

Financial Results for the 3rd Quarter FY 2016

February 1, 2017

UBE INDUSTRIES, LTD.

Contents

- **FY2016 3rd Quarter Consolidated Results**
- **FY2016 Consolidated Forecasts**
- **Appendix**

※This"3rd Quarter(3Q)" date states information for 9 month total.

FY2016 3rd Quarter Consolidated Results

Scope of Consolidation

- Financial Results for the 3rd Quarter FY2016 -

Item	End of FY2015 (A)	End of FY2016 3Q (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	68	68	0	
Number of equity method affiliates	25	25	0	
Total	93	93	0	

Environmental Factors

- Financial Results for the 3rd Quarter FY2016 -

Item			FY2015 3Q (A)	FY2016 3Q (B)	Change (B) - (A)
Exchange Rate		Yen/\$	121.7	106.7	-15.0
Material Price	(CIF) Naphtha (Domestic)	\$/ t	517	408	-109
		Yen/KL	45,700	32,200	-13,500
	Benzene(ACP)	\$/ t	704	648	-56
	Australian Coal (CIF)	\$/ t	75.2	77.9	2.7
		Yen/t	9,156	8,306	-850

Major P/L & B/S Items

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item	FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)
Net sales	482.3	439.9	-42.4
Operating income	31.2	22.6	-8.5
Ordinary income	30.1	22.6	-7.5
Profit attributable to owners of parent	19.2	15.0	-4.1
Item	End of FY2015 (A)	End of FY2016 3Q (B)	Difference (B) - (A)
Total assets	679.7	690.4	10.6
Interest-bearing debt	216.6	210.9	-5.6
Equity capital *1	266.5	275.5	8.9

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

Net Sales by Segment

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Segment	FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)	Major Factors
Chemicals	203.2	183.5	-19.6	Nylon/Caprolactam chain -19.1, Synthetic rubber -1.1, Battery Materials and Fine Chemicals 2.5, Polyimide and Specialty Products -0.1, etc
Pharmaceutical	5.7	7.1	1.3	
Cement & Construction Materials	179.8	169.3	-10.5	Cement and Ready-mixed concrete -11.0, Construction materials and Limestone related products -0.8, etc
Machinery	51.7	43.2	-8.4	
Energy & Environment	53.2	42.7	-10.5	Coal -9.8, Power -0.8, etc
Others	12.5	10.5	-2.0	
Adjustment	-24.0	-16.6	7.4	
Total	482.3	439.9	-42.4	Decreased by 8.8%

Operating Income by Segment

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Segment	FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)	Major Factors
Chemicals	9.5	4.4	-5.1	Nylon/Caprolactam chain -5.5, Synthetic rubber -1.1, Battery Materials and Fine Chemicals -0.3, Polyimide and Specialty Products 0.1, etc
Pharmaceutical	0.5	1.6	1.0	
Cement & Construction Materials	15.7	12.4	-3.3	Cement and Ready-mixed concrete -3.1, Construction materials and Limestone related products -0.7, etc
Machinery	2.5	1.5	-1.0	
Energy & Environment	2.6	2.2	-0.3	Coal -0.4, etc
Others	0.8	0.6	-0.2	
Adjustment	-0.7	-0.2	0.4	
Total	31.2	22.6	-8.5	Decreased by 27.4%

Analysis of Operating Income

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Segment	Operating Income						
	FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)	Variance			
				Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals	9.5	4.4	-5.1	-4.7	1.3	-4.1	2.3
Pharmaceutical	0.5	1.6	1.0	0.2	1.5	-0.1	-0.5
Cement & construction Materials	15.7	12.4	-3.3	-0.5	-2.0	-0.8	-0.0
Machinery	2.5	1.5	-1.0	-0.2	-0.1	0.1	*3 -0.8
Energy & Environment	2.6	2.2	-0.3	-0.4	-1.3	0.8	0.4
Others	0.8	0.6	-0.2	0.0	0.0	-0.2	-0.1
Adjustment	-0.7	-0.2	0.4	-	-	0.3	0.1
Total	31.2	22.6	-8.5	-5.5	-0.6	-3.9	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 -0.9

