

Steadily executing priority measures amid a rapidly changing operating environment

Lead-up to the mid-term management plan

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.

Progress under the mid-term management plan in fiscal 2018

UACJ has been executing the growth strategies of its new three-year mid-term management plan that commenced in 2018. The major policies of the plan are to continue focusing on the growing automotive industry and growth markets in Asia and North America, steadily generate returns on past investments, increase capital efficiency with an emphasis on return on invested capital (ROIC)*, and promote shared principles of conduct as the UACJ Way among employees worldwide. The UACJ Group made surefooted progress in implementing these policies in fiscal 2018, the plan's first year, amid major changes in the operating environment.

UACJ (Thailand) Co., Ltd., the Group's main supplier to the growing Asian market, achieved manufacturing and sales targets in line with the plan, with annual sales volume reaching 150,000 tons. Construction of new production facilities as part of a third phase of investment also proceeded on schedule. Supplying the North American market, Tri-Arrows Aluminum Inc. contributed to consolidated earnings through returns on investments made in previous years, and successfully cut costs by installing a new furnace for melting and recycling scrap aluminum.

In an effort to increase capital efficiency, UACJ aggressively pushed forward with measures to optimize its business portfolio in step with market trends. Anticipating growth in China's automobile market, UACJ invested in its subsidiary, Ruyuan Dongyangguang UACJ Fine Aluminum Foil Co., Ltd., to construct a new factory and boost production capacity of automotive heat exchanger materials and battery capacitor foil, and formed a business alliance with two

subsidiaries of CITIC Group Corporation in China. It also liquidated its U.S.-based joint venture, Constellium-UACJ ABS LLC, and terminated its business partnership with the South Korean firm, Choil Aluminum Co., Ltd.

Despite these proactive measures, UACJ's financial results in fiscal 2018 worsened year on year and fell short of the targets of the management plan, mainly attributable to the economic slowdown in China and rising energy costs. Taking these factors into account, UACJ intends to re-examine its business strategies going forward.

* ROIC is calculated as operating income (before income taxes) ÷ (shareholders' equity + interest bearing debt – cash and cash equivalents), using the average of the amounts at the beginning and end of the fiscal year

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



New mid-term management plan from fiscal 2018 to 2020

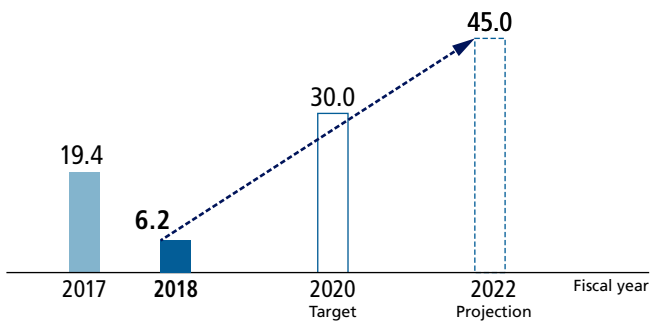
UACJ is leveraging the global supply chain it has invested in to capture worldwide demand for aluminum and grow as a global group.

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.

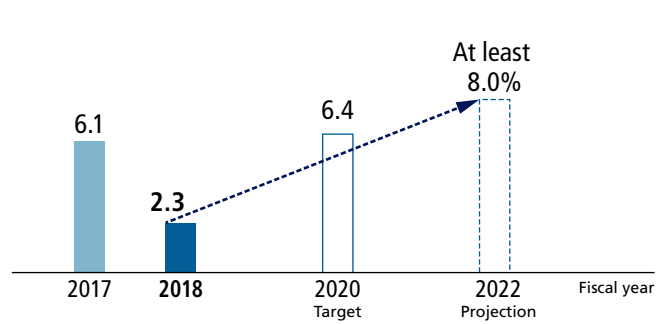
Ordinary income

(Billions of yen)



