

UACJ Automotive Whitehall

Investor Day 2024



Aluminum lightens the world
アルミでかなえる、軽やかな世界



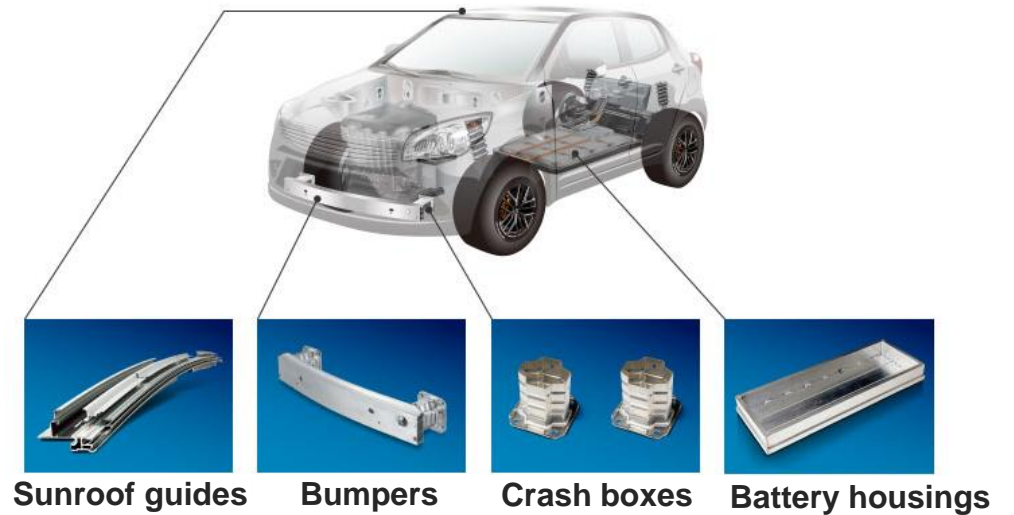
May 28, 2024



UACJ Automotive Whitehall Industries (UWH)



Products (extrusion/forging/casting)



Customers

- EV manufacturers in North America
- Major Japanese automotive OEM manufacturer etc.

