

**Financial Results for the
3rd Quarter FY 2016**

February 1, 2017

UBE INDUSTRIES, LTD.

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※This"3rd Quarter(3Q)" date states information for 9 month total.

FY2016 3rd Quarter Consolidated Results

Scope of Consolidation

- Financial Results for the 3rd Quarter FY2016 -

Item	End of FY2015 (A)	End of FY2016 3Q (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 3rd Quarter FY2016 -

Item			FY2015 3Q (A)	FY2016 3Q (B)	Change (B) - (A)
Exchange Rate		Yen/\$	121.7	106.7	-15.0
Material Price	(CIF) Naphtha (Domestic)	\$/ t	517	408	-109
		Yen/KL	45,700	32,200	-13,500
	Benzene(ACP)	\$/ t	704	648	-56
	Australian Coal (CIF)	\$/ t	75.2	77.9	2.7
		Yen/t	9,156	8,306	-850

Major P/L & B/S Items

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item	FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)
Net sales	482.3	439.9	-42.4
Operating income	31.2	22.6	-8.5
Ordinary income	30.1	22.6	-7.5
Profit attributable to owners of parent	19.2	15.0	-4.1
Item	End of FY2015 (A)	End of FY2016 3Q (B)	Difference (B) - (A)
Total assets	679.7	690.4	10.6
Interest-bearing debt	216.6	210.9	-5.6
Equity capital *1	266.5	275.5	8.9

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

Net Sales by Segment

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Segment	FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)	Major Factors
Chemicals	203.2	183.5	-19.6	Nylon/Caprolactam chain -19.1, Synthetic rubber -1.1, Battery Materials and Fine Chemicals 2.5, Polyimide and Specialty Products -0.1, etc
Pharmaceutical	5.7	7.1	1.3	
Cement & Construction Materials	179.8	169.3	-10.5	Cement and Ready-mixed concrete -11.0, Construction materials and Limestone related products -0.8, etc
Machinery	51.7	43.2	-8.4	
Energy & Environment	53.2	42.7	-10.5	Coal -9.8, Power -0.8, etc
Others	12.5	10.5	-2.0	
Adjustment	-24.0	-16.6	7.4	
Total	482.3	439.9	-42.4	Decreased by 8.8%

Operating Income by Segment

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Segment	FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)	Major Factors
Chemicals	9.5	4.4	-5.1	Nylon/Caprolactam chain -5.5, Synthetic rubber -1.1, Battery Materials and Fine Chemicals -0.3, Polyimide and Specialty Products 0.1, etc
Pharmaceutical	0.5	1.6	1.0	
Cement & Construction Materials	15.7	12.4	-3.3	Cement and Ready-mixed concrete -3.1, Construction materials and Limestone related products -0.7, etc
Machinery	2.5	1.5	-1.0	
Energy & Environment	2.6	2.2	-0.3	Coal -0.4, etc
Others	0.8	0.6	-0.2	
Adjustment	-0.7	-0.2	0.4	
Total	31.2	22.6	-8.5	Decreased by 27.4%

Analysis of Operating Income

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Segment	Operating Income						
	FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)	Variance			
				Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals	9.5	4.4	-5.1	-4.7	1.3	-4.1	2.3
Pharmaceutical	0.5	1.6	1.0	0.2	1.5	-0.1	-0.5
Cement & construction Materials	15.7	12.4	-3.3	-0.5	-2.0	-0.8	-0.0
Machinery	2.5	1.5	-1.0	-0.2	-0.1	0.1	*3 -0.8
Energy & Environment	2.6	2.2	-0.3	-0.4	-1.3	0.8	0.4
Others	0.8	0.6	-0.2	0.0	0.0	-0.2	-0.1
Adjustment	-0.7	-0.2	0.4	-	-	0.3	0.1
Total	31.2	22.6	-8.5	-5.5	-0.6	-3.9	1.5

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

*3: Including marginal profit on machinery product -0.9

Non Operating Income/Expenses

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item		FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)
Operating income		31.2	22.6	-8.5
Non-operating income/expenses	Net interest expenses	-0.8	-0.3	0.4
	Share of profit of entities accounted for using equity method	2.5	1.8	-0.6
	Foreign currency gain/loss	-0.7	0.1	0.8
	Others	-2.1	-1.7	0.3
	Total	-1.1	-0.0	1.0
Ordinary income		30.1	22.6	-7.5

Extraordinary Income/Losses

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item		FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)
	Reversal of accrued expenses from business withdrawal	1.5	-	-1.5
	Loss on disposal of non-current assets	-4.2	-1.5	2.6
	Provision for loss over investment cost of subsidiaries and affiliates	-0.4	-	0.4
	Others	-0.2	0.0	0.2
	Extraordinary incom/losses	-3.2	-1.4	1.7

