Financial Results for the 1st half of FY2020 Explanatory material

October 30, 2020

1st half: April – September

UBE INDUSTRIES,LTD.

FY2020 1st half Consolidated Results



Scope of Consolidation

Item	End of FY2019 (A)	End of FY2020 2Q (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	69	67	(2)	+ Premium Composite Technology North America, Inc. – U-MHI Platech Co., Ltd. – U-MHI Platech America, Inc. – AET Electrolyte Technologies (Zhangjiagang) Co., Ltd.
Number of equity method affiliates	26	26	0	
Total	95	93	(2)	

Environmental Factors

Item				FY2019 2Q (A)	FY2020 2Q (B)	Difference (B) - (A)
Exchange Rate			Yen/$	108.6	106.9	(1.7)
Material Price	Naphtha	CIF	$/ t	539	346	(193)
		Domestic	Yen/KL	42,800	27,700	(15,100)
	Benzene (ACP)		$/ t	640	398	(242)
	Australian Coal (CIF)		$/ t	104.0	75.8	(28.2)
			Yen/t	11,297	8,099	(3,198)

Major P/L Items

(Billions of yen)

Item	FY2019 2Q (A)	FY2020 2Q (B)	Difference (B) - (A)	Percentage change
Net sales	335.0	280.0	(55.0)	(16.4)%
Operating profit	16.7	3.4	(13.3)	(79.6)%
Ordinary profit	16.6	1.5	(15.1)	(90.9)%
Profit attributable to owners of parent	10.7	0.2	(10.5)	(97.5)%

Net Sales and Operating Profit by Segment

(Billions of yen)

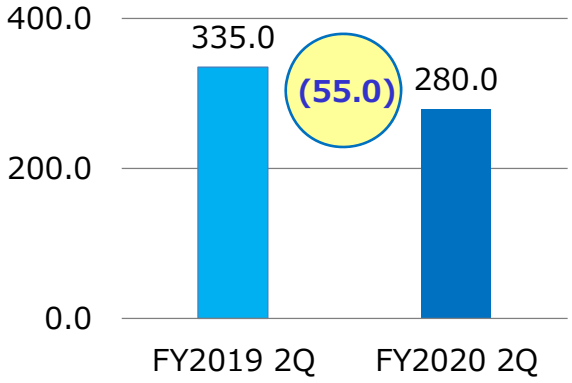
	Segment	FY2019 2Q (A)	FY2020 2Q (B)	Difference (B) - (A)
Net sales	Chemicals	146.4	112.3	(34.1)
	Construction Materials	152.7	139.1	(13.5)
	Machinery	42.0	34.9	(7.0)
	Others	2.3	1.4	(0.8)
	Adjustment	(8.4)	(7.8)	0.5
	Total	335.0	280.0	(55.0)
Operating profit (loss)	Chemicals	8.3	(2.5)	(10.8)
	Construction Materials	6.7	5.6	(1.0)
	Machinery	1.6	0.2	(1.4)
	Others	0.2	0.1	(0.0)
	Adjustment	(0.2)	(0.0)	0.1
	Total	16.7	3.4	(13.3)

1st half of the FY2020

Analysis – Total

(Billions of yen)

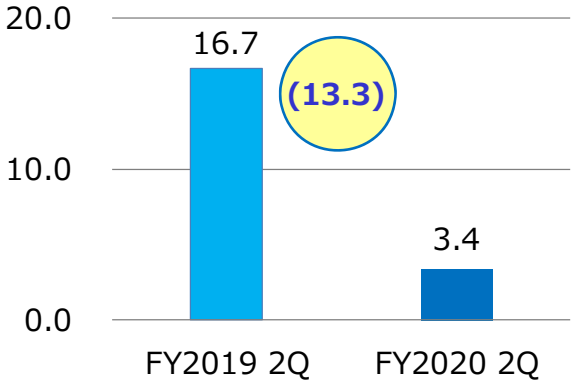
Net Sales



Chemicals	(34.1)
Construction Materials	(13.5)
Machinery	(7.0)
Others	(0.8)
Adjustment	0.5

(16.4)% Decreased

Operating profit



Chemicals	(10.8)
Construction Materials	(1.0)
Machinery	(1.4)
Others	(0.0)
Adjustment	0.1

