Financial Results for the 1st Quarter FY2018

July 31, 2018

UBE INDUSTRIES,LTD.

Scope of Consolidation

Item	End of FY2017 (A)	End of FY2018 1Q (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	70	70	0	
Number of equity method affiliates	24	24	0	
Total	94	94	0	

Environmental Factors

Item				FY2017 1Q (A)	FY2018 1Q (B)	Difference (B) - (A)
Exchange Rate			Yen/$	111.1	109.1	-2.0
Material Price	Naphtha	CIF	$/ t	489	616	127
		Domestic	Yen/KL	39,700	48,400	8,700
	Benzene(ACP)		$/ t	787	850	63
	Australian Coal (CIF)		$/ t	97.0	125.0	28.0
			Yen/t	10,776	13,634	2,858

Major P/L Items

(Billions of yen)

Item	FY2017 1Q (A)	FY2018 1Q (B)	Difference (B) - (A)	Percentage change
Net sales	159.6	169.0	9.4	5.9%
Operating profit	9.0	6.1	-2.9	-32.8%
Ordinary profit	10.1	10.2	0.0	0.6%
Profit attributable to owners of parent	6.5	6.9	0.3	5.3%

Net Sales and Operating Profit by Segment

(Billions of yen)

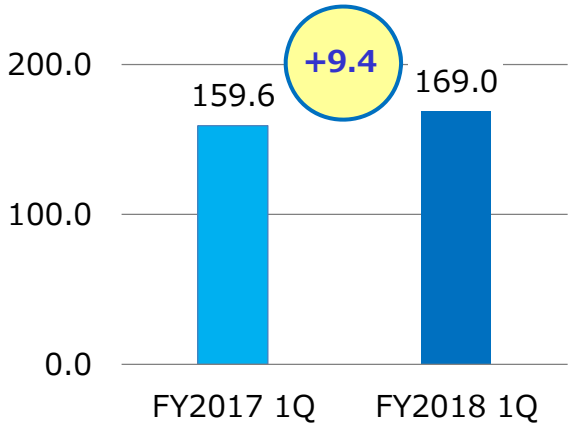
	Segment	FY2017 1Q (A)	FY2018 1Q (B)	Difference (B) - (A)
Net sales	Chemicals	73.3	73.5	0.1
	Pharmaceutical	2.4	1.7	-0.7
	Cement & Construction Materials	57.2	59.4	2.2
	Machinery	16.2	18.7	2.5
	Energy & Environment	15.3	18.4	3.0
	Others	1.1	1.1	0.0
	Adjustment	-6.1	-4.0	2.1
	Total	159.6	169.0	9.4
Operating profit	Chemicals	6.1	3.6	-2.5
	Pharmaceutical	0.7	-0.0	-0.8
	Cement & Construction Materials	2.4	2.0	-0.4
	Machinery	0.3	0.1	-0.1
	Energy & Environment	-0.2	0.3	0.6
	Others	0.1	0.1	0.0
	Adjustment	-0.4	-0.1	0.2
	Total	9.0	6.1	-2.9

1st Quarter of the FY2018

Analysis - Total

(Billions of yen)

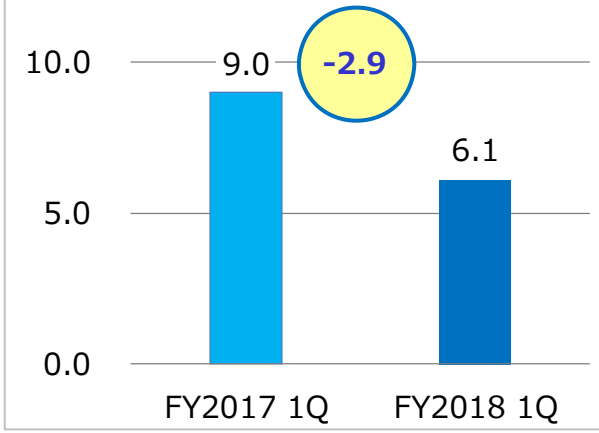
Net Sales



Chemicals	0.1
Pharmaceutical	-0.7
Cement & Construction Materials	2.2
Machinery	2.5
Energy & Environment	3.0
Others	0.0
Adjustment	2.1

