Financial Results for the 1st Quarter FY2019 Explanatory material

July 31, 2019

1st Quarter: April – June

UBE INDUSTRIES,LTD.

Scope of Consolidation

Item	End of FY2018 (A)	End of FY2019 1Q (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	71	71	0	
Number of equity method affiliates	25	25	0	
Total	96	96	0	

Environmental Factors

Item				FY2018 1Q (A)	FY2019 1Q (B)	Difference (B) - (A)
Exchange Rate			Yen/$	109.1	109.9	0.8
Material Price	Naphtha	CIF	$/ t	616	567	(49)
		Domestic	Yen/KL	48,400	45,500	(2,900)
	Benzene(ACP)		$/ t	850	618	(232)
	Australian Coal (CIF)		$/ t	125.0	106.3	(18.7)
			Yen/t	13,634	11,677	(1,957)

Major P/L Items

(Billions of yen)

Item	FY2018 1Q (A)	FY2019 1Q (B)	Difference (B) - (A)	Percentage change
Net sales	169.0	165.0	(4.0)	(2.4)%
Operating profit	6.1	7.3	1.2	19.7%
Ordinary profit	10.2	7.7	(2.5)	(24.5)%
Profit attributable to owners of parent	6.9	4.5	(2.3)	(34.4)%

Net Sales and Operating Profit by Segment

(Billions of yen)

	Segment	FY2018 1Q (A)	FY2019 1Q (B)	Difference (B) - (A)
Net sales	Chemicals	75.0	74.5	(0.5)
	Construction Materials	76.9	75.4	(1.5)
	Machinery	18.7	18.8	0.0
	Others	1.1	1.1	0.0
	Adjustment	(2.9)	(4.9)	(2.0)
	Total	169.0	165.0	(4.0)
Operating profit	Chemicals	3.5	4.6	1.1
	Construction Materials	2.4	2.3	(0.1)
	Machinery	0.1	0.4	0.2
	Others	0.1	0.1	(0.0)
	Adjustment	(0.1)	(0.2)	(0.0)
	Total	6.1	7.3	1.2

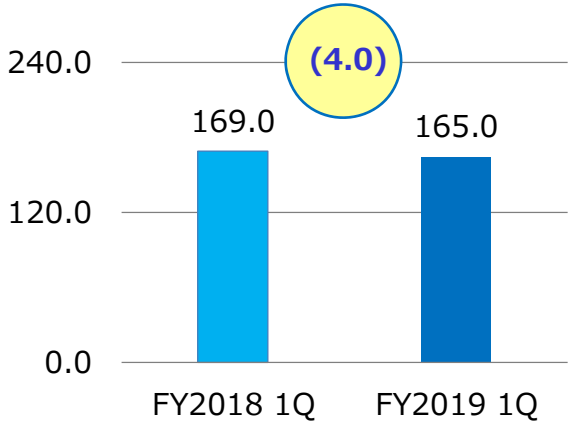
In the fiscal year ending March 31, 2020, UBE has integrated the Pharmaceutical Segment into the Chemicals Segment, and the Energy & Environment Segment into the Construction Materials Segment. Following the above integration, the amounts reported for the fiscal year ended March 31, 2019 are modified according to the new segmentation for fair comparison.

1st Quarter of the FY2019

Analysis - Total

(Billions of yen)

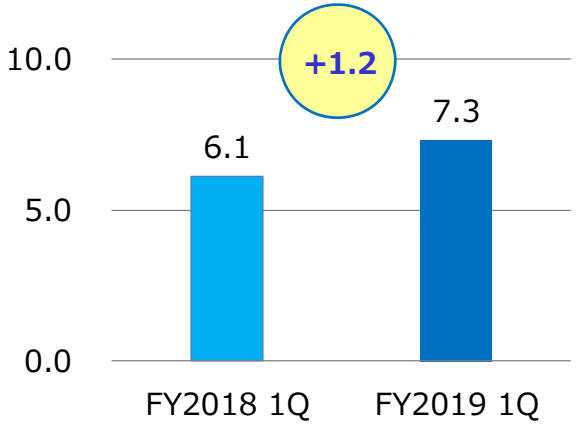
Net Sales



Chemicals	(0.5)
Construction Materials	(1.5)
Machinery	0.0
Others	0.0
Adjustment	(2.0)

(2.4)% Decreased

Operating profit



Chemicals	1.1
Construction Materials	(0.1)
Machinery	0.2
Others	(0.0)
Adjustment	(0.0)

