

Financial Results for the 2nd Quarter FY 2013

November 1, 2013

UBE INDUSTRIES, LTD.

Contents

2

- FY13 First Half Consolidated Results
- FY13 Consolidated Forecasts
- Appendix

※This “2nd Quarter (2Q)” data states information for 6 month totals.

FY13 First Half Consolidated Results

Scope of Consolidation

— Financial Results for the First Half FY13 —

Item	End of FY12 (A)	End of FY13 2Q (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	67	68	1	Newly Included: 1 UBE-Nitto Kasei (WUXI) Co., Ltd.
Number of equity method affiliates	25	24	-1	Newly Included: None Newly Excluded: 1
Total	92	92	0	

Environmental Factors

— Financial Results for the First Half FY13 —

(Billion Yen)

Item			FY12 2Q (A)	FY13 2Q (B)	Change (B) - (A)	Impacts on Consolidated Operating Income	
Exchange Rate		Yen/\$	79.4	98.9	19.5	0.1	
Material Price	Naphtha (Domestic)	(CIF) \$/t	958	916.0	-42.0	0.4	
		Yen/KL	55,200	64,700	9,500	(-1.5)	
	Benzene (Average of US and Euro Contract Price)		\$/t	1,245	1,296	51	-0.7 (-5.0)
	Australian Coal (CIF)		\$/t	130.1	111.4	-18.7	1.3
			Yen/t	10,327	11,011	684	(-0.6)

(): including impacts from fluctuation of exchange rate

Major P/L & B/S Items

— Financial Results for the First Half FY13 —

(Billion Yen)

Item	FY12 2Q (A)	FY13 2Q (B)	Change (B) - (A)
Sales	310.7	310.8	0.0
Operating income	16.1	9.0	-7.1
Ordinary income	14.6	6.7	-7.9
Net income	8.4	6.6	-1.7
Item	End of FY12 (A)	End of FY13 1Q (B)	Change (B) - (A)
Total assets	685.8	683.1	-2.7
Debt	246.6	246.0	-0.5
Net debt	210.6	218.3	7.6
Equity capital *1	215.5	235.6	20.1

*1: Equity capital = Net assets - Share subscription rights - Minority interests

Non Operating Items

— Financial Results for the First Half FY13 —

(Billion Yen)

Item		FY12 2Q (A)	FY13 2Q (B)	Change (B) - (A)
Operating income		16.1	9.0	-7.1
Non operating income / loss	Net interest income / expense	-1.2	-1.0	0.2
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	0.5	0.3	-0.2
	Net gain / loss on Foreign currency exchange	-0.6	0.0	0.5
	Others	-0.1	-1.5	-1.3
	Total	-1.5	-2.3	-0.8
Ordinary income		14.6	6.7	-7.9

Extraordinary Items

— Financial Results for the First Half FY13 —

(Billion Yen)

Item		FY12 2Q	FY13 2Q	Change
		(A)	(B)	(B) - (A)
	Gain on transfer of business	0.0	2.8	2.7
	Others	0.5	0.0	-0.5
	Extraordinary income	0.6	2.9	2.2
	Loss on disposal of PP&E	-0.7	-0.4	0.2
	Gain on negative goodwill	-	-0.5	-0.5
	Others	-0.3	-0.1	0.2
	Extraordinary loss	-1.1	-1.1	0.0
	Net extraordinary income / loss	-0.5	1.7	2.2

Operating Income – Net Income

– Financial Results for the First Half FY13 –

(Billion Yen)

Item	FY12 2Q (A)	FY13 2Q (B)	Change (B) - (A)
Operating income	16.1	9.0	-7.1
Non operating item	-1.5	-2.3	-0.8
Ordinary income	14.6	6.7	-7.9
Extraordinary item	-0.5	1.7	2.2
Income before income tax and minority interest	14.1	8.5	-5.6
Income tax and minority interest	-5.7	-1.8	3.8
Net income	8.4	6.6	-1.7
Net income per share(Yen/Share)	8.42yen	6.54yen	-1.88yen

Sales by Segment

— Financial Results for the First Half FY13 —

(Billion Yen)