(79.6)% Decreased

Difference of operating profit

Price ※1	(4.9)
Volume	(8.3)
Fixed Cost and Others ※2	(0.2)
Total	**(13.3)**

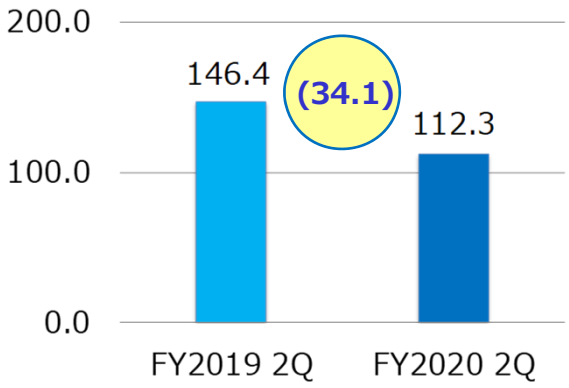
***1: Including both selling and purchase change**

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

1st half of the FY2020
Analysis – Chemicals

(Billions of yen)

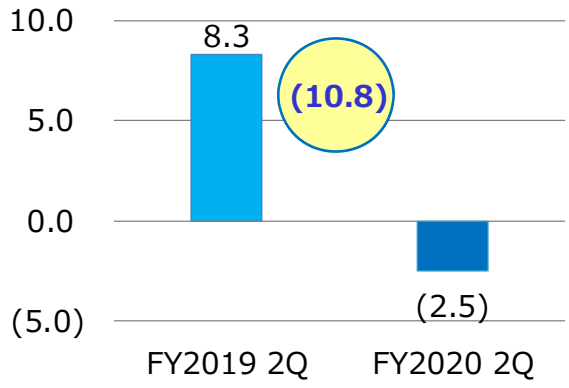
Net Sales



Engineering Plastics & Fine Chemicals	(18.5)
Synthetic rubber	(8.1)
Specialty Products	(4.3)
Pharmaceutical	(2.0)
etc	

(23.3)% Decreased

Operating profit (loss)



Engineering Plastics & Fine Chemicals	(8.4)
Synthetic rubber	(1.8)
Specialty Products	(0.4)
Pharmaceutical	(1.3)
etc	

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Difference of operating profit

Price ※1	(7.0)
Volume	(5.0)
Fixed Cost and Others ※2	1.0
Total	**(10.8)**

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

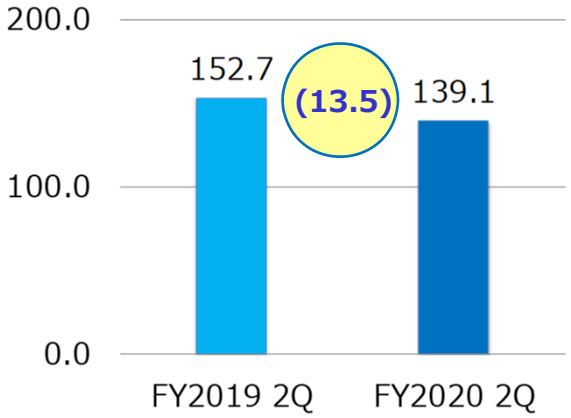
***2: Including inventory valuation changes and lowest cost accounting**

1st half of the FY2020

Analysis – Construction Materials

(Billions of yen)

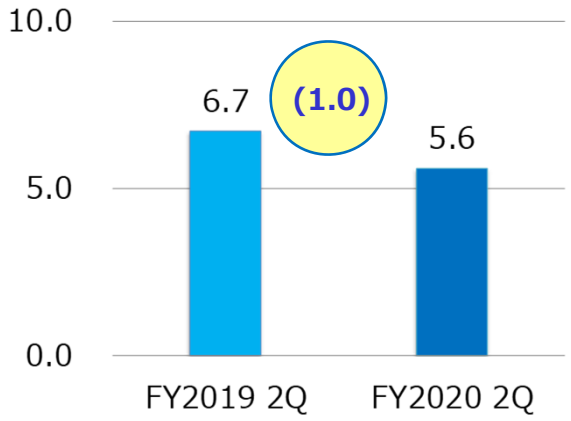
Net Sales



Cement and Ready-mixed concrete	(0.6)
Construction materials and Limestone related products	(5.4)
Coal	(7.4)
Power	(0.6)
etc	

(8.9)% Decreased

Operating profit



Cement and Ready-mixed concrete	0.0
Construction materials and Limestone related products	(1.7)
Coal	(0.2)
Power	0.7
etc	

