

Financial Results

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		Fiscal 2008	Fiscal 2009	Fiscal 2010
Operating performance and profitability (consolidated)				
Net sales	Total	506,826	419,118	466,699
Operating income (loss)	Total	(6,860)	5,780	27,933
Ordinary income (loss)	Total	(14,883)	2,357	23,146
Income before income taxes (loss)	Total	(21,431)	(9,491)	18,676
Net income attributable to owners of the parent (loss)	Total	(29,643)	(7,250)	19,157
Operating margin	Total	(1.4%)	1.4%	6.0%
Net income/net sales	Total	(5.8%)	(1.7%)	4.1%
Financial condition and efficiency (consolidated)				
Total assets	Total	514,974	510,073	524,527
Net assets	Total	75,624	88,217	105,174
Shareholders' equity	Total	72,964	86,858	103,921
Interest bearing debt	Total	278,623	252,340	242,035
Current assets	Total	175,170	180,576	205,286
Noncurrent assets	Total	339,801	329,498	319,240
Current liabilities	Total	258,666	238,684	237,988
Noncurrent liabilities	Total	180,682	183,172	181,364
Shareholders' equity ratio	Total	14.2%	17.0%	19.8%
Return on equity (ROE)	UACJ/Furukawa-Sky	(17.7%)	(1.3%)	18.6%
	Sumitomo Light Metal	(50.9%)	(28.4%)	23.1%
Consolidated cash flows				
Cash flows from operating activities	Total	14,644	31,181	35,923
Cash flows from investing activities	Total	(23,339)	(10,840)	(13,595)
Free cash flow	Total	(8,695)	20,341	22,328
Cash flows from financing activities	Total	9,399	(21,969)	(5,441)
Per share information				
Current net profit (loss) (yen)	UACJ/Furukawa-Sky	(50.64)	(3.39)	52.70
	Sumitomo Light Metal	(49.42)	(15.95)	16.64
Dividend (yen)	UACJ/Furukawa-Sky	6.0	2.0	6.0
	Sumitomo Light Metal	0.0	0.0	0.0
Capital investment and R&D costs (Consolidated)				
Capital investment	Total	19,235	11,255	9,092
Depreciation and amortization costs	Total	25,128	24,501	23,445
R&D costs	Total	5,008	4,602	4,886

Note: Accounting principles for notes maturing at the end of the fiscal year changed in fiscal 2013. However, the figures prior to retrospective treatment are shown for the main management indicators and other records prior to fiscal 2012. The figures before fiscal 2012 are a simple total of the two former companies, Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries Co., Ltd. In fiscal 2013, the figures reported for the first-half year are the amounts for both former companies, and those for the last half-year are the business results for UACJ.

Unit: millions of yen (rounded off)

Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017
452,898	436,485	364,107	572,541	575,735	568,316	624,270
18,709	15,069	17,772	23,679	15,212	25,869	29,205
16,595	14,606	16,798	21,337	12,010	19,819	19,408
10,098	9,743	15,523	18,856	13,976	18,281	19,692
11,838	4,656	9,946	8,649	5,105	8,715	12,253
4.1%	3.5%	4.9%	4.1%	2.6%	4.6%	4.7%
2.6%	1.1%	2.7%	1.5%	0.9%	1.5%	2.0%
535,148	536,200	608,490	677,952	662,543	725,443	774,191
124,440	138,166	168,140	187,136	178,582	198,360	208,396
122,985	136,387	155,515	172,305	165,030	184,090	194,235
225,324	215,318	256,309	295,953	289,006	323,825	342,336
204,890	191,653	236,638	269,889	263,409	305,563	324,318
330,257	344,547	371,852	408,063	399,135	419,880	449,873
263,221	251,858	236,387	287,884	249,784	237,650	273,157
147,487	146,175	203,963	202,932	234,177	289,433	292,638
23.0%	25.4%	25.6%	25.4%	24.9%	25.4%	25.1%
5.1%	4.3%	8.6%	5.3%	3.0%	5.0%	6.5%
19.1%	2.7%	—	—	—	—	—
36,239	29,032	14,233	26,777	22,511	28,393	17,381
(38,120)	(21,520)	(25,452)	(49,668)	(34,759)	(55,456)	(51,853)
(1,881)	7,512	(11,219)	(22,891)	(12,248)	(27,063)	(34,472)
(8,034)	(12,887)	14,067	25,694	11,176	49,478	13,543
15.59	13.85	30.36	20.21	11.94	201.63*	253.96*
14.95	2.59	—	—	—	—	—
6.0	6.0	9.0	6.0	6.0	60.00*	60.00*
1.5	3.5	—	—	—	—	—
13,351	25,554	27,104	46,539	30,489	31,556	51,195
22,821	20,121	17,165	22,636	22,893	23,508	25,686
5,111	5,031	3,688	4,619	4,630	4,412	4,409

