



# **Results Briefing for the First Half Ended September 30, 2011**

November 4, 2011



## < Today's Content >

- Performance Summary for the First Half Ended September, 2011 (fiscal 2012)
- Results Forecast for the Fiscal Year Ended March 31, 2012 (fiscal 2012)
- Business Strategy
- Topics



# **1. Performance Summary for the First Half Ended September 30, 2011 (fiscal 2012)**



## Overview of Performance in the First Half of Fiscal 2012

### ■ Differences from initial performance forecasts

- First-half operating income was down approximately ¥0.9 billion year on year, in line with initial expectations

⇒ First-quarter performance was generally in line with expectations

⇒ Conditions changed rapidly during the second quarter

Problems with public finances in the United States and Europe caused a downturn in global economic performance

Ongoing yen appreciation made securing orders more difficult

Performance reflected a demand shift to the first quarter, in preparation for summer electrical supply limitations

- Second-half net income was down approximately ¥1.2 billion from initial forecasts

⇒ In addition to lower operating income, we posted a loss on valuation of securities (approximately ¥0.2 billion)

### ■ Differences from the first half of the preceding fiscal year

- Net sales were down approximately ¥5.2 billion, and operating income fell by around ¥2.0 billion

⇒ Although the business environment was positive in the first half of the preceding fiscal year, rapid changes in operating conditions during the first half of the current term led to lower sales and income

### ■ Interim dividend

- ¥3 (as expected)



# Results for First Half Ended September 2011

<Consolidated>

(Billions of yen)

	First half FY2011 (A)	First half FY 2012 Initial forecast (B)	First half FY 2012 Results (C)	Change (C) – (B)	Change (C) – (A)
Net Sales	106	101.7	100.8	(0.9)	(5.2)
Operating income	7.1	6	5.1	(0.9)	(2)
Ordinary income	6.8	5.7	4.8	(0.9)	(1.9)
Net income	5.4	4	2.8	(1.2)	(2.7)

<Non-consolidated> (Reference)

(Billions of yen)

	First half FY2011 (A)	First half FY 2012 Initial forecast (B)	First half FY 2012 Results (C)	Change (C) – (B)	Change (C) – (A)
Net Sales (Volume)	93.1 222k tons	89.3 209k tons	87.4 203k tons	(1.9) (6k tons)	(5.7) (19k tons)
Operating income	6.1	5.1	3.9	(1.2)	(2.2)
Ordinary income	5.6	4.8	3.7	(1.1)	(1.9)
Net income	4.7	3.3	2.2	(1.1)	(2.5)



## Analysis of Consolidated Operating Income

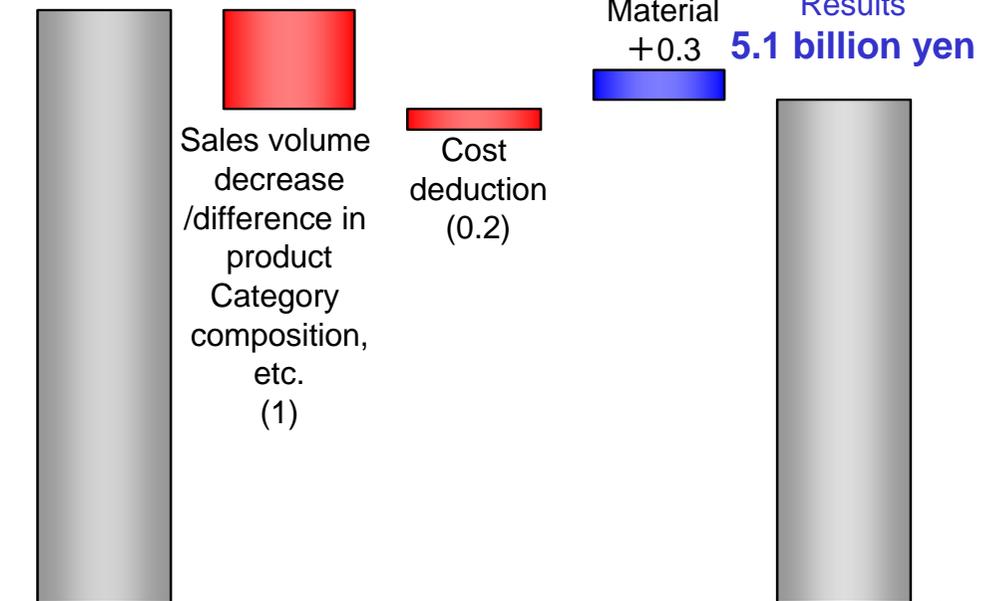
(Forecast for the First Half of Fiscal 2012 to Performance for the First Half of Fiscal 2012)

Forecast for the First Half of Fiscal 2012 → Performance for the First Half of Fiscal 2012  
Reasons for Changes (-0.9 billion yen)

(thousand tons)

Product Category		(a) First half FY 2012 Initial forecast	(b) First half FY 2012 Results	(b)-(a) Change	
Sheets	Can materials	65	69	4	
	Foil	18	19	1	
	General domestic demand	57	55	(2)	
	Thick sheets	LNG	1	1	0
		other	15	13	(2)
	Export	35	29	(6)	
subtotal		191	185	(6)	
Subtotal of Extrusion		18	18	0	
Subtotal of Casting/Forging		1	1	0	
<b>Total</b>		<b>209</b>	<b>203</b>	<b>(6)</b>	

First half  
FY 2012  
initial forecast  
**6 billion yen**





## Analysis of Consolidated Operating Income

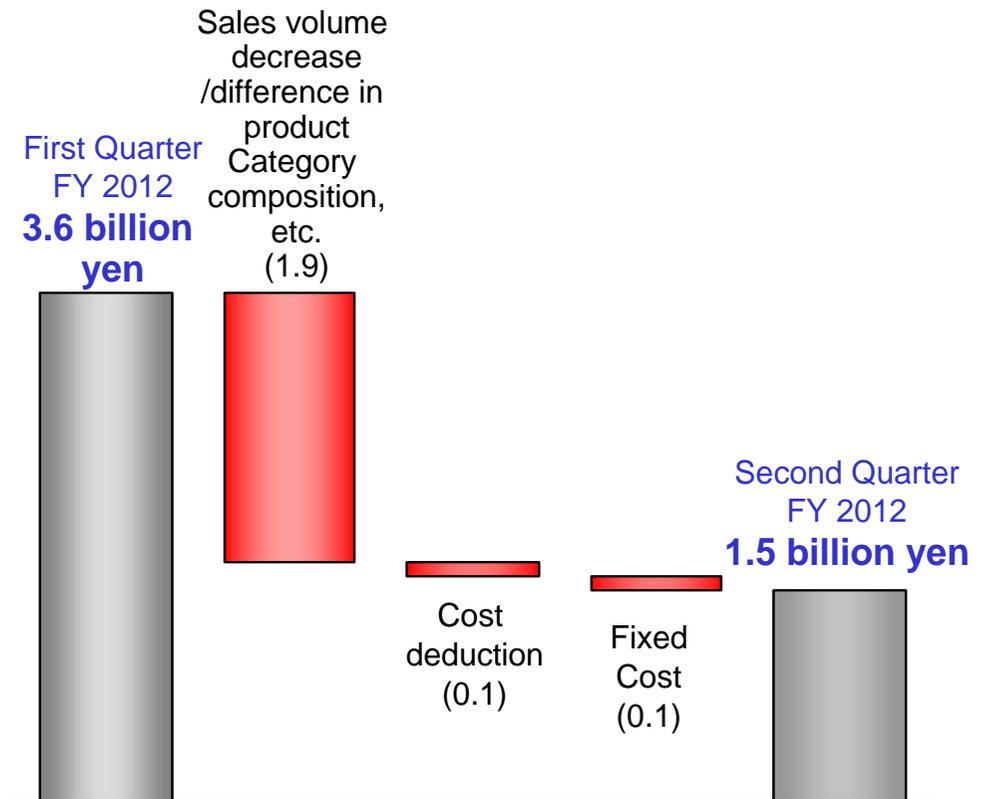
(Performance for the First Quarter of fiscal 2012 to Performance for the Second Quarter of fiscal 2012)

Performance for the First Quarter of Fiscal 2012 → Performance for the Second Quarter of Fiscal 2012

Reasons for Changes (-2.1 billion yen)

(thousand tons)

Product Category		(c) First Quarter FY 2012	(d) Second Quarter FY 2012	(d)-(c) Change	
Sheets	Can materials	37	32	(5)	
	Foil	9	10	1	
	General domestic demand	29	26	(3)	
	Thick sheets	LNG	0	1	1
		other	8	5	(3)
	Export	13	16	3	
subtotal		97	88	(9)	
Subtotal of Extrusion		9	9	0	
Subtotal of Casting/Forging		1	1	0	
<b>Total</b>		<b>106</b>	<b>97</b>	<b>(9)</b>	





## Analysis of Consolidated Operating Income

(Performance for the First Half of Fiscal 2011 to Performance for the First Half of Fiscal 2012)

