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UACJ Financial Overview

Toward a stronger financial position and improved capital efficiency

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UACJ Corporation



UACJ financial tasks and targets: Third medium-term management plan and beyond

Third medium-term management plan

Toward a stronger financial position

- Steady free cash flow, effective cash allocation
- Bolster shareholder equity (strengthening the basis to become a more valuable company)
- Generating cash flow is a priority in the third plan

Strengthening management of operations

- Improve capital efficiency by clearly positioning it as a performance indicator for business/corporate management
 - UACJ performance indicators: ROE, ROIC, D/E ratio

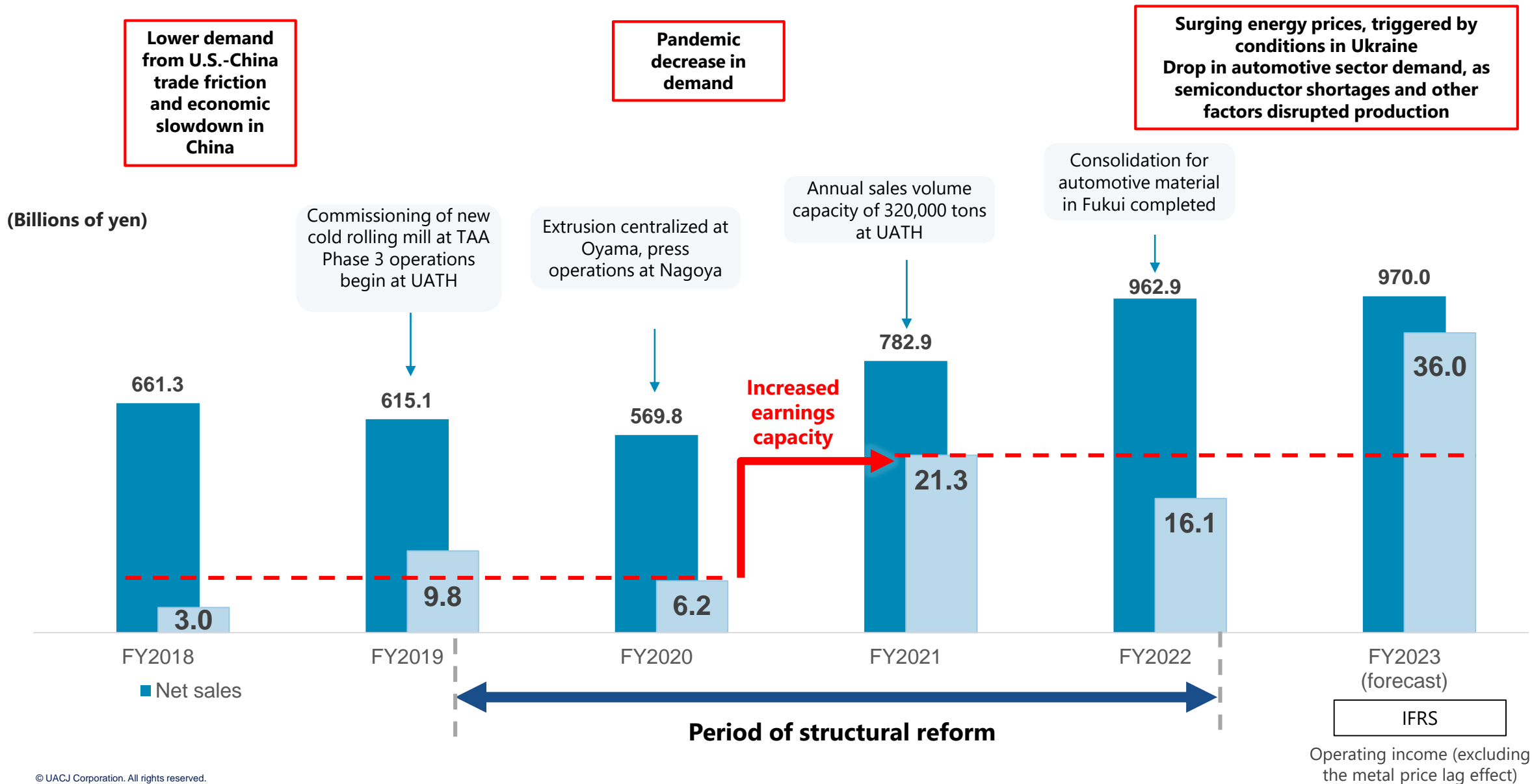
Shareholder return

- Enhance corporate value
- Consolidated payout ratio, total return
- Reduce cost of capital

