Financial Results for the 1st Quarter FY 2017

August 1, 2017

UBE INDUSTRIES,LTD.

Scope of Consolidation
- Financial Results for the 1st Quarter FY2017 -

Item	End of FY2016 (A)	End of FY2017 1Q (B)	Change (B) - (A)	Notes
Number of consolidated subsidiaries	70	70	0	+ UBE (Shanghai) LTD. – Fukusei Tech Co.,Ltd
Number of equity method affiliates	25	23	-2	– UBE (Shanghai) LTD. – Samekawa Ready-mixed Concrete Co., Ltd.
Total	95	93	-2	

Environmental Factors
- Financial Results for the 1st Quarter FY2017 -

Item				FY2016 1Q (A)	FY2017 1Q (B)	Change (B) - (A)
Exchange Rate			Yen/$	108.3	111.1	2.8
Material Price	Naphtha	CIF	$/ t	402	489	87
		Domestic	Yen/KL	32,600	39,700	7,100
	Benzene(ACP)		$/ t	635	787	152
	Australian Coal (CIF)		$/ t	68.1	97.0	28.9
			Yen/t	7,375	10,776	3,401

Major P/L & B/S Items
- Financial Results for the 1st Quarter FY2017 -

(Billions of yen)

Item	FY2016 1Q (A)	FY2017 1Q (B)	Difference (B) - (A)
Net sales	138.0	159.6	21.5
Operating profit	1.6	9.0	7.4
Ordinary profit	0.8	10.1	9.3
Profit attributable to owners of parent	0.1	6.5	6.3
Item	**End of FY2016 (A)**	**End of FY2017 1Q (B)**	**Difference (B) - (A)**
Total assets	709.3	710.5	1.1
Interest-bearing debt	210.4	215.6	5.2
Shareholders' equity *1	286.5	286.1	-0.4

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

Net Sales by Segment
- Financial Results for the 1st Quarter FY2017 -

(Billions of yen)

Segment	FY2016 1Q (A)	FY2017 1Q (B)	Difference (B) - (A)	Major factors
Chemicals	57.9	73.3	15.4	Nylon/Caprolactam chain 3.1, Synthetic rubber 7.2, Battery Materials and Fine Chemicals 0.6, Polyimide and Specialty Products 1.6, etc
Pharmaceutical	2.4	2.4	0.0	
Cement & Construction Materials	53.8	57.2	3.4	Cement and Ready-mixed concrete 3.0, Construction materials and Limestone related products 0.4
Machinery	12.6	16.2	3.5	
Energy & Environment	12.9	15.3	2.3	Coal 2.4, Power 0.2, etc
Others	3.8	1.1	-2.7	
Adjustment	-5.6	-6.1	-0.5	
Total	138.0	159.6	21.5	Increased by 15.6%

Operating Profit by Segment
- Financial Results for the 1st Quarter FY2017 -

(Billions of yen)

Segment	FY2016 1Q (A)	FY2017 1Q (B)	Difference (B) - (A)	Major factors
Chemicals	-2.3	6.1	8.4	Nylon/Caprolactam chain 3.8, Synthetic rubber 3.6, Polyimide and Specialty Products 1.0, etc
Pharmaceutical	0.4	0.7	0.2	
Cement & Construction Materials	2.9	2.4	-0.4	Cement and Ready-mixed concrete -0.7, Construction materials and Limestone related products 0.2, etc
Machinery	-0.0	0.3	0.3	
Energy & Environment	0.8	-0.2	-1.0	Power -1.1, etc
Others	0.1	0.1	0.0	
Adjustment	-0.2	-0.4	-0.1	
Total	1.6	9.0	7.4	Increased by 458.8%

Analysis of Operating Profit
- Financial Results for the 1st Quarter FY2017 -

(Billions of yen)

Segment	Operating income						
				Variance			
	FY2016 1Q (A)	FY2017 1Q (B)	Difference (B) - (A)	Price *1	Sales volume	Fixed Cost	Others *2
Chemicals	-2.3	6.1	8.4	5.9	1.7	1.9	-1.0
Pharmaceutical	0.4	0.7	0.2	0.1	0.4	-0.1	-0.1
Cement & construction Materials	2.9	2.4	-0.4	-1.0	0.8	-0.5	0.3
Machinery	-0.0	0.3	0.3	0.3	-0.0	-1.1	*3 1.2
Energy & Environment	0.8	-0.2	-1.0	-0.9	0.4	-0.4	-0.1
Others	0.1	0.1	0.0	0.0	0.0	0.6	-0.5
Adjustment	-0.2	-0.4	-0.1	-	-	-0.2	0.0
Total	1.6	9.0	7.4	4.2	3.2	0.3	-0.2

