UBE

FY2017 Consolidated Results
FY2018 Consolidated Forecasts

May 10, 2018

UBE INDUSTRIES,LTD.

Contents

FY2017 Consolidated Results

FY2018 Consolidated Forecasts

Reference

FY2017 Consolidated Results

Scope of Consolidation

Item	End of FY 2016 (A)	End of FY 2017 (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	70	70	0	+ UBE (Shanghai) LTD. – Fukusei Tech Co.,Ltd
Number of equity method affiliates	25	24	-1	+ Changshu UM Battery Materials Co., Ltd. – UBE (Shanghai) LTD. – Samekawa Ready-mixed Concrete Co., Ltd.
Total	95	94	-1	

Environmental Factors

Item				FY 2016 (A)	FY 2017 (B)	Difference (B) - (A)
Exchange Rate			Yen/$	108.4	110.9	2.5
Material Price	Naphtha	CIF	$/ t	430	519	89
		Domestic	Yen/KL	34,500	42,000	7,500
	Benzene(ACP)		$/ t	723	826	103
	Australian Coal (CIF)		$/ t	80.7	104.6	23.9
			Yen/t	8,748	11,598	2,850

Major P/L Items

(Billions of yen)

Item	FY 2016 (A)	FY 2017 (B)	Difference (B) - (A)	Percentage change
Net sales	616.5	695.5	79.0	12.8%
Operating profit	34.9	50.2	15.2	43.7%
Ordinary profit	33.3	50.7	17.3	52.1%
Profit attributable to owners of parent	24.1	31.6	7.4	31.0%

Net Sales and Operating Profit by Segment

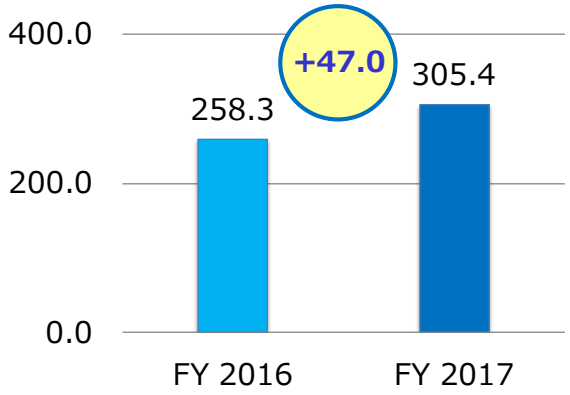
(Billions of yen)

	Segment	FY 2016 (A)	FY 2017 (B)	Difference (B) - (A)
Net sales	Chemicals	258.3	305.4	47.0
	Pharmaceutical	10.9	10.2	-0.7
	Cement & Construction Materials	227.2	238.8	11.6
	Machinery	71.6	90.1	18.4
	Energy & Environment	59.7	71.3	11.5
	Others	12.5	4.7	-7.7
	Adjustment	-23.9	-25.2	-1.2
	Total	616.5	695.5	79.0
Operating profit	Chemicals	9.6	28.9	19.3
	Pharmaceutical	2.4	2.1	-0.3
	Cement & Construction Materials	16.2	12.3	-3.9
	Machinery	3.6	5.5	1.8
	Energy & Environment	2.8	2.3	-0.5
	Others	0.7	0.8	0.1
	Adjustment	-0.7	-1.9	-1.1
	Total	34.9	50.2	15.2

Analysis - Chemicals

(Billions of yen)

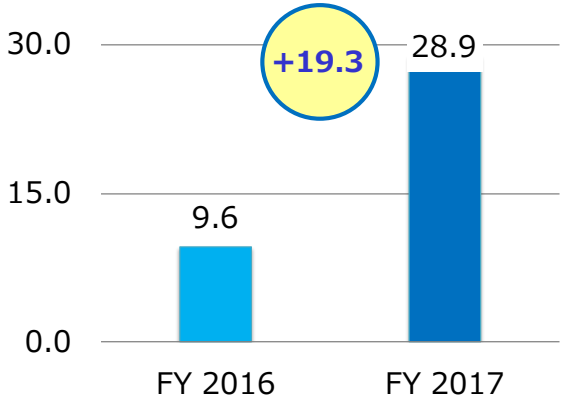
Net Sales



Nylon/Caprolactam chain	18.3
Synthetic rubber	11.0
Battery Materials and Fine Chemicals	7.3
Polyimide and Specialty Products	5.1
etc	

