



## **UACJ Corporation**

IR-Day 2025 Q&A

May 27, 2025

## Event Summary

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[Company Name]	UACJ Corporation	
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[Event Name]	IR-Day 2025 Q&A	
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[Venue]	Webcast	
[Venue Size]		
[Participants]	116	
[Number of Speakers]	9	
	Shinji Tanaka	Representative Director, President
	Keizo Hashimoto	Chief Executive, Flat Rolled Products Division, Executive Vice President
	Henry Gordinier	Senior Managing Executive Officer, CEO/President; Tri-Arrows Aluminum Inc., CEO; UACJ North America Inc.
	Tetsuya Yamada	Managing Executive Officer Member of the Board, President & CEO, UACJ (Thailand) Co., Ltd.
	Minami Takahashi	Chief Executive, Aerospace and Defense Materials Business Division Managing Executive Officer
	Kozo Okada	Executive Officer, Chief Executive, Finance and Accounting Division

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<b>[Analyst Names]*</b>	Atsushi Yamaguchi	SMBC Nikko Securities
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	Yu Shirakawa	Morgan Stanley MUFG Securities
	Harunobu Goroh	UBS Securities
	Ryunosuke Shibata	SBI SECURITIES

\*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

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## Question & Answer

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**Moderator [M]:** We will now begin the question-and-answer session.

We will take questions from everyone. Mr. Yamaguchi from SMBC Nikko Securities. Please go ahead.

**Yamaguchi [Q]:** This is Yamaguchi from SMBC Nikko Securities. Thank you very much for giving me the opportunity to ask a question. I think I learned a lot today. Let me ask a few questions.

When Furukawa Electric sold the shares, we were very grateful for your accepting these shares as buyback, which eased the shock to the market. At Furukawa Electric's briefing the other day, they said that they would like to hurry the sale as much as possible, and that they would discuss the matter with your company in that case. As an investor, I would like to know what your company's position is on this matter, as it is a very serious issue.

The second question is TAA. You mentioned earlier that there may be a little bit of metal benefit, and I would like to know more about it. Also, I believe that the new mill of Steel Dynamics Inc. will finally start operating in June, and I think it will take quite a while to start up aluminum, so I am not too worried about today or tomorrow. However, I would like to know how we should see the market environment as the supply volume will increase and the procurement of scrap will also increase. The question is simple: if there is a 3% CAGR growth, can you digest that much supply?

And aerospace. For example, there is an image that delivery to an aircraft is made after a very long period of certification before it is finally allowed in. It is same in defense or space. I would like to know how we should think about the time gap between certification and actual business, although I am not sure if it is that much of a problem in areas where you already have a share of the market.

I would like to ask these three questions.

**Tanaka [M]:** I am Tanaka. Thank you for your question. Three points were asked, the first being our company's shares as recently explained by Furukawa Electric. The second point is regarding the metal benefits of TAA and what will happen as the market grows at the same time as the new mills start up. And then the third point is the entry into aircraft. How long to get the certification and then what happens with regard to business. I think these three points that you questioned.

First, Okada will explain a little bit about the first point, the share buyback by Electric Works, and the second point is from Henry. Then Takahashi will explain about the third point. We would like to respond in this order.

**Okada [A]:** I think your question is about UACJ's thoughts on Furukawa Electric's exits. As I explained in my earlier presentation, in February we repurchased approximately 6% of our own shares. Right now, the current situation is that we are not talking about anything specific with the next share repurchase, or anything like that.

Although the UACJ's means are limited, we will continue to consider how we can deal with the situation on a day-to-day basis and consider the best response for each situation, and we will continue to work on it. This is all from myself.

**Tanaka [A]:** If I may add a little supplementary explanation, we have been having regular and proper conversations with Furukawa Electric. As it involves their situation, we would like to continue to have a conversation about the situation and take appropriate measures at the right time.

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I am unable to discuss further specifics. I hope you would understand it.

The second point is TAA and metal benefits. Henry will answer this question.

