

# **Results Briefing for the First Half Ended September 30, 2010**

November 9, 2010



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2. Results Forecast for the Fiscal Year Ended March 31, 2011 (fiscal 2011)
3. Toward Achieving the Medium-Term Plan  
-Status of progress of important measures-



# **1. Performance Summary for the First Half Ended September 30, 2010 (fiscal 2011)**



# The First Half of Fiscal 2011: Main Aspects of Performance

## ■ Income and profits up year-on-year

Net sales and sales volumes (non-consolidated) both up over 20% year-on-year.

Operating income up ¥12.8 billion year-on-year

- Favorable trend for facilities investment, such as for manufacturing equipment for LCDs, and rapid recovery of thick sheet demand
- A variety of incentive programs resulted in strong performances by the automotive and electronics industries
- A heat wave of record-breaking proportions also resulted in stronger can stock sales
- Extruded products were also firm

## ■ Application of accounting standards related to asset retirement obligations

- Booked special loss of ¥710 million in the first quarter

## ■ Interim dividend: 3 yen



# Consolidated Result for the First Half Ended September 2011 (Y on Y)

(Billions of yen)

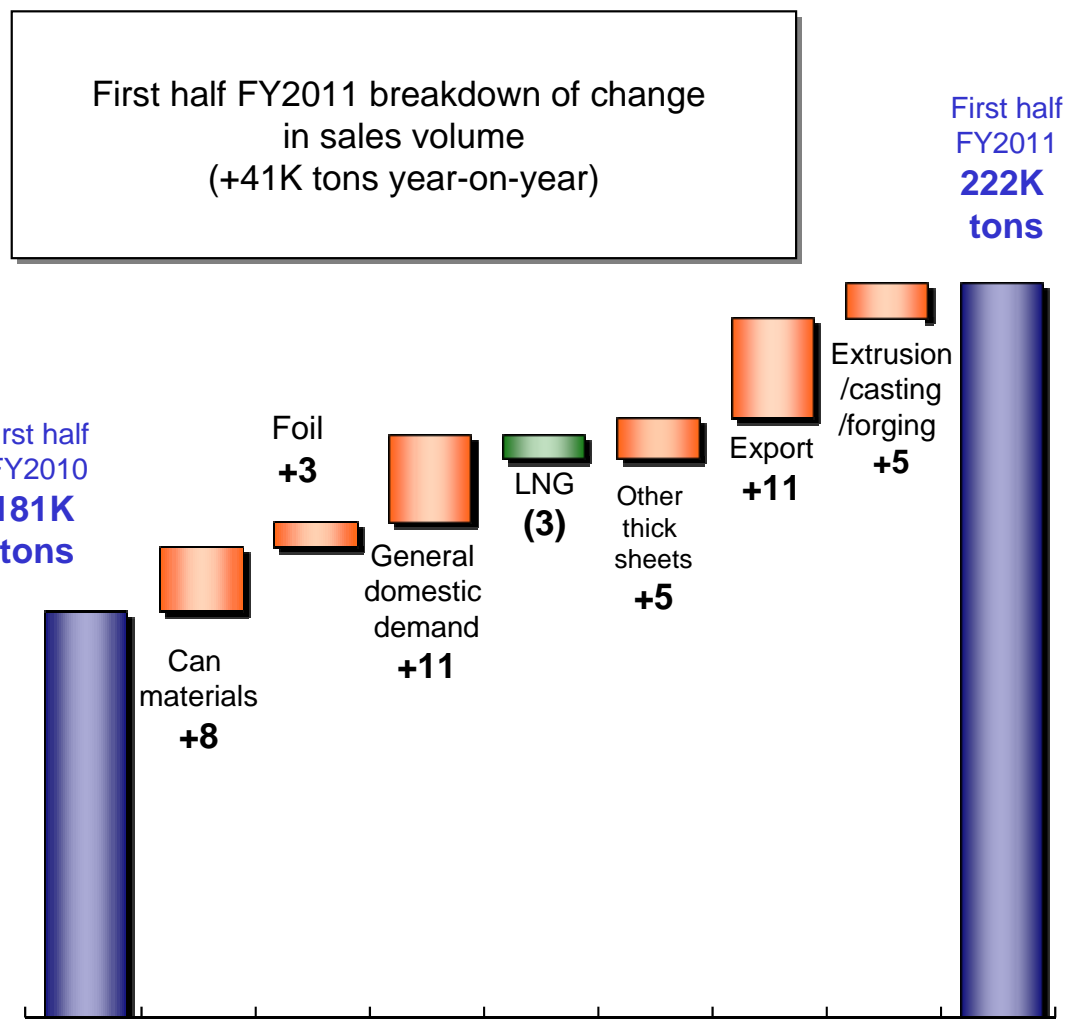
	First half fiscal 2010 (A)	First half fiscal 2011 (B)		Change (B) – (A)	
		1Q FY2011	2Q FY2011		
Net sales	85.4	54.9	51.1	106.0	20.6
Operating income (loss)	(5.7)	4.4	2.7	7.1	12.8
Ordinary income (loss)	(6.4)	4.1	2.7	6.8	13.2
Net income (loss)	(8.5)	2.8	2.6	5.4	13.9
Volume (non- consolidated, K tons)	181	116	107	222	41



