



## Results Briefing for Fiscal 2018

May 14, 2019

© 2013 UACJ Corporation. All rights reserved.

Note: "Fiscal 2018" indicate the fiscal year ended March 31, 2019.

Thank you for taking time out of your busy schedules to attend this briefing session today. I am pleased to report on UACJ Corporation's financial results for fiscal 2018, the Company's fiscal year ended March 31, 2019.

# Contents



**1. FY2018 Results**

**2. FY2019 Forecast**

**3. Progress on Mid-term Plan for FY2019–FY2020**

**4. Financial Status / Shareholder Return**

Today, I will cover these topics in the order shown in this table of contents.

## 1. FY2018 Results

So, let's begin with the first topic, the Company's fiscal 2018 consolidated financial results.

## Ordinary Income: ¥6.2 Billion (Down ¥13.2 Billion YoY)

- **Sales volumes: Growth in demand for can stock from UACJ Thailand (UATH\*<sup>1</sup>) and Tri-Arrows Aluminum (TAA\*<sup>2</sup>)**
- **Ordinary income: Down ¥13.2 billion, or 68.0%**

### Positive

- Improvement in equity-method profit for Logan\*<sup>3</sup>
- Cancellation of one-off HR cost
- Improvement in equity-method profit from termination of CUA\*<sup>4</sup> JV
- Improvement in UATH profitability

### Negative

- Inventory valuation
- Decline in sales due to sudden changes in business environment (deceleration of Chinese economy / US-China trade friction, etc.)
- Increase in energy costs
- One-off increase in depreciation costs for strategic investment at TAA, etc.

## Annual Dividend Forecast: ¥60 per Share

- **Intend to pay ¥60 per share at year-end as originally planned**

\*1: UACJ (Thailand) Co., Ltd. \*2: Tri-Arrows Aluminum Inc. \*3: Logan Aluminum Inc.  
\*4: Constellium-UACJ ABS LLC

As you can see here, ordinary income amounted to 6.2 billion yen in fiscal 2018, a substantial decrease of 13.2 billion yen compared with the previous fiscal year. I will explain the main factors related to ordinary income as well as sales volume later in the presentation.

The annual dividend has been set at 60 yen per share, as originally planned, and it will be comprised of a single fiscal year-end dividend payment.

## Full-Year Results for Fiscal 2018



(Billions of yen)

<Consolidated>	FY2017 (A)	FY2018 (B)	Change (B) - (A)
<b>Net sales</b>	624.3	<b>661.3</b>	37.1
<b>Operating income</b>	29.2	<b>14.9</b>	(14.3)
<b>Ordinary income before inventory valuation impact</b>	11.3	<b>3.0</b>	(8.3)
<b>Ordinary income</b>	19.4	<b>6.2</b>	(13.2)
<b>Net income</b>	12.3	<b>1.1</b>	(11.1)
<b>Adjusted EBITDA</b>	50.7	<b>42.6</b>	(8.1)

[Notes] Net income: Net income attributable to owners of the parent; adjusted EBITDA: EBITDA-inventory valuation impact

© 2013 UACJ Corporation. All rights reserved.

4

The next slide shows fiscal 2018 results in comparison with fiscal 2017. Net sales increased by 37.1 billion yen year on year to 661.3 billion yen. This was mainly attributable to increased sales volume and a higher average price of aluminum, which was reflected in sales prices.

Operating income dropped 14.3 billion yen to 14.9 billion yen, and ordinary income decreased by 13.2 billion yen to 6.2 billion yen, as I just mentioned. I will provide an analysis of this decrease in ordinary income a little later.

Ordinary income before the impact of inventory valuation amounted to 3.0 billion yen, a decrease of 8.3 billion yen. Net income attributable to owners of the parent came in at 1.1 billion yen, down 11.1 billion yen year on year.

Finally, adjusted earnings before interest, taxes, depreciation and amortization amounted to 42.6 billion yen, a decrease of 8.1 billion yen compared with fiscal 2017.

## Sales and Operating Income by Segment



(Billions of yen)

	FY2017 (A)		FY2018 (B)		Change (B) - (A)	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
<b>Flat-rolled products</b>	497.9	29.7	<b>530.7</b>	<b>17.0</b>	32.8	(12.6)
<b>Wrought copper products</b>	45.6	2.1	<b>47.5</b>	<b>1.7</b>	1.9	(0.3)
<b>Precision-machined components and related business</b>	184.6	4.3	<b>197.1</b>	<b>3.1</b>	12.5	(1.2)
<b>(Adjustment)</b>	(103.9)	(6.8)	<b>(114.0)</b>	<b>(7.0)</b>	(10.1)	(0.2)
<b>Total</b>	624.3	29.2	<b>661.3</b>	<b>14.9</b>	37.1	(14.3)

© 2013 UACJ Corporation. All rights reserved.

5

The next slide shows net sales and operating income by business segment.

Results for the Flat-Rolled Products segment are integral to the Company's overall performance, so I would like to discuss them a little later.

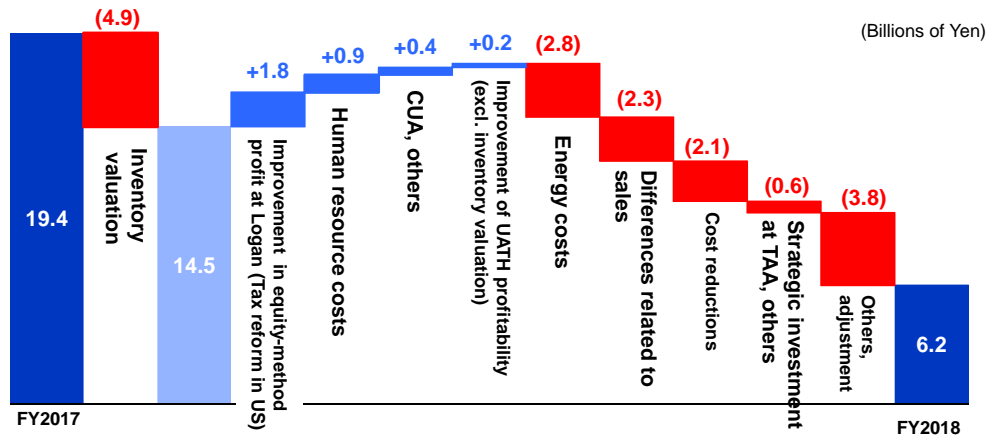
First, let's look at the Wrought Copper Products segment. Sales of the Group's copper pipes were solid thanks to strong demand for copper pipes used in air conditioners, our mainstay product. The average price of copper, however, was lower than the previous fiscal year, impacting inventory valuation. As a result of these factors, net sales were up but operating income decreased year on year.