**Gordinier [A]\*:** Okay. I believe the question was around metal benefit, but more specifically, understanding how we think about metal benefit as we see new suppliers come into the market and as you have market growth. It's better. Current state's better.

It's a lot better than it was towards the end of last year, certainly. And I think there's a couple of different reasons for that. If you want to know my honesty, I think fundamentally, some of it was the buyers in the market, right? Learning and understanding how you operate under different market conditions, right? Market conditions have been really stable, widespread, for the last several years.

So the procurement strategy and how you respond – so we've changed our approach between where we were towards, as the market scrapped, as it tightened up. We just changed our approach and strategies around how we procure metal in the market intentionally. And we did it intentionally in a way that would increase supply in the short term. But at the same time, those mounting inventories put pressure on suppliers to kind of turn their cash and put more cans in the market. We saw spreads widen out some.

So there's actions that we can take in the market, but to influence it, we are going to have to learn to manage volatility and variability in the markets. And we're demonstrating we can. Current market, though, is significantly improved, and we maintain that outlook for the balance of the year.

I mean, obviously, we have a new competitor joining the market. They should be putting coil – publicly released information has them putting coil into the market sometime middle of this year, with a ramp-up to 75% of their capacity, is what they're stating, next year.

I'm not – I'm not real concerned about it. You know, quite frankly, I mean, they're a well-capitalized company, right? They've got a strong history on the steel side and on the automotive side. So from our perspective, kind of my philosophy is, winners focus on themselves, and losers focus on the competition. So it's always about turning inward to say, are we doing the right thing to enhance our business and where it is, as we see new supply come into the market and supply, as I noted, the market needs. Right. We've been in deficit. And when I look at the numbers for 2030, where we believe we're going to be, we're going to need new production in the market. So all in all, what I see is a pretty vibrant, healthy marketplace that's growing and got a new participant that's joining.

**Tanaka [M]:** Takahashi will explain the third point.

**Takahashi [A]:** Takahashi will answer. Regarding aircraft certification, for space and defense-related matters, it completes in short period of time in Japan. However, for aircraft, the certification period is said to be long, like five or 10 years.

In the past, prime manufacturers procured materials certified by aircraft manufacturers in North America. However, from the span of five or 10 years, we are trying to obtain certification this year for extrusion, and we think we will be able to do so, and for flat-rolled products, mass production will begin in the second half of 2027. That is still a long time away, but the capital investment we just mentioned will be effective for that. We are proceeding with the idea that it will be shorter.

**Tanaka [M]:** How does this relate to the timing of capital investment in quenching?

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**Takahashi [A]:** We are now trying to match the timing there. We will take action so that we can get orders and increase the items.

**Moderator [M]:** Thank you for your question, Mr. Yamaguchi. Next question is from Mr. Matsumoto, Nomura Securities Co., Ltd. Thank you.

**Matsumoto [Q]:** This is Matsumoto from Nomura Securities. Thank you very much for today. I also have three points. The first point is that in Mr. Hashimoto's explanation, there is a list of products with reduced environmental impact. Do you get a premium in price for these products? Please tell us about whether this is profitable in terms of profit and loss.

I think it is quite difficult to sell products with reduced environmental impact at a high price, but if there is such a thing, please tell us the background behind the acceptance of such products.

Secondly, regarding UATH, I think the volume for FY2025 is close to the mid-term plan, but I think the business profit is still far away from that target. In order to achieve the business profit in the mid-term plan, please tell us what will push this profit up with the current volume of FY2025.

The third point is about aerospace. Is it correct to understand that with this capital investment in quenching, the equipment restrictions that Mr. Takahashi mentioned will be eliminated with regard to flat-rolled product? I think this will probably be for the next mid-term plan, but how much another 10,000 tons will contribute to the profit? I can't imagine it, so please let me know. That is all.

**Tanaka [M]:** Thank you for your questions. I understand that there are three points. The first point is to confirm the sales price of the products with reduced environmental impact reported by Hashimoto. The second point is how UATH will achieve the medium-term plan target with the volume of FY2025. The third point is about facility constraints in aerospace and defense. We got these three questions.

