

UACJ Group "Global Step I"

Fiscal 2015-2017

Mid-term Management Plan

– Becoming an aluminum industry leader in a competitive global market–

December 10, 2014

UACJ Corporation



Note: Fiscal 2015-2017 is the period from April 1, 2015 to March 31, 2018.

1. UACJ Merger – First Year in Review

2. Overview of Business Environment

3. Mid-term Management Plan

3-1 Major Policies

3-2 Policies and Measures for Flat Rolled Products Business

3-3 Policies and Measures for Businesses other than Flat Rolled Products

3-4 Strengthening the Global Sales Network

3-5 Policy for Developing New Technologies and Products

3-6 Human Resource Development

3-7 Capital Investment Plan

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3-9 CSR Initiatives

1. UACJ Merger – First Year in Review

Steady Unification, Integration and Global Expansion

October
2013

Unification

- Drafted management philosophy and code of conduct
- Integrated various systems
- Designed new HR system

Integration

- Established UACJ Foil Corporation

Global Expansion

- Invested capital in UPIA
- Acquired Malaysian foil company
- Started first phase of operations at UATH

March
2014

Announced UACJ Group's Vision for the Future

- Created HR development initiatives
- Promoted personnel exchange

- Merged UACJ Logistics Corporation and LCOMPO
- Established UACJ Metal Components Corporation
- Merged UACJ Components Fukaya Corporation and NIKKEI KAKOH
- Synergistic global activities (Reducing overlapping costs, technological synergies, etc.)

Expected yearly effect: ¥3.6 billion

- Signed joint-venture agreement with Constellium N.V. for BiW business in North America
- Commenced operation of UACJ Trading (America)
- Commenced operation of Iwai Metal Central Mexico

December
2014

Announced Mid-term Management Plan

*UATH: UACJ (Thailand) Co., Ltd., UPIA: UPIA Co., Ltd., UACJ Trading America: UACJ Trading (America) Co., Ltd., Iwai Metal Central Mexico: IWAI METAL CENTRAL MEXICO, S.A. DE C.V.

Current Effects of Integration



Targeted Effects

**Build optimal
production networks**

**¥8.5
billion**

**Reduce costs and develop
new products by
integrating production
technologies and R&D**

**¥3.0
billion**

**Reduce
procurement costs
and expenditures**

**¥3.0
billion**

Others

**¥0.5
billion**

Annual target: over ¥15 billion

Fiscal 2014 Implementations

- Extrusion: Optimal location for billet production
- Foil: Optimal location for foil rolling
- Increase efficiency by using roundtrip shipping between manufacturing sites

- Casting technology: Improve casting efficiency/reduce amount of fuel used
- Rolling technology: Increase rolling efficiency/yield rate
- Restructure Research and Development Division

- Increase raw material shipping efficiency
- Optimize fuel and material procurement
- Reduce office and other management costs

- Merge logistics companies (UACJ Logistics)
- Merge precision-machined components companies (NEKKEI KAKOH)
- Derivative effects in other businesses (casting and forging, copper tubing)

Expected annual total: ¥3.6 billion

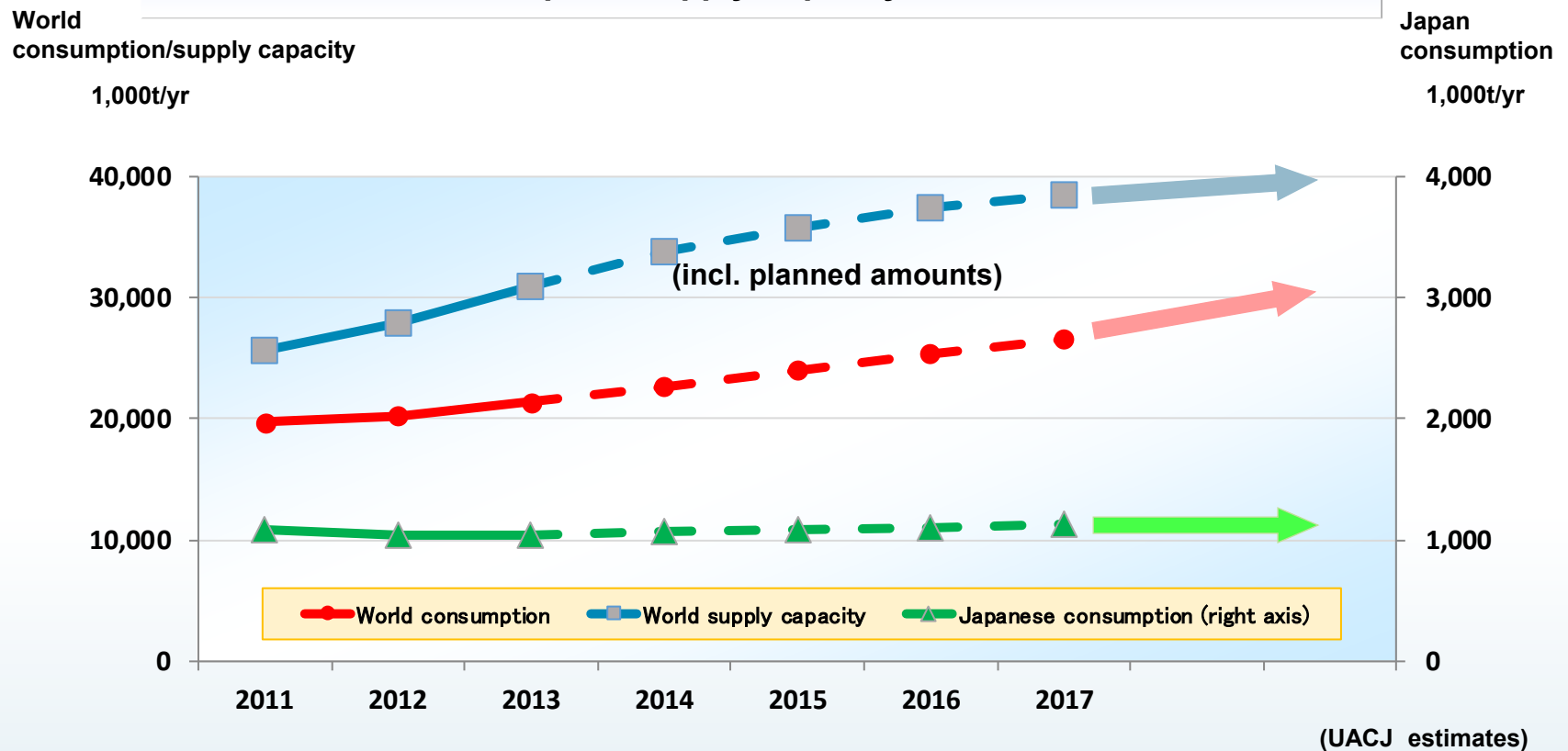
Actively pursue further synergistic effects