In the Precision-Machined Components and Related Businesses segment, net sales increased despite declining demand for aluminum materials used in IT-related devices, which negatively affected the product mix. Operating income, however, was down year on year because overhead costs piled up.

## Analysis of Consolidated Ordinary Income (FY2017 → FY2018)



¥19.4 Billion (FY2017) → ¥6.2 Billion (FY2018)



© 2013 UACJ Corporation. All rights reserved.

6

This shows the main factors underlying the year-on-year decrease in consolidated ordinary income. As I mentioned earlier, ordinary income decreased by 13.2 billion yen to 6.2 billion yen.

Looking at the individual factors underlying this decrease, we can see that inventory valuation had a negative impact of 4.9 billion yen, which reflected declining prices of aluminum after it was procured.

On the positive side, the absence of the loss on equity-method affiliate Logan Aluminum in the previous fiscal year accounted for 1.8 billion yen. Likewise, the absence of one-time human resources costs and overtime payouts in the previous fiscal year accounted for 0.9 billion yen. Meanwhile, the dissolution of Constellium-UACJ, a joint-venture with Constellium N.V., resulted in an equity-method affiliate profit of 0.4 billion yen. Improved results at UACJ (Thailand) also contributed about 0.2 billion yen.

On the negative side, increased energy costs amounted to 2.8 billion yen, while differences related to sales of certain products, particularly thick plates for liquid crystal and semiconductor manufacturing equipment, had an impact of 2.3 billion yen. Costs increased by 2.1 billion yen compared with the previous fiscal year, mainly due to outlays for forward-looking investment in growth businesses, and decreased sales volume resulting from natural disasters in Japan, which led to lower production volume, and, accordingly, lower productivity and production capacity utilization rates. The impact of increased depreciation expenses associated with strategic investment in U.S.-based Tri-Arrows Aluminum accounted for about 0.6 billion yen.

Finally, the amount of 3.8 billion yen for the Others category included 0.9 billion yen for quality control-related expenses at newly operating factories, 0.5 billion yen for handling equipment breakdowns at factories in Japan, and 2.2 billion yen for one-time additional costs.

Incidentally, equipment breakdowns at facilities in Thailand incurred one-time costs of 1.0 billion yen, but this has been factored into the overall contribution from UACJ (Thailand).

Due to the combination of these factors, consolidated ordinary income came in at 6.2 billion yen.

## Flat-Rolled Product Sales Volume by Product Type



(Thousands of tons)

	FY2017 (A)	FY2018 (B)	Change (B) - (A)
<b>Can stock</b>	602	<b>666</b>	64
<b>Foil</b>	49	<b>50</b>	0
<b>IT</b>	21	<b>15</b>	(5)
<b>Automotive products</b>	135	<b>147</b>	13
<b>Thick plates</b>	69	<b>40</b>	(29)
<b>Other general-purpose materials</b>	174	<b>177</b>	3
<b>Total</b>	<b>1,049</b>	<b>1,094</b>	<b>45</b>
	For Japanese market: 529 For overseas market: 520	For Japanese market: 504 For overseas market: 590	(25) 70

© 2013 UACJ Corporation. All rights reserved.

7

Now I would like to talk about sales volume for each category of flat-rolled aluminum, the UACJ Group's mainstay product. Total sales volume in fiscal 2018 was 1,094 thousand tons, up by 45,000 tons compared with fiscal 2017. This was the third consecutive year that total sales volume surpassed the million-ton mark.

Sales volume of flat-rolled aluminum for can stock, our biggest-selling product, increased substantially, largely owing to sales handled by UACJ (Thailand) and Tri-Arrows Aluminum. In Japan, however, demand for can stock for beverage cans decreased on the whole due to declining consumption of canned beer and an ongoing shift to plastic beverage bottles. For that reason, even though the Company's sales volume of can stock for beverage cans increased year on year, it fell short of our initial forecasts.

Meanwhile, sales volume of aluminum foil stock was on par with the previous fiscal year.

Year-on-year results decreased, however, for aluminum materials for IT-related devices and equipment, reflecting ongoing inventory adjustments by manufacturers.

On the other hand, sales volume of automotive aluminum products increased on the back of growing demand for aluminum automotive parts and components. Sales of domestically produced automotive body sheet as well as heat exchanger materials were brisk in fiscal 2018.

Sales volume of thick plates dropped substantially year on year. This was attributable to falling demand for thick plates used in liquid crystal and semiconductor manufacturing equipment, reflecting restrained investment in semiconductors amid China's economic slowdown, as well as declining demand for thick plates used for LNG tankers.

Finally, results for other general-purpose materials were roughly in line with the previous fiscal year. Sales of aluminum slabs made by Tri-Arrows Aluminum contributed substantially to the total.



## 2. FY2019 Forecast

Moving on, I would like to turn to the second topic, our forecast of fiscal 2019 financial results.

## Full-Year Forecast for Fiscal 2019



### Ordinary Income: ¥11.0 Billion (Up ¥4.8 billion YoY)

#### Sales volumes:

- Significant growth in demand for can stock from UATH and TAA
- Steady increase in automotive products

#### Ordinary income: Up ¥4.8 billion, or 77.4%

##### Positive

- Improvement in UATH
- Improvement in sales
- Cost reduction
- Improvement in equity-method profit from termination of CUA JV

##### Negative

- Decrease in inventory valuation
- Increase in energy costs

### Annual Dividend Forecast of ¥60 per Share

- **Prioritize profit increase, maintain dividend policy based on business performance, pay dividend once, annually, at year-end**

Ordinary income is forecast to increase by 4.8 billion yen year on year to 11.0 billion yen. Favorable results are also forecast for sales volume, as can stock produced by UACJ (Thailand) and Tri-Arrows Aluminum is expected to continue growing substantially, and sales of aluminum automotive materials is projected to steadily increase.

The forecast increase of 4.8 billion yen in ordinary income is based on a number of factors. Profit from equity-method affiliates are projected to increase following the dissolution of the joint-venture, Constellium-UACJ, and we foresee improved results at UACJ (Thailand). Moreover, we expect sales volume to keep rising and cost-reduction measures to have an effect. On the downside, energy costs are projected to go up.

