



Aluminum lightens the world

アルミでかなえる、軽やかな世界

UACJ IR-Day 2022

June 9, 2022

UACJ Corporation





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Welcome to

UACJ IR-Day 2022

**Miyuki Ishihara,
Representative Director & President**

June 9, 2022

UACJ Corporation



Today's Program

1	Third Mid-term Management Plan Review of first year and future outlook	Miyuki Ishihara	Representative Director & President
2	Flat Rolled Products Business Strategy and future outlook	Masataka Taguchi	Senior Managing Executive Officer Chief Executive, Flat Rolled Products Division
3	UATH* ¹ Mid- to long-term strategy	Kimitoshi Inagaki	Representative Director & President, UATH
4	TAA* ² Mid- to long-term strategy	Henry Gordinier	Managing Executive Officer CEO, TAA
5	UWH* ³ Mid- to long-term strategy	David Cooper	CEO, UWH
6	Overview of financial position	Teruo Kawashima	Director, Executive Vice President
7	QA		

*1 UATH: UACJ (Thailand) Co., Ltd.

*2 TAA: Tri-Arrows Aluminum Holding Inc.

*3 UWH: UACJ Automotive Whitehall Industries, Inc.

Third Mid-term Management Plan Overview



Reexamining our purpose and redefining the UACJ Group Philosophy



Our Purpose

Contribute to society by using raw materials to manufacture products that enhance prosperity and sustainability.

Our Vision

Aluminum is our passion. It inspires our work in building a better world and a healthier environment.

Our Values

- ▶ Respect and understand your associates.
- ▶ Embrace honesty and foresight.
- ▶ Be curious and challenging.



UACJ Sustainability

Identifying material issues that UACJ should address as priorities in order to grow sustainably alongside society

The UACJ Group's Sustainability Policy

Passing down a better world over the next century

Contribute to sustainability through technologies and innovation

The UACJ Group shall contribute to the sustainability of society and the global environment by applying the technologies and expertise it has accumulated over its history to offer innovative solutions.

Work together with all types of stakeholders

The UACJ Group shall forge partnerships and collaborate with a wide range of stakeholders and people across society in its efforts to help make the world more sustainable through its business activities.

Respect the individuality of diverse members

The UACJ Group shall take steps to ensure that the individuality of its diverse members is respected, regardless of their nationality, gender, age, disabilities, or other characteristics, and provide them with opportunities to apply their individual knowledge and skills to help devise innovative solutions.

Materialities

Response to climate change

Product quality assurance

Occupational health and safety

Respect for human rights

Diversity and equal opportunity

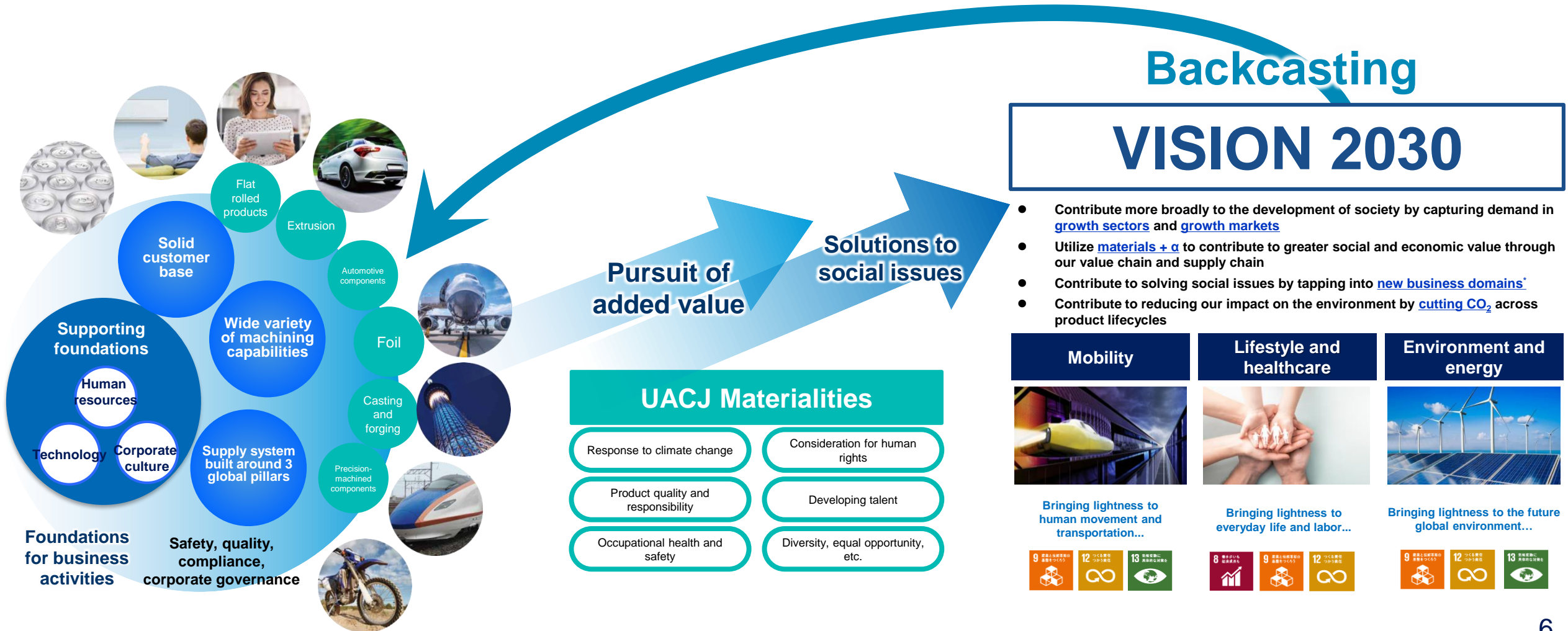
Human resources development



* Definition of innovation: Utilizing the strengths of UACJ to pioneer social reforms through (1) business development in existing sectors, and (2) Creation of new value

