

# **FY2015 Consolidated Results FY2016 Consolidated Forecasts**

**May 11, 2016**

**UBE INDUSTRIES, LTD.**

# Contents

- **FY2015 Consolidated Results**
- **FY2016 Consolidated Forecasts**
- **Appendix**

# FY2015 Consolidated Results

# Scope of Consolidation

## – FY2015 Consolidated Results –

Item	End of FY2014 (A)	End of FY2015 (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	71	68	-3	+ Sanshin Tsusho Co., Ltd. – Advanced Electrolyte Technologies (USA) LLC – Advanced Electrolyte Technologies (Europe) S.L. – UBE CHEMICAL EUROPE S.A.U. – UBE ENGINEERING PLASTICS S.A.U
Number of equity method affiliates	24	25	1	+ Lotte Ube Synthetic Rubber SDN. BHD.
Total	95	93	-2	

# Environmental Factors

## – FY2015 Consolidated Results –

Item		FY2014 (A)	FY2015 (B)	Change (B) - (A)
Exchange Rate	Yen/\$	<b>109.9</b>	<b>120.1</b>	<b>10.2</b>
Material Price	(CIF) Naphtha (Domestic)	\$/ t	<b>820</b>	<b>-336</b>
		Yen/KL	<b>63,400</b>	<b>-20,800</b>
	Benzene(ACP)	\$/ t	<b>1,090</b>	<b>-423</b>
	Benzene(USCP)	\$/ t	<b>1,161</b>	<b>-467</b>
	Australian Coal (CIF)	\$/ t	<b>90.8</b>	<b>-17.2</b>
	Yen/t	<b>9,981</b>	<b>8,843</b>	<b>-1,138</b>

# Major P/L & B/S Items

## – FY2015 Consolidated Results –

(Billion Yen)

Item	FY2014 (A)	FY2015 (B)	Change (B) - (A)
Sales	641.7	641.7	-0.0
Operating income	24.1	41.4	17.2
Ordinary income	23.2	39.6	16.3
Net income	14.6	19.1	4.4
Item	End of FY2014 (A)	End of FY2015 (B)	Change (B) - (A)
Total assets	711.5	679.7	-31.7
Debt	239.7	216.6	-23.0
Equity capital *	263.3	266.5	3.2

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

# Sales by Segment

## – FY2015 Consolidated Results –

(Billion Yen)

Segment	FY2014 (A)	FY2015 (B)	Change (B) - (A)	Major Factors
Chemicals	280.1	266.7	-13.4	Nylon/Caprolactam chain -15.3, Synthetic rubber -2.8, Battery Materials and Fine Chemicals 5.4, Polyimide and Specialty Products -0.1, etc
Pharmaceutical	7.8	9.2	1.4	
Cement & Construction Materials	222.4	237.3	14.9	Cement and Ready-mixed concrete 17.8, Construction materials and Limestone related products -2.4, etc
Machinery & Metal Products	78.9	73.4	-5.5	
Energy & Environment	66.7	69.0	2.2	Coal 3.0, Power 5.3, etc
Others	17.3	16.7	-0.5	Overseas sales company -0.7, etc
Adjustment	-31.7	-30.9	0.8	
<b>Total</b>	<b>641.7</b>	<b>641.7</b>	<b>0.0</b>	

\*:The former Chemicals & Plastics segment and Specialty Chemicals & Products segment are included in the Chemicals segment as of April 1, 2015. Results for the year ended March 31, 2014 have been restated accordingly to allow comparison.

