

**UBE**

**Financial Results  
for the 1st half of FY2019  
Explanatory material**

November 1, 2019

1st half: April – September

**UBE INDUSTRIES, LTD.**

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**FY2019 1st half Consolidated Results**

**FY2019 Consolidated Forecasts**

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# FY2019 1st half Consolidated Results

## Scope of Consolidation

Item	End of FY2018 (A)	End of FY2019 2Q (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	71	70	(1)	– UBE Coal Trading, Ltd.
Number of equity method affiliates	25	25	0	
<b>Total</b>	<b>96</b>	<b>95</b>	<b>(1)</b>	

## Business Environmental

Item		FY2018 2Q (A)	FY2019 2Q (B)	Difference (B) - (A)		
Exchange Rate	Yen/\$	110.3	108.6	(1.7)		
Material Price	Naphtha	CIF	\$/ t	646	539	(107)
		Domestic	Yen/KL	51,300	42,800	(8,500)
	Benzene (ACP)	\$/ t	855	640	(215)	
	Australian Coal (CIF)	\$/ t	127.8	104.0	(23.8)	
		Yen/t	14,086	11,297	(2,789)	

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## Major P/L Items

(Billions of yen)

Item	FY2018 2Q (A)	FY2019 2Q (B)	Difference (B) - (A)	Percentage change
Net sales	348.2	335.0	(13.2)	(3.8)%
Operating profit	15.0	16.7	1.7	11.4%
Ordinary profit	18.6	16.6	(2.0)	(11.0)%
Profit attributable to owners of parent	12.3	10.7	(1.5)	(12.6)%

## Net Sales and Operating Profit by Segment

(Billions of yen)

	Segment	FY2018 2Q (A)	FY2019 2Q (B)	Difference (B) - (A)
Net sales	Chemicals	154.6	146.4	(8.1)
	Construction Materials	155.8	152.7	(3.0)
	Machinery	43.2	42.0	(1.1)
	Others	2.2	2.3	0.1
	Adjustment	(7.5)	(8.4)	(0.8)
	Total	348.2	335.0	(13.2)
Operating profit	Chemicals	8.2	8.3	0.0
	Construction Materials	5.5	6.7	1.1
	Machinery	1.3	1.6	0.3
	Others	0.2	0.2	(0.0)
	Adjustment	(0.3)	(0.2)	0.1
	Total	15.0	16.7	1.7

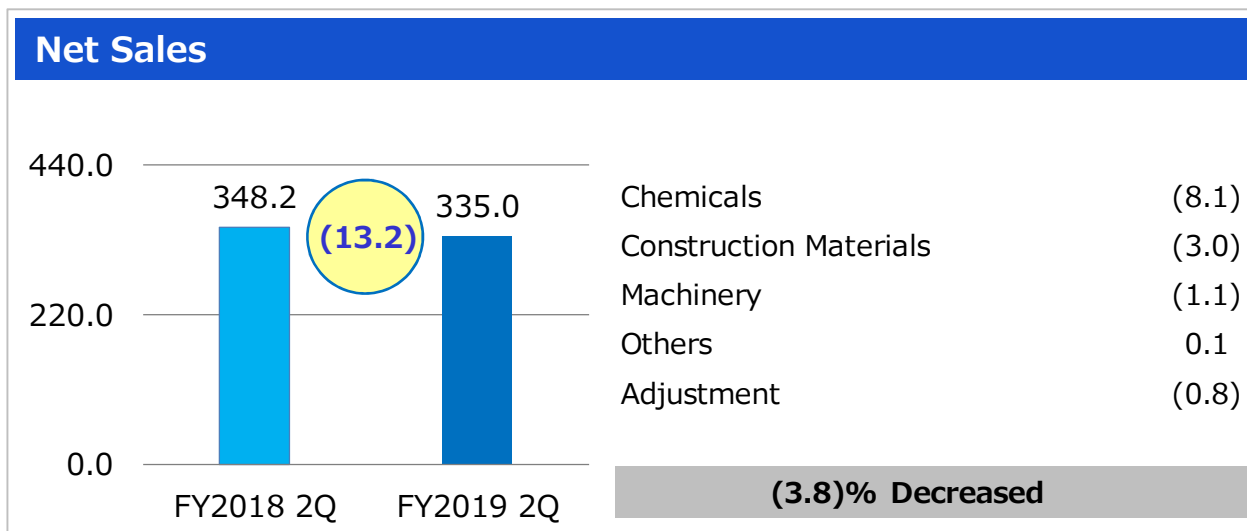
In the fiscal year ending March 31, 2020, UBE has integrated the Pharmaceutical Segment into the Chemicals Segment, and the Energy & Environment Segment into the Construction Materials Segment. Following the above integration, the amounts reported for the fiscal year ended March 31, 2019 are modified according to the new segmentation for fair comparison.

# 1st half of the FY2019



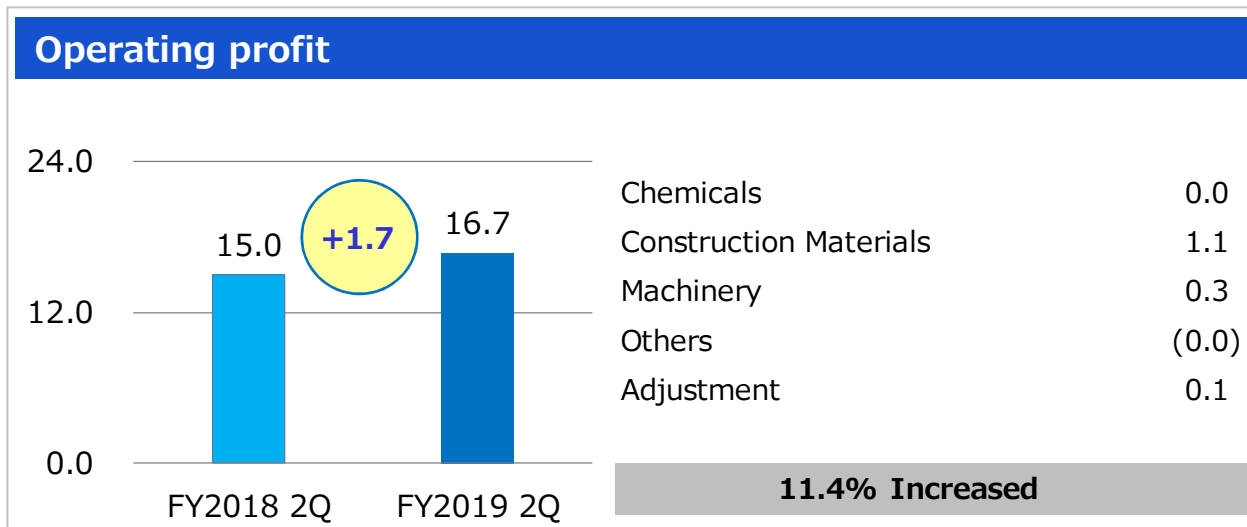
## Analysis – Total

(Billions of yen)



