



**Results Briefing**  
**for the Year Ended**  
**March 31, 2013**  
**May 10, 2013**



## **<Today's Content>**

- 1. Performance Summary for the Fiscal Year Ended March 31, 2013 (fiscal 2013)**
- 2. Results Forecast for the First Half of the Fiscal Year Ending March 31, 2014 (fiscal 2014)**
- 3. Future Directions**



# **1. Performance Summary for the Fiscal Year Ended March 31, 2013 (fiscal 2013)**



## Fiscal 2013: Main Aspects of Performance

### ■ Differences from the preceding fiscal year

Net sales were down approximately ¥10.3 billion, and ordinary income decreased approximately ¥0.6 billion.

- ✓ The sales volume declined approximately 2% year on year.  
Foil stock volumes decreased, and growth in other sectors was sluggish.
  
- ✓ Structural reforms in the sheet rolling business (discontinuation of upstream processes at the Nikko Works → effective amount: ¥0.6 billion), etc., revenue improvement +¥1.1 billion

### ■ Dividend

Planned at ¥3 per share

Note: Fiscal 2013 indicates the fiscal year ended March 31, 2013.



# Fiscal 2013 Result (Year on Year)

## < Consolidated >

(Billions of yen)

	Fiscal 2012 (A)	Fiscal 2013 (B)	Change (B) – (A)	Change rate (%) (B-A) / (A)
Net sales	194.0	183.7	(10.3)	(5.3%)
Operating income	6.4	5.3	(1.0)	(16.1%)
Ordinary income	6.4	5.8	(0.6)	(9.2%)
Net income	3.5	3.1	(0.4)	(11.1%)

## < Non-consolidated > (Reference)

(Billions of yen)

	Fiscal 2012 (A)	Fiscal 2013 (B)	Change (B) – (A)	Change rate (%) (B-A) / (A)
Net sales (Volume)	167.3 (398K tons)	156.6 (390K tons)	(10.7) (-8K tons)	(6.4%) (-2.0%)
Operating income	4.4	4.3	(0.1)	(2.3%)
Ordinary income	3.7	3.9	0.2	4.5%
Net income	1.8	2.3	0.5	27.3%

Note: Fiscal 2012 and 2013 indicate the fiscal years ended March 31, 2012 and 2013, respectively.

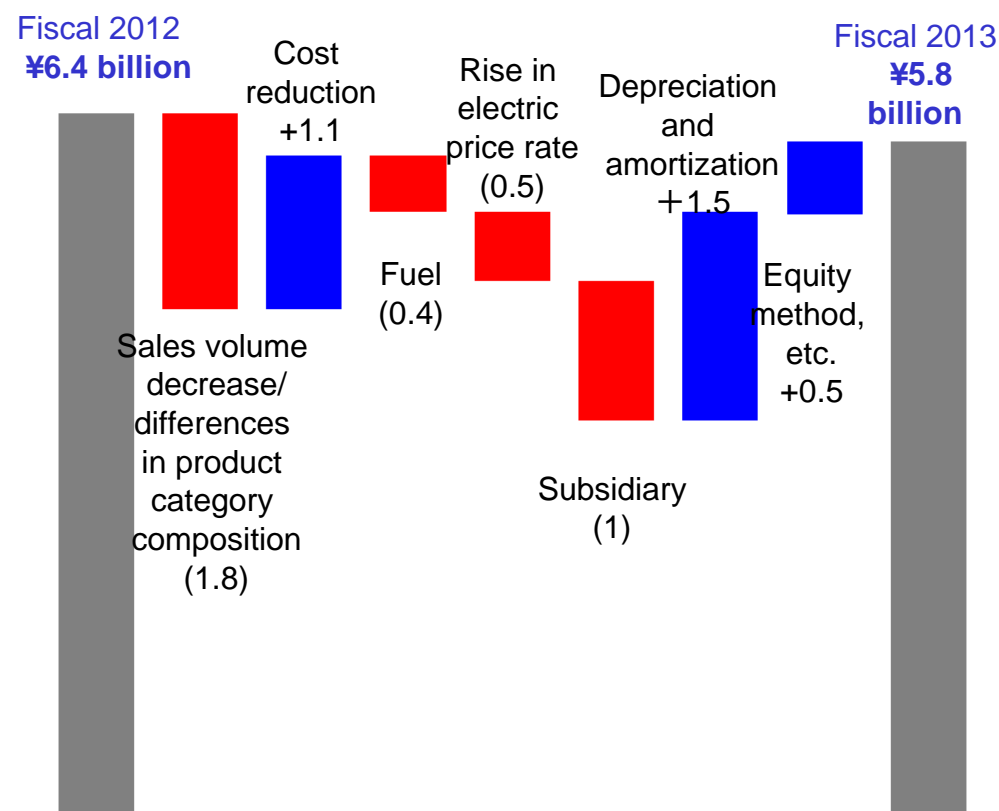


## Analysis of Consolidated Ordinary Income (Fiscal 2012 → 2013)

Fiscal 2012 6,400 million yen → Fiscal 2013 5,800 million yen  
 Break down of change in consolidated ordinary income (-600 million yen)

<Individual product volumes> (Thousand tons)

Product category		Fiscal 2012 (a)	Fiscal 2013 (b)	Change (b) - (a)	
Sheets	Can materials	126	122	(4)	
	Foil	35	31	(4)	
	General domestic demand	109	107	(2)	
	Thick sheets	LNG	6	9	3
		Other	24	23	(1)
	Export	61	63	2	
	Subtotal		362	356	(6)
Subtotal of Extrusion		35	33	(2)	
Subtotal of Casting/Forging		2	1	(1)	
<b>Total</b>		<b>398</b>	<b>390</b>	<b>(8)</b>	



Note: Fiscal 2012 and 2013 indicate the fiscal years ended March 31, 2012 and 2013, respectively.



