



Aluminum lightens the world

アルミでかなえる、軽やかな世界

Third Mid-term Management Plan Fiscal 2021 to 2023

May 12, 2021

UACJ Corporation



1. Long-term Management Vision UACJ VISION 2030

2. Looking Back on the Previous Mid-term Management Plan

3. Third Mid-term Management Plan

4. Supplementary Materials

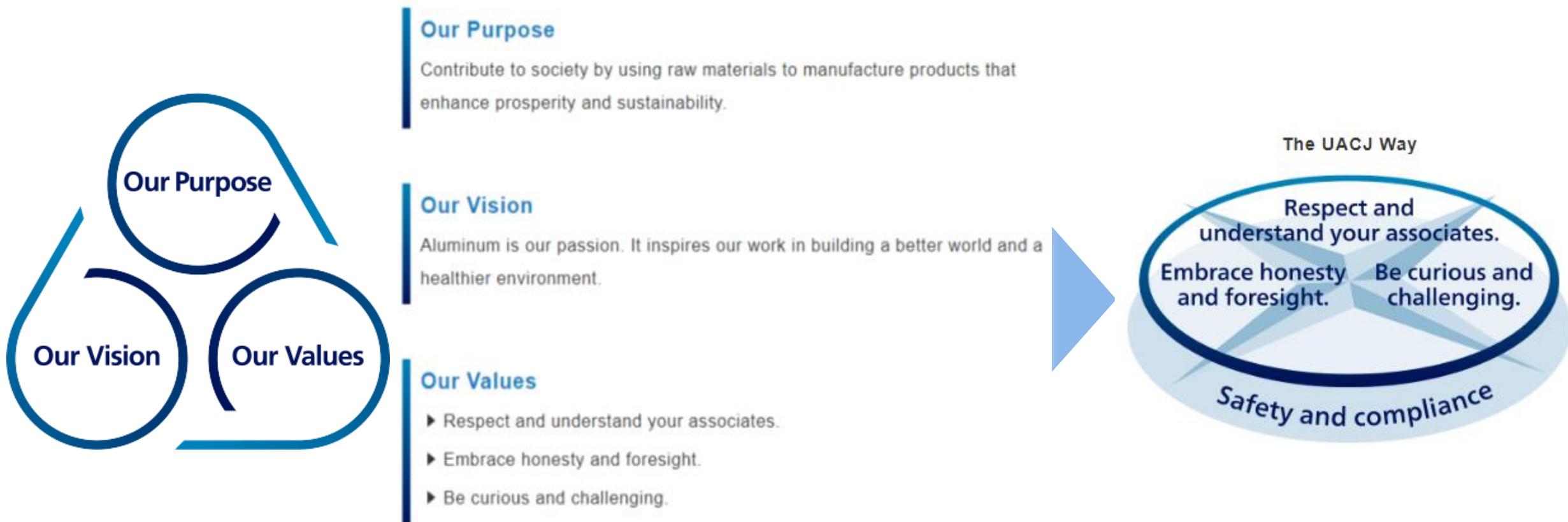
1. Long-term Management Vision

UACJ VISION 2030



UACJ Group Philosophy

Reexamining our purpose and redefining the UACJ Group Philosophy



Long-term Management Vision "UACJ VISION 2030"

Our future vision for how UACJ can contribute to achieving a sustainable and abundant society by 2030

<Projections for future society based on changes in the external environment>

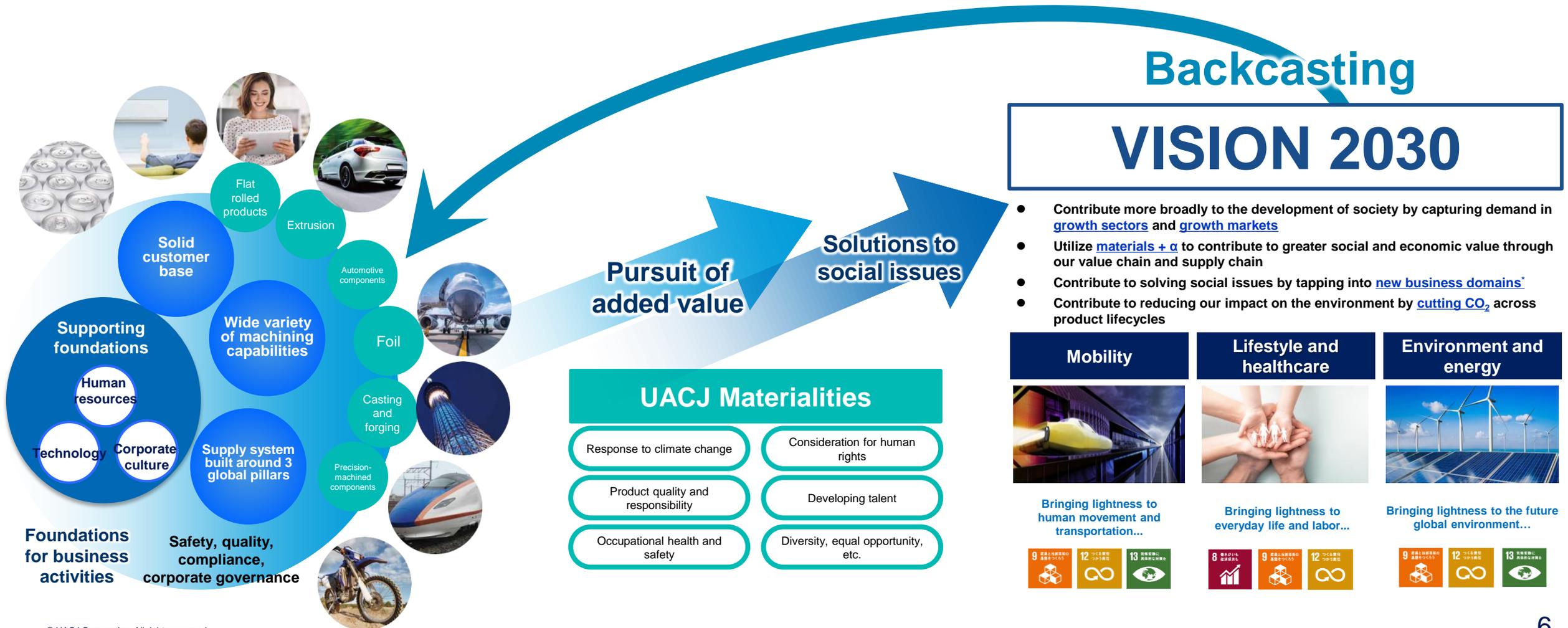


- Contribute more broadly to the development of society by capturing demand in [growth sectors](#) and [growth markets](#)
- Utilize [materials + \$\alpha\$](#) to contribute to greater social and economic value through our value chain and supply chain
- Contribute to solving social issues by tapping into [new business domains](#)*
- Contribute to reducing our impact on the environment by [cutting CO₂](#) across product lifecycles

* New business domains: Business models that have never been seen before or are new for UACJ = new businesses and products in new business domains. We also aim to create new product categories in existing business domains

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

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

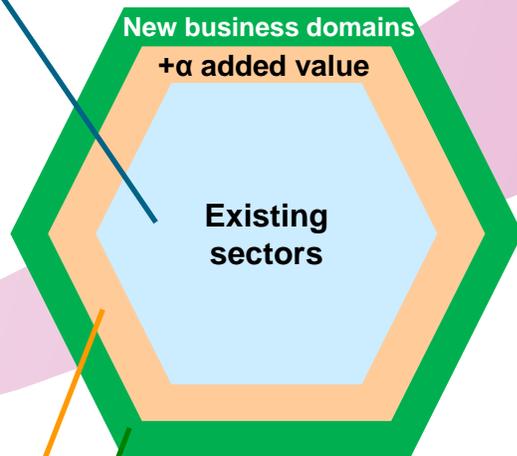


Business Concept Under the Long-term Management Vision "UACJ VISION 2030"

[Focus on growth sectors and markets]

Expansion in scale centered on growth markets (North America, Southeast Asia) and growth sectors (can stock and automobiles)

Business domains concept for 2030



[Reducing environmental impact]

Reducing environmental impact across the supply chain as a whole with higher recycling rates and other measures

2025

+α added value

Existing sectors

2020

Existing sectors

[Increasing added value with materials + α]

Attaching new value to materials (plasticity processing, recycling, modules, services, etc.) and thus increasing earnings power

[Creation and expansion of new business domains]

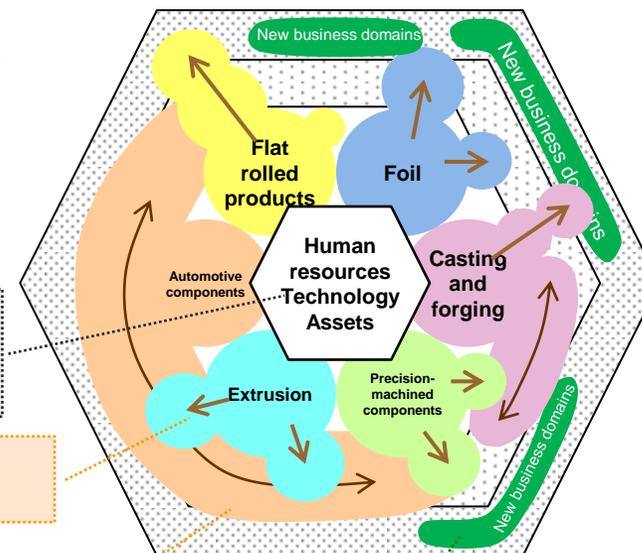
Expanding our businesses in three domains: (1) lifestyle and healthcare, (2) mobility, and (3) environment and energy

(1) Leveraging the capabilities of the UACJ Group across all businesses

(2) Expanding activities in each business into domains adjacent to existing businesses

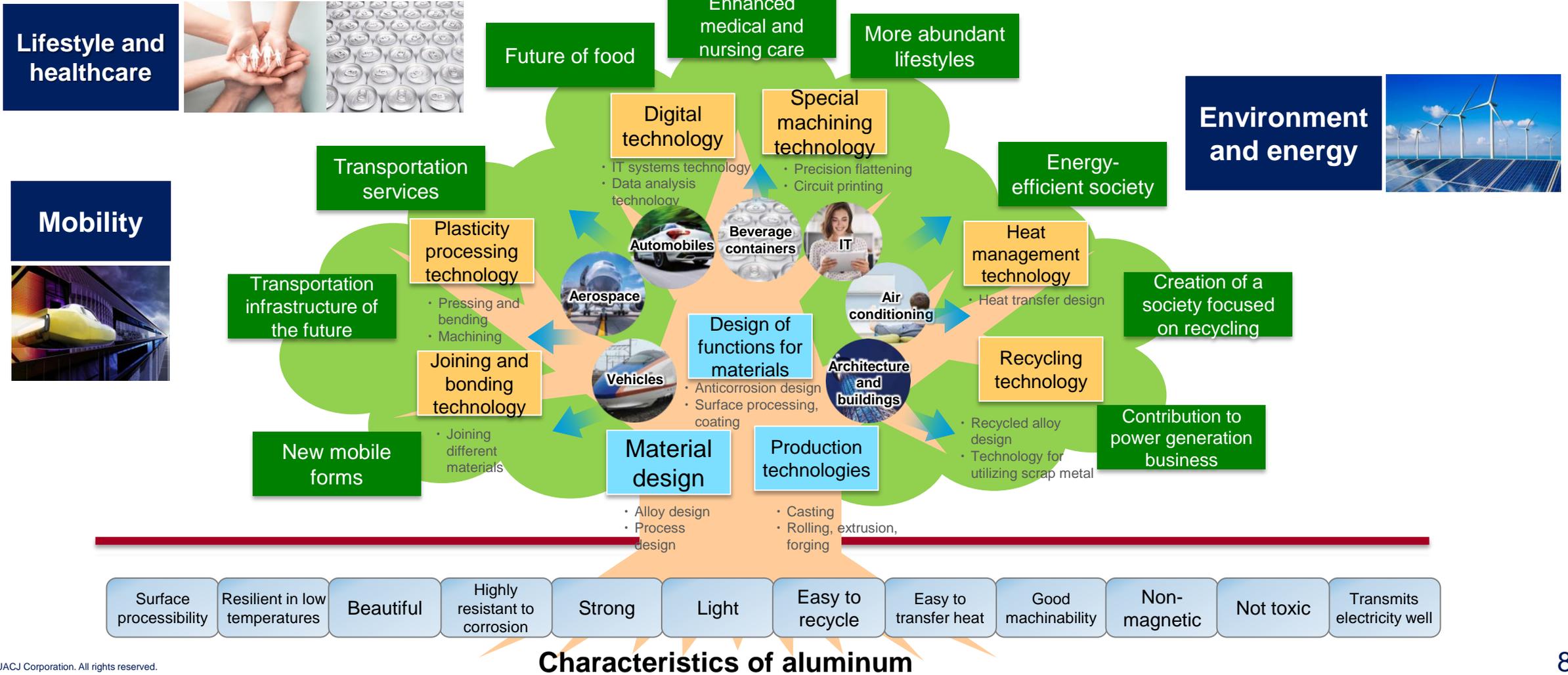
(3) Utilizing synergies between business departments to generate competitiveness

Vision for businesses



(4) Building on our expertise gained from adjacent business domains to push outward to new business domains

Expanding the possibilities of aluminum technologies, from existing to new business domains



- Surface processibility
- Resilient in low temperatures
- Beautiful
- Highly resistant to corrosion
- Strong
- Light
- Easy to recycle
- Easy to transfer heat
- Good machinability
- Non-magnetic
- Not toxic
- Transmits electricity well

Characteristics of aluminum

Utilizing Our Strengths to Create the "Value of Materials + α "

Utilizing UACJ's superior technical expertise and business foundations to the greatest possible extent to create the "value of materials + α "

UACJ strengths

◆ Ability to deeply and accurately identify market needs

- Unceasing dialogue with market needs through the supply of various aluminum products to a range of customers
- Built up the knowledge and experience to accurately and deeply understand market needs and respond with the optimal products



◆ Ability to give shape to market needs in the form of "materials"

- Rich and varied technical expertise and experience in aluminum product manufacturing
- Alloy and process design technologies that enable us to manufacture the optimal materials with the highest efficiency
- Cost competitiveness that we can apply to the manufacturing of a wide range of products



◆ Business foundations that mean we come into contact with a broad range of market needs

- Customer base across Japan, the Americas, and Asia
- Network of large-scale manufacturing facilities across Japan, the Americas, and Asia
- Relationships of trust developed with customers through prioritization of quality

Utilizing our strengths to offer "+ α " value

◆ Offering high-added-value components by combining materials and processing

E.g.: High-strength bumpers for vehicles, etc.

- ✓ Maximizing the value of our products with integrated processes for product design that cover everything from materials to machining, combining a broad and varied range of alloys and machining technologies
- ✓ Developing a deeper understanding of customer needs by overseeing machining (the next process)

◆ Offering services optimized to customers' production processes

E.g.: Proposing the optimal production conditions, etc.

- ✓ Utilize world-class big data related to aluminum product manufacturing
- ✓ Optimization of customer processes by combining manufacturing data from customers and the Group
- ✓ Using the power of materials to contribute to customers' reduction of manufacturing processes (streamlining)

◆ Offering the unique environmental value of aluminum to society

E.g.: Can to can 100% recycling, etc.

