Reinforcing Foundation for the Leap Forward

The UACJ Group regards the Global Step I Mid-term Management Plan as the means for reinforcing its foundation to achieve the UACJ Group Vision for the Future; that is, establishing a supply network with a globally competitive advantage mainly through enhancing supply capacity in growth fields and regions. In fiscal 2016, we reached one of our goals, a monthly production capacity of 10,000 tons at the Rayong Works of UACJ (Thailand) Co., Ltd. Other advancements include Constellium-UACJ ABS LLC (CUA), a joint venture with Consellium N.V. in North America that has began full-fledged operation, and in Japan, we completed the optimization of our production network. In fiscal 2017, we intend to ensure the completion of Global Step I.

Global Step III

Onward

Fiscal 2021 onward
Vision for the future

Global Step II

Accelerate growth

Fiscal 2018-2020
Next mid-term management plan

Global Step I

Reinforce foundation

Fiscal 2015-2017
Mid-term management plan

Optimal production network established in Japan as product mix reallocation nears completion P37

CUA, a manufacturing and sales company of automotive body sheet in USA, began operations P25

Achievements in Fiscal 2016

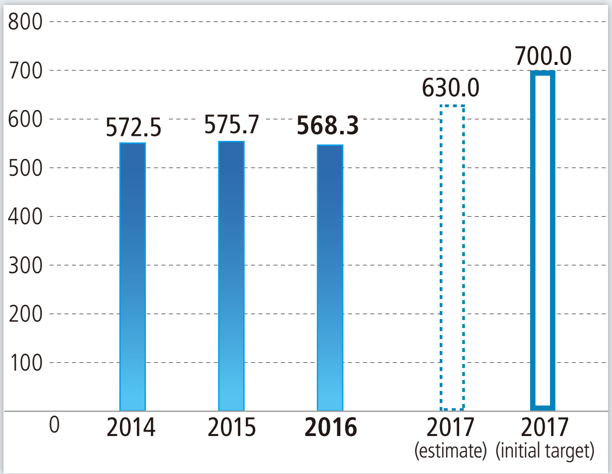
Rayong Works of UATH in Thailand achieved monthly production of 10,000 tons in October P35

Automotive Business Development Division newly established P28

Working Toward mid-term management plan targets

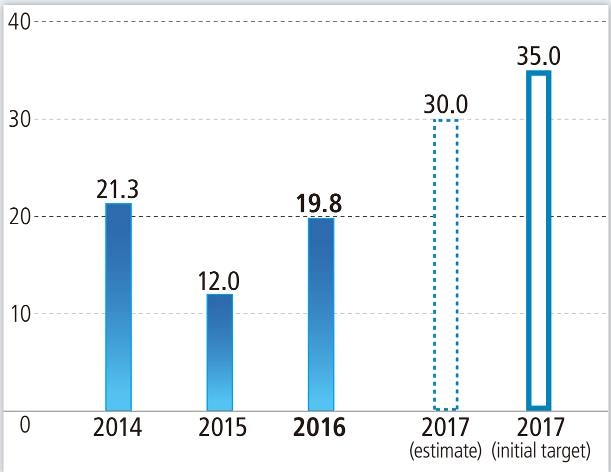
Net sales

Unit: billion yen



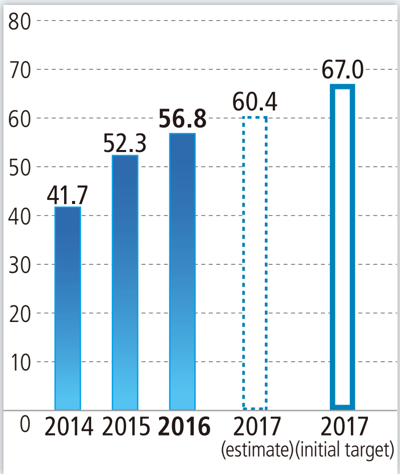
Ordinary income

Unit: billion yen



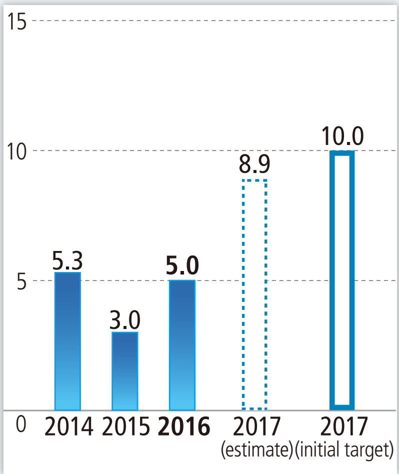
Adjusted EBITDA

Unit: billion yen



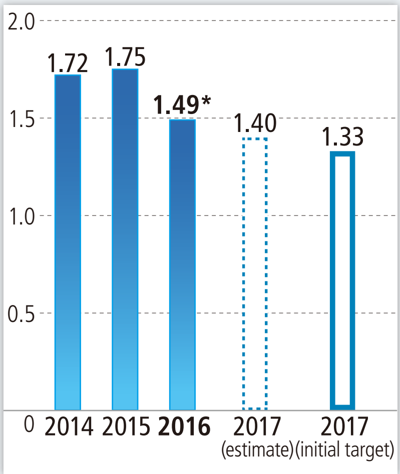
ROE

Unit: %



D/E ratio

Unit: times



* Figures factor in subordinated loan

In fiscal 2016, we made good progress in strengthening our supply network in the focus regions of Thailand and North America. The Rayong Works in Thailand achieved monthly production of 10,000 tons. As a follow-up to this success, it was decided to make an additional investment to further increase production capacity. In North America, where the automotive body sheet joint venture started operation in earnest, additional investment was given the go-ahead for the Logan Mill of TAA, a supplier of can stock. Meanwhile, the reallocation of product mix has almost been completed in Japan, marking the establishment of an optimal production network.

Taking a look at earnings indicators for our targets, sales declined due to lower primary aluminum ingot prices and the adverse effect of foreign exchange rates. However, ordinary income rose owing to improved inventory valuations and reduced costs stemming from the effects of integration. Adjusted EBITDA and ROE also increased. In addition, the D/E ratio has improved to its healthiest level in the last 10 years as a result of issuing a subordinated loan—50% of the funds raised being counted as equity by rating agencies—and a capital increase through a public offering in March 2017.

In the future, we will continue to press forward with our growth strategies while taking into consideration a balance between investment for growth and strong financial positions. Although we are likely to fall short of the initial target set forth by the mid-term management plan in December 2014, fiscal 2017 is expected to see rises in both sales and income. All of the earnings indicators should consequently improve.

Note: The UACJ fiscal year is from April 1 to March 31 of the following year. Fiscal 2016 is the year ended March 31, 2017.