

FY2017 2nd Quarter Financial Results Meeting

11/08/2016

F.tech Inc.

TSE 1st Section :7212

<http://www.ftech.co.jp>

1. Financial Results Overview
2. Earnings Forecast
3. Basic Information
4. Business Strategy
5. Topics

Yuichi Fukuda
President & CEO

1. Financial Results Overview
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Consolidated Financial Results Overview (Year on Year)



(Unit: Million yen)

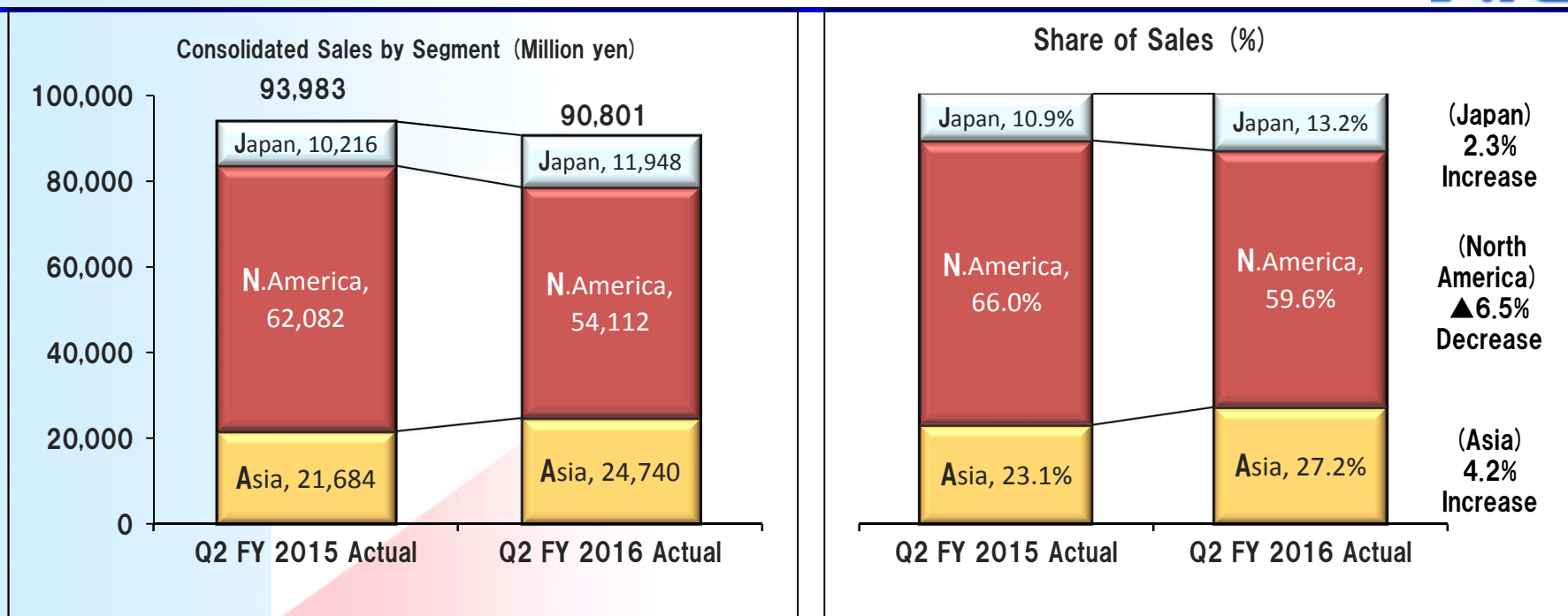
	Q2 Actual FY Ended Mar 2016		Q2 Actual FY Ending Mar 2017		Difference	
Sales	93,983	100.0%	90,801	100.0%	▲3,181	▲3.4%
Operating Income	2,115	2.3%	3,033	3.3%	917	43.4%
Income before tax	2,102	2.2%	2,230	2.5%	128	6.1%
Profit Attributable to owners of parent	420	0.4%	687	0.8%	267	63.6%
Earnings per share (Yen)	27.37	-	44.77	-	17.40	63.6%

Foreign Exchange Impact

	FY Ended Mar 2016	FY Ending Mar 2017	Difference
1US\$	121.72 yen	105.36 yen	▲16.36 yen
1CAN\$	95.62 yen	81.11 yen	▲14.51 yen
1Yuan(RMB)	19.36 yen	17.03 yen	▲ 2.33 yen

Decrease in sales and increase in income (Sales decreased due to the foreign exchange impact, while income increased due to the impact of increased sales in Japanese and Asian markets)

Consolidated Sales (Year on Year)



Changes in Consolidated Sales

	Q2 FY Mar 2016	Q2 FY Mar 2017	Difference	Difference (%)	FX Impact	Real Difference	Difference (%)
Japan	10,216	11,948	1,732	17.0%	-	1,732	17.0%
N. America	62,082	54,112	▲7,970	▲12.8%	▲8,645	674	1.1%
Asia	21,684	24,740	3,056	14.1%	▲3,607	6,663	30.7%
Consolidated	93,983	90,801	▲3,181	▲3.4%	▲12,252	9,070	9.7%

**Substantial increased sales in all segments
(Due to the increased share of segment in Japan and Asia)**

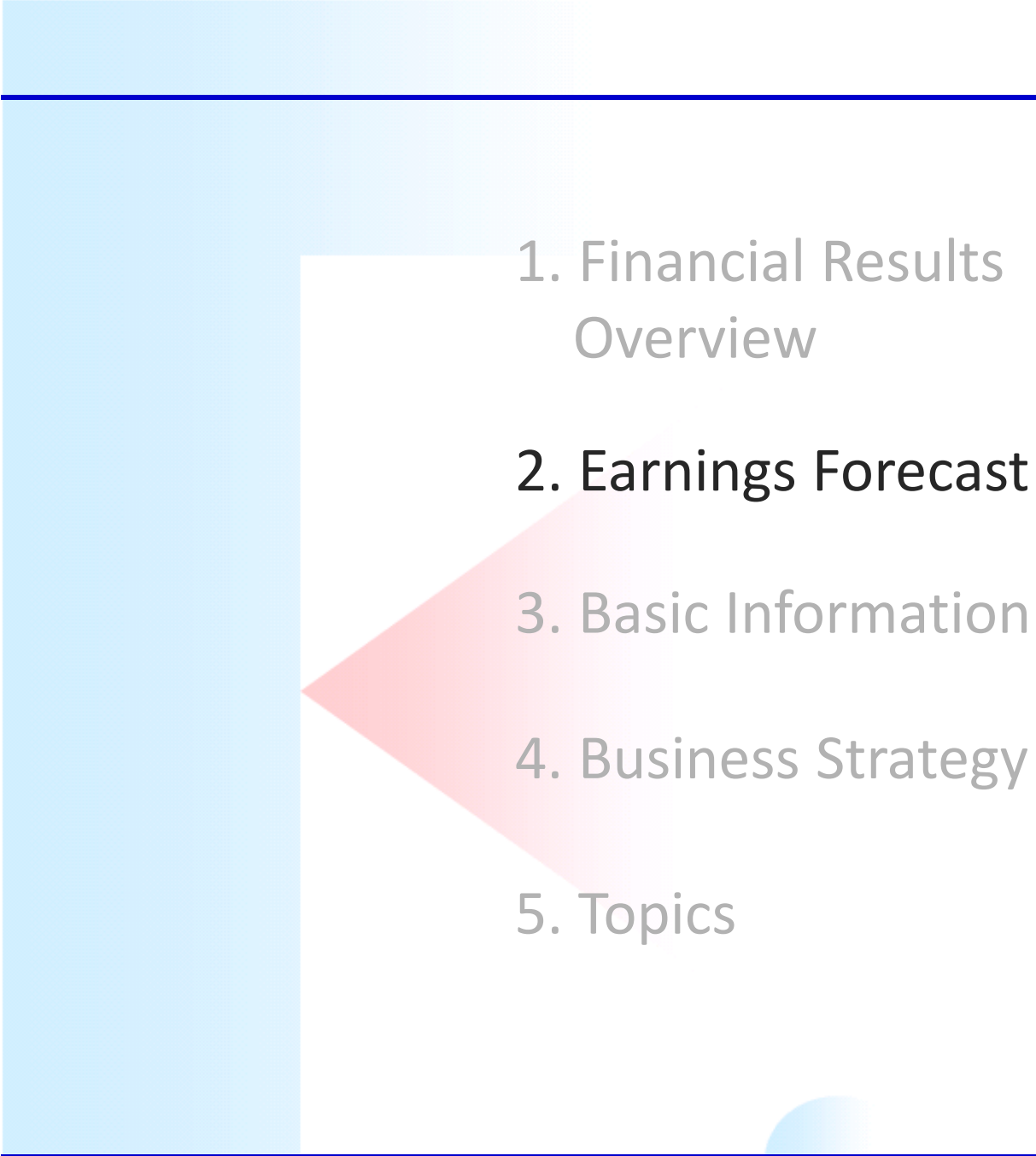
Operating Income by Segment (Year on Year)