- ✓ Ensuring compatibility with recycling and offering environmentally-friendly products through the fact that we own technologies for designing all processes, from casting to alloys and machining.
- ✓ Recycling technologies that utilize a broad and varied range of scrap metals in recycling

UACJ VISION 2030 Financial Position and Future Financial Targets

Aiming to expand our business domains and enhance profit margins by focusing on growth markets and sectors and creating new businesses

	FY2030 Target	(Reference) FY2020 Results
Net sales	¥800 billion+	¥569.8 billion
Operating margin	6%+	2.0%
ROIC (Calculated based on operating profit before tax)	10%+	2.2%
ROE	10%+	-1.8%

UACJ VISION 2030 Non-financial (ESG) Targets

Using the power of UACJ to build a sustainable society

Six materialities	Evaluation indices	FY2023 targets	FY2030 targets
Response to climate change	Reduction of CO ₂ emissions across the supply chain (compared with FY2019 BAU ^{*1})	-	22% reduction
Product quality and responsibility	Number of significant quality defects	One or fewer	Zero
	Number of customer complaints	Down 10% YoY	Down 50% compared with FY2020
Occupational health and safety	Number of serious accidents	Zero	Maintain zero
	Total workplace accidents ^{*2}	4.00	2.45
Consideration for human rights	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	Main Group business sites in Japan and overseas
	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.)	100%
Diversity, equal opportunity, etc.	Proportion of female managers (including officers, in Japan)	4%	15%+
Developing talent	Successor candidate planning implementation rate	Rollout across domestic group companies	100% implementation rate
	Number of persons benefiting from activities to support education related to key areas	300 people/year	500 people/year

*1 BAU (Business as usual): Maintaining the current circumstances (production amount, product makeup) without any countermeasures

*2 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.

Vision for Supporting Foundations

Strengthening our foundations with intangible assets, as we look to achieve the UACJ VISION 2030

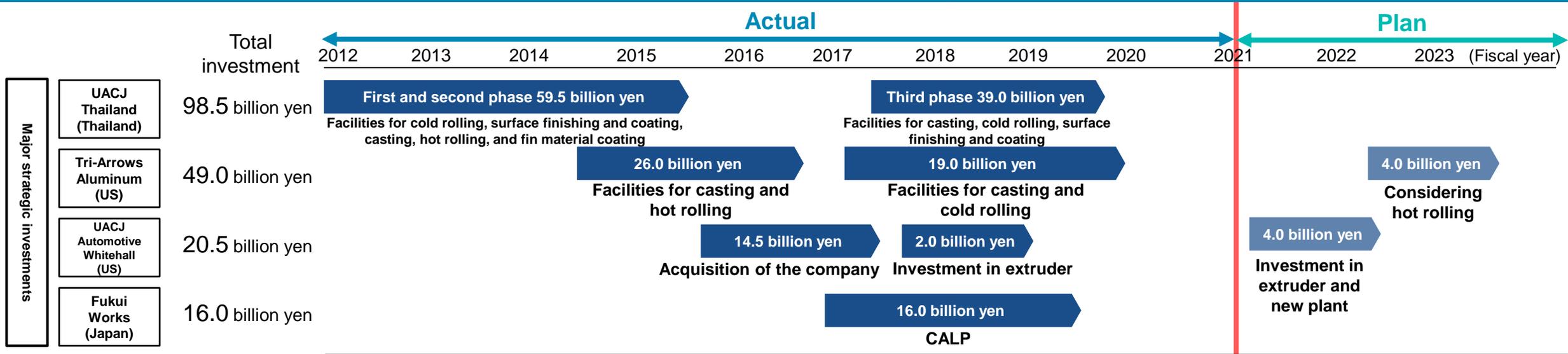
Human resources	<ul style="list-style-type: none">◆ An organization that is resilient to change and acts in a flexible manner, with active participation by a diverse range of people◆ Going beyond the bounds of departments and business sites to utilize the capabilities we possess as a Group◆ Continuously developing high-level human resources (management/overseas/highly skilled technical human resources)
Technology	<ul style="list-style-type: none">◆ Advanced technical capabilities that play a leading role in global aluminum research and development◆ Combining the identification of underlying needs in society with proposals seeded by UACJ's technical expertise◆ Learning and strengthening environmental technology and technology that utilizes digital tools
DX	<ul style="list-style-type: none">◆ Making our business smarter by utilizing digital technologies (AI, CPS*, etc.)◆ Building business ecosystems with customers◆ Working with companies across the supply chain as a whole to implement schemes that utilize digital technologies
Corporate culture	<ul style="list-style-type: none">◆ A state where our corporate philosophy, vision, and values have permeated the culture, and are naturally put into practice◆ A high level of engagement that allows employees to feel a sense of pride and fulfillment in their work

2. Looking Back on the Previous Mid-term Management Plan

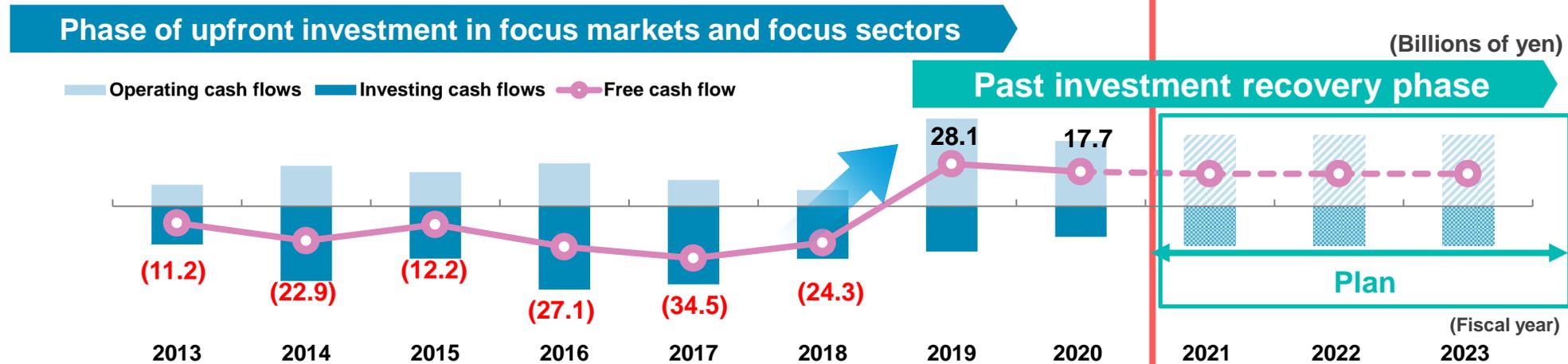


Industrial Structure in the Rolled Aluminum Business (Relationship Between Investment and Returns)

Five years or more required to go from starting production, to mass production, to recovering investment; we moved to an investment recovery phase in FY2019



Consolidated cash flows
 FY2013-20 Results
 FY2021-23 Plan



Achievement of Financial Targets

Failed to achieve initial targets owing to delayed response to global economic slowdown and other rapid changes in market conditions

	FY2018 Results (Billions of yen)	FY2020 Results (A)	FY2020 Target (When Second Mid-term Management Plan was formulated) (B)	Difference (A) – (B)	Main reasons for difference between targets and results
Net sales	661.3	569.8	805.0	(235.2)	<ul style="list-style-type: none"> Underperformance in sales volume caused by lower demand across a broad range of sectors, owing to US-China trade friction and COVID-19 Lower net sales owing to sale of copper tubing business
Operating income	14.9	11.1	37.0	(25.9)	
Ordinary income	6.2	6.0	30.0	(24.0)	
Adjusted EBITDA	42.6	44.7	77.0	(32.3)	<ul style="list-style-type: none"> Delays in profitability overseas Inventory valuation gains (losses) owing to fall in ingot prices Lower domestic profitability as a result of lower sales volumes
ROIC ^{*1}	2.7%	2.2%	6.4%	(4.2pt)	
ROE	0.6%	-1.8%	8.0%	(9.8pt)	
Shareholders' equity ratio	23.7%	25.0%	26.0%	(1.1pt)	
D/E ratio ^{*2}	1.7 times	1.6 times	1.5 times	-	<ul style="list-style-type: none"> Lower free cash flows (FCF) owing to failure to achieve profit targets

* Target assumptions: Exchange rate of 110 yen to the US dollar; London Metal Exchange aluminum price of 2,050 US dollars per ton; Dubai crude oil price of 60 US dollars per barrel

*1 ROIC: Calculated based on operating profit before tax

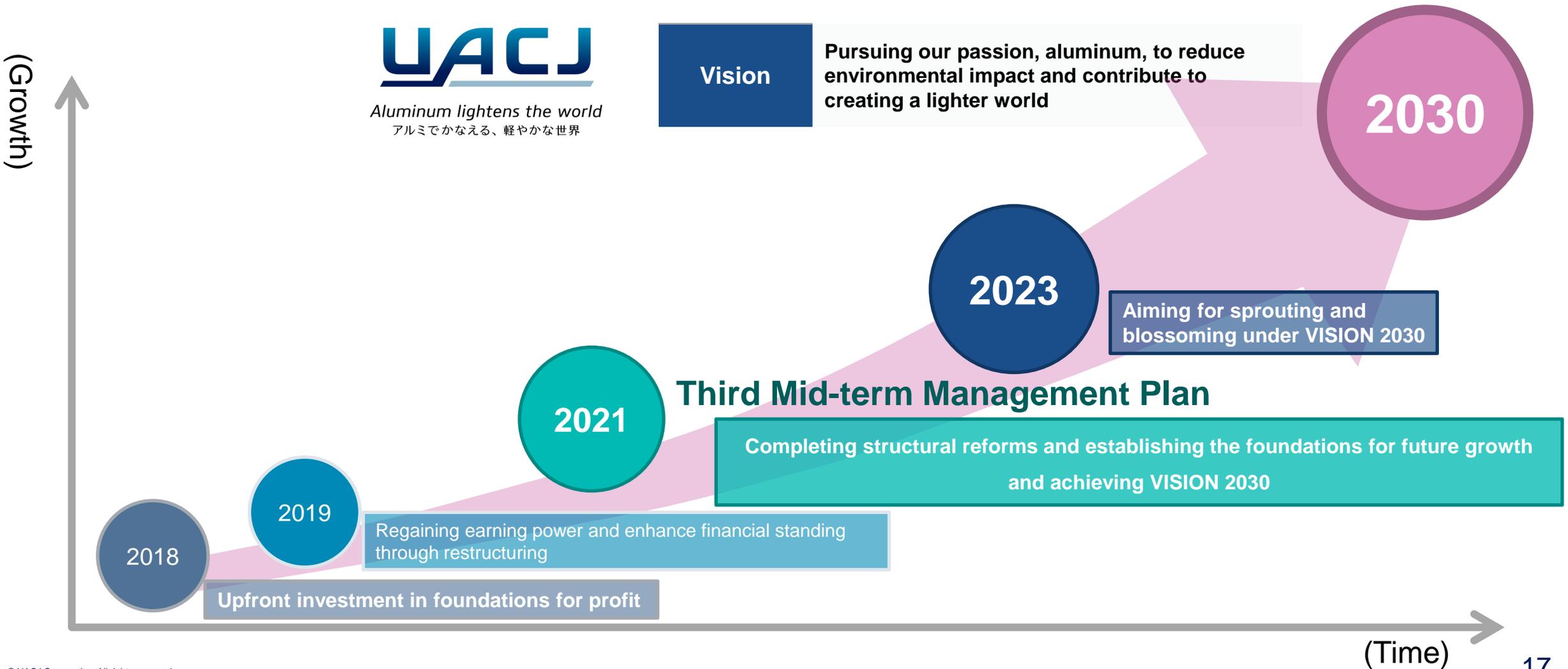
*2 D/E ratio: Factoring in subordinated loan

3. Third Mid-term Management Plan



Third Mid-term Management Plan Positioning

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



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

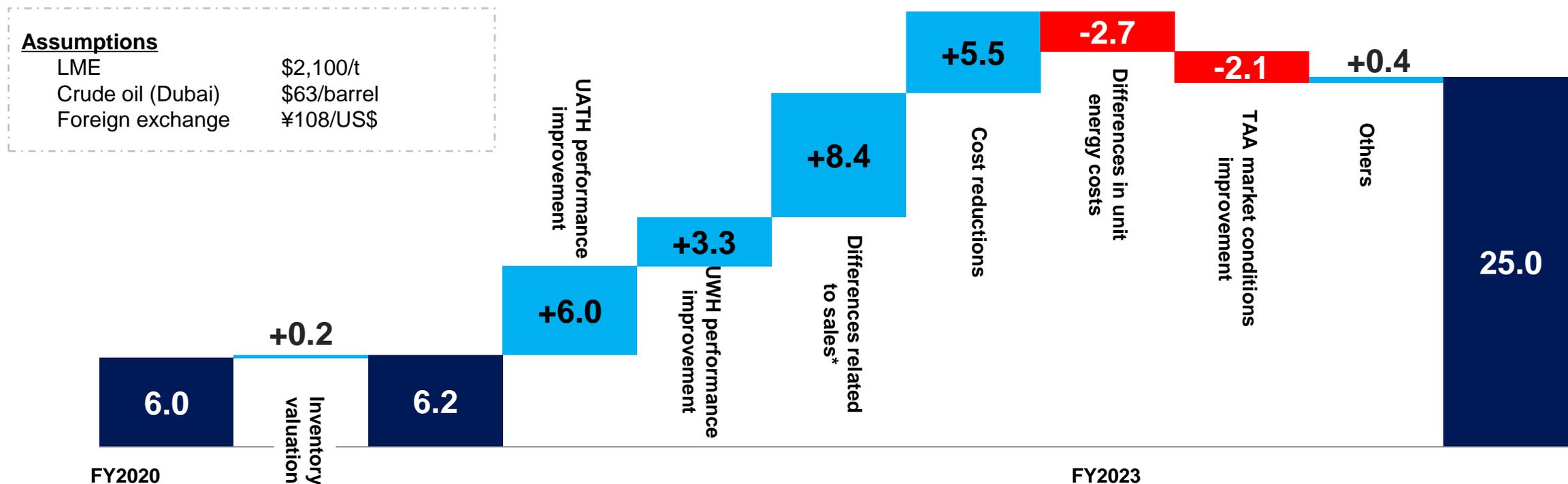
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Occupational health and safety	Number of serious accidents	Zero
	Total workplace accidents* ⁴	4.00
Consideration for human rights	Implementation of DD for human rights, and creation of targets and implementation of action plan based on the results	To be implemented at four manufacturing sites
	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.)
Diversity, equal opportunity, etc.	Proportion of female managers (including officers, in Japan)	4%
Developing talent	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

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Looking to Achieve the Mid-term Management Plan: Ordinary Income Target

Generate profits with structural reforms and business growth, in addition to the post-COVID-19 recovery

FY2020-FY2023 Change in ordinary income (Billions of yen)