# Consolidated Balance Sheet

(Billions of yen)

	Mar. 2012	Mar. 2013	Change		Mar. 2012	Mar. 2013	Change
<b>Current Assets</b>	<b>102.7</b>	<b>95.6</b>	<b>(7.1)</b>	<b>Current Liabilities</b>	<b>91.3</b>	<b>90.1</b>	<b>(1.2)</b>
Cash and bank deposits	7.6	9.0	1.4	Notes and accounts payable—trade, others	57.4	56.2	(1.3)
Short-term loans receivable (management)	8.8	3.0	(5.8)	Short-term loans payable / Current portion of long-term loans payable / Bonds payable	32.3	32.4	0
Notes and accounts receivable-trade	57.1	53.9	(3.2)	Other liabilities	1.5	1.6	0.1
Inventories	22.4	23.4	1.0	<b>Fixed liabilities</b>	<b>50.6</b>	<b>50.4</b>	<b>(0.2)</b>
Other assets	6.8	6.2	(0.6)	Long-term loans / bonds payable	38.4	38.4	(0)
<b>Fixed assets</b>	<b>110.3</b>	<b>122.2</b>	<b>11.9</b>	Other fixed liabilities	12.1	12.0	(0.2)
Tangible / Non-tangible fixed assets	87.3	96.3	8.9	<b>Shareholder's equity</b>	<b>70.6</b>	<b>76.5</b>	<b>5.9</b>
Investments and other assets	23.0	25.9	2.9	<b>Minority interests</b>	<b>0.6</b>	<b>0.8</b>	<b>0.2</b>
<b>Asset total</b>	<b>213.0</b>	<b>217.8</b>	<b>4.8</b>	<b>Liabilities / Gross capital total</b>	<b>213.0</b>	<b>217.8</b>	<b>4.8</b>



## Consolidated Key Indicators

	March 31, 2012	March 31, 2013	Change
<b>Owners' equity (billions of yen)</b>	<b>70.6</b>	<b>76.5</b>	<b>5.9</b>
<b>Owners' equity ratio (%)</b>	<b>33.1%</b>	<b>35.1%</b>	<b>2.0</b>
<b>Interest-bearing debt (billions of yen)</b>	<b>70.7</b>	<b>70.8</b>	<b>0</b>
<b>NET interest-bearing debt (billions of yen)</b>	<b>54.3</b>	<b>58.7</b>	<b>4.4</b>
<b>Debt / equity ratio (times)</b>	<b>1.00</b>	<b>0.93</b>	<b>(0.08)</b>
<b>NET Debt / equity ratio (times)</b>	<b>0.77</b>	<b>0.77</b>	<b>(0.00)</b>
<b>ROE (%)</b>	<b>5.1%</b>	<b>4.3%</b>	<b>(0.8)</b>

Note: Figures have been rounded to the nearest 0.1 billion yen.





## **2. Results Forecast for the First Half of the Fiscal Year Ending March 31, 2014 (fiscal 2014)**



# The First Half of Fiscal 2014

## Main Aspects of Results Forecast

- As we intend to undergo business integration with Sumitomo Light Metal Industries, Ltd., on October 1, 2013, we have only announced a forecast for the first half of the fiscal year.

We intend to consider and announce full-year operating result forecast following the business integration.

- In fiscal 2014, we expect to recover competitiveness in our major product areas, owing to the effects of yen depreciation, but expect a full-fledged recovery from the second half.

Given expectations that procurement costs will increase, we expect income levels to remain the same as in the preceding fiscal year.

Note: Fiscal 2014 indicates the fiscal year ending March 31, 2014.



# Fiscal 2014 Results Forecast

(Billions of yen)

	Fiscal 2013		Fiscal 2014 forecast		Change (D) – (C)
		First half (C)		First half (D)	
Net sales	183.7	93.4		95.5	2.1
Operating income	5.3	2.9		2.9	0
Ordinary income	5.8	3.1		3.3	0.2
Net income	3.1	1.8		1.8	(0)

Specification: Crude oil (Dubai) USD106/B, aluminum ingots JPY240/kg, exchange rate JPY94/USD

Note: Fiscal 2013 and 2014 indicate the fiscal years ended/ending March 31, 2013 and 2014, respectively.



