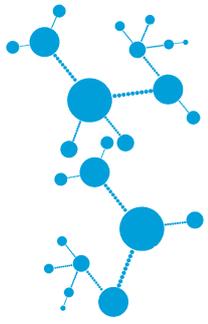


Initiatives to Create Value and Drive Sustainable Growth
Business Strategies of Chemicals Company

New Medium-Term Management Plan Policies

- Stabilize revenues through basic chemicals and reinforce growth from specialty chemicals businesses.
- Augment operations in Asia and Europe by improving presence in the United States to reinforce global market position.
- Improve labor productivity by more effectively harnessing human resources and reforming work practices.
- Further develop and expand sales of environmentally friendly products and technologies and create new businesses to serve a low-carbon society.
- Quickly materialize development themes through seamless cooperation among research, development, technology, production, and business, and create advanced businesses.



Principal Products and Businesses

| | |
|---|---|
| Synthetic rubber | |
| Nylon and fine chemicals | <ul style="list-style-type: none"> • Nylon • Caprolactam • Industrial chemicals, high-purity chemicals • Fine chemicals • High-performance coatings |
| Specialty products | <ul style="list-style-type: none"> • Polyimide • Ceramics, boron trichloride • Separation membranes • Tyranno Fiber® • Battery materials (Electrolytes and separators) |
| Pharmaceuticals (Active ingredients, intermediates) | <ul style="list-style-type: none"> • In-house pharmaceuticals • Contract pharmaceuticals |



backdrop that we have cut caprolactam costs since the previous medium-term management plan by positioning caprolactam as a raw material for nylon while upgrading facilities for nylon extrusion applications—one of our strengths—to expand sales. These efforts have begun to bear fruit. We will continue to stably supply differentiated nylon and synthetic rubber products that leverage our strengths, including joint product development with customers. At the same time, we will expand extensively in specialty chemicals, where we can draw on such proprietary technologies as separators and polyimide, to drive the Group's growth. As for new business and R&D, we will focus on nurturing future growth drivers based on a clear policy and direction.

Active Growth Businesses

We will expand production in the nylon business and create a highly profitable structure while

Business Strategies for Fiscal 2019

The chemicals industry experienced adversity as the result of a deteriorating demand–supply balance, owing to new competition from players in China and emerging nations, and massive facilities upgrades. Although markets have recovered since mid-fiscal 2017 due to tighter environmental regulations in China, a downturn in the Chinese economy should cause the business environment to deteriorate in fiscal 2019. It is against this



To drive the UBE Group's growth, we will solidify our foothold to stabilize revenues and enhance profitability.

Masato Izumihara
 President & Representative Director
 CEO
 Company President, Chemicals Company

SWOT Analysis

Strengths

- Our product range is extensive, encompassing such basic chemicals businesses as our core lactam-nylon chains and synthetic rubber and such specialty chemicals businesses as specialty products, high-performance coatings, and battery materials.
- We integrate diverse materials and technologies to supply differentiated products and services worldwide.
- We have the technology and manufacturing capabilities to meet sophisticated customer needs as a trusted joint development partner, and to provide solutions to customers.

Weaknesses

- Because our business emits a considerable amount of greenhouse gases, we are exposed to regulatory risks, such as environmental taxes.
Countermeasures: We will provide products and technologies that help reduce greenhouse gases in the supply chain while reducing the UBE Group's overall emissions.

Opportunities

- We anticipate favorable market expansion for functional products, high-performance coatings, and nylon.
- We forecast strong electric and hybrid vehicle demand and growing markets for coated separators.
- We are expecting business opportunities for environmentally friendly products for new battery materials, EVs, lighter mobility, and fuel economy improvements.