# First Half Fiscal 2011: Comparison of Sales Volumes by Product Category (Non-Consolidated, Y on Y)

(Thousand tons)

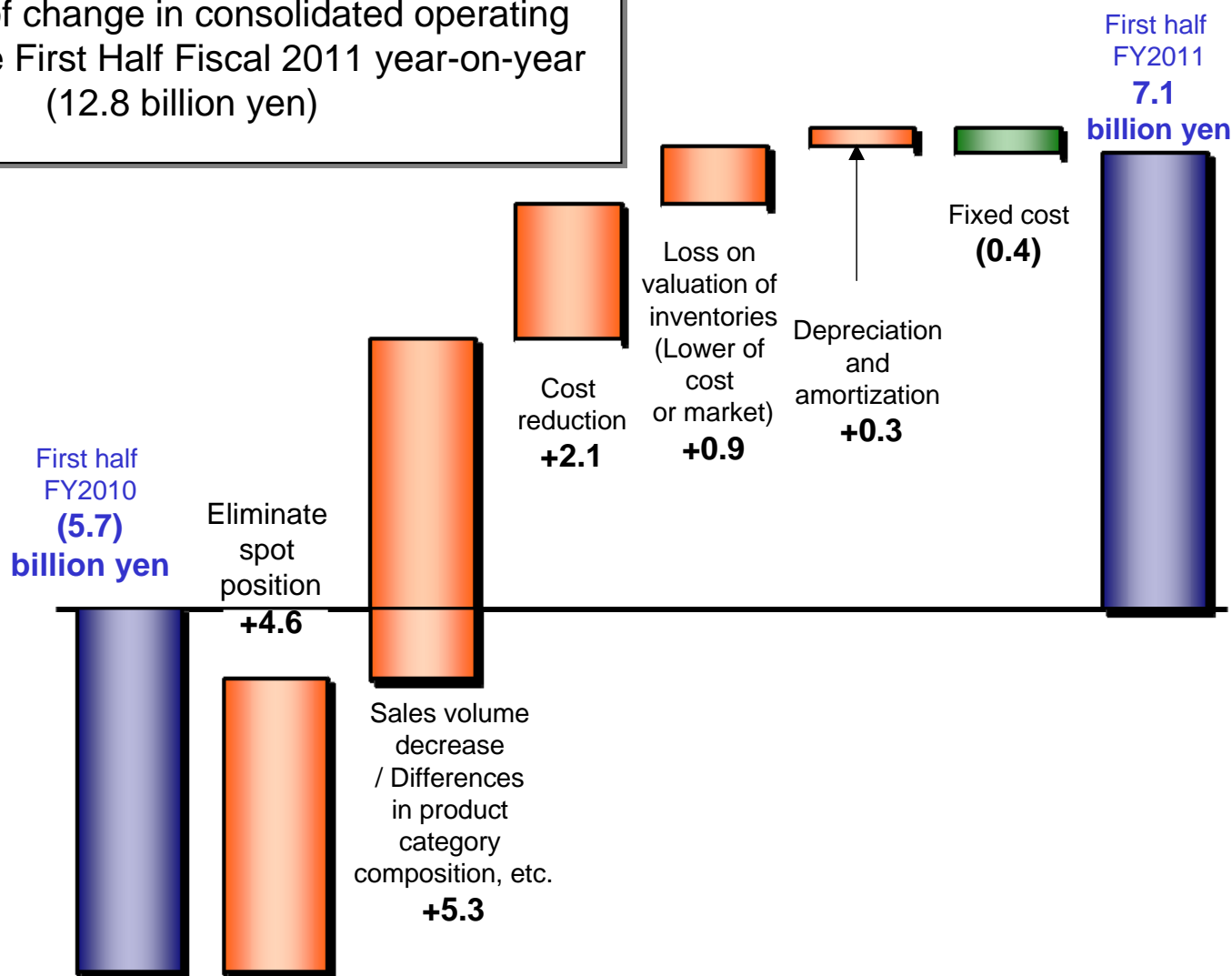
Product category		First half FY2010	First half FY2011	
Sheets	Can materials	60	68	
	Foil	16	19	
	General domestic demand	52	63	
	Thick Sheets	LNG	3	0
		Other	8	13
	Export	28	39	
	Subtotal	167	203	
Subtotal of Extrusion		14	19	
Subtotal of Casting/Forging		1	1	
<b>Total</b>		<b>181</b>	<b>222</b>	





