Quarterly Financial Results for the Third Quarter Ended December 31, 2017 [According to Japanese Accounting Standards] (Consolidated)

February 6, 2018

Name of Listed Company	UACJ Corporation		
Stock Exchange Listings	Tokyo		
Code Number	5741	URL	http://www.uacj.co.jp/english/
Representative	(Title)	Member of the Board, President	
	(Name)	Mitsuru Okada	
Contact Person	(Title)	General Manager, Finance and Accounting Dept.	
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Scheduled Date for Submitting Financial Statements February 14, 2018

Scheduled Date of Dividend Distribution -

Supplementary materials available on quarterly financial results : Yes

Quarterly results briefing : Yes (For institutional investors / security analysts)

Note: Figures have been rounded to the nearest million yen.

1. Consolidated Business Performance for the Third Quarter, Ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

(1) Consolidated business performance (cumulative)

(% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
Nine months ended	¥million	%	¥million	%	¥million	%	¥million	%
December 31, 2017	458,668	9.9	23,305	35.1	15,625	21.8	10,648	126.7
December 31, 2016	417,179	(2.5)	17,253	46.2	12,830	47.0	4,697	(13.5)

(Note) Comprehensive income: nine months ended December 31, 2017: ¥15,610 million (-%) ; nine months ended December 31, 2016: Negative ¥2,089 million (-%)

	Net income per share	Fully diluted net income per share
Nine months ended	¥	¥
December 31, 2017	220.66	—
December 31, 2016	109.82	—

Note: The Company conducted a 1-for-10 reverse stock split on common shares with an effective date of October 1, 2017. Accordingly, net income per share is calculated as if the reverse stock split had been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of:	¥million	¥million	%	¥
December 31, 2017	786,065	210,767	24.9	4,057.46
March 31, 2017	725,443	198,360	25.4	3,814.67

(Reference) Shareholders' equity: ¥195,743 million as of December 31, 2017, ¥184,090 million as of March 31, 2017.

Note: The Company conducted a 1-for-10 reverse stock split on common shares with an effective date of October 1, 2017. Accordingly, net income per share is calculated as if the reverse stock split had been conducted at the beginning of the previous fiscal year.

2. Dividends

	Cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual
Year ended/ending:	¥	¥	¥	¥	¥
March 31, 2017	–	3.00	–	3.00	6.00
March 31, 2018	–	3.00	–		
March 31, 2018 (Forecasts)				30.00	–

(Note) Changes in dividend forecast during the quarter under review: No

Note: The year-end dividend per share for the fiscal year ending March 31, 2018 (forecast) is calculated after taking into consideration the impact of this reverse stock split. For this reason, a "–" symbol is contained in the column for annual dividends for the year. The year-end dividend for the fiscal year ending March 31, 2018 (forecast), excluding the reverse stock split, is ¥3 yen, giving total dividends per share of ¥6 for the full year. For details, please see the section entitled "Explanations pertaining to appropriate use of information containing future forecasts."

3. Forecast for consolidated business performance in the term ending March 31, 2018
(From April 1, 2017 to March 31, 2018)

(% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	¥million	%	¥million	%	¥million	%	¥million	%	¥
Full year	630,000	10.9	30,000	16.0	22,000	11.0	14,000	60.6	290.16

Note: Revisions to consolidated business performance forecasts during the quarter under review: Yes

For details, please refer to the press release dated today (February 6, 2018), entitled "UACJ Posts share of loss of entities accounted for using equity method and Revises Operating Results Forecast."

Note: In the forecast for consolidated business performance in the full year ending March 31, 2018, net income per share takes into account the impact of the reverse stock split. For details, please see the section entitled "Explanations pertaining to appropriate use of information containing future forecasts."

Notes

(1) Changes in significant subsidiaries during the period (Changes in the scope of consolidation of specific subsidiaries): No

(2) Application of particular accounting procedures to the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in estimates, or restatements

a. Changes in accounting policies owing to revisions in accounting standards: No
b. Changes in accounting policies other than a. above: No
c. Changes in accounting estimates: No
d. Restatements: No

(4) Number of shares outstanding (common stock)

a. Number of shares issued at the end of the period (including treasury stock)
As of December 31, 2017 48,328,193 shares
As of March 31, 2017 48,328,193 shares

b. Number of shares of treasury stock at the end of the period
As of December 31, 2017 85,342 shares
As of March 31, 2017 69,759 shares

c. Average number of shares outstanding during the period (calculated cumulatively from the beginning of the fiscal year)
For the nine months ended December 31, 2017 48,251,961 shares
For the nine months ended December 31, 2016 42,764,665 shares

Note: The number of shares issued at the end of the period, the number of shares of treasury stock at the end of the period, and the average number of shares outstanding during the period are calculated as if the reverse stock split had been conducted at the beginning of the previous fiscal year.