### Difference of operating profit

Price ※1	5.9
Volume	1.4
Fixed Cost and Others ※2	(5.6)



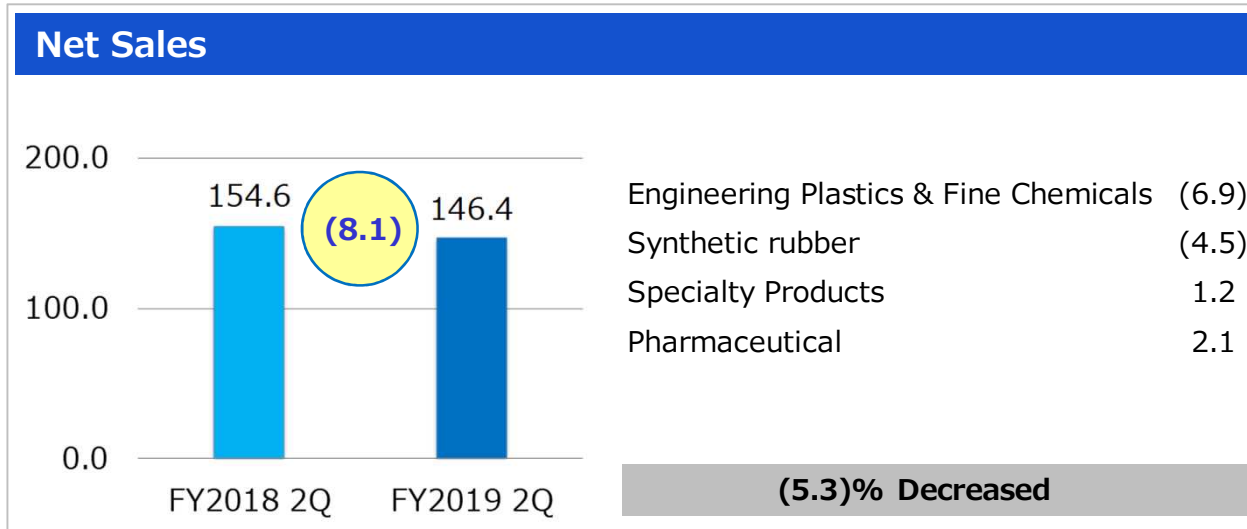
<b>Total</b>	<b>1.7</b>
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\*1: Including both selling and purchase change  
\*2: Including inventory valuation changes and lowest cost accounting



## Analysis – Chemicals

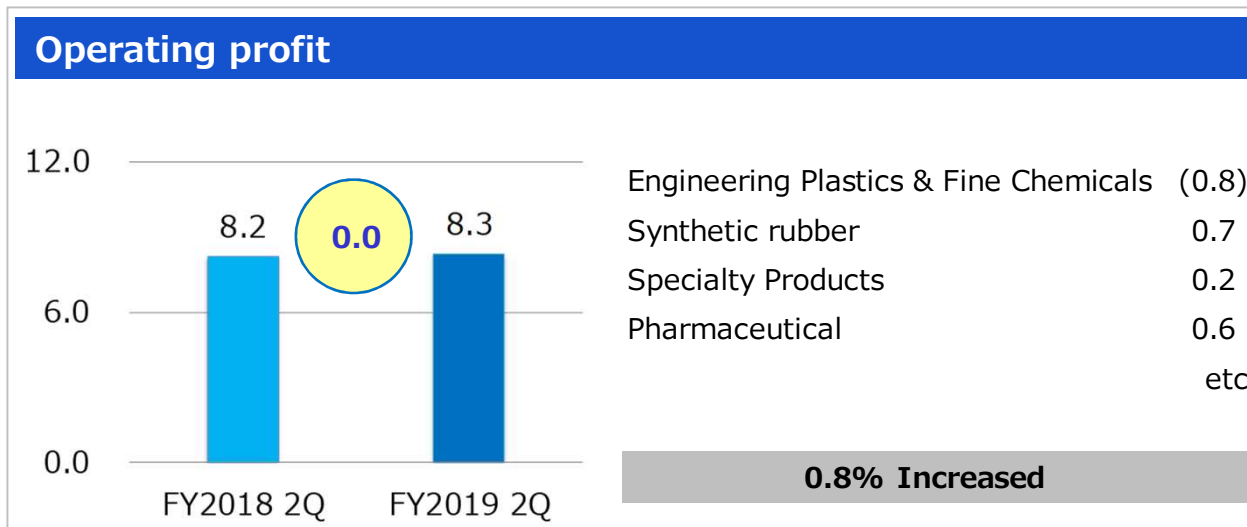
(Billions of yen)



### Difference of operating profit

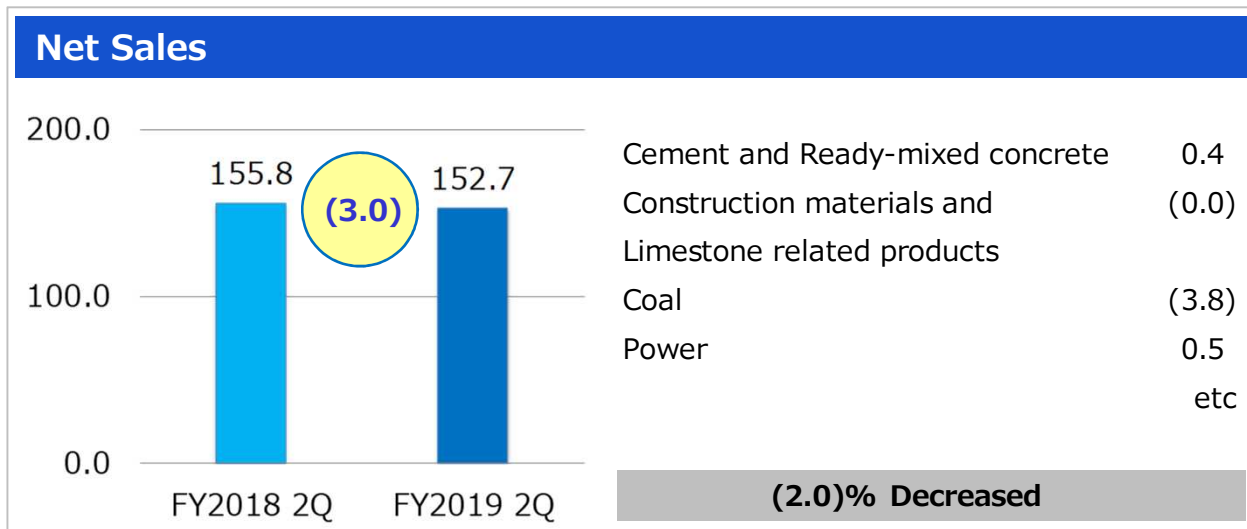
Price ※1	2.2
Volume	1.9
Fixed Cost and Others ※2	(4.0)
<b>Total</b>	<b>0.0</b>

