

Financial Results for the First Half FY 2012

November 2, 2012

UBE INDUSTRIES, LTD.

Contents

- FY12 First Half Consolidated Results
- FY12 Consolidated Forecasts
- Appendix

※This “2nd Quarter (2Q)” data states information for 6 month totals.

FY12 First Half Consolidated Results

Scope of Consolidation

— Financial Results for the First Half FY12 —

Item	End of FY11 (A)	End of FY12 2Q (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	67	67	0	Newly Included: None Newly Excluded: None
Number of equity method affiliates	25	25	0	Newly Included: None Newly Excluded: None
Total	92	92	0	

Environmental Factors

— Financial Results for the First Half FY12 —

(Billion Yen)

Item			FY11 2Q (A)	FY11 2Q (B)	Change (B) - (A)	Impacts on Consolidated OP Income	
Exchange Rate		Yen/\$	79.8	79.4	-0.4	0.0	
Material Price	Naphtha (Domestic)	\$/t	986	958	-28	0.2	
		Yen/KL	57,000	55,200	-1,800	(0.3)	
	Benzene (Average of US and Euro Contract Price)		\$/t	1,223	1,245	22	-0.3 (0.1)
	Australian Coal (CIF)	\$/t	143.0	130.1	-12.9	1.1	
		Yen/t	11,407	10,327	-1,080	(1.2)	

(): including impacts from fluctuation of exchange rate

Major P/L & B/S Items

— Financial Results for the First Half FY12 —

(Billion Yen)

Item	FY11 2Q (A)	FY12 2Q (B)	Change (B) - (A)
Sales	311.6	310.7	-0.8
Operating income	22.6	16.1	-6.4
Ordinary income	20.7	14.6	-6.0
Net income	12.1	8.4	-3.7
Item	End of FY11 (A)	End of FY12 2Q (B)	Change (B) - (A)
Total assets	664.9	669.9	4.9
Debt	253.9	249.6	-4.3
Net debt	220.8	217.2	-3.6
Equity capital *1	199.4	205.0	5.5

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

Non Operating Items

— Financial Results for the First Half FY12 —

(Billion Yen)

Item		FY11 2Q (A)	FY12 2Q (B)	Change (B) - (A)
Operating income		22.6	16.1	-6.4
Non operating income	Net interest expense	-1.4	-1.2	0.1
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	1.0	0.5	-0.5
	Others	-1.5	-0.7	0.7
	Total	-1.9	-1.5	0.4
Ordinary income		20.7	14.6	-6.0

Extraordinary Items

— Financial Results for the First Half FY12 —

(Billion Yen)

Item	FY11 2Q (A)	FY12 2Q (B)	Change (B) - (A)
Gain on transfer of business	-	0.2	0.2
Others	0.1	0.3	0.2
Extraordinary income	0.1	0.6	0.5
Loss on disposal of PP&E	-0.2	-0.7	-0.4
Loss on valuation of investment securities	-1.0	0.0	1.0
Others	-0.1	-0.3	-0.1
Extraordinary loss	-1.4	-1.1	0.3
Net extraordinary income/loss	-1.3	-0.5	0.8

Operating Income – Net Income

– Financial Results for the First Half FY12 –

(Billion Yen)

Item	FY11 2Q (A)	FY12 2Q (B)	Change (B) - (A)
Operating income	22.6	16.1	-6.4
Non operating item	-1.9	-1.5	0.4
Ordinary income	20.7	14.6	-6.0
Extraordinary item	-1.3	-0.5	0.8
Income before income tax and minority interest	19.3	14.1	-5.1
Income tax and minority interest	-7.1	-5.7	1.4
Net income	12.1	8.4	-3.7
Net income per share(Yen/Share)	12.11yen	8.42yen	-3.69yen

Sales by Segment

— Financial Results for the First Half FY12 —

(Billion Yen)

