Financial Results for the 3rd Quarter FY2020 Explanatory material

February 2, 2021

3rd Quarter: April – December

UBE INDUSTRIES,LTD.

FY2020 3rd Quarter Consolidated Results

Scope of Consolidation

Item	End of FY2019 (A)	End of FY2020 3Q (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	26	0	+ MU Ionic Solutions Corporation – Changshu UM Battery Materials Co., Ltd.
Total	95	92	(3)	

Environmental Factors

Item				FY2019 3Q (A)	FY2020 3Q (B)	Difference (B) - (A)
Exchange Rate			Yen/$	108.7	106.1	(2.6)
Material Price	Naphtha	CIF	$/ t	533	365	(168)
		Domestic	Yen/KL	42,300	28,900	(13,400)
	Benzene (ACP)		$/ t	653	487	(166)
	Australian Coal (CIF)		$/ t	101.5	77.3	(24.3)
			Yen/t	11,030	8,198	(2,832)

Major P/L Items

(Billions of yen)

Item	FY2019 3Q (A)	FY2020 3Q (B)	Difference (B) - (A)	Percentage change
Net sales	497.8	438.9	(58.9)	(11.8)%
Operating profit	25.4	13.8	(11.5)	(45.6)%
Ordinary profit	24.9	10.5	(14.3)	(57.6)%
Profit attributable to owners of parent	15.1	8.9	(6.2)	(40.9)%

Net Sales and Operating Profit by Segment

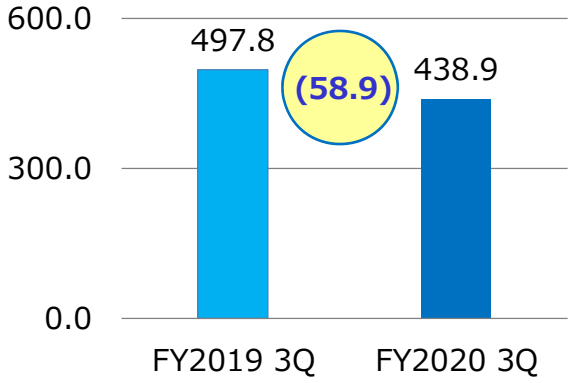
(Billions of yen)

	Segment	FY2019 3Q (A)	FY2020 3Q (B)	Difference (B) - (A)	Percentage change
Net sales	Chemicals	214.9	179.7	(35.2)	(16.4)%
	Construction Materials	227.7	212.3	(15.3)	(6.7)%
	Machinery	64.7	54.5	(10.1)	(15.7)%
	Others	3.5	2.3	(1.2)	(35.3)%
	Adjustment	(13.0)	(10.0)	3.0	-
	Total	497.8	438.9	(58.9)	(11.8)%
Operating profit (loss)	Chemicals	11.0	1.5	(9.5)	(85.7)%
	Construction Materials	11.3	11.0	(0.2)	(2.6)%
	Machinery	2.9	1.0	(1.8)	(63.7)%
	Others	0.4	0.3	(0.1)	(34.7)%
	Adjustment	(0.4)	(0.1)	0.2	-
	Total	25.4	13.8	(11.5)	(45.6)%

Analysis - Total

(Billions of yen)

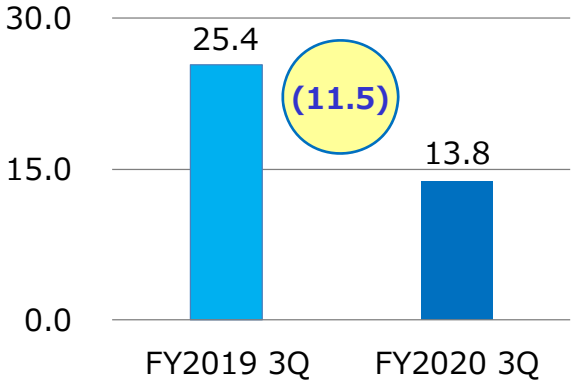
Net sales



Chemicals	(35.2)
Construction Materials	(15.3)
Machinery	(10.1)
Others	(1.2)
Adjustment	3.0

(11.8)% Decreased

Operating profit



Chemicals	(9.5)
Construction Materials	(0.2)
Machinery	(1.8)
Others	(0.1)
Adjustment	0.2