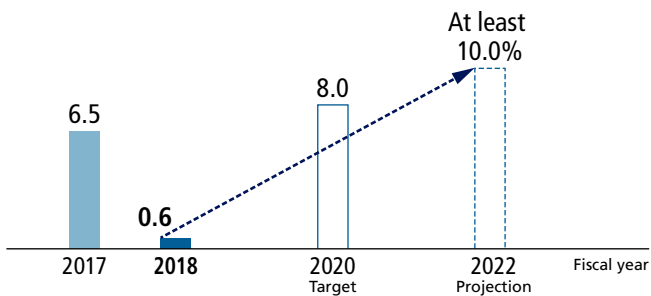
Return on invested capital

(Percent)



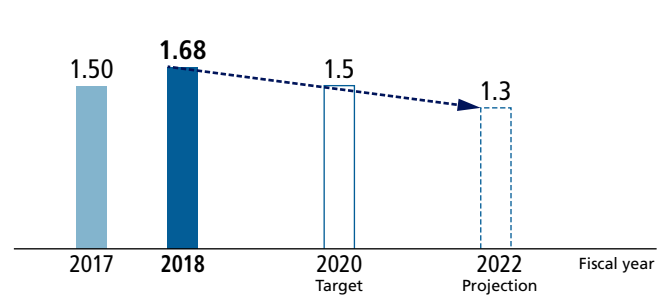
Return on equity

(Percent)



Debt-to-equity ratio*

(Times)



* Excluding subordinated loans

Progress of the Mid-Term Management Plan and Highlights of Initiatives

Driving technological innovations

Open innovation space opened in Japan and new research and development facilities established in the U.S. and Thailand

In fiscal 2018, UACJ established research and development facilities in both the United States and Thailand. The new facilities are the company's first outside Japan, and will collaborate with the Group's local subsidiaries in each country to help drive business expansion. In Japan, UACJ created a new open innovation space at its R&D Center with a view to enhance its ability to offer solutions by teaming up with



Interactive displays set up in the new open innovation space

customers and collaborating in cross-industry initiatives. In addition, the Company set up a research laboratory together with the National Institute of Advanced Industrial Science and Technology to jointly develop advanced technologies.

Investing in greater production capacity

Expanding production capacity in the U.S., Thailand, and China in preparation for market growth

UACJ undertook capital investment in strategic growth markets in fiscal 2018. To supply the North American can stock market, in which supply and demand is tightening, UACJ invested in a new furnace for melting and recycling scrap aluminum at Tri-Arrows Aluminum, resulting in improved productivity. In Asia, investment was used to train UACJ (Thailand)'s employees on the shop floor and expand production facilities, which are on track to operating at full capacity. In



Employees operating manufacturing facilities in Thailand

China, UACJ earmarked capital investment for the production of automotive heat exchanger materials and foil for electric vehicle batteries, for which demand is projected to grow in line with the rising number of electric vehicles.

Established new R&D facilities in the United States

- Established a laboratory with the National Institute of Advanced Industrial Science and Technology
- Increased the numbers of outside directors and outside auditors
- Revamped the system of remunerating directors
- Appointed members of the Nomination and Remuneration Advisory Committee

Sold off shares of Sumikei-Nikkei Engineering

2018 April	May	June	July	August	September
	<ul style="list-style-type: none"> Mid-term management plan announced Held a sports event for children with a professional baseball team 		<ul style="list-style-type: none"> Held a tour of Fukaya Works for children Donated money for supporting disaster relief efforts in Japan 	<ul style="list-style-type: none"> Terminated partnership with South Korea-based Choil Aluminum 	<ul style="list-style-type: none"> Invested in new manufacturing facilities of a subsidiary in China

Strengthening corporate governance

Appointing more outside officers to bring diversity and enhance the efficacy of management supervision

Aiming to broaden the diversity of viewpoints in the deliberations of its Board of Directors, UACJ appointed new outside directors with managerial experience in fiscal 2018, increasing the number of independent outside directors to four of the 12 members. Moreover, With a view to improve the efficacy of management supervision, the Company increased the number of outside auditors serving on its Audit & Supervisory Board to four of the six members, and set up a system for ensuring that over 70% of members of the Nomination



Outside directors engage in dialogue

and Remuneration Advisory Committee are either outside directors or outside auditors. The system of remunerating directors was also revamped based on the findings of the committee.

