

**UBE**

**FY2019 Consolidated Results  
FY2020 Consolidated Forecasts  
Explanatory material**

May 13, 2020

**UBE INDUSTRIES, LTD.**

# FY2019 Consolidated Results



## Scope of Consolidation

Item	End of FY2018 (A)	End of FY2019 (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
<b>Total</b>	<b>96</b>	<b>95</b>	<b>(1)</b>	

**Environmental Factors**

Item			FY2018 (A)	FY2019 (B)	Difference (B) - (A)	
Exchange Rate		Yen/\$	110.9	108.7	(2.2)	
Material Price	Naphtha	CIF	\$/ t	616	541	(75)
		Domestic	Yen/KL	49,400	42,900	(6,500)
	Benzene (ACP)		\$/ t	764	666	(98)
	Australian Coal (CIF)		\$/ t	125.0	99.3	(25.7)
			Yen/t	13,863	10,793	(3,070)

## Major P/L Items

(Billions of yen)

Item	FY2018 (A)	FY2019 (B)	Difference (B) - (A)	Percentage change
Net sales	730.1	667.8	(62.2)	(8.5)%
Operating profit	44.5	34.0	(10.5)	(23.6)%
Ordinary profit	47.8	35.7	(12.1)	(25.3)%
Profit attributable to owners of parent	32.4	22.9	(9.5)	(29.3)%

## Net Sales and Operating Profit by Segment

(Billions of yen)

	Segment	FY2018 (A)	FY2019 (B)	Difference (B) - (A)
<b>Net sales</b>	Chemicals	324.2	286.0	(38.2)
	Construction Materials	321.0	303.0	(17.9)
	Machinery	97.2	90.7	(6.4)
	Others	4.9	4.5	(0.3)
	Adjustment	(17.3)	(16.5)	0.7
	<b>Total</b>	<b>730.1</b>	<b>667.8</b>	<b>(62.2)</b>
<b>Operating profit</b>	Chemicals	24.6	14.5	(10.0)
	Construction Materials	14.4	14.5	0.0
	Machinery	5.4	4.9	(0.4)
	Others	0.8	0.5	(0.2)
	Adjustment	(0.7)	(0.6)	0.1
	<b>Total</b>	<b>44.5</b>	<b>34.0</b>	<b>(10.5)</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.

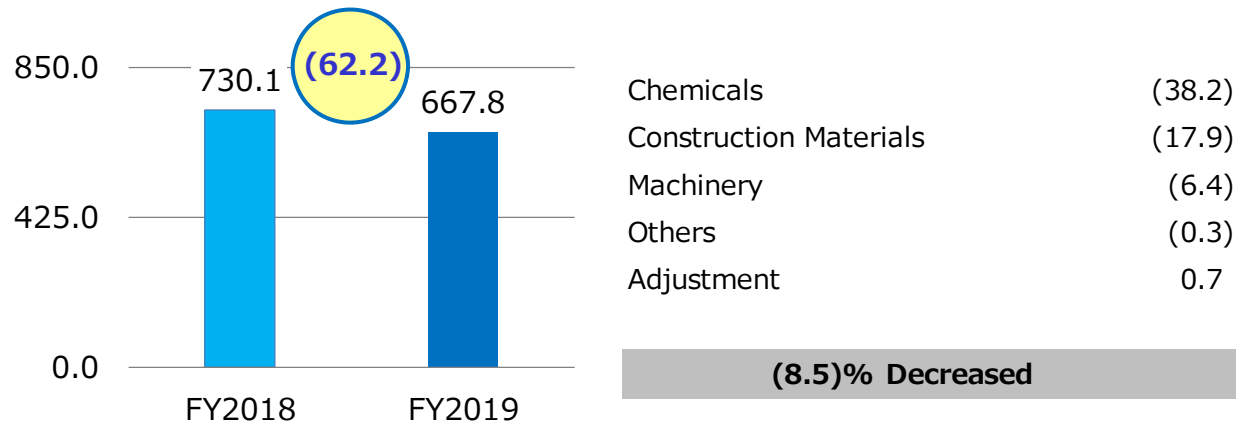
# FY2019 Consolidated Results



## Analysis - Total

(Billions of yen)

### Net Sales



### Difference of operating profit

Price ※1 3.5

Volume (2.9)

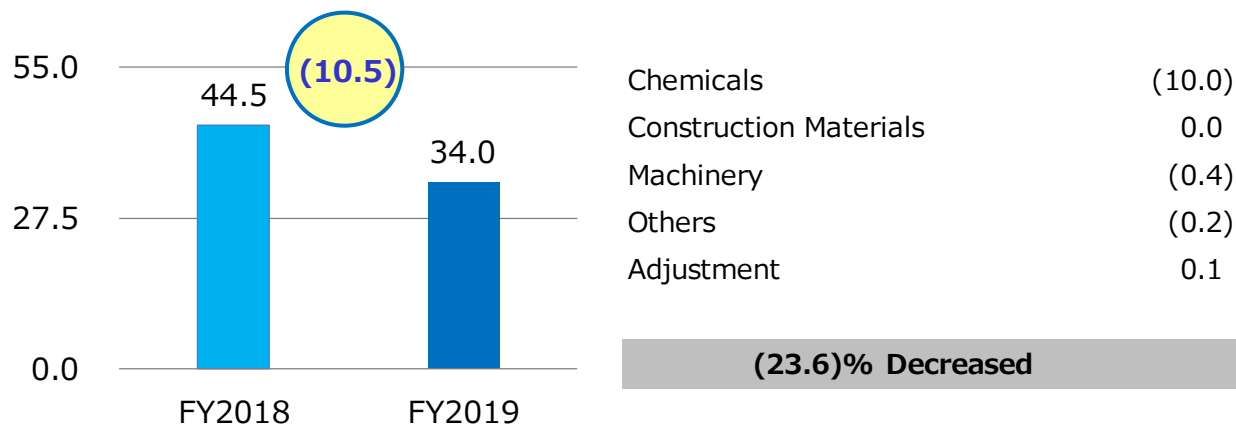
Fixed Cost and Others ※2 (11.2)