18.2% Increased

Operating profit



Nylon/Caprolactam chain	7.2
Synthetic rubber	5.9
Battery Materials and Fine Chemicals	2.3
Polyimide and Specialty Products	3.3
etc	

200.0% Increased

Difference of operating profit

Price ※1	10.8
Sales Volume	4.5
Fixed Cost	0.6
Others ※2	3.5
Total	**19.3**

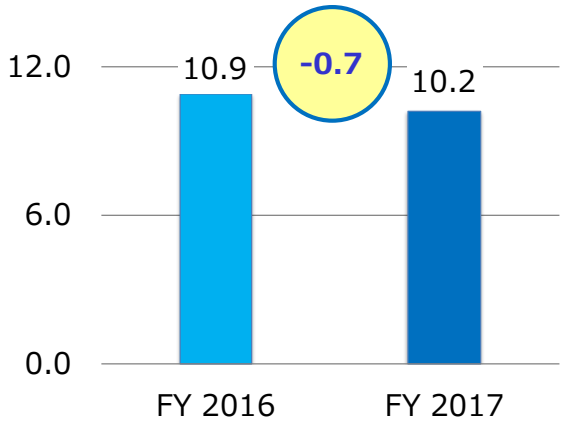
***1: Including both selling and purchase change**

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

Analysis - Pharmaceutical

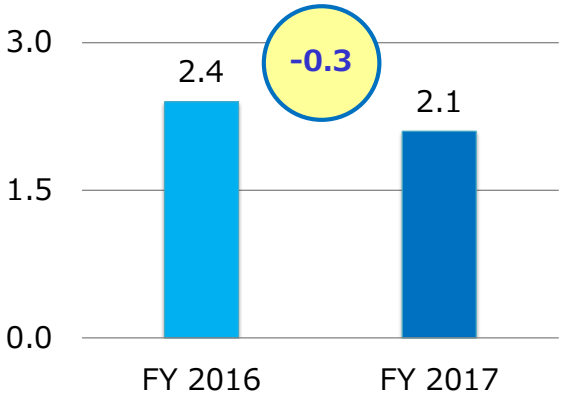
(Billions of yen)

Net Sales



-6.9% Decreased

Operating profit



-15.6% Decreased

Difference of operating profit

Price ※1	0.1
Sales Volume	1.2
Fixed Cost	0.2
Others ※2	-1.9
Total	**-0.3**

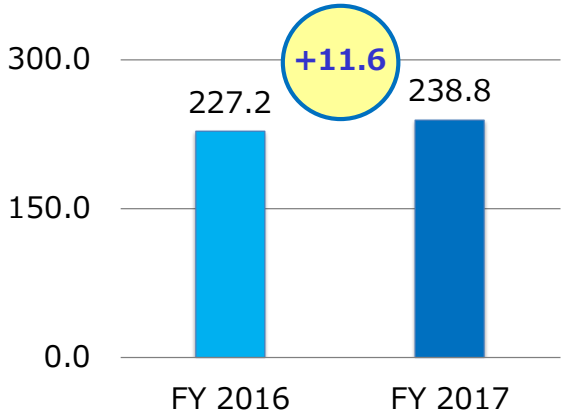
*1: Including both selling and purchase change

*2: Including inventory valuation changes and lowest cost accounting

Analysis – Cement & Construction Materials

(Billions of yen)

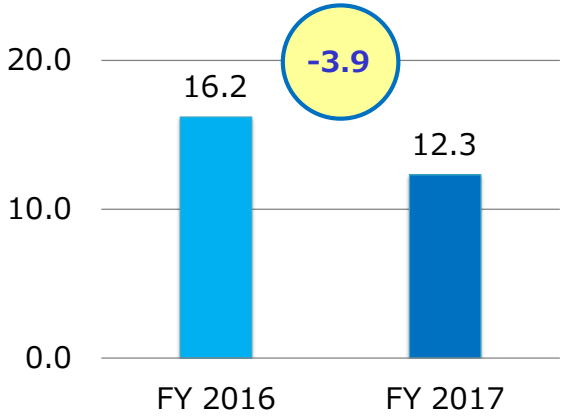
Net Sales



Cement and Ready-mixed concrete	9.9
Construction materials and Limestone related products	1.2
etc	

5.1% Increased

Operating profit



Cement and Ready-mixed concrete	-4.0
Construction materials and Limestone related products	-0.2
etc	