# Analysis of Consolidated Operating Income (First Half Fiscal 2011 Y on Y)

Breakdown of change in consolidated operating income for the First Half Fiscal 2011 year-on-year (12.8 billion yen)





## Consolidated Balance Sheets

(Billions of yen)

	March 2010	Sep. 2010	Change
<b>Current assets</b>	<b>89.2</b>	<b>97.6</b>	<b>8.3</b>
Cash and deposits	4.2	3.4	(0.8)
Notes and accounts receivable-trade	58.3	59.8	1.5
Inventories	21.0	22.8	1.8
Other	5.8	11.5	5.7
<b>Noncurrent assets</b>	<b>110.9</b>	<b>106.2</b>	<b>(4.7)</b>
Tangible and intangible assets	100.2	95.0	(5.2)
Investments and other assets	10.7	11.2	0.5
<b>Total assets</b>	<b>200.2</b>	<b>203.8</b>	<b>3.6</b>

	March 2010	Sep. 2010	Change
<b>Current liabilities</b>	<b>85.7</b>	<b>86.2</b>	<b>0.5</b>
Accounts payable-trade	51.8	50.9	(1.0)
Short-term loans payable, current portion of long-term loans payable, bonds	32.8	33.5	0.7
Other	1.1	1.9	0.8
<b>Noncurrent liabilities</b>	<b>54.9</b>	<b>53.8</b>	<b>(1.1)</b>
Long-term loans payable and bonds payable	40.4	39.3	(1.1)
Other	14.5	14.5	0
<b>Shareholders' equity, etc.</b>	<b>59.1</b>	<b>63.4</b>	<b>4.2</b>
<b>Minority interests</b>	<b>0.5</b>	<b>0.5</b>	<b>0</b>
<b>Total liabilities and net assets</b>	<b>200.2</b>	<b>203.8</b>	<b>3.6</b>
<b>Balance of interest-bearing debt</b>	<b>73.2</b>	<b>72.7</b>	<b>(0.5)</b>





# Consolidated Key Indicators

	March 2010	Sep. 2010
Operating margin	0.3%	6.7%
Owners' equity ratio	29.5%	31.1%
Debt/equity ratio	1.2	1.1

(FYI)

Owners' equity ratio = [net assets (end of fiscal year) - minority interests] / total assets (end of fiscal year)

Debt/equity ratio = Balance of interest-bearing debt (end of fiscal year) / [net assets (end of fiscal year) - minority interests]



## **2. Results Forecast for the Fiscal Year Ended March 31, 2011 (fiscal 2011)**



# **Fiscal 2011**

## **Main Aspects of Results Forecast**

- No change in the forecast as of August 5
- Factors contributory to a downturn in second half sales volumes, such as the diminishing effects of economic measures, are included in the forecast made at the beginning of the term
- While ongoing strength in the yen is expected to cause some weakening of export sales, that will be offset by reduced purchasing costs for imports, so there will be almost no effect.



