



Aluminum lightens the world

アルミでかなえる、軽やかな世界

IR-Day

UACJ Financial Summary

Strengthening our Financial Position

June 9, 2022

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Director, Member of the Board,
Vice President



Third Mid-term Management Plan: Financial Issues and Targets

Strengthen financial position

- Reliable cash generation and resource allocation
- Build up shareholders' equity (strengthen foundations for enhancing corporate value)
- FY2021 cash flow and financial position results

Strengthen business management

- Increase permeation of invested capital efficiency as an indicator in business management/corporate operations
- Management indicators: ROE, ROIC, D/E ratio

Shareholder returns

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

FY21 Cash Flows and Financial Status

FY21 Cash Flows

Income before taxes	50.1
Depreciation and amortization (including goodwill)	34.0
Increase in working capital due to higher aluminum ingot prices, etc.	(76.3)
Total cash flows from operating activities	7.8
Capital investment, other	(21.0)
Free cash flows	(13.2)
Other cash flows from financing activities, etc.	2.9
Foreign exchange impact on interest-bearing debt	(7.1)
Decrease (increase) in cash and cash equivalents	13.8
Increase in interest-bearing debt	3.7

Funds Management Table

	Use	Procurement
Long-term funds	Capital investment (cash basis) 21.0	Profit 18.2
	General investment 13.1	(Before tax, excluding inventory effects and equity in earnings of affiliates)
	Strategic investment 7.9	Depreciation and amortization 34.0
	Long-term funds surplus 32.0	Other investment 0.8
Short-term funds	Increase in inventories 90.1	Change in receivables/payables 44.9
		Short-term funds shortfall 45.2

Long-term funds surplus 32.0 billion yen

Short-term funds shortfall 45.2 billion yen

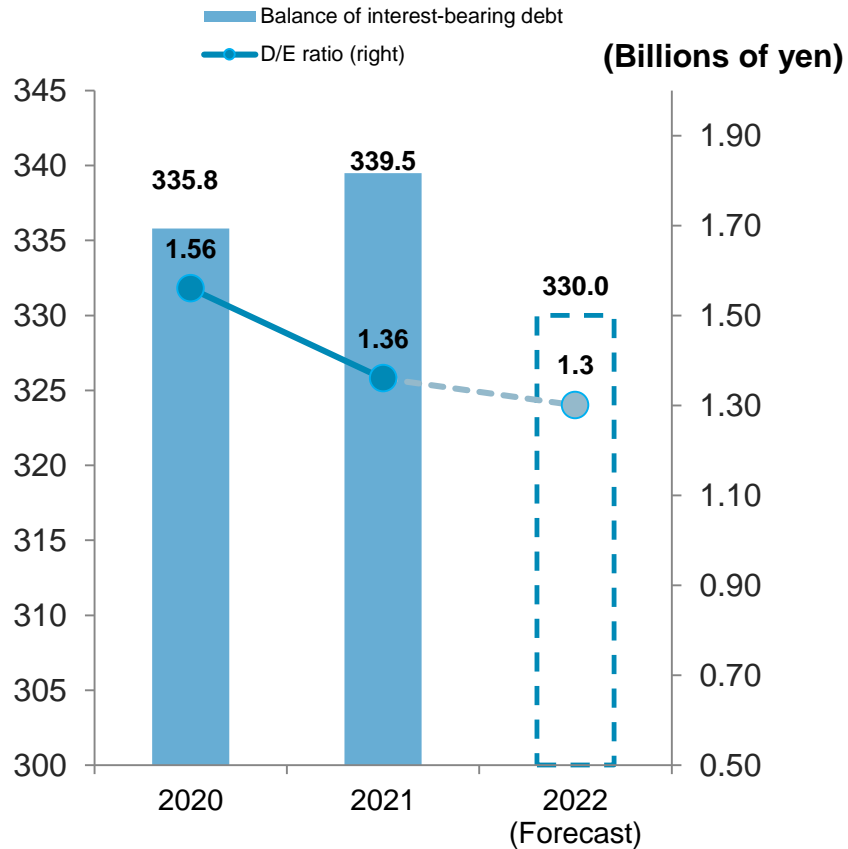
FCF (13.2 billion yen)

Long-term funds: Generation of funds that will drive strengthening of our financial position

Short-term funds: Increase in working capital due to rising aluminum ingot prices, etc.