Segment	FY12 2Q (A)	FY13 2Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	109.3	109.7	0.3	Caprolactam chain 0.2 Synthetic rubber 0.1
Specialty Chemicals & Products	32.1	32.0	-0.1	Specialty products -0.5 Fine chemicals 0.4
Pharmaceutical	5.6	4.1	-1.5	
Cement & Construction Materials	101.5	106.9	5.4	Cement and Ready-mixed concrete 4.6 Construction materials and Quicklime related products -0.2, etc.
Machinery & Metal Products	34.3	34.8	0.4	
Energy & Environment	35.4	27.7	-7.6	Coal -2.3, Power -5.4
Others	12.3	13.9	1.5	
Adjustment	-20.1	-18.5	1.5	
Total	310.7	310.8	0.0	Increased by 0.0%

Operating Income by Segment

— Financial Results for the First Half FY13 —

(Billion Yen)

Segment	FY12 2Q (A)	FY13 2Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	3.8	-2.0	-5.9	Caprolactam chain -5.1 Synthetic rubber -0.8
Specialty Chemicals & Products	1.8	0.4	-1.3	Specialty products -1.4 Fine chemicals 0.1
Pharmaceutical	1.9	0.4	-1.4	
Cement & Construction Materials	4.5	6.8	2.2	Cement and Ready-mixed concrete 2.7 Construction materials and Quicklime related products -0.4, etc.
Machinery & Metal Products	1.6	2.3	0.7	
Energy & Environment	2.6	0.6	-2.0	Coal -0.6, Power -1.4
Others	0.4	0.4	0.0	
Adjustment	-0.8	-0.0	0.7	
Total	16.1	9.0	-7.1	Decreased by 43.9%

Analysis of Operating Income

— Financial Results for the First Half FY13 —

(Billion Yen)

Segment	Operating Income						
	FY12 2Q (A)	FY13 2Q (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals & Plastics	3.8	-2.0	-5.9	-5.2	0.0	0.9	-1.6
Specialty Chemicals & Products	1.8	0.4	-1.3	-0.7	-0.5	0.0	-0.2
Pharmaceutical	1.9	0.4	-1.4	-0.8	-1.0	-0.1	0.4
Cement & Construction Materials	4.5	6.8	2.2	1.6	1.2	0.1	-0.7
Machinery & Metal Products	1.6	2.3	0.7	0.0	0.1	0.5	*3 0.1
Energy & Environment	2.6	0.6	-2.0	-0.6	-2.0	0.4	0.1
Others	0.4	0.4	0.0	0.1	0.0	0.2	-0.2
Adjustment	-0.8	-0.0	0.7	-	-	0.7	0.1
Total	16.1	9.0	-7.1	-5.6	-2.2	2.7	-1.9

*1: Including both selling and purchase change

*2: Including inventory valuation changes -1.1

*3: Including marginal profit on machinery products 1

Consolidated Balance Sheet

— Financial Results for the First Half FY13 —

13

(Billion Yen)

Item		End of FY12	End of FY13 2Q	Change
		(A)	(B)	(B) - (A)
Assets	Current assets	287.3	280.8	-6.5
	Fixed assets	398.3	402.1	3.7
	Total	685.8	683.1	-2.7
Liabilities	Interest-bearing debts	246.6	246.0	-0.5
	Other liabilities	188.4	178.3	-10.0
	Total	435.1	424.4	-10.6
Net Assets	Equity capital *1	215.5	235.6	20.1
	Minority interests and others	35.2	22.9	-12.2
	Total	250.7	258.6	7.9
Total liabilities and net assets		685.8	683.1	-2.7

*1: Equity capital = Net assets - Share subscription rights - Minority interests

Consolidated Statements of Cash Flows

— Financial Results for the First Half FY13 —

14

(Billion Yen)

Item	FY12 2Q	FY13 2Q	
A.Cash flows from operating activities	18.9	15.8	Income/losses before income tax and minority interests 8.5 Depreciation and amortization 15.8 Working capital -8, Gain on negative goodwill -28 etc.
B.Cash flows from investing activities	-18.1	-21.7	Acquisition of PP&E -18.8 Acquisition of shares of subsidiaries -2.6, etc
Free cash flows (A+B)	0.8	-5.9	
C.Cash flows from financing activities	-1.7	-6.8	Increase/decrease in interest-bearing debts -1.0 Dividends -5.4, etc.
D.Net increase/decrease in cash and cash equivalents	-0.7	-8.2	Change in the end of the reporting period of subsidiaries 3.2, etc.
E.Cash and cash equivalents at end of the quarter	32.4	27.7	

FY13 Consolidated Forecasts

Scope of Consolidation

— FY13 Consolidated Forecasts —

16

Item	End of FY12 (A)	End of FY13 (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	67	65	-2	Newly Included: 1 UBE-Nitto Kasei (WUXI) Co., Ltd Newly Excluded: 3
Number of equity method affiliates	25	24	-1	Newly Included: None Newly Excluded: 1
Total	92	89	-3	