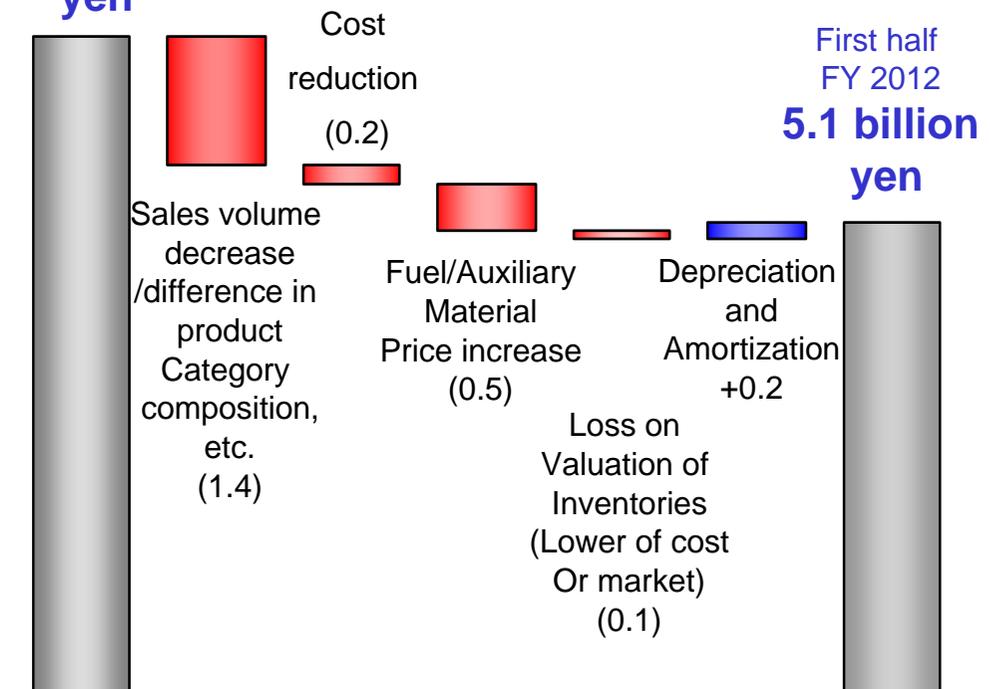
Performance for the First Half of Fiscal 2011 → Performance for the First Half of Fiscal 2012

Reasons for Changes in Consolidated Operating Income (- 2 billion yen)

(thousand tons)

Product Category		(e) First half FY 2011	(f) First half FY 2012	(f)-(e) Change	
Sheets	Can materials	68	69	1	
	Foil	19	19	0	
	General domestic demand	63	55	(8)	
	Thick sheets	LNG	0	1	1
		other	13	13	0
	Export	39	29	(10)	
subtotal		203	185	(18)	
Subtotal of Extrusion		19	18	(1)	
Subtotal of Casting/Forging		1	1	0	
<b>Total</b>		<b>222</b>	<b>203</b>	<b>(19)</b>	

First half  
FY 2011  
**7.1 billion  
yen**





## Consolidated Balance Sheets

(Billions of yen)

	March 31, 2011	September 30, 2011	Change
<b>Current assets</b>	<b>112.8</b>	<b>106.6</b>	<b>(6.1)</b>
Cash and deposits	4.7	4.1	(0.6)
Notes and accounts receivable-trade	58.2	58.4	0.2
Inventories	25.2	27.7	2.4
Other* <sup>1</sup>	24.7	16.4	(8.2)
<b>Noncurrent assets</b>	<b>105.1</b>	<b>111.1</b>	<b>6.1</b>
Tangible and intangible assets	91.3	88	(3.3)
Investments and other assets	13.8	23.2	9.5
<b>Total assets</b>	<b>217.9</b>	<b>217.8</b>	<b>(0.1)</b>

	March 31, 2011	September 30, 2011	Change
<b>Current liabilities</b>	<b>88.2</b>	<b>88.3</b>	<b>0.1</b>
Accounts payable-trade* <sup>2</sup>	55	55.7	0.7
Short-term loan payable, current portion of long-term loans payable, bonds	30.9	29.6	(1.3)
Other	2.3	3.1	0.8
<b>Noncurrent liabilities</b>	<b>59.8</b>	<b>58.8</b>	<b>(0.1)</b>
Long-term loans payable and bonds payable	46	45.8	(0.2)
Other	13.8	13	(0.8)
Shareholders' equity, etc.	69.4	70.1	0.8
Minority interests	0.5	0.6	0
<b>Total liabilities and net assets</b>	<b>217.9</b>	<b>217.8</b>	<b>(0.1)</b>

\*1 Includes the previous term's ¥17.6 billion in repurchases and other operating assets, and ¥10.0 billion in the period under review.

\*2 Includes electronically recorded obligations



## Consolidated Key Indicators

	<i>March 31, 2011</i>	<i>September 30, 2011</i>	<i>Change</i>
<i>Owners' equity (Billions of yen)</i>	<b>69.4</b>	<b>70.1</b>	<b>0.8</b>
<i>Owners' equity ratio (%)</i>	<b>31.8</b>	<b>32.2</b>	<b>0.4</b>
<i>Interest-bearing debt (Billions of yen)</i>	<b>76.9</b>	<b>75.4</b>	<b>(1.5)</b>
<i>NET interest-bearing debt (Billions of yen)</i>	<b>54.5</b>	<b>61.3</b>	<b>6.7</b>
<i>Debt/equity ratio</i>	<b>1.1</b>	<b>1.1</b>	<b>0.0</b>
<i>Net debt/equity ratio</i>	<b>0.8</b>	<b>0.9</b>	<b>0.1</b>
<i>ROE (%)</i>	<b>18.6</b>	<b>(5.8)*</b>	<b>(12.8)</b>

\* ROE as of September 30, 2011, is based on ROE expectations as of March 31, 2011.

**ROE target: Achieve a level above 10% while maintaining a solid financial base.**



## **2. Results Forecast for the Fiscal Year Ended March 31,2012 ( Fiscal 2012)**



## Overview of Performance Forecast for Fiscal 2012

From the second half onward, we expect issues with public finances in the United States and Europe to materialize. We believe that global economic conditions will worsen, and that the foreign exchange situation, marked by steady yen appreciation, will fail to improve. The impact of the flooding in Thailand and other uncertainties in the business environment are mounting. At present, we consider the likelihood of a second-half economic recovery to be unlikely.

⇒ Accordingly, we have revised downward our full-year forecasts for net sales and operating income.



## Fiscal 2012 Consolidated Results Forecast

(billions of yen)

	Fiscal 2012 initial forecast (A)		Fiscal 2012 revised forecast (B)		Change (B) – (A)		
	First half	Second half	First half	Second half			
Net sales	203.9	101.7	102.2	194.3	100.8	93.5	(9.6)
Operating income (loss)	10.5	6	4.5	6.4	5.1	1.3	(4.1)
Ordinary income (loss)	10.3	5.7	4.6	6.2	4.8	1.4	(4.1)
Net income (loss)	6.9	4	2.9	4	2.8	1.2	(2.9)

Second half ; Crude oil (Dubai) USD 104/B, aluminum ingots JPY225/kg, exchange rate JPY 77/USD



## Analysis of Consolidated Operating Income

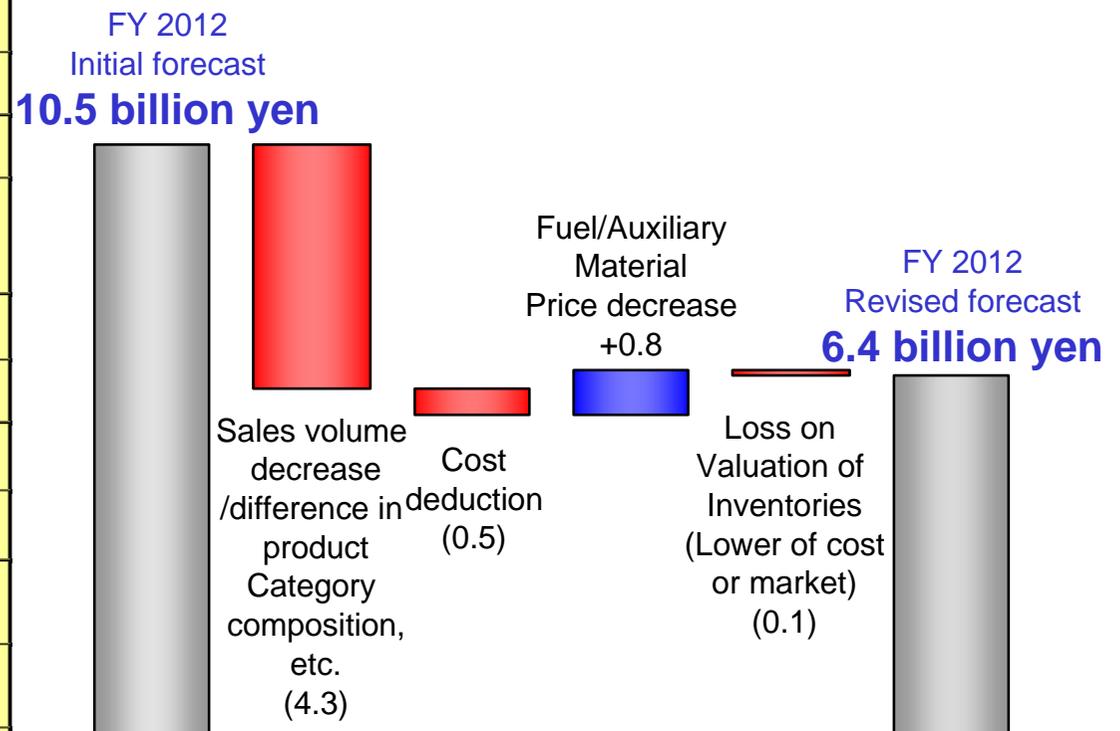
(Initial Forecast for Fiscal 2012 to Forecast for Consolidated Operating income in Fiscal 2012)

