

**UBE**

**Financial Results  
for the 3rd Quarter FY2018  
Explanatory material**

February 4, 2019

3rd Quarter: April – December

**UBE INDUSTRIES, LTD.**

## Scope of Consolidation

Item	End of FY2017 (A)	End of FY2018 3Q (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	70	71	1	+ Oita Ube Co., Ltd.
Number of equity method affiliates	24	25	1	+ Ube Maxell Kyoto Co., Ltd.
<b>Total</b>	<b>94</b>	<b>96</b>	<b>2</b>	

## Environmental Factors

Item		FY2017 3Q (A)	FY2018 3Q (B)	Difference (B) - (A)		
Exchange Rate	Yen/\$	<b>111.7</b>	<b>111.1</b>	<b>(0.6)</b>		
Material Price	Naphtha	CIF	\$/ t	<b>485</b>	<b>657</b>	<b>172</b>
		Domestic	Yen/KL	<b>39,600</b>	<b>52,600</b>	<b>13,000</b>
	Benzene(ACP)	\$/ t	<b>794</b>	<b>826</b>	<b>32</b>	
	Australian Coal (CIF)	\$/ t	<b>102.7</b>	<b>127.0</b>	<b>24.3</b>	
		Yen/t	<b>11,468</b>	<b>14,115</b>	<b>2,647</b>	

## Major P/L Items

(Billions of yen)