Beyond the plan

Ensure that profitability always exceeds cost of capital
Efforts to increase corporate value and attain a P/B ratio of 1 or more

Recognition of the business environment



FY2021+22 cash flow and financial conditions

FY2021+22 consolidated cash flow

(Billions of yen)

| | FY2021+FY2022 |
|--|---------------|
| Income before taxes | 57.3 |
| Depreciation and amortization (including goodwill) | 71.3 |
| Changes in receivables/payables, etc. | (68.2) |
| Total operating cash flow | 60.4 |
| Capital investment, etc. | (48.0) |
| Free cash flow | 12.4 |
| Financing schemes, dividends, etc. | (0.9) |
| Cash/cash equivalents (Δ : increase) | 5.7 |
| Foreign currency translation difference (Δ : increase) | (18.2) |
| Increase of interest-bearing debt | 0.9 |

FY2021+22 cash flow statement

(Billions of yen)

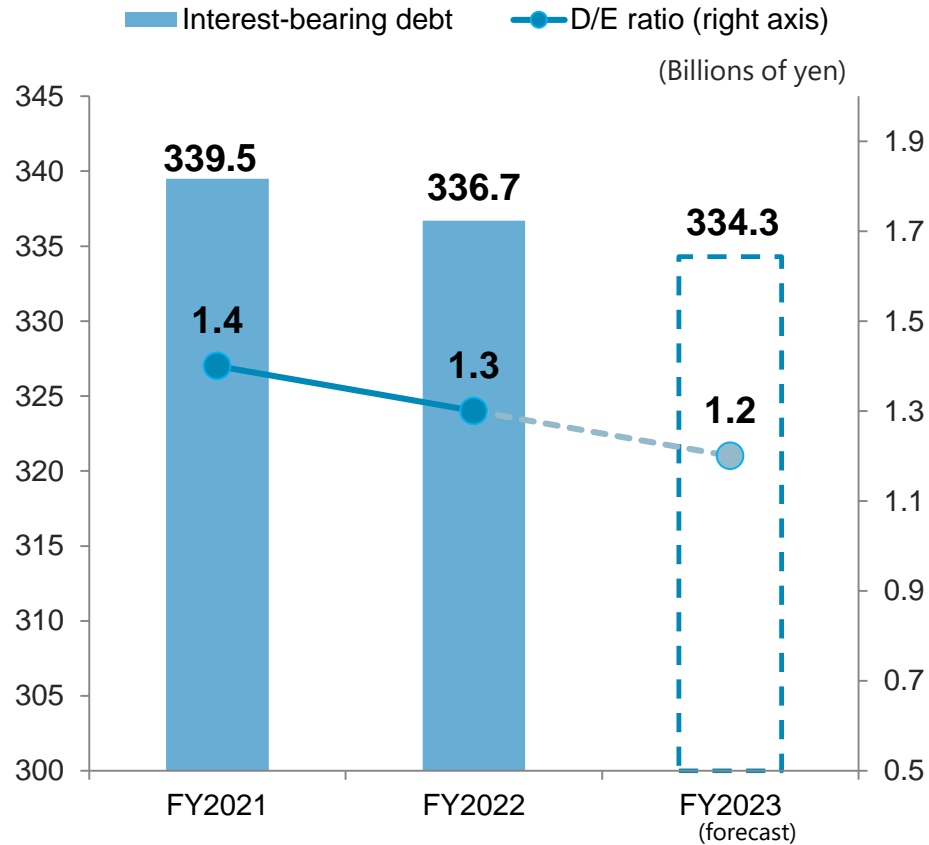
| | Usage | Procurement |
|------------|---|--|
| Long term | Facility investment Corporate and other tax paid | Income before taxes Depreciation and amortization |
| | 47.9 16.2 | 57.2 71.3 |
| | Long-term surplus | Long-term funding shortfall |
| | 64.4 | |
| Short term | Changes in working capital, etc. | Changes in working capital, etc. |
| | 51.9 | |
| | Short-term surplus | Short-term funding shortfall |
| | | 51.9 |

| | |
|------------------------------|------------------------|
| Long-term funding surplus | 64.4billion yen |
| Short-term funding shortfall | 51.9billion yen |
| FCF | 12.5billion yen |

Long-term funds: Funds generated to gain a stronger financial position
 Short-term funds: Working capital increased in response to surging aluminum ingot prices, etc.

