UBE Corporation

Financial Results for the 1st Quarter FY2024

Explanatory material

August 5, 2024

1st Quarter: April - Jun

FY2024 1st Quarter Consolidated Result

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Scope of Consolidation

Item	End of FY2023 (A)	End of FY2024 1Q (B)	Difference (B) - (A)	Notes
Number of consolidated subsidiaries	36	35	(1)	– UBE EXSYMO ADVANCED MATERIALS (WUXI) CO.,LTD.
Number of equity method affiliates	16	16	–	
Total	52	51	(1)	

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Environmental Factors

Item				FY2023 1Q (A)	FY2024 1Q (B)	Difference (B) - (A)
Exchange Rate			Yen/$	137.4	155.9	18.5
Material Price	Naphtha	CIF	$/ t	695	717	22
		Domestic	Yen/KL	67,500	79,000	11,500
	Benzene (ACP)		$/ t	938	1,083	145
	Australian Coal (CIF)		$/ t	216.5	162.5	(54.0)
			Yen/t	29,741	25,331	(4,410)

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Major P/L Items

(Billions of yen)

Item	FY2023 1Q (A)	FY2024 1Q (B)	Difference (B) - (A)	Percentage change
Net sales	109.2	115.4	6.2	5.6%
Operating profit	2.6	2.9	0.3	11.0%
Ordinary profit	5.3	7.0	1.6	30.8%
Profit attributable to owners of parent	3.7	4.8	1.1	31.4%

Net Sales and Operating Profit by Segment

(Billions of yen)

	Segment	FY2023 1Q (A)	FY2024 1Q (B)	Difference (B) - (A)	Percentage change
Net sales	Specialty Products	15.8	15.1	(0.7)	(4.4)%
	Polymers & Chemicals	60.9	70.9	10.0	16.4%
	Machinery	20.6	19.2	(1.4)	(6.8)%
	Others	17.7	15.7	(2.0)	(11.5)%
	Adjustment	(5.8)	(5.5)	0.3	-
	Total	109.2	115.4	6.2	5.6%
Operating profit	Specialty Products	3.0	2.2	(0.8)	(27.4)%
	Polymers & Chemicals	(1.5)	0.1	1.6	-
	Machinery	0.9	1.0	0.1	12.9%
	Others	0.9	0.3	(0.6)	(67.5)%
	Adjustment	(0.7)	(0.7)	0.0	-
	Total	2.6	2.9	0.3	11.0%

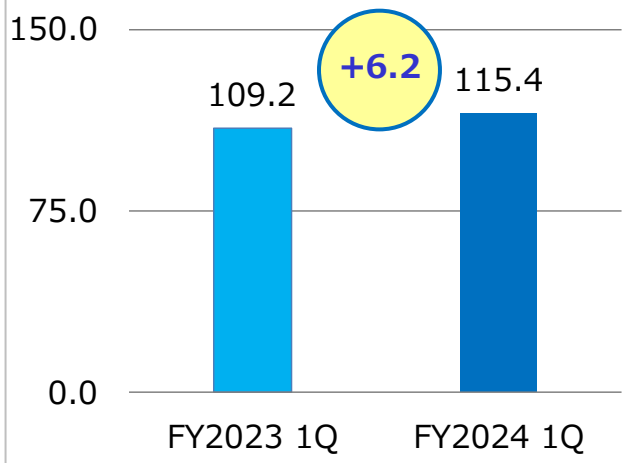
Note: UBE America Inc. and UBE CORPORATION AMERICA INC. are reclassified from the “Others” segment to the “Polymers & Chemicals” segment from FY2024. The results for FY2023 1Q are figures reflecting the segment reclassification.

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Analysis – Total

(Billions of yen)

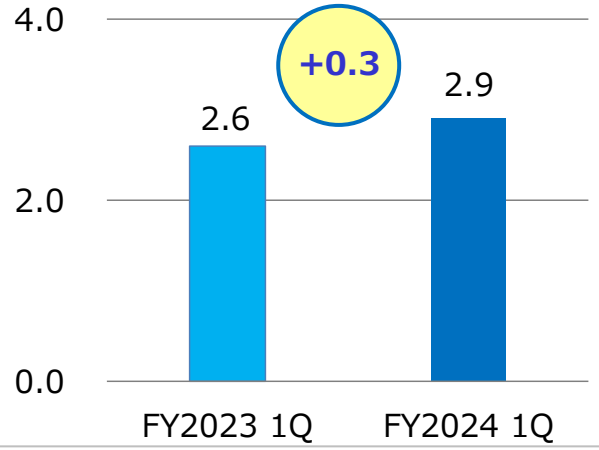
Net Sales



Specialty Products	(0.7)
Polymers & Chemicals	10.0
Machinery	(1.4)
Others	(2.0)
Adjustment	0.3