Threats

- Intensifying price competition from market entries of players in middle-income countries
Countermeasures: We will extensively cut costs to improve our competitive position and ally with other companies.
- Shorter product lifespans and swifter changes in the external environment
Countermeasures: We will anticipate customer needs by providing joint product development and other solutions, and create new applications.

building closer relationships with customers from global perspectives. In the fine chemicals business, we will step up overseas development of our C1 chemicals business, which is a competitive strength. For the high-performance coatings business, we will progress as a solutions provider while expanding in volume zones around Asia and North and Central America.

In the synthetic rubber business, we will pursue joint product development with customers and swiftly supply high-value-added products by catering to customer needs. At the same time, we will reinforce production capacity, particularly in high-value-added offerings, and will push forward in exploring a fifth production site.

In January 2019, we completed the transfer of our separator business, from base to coated films, to UBE Maxell Co., Ltd. We will fully realize benefits from integration and enhance cost competitiveness while stabilizing the supply system for tomorrow's businesses.

For the polyimide business, we will stably expand revenues and reform the business structure by fully operating existing facilities and expanding capacity. In separation membranes, we will reinforce the competitiveness of mainstay nitrogen membranes and expand market share in the mobility field.

Platform Businesses

We will cut costs further at production units in Japan, Thailand, and Spain that underpin our caprolactam business, a raw material for nylon. In industrial chemicals, we will establish a dominant position in the domestic ammonia industry and explore global development opportunities.

In the pharmaceutical business, we will set up a research structure for nucleic acid drugs and will reinforce our development, production, and sales framework for fluorine materials. We will restructure the Ube Factory to establish a multi-product, small-lot production setup.

Developing Fields

For the Tyranno Fiber® business, we will develop ceramic matrix composite fibers for civil aircraft engines and mass production technologies, establishing these offerings as competitively superior next-generation sintered fibers.

R&D

We will swiftly create new businesses in the environment and energy, mobility, construction and infrastructure, and healthcare domains, and bolster development pipeline themes.



ESG-Related Initiatives

- We will supply products that lower environmental impact and contribute to society. Such offerings include environmentally friendly high-performance coating materials, synthetic rubber and nylon that improves the fuel economy and lowers the weight of automobiles, battery materials for electric and hybrid vehicles, separation membranes for fuel cell vehicles, and Tyranno Fiber®, which helps enhance aircraft engine fuel economy.
- We will create new businesses to serve a low-carbon society and engage in R&D and verification tests that help reduce CO₂ emissions and usage.

Business Strategies of Construction Materials Company

New Medium-Term Management Plan Policies

- Strengthen business foundations.
- Enhance growth strategy.
- Pursue Group synergies.

Ready-mixed concrete



Principal Products and Businesses

- Cement, ready-mixed concrete
- Biomass, industrial waste recycling
- Building materials (Self-leveling materials, waterproofing materials, and renovation)
- Magnesia and calcia
- Fine chemicals
- Energy (Coal and electricity)

Business Strategies for Fiscal 2019

Our construction materials are essential for society. We expect to remain profitable in the years ahead by expanding new businesses on top of stable business foundations. While construction related to the Tokyo 2020 Olympic and Paralympic Games should create some construction demand in fiscal 2019, persistently high coal and heavy oil costs is projected to continue to constrain near-term results.

It is against this adverse business backdrop that the Company will strive to reach its new medium-term management plan targets while reaping the rewards from actions to date under the new medium-term management plan.

1. Strengthen business foundations

While building a stable shipment framework and conserving energy and costs in cement, ready-mixed concrete, magnesia and calcia, and energy operations, we will improve profitability through consistent efforts to revise prices and overcome the challenges of a deteriorating business climate.

- Installing a high-efficiency clinker cooler at the Kanda Factory to cut energy and costs (construction started in fiscal 2019, with operations slated to begin in fiscal 2020). Waste heat power facilities at the Isa Factory should start operating in fiscal 2019.

Makoto Koyama

Representative Director
Senior Managing Executive Officer
Company President,
Construction Materials Company

We will accelerate independent operational management to ensure safety, security, stability, and growth.



