



Consolidated Business Results for the First Half of Fiscal 2014

November 14, 2014

Bando Chemical Industries, Ltd.

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I . Company Overview

■ Company Profile

Company name	Bando Chemical Industries, Ltd.
Head office	6-6, Minatojima Minamimachi 4-chome Chuo-ku, Kobe, 650-0047, Japan
President	Mitsutaka Yoshii
Founded	April 1906
Capital	10,951 million yen (as of September 30, 2014)

Belt Business

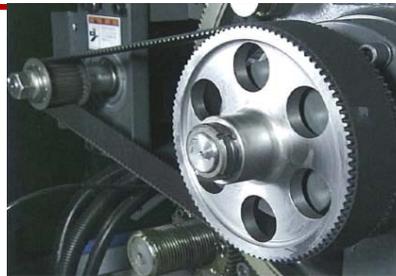
Automotive



●Belts

●Tensioners

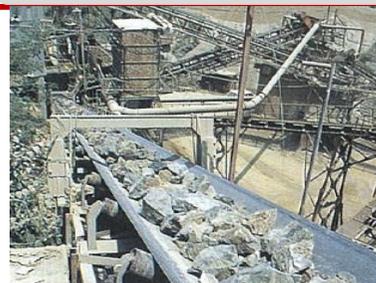
Industrial



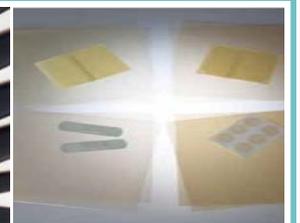
Agricultural



Conveyor



Elastomer Products Business



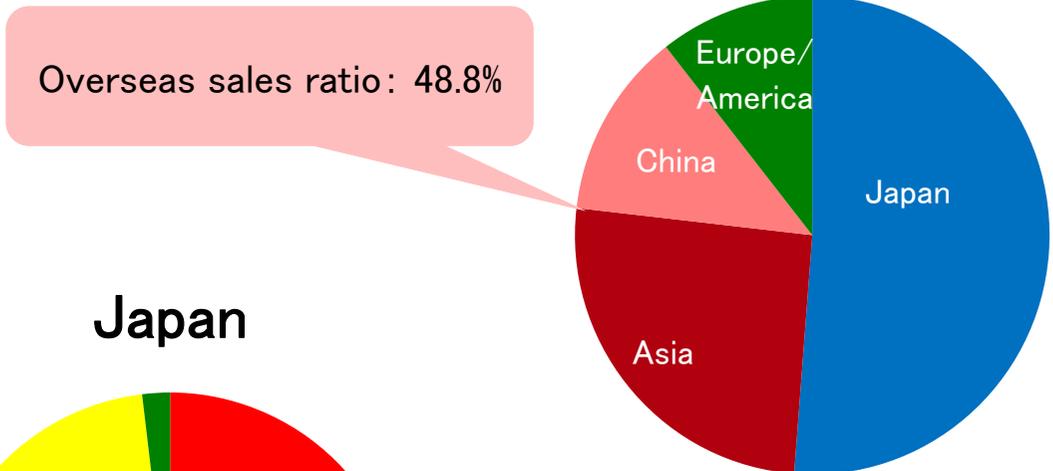
●Precision parts

●Films

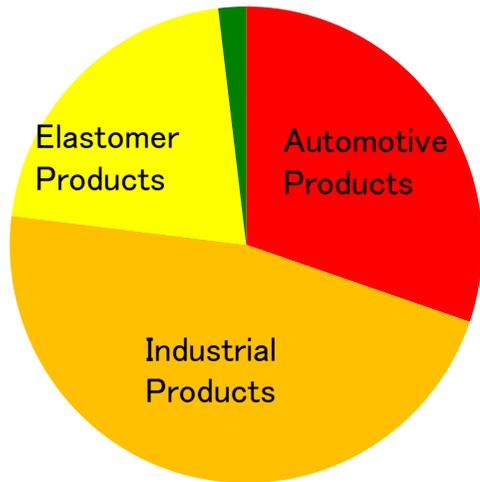
(L: Cleaning blade R: High performance rollers)

Business mix (by region • by business)