Note: Quarterly earnings reports are exempt from quarterly reviews.

Note: Explanations pertaining to appropriate use of information concerning future forecasts
(Caution concerning forward-looking statements)

The operating results forecasts and certain other statements contained in this document are forward-looking statements, which are rationally determined based on information available to the company at the time the results were announced. Actual performance may differ substantially from these projections due to fluctuations in the economy or a variety of other known and unknown factor.

(Forecasts for dividends and consolidated business performance following the reverse stock split)

At the ordinary general meeting of shareholders on June 29, 2017, the Company obtained approval for the reverse stock split. Accordingly, the Company plans to conduct a 1-for-10 reverse stock split on common shares with an effective date of October 1, 2017. Forecasts for dividends and consolidated business performance before taking the reverse stock split into account are outlined below.

1. Dividend forecast for the year ending March 31, 2018

Dividends per share	
Year-end	¥3.00

2. Forecast of consolidated business performance for the year ending March 31, 2018

Net income per share	
Full year	¥29.02

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1. Qualitative Information on Results for the Third Quarter Ended December 31, 2017

(1) Consolidated Business Performance

During the first nine months of the fiscal year ending March 31, 2018, the worldwide economy was generally characterized by modest ongoing recovery despite uncertainties about the future outlook stemming from such factors as the running of the U.S. administration, owing to performance of economies in the United States, Europe, China and emerging markets.

The Japanese economy continued to recover gradually, owing to an ongoing rebound in corporate activity and against a backdrop of firm internal and external demand.

In this environment, net sales for the UACJ Group were up 9.9% year on year, to ¥458,668 million, affected by such factors as a rise in ingot prices and increased sales volume. On the profit front, owing to such factors as an upturn in inventory valuations, operating income grew 35.1%, to ¥23,305 million. Due to the passing of the US Tax Reform Act, the Company was affected by substantial share of loss of entities accounted for using equity method arising from the reversal of deferred tax assets at an equity-method affiliate. Nevertheless, ordinary income expanded 21.8%, to ¥15,625 million, thanks to the increase in operating income. The passing of the US Tax Reform Act also prompted a reversal of deferred tax liabilities at a consolidated subsidiary, lowering tax expenses. Partly for this reason, net income attributable to owners of the parent surged 126.7%, to ¥10,648 million.

For details regarding the share of loss of entities accounted for using equity method, please refer to the press release dated today (February 6, 2018), entitled "UACJ Posts share of loss of entities accounted for using equity method and Revises Operating Results Forecast."

Information by segment is provided below.

Rolled Aluminum Products

Looking at domestic demand in the flat-rolled products business, within sheet products, can stock demand was down year on year, as a fall in beer-related demand due to unseasonable weather from summer to autumn exceeded favorable demand for use in cans for low-alcohol beverages. However, aluminum shipment volumes were robust, due to favorable demand for use in passenger vehicles and truck beds. As a result, domestic demand was firm overall.

The Group's domestic sales volume was essentially in line with the above-stated demand trends, rising year on year in both sheet and extruded products. In particular, sales of thick plates remained at a high level, owing to demand for use in the automotive sector.

In North America, sales were down year on year, due to a surge in sales following equipment breakdowns in the preceding term. However, sales rose from our sheet rolling mill in Thailand, UACJ (Thailand) Co., Ltd., pushing up the Group's overall sales volume for rolled aluminum products slightly year on year.

As a result of these sales conditions, during the first nine months of the year sales in the rolled aluminum products business grew 10.1% year on year, to ¥365,562 million. Operating income rose 27.9%, to ¥23,741 million, due to positive inventory valuations.

Wrought Copper Products

In the wrought copper industry, the Group's sales volume of copper pipes was up due to continued strong domestic production of household air conditioners and commercial package air conditioners—the principal uses of these pipes—and domestic unit shipments of air conditioners exceeded the previous year's levels. Prices of copper ingots were up year on year during the first nine months of the year. In this environment, sales of wrought copper products increased 5.3%, to ¥33,617 million. Operating income jumped 353.9%, to ¥1,475 million, mainly due to an upturn in inventory valuations.

