



*Aluminum lightens the world*

アルミでかなえる、軽やかな世界

# UACJ IR Day 2022

# Current Status and Outlook on

# Flat Rolled Products Business

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UACJ Corporation



# Current Status of and Outlook for the Flat Rolled Products Business



# Strengthening of Foundations for Growth: Regional Strategy and Group Strategy

Aiming to supply 1.5 million tons/year globally by leveraging our global supply system centered on three core pillars

**Japan** : Complete structural reforms

Improvement of income through completion of structural reforms, expansion of sales of key products, and environmental action

**UATH** : Production of 320,000 tons +  $\alpha$

Maximization of production and sales volume through full utilization of existing facilities

**TAA** : Capture robust North American demand

Maintain profitability and optimize performance from recent investments

**Flat Rolled Products Division**

Three-pillar operational system  
Optimization of productivity and maximum sales through augmentation of production

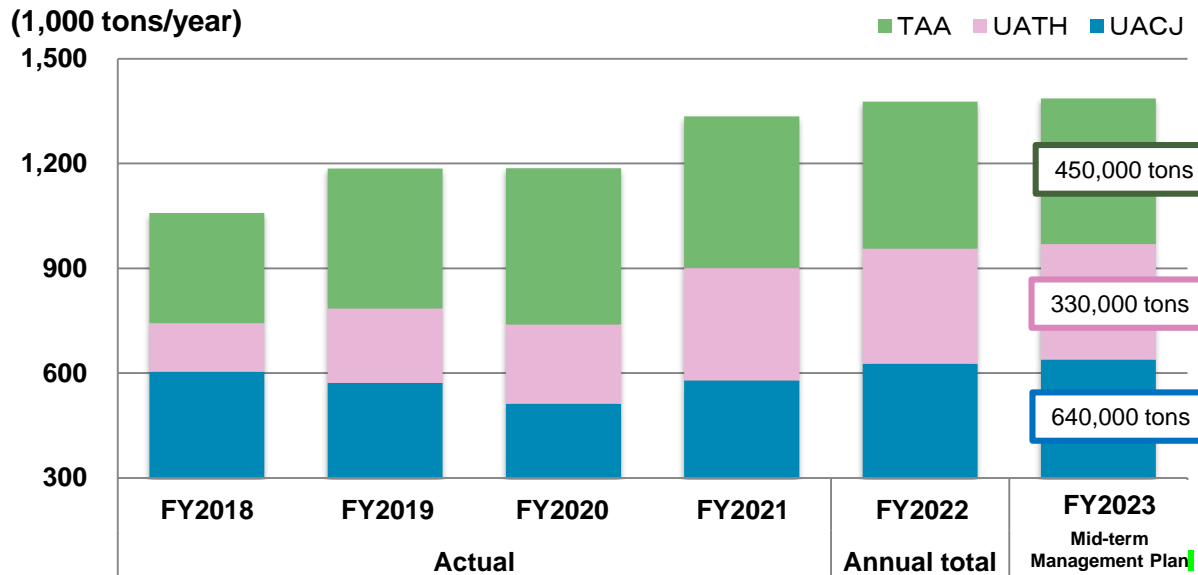
\*1 UATH: UACJ (Thailand) Co., Ltd.

\*2 TAA: Tri-Arrows Aluminum Holding Inc.

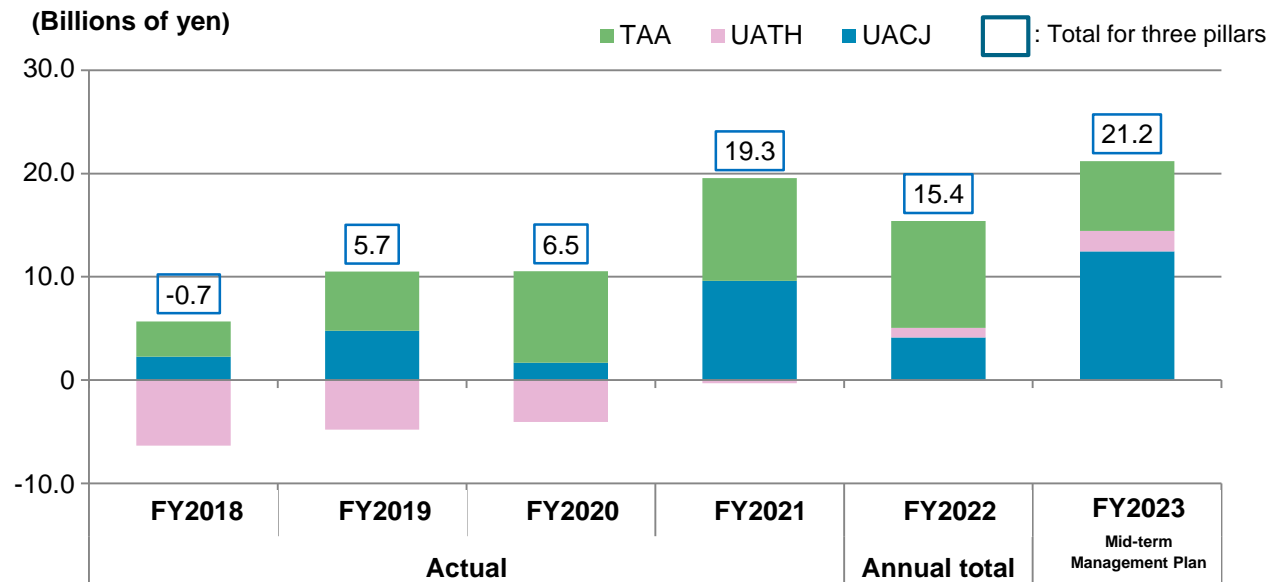
# Sales Volume and Ordinary Income for the Three Pillars of the Flat Rolled Products Business

## Sales volume and ordinary income for the three pillars of the Flat Rolled Products Business increased against a backdrop of robust demand

Sales volume at three domestic and overseas sites, by fiscal year



Flat Rolled Products Business Ordinary income, excluding inventory effects in three pillars



