



Results Briefing for the First Half of Fiscal 2019 (1H FY2019)

November 5, 2019

UACJ Corporation

1. Results for 1H FY2019

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Recap of 1H FY2019 and Outlook for the Future

5. Progress on Restructuring

1. Results for 1H FY2019

Ordinary income: ¥0.4 billion (down ¥7.2 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 ¥7.2 billion YoY, or 94.6%

Positive factors

- Improvement in equity-method investment due to CUA^{*3} JV dissolution
- Improvement in TAA's performance (higher sales, impact of cost reductions)
- Improvement in UATH's performance

Negative factors

- 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

Results for 1H FY2019

<Consolidated>	1H FY2018 (A)	1H FY2019 (B)	Change (B)-(A)
Net sales	330.9	314.6	(16.3)
Operating income	11.9	3.4	(8.5)
Ordinary income before inventory valuation impact	1.6	3.9	2.3
Inventory valuation impact	6.0	(3.5)	(9.5)
Ordinary income	7.6	0.4	(7.2)
Net income*	2.4	(3.4)	(5.8)
Adjusted EBITDA**	21.1	22.2	1.1

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

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

Net Sales and Operating Income by Segment



(Billions of yen)

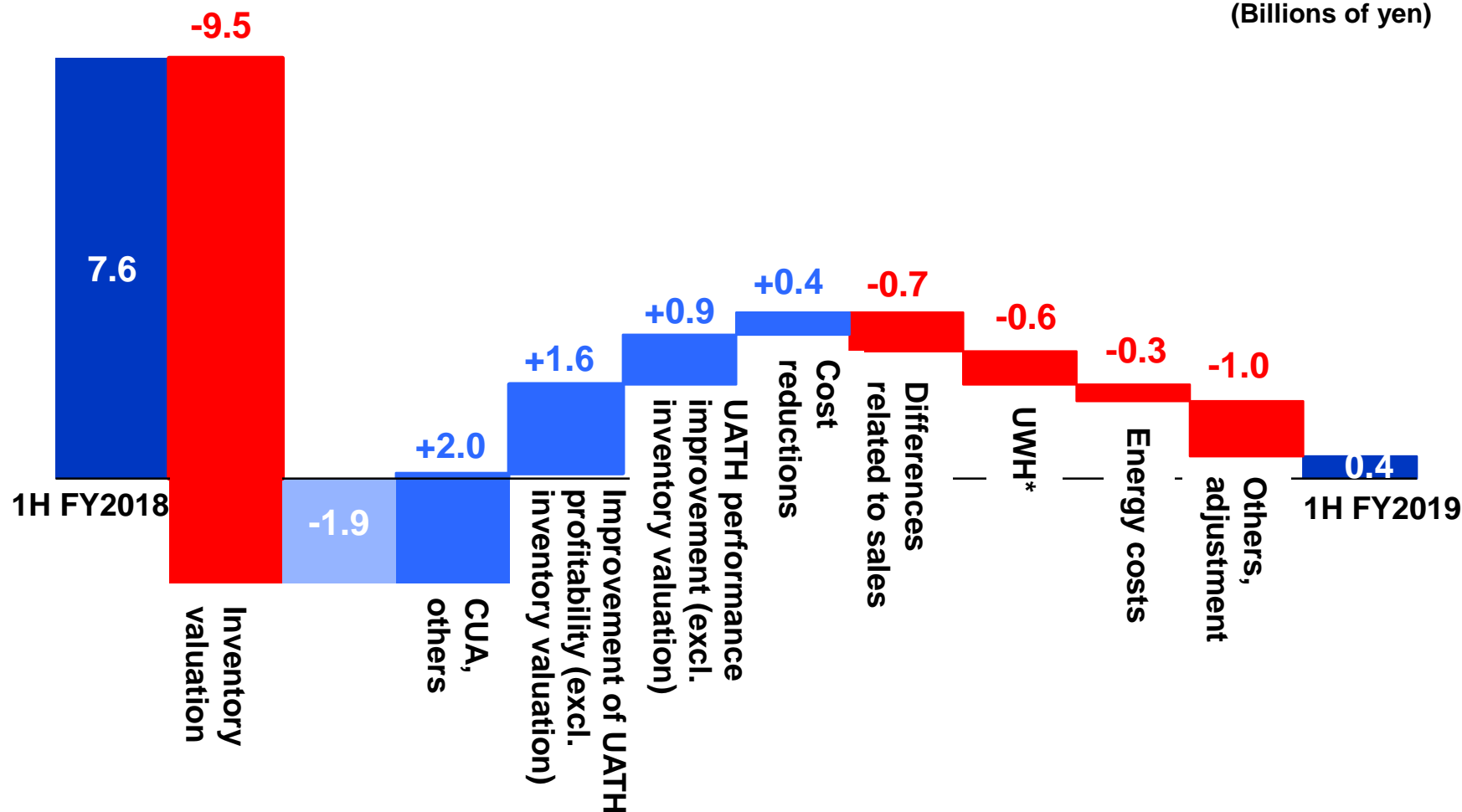
	1H FY2018 (A)		1H FY2019 (B)		Change (B)-(A)	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Flat-rolled products	265.5	12.8	253.3	4.8	(12.2)	(8.0)
Wrought copper products	24.0	1.1	22.9	0.4	(1.1)	(0.7)
Precision-machined components and related business	97.1	1.5	97.2	1.2	0.1	(0.3)
(Adjustment)	(55.7)	(3.5)	(58.8)	(2.9)	(3.1)	0.5
Total	330.9	11.9	314.6	3.4	(16.3)	(8.5)