5.9% Increased

Operating profit



Chemicals	-2.5
Pharmaceutical	-0.8
Cement & Construction Materials	-0.4
Machinery	-0.1
Energy & Environment	0.6
Others	0.0
Adjustment	0.2

-32.8% Decreased

Difference of operating profit

Price ※1	-5.0
Volume	1.1
Fixed Cost and Others ※2	0.9
Total	**-2.9**

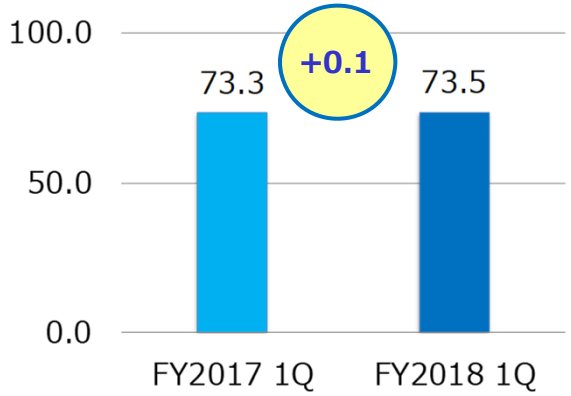
***1: Including both selling and purchase change**

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

Analysis - Chemicals

(Billions of yen)

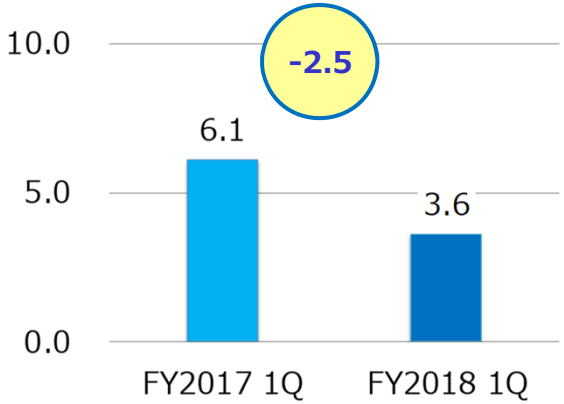
Net Sales



Nylon/Caprolactam chain	2.7
Synthetic rubber	-3.6
Battery Materials and Fine Chemicals	0.9
Polyimide and Specialty Products	0.2
etc	

0.2% Increased

Operating profit



Nylon/Caprolactam chain	1.3
Synthetic rubber	-4.0
Battery Materials and Fine Chemicals	0.9
Polyimide and Specialty Products	-0.1
etc	

-41.0% Decreased

Difference of operating profit

Price ※1	-4.8
Volume	1.2
Fixed Cost and Others ※2	1.2
Total	**-2.5**

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

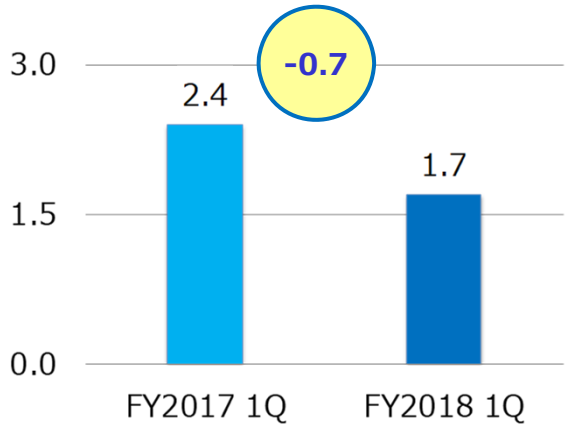
***2: Including inventory valuation changes and lowest cost accounting**

