



Broadening aluminum's applications and expanding supply areas in response to growing demand



1936 | **Aircraft**
World's first ultra-strength duralumin developed



1961 | **Automobiles**
Aluminum heat exchanger materials developed

UACJ's predecessors bring benefits to society by expanding aluminum's applications

1937 | **Food products**
Manufacturing of aluminum foil begins

1960 | **Information technology**
Manufacturing of aluminum memory storage disks begins

1910 Furukawa Electric Co., Ltd., commenced research on aluminum electrical wire

1964 SKY Aluminum Co., Ltd., established

2003

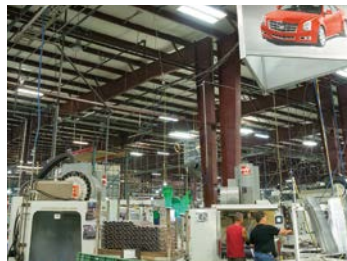
1890 1900 1910 1920 1930 1940 1950 1960 1970 1980 1990 2000

1959 Sumitomo Light Metal Industries, Ltd., established

1897 Sumitomo Shindo-jo established in Osaka

1935 Sumitomo Metal Industries, Ltd., established

North America and Australia



- 1979 Office established in Australia to facilitate participation in aluminum smelting projects
- 1992 Precision-machined components subsidiary established in Mexico
- 2011 Acquisition of Tri-Arrows Aluminum, a company boasting the world's highest productivity of can stock

UACJ and its predecessors expand supply networks globally

Asia





1964 | **Beverage cans**
Japan's first aluminum beverage can tops developed



1994 | **Aerospace**
Aluminum wide-plate panels developed for H-II rockets



1970 | **Transport ships**
Japan's first aluminum thick plates for LNG carrier storage tanks manufactured

Companies merged to create Furukawa-Sky Aluminum Corp.

2013 UACJ Corporation established **UACJ**

Management Philosophy

The UACJ Group strives to offer products and services deserving of its customers' satisfaction and trust, and believes that sound and sustainable business development is key to making broad-reaching contributions to society.

Europe



- 2002 Heat exchanger material manufacturing and sales subsidiary established in the Czech Republic
- 2009 Capital stake acquired in a flat-rolled aluminum company in the United Kingdom
- 2016 Automotive heat exchanger material sales subsidiary established in Germany

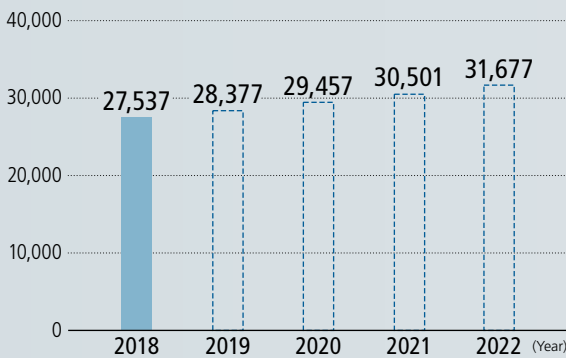
- 1990 Copper pipe subsidiary established in Malaysia
- 1995 Copper pipe subsidiary established in China
- 1998 Precision-machined components subsidiary established in Indonesia
- 2006 Cast aluminum subsidiary with the world's highest production capacity of compressor wheels established in Vietnam
- 2010 Flat-rolled aluminum subsidiary established in Thailand as a major supplier to Asia
- 2014 Capital stake acquired in an aluminum thick plate precision-machining and sales company in South Korea

A global supply network based in the United States, Thailand, and Japan

Global demand for aluminum

Forecast of global demand for aluminum sheet

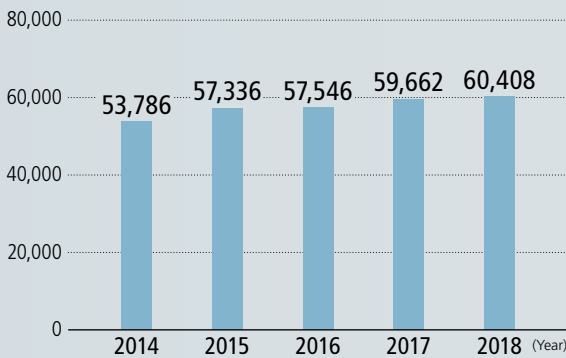
(Thousands of tons)



Source: Aluminum Rolled Products Market Outlook published in May 2018 by CRU International Limited

Global production volume of new aluminum ingots

(Thousands of tons)



Source: Japan Aluminium Association

Meeting brisk demand for

In the United States

Production capacity

Approximately **430,000 tons per year**

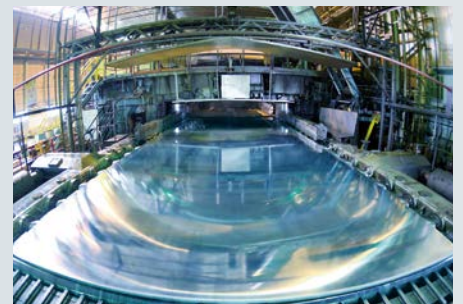
In the United States—the world's largest can stock market—Tri-Arrows Aluminum Inc. has been meeting strong demand by utilizing the most productive flat-rolled aluminum lines in the world. Meanwhile, UACJ Automotive Whitehall Industries, Inc. supplies the auto industry with a broad range of products that help reduce vehicle weight as the number-one supplier of automotive aluminum parts and components in the U.S.

Competitive advantages of the UACJ Group's global supply network



Over one million tons of production capacity

As a world-leading aluminum manufacturer with over one million tons of annual production capacity, UACJ delivers high-precision and dependable products of the highest quality to customers all over the world.



aluminum with world-leading production capacity

In Japan

Production capacity

Approximately **750,000 tons per year**

In Japan, UACJ Corporation manufactures aluminum products that are unrivalled in size and quality by leveraging one of the world's largest hot rolling mills as well as the country's largest melting furnace. In collaboration with group companies specializing in advanced machining technologies, UACJ provides products to a wide array of industries.

In Thailand

Production capacity

Approximately **320,000 tons per year**

Demand for aluminum has been rising rapidly in Asia on the back of economic growth in the region. UACJ (Thailand) Co., Ltd. manufactures flat-rolled aluminum for can stock, air-conditioner compressor fins, and other aluminum products at Rayong Works—Southeast Asia's only integrated manufacturing facility with over 300,000 tons of capacity—and sells them throughout Asia.

World-leading manufacturing facilities

The UACJ Group operates many uniquely equipped manufacturing facilities, including one of the world's largest hot rolling mills featuring a total length of 400 meters and a width of 4.3 meters. It also owns Japan's largest melting furnace and a highly productive four-stand hot finishing rolling mill. Leveraging these facilities, the Group can manufacture high-quality goods and massive products that its competitors cannot produce.



Integrating R&D with manufacturing technologies

UACJ's manufacturing and research divisions work closely together to promptly respond to the needs of customers, allowing UACJ to supply highly dependable products that enable customers to raise product quality and boost productivity.

UACJ Is Exploiting the Possibilities of Aluminum for a Better Future

Aluminum's diverse benefits

Smelting process

```

    graph TD
      Bauxite --> Alumina
      Alumina --> VirginAl[Virgin aluminum]
      VirginAl --> Core[Core technologies]
      RecycledAl[Recycled aluminum] --> Core
      ScrapAl[Scrap aluminum] --> Core
      Core --> Tech[Technical development]
  
```

Benefits of aluminum

- Highly resistant to low temperatures
- Excellent electrical conductivity
- Reflects light and heat
- Resistant to corrosion
- Lightweight
- Non-toxic
- Easy to cast
- Strong
- Easy to recycle
- Attractive in appearance
- Comparatively non-magnetic
- Easy to machine and process
- Excellent heat transmittance

The UACJ Group's wide-ranging precision-machining processes

Precision-machining processes

Rolled Aluminum Products Business

```

    graph LR
      Melting --> Casting1[Casting]
      Casting1 --> Rolling
      Casting1 --> Extruding
      Casting1 --> Forging
      Casting1 --> Casting2[Casting]
      Rolling --> Flat[Flat rolled products]
      Extruding --> Extruded[Extruded products]
      Forging --> Forged[Forged products]
      Casting2 --> Cast[Cast products]
  