Item	FY2017 3Q (A)	FY2018 3Q (B)	Difference (B) - (A)	Percentage change
Net sales	507.0	540.4	33.4	6.6%
Operating profit	37.6	30.0	(7.5)	(20.1)%
Ordinary profit	39.0	33.4	(5.6)	(14.4)%
Profit attributable to owners of parent	26.6	22.8	(3.8)	(14.3)%

## Net Sales and Operating Profit by Segment

(Billions of yen)

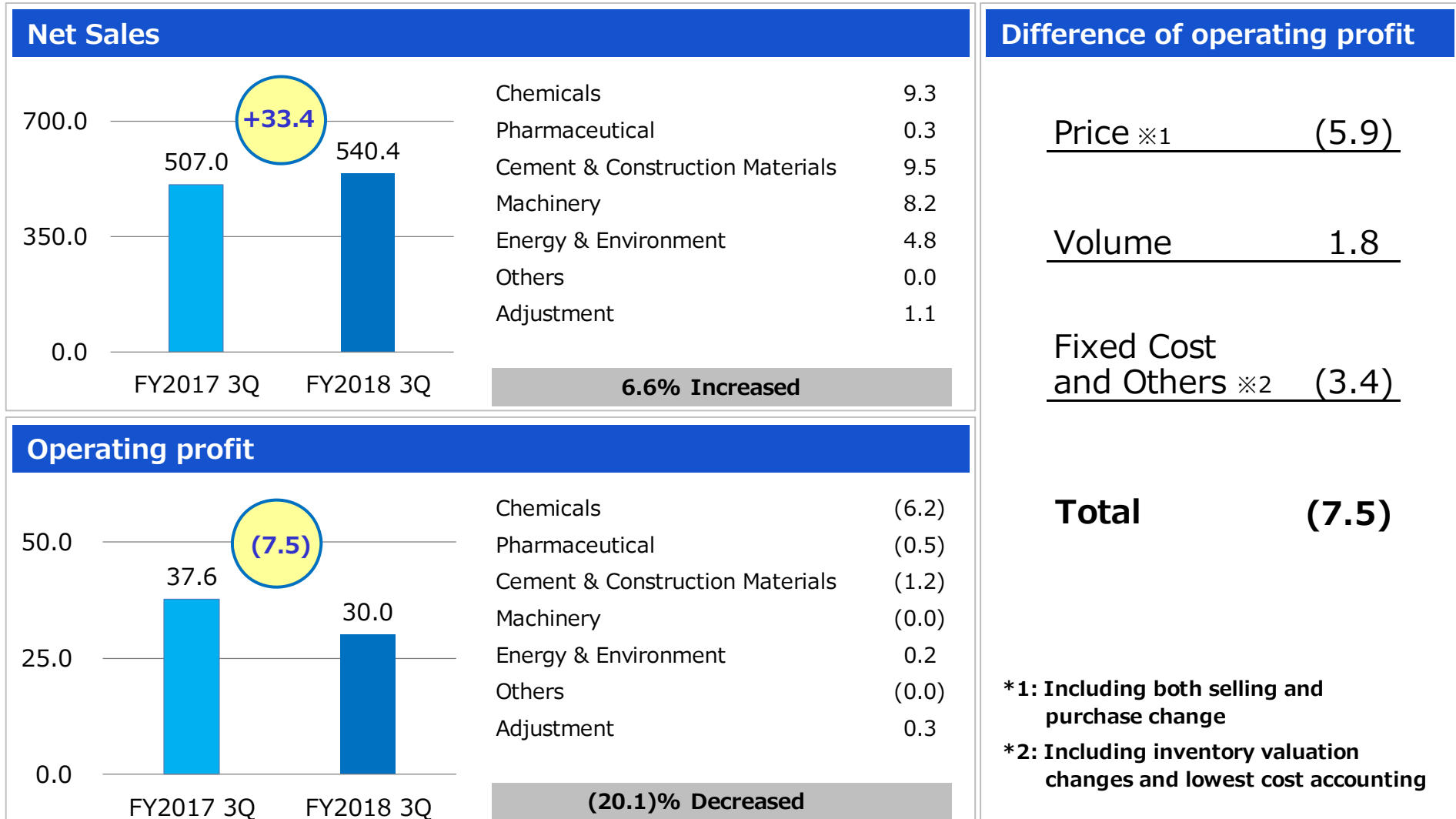
	Segment	FY2017 3Q	FY2018 3Q	Difference
		(A)	(B)	(B) - (A)
Net sales	Chemicals	225.3	234.7	9.3
	Pharmaceutical	6.8	7.1	0.3
	Cement & Construction Materials	178.8	188.3	9.5
	Machinery	58.7	67.0	8.2
	Energy & Environment	51.0	55.8	4.8
	Others	3.6	3.7	0.0
	Adjustment	(17.4)	(16.3)	1.1
	<b>Total</b>	<b>507.0</b>	<b>540.4</b>	<b>33.4</b>
Operating profit	Chemicals	22.1	15.9	(6.2)
	Pharmaceutical	1.4	0.8	(0.5)
	Cement & Construction Materials	9.8	8.5	(1.2)
	Machinery	2.6	2.6	(0.0)
	Energy & Environment	1.5	1.7	0.2
	Others	0.7	0.6	(0.0)
	Adjustment	(0.8)	(0.4)	0.3
	<b>Total</b>	<b>37.6</b>	<b>30.0</b>	<b>(7.5)</b>

