

**UBE**

# Financial Results for the 2nd Quarter FY2018

November 1, 2018

2nd Quarter: April – September

**UBE INDUSTRIES, LTD.**

## Scope of Consolidation

Item	End of FY2017 (A)	End of FY2018 2Q (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	70	71	1	+ Oita Ube Co., Ltd.
Number of equity method affiliates	24	24	0	
<b>Total</b>	<b>94</b>	<b>95</b>	<b>1</b>	

## Environmental Factors

Item		FY2017 2Q (A)	FY2018 2Q (B)	Difference (B) - (A)		
Exchange Rate	Yen/\$	<b>111.1</b>	<b>110.3</b>	<b>(0.8)</b>		
Material Price	Naphtha	CIF	\$/ t	<b>463</b>	<b>646</b>	<b>183</b>
		Domestic	Yen/KL	<b>37,700</b>	<b>51,300</b>	<b>13,600</b>
	Benzene(ACP)	\$/ t	<b>777</b>	<b>855</b>	<b>78</b>	
	Australian Coal (CIF)	\$/ t	<b>100.3</b>	<b>127.8</b>	<b>27.5</b>	
		Yen/t	<b>11,134</b>	<b>14,086</b>	<b>2,952</b>	

## Major P/L Items

(Billions of yen)

Item	FY2017 2Q (A)	FY2018 2Q (B)	Difference (B) - (A)	Percentage change
Net sales	327.1	348.2	21.1	6.5%
Operating profit	22.6	15.0	(7.5)	(33.5)%
Ordinary profit	23.7	18.6	(5.0)	(21.2)%
Profit attributable to owners of parent	15.7	12.3	(3.4)	(21.7)%

## Net Sales and Operating Profit by Segment

(Billions of yen)

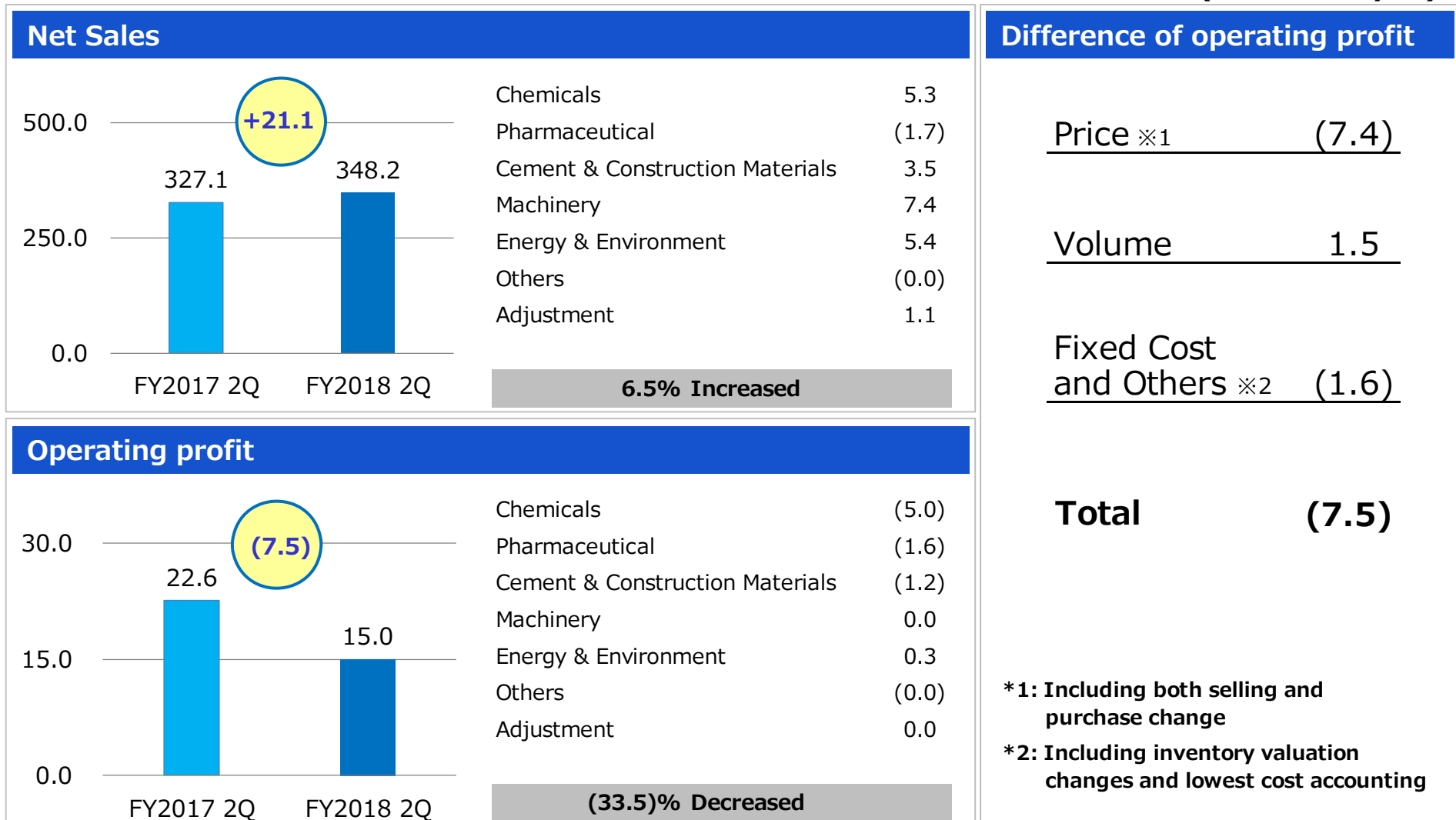
	Segment	FY2017 2Q	FY2018 2Q	Difference
		(A)	(B)	(B) - (A)
Net sales	Chemicals	146.3	151.6	5.3
	Pharmaceutical	5.1	3.3	(1.7)
	Cement & Construction Materials	115.9	119.4	3.5
	Machinery	35.7	43.2	7.4
	Energy & Environment	33.0	38.5	5.4
	Others	2.2	2.2	(0.0)
	Adjustment	(11.3)	(10.2)	1.1
	<b>Total</b>	<b>327.1</b>	<b>348.2</b>	<b>21.1</b>
Operating profit	Chemicals	13.3	8.2	(5.0)
	Pharmaceutical	1.6	(0.0)	(1.6)
	Cement & Construction Materials	5.8	4.5	(1.2)
	Machinery	1.3	1.3	0.0
	Energy & Environment	0.6	1.0	0.3
	Others	0.2	0.2	(0.0)
	Adjustment	(0.4)	(0.3)	0.0
	<b>Total</b>	<b>22.6</b>	<b>15.0</b>	<b>(7.5)</b>