*1:Including both selling and purchase change *2:Including inventory valuation changes and lowest cost accounting
*3:Including marginal profit on machinery product 1.2

Non Operating Income/Expenses
- Financial Results for the 1st Quarter FY2017 -

(Billions of yen)

Item		FY2016 1Q (A)	FY2017 1Q (B)	Difference (B) - (A)
Operating profit		1.6	9.0	7.4
Non-operating income/expenses	Net interest expenses	0.0	0.3	0.2
	Share of profit of entities accounted for using equtiy method	0.4	0.9	0.4
	Foreign currency gain/loss	-0.7	0.2	1.0
	Others	-0.4	-0.4	0.0
	Total	-0.7	1.0	1.8
Ordinary profit		0.8	10.1	9.3

Extraordinary Income/Losses
- Financial Results for the 1st Quarter FY2017 -

(Billions of yen)

Item		FY2016 1Q (A)	FY2017 1Q (B)	Difference (B) - (A)
	Loss on disposal of PP&E	-0.3	-0.1	0.1
	Others	0.0	0.0	0.0
Extraordinary income/losses		-0.3	-0.1	0.2

Operating Profit - Net Income
- Financial Results for the 1st Quarter FY2017 -

(Billions of yen)

Item	FY2016 1Q (A)	FY2017 1Q (B)	Difference (B) - (A)
Operating profit	1.6	9.0	7.4
Non-operating income/expenses	-0.7	1.0	1.8
Ordinary profit	0.8	10.1	9.3
Extraordinary income/losses	-0.3	-0.1	0.2
Profit befor income taxes	0.4	10.0	9.5
Income taxes and profit attributable to non-controlling interests	-0.3	-3.4	-3.1
Profit attributable to owners of parent	0.1	6.5	6.3
Net income per share	0.17yen	6.24yen	6.07yen

Consolidated Balance Sheet

- Financial Results for the 1st Quarter FY2017 -

(Billions of yen)

Item	End of FY2016 (A)	End of FY2017 1Q (B)	Difference (B) - (A)
Current assets	295.0	296.4	1.3
Fixed assets	414.2	413.9	-0.2
Total assets	709.3	710.5	1.1
Interest-bearing debts	210.4	215.6	5.2
Other liabilities	188.5	184.9	-3.5
Total liabilities	398.9	400.6	1.6
Shareholders' equity *1	286.5	286.1	-0.4
Non-controlling interests and others	23.8	23.7	-0.0
Total net assets	310.4	309.9	-0.4
Total liabilities and net assets	709.3	710.5	1.1

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

Consolidated Statements of Cash Flows
- Financial Results for the 1st Quarter FY2017 -

(Billions of yen)

Item	FY2016 1Q	FY2017 1Q	
A.Cash flows from operating activities	17.0	19.0	Profit before income taxes 10.0, Depreciation and amortization 8.5, etc.
B.Cash flows from investing activities	-6.8	-7.7	Acquisition of PP&E -6.9, etc
Free cash flows (A+B)	10.2	11.2	
C.Cash flows from financing activities	-5.5	-6.5	Dividends -6.6, etc.
D.Net increase/decrease in cash and cash equivalents	3.6	6.3	
E.Cash and cash equivalents at end of the quarter	44.8	42.1	

Appendix

【Reference】 Progress of Major P/L Items
- Financial Results for the 1st Quarter FY2017 -

(Billions of yen)

項　目	FY2016 (A)		FY2017 (B)		Difference (B) - (A)	
		1Q (Progress)		1Q (Progress)		1Q
Net sales	616.5	138.0 (22.4%)	700.0	159.6 (22.8%)	83.5	21.5
Operating profit	34.9	1.6 (4.7%)	40.0	9.0 (22.5%)	5.1	7.4
Ordinary profit	33.3	0.8 (2.6%)	38.0	10.1 (26.6%)	4.7	9.3
Profit attributable to owners of parent	24.1	0.1 (0.7%)	24.5	6.5 (26.5%)	0.4	6.3