Having taken this forecast into account, we plan to pay the same annual dividend amount as fiscal 2018, 60 yen per share, paid as a single fiscal year-end dividend.

## Full-Year Forecast for Fiscal 2019



(Billions of yen)

<Consolidated>	FY2018 (A)	FY2019 Forecast (B)	Change (B) - (A)
<b>Net sales</b>	661.3	<b>710.0</b>	48.7
<b>Operating income</b>	14.9	<b>17.5</b>	2.6
<b>Ordinary income before inventory valuation impact</b>	3.0	<b>11.5</b>	8.5
<b>Ordinary income</b>	6.2	<b>11.0</b>	4.8
<b>Net income</b>	1.1	<b>3.5</b>	2.4
<b>Adjusted EBITDA</b>	42.6	<b>52.0</b>	9.4

**Assumptions (FY2019):**

Nikkei average price of aluminum of ¥269/kg, exchange rate of ¥111/US\$, crude oil price of US\$68/B

[Notes] As financial performance is managed on an annual basis, from this fiscal year we have discontinued the practice of providing financial forecasts for the first half of the year. Net income: Net income attributable to owners of the parent; adjusted EBITDA: EBITDA-inventory valuation impact

© 2013 UACJ Corporation. All rights reserved.

10

This slide shows a comparison between fiscal 2018 results and our fiscal 2019 forecast.

Net sales are forecast to reach 710.0 billion yen, up 48.7 billion mainly due to the expected increase in sales volume of can stock produced by UACJ (Thailand) and Tri-Arrows Aluminum. We forecast 17.5 billion yen in operating income, an increase of 2.6 billion yen, and 11.5 billion yen in ordinary income before the impact of inventory valuation, up 8.5 billion yen. Ordinary income, as I previously mentioned, is forecast to increase by 4.8 billion yen to 11.0 billion yen.

Among these forecast results, the year-on-year improvement in ordinary income before the impact of inventory valuation is an indicator of the Company's genuine capabilities, as it includes both the positive and negative factors underlying performance that I previously discussed in the analysis of ordinary income.

We also forecast 3.5 billion yen in net income attributable to owners of the parent, an increase 2.4 billion yen, and 52.0 billion yen in adjusted earnings before interest, taxes, depreciation and amortization, up 9.4 billion yen.

## Sales and Operating Income by Segment



(Billions of yen)

	FY2018 (A)		FY2019 Forecast (B)		Change (B) - (A)	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
<b>Flat-rolled products</b>	530.7	17.0	<b>567.0</b>	<b>20.1</b>	36.3	3.1
<b>Wrought copper products</b>	47.5	1.7	<b>50.1</b>	<b>2.2</b>	2.6	0.5
<b>Precision-machined components and related business</b>	197.1	3.1	<b>208.2</b>	<b>3.6</b>	11.1	0.5
<b>(Adjustment)</b>	(114.0)	(7.0)	<b>(115.3)</b>	<b>(8.5)</b>	(1.3)	(1.5)
<b>Total</b>	661.3	14.9	<b>710.0</b>	<b>17.5</b>	48.7	2.6

© 2013 UACJ Corporation. All rights reserved.

11

Let's look at the forecast of net sales and operating income by segment. Once again, I will put off talking about our main Flat-Rolled Products segment until a little later.

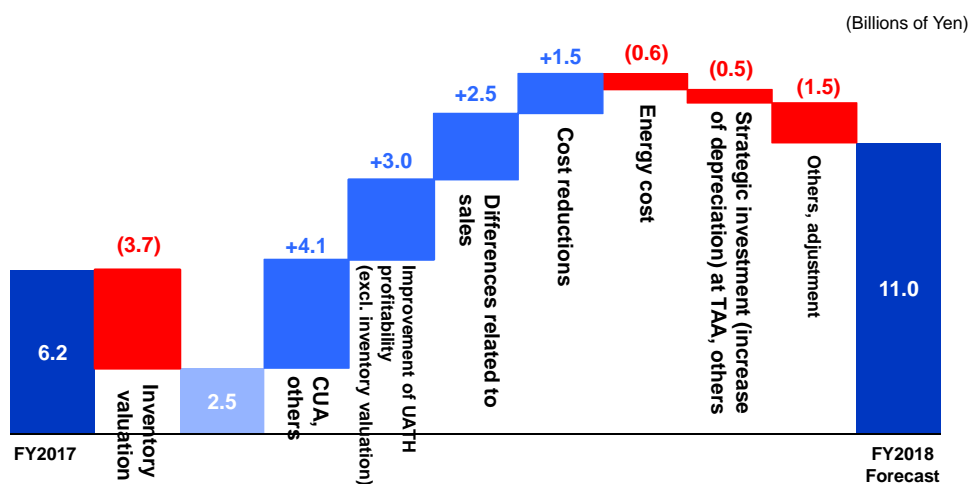
In the Wrought Copper Products segment, both sales and income are forecast to increase year on year based on expectations of growing sales volume of our mainstay product, copper pipes for air conditioners.

In the Precision-Machined Components and Related Businesses segment, although demand from manufacturers of IT-related devices and equipment is expected to remain sluggish, sales volume of materials for air conditioners and automobiles is projected to grow, and U.S.-based UACJ Automotive Whitehall Industries is expected to improve earnings. Based on those factors, sales and income are forecast to increase in this segment.

## Analysis of Consolidated Ordinary Income (FY2018 → FY2019 Forecast)



¥6.2 Billion (FY2018) → ¥11.0 Billion (FY2019 Forecast)



© 2013 UACJ Corporation. All rights reserved.

12

The factors underlying our forecast increase in consolidated ordinary income are shown here. We expect ordinary income to grow from 6.2 billion yen in fiscal 2018 to 11.0 billion yen in fiscal 2019.

Inventory valuation is expected to have a negative effect of 3.7 billion yen, mainly due to a steep rise in the price of aluminum in the first half of fiscal 2018.

Among the main positive factors excluding inventory valuation, we forecast an equity-method affiliate profit of 4.1 billion yen from the dissolution of the joint-venture Constellium-UACJ. Higher profits at UACJ (Thailand) are expected to contribute 3.0 billion yen. We also expect year-on-year sales growth to account for 2.5 billion yen, and the impact of cost reductions to factor in another 1.5 billion yen.

Turning to the negative factors, higher energy costs are expected to have an impact of 0.6 billion yen. Depreciation and interest-bearing debt payments associated with start-up costs for strategic investments in Tri-Arrows Aluminum is expected to have an impact of 0.5 billion yen. We also forecast an additional 1.5 billion yen due to various other factors.