1st Quarter of the FY2018

Analysis - Pharmaceutical

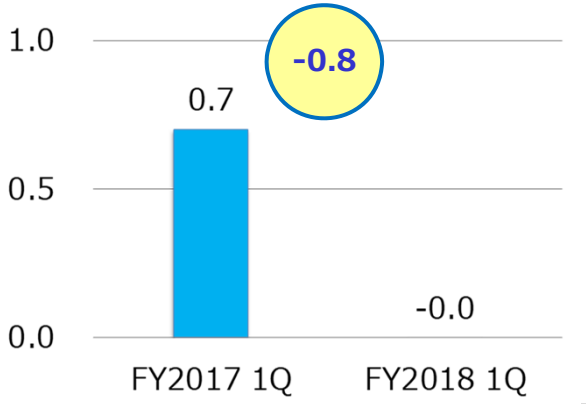
(Billions of yen)

Net Sales



-30.0% Decreased

Operating profit



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Difference of operating profit

Price ※1	-0.0
Volume	-0.3
Fixed Cost and Others ※2	-0.6
Total	**-0.8**

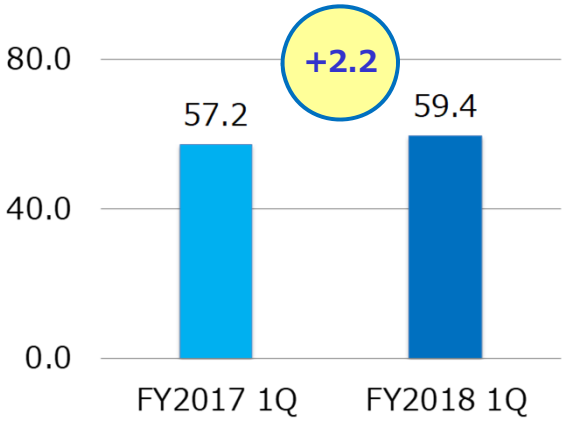
*1: Including both selling and purchase change

*2: Including inventory valuation changes and lowest cost accounting

Analysis – Cement & Construction Materials

(Billions of yen)

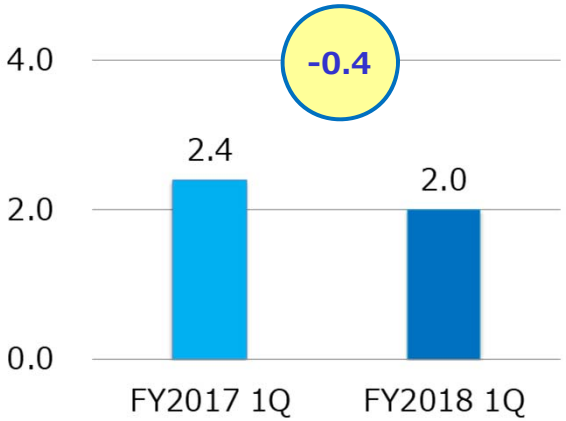
Net Sales



Cement and Ready-mixed concrete	1.2
Construction materials and	0.7
Limestone related products	
etc	

4.0% Increased

Operating profit



Cement and Ready-mixed concrete	-0.5
Construction materials and	0.1
Limestone related products	
etc	

-17.5% Decreased

Difference of operating profit

Price ※1	-0.0
Volume	0.3
Fixed Cost and Others ※2	-0.7
Total	**-0.4**

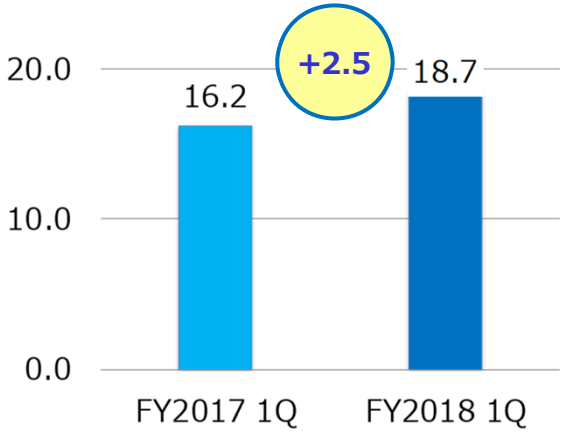
***1: Including both selling and purchase change**