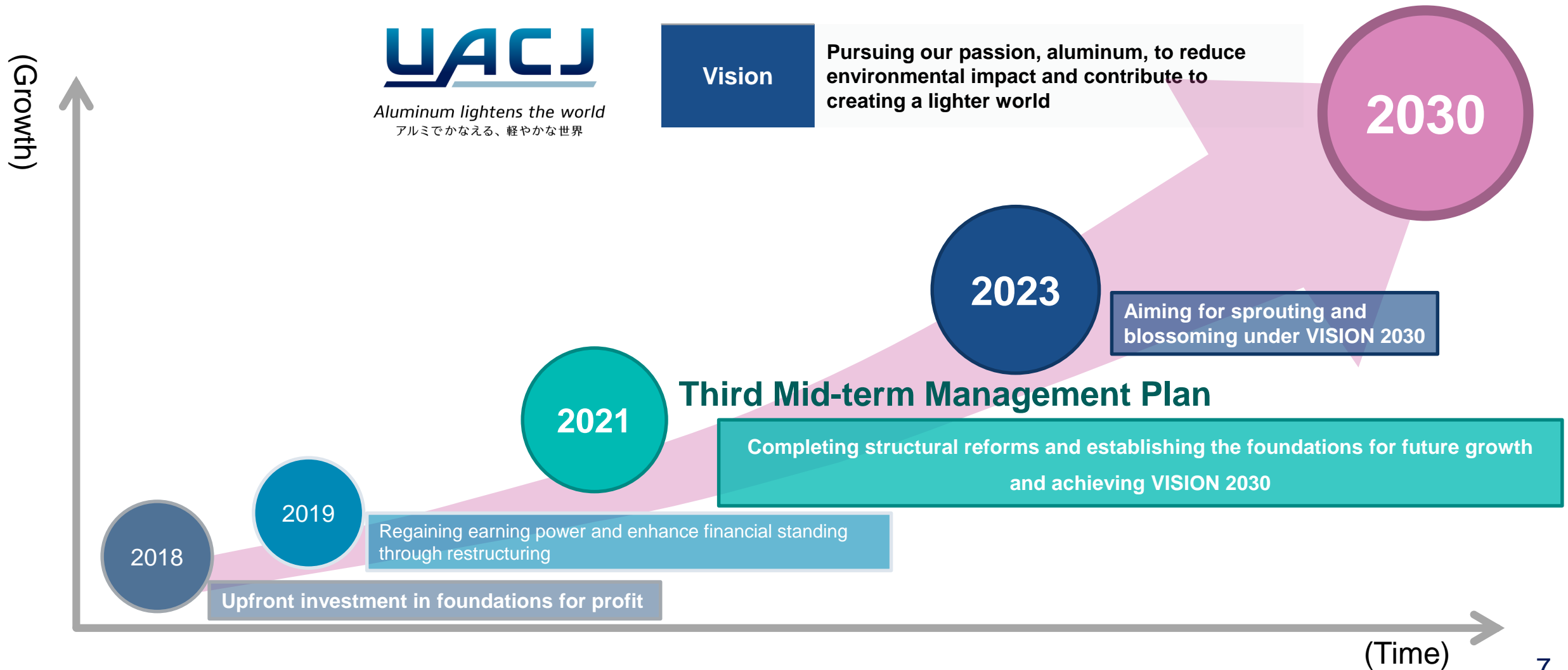
Vision for our Future in the Long-term Management Vision "UACJ VISION 2030"

Pursuing our passion, aluminum, to contribute to building a sustainable society



Third Mid-term Management Plan Positioning

Three-year period to strengthen the foundations for growth, as we look to achieve UACJ VISION 2030



Complete structural reforms and establish the foundations for future growth and achieving VISION 2030

1. Complete structural reforms

- Enhance earnings power
- Improve financial position
- Strengthen management systems

2. Strengthen foundations for growth

- Increase added value
- Focus on growth markets and sectors
- Create new business domains
- Strengthen supporting foundations



3. Contribute to achieving a lighter world (promote sustainability)

- Contribute to solving issues related to climate change

Third Mid-term Management Plan Targets

Targeting ROE of 7.5% and ROIC*² of 6.0% by final fiscal year of plan

Financial indicators

Financial indicator	FY2023
Net sales	¥700.0 billion
Operating income	¥30.0 billion
Operating margin	4.2%
Ordinary income	¥25.0 billion
D/E ratio* ¹	1.2 times or less
ROE	7.5%
ROIC* ²	6.0%

*1 D/E ratio: Factoring in subordinated loan

*2 ROIC: Calculated based on operating profit before tax

*3 Compared with FY2019 BAU (Business as usual)

Future financial and ESG targets

Six materialities	Evaluation indices	FY2023 targets
Response to climate change	Reduction of CO ₂ emissions across the supply chain (compared with FY2019 BAU* ¹)	22% reduction (FY2030 target)
	Number of significant product quality defects	One or fewer
Product quality and responsibility	Number of customer complaints	Down 10% YoY
	Number of serious accidents	Zero
Occupational health and safety	Total workplace accidents* ⁴	4.00
	Implementation of DD for human rights, and creation of targets and implementation of action plan based on the results	To be implemented at four manufacturing sites
Consideration for human rights	Proportion of employees receiving training related to the Code of Conduct, human rights, and harassment	96% (Continue to maintain a 100% implementation rate for harassment prevention training.)
	Proportion of female managers (including officers, in Japan)	4%
Diversity, equal opportunity, etc.	Successor candidate planning implementation rate	Rollout across domestic group companies
	Number of persons benefiting from activities to support education related to key areas	300 people/year

*4 Total workplace accidents: An indicator to assess the occurrence of workplace accidents (frequency), calculated by converting the number of deaths and serious injuries from workplace accidents (including those that did not result in a loss of work time) for the total number of working hours during the period being measured, converted based on a factor of one million hours.

Third Mid-term Management Plan Review of First Year



Perception of Business Environment and UACJ's Direction (1)

Over the past year there have been significant changes in the business environment, but by responding promptly to them we made progress towards achieving our Mid-Term Management Plan targets

Main perceptions regarding business environment: review of the past year

■ Global increase in demand for flat-rolled products

1. Increase in demand (global) for can stock caused by enhanced environmental awareness
2. Rising demand in multiple areas, primarily for automotive materials and thick plates

■ The five problems that UACJ is fighting

1. Rise in aluminum ingot prices
2. Soaring energy prices
3. Soaring additive metal prices
4. Increase in distribution costs
5. Cuts in automobile production caused by semiconductor supply constraints and other factors

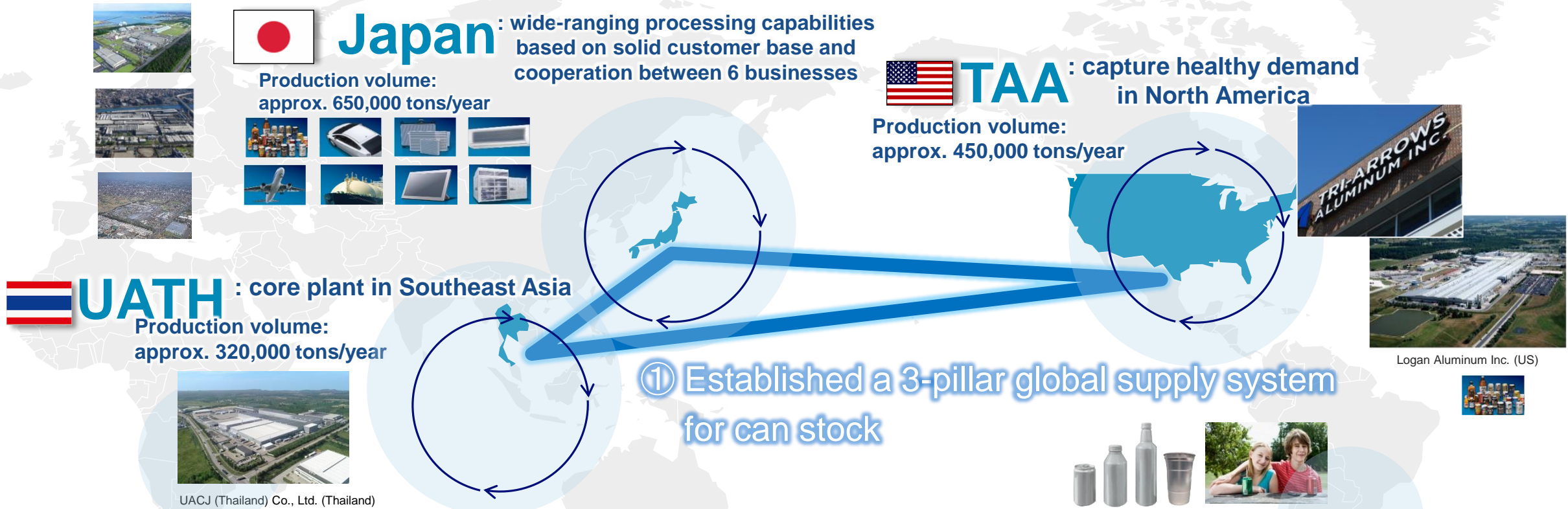
Initiatives implemented by UACJ

Aiming to leap forward by completing restructuring to establish a foundation for achieving future growth, as well as VISION 2030