Segment	FY11 2Q (A)	FY12 2Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	115.2	109.3	-5.8	Caprolactam chain -4.1 Synthetic rubber -1.7
Specialty Chemicals & Products	33.5	32.1	-1.4	Specialty products -1.4
Pharmaceutical	3.8	5.6	1.8	
Cement & Construction Materials	100.8	101.5	0.7	Cement and Ready-mixed concrete 2.0 Construction materials and Quicklime related products -1.0, etc.
Machinery & Metal Products	33.5	34.3	0.7	
Energy & Environment	30.8	35.4	4.6	Coal 4.1, Power 0.5
Others	12.5	12.3	-0.1	
Adjustment	-18.6	-20.1	-1.4	
Total	311.6	310.7	-0.8	Decreased by 0.3%

Operating Income by Segment

— Financial Results for the First Half FY12 —

(Billion Yen)

Segment	FY11 2Q (A)	FY12 2Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	13.7	3.8	-9.8	Caprolactam chain -8.8 Synthetic rubber -1.0
Specialty Chemicals & Products	3.7	1.8	-1.8	Specialty products -1.3 Fine chemicals -0.5
Pharmaceutical	0.7	1.9	1.2	
Cement & Construction Materials	2.9	4.5	1.6	Cement and Ready-mixed concrete 1.7, etc.
Machinery & Metal Products	0.6	1.6	1.0	
Energy & Environment	1.5	2.6	1.1	Coal 0.2, Power 0.9
Others	0.4	0.4	0.0	
Adjustment	-1.0	-0.8	0.1	
Total	22.6	16.1	-6.4	Decreased by 28.5%

Analysis of Operating Income

— Financial Results for the First Half FY12 —

(Billion Yen)

Segment	Operating Income						
	FY11 2Q (A)	FY12 2Q (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals & Plastics	13.7	3.8	-9.8	-7.0	0.3	-0.9	-2.2
Specialty Chemicals & Products	3.7	1.8	-1.8	-1.6	1.1	-0.4	-1.0
Pharmaceutical	0.7	1.9	1.2	-0.4	1.7	-0.2	0.2
Cement & Construction Materials	2.9	4.5	1.6	1.0	-0.9	1.2	0.4
Machinery & Metal Products	0.6	1.6	1.0	0.1	-0.1	-0.2	*3 1.3
Energy & Environment	1.5	2.6	1.1	0.7	0.2	0.1	0.2
Others	0.4	0.4	0.0	-0.1	0.1	0.0	0.0
Adjustment	-1.0	-0.8	0.1	0.0	0.0	0.1	0.0
Total	22.6	16.1	-6.4	-7.4	2.4	-0.4	-1.1

*1: Including both selling and purchase change

*2: Including inventory valuation changes -1.7

*3: Including marginal profit on machinery products 1.4

Sales Progress by Segment

— Financial Results for the First Half FY12 —

(Billion Yen)

Segment	FY11			FY12			Change (B) - (A)
	Full Year	2Q	Progress (A)	Full Year Forecast <small>Published on 10/15/2012</small>	2Q	Progress (B)	
Chemicals & Plastics	231.0	115.2	49.9%	224.0	109.3	48.8%	-1.1%
Specialty Chemicals & Products	64.3	33.5	52.1%	71.0	32.1	45.2%	-6.9%
Pharmaceutical	11.1	3.8	34.2%	12.5	5.6	45.5%	11.3%
Cement & Construction Materials	209.1	100.8	48.2%	207.5	101.5	48.9%	0.7%
Machinery & Metal Products	72.5	33.5	46.3%	72.5	34.3	47.4%	1.1%
Energy & Environment	62.5	30.8	49.3%	65.0	35.4	54.5%	5.2%
Others	25.9	12.5	48.4%	23.5	12.3	52.7%	4.3%
Adjustment	-38.0	-18.6	---	-38.0	-20.1	---	---
Total	638.6	311.6	48.8%	638.0	310.7	48.7%	-0.1%

Operating Income Progress by Segment

— Financial Results for the First Half FY12 —

(Billion Yen)

