

**UBE**

**Financial Results  
for the 3rd Quarter FY2019  
Explanatory material**

February 4, 2020

3rd Quarter: April – December

**UBE INDUSTRIES, LTD.**

# FY2019 3rd Quarter Consolidated Results



## Scope of Consolidation

Item	End of FY2018 (A)	End of FY2019 3Q (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	71	69	(2)	- UBE Coal Trading, Ltd. - UBE ELECTRONICS, LTD. - UBE ELECTRONICS (WUXI) CO., LTD + UBE PROCESSING TEC CORPORATION
Number of equity method affiliates	25	26	1	+ Kyocera-Ube RF TEC Corporation
Total	96	95	(1)	

## Environmental Factors

Item		FY2018 3Q (A)	FY2019 3Q (B)	Difference (B) - (A)		
Exchange Rate	Yen/\$	111.1	108.7	(2.4)		
Material Price	Naphtha	CIF	\$/ t	651	531	(120)
		Domestic	Yen/KL	52,600	42,200	(10,400)
	Benzene (ACP)	\$/ t	826	653	(173)	
	Australian Coal (CIF)	\$/ t	127.0	101.5	(25.5)	
		Yen/t	14,115	11,030	(3,085)	

## Major P/L Items

(Billions of yen)

Item	FY2018 3Q (A)	FY2019 3Q (B)	Difference (B) - (A)	Percentage change
Net sales	540.4	497.8	(42.6)	(7.9)%
Operating profit	30.0	25.4	(4.6)	(15.4)%
Ordinary profit	33.4	24.9	(8.4)	(25.4)%
Profit attributable to owners of parent	22.8	15.1	(7.6)	(33.6)%

## Net Sales and Operating Profit by Segment

(Billions of yen)

	Segment	FY2018 3Q (A)	FY2019 3Q (B)	Difference (B) - (A)
Net sales	Chemicals	241.4	214.9	(26.4)
	Construction Materials	240.7	227.7	(13.0)
	Machinery	67.0	64.7	(2.2)
	Others	3.7	3.5	(0.1)
	Adjustment	(12.3)	(13.0)	(0.6)
	<b>Total</b>	<b>540.4</b>	<b>497.8</b>	<b>(42.6)</b>
Operating profit	Chemicals	16.8	11.0	(5.7)
	Construction Materials	10.3	11.3	1.0
	Machinery	2.6	2.9	0.2
	Others	0.6	0.4	(0.1)
	Adjustment	(0.4)	(0.4)	(0.0)
	<b>Total</b>	<b>30.0</b>	<b>25.4</b>	<b>(4.6)</b>

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.

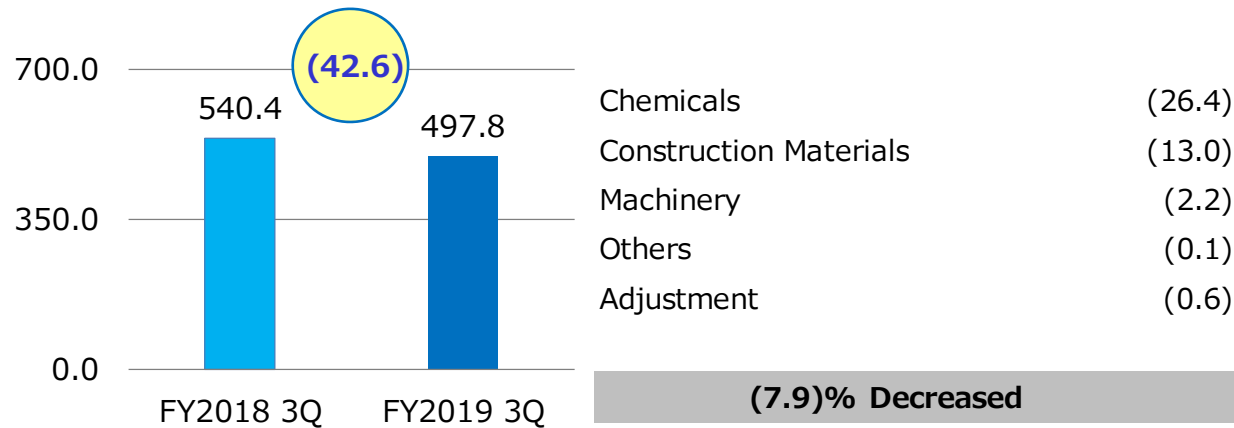
# 3rd Quarter of the FY2019



## Analysis - Total

(Billions of yen)

### Net Sales



### Difference of operating profit

Price ※1 4.3

Volume (2.1)

