

**Questions and Answers from Telephone Conference about Participation
in Gestamp Investment**

1. Date: September 9, 2016 (Friday), 15:00-15:40

**2. Participants: - Noboru Katsu, Chief Operating Officer, Iron & Steel Products Business Unit
- Tomofumi Osaki, General Manager, Investment & Planning Division
- Yuji Mano, General Manager, Investor Relations Division**

3. Questions and Answers:

Q: • What is your thinking on the economic viability of the investment? As far as we can tell from Gestamp's current earning power, the expected return is unlikely to be very high. In terms of net sales and EBITDA, how much growth potential do you see from the medium- to long-term perspective?

A: • In the first half of the current year, the growth rate for motor vehicle production was 3.3%, whereas Gestamp's net sales increased by 7.8%, which is more than double the industry's average. Gestamp is achieving growth above the industry average. Its EBITDA also grew by over 10% in the first half.

• Gestamp's EBITDA has grown by around 13% in the past, and we assume that it will continue to achieve growth of around 10% going forward. For example, compared with 2014, we expect EBITDA to rise by at least 25% and close to 30% over the next two years. On that basis, we believe that this investment is economically sound.

Q: • I believe that you plan to contribute to Gestamp's corporate value by providing access to your own wide-ranging functions and capabilities, and that you also expect to achieve synergies with Gestamp. To what extent do you expect Gestamp's future growth performance to create opportunities for synergy?

A: • First of all, Gestamp's expectation toward Mitsui & Co. is that we are professionals in the materials business. For the iron and steel products, we can provide supply support particularly for high-tensile steel for hot press processes. Not only that, we can supply chemicals products, especially plastics, and other metal resources, such as aluminum. We are also expected to make a major contribution in the area of multimaterials, which will be essential for the automotive industry in the future.

• Secondly, while European and U.S. auto manufacturers account for over 90% of Gestamp's sales, it is sales to Japanese auto manufacturers that will drive growth going forward, and Gestamp will be able to use our customer base.

• In addition, Gestamp will have access to utilize our integrated strengths. For example, we can help to improve the efficiency of Gestamp's logistics by using the knowledge of Penske Truck Leasing, our affiliated company specializing in logistics in the Americas. Moreover, with 101 factories worldwide, Gestamp will need to use the IoT to improve production efficiency and solve production problems. We can draw on the knowledge of OSIssoft, one of our other affiliated companies, to support efficient production by analyzing data about welding, molding and other processes. We believe that there will be various areas of opportunities for synergies.

Q:

- We understand that future synergy benefits and your contribution to improvement in Gestamp’s corporate value will result from sales growth made possible by Mitsui & Co.’s introduction of Japanese auto manufacturers, and your subsequent increased supply of materials to Gestamp. We believe that your decision to invest in Gestamp’s Americas business two years ago was based on the same approach of providing your functions and generating sales growth. What progress and results have you achieved over the past two years, and over what period and with what certainty do you expect these benefits to materialize going forward?

A:

- When we participated in the Americas business in 2013, Japanese manufacturers accounted for a miniscule share of sales. That share has tripled, and we plan to increase it still further.
- Auto manufacturers employ vehicle frames, so-called “global platforms”, which are based on common designs, to manufacture products to the same quality standards on a global basis. By participating in the Gestamp parent company we have expanded the scope of our participation to encompass the entire world. When our involvement was limited to the Americas business, we found it difficult to present an overall picture to our customers. Now we are able to dialogue with all of our customers, including not only Japanese manufacturers, but also those in 20 other countries worldwide, as well as customers in emerging regions, such as the Middle East, Africa and Asia. This expansion of the network will generate significant synergies.
- In the area of materials supply, we have already started work on several new materials over the past couple of years. Previously some manufacturers of raw materials found it difficult to work on initiatives relating to Gestamp from an operational perspective while its activities were limited to the Americas, because of confidentiality requirements. Since this announcement, we have received comments from these companies to the effect that they will be able to reach a shared position on a global basis, including iron and other raw materials, and that they feel confident to expand initiatives already launched in the Americas on a global level. We anticipate major synergies in this context, too.

Q:

- Gestamp is the world’s biggest company in the hot stamping industry, and you say that it is still growing. What is the size of the pressing market, especially hot stamping, and what is Gestamp’s position in that market? Please indicate the level of growth you anticipate going forward, and provide an overall picture of the market.