Initial Forecast for Fiscal 2012 → Forecast for Consolidated Operating Income in Fiscal 2012

Reasons for Changes (-4.1 billion yen)

(thousand tons)

Product Category		(g) FY 2012 Initial forecast	(h) FY 2012 revised forecast	(h)-(g) Change	
Sheets	Can materials	119	124	5	
	Foil	37	38	1	
	General domestic demand	110	108	(2)	
	Thick sheets	LNG	11	6	(5)
		other	28	23	(5)
	Export	78	60	(18)	
subtotal		381	359	(22)	
Subtotal of Extrusion		35	35	0	
Subtotal of Casting/Forging		2	2	0	
<b>Total</b>		<b>417</b>	<b>396</b>	<b>(21)</b>	





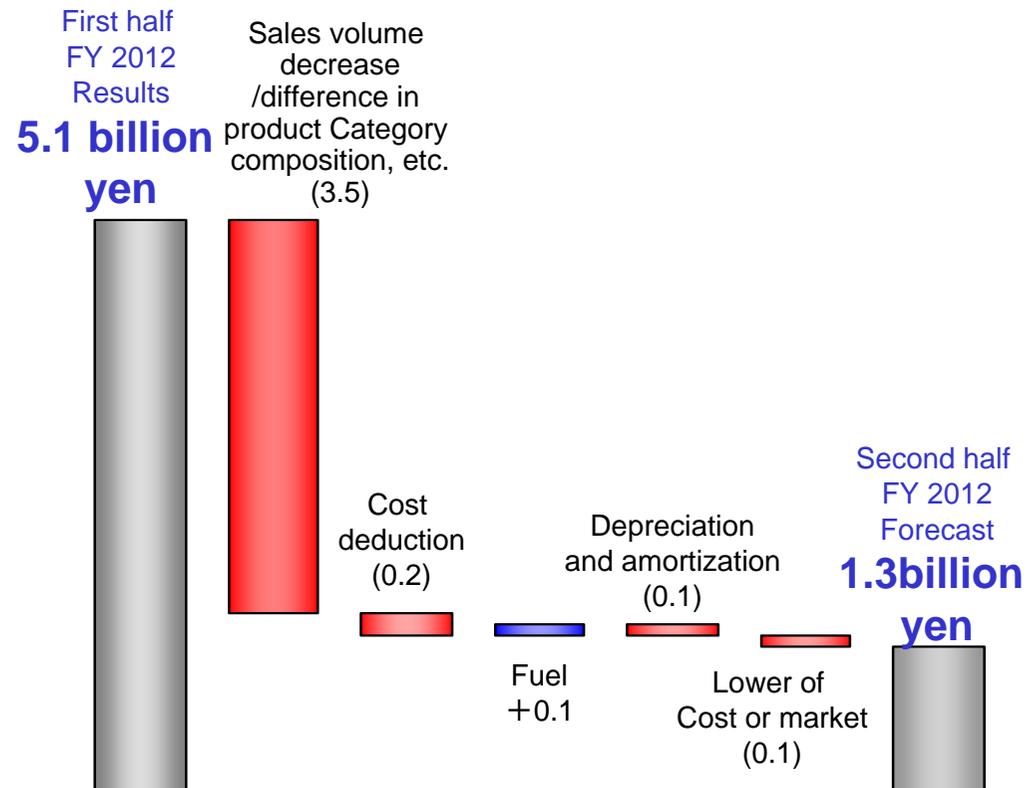
## Analysis of Consolidated Operating Income

(Performance during the First Half of Fiscal 2012 to Forecast for the Second Half of Fiscal 2012)

Performance during the First Half of Fiscal 2012 → Forecast for the Second Half of Fiscal 2012  
Reasons for Changes (-3.8 billion yen)

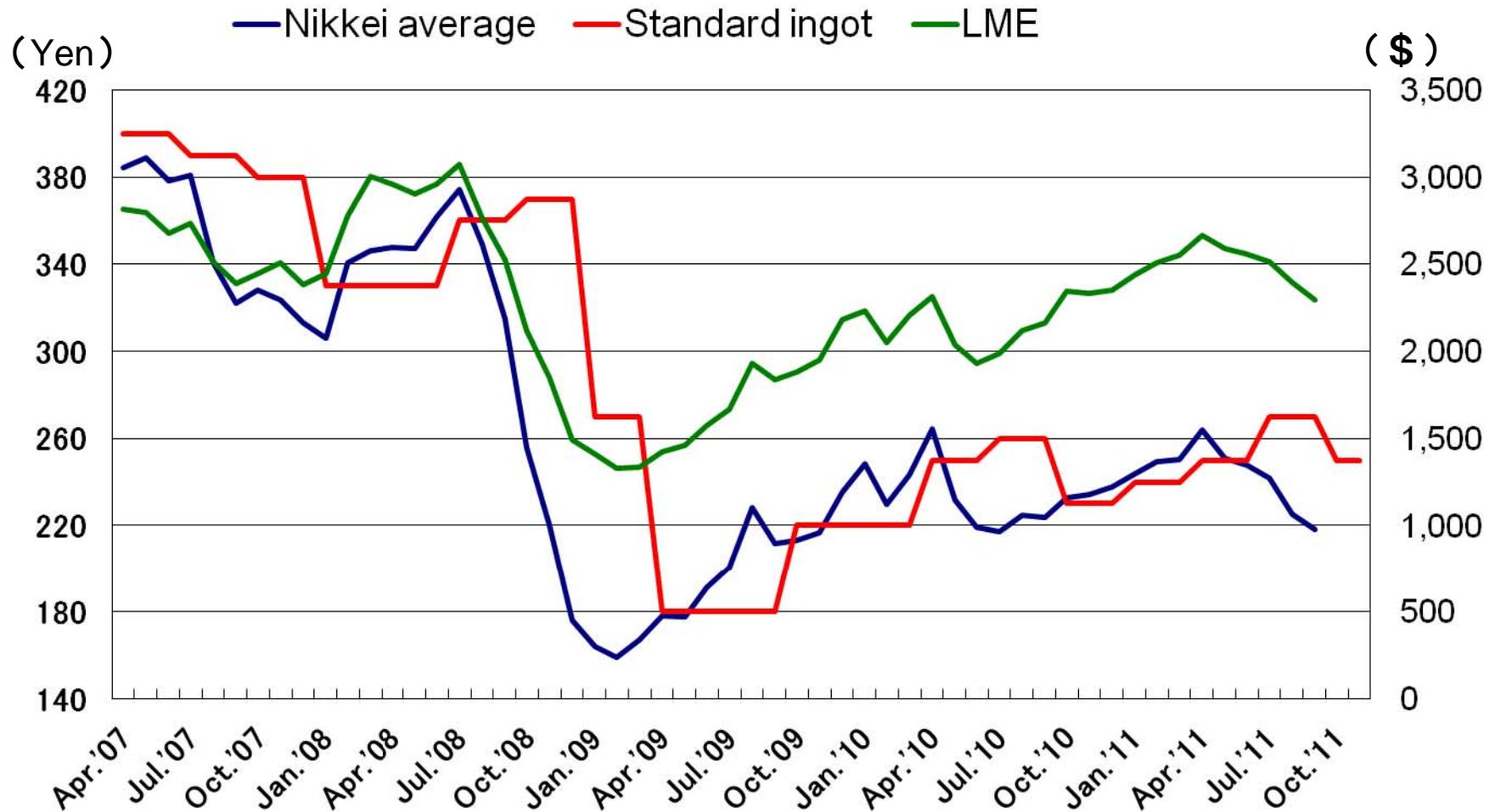
(thousand tons)

Product Category		(i) First half FY 2012 Results	(j) Second half FY 2012 Forecast	(i)-(j) Change	
Sheets	Can materials	69	55	(14)	
	Foil	19	19	0	
	General domestic demand	55	53	(2)	
	Thick sheets	LNG	1	5	4
		other	13	10	(3)
	Export	29	31	2	
subtotal		185	174	(11)	
Subtotal of Extrusion		18	17	(1)	
Subtotal of Casting/Forging		1	1	0	
<b>Total</b>		<b>203</b>	<b>193</b>	<b>(10)</b>	