# Fiscal 2011 Consolidated Results Forecast

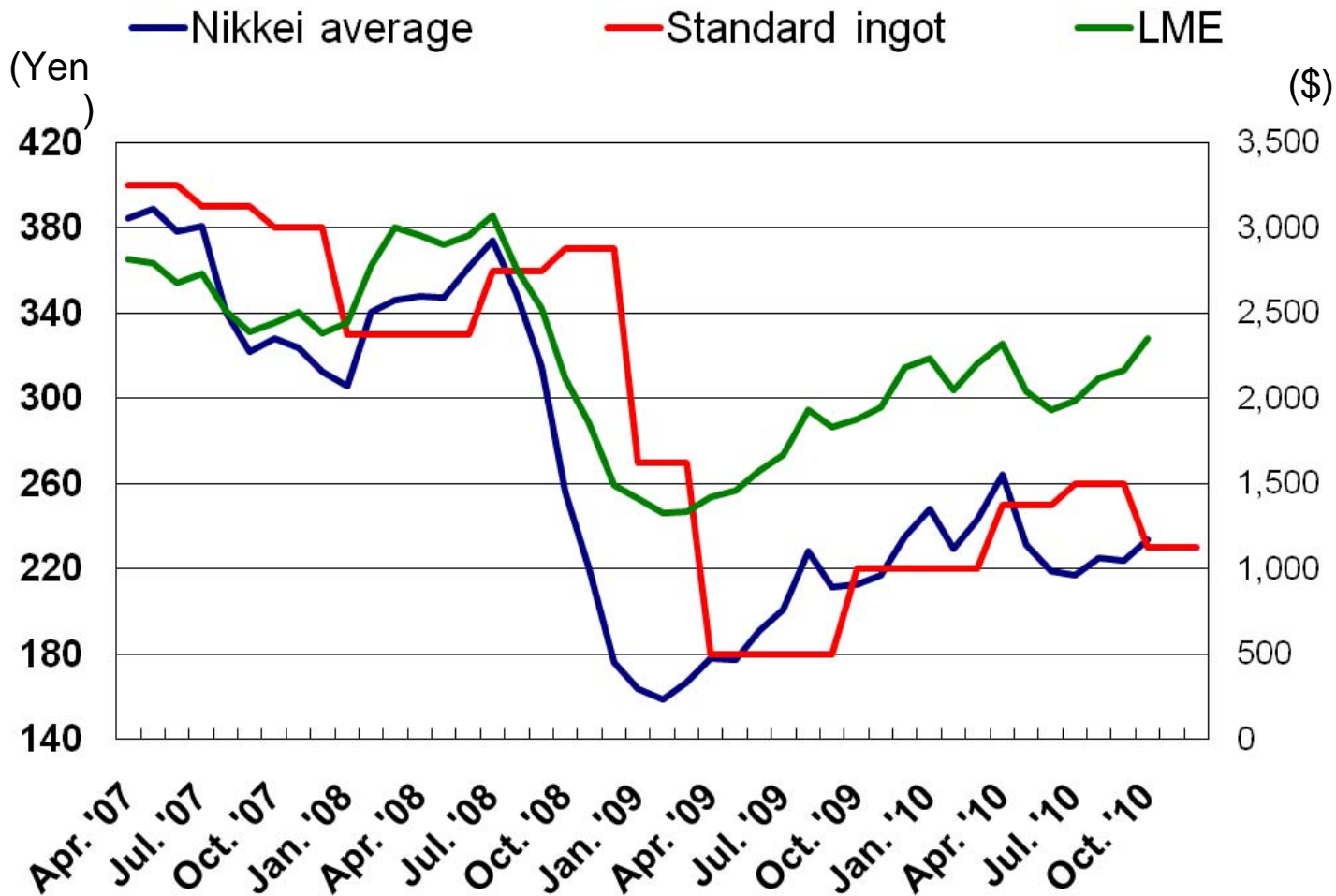
(Billions of yen)

	Fiscal 2010		Fiscal 2011 forecast			Change (B) - (A)	
	(A)	First half	Second half	(B)	First half		Second half
Net sales	185.6	85.4	100.2	200.0	106.0	94.0	14.4
Operating income (loss)	0.6	(5.7)	6.3	11.0	7.1	3.9	10.4
Ordinary income (loss)	(0.7)	(6.4)	5.8	10.1	6.8	3.3	10.8
Net income (loss)	(0.8)	(8.4)	7.7	8.4	5.4	3.0	9.2
Volume (non-consolidated, K tons)	388	181	207	417	222	195	29

Specification: (Term beginning): Crude oil (WTI) 80USD/B; aluminum ingots 230 yen/kg; exchange rate 90 yen/USD  
 (Second half): Crude oil (WTI) 80USD/B; aluminum ingots 235 yen/kg; exchange rate 82 yen/USD