Hashimoto will answer the first point, Yamada for the second point, and Takahashi for the third point.

**Hashimoto [A]:** I will start with the environmental premium. To answer your question, we have the premium.

Responding to the environment means increasing the use of recycled materials or increasing the use of hydroelectric ingots. You also need to invest in equipment. Therefore, as we explained earlier about the cycle, we need to make an investment. We ask for the understanding on this point first.

As for our premium, this actually reduces CO2 emissions. In practice, we would set a certain so-called carbon price for the tonnage, and after calculating this, we receive this as a premium. Ultimately, that is also capital investment, etc., so we are gradually starting to get premium while obtaining understanding on this point.

We understand that the scale of the investment will change as the carbon price changes in the future. We will obtain full understanding on how it works and then will proceed with the plan with your understanding. We understand that it is variable and we start from there. That is all.

**Tanaka [M]:** Mr. Yamada, please elaborate on the second point, UATH.

**Yamada [A]:** My name is Yamada from UACJ Thailand. What you pointed out is exactly right. We are almost at the maximum production capacity in terms of volume, but it does not lead to the profit.

Not to mention manufacturing aspect as well as the initiative on the marketing side to date, the most important issue is procurement. We are taking measures to deal with the global rise in prices of raw materials, especially for UBC procurement, and we are trying to expand our procurement sources and procure from

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various places, but the impact of this is still too great. In terms of the medium-term plan, the business profit for FY2025 will not quite go that far, and that is the current published figure.

However, it is not that we are satisfied with this situation. For example, on the sales front, we will negotiate with customers with whom we have already concluded contracts to raise prices again, and on manufacturing side, we need to further strengthen the measures we have been taking so far. We will continue to make efforts to secure business profits.

On the other hand, another concern is the exchange rate. In particular, the baht has appreciated very rapidly in the recent past. We are hedging our currency exposure here. That is a major concern. This is all from myself.

**Tanaka [A]:** Yamada has made some rather weak comments as the person in charge, but I would like to follow up on them. There is something about China. As you know, the loss of the value-added tax refund has led to an increase in price for the customers who ship the products from China, and as a result, inquiries to our company in Thailand have increased considerably.

In Thailand, we have relatively long-term contracts, but we also have short-term contracts. At this timing, we are conducting sales activities, including price increases. Some customers want stable delivery and stable quality, so we are working to expand our market share in those areas as well.

**Hashimoto [A]:** That is exactly where we have tailwind now. Furthermore, Shanghai bullion is very expensive in China. There seem to be some restrictions on supply as well. After the value-added tax refund policy is over, we have been revising prices for new contracts and we expect this to be reflected in our performance this year as well.

**Tanaka [M]:** The third point is in aerospace and defense. From Takahashi.

**Takahashi [A]:** I would like to talk about heat treatment equipment. We believe that there will no longer be any production restrictions for the flat-rolled products. However, based on our projected future demand, one unit may not be enough, and we may have to install a second unit by 2030 or so.

We will install this new heat treatment equipment in Fukaya and will do quenching in two places, Fukui and Fukaya. In addition to aerospace and defense materials, there is demand for semiconductor manufacturing equipment overseas, especially in Southeast Asia. This is because the American materials is not coming around and they are in trouble. We will fill this in with two kind of materials.

If so, it is anticipated that a second unit will be necessary, but we are currently at the stage where the plan for the first unit is being determined. In the short term, we believe that the installation of the first unit will also generate profit, including amortization. That is all.

**Matsumoto [M]:** Thank you.

**Moderator [M]:** Thank you for your question, Mr. Matsumoto. Next question is from Mr. Shirakawa, Morgan Stanley MUFG Securities Co., Ltd. Please go ahead.