All combined, these positive and negative factors are the basis for the forecast increase of 4.8 billion yen in ordinary income.

In 2019, we will begin operating a cold mill rolling line at Tri-Arrows Aluminum, and a new section of a factory at UACJ (Thailand) as part of our third stage of capital investment there. Therefore, we expect these new facilities to contribute in terms of both sales volume and income from the second half of this fiscal year. Accordingly, although we do not present income data for the first and second halves of the fiscal year, there are good grounds for assuming that comparatively more income will be generated in the second half.

## Flat-Rolled Product Sales Volume by Product Type



(Thousands of tons)

	FY2018 (A)	FY2019 Forecast (B)	Change (B) - (A)
<b>Can stock</b>	666	<b>722</b>	56
<b>Foil</b>	50	<b>52</b>	3
<b>IT</b>	15	<b>15</b>	0
<b>Automotive products</b>	147	<b>164</b>	16
<b>Thick plates</b>	40	<b>42</b>	2
<b>Other general-purpose materials</b>	177	<b>194</b>	18
<b>Total</b>	1,094	<b>1,190</b>	95
	( For Japanese market: 504 For overseas market: 590 )	( For Japanese market: <b>523</b> For overseas market: <b>667</b> )	( 19 77 )

© 2013 UACJ Corporation. All rights reserved.

13

This shows our forecast of sales volume of flat-rolled aluminum by product type. In fiscal 2019, we forecast a year-on-year increase of 95,000 tons to 1,190 thousand tons in total. UACJ (Thailand) and Tri-Arrows Aluminum are expected to boost sales to markets outside Japan as international demand appears strong going forward.

We forecast a large increase in sales volume of flat-rolled aluminum for can stock. The Group's operations in Thailand will capitalize on strong demand for can stock in the Asian Pacific region, while operations in the United States will respond to demand in North America, which has become tight due to aluminum tariffs enacted by the U.S. government.

We also forecast a slight increase in sales volume of aluminum foil stock. On the other hand, sales volume of aluminum materials for IT-related devices and equipment is expected to remain flat due to ongoing inventory adjustments in the industry.

Sales volume of automotive aluminum products is forecast to increase on the back of growing demand in the U.S., especially for automotive body sheet for cars produced by Japanese automakers.

Demand for thick plates used in liquid crystal and semiconductor manufacturing equipment suddenly deteriorated in the second half of fiscal 2018, and there is a risk that restrained investment in semiconductors could continue. Given those factors, we forecast only a slight increase in sales volume of thick plates.

Sales volume of other general-purpose materials is forecast to increase year on year, mainly because sales of air conditioner compressor fins manufactured by UACJ (Thailand) are expected to grow.

### **3. Progress on Mid-Term Plan for FY2019–FY2020**

Now let's move on to the third topic of my presentation, the progress we have been making under our mid-term management plan.

## Major Policies of the Current Mid-Term Management Plan



### Vision for the Future UACJ's Future Direction

Maximize the possibilities of aluminum in ways that contribute to society and the environment

### Mid-term Plan

### Major Policies from Fiscal 2018 to Fiscal 2020

1. Continue focusing on the growing automotive industry and growth markets in Asia and North America
2. Steadily generate returns on past investments
3. Increase capital efficiency with an emphasis on ROIC
4. Promote shared principles of conduct as the UACJ Way

### Previous Mid-Term Plan

### Key measures from fiscal 2015 to 2017

- Accelerated international expansion by establishing a global supply network and proactively investing in growing markets and industries
- Optimized the production network in Japan

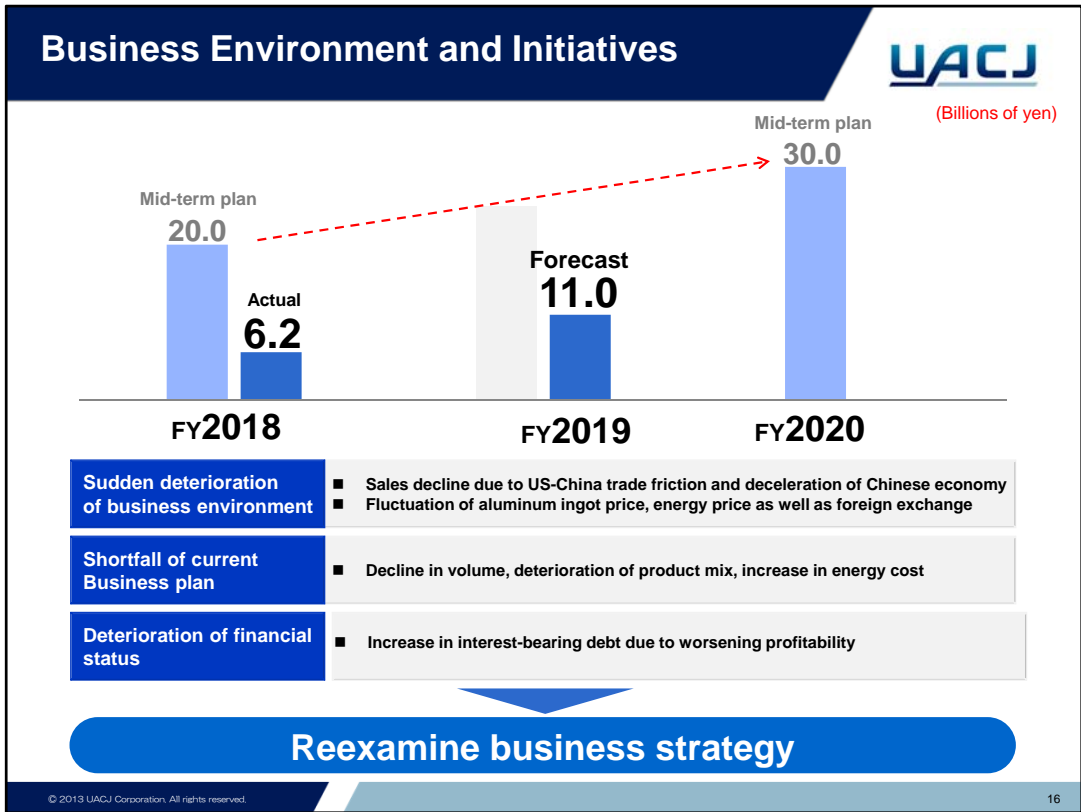
© 2013 UACJ Corporation. All rights reserved.