FY2022-FY2023 1.4-1.5 million tons

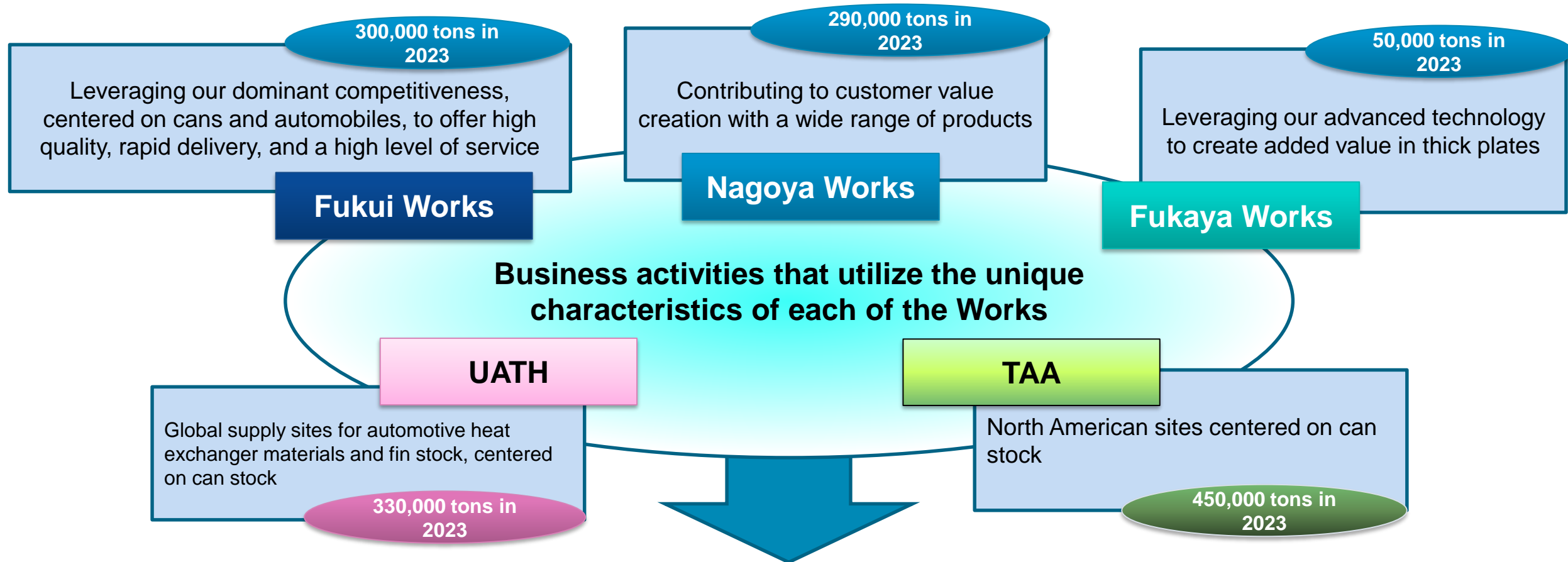
Future: Toward a 1.5 million-ton system for three pillars totaled

Increase in sales volume

Improvement of ordinary income

# Characteristics of Works in Japan, UATH, and TAA

Business development that utilizes our various product design capabilities and production capacity in a way tailored to our diverse range of customers and needs

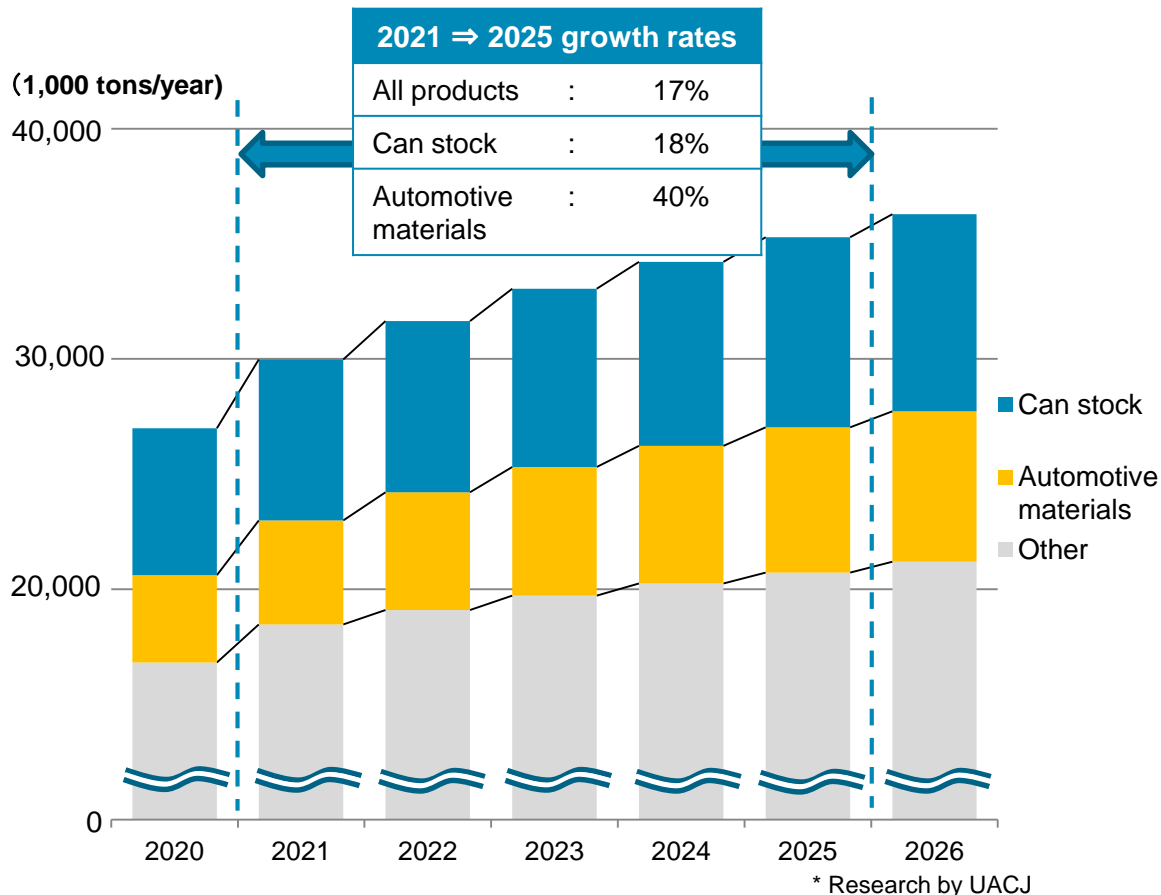


Supply system composed of three-pillar collaboration among UACJ (three Works in Japan), UATH (Thailand), and TAA (North America)

