

Financial Results for the 2nd Quarter FY2016

November 1, 2016

UBE INDUSTRIES, LTD.

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※This"2nd Quarter(2Q)" date states information for 6 month total.

FY2016 2nd Quarter Consolidated Results

Scope of Consolidation

– Financial Results for the 2nd Quarter FY2016 –

Item	End of FY2015 (A)	End of FY2016 2Q (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	68	68	0	
Number of equity method affiliates	25	25	0	
Total	93	93	0	

Environmental Factors

– Financial Results for the 2nd Quarter FY2016 –

Item		FY2015 2Q (A)	FY2016 2Q (B)	Change (B) - (A)	
Exchange Rate	Yen/\$	121.8	105.3	-16.5	
Material Price	(CIF) Naphtha (Domestic)	\$/ t	541	398	-143
		Yen/KL	47,800	31,400	-16,400
	Benzene(ACP)	\$/ t	754	637	-117
	Australian Coal	\$/ t	77.0	71.8	-5.2
	(CIF)	Yen/t	9,380	7,568	-1,812

Major P/L & B/S Items

– Financial Results for the 2nd Quarter FY2016 –

(Billion Yen)

Item	FY2015 2Q (A)	FY2016 2Q (B)	Difference (B) - (A)
Net sales	323.2	281.0	-42.1
Operating income	20.5	11.5	-8.9
Ordinary income	19.6	10.3	-9.3
Profit attributable to owners of parent	13.7	7.1	-6.6
Item	End of FY2015 (A)	End of FY2016 2Q (B)	Difference (B) - (A)
Total assets	679.7	653.5	-26.2
Interest-bearing debt	216.6	204.2	-12.4
Equity capital *1	266.5	259.0	-7.4

*1: Equity capital = Net assets - Subscription rights to shares - Non-controlling interests

Net Sales by Segment

– Financial Results for the 2nd Quarter FY2016 –

(Billion Yen)

Segment	FY2015 2Q (A)	FY2016 2Q (B)	Difference (B) - (A)	Major Factors
Chemicals	136.9	117.9	-19.0	Nylon/Caprolactam chain -17.1, Synthetic rubber -1.2, Battery Materials and Fine Chemicals 0.9, Polyimide and Specialty Products -0.7, etc
Pharmaceutical	3.2	4.5	1.2	
Cement & Construction Materials	118.2	109.7	-8.4	Cement and Ready-mixed concrete -7.6, Construction materials and Limestone related products -1.6, etc
Machinery	34.0	26.6	-7.3	
Energy & Environment	37.2	26.6	-10.6	Coal -9.5, Power -1.2, etc
Others	8.7	7.0	-1.7	
Adjustment	-15.3	-11.5	3.7	
Total	323.2	281.0	-42.1	Decreased by 13.1%

Operating Income by Segment

– Financial Results for the 2nd Quarter FY2016 –

(Billion Yen)

Segment	FY2015 2Q (A)	FY2016 2Q (B)	Difference (B) - (A)	Major Factors
Chemicals	6.3	0.4	-5.9	Nylon/Caprolactam chain -7.1, Synthetic rubber 0.2, Battery Materials and Fine Chemicals -0.5, Polyimide and Specialty Products -0.2, etc
Pharmaceutical	0.2	1.1	0.9	
Cement & Construction Materials	9.8	7.3	-2.4	Cement and Ready-mixed concrete -1.9, Construction materials and Limestone related products -0.7, etc
Machinery	1.7	0.7	-1.0	
Energy & Environment	2.4	1.7	-0.6	Coal -0.6, Power -0.1, etc
Others	0.4	0.2	-0.1	
Adjustment	-0.5	-0.1	0.3	
Total	20.5	11.5	-8.9	Decreased by 43.8%

Analysis of Operating Income

— Financial Results for the 2nd Quarter FY2016 —

(Billion Yen)

Segment	Operating Income						
	FY2015 2Q (A)	FY2016 2Q (B)	Difference (B) - (A)	Variance			
				Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals	6.3	0.4	-5.9	-4.0	0.1	-3.8	1.7
Pharmaceutical	0.2	1.1	0.9	0.1	1.1	0.0	-0.3
Cement & construction Materials	9.8	7.3	-2.4	-0.2	-1.4	-0.4	-0.4
Machinery	1.7	0.7	-1.0	-0.2	-0.0	0.2	*3 -1.0
Energy & Environment	2.4	1.7	-0.6	0.5	-1.3	-0.2	0.2
Others	0.4	0.2	-0.1	0.0	0.0	-0.1	-0.1
Adjustment	-0.5	-0.1	0.3	-	-	0.3	0.1
Total	20.5	11.5	-8.9	-3.8	-1.5	-4.0	0.2