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



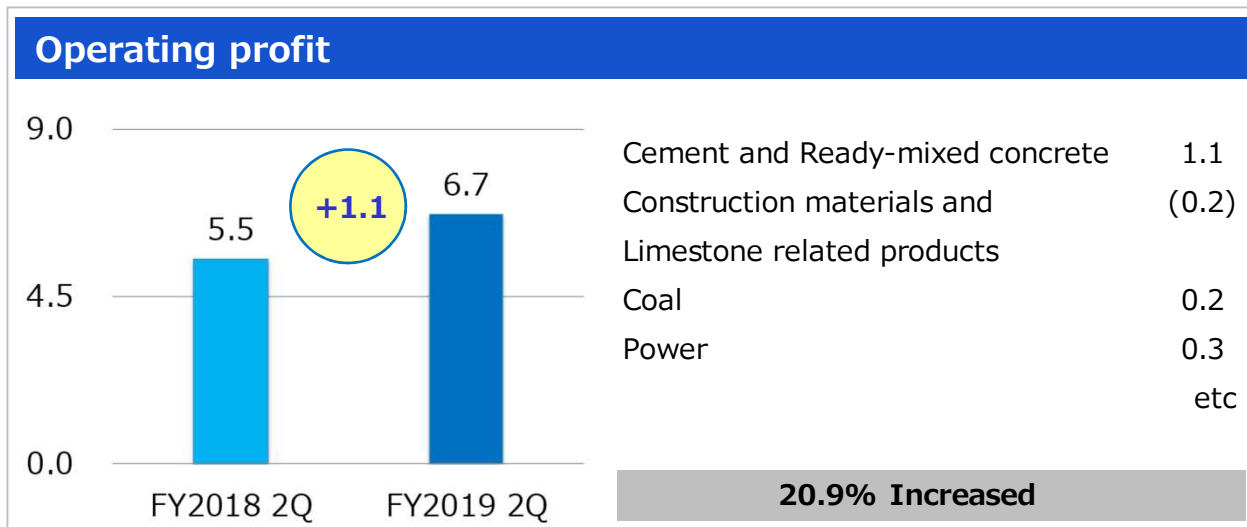
## Analysis – Construction Materials

(Billions of yen)



### Difference of operating profit

<u>Price ※1</u>	<u>3.2</u>
<u>Volume</u>	<u>(0.4)</u>
<u>Fixed Cost and Others ※2</u>	<u>(1.6)</u>
<b>Total</b>	<b>1.1</b>



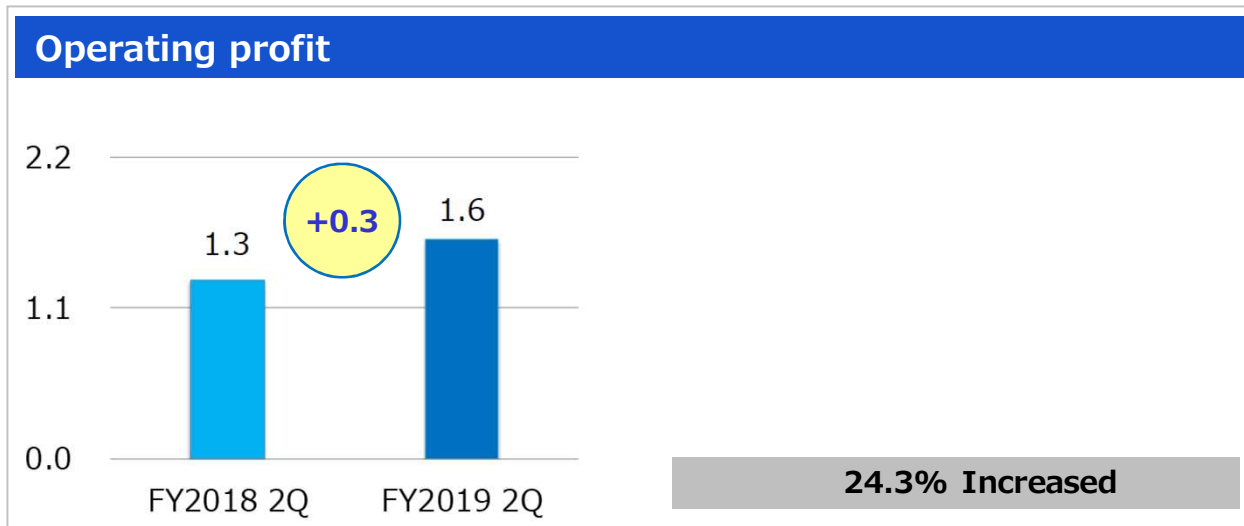
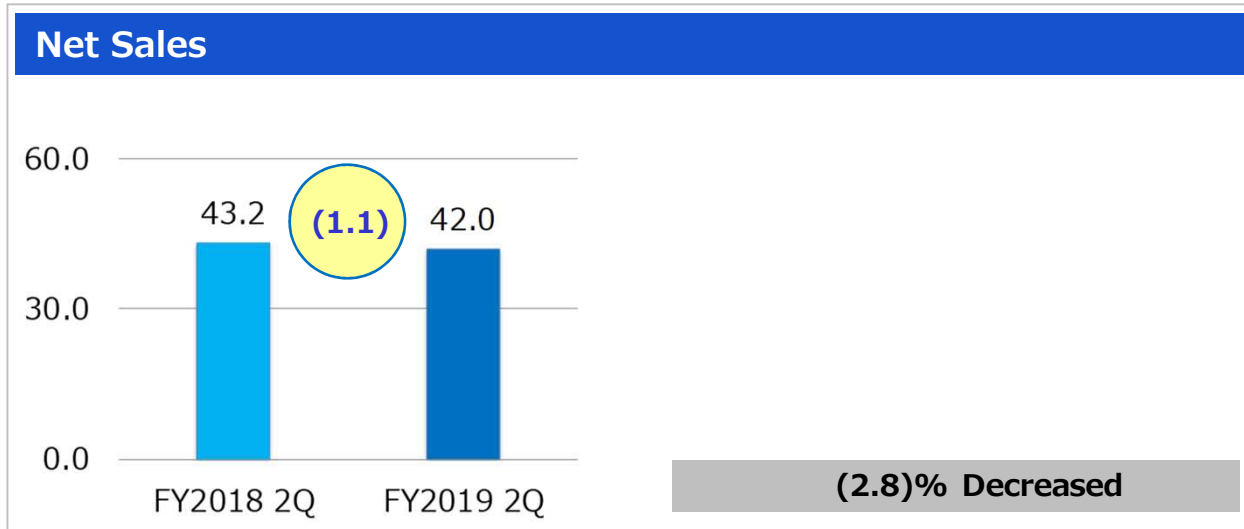
\*1: Including both selling and purchase change  
 \*2: Including lowest cost accounting