Segment	FY11			FY12			Change (B) - (A)
	Full Year	2Q	Progress (A)	Full Year Forecast <small>Published on 10/15/2012</small>	2Q	Progress (B)	
Chemicals & Plastics	22.9	13.7	59.9%	7.9	3.8	49.2%	-10.7%
Specialty Chemicals & Products	5.4	3.7	68.3%	5.7	1.8	32.7%	-35.6%
Pharmaceutical	3.7	0.7	18.8%	4.0	1.9	48.7%	29.9%
Cement & Construction Materials	8.6	2.9	33.5%	11.4	4.5	40.2%	6.7%
Machinery & Metal Products	3.0	0.6	20.4%	3.5	1.6	46.6%	26.2%
Energy & Environment	3.3	1.5	45.2%	4.8	2.6	56.2%	11.0%
Others	1.0	0.4	38.7%	1.0	0.4	44.2%	5.5%
Adjustment	-2.3	-1.0	---	-2.3	-0.8	---	---
Total	46.0	22.6	49.2%	36.0	16.1	45.0%	-4.2%

Consolidated Balance Sheet

— Financial Results for the First Half FY12 —

(Billion Yen)

Item	End of FY11 (A)	End of FY12 2Q (B)	Change (B) - (A)
Current assets	284.4	288.0	3.6
Fixed assets	380.4	381.7	1.2
Total assets	664.9	669.9	4.9
Interest-bearing debts	253.9	249.6	-4.3
Other liabilities	186.5	182.6	-3.9
Total liabilities	440.5	432.2	-8.2
Equity capital *1	199.4	205.0	5.5
Minority interests and others	24.9	32.6	7.7
Total net assets	224.4	237.6	13.2
Total liabilities and net assets	664.9	669.9	4.9

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

Consolidated Statements of Cash Flows

— Financial Results for the First Half FY12 —

(Billion Yen)

Item	FY11 2Q	FY12 2Q	
A.Cash flows from operating activities	11.6	18.9	Income before tax and minority interests 14.1 Depreciation and amortization 15.4 Working capital -5.1, Tax payment and others -7.4, etc.
B.Cash flows from investing activities	-23.3	-18.1	Acquisition of PP&E -18.4, etc.
Free cash flows (A+B)	-11.7	0.8	
C.Cash flows from financing activities	-5.9	-1.7	Increase in interest-bearing debts -4.8 Proceeds from stock issuance to minority shareholders 9.6 Dividends and others -6.1, etc.
D.Net increase/decrease in cash and cash equivalents	-17.3	-0.7	
E.Cash and cash equivalents at end of the quarter	32.1	32.4	

FY12 Consolidated Forecasts

Scope of Consolidation

— FY12 Consolidated Forecasts —

Item	End of FY11 (A)	End of FY12 (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	67	66	-1	Newly Included: None Newly Excluded: 1
Number of equity method affiliates	25	26	+1	Newly Included: 1 Newly Excluded: None
Total	92	92	0	

Environmental Factors

— FY12 Consolidated Forecasts —

(Billion Yen)

Item			FY11 (A)	FY12 (B)	Change (B) - (A)	Impacts on Consolidated OP Income
Exchange Rate		Yen/\$	79.1	78.7 [78.0]	-0.4	0.0
Material Price	Naphtha (Domestic)	\$/t	965	954 [950]	-11	0.2
		Yen/KL	55,000	54,400 [53,500]	-600	(0.2)
	Benzene (Average of US and Euro Contract Price)	\$/t	1,147	1,285 [1,325]	138	-4.3 (-4.0)
	Australian Coal (CIF)	\$/t	143.6	127.2 [124.3]	-16.4	3.1
		Yen/t	11,360	10,009 [9,695]	-1,351	(3.2)

[]: numbers for the second half of the period only

(): including impacts from fluctuation of exchange rate

Major P/L & B/S Items

— FY12 Consolidated Forecasts —

(Billion Yen)