* The Company conducted a 1-for-10 reverse stock split on common shares on October 1, 2017. Net income per share and net assets per share have been calculated as if this reverse stock split had occurred at the beginning of fiscal 2016. Annual dividends per share for fiscal 2016 and fiscal 2017 are calculated on a post-stock-split basis.

Business Performance

Business Environment

During the fiscal year ended March 31, 2018, the worldwide economy was characterized by ongoing recovery in the United States and Europe, but the rate of growth in China slowed. Emerging markets were generally in a recovery phase, despite some country-specific disparities. In Japan, ongoing production increases in the corporate sector were buoyed by a strong employment environment, and the household sector continued its slow recovery.

Moving into March, however, the outlook grew increasingly uncertain, due to the US government's introduction of protectionist trade policies and corresponding countermeasures from the Chinese government.

In the flat-rolled products business, demand for can stock was down year on year, but aluminum shipment volumes were robust, due to favorable demand for use in the transport sector and in relation to semiconductor and LCD fabrication equipment. In extruded products, demand was favorable for use in the automotive and general machinery sectors, resulting in stable performance.

In the wrought copper industry, the Group maintained high domestic and international production levels for its core product, copper pipes that are primarily used in household and commercial package air conditioners.

Financial Results Overview

Fiscal 2017 consolidated net sales for the UACJ Group were up 9.8% year on year, to ¥624.3 billion. On the profit front, owing to such factors as an upturn in inventory valuations, operating income grew 12.9%, to ¥29.2 billion. However, ordinary income decreased 2.1%, to ¥19.4 billion, as the passing of the US Tax Reform Act caused the Company to be affected by the reversal of deferred tax assets at an equity-method affiliate. Furthermore, a rise in business startup costs at equity-method affiliate Constellium-UACJ ABS LLC led to a loss in entities accounted for using the equity method. At the same time, the passing of the US Tax Reform Act prompted a reduction in corporate taxes at a US subsidiary. As a result, net income attributable to owners of the parent grew 40.6%, to ¥12.3 billion.

Principal measures of operating performance

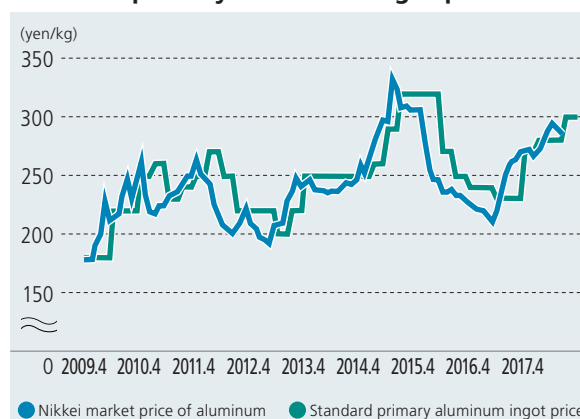
Unit: billions of yen

	Fiscal 2016	Fiscal 2017	Fiscal 2018 (Forecast)
Consolidated net sales	568.3	624.3	670.0
Consolidated operating income	25.9	29.2	28.0
Ordinary income before the impact of inventory valuation	24.0	11.3	16.4
Consolidated ordinary income	19.8	19.4	20.0
Net income attributable to owners of the parent	8.7	12.3	10.0
Adjusted EBITDA	56.8	50.7	57.2

Fuel expenses per unit



Nikkei average primary ingot price/ Standard primary aluminum ingot price



Forecast for Fiscal 2018

Issues to be Addressed

As geopolitical risks such as those in the Middle East and Syria continue to be influential, the Company forecasts further economic uncertainty due to the US administration's protectionist trade policies, immigration policies and currency strategies, as well as due to countermeasures from the Chinese government in response to US trade policy.