2. Overview of Business Environment

Worldwide Supply and Demand for Flat Rolled Products

World demand for flat rolled products is expected to grow steadily

Worldwide Consumption/Supply Capacity for Flat Rolled Products



Demand for Flat Rolled Products in Growth Regions and Fields



Growth Regions

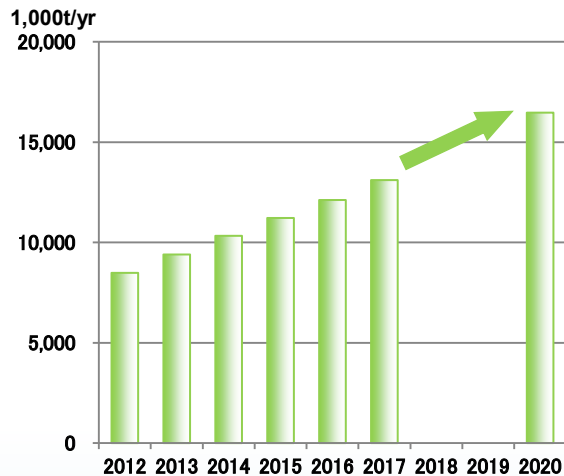
With the remarkable economic growth in Asia and the Middle East, demand is increasing in all fields, focusing on consumer goods such as can and foil stock

Growth Fields

Due to the need to reduce weight and other factors, demand is growing in transportation fields such as the automotive industry and aerospace, especially in Europe and America

Growth Regions

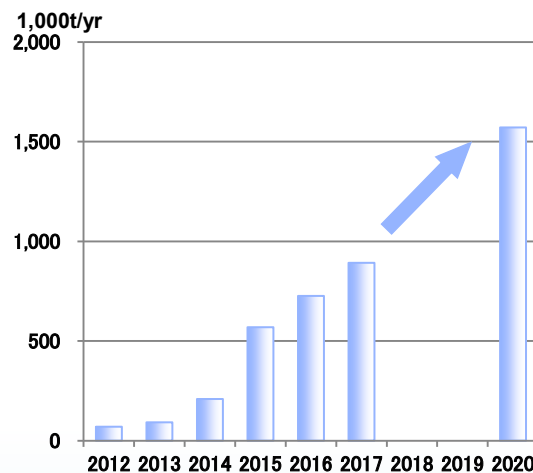
Total Demand in Asia/Middle East



Novelis Korea, and Chinese manufacturers are investing in production increases and constructing new plants

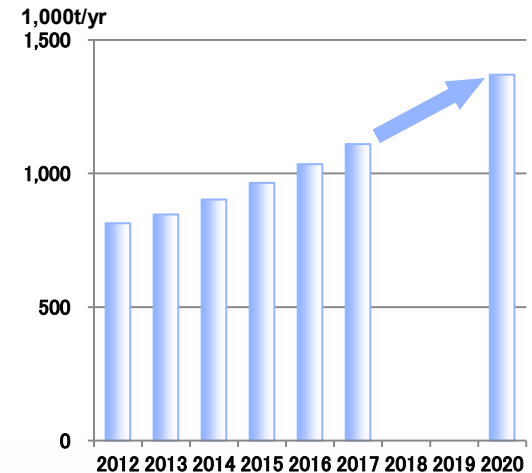
Growth Fields

Demand for BiW in North America



Companies such as Alcoa, Novelis and Aleris plan to enhance facilities in this field

Demand in European Transportation Sector



Companies such as Novelis, Aleris, Constellium and Hydro are planning to enhance facilities in this field

(UACJ estimates)

3. "Global Step I " Fiscal 2015-2017 Mid-term Management Plan

Mid-term Management Plan

3-1 Major Policies

Objectives

- To be a global company respected by all stakeholders, capable of coexistence and continuously evolving
- To be a global company that is appreciated and valued by customers worldwide
- To be a global company that appropriately develops and supplies products suited to the characteristics of local regions

