Financial Results for the 3rd Quarter FY 2017

February 2, 2018

UBE INDUSTRIES,LTD.

※This"3rd Quarter(3Q)" date states information for 9 month total.

Scope of Consolidation
- Financial Results for the 3rd Quarter FY2017 -

Item	End of FY2016 (A)	End of FY2017 3Q (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	– UBE (Shanghai) LTD. – Samekawa Ready-mixed Concrete Co., Ltd. + Changshu UM Battery Materials Co., Ltd.
Total	95	94	-1	

Environmental Factors

- Financial Results for the 3rd Quarter FY2017 -

Item				FY2016 3Q (A)	FY2017 3Q (B)	Difference (B) - (A)
Exchange Rate			Yen/$	106.7	111.7	5.0
Material Price	Naphtha	CIF	$/ t	408	485	77
		Domestic	Yen/KL	32,200	39,600	7,400
	Benzene(ACP)		$/ t	648	794	146
	Australian Coal (CIF)		$/ t	77.9	102.7	24.8
			Yen/t	8,306	11,468	3,162

Major P/L & B/S Items
- Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

Item	FY2016 3Q (A)	FY2017 3Q (B)	Difference (B) - (A)
Net sales	439.9	507.0	67.1
Operating profit	22.6	37.6	14.9
Ordinary profit	22.6	39.0	16.4
Profit attributable to owners of parent	15.0	26.6	11.5
Item	**End of FY2016 (A)**	**End of FY2017 3Q (B)**	**Difference (B) - (A)**
Total assets	709.3	734.8	25.4
Interest-bearing debt	210.4	205.2	-5.2
Shareholders' equity *1	286.5	313.4	26.8

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

Net Sales by Segment
- Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

Segment	FY2016 3Q (A)	FY2017 3Q (B)	Difference (B) - (A)	Major factors
Chemicals	183.5	225.3	41.8	Nylon/Caprolactam chain 16.6, Synthetic rubber 12.3, Battery Materials and Fine Chemicals 5.0, Polyimide and Specialty Products 4.5, etc
Pharmaceutical	7.1	6.8	-0.2	
Cement & Construction Materials	169.3	178.8	9.5	Cement and Ready-mixed concrete 8.3, Construction materials and Limestone related products 1.2
Machinery	43.2	58.7	15.5	
Energy & Environment	42.7	51.0	8.2	Coal 7.4, Power 1.7, etc
Others	10.5	3.6	-6.8	
Adjustment	-16.6	-17.4	-0.8	
Total	439.9	507.0	67.1	Increased by 15.3%

Operating Profit by Segment
- Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

Segment	FY2016 3Q (A)	FY2017 3Q (B)	Difference (B) - (A)	Major factors
Chemicals	4.4	22.1	17.7	Nylon/Caprolactam chain 7.7, Synthetic rubber 5.4, Battery Materials and Fine Chemicals 1.4, Polyimide and Specialty Products 2.9, etc
Pharmaceutical	1.6	1.4	-0.1	
Cement & Construction Materials	12.4	9.8	-2.6	Cement and Ready-mixed concrete -2.8, Construction materials and Limestone related products 0.2
Machinery	1.5	2.6	1.1	
Energy & Environment	2.2	1.5	-0.7	Coal 0.2, Power -0.9
Others	0.6	0.7	0.0	
Adjustment	-0.2	-0.8	-0.5	
Total	22.6	37.6	14.9	Increased by 65.7%

Analysis of Operating Profit
- Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

Segment	Operating profit						
				Variance			
	FY2016 3Q (A)	FY2017 3Q (B)	Difference (B) - (A)	Price *1	Sales volume	Fixed Cost	Others *2
Chemicals	4.4	22.1	17.7	11.5	3.5	2.1	0.7
Pharmaceutical	1.6	1.4	-0.1	0.1	0.8	0.1	-1.1
Cement & construction Materials	12.4	9.8	-2.6	-2.9	1.4	-1.6	0.5
Machinery	1.5	2.6	1.1	-0.1	0.2	-3.2	*3 4.3
Energy & Environment	2.2	1.5	-0.7	-0.9	0.8	-0.3	-0.3
Others	0.6	0.7	0.0	0.0	0.0	1.7	-1.6
Adjustment	-0.2	-0.8	-0.5	-	-	-0.5	0.0
Total	22.6	37.6	14.9	7.8	6.7	-1.9	2.4