15

About one year has passed since we launched our mid-term management plan in 2018. During that time, we have observed some major shifts in our operating environment. Despite those rapid changes, however, we have not revised UACJ's Future Direction as laid out in the mid-term management plan, nor have we modified the key strategies of the plan's major policies. Indeed, management is even more committed to those policies, especially our policies of focusing on the growing automotive industry and growth markets in Asia and North America, and steadily generating returns on past investments carried out under the previous mid-term plan.

Recently, there has been renewed interest in aluminum's benefits and outstanding recyclability amid increasingly serious environmental problems, such as plastic waste. Therefore, we can look forward to significantly growing demand for aluminum beverage cans, packaging, and other applications in the future.





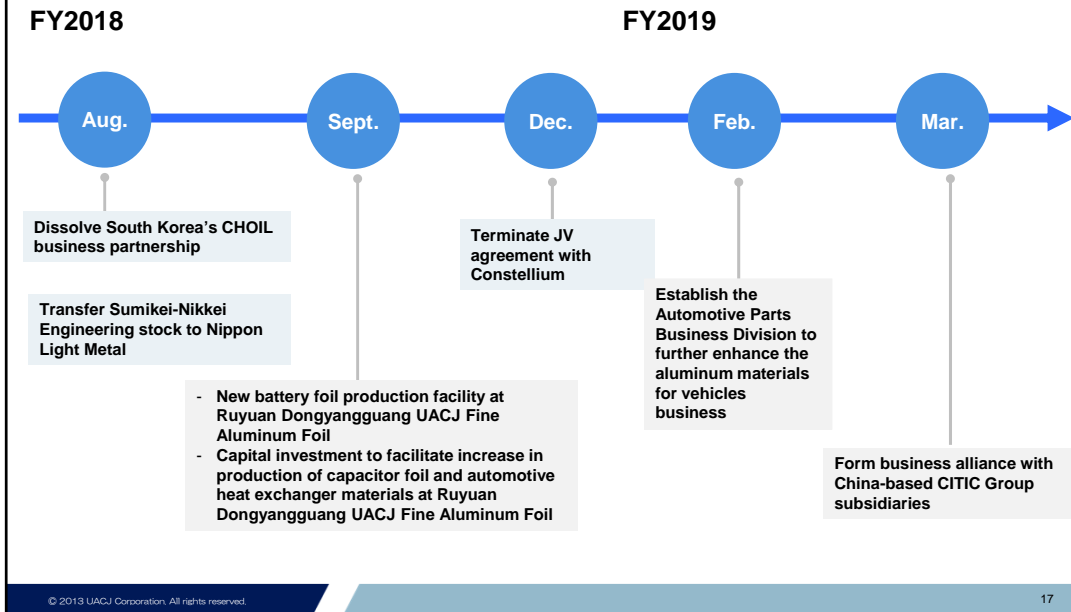
Our operating environment, however, has suddenly taken a turn for the worst. We saw a drop in sales of our mainstay products, specifically aluminum materials for IT-related devices and equipment, and thick plates for liquid crystal and semiconductor manufacturing equipment. As a result, there is already a wide gap between the Company's financial results and the targets we set in fiscal 2018, the first year of the plan. Ordinary income, for example, was far below our initial target.

Although we are running up against headwinds in the operating environment, the Group's stakeholders can rest assured that all members of management are re-examining our business strategies and methods under my leadership, with the aim of ensuring stable and sustainable growth going forward. We plan to explain our revamped strategies to stakeholders through appropriate means later in current fiscal year.

## Optimize the Business Portfolio (Review)



Accelerate “selection and concentration” to improve capital efficiency



Improving capital efficiency is one of the major policies of our mid-term management plan. Toward that end, we worked to optimize the Group’s business portfolio in fiscal 2018 by more quickly streamlining and strategically prioritizing operations in various businesses.

Specifically, UACJ ended its partnership with the South Korean firm, Choil Aluminum, sold its shareholdings in Sumikei-Nikkei Engineering to Nippon Light Metal, and dissolved Constellium-UACJ.

Furthermore, we formed a business alliance and undertook capital investment in China, where demand for automotive parts and components, including battery materials, is expected to rise in the auto industry, which we have designated as a growth industry.

In fiscal 2019, with a view to further improve capital efficiency, we intend to step up efforts to streamline and prioritize operations in order to optimize the Group’s business portfolio.

## Aiming to become profitable at the operating level in FY2019

### FY2018 summary

- Met stable demand for can stock in Southeast Asia
- Achieved the planned sales and production targets in spite of one-off equipment failure (sales volume: 150kt)
- Stayed on track with UATH 3<sup>rd</sup> phase

### Outlook

- Aiming to reach 200kt/y in 2019

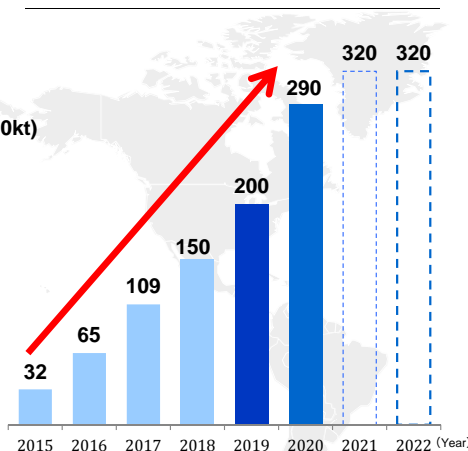
#### Can stock

- Increase in unit price as a result of tight supply/demand
- Improve product/sales mix  
→ Strengthen direct sales

#### Fins for air conditioners

- Focus on highly profitable products

UATH Sales Volume (Kt)



- Planning to generate ordinary profit in FY2020

Now I would like to discuss the Group's progress in growing markets and industries.

First of all, annual sales volume at UACJ (Thailand) reached 150,000 tons in 2018, achieving the target set in our mid-term management plan. Demand for can stock remains strong in Southeast Asia, so the company appears to be on track to achieving the next target of 200,000 tons in 2019.

In addition to manufacturing flat-rolled aluminum for can stock and materials for heat exchangers, UACJ (Thailand) has commenced full-fledged sales of compressor fins for air conditioners. It is working to tap even more demand through aggressive sales initiatives and to establish profitable operations by boosting productivity. We expect this subsidiary to contribute to consolidated ordinary income by fiscal 2020.

In addition, the third phase of construction of manufacturing facilities in Thailand is proceeding on schedule.

