

**Financial Results for the
2nd Quarter FY 2017**

November 1, 2017

UBE INDUSTRIES, LTD.

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※This"2nd Quarter(2Q)" date states information for 6 month total.

FY2017 2nd Quarter Consolidated Results

Scope of Consolidation

- Financial Results for the 2nd Quarter FY2017 -

Item	End of FY2016 (A)	End of FY2017 2Q (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	70	70	0	+ UBE (Shanghai) LTD. - Fukusei Tech Co.,Ltd
Number of equity method affiliates	25	23	-2	- UBE (Shanghai) LTD. - Samekawa Ready-mixed Concrete Co., Ltd.
Total	95	93	-2	

Environmental Factors

- Financial Results for the 2nd Quarter FY2017 -

Item			FY2016 2Q (A)	FY2017 2Q (B)	Difference (B) - (A)
Exchange Rate		Yen/\$	105.3	111.1	5.8
Material Price	Naphtha	CIF	398	463	65
		Domestic	31,400	37,700	6,300
	Benzene(ACP)		637	777	140
	Australian Coal		71.8	100.3	28.5
	Coal (CIF)		7,568	11,134	3,566

Major P/L & B/S Items

- Financial Results for the 2nd Quarter FY2017 -

(Billions of yen)

Item	FY2016 2Q (A)	FY2017 2Q (B)	Difference (B) - (A)
Net sales	281.0	327.1	46.0
Operating profit	11.5	22.6	11.1
Ordinary profit	10.3	23.7	13.4
Profit attributable to owners of parent	7.1	15.7	8.6

Item	End of FY2016 (A)	End of FY2017 2Q (B)	Difference (B) - (A)
Total assets	709.3	722.3	12.9
Interest-bearing debt	210.4	207.5	-2.8
Shareholders' equity *1	286.5	300.6	14.0

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

Net Sales by Segment

- Financial Results for the 2nd Quarter FY2017 -

(Billions of yen)

Segment	FY2016 2Q (A)	FY2017 2Q (B)	Difference (B) - (A)	Major factors
Chemicals	117.9	146.3	28.3	Nylon/Caprolactam chain 10.0, Synthetic rubber 10.3, Battery Materials and Fine Chemicals 2.8, Polyimide and Specialty Products 3.4, etc
Pharmaceutical	4.5	5.1	0.6	
Cement & Construction Materials	109.7	115.9	6.2	Cement and Ready-mixed concrete 5.7, Construction materials and Limestone related products 0.9, etc
Machinery	26.6	35.7	9.0	
Energy & Environment	26.6	33.0	6.3	Coal 5.9, Power 1.0, etc
Others	7.0	2.2	-4.7	
Adjustment	-11.5	-11.3	0.2	
Total	281.0	327.1	46.0	Increased by 16.4%

Operating Profit by Segment

- Financial Results for the 2nd Quarter FY2017 -

(Billions of yen)

Segment	FY2016 2Q (A)	FY2017 2Q (B)	Difference (B) - (A)	Major factors
Chemicals	0.4	13.3	12.8	Nylon/Caprolactam chain 5.5, Synthetic rubber 5.0, Polyimide and Specialty Products 2.2, etc
Pharmaceutical	1.1	1.6	0.5	
Cement & Construction Materials	7.3	5.8	-1.5	Cement and Ready-mixed concrete -1.6, etc
Machinery	0.7	1.3	0.5	
Energy & Environment	1.7	0.6	-1.0	Power -1.2, etc
Others	0.2	0.2	0.0	
Adjustment	-0.1	-0.4	-0.2	
Total	11.5	22.6	11.1	Increased by 96.4%

Analysis of Operating Profit

- Financial Results for the 2nd Quarter FY2017 -

(Billions of yen)

Segment	Operating profit						
	FY2016 2Q (A)	FY2017 2Q (B)	Difference (B) - (A)	Variance			
				Price *1	Sales volume	Fixed Cost	Others *2
Chemicals	0.4	13.3	12.8	8.1	2.7	2.1	-0.0
Pharmaceutical	1.1	1.6	0.5	0.1	0.9	0.0	-0.5
Cement & construction Materials	7.3	5.8	-1.5	-1.9	1.0	-1.2	0.5
Machinery	-0.7	1.3	0.5	-0.0	0.1	-2.2	*3 2.6
Energy & Environment	1.7	0.6	-1.0	-1.2	0.6	-0.3	-0.2
Others	0.2	0.2	0.0	0.0	0.0	1.1	-1.1
Adjustment	-0.1	-0.4	-0.2	-	-	-0.4	0.1
Total	11.5	22.6	11.1	5.0	5.3	-0.7	1.5