-24.1% Decreased

Difference of operating profit

Price ※1	-3.8
Sales Volume	1.1
Fixed Cost	-2.3
Others ※2	1.1
Total	**-3.9**

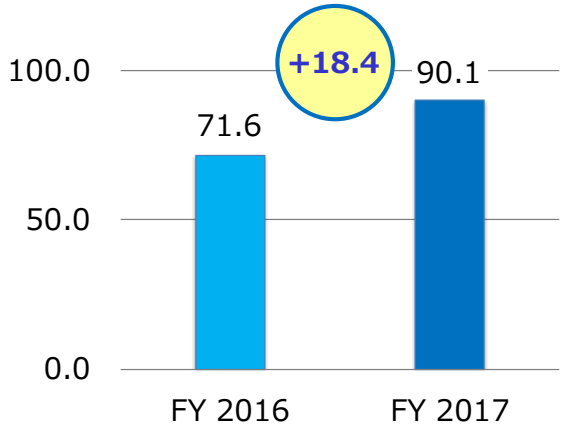
***1: Including both selling and purchase change**

***2: Including lowest cost accounting**

Analysis - Machinery

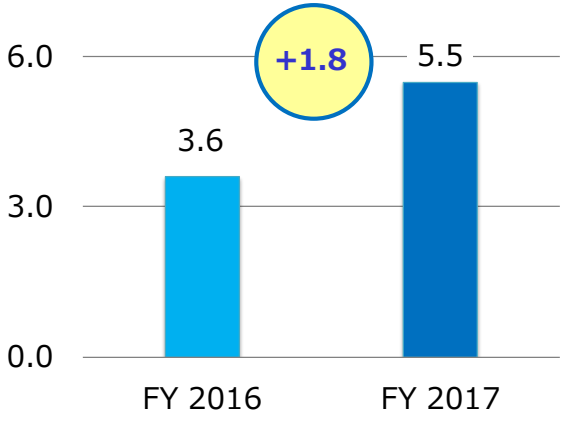
(Billions of yen)

Net Sales



25.8% Increased

Operating profit



50.1% Increased

Difference of operating profit

Price ※1	-0.2
Sales Volume	0.3
Fixed Cost	-3.5
Others ※2	5.2
Total	**1.8**

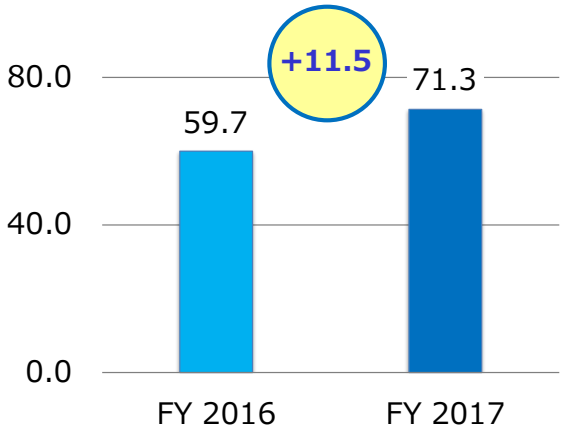
***1: Including both selling and purchase change**

***2: Including marginal profit on machinery product 4.9**

Analysis – Energy & Environment

(Billions of yen)

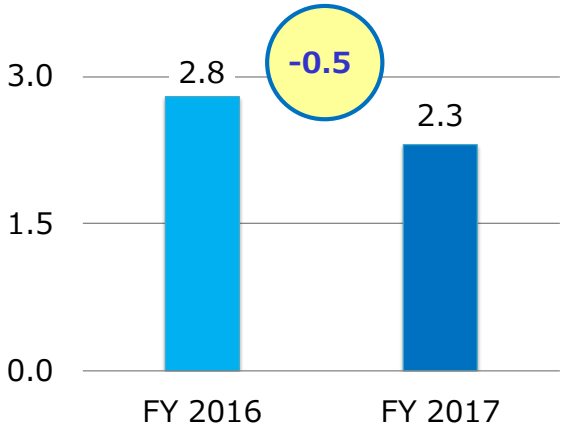
Net Sales



Coal	10.2
Power	2.8
	etc

19.4% Increased

Operating profit



Coal	0.3
Power	-0.7
	etc

-17.7% Decreased

Difference of operating profit

Price ※1	-0.4
Sales Volume	0.7
Fixed Cost	-0.2
Others ※2	-0.6
Total	**-0.5**

***1: Including both selling and purchase change**

***2: Including lowest cost accounting**

UBE

Operating Profit – Net Income

(Billions of yen)