**Total (10.5)**

\*1: Including both selling and purchase change

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

### Operating profit

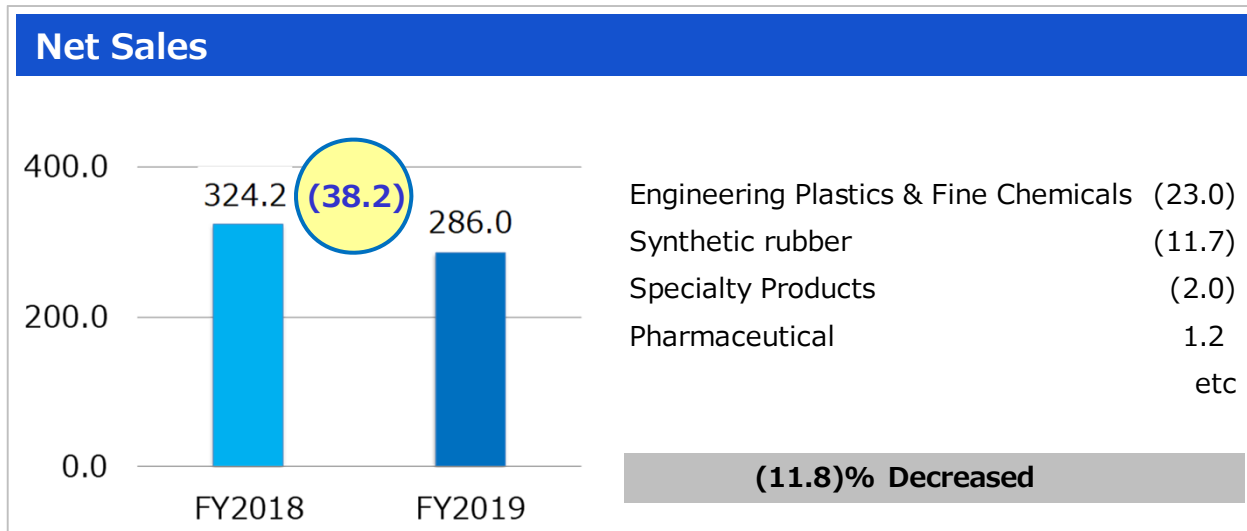


# FY2019 Consolidated Results



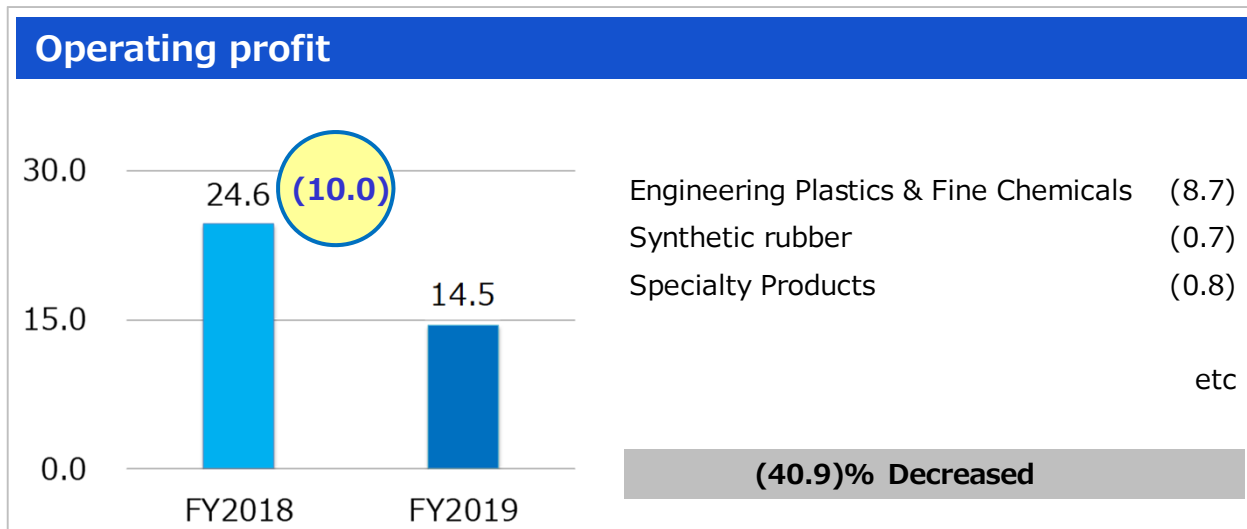
## Analysis - Chemicals

(Billions of yen)



### Difference of operating profit

Price ※1	(4.4)
Volume	1.2
Fixed Cost and Others ※2	(6.8)



<b>Total</b>	<b>(10.0)</b>
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\*1: Including both selling and purchase change  
 \*2: Including inventory valuation changes and lowest cost accounting