(45.6)% Decreased

Difference of operating profit

Price ※1	(4.5)
Volume	(8.6)
Fixed Cost and Others ※2	1.5
Total	**(11.5)**

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

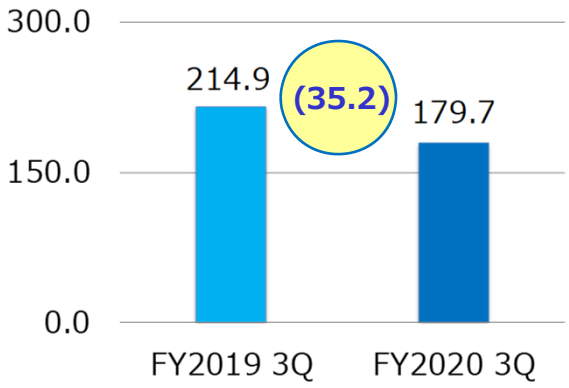
***2: Including inventory valuation changes and lowest cost accounting**

3rd Quarter of the FY2020

Analysis - Chemicals

(Billions of yen)

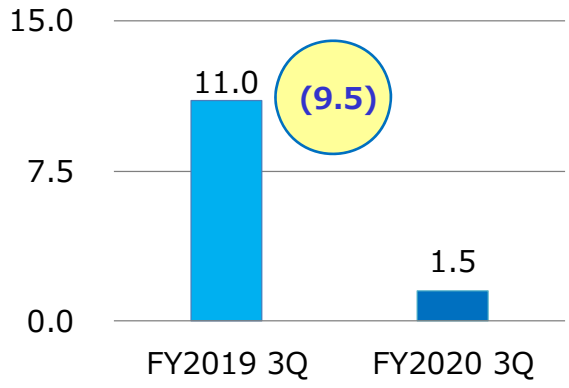
Net sales



Engineering Plastics & Fine Chemicals	(18.5)
Synthetic rubber	(10.2)
Specialty Products	(3.9)
Pharmaceutical	(1.8)
etc	

(16.4)% Decreased

Operating profit



Engineering Plastics & Fine Chemicals	(7.3)
Synthetic rubber	(2.8)
Specialty Products	(0.2)
Pharmaceutical	(0.4)
etc	

(85.7)% Decreased

Difference of operating profit

Price ※1	(8.2)
Volume	(4.3)
Fixed Cost and Others ※2	3.0
Total	**(9.5)**

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

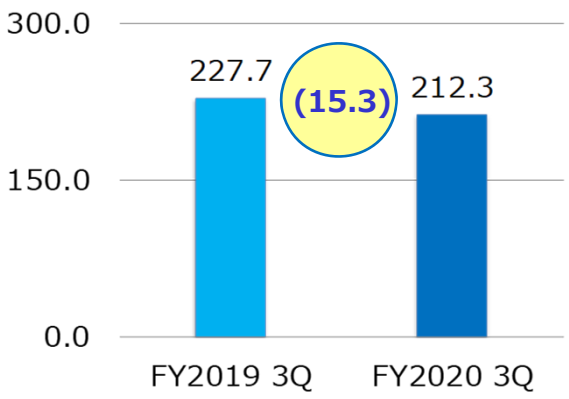
***2: Including inventory valuation changes and lowest cost accounting**

3rd Quarter of the FY2020

Analysis – Construction Materials

(Billions of yen)

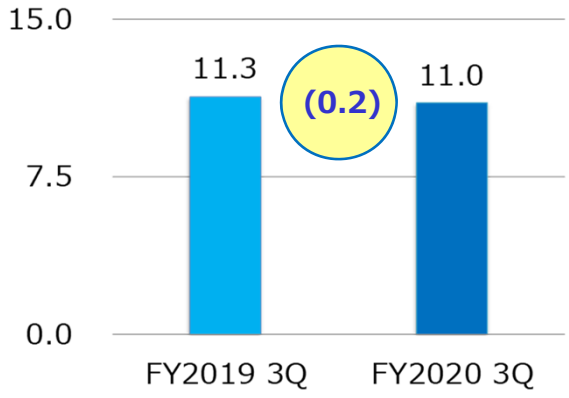
Net sales



Cement and Ready-mixed concrete	3.5
Construction materials and Limestone related products	(6.8)
Coal	(11.4)
Power	(1.1)
etc	

