

Financial Results for the 3rd Quarter FY 2011

February 3, 2012

UBE INDUSTRIES, LTD.

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※This “3rd Quarter (3Q)” data states information for 9 month totals.

FY11 3rd Quarter Consolidated Results

Scope of Consolidation

— Financial Results for the 3rd Quarter FY11 —

Item	End of FY10 (A)	End of FY11 3Q (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	66	67	+1	Newly Included: 2 Newly Excluded: 1
Number of equity method affiliates	24	25	+1	Newly Included: 2 Newly Excluded: 1
Total	90	92	+2	

Environmental Factors

— Financial Results for the 3rd Quarter FY11 —

(Billion Yen)

Item			FY10 3Q (A)	FY11 3Q (B)	Change (B) - (A)	Impacts on Consolidated OP Income
Exchange Rate		Yen/\$	86.8	79.0	-7.8	0.4
Material Price	Naphtha (Domestic)	\$/t	723	966	243	-3.8
		Yen/KL	45,800	55,200	9,400	(-2.4)
	Benzene (Average of US and Euro Contract Price)	\$/t	962	1,171	209	-5.3 (-2.5)
	Australian Coal (CIF)	\$/t	120.7	144.3	23.6	-3.7
		Yen/t	10,477	11,400	923	(-1.7)

(): including impacts from fluctuation of exchange rate

Major P/L & B/S Items

— Financial Results for the 3rd Quarter FY11 —

(Billion Yen)

Item	FY10 3Q (A)	FY11 3Q (B)	Change (B) - (A)
Sales	452.4	470.9	18.5
Operating income	30.6	35.0	4.4
Ordinary income	26.2	31.1	4.9
Net income	15.0	19.4	4.4
Item	End of FY10 (A)	End of FY11 3Q (B)	Change (B) - (A)
Total assets	661.5	671.0	9.5
Debt	260.5	267.6	7.0
Net debt	211.0	232.6	21.6
Equity capital *1	187.0	195.8	8.8

*1: Equity capital = Net assets - Share subscription rights - Minority interests

Non Operating Items

— Financial Results for the 3rd Quarter FY11 —

(Billion Yen)

Item		FY10 3Q (A)	FY11 3Q (B)	Change (B) - (A)
Operating income		30.6	35.0	4.4
Non operating income/loss	Net interest expense	-2.7	-2.3	0.4
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	1.0	0.9	0.0
	Others	-2.6	-2.5	0.0
	Total	-4.3	-3.9	0.4
Ordinary income		26.2	31.1	4.9

Extraordinary Items

— Financial Results for the 3rd Quarter FY11 —

(Billion Yen)

Item		FY10 3Q (A)	FY11 3Q (B)	Change (B) - (A)
	Gain on share change balance	0.4	-	-0.4
	Others	0.3	0.2	0.0
	Extraordinary income	0.7	0.2	-0.4
	Loss on disposal of PP&E	-0.2	-0.4	-0.1
	Loss on impairment	-0.3	0.0	0.3
	Loss on valuation of investment securities	0.0	-1.0	-1.0
	Asset retirement obligations	-0.9	-	0.9
	Others	-0.1	-0.1	0.0
	Extraordinary loss	-1.7	-1.6	0.1
	Net extraordinary income/loss	-1.0	-1.3	-0.3

Operating Income – Net Income

– Financial Results for the 3rd Quarter FY11 –

(Billion Yen)

Item	FY10 3Q (A)	FY11 3Q (B)	Change (B) - (A)
Operating income	30.6	35.0	4.4
Non operating item	-4.3	-3.9	0.4
Ordinary income	26.2	31.1	4.9
Extraordinary item	-1.0	-1.3	-0.3
Income before income tax and minority interest	25.2	29.7	4.5
Income tax and minority interest	-10.1	-10.3	-0.1
Net income	15.0	19.4	4.4
Net income per share(Yen/Share)	14.96yen	19.35yen	4.39yen

Sales by Segment

— Financial Results for the 3rd Quarter FY11 —

(Billion Yen)