# 3rd Quarter of the FY2018



## Analysis - Total

(Billions of yen)

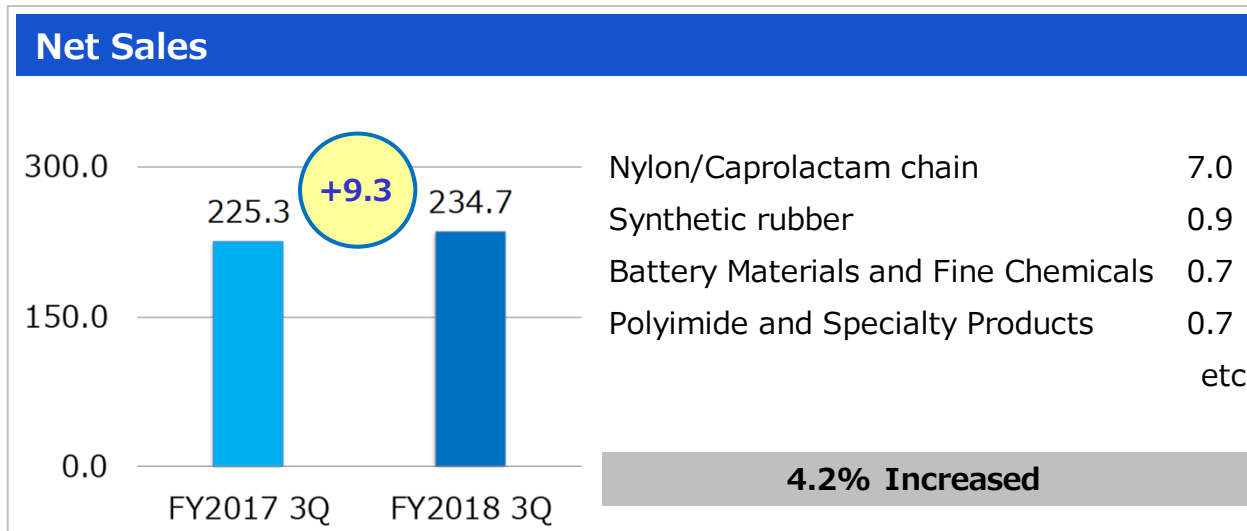


# 3rd Quarter of the FY2018



## Analysis - Chemicals

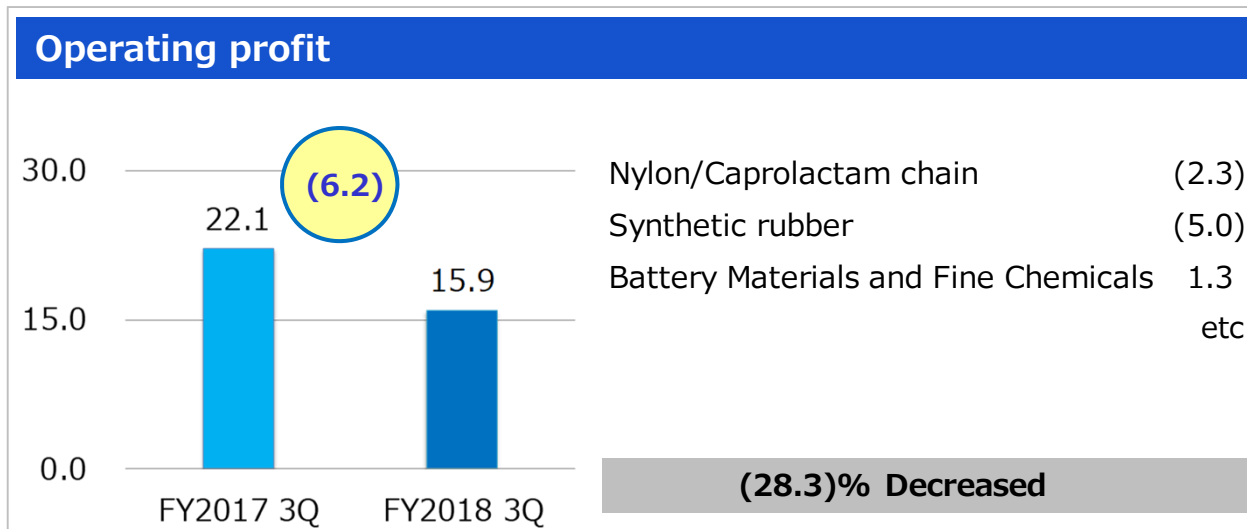
(Billions of yen)



### Difference of operating profit

Price ※1	(5.7)
Volume	1.0
Fixed Cost and Others ※2	(1.6)
<b>Total</b>	<b>(6.2)</b>

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



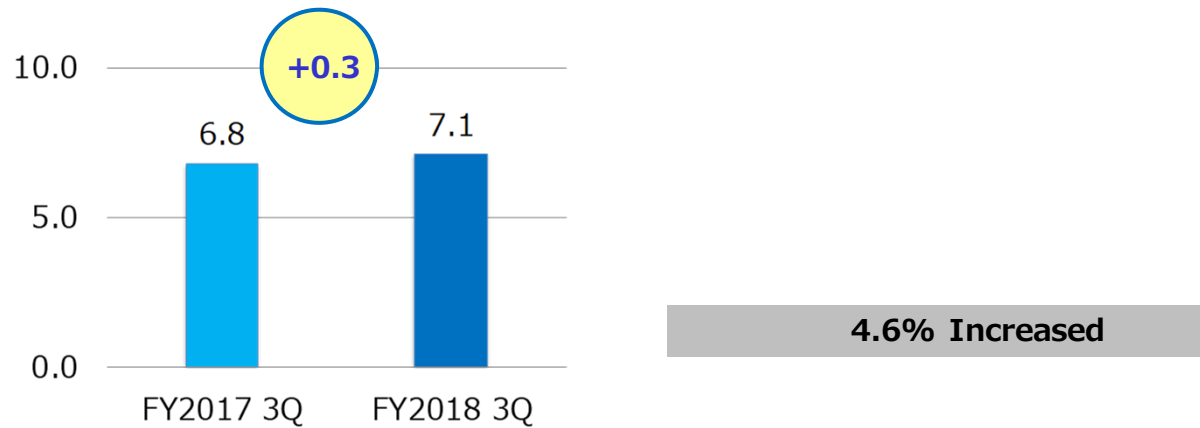
# 3rd Quarter of the FY2018



## Analysis - Pharmaceutical

(Billions of yen)

