

# The UBE Group's Value Creation Process

The UBE Group evaluates the risks and opportunities of environmental issues and other aspects of change in the business climate to identify materiality. We then plan and implement management strategies and deliver products and solutions, thereby delivering real value to society and helping to realize social sustainability in our drive to generate sustainable growth.

Changes in operating climate ➤ FY2019  
Capital components of enterprise value

**Global warming and other environmental issues**  
Toward a sustainable economy

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**Increasing incidence of natural disasters and aging infrastructure**  
Enhancing national resilience and rebuilding infrastructure to prevent and reduce disasters

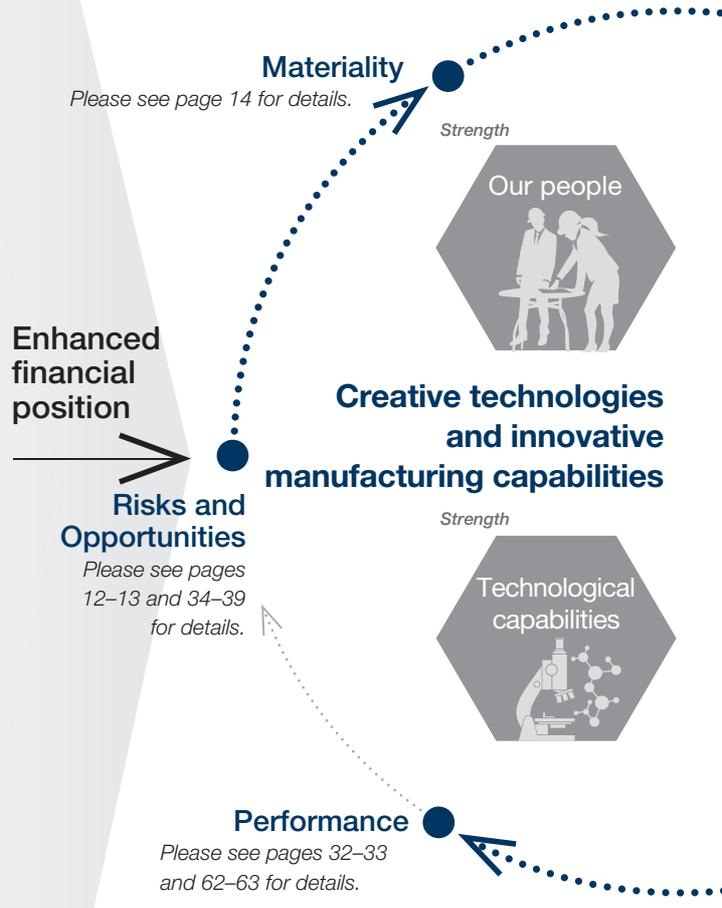
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**Population growth in emerging nations, expansion of middle class, and urbanization**  
Food, water, resources, infrastructure, and energy shortages

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**Aging populations in developed nations**  
**Diversifying work practices and accelerating globalization**  
Providing more opportunities for female employees  
Fostering diversity  
Cultivating global talent

<p><b>Financial Capital</b> Underpinning enterprise value with a sound financial position</p> <p>Equity Capital <b>¥329.5 billion*</b> <small>* As of April 1, 2019 Please see page 9 for details.</small></p>
<p><b>Manufacturing Capital</b> Infrastructure, businesses, human resources, and expertise concentrated in the Ube area</p> <p><b>5 sites in Japan 4 sites overseas</b></p> <p><small>Please see pages 22–23 and 26–27 for details.</small></p>
<p><b>Human Capital</b> Respecting diverse people and values</p> <p><small>Please see pages 28–29 and 50–53 for details.</small></p>
<p><b>Intellectual Capital</b> Broad technological foundations</p> <p>R&amp;D Expenses <b>¥12.8 billion</b> <small>Please see pages 30–31 for details.</small></p>
<p><b>Social Capital</b> Emphasizing stakeholder engagement</p> <p>Number of one-on-one meetings with investors in fiscal 2019 <b>Approx. 200</b></p> <p>Regional Responsible Care (RC) engagement <b>since 1997</b></p> <p><small>Please see pages 26–27, 40–43, 48, and 54 for details.</small></p>
<p><b>Natural Capital</b> Lowering environmental impact</p> <p>Abundant water resources (Yamaguchi Prefecture) Products and technologies that contribute to the environment</p> <p><small>Please see pages 18–19 and 57 for details.</small></p>



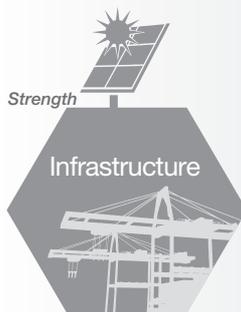
Bedrock of value creation — Management Philosophy — Pursue technology and



Vision for 2025  
Vision UBE 2025  
Medium-Term Management Plan  
“Vision UBE 2025 –Prime Phase–”

### Strategy and Resource Allocation

Please see page 8 for details.



### Generating value

### Products and Solutions

Please see pages 26–27 and 34–39 for details.

### ESG

Please see pages 15–19 and 40–61 for details.

embrace innovation to create value for the future and contribute to social progress

FY2019  
Impact on capital components of enterprise value

Value provided to society

SDGs initiatives

Profit before  
Income Taxes ¥30.3 billion

Free  
Cash Flow ¥27.8 billion

ROE 6.9%  
ROE 5.2%

Number of People  
Who Are Newly Qualified\*  
That Underpin Front-Line  
Capabilities 93

\* High-pressure gas manufacturing and maintenance managers (Chemicals)  
Authorized concrete engineers  
Authorized chief concrete engineers (Construction Materials)  
Certified skilled professionals (Machinery)

Number of Patents  
Granted 190\*

\* FY2018

Percentage of Total  
Sales Derived from  
Eco Businesses 29%

Savings from  
Resource Reuse  
and Energy  
Conservation ¥6.3 billion

### Addressing environmental issues

Environmentally friendly products and solutions (including LiBs, environmentally friendly tires, and high-performance coating materials)



### Environmental contributions

Contributions to more compact, lighter, and more durable products (such as from replacing metals with resins, contributing to national resilience, building and maintaining infrastructure, and providing concrete pavement)



### Addressing healthcare and food issues

Contributing to health, food hygiene, and food production (such as in terms of pharmaceuticals, food packaging films, and fertilizers)



### Contributing to a recycling-based society

Pushing forward with resource cycles (such as using as raw materials for cement and using in the steel business)



### Contributing to regional communities

Creating jobs, paying taxes, and engaging in regional development



Capital reinjections into new value creation