6

Plants in NA

1,300

Employees

\$M's

\$ 288

Revenue

FY2023

\$ 22

EBITDA

Vertically Integrated Process Flow



Billet



Extrude



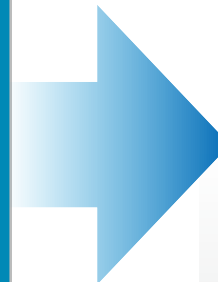
Fabricate

- Machining
- Laser Cutting
- Robotic Welding
- Bending



Assemble

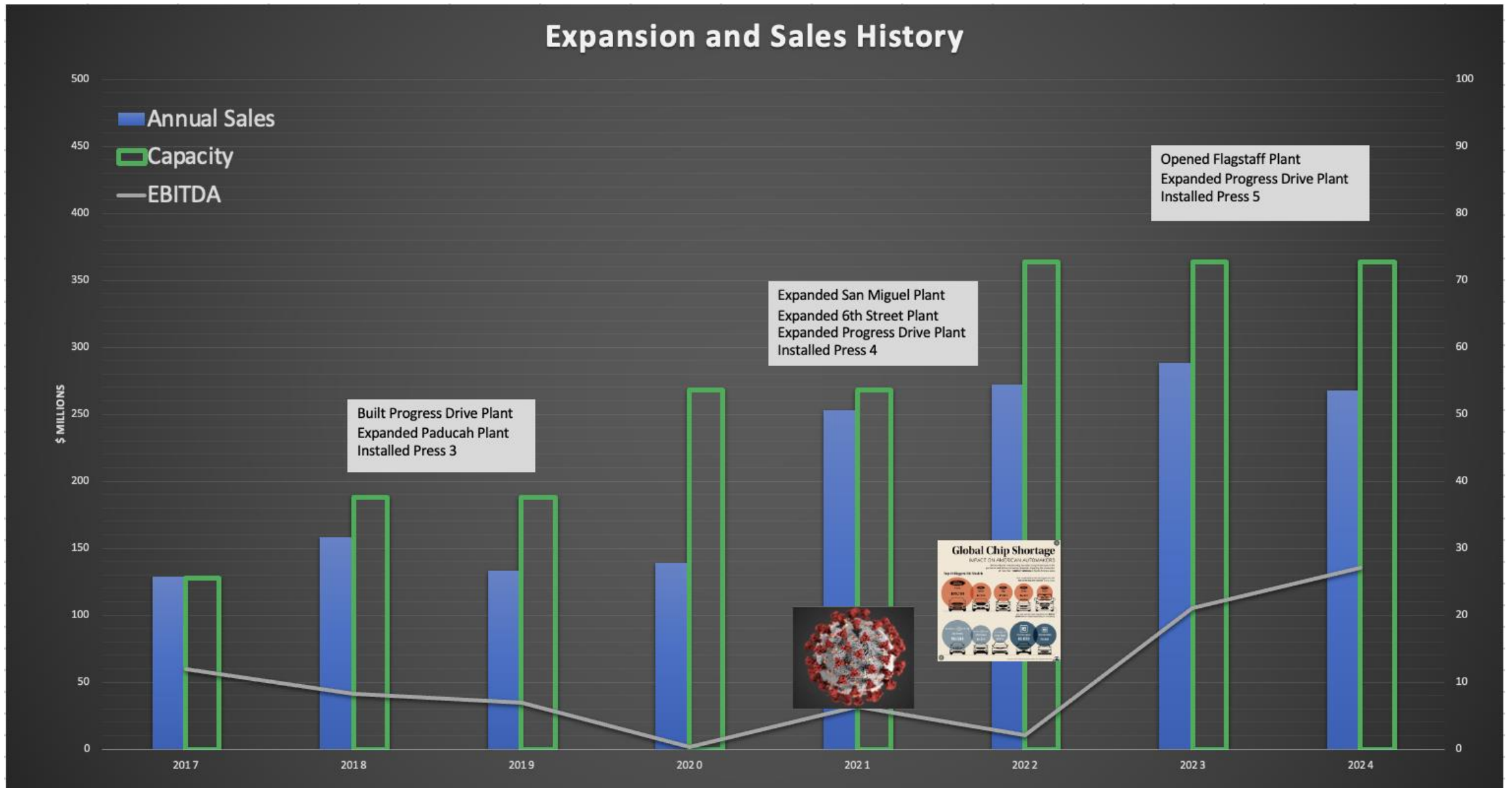
- Manual
- Automated



Strengths:

- Superior aluminum extrusion process control
- Precision machining (nearly 50 years)
- Vertical integration
- Welding, Laser cutting, bending
- Excellent quality-less than 20ppm

Expansion and Sales History



2023 Extrusion Successes



- **Reduce IDL by streamlining team responsibilities – Team Leaders and Extrusion Techs**
- **Reduced downtime**
- **Improving Storm Water Prevention and Spill Prevention – Developing containment plans for MI**
- **Reduced billet inventory by 2M lbs since April, 2023**
- **Reduced PPM scrap from 2.99% to 2.36% YTD**
- **Working with BIG3 to develop alloy**
- **Reduced furnace temperature variation on P2**
- **PICOS upgrade to P1**
- **Eliminated control power losses on P5 pullers**

2023 Quick Response to Lower Sales

Recovery Plan



Price Negotiations



Kaizen Events



Restructuring

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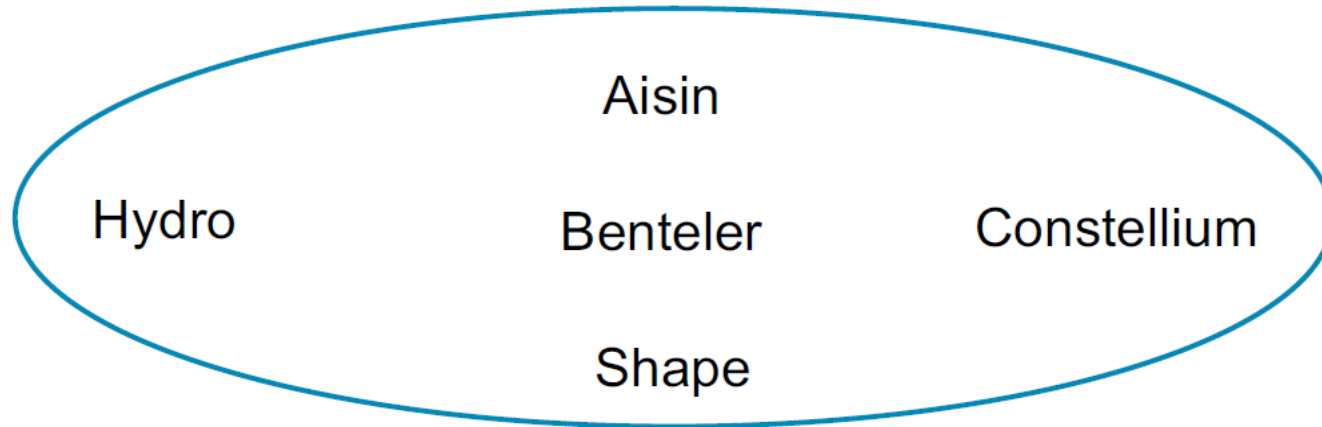
Results

- **Sales & Marketing tasked with negotiating improved pricing & terms \$2.0 million**

- **Continuous Improvement/Kaizen \$1.3 million**
- **Purchasing - \$1.5 million**
- **\$1.6 million Reduced Freight Costs**