5.6% Increased

Operating profit



Specialty Products	(0.8)
Polymers & Chemicals	1.6
Machinery	0.1
Others	(0.6)
Adjustment	0.0

11.0% Increased

Qualitative Information

Net sales: Up

- Polymers & Chemicals: Increase in sales volume and sales price of nylon polymers and caprolactam due to recovery in demand in the overseas market

Operating profit: Up

- Specialty Products: Weak sales of polyimide
- Polymers & Chemicals: Increase in sales volume and sales price of nylon polymers and caprolactam due to recovery in demand in the overseas market

Difference of operating profit

Price *1	2.0
Volume	(0.2)
Fixed Cost and Others *2	(1.6)
Total	**0.3**

*1: Including both selling and purchase change

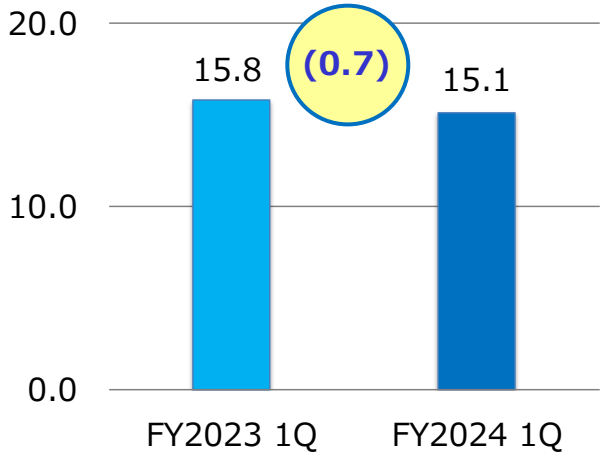
*2: Including inventory valuation changes and lowest cost accounting

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Analysis – Specialty Products

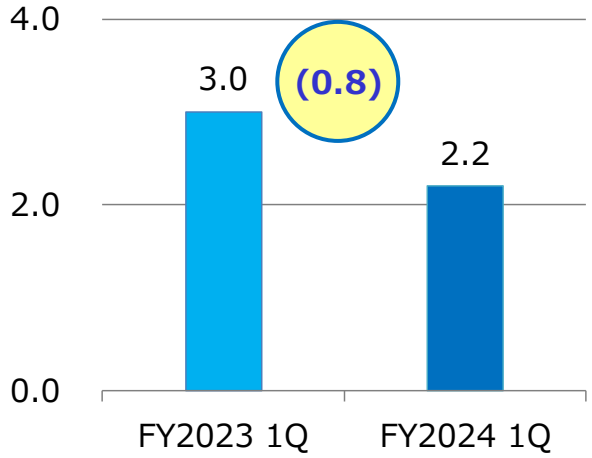
(Billions of yen)

Net Sales



(4.4)% Decreased

Operating profit



(27.4)% Decreased

Qualitative Information

Net sales: Down

- Polyimide: Weak sales of varnish for organic EL panels despite strong performance of films and raw material BPDA
- Separation membranes: Delay in the product shipments despite continuing strong demand for CO_2 separation membranes for biomethane production

Operating profit: Down

- Weak sales of polyimide

Difference of operating profit

Price	0.5
Volume	(0.3)
Fixed Cost and Others *1	(1.0)
Total	**(0.8)**

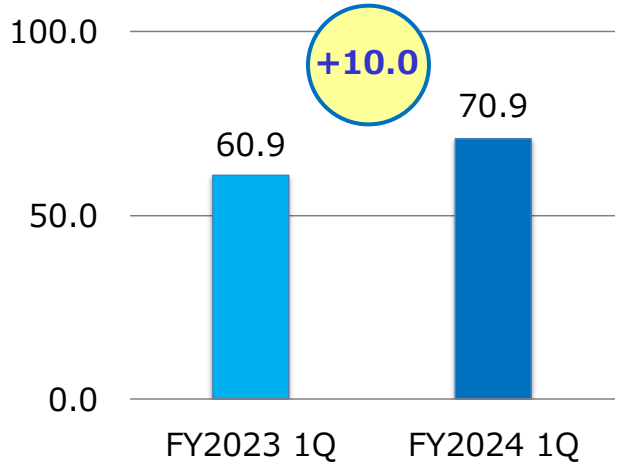
*1: Including inventory valuation changes