19.7% Increased

Difference of operating profit

Price ※1	2.7
Volume	2.7
Fixed Cost and Others ※2	(4.2)
Total	**1.2**

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

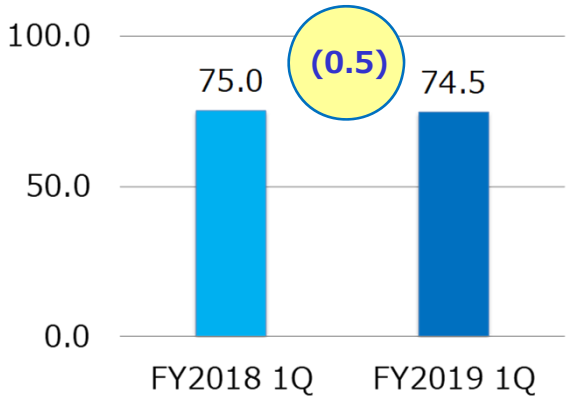
***2: Including inventory valuation changes and lowest cost accounting**

1st Quarter of the FY2019

Analysis - Chemicals

(Billions of yen)

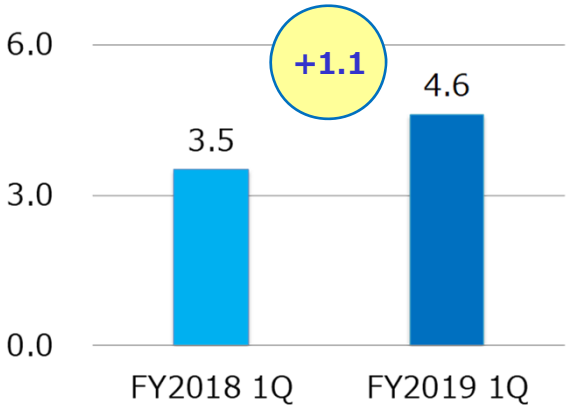
Net Sales



Engineering Plastics & Fine Chemicals	(1.0)
Synthetic rubber	(0.9)
Specialty Products	0.5
Pharmaceutical	1.5
etc	

(0.8)% Decreased

Operating profit



Engineering Plastics & Fine Chemicals	(0.3)
Synthetic rubber	0.8
Specialty Products	0.5
Pharmaceutical	0.5
etc	

32.5% Increased

Difference of operating profit

Price ※1	1.8
Volume	2.5
Fixed Cost and Others ※2	(3.1)
Total	**1.1**

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

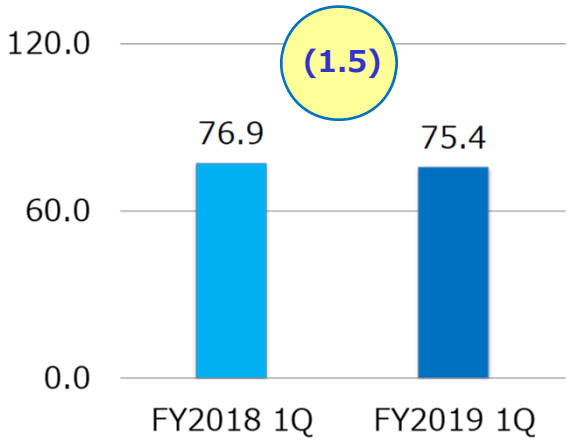
***2: Including inventory valuation changes and lowest cost accounting**

1st Quarter of the FY2019

Analysis – Construction Materials

(Billions of yen)

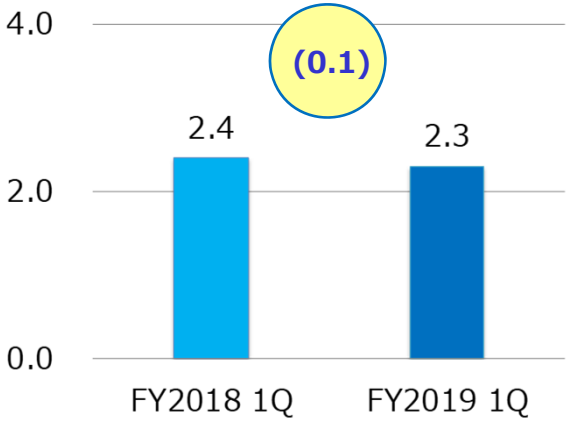
Net Sales



Cement and Ready-mixed concrete	(0.4)
Construction materials and Limestone related products	0.5
Coal	(1.2)
Power	0.4
etc	

(2.0)% Decreased

Operating profit



Cement and Ready-mixed concrete	0.2
Construction materials and Limestone related products	0.2
Coal	0.2
Power	(0.6)
etc	