# Operating Income by Segment

## – FY2015 Consolidated Results –

(Billion Yen)

Segment	FY2014 (A)	FY2015 (B)	Change (B) - (A)	Major Factors
Chemicals	-0.9	12.0	13.0	Nylon/Caprolactam chain 9.0, Synthetic rubber -0.3, Battery Materials and Fine Chemicals 1.2, Polyimide and Specialty Products 1.7, etc
Pharmaceutical	0.9	1.1	0.2	
Cement & Construction Materials	17.0	19.8	2.8	Cement and Ready-mixed concrete 2.3, Construction materials and Limestone related products 0.8, etc
Machinery & Metal Products	4.3	4.6	0.2	
Energy & Environment	2.8	3.8	1.0	Coal 0.1, Power 0.8, etc
Others	1.1	1.1	-0.0	
Adjustment	-1.1	-1.2	-0.0	
<b>Total</b>	<b>24.1</b>	<b>41.4</b>	<b>17.2</b>	Increased by 71.5%

# Analysis of Operating Income

## – FY2015 Consolidated Results –

(Billion Yen)

Segment	Operating Income						
	FY2014 (A)	FY2015 (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals	-0.9	12.0	13.0	7.5	4.4	0.0	1.1
Pharmaceutical	0.9	1.1	0.2	0.1	-0.5	-0.0	0.7
Cement & construction Materials	17.0	19.8	2.8	4.2	-1.4	-0.4	0.4
Machinery & Metal Products	4.3	4.6	0.2	0.8	-0.3	0.1	*3 -0.3
Energy & Environment	2.8	3.8	1.0	1.1	2.0	-1.4	-0.6
Others	1.1	1.1	-0.0	0.0	0.0	-0.1	0.1
Adjustment	-1.1	-1.2	-0.0	-	-	-0.0	-0.0
<b>Total</b>	<b>24.1</b>	<b>41.4</b>	<b>17.2</b>	<b>13.6</b>	<b>4.2</b>	<b>-1.8</b>	<b>1.3</b>

\*1:Including both selling and purchase change \*2:Including inventory valuation changes -2.6, lowest cost accounting 0.0

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

# Non Operating Items

## – FY2015 Consolidated Results –

(Billion Yen)

Item		FY2014 (A)	FY2015 (B)	Change (B) - (A)
Operating income		24.1	41.4	17.2
Non operating income	Net interest expense	-1.4	-1.1	0.2
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	1.5	2.9	1.4
	Foreign currency gain/loss	1.1	-1.0	-2.2
	Others	-2.1	-2.5	-0.3
	Total	-0.9	-1.7	-0.8
Ordinary income		23.2	39.6	16.3

# Extraordinary Items

## – FY2015 Consolidated Results –

(Billion Yen)

Item	FY2014 (A)	FY2015 (B)	Change (B) - (A)
Gain on insurance adjustment	3.8	-	-3.8
Reversal of accrued expenses from business withdrawal	-	1.5	1.5
Loss on disposal of non-current assets	-2.7	-5.3	-2.5
Impairment Loss	-1.5	-9.0	-7.4
Provision for loss over investment cost of subsidiaries and affiliates	-4.5	-0.4	4.1
Others	0.3	1.2	0.9
<b>Net extraordinary income/loss</b>	<b>-4.7</b>	<b>-11.9</b>	<b>-7.2</b>

# Operating Income – Net Income

## – FY2015 Consolidated Results –

(Billion Yen)

Item	FY2014 (A)	FY2015 (B)	Change (B) - (A)
Operating income	24.1	41.4	17.2
Non operating item	-0.9	-1.7	-0.8
Ordinary income	23.2	39.6	16.3
Extraordinary item	-4.7	-11.9	-7.2
Income before income tax and minority interest	18.4	27.6	9.1
Income tax and minority interest	-3.8	-8.5	-4.7
Net income	14.6	19.1	4.4
Net income per share(Yen/Share)	13.85yen	18.06yen	4.21yen

# Consolidated Balance Sheet

## – FY2015 Consolidated Results –

(Billion Yen)

Item	End of FY2014 (A)	End of FY2015 (B)	Change (B) - (A)
Current assets	282.8	276.9	-5.8
Fixed assets	428.5	402.7	-25.8
<b>Total assets</b>	<b>711.5</b>	<b>679.7</b>	<b>-31.7</b>
Interest-bearing debts	239.7	216.6	-23.0
Other liabilities	182.2	173.4	-8.7
<b>Total liabilities</b>	<b>421.9</b>	<b>390.1</b>	<b>-31.7</b>
Equity capital *1	263.3	266.5	3.2
Minority interests and others	26.2	23.0	-3.2
<b>Total net assets</b>	<b>289.6</b>	<b>289.6</b>	<b>0.0</b>
<b>Total liabilities and net assets</b>	<b>711.5</b>	<b>679.7</b>	<b>-31.7</b>

