Results Briefings for Fiscal 2017

May 9, 2018

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Note: FY2017 indicates the fiscal year ended March 31, 2018.

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1. FY2017 Results

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Full-Year Results for Fiscal 2017

Ordinary Income: ¥19.4 Billion (Almost Flat YoY)

- **Sales volumes: Growth in demand for can stock from UACJ Thailand (UATH*1), automotive products, and semiconductor/LCD production equipment**
- **Ordinary income: Down ¥0.4 billion, or 2.1%**

Positive

-Improvement in inventory valuation

-Improvement of UATH profit

Negative

-Increase in energy costs

-Cost increase of strategic investment at TAA*2, etc.

-Cost increase for ramping up operations at CUA*3

-Reversal of deferred tax assets for Logan*4 relative to US federal income tax cut

- **Net income*5: ¥12.3 billion (up ¥3.5 billion, +40.6%) YoY**

Positive effect due mainly to US tax reform

Annual Dividend Forecast: ¥60 per Share

- **Year-End Dividend: ¥30 per Share**

(Interim Dividend: ¥30 per Share, Year-End Dividend: ¥30 per Share)

*1: UACJ (Thailand) Co., Ltd. *2: Tri-Arrows Aluminum Inc. *3: Constellium-UACJ ABS LLC *4: Logan Aluminum Inc.
*5: Net income attributable to owners of the parent *6: After the reverse stock split in October 1, 2017

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Full-Year Results for Fiscal 2017

(Billions of Yen)

<Consolidated>	FY2016 (A)	**FY2017 (B)**	Change (B) - (A)
Net sales	568.3	**624.3**	56.0
Operating income	25.9	**29.2**	3.3
Ordinary income before inventory valuation impact	24.0	**11.3**	(12.7)
Ordinary income	19.8	**19.4**	(0.4)
Net income	8.7	**12.3**	3.5
Adjusted EBITDA	56.8	**50.7**	(6.0)

[Notes] Net income: Net income attributable to owners of the parent, Adjusted EBITDA: EBITDA-inventory valuation impact

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Sales and Operating income by Segment

(Billions of Yen)

	FY2016 (A)		FY2017 (B)		Change (B) - (A)	
	Net Sales	Operating Income	**Net Sales**	**Operating Income**	Net Sales	Operating Income
Flat-rolled products	451.3	26.8	**497.9**	**29.7**	46.7	2.9
Wrought copper products	43.2	0.7	**45.6**	**2.1**	2.4	1.4
Precision-machined components and related business	166.7	3.7	**184.6**	**4.3**	17.9	0.5
(Adjustment)	(92.9)	(5.3)	**(103.9)**	**(6.8)**	(11.0)	(1.4)
Total	568.3	25.9	**624.3**	**29.2**	56.0	3.3

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Analysis of Consolidated Ordinary Income
(FY2016 → FY2017)

¥19.8 Billion (FY2016) → ¥19.4 Billion (FY2017)

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*UWH: UACJ Automotive Whitehall Industries, Inc.

Flat-Rolled Product Sales Volume by Product Type

(Thousands of tons)

	FY2016 (A)	**FY2017 (B)**	Change (B) - (A)
Can stock	626	**602**	(24)
Foil	47	**49**	2
IT	20	**21**	1
Automotive products	104	**135**	31
Thick plates	67	**69**	1
Other general-purpose materials	158	**174**	16
Total	1,021	**1,049**	28
	For Japanese market: 518 For overseas market: 503	**For Japanese market: 529** **For overseas market: 520**	10 17

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2. FY2018 Forecast

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Full-Year Forecast for Fiscal 2018

Ordinary Income: ¥20.0 Billion (Almost Flat YoY)

- **Sales volumes: Growth in demand for can stock, automotive products**
- **Ordinary income: Up ¥0.6 billion, or 3.1%**

Positive
- -Improvement in sales
- -Cost reduction
- -Improvement of equity earnings of affiliate companies

Negative
- -Decrease in inventory valuation
- -Increase in energy costs

- **Net income: ¥10.0 billion (down ¥2.3 billion, 18.4%) YoY**

Decrease of positive effect due mainly to US tax reform in FY2017

Annual Dividend Forecast of ¥60 per Share

- **Prioritize profit increase, change dividend policy based on business performance, pay dividend once, annually, at year-end**

Target: Payout ratio 20%–30%　Total return ratio*: 30%+（Long-term）

FY2017: Interim ¥30 per Share + Year-End ¥30 per share → FY2018: Year-End ¥60 per Share

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*Sum of dividend and share buyback divided by net income attributable to owners of the parent

Full-Year Forecast for Fiscal 2018

(Billions of Yen)

<Consolidated>	FY2016 (A)	**FY2017 Forecast (B)**	Change (B) - (A)
Net sales	624.3	**670.0**	45.7
Operating income	29.2	**28.0**	(1.2)
Ordinary income before inventory valuation impact	11.3	**16.4**	5.1
Ordinary income	19.4	**20.0**	0.6
Net income	12.3	**10.0**	(2.3)
Adjusted EBITDA	50.7	**57.2**	6.5

Assumptions (FY2018):
Nikkei average price of aluminum metal of ¥ 296/kg, exchange rate of ¥110/US$, crude oil price of 60US$/B

[Notes] Net income: Net income attributable to owners of the parent, Adjusted EBITDA: EBITDA-inventory valuation impact

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Sales and Operating Income by Segment

(Billions of Yen)