# 2nd Quarter of the FY2018



## Analysis - Total

(Billions of yen)

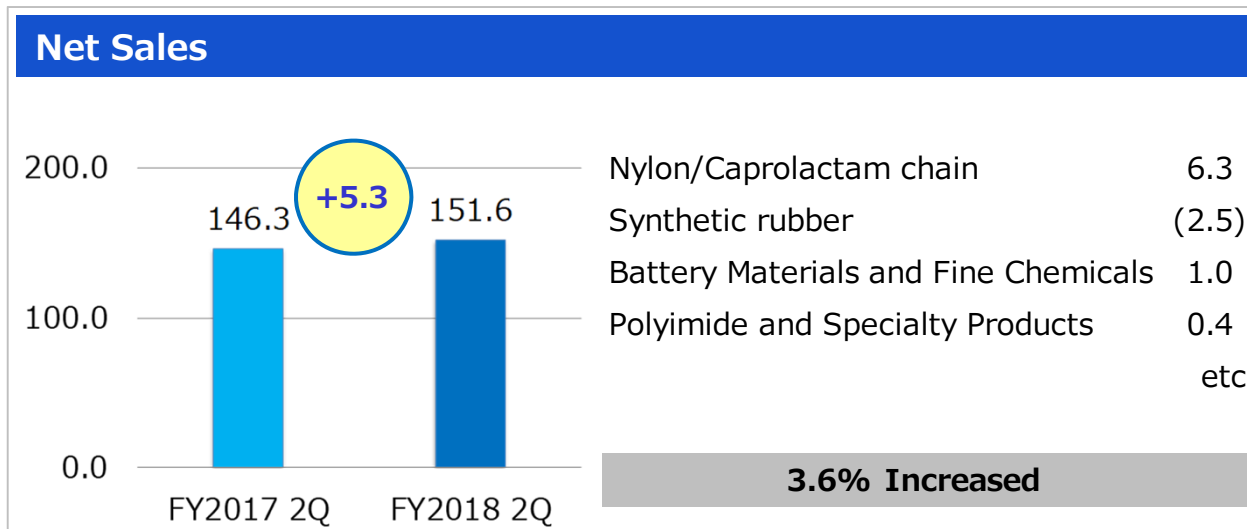


# 2nd Quarter of the FY2018



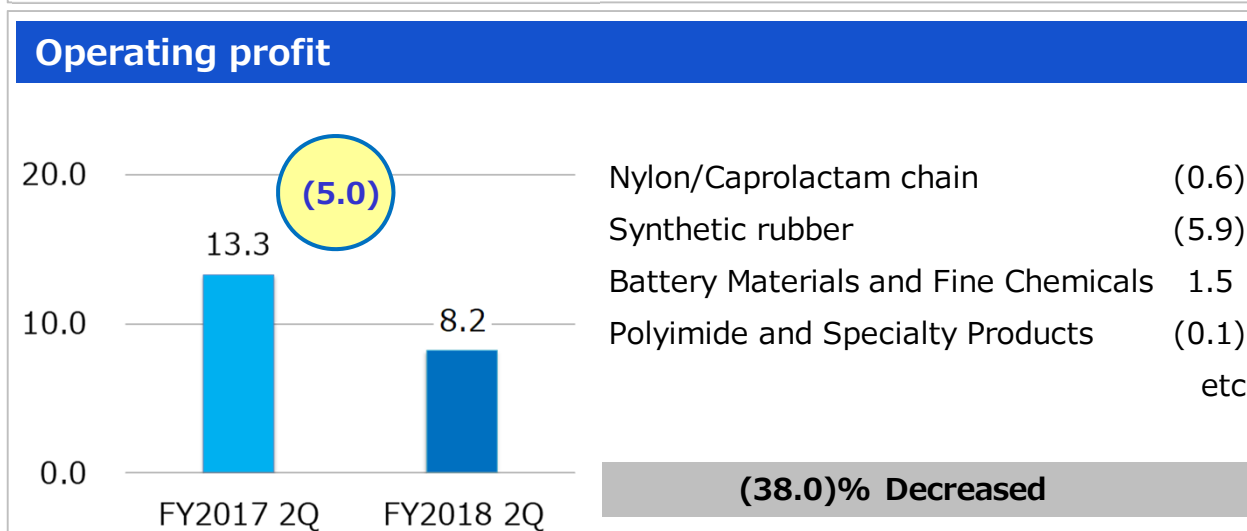
## Analysis - Chemicals

(Billions of yen)



