

**Financial Results for the
2nd Quarter FY 2014**

October 31, 2014

UBE INDUSTRIES,LTD.

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

FY2014 2nd Quarter Consolidated Results

Scope of Consolidation

- Financial Results for the 2nd Quarter FY2014 -

Item	End of FY2013 (A)	End of FY2014 2Q (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	65	66	1	UBE Machinery Thai
Number of equity method affiliates	24	25	1	US Power
Total	89	91	2	

Environmental Factors

- Financial Results for the 2nd Quarter FY2014 -

(Billion Yen)

Item		FY2013 2Q (A)	FY2014 2Q (B)	Change (B) - (A)	Impacts on Consolidated OP Income	
Exchange Rate	Yen/\$	98.9	103.0	4.1	0.0	
Material Price	(CIF) Naphtha	\$/ t	916	962	46	-0.5
	(Domestic)	Yen/KL	64,700	70,900	6,200	(-0.9)
	Benzene(ACP)	\$/ t	1,280	1,326	46	-0.9
	Benzene(USCP)	\$/ t	1,292	1,441	149	(-1.6)
	Australian Coal	\$/ t	111.4	93.9	-17.5	1.5
(CIF)	Yen/t	11,011	9,671	-1,340	(1.1)	

() :Including impacts from fluctuation of exchange rate

Major P/L & B/S Items

- Financial Results for the 2nd Quarter FY2014 -

(Billion Yen)

Item	FY2013 2Q (A)	FY2014 2Q (B)	Change (B) - (A)
Sales	310.8	307.7	-3.0
Operating income	9.0	6.2	-2.8
Ordinary income	6.7	4.8	-1.8
Net income	6.6	0.0	-6.6
Item	End of FY2013 (A)	End of FY2014 2Q (B)	Change (B) - (A)
Total assets	700.7	709.0	8.3
Debt	245.8	255.0	9.2
Net debt	215.7	222.5	6.8
Equity capital *1	241.7	241.4	-0.2

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

Sales by Segment

- Financial Results for the 2nd Quarter FY2014 -

(Billion Yen)

Segment	FY2013 2Q (A)	FY2014 2Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	109.7	102.2	-7.5	Caprolactam chain Δ 7.4 etc
Specialty Chemicals & Products	32.0	30.7	-1.2	Specialty products Δ 1.7 Fine chemicals 0.5
Pharmaceutical	4.1	3.5	-0.5	
Cement & Construction Materials	106.9	109.9	3.0	Cement and Ready-mixed concrete 2.3 Construction materials and Quicklime related products 0.9, etc,
Machinery & Metal Products	34.8	35.2	0.3	
Energy & Environment	27.7	30.7	2.9	Coal 2.7, Power 0.3, etc,
Others	13.9	16.3	2.4	
Adjustment	-18.5	-21.1	-2.5	
Total	310.8	307.7	-3.0	Decreased by 1.0%

Operating Income by Segment

- Financial Results for the 2nd Quarter FY2014 -

(Billion Yen)

Segment	FY2013 2Q (A)	FY2014 2Q (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	-2.0	-2.2	-0.1	Caprolactam chain 0.5 Synthetic rubber -0.6
Specialty Chemicals & Products	0.4	-1.1	-1.6	Specialty products -1.4 Fine chemicals -0.2
Pharmaceutical	0.4	0.4	-0.0	
Cement & Construction Materials	6.8	7.1	0.3	Cement and Ready-mixed concrete -0.3 Construction materials and Quicklime related products 0.6
Machinery & Metal Products	2.3	0.6	-1.7	
Energy & Environment	0.6	1.0	0.4	Power 0.6 etc.
Others	0.4	0.4	-0.0	
Adjustment	-0.0	-0.1	-0.0	
Total	9.0	6.2	-2.8	Decreased by 31.6%

Analysis of Operating Income

- Financial Results for the 2nd Quarter FY2014 -

(Billion Yen)