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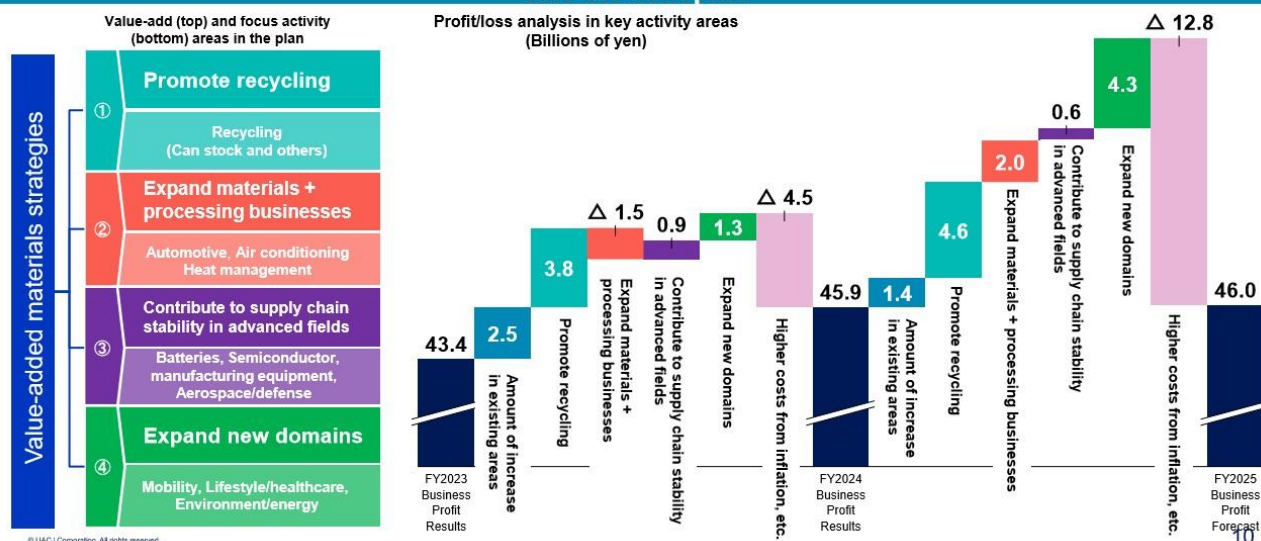
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## Progress in Strategies for Growth and Added Value

Increasing production capacity in the first half of the plan, securing earnings from the second half into the next plan



**Shirakawa [Q]:** This is Shirakawa from Morgan Stanley MUFG Securities. Thank you. I have three questions.

The first point is on page 10 of the IR-DAY 2025 presentation, which is a cross-section of the 2025 mid-term plan. I think it shows the analysis of increase/decrease in profit based on the categorization in line with the mid-term plan.

In terms of “Expand materials + processing businesses,” you mentioned about a slight delay in the automobile-related materials, and in “Higher costs from inflation, etc.,” you mentioned that the cost that was factored in originally appeared earlier than planned. On the other hand, “Promote recycling,” one of the factors for increasing profits in the medium-term plan, appears to grow substantially here.

However, I feel that there are a lot of numbers mixed up in this, so I would like to review each item again, or perhaps ask for an explanation of each item.

And secondly, I am sorry to ask again about UBC, but I would like to know again what is happening in Japan, the US, and Thailand.

I think you mentioned earlier that the reason for the upturn in the US is that the market is now more understanding, but I didn't quite understand. First of all, I don't know why it was up, and I don't think Steel Dynamics has collected this yet either, as they are about to start operations in June. The question is, why was there such a tight squeeze in the midst of this situation? And an explanation of why it is now turning around here.

Also, what is happening in Japan? I think there are some Korean companies and others that are buying various things, but also Thailand is the same. What is happening and what is the outlook? This is about UBC. That is my second question.

And thirdly, regarding Whitehall, as you indicated in your presentation, I believe that last year you were able to reduce headcounts and various other fix costs, which resulted in a profit.

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I think the main reason for the increase in profit this fiscal year is not the cost but the increase in sales volume this fiscal year. Please tell us how you plan to increase sales volume in a not so favorable EV environment. Those are my three questions. Thank you.