Operating Income - Net Income

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item	FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)
Operating income	31.2	22.6	-8.5
Non-operating income/expenses	-1.1	-0.0	1.0
Ordinary income	30.1	22.6	-7.5
Extraordinary income/losses	-3.2	-1.4	1.7
Profit before income taxes	26.8	21.1	-5.7
Income taxes and Profit attributable to non-controlling interests	-7.6	-6.0	1.6
Profit attributable to owners of parent	19.2	15.0	-4.1
Net income per share	18.17yen	14.24yen	-3.93yen

Consolidated Balance Sheet

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item	End of FY2015 (A)	End of FY2016 3Q (B)	Difference (B) - (A)
Current assets	276.9	284.4	7.5
Fixed assets	402.7	405.8	3.1
Total assets	679.7	690.4	10.6
Interest-bearing debts	216.6	210.9	-5.6
Other liabilities	173.4	180.9	7.4
Total liabilities	390.1	391.9	1.7
Equity capital *1	266.5	275.5	8.9
Non-controlling interests and others	23.0	22.9	-0.1
Total net assets	289.6	298.5	8.8
Total liabilities and net assets	679.7	690.4	10.6

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

Consolidated Statements of Cash Flows

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item	FY2015 3Q	FY2016 3Q	
A.Cash flows from operating activities	35.9	28.1	Profit before income taxes 21.1, Depreciation and amortization 25.4, Workig capital -2.6, Payment of Tax and others -9.6, etc.
B.Cash flows from investing activities	-23.6	-25.2	Acquisition of PP&E -25.8, etc
Free cash flows (A+B)	12.3	2.8	
C.Cash flows from financing activities	-20.2	-12.7	Decrease in interest-bearing debts -6.5, Dividends -5.6, etc.
D.Net increase/decrease in cash and cash equivalents	-7.2	-10.2	
E.Cash and cash equivalents at end of the quarter	29.7	30.9	

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	+U-MHI Platech Co., Ltd. (former Mitsubishi Heavy Industries Plastic Technology Co., Ltd.) +U-MHI PLATECH AMERICA, INC. (US subsidiary of U-MHI Platech Co., Ltd.)
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	108.8 [115.0]	-11.3
Material Price	(CIF) Naphtha (Domestic)	\$/ t	426 [480]	-58
		Yen/KL	34,300 [40,400]	-8,300
	Benzene(ACP)	\$/ t	706 [882]	39
	Australian Coal	\$/ t	80.6 [89.0]	7.0
		(CIF)	Yen/t	8,770 [10,235]

[] : numbers for the fourth quarter of the period only

Major P/L & B/S Items

- FY2016 Consolidated Forecasts -

(Billion Yen)

Item	FY2015 (A)	FY2016 (B)	Change (B) - (A)
Sales	641.7	610.0	-31.7
Operating income	41.4	33.0	-8.4
Ordinary income	39.6	31.0	-8.6
Profit attributable to owners of parent	19.1	20.0	0.9
Item	End of FY2015 (A)	End of FY2016 (B)	Change (B) - (A)
Total assets	679.7	685.0	5.3
Interest-bearing debt	216.6	208.0	-8.6
Equity capital *1	266.5	280.0	13.5
Dividend(Yen /Share)	5.0	6.0	1.0

*1: Equity capital = Net assets - Share subscription rights - Non Controlling Interests

Net Sales by Segment

- FY2016 Consolidated Forecasts -

(Billion Yen)

Segment	FY2015 (A)	FY2016 (B)	Change (B) - (A)	Major Factors
Chemicals	266.7	250.0	-16.7	Nylon/Caprolactam chain -20.4 Synthetic rubber 1.9 Battery Materials and Fine Chemicals 5.1, Polyimide and Specialty Products -2.3, etc
Pharmaceutical	9.2	10.0	0.8	
Cement & Construction Materials	237.3	230.0	-7.3	Cement and Ready-mixed concrete -8.8 Construction materials and Limestone related products -0.5, etc.
Machinery	73.4	68.0	-5.4	
Energy & Environment	69.0	60.0	-9.0	Coal -7.7 Power -1.3
Others	16.7	14.0	-2.7	
Adjustment	-30.9	-22.0	8.9	
Total	641.7	610.0	-31.7	Decreased by 4.9%

Operating Income by Segment

- FY2016 Consolidated Forecasts -

(Billion Yen)

Segment	FY2015 (A)	FY2016 (B)	Change (B) - (A)	Major Factors
Chemicals	12.0	8.5	-3.5	Nylon/Caprolactam chain -3.9 Synthetic rubber -1.9 Battery Materials and Fine Chemicals 0.5, Polyimide and Specialty Products -0.1, etc
Pharmaceutical	1.1	2.0	0.9	
Cement & Construction Materials	19.8	16.0	-3.8	Cement and Ready-mixed concrete -3.3 Construction materials and Limestone related products -0.5, etc.
Machinery	4.6	3.5	-1.1	
Energy & Environment	3.8	3.0	-0.8	Coal -0.6 Power -0.2
Others	1.1	1.0	-0.1	
Adjustment	-1.2	-1.0	0.2	
Total	41.4	33.0	-8.4	Decreased by 20.3%