FY21 Cash Flows and Financial Status

Interest-bearing debt and D/E ratio

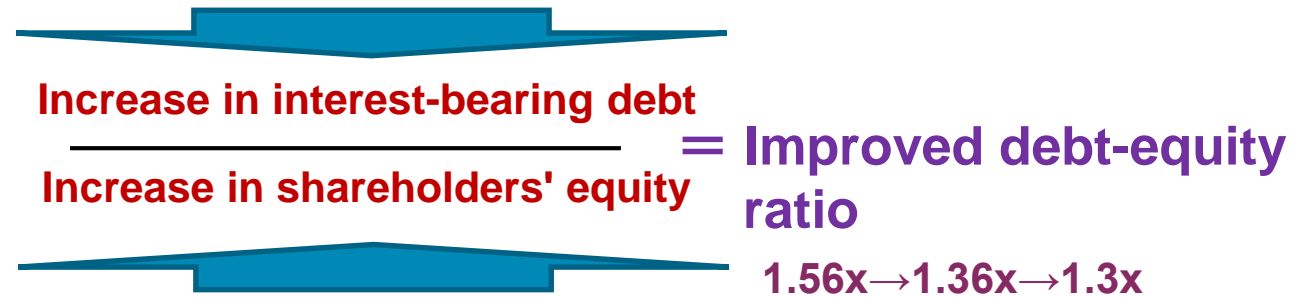


D/E ratio at the end of FY23: 1.2x

D/E ratio current target: 1x

Debt-equity ratio

- Long-term funds: Securing financial resources to improve our financial position and corporate value
- Short-term funds: Significant increase in working capital



Building up **shareholders' equity** by recording significant profits

Tools for building a stronger financial position

Interest-bearing debt

- Building capability to generate **long-term funds** to establish financial position
- Establishing a structure enabling both **stronger financial position** and **growth strategy execution**
- Explore further improvement of capital efficiency (shorten CCC)

Shareholders' equity

- Build up **shareholders' equity** = Strengthen business operating base

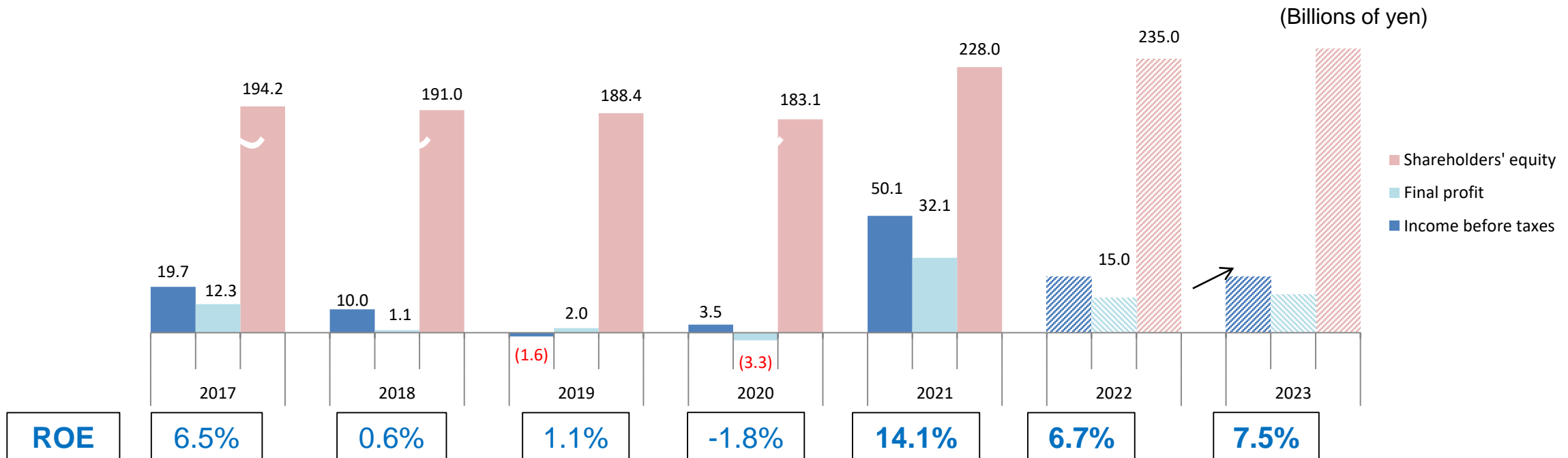
Management Indicator: Return on (Shareholder) Equity

ROE Trends (%)

