



UACJ Corporation

Q2 Financial Results Briefing for the Fiscal Year Ending March 2022

November 4, 2021

Event Summary

[Company Name]	UACJ Corporation	
[Company ID]	5741-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Q2 Financial Results Briefing for the Fiscal Year Ending March 2022	
[Fiscal Period]	FY2021 Q2	
[Date]	November 4, 2021	
[Number of Pages]	41	
[Time]	18:30 – 19:36 (Total: 66 minutes, Presentation: 35 minutes, Q&A: 31 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	6	
	Miyuki Ishihara	Representative Director and President
	Teruo Kawashima	Director, Member of the Board, Managing Executive Officer
	Shinji Tanaka	Executive Officer, Corporate Strategic Restructuring Executive Officer
	Jyoji Kumamoto	General Manager of the Corporate Planning Office
	Haruhiro Iida	Accounting Manager
	Kouzo Okada	Manager of IR and Finance Department
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	Yu Shirakawa	Morgan Stanley MUFG Securities Co., Ltd.
	Yuji Matsumoto	Nomura Securities Co., Ltd.
	Shinichiro Ozaki	Daiwa Securities Co. Ltd.
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Presentation

Okada: All participants, thank you very much for waiting.

Thank you very much for taking time out of your busy schedule to participate in the financial results briefing for Q2 of FY2021 of UACJ Corporation today.

This conference call will be conducted using the briefing materials available on the UACJ Corporation website. If you do not have the materials at hand, please visit our website.

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URL : <http://www.uacj.co.jp>
(東証1部 コード番号 : 5741)

Although this presentation may contain forward-looking statements, such statements are based on our current expectations only. Please note that actual results may differ materially from these future projections due to a variety of factors.

I would like to introduce our attendees for today.

Miyuki Ishihara, Representative Director and President.

Ishihara: This is Ishihara. Thank you.

Okada: Teruo Kawashima, Director, Member of the Board, Managing Executive Officer.

Kawashima: This is Kawashima. Thank you for joining us today.

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Okada: Shinji Tanaka, Executive Officer, Corporate Strategic Restructuring Executive Officer.

Tanaka: I am Tanaka. Thank you.

Okada: Jyoji Kumamoto, General Manager of the Corporate Planning Office.

Kumamoto: I am Kumamoto. Thank you for your support in advance.

Okada: Haruo Iida, Accounting Manager.

Iida: I am Iida. Thank you.

Okada: I am Kouzo Okada, Manager of IR and Finance Department, who will serve as the moderator today. Thank you.

Ishihara, Representative Director and President, will now explain the business results for Q2 of FY2021 and the full-year business forecast announced today. Please join us while viewing the presentation materials.

President Ishihara, please go ahead.

Ishihara: Good evening, everyone. This is Ishihara, President of UACJ Corporation. Thank you very much for taking time out of your busy schedules to participate in our financial results briefing for H1 of FY2021. This time, I will be presenting the financial results remotely. Today, I would like to explain our business results for H1 of FY2021, the progress of our structural reforms, our full-year business forecast for FY2021, and our sustainability initiatives.

There will be a Q&A session after the presentation. I would like to take as many questions as time permits, so thank you in advance.

Let me begin by explaining the results for H1 of FY2021, which is the number 1 of the agenda.

In addition to disruptions in the supply chain, such as shortages of semiconductors or soaring raw material prices, there are a number of risks at hand, including the re-expansion of COVID-19 in Southeast Asia. In such an uncertain environment, we have been implementing structural reforms at the best time for us, and although we still have a way to go, I believe that we have been steadily improving our ability to respond to change and our earning power.

The results of these efforts are reflected in our financial results, so please listen carefully.

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経常利益 258億円(前年同期実績 △26億円)

■ 数量：前年同期比 大幅増

- UATH^{*1}(タイ)、TAA^{*2}(米国)の缶材が引き続き増加
- 自動車を中心とした輸送用機械向けは需要回復により、増加

■ 経常利益：前年同期比 大幅増

◎増益要因

- 国内事業業績改善(コロナ影響回復含む)
- UATH業績改善
- TAA業績好調継続
- 棚卸資産影響の好転

△減益要因

- 特になし

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I will now begin with a summary of our business results for H1 of FY2021.

Due to the improved performance of the domestic business, the contribution of UATH and TAA, as well as a favorable turnaround in the inventory impact, ordinary income was JPY25.8 billion, a significant increase from the negative JPY2.6 billion recorded in the same period last year.

The main reason for the increase in profit was an improvement in domestic business performance. This includes the recovery from the COVID-19 impact. In addition, there was an improvement in the performance of UATH in Thailand, and a continued upturn in the performance of TAA in North America. In addition, there was an improvement in the impact of inventories.

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1. 2021年度 上期 業績

上期 業績

(単位:億円)	2020年度 上期 (A)	2021年度 上期 (B)	増 減 (B) - (A)
連結売上高	2,646	3,650	1,004
連結営業利益	△ 11	299	310
棚卸資産影響前 連結経常利益	5	132	127
棚卸資産影響額	△ 31	126	157
連結経常利益	△ 26	258	284
連結当期純利益	△ 51	173	224
Adjusted EBITDA	185	327	142

※ 連結当期純利益: 親会社株主に帰属する当期純利益
 ※ Adjusted EBITDA: EBITDA - 棚卸資産影響

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I will now explain the figures for H1 of the fiscal year, which are summarized on page 4.

As for the comparison of business performance between H1 of FY2020 and H1 of FY2021, net sales increased by JPY100.4 billion YoY to JPY365 billion, boosted by overseas sales of can stock and strong demand mainly from the domestic automotive industry. Operating income increased by JPY31 billion to JPY29.9 billion, and ordinary income increased by JPY28.4 billion to JPY25.8 billion YoY.

The factors for increase are the same as in the summary, so I will skip them.

Ordinary income before the effect of inventory valuation, increased by JPY12.7 billion from the same period last year to JPY13.2 billion. Net income attributable to shareholders of the parent company increased by JPY22.4 billion to JPY17.3 billion YoY. Adjusted EBITDA also increased to JPY32.7 billion.

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1. 2021年度 上期 業績

セグメント別 売上高・営業利益

(単位:億円)	2020年度 上期 (A)		2021年度 上期 (B)		増減 (B) - (A)	
	売上高	営業利益	売上高	営業利益	売上高	営業利益
アルミ圧延品	2,226	20	3,269	326	1,043	306
加工品・関連事業	779	△ 10	765	2	△ 14	12
(調整額)	△ 359	△ 21	△ 384	△ 29	△ 25	△ 8
合計	2,646	△ 11	3,650	299	1,004	310

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Net sales and operating income by segment are shown on page 5.

I will skip the explanation on the movement of flat-rolled products here, as it will be shown in the overall report.

In this section, we will explain about precision-machined components and related business.

Due to the application of the new revenue recognition standards, although net sales decreased YoY, operating income increased YoY, mainly due to the recovery of demand in the automotive sector.

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1. 2021年度 上期 業績

アルミ板 品種別売上数量

(単位:千トン)

品 種	2020年度 上期 (A)	2021年度 上期 (B)	増 減 (B) - (A)
缶 材	359	409	50
箔 地	26	29	3
I T 材	13	7	△ 5
自 動 車 材	50	73	23
厚 板	19	25	6
その他一般材	71	107	36
合 計	537 (国内市場向け 215 海外市場向け 322)	650 (国内市場向け 245 海外市場向け 405)	113 (国内市場向け 30 海外市場向け 83)

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Page 6 summarizes the sales volume of flat-rolled products by type.

In H1 of FY2021, there was an increase in a wide range of fields, mainly in overseas can stock and domestic automotive materials, resulting in a YoY increase of 113,000 tons.

With regard to the [inaudible] type and can stock, there is no major change in the demand from staying home in the COVID-19 pandemic. In the long term, we do not expect any major changes in domestic demand, but we assume that the trend of excessive demand will continue on a global scale.

In automotive materials, there has been a recovery in production mainly by major customers, and in thick plates, demand for semiconductor manufacturing equipment has been very strong.