Analysis of Consolidated Ordinary Income (1H FY2018 → 1H FY2019)



¥7.6 billion (1H FY2018) → ¥0.4 billion (1H FY2019)

(Billions of yen)



Sales Volume, Flat Rolled Products



(Thousands of tons)

	1H FY2018 (A)	1H FY2019 (B)	Change (B)-(A)
Can stock	322	350	28
Foil stock	25	22	(3)
Casings and substrates*	8	9	1
Automotive parts	70	74	4
Thick plate	24	17	(7)
General-purpose materials	85	104	19
Total	533	576	43
	(For Japanese market: 260 For overseas market: 274)	(For Japanese market: 256 For overseas market: 320)	((4) 47)

2. Full-Year Forecast for FY2019

Full-Year Forecast for FY2019



(Billions of yen)

<Consolidated>	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	9.5	(2.0)	6.5
Inventory valuation impact	3.2	(0.5)	(5.5)	(5.0)	(8.7)
Ordinary income	6.2	11.0	4.0	(7.0)	(2.2)
Net income*	1.1	3.5	-	-	-
Adjusted EBITDA**	42.6	52.0	48.2	(3.8)	5.6

Dividend for the year: TBD

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

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

Capital Investment and Depreciation and Amortization

(Billions of yen)

		1H FY2018	FY2018	1H FY2019	FY2019 forecast
Capital investment	General investment	8.0	16.1	8.0	18.0
	Strategic investment	20.6	36.5	18.7	39.0
	Total	28.6	52.5	26.7	57.0
Depreciation and amortization		13.2	30.7	15.3	32.7
Strategic investment and loans		2.5	-	-	0.7

3. Financial Status

Key Performance Indicators

	As of March 31, 2019	As of September 30, 2019
Shareholders' equity (billions of yen)	191.0	183.0
Shareholders' equity ratio (%)	23.7	24.2
Interest-bearing debt (billions of yen)	375.1	364.1
D/E ratio* (times)	1.68	1.69
ROE (%)	0.6	-

*Factoring in subordinated loan

4. Situation in Thailand and North America

Recap of 1H FY2019 and Outlook for the Future

We are establishing a foundation to generate operating profits from Q4, due to third phase of capital investment and full-fledged operations.