# 1st half of the FY2019



## Analysis – Machinery

(Billions of yen)



### Difference of operating profit

Price ※1 0.6

Volume (0.1)

Fixed Cost and Others ※2 (0.1)

**Total** 0.3

\*1: Including both selling and purchase change

\*2: Including marginal profit on machinery product (0.4)

## Operating Profit – Profit attributable to owners of parent

(Billions of yen)

Item	FY2018 2Q (A)	FY2019 2Q (B)	Difference (B) - (A)
Operating profit	15.0	16.7	1.7
Non-operating income/expenses	3.6	(0.1)	(3.7)
Net interests expenses	1.1	0.6	(0.5)
Share of profit of entities accounted for using equity method	2.8	0.9	(1.8)
Foreign exchange gains/losses	1.0	(0.1)	(1.1)
Others	(1.3)	(1.5)	(0.2)
Ordinary profit	18.6	16.6	(2.0)
Extraordinary losses	(1.0)	(0.8)	0.1
Profit before income taxes	17.6	15.7	(1.9)
Income taxes and profit attributable to non-controlling interests	(5.3)	(4.9)	0.3
Profit attributable to owners of parent	12.3	10.7	(1.5)
Net income per share	117.60 yen	106.77 yen	(10.83) yen
Interim dividend	-	45.00 yen	45.00 yen

1st half of the FY2019



## Consolidated Balance Sheet

(Billions of yen)

Item	End of FY2018 (A)	End of FY2019 2Q (B)	Difference (B) - (A)
Current assets	315.6	292.2	(23.4)
Fixed assets	424.4	424.2	(0.1)
<b>Total assets</b>	<b>740.2</b>	<b>716.6</b>	<b>(23.6)</b>
Interest-bearing debt	187.2	181.4	(5.8)
Other liabilities	198.4	180.5	(17.9)
<b>Total liabilities</b>	<b>385.7</b>	<b>361.9</b>	<b>(23.8)</b>
Shareholders' equity *1	329.5	330.3	0.8
Non-controlling interests and others	25.0	24.3	(0.6)
<b>Total net assets</b>	<b>354.5</b>	<b>354.7</b>	<b>0.2</b>
<b>Total liabilities and net assets</b>	<b>740.2</b>	<b>716.6</b>	<b>(23.6)</b>

\*1: Shareholders' equity = Net assets – Share acquisition rights – Non-controlling interests

1st half of the FY2019



## Consolidated Statements of Cash Flows

(Billions of yen)

Item	FY2018 2Q	FY2019 2Q	
A.Cash flows from operating activities	21.6	36.7	Profit before income taxes 15.7 Depreciation and amortization 18.1 Increase working capital 8.8 Income taxes paid (3.5) etc.
B.Cash flows from investing activities	(22.1)	(20.8)	Acquisition of PP&E (20.3) etc.
Free cash flows (A+B)	(0.4)	15.9	
C.Cash flows from financing activities	(12.5)	(16.2)	Decrease in interest-bearing debt (7.3) Dividends paid (8.8) etc.
D.Net increase/decrease in cash and cash equivalents	(12.5)	(0.6)	
E.Cash and cash equivalents at end of the quarter	35.9	31.6	

# FY2019 Consolidated Forecasts

## Scope of Consolidation

Item	End of FY 2018 (A)	End of FY 2019 (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	71	69	(2)	<ul style="list-style-type: none"> <li>- UBE Coal Trading, Ltd.</li> <li>- UBE ELECTRONICS, LTD.</li> <li>- UBE ELECTRONICS (WUXI) CO., LTD.</li> <li>+ UBE PROCESSING TEC CORPORATION</li> </ul>
Number of equity method affiliates	25	27	2	<ul style="list-style-type: none"> <li>+ CNSG ANHUI HONG SIFANG and UBE NEW MATERIAL TECHNOLOGY CO., LTD.</li> <li>+ Kyocera-Ube RF TEC Corporation</li> </ul>
Total	96	96	0	



## Business Environmental

Item			FY 2018 (A)	FY 2019 (B)	Difference (B) - (A)	
Exchange Rate		Yen/\$	110.9	107.8 [107.0]	(3.1)	
Material Price	Naphtha	CIF	616	555 [570]	(61)	
		Domestic	Yen/KL	49,400	43,600 [44,400]	(5,800)
	Benzene (ACP)		\$/ t	764	680 [720]	(84)
	Australian Coal (CIF)		\$/ t	125.0	101.5 [98.8]	(23.5)
			Yen/t	13,863	10,943 [10,566]	(2,920)

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

## Major P/L & B/S Items

(Billions of yen)

Item	FY 2018 (A)	FY 2019 (B)	Difference (B) - (A)	Percentage change
Net sales	730.1	705.0	(25.1)	(3.4)%
Operating profit	44.5	42.0	(2.5)	(5.7)%
Ordinary profit	47.8	41.0	(6.8)	(14.3)%
Profit attributable to owners of parent	32.4	27.5	(4.9)	(15.4)%