- ✓ Prompt response to changes in the external environment
- ✓ Implemented additional measures aimed at completing restructuring
- ✓ Expanded can stock sales utilizing 3-pillar global supply system
- ✓ Investigated expanding facilities at North American production site
- ✓ Strengthened UWH production and sales system
- ✓ Promoted sustainability management
- ✓ Took on the challenge of creating new business domains
- ✓ Strengthened financial position

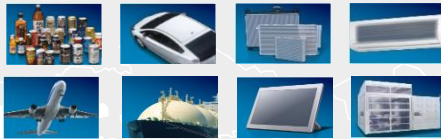
Perception of Business Environment and UACJ's Direction (2)

Execute global strategy by leveraging global 3-pillar supply system and local strategy by leveraging local production and consumption



Japan : wide-ranging processing capabilities based on solid customer base and cooperation between 6 businesses

Production volume:
approx. 650,000 tons/year



TAA : capture healthy demand in North America

Production volume:
approx. 450,000 tons/year



Logan Aluminum Inc. (US)



UATH : core plant in Southeast Asia

Production volume:
approx. 320,000 tons/year



UACJ (Thailand) Co., Ltd. (Thailand)






① Established a 3-pillar global supply system for can stock



② Promoted a local production/local consumption model, primarily in Japan/US where we have solid customer bases

Changes in the External Environment and Our Countermeasures

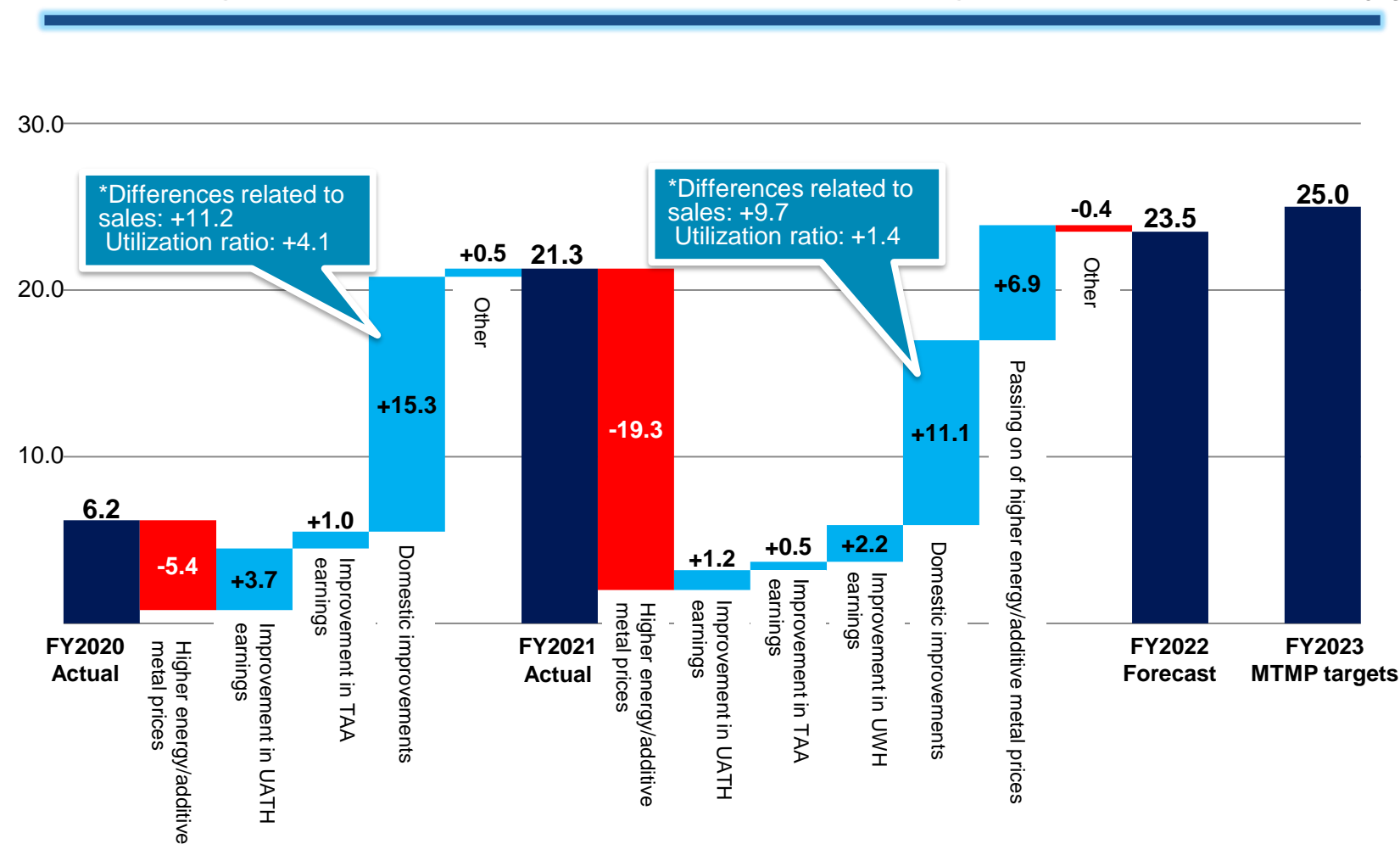
We will work to minimize the impact on earnings of changes in the external business environment by responding promptly

<u>Changes in the External Environment and Our Countermeasures</u>	Japan 	TAA (North America) 	UATH (Thailand) 
Increase in aluminum ingot prices	Pass on to sales prices		
Soaring unit energy prices	Currently negotiating price pass-through (switch to pricing system linked to market prices from July)	Pass through to sales prices (already introduced pricing system linked to market prices)	Currently negotiating price pass-through
Soaring additive metals prices	Introduce pricing system linked to market prices		
Increase in logistics costs	—		Pass through to sales prices (already introduced formula system)

Working Towards Achieving Mid-Term Management Plan Targets: Aiming for ¥25.0 Billion in Ordinary Income in FY2023

In addition to completing restructuring and strengthening our foundation for growth, we will respond to changes in the external environment in order to achieve Mid-Term Management Plan targets

Changes in ordinary income FY2020-FY2023 (excluding impact of inventories) Billions of yen



Financial indicators	FY2023
Ordinary income	¥25.0 billion
D/E ratio*1	1.2x or lower
ROE	7.5%

- Third Mid-Term Management Plan: achieve ¥25.0 billion target
- Respond promptly to changes in the external environment

- Positive factors**
- ✓ Implemented additional measures aimed at achieving restructuring
 - ✓ Enhanced earnings power of overseas businesses
 - ✓ Implemented measures to address negative external factors