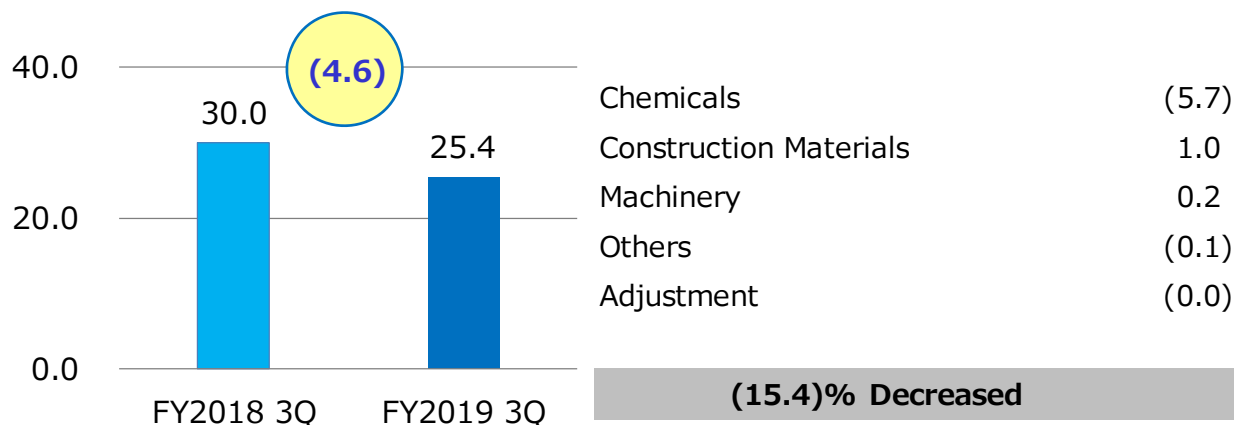
Fixed Cost and Others ※2 (6.8)

**Total (4.6)**

\*1: Including both selling and purchase change

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

### Operating profit



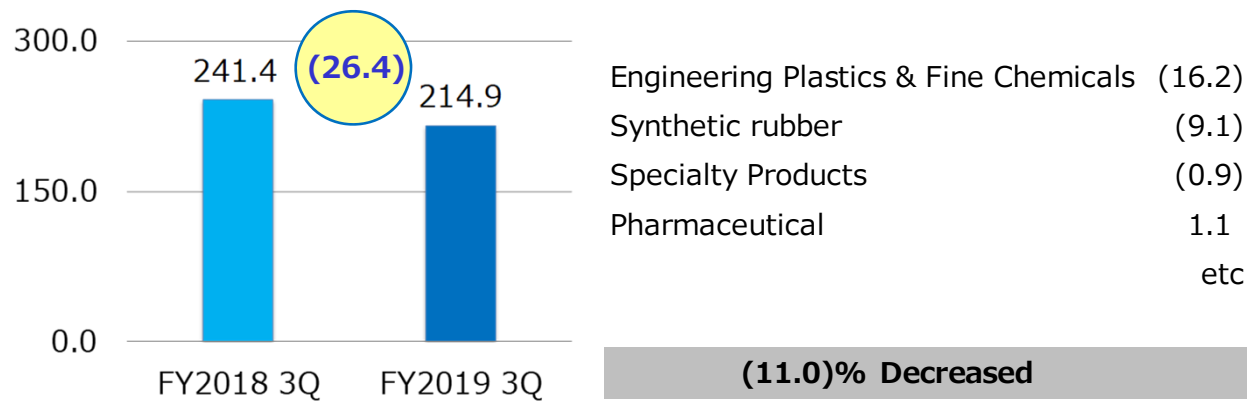
# 3rd Quarter of the FY2019



## Analysis - Chemicals

(Billions of yen)

### Net Sales



### Difference of operating profit

Price ※1 (1.1)

Volume 0.6

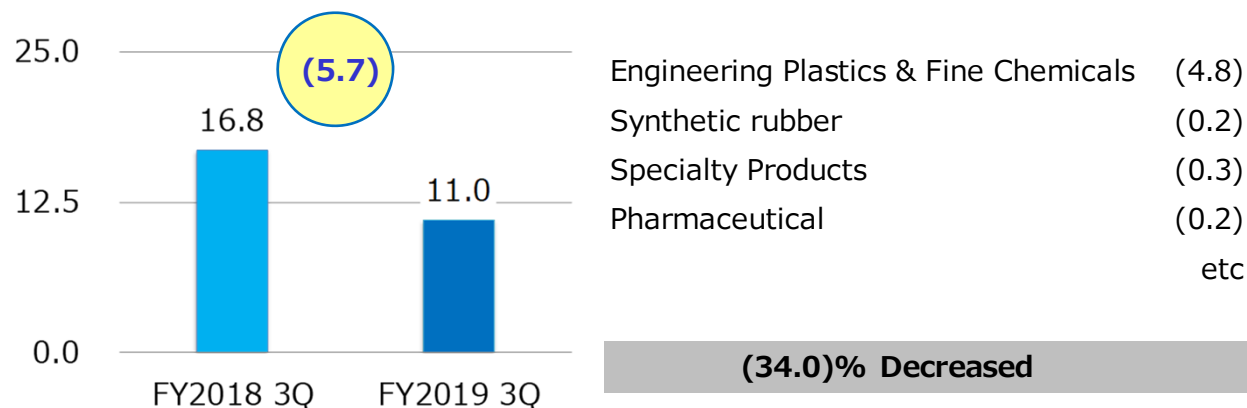
Fixed Cost and Others ※2 (5.2)