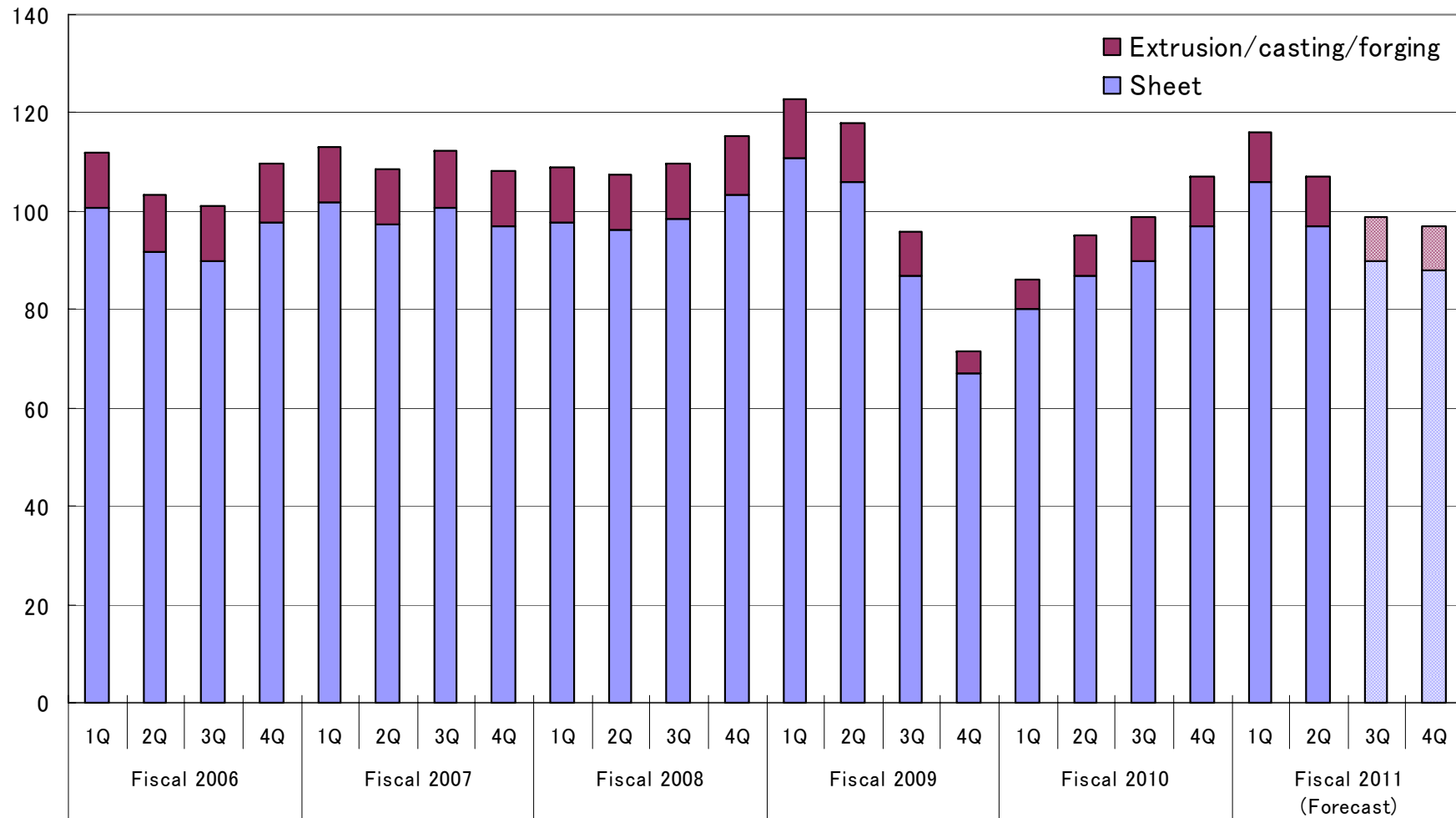
# Spot aluminum: Nikkei average, standard ingot, LME trend





# Sales Volume Trend (FY2006-2011 forecast)

(Thousand tons)





# Forecast of Sales Volumes by Product Category for Fiscal 2011

(Thousand tons)

Product category		Fiscal 2010			Fiscal 2011			
			First	Sec.		First	Sec.	
Sheets	Can materials	113	60	53	120	68	52	
	Foil	33	16	17	36	19	17	
	General domestic Demand	115	52	62	122	63	59	
	Thick sheets	LNG	5	3	2	2	0	2
		Other	21	8	13	22	13	9
	Export	69	28	40	79	39	40	
Subtotal		355	167	188	381	203	178	
Subtotal of extrusion		32	14	18	35	19	16	
Subtotal of casting/forging		2	1	1	2	1	1	
<b>Total</b>		<b>388</b>	<b>181</b>	<b>207</b>	<b>417</b>	<b>222</b>	<b>195</b>	



### **3. Toward Achieving the Medium-Term Plan**

—Status of progress of important measures—





# ■ Structural reform in sheet business

< Strengthen our corporate makeup in line with changes in the demand structure >

## Nikko Works

- Suspend upstream processes (casting to hot rolling)
- Change to plants specializing in finishing products

## (Status of progress)

- Progress in line with plan for customer appreciation
- Mass production achieved ahead of plan for some products

## Color aluminum business

- Transfer production to Fukaya Works
- Reduce scale of Furukawa Color Aluminum

- Completed in FY2010

## Contribution to profits

**FY2013:  
0.9 billion yen**

**FY2014 onward:  
3 billion yen**



## ■ Strengthening response to fields with growth potential

### 1) Shoring up business structure

#### < Create strong structure of foil business >

- Make Nippon Foil Mfg. a wholly-owned subsidiary
- Establish foil division

Investment in management resources of Nippon Foil Mfg. Co., Ltd.  
Promoting personnel exchanges



Create/strengthen Group management structure  
Strengthen R&D structure

#### < Strengthening response to markets with growth potential >

- Reform R&D structure: Establish product development division at our research center.
- Strengthening response to automotive field: Establish Automotive Materials Sales Dept.
- Strengthening response to power storage field: New establishment of Battery Project



# ■ Strengthening response to fields with growth potential

## 2) Battery-related products

< Strengthen automotive-use LIBs >

### Expanding sales of existing products

Aluminum foil for battery covering

Aluminum foil for the positive electrode collector of lithium ion batteries

Copper foil for the negative electrodes collector of lithium ion batteries



### Development and sales of next-generation products

Carbon-coated aluminum foil

Aluminum foil for positive electrodes for high-performance cathode current collectors

Copper foil for negative electrodes for high-performance anode current collectors