- Negative factors**
- ✓ External factors (soaring prices for energy/additive metals)
 - ✓ Impact of cuts in automobile production caused by semiconductor supply constraints, etc.
 - ✓ Soaring marine transportation costs

*Difference in income arising from increase in domestic sales volume and improvement in product mix

Business Portfolio Management

No change in our policy of concentrated investment in growth markets, growth areas, and strengthening of management foundations in accordance with business portfolio management principles

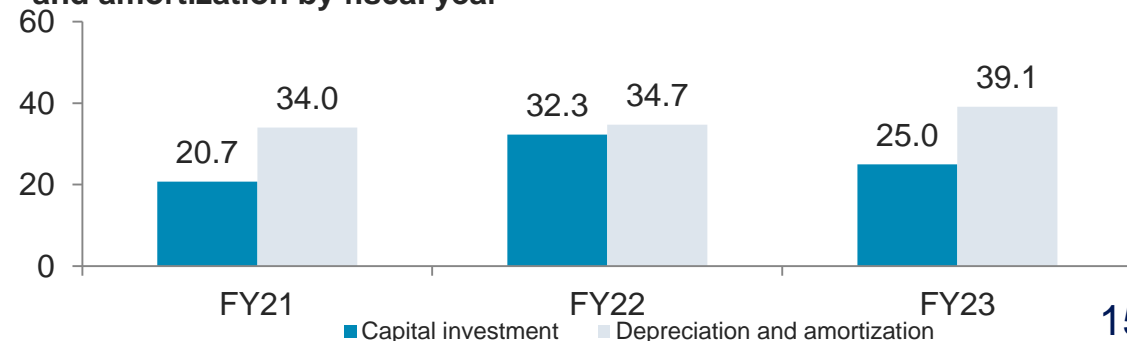
Business Portfolio Management

Classification	Business	Target market/area	Investment allocation policy under 3rd MTMP
Growth promotion businesses	TAA	North America Can	→ Prioritize allocation of strategic investment
Businesses to become profitable ↓ Growth promotion businesses	Automotive parts business	North America / China / Japan Automotive	→ Prioritize allocation of strategic investment UWH: Approx. ¥4.0 billion already invested
Businesses to become profitable ↓ Foundational businesses	UATH	Initiatives targeting both upstream and downstream areas	→ Investment focused on key issues, without significant increase in capacity
Foundational businesses	Domestic sites (other than automotive components)	Initiatives targeting both upstream and downstream	→ Investment focused on key issues, without significant increase in capacity
Businesses to be rebuilt (Foundational businesses)	Overseas sites in related businesses*1		→ Investment focused on maintenance and renewal (also consider withdrawal when necessary)

Capital investment plan

Type of objective	Amount (billions of yen)	Main objectives
General investment	53.6	BCP measures, earthquake resistance, quality assurance, renewing old facilities
Strategic investment	16.0	Increase manufacturing capacity at North American sites and bolster automotive components business
Investment in key issues	8.4	Measures to address climate change, DX/IT measures, response to structural reforms and workstyle reforms
FY2021-2023 (Total planned depreciation and amortization)	78.0 (107.8)	

■ Capital investment, depreciation and amortization by fiscal year (Billions of yen)

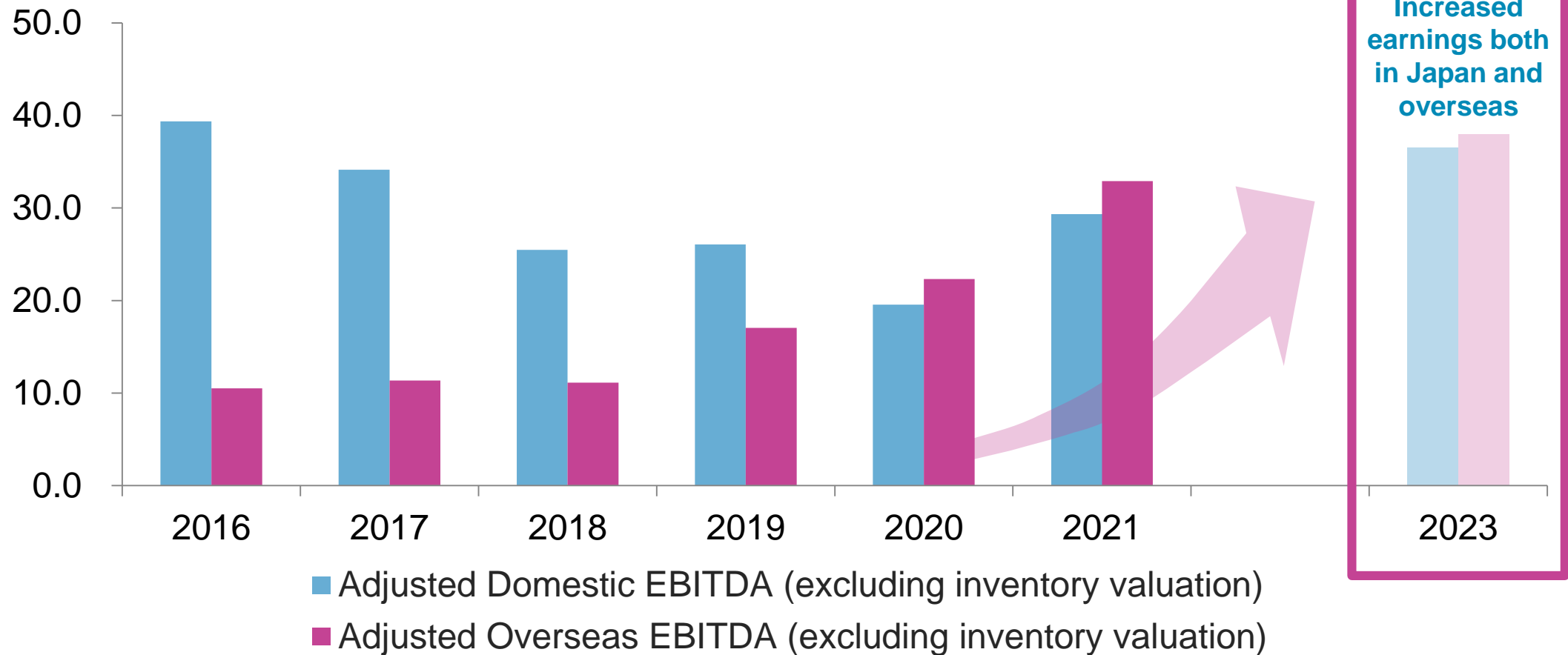


*1 Extrusion, casting and forging, foil, and precision-machined components

Promoting Growth in Overseas Businesses

Steadily increase "earnings power" by recovering past investments overseas and achieving results from structural reforms in domestic businesses

Adjusted EBITDA in Japan and Overseas (Billions of yen)



Progress in Implementing Major Policies of the Third Mid-term Management Plan



Major Policy 1. Complete Structural Reforms

Complete structural reforms

Strengthen foundation for growth

Contribute to achieving a lighter world

Caught up in some areas where there have been delays, and moved towards completion of structural reforms

Key issues

Enhancements in earnings power

- Lower breakeven points, etc. to create earnings structures that are resilient to changes in the business environment
- Capture demand in growth sectors and maximize earnings by maximizing the use of capacity derived from major investments already completed

