Financial Results for the 1st Quarter FY2016

July 29, 2016

UBE INDUSTRIES,LTD.

Scope of Consolidation
— Financial Results for the 1st Quarter FY2016 —

Item	End of FY2015 (A)	End of FY2016 1Q (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 1st Quarter FY2016 –

(Billion Yen)

Item			FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)
Exchange Rate		Yen/$	121.4	108.3	-13.1
Material Price	(CIF) Naphtha (Domestic)	$/ t	558	402	-156
		Yen/KL	48,900	32,600	-16,300
	Benzene(ACP)	$/ t	792	635	-157
	Australian Coal (CIF)	$/ t	77.6	68.1	-9.5
		Yen/t	9,414	7,375	-2,039

Major P/L & B/S Items

— Financial Results for the 1st Quarter FY2016 —

(Billion Yen)

Item	FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)
Net sales	161.3	138.0	-23.2
Operating income	9.5	1.6	-7.9
Ordinary income	9.9	0.8	-9.1
Profit attributable to owners of parent	6.3	0.1	-6.2
Item	**End of FY2015 (A)**	**End of FY2016 1Q (B)**	**Change (B) - (A)**
Total assets	679.7	665.5	-14.2
Interest-bearing debt	216.6	215.7	-0.9
Equity capital *1	266.5	253.4	-13.0

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

Net Sales by Segment
– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Segment	FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)	Major Factors
Chemicals	70.0	57.9	-12.1	Nylon/Caprolactam chain -10.2, Synthetic rubber -0.6, Battery Materials and Fine Chemicals 0.3, Polyimide and Specialty Products -0.5, etc
Pharmaceutical	1.7	2.4	0.6	
Cement & Construction Materials	58.9	53.8	-5.0	Cement and Ready-mixed concrete -4.7, Construction materials and Limestone related products -0.5, etc
Machinery	14.3	12.6	-1.6	
Energy & Environment	20.4	12.9	-7.4	Coal -6.6, Power -0.8, etc
Others	4.3	3.8	-0.4	
Adjustment	-8.4	-5.6	2.8	
Total	161.3	138.0	-23.2	Decreased by 14.4%

Operating Income by Segment
— Financial Results for the 1st Quarter FY2016 —

(Billion Yen)

Segment	FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)	Major Factors
Chemicals	3.5	-2.3	-5.8	Nylon/Caprolactam chain -6.0, Synthetic rubber 0.2, Battery Materials and Fine Chemicals -0.7, Polyimide and Specialty Products -0.3, etc
Pharmaceutical	-0.0	0.4	0.4	
Cement & Construction Materials	4.2	2.9	-1.2	Cement and Ready-mixed concrete -0.9, Construction materials and Limestone related products -0.3, etc
Machinery	0.6	-0.0	-0.7	
Energy & Environmer	1.4	0.8	-0.6	Coal -0.4, Power -0.2, etc
Others	0.2	0.1	-0.0	
Adjustment	-0.4	-0.2	0.2	
Total	9.5	1.6	-7.9	Decreased by 83.0%

Analysis of Operating Income
– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Segment	Operating Income						
	FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)	Price *1	Sales Volume	Fixed Cost	Others *2
Chemicals	3.5	-2.3	-5.8	-2.9	-0.8	-2.9	0.7
Pharmaceutical	-0.0	0.4	0.4	0.0	0.6	0.1	-0.3
Cement & construction Materials	4.2	2.9	-1.2	0.3	-1.0	-0.3	-0.4
Machinery	0.6	-0.0	-0.7	-0.2	0.0	0.1	*3 -0.6
Energy & Environment	1.4	0.8	-0.6	0.5	-0.9	-0.4	0.1
Others	0.2	0.1	-0.0	0.0	0.0	0.0	0.0
Adjustment	-0.4	-0.2	0.2	-	-	0.1	0.1
Total	9.5	1.6	-7.9	-2.3	-2.1	-3.2	-0.4