Ube Isa Mine

SWOT Analysis

Strengths

- We can optimize Group synergies through our diverse Groupwide product businesses.
- We maintain a solid infrastructural setup through our coal and power supply structure and large port facilities.
- We are able to harness a wide range of waste substances and draw on our advanced technical capabilities to conserve resources.

Weaknesses

- Aging facilities
Countermeasures: We will overcome this issue by lowering opportunity losses through formulating long-term facilities maintenance plans and using ICT to consolidate facilities maintenance information.

Opportunities

- We continue to enjoy solid demand in urban areas in line with the Tokyo 2020 Olympic and Paralympic Games, redevelopment, Osaka Expo, and other projects.
- We must ensure stable supplies of materials that are essential for building social capital and competitive energies.
- We anticipate further synergies through the integration of energy and environmental businesses.

Threats

- Sluggish domestic cement demand and increasing thermal energy costs
Countermeasures: We will tackle this challenge by constantly revising cement prices while building solid, low-cost operating foundations.
- Tighter environmental regulations
Countermeasures: We will undertake the following energy-saving measures, which aim to (1) deploy high-efficiency facilities, (2) reuse waste heat, (3) use more biomass fuel in power generation, and (4) streamline kiln operations.

Self-leveling materials

- Deploying Renewal Phase II (covering fiscal 2019–2021) at the Ube Factory of Ube Materials Industries to maintain stable operations and deliver high-added-value for magnesia (fiscal 2019–2021).
- Rolling out environmental measures, aging facilities countermeasures, and efficiency improvements to maintain competitive and stable supplies of energy.



Solar power plant

2. Enhance growth strategy

We have positioned fine materials, biomass, and recycling as growth businesses and are pursuing new ideas beyond existing business frameworks to expand by commercializing businesses and generating profits.

- In fine materials, we will lift production capability in MOS-HIGE magnesium oxysulfate whiskers (Thai plant construction started in April 2018, with operations scheduled to begin in fiscal 2020).
- In biomass and recycling, we will expand sales of environmental materials, notably by increasing biomass incinerations at IPP, and are looking to produce polybutylene terephthalate (PBT) overseas while creating new recycling operations and expanding sales of such environmental materials as neutral stabilizers and heavy metal immobilizers.

3. Pursue Group synergies

From the beginning of fiscal 2019, the energy & environment business (coal and electricity) have been integrated into the Construction Materials Company. Although operations collaborated closely with cement factories and Group companies, being in the same company should further generate new synergies. These will include maximizing and optimizing the use of waste and biomass and more effectively harnessing and developing human resources.

Finally, this fiscal year is the start of our new medium-term management plan. While responding flexibly to business climate changes in the years ahead, we will accelerate independent operational management as a new company and ensure safety, security, stability, and growth.



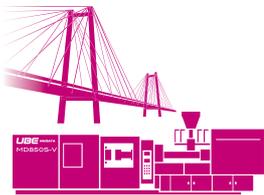
ESG-Related Initiatives

- We are installing waste heat power facilities at the Isa Cement Factory that should start operating in February 2020. We plan to install a high-efficiency clinker cooler at the Kanda Factory to begin operation from summer 2020. Together, these measures should reduce annual emissions of CO₂, a greenhouse gas, by roughly 80,000 metric tons - CO₂e/y.
- We are endeavoring to greenify former limestone quarries. Since fiscal 2008, we have planted citrus trees, ivy, and other vegetation on the slopes of the Kanda Mine. Since fiscal 2011, we have planted wild cherry trees and round leaf holly on the slopes of the Ube Isa Mine.

Business Strategies of Machinery Company

New Medium-Term Management Plan Policies

- Develop products and cultivate markets in response to the need for lighter automobiles (die-cast and extrusion).
- Globally integrate business operations and reinforce overseas sales expansion associated with a business integration (injection molding).
- Enter new markets for environmentally friendly products and resource recycling (industrial machinery).
- Reinforce services and support capabilities at overseas service sites (machinery services).