*1:Including both selling and purchase change *2:Including inventory valuation changes and lowest cost accounting

*3:Including marginal profit on machinery product -0.8

Non Operating Income/Expenses

– Financial Results for the 2nd Quarter FY2016 –

(Billion Yen)

Item		FY2015 2Q (A)	FY2016 2Q (B)	Difference (B) - (A)
Operating income		20.5	11.5	-8.9
Non-operating income/expenses	Net interest expenses	-0.4	-0.1	0.3
	Share of profit of entities accounted for using equity method	1.5	0.9	-0.6
	Foreign currency gain/loss	-0.6	-0.9	-0.2
	Others	-1.2	-1.0	0.2
	Total	-0.8	-1.1	-0.3
Ordinary income		19.6	10.3	-9.3

Extraordinary Income/Losses

– Financial Results for the 2nd Quarter FY2016 –

(Billion Yen)

Item		FY2015 2Q (A)	FY2016 2Q (B)	Difference (B) - (A)
	Reversal of accrued expenses from business withdrawal	1.5	-	-1.5
	Loss on disposal of non-current assets	-0.8	-0.5	0.3
	Loss on valuation of investment securities	-0.3	-	0.3
	Provision for loss over investment cost of subsidiaries and affiliates	-0.4	-	0.4
	Others	-0.0	0.0	0.0
	Extraordinary income/losses	-0.0	-0.4	-0.4

Operating Income – Net Income

– Financial Results for the 2nd Quarter FY2016 –

(Billion Yen)

Item	FY2015 2Q (A)	FY2016 2Q (B)	Difference (B) - (A)
Operating income	20.5	11.5	-8.9
Non-operating income/expenses	-0.8	-1.1	-0.3
Ordinary income	19.6	10.3	-9.3
Extraordinary income/losses	-0.0	-0.4	-0.4
Profit before income taxes	19.5	9.8	-9.7
Income taxes and Profit attributable to non-controlling interest	-5.8	-2.7	3.1
Profit attributable to owners of parent	13.7	7.1	-6.6
Net income per share	12.96yen	6.71yen	-6.25yen

Consolidated Balance Sheet

– Financial Results for the 2nd Quarter FY2016 –

(Billion Yen)

Item	End of FY2015 (A)	End of FY2016 2Q (B)	Difference (B) - (A)
Current assets	276.9	256.7	-20.1
Fixed assets	402.7	396.6	-6.0
Total assets	679.7	653.5	-26.2
Interest-bearing debts	216.6	204.2	-12.4
Other liabilities	173.4	169.3	-4.1
Total liabilities	390.1	373.5	-16.6
Equity capital *1	266.5	259.0	-7.4
Non-controlling interests and others	23.0	20.9	-2.1
Total net assets	289.6	280.0	-9.6
Total liabilities and net assets	679.7	653.5	-26.2

*1: Equity capital = Net assets - Subscription rights to shares - Non-controlling interests

Consolidated Statements of Cash Flows

– Financial Results for the 2nd Quarter FY2016 –

(Billion Yen)

Item	FY2015 2Q	FY2016 2Q	
A.Cash flows from operating activities	28.0	26.0	Profit before income taxes 9.8, Depreciation and amortization 16.8, etc.
B.Cash flows from investing activities	-16.8	-18.6	Acquisition of PP&E -18.9, etc
Free cash flows (A+B)	11.1	7.3	
C.Cash flows from financing activities	-18.8	-18.0	Decrease in interest-bearing debts -11.8, Dividends -5.6, etc.
D.Net increase/decrease in cash and cash equivalents	-6.9	-11.9	
E.Cash and cash equivalents at end of the quarter	29.9	29.2	

FY2016 Consolidated Forecasts

Scope of Consolidation

– FY2016 Consolidated Forecasts –

Item	End of FY2015 (A)	End of FY2016 (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	68	70	2	Second Half: + Mitsubishi Heavy Industries Plastic Technology Co., Ltd. + Sales company to handle injection molding machines (name is not determined yet)
Number of equity method affiliates	25	25	0	
Total	93	95	2	