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Analysis – Polymers & Chemicals

(Billions of yen)

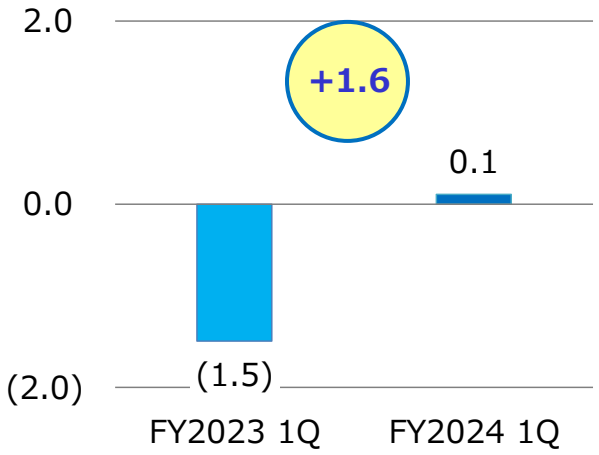
Net Sales



Performance Polymers & Chemicals	7.4
Elastmer	2.6

16.4% Increased

Operating profit



Performance Polymers & Chemicals	2.5
Elastmer	(0.9)

–

Qualitative Information

Net sales: Up

- Nylon polymers: Increase in sales volume and sales price thanks to recovery in demand for food packaging film, etc. in the overseas market
- Caprolactam & ammonium sulfate: Increase in sales volume in the overseas market, and higher sales price due to higher market prices for raw materials

Operating profit: Up

- Increase in sales volume and sales price of nylon polymers and caprolactam due to recovery in demand in the overseas market

Difference of operating profit

Price *1	0.7
Volume	0.8
Fixed Cost and Others *2	0.1
Total	**1.6**

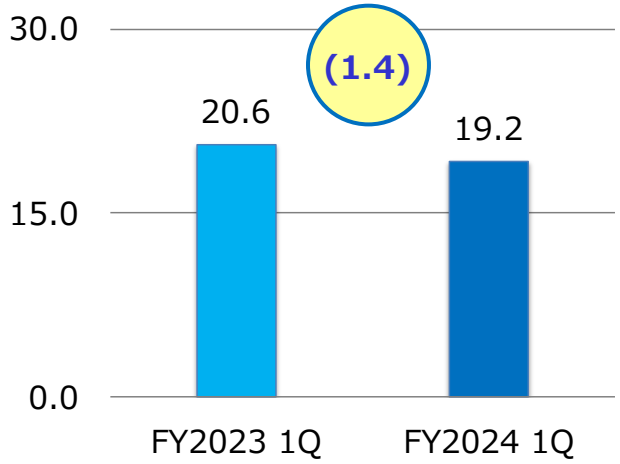
*1: Including both selling and purchase change

*2: Including inventory valuation changes

Analysis – Machinery

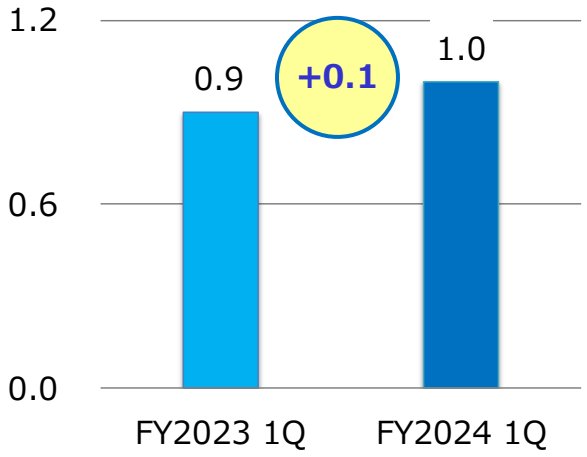
(Billions of yen)

Net Sales



(6.8)% Decreased

Operating profit



12.9% Increased

Qualitative Information

Net sales: Down

- Molding machines: Delay in the timing of machinery product shipments
- Steel products: Decreased sales volume due to taking longer periodic maintenance than the previous fiscal year

Operating profit: Up

- Strong performance of after-sales services in the molding machine
- Strong sales of products and after-sales services in the industrial machine