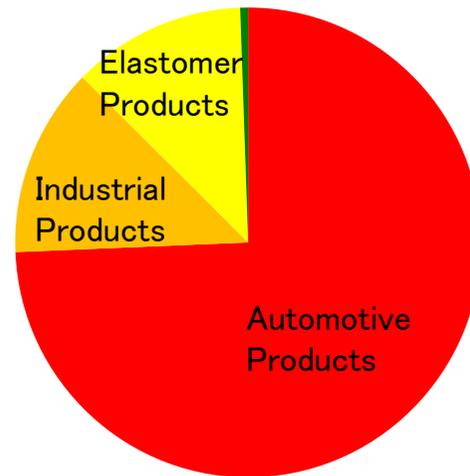
Geographical sales ratio



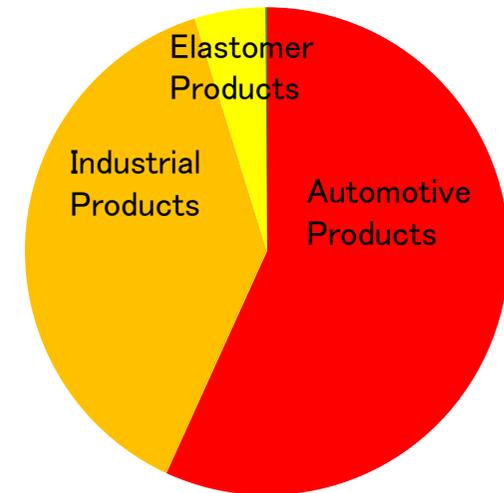
Japan



Asia, China



Europe/
America



■ The belt business accounts for 82.5% of global sales.

Ⅱ. First half financial summary for the fiscal year ending March 31, 2015

FY2014 First Half Highlights

(yen millions)

	2013/9	2014/9			
	Result	Result	Year-on-year change	Forecast	Difference in forecast vs. actual result
Net sales	46,560	46,919	+359	47,000	-81
Operating income	3,230	2,073	-1,156	2,500	-426
Ordinary income	3,705	2,556	-1,149	2,900	-343
Net profit	2,762	1,922	-839	1,900	+22

- Net sales increased 0.8% compared with the previous year, but operating income fell 35.8%.

Segment sales in the first half of FY2014

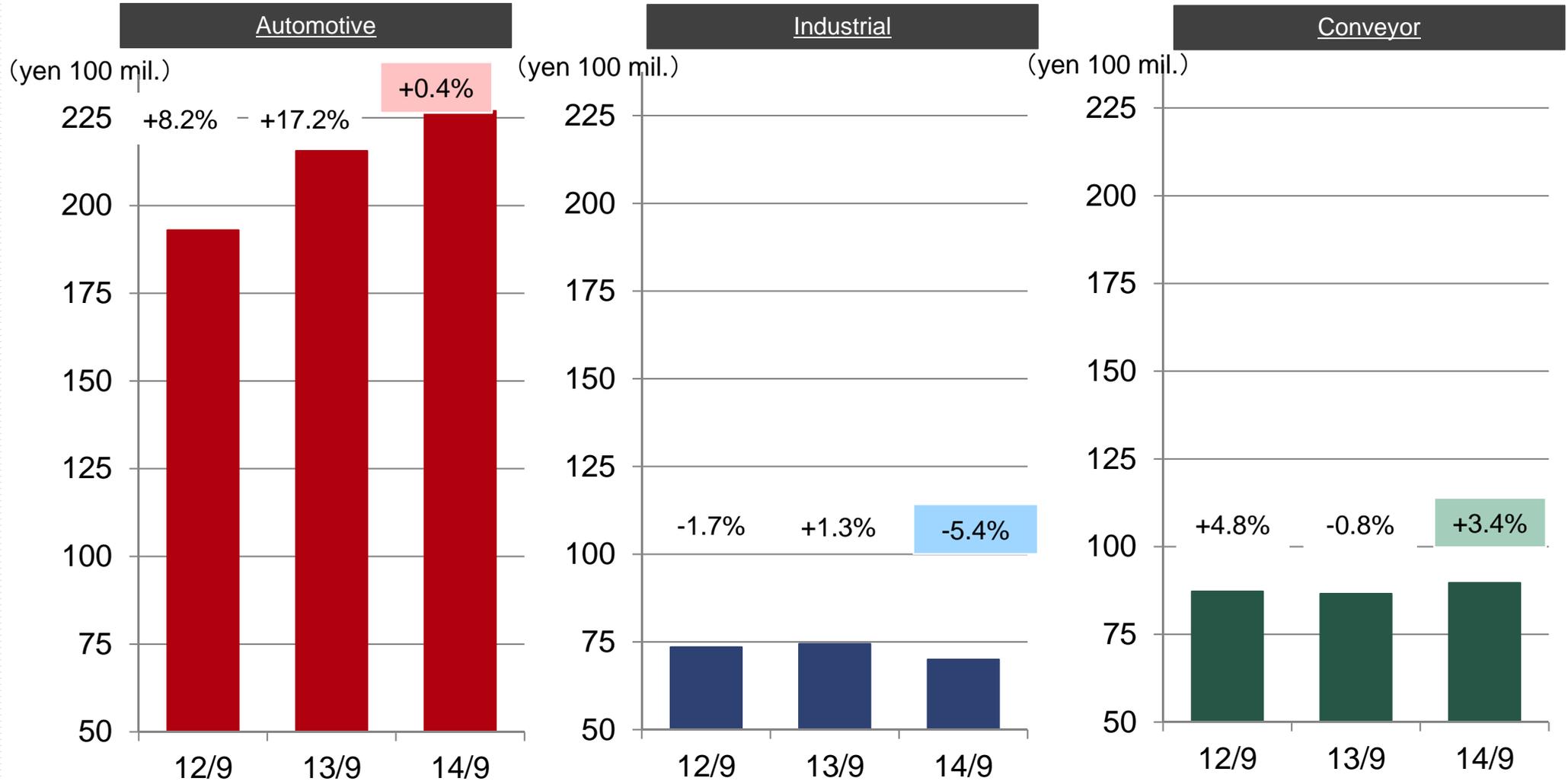
(yen millions)