### Difference of operating profit

Price ※1	(6.8)
Volume	1.3
Fixed Cost and Others ※2	0.4
<b>Total</b>	<b>(5.0)</b>



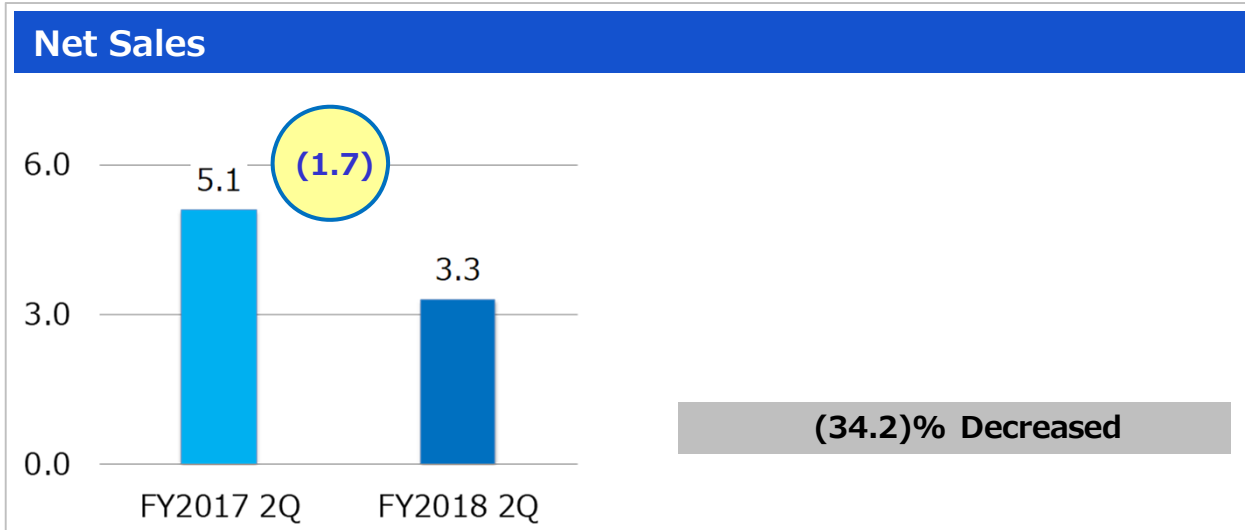
\*1: Including both selling and purchase change  
 \*2: Including inventory valuation changes and lowest cost accounting