Improved financial position

- Highly selective investment
- Reduction in inventories
- Initiatives for management that emphasizes cash flow and capital efficiency

Strengthen management systems

- Bolster risk management
- Investment in IT, etc. to improve business processes and make indirect operations more efficient
- Overhaul organizational structure

Progress



- ✓ Steady lowering of breakeven point (FY2019: 100 → FY2022: 90)^{*1*2}
- ✓ Target of ¥21.0 billion in restructuring effects is within reach
- ✓ Targeted consolidation of domestic production sites by end of fiscal year, as well as optimization of production system, now within reach



- ✓ Lowering of D/E ratio (FY2019: 1.56 → FY2022: 1.30)^{*2*3}
- ✓ Reduction in long-term borrowings



- ✓ Cut the number of directors and executive officers
- ✓ Visualize the diversity and expertise of officers through the introduction of a skills matrix
- ✓ Assess the effectiveness of the Board of Directors and the Audit & Supervisory Board
- ✓ Enhance the performance-linked remuneration system (track performance against TSR^{*4}, non-financial indicators)

*1 Index with actual breakeven point in FY2019 set to 100

*2 Figures for FY2022 are estimates

*3 D/E ratio is shown after factoring in subordinated loans

*4 TSR: Total Shareholders' Return

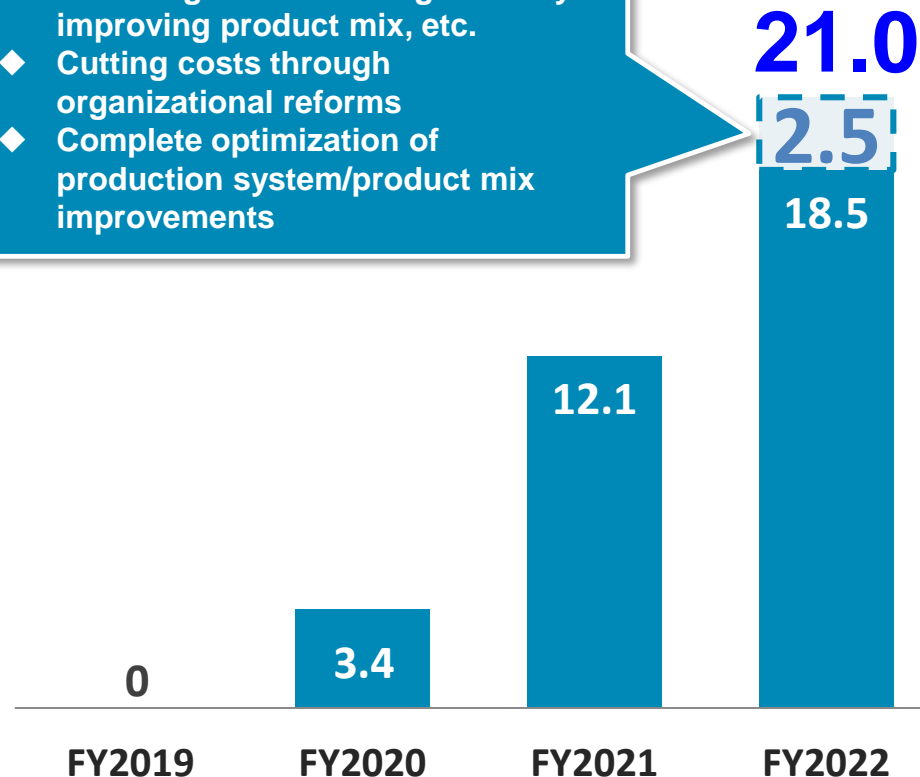
Major Policy 1. Complete Structural Reforms: Enhance Earnings Power

Target of ¥21.0 billion through revisions to rolling margin and reductions in manufacturing costs within reach

Additional measures

- ◆ Revisions to rolling margin
- ◆ Strengthening value-added sales
- ◆ Reducing manufacturing costs by improving product mix, etc.
- ◆ Cutting costs through organizational reforms
- ◆ Complete optimization of production system/product mix improvements

(Billions of yen)



	Structural reforms When announced	3rd MTMP When announced	Most recent forecast
Domestic profit structure reforms	+¥10.0bn	+¥6.7bn	+¥10.1bn
Consolidating production sites	+¥4.0bn	+¥3.4bn	+¥2.1bn
Optimizing the production system and improving the product mix (increase in automotive components and battery materials)	+¥5.0bn	+¥2.5bn	+¥7.0bn
Reducing indirect expenses (reducing indirect headcount, etc.)	+¥1.0bn	+¥0.8bn	+¥1.0bn
Overseas: generate returns on large investments	+¥11.0bn	+¥11.8bn	+¥10.9bn
UATH Increasing sales volume and reducing costs with the start of operation of investments made in phase three	+¥7.0bn	+¥7.6bn	+¥7.0bn
TAA Increasing sales volume with completion of investments to increase capacity, and revising prices	+¥2.0bn	+¥1.9bn	+¥2.4bn
UWH Focusing on profitability when accepting orders and utilizing extruder to increase sales	+¥2.0bn	+¥2.3bn	+¥1.5bn
Impact of structural reforms	+¥21.0bn	+¥18.5bn	+¥21.0bn

Major Policy 1. Complete Structural Reforms: Governance Initiatives

Continuously enhance corporate value by seeking to strengthen and enhance corporate governance functions

Measures to strengthen governance

- 2013 UACJ was established and appointed its first outside director
- 2014 UACJ appointed its first non-Japanese executive officer
- 2015 UACJ appointed female outside director
- 2016 System for assessing the effectiveness of the Board of Directors began operation
- 2017 Nomination & Remuneration Advisory Committee was established
- 2018 Outside director with experience in corporate management appointed
Performance-linked remuneration system introduced for internal directors
- 2019 Number of Directors and Executive Officers was reduced
(Internal Directors: 8→6; Outside Directors: 4→4; Executive Officers: 27→10)*
Began full-fledged operation of succession plan

Initiatives to improve the effectiveness of the Board of Directors

System aspects

- ✓ Revision of proposal and reporting standards to strengthen supervisory function

Management aspects

- ✓ New category of “Deliberations” established for agenda items
- ✓ Creation of documentation guidelines for the Board of Directors

Support aspects

- ✓ Enabling policy reports to be presented by each division
- ✓ Improved sharing of information between the Nomination & Remuneration Advisory Committee and the Board of Directors
- ✓ Enhancements to explanations provided in advance to outside directors and Audit & Supervisory Board Members

Assessment of the effectiveness of the Board of Directors using a third-party organization

- Scope and composition of the Board of Directors is **appropriate**
- Frequency of meeting, number of discussions, content, and time spent on discussion are **appropriate**
- Initiatives taken to improve quality of materials are **appropriate**
- Participants engage fully, and discussion of the direction of the Company has been **enhanced**
- Discussions by the Nomination & Remuneration Advisory Committee are **sufficient**

Future themes to address

- Fuller discussion of mid- to long-term direction of the Company
- Improve sharing of information between Nomination & Remuneration Advisory Committee and Board of Directors
- Deeper discussion by Board of Directors of succession plan

Major Policy 2. Strengthen Foundation for Growth

Complete structural reforms

Strengthen foundation for growth

Contribute to achieving a lighter world

Strengthening foundations for future growth after restructuring

Key issues

Enhancing added value

- Generate and provide added value in the form of “materials + α ” via the value chain and supply chain