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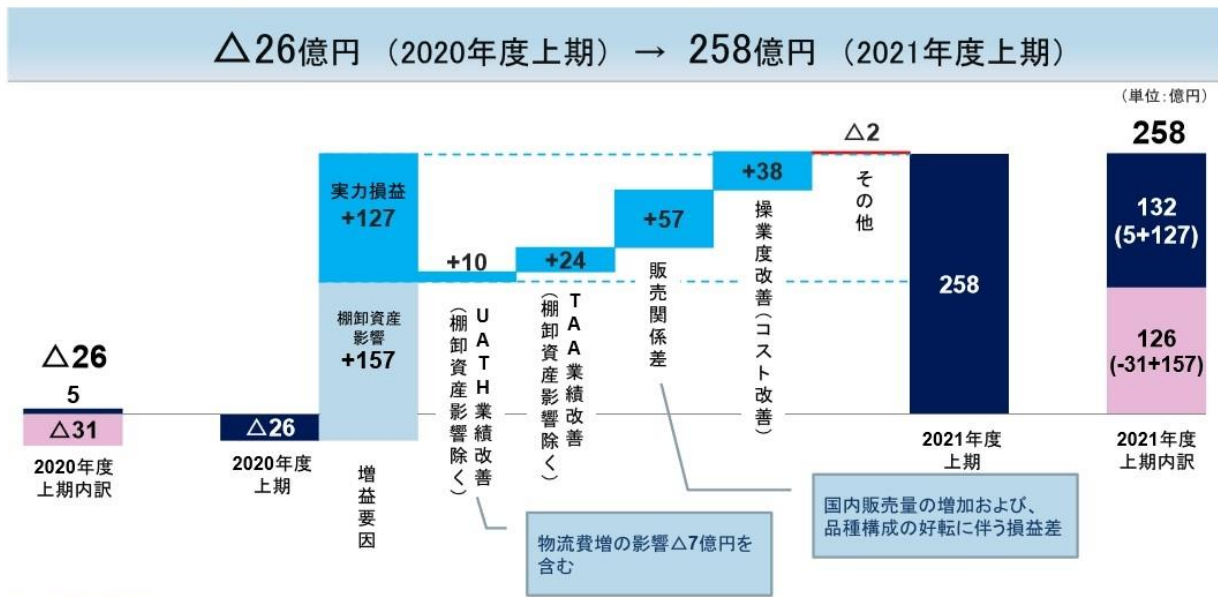
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連結経常損益分析 (2020年度上期 → 2021年度上期)



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Page 7 shows the change in consolidated ordinary profit and loss from H1 of FY2020 to H1 of FY2021.

This time, the breakdown is shown at both ends: the breakdown for H1 of FY2020, negative 26, and the breakdown for H1 of FY2021, positive 258. The pink area represents the amount of the effect of inventories. The part of the profit and loss on competence is shown in purple, which looks a little bit black. Starting from the negative JPY2.6 billion, the inventory valuation increased by JPY15.7 billion, and the profit and loss on competence increased by JPY12.7 billion.

As shown here, the breakdown of the profit and loss on competence is as follows: UATH's performance improved by JPY1 billion, TAA's performance improved by JPY2.4 billion, sales-related differences increased by JPY5.7 billion, and utilization ratio, including cost improvements, improved by JPY3.8 billion, .

Overall result was JPY25.8 billion. The portion of the profit and loss on competence is JPY13.2 billion.

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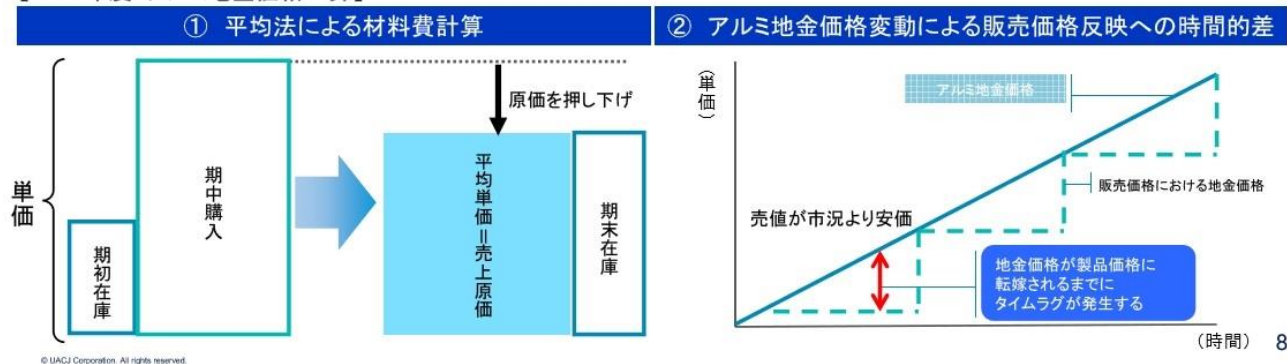
棚卸資産影響

アルミ圧延事業における棚卸資産影響

- ① 平均法による材料費計算
期首在庫と期中購入アルミ地金の加重平均で、材料費を計算(期首在庫が影響)
- ② アルミ地金価格変動による販売価格反映への時間的差

①+②= 棚卸資産影響

【2021年度:アルミ地金価格上昇】



Next, moving on to page 8, I would like to explain a little bit about the asset impact of inventory, which I mentioned earlier, to deepen your understanding.

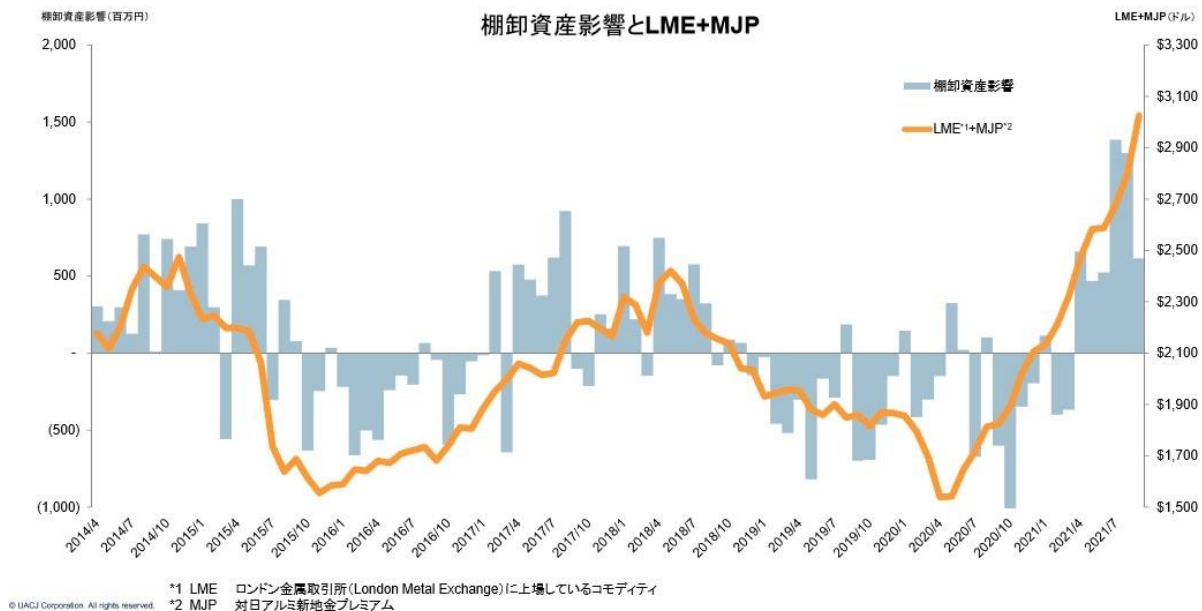
In the past, there have been cases where [inaudible] was disjointed, such as in inventory relations and inventory valuation. From the result settlement this time, we have unified them as the effects of inventory assets. Kawashima, who is in charge of the result settlement, will explain the details later, so I will not go into it here.

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棚卸資産影響と地金価格相場の関係性



9

Moving on to page 9, I would like to explain the relationship between the inventory impact and the market price of aluminum bullion.

In this graph, the vertical axis is the amount of inventory impact. The horizontal axis is the period. It shows how much the inventory impact has been over the period from the inception of the UACJ in 2014 to the present. What we can decipher from this graph is that the inventory impact has a large positive or negative profit and loss impact in the quarter, but on the other hand, the long-term profit and loss impact is almost flat as the positive and negative impacts cancel each other out.