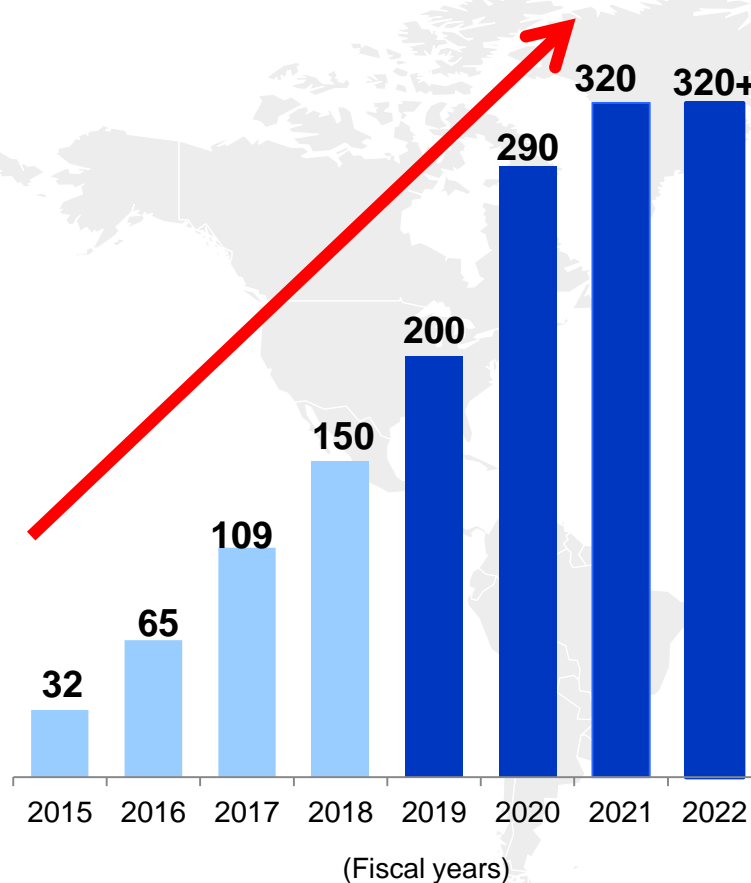
Recap of 1H FY2019

- Firm demand for can stock, centered on Southeast Asia
- Made third phase of capital investment, monthly production volume up
- Q2 (Apr.–Jun.) sales volume approx. 15,000 tons/month
- Income progressing generally in line with expectations

Future outlook

- No change in sales plan of 200,000 tons/year
- Sales volume: Approx. 16,000 tons/month in Q3
More than 20,000 tons/month in Q4

Annual sales volume at UATH (thousands of tons)



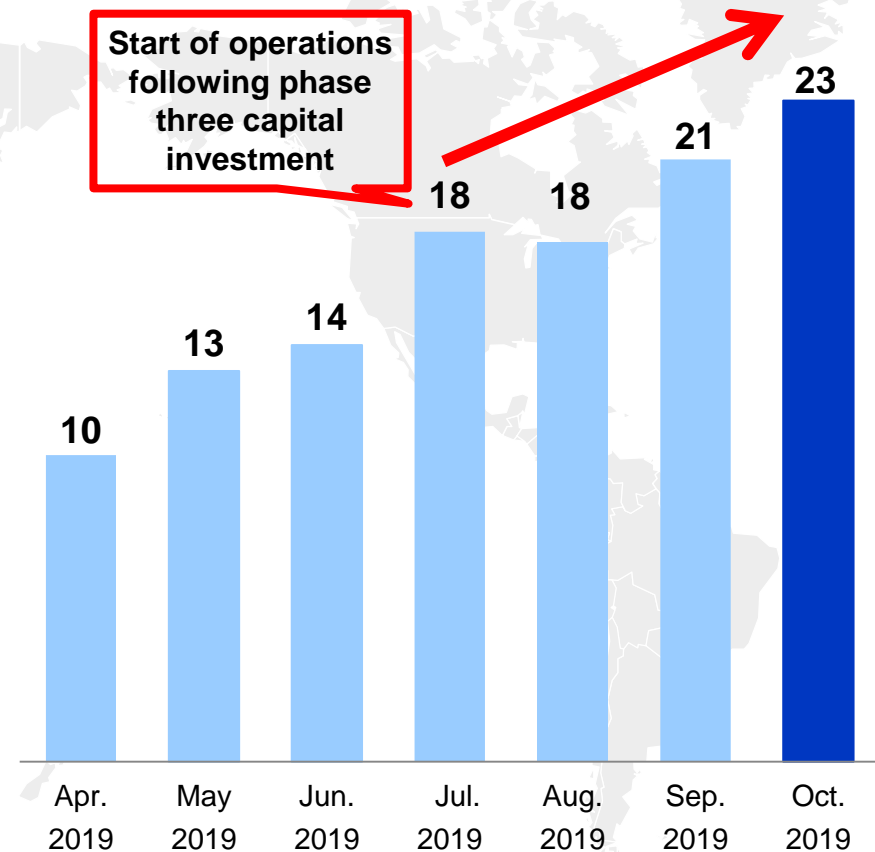
With the production start of phase three capital investment, we expect to increase production volume and reduce costs.

Production system

- Once full-fledged production begins following phase three capital investment, production to reach 20,000 tons/month
- Production efficiency expected to increase as local employees' skills improve



Monthly production volume at UATH (thousands of tons)



Amid robust demand for can stock, sales volumes are increasing and price adjustments are going into effect.