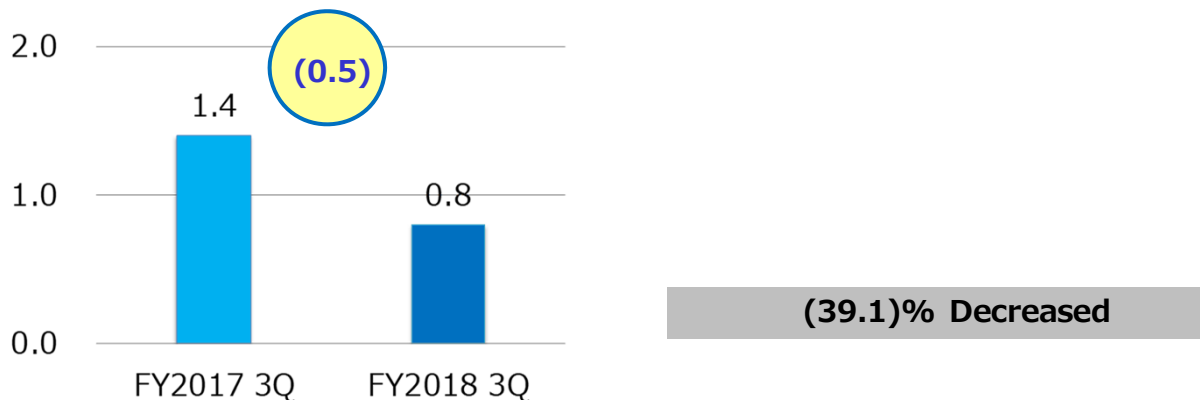
### Net Sales



### Difference of operating profit

Price ※1	(0.2)
Volume	0.0
Fixed Cost and Others ※2	(0.4)
<b>Total</b>	<b>(0.5)</b>

### Operating profit



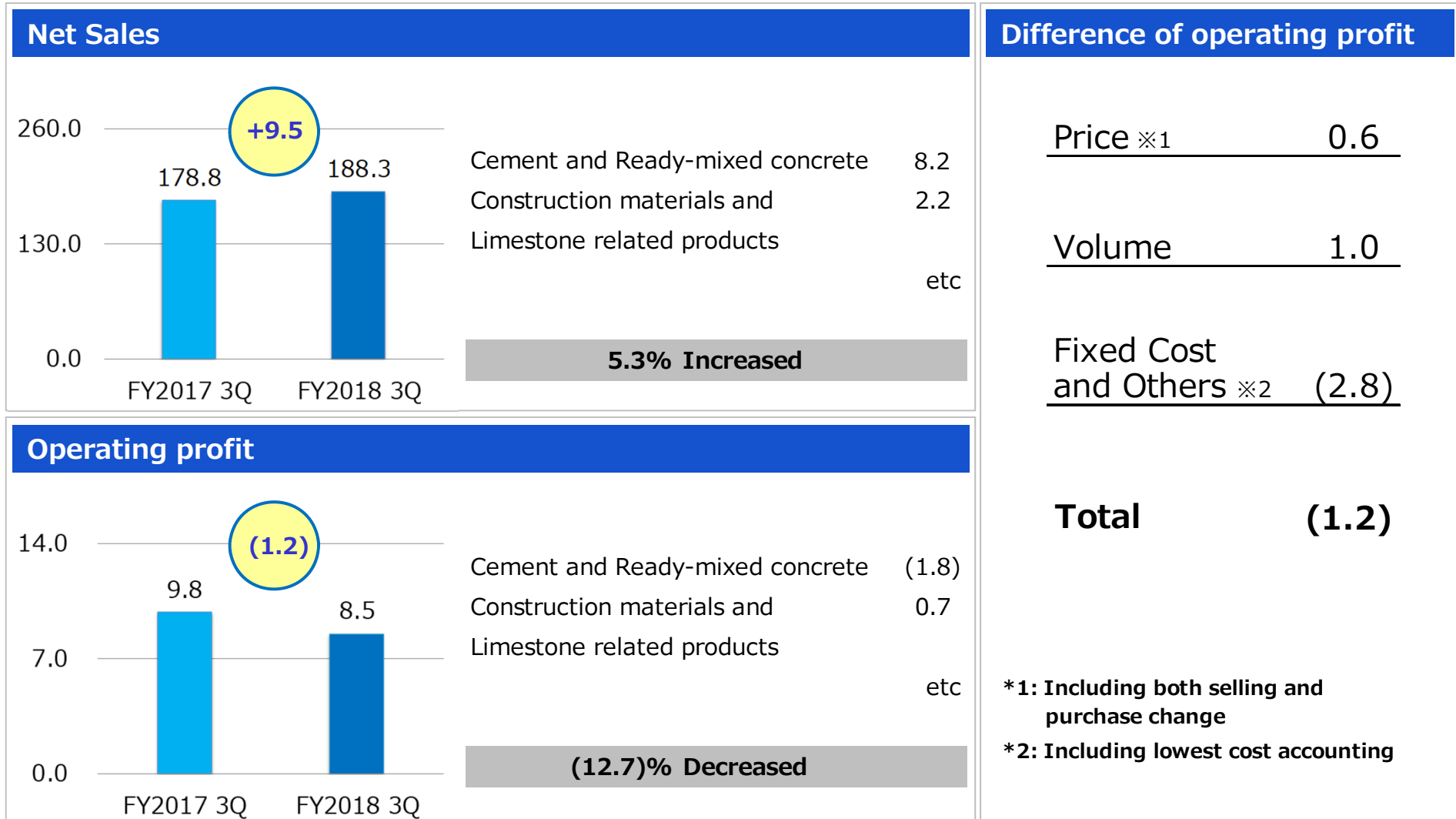
\*1: Including both selling and purchase change