(Unit: Million yen)

	Operating Income			
	2015 (Q2) Actual	2016 (Q2) Actual	Difference	Difference (%)
Japan	▲575	282	857	—
N. America	2,100	1,304	▲796	▲37.9%
Asia	373	1,518	1,145	306.2%
Total	1,899	3,105	1,205	63.5%
Adjustment	216	▲71	▲288	▲133.0%
Consolidated	2,115	3,033	917	43.4%

Share		
2015 (Q2) Actual	2016 (Q2) Actual	Difference (%)
▲27.2%	9.3%	36.5%
99.3%	43.0%	▲56.3%
17.7%	50.1%	32.4%
89.8%	102.4%	12.6%
10.2%	▲2.4%	▲12.6%
100.0%	100.0%	0.0%

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Consolidated Results Forecast Overview (FY Mar 2017)



(Unit: Million yen)

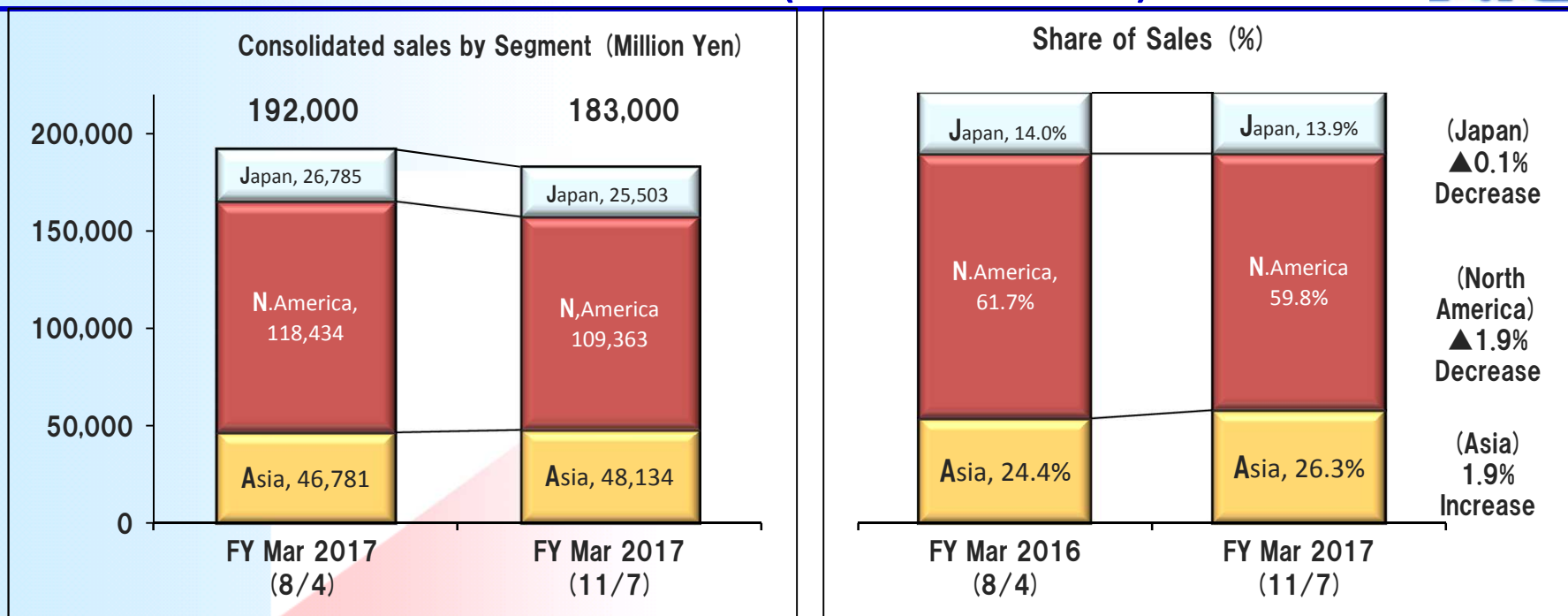
	FY Mar 2017 (Announced on Aug 4)		FY Mar 2017 (Announced on Nov 7)		Difference	
Sales	192,000	100.0%	183,000	100.0%	▲9,000	▲4.7%
Operating Income	6,500	3.4%	6,500	3.6%	0	0.0%
Income before tax	6,200	3.2%	5,450	3.0%	▲750	▲12.1%
Profit attributable to owners of parent	2,800	1.5%	2,350	1.3%	▲450	▲16.1%
Earnings per share (Yen)	182.34	-	153.03	-	▲29.30	▲16.1%

Foreign Exchange Impact

	FY Mar 2017(Aug 4)	FY Mar 2017(Nov 7)	Difference
1US\$	108.00 yen	100.18 yen	▲7.82 yen
1CAN\$	85.00 yen	77.11 yen	▲7.89 yen
1Yuan(RMB)	16.60 yen	15.92 yen	▲0.68 yen

Large foreign exchange impact (Substantial increase in sales and operating income, however, ordinary income and items below are decreased owing to the FX loss)

Consolidated Sales Forecast (FY Mar 2017)



Changes in Consolidated Sales

	FY Mar 2017 (Aug.4)	FY Mar 2017 (Nov.7)	Difference	Difference (%)	FX Impact	Real Difference	Difference (%)
Japan	26,785	25,503	▲1,282	▲4.8%	-	▲1,282	▲4.8%
N. America	118,434	109,363	▲9,071	▲7.7%	▲9,278	207	0.2%
Asia	46,781	48,134	1,353	2.9%	▲1,819	3,172	6.8%
Consolidated	192,000	183,000	▲9,000	▲4.7%	▲11,096	2,096	1.1%

Substantial increase in sales (Due to the augmented sales in the segment of Asia, the decreased sales in Japan is ascribed mainly to the decreased inter-company sales)

Operating Income Forecast by Segment (FY Mar 2017)