**Total (5.7)**

\*1: Including both selling and purchase change

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

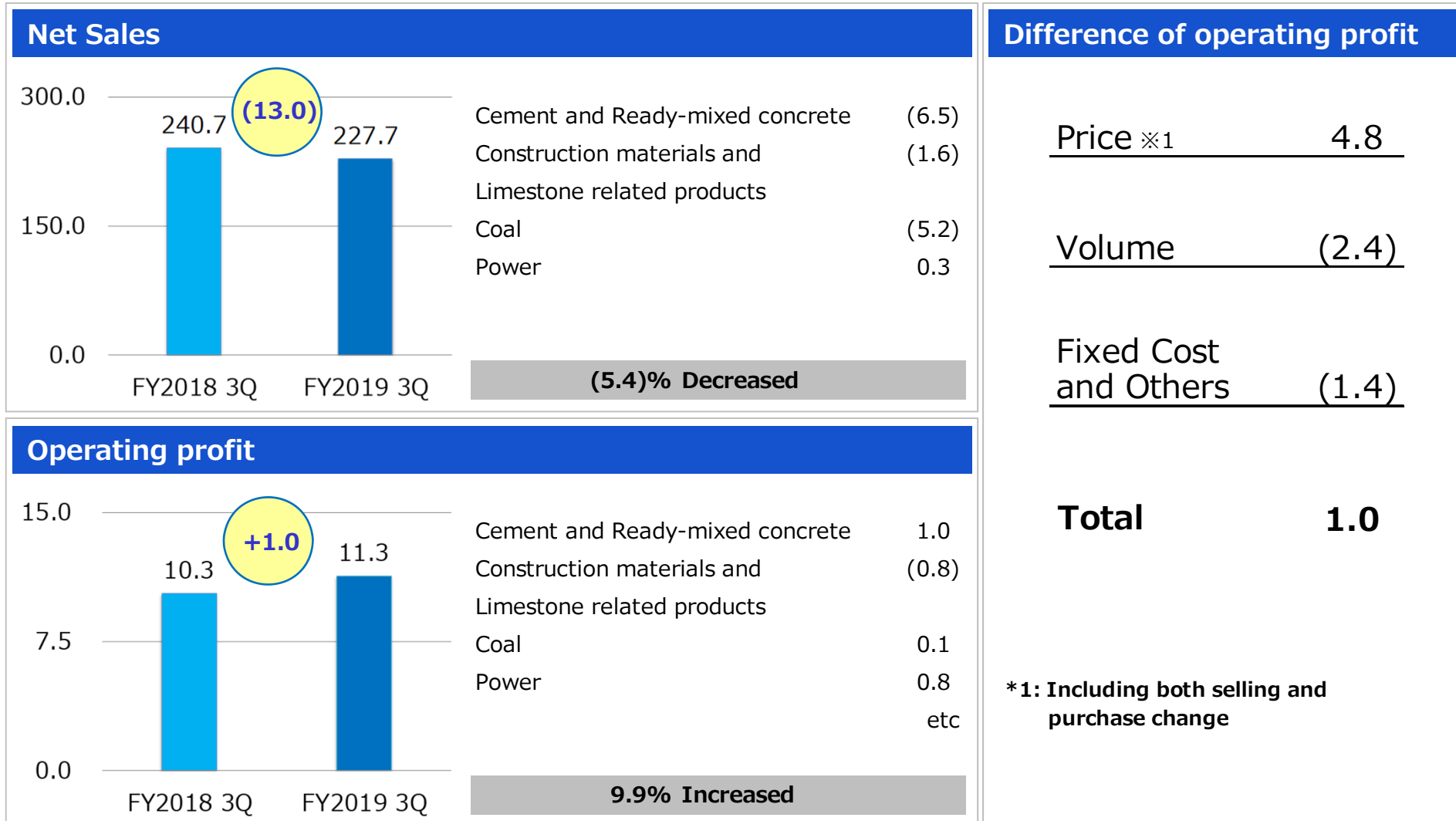
### Operating profit





## Analysis – Construction Materials

(Billions of yen)



\*1: Including both selling and purchase change

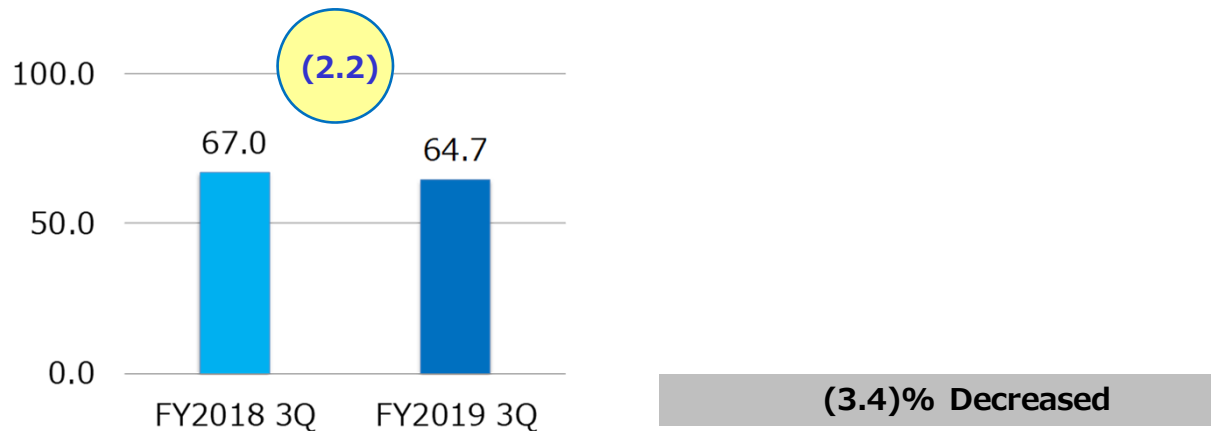
# 3rd Quarter of the FY2019



## Analysis - Machinery

(Billions of yen)