# Aluminum Market Conditions

## Global demand for aluminum is growing year by year

### Global outlook for aluminum demand



### Background to growth in demand for aluminum

Overall demand is growing, especially for can stock and automotive materials

Can stock:

- Growing demand for beverage cans due to population growth
- Reputation as environment-friendly beverage container

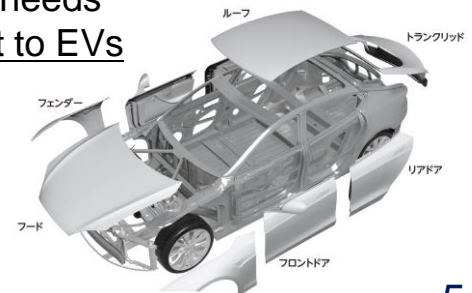


Recycling

Automotive materials:

- Increase in automobile models and parts that use aluminum to respond to weight reduction needs
- Growing demand for batteries due to shift to EVs

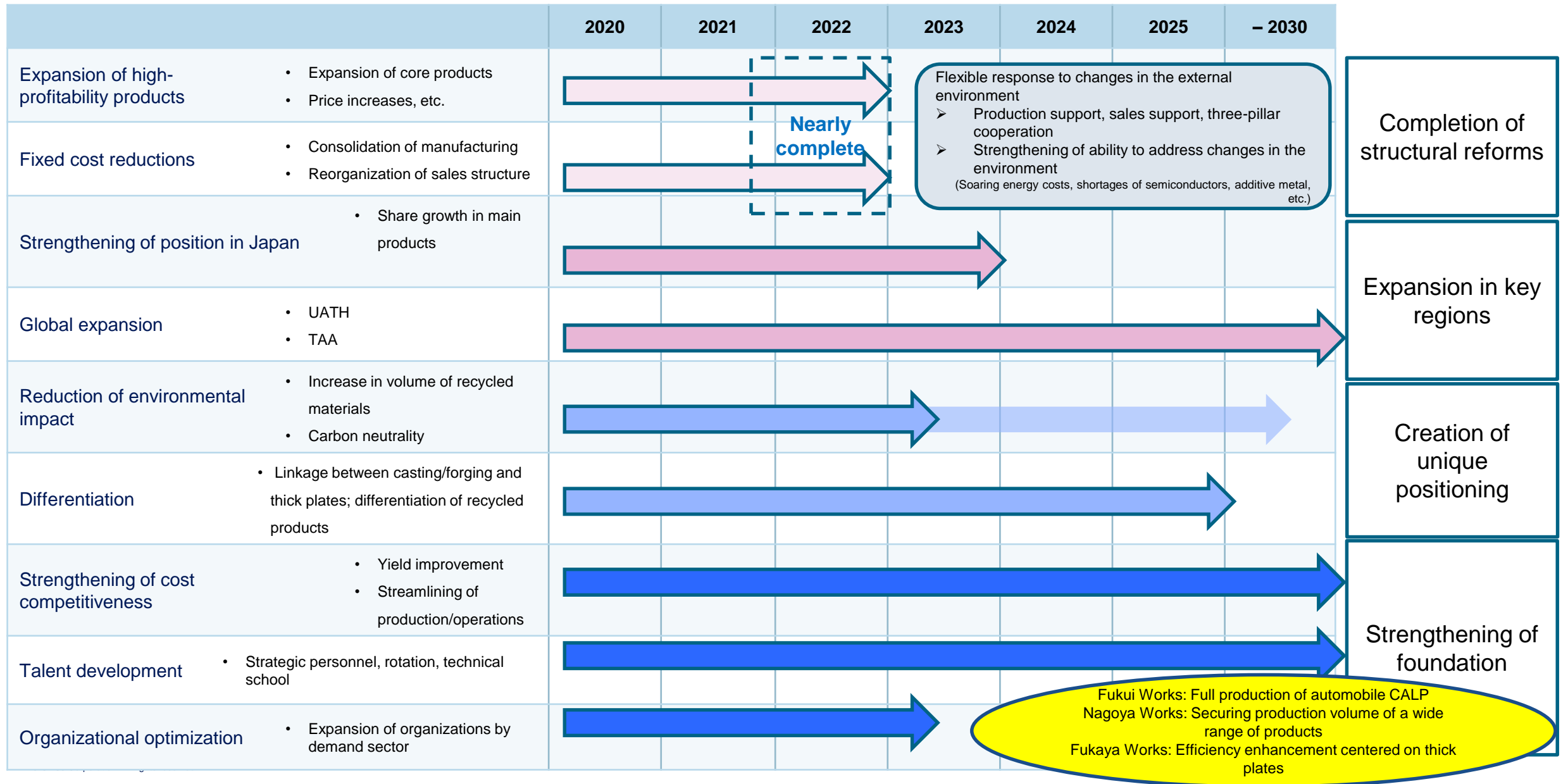
Contribution to carbon neutrality



# The Domestic Flat Rolled Products Business



# Roadmap for Mid-term Management Plan Measures

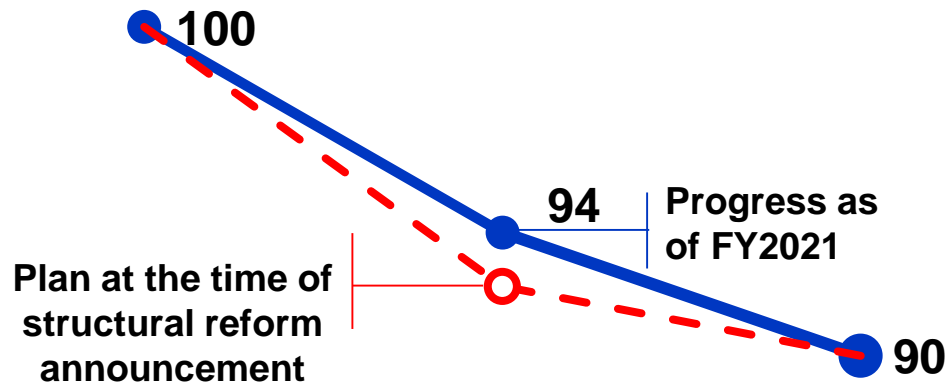




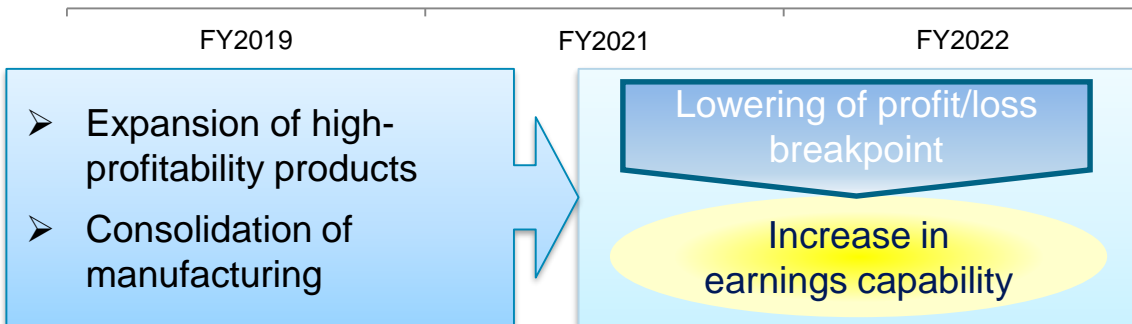