Item	End of FY 2018 (A)	End of FY 2019 (B)	Difference (B) - (A)
Total assets	740.2	770.0	29.8
Interest-bearing debt	187.2	191.0	3.8
Equity capital *1	329.5	342.0	12.5
Dividend(Yen /Share)	80.00	*2 90.00	10.00

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

\*2: Dividend: Interim/45yen, Fiscal year-end/45yen

## Net Sales and Operating Profit by Segment

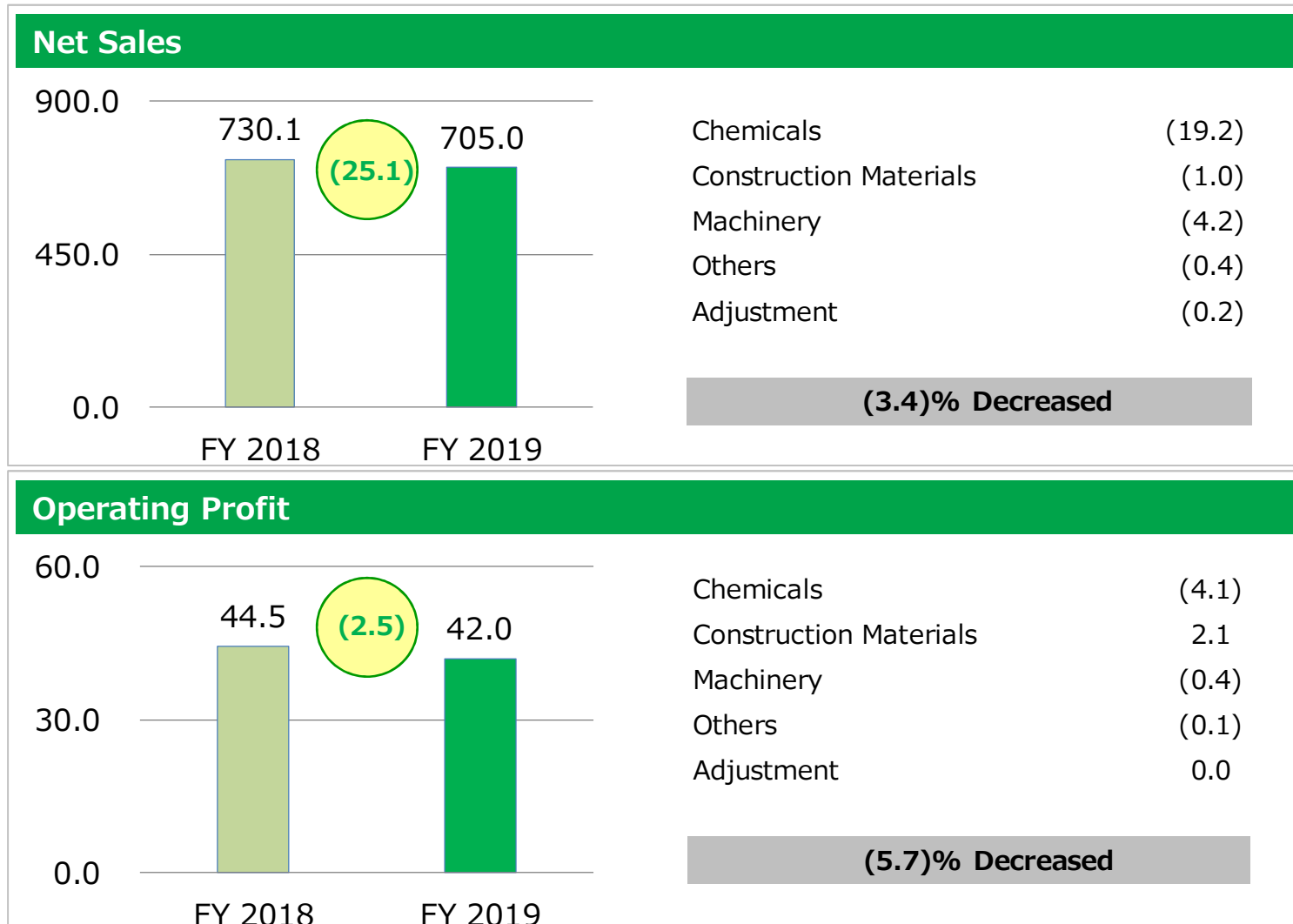
(Billions of yen)

	Segment	FY 2018	FY 2019	Difference
		(A)	(B)	(B) - (A)
Net sales	Chemicals	324.2	305.0	(19.2)
	Construction Materials	321.0	320.0	(1.0)
	Machinery	97.2	93.0	(4.2)
	Others	4.9	4.5	(0.4)
	Adjustment	(17.3)	(17.5)	(0.2)
	Total	730.1	705.0	(25.1)
Operating profit	Chemicals	24.6	20.5	(4.1)
	Construction Materials	14.4	16.5	2.1
	Machinery	5.4	5.0	(0.4)
	Others	0.8	0.7	(0.1)
	Adjustment	(0.7)	(0.7)	0.0
	Total	44.5	42.0	(2.5)

In the fiscal year ending March 31, 2020, UBE has integrated the Pharmaceutical Segment into the Chemicals Segment, and the Energy & Environment Segment into the Construction Materials Segment. Following the above integration, the amounts reported for the fiscal year ended March 31, 2019 are modified according to the new segmentation for fair comparison.