# 2nd Quarter of the FY2018



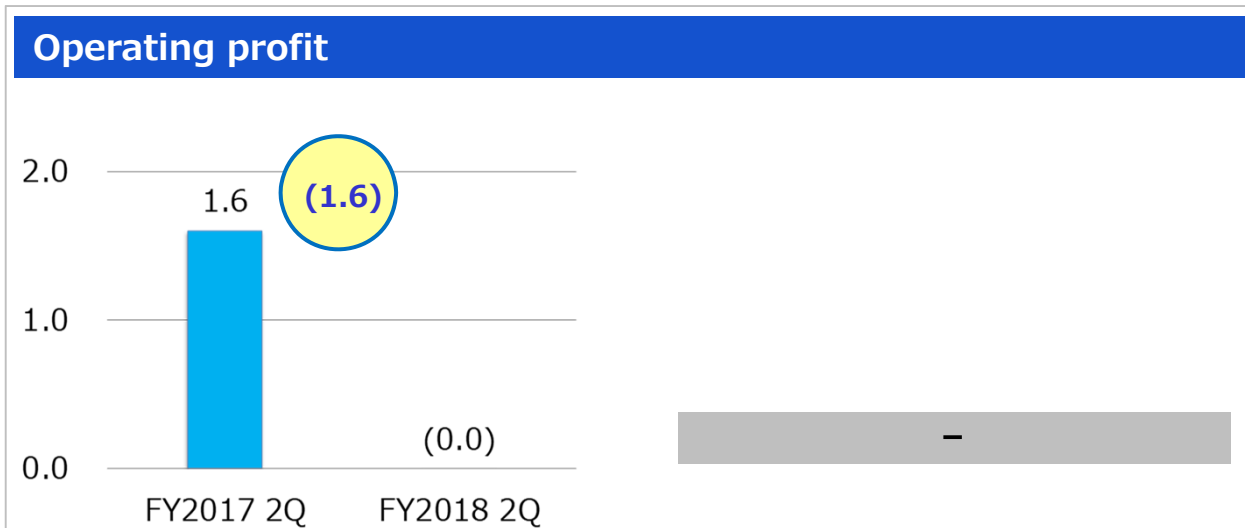
## Analysis - Pharmaceutical

(Billions of yen)



### Difference of operating profit

<u>Price</u> ※1	(0.1)
<u>Volume</u>	(0.0)
<u>Fixed Cost and Others</u> ※2	(1.5)
<b>Total</b>	<b>(1.6)</b>



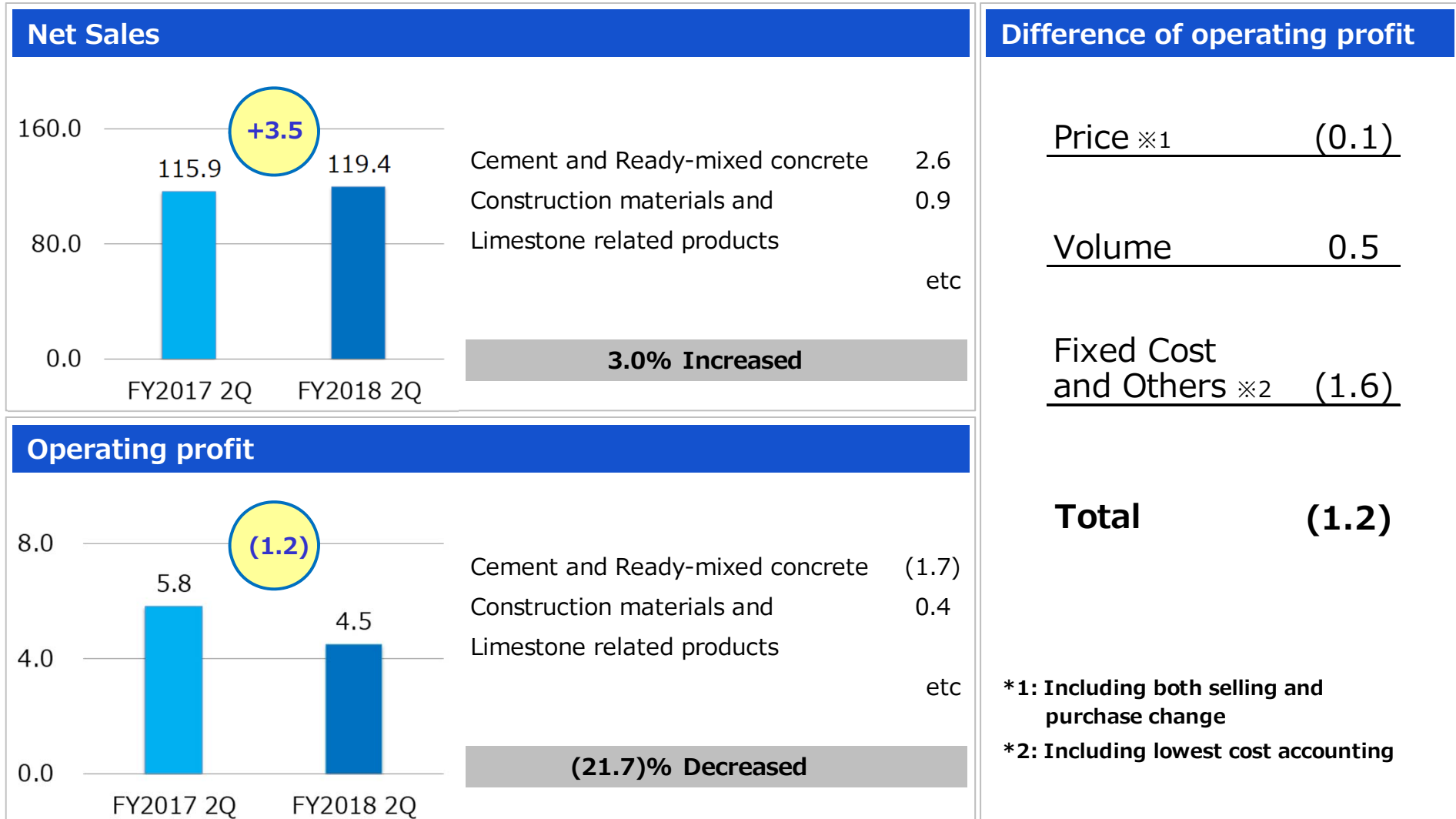
\*1: Including both selling and purchase change