Additionally, the Group's financial position may be impacted by events it cannot currently predict, such as unexpected fluctuations in raw material and crude oil prices associated with an overconcentration of providers, greater-than-expected fluctuations in exchange rates and serious accidents involving major facilities. However, the Company will work as diligently as possible to minimize their effect.

Financial Performance Forecast for the Next Term

Fiscal 2018 is the first fiscal year in the new mid-term management plan, and the Company predicts sales volume increases for can stock, automotive materials and aluminum

foil used in lithium-ion batteries. We also forecast improvements at UACJ (Thailand) Co., Ltd., but believe inventory valuations will worsen due to ingot price fluctuations and expect to incur startup expenses as part of our strategic investment in the Logan Mill in the United States. Additionally, crude oil prices are currently rising, and we expect to incur higher energy costs.

Under these circumstances, we forecast net sales of ¥670.0 billion (up 7.3% year on year), operating income of ¥28.0 billion (down 4.1%), ordinary income of ¥20.0 billion (up 3.1%) and net income attributable to owners of the parent of ¥10.0 billion (down 18.4%) for fiscal 2018.

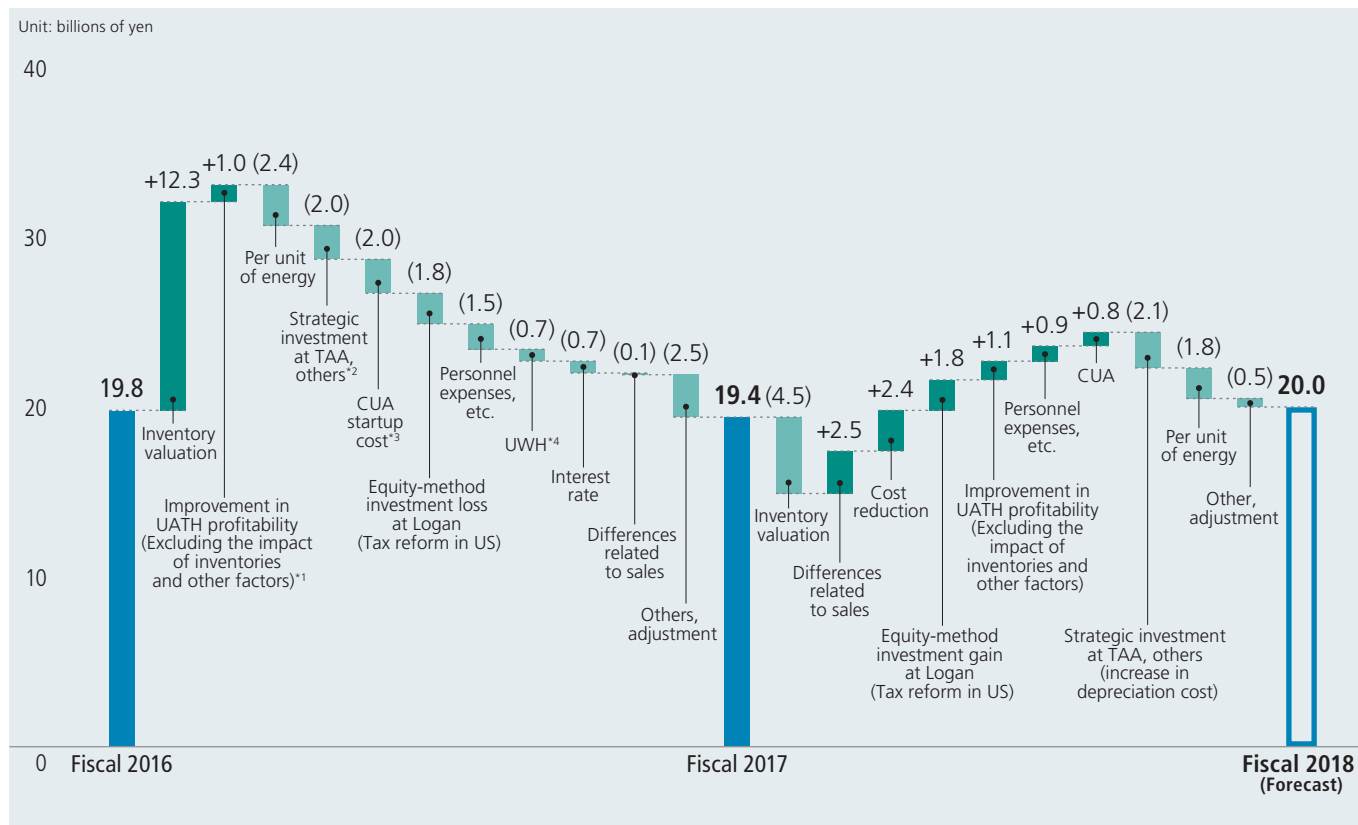
Furthermore, we anticipate ¥57.2 billion (up 12.8%) in adjusted EBITDA, which measures real performance.

