

## <Transcript> Presentation of Analyst Briefing Session for Medium-Term Management Plan

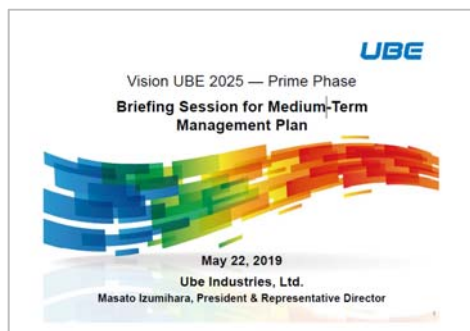
**Date/Time:** Wednesday, May 22, 2019, 10:00–11:30 a.m.

**Presenter:** Masato Izumihara, President and Representative Director

**Presentation Material:**

[https://www.ube-ind.co.jp/ube/en/ir/ir\\_library/presentation/pdf/keiei\\_prime\\_phase\\_2019\\_en\\_19061410.pdf](https://www.ube-ind.co.jp/ube/en/ir/ir_library/presentation/pdf/keiei_prime_phase_2019_en_19061410.pdf)

### 【P1. Briefing Session for Medium-Term Management Plan】



I am Masato Izumihara, President of Ube Industries as of April. Thank you for taking the time out of your busy schedules to be here today. I would like to thank the analysts who closely follow the UBE Group and regularly communicate our corporate value and current business situation.

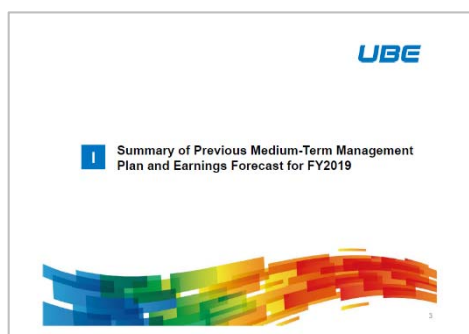
Today I will brief you on our latest three-year management plan, Vision UBE 2025—Prime Phase, which we began implementing in fiscal 2019.

### 【P2. Contents】



This is the information I will cover today

### 【P3. Summary of Previous Medium-Term Management Plan and Earnings Forecast for FY2019】



First, I will summarize our previous medium-term management plan, then talk about our earnings forecast for fiscal 2019.

## 【P4. Summary of Previous Medium-Term Management Plan】

**Summary of Previous Medium-Term Management Plan** UBE

■ Achievement of Numerical Targets

Key Figures		FY2018 Results		Targets
Key Figures	Operating profit	¥44.5 billion	¥50.0 billion	
	Ordinary profit	¥47.8 billion	¥49.0 billion	
Key Indicators	Return on sales (ROS)	6.1%	6.5% or above	
	Return on equity (ROE)	10.1%	9.0% or above	

\*Achieved both profit and cash flow targets for cumulative three-year period

■ Measures Taken

- Capacity increases: Added 40,000 tonnes nylon capacity (Spain), increased separator capacity to 250 million square meters (Sakai)
- Alliances, mergers, acquisitions: Nylon compounds (acquired Repol S.L. in Spain), high-purity dimethyl carbonate (DMC) joint venture in China, separator (strengthened joint venture with Maxell Holdings, Ltd.), electrolyte business in China (joint venture with Mitsubishi Chemical Corp.), injection molding machine (acquired from Mitsubishi Heavy Industries, Ltd.)
- Cost reductions, etc.: Phenol-based manufacturing facilities for cyclohexanone (Ube), manufacturing facilities for large-grain ammonium sulfate (Ube), exhaust heat recovery system (has starting up in FY2019)

■ Future Challenges

Rapidly capitalize on the measures that were taken, and achieve further growth, focusing on chemicals

Under the Change and Challenge 2018 medium-term management plan, which we implemented for three years starting in fiscal 2016, we pursued four targets covering operating profits, ordinary profits, return on sales (ROS), and return on equity (ROE). We set an operating profit target of ¥50 billion in fiscal 2018, which was the last fiscal year of the medium-term management plan. Compared with the target, we recorded operating profits of ¥44.5 billion, which was roughly 10% below the target. Accordingly, ordinary profits and ROS were slightly below the target, while ROE was 10.1%, surpassing the target of 9% or more.

Although our results in the last fiscal year of the previous medium-term management plan did not meet some of the targets, we achieved both the profit and cash flow targets over the cumulative three years. Notably, the chemicals business achieved its fiscal 2018 targets one year ahead of schedule in fiscal 2017, partly due to favorable business conditions.

In the last three years, we increased our production capacity by adding 40,000 tonnes of nylon capacity in Spain, and increased the separator capacity at the Sakai plant to 250 million square meters. We actively pursued alliances, mergers, and acquisitions including the acquisition of nylon compound manufacturer Repol S.L. of Spain. We also launched a joint venture for high-purity dimethyl carbonate (DMC) in China. In the separator business, we are strengthening our joint venture with Maxell Holdings, Ltd., by expanding the business to encompass separator base films in addition to coated separators. In the electrolyte business, we established a business tie-up with Mitsubishi Chemical Corporation, and in the machinery business, we acquired the injection molding machine business of Mitsubishi Heavy Industries, Ltd.

In terms of cost reductions, we changed the production method for caprolactam and switched to a phenol-based manufacturing method for cyclohexanone. We finished the construction of manufacturing facilities for large-grain ammonium sulfate, to increase the added value of this by-product from caprolactam manufacturing. In the cement business, we installed an exhaust heat recovery power plant at the Isa Cement Factory.

Moving forward, the challenge for the UBE Group is to rapidly capitalize on the measures that we have executed, in order to realize further growth centering on the chemicals business.

## 【P5. FY2019 Earnings Forecast】

**FY2019 Earnings Forecast** UBE

■ Increase revenues and profits for all three internal companies, focusing on the Chemicals Company (Billions of yen)


Item	FY2018	FY2019	YOY
Net sales	730.1	760.0	29.9
Operating profit	44.6	47.0	2.5
Ordinary profit	47.8	47.0	(0.8)
Profit attributable to owners of parent	32.4	31.0	(1.4)
Interest-bearing liabilities	187.2	190.0	2.8
Equity capital	329.5	352.0	22.5
Return on equity (ROE)	10.1%	9.1%	(1.0)%
D/E ratio [times]	0.57	0.54	(0.03)

✓ FY2019 assumptions (business factors):  
Exchange rate at ¥110/USD  
Naphtha at US\$57/tonne (CIF)  
Australian coal at US\$125/tonne (CIF)

This slide shows our earnings forecast for fiscal 2019. We will aim to increase net sales by roughly ¥30 billion to ¥760 billion, and increase operating profits by ¥2.5 billion to ¥47 billion.

Although not shown in the table, we are projecting dividends of ¥90 in fiscal 2019, up ¥10 from the dividend of ¥80 that we paid in fiscal 2018. We will go back to paying interim dividends in fiscal 2019, and are projecting an interim dividend of ¥45 and a year-end dividend of ¥45, for a full-year dividend of ¥90.

## 【P6. FY2019 Earnings Forecast by Segment】

**FY2019 Earnings Forecast by Segment** 

■ Although spreads for caprolactam are projected to shrink in the Chemicals segment, UBE will secure higher revenues and profits by increasing sales of specialty products.