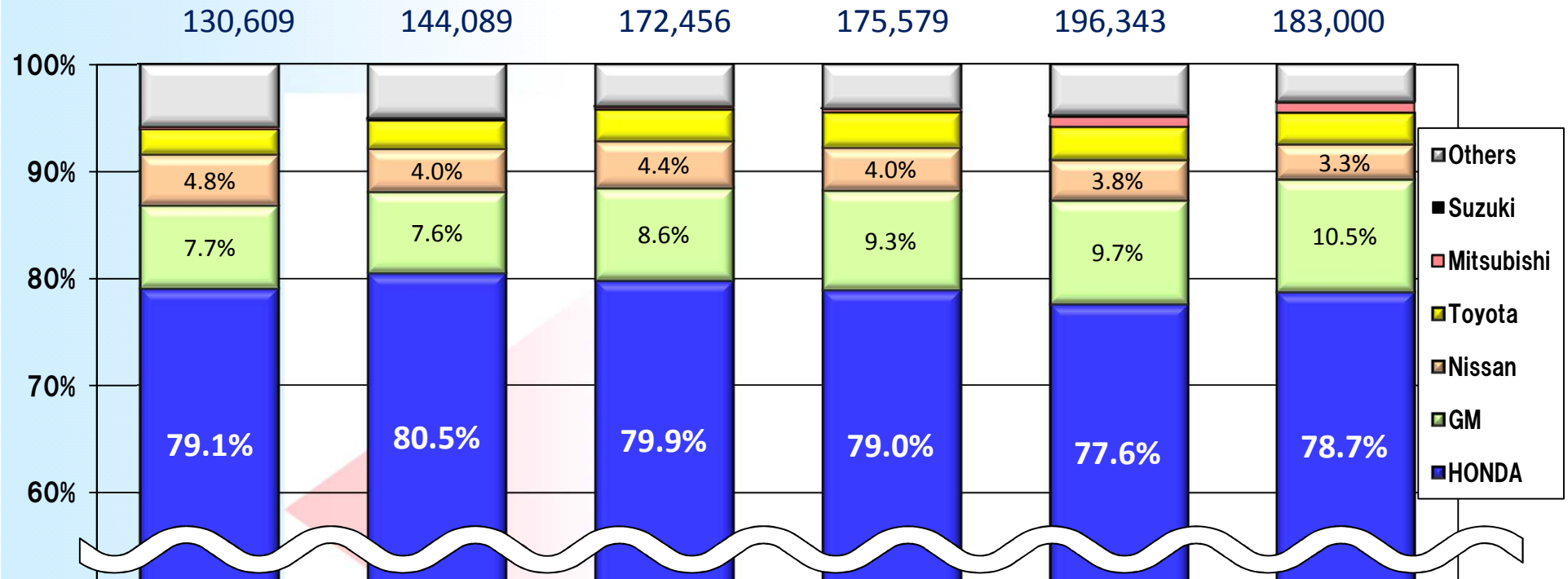


(Unit: Million yen)

	Operating Income			
	FY Mar 2017 (Announced on Aug 4)	FY Mar 2017 (Announced on Nov 7)	Difference	Difference (%)
Japan	652	466	▲185	▲28.4%
N. America	3,467	3,030	▲437	▲12.6%
Asia	2,430	3,220	789	32.5%
Total	6,550	6,717	167	2.6%
Adjustment	▲50	▲217	▲167	—
Consolidated	6,500	6,500	—	—

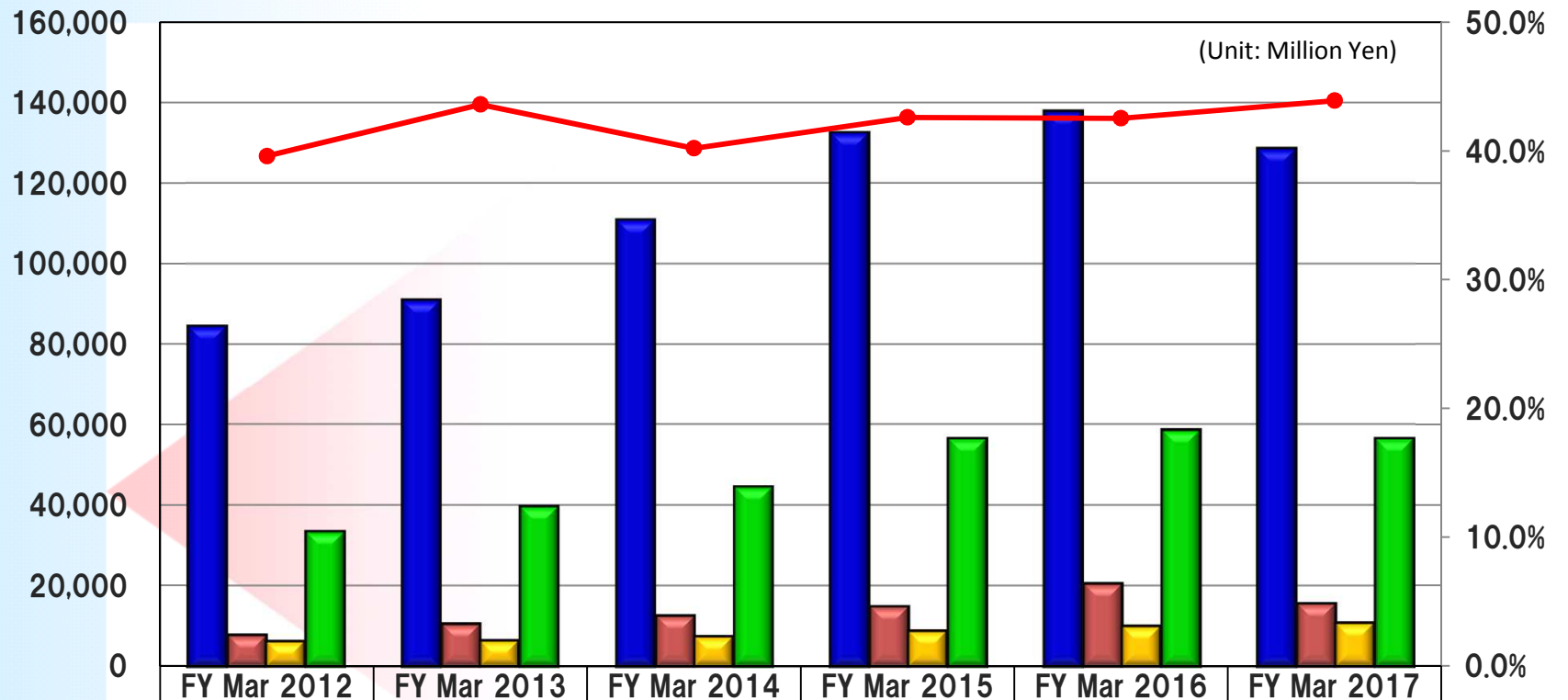
Share		
FY Mar 2017 (Announced on Aug 4)	FY Mar 2017 (Announced on Nov 7)	Difference (%)
10.0%	7.2%	▲2.9%
53.4%	46.6%	▲6.7%
37.4%	49.5%	12.2%
100.8%	103.4%	2.6%
▲0.8%	▲3.4%	▲2.6%
100.0%	100.0%	—

Changes in Sales by Customer




	FY Mar 2012	FY Mar 2013	FY Mar 2014	FY Mar 2015	FY Mar 2016	FY Mar 2017 Forecast
HONDA	103,340	116,046	137,708	138,635	152,435	144,101
GM	10,082	10,935	14,863	16,304	19,001	19,208
Nissan	6,208	5,773	7,535	7,024	7,435	6,000
Toyota	3,131	3,919	5,209	5,875	6,204	5,468
Mitsubishi	289	217	369	526	1,803	1,739
Suzuki	91	114	127	135	321	183
Others	7,468	7,085	6,645	7,080	9,144	6,301
	130,609	144,089	172,456	175,579	196,343	183,000

