

# Quarterly Financial Results for the First Quarter Ended June 30, 2018

## [According to Japanese Accounting Standards] (Consolidated)

August 1, 2018

Name of Listed Company      UACJ Corporation  
 Stock Exchange Listings      Tokyo  
 Code Number      5741      URL    <http://www.uacj.co.jp/english/>  
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 Scheduled Date for Submitting Financial Statements      August 10, 2018  
 Scheduled Date of Dividend Distribution      -  
 Supplementary materials available on quarterly financial results      : Yes  
 Quarterly results briefing      : Yes      (For institutional investors, securities analysts)

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

### 1. Consolidated Business Performance for the First Quarter, Ended June 30, 2018 (from April 1, 2018 to June 30, 2018)

#### (1) Consolidated business performance (cumulative) (% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	¥million	%	¥million	%	¥million	%	¥million	%
Three months ended June 30, 2018	171,553	12.5	8,586	(9.5)	6,806	(12.8)	2,260	(48.7)
June 30, 2017	152,494	9.9	9,487	93.0	7,809	99.7	4,401	217.3

(Note) Comprehensive income: three months ended June 30, 2018: ¥2,780 million (-23.4%) : three months ended June 30, 2017: ¥3,629 million (-%)

	Net income per share	Fully diluted net income per share
	¥	¥
Three months ended June 30, 2018	46.84	—
June 30, 2017	91.20	—

(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
	¥million	¥million	%
As of: June 30, 2018	808,350	209,433	24.1
March 31, 2018	774,071	208,396	25.1

(Reference) Shareholders' equity: ¥194,777 million as of June 30, 2018, ¥194,235 million as of March 31, 2018

## 2. Dividends

	Cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual
Year ended/ending:	¥	¥	¥	¥	¥
March 31, 2018	—	3.00	—	30.00	—
March 31, 2019	—				
March 31, 2019 (Forecasts)		—	—	60.00	60.00

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

The Company conducted a 1-for-10 reverse stock split on common shares with an effective date of October 1, 2017. Accordingly, 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. Annual dividends per share, based on calculations following the stock split, were ¥60 for the year ended March 31, 2018.

## 3. Forecast for consolidated business performance in the term ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(% 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	%	¥
First half	330,000	9.3	11,000	(30.4)	6,500	(49.2)	2,500	(63.6)	51.82
Full year	670,000	7.3	28,000	(4.1)	20,000	3.1	10,000	(18.4)	207.29

Note: Revisions to consolidated business performance forecasts during the quarter under review: No

## 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 June 30, 2018	48,328,193 shares
As of March 31, 2018	48,328,193 shares
  - b. Number of shares of treasury stock at the end of the period

As of June 30, 2018	87,157 shares
As of March 31, 2018	86,440 shares
  - c. Average number of shares outstanding during the period (calculated cumulatively from the beginning of the fiscal year)

For the three months ended June 30, 2018	48,241,380 shares
For the three months ended June 30, 2017	48,257,611 shares

Note: The Company conducted a 1-for-10 reverse stock split on common shares with an effective date of October 1, 2017. Accordingly, number of shares issued at the end of the period, number of shares of treasury stock at the end of the period, and 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.

\*These financial results are outside the scope of audit by certified public accountants or accounting auditors.

\*Explanations pertaining to appropriate use of information concerning future forecasts.  
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.

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## 1. Qualitative Information on Results for the First Quarter Ended June 30, 2018

### (1) Consolidated Business Performance

During the first three months of the fiscal year ending March 31, 2019, the worldwide economy was characterized by solid ongoing expansion in the United States and Europe, with slower levels of growth becoming entrenched in China. Emerging markets were generally in a recovery phase, with some variations by country.

The Japanese economy continued to recover modestly, with corporate production rising gently and the household sector growing gradually due to steady improvements in the employment environment.

However, entering 2018 the US government launched various protectionist trade measures, and the Chinese government responded with countermeasures, making the future outlook uncertain. We believe this situation is likely to put downward pressure on the global economy going forward.