- **Reorganized and modified the reporting structure – Headcount reduction of 24, annual savings \$1.3 million**
- **Implemented additional fixed cost reductions – Headcount reduction of 19 for \$1.3 million**

Competition – Vertically Integrated Automotive Structural Part Suppliers



UACJ Whitehall is the most capable overall relative to our competition:

- Leader in structural extrusion capability and process control
- Tight tolerance machining for almost 50 years
- Agile, Fast and Flexible
- Serving major EV OEM's since 2012
- Excellent in quality – less than 20ppm, zero ppm for many large customers
- Competitive cost structure

Our People Make Us What We Are



Customer Quality Performance



One of 6 Honda Suppliers in North America to receive multiple Supplier Awards



Zero PPM for GM – 12 consecutive Quality Excellence Awards

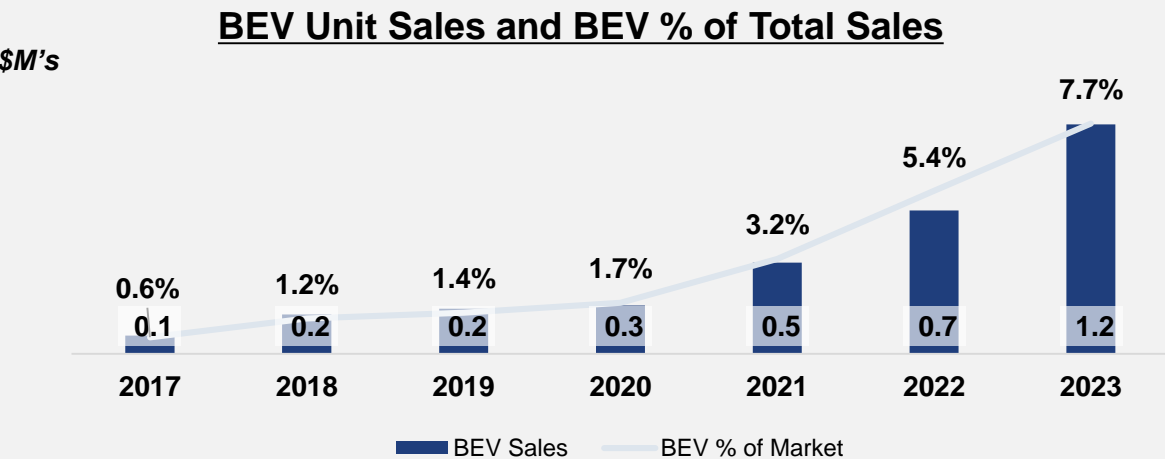
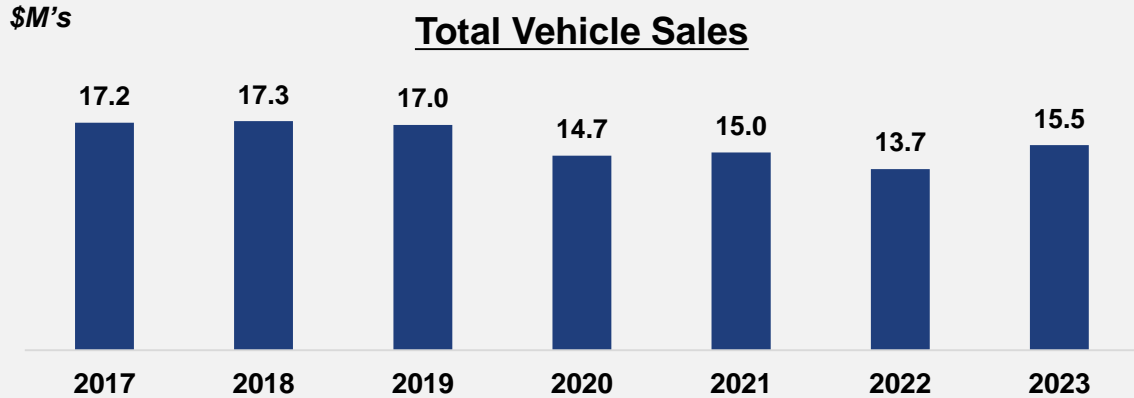
Is N.A. EV Demand Slowing? *Factors to Monitor*

OEM EV program delays and growth in EV inventory reflect short-term market conditions—OEM product strategy driven by multiple factors that will overcome current challenges long-term