【Reference】 FY2017 Changes in Results - Net Sales by Segment -

(Billions of yen)

Segment	FY2017					Full-year (forecast)	Progress %
	1Q	2Q	3Q	4Q	Total		
Chemicals	73.3	-	-	-	73.3	310.0	23.6%
Pharmaceutical	2.4	-	-	-	2.4	10.0	24.0%
Cement & Construction Materials	57.2	-	-	-	57.2	230.0	24.9%
Machinery	16.2	-	-	-	16.2	90.0	18.0%
Energy & Environment	15.3	-	-	-	15.3	70.0	21.9%
Others	1.1	-	-	-	1.1	5.0	22.0%
Adjustment	-6.1	-	-	-	-6.1	-15.0	-
Total	159.6	-	-	-	159.6	700.0	22.8%

【Reference】 FY2017 Changes in Results
- Operating Profit by Segment -

(Billions of yen)

Segment	FY2017					Full-year (forecast)	Progress %
	1Q	2Q	3Q	4Q	Total		
Chemicals	6.1	-	-	-	6.1	18.0	33.9%
Pharmaceutical	0.7	-	-	-	0.7	2.0	35.0%
Cement & Construction Materials	2.4	-	-	-	2.4	13.0	18.5%
Machinery	0.3	-	-	-	0.3	5.0	6.0%
Energy & Environment	-0.2	-	-	-	-0.2	2.5	-
Others	0.1	-	-	-	0.1	1.0	10.0%
Adjustment	-0.4	-	-	-	-0.4	-1.5	-
Total	9.0	-	-	-	9.0	40.0	22.5%

【Reference】 Consolidated Key Indicators
- Financial Results for the 1st Quarter FY2017 -

(Billions of yen)

Item	FY2016 1Q	FY2017 1Q	FY2017 full-year (forecast)	FY2016 full-year
Capital investment	9.0	5.9	42.0	44.0
Depreciation and amortization	8.3	8.5	35.0	34.4
R&D expenses	3.3	3.3	14.5	13.6
Adjusted operating profit	2.5	10.7	43.5	37.8
Interest-bearing debt	215.7	215.6	200.0	210.4
Shareholders' equity	253.4	286.1	303.0	286.5
Total assets	665.5	710.5	725.0	709.3
D/E ratio (times)	0.85	0.75	0.66	0.73
Shareholders' equity ratio (%)	38.1	40.3	41.8	40.4
Return on sales - ROS (%)	1.2	5.7	5.7	5.7
Return on assets - ROA (%)	-	-	6.1	5.5
Return on equity – ROE (%)	-	-	8.3	8.7
Number of employees	10,853	11,157	11,000	10,928

【Reference】 Major Subsidiaries
- Financial Results for the 1st Quarter FY2017 -

(Billions of yen)

Subsidiaries and affiliates	Business	Sales FY2017 1Q	Operating profit Change from FY2016 1Q
UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam and polyamide resin	9.7	↑
UBE CORPORATION EUROPE, S.A.U.	Manufacture and sales of caprolactam, polyamide resin, ammonium sulfate and fine chemicals	8.4	→
THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene rubber	4.9	↑
UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia and industrial gases	3.0	↑
UBE FILM, LTD.	Manufacture and sales of plastic-film products	2.5	→
UBE EXSYMO CO.,LTD	Manufacture and sales of polypropylene molded products, fibers, and fiber-reinforced plastics	3.1	→
UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of cement, ready-mixed concrete and construction materials	14.2	→
UBE MATERIAL INDUSTRIES,LTD.	Manufacture and sales of Magnesium, Limestone products	10.6	→
UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services and customs clearing	4.8	→
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete and construction materials	5.5	→
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	9.1	↑
UBE MACHINERY CORPORATION, LTD.	Manufacture, sales and service of metal and resin molding machines, extrusion presses, vertical mills, water screening	8.0	↑
UBE STEEL CO., LTD.	Manufacture and sales of cast iron, steel products and rolled steel billets	4.4	↑
UBE C&A CO., LTD.	Sales of imported coal from Australia and other countries	4.2	→

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



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