```

Precision-machined Components and Related Businesses

Wrought Copper Products Business

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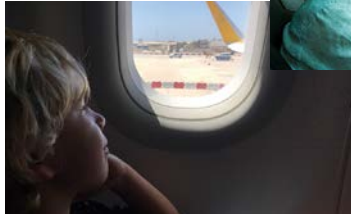
    graph LR
      Melting --> Casting --> Extruding --> Rolling --> Drawing --> Processing
      Processing --> Extruding
  
```

The UACJ Group's competitive advantages

- A long history of expertise in aluminum materials
- A supply network with a global reach
- An R&D network staffed by about 300 personnel
- Diverse human resources spread around the world
- Over 1 million tons per year of production capacity
- A manufacturing-oriented corporate culture

Diverse benefits of UACJ's products

Improve the safety and fuel efficiency of airplanes



Make automobiles lighter, reducing CO₂ emissions



Ensure the safe transport of LNG



Preserve food for long periods of time



Facilitates beverage can recycling



Allows sanitary pharmaceutical packaging



Transportation

Food and pharmaceuticals

UACJ's future direction

The UACJ Group will strive to maximize the possibilities of aluminum in ways that contribute to society and the environment.

Enable more functional and diverse smart devices



Enhance the performance of semiconductor production equipment



Improve the appearance of buildings



Industrial and consumer products

Foil products



Precision-machined components



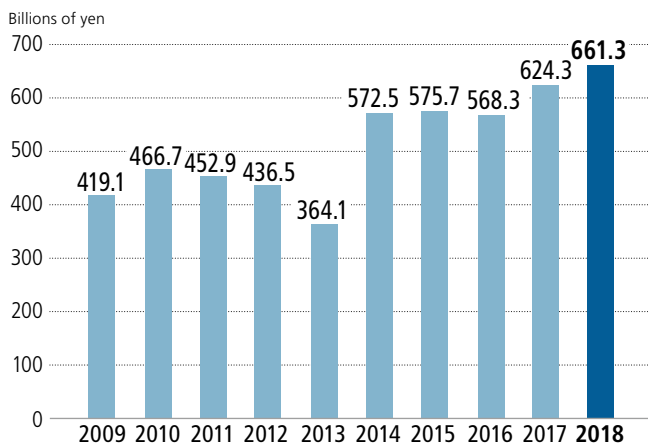
Copper pipe products



Historical Overview of Consolidated Financial Results

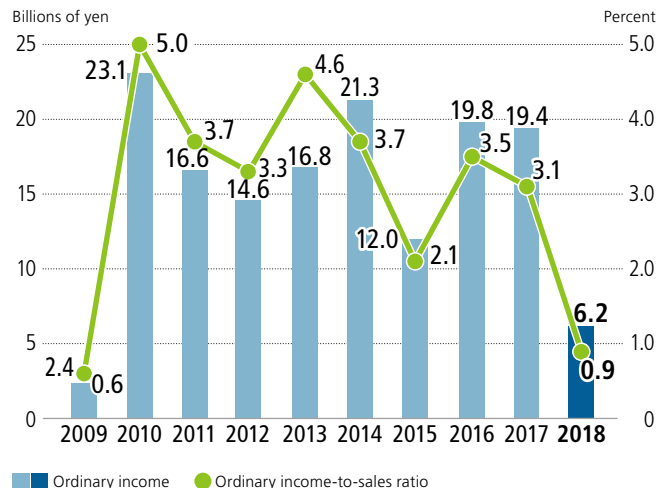
Earnings

Net sales



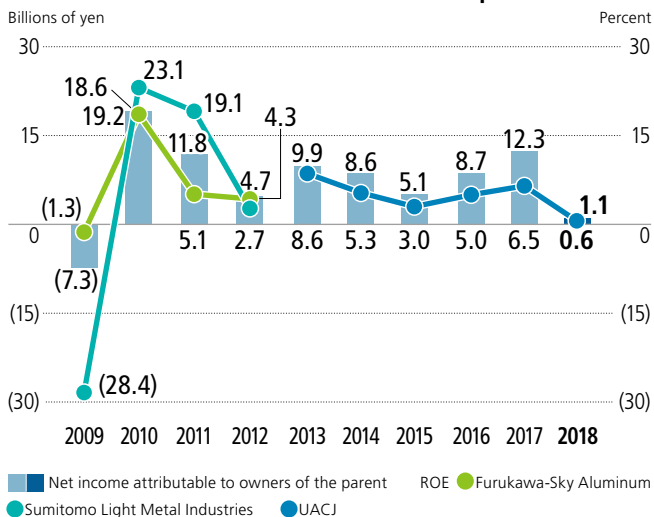
Net sales are affected by the aluminum ingot market because the Group's product prices reflect aluminum ingot prices combined with processing fees. In fiscal 2018, net sales increased year on year mainly due to growth in sales volume and comparatively higher ingot prices.

Ordinary income and ordinary income-to-sales ratio



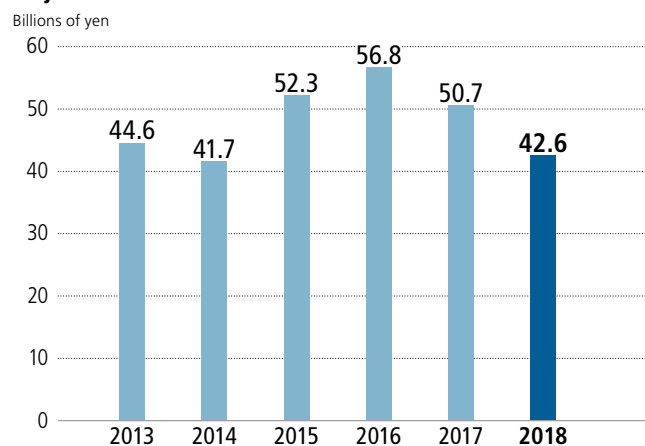
Ordinary income decreased substantially in fiscal 2018 due to a number of factors. Firstly, inventory valuation worsened following a decline in aluminum ingot prices from the second half of the fiscal year. Moreover, energy prices were higher than the previous fiscal year, and sales of mainstay products such as thick plates for liquid crystal and semiconductor manufacturing equipment were sluggish amid China's economic slowdown and trade friction with the United States. In addition, a series of natural disasters in Japan caused a slowdown of manufacturing operations.

Net income attributable to owners of the parent and ROE



In fiscal 2018, both net income attributable to owners of the parent and return on equity (ROE) decreased year on year, mainly reflecting the drop in ordinary income.

Adjusted EBITDA



Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA)¹ is an accurate indicator of the Company's profitability because it excludes inventory valuation, which varies depending on fluctuations of aluminum ingot prices. In fiscal 2018, adjusted EBITDA decreased year on year, mainly attributable to higher energy prices, sluggish sales of mainstay products including thick plates for liquid crystal and semiconductor manufacturing equipment, and a slowdown of manufacturing in Japan due to natural disasters.

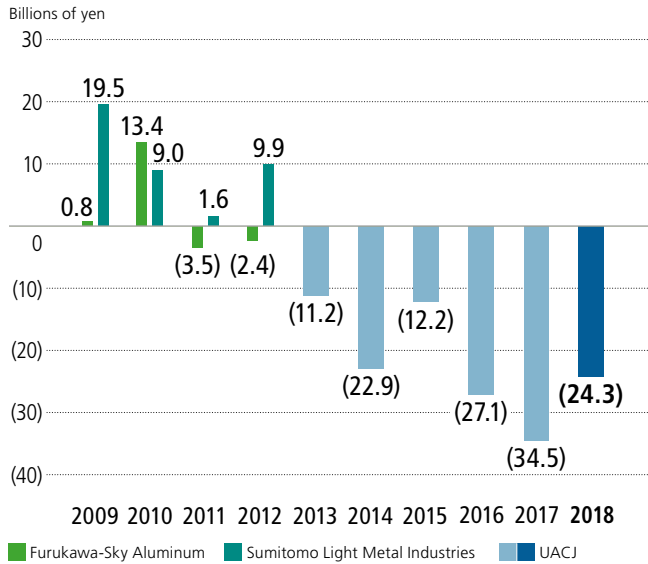
1. Adjusted EBITDA = operating income + depreciation and amortization + amortization of goodwill – inventory valuation

Notes about the graphs:

All yen figures in the graphs have been rounded. The years shown in the graphs are UACJ's fiscal years, which span from April 1 of the specified fiscal year to March 31 of the following year. (For example, fiscal 2018 is from April 1, 2018, to March 31, 2019.) All financial results shown in the graphs are consolidated. UACJ was formed in mid-fiscal 2013 through the merger of Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries Co., Ltd. Accordingly, the figures shown in the graphs up to fiscal 2012 are the combined results of the two former companies. Figures in fiscal 2013 are the combined results of the former companies in the first half of the fiscal year plus the results of UACJ in the second half. In addition, although changes were made to the accounting treatment of various items in fiscal 2013, including commercial paper maturing by the fiscal year-end, results up to fiscal 2012 for key performance indicators included in this section have not been adjusted to reflect those changes.

Investment and Equity

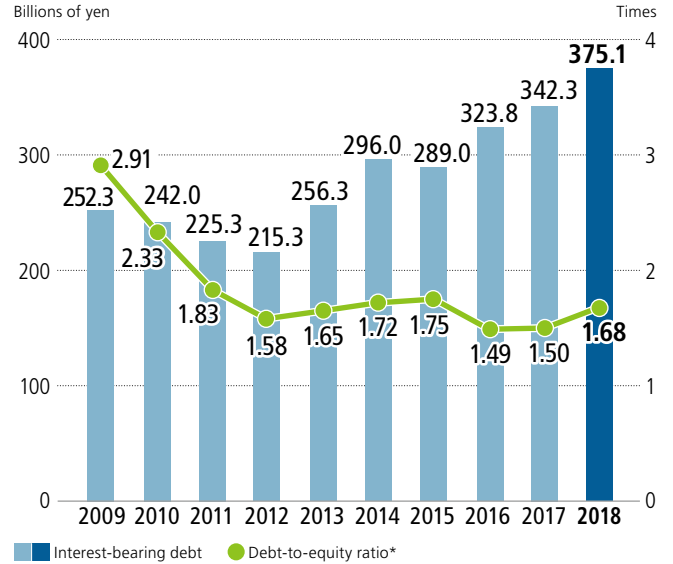
Free cash flow



Free cash flow² has remained negative since fiscal 2013, reflecting continuous growth-oriented investment aimed at expanding global operations. The Company's management is striving to achieve an optimal balance of strategic investment and financial soundness going forward.

2. Free cash flow = operating cash flow + investment cash flow

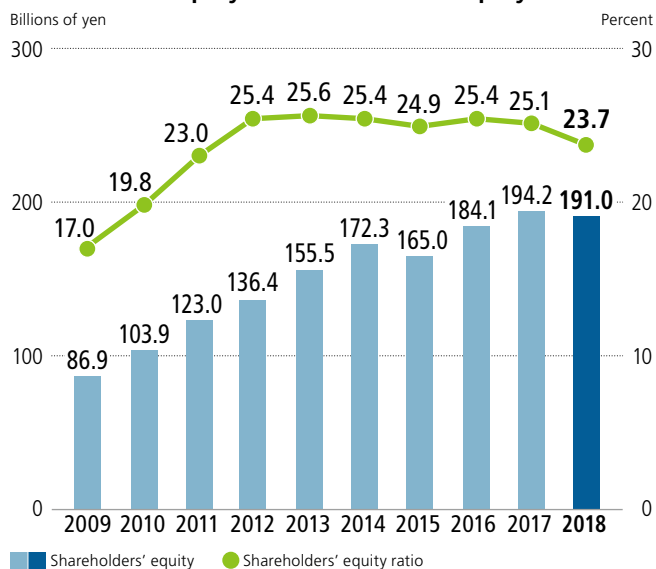
Interest-bearing debt and debt-to-equity ratio



Interest-bearing debt increased year on year due to ongoing proactive investments aimed at future growth. The debt-to-equity ratio³ rose to 1.68 times.

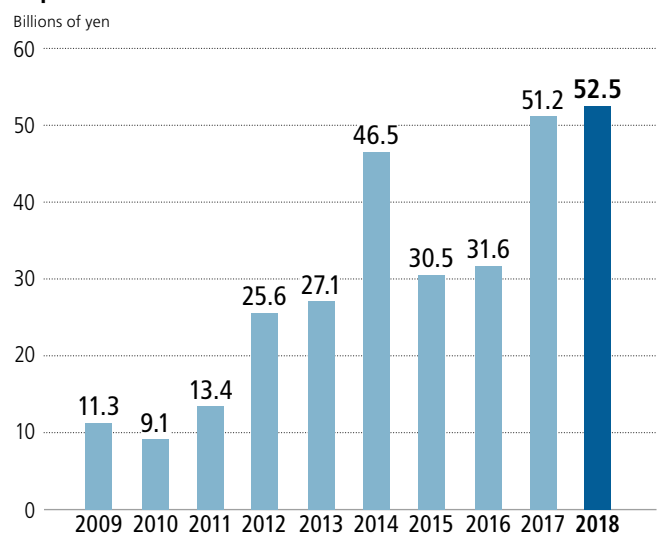
3. Figures from fiscal 2016 include subordinated loans

Shareholders' equity and shareholders' equity ratio



Shareholders' equity was down year on year due to the decrease in net income attributable to owners of the parent. The shareholders' equity ratio also decreased compared with the previous fiscal year as a result of increased interest-bearing debt.

Capital investment

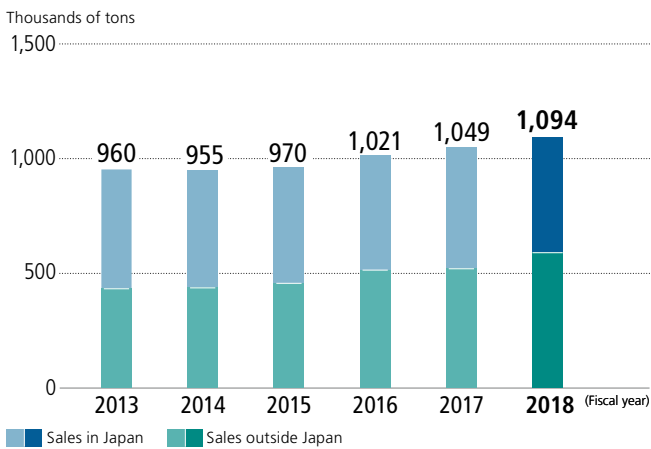


Capital investment increased in fiscal 2018 due to the construction of new casting and cold-rolling facilities at Logan Mill in the United States, a third phase of investment in new facilities at Rayong Works in Thailand, and the installation of new automotive body sheet manufacturing equipment at Fukui Works in Japan.

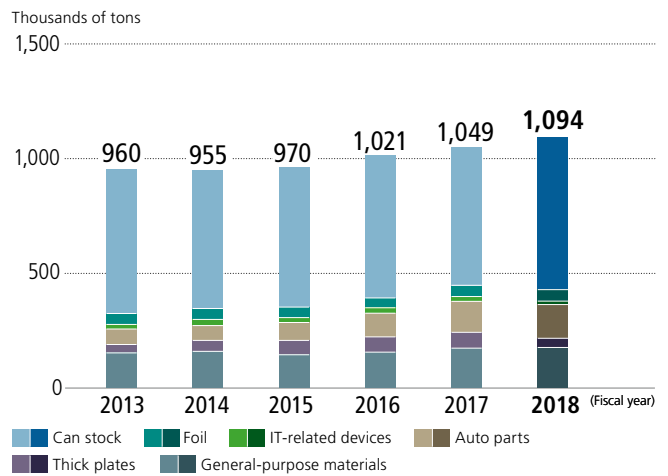
Financial and Non-Financial Highlights

Flat-Rolled Aluminum

Global sales volume of flat-rolled aluminum

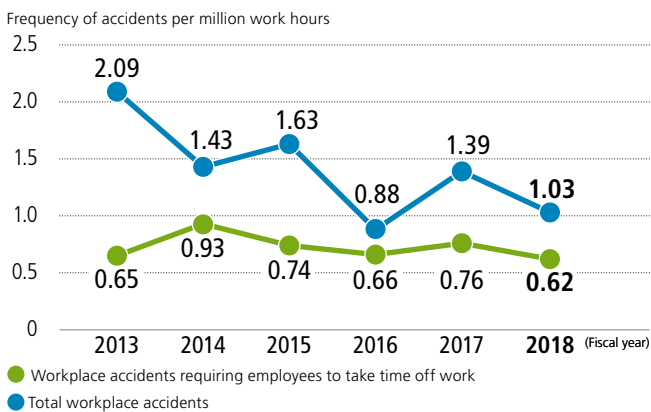


Global sales volume of flat-rolled aluminum by product type

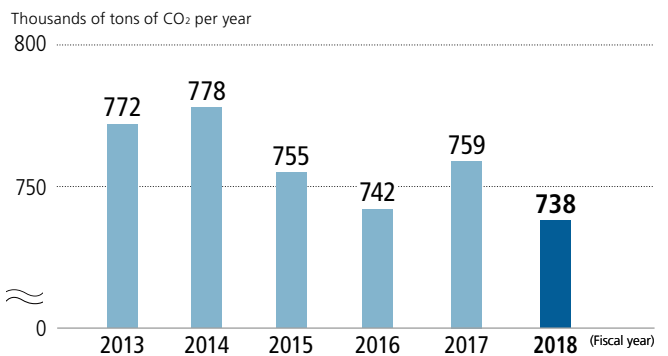


Non-Financial Results in Japan

Workplace accidents

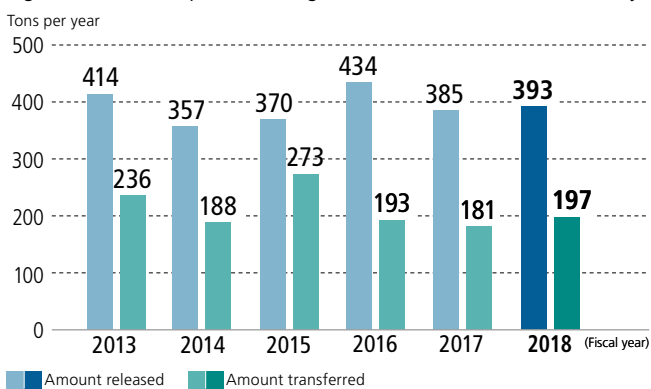


CO₂ emissions

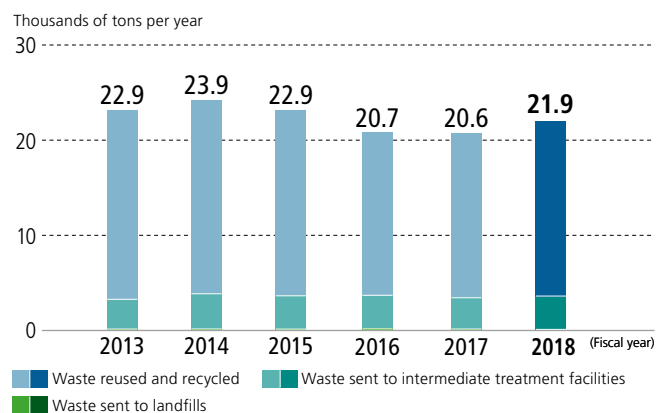


Regulated chemical substances released and transferred

Regulated substances (according to Japan's pollutant release and transfer register) contained in products: manganese, chromium, nickel and lead alloys



Waste from manufacturing operations



Notes about the graphs:

The years shown in the graphs are UACJ's fiscal years, which span from April 1 of the specified fiscal year to March 31 of the following year. (For example, fiscal 2018 is from April 1, 2018, to March 31, 2019.)

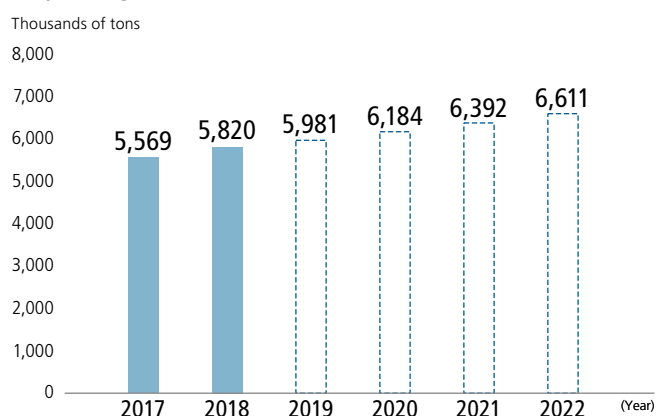
Figures in fiscal 2013 are the combined results of the UACJ's predecessors, Furukawa-Sky Aluminum and Sumitomo Light Metal Industries, in the first half of the fiscal year plus the results of UACJ in the second half.

The environmental data was obtained from the following operations in Japan: UACJ Corporation (Nagoya Works, Fukui Works, Fukaya Works, and Nikko Works), UACJ Color Aluminum Corporation, UACJ Extrusion Nagoya Corporation (Nagoya Works and Anjo Works), UACJ Extrusion Oyama Corporation, UACJ Extrusion Gunma Corporation, UACJ Extrusion Shiga Corporation, UACJ Foundry & Forging Corporation, UACJ Foil Corporation (Shiga Works, Nogi Works, and Isesaki Works), and UACJ Copper Tube Corporation.

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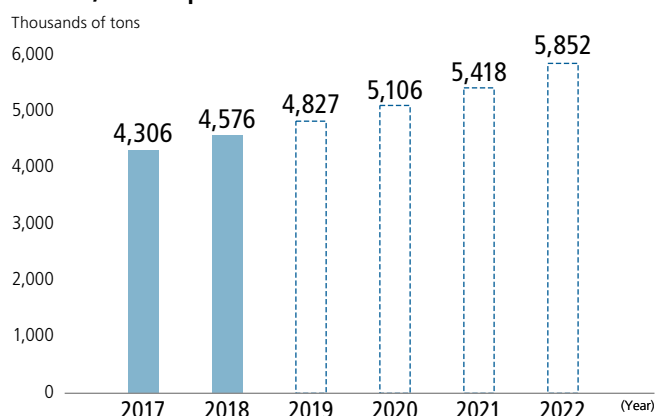
Market Data

Projected global demand for aluminum sheet used for can stock



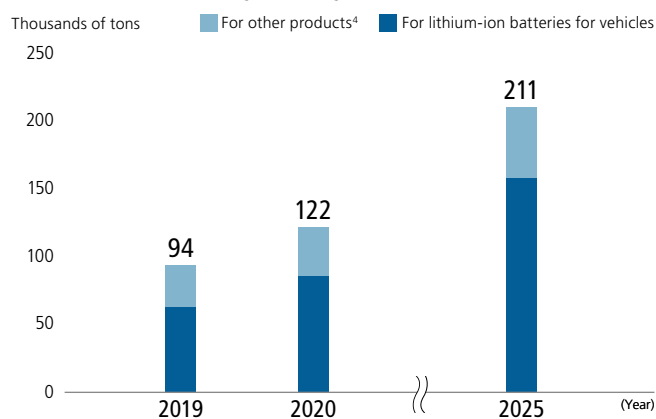
Source: Aluminum Rolled Products Market Outlook published in May 2018 by CRU International Limited

Projected global demand for aluminum sheet for automobiles, aircraft, and ships



Source: Aluminum Rolled Products Market Outlook published in May 2018 by CRU International Limited

Projected global market demand for aluminum foil used for lithium-ion secondary battery electrode current collectors



4. Other products include electric storage batteries, motors, and consumer electronic goods
Source: Future Outlook of Energy, Large Scale Secondary Battery, and Materials 2017; Energy Device Edition published in 2017 by Fuji Keizai Co., Ltd.

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UACJ Report 2019



The UACJ Report 2019 summarizes the achievements and overall business operations of the UACJ Group. In addition to reporting current and future outlooks on corporate financial affairs, information on CSR and other non-financial issues has been compiled for this integrated report. Regarding the contents, reference was made to Version 1.0 of the International Integrated Reporting Framework, published by The International Integrated Reporting Council in December 2013. For further information, the website is linked to the investor relations (IR) and corporate social responsibility (CSR) websites of UACJ.

About Forward-looking Statements

Some information in this report pertains to forward-looking statements and future earnings. These statements are not a guarantee of future earnings, but rather address the risks and uncertainties faced by the Company. Please be aware that actual prospects and earnings may differ from forecasts as a result of changes in the business environment and other factors.



Miyuki Ishihara

Representative Director
& President

We will lay a foundation for sustainable growth by improving the Company's profitability and financial structure while continuing to implement our growth strategies.

Aiming to boost earnings and improve financial performance following a tough year on the profit front

I have spoken with many employees, customers, shareholders and other stakeholders of the UACJ Group since being appointed as president about one year ago. In that process, I learned about their high expectations for the Group and renewed my appreciation for the tremendous responsibility that comes with leading our business activities. To meet their expectations, all members of the Group have been pushing ahead with our three-year mid-term management plan, guided by our future vision of maximizing the possibilities of aluminum in ways that contribute to society and the environment.

In fiscal 2018, the plan's first year, we boosted production capacity to meet growing demand in the North American and Asian markets. As a result, consolidated net sales increased year on year, supported by substantial sales growth outside Japan. In the second half of the fiscal year, however, China's economy decelerated as its trade war with the United States heated up, and the markets for IT-related devices and semiconductors deteriorated. Due to these sudden changes in the market, demand for some of our mainstay products dropped sharply, particularly aluminum thick plates and materials for IT-related devices and equipment. Moreover, inventory valuations worsened, energy costs spiraled upward, and the launch of new products led to lower yields than expected. As a result, the Company posted steep declines in operating income, ordinary income, and net income attributable to owners of the parent.

Undeterred by these results, we re-examined the Group's business portfolio and shifted our focus to improving its financial structure and making operations more profitable as soon as possible, particularly in Japan and Thailand. While aiming to continue steadily expanding in growth markets and industries, the Group is working to establish a business model that enables higher profitability and solutions beyond the manufacture and supply of aluminum products.

Streamlining operations to optimize the Group's business portfolio

To get profits back on the growth track, restructuring our businesses in Japan is essential. The domestic market is projected to shrink in the near and distant future as the country's population continues to age at a rapid pace. We recognized the need to respond to this trend by drastically restructuring operations in Japan at the time of UACJ's establishment through a merger in 2013. After that, however, restructuring plans were sidelined as we turned our attention to new opportunities in the domestic market, including the appearance of bottle-shaped cans and other new aluminum products as well as rising demand for aluminum auto parts. Nevertheless, we must proceed with restructuring, including mergers of factories, to improve profitability and bolster the competitiveness of the Group as a whole. Therefore, we believe it is time to begin optimizing the Group's manufacturing and sales network in preparation for the future.

Under the current mid-term management plan, one of our major policies is to improve capital efficiency. Accordingly, in fiscal 2018, we decided to terminate our business partnership with Choil Aluminum Co., Ltd., sell off UACJ's shares of Sumikei-Nikkei Engineering Co., Ltd., and dissolve UACJ's joint-venture company, Constellium-UACJ ABS LLC, which had yet to post profits. Moreover, we decided to sell off the Group's copper tubing business in June 2019 with the goal of concentrating operational resources in its core aluminum products business. As a step in that direction, we decided to construct a new factory in China to manufacture battery capacitor foil, for which demand is projected to rise in the country's auto parts market. UACJ also formed a business alliance with two subsidiaries of China-based CITIC Group Corporation Ltd., with an agreement to establish a joint-venture firm in China's automotive parts industry. We intend to continue streamlining operations with a focus on the aluminum products business in order to optimize the Group's business portfolio going forward, while using return on invested capital* as an

Message from the President

We will lay a foundation for sustainable growth by improving the Company's profitability and financial structure while continuing to implement our growth strategies.

indicator of capital efficiency in each business.

* Return on invested capital is calculated as operating income (before income taxes) ÷ (shareholders' equity + interest bearing debt – cash and cash equivalents), using the average of the amounts at the beginning and end of the fiscal year

Boosting production capacity to meet growing demand for beverage can stock in Asia and North America

By restructuring businesses and improving capital efficiency, we are laying the foundations for more agile and robust operations that can withstand changes in the market. At the same time, we intend to boost sales by effectively capturing demand for the Group's products in growing industries, particularly automotive parts and other transport-related industries, and growing markets in Asia and North America.

With respect to these growth strategies, many inquiries from stakeholders concern UACJ (Thailand) Co., Ltd., UACJ's manufacturing and sales subsidiary supplying products to the Asian market. The company is making smooth progress with the construction of a third phase of new facilities at its manufacturing plant, Rayong Works. Some of these new

facilities are already operating and started shipping products from the end of June 2019. When all of the new production lines are fully operating, the plant's production capacity of flat-rolled aluminum will total about 320,000 tons annually—the largest in Asia. This expanded capacity will allow the company to meet strong demand for flat-rolled aluminum in Asia as well as Oceania.

In the last few years, demand for flat-rolled aluminum can stock has risen rapidly in Southeast Asia, reflecting the region's economic growth. Consumption of refrigerated canned drinks has recently become entrenched in countries throughout the region, and since beverages can be chilled more quickly in aluminum cans than in steel cans, we believe there is still much more demand to capture going forward. Indeed, besides markets in Asia and Oceania, we are planning to tap demand in new growth markets in Africa and South America in the future.

In the North American market, the gap between supply and demand for aluminum can stock tightened in recent years because flat-rolled aluminum manufacturers have been shifting production to automotive panels and parts in response to steeply rising demand from the auto industry. In that context, Tri-Arrows Aluminum Inc. has been expanding production capacity at its main manufacturing plant, Logan Mill, in an effort to ensure a stable supply of flat-rolled

Recent history of UACJ's business strategies



aluminum for can stock. Through this expansion, we aim to boost capacity to about 400,000 tons in fiscal 2020, of which 350,000 tons of flat-rolled aluminum will be produced for can stock and 50,000 tons for automotive parts. A new casting line has already begun operating and a cold rolling line is scheduled to start up in the autumn of 2019. Meanwhile, the company will use the surplus capacity of its casting line to manufacture and sell aluminum slabs. While monitoring the supply and demand situation, we intend to flexibly meet demand in North America by making use of the Group's other manufacturing facilities in Japan and Thailand when necessary.

Offering even better solutions with a business model designed to create extra value for customers

To raise corporate value over the medium and long terms, UACJ will need to create a business model designed not only for boosting sales but also increasing profitability through the provision of high-value-added products and solutions. Therefore, with a view to offer even better solutions to customers in the auto industry, which we have designated as a growth industry, we established our Automotive Parts Business Division in April 2019 as an international organization spanning across the UACJ Group. Working together with the Group's sales departments, manufacturing plants and R&D centers, the new division will strive to meet sophisticated and challenging requests for aluminum automotive parts from customers with solutions spanning from the planning and design stages through to manufacturing, sales, and quality assurance.

In the same way, we intend to enhance our solutions in other businesses, as well, in order to raise the value of the UACJ Group. That value can be summed up as the Group's expertise in aluminum and its ability to maximize the material's potential through advanced technologies and know-how. For example, we can develop new materials, devise precision-machining and surface-finishing processes, and assure high quality for manufacturers of next-generation batteries, transport equipment, electronic components and machinery, and other types of products. By providing such wide-spanning solutions, we are able to help those customers innovate.

To speed up the provision of such solutions, we are now in the process of expanding the Group's global R&D and technical service network. In fiscal 2018, we opened the Group's first R&D facilities outside Japan, initially in the United



States and then in Thailand. These new facilities are focusing on developing new technologies and products while offering prompt and meticulous technical services to customers in each respective country. We also renovated UACJ's R&D Center in Japan in February 2019. The center now includes open innovation spaces for its researchers to collaborate with customers and the Company's manufacturing plants in projects aimed at creating new value.

Ultimately, these solutions will be provided to customers by our employees at each of the UACJ Group's workplaces. Therefore, we are stepping up training programs to equip sales and other personnel with the skills needed to directly deal with customers and understand their specific requirements and concerns, while making sure to pass down a broad range of skills to new generations of employees so that the Group's core technologies and expertise continue to be refined in the future.

An extremely strong and lightweight material, aluminum is increasingly being adopted by the auto industry as a means to reduce vehicle weight. More recently, amid growing concerns of ocean plastic pollution, the bottling and packaging industries are recognizing aluminum as an excellent material for beverage cans, detergent canisters and other types of containers, particularly since it is easy to recycle. By promoting the outstanding properties of aluminum and actively creating new applications for this material, we are confident that it will be used in a wider range of industries and contribute to a more sustainable society. Looking forward, the UACJ Group will aim for continuous growth while working together with customers to bring valuable products and economic benefits to communities around the world. We ask stakeholders for their continued support of these endeavors.

Steadily executing priority measures amid a rapidly changing operating environment

Lead-up to the mid-term management plan

Before the merger