*1:Including both selling and purchase change *2:Including inventory valuation changes and lowest cost accounting
*3:Including marginal profit on machinery product -0.5

Non Operating Items

— Financial Results for the 1st Quarter FY2016 —

(Billion Yen)

Item		FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)
Operating income		9.5	1.6	-7.9
Non operating income	Net interest expense	-0.1	0.0	0.2
	Equity in earnings of unconsolidated subsidiaries and affiliated companies	0.8	0.4	-0.4
	Foreign currency gain/loss	-0.0	-0.7	-0.7
	Others	-0.2	-0.4	-0.1
	Total	0.4	-0.7	-1.1
Ordinary income		9.9	0.8	-9.1

Extraordinary Items
— Financial Results for the 1st Quarter FY2016 —

(Billion Yen)

Item	FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)
Loss on disposal of PP&E	-0.4	-0.3	0.0
	-0.4	-0.3	0.0

Operating Income – Net Income

– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Item	FY2015 1Q (A)	FY2016 1Q (B)	Change (B) - (A)
Operating income	9.5	1.6	-7.9
Non operating item	0.4	-0.7	-1.1
Ordinary income	9.9	0.8	-9.1
Extraordinary item	-0.4	-0.3	0.0
Income before income tax and minority interest	9.5	0.4	-9.0
Income tax and Profit attributable to non-controlling interests	-3.1	-0.3	2.8
Profit attributable to owners of parent	6.3	0.1	-6.2
Net income per share(Yen/Share)	6.04yen	0.17yen	-5.87yen

Consolidated Balance Sheet
— Financial Results for the 1st Quarter FY2016 —

(Billion Yen)

Item	End of FY2015 (A)	End of FY2016 1Q (B)	Change (B) - (A)
Current assets	276.9	268.7	-8.1
Fixed assets	402.7	396.7	-6.0
Total assets	679.7	665.5	-14.2
Interest-bearing debts	216.6	215.7	-0.9
Other liabilities	173.4	175.7	2.3
Total liabilities	390.1	391.5	1.4
Equity capital *1	266.5	253.4	-13.0
Non Controlling Interests and others	23.0	20.5	-2.5
Total net assets	289.6	273.9	-15.6
Total liabilities and net assets	679.7	665.5	-14.2

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

Consolidated Statements of Cash Flows
－ Financial Results for the 1st Quarter FY2016 －

(Billion Yen)

Item	FY2015 1Q	FY2016 1Q	
A.Cash flows from operating activities	20.0	17.0	Depreciation and amortization 8.3, Workig capital 10.3,
B.Cash flows from investing activities	-8.4	-6.8	Acquisition of PP&E -7.0, etc
Free cash flows (A+B)	11.5	10.2	
C.Cash flows from financing activities	-8.5	-5.5	Dividends -5.5, etc
D.Net increase/decrease in cash and cash equivalents	4.0	3.6	
E.Cash and cash equivalents at end of the quarter	41.0	44.8	

Appendix

【Reference】Progress of Major P/L & B/S Items
－ Financial Results for the 1st Quarter FY2016 －

(Billion Yen)

Item	FY2015 (A)		FY2016 (B)		Change (B) - (A)	
		1Q (Progress)	(B)	1Q (Progress)		1Q
Net Sales	641.7	161.3 (25.1%)	655.0	138.0 (21.1%)	13.3	-23.2
Operating income	41.4	9.5 (23.1%)	35.0	1.6 (4.6%)	-6.4	-7.9
Ordinary income	39.6	9.9 (25.2%)	33.0	0.8 (2.4%)	-6.6	-9.1
Net income	19.1	6.3 (33.4%)	20.0	0.1 (0.5%)	0.9	-6.2