Segment	Operating Income						
	FY2013 2Q (A)	FY2014 2Q (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals & Plastics	-2.0	-2.2	-0.1	-3.1	0.3	0.7	2.0
Specialty Chemicals & Products	0.4	-1.1	-1.6	-2.0	-0.0	-0.2	0.5
Pharmaceutical	0.4	0.4	-0.0	0.0	0.1	0.1	-0.2
Cement & construction Materials	6.8	7.1	0.3	-0.4	0.3	0.2	0.4
Machinery & Metal Products	2.3	0.6	-1.7	-0.3	0.2	-0.5	*3 -1.1
Energy & Environment	0.6	1.0	0.4	0.3	-0.1	0.3	-0.1
Others	0.4	0.4	-0.0	-0.1	0.0	0.0	-0.0
Adjustment	-0.0	-0.1	-0.0	-	-	-0.0	-0.0
Total	9.0	6.2	-2.8	-5.5	0.7	0.5	1.4

*1:Including both selling and purchase change *2:Including inventory valuation changes 1.4

*3:Including marginal profit on machinery product -1.0

Non Operating Items

- Financial Results for the 2nd Quarter FY2014 -

(Billion Yen)

Item		FY2013 2Q (A)	FY2014 2Q (B)	Change (B) - (A)
Operating income		9.0	6.2	-2.8
Non operating income	Net interest expense	-1.0	-0.5	0.4
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	0.3	0.1	-0.1
	Foreign currency gain/loss	-0.0	0.4	0.4
	Others	-1.5	-1.3	0.2
	Total	-2.3	-1.3	1.0
Ordinary income		6.7	4.8	-1.8

Extraordinary Items

- Financial Results for the 2nd Quarter FY2014 -

(Billion Yen)

Item		FY2013 2Q (A)	FY2014 2Q (B)	Change (B) - (A)
	Gain on negative goodwill	2.8	-	-2.8
	Loss on disposal of PP&E	-0.4	-1.1	-0.7
	Loss on impairment	-0.0	(※) -0.6	-0.5
	Loss on business of subsidiaries and affiliates	-	(※) -2.9	-2.9
	Loss on stop of equipment	-0.5	-0.6	-0.1
	Net extraordinary income/loss	1.7	-5.4	-7.1

※Loss by dissolution of subsidiary, Ube Board Co., Ltd. -3.5

Operating Income - Net Income

- Financial Results for the 2nd Quarter FY2014 -

(Billion Yen)

Item	FY2013 2Q (A)	FY2014 2Q (B)	Change (B) - (A)
Operating income	9.0	6.2	-2.8
Non operating item	-2.3	-1.3	1.0
Ordinary income	6.7	4.8	-1.8
Extraordinary item	1.7	-5.4	-7.1
Income before income tax and minority interest	8.5	-0.5	-9.0
Income tax and minority interest	-1.8	0.5	2.4
Net income	6.6	0.0	-6.6
Net income per share(Yen/Share)	6.54yen	0.04yen	-6.50yen

Consolidated Balance Sheet

- Financial Results for the 2nd Quarter FY2014 -

(Billion Yen)

Item	End of FY2013 (A)	End of FY2014 2Q (B)	Change (B) - (A)
Current assets	296.5	297.1	0.5
Fixed assets	404.0	411.7	7.6
Total assets	700.7	709.0	8.3
Interest-bearing debts	245.8	255.0	9.2
Other liabilities	189.5	188.6	-0.9
Total liabilities	435.3	443.7	8.3
Equity capital *1	241.7	241.4	-0.2
Minority interests and others	23.6	23.8	0.2
Total net assets	265.3	265.3	-0.0
Total liabilities and net assets	700.7	709.0	8.3

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

Consolidated Statements of Cash Flows

- Financial Results for the 2nd Quarter FY2014 -

(Billion Yen)

Item	FY2013 2Q	FY2014 2Q	
A.Cash flows from operating activities	15.8	19.7	Losses before income tax and minority interests - 0.5 Depreciation and amortization 16.2 Working capital 5.2, etc.
B.Cash flows from investing activities	-21.7	-20.7	Acquisition of PP&E -20.7, etc.
Free cash flows (A+B)	-5.9	-1.0	
C.Cash flows from financing activities	-6.8	2.9	Increase in interest-bearing debts 8.6 Dividends -5.4, etc.
D.Net increase/decrease in cash and cash equivalents	-8.2	2.4	Increase in cash resulting from change of scope of consolidation 0.5
E.Cash and cash equivalents at end of the quarter	27.7	32.5	

FY2014 Consolidated Forecasts

Scope of Consolidation

- FY2014 Consolidated Forecasts -

Item	End of FY2013 (A)	End of FY2014 (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	65	66	1	First half : UBE Machinery Thai
Number of equity method affiliates	24	26	2	First half : US Power Second half : LOTTE UBE Synthetic Rubber
Total	89	92	3	