Difference of operating profit

Marginal profit on machinery product: 0.4

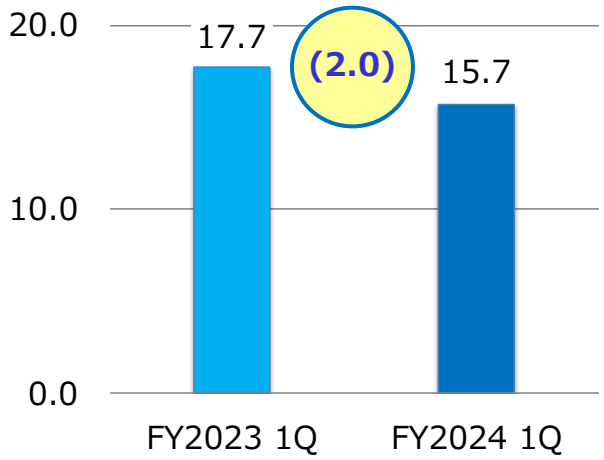
(Since machinery products are manufactured on an individual order basis, no analysis of differences in price and volume is performed.)

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Analysis – Others

(Billions of yen)

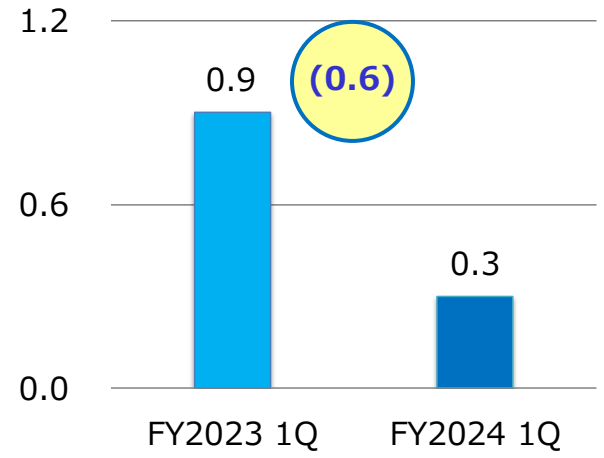
Net Sales



Pharmaceutical	(1.6)
Power	(0.5)
etc	

(11.5)% Decreased

Operating profit



Pharmaceutical	(0.8)
Power	(0.0)
etc	

(67.5)% Decreased

Qualitative Information

Net sales: Down

- Pharmaceutical: Weak sales of contract pharmaceuticals
- Power: Decreased sales volume of electricity because of lower demand for electricity in the cement-related business, etc.

Operating profit: Down

- Weak sales of contract pharmaceuticals

Difference of operating profit

Price *1	0.9
Volume	(0.5)
Fixed Cost and Others *2	(1.0)
Total	**(0.6)**

*1: Including both selling and purchase change

*2: Including lowest cost accounting

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Operating Profit – Profit attributable to owners of parent

(Billions of yen)

Item	FY2023 1Q (A)	FY2024 1Q (B)	Difference (B) - (A)
Operating profit	2.6	2.9	0.3
Non-operating income (expenses)	2.7	4.1	1.4
Net interests expenses	0.2	0.1	(0.1)
Share of profit of entities accounted for using equtiy method	2.3	3.9	1.6
Share of profit of entities accounted for using equtiy method related to Mitsubishi UBE Cement Corporation	2.4	4.0	1.6
Foreign exchange gains	0.8	0.7	(0.1)
Others	(0.6)	(0.6)	(0.0)
Ordinary profit	5.3	7.0	1.6
Extraordinary income (losses)	(0.3)	0.2	0.5
Profit before income taxes	5.1	7.2	2.2
Income taxes and profit (loss) attributable to non-controlling interests	(1.4)	(2.4)	(1.0)
Profit attributable to owners of parent	3.7	4.8	1.1
Net income per share	37.66 yen	49.49 yen	11.83 yen

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Consolidated Balance Sheet

(Billions of yen)

Item	End of FY2023 (A)	End of FY2024 1Q (B)	Difference (B) - (A)
Current assets	295.7	296.7	1.0
Fixed assets	493.2	510.7	17.5
Total assets	789.0	807.5	18.5
Interest-bearing debt	213.4	231.1	17.6
Other liabilities	146.2	136.8	(9.5)
Total liabilities	359.7	367.8	8.2
Shareholders' equity *	408.7	418.0	9.3
Non-controlling interests and others	20.7	21.7	1.0
Total net assets	429.4	439.7	10.3
Total liabilities and net assets	789.0	807.5	18.5

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

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Consolidated Statements of Cash Flows

(Billions of yen)