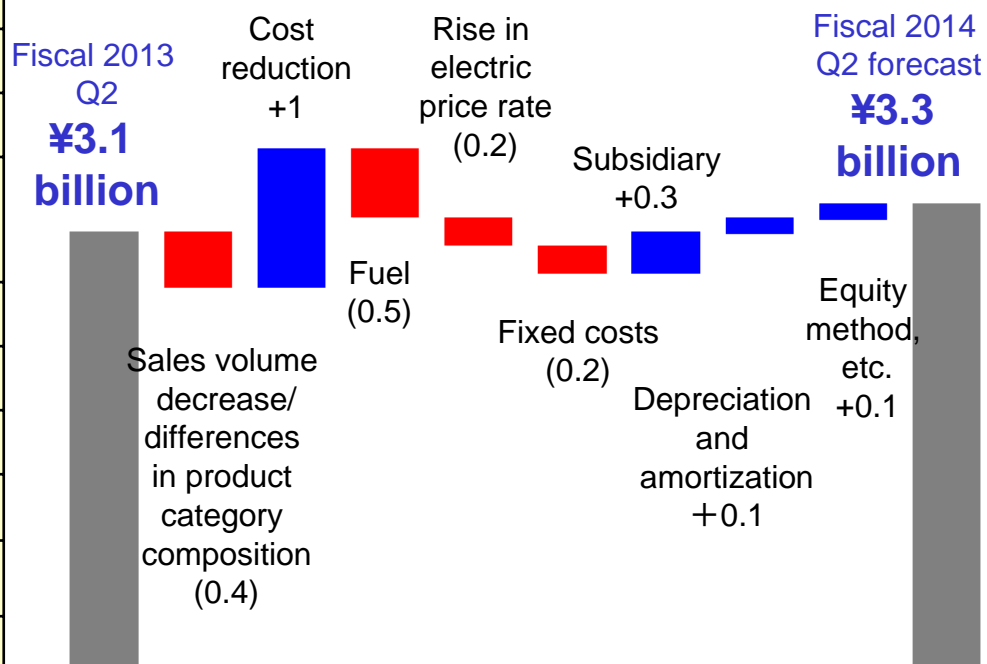
# Analysis of Consolidated Ordinary Income

(First half of fiscal 2014 forecast year-on-year)

First half of fiscal 2013 3.1 billion yen → First half of fiscal 2014 3.3 billion yen  
 Breakdown of change in consolidated ordinary income forecast (+0.2 billion yen)

<Individual product volumes> (Thousand tons)

Product category		Fiscal 2013 Q2 (e)	Fiscal 2014 Q2 (f)	Change (f) - (e)	
Sheets	Can materials	63	68	5	
	Foil	17	14	(3)	
	General domestic demand	54	49	(5)	
	Thick sheets	LNG	6	7	1
		Other	12	10	(2)
	Export	28	31	3	
	Subtotal	179	179	0	
Subtotal of extrusion		17	16	(1)	
Subtotal of casting/forging		1	1	0	
<b>Total</b>		<b>197</b>	<b>196</b>	<b>(1)</b>	

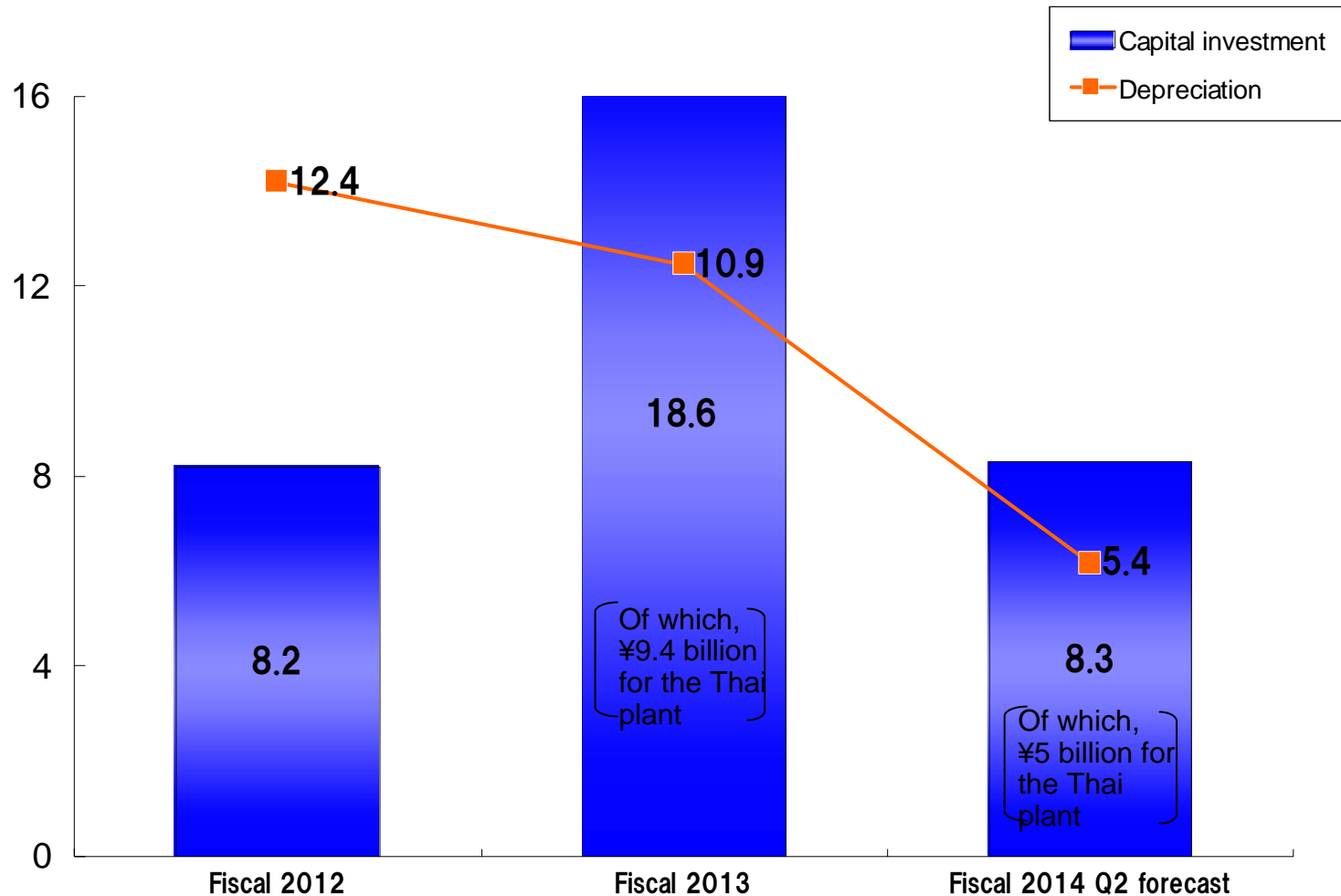


Note: Fiscal 2013 and 2014 indicate the fiscal years ended/ending March 31, 2013 and 2014, respectively.