(16.2)% Decreased

Difference of operating profit

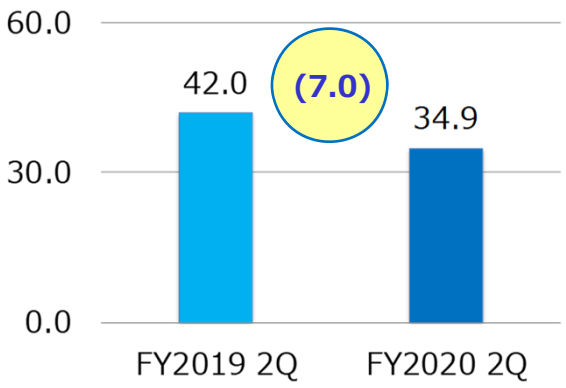
Price ※1	2.2
Volume	(3.0)
Fixed Cost and Others	(0.3)
Total	**(1.0)**

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

1st half of the FY2020
Analysis – Machinery

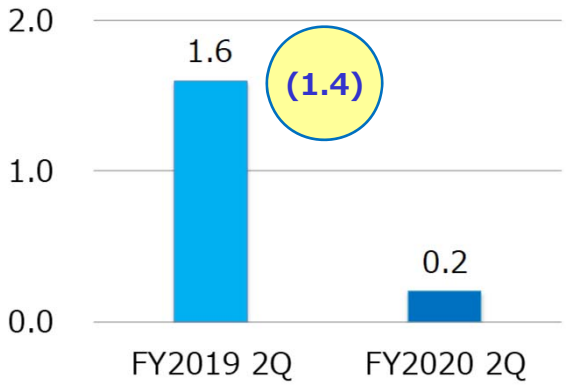
(Billions of yen)

Net Sales



(16.8)% Decreased

Operating profit



(85.0)% Decreased

Difference of operating profit

Price ※1	(0.1)
Volume	(0.4)
Fixed Cost and Others ※2	(0.9)
Total	**(1.4)**

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

***2: Including marginal profit on machinery product (1.4)**

Operating Profit – Profit attributable to owners of parent

(Billions of yen)

Item	FY2019 2Q (A)	FY2020 2Q (B)	Difference (B) - (A)
Operating profit	16.7	3.4	(13.3)
Non-operating income (expenses)	(0.1)	(1.8)	(1.7)
Net interests expenses	0.6	0.2	(0.3)
Share of profit (loss) of entities accounted for using equtiy method	0.9	(0.2)	(1.2)
Foreign exchange losses	(0.1)	(0.4)	(0.2)
Others	(1.5)	(1.5)	0.0
Ordinary profit	16.6	1.5	(15.1)
Extraordinary income (losses)	(0.8)	0.2	1.1
Profit before income taxes	15.7	1.8	(13.9)
Income taxes and profit (loss) attributable to non-controlling interests	(4.9)	(1.5)	3.4
Profit attributable to owners of parent	10.7	0.2	(10.5)
Net income per share	106.77 yen	2.69 yen	(104.08) yen

1st half of the FY2020

Consolidated Balance Sheet

(Billions of yen)

Item	End of FY2019 (A)	End of FY2020 2Q (B)	Difference (B) - (A)
Current assets	303.9	284.2	(19.6)
Fixed assets	423.1	421.5	(1.5)
Total assets	727.2	706.0	(21.1)
Interest-bearing debt	190.7	199.3	8.6
Other liabilities	182.1	155.5	(26.5)
Total liabilities	372.8	354.9	(17.8)
Shareholders' equity *1	332.3	330.3	(2.0)
Non-controlling interests and others	22.0	20.7	(1.2)
Total net assets	354.4	351.1	(3.3)
Total liabilities and net assets	727.2	706.0	(21.1)

*1: Shareholders' equity = Net assets – Share acquisition rights – Non-controlling interests

Consolidated Statements of Cash Flows

(Billions of yen)

Item	FY2019 2Q	FY2020 2Q	
A.Cash flows from operating activities	36.7	29.7	Profit before income taxes 1.8 Depreciation and amortization 18.0 Increase in working capital 14.9 Income taxes paid (4.9) etc.
B.Cash flows from investing activities	(20.8)	(23.8)	Acquisition of PP&E (22.3) etc.
Free cash flows (A+B)	15.9	5.8	
C.Cash flows from financing activities	(16.2)	0.4	Increase in interest-bearing debt 5.3 Dividends paid (4.8) etc.
D.Net increase/decrease in cash and cash equivalents	(0.6)	6.8	
E.Cash and cash equivalents at end of the quarter	31.6	47.4	