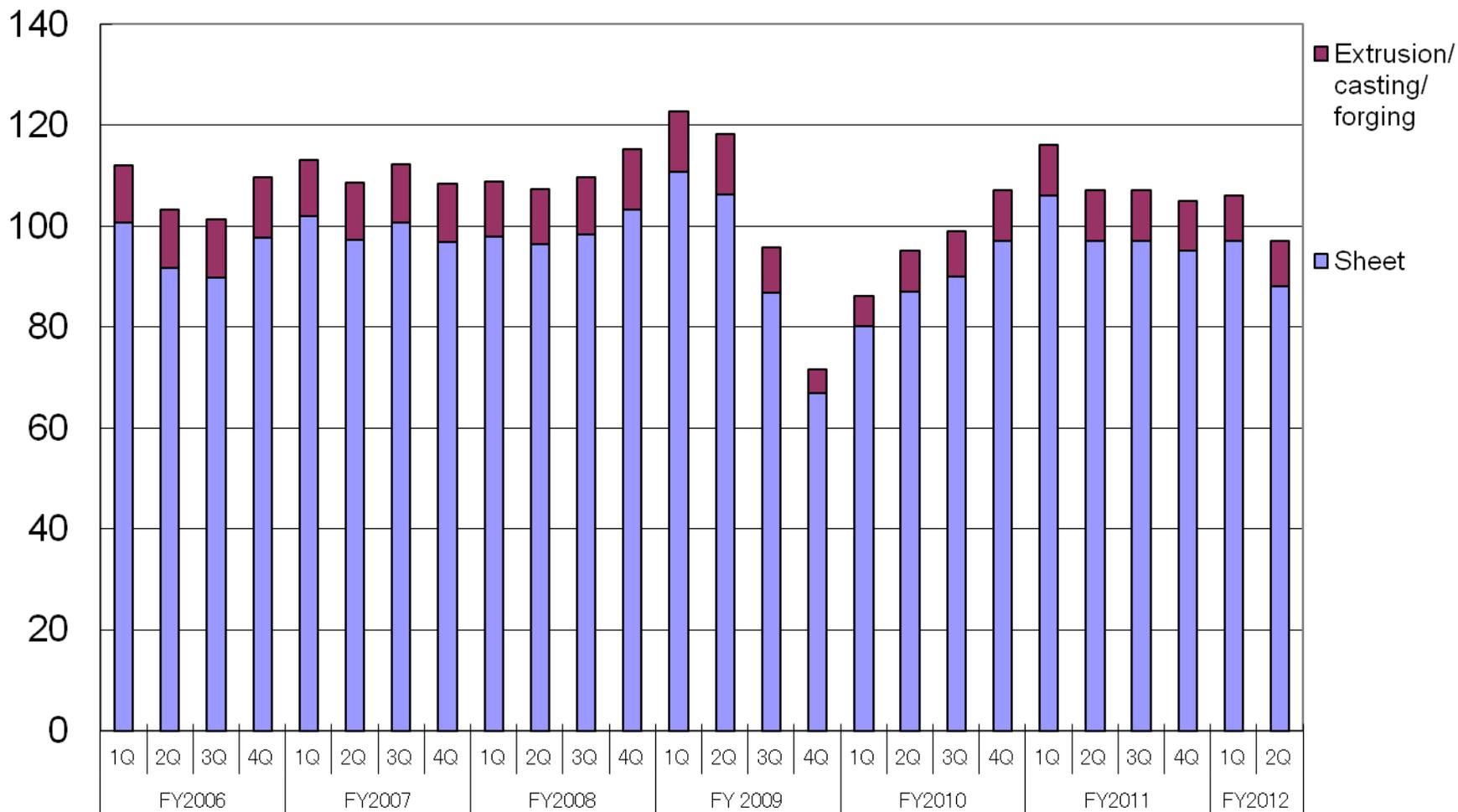
## Spot aluminum : Nikkei average, standard ingot, LME trend





# Sales Volume Trend (FY 2006-2012)

(Thousand tons)





## **3. Business Strategy**



## Implementation Status and Progress of Principal Business Strategies

Promote structural reform of rolled products business  
(Discontinue upstream processes at Nikko Works)

Progressing in line with plans  
Mass production of some products has begun at other plants

- ✓ Commenced mass production of closures (can materials) at Fukui Works
- ✓ Commenced mass production of materials for general use at Fukuya Works

Strengthen development of growth products and next-generation products

Making progress on development of next-generation products, such as component materials for lithium-ion batteries

- ✓ Aluminum foil for positive electrodes for reinforced cathode current collectors
- ✓ Aluminum foil for exterior housings of highly formable batteries
- ✓ Continuing to consider production in China of aluminum foil for batteries (Guangdong Dongyangguang)

Respond appropriately to growing overseas markets

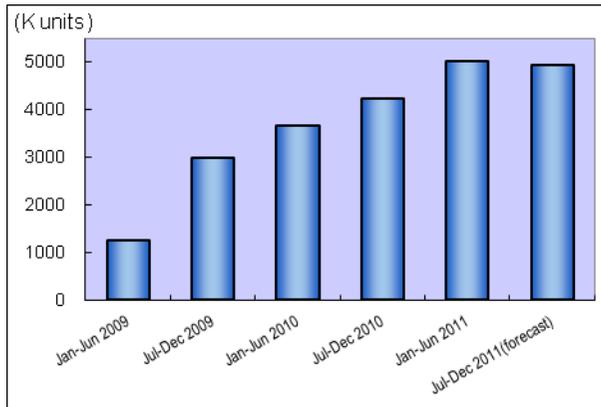
Progressing on specific proposals  
Accelerating and enhancing global developments

- ✓ Acquired/invested in North American rolled aluminum business (acquired can materials facility)
- ✓ Constructing aluminum rolling mill in Southeast Asia (Thailand) (production of materials for cans, heat exchangers, etc.)

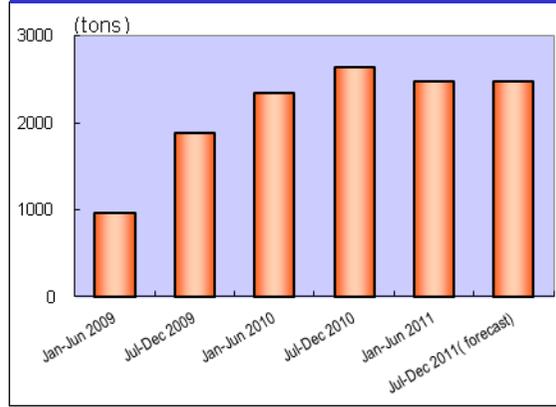


## Status of Overseas Business Network (Sales Volume Trends)

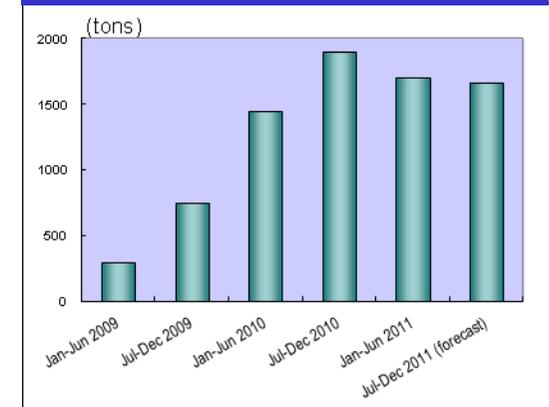
**Furukawa-Sky Aluminum (Vietnam) Inc.**  
(Vietnam) 【subsidiary】  
Compressor wheel for turbochargers



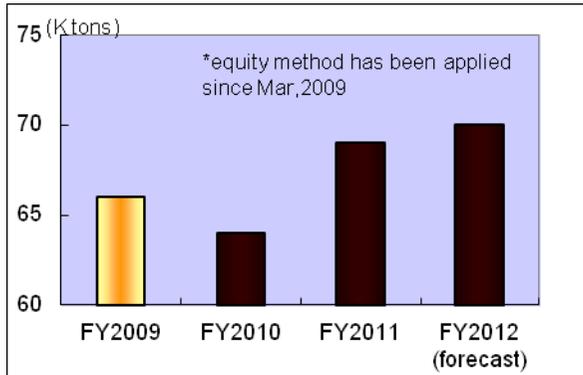
**PT.Furukawa Indal Aluminum**  
(Indonesia) 【subsidiary】  
Extruded materials for automotive heat exchanger



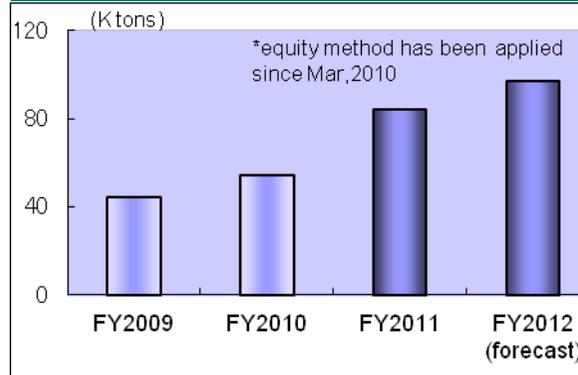
**Furukawa-Sky Aluminum (Tianjin) Corp. (China)** 【subsidiary】  
Extruded materials for automotive heat exchanger