***2: Including lowest cost accounting**

Analysis - Machinery

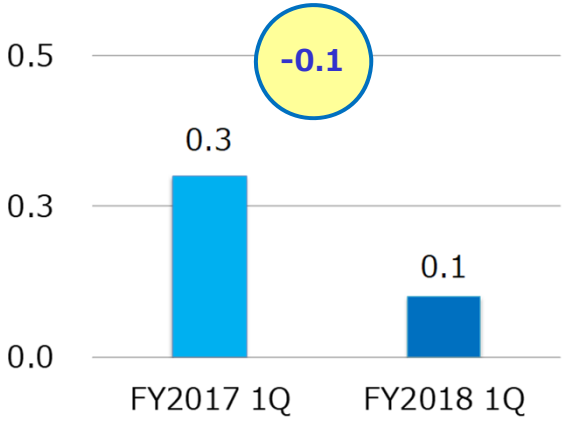
(Billions of yen)

Net Sales



15.6% Increased

Operating profit



-43.5% Decreased

Difference of operating profit

Price ※1	-0.3
Volume	0.2
Fixed Cost and Others ※2	-0.0
Total	**-0.1**

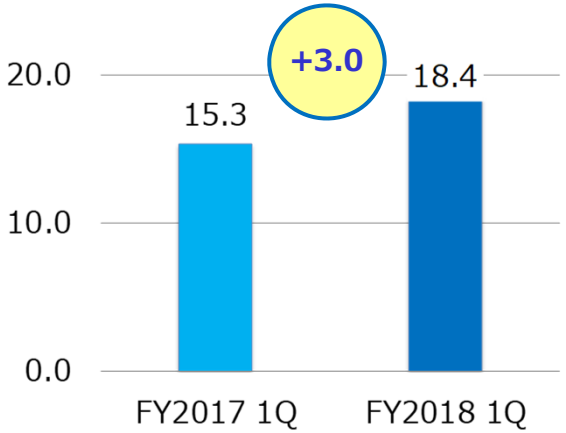
***1: Including both selling and purchase change**

***2: Including marginal profit on machinery product 0.2**

Analysis – Energy & Environment

(Billions of yen)

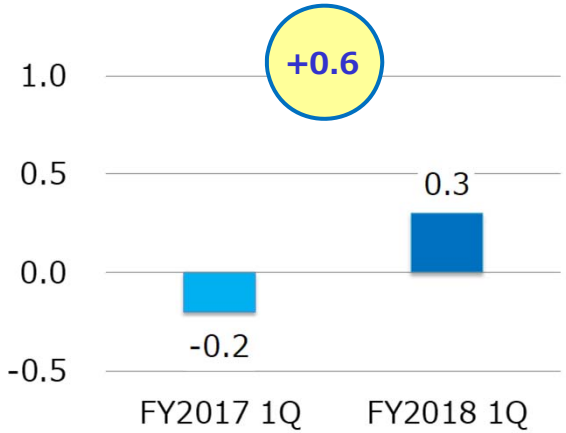
Net Sales



Coal	2.5
Power	0.6

20.2% Increased

Operating profit



Coal	-0.1
Power	0.7

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Difference of operating profit

Price ※1	0.2
Volume	-0.2
Fixed Cost and Others ※2	0.7
Total	**0.6**

＊1: Including both selling and purchase change

＊2: Including lowest cost accounting

Operating Profit – Profit attributable to owners of parent

(Billions of yen)