Segment	FY10 3Q (A)	FY11 3Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	149.2	174.1	24.9	Caprolactam chain 19.6 Synthetic rubber 5.3
Specialty Chemicals & Products	51.2	48.8	-2.3	Specialty products -1.4 Fine chemicals -0.9
Pharmaceutical	6.4	6.9	0.4	
Cement & Construction Materials	149.8	154.6	4.7	Construction materials and Quicklime related products -1.4 Cement and Ready-mixed concrete 6.5, etc.
Machinery & Metal Products	60.1	48.6	-11.4	Machinery -3.0 Aluminum wheels -8.5
Energy & Environment	43.1	46.0	2.9	Coal 2.0, Power 0.8, etc.
Others	19.3	19.8	0.4	
Adjustment	-27.0	-28.1	-1.1	
Total	452.4	470.9	18.5	Increased by 4.1%

Operating Income by Segment

— Financial Results for the 3rd Quarter FY11 —

(Billion Yen)

Segment	FY10 3Q (A)	FY11 3Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	11.7	19.4	7.6	Caprolactam chain 6.8 Synthetic rubber 0.8
Specialty Chemicals & Products	6.5	5.1	-1.3	Specialty products -1.0 Fine chemicals -0.3
Pharmaceutical	1.6	2.1	0.4	
Cement & Construction Materials	6.4	5.8	-0.6	Construction materials and Quicklime related products -0.5 Cement and Ready-mixed concrete -0.2, etc.
Machinery & Metal Products	1.2	0.7	-0.4	Machinery -1.1 Aluminum wheels 0.7
Energy & Environment	2.6	2.5	-0.1	
Others	0.9	0.8	0.0	
Adjustment	-0.7	-1.5	-0.8	
Total	30.6	35.0	4.4	Increased by 14.6%

Analysis of Operating Income

— Financial Results for the 3rd Quarter FY11 —

(Billion Yen)

Segment	Operating Income						
	FY10 3Q (A)	FY11 3Q (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals & Plastics	11.7	19.4	7.6	8.5	2.2	-1.9	-1.1
Specialty Chemicals & Products	6.5	5.1	-1.3	-2.1	0.1	-0.4	1.1
Pharmaceutical	1.6	2.1	0.4	-0.7	0.7	0.0	0.4
Cement & Construction Materials	6.4	5.8	-0.6	-0.6	0.8	-1.9	1.0
Machinery & Metal Products	1.2	0.7	-0.4	-0.1	-0.2	-0.3	*3 0.1
Energy & Environment	2.6	2.5	-0.1	0.1	-0.3	-0.3	0.3
Others	0.9	0.8	0.0	0.1	0.0	-0.2	-0.1
Adjustment	-0.7	-1.5	-0.8	-	-	-0.8	0.0
Total	30.6	35.0	4.4	5.2	3.3	-5.8	1.7

*1: Including both selling and purchase change

*2: Including inventory valuation changes 1.2

*3: Including marginal profit on machinery products -0.5 and improvement due to withdrawal from wheel business 0.7

Consolidated Balance Sheet

— Financial Results for the 3rd Quarter FY11 —

(Billion Yen)

Item	End of FY10 (A)	End of FY11 3Q (B)	Change (B) - (A)
Current assets	281.7	290.8	9.1
Fixed assets	379.7	380.1	0.3
Total assets	661.5	671.0	9.5
Interest-bearing debts	260.5	267.6	7.0
Other liabilities	189.4	183.3	-6.1
Total liabilities	450.0	450.9	0.8
Equity capital *1	187.0	195.8	8.8
Minority interests and others	24.4	24.2	-0.1
Total net assets	211.4	220.1	8.7
Total liabilities and net assets	661.5	671.0	9.5

*1: Equity capital = Net assets - Share subscription rights - Minority interests

Consolidated Statements of Cash Flows

— Financial Results for the 3rd Quarter FY11 —

(Billion Yen)

Item	FY10 3Q	FY11 3Q	
A.Cash flows from operating activities	30.2	16.2	Income before tax and minority interests 29.7 Depreciation and amortization 24.3 Working capital -25.9, Tax payment -7.5, etc.
B.Cash flows from investing activities	-19.2	-31.3	Acquisition of PP&E -31.4, etc.
Free cash flows (A+B)	11.0	-15.1	
C.Cash flows from financing activities	-12.3	1.2	Increase in interest-bearing debts 7.6 Dividends -5.4, etc.
D.Net increase/decrease in cash and cash equivalents	-1.9	-14.6	
E.Cash and cash equivalents at end of the quarter	35.3	34.9	