Concentrate on growth markets and growth areas

- Concentrate on growth markets (North America, Southeast Asia), growth areas (cans, automotive)
 - Address rising demand for cans in North America through cooperation between three pillars of supply, and consider raising capacity of North American production site
 - Expand capacity for automotive components business (North America, China)

Create new business domains

- Put in place frameworks and systems, such as internal startups, to support the creation of new business domains
- Identify new domains at the seed-funding stage

Strengthen supporting foundations

- Strengthening frontline capabilities on all fronts = passing down monozukuri (craftsmanship) from senior to junior employees and develop talents and organizations, mainly through Monozukuri Gakuen and the U-KI training program
- Invest management resources in recycling and digital technologies
- Utilize a diverse range of human resources and improve engagement

Progress



- ✓ Provided “UACJ SMART” environmentally friendly aluminum products → Announced “U-ALight SMART” for automotive components
- ✓ Progress made in initiatives for commercialization and practical implementations of foil that can detect whether a package has been opened



- ✓ Facilities at production sites in Japan, Thailand, and North America put in place, and system for cooperation between these three pillars established
- ✓ Implemented expansion of production sites for automotive components business



- ✓ Around 40 applications to the internal startup system
- ✓ Proceeding with basic research and investigating feasibility of commercialization for multiple projects exploring the potential for aluminum in disaster prevention/mitigation applications



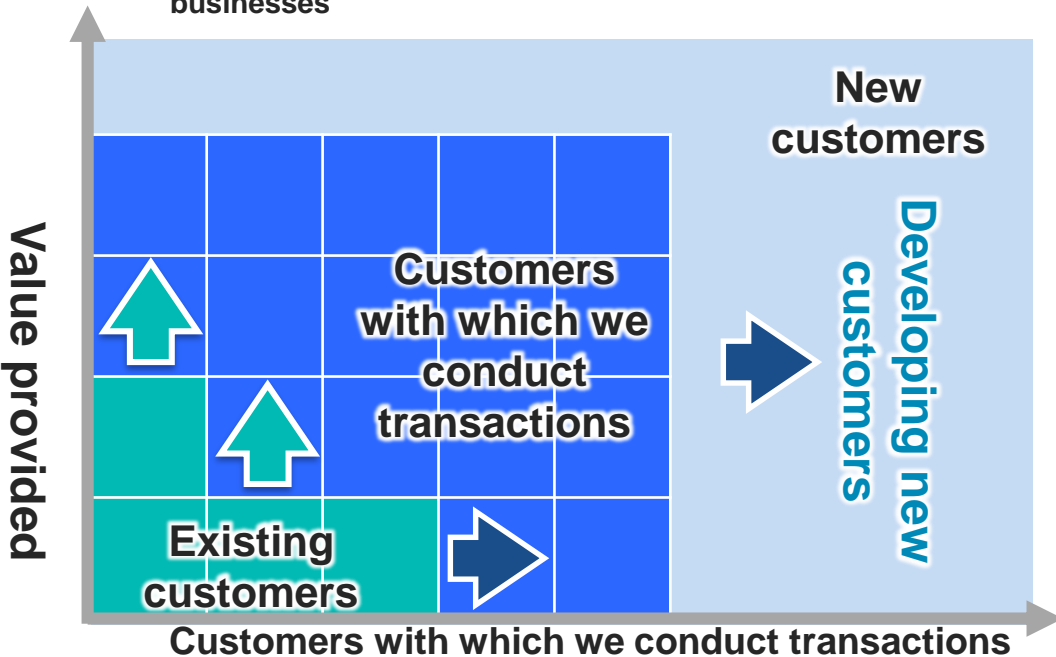
- ✓ Establish new “MONOZUKURI Core Manufacturing Innovation Department”
- ✓ Continue to pass down monozukuri knowledge and organization, such as through skills development and know-how related to safety and environment

Major Policy 2. Strengthen Foundation for Growth: Expansion of Value-added Business

Expand the customer base to the upstream and downstream of the supply chain by providing added value in the form of “materials + α”

Expand value provided: offer environmental materials + value-added services

- Provision of “UACJ SMART”^{*1} environmentally friendly products
- Joint development of recyclable materials
- Expand forming processes and services through cooperation between businesses



Examples of products developed to resolve both social issues and customer issues



Helping to mitigate environmental impacts by cutting Scope 3 emissions

U-ALight SMART

New brand that cuts the CO₂ emissions at the time the material is manufactured by using the remnants of various aluminum alloys to reduce the volume of new ingots



Aluminum foil using a foil that can detect whether the package has been opened to provide timely customer service



Notification foil
(Concept)

The aluminum foil and a communications device is attached to the product, with the tearing of the foil enabling the opening of the package to be detected in real time. By enabling appropriate inventory management, this helps reduce losses and improve business efficiency

*1 UACJ SMART: An environmentally friendly aluminum brand whose products have a significantly lower environmental impact compared with conventional items, achieved through reductions in the usage ratio of new ingots, fine-tuned management of materials, composition of ingredients, and manufacturing processes.

*2 U-ALight: a brand for flat-rolled aluminum sold by the Company for use in the automotive sector. Primarily used for automobile panels, the lineup currently consists of six different product types in the 5000 and 6000 series, with outstanding strength, machinability, and surface quality

Major Policy 2. Strengthen Foundation for Growth: Creation of New Business Domains

“UACJ Innovators” internal startup system generates seeds of new business domains and new businesses

Lifestyle Healthcare



Contribution to disaster prevention/mitigation

Proposal for mutual assistance project for emergency water reserves using aluminum bottles

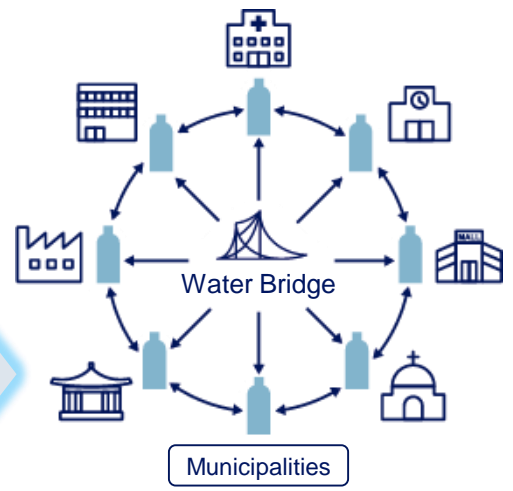
Long-term storage achieved through gas barrier properties → Enables supply from water reserves for mutual assistance

Contributes to self-help and mutual help to prevent disasters

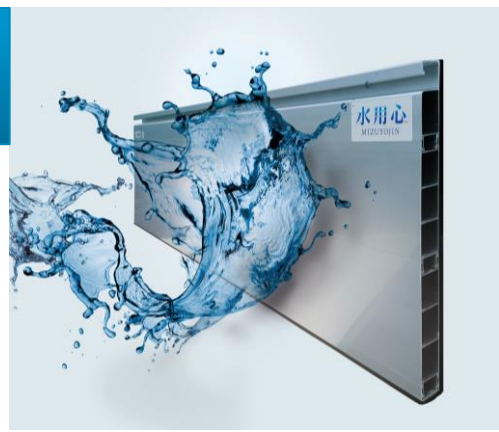
Move to aluminum can material can help extend potable life