**Tanaka [A]:** Thank you very much. We received three questions. First point is the categorization in the growth and value-added materials strategies of the fourth medium-term management plan. I will explain about it. Then the second point is about UBC and how the price has been performing in Japan, the US and Thailand. Hashimoto will talk about the overall picture and Henry will explain the situation that is happening in the US. And the third point, regarding Whitehall, Wargner will talk about the situation, including the EV situation.

The first point is the contents of the waterfall chart of value-added materials strategy on page 10 of the document. Please let me explain. As you questioned, I think it is difficult to understand “the existing fields” and “promote recycling” from the first place. These are actually very difficult to separate, and the can stock in particular make a significant contribution here. It comes down to these two things.

Among them, can stock for which we have been receiving orders so far and whose volume has scaled up is categorized in the “existing area.” Can stock for which we were able to respond to customer needs by increasing recycling rate is categorized in “promote recycling” here.

Then there have been the recycling-related inquiries outside of cans, as Hashimoto explained earlier. The materials we increased sales by responding to these inquiries are in this category as well.

The main part of “expand materials + processing business” is automotive materials, and the automotive materials and the thermal management-related products that have grown in this business are categorized in this group.

And the fourth group is “contribute to supply chain stability in advanced fields.” This is exactly where the aerospace & defense materials division and semiconductor manufacturing equipment are categorized. The reason for the slightly smaller growth here is that the semiconductor-related products did not actually grow as much as expected this year, which is also included in this factor.

“Expand new domains” is for new business, which is not so large. There are some small new projects that are being developed, so these projects are grouped here.

There is a bit of overlap in the definition of the “existing areas” and “promote recycling”, and it is difficult to distinguish them. However, there is no duplicate. They are categorized separately. I hope you will see it in that way. This is the answer to the first question.

And the second point is the overall impression of UBC in Japan, the US, and Thailand. Hashimoto will explain.

**Hashimoto [A]:** Thank you for your question. First, there are two main reasons for the price increase. One is to increase the overall recycling rate where the consumption of UBCs has risen, as there is a need for this in society as a whole. Can stock manufacturers are targeting this and we, too, are increasing our recycling rate. Things are increasingly going in that direction as a major trend.

And two new mills will open in the US in this situation. Korea has also expanded UBC processing facilities. We do it, too. As I described, these multiple events are happening almost at the same timing, and that is one of the reasons.

The other big thing is that China will take it into the country as a reclaimed mass and bullion. This is largely because, as I mentioned earlier, some Chinese bullion has gone up quite a bit, and using such reclaimed mass and bullion will save cost. That is another major reason.

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In this situation, to diversify procurement, we are taking initiatives to broaden the range of procurement sources that have been narrowed down to a certain extent, and to make it possible to use products of slightly lower quality without any problem.

The other thing is purchasing methodology. As Henry mentioned earlier, we do not simply continue to buy even though the price has gone up, but we are also looking at the situation and devising ways to buy.

When China's Shanghai bullion rises this much as I mentioned earlier, the advantages of buying reclaimed bullion disappear. This kind of things have been happening at the same time, but things are now calming down.

In this situation, we will take such purchasing methodology or will see where it settles down as we increase the volume we use.

Individual movements tend to be quite global. When price goes up in one place, they buy from another place, and then price goes up there again. It is quite close to one-market.

Henry will explain the movement in the US.

**Gordinier [A]\*:** Like most things in life, there's never one simple explanation. But there are a lot of factors that are easy to explain. I think when you look at the improvement, it's probably about a 10-point improvement overall in terms of purchase value of UBC relative to the U.S. transaction price. Part of the reason that the spreads, we think, opened up – one factor is the U.S. transaction price is higher. So the tariff policy itself is factored into the Midwest premium. So the premium is built into the import price of metal. So the U.S. transaction total is higher. So the higher the U.S. transaction goes, that tends to widen spreads out a little bit.

So some of the tariff policy itself is supportive relative to managing input costs. So kind of one important thing. Derivative from that, though, is that with a relatively higher value for scrap in the United States, it's created an arbitrage. So what we've seen is more UBC or metal flowing into the United States as well. So spreads widened, created an arbitrage. Now you have more supply going in. That's certainly very helpful. Companies are likely doing what we're doing. Our strategy, though, has been all the way through equipment design is widen it out so I'm not dependent upon one material type. I forget.

