

**Briefing for Analysts and Institutional Investors on Performance in the
First Half of FY2019, the Fiscal Year Ending March 31, 2020**
(Q&A Summary)

1. Consolidated operating performance, other topics

Q) How was revenue in Japan?

A) Performance was unchanged from 2H of FY2018, including trends on sales volume. Performance was also largely unchanged on the income front, although sales of extruded products (SPE/automotive) worsened.

Q) Could you explain the factors that prompted you to revise upward your forecast of ordinary income before the impact of inventory valuations?

A) Positive performance at TAA was the main factor. Performance is up ¥2.0 billion from our August forecast.

Q) At UATH, sales volume was unchanged quarter on quarter, but income appears to have improved. Why is this?

A) The major reason was the launch of fin materials for air conditioners, which is highly profitable.

2. Status of key overseas subsidiaries

Q) I would be interested to know the ordinary income for UATH/TAA for 1H FY2019 and your forecast for the full fiscal year.

A) Ordinary income: For UATH, an ordinary loss of ¥2.8 billion in 1H FY2019
(ordinary loss of ¥3.4 billion in 2H FY2018)
For TAA, ordinary income of ¥0.7 billion in 1H FY2019
(ordinary income of ¥3.5 billion in 1H FY2018)

Full-year forecast: For UATH, an ordinary loss of ¥4.6 billion
(ordinary loss of ¥7.3 billion in FY2018)
For TAA, ordinary income of ¥3.1 billion
(ordinary income of ¥4.6 billion in FY2018)

Q) What was behind your upward revision of the forecast of ordinary income before the impact of inventory valuations from ¥7.9 billion at the time of the earnings announcement for Q1 FY2019 to ¥9.5 billion in Q2? Could you also provide qualitative information about TAA/UATH?

A) In addition to higher production levels, TAA was able to leverage its scrap facilities to curb costs as North American scrap prices fell. Also, North American demand for can materials remains tight, so we have been able to raise prices when contracts are renewed. These factors were behind the upward revisions in our income forecasts for the current fiscal year.

Performance at UATH was also on plan, with monthly production at more than 20,000 tonnes in September and October. Also, using capital investments for three fiscal years has boosted operating levels for hot rolling, and productivity increased. Sales remain favorable, thanks to a positive market environment. Our concerns are the product mix and exchange rates (appreciation of the baht).

Q) What is your performance forecast for UWH?

A) In 1H FY2019, the company benefited from new orders for bumpers and other items for next-generation models. Orders therefore increased, but the timing lagged our upfront capital investments for mass production, making current profitability difficult. We expect operating income to move into the black in 2021, and believe performance will become more favorable over the medium to long term.

Q) Please describe your profit management system and checking function at UATH.

A) We have established a venue for regularly reporting and discussing actual and forecast profits in Japan and at UATH.

3. Structural reform

Q) I would like to ask you to explain again your perspective (details) on structural reform expenses (temporary expenses and the risk of impairment losses).

A) In addition to consolidating operations at the Fukaya and Nikko works, which we have already announced, we are considering consolidations at other works. We will disclose the details of temporary structural reform expenses once they are determined.

Q) Please outline scale and procedures for the six working groups within the Structural

Reform Headquarters.

A) We are pursuing structural reforms companywide. The six working groups will proceed in an organically linked manner.

The working groups conduct companywide activities, centered on operations by dedicated staff from Structural Reform Headquarters.

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