Returning Profit to Shareholders

Dividend Policy

UACJ believes it is important to return profits to shareholders in the form of dividends. While our basic policy is to provide stable and sustainable dividends, we also comprehensively

Analysis of consolidated ordinary income



*1 UATH: UACJ (Thailand) Co., Ltd. *2 TAA: Tri-Arrows Aluminum Inc. *3 CUA: Constellium-UACJ ABS LLC *4 UWH: UACJ Automotive Whitehall Industries, Inc.

consider a variety of factors when making decisions on dividend amounts. These factors include trends in corporate performance, securing investment funds for improving corporate value and R&D in order to boost competitiveness, and strengthening our financial standing.

In fiscal 2017, we set interim and year-end dividends at ¥30 per share*.

In fiscal 2018, we will change a portion of our dividend policy with the goal of further clarifying the scope of dividends. We will conduct this change because during the period of our new medium-term management plan we will distribute dividends while prioritizing cash flow and investments aimed at strengthening production capacities in plants overseas and raising corporate value in Japan.

When considering profit distribution based on performance, we will aim for a long-term total return ratio of at least 30%, but during the period of this plan, will target a consolidated dividend payout ratio of 20-30% of yearly profit.

In fiscal 2018, we are planning annual dividends of ¥60 per share.

* Figures are after changes in the number of shares constituting one trading unit and a reverse stock split (changed on October 1, 2017).

Financial Position

Balance Sheet Analysis

Total assets in fiscal 2017 were ¥774.2 billion, up 6.7% year on year, primarily due to higher inventories and capital expenditures.

Total liabilities rose 7.3%, to ¥565.8 billion, mainly as a result of a rise in long-term loans payable to fund strategic investments in the Logan Mill in the United States and UACJ (Thailand) Co., Ltd.

Total net assets were ¥208.4 billion, up 5.1%, thanks to an increase in retained earnings owing to the posting of net income attributable to owners of the parent.

Research and Development

UACJ aims to respond to diverse customer needs and environmental, energy and social changes by conducting consistent research and development ranging from basic technologies to products and applied technology. Additionally, we are expanding our collaboration with state-of-the-art domestic and international research institutions and business groups and strengthening our new product and technology development systems. Meanwhile, we will keep our focus on developing human resources capable of global response, thorough compliance and BCP enhancement so that we can maintain and improve our research and development capabilities. Furthermore, we will endeavor to expand the

scope of application for aluminum parts primarily at the R&D Center (North America), which we established in April 2018, in pursuit of growth in demand for automotive structural materials in North America.

Total R&D expenditures for fiscal 2017 were ¥4.4 billion.