	FY2017 (A)		FY2018 Forecast (B)		Change (B) - (A)	
	Net Sales	Operating Income	**Net Sales**	**Operating Income**	Net Sales	Operating Income
Flat-rolled products	497.9	29.7	**530.0**	**29.0**	32.1	(0.6)
Wrought copper products	45.6	2.1	**55.0**	**2.0**	9.4	(0.1)
Precision-machined components and related business	184.6	4.3	**200.0**	**4.0**	15.4	(0.3)
(Adjustment)	(103.9)	(6.8)	**(115.0)**	**(7.0)**	(11.1)	(0.2)
Total	624.3	29.2	**670.0**	**28.0**	45.7	(1.1)

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Analysis of Consolidated Ordinary Income
(FY2017 → FY2018 Forecast)

¥19.4 Billion (FY2017) → ¥20.0 Billion (FY2018 Forecast)

(Billions of Yen)

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Flat-Rolled Product Sales Volume by Product Type

(Thousands of tons)

	FY2017 (A)	FY2018 Forecast (B)	Change (B) - (A)
Can stock	602	**657**	56
Foil	49	**53**	4
IT	21	**25**	5
Automotive products	135	**149**	14
Thick plates	69	**52**	(17)
Other general-purpose materials	174	**179**	5
Total	1,049	**1,115**	66
	For Japanese market: 529 For overseas market: 520	For Japanese market: **538** For overseas market: **577**	9 57

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Capital Investment and Depreciation and Amortization Forecasts

Increase strategic investment mainly in UATH, TAA

(Billions of Yen)

		FY2017	FY2018 Forecast
Capital investment	General investment	14.7	**17.4**
	Strategic investment	36.5	**44.7**
	Total	51.2	**62.1**
Depreciation and amortization		25.1	**29.1**
Strategic investment and loans		3.3	**2.0**

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Key Consolidated Management Indicators

ROE improvement, due to higher net income

	As of March 31, 2017	As of March 31, 2018
Shareholders' equity (billions of yen)	184.1	**194.2**
Shareholders' equity ratio (%)	25.4	**25.1**
Interest-bearing debt (billions of yen)	323.8	**342.3**
D/E ratio* (times)	1.49	**1.50**
ROE (%)	5.0	**6.5**

*Factoring in subordinated loan

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Appendix

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Full-Year Results for Fiscal 2017

（FY2017 Forecast Revised in Q3 2017 → FY2017）

(Billions of Yen)

	FY2017 Forecast Revised in Q3 2017 (A)	FY2017 (B)	Change (B) - (A)
Net sales	630.0	**624.3**	(5.7)
Operating income	30.0	**29.2**	(0.8)
Ordinary income	22.0	**19.4**	(2.6)
Net income	14.0	**12.3**	(1.7)

[Note] Net income: Net income attributable to owners of the parent

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Analysis of Consolidated Ordinary Income
（FY2017 Forecast Revised in Q3 2017 → FY2017）

¥22.0 Billion (FY2017 Forecast revised in Q3 2017)

→ ¥19.4 Billion (FY2017)

(Billions of Yen)

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Assumptions and Sensitivities

	FY2017	FY2018 Forecast	Sensitivity on Ordinary Income
Nikkei average price of aluminum (¥/kg)	283	296	¥10/kg increase → +¥2.0–3.0 billion/year
LME ($)	2,045	2,150	$100/t increase → +¥2.2–¥3.5 billion/year
Foreign exchange (¥/$)	112	110	Almost no impact -Fuel and additional material cost: expected to become positive due to stronger yen -Rolling margin, forex conversion: expected to become positive due to weaker yen
(¥/Thai baht)	3.31	3.5	
Crude oil (Dubai: $)	57	60	$10 increase → Approx. (¥1.0–¥1.5) billion/year

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Unit Fuel Costs

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Nikkei Average Primary Ingot Price/ Standard Primary Aluminum Ingot Price

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Financial Data

(Billion Yen)		FY2014	FY2015	FY2016	FY2017	FY2018 (Forecast)
Net sales		572.5	575.7	568.3	624.3	670.0
Operating income		23.7	15.2	25.9	29.2	28.0
Ordinary income before inventory valuation impact		14.2	20.3	24.0	11.3	16.4
<Inventory valuation impact>		7.1	(8.3)	(4.2)	8.1	3.6
Ordinary income		21.3	12.0	19.8	19.4	20.0
Net income attributable to owners of the parent		8.6	5.1	8.7	12.3	10.0
Adjusted EBITDA		41.7	52.3	56.8	50.7	57.2
CAPEX	General	12.0	12.4	11.2	14.7	17.4
	Strategic	34.5	18.1	20.4	36.5	44.7
	Total	46.5	30.5	31.6	51.2	62.1
Depreciation		21.8	22.2	22.8	25.1	29.1
Strategic investment and loans		3.8	5.5	23.1	3.3	2.0
Shareholders' equity		172.3	165.0	184.1	194.2	201.6
Shareholders' equity ratio		25.4	24.9	25.4	25.1	24.7
Interest-bearing debt		295.9	289.0	323.8	342.3	380.5
D/E ratio*		1.72	1.75	1.49*	1.50*	1.63*
ROE		5.3	3.0	5.0	6.5	5.0

*Factoring in subordinated loan

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Cautionary note concerning forward-looking statements

This presentation contains various forward-looking statements that are based on current expectations and assumptions of future events. All figures and statements with respect to the future performance, projections and business plans of UACJ and its Group companies constitute forward-looking statements. Although UACJ's management believes that its expectations and assumptions are reasonable, actual results and trends in UACJ's performance could differ from those expressed or implied by figures or statements herein due to exchange rate movements fluctuations, and uncertainties in future business circumstances, and other factors.

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