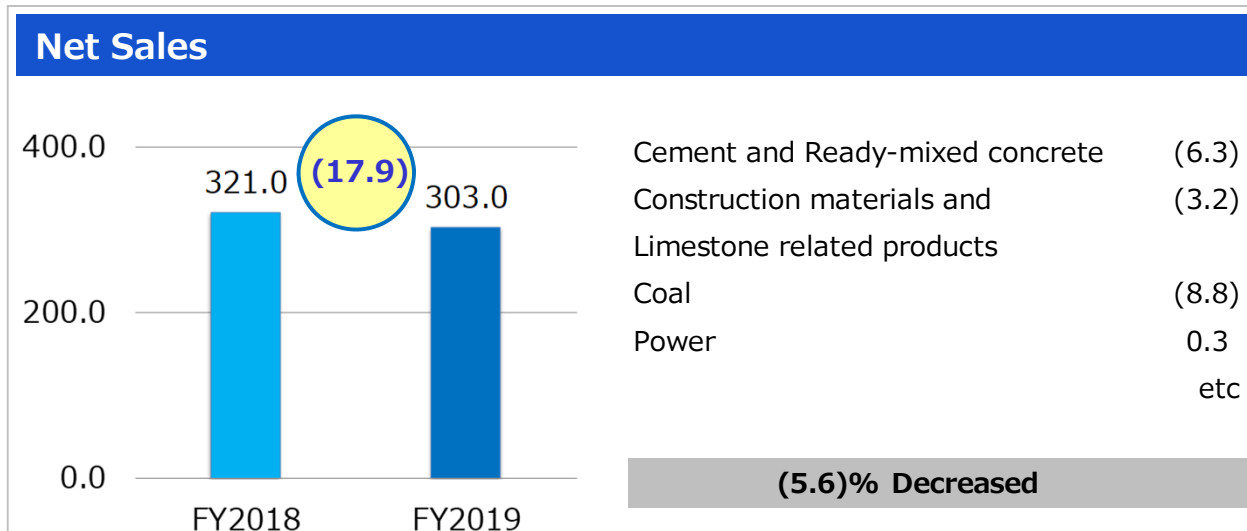


# FY2019 Consolidated Results



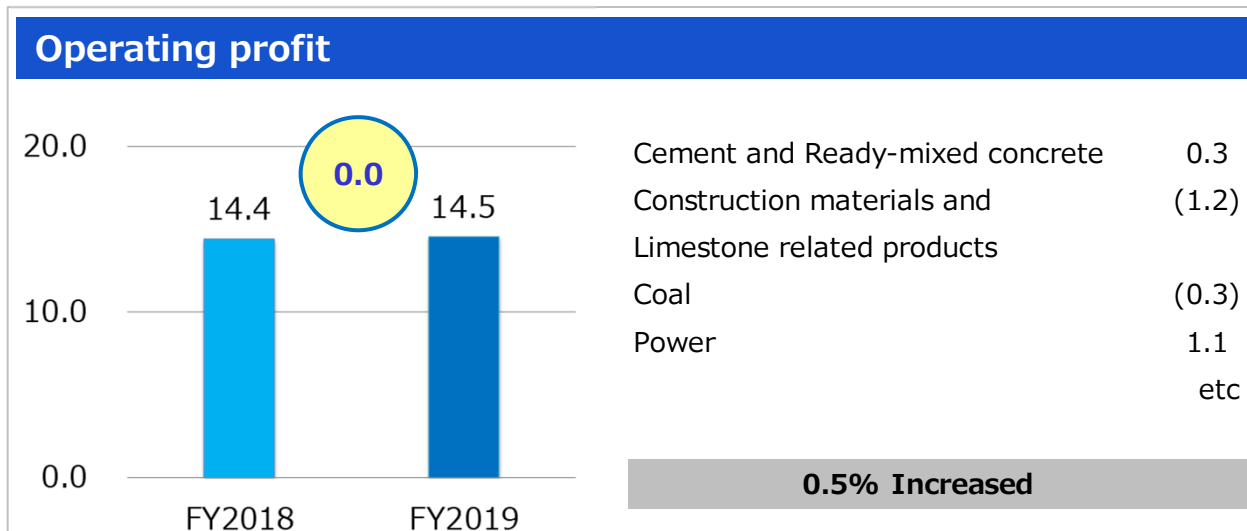
## Analysis –Construction Materials

(Billions of yen)



### Difference of operating profit

Price ※1	7.2
Volume	(3.7)
Fixed Cost and Others	(3.4)
<b>Total</b>	<b>0.0</b>



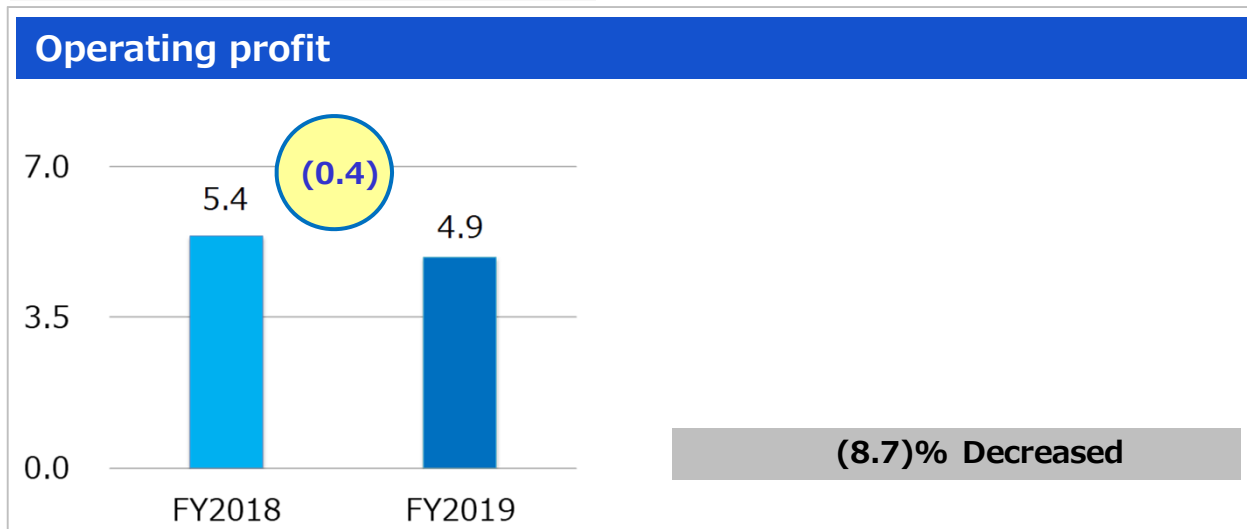
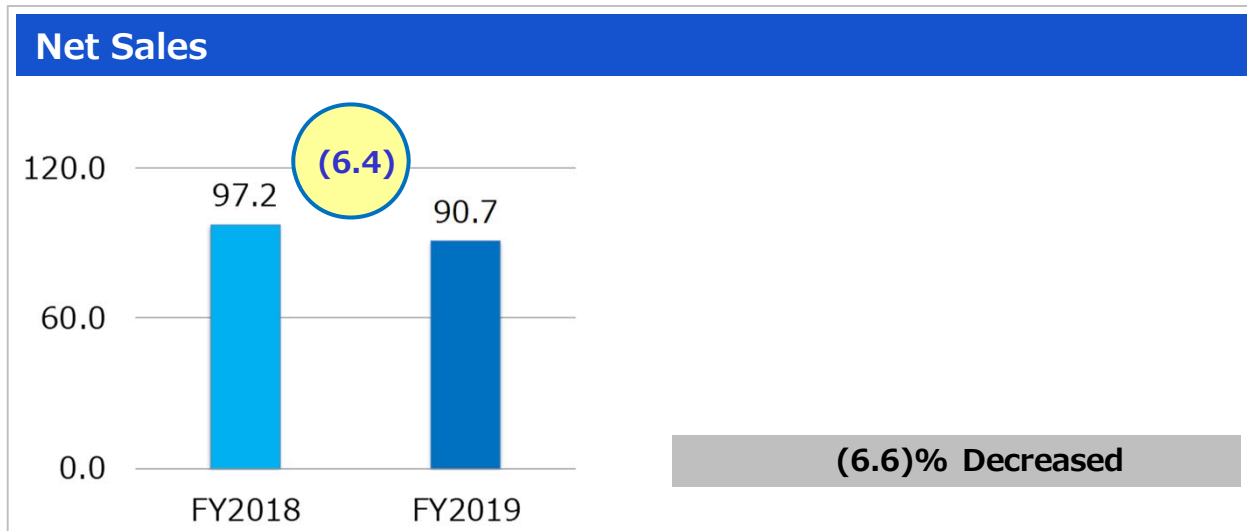
\*1: Including both selling and purchase change