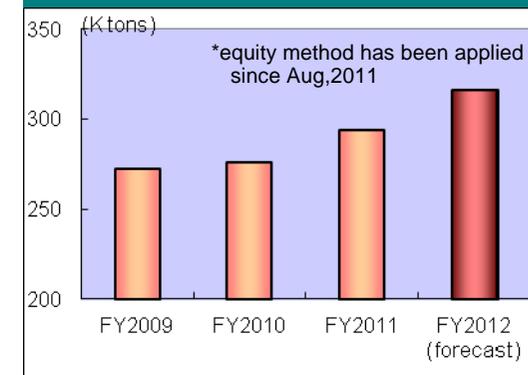
**Bridgnorth Aluminum Ltd.**  
(UK) 【equity method affiliate】  
Printing plates



**Ruyuan Dongyanguang Plain Foil Co.,**  
(China) 【equity method affiliate】  
Sheet materials for automotive exchanger



**Tri-Arrows Aluminum Inc.**  
(USA) 【equity method affiliate】  
Can materials





## 4. Topics



## New Plant in Southeast Asia

1. Objectives of Constructing New Plant
2. Demand Forecast
3. Construction Plans and Business Overview

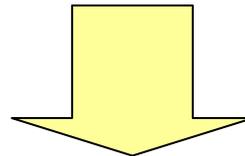


## 1. Objectives of Constructing New Plant

### 2012 Medium-Term Plan

First step toward renewed growth and a stronger business foundation for operational expansion

- ◆ Domestic business: Promote structural reform in existing businesses and develop a stronger business foundation
- ◆ Overseas business: Effectively respond to overseas growth markets
- ◆ New products: Develop business for high-growth products and next-generation products



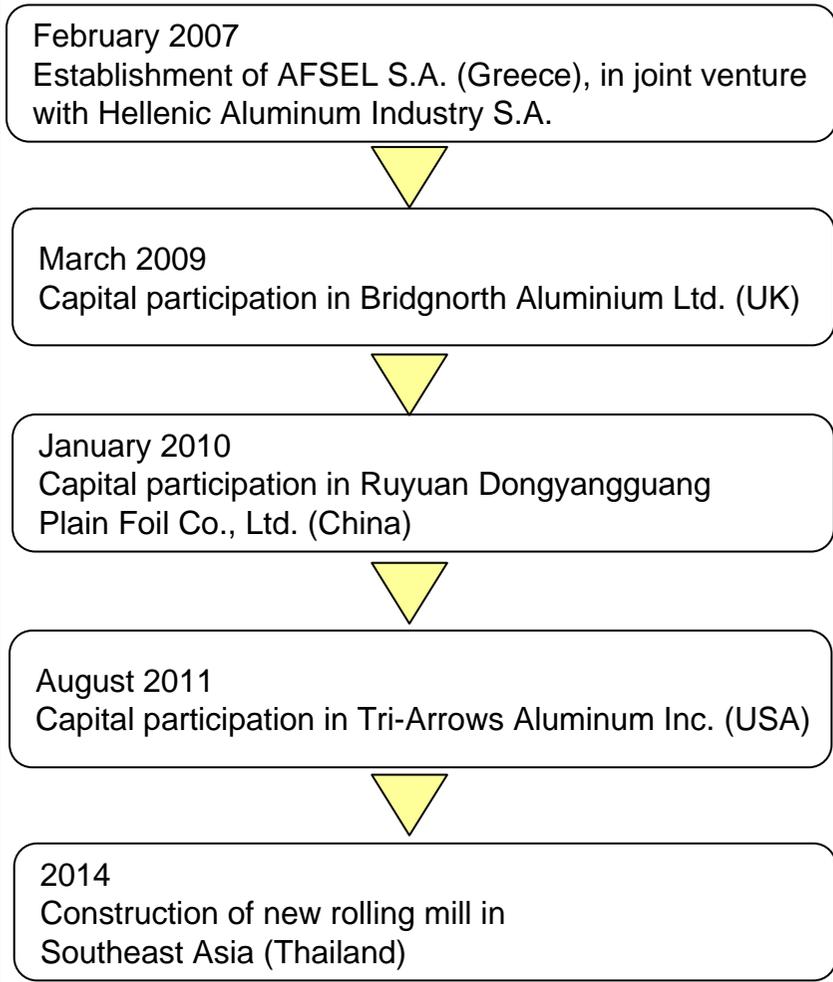
### Construct New Plant in Southeast Asia

- Meet expected growth in demand for rolled aluminum products in rapidly expanding Asian market
- Through full-fledged construction of rolling mill in Southeast Asia, enhance ability to meet customer needs globally



## Response to Global Market Demand

### Globalization of Bases (Sheet Products)



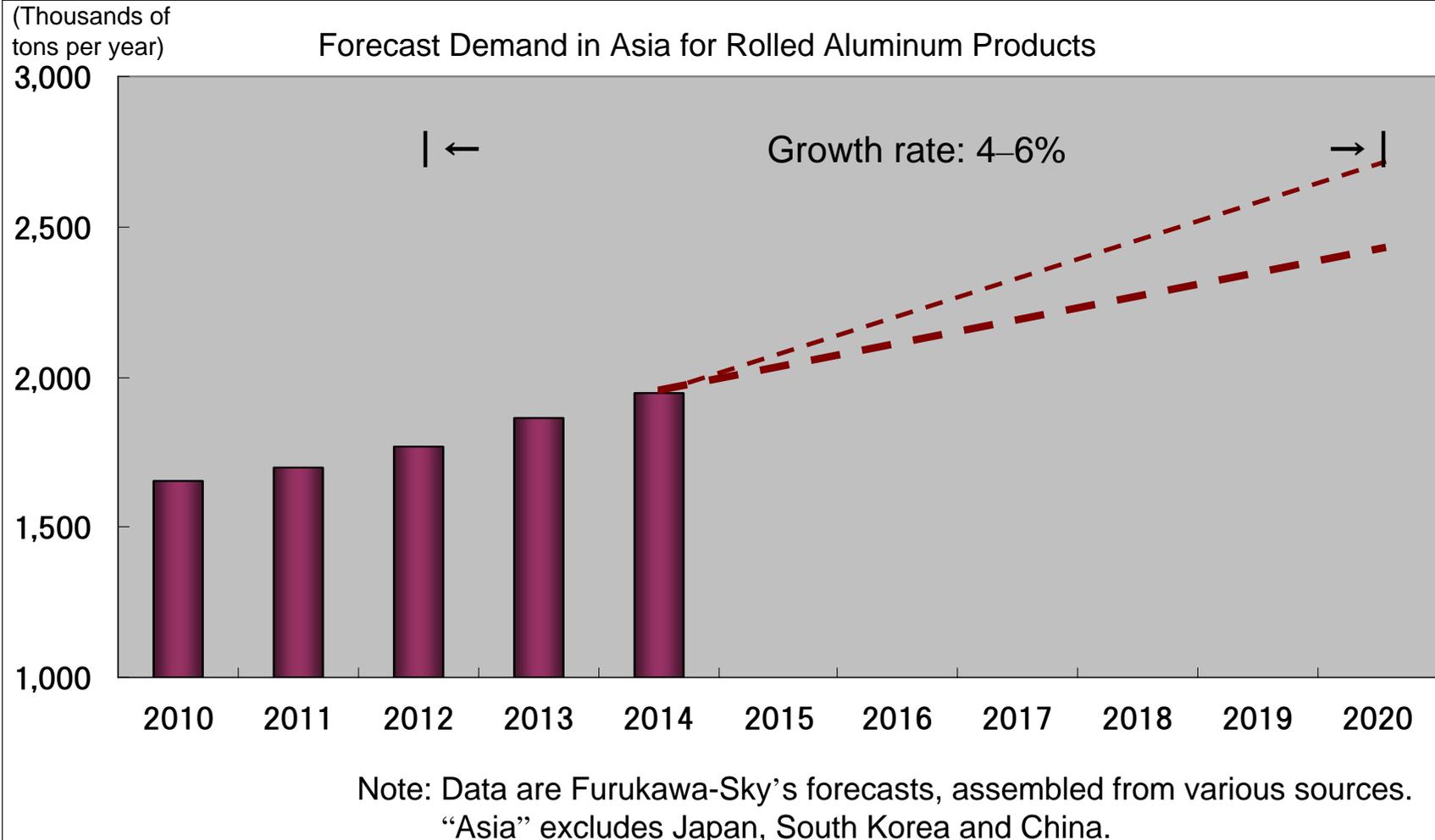
### Global Responses on Sheet Products

	Growth Regions						Growth Region	
	Japan	China	SE Asia	India	Middle East	Europe	North America	South America
Can bodies	Fukui	Export	Export	Export	Export		TAA	TAA
Can ends	Fukui	New plant	New plant	New plant	New plant		TAA	TAA
Auto heat exchangers	Fukaya	Ruyuan	New plant	New plant	New plant	Hellenic		
PS sheet	Fukaya	Ruyuan	Export	Export		BAL	BAL	BAL
Foil	Fukui	Ruyuan						
General materials (electric-related)	Fukaya	New plant	New plant	New plant	New plant			
Thick plate	Fukaya	Export	Export					