\*2: Including inventory valuation changes and lowest cost accounting



## Analysis – Cement & Construction Materials

(Billions of yen)

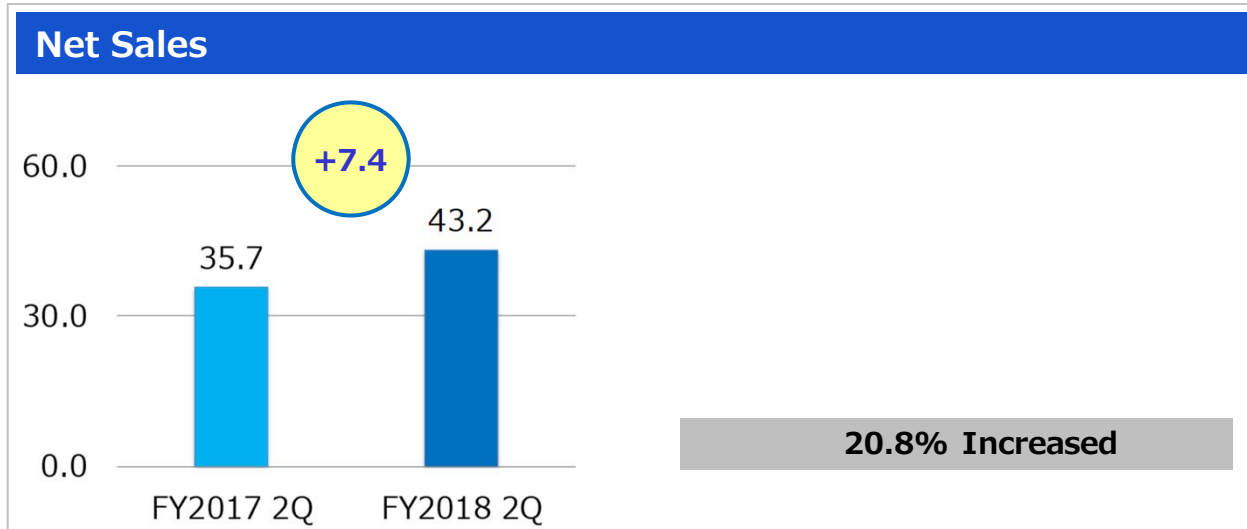


# 2nd Quarter of the FY2018



## Analysis - Machinery

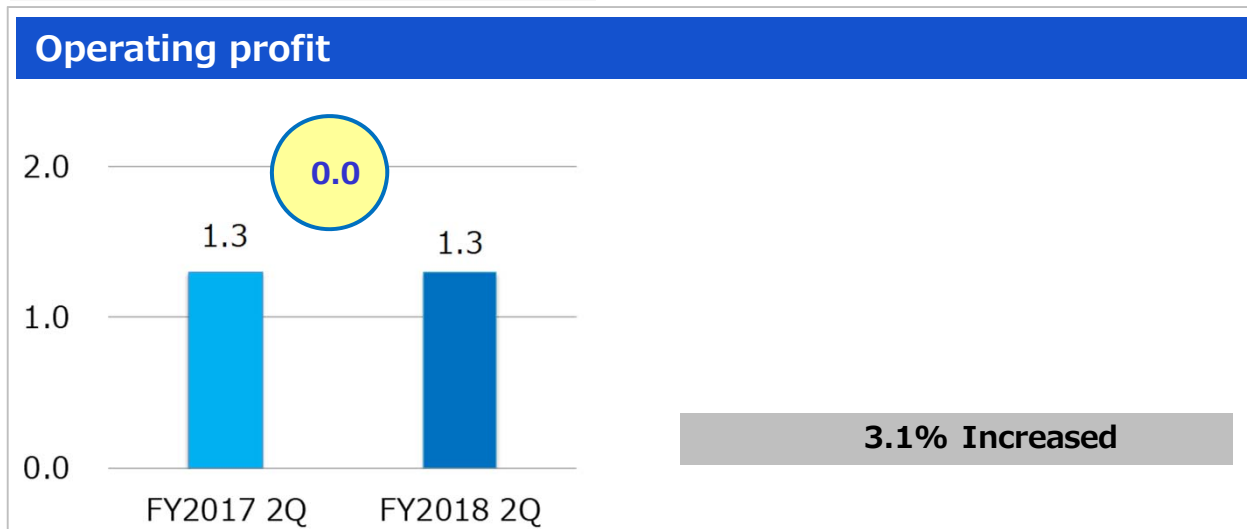
(Billions of yen)



### Difference of operating profit

Price ※1	(0.4)
Volume	0.1
Fixed Cost and Others ※2	0.4
<b>Total</b>	<b>0.0</b>

※1: Including both selling and purchase change  
 ※2: Including marginal profit on machinery product 0.7