Environmental Factors

— FY13 Consolidated Forecasts —

17

(Billion Yen)

Item			FY12 (A)	FY13 (B)	Change (B) - (A)	Impacts on Consolidated OP Income
Exchange Rate		Yen/\$	83.1	99.4 [100.0]	16.3	0.5
Material Price	Naphtha (Domestic)	(CIF) \$/t	965	908.0 [900]	-57	11.0
		Yen/KL	57,500	64,600 [64,500]	7,100	(-2.2)
	Benzene (Average of US and Euro Contract Price)	\$/t	1,312	1,277.0 [1,259]	-35	1.2 (-7.5)
	Australian Coal (CIF)	\$/t	126.8	111.2 [111.1]	-15.6	2.3
		Yen/t	10,540	11,059 [11,107]	519	(-1.0)

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

(): including impacts from fluctuation of exchange rate

Major P/L & B/S Items

– FY13 Consolidated Forecasts –

(Billion Yen)

Item	FY12 (A)	FY13 (B)	Change (B) - (A)
Sales	626.0	647.0	21.0
Operating income	29.9	26.0	-3.9
Ordinary income	28.0	19.5	-8.5
Net income	8.2	12.5	4.3
Item	End of FY12 (A)	End of FY13 (B)	Change (B) - (A)
Total assets	685.8	700.0	14.2
Debt	246.6	240.0	-6.6
Net debt	210.6	210.0	-0.6
Equity capital *1	215.5	237.0	21.5
Dividend(Yen /Share)	5.0	5.0	0.0

*1: Equity capital = Net assets - Share subscription rights - Minority interests

Operating Income – Net Income

– FY13 Consolidated Forecasts –

19

(Billion Yen)

Item	FY12 (A)	FY13 (B)	Change (B) - (A)
Operating income	29.9	26.0	-3.9
Non operating item	-1.9	-6.5	-4.6
Ordinary income	28.0	19.5	-8.5
Extraordinary item	-12.2	-0.5	11.7
Income before income tax and minority interest	15.8	19.0	3.2
Income tax and minority interest	-7.6	-6.5	1.1
Net income	8.2	12.5	4.3
Net income per share(Yen/Share)	8.22yen	12.05yen	3.83yen

Sales by Segment

— FY13 Consolidated Forecasts —

(Billion Yen)

Segment	FY12 (A)	FY13 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	219.3	230.0	10.7	Caprolactam chain 10.2 Synthetic rubber 5.0
Specialty Chemicals & Products	61.1	68.0	6.9	Specialty products 4.6 Fine chemicals 2.3
Pharmaceutical	11.4	10.0	-1.4	
Cement & Construction Materials	208.3	218.0	9.7	Cement and Ready-mixed concrete 4.6 Construction materials and Quicklime related products 1.9, etc.
Machinery & Metal Products	71.3	76.0	4.7	
Energy & Environment	68.7	58.0	-10.7	Coal 0.8, Power -11.6
Others	25.2	26.0	0.8	
Adjustment	-39.6	-39.0	0.6	
Total	626.0	647.0	21.0	Increased by 3.4%

Operating Income by Segment

— FY13 Consolidated Forecasts —

(Billion Yen)

Segment	FY12 (A)	FY13 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	5.0	2.0	-3.0	Caprolactam chain -3.5 Synthetic rubber 0.5
Specialty Chemicals & Products	1.2	2.0	0.8	Specialty products -0.1 Fine chemicals 0.9
Pharmaceutical	3.4	2.0	-1.4	
Cement & Construction Materials	11.4	14.5	3.1	Cement and Ready-mixed concrete 2.6 Construction materials and Quicklime related products 0.4, etc.
Machinery & Metal Products	3.6	4.6	1.0	
Energy & Environment	5.9	1.4	-4.5	Coal -0.9, Power -3.6
Others	1.0	1.0	0.0	
Adjustment	-1.9	-1.5	0.4	
Total	29.9	26.0	-3.9	Decreased by 13.2%