A:

- Various companies have moved into the hot stamping market, and it is extremely difficult to grasp accurate figures. Our perception is that three major companies—Gestamp, Magna and Benteler—are very strong and have driven the expansion of hot stamping market. We are aware of over 200 hot stamping lines worldwide, of which Gestamp owns almost 70. We believe that this is the largest number in the world for a single company. R&D relating to hot stamping technology is extremely expensive, and at present the market is dominated by Gestamp and Magna.

- Q:
- Japanese manufacturers have to date used high-tensile steel. What is the probability of Japanese manufacturers starting to use hot stamping? What industry trends do you anticipate? For example, are they using high-tensile steel at their production facilities in Japan, while switching to hot stamped products at production sites in Europe and the US?
 - What scheme do you have for inducing Japanese manufacturers to use Gestamp's hot stamped products? For example, will you supply steel from steel manufacturers to Gestamp, and then have Gestamp become a supplier of hot stamped products to auto plants? Or will Gestamp receive toll processing fees?

- A:
- We cannot share detailed information because of confidentiality requirements. A number of Japanese auto manufacturers have started to use hot stamped materials. In the case of one company, it already has weighted its operations significantly toward the use of hot stamped materials. Because there are no hot stamping facilities in Japan at present, Gestamp has built a substantial track record and an outstanding contract for future deliveries with Japanese auto makers that have established a significant presence in the Americas. We can say from this that the use of hot stamped materials is already quite widespread among Japanese manufacturers.
 - At the same time, auto manufacturers do not simply need a steel processor, but rather a player that can participate from the design stage in such areas as weight reduction and safety. For example, several dozen engineers from Gestamp's headquarters have been stationed in Japan, where they are involved in work on design concepts for new models and are offering technical advice to customers. The way steel sheet is supplied varies according to the auto manufacturer and the country. Gestamp's advantage is its ability to propose ways to improve safety and reduce weight from the design stage based on the premise that hot stamping will be used. For instance, one car model made in the US using hot stamped materials has been shown to be 25% lighter and have greater strength than those made using high-tensile steel. Gestamp has built a very strong position of leadership in the industry, leveraging its hot stamping expertise and capability.

- Q:
- We understand that Mitsui & Co.'s investment scheme calls for the acquisition of a 25% equity share in Gestamp 2020, which will own 50.1% of Gestamp Automoción S.A., which means that Mitsui & Co. will hold over 12.5% of total shares. How will you take in earnings from Gestamp?

- A:
- Your understanding of the scheme is correct. Gestamp 2020, in which Mitsui & Co. will have management rights, will be established acquiring a 50.1% shares of ACEK's wholly owned subsidiary Gestamp. Mitsui & Co. will participate as holder of 25% of shares in Gestamp 2020, which means that we will hold 12.525% equity shares of Gestamp. It will be an equity method investment, and we will also dispatch personnel as Gestamp directors so that we can participate in the management of the company.

Q:

- I would like to check the grounds for your prediction that sales of hot stamped materials will expand faster than the total market with continued growth of around 10%. Is your prediction of 10% growth based solely on the adoption and increased use of hot stamped materials, and on a percentage increase in the use of these materials by the same manufacturers and in the same models? Or does your scenario assume sales growth in step with geographical expansion leading to increased sales in regions other than Europe and the Americas? Are you considering entry into new areas? Various other factors will certainly be involved, such as competition with other materials, including cold-rolled high-tensile steel. There is also uncertainty about Gestamp's future business growth, given that their sales until now have grown in step with environmental regulations. Please comment on the overall outlook.

A:

- Motor vehicles are produced as models, and model changes occur roughly every six years. Discussions are already in progress concerning models to be launched in 2020 and beyond. There has not been a total switch to the use of hot stamped products, and high-tensile steel, ordinary steel, and aluminum are also being used. Forecasts have already been developed to some extent. We cannot share the details, but Gestamp has projected trends over the next decade and up to 2027-28, including model changes.
- In terms of achieving top-line growth on a regional level, the next step will be to formulate global platforms in new Asian markets where mainly Japanese manufacturers are active. As for the Middle East, European and American automotive OEMs are trying to move into the market. Moreover, we also anticipate new top-line growth in North Africa. These new developments in Asia, the Middle East and Africa are not part of our current plan, but we look forward to the additional growth opportunities that they will bring.