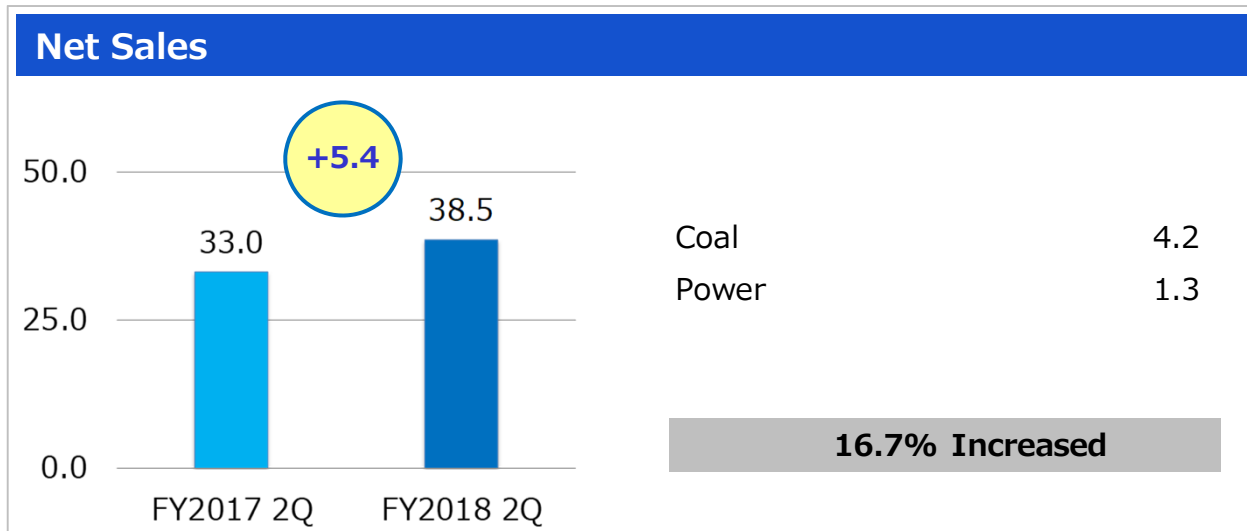


# 2nd Quarter of the FY2018



## Analysis – Energy & Environment

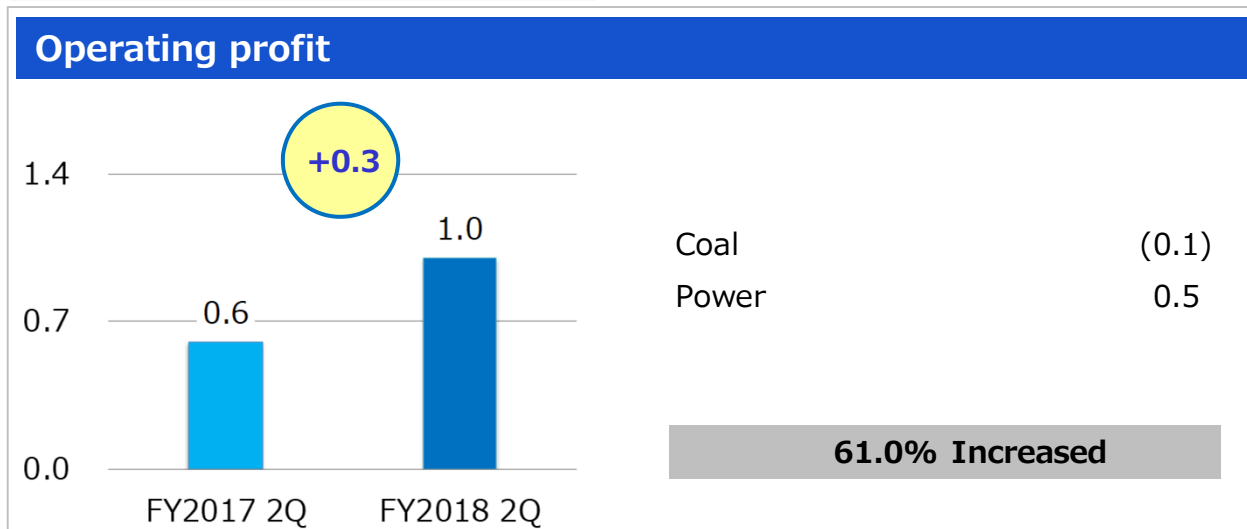
(Billions of yen)



### Difference of operating profit

Price ※1	(0.0)
Volume	(0.3)
Fixed Cost and Others ※2	0.7
<b>Total</b>	<b>0.3</b>

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



## Operating Profit – Profit attributable to owners of parent

(Billions of yen)

Item	FY2017 2Q (A)	FY2018 2Q (B)	Difference (B) - (A)
Operating profit	22.6	15.0	(7.5)
Non-operating income/expenses	1.1	3.6	2.5
Net Interests expenses	0.1	1.1	0.9
Share of profit of entities accounted for using equity method	1.5	2.8	1.2
Foreign currency gain	0.4	1.0	0.5
Others	(1.1)	(1.3)	(0.1)
Ordinary profit	23.7	18.6	(5.0)
Extraordinary losses	(0.4)	(1.0)	(0.5)
Profit before income taxes	23.2	17.6	(5.5)
Income taxes and profit attributable to non-controlling Interests	(7.4)	(5.3)	2.1
Profit attributable to owners of parent	15.7	12.3	(3.4)
Net income per share *1	150.24 yen	117.60 yen	(32.64) yen

\*1: UBE has consolidated its shares in the proportion of 10 common shares to one common share, effective as of October 1, 2017. Net income per share have been calculated assuming that such consolidation was carried out at the beginning of the previous consolidated fiscal year.