Item	FY2023 1Q	FY2024 1Q	
A.Cash flows from operating activities	7.1	1.7	Profit before income taxes 7.2 Depreciation and amortization 6.7 Share of profit of entities accounted for using equtiy method (3.9) Income taxes paid (3.3), etc.
B.Cash flows from investing activities	(8.1)	(18.0)	Acquisition of PP&E and intangible asset (17.2), etc.
Free cash flows (A+B)	(1.0)	(16.3)	
C.Cash flows from financing activities	(4.0)	11.7	Increase in interest-bearing debts 17.1 Dividends paid (5.4), etc.
D.Net increase/decrease in cash and cash equivalents	(4.1)	(3.3)	
E.Cash and cash equivalents at end of the quarter	26.6	32.6	

Reference

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Progress of Major P/L Items

(Billions of yen)

Item	FY2023 Results (A)		FY2024 Forecast (B)		Difference (B) - (A)	
		1Q Progress		1Q Progress		1Q
Net sales	468.2	109.2 23.3%	510.0	115.4 22.6%	41.8	6.2
Operating profit	22.5	2.6 11.7%	27.0	2.9 10.8%	4.5	0.3
Ordinary profit	36.3	5.3 14.7%	37.0	7.0 18.8%	0.7	1.6
Profit attributable to owners of parent	29.0	3.7 12.6%	29.5	4.8 16.3%	0.5	1.1

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Net Sales

(Billions of yen)

Segment	FY2024					Full-year (forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Specialty Products	15.1	–	–	–	15.1	70.0	21.6%
Polymers & Chemicals	70.9	–	–	–	70.9	288.0	24.6%
Machinery	19.2	–	–	–	19.2	104.0	18.4%
Others	15.7	–	–	–	15.7	72.0	21.8%
Adjustment	(5.5)	–	–	–	(5.5)	(24.0)	–%
Total	115.4	–	–	–	115.4	510.0	22.6%

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Operating Profit

(Billions of yen)

Segment	FY2024					Full-year (forecast)	Progress
	1Q	2Q	3Q	4Q	Total		
Specialty Products	2.2	–	–	–	2.2	12.5	17.6%
Polymers & Chemicals	0.1	–	–	–	0.1	9.5	1.0%
Machinery	1.0	–	–	–	1.0	7.0	14.3%
Others	0.3	–	–	–	0.3	2.0	15.0%
Adjustment	(0.7)	–	–	–	(0.7)	(4.0)	–%
Total	2.9	–	–	–	2.9	27.0	10.8%

1Q on 4Q – Net Sales

(Billions of yen)

Segment	FY2023 4Q (A)	FY2024 1Q (B)	Difference (B) - (A)	Major factors
Specialty Products	17.0	15.1	(1.9)	
Polymers & Chemicals	73.6	70.9	(2.8)	Performance Polymers & Chemicals (2.9) Elastmer 0.2
Machinery	31.2	19.2	(12.1)	
Others	20.3	15.7	(4.6)	Pharmaceutical (2.9) Power (0.7) ,etc.
Adjustment	(6.9)	(5.5)	1.4	
Total	135.3	115.4	(19.9)	

Note: UBE America Inc. and UBE CORPORATION AMERICA INC. are reclassified from the “Others” segment to the “Polymers & Chemicals” segment from FY2024. The results for FY2023 4Q are figures reflecting the segment reclassification.

1Q on 4Q – Operating Profit

(Billions of yen)

Segment	FY2023 4Q (A)	FY2024 1Q (B)	Difference (B) - (A)	Major factors
Specialty Products	3.8	2.2	(1.6)	
Polymers & Chemicals	3.1	0.1	(3.0)	Performance Polymers & Chemicals (3.0) Elastmer 0.1
Machinery	2.8	1.0	(1.8)	
Others	1.9	0.3	(1.6)	Pharmaceutical (1.3) Power (0.3) ,etc.
Adjustment	(1.4)	(0.7)	0.7	
Total	10.1	2.9	(7.2)	

Note: UBE America Inc. and UBE CORPORATION AMERICA INC. are reclassified from the “Others” segment to the “Polymers & Chemicals” segment from FY2024. The results for FY2023 4Q are figures reflecting the segment reclassification.