(6.7)% Decreased

Operating profit



Cement and Ready-mixed concrete	1.0
Construction materials and Limestone related products	(2.0)
Coal	(0.3)
Power	1.1

(2.6)% Decreased

Difference of operating profit

Price ※1	3.7
Volume	(3.8)
Fixed Cost and Others	(0.2)
Total	**(0.2)**

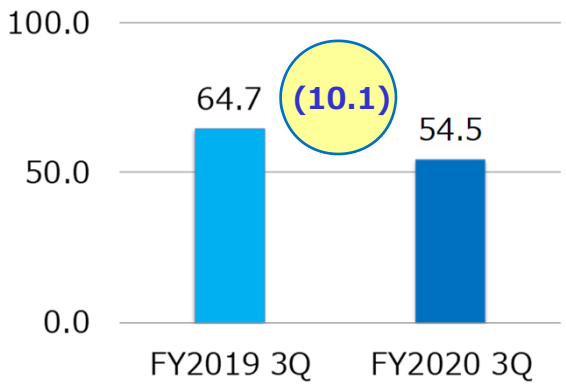
***1: Including both selling and purchase change**

3rd Quarter of the FY2020

Analysis - Machinery

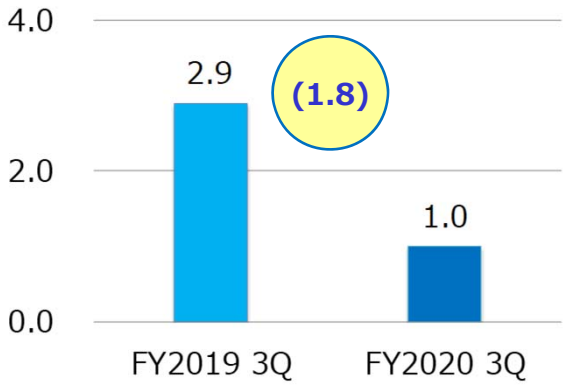
(Billions of yen)

Net sales



(15.7)% Decreased

Operating profit



(63.7)% Decreased

Difference of operating profit

Price ※1	0.0
Volume	(0.6)
Fixed Cost and Others ※2	(1.3)
Total	**(1.8)**

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

***2: Including marginal profit on machinery product (2.0)**

Operating Profit – Profit attributable to owners of parent

(Billions of yen)

Item	FY2019 3Q (A)	FY2020 3Q (B)	Difference (B) - (A)
Operating profit	25.4	13.8	(11.5)
Non-operating income (expenses)	(0.4)	(3.2)	(2.7)
Net interests expenses	0.5	0.1	(0.4)
Share of profit of entities accounted for using equtiy method	1.8	0.4	(1.4)
Foreign exchange gains (losses)	0.1	(0.8)	(1.0)
Others	(3.0)	(2.9)	0.0
Ordinary profit	24.9	10.5	(14.3)
Extraordinary income (losses)	(5.5)	1.5	7.1
Profit before income taxes	19.3	12.1	(7.1)
Income taxes and loss attributable to non-controlling interests	(4.1)	(3.1)	0.9
Profit attributable to owners of parent	15.1	8.9	(6.2)
Net income per share	150.16 yen	88.73 yen	(61.43) yen

Consolidated Balance Sheet

(Billions of yen)

Item	End of FY2019 (A)	End of FY2020 3Q (B)	Difference (B) - (A)
Current assets	303.9	317.9	13.9
Fixed assets	423.1	423.9	0.8
Total assets	727.2	742.0	14.8
Interest-bearing debt	190.7	223.9	33.1
Other liabilities	182.1	159.9	(22.1)
Total liabilities	372.8	383.8	11.0
Shareholders' equity *1	332.3	337.0	4.6
Non-controlling interests and others	22.0	21.1	(0.8)
Total net assets	354.4	358.2	3.8
Total liabilities and net assets	727.2	742.0	14.8

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

Consolidated Statements of Cash Flows

(Billions of yen)