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



## Analysis – Cement & Construction Materials

(Billions of yen)



\*1: Including both selling and purchase change

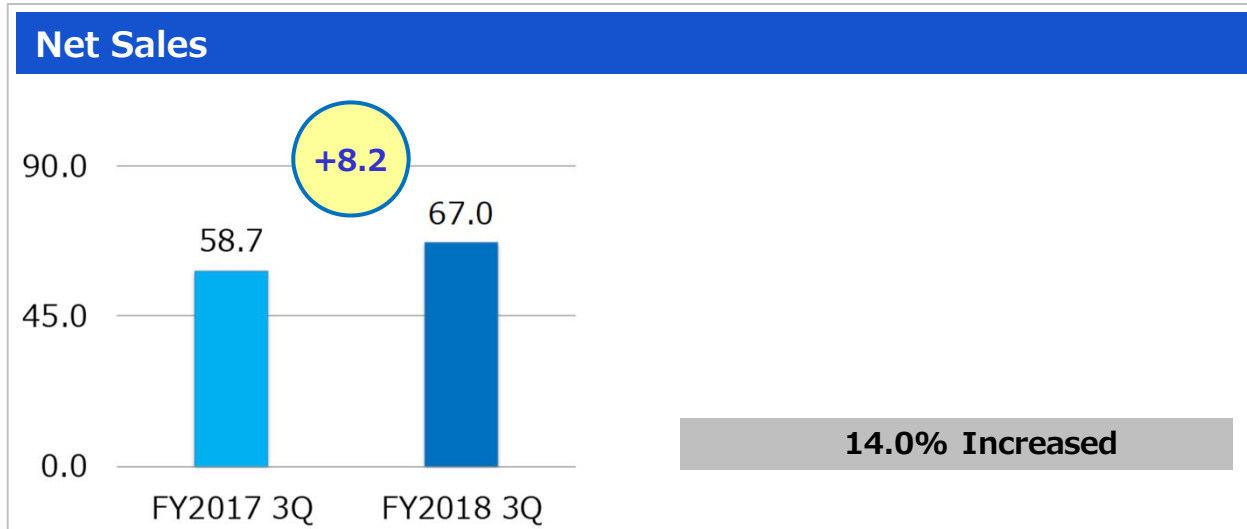
\*2: Including lowest cost accounting

# 3rd Quarter of the FY2018



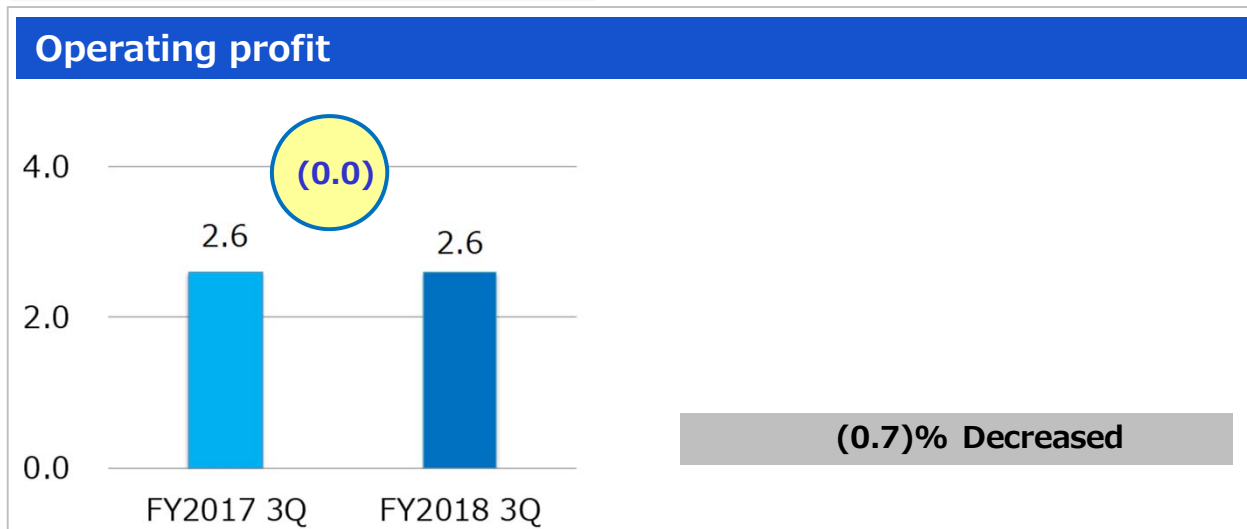
## Analysis - Machinery

(Billions of yen)