	2013/9	2014/9			
	Result	Result	Year-on-year change	Forecast	Difference in forecast vs. actual result
Net sales	46,560	46,919	+359	47,000	-81
Belt Business	38,795	38,704	-91		
Elastomer Products Business	7,293	7,716	+422		
Other	1,270	980	-289		
Eliminations	-799	-482	+317		
Operating income	3,230	2,073	-1,156	2,500	-426
Belt Business	2,877	1,740	-1,137		
Elastomer Products Bus.	254	61	-192		
Other	55	126	+71		
Adjustments	43	145	+102		

Transition of Belt Business sales

Net sales: 38,704 million yen Year-on-year: -0.2%

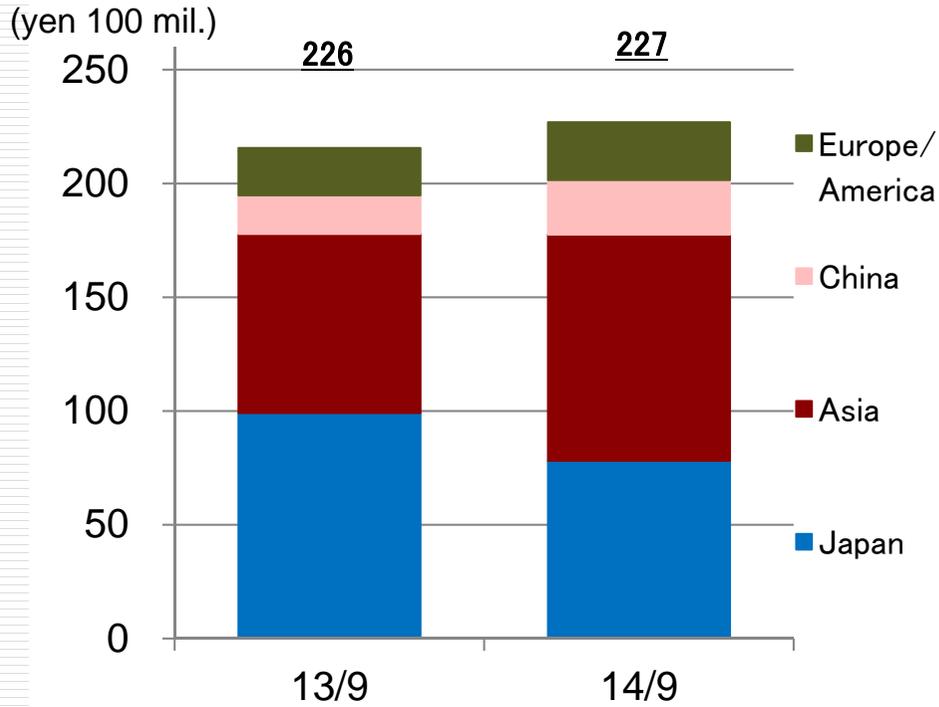
- ✓ Slight decrease from previous year sales levels, with sluggish growth in automotive, and a decline in industrial belt sales.