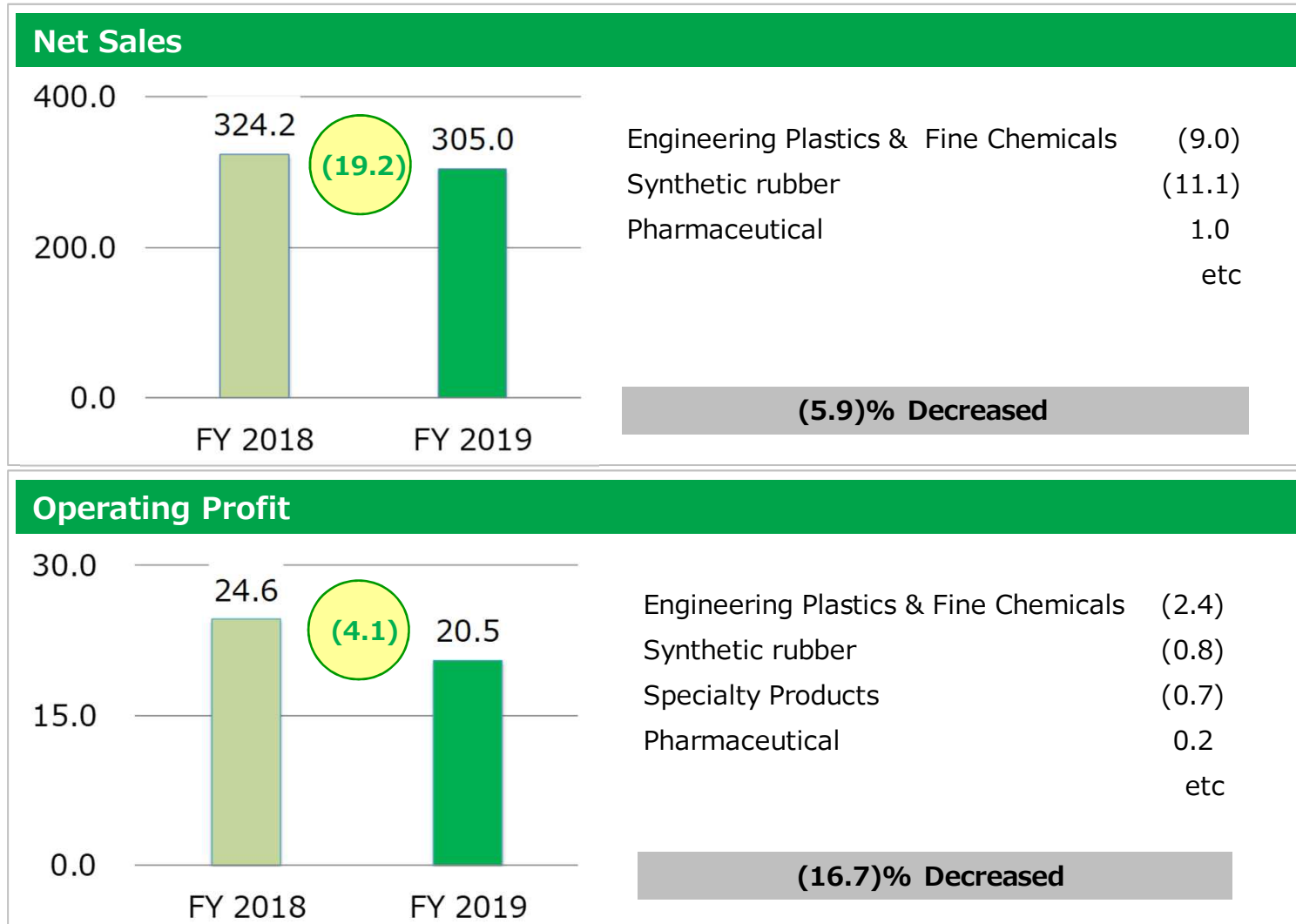
## Analysis – Total

(Billions of yen)



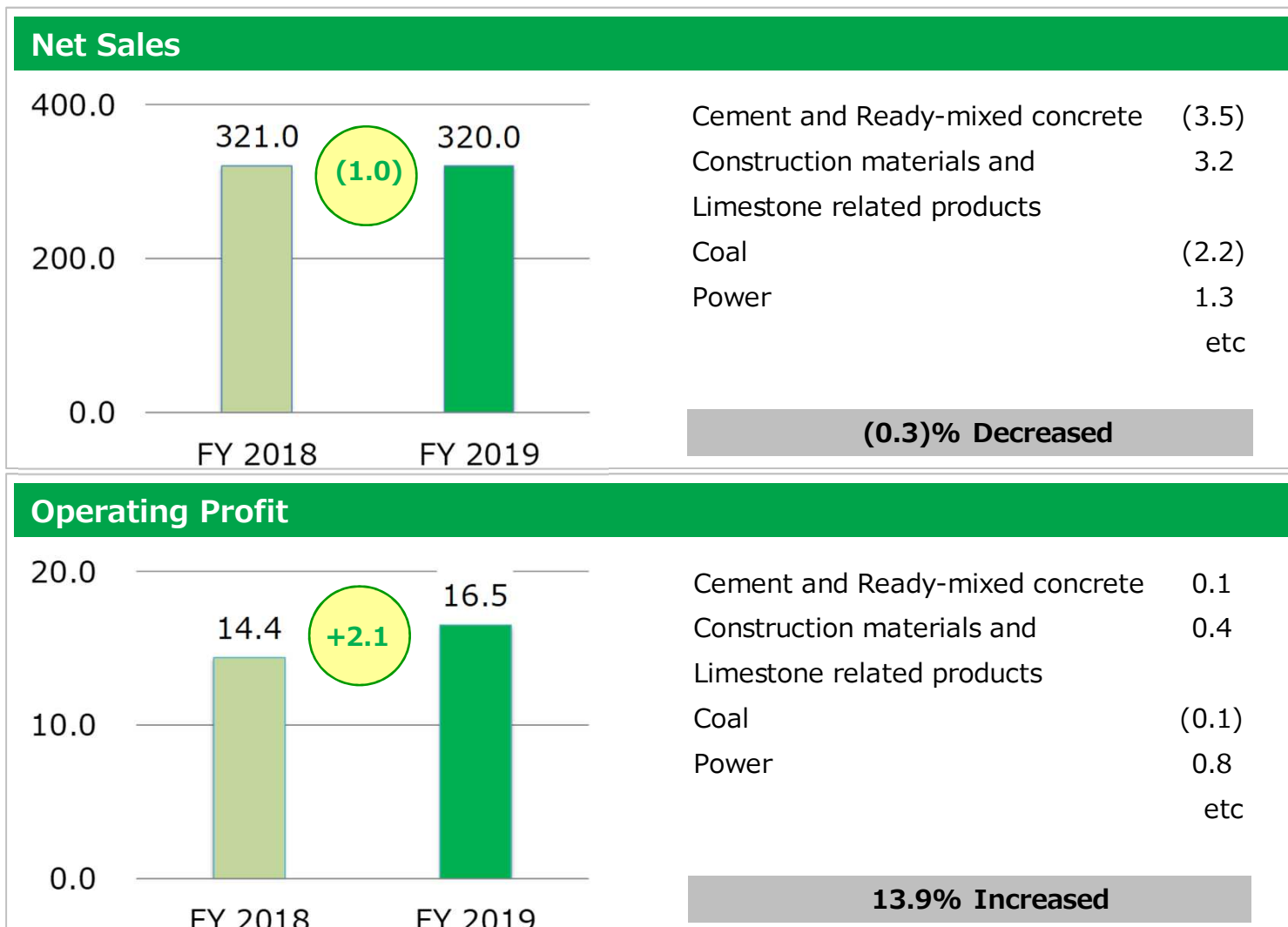
## Analysis – Chemicals

(Billions of yen)