Financial Situation



	FY Mar 2012	FY Mar 2013	FY Mar 2014	FY Mar 2015	FY Mar 2016	FY Mar 2017
Total Asset	84,796	91,200	111,062	132,697	137,980	128,782
Capital Investment	7,872	10,696	12,715	14,987	20,578	15,739
Depreciation	6,374	6,544	7,508	8,920	10,081	10,908
Interest-Bearing Debt	33,567	39,786	44,679	56,570	58,686	56,596
Dependence on Interest-Bearing Debt	39.6%	43.6%	40.2%	42.6%	42.5%	43.9%

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Company Overview

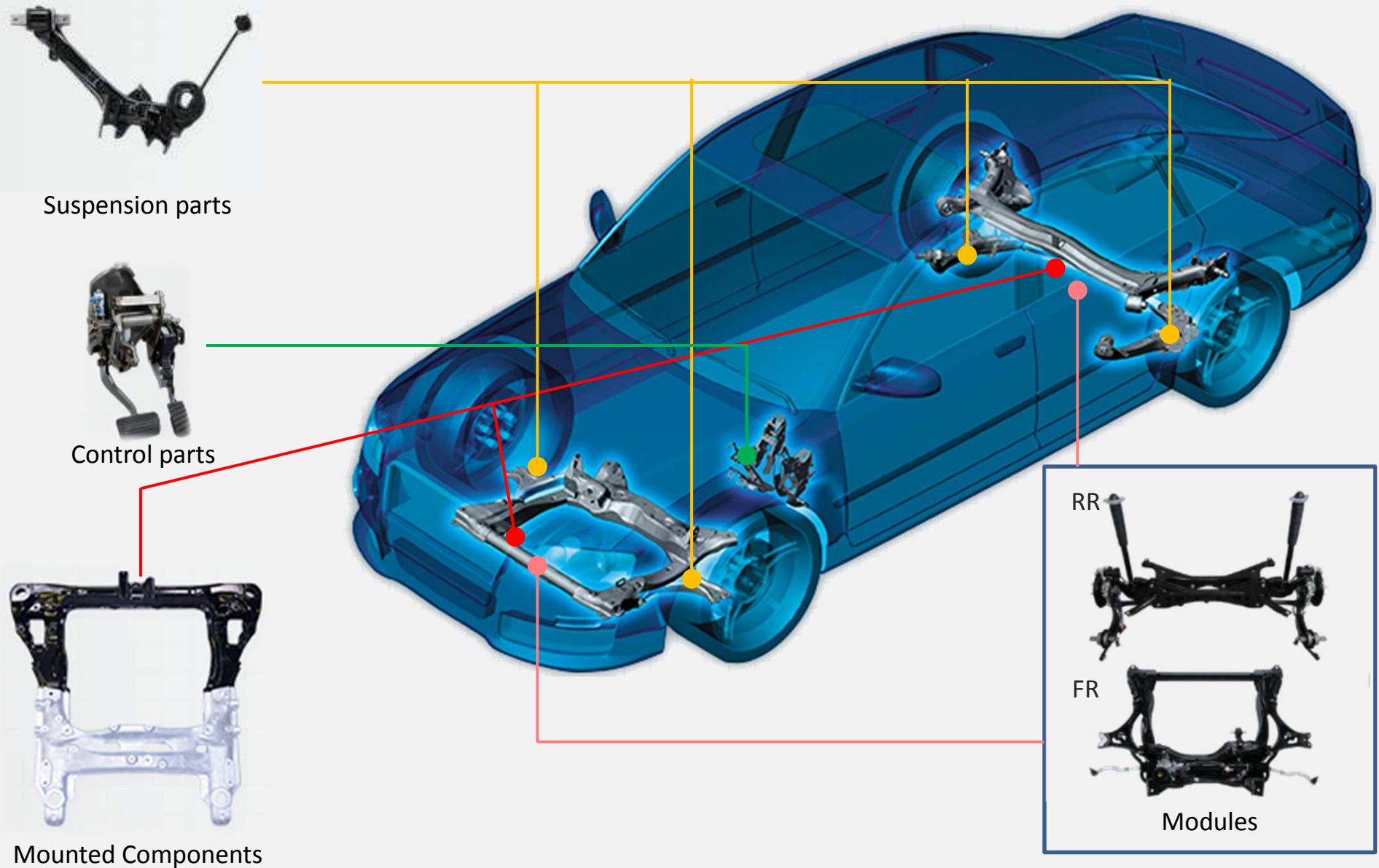


Company name	F-TECH INC.
Capital	4,790 million yen
Number of shares issued	15,390,000
Foundation	July 1 st ,1947
Head office	19 Showanuma, Shobu-cho, Kuki City, Saitama
Number of employees	994 (F-tech standalone) 8,552 (Consolidated)
Number of Overseas facilities	N. America: 8, China: 4, Asia: 4, Europe: 1
Main Customers	Honda, General Motors, Nissan, Toyota, Mitsubishi, Suzuki, etc.



As of September 2016

Main Products (four-wheel)



Mission Statement

From global perspective, we strive to contribute to our society and to improve the quality of life through manufacturing of the highest quality products with ambition and sincerity.

F-Tech Basic Principles

1 Challenging Spirit

➔ Encourage people to always aspire for excellence

2 Respecting People

➔ Based on human dignity

3 Making Profit

➔ Making profit is the most important thing

Four Key Strengths

Research & Development

- Realize on a daily basis the development of new technologies and new products responding to the needs of the time

Production Engineering

- Realize economic and highly-efficient production lines, and practice high-quality manufacturing