Environmental Factors

- FY2014 Consolidated Forecasts -

(Billion Yen)

Item		FY2013 (A)	FY2014 (B)	Change (B) - (A)	Impacts on Consolidated OP Income
Exchange Rate	Yen/\$	100.2	104.0 [105.0]	3.8	0.0
Material Price	(CIF) Naphtha (Domestic)	\$/ t	940 [950]	16	-0.3 (-1.2)
		Yen/KL	67,300 [71,300]	3,800	
	Benzene(ACP)	\$/ t	1,296 [1,300]	17	-0.8 (-2.3)
	Benzene(USCP)	\$/ t	1,340 [1,350]	56	
	Australian Coal (CIF)	\$/ t	110.9 [92.4]	-17.8	3.6 (2.9)
Yen/t		11,117 [9,702]	-1,430		

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

() : including impacts from fluctuation of exchange rate

Major P/L & B/S Items

- FY2014 Consolidated Forecasts -

(Billion Yen)

Item	FY2013 (A)	FY2014 (B)	Change (B) - (A)
Sales	650.5	660.0	9.5
Operating income	24.4	26.0	1.6
Ordinary income	18.6	22.0	3.4
Net income	12.6	12.5	-0.1
Item	End of FY2013 (A)	End of FY2014 (B)	Change (B) - (A)
Total assets	700.7	715.0	14.3
Debt	245.8	242.0	-3.8
Net debt	215.7	217.0	1.3
Equity capital *1	241.7	252.0	10.3
Dividend(Yen /Share)	5.0	5.0	0.0

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

Sales by Segment

- FY2014 Consolidated Forecasts -

(Billion Yen)

Segment	FY2013 (A)	FY2014 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	230.5	225.0	-5.5	Caprolactam chain -11.1 Synthetic rubber 5.5
Specialty Chemicals & Products	63.1	66.5	3.4	Specialty products 1.2 Fine chemicals 2.2
Pharmaceutical	9.7	8.0	-1.7	
Cement & Construction Materials	223.5	226.0	2.5	Cement and Ready-mixed concrete 1.7 Construction materials and Quicklime related products 0.6, etc.
Machinery & Metal Products	75.5	79.0	3.5	
Energy & Environment	59.0	66.0	7.0	Coal 2.4 Power 4.7
Others	28.8	29.5	0.7	
Adjustment	-39.8	-40.0	-0.2	
Total	650.5	660.0	9.5	Increased by 1.5%

Operating Income by Segment

- FY2014 Consolidated Forecasts -

(Billion Yen)

Segment	FY2013 (A)	FY2014 (B)	Change (B) - (A)	Major Factors
Chemicals & Plastics	0.8	2.5	1.7	Caprolactam chain 0.8 Synthetic rubber 0.9
Specialty Chemicals & Products	-0.4	-1.0	-0.6	Specialty products -1.2 Fine chemicals 0.6
Pharmaceutical	1.6	1.0	-0.6	
Cement & Construction Materials	15.5	16.5	1.0	Cement and Ready-mixed concrete 0.2 Construction materials and Quicklime related products 0.7, etc.
Machinery & Metal Products	4.4	4.5	0.1	
Energy & Environment	1.9	2.3	0.4	Coal -0.3 Power 0.7
Others	1.0	1.0	0.0	
Adjustment	-0.6	-0.8	-0.2	
Total	24.4	26.0	1.6	Increased by 6.5%

Operating Income - Net Income - FY2014 Consolidated Forecasts -

(Billion Yen)

Item	FY2013 (A)	FY2014 (B)	Change (B) - (A)
Operating income	24.4	26.0	1.6
Non operating item	-5.7	-4.0	1.7
Ordinary income	18.6	22.0	3.4
Extraordinary item	0.9	-3.5	-4.4
Income before income tax and minority interest	19.6	18.5	-1.1
Income tax and minority int	-7.0	-6.0	1.0
Net income	12.6	12.5	-0.1
Net income per share(Yen/Share)	12.16yen	11.82yen	-0.34yen

Appendix

【Reference】 FY2014 Consolidated Forecasts

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

(Billion Yen)