(Billions of yen)

Segment	Net sales			Operating profit		
	FY2018	FY2019	YOY	FY2018	FY2019	YOY
Chemicals	324.2	345.0	20.8	24.6	26.5	1.9
Construction Materials	321.0	330.0	9.0	14.4	15.0	0.6
Machinery	97.2	100.0	2.8	5.4	6.0	0.6
Others	4.9	5.0	0.1	0.8	0.7	(0.1)
Adjustment <sup>1)</sup>	(17.3)	(20.0)	(2.7)	(0.7)	(1.2)	(0.5)
<b>Total</b>	<b>730.1</b>	<b>760.0</b>	<b>29.9</b>	<b>44.5</b>	<b>47.0</b>	<b>2.5</b>

✓ FY2019 assumptions (business factors):  
 Exchange rate at ¥110/USD  
 Negative at US\$270/tonne (CIF)  
 Australian coal at US\$125/tonne (CIF)

<sup>1)</sup> Includes elimination of inter-segment transactions

This is the breakdown of the fiscal 2019 earnings forecast by business segment. Operating profits are projected to increase by ¥2.5 billion to ¥47 billion, of which the chemicals business is projected to realize an increase of ¥1.9 billion. We are also projecting operating profits to increase by ¥600 million each in the construction materials and machinery businesses respectively. Therefore, the increase in operating profits will center on the Chemicals Company.

In the chemicals business, we are projecting that spreads for caprolactam will shrink to \$1,100 in fiscal 2019, which is approximately \$150 below spreads in fiscal 2018. The ammonia factory in the Ube region is not scheduled to conduct its bi-yearly regular maintenance in fiscal 2019. We expect operating profits in the chemicals business to increase by ¥1.9 billion, as a result of resolving the production issues that arose in fiscal 2018 and through increased sales of specialty products. In the construction materials business, we are projecting operating profits to increase by ¥600 million, by increasing cement prices and other measures. In the machinery business, we are expecting growth in net sales for molding machines.


While our projections for fiscal 2019 may be viewed as being overly conservative, I do not necessarily think that it is too cautious. There is a great deal of uncertainty around macroeconomic factors including the trade friction between the U.S. and China, and we cannot be optimistic about the economic outlook. Despite these circumstances, we will make certain to increase our revenues and profits.

## 【P7. Corporate Images the UBE Group Aims to Realize】



Next, I would like to describe the corporate vision for the UBE Group.

## 【P8. Corporate Images the UBE Group Aims to Realize】

**Corporate Images the UBE Group Aims to Realize** 

- **Founding Principles of UBE**
  - “Coexistence and mutual prosperity”
  - “From finite mining to infinite industry”
- **UBE Corporate Philosophy**
  - Pursue technology and embrace innovation to create value for the future and contribute to social progress
- **UBE Management Principles**
  1. **Ethics**
    - Be highly ethical, comply with laws and regulations, and respect social norms
  2. **Safety and Security**
    - Work to conserve the global environment and practice safe, secure manufacturing
  3. **Quality**
    - Deliver quality that earns the trust of customers and society
  4. **People**
    - Respect individuality and diversity, and build healthy and comfortable workplaces

UBE was founded under the spirit of “coexistence and mutual prosperity” and “from finite mining to infinite industry.” These two founding principles have long been embedded in our company and inherited in our DNA, capturing our

corporate philosophy. We have updated the UBE Corporate Philosophy to restate our founding principles in a more streamlined and modern way, making the statement that we will “pursue technology and embrace innovation to create value for the future and contribute to social progress.” We have also established a set of UBE Management Principles that clearly states our values of conducting business based on the four cornerstones of ethics, safety and security, quality, and people.

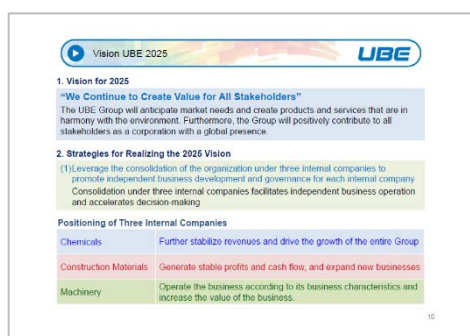
The factors that led us to update the UBE Corporate Philosophy and establish the UBE Management Principles include the discovery of improprieties in quality checks in fiscal 2018 as well as the discovery of foreign metal objects in our products. These issues brought to light weaknesses in our management of quality assurance. While we certainly did not place a lesser emphasis on quality, looking back we failed to mention quality in our management principles. Therefore, we will make certain to clearly state our commitment to quality in our management principles and communicate them to everyone in the UBE Group.

### 【P9. Vision UBE 2025】



When we were formulating the previous medium-term management plan, we discussed our vision for the UBE Group in 10 years’ time, which coincided with 2025. This time, we went a step further and discussed the vision for 2025 before assembling our latest medium-term management plan. Vision UBE 2025 summarizes our management direction to achieve this vision.

### 【P10. Vision UBE 2025】



The UBE Group is a diversified corporation and each business has a different vision. However, what unites these businesses is a common 2025 vision to “continue to create value for all stakeholders.” To realize the 2025 vision, we implemented a major realignment of our organization last April.

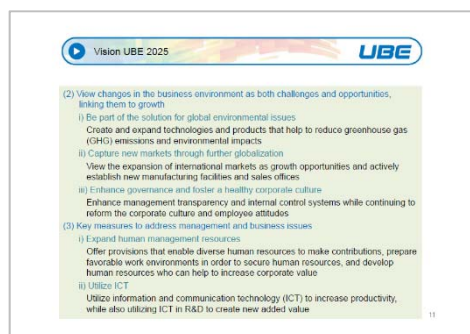
Our organization was previously aligned under three internal companies—the Chemicals Company, Construction Materials Company, and Machinery Company—and two business divisions, the Pharmaceutical Division and the Energy & Environment Division, together with an R&D division. We realigned the organization under three internal companies, by merging the Pharmaceutical Division into the Chemicals Company, and merging the Energy & Environment Division into the Construction Materials Company. We also merged the R&D division into the Chemicals Company, since the majority of its R&D is for the chemicals business. The realignment under three larger internal companies facilitates internal controls that are in accordance with the business characteristics of each internal company, and accelerates the decision-making. In other words, it promotes independent business development and governance for each internal company, with the head office focusing on to a monitoring role.

We have also clarified the positioning of each internal company, with the Chemicals Company positioned to drive

growth for the entire UBE Group. The chemicals business tends to see its revenues shift according to the economic climate. Therefore, the role and task of the Chemicals Company will be to drive growth for the entire UBE Group, by increasing the ratio of specialty chemicals and further stabilizing its revenues.

The Construction Materials Company operates in mature markets and has been given the major task of generating stable profits and cash flow. The business characteristics of the Machinery Company are different from the chemicals and construction materials businesses, which are characterized by large-scale, continuous mass production. Therefore, we will increase the value of the business by giving the Machinery Company greater independence to operate according to its business characteristics.

## 【P11. Vision UBE 2025】



Furthermore, in order to realize the 2025 vision, we will view changes in the business environment as both challenges and opportunities, linking them to growth. Our strategy is to be part of the solution for global environmental issues. Coal and businesses that emit significant greenhouse gases (GHGs) are lately facing much stronger headwinds. These circumstances have presented us with the major challenge of addressing global environmental issues, which we view as opportunities for realizing the next stage of growth.

We will of course strive to reduce our GHG emissions while creating and expanding our technologies and products that help to reduce environmental impact, and link it to new growth. We will have to promote further globalization to realize our vision and will view the expansion of international markets as growth opportunities, as well as actively establish new manufacturing facilities and sales offices. Furthermore, we will enhance governance and foster a healthy corporate culture.

In addition, we will expand our human management resources and utilize ICT as key measures to address management and business issues. These are important issues that all corporations are working to address.