In addition, due to the nature of our business model, the risk of bullion price fluctuations can be largely passed on to the price, except for some [inaudible] prices, and the [inaudible] risk of aluminum bullion price fluctuations is negligible in the long run.

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連結貸借対照表

販売の回復、地金価格の上昇により棚卸資産等が増加

(単位:億円)

	21/3末	21/9末	21/3末比 増減額
現金及び預金	281	288	7
受取手形及び売掛金	1,200	1,376	176
棚卸資産	1,317	1,625	308
その他流動資産	148	200	52
有形・無形固定資産	4,003	3,968	△ 35
投資その他の資産	381	397	16
資産合計	7,330	7,854	524
支払手形及び買掛金	1,011	1,097	86
短期借入金	1,100	1,166	66
長期借入金	2,257	2,104	△ 153
その他	996	1,287	291
株主資本合計	1,775	1,940	165
その他包括利益・支配株主持分	190	260	70
負債及び純資産合計	7,330	7,854	524

アルミ地金等
価格上昇による増加

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Moving onto page 10. This is a consolidated balance sheet.

Cash and deposits have been maintained at the level of the end of the previous fiscal year. Notes and accounts receivable-trade and inventories increased due to higher prices for aluminum bullion. On the other hand, interest-bearing debt decreased by a total of JPY8.7 billion due to a decrease in short-term and long-term loans payable. Shareholders' equity also increased by JPY16.5 billion.

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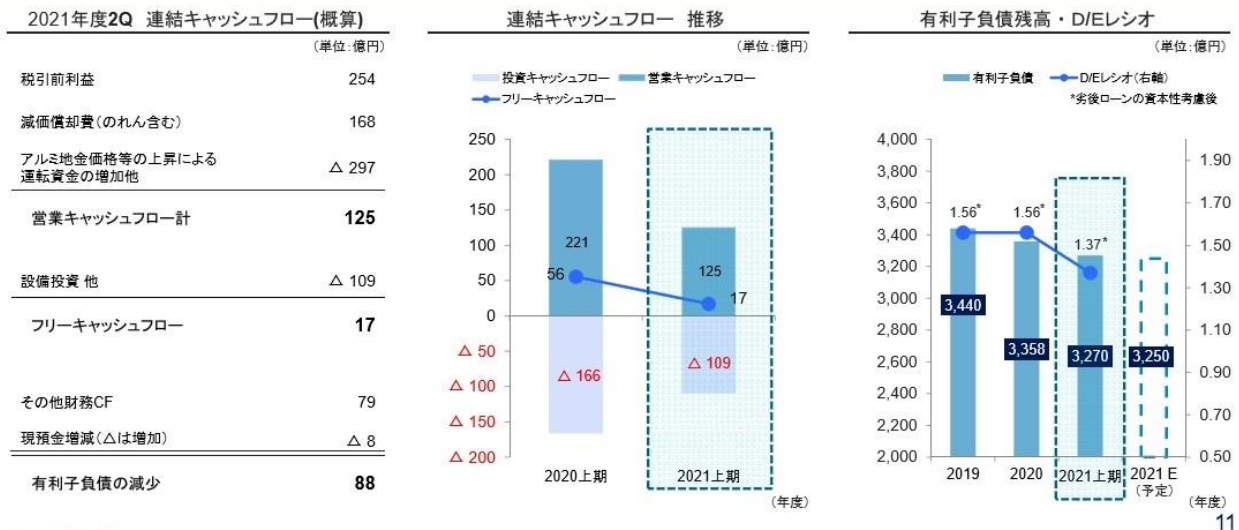
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連結キャッシュフロー計算書

運転資金増加するもフリーキャッシュフロー黒字を維持



Page 11 summarizes the statement of cash flows on a consolidated basis.

As for operating cash flow, income before income taxes and minority interests was JPY25.4 billion, depreciation and amortization was JPY16.8 billion, and an increase in working capital due to a recovery in sales or a rise in bullion prices resulted in a decrease of JPY29.7 billion. As a result, operating cash flow was positive JPY12.5 billion. Excluding investment cash flow, free cash flow was positive by JPY1.7 billion, as shown in the bar graph in the middle, maintaining the same positive cash flow as in H1 of FY2020. As for the balance of interest-bearing debt, we reduced interest-bearing debt by JPY8.8 billion while maintaining the level of savings at the end of the previous fiscal year. The balance of interest-bearing debt at the end of H1 of FY2021 is JPY327 billion.

As the price of aluminum bullion remains high, working capital is increasing. The balance of interest-bearing debt at the end of FY2021 has been revised from the previous forecast of JPY310 billion. The amount is expected to be approximately JPY325 billion.

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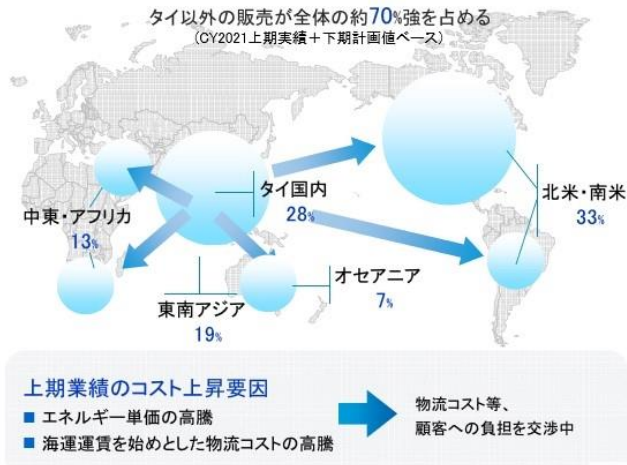
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タイ(UATH)の状況 ~2021年度 上期総括

缶材に加え、自動車熱交材、エアコンフィン材も最終製品の需要増加により販売が増加

販売展開エリアの販売比率(世界25カ国)



上期 総括

需要 : 缶材、自動車熱交材、エアコンフィン材共に、需要は堅調も、缶材の輸出については世界的な輸送遅延の影響を受け一部出荷が遅延

生産量 : 約27千t/月(上期:1~6月)

販売量 : 約27千t/月(上期:1~6月)

損益	(億円)		
	20年度 上期実績	21年度 上期実績	前年同期比
売上高	348	592	244
営業利益	△ 20	34	54
経常利益	△ 18	10	28
棚卸資産影響前 経常利益	△ 15	△ 5	10

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From page 12 onward, we will explain each of our business base.

First, starting with the situation in UATH in Thailand, in addition to can materials, sales of automotive heat insulation materials and air conditioner fin materials have increased significantly due to an increased demand of their end products. The monthly production is 27,000 tons. The sales figures are comparable. The percentage of [inaudible] is over 70%. Demand in the region, especially in Southeast Asia, is still at about 30%.

Here is a map to help you understand how we are expanding overseas. North and South America is 33%, and other regions are as shown here. In other words, 70% of our business is overseas.

In terms of demand trends, demand for can stock continued to be strong. It is particularly robust in the market mainly in North America. In addition, demand for automotive heat insulation materials and air conditioner fin materials have been also strong. As a result, sales have been [inaudible] as well.

However, the cost of shipping by sea is currently very high. While we continue to negotiate to pass the cost on to our customers, [inaudible], we will put in place a system to recover the cost as soon as possible.

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強みである3極連携をフルに活用しながら、旺盛な北米缶需要を取り込み、増収増益

アメリカ国内主要製缶メーカー7社の製造拠点分布

主要製缶メーカーの生産設備拡張は継続
9月だけで100億缶(当社調べ)の増産設備の投資が決定



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上期 総括

缶材需要 : 旺盛な需要環境継続

販売量 : 約42千t / 月(上期:4月～9月)

生産能力 : 約450千t / 年体制確立

損益	(億円)		
	20年度 上期実績	21年度 上期実績	前年同期比
売上高	618	1,108	490
営業利益	29	163	134
経常利益	17	151	134
棚卸資産影響前 経常利益	33	57	24

13

Next, this is TAA in North America. In order to capture the very strong demand for can stock in North America, we have established a relationship with 3 bases in Japan, Thailand, and Southeast Asia to export to the US. By capturing such strong demand for can stock in North America, we have been able to increase profits and sales.

Sales are about 42,000 [inaudible]. The production capacity is 450,000 tons per year, and the new cold rolling mill is currently in full operation.