- From new facility
- From existing plants in Japan
- Exported from Japan
- From current production



## 2. Demand Forecast (for Rolled Products in Asia)

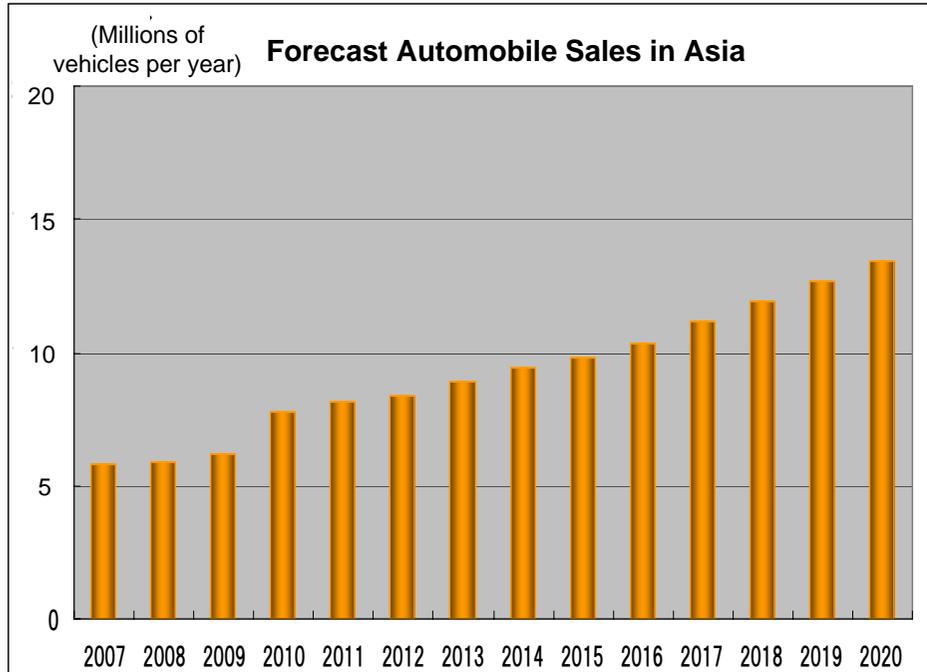


Demand is expected to expand, owing to increasing populations, high rates of economic growth and rising national income.

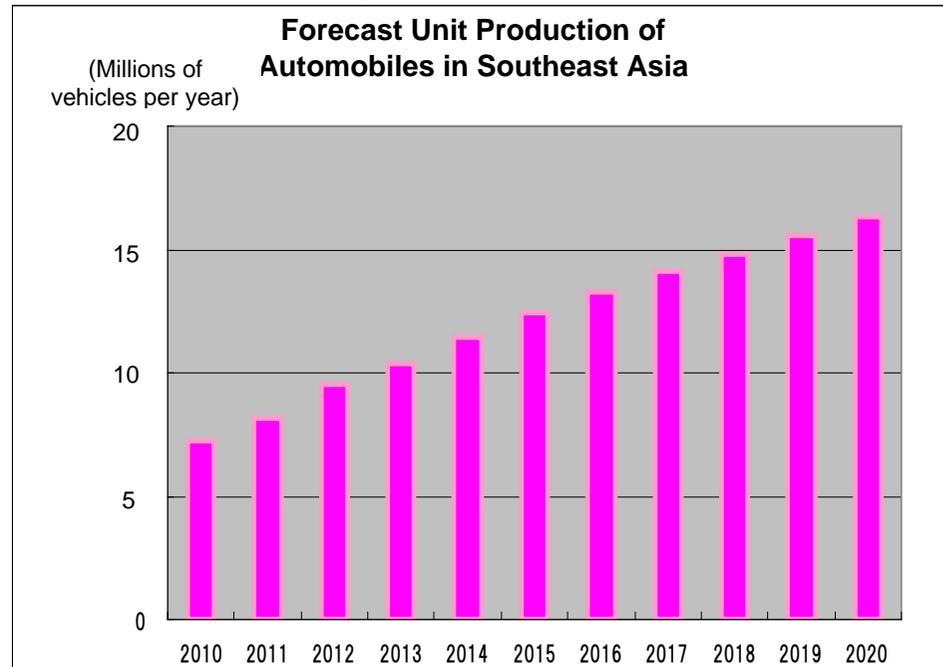


## Product Strategy (1): Automobile Heat Exchanger Materials

Note: "Asia" excludes Japan, China and Singapore



Note: Data are Furukawa-Sky's forecasts, assembled from various sources.



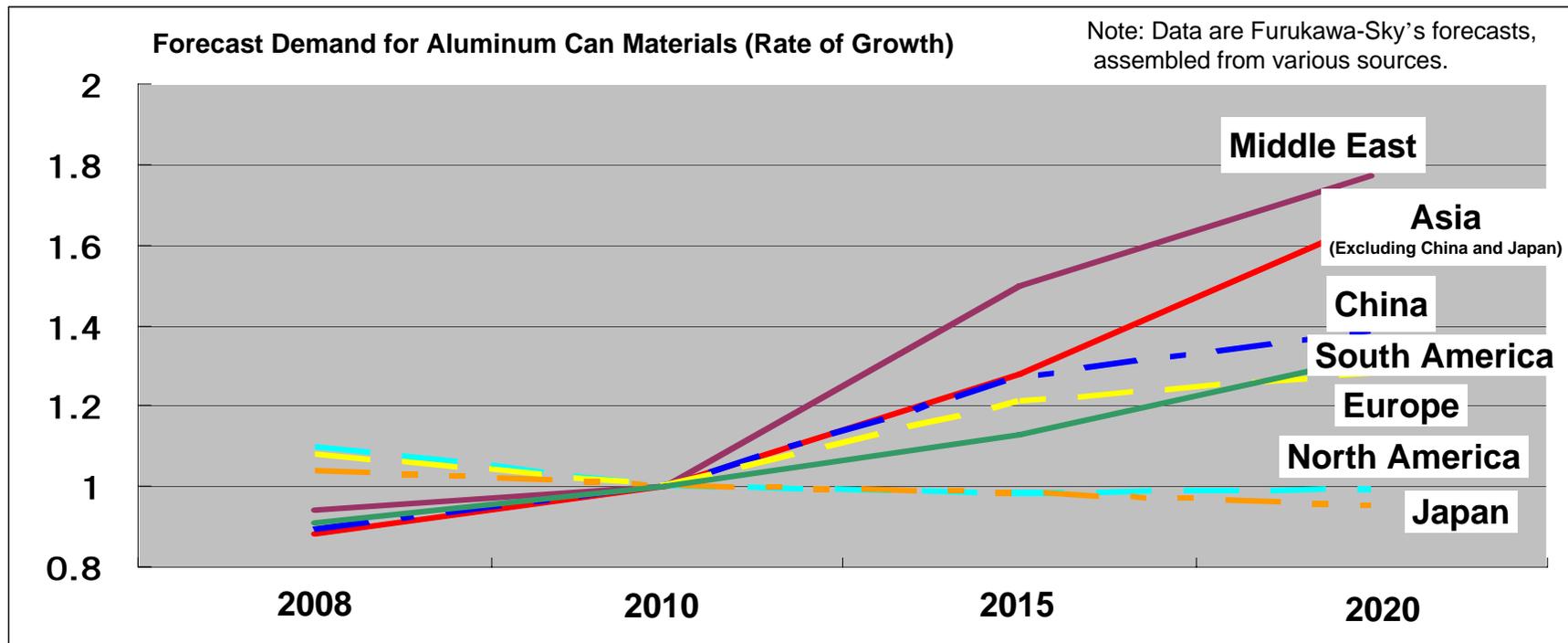
- Investment in automobile production is expected to accelerate, centered on Thailand ("the Detroit of the East") and India, prompting high rates of future growth.
- As automobile production becomes more global, local procurement needs will increase.



- As a global supplier, Furukawa-Sky aims to provide total solutions, combined with extruded (FIA) tubes.



## Product Strategy (2): Can Materials



- Demand is expected to grow substantially, owing to increasing populations, economic growth and rising income in the region.
- Only a limited number of companies can provide can end materials, which require advanced technological expertise. Customer demand for these materials is strong.



- As a global supplier with capital participation in TAA of the United States, Furukawa-Sky will leverage its advanced technological expertise to meet customers' needs for local production in Southeast Asia.