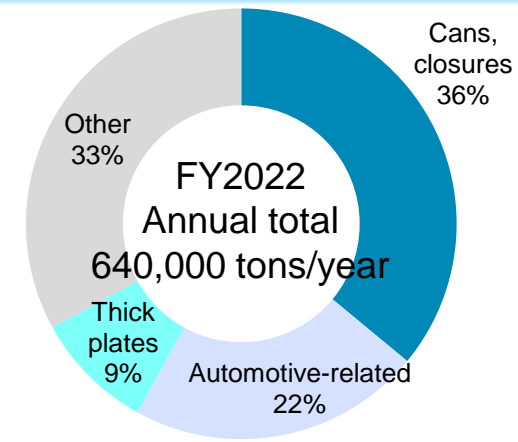
# Japan: FY2022 Major Sales Policies

**Gain earnings capability, and aim for total of 640,000 tons/year at three domestic Works with focus on core can stock, automotive materials, and thick plates**

Change in profit/loss breakpoint (metric with FY2019 set to 100)



Domestic composition of products sold, and FY2022 policies for key products



**Can stock**

- Promotion of both domestic and export orders.
- Promotion of recycling in collaboration with customers.

**Automotive materials**

- Stable production at Fukui Works.
- Proposals for materials that reduce environmental impact.

\* Risk factors: Closely watch impacts of semiconductor shortages and Shanghai lockdown

**Thick plates**

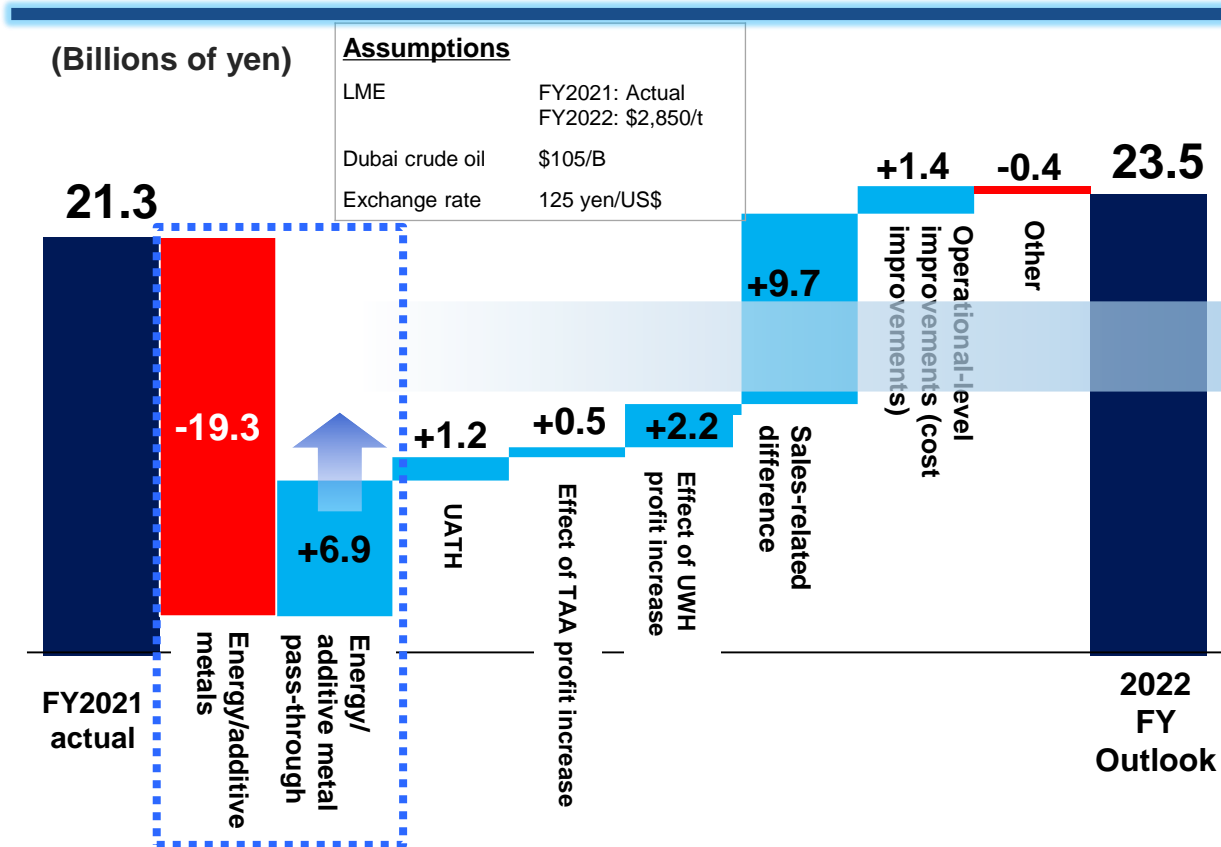
- Capture of strong demand for semiconductor manufacturing equipment.
- Capture of future fuel carrier demand.