## Capital Investment / Depreciation and Amortization (Fiscal 2012 → 2014 Q2 forecast)

Billions of yen



Note: Fiscal 2013 and 2014 indicate the fiscal years ended/ending March 31, 2013 and 2014, respectively.



## 3. Future Directions

1. Market Trends
2. Global Development
3. Business Integration with Sumitomo Light Metal Industries, Ltd.



## 3-1. Market Trends

### 3-1-1 Impact of yen depreciation

The export competitiveness of items produced in Japan should recover, reducing pressure from imports of overseas materials

#### <Trends in Major Product Categories>

Major Product Categories	Impact of yen depreciation
Automotive materials, automotive heat exchanger materials	While manufacturers of automobiles and automotive heat exchangers who have shifted to local procurement will continue to manufacture overseas, the number of units produced in Japan should also increase.
Thick plates used in semiconductor and LCD production equipment	Capital investment by domestic equipment manufacturers should recover, along with their competitiveness.
Foil stock	Foil imports should decrease.
Thick plates for LNG tankers	Japanese shipbuilders should recover their competitiveness vis-à-vis South Korean and Chinese shipbuilders.
Exported can stock	Competitiveness of exports should recover, and selling prices should improve on a yen basis.

Although we expect these changes to occur, we have not incorporated these assumptions into our first-half performance forecasts.



# 3-1. Market Trends

## 3-1-2 Trends in Demand for Thick Plate for LNG Tankers

■ Forecast for Furukawa-Sky thick plate for LNG tanker production

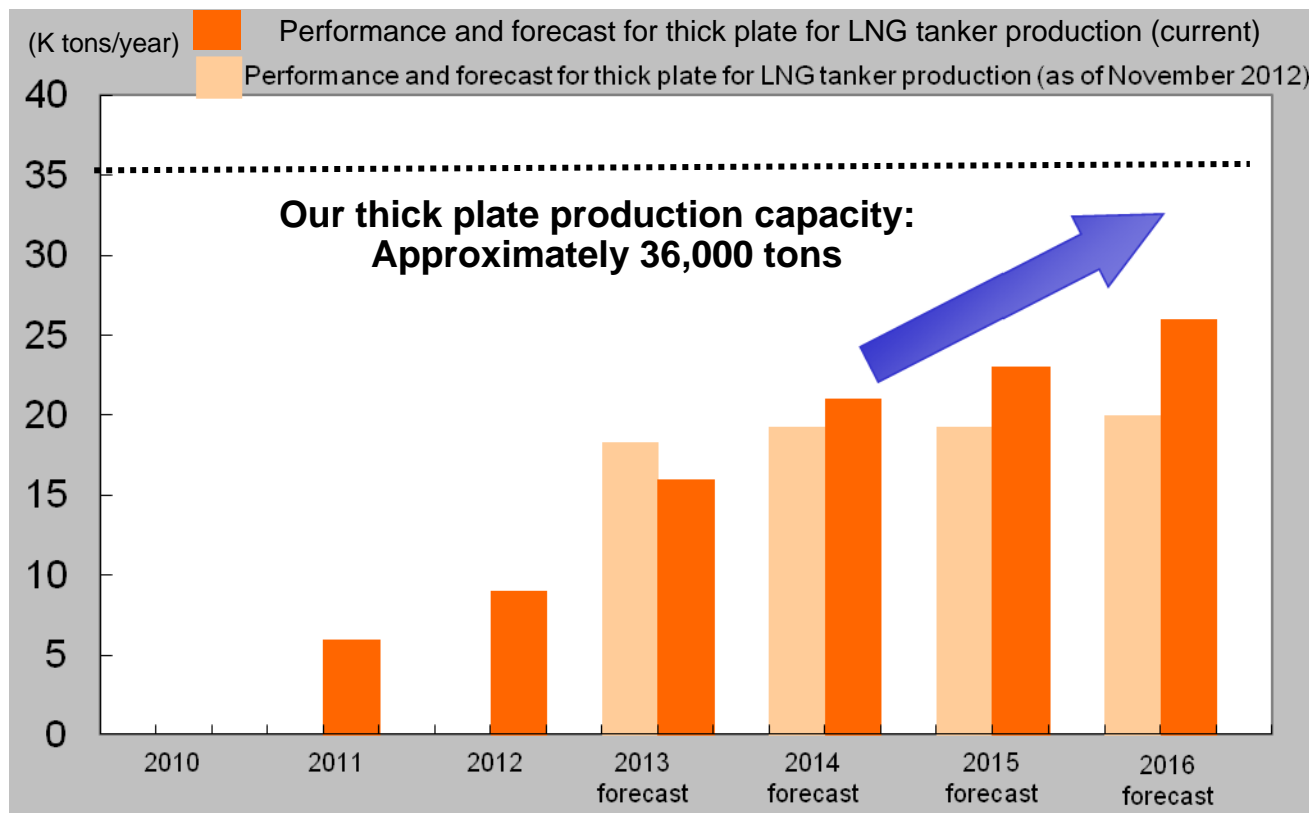
- ✓ Following the nuclear accident, demand for LNG has increased for use in thermal power generation.
- ✓ This summer, the U.S. government is expected to approve shale gas exports to Japan for 2017.