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

*3: Including marginal profit on machinery product 2.7

Non Operating Income/Expenses

- Financial Results for the 2nd Quarter FY2017 -

(Billions of yen)

Item		FY2016 2Q (A)	FY2017 2Q (B)	Difference (B) - (A)
Operating profit		11.5	22.6	11.1
Non-operating income/expenses	Net interest expenses	-0.1	0.1	0.3
	Share of profit of entities accounted for using equity method	0.9	1.5	0.6
	Foreign currency gain/loss	-0.9	0.4	1.3
	Others	-1.0	-1.1	-0.0
	Total	-1.1	1.1	2.3
Ordinary profit		10.3	23.7	13.4

Extraordinary Income/Losses

- Financial Results for the 2nd Quarter FY2017 -

(Billions of yen)

Item		FY2016 2Q (A)	FY2017 2Q (B)	Difference (B) - (A)
	Loss on disposal of PP&E	-0.5	-0.4	0.0
	Others	0.0	-0.0	-0.0
	Extraordinary income/losses	-0.4	-0.4	0.0

Operating Profit - Net Income

- Financial Results for the 2nd Quarter FY2017 -

(Billions of yen)

Item	FY2016 2Q (A)	FY2017 2Q (B)	Difference (B) - (A)
Operating profit	11.5	22.6	11.1
Non-operating income/expenses	-1.1	1.1	2.3
Ordinary profit	10.3	23.7	13.4
Extraordinary income/losses	-0.4	-0.4	0.0
Profit before income taxes	9.8	23.2	13.4
Income taxes and profit attributable to non-controlling interests	-2.7	-7.4	-4.7
Profit attributable to owners of parent	7.1	15.7	8.6
Net income per share ^{*1}	67.14 yen	150.24 yen	83.10 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

- Financial Results for the 2nd Quarter FY2017 -

(Billions of yen)

Item	End of FY2016 (A)	End of FY2017 2Q (B)	Difference (B) - (A)
Current assets	295.0	305.4	10.3
Fixed assets	414.2	416.7	2.4
Total assets	709.3	722.3	12.9
Interest-bearing debts	210.4	207.5	-2.8
Other liabilities	188.5	192.9	4.3
Total liabilities	398.9	400.4	1.5
Shareholders' equity *1	286.5	300.6	14.0
Non-controlling interests and others	23.8	21.2	-2.5
Total net assets	310.4	321.8	11.4
Total liabilities and net assets	709.3	722.3	12.9

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

Consolidated Statements of Cash Flows

- Financial Results for the 2nd Quarter FY2017 -

(Billions of yen)

Item	FY2016 2Q	FY2017 2Q	
A.Cash flows from operating activities	26.0	31.0	Profit before income taxes 23.2, Depreciation and amortization 17.2, Payment of Tax and others -4.9, etc.
B.Cash flows from investing activities	-18.6	-16.4	Acquisition of PP&E -15.6, etc
Free cash flows (A+B)	7.3	14.5	
C.Cash flows from financing activities	-18.0	-15.2	Dividends -6.6, Buy back of shares -5.0, etc.
D.Net increase/decrease in cash and cash equivalents	-11.9	1.2	
E.Cash and cash equivalents at end of the quarter	29.2	37.0	

FY2017 Consolidated Forecasts

Scope of Consolidation

- FY2017 Consolidated Forecasts -

Item	End of FY2016 (A)	End of FY2017 (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	70	70	0	+ UBE (Shanghai) Ltd. - Fukusei Tech Co.,Ltd
Number of equity method affiliates	25	24	-1	+ Joint venture of electrolyte business in China - UBE (Shanghai) Ltd. - Samekawa Ready-mixed Concrete Co., Ltd.
Total	95	94	-1	