FY2020 Consolidated Forecasts



Scope of Consolidation

Item	End of FY2019 (A)	End of FY2020 (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	69	66	(3)	+ Premium Composite Technology North America, Inc. – U-MHI Platech Co., Ltd. – U-MHI Platech America, Inc. – AET Electrolyte Technologies (Zhangjiagang) Co., Ltd. – Ube Ammonia Industry, Ltd.
Number of equity method affiliates	26	27	1	+ CNSG Anhui Hong Sifang & UBE New Material Technology Co., Ltd. + MU Ionic Solutions Corporation – Changshu UM Battery Materials Co., Ltd.
Total	95	93	(2)	

Environmental Factors

Item				FY2019 (A)	FY2020 (B)	Difference (B) - (A)
Exchange Rate			Yen/$	108.7	107.0 [107.0]	(1.7)
Material Price	Naphtha	CIF	$/ t	541	393 [440]	(148)
		Domestic	Yen/KL	42,900	31,200 [34,700]	(11,700)
	Benzene (ACP)		$/ t	666	439 [480]	(227)
	Australian Coal (CIF)		$/ t	99.3	76.5 [77.3]	(22.8)
			Yen/t	10,793	8,182 [8,266]	(2,611)

[ ] : numbers for the 2nd half of the period only

Major P/L & B/S Items

(Billions of yen)

Item	FY2019 (A)	FY2020 (B)	Difference (B) - (A)	Percentage change
Net sales	667.8	592.0	(75.8)	(11.4)%
Operating profit	34.0	21.5	(12.5)	(36.8)%
Ordinary profit	35.7	17.5	(18.2)	(51.0)%
Profit attributable to owners of parent	22.9	13.0	(9.9)	(43.4)%

Item	End of FY2019 (A)	End of FY2020 (B)	Difference (B) - (A)
Total assets	727.2	730.0	2.8
Interest-bearing debt	190.7	210.0	19.3
Equity capital *1	332.3	336.0	3.7
Dividend(Yen /Share) *2	90.00	90.00	0.00

*1: Equity capital = Net assets - Subscription rights to shares - Non-controlling interests

*2: Dividend: Interim/45yen, Fiscal year-end/45yen

Net Sales and Operating Profit by Segment

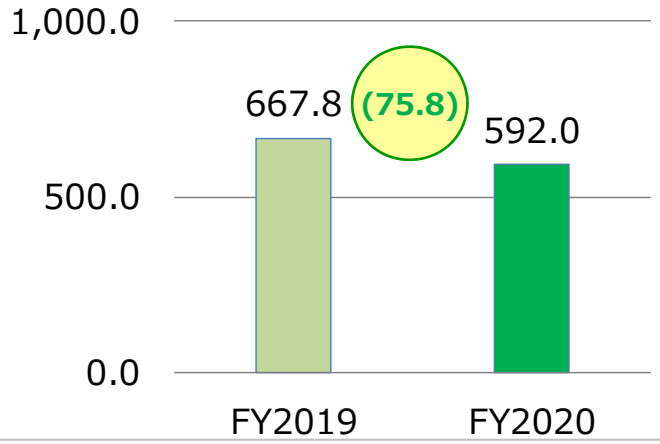
(Billions of yen)

	Segment	FY2019 (A)	FY2020 (B)	Difference (B) - (A)
Net sales	Chemicals	286.0	243.0	(43.0)
	Construction Materials	303.0	279.0	(24.0)
	Machinery	90.7	78.0	(12.7)
	Others	4.5	3.0	(1.5)
	Adjustment	(16.5)	(11.0)	5.5
	Total	667.8	592.0	(75.8)
Operating profit	Chemicals	14.5	5.5	(9.0)
	Construction Materials	14.5	13.0	(1.5)
	Machinery	4.9	3.0	(1.9)
	Others	0.5	0.5	0.0
	Adjustment	(0.6)	(0.5)	0.1
	Total	34.0	21.5	(12.5)

Analysis – Total

(Billions of yen)