(Procurable shale gas with Japanese corporate involvement of 14.7 million tons/month ⇒ equivalent to 30 LNG tankers ⇒ equivalent to 102,000 tons of Furukawa-Sky thick plate)

- ✓ No problem for our thick plate production system

Note: Based on Nikkei articles

**Forecast production volume for our thick plate for LNG tankers**







# 3-1. Market Trends

## 3-1-3 Demand Trends in Thick Plates Used in Semiconductor and LCD Manufacturing Equipment

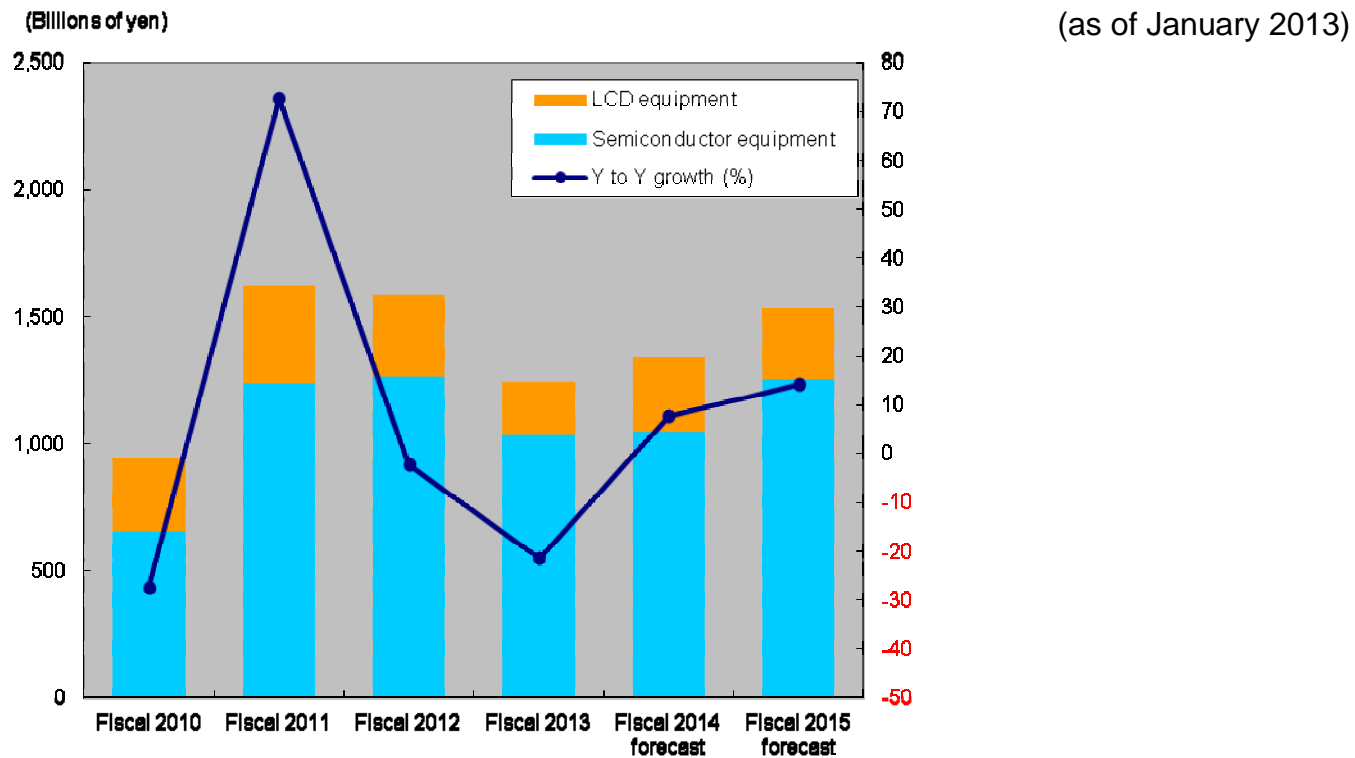
Forecast for thick plates used in semiconductor and LCD manufacturing equipment

Capital investment by Japanese equipment manufacturers is expected to recover in line with the return of business confidence, causing demand for semiconductor and LCD manufacturing equipment to increase.

Changes in status of semiconductor-related companies

Major semiconductor manufacturing equipment maker A → Assumes that capital investment by semiconductor manufacturers will recover, and anticipates a 15% rise in consolidated net income for fiscal 2014, compared with fiscal 2013 levels (announced in April)

### Projected sales (deliveries) of Japanese-made LCD and semiconductor fabrication equipment



Note: Each fiscal year ends on March 31 of the indicated years.