The two founding companies supplied aluminum to a wide range of industries primarily in Japan as the country's biggest aluminum companies.

Merger in 2013

The two founding companies merged to form UACJ Corporation with a view to expanding internationally.

First mid-term management plan from fiscal 2015 to 2017

UACJ invested in building a global supply network in anticipation of rapidly rising demand for aluminum worldwide.

Progress under the mid-term management plan in fiscal 2018

UACJ has been executing the growth strategies of its new three-year mid-term management plan that commenced in 2018. The major policies of the plan are to continue focusing on the growing automotive industry and growth markets in Asia and North America, steadily generate returns on past investments, increase capital efficiency with an emphasis on return on invested capital (ROIC)*, and promote shared principles of conduct as the UACJ Way among employees worldwide. The UACJ Group made surefooted progress in implementing these policies in fiscal 2018, the plan's first year, amid major changes in the operating environment.

UACJ (Thailand) Co., Ltd., the Group's main supplier to the growing Asian market, achieved manufacturing and sales targets in line with the plan, with annual sales volume reaching 150,000 tons. Construction of new production facilities as part of a third phase of investment also proceeded on schedule. Supplying the North American market, Tri-Arrows Aluminum Inc. contributed to consolidated earnings through returns on investments made in previous years, and successfully cut costs by installing a new furnace for melting and recycling scrap aluminum.

In an effort to increase capital efficiency, UACJ aggressively pushed forward with measures to optimize its business portfolio in step with market trends. Anticipating growth in China's automobile market, UACJ invested in its subsidiary, Ruyuan Dongyangguang UACJ Fine Aluminum Foil Co., Ltd., to construct a new factory and boost production capacity of automotive heat exchanger materials and battery capacitor foil, and formed a business alliance with two

subsidiaries of CITIC Group Corporation in China. It also liquidated its U.S.-based joint venture, Constellium-UACJ ABS LLC, and terminated its business partnership with the South Korean firm, Choil Aluminum Co., Ltd.

Despite these proactive measures, UACJ's financial results in fiscal 2018 worsened year on year and fell short of the targets of the management plan, mainly attributable to the economic slowdown in China and rising energy costs. Taking these factors into account, UACJ intends to re-examine its business strategies going forward.

* ROIC is calculated as operating income (before income taxes) ÷ (shareholders' equity + interest bearing debt – cash and cash equivalents), using the average of the amounts at the beginning and end of the fiscal year

Major policies of the plan

1. Continue focusing on the growing automotive industry and growth markets in Asia and North America
2. Steadily generate returns on past investments
3. Increase capital efficiency with an emphasis on ROIC
4. Promote shared principles of conduct as the UACJ Way



New mid-term management plan from fiscal 2018 to 2020

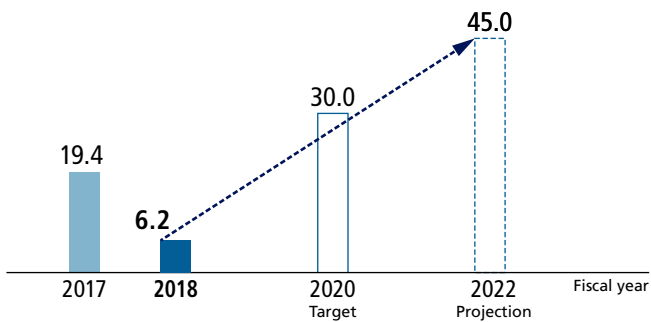
UACJ is leveraging the global supply chain it has invested in to capture worldwide demand for aluminum and grow as a global group.

Vision for the future UACJ's future direction

The UACJ Group will strive to maximize the possibilities of aluminum in ways that contribute to society and the environment.

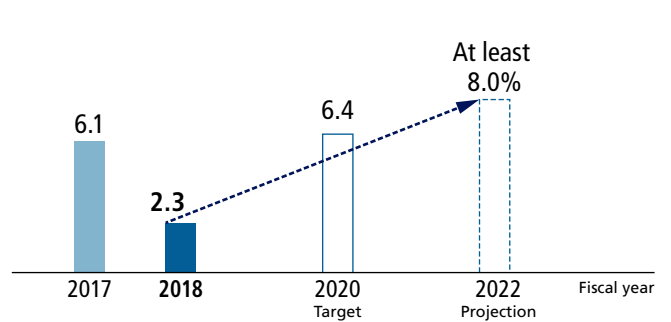
Ordinary income

(Billions of yen)



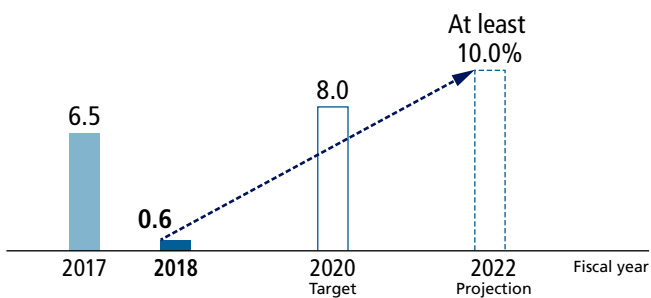
Return on invested capital

(Percent)



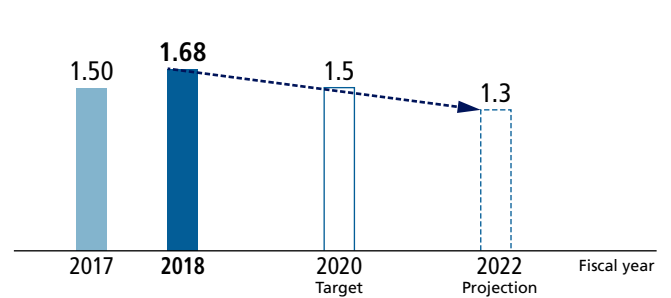
Return on equity

(Percent)



Debt-to-equity ratio*

(Times)



* Excluding subordinated loans

Progress of the Mid-Term Management Plan and Highlights of Initiatives

Driving technological innovations

Open innovation space opened in Japan and new research and development facilities established in the U.S. and Thailand

In fiscal 2018, UACJ established research and development facilities in both the United States and Thailand. The new facilities are the company's first outside Japan, and will collaborate with the Group's local subsidiaries in each country to help drive business expansion. In Japan, UACJ created a new open innovation space at its R&D Center with a view to enhance its ability to offer solutions by teaming up with



Interactive displays set up in the new open innovation space

customers and collaborating in cross-industry initiatives. In addition, the Company set up a research laboratory together with the National Institute of Advanced Industrial Science and Technology to jointly develop advanced technologies.

Investing in greater production capacity

Expanding production capacity in the U.S., Thailand, and China in preparation for market growth

UACJ undertook capital investment in strategic growth markets in fiscal 2018. To supply the North American can stock market, in which supply and demand is tightening, UACJ invested in a new furnace for melting and recycling scrap aluminum at Tri-Arrows Aluminum, resulting in improved productivity. In Asia, investment was used to train UACJ (Thailand)'s employees on the shop floor and expand production facilities, which are on track to operating at full capacity. In



Employees operating manufacturing facilities in Thailand

China, UACJ earmarked capital investment for the production of automotive heat exchanger materials and foil for electric vehicle batteries, for which demand is projected to grow in line with the rising number of electric vehicles.

Established new R&D facilities in the United States

Established a laboratory with the National Institute of Advanced Industrial Science and Technology

Increased the numbers of outside directors and outside auditors

Revamped the system of remunerating directors

Appointed members of the Nomination and Remuneration Advisory Committee

Sold off shares of Sumikei-Nikkei Engineering

2018 April	May	June	July	August	September
	<ul style="list-style-type: none"> Mid-term management plan announced Held a sports event for children with a professional baseball team 		<ul style="list-style-type: none"> Held a tour of Fukaya Works for children Donated money for supporting disaster relief efforts in Japan 	<ul style="list-style-type: none"> Terminated partnership with South Korea-based Choil Aluminum 	<ul style="list-style-type: none"> Invested in new manufacturing facilities of a subsidiary in China

Strengthening corporate governance

Appointing more outside officers to bring diversity and enhance the efficacy of management supervision

Aiming to broaden the diversity of viewpoints in the deliberations of its Board of Directors, UACJ appointed new outside directors with managerial experience in fiscal 2018, increasing the number of independent outside directors to four of the 12 members. Moreover, With a view to improve the efficacy of management supervision, the Company increased the number of outside auditors serving on its Audit & Supervisory Board to four of the six members, and set up a system for ensuring that over 70% of members of the Nomination



Outside directors engage in dialogue

and Remuneration Advisory Committee are either outside directors or outside auditors. The system of remunerating directors was also revamped based on the findings of the committee.

Building ties with local communities

Contributed to regional development through support for industry and local charities

In the United States, where a large portion of the Group's operations are concentrated, Tri-Arrows Aluminum has partnered with several charitable organizations in the state of Kentucky, which is home to its factories. Many of the company's employees have also become deeply involved in the activities of these organizations.

Meanwhile, Thailand's Minister of Industry, Uttama Savanayana, met with members of UACJ to directly express his appreciation to the



A discussion with Thailand's Minister of Industry

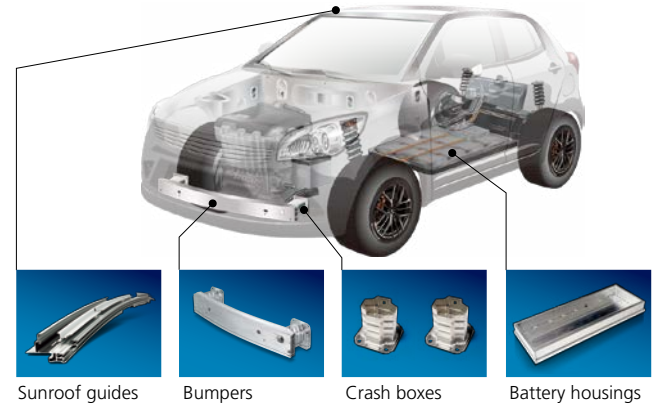
UACJ Group for supporting the country's industry through activities such as supplying products, creating employment opportunities, and establishing a research and development center in Thailand.

Aiming to boost sales in key businesses

Automotive Parts Business Division newly established to lead group-wide efforts to tap rapidly growing demand for auto parts

UACJ set up its new Automotive Parts Business Division with the goal of more quickly and effectively meeting demand for aluminum auto parts and components, such as bumpers. The division will oversee processes spanning from planning and design to manufacturing, sales, and quality control, while leading the Group's efforts to expand this business globally. Among these efforts, group companies in the United States are proactively expanding sales teams with a focus on fostering customer loyalty and attracting new customers following the installation of state-of-the-art aluminum extrusion equipment by UACJ Automotive Whitehall Industries. In China, UACJ formed a business alliance with two subsidiaries of CITIC Group Corporation with a plan to establish a joint-venture company to manufacture and sell extruded and machined auto parts and components.

Products managed by the Automotive Parts Business Division



- Boosted investment in aluminum coil production in Thailand
- Terminated joint venture agreement with Constellium
- Sponsored an environmental education program organized by the Asahi Shimbun newspaper
- Renovated the R&D Center in Japan
- Achieved profitable operations on a monthly basis in Thailand
- Decided to establish the new Automotive Parts Business Division

October

November

December

2019 January

February

March

- Established new R&D facilities in Thailand



- Held urban cleanup activities with a local environmental group in Japan



- Formed an alliance with China-based CITIC Group subsidiaries to establish a joint venture

Increasing capital efficiency with an emphasis on ROIC

Steps taken to optimize the business portfolio based on medium- and long-term growth potential

In fiscal 2018, UACJ accelerated the optimization of its business portfolio through a number of decisive actions. Aiming to concentrate resources in its automotive materials businesses, UACJ sold off its shares of Sumikei-Nikkei Engineering Co., Ltd., a manufacturer of construction materials. It also ended its business partnership with Choi Aluminum Co., Ltd., recognizing that synergies with this South Korea-based firm had diminished due to market changes. Likewise, UACJ terminated its joint venture agreement with Constellium N.V., as progress in launching full-scale operations had fallen behind original expectations.

Meanwhile, UACJ focused on its automotive materials businesses in China, where market growth is forecast in the future. Accordingly, it channeled capital investment in its subsidiary, Ruyuan Dongyangguang UACJ Fine Aluminum Foil, specifically to install

equipment for producing capacitor foil and heat exchanger materials, and to construct a new factory for producing foil for vehicle batteries. Furthermore, UACJ formed an alliance with two subsidiaries of CITIC Group Corporation, and agreed to set up a joint-venture company in China to manufacture and sell extruded and machined auto parts and components.



A contract signing ceremony with representatives from the CITIC Group



Local employees at the helm of manufacturing operations



Thai employees trained in Japan lead training sessions in Thailand



Contributing to Thailand's economy with aluminum products

Special
Feature

UACJ Thailand on the path to full operations as one of Asia's largest flat-rolled aluminum manufacturers



Production lines have been added to enable a wider range of products.



Advanced equipment is operated by local employees.



The company's comfortable workplace environment attracts a growing number of employees.

Thai employees have gained the expertise needed for facility maintenance.

Equipping local employees with skills while expanding output to 320,000 tons annually

Aiming to tap rising demand for aluminum products, UACJ established UACJ Thailand in 2011 as an important subsidiary for driving the Group's growth in the future. Until that time, markets in Southeast Asia, the Middle East and Africa were not being supplied by any locally based aluminum rolling mills operating on a large-scale. Recognizing this opportunity, UACJ set up the subsidiary in Thailand, a country undergoing rapid economic growth and industrialization. In 2014, cold-rolling lines together with surface finishing and coating lines started up at Rayong Works. Then in 2015, following the completion of a second phase of capital investment, casting and hot rolling equipment was installed, thereby integrating every stage of product manufacturing. Since then, Rayong Works has been fully operating as Southeast Asia's largest flat-rolled aluminum factory.

While UACJ sent experienced engineers from Japan to UACJ Thailand, it has focused on training local workers from early on. As a result, their ability to operate equipment and facilities has steadily improved, and production output of 150,000 tons was achieved according to plan in fiscal 2018.

Demand for aluminum products is projected to continue rising around the world, especially in Southeast Asia. In response, UACJ initiated a third phase of investment in 2017 to expand production facilities at Rayong Works, and construction was completed in 2019. Annual production capacity will reach 320,000 tons when the new facilities become fully operational, roughly on par with the Group's capacity in Japan and the United States, respectively.

Looking ahead, UACJ Thailand is poised to enter a new phase of realizing substantial returns on investments and increasing profits as it continues to boost output in response to solid demand in Southeast Asia and neighboring regions. This expanded production, however, not only drives the growth of the UACJ Group—it also contributes widely to Thailand's development by boosting exports, creating employment, and meeting strong domestic demand with a stable supply of aluminum products. With that in mind, all members of UACJ Thailand are working towards full operations so that the company can help the economy grow and bring benefits to people throughout the country.

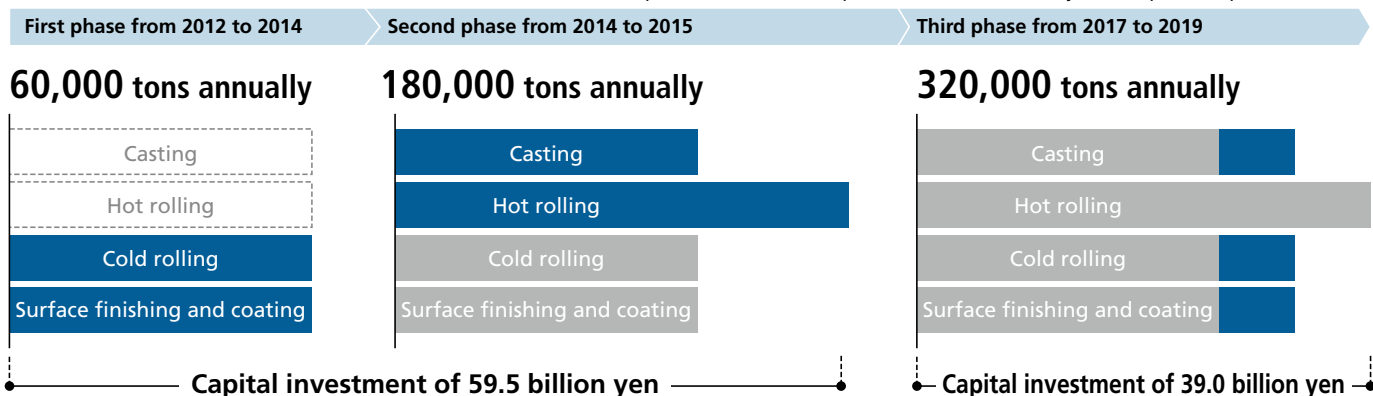
UACJ (Thailand) Co., Ltd. (hereafter, "UACJ Thailand") is the UACJ Group's key subsidiary in Southeast Asia. After commencing production at its manufacturing plant, Rayong Works, in 2014, the company's operations expanded to include all processes of aluminum product manufacturing in 2015, from casting to surface finishing and coating. Productivity has been rising steadily in recent years as local employees refine their skills and expertise. UACJ Thailand has completed the expansion of Rayong Works following a third phase of investment by UACJ, and looks forward to establishing a leading position in aluminum product markets in Asia and Africa.

Boosting production capacity in step with market demand

Manufacturing facilities have been installed at Rayong Works over three phases. In the first phase, cold rolling, surface finishing and coating lines were initially installed to quickly meet demand. In the second phase, casting and hot rolling facilities were added, enabling fully integrated product manufacturing. Now in the third phase, production capacity is being expanded in response to growing demand.

Growth in production capacity

□ Prior to capital investment ■ Capital investment underway ▒ Completed capital investment



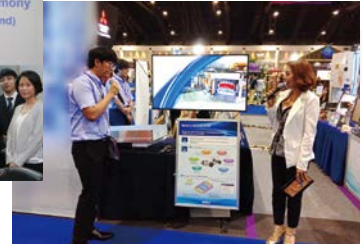
Locally based activities

UACJ established R&D facilities in Thailand amid opportunities for joint research with a national research center and local universities

In October 2018, UACJ set up a new R&D center in suburban Bangkok to provide technical support to UACJ Thailand. The new facility has been working to develop products tailored to the local market. For example, taking into account the country's climate and usage conditions, it has been testing the corrosion resistance of developed materials in collaboration with Thailand's National Metal and Materials Technology Center (MTEC). In addition to developing products, the R&D center is training people through joint-research with national universities, and endorses Thailand 4.0, the country's long-term vision for its economy and society, with a view to contribute more broadly to national development.



AI is being applied to test corrosion resistance in collaboration with MTEC.



Research findings exhibited in Thailand were featured in a television program.



Ensuring the highest level of safety as local employees take charge of operations and management



Ekaphat Poolsilpa
Senior manager of the Safety Department
UACJ (Thailand) Co., Ltd.

At UACJ Thailand, we have steadily increased the operating capacity of our manufacturing facilities, as indicated by the company's growing output in recent years, and all operations are now completely handled by our local employees. Engineers from Japan have been supervising operations, but local personnel currently make up about 40% of all managers, so we are increasingly taking responsibility for factory management in addition to operations.

Along with this localization of operations and management, UACJ Thailand is now focusing on expanding its facilities in order to meet growing demand. Risks related to safety management, however, increase as we add more machinery to boost capacity and use more types of equipment to make a wider range of products. We

Operations expand in tandem with Thailand's growing exports of aluminum products

UACJ Thailand's sales volume has been increasing each year. More recently, its flat-rolled aluminum is often seen in products throughout the country, particularly leading brands of canned beer. This is the result of the company's excellent reputation for productivity and quality among customers, which is also attested by growing inquiries from domestic manufacturers and global firms. Now that it is fully operating, UACJ Thailand is contributing to the country's rising exports to Vietnam, Cambodia, and other ASEAN countries, which the Thai government has been actively promoting. By boosting sales of aluminum products, the company hopes to continue contributing to economic development and prosperity in Thailand and neighboring countries.



The company's growing expertise has led to more opportunities for business negotiations.



New products have been attracting greater interest from customers.



understand that UACJ Thailand has an important obligation to ensure safety for its employees and local residents as a world-class manufacturer of aluminum products. In my role as senior manager of the Safety Department, I oversee safety training and inspections, and appreciate the need to raise awareness of safety among employees through routine activities. The company's efforts are clearly working, demonstrated by the fact that our accident-free periods and safety-related results are now on par with the Group's factories in Japan. Our safety management has evolved together with the company's rapid expansion, and I am proud of our local employees for independently operating and managing those facilities.



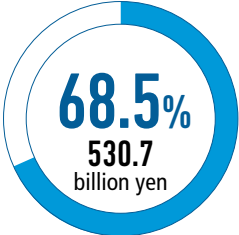
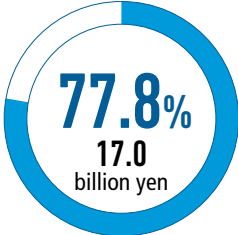



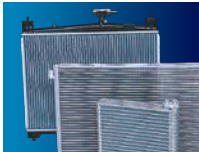


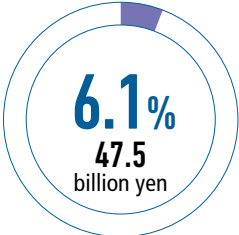
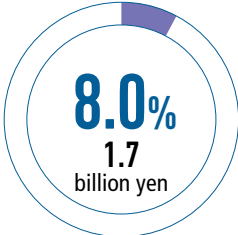
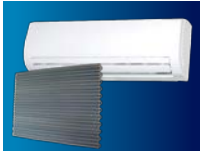



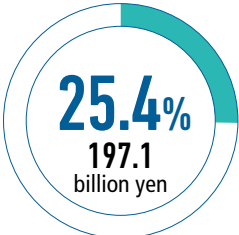
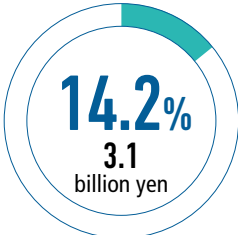




Components of equipment are explained to ensure safe operations.



Routine instructions are given to raise awareness of safety.


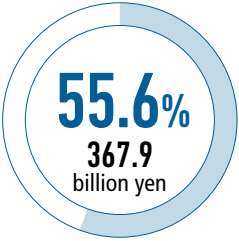
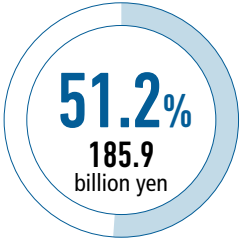

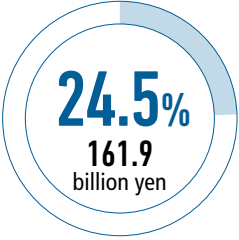
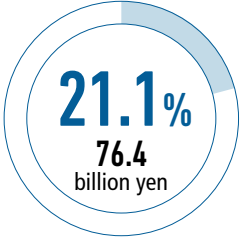

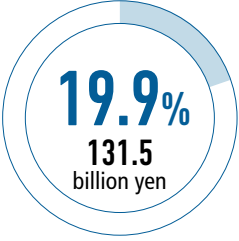
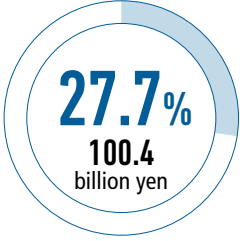
Results by Business and Geographical Segment

Overview of Results by Business Segment

Segment	Businesses	FY 2018 segment sales and % of net sales	FY 2018 segment income and % of operating income	Products
Flat-Rolled Aluminum Products	Flat-rolled aluminum Extruded products Aluminum foil Casting and forged products	 <p>68.5% 530.7 billion yen</p>	 <p>77.8% 17.0 billion yen</p>	 <p>Aluminum body sheet for automobiles</p>  <p>Aluminum can stock, tops, caps, etc.</p>  <p>Aluminum thick plate for LNG carrier tanks</p>  <p>Automobile tubing and heat exchanger materials</p>  <p>Turbocharger compressor wheels</p>  <p>Foil stock for lithium-ion battery current collectors</p>
Wrought Copper Products	Copper tubing and pipes	 <p>6.1% 47.5 billion yen</p>	 <p>8.0% 1.7 billion yen</p>	 <p>Internally grooved copper tubing for air conditioners</p>  <p>Heat exchanger tubing</p>  <p>Hot and cold water pipes</p>  <p>Building-use tubing and pipes</p>