### Net Sales



### Difference of operating profit

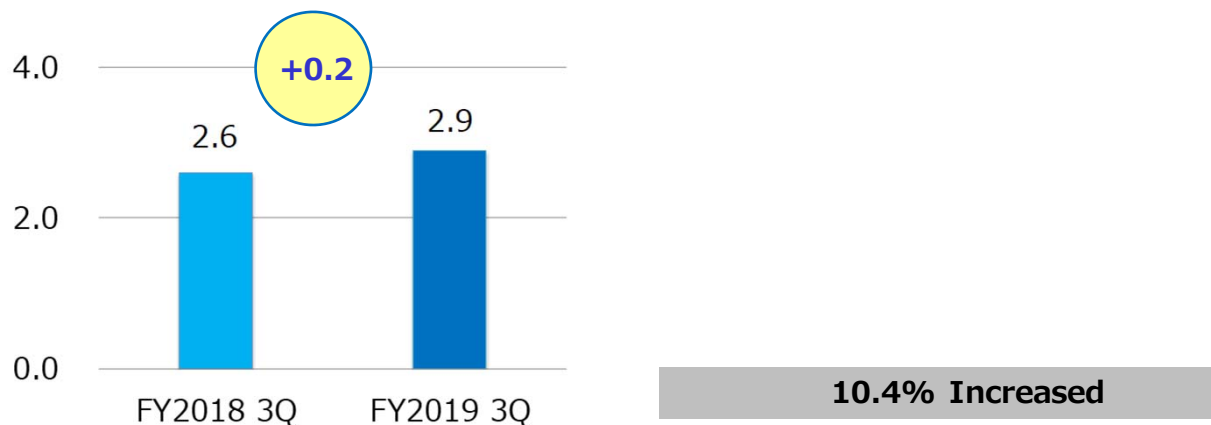
Price ※1 0.6

Volume (0.2)

Fixed Cost and Others ※2 (0.1)

**Total** 0.2

### Operating profit



\*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 3Q (A)	FY2019 3Q (B)	Difference (B) - (A)
Operating profit	30.0	25.4	(4.6)
<b>Non-operating income/expenses</b>	<b>3.3</b>	<b>(0.4)</b>	<b>(3.8)</b>
Net interests expenses	1.0	0.5	(0.4)
Share of profit of entities accounted for using equitiy method	3.7	1.8	(1.9)
Foreign exchange gains	0.7	0.1	(0.5)
Others	(2.2)	(3.0)	(0.8)
Ordinary profit	33.4	24.9	(8.4)
Extraordinary income/losses	(1.7)	(5.5)	(3.8)
Profit before income taxes	31.6	19.3	(12.2)
Income taxes and profit attributable to non-controlling interests	(8.7)	(4.1)	4.6
Profit attributable to owners of parent	22.8	15.1	(7.6)
Net income per share	218.09 yen	150.16 yen	(67.93) yen

## Consolidated Balance Sheet

(Billions of yen)

Item	End of FY2018 (A)	End of FY2019 3Q (B)	Difference (B) - (A)
Current assets	315.6	302.7	(12.9)
Fixed assets	424.4	422.8	(1.5)
<b>Total assets</b>	<b>740.2</b>	<b>725.7</b>	<b>(14.5)</b>
Interest-bearing debt	187.2	184.9	(2.3)
Other liabilities	198.4	183.5	(14.9)
<b>Total liabilities</b>	<b>385.7</b>	<b>368.4</b>	<b>(17.2)</b>
Shareholders' equity *1	329.5	333.3	3.8
Non-controlling interests and others	25.0	23.9	(1.0)
<b>Total net assets</b>	<b>354.5</b>	<b>357.3</b>	<b>2.7</b>
<b>Total liabilities and net assets</b>	<b>740.2</b>	<b>725.7</b>	<b>(14.5)</b>

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

## Consolidated Statements of Cash Flows

(Billions of yen)

Item	FY2018 3Q	FY2019 3Q	
A.Cash flows from operating activities	21.1	46.1	Profit before income taxes 19.3 Depreciation and amortization 27.2 etc.
B.Cash flows from investing activities	(28.5)	(31.0)	Acquisition of PP&E (30.9) etc.
Free cash flows (A+B)	(7.4)	15.0	
C.Cash flows from financing activities	(9.2)	(18.2)	Decrease in interest-bearing debt (4.0) Dividends paid (13.4) etc.
D.Net increase/decrease in cash and cash equivalents	(16.7)	(2.9)	
E.Cash and cash equivalents at end of the quarter	31.8	29.3	

# 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>+ Kyocera-Ube RF TEC Corporation</li> <li>+ CNSG ANHUI HONG SIFANG and UBE NEW MATERIAL TECHNOLOGY CO., LTD.</li> </ul>
Total	96	96	0	