Non Operating Income/Expenses

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item		FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)
Operating income		31.2	22.6	-8.5
Non-operating income/expenses	Net interest expenses	-0.8	-0.3	0.4
	Share of profit of entities accounted for using equity method	2.5	1.8	-0.6
	Foreign currency gain/loss	-0.7	0.1	0.8
	Others	-2.1	-1.7	0.3
	Total	-1.1	-0.0	1.0
Ordinary income		30.1	22.6	-7.5

Extraordinary Income/Losses

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item		FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)
	Reversal of accrued expenses from business withdrawal	1.5	-	-1.5
	Loss on disposal of non-current assets	-4.2	-1.5	2.6
	Provision for loss over investment cost of subsidiaries and affiliates	-0.4	-	0.4
	Others	-0.2	0.0	0.2
Extraordinary incom/losses		-3.2	-1.4	1.7

Operating Income - Net Income

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item	FY2015 3Q (A)	FY2016 3Q (B)	Difference (B) - (A)
Operating income	31.2	22.6	-8.5
Non-operating income/expenses	-1.1	-0.0	1.0
Ordinary income	30.1	22.6	-7.5
Extraordinary income/losses	-3.2	-1.4	1.7
Profit before income taxes	26.8	21.1	-5.7
Income taxes and Profit attributable to non-controlling interests	-7.6	-6.0	1.6
Profit attributable to owners of parent	19.2	15.0	-4.1
Net income per share	18.17yen	14.24yen	-3.93yen

Consolidated Balance Sheet

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item		End of FY2015 (A)	End of FY2016 3Q (B)	Difference (B) - (A)
	Current assets	276.9	284.4	7.5
	Fixed assets	402.7	405.8	3.1
	Total assets	679.7	690.4	10.6
	Interest-bearing debts	216.6	210.9	-5.6
	Other liabilities	173.4	180.9	7.4
	Total liabilities	390.1	391.9	1.7
	Equity capital *1	266.5	275.5	8.9
	Non-controlling interests and others	23.0	22.9	-0.1
	Total net assets	289.6	298.5	8.8
	Total liabilities and net assets	679.7	690.4	10.6

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

Consolidated Statements of Cash Flows

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item	FY2015 3Q	FY2016 3Q	
A.Cash flows from operating activities	35.9	28.1	Profit before income taxes 21.1, Depreciation and amortization 25.4, Workig capital -2.6, Payment of Tax and others -9.6, etc.
B.Cash flows from investing activities	-23.6	-25.2	Acquisition of PP&E -25.8, etc
Free cash flows (A+B)	12.3	2.8	
C.Cash flows from financing activities	-20.2	-12.7	Decrease in interest-bearing debts -6.5, Dividends -5.6, etc.
D.Net increase/decrease in cash and cash equivalents	-7.2	-10.2	
E.Cash and cash equivalents at end of the quarter	29.7	30.9	

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	70	2	+U-MHI Platech Co., Ltd. (former Mitsubishi Heavy Industries Plastic Technology Co., Ltd.) +U-MHI PLATECH AMERICA, INC. (US subsidiary of U-MHI Platech Co., Ltd.)
Number of equity method affiliates	25	25	0	
Total	93	95	2	

Environmental Factors

- FY2016 Consolidated Forecasts -

Item		FY2015 (A)	FY2016 (B)	Change (B) - (A)
Exchange Rate	Yen/\$	120.1	108.8 [115.0]	-11.3
Material Price	(CIF) Naphtha (Domestic)	\$/ t	426 [480]	-58
		Yen/KL	34,300 [40,400]	-8,300
	Benzene(ACP)	\$/ t	706 [882]	39
	Australian Coal (CIF)	\$/ t	80.6 [89.0]	7.0
		Yen/t	8,770 [10,235]	-73