### Difference of operating profit

Price ※1	(0.3)
Volume	0.1
Fixed Cost and Others ※2	0.2
<b>Total</b>	<b>(0.0)</b>



\*1: Including both selling and purchase change

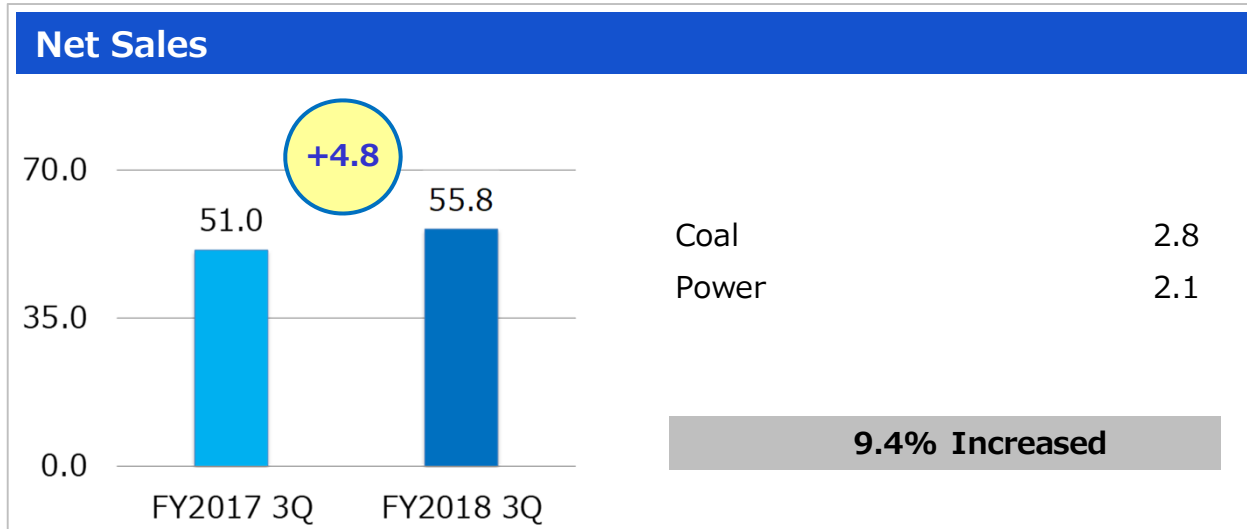
\*2: Including marginal profit on machinery product 0.8

# 3rd Quarter of the FY2018



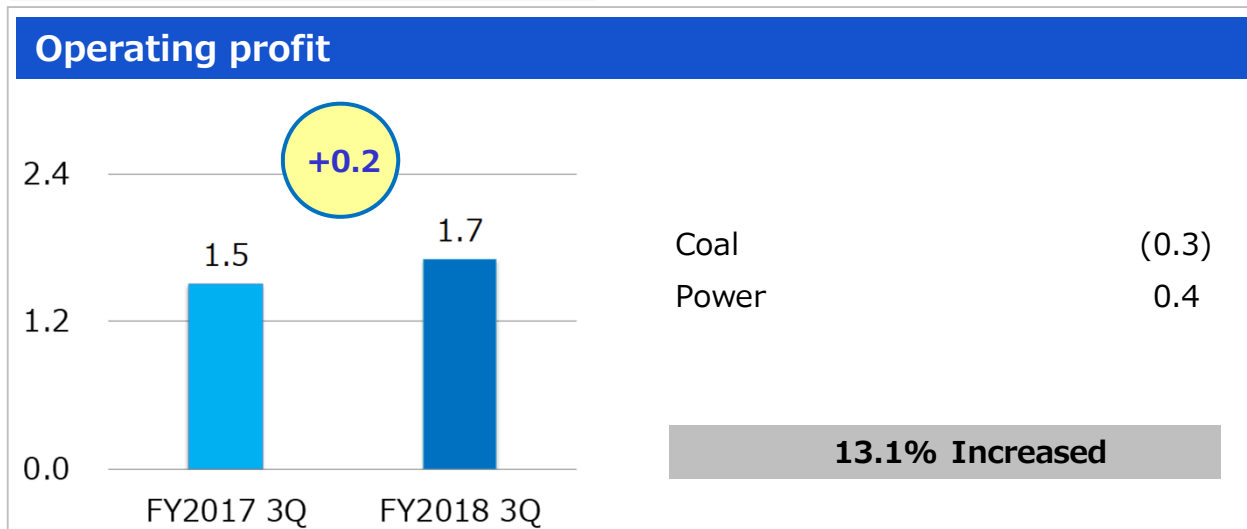
## Analysis – Energy & Environment

(Billions of yen)