Vision

Group Strengths

Incorporating market needs

Providing meticulous services

Bolster/Promote

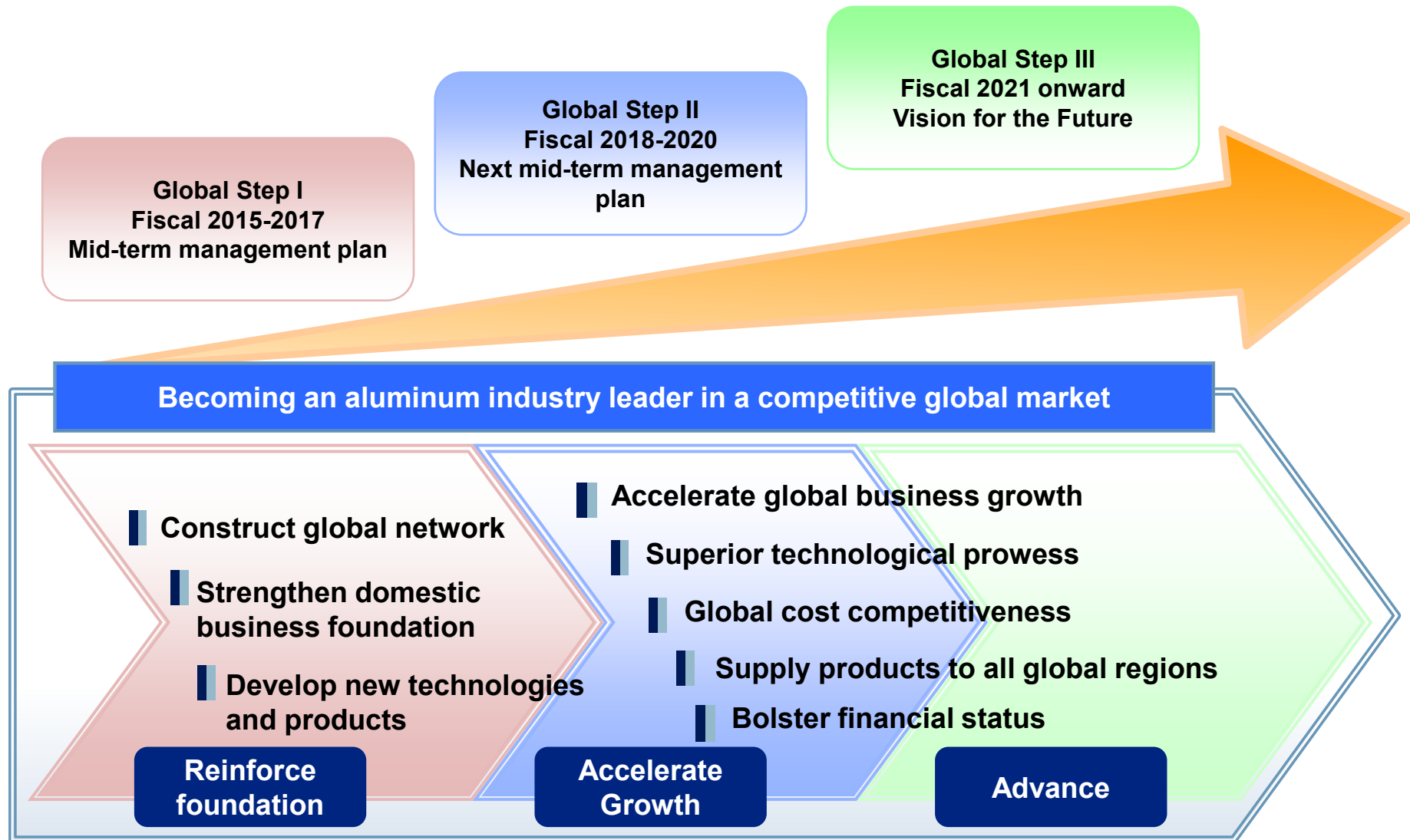
Technological development
skills

Cost competitiveness

Global supply capability

Becoming an aluminum industry leader in a competitive global market

Mid-term Management Plan



Major Policies of the Global Step I Mid-term Management Plan

- 1** Expand growth products in the transportation field—focusing on automobiles—and the energy field, and strengthen business in growth regions such as Asia
- 2** Construct an optimal production network for each business sector utilizing the synergies created through unification
- 3** Develop unique technologies and products by applying our vast technological prowess to fundamental research

Fundamental Policies for Implementation

Major Policies of Vision for the Future

- Proactively expand in growth fields and markets around the globe
- Improve cost competitiveness through restructuring
- Develop revolutionary technologies and products

Mid-term Management Plan

3-2 Policies and Measures for Flat Rolled Products Business

Major Policies

Optimize global product mix and create technological synergies

- Improve cost competitiveness by reallocating product mix
- Optimize global supply network
- Reduce costs and improve quality through technological synergies

Early Implementation of strategic investment

- Early startup of fully-integrated manufacturing at Rayong Works of UACJ (Thailand) Co., Ltd. (UATH)
- Proceed with BiW business in North America (joint venture with Constellium N.V.)

BiW: Body-in-White

2015

2017 2018

2020 2021~

Mid-term Management Plan

- Reinforce business foundation by constructing an optimal production network for each business sector
- Maximize effects of integration through technological synergies (Improve cost competitiveness= larger profits)
- Early mobilization of strategic investments

Next Mid-term Management Plan

- Continue investment in new growth fields and regions
- Realize profits from strategic investments

Vision for the Future

- Secure position an aluminum industry leader in a competitive global market

Improve cost competitiveness by reallocating product mix

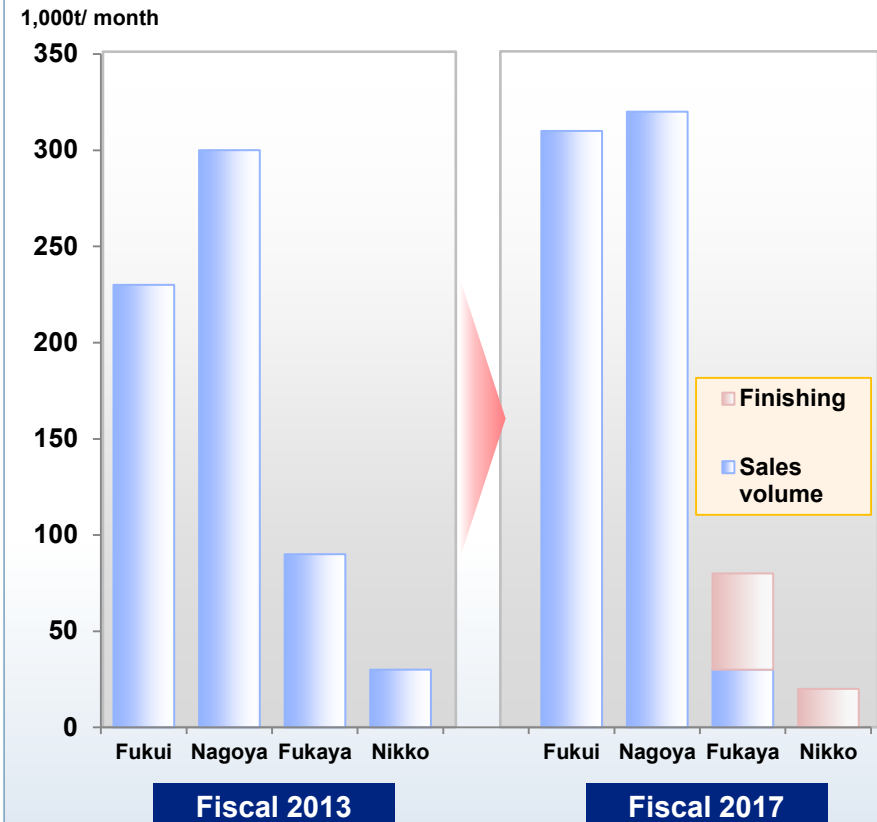
Reduce costs and improve quality through technological synergies

Priority Measures

**Optimize product mix at Japanese manufacturing bases
(scheduled for completion in fiscal 2016)**

- **Increase productivity by reallocating products**
<Positioning of works>
Fukui: Core works for can stock and thick plate for LNG tankers
Nagoya: Core works for automotive materials, litho sheet and fin stock
Fukaya: Core works for thick plate
Nikko: Finishing plant for precision and specialty products
- **Suspend use of surplus equipment by reallocating product mix in Japan**
- **Reduce capital expenditures by transferring surplus equipment to locations such as UATH**