## 【P12. Vision UBE 2025 — Prime Phase】



The medium-term management plan Vision UBE 2025—Prime Phase, which we are implementing through fiscal 2021, is the first phase and a milestone toward achieving the long-term Vision UBE 2025.

## 【P13. Basic Strategies】



Basic Strategies

Three-year action plan with a strong focus on long-term growth, looking ahead to fiscal 2025 and beyond

Basic Strategies

1. Strengthening the platform for business growth

(1) Realize the next stage of growth, focusing on the chemicals business

(2) Expand overseas business locations, further develop collaborative efforts among Group companies in and outside of Japan, and swiftly respond to changes in the global business environment

Chemicals

- Increase presence in the Americas in addition to Asia and Europe
- Expand the manufacturing operations in Thailand, Spain, and Malaysia (high-performance coatings, synthetic rubber)
- Consider entering markets in the Americas (nylon compounds, fine chemicals)

Construction Materials

- Increase business in Southeast Asian markets
- Construct new plant in Thailand (MOS-HICE)
- Increase sales and servicing in Asian markets and India market (die casting machines, industrial machines)

Machinery

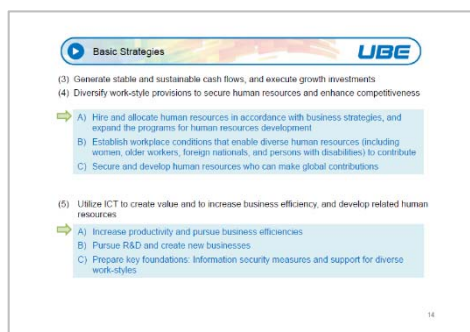
- Deploy models that meet the needs of North American and Asian markets
- Build optimized production framework (injection molding machines)

We are positioning this medium-term management plan as a three-year action plan with a strong focus on long-term growth looking to fiscal 2025 and beyond. There are three basic strategies. The first is strengthening the platform for business growth. The second is strengthening the management platform (corporate governance). The third is to address and be part of the solution to resource, energy, and global environmental issues.

Firstly, I will talk about strengthening the platform for business growth. Moving forward, we will aim to realize the next stage of growth by focusing on the chemicals business, which requires that we further globalize the business. In the chemicals business, we will increase our presence in the Americas in addition to our existing operations in Asia and Europe. Specifically, we have been increasing the production capacities of our manufacturing operations in Thailand, Spain, and Malaysia. We will also consider entering markets in the Americas for nylon compounds and fine chemicals.

In the construction materials business, we will increase our business in markets in Southeast Asia. In the machinery business, we will increase our sales and expand the servicing business centering on the Asian and Indian markets. In particular, we will also develop models with features that address local needs.

## 【P14. Basic Strategies】



Basic Strategies

(3) Generate stable and sustainable cash flows, and execute growth investments

(4) Diversify work-style provisions to secure human resources and enhance competitiveness

A) Hire and allocate human resources in accordance with business strategies, and expand the programs for human resources development

B) Establish workplace conditions that enable diverse human resources (including women, older workers, foreign nationals, and persons with disabilities) to contribute

C) Secure and develop human resources who can make global contributions

(5) Utilize ICT to create value and to increase business efficiency, and develop related human resources

A) Increase productivity and pursue business efficiencies

B) Pursue R&D and create new businesses

C) Prepare key foundations: information security measures and support for diverse work-styles

Furthermore, we will generate stable and sustainable cash flows, and actively execute necessary growth investments in order to strengthen the platform for business growth. We will also diversify our work-style provisions to secure human resources and enhance competitiveness. Through these strategies, we will strive to secure needed human resources, despite the increasing difficulty of recruiting employees, and establish workplace conditions that enable diverse human resources to make contributions. We also recognize that we must develop human resources who can make global contributions.

Additionally, we will utilize ICT to increase productivity, pursue business efficiencies, and accelerate R&D. Moreover, we will develop ICT infrastructure to implement information security measures including for cybersecurity.

## 【P15. Basic Strategies】

**Basic Strategies** UBE

2. Strengthening the management platform (corporate governance)

(1) Strengthen supervision of corporate management and accelerate decision-making

- Transition from a company with Board of Corporate Auditors to a company with Audit & Supervisory Committee
- Delegate key decisions for business execution from the Board of Directors to directors and accelerate the decision-making
- Expand the functions of the Board of Directors for monitoring business execution by directors
- Enhance the supervisory functions of the Board of Directors, by giving directors who are members of the Audit & Supervisory Committee voting rights at Board of Directors meetings

(2) Make certain to execute recurrence prevention measures for quality issues and continuously improve them, while strengthening the framework for quality assurance

- Implement top-down management of quality (Foster a comprehensive emphasis on quality through a top-down approach)
- Ensure operation and strengthen Group quality management systems

(3) Strengthen internal control systems to further enhance compliance and business ethics

- Establish risk management framework and operate risk management systems

To strengthen governance, we will transition to a company with an Audit & Supervisory Committee following the general shareholders meeting. Through the transition, we will delegate key decisions for business execution to managing executive directors and executive officers, to accelerate the decision-making. The transition will also enable the Board of Directors to expand its functions for monitoring business execution to enhance our corporate governance. In addition, we will make certain to execute recurrence prevention measures for quality issues, by implementing top-down management of quality to strengthen the quality control systems throughout the UBE Group. Furthermore, we will strengthen the internal control systems to establish a risk management framework.

## 【P16. Basic Strategies】

**Basic Strategies** UBE

3. Address and be part of the solution to resource, energy, and global environmental issues

(1) Make certain to achieve FY2021 targets and set new long-term targets focusing on 2030

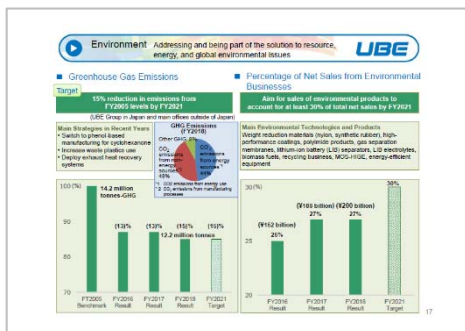
(2) Reduce environmental impacts throughout the supply chain

(3) Create and expand the scope of new technologies and products that help reduce environmental impact

Chemicals	<ul style="list-style-type: none"> <li>Conduct R&amp;D and demonstration experiment of technologies and products that help to reduce and/or utilize GHG emissions</li> <li>Develop and expand environmentally friendly technologies and products (Battery materials, CI products, weight-reduction components and materials in mobility domain, fuel economy-related products)</li> <li>Create new business models for a recycling-based society (waste plastics solutions)</li> </ul>
Construction Materials	<ul style="list-style-type: none"> <li>Implement energy conservation measures (Deploy high-efficiency coolers, recover exhaust heat from kiln, increase waste use in place of thermal energy)</li> <li>Conduct demonstration of renewable energy solution (torrefied pellets)</li> <li>Develop environmentally friendly and resource recycling products, improve energy efficiency of existing products</li> </ul>
Machinery	<ul style="list-style-type: none"> <li>Meet vehicle weight reduction needs (solutions for new composite components and structural members)</li> </ul>

Our third basic strategy is to address and be part of the solution to resource, energy, and global environmental issues. Under the previous medium-term management plan, we set targets to address global environmental issues by fiscal 2021. We will make certain to achieve these targets, while also setting new long-term targets focusing on 2030. We will also strive to reduce environmental impacts throughout our supply chains, and create and expand the scope of new technologies and products that help reduce environmental impacts. The internal companies will pursue these initiatives in their respective ways.