Factors to Monitor	Implications
<p>Pace of EV Adoption</p>	<ul style="list-style-type: none"> • Current legacy OEM EV models are typically higher trim levels focused on specialized vehicles <ul style="list-style-type: none"> • Average Tesla transaction prices is ~11% higher than ICE today—GM EV prices ~150% higher • Interest rates are driving higher monthly payments and leases • OEM’s EV profit margin targets dependent on the ability to launch lower cost EVs—the inability to obtain profitability on EVs due to the lack of high-volume offering
<p>2024 UAW Contract</p>	<ul style="list-style-type: none"> • The ratified UAW contracts include obligations of OEMs to make significant domestic investment over contract period (November 2023-April 2028): <ul style="list-style-type: none"> • GM: \$11B investment previously announced—\$8.4 EV investment • Ford: \$8.1B in investment in existing facilities—\$5.5 EV investment • Stellantis: \$19B across US including idled facilities—\$16.0 EV investment • Increased labor rates due to the UAW negotiations will drive the need for cost efficiencies through the manufacturing process—implementation of automation and manufacturing simplification are greater enabled by EV vehicle architecture
<p>Government Policy</p>	<ul style="list-style-type: none"> • Emissions regulations continue to increase, even though this is under threat in Congress • IRA incentives (~\$400B) expected to end in 2032—OEMs expected to take advantage of existing funding • Government and OEMs driving onshoring of battery value chain to reduce foreign reliance and cost • Facility demand for upstream operations expected to remain strong to support build-out of domestic supply chain

Pace of EV Adoption *U.S. EV Sales and Market Share*

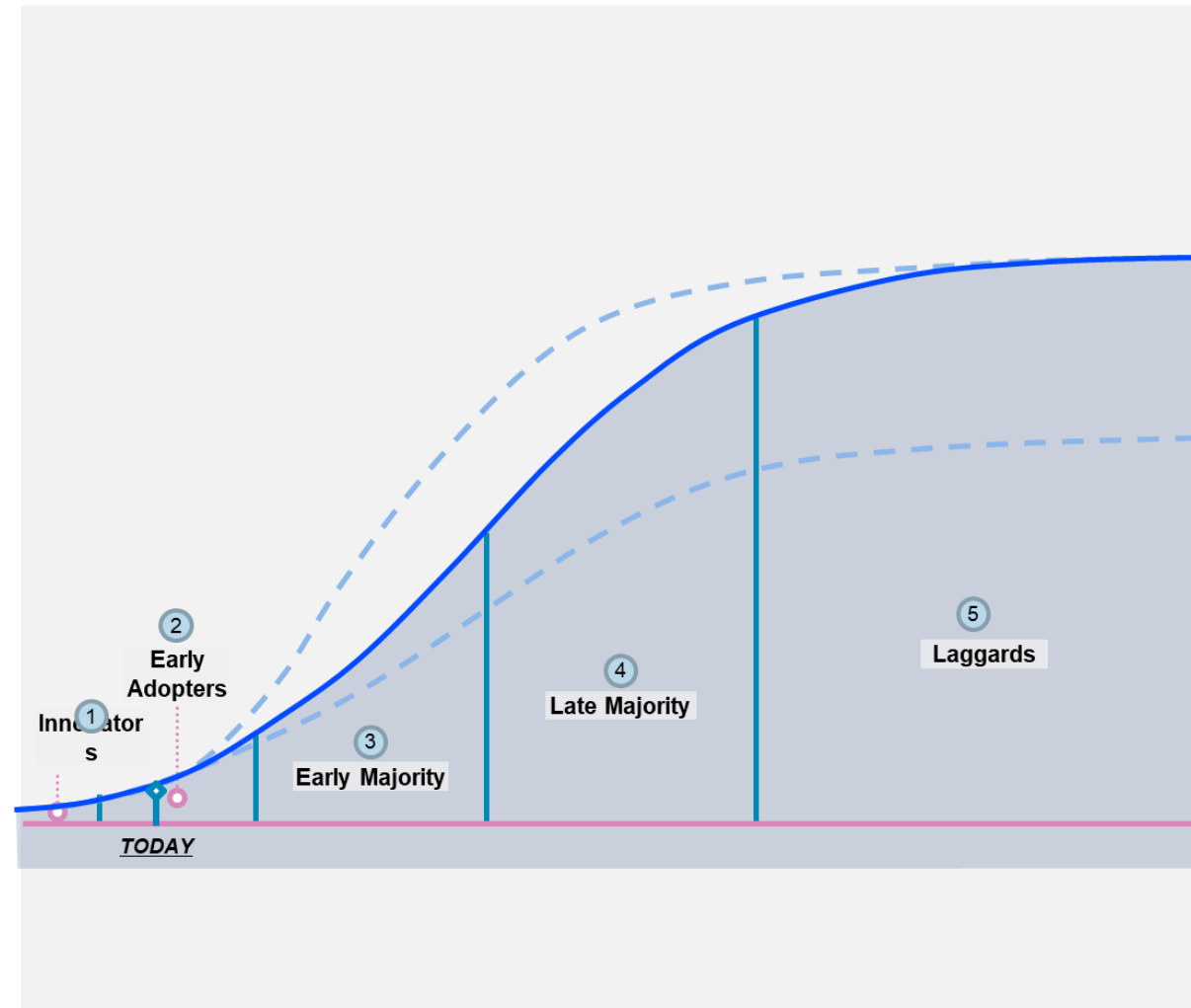
EVs continue to increase as percentage of total new vehicle sales (7.7% in 2023)—EV incentives, new program launches, and OEM electrification targets combined support continued BEV adoption



