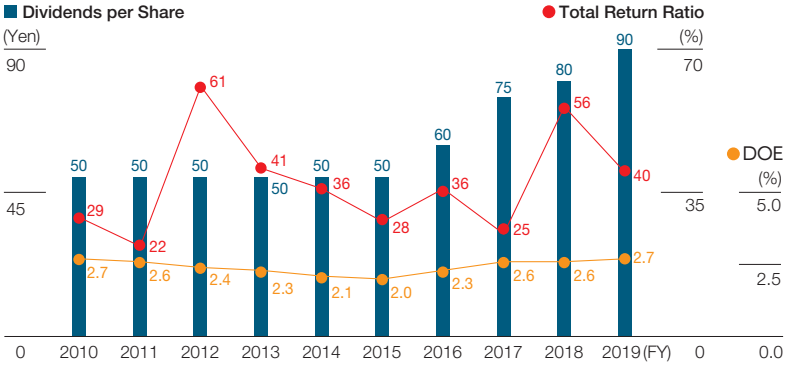
Acknowledging a need to enhance capital efficiency while pursuing sustainable growth and seeking to increase corporate value

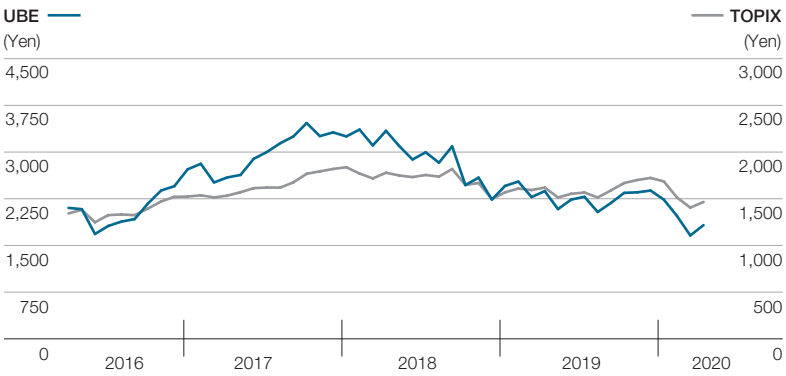
With Revenues and Earnings Declining, Increasing Cash Holdings to Overcome Impact of the COVID-19 Pandemic

In fiscal 2019, the first year of our medium-term management plan, revenues and earnings both declined owing to deteriorating conditions in the chemicals market. Our results were thus significantly less than initially targeted. Return on equity (ROE) was accordingly just 6.9%.

We constrained working capital and optimized the implementation timing of primarily maintenance and upgrade investments. We also secured free cash flow of ¥27.8 billion, which exceeded our target. At the end of the term, we increased our cash holdings to prepare for a deteriorating financial climate owing to the COVID-19 pandemic. While interest-bearing debt was up somewhat, we were able to maintain our financial structure. The debt/equity ratio was unchanged, at 0.57 times, while the equity ratio improved slightly, to 45.7%.



Note: The Company consolidated every 10 shares into one share, effective October 1, 2017. Dividends per share for FY2016 and earlier have been converted based on the shares after the share consolidation.



Note: The Company consolidated every 10 shares into one share, effective October 1, 2017. Stock prices are adjusted for consolidation.

Masayuki Fujii
Director, Managing Executive Officer, CFO

Acknowledging a Need to Enhance Capital Efficiency While Continuing to Invest in Growth

It is exceedingly difficult to pinpoint how the global economy or business climate will fare in fiscal 2020 as a result of the COVID-19 pandemic. We will accordingly focus even more on our cash flows while maintaining financial discipline. At the same time, we will unhesitatingly invest in driving growth, reforming our business structure, and tackling environmental issues. We remain aware of capital cost in determining business expansion investments and seek to generate returns exceeding the cost. We will be even more conscious of delivering returns on invested capital, including in allocating business resources, and endeavor to boost capital efficiency while pursuing sustainable growth and seeking to increase corporate value.

Increasing Cash Dividends per Share to ¥10

The basic stance of UBE's shareholder return policy is to deliver stable and sustainable dividends. One of our key performance indicators (KPIs) is a dividend on equity (DOE) ratio target of at least 2.5%. We also aim to maintain a consolidated total return ratio of 30.0% or more during our medium-term management plan.

In fiscal 2019, we paid interim cash dividends of ¥45 per share, and paid the same amount for the end of the year. The ¥90 annual total represents a ¥10 increase from a year earlier. The total return ratio would accordingly be 40%, with DOE being 2.7%.

In keeping with the above policy, we will strive to balance growth investments and internal reserves while further enhancing shareholder returns.