

**FY2016 Consolidated Results**  
**FY2017 Consolidated Forecasts**

**May 11, 2017**

**UBE INDUSTRIES, LTD.**

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# FY2016 Consolidated Results

# - Scope of Consolidation -

## FY2016 Consolidated Results

Item	End of FY2015 (A)	End of FY2016 (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	68	70	2	U-MHI Plotech Co., Ltd. U&M Plastic Solutions Co.,Ltd.
Number of equity method affiliates	25	25	0	
<b>Total</b>	<b>93</b>	<b>95</b>	<b>2</b>	

# Environmental Factors

## - FY2016 Consolidated Results -

Item			FY2015	FY2016	Change	
			(A)	(B)	(B) - (A)	
Exchange Rate		Yen/\$	<b>120.1</b>	<b>108.4</b>	<b>-11.7</b>	
Material Price	Naphtha	CIF	\$/ t	<b>484</b>	<b>430</b>	<b>-54</b>
		Domestic	Yen/KL	<b>42,600</b>	<b>34,500</b>	<b>-8,100</b>
	Benzene(ACP)		\$/ t	<b>667</b>	<b>723</b>	<b>56</b>
	Australian Coal (CIF)		\$/ t	<b>73.6</b>	<b>80.7</b>	<b>7.1</b>
			Yen/t	<b>8,843</b>	<b>8,748</b>	<b>-95</b>

# Major P/L & B/S Items

## - FY2016 Consolidated Results -

(Billion Yen)

Item	FY2015 (A)	FY2016 (B)	Change (B) - (A)
Net sales	641.7	616.5	-25.1
Operating income	41.4	34.9	-6.4
Ordinary income	39.6	33.3	-6.2
Profit attributable to owners of parent	19.1	24.1	5.0
Item	End of FY2015 (A)	End of FY2016 (B)	Change (B) - (A)
Total assets	679.7	709.3	29.5
Debt	216.6	210.4	-6.2
Equity capital *	266.5	286.5	20.0

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

# Sales by Segment

## - FY2016 Consolidated Results -

(Billion Yen)

Segment	FY2015 (A)	FY2016 (B)	Change (B) - (A)	Major Factors
Chemicals	266.7	258.3	-8.3	Nylon/Caprolactam chain -13.7, Synthetic rubber 2.9, Battery Materials and Fine Chemicals 4.5, Polyimide and Specialty Products -0.1, etc
Pharmaceutical	9.2	10.9	1.6	
Cement & Construction Materials	237.3	227.2	-10.1	Cement and Ready-mixed concrete -9.1, Construction materials and Limestone related products -0.3, etc
Machinery	73.4	71.6	-1.7	
Energy & Environment	69.0	59.7	-9.2	Coal -7.6, Power -1.7, etc
Others	16.7	12.5	-4.2	Overseas sales company -4.2, etc
Adjustment	-30.9	-23.9	6.9	
<b>Total</b>	<b>641.7</b>	<b>616.5</b>	<b>-25.1</b>	Decreased by 3.9%

# Operating Income by Segment

## - FY2016 Consolidated Results -

(Billion Yen)

Segment	FY2015 (A)	FY2016 (B)	Change (B) - (A)	Major Factors
Chemicals	12.0	9.6	-2.4	Nylon/Caprolactam chain -3.0, Synthetic rubber -1.8, Battery Materials and Fine Chemicals 0.2, Polyimide and Specialty Products 0.3, etc
Pharmaceutical	1.1	2.4	1.3	
Cement & Construction Materials	19.8	16.2	-3.5	Cement and Ready-mixed concrete -3.5, etc
Machinery	4.6	3.6	-0.9	
Energy & Environment	3.8	2.8	-1.0	Coal -0.4, Power -0.6, etc
Others	1.1	0.7	-0.3	
Adjustment	-1.2	-0.7	0.4	
<b>Total</b>	<b>41.4</b>	<b>34.9</b>	<b>-6.4</b>	Decreased by 15.6%



# - Analysis of Operating Income -

## - FY2016 Consolidated Results -

(Billion Yen)

Segment	Operating Income						
	FY2015 (A)	FY2016 (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals	12.0	9.6	-2.4	-2.4	1.9	-4.7	2.7
Pharmaceutical	1.1	2.4	1.3	-0.1	1.8	-0.2	-0.1
Cement & construction Materials	19.8	16.2	-3.5	-0.8	-2.1	-0.8	0.1
Machinery	4.6	3.6	-0.9	-0.2	-0.1	-0.9	*3 0.2
Energy & Environment	3.8	2.8	-1.0	-1.7	-1.1	0.8	1.0
Others	1.1	0.7	-0.3	0.0	0.0	-0.3	-0.1
Adjustment	-1.2	-0.7	0.4	-	-	0.5	0.0
<b>Total</b>	<b>41.4</b>	<b>34.9</b>	<b>-6.4</b>	<b>-5.1</b>	<b>0.3</b>	<b>-5.6</b>	<b>3.9</b>