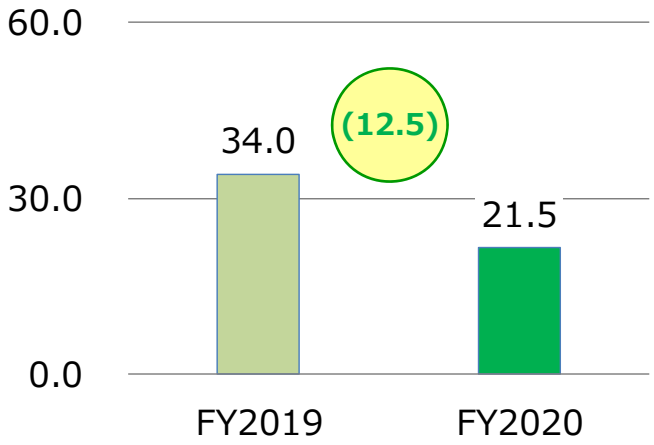
Net Sales



Chemicals	(43.0)
Construction Materials	(24.0)
Machinery	(12.7)
Others	(1.5)
Adjustment	5.5

(11.4)% Decreased

Operating Profit



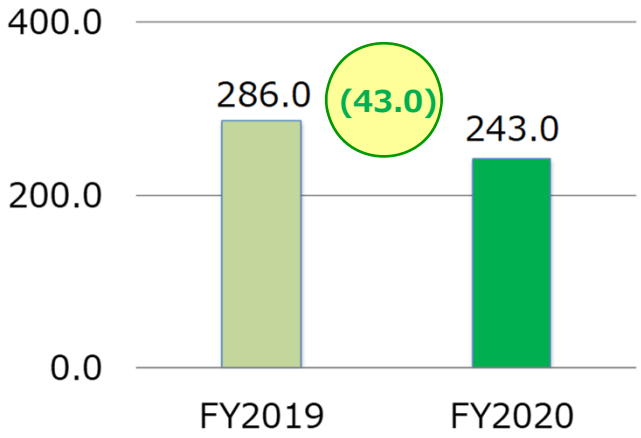
Chemicals	(9.0)
Construction Materials	(1.5)
Machinery	(1.9)
Others	0.0
Adjustment	0.1

(36.8)% Decreased

Analysis – Chemicals

(Billions of yen)

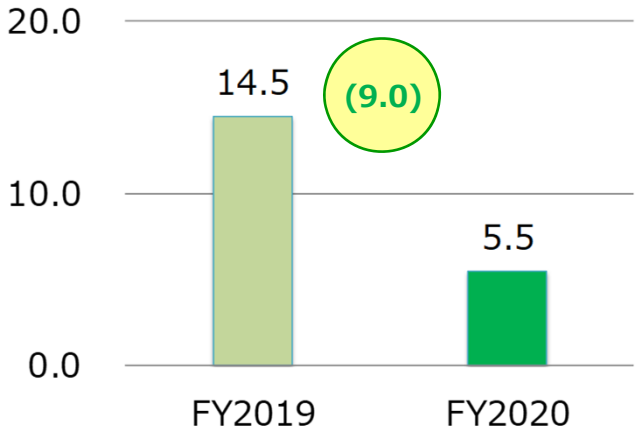
Net Sales



Engineering Plastics & Fine Chemicals	(21.5)
Synthetic rubber	(12.9)
Specially Products	(5.7)
Pharmaceutical	(1.8)
etc	

(15.0)% Decreased

Operating Profit



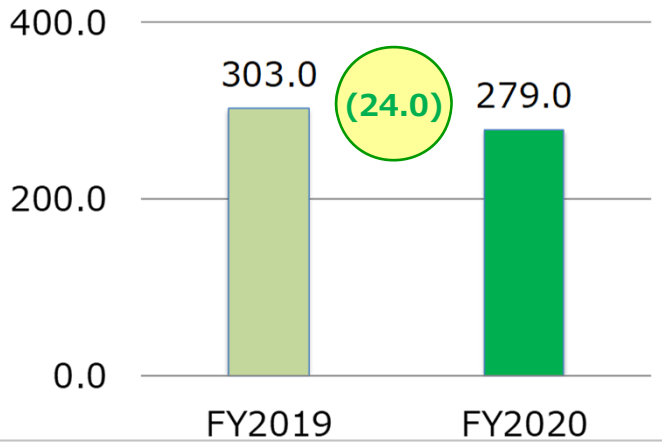
Engineering Plastics & Fine Chemicals	(4.8)
Synthetic rubber	(2.9)
Specialty Products	(1.7)
Pharmaceutical	(0.4)
etc	