## Business Environmental

Item		FY 2018 (A)	FY 2019 (B)	Difference (B) - (A)		
Exchange Rate		Yen/\$	110.9	108.8 [109.0]	(2.1)	
Material Price	Naphtha	CIF	\$/ t	616	544 [580]	(72)
		Domestic	Yen/KL	49,400	43,100 [45,900]	(6,300)
	Benzene (ACP)		\$/ t	764	671 [725]	(93)
	Australian Coal (CIF)		\$/ t	125.0	101.0 [98.3]	(24.0)
			Yen/t	13,863	10,984 [10,709]	(2,879)

[ ] : numbers for the fourth quarter 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	675.0	(55.1)	(7.6)%
Operating profit	44.5	36.0	(8.5)	(19.2)%
Ordinary profit	47.8	35.5	(12.3)	(25.8)%
Profit attributable to owners of parent	32.4	22.0	(10.4)	(32.3)%

Item	End of FY 2018 (A)	End of FY 2019 (B)	Difference (B) - (A)
Total assets	740.2	740.0	(0.2)
Interest-bearing debt	187.2	195.0	7.8
Equity capital *1	329.5	340.0	10.5
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)

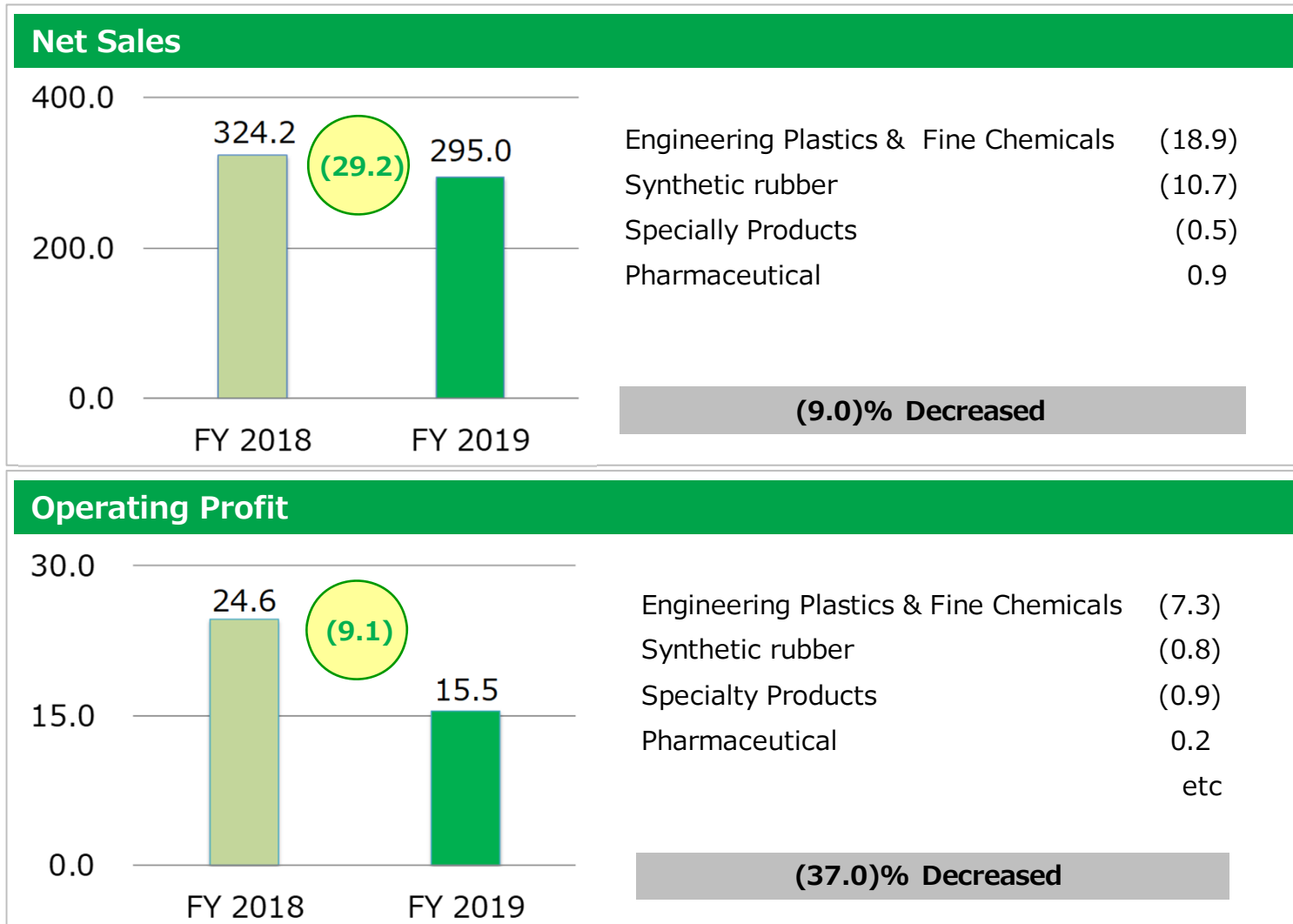
	Segment	FY 2018	FY 2019	Difference
		(A)	(B)	(B) - (A)
Net sales	Chemicals	324.2	295.0	(29.2)
	Construction Materials	321.0	305.0	(16.0)
	Machinery	97.2	89.0	(8.2)
	Others	4.9	4.0	(0.9)
	Adjustment	(17.3)	(18.0)	(0.7)
	Total	730.1	675.0	(55.1)
Operating profit	Chemicals	24.6	15.5	(9.1)
	Construction Materials	14.4	15.5	1.1
	Machinery	5.4	5.0	(0.4)
	Others	0.8	0.8	0.0
	Adjustment	(0.7)	(0.8)	(0.1)
	Total	44.5	36.0	(8.5)

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.