### Difference of operating profit

Price ※1	(0.3)
Volume	(0.4)
Fixed Cost and Others ※2	0.9
<b>Total</b>	<b>0.2</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 3Q (A)	FY2018 3Q (B)	Difference (B) - (A)
Operating profit	37.6	30.0	(7.5)
Non-operating income/expenses	1.4	3.3	1.9
Net Interests expenses	0.0	1.0	1.0
Share of profit of entities accounted for using equity method	2.8	3.7	0.9
Foreign currency gain	0.4	0.7	0.2
Others	(1.9)	(2.2)	(0.2)
Ordinary profit	39.0	33.4	(5.6)
Extraordinary losses	(0.9)	(1.7)	(0.8)
Profit before income taxes	38.0	31.6	(6.4)
Income taxes and profit attributable to non-controlling Interests	(11.4)	(8.7)	2.6
Profit attributable to owners of parent	26.6	22.8	(3.8)
Net income per share *1	253.94 yen	218.09 yen	(35.85) 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 3Q (B)	Difference (B) - (A)
Current assets	316.8	323.7	6.9
Fixed assets	425.4	419.2	(6.1)
<b>Total assets</b>	<b>742.4</b>	<b>743.1</b>	<b>0.7</b>
Interest-bearing debt	195.5	200.5	5.0
Other liabilities	210.0	197.7	(12.2)
<b>Total liabilities</b>	<b>405.5</b>	<b>398.3</b>	<b>(7.2)</b>
Shareholders' equity *1	315.3	323.1	7.8
Non-controlling interests and others	21.5	21.6	0.1
<b>Total net assets</b>	<b>336.8</b>	<b>344.8</b>	<b>7.9</b>
<b>Total liabilities and net assets</b>	<b>742.4</b>	<b>743.1</b>	<b>0.7</b>

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

## Consolidated Statements of Cash Flows

(Billions of yen)

Item	FY2017 3Q	FY2018 3Q	
A.Cash flows from operating activities	42.5	21.1	Profit before income taxes 31.6 Depreciation and amortization 26.9 Decrease workig capital (17.3) Income taxes paid (12.6), etc.
B.Cash flows from investing activities	(26.2)	(28.5)	Acquisition of PP&E (28.8), etc.
Free cash flows (A+B)	16.3	(7.4)	
C.Cash flows from financing activities	(17.8)	(9.2)	Dividends (8.5) Increase in interest-bearing debt 4.8 Purchase of treasury shares (5.0), etc.
D.Net increase/decrease in cash and cash equivalents	0.6	(16.7)	
E.Cash and cash equivalents at end of the quarter	36.4	31.8	

# Reference



Reference: 3rd Quarter of the FY2018



## Analysis of Operating Profit by Segment

(Billions of yen)

Segment	Operating profit					
	FY2017 3Q (A)	FY2018 3Q (B)	Difference (B) - (A)	Price *1	Volume	Fixed cost and others *2
Chemicals	22.1	15.9	(6.2)	(5.7)	1.0	(1.6)
Pharmaceutical	1.4	0.8	(0.5)	(0.2)	0.0	(0.4)
Cement & construction Materials	9.8	8.5	(1.2)	0.6	1.0	(2.8)
Machinery	2.6	2.6	(0.0)	(0.3)	0.1	*3 0.2
Energy & Environment	1.5	1.7	0.2	(0.3)	(0.4)	0.9
Others	0.7	0.6	(0.0)	0.0	0.0	(0.1)
Adjustment	(0.8)	(0.4)	0.3	-	-	0.3
<b>Total</b>	<b>37.6</b>	<b>30.0</b>	<b>(7.5)</b>	<b>(5.9)</b>	<b>1.8</b>	<b>(3.4)</b>

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

\*3:Including marginal profit on machinery product 0.8



Reference: 3rd Quarter of the FY2018



## Progress of Major P/L Items

(Billions of yen)

Item	FY2017 (A)		FY2018 (B)		Difference (B) - (A)	
		3Q Progress		3Q Progress		3Q
Net sales	695.5	507.0 72.9%	740.0	540.4 73.0%	44.5	33.4
Operating profit	50.2	37.6 74.9%	44.0	30.0 68.2%	(6.2)	(7.5)
Ordinary profit	50.7	39.0 77.0%	45.5	33.4 73.4%	(5.2)	(5.6)
Profit attributable to owners of parent	31.6	26.6 84.2%	30.5	22.8 74.8%	(1.1)	(3.8)