# FY2019 Consolidated Results



## Analysis - Machinery

(Billions of yen)



### Difference of operating profit

Price ※1 0.8

Volume (0.4)

Fixed Cost and Others ※2 (0.9)

**Total (0.4)**

\*1: Including both selling and purchase change

\*2: Including marginal profit on machinery product (1.3)

## Operating Profit – Profit attributable to owners of parent

(Billions of yen)

Item	FY2018 (A)	FY2019 (B)	Difference (B) - (A)
Operating profit	44.5	34.0	(10.5)
Non-operating income/expenses	3.3	1.6	(1.6)
Net interests expenses	0.9	0.4	(0.4)
Share of profit of entities accounted for using equitiy method	4.9	2.3	(2.5)
Foreign exchange gains	0.9	0.6	(0.2)
Others	(3.4)	(1.7)	1.6
Ordinary profit	47.8	35.7	(12.1)
Extraordinary income/losses	(3.1)	(5.3)	(2.1)
Profit before income taxes	44.6	30.3	(14.3)
Income taxes and profit attributable to non-controlling interests	(12.1)	(7.3)	4.7
Profit attributable to owners of parent	32.4	22.9	(9.5)
Net income per share	312.36 yen	227.33 yen	(85.03) yen

## Consolidated Balance Sheet

(Billions of yen)

Item	End of FY2018 (A)	End of FY2019 (B)	Difference (B) - (A)
Current assets	315.6	303.9	(11.7)
Fixed assets	424.4	423.1	(1.2)
<b>Total assets</b>	<b>740.2</b>	<b>727.2</b>	<b>(13.0)</b>
Interest-bearing debt	187.2	190.7	3.4
Other liabilities	198.4	182.1	(16.3)
<b>Total liabilities</b>	<b>385.7</b>	<b>372.8</b>	<b>(12.9)</b>
Shareholders' equity *1	329.5	332.3	2.8
Non-controlling interests and others	25.0	22.0	(2.9)
<b>Total net assets</b>	<b>354.5</b>	<b>354.4</b>	<b>(0.1)</b>
<b>Total liabilities and net assets</b>	<b>740.2</b>	<b>727.2</b>	<b>(13.0)</b>

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

## Consolidated Statements of Cash Flows

(Billions of yen)

Item	FY2018	FY2019	
A.Cash flows from operating activities	50.4	68.4	Profit before income taxes 30.3 Depreciation and amortization 36.8 etc.
B.Cash flows from investing activities	(42.6)	(40.6)	Acquisition of PP&E (42.6) etc.
Free cash flows (A+B)	7.7	27.8	
C.Cash flows from financing activities	(24.0)	(18.9)	Dividends paid (13.3) etc.
D.Net increase/decrease in cash and cash equivalents	(16.2)	8.3	
E.Cash and cash equivalents at end of the fiscal year	32.2	40.6	

# FY2020 Consolidated Forecasts



## Scope of Consolidation

Item	End of FY2019 (A)	End of FY2020 (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	69	70	1	+ Premium Composite Technology North America, Inc.
Number of equity method affiliates	26	27	1	+ CNSG ANHUI HONG SIFANG and UBE NEW MATERIAL TECHNOLOGY CO., LTD.
Total	95	97	2	

## FY2020 Consolidated Forecasts



- The impact of COVID-19 on our customers and our business is very difficult to predict.
- To the extent possible, we have incorporated cost reduction measures into our performance forecasts, along with the expected negative impact on sales.

### Environmental Factors

Item		FY2019 (A)	FY2020 (B)	Difference (B) - (A)		
Exchange Rate		Yen/\$	108.7	107.0	(1.7)	
Material Price	Naphtha	CIF	\$/ t	541	570	29
		Domestic	Yen/KL	42,900	44,400	1,500
	Benzene (ACP)		\$/ t	666	700	34
	Australian Coal (CIF)		\$/ t	99.3	94.8	(4.5)
			Yen/t	10,793	10,144	(649)

(Note) Pre-condition before incorporating the effects of COVID-19



## Major P/L & B/S Items

(Billions of yen)

Item	FY2019 (A)	FY2020 (B)	Difference (B) - (A)	Percentage change
Net sales	667.8	614.0	(53.8)	(8.1)%
Operating profit	34.0	26.0	(8.0)	(23.6)%
Ordinary profit	35.7	23.5	(12.2)	(34.2)%
Profit attributable to owners of parent	22.9	14.0	(8.9)	(39.1)%

Item	End of FY2019 (A)	End of FY2020 (B)	Difference (B) - (A)
Total assets	727.2	720.0	(7.2)
Interest-bearing debt	190.7	190.0	(0.7)
Equity capital *1	332.3	337.0	4.7
Dividend(Yen /Share)	90.00	*2 90.00	0.00

\*1: Equity capital = Net assets - Subscription rights to shares - Non-controlling interests

\*2: Dividend: Annual 90yen (to be decided later : Interim and Fiscal year-end)