- ROE makes great improvements beginning in FY21

Targets not yet reliably achievable each fiscal year

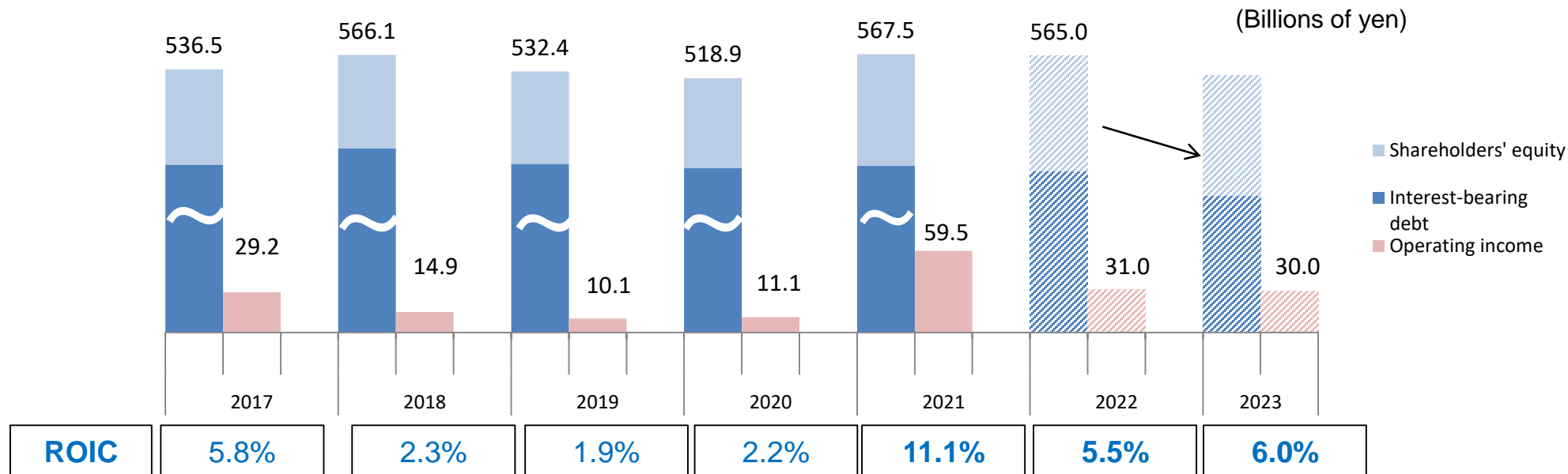
- Further improvement in profitability is necessary to reliably achieve ROE targets
- Profit targets from equity spread perspective



Management Indicator: Return on Invested Capital (ROIC/Capital Efficiency)

ROIC Trends (%)

- **ROIC**, or return on invested capital, is one of our management indicators
- Internal management: Use per-business invested capital (assets) as baseline for **setting an internal hurdle rate**, managing targets
 - ✓ Internal target capital efficiency: **WACC + α**
 - ✓ Need to increase permeation as a business management indicator and boost application to resource allocation decisions