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Net Sales and Operating Profit by Business Portfolio

(Billions of yen)

	Business portfolio	FY2023 1Q (A)	FY2024 1Q (B)	Difference (B) - (A)	FY2024 full-year (forecast)	Progress
Net sales	Specialty business	36.9	33.9	(3.1)	172.5	19.6%
	Basic business	47.0	56.3	9.3	217.5	25.9%
	Machinery business	20.6	19.2	(1.4)	104.0	18.4%
	Other businesses (incl. adjustment)	4.8	6.1	1.3	16.0	38.0%
	Total	109.2	115.4	6.2	510.0	22.6%
Operating profit	Specialty business	4.5	2.4	(2.1)	24.0	10.2%
	Basic business	(2.0)	0.1	2.1	1.0	9.9%
	Machinery business	0.9	1.0	0.1	7.0	14.3%
	Other businesses (incl. adjustment)	(0.7)	(0.6)	0.1	(5.0)	–
	Total	2.6	2.9	0.3	27.0	10.8%

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Mitsubishi UBE Cement

■Major P/L Items

(Billions of yen)

Mitsubishi UBE Cement Corporation and Consolidated Subsidiaries

Item		FY2023 1Q	FY2024 1Q	FY2024 full-year (forecast)*1
Net sales	Domestic business	100.9	90.6	410.0
	Overseas business	47.0	52.8	195.0
	Total	147.9	143.4	605.0
Operating profit	Domestic business	(0.8)	2.5	15.0
	Overseas business	10.2	11.4	28.0
	Total	9.4	13.8	43.0
Ordinary profit		9.8	15.1	42.0
Profit attributable to owners of parent		4.5	7.8	21.0

■Share of profit of entities accounted for using equity method in UBE's Consolidated Statements of Income

Share of profit of entities accounted for using equity method	2.4	4.0	11.0

■Environmental Factors

Item		FY2023 1Q	FY2024 1Q	FY2024 full-year (forecast)*1
Total demand for cement in Japan	(million tons)	8.58	8.16	35.00
Cement sales volumes in Japan	(million tons)	2.06	1.92	8.50
Cement sales volumes in the U.S.	(million tons)	0.49	0.42	1.79
Ready-mixed concrete sales volumes in the U.S.	(million cy)	2.02	1.82	7.04
Coal Price*2	($/t)	161	136	180
Exchange Rate	(Yen/$)	137	155	145

*1 The FY2024 forecasts are the figures announced in May 2024.
*2 The above thermal coal prices are reference indices and differ from actual procurement prices.

(Reference) Consolidated Balance Sheet as of June 30, 2024 (Billions of yen)

Total assets	824.3	Interest-bearing debt	179.8	Shareholder's equity	379.4
Shareholder's equity ratio	46.0%	D/E ratio	0.47 Times		

- Businesses in Japan:
  Despite lower sales volumes of cement, coal, and electricity, the profitability of the cement business improved due to the effect of cement price increases and lower thermal energy prices, resulting in an increase in operating profit.
- Businesses outside Japan:
  In the U.S., sales volume decreased compared to the previous fiscal year, when shipment volume was high due to carry-over demand caused by unreasonable weather during the January - March 2023 period. However, the effect of higher prices for ready-mixed concrete and other products, and foreign exchange impact contributed to an increase in operating profit. On the other hand, sales prices declined in the Australian coal business.

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Consolidated Key Indicators

(Billions of yen)

Item	FY2023 1Q	FY2024 1Q	FY2024 full-year (forecast)	FY2023 full-year
Capital investment	4.4	13.5	81.0	36.1
Depreciation and amortization	6.4	6.7	27.0	26.6
Research and development expenses	2.6	2.5	10.0	10.3
Adjusted operating profit	5.4	7.2	39.7	38.8
Interest-bearing debt	219.2	231.1	269.0	213.4
Shareholders' equity	372.0	418.0	424.0	408.7
Total assets	734.1	807.5	850.0	789.0
D/E ratio (times)	0.59	0.55	0.63	0.52
Shareholders' equity ratio (%)	50.7	51.8	49.9	51.8
Return on sales - ROS (%)	2.4	2.5	5.3	4.8
Return on assets - ROA (%)	–	–	4.8	5.1
Return on equity – ROE (%)	–	–	7.1	7.5
Return on invested capital - ROIC (%)	–	–	4.8	4.7

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Consolidated Major Subsidiaries