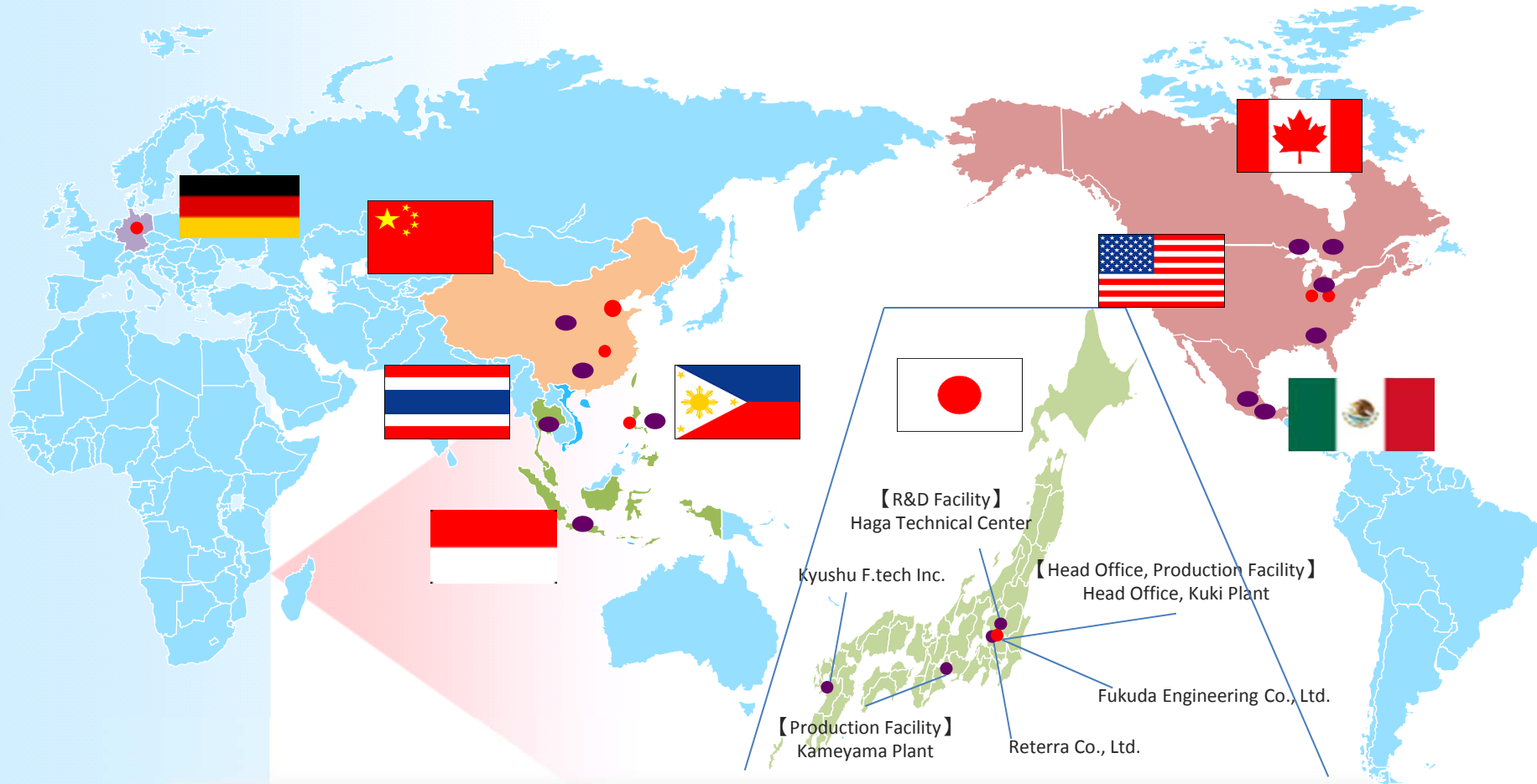
Global Competitiveness

- Promote global business expansion to realize the supply of components to OEMs worldwide.

Power of Associates

- A challenging spirit of each associate creates a big power to step into a new field
- Practice associate training with respect for people

Bases in Japan/Overseas Bases



Production Facility

N. America 6
(Canada, US, Mexico)

China 2
(Zhongshan, Wuhan)

Asia 3
(Thailand, Philippines, Indonesia)

R&D Facility

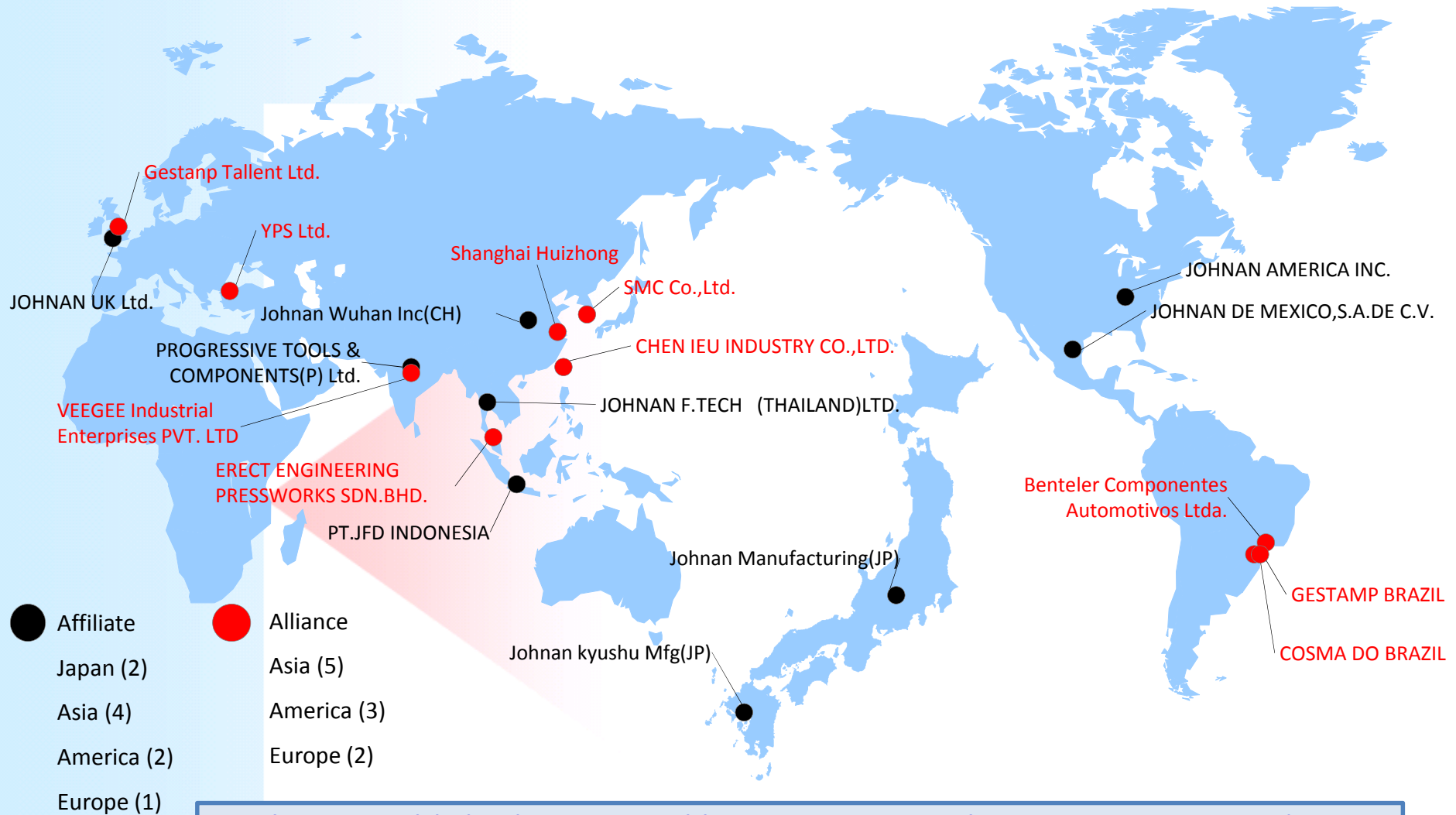
N. America 2
(Ohio, Michigan)

Europe 1
(Germany)

China 2
(Guangzhou, Yantai)

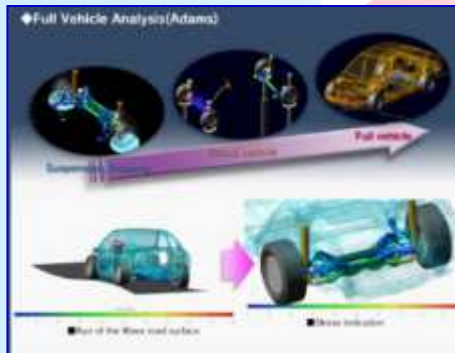
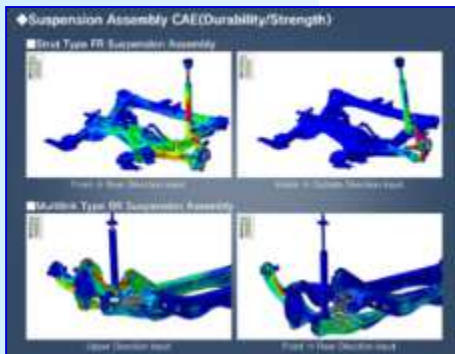
Asia 1
(Philippines)

Summary of bases : Affiliates and Alliances



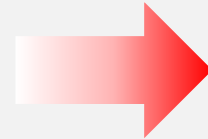
We have established an optimal business partnership in 7 countries and 1 region in order to respond to global model production.

Chassis Parts Development and Production



All processes, from product planning and development to mass-production, are carried out through F.tech's proprietary integrated processing system, which enables F.tech to supply products that own competitive strength, even in short time frame.