Management Indices

— FY13 Consolidated Forecasts —

Item	Computation	Unit	FY12 (A)	FY13 (B)	Change (B) - (A)
Net D/E Ratio	Net debt /Equity capital	Times	0.98	0.89	-0.09
Equity Ratio	Equity capital /Total assets	%	31.4	33.9	2.5
Operating margin	Operating Income /Sales	%	4.8	4.0	-0.8
Return on Assets (ROA)	Business income /Total assets	%	4.8	3.9	-0.9
Return on Equity (ROE)	Net income /Equity capital	%	4.0	5.5	1.5

Notes: Business income = Operating income + Interest and dividend income + Equity income of unconsolidated subsidiaries and affiliates

Appendix

FY13 Consolidated Forecasts

-Net Sales (Comparisons for forecasts at the beginning of the period, by segment) -

(Billion Yen)

Segment	Beginning forecasts (A)	Revised forecasts (B)	Change	Major Factors
	5/10/2013 Publication	9/30/2013 Publication	(B) - (A)	
Chemicals & Plastics	251.0	230.0	-21.0	Caprolactam chain -13.7 Synthetic rubber -7.3
Specialty Chemicals & Products	74.0	68.0	-6.0	Specialty products -5.3 Fine chemicals -0.7
Pharmaceutical	10.0	10.0	0.0	
Cement & Construction Materials	212.0	218.0	6.0	Cement and Ready-mixed concrete 3.6 Construction materials and Quicklime related products -0.4, etc.
Machinery & Metal Products	76.0	76.0	0.0	
Energy & Environment	65.5	58.0	-7.5	Coal 4.0 Power -11.5
Others	26.0	26.0	0.0	
Adjustment	-39.5	-39.0	0.5	
Total	675.0	647.0	-28.0	Decreased by 4.1%

FY13 Consolidated Forecasts

-Operating Income (Comparisons for forecasts at the beginning of the period, by segment) -

(Billion Yen)

Segment	Beginning forecasts (A) 5/10/2013 Publication	Revised forecasts (B) 10/15/2013 Publication	Change (B) - (A)	Major Factors
Chemicals & Plastics	7.0	2.0	-5.0	Caprolactam chain -3.8 Synthetic rubber -1.2
Specialty Chemicals & Products	4.5	2.0	-2.5	Specialty products -2.6 Fine chemicals 0.1
Pharmaceutical	2.0	2.0	0.0	
Cement & Construction Materials	13.0	14.5	1.5	Cement and Ready-mixed concrete 1.0 Construction materials and Quicklime related products 0.1, etc.
Machinery & Metal Products	4.0	4.6	0.6	
Energy & Environment	4.0	1.4	-2.6	Coal -0.4 Power -2.2
Others	1.0	1.0	0.0	
Adjustment	-1.5	-1.5	0.0	
Total	34.0	26.0	-8.0	Decreased by 23.5%

Major Subsidiaries

— Financial Results for the First Half FY13 —

(Billion Yen)

Subsidiaries and Affiliates		Business	Sales FY13 2Q	Operating income change from FY12 2Q
Chemicals & Plastics	UBE CHEMICALS (ASIA) PUBLIC CO., LTD.	Manufacture and sales of caprolactam and polyamide resin	20.7	↓
	UBE CHEMICAL EUROPE, S.A.	Manufacture and sales of caprolactam.	16.8	↓
	THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene	7.2	↑
	UBE ENGINEERING PLASTICS, S.A.	Manufacture and sales of polyamide resin	6.2	↑
	UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia	6.2	↑
	UBE FILM, LTD.	Manufacture and sales of plastic-film products	4.4	→
Specialty Chemicals & Products	UBE EXSYMO CO.,LTD	Manufacture and sales of electronics & IT materials, industrial materials and fiber-reinforced plastics	6.3	↓
Cement & Construction Materials	UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of construction materials	26.4	→
	UBE MATERIAL INDUSTRIES, LTD.	Manufacture and sales of seawater magnesia, magnesium hydroxide, quicklime, slaked lime and others	18.6	↓
	UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing	10.0	→
	KANTO UBE CONCRETE CO., LTD.	Manufacture and sales of ready-mixed concrete	6.0	→
Machinery & Metal Products	UBE MACHINERY CORPORATION, LTD.	Manufacture and sales of industrial machinery and bridges	13.9	↑
	UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	9.5	→
	UBE TECHNO ENG. CO., LTD.	Service and maintenance of industrial machinery and equipment	5.8	↓
Energy & Environment	UBE C&A CO., LTD.	Sales of imported steaming coal from Australia and other countries	12.6	↓

Note: ↑ ↓ :Represent an increase or decrease of over 100 million JPY



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. Actual results may differ materially from expectations.