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

\*3:Including marginal profit on machinery product 0.6

# Non Operating Items

## - FY2016 Consolidated Results -

(Billion Yen)

Item		FY2015 (A)	FY2016 (B)	Change (B) - (A)
Operating income		41.4	34.9	-6.4
Non-operating income/expenses	Net interest expenses	-1.1	-0.7	0.4
	Share of profit of entities accounted for using equity method	2.9	2.0	-0.9
	Foreign currency gain/loss	-1.0	-0.1	0.8
	Others	-2.4	-2.7	-0.2
	Total	-1.7	-1.6	0.1
Ordinary income		39.6	33.3	-6.2

# Extraordinary Items

## - FY2016 Consolidated Results -

(Billion Yen)

Item		FY2015 (A)	FY2016 (B)	Change (B) - (A)
	Gain on bargain purchase	-	1.6	1.6
	Reversal of accrued expenses from business withdrawal	1.5	-	-1.5
	Loss on disposal of non-current assets	-5.3	-2.4	2.8
	Impairment loss	-9.0	-0.5	8.4
	Others	0.8	0.9	0.1
	<b>Extraordinary income/loss</b>	<b>-11.9</b>	<b>-0.4</b>	<b>11.5</b>

# Operating Income - Net Income

## - FY2016 Consolidated Results -

(Billion Yen)

Item	FY2015 (A)	FY2016 (B)	Change (B) - (A)
Operating income	41.4	34.9	-6.4
Non-operating income/expenses	-1.7	-1.6	0.1
Ordinary income	39.6	33.3	-6.2
Extraordinary income/losses	-11.9	-0.4	11.5
Profit before income taxes	27.6	32.9	5.2
Income taxes and Profit attributable to non-controlling interests	-8.5	-8.7	-0.2
Profit attributable to owners of parent	19.1	24.1	5.0
Net income per share	18.06yen	22.85yen	4.79yen

# Consolidated Balance Sheet

## - FY2016 Consolidated Results -

(Billion Yen)

Item	FY2015 (A)	FY2016 (B)	Change (B) - (A)
Current assets	276.9	295.0	18.1
Fixed assets	402.7	414.2	11.4
Total assets	679.7	709.3	29.5
Interest-bearing debts	216.6	210.4	-6.2
Other liabilities	173.4	188.5	15.0
Total liabilities	390.1	398.9	8.8
Equity capital *1	266.5	286.5	20.0
Non-controlling interests and others	23.0	23.8	0.7
Total net assets	289.6	310.4	20.7
Total liabilities and net assets	679.7	709.3	29.5

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

# Consolidated Statements of Cash Flows

## - FY2016 Consolidated Results -

(Billion Yen)

Item	FY2015	FY2016	
A.Cash flows from operating activities	<b>68.6</b>	<b>53.4</b>	Profit before income taxes 32.9, Depreciation and amortization 34.4, Payment of Tax and others -10.2, etc.
B.Cash flows from investing activities	<b>-33.7</b>	<b>-40.8</b>	Acquisition of PP&E -41.8, etc.
Free cash flows (A+B)	<b>34.9</b>	<b>12.5</b>	
C.Cash flows from financing activities	<b>-31.0</b>	<b>-17.6</b>	Decrease in interest-bearing debts -11.4, Dividends -5.6, etc.
D.Net increase/decrease in cash and cash equivalents	<b>4.2</b>	<b>-5.3</b>	
E.Cash and cash equivalents at end of the fiscal year	<b>41.1</b>	<b>35.8</b>	

# FY2017 Consolidated Forecasts

## Scope of Consolidation

### - FY2017 Consolidated Forecasts -

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



# Environmental Factors

## - FY2017 Consolidated Forecasts -

Item		FY2016 (A)	FY2017 (B)	Change (B) - (A)		
Exchange Rate		Yen/\$	108.4	110.0	1.6	
Material Price	Naphtha	CIF	\$/ t	430	520	90
		Domestic	Yen/KL	34,500	41,800	7,300
	Benzene(ACP)		\$/ t	723	750	27
	Australian Coal (CIF)		\$/ t	80.7	99.4	18.7
			Yen/t	8,748	10,932	2,184

# Major P/L & B/S Items

## - FY2017 Consolidated Forecasts -

(Billion Yen)