In this environment, net sales for the UACJ Group were up 12.5% year on year, to ¥171,553 million, partly due to a rise in primary ingot prices. On the profit front, operating income fell 9.5%, to ¥8,586 million, and ordinary income declined 12.8%, to ¥6,806 million, largely due to rising energy costs. In addition, the Company posted deferred tax liabilities, leading to a rise in income taxes—deferred. Consequently, net income attributable to owners of the parent fell 48.7%, to ¥2,260 million.

Information by segment is provided below.

#### Flat Rolled Products

In the flat-rolled products business, within sheet products, domestic demand for can stock was down year on year as beer-related demand failed to increase, although demand related to low-alcohol beverages remained favorable. Meanwhile, demand was robust from the automotive sector and in relation to LCD and semiconductor fabrication equipment. However, overall sheet product sales volume was down year on year, due to falling exports. Sales of extruded products were firm, due to favorable demand for use in the automotive and general machinery sectors.

The Group's domestic sales volume was essentially in line with the above-stated demand trends, falling year on year in sheet products and remaining essentially flat for extruded products.

In North America, on the other hand, volume was up year on year due to higher demand for can stock and aluminum for automotive panels at the Logan Mill. In addition, orders for can stock rose at UACJ (Thailand) Co., Ltd. As a result, the UACJ Group's sales volume for rolled aluminum products rose year on year.

As a result of these sales conditions, first-quarter sales in the flat rolled products business grew 14.0%, to ¥138,649 million, benefiting from the rise in primary ingot prices. Operating income fell 8.2%, to ¥8,893 million, mainly because of higher energy costs.

#### Wrought Copper Products

In the wrought copper industry, the Group's sales volume of copper pipes was up due to favorable domestic production of household air conditioners and commercial package air conditioners—the principal uses of these pipes—and domestic unit shipments of air conditioners increased. These factors, plus a year-on-year increase in copper ingot prices, led to favorable overall performance.

In this environment, sales of wrought copper prices increased 8.9% year on year in the first quarter, to ¥12,709 million. Operating income rose 10.8%, to ¥694 million, mainly thanks to improvements in the product mix.

#### Precision-machined Components and Related Businesses

Due in part to higher primary ingot prices, sales of in the precision-machined components and related businesses expanded 8.2%, to ¥48,603 million. On the other hand, operating income fell 40.2%, to ¥692 million, mainly because the product mix worsened.

### (2) Consolidated Financial Position

As of June 30, 2018, net assets amounted to ¥209,433 million, up ¥1,037 million from March 31, 2018, as retained earnings grew due to the posting of net income attributable to owners of the parent.

Total assets were ¥808,350 million, up ¥34,279 million from March 31, 2018, mainly as a result of higher inventories and an increase in accounts receivable stemming from higher sales.

(3) Forecast for Consolidated Business Performance

Our business performance forecast announced on May 9, 2018, remains unchanged.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2018)	Current fiscal year (as of June 30, 2018)
Assets		
Current assets		
Cash and deposits	22,005	29,834
Notes and accounts receivable-trade	135,181	149,456
Merchandise and finished goods	39,412	37,960
Work in process	60,439	66,553
Raw materials and supplies	45,261	50,642
Other	20,193	21,317
Allowance for doubtful accounts	(30)	(31)
Total current assets	322,461	355,731
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	68,941	68,232
Machinery, equipment and vehicles, net	108,600	106,690
Land	115,730	115,866
Other, net	41,821	47,428
Total property, plant and equipment	335,092	338,215
Intangible assets		
Goodwill	46,435	45,430
Other	14,268	14,072
Total intangible assets	60,703	59,502
Investments and other assets		
Investment securities	26,577	25,949
Other	29,310	29,025
Allowance for doubtful accounts	(71)	(72)
Total investments and other assets	55,816	54,902
Total noncurrent assets	451,610	452,619
Total assets	774,071	808,350

(Millions of yen)

