

# Financial Results for the 1<sup>st</sup> Quarter FY2016

**July 29, 2016**

**UBE INDUSTRIES,LTD.**

# Scope of Consolidation

– Financial Results for the 1st Quarter FY2016 –

Item	End of FY2015 (A)	End of FY2016 1Q (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	68	68	0	
Number of equity method affiliates	25	25	0	
Total	93	93	0	

# Environmental Factors

– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Item		FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)	
Exchange Rate	Yen/\$	<b>121.4</b>	<b>108.3</b>	<b>-13.1</b>	
Material Price	(CIF) Naphtha (Domestic)	\$/ t	<b>558</b>	<b>402</b>	<b>-156</b>
		Yen/KL	<b>48,900</b>	<b>32,600</b>	<b>-16,300</b>
	Benzene(ACP)	\$/ t	<b>792</b>	<b>635</b>	<b>-157</b>
	Australian Coal	\$/ t	<b>77.6</b>	<b>68.1</b>	<b>-9.5</b>
	(CIF)	Yen/t	<b>9,414</b>	<b>7,375</b>	<b>-2,039</b>

# Major P/L & B/S Items

– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)			
Item	FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)
Net sales	161.3	138.0	-23.2
Operating income	9.5	1.6	-7.9
Ordinary income	9.9	0.8	-9.1
Profit attributable to owners of parent	6.3	0.1	-6.2
Item	End of FY2015 (A)	End of FY2016 1Q (B)	Change (B) - (A)
Total assets	679.7	665.5	-14.2
Interest-bearing debt	216.6	215.7	-0.9
Equity capital *1	266.5	253.4	-13.0

\*1: Equity capital = Net assets - Share subscription rights - Non Controlling Interests

# Net Sales by Segment

– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Segment	FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)	Major Factors
Chemicals	70.0	57.9	-12.1	Nylon/Caprolactam chain -10.2, Synthetic rubber -0.6, Battery Materials and Fine Chemicals 0.3, Polyimide and Specialty Products -0.5, etc
Pharmaceutical	1.7	2.4	0.6	
Cement & Construction Materials	58.9	53.8	-5.0	Cement and Ready-mixed concrete -4.7, Construction materials and Limestone related products -0.5, etc
Machinery	14.3	12.6	-1.6	
Energy & Environment	20.4	12.9	-7.4	Coal -6.6, Power -0.8, etc
Others	4.3	3.8	-0.4	
Adjustment	-8.4	-5.6	2.8	
<b>Total</b>	<b>161.3</b>	<b>138.0</b>	<b>-23.2</b>	Decreased by 14.4%

# Operating Income by Segment

– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Segment	FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)	Major Factors
Chemicals	3.5	-2.3	-5.8	Nylon/Caprolactam chain -6.0, Synthetic rubber 0.2, Battery Materials and Fine Chemicals -0.7, Polyimide and Specialty Products -0.3, etc
Pharmaceutical	-0.0	0.4	0.4	
Cement & Construction Materials	4.2	2.9	-1.2	Cement and Ready-mixed concrete -0.9, Construction materials and Limestone related products -0.3, etc
Machinery	0.6	-0.0	-0.7	
Energy & Environment	1.4	0.8	-0.6	Coal -0.4, Power -0.2, etc
Others	0.2	0.1	-0.0	
Adjustment	-0.4	-0.2	0.2	
Total	9.5	1.6	-7.9	Decreased by 83.0%

# Analysis of Operating Income

– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Segment	Operating Income						
	FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals	3.5	-2.3	-5.8	-2.9	-0.8	-2.9	0.7
Pharmaceutical	-0.0	0.4	0.4	0.0	0.6	0.1	-0.3
Cement & construction Materials	4.2	2.9	-1.2	0.3	-1.0	-0.3	-0.4
Machinery	0.6	-0.0	-0.7	-0.2	0.0	0.1	*3 -0.6
Energy & Environment	1.4	0.8	-0.6	0.5	-0.9	-0.4	0.1
Others	0.2	0.1	-0.0	0.0	0.0	0.0	0.0
Adjustment	-0.4	-0.2	0.2	-	-	0.1	0.1
<b>Total</b>	<b>9.5</b>	<b>1.6</b>	<b>-7.9</b>	<b>-2.3</b>	<b>-2.1</b>	<b>-3.2</b>	<b>-0.4</b>