Item	FY 2016 (A)	FY 2017 (B)	Difference (B) - (A)
Operating profit	34.9	50.2	15.2
Non-operating income/expenses	-1.6	0.4	2.0
Net Interests expenses	-0.7	-0.1	0.5
Share of profit of entities accounted for using equtiy method	2.0	3.6	1.5
Foreign currency gain/loss	-0.1	0.0	0.2
Others	-2.7	-3.0	-0.2
Ordinaly profit	33.3	50.7	17.3
Extraordinary income/losses	-0.4	-5.7	-5.3
Gain on bargain purchase	1.6	–	-1.6
Loss on disposal of non-current assets	-2.4	-2.1	0.2
Impairment loss	-0.5	-3.6	-3.0
Others	0.9	0.1	-0.8
Profit before income taxes	32.9	45.0	12.0
Income taxes and profit attributable to non-controlling Interests	-8.7	-13.3	-4.5
Profit attributable to owners of parent	24.1	31.6	7.4
Net income per share *1	228.50 yen	301.65 yen	73.15 yen

*1: UBE has consolidated its shares in the proportion of 10 common shares to one common share, effective as of October 1, 2017. Net income per share have been calculated assuming that such consolidation was carried out at the beginning of the previous consolidated fiscal year.

Consolidated Balance Sheet

(Billions of yen)

Item	End of FY 2016 (A)	End of FY 2017 (B)	Difference (B) - (A)
Current assets	295.0	323.4	28.3
Fixed assets	414.2	419.5	5.3
Total assets	709.3	743.1	33.7
Interest-bearing debts	210.4	195.5	-14.9
Other liabilities	188.5	210.7	22.2
Total liabilities	398.9	406.2	7.2
Equity capital *1	286.5	315.3	28.7
Non-controlling interests and others	23.8	21.5	-2.2
Total net assets	310.4	336.8	26.4
Total liabilities and net assets	709.3	743.1	33.7

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

Consolidated Statements of Cash Flows

(Billions of yen)

Item	FY 2016	FY 2017	
A.Cash flows from operating activities	53.4	73.3	Profit before income taxes 45.0 Depreciation and amortization 35.3 Payment of Tax and others -9.2 etc.
B.Cash flows from investing activities	-40.8	-33.9	Acquisition of PP&E -33.7 etc
Free cash flows (A+B)	12.5	39.4	
C.Cash flows from financing activities	-17.6	-28.5	Decrease in interest-bearing debts -15.5 Dividends -6.6 Buy back of shares -5.0 etc.
D.Net increase/decrease in cash and cash equivalents	-5.3	12.7	
E.Cash and cash equivalents at end of the fiscal year	35.8	48.5	

FY2018 Consolidated Forecasts

Scope of Consolidation

Item	End of FY 2017 (A)	End of FY 2018 (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	70	70	0	+ Oita Ube *1 – Ube Concrete Co., Ltd.
Number of equity method affiliates	24	24	0	
Total	94	94	0	

*1: Tentative name

Environmental Factors

Item				FY 2017 (A)	FY 2018 (B)	Difference (B) - (A)
Exchange Rate			Yen/$	110.9	110.0	-0.9
Material Price	Naphtha	CIF	$/ t	519	560	41
		Domestic	Yen/KL	42,000	44,800	2,800
	Benzene(ACP)		$/ t	826	840	14
	Australian Coal (CIF)		$/ t	104.6	112.0	7.4
			Yen/t	11,598	12,320	722

Major P/L & B/S Items

(Billions of yen)

Item	FY 2017 (A)	FY 2018 (B)	Difference (B) - (A)	Percentage change
Net sales	695.5	740.0	44.5	6.4%
Operating profit	50.2	44.0	-6.2	-12.4%
Ordinary profit	50.7	45.5	-5.2	-10.3%
Profit attributable to owners of parent	31.6	30.5	-1.1	-3.7%

Item	End of FY 2017 (A)	End of FY 2018 (B)	Difference (B) - (A)
Total assets	743.1	750.0	6.9
Interest-bearing debt	195.5	185.0	-10.5
Equity capital *1	315.3	334.0	18.7
Dividend(Yen /Share)	75.0	75.0	0.0