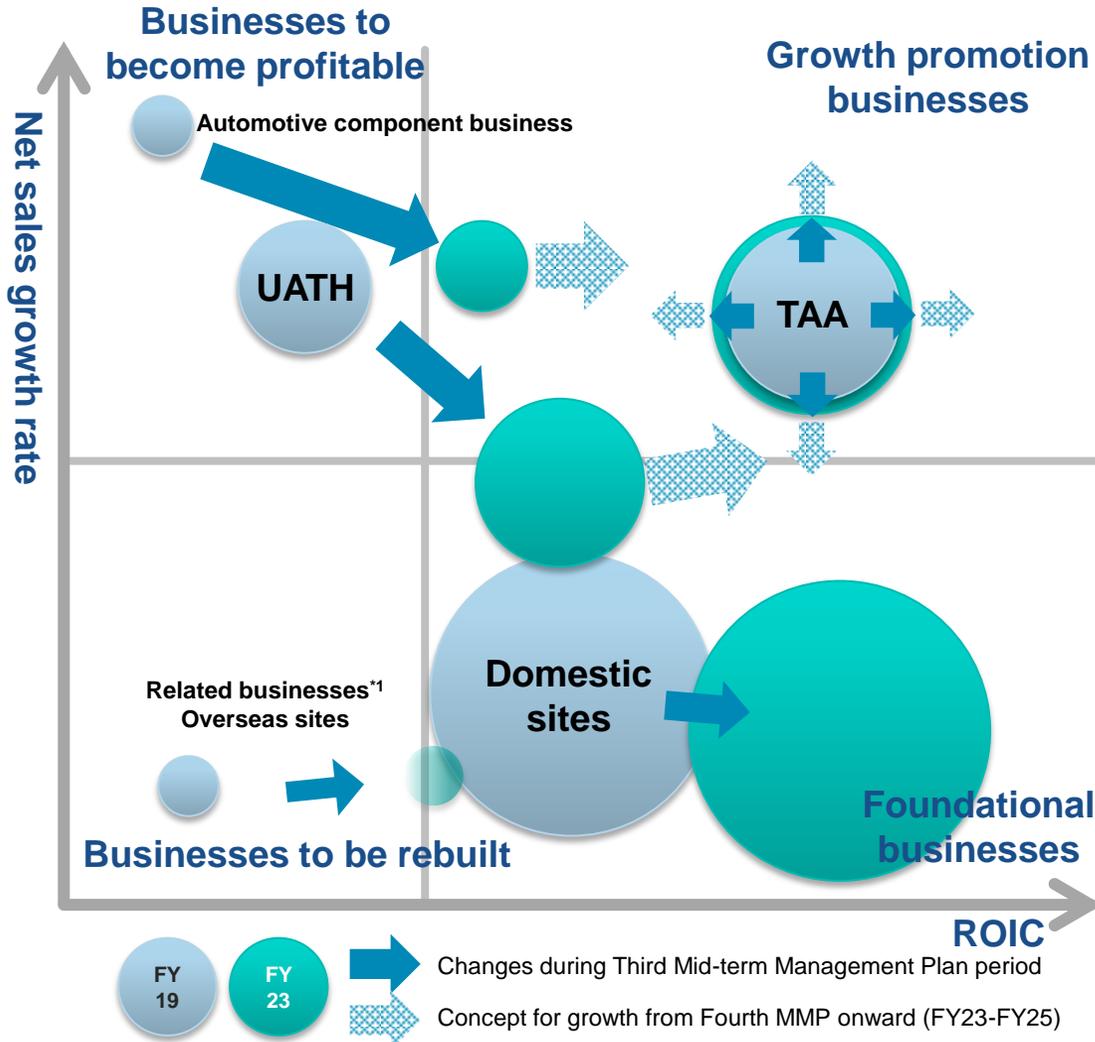
Assumptions

LME	\$2,100/t
Crude oil (Dubai)	\$63/barrel
Foreign exchange	¥108/US\$

Includes **+18.5 billion yen** from impact of structural reforms (2019-2022)

Business Portfolio Management

Managing our business portfolio based on two core metrics – growth and capital efficiency (ROIC) – and optimizing the allocation of management resources

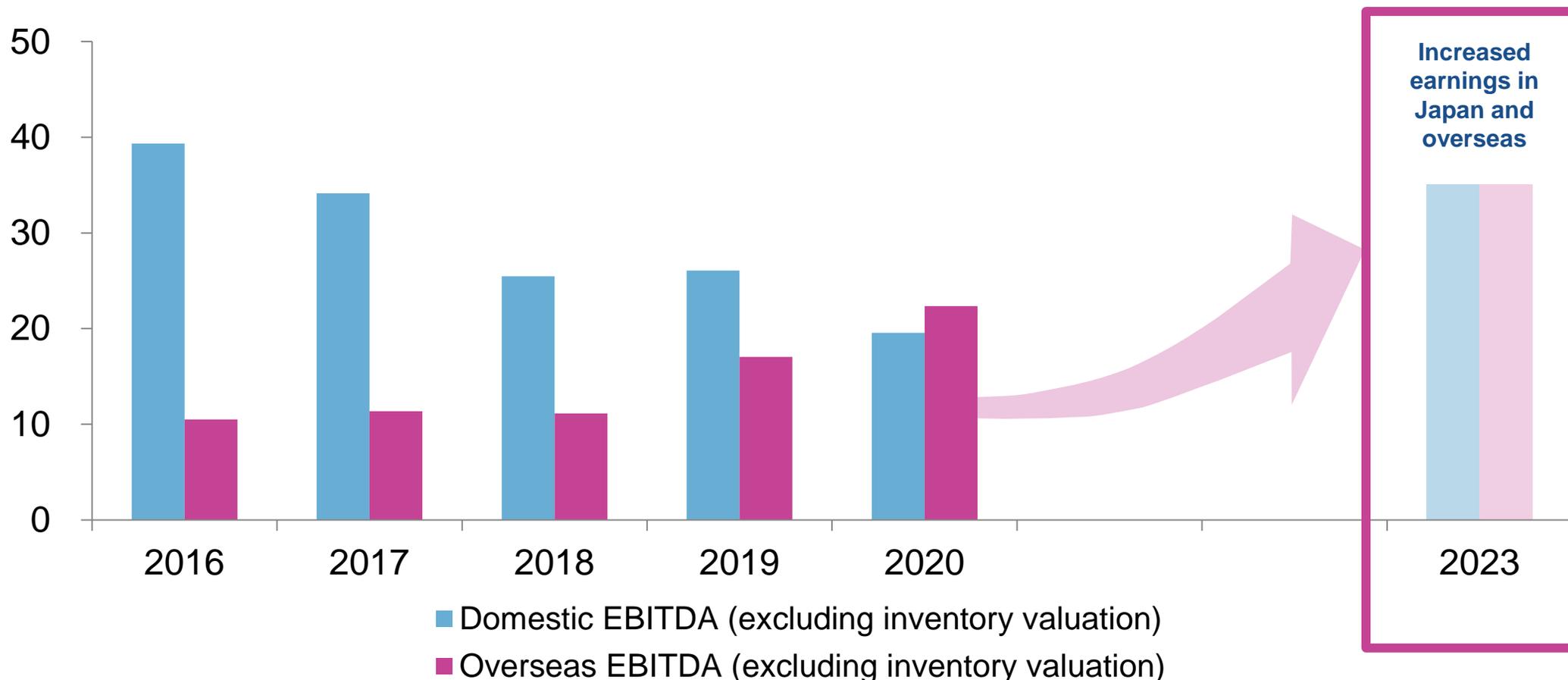


Classification	Business	Target market and sector	Investment allocation policy under Third MMP
Growth promotion businesses	TAA	North America, can stock	Prioritize allocation of strategic investment
Businesses to become profitable ↓ Growth promotion businesses	Automotive component business	North America, China, Japan, automobiles	Prioritize allocation of strategic investment
Businesses to become profitable ↓ Foundational businesses	UATH	Initiatives targeting both upstream and downstream	Investment centered on key issues, without any significant increase in capacity
Foundational businesses	Domestic sites (non-automotive components)	Initiatives targeting both upstream and downstream	Investment centered on key issues, without any significant increase in capacity
Businesses to be rebuilt ↓ (Foundational businesses)	Overseas sites in related businesses		Investment centered on maintenance and renewal (also consider withdrawal when necessary)

Promoting Growth in Overseas Businesses

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

EBITDA in Japan and Overseas (Billions of yen)



Major Policy (1) Complete Structural Reforms

Complete structural reforms

Strengthen foundations for growth

Contribute to achieving a lighter world

Complete structural reforms and establish strong management foundations

Key issue

Enhance earnings power

Improve financial position

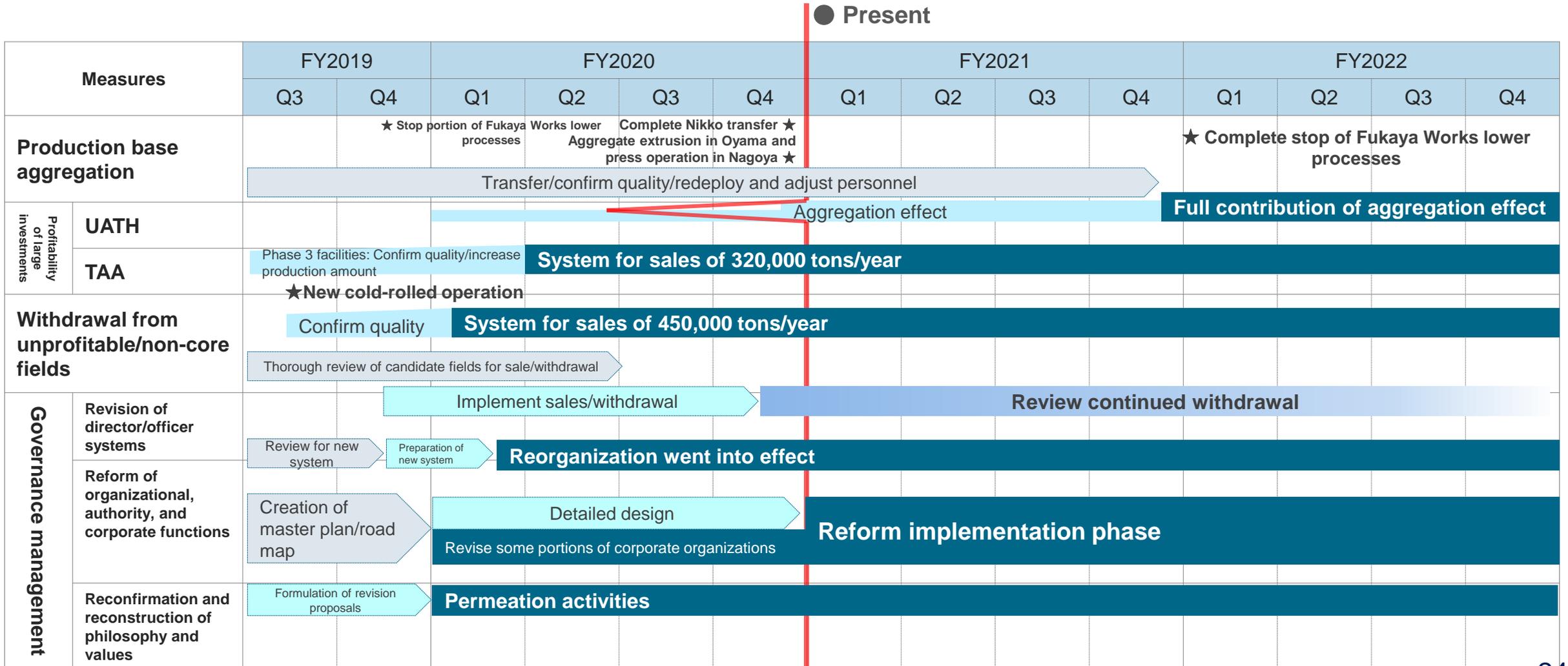
Strengthen management systems

Measures

- Establish earnings structures that are resilient to changes in the environment, by lowering breakeven points, etc.
- Capture demand in growth sectors and maximize earnings by utilizing capacity from already completed major investments to the maximum possible extent
- Be very selective with regard to investments
- Reduce inventory assets
- Implement management that prioritizes cash flows and capital efficiency
- Strengthen risk management
- Improve operational processes and make indirect operations more efficient with investment in moving more operations to IT, and other measures
- Overhaul our organizational structure

Major Policy (1) Complete Structural Reforms: Results and Outlook for the Future

We are progressing with various restructuring measures as planned in accordance with our roadmap

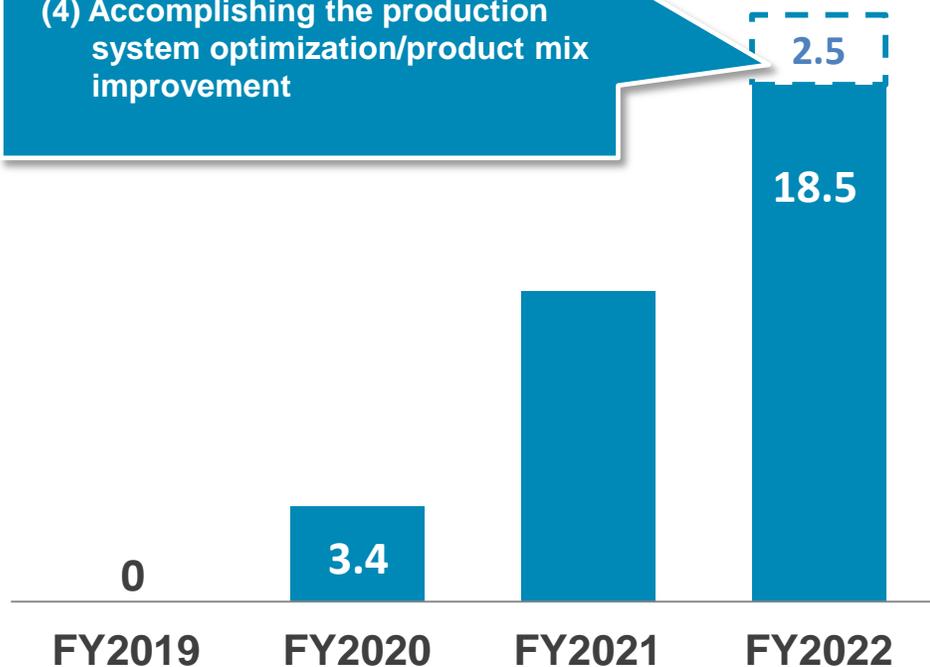


Major Policy (1) Complete Structural Reforms: Enhance Earnings Power

As performance exceeds targets overseas, domestic performance has been impacted by COVID-19 and we are implementing additional measures