Product Mix Reallocation (sales volume)



Early startup of fully-integrated manufacturing at UATH Rayong Works

Priority Measures

Establish fully-integrated manufacturing network

- Early startup of upstream processes (casting, hot rolling)
- Establish 200,000 t yearly supply capacity by 2017

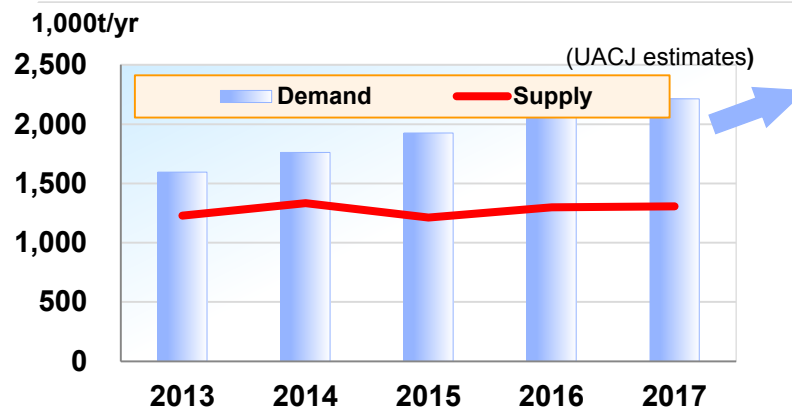
Differentiate by improving competitiveness

- Combine quality with cost-competitiveness
- Market approach integrating manufacturing, sales and R&D

Function as first-class aluminum works in Asia

- Explore capital investment for 300,000 t/yr (measures to be implemented within this mid-term management plan)
- Explore optimal product mix for maximizing profits

Outlook for Demand in Southeast Asia and Other Nearby Regions (excl. China, S. Korea and Japan)



UATH Production Volume



North American BiW business (joint venture with Constellium N.V.)

Priority Measures

Provide high-quality products by combining the technologies of UACJ and Constellium N.V.

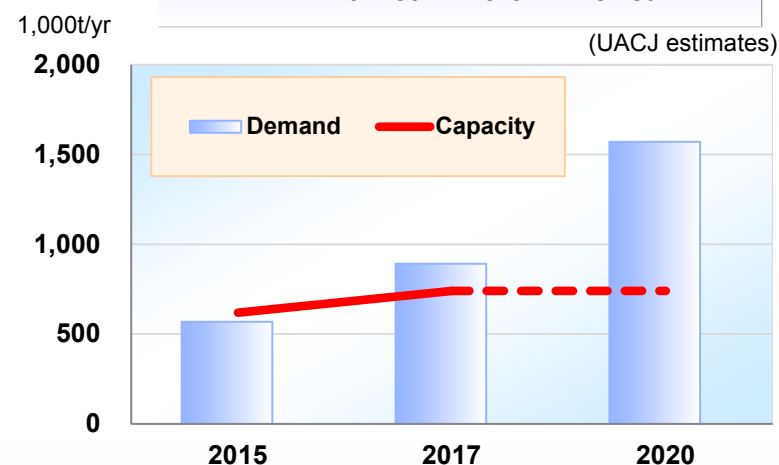
Invest in plant and equipment and prepare supply network

- Shorten period for first phase of investment
 - ➔ Establish 100,000 t/yr capacity from 2016
- Investigate second phase of investment

Realize fully-integrated manufacturing in North America

- Procure cold-rolled coil from TAA/Logan mill

BiW Market in North America



Construction site

Optimize Global Supply Network and Promote Technological Synergies

Optimize global supply network

Region Main products	Japan	China/ South Korea	Southeast Asia	India	Middle East/ Africa	Europe	The Americas
Can Stock	Fukui	Fukui	UATH	UATH	UATH	—	TAA
		UATH					
Automotive heat exchanger materials	Nagoya (Nikko)	Ruyuan	UATH	UATH	UATH	AFSEL	UATH
		UATH					AFSEL
BiW	Nagoya (Fukaya)	Under investigation					New company (joint venture)
Litho sheet	Nagoya	Nagoya	Nagoya	BAL	BAL	BAL	BAL
Thick plate for LNG tanker	Fukui Fukaya	Fukui Fukaya	—	—	—	—	—
General thick plates	Fukaya	Fukaya	Fukaya	—	—	—	—
		UPIA					

NB: TAA: Tri-Arrows Aluminum Inc. (USA), Ruyuan: Ruyuan Dong Yang Guang Fine Foil Co., Ltd., AFSEL: FSEL S.A., BAL: Bridgnorth Aluminum Inc.

Mid-term Management Plan

3-3 Policies and Measures for Businesses other than Flat Rolled Products

Major Policies

- Improve cost competitiveness by optimizing manufacturing bases in Japan and overseas
- Reinforce priority businesses by integrating technologies, differentiate by developing new technologies and products, and manufacture products with higher added-value
- Focusing on high-precision products for automotive heat exchangers, improve capabilities for growing the Asian market and streamline the global supply network

Priority Measures

Optimize production

- Optimize five production bases in Japan
- Build global supply network for automotive heat exchanger materials

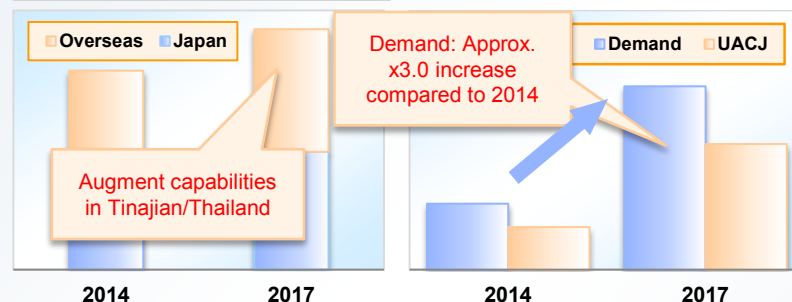
Develop new technologies and products

- Differentiate through new product development in principal fields (automotive and motorcycle products, office equipment, all-aluminum heat exchangers for air conditioners, etc.)
- Further enhance added-value of machined component products