Precision-machined Components and Related Businesses

Due to increased orders stemming mainly from a rise in IT-related demand, as well as to higher ingot prices, in the first nine months of the fiscal year sales grew 12.8%, to ¥138,164 million, and operating income rose 21.7%, to ¥3,397 million.

(2) Consolidated Financial Position

As of December 31, 2017, net assets amounted to ¥210,767 million, up ¥12,408 million from March 31, 2017, as retained earnings grew due to the posting of net income attributable to owners of the parent.

Total assets were ¥786,065 million, up ¥60,622 million, mainly as a result of higher inventories and capital expenditures.

(3) Forecast for Consolidated Business Performance

Based on our business performance for the first nine months of the fiscal year, we have revised our forecast of consolidated business performance from the figures announced on May 10, 2017, as we now expect performance for the full fiscal year to be below our earlier expectations.

We forecast net sales of ¥630,000 million, operating income of ¥30,000 million, ordinary income of ¥22,000 million and net income attributable to owners of the parent of ¥14,000 million.

For details, please refer to the press release dated today (February 6, 2018), entitled “UACJ Posts share of loss of entities accounted for using equity method and Revises Operating Results Forecast.”

Our year-end dividend forecast of ¥30 per share remains unchanged from the previously announced figure.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2017)	Current fiscal year (as of December 31, 2017)
Assets		
Current assets		
Cash and deposits	41,242	19,241
Notes and accounts receivable-trade	126,287	144,093
Merchandise and finished goods	29,179	40,032
Work in process	42,969	62,978
Raw materials and supplies	43,764	44,785
Other	22,152	33,720
Allowance for doubtful accounts	(29)	(41)
Total current assets	305,563	344,809
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	61,516	69,257
Machinery, equipment and vehicles, net	95,953	106,972
Land	115,034	115,981
Other, net	32,964	37,958
Total property, plant and equipment	305,467	330,168
Intangible assets		
Goodwill	50,677	47,884
Other	16,713	15,275
Total intangible assets	67,390	63,159
Investments and other assets		
Investment securities	28,269	29,467
Other	18,857	18,538
Allowance for doubtful accounts	(103)	(77)
Total investments and other assets	47,023	47,929
Total noncurrent assets	419,880	441,256
Total assets	725,443	786,065

(Millions of yen)

	Previous fiscal year (as of March 31, 2017)	Current fiscal year (as of December 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	104,431	122,940
Short-term loans payable	50,592	63,573
Commercial paper	—	14,000
Current portion of bonds	2,500	2,500
Current portion of long-term loans payable	45,268	45,875
Other	34,859	36,334
Total current liabilities	237,650	285,222
Noncurrent liabilities		
Bonds payable	2,500	—
Long-term loans payable	222,964	224,143
Retirement benefit obligations	18,768	18,919
Other	45,201	47,014
Total noncurrent liabilities	289,433	290,076
Total liabilities	527,083	575,298
Net assets		
Shareholders' equity		
Capital stock	52,277	52,277
Capital surplus	80,318	80,318
Retained earnings	42,252	50,004
Treasury stock	(241)	(292)
Total shareholders' equity	174,605	182,307
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,592	3,695
Deferred losses on hedges	(661)	(847)
Foreign currency translation adjustment	6,851	9,863
Cumulative adjustments related to retirement benefits	703	725
Total accumulated other comprehensive income	9,485	13,437
Non-controlling interests	14,270	15,024
Total net assets	198,360	210,767
Total liabilities and net assets	725,443	786,065

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(First nine months of the fiscal year ending March 31, 2018)

(Millions of yen)

	FY2016 3rd Quarter (From April 1, 2016 to December 31, 2016)	FY2017 3rd Quarter (From April 1, 2017 to December 31, 2017)
Net sales	417,179	458,668
Cost of sales	361,580	394,710
Gross profit	55,599	63,958
Selling, general and administrative expenses	38,346	40,653
Operating income	17,253	23,305
Non-operating income		
Interest income	640	686
Other	1,274	1,518
Total non-operating income	1,914	2,204
Non-operating expenses		
Interest expenses	3,140	3,697
Share of loss of entities accounted for using equity method	1,138	4,736
Other	2,057	1,451
Total non-operating expenses	6,336	9,883
Ordinary income	12,830	15,625
Extraordinary income		
Gain on sale of noncurrent assets	106	388
Insurance income	—	188
Other	14	54
Total extraordinary income	120	631
Extraordinary loss		
Loss on retirement of noncurrent assets	452	425
Other	820	225
Total extraordinary losses	1,272	650
Income before income taxes	11,678	15,606
Total income taxes	6,430	4,016
Net income	5,248	11,590
Net income attributable to non-controlling interests	552	942
Net income attributable to owners of the parent	4,697	10,648