- EV sales increased 59.8% YOY from 2022 to 2023
Total sales YOY increased 13.1%
- EV penetration rates continued to increase by 41.3% YOY 2022 to 2023 (to 7.7%)
- Manufacturer and consumer tax incentives provide by IRA support increased EV adoption
- High velocity of EV launches to meet OEM electrification targets supports continued BEV adoption
 - 22 EV program launches in 2024
 - 20 EV program launches in 2025
 - 24 EV program launches in 2026
 - 24 EV program launches in 2027
- The percentage of total sales that are EV is expected to increase as more market offerings exist

EV adoption curve is influenced by several outside factors

Illustrative Electric Vehicle Adoption Curve



Example “Bull” Case and “Bear” Case

Example “Bull” Case:

- **Battery cost and range** advances accelerated (e.g., due to Lithium-solid)
- **Emissions regulations continue to tighten**, requiring greater electrification
- **High infrastructure investment** due to consumer demand / public incentives

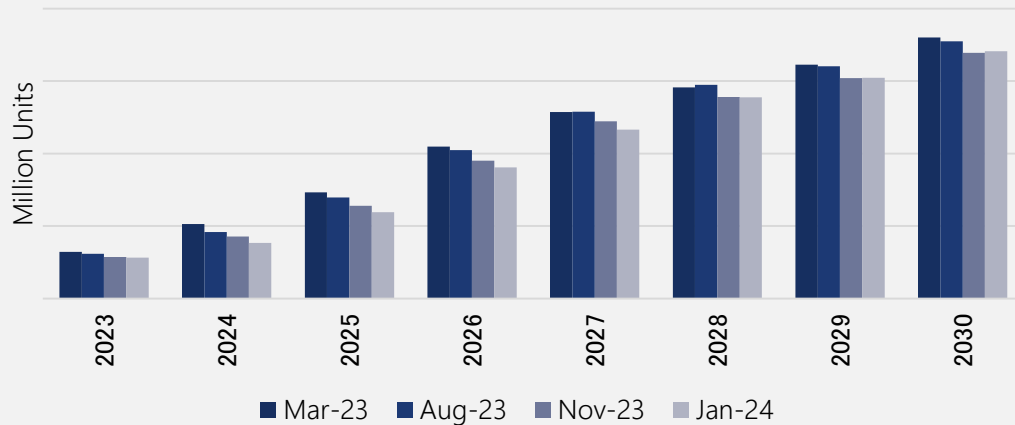
Example “Bear” Case:

- **BEV cost remains high, limiting adoption** to near-luxury market and top end of mainstream
- **Regulations loosened**, driven by recognition that EVs not ready for widespread adoption
- **Availability of reliable public chargers limited**, making EVs as a daily driver challenging

Is N.A. EV Demand Slowing? *EV Forecast Model Comparison*

Forecast of EV adoption in the US maintains growth despite industry challenges such as model availability, model incentive qualifications, and high interest rates—forecast likely to maintain growth as the US Government and OEMs remain steadfast in their targets and continued invest

Total NA EV Production Forecasts



EV % of Total NA Production by Forecast Model

Forecast	2023	2024	2025	2026	2027	2028	2029	2030
March 2023	8%	13%	18%	25%	30%	33%	36%	39%
August 2023	8%	11%	17%	24%	30%	34%	37%	40%
November 2023	7%	11%	16%	22%	29%	32%	35%	39%
January 2024	13%	18%	25%	29%	32%	36%	38%	41%
PM Forecast	8%	12%	15%	19%	23%	27%	31%	35%

