Developing human resources that excel in MONOZUKURI (manufacturing)

RST Production Way

Enhancing human resources development through the review and implementation of the education system

(Enhancement of Global RST learning)

Increasing employees' motivation


Employees with increased knowledge and skill

(Progress)

- ◆ Expansion of the RST Academy in Japan into the overseas offices
- ◆ Establishment of an education system and curriculum; Development of textbooks
- ◆ Provision of education and training of trainers
- ◆ Gold award given by India's QC association

Enhance Profitability

Management goals for the 1618 Medium-Term Management Strategy

	FY2016 (Actual)	FY2017 (Forecast)		1618 Medium-Term Management Strategy (Target)
Sales	1,366	1,420		1,500
Ratio of operating income to sales	5.1%	4.9%		5.5%
ROA	3.6%	—		3.0%
ROE	7.9%	—		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:
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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.