- ◆ Integrated development from materials
- ◆ Effective use of Group resources



## ■ Strengthening response to fields with growth potential

### 3) Brand enhancement

#### < Improving recognition of growing markets and fields >

Active participation in various exhibitions around the world

- **Mar. 2010: Exhibit at BATTERY JAPAN rechargeable battery expo**
- **Jun. 2010: ALUMINIUM CHINA 2010 (Shanghai, China)**
- **Sep. 2010: ALUMINUM 2010 (Essen, Germany)**



**Improve recognition  
of Furukawa-Sky**



**Cultivate new customers  
Global business development**

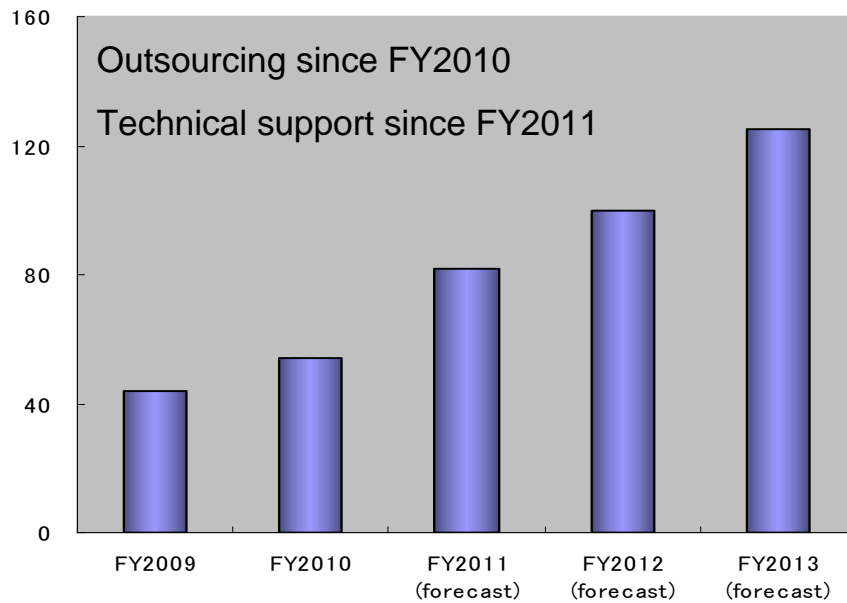


# Respond to global growth markets

## 1) Expand contribution to profits of recipients of new investment

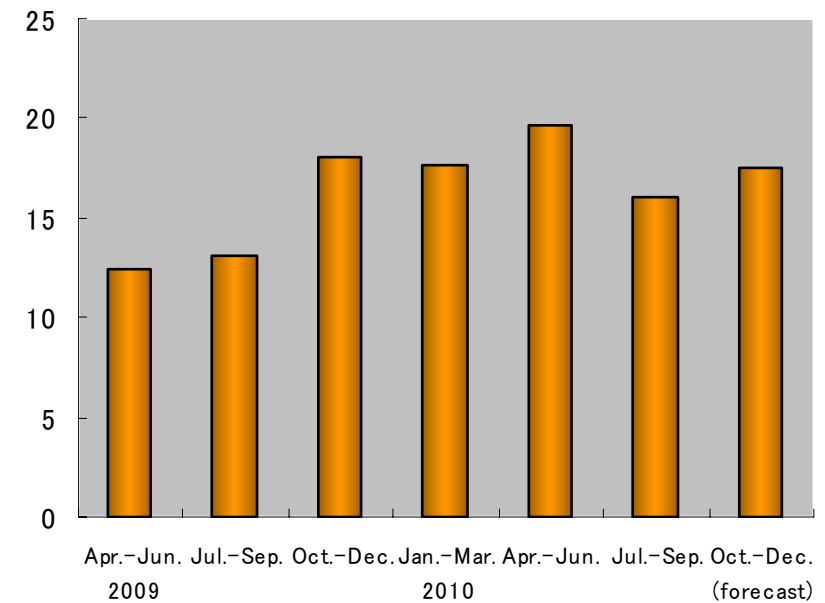
**Ruyuan Dongyangguang Plain Foil Co., Ltd.**  
**Shaoguan Yangzhiguang Aluminum Foil Co., Ltd. (China)**  
 Automotive heat exchanger materials (sheet)

Sales volume trend (thousand tons)



**Bridgnorth Aluminium Ltd. (UK)**  
 Printing plates

Sales volume trend (thousand tons)