(5.5)% Decreased

Difference of operating profit

Price ※1	0.6
Volume	0.4
Fixed Cost and Others ※2	(1.1)
Total	**(0.1)**

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

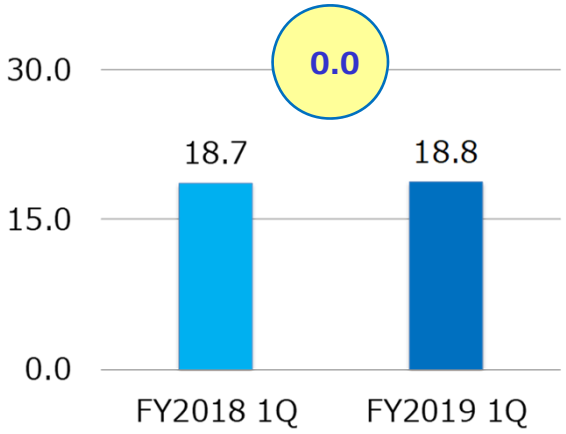
***2: Including lowest cost accounting**

1st Quarter of the FY2019

Analysis - Machinery

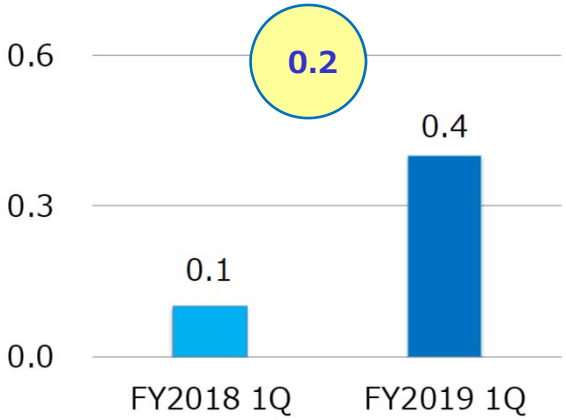
(Billions of yen)

Net Sales



0.5% Increased

Operating profit



165.3% Increased

Difference of operating profit

Price ※1	0.3
Volume	(0.1)
Fixed Cost and Others ※2	0.1
Total	**0.2**

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

***2: Including marginal profit on machinery product (0.0)**

Operating Profit – Profit attributable to owners of parent

(Billions of yen)

Item	FY2018 1Q (A)	FY2019 1Q (B)	Difference (B) - (A)
Operating profit	6.1	7.3	1.2
Non-operating income/expenses	4.1	0.4	(3.7)
Net Interests expenses	1.2	0.4	(0.7)
Share of profit of entities accounted for using equtiy method	2.7	0.6	(2.1)
Foreign currency gain	0.5	(0.3)	(0.9)
Others	(0.4)	(0.3)	0.0
Ordinaly profit	10.2	7.7	(2.5)
Extraordinary losses	(0.1)	(0.4)	(0.3)
Profit before income taxes	10.1	7.2	(2.8)
Income taxes and profit attributable to non-controlling Interests	(3.1)	(2.7)	0.4
Profit attributable to owners of parent	6.9	4.5	(2.3)
Net income per share	65.93 yen	44.94 yen	(20.99) yen

Consolidated Balance Sheet

(Billions of yen)

Item	End of FY2018 (A)	End of FY2019 1Q (B)	Difference (B) - (A)
Current assets	315.6	308.1	(7.5)
Fixed assets	424.4	421.7	(2.6)
Total assets	740.2	730.0	(10.2)
Interest-bearing debt	187.2	192.3	5.0
Other liabilities	198.4	188.2	(10.2)
Total liabilities	385.7	380.5	(5.1)
Shareholders' equity *1	329.5	324.8	(4.6)
Non-controlling interests and others	25.0	24.6	(0.4)
Total net assets	354.5	349.4	(5.0)
Total liabilities and net assets	740.2	730.0	(10.2)

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

Consolidated Statements of Cash Flows

(Billions of yen)

Item	FY2018 1Q	FY2019 1Q	
A.Cash flows from operating activities	13.0	15.5	Profit before income taxes 7.2 Depreciation and amortization 9.0 Income taxes paid (5.0) etc.
B.Cash flows from investing activities	(8.8)	(10.2)	Acquisition of PP&E (10.0) etc.
Free cash flows (A+B)	4.2	5.3	
C.Cash flows from financing activities	(18.4)	(4.9)	Increase in interest-bearing debt 3.4 Dividends paid (8.4) etc.
D.Net increase/decrease in cash and cash equivalents	(14.4)	0.3	
E.Cash and cash equivalents at end of the quarter	34.0	32.6	

Reference



Reference: 1st Quarter of the FY2019

Analysis of Operating Profit by Segment

(Billions of yen)

Segment	Operating profit					
	FY2018 1Q (A)	FY2019 1Q (B)	Difference (B) - (A)	Price *1	Volume	Fixed cost and others *2
Chemicals	3.5	4.6	1.1	1.8	2.5	(3.1)
Construction Materials	2.4	2.3	(0.1)	0.6	0.4	(1.1)
Machinery	0.1	0.4	0.2	0.3	(0.1)	*3 0.1
Others	0.1	0.1	(0.0)	0.0	0.0	(0.0)
Adjustment	(0.1)	(0.2)	(0.0)	-	-	(0.1)
Total	6.1	7.3	1.2	2.7	2.7	(4.2)