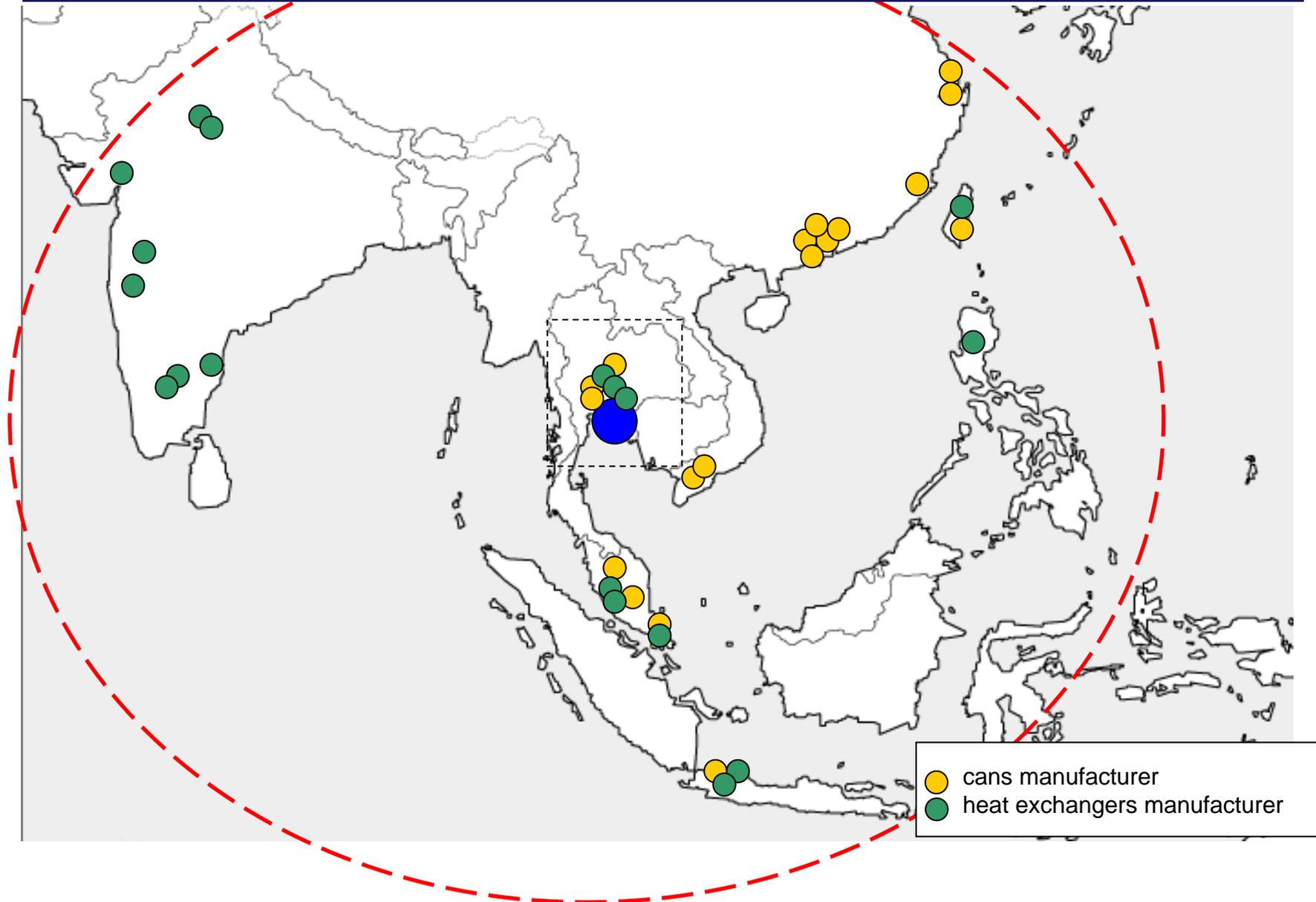


### 3. Construction Plans and Business Overview

<b>Location</b>	<i>Within the Amata City Industrial Estate, Rayong Province, Thailand</i>
<b>Site area</b>	<i>Approximately 35 hectares</i>
<b>Construction cost</b>	<i>Approximately ¥13.0 billion (Phase I)</i>
<b>Production capacity</b>	<i>Approximately 60,000 tons/year (Phase I) Note: Expansion planned during Phase II</i>
<b>Business</b>	<i>Manufacture and sales of rolled aluminum sheet, can materials, automobile heat exchangers, general-purpose materials for other electrical components, etc.</i>
<b>Facility overview</b>	<i>Cold-rolling machines (to be relocated from Nikko Works), painting equipment, slitters and ancillary equipment</i>
<b>Schedule</b>	<i>Start of construction scheduled for March 2012 (Phase I) Start of operations schedule for January 2014 (Phase I)</i>