FY2021+22 cash flow and financial conditions

Interest-bearing debt, D/E ratio

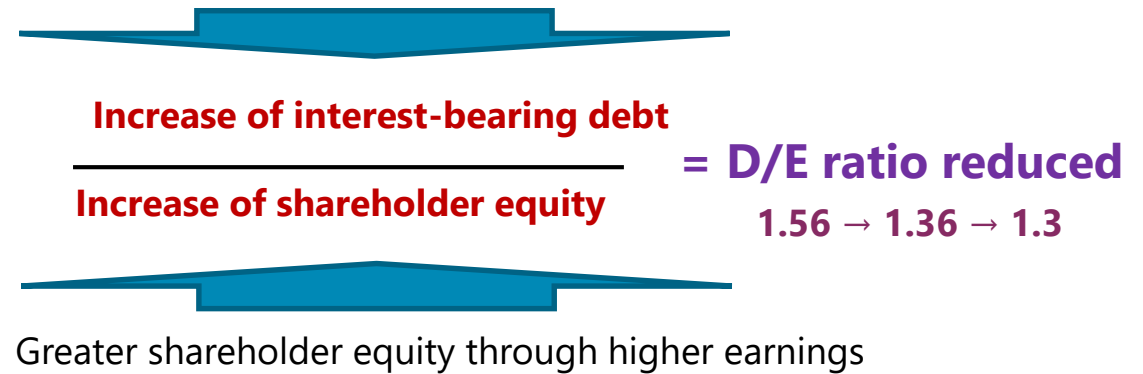


D/E ratio at close of FY2023: to 1.2

Current target D/E ratio: to 1

D/E ratio

- Long-term funds: Funds generated to reinforce our financial position, enhance corporate value
- Short-term funds: Working capital greatly increased