*1:Including both selling and purchase change *2:Including inventory valuation changes and lowest cost accounting
*3:Including marginal profit on machinery product 4.2

Non Operating Income/Expenses
- Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

Item		FY2016 3Q (A)	FY2017 3Q (B)	Difference (B) - (A)
Operating profit		22.6	37.6	14.9
Non-operating income/expenses	Net interest expenses	-0.3	0.0	0.3
	Share of profit of entities accounted for using equtiy method	1.8	2.8	0.9
	Foreign currency gain/loss	0.1	0.4	0.3
	Others	-1.7	-1.9	-0.2
	Total	-0.0	1.4	1.5
Ordinary profit		22.6	39.0	16.4

Extraordinary Income/Losses
- Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

Item		FY2016 3Q (A)	FY2017 3Q (B)	Difference (B) - (A)
	Loss on disposal of PP&E	-1.5	-0.9	0.5
	Others	0.0	0.0	-0.0
Extraordinary income/losses		-1.4	-0.9	0.5

Operating Profit - Net Income
- Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

Item	FY2016 3Q (A)	FY2017 3Q (B)	Difference (B) - (A)
Operating profit	22.6	37.6	14.9
Non-operating income/expenses	-0.0	1.4	1.5
Ordinary profit	22.6	39.0	16.4
Extraordinary income/losses	-1.4	-0.9	0.5
Profit befor income taxes	21.1	38.0	16.9
Income taxes and profit attributable to non-controlling interests	-6.0	-11.4	-5.3
Profit attributable to owners of parent	15.0	26.6	11.5
Net income per share *1	142.40 yen	253.94 yen	111.54 yen

*1: UBE has consolidated its shares in the proportion of 10 common shares to one common share, effective as of

Consolidated Balance Sheet

- Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

Item	End of FY2016 (A)	End of FY2017 3Q (B)	Difference (B) - (A)
Current assets	295.0	315.1	20.0
Fixed assets	414.2	419.5	5.3
Total assets	709.3	734.8	25.4
Interest-bearing debts	210.4	205.2	-5.2
Other liabilities	188.5	194.0	5.5
Total liabilities	398.9	399.2	0.3
Shareholders' equity *1	286.5	313.4	26.8
Non-controlling interests and others	23.8	22.1	-1.6
Total net assets	310.4	335.5	25.1
Total liabilities and net assets	709.3	734.8	25.4

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

Consolidated Statements of Cash Flows
- Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

Item	FY2016 3Q	FY2017 3Q	
A.Cash flows from operating activities	28.1	42.5	Profit before income taxes 38.0, Depreciation and amortization 26.1, Workig capital -9.3, etc.
B.Cash flows from investing activities	-25.2	-26.2	Acquisition of PP&E -25.6, etc
Free cash flows (A+B)	2.8	16.3	
C.Cash flows from financing activities	-12.7	-17.8	Dividends -6.6, Decrease in interest-bearing debts -5.8, Buy back of shares -5.0, etc.
D.Net increase/decrease in cash and cash equivalents	-10.2	0.6	
E.Cash and cash equivalents at end of the quarter	30.9	36.4	

Reference

【Reference】 Progress of Major P/L Items
- Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

項　目	FY2016 (A)		FY2017 (B)		Difference (B) - (A)	
		3Q (Progress)		3Q (Progress)		3Q
Net sales	616.5	439.9 (71.3%)	685.0	507.0 (74.0%)	68.5	67.1
Operating profit	34.9	22.6 (64.9%)	45.0	37.6 (83.6%)	10.1	14.9
Ordinary profit	33.3	22.6 (67.8%)	45.0	39.0 (86.8%)	11.7	16.4
Profit attributable to owners of parent	24.1	15.0 (62.3%)	29.0	26.6 (92.0%)	4.9	11.5

【Reference】 Progress of Net Sales by Segment
- Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

Segment	FY2017					Second half (Forecast) Published Oct 26, 2017	Second half (Progress) %	Full-year (Forecast)
	1Q	2Q	3Q	4Q	Total			
Chemicals	73.3	72.9	79.0	-	225.3	149.0	53%	295.0
Pharmaceutical	2.4	2.6	1.6	-	6.8	5.0	32%	10.0
Cement & Construction Materials	57.2	58.7	62.8	-	178.8	119.0	53%	235.0
Machinery	16.2	19.5	23.0	-	58.7	54.0	43%	90.0
Energy & Environment	15.3	17.6	18.0	-	51.0	37.0	49%	70.0
Others	1.1	1.1	1.4	-	3.6	2.5	56%	5.0
Adjustment	-6.1	-5.1	-6.1	-	-17.4	-8.5	-	-20.0
Total	159.6	167.5	179.8	-	507.0	358.0	50%	685.0