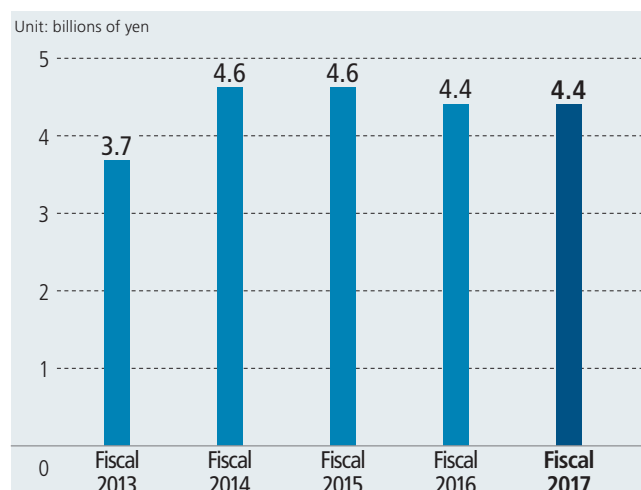
Rolled Aluminum Products Business

With our mainstay flat-rolled aluminum products, we aim to fulfill increasingly diverse and detailed customer needs. We accomplish this goal by focusing on developing aluminum materials used in can stock, aluminum alloy sheets for automotive bodies, automotive structural products, automotive heat exchangers, room air conditioners, IT-related devices and lithium-ion battery current collectors.

To raise productivity and lower manufacturing costs and environmental impact, we are developing new processes from both tangible and intangible perspectives and moving forward with the introduction of IoT technologies. As for basic technologies, the Company is further developing its simulation technologies and actively engaging in improving its data application, analysis and evaluation technologies. Meanwhile, we decided to continue participating in the second and final five years of the Innovative Structural Materials Project, commissioned by the Ministry of Economy, Trade and Industry, in all three themes. In addition, we are accelerating the development of a new aluminum manufacturing process, as well as a high-strength next-generation aircraft material that will be stronger than extra super duralumin.

The Company is also proceeding with research and development in its light aluminum material, pipes and bar products business, which, like the flat-rolled products business, is one of the UACJ Group's core operations. This R&D covers a wide range, including automotive heat exchanger materials,

R&D costs



air-conditioning materials, airplane and automotive aluminum structure materials and high-performance material for motorcycles. We are active in cast products as well, developing aluminum parts with added value, including compressor wheels, which only a few companies in the world are capable of producing. In the realm of packaging material development, Ai-PAC II won the Japan Aluminium Association's "Development Award" in fiscal 2017.

Total R&D expenses for the rolled aluminum products business in fiscal 2017 were ¥4.3 billion.

Wrought Copper Products Business

In the wrought copper products segment, we are developing high-strength copper pipe for air conditioners, contributing greatly to the development and mass production of air conditioners with higher performance and greater energy savings. We are also promoting sales for "DANT," a material we developed to prevent infestation by ant nests in copper pipes used in construction, pipework and air conditioners and are conducting development to further improve corrosion resistance. The technology in the materials we developed to prevent corrosion from ant nests is highly regarded, and we received the Research Paper Award from the Japan Copper and Brass Association for the second consecutive year.

R&D expenses for the wrought copper business were ¥0.1 billion.

Precision-machined Components and Related Businesses

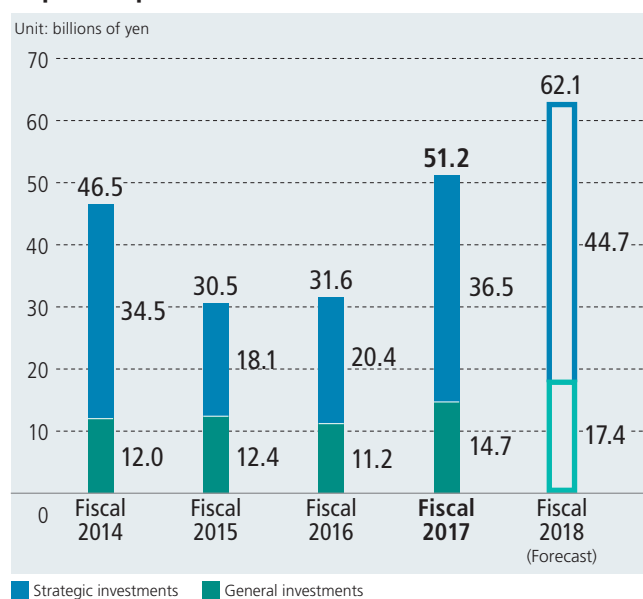
In precision-machined components and related businesses, we are developing cooling devices such as a high-performance, precise power control device, and began mass production in fiscal 2016. We will aim for increased sales in this category, as demand for high-performance applications expands. With regard to the air-conditioning heat exchanger field, we are proceeding with development aimed at expanding sales while supporting conversion to mass production for all-aluminum heat exchangers. Additionally, in automotive parts, we will aim to further expand upon improved sales from the previous year for our ultralight aluminum bumper system, which complies with global specifications.