Segment	Beginning forecasts (A) May 12, 2013 Publication	Revised forecasts (B) Oct 16, 2014 Publication	Change (B) - (A)	Major Factors
Chemicals & Plastics	227.0	225.0	-2.0	Caprolactam chain 0.7 Synthetic rubber -2.7
Specialty Chemicals & Products	73.0	66.5	-6.5	Specialty products -5.4 Fine chemicals -1.0
Pharmaceutical	10.0	8.0	-2.0	
Cement & Construction Materials	228.0	226.0	-2.0	Cement and Ready-mixed concrete 0.1 Construction materials and Quicklime related products -1.5, etc.
Machinery & Metal Products	77.0	79.0	2.0	
Energy & Environment	64.0	66.0	2.0	Coal 1.9, etc
Others	31.0	29.5	-1.5	
Adjustment	-40.0	-40.0	0.0	
Total	670.0	660.0	-10.0	Decreased by 1.5%

【Reference】 FY2014 Consolidated Forecasts

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

(Billion Yen)

Segment	Beginning forecasts (A) May 12, 2013 Publication	Revised forecasts (B) Oct 16, 2014 Publication	Change (B) - (A)	Major Factors
Chemicals & Plastics	4.5	2.5	-2.0	Caprolactam chain -1.8 Synthetic rubber -0.2
Specialty Chemicals & Products	1.0	-1.0	-2.0	Specialty products -2.2 Fine chemicals 0.2
Pharmaceutical	1.7	1.0	-0.7	
Cement & Construction Materials	15.5	16.5	1.0	Cement and Ready-mixed concrete 0.6 Construction materials and Quicklime related products 0.1, etc.
Machinery & Metal Products	4.5	4.5	0.0	
Energy & Environment	2.5	2.3	-0.2	Coal -0.3 Power 0.1
Others	1.0	1.0	0.0	
Adjustment	-0.7	-0.8	-0.1	
Total	30.0	26.0	-4.0	Decreased by 13.3%

Major Subsidiaries

- Financial Results for the 2nd Quarter FY2014 -

(Billion Yen)

Subsidiaries and Affiliates	Business	Sales FY2014 2Q	Operating income change from FY2013 2Q
UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam and polyamide resin	20.3	↓
UBE CHEMICAL EUROPE, S.A.	Manufacture and sales of caprolactam, ammonium sulfate and fine chemicals	17.1	↓
THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene	7.0	↑
UBE ENGINEERING PLASTICS, S.A.	Manufacture and sales of polyamide resin	6.2	→
UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia	7.4	↑
UBE FILM, LTD.	Manufacture and sales of plastic-film products	4.3	↓
UBE EXSYMO CO.,LTD	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics	5.5	↓
UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of cement, ready-mixed concrete and construction materials	27.9	→
UBE MATERIAL INDUSTRIES,LTD.	Manufacture and sales of Manganese, Limestone products	19.0	↑
UBE SHIPPING & LOGISTICS, LTD.	Coastal Shipping, Harbor Transport Business, Container Business, Trading Business and Technological Consultant Business	10.3	↑
Ready-mixed concrete consolidated subsidiaries	Manufacture and sales of ready-mixed concrete	19.9	↓
UBE MACHINERY CORPORATION, LTD.	Manufacture and sales of industrial machinery and bridges	20.2	↓
UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	10.2	↓
UBE C&A CO., LTD.	Sales of imported steaming coal from Australia and other countries	16.1	→

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

【Reference】 Major data

- Financial Results for the 2nd Quarter FY2014 -

(Billion Yen)

Item	FS2013 2Q	FS2014 2Q	FS2014 full-year Forecast	FS2013 full-year
capital investment	12.5	20.0	47.0	36.3
Depreciation and amortization	15.8	16.2	34.5	32.4
R&D expense	6.9	7.0	15.0	13.9
Adjusted operating profit	9.9	7.1	27.5	25.2
Debt	246.0	255.0	242.0	245.8
Net debt	218.3	222.5	217.0	215.7
Equity capital	235.6	241.4	252.0	241.7
Total assets	683.1	709.0	715.0	700.7
Net D/E Ratio	0.93	0.92	0.86	0.89
Equity Ratio	34.5	34.1	35.2	34.5
Operating margin	2.9	2.0	3.9	3.8
Return on Assets (ROA)	-	-	3.9	3.6
Return on Equity (ROE)	-	-	5.1	5.5
number of employees	11,309	11,261	10,850	11,225



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