Source: AFS, PM Model

Forecast used for UACJ Whitehall

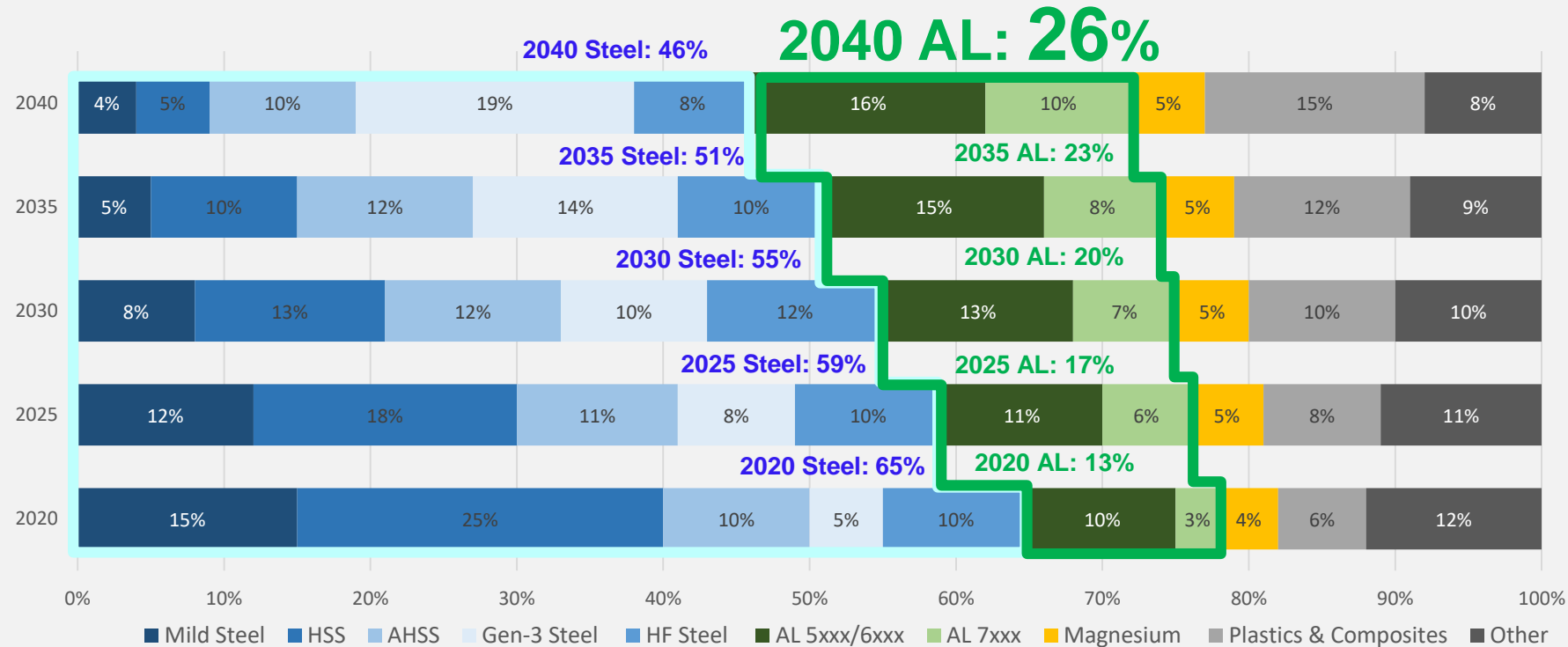
- North American EV forecasts have remained consistent throughout the year amidst industry disruptions and economic headwinds
- Plante Moran Forecast remains consistent with industry forecasts with more conservative growth due to required manufacturing capacity
- OEMs have yet to reduce their stated EV targets—expect forecasts to remain consistent as OEMs continue to build to reach demand

Automotive Vehicle Lightweighting *Material Transition*

Fuel economy regulations (CAFE) are a major driver of material changes. As part of vehicle light weighting engineering approaches the industry will utilize higher strength steel, aluminum and plastics

- Suppliers are analyzing the need for new equipment and presses to form these materials, due to the higher strength properties, manufacturing these materials cause increased stress/wear on the presses creating a greater need for proactive MRO services