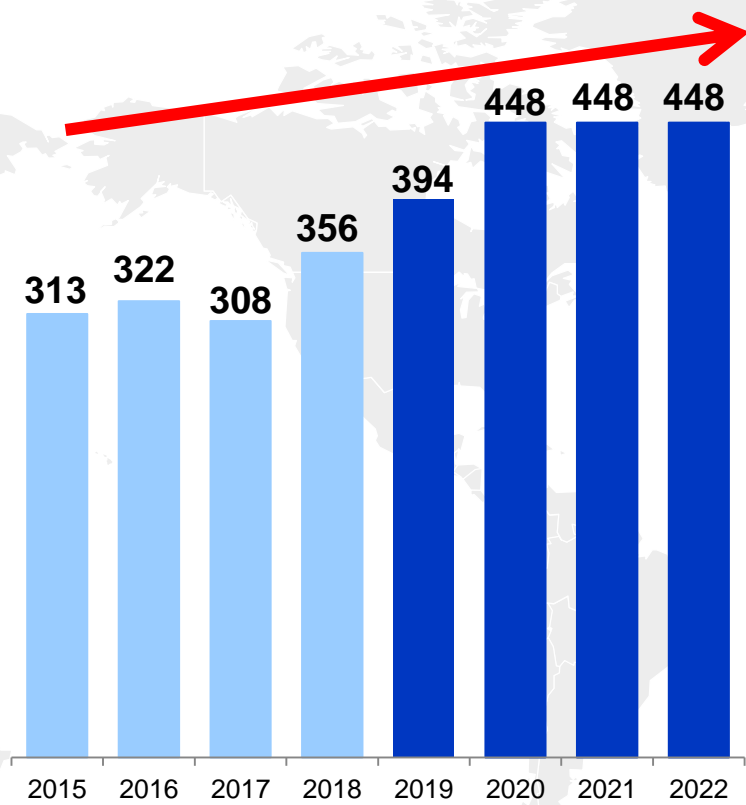
Recap of 1H FY2019

- Supply/demand for can stock remained tight in North America
- Mounting environmental awareness → growing demand for aluminum cans
- Maintained full production and sales of can stock
- Acquired large projects (increased unit selling prices)

Future outlook

- Supply/demand for can stock expected to remain tight
- Sales agreements already in place to account for 2H production increases
- Sales volume: Moving to approx. 4.5 million tons in FY2020

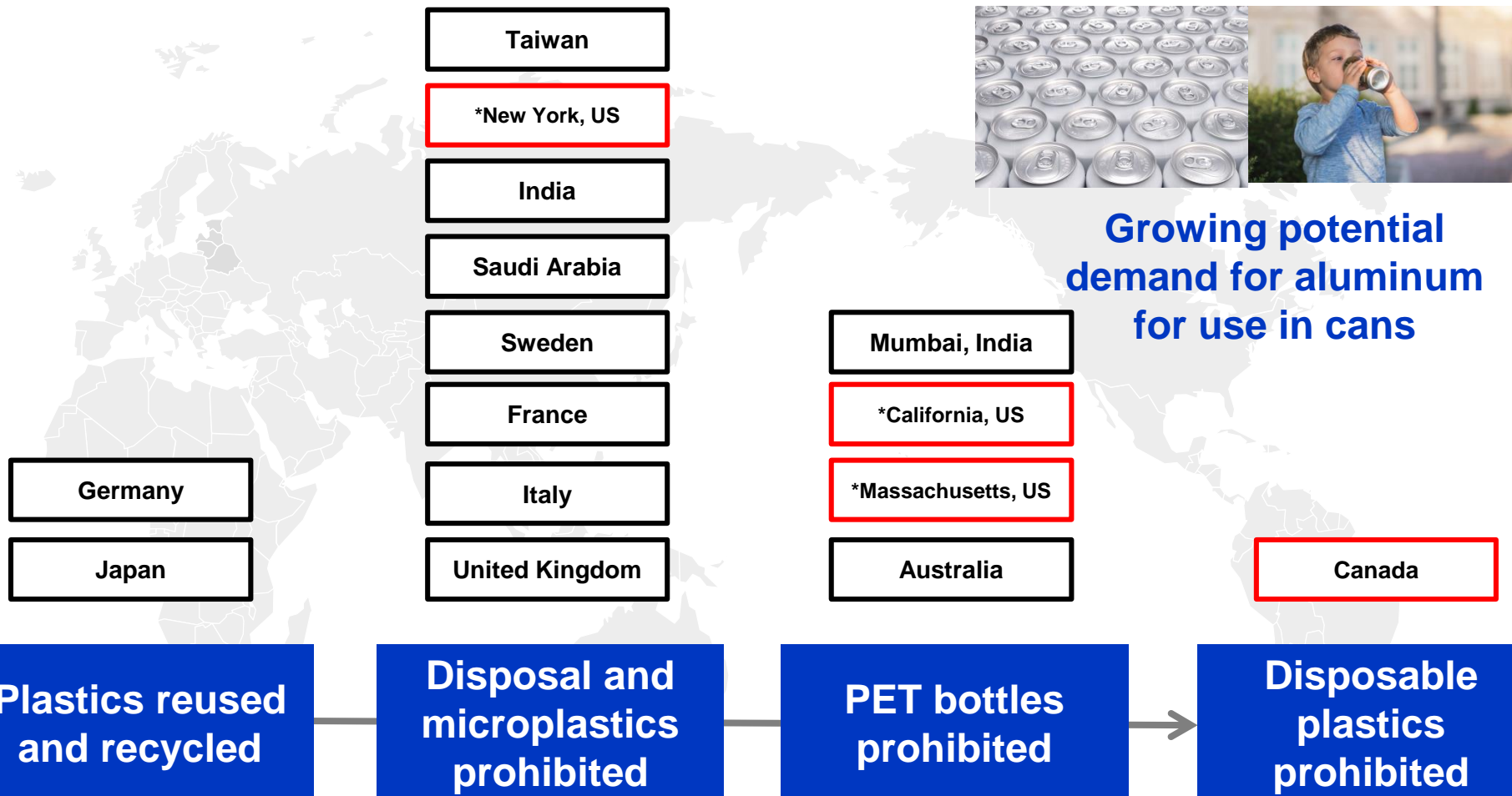
Annual sales volume at TAA (thousands of tons)