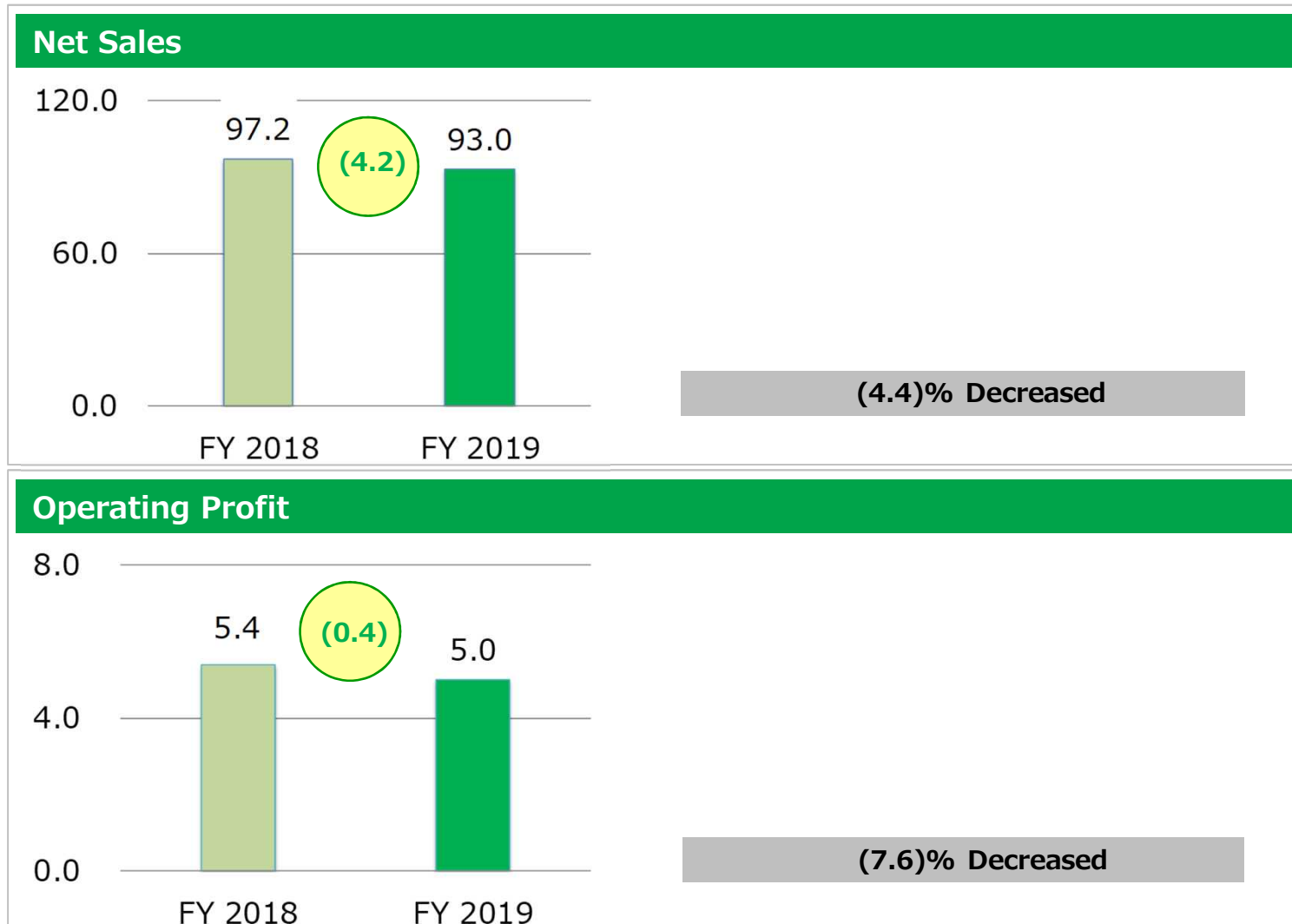
## Analysis – Construction Materials

(Billions of yen)



## Analysis – Machinery

(Billions of yen)



**Operating Profit – Profit attributable to owners of parent**

(Billions of yen)

Item	FY 2018 (A)	FY 2019 (B)	Difference (B) - (A)
Operating profit	44.5	42.0	(2.5)
Non-operating income/expenses	3.3	(1.0)	(4.3)
Ordinary profit	47.8	41.0	(6.8)
Extraordinary income/losses	(3.1)	(3.0)	0.1
Profit before income taxes	44.6	38.0	(6.6)
Income taxes and profit attributable to non-controlling Interests	(12.1)	(10.5)	1.6
Profit attributable to owners of parent	32.4	27.5	(4.9)
Net income per share	312.36 yen	272.10 yen	(40.26) yen



# Reference

## Difference of Net sales

(Billions of yen)

Segment	Previous forecasts 2019/5/14 (A)	Revised forecasts 2019/10/28 (B)	Difference (B) - (A)	Major factors
Chemicals	345.0	305.0	(40.0)	Engineering Plastics & Fine Chemicals (21.1) Synthetic rubber (7.7) Specialty Products (7.5) Pharmaceutical (0.9) etc.
Construction Materials	330.0	320.0	(10.0)	Cement and Ready-mixed concrete (1.3) Construction materials and Limestone related products (2.9) Coal (6.3) Power (0.2) etc.
Machinery	100.0	93.0	(7.0)	
Others	5.0	4.5	(0.5)	
Adjustment	(20.0)	(17.5)	2.5	
Total	760.0	705.0	(55.0)	

## Difference of Operating profit

(Billions of yen)

Segment	Previous forecasts 2019/5/14 (A)	Revised forecasts 2019/10/28 (B)	Difference (B) - (A)	Major factors
Chemicals	26.5	20.5	(6.0)	Engineering Plastics & Fine Chemicals (3.5) Synthetic rubber (0.9) Specialty Products (1.1) etc.
Construction Materials	15.0	16.5	1.5	Cement and Ready-mixed concrete 1.2 Construction materials and Limestone related products (0.5) Coal (0.2) Power 0.6 etc.
Machinery	6.0	5.0	(1.0)	
Others	0.7	0.7	0.0	
Adjustment	(1.2)	(0.7)	0.5	
Total	47.0	42.0	(5.0)	

