



Results Briefing for the 3rd Quarter of Fiscal 2018

**February 6, 2019
UACJ Corporation**

1. Full-Year Forecast for Fiscal 2018

2. Results for the 3rd Quarter of Fiscal 2018

1. Full-Year Forecast for Fiscal 2018

Revised FY2018 Forecast



(Billions of Yen)

<Consolidated>	FY2017 (A)	FY2018 (Forecast in May) (B)	FY2018 (Revised) (C)	Change (C)- (B)	Change (C)- (A)
Net sales	624.3	670.0	670.0	-	45.7
Operating income	29.2	28.0	14.5	(13.5)	(14.6)
Ordinary income before inventory valuation impact	11.3	16.4	2.6	(13.8)	(8.7)
Ordinary income	19.4	20.0	6.5	(13.5)	(12.9)
Net income*	12.3	10.0	1.5	(8.5)	(10.9)
Adjusted EBITDA**	50.7	57.2	40.5	(16.7)	(10.2)

* Net income: Net income attributable to owners of the parent

** Adjusted EBITDA: EBITDA excluding the impact of inventory valuation

1. Sudden changes in business environment

Sharp drop in demand in China

- Sales decline associated with slowdown in semiconductor and IT market
- Cost increase from decreased production



Market factors	
	¥billion
Volume/product mix	(3.8)
Cost increase from decreased production	(0.3)
Total	(4.1)

2. One-off cost increase (Equipment failure, and others)

One-off cost increase

- Impact from equipment failure
- Cost increase to boost product quality in accordance with equipment start-up



One-off factors	
	¥billion
Equipment failure	(1.5)
Cost increase to boost quality	(0.9)
Others	(0.8)
Total	(3.2)

3. Shortfall in cost reduction

- Investment in human resources in growth areas
- Cost increase for human resource expenses in accordance with increasing fluctuation of orders
- Slowdown in production efficiency due to natural disasters



Shortfall in cost reduction	
	¥billion
Total	(3.3)

2019 Outlook

- Resolve one-off factors causing profit decline
- CUA^{*1} JV dissolution
- Positive effect from increased capacity at TAA^{*2}
- Improvement of UATH^{*3} profitability
- Improvement of domestic business

Annual Dividend

- Maintain ¥60 per share for annual dividend based on our policy of paying stable and sustainable dividends

**Annual dividend
¥60 yen per share
(Forecast)**

*1 : Constellium-UACJ ABS LLC *2: Tri-Arrows Aluminum Inc. *3: UACJ (Thailand) Co., Ltd.

2. Results for the 3rd Quarter of Fiscal 2018

Ordinary Income: ¥7.1 Billion (Down ¥8.5 Billion yoy)

Sales Volume: Up yoy

- Growth in demand for can stock from UACJ Thailand (UATH^{*1}) , Tri-Arrows (TAA^{*2}), and automotive products

Ordinary Income: Down ¥8.5 billion, or 54.4%

Positive

- Improve in equity-method investment at Logan (US tax reform)
- Resolve one-off payment of human resource costs
- Improve UATH business

Negative

- Decline in sales due to sudden changes in business environment (Slowdown in China economy / trade friction between US and China)
- Increase in temporary cost of depreciation from strategic investment at TAA
- Increase in energy costs

FY2018 Q3 Results (Cumulative Total)



(Billions of yen)

<Consolidated>	3rd Quarter of Fiscal 2017 (A)	3rd Quarter of Fiscal 2018 (B)	Change (B)-(A)
Net sales	458.7	497.4	38.8
Operating income	23.3	13.9	(9.4)
Ordinary income before inventory valuation impact	9.4	1.3	(8.1)
Ordinary income	15.6	7.1	(8.5)
Net income*	10.6	1.2	(9.4)
Adjusted EBITDA**	38.7	31.1	(7.7)

* Net income: Net income attributable to owners of the parent

** Adjusted EBITDA: EBITDA excluding the impact of inventory valuation

Sales and Operating Income by Segment (Cumulative Total)



(Billions of yen)