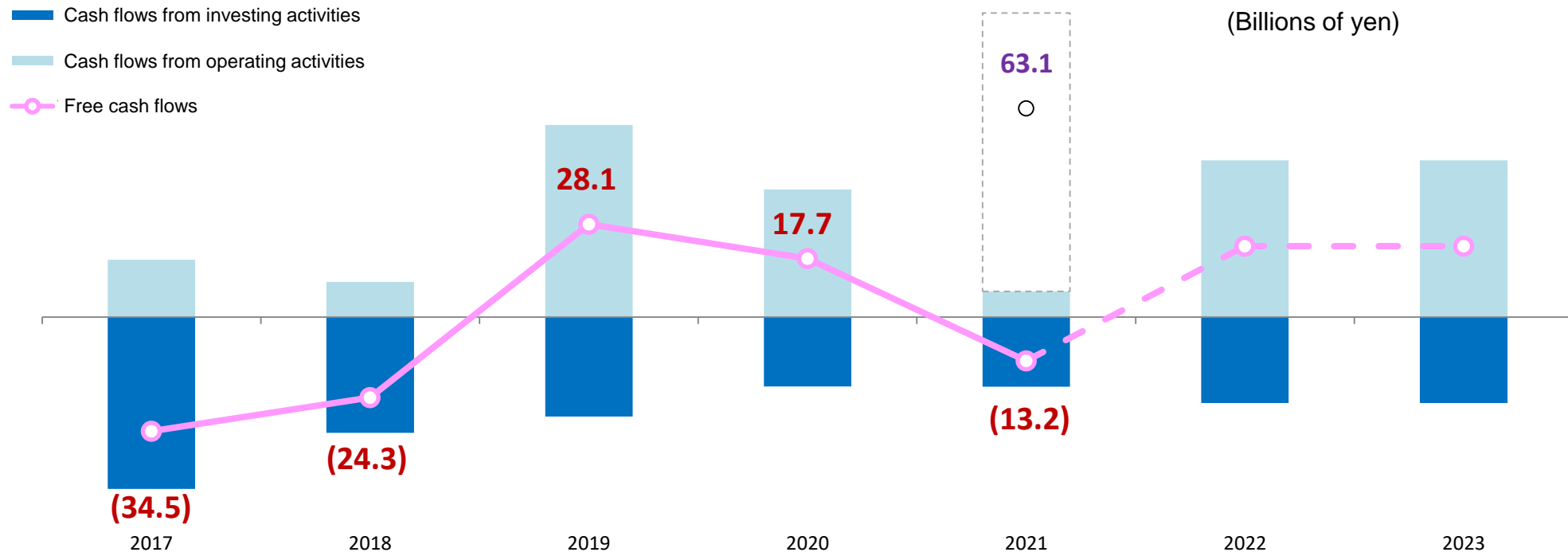


Management Indicator (Financial Position): Generating Free Cash Flows

Strengthening Financial Position

Generating free cash flows

- Booking stable profits and managing investment cash flows → Establishing the foundation for free cash flow generation
- Increase/decrease in working capital due to resource prices, expansion of business scale, etc. → Improve efficiency from a CCC perspective

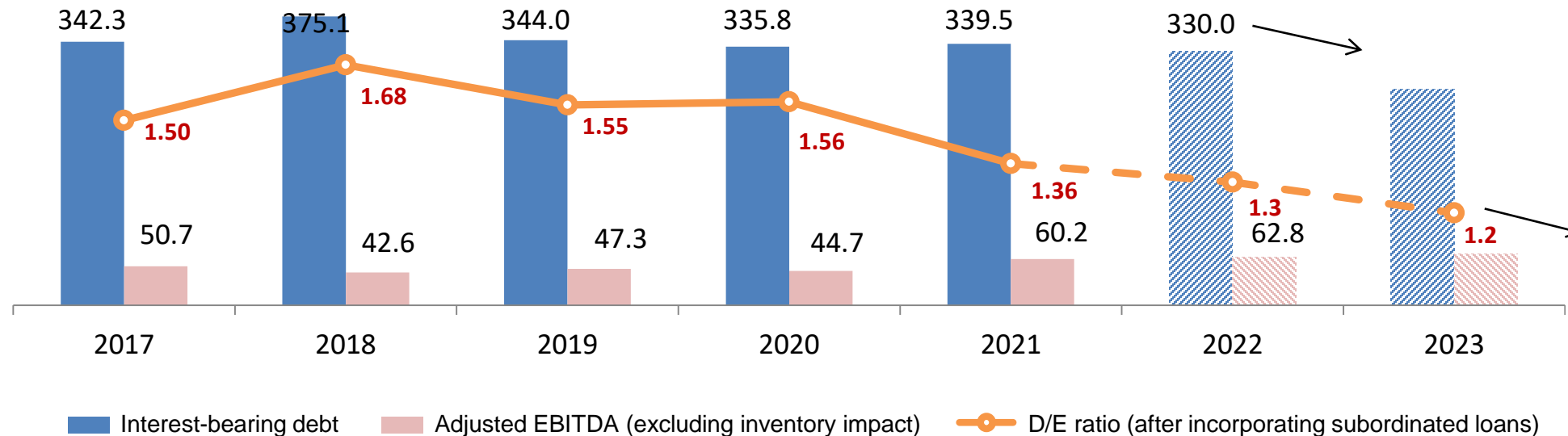


Management Indicators (Financial Position): D/E Ratio

Strengthening Financial Position

- **D/E ratio:** One of our management indicators measuring our financial position
 - Generating FCF and improving capital efficiency reduces **balance of interest-bearing debt**
 - Strengthen position by building up **shareholders' equity**, the financial foundation of corporate operations
- **Procuring funds:** Improving ability, stability, and source diversification for procuring necessary funds

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



Dialogue with Capital Markets

Improving Corporate Value

- With our business management indicators as our window to business operation and management, we will seek greater corporate value
- Reducing cost of capital

Evolving Information Disclosure Further

- Expanding and deepening (evolving) comprehensive corporate information disclosure (financial + non-financial information)
- Improving understanding of our business environment and business strategy

Shareholder Return Policy

- Return policy: Target long-term total return ratio of at least 30%
- Payout ratio: Aiming for a consolidated payout ratio of 20% to 30% and stable/consistent dividends