(Fiscal years)

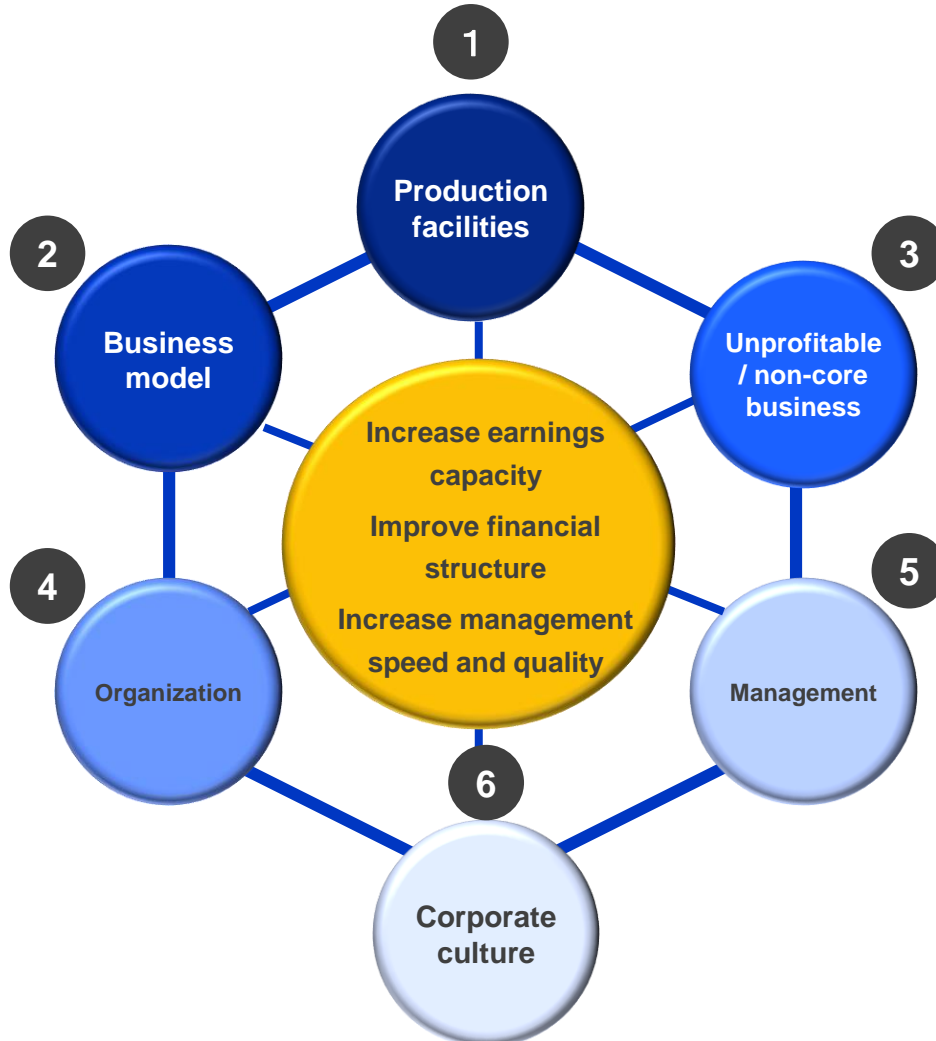
Progress at TAA (North America)

Particularly in Europe and North America, prohibitions on disposable plastic and PET bottles are accelerating.