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

Net Sales and Operating Profit by Segment

(Billions of yen)

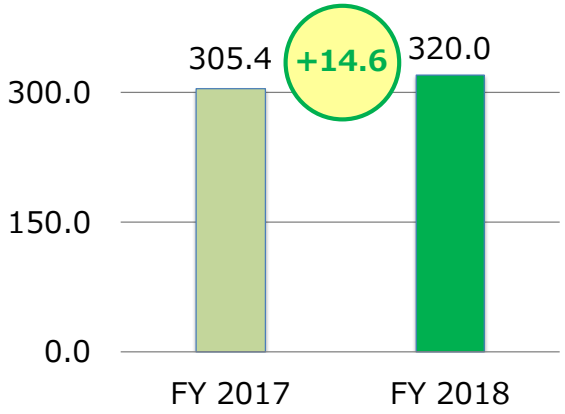
	Segment	FY 2017 (A)	FY 2018 (B)	Difference (B) - (A)
Net sales	Chemicals	305.4	320.0	14.6
	Pharmaceutical	10.2	10.0	-0.2
	Cement & Construction Materials	238.8	250.0	11.2
	Machinery	90.1	100.0	9.9
	Energy & Environment	71.3	80.0	8.7
	Others	4.7	5.0	0.3
	Adjustment	-25.2	-25.0	0.2
	Total	695.5	740.0	44.5
Operating profit	Chemicals	28.9	22.5	-6.4
	Pharmaceutical	2.1	0.5	-1.6
	Cement & Construction Materials	12.3	12.5	0.2
	Machinery	5.5	6.0	0.5
	Energy & Environment	2.3	2.5	0.2
	Others	0.8	1.0	0.2
	Adjustment	-1.9	-1.0	0.9
	Total	50.2	44.0	-6.2

FY2018 Consolidated Forecasts

Analysis - Chemicals

(Billions of yen)

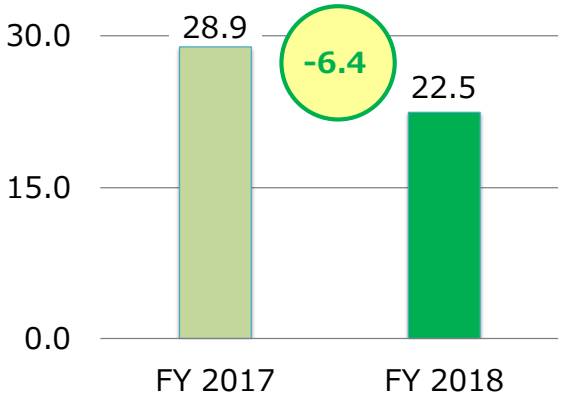
Net Sales



Nylon/Caprolactam chain	5.6
Synthetic rubber	0.9
Battery Materials and Fine Chemicals	3.0
Polyimide and Specialty Products	3.2
	etc

4.8% Increased

Operating Profit



Nylon/Caprolactam chain	-3.2
Synthetic rubber	-4.9
Battery Materials and Fine Chemicals	2.1
Polyimide and Specialty Products	0.4
	etc

-22.1% Decreased

Difference of operating profit

Price ※1	-10.7
Sales Volume	8.1
Fixed Cost	-7.9
Others ※2	4.0
Total	**-6.4**

***1: Including both selling and purchase change**

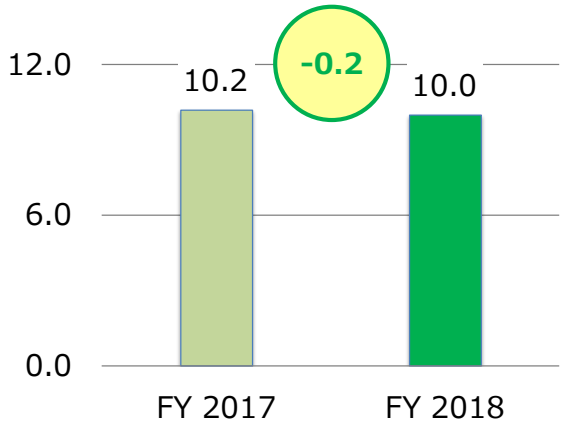
***2: Including inventory valuation changes and lowest cost accounting**