# Measures to Combat Soaring Prices of Energy and Additive Metals

## Review of pricing methods to address fluctuations in additive metal, energy prices

FY2021-2022 Change in consolidated ordinary income (excluding effects of inventories)

Measures to address fluctuations in energy and additive metal prices



Soaring prices of energy, additive metals  
⇒ Factors reducing ordinary income

- ✓ Energy
  - ✓ Additive metals
- Creation of a scheme accommodating price fluctuations

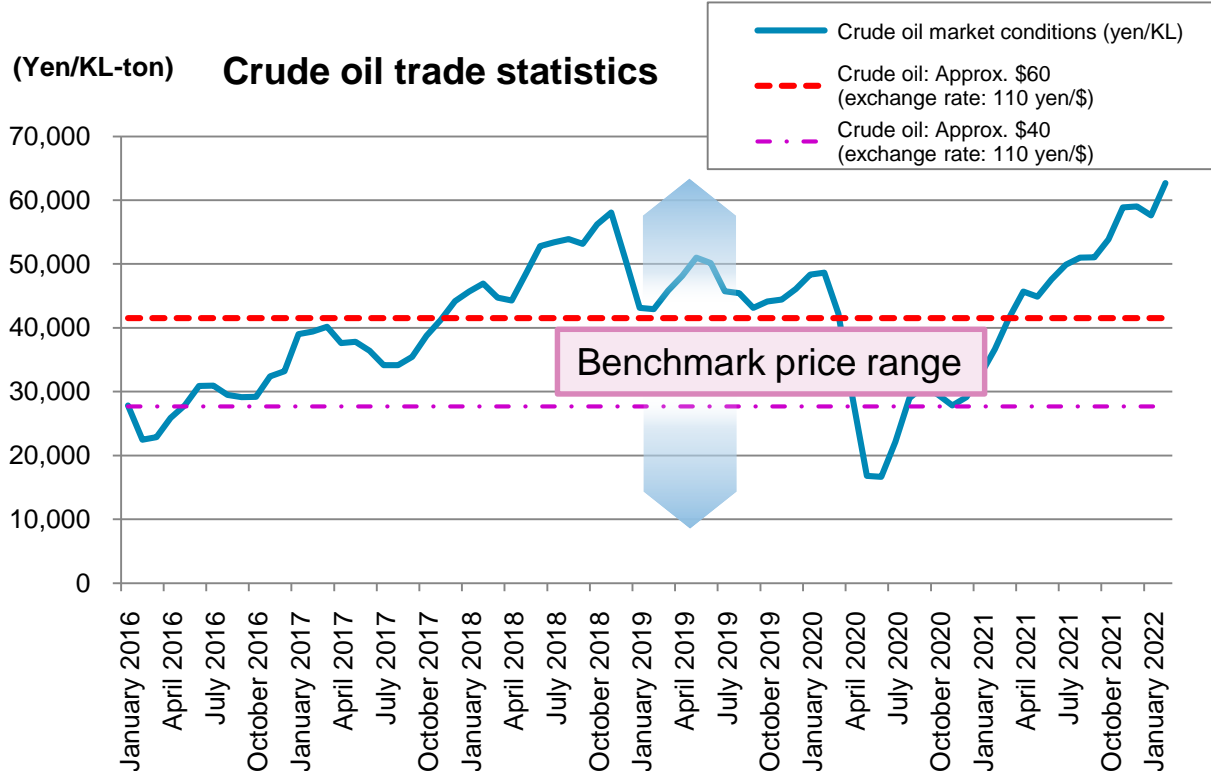
FY2022: Plan to recover about 1/3 of the amount of impact of soaring prices  
(Promptly implement pass-through pricing)

From FY2023: Increase in effects of creation of price scheme

# Introduction of Energy Surcharge System

## Introduction of mechanism to add the cost increase/decrease due to market energy price fluctuations to the product roll margin

### About the energy surcharge system



#### (1) Target products

- Aluminum plate products: All products

#### (2) Benchmark prices

- Use of Ministry of Finance trade statistics for crude oil and LNG
- Historical average of \$40-60/barrel for crude oil as the level borne by our company
- Reflection of increase from our company's borne level into transaction prices

#### (3) Pricing period for applied prices

- Price revision period will be adjusted through agreement with customers and revised quarterly or semi-annually.

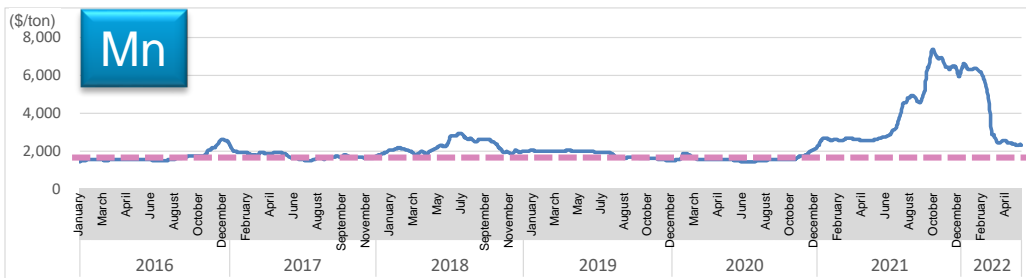
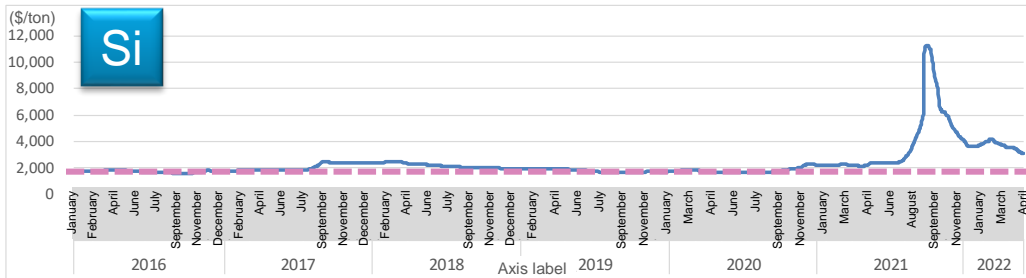
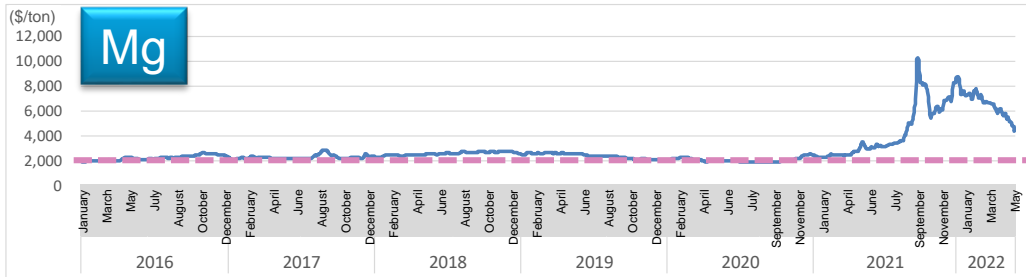
#### (4) Starting period

- Sequentially from July 2022

# Introduction of Additive Metal Formula System

## Introduction of mechanism to add the cost increase/decrease due to additive metal market fluctuations to the product roll margin

### About the additive metal formula system



(1) Targets for pass-through pricing

- Three elements: Mg, Si, Mn

(2) Standard prices

- ① Use “Asian Metal” as metric for market price determination
- ② Passing on of increase, based on market price of each element before price hike

(3) Pricing period for applied prices

- Price revision period will be adjusted through agreement with customers and revised quarterly or semi-annually.