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

\*3:Including marginal profit on machinery product -0.5

# Non Operating Items

– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Item		FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)
Operating income		9.5	1.6	-7.9
Non operating income	Net interest expense	-0.1	0.0	0.2
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	0.8	0.4	-0.4
	Foreign currency gain/loss	-0.0	-0.7	-0.7
	Others	-0.2	-0.4	-0.1
	Total	0.4	-0.7	-1.1
Ordinary income		9.9	0.8	-9.1



# Extraordinary Items

– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Item	FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)
Loss on disposal of PP&E	-0.4	-0.3	0.0
	-0.4	-0.3	0.0

# Operating Income – Net Income

– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Item	FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)
Operating income	9.5	1.6	-7.9
Non operating item	0.4	-0.7	-1.1
Ordinary income	9.9	0.8	-9.1
Extraordinary item	-0.4	-0.3	0.0
Income before income tax and minority interest	9.5	0.4	-9.0
Income tax and Profit attributable to non-controlling interests	-3.1	-0.3	2.8
Profit attributable to owners of parent	6.3	0.1	-6.2
Net income per share(Yen/Share)	6.04yen	0.17yen	-5.87yen

# Consolidated Balance Sheet

– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Item	End of FY2015 (A)	End of FY2016 1Q (B)	Change (B) - (A)
Current assets	276.9	268.7	-8.1
Fixed assets	402.7	396.7	-6.0
Total assets	679.7	665.5	-14.2
Interest-bearing debts	216.6	215.7	-0.9
Other liabilities	173.4	175.7	2.3
Total liabilities	390.1	391.5	1.4
Equity capital *1	266.5	253.4	-13.0
Non Controlling Interests and others	23.0	20.5	-2.5
Total net assets	289.6	273.9	-15.6
Total liabilities and net assets	679.7	665.5	-14.2

\*1: Equity capital = Net assets - Share subscription rights - Non Controlling Interests

# Consolidated Statements of Cash Flows

## – Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Item	FY2015 1Q	FY2016 1Q	
A.Cash flows from operating activities	<b>20.0</b>	<b>17.0</b>	Depreciation and amortization 8.3, Workig capital 10.3,
B.Cash flows from investing activities	<b>-8.4</b>	<b>-6.8</b>	Acquisition of PP&E -7.0, etc
Free cash flows (A+B)	<b>11.5</b>	<b>10.2</b>	
C.Cash flows from financing activities	<b>-8.5</b>	<b>-5.5</b>	Dividends -5.5, etc
D.Net increase/decrease in cash and cash equivalents	<b>4.0</b>	<b>3.6</b>	
E.Cash and cash equivalents at end of the quarter	<b>41.0</b>	<b>44.8</b>	

# Appendix

## 【Reference】 Progress of Major P/L & B/S Items – Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Item	FY2015 (A)		FY2016 (B)		Change (B) - (A)	
		1Q (Progress)	(B)	1Q (Progress)		1Q
Net Sales	641.7	161.3 (25.1%)	655.0	138.0 (21.1%)	13.3	-23.2
Operating income	41.4	9.5 (23.1%)	35.0	1.6 (4.6%)	-6.4	-7.9
Ordinary income	39.6	9.9 (25.2%)	33.0	0.8 (2.4%)	-6.6	-9.1
Net income	19.1	6.3 (33.4%)	20.0	0.1 (0.5%)	0.9	-6.2
Item	End of FY2015 (A)		End of FY2016 (B)		Change (B) - (A)	
Total assets	679.7		700.0		20.3	
Interest-bearing debt	216.6		210.0		-6.6	
Equity capital *1	266.5		280.0		13.5	