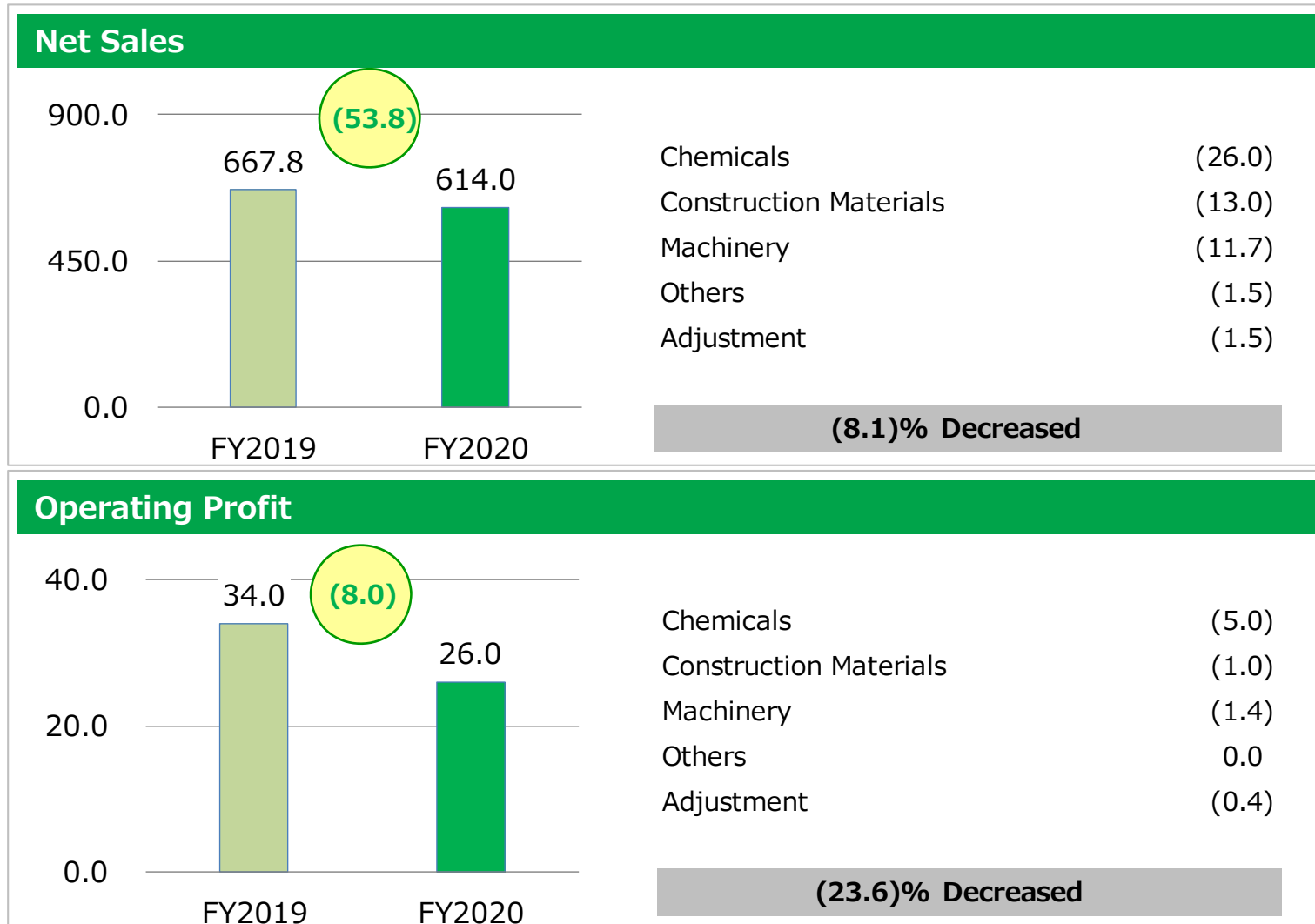
## Net Sales and Operating Profit by Segment

(Billions of yen)

	Segment	FY2019	FY2020	Difference
		(A)	(B)	(B) - (A)
Net sales	Chemicals	286.0	260.0	(26.0)
	Construction Materials	303.0	290.0	(13.0)
	Machinery	90.7	79.0	(11.7)
	Others	4.5	3.0	(1.5)
	Adjustment	(16.5)	(18.0)	(1.5)
	<b>Total</b>	<b>667.8</b>	<b>614.0</b>	<b>(53.8)</b>
Operating profit	Chemicals	14.5	9.5	(5.0)
	Construction Materials	14.5	13.5	(1.0)
	Machinery	4.9	3.5	(1.4)
	Others	0.5	0.5	0.0
	Adjustment	(0.6)	(1.0)	(0.4)
	<b>Total</b>	<b>34.0</b>	<b>26.0</b>	<b>(8.0)</b>