Additional measures

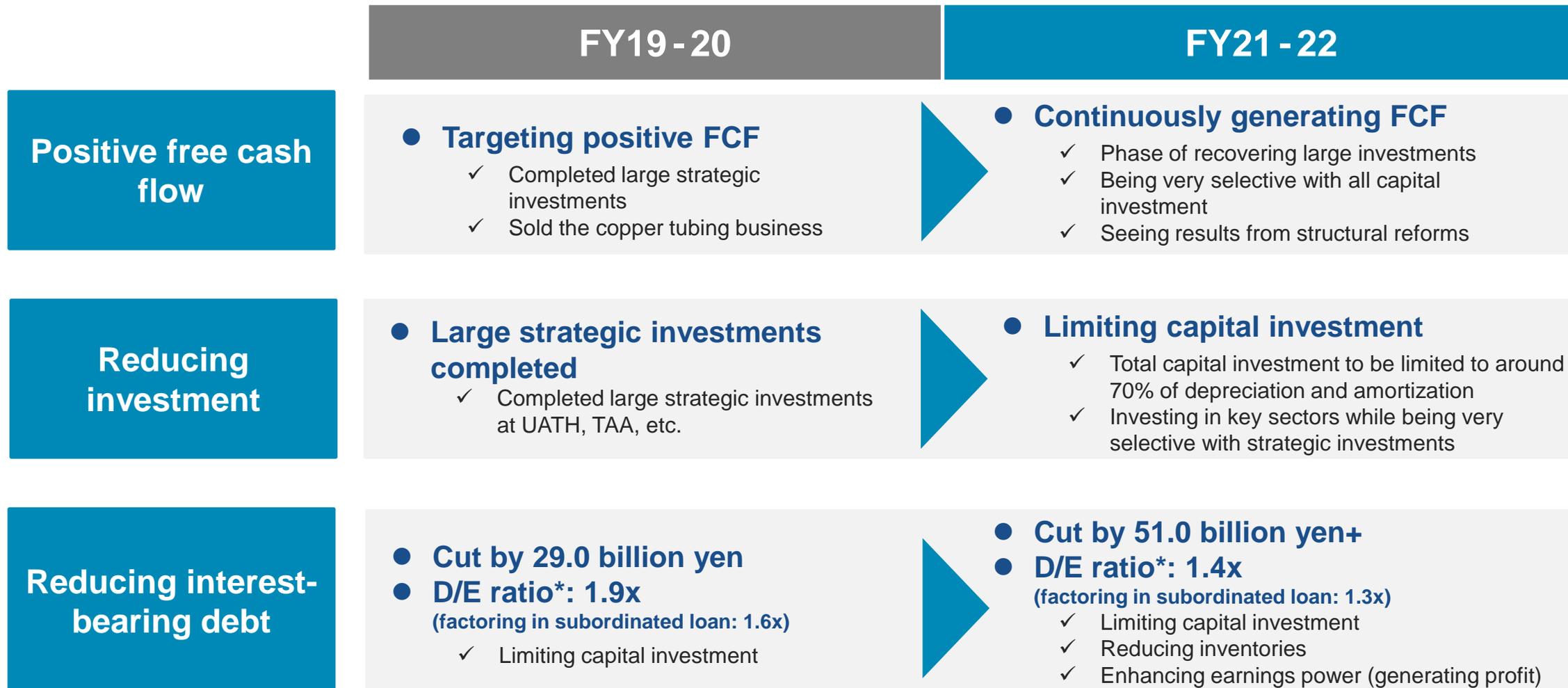
- (1) Strengthening added value sales
- (2) Cutting manufacturing costs
- (3) Cutting costs with organizational reforms
- (4) Accomplishing the production system optimization/product mix improvement



	When structural reforms were announced	When Third MMP was announced
Domestic profit structure reform	+¥10.0bn	+¥6.7bn
Production base aggregation	+¥4.0bn	+¥3.4bn
Optimizing the production system and improving the product mix (increase in automotive components and battery materials)	+¥5.0bn	+¥2.5bn
Reducing indirect expenses (reducing indirect headcount, etc.)	+¥1.0bn	+¥0.8bn
Overseas: Returns on large investments	+¥11.0bn	+¥11.8bn
UATH Increasing sales volume and reducing costs with the start of operation of investments made in phase three	+¥7.0bn	+¥7.6bn
TAA Increasing sales volume with completion of investment to increase capacity, and amending prices	+¥2.0bn	+¥1.9bn
UWH Focusing on profitability when accepting orders and utilizing extruder to increase sales	+¥2.0bn	+¥2.3bn
Impact of structural reforms	+¥21.0bn	+¥18.5bn

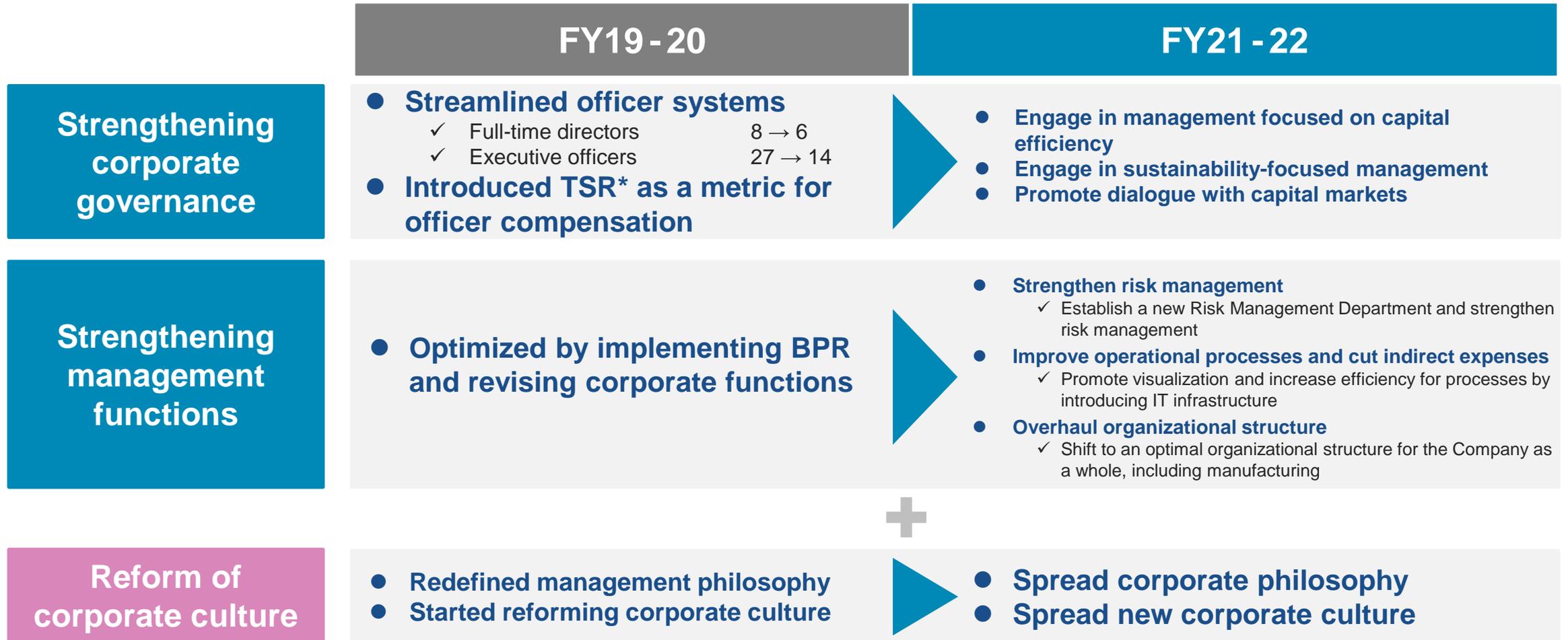
Major Policy (1) Complete Structural Reforms: Improve Financial Position

Reducing interest-bearing debt through both "being very selective with investments" and "enhancing earnings power," and thus improving our financial position



Major Policy (1) Complete Structural Reforms: Strengthen Management Systems

Move to a lean structure across the Group as a whole by strengthening management functions and reforming corporate culture



Major Policy (2) Strengthen Foundations for Growth

Complete structural reforms

Strengthen foundations for growth

Contribute to achieving a lighter world

Strengthen foundations for the future beyond structural reforms

Key issue

Increase added value

Focus on growth markets and sectors

Create new business domains

Strengthen supporting foundations

Measures

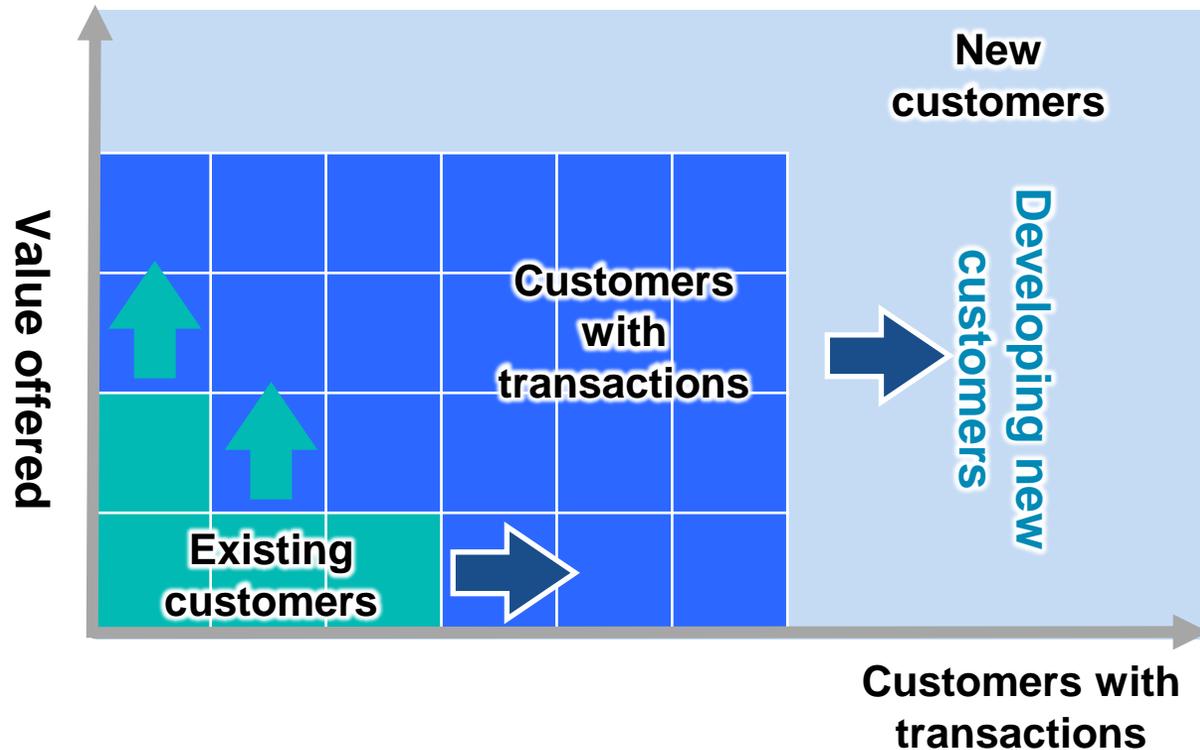
- **Create and offer the added value of materials + α through our value chain and supply chain**
- **Focus on growth markets (North America and Southeast Asia) and growth sectors (can stock, automobiles)**
 - Capture robust North American demand by 3 global supply system, and considering expansion of production capacity in North America.
 - Increase capacity in the automotive component business (North America, China)
- **Develop frameworks and systems to support the creation of new business domains, such as internal "startups"**
- **Identify new business domains from the seed phase**
- **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 enhance engagement**

Major Policy (2) Strengthen Foundations for Growth: Expansion of Added-Value Businesses

Expanding customer base to cover "environmental materials" and "added-value services"

Expanding added value: Offering environmental materials + added-value services

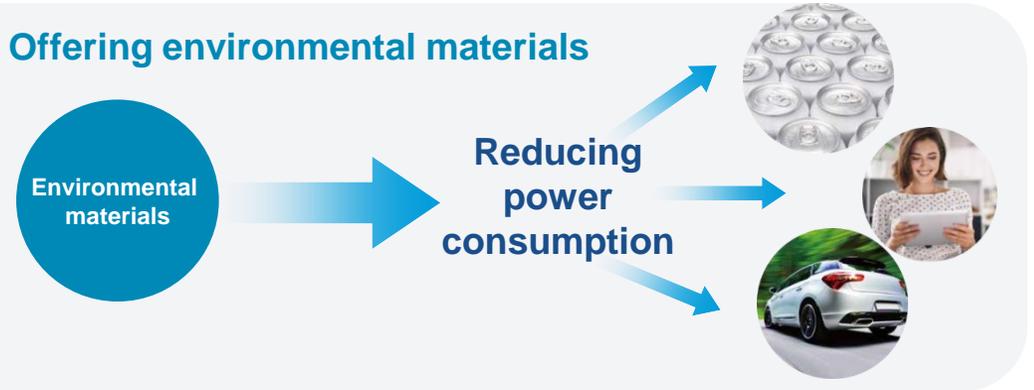
- Offering UACJ-certified recycled materials
- Jointly developing recycled materials
- Expanding shaping and services through cooperation between businesses



Expanding customers with transactions: Expanding business in a variety of sectors

- Increasing the use of recycled materials for can stock and industrial materials
- Joint development of recycled materials in the automotive sector
- Expanding added value services in the automotive components sector

Offering environmental materials

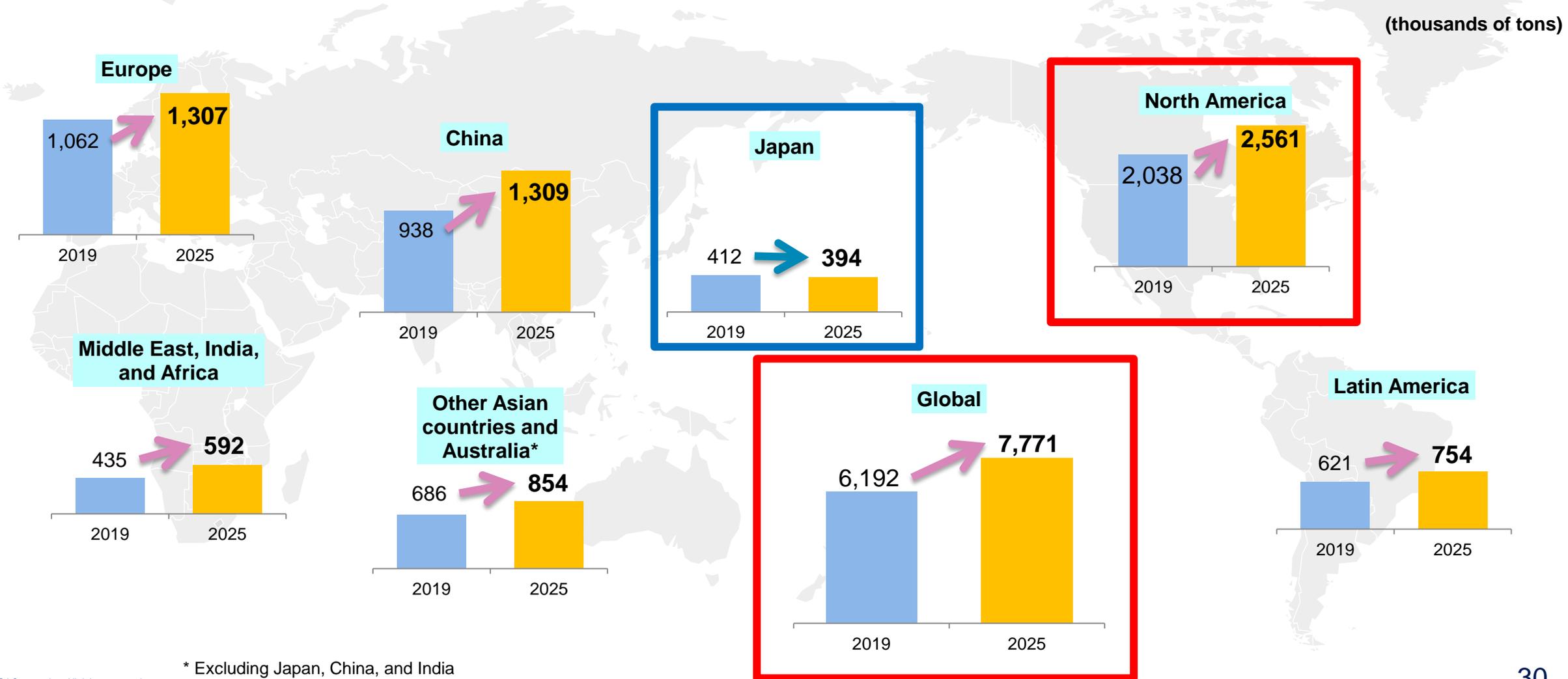


Offering added-value services



Major Policy (2) Strengthen Foundations for Growth: Demand for Can Stock per Region