Principal Products and Businesses

- Molding machines (Die-casting machines, extrusion presses, and injection molding machines)
- Industrial machinery and bridges
- Machinery services
- Steel products
- Control boards

Business Strategies for Fiscal 2019

Molding Machinery Business

While the domestic market saw replacements of aging machines and an increase in capacity widening plans in response to rising demand for lighter automobiles, new capital investment in the North American market plateaued owing to lower

automobile sales. There were some revisions in capital investment plans in China for manufacturing equipment of automobile components, for which demand has been solid to date, and there were some delivery delays because of Sino-American trade friction.

We will improve product efficiency in fiscal 2019 as we have already secured larger order backlogs than in normal years.

In die-cast machinery, we will develop advanced products for lighter automobiles. In extrusion presses, we will start expanding sales of a new product offering considerable energy savings.

We will develop global strategic injection molding machines tailored to local needs and a new series offering improved performance. At the same time, we will build an efficient global optimum production framework to boost sales.



Injection molding machines

Industrial Machinery Business

In Japan, capital investment in large facilities peaked, with price competition intensifying. Overseas markets slowed owing to excessive capacity in China. Demand for new capital investment in



We will reinforce our business foundations to materialize our Vision for 2025.

Tokuhisa Okada

Senior Managing Executive Officer
Company President, Machinery Company

SWOT Analysis

Strengths

- We have a robust record in serving the automotive, electric power, cement, steelmaking, and other key sectors, and have earned solid customer reputations for our efforts.
- We can draw on numerous domestic and overseas operations to cater to customer needs in everything from development through after-service.
- We have large processing facilities and skilled engineers and workers.

Weaknesses

- Slow to take advantage of ICT because our business is based on manufacturing to order
Countermeasures: We have accordingly launched an ICT project to enhance product development and production efficiency.

Opportunities

- Customer needs and requests are diversifying as target markets globalize.
- An extremely responsive global service and support framework is increasingly essential.
- There is a growing need for technologies that help lighten the weight of automobiles and contribute to the environmentally friendly product and resource recycling fields.

Threats

- Intensifying competition from the emergence of manufacturers in Europe, the United States, China, and emerging nations
Countermeasures: We will tackle this challenge by developing new products, bolstering overseas sites, and reinforcing service and support capabilities to enhance customer satisfaction.
- Concerns about product competitiveness deteriorating amid rocketing raw materials costs and longer delivery times
Countermeasures: We will resolve this issue by cutting costs Companywide, cultivating new vendors, and increasing productivity.

emerging nations was low due to low crude oil and resources prices.

In fiscal 2019, we will focus on production processes and cost management for large domestic electric power plant orders received while developing new products to enter markets for environmentally friendly products and resource recycling, taking advantage of our strengths in combustion, crushing, and materials handling technologies. We will also focus on the licensing business.

Machinery Services Business

This business is a major source of income that generates more stable profits than machinery products businesses, which are more exposed to various factors. That said, we need to reinforce the business because rivals have also focused in recent years on reinforcing services operations.

In fiscal 2019, we will bolster overseas services sites and support capabilities. In particular, we will enhance our services structure by integrating and reinforcing sites while training and beefing up service personnel. We will also become more responsive by stocking more components.

Steel Products Business

The business environment is adverse because of surging costs of raw and indirect materials and electricity.

This situation is expected to persist in fiscal 2019. As such, while continuing to improve materials procurement and production efficiency we will work to enhance profitability by constructing an optimal production framework that is responsive to changes in the operating climate and to expand our industrial waste recycling business.



Bridges



ESG-Related Initiatives

- Companies in the Machinery segment are focusing on developing products that help protect the environment while providing services that apply to existing facilities.
- UBE Steel Co., Ltd., a group company of the Machinery Company, completely melts the industrial and medical waste in manufacturing processes.