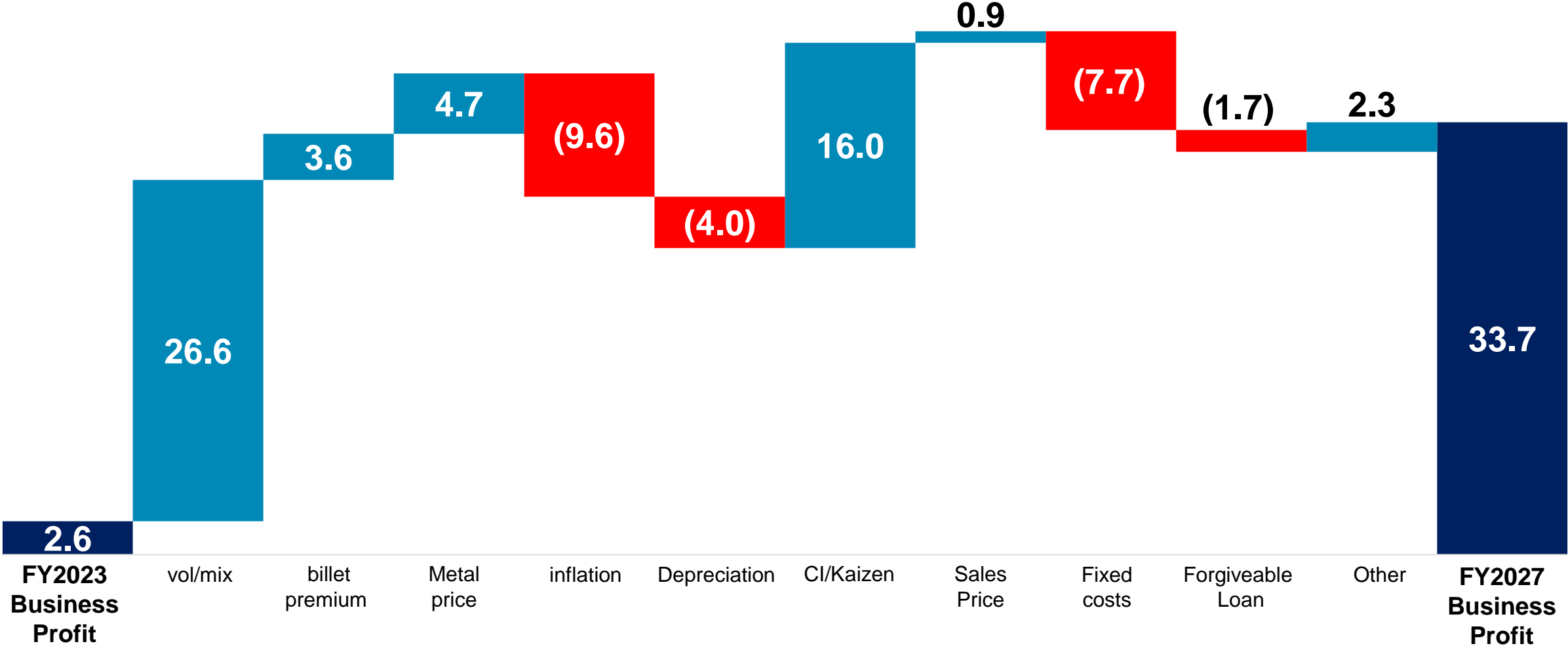
Material percentage distribution of an average vehicle 2020-2040



High strength steels include: HSS, AHSS, Gen 3 steel, and HF steel
 Other materials include dampeners, static sealers, adhesives, and glass
 Source: Center for Automotive Research

Analysis of Business Profit (FY2023 Results → FY2027 Forecast)

\$M's



2024 Quick Response to Lower Sales

Recovery Plan



Short Term Sales



Continuous Improvement



Restructuring

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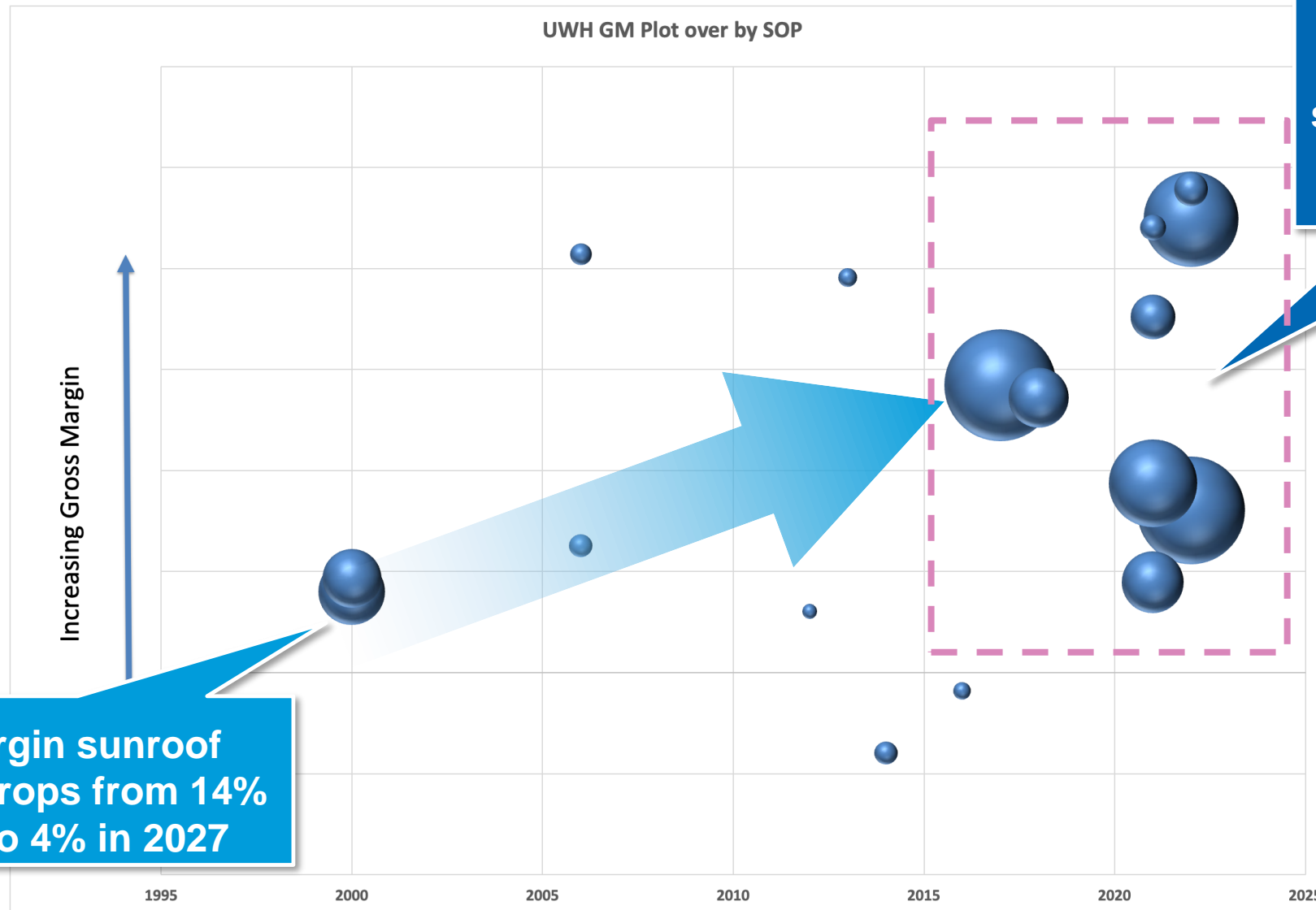
Targets