## Net Sales

(Billions of yen)

Segment	FY2018					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	73.5	78.1	83.0	-	234.7	320.0	73.3%
Pharmaceutical	1.7	1.6	3.7	-	7.1	10.0	71.0%
Cement & Construction Materials	59.4	60.0	68.8	-	188.3	250.0	75.3%
Machinery	18.7	24.4	23.7	-	67.0	100.0	67.0%
Energy & Environment	18.4	20.0	17.3	-	55.8	80.0	69.8%
Others	1.1	1.1	1.4	-	3.7	5.0	74.0%
Adjustment	(4.0)	(6.2)	(6.1)	-	(16.3)	(25.0)	-
<b>Total</b>	<b>169.0</b>	<b>179.1</b>	<b>192.2</b>	<b>-</b>	<b>540.4</b>	<b>740.0</b>	<b>73.0%</b>

## Operating Profit

(Billions of yen)

Segment	FY2018					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	3.6	4.6	7.6	-	15.9	22.5	70.7%
Pharmaceutical	(0.0)	0.0	0.8	-	0.8	0.5	160.0%
Cement & Construction Materials	2.0	2.5	3.9	-	8.5	12.5	68.0%
Machinery	0.1	1.1	1.3	-	2.6	6.0	43.3%
Energy & Environment	0.3	0.6	0.7	-	1.7	2.5	68.0%
Others	0.1	0.0	0.4	-	0.6	1.0	60.0%
Adjustment	(0.1)	(0.2)	(0.0)	-	(0.4)	(1.0)	-
<b>Total</b>	<b>6.1</b>	<b>8.9</b>	<b>15.0</b>	<b>-</b>	<b>30.0</b>	<b>44.0</b>	<b>68.2%</b>

Reference: 3rd Quarter of the FY2018



## Consolidated Key Indicators

(Billions of yen)

Item	FY2017 3Q	FY2018 3Q	FY2018 full-year (forecast)	FY2017 full-year
Capital investment	24.0	24.9	40.0	40.3
Depreciation and amortization	26.1	26.9	37.0	35.3
Research and development expenses	9.8	9.0	14.0	13.2
Adjusted operating profit	41.5	35.7	50.5	55.1
Interest-bearing debt	205.2	200.5	185.0	195.5
Shareholders' equity	313.4	323.1	334.0	315.3
Total assets	734.1	743.1	750.0	742.4
D/E ratio (times)	0.65	0.62	0.55	0.62
Shareholders' equity ratio (%)	42.7	43.5	44.5	42.5
Return on sales - ROS (%)	7.4	5.6	5.9	7.2
Return on assets - ROA (%)	-	-	6.8	7.6
Return on equity - ROE (%)	-	-	9.4	10.5
Number of employees	10,953	11,087	11,000	10,799

Reference: 3rd Quarter of the FY2018



## Consolidated Major Subsidiaries

(Billions of yen)

Subsidiaries and affiliates	Business	Net Sales FY2018 3Q	Difference of operating profit from FY2017 3Q
UBE Corporation Europe, S.A. Unipersonal	Manufacture and sales of caprolactam, ammonium sulfate, nylon, and fine chemical products	35.6	↑
UBE Chemicals (Asia) Public Company Limited	Manufacture and sales of caprolactam, ammonium sulfate, and nylon	34.7	↑
THAI SYNTHETIC RUBBERS COMPANY LIMITED	Manufacture and sales of polybutadiene rubber	12.2	↓
UBE Ammonia Industry, Ltd.	Manufacture and sales of ammonia and industrial gases	10.6	↓
UBE Film, Ltd.	Manufacture and sales of plastic film products	7.5	↓
UBE EXSYMO CO., LTD.	Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials	10.3	→
UBE Material Industries, Ltd.	Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc.	36.9	↑
UBE Shipping & Logistics, Ltd.	Coastal shipping, port transport, containers, collection and transport of industrial waste, trading and engineering business	14.0	→
UBE Construction Materials Sales Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	48.6	↑
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	17.7	→
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	33.3	↑
Ube Construction materials Co., Ltd.	Manufacture, sales and construction of various building materials	7.9	—
UBE Machinery Corporation, Ltd.	Manufacture, sales, and service of molding machines, industrial machinery and bridge, etc.	30.3	↓
UBE Steel Co., Ltd	Manufacture and sales of cast iron and steel products and rolled steel billets	17.5	↓
UBE COAL TRADING, LTD.	Sales of imported coal from Australia, Indonesia, and Russia	23.4	↓

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

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technology  
Spirit of  
innovation  
UBE**

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