(4) Starting period

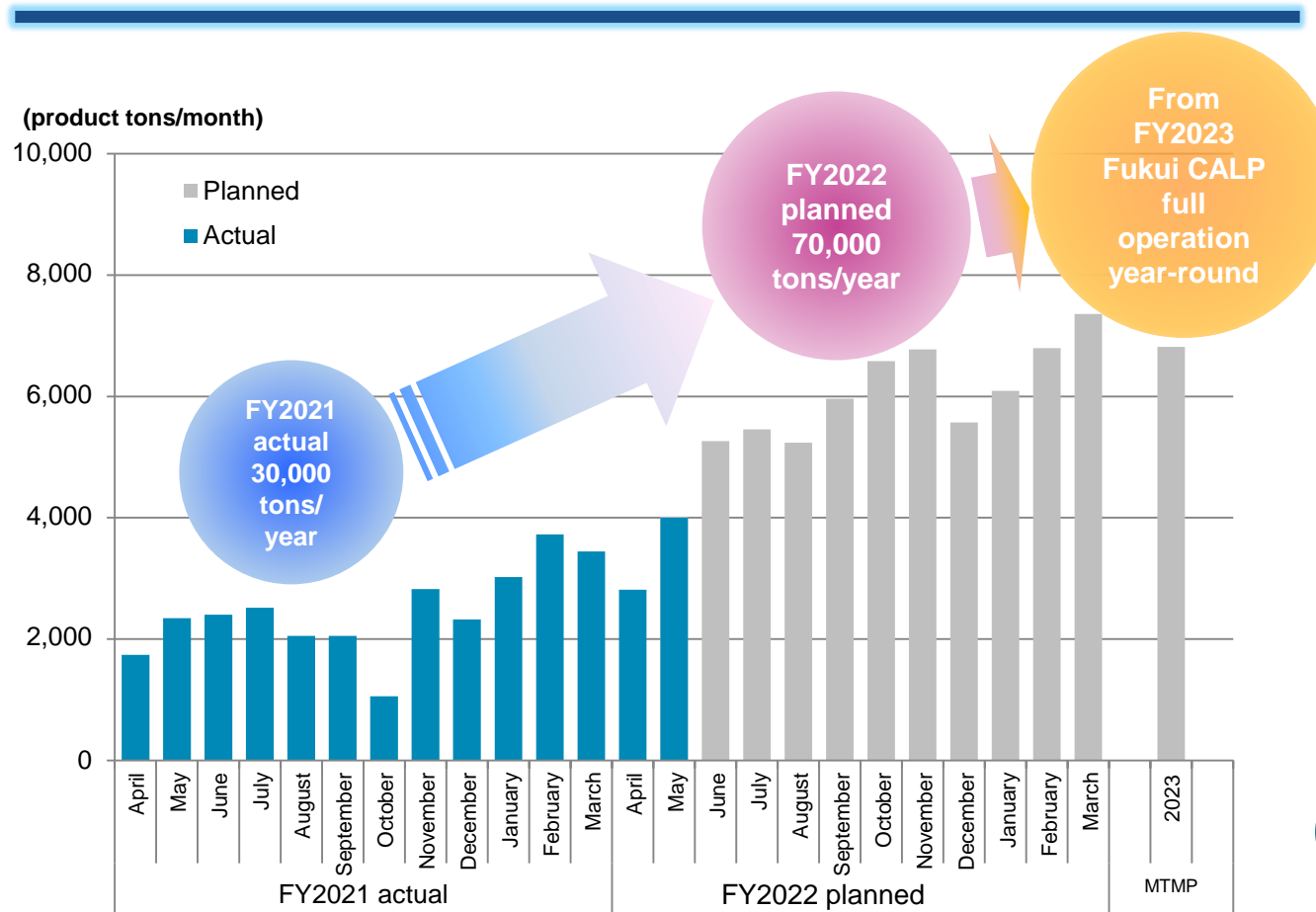
- Sequentially from April 2022

# Consolidation and Effects of Fukui Works Automotive Materials Production

## Fukui CALP consolidation of automotive materials will be completed during FY2022

Fukui Works Automotive materials production

➤ Through consolidation of Fukui Works automotive materials production ...



**Fukui Works**  
 Provision of quality, delivery, and service through overwhelming competitiveness centered on cans and automobiles

**Nagoya Works**  
 Contribution to customers' value creation through wide-ranging products

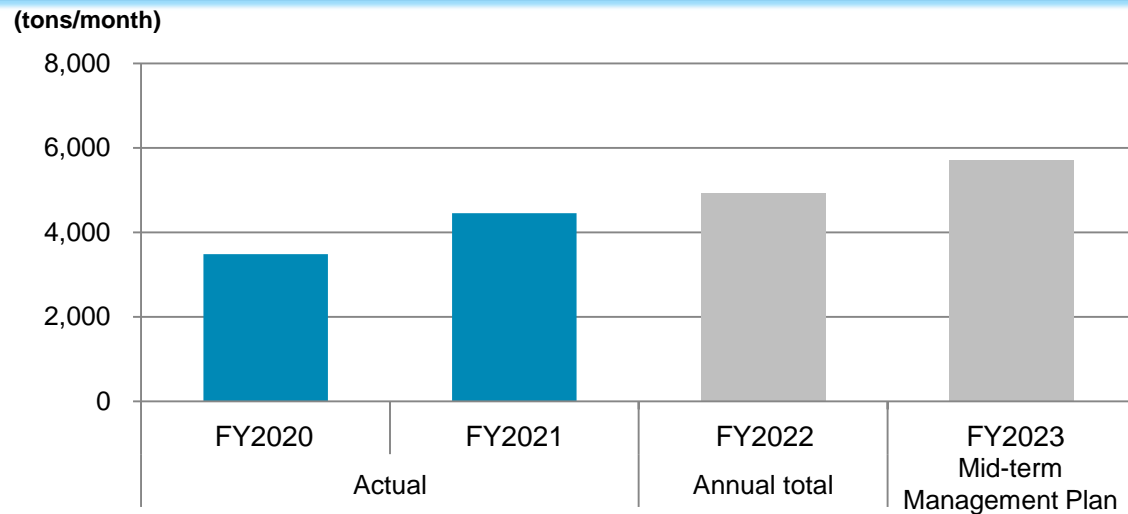
**Fukaya Works**  
 Creation of added value for thick plates through advanced technology