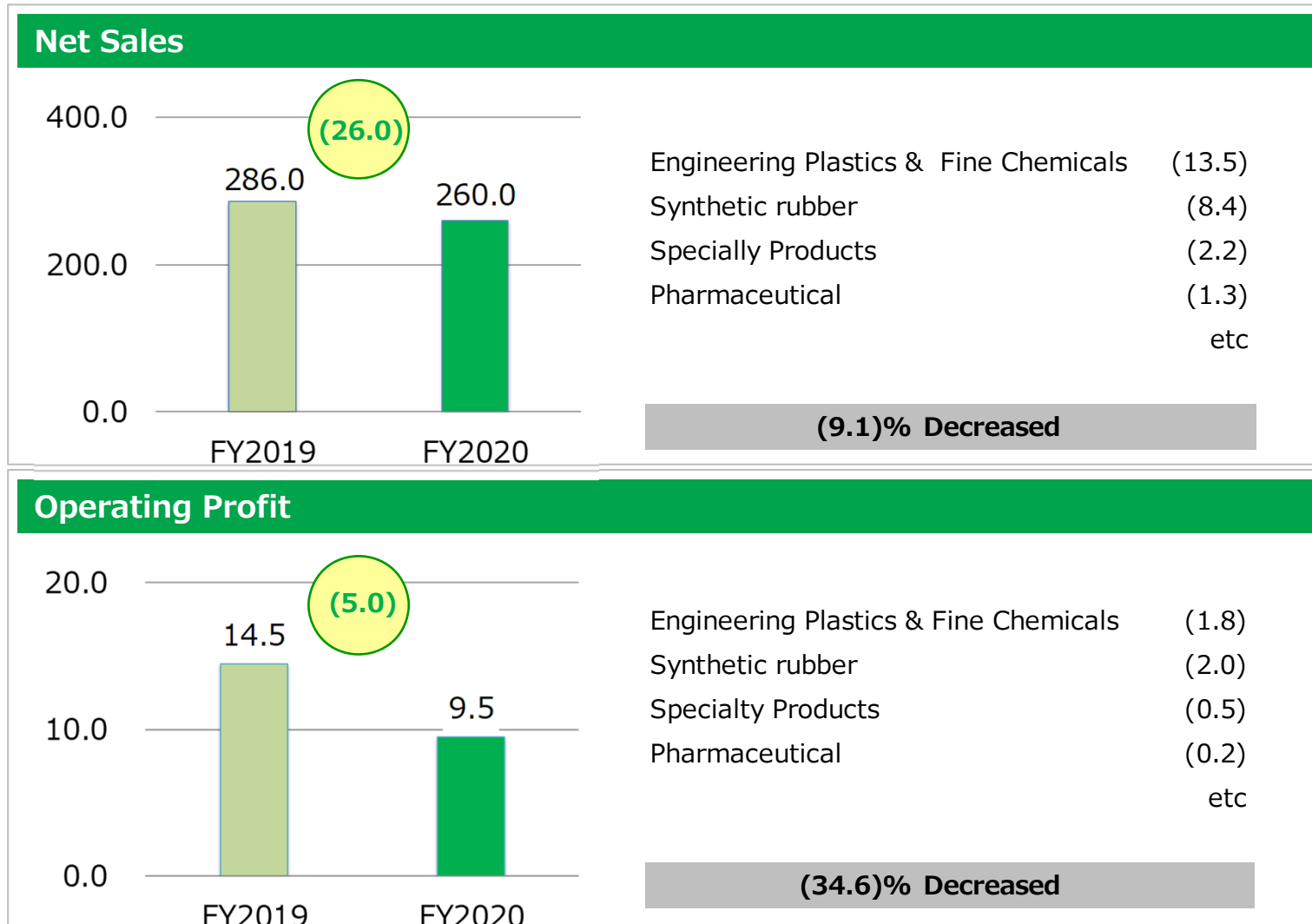
## Analysis - Total

(Billions of yen)



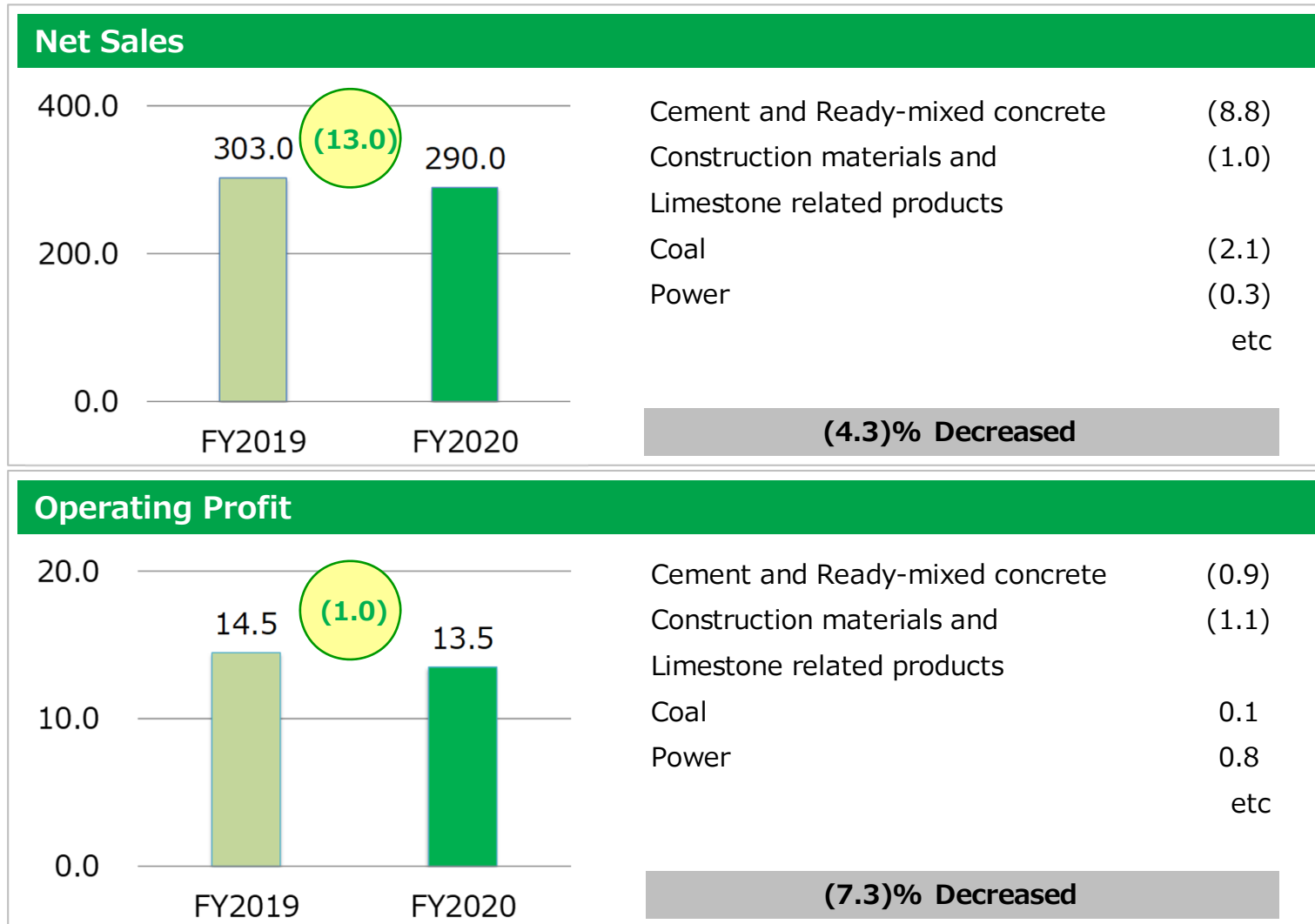
## Analysis -Chemicals

(Billions of yen)