[] : numbers for the fourth quarter of the period only

Major P/L & B/S Items

- FY2016 Consolidated Forecasts -

(Billion Yen)

Item	FY2015 (A)	FY2016 (B)	Change (B) - (A)
Sales	641.7	610.0	-31.7
Operating income	41.4	33.0	-8.4
Ordinary income	39.6	31.0	-8.6
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	685.0	5.3
Interest-bearing debt	216.6	208.0	-8.6
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 - Non Controlling Interests

Net Sales by Segment

- FY2016 Consolidated Forecasts -

(Billion Yen)

Segment	FY2015 (A)	FY2016 (B)	Change (B) - (A)	Major Factors
Chemicals	266.7	250.0	-16.7	Nylon/Caprolactam chain -20.4 Synthetic rubber 1.9 Battery Materials and Fine Chemicals 5.1, Polyimide and Specialty Products -2.3, etc
Pharmaceutical	9.2	10.0	0.8	
Cement & Construction Materials	237.3	230.0	-7.3	Cement and Ready-mixed concrete -8.8 Construction materials and Limestone related products -0.5, etc.
Machinery	73.4	68.0	-5.4	
Energy & Environment	69.0	60.0	-9.0	Coal -7.7 Power -1.3
Others	16.7	14.0	-2.7	
Adjustment	-30.9	-22.0	8.9	
Total	641.7	610.0	-31.7	Decreased by 4.9%

Operating Income by Segment

- FY2016 Consolidated Forecasts -

(Billion Yen)

Segment	FY2015 (A)	FY2016 (B)	Change (B) - (A)	Major Factors
Chemicals	12.0	8.5	-3.5	Nylon/Caprolactam chain -3.9 Synthetic rubber -1.9 Battery Materials and Fine Chemicals 0.5, Polyimide and Specialty Products -0.1, etc
Pharmaceutical	1.1	2.0	0.9	
Cement & Construction Materials	19.8	16.0	-3.8	Cement and Ready-mixed concrete -3.3 Construction materials and Limestone related products -0.5, etc.
Machinery	4.6	3.5	-1.1	
Energy & Environment	3.8	3.0	-0.8	Coal -0.6 Power -0.2
Others	1.1	1.0	-0.1	
Adjustment	-1.2	-1.0	0.2	
Total	41.4	33.0	-8.4	Decreased by 20.3%

Operating Income - Net Income

- FY2016 Consolidated Forecasts -

(Billion Yen)

Item	FY2015 (A)	FY2016 (B)	Change (B) - (A)
Operating income	41.4	33.0	-8.4
Non-operating income/expenses	-1.7	-2.0	-0.3
Ordinary income	39.6	31.0	-8.6
Extraordinary income/losses	-11.9	-1.0	10.9
Profit before income taxes	27.6	30.0	2.4
Income taxes and Profit attributable to non-controlling interests	-8.5	-10.0	-1.5
Profit attributable to owners of parent	19.1	20.0	0.9
Net income per share	18.06yen	18.90yen	0.84yen

Appendix

【Reference】 Progress of Major P/L Items

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item	FY2015 (A)		FY2016 (B)		Difference (B) - (A)	
		3Q (Progress)		3Q (Progress)		3Q
Net Sales	641.7	482.3 (75.2%)	610.0	439.9 (72.1%)	-31.7	-42.4
Operating income	41.4	31.2 (75.5%)	33.0	22.6 (68.5%)	-8.4	-8.5
Ordinary income	39.6	30.1 (76.1%)	31.0	22.6 (72.9%)	-8.6	-7.5
Profit attributable to owners of parent	19.1	19.2 (100.6%)	20.0	15.0 (75.0%)	0.9	-4.1

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

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

(Billion Yen)