Environmental Factors

- FY2017 Consolidated Forecasts -

Item		End of FY2016 (A)	End of FY2017 (B)	Difference (B) - (A)		
Exchange Rate		Yen/\$	108.4	110.5 [110.0]	2.1	
Material Price	Naphtha	CIF	\$/ t	430	482 [500]	52
		Domestic	Yen/KL	34,500	39,000 [40,200]	4,500
	Benzene(ACP)		\$/ t	723	764 [750]	41
	Australian Coal (CIF)		\$/ t	80.7	104.1 [108.0]	23.4
			Yen/t	8,748	11,509 [11,880]	2,761

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

Major P/L & B/S Items

- FY2017 Consolidated Forecasts -

(Billions of yen)

Item	FY2016 (A)	FY2017 (B)	Difference (B) - (A)
Sales	616.5	685.0	68.5
Operating profit	34.9	45.0	10.1
Ordinary profit	33.3	45.0	11.7
Profit attributable to owners of parent	24.1	29.0	4.9
Item	End of FY2016 (A)	End of FY2017 (B)	Difference (B) - (A)
Total assets	709.3	720.0	10.7
Interest-bearing debt	210.4	194.0	-16.4
Equity capital *1	286.5	314.0	27.5
Dividend(Yen /Share)	6.0	*2 60.0	-

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

*2: Reflecting the effect of stock consolidation on October 1, 2017.

- Net Sales by Segment -

- FY2017 Consolidated Forecasts -

(Billions of yen)

Segment	FY2016 (A)	FY2017 (B)	Difference (B) - (A)	Major factors
Chemicals	258.3	295.0	36.7	Nylon/Caprolactam chain 8.3 Synthetic rubber 11.1 Battery Materials and Fine Chemicals 6.4, Polyimide and Specialty Products 3.7, etc
Pharmaceutical	10.9	10.0	-0.9	
Cement & Construction Materials	227.2	235.0	7.8	Cement and Ready-mixed concrete 4.7 Construction materials and Limestone related products 1.8, etc.
Machinery	71.6	90.0	18.4	
Energy & Environment	59.7	70.0	10.3	Coal 9.0 Power 2.6, etc
Others	12.5	5.0	-7.5	
Adjustment	-23.9	-20.0	3.9	
Total	616.5	685.0	68.5	Increased by 11.1%

Operating Profit by Segment

- FY2017 Consolidated Forecasts -

(Billions of yen)

Segment	FY2016 (A)	FY2017 (B)	Difference (B) - (A)	Major factors
Chemicals	9.6	23.5	13.9	Nylon/Caprolactam chain 3.5 Synthetic rubber 6.1 Battery Materials and Fine Chemicals 1.7, Polyimide and Specialty Products 2.1, etc
Pharmaceutical	2.4	2.0	-0.4	
Cement & Construction Materials	16.2	13.0	-3.2	Cement and Ready-mixed concrete -3.6 Construction materials and Limestone related products 0.3, etc
Machinery	3.6	5.0	1.4	
Energy & Environment	2.8	2.0	-0.8	Power -0.7, etc
Others	0.7	1.0	0.3	
Adjustment	-0.7	-1.5	-0.8	
Total	34.9	45.0	10.1	Increased by 28.7%

Operating Profit - Net Income

- FY2017 Consolidated Forecasts -

(Billions of yen)

Item	FY2016 (A)	FY2017 (B)	Difference (B) - (A)
Operating profit	34.9	45.0	10.1
Non-operating income/expenses	-1.6	0.0	1.6
Ordinary profit	33.3	45.0	11.7
Extraordinary income/losses	-0.4	-3.5	-3.1
Profit before income taxes	32.9	41.5	8.6
Income taxes and profit attributable to non-controlling interests	-8.7	-12.5	-3.8
Profit attributable to owners of parent	24.1	29.0	4.9
Net income per share ^{*1}	228.50 yen	276.14 yen	47.64 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.