Customer needs and specification requirements of automobile manufacturers



Strength, rigidity, durability, crash performance, weight-reduction, operation stability, high quality

Designing

Optimization

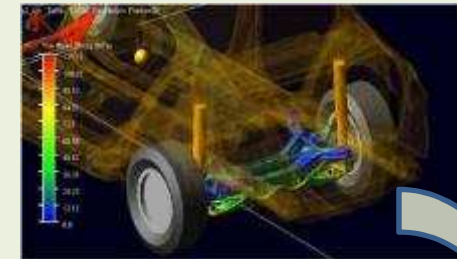
- Propose weight reduction through adoption of optimum specification
- Achieve overwhelming competitiveness



Analysis

ADAMS (CAE Simulation)

- Create a measurable of each part
- Develop parts with the optimum (best) balance



Test

Road simulator

- Conduct bench test on suspension system under conditions equivalent to using an actual vehicle to perform optimum design efficiently.

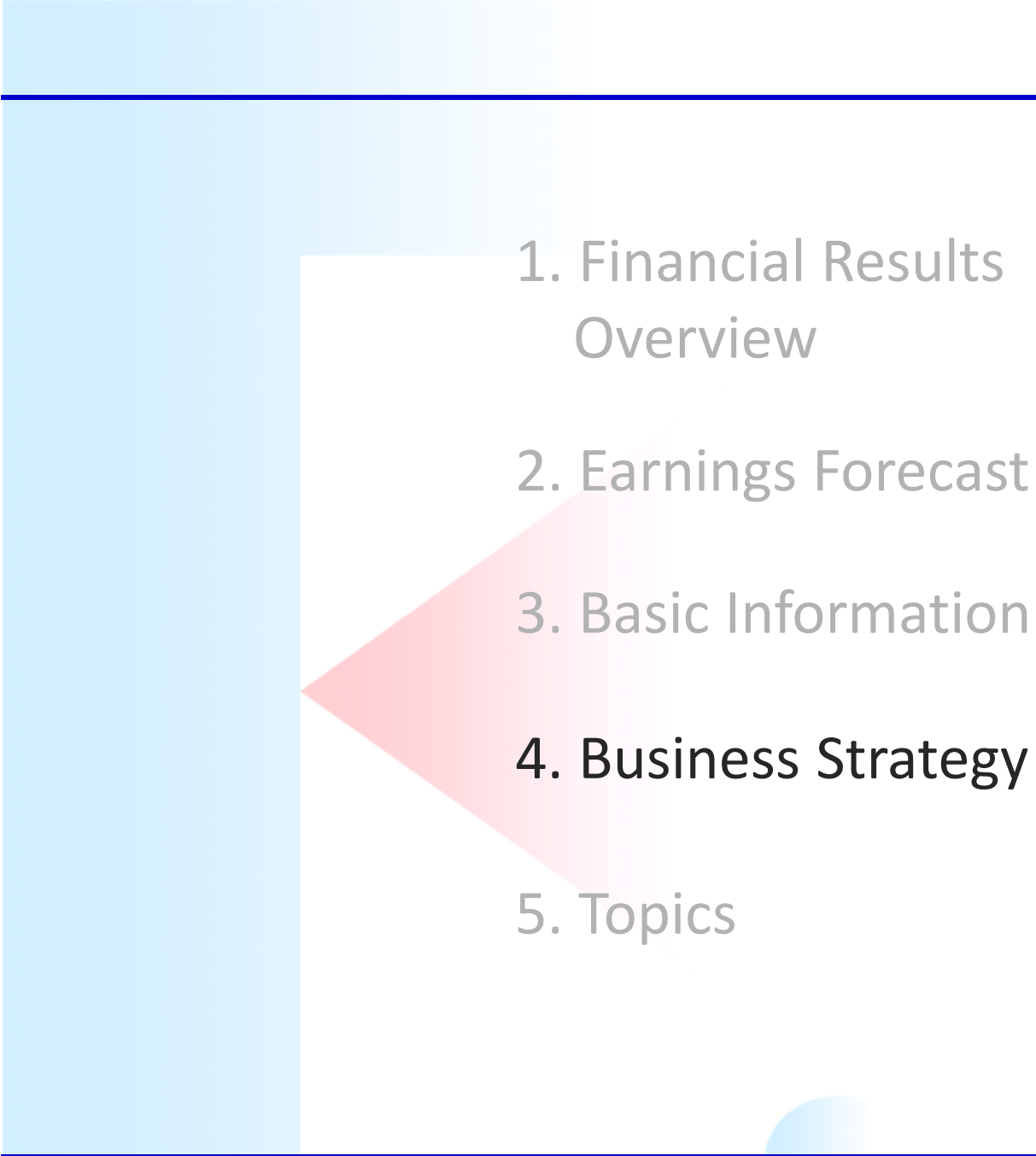


Prototype

CMM (3D measuring device)

- Check the accuracy of products by using non-contact CMM and form measuring device, etc.



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Corporate Policy: To become a chassis system manufacturer with overwhelming competitive strength

Basic Business Strategy

1. Change to Chassis System Structure

- Create a structure capable of developing a chassis system by combining peripheral parts into a multifunctional component, in addition to developing standalone chassis.

2. Evolution to Global Operations

- Global expansion
→ Achieve 24 hour system
- Implement development base system
→ Borderless Development Environment

Corresponds optimally to global needs

3. Strengthening of Environmentally Friendly Technologies

- Advancement of weight-reduction technology
- New processing technology
- Electronic

Target

Business Performance

Sales 200 billion JPY

Operating income 10 billion JPY
(Operating profit margin 5% or higher)

Dependency ratio on interest-bearing debt: 30% or lower

Sales Expansion

- Expansion of sales to manufacturers in Europe and U.S.
- Increased sales to GM
- Raising the ratio of non-Honda business

Technology

- Evolution of weight-reduction technology
- Evolution of new processing technology
- Establishment of processing technology for new materials

R&D

- Multiple functional module development
- Move to electronic components
- Weight-reduction design

Current Status of 12th Mid-Term Plan (FY 2015 - FY 2017)



Target

Forecast

Business Performance

Target	Forecast
Sales 200 billion yen	Sales 183 billion yen
Operating income 10 billion yen (Operating margin 5% or higher)	Operating income 6.5 billion yen (Operating margin 3.5%)
Dependency ratio on interest-bearing debt: 30% or lower	Dependency ratio on interest-bearing debt: 43.9%

Sales Expansion

Target	Forecast
<ul style="list-style-type: none"> Expansion of sales to manufactures in Europe and US Increased sales to GM Raising the ratio of non-Honda business 	<ul style="list-style-type: none"> Ongoing expansion of sales to manufactures in Europe and US GM sales increased by 29.2% year on year Non-Honda business increased by 1.2% year on year

Technology

Target	Forecast
<ul style="list-style-type: none"> Evolution of weight-reduction technology Evolution of new processing technology Establishment of processing technology for new materials 	<ul style="list-style-type: none"> ultra precision plastic forming technology (FUT-1) Technology Dissimilar material welding technology (FSW) Aluminum, plastic, hollow structure

R&D

Target	Forecast
<ul style="list-style-type: none"> Multiple functional module development Move to electronic components Weight-reduction design 	<ul style="list-style-type: none"> Installation of multi-axis road simulator Installation of optimization

Achievement of Core Technology



Dissimilar Material Welding

Weight reduction high rigidity are achieved by aluminum/steel FSW – friction stir welding.



Ultra precise Plastic Processing

Integrating ultraprecise punching technology and heading forming technology. This has enabled substantial reduction in costs through achievement of the ultimate material yield rate and elimination of post-processes..