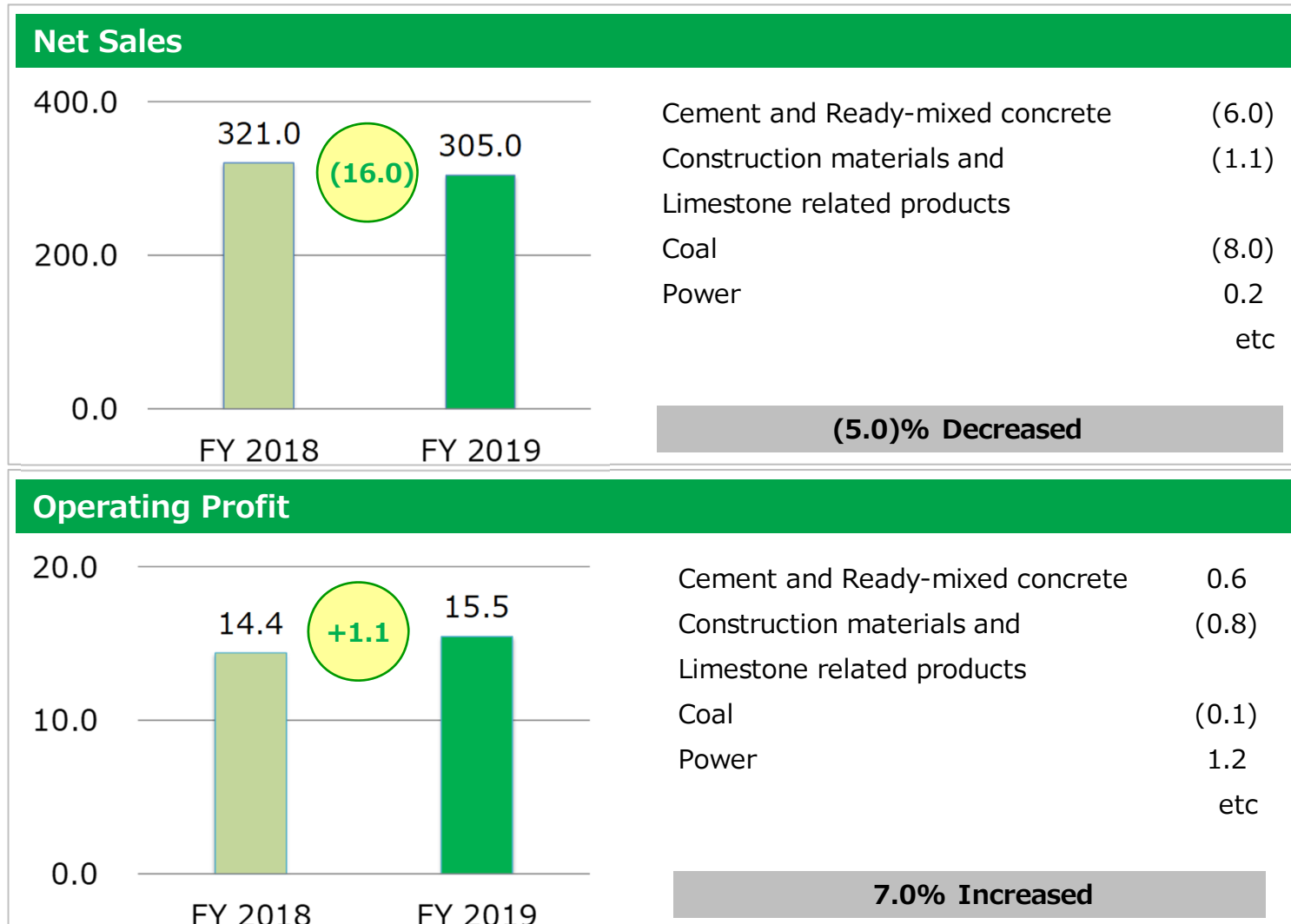
## Analysis – Chemicals

(Billions of yen)