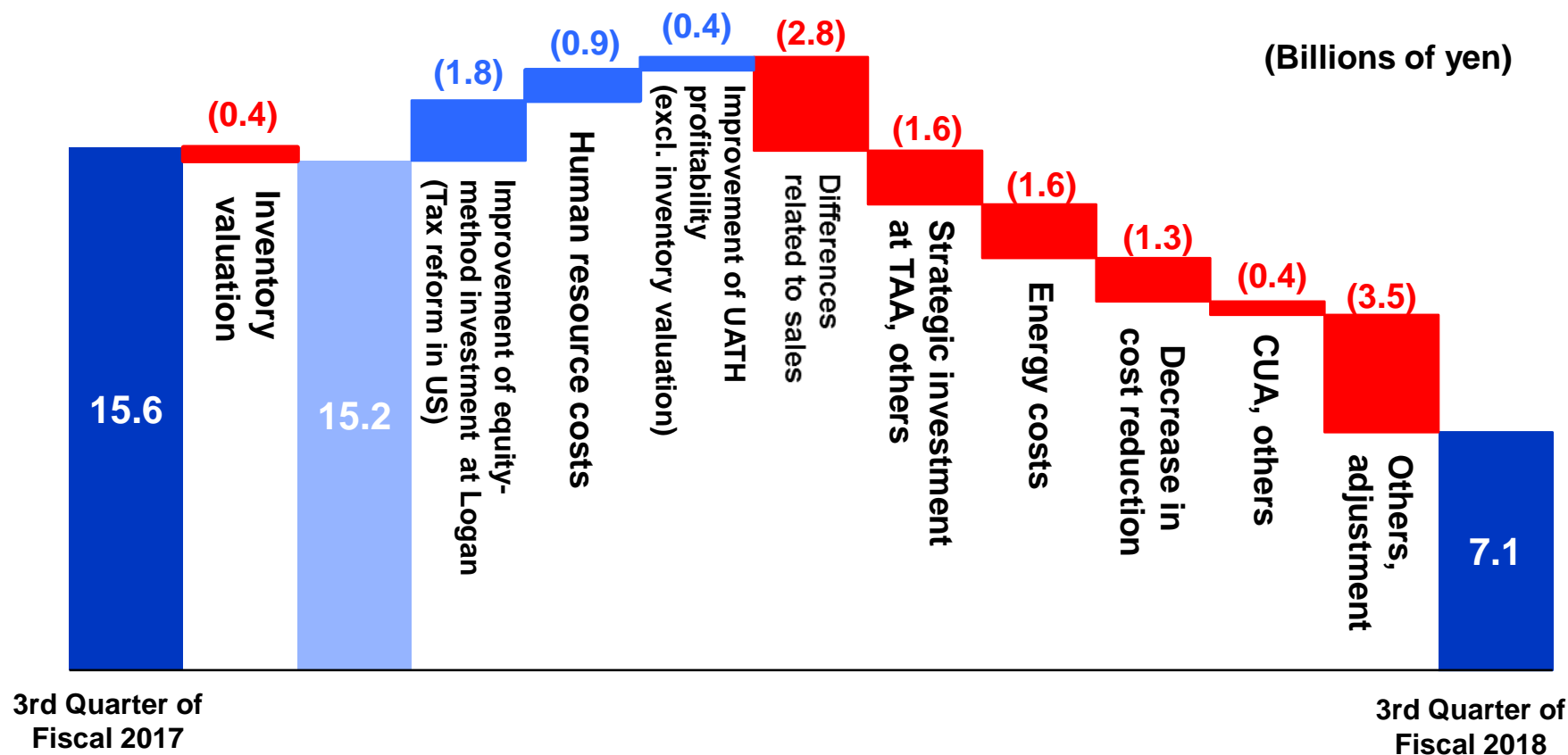
<Consolidated>	3rd Quarter of Fiscal 2017 (A)		3rd Quarter of Fiscal 2018 (B)		Change (B)-(A)	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Flat-rolled products	365.6	23.7	400.4	15.5	34.8	(8.2)
Wrought copper products	33.6	1.5	35.9	1.4	2.3	(0.1)
Precision-machined components and related business	138.2	3.4	147.5	2.4	9.3	(1.0)
(Adjustment)	(78.7)	(5.3)	(86.3)	(5.4)	(7.6)	(0.1)
Total	458.7	23.3	497.4	13.9	38.8	(9.4)