As for the market trend, can manufacturers use our can stock, but their capacity is already full being unable to keep up to supply. Therefore, as shown on the left, the capacity of major can manufacturers' facilities is expanding. The demand for can in North America is approximately 92 billion, and in September alone, they have decided to invest in the facility for the additional production of 10 billion cans. It is predicted that in 2024, the additional production will be up to 30 billion cans.

In this situation, North America continues to import empty cans from overseas to fill the shortage, and UBCs derived from empty cans appear in the scrap market. This continues to be a good situation for us, as it pushes scrap prices down.

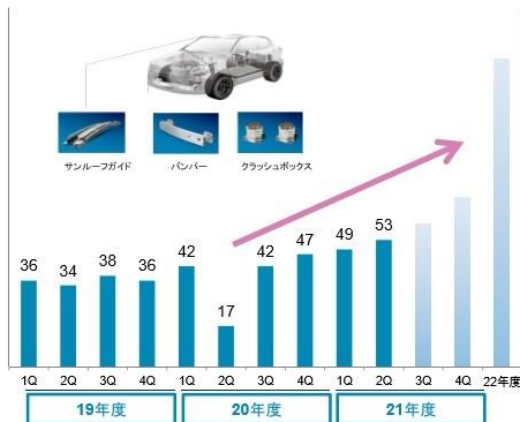
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EV向けアルミ構造部品の受注量増加に加え、新規量産品が4Qから販売開始

UWH 売上高推移(単位:億円)



*1 UACJ Automotive Whitehall Industries, Inc.
 *2 20年度上期…2020年1月~6月
 *3 21年度上期…2021年4月~9月

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上期 総括

- 需要 : コロナの減産から需要が回復基調
各OEM・新興EVメーカーから増産要求あり
- 販売 : 新興EVメーカー向けを中心に着実に増加
→2022年度より既受注増車種の量産開始
- 生産体制 : アリゾナ州新工場は稼働準備が整う
顧客の稼働待ち

損益	(億円)		
	20年度 上期*2実績	21年度 上期*3実績	前年同期比
売上高	58	102	44
営業利益	△ 15	△ 8	7
経常利益	△ 17	△ 9	8

Next, on page 14, is the automotive parts business.

In North America, UACJ Automotive Whitehall Industries, Inc. mainly produces bumpers, but in addition to an increase in orders for aluminum structural members for EVs, new mass-produced products will start selling in Q4. In North America, demand is recovering from the production cutback caused by COVID-19, and we are receiving many requests from OEMs and emerging EV manufacturers to increase production. In response to this, we are expanding our production system.

Our new plant in Arizona is ready for operation and we are just waiting for our customers to start up their production facilities. In the future, we will see a steady start-up of our automotive parts business, including the manufacture of bumpers for Japanese OEMs from the Latin American region.

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2. 構造改革の進捗

構造改革の進捗

各施策はロードマップに沿って計画通りに進捗



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16

Now, I would like to talk about the second item, the progress of structural reform.

As shown in the chart on page 16, each of the measures is largely on track. The consolidation of some production bases has been delayed due to the effects of the COVID-19 pandemic on automobile materials. This progress is shown in figures on page 17.

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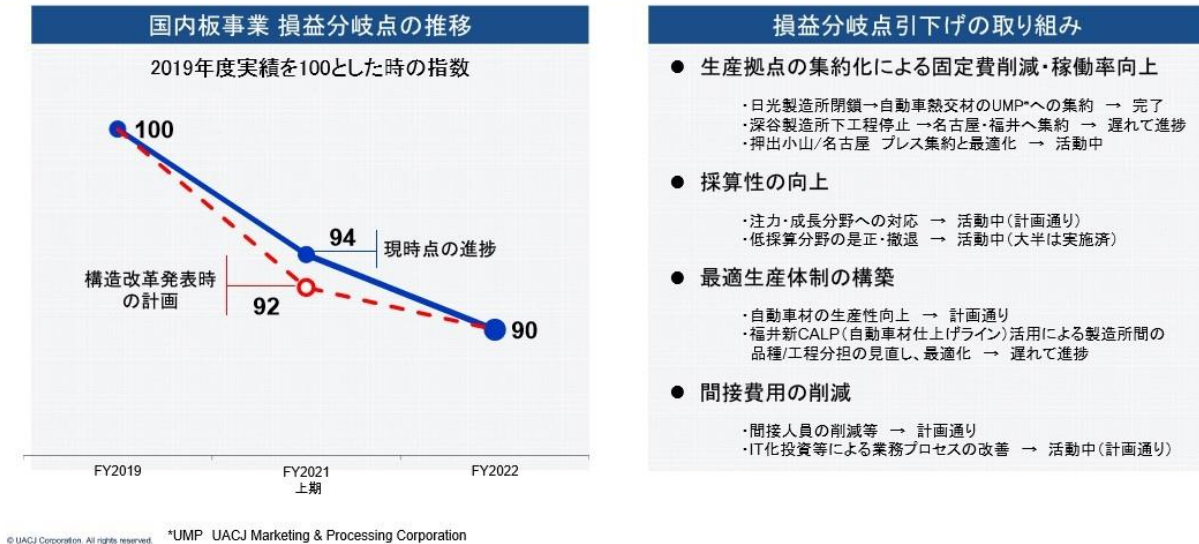
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構造改革施策の効果

損益分岐点の推移は今までの構造改革の取り組みにより、着実に下がってきている



When the 2019 performance is set at 100 in the index, we will bring it down to 90 in 2022. At that time, we were planning to reduce the number to 92 in H1 of 2021, but the current status is 94. Our efforts to lower the break-even point are described on the right. Partly due to the impact of the COVID-19 pandemic on automotive materials, and partly due to a delay in the customer's [inaudible], the consolidation of operations at the Fukui Works has been partially delayed, and operations at the Nagoya Works are continuing. This is a little bit of a delay, though.

Through additional measures, we are determined to achieve our target break-even point by 2022.

Due to the impact of COVID-19 pandemic, structural reforms [inaudible] and the market environment are not necessarily in line, but we believe that the automotive business will definitely change to aluminum. We will continue our efforts to lower the break-even point as planned.

As a result, the Company is changing to a corporate structure that is less susceptible to the environment. We will continue our efforts to improve our earning power.

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2. 構造改革の進捗

構造改革実施による収益改善効果

追加施策実施により、構造改革効果は210億達成に目途

	構造改革発表時 (2019年9月)	第3次中計発表時 (2021年5月)	最新見通し
国内：収益構造改革	+100億円	+67億円	+96億円
生産拠点集約	+40億円	+34億円	+23億円
最適生産体制・品種構成改善(自動車材・電池材増加)	+50億円	+25億円	+65億円
間接費削減(間接人員削減等)	+10億円	+8億円	+8億円
海外：大型投資収益化	+110億円	+118億円	+114億円
UATH 第3期投資稼働開始で、販売量拡大とコスト削減	+70億円	+76億円	+76億円
TAA 増産投資完了による販売量増加、価格改定実現	+20億円	+19億円	+19億円
UWH 収益性重視の受注、押出機を生かし売上拡大	+20億円	+23億円	+19億円
構造改革効果	+210億円	+185億円	+210億円

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18

On page 18, we announced the effect of structural reforms of JPY21 billion, and we said that we were on track to reach JPY18.5 billion as of May 2021. Currently, our latest forecast sees us achieving JPY21 billion as planned. The revision of rolling margins for plates in general, and additional measures to further reduce manufacturing costs have lowered the break-even point and led us to be on the track to achieve the initial target of JPY21 billion.

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2. 構造改革の進捗

構造改革効果の推移

製造コスト低減、ロールマージン改定などの追加施策により、構造改革発表時の目標達成に



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19

On page 19 is a graph showing the progress of structural reform effects.

As I mentioned earlier, we are determined to achieve our target of JPY21 billion in 2022, and I am happy to report that we are on track to do so.

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3. 2021年度 通期業績見通し

2021年度 通期業績見通し

(単位:億円)	2021年度 (5月時見通し) (A)	2021年度 (8月時見通し) (B)	2021年度 (最新見通し) (C)	2020年度 (D)	増減 (C) - (A)	増減 (C) - (B)	増減 (C) - (D)
連結売上高	6,600	7,000	7,500	5,698	900	500	1,802
連結営業利益	220	330	500	111	280	170	389
棚卸資産影響前 連結経常利益	99	134	210	62	111	76	148
棚卸資産影響額	61	116	190	△ 2	129	74	192
連結経常利益	160	250	400	60	240	150	340
連結当期純利益	80	120	200	△ 33	120	80	233
Adjusted EBITDA	508	549	630	447	122	81	183

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21

I would now like to talk about the outlook for the full year, starting on page 21.