Building ties with local communities

Contributed to regional development through support for industry and local charities

In the United States, where a large portion of the Group's operations are concentrated, Tri-Arrows Aluminum has partnered with several charitable organizations in the state of Kentucky, which is home to its factories. Many of the company's employees have also become deeply involved in the activities of these organizations.

Meanwhile, Thailand's Minister of Industry, Uttama Savanayana, met with members of UACJ to directly express his appreciation to the



A discussion with Thailand's Minister of Industry

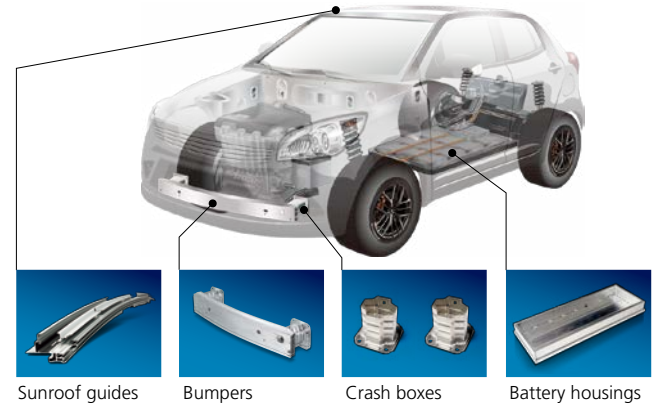
UACJ Group for supporting the country's industry through activities such as supplying products, creating employment opportunities, and establishing a research and development center in Thailand.

Aiming to boost sales in key businesses

Automotive Parts Business Division newly established to lead group-wide efforts to tap rapidly growing demand for auto parts

UACJ set up its new Automotive Parts Business Division with the goal of more quickly and effectively meeting demand for aluminum auto parts and components, such as bumpers. The division will oversee processes spanning from planning and design to manufacturing, sales, and quality control, while leading the Group's efforts to expand this business globally. Among these efforts, group companies in the United States are proactively expanding sales teams with a focus on fostering customer loyalty and attracting new customers following the installation of state-of-the-art aluminum extrusion equipment by UACJ Automotive Whitehall Industries. In China, UACJ formed a business alliance with two subsidiaries of CITIC Group Corporation with a plan to establish a joint-venture company to manufacture and sell extruded and machined auto parts and components.

Products managed by the Automotive Parts Business Division



- Boosted investment in aluminum coil production in Thailand
- Terminated joint venture agreement with Constellium
- Sponsored an environmental education program organized by the Asahi Shimbun newspaper
- Renovated the R&D Center in Japan
- Achieved profitable operations on a monthly basis in Thailand
- Decided to establish the new Automotive Parts Business Division

October

November

December

2019 January

February

March

- Established new R&D facilities in Thailand



- Held urban cleanup activities with a local environmental group in Japan



- Formed an alliance with China-based CITIC Group subsidiaries to establish a joint venture

Increasing capital efficiency with an emphasis on ROIC

Steps taken to optimize the business portfolio based on medium- and long-term growth potential

In fiscal 2018, UACJ accelerated the optimization of its business portfolio through a number of decisive actions. Aiming to concentrate resources in its automotive materials businesses, UACJ sold off its shares of Sumikei-Nikkei Engineering Co., Ltd., a manufacturer of construction materials. It also ended its business partnership with Choi Aluminum Co., Ltd., recognizing that synergies with this South Korea-based firm had diminished due to market changes. Likewise, UACJ terminated its joint venture agreement with Constellium N.V., as progress in launching full-scale operations had fallen behind original expectations.

Meanwhile, UACJ focused on its automotive materials businesses in China, where market growth is forecast in the future. Accordingly, it channeled capital investment in its subsidiary, Ruyuan Dongyangguang UACJ Fine Aluminum Foil, specifically to install

equipment for producing capacitor foil and heat exchanger materials, and to construct a new factory for producing foil for vehicle batteries. Furthermore, UACJ formed an alliance with two subsidiaries of CITIC Group Corporation, and agreed to set up a joint-venture company in China to manufacture and sell extruded and machined auto parts and components.



A contract signing ceremony with representatives from the CITIC Group