Precision-machined Components and Related Businesses	Precision-machined components	 <p>25.4% 197.1 billion yen</p>	 <p>14.2% 3.1 billion yen</p>	 <p>Automobile bumper assemblies</p>  <p>Parabolic antenna materials</p>  <p>Honeycomb panels</p>  <p>Large aluminum tank panels</p>

Note: Segment sales totals include inter-segment sales and transfers. Segment income totals are before inter-segment adjustments.

Overview of Results by Geographical Segment

Segment	Main plants and operators	Segment sales and % of consolidated net sales in fiscal 2018	Property, plant and equipment and % of the consolidated total as of March 31, 2019
 <p>Japan</p>	<ul style="list-style-type: none"> ■ Nagoya Works ■ Fukui Works ■ Fukaya Works ■ Nikko Works <p>All operated by UACJ Corporation</p>	 <p>55.6% 367.9 billion yen</p>	 <p>51.2% 185.9 billion yen</p>
 <p>USA</p>	<ul style="list-style-type: none"> ■ Tri-Arrows Aluminum Inc. ■ Logan Aluminum Inc. ■ Constellium-UACJ ABS LLC ■ UACJ Automotive Whitehall Industries, Inc. 	 <p>24.5% 161.9 billion yen</p>	 <p>21.1% 76.4 billion yen</p>
 <p>Asia and Other Regions</p>	<ul style="list-style-type: none"> ■ UACJ (Thailand) Co., Ltd. 	 <p>19.9% 131.5 billion yen</p>	 <p>27.7% 100.4 billion yen</p>

Sales volume of flat-rolled aluminum by product usage and geographical region

Product usage	Fiscal 2018 sales volume		Main customers	Main end-product manufacturers
	(Thousands of tons)	(Percent of total)		
Can stock	666	60.9%	Can manufacturers	Beverage and food product manufacturers
Foil stock	50	4.6%	Foil manufacturers	Pharmaceutical and food product manufacturers Battery manufacturers
Casings and substrates*	15	1.4%	Electronic parts manufacturers	IT equipment manufacturers
Automotive parts	147	13.4%	Automobile and auto parts manufacturers	Automobile manufacturers
Thick plate	40	3.7%	Metal trading companies Shipbuilders	Liquid crystal and semiconductor production equipment manufacturers Shipbuilders
General-purpose materials	177	16.2%	Building material manufacturers and metal trading companies	Large construction general contractors
Total	1,094	100%		
Sold to the Japanese market	504	46.1%		
Sold to markets outside Japan	590	53.9%		

* PC and smart device casings; electronic equipment substrates

North America



Raising productivity while meeting strong demand for can stock

Summary of results in fiscal 2018

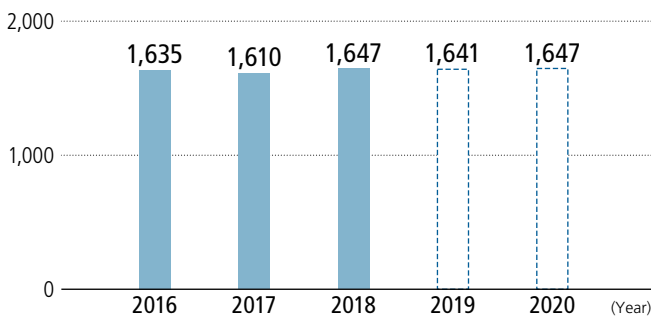
Demand for aluminum can stock remained solid in North America in fiscal 2018, but supply and demand grew progressively tighter as imports from China declined following the imposition of aluminum tariffs by the U.S. government. At the same time, in response to the need to make lighter automobiles, aluminum product manufacturers shifted production to automotive materials, resulting in an extremely tight balance of supply and demand.

Under these circumstances, Tri-Arrows Aluminum Inc. worked to meet the strong demand by operating at full capacity over the entire

year. As a result, segment sales jumped by 20.4% year on year to ¥161.9 billion.

Meanwhile, UACJ liquidated Constellium-UACJ ABS LLC, as progress in launching full-scale operations of this joint venture company had fallen behind original expectations. It also installed a new furnace for melting and recycling scrap aluminum at Tri-Arrows Aluminum, which substantially reduced costs. Thanks to these and other factors, segment profit greatly improved in fiscal 2018.

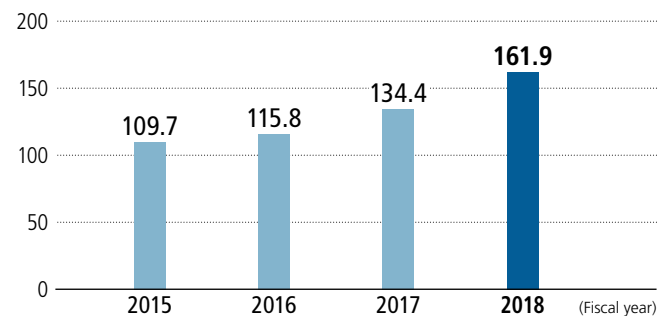
Past and projected demand for aluminum can stock in North America (Thousands of tons)



Source: Aluminum Rolled Products Market Outlook published in May 2018 by CRU International Limited

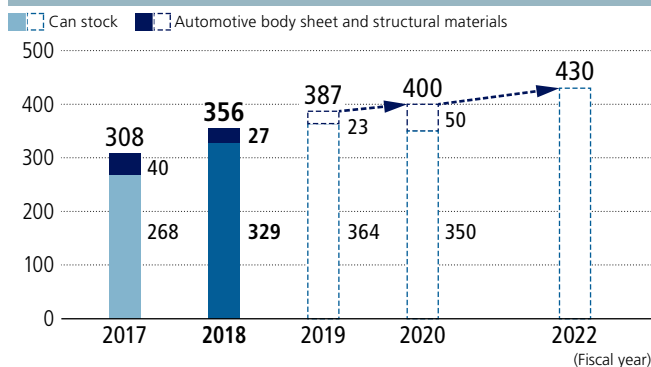
In the United States, the world's largest consumer of canned goods, demand for can stock is projected to remain stable in the future.

Segment sales (Billions of yen)



The UACJ Group has achieved sales growth in North America by establishing joint venture firms and acquiring companies. Looking ahead, the Group intends to meet solid demand and boost sales by raising productivity at its manufacturing plants in the United States.

Tri-Arrows Aluminum's sales volume results and forecast (Thousands of tons)



Tri-Arrows Aluminum expanded operations with the completion of a cold mill rolling line in September 2019. Consequently, its annual production capacity increased by about 35% to 430,000 tons. Leveraging this capacity, the company is set to boost annual sales volume above 400,000 tons.



Tri-Arrows Aluminum's Logan Mill was expanded with the addition of a new furnace for melting and recycling scrap aluminum. The furnace has been fully operational since December 2018, helping to reduce costs. Productivity has also improved following the completion of the cold mill rolling line.

Current focus

TAA is perfectly placed to capitalize on the expanding US can stock market. With current consumer trends and anti-plastic sentiments, we are seeing more and more craft beer brands, energy drinks, and flavored water using aluminum packaging instead of plastic or glass. Consumer preferences reflect growing environmental and sustainability awareness, particularly through the use of recycled materials. In addition, many states have introduced legislation to address environmental concerns with the lasting waste that is generated from plastics. All these factors have fueled growth in the US can stock market, making it stronger and healthier than it's ever been before. On top of that, many of our competitors are focusing on the automotive aluminum materials industry, thereby creating ample opportunity for us to capitalize on the thriving can stock market.

During the past three years, TAA has invested over \$425 million dollars to expand our capacity and increase our manufacturing capabilities. The investments touch all aspects of our operations from recycling/ingot casting, pre-heat, hot rolling, cold rolling, and finishing. Notably, execution of these capital projects has been on time and on budget, and will result in a 35% increase of our yearly aluminum manufacturing capacity from 317,000 tons to 430,000 tons, and a 50% growth in profitability. The final phase of the expansion will be completed this September with the commissioning of our new cold rolling mill at Logan Aluminum. Boosting cold rolling will help deliver a high-quality value in the long-term, while meeting today's growing demands with the mill's enhanced capabilities and capacity.

Future goals

We at TAA are delighted to have exceeded performance expectation for the first year of our midterm plan, and we are on course to do so again this fiscal year. After all, our core mission is to deliver value to our customers, suppliers, employees, and shareholders. With a focus on can stock, we will leverage our expertise and talent to grow our business and retain our position as a preferred supplier in the North American marketplace.

One of the benefits of our investments to expand capacity and improve manufacturing capabilities is that TAA is now capable of making heavy gauge aluminum sheet that can be used in markets such as aluminum auto body sheet. We are strategically positioned to diversify our product portfolio given the right market opportunities. Wherever these opportunities arise, we will utilize our world-class capabilities at Logan Aluminum to deliver high-quality products, create value, and forge deeper business relationships.

Henry Gordinier

President and CEO
Tri-Arrows Aluminum Inc.



Asia and Other Regions



Heading towards profitable operations in Thailand following the completion of new facilities and optimization of the product mix

Market conditions and business opportunities

In Southeast Asia, demand for aluminum products grew markedly on the back of economic growth in the region. Demand for can stock, for example, was driven by increasing consumption of canned beer and soft drinks. Moreover, the increasingly widespread usage of household and automotive air conditioners pushed up demand for aluminum heat exchanger materials.

Against that backdrop, UACJ (Thailand) Co., Ltd., supplied products to countries spanning from Southeast Asia to the Middle East, leveraging the high productivity and competitive advantages of Rayong Works—the region's only large-scale flat-rolled aluminum manufacturing plant.

Summary of results in fiscal 2018

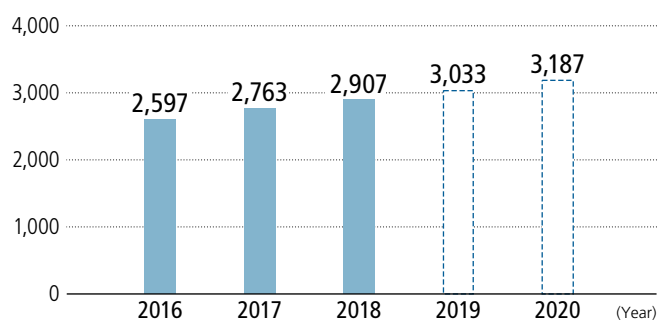
A third phase of new facility construction at Rayong Works proceeded smoothly in fiscal 2018, and despite a temporary equipment breakdown, some newly installed equipment have begun operating. Consequently, annual sales volume reached the target of 150,000 tons amid strong demand for can stock, particularly in Southeast Asia. Reflecting this accomplishment, segment sales rose by 7.3% year on year to ¥131.5 billion.

In fiscal 2018, UACJ terminated its business alliance with South Korea-based Choil Aluminum Co., Ltd., upon the ending of their partnership agreement. On the other hand, in anticipation of growing demand for aluminum automotive materials in China, UACJ concluded a partnership with two subsidiaries of CITIC Group Corporation Ltd., and agreed to construct and expand facilities to manufacture foil for vehicle batteries in partnership with local manufacturer Ruyuan Dongyangguang UACJ Fine Aluminum Foil Co., Ltd.

Future Outlook

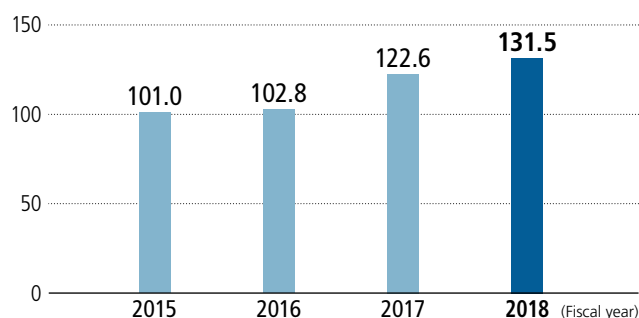
Amid solid demand for can stock, the balance of supply and demand for aluminum products is projected to remain tight in Southeast Asia. Preparing to tap that demand, UACJ (Thailand) is set to complete the third phase of construction at Rayong Works this fiscal year. With production then operating at full capacity, sales volume is expected to reach 200,000 tons annually in fiscal 2019. Moreover, the company will also begin full-fledged sales of air-conditioner compressor fin stock, for which demand is on the rise, as it works to optimize its product mix in an effort to boost earnings. Due to these factors, the segment is on track towards profitability, with operating income and ordinary income targets set in fiscal 2019 and 2020, respectively.

Past and projected demand for aluminum can stock in Asia and other regions
(Thousands of tons)

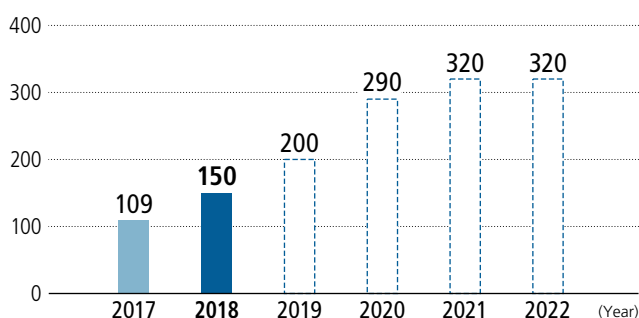


Source: Aluminum Rolled Products Market Outlook published in May 2018 by CRU International Limited

Segment sales
(Billions of yen)



UACJ Thailand's sales volume results and forecast
(Thousands of tons)





Pushing ahead with restructuring to boost earnings and positioning the automotive materials business as a driver of sustainable growth

Market conditions and business opportunities

UACJ's main manufacturing plants are Nagoya Works and Fukui Works. These world-class facilities boast considerable production capacity, giving the company a competitive edge in the Japanese market. In fact, since its establishment in 2013, UACJ has secured over half of the domestic market for flat-rolled aluminum, establishing a predominant position in the industry.

Demand for aluminum products in Japan, however, is mixed. On the one hand, demand for flat-rolled aluminum for can stock, UACJ's main product, is on the decline, reflecting the country's shrinking population. On the other hand, demand for automotive-use aluminum has been growing in recent years as automakers shift to electric vehicles and more lightweight cars in response to stricter fuel consumption regulations.

Summary of results in fiscal 2018

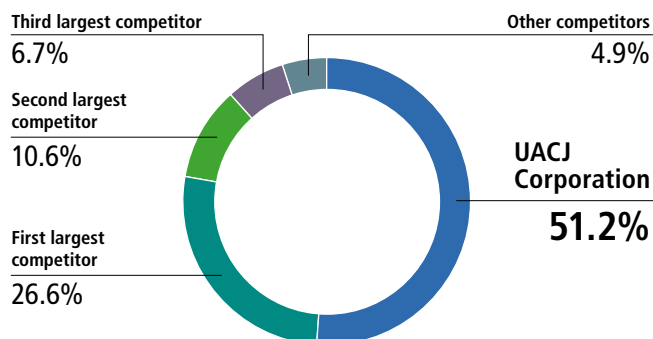
In fiscal 2018, the market for flat-rolled aluminum for can stock shifted in Japan, as demand for canned beer declined and plastic beverage containers grew more popular. Moreover, a series of natural disasters in the country made market conditions even more difficult. Meanwhile, due to the slowdown of China's economy, UACJ posted a sharp decline in sales volume of revenue-driving products, specifically aluminum materials for IT-related devices and equipment as well as thick plates for liquid crystal and semiconductor manufacturing equipment. Despite those conditions, however, demand for aluminum automotive materials remained strong, and comparatively high aluminum ingot prices were reflected in sales prices. As a result of these factors, segment sales edged up by 0.2% year on year to ¥367.9 billion.

In addition, UACJ sold off its shares of Sumikei-Nikkei Engineering Co., Ltd., a manufacturer of construction materials, in an effort to strategically concentrate more resources in its growing automotive materials business.

Future Outlook

As the domestic market continues to contract, UACJ plans to restructure its operations in Japan, including a reorganization of its manufacturing network, in order to improve earnings power. Nevertheless, UACJ installed a new heat treatment line for manufacturing automotive body sheet at Fukui Works amid projections for growing demand in the automotive market over the medium and long terms. The line is scheduled to begin operating by the end of the current fiscal year. By making the most of this increased production capacity, the Company will position the automotive materials business as a driver of sustainable growth going forward.

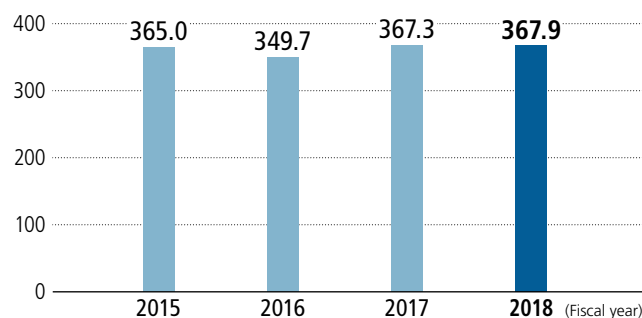
Share of flat-rolled aluminum produced in Japan in 2018



Source: September 2019 edition of Alutopia magazine published by Kallos Publishing Co., Ltd.

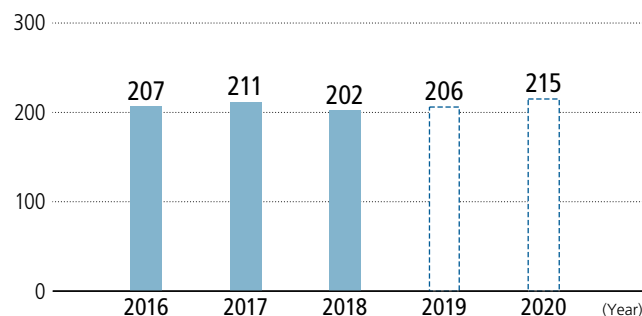
Segment sales

(Billions of yen)



Demand in Japan for flat-rolled aluminum used in automobiles, aircraft and ships

(Thousands of tons)



Source: Aluminium Rolled Products Market Outlook published in May 2018 by CRU International Limited

Promoting joint research and development with partners worldwide to contribute to society and the growth of the UACJ Group

UACJ's R&D Center is at the helm of the Group's research and development activities. Located next to Nagoya Works in central Japan, the center conducts highly advanced research on aluminum materials and related manufacturing processes, and oversees the development of the Group's mainstay products, including flat-rolled aluminum for can stock and automotive body sheet and components.

The R&D Center deals with customers directly, cooperates closely with UACJ's factories, and applies expertise accumulated for over a century of doing business. These unique advantages enable the center to become integrally involved in developing products according to customers' specifications and needs, and smoothly complete the products by installing prototypes onsite in advance. Consequently, UACJ has earned the trust of customers as the top aluminum product manufacturer in Japan.

In the industry today, however, manufacturing is being carried out at an increasingly fast pace. To achieve that speed, it is essential to share data and integrate a wide range of knowledge through open innovation. Accordingly, in fiscal 2018, the R&D Center initiated a policy of promoting collaborative research and development projects. Toward that end, it has been facilitating cooperation among its own researchers and with the Company's factories and sales divisions, while creating opportunities for collaboration with customers and leading research institutes in an effort to develop new technologies and products at an even faster pace.

In fiscal 2018, UACJ established two facilities for promoting collaborative R&D with other companies and

organizations: the U-AI Laboratory, an interactive exhibition space designed to appeal to potential collaborators, and an R&D facility on the premises of the National Institute of Advanced Industrial Science and Technology, one of Japan's largest public research organizations. This facility was established at the institute for the purpose of enabling highly specialized collaborative projects. Also in fiscal 2018, UACJ established its first R&D facility outside Japan in order to enable joint-research internationally. In addition, the R&D Center remodeled one of its floors, replacing private offices with an open innovation space as a means to stimulate collaboration among researchers.

Backed by the trust of customers, the R&D Center will continue to evolve by building on its expertise and capabilities through collaborative projects. Besides developing new technologies and products that meet the needs of customers and provide solutions, the center will work towards the Group's future vision: "Maximize the possibilities of aluminum in ways that contribute to society and the environment." In that way, we hope to continue earning the trust and meeting the expectations of customers and the public at large, and contribute to the growth of the UACJ Group and the communities it serves through research and development that is driven by the emerging needs of customers and society.

Unique advantages of the R&D Center

Direct interaction with customers

The R&D Center responds to the product development needs of customers and helps optimize all of their manufacturing operations by modeling their production facilities to find solutions at the manufacturing stage.

Close cooperation with factories

In the event of a breakdown at a factory, relevant personnel are immediately dispatched to quickly return operations to normal, thereby helping prevent late deliveries and lower output.

A long history of technologies and expertise

The R&D Center develops next-generation materials and manufacturing techniques by drawing from research findings and technological capabilities accumulated for over a century of business in the aluminum industry.



Kazuhisa Shibue

Director, senior managing executive officer, and chief executive in charge of the Research & Development Division



New facilities established for collaborative R&D

New interactive exhibition space created to promote collaborative R&D with other companies

In February 2019, the R&D Center set up the U-AI Laboratory on its premises at Nagoya Works to allow visitors to observe and experience UACJ's technologies in an interactive exhibition space. The lab is showcasing UACJ's five core technologies, including not yet applied technologies and prototypes, with a view to combine them with technologies of other companies. It is also inviting academic researchers and suppliers to share a wide range of ideas for speeding up technological advances and product development.



R&D lab established with a national institute to jointly study advanced technologies

In June 2018, the R&D Center jointly established a research lab with the National Institute of Advanced Industrial Science and Technology as a facility for advanced research and development of aluminum. As one of Japan's largest public research organizations, the institute possesses a broad array of technology seeds. By integrating those technologies in areas being researched by UACJ,

the new lab is aiming to develop innovative aluminum materials and process technologies. It will also study ways to reduce the environmental impact of aluminum smelting and integrate AI and IoT in production processes in an effort to contribute to the development of the aluminum industry.

R&D facilities established in the U.S. and Thailand to support factories outside Japan

In April 2018, UACJ established a research and development center in the United States as its first such facility outside Japan. The new facility is developing advanced technologies and conducting market research while providing technical support to group companies that manufacture automotive aluminum body panels, which are increasingly in demand from the auto industry. UACJ also set up an R&D facility in Thailand in October 2018 to develop products tailored to local needs and help improve productivity at factories operated by UACJ (Thailand) Co., Ltd. Both new facilities are working closely with the Group's production plants to expand business in growing markets of North America and Asia.



Ensuring a stable supply of eco-friendly aluminum while reducing the environmental load of manufacturing operations

UACJ's approach to environmental initiatives

In recent years, aluminum has been recognized as a useful material for reducing vehicle weight as automakers comply with stricter environmental regulations. Moreover, amid a global shift away from plastic, aluminum is seen as an eco-friendly alternative in various applications. Consequently, demand for aluminum products is growing, and UACJ has responded by expanding its production network. With higher production capacity, however, comes a greater environmental load at the manufacturing stage. Therefore, UACJ has been working to reduce this load by cutting down on energy consumption and restricting waste sent to landfills in accordance with environmental targets set every year. Beyond the manufacturing stage, the Company has also taken steps to reduce environmental burdens throughout its entire supply chain.

At the same time, UACJ recognizes that the reduction of greenhouse gas emissions, which are regarded as a major factor behind abnormal weather patterns, is an urgent task for the international community. Starting from fiscal 2019, the Company has been collecting and studying reports on recent and projected trends concerning climate change in order to fully grasp associated business-related risks and opportunities going forward.