Item	FY11 (A)	FY12 (B)	Change (B) - (A)
Sales	638.6	638.0	-0.6
Operating income	46.0	36.0	-10.0
Ordinary income	40.8	30.0	-10.8
Net income	22.9	16.0	-6.9
Item	End of FY11 (A)	End of FY12 (B)	Change (B) - (A)
Total assets	664.9	677.0	12.1
Debt	253.9	247.0	-6.9
Net debt	220.8	213.0	-7.8
Equity capital *1	199.4	213.0	13.6
Dividend(Yen /Share)	5.0	5.0	0.0

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

Operating Income – Net Income

– FY12 Consolidated Forecasts –

(Billion Yen)

Item	FY11 (A)	FY12 (B)	Change (B) - (A)
Operating income	46.0	36.0	-10.0
Non operating item	-5.1	-6.0	-0.9
Ordinary income	40.8	30.0	-10.8
Extraordinary item	-3.2	-3.0	0.2
Income before income tax and minority interest	37.5	27.0	-10.5
Income tax and minority interest	-14.6	-11.0	3.6
Net income	22.9	16.0	-6.9
Net income per share(Yen/Share)	22.85yen	15.91yen	-6.94yen

Sales by Segment

— FY12 Consolidated Forecasts —

(Billion Yen)

Segment	FY11 (A)	FY12 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	231.0	224.0	-7.0	Caprolactam chain -5.1 Synthetic rubber -1.9
Specialty Chemicals & Products	64.3	71.0	6.7	Specialty products 4.8 Fine chemicals 1.8
Pharmaceutical	11.1	12.5	1.4	
Cement & Construction Materials	209.1	207.5	-1.6	Cement and Ready-mixed concrete -1.7 Construction materials and Quicklime related products -0.4, etc.
Machinery & Metal Products	72.5	72.5	0.0	
Energy & Environment	62.5	65.0	2.5	Coal 2.3, Power 0.2
Others	25.9	23.5	-2.4	Overseas sales subsidiaries -0.8, etc.
Adjustment	-38.0	-38.0	0.0	
Total	638.6	638.0	-0.6	Decreased by 0.1%

Operating Income by Segment

— FY12 Consolidated Forecasts —

(Billion Yen)

Segment	FY11 (A)	FY12 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	22.9	7.9	-15.0	Caprolactam chain -13.9 Synthetic rubber -1.2
Specialty Chemicals & Products	5.4	5.7	0.3	Specialty products -0.2 Fine chemicals 0.5
Pharmaceutical	3.7	4.0	0.3	
Cement & Construction Materials	8.6	11.4	2.8	Cement and Ready-mixed concrete 2.7, etc.
Machinery & Metal Products	3.0	3.5	0.5	
Energy & Environment	3.3	4.8	1.5	Coal -0.2, Power 1.7
Others	1.0	1.0	0.0	
Adjustment	-2.3	-2.3	0.0	
Total	46.0	36.0	-10.0	Decreased by 21.7%

Analysis of Operating Income

— FY12 Consolidated Forecasts —

(Billion Yen)

Segment	Operating Income						
	FY11 (A)	FY12 (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals & Plastics	22.9	7.9	-15.0	-19.6	8.1	-0.6	-3.0
Specialty Chemicals & Products	5.4	5.7	0.3	-2.0	6.4	-1.7	-2.4
Pharmaceutical	3.7	4.0	0.3	-1.0	1.2	-0.4	0.5
Cement & Construction Materials	8.6	11.4	2.8	1.1	0.2	2.1	-0.7
Machinery & Metal Products	3.0	3.5	0.5	0.1	-0.3	0.3	*3 0.4
Energy & Environment	3.3	4.8	1.5	1.3	0.0	0.4	-0.2
Others	1.0	1.0	0.0	0.0	0.0	-0.1	0.0
Adjustment	-2.3	-2.3	0.0	0.0	0.0	0.0	0.0
Total	46.0	36.0	-10.0	-20.2	15.6	0.0	-5.4

*1: Including both selling and purchase change

*2: Including inventory valuation changes -2.8

*3: Including marginal profit on machinery products 0.6

【Reference】 FY12 Consolidated Forecasts

-Net Sales (Comparisons for forecasts at the beginning of the period, by segment) -

(Billion Yen)