Analysis of Consolidated Ordinary Income (Accumulated total) (Q3 of Fiscal 2017→Q3 of Fiscal 2018)



¥15.6 Billion (Q3 of Fiscal 2017)

→ ¥7.1 Billion (Q3 of Fiscal 2018)



2018 Flat-Rolled Product Sales Volume by Product Type (Cumulative Total)



(Thousands of tons)

	3rd Quarter of Fiscal 2017 (A)	3rd Quarter of Fiscal 2018 (B)	Change (B)-(A)
Can stock	442	491	49
Foil	37	39	3
IT	17	12	(5)
Automotive products	97	109	12
Thick plates	52	32	(20)
Other general- purpose materials	127	129	2
	772	813	41
Total	For Japanese market: 400	For Japanese market: 382	(18)
	For overseas market: 372	For overseas market: 430	58

Appendix

FY2018 Forecast by segment



(Billions of yen)

	FY2016 (A)		FY2017 (Forecast in May) (B)		FY2017 (Revised) (C)		Change (C) - (B)		Change (C) - (A)	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Flat-rolled products	497.9	29.7	530.0	29.0	530.0	17.0	0.0	(12.0)	32.1	(12.7)
Wrought copper products	45.6	2.1	55.0	2.0	50.0	2.0	(5.0)	0.0	4.4	(0.1)
Precision-machined components and related business	184.6	4.3	200.0	4.0	200.0	3.0	0.0	(1.0)	15.4	(1.3)
(Adjustment)	(103.9)	(6.8)	(115.0)	(7.0)	(110.0)	(7.5)	5.0	(0.5)	(6.1)	(0.7)
Total	624.3	29.2	670.0	28.0	670.0	14.5	0.0	(13.5)	45.7	(14.7)

2018 Flat-Rolled Product Sales Volume by Product Type (Revised)



(Thousands of tons)

	FY2017 (A)	FY2018 (Forecast in May) (B)	FY2018 (Revised) (C)	Change (C)- (B)	Change (C)- (A)
Can stock	602	657	664	6	62
Foil	49	53	51	(1)	2
IT	21	23	16	(7)	(5)
Automotive	135	149	148	0	14
Thick plates	69	52	41	(11)	(28)
Other general- purpose materials	174	179	176	(3)	2
Total	1,049	1,112	1,096	(16)	47
	For Japanese market: 529 For overseas market: 520	For Japanese market: 538 For overseas market: 575	For Japanese market: 508 For overseas market: 589	(30) 14	(21) 68