## 【P17. Environment Addressing and being part of the solution to resource, energy, and global environmental issues】

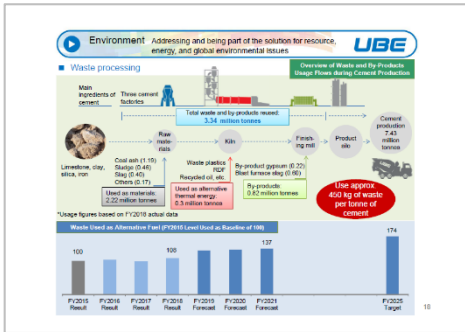


This slide shows the targets that we established under the previous medium-term management plan, to be achieved by fiscal 2021. We set a target of achieving a 15% reduction in GHG emissions from fiscal 2005 levels by fiscal 2021. As the graph shows, we nearly achieved this target in fiscal 2018. Half of our GHG emissions comprise CO2 emissions from manufacturing processes. As a manufacturer of cement and ammonia, we have to emit some CO2 in the manufacturing process for these products. Therefore, we must focus on making certain to reduce our CO2 emissions from energy use in

order to reduce our GHG emissions.

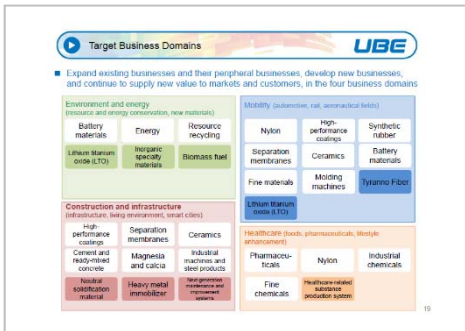
Our other target is to aim for sales of environmental products to account for at least 30% of our total net sales. We are steadily increasing our net sales of environmental products to achieve this target.

**[P18. Environment Addressing and being part of the solution to resource, energy, and global environmental issues]**



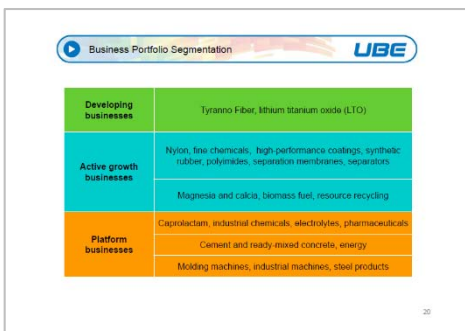
Regarding the environment, I will also talk about how we are contributing to a circular society by processing waste. The cement business accepts a total of 3.34 million tonnes of waste annually, both for use as materials and as an alternative source of thermal energy in the cement manufacturing processes. This equates to using approximately 450 kilograms of waste per tonne of cement, which is equivalent to nearly half the weight of the cement. We have already reached the limits for the amount of waste that we can use as materials for making cement. Moving forward, we will ensure that we increase the amount of waste used as an alternative source of thermal energy, as shown in the graph.

**[P19. Target Business Domains]**



This slide shows our target business domains. We have designated the four business domains of environment and energy, mobility, construction and infrastructure, and healthcare as priority targets for our future business development and associated R&D. These four target business domains are unchanged from the previous medium-term management plan. In the four target business domains, we will expand existing businesses and their peripheral businesses, as well as foster new businesses.

**[P20. Business Portfolio Segmentation]**

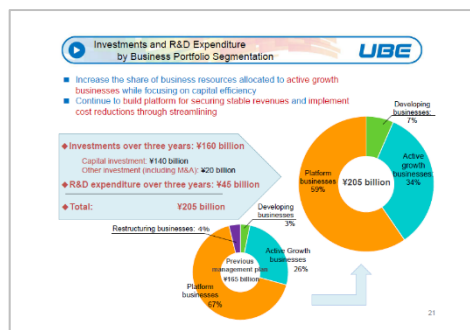


The slide shows our business portfolio segmentation under the current medium-term management plan. The three segments are developing businesses, active growth businesses, and platform businesses. Moving forward, we will



particularly concentrate our business resources on active growth businesses. I should also mention that the polyimide business, which was positioned as a restructuring business under the previous medium-term management plan, is back on track for growth and is now positioned as an active growth business. Furthermore, the fine chemicals and magnesia/calcia businesses, which were originally positioned as platform businesses, have been repositioned as active growth businesses.

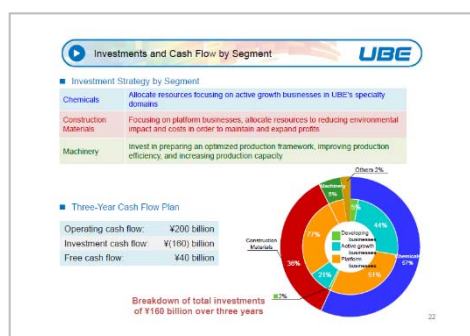
## 【P.21 Investments and R&D Expenditure by Business Portfolio Segmentation】



This slide shows our planned allocation of business resources through investments and R&D expenditures by business portfolio segmentation, under the current medium-term management plan. We will increase the share of business resources allocated to the active growth businesses described in the previous slide, while focusing on capital efficiency. At the same time, we will build a platform for securing stable revenues, which means that we will need to make considerable investments for maintenance and upgrades. We will also continue to allocate resources to secure cost reductions through streamlining. As a result, we are projecting ¥160 billion in capital investment and other investments over three years.

We are projecting ¥45 billion in R&D expenditures over three years, at approximately ¥15 billion in expenditures annually. This adds up to ¥205 billion in business resources invested over three years. Thirty-four percent of this amount will be allocated to active growth businesses. Under the previous medium-term management plan, we invested ¥165 billion in business resources, so we are increasing this amount by ¥40 billion under the current medium-term management plan. The ratio invested in active growth businesses will also rise from 26% to 34%.

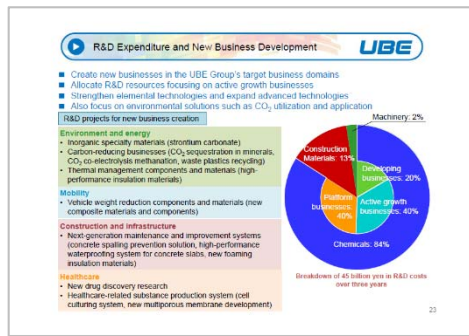
## 【P.22. Investments and Cash Flow by Segment】



This slide shows our planned capital investment and other investments by business segment. The graph shows the segmentation of our total investments of ¥160 billion, with 57% being allocated to the chemicals business, 36% to the construction materials business, and 5% to the machinery business. The allocation to the chemicals business will particularly focus on active growth businesses. The allocation to the construction materials business will focus on investments in platform businesses, particularly to reduce environmental impacts and realize cost reductions in order to maintain and expand profits. In the machinery business, we will focus our investments on preparing an optimized production framework, improving production efficiency, and increasing production capacity.

Our three-year cash flow plan calls for earning operating cash flow of ¥200 billion, with an investment cash outflow of ¥160 billion. We are projecting ¥40 billion in free cash flow. In summary, we will increase our capital investment from the previous medium-term management plan to secure further growth in the next three years to come after the current management plan.

## 【P.23 R&D Expenditure and New Business Development】



This slide shows a breakdown of our R&D investments. As I mentioned, we will prioritize the allocation of R&D expenditures toward creating new businesses in the UBE Group's target business domains. By segment, we will allocate 84% of R&D expenditures to the chemical business, of which 40% will be allocated to active growth businesses. At the same time, we will strengthen our elemental technologies and expand our advanced technologies, as well as focus our R&D on environmental solutions such as CO<sub>2</sub> utilization and application.