Reference

【Reference】 Progress of Major P/L Items

- Financial Results for the 2nd Quarter FY2017 -

(Billions of yen)

項目	FY2016 (A)		FY2017 (B)		Difference (B) - (A)	
		2Q (Progress)		2Q (Progress)		2Q
Net sales	616.5	281.0 (45.6%)	685.0	327.1 (47.8%)	68.5	46.0
Operating profit	34.9	11.5 (32.9%)	45.0	22.6 (50.3%)	10.1	11.1
Ordinary profit	33.3	10.3 (30.9%)	45.0	23.7 (52.7%)	11.7	13.4
Profit attributable to owners of parent	24.1	7.1 (29.4%)	29.0	15.7 (54.4%)	4.9	8.6

【Reference】 Progress of Net Sales by Segment - Financial Results for the 2nd Quarter FY2017 -

(Billions of yen)

Segment	FY2017					Full-year (forecast)	Progress %
	1Q	2Q	3Q	4Q	Total		
Chemicals	73.3	72.9	-	-	146.3	295.0	49.6%
Pharmaceutical	2.4	2.6	-	-	5.1	10.0	51.0%
Cement & Construction Materials	57.2	58.7	-	-	115.9	235.0	49.3%
Machinery	16.2	19.5	-	-	35.7	90.0	39.7%
Energy & Environment	15.3	17.6	-	-	33.0	70.0	47.1%
Others	1.1	1.1	-	-	2.2	5.0	44.0%
Adjustment	-6.1	-5.1	-	-	-11.3	-20.0	-
Total	159.6	167.5	-	-	327.1	685.0	47.8%

**【Reference】 Progress of Operating Profit by Segment
- Financial Results for the 2nd Quarter FY2017 -**

(Billions of yen)

Segment	FY2017					Full-year (forecast)	Progress %
	1Q	2Q	3Q	4Q	Total		
Chemicals	6.1	7.1	-	-	13.3	23.5	56.6%
Pharmaceutical	0.7	0.8	-	-	1.6	2.0	80.0%
Cement & Construction Materials	2.4	3.3	-	-	5.8	13.0	44.6%
Machinery	0.3	1.0	-	-	1.3	5.0	26.0%
Energy & Environment	-0.2	0.8	-	-	0.6	2.0	30.0%
Others	0.1	0.1	-	-	0.2	1.0	20.0%
Adjustment	-0.4	-0.0	-	-	-0.4	-1.5	-
Total	9.0	13.5	-	-	22.6	45.0	50.3%

【Reference】 Consolidated Key Indicators

- Financial Results for the 2nd Quarter FY2017 -

(Billions of yen)

Item	FY2016 2Q	FY2017 2Q	FY2017 full-year (forecast)	FY2016 full-year
Capital investment	18.3	13.8	42.0	44.0
Depreciation and amortization	16.8	17.2	35.0	34.4
R&D expenses	6.5	6.4	14.5	13.6
Adjusted operating profit	13.0	25.1	48.0	37.8
Interest-bearing debt	204.2	207.5	194.0	210.4
Shareholders' equity	259.0	300.6	314.0	286.5
Total assets	653.5	722.3	720.0	709.3

D/E ratio (times)	0.79	0.69	0.62	0.73
Shareholders' equity ratio (%)	39.6	41.6	43.6	40.4
Return on sales - ROS (%)	4.1	6.9	6.6	5.7
Return on assets - ROA (%)	-	-	6.7	5.5
Return on equity - ROE (%)	-	-	9.7	8.7
Number of employees	10,841	10,998	11,000	10,928

【Reference】 Major Subsidiaries

- Financial Results for the 2nd Quarter FY2017 -

(Billions of yen)

Subsidiaries and affiliates	Business	Sales FY2017 2Q	Operating profit Difference from FY2016 2Q
UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam, ammonium sulfate, and nylon	19.3	↑
UBE CORPORATION EUROPE, S.A.U.	Manufacture and sales of caprolactam, ammonium sulfate, nylon, and fine chemical products	19.1	↑
THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene rubber	8.9	↑
UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia and industrial gases	6.6	↑
UBE FILM, LTD.	Manufacture and sales of plastic film products	4.8	↓
UBE EXSYMO CO.,LTD	Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials	6.7	↑
UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of cement, ready-mixed concrete, building materials, etc.	29.1	→
UBE MATERIAL INDUSTRIES,LTD.	Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc.	21.9	→
UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services, customs clearing, trading companies business and engineering business	9.5	→
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	18.7	↑
UBE MACHINERY CORPORATION, LTD.	Manufacture, sales, and service of metal and resin molding machines, extrusion presses, vertical mills, water screening equipment, etc.	17.7	↑
UBE STEEL CO., LTD.	Manufacture and sales of cast iron and steel products and rolled steel billets	9.4	→
UBE C&A CO., LTD.	Sales of imported coal from Australia, Indonesia, and Russia	12.2	→

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



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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.

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