R&D expenses for precision-machined components and related businesses were ¥2.2 million.

Capital Investment

Total capital investment for the UACJ Group in fiscal 2017 was ¥51.2 billion. By segment, capital investment was ¥44.7 billion in the rolled aluminum products business, ¥0.6 billion in the wrought copper products business and ¥5.5 billion in the precision-machined components and related businesses. Capital investment shared among segments was ¥0.5 billion.

Capital expenditures



As our primary capital investments, in the rolled aluminum products business, we are conducting Phase 3 capital investment in UACJ (Thailand) Co. Ltd., investing in Tri-Arrows Aluminum Inc.'s Logan Mill in the United States and upgrading deteriorating facilities as necessary in Japan.

We have included investment in intangible assets in all capital investment figures listed above.

For fiscal 2018, the Company forecasts strategic investments of ¥44.7 billion and general investments of ¥17.4 billion, totaling ¥62.1 billion.

Analysis of Capital Resources and Funding Liquidity

Analysis of Cash Flows

Cash and cash equivalents totaled ¥20.8 billion as of March 31, 2018, down ¥20.3 billion from one year earlier.

Details of individual cash flows and the factors affecting them are described below.

Cash Flow from Operating Activities

Net cash provided by operating activities amounted to ¥17.4 billion, down ¥38.8% from the previous year. This decrease was mainly due to the recording of income before income taxes and depreciation costs.

Cash Flow from Investing Activities

Net cash used in investing activities was ¥51.9 billion, down 6.5% due to capital investment in Tri-Arrows Aluminum Inc. and UACJ (Thailand) Co. Ltd.

Cash Flow from Financing Activities

Net cash provided by financing activities was ¥13.5 billion, down 72.6%, mainly due to financing through loans payable.

Unit: millions of yen

	Previous fiscal year (as of March 31, 2017)	Current fiscal year (as of March 31, 2018)
Assets		
Current assets		
Cash and deposits	41,242	22,005
Notes and accounts receivable-trade	126,287	135,181
Merchandise and finished goods	29,179	39,412
Work in process	42,969	60,439
Raw materials and supplies	43,764	45,261
Other	22,152	22,049
Allowance for doubtful accounts	(29)	(30)
Total current assets	305,563	324,318
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	61,516	68,941
Machinery, equipment and vehicles, net	95,953	108,600
Land	115,034	115,730
Construction in progress	24,616	33,848
Other, net	8,348	7,973
Total property, plant and equipment	305,467	335,092
Intangible assets		
Goodwill	50,677	46,435
Other	16,713	14,268
Total intangible assets	67,390	60,703
Investments and other assets		
Investment securities	28,269	26,577
Long-term loans	3,876	12,033
Retirement benefit assets	421	483
Other	14,560	15,056
Allowance for doubtful accounts	(103)	(71)
Total investments and other assets	47,023	54,078
Total non-current assets	419,880	449,873
Total assets	725,443	774,191

Unit: millions of yen

	Previous fiscal year (as of March 31, 2017)	Current fiscal year (as of March 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	104,431	121,335
Short-term loans payable	50,592	61,777
Current portion of bonds	2,500	2,500
Current portion of long-term loans payable	45,268	50,643
Other	34,859	36,902
Total current liabilities	237,650	273,157
Non-current liabilities		
Bonds payable	2,500	—
Long-term loans payable	222,964	227,417
Lease obligations	17,823	17,616
Provision for restructuring	929	854
Retirement benefit obligations	18,768	18,465
Other	26,449	28,286
Total noncurrent liabilities	289,433	292,638
Total liabilities	527,083	565,795
Net assets		
Shareholders' equity		
Capital stock	52,277	52,277
Capital surplus	80,318	80,318
Retained earnings	42,252	51,841
Treasury stock	(241)	(295)
Total shareholders' equity	174,605	184,141
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,592	2,383
Deferred gains or losses on hedges	(661)	(806)
Foreign currency translation adjustment	6,851	8,359
Cumulative adjustments related to retirement benefits	703	158
Total accumulated other comprehensive income	9,485	10,094
Non-controlling interests	14,270	14,161
Total net assets	198,360	208,396
Total liabilities and net assets	725,443	774,191