Global can stock demand is increasing, centered on North America



* Excluding Japan, China, and India

* Source; CRU Aluminium Rolled Products Market

Major Policy (2) Strengthen Foundations for Growth: Regional Strategy and Group Strategy

Aiming to expand can stock sales globally by utilizing a global supply system centered on three core pillars

Japan : Complete structural reforms

Improving income and enhancing marginal profit ratio by completing structural reforms

- Expanding sales of key products
- Strengthening environmental response

TAA : Capture robust North American demand

Maintain profitability and optimize performance from recent investments

- Expand sales through collaboration with UATH/Japan
- Pursue opportunities to further expand production capacity

UATH : Production of 320,000 tons + α

Increasing productivity and sales volume by fully utilizing existing facilities

- Localization of manufacturing site operation
- Implementing measures to enhance earnings
- Global reach to North America

Flat Rolled Products Division **Ordinary income +¥18 billion**

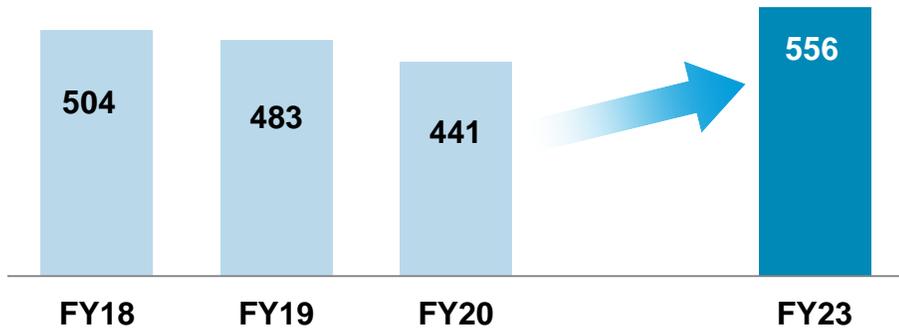
Strengthening support through a three-pillar operational system and supporting higher efficiency at manufacturing sites

- Strengthening can stock sales to global customers through cooperation between three core pillars
- Leverage opportunities with strong North American market
- Sharing technology and manufacturing expertise between three core pillars

Major Policy (2) Strengthen Foundations for Growth: Domestic Flat Rolled Products Business

Enhancing "earnings power" with structural reforms and reducing environmental impact by promoting sustainability

Sales volume (thousands of tons)



Market opportunity

- Making automobiles lighter in response to growing demand to reduce environmental impact
- Rising demand for IT materials and semiconductor-related products with progression of digital technology
- Rising demand for recycled materials in packaging and container sector

Issues and measures

- Can stock: Promote recycling through cooperation with customers
- Automobiles: Enhance cost competitiveness and expand customer base with manufacturing at Fukui Works
- Thick plates: Focusing on acquiring new customers in the hydrogen business, etc.

Strategy by sector

Sector	Market	Policy
Can stock	Domestic	✓ While maintaining strong relationships with customers, expand market share and stimulate can stock demand
Industrial materials	Foil	✓ Strengthen the foil and battery materials business to capture more demand for lithium-ion batteries.
	Fin	✓ Develop heat exchange and coating materials to differentiate UACJ to customers who are interested in reducing environmental impact and recycling.
	Battery materials	✓ Secure cost competitiveness and supply capacity to enable UACJ to respond to market expansion
	IT	✓ Develop environmentally friendly products
Automobiles		<ul style="list-style-type: none"> ✓ Strengthen cost competitiveness by improving yields at Fukui Works ✓ Build quality and establish recycling models to enable us to differentiate ourselves in terms of finishing and recycling
Automotive heat transfer	EV/FCV	✓ Aim to cut CO ₂ and capture electrification demand
Thick plates, transportation materials, and casting and forging		✓ Aim for differentiation by improving quality and using digital technology to receive orders.

UACJ strengths

- Dominant market share in Japan
- Manufacturing capabilities across a wide range of products
- Good relationships with customers developed over many years
- Ability to match customer needs

Major Policy (2) Strengthen Foundations for Growth: UATH

Boost global competitiveness by creating a 320,000 ton + α manufacturing system and manufacturing systems centered on recycling

Ordinary income (Billions of yen)

- Robust demand for can stock supporting earnings
- Impacted by foreign exchange and rising energy costs



Market opportunity

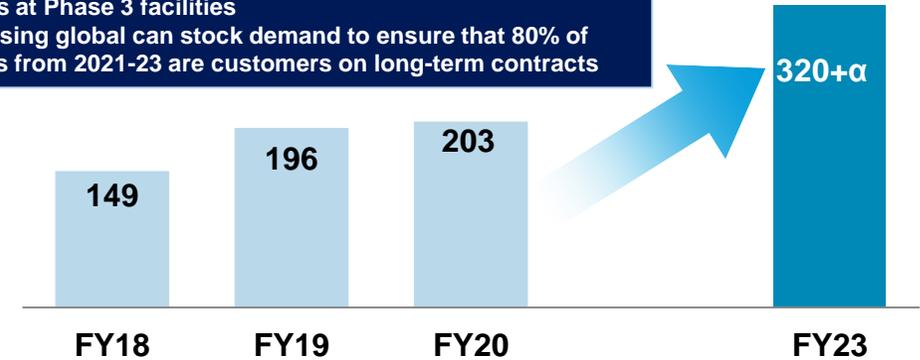
- Rising demand in Asia-Pacific region, which is performing well amid economic growth
- Increasing exports outside the region, etc. as more companies move away from plastics

Issues and measures

- Building a manufacturing system with capacity of 320,000 tons + α
- Further localization of plant operation
- Implement measures to enhance earnings (mix of products, regions, and customers, and cost reductions)
- Building stronger relationships with global customers
- Developing recycling technology and building recycling systems

Sales volume (thousands of tons)

- Establish 320,000 ton + α manufacturing system with full start of operations at Phase 3 facilities
- Capture rising global can stock demand to ensure that 80% of customers from 2021-23 are customers on long-term contracts



UATH strengths

- One-of-a-kind pioneering flat-rolled product plan in Southeast Asia
- Good access to Asian region, where future demand growth is expected
- Relationships of trust with Japanese companies and other can manufacturers

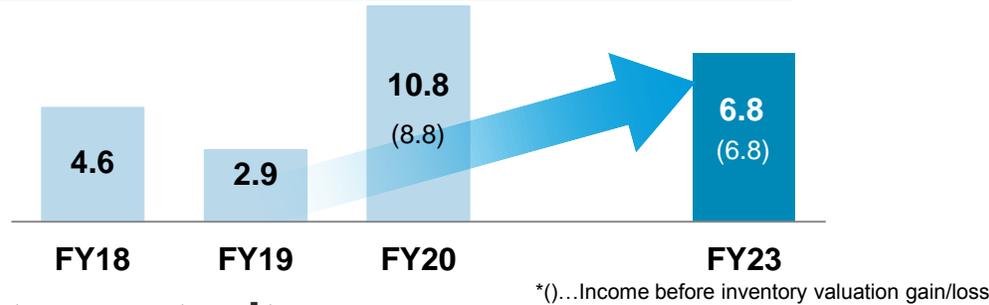


Major Policy (2) Strengthen Foundations for Growth: TAA

Production capacity in FY21/22 is 100% sold in continued strong demand environment

Ordinary income (Billions of yen)

- Already at full production and sales in FY2020, owing to expanded demand for can stock from the North American beverage sector
- Reflected risk of increases in materials prices in targets



Market opportunity

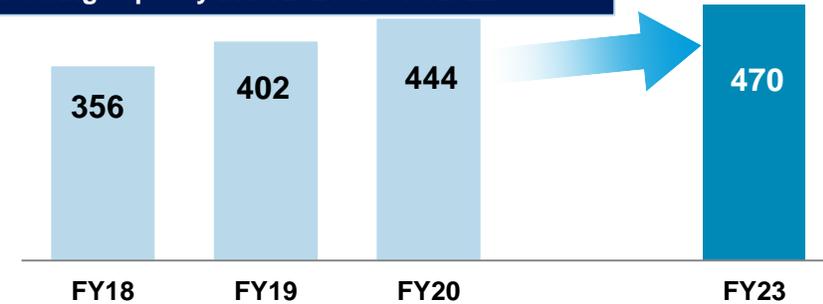
- Demand for can stock increasing at approximately 5% or more annually
- Rising demand for can stock as companies look to move away from plastic
- Advanced market environment (prices, expansion of applications)

Issues and measures

- Management of the raw materials for re-melt
- Strengthening coordination with UATH and Japan
- Increasing manufacturing capacity with strategic investment

Sales volume (thousands of tons)

- 90% of contracts with customers are long-term
- Contracts already secured for the majority of manufacturing capacity in FY2021 and FY2022



TAA strengths

- Operate a factory that achieves high productivity
- Long-term relations with can manufacturers and brands
- Cost competitiveness driven by world-class productivity
- Sustainability driven by scrap recycling technology



US scrap casting furnace



Logan Aluminum Inc., the US

Major Policy (2) Strengthen Foundations for Growth: Approach to Growth Sector (Mobility)

Capturing robust demand for aluminum automotive components, centered on North America, which is moving to EVs ahead of other regions

Customers

UACJ

Responding to all clients' needs in a one-stop manner, from planning, to design, manufacturing, sales, and quality assurance

UACJ Strengths (1)

Rich experience and knowledge of aluminum products
Manufacturing expertise with aluminum materials

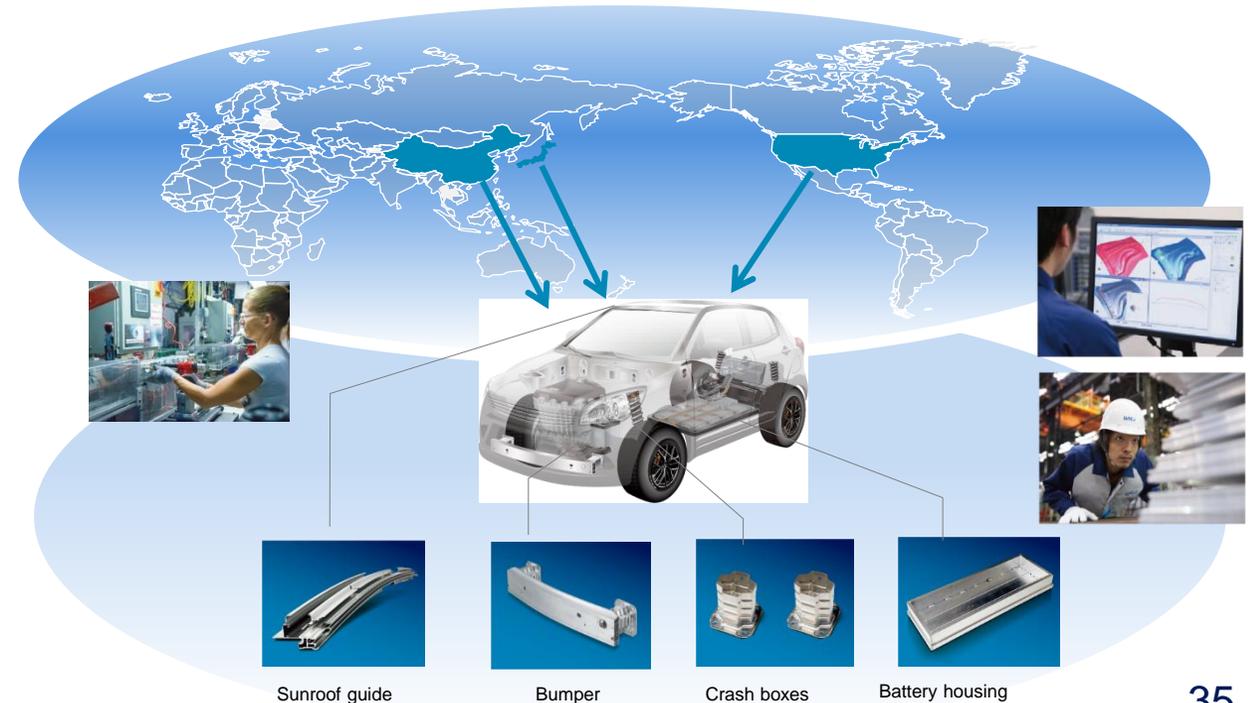


UACJ Strengths (2)

Technical capability to offer high added value (materials and finishing)
Expertise accumulated globally

- Aiming to increase contribution to earnings as soon as possible, by establishing global supply and stable mass production systems for automotive components

Japan:	Expanding offerings to existing customers
North America:	Capturing robust EV and automotive demand in North America
China:	Expanding our business in the EV sector