Source: Semiconductor Equipment Association of Japan data



## 3-2. Global Developments

### State of Progress at the New Thai Rolling Plant

A full-fledged aluminum rolling plant with leading-edge facilities that will offer both high product quality and cost competitiveness

	CY2011	CY2012	CY2013	CY2014	CY2015
Domestic		Structural reform of rolled products business Discontinue upstream processes at Nikko Works	Shift to cold rolling		
Phase I Cold-rolling processes -		Start construction	Install equipment Test operation	Jan. 2014 Start operations <b>60K tons/year</b>	
Phase II Integrated production, from casting			Construction, equipment installation, test operation		Mar. 2015 Start operations <b>180K tons./year</b>

- ✓ Facility construction is proceeding according to plan, with an anticipated start of Phase I operations in January 2014.
- ✓ Going forward, test operations are scheduled to start in October 2013, with mass production commencing in January 2014.

We aim for a vertical startup of production and sales.





### 3-3. Business Integration with Sumitomo Light Metal Industries, Ltd.

#### 3-3-1 Outline of the Integration

<b>Trade name</b>	<b>UACJ Corporation</b>
<b>Representatives</b>	Chairman and CEO Shigenori Yamauchi (Currently, President of Sumitomo Light Metal Industries, Ltd.) President and CEO Mitsuru Okada (Currently, President and Chief Executive Officer of Furukawa-Sky Aluminum Corp.)
<b>Head office location</b>	Tokyo Sankei Building, 1-7-2 Otemachi, Chiyoda-ku, Tokyo
<b>Effective date of the merger (integration date)</b>	Scheduled for October 1, 2013
<b>Form of integration</b>	Absorption-type merger with Furukawa-Sky as the surviving company
<b>Merger ratio</b>	Furukawa-Sky: 1 Sumitomo Light Metal Industries: 0.346 (For each share of Sumitomo Light Metal Industries, 0.346 share of Furukawa-Sky will be allotted.)





### **3-3. Business Integration with Sumitomo Light Metal Industries, Ltd.**

#### **3-3-2 State of Progress on the Integration and Schedule Going Forward**

- **August 29, 2012: Execution of the Basic Integration Agreement**
- **September 28, 2012: Completion of first-stage screening by the Japan Fair Trade Commission**
- **February 21, 2013: Completion of second-stage screening by the Japan Fair Trade Commission (Integration approval)**
- **April 26, 2013: Execution of Merger Agreement**

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• **June 2013: Approval of merger agreement at both companies' ordinary general meetings of shareholders**

• **October 1, 2013: Date of merger (integration date)**

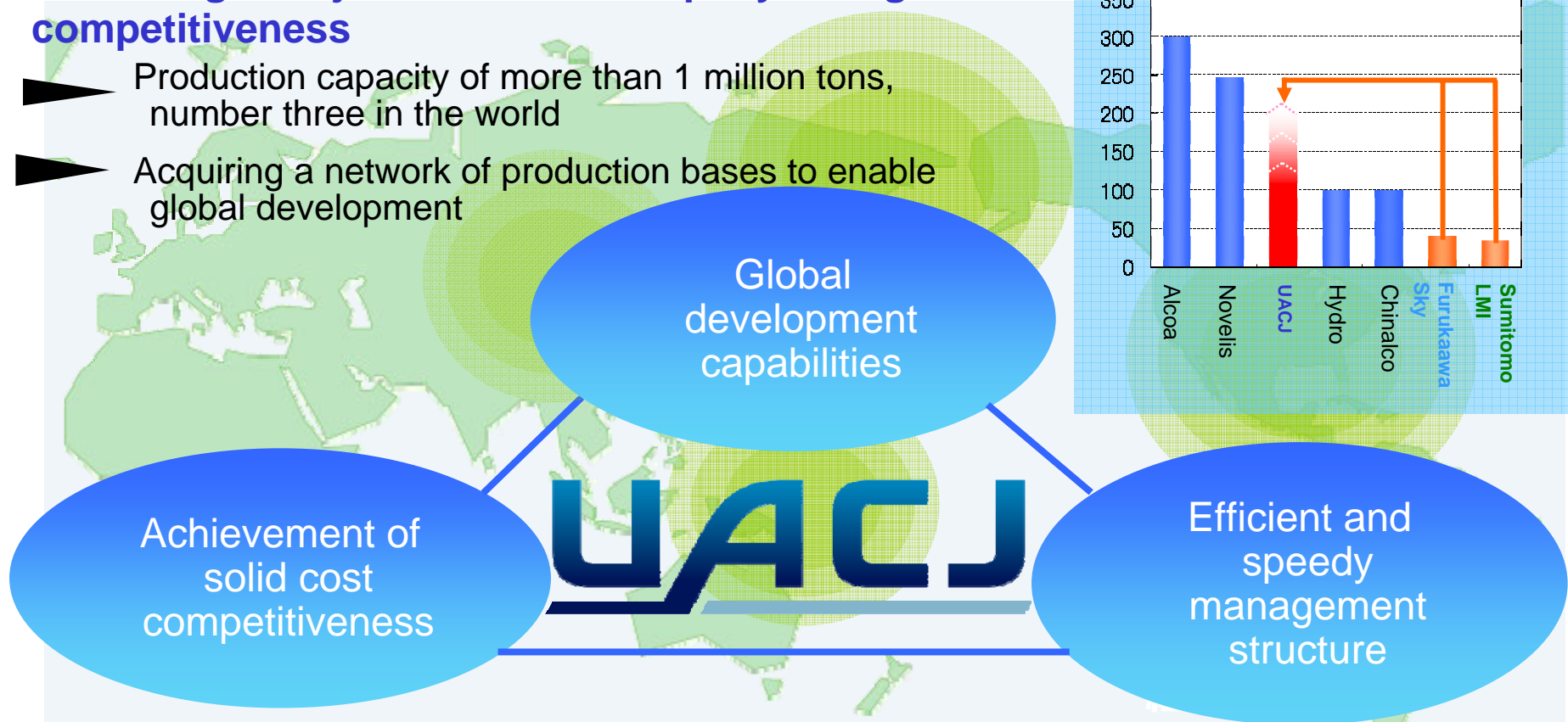
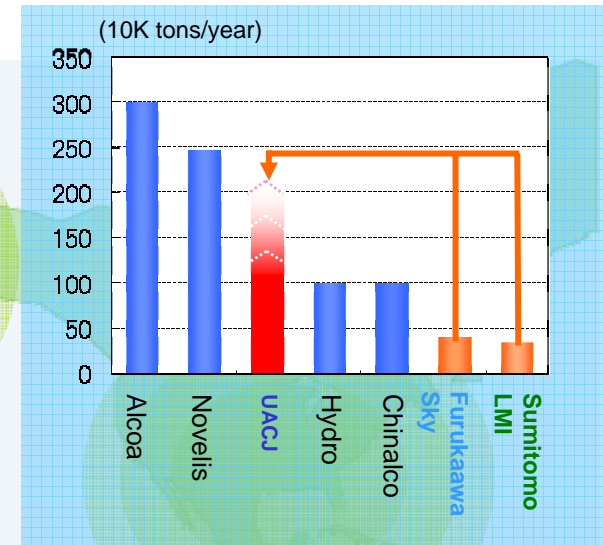