5. Progress on Structural Reform

We are seeking to create a strong corporate body by organically linking the six elements of structural reform.



Six elements of structural reform

1. Production facilities

- Domestic: Increase the rate of operation through aggregation
- Overseas: Maximum utilization of facilities' capacity

2. Business model

- Conversion to solution-type model
- Select product category, correct price

3. Unprofitable/non-core business

- Consider sale and withdrawal

4. Organization

- Streamline indirect departments

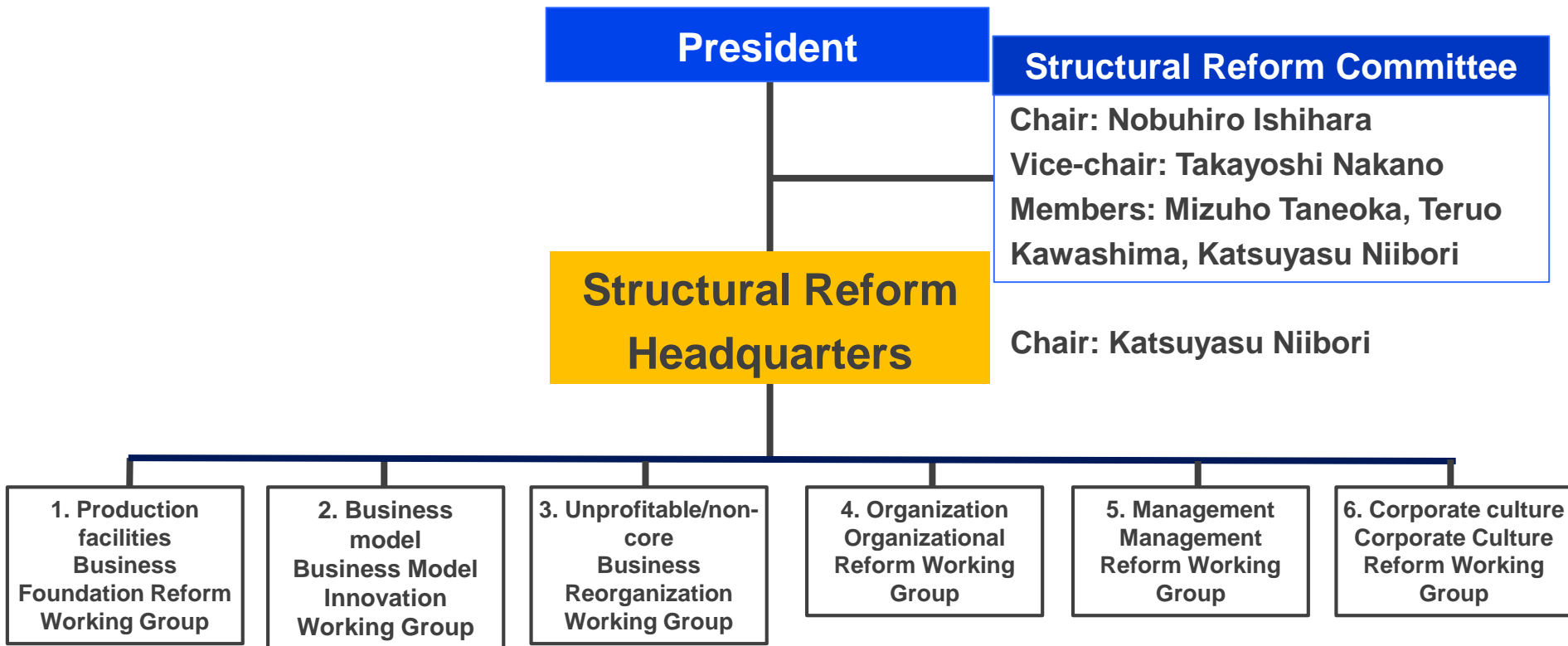
5. Management

- Streamline office system
- Visualize management data

6. Corporate culture

- Reconfirm and reconfigure the philosophy and values that will be important to UACJ following the reforms

We have established six working groups beneath the Structural Reform Headquarters to accelerate structural reform.