Okay, I'll go slower. So, four things. Higher U.S. transaction price. That's led to an arbitrage, which helps increase supply. More coming in. With that, you also have, for us at least, but I'm sure others widening out the kinds of material you're using. So that's induced more supply as well. And then the fourth adjustment is what Hashimoto-san referenced, I know, in our company. We just put together a more strategic approach to how we approach the markets. We can't always project linearly what you're doing on a month-to-month basis. So you've got to figure out a way to move in the market and out of the market in an advantaged way. So I think that's also helped lend to improvement in the overall cost of raw material

**Tanaka [M]:** Wargner will respond to the third point about Whitehall's sales situation.

**Wargner [A]\*:** Thank you for your question. I think your question was about how to achieve sales growth and margin growth.

And to answer your question about increasing sales and increasing margin, we have a few new launches happening in 2025. That doesn't necessarily mean new vehicle launches. We are taking on more content in existing vehicles, increasing our revenue, and we're continuing to work on continuous improvement activities to increase our margins.

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**Moderator [M]:** Thank you for your question, Mr. Shirakawa. Now, Mr. Goroh of UBS Securities, who has raised his hand on Zoom, please continue.

**Goroh [Q]:** This is Goroh from UBS Securities. I have two points.

On page 10 of the first presentation of the explanatory material, there is a chart showing the analysis of increase/decrease in profit by factor, which Mr. Shirakawa asked about earlier. I think this is a very good and clear summary, but I would like to ask about the pink part. It is the part that says “Higher costs from inflation, etc.” In your explanation, there was an impact of various things being brought forward. I believe that there is a factor of time lag is included as well.

It seems to me that the results of the growth strategy in your mid-term management plan will be all wiped out by “Higher costs from inflation, etc.” in this plan for this fiscal year.

In that sense, some of this part will be offset automatically by the result of your company's efforts made so far on pricing system with view to the revision of roll margins. Or some part will be offset by your new effort or by premiums of high value-added products including UACJ SMART.

I believe that this will lead directly to a scenario of increased profits through the accumulation of growth strategies. I understand that in January of this fiscal year, it was determined that the roll margin would be revised in Japan to 20%. Also, in your explanation, I understand that due to the impact of the suspension of value-added tax refunds in China, margin revisions and opportunities are also emerging in Asia.

I would like to ask whether there are proper initiatives in place to offset the negative impact of the pink part. I also would like to know how you see each of the major markets with respect to Japan, Asia, and the US. I would like you to touch base on the time lag, areas that can be offset, or areas that you need to make an effort to offset, as well as the outlook for the current fiscal year and beyond.

The second point I would like to ask is the concept of volume recovery in the domestic business. It is about flat-rolled products. You mentioned that you are planning to increase the sales of can stock and that business is expanding in Europe.

The demand for automobiles and thick plates is still at a standstill, and I think that the scenario of recovering volume of them in the current medium-term plan is not necessarily going well. Will this lead to the risk of not achieving the target of the medium-term plan, including product mix? Or would the continued growth and expansion of business opportunities in the Europe be sufficient to cover the risk?

I think the theme for the US and Thailand is to reap the fruits of capacity building, but I think the focus in Japan is the recovery. Please let me know your thought on this. That’s all. Thank you.

**Tanaka [M]:** Thank you for your questions. We have received two questions. The first point is how to cover the “higher costs from inflation, etc.” shown in the waterfall chart in the growth and value-added materials strategies mentioned earlier. Then another point is the overall volume recovery, including Japan, US and Thailand. You asked whether there is any risk of not meeting the target in the medium-term plan.

On the first point, “higher costs from inflation, etc.”, Okada will make a few comments first, and I would like to make some additional comments as well.

**Okada [A]:** Okada will explain.

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The current plan factored in some of the effects of the revision of roll margin, but when expressed on the waterfall, some of the price hikes are shown in the pink area.