## 【P.24 FY2021 Numerical Targets】



This slide shows our numerical targets for fiscal 2021 under the current medium-term management plan. We have four targets in total, just as we did under the previous medium-term management plan. We are aiming for operating profits of ¥55 billion, ordinary profits of ¥58 billion, ROS of 7%, and ROE of 10%. Keeping in mind that profits could increase from future equity method investment gains from business alliances, we will emphasize ordinary profits as well as operating profits.

## 【P.25 Numerical Targets】

Item	FY2018 Results (A)	FY2019 Targets	FY2020 Targets	FY2021 Targets (B)	Difference (B)-(A)
Net sales	730.1	760.0	740.0	770.0	39.9
Operating profit	44.5	47.0	49.0	55.0	10.5
Ordinary profit	47.8	47.0	51.0	58.0	10.2
Profit attributable to owners of parent	32.4	31.0	32.0	35.0	2.6

**FY2021 assumptions (business factors)**

- Exchange rate at #100/USD
- Heatrate at US\$60/tonne (CIF)
- Australian coal at US\$125/tonne (CIF)

This slide shows our profit targets over three years. We set a target of ¥770 billion in net sales in fiscal 2021, which is an increase of roughly ¥40 billion from the ¥730 billion in net sales that we recorded in fiscal 2018. The fiscal 2021 targets for operating profits and ordinary profits are as I previously mentioned, with operating profits projected to increase by ¥10.5 billion. The fiscal 2021 target for profit attributable to owners of parent is ¥35 billion. As you can see, we plan to realize steady annual increases for each profit item. I should also mention that the ¥58 billion target for ordinary profits and ¥35 billion target for profit attributable to owners of parent would be all-time highs.

## 【P.26 Net Sales and Operating Profits by Segment】

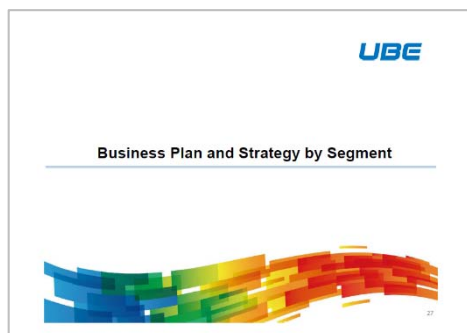
Net Sales and Operating Profits by Segment		UBE				(Billions of yen)
	FY2019 Results (A)	FY2019 Targets	FY2020 Targets	FY2021 Targets (B)	Difference (B) - (A)	
Net sales	Chemicals	324.2	345.0	330.0	350.0	25.8
	Construction Materials	321.0	330.0	325.0	330.0	9.0
	Machinery	97.2	100.0	100.0	105.0	7.8
	Others	4.9	5.0	5.0	5.0	0.1
	Adjustment*	(17.3)	(20.0)	(20.0)	(20.0)	(2.7)
Total	730.1	760.0	740.0	770.0	39.9	
Operating profit	Chemicals	24.6	26.5	27.0	32.0	7.4
	Construction Materials	14.4	15.0	10.0	16.5	2.1
	Machinery	5.4	6.0	6.5	7.0	1.6
	Others	0.8	0.7	0.5	0.5	(0.3)
	Adjustment*	(0.7)	(1.2)	(1.0)	(1.0)	(0.3)
Total	44.5	47.0	49.0	55.0	10.5	

✓ FY2021 assumptions (Business factors):  
 Exchange rate at ¥105/USD  
 Nephtic at US\$40/barrel (CF)  
 Australian coal at US\$125/tonne (CF)

\*Includes elimination of inter-segment transactions

The slide shows the projected net sales and operating profits by business segment. As I just mentioned, we have set a target of ¥55 billion in operating profits by fiscal 2021, which is an increase of ¥10.5 billion from our operating profits in fiscal 2018. Of this ¥10.5 billion increase, roughly 70% or ¥7.4 billion is projected to come from the chemicals business, with the construction materials business accounting for ¥2.1 billion and the machinery business accounting for ¥1.6 billion. For the Chemicals Company, we are projecting operating profits to increase for separators, nylon products, and fine chemicals. For the Construction Materials Company, we are projecting growth in operating profits for the magnesia/calcia business of Ube Material Industries and energy business. For the Machinery Company, we are projecting higher operating profits from molding machinery.

## 【P.27 Business Plan and Strategy by Segment】



The next set of slides covers our business plan and strategy by business segment, covering individual businesses and product segments. I will concentrate on active growth businesses, since there is too much to cover entirely.

## 【P.28 Chemicals Company: Business Plan】

**Chemicals Company: Business Plan** UBE

- Foster stability and further develop businesses by contributing to a low-carbon society while continuing to create value for customers
- Pursue further globalization and strengthen solutions oriented business models
- Develop and expand environmentally friendly technologies and products

➡ A) Accelerate growth by prioritizing the allocation of business resources to the active growth businesses:  
 Nylons, fine chemicals, high-performance coatings, synthetic rubber, polyimides, separation membranes, and separators

B) Maintain stable revenues and increase revenues of the platform businesses by reducing costs and pursuing differentiation in target markets:  
 Caprolactam, industrial chemicals, electrolytes, pharmaceuticals, etc.

C) Create next-generation businesses by promoting developing businesses and rapidly capitalizing on R&D projects:  
 Tyranno Fiber and LTO

The vision for the Chemicals Company is to foster stability and further develop businesses by contributing to a low-carbon society while continuing to create value for customers.

A major task for the Chemicals Company over the medium- and long-term future is to contribute to a low-carbon society. The two major product categories of the Chemicals Company are basic chemicals and specialty chemicals. To achieve stability and growth, we will focus on specialty chemicals to develop a business framework that is capable of generating further profits.

This will improve the profitability of the entire Chemicals Company and position it to generate stable profits regardless of shifting market conditions, which will in turn secure growth. We will have to promote further globalization and

strengthen the solutions-oriented business model. We will prioritize the allocation of business resources to active growth businesses in the portfolio, in order to accelerate growth.

For our platform businesses, we will realize cost reductions and pursue differentiation in target markets, in order to maintain and increase stable revenues. We will foster the developing businesses and seek to rapidly capitalize on R&D projects, in order to create next-generation businesses.

### 【P.29 Chemicals Company: Nylon Strategy】

This slide shows our business strategy for nylon products. As I mentioned at the beginning of the briefing, under the previous medium-term management plan, we increased the production capacity for nylon products used for extrusion applications by 40,000 tonnes in Spain, as an expansion strategy. We also constructed new compounding facilities in Spain and acquired Repol S.L., to expand our compounding business for injection applications.

Under the current medium-term management plan, we will further increase our polymerizing capacity, but not necessarily by increasing our internal production capacity. We will utilize the polymerizing facilities of other companies to secure cost-competitive basic polymers, in order to expand the business for injection applications. We will expand the business by further increasing the polymerizing capacity for extrusion applications. In the injection business, we are also looking at mergers and acquisitions in North America following our acquisitions in Europe, in order to expand our compounding facilities outside of Japan.

### 【P.30 Chemicals Company: Caprolactam and Industrial Chemicals Strategy】

This slide describes the strategy for platform businesses. We will go on to the next slide.