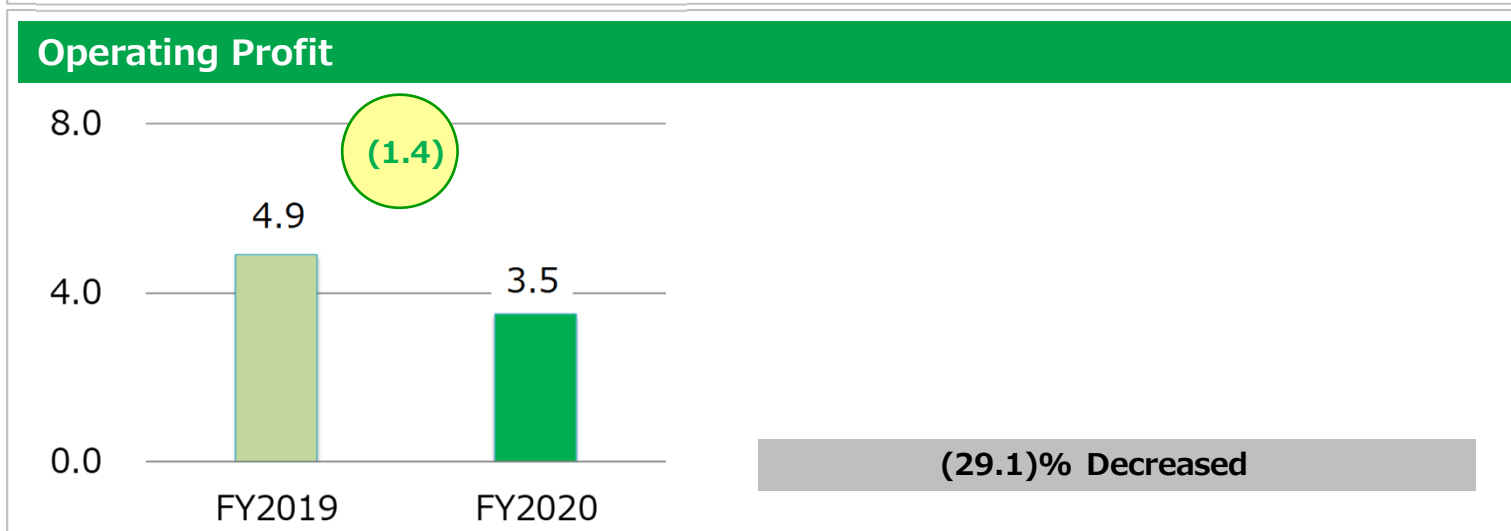
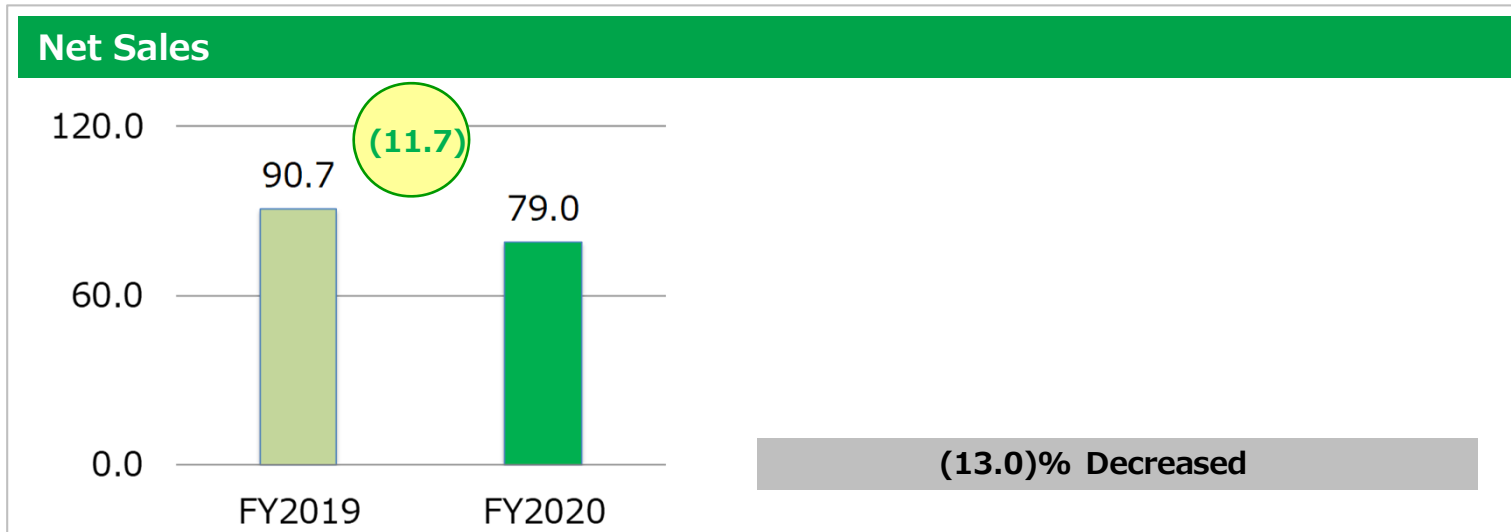
## Analysis –Construction Materials

(Billions of yen)



# Analysis – Machinery

(Billions of yen)



**Operating Profit – Profit attributable to owners of parent**

(Billions of yen)

Item	FY2019 (A)	FY2020 (B)	Difference (B) - (A)
Operating profit	34.0	26.0	(8.0)
Non-operating income/expenses	1.6	(2.5)	(4.1)
Ordinary profit	35.7	23.5	(12.2)
Extraordinary income/losses	(5.3)	(4.0)	1.3
Profit before income taxes	30.3	19.5	(10.8)
Income taxes and profit attributable to non-controlling interests	(7.3)	(5.5)	1.8
Profit attributable to owners of parent	22.9	14.0	(8.9)
Net income per share	227.33 yen	138.47 yen	(88.86) yen

# Reference





## Analysis of Operating Profit by Segment

(Billions of yen)

Segment	Operating profit					
	FY2018 (A)	FY2019 (B)	Difference (B) - (A)	Price *1	Volume	Fixed cost and others *2
Chemicals	24.6	14.5	(10.0)	(4.4)	1.2	(6.8)
Construction Materials	14.4	14.5	0.0	7.2	(3.7)	(3.4)
Machinery	5.4	4.9	(0.4)	0.8	(0.4)	*3 (0.9)
Others	0.8	0.5	(0.2)	0.0	0.0	(0.2)
Adjustment	(0.7)	(0.6)	0.1	-	-	0.1
<b>Total</b>	<b>44.5</b>	<b>34.0</b>	<b>(10.5)</b>	<b>3.5</b>	<b>(2.9)</b>	<b>(11.2)</b>

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

\*3:Including marginal profit on machinery product (1.3)

## Net Sales

(Billions of yen)

Segment	FY2019					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	74.5	71.9	68.4	71.1	286.0	295.0	97.0%
Construction Materials	75.4	77.2	74.9	75.3	303.0	305.0	99.4%
Machinery	18.8	23.1	22.6	26.0	90.7	89.0	102.0%
Others	1.1	1.1	1.2	1.0	4.5	4.0	114.4%
Adjustment	(4.9)	(3.4)	(4.5)	(3.5)	(16.5)	(18.0)	-
<b>Total</b>	<b>165.0</b>	<b>170.0</b>	<b>162.8</b>	<b>170.0</b>	<b>667.8</b>	<b>675.0</b>	<b>98.9%</b>