Reference: 1st half of FY2019



## Analysis of Operating Profit by Segment

(Billions of yen)

Segment	Operating profit					
	FY2018 2Q (A)	FY2019 2Q (B)	Difference (B) - (A)	Price *1	Volume	Fixed cost and others *2
Chemicals	8.2	8.3	0.0	2.2	1.9	(4.0)
Construction Materials	5.5	6.7	1.1	3.2	(0.4)	(1.6)
Machinery	1.3	1.6	0.3	0.6	(0.1)	*3 (0.1)
Others	0.2	0.2	(0.0)	0.0	0.0	(0.0)
Adjustment	(0.3)	(0.2)	0.1	-	-	0.2
<b>Total</b>	<b>15.0</b>	<b>16.7</b>	<b>1.7</b>	<b>5.9</b>	<b>1.4</b>	<b>(5.6)</b>

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

\*3:Including marginal profit on machinery product (0.4)

Reference: 1st half of FY2019



## Progress of Major P/L Items

(Billions of yen)

Item	FY2018 (A)		FY2019 (B)		Difference (B) - (A)	
		2Q Progress		2Q Progress		2Q
Net sales	730.1	348.2 47.7%	705.0	335.0 47.5%	(25.1)	(13.2)
Operating profit	44.5	15.0 33.8%	42.0	16.7 39.9%	(2.5)	1.7
Ordinary profit	47.8	18.6 39.1%	41.0	16.6 40.6%	(6.8)	(2.0)
Profit attributable to owners of parent	32.4	12.3 38.0%	27.5	10.7 39.2%	(4.9)	(1.5)

## Net Sales

(Billions of yen)

Segment	FY2019					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	74.5	71.9	-	-	146.4	305.0	48.0%
Construction Materials	75.4	77.2	-	-	152.7	320.0	47.7%
Machinery	18.8	23.1	-	-	42.0	93.0	45.2%
Others	1.1	1.1	-	-	2.3	4.5	52.0%
Adjustment	(4.9)	(3.4)	-	-	(8.4)	(17.5)	-
<b>Total</b>	<b>165.0</b>	<b>170.0</b>	<b>-</b>	<b>-</b>	<b>335.0</b>	<b>705.0</b>	<b>47.5%</b>

Reference: 1st half of FY2019



## Operating Profit

(Billions of yen)

Segment	FY2019					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	4.6	3.6	-	-	8.3	20.5	40.6%
Construction Materials	2.3	4.4	-	-	6.7	16.5	41.0%
Machinery	0.4	1.2	-	-	1.6	5.0	33.6%
Others	0.1	0.0	-	-	0.2	0.7	30.3%
Adjustment	(0.2)	0.0	-	-	(0.2)	(0.7)	-
<b>Total</b>	<b>7.3</b>	<b>9.4</b>	<b>-</b>	<b>-</b>	<b>16.7</b>	<b>42.0</b>	<b>39.9%</b>

Reference: 1st half of FY2019



## Consolidated Key Indicators

(Billions of yen)

Item	FY2018 2Q	FY2019 2Q	FY2019 full-year (forecast)	FY2018 full-year
Capital investment	17.0	18.0	50.0	41.7
Depreciation and amortization	17.8	18.1	37.0	36.4
Research and development expenses	5.9	6.5	14.0	12.1
Adjusted operating profit	19.5	18.8	45.5	51.5
Interest-bearing debt	192.3	181.4	191.0	187.2
Shareholders' equity	322.5	330.3	342.0	329.5
Total assets	734.4	716.6	770.0	740.2
D/E ratio (times)	0.60	0.55	0.56	0.57
Shareholders' equity ratio (%)	43.9	46.1	44.4	44.5
Return on sales - ROS (%)	4.3	5.0	6.0	6.1
Return on assets - ROA (%)	-	-	6.0	6.9
Return on equity - ROE (%)	-	-	8.2	10.1
Number of employees	11,016	11,152	11,200	11,010



Reference: 1st half of FY2019



## Consolidated Major Subsidiaries

(Billions of yen)

Subsidiaries and affiliates	Business	Net Sales FY2019 2Q	Difference of operating profit from FY2018 2Q
UBE Corporation Europe, S.A. Unipersonal	Manufacture and sales of nylon, caprolactam, ammonium sulfate and fine chemical products	20.7	↓
UBE Chemicals (Asia) Public Company Limited	Manufacture and sales of nylon, caprolactam and ammonium sulfate	16.9	↓
THAI SYNTHETIC RUBBERS COMPANY LIMITED	Manufacture and sales of polybutadiene rubber	6.2	↑
UBE Ammonia Industry, Ltd.	Manufacture and sales of ammonia and industrial gases	7.3	↑
UBE Film, Ltd.	Manufacture and sales of plastic film products	5.1	→
UBE EXSYMO CO., LTD.	Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials	7.0	↓
UBE Material Industries, Ltd.	Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc.	23.7	↓
UBE Shipping & Logistics, Ltd.	Coastal shipping, port transport, containers, collection and transport of industrial waste, trading and engineering business	10.1	→
UBE Construction Materials Sales Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	28.7	→
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	11.6	→
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	20.6	↓
Ube Construction materials Co., Ltd.	Manufacture, sales and construction of various building materials	5.2	↑
UBE Machinery Corporation, Ltd.	Manufacture, sales, and service of molding machines, industrial machinery and bridge, etc.	21.2	↑
UBE Steel Co., Ltd	Manufacture and sales of cast iron and steel products and rolled steel billets	10.6	↑

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

# UBE

This presentation material contains forward-looking statements concerning UBE's future plans, strategies, and performance. These forward-looking statements are not historical facts; rather, they represent assumptions and beliefs based on economic, financial, and competitive data currently available. Forward-looking statements include information preceded by, followed by, or that include the words "project", "predicts", "expects", "forecasts", "could", "may", or similar expressions.

Furthermore, they are subject to a number of risks and uncertainties which include, but are not limited to, economic conditions, fierce competition in this industry, customer demand, tax rules and regulations. Readers of this presentation material are cautioned not to place undue reliance on these forward-looking statements.

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