Forming Tubes

【Hydroforming】

Forming hollow parts by filling the inside of the pipe with liquid with metal closed and then applying pressure.



【Bulge】

Applying high air pressure to high-speed energized aluminum pipe and forming by heated mold.



Corrosion Prevention

【Zn Welding】

Weld quality of galvanized material surpasses other companies.

【Latest Anticorrosive Coating】

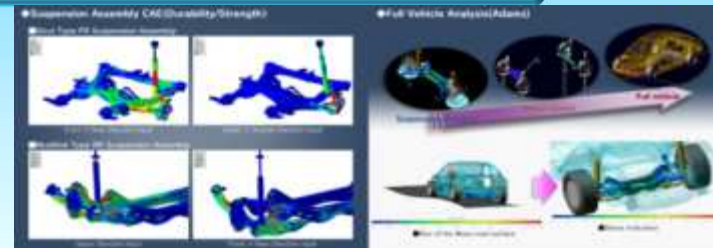
Anticorrosion assurance by electrodeposition paint quality.

Total Quality Assurance

Highly precise technology to inspect all parts in a short time . Laser-excited Infrared inspection device (Ltvis) has been developed for FSW inspection.

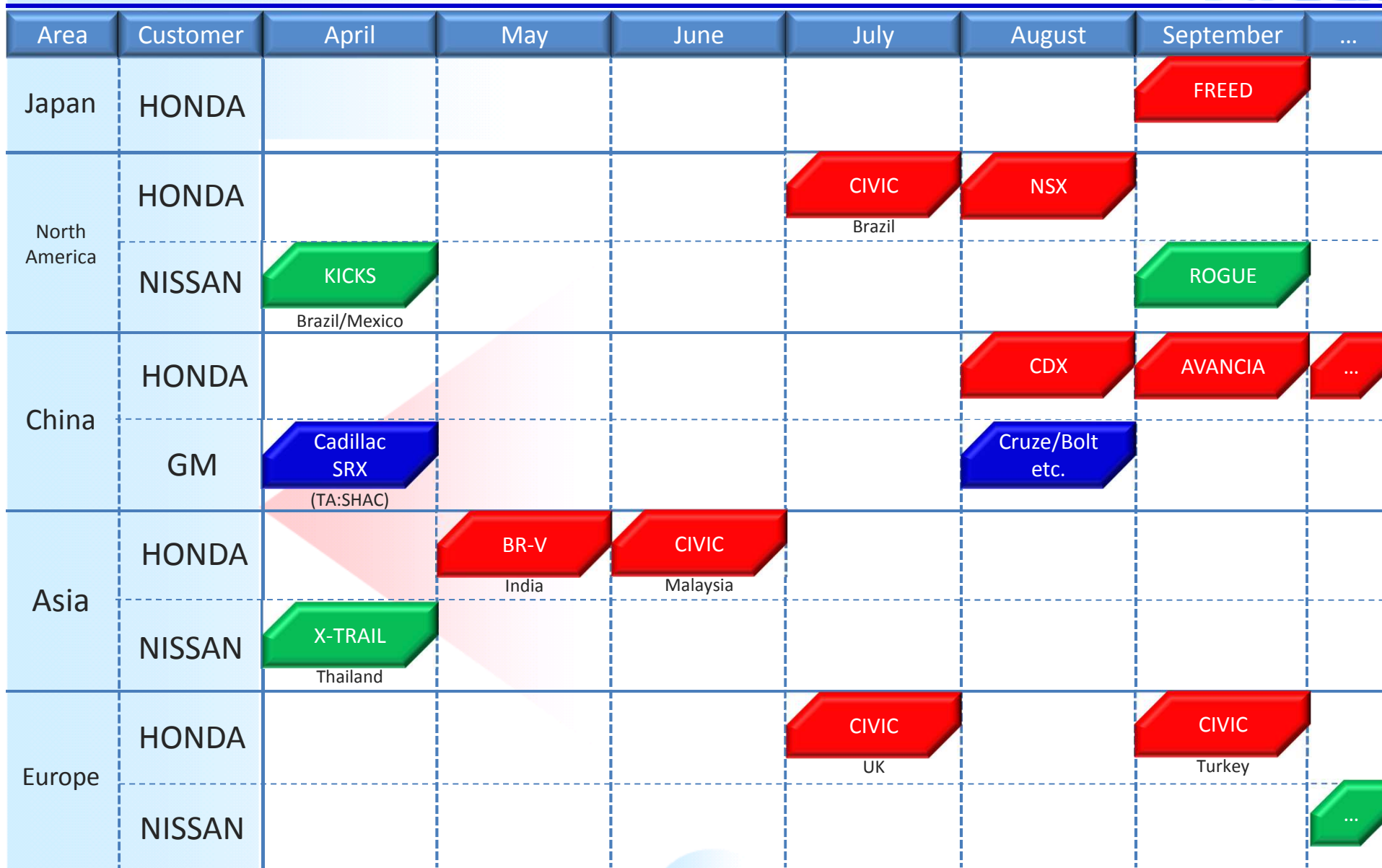


Optimum Design Analysis



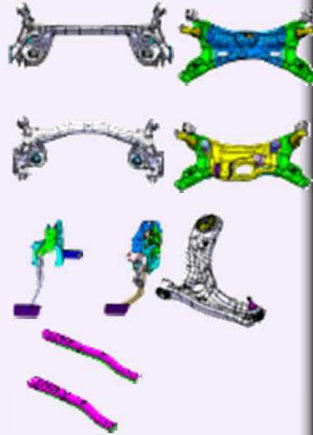
Core technologies achieved in 12th Mid-term to be developed further.

New Model Startup in the First Half (Apr2016 – Sep 2016)



New model business awarded from Honda

FREED(Japan)



Parts awarded: RR AXLE BEAM, FR SUBFRAME,
BRAKE PEDAL, PERFORMANCE ROD R/L

Start of production: August 2016

Production Volume: 80,000 units/yr

Annual Sales: JPY1,385 M

CR-V(North America)



Parts awarded: BRAKE PEDAL, FR SUBFRAME, RR SUBFRAME
2WD/4WD, STAY FR RR SUBFRAME MTG,
STAY RR RR SUBFRAME MTG R/L, FR LWR ARM R/L,
LWR ARM B R/L(2WD), TRAILING ARM R/L,
LWR ARM A, UPR ARM

Start of production: ELP: Nov 2016

(HCM: Dec 2016, HMIN : Feb 2017)

Production Volume: 401,000 units/yr(North America in total)

Annual Sales: USD98M (North America in total)

We acquire customers' confidence by achieving both light weight and strength/ rigidity.
We are awarded business continuously by meeting the requirements from customers.

New model business awarded from Honda

CIVIC(Global)



Parts awarded: FR/RR SUBFRAME, LWR ARM A/B
FR LWR ARM, BRAKE/CLUTCH PEDAL, etc.

Start of Production: Oct 2015 (F&PA, F&PC)
Mar 2016(FTW, FMTL)
May 2016 (EEPW, Kameyama)
Jul 2016(GESTAMP/COSMA, Kameyama)

Production Volume: 781,000 units/yr
Annual Sale: JPY23,400 M

BR-V(India) (VeeGee(T/A)Mass-production)



Parts awarded: BRAKE/CLUTCH PEDAL, FR
SUBFRAME, RR AXLE BEAM,
FR LWR ARM, UNDER LOAD PATH

Start of Production: Apr 2016 (VeeGee)
Production Volume: 31,000 units/yr

Annual Sales: JPY365,000K (VeeGee)
Annual Income: JPY9,300K (F.tech)

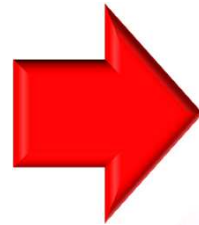
In order to properly respond to global needs requested by customers, we have established the optimal supply structure including TA companies.