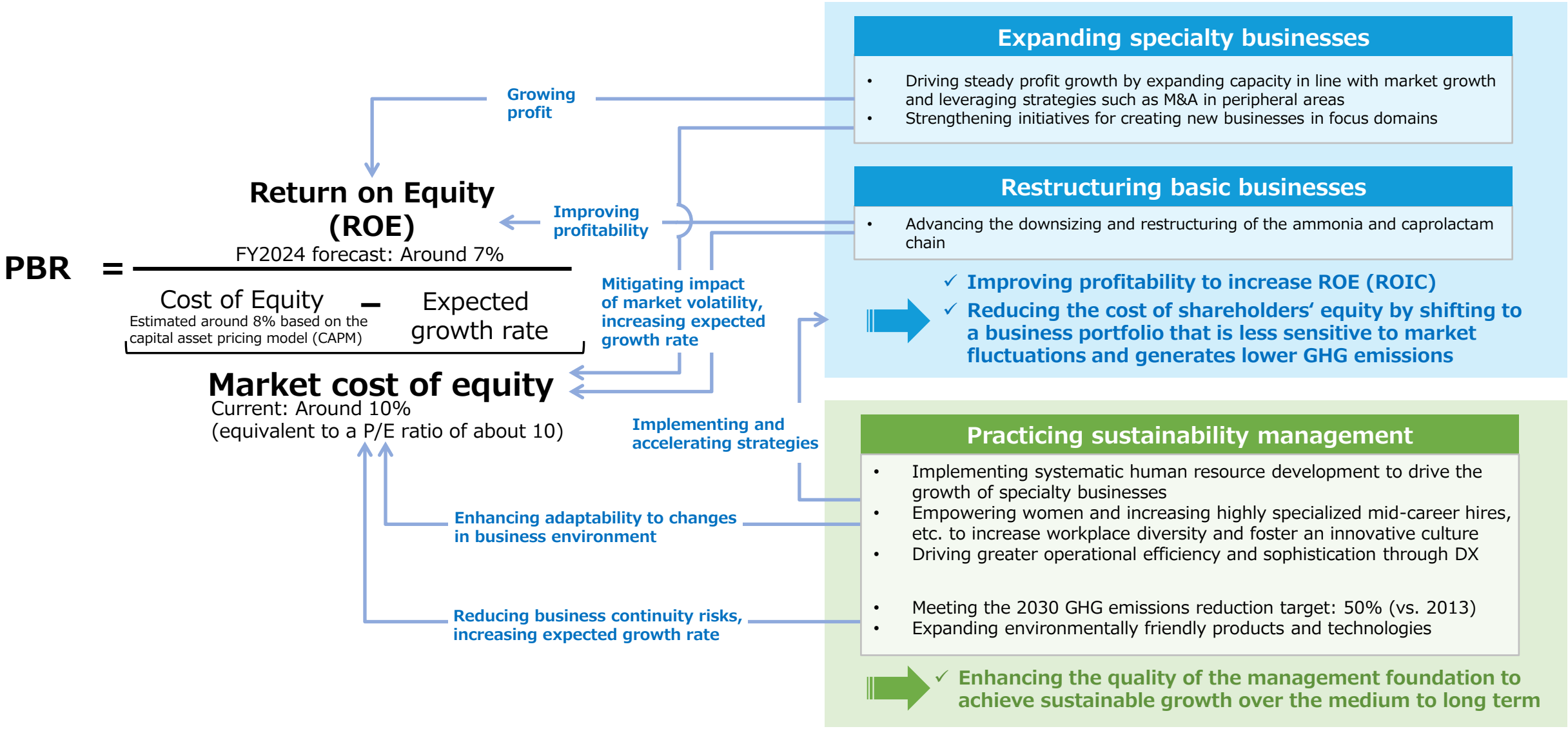
(Billions of yen)

Subsidiaries	Business	Net Sales FY2024 1Q	Difference of operating profit from FY2023 1Q
UBE CORPORATION EUROPE S.A.U.	Manufacture and sales of composites, nylon polymers, caprolactam, ammonium sulfate, C1 chemical, high-performance coatings and other products	17.8	↑
UBE Chemicals (Asia) Public Company Limited	Manufacture and sales of composites, nylon polymers, caprolactam and ammonium sulfate	14.5	↑
THAI SYNTHETIC RUBBERS COMPANY LIMITED	Manufacture and sales of polybutadiene rubber	5.9	↓
UBE FILM, LTD.	Manufacture and sales of plastic film products	2.8	→
UBE EXSYMO CO., LTD.	Manufacture and sales of polypropylene molded products, fibers, fiber-reinforced plastics and electronic and information materials	2.8	→
UBE MACHINERY CORPORATION, Ltd.	Manufacture and sales of molding machines, industrial machinery and bridge, etc. After-sales services for molding machines and industrial machinery	9.6	↑
UBE STEEL CO., LTD.	Manufacture and sales of cast iron and steel products and rolled steel billets	5.6	↓

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

Response to Tokyo Stock Exchange's Request for "Action to Implement Management that is Conscious of Cost of Capital and Stock Price"

