



MEMBERSHIP

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UBE Group Unveils New Medium-Term Management Plan “UBE Vision 2030 Transformation—1st Stage”

The UBE Group (UBE Corporation and its group companies) has clearly defined its purpose, its raison d'être as a group and set out a long-term vision, “UBE Vision 2030 Transformation,” outlining its vision for 2030 and specifying the transformation of business structure and other management measures to achieve the vision. The Group today announces an outline of its new medium-term management plan, “UBE Vision 2030 Transformation—1st Stage,” a concrete action plan that will be in effect up through the end of fiscal 2024.

In April 2022, under the new name, “UBE Corporation,” the Corporation made a fresh start by transforming its management structure into that of a chemicals business company holding stocks of companies engaged in machinery business and cement-related business. The UBE Group will achieve sustainable growth globally as a specialty chemicals corporate group and practice relevant management as a holding company with respect to the machinery and cement-related businesses, with a view to maximizing corporate value for the UBE Group.

1. UBE Group’s Social Value

Founding Principles:

“Coexistence and mutual prosperity” and “From finite mining to infinite industry”

Purpose:

Leveraging the manufacturing technologies the UBE Group has cultivated throughout its long history, create the value required by society, in the safe and environmentally friendly manner demanded by society, and deliver that value to the people. And by doing so, help to solve global environmental issues, which have become a common issue for all humankind, and contribute to people’s lives and health, and an enriched future society.

2. Long-Term Vision: “UBE Vision 2030 Transformation”

(1) Vision for 2030

“A corporate group centered on specialty chemicals that contributes to the global environment, human health, and an enriched future society”

(2) Management Measures to Achieve the Vision: “Practicing Sustainability Management”

i) Promoting Structural Changes (Transformation)

UBE will shift to a business structure focused on specialty chemical products that have a low energy burden, are resistant to swings in market conditions, and are highly profitable, in order to achieve sustainable growth as the UBE Group and contribute to a sustainable society.

- UBE will aggressively invest management resources in the “specialty businesses” that create added value and achieve high profitability by leveraging the Group’s core technologies and strengths in the value chain, in order to achieve growth.
- Taking into account the aging of facilities and future business viability in light of the environmental impact, UBE will aim to stop the ammonia production in Japan employing a process with high greenhouse gas (GHG) emissions around 2030.

ii) Initiatives to Address Global Environmental Issues

Seeking to achieve the UBE Group Policy for Achieving Carbon Neutrality by 2050, UBE will contribute to the realization of a sustainable society that exists in harmony with the natural environment by striving to reduce GHG emissions and driving the development and practical application of environmentally friendly products and technologies.

- Fiscal 2030 GHG emission reduction target: 50% reduction compared to fiscal 2013
- Fiscal 2030 target percentage of consolidated net sales comprising environmentally friendly products and technologies: 60% or more

iii) Enhancing Human Capital

UBE regards diversity and inclusion as a top priority issue. The Group will transform into an organization that creates innovation by integrating diverse technologies, knowledge and perspectives, expands its business globally, and continues to create new value. And it will enhance the human resources who will drive this transformation.

iv) Promoting Digital Transformation (DX)

By advancing digitalization, UBE will improve labor productivity, achieve more sophisticated utilization of accumulated data, and develop human resources to promote these enhancements. It will also further strengthen its ability to provide solutions to customers using digital data and technologies, and create new value by reforming business processes through co-creation with customers.

3. New Medium-Term Management Plan: “UBE Vision 2030 Transformation—1st Stage”

The first three years of the long-term vision are positioned as a period for strengthening the earnings base and aggressively investing resources to drive further growth in the future, while steadily implementing structural changes with a strong focus on shifting to specialization and on global environmental issues. In addition, the Group will speedily address issues in implementing sustainability management to ensure that it achieves its goals.

(1) Basic Policy and Priority Measures

i) Pursuing Global Profit Growth Driven by Specialty Chemicals

(a) Specialty Business Expansion

UBE will focus its investment of management resources in the specialty businesses to drive further growth and expansion. The Group aims to expand its global business and achieve profit growth by increasing production capacity for polyimide, separation membranes, composites, fine chemicals, and high-performance coatings to meet growing demand, and by establishing a new production base in North America.

(b) Strengthening the Profitability of Basic Business

In addition to further strengthening cost competitiveness, UBE will expand its lineup of high value-added grades of nylon polymers, ammonium sulfate, industrial chemicals, elastomers, etc., and carry out efforts to develop and launch environmentally friendly products, aiming to secure stable cash flow and steady earnings growth.

ii) Structural Changes in Response to Global Environmental Issues

(a) Structural Change of the Caprolactam Chain in Japan

In order to establish a globally optimized production system, UBE will shift production of nylon polymers outside of Japan. The Group will look further into reducing caprolactam production in Japan, which has a high energy burden and whose profitability will be difficult to improve even in the medium to long term, by stopping a main manufacturing line around fiscal 2024.

(b) Reducing GHG Emissions

UBE will continue to promote thorough energy conservation and process improvement in its production activities, as well as maximize the use of renewable energy in an effort to reduce GHG emissions.