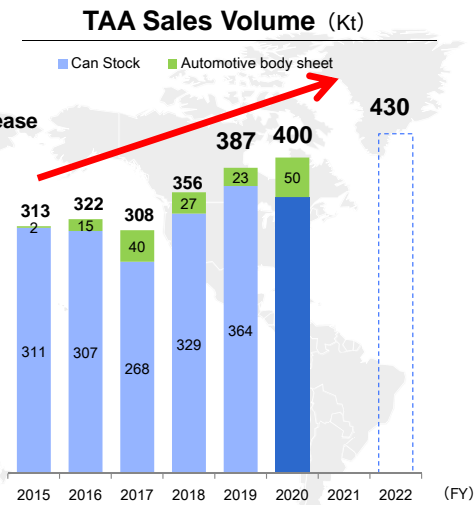
Meet strong can stock demand and improve product efficiency

**FY2018 summary**

- Supply/demand for can stock remained tight in North America
- Maintained full production of can stock due to decrease in imports from China
- Exceeded original sales/profit targets

**Outlook**

- Ongoing tight supply/demand for can stock
- Recoup 2015 investments aimed at reducing costs
- Sales volume: 400kt/year in 2020



Meanwhile, Tri-Arrows Aluminum performed extremely well in fiscal 2018, benefiting from tight demand in the can stock market throughout the entire fiscal year. U.S imports of can stock from China decreased as a result of aluminum tariffs enacted by the U.S. government in March 2018. Consequently, Tri-Arrows Aluminum operated at full capacity all through fiscal 2018.

It also continued with full operations of scrap aluminum melting facilities for recycling aluminum, which were brought on line in 2018. The price of scrap aluminum is dropping, so we can expect even lower costs in fiscal 2019.

A cold mill rolling line currently under construction is scheduled for completion in September 2019. It will raise production capacity from the present level of 360,000 tons to 400,000 tons.

In the current fiscal year, this subsidiary’s contribution to ordinary income is forecast to decrease year on year due to increased startup expenses associated with capital investment projects. Nevertheless, we expect those investments to generate results in 2020 and 2021.

Looking ahead, we intend to proactively meet demand for can stock in North America as well as in Japan.

**Build a business structure optimized to provide the best solutions to global customer needs for lightweight vehicles**

Japan	<ul style="list-style-type: none"> <li>Establish the automotive parts business division to bolster group-wide global business</li> </ul>
U.S.	<ul style="list-style-type: none"> <li>Enhance relations with UWH* customers and facilitate more aggressive sales initiatives</li> </ul>
China	<ul style="list-style-type: none"> <li>Form business alliance with China-based CITIC group subsidiaries</li> </ul>

\*UWH: UACJ Automotive Whitehall Industries, Inc.

© 2013 UACJ Corporation. All rights reserved. 20

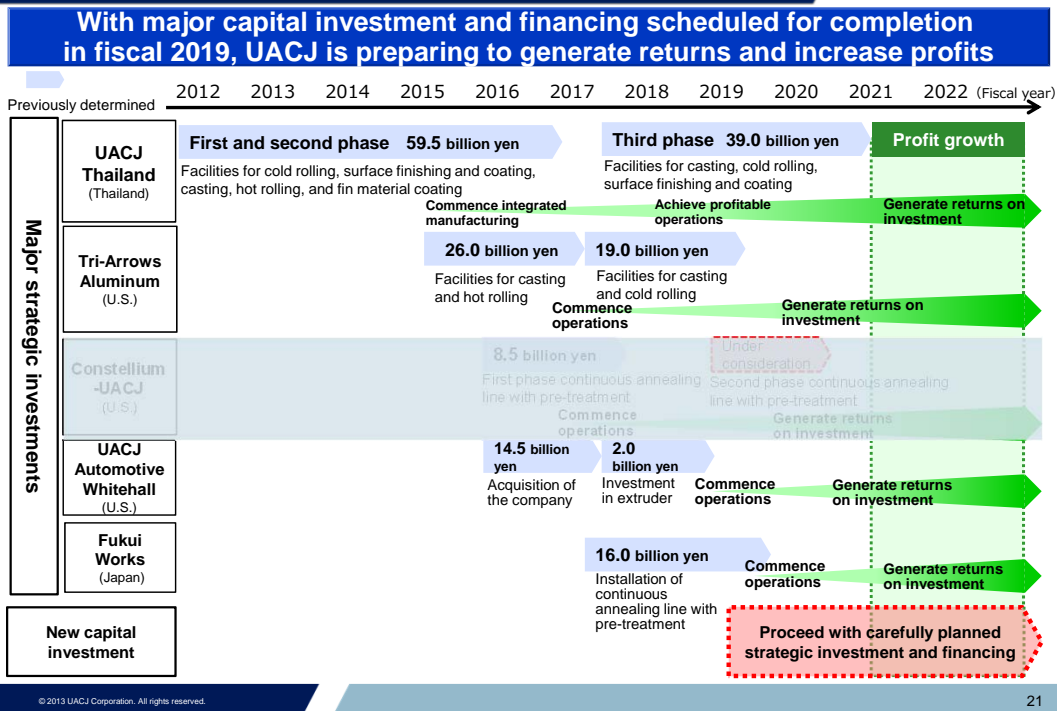
Next, I would like to talk about the growing market of aluminum automotive parts. We have set up a new automotive parts business division for the purpose of bolstering the Group's operations in step with market growth. The new division has centralized global operations from product planning and design to manufacturing, sales, and quality control, allowing us to promptly and reliably meet customers' needs and effectively respond to growing demand for aluminum parts and components, such as vehicle bumpers.

In the United States, UACJ Automotive Whitehall Industries has earned a solid reputation for its extensive technical expertise, and we have leveraged that to attract new customers and boost sales. At the same time, we plan to expand its facilities in anticipation of future growth, including the installation of state-of-the-art aluminum extrusion equipment.

In China, the Company formed an alliance with two subsidiaries of CITIC Group Corporation, through which it will jointly set up a manufacturing and sales company this year. Leveraging the competitive advantages of each member of the alliance, the new company will manufacture and sell extruded parts and components, beginning with vehicle bumpers and battery casings.

While anticipating the growing popularity of electric vehicles and widespread application next-generation automobile technologies in the future, we intend to make the most of the technologies and know-how refined by the Group over many years to offer optimum solutions to customers.