FY2018 Consolidated Forecasts

Analysis - Pharmaceutical

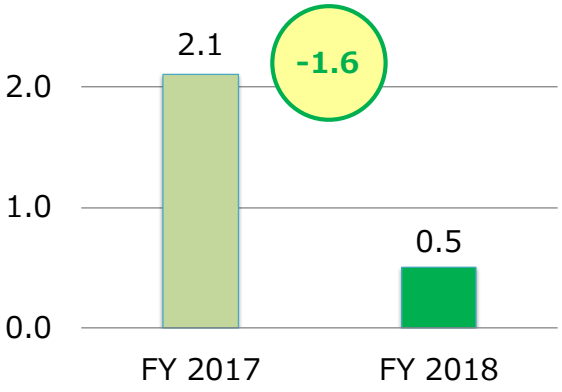
(Billions of yen)

Net Sales



-2.0% Decreased

Operating Profit



-76.2% Decreased

Difference of operating profit

Price ※1	-0.6
Sales Volume	-0.6
Fixed Cost	-0.3
Others ※2	-0.1
Total	**-1.6**

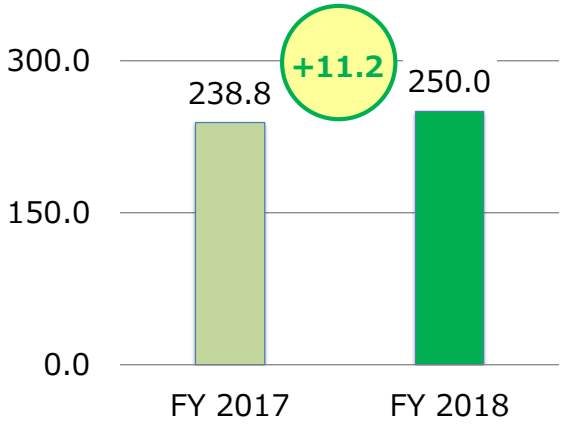
***1: Including both selling and purchase change**

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

Analysis – Cement & Construction Materials

(Billions of yen)

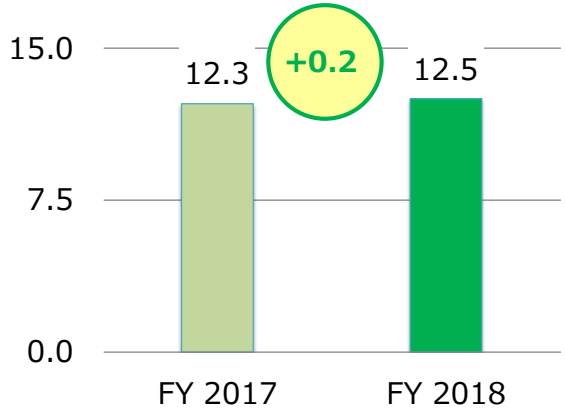
Net Sales



Cement and Ready-mixed concrete	5.2
Construction materials and Limestone related products	5.0
etc	

4.7% Increased

Operating Profit



Cement and Ready-mixed concrete	-0.6
Construction materials and Limestone related products	0.9
etc	

1.6% Increased

Difference of operating profit

Price ※1	0.7
Sales Volume	1.5
Fixed Cost	-1.7
Others	-0.3
Total	**0.2**

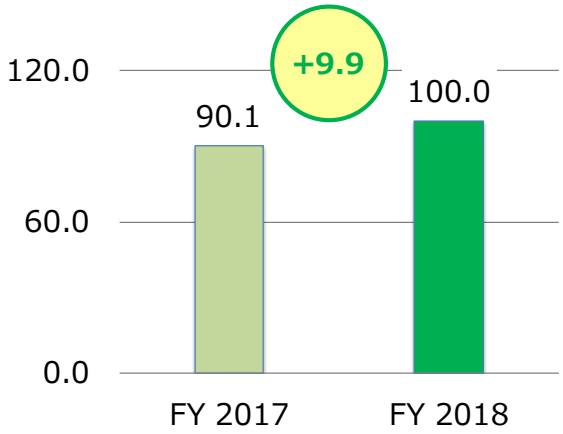
***1: Including both selling and purchase change**