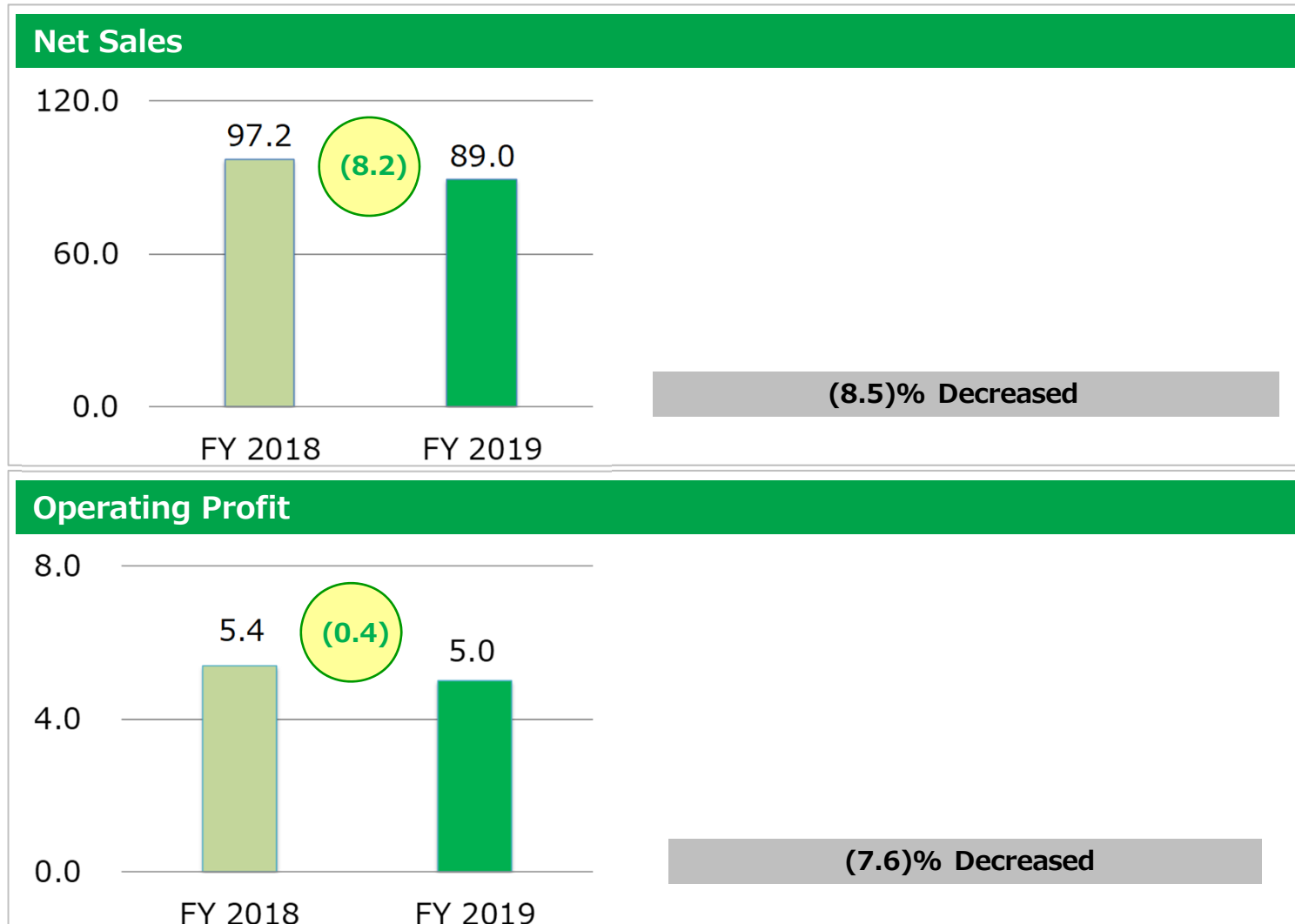
## Analysis – Construction Materials

(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	36.0	(8.5)
Non-operating income/expenses	3.3	(0.5)	(3.8)
Ordinary profit	47.8	35.5	(12.3)
Extraordinary income/losses	(3.1)	(5.5)	(2.4)
Profit before income taxes	44.6	30.0	(14.6)
Income taxes and profit attributable to non-controlling interests	(12.1)	(8.0)	4.1
Profit attributable to owners of parent	32.4	22.0	(10.4)
Net income per share	312.36 yen	217.68 yen	(94.68) yen

# Reference





## Difference of Net sales

(Billions of yen)

Segment	Previous forecasts 2019/10/28 (A)	Revised forecasts 2020/2/4 (B)	Difference (B) - (A)	Major factors
Chemicals	305.0	295.0	(10.0)	Engineering Plastics & Fine Chemicals (9.9) Synthetic rubber 0.4 Specialty Products (0.5) Pharmaceutical (0.2) etc.
Construction Materials	320.0	305.0	(15.0)	Cement and Ready-mixed concrete (2.9) Construction materials and Limestone related products (4.2) Coal (5.9) Power (1.2) etc.
Machinery	93.0	89.0	(4.0)	
Others	4.5	4.0	(0.5)	
Adjustment	(17.5)	(18.0)	(0.5)	
Total	705.0	675.0	(30.0)	

## Difference of Operating profit

(Billions of yen)

Segment	Previous forecasts 2019/10/28 (A)	Revised forecasts 2020/2/4 (B)	Difference (B) - (A)	Major factors
Chemicals	20.5	15.5	(5.0)	Engineering Plastics & Fine Chemicals (4.9) Specialty Products (0.3) etc.
Construction Materials	16.5	15.5	(1.0)	Cement and Ready-mixed concrete 0.3 Construction materials and Limestone related products (1.2) Coal (0.1) Power 0.2 etc.
Machinery	5.0	5.0	0.0	
Others	0.7	0.8	0.1	
Adjustment	(0.7)	(0.8)	(0.1)	
Total	42.0	36.0	(6.0)	

Reference: 3rd Quarter of the FY2019



## Analysis of Operating Profit by Segment

(Billions of yen)