Segment	Beginning forecasts (A) 5/10/2012 Publication	Revised forecasts (B) 10/15/2012 Publication	Change (B) - (A)	Major Factors
Chemicals & Plastics	258.0	224.0	-34.0	Caprolactam chain -23.7 Synthetic rubber -10.3
Specialty Chemicals & Products	78.0	71.0	-7.0	Specialty products -5.8 Fine chemicals -1.2
Pharmaceutical	12.5	12.5	0.0	
Cement & Construction Materials	205.0	207.5	2.5	Cement and Ready-mixed concrete 3.0 Construction materials and Quickline related products -0.7, etc.
Machinery & Metal Products	78.5	72.5	-6.0	
Energy & Environment	64.5	65.0	0.5	Coal 1.1 Power -0.6
Others	23.5	23.5	0.0	
Adjustment	-42.0	-38.0	4.0	
Total	678.0	638.0	-40.0	Decreased by 5.9%

【Reference】 FY12 Consolidated Forecasts

-Operating Income (Comparisons for forecasts at the beginning of the period, by segment) -

(Billion Yen)

Segment	Beginning forecasts (A) 5/10/2012 Publication	Revised forecasts (B) 10/15/2012 Publication	Change (B) - (A)	Major Factors
Chemicals & Plastics	18.5	7.9	-10.6	Caprolactam chain -8.3 Synthetic rubber -2.3
Specialty Chemicals & Products	9.0	5.7	-3.3	Specialty products -2.8 Fine chemicals -0.6
Pharmaceutical	4.0	4.0	0.0	
Cement & Construction Materials	9.5	11.4	1.9	Cement and Ready-mixed concrete 2.0, etc.
Machinery & Metal Products	3.5	3.5	0.0	
Energy & Environment	4.0	4.8	0.8	Coal 0.3 Power 0.5
Others	1.0	1.0	0.0	
Adjustment	-2.5	-2.3	0.2	
Total	47.0	36.0	-11.0	Decreased by 23.4%

Management Indices

— FY12 Consolidated Forecasts —

Item	Computation	Unit	FY11 (A)	FY12 (B)	Change (B) - (A)
Net D/E Ratio	Net debt /Equity capital	Times	1.1	1.0	-0.1
Equity Ratio	Equity capital /Total assets	%	30.0	31.5	1.5
Operating margin	Operating Income /Sales	%	7.2	5.6	-1.6
Return on Assets (ROA)	Business income /Total assets	%	7.2	5.6	-1.6
Return on Equity (ROE)	Net income /Equity capital	%	11.9	7.8	-4.1

Notes: Business income = Operating income + Interest and dividend income + Equity income of unconsolidated subsidiaries and affiliates

Appendix

Major Subsidiaries

— Financial Results for the First Half FY12 —

(Billion Yen)

Subsidiaries and Affiliates		Business	Sales FY12 2Q	Operating income change from FY11 2Q
Chemicals & Plastics	UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam and polyamide resin	21.2	↓
	UBE CHEMICAL EUROPE, S.A.	Manufacture and sales of caprolactam.	15.0	→
	THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene	7.7	↓
	UBE ENGINEERING PLASTICS, S.A.	Manufacture and sales of polyamide resin	5.9	→
	UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia	6.6	↓
	UBE FILM, LTD.	Manufacture and sales of plastic-film products	4.8	→
Specialty Chemicals & Products	UBE-NITTO KASEI CO., LTD.	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics	6.6	→
Cement & Construction Materials	UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of construction materials	24.8	→
	UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing	9.1	→
	KANTO UBE CONCRETE CO., LTD.	Manufacture and sales of ready-mixed concrete	5.9	↑
Machinery & Metal Products	UBE MACHINERY CORPORATION, LTD.	Manufacture and sales of industrial machinery and bridges	15.4	↑
	UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	8.4	→
	UBE TECHNO ENG. CO., LTD.	Service and maintenance of industrial machinery and equipment	6.7	↑
Energy & Environment	UBE C&A CO., LTD.	Sales of imported steaming coal from Australia and other countries	14.7	→

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



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