Item	FY2016 (A)	FY2017 (B)	Difference (B) - (A)
Net sales	616.5	700.0	83.5
Operating income	34.9	40.0	5.1
Ordinary income	33.3	38.0	4.7
Profit attributable to owners of parent	24.1	24.5	0.4
Item	End of FY2016 (A)	End of FY2017 (B)	Difference (B) - (A)
Total assets	709.3	725.0	15.7
Interest-bearing debt	210.4	200.0	-10.4
Equity capital *1	286.5	303.0	16.5
Dividend(Yen /Share)	6.0	6.0	0.0

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

# Sales by Segment

## - FY2017 Consolidated Forecasts -

(Billion Yen)

Segment	FY2016 (A)	FY2017 (B)	Difference (B) - (A)	Major Factors
Chemicals	258.3	310.0	51.7	Nylon/Caprolactam chain 8.5, Synthetic rubber 19.0, Battery Materials and Fine Chemicals 8.9, Polyimide and Specialty Products 1.9, etc
Pharmaceutical	10.9	10.0	-0.9	
Cement & Construction Materials	227.2	230.0	2.8	Cement and Ready-mixed concrete -1.5, Construction materials and Limestone related products 3.3, etc.
Machinery	71.6	90.0	18.4	
Energy & Environment	59.7	70.0	10.3	Coal 8.7 Power 2.9, etc.
Others	12.5	5.0	-7.5	
Adjustment	-23.9	-15.0	8.9	
<b>Total</b>	<b>616.5</b>	<b>700.0</b>	<b>83.5</b>	Increased by 13.5%

# Operating Income by Segment

## - FY2017 Consolidated Forecasts -

(Billion Yen)

Segment	FY2016 (A)	FY2017 (B)	Difference (B) - (A)	Major Factors
Chemicals	9.6	18.0	8.4	Nylon/Caprolactam chain 0.4, Synthetic rubber 4.0, Battery Materials and Fine Chemicals 3.9, Polyimide and Specialty Products 0.3, etc
Pharmaceutical	2.4	2.0	-0.4	
Cement & Construction Materials	16.2	13.0	-3.2	Cement and Ready-mixed concrete -3.9, Construction materials and Limestone related products 0.2, etc.
Machinery	3.6	5.0	1.4	
Energy & Environment	2.8	2.5	-0.3	Coal 0.5 Power -0.6, etc.
Others	0.7	1.0	0.3	
Adjustment	-0.7	-1.5	-0.8	
<b>Total</b>	<b>34.9</b>	<b>40.0</b>	<b>5.1</b>	Increased by 14.4%

# Analysis of Operating Income

## - FY2017 Consolidated Forecasts -

(Billion Yen)

Segment	Operating Income						
	FY2016 (A)	FY2017 (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals	9.6	18.0	8.4	1.3	8.7	-0.5	-1.2
Pharmaceutical	2.4	2.0	-0.4	0.1	-0.7	-0.1	0.3
Cement & Construction Materials	16.2	13.0	-3.2	-4.3	1.5	-2.7	2.3
Machinery	3.6	5.0	1.4	-0.1	0.2	-3.8	*3 5.0
Energy & Environment	2.8	2.5	-0.3	0.1	1.0	-0.5	-0.9
Others	0.7	1.0	0.3	0.0	0.0	2.3	-2.1
Adjustment	-0.7	-1.5	-0.8	-	-	-0.8	-0.0
<b>Total</b>	<b>34.9</b>	<b>40.0</b>	<b>5.1</b>	<b>-2.8</b>	<b>10.6</b>	<b>-6.0</b>	<b>3.3</b>

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

\*3: Including marginal profit on machinery product 4.7

# Operating Income - Net Income

## - FY2017 Consolidated Forecasts -

(Billion Yen)

Item	FY2016 (A)	FY2017 (B)	Difference (B) - (A)
Operating income	34.9	40.0	5.1
Non-operating income/expenses	-1.6	-2.0	-0.4
Ordinary income	33.3	38.0	4.7
Extraordinary income/losses	-0.4	-3.0	-2.6
Profit before income taxes	32.9	35.0	2.1
Income taxes and Profit attributable to non-controlling interests	-8.7	-10.5	-1.8
Profit attributable to owners of parent	24.1	24.5	0.4
Net income per share	22.85yen	23.15yen	0.30yen

# Appendix

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

Segment	FY2016					Full-year Forecast
	1Q	2Q	3Q	4Q	Total	
Chemicals	57.9	60.0	65.5	74.8	258.3	250.0
Pharmaceutical	2.4	2.0	2.5	3.8	10.9	10.0
Cement & Construction Materials	53.8	55.9	59.6	57.8	227.2	230.0
Machinery	12.6	13.9	16.5	28.4	71.6	68.0
Energy & Environment	12.9	13.6	16.0	17.0	59.7	60.0
Others	3.8	3.1	3.4	2.0	12.5	14.0
Adjustment	-5.6	-5.9	-5.0	-7.3	-23.9	-22.0
<b>Total</b>	<b>138.0</b>	<b>142.9</b>	<b>158.8</b>	<b>176.6</b>	<b>616.5</b>	<b>610.0</b>