【Reference】 Progress of Operating Profit by Segment - Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

Segment	FY2017					Second half (Forecast) Published Oct 26, 2017	Second half (Progress) %	Full-year (Forecast)
	1Q	2Q	3Q	4Q	Total			
Chemicals	6.1	7.1	8.8	-	22.1	10.2	86%	23.5
Pharmaceutical	0.7	0.8	-0.1	-	1.4	0.4	-	2.0
Cement & Construction Materials	2.4	3.3	3.9	-	9.8	7.1	55%	13.0
Machinery	0.3	1.0	1.3	-	2.6	3.7	35%	5.0
Energy & Environment	-0.2	0.8	0.9	-	1.5	1.4	64%	2.0
Others	0.1	0.1	0.4	-	0.7	0.7	57%	1.0
Adjustment	-0.4	-0.0	-0.3	-	-0.8	-1.1	-	-1.5
Total	9.0	13.5	14.9	-	37.6	22.4	67%	45.0

【Reference】 Consolidated Key Indicators
- Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

Item	FY2016 3Q	FY2017 3Q	FY2017 full-year (forecast)	FY2016 full-year
Capital investment	26.6	24.0	42.0	44.0
Depreciation and amortization	25.4	26.1	35.0	34.4
R&D expenses	10.0	9.8	14.5	13.6
Adjusted operating profit	25.3	41.5	48.0	37.8
Interest-bearing debt	210.9	205.2	194.0	210.4
Shareholders' equity	275.5	313.4	314.0	286.5
Total assets	690.4	734.8	720.0	709.3
D/E ratio (times)	0.77	0.65	0.62	0.73
Shareholders' equity ratio (%)	39.9	42.6	43.6	40.4
Return on sales - ROS (%)	5.2	7.4	6.6	5.7
Return on assets - ROA (%)	-	-	6.7	5.5
Return on equity – ROE (%)	-	-	9.7	8.7
Number of employees	10,846	10,953	11,000	10,928

【Reference】 Major Subsidiaries
- Financial Results for the 3rd Quarter FY2017 -

(Billions of yen)

Subsidiaries and affiliates	Business	Sales FY2017 3Q	Operating profit Difference from FY2016 3Q
UBE CHEMICALS (ASIA) PUBLIC CO., LTD	Manufacture and sales of caprolactam, ammonium sulfate, and nylon	31.4	↑ *2
UBE CORPORATION EUROPE, S.A.U.	Manufacture and sales of caprolactam, ammonium sulfate, nylon, and fi ne chemical products	30.3	↑
THAI SYNTHETIC RUBBERS CO., LTD.	Manufacture and sales of polybutadiene rubber	12.4	↑
UBE AMMONIA INDUSTRY, LTD.	Manufacture and sales of ammonia and industrial gases	10.3	↑
UBE FILM, LTD.	Manufacture and sales of plastic film products	7.4	↓
UBE EXSYMO CO.,LTD	Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials	10.0	↑
UBE CONSTRUCTION MATERIALS SALES CO., LTD.	Sales of cement, ready-mixed concrete, building materials, etc.	44.7	↑
UBE MATERIAL INDUSTRIES,LTD.	Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc.	33.7	→
UBE SHIPPING & LOGISTICS, LTD.	Domestic shipping, harbor transportation, shipping-agent services, customs clearing, trading companies business and engineering business	14.2	→
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	17.1	↑
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	29.3	↑
UBE MACHINERY CORPORATION, LTD.	Manufacture, sales, and service of metal and resin molding machines, extrusion presses, vertical mills, water screening equipment, etc.	28.9	↑
UBE STEEL CO., LTD.	Sales, assembly, and service for metal processing and injection-molding machinery	15.0	→
UBE COAL TRADING, LTD. *1	Sales of imported coal from Australia, Indonesia, and Russia	20.5	↑

*1 : Former UBE C&A CO., LTD. (Company name change in November 2017)

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



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