## 【P.31 Chemicals Company: Fine Chemicals Strategy】

**Chemicals Company: Fine Chemicals Strategy** UBE

- Increase revenue generation by accelerating global business development

**Business Conditions**

- High purity dimethyl carbonate (DMC): Steady growth for lithium-ion battery (LIB) applications
- U.S. demand: Growth in demand due to increased polycarbonate diol (PCD) demand

**Results from Previous Medium-Term Management Plan**

- Established joint venture for high-purity DMC in China and launched operations
- Ube Chemical Factory restarted production of 1,6-hexanediol by switching to a different raw material

**Strategies of Current Medium-Term Management Plan**

- Establish manufacturing facilities for C1 chemicals chain in North America
- Establish a business model that generates ordinary profits by investing in C1 technology (dimethyl carbonate (DMC), monomethylene glycol (MEG)) increases
- Pursue alliances in diol business

**Future Vision**

Develop the international business by establishing new companies and through joint ventures

The fine chemicals business offers the greatest potential for leveraging the UBE Group’s technology platform. We have always sought to actively expand the business through global business development, and have now repositioned it as an active growth business. Our strategy under the current medium-term management plan is to establish manufacturing facilities for the C1 chemicals chain in North America, by establishing new manufacturing facilities for dimethyl carbonate (DMC) or by developing the business for polycarbonate diol (PCD) and polyurethane dispersion (PUD) products. For the diol business, we will pursue alliances with partners that offer competitive raw materials.

## 【P.32 Chemicals Company: High-Performance Coating Strategy】

**Chemicals Company: High-Performance Coating Strategy** UBE

- Actively develop the global business and accelerate applications development

**Business Conditions**

Demand for environmental coatings has materialized due to tighter chemicals regulations

→ Growth in market for water-based and solventless polyurethane coatings

**Results from Previous Medium-Term Management Plan**

Drive market growth with customers, as the leading global supplier of PCD

**Strategies of Current Medium-Term Management Plan**

- Polycarbonate diol (PCD): Accelerate global business development and increase sales
  - Construct second production line for PCD in Thailand and further ensure the top share in the Asian market
  - Increase sales with a view toward establishing manufacturing facilities in the U.S. by capturing volume business in North and Central America and developing new applications and new specialty markets
- Polyurethane dispersion (PUD): Develop the business in the Asian market, beyond niche markets in Japan
  - Strengthen the formulation engineering by collaborating with acrylic and additive manufacturers, and accelerate the market development

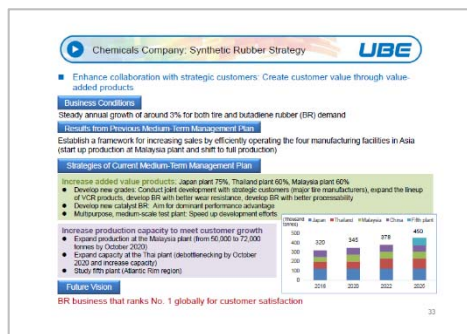
**Future Vision**

Supply a broad range of solutions in global markets and develop the high-performance coatings business into a driver of the UBE Group’s chemicals business

In the high-performance coatings business, we were unable to secure the level of growth that we were hoping to achieve during the previous medium-term management plan. However, in terms of business conditions, the market for water-based and solventless polyurethane coatings is expanding, due to tighter chemicals regulations such as volatile organic compound (VOC) regulations in China. The UBE Group is currently the leading supplier of PCD, and we will seek to further accelerate the growth of the PCD business. To achieve this, we will construct a second production line for PCD in Thailand during the current medium-term management plan. We will also expand our sales in the U.S. market, as part of our future business development in the U.S.

In the PUD business, we previously focused on niche markets in Japan that led to low volumes and many issues to overcome for commercialization. Based on critical reflection, we will slightly change our approach by improving our formulation technology to accelerate the market development in the mid-range market. We will develop the high-performance coatings business into a solutions-oriented business that is one of the drivers of the UBE Group’s chemicals business.

## 【P.33 Chemicals Company: Synthetic Rubber Strategy】



For the synthetic rubber business, we are not significantly changing our basic strategy of increasing added-value products. The slide shows the ratio of added-value products. The ratios are already close to our target levels and we will maintain these levels moving forward. We will steadily increase our production capacity according to the growth of our customers, while conducting joint development with strategic customers (major tire manufacturers) or strengthening our business tie-ups. Production at our Malaysian plant has stabilized and sales are growing as planned. Consequently, we will increase the production capacity from 50,000 to 72,000 tonnes by 2020. We will also build new manufacturing facilities at our Malaysian plant for vinyl cis rubber (VCR), which is a specialty product of the UBE Group.

In addition, we will conduct debottlenecking and increase production capacity by expanding the manufacturing facilities at the Thai plant. We will continue to study the addition of a fifth plant.

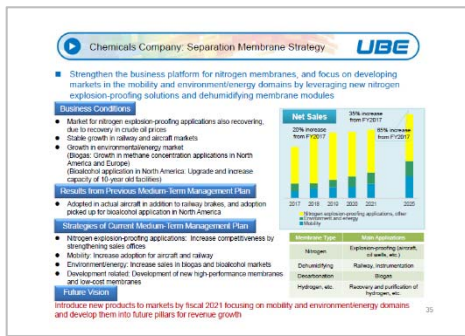
## 【P.34 Chemicals Company: Polyimide Strategy】



The polyimide business was a restructuring business under the previous medium-term management plan, but is now back on track for growth. Therefore, we have repositioned the polyimide business as an active growth business under the current medium-term management plan. In terms of business conditions, the market for varnishes for flexible electroluminescent (EL) displays is gaining significant momentum in China. We are also seeing strong demand for chip-on-film (COF) for high-definition 4K and 8K LCD displays. Until now, the polyimide business has centered on films. During the current medium-term management plan, we will develop the varnish business into another core product.

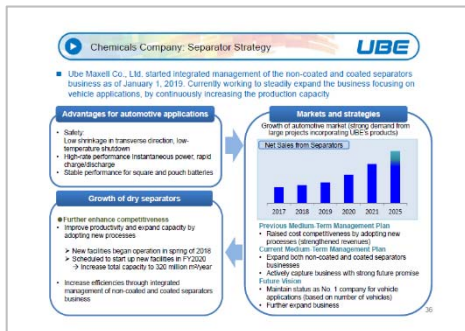
In the net sales graph, the blue bars represent net sales from film applications, and the orange bars represent net sales from other applications centering on varnishes. We will increase our net sales from other applications. Accordingly, we will conduct debottlenecking of raw material biphenyl tetracarboxylic dianhydride (BPDA) to increase production capacity, as well as start up the 11th production line at the Sakai Factory in fiscal 2019, which has long been idle. These measures will enable us to further expand the market as an active growth business.

## [P.35 Chemicals Company: Separation Membrane Strategy]



In the separation membrane business, we will focus on developing markets in the two domains of mobility and environment/energy. In the mobility domain, we will increase sales focusing on nitrogen membranes for explosion-proofing applications on aircraft, also known as on-board inert gas generation systems (OBIGGS), as well as increase sales of dehumidifying membranes for railway brakes in the railway market. In the environment/energy domain, we will develop markets focusing on decarbonation membranes for biogas applications and dehydration membranes for bioalcohol applications. We will then pursue major growth in net sales under the next medium-term management plan.

## [P.36 Chemicals Company: Separator Strategy]



This is our business strategy for battery separators. In fiscal 2018, we transferred our separator base film business to our coated separators joint venture, Ube Maxell, bringing non-coated and coated separators under one organization for unified management. Lately there has been significant growth in coated separators. Having brought separator base films and coated separators under one organization, we will pursue quality improvements and cost reductions to increase competitiveness.