Item	FY2017 1Q (A)	FY2018 1Q (B)	Difference (B) - (A)
Operating profit	9.0	6.1	-2.9
Non-operating income/expenses	1.0	4.1	3.0
Net Interests expenses	0.3	1.2	0.8
Share of profit of entities accounted for using equtiy method	0.9	2.7	1.8
Foreign currency gain	0.2	0.5	0.3
Others	-0.4	-0.4	-0.0
Ordinaly profit	10.1	10.2	0.0
Extraordinary losses	-0.1	-0.1	0.0
Profit before income taxes	10.0	10.1	0.0
Income taxes and profit attributable to non-controlling Interests	-3.4	-3.1	0.2
Profit attributable to owners of parent	6.5	6.9	0.3
Net income per share *1	62.44 yen	65.93 yen	3.49 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 FY2017 (A)	End of FY2018 1Q (B)	Difference (B) - (A)
Current assets	316.8	303.2	-13.6
Fixed assets	425.4	422.1	-3.2
Total assets	742.4	725.5	-16.8
Interest-bearing debts	195.5	185.2	-10.2
Other liabilities	210.0	207.0	-2.9
Total liabilities	405.5	392.3	-13.2
Shareholders' equity *1	315.3	312.3	-2.9
Non-controlling interests and others	21.5	20.8	-0.6
Total net assets	336.8	333.2	-3.5
Total liabilities and net assets	742.4	725.5	-16.8

*1: Shareholders' equity = Net assets - Subscription rights to shares - Non-controlling interests

Consolidated Statements of Cash Flows

(Billions of yen)

Item	FY2017 1Q	FY2018 1Q	
A.Cash flows from operating activities	19.0	13.0	Profit before income taxes 10.1 Depreciation and amortization 8.9 Income taxes paid -6.4, etc.
B.Cash flows from investing activities	-7.7	-8.8	Acquisition of PP&E -9.1, etc.
Free cash flows (A+B)	11.2	4.2	
C.Cash flows from financing activities	-6.5	-18.4	Decrease in interest-bearing debts -10.1 Dividends -8.2, etc.
D.Net increase/decrease in cash and cash equivalents	6.3	-14.4	
E.Cash and cash equivalents at end of the quarter	42.1	34.0	

Reference

Analysis of Operating Profit - All Segments

(Billions of yen)

Segment	Operating profit					
	FY2017 1Q (A)	FY2018 1Q (B)	Difference (B) - (A)	Price *1	Volume	Fixed cost and others *2
Chemicals	6.1	3.6	-2.5	-4.8	1.2	1.2
Pharmaceutical	0.7	-0.0	-0.8	-0.0	-0.3	-0.6
Cement & construction Materials	2.4	2.0	-0.4	-0.0	0.3	-0.7
Machinery	0.3	0.1	-0.1	-0.3	0.2	*3 -0.0
Energy & Environment	-0.2	0.3	0.6	0.2	-0.2	0.7
Others	0.1	0.1	0.0	0.0	0.0	0.0
Adjustment	-0.4	-0.1	0.2	-	-	0.3
Total	9.0	6.1	-2.9	-5.0	1.1	0.9

*1:Including both selling and purchase change *2:Including inventory valuation changes and lowest cost accounting
*3:Including marginal profit on machinery product 0.2

Reference: 1st Quarter of FY2018

Progress of Major P/L Items

(Billions of yen)

Item	FY2017 (A)		FY2018 (B)		Difference (B) - (A)	
		1Q (Progress)		1Q (Progress)		1Q
Net sales	695.5	159.6 (22.9%)	740.0	169.0 (22.8%)	44.5	9.4
Operating profit	50.2	9.0 (18.1%)	44.0	6.1 (13.9%)	-6.2	-2.9
Ordinary profit	50.7	10.1 (20.1%)	45.5	10.2 (22.4%)	-5.2	0.0
Profit attributable to owners of parent	31.6	6.5 (20.8%)	30.5	6.9 (22.6%)	-1.1	0.3

Net Sales

(Billions of yen)