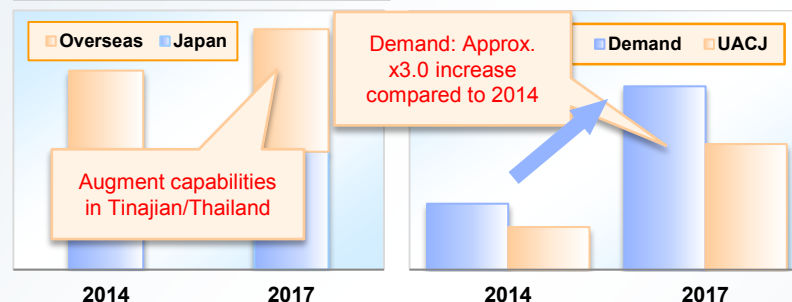
Fortify global business support

- Strengthen capabilities in growing Chinese, Southeast Asian and Indian markets
 - ➡ UACJ Extrusion (Tianjin) Corporation: new installation/mobilization of #3 extruder, etc.
- Investigate automotive business in North American market

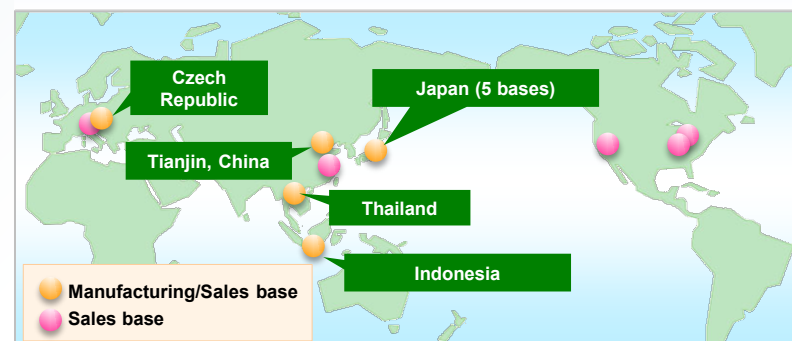
Production Capacity for Automotive Heat Exchanger Materials



UACJ Expected Demand and Planned Volume for All-aluminum Heat Exchangers for Air Conditioners



Global Network



Major Policies

Become a comprehensive foil manufacturer in the global market

Create integration and synergies early on

Focus on predominant fields and growing markets

Respond to growth in Asian regions

Priority Measures

Optimize production at Japanese manufacturing bases

- Reallocate product mix at three Japanese bases
 - Optimize production of PTP foil, general foil and battery materials
 - Reallocate capacitor foil production

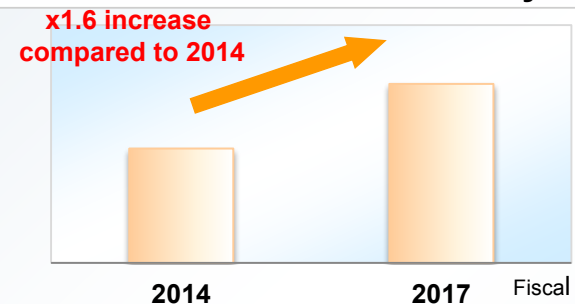
Support initiatives in growing markets

- Develop highly functional battery material and capacitor foil products
- Increase PTP foil use in medical industry packaging

Fortify global business support

- Strengthen position in Asian market through UFOM and UATH Rayong Works

Planned Volume for On-board Automotive Battery Foil



Major Products



Lithium-ion batteries



Aluminum electrolytic capacitors



Medical industry packaging materials (PTP foil)

Major Policies

- Casting business (compressor wheel (CW) business):**
Introduce compressor wheel milling for the globally expanding automotive turbocharger market and maintain the major market share for compressor wheel products (currently 25%)
- Forging business:**
Develop market for products with special features by utilizing large-scale forging processes and free-forging technologies

Priority Measures

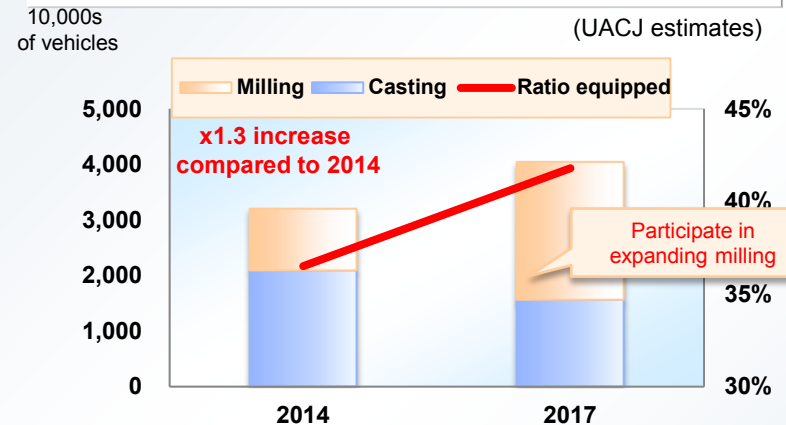
Casting business (compressor wheel (CW) business)

- Transform into a comprehensive CW manufacturer by combining casting and milling
- Improve cost competitiveness by consolidating production at UFFV (Vietnam)

Forging Business

- Expand sales in growing markets such as liquid-crystal production facilities, aircraft, railcars and ships
- Expand sales by making use of 15,000-t press (e.g., one of the largest in Japan), large-scale machining and other facilities

Expected Worldwide Volume/Percentage of Vehicles Equipped with Turbochargers



Turbocharger
compressor wheels

Major Policy

Increase profits by developing and expanding sales of unique products, and maximizing current facility capabilities

Priority Measures

Fortify business structure in Japan

- **Develop and expand sales of unique products**
 - Develop internally grooved tubing, highly corrosion-resistant copper tubing and high-strength copper tubing
 - Expand sales of Thermoexcel heat-transfer pipe
 - Develop high-performance heat-transfer tubing and applicable heat exchangers
- **Improve cost competitiveness by maximizing facility capabilities**
 - Improve production capabilities for higher performance small-diameter products

Strengthen competitiveness of overseas businesses

- **Improve cost competitiveness by increasing the local procurement of elemental tubing**
- **Expand sales of internally grooved tubing in growth regions such as India and the Middle East**

Major Products



RF tubing compatible with new refrigerants

Internally grooved tubing compatible with new refrigerants
(From left: $\phi 9.52$, 8.00, 7.00, 5.00, 4.00 mm)