## Consolidated Balance Sheet

(Billions of yen)

Item	End of FY2017 (A)	End of FY2018 2Q (B)	Difference (B) - (A)
Current assets	316.8	310.2	(6.6)
Fixed assets	425.4	424.0	(1.3)
<b>Total assets</b>	<b>742.4</b>	<b>734.4</b>	<b>(8.0)</b>
Interest-bearing debts	195.5	192.3	(3.2)
Other liabilities	210.0	198.2	(11.7)
<b>Total liabilities</b>	<b>405.5</b>	<b>390.6</b>	<b>(14.9)</b>
Shareholders' equity *1	315.3	322.5	7.1
Non-controlling interests and others	21.5	21.2	(0.2)
<b>Total net assets</b>	<b>336.8</b>	<b>343.8</b>	<b>6.9</b>
<b>Total liabilities and net assets</b>	<b>742.4</b>	<b>734.4</b>	<b>(8.0)</b>

\*1: Shareholders' equity = Net assets - Subscription rights to shares - Non-controlling interests

## Consolidated Statements of Cash Flows

(Billions of yen)

Item	FY2017 2Q	FY2018 2Q	
A.Cash flows from operating activities	31.0	21.6	Profit before income taxes 17.6 Depreciation and amortization 17.8 Income taxes paid (7.0), etc.
B.Cash flows from investing activities	(16.4)	(22.1)	Acquisition of PP&E (22.2), etc.
Free cash flows (A+B)	14.5	(0.4)	
C.Cash flows from financing activities	(15.2)	(12.5)	Decrease in interest-bearing debts (3.3) Dividends (8.5), etc.
D.Net increase/decrease in cash and cash equivalents	1.2	(12.5)	
E.Cash and cash equivalents at end of the quarter	37.0	35.9	

## Net Sales and Operating Profit by Segment – Forecast/Result

(Billions of yen)

	Segment	FY2018 2Q forecast	FY2018 2Q result	Difference	FY2018 full-year
		(A)	(B)	(B) - (A)	published on May 10
Net sales	Chemicals	150.0	151.6	1.6	320.0
	Pharmaceutical	4.0	3.3	(0.7)	10.0
	Cement & Construction Materials	120.0	119.4	(0.6)	250.0
	Machinery	45.0	43.2	(1.8)	100.0
	Energy & Environment	40.0	38.5	(1.5)	80.0
	Others	2.0	2.2	0.2	5.0
	Adjustment	(11.0)	(10.2)	0.8	(25.0)
	Total	350.0	348.2	(1.8)	740.0
Operating profit	Chemicals	8.5	8.2	(0.3)	22.5
	Pharmaceutical	0.0	(0.0)	(0.0)	0.5
	Cement & Construction Materials	5.5	4.5	(1.0)	12.5
	Machinery	1.0	1.3	0.3	6.0
	Energy & Environment	1.0	1.0	0.0	2.5
	Others	0.5	0.2	(0.3)	1.0
	Adjustment	(0.5)	(0.3)	0.2	(1.0)
	Total	16.0	15.0	(1.0)	44.0

(Note) 45.5 billion yen for ordinary profit and 30.5 billion yen for profit attributable to owners of parent also have not revised since May 10, 2018.

# Reference



Reference: 2nd Quarter of the FY2018



## Analysis of Operating Profit - All Segments

(Billions of yen)

Segment	Operating profit					
	FY2017 2Q (A)	FY2018 2Q (B)	Difference (B) - (A)	Price *1	Volume	Fixed cost and others *2
Chemicals	13.3	8.2	(5.0)	(6.8)	1.3	0.4
Pharmaceutical	1.6	(0.0)	(1.6)	(0.1)	(0.0)	(1.5)
Cement & construction Materials	5.8	4.5	(1.2)	(0.1)	0.5	(1.6)
Machinery	1.3	1.3	0.0	(0.4)	0.1	*3 0.4
Energy & Environment	0.6	1.0	0.3	(0.0)	(0.3)	0.7
Others	0.2	0.2	(0.0)	0.0	0.0	(0.0)
Adjustment	(0.4)	(0.3)	0.0	-	-	0.0
<b>Total</b>	<b>22.6</b>	<b>15.0</b>	<b>(7.5)</b>	<b>(7.4)</b>	<b>1.5</b>	<b>(1.6)</b>

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

\*3:Including marginal profit on machinery product 0.7

Reference: 2nd Quarter of the FY2018



## Progress of Major P/L Items

(Billions of yen)