(Note) Sales figures above are after eliminations

Automotive Products

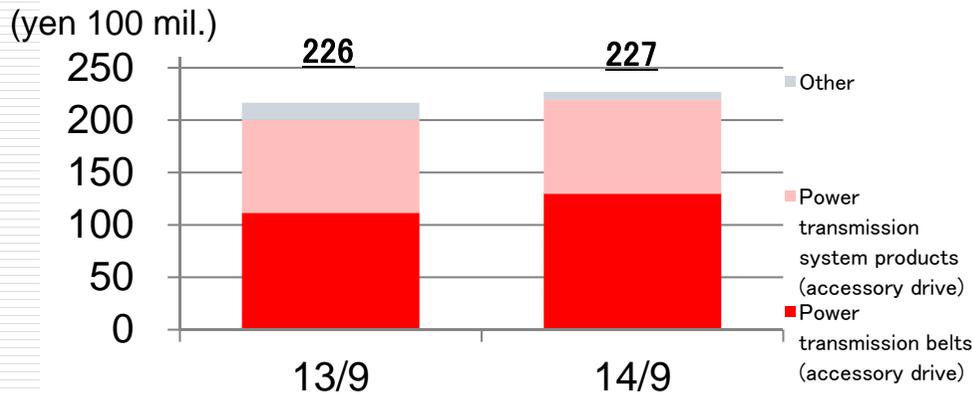
Sales by region



- American automotive production increased 4% over the previous year, and our focus was on automotive OEMS.
- European automotive production decreased 4% year-on-year, but our sales increased 22%.
- Automotive production increased 5% year-on-year.
- Sales were strong for accessory drive belts and automatic tensioners.
- Automotive production in Thailand was 66% of previous year levels, with political unrest and an end to purchase subsidies.
- Automobile production increased in India, and sales of variable speed belts for scooters continued strong in Asia.
- Automotive production increased 1% year-on-year, but about 20% of cars made in Japan now are beltless. Belts and automatic tensioner sales decreased.

(Note) After eliminations. Figures in parentheses show year-on-year change.

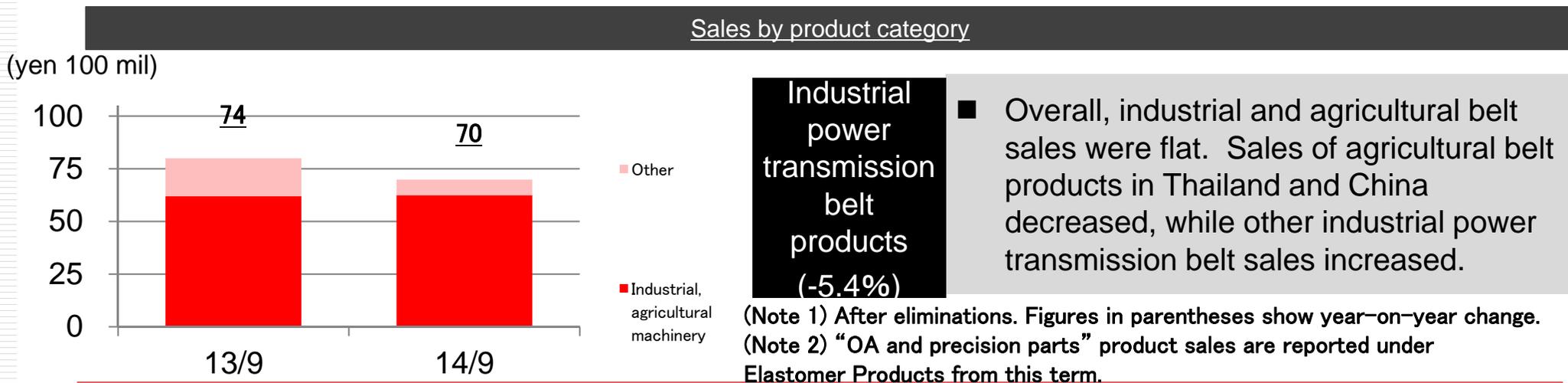
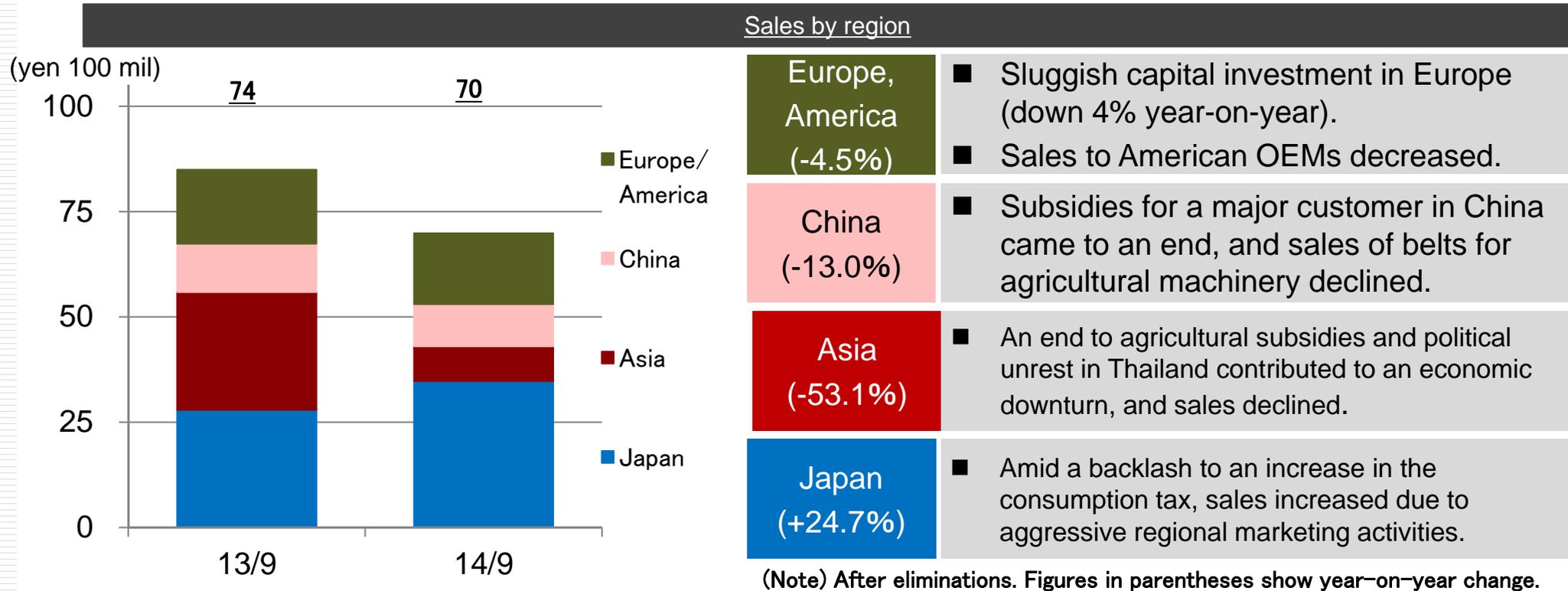
Sales by product category