## Steadily Generate Returns on Past Investments



Next, I would like to talk about our policy of steadily generating returns on strategic investments. This slide was also included in a previous presentation I gave to announce our mid-term management plan.

We are currently proceeding with investments and financing aimed at ensuring future growth. Large-scale investments are being carried out as planned, and are on track for completion by the end of fiscal 2019.

The returns on past investments are expected to start gradually materializing in 2019 and 2020, and then contribute substantially to profits in 2021 and 2022.

We also plan to carefully proceed with new strategic investments and financing going forward.

## 4. Financial Status / Shareholder Return

Let's move on to the final topic, the Company's financial status and shareholder returns.

## Capital Investment and Depreciation and Amortization Forecasts



Continue to increase strategic investment mainly for UATH, TAA in 2019

(Billions of yen)

		FY2018	FY2019 Forecast
Capital investment	General investment	16.1	19.9
	Strategic investment	36.5	40.3
	Total	52.5	60.2
Depreciation and amortization		30.7	34.0
Strategic investment and loans		-	0.7

© 2013 UACJ Corporation. All rights reserved.

23

As you can see in this table, capital investment amounted to 52.5 billion yen while depreciation and amortization was 30.7 billion in fiscal 2018.

In fiscal 2019, we forecast 60.2 billion yen in capital investment and 34.0 billion yen in depreciation and amortization, of which UACJ (Thailand) and Tri-Arrows Aluminum are expected to account for 5.8 billion yen and 5.4 billion yen, respectively.

We forecast general investment of 19.9 billion yen, which will be used to replace old and run-down electrical equipment and motors for rolling lines at Fukui Works and Nagoya Works in Japan.

Strategic investment is expected to total 40.3 billion yen. Of that amount, 13.7 billion yen will be invested in Japan, including 13.2 billion yen for automotive product manufacturing facilities at Fukui Works. Another 12.9 billion yen will be invested in UACJ (Thailand) and 5.6 billion in Tri-Arrows Aluminum.

In fiscal 2018, we had expected strategic investment and loans of 2.0 billion yen in connection with Constellium-UACJ, but that is no longer the case following its dissolution. In fiscal 2019, we forecast 0.7 billion yen for establishing the joint-venture company with the subsidiaries of CITIC Group Corporation.



## ROE decline, due to lower net income

	As of March 31, 2018	As of March 31, 2019
Shareholders' equity (billions of yen)	194.2	191.0
Shareholders' equity ratio (%)	25.1	23.7
Interest-bearing debt (billions of yen)	342.3	375.1
D/E ratio* (times)	1.50	1.68
ROE (%)	6.5	0.6

\*Factoring in subordinated loan

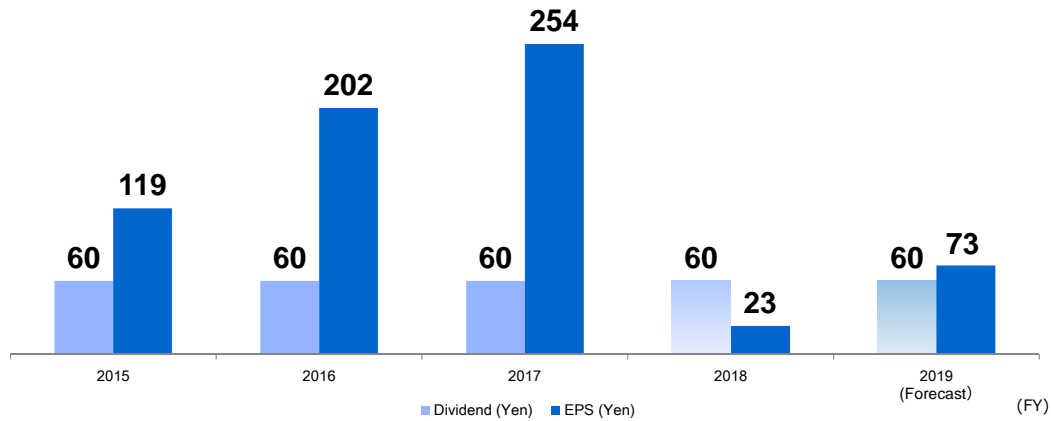
Now I would like to turn to results for our key performance indicators. As a result of the year-on-year decrease in net income attributable to owners of the parent, shareholders' equity and return on equity both decreased, with the latter coming in at 0.6%. Interest-bearing debt rose due to the financing of a portion of capital investment in UACJ (Thailand) and Tri-Arrows Aluminum. Furthermore, the shareholders' equity ratio and debt-to-equity ratio both worsened compared with the previous fiscal year.

## Shareholder Return



Plan to maintain ¥60/share based on stable and sustainable dividend policy

Dividend/EPS (Yen)



\*After the reverse stock split in October 1, 2017

As I said earlier, we plan to pay a single fiscal year-end dividend of 60 yen per share as an annual dividend. Looking ahead, we plan to maintain our policy of stably and continuously paying dividends while taking full account of the Company's performance and financial standing.

I will not cover the slides that follow in the appendix section, but they include data for your reference.

That concludes my presentation. Thank you very much.

# Appendix

## Outlook in Japan for Mainstay Aluminum Flat Rolled Products in 2019



Business outlook and environment remains uncertain/severe

Main products	FY2018 Original Outlook	Now	Outlook
Can stock	→	→	Declining demand for canned beer will be offset by growing demand for canned low-alcohol beverages (unchanged)
Automotive body sheet/parts	→	→	Despite declining automobile production, the types of vehicles and components made with aluminum will increase as part of efforts to make lighter and more environmentally friendly vehicles (unchanged)
Thick plate LCD/Semiconductor production equipment	↗	↘	Decreasing demand for current semiconductor equipment due to sudden changes in business environment, but the long-term trend is not significantly changed (stable demand)
IT	↗	↘	Declining demand due to sudden changes in business environment