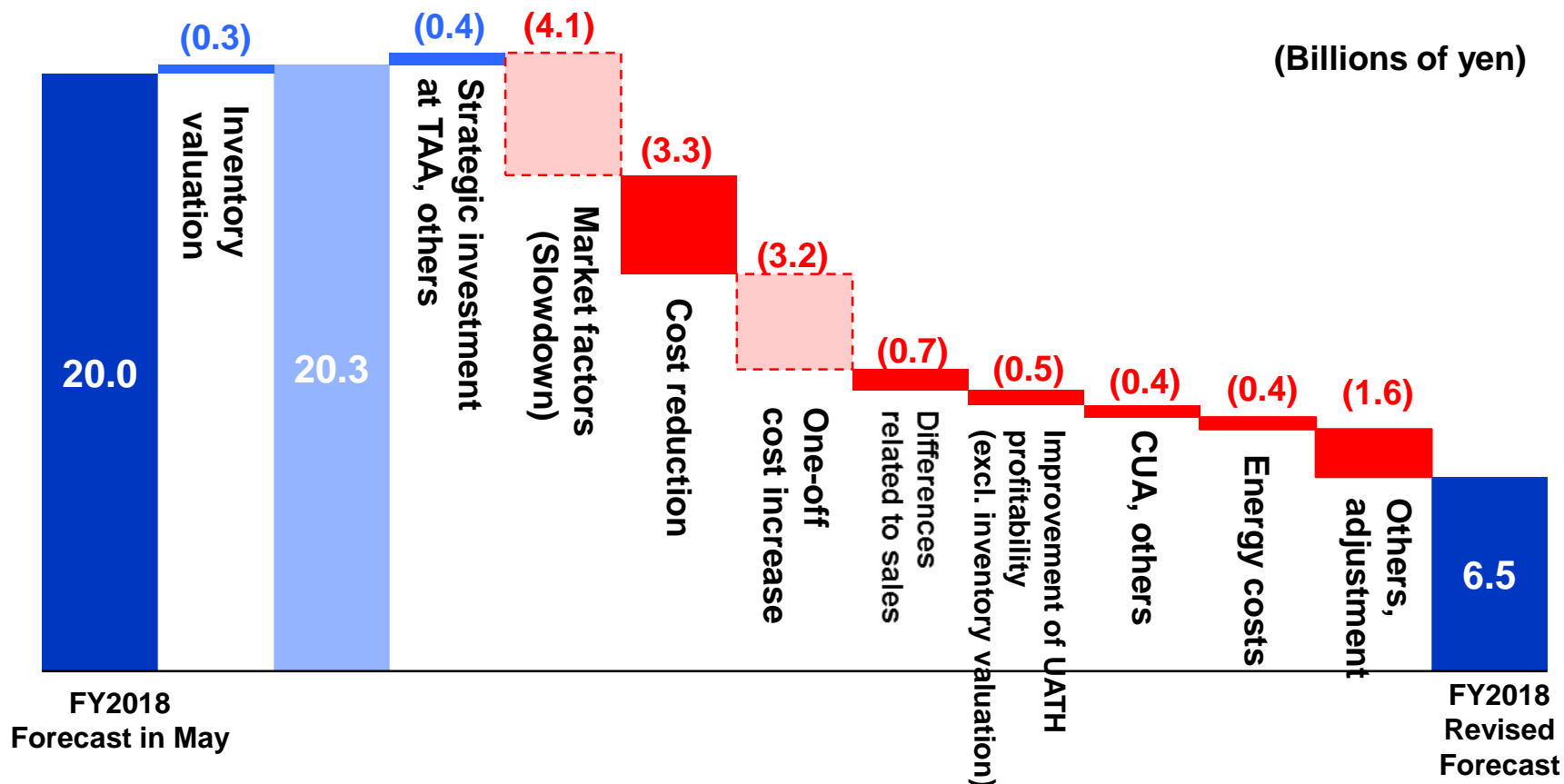
Analysis of Consolidated Ordinary Income

(Previous FY2018 Forecast in May → Revised FY2018 Forecast)



¥20.0 Billion (Previous FY2018 Forecast in May)