Item	FY2019 3Q	FY2020 3Q	
A.Cash flows from operating activities	46.1	38.6	Profit before income taxes 12.1 Depreciation and amortization 27.1 Increase in working capital 12.0 Income taxes paid (7.0) etc.
B.Cash flows from investing activities	(31.0)	(32.5)	Acquisition of PP&E (30.7) etc.
Free cash flows (A+B)	15.0	6.0	
C.Cash flows from financing activities	(18.2)	20.2	Increase in interest-bearing debt 29.7 Dividends paid (9.3) etc.
D.Net increase/decrease in cash and cash equivalents	(2.9)	27.2	
E.Cash and cash equivalents at end of the quarter	29.3	67.8	

Reference



Reference: 3rd Quarter of the FY2020

Analysis of Operating Profit by Segment

(Billions of yen)

Segment	Operating profit					
	FY2019 3Q (A)	FY2020 3Q (B)	Difference (B) - (A)	Price *1	Volume	Fixed cost and others *2
Chemicals	11.0	1.5	(9.5)	(8.2)	(4.3)	3.0
Construction Materials	11.3	11.0	(0.2)	3.7	(3.8)	(0.2)
Machinery	2.9	1.0	(1.8)	0.0	(0.6)	*3 (1.3)
Others	0.4	0.3	(0.1)	0.0	0.0	(0.2)
Adjustment	(0.4)	(0.1)	0.2	-	-	0.3
Total	25.4	13.8	(11.5)	(4.5)	(8.6)	1.5

*1:Including both selling and purchase change *2:Including inventory valuation changes and lowest cost accounting
*3:Including marginal profit on machinery product (2.0)

Reference: 3rd Quarter of the FY2020

Progress of Major P/L Items

(Billions of yen)

Item	FY2019 Results (A)		FY2020 Forecasts (B)		Difference (B) - (A)	
		3Q Progress		3Q Progress		3Q
Net sales	667.8	497.8 74.5%	592.0	438.9 74.1%	(75.8)	(58.9)
Operating profit	34.0	25.4 74.7%	21.5	13.8 64.3%	(12.5)	(11.5)
Ordinary profit	35.7	24.9 69.8%	17.5	10.5 60.4%	(18.2)	(14.3)
Profit attributable to owners of parent	22.9	15.1 66.1%	13.0	8.9 69.0%	(9.9)	(6.2)

Reference: 3rd Quarter of the FY2020

Net Sales

(Billions of yen)

Segment	FY2020					Full-year (forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	52.5	59.7	67.3	–	179.7	243.0	74.0%
Construction Materials	69.1	69.9	73.2	–	212.3	279.0	76.1%
Machinery	16.7	18.2	19.6	–	54.5	78.0	69.9%
Others	0.7	0.7	0.8	–	2.3	3.0	77.1%
Adjustment	(3.1)	(4.7)	(2.1)	–	(10.0)	(11.0)	–%
Total	136.1	143.9	158.9	–	438.9	592.0	74.1%

Reference: 3rd Quarter of the FY2020

Operating Profit

(Billions of yen)

Segment	FY2020					Full-year (forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Chemicals	(2.7)	0.1	4.1	–	1.5	5.5	28.8%
Construction Materials	1.9	3.7	5.3	–	11.0	13.0	85.0%
Machinery	0.2	0.0	0.8	–	1.0	3.0	35.5%
Others	0.0	0.1	0.1	–	0.3	0.5	62.0%
Adjustment	(0.1)	0.0	(0.1)	–	(0.1)	(0.5)	–%
Total	(0.6)	4.0	10.4	–	13.8	21.5	64.3%

Reference: 3rd Quarter of the FY2020

3Q on 2Q – Net Sales

(Billions of yen)

Segment	FY2020 2Q (A)	FY2020 3Q (B)	Difference (B) - (A)	Major factors
Chemicals	59.7	67.3	7.6	Engineering Plastics & Fine Chemicals 4.8 Synthetic rubber 1.1 Specialty Products 0.3 Pharmaceutical 1.6 etc.
Construction Materials	69.9	73.2	3.2	Cement and Ready-mixed concrete 3.2 Construction materials and Limestone related products 1.2 Coal (1.0) Power (0.4) etc.
Machinery	18.2	19.6	1.3	
Others	0.7	0.8	0.0	
Adjustment	(4.7)	(2.1)	2.6	
Total	143.9	158.9	15.0	