Segment	FY2016					Full-year Forecast	Progress %
	1Q	2Q	3Q	4Q	Total		
Chemicals	57.9	60.0	65.5	-	183.5	250.0	73.4%
Pharmaceutical	2.4	2.0	2.5	-	7.1	10.0	71.0%
Cement & Construction Materials	53.8	55.9	59.6	-	169.3	230.0	73.6%
Machinery	12.6	13.9	16.5	-	43.2	68.0	63.5%
Energy & Environment	12.9	13.6	16.0	-	42.7	60.0	71.2%
Others	3.8	3.1	3.4	-	10.5	14.0	75.0%
Adjustment	-5.6	-5.9	-5.0	-	-16.6	-22.0	-
Total	138.0	142.9	158.8	-	439.9	610.0	72.1%

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

(Billion Yen)

Segment	FY2016					Full-year Forecast	Progress %
	1Q	2Q	3Q	4Q	Total		
Chemicals	-2.3	2.8	4.0	-	4.4	8.5	51.8%
Pharmaceutical	0.4	0.6	0.4	-	1.6	2.0	80.0%
Cement & Construction Materials	2.9	4.4	5.0	-	12.4	16.0	77.5%
Machinery	-0.0	0.8	0.7	-	1.5	3.5	42.9%
Energy & Environment	0.8	0.9	0.5	-	2.2	3.0	73.3%
Others	0.1	0.1	0.3	-	0.6	1.0	60.0%
Adjustment	-0.2	0.0	-0.0	-	-0.2	-1.0	-
Total	1.6	9.8	11.1	-	22.6	33.0	68.5%

【Reference】 Major data

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Item	FY2015 3Q	FY2016 3Q	FY2016 full-year Forecast	FY2015 full-year
Capital investment	21.0	26.6	48.0	34.4
Depreciation and amortization	26.5	25.4	35.0	35.5
R&D expenses	9.9	10.0	14.5	13.7
Adjusted operating income	34.5	25.3	36.0	45.2
Interest-bearing debt	227.2	210.9	208.0	216.6
Equity capital	272.9	275.5	280.0	266.5
Total assets	705.8	690.4	685.0	679.7
D/E ratio (times)	0.83	0.77	0.74	0.81
Equity ratio (%)	38.7	39.9	40.9	39.2
Return on sales (%)	6.5	5.2	5.4	6.5
Return on assets [ROA] (%)	-	-	5.3	6.5
Return on equity [ROE] (%)	-	-	7.3	7.2
Number of employees	10,822	10,846	11,000	10,764

【Reference】 Major Subsidiaries

- Financial Results for the 3rd Quarter FY2016 -

(Billion Yen)

Subsidiaries and Affiliates	Business	Sales FY2016 3Q	Operating income change from FY2015 3Q
UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam and polyamide resin	26.1	↑
UBE CORPORATION EUROPE, S.A.U.	Manufacture and sales of caprolactam, polyamide resin, ammonium sulfate and fine chemicals	25.2	↑
THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene rubber	9.2	↓
UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia and industrial gases	9.5	↓
UBE FILM, LTD.	Manufacture and sales of plastic-film products	7.2	↑
UBE EXSYMO CO.,LTD	Manufacture and sales of polypropylene molded products, fibers, and fiber-reinforced plastics	9.5	↑
UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of cement, ready-mixed concrete and construction materials	41.6	→
UBE MATERIAL INDUSTRIES,LTD.	Manufacture and sales of Magnesium, Limestone products	32.7	→
UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing	15.2	↓
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete and construction materials	12.6	↓
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	27.2	↓
UBE MACHINERY CORPORATION, LTD.	Manufacture, sales and service of metal and resin molding machines, extrusion presses, vertical mills, water screening	25.3	↓
UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	12.7	↓
UBE C&A CO., LTD.	Sales of imported coal from Australia and other countries	16.8	→

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



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.

Copyright 2017 Ube Industries, Ltd. All Rights Reserved