Thermoexcel pipe with micro-fin processing on the external surface



Large-scale heat exchanger for hydroelectric power station bearing cooling



Heat-sink heating pipe

Major Policy

Improve business structure efficiency and develop new fields of demand

Priority Measures

Reinforce business foundation by enhancing operation efficiency

- Restructure business spearheaded by UACJ Metal Components Corporation
 - Improve the efficiency of production networks
 - NALCO Iwai: move business of Hiratsuka Works to Narita Works

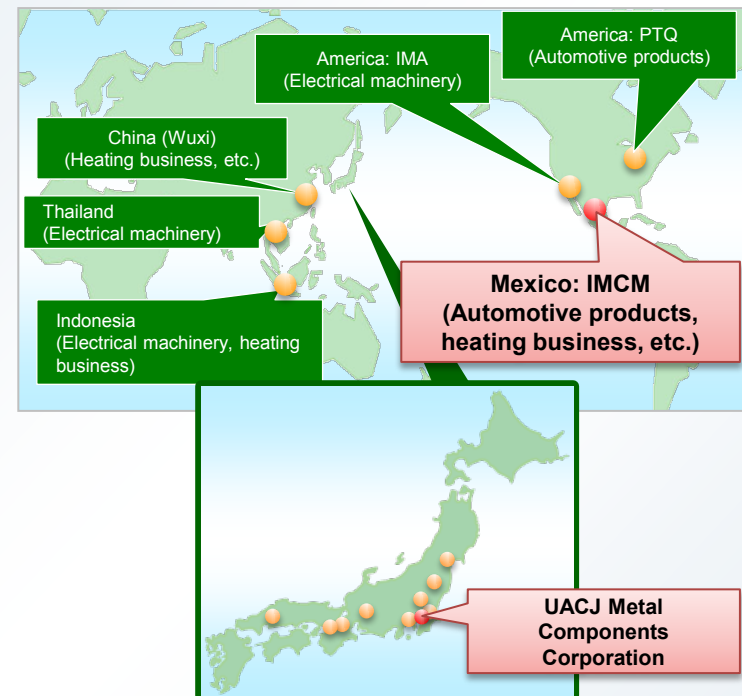
Concentrate heavily on main businesses and develop new fields of demand

- Focus on main business including automotive, etc.
- Expand business in automotive and heating fields

Strengthen Global Expansion

- Increase global expansion and reinforce automotive business by collaborating with bases in the Americas
- Increase collaboration with Asian bases (China, Thailand and Indonesia)

Global Network



NB) PTQ: Penn TecQ Inc., IMA: IWAI METAL (AMERICA) CO., LTD., IMM: IWAI METAL MEXICO, S.A. DE C.V. IMCM: IWAI METAL CENTRAL MEXICO S.A. DE C.V.)

Mid-term Management Plan

3-4 Strengthening the Global Sales Network

Enhance marketing capabilities utilizing the global network

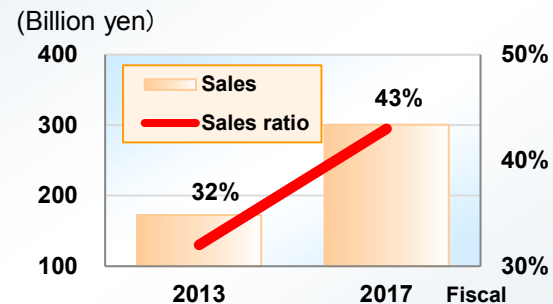
Increase automotive heat exchanger sales in Europe
(Flat rolled and extrusion products)

Reinforce sales networks in
North and Central America
(Automotive/IT-related products)

Reinforce sales network
in Thailand
(UATH)

Increase size of sales companies
in Shanghai
(UATH/Ruyuan, etc.)