Quarterly Consolidated Statements of Comprehensive Income

(First nine months of the fiscal year ending March,2018)

(Millions of yen)

	FY2016 3rd Quarter (From April 1, 2016 to December 31, 2016)	FY2017 3rd Quarter (From April 1, 2017 to December 31, 2017)
Net income	5,248	11,590
Other comprehensive income		
Valuation difference on available-for-sale securities	1,254	1,101
Deferred gains (losses) on hedges	542	(293)
Foreign currency translation adjustment	(5,905)	2,786
Adjustments to retirement benefits	(370)	(8)
Share of other comprehensive income of entities accounted for using equity method	(2,857)	435
Total other comprehensive income	(7,337)	4,020
Comprehensive income	(2,089)	15,610
(Attributable to)		
Owners of the parent	(2,957)	14,599
Non-controlling interests	869	1,011

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on the Assumption of a Going Concern)

Not applicable

(Notes in the Event of Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Additional information)

(Revisions to deferred tax assets and deferred tax liabilities due to a reduction in the US federal income tax rate rate)

The US Tax Reform Act went into effect on December 22, 2017, lowering the federal income tax rate from 35% to 21% from January 1, 2018.

As a result, during the first nine months of the fiscal year the Company generated ¥2,149 million in share of loss of entities accounted for using equity method due to the reversal of deferred tax assets at an affiliated company accounted for under the equity method in the United States. In addition, deferred tax liabilities fell ¥4,268 million, owing to the reversal of deferred tax liabilities at a US consolidated subsidiary, and income taxes dropped ¥4,217 million.

(Segment Information, etc.)

Segment Information

I First nine months of the Fiscal Year Ended March 31, 2017 (April 1, 2016 to December 31, 2016)

Information on sales and income by reportable segment

(Millions of yen)

	Reportable Segments				Adjustments (Notes) 1	Amount recorded in the quarterly consolidated statements of income (Notes) 2
	Rolled Aluminum Products	Wrought Copper Products	Precision-machined Components and Related Businesses	Subtotal		
Net sales						
Sales to external customers	292,691	23,171	101,317	417,179	—	417,179
Intersegment sales and transfers	39,294	8,764	21,183	69,241	(69,241)	—
Total	331,985	31,935	122,501	486,421	(69,241)	417,179
Segment income	18,569	325	2,791	21,685	(4,432)	17,253

(Notes) 1. The negative ¥4,432 million adjustment to segment income includes a negative ¥16 million adjustment for inventories, negative ¥227 million in eliminations for intersegment transactions, and a negative ¥4,189 million for companywide expenses that were not allocable to individual reporting segments. Companywide expenses are general management expenses for the parent company that are not ascribed to reportable segments.

2. Segment income is adjusted to the operating income in the quarterly consolidated statements of income.

II First nine months of the Fiscal Year Ending March 31, 2018 (April 1, 2017 to December 31, 2017)

Information on sales and income by reportable segment

(Millions of yen)

	Reportable Segments				Adjustments (Notes) 1	Amount recorded in the quarterly consolidated statements of income (Notes) 2
	Rolled Aluminum Products	Wrought Copper Products	Precision-machined Components and Related Businesses	Subtotal		
Net sales						
Sales to external customers	320,690	24,001	113,977	458,668	—	458,668
Intersegment sales and transfers	44,872	9,615	24,187	78,674	(78,674)	—
Total	365,562	33,617	138,164	537,342	(78,674)	458,668
Segment income	23,741	1,475	3,397	28,614	(5,309)	23,305

(Notes) 1. The negative ¥5,309 million adjustment to segment income includes a negative ¥241 million adjustment for inventories, negative ¥246 million in eliminations for intersegment transactions, and a negative ¥4,821 million for companywide expenses that were not allocable to individual reporting segments. Companywide expenses are general management expenses for the parent company that are not ascribed to reportable segments.

2. Segment income is adjusted to the operating income in the quarterly consolidated statements of income.