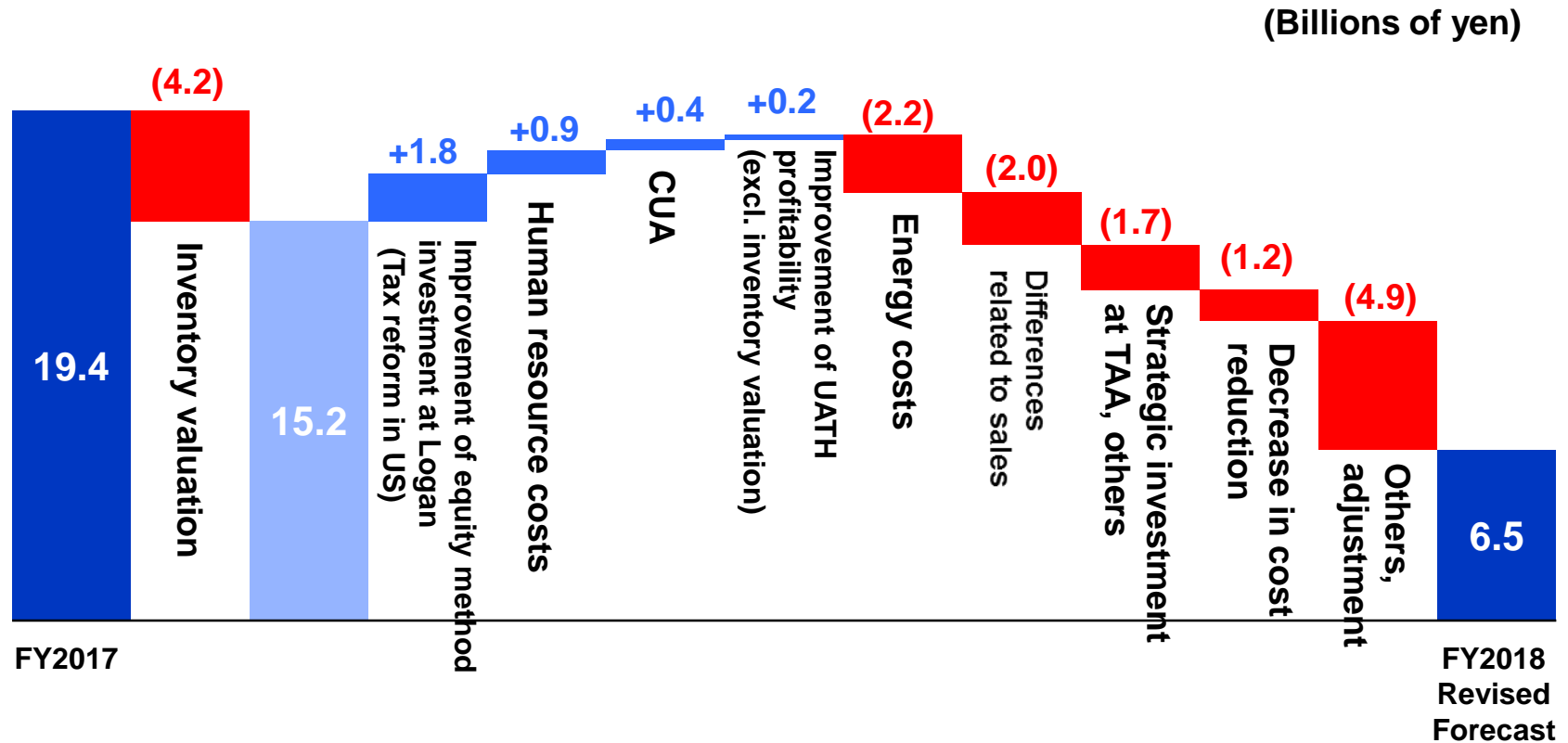
→ ¥6.5 Billion (Revised FY2018 Forecast)



Analysis of Consolidated Ordinary Income (FY2017 → Revised FY2018 Forecast)



¥19.4 Billion (FY2017) → ¥6.5 Billion (FY2018 Revised Forecast)