The coating process is handled by our separate joint venture, Ube Maxell Kyoto, and the two companies will jointly manage the separators business. We will pursue profits and technology innovation in the coated and non-coated separators businesses respectively, but will look at the separators business in whole. As noted in this slide, we will increase efficiencies through the unified management of non-coated and coated separators.

Moving forward, we will suitably increase capacity as demand grows. We will increase our annual production capacity from the current 250 million square meters to 320 million square meters by fiscal 2020. Beyond that, we plan to increase the production capacity every year.

By steadily increasing our production capacity according to actual demand, we will aim to triple our net sales from current levels by fiscal 2025, as shown in the graph.

## [P.37 Chemicals Company: Electrolyte Strategy]

**Chemicals Company: Electrolyte Strategy** UBE

- Increase the business presence for large battery applications such as vehicle batteries and storage batteries

**Business Conditions**

- Although the market has expanded due to growth of vehicle applications, there is a risk of excess supply capacity globally and business continues to be fiercely competitive
- Increasingly sophisticated demands on electrolytes in terms of battery performance (capacity, output, life, durability, etc.) and safety

**Results from Previous Medium-Term Management Plan**

- Launched joint venture business with Mitsubishi Chemical in China (January 2019)
- Joint venture recorded revenue improvements benefiting from the merger

**Strategies of Current Medium-Term Management Plan**

- Develop proprietary additives for vehicle and storage battery applications, and supply products that advance the performance of batteries
- Further strengthen the technical development capabilities and cost competitiveness
- Effectively utilize intellectual property rights

**Future Vision**

Enhance revenue generation by further intensifying UBE's technical capabilities and the collaborative framework with Mitsubishi Chemical

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The electrolyte business is a platform business, so I will skip this slide.

## [P.38 Chemicals Company: LTO and Tyranno Fiber Strategy]

**Chemicals Company: LTO and Tyranno Fiber Strategy** UBE

- Commercialize anode materials and LTO that realize high output, excellent safety, and long life of LIBs

**Business Conditions**

- LIBRA-Battos, lithium titanate batteries are becoming known and have started to establish a market presence in applications that are valued for their characteristics, such as mid-hybrid vehicles, storage batteries, transport vehicles, and railway applications

**Strategies of Current Medium-Term Management Plan**

- Secure business base needed for commercialization, and promote and execute facilities planning

**Future Vision**

Capture large market share for lithium titanate batteries / Conduct evaluation of anode materials for solid-state batteries for future businesses

**Business Conditions**

- Rising steady growth of aircraft, 2% in the aerospace industry
- Active adoption of matrix composites (CMCs) used in civil aircraft engine components and materials

**Strategies of Current Medium-Term Management Plan**

- Develop forms for CMCs used in civil aircraft engine components and materials, and develop mass production technologies for them
- Refine the production technologies, finalize the materials specifications for specialty fibers in accordance with the product applications, and ensure materials verifications

**Future Vision**

Tyranno Fibers chosen for use in aircraft engines, and a stable business foundation consolidated

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We have two developing businesses under the Chemicals Company: lithium titanium oxide (LTO) and Tyranno fibers. LTO is a new battery material, and the market for LTO in mild hybrid vehicles is starting to take shape. In order to accelerate the commercialization of the business, we will join forces with strategic partners to build mass production facilities for LTO. This will put us in a position to prepare for future technology change, such as addressing anode material applications for future solid-state batteries.

In the Tyranno Fiber business, we are starting to see the business develop for ceramic matrix composites (CMCs) used in civil aircraft engine components. We will work with customers to develop mass production technologies that pave the way for future mass adoption in accordance with our roadmap. We have high expectations for the Tyranno Fiber business and expect to see Tyranno Fibers used in aircraft around fiscal 2025.

## [P.39 Chemicals Company: Pharmaceutical Strategy]

**Chemicals Company: Pharmaceutical Strategy** UBE

- Strengthen the drug discovery pipeline and establish a production framework that meets market needs

**Business Conditions**

- Global pharmaceuticals market continues to grow at an annual rate of around 5%
- Shift in drug discovery from lifestyle diseases to rare diseases and unmet medical needs
- Active pharmaceutical ingredient (API) needs are shifting toward small quantity, high-potency APIs with the shift in drug discovery targets and growth of the market for anti-cancer agents

**Results from Previous Medium-Term Management Plan**

- Broadest glaucoma treatment agent to market and licensed fibrosis treatment agent
- Expanded supply chains to achieve manufacturing cost reductions and flexible and adaptable plant operations (in-ops) and collaborations with manufacturers of APIs and intermediates outside of Japan

**Strategies of Current Medium-Term Management Plan**

- Expand the scope of basic research, and accelerate and increase the efficiency of the search cycle through computational chemistry
- Shift to a group of manufacturing facilities that support small quantity, high-potency APIs
- Commercialize contract API manufacturing for nucleic acid drugs, which is an emerging new market

**Future Vision**

Provide a stable supply of UBE's three proprietary drugs to the market and stabilize the drug discovery business

Accelerate incoming orders for contract manufacturing of new drugs, through groups of manufacturing facilities that support small quantity, high-potency APIs and dynamic supply chains

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The pharmaceuticals market is shifting from lifestyle diseases to unmet medical needs for cancers and rare diseases. Accordingly, active pharmaceutical ingredient (API) needs are focused on small quantity and high potency. To address these needs, we are building a fifth pharmaceutical plant that will specialize in small quantity, high-potency APIs, and are reorganizing our manufacturing facilities. Additionally, we will commercialize the contract API manufacturing for nucleic acid drugs.

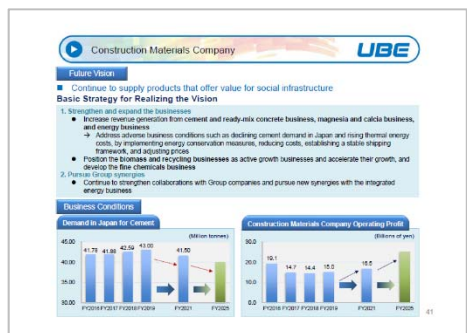


## [P.40 Construction Materials Company]



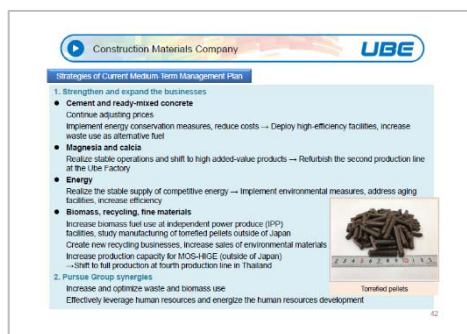
I will discuss the key points of the Construction Materials Company. During the previous medium-term management plan, we implemented initiatives to increase waste use and realize cost reductions in order to maintain and enhance revenues from platform businesses. These initiatives included building waste plastics processing facilities and an exhaust heat recovery power plant at the Isa Cement Factory. In addition, we transferred the resources business to Ube Material Industries and merged the construction materials business with Ube Kenzai Corporation, reorganizing the business among our Group companies. To expand our growth strategy, we will develop international markets for MOS-HIGE inorganic fibers used as a reinforcing filler for polypropylene resins.

## [P.41 Construction Materials Company]



Under the circumstances, the Construction Materials Company has outlined its future vision to “continue to supply products that offer value for social infrastructure.” In terms of business conditions, cement demand in Japan was at 42,590,000 tonnes in fiscal 2018, and will increase slightly in fiscal 2019, before gradually decreasing to around 40 million tonnes by fiscal 2025. Despite declining cement demand in Japan, we will increase operating profits from the Construction Materials Company.