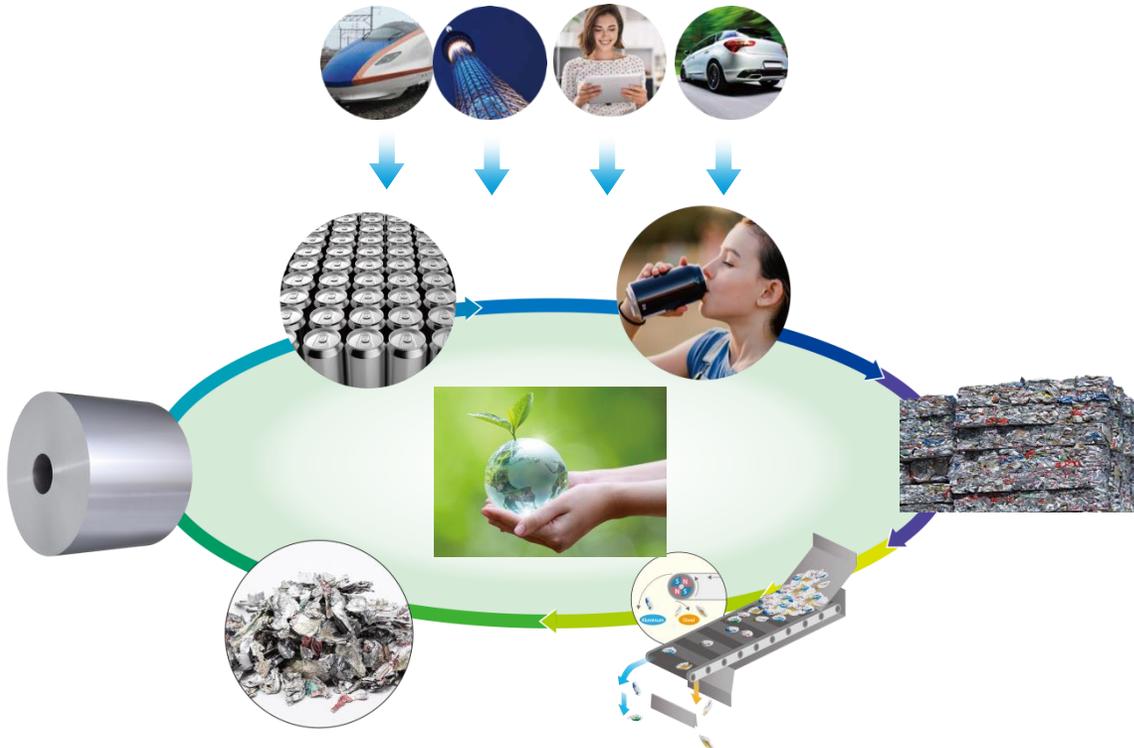


Major Policy (2) Strengthen Foundations for Growth: Create New Business Domains

Focus on solving social issues and customer issues utilizing seeds

Create a recycling ecosystem for aluminum

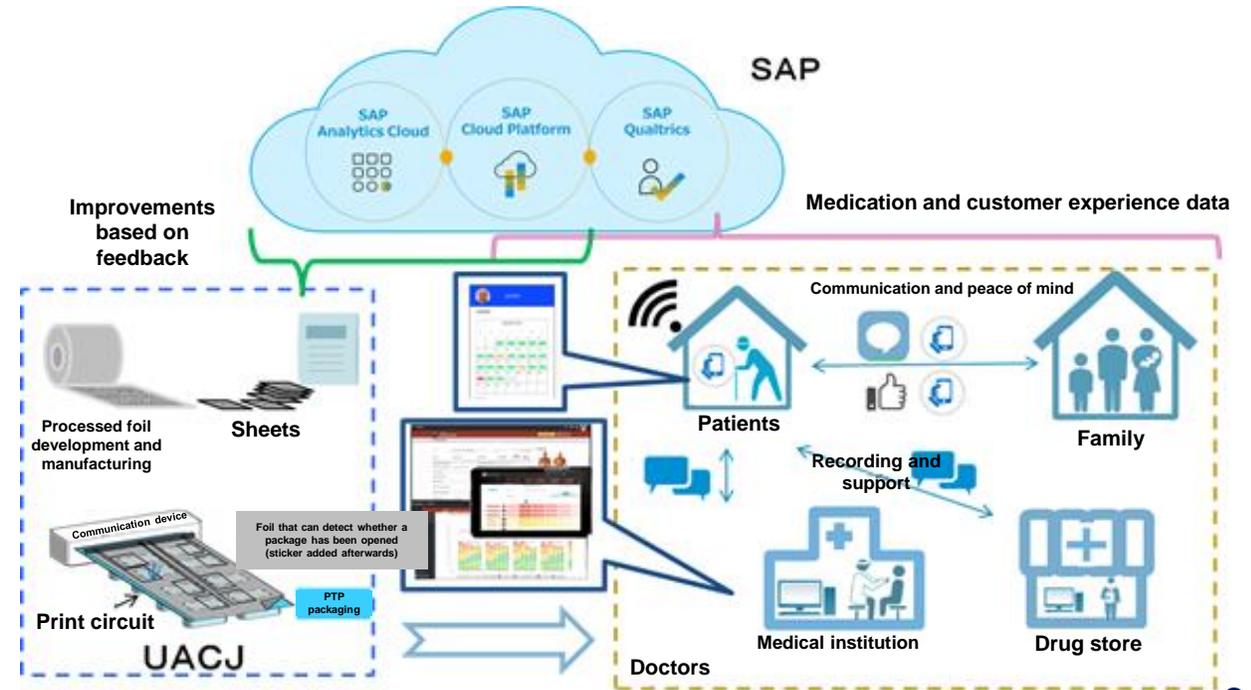
Cooperate with companies in different industries to establish a recycling ecosystem for aluminum in various sectors



UACJ × SAP × Doctors

Joint development of pharmaceutical packaging foil that can detect whether a package has been opened

Promoting development with the aim of commercializing this system by 2022, as we aim to build a system that contributes to promoting patient health by managing how people take their medication



Major Policy (2) Strengthen Foundations for Growth: Create New Business Domains

Identify new possibilities for aluminum, through internal submissions and collaboration with external parties

Internal "startup" system "UACJ Innovators"

Broadly calling for submissions from employees of all Group companies for business plans with the possibility of enabling the UACJ Group to offer + α added value and create new businesses



(From internal materials)

UACJ x Wemake*

Issuing a broad call for ideas from outside the Group for new businesses and new products that utilize UACJ's aluminum materials and the assets of related businesses to offer new value



*Wemake

An online cocreation platform service that enables both individuals and companies to propose ideas for corporate-led projects.

<https://www.wemake.jp/>

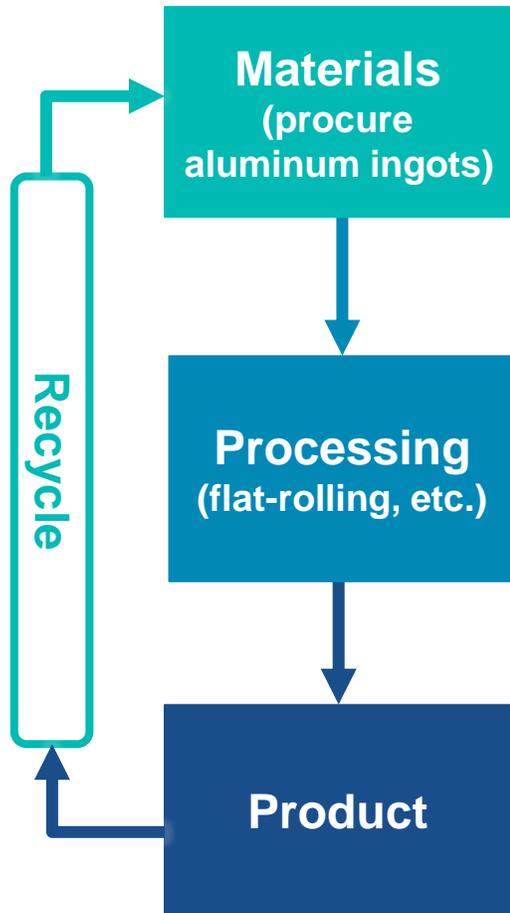
Major Policy (3) Contribute to Achieving a Lighter World

Complete structural reforms

Strengthen foundations for growth

Contribute to achieving a lighter world

Establish a Climate Change Countermeasure Promotion Committee and actively contribute to reducing environmental impact with aluminum

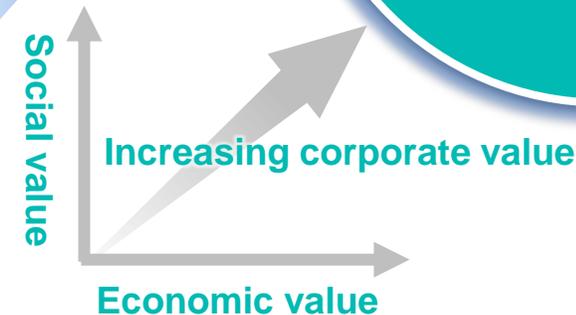


- Create system for recirculating scrap from customers
- Promote effective utilization of scrap metal
- Develop recycling technology

- Heat transfer and waste heat collection
- Use of renewable energy
- Utilization of non-fossil fuels
- Switch to energy-saving facilities
- Consider using facilities compatible with recycled materials

- Use of recycled materials and appeal to customers

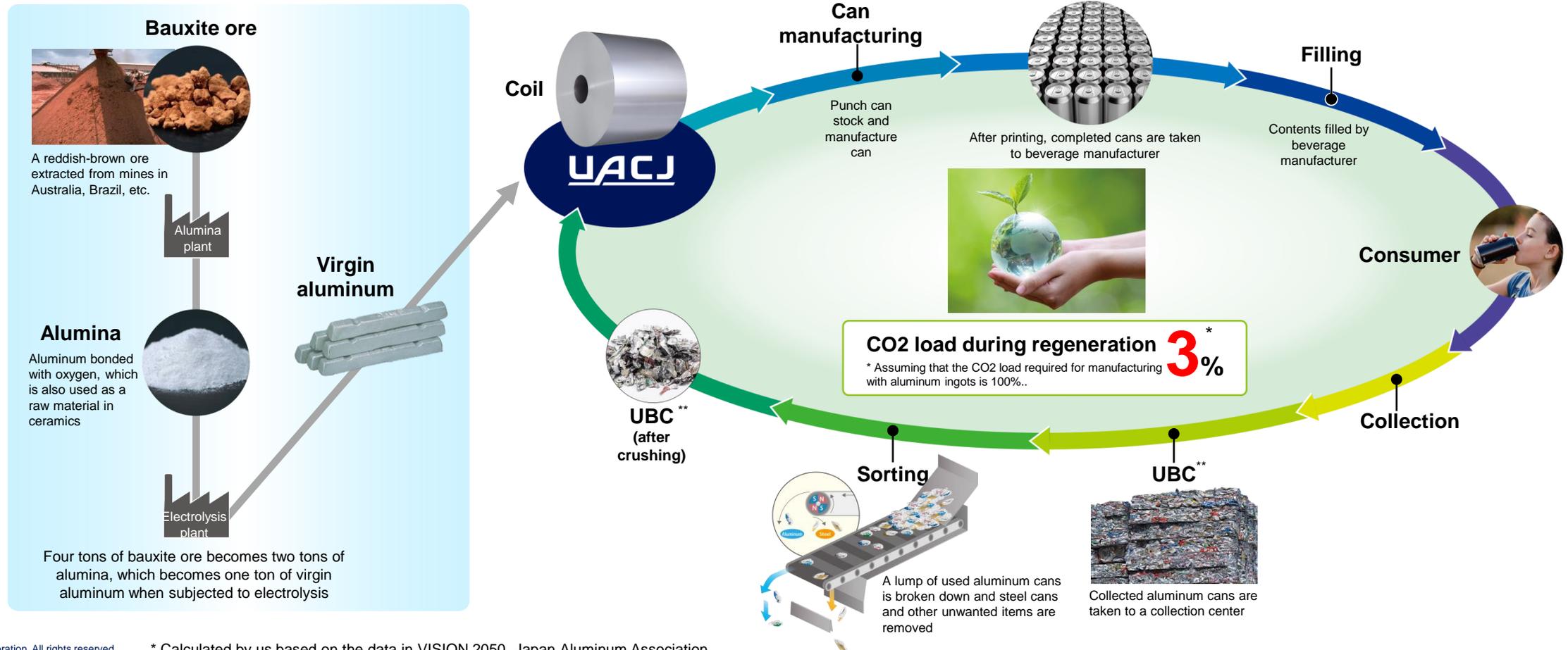
CO₂ emissions across the supply chain
(compared with FY2019 BAU*)



Major Policy (3) Contribute to Achieving a Lighter World

Promoting aluminum product lifecycles designed to reduce environmental impact on a global basis

UACJ actively utilizes recycled materials, primarily used beverage cans, which contributes significantly to reducing environmental impact



Social Initiatives

Understanding the expectations of our stakeholders and fulfilling their trust, in order to be a company that contributes broadly to society

Enhancing quality and customer satisfaction

- Serious quality defects (quality faults): Targeted zero incidents in the previous fiscal year across the Group as a whole
- Number of complaints: Aiming for an improvement of 10% or more compared with FY2019

Talent development and diversity promotion

- Proportion of female managers: Aiming for 4% by FY2023 (including officers, in Japan)
- Improve average score on engagement surveys

Developing a safe and healthy workplace environment

- Promote activities aimed at ensuring people do not forget about significant accidents that occurred in the past
- Implement safety awareness education on an ongoing basis
- Strengthen health and safety education for mid-career hires



Contribution to Global Society

Actively engaging in activities aimed at coexisting and mutual development with the areas where we operate our businesses

Contribution to the next generation

- Sponsoring Next-Generation Education Events
 - Sponsors events for children and students, such as the Asahi Shimbun Earth Class and Nikkei Education Challenge, and lectures on aluminum, the environment, and careers
 - Sponsorship of Asahi Shimbun Sports Challenge A, a project in which athletes become instructors and learn the importance of the spirit of taking on challenges
- Sports classes
 - Joint Sports Classes Held with Professional Teams Yakult Swallows, Utsunomiya Brex, and FC Gifu



Contribution to local communities

- Sponsoring and participating in clean-up activities
 - Sponsoring the NPO Green Bird and conducting local cleanup activities
- Supporting Youth Work Assistance Activities in Disaster-Struck Areas
 - Sponsorship of the Ishinomaki Farm



Contribution to culture

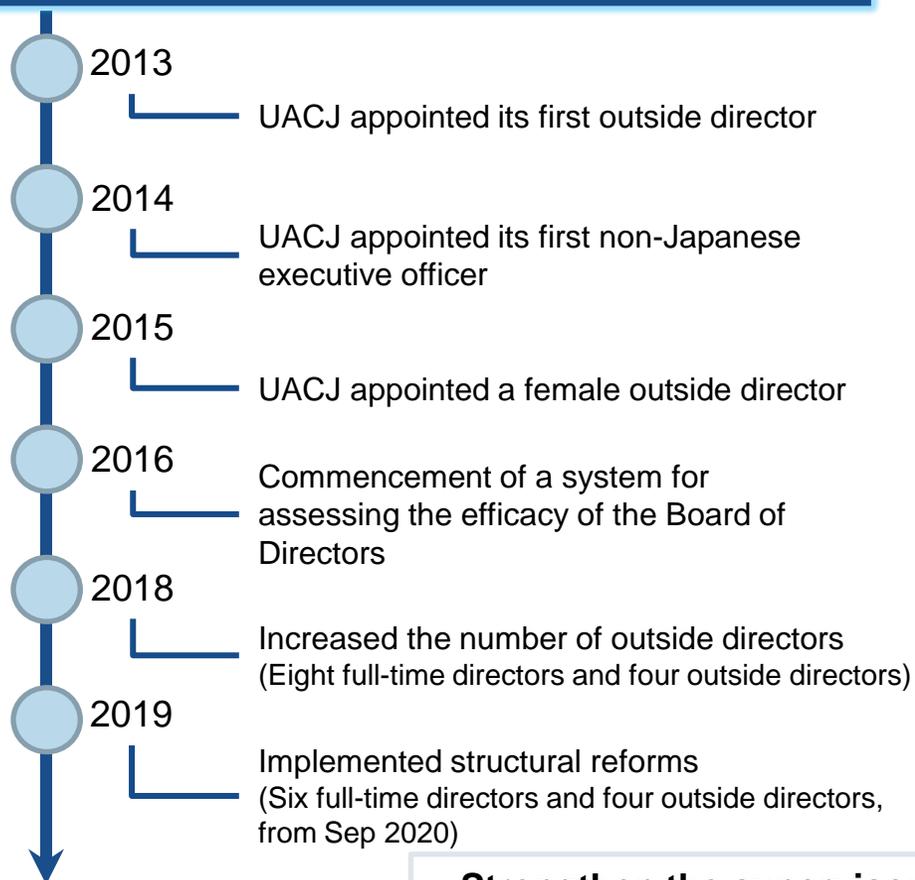
- Sponsored shogi (Japanese chess) title matches
- Sponsored art galleries



Corporate Governance Initiatives

Continually enhance corporate value by promoting the strengthening and enhancement of corporate governance functions

Main corporate governance initiatives thus far



Strengthen specific initiatives

- Engage in management focused on capital efficiency
- Engage in sustainability-focused management
- Promote dialogue with capital markets

Establishment of "Climate Change Countermeasure Promotion Committee"

Details of activities

- Carbon neutral response
- Promoting recycling
- Promoting shift to aluminum

UACJ will actively contribute to building a sustainable society by developing, proposing, and supplying products that utilize the unique characteristics of aluminum to ease and limit any impact on the environment. At the same time, we also aim to utilize primary recycling to the maximum possible extent and vigorously "pursue our passion, aluminum, to reduce environmental impact and contribute to creating a lighter world," by cutting greenhouse gas emissions across the value chain

Signed UN Global Compact

UACJ signed the "UN Global Compact," an international initiative aimed at achieving sustainable growth in international society. As an integrated aluminum manufacturer operating on a global scale, UACJ will contribute to enhance sustainability in society, while also further enhancing corporate governance functions to vigorously promote sustainability.