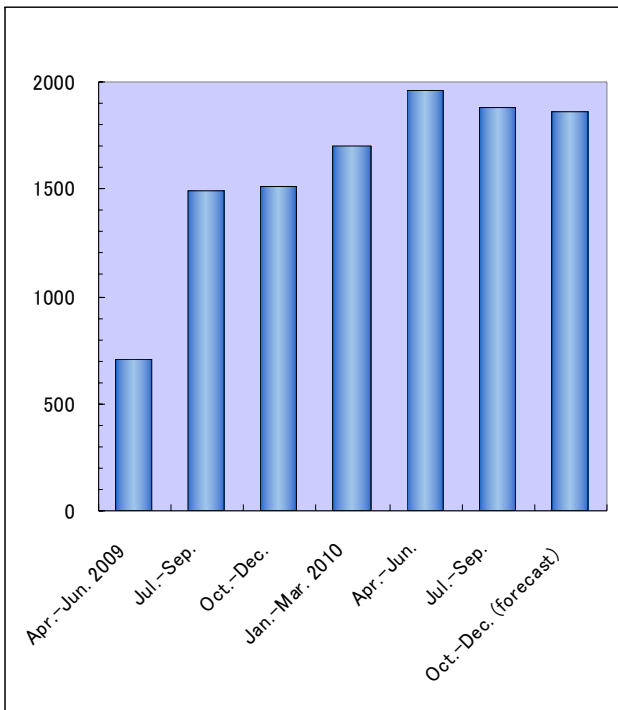


# Respond to global growth markets

## 2) Status of existing business bases

**Furukawa-Sky Aluminum (Vietnam) Inc. (Vietnam)**  
Compressor wheels for turbo chargers

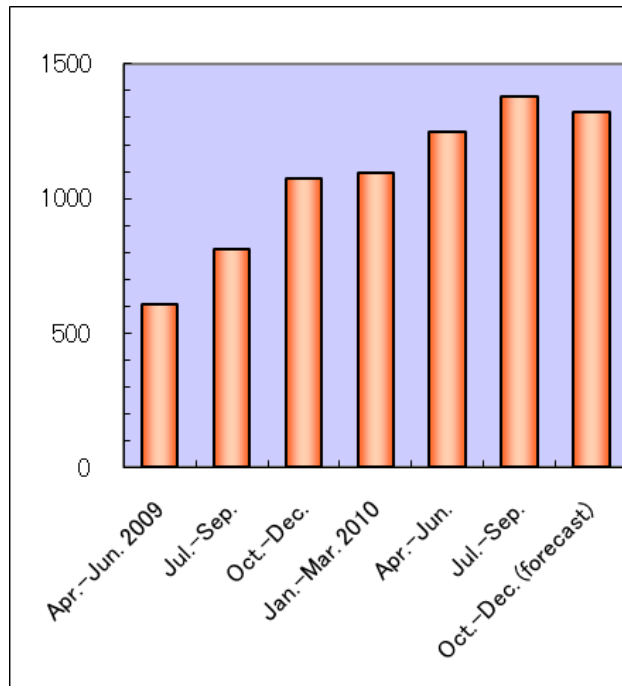
Sales volume trend (thousand tons)



- Leader in the world (our estimation)
- Look into increasing investment

**PT.Furukawa Indal Aluminum (Indonesia)**  
Extruded materials for automobile heat exchangers

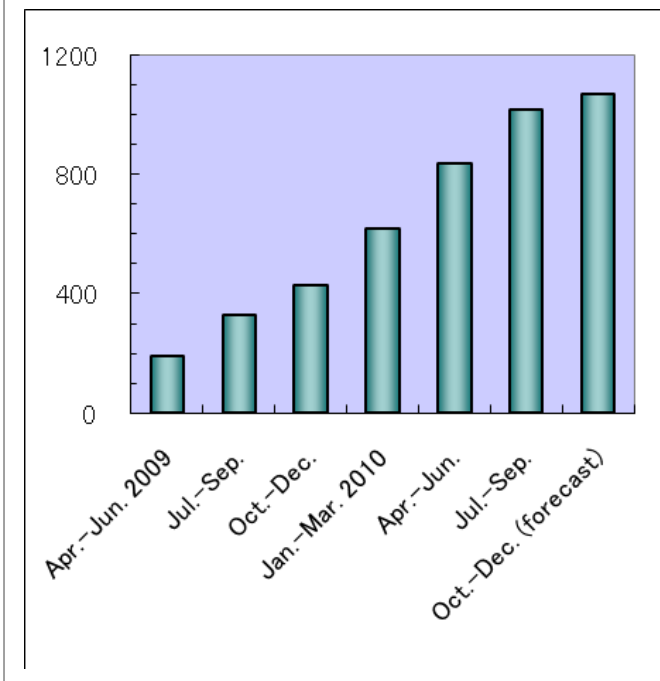
Sales volume trend (tons)



- 3 lines Full production
- Expand product line

**Furukawa-Sky Aluminum (Tianjin) Corp. (China)**  
Extruded materials for automobile heat exchangers

Sales volume trend (tons)



- Secure operating profits
- Look into increasing investment to reach full production



## ■ Respond to global growth markets

### 3) Expanding overseas bases

#### < Establish bases in growth markets and regions >

#### Furukawa-Sky Aluminum Corp. European office: Germany (Düsseldorf)

Established in September 2010. Begin collecting information focused on automotive heat exchangers and printing plates as a third base in Europe.