## [P.42 Construction Materials Company]



To achieve this, under the current medium-term management plan, the cement business will continue to adjust prices and deploy high-efficiency facilities that conserve energy and reduce costs, and increase the use of waste as an alternative fuel source. In the magnesia/calcia business, we will continue refurbishing the production line to stabilize the operations. In the active growth businesses of biomass and recycling, we will increase the use of biomass fuel at the independent power producer (IPP) facility, study the manufacturing of torrefied pellets outside of Japan and create new recycling businesses while pursuing group synergies.

## [P.43 Machinery Company: Business Plan]

**Machinery Company: Business Plan**

- Benefit customers by supplying products and services with brand appeal
- With a focus on mobility, global business development, and environmental equipment, the Machinery Company will aim to increase profits and continue expanding the servicing business
- Develop products that anticipate market needs and optimize the production framework
  - Molding machines**
    - Die casting machines and extrusion presses: Develop products that meet needs for vehicle weight reduction, and develop markets
    - Injection molding machines: Realize unified global management of the business in accordance with merger, and strengthen efforts to increase sales outside of Japan
  - Industrial machines**
    - Enter new markets for environmentally friendly machinery and resource recycling
    - Steel products
      - Establish optimized production framework and expand recycling business for industrial waste
- Expand machinery servicing business by proposing innovative solutions
  - Further strengthen the servicing and support capabilities of servicing offices outside of Japan
    - Integrate and expand servicing offices
    - Develop and increase the number of servicing personnel outside of Japan, and expand the inventory of products

**Net Sales from Molding Machines**

Fiscal Year	Net Sales (Billion Yen)
2015	~1,000
2016	~1,100
2017	~1,200
2018	~1,300
2019	~1,400
2020	~1,500
FY2021 Target	~1,600

**Net Sales from Industrial Machines**

Fiscal Year	Net Sales (Billion Yen)
2015	~1,000
2016	~1,100
2017	~1,200
2018	~1,300
2019	~1,400
2020	~1,500
FY2021 Target	~1,600

The Machinery Company will seek to benefit customers by supplying products and services with brand appeal. With a focus on mobility, global business development, and environmental equipment, the Machinery Company will aim to increase profits and continue expanding its service network.

In the mobility domain, the automotive market is projected to see stable growth over the medium and long term, despite the current slowdown due to U.S.-China trade friction. Therefore, the mobility market will continue to be the target market for die casting and injection molding machines. We will develop products that anticipate market needs, which is to say that we will develop products and markets to meet growing needs for vehicle weight reduction. We merged our injecting molding machinery business with that of Mitsubishi Heavy Industries, and so we will maximize the benefits from the merger to conduct unified management of the global business as well as increase sales outside of Japan.

Moving forward, the industrial machinery business will focus on environmentally-friendly equipment. During the previous medium-term management plan, electricity projects such as the IPP facility reached a pause in their development, so under the new medium-term management plan, we will enter new markets for environmentally-friendly and resource recycling equipment to secure profits. We will expand the machinery servicing business by increasing net sales centering on international markets.

## [P.44 Machinery Company: Molding Machine Strategy]

**Machinery Company: Molding Machine Strategy**

- Business Conditions**
  - The automotive market is projected to see stable growth over the medium and long term despite the current slowdown due to U.S.-China trade friction, as newly emerging economies such as India begin to occupy an important position alongside China and North America
  - The shift to next-generation vehicles is accelerating, which means the need for vehicle weight reduction will keep growing
- Current Medium-Term Management Plan**
  - Increased business scale and expanded servicing business (Merged the injection molding machine business with that of Mitsubishi Heavy Industries, expanded the assembly facility in the U.S., and integrated and expanded the servicing offices, etc.)
- Strategies of Current Medium-Term Management Plan**
  - Die casting machines and extrusion presses: Increase profits by developing products that meet needs for vehicle weight reduction, and developing markets
  - Injection molding machines: Secure stable revenues by unified global management of sales, engineering, manufacturing, and servicing, and increased sales outside of Japan
  - Machinery servicing: Continue to increase revenues by integrating and expanding the global servicing network
  - All businesses: Increase productivity to support growth in the scale of the businesses (reduce lead times, establish a globally optimized framework for production, support ICT, etc.)
- Future Vision**
  - Die casting machines and extrusion presses: Establish a position as the leading manufacturer in Japan, and become a global brand
  - Injection molding machines: Become one of the top five global companies for the large injection molding machine market

**Net Sales of Molding Machines**

Fiscal Year	Net Sales (Billion Yen)
2015	~1,000
2016	~1,100
2017	~1,200
2018	~1,300
2019	~1,400
2020	~1,500
FY2021 Target	~1,600

I will skip this slide, as I just covered the contents.

## [P.45 Machinery Company: Industrial Machine and Steel Product Strategy]

**Machinery Company: Industrial Machine and Steel Product Strategy**

- Business Conditions**
  - Although the significant growth is projected within in or outside of Japan for existing infrastructure-related business such as electricity, cement, and steel products, the global shift to a low-carbon society will increase demand for environmentally friendly equipment
  - Based on our strategy for identifying projects to determine the basic load of the business, and taking timely secured orders for specialty projects in Japan that amount to roughly 60% of the total sales from the medium-term management plan
- Current Medium-Term Management Plan**
  - Focus on processes and cost management for specialty projects to receive profits
  - Create new revenue streams by developing environmentally friendly equipment and resource recycling business
  - Machinery servicing: Increase revenues by aligning the servicing and support capabilities outside of Japan
- Future Vision**
  - Develop environmentally friendly machinery for a low-carbon society and UBE's technology strengths to record stable revenues
  - Steadily increase revenues by realizing growth in servicing and support activities outside of Japan and servicing and support for machinery from other companies
- Business Conditions**
  - Competition is intensifying in the electric furnace sector due to industry restructuring in Japan and increased excess steel production in China
- Current Medium-Term Management Plan**
  - Establish optimized framework for production and equipment operation by promoting the heat product mix
- Future Vision**
  - As a planet-friendly resource recycling business, supply high added-value through specialty and high-grade products

**Net Sales of Industrial Machines**

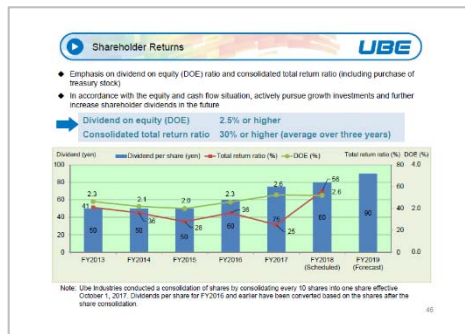
Fiscal Year	Net Sales (Billion Yen)
2015	~1,000
2016	~1,100
2017	~1,200
2018	~1,300
2019	~1,400
2020	~1,500
FY2021 Target	~1,600

**Net Sales of Steel Products**

Fiscal Year	Net Sales (Billion Yen)
2015	~1,000
2016	~1,100
2017	~1,200
2018	~1,300
2019	~1,400
2020	~1,500
FY2021 Target	~1,600

I will skip this slide, as I just covered the contents.

## [P.46 Shareholder Returns]



The last slide describes our shareholder returns. Our basic dividend policy is to provide stable dividends. We will make certain to increase dividends as our earnings improve. In the past, we set a target of realizing a consolidated total return ratio of 30% or higher, averaged over three years. To this, we added a second indicator calling for a dividend on equity (DOE) of 2.5% or higher. We will be flexible and purchase treasury stock according to the equity and cash flow situation, while at the same time actively investing in our future growth. In this way, we will further increase shareholder dividends.

Thank you, this concludes my briefing.