Overseas Sales Ratios and Trends

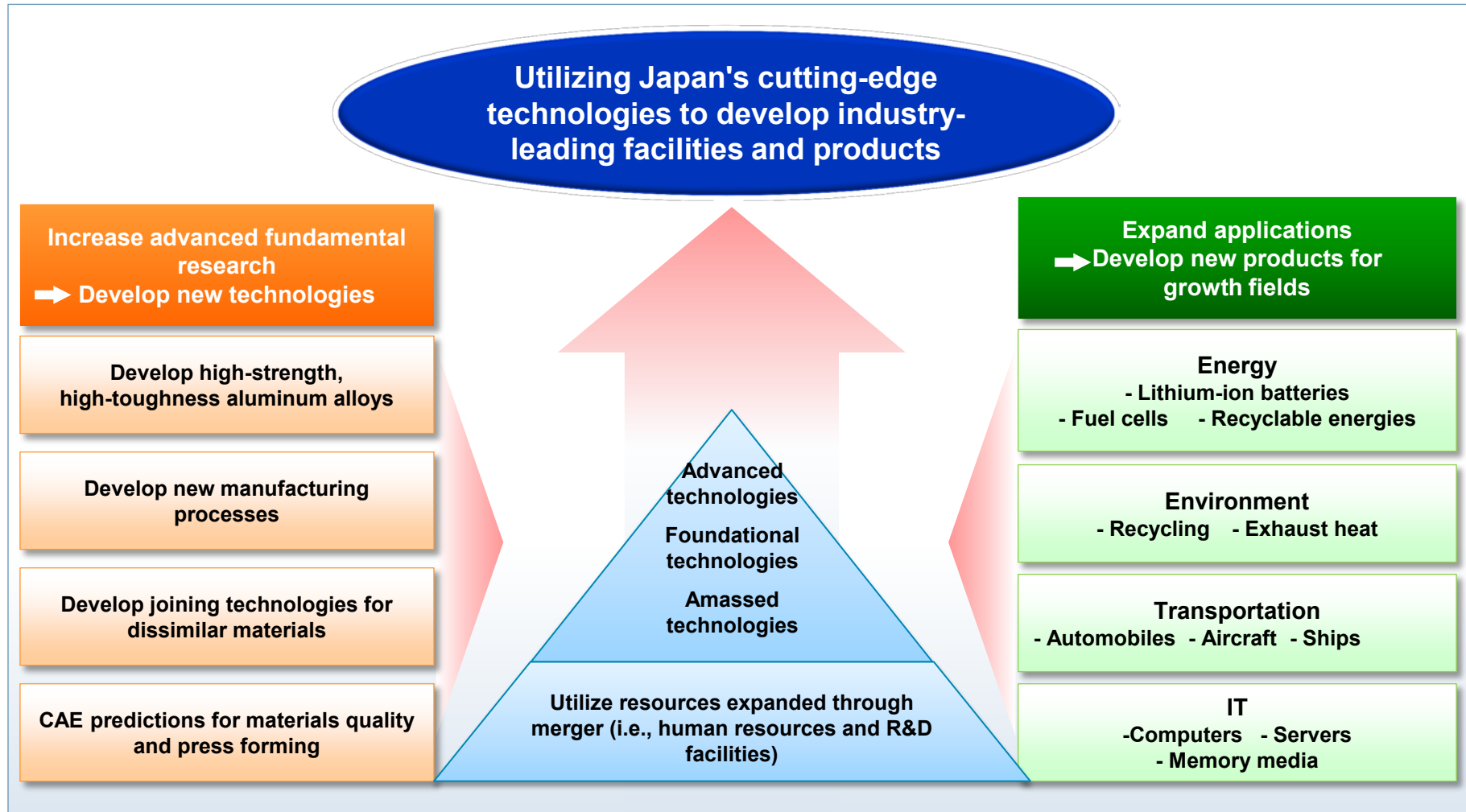


Mid-term Management Plan

3-5 Policy for Developing New Technologies and Products

Policy for Developing New Technologies and Products

Increase advanced fundamental research, and develop new technologies and products



Mid-term Management Plan

3-6 Human Resource Development

**Continuously foster human resources worldwide
Practice diversity (respect and utilize individual diversity)**

Priority Measures

Secure and train human resources capable of conducting business at the global level

- Strengthen global mindset and global business skills
- Foster, utilize and promote local human resources

Enhance technology development skills, onsite capabilities and staff knowledge

- Foster resources with expert knowledge that is readily available in the world
- Increase and expand technology-sharing and improvement activities
- Conduct education at every level Group-wide



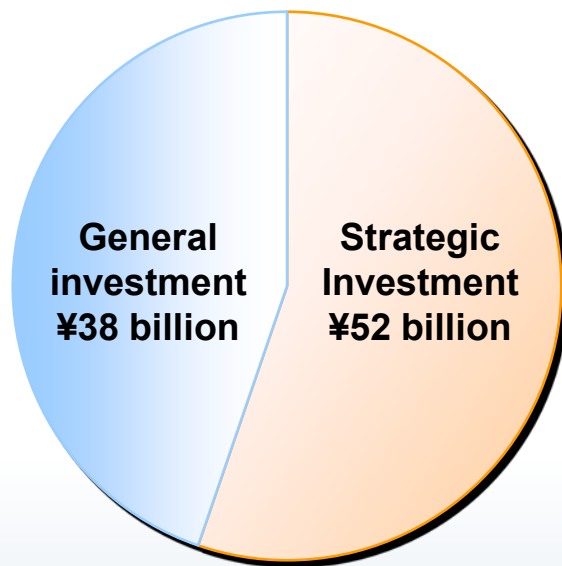
Mid-term Management Plan

3-7 Capital Investment Plan

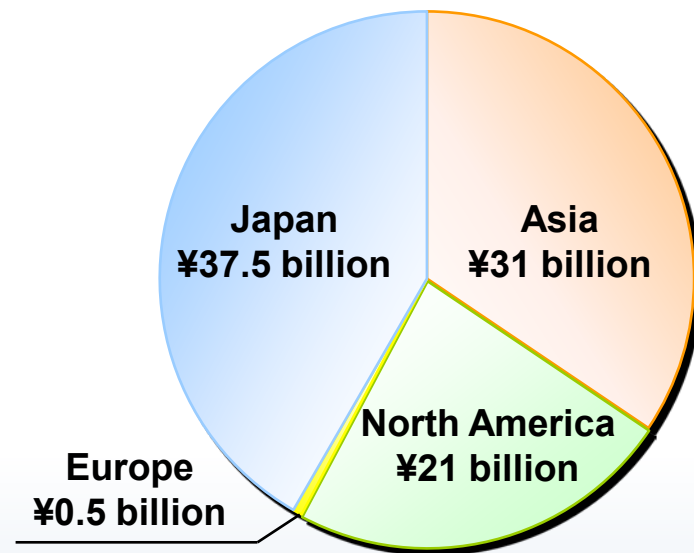
Strategic capital investment in growth regions and fields

Limit general investment to approximately one-half of depreciation costs

Total capital investment of 90 billion yen in the three-year period fiscal 2015 - 2017