As for the full-year earnings forecast for FY2021, TAA's earnings are expected to increase and domestic business earnings are expected to improve, including the effects of structural reforms. In addition, there is a positive inventory impact due to the rising price of aluminum bullion.

On the other hand, we are still looking at risks such as the re-expansion of the COVID-19 pandemic globally, [inaudible] in the supply chain, and the impact of semiconductor shortages, et cetera, and we have revised our full-year forecast while factoring in a certain amount of these risks.

We estimated net sales at JPY750 billion, operating profit at JPY50 billion, ordinary profit at JPY40 billion, and profit attributable to owners of parent at JPY20 billion.

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3. 2021年度 通期業績見通し

アルミ板 品種別売上数量(最新見通し)

(単位:千トン)

品 種	2021年度 (5月時見通し) (A)	2021年度 (8月時見通し) (B)	2021年度 (最新見通し) (C)	増 減 (C) - (A)	増 減 (C) - (B)
缶 材	845	847	842	△ 3	△ 5
箔 地	59	58	59	0	1
I T 材	19	18	17	△ 3	△ 1
自 動 車 材	155	157	148	△ 7	△ 9
厚 板	49	51	53	4	2
その他一般材	201	211	212	11	0
合 計	1,328 国内市場向け 505 海外市場向け 824	1,342 国内市場向け 504 海外市場向け 838	1,330 国内市場向け 492 海外市場向け 838	1 国内市場向け △13 海外市場向け 14	△ 12 国内市場向け △12 海外市場向け 0

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22

On page 22 is the future outlook for flat-rolled products, which you can refer to later.

Support

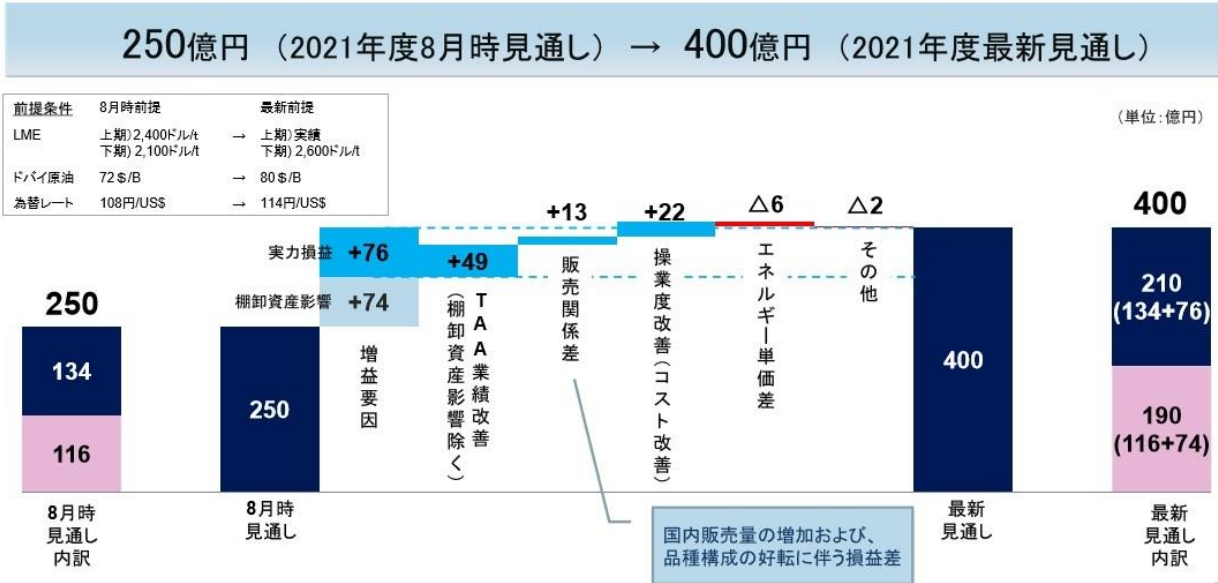
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3. 2021年度 通期業績見通し

連結経常損益分析 (2021年度8月時見通し → 2021年度最新見通し)



23

On page 23, the change from the forecast as of August 2021, from JPY25 billion to JPY40 billion, is shown in a waterfall. The way to look at it is the same as before, with the impact of inventory and the profit and loss on competence shown separately.

As you can see, we are now in a situation where we can expect an increase in profit of JPY7.6 billion even on a merit basis. Some of these figures include the expected increase in the unit price of energy.

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3. 2021年度 通期業績見通し

アルミ板 品種別売上数量(2020年度 対 2021年度最新見通し)

(単位:千トン)

品 種	2020年度 通期 (A)	2021年度 最新見通し (B)	増 減 (B) - (A)
缶 材	693	842	149
箔 地	52	59	7
I T 材	25	17	△ 8
自動車材	123	148	25
厚 板	42	53	12
その他一般材	180	212	32
合 計	1,113 〔国内市場向け 441〕 〔海外市場向け 673〕	1,330 〔国内市場向け 492〕 〔海外市場向け 838〕	216 〔国内市場向け 51〕 〔海外市場向け 165〕

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24

Page 24 shows the sales volume of each type of flat-rolled products in comparison with FY2020 and FY2021. A large increase is expected mainly in can stocks. While overall demand in Japan is expected to remain flat, sales volume of can stock in UATH in Thailand and TAA in North America is expected to increase.

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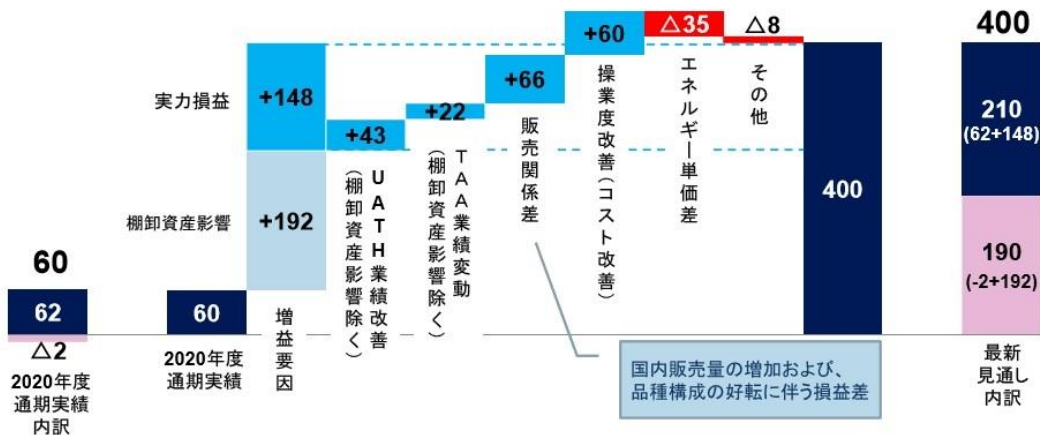
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連結経常損益分析 (2020年度 →2021年度最新見通し)

60億円 (2020年度) → 400億円 (2021年度最新見通し)

(単位:億円)



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If you look at page 25, you will see a waterfall of changes in consolidated ordinary income and loss, from JPY6 billion in FY2020 to JPY40 billion, a forecast in FY2021. In the same way here, we look at the inventory impact and the loss and profit on competence separately.

As you can see in the breakdown of the latest forecast on the far right, the profit and loss on competence of JPY21 billion is expected to exceed the effect of inventory asset of JPY19 billion, resulting in the overall estimate of JPY40 billion.

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設備投資・減価償却費

減価償却費の約7割が設備投資額の上限
気候変動対策等へ一定額を配分し、計画的に進める

(単位:億円)		2020年度 上期	2020年度 通期	2021年度 上期	2021年度 最新見通し
設備投資	一般投資	61	109	76	210
	戦略投資	39	72	34	88
	合計	100	181	110	298
減価償却費		166	334	169	349

Page 26 shows our approach in the latest forecast for capital investment and depreciation, but this is almost as planned, so I will skip it.

