Results Briefing for the 1st Quarter of Fiscal 2019

August 1, 2019

UACJ Corporation

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1. Results for the 1st Quarter of Fiscal 2019

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Ordinary Loss: ¥0.1 Billion (Down ¥6.9 Billion YoY)

Sales Volume: Up YoY

- **Growth in demand for can stock in Japan, from UATH*1 (Thailand) and TAA*2 (United States)**
- **Increase in demand for automotive products**

Ordinary income: Down ¥6.9 billion, or 2.0%

Positive

- Improvement in equity-method investment due to CUA*3 JV dissolution
- Improvement in UATH's performance

Negative

- Decline in income due to the impact of inventory valuation
- Decrease in sales as a result of deterioration in the operating environment (Chinese economic slowdown, US–China trade friction, etc.)
- Rising energy costs

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

Q1 FY2019 Results

(Billions of yen)

<Consolidated>	Q1 FY2018 (A)	Q1 FY2019 (B)	Change (B)-(A)
Net sales	171.6	**159.8**	(11.8)
Operating income	8.6	**1.3**	(7.3)
Ordinary income before inventory valuation impact	2.7	**1.6**	(1.1)
Ordinary income	4.1	**(1.7)**	(5.8)
Net income*	6.8	**(0.1)**	(6.9)
Adjusted EBITDA**	2.3	**(1.6)**	(3.9)
Net sales	12.1	**10.7**	(1.4)

*** Net income: Net income attributable to owners of the parent**
**** Adjusted EBITDA: EBITDA excluding the impact of inventory valuation**

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Sales and Operating Income by Segment

(Billions of yen)

	Q1 FY2018 (A)		**Q1 FY2019 (B)**		Change (B)-(A)	
	Net Sales	Operating Income	**Net Sales**	**Operating Income**	Net Sales	Operating Income
Flat-rolled products	138.6	8.9	**128.9**	**2.4**	(9.8)	(6.5)
Wrought copper products	12.7	0.7	**12.4**	**0.3**	(0.4)	(0.4)
Precision-machined components and related business	48.6	0.7	**48.9**	**0.2**	0.3	(0.5)
(Adjustment)	(28.4)	(1.7)	**(30.3)**	**(1.6)**	(1.9)	0.1
Total	171.6	8.6	**159.8**	**1.3**	(11.8)	(7.3)

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Analysis of Consolidated Ordinary Income
(Q1 FY2018 → Q1 FY2019)

¥6.8 billion (Q1 FY2018)→ - ¥0.1 billion (Q1 FY2019)

(Billions of yen)

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* UWH: UACJ Automotive Whitehall Industries, Inc.

Sales Volume, Flat Rolled Products

(Thousands of tons)

	Q1 FY2018 (A)	**Q1 FY2019 (B)**	Change (B)-(A)
Can stock	165	**175**	10
Foil	13	**11**	(2)
IT	4	**4**	0
Automotive materials	35	**39**	4
Thick plates	15	**8**	(6)
Other general-purpose materials	48	**54**	6
Total	280	**292**	12
	For Japanese market: 138 For overseas market: 142	**For Japanese market: 133** **For overseas market: 158**	(5) 17

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2. Full-Year Forecast for Fiscal 2019

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Full-Year Forecast for FY2019

<Consolidated>

(Billions of yen)

	FY2018 (A)	FY2019 (May forecast) (B)	FY2019 (Current forecast) (C)	Change (C) - (B)	Change (C) - (A)
Net sales	661.3	**710.0**	**670.0**	**(40.0)**	**8.7**
Operating income	14.9	**17.5**	**10.0**	**(7.5)**	**(4.9)**
Ordinary income before inventory valuation impact	3.0	**11.5**	**7.9**	**(3.6)**	**4.9**
Inventory valuation impact	3.2	**(0.5)**	**(3.9)**	**(3.4)**	**(7.1)**
Ordinary income	6.2	**11.0**	**4.0**	**(7.0)**	**(2.2)**
Net income*	1.1	**3.5**	**TBD**	**-**	**-**
Adjusted EBITDA**	42.6	**52.0**	**47.9**	**(4.1)**	**5.3**

Dividend for the year: TBD

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*Net income: Net income attributable to owners of the parent
** Adjusted EBITDA: EBITDA minus the impact of inventory valuation

Analysis of Consolidated Ordinary Income
(FY2018 → FY2019 Forecast)

¥6.2 billion (FY2018) → ¥4.0 billion (FY2019)

(Billions of yen)

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Analysis of Consolidated Ordinary Income
(May Forecast for FY2019 → Current Forecast for FY2019)

¥11.0 billion (May forecast for FY2019) → ¥4.0 billion (Current forecast for FY2019)

(Billions of yen)

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3. Business Restructuring

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Current Situation and the Need for Business Restructuring

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UACJ's operating environment

• Due to such factors as US–China trade friction and the deceleration of the Chinese economy, sales of products including IT materials and thick plate for liquid crystal and semiconductor manufacturing equipment is falling (temporary factor).

• Market growth leveling off, centered on Japan (structural factor)

• Demand environment in Thailand and North America generally favorable, as expected
Already established strong, three-partite supply structure in Japan, US and Thailand

Changes in foundations and awareness

In line with changes in the business environment,
• **Major changes in the revenue structure and urgent reforms and strengthening** are required
• Started establishing a reform implementation plan

Directions for the future

• **Announce "business reform plan in September** 2019, already **moving to the restructuring phase**

• Through restructuring, dramatically improve profitability and the financial standing, and increase corporate value.

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Major Policies of Business Restructuring

1. Restructure earnings and costs to be resistant to changes in the environment (also consider restructuring facilities)
2. Improve the financial standing at an early stage
3. Accelerate selection and concentration

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Supplementary Information

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FY2019 Net Sales and Operating Income Forecasts, by Segment

(Billions of yen)

	FY2018 (A)		FY2019 (May Forecast) (B)		FY2019 (Current Forecast) (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	530.7	17.0	**567.0**	**20.1**	**541.2**	**13.3**	**(25.8)**	**(6.8)**	**10.5**	**(3.7)**
Wrought copper products	47.5	1.7	**50.1**	**2.2**	**24.2**	**0.8**	**(25.9)**	**(1.4)**	**(23.3)**	**(0.9)**
Precision-machined components and related business	197.1	3.1	**208.2**	**3.6**	**208.7**	**3.0**	**0.5**	**(0.6)**	**11.6**	**(0.1)**
(Adjustment)	(114.0)	(7.0)	**(115.3)**	**(8.5)**	**(104.1)**	**(7.1)**	**11.1**	**1.3**	**9.9**	**(0.1)**
Total	661.3	14.9	**710.0**	**17.5**	**670.0**	**10.0**	**(40.0)**	**(7.5)**	**8.7**	**(4.9)**

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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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Assumptions and Sensitivities

	FY2018	FY2019 (Forecast)	FY2019 (Most Recent Forecast)	Sensitivity on Ordinary Income
Nikkei average price of aluminum (¥/kg)	284	269	257	¥10/kg change → +¥2.0–3.0 billion/year
LME ($)	2,035	1,900	1,800	$100/t change → +¥2.2–¥3.5 billion/year
Foreign exchange (¥/$)	111	111	108	Almost no impact - Fuel and additional material cost: become positive by stronger yen - Rolling margin, forex conversion: become positive by weaker yen
(¥/Thai baht)	3.4	3.5	3.5	
Crude oil (Dubai: $)	72	68	68	$10 change → Approx. (¥1.0-¥1.5) billion/year

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Cautionary note concerning forward-looking statements

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