1. Structural Reform Committee
2. Structural Reform Headquarters
3. Working groups 1–3

October: Formation of headquarters and committee with the members indicated above
Decisions on dedicated staff
Move forward in accordance with structural reform proposals from individual departments

Appendix

FY2019: Forecast of Net Sales and Operating Income, by Segment

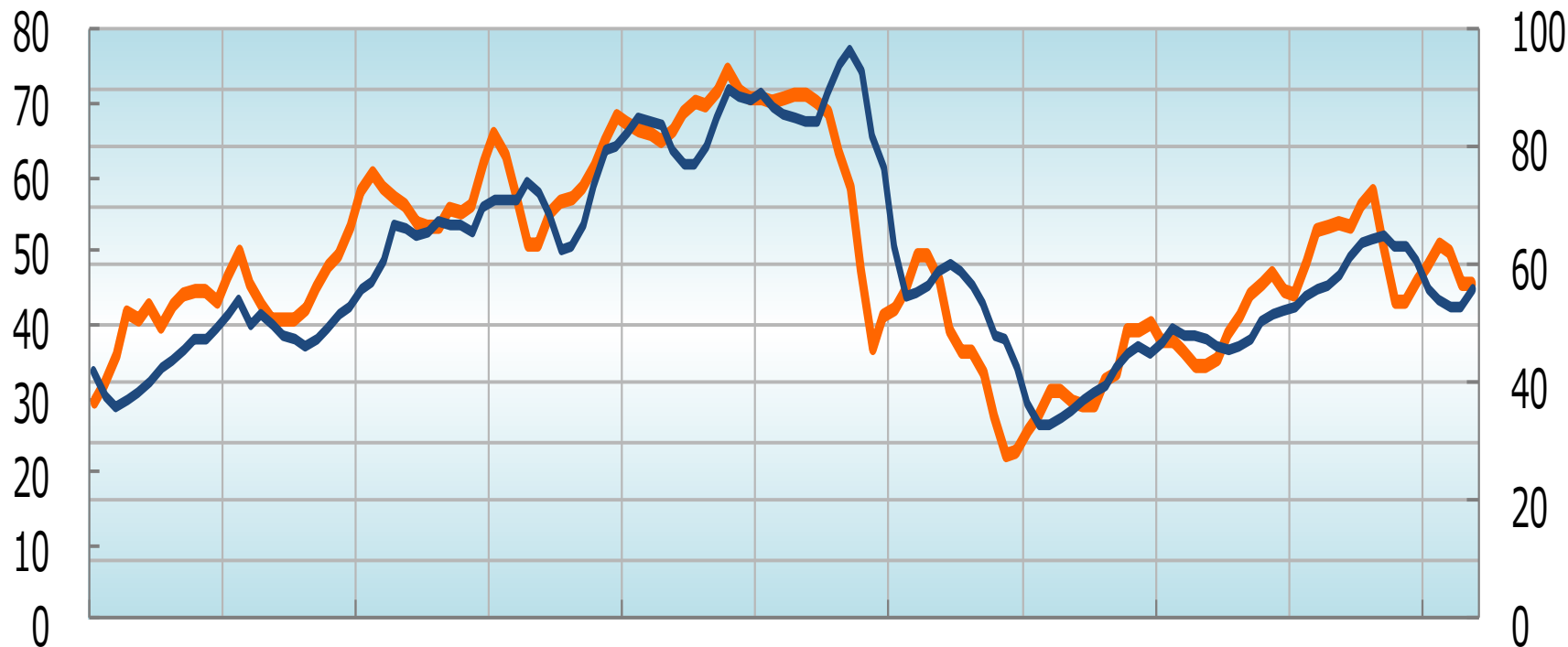


(Billions of yen)

	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	541.2	13.3	542.5	13.3	1.3	0.0	11.8	(3.7)
Wrought copper products	47.5	1.7	24.2	0.8	22.9	0.4	(1.3)	(0.4)	(24.6)	(1.3)
Precision-machined components and related business	197.1	3.1	208.7	3.0	208.7	3.0	0.0	0.0	11.6	(0.1)
(Adjustment)	(114.0)	(7.0)	(104.1)	(7.1)	(104.1)	(6.7)	0.0	0.4	9.9	0.3
Total	661.3	14.9	670.0	10.0	670.0	10.0	0.0	0.0	8.7	(4.9)

Crude oil CIF
(yen/L)