Support

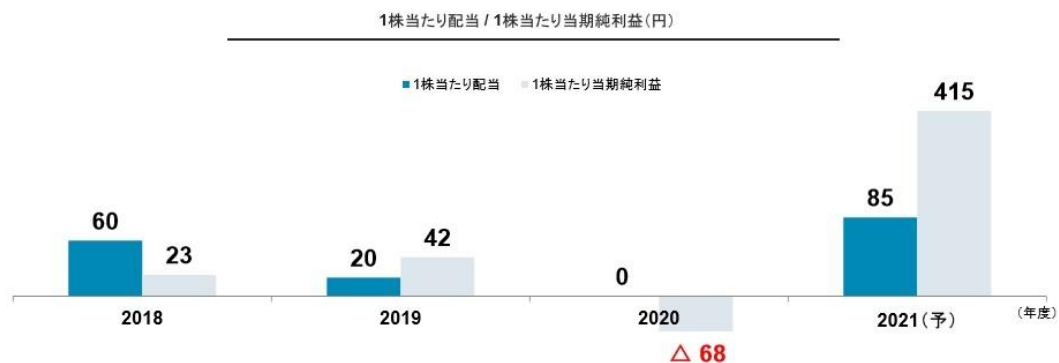
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株主還元

好調な市況による業績改善により45円増配し、1株当たり配当金を85円とする

- 還元方針 : 長期的な総還元性向は30%以上を目標とする
- 配当 : 連結配当性向20~30%を目途に、安定的かつ継続的な配当を目指す
- 株式価値の向上 : 確実な利益・キャッシュフローの確保、資本市場との対話で価値向上を目指す



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27

On page 27, you will find an explanation of shareholder returns and dividends.

In accordance with the upward revision of the full-year earnings forecast this time, the annual dividend forecast has been revised upward by JPY45 from the initial JPY40 to JPY85. In order to enhance our stock value, we will continue to engage in dialogue with the capital markets, along with securing reliable profits and cash flows.

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外部環境の変動と当社の対応

外部環境の変動に柔軟に対応し、影響を最低限にとどめるべく施策を実行

外部環境の変動	当社事業へのリスク	対応
半導体不足や東南アジアのサプライチェーン混乱の影響	自動車部品の販売量減による売上高減少	お客様の生産動向を注視しながら、製販一体となった活動を展開していく
添加金属の調達・価格高騰リスク	マグネシウム、メタルシリコン等、添加金属の調達及び、価格高騰による利益圧迫	2021年度に使用する添加金属については調達済 今後も売価の適正化や省材化に取り組む
物流費の高騰	コンテナ価格高騰による海上輸送コストの高騰	お客様と物流費を価格に転嫁出来るような契約条件の変更交渉を進めている
新型コロナウイルスの感染拡大	ロックダウンでの工場の閉鎖、また稼働率の低下を起因とする販売量の減と売上高の減少	ベトナム工場*が一時的に稼働を制限。 10月より生産再開し、10月末時点において9割程度の稼働状況
北米飲料缶需要の拡大	新規投資時期の後ずれによる販売機会の損失	様々な施策を検討中

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28

Page 28 summarizes the major changes in various external environments and our response to them.

Fluctuations in the external environment, such as shortages of semiconductors, fragmentation of the supply chain in Southeast Asia, and the risk of procurement and rising prices of additive metals. More recently, risks related to the procurement of magnesium, metal silicon, and other materials have arisen. To be more specific here, we have already procured all of these additive metals to be used in FY2021. We will continue to work on optimizing selling prices and saving materials. We will make every effort to ensure stable operations.

The expansion of demand for beverage cans in North America is 1 of the risks and opportunities, but we see this as an opportunity for us. Consideration of various measures is [inaudible].

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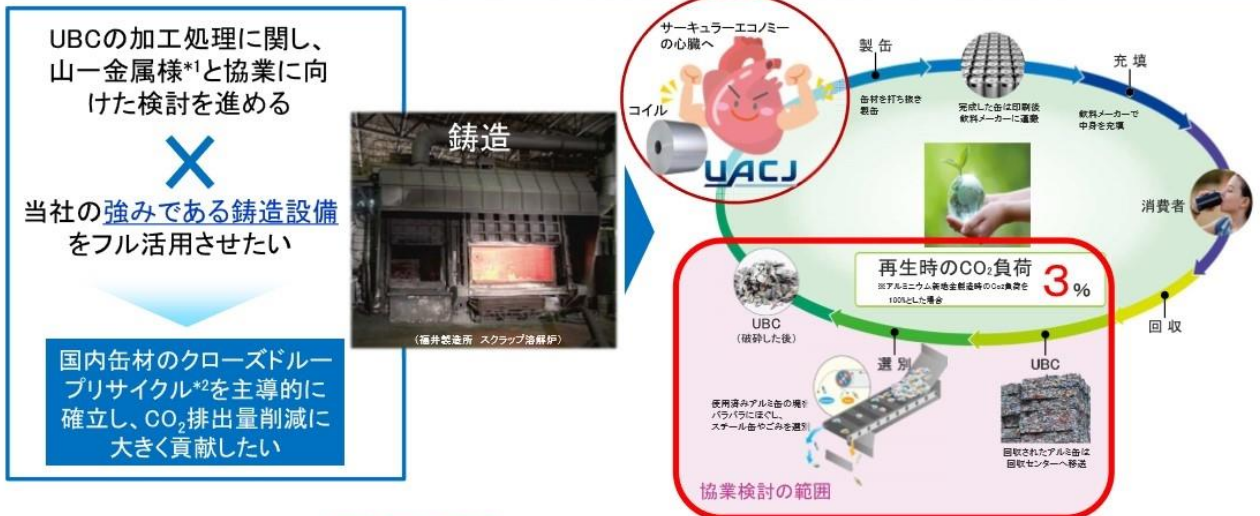
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4. サステナビリティへの取り組み

UBCの一貫処理体制構築への取り組み(CO₂排出量削減)

アルミニウム製品の環境負荷低減サイクルの構築を国内で推進



*1 山一金属株式会社様 <https://yamaichi-metal.com/>
 © UACJ Corporation All rights reserved. *2 クローズドループリサイクル 素材として再利用するリサイクル。不純物を除去することにより、同じ素材として循環利用するリサイクルを指す

Lastly, in the area of sustainability initiatives, on page 30 is the so-called Scope 3 section of our VISION 2030 plan to reduce CO2 emissions by 2030. This is the recycling of raw materials. We share the direction we are aiming for with Yamaichi Metal Corp., and have agreed with them to collaborate in the processing of UBC, Used Beverage Can, in recycling.

In the future, through this collaboration, domestic aluminum cans will again be manufactured and shipped as aluminum coils. We will take the lead in establishing closed-loop recycling and aim to contribute to the reduction of CO2 emissions. As you can see in the picture on the upper right of page 30, we will work to become the heart of the circular economy for aluminum products.

We will connect the can stock to the automobile material, or develop this recycling system for other materials. As a first step, we will start with beverage cans.

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4. サステナビリティへの取り組み

ラヨン製造所 太陽光発電システム導入

世界最大級*1の太陽光屋根置き発電システムを導入し、工場稼働に必要な電力に充当



ラヨン製造所(UATH) 太陽光パネル設置イメージ

太陽光パネルの設置容量等

太陽光パネル設置容量	18MW
発電電力量	約25GWh/年 (日本の一般家庭約7,900戸分に相当)
CO2削減量	約1.4万t-CO ₂ /年 (ラヨン製造所の年間総排出量の約6%に相当) (タイ政府公表値 CO ₂ 排出係数(0.566kg/kWh)で算出)
太陽光パネル総面積	約8.7万㎡

持続可能で豊かな社会の実現に向け、環境負荷軽減への取り組みを積極的に推進

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On page 31, you will find an explanation of the installation of solar power generation systems at Rayong Works at UATH in Thailand. This is 1 of our efforts to reduce CO2 emissions.