As a world-class aluminum manufacturer, UACJ is committed to reducing the environmental load of its operations while ensuring a stable supply of aluminum products that help solve environmental issues.

Environmentally conscious manufacturing

Fighting global warming

The smelting stage accounts for the vast majority of electricity consumption in aluminum product manufacturing. For the UACJ Group, however, since it does not smelt aluminum, reducing the environmental load of flat-rolled aluminum production is its biggest challenge. Therefore, the Group has been taking steps to reduce energy consumption at each of its production plants, including measures for raising efficiency and switching from oil to natural gas. As a result of these efforts, the Group reduced its annual CO₂ emissions in Japan by 21,000 tons of CO₂ equivalent to 738,000 tons of CO₂ equivalent in fiscal 2018. On the other hand, annual CO₂ emissions per ton of aluminum shipped increased by 1.6% year on year to 0.978 of a ton (based on a fixed rate of emissions from electrical power generation).

Preventing the release of hazardous chemical substances

UACJ complies with legal requirements related to the discharge of hazardous chemical substances while enforcing its own standards that are even stricter than such laws. The Company also works to reduce the use of chemical substances regulated under Japan's Law Concerning the Pollutant Release and Transfer Register, and properly monitors and reports on those substances in accordance with the law.

Regrettably, certain chemical substances in wastewater were

found to exceed legal limits at Nagoya Works at one time in fiscal 2018. After initially failing to notify local authorities of this incident, the Company submitted a report to them concerning the cause and subsequent countermeasures. UACJ's manufacturing plants have been taking steps to prevent a recurrence while working to improve their systems for monitoring wastewater chemicals within legal limits in an effort to reduce water pollution.

Reducing waste matter from manufacturing

While aiming to promote recycling throughout society, UACJ strives to reduce waste matter from its manufacturing operations with the goal of practically eliminating waste sent to landfills. In fiscal 2018, however, waste matter from the Company's main production plants in Japan increased by 6.2% year on year to 22 thousand tons. Nevertheless, the percentage of this waste sent to landfills was 0.25%, achieving the Company's target of limiting landfilled waste to below one percent.

Promoting responsible procurement

UACJ created the UACJ Group CSR Procurement Guidelines in an effort to ensure socially and environmentally responsible sourcing not only within the Group but also across its entire supply chain. In accordance with the guidelines, when procuring raw materials, goods and services, the Group gives priority to those that have comparatively less impact on the environment.

As supply chains become increasingly globalized, managing procurement-related risks has grown more complex in recent years. In



response, UACJ has been working to improve its risk management by enhancing communications with suppliers through questionnaires and other means, and more strictly following socially responsible procurement criteria throughout the entire supply chain.

Developing products with the environment in mind

UACJ strives to develop products that help societies reduce fossil fuel usage and recycle more resources.

Goals and benefits of product development

Product development and innovations	Benefits to the environment and society
Develop and produce good-quality recycled aluminum for can stock	Reduce the volume of new can stock to save resources and cut costs
Develop and improve aluminum materials for hybrid vehicles	Save resources and improve fuel economy by helping make vehicles lighter in weight

Highlights of fiscal 2018

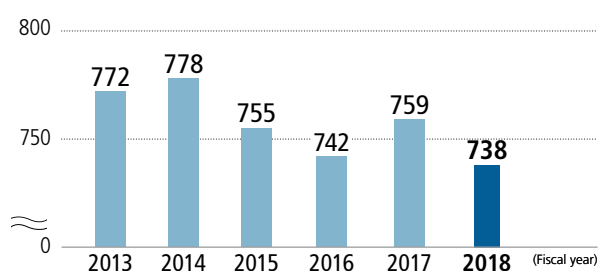
Realizing three benefits from recycling scrap aluminum

As demand for aluminum product remains strong in North America, especially for can stock, Tri-Arrows Aluminum installed a scrap melting furnace in a proactive effort to facilitate aluminum recycling, which has several benefits. First of all, recycling scrap aluminum can greatly reduce CO₂ emissions because it consumes about 97% less electricity than the amount required for producing a new aluminum ingot. Moreover, greater use of recycled aluminum helps reduce production costs amid falling prices of scrap aluminum, which have resulted from aluminum tariffs enacted by the U.S. government. Finally, recycling scrap aluminum helps ensure a stable supply of aluminum in the U.S., which is a net importer of primary aluminum.

Relevant Data

CO₂ emissions*

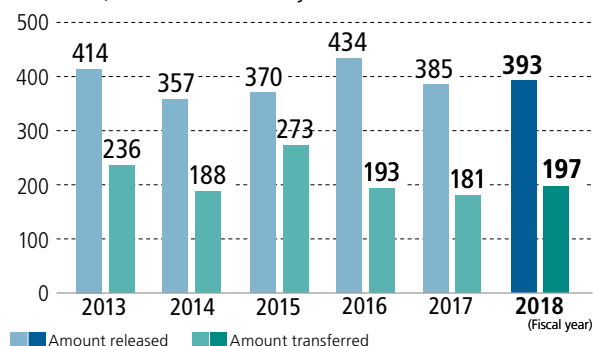
Thousands of tons of CO₂ per year



Regulated chemical substances released and transferred*

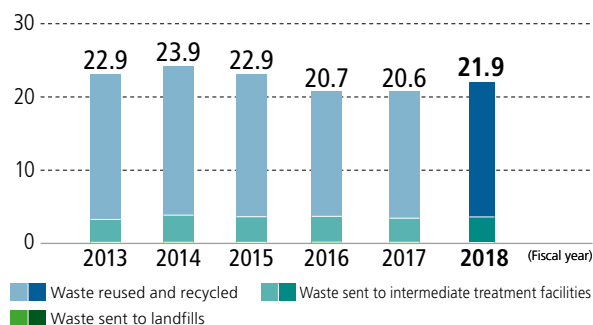
Tons per year

Regulated substances (according to Japan's pollutant release and transfer register) contained in products: manganese, chromium, nickel and lead alloys



Waste from manufacturing operations*

Thousands of tons per year



* The environmental data was obtained from the following operations in Japan: UACJ Corporation (Nagoya Works, Fukui Works, Fukaya Works, and Nikko Works), UACJ Color Aluminum Corporation, UACJ Extrusion Nagoya Corporation (Nagoya Works and Anjo Works), UACJ Extrusion Oyama Corporation, UACJ Extrusion Gunma Corporation, UACJ Extrusion Shiga Corporation, UACJ Foundry & Forging Corporation, UACJ Foil Corporation (Shiga Works, Nogi Works, and Isesaki Works), and UACJ Copper Tube Corporation.

Incorporating feedback from stakeholders in initiatives aimed at contributing to the public good

UACJ's approach to social initiatives

A number of large manufacturers in Japan have been severely criticized for their roles in major quality scandals that shocked the public in recent years. To fulfill its social responsibility, the country's manufacturing industry is faced with the task of regaining public trust in its product quality and compliance as soon as possible. Against that backdrop, UACJ has begun strictly enforcing a new set of quality assurance guidelines at its manufacturing plants and throughout the rest of its operations.

Meanwhile, as values and lifestyles grow increasingly diverse in Japanese society, UACJ has been focusing on making its workplaces more flexible and motivating for

employees to work in. It has stepped up a workplace reform project initiated in fiscal 2017, revamping personnel systems to better accommodate various preferences and needs of employees. At the same time, in tandem with the globalization of its business, the Company has been hiring and training personnel capable of working internationally, and creating more opportunities for bringing together employees from different workplaces in Japan, Thailand, the United States and other countries.

Recognizing that its business activities are backed by many different stakeholders around the world, UACJ is actively incorporating their ideas and opinions in its social initiatives.

Initiatives for customers

Setting annual quality control policies and goals

UACJ sets a group-wide quality control policy each fiscal year. In fiscal 2018, while encouraging employees to make the Group more globally competitive by strengthening quality assurance systems, UACJ set two key goals: reduce both product defects and customer complaints compared with the previous fiscal year. As a result of efforts by employees to improve quality, both goals were accomplished in fiscal 2018, which customer complaints falling by 10%.

Enforcing new quality assurance guidelines

In March 2018, the Japan Aluminium Association issued quality assurance guidelines for its members, which include UACJ, with a view to improve quality assurance systems and prevent the recurrence of improper actions in the industry, specifically in light of a data falsification scandal in 2017 involving a member of the association.

Based on these guidelines, UACJ created of its own version in August 2018. While incorporating the principles and approach of the association's guidelines, UACJ made a more practical version by taking into account the specific characteristics of its own manufacturing operations, such as safety inspection items and procedures for reviewing designs at each stage of manufacturing. These new guidelines are now being followed by all group companies.

Initiatives for employees

Developing and training human resources

UACJ's Human Resources Development Department oversees various training programs and seminars in accordance with the Company's policies of offering each employee opportunities to learn and develop, providing junior employees with on-the-job training, and developing human resources on an organizational level. In fiscal 2018, the Company held a total of 96 training sessions over 289 days with 1,414 employees participating—all record high results for the Company.

Among the training programs, a next-generation leadership grooming program was launched in fiscal 2018 for the purpose of equipping managers with the skills needed to lead the Company in the future. Supplementing the Company's upper management training activities, this new program was designed specifically for mid-level managers.

Aiming to foster a more dynamic organization capable of beating out tough competition in the marketplace, UACJ plans to revamp its training programs going forward, including opportunities for training outside the Company.

Promoting improvements in the workplace

UACJ launched a workplace reform project in fiscal 2017 with the goal of making its workplaces more efficient and motivating for employees. The Company continued these efforts in fiscal 2018, establishing an action plan aimed at making time available for challenging work tasks, and holding kickoff meetings and seminars at all workplaces. The seminars explained techniques for improving work



efficiency, and over 80% of the attendants rated them as helpful for time management and more efficient email management.

Recognizing that changing the mindset of managers and encouraging them to lead by example are essential for promoting the workplace reforms, UACJ held seminars for its senior managers, including the company president, directors and division chiefs. Over 50 of them joined two seminars held in fiscal 2018.

Taking into account the results of activities carried out in fiscal 2018, the Company is carrying out new reforms and initiatives in the current fiscal year.

Highlights of fiscal 2018

Programs for passing down and improving skills

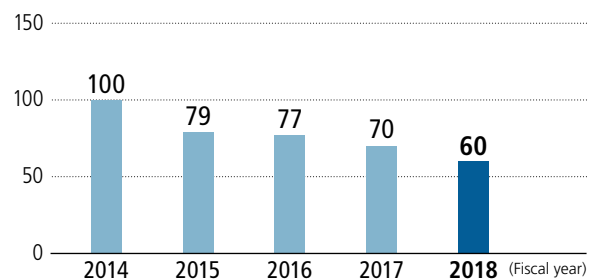
UACJ recognizes that the skills, know-how and spirit of craftsmanship that its experienced employees have refined over many years must be passed down to younger workers in order to continue raising product quality and productivity. From that perspective, it initiated a program at Nagoya Works in 2004 to have veteran employees teach younger employees about their skills, techniques and expertise. Since then, the program has been made more substantial and expanded to other workplaces.

In fiscal 2018, training programs for passing down skills were extended to employees outside Japan. For example, UACJ launched a three-year training program for newly hired engineers at UACJ (Thailand) Co., Ltd. The engineers will be trained at the Research and Development Division in Japan and then return to Thailand to apply their skills on the job.

Relevant Data

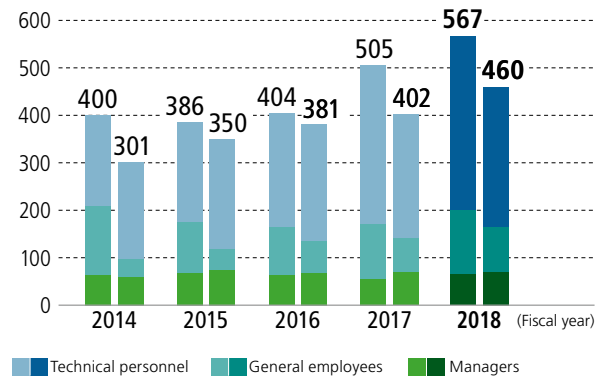
Index of complaints received from customers

(Percent)



Note: The figures are based on an index value of 100 from fiscal 2014.

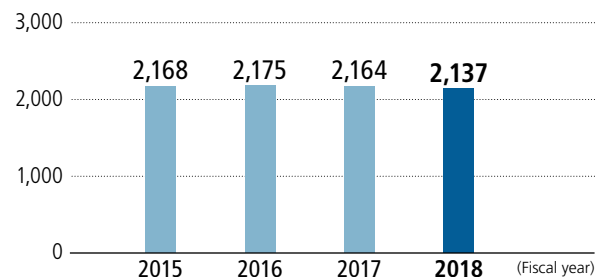
Number of trainees by occupational classification



Note: Yearly figures on the left are for UACJ and figures on the right are for group companies. In fiscal 2014, group companies were comprised of affiliated companies only.

Total employee working hours reduced

(Hours)



Actively incorporating ideas from outside the Company to strengthen corporate governance

The UACJ Group's approach to corporate governance

Since UACJ was established in October 2013, the UACJ Group has been building a global supply network, expanding its automotive parts business, and providing solutions for customers while broadening into new industries and markets. While this growth has created many new business opportunities, it has also increased the number and scale of business risks. Therefore, UACJ has been enhancing internal control systems throughout the Group, recognizing that strict compliance and rigorous risk management are essential for growing sustainably and raising corporate value as an aluminum industry leader.

Based on this approach, UACJ has been implementing regular initiatives for improving corporate governance group-wide, and working to ensure sound and transparent management while emphasizing decisive business execution. As part of its efforts to strictly enforce compliance, UACJ has been focusing on anti-bribery measures in response to the Group's growing number of business dealings with companies operating in China and Southeast Asian countries. Moreover, UACJ overhauled its risk management systems in fiscal 2019, adding new organizations and policies.

Framework for corporate governance

Roles of directors, executive officers, and auditors

UACJ has adopted an executive officer system, through which executive officers are responsible for the Company's business execution function, while the Board of Directors is responsible for management decision-making and supervision. This system is designed to enhance the efficacy of the Board of Directors and ensure that business matters are carried out promptly.

The Board of Directors is comprised of 12 directors and all six members of the Audit & Supervisory Board. In meetings held monthly, the members of the Board of Directors report on the Company's operational status, and examine and deliberate important management issues in compliance with the Company's articles of incorporation and internal rules, as well as relevant laws and regulations. Four of the 12 directors are outside directors, which are responsible for ensuring that the Board's decision-making role is effectively performed. The four outside directors currently appointed have either extensive academic experience as university professors or corporate management experience as former company directors.

UACJ has also adopted an audit and supervisory board system. Under this system, the Audit & Supervisory Board supervises the duties performed by directors in accordance with corporate auditing standards and the Company's auditing policies and plans, thereby serving as an independent organization with an important role in corporate governance. In principle, the Audit & Supervisory Board holds monthly meetings, in which full-time auditors present the results of periodic audit reports and engage in comprehensive discussions with the outside auditors.

In addition to the meetings of both boards, representative directors meet with outside directors and outside auditors for the purpose of exchanging ideas and proactively incorporating their suggestions in practical business matters.

Selection and nomination of corporate officers

UACJ established its Nomination and Remuneration Advisory Committee for the purpose of increasing the impartiality and transparency of the decision-making process for nominating and remunerating directors, executive officers, and corporate auditors. The committee is made up of seven members in total, with an independent outside director serving as chairperson. The remaining six members are comprised of three independent outside directors, two full-time directors, and one independent outside auditor from the Audit & Supervisory Board. The committee evaluates candidates based on their respective career background, former positions, qualifications and capabilities. The candidates recommended by the Nomination and Remuneration Advisory Committee are then selected by the Board of Directors.

Efficacy evaluations of the Board of Directors

UACJ evaluates the efficacy of its Board of Directors every year by distributing a questionnaire concerning the Board's composition and functioning to every director and auditor servicing on the Board. Based on the results of the questionnaire, members of the Board discuss issues that need to be addressed and put forward measures for making improvements.

Evaluation results in fiscal 2018 confirmed that the Board had functioned properly and its role in supervising management was sufficiently carried out. The results also indicated that discussions and deliberations had been conducted in a constructive and open manner, and the Board had become more diverse with the appointment of additional outside directors, thereby contributing to more robust



KEY FIGURE

Steps to strengthen corporate governance since UACJ's establishment

Year	UACJ's plans and goals	Measures to enhance governance
2013	UACJ established	Appointed an outside director
2014	Vision for the Future created	Promoted non-Japanese nationals to executive officer positions
2015	Major policies of fiscal 2015 – 2017	Nominated a female outside director
2016	Mid-term management plan: •Expand into the growing automotive and energy industries while bolstering operations in growth regions •Organize optimized manufacturing operations in each business and facilitate technological integration	Commenced efficacy evaluations of the Board of Directors
2017	•Develop new technologies and products	Established the Nomination and Remuneration Advisory Committee
		<p>Over half of the committee made up of independent outside directors or auditors (as of June 30, 2019)</p>
2018	Major policies of fiscal 2018 – 2020 Mid-term management plan: •Continue focusing on the growing automotive industry and growth markets in Asia and North America •Steadily generate returns on past investments •Increase capital efficiency with an emphasis on ROIC •Promote shared principles of conduct as the UACJ Way	Increased the number of outside directors and auditors
		<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Board of Directors</p> <p>Independent outside directors comprise one-third of members (as of June 30, 2019)</p> </div> <div style="text-align: center;"> <p>Audit & Supervisory Board</p> <p>Outside auditors comprise two-thirds of members (as of June 30, 2019)</p> </div> </div>

corporate governance.

The Company plans to continue conducting evaluations of its Board of Directors in order to improve its effectiveness, recognizing that sound management decision-making and supervision are vital for facilitating the Group's sustainable growth and enhancing corporate value in the future.

Remuneration of directors and corporate auditors

UACJ established a new remuneration system for directors after gaining approval at its 5th Annual General Meeting of Shareholders held on June 21, 2018. Under this system, full-time directors receive a

fixed base salary, short-term performance-based compensation linked to the achievement level of financial targets for the fiscal year, and mid-term performance-based compensation linked to the achievement level of financial targets over a multiple year period. Outside directors, who serve on a part-time basis, receive a fixed base salary only because their primary role of impartial and independent supervision is not related to the achievement of financial targets. The total amount of remuneration paid to directors collectively in the form of base salaries and short-term compensation has been limited to ¥650 million per year. In addition, the total amount of remuneration paid to corporate auditors collectively has been capped at ¥100 million.

Rationale for selecting outside directors and auditors

Position	Name	Rationale for selection
Outside director	Toshio Suzuki	Toshio Suzuki was invited to serve as an outside director based on the judgement that he could properly perform the required duties while offering objective viewpoints given his extensive academic background as a university professor emeritus. Mr. Suzuki was appointed after it was determined he was not in a position that would give rise to a conflict of interest with the Company's shareholders.
	Ryoko Sugiyama	Ryoko Sugiyama was invited to serve as an outside director based on the judgement that she could properly perform the required duties given her extensive background as a university professor and experience as a company director. Ms. Sugiyama was appointed after it was determined she was not in a position that would give rise to a conflict of interest with the Company's shareholders.
	Takahiro Ikeda	Takahiro Ikeda was invited to serve as an outside director based on the judgement that he could properly perform the required duties given his experience as a director at a major chemical manufacturer and long career in corporate management. Mr. Ikeda was appointed after it was determined he was not in a position that would give rise to a conflict of interest with the Company's shareholders.