## Operating Profit

(Billions of yen)

Segment	FY2019					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	4.6	3.6	2.7	3.4	14.5	15.5	93.7%
Construction Materials	2.3	4.4	4.5	3.2	14.5	15.5	94.0%
Machinery	0.4	1.2	1.2	2.0	4.9	5.0	98.8%
Others	0.1	0.0	0.2	0.1	0.5	0.8	74.6%
Adjustment	(0.2)	0.0	(0.2)	(0.1)	(0.6)	(0.8)	-
<b>Total</b>	<b>7.3</b>	<b>9.4</b>	<b>8.6</b>	<b>8.6</b>	<b>34.0</b>	<b>36.0</b>	<b>94.5%</b>

## 3Q on 4Q - Net Sales

(Billions of yen)

Segment	FY2019 3Q (A)	FY2019 4Q (B)	Difference (B) - (A)	Major factors
Chemicals	68.4	71.1	2.6	Engineering Plastics & Fine Chemicals 2.0 Synthetic rubber (0.3) Specialty Products 1.0 Pharmaceutical 0.3 etc.
Construction Materials	74.9	75.3	0.3	Cement and Ready-mixed concrete 0.2 Construction materials and Limestone related products (0.9) Coal 1.2 Power (0.7) etc.
Machinery	22.6	26.0	3.4	
Others	1.2	1.0	(0.2)	
Adjustment	(4.5)	(3.5)	1.0	
Total	162.8	170.0	7.2	

## 3Q on 4Q - Operating Profit

(Billions of yen)

Segment	FY2019 3Q (A)	FY2019 4Q (B)	Difference (B) - (A)	Major factors
Chemicals	2.7	3.4	0.6	Engineering Plastics & Fine Chemicals (0.4) Synthetic rubber (0.1) Specialty Products 0.2 Pharmaceutical 0.2 etc.
Construction Materials	4.5	3.2	(1.3)	Cement and Ready-mixed concrete (0.7) Construction materials and Limestone related products (0.4) Coal (0.2) Power (0.2) etc.
Machinery	1.2	2.0	0.7	
Others	0.2	0.1	(0.1)	
Adjustment	(0.2)	(0.1)	0.0	
Total	8.6	8.6	(0.0)	

## Net Sales and Operating Profit in Half Years by Segment

(Billions of yen)

Segment	Net Sales			Operating profit		
	First half	Second half	Total	First half	Second half	Total
Chemicals	125.0	135.0	260.0	1.0	8.5	9.5
Construction Materials	140.0	150.0	290.0	5.5	8.0	13.5
Machinery	36.0	43.0	79.0	0.0	3.5	3.5
Others	1.0	2.0	3.0	0.0	0.5	0.5
Adjustment	(9.0)	(9.0)	(18.0)	(0.5)	(0.5)	(1.0)
<b>Total</b>	<b>293.0</b>	<b>321.0</b>	<b>614.0</b>	<b>6.0</b>	<b>20.0</b>	<b>26.0</b>

## Consolidated Key Indicators

(Billions of yen)

Item	FY2018	FY2019	FY2020 (forecast)
Capital investment	41.7	47.6	47.0
Depreciation and amortization	36.4	36.8	37.0
Research and development expenses	12.1	12.8	14.0
Adjusted operating profit	51.5	37.8	29.0
Interest-bearing debt	187.2	190.7	190.0
Shareholders' equity	329.5	332.3	337.0
Total assets	740.2	727.2	720.0
D/E ratio (times)	0.57	0.57	0.56
Shareholders' equity ratio (%)	44.5	45.7	46.8
Return on sales - ROS (%)	6.1	5.1	4.2
Return on assets - ROA (%)	6.9	5.2	4.0
Return on equity - ROE (%)	10.1	6.9	4.2
Number of employees	11,010	10,890	11,000

## Consolidated Major Subsidiaries

(Billions of yen)

Subsidiaries and Affiliates	Business	Net Sales FY 2019	Difference of operating profit from FY 2018
UBE Corporation Europe, S.A. Unipersonal	Manufacture and sales of nylon, caprolactam, ammonium sulfate and fine chemical products	41.4	↓
UBE Chemicals (Asia) Public Company Limited	Manufacture and sales of nylon, caprolactam and ammonium sulfate	32.2	↓
THAI SYNTHETIC RUBBERS COMPANY LIMITED	Manufacture and sales of polybutadiene rubber	12.9	→
UBE Ammonia Industry, Ltd.	Manufacture and sales of ammonia and industrial gases	13.4	→
UBE Film, Ltd.	Manufacture and sales of plastic film products	9.8	↑
UBE EXSYMO CO., LTD.	Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials	13.6	↓
UBE Material Industries, Ltd.	Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc.	47.6	↓
UBE Shipping & Logistics, Ltd.	Coastal shipping, port transport, containers, collection and transport of industrial waste, trading and engineering business	19.6	↑
UBE Construction Materials Sales Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	58.2	↓
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	23.3	→
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	41.3	↓
Ube Construction materials Co., Ltd.	Manufacture, sales and construction of various building materials	10.7	→
UBE Machinery Corporation, Ltd.	Manufacture, sales, and service of molding machines, industrial machinery and bridge, etc.	46.8	↓
UBE Steel Co., Ltd	Manufacture and sales of cast iron and steel products and rolled steel billets	20.4	↑

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



## Major Items for Capital Expenditure

Segment	Subject	Place	Estimated completion date
Chemicals	Expand production capacity of Lithium-ion battery separator	Sakai, Japan	FY2020
	Construct 5th pharmaceutical plant	Ube, Japan	FY2021
Construction Materials	Construct high-efficiency clinker cooler	Kanda, Japan	FY2020

**Analyst Briefing and Announcement of 1st Quarter Business Results**

- **FY2020 Analyst Briefing (Telephone conference)**
  - **May 20, 10:00**
  
- **Announcement of 1st quarter Business Results**
  - **July 31, 15:00**
  
- **Telephone Conference for 1st Quarter**
  - **July 31, 18:00**

**(Note) This schedule is subject to change without notice due to circumstances.**

# 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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