	Previous fiscal year (as of March 31, 2018)	Current fiscal year (as of June 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	121,335	125,529
Short-term loans payable	61,777	73,421
Commercial paper	—	20,000
Current portion of bonds	2,500	1,250
Current portion of long-term loans payable	50,643	51,667
Other	36,893	34,580
Total current liabilities	273,148	306,448
Noncurrent liabilities		
Long-term loans payable	227,417	227,264
Retirement benefit obligations	18,465	18,531
Other	46,646	46,674
Total noncurrent liabilities	292,527	292,469
Total liabilities	565,675	598,917
Net assets		
Shareholders' equity		
Capital stock	52,277	52,277
Capital surplus	80,318	80,318
Retained earnings	51,841	52,653
Treasury stock	(295)	(297)
Total shareholders' equity	184,141	184,951
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,383	2,609
Deferred losses on hedges	(806)	(599)
Foreign currency translation adjustment	8,359	7,693
Cumulative adjustments related to retirement benefits	158	122
Total accumulated other comprehensive income	10,094	9,826
Non-controlling interests	14,161	14,656
Total net assets	208,396	209,433
Total liabilities and net assets	774,071	808,350



(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Three months ended June 30, 2018)

(Millions of yen)

	FY2017 1st Quarter (From April 1, 2017 to June 30, 2017)	FY2018 1st Quarter (From April 1, 2018 to June 30, 2018)
Net sales	152,494	171,553
Cost of sales	129,343	148,780
Gross profit	23,150	22,772
Selling, general and administrative expenses	13,664	14,186
Operating income	9,487	8,586
Non-operating income		
Gain on valuation of derivatives	—	814
Other	834	744
Total non-operating income	834	1,558
Non-operating expenses		
Interest expenses	1,357	1,607
Share of loss of entities accounted for using equity method	932	924
Other	222	807
Total non-operating expenses	2,511	3,338
Ordinary income	7,809	6,806
Extraordinary income		
Insurance income	189	—
Gain on sale of investment securities	—	43
Other	16	4
Total extraordinary income	205	48
Extraordinary loss		
Loss on retirement of noncurrent assets	129	149
Loss on sale of investments securities	—	88
Inventory valuation loss	125	—
Other	3	51
Total extraordinary losses	258	289
Income before income taxes	7,756	6,565
Total income taxes	3,143	4,036
Net income	4,613	2,528
Net income attributable to non-controlling interests	212	269
Net income attributable to owners of the parent	4,401	2,260

Quarterly Consolidated Statements of Comprehensive Income

(Three months ended June 30, 2018)

(Millions of yen)

	FY2017 1st Quarter (From April 1, 2017 to June 30, 2017)	FY2018 1st Quarter (From April 1, 2018 to June 30, 2018)
Net income	4,613	2,528
Other comprehensive income		
Valuation difference on available-for-sale securities	115	225
Deferred gains (losses) on hedges	(227)	242
Foreign currency translation adjustment	(589)	124
Adjustments to retirement benefits	23	(24)
Share of other comprehensive income of entities accounted for using equity method	(306)	(315)
Total other comprehensive income	(984)	252
Comprehensive income	3,629	2,780
(Attributable to)		
Parent company shareholders	3,477	1,992
Non-controlling interests	153	789

(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)

(Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting")

The UACJ Group began applying the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the first quarter under review. As a result, deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under noncurrent liabilities.

(Segment Information, etc.)  
Segment Information

I First three months of the Fiscal Year Ended March 31, 2018 (April 1, 2017, to June 30 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-mac hined Components and Related Businesses	Subtotal		
Net sales						
Sales to external customers	107,064	8,372	37,057	152,494	—	152,494
Intersegment sales and transfers	14,608	3,295	7,854	25,757	(25,757)	—
Total	121,672	11,668	44,911	178,250	(25,757)	152,494
Segment income	9,683	626	1,158	11,467	(1,981)	9,487

(Notes) 1. The negative ¥1,981 million adjustment to segment income includes a negative ¥242 million adjustment for inventories, negative ¥78 million in eliminations for intersegment transactions, and a negative ¥1,661 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 three months of the Fiscal Year Ending March 31, 2019 (April 1, 2018 to June 30, 2018)  
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-mac hined Components and Related Businesses	Subtotal		
Net sales						
Sales to external customers	123,524	8,751	39,278	171,553	—	171,553
Intersegment sales and transfers	15,125	3,958	9,325	28,408	(28,408)	—
Total	138,649	12,709	48,603	199,961	(28,408)	171,553
Segment income	8,893	694	692	10,279	(1,693)	8,586

(Notes) 1. The negative ¥1,693 million adjustment to segment income includes a negative ¥31 million adjustment for inventories, negative ¥85 million in eliminations for intersegment transactions, and a negative ¥1,577 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.