	Akio Sakumiya	Akio Sakumiya was invited to serve as an outside director based on the judgement that he could properly perform the required duties given his corporate management experience as an executive vice president of a major electrical appliance manufacturer and extensive background in corporate governance, including positions of vice-chairperson of several committees involved in the remuneration and affairs of company directors and other personnel. Mr. Sakumiya was appointed after it was determined he was not in a position that would give rise to a conflict of interest with the Company's shareholders.
Outside auditor	Akari Asano	Akari Asano was invited to serve as an outside auditor based on the judgement that he could properly perform the required duties while drawing on his expertise and experience in executive corporate management and as a general manager of a company division. Mr. Asano was appointed after it was determined he was not in a position that would give rise to a conflict of interest with the Company's shareholders.
	Yuki Iriyama	Yuki Iriyama was invited to serve as an outside auditor based on the judgement that he could properly perform the required duties while drawing on his advanced legal expertise as a lawyer specializing in corporate law, and given his extensive experience in corporate management, including a position of managing director at a major steel manufacturer.
	Hiroyuki Yamasaki	Hiroyuki Yamasaki was invited to serve as an outside auditor based on the judgement that he could properly perform the required duties given his extensive background in finance and accounting as a certified public accountant specializing in corporate accounting. Mr. Yamasaki was appointed after it was determined he was not in a position that would give rise to a conflict of interest with the Company's shareholders.
	Yoshiro Motoyama	Yoshiro Motoyama was invited to serve as an outside auditor based on the judgement that he could properly perform the required duties while making use of the broad outlook he has gained over his career and given his extensive experience in corporate management, including a position of executive vice-president of a major automobile manufacturer. Mr. Motoyama was appointed after it was determined he was not in a position that would give rise to a conflict of interest with the Company's shareholders.

Promoting dialogue with shareholders and investors

In order to update shareholders and investors about the Company's activities and earn their trust over the long term, UACJ promotes interaction with them and ensures timely and appropriate information disclosure. Along with a wide range of investment-related information provided on its websites, UACJ also organizes briefing sessions and meetings with shareholders and investors to create opportunities for direct dialogue. Aiming to facilitate even more dialogue in fiscal 2018, the Company organized factory tours for individual shareholders on two occasions and newly held briefing sessions for individual shareholders in Japan's Kansai region, where meetings with investors had been limited in the past. UACJ plans to create more venues for interaction with shareholders and investors going forward, including small meetings with the company president.



A factory tour for shareholders

Compliance

Aiming to maintain the public's trust in the UACJ Group, UACJ created the Group Code of Conduct for all employees and corporate officers to follow, drawing from its Management Philosophy and Company Principles. To ensure that all members fully understand the code and put it into practice, regular training sessions are held in workplaces throughout the entire Group, which raises awareness of compliance and educates employees about pertinent laws and regulations.

Compliance with competition laws and prevention of bribery

Every year, UACJ implements initiatives aimed at ensuring compliance with competition laws and preventing incidents of bribery or other misconduct within the UACJ Group. With that goal, UACJ conducted a survey on related risks at all group companies in fiscal 2016, and carried out a full assessment at each of its subsidiaries in Japan and the United States in fiscal 2017, including questionnaires for various departments concerning local risks. Based on the findings, in fiscal 2018, UACJ established a basic policy and rules for complying with competition laws and preventing bribery for the Group as a whole, as well as guidelines applicable to the competition law of each country it operates in. Reflecting the success of these efforts, no violations of the group-wide rules were reported in fiscal 2018.

UACJ initiated further steps to build on these measures in fiscal 2019, including a new system that requires employees and officers to give prior notice of any plans involving transactions subject to the newly established rules.

Highlights in fiscal 2019

Enhancing risk management

When conducting risk management, UACJ has been carefully identifying business-related risks at the divisional level while taking measures for averting and mitigating those risks. In fiscal 2019, the Company established a new risk management working group in its Legal Affairs Department for the purpose of enhancing its risk management overall, including assessing risks uniformly across the Group and implementing a plan-do-check-act (PDCA) cycle.

Toward those ends, the working group conducted a group-wide risk assessment using a uniform set of indicators. Applying a combined top-down and bottom-up approach, the working group specified 138 risk factors that could potentially interfere with the achievement of business plans, and assessed each one from both operational and functional perspectives. Priority risks for the UACJ Group as a whole were determined based on the results of the assessment, and a PDCA cycle is being implemented on group-wide scale in order to reduce the possibility of those risks materializing.

Directors



Miyuki Ishihara

Representative Director & President

Attended 16 of 16 Board of Directors meetings

Apr. 1981 Joined Sumitomo Light Metal Industries, Ltd.
 Oct. 2012 Executive Officer
 Oct. 2013 Executive Officer, UACJ Corporation
 Jun. 2015 Director, Member of the Board, Executive Officer
 Apr. 2017 Director, Member of the Board, Managing Executive Officer
 Apr. 2018 Director, Member of the Board
 Jun. 2018 Representative Director & President (Current)



Takayoshi Nakano

Representative Director, Member of the Board, Senior Managing Executive Officer, in charge of the related businesses

Attended 16 of 16 Board of Directors meetings

Apr. 1978 Joined Nippon Steel Corporation
 Apr. 2004 Manager, European Office
 Jun. 2009 Advisor, Furukawa-Sky Aluminum Corp.
 Jun. 2010 Director
 Jun. 2012 Managing Director
 Jun. 2013 Director and Managing Executive Officer
 Oct. 2013 Director, Member of the Board Managing Executive Officer, UACJ Corporation
 Apr. 2015 Director, Member of the Board Senior Managing Executive Officer
 Jun. 2018 Representative Director, Member of the Board, Senior Managing Executive Officer (Current)



Mizuho Taneoka

Representative Director, Member of the Board, Senior Managing Executive Officer, Delegated Chief Executive, Flat Rolled Products Division

Attended 16 of 16 Board of Directors meetings

Apr. 1980 Joined Sumitomo Corporation
 Sep. 2010 Joined Sumitomo Light Metal Industries, Ltd.
 Oct. 2012 Executive Officer
 Oct. 2013 Executive Officer, UACJ Corporation
 Apr. 2017 Managing Executive Officer
 Jun. 2017 Director, Member of the Board, Managing Executive Officer
 Apr. 2018 Director, Member of the Board, Senior Managing Executive Officer
 Jun. 2018 Representative Director, Member of the Board, Senior Managing Executive Officer (Current)



Kazuhisa Shibue

Director, Member of the Board, Senior Managing Executive Officer, Delegated Chief Executive, Research and Development Division

Attended 16 of 16 Board of Directors meetings

Apr. 1980 Joined Sumitomo Light Metal Industries, Ltd.
 Apr. 2010 Executive Officer
 Oct. 2013 Managing Executive Officer, UACJ Corporation
 Jun. 2014 Director, Member of the Board, Managing Executive Officer
 Apr. 2017 Director, Member of the Board, Senior Managing Executive Officer (Current)



Kiyoshi Tanaka

Director, Member of the Board, Managing Executive Officer

Attended 16 of 16 Board of Directors meetings

Apr. 1981 Joined Furukawa Electric Co., Ltd.
 Jun. 2010 Director, Furukawa-Sky Aluminum Corp.
 Jun. 2013 Director and Managing Executive Officer
 Oct. 2013 Director, Member of the Board Managing Executive Officer, UACJ Corporation (Current); Member of the Board, President of UACJ Extrusion Corporation (Current)



Katsuyasu Niibori

Director, Member of the Board, Managing Executive Officer

Attended 12 of 12 Board of Directors meetings (since being appointed as a director)

Apr. 1982 Joined Furukawa Electric Co., Ltd.
 Jun. 2012 Director, Furukawa-Sky Aluminum Corporation
 Jun. 2013 Executive Officer
 Oct. 2013 Executive Officer, UACJ Corporation
 Apr. 2015 Executive Officer, UACJ Corporation; Advisor, UACJ Foil Corporation
 Jun. 2015 Executive Officer, UACJ Corporation; Member of the Board, President & CEO, UACJ Foil Corporation
 Apr. 2017 Managing Executive Officer, UACJ Corporation; Member of the Board, President & CEO, UACJ Foil Corporation
 Jun. 2018 Director, Member of the Board, Managing Executive Officer, UACJ Corporation (current); Member of the Board, President & CEO, UACJ Foil Corporation (current)



Teruo Kawashima

Director, Member of the Board, Managing Executive Officer in charge of the Finance and Accounting Department and the Corporate Communication Department

Newly appointed (in June 2019)

Apr. 1982 Joined Sumitomo Light Metal Industries, Ltd.
 Apr. 2007 General Manager, Administrative Department
 Apr. 2013 Deputy General Manager, Administrative Division
 Oct. 2013 Executive Officer, UACJ Corporation
 Apr. 2019 Managing Executive Officer
 Jun. 2019 Director, Member of the Board, Managing Executive Officer (Current)



Akito Imaizumi

Director, Member of the Board, Executive Officer in charge of the Internal Auditing Department, Management Strategies Department, UACJ Way Promotion Department

Attended 12 of 12 Board of Directors meetings (since being appointed as a director)

Apr. 1983 Joined Sumitomo Light Metal Industries, Ltd.
 Apr. 2014 Executive Officer, UACJ Corporation
 Jun. 2018 Director, Member of the Board, Executive Officer (Current)

Outside Members of the Board



Toshio Suzuki

Director, Member of the Board
(outside, part-time)

Attended 16 of 16 Board
of Directors meetings

- Apr. 1988 Assistant Professor, University of Tokyo
- Jun. 1994 Professor
- Apr. 1995 Professor of Graduate School
- Mar. 2012 Retirement
- Jun. 2012 Professor Emeritus, University of Tokyo
(Current)
- Oct. 2013 Director, Member of the Board (outside and
part-time), UACJ Corporation (Current)



Ryoko Sugiyama

Director, Member of the Board
(outside, part-time)

Attended 13 of 16 Board
of Directors meetings

- May. 1996 Representative Director, Sugiyama & Kurihara
Environmental Consultants, Inc.
- Dec. 1997 Director, Gifu Shimbun
- Dec. 1999 Director, Gifu Broadcasting System, Inc.
(Current)
- Apr. 2010 Professor, Fuji Tokoha University
(currently Tokoha University) Faculty of Social
and Environmental Studies
- Jun. 2010 Outside Director, Lecip Holdings Corporation
(Current)
- Jun. 2015 Director, Member of the Board (outside and
part-time), UACJ Corporation (Current)
- Dec. 2018 Owner and Representative Director, Gifu
Shimbun (Current)



Takahiro Ikeda

Director, Member of the Board
(outside, part-time)

Attended 12 of 12 Board of Directors
meetings (since being appointed as
a director)

- Apr. 1975 Joined Mitsubishi Kasei Kogyo (now
Mitsubishi Chemical Corporation)
- Apr. 2006 Executive Officer, Mitsubishi Chemical
Corporation Deputy General Manager,
Polymers Division
- Apr. 2007 Executive Officer, General Manager,
Chemicals Division
- Jul. 2008 Dia Chemical Co. Ltd., President
- Jun. 2010 Managing Executive Officer, Mitsubishi Rayon
Co., Ltd. (now Mitsubishi Chemical
Corporation)
- Apr. 2013 Director and Managing Executive Officer
- Mar. 2015 Advisor
- Mar. 2016 Stepped down as Advisor
- Apr. 2016 Itochu Chemical Frontier Corporation,
Executive Advisor
- May 2017 T.I. Associates, Representative Director
(Current)
- Jun. 2018 Director, Member of the Board (outside and
part-time), UACJ Corporation (Current)



Akio Sakumiya

Director, Member of the Board
(outside, part-time)

Attended 10 of 12 Board of Directors
meetings (since being appointed as
a director)

- Apr. 1975 Joined Tateisi Electric Manufacturing Co.
(now OMRON Corporation)
- Jun. 2003 Executive Officer, General Manager of
Amusement Equipment Business, OMRON
Corporation; President and CEO of OMRON
Ichinomiya Co., Ltd. (now OMRON
Amusement Co., Ltd.)
- Apr. 2009 Executive Officer, OMRON Corporation;
President, Electronic Components Business
Company
- Jun. 2010 Managing Executive Officer, OMRON
Corporation; President, Electronic and
Mechanical Components Business Company
- Jun. 2011 Senior Managing Director
- Jun. 2014 Executive Vice President
- Mar. 2018 Outside Audit & Supervisory Board Member,
Asahi Glass Co., Ltd. (now AGC Inc.)
(Current)
- Jun. 2018 Director, Member of the Board (outside and
part-time), UACJ Corporation (Current)

Audit & Supervisory Board Members



Hisashi Hasegawa
Audit & Supervisory Board Member

Attended 12 of 12 Board of Directors meetings (since being appointed as an auditor)

Apr. 1980 Joined Furukawa Electric Co., Ltd.
Jun. 2009 Director and General Manager, Finance and Accounting Dept., Furukawa-Sky Aluminum Corp.
Jun. 2012 Managing Director
Jun. 2013 Managing Executive Officer
Oct. 2013 Managing Executive Officer, UACJ Corporation
Jun. 2015 Director, Member of the Board Managing Executive Officer
Apr. 2018 Director, Member of the Board
Jun. 2018 Audit & Supervisory Board Member (Current)



Nobuhiro Ishihara
Audit & Supervisory Board Member

Attended 16 of 16 Board of Directors meetings

Apr. 1980 Joined Furukawa Electric Co., Ltd.
Oct. 2003 General Manager, General Affairs Dpt., Fukui Works, Rolled Products Div., Furukawa-Sky Aluminum Corp.
Jun. 2004 General Manager, General Affairs Div., Nuclear Fuel Industries, Ltd.
Jun. 2008 Director and General Manager, General Affairs Dept.
May 2009 Executive Officer and General Manager, General Affairs Dept.
Jun. 2010 Full-time Statutory Auditor, Furukawa-Sky Aluminum Corp.
Oct. 2013 Audit & Supervisory Board Member, UACJ Corporation (Current)

Outside Members of the Board



Akari Asano
Audit & Supervisory Board Member (outside, part-time)

Attended 16 of 16 Board of Directors meetings

Apr. 1970 Joined Mitsubishi Rayon Co., Ltd. (now Mitsubishi Chemical Corporation)
Jun. 2003 General Manager, General Affairs Department
Jun. 2004 Senior Director
Jun. 2008 Resigned from Mitsubishi Rayon co., Ltd.
Jun. 2009 Statutory Auditor (outside and part-time) of Sumitomo Light Metal Industries, Ltd.
Jun. 2013 Statutory Auditor (outside and part-time) of Sumitomo Light Metal Industries, Ltd.; Statutory Auditor (outside and part-time), Furukawa-Sky Aluminum Corp.
Oct. 2013 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (Current)



Yuki Iriyama
Audit & Supervisory Board Member (outside, part-time)

Attended 12 of 12 Board of Directors meetings (since being appointed as an auditor)

Apr. 1970 Joined Nippon Steel Corporation
May 1977 Graduated from the College of Europe (a graduate school in Belgium)
Jun. 2002 Director, Manager of the Board and General Manager of Overseas Business Development Division Nippon Steel Corporation
Apr. 2006 Managing Executive Officer
Jun. 2009 Executive Advisor
Oct. 2012 Standing Advisor, Nippon Steel Corporation
Jun. 2014 Advisor of Nippon Steel Corporation (part-time)
Mar. 2015 Counsel of Kajitani Law Offices (Current)
Jun. 2015 Stepped down as advisor (part-time) of Nippon Steel Corporation
May 2017 Director of Vallourec S.A. (France) (Current)
Jun. 2018 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (Current)



Hiroyuki Yamasaki
Audit & Supervisory Board Member (outside, part-time)

Attended 12 of 12 Board of Directors meetings (since being appointed as an auditor)

Oct. 1982 Joined Chuo Accounting Corporation
Oct. 2005 Director, Chuo Aoyama Audit Corporation
May 2006 Acting Chairman
Nov. 2007 Senior Partner of ShinNihon Audit Corporation (now Ernst & Young ShinNihon LLC)
Aug. 2008 Managing Director of Ernst & Young ShinNihon LLC
Jul. 2013 Auditor of Japan Venture Capital Association
Jul. 2017 President of Hiroyuki Yamasaki CPA Office (Current)
Dec. 2017 Director, Land Business Co., Ltd. (Current)
Jun. 2018 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (Current)
Jun. 2018 Outside Director, Sankyo Co., Ltd. (Current)



Yoshiro Motoyama
Audit & Supervisory Board Member (outside, part-time)

Attended 12 of 12 Board of Directors meetings (since being appointed as an auditor)

Apr. 1980 Joined Mitsubishi Motors
Mar. 2014 Director, Vice President, General Manager, Production Division, Mitsubishi Fuso Truck and Bus Corporation
Jan. 2017 Advisor
Aug. 2017 Takenaka Co. Ltd., Director & CTO (Current)
Jun. 2018 Audit & Supervisory Board Member (outside and part-time), UACJ Corporation (Current)

Executive Officers

Hironori Tsuchiya
Senior Managing Executive Officer

Youji Shimizu
Managing Executive Officer

Hiroyuki Fukui
Managing Executive Officer

Masahiro Teshima
Managing Executive Officer

Yukio Takekawa
Managing Executive Officer

Masataka Taguchi
Managing Executive Officer

Akira Matsushita
Managing Executive Officer

Akinori Yamaguchi
Executive Officer

Teiichi Abe
Executive Officer

Kimitoshi Inagaki
Executive Officer

Akinori Yoshida
Executive Officer

Yasuhiro Hosomi
Executive Officer

Yukihiro Kuwamoto
Executive Officer

Satoshi Sugama
Executive Officer

Shinji Tanaka
Executive Officer

Atsushi Sakae
Executive Officer

Seiichi Hirano
Executive Officer

Tetsuya Yamada
Executive Officer

Henry Gordinier
Executive Officer

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We are working to quickly improve the Company's financial performance and steadily generate returns on past investments with the goal of raising shareholder value over the medium and long terms.

Teruo Kawashima

Director, chief financial and accounting officer, and managing executive officer in charge of the Finance and Accounting Department and the Corporate Communication Department, UACJ Corporation
Chief executive officer, UACJ North America, Inc.

Teruo Kawashima has worked in finance and accounting since the beginning of his career, through which he has been involved in financial strategies. In recent years, he has planned and executed investment projects outside Japan, leading UACJ's efforts to expand as a global company.

Streamlining the businesses portfolio at an even faster pace to improve financial performance

In the global aluminum products market, demand for flat-rolled aluminum for can stock and automotive parts has been rising on the back of economic growth in emerging countries and a shift to lightweight and electric vehicles in the auto industry. Aiming to capitalize on those opportunities for growth, the UACJ Group proactively invested in manufacturing plants in Thailand and the United States over the past five years. Such large-scale aluminum flat-rolling facilities can operate for many decades as long as they are properly maintained and upgraded, but to start up operations and ensure product quality requires a considerable amount of time and labor. Therefore, we expect substantial returns on those past investments to start coming in from fiscal 2020 to 2022. In the meantime, however, the Company's financial performance worsened more than expected in fiscal 2018 amid sudden changes in the operating environment, including the rapid deceleration of China's economy.

In light of these factors, management has been carefully reviewing the Group's business strategies. Steadily generating

returns on past investments and improving capital efficiency are major policies of our mid-term management plan, and we have stepped up measures to realize these policies in an effort to improve cash flows as soon as possible. Specifically, we have been focusing on strictly controlling cash outflows and reorganizing the Company's asset structure by streamlining its business portfolio. As part of these streamlining measures, in August 2018, UACJ terminated its business partnership with Choil Aluminum Co., Ltd., and sold off its shares of Sumikei-Nikkei Engineering Co., Ltd. Then in December 2018, UACJ dissolved its joint-venture company, Constellium-UACJ ABS LLC, as progress in launching full-scale operations had fallen behind original expectations. UACJ had jointly established this company because North America's market for aluminum automotive panels appeared very promising at that time. Under the joint-venture arrangement, however, prompt decision-making was difficult and operating the company at a level necessary for achieving profitability was deemed to be unworkable. More recently, we decided to sell off the Group's copper tubing business in June 2019 in order to concentrate operational resources in the aluminum products business.