Environmental Factors

– FY2016 Consolidated Forecasts –

Item		FY2015 (A)	FY2016 (B)	Change (B) - (A)	
Exchange Rate		Yen/\$	120.1	105.2 [105.0]	-14.9
Material Price	(CIF) Naphtha (Domestic)	\$/ t	484	424 [450]	-60
		Yen/KL	42,600	33,100 [34,800]	-9,500
	Benzene(ACP)	\$/ t	667	643 [650]	-24
	Australian Coal	\$/ t	73.6	78.4 [85.0]	4.8
		(CIF)	Yen/t	8,843	8,247 [8,925]

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

Major P/L & B/S Items

– FY2016 Consolidated Forecasts –

(Billion Yen)

Item	FY2015 (A)	FY2016 (B)	Difference (B) - (A)
Net sales	641.7	610.0	-31.7
Operating income	41.4	35.0	-6.4
Ordinary income	39.6	33.0	-6.6
Profit attributable to owners of parent	19.1	20.0	0.9
Item	End of FY2015 (A)	End of FY2016 (B)	Difference (B) - (A)
Total assets	679.7	680.0	0.3
Interest-bearing debt	216.6	207.0	-9.6
Equity capital *1	266.5	272.0	5.5
Dividend(Yen /Share)	5.0	6.0	1.0

*1: Equity capital = Net assets - Subscription rights to shares - Non-controlling interests

Net Sales by Segment

– FY2016 Consolidated Forecasts –

(Billion Yen)

Segment	FY2015 (A)	FY2016 (Revised) (B)	Difference (B) - (A)	Major Factors
Chemicals	266.7	250.0	-16.7	Nylon/Caprolactam chain -23.6, Synthetic rubber -0.8, Battery Materials and Fine Chemicals 6.6, Polyimide and Specialty Products 0.2, etc
Pharmaceutical	9.2	10.0	0.8	
Cement & Construction Materials	237.3	230.0	-7.3	Cement and Ready-mixed concrete -7.2, Construction materials and Limestone related products 0.8, etc.
Machinery	73.4	68.0	-5.4	
Energy & Environment	69.0	60.0	-9.0	Coal -8.4 Power -1.7, etc.
Others	16.7	14.0	-2.7	
Adjustment	-30.9	-22.0	8.9	
Total	641.7	610.0	-31.7	4.9% Decrease

Operating Income by Segment

– FY2016 Consolidated Forecasts –

(Billion Yen)

Segment	FY2015 (A)	FY2016 (Revised) (B)	Difference (B) - (A)	Major Factors
Chemicals	12.0	9.0	-3.0	Nylon/Caprolactam chain -5.3, Synthetic rubber -0.6, Battery Materials and Fine Chemicals 1.4, Polyimide and Specialty Products -0.1, etc
Pharmaceutical	1.1	1.5	0.4	
Cement & Construction Materials	19.8	17.5	-2.3	Cement and Ready-mixed concrete -2.0, Construction materials and Limestone related products - 0.4, etc.
Machinery	4.6	4.0	-0.6	
Energy & Environment	3.8	3.5	-0.3	Coal -0.3
Others	1.1	1.0	-0.1	
Adjustment	-1.2	-1.5	-0.3	
Total	41.4	35.0	-6.4	15.5% decrease

Operating Income – Net Income

– FY2016 Consolidated Forecasts –

(Billion Yen)

Item	FY2015	FY2016	Difference
	(A)	(B)	(B) - (A)
Operating income	41.4	35.0	-6.4
Non-operating income/expenses	-1.7	-2.0	-0.3
Ordinary income	39.6	33.0	-6.6
Extraordinary income/losses	-11.9	-4.0	7.9
Profit before income taxes	27.6	29.0	1.4
Income taxes and Profit attributable to non-controlling interests	-8.5	-9.0	-0.5
Profit attributable to owners of parent	19.1	20.0	0.9
Net income per share	18.06yen	18.90yen	0.84yen

Appendix

【Reference】 Progress of Major P/L Items
— Financial Results for the 2nd Quarter FY2016 —

(Billion Yen)

Item	FY2015 (A)		FY2016 (B)		Difference (B) - (A)	
		2Q (Progress)		2Q (Progress)		2Q
Net Sales	641.7	323.2 (50.4%)	610.0	281.0 (46.1%)	-31.7	-42.1
Operating income	41.4	20.5 (49.5%)	35.0	11.5 (32.9%)	-6.4	-8.9
Ordinary income	39.6	19.6 (49.6%)	33.0	10.3 (31.2%)	-6.6	-9.3
Profit attributable to owners of parent	19.1	13.7 (71.8%)	20.0	7.1 (35.5%)	0.9	-6.6