Strategic investment: approx. 60%



Investment focusing on Japan, Asia and North America

Mid-term Management Plan

3-8 Mid-term Management Plan Targets

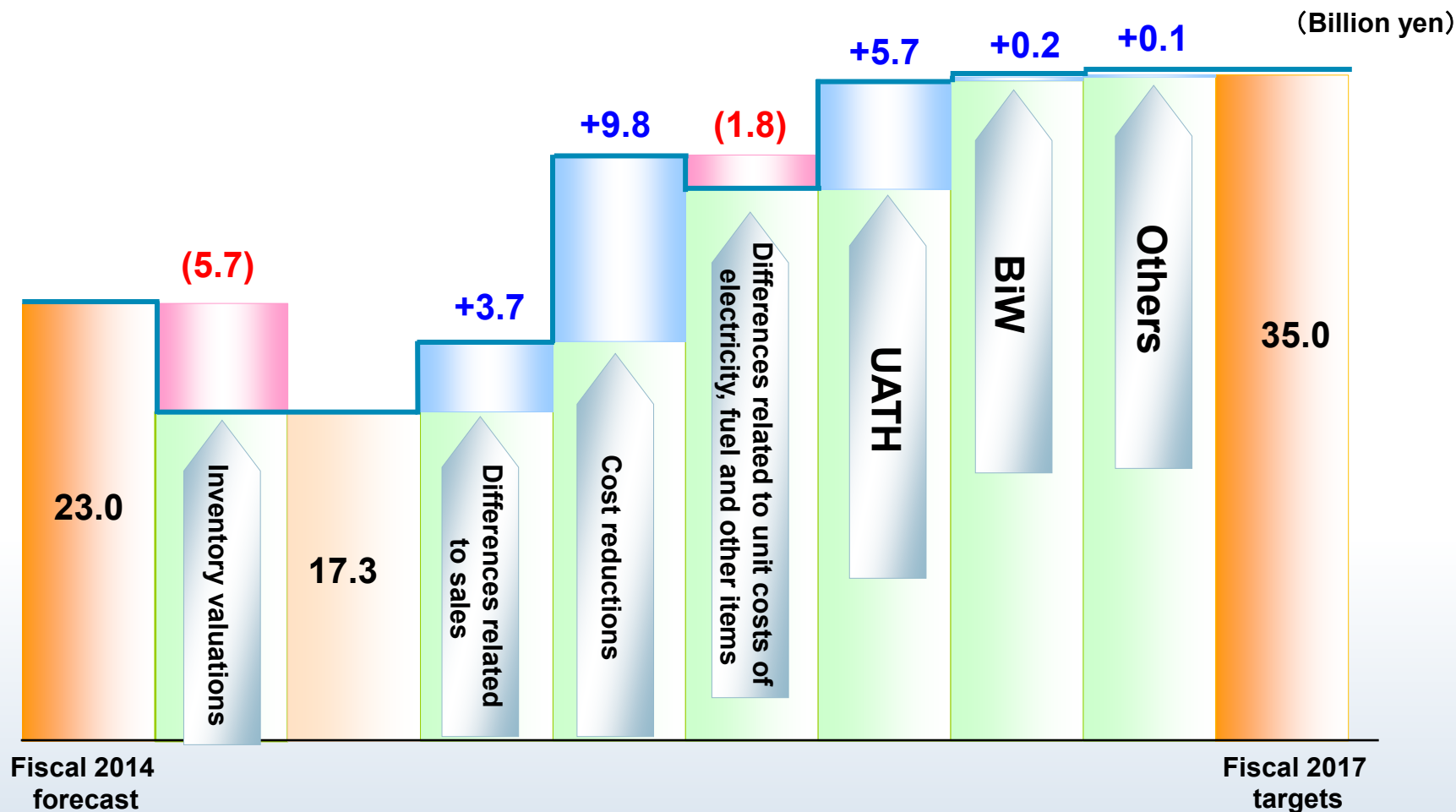
Mid-term Management Plan Targets

	Fiscal 2014 Forecast	Fiscal 2017 Targets
Consolidated net sales	580.0 billion yen	700.0 billion yen
Operating income	26.5 billion yen	40.0 billion yen
Ordinary income	23.0 billion yen	35.0 billion yen
Shareholders' equity	160.0 billion yen	195.0 billion yen
Shareholders' equity ratio	25 %	28 %
Interest-bearing debt	280.0 billion yen	260.0 billion yen
D/E ratio	1.75 times	1.33 times
ROE	6.5 %	10 %

Assumptions: Exchange rate: 110 JPY/USD, Primary aluminum ingot price (Japan): ¥280/kg

Difference between Mid-term Management Plan Ordinary Income Targets and Fiscal 2014 Forecast

Includes integration effect differences + ¥9.4 billion
(¥3.6 billion in fiscal 2014 → ¥13 billion in fiscal 2017)

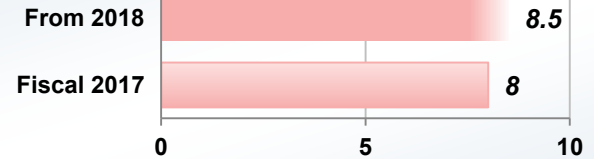


Integration Effect Targets

(Billion yen)

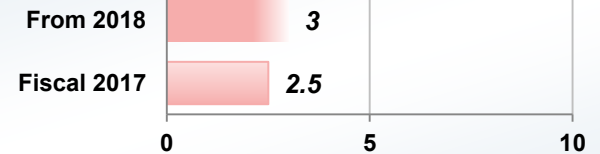
Construct optimal production network for each business sector

- Reallocate production at Fukui/Nagoya/Fukaya /Nikko
- Extrusion: Optimize production between Oyama /Nagoya
- Foil: Optimize rolled/processed foil production
- Distribution: Optimize shipment of raw materials and products



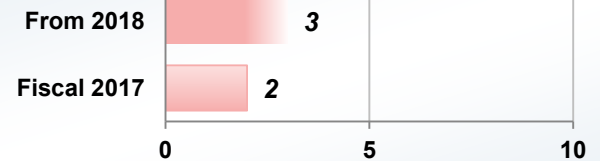
Reduce costs and develop new products by integrating production technologies and R&D

- Improve casting, rolling and finishing technologies
- Improve productivity and minimize loss in extrusion and foil production
- Sales promotion of R&D product, new products



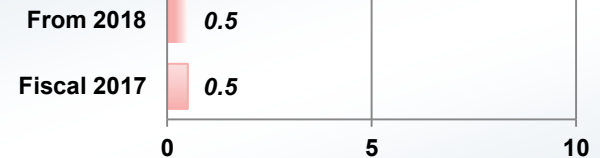
Reduce procurement costs and expenditures

- Optimize suppliers and procurement conditions for raw materials
- Optimize purchasing conditions for fuel, materials
- Reduce management costs, such as office/plant expenses



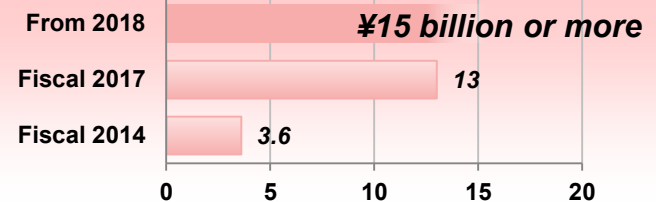
Other targets

- Enhance efficiency by increasing Group coordination
- Precision-machined components: Sales promotion through coordination with sales, etc.



Fiscal 2017 annual total target for effects of integration:

¥13 billion



Mid-term Management Plan

3-9 CSR Initiatives

Maintain the confidence of UACJ stakeholders

Basic Approach

- Secure the trust of customers and business partners through the continuous creation and supply of products, technologies and services that are safe and beneficial to society
- Through sound corporate activities, contribute to stakeholders, employees and local communities

Upholding Corporate Governance

- Steadily enforce management philosophy and Code of Conduct
- Strengthen management monitoring system used by Board of Directors and Board of Auditors
- Thorough compliance and risk management

Initiatives for Sustainability

- Preserve the global environment
- Promote the use of recyclable resources
- Strengthen the business continuity plan

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 believes that its expectations and assumptions are reasonable, actual results and trends in UACJ performance could differ from those expressed or implied by figures or statements herein due to exchange rate movements and uncertainties in future business circumstances.

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PR/IR Department
Tel: +81-3-6202-2654 FAX: +81-3-6202-2021
URL: <http://www.uacj.co.jp/english/>
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