(c) Creating and Expanding the Provision of Environmentally Friendly Products and Technologies

UBE will promote the development of environmentally friendly products and technologies to contribute to carbon neutrality in society as a whole.

iii) Enhancing Human Capital for Sustainable Growth

To promote diversity and inclusion, especially in Japan, UBE will develop systems and create workplace environments that make it more comfortable and rewarding for women to work, expand the number of highly specialized mid-career hires and non-Japanese recruits, and also focus on improving work engagement throughout the entire Group.

- Percentage of women in the workforce: 15%, Percentage of women at management positions: 6%
(indicators for fiscal 2024, on a consolidated basis in Japan)

iv) Enhancing Corporate Value and Creating Customer Value by Promoting DX

UBE's newly established DX Promotion Office will take the lead in promoting the development of digital technology-savvy human resources and accelerate the creation of new customer value and new businesses while improving operational efficiency through the use of digital technology.

v) Further Improving Governance

As a chemicals company, UBE will strive to improve the level of group governance. At the same time, it will maximize the corporate value of the UBE Group by developing and operating a governance system as the holding company for the machinery business and cement-related business.

(2) Business Portfolio

UBE will clarify the positioning of its major businesses and products in the chemicals field based on future market growth expectations, the UBE Group's strengths, and profitability in addition to its long-term vision. It will also use this information to make decisions on the allocation of management resources.

Business Portfolio Segmentation	Businesses
Specialty business	Polyimide, Separation Membranes, Ceramics, Semiconductor Gas, Separators, Composites, Fine Chemicals, High-Performance Coatings, Pharmaceuticals, Phenolic Resin
Basic business	Nylon Polymers, Caprolactam, Ammonium Sulfate, Industrial Chemicals, Elastomers, Polyethylene Films, Processed Resin Products

(3) Investments

UBE will actively invest in the specialty business to drive further growth in the future. At the same time, it will steadily invest to address global environmental issues including reduction of GHG emissions, enhance its human capital, and move forward with digital transformation. In this way, it will aim to sustainably increase corporate value and contribute to a sustainable society.

UBE plans to make total investments of ¥130 billion during the period of the medium-term management plan.

The Corporation will allocate approx. 50% of this to the specialty business, approx. 30% to the basic business, and approx. 20% to shared infrastructure, etc.

(4) Research and Development

UBE will integrate external technologies with the core technologies that have supported its chemicals business in order to spur further advancements. With these even stronger technologies, it will strengthen the competitiveness of its specialty business and create new businesses. UBE has established four new business areas and will seek to bring new products to market, including initiatives to help build a circular economy. In its intellectual property strategy, UBE will establish a strong intellectual property network to help strengthen and expand its specialty businesses.

R&D expenditure over three years: ¥32 billion

R&D Projects for New Business Creation

Area	R&D projects
CO2 and waste plastic utilization	CO2 utilization (CO2 electrolysis), waste plastic utilization (hydrothermal reaction, waste carpet melt-kneading)
Energy management	Heat-dissipating composite materials, radiative cooling materials
Environmental sustainability	Bioplastics (biomass-derived polymers, silk proteins), physical antimicrobial materials, aquaculture feed additives, insect feed, moisture absorbent for extracting water from the atmosphere
Life sciences	Utilization of cell propagation technology

(5) Numerical Targets (for Fiscal 2024)

i) Key figures

(a) Operating profit: ¥40 billion (Of which, specialty business: ¥24 billion)

(b) Ordinary profit: ¥47 billion

Note: ¥8 billion factored in as equity method investment profits of the Mitsubishi UBE Cement Group is the provisional figure assumed prior to its launch.

ii) Key indicators

(a) Return on sales (ROS): 8%

(b) Return on equity (ROE): 8%

(6) Shareholder Returns

UBE's basic policy is to continue to pay consistent dividends while investing aggressively for growth. The Corporation aims to achieve a dividend on equity (DOE) ratio of at least 2.5% and a consolidated total return ratio of at least 30%, including share buybacks, over the three years of its medium-term management plan. UBE aims to further enhance shareholder returns in the future, while growing profits and building equity capital.

(7) Machinery Business

Toward its vision to "Benefit customers by supplying products and services with brand appeal, The UBE Machinery Group (UBE Machinery Corporation and its group companies) will increase the profitability of its product businesses of die casting machine, extrusion press, injection molding machine and industrial machinery by developing products that meet expanding market needs, such as the electrification of automobiles and the pursuit of carbon neutrality, and by strengthening its production and sales systems for the global market. Meanwhile, in the machinery servicing business, it will further expand earnings by enhancing its solutions-based offerings for preventive maintenance and equipment performance improvement. It will also leverage digital transformation broadly throughout the business value chain to enhance corporate value.

(8) Mitsubishi UBE Cement Corporation

Launched in April 2022, Mitsubishi UBE Cement Corporation will lead the industry as a global company with the industry's highest level of efficiency and profitability, taking the initiative in tackling the various environmental changes surrounding its business. In addition, the company will further strengthen its business base by optimizing the production system of its cement business in Japan and improving efficiency throughout the value chain. At the same time, it will invest management resources in businesses with growth potential in and outside Japan. These include the overseas cement and ready-mixed concrete business and the high-performance inorganic materials business.

The Mitsubishi UBE Cement Group plans to organize its management plan at a later date as an exchange of information was not possible prior to launch due to competition law restrictions.