【Reference】 FY2016 Changes in Results – Net Sales by Segment –

(Billion Yen)

Segment	FY2016					Full-year Forecast	Progress %
	1Q	2Q	3Q	4Q	Total		
Chemicals	57.9	60.0	-	-	117.9	250.0	47.2%
Pharmaceutical	2.4	2.0	-	-	4.5	10.0	45.0%
Cement & Construction Materials	53.8	55.9	-	-	109.7	230.0	47.7%
Machinery	12.6	13.9	-	-	26.6	68.0	39.1%
Energy & Environment	12.9	13.6	-	-	26.6	60.0	44.3%
Others	3.8	3.1	-	-	7.0	14.0	50.0%
Adjustment	-5.6	-5.9	-	-	-11.5	-22.0	-
Total	138.0	142.9	-	-	281.0	610.0	46.1%

【Reference】 FY2016 Changes in Results – Operating Income by Segment –

Segment	FY2016					Total	(Billion Yen)	
	1Q	2Q	3Q	4Q	Full-year Forecast		Progress %	
Chemicals	-2.3	2.8	-	-	0.4	9.0	4.4%	
Pharmaceutical	0.4	0.6	-	-	1.1	1.5	73.3%	
Cement & Construction Materials	2.9	4.4	-	-	7.3	17.5	41.7%	
Machinery	-0.0	0.8	-	-	0.7	4.0	17.5%	
Energy & Environment	0.8	0.9	-	-	1.7	3.5	48.6%	
Others	0.1	0.1	-	-	0.2	1.0	20.0%	
Adjustment	-0.2	0.0	-	-	-0.1	-1.5	-	
Total	1.6	9.8	-	-	11.5	35.0	32.9%	

【Reference】 Major Data

— Financial Results for the 2nd Quarter FY2016 —

(Billion Yen)

Item	FY2015 2Q	FY2016 2Q	FY2016 full-year Forecast	FY2015 full-year
Capital investment	13.7	18.3	48.0	34.4
Depreciation and amortization	17.7	16.8	35.0	35.5
R&D expenses	6.5	6.5	14.5	13.7
Adjusted operating income	22.6	13.0	38.0	45.2
Interest-bearing debt	228.9	204.2	207.0	216.6
Equity capital	267.4	259.0	272.0	266.5
Total assets	694.5	653.5	680.0	679.7
D/E ratio (times)	0.86	0.79	0.76	0.81
Equity ratio (%)	38.5	39.6	40.0	39.2
Return on sales (%)	6.3	4.1	5.7	6.5
Return on assets [ROA] (%)	-	-	5.6	6.5
Return on equity [ROE] (%)	-	-	7.4	7.2
Number of employees	10,819	10,841	11,000	10,764

【Reference】 Major Subsidiaries

– Financial Results for the 2nd Quarter FY2016 –

(Billion Yen)

Subsidiaries and Affiliates	Business	Sales FY2016 2Q	Operating income change from FY2015 2Q
UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam and polyamide resin	16.2	↓
UBE CORPORATION EUROPE, S.A.U.	Manufacture and sales of caprolactam, polyamide resin, ammonium sulfate and fine chemicals	16.5	→
THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene rubber	6.1	↑
UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia and industrial gases	5.8	↓
UBE FILM, LTD.	Manufacture and sales of plastic-film products	4.8	↑
UBE EXSYMO CO.,LTD	Manufacture and sales of polypropylene molded products, fibers, and fiber-reinforced plastics	6.2	↑
UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of cement, ready-mixed concrete and construction materials	26.8	→
UBE MATERIAL INDUSTRIES,LTD.	Manufacture and sales of Magnesium, Limestone products	21.0	↓
UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing	10.4	↓
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete and construction materials	8.1	→
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	17.4	↓
UBE MACHINERY CORPORATION, LTD.	Manufacture, sales and service of metal and resin molding machines, extrusion presses, vertical mills, water screening	15.5	↓
UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	8.1	↓
UBE C&A CO., LTD.	Sales of imported coal from Australia and other countries	9.5	→

Note: ↑ ↓ :Represent an increase or decrease of over 0.1 billion JPY



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