Business Highlight

— Financial Results for the 3rd Quarter FY11 —

Specialty Chemicals & Products

- ◆ Ube Industries, Ltd. together with the Dow Chemical Company (U.S.) established and started operations of a joint venture, Advanced Electrolyte Technologies LLC, to manufacture and market electrolytes for rechargeable lithium-ion batteries. (December, 2011)
- ◆ Ube Industries, Ltd. won the 2011 Nikkei Global Environmental Technology Award with its project of development of a new process of manufacture of an environment-friendly perfume that does not use materials of vegetable origin. (December, 2011)
- ◆ Ube Industries, Ltd. completed construction of facilities to increase production of silicon nitride. (December, 2011)

Pharmaceutical

- ◆ Ube Industries, Ltd. concluded a license and collaboration agreement with Santen Pharmaceutical Co., Ltd. with regard to EP2 agonist compound as an ophthalmic treatment drug. (October, 2011)

Machinery & Metal Products

- ◆ Ube Industries, Ltd. announced that Ube Machinery Corporation, Ltd. and Ube Techno Eng. Co., Ltd. jointly established Ube Machinery India Private Limited, a local subsidiary that will shoulder sales and after-sale services of industrial machinery and equipment in India. (December, 2011)

FY11 Consolidated Forecasts

Major P/L & B/S Items

– FY11 Consolidated Forecasts –

(Billion Yen)

Item	FY10 (A)		FY11 (B)		Change (B) - (A)	
		3Q (Progress)		3Q (Progress)		3Q
Sales	616.0	452.4 (73.4%)	662.0	470.9 (71.1%)	46.0	18.5
Operating income	44.3	30.6 (69.0%)	50.0	35.0 (70.0%)	5.7	4.4
Ordinary income	39.1	26.2 (67.2%)	44.5	31.1 (69.9%)	5.4	4.9
Net income	17.2	15.0 (87.1%)	24.0	19.4 (80.8%)	6.8	4.4
Item	End of FY10 (A)		End of FY11 (B)		Change (B) - (A)	
Total assets		661.5		675.0		13.5
Debt		260.5		252.0		-8.5
Net debt		211.0		222.0		11.0
Equity capital *1		187.0		205.0		18.0
Dividend(Yen /Share)		5.0		5.0		0.0

*1: Equity capital = Net assets - Share subscription rights - Minority interests

Appendix

Major Subsidiaries

— Financial Results for the 3rd Quarter FY11 —

(Billion Yen)

Subsidiaries and Affiliates		Business	Sales FY11 3Q	Operating income change from FY10 3Q
Chemicals & Plastics	UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam and polyamide resin	32.4	↑
	UBE CHEMICAL EUROPE, S.A.	Manufacture and sales of caprolactam.	20.1	↑
	THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene	13.7	↓
	UBE ENGINEERING PLASTICS, S.A.	Manufacture and sales of polyamide resin	9.0	→
	UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia	9.2	↓
	UBE FILM, LTD.	Manufacture and sales of plastic-film products	7.9	↓
Specialty Chemicals & Products	UBE-NITTO KASEI CO., LTD.	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics	9.7	↓
Cement & Construction Materials	UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of construction materials	37.6	→
	UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing	11.8	↓
	KANTO UBE CONCRETE CO., LTD.	Manufacture and sales of ready-mixed concrete	7.9	↑
Machinery & Metal Products	UBE MACHINERY CORPORATION, LTD.	Manufacture and sales of industrial machinery and bridges	18.7	↓
	UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	15.1	↓
	UBE TECHNO ENG. CO., LTD.	Service and maintenance of industrial machinery and equipment	8.0	→
Energy & Environment	UBE C&A CO., LTD.	Sales of imported steaming coal from Australia and other countries	18.7	→

Note: ↑ ↓ :Represent an increase or decrease of over 100 million JPY



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