(62.1)% Decreased

Analysis – Construction Materials

(Billions of yen)

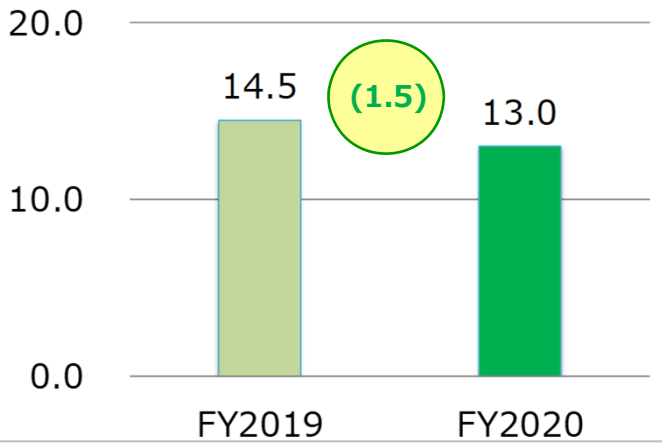
Net Sales



Cement and Ready-mixed concrete	(1.8)
Construction materials and Limestone related products	(6.5)
Coal	(13.1)
Power	(2.4)
etc	

(7.9)% Decreased

Operating Profit



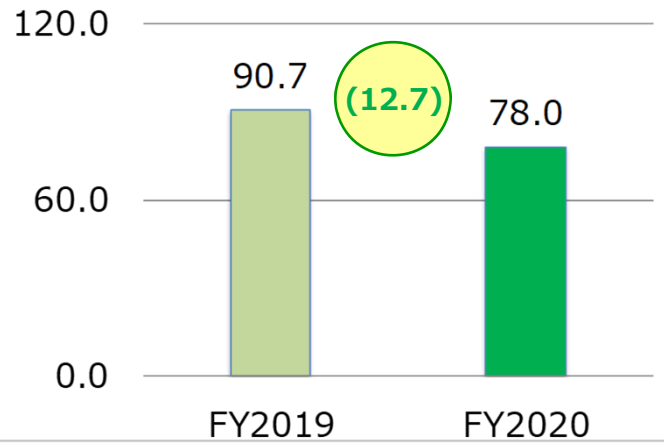
Cement and Ready-mixed concrete	0.8
Construction materials and Limestone related products	(2.8)
Coal	(0.2)
Power	0.2
etc	

(10.8)% Decreased

Analysis – Machinery

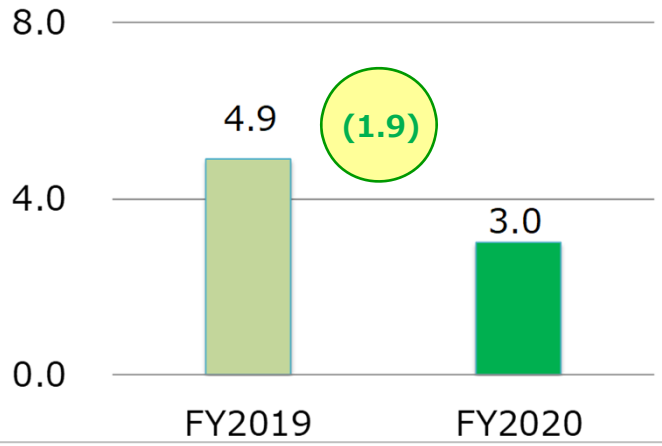
(Billions of yen)

Net Sales



(14.1)% Decreased

Operating Profit



(39.3)% Decreased

FY2020 Consolidated Forecasts

Operating Profit – Profit attributable to owners of parent

(Billions of yen)

Item	FY2019 (A)	FY2020 (B)	Difference (B) - (A)
Operating profit	34.0	21.5	(12.5)
Non-operating income (expenses)	1.6	(4.0)	(5.6)
Ordinaly profit	35.7	17.5	(18.2)
Extraordinary income (losses)	(5.3)	(1.0)	4.3
Profit before income taxes	30.3	16.5	(13.8)
Income taxes and profit (loss) attributable to non-controlling interests	(7.3)	(3.5)	3.8
Profit attributable to owners of parent	22.9	13.0	(9.9)
Net income per share	227.33 yen	128.54 yen	(98.79) yen