FY2018 Consolidated Forecasts

Analysis – Machinery

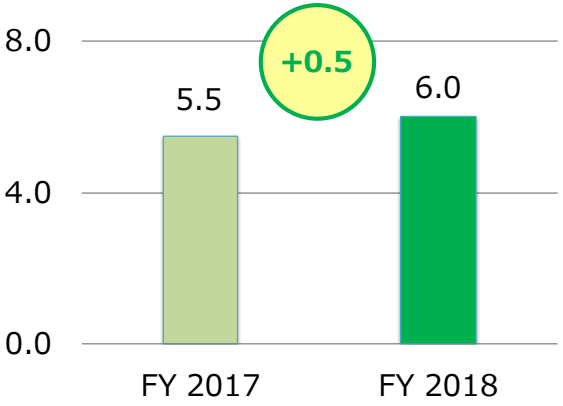
(Billions of yen)

Net Sales



11.0% Increased

Operating Profit



9.1% Increased

Difference of operating profit

Price ※1	-0.2
Sales Volume	0.2
Fixed Cost	-1.1
Others ※2	1.6
Total	**0.5**

***1: Including both selling and purchase change**

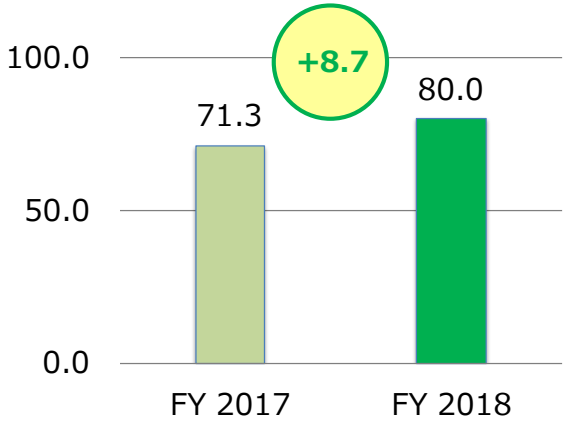
***2: Including marginal profit on machinery product 1.7**

FY2018 Consolidated Forecasts

Analysis – Energy & Environment

(Billions of yen)

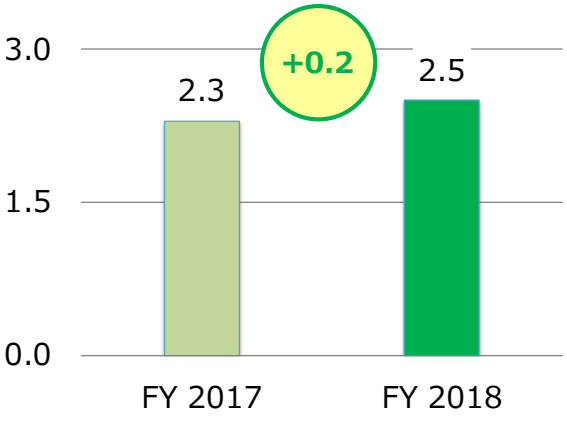
Net Sales



Coal	7.0
Power	1.7

12.2% Increased

Operating Profit



Coal	-0.1
Power	0.3

8.7% Increased

Difference of operating profit

Price ※1	-0.2
Sales Volume	0.2
Fixed Cost	0.1
Others ※2	0.1
Total	**0.2**

***1: Including both selling and purchase change**

***2: Including lowest cost accounting**

Operating Profit – Net Income

(Billions of yen)

Item	FY 2017 (A)	FY 2018 (B)	Difference (B) - (A)
Operating profit	50.2	44.0	-6.2
Non-operating income/expenses	0.4	1.5	1.1
Ordinaly profit	50.7	45.5	-5.2
Extraordinary income/losses	-5.7	-3.0	2.7
Profit before income taxes	45.0	42.5	-2.5
Income taxes and profit attributable to non-controlling Interests	-13.3	-12.0	1.3
Profit attributable to owners of parent	31.6	30.5	-1.1
Net income per share	301.65 yen	290.43 yen	-11.22 yen

Reference

Changes in Results – Net Sales by Segments

(Billions of yen)

Segment	FY 2017					Full-year (forecast)
	1Q	2Q	3Q	4Q	Total	
Chemicals	73.3	72.9	79.0	80.0	305.4	295.0
Pharmaceutical	2.4	2.6	1.6	3.3	10.2	10.0
Cement & Construction Materials	57.2	58.7	62.8	60.0	238.8	235.0
Machinery	16.2	19.5	23.0	31.3	90.1	90.0
Energy & Environment	15.3	17.6	18.0	20.3	71.3	70.0
Others	1.1	1.1	1.4	1.1	4.7	5.0
Adjustment	-6.1	-5.1	-6.1	-7.7	-25.2	-20.0
Total	159.6	167.5	179.8	188.5	695.5	685.0