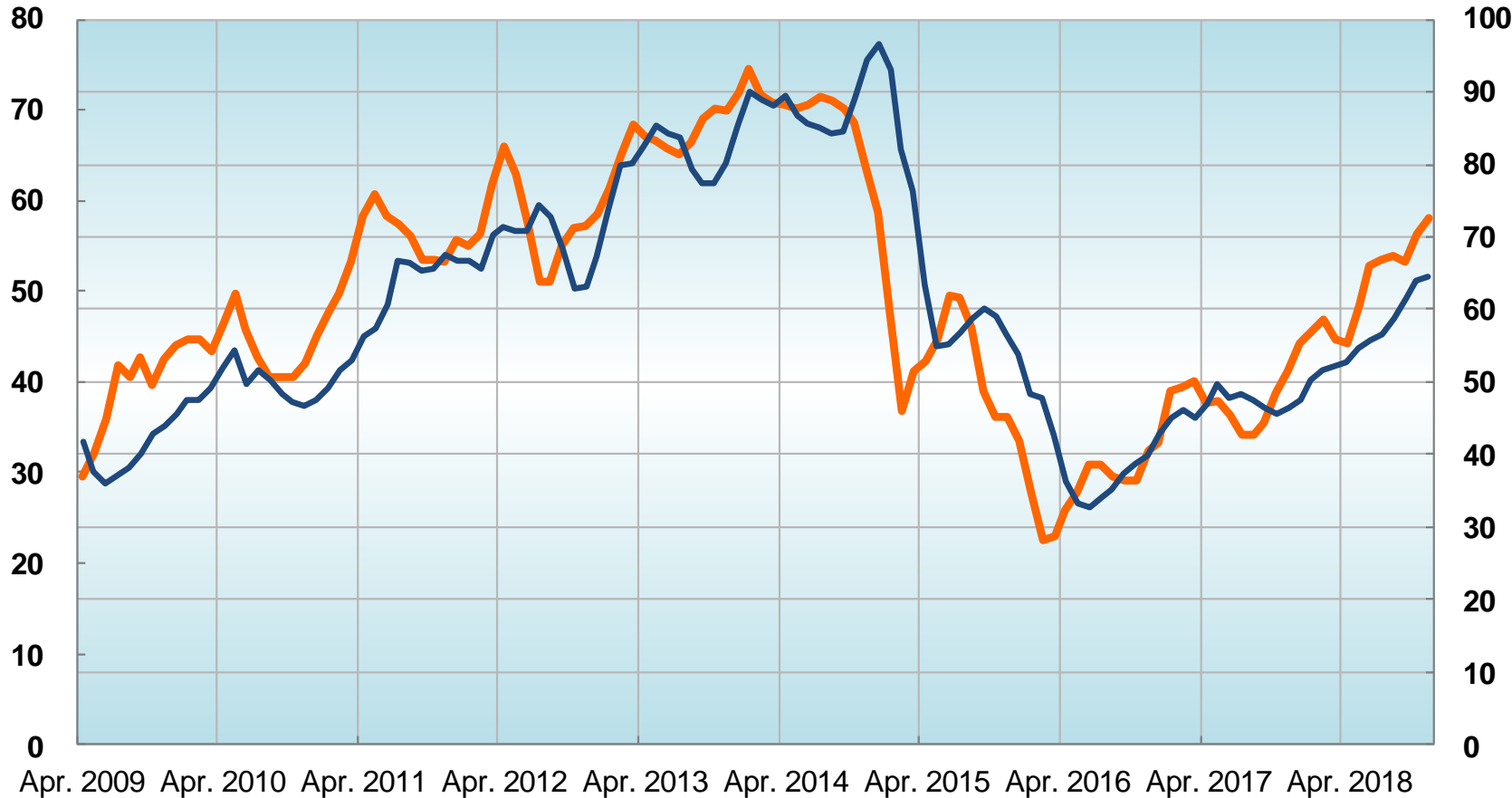
Assumptions and Sensitivities

	FY2017	FY2018 (Q3 Avg.)	Sensitivity on Ordinary Income
Nikkei average price of aluminum (¥/kg)	283	283	¥10/kg change → +¥2.0–3.0 billion/year
LME (\$)	2,045	2,030	\$100/t change → +¥2.2–¥3.5 billion/year
Foreign exchange (¥/\$)	112	111	Almost no impact
(¥/Thai baht)	3.31	3.4	-Fuel and additional material cost: become positive by stronger yen -Rolling margin, forex conversion: become positive by weaker yen
Crude oil (Dubai: \$)	57	72	\$10 change → Approx. (¥1.0–¥1.5) billion/year

Unit Fuel Costs

Crude Oil CIF
(Yen/L)

LNG CIF
(Yen/kg)