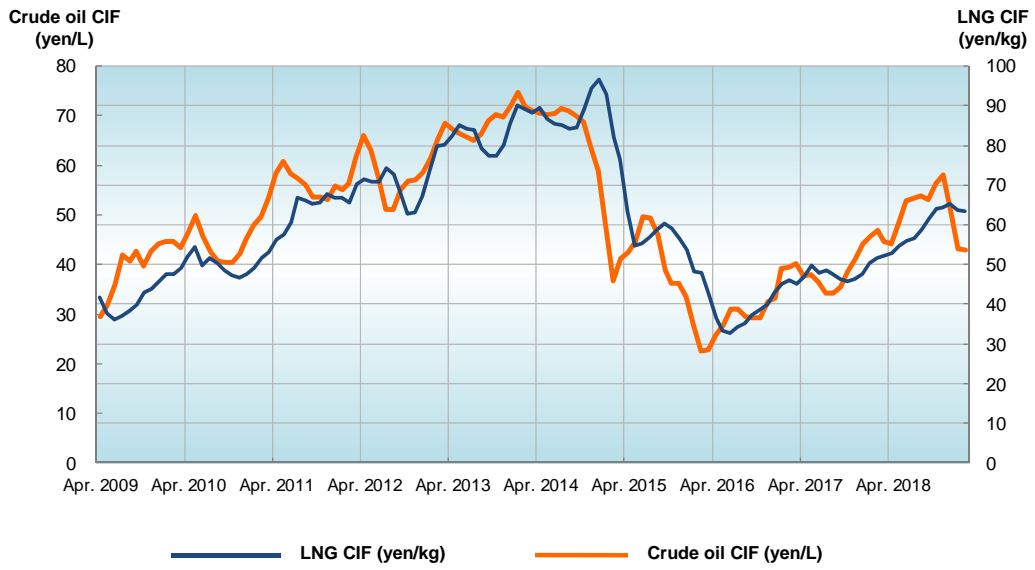
(UACJ estimate)

## Assumptions and Sensitivities

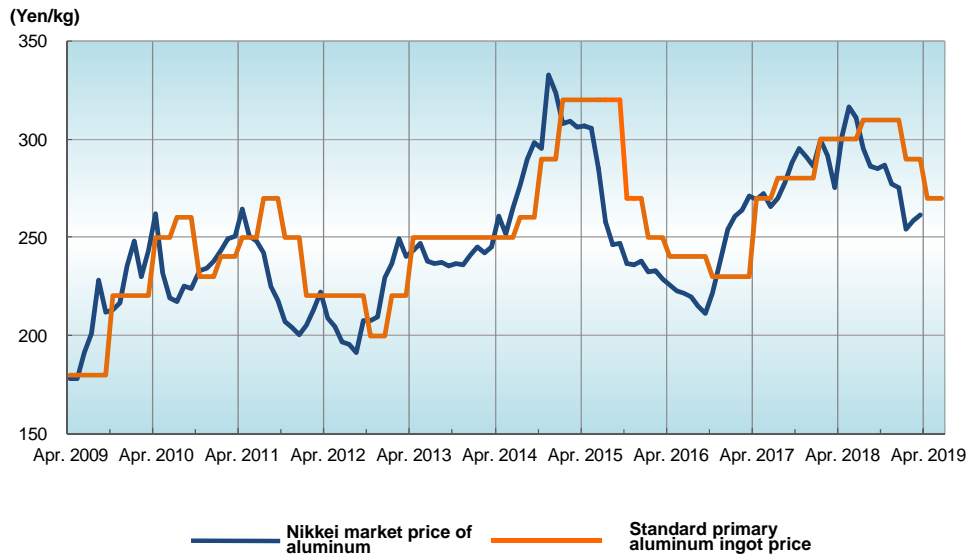


	FY2018	FY2019 Forecast	Sensitivity on Ordinary Income
Nikkei average price of aluminum (¥/kg)	284	269	¥10/kg increase → +¥2.0–3.0 billion/year
LME (\$)	2,035	1,900	\$100/t increase → +¥2.2–¥3.5 billion/year
Foreign exchange (¥/\$)	111	111	Almost no impact
(¥/Thai baht)	3.4	3.5	-Fuel and additional material cost: expected to become positive due to stronger yen -Rolling margin, forex conversion: expected to become positive due to weaker yen
Crude oil (Dubai: \$)	72	68	\$10 increase → Approx. (¥1.0–¥1.5) billion/year

# Unit Fuel Costs



# Nikkei Average Primary Ingot Price/ Standard Primary Aluminum Ingot Price



## Financial Data



(Billion Yen)		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 (Forecast)
Net sales		572.5	575.7	568.3	624.3	661.3	710.0
Operating income		23.7	15.2	25.9	29.2	14.9	17.5
Ordinary income before inventory valuation impact		14.2	20.3	24.0	11.3	3.0	11.5
<Inventory valuation impact>		7.1	(8.3)	(4.2)	8.1	3.2	(0.5)
Ordinary income		21.3	12.0	19.8	19.4	6.2	11.0
Net income attributable to owners of the parent		8.6	5.1	8.7	12.3	1.1	3.5
Adjusted EBITDA		41.7	52.3	56.8	50.7	29.6	52.0
CAPEX	General	12.0	12.4	11.2	14.7	16.1	19.9
	Strategic	34.5	18.1	20.4	36.5	36.5	40.3
	Total	46.5	30.5	31.6	51.2	52.5	60.2
Depreciation		21.8	22.2	22.8	25.1	30.7	34.0
Strategic investment and loans		3.8	5.5	23.1	3.3	-	0.7
Shareholders' equity		172.3	165.0	184.1	194.2	191.0	192.8
Shareholders' equity ratio		25.4	24.9	25.4	25.1	23.7	23.2
Interest-bearing debt		295.9	289.0	323.8	342.3	375.1	400.0
D/E ratio*		1.72	1.75	1.49 <sup>†</sup>	1.50 <sup>†</sup>	1.68 <sup>†</sup>	1.79 <sup>†</sup>
ROE		5.3	3.0	5.0	6.5	0.6	2.4

\*Factoring in subordinated loan



## ■ Cautionary note concerning forward-looking statements

---

This presentation contains various forward-looking statements that are based on current expectations and assumptions of future events. All figures and statements with respect to the future performance, projections and business plans of UACJ and its Group companies constitute forward-looking statements. Although UACJ's management believes that its expectations and assumptions are reasonable, actual results and trends in UACJ's performance could differ from those expressed or implied by figures or statements herein due to exchange rate movements fluctuations, and uncertainties in future business circumstances, and other factors.

## ■ Regarding copyrights

---

The copyrights to all parts of this supplementary material are the sole property of UACJ. Reproduction, in part or in whole, in any form or manner, is strictly prohibited without prior written permission from an authorized representative in the Company.

To contact us regarding these materials or with any IR-related inquiries, please direct your questions to the following:

**PR/IR Department TEL: +81-3-6202-2654 FAX: +81-3-6202-2021**

**URL<http://www.uacj.co.jp/english>**

**(Tokyo Stock Exchange, First Section, Code: 5741)**