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4. サステナビリティへの取り組み
気候変動への対応

TCFD*1提言への賛同を表明し、気候変動への対応をより一層強化



2021年9月にTCFD提言へ賛同を表明、
同月にコンソーシアムへ加入

TCFDの提言に基づき、積極的な情報開示を継続して実施

ガバナンス	気候変動対策推進委員会(2021年4月～)を設置 経営層によるガバナンス体制を強化
戦略	目標達成に向けてロードマップ作成を進行 来年度以降、継続的な開示・報告を計画
リスク管理	組織横断的なメンバーで、リスクと機会を特定し、 TCFDの枠組みに沿うシナリオ・ロードマップの作成を進行
指標と目標	2030年度におけるサプライチェーン全体でのCO2排出量を、2019年度比 22%削減(BAU*2比)と設定 目標達成に向けて、施策を検討中

(ご参考)
2021年9月15日付リリース [「気候関連財務情報開示タスクフォース\(TCFD\)」提言への賛同表明、およびTCFDコンソーシアムの参画について](#)
2021年度版統合報告書 [P41～42記載](#)

*1 TCFD 気候関連財務情報開示タスクフォース。Task Force on Climate-related Financial Disclosures
*2 BAU 何も対策を講じずに現状(生産量、品種構成)を維持した状態。Business as usual

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Page 32 shows that we expressed our support for the TCFD recommendations to further strengthen our response to climate change. An initiative to incorporate climate change-related risks into management strategies by the Japanese government and the Ministry of the Environment was adopted, and our company has been selected as 1 of the companies to take this initiative.

This is all for my presentation. As I explained earlier, Kawashima will explain the amount of the impact of the inventory valuation.

Kawashima: Then, as President said, Kawashima will [inaudible]. We have made 1 page for explanation. As for the impact of inventory, there are 2 factors.

First, as a point 1, we calculate the cost using the average method. This impact and Japan, [inaudible] as you know, aluminum [inaudible] products are all reflected [inaudible] in the price of bullion, but there is a [inaudible] time difference. These 2 in the form of inventory impact [inaudible].

As you know, for the year 2021, [inaudible] is very high. [Inaudible], what is happening is described in point 1, which is a material cost by average method. The customer uses the moving average method, and the average is [inaudible], which means that the inventory carried forward and the inventory purchased in the current period are all mixed together, and the material cost is incorporated in [inaudible].

What is described here is that inventory purchases during the period are [inaudible], so on this basis, the amount of [inaudible] is determined, but for cost accounting purposes, [inaudible] during the period. On the other hand, as shown on point 2, the change in the price of bullion [inaudible], although it can be passed on, there is inevitably a time lag. There is a difference of 3 months or 4 months, depending on the region. This will have a negative effect on the price of the product, because the price will rise later.

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Point 1 and 2 are inversely proportional. As for the [inaudible], we will consider that the impact of the [inaudible] inventory of point 1 and point 2 will be 19 billion, as the president mentioned earlier.

I was just trying to help you understand 1 more time [inaudible].

That's all.

Okada: That is all for the presentation from the Company.

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Question & Answer

Okada: We will now take your questions.

Now, let me introduce the first questioner.

Mr. Yamaguchi from SMBC Nikko Securities Inc., please ask your questions.

Yamaguchi: Please tell me 2 points. I think it's easy to answer.

The first question, as I always ask, is what are the sales, operating income, and ordinary income of TAA, UATH, and Whitehall for the full year? This is the first question.

Company Representative: TAA's annual sales are about JPY240 billion, operating income is JPY23.7 billion, and ordinary income is JPY21.2 billion. Then, UATH has sales of [inaudible] billion, operating income of JPY7.6 billion, and ordinary income of JPY3.1 billion. For Whitehall, we are forecasting annual sales of JPY24 billion, operating income of negative JPY800 million, and ordinary income of JPY1.1 billion.

Yamaguchi: Operating income is negative JPY800 million?

Company Representative: That's right. Negative [inaudible].

Yamaguchi: I understand. I am fine with the first question.

As for the second question, the capacity of rolling mills is being increased one after another in North America, such as at Kaiser Aluminum, [inaudible], Novelis, et cetera. On the list of the future risks discussed earlier, it says that it may become the opportunity loss, although this has not been decided yet. Would it be possible to expand in the form of Brownfield?

Or, for example, if we say expansion, will it be like Greenfield this time, because there is no more space? In the case of Greenfield, I think it cost about JPY100 billion in the case of UATH. Based on this, how will you do it? For example, is it possible to expand the capacity with minor changes in the form of Brownfield?

Including these points, can you give us some tips on the capacity of TAA?

Ishihara: Ishihara will answer this question. As I mentioned earlier, there are some parts that are [inaudible] missing. I think this is the whole bottleneck [inaudible], when we do business in North America, [inaudible], Brownfield rather than Greenfield, [inaudible], and therefore, new capacity building [inaudible].

Yamaguchi: I understand very well. Thirdly, this fiscal year, the so-called profit before inventory is growing very fast, but does this include 1-time gains, such as a temporary increase in the spread? Or is it safe to say that this profit is the result of the fact that you are becoming truly capable? This is my last question.

Ishihara: This is Ishihara, but I believe that [inaudible] is gaining power.

Yamaguchi: Congratulations. Thank you very much.

Okada: Thank you for your question.

The next question is from Mr. Shirakawa, Morgan Stanley MUFG Securities Co., Ltd. Please go ahead.

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Shirakawa: This is Shirakawa from Morgan Stanley Securities.

Okada: Thank you.

Shirakawa: Before I ask a question, I would just like to confirm something about the UATH. For UATH, net sales is 1,470, but I didn't hear the operating income and ordinary income. Could you tell me 1 more time?

Company Representative: Operating income is JPY7.6 billion. Then, ordinary income is JPY3.1 billion.

Shirakawa: JPY3.1 billion, yes. I understand. I'm sorry. Thank you very much.

Then, I would like to ask you 3 questions briefly.

The first point is that TAA in North America seems to have increased its profit considerably from Q1 to Q2, but what is the background behind this increase? Please tell us what contributed to the increase.

Also, this time, you have raised the forecast for TAA considerably from the initial forecast. I think you may provide the answer in the question about Q1 and Q2, but could you tell us what is strong and what was the factor that triggered the upward revision?

The second question is about page 18. I believe you have reviewed the structural reform this time. Could you tell me the background behind this?

In particular, I believe that the optimal production system in Japan and the improvement of the product mix, which are listed on the second, have been revised upward significantly in the latest forecast. On the other hand, in your explanation, you mentioned that due to the impact of the COVID-19, the progress of the CALP in Fukui was somewhat delayed. Therefore, I guess there are many positives and negatives. Could you tell me the background for each item?

The third and final point is that you mentioned about the increase in the cost of secondary materials, such as silicon metal and magnesium. How much of an impact will this have? On the other hand, I don't think there is any [inaudible] in the area of price transfer, but I would like to know if it will be done properly.

Those are my 3 questions. Thank you.

Company Representative: Regarding TAA's [inaudible].

Company Representative: Now, I will [inaudible]. First, in North America, as in the past, there is a strong demand for [inaudible], and we are unable to produce enough. Contributed factor was the raw materials as well as the good demand. As this is [inaudible], the initial [inaudible] has a very positive effect.

On the other hand, a slight negative factor is that although the demand in the US is also [inaudible], truck transportation is a bit slow, so [inaudible] goods cannot be sent. This is a slight negative factor although this will be bit [inaudible].

However, please understand that the biggest thing is to [inaudible] get the cheapest raw materials possible.

That's all.

Company Representative: Then, structural reform [inaudible].

Tanaka: Now, Tanaka will explain the structural reform of [inaudible].

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You can find the details on page 18 of the document. The main area where we have reviewed or accumulated additional measures this time is the domestic [inaudible]. As stated there, we reviewed the areas of optimal production system and improvement of product mix, and increase [inaudible]. It includes the review of product mix in order to shift to products with a high rate of return. Alternatively, the price of rolling margins for flat-rolled products [inaudible], etc., is a major contributor.

In addition to that, [inaudible] these things are particularly significant [inaudible] in the area of optimal production system and product mix improvement. On the other hand, there is a slight negative impact from the consolidation of production bases, which is related to automobile materials as mentioned earlier. These factors contributed slightly negatively. In addition, the optimal production system listed below and the consolidation of production bases [inaudible] have become negative.

Company Representative: [inaudible] I will refrain from giving you the exact amount, but [inaudible] that's all.

Is everything okay?

Shirakawa: I'm sorry, I didn't hear the last part about the secondary raw materials.

Company Representative: I said I can't tell you the secondary raw material in [inaudible] monetary terms. However, [inaudible].