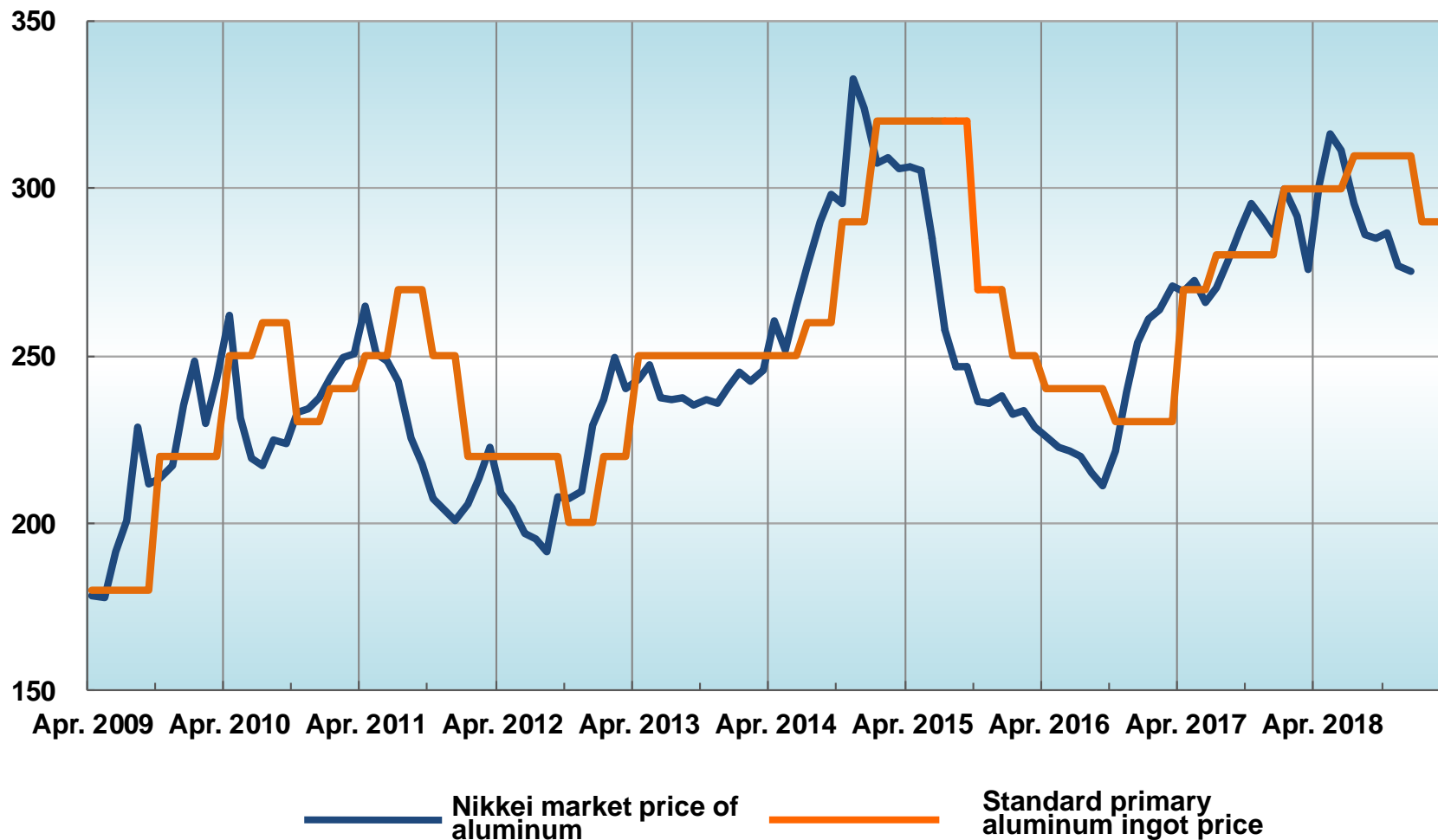


— LNG CIF (Yen/kg)

— Crude Oil CIF (Yen/L)

Nikkei Average Primary Ingot Price/ Standard Primary Aluminum Ingot Price

(Yen/kg)



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(Tokyo Stock Exchange, First Section, Code: 5741)