Source of a stronger financial position

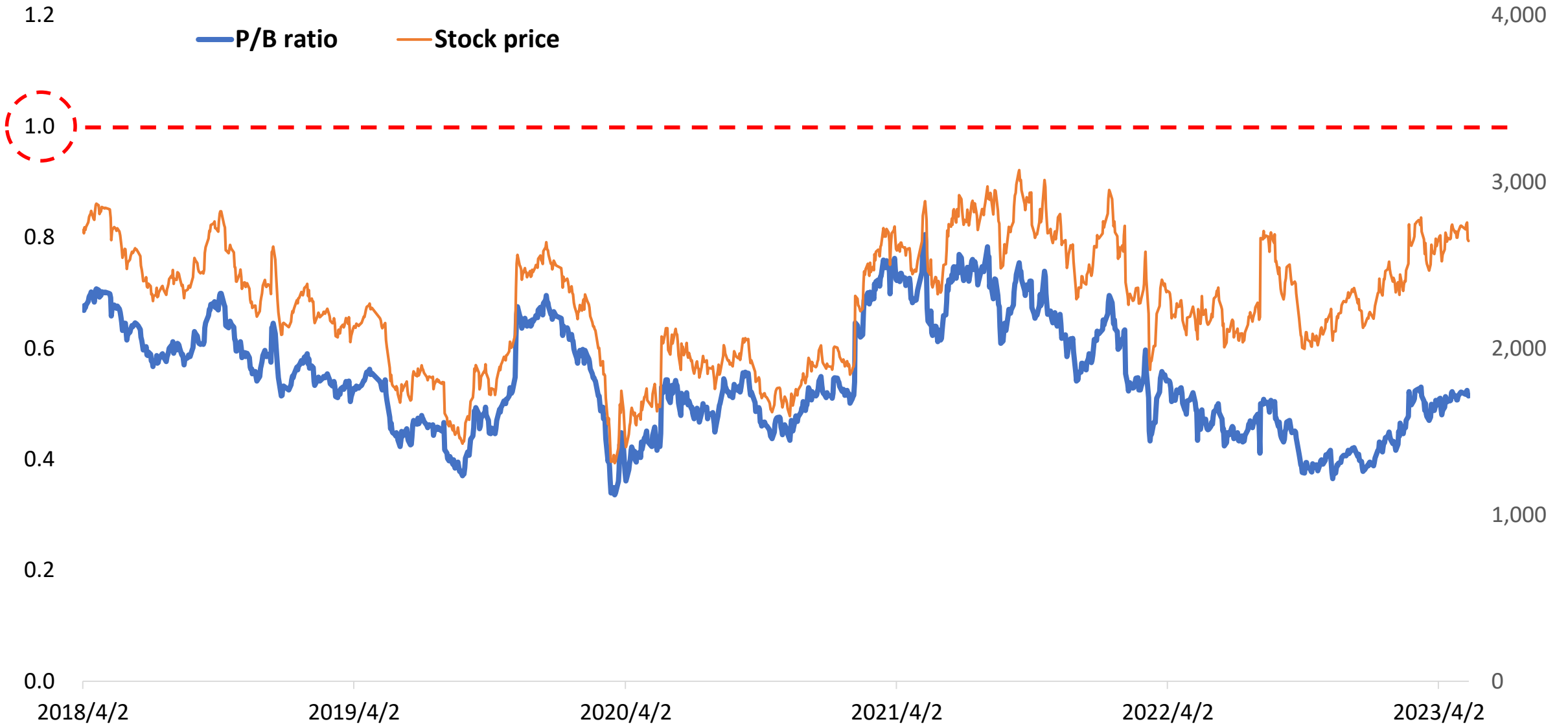
Interest-bearing debt

- Long-term funds generated to reinforce our financial position
- Financial footing that enables both a solid financial position and implementation of growth strategies
- Further improve capital efficiency (shorter CCC)