UBE Corporation

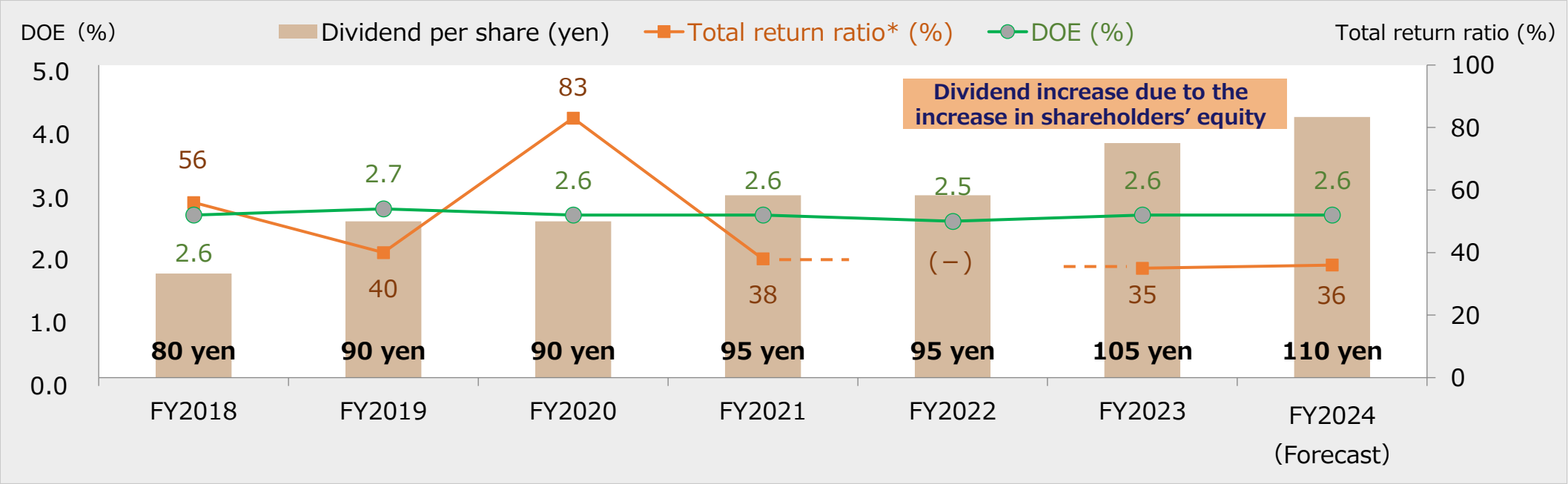


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Shareholder Returns

- UBE's basic policy is to continue to pay consistent dividends.
- UBE strives to further enhance shareholder returns in the future, while growing profits and shareholders' equity through aggressive capital investment.

Dividend on equity (DOE)	**2.5% or above**
Consolidated total return ratio	**30% or higher (average over three years)**



*Total return ratio: Includes share repurchases (¥10 billion in FY2018 and ¥10 billion in FY2020, (implemented in FY2021)).

Quarterly Factors Causing Fluctuation in Profits/Losses

Quarter	Segment	Factor
Q1	Polymers & Chemicals	Regular maintenance and repairs conducted at the ammonia plant (Ube area) in even-numbered years have a negative impact on operating profit of the industrial chemicals business.
	Company-wide	Regular maintenance and repairs conducted at the private power plant (Ube area) in even-numbered years have a negative impact on the company's operating profit.
Latter half of Q2 through Q3	Polymers & Chemicals	Sales volume of caprolactam, a raw material for nylon, increases due to demand for fall and winter apparel. This has a positive impact on the operating profit of the caprolactam business.
Q4	Polymers & Chemicals	Annual maintenance and repairs conducted at the synthetic rubber plant (Chiba area) have a negative impact on the operating profit of the elastomer business.
	Machinery	Sales and profits are recorded mainly in the fourth quarter. This has a positive impact on the operating profit of the molding and industrial machines businesses.

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- **UBE Corporation**
  - ➢ **Announcement of 1st Half FY2024 Financial Results**
    - **November 7, 2024　15:00**
  - ➢ **1st Half FY2024 Financial Results Briefing**
    - **November 7, 2024　18:00 – 19:00**
- **Mitsubishi UBE Cement Corporation**
  - ➢ **1st Quarter FY2024 Financial Results Briefing**
    - **August 20, 2024　16:00 – 16:40**

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

UBE Transform Tomorrow Today

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