- Targeting \$3.5 million in transfer business due to Anti-dumping duties on China and Mexico

- Purchased components and freight savings of \$1.5 million
- Kaizen savings \$1.4 million
- Scrap reduction \$1.0 million

- Hold on filling open positions - \$1.3 million
- Salary and Indirect Labor reductions \$1.0 million

Legacy Low Margin Business Phasing out Through Attrition



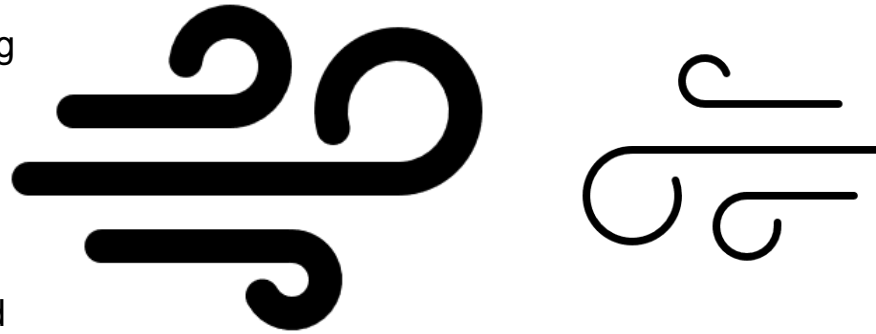
Low margin sunroof segment drops from 14% in 2023 to 4% in 2027

Higher margin structural segment rises from 82% in 2023 to 93% in 2027

UWH Sales Growth

UWH TAILWINDS

- Many new EV vehicles to launch in the coming years.
- New Anti-Dumping and countervailing duty investigation by US government to be finalized in July. Higher % for extrusions coming from 14 different countries, including China.
- Demonstrated high quality as Tier 1 supplier – received GM quality award and Honda Quality, Delivery, and Value award. One of only six suppliers to win multiple awards.



HEADWINDS

- While the original EV adoption timing in NA was a bit aggressive, OEM's are still moving forward with revised plans.
- Aluminum faces a pricing disadvantage compared to a similar part made of steel.
- Lack of aluminum extrusion capacity in NA is forcing OEM's



UWH is actively working on new business programs from almost all car manufacture.

Plan to grow to \$377M by 2027.

Sustainability/Environmental Activity

FY2022 and 2023 CO2 Emissions – 32% reduction in Scope 1&2 emissions per ton of product shipped.

	FY 2022	FY2023
Fuel Scope 1 CO2 emissions (tons CO2)	7,500	7,700
Electricity Scope 2 Co2 emissions (tons CO2)	14,200	11,300
Scope 1+2 CO2 emissions (tons CO2)	22,000	19,000
Emissions per product ton (tons CO2 / product ton)	1.0	0.7

UWH Energy and CO2 Emission Reporting 2023

ASI – Aluminium Stewardship Initiative

- Self-assessment submitted.
- Scheduling for all plants

CO2 Reductions plans

- Finalizing reduction actions plants
- Signing up for a solar renewable energy program with Consumers Energy of Michigan to supply 100% renewable energy electricity starting in 2028 for Michigan locations.

UACJ Automotive Whitehall Takeaways

1

UWH has a fantastic, stable team of bright, dedicated people

2

Top line growth paused in 2023 due to delays in the adoption of EV's in North America

3

This pause has allowed us to redirect our efforts to cost reduction, improved productivity and quality

4

Our quality, agility and processing capability are well known by EV OEMs and are now being recognized by traditional automotive OEM's

5

Automotive structural extrusion demand is expected to grow significantly in the future. We are well positioned to take advantage of this market in the future