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Kuki Plant - Mass Production Start for New FREED -

Massproduction start in August

2 Shifts



Volume increase in September

3 Shifts

Changed from 2 shifts to 3 shifts



Kameyama Plant - shipping products for Europe & North America -

Kameyama

CIVIC, CR-V



Europe and the US

UK, Turkey, America

Stable supply to overseas utilizing the high quality & high efficiency production know-how



The Start of 4th R&D Facility

F.tech R&D(Guangzhou)Inc.
held Open House

Goal to be achieved by 2030

To become a R&D company who can gain
“No.1” customer’s satisfaction in China



FPMX : The installment of the Large Stamping Machines Completed

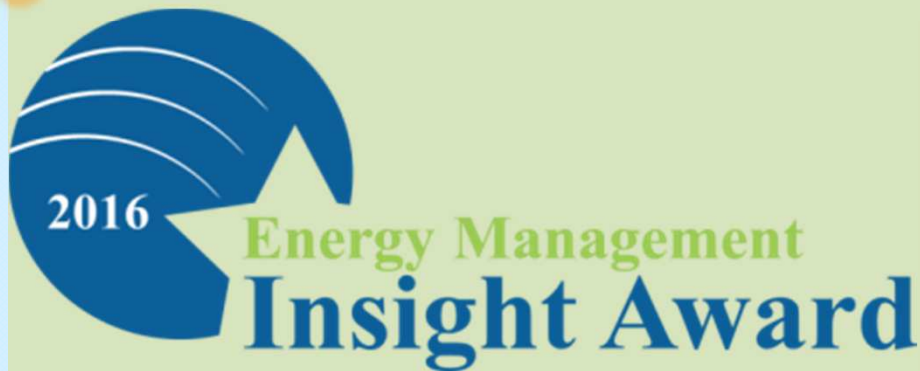
The Machines for 1000t(PRG)& 3000t (TRF)

Full operation

Stamping massproduction for GM business
preparation completed



Energy Management Insight Award



Kameyama Plant

Selected as one of the 32 companies in 19 countries
Awarded by Clean Energy Ministerial Meeting (CEM)

Environmental Award & CSR Award

FPMI (Philippine)

HCPI supplier
2nd/18 companies
Received double award



NIKKEI IR, Investment Fair in 2016

Date: Aug 26th, 2016 (Friday)
Aug 27th, 2016 (Saturday)

Venue: Tokyo Big Site

Product exhibited: 16M CIVIC Rear Suspension Module,
Lightweight Pedal



16M CIVIC Rear
Suspension Module



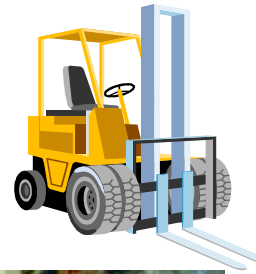
We presented F.tech's information to private investors in order to enhance their awareness and understanding.

Conduct The Factory Tour at Kameyama Plant

Date: Oct 21st, 2016 (Friday)

Where: Kameyama Plant

Attendees: 13 People

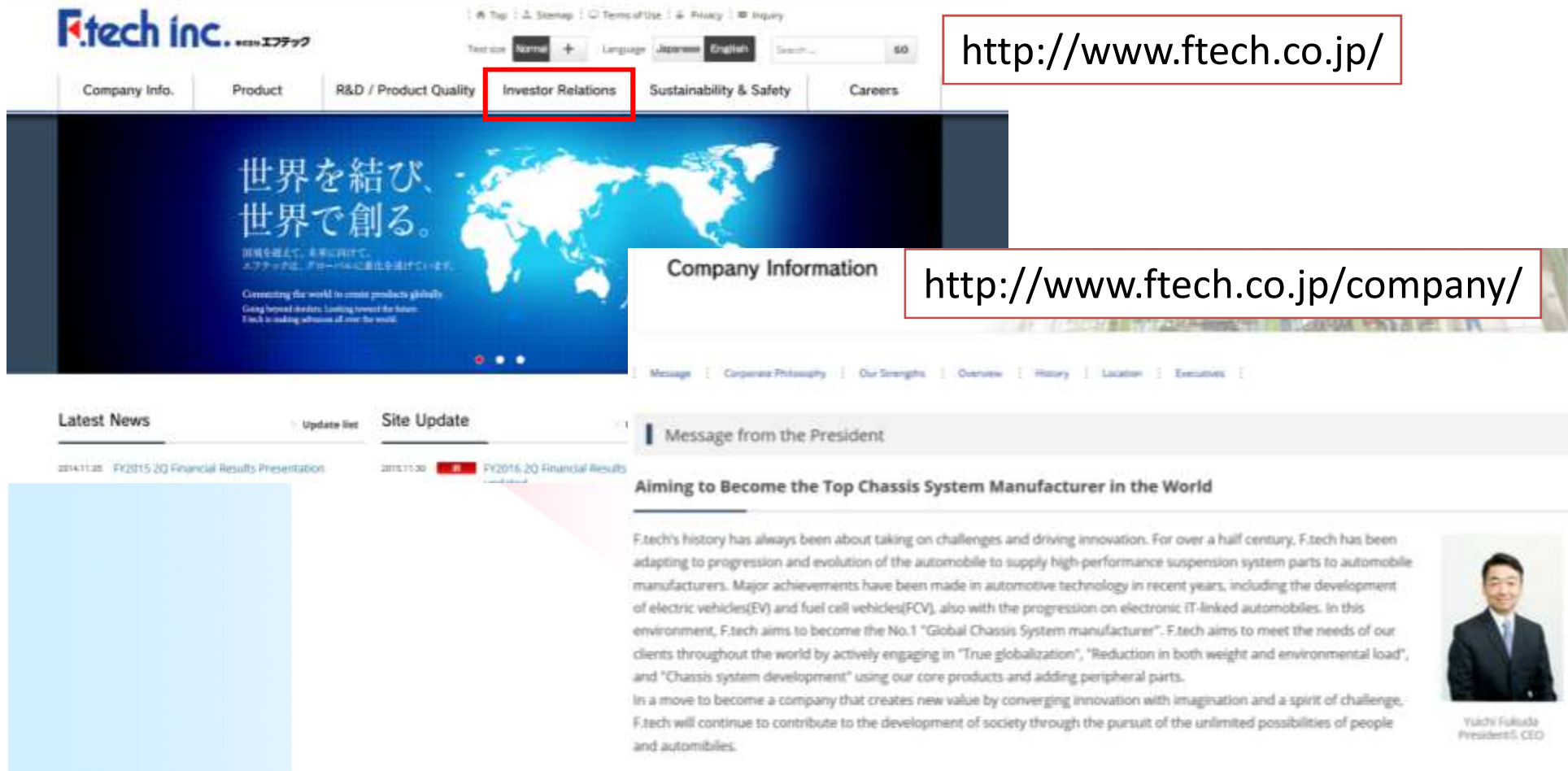


↑ Kameyama Plant



We provide know-how for supplying high-efficiency and high-quality products as a global mother factory.

Our corporate website was renewed in July 7, 2015
We disclose our information in a timely and appropriate manner on our website.





The future outlook and earnings forecasts in this document are made based on the information available at the moment, and they include potential risks and uncertainties.

As a result, please bear in mind that actual business performance may substantially differ from the stated future forecasts due to changes in various factors.

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