### 3-3. Business Integration with Sumitomo Light Metal Industries, Ltd.

#### 3-3-3 Form Following Integration

#### Becoming a major aluminum company with global competitiveness

- ▶ Production capacity of more than 1 million tons, number three in the world
- ▶ Acquiring a network of production bases to enable global development



We intend to consider key measures and policies and integration effects promptly after the business integration in October 2013.





### 3-3. Business Integration with Sumitomo Light Metal Industries, Ltd.

#### 3-3-4 Accelerated Formation of Global Structure Following Business Integration

	Europe	South East Asia	China	Japan	America
Rolling business	BAL AFSEL	Thai new works	Ruyuan	Fukui Works Fukaya Works Nagoya Works Nikko Works	TAA <small>Shift from an equity-method company to a consolidated subsidiary</small>
Extrusion business	Sumikei techo Czech s.r.o.	FIA (Indonesia) Sumikei Techno (Thailand)	FSAT (Tianjin)	Oyama Works Furukawa Sky Shiga Sumikei Techno companies	
Cast and processed products		FSV (Vietnam) NALCO (Thailand)	FSWA (Wuxi)	Casting and forging factory Nikkei kakoh Nalco Iwai companies	IWAI METAL America / Mexico

Note: Sumitomo Light Metal Industries bases are shown in red.

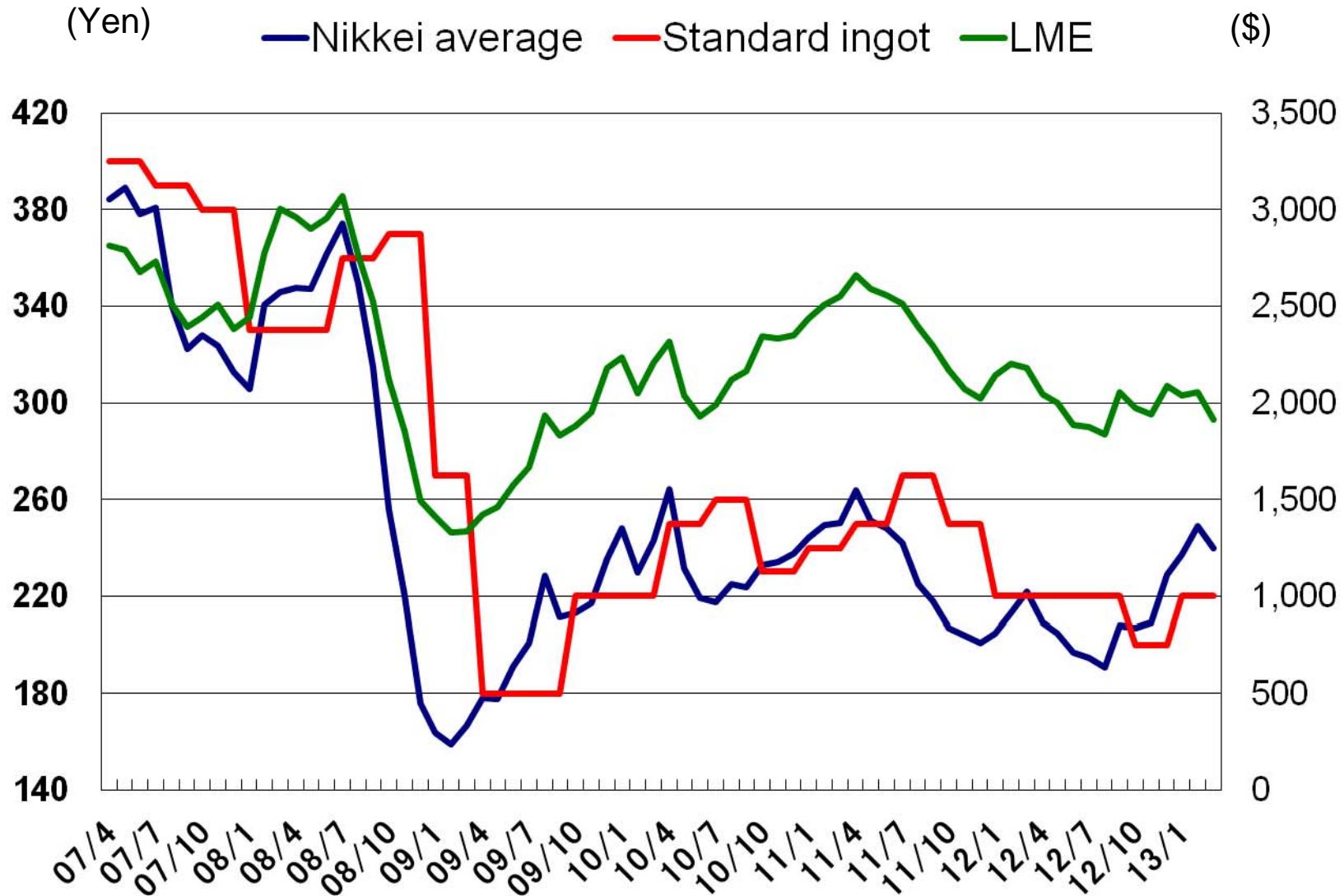
Note: Key plants and affiliated companies in the rolling, extrusion, and cast and processed products businesses