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

# Consolidated Statements of Cash Flows – FY2015 Consolidated Results –

(Billion Yen)

Item	FY2014	FY2015	
A.Cash flows from operating activities	<b>62.1</b>	<b>68.6</b>	Losses before income tax and minority interests 27.6, Depreciation and amortization 35.5, Working capital -2.0, etc.
B.Cash flows from investing activities	<b>-42.4</b>	<b>-33.7</b>	Acquisition of PP&E -34.4, etc.
Free cash flows (A+B)	<b>19.7</b>	<b>34.9</b>	
C.Cash flows from financing activities	<b>-13.9</b>	<b>-31.0</b>	Decrease in interest-bearing debts -24.8, Dividends -5.5, etc.
D.Net increase/decrease in cash and cash equivalents	<b>6.8</b>	<b>4.2</b>	
E.Cash and cash equivalents at end of the fiscal year	<b>36.9</b>	<b>41.1</b>	

# FY2016 Consolidated Forecasts

# Scope of Consolidation

## – FY2016 Consolidated Forecasts –

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

# Environmental Factors

## – FY2016 Consolidated Forecasts –

Item		FY2015 (A)	FY2016 (B)	Change (B) - (A)	
Exchange Rate	Yen/\$	120.1	110.0	-10.1	
Material Price	(CIF) Naphtha (Domestic)	\$/ t	484	430	-54
		Yen/KL	42,600	34,900	-7,700
	Benzene(ACP)	\$/ t	667	650	-17
	Benzene(USCP)	\$/ t	694	700	6
	Australian Coal (CIF)	\$/ t	73.6	69.1	-4.5
		Yen/t	8,843	7,597	-1,246

# Major P/L & B/S Items

## – FY2016 Consolidated Forecasts –

(Billion Yen)

Item	FY2015 (A)	FY2016 (B)	Change (B) - (A)
Sales	641.7	655.0	13.3
Operating income	41.4	35.0	-6.4
Ordinary income	39.6	33.0	-6.6
Profit attributable to owners of parent	19.1	20.0	0.9
Item	End of FY2015 (A)	End of FY2016 (B)	Change (B) - (A)
Total assets	679.7	700.0	20.3
Debt	216.6	210.0	-6.6
Equity capital *1	266.5	280.0	13.5
Dividend(Yen /Share)	5.0	6.0	1.0

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

# Sales by Segment

## – FY2016 Consolidated Forecasts –

(Billion Yen)

Segment	FY2015 (A)	FY2016 (B)	Change (B) - (A)	Major Factors
Chemicals	266.7	278.0	11.3	Nylon/Caprolactam chain -3.3, Synthetic rubber 2.5, Battery Materials and Fine Chemicals 9.0, Polyimide and Specialty Products 3.1, etc
Pharmaceutical	9.2	10.0	0.8	
Cement & Construction Materials	237.3	238.0	0.7	Cement and Ready-mixed concrete -1.9, Construction materials and Limestone related products 2.2, etc.
Machinery *	73.4	74.0	0.6	
Energy & Environment	69.0	65.0	-4.0	Coal -4.1 Power -0.8
Others	16.7	16.0	-0.7	
Adjustment	-30.9	-26.0	4.9	
<b>Total</b>	<b>641.7</b>	<b>655.0</b>	<b>13.3</b>	2.1% increase

\* Please take note that the name of the Machinery and Metal Product Segment was changed to the Machinery Segment on April 1, 2016.

