

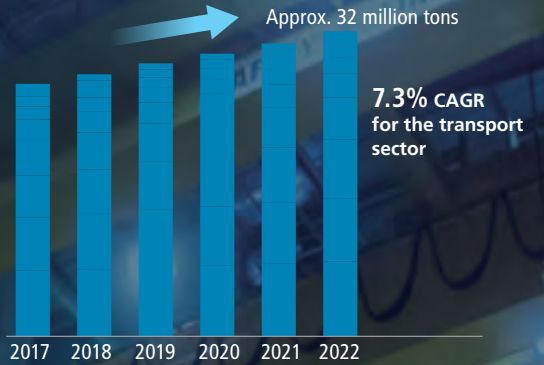
The UACJ Group is working to generate returns on past investments and boost capital efficiency

Anticipating continuous growth of the global aluminum market, Japan's two largest aluminum companies merged in 2013 to form UACJ Corporation with the goal of setting up a global supply network. The new company launched its first mid-term management plan the following year and took steps to expand globally, which included the startup of full-fledged operations at Rayong Works in Thailand. During the period of that plan, however, UACJ's operations changed beyond expectations as the market for aluminum in Asia grew rapidly and demand for automotive aluminum rose substantially. With the adoption of tougher environmental regulations around the world, demand for automotive aluminum materials and components in particular are projected to grow due to their suitability for lightweight and electric vehicles.

Aiming to quickly respond to those trends, UACJ accelerated investment in its global supply network ahead of the schedule originally laid out for the three-year period of its new mid-term management plan, beginning from April 1, 2018. Guided by this new plan, the UACJ Group is boosting earnings by leveraging the supply network it has invested in to capture rising global demand for aluminum, while also striving to contribute positively to the sustainability of the global environment and community development.

Forecast of global demand for aluminum sheet

3.9% compound annual growth rate (CAGR) overall



Source: Aluminium Rolled Products Market Outlook published in November 2017 by CRU International Limited

Before the merger

The two founding companies supplied aluminum to a wide range of industries primarily in Japan as the country's biggest aluminum companies.

Merger in 2013

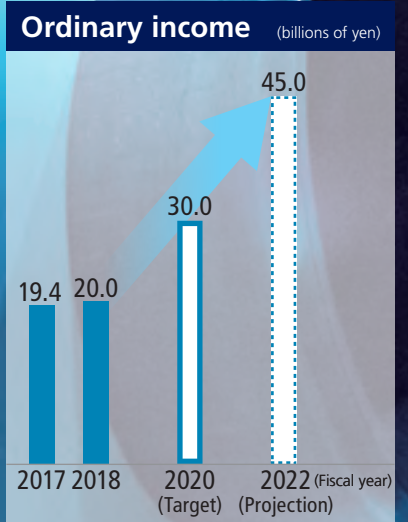
The two founding companies merged to form UACJ Corporation with a view to expanding internationally.

First mid-term management plan from fiscal 2015 to 2017

UACJ invested in building a global supply network in anticipation of rapidly rising demand for aluminum worldwide.

Mid-term management plan targets

UACJ is aiming to greatly boost income between fiscal 2020 and 2022.



Vision for the future

UACJ's future direction

The UACJ Group will strive to maximize the possibilities of aluminum in ways that contribute to society and the environment.

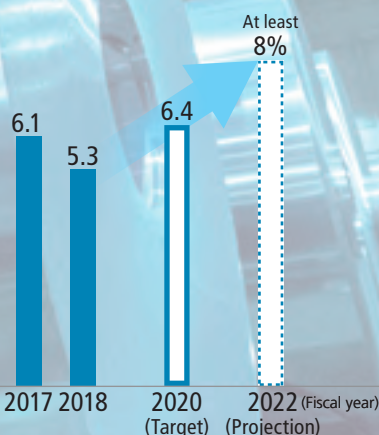
New mid-term management plan from fiscal 2018 to 2020

UACJ is leveraging the global supply chain it has invested in to capture worldwide demand for aluminum and grow as a global group.