Item	End of FY2015 (A)	End of FY2016 (B)	Change (B) - (A)
Total assets	679.7	700.0	20.3
Interest-bearing debt	216.6	210.0	-6.6
Equity capital *1	266.5	280.0	13.5

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

【Reference】FY2016 Changes in Results
– Sales by Segment –

(Billion Yen)

Segment	FY2016					Full-year Forecast	Progress %
	1Q	2Q	3Q	4Q	Total		
Chemicals	57.9	-	-	-	57.9	278.0	20.8%
Pharmaceutical	2.4	-	-	-	2.4	10.0	24.0%
Cement & Construction Materials	53.8	-	-	-	53.8	238.0	22.6%
Machinery	12.6	-	-	-	12.6	74.0	17.0%
Energy & Environment	12.9	-	-	-	12.9	65.0	19.8%
Others	3.8	-	-	-	3.8	16.0	23.8%
Adjustment	-5.6	-	-	-	-5.6	-26.0	-
Total	138.0	-	-	-	138.0	655.0	21.1%

【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	-	-	-	-2.3	9.0	-
Pharmaceutical	0.4	-	-	-	0.4	1.0	40.0%
Cement & Construction Materials	2.9	-	-	-	2.9	18.0	16.1%
Machinery	-0.0	-	-	-	-0.0	4.0	-
Energy & Environment	0.8	-	-	-	0.8	3.5	22.9%
Others	0.1	-	-	-	0.1	1.0	10.0%
Adjustment	-0.2	-	-	-	-0.2	-1.5	-
Total	1.6	-	-	-	1.6	35.0	4.6%

【Reference】Major Data
– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Item	FY2015 1Q	FY2016 1Q	FY2016 full-year Forecast	FY2015 full-year
Capital investment	5.8	9.0	48.0	34.4
Depreciation andamortization	8.8	8.3	35.0	35.5
R&D expense	3.3	3.3	14.5	13.7
Adjusted operating profit	10.8	2.5	38.0	45.2
Interest-bearing debt	239.0	215.7	210.0	216.6
Equity capital	265.7	253.4	280.0	266.5
Total assets	720.0	665.5	700.0	679.7
D/E Ratio (times)	0.90	0.85	0.75	0.81
Equity Ratio (%)	36.9	38.1	40.0	39.2
Operating margin (%)	5.9	1.2	5.3	6.5
Return on Assets [ROA] (%)	-	-	5.5	6.5
Return on Equity [ROE] (%)	-	-	7.3	7.2
number of employees	10,863	10,853	11,000	10,764

【Reference】Major Subsidiaries

– Financial Results for the 1st Quarter FY2016 –

(Billion Yen)

Subsidiaries and Affiliates	Business	Sales FY2016 1Q	Operating income change from FY2015 1Q
UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam and polyamide resin	8.4	↓
UBE CORPORATION EUROPE, S.A.U.	Manufacture and sales of caprolactam, polyamide resin, ammonium sulfate and fine chemicals	8.5	↓
THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene	2.9	↑
UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia	2.3	↓
UBE FILM, LTD.	Manufacture and sales of plastic-film products	2.4	↑
UBE EXSYMO CO.,LTD	Manufacture and sales of electronics & IT materials, FRP, industrial materials and fiber-reinforced plastics	3.0	→
UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of cement, ready-mixed concrete and construction materials	13.4	→
UBE MATERIAL INDUSTRIES,LTD.	Manufacture and sales of Mangesium, Limestone products	10.1	↓
UBE SHIPPING & LOGISTICS, LTD.	Coastal Shipping, Harbor Transport Business, Container Business, Trading Business and Technological Consultant Business	4.5	↓
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete and construction materials	4.1	→
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	8.4	↓
UBE MACHINERY CORPORATION, LTD.	Manufacture and sales of industrial machinery and bridges	6.9	↓
UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	3.8	↓
UBE C&A CO., LTD.	Sales of imported steaming coal from Australia and other countries	5.0	→

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



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