As for overseas, in terms of what to do with the soaring prices of recycled raw materials, although the volume will expand as you mentioned earlier, our current stance is to follow up on this point in the future.

Also, with regard to inflation, we will ensure that labor costs, etc., are covered by revisions to selling prices and other measures. In addition, overseas, we will expand the area of new orders by firmly raising prices in response to inquiries for Chinese materials in order to cover the decline. Our estimate of JPY46 billion in business profit factors in the risk.

**Tanaka [A]:** This is Tanaka. Please let me add the comment. In the medium-term plan, I think the pink part is 209 for FY2027. That is probably about the double of this figure. This includes various things of inflation that are expected to be brought forward.

In terms of whether we can cover this by revising the selling price or by charging a premium as you pointed out, of course we are thinking about that. In fact, part of it is spread and included in the existing area and other part shown in the left.

In addition, there are things that we will implement in the future, which are not included here but will be added to this going forward. We will work on the measures so that the cost increase will be lower than the target of nearly JPY20 billion for FY2027 in the medium-term plan.

As Hashimoto explained earlier, we have received considerable inquiries from customers for environmental premiums, the products and materials that reduce environmental impact, and we will receive a fair amount of premium from customers. We would like to make sure to take advantage of it to accumulate it.

In fact, there is some part that is brought forward and are becoming apparent due to time lag such as the price of UBC. We are already taking various steps, such as increasing the amount of recycling, etc., and I think we can cover the cost increase in this way.

That is all for the first question we received.

**Goroh [Q]:** You explained that the effect of the roll margin revision has been only partially incorporated in the plan since you said it in January. Is there an assumption that the roll margin revision will not go well as it was in the past? Or is there a part that can be committed to, regarding firm penetration?

**Tanaka [M]:** Hashimoto will explain including current situation.

**Hashimoto [A]:** Costs are rising overall, so we have been negotiating since January. With three or four months having been past, I think that there is an understanding for cost increases in Japan overall. If we don't deal with the cost increase properly, with a shortage of labor, there is a risk of not being able to supply products. Therefore, we gained the understanding for cost increase in the supply chain and that is the overall situation.

The price revisions announced in January are relatively modest in terms of the numbers we factored into the plan for this fiscal year. Since we have achieved understanding as I just mentioned, there will be an additional increase to that estimate in profit in that sense, so I understand that some decline will be covered.

Therefore, I believe that the recovery against the cost increase in the pink part in the waterfall chart will be increasing. That is our current situation and understanding.

**Goroh [M]:** Thank you.

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**Tanaka [M]:** Then the second point, the recovery of the volume of flat-rolled products in general. The question is whether we can achieve the figures in the medium-term plan, including Japan, the US, and Thailand, and whether there is any risk of underachievement.

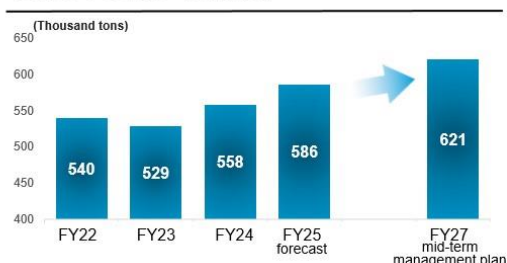
Overall, this one, too.

**Hashimoto [M]:** Now your question is for Japan. Is that correct?

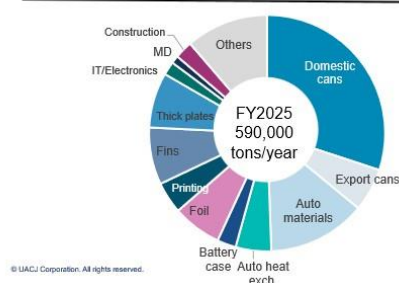
**Goroh [Q]:** Yes. Mainly in Japan.