That's all.

Shirakawa: I see. Thank you very much.

Okada: Thank you for your question.

The next question is from Mr. Matsumoto, Nomura Securities Co., Ltd. Please go ahead.

Matsumoto: This is Matsumoto from Nomura Securities Co., Ltd.

Okada: Thank you.

Matsumoto: The first point is that Mr. Kawashima mentioned earlier that you were able to get good conditions for so-called inexpensive raw materials from the US, but I wonder how sustainable this is. For example, if the aluminum bullion goes down, will it still continue rather well because there will be enough of what was brought in by [inaudible]? Please give me some ideas. This is my first question.

Secondly, for the upward revisions for Japan on page 23, there is the sales-related difference of JPY1.3 billion and the improvement in utilization ratio of JPY2.2 billion. Could you tell me the breakdown of them if you have?

That's all.

Company Representative: First point is about the cost of raw materials in TAA in North America, and it was the question to what I said to [inaudible]. This is because [inaudible] pushes the whole thing up. This is the first point.

As for the second point, could Mr. Kawashima answer?

Kawashima: As I mentioned earlier, we have revised upward [inaudible] our original forecast for the current fiscal year for sales and utilization ratio [inaudible]. As discussed earlier, there is a sales volume in the

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previous page. Based on that, our initial forecast was [inaudible] than we expected. In line with that, the operation condition of the factory has been improving substantially. Therefore, we estimated utilization ratio and cost will be lower.

Matsumoto: Thank you very much for your time.

Okada: Thank you for your question.

Next question is from Mr. Ozaki, Daiwa Securities Co. Ltd. Please go ahead.

Ozaki: I'm Ozaki from Daiwa Securities.

Okada: Thank you.

Ozaki: I'm sorry, I didn't catch the figures in your full-year plan earlier either, so I would like to confirm them. Is it correct, for TAA, sales are 2,400, operating income is 237, and ordinary income is 212?

Company Representative: You are correct.

Ozaki: Also, for Whitehall, is it correct that sales are 240, operating income is negative 6, and ordinary income is negative 19?

Company Representative: That is 11.

Ozaki: Ordinary income is negative 11, correct?

Company Representative: Yes.

Ozaki: Thank you very much.

I have 2 questions. First, it looks like you are planning for a decrease in ordinary income on a real basis, excluding inventory valuation effects, from H1 to H2. Could you tell me the background behind it?

The second point is that there is a shortage of magnesium and silicon due to the power shortage in China, and although you mentioned that you are working on passing on the price, I wonder if you will be able to procure them in the next fiscal year or later. Is there any possibility that this could be a limiting factor for your company's operations? Let me confirm this point.

These 2 questions.

Company Representative: Okay, let's start with Kawashima.

Kawashima: From H1 to H2 of the fiscal year, [inaudible], first, if you look at the inventory, other than [inaudible], we expect the volume to be almost flat from H1 to H2, [inaudible] raw materials. In addition, it is hard to say how much it is, but [inaudible] I mentioned earlier will rise slightly and we [inaudible] the figures.

Also, we expect that some of the [inaudible] will appear in H2 of the year, and compared to H1, H2 will see a slight drop in inventory. Although it is slightly [inaudible], that's how I see it.

Company Representative: You asked whether the shortage of magnesium and silicon is sustainable in areas other than price. Currently, the production of magnesium and silicon has been recovering. Magnesium has

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already returned to more than 50% capacity utilization, so this overall depletion is unthinkable, including China's domestic production.

Therefore, although the long-term supply and demand of electricity will naturally come into play, I do not believe that we will be in a situation where our operations will be unstable.

Ozaki: Thank you very much. As for the outlook for H2 of the year, although the volume will remain unchanged, you expect the cost of additional metal, raw materials, and fuel to increase. Is it correct to say that you are a little conservative in those areas?

Company Representative: [Inaudible] If you look at energy, the price of crude oil is rising at the moment, so compared to H1 of the year, we expect the energy bill to go up [Inaudible]. We incorporate these factors into our estimate this time. Therefore, we believe that this is [Inaudible] compared to H1.

Ozaki: I understand. Thank you very much.

Goroh: This is Goroh of UBS Securities Japan Co., Ltd. Thank you.

Regarding the price negotiations and efforts to improve margins, you explained that you would try to pass on the increase in unit price of energy, increase of transportation costs, and various other costs to price. For example, under the current structural changes, is there any room for structural changes in the price negotiation mechanism itself in order to cope with the risk that various costs will remain high, or that earnings will fluctuate greatly in a short period of time because of it?

In the past, the system was based on the rolling margin, which is a mechanism to automatically pass on the metal price. Other than that, is there a possibility that base price negotiations could change in response to changes in market supply and demand in the future? For example, even if it is difficult in Japan, there are possibilities in Europe and the US, or in Asia where there is a possibility that the pressure on suppliers from China will ease. I am sure there is a difference in direction of negotiations depending on the region. Please let me know if there is such a possibility.

This is my first question.

Secondly, I'm sorry, but I'd like to confirm your explanation of the sales price difference. It says here price mix improved and domestic sales volume increased. Compared to the traditional forecast, domestic sales volume looks decreased slightly due to the factor related to automobile. Does this improvement in the product mix refer to the fact that can stock and automobiles are expected to decrease, while thick plates are expected to increase?

I would appreciate an explanation of the product mix around here.

That's all.

Ishihara: This is Ishihara. As for the product mix, in addition to what Mr. Goroh mentioned, it includes, for example, increased sales of foil materials due to the demand for batteries. Also, our precision-machined components related to automobile have not yet become profitable, but on a stand-alone basis, they are starting to generate profits in some regions and for some customers, so that will be another factor in the turnaround.

Your question was whether a new method of determining the base price, or something like that, in addition to the so-called rolling margin concept, could be considered. I think you are talking about a system for each region, such as Southeast Asia and North America.

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In Japan, at least, more than 1/2 of our customers are currently receiving bullion [inaudible]. We will sell it with a rolling margin on top. Some of them, like the additional metal I mentioned earlier, are outside the [inaudible] fare.

For some customers, it's [inaudible], so it's in the inside. Therefore, we will continue to try to keep it out as much as possible and let the customer [inaudible] for the part that varies. The customers who are selling from Southeast Asia and Thailand to North America are very global customers, and they are very understanding about such additions. Therefore, the base [inaudible] will be included in the pricing system, and this will be negotiated with the customers and individual companies. This will not be [inaudible] overall, but we believe that it will be advanced.

In North America, that is quite advanced, and I don't think there is any need to change that at this time.

Goroh: Thank you. In the midst of various structural changes on the supply side triggered by the reduction of CO2 emission, in the steel industry for example, the news about Nittetsu's price negotiations with Toyota was recently reported. Therefore, I asked the question to see if there are any changes in response to such structural reforms.

Thank you very much. That's all.

Ishihara: I am Ishihara, and I would like to add something to Mr. Goroh's question.

Goroh: Thank you. Yes, please.

Ishihara: [inaudible] in light of environmental issues, I think it will become more and more necessary for us to use recycled products instead of so-called aluminum bullion. Under the circumstances, the question is how much of CO2 emission reduction can be brought back to aluminum as a result of CO2 emission constraint performed at the stage of choosing and using aluminum. For example, in automobiles, aluminum is used to reduce fuel consumption. Or, use aluminum to improve driving stability and extend the life of the car. The question is, how can we get the CO2 emission reductions from this part back into the aluminum material or aluminum parts?

I think that not only the price, but also how to build up the so-called CO2 emission reduction credits is the most important measure for the aluminum business in the future. We would like to realize making CO2 emission as credit with [inaudible] this time as the next step.

I think this would be essential for the aluminum business.

Goroh: I understand very well. Thank you very much.

Okada: Was it okay, Mr. Goroh?

Goroh: Yes, Thank you.

Okada: Thank you very much. We are almost at the end of our scheduled time, but if you have any questions, please let us know.

As there are no further questions, I would like to conclude the question and answer session. For any further inquiries, please contact the Investor Relations Department.

This concludes the financial results briefing for Q2 of FY2021 of UACJ Corporation.

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Thank you very much for today. We would like to ask for your continued support and encouragement to our company.

Thank you very much for taking time out of your busy schedules to join us today.

Company Representative: Thank you.

[END]

Document Notes

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