# Operating Income by Segment

## – FY2016 Consolidated Forecasts –

(Billion Yen)

Segment	FY2015 (A)	FY2016 (B)	Change (B) - (A)	Major Factors
Chemicals	120.0	9.0	-3.0	Nylon/Caprolactam chain -5.3, Synthetic rubber -0.8, Battery Materials and Fine Chemicals 1.1, Polyimide and Specialty Products 0.7, etc
Pharmaceutical	11.0	1.0	-0.1	
Cement & Construction Materials	198.0	18.0	-1.8	Cement and Ready-mixed concrete -1.5, Construction materials and Limestone related products -0.6, etc.
Machinery	46.0	4.0	-0.6	
Energy & Environment	38.0	3.5	-0.3	Coal -0.2
Others	11.0	1.0	-0.1	
Adjustment	-12.0	-1.5	-0.3	
<b>Total</b>	<b>414.0</b>	<b>35.0</b>	<b>-6.4</b>	<b>15.5% decrease</b>

# Analysis of Operating Income

## – FY2016 Consolidated Forecasts –

(Billion Yen)

Segment	Operating Income						
	FY2015 (A)	FY2016 (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals	12.0	9.0	-3.0	-6.6	5.4	-6.1	4.3
Pharmaceutical	1.1	1.0	-0.1	-0.3	0.6	-0.4	0.0
Cement & Construction Materials	19.8	18.0	-1.8	-0.9	0.9	-1.6	-0.2
Machinery	4.6	4.0	-0.6	-0.4	0.1	-0.8	*3 0.5
Energy & Environment	3.8	3.5	-0.3	-0.0	-0.6	0.2	0.1
Others	1.1	1.0	-0.1	0.0	0.0	-0.2	0.1
Adjustment	-1.2	-1.5	-0.3	-	-	-0.2	-0.1
<b>Total</b>	<b>41.4</b>	<b>35.0</b>	<b>-6.4</b>	<b>-8.2</b>	<b>6.3</b>	<b>-9.2</b>	<b>4.7</b>

\*1:Including both selling and purchase change \*2:Including inventory valuation changes 2.6, lowest cost accounting -0.3

\*3:Including marginal profit on machinery product 0.7

# Operating Income – Net Income

## – FY2016 Consolidated Forecasts –

(Billion Yen)

Item	FY2015 (A)	FY2016 (B)	Change (B) - (A)
Operating income	41.4	35.0	-6.4
Non operating item	-1.7	-2.0	-0.3
Ordinary income	39.6	33.0	-6.6
Extraordinary item	-11.9	-4.0	7.9
Income before income tax and minority interest	27.6	29.0	1.4
Income tax and Profit attributable to non-controlling interests	-8.5	-9.0	-0.5
Profit attributable to owners of parent	19.1	20.0	0.9
Net income per share(Yen/Share)	18.06yen	18.90yen	0.84yen

# Appendix

## 【Reference】 FY2015 Changes in Results - Sales by Segments -

(Billion Yen)

Segment	FY2015				
	1Q	2Q	3Q	4Q	Total
Chemicals	70.0	66.9	66.2	63.5	266.7
Pharmaceutical	1.7	1.4	2.4	3.5	9.2
Cement & Construction Materials	58.9	59.3	61.6	57.4	237.3
Machinery & Metal Products	14.3	19.7	17.6	21.6	73.4
Energy & Environment	20.4	16.8	15.9	15.7	69.0
Others	4.3	4.4	3.7	4.2	16.7
Adjustment	-8.4	-6.8	-8.7	-6.8	-30.9
<b>Total</b>	<b>161.3</b>	<b>161.8</b>	<b>159.0</b>	<b>159.4</b>	<b>641.7</b>

## 【Reference】 FY2015 Changes in Results - Operating Income by Segments -

(Billion Yen)

Segment	FY2015				Total
	1Q	2Q	3Q	4Q	
Chemicals	3.5	2.8	3.1	2.5	12.0
Pharmaceutical	-0.0	0.2	0.3	0.5	1.1
Cement & Construction Materials	4.2	5.5	5.9	4.0	19.8
Machinery & Metal Products	0.6	1.1	0.7	2.0	4.6
Energy & Environment	1.4	0.9	0.2	1.1	3.8
Others	0.2	0.2	0.4	0.2	1.1
Adjustment	-0.4	-0.0	-0.1	-0.4	-1.2
<b>Total</b>	<b>9.5</b>	<b>10.9</b>	<b>10.7</b>	<b>10.1</b>	<b>41.4</b>