## Domestic Flat Rolled Products Sales Plan

**Sales volume (Domestic)**



**Sales mix by product type for FY2025**



Product type		Strategy	Sales volume (FY2025)
Automotive materials	Can stock	<ul style="list-style-type: none"> <li>Create added value by promoting recycling and stimulating demand for cans</li> <li>Capture strong European can stock demand</li> </ul>	➔
	Foil	<ul style="list-style-type: none"> <li>Strengthen collaboration with customers and expand sales for batteries</li> </ul>	➔
	Body panels	<ul style="list-style-type: none"> <li>Aim to expand aluminum use</li> <li>Improve added value by reducing environmental impact, etc.</li> </ul>	➔
	Heat exchangers	<ul style="list-style-type: none"> <li>Review product mix and strengthen recycling initiatives</li> </ul>	➔
Other materials	Thick plates	<ul style="list-style-type: none"> <li>Capture recovering and expanding demand for semiconductor manufacturing equipment</li> </ul>	➔
	AC fin materials, etc.	<ul style="list-style-type: none"> <li>Review product mix and strengthen collaboration between bases in Japan and Thailand</li> </ul>	➔

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**Hashimoto [A]:** In that case, page 17 of my presentation mentions domestic volume, and I would appreciate it if you could take another look at that.

In Japan, as you can see on the left, we are engaged in a wide range of businesses, including can stock exports, domestic can stock, auto-materials, and automotive heat exchangers. We are seeing considerable increase in can stock export to Europe as I mentioned earlier. We will proceed with that by striking good balance in product mix.

As for the rest of the net domestic market, none of this is much of a decrease. For example, for automotive materials, I think there is a slight impact from tariffs, but if you exclude that, it is very steady. The application of aluminum for new products is increasing. Customers are increasing our application, so it will gradually increase.

For automotive heat exchangers, we have been able to escape from the price competition in China, including various risks associated with Chinese materials, and there is talk of an increase on the contrary. Battery cases are on the increase. The foil is also mostly battery foil, and this is also on the increase, including for consumer use. There has been no decline in printing plate materials and it is rather increasing.

And for air conditioner fin material, as I mentioned earlier, global demand for air conditioners is on the way to growth. Thick plates will grow for the application of semiconductors. And the same goes for IT materials. MD is for a data center, which will surely increase due to AI, and MD continues to increase. The construction

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and other part here refers to the industrial materials. As I mentioned, there is not much decline in these area and it is in the direction of a gradual increase.

As I mentioned earlier, if there is a large tariff-related negative impact on automotive-related materials, we will utilize that capacity in the export of can stock, so the risk of a drop in domestic volume, as you just pointed out, is currently quite small.

**Goroh [M]:** I understand very well. Thank you very much.

**Moderator [M]:** Thank you for your question, Mr. Goroh. Now, Mr. Shibata, SBI Securities Co. Please ask your questions.

**Shibata [Q]:** I am Shibata from SBI Securities. Thank you.

I understand that your company has set a target for the recycling ratio, and I can understand the appeal of improving non-financial value as this number rises. Can you tell us whether we can expect the effects of cost reduction by the increase in the recycling ratio?

**Tanaka [A]:** Thank you very much. Increase in the recycling ratio will never reduce the cost. The idea is to increase the ratio of recycled materials and provide environmental value by collecting recycled materials and improving techniques for using them.

To this end, when customers ask us for materials suitable for CO2 reduction, we collect recycled materials, or scrap, and strive to achieve this recycling rate by making the best use of them.

With that implication, it does not necessarily mean that a higher recycling rate will make this product cheaper. However, since the reduction of CO2 emissions leads to a reduction of environmental impact, I think that is what customer wants and that is why many of our customers are asking us to supply materials with a high ratio of recycled materials.

**Shibata [M]:** Thank you.

**Moderator [M]:** Thank you for your question, Mr. Shibata. This was the last question. For any further inquiries, please contact the Investor Relations Department.

This concludes the IR Day of UACJ Corporation. We will continue to strive to meet the expectations of our shareholders and other stakeholders, and we look forward to your continued support and encouragement of our company.

**Tanaka [M]:** Thank you very much.

[END]

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### **Document Notes**

1. Portions of the document where the audio is unclear are marked with [inaudible].
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