Segment	Operating profit					
	FY2018 3Q (A)	FY2019 3Q (B)	Difference (B) - (A)	Price *1	Volume	Fixed cost and others *2
Chemicals	16.8	11.0	(5.7)	(1.1)	0.6	(5.2)
Construction Materials	10.3	11.3	1.0	4.8	(2.4)	(1.4)
Machinery	2.6	2.9	0.2	0.6	(0.2)	*3 (0.1)
Others	0.6	0.4	(0.1)	0.0	0.0	(0.2)
Adjustment	(0.4)	(0.4)	(0.0)	-	-	(0.1)
<b>Total</b>	<b>30.0</b>	<b>25.4</b>	<b>(4.6)</b>	<b>4.3</b>	<b>(2.1)</b>	<b>(6.8)</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: 3rd Quarter of the FY2019



## Progress of Major P/L Items

(Billions of yen)

Item	FY2018 (A)		FY2019 (B)		Difference (B) - (A)	
		3Q Progress		3Q Progress		3Q
Net sales	730.1	540.4 74.0%	675.0	497.8 73.8%	(55.1)	(42.6)
Operating profit	44.5	30.0 67.4%	36.0	25.4 70.6%	(8.5)	(4.6)
Ordinary profit	47.8	33.4 69.9%	35.5	24.9 70.3%	(12.3)	(8.4)
Profit attributable to owners of parent	32.4	22.8 70.3%	22.0	15.1 69.0%	(10.4)	(7.6)

Reference: 3rd Quarter of the FY2019



## Net Sales

(Billions of yen)

Segment	FY2019					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	74.5	71.9	68.4	-	214.9	295.0	72.9%
Construction Materials	75.4	77.2	74.9	-	227.7	305.0	74.7%
Machinery	18.8	23.1	22.6	-	64.7	89.0	72.7%
Others	1.1	1.1	1.2	-	3.5	4.0	89.4%
Adjustment	(4.9)	(3.4)	(4.5)	-	(13.0)	(18.0)	-
<b>Total</b>	<b>165.0</b>	<b>170.0</b>	<b>162.8</b>	<b>-</b>	<b>497.8</b>	<b>675.0</b>	<b>73.8%</b>

Reference: 3rd Quarter of the FY2019



## Operating Profit

(Billions of yen)

Segment	FY2019					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	4.6	3.6	2.7	-	11.0	15.5	71.6%
Construction Materials	2.3	4.4	4.5	-	11.3	15.5	73.2%
Machinery	0.4	1.2	1.2	-	2.9	5.0	58.7%
Others	0.1	0.0	0.2	-	0.4	0.8	59.4%
Adjustment	(0.2)	0.0	(0.2)	-	(0.4)	(0.8)	-
<b>Total</b>	<b>7.3</b>	<b>9.4</b>	<b>8.6</b>	<b>-</b>	<b>25.4</b>	<b>36.0</b>	<b>70.6%</b>

Reference: 3rd Quarter of the FY2019



## Consolidated Key Indicators

(Billions of yen)

Item	FY2018 3Q	FY2019 3Q	FY2019 full-year (forecast)	FY2018 full-year
Capital investment	24.9	26.6	48.0	41.7
Depreciation and amortization	26.9	27.2	37.0	36.4
Research and development expenses	9.0	9.7	14.0	12.1
Adjusted operating profit	35.7	28.5	39.0	51.5
Interest-bearing debt	200.5	184.9	195.0	187.2
Shareholders' equity	323.1	333.3	340.0	329.5
Total assets	743.1	725.7	740.0	740.2
D/E ratio (times)	0.62	0.55	0.57	0.57
Shareholders' equity ratio (%)	43.5	45.9	45.9	44.5
Return on sales - ROS (%)	5.6	5.1	5.3	6.1
Return on assets - ROA (%)	-	-	5.3	6.9
Return on equity - ROE (%)	-	-	6.6	10.1
Number of employees	11,087	11,033	11,000	11,010

Reference: 3rd Quarter of the FY2019



## Consolidated Major Subsidiaries

(Billions of yen)

Subsidiaries and affiliates	Business	Net Sales FY2019 3Q	Difference of operating profit from FY2018 3Q
UBE Corporation Europe, S.A. Unipersonal	Manufacture and sales of nylon, caprolactam, ammonium sulfate and fine chemical products	30.0	↓
UBE Chemicals (Asia) Public Company Limited	Manufacture and sales of nylon, caprolactam and ammonium sulfate	24.5	↓
THAI SYNTHETIC RUBBERS COMPANY LIMITED	Manufacture and sales of polybutadiene rubber	9.4	↓
UBE Ammonia Industry, Ltd.	Manufacture and sales of ammonia and industrial gases	10.8	↑
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	10.4	↓
UBE Material Industries, Ltd.	Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc.	35.8	↓
UBE Shipping & Logistics, Ltd.	Coastal shipping, port transport, containers, collection and transport of industrial waste, trading and engineering business	14.6	→
UBE Construction Materials Sales Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	43.9	→
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	31.3	↓
Ube Construction materials Co., Ltd.	Manufacture, sales and construction of various building materials	8.2	↑
UBE Machinery Corporation, Ltd.	Manufacture, sales, and service of molding machines, industrial machinery and bridge, etc.	32.9	↑
UBE Steel Co., Ltd	Manufacture and sales of cast iron and steel products and rolled steel billets	15.6	↑

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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