Production structure that leverages characteristics  
 Maximization of production capacity and value provided

# Creation of a Structure for Increased Production of Thick Plates

Significant improvement of thick plate production capacity to meet strong demand for semiconductor manufacturing equipment, fuel carriers, etc.

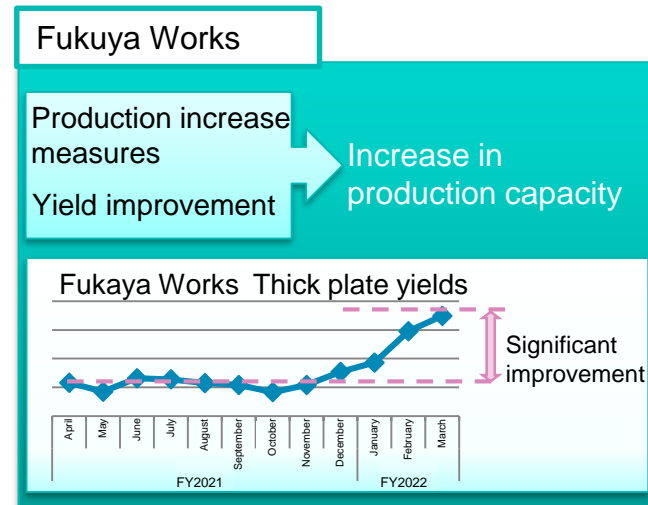
Thick plate sales volume results and outlook



## Demand for semiconductor manufacturing equipment (UACJ research)

FY2021 actual	:	40% increase year on year
FY2022 forecast	:	20% increase year on year

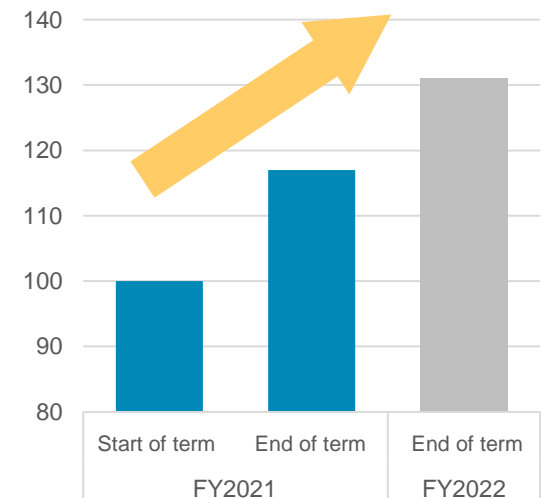
Manufacturing support for thick plate sales increase



## Fukui Works

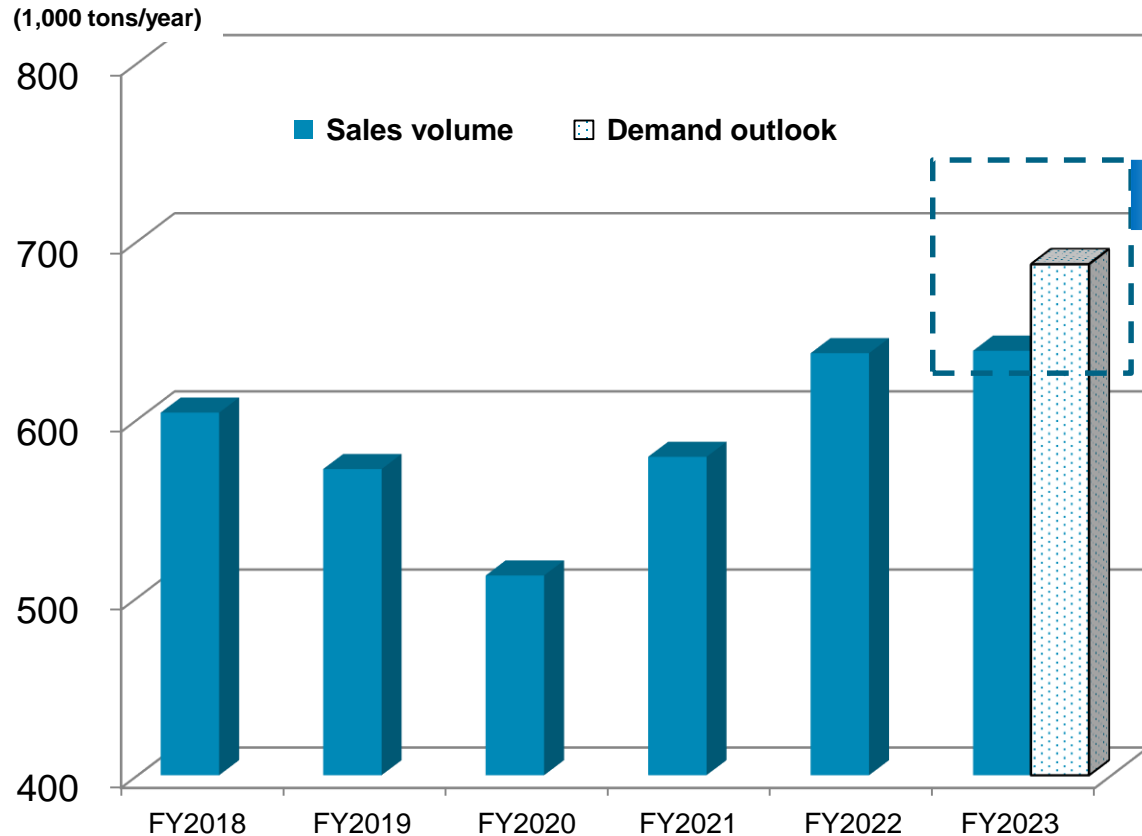
Further develop thick plate production system