Consolidated Statements of Income

Unit: millions of yen

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net sales	568,316	624,270
Cost of sales	490,460	540,150
Gross profit	77,856	84,120
Selling, general and administrative expenses	51,987	54,915
Operating income	25,869	29,205
Non-operating income		
Interest income	573	941
Dividend income	449	431
Rental income	286	331
Other	992	1,149
Total non-operating income	2,299	2,851
Non-operating expenses		
Interest expenses	3,790	5,213
Share of loss of entities accounted for using equity method	1,405	5,361
Financing expenses	1,195	—
Other	1,959	2,075
Total non-operating expenses	8,349	12,649
Ordinary income	19,819	19,408
Extraordinary income		
Gain on sale of investment securities	10	826
Gain on sale of non-current assets	119	512
Insurance income	—	424
Other	9	0
Total extraordinary income	137	1,762
Extraordinary loss		
Loss on retirement of non-current assets	707	841
Valuation loss on investment securities	10	262
Fire loss	270	—
Special severance payment	185	—
Other	503	375
Total extraordinary losses	1,675	1,478
Income before income taxes	18,281	19,692
Income taxes-current	8,505	7,138
Income taxes-deferred	174	(733)
Total income taxes	8,679	6,405
Net income	9,602	13,287
Net income attributable to non-controlling interests	887	1,034
Net income attributable to owners of the parent	8,715	12,253

Consolidated Statements of Comprehensive Income

Unit: millions of yen

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net income	9,602	13,287
Other comprehensive income		
Valuation difference on available-for-sale securities	1,405	(211)
Deferred gains (losses) on hedges	560	(170)
Foreign currency translation adjustment	(1,460)	213
Adjustments to retirement benefits	(679)	221
Share of other comprehensive income of entities accounted for using equity method	(1,454)	(97)
Total other comprehensive income	(1,627)	(44)
Comprehensive income	7,975	14,243
(Attributable to)		
Owners of the parent	7,100	13,171
Non-controlling interests	874	72

Unit: millions of yen

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net cash provided by (used in) operating activities		
Income before income taxes	18,281	19,692
Depreciation and amortization	23,508	25,686
Amortization of goodwill	3,177	3,504
Equity in earnings of affiliated companies	1,405	5,361
Interest and dividends income	(1,022)	(1,372)
Interest expenses	3,790	5,213
Decrease (increase) in notes and accounts receivable-trade	(8,855)	(9,423)
Decrease (increase) in inventories	(5,983)	(29,046)
Increase (decrease) in notes and accounts payable-trade	4,331	16,812
Other	(5,050)	(6,396)
Subtotal	33,583	30,032
Interest and dividends income received	1,439	1,807
Interest expenses paid	(3,786)	(5,197)
Income taxes (paid)	(2,844)	(9,262)
Net cash provided by (used in) operating activities	28,393	17,381
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(30,544)	(47,289)
Purchase of intangible assets	(1,107)	(703)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(14,494)	—
Purchase of investments in capital of subsidiaries and affiliates	(5,091)	—
Other	(4,221)	(3,861)
Net cash provided by (used in) investing activities	(55,456)	(51,853)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(14,153)	10,600
Proceeds from long-term loans payable	97,939	60,123
Repayment of long-term loans payable	(48,832)	(48,598)
Payment for redemption of bonds	(2,500)	(2,500)
Proceeds from issuance of common stock	14,553	—
Cash dividends paid	(2,566)	(2,895)
Dividends paid to non-controlling interests	(195)	(256)
Sale-and-leaseback revenues	635	376
Proceeds from sale and installment back	9,013	730
Outlays for the repayment of lease obligations	(4,204)	(3,624)
Other	(213)	(412)
Net cash provided by (used in) financing activities	49,478	13,543
Effect of exchange rate change on cash and cash equivalents	(136)	598
Net increase (decrease) in cash and cash equivalents	22,278	(20,331)
Cash and cash equivalents at beginning of period	18,814	41,125
Net increase in cash and cash equivalents due to changes in scope of consolidation	33	—
Cash and cash equivalents at end of period	41,125	20,794