Shareholder equity

- Bolstering shareholder equity = Stronger position for business operations

P/B ratio

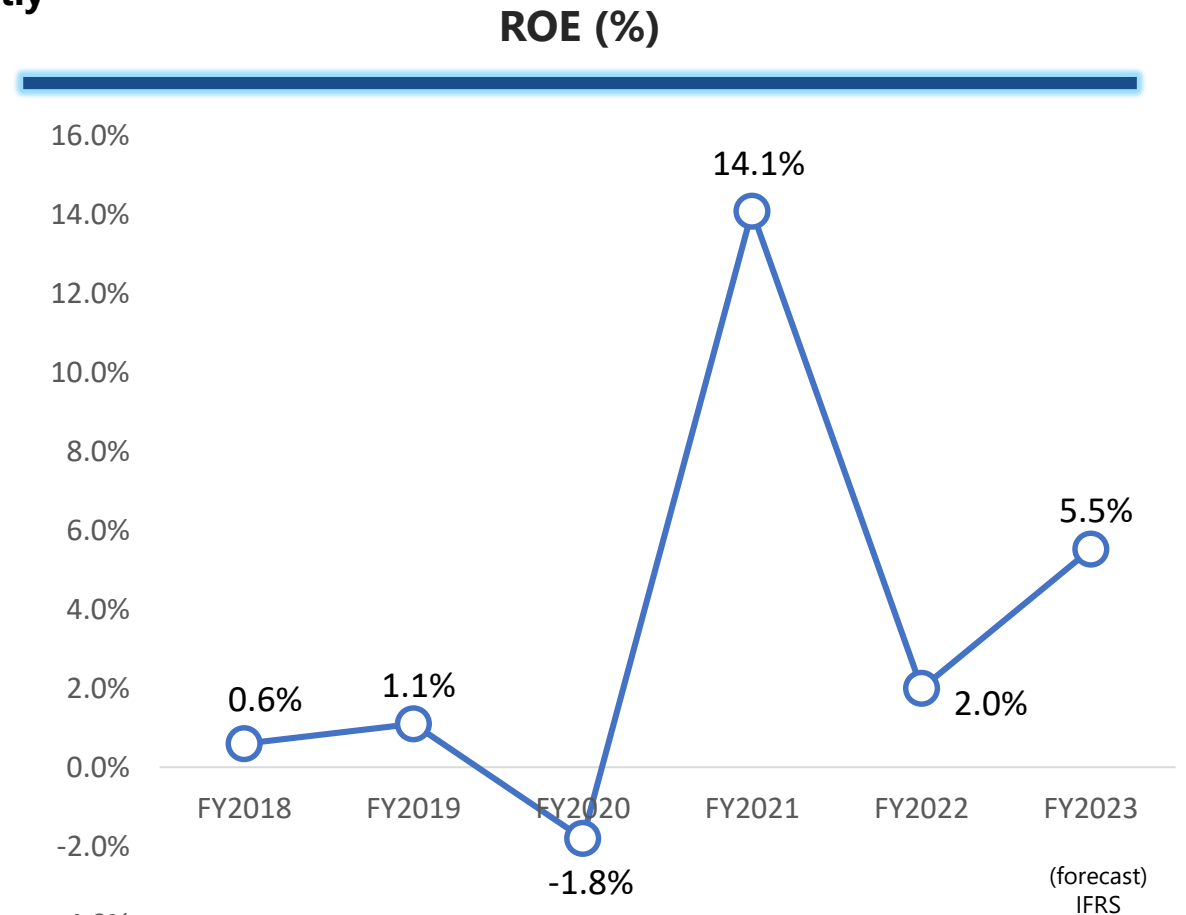
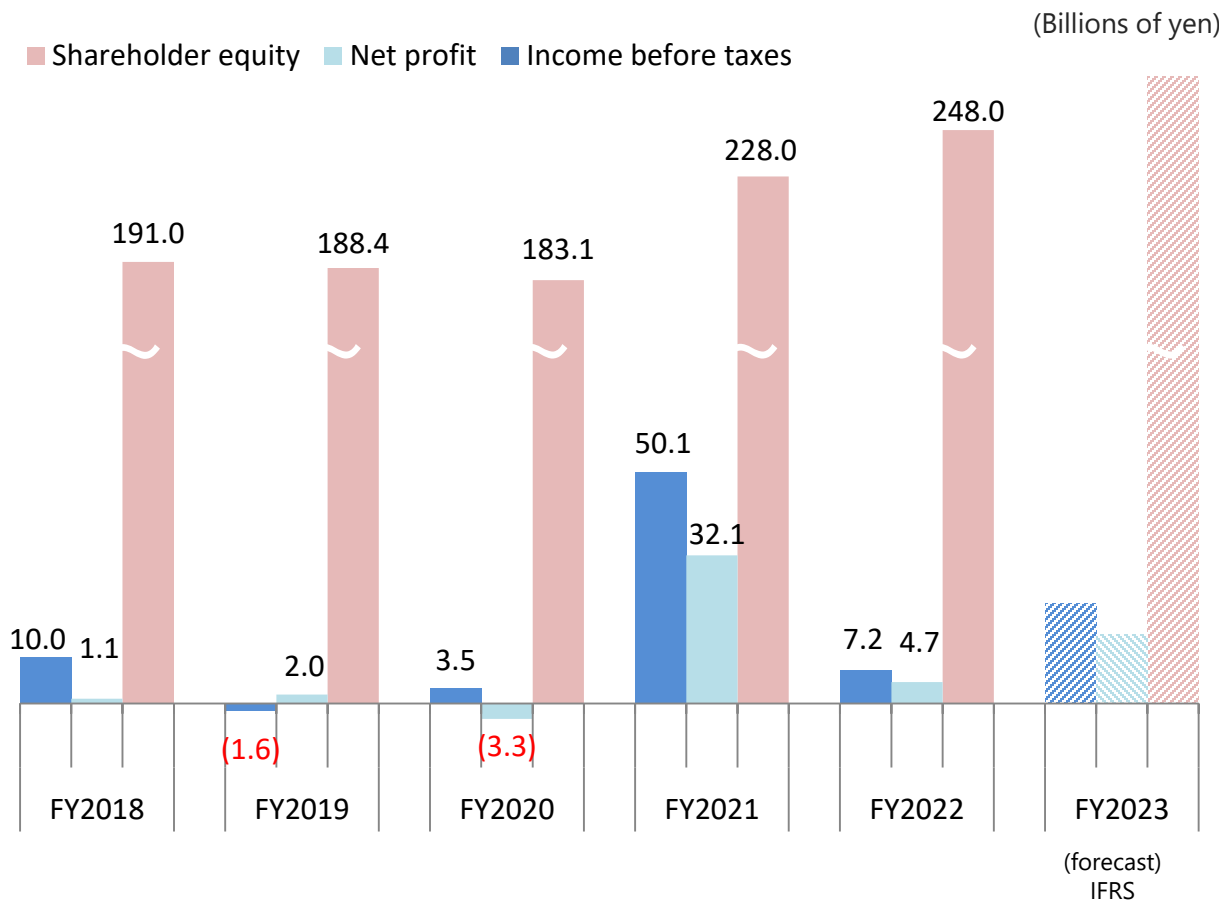


UACJ performance indicators: ROE, profitability of shareholder equity

ROE (%)

Not at a level allowing consistent attainment of the targeted amount (exceeding cost of capital)