Changes in Results – Operating Profit by Segments

(Billions of yen)

Segment	FY 2017					Full-year (forecast)
	1Q	2Q	3Q	4Q	Total	
Chemicals	6.1	7.1	8.8	6.7	28.9	23.5
Pharmaceutical	0.7	0.8	-0.1	0.6	2.1	2.0
Cement & Construction Materials	2.4	3.3	3.9	2.4	12.3	13.0
Machinery	0.3	1.0	1.3	2.8	5.5	5.0
Energy & Environment	-0.2	0.8	0.9	0.8	2.3	2.0
Others	0.1	0.1	0.4	0.1	0.8	1.0
Adjustment	-0.4	-0.0	-0.3	-1.1	-1.9	-1.5
Total	9.0	13.5	14.9	12.6	50.2	45.0

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	150.0	170.0	320.0	8.5	14.0	22.5
Pharmaceutical	4.0	6.0	10.0	0.0	0.5	0.5
Cement & Construction Materials	120.0	130.0	250.0	5.5	7.0	12.5
Machinery	45.0	55.0	100.0	1.0	5.0	6.0
Energy & Environment	40.0	40.0	80.0	1.0	1.5	2.5
Others	2.0	3.0	5.0	0.5	0.5	1.0
Adjustment	-11.0	-14.0	-25.0	-0.5	-0.5	-1.0
Total	350.0	390.0	740.0	16.0	28.0	44.0

Consolidated Key Indicators

(Billions of yen)

Item	FY 2016	FY 2017	FY 2018 (forecast)
Capital investment	44.0	40.3	40.0
Depreciation and amortization	34.4	35.3	37.0
R&D expenses	13.6	13.2	14.0
Adjusted operating income	37.8	55.1	50.5
Interest-bearing debt	210.4	195.5	185.0
Shareholders' equity	286.5	315.3	334.0
Total assets	709.3	743.1	750.0
D/E ratio (times)	0.73	0.62	0.55
Shareholders' equity ratio (%)	40.4	42.4	44.5
Operating income to net sales (%)	5.7	7.2	5.9
Return on assets - ROA (%)	5.5	7.6	6.8
Return on equity – ROE (%)	8.7	10.5	9.4
Number of employees	10,928	10,799	11,000

Consolidated Major Subsidiaries

(Billions of yen)

Subsidiaries and Affiliates	Business	Net Sales FY 2017	Difference of operating profit from FY 2016
UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam, ammonium sulfate, and nylon	42.7	↑ *2
UBE CORPORATION EUROPE, S.A.U.	Manufacture and sales of caprolactam, ammonium sulfate, nylon, and fi ne chemical products	43.2	↑
THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene rubber	15.8	↑
UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia and industrial gases	13.7	↓
UBE FILM, LTD.	Manufacture and sales of plastic film products	9.7	↓
UBE EXSYMO CO.,LTD	Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials	13.3	↑
UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of cement, ready-mixed concrete, building materials, etc.	59.6	↑
UBE MATERIAL INDUSTRIES,LTD.	Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc.	45.5	→
UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services, customs clearing, trading companies business and engineering business	18.8	↓
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	23.0	↑
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	39.8	↑
UBE MACHINERY CORPORATION, LTD.	Manufacture, sales, and service of metal and resin molding machines, extrusion presses, vertical mills, water screening equipment, etc.	44.1	↑
UBE STEEL CO., LTD.	Sales, assembly, and service for metal processing and injection-molding machinery	21.2	→
UBE COAL TRADING, LTD. *1	Sales of imported coal from Australia, Indonesia, and Russia	28.8	→

*1 : Former UBE C&A CO., LTD. (Company name change in November 2017) Note:↑↓:Represent an increase or decrease of over 0.1 billion JPY

Major Items for Capital Expenditure in FY 2018

Segment	Subject	Place	Estimeated completion date
Cement & Construction Materials	Development consturuction in Kanayamadai mining zone	Isa, Japan	FY 2018
	Construct fourth waste plastics processing facilities	Isa, Japan	FY 2018
	Construct exhaust heat recovery system	Isa, Japan	FY 2019
Machinery	Expand the assembly facility for injection molding machines	USA	FY 2018
Energy & Environment	Construct demonstration facility for carbonized fuel from woody biomass	Ube, Japan	FY 2019

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