Thick plate production capacity (Metric when beginning of FY2021 is set to 100)



## Strong demand expected to continue from FY2023

### Sales volume and demand outlook through 2023



### Efforts toward profit maximization

Demand outlook > Capacity limit → Optimization of sales and production composition

- (1) Capture of demand for core can stock and automotive materials
- (2) Capture of strong demand for semiconductor liquid crystal manufacturing equipment
- (3) Correction of low-profit products and depressed prices

For FY2025, FY2030

Maximum capacity utilization

Production and sales optimization

= Profit maximization

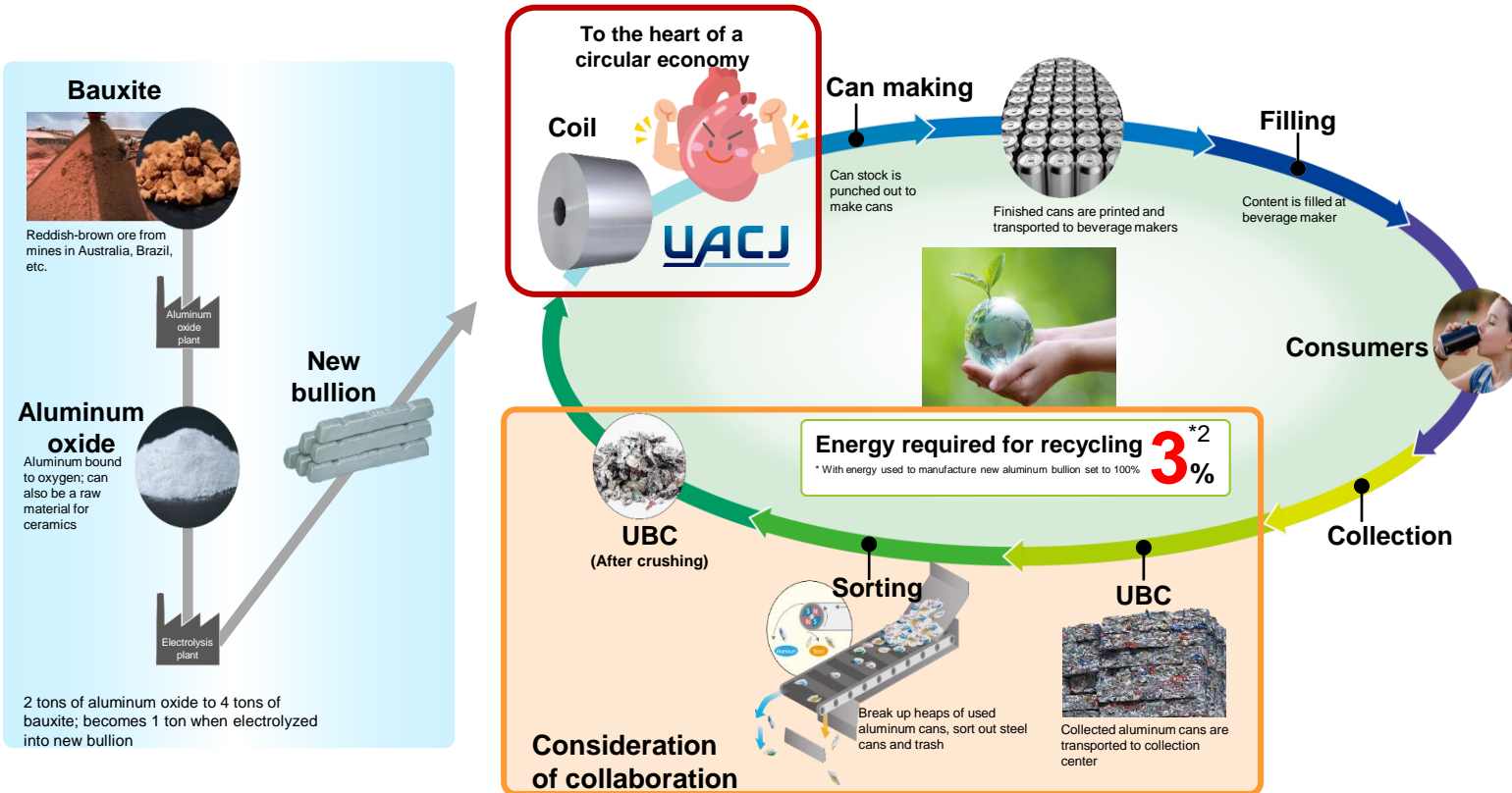
(Efficiency improvement, lot improvement, sales optimization, etc.)

#### Risk factors

- Semiconductor shortages
- Pandemic effects

Continue to closely watch supply chain disruptions

## Contribution to the establishment of closed-loop recycling for aluminum cans



- Conclusion of basic agreement with Yamaichi Metal Corporation for collaboration on UBC\*1 processing
- Long-term management vision "UACJ VISION 2030"  
Goal is to contribute to CO<sub>2</sub> reduction and environmental impact reduction during product life cycle
- Increase UBC usage volume; connect this to recycling promotion and increased CAN TO CAN rate

\*1 UBC: Used Beverage Can

\*2 Calculated from values in VISION 2050 (Japan Aluminium Association)



# Obtaining ASI Certification

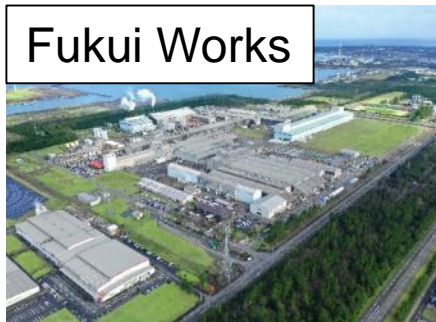
## First Japanese aluminum rolling manufacturer to acquire ASI certification (Fukui Works, UATH)

### What is ASI?

- ASI is a certification body for the maximization of aluminum's contribution to a sustainable society
- ASI aims for the joint promotion of responsible production, procurement, and management of aluminum



Obtain ASI certification



**As an internationally recognized ESG compliant company, we will aim to:**

- **Contribution to enhanced sustainability of society**
- **Secure customer trust**
- **Gain business opportunities**



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