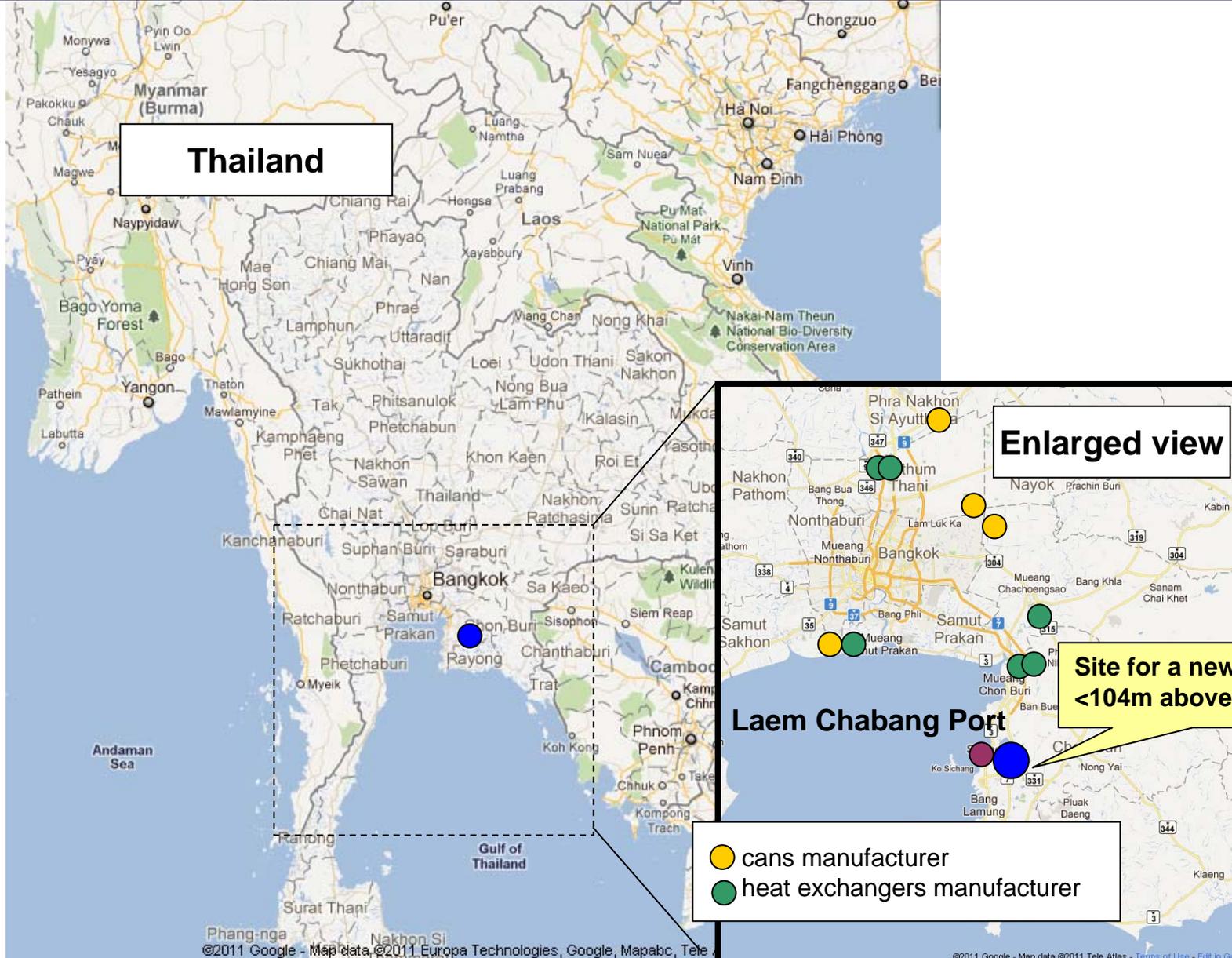


## Location <East Asia>



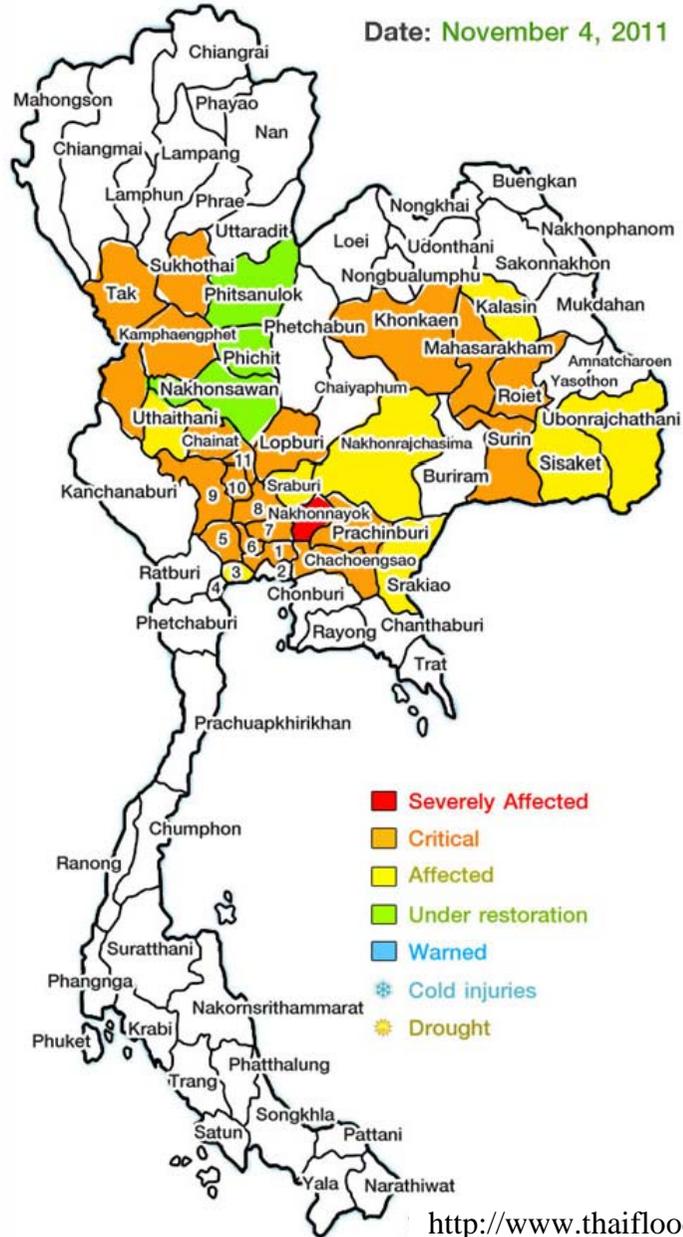


# Location <Thailand>



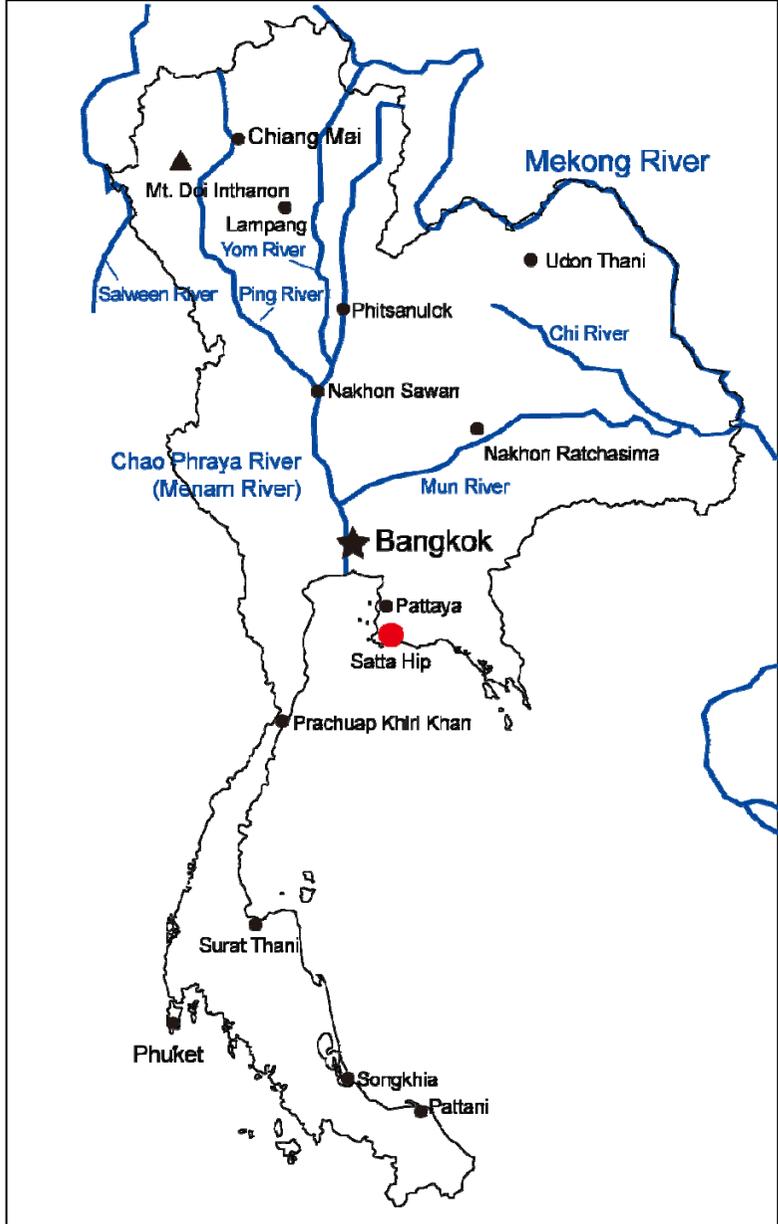


## Flood damaged areas in Thailand



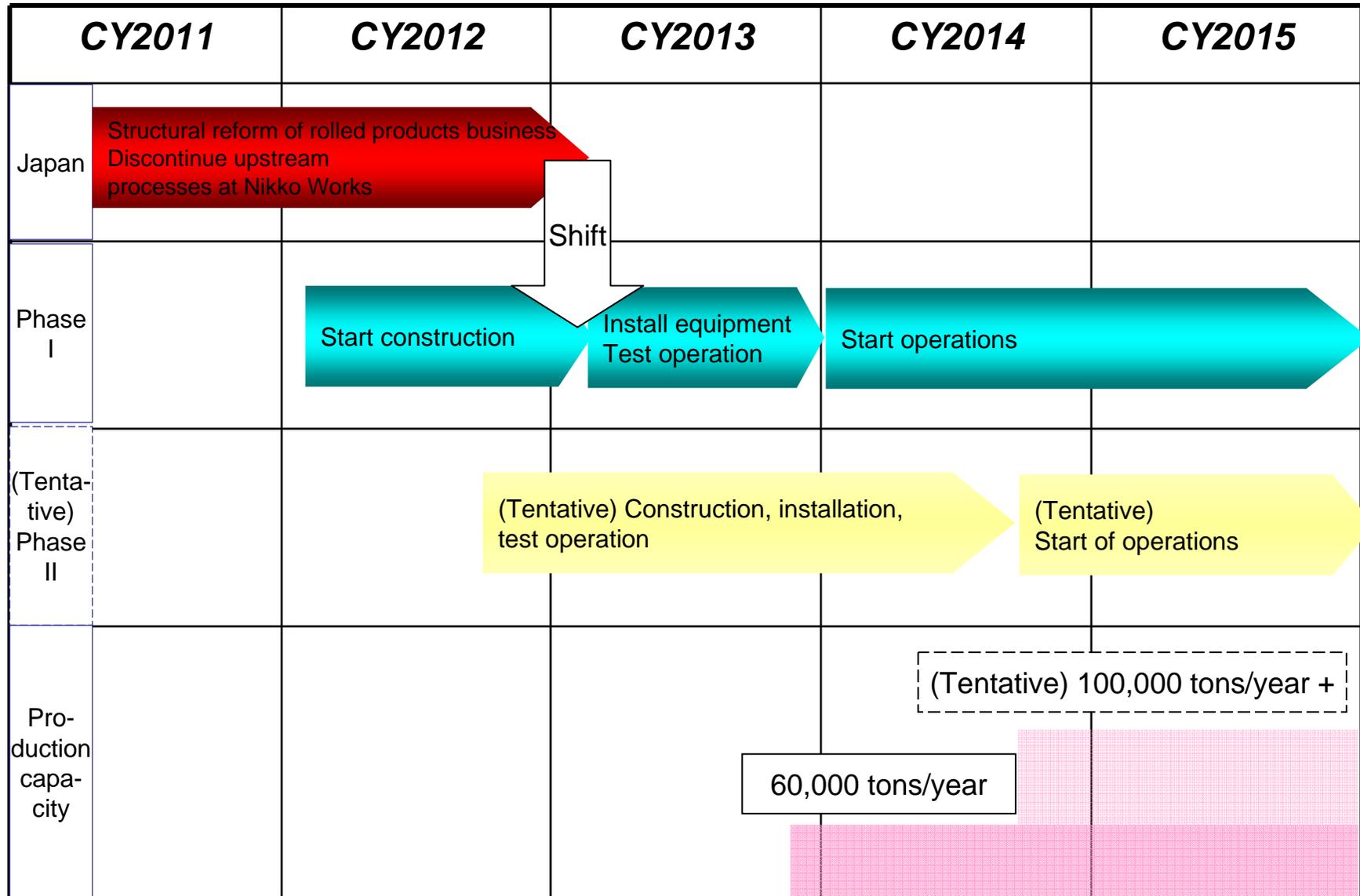
<http://www.thaiflood.com/>

## River map in Thailand





# Schedule





## ■ Forward-looking statements

Other than historical or current factual information concerning plans for sales, profits, etc. listed in this document, all forward-looking statements concerning factors which may affect performance, including those pertaining to industry trends related to the Group's businesses, as well as economic conditions, exchange rates and other factors, shall be presumed to be based on the Company's hypotheses and judgments formed in light of currently available information.

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