Strengthen the supervisory function of the Board of Directors over management, appropriately disclose information related to finances, management, and ESG, establish corporate ethics, ensure thorough compliance, and further promote thorough risk management, etc.

Strengthen Financial Position (Capital Structure and Allocation)

Strengthening financial position to support sustainable corporate growth

Financial strategy

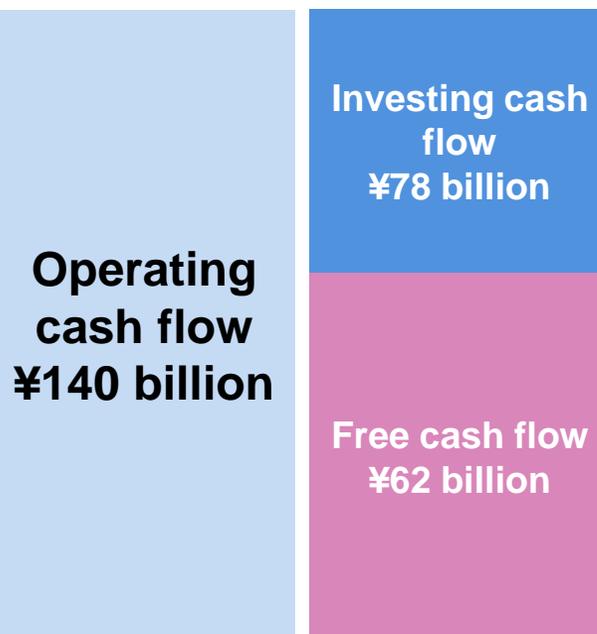
Basic policies

- Prioritize capital efficiency: Ensure profitability exceeds the cost of capital
- Strengthen shareholders' equity: Strengthen shareholders' equity, to enable us to invest in growth and withstand changes in the environment

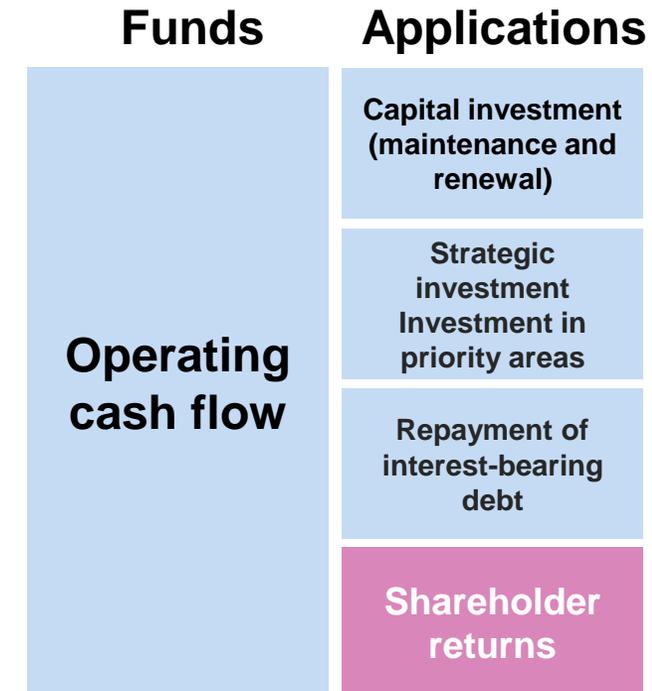
Third MMP Key Financial Strategies

- Improve financial position: Prioritize reduction of interest-bearing debt
- Capital investment: Strategic investment in priority markets and business sectors and investment in priority areas, including responding to climate change
- Shareholder returns: Target of 20-30% for the consolidated payout ratio

Third MMP cash flows



Third MMP cash allocation

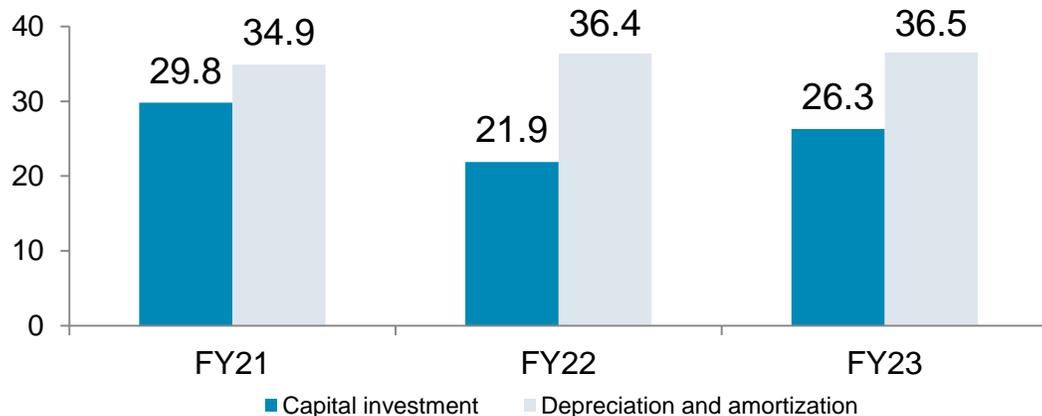


Capital Investment Plan

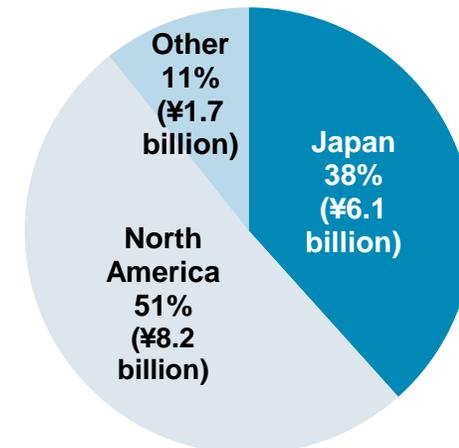
Effectively utilizing cash generated to execute concentrated investment in growth markets, growth sectors, and strengthening management foundations

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	Strengthen manufacturing capacity at North American sites and bolster the automotive components business
Investment in key issues	8.4	Measures to address climate change, DX and IT measures, response to structural reforms and workstyle reforms
Total for FY2021-FY2023 (Total planned depreciation and amortization)	78.0 (107.8)	Total amount of capital investment will be limited to around 70% of depreciation and amortization

Amount of capital investment and depreciation and amortization per fiscal year (Billions of yen)



Strategic investment, breakdown by region (Billions of yen)



Shareholder Returns Policy

Focusing on paying a stable and continuous dividend and enhancing shareholder value, with a target for the long-term total return ratio of 30% or more

Returns policy:

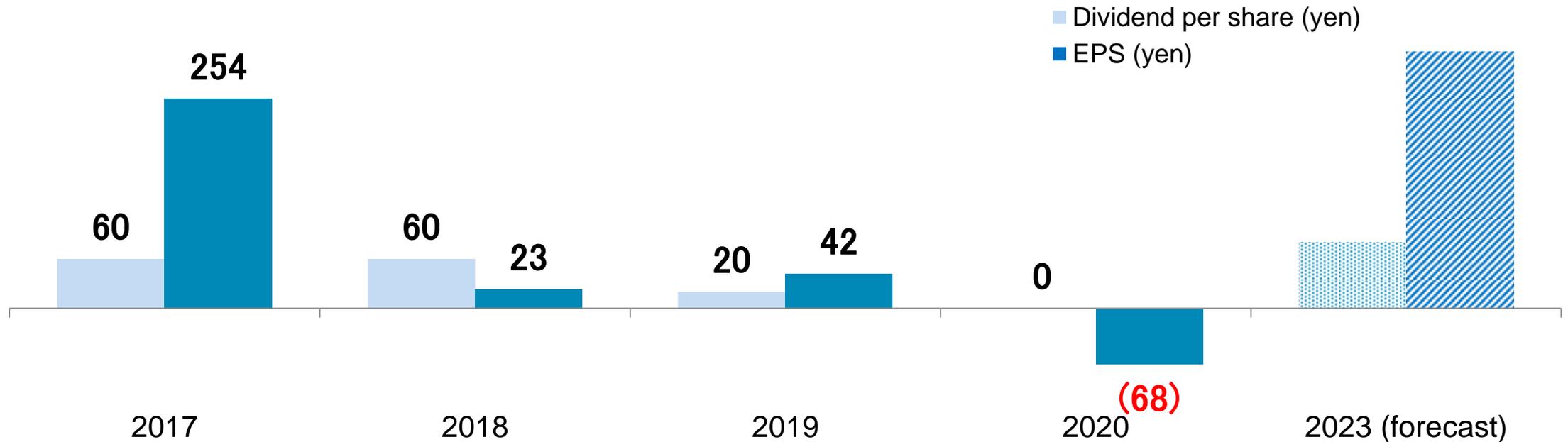
Targeting a long-term total return ratio of 30% or more

Dividend:

Aiming to pay a stable and continuous dividend, with a target of 20-30% for the consolidated payout ratio

Enhancing shareholder value:

Aiming to enhance value by securing certain profits and cash flows, and engaging in dialogue with capital markets



4. Supplementary Materials



Key Financial Data

(Billions of yen)	2015	2016	2017	2018	2019	2020		2023 (expected)
Net sales	575.7	568.3	624.3	661.3	615.2	569.8		700.0
Operating income	15.2	25.9	29.2	14.9	10.1	11.1		30.0
Ordinary income before inventory valuation impact	20.3	25.9	11.3	3.0	9.8	6.2		25.0
Ordinary income	12.0	19.8	19.4	6.2	3.8	6.0		25.0
Net income attributable to owners of the parent	5.1	8.7	12.3	1.1	2.0	(3.3)		-
Interest-bearing debt	289.0	323.8	342.3	375.1	344.0	335.8		280.0
Operating margin (%)	2.6%	4.6%	4.7%	2.2%	1.6%	2.0%		4.2%
ROE (%)	3.0%	5.0%	6.5%	0.6%	1.1%	-1.8%		7.5%
ROIC*1 (%)	3.3%	5.6%	5.8%	2.3%	1.9%	2.2%		6.2%
D/E ratio*2 (times)	1.7	1.4	1.5	1.7	1.6	1.6		1.2 less
Operating cash flows	22.5	28.4	17.4	10.7	58.1	38.6		-
Investing cash flows	(34.8)	(55.5)	(51.9)	(34.9)	(30.0)	(21.0)		-
Free cash flow	(12.2)	(27.1)	(34.5)	(24.3)	28.1	17.7		-

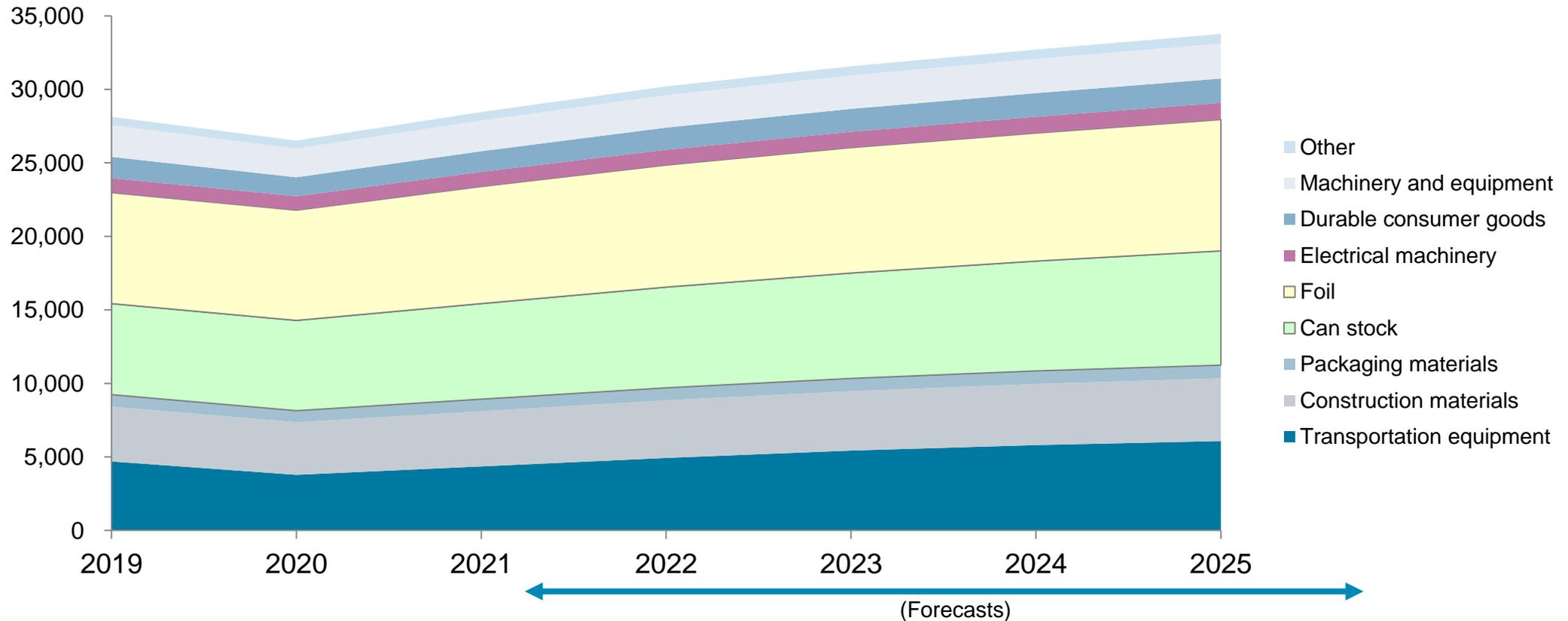
*1 ROIC: Calculated based on operating profit before tax

*2 D/E ratio: Factoring in subordinated loan

Market Environment – Flat-Rolled Materials Demand Forecast

Despite a slump in demand in 2020 owing to the impact of COVID-19, we expect demand to rise with the resumption of economic activity