## 【Reference】 FY2016 Consolidated Forecast - Sales / Operating Income in Half Years -

(Billion Yen)

Segment	Sales			Operating income		
	First half	Second half	Total	First half	Second half	Total
Chemicals	133.0	145.0	278.0	-1.0	10.0	9.0
Pharmaceutical	4.5	5.5	10.0	0.5	0.5	1.0
Cement & Construction Materials	115.0	123.0	238.0	7.5	10.5	18.0
Machinery	31.0	43.0	74.0	0.5	3.5	4.0
Energy & Environment	31.5	33.5	65.0	1.5	2.0	3.5
Others	8.0	8.0	16.0	0.5	0.5	1.0
Adjustment	-13.0	-13.0	-26.0	-0.5	-1.0	-1.5
Total	310.0	345.0	655.0	9.0	26.0	35.0

# Major Data

## - Financial Results for FY2015 -

(Billion Yen)

Item	FY2014	FY2015	FY2016 Forecast
capital investment	42.5	34.4	48.0
Depreciation and amortization	33.5	35.5	35.0
R&D expense	13.8	13.7	14.5
Adjusted operating profit	26.6	45.2	38.0
Interest bearing debt	239.7	216.6	210.0
Equity capital	263.3	266.5	280.0
Total assets	711.5	679.7	700.0

Net D/E Ratio (times)	0.91	0.81	0.75
Equity Ratio (%)	37.0	39.2	40.0
Operating margin (%)	3.8	6.5	5.3
Return on Assets (ROA) (%)	3.8	6.5	5.5
Return on Equity (ROE) (%)	5.8	7.2	7.3
Number of employees	10,702	10,764	11,000

Notes: Business income: Operating income + Interest and dividend income + Equity income of unconsolidated subsidiaries and affiliates

# Major Subsidiaries

## – FY2015 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	40.0	↑
UBE CHEMICAL EUROPE, S.A.	Manufacture and sales of caprolactam, ammonium sulfate and fine chemicals	32.1	↑
THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene	12.2	↓
UBE ENGINEERING PLASTICS, S.A.	Manufacture and sales of polyamide resin	12.7	→
UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia	13.0	↓
UBE FILM, LTD.	Manufacture and sales of plastic-film products	9.2	↑
UBE EXSYMO CO.,LTD	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics	12.4	↑
UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of cement, ready-mixed concrete and construction materials	56.2	↓
UBE MATERIAL INDUSTRIES,LTD.	Manufacture and sales of Mangesium, Limestone products	38.9	↑
UBE SHIPPING & LOGISTICS, LTD.	Coastal Shipping, Harbor Transport Business, Container Business, Trading Business and Technological Consultant Business	21.2	→
SANSHIN TSUSHO Co., Ltd. (New)	Sales of cement, ready-mixed concrete and construction materials	19.6	↑
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	39.3	→
UBE MACHINERY CORPORATION, LTD.	Manufacture and sales of industrial machinery and bridges	45.0	↓
UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	16.7	↑
UBE C&A CO., LTD.	Sales of imported steaming coal from Australia and other countries	29.6	→

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

## Major Items for Capital Expenditure – FY2016 Consolidated Results –

Segment	Subject	Place	Estimated completion date
<b>Chemicals</b>	Reconstruction of Lib-separator facility	Ube, Japan	FY2016
	Osaka Research and Development Center	Sakai, Japan	FY2016
	Extention of Lib-separator facility	Sakai, Japan	FY2017
	Changing to phenol method for cyclohexanone production	Ube, Japan	FY2017
	Improvement of cyclohexanone production process	Thailand	FY2017
<b>Cement &amp; Construction Materials</b>	Development consturction in Kanayamadai mining zone	Isa, Japan	FY2018



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. Actual results may differ materially from expectations.