Achieve regional expansion, develop business over broader areas rather than at specific points, establish a global supply structure



For Reference

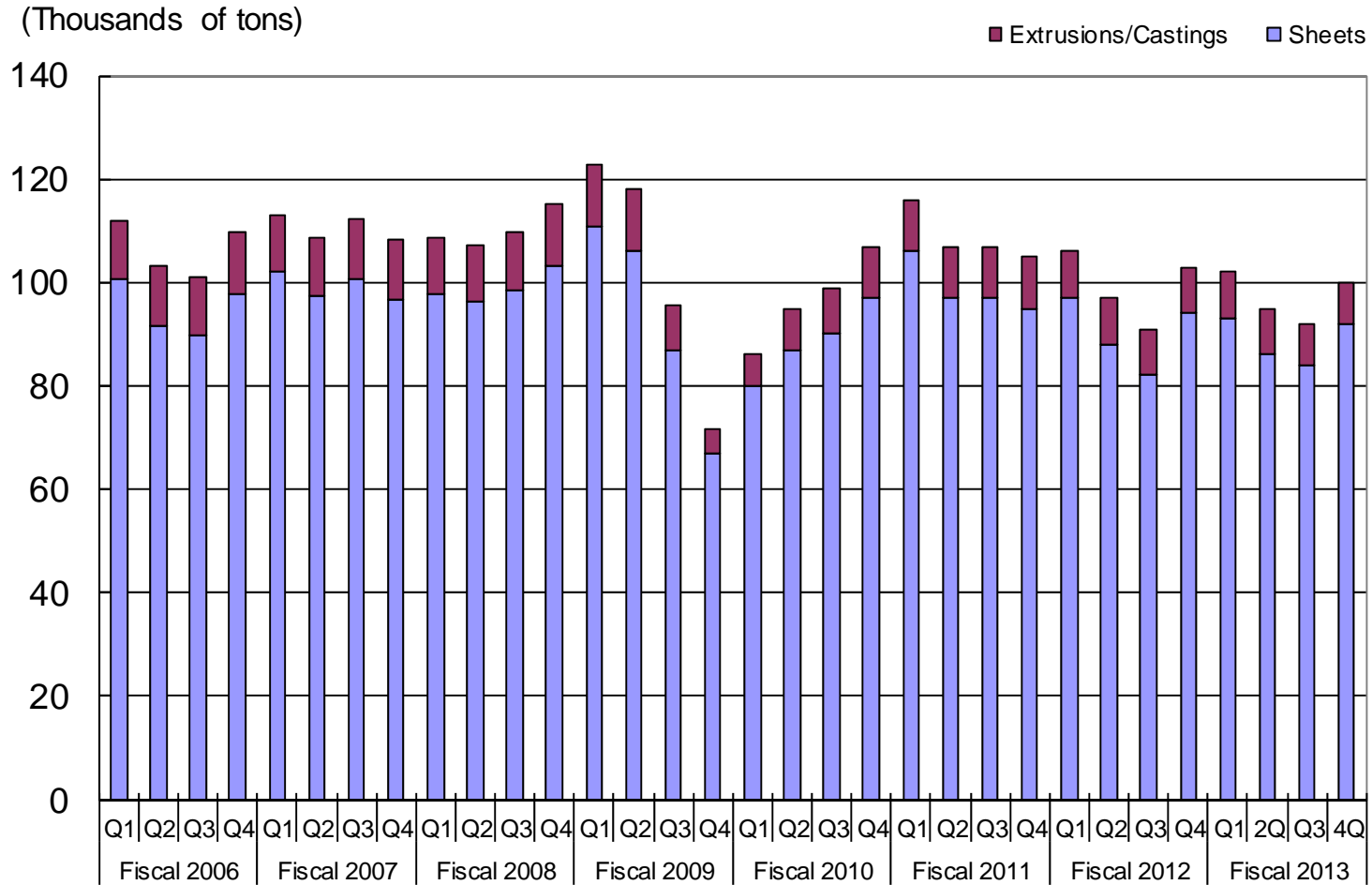
**Spot aluminum: Nikkei average, standard ingot, LME trend**





For Reference

# Product Volume Movement



Note: Each fiscal year ends on March 31 of the indicated years, that is, fiscal 2013 refers to the fiscal year ended on March 31, 2013.





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