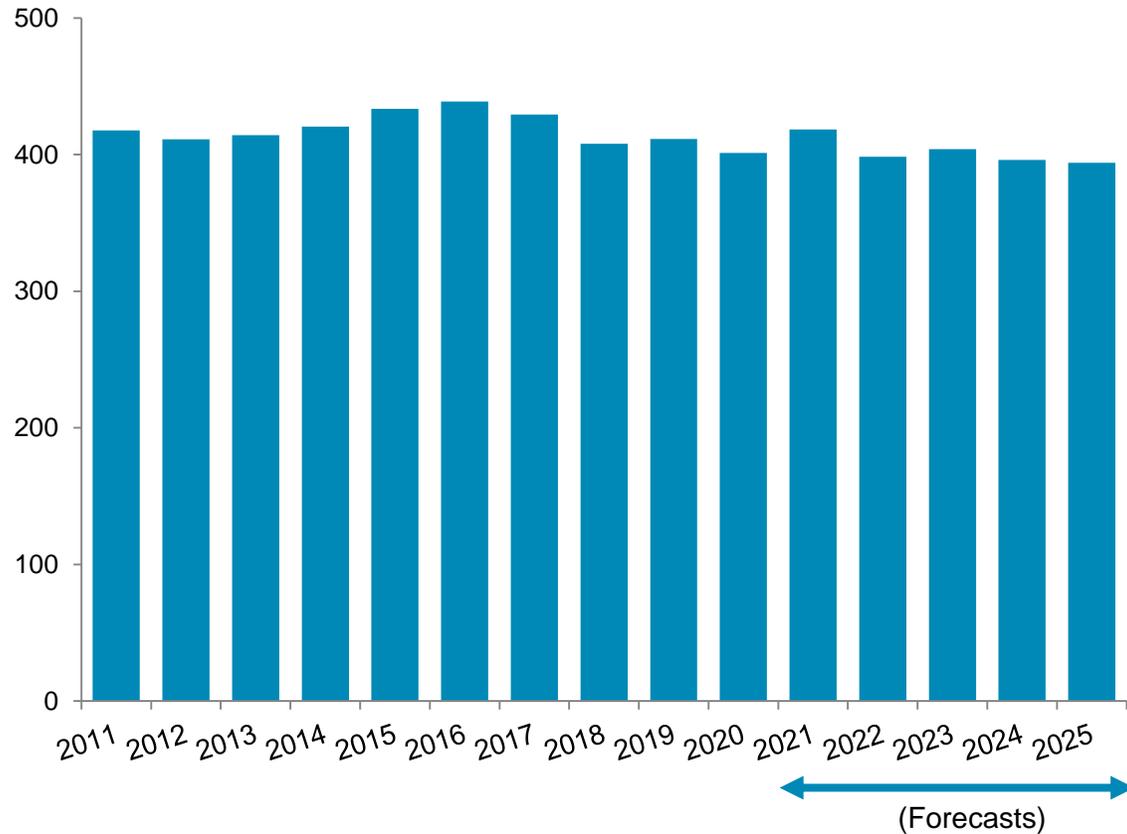
Flat-rolled materials annual consumption amount forecasts per application (thousands of tons)



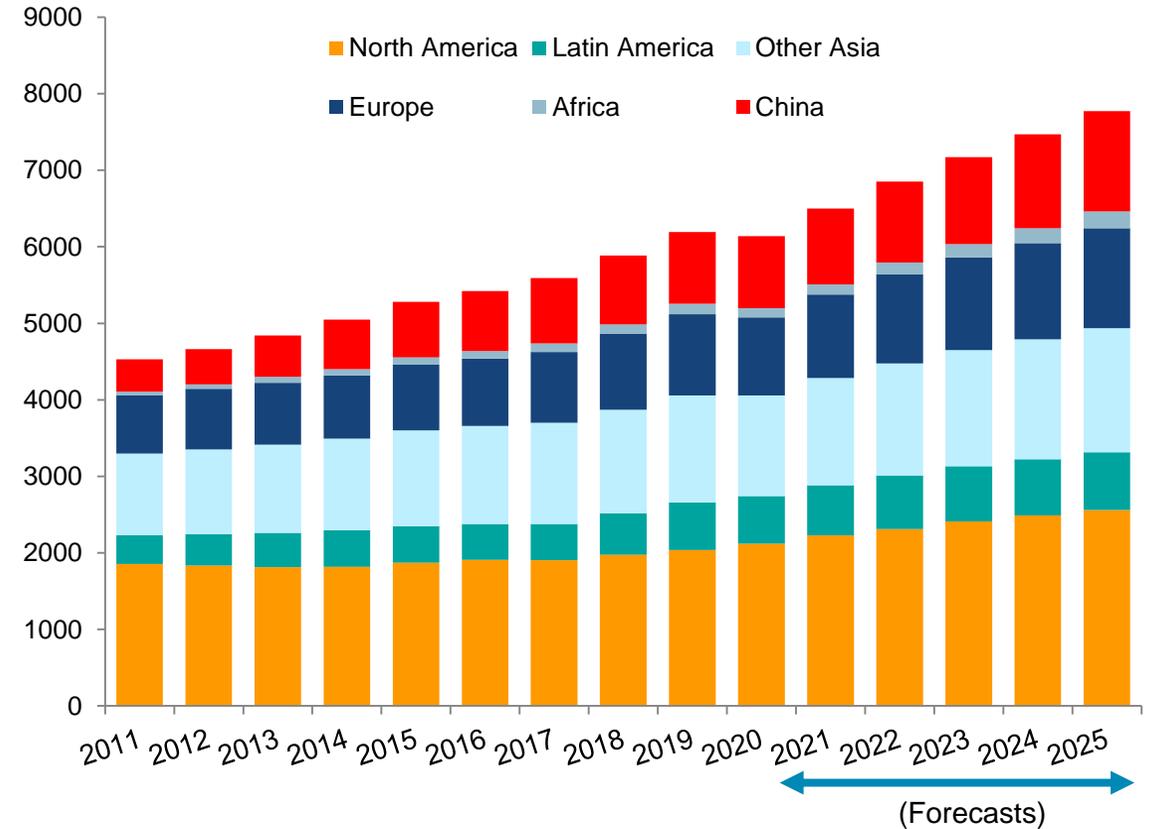
Market Environment – Can Stock Demand Forecast

We expect can stock demand to remain flat or decline slightly in Japan, but increase globally, partly owing to an increased preference for environmentally friendly products

Domestic can stock annual consumption amount forecast
(thousands of tons)



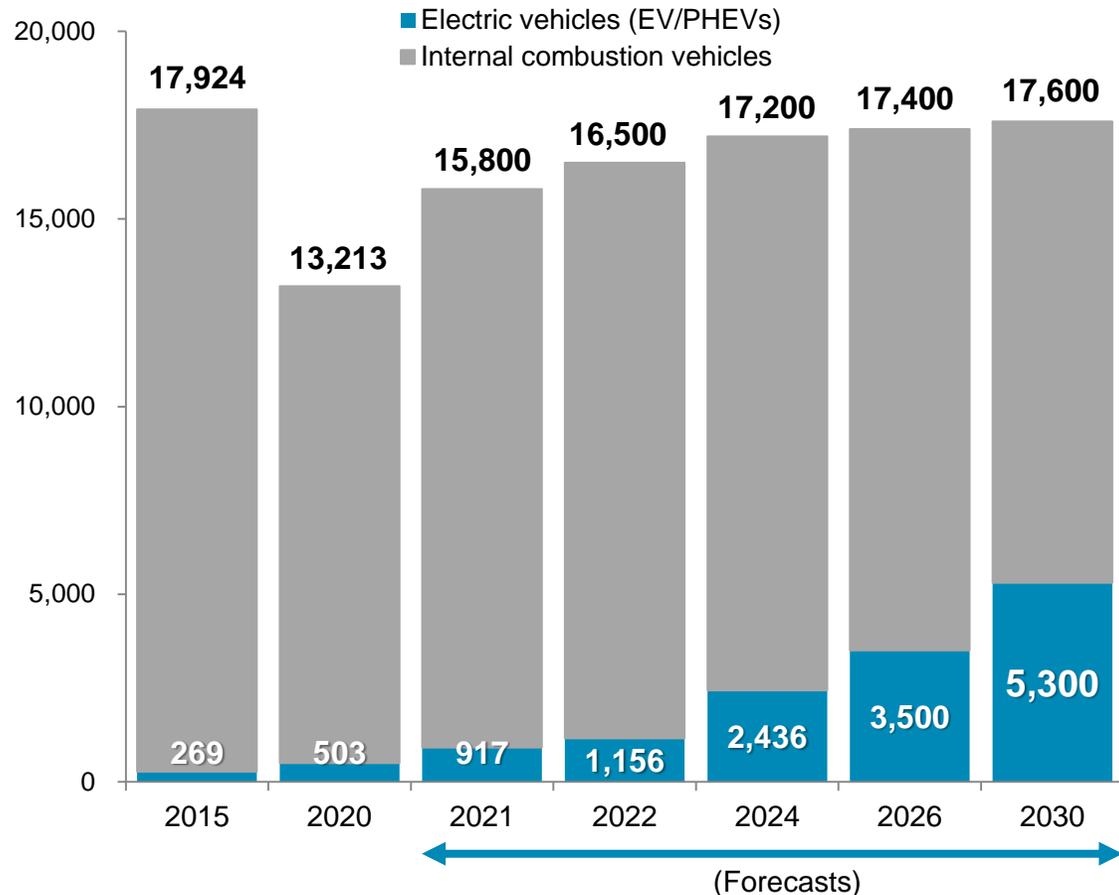
Can stock annual consumption amount forecast per region
(thousands of tons)



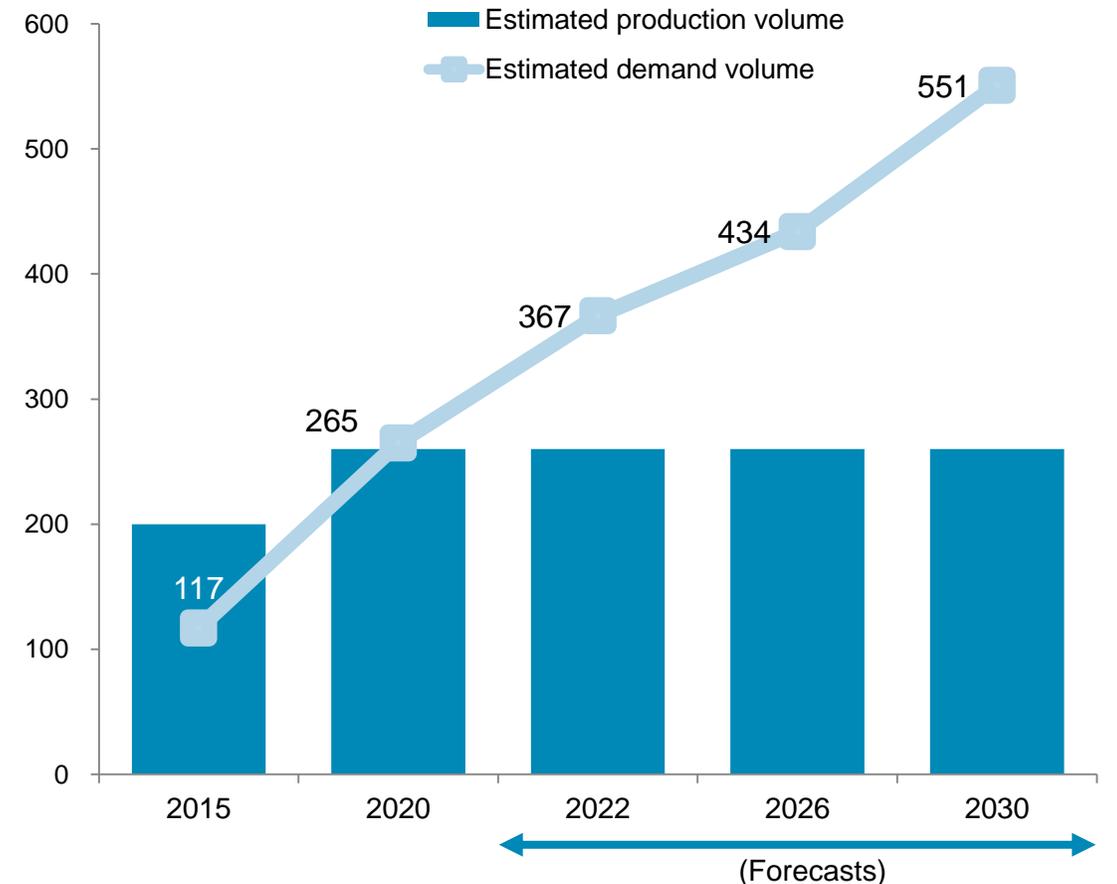
Market Environment – Automobile-related Demand

We expect that insufficient supply of high-strength automotive materials will become apparent as the number of electric vehicles increases

North America electric vehicle production units forecast (units)



Automotive extrusion materials supply and demand forecast (thousands of tons)



Complete Structural Reforms: Commencement and Progress

Progress with key measures is mostly in line with plans, with significant progress made toward generating profits from large investments

Progress of domestic profit structure reforms

Production base aggregation

- Stop lower processes at the Fukaya Works
- Close the Nikko Works
- Aggregate and optimize extrusion in Oyama and press operation in Nagoya

Optimizing the production system, improving the product mix

- Prioritizing sales of products for which demand is increasing despite COVID-19
- Promoted optimization of prices in some key product categories
- Stepped up monitoring of production at four factories in Japan

Reducing indirect expenses

- Introduced BPR*1 measures to make back-office operations more efficient
- Considering the optimal structure for consolidating and slimming corporate functions
- Stepping up cost controls in the aim of curtailing overall expenses

Business restructuring based on selectiveness and concentration

Domestic business

- Sell the copper tubing business
- Close the Nikko Works
- Close the Fukaya Works of UACJ Metal Components Corporation
- Close the Osaka Works of UACJ Metal Components Corporation
- Transfer shares in logistics subsidiary others

Overseas business

- Complete transfer of extrusion company in Indonesia
- Decide on transfer of Thai PF heat exchanger*2 business
- Close Ayutthaya Plant of UACJ Extrusion (Thailand) others

*1 Business process reengineering (BPR): Thoroughly review internal business details, flows and organizational structures and redesign them

*2 PF heat exchanger: Heat exchanger for use in the external components of air-conditioning units (cooling only), made completely out of aluminum

UACJ Sustainability

Basic Policy on Sustainability

For a lighter society in 100 years

With the passion and wisdom in our DNA...

UACJ will pursue a more convenient society and a sustainable global environment with innovation* that combines the spirit of inquiry, technical expertise, and wisdom that we have developed since our founding

Together with all our stakeholders...

UACJ will cooperate and coordinate with people both inside and outside the Group by taking into consideration not just the stakeholders that we come into contact with in our business activities, of course, but also society, which we interact with in a variety of ways, and thereby contribute to a sustainable world

With the diverse characters of every one of our people...

Regardless of nationality, gender, age, presence or lack of disability, or any other factor, UACJ will respect its diverse range of human resources and utilize its peoples' ideas and skills to solve issues with new, free concepts that are unrestricted by conventional wisdom

Materialities

Response to climate change

Product quality and responsibility

Occupational health and safety

Consideration for human rights

Developing talent

Diversity, equal opportunity, etc.



* 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

Sales Volume, Flat Rolled Products

	FY2019 Full-Year	FY2020 Full-Year	FY2021 Full-Year Forecast
Can stock	659	693	845
Foil	44	52	59
IT	17	25	19
Automotive materials	152	123	155
Thick plates	39	42	49
Other general-purpose materials	199	180	201
Total	1,110 For Japanese market: 483 For overseas market: 627	1,113 For Japanese market: 441 For overseas market: 673	1,328 For Japanese market: 505 For overseas market: 824

Assumptions and Sensitivities

	FY2019 (actual)	FY2020 (Mar. 31)	FY2021 Forecast	Sensitivity on ordinary income
Nikkei average price of aluminum (¥/kg)	245	243	288	¥10/kg rise → +¥2.0-3.0 billion/year
LME (\$)	1,749	1,802	2,100	\$100/t rise → +¥2.2-3.5 billion/year
Foreign exchange (¥/\$)	109	106	108	Almost no impact <ul style="list-style-type: none"> • Fuel and additional metal cost: become positive by stronger yen • Rolling margin, forex conversion: become positive by weaker yen
(¥/Thai baht)	3.5	3.4	3.5	
Crude oil (Dubai: \$)	60	45	63	\$10 increase → Approx. ¥(1.0)-(1.5) billion/year

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

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Aluminum lightens the world

アルミでかなえる、軽やかな世界