→ Further gains in profitability to achieve target ROE consistently



UACJ performance indicators: ROIC – capital efficiency

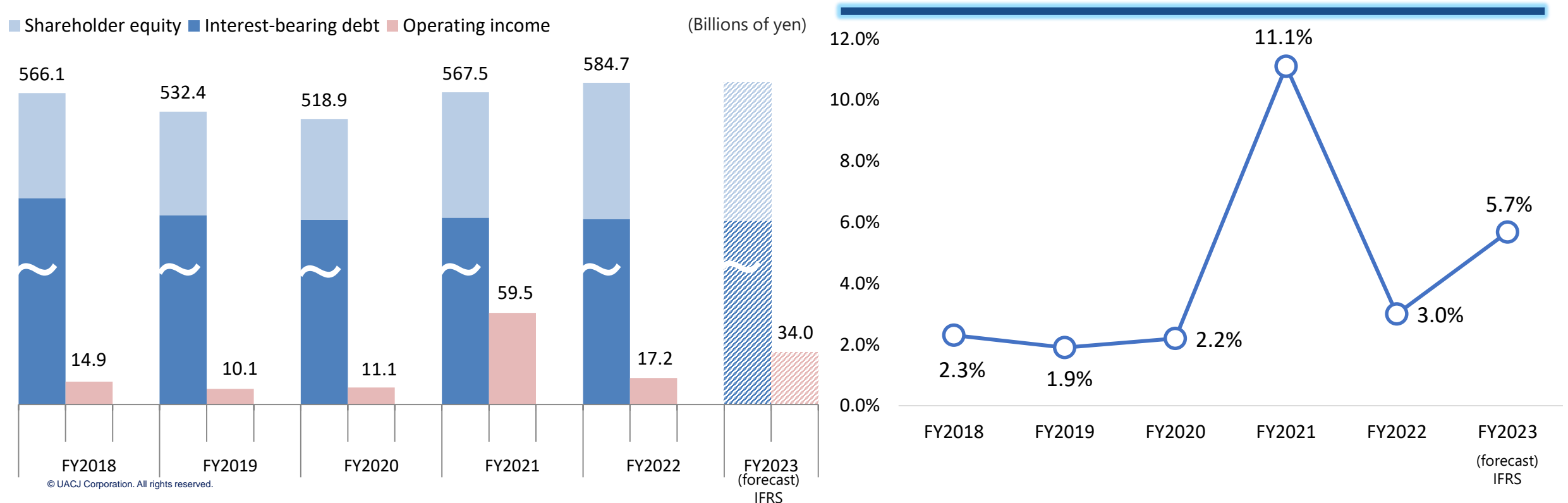
ROIC (%)

UACJ also considers return on invested capital (ROIC) a performance indicator

- Internally, the amount of invested capital in each business forms the basis for the hurdle rates set, so that targets can be managed

✓ Internal target capital efficiency level: **WACC + α**

✓ Must be clearly positioned as a performance indicator and applied to allocation decisions