Reference

Reference: FY2020 Consolidated Forecast

Difference of Net sales

(Billions of yen)

Segment	Previous forecasts 2020/5/13 (A)	Revised forecasts 2020/10/23 (B)	Difference (B) - (A)	Major factors
Chemicals	260.0	243.0	(17.0)	Engineering Plastics & Fine Chemicals (8.0) Synthetic rubber (4.5) Specialty Products (3.4) Pharmaceutical (0.5) etc.
Construction Materials	290.0	279.0	(11.0)	Cement and Ready-mixed concrete 7.0 Construction materials and Limestone related products (5.5) Coal (11.0) Power (2.1) etc.
Machinery	79.0	78.0	(1.0)	
Others	3.0	3.0	0.0	
Adjustment	(18.0)	(11.0)	7.0	
Total	614.0	592.0	(22.0)	

Reference: FY2020 Consolidated Forecast

Difference of Operating profit

(Billions of yen)

Segment	Previous forecasts 2020/5/13 (A)	Revised forecasts 2020/10/23 (B)	Difference (B) - (A)	Major factors
Chemicals	9.5	5.5	(4.0)	Engineering Plastics & Fine Chemicals (3.1) Synthetic rubber (0.9) Specialty Products (1.2) Pharmaceutical (0.2) etc.
Construction Materials	13.5	13.0	(0.5)	Cement and Ready-mixed concrete 1.7 Construction materials and Limestone related products (1.6) Coal (0.3) Power (0.6) etc.
Machinery	3.5	3.0	(0.5)	
Others	0.5	0.5	0.0	
Adjustment	(1.0)	(0.5)	0.5	
Total	26.0	21.5	(4.5)	

Analysis of Operating Profit by Segment

(Billions of yen)

Segment	Operating profit (loss)					
	FY2019 2Q (A)	FY2020 2Q (B)	Difference (B) - (A)	Price *1	Volume	Fixed cost and others *2
Chemicals	8.3	(2.5)	(10.8)	(7.0)	(5.0)	1.0
Construction Materials	6.7	5.6	(1.0)	2.2	(3.0)	(0.3)
Machinery	1.6	0.2	(1.4)	(0.1)	(0.4)	*3 (0.9)
Others	0.2	0.1	(0.0)	0.0	0.0	(0.1)
Adjustment	(0.2)	(0.0)	0.1	-	-	0.1
Total	16.7	3.4	(13.3)	(4.9)	(8.3)	(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 (1.4)

Progress of Major P/L Items

(Billions of yen)

Item	FY2019 (A)		FY2020 (B)		Difference (B) - (A)	
		2Q Progress		2Q Progress		2Q
Net sales	667.8	335.0 50.2%	592.0	280.0 47.3%	(75.8)	(55.0)
Operating profit	34.0	16.7 49.2%	21.5	3.4 15.9%	(12.5)	(13.3)
Ordinary profit	35.7	16.6 46.6%	17.5	1.5 8.7%	(18.2)	(15.1)
Profit attributable to owners of parent	22.9	10.7 47.0%	13.0	0.2 2.1%	(9.9)	(10.5)

Net Sales

(Billions of yen)

Segment	FY2020					Full-year (forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	52.5	59.7	–	–	112.3	243.0	46.2%
Construction Materials	69.1	69.9	–	–	139.1	279.0	49.9%
Machinery	16.7	18.2	–	–	34.9	78.0	44.8%
Others	0.7	0.7	–	–	1.4	3.0	49.1%
Adjustment	(3.1)	(4.7)	–	–	(7.8)	(11.0)	–%
Total	136.1	143.9	–	–	280.0	592.0	47.3%

Operating Profit

(Billions of yen)

Segment	FY2020					Full-year (forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	(2.7)	0.1	–	–	(2.5)	5.5	–%
Construction Materials	1.9	3.7	–	–	5.6	13.0	43.6%
Machinery	0.2	0.0	–	–	0.2	3.0	8.4%
Others	0.0	0.1	–	–	0.1	0.5	28.6%
Adjustment	(0.1)	0.0	–	–	(0.0)	(0.5)	–%
Total	(0.6)	4.0	–	–	3.4	21.5	15.9%