We are concentrating those resources in China, in particular, with the goal of making inroads in its market for aluminum automotive parts, as demand is projected to grow

markedly in the future. In September 2018, we decided to boost production capacity of heat exchanger materials manufactured by Ruyuan Dongyangguang UACJ Fine Aluminum Foil Co., Ltd., and construct a new battery capacitor foil factory for this subsidiary in China. Then in March 2019, UACJ formed a business alliance with two subsidiaries of CITIC Group Corporation Ltd. operating in China's automotive parts industry.

Looking ahead, we intend to closely monitor the profitability of each of the UACJ Group's businesses, paying particular attention to return on invested capital¹ as a key performance indicator. At the same time, management will strictly control cash outflows while striving to optimize the Group's business portfolio and improve capital efficiency.

Preparing to tap growing demand as the world turns to aluminum materials as solutions for environmental issues in the coming years

The Group's operating environment is currently very challenging due to trade friction between the United States and China, sluggish market conditions in Japan, and other factors. Nevertheless, global demand for aluminum materials will undoubtedly rise significantly over the medium and long terms as various countries deal with certain environmental issues. For example, in an effort to help reduce ocean plastic pollution, the Canadian government is set to ban single-use plastic as early as 2021, and a number of countries in the European Union have already passed similar laws. As this shift away from disposable plastic gains momentum, aluminum—an easily recyclable material—is increasingly being used for a wide range of containers, including cans for beverages, food and other daily necessities. At the same time, the auto industry is working to reduce the weight of vehicles as it moves toward electric and self-driving vehicles. Consequently, the adoption of aluminum for body panels and structural components is expected to increase sharply.

To prepare for the business opportunities created by these trends, the UACJ Group plans to selectively target growth markets and industries for new strategic investments. Major capital investments and financing arrangements that were settled in the past reached their financial peak in the first half of the fiscal year underway, and the Company will enter a period of generating substantial returns on its large-scale investments. Therefore, we expect cash inflows to greatly exceed cash outflows for a prolonged period of time from

fiscal 2020. Using that cash, we will move ahead with strategic investments aimed at driving the Group's growth, optimally timing our decisions in consideration of market trends and the Company's financial performance.

Aiming to raise shareholder value by increasing returns to shareholders

We are now using total shareholder return² as a means of measuring how much shareholders gain as a return on their investment in the Company. It has recently attracted attention in Japan as a key indicator of shareholder value, and has also been used to calculate remuneration of directors.

Since the dividend portion of shareholder returns can be decided by management to a significant extent, the Company has continuously paid stable dividends as a basic policy. On that basis, we decided on an annual dividend of ¥60 per share in fiscal 2018 even though the Company's financial situation worsened considerably. While free cash flow was negative in fiscal 2018, our decision took into account the fact that strategic investments peaked in the first half of the current fiscal year and returns on past investments are anticipated going forward.

Capital gains on the Company's stocks are difficult to predict because share prices are affected by market trends. Nevertheless, shareholders can rest assured that management is committed to raising corporate value as a matter of policy. To accomplish that, we are taking necessary steps to improve earnings and cash flows as quickly as possible while preparing for steady returns on past investments.

I have been overseeing the Group's financial affairs, including investment targets, since being appointed as the executive officer in charge of the Finance and Accounting Department in December 2018, and was also assigned to lead the Corporate Communication Department in April 2019. As the chief financial officer overseeing investor relations, I want to assure shareholders and investors that we are committed to transparent and prompt disclosure concerning the UACJ Group's business strategies and prospects for growth over the medium and long term.

Notes:

1. Return on invested capital is calculated as operating income (before income taxes) ÷ (shareholders' equity + interest bearing debt – cash and cash equivalents), using the average of the amounts at the beginning and end of the fiscal year
2. Total shareholder return is calculated as (difference between share price at fiscal year-end and start dates + dividends per share paid over the fiscal year) ÷ share price at fiscal year start date

Financial Results 10-Year Financial Data

Totals until fiscal 2012 are the combined results of UACJ's predecessors, Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries Co., Ltd.

		Fiscal 2009	Fiscal 2010	Fiscal 2011
Consolidated income				
Net sales		419,118	466,699	452,898
Operating income (loss)		5,780	27,933	18,709
Ordinary income (loss)		2,357	23,146	16,595
Income (loss) before income taxes		(9,491)	18,676	10,098
Net income (loss) attributable to owners of the parent		(7,250)	19,157	11,838
Operating margin		1.4%	6.0%	4.1%
Net income (loss) to net sales ratio		(1.7%)	4.1%	2.6%
Consolidated financial condition				
Total assets ¹		510,073	524,527	535,148
Net assets		88,217	105,174	124,440
Shareholders' equity		86,858	103,921	122,985
Interest-bearing debt		252,340	242,035	225,324
Current assets ¹		180,576	205,286	204,890
Non-current assets ¹		329,498	319,240	330,257
Current liabilities ¹		238,684	237,988	263,221
Non-current liabilities ¹		183,172	181,364	147,487
Shareholders' equity ratio ¹		17.0%	19.8%	23.0%
Return on equity	Former Furukawa-Sky until FY 2012	(1.3%)	18.6%	5.1%
	Former Sumitomo Light Metal	(28.4%)	23.1%	19.1%
Consolidated cash flows				
Cash flows from operating activities		31,181	35,923	36,239
Cash flows from investing activities		(10,840)	(13,595)	(38,120)
Free cash flow		20,341	22,328	(1,881)
Cash flows from financing activities		(21,969)	(5,441)	(8,034)
Per share information				
Net income (loss) per share (yen) ²	Former Furukawa-Sky until FY 2012	(3.39)	52.70	15.59
	Former Sumitomo Light Metal	(15.95)	16.64	14.95
Annual dividend per share (yen) ²	Former Furukawa-Sky until FY 2012	2.0	6.0	6.0
	Former Sumitomo Light Metal	0.0	0.0	1.5
Main consolidated expenses				
Capital investment		11,255	9,092	13,351
Depreciation and amortization		24,501	23,445	22,821
Research and development expenses		4,602	4,886	5,111

Note: Accounting principles for notes maturing at the end of the fiscal year changed in fiscal 2013. However, the figures prior to retrospective treatment are shown for the main management indicators and other records prior to fiscal 2012. The figures before fiscal 2012 are a simple total of the two former companies, Furukawa-Sky Aluminum Corporation and Sumitomo Light Metal Industries Co., Ltd. In fiscal 2013, the figures reported for the first-half year are the amounts for both former companies, and those for the last half-year are the business results for UACJ.

(Millions of yen)

Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
436,485	364,107	572,541	575,735	568,316	624,270	661,330
15,069	17,772	23,679	15,212	25,869	29,205	14,868
14,606	16,798	21,337	12,010	19,819	19,408	6,201
9,743	15,523	18,856	13,976	18,281	19,692	10,041
4,656	9,946	8,649	5,105	8,715	12,253	1,116
3.5%	4.9%	4.1%	2.6%	4.6%	4.7%	2.2%
1.1%	2.7%	1.5%	0.9%	1.5%	2.0%	0.2%
536,200	608,490	677,952	662,543	725,443	774,071	807,224
138,166	168,140	187,136	178,582	198,360	208,396	206,204
136,387	155,515	172,305	165,030	184,090	194,235	190,998
215,318	256,309	295,953	289,006	323,825	342,336	375,080
191,653	236,638	269,889	263,409	305,563	322,461	348,291
344,547	371,852	408,063	399,135	419,880	451,610	458,933
251,858	236,387	287,884	249,784	237,650	273,148	273,269
146,175	203,963	202,932	234,177	289,433	292,527	327,751
25.4%	25.6%	25.4%	24.9%	25.4%	25.1%	23.7%
4.3%	8.6%	5.3%	3.0%	5.0%	6.5%	0.6%
2.7%	—	—	—	—	—	—
29,032	14,233	26,777	22,511	28,393	17,381	10,651
(21,520)	(25,452)	(49,668)	(34,759)	(55,456)	(51,853)	(34,947)
7,512	(11,219)	(22,891)	(12,248)	(27,063)	(34,472)	(24,296)
(12,887)	14,067	25,694	11,176	49,478	13,543	28,971
13.85	30.36	20.21	11.94	201.63	253.96	23.14
2.59	—	—	—	—	—	—
6.0	9.0	6.0	6.0	60.0	60.0	60.0
3.5	—	—	—	—	—	—
25,554	27,104	46,539	30,489	31,556	51,195	52,544
20,121	17,165	22,636	22,893	23,508	25,686	27,215
5,031	3,688	4,619	4,630	4,412	4,409	4,529

Notes:

1. The Company has applied Statement No. 28 Partial Amendments to Accounting Standard for Tax Effect Accounting, issued by the Accounting Standards Board of Japan on February 16, 2018. Accordingly, amounts for total assets, current assets, non-current assets, current liabilities, non-current liabilities, and shareholders' equity ratio were calculated to reflect this application retroactively from fiscal 2017.

2. In fiscal 2017, UACJ conducted a 1-for-10 reverse stock split of common stock on October 1, 2017. Figures for net income (loss) per share in fiscal 2016 and 2017 were calculated as if the reverse stock split had occurred at the beginning of fiscal 2016. Likewise, figures for annual dividend per share from fiscal 2016 and 2017 were calculated on a post-stock-split basis.

Business Performance in Fiscal 2018

Operating Environment

During fiscal 2018, the Company's fiscal year ended March 31, 2019, the world economy as a whole decelerated and became increasingly unpredictable. Despite performing solidly in the first half of the fiscal year, largely led by the U.S. economy, the global economy grew weaker in the second half as trade friction between China and the U.S. aggravated the economic slowdown in China and negatively affected the IT and semiconductor markets. The Japanese economy, however, continued to grow moderately on the back of growth in the corporate and household sectors, but the outlook was unclear because of worldwide economic conditions.

Against that backdrop, the flat-rolled aluminum industry saw declining demand for aluminum sheet and protruded products. In Japan, demand for flat-rolled aluminum for can stock decreased year on year amid falling sales of canned beer and rising sales of plastic beverage containers. Demand for aluminum sheet for automobiles continued to be strong, but demand for aluminum thick plates used in transport ships and liquid crystal and semiconductor manufacturing equipment fell substantially. Among protruded aluminum products, while demand for construction materials remained solid, demand for protruded components used in buses, trucks, passenger cars and motorcycles decreased. Meanwhile, in Japan's wrought copper industry, shipments of copper pipes for household and industrial-use air conditioners, one of the UACJ Group's mainstay products, were up compared with the previous fiscal year.

Consolidated Earnings Results

In fiscal 2018, the Company posted net sales of ¥661.3 billion, up 5.9% year on year. Among the factors underlying this increase, consolidated subsidiary Tri-Arrows Aluminum Inc. posted increased sales volume of flat-rolled aluminum for can stock and automotive sheet, UACJ (Thailand) Co., Ltd., posted increased sales volume of flat-rolled aluminum for can stock, and aluminum ingot prices, which are reflected in sales prices, were higher on average than the previous fiscal year.

Profits, however, decreased substantially in fiscal 2018 as the result of various factors, including worsening inventory valuation and steeply falling demand for mainstay products, specifically aluminum materials for IT-related devices and equipment, and aluminum thick plates for transport ships and liquid crystal and semiconductor manufacturing equipment. Furthermore, equipment breakdowns temporarily affected operations, and energy costs were higher than the previous fiscal year. Consequently, operating income decreased by 49.1% to ¥14.9 billion, ordinary income fell by 68.0% to ¥6.2 billion, and net income attributable to owners of the parent decreased by 90.9% to ¥1.1 billion.

Flat-Rolled Products Segment

Total sales volume of flat-rolled aluminum increased by 45 thousand tons year on year to 1,094 thousand tons in fiscal 2018, the third consecutive year above the million-ton mark.

Sales volume of flat-rolled aluminum for can stock, the segment's main product, grew substantially outside Japan, surpassing results in the previous fiscal year. Specifically, UACJ (Thailand) enjoyed brisk

Consolidated earnings results and forecast

(Billions of yen)

	Fiscal 2017	Fiscal 2018	Fiscal 2019 (Forecast)
Net sales	624.3	661.3	670.0
Operating income	29.2	14.9	10.0
Ordinary income before the impact of inventory valuation	11.3	3.0	7.9
Ordinary income	19.4	6.2	4.0
Net income attributable to owners of the parent	12.3	1.1	Pending
Adjusted EBITDA	50.7	42.6	47.9

Note: The forecast of consolidated financial results was revised in August 2019. The forecast of net income attributable to owners of parent will be disclosed when the impact of structural reforms announced in September 2019 has been fully calculated.

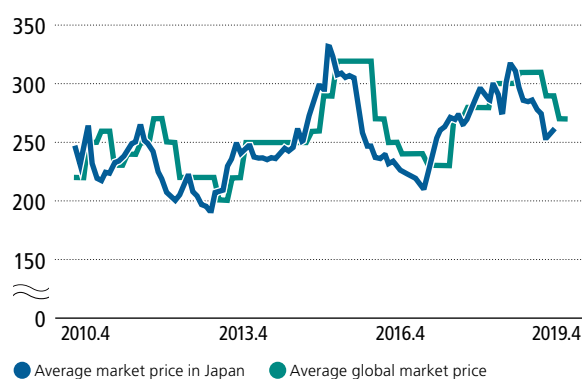
Fuel costs since 2010



● Crude oil (yen per liter) ● Liquid natural gas (yen per kilogram)

The amounts are based on cost, insurance and freight (CIF) agreements.

Market prices of primary aluminum ingots (Yen per kilogram)

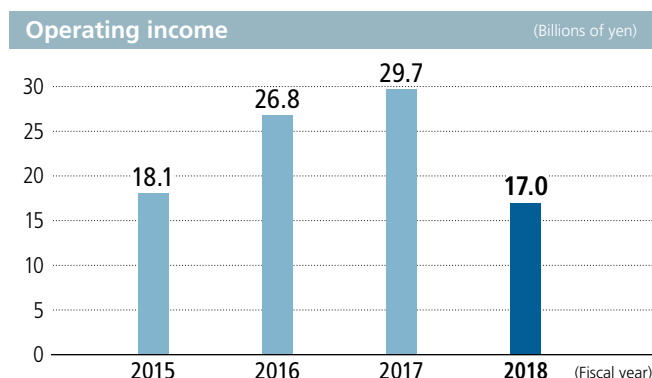
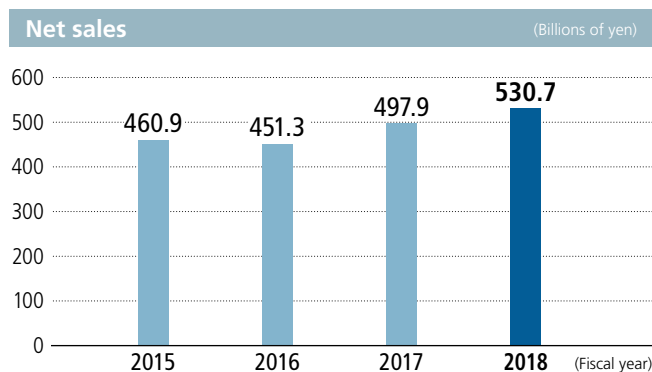


● Average market price in Japan ● Average global market price

demand in Asia and Oceania, while Tri-Arrows Aluminum benefited from tightening supply and demand in the North American market following aluminum tariffs enacted by the U.S. government. In Japan, however, sales volume was down year on year, reflecting sluggish sales of canned beer amid growing sales of plastic beverage containers. On the whole, however, sales volume of flat-rolled aluminum for can stock was higher than the previous fiscal year, but lower than initial expectations.

Sales volume of flat-rolled aluminum for automotive body sheet and heat exchanger materials were solid as the auto industry accelerated its shift to aluminum parts and structural components for the purpose of reducing vehicle weight. Meanwhile, sales of aluminum thick plates for liquid crystal and semiconductor manufacturing equipment decreased year on year, reflecting deteriorating market conditions and China's economic slowdown, which was exacerbated by its trade frictions with the U.S.

In this market environment, and amid rising prices of aluminum ingots, the Flat-Rolled Products segment posted net sales of ¥530.7 billion in fiscal 2018, an increase of 6.6% year on year. On the other hand, segment operating income decreased by 42.6% to ¥17.0 billion, mainly due to the substantial drop in demand for mainstay products, particularly aluminum materials for IT-related devices and equipment as well as aluminum thick plates for liquid crystal and semiconductor manufacturing equipment. Moreover, operations were temporarily affected by equipment breakdowns and energy costs increased compared with the previous fiscal year.

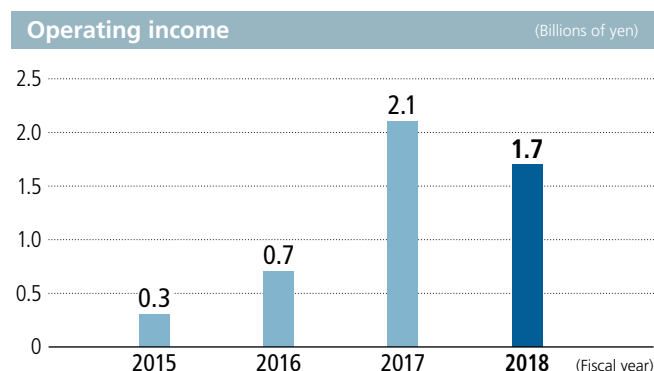
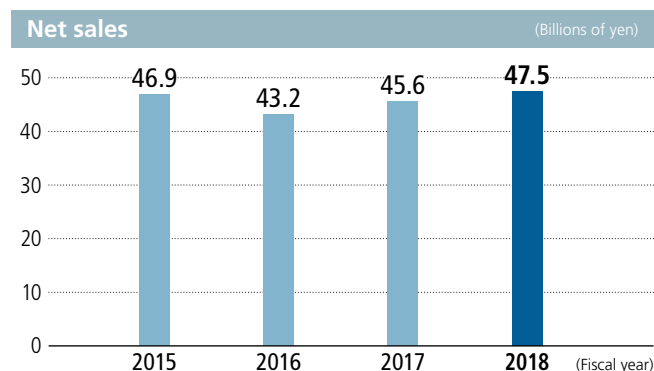


Note: Figures in the graphs exclude intersegment sales and transfers.

Wrought Copper Products Segment

In the Wrought Copper Products segment, while copper ingot prices were lower than the relatively high average in the previous fiscal year, net sales rose by 4.1% year on year to ¥47.5 billion on the back of brisk sales of its mainstay product, copper tubing for air conditioners.

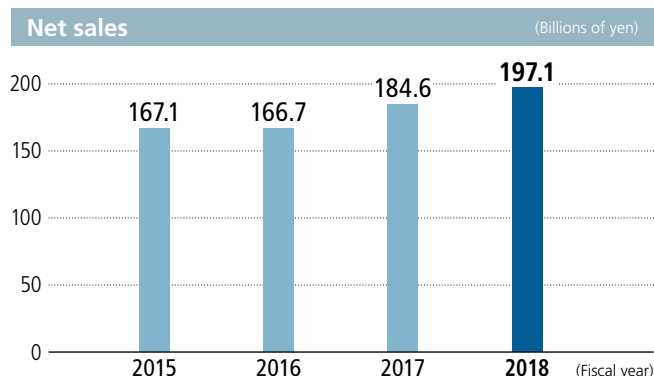
Segment operating income, however, fell by 16.2% to ¥1.7 billion as worsening inventory valuations and higher energy costs offset increased profits resulting from improvements to the product mix.



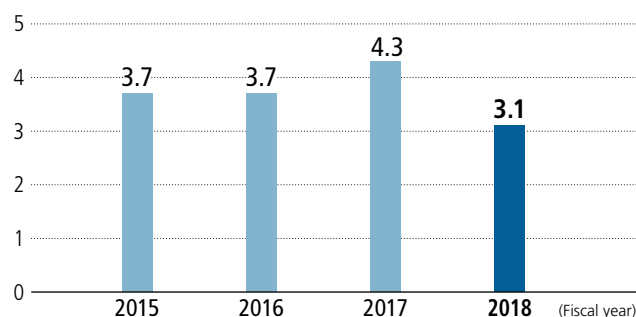
Note: Figures in the graphs exclude intersegment sales and transfers.

Precision-Machined Components and Related Businesses Segment

The Precision-Machined Components and Related Businesses segment posted net sales of ¥197.1 billion, up 6.8% year on year. Although sales of smart device components were down, the increase was attributable to strong sales of battery materials and air conditioning-related products, as well as higher aluminum ingot prices than in the previous fiscal year. On the other hand, segment operating income dropped by 27.1% to ¥3.1 billion, largely due to the negative impact of declining sales of smart device components on profitability, worsening inventory valuations, and increased energy prices.

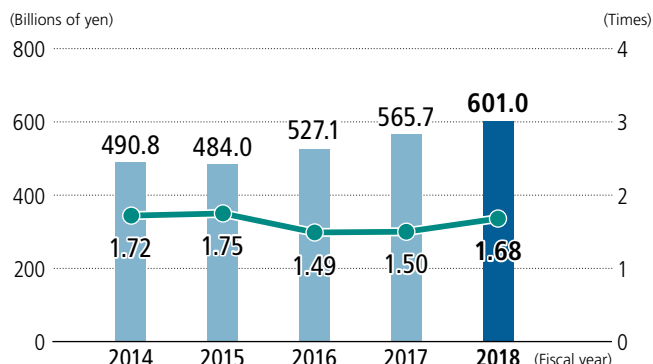


Operating income (Billions of yen)



Note: Figures in the graphs exclude intersegment sales and transfers.

Total liabilities and debt-to-equity ratio



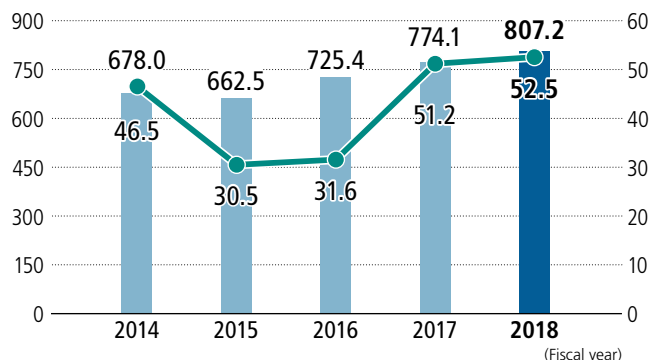
Note: Figures from fiscal 2016 include subordinated loans

Financial Position

Assets

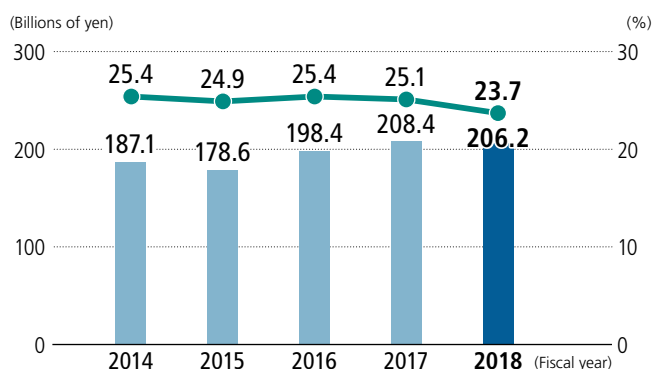
As of March 31, 2019, total assets stood at ¥807.2 billion, up 4.3% compared with a year earlier. Main factors underlying the increase were a rise in notes and accounts receivable-trade, and increased amounts of machinery, equipment and vehicles, net, as well as construction in progress, which reflected the ongoing expansion of facilities operated by UACJ (Thailand), Tri-Arrows Aluminum, Fukui Works and other manufacturing plants.

Total assets and capital expenditures (Billions of yen)



Total assets Capital expenditures

Net assets and shareholders' equity ratio



Net assets Shareholders' equity ratio

Liabilities and Net Assets

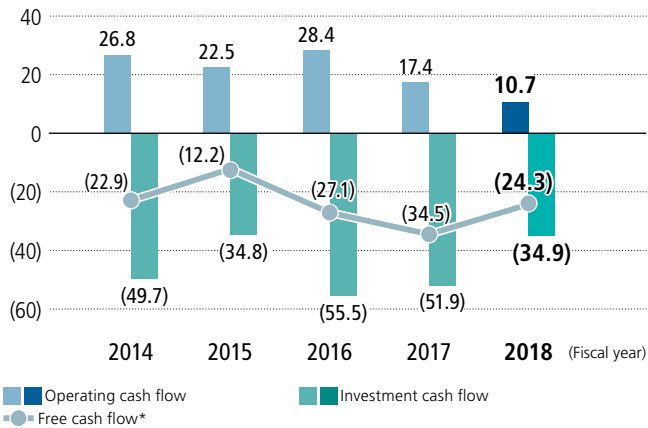
As of March 31, 2019, total liabilities came to ¥601.0 billion, an increase of 6.2% compared with a year earlier. This was mainly due to higher long-term loans payable, which were used for financing strategic investments in UACJ (Thailand) and Tri-Arrows Aluminum. Net assets amounted to ¥206.2 billion, down 1.1% year on year, mainly due to a decrease in foreign currency translation adjustment.

Cash Flows

As of March 31, 2019, cash and cash equivalents totaled ¥25.2 billion, an increase of ¥4.4 billion compared with a year earlier. Net cash provided by operating activities decreased by 38.7% to ¥10.7 billion, primarily reflecting the year-on-year decline in income before income taxes. Net cash used in investing activities amounted to ¥34.9 billion, a decrease of 32.6% year on year. This was mainly the result of recording proceeds from an equity transfer following the liquidation of the joint venture, Constellium-UACJ ABS LLC. Net cash provided by financing activities increased by 113.9% to ¥29.0 billion, largely due to an increase in proceeds from long-term loans payable.

Cash flows

(Billions of yen)



* Free cash flow = operating cash flow + investment cash flow

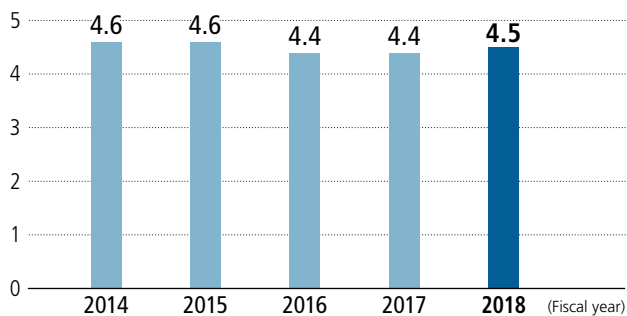
Research and Development Expenses

In fiscal 2018, the UACJ Group's research and development expenses totaled ¥4.5 billion, an increase of 2.7% compared with the previous fiscal year.

Of this total, the Flat-Rolled Products segment accounted for ¥4.4 billion, up 3.2% year on year, reflecting the Group's focus on developing flat-rolled aluminum, its main product, for a number of applications, including can stock for beverage cans and other containers, and automotive body sheet, structural components, and

R&D expenses

(Billions of yen)



heat exchanger materials. Flat-rolled aluminum is also used to manufacture air-conditioner compressor fin stock. In fiscal 2018, UACJ received a product development award from the Japan Aluminium Association for developing pre-coated fin stock with outstanding hydrophilic and drainage properties.

The Wrought Copper Products segment accounted for approximately ¥70 million of total R&D expenses in fiscal 2018, a decrease of 30.2% year on year. The expenses were mainly used for the development of high-strength copper tubing for air conditioners. UACJ has earned an excellent reputation for air conditioning- and building-use copper tubes and pipes developed with its technology for resisting corrosion caused by ants' nests. In recognition of this technology, UACJ received a technology award from the Japan Copper and Brass Association and a product development award from the Japan Institute of Metals and Materials in fiscal 2018.