Segment	FY2018					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	73.5	-	-	-	73.5	320.0	23.0%
Pharmaceutical	1.7	-	-	-	1.7	10.0	17.0%
Cement & Construction Materials	59.4	-	-	-	59.4	250.0	23.8%
Machinery	18.7	-	-	-	18.7	100.0	18.7%
Energy & Environment	18.4	-	-	-	18.4	80.0	23.0%
Others	1.1	-	-	-	1.1	5.0	22.0%
Adjustment	-4.0	-	-	-	-4.0	-25.0	-
Total	169.0	-	-	-	169.0	740.0	22.8%

Operating Profit

(Billions of yen)

Segment	FY2018					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	3.6	-	-	-	3.6	22.5	16.0%
Pharmaceutical	-0.0	-	-	-	-0.0	0.5	-
Cement & Construction Materials	2.0	-	-	-	2.0	12.5	16.0%
Machinery	0.1	-	-	-	0.1	6.0	1.7%
Energy & Environment	0.3	-	-	-	0.3	2.5	12.0%
Others	0.1	-	-	-	0.1	1.0	10.0%
Adjustment	-0.1	-	-	-	-0.1	-1.0	-
Total	6.1	-	-	-	6.1	44.0	13.9%

Consolidated Key Indicators

(Billions of yen)

Item	FY2017 1Q	FY2018 1Q	FY2018 full-year (Forecast)	FY2017 full-year
Capital investment	5.9	7.2	40.0	40.3
Depreciation and amortization	8.5	8.9	37.0	35.3
R&D expenses	3.3	3.2	14.0	13.2
Adjusted operating profit	10.7	10.3	50.5	55.1
Interest-bearing debt	215.6	185.2	185.0	195.5
Shareholders' equity	286.1	312.3	334.0	315.3
Total assets	709.9	725.5	750.0	742.4
D/E ratio (times)	0.75	0.59	0.55	0.62
Shareholders' equity ratio (%)	40.3	43.1	44.5	42.5
Operating profit to net sales(%)	5.7	3.6	5.9	7.2
Return on assets - ROA (%)	-	-	6.8	7.6
Return on equity – ROE (%)	-	-	9.4	10.5
Number of employees	11,157	11,014	11,000	10,799

Reference: 1st Quarter of the FY2018

Consolidated Major Subsidiaries

(Billions of yen)

Subsidiaries and affiliates	Business	Net Sales FY2018 1Q	Difference of operating profit from FY2017 1Q
UBE Corporation Europe, S.A. Unipersonal	Manufacture and sales of caprolactam, ammonium sulfate, nylon, and fine chemical products	11.0	↑
UBE Chemicals (Asia) Public Company Limited	Manufacture and sales of caprolactam, ammonium sulfate, and nylon	11.1	↑
THAI SYNTHETIC RUBBERS COMPANY LIMITED	Manufacture and sales of polybutadiene rubber	3.5	↓
UBE Ammonia Industry, Ltd.	Manufacture and sales of ammonia and industrial gases	1.9	↓
UBE Film, Ltd.	Manufacture and sales of plastic film products	2.5	→
UBE EXSYMO CO., LTD.	Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials	3.2	→
UBE Material Industries, Ltd.	Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc.	11.7	↑
UBE Shipping & Logistics, Ltd.	Coastal shipping, port transport, containers, collection and transport of industrial waste, trading and engineering business	4.4	→
UBE Construction Materials Sales Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	15.4	→
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	5.5	→
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	9.5	↑
Ube Construction materials Co., Ltd.	Manufacture, sales and construction of various building materials	2.3	-
UBE Machinery Corporation, Ltd.	Manufacture, sales, and service of molding machines, industrial machinery and bridge, etc.	8.8	↓
UBE Steel Co., Ltd	Manufacture and sales of cast iron and steel products and rolled steel billets	5.4	↓
UBE COAL TRADING, LTD.	Sales of imported coal from Australia, Indonesia, and Russia	9.0	→

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

Wings of technology
Spirit of innovation
UBE

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