Operating Income - Net Income - FY2016 Consolidated Forecasts -

(Billion Yen)

Item	FY2015 (A)	FY2016 (B)	Change (B) - (A)
Operating income	41.4	33.0	-8.4
Non-operating income/expenses	-1.7	-2.0	-0.3
Ordinary income	39.6	31.0	-8.6
Extraordinary income/losses	-11.9	-1.0	10.9
Profit before income taxes	27.6	30.0	2.4
Income taxes and Profit attributable to non-controlling interests	-8.5	-10.0	-1.5
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 3rd Quarter FY2016 -

(Billion Yen)

Item	FY2015 (A)		FY2016 (B)		Difference (B) - (A)	
		3Q (Progress)		3Q (Progress)		3Q
Net Sales	641.7	482.3 (75.2%)	610.0	439.9 (72.1%)	-31.7	-42.4
Operating income	41.4	31.2 (75.5%)	33.0	22.6 (68.5%)	-8.4	-8.5
Ordinary income	39.6	30.1 (76.1%)	31.0	22.6 (72.9%)	-8.6	-7.5
Profit attributable to owners of parent	19.1	19.2 (100.6%)	20.0	15.0 (75.0%)	0.9	-4.1

*1: Equity capital = Net assets - Share subscription rights - Non Controlling Interests

【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	65.5	-	183.5	250.0	73.4%
Pharmaceutical	2.4	2.0	2.5	-	7.1	10.0	71.0%
Cement & Construction Materials	53.8	55.9	59.6	-	169.3	230.0	73.6%
Machinery	12.6	13.9	16.5	-	43.2	68.0	63.5%
Energy & Environment	12.9	13.6	16.0	-	42.7	60.0	71.2%
Others	3.8	3.1	3.4	-	10.5	14.0	75.0%
Adjustment	-5.6	-5.9	-5.0	-	-16.6	-22.0	-
Total	138.0	142.9	158.8	-	439.9	610.0	72.1%

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

(Billion Yen)

Segment	FY2016					Full-year Forecast	Progress %
	1Q	2Q	3Q	4Q	Total		
Chemicals	-2.3	2.8	4.0	-	4.4	8.5	51.8%
Pharmaceutical	0.4	0.6	0.4	-	1.6	2.0	80.0%
Cement & Construction Materials	2.9	4.4	5.0	-	12.4	16.0	77.5%
Machinery	-0.0	0.8	0.7	-	1.5	3.5	42.9%
Energy & Environment	0.8	0.9	0.5	-	2.2	3.0	73.3%
Others	0.1	0.1	0.3	-	0.6	1.0	60.0%
Adjustment	-0.2	0.0	-0.0	-	-0.2	-1.0	-
Total	1.6	9.8	11.1	-	22.6	33.0	68.5%

【Reference】 Major data

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item	FY2015 3Q	FY2016 3Q	FY2016 full-year Forecast	FY2015 full-year
Capital investment	21.0	26.6	48.0	34.4
Depreciation and amortization	26.5	25.4	35.0	35.5
R&D expenses	9.9	10.0	14.5	13.7
Adjusted operating income	34.5	25.3	36.0	45.2
Interest-bearing debt	227.2	210.9	208.0	216.6
Equity capital	272.9	275.5	280.0	266.5
Total assets	705.8	690.4	685.0	679.7
D/E ratio (times)	0.83	0.77	0.74	0.81
Equity ratio (%)	38.7	39.9	40.9	39.2
Return on sales (%)	6.5	5.2	5.4	6.5
Return on assets [ROA] (%)	-	-	5.3	6.5
Return on equity [ROE] (%)	-	-	7.3	7.2
Number of employees	10,822	10,846	11,000	10,764

【Reference】 Major Subsidiaries

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Subsidiaries and Affiliates	Business	Sales FY2016 3Q	Operating income change from FY2015 3Q
UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam and polyamide resin	26.1	↑
UBE CORPORATION EUROPE, S.A.U.	Manufacture and sales of caprolactam, polyamide resin, ammonium sulfate and fine chemicals	25.2	↑
THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene rubber	9.2	↓
UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia and industrial gases	9.5	↓
UBE FILM, LTD.	Manufacture and sales of plastic-film products	7.2	↑
UBE EXSYMO CO.,LTD	Manufacture and sales of polypropylene molded products, fibers, and fiber-reinforced plastics	9.5	↑
UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of cement, ready-mixed concrete and construction materials	41.6	→
UBE MATERIAL INDUSTRIES,LTD.	Manufacture and sales of Magnesium, Limestone products	32.7	→
UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing	15.2	↓
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete and construction materials	12.6	↓
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	27.2	↓
UBE MACHINERY CORPORATION, LTD.	Manufacture, sales and service of metal and resin molding machines, extrusion presses, vertical mills, water screening	25.3	↓
UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	12.7	↓
UBE C&A CO., LTD.	Sales of imported coal from Australia and other countries	16.8	→

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



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