#### Furukawa-Sky Aluminum (Shanghai) Corp.: Sales company in Shanghai, China

Established in September 2010. Expand sales of exports of our materials and those of Ruyuan Dongyangguang, focusing on automotive heat exchanger materials.

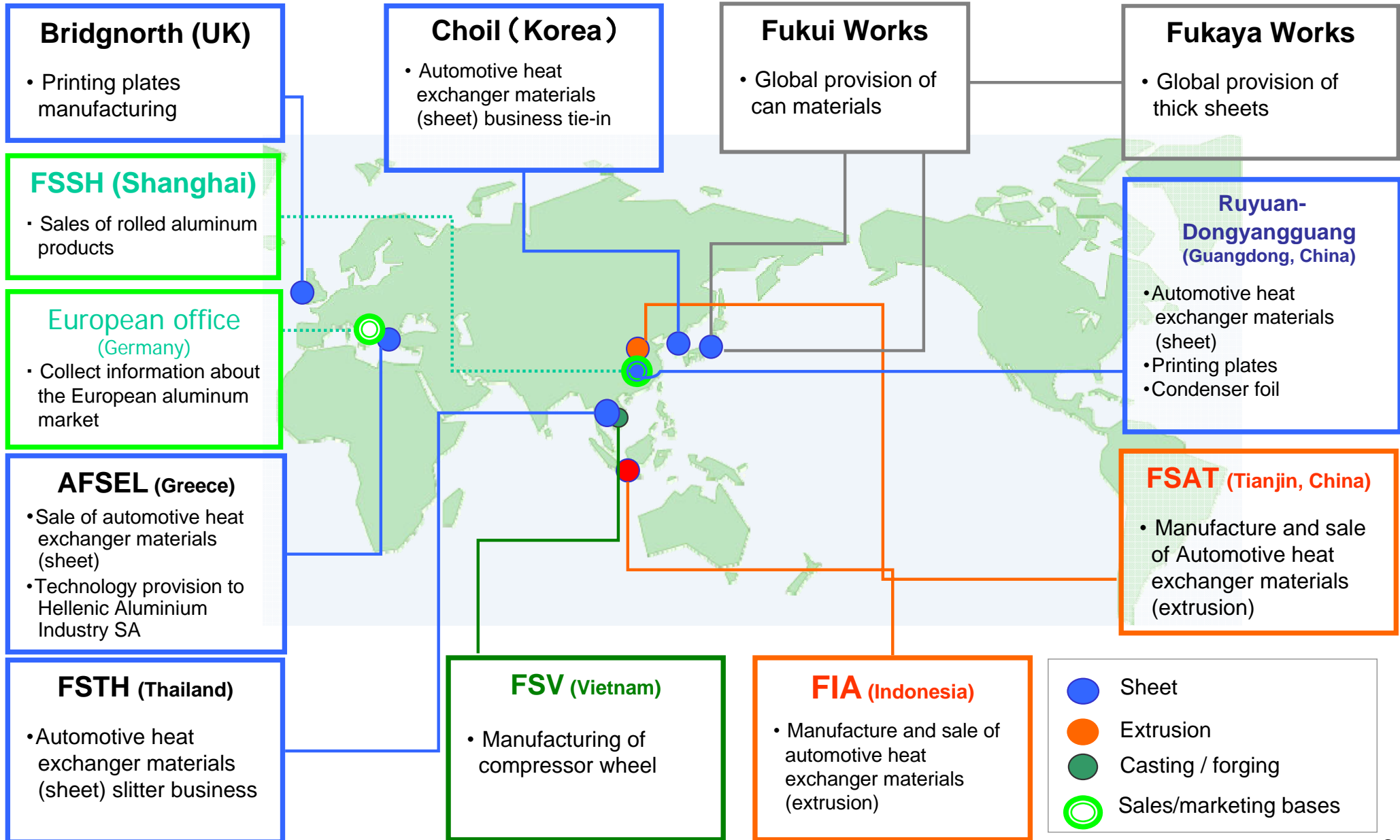
#### FURUKAWA-SKY ALUMINUM (THAILAND) CO., LTD.: Process/sales company of rolled products in Bangkok, Thailand

The slitter that was completed in August 2010 is now under trial operation. It will function as the base for supply of automotive heat exchanger materials to SE Asia and India from December on.



# Respond to global growth markets

## 4) Network structure







## ■ **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.

Forecasts made in this document contain known and unknown risks and uncertainties, and actual sales and profits, as well as the plans listed in this document, may in the future vary greatly from the forward-looking statements due to a variety of factors, so please be aware that no guarantees or warranties are implied or presented. Moreover, this document is not intended as an enticement to invest.

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