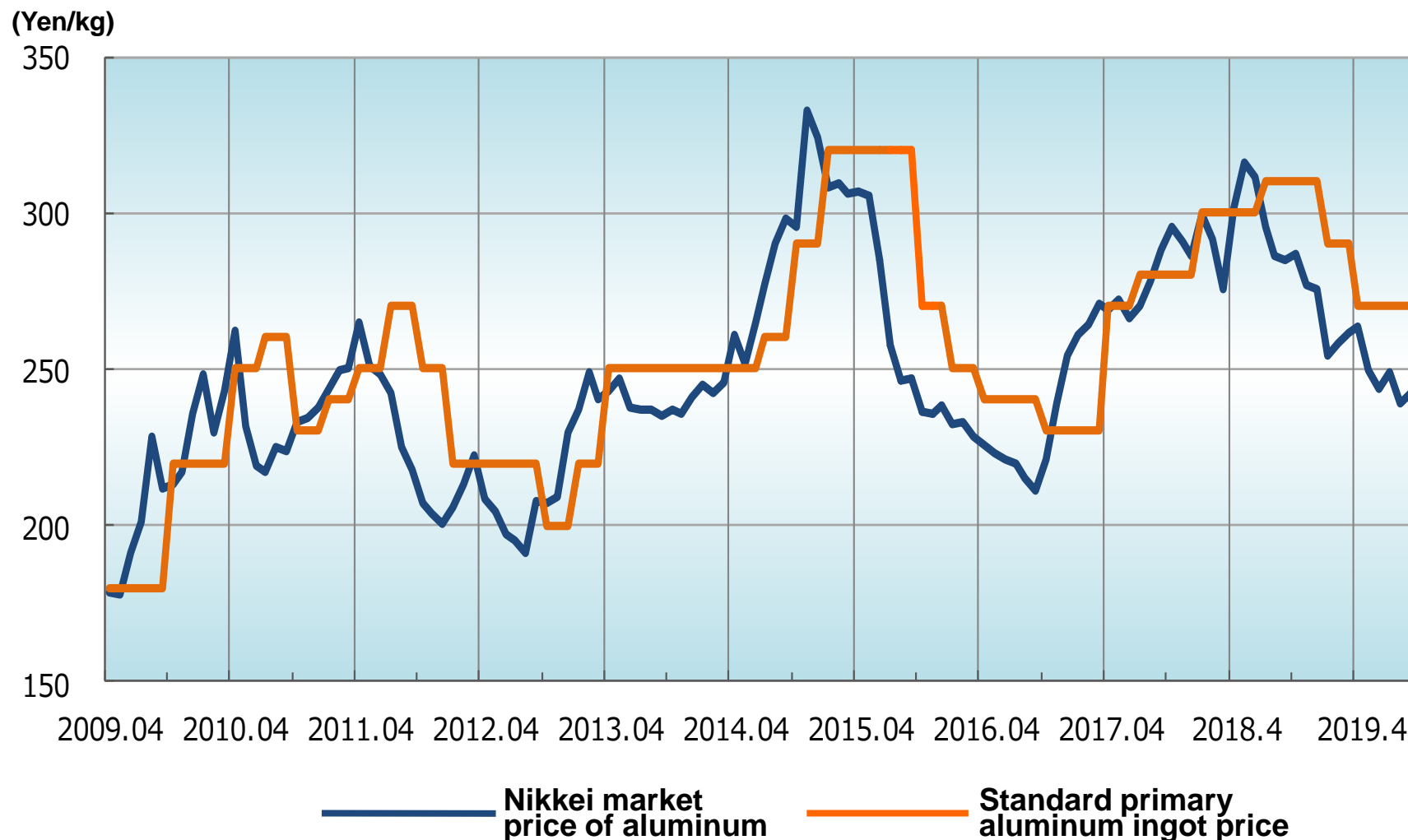
LNG CIF
(yen/kg)



— LNG CIF (yen/kg)

— Crude oil CIF (yen/L)

Nikkei Average Primary Ingot Price/ Standard Primary Aluminum Ingot Price



Assumptions and Sensitivities

	FY2018	FY2019 (Forecast as of Q1)	FY2019 (2H forecast)	Sensitivity on ordinary income
Nikkei average price of aluminum (¥/kg)	284	257	242	¥10/kg rise→ +¥2.0–3.0 billion/year
LME (\$)	2,035	1,800	1,750	\$100/t rise→ +¥2.2–¥3.5 billion/year
Foreign exchange (¥/\$)	111	108	107	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 increase → Approx. (¥1.0- ¥1.5) billion/year

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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