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

(Billion Yen)

Segment	FY2016					Full-year Forecast
	1Q	2Q	3Q	4Q	Total	
Chemicals	-2.3	2.8	4.0	5.2	9.6	8.5
Pharmaceutical	0.4	0.6	0.4	0.8	2.4	2.0
Cement & Construction Materials	2.9	4.4	5.0	3.7	16.2	16.0
Machinery	-0.0	0.8	0.7	2.1	3.6	3.5
Energy & Environment	0.8	0.9	0.5	0.5	2.8	3.0
Others	0.1	0.1	0.3	0.1	0.7	1.0
Adjustment	-0.2	0.0	-0.0	-0.4	-0.7	-1.0
<b>Total</b>	<b>1.6</b>	<b>9.8</b>	<b>11.1</b>	<b>12.2</b>	<b>34.9</b>	<b>33.0</b>

## 【Reference】 FY2017 Consolidated Forecasts - Sales / Operating Income in Half Years -

(Billion Yen)

Segment	Sales			Operating income		
	First half	Second half	Total	First half	Second half	Total
Chemicals	150.0	160.0	310.0	8.0	10.0	18.0
Pharmaceutical	5.0	5.0	10.0	1.5	0.5	2.0
Cement & Construction Materials	110.0	120.0	230.0	5.5	7.5	13.0
Machinery	40.0	50.0	90.0	1.0	4.0	5.0
Energy & Environment	30.0	40.0	70.0	1.0	1.5	2.5
Others	2.5	2.5	5.0	0.5	0.5	1.0
Adjustment	-7.5	-7.5	-15.0	-0.5	-1.0	-1.5
<b>Total</b>	<b>330.0</b>	<b>370.0</b>	<b>700.0</b>	<b>17.0</b>	<b>23.0</b>	<b>40.0</b>

**【Reference】 Major data**  
**- FY2016 Consolidated Results -**

(Billion Yen)

Item	FY2015	FY2016	FY2017 Forecast
Capital investment	34.4	44.0	42.0
Depreciation and amortization	35.5	34.4	35.0
R&D expenses	13.7	13.6	14.5
Adjusted operating income	45.2	37.8	43.5
Interest-bearing debt	216.6	210.4	200.0
Equity capital	266.5	286.5	303.0
Total assets	679.7	709.3	725.0
D/E ratio (times)	0.81	0.73	0.66
Equity ratio (%)	39.2	40.4	41.8
Return on sales (%)	6.5	5.7	5.7
Return on assets [ROA] (%)	6.5	5.5	6.1
Return on equity [ROE] (%)	7.2	8.7	8.3
Number of employees	10,764	10,928	11,000

# 【Reference】 Major Subsidiaries - FY2016 Consolidated Results -

(Billion Yen)

Subsidiaries and Affiliates	Business	Sales FY2015	Operating income change from FY2014
UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam and polyamide resin	35.8	↑
UBE CHEMICAL EUROPE, S.A.	Manufacture and sales of caprolactam, polyamide resin, ammonium sulfate and fine chemicals	37.4	↑
THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene rubber	13.5	↓
UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia and industrial gases	13.7	→
UBE FILM, LTD.	Manufacture and sales of plastic-film products	9.5	↑
UBE EXSYMO CO.,LTD	Manufacture and sales of polypropylene molded products, fibers, and fiber-reinforced plastics	12.7	↑
UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of cement, ready-mixed concrete and construction materials	55.9	↓
UBE MATERIAL INDUSTRIES,LTD.	Manufacture and sales of Magnesium, Limestone products	44.1	↑
UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing	20.6	→
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete and construction materials	17.4	→
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	36.6	↓
UBE MACHINERY CORPORATION, LTD.	Manufacture, sales and service of metal and resin molding machines, extrusion presses, vertical mills, water screening	40.6	→
UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	17.4	↓
UBE C&A CO., LTD.	Sales of imported coal from Australia and other countries	23.5	→

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

## 【Reference】 Major Items for Capital Expenditure - FY2017 Consolidated Forecasts -

Segment	Subject	Place	Estimated completion date
<b>Chemicals</b>	Changing to phenol method for cyclohexanone production	Ube, Japan	FY2017
	Expanding production capacity of large-grain ammonium sulfate	Ube, Japan	FY2017
	Expanding production capacity of Nylon	Spain	FY2017
	Expanding production capacity of Lib-separator facility	Sakai, Japan	FY2018
<b>Cement &amp; Construction Materials</b>	Development construction in Kanayamadai mining zone	Isa, Japan	FY2018

# 120<sup>th</sup> Anniversary

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