

## **Basic Agreement for driving forward a Joint Venture Project of Cold Drawn Tube Manufacturing Plant in Mexico**

PRODUCTOS LAMINADOS DE MONTERREY, S.A. DE C.V. (President: Mr. Jorge Garza ; hereinafter called "Prolamsa"), a leading steel pipe manufacturer in Mexico, Sankin Corporation (President: Mr. Katsuomi Tamaki ), a manufacturer of cold drawn steel tube, and JFE Shoji Trade Corporation (President: Mr. Tsutomu Yajima), basically agreed to proceed the project to establish a joint venture company for manufacturing and sales of cold drawn tube, especially focusing on automobile use.

Upon conclusion of the joint venture agreement, the new company will be established in the suburbs of Monterrey city, Mexico, near to Prolamsa's main factory.

In Mexico, neighboring to the United States, the investments by Western and Japanese automobile and its related businesses are rapidly increasing, being backed up by extensive FTA network and relatively competitive labor costs.

Also, in the field of auto-parts industry, the demand for higher quality of cold drawn steel tube has been increasing, urging the shift to local purchasing.

The Company is expected to capture these demands of not only Japanese customers, but also American and European customers as well, with responding to the customers' requirement, and exercising manufacturing and sales activities on the forefront of the market,

### Outline of the Joint Venture Company

- ① Name of the company (Tentative) : A4C-Sankin Precision Tube, S.A.de P.I.
- ② Location : Monterrey, Nuevo Leon, Mexico
- ③ Establishment : April 2015 ( as scheduled )
- ④ Business : Manufacturing and Sales of Cold Drawn Tube
- ⑤ Others: Majority capital shares to be held by Prolamsa

### **【 Reference 】**

#### 1. Profile of Prolamsa

- ① Name : Productos Laminados de Monterrey, S.A.de C.V.
- ② Address : Escobedo, Nuevo Leon, Mexico
- ③ Year of the Establishment : 1954
- ④ Business : Manufacturing and Sales of Steel Pipe and Tube
- ⑤ Business Location : 6 offices in Mexico and 2 in USA

#### 2. Profile of Sankin

- ① Name : Sankin Corporation
- ② Address : Shinmachi, Nishi-ku, Osaka, Japan
- ③ Year of the Establishment : 1946
- ④ Business : Manufacturing and Sales of Cold Drawn Tube and Other Steel Products.
- ⑤ Business Location : (Factory) Fukuchiyama, Osadano, Japan, Thailand and Indonesia