The Precision-Machined Components and Related Businesses segment accounted for approximately ¥40 million of total R&D expenses, an increase of 2.7%. The expenses were primarily used for developing devices for cooling equipment, including high-performance and high-precision power control units.

Forecast for Fiscal 2019

In the fiscal year ending March 31, 2020, the UACJ Group expects to substantially boost sales volume of its mainstay product, flat-rolled aluminum for can stock, due to the startup of new manufacturing facilities operated by UACJ (Thailand), as well as a newly expanded cold-rolling mill operated by Tri-Arrows Aluminum. Sales of automotive body sheet manufactured in Japan are also expected to remain brisk amid the auto industry's efforts to reduce vehicle weight.

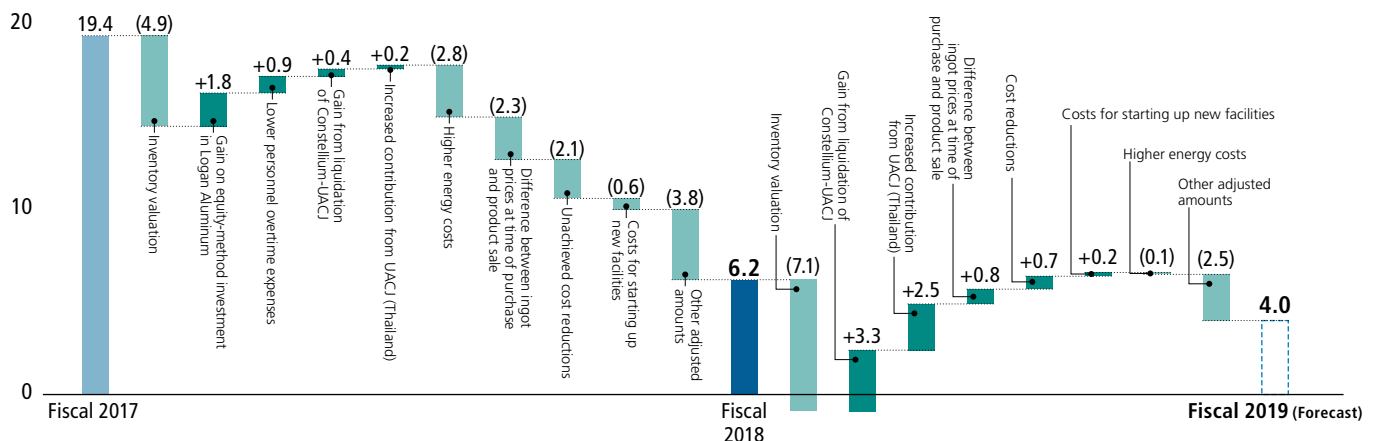
In addition to this anticipated sales growth, a number of factors are expected to contribute to profits, including the absence of one-off costs for equipment repairs incurred in fiscal 2018 and the termination of the joint venture agreement with Constellium N.V. On the other hand, worsening inventory valuation is expected to put downward pressure on profits, and conditions in the IT-device and semiconductor markets are projected to deteriorate.

Based on these and other factors, the following consolidated financial results have been forecasted for fiscal 2019: a 1.3% increase in net sales to ¥670 billion, a 32.7% decrease in operating income to ¥10.0 billion, a 35.5% decrease in ordinary income to ¥4.0 billion. (The forecast of net income attributable to owners of the parent is pending.)

Note: The forecast of net sales, operating income and ordinary income were revised in August 2019. The forecast of net income attributable to owners of parent will be disclosed when the impact of structural reforms announced in September 2019 has been fully calculated.

Factors underlying the year-on-year change and forecast of ordinary income

(Billions of yen)



Financial Results Consolidated Balance Sheets

Unit: millions of yen

	Previous fiscal year (as of March 31, 2018)	Current fiscal year (as of March 31, 2019)
Assets		
Current assets		
Cash and deposits	22,005	26,510
Notes and accounts receivable-trade	135,181	145,217
Merchandise and finished goods	39,412	38,243
Work in process	60,439	62,300
Raw materials and supplies	45,261	54,567
Other	20,193	21,528
Allowance for doubtful accounts	(30)	(73)
Total current assets	322,461	348,291
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,941	70,977
Machinery, equipment and vehicles, net	108,600	117,002
Land	115,730	114,920
Construction in progress	33,848	50,790
Other, net	7,973	9,039
Total property, plant and equipment	335,092	362,728
Intangible assets		
Goodwill	46,435	43,156
Other	14,268	12,835
Total intangible assets	60,703	55,991
Investments and other assets		
Investment securities	26,577	21,384
Retirement benefit assets	483	487
Other	28,826	18,415
Allowance for doubtful accounts	(71)	(72)
Total investments and other assets	55,816	40,214
Total non-current assets	451,610	458,933
Total assets	774,071	807,224

Note: Long-term loans had previously been presented as a separate line item under investments and other assets; however, the amount has been included in the line item, other, under investments and other assets from fiscal 2018 because it decreased to an immaterial level. Accordingly, the relevant results for fiscal 2017 have been adjusted retroactively to reflect this change.

Unit: millions of yen

	Previous fiscal year (as of March 31, 2018)	Current fiscal year (as of March 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	121,335	122,535
Short-term loans payable	61,777	61,601
Current portion of bonds	2,500	—
Current portion of long-term loans payable	50,643	45,579
Other	36,893	43,555
Total current liabilities	273,148	273,269
Non-current liabilities		
Long-term loans payable	227,417	267,901
Lease obligations	17,616	17,481
Provision for restructuring	854	318
Retirement benefit obligations	18,465	18,192
Other	28,175	23,860
Total noncurrent liabilities	292,527	327,751
Total liabilities	565,675	601,020
Net assets		
Shareholders' equity		
Capital stock	52,277	52,277
Capital surplus	80,318	80,318
Retained earnings	51,841	51,337
Treasury stock	(295)	(307)
Total shareholders' equity	184,141	183,624
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,383	1,670
Deferred gains or losses on hedges	(806)	(1,203)
Foreign currency translation adjustment	8,359	6,950
Cumulative adjustments related to retirement benefits	158	(44)
Total accumulated other comprehensive income	10,094	7,373
Non-controlling interests	14,161	15,206
Total net assets	208,396	206,204
Total liabilities and net assets	774,071	807,224

Financial Results Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

Unit: millions of yen

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net sales	624,270	661,330
Cost of sales	540,150	588,956
Gross profit	84,120	72,375
Selling, general and administrative expenses	54,915	57,506
Operating income	29,205	14,868
Non-operating income		
Gain on valuation of derivative	—	857
Interest income	941	853
Dividend income	431	444
Other	1,479	1,424
Total non-operating income	2,851	3,578
Non-operating expenses		
Interest expenses	5,213	6,740
Share of loss of entities accounted for using equity method	5,361	3,184
Other	2,075	2,321
Total non-operating expenses	12,649	12,246
Ordinary income	19,408	6,201
Extraordinary income		
Gain on transfer of equity	—	2,591
Gain on sale of investment securities	826	1,636
Gain on sale of non-current assets	512	918
Other	424	395
Total extraordinary income	1,762	5,539
Extraordinary loss		
Loss on retirement of non-current assets	841	826
Fire loss	—	374
Loss on sale of noncurrent assets	8	223
Other	628	276
Total extraordinary losses	1,478	1,700
Income before income taxes	19,692	10,041
Income taxes-current	7,138	6,337
Income taxes-deferred	(733)	1,756
Total income taxes	6,405	8,093
Net income	13,287	1,948
Net income attributable to non-controlling interests	1,034	832
Net income attributable to owners of the parent	12,253	1,116

Note: Rental income, insurance income, and valuation loss on investment securities had previously been presented as separate line items under non-operating income, extraordinary income, and extraordinary loss, respectively; however, the amounts have been included in the line item, other, under each respective income and loss category from fiscal 2018 because they decreased to immaterial levels. Accordingly, the relevant results for fiscal 2017 have been adjusted retroactively to reflect these changes.

Consolidated Statements of Comprehensive Income

Unit: millions of yen

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net income	13,287	1,948
Other comprehensive income		
Valuation difference on available-for-sale securities	(211)	(716)
Deferred gains (losses) on hedges	(170)	(586)
Foreign currency translation adjustment	213	124
Adjustments to retirement benefits	222	(446)
Share of other comprehensive income of entities accounted for using equity method	(97)	(678)
Total other comprehensive income	(44)	(2,302)
Comprehensive income	13,243	(354)
(Attributable to)		
Owners of the parent	13,171	(1,604)
Non-controlling interests	72	1,251

Financial Results Consolidated Statements of Cash Flows

Unit: millions of yen

	Previous fiscal year (From April 1, 2017 to March 31, 2018)	Current fiscal year (From April 1, 2018 to March 31, 2019)
Net cash provided by (used in) operating activities		
Income before income taxes	19,692	10,041
Depreciation and amortization	25,686	27,215
Amortization of goodwill	3,504	3,490
Equity in earnings of affiliated companies	5,361	3,184
Interest and dividends income	(1,372)	(1,298)
Interest expenses	5,213	6,740
Decrease (increase) in notes and accounts receivable-trade	(9,423)	(10,275)
Decrease (increase) in inventories	(29,046)	(9,431)
Increase (decrease) in notes and accounts payable-trade	16,812	1,301
Other	(6,396)	(5,007)
Subtotal	30,032	25,960
Interest and dividends income received	1,807	1,625
Interest expenses paid	(5,197)	(6,681)
Income taxes (paid)	(9,262)	(10,253)
Net cash provided by (used in) operating activities	17,381	10,651
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(47,289)	(46,295)
Purchase of intangible assets	(703)	(696)
Proceeds from sales of investment securities	1,938	4,346
Proceeds from equity transfer	—	11,093
Other	(5,799)	(3,395)
Net cash provided by (used in) investing activities	(51,853)	(34,947)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	10,600	(51)
Proceeds from long-term loans payable	60,123	86,478
Repayment of long-term loans payable	(48,598)	(52,269)
Payment for redemption of bonds	(2,500)	(2,500)
Cash dividends paid	(2,895)	(1,447)
Dividends paid to non-controlling interests	(256)	(205)
Sale-and-leaseback revenues	376	1,824
Proceeds from sale and installment back	730	122
Outlays for the repayment of lease obligations	(3,624)	(2,507)
Other	(412)	(474)
Net cash provided by (used in) financing activities	13,543	28,971
Effect of exchange rate change on cash and cash equivalents	598	(278)
Net increase (decrease) in cash and cash equivalents	(20,331)	4,395
Cash and cash equivalents at beginning of period	41,125	20,794
Cash and cash equivalents at end of period	20,794	25,190

Company Overview

Corporate name	UACJ Corporation
Headquarters	Tokyo Sankei Bldg., Otemachi 1-7-2, Chiyoda-ku, Tokyo 100-0004 Japan
Representative Director & President	Miyuki Ishihara
Principal business	Manufacture and sales of flat rolled products, casting products, forged products and precision-machined products of nonferrous metals, including aluminum and alloys thereof
Capital	52.277 billion yen
Number of employees (consolidated)	10,366 * As of March 31, 2019
Fiscal year end	March 31
URL	https://www.uacj.co.jp/english/

Locations

Nagoya Works	Chitose 3-1-12, Minato-ku, Nagoya-shi, Aichi 455-8670, Japan
Fukui Works	Kurome 21-1, Mikuni-cho, Sakai-shi, Fukui 913-8588, Japan
Fukaya Works	Uwanodai 1351, Fukaya-shi, Saitama 366-8511, Japan
Nikko Works	Kiyotaki Sakuragaokamachi 1, Nikko-shi, Tochigi 321-1443, Japan
Chubu Office	Kanayama Place, Kanayama 1-13-13, Naka-ku, Nagoya-shi, Aichi 460-0022, Japan
Kansai Office	Nakanoshima Mitsui Building, Nakanoshima 3-3-3, Kita-ku, Osaka-shi, Osaka 530-0005, Japan
Kyushu Branch	ACROS Fukuoka, Tenjin 1-1-1, Chuo-ku, Fukuoka-shi, Fukuoka 810-0001, Japan
Research & Development Division	Chitose 3-1-12, Minato-ku, Nagoya-shi, Aichi 455-8670, Japan
Fukui Development Office	Kurome 21-1, Mikuni-cho, Sakai-shi, Fukui 913-8588, Japan
Fukaya Development Office	Uwanodai 1351, Fukaya-shi, Saitama 366-8511, Japan
R&D Center (North America)	200 West Madison Street Suite 2150, Chicago, IL 60606, U.S.A.
R&D Center (Thailand)	INC2D-1122, 141 Thailand Science Park, Phahonyothin Road, Khlong Nueng, Khlong Luang, Pathum Thani, Thailand

Group Companies (Japan)

■ Flat Rolled Products Business

UACJ Color Aluminum Corporation
UACJ Fukaya Service Corporation
UACJ Nagoya Alupack Corporation
Sansen Co., Ltd.
Furukawa UACJ Memory Disk Co., Ltd.

■ Extrusion Business

UACJ Extrusion Corporation
UACJ Extrusion Oyama Corporation
UACJ Extrusion Nagoya Corporation
UACJ Extrusion Gunma Corporation
UACJ Extrusion Shiga Corporation
Light Metals Extrusion Development Co., Ltd.
Nihon Cooler Co., Ltd.

■ Foil Business

UACJ Foil Corporation
Nikken Co., Ltd.
UACJ Foil Sangyo Corporation
UACJ Foil Service Corporation

■ Casting and Forging Business

UACJ Foundry & Forging Corporation
HIGASHI NIHON TANZO CO., LTD.

■ Precision-machined Components Business

UACJ Metal Components Corporation
Nalco Koriyama Co., Ltd.

■ Others

UACJ Trading Corporation
Izumi Metal Corporation
KAMAKURA INDUSTRY COMPANY LIMITED
UACJ Marketing & Processing Corporation
UACJ Aluminum Center Corporation
ACE21 Corp.
Metal Cut Co., Ltd.
UACJ Logistics Corporation
UACJ Green-net Corporation

Group Companies (Overseas)

■ Flat Rolled Products Business

UACJ (Thailand) Co., Ltd. (Thailand)
 Tri-Arrows Aluminum Holding Inc. (USA)
 Tri-Arrows Aluminum Inc. (USA)
 Logan Aluminum Inc. (USA)*
 Bridgnorth Aluminium Ltd. (UK)*
 RUYUAN DONGYANGGUANG UACJ FINE ALUMINUM FOIL CO., LTD. (China)*
 UPIA Co., Ltd. (South Korea)

■ Extrusion Business

UACJ Extrusion (Tianjin) Corporation (China)
 PT. UACJ-Indal Aluminum (Indonesia)
 UACJ Extrusion (Thailand) Co., Ltd. (Thailand)
 UACJ Extrusion Czech s.r.o. (Czech Republic)

■ Foil Business

UACJ Foil Malaysia Sdn. Bhd. (Malaysia)

■ Casting and Forging Business

UACJ Foundry & Forging (Vietnam) Co., Ltd. (Vietnam)

■ Precision-machined Components Business

UACJ Metal Components North America, Inc. (USA)
 UACJ Metal Components Mexico, S.A. de C.V. (Mexico)
 UACJ Metal Components Central Mexico, S.A. de C.V. (Mexico)
 UACJ Metal Components (Thailand) Co., Ltd. (Thailand)
 P.T. Yan Jin Indonesia (Indonesia)
 UACJ (Wuxi) Aluminum Products Corporation (China)

■ Others

UACJ Automotive Whitehall Industries, Inc. (USA)
 UACJ North America, Inc. (USA)
 SHANGHAI UACJ DONGYANGGUANG ALUMINUM SALES CORPORATION (China)
 UACJ MH (Thailand) Co., Ltd. (Thailand)
 UACJ (Shanghai) Aluminum Corporation (China)
 UACJ ELVAL HEAT EXCHANGER MATERIALS GmbH (Germany)
 UACJ Trading (Thailand) Co., Ltd. (Thailand)
 UACJ Trading (Shanghai) Co., Ltd. (China)
 UACJ Trading (Kunshan) Metal Products Co., Ltd. (China)
 UACJ Trading (HongKong) Co., Ltd. (China)
 UACJ Trading (Dalian.F.T.Z.) Co., Ltd. (China)
 UACJ Trading Czech s.r.o. (Czech Republic)
 UACJ Trading (America) Co., Ltd. (USA)
 UACJ Marketing & Processing America, Inc. (USA)
 UACJ Marketing & Processing Mexico, S.A. de C.V. (Mexico)
 UACJ Australia Pty. Ltd. (Australia)
 Boyne Smelters Ltd. (Australia)*

* Equity-method affiliate

Stock Overview

Total number of shares issuable 170,000,000 shares
 Note: The number of shares issuable was revised to 170,000,000 due to the share consolidation on October 1, 2017.

Total number of shares issued and outstanding 48,328,193 shares (Including 91,347 shares of treasury stock)
 Note: The number of shares became 48,328,193 due to the share consolidation on October 1, 2017.

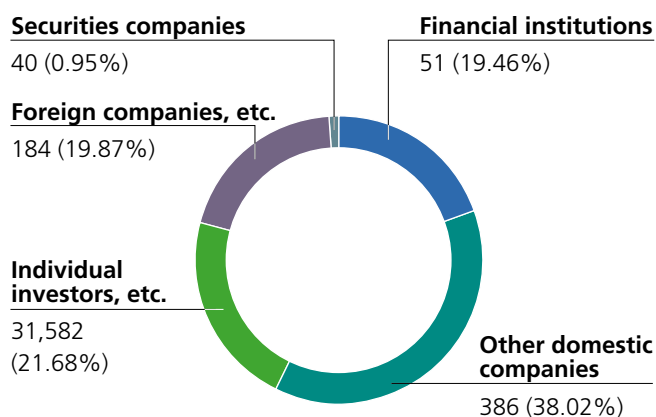
Number of shareholders 32,243

Major Shareholders

Shareholder name	Investment in company	
	Number of shares held (hundreds)	Equity position (%)
Furukawa Electric Co., Ltd.	120,365	24.95
NIPPON STEEL & SUMITOMO METAL CORPORATION	37,446	7.76
The Master Trust Bank of Japan, Ltd. (investment trust account)	18,376	3.80
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	15,450	3.20
GOLDMAN SACHS INTERNATIONAL	15,143	3.13
Japan Trustee Services Bank, Ltd. (trust account)	13,564	2.81
Japan Trustee Services Bank, Ltd. (trust account 9)	11,195	2.32
BNY GCM CLIENT ACCOUNT JPRD AC ISG(FE-AC)	8,544	1.77
The UACJ Group Employee Stock Ownership Plan	7,894	1.63
SUMITOMO CORPORATION	7,500	1.55

Note: The number of shares is shown after rounding off figures of less than 100 shares.
 Note: Calculations of equity position exclude treasury stock (91,347 shares), and figures have been rounded off below the second decimal place.
 Note: On April 1, 2019, Nippon Steel & Sumitomo Metal Corporation changed its name to Nippon Steel Corporation.

Ownership Ratio (Share ownership percentage)



Note: Percentage figures are rounded off to the second decimal point.

Questions from shareholders and investors about UACJ's business and operating environment are answered as follows.

Q How are aluminum sheets manufactured?

A First, an aluminum ingot is melted (melting process) and then impurities are removed and it is formed into a large cuboid of aluminum (slab).

For example, the length of a slab made at Fukui Works can be as wide as 2.3 meters and 10 meters long, and weigh as much as 32 tons.

Next, the slab surfaces are scraped and the slab is treated by heating to a maximum of 600°C to ensure a uniform slab temperature. The slab is then sent to a hot rolling line where a machine

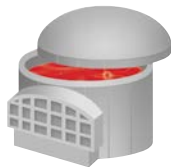
presses it into a sheet as thin as about 3mm, which is then rolled up into a coil (hot rolling).

Subsequently, sheets are further rolled by a cold-rolling machine (cold rolling) while constantly controlling the sheet thickness and flatness. The strength of the sheet is adjusted according to its application. Finally, finishing (e.g., surface treatment and coating) is applied, depending on which product it is used for, such as cans, before being delivered to the customer.

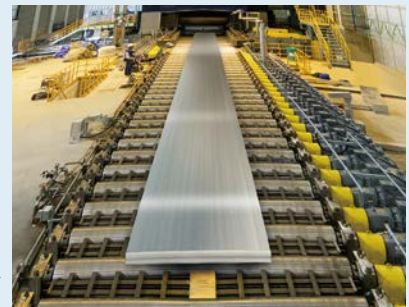
Aluminum manufacturing process



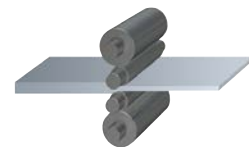
Melting



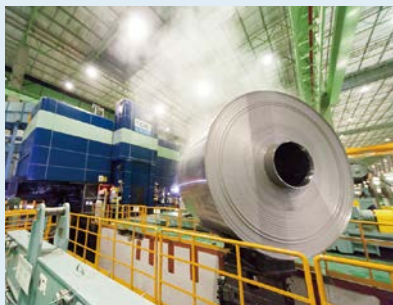
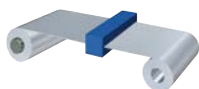
Casting



Hot mill rough rolling



Finishing inspection/packaging



Cold mill rolling



Hot mill finish rolling



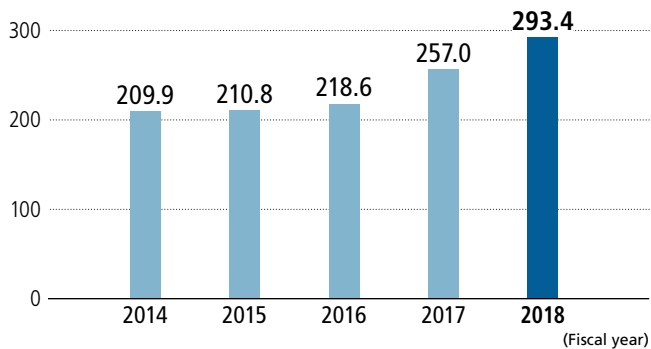
Q What is UACJ's position in the Japanese and global aluminum industries?

A With global sales volume amounting to 1,094 thousand tons in fiscal 2018, UACJ Group maintained its number-one position in Japan, and continued to operate on a scale similar to world-leading aluminum manufacturers such as Novelis Inc. and Arconic Inc.

Q What is the ratio of UACJ sales and sales volume for overseas markets?

A UACJ aimed to expand its global supply network under its previous mid-term management plan, Global Step I. By making steady progress towards that goal, the ratio of overseas sales to total sales increased from 36.7% in fiscal 2014 to 44.4% in fiscal 2018, and sales volume to overseas markets has increased every year.

Ratio of overseas sales to total sales (Billions of yen)



Q How is aluminum important for reducing the weight of automobiles, and which automobile parts are made of aluminum?

A Aluminum is lightweight—about one-third the weight of steel—as well as strong, easy to process, resistant to corrosion, thermally conductive, and recyclable. Due to those excellent properties, it has been adopted for major automobile components such as engines, transmissions, and wheels. In recent years, its applications have been growing to include automotive body sheet and frames as automakers prepare for stricter fuel efficiency

Q UACJ has substantial interest-bearing liabilities. How does the Group feel about the soundness of its financial standing?

A The Group is actively making advanced investments with an eye toward future growth based on the growth strategy stipulated in the mid-term management plan. Borrowing is therefore increasing at present, but we will soon enter the payout period. We will continue with Group management emphasizing a balance between financial soundness and investment.

Q Do fluctuations in the primary aluminum ingot price affect UACJ's business performance?

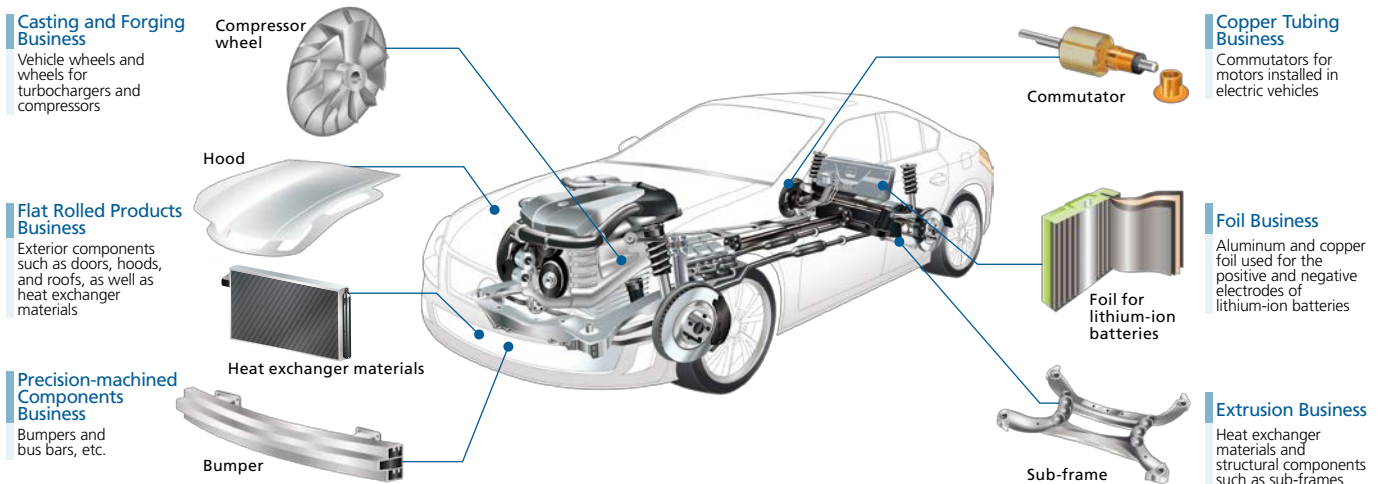
A The primary ingot prices of aluminum and copper, which are the main materials utilized throughout the Group, are always fluctuating according to the market environment. The selling prices of our products are basically "Primary ingot price + Processing fee (roll margin)," and this fluctuates in parallel with the ingot market price. As we have prior arrangements with our customers to adjust prices according to market fluctuations, business performance is not largely affected by such fluctuations.

* Please refer to the graphs on page 47 for data on ingot price trends.

Q Please explain about "inventory valuations," which are referred to in the explanatory note on profits.

A It is the profit or loss generated by the difference between the primary ingot price, the basis of UACJ's sales price and the actual price of the ingot when purchased, and the difference between UACJ's purchase price and the aggregate average shipping price of the inventory. If we purchased aluminum ingots when the price was high and the price later falls, the inventory valuation becomes negative. In contrast, if we purchased aluminum ingots when the price was low and the price rises thereafter, the inventory valuation becomes positive.

standards in various countries effective from 2020. Against that backdrop, the UACJ Group is aiming to provide solutions for reducing the weight of automobiles with aluminum, and working to supply a diverse range of automotive aluminum parts and components throughout the Group as a priority measure in its mid-term management plan that commenced in fiscal 2018.



About the cover photo

The photo shows rows of flat-rolled aluminum manufactured by UACJ (Thailand) Co., Ltd., in the summer of 2019. The company recently completed an expansion of its factory, Rayong Works, as part of a third phase of capital investment by UACJ. The expansion raised production capacity to one of the highest levels in Asia. With construction completed as planned, local employees are busily working to fully utilize the capacity with the goal of making Rayong Works one of the most productive flat-rolled aluminum factories in Asia.



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For comments or suggestions regarding this report, please use the inquiry form provided (page linked to the above URL) or contact UACJ via telephone or facsimile using one of the numbers provided above.

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