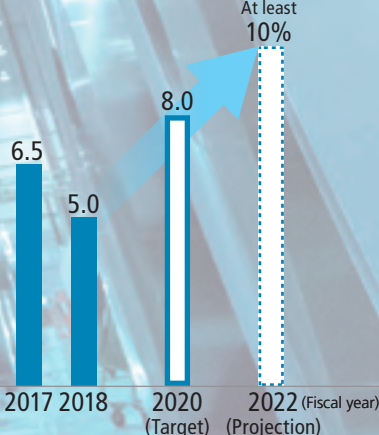
Major policies of the plan

1. Continue focusing on the growing automotive industry and growth markets in Asia and North America
2. Steadily generate returns on past investments
3. Increase capital efficiency with an emphasis on ROIC
4. Promote shared principles of conduct as the UACJ Way

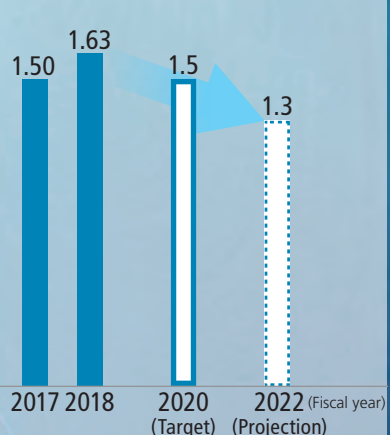
ROIC (%)



ROE (%)



Debt-to-equity ratio* (times)



* After taking into account subordinated debt capital

Major policies of the new mid-term management plan

UACJ has set the following four major policies with the goal of ensuring that past investments will contribute to earnings through to fiscal 2022

Policy 1

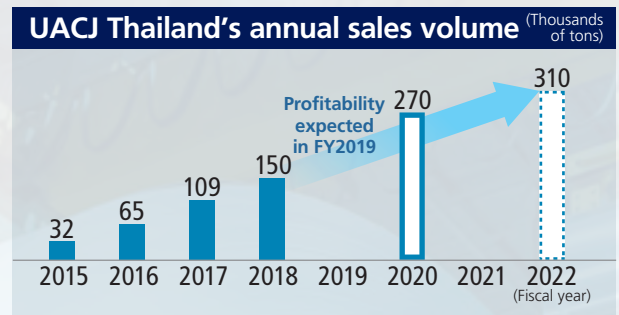
Continue focusing on the growing automotive industry and growth markets in Asia and North America



Growth markets in Asia

UACJ (Thailand) is aiming to boost productivity and become profitable by fiscal 2019

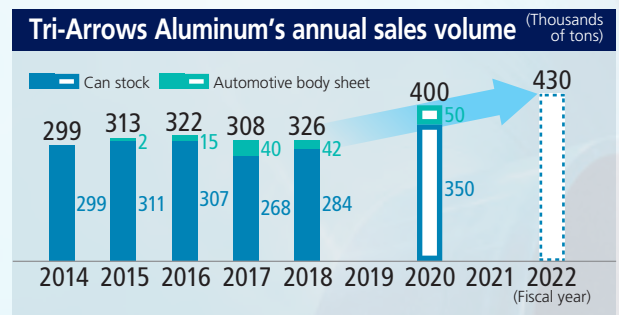
In fiscal 2016, UACJ increased investment in UACJ (Thailand) Co., Ltd., in order to meet rising demand for aluminum in Asia. The investment was for new production equipment at Rayong Works, which will bring production capacity up to 320,000 tons, making it one of the largest aluminum factories in Asia. Looking ahead, UACJ (Thailand) will continue focusing on boosting productivity through training programs for its homegrown engineers while working to raise quality and cost competitiveness. This subsidiary is expected to become profitable by fiscal 2019, and begin making significant contributions to consolidated ordinary income by fiscal 2020.



Growth markets in North America

Group companies are boosting productivity to meet growing demand for can stock and automotive body sheet

The Group's companies based in the U.S. are poised to capture growing demand for aluminum can stock and automotive body sheet in North America. Tri-Arrows Aluminum Inc., which manufactures can stock as well as automotive body sheet and structural materials, is working to raise the productivity of its Logan Mill to the world's highest level. Its sales volume is forecast to grow from 300,000 tons in fiscal 2017 to 400,000 tons in fiscal 2020 (350,000 tons of can stock and 50,000 tons of automotive materials). Meanwhile, automotive body sheet manufacturer Constellium-UACJ ABS LLC is also aiming to improve productivity and become profitable as soon as possible.