Creation of new business



Flooding countermeasures project using extruded aluminum material



Folding booth made out of aluminum



Major Policy 3. Contribute to Achieving a Lighter World

Complete structural reforms

Strengthen foundation for growth

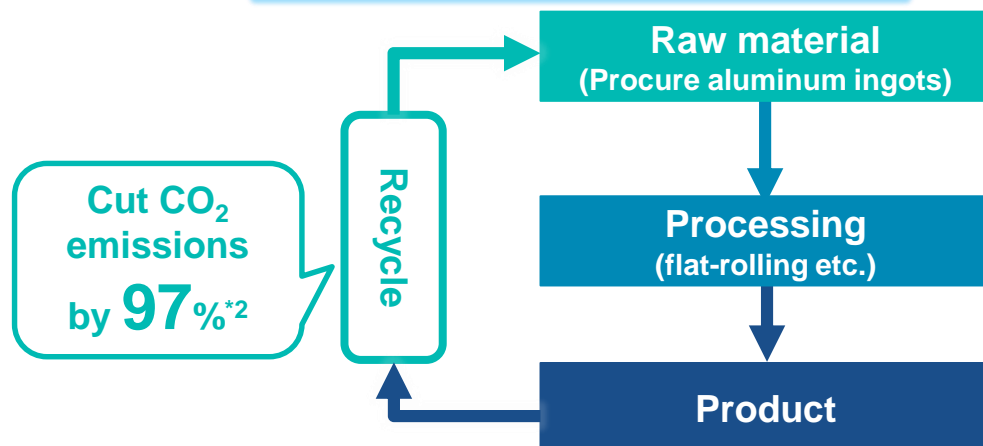
Contribute to achieving a lighter world

Preparing for Carbon Neutrality by 2050

Guidelines
for action

- For Scope 1 and Scope 2, take on the challenge of carbon neutrality by 2050
- For Scope 1 and Scope 2, aim to cut emissions by 30%*1 by FY2030
- For Scope 3, work on collaborations with a variety of partners in the supply chain to maximize recycling and minimize CO₂ for the supply chain as a whole

Aluminum recycling and UACJ initiatives



- Build framework for recirculating scrap from customers
- Promote effective utilization of scrap
- Develop recycling technology
- Heat transfer and waste heat recovery
- Use of renewable energy
- Utilization of non-fossil fuels
- Switch to energy-saving facilities
- Consider using facilities compatible with recycled materials
- Use recycled materials, appeal to customers



*1 30%: Calculated using the Sixth Strategic Energy Plan (Ministry of Economy, Trade and Industry, 2021)

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Major Policy 3. Contribute to Achieving a Lighter World: Obtain ASI Certification

Become member of ASI*1, participate in global rule-making for the aluminum industry

[ASI membership (July 2020: first Japan flat-rolling manufacturer)]



- A certification organization that seeks to maximize the contribution of aluminum to a sustainable society
- It aims to collaboratively foster responsible production, sourcing and stewardship of aluminum

Participating companies
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- Participate in the creation of global standards and making of rules for audit and certification in relation to improving the ESG performance of the aluminum industry
- Major overseas automobile and beverage manufacturers are making this a condition for doing business, so it contributes to an increase in future business opportunities
- Work with stakeholders to resolve social issues through the use of aluminum

[ASI certification obtained*2 (March 2022)]



Performance Standard (PS):
Obtained certification in relation to ESG requirements



Chain of Custody (CoC) Standard:
Obtained certification in relation to production, procurement, and use in the supply chain



*1 ASI : The Aluminium Stewardship Initiative

*2 Obtained for Fukui Works and Rayong Works. Going forward, we plan to expand initiatives to other production sites within the Group

Major Policy 3.

: Support for TCFD Recommendations and Scenario Analysis of Climate Change Risks and Opportunities

Devising future environmental strategies based on scenario analysis

September 2021

Expressed support for the TCFD recommendations and participated in the TCFD Consortium

October 2021 to January 2022

Conducted climate change scenario analysis with the support of the Ministry of the Environment

3 【1.5°Cシナリオの将来社会像イメージ】
再エネ・再生材へのシフト。スクラップ回収スキームの構築と低炭素製品の研究開発が重要となる。

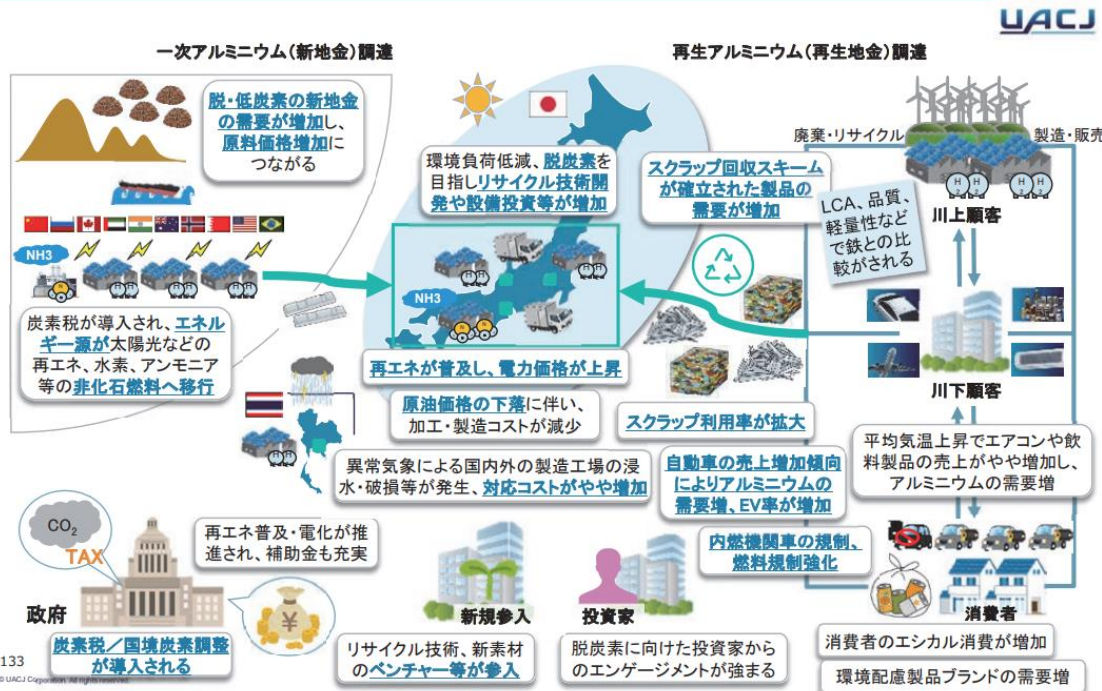


Image of a future society in the 1.5°C scenario*

Analysis of the 1.5°C scenario suggests a shift to more widespread use of renewable energy and recycled materials