Item	FY2017 (A)		FY2018 (B)		Difference (B) - (A)	
		2Q Progress		2Q Progress		2Q
Net sales	695.5	327.1 47.0%	740.0	348.2 47.1%	44.5	21.1
Operating profit	50.2	22.6 45.0%	44.0	15.0 34.1%	(6.2)	(7.5)
Ordinary profit	50.7	23.7 46.8%	45.5	18.6 40.9%	(5.2)	(5.0)
Profit attributable to owners of parent	31.6	15.7 49.8%	30.5	12.3 40.3%	(1.1)	(3.4)

## Net Sales

(Billions of yen)

Segment	FY2018					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	73.5	78.1	-	-	151.6	320.0	47.4%
Pharmaceutical	1.7	1.6	-	-	3.3	10.0	33.0%
Cement & Construction Materials	59.4	60.0	-	-	119.4	250.0	47.8%
Machinery	18.7	24.4	-	-	43.2	100.0	43.2%
Energy & Environment	18.4	20.0	-	-	38.5	80.0	48.1%
Others	1.1	1.1	-	-	2.2	5.0	44.0%
Adjustment	(4.0)	(6.2)	-	-	(10.2)	(25.0)	-
<b>Total</b>	<b>169.0</b>	<b>179.1</b>	<b>-</b>	<b>-</b>	<b>348.2</b>	<b>740.0</b>	<b>47.1%</b>

## Operating Profit

(Billions of yen)

Segment	FY2018					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	3.6	4.6	-	-	8.2	22.5	36.4%
Pharmaceutical	(0.0)	0.0	-	-	(0.0)	0.5	-
Cement & Construction Materials	2.0	2.5	-	-	4.5	12.5	36.0%
Machinery	0.1	1.1	-	-	1.3	6.0	21.7%
Energy & Environment	0.3	0.6	-	-	1.0	2.5	40.0%
Others	0.1	0.0	-	-	0.2	1.0	20.0%
Adjustment	(0.1)	(0.2)	-	-	(0.3)	(1.0)	-
<b>Total</b>	<b>6.1</b>	<b>8.9</b>	<b>-</b>	<b>-</b>	<b>15.0</b>	<b>44.0</b>	<b>34.1%</b>

Reference: 2nd Quarter of the FY2018



## Consolidated Key Indicators

(Billions of yen)

Item	FY2017 2Q	FY2018 2Q	FY2018 full-year (forecast)	FY2017 full-year
Capital investment	13.8	17.0	40.0	40.3
Depreciation and amortization	17.2	17.8	37.0	35.3
R&D expenses	6.4	5.9	14.0	13.2
Adjusted operating profit	25.1	19.5	50.5	55.1
Interest-bearing debt	207.5	192.3	185.0	195.5
Shareholders' equity	300.6	322.5	334.0	315.3
Total assets	721.5	734.4	750.0	742.4
D/E ratio (times)	0.69	0.60	0.55	0.62
Shareholders' equity ratio (%)	41.6	43.9	44.5	42.5
Return on sales - ROS (%)	6.9	4.3	5.9	7.2
Return on assets - ROA (%)	-	-	6.8	7.6
Return on equity - ROE (%)	-	-	9.4	10.5
Number of employees	10,998	11,016	11,000	10,799

Reference: 2nd Quarter of the FY2018



## Consolidated Major Subsidiaries

(Billions of yen)

Subsidiaries and affiliates	Business	Net Sales FY2018 2Q	Difference of operating profit from FY2017 2Q
UBE Corporation Europe, S.A. Unipersonal	Manufacture and sales of caprolactam, ammonium sulfate, nylon, and fine chemical products	23.0	↑
UBE Chemicals (Asia) Public Company Limited	Manufacture and sales of caprolactam, ammonium sulfate, and nylon	23.3	↑
THAI SYNTHETIC RUBBERS COMPANY LIMITED	Manufacture and sales of polybutadiene rubber	7.5	↓
UBE Ammonia Industry, Ltd.	Manufacture and sales of ammonia and industrial gases	5.7	↓
UBE Film, Ltd.	Manufacture and sales of plastic film products	5.0	→
UBE EXSYMO CO., LTD.	Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials	6.8	↓
UBE Material Industries, Ltd.	Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc.	23.6	↑
UBE Shipping & Logistics, Ltd.	Coastal shipping, port transport, containers, collection and transport of industrial waste, trading and engineering business	9.1	→
UBE Construction Materials Sales Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	30.5	→
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	11.0	→
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	20.4	↑
Ube Construction materials Co., Ltd.	Manufacture, sales and construction of various building materials	4.8	-
UBE Machinery Corporation, Ltd.	Manufacture, sales, and service of molding machines, industrial machinery and bridge, etc.	19.6	↓
UBE Steel Co., Ltd	Manufacture and sales of cast iron and steel products and rolled steel billets	11.2	↓
UBE COAL TRADING, LTD.	Sales of imported coal from Australia, Indonesia, and Russia	17.5	↓

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

**Wings of  
technology  
Spirit of  
innovation  
UBE**

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