UACJ performance indicators: Financial position – generating free cash flow

Reinforcing our financial position

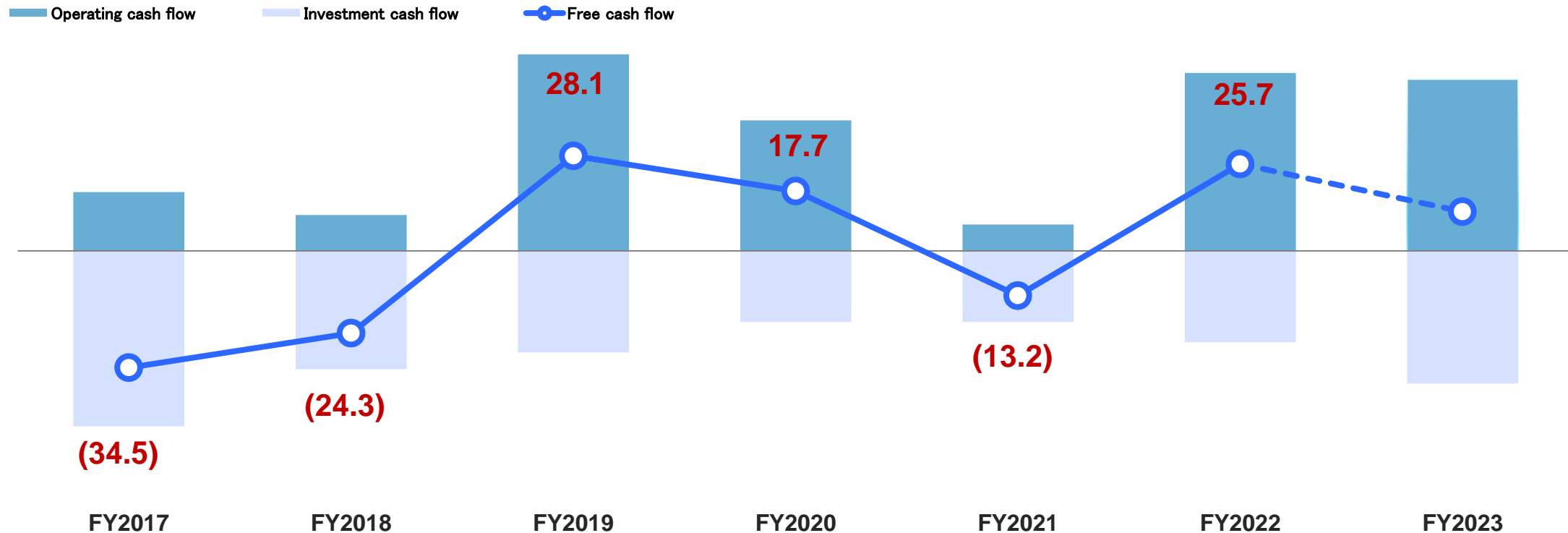
Generating free cash flow

Long-term funds: Posting stable profits, investment/cash flow management → Greater ability to generate free cash flow

Short-term funds: Working capital increased on higher resource prices, expansion of business scale, etc. → More efficient

cash conversion cycle

(Billions of yen)



UACJ performance indicators: Financial position – D/E ratio

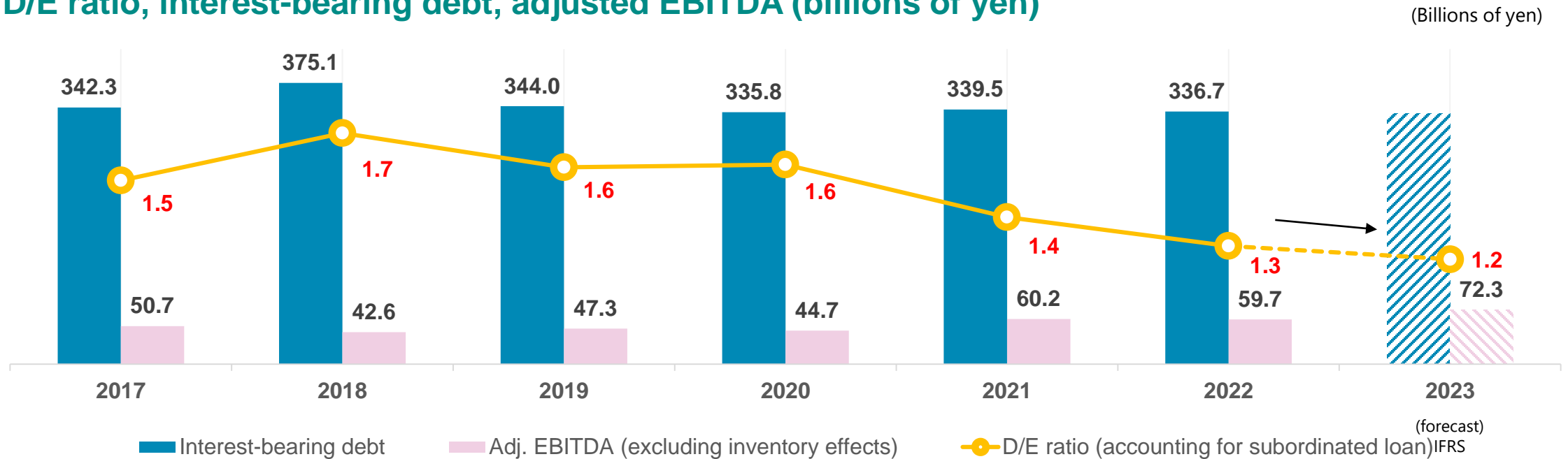
Reinforcing our financial position

D/E ratio: Performance indicator measuring financial soundness

- Reducing interest-bearing debt through generation of free cash flow and improved capital efficiency
- Firmer footing by bolstering shareholder equity, the financial basis of corporate operations

Financing: Improving our ability to raise necessary funds; obtaining stable financing and diversifying financing methods

D/E ratio, interest-bearing debt, adjusted EBITDA (billions of yen)