*1:Including both selling and purchase change *2:Including inventory valuation changes and lowest cost accounting
*3:Including marginal profit on machinery product (0.0)

Reference: 1st Quarter of the FY2019

Progress of Major P/L Items

(Billions of yen)

Item	FY2018 (A)		FY2019 (B)		Difference (B) - (A)	
		1Q Progress		1Q Progress		1Q
Net sales	730.1	169.0 23.2%	760.0	165.0 21.7%	29.9	(4.0)
Operating profit	44.5	6.1 13.7%	47.0	7.3 15.6%	2.5	1.2
Ordinary profit	47.8	10.2 21.4%	47.0	7.7 16.5%	(0.8)	(2.5)
Profit attributable to owners of parent	32.4	6.9 21.3%	31.0	4.5 14.6%	(1.4)	(2.3)

Reference: 1st Quarter of the FY2019

Net Sales

(Billions of yen)

Segment	FY2019					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	74.5	-	-	-	74.5	345.0	21.6%
Construction Materials	75.4	-	-	-	75.4	330.0	22.9%
Machinery	18.8	-	-	-	18.8	100.0	18.9%
Others	1.1	-	-	-	1.1	5.0	23.7%
Adjustment	(4.9)	-	-	-	(4.9)	(20.0)	-
Total	165.0	-	-	-	165.0	760.0	21.7%

Reference: 1st Quarter of the FY2019

Operating Profit

(Billions of yen)

Segment	FY2019					Full-year (Forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	4.6	-	-	-	4.6	26.5	17.7%
Construction Materials	2.3	-	-	-	2.3	15.0	15.3%
Machinery	0.4	-	-	-	0.4	6.0	7.5%
Others	0.1	-	-	-	0.1	0.7	19.4%
Adjustment	(0.2)	-	-	-	(0.2)	(1.2)	-
Total	7.3	-	-	-	7.3	47.0	15.6%

Consolidated Key Indicators

(Billions of yen)

Item	FY2018 1Q	FY2019 1Q	FY2019 full-year (forecast)	FY2018 full-year
Capital investment	7.2	5.6	50.0	41.7
Depreciation and amortization	8.9	9.0	37.0	36.4
Research and development expenses	3.2	3.2	14.0	12.1
Adjusted operating profit	10.3	8.6	51.5	51.5
Interest-bearing debt	185.2	192.3	190.0	187.2
Shareholders' equity	312.3	324.8	352.0	329.5
Total assets	725.5	730.0	780.0	740.2
D/E ratio (times)	0.59	0.59	0.54	0.57
Shareholders' equity ratio (%)	43.1	44.5	45.1	44.5
Return on sales - ROS (%)	3.6	4.4	6.2	6.1
Return on assets - ROA (%)	-	-	6.8	6.9
Return on equity – ROE (%)	-	-	9.1	10.1
Number of employees	11,014	11,213	11,200	11,010

Reference: 1st Quarter of the FY2019

Consolidated Major Subsidiaries

(Billions of yen)

Subsidiaries and affiliates	Business	Net Sales FY2019 1Q	Difference of operating profit from FY2018 1Q
UBE Corporation Europe, S.A. Unipersonal	Manufacture and sales of nylon, caprolactam, ammonium sulfate and fine chemical products	10.5	→
UBE Chemicals (Asia) Public Company Limited	Manufacture and sales of nylon, caprolactam and ammonium sulfate	8.9	↓
THAI SYNTHETIC RUBBERS COMPANY LIMITED	Manufacture and sales of polybutadiene rubber	3.3	↑
UBE Ammonia Industry, Ltd.	Manufacture and sales of ammonia and industrial gases	3.4	↑
UBE Film, Ltd.	Manufacture and sales of plastic film products	2.4	→
UBE EXSYMO CO., LTD.	Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials	3.3	↓
UBE Material Industries, Ltd.	Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc.	12.0	↑
UBE Shipping & Logistics, Ltd.	Coastal shipping, port transport, containers, collection and transport of industrial waste, trading and engineering business	4.7	→
UBE Construction Materials Sales Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	14.2	→
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	5.8	→
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	9.8	→
Ube Construction materials Co., Ltd.	Manufacture, sales and construction of various building materials	2.5	→
UBE Machinery Corporation, Ltd.	Manufacture, sales, and service of molding machines, industrial machinery and bridge, etc.	9.5	↑
UBE Steel Co., Ltd	Manufacture and sales of cast iron and steel products and rolled steel billets	5.3	↑

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

UBE

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