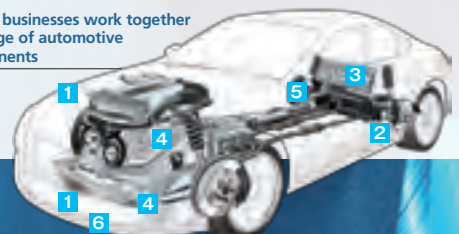
The growing automotive parts industry

UACJ is concentrating investment in operational resources group-wide

The aluminum automotive parts industry is expanding amid expectations of growing global demand. Each of the UACJ Group's six main businesses supplies aluminum automotive parts and components while working together to develop innovative new products for the market. Looking ahead, UACJ plans to concentrate investment in operational resources across the entire Group, including R&D facilities, to expand the range of products it offers. By leveraging a comprehensive product lineup, the Group aims to increase its earnings capacity while responding to diverse needs in the growing market for aluminum automotive parts.

- 1 Flat Rolled Products Business**
Exterior components such as doors, hoods, and roofs, as well as heat exchanger materials
- 2 Extrusion Business**
Heat exchanger materials and structural components such as sub-frames
- 3 Foil Business**
Aluminum and copper foil used for the positive and negative electrodes of lithium-ion batteries
- 4 Casting and Forging Business**
Vehicle wheels and wheels for turbochargers and compressors
- 5 Copper Tubing Business**
Commutators for motors installed in electric vehicles
- 6 Precision-machined Components Business**
Bumpers and bus bars

The Group's six main businesses work together to supply a wide range of automotive materials and components

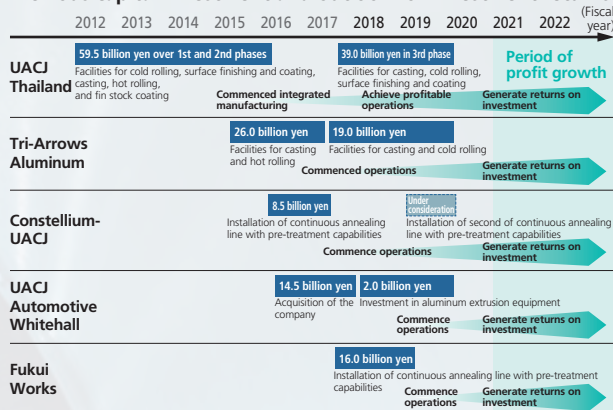


Policy 2

Steadily generate returns on past investments

During the three years of its previous mid-term management plan up to fiscal 2017, UACJ accelerated investment in its manufacturing subsidiaries in response to rising global demand for aluminum, which was stronger than previously expected. Investment primarily targeted Fukui Works in Japan, UACJ (Thailand), and three U.S. subsidiaries: Tri-Arrows Aluminum, Constellium-UACJ, and UACJ Automotive Whitehall Industries. With most large-scale capital investment set for completion by fiscal 2019, the Group's policy going forward is to carefully and selectively carry out new investment and financing. The past investments are expected to begin yielding substantial returns in fiscal 2019 and 2020, and profits are projected to grow markedly in fiscal 2021 to 2022.

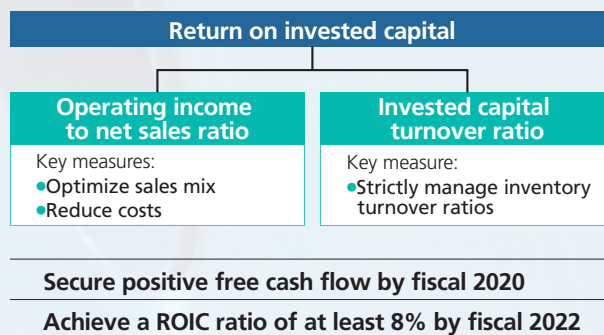
Previous capital investment and outlook for investment returns



Policy 3

Increase capital efficiency with an emphasis on ROIC

Under the new mid-term management plan, UACJ will work to improve capital efficiency while emphasizing return on invested capital (ROIC) throughout the management of the Group as a whole. ROIC is indicated by two ratios: the operating income to net sales ratio and the invested capital turnover ratio. To improve the first, all group companies and relevant departments are tasked with optimizing their sales mixes and reducing costs, and with respect to the second, they are to strictly manage inventory turnover ratios as a means to improve capital efficiency. Through these measures, UACJ is aiming to secure positive free cash flow by fiscal 2020 and achieve a ROIC ratio of at least 8% by fiscal 2022.



Policy 4

Promote shared principles for conduct cherished by each employee

With the expansion of its global supply network, the Company created the UACJ Way as a common set of principles of conduct for the entire Group. While based on giving top priority to safety and compliance, the UACJ Way is comprised of the three foundational principles of exceeding customers' expectations and genuinely impressing them, being pragmatic and thinking independently, and valuing teamwork while respecting individuality and diversity. The Group's management is committed to promoting these principles to all employees worldwide.