Dialogue with capital markets

Making UACJ more valuable

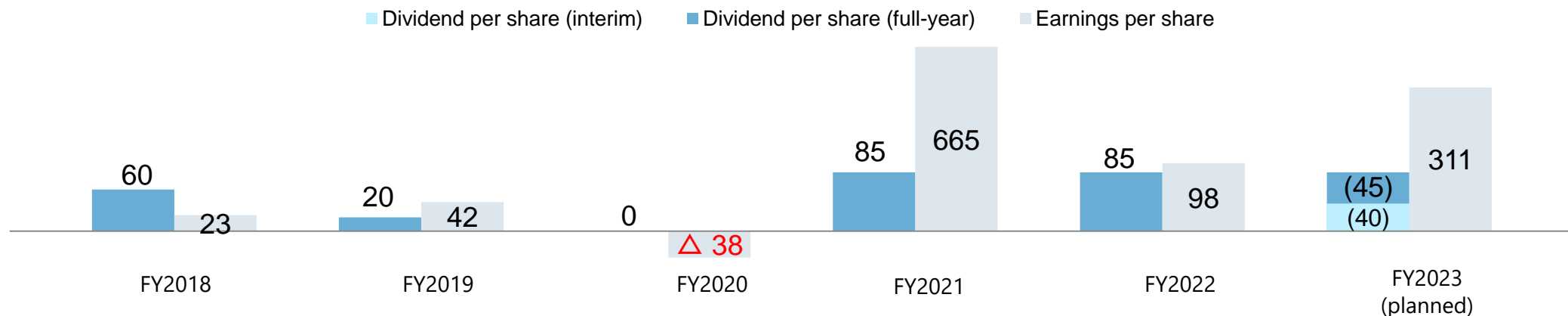
- Enhancing corporate value, with the UACJ performance indicators of ROE, ROIC, and D/E ratio affording perspectives in business operation and management
- Enhancing stock value

Ensuring more thorough disclosure

- Refining corporate information disclosure (both financial and non-financial) to provide more expanded and in-depth coverage
- For a fuller understanding of our business environment and strategies

Shareholder return policy (third medium-term management plan)

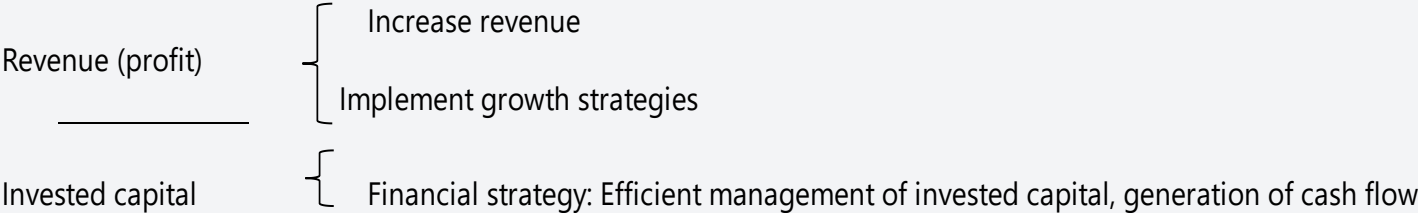
- Long-term policy: Total shareholder return target of 30% or more
- Dividend payout ratio: Aiming for a consolidated dividend payout ratio of 20%–30%, to ensure stable and continuous returns
An interim dividend planned, starting in FY2023



Making UACJ more valuable for stakeholders

Summary of key points for enhancing corporate value

(1) Enabling greater capital efficiency (revenue, financial position)



(2) Enhancing and quantifying non-financial value

(3) Increasing total shareholder return

| ~ | FY2021 | FY2022 | FY2023 | FY2030 |
|------------------------|---|--------|--------|---|
| 2nd medium-term | 3rd medium-term plan | | | 4th medium-term plan |
| Proactively invested | Completed structural reforms Laid the groundwork for Vision 2030 | | | Paved the way for Vision 2030 |
| | KPI Revenue <ul style="list-style-type: none"> • Net sales: 700 billion yen • Operating income: 30 billion yen Financial position <ul style="list-style-type: none"> • D/E ratio: 1.2 or less | | | KPI Note: Vision 2030 targets are under discussion. Revenue <ul style="list-style-type: none"> • Operating income margin: 6.0% or more Financial position <ul style="list-style-type: none"> • ROE: 10% or more • ROIC: 10% or more |
| | • Will be discussed for release in March–May 2024 • To enhance UACJ corporate value | | | Vision 2030 |



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