\*1: Equity capital = Net assets - Share subscription rights - Non Controlling Interests

## 【Reference】 FY2016 Changes in Results – Sales by Segment –

(Billion Yen)

Segment	FY2016					Full-year Forecast	Progress %
	1Q	2Q	3Q	4Q	Total		
Chemicals	57.9	-	-	-	57.9	278.0	20.8%
Pharmaceutical	2.4	-	-	-	2.4	10.0	24.0%
Cement & Construction Materials	53.8	-	-	-	53.8	238.0	22.6%
Machinery	12.6	-	-	-	12.6	74.0	17.0%
Energy & Environment	12.9	-	-	-	12.9	65.0	19.8%
Others	3.8	-	-	-	3.8	16.0	23.8%
Adjustment	-5.6	-	-	-	-5.6	-26.0	-
<b>Total</b>	<b>138.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138.0</b>	<b>655.0</b>	<b>21.1%</b>

## 【Reference】 FY2016 Changes in Results – Operating Income by Segment –

Segment	FY2016					Total	(Billion Yen)	
	1Q	2Q	3Q	4Q	Full-year Forecast		Progress %	
Chemicals	-2.3	-	-	-	-2.3	9.0	-	
Pharmaceutical	0.4	-	-	-	0.4	1.0	40.0%	
Cement & Construction Materials	2.9	-	-	-	2.9	18.0	16.1%	
Machinery	-0.0	-	-	-	-0.0	4.0	-	
Energy & Environment	0.8	-	-	-	0.8	3.5	22.9%	
Others	0.1	-	-	-	0.1	1.0	10.0%	
Adjustment	-0.2	-	-	-	-0.2	-1.5	-	
<b>Total</b>	<b>1.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.6</b>	<b>35.0</b>	<b>4.6%</b>	



# 【Reference】 Major Data

## – Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Item	FY2015 1Q	FY2016 1Q	FY2016 full-year Forecast	FY2015 full-year
Capital investment	5.8	9.0	48.0	34.4
Depreciation and amortization	8.8	8.3	35.0	35.5
R&D expense	3.3	3.3	14.5	13.7
Adjusted operating profit	10.8	2.5	38.0	45.2
Interest-bearing debt	239.0	215.7	210.0	216.6
Equity capital	265.7	253.4	280.0	266.5
Total assets	720.0	665.5	700.0	679.7
D/E Ratio (times)	0.90	0.85	0.75	0.81
Equity Ratio (%)	36.9	38.1	40.0	39.2
Operating margin (%)	5.9	1.2	5.3	6.5
Return on Assets [ROA] (%)	-	-	5.5	6.5
Return on Equity [ROE] (%)	-	-	7.3	7.2
number of employees	10,863	10,853	11,000	10,764

# 【Reference】 Major Subsidiaries

## – Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Subsidiaries and Affiliates	Business	Sales FY2016 1Q	Operating income change from FY2015 1Q
UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam and polyamide resin	8.4	↓
UBE CORPORATION EUROPE, S.A.U.	Manufacture and sales of caprolactam, polyamide resin, ammonium sulfate and fine chemicals	8.5	↓
THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene	2.9	↑
UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia	2.3	↓
UBE FILM, LTD.	Manufacture and sales of plastic-film products	2.4	↑
UBE EXSYMO CO.,LTD	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics	3.0	→
UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of cement, ready-mixed concrete and construction materials	13.4	→
UBE MATERIAL INDUSTRIES,LTD.	Manufacture and sales of Mangesium, Limestone products	10.1	↓
UBE SHIPPING & LOGISTICS, LTD.	Coastal Shipping, Harbor Transport Business, Container Business, Trading Business and Technological Consultant Business	4.5	↓
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete and construction materials	4.1	→
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	8.4	↓
UBE MACHINERY CORPORATION, LTD.	Manufacture and sales of industrial machinery and bridges	6.9	↓
UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	3.8	↓
UBE C&A CO., LTD.	Sales of imported steaming coal from Australia and other countries	5.0	→

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



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