3Q on 2Q – Operating Profit

(Billions of yen)

Segment	FY2020 2Q (A)	FY2020 3Q (B)	Difference (B) - (A)	Major factors
Chemicals	0.1	4.1	3.9	Engineering Plastics & Fine Chemicals 1.7 Synthetic rubber 1.0 Specialty Products 0.4 Pharmaceutical 1.5 etc.
Construction Materials	3.7	5.3	1.6	Cement and Ready-mixed concrete 1.0 Construction materials and Limestone related products 0.4 Coal (0.2) Power 0.3 etc.
Machinery	0.0	0.8	0.8	
Others	0.1	0.1	0.0	
Adjustment	0.0	(0.1)	(0.1)	
Total	4.0	10.4	6.3	

Reference: 3rd Quarter of the FY2020

Consolidated Key Indicators

(Billions of yen)

Item	FY2019 3Q	FY2020 3Q	FY2020 full-year (forecast)	FY2019 full-year
Capital investment	26.6	24.7	47.0	47.6
Depreciation and amortization	27.2	27.1	36.0	36.8
Research and development expenses	9.7	8.3	14.0	12.8
Adjusted operating profit	28.5	15.1	23.0	37.8
Interest-bearing debt	184.9	223.9	210.0	190.7
Shareholders' equity	333.3	337.0	336.0	332.3
Total assets	725.7	742.0	730.0	727.2
D/E ratio (times)	0.55	0.66	0.63	0.57
Shareholders' equity ratio (%)	45.9	45.4	46.0	45.7
Return on sales - ROS (%)	5.1	3.2	3.6	5.1
Return on assets - ROA (%)	-	-	3.2	5.2
Return on equity – ROE (%)	-	-	3.9	6.9
Number of employees	11,033	11,046	11,000	10,890

Reference: 3rd Quarter of the FY2020

Consolidated Major Subsidiaries

(Billions of yen)

Subsidiaries and affiliates	Business	Net Sales FY2020 3Q	Difference of operating profit from FY2019 3Q
UBE Corporation Europe, S.A. Unipersonal	Manufacture and sales of nylon, caprolactam, ammonium sulfate and fine chemical products	25.8	↓
UBE Chemicals (Asia) Public Company Limited	Manufacture and sales of nylon, caprolactam and ammonium sulfate	20.1	↓
THAI SYNTHETIC RUBBERS COMPANY LIMITED	Manufacture and sales of polybutadiene rubber	6.7	↓
UBE Film, Ltd.	Manufacture and sales of plastic film products	7.1	↑
UBE EXSYMO CO., LTD.	Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials	9.2	↑
UBE Material Industries, Ltd.	Manufacture and sales of magnesia clinker, quicklime, slaked lime, etc.	29.5	↓
UBE Shipping & Logistics, Ltd.	Coastal shipping, port transport, containers, collection and transport of industrial waste, trading and engineering business	13.4	↓
UBE Construction Materials Sales Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	49.1	→
SANSHIN TSUSHO Co., Ltd.	Sales of cement, ready-mixed concrete, building materials, etc.	16.3	→
Consolidated subsidiaries dealing ready-mixed concrete	Manufacture and sales of ready-mixed concrete	31.2	↑
Ube Construction materials Co., Ltd.	Manufacture, sales and construction of various building materials	7.8	↑
UBE Machinery Corporation, Ltd.	Manufacture, sales, and service of molding machines, industrial machinery and bridge, etc.	28.2	↓
UBE Steel Co., Ltd	Manufacture and sales of cast iron and steel products and rolled steel billets	13.7	↓

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

Reference: IR Calendar

Announcement of FY2020 Business Results and Related Presentations

- **Announcement of FY2020 Business Results**
  - **May 12, 15 : 00**

- **Telephone Conference for FY2020 Business Results**
  - **May 12, 18 : 00 – 19 : 00**

- **FY2021 Management Overview Briefing**
  - **May 19, 10 : 00 – 11 : 30**

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



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Furthermore, they are subject to a number of risks and uncertainties which include, but are not limited to, economic conditions in key markets, supply and demand of products, the prices of raw material and fuel, interest rates, and exchange rates. Readers of this presentation material are cautioned not to place undue reliance on these forward-looking statements. Actual results may differ materially from expectations.
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