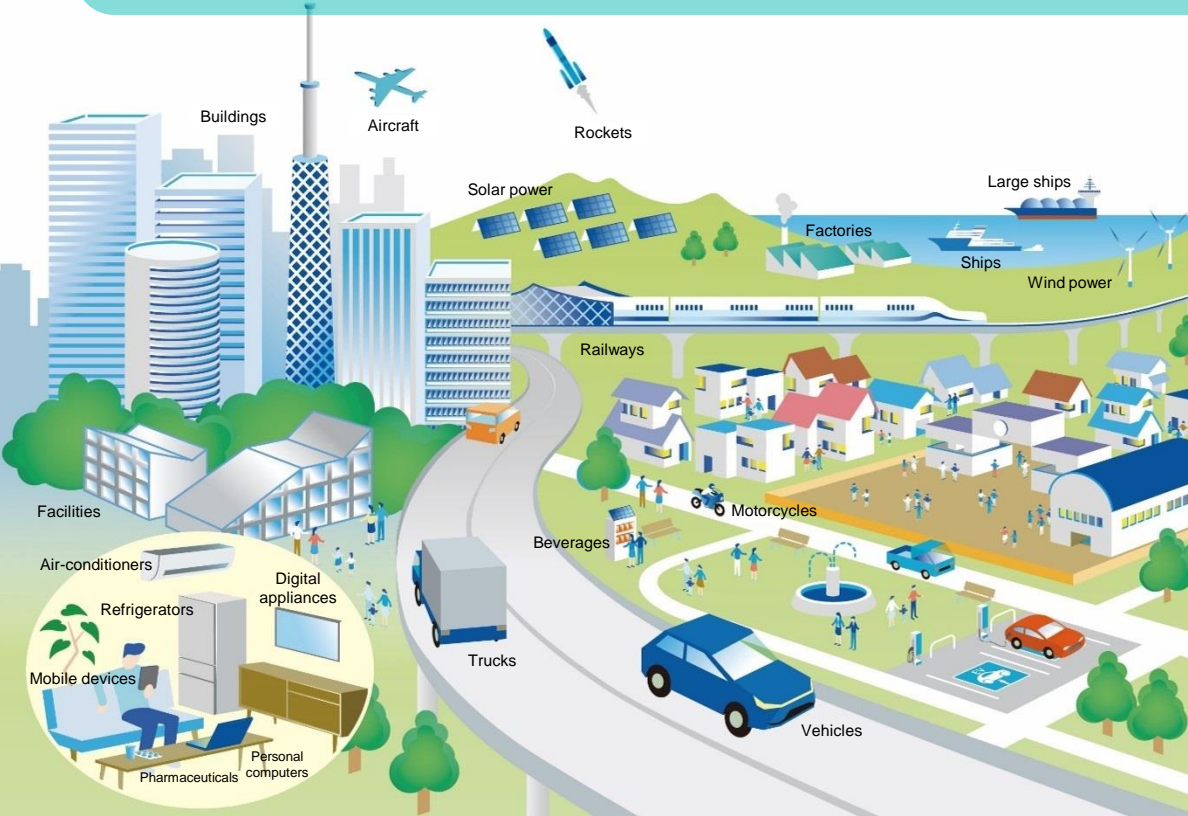
Improve corporate value by implementing strategies that will become the core of the circular economy of aluminum products, such as:

- Creating a scrap collection scheme at the earliest possible opportunity
- Conducting further research into recycling technologies

Major Policy 3. Contribute to Achieving a Lighter World: Make Full Use of Aluminum's Material Properties

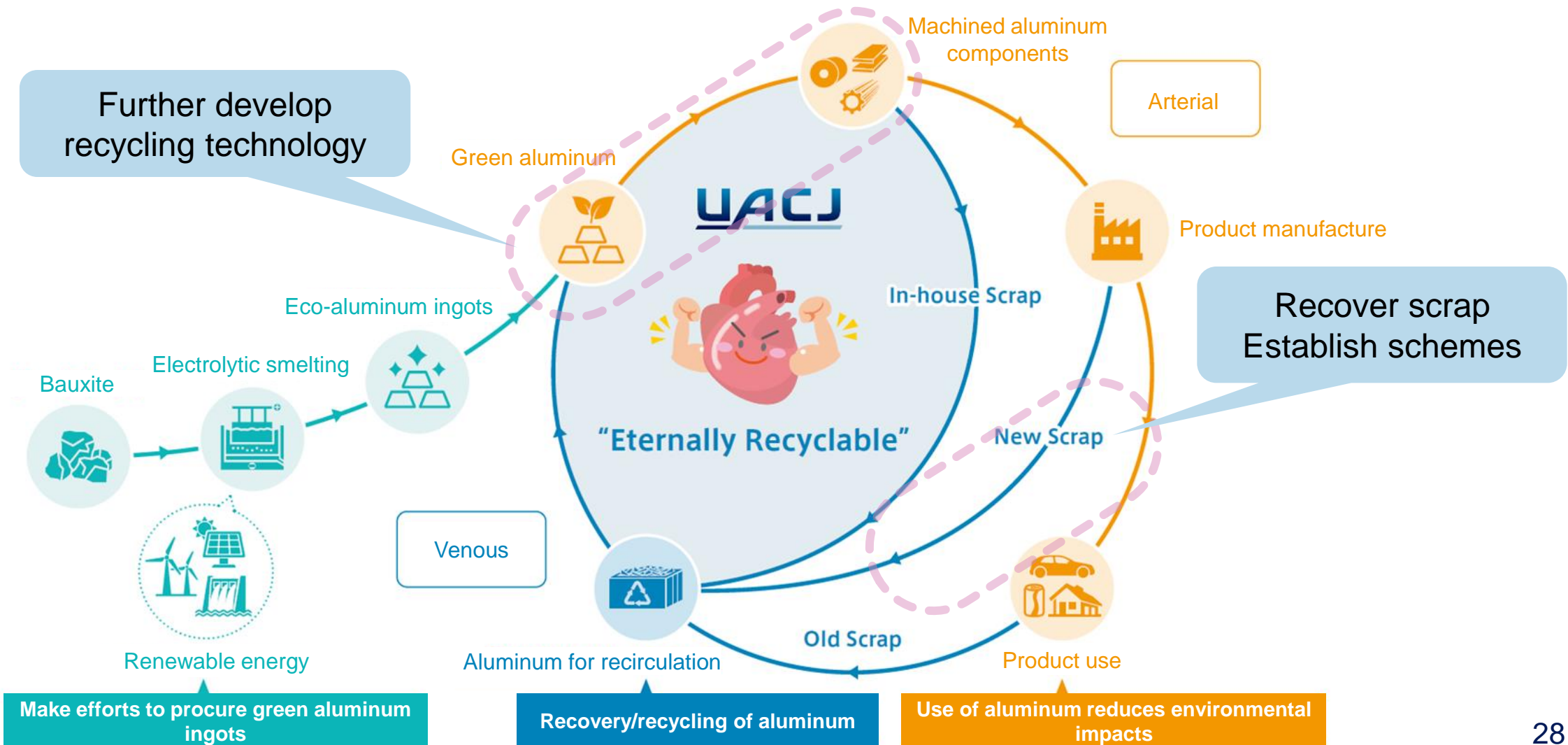
Aluminum products can be reborn time and time again as the same aluminum product

Aggressively promote “closed-loop recycling” to enable end-of-life products to be regenerated into the same product, by leveraging the material properties of aluminum that make it easily recycled



Major Policy 3. Contribute to Achieving a Lighter World: the Cycle of Aluminum Use

Lead the formation of a recycling supply chain, and provide environmental value through aluminum





Aluminum lightens the world

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