2Q on 1Q – Net Sales

(Billions of yen)

Segment	FY2020 1Q (A)	FY2020 2Q (B)	Difference (B) - (A)	Major factors
Chemicals	52.5	59.7	7.1	Engineering Plastics & Fine Chemicals 4.5 Synthetic rubber 1.1 Specialty Products 1.2 Pharmaceutical (0.6) etc.
Construction Materials	69.1	69.9	0.7	Cement and Ready-mixed concrete 2.6 Construction materials and Limestone related products 0.3 Coal (2.2) Power 0.2 etc.
Machinery	16.7	18.2	1.4	
Others	0.7	0.7	0.0	
Adjustment	(3.1)	(4.7)	(1.6)	
Total	136.1	143.9	7.7	

2Q on 1Q – Operating Profit

(Billions of yen)

Segment	FY2020 1Q (A)	FY2020 2Q (B)	Difference (B) - (A)	Major factors
Chemicals	(2.7)	0.1	2.9	Engineering Plastics & Fine Chemicals 4.0 Synthetic rubber (1.1) Specialty Products (0.0) Pharmaceutical (0.5) etc.
Construction Materials	1.9	3.7	1.7	Cement and Ready-mixed concrete 1.0 Construction materials and Limestone related products 0.3 Coal 0.1 Power 0.5 etc.
Machinery	0.2	0.0	(0.2)	
Others	0.0	0.1	0.0	
Adjustment	(0.1)	0.0	0.2	
Total	(0.6)	4.0	4.7	

Consolidated Key Indicators

(Billions of yen)

Item	FY2019 2Q	FY2020 2Q	FY2020 full-year (forecast)	FY2019 full-year
Capital investment	18.0	17.8	47.0	47.6
Depreciation and amortization	18.1	18.0	36.0	36.8
Research and development expenses	6.5	5.6	14.0	12.8
Adjusted operating profit	18.8	3.8	23.0	37.8
Interest-bearing debt	181.4	199.3	210.0	190.7
Shareholders' equity	330.3	330.3	336.0	332.3
Total assets	716.6	706.0	730.0	727.2
D/E ratio (times)	0.55	0.60	0.63	0.57
Shareholders' equity ratio (%)	46.1	46.8	46.0	45.7
Return on sales - ROS (%)	5.0	1.2	3.6	5.1
Return on assets - ROA (%)	-	-	3.2	5.2
Return on equity – ROE (%)	-	-	3.9	6.9
Number of employees	11,152	11,094	11,000	10,890

Consolidated Major Subsidiaries

(Billions of yen)

Subsidiaries and affiliates	Business	Net Sales FY2020 2Q	Difference of operating profit from FY2019 2Q
UBE Corporation Europe, S.A. Unipersonal	Manufacture and sales of nylon, caprolactam, ammonium sulfate and fine chemical products	16.0	↓
UBE Chemicals (Asia) Public Company Limited	Manufacture and sales of nylon, caprolactam and ammonium sulfate	12.7	↓
THAI SYNTHETIC RUBBERS COMPANY LIMITED	Manufacture and sales of polybutadiene rubber	4.4	↑
UBE Ammonia Industry, Ltd.	Manufacture and sales of ammonia and industrial gases	8.5	→
UBE Film, Ltd.	Manufacture and sales of plastic film products	4.7	→
UBE EXSYMO CO., LTD.	Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials	6.2	↑
UBE Material Industries, Ltd.	Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc.	19.0	↓
UBE Shipping & Logistics, Ltd.	Coastal shipping, port transport, containers, collection and transport of industrial waste, trading and engineering business	8.8	↓
UBE Construction Materials Sales Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	31.2	→
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	10.8	→
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	19.5	→
Ube Construction materials Co., Ltd.	Manufacture, sales and construction of various building materials	5.0	↑
UBE Machinery Corporation, Ltd.	Manufacture, sales, and service of molding machines, industrial machinery and bridge, etc.	17.5	↓
UBE Steel Co., Ltd	Manufacture and sales of cast iron and steel products and rolled steel billets	8.4	↓

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

Announcement of 3rd quarter Business Results

- **Announcement of 3rd quarter Business Results**
  - **February 2, 2021　15:00**

- **Telephone Conference for 3rd quarter Business Results**
  - **February 2, 2021　18:00 – 18:45**

(Note) This schedule is subject to change without notice due to circumstances.



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