- Belts accounted for 57% of sales in this sector (up from 51%). Focused on Asian markets, sales of belts for 2- and 4-wheel vehicles increased.
- System products accounted for 39% of sales (down from 41%).

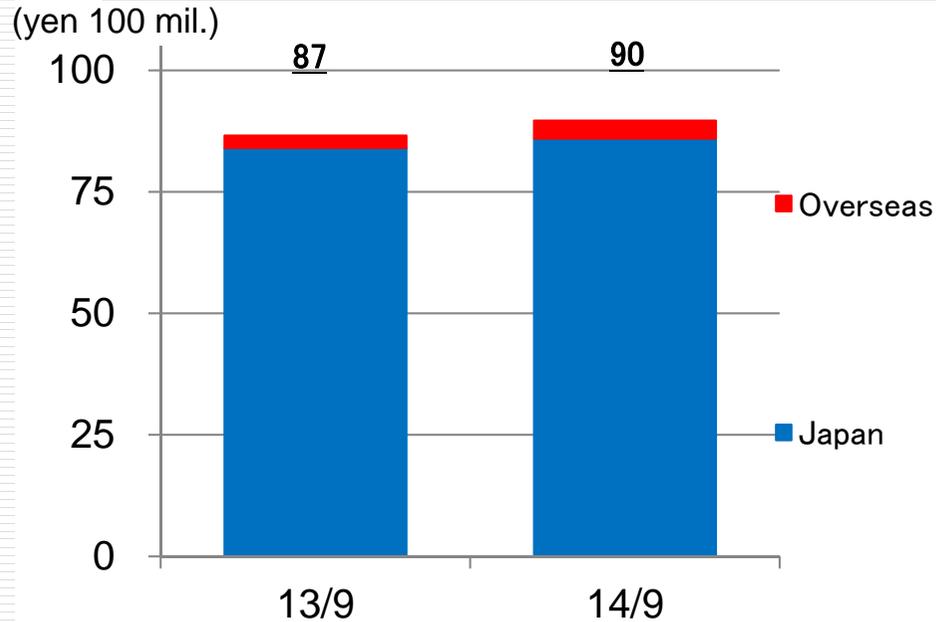
(Note) After eliminations. Figures in parentheses show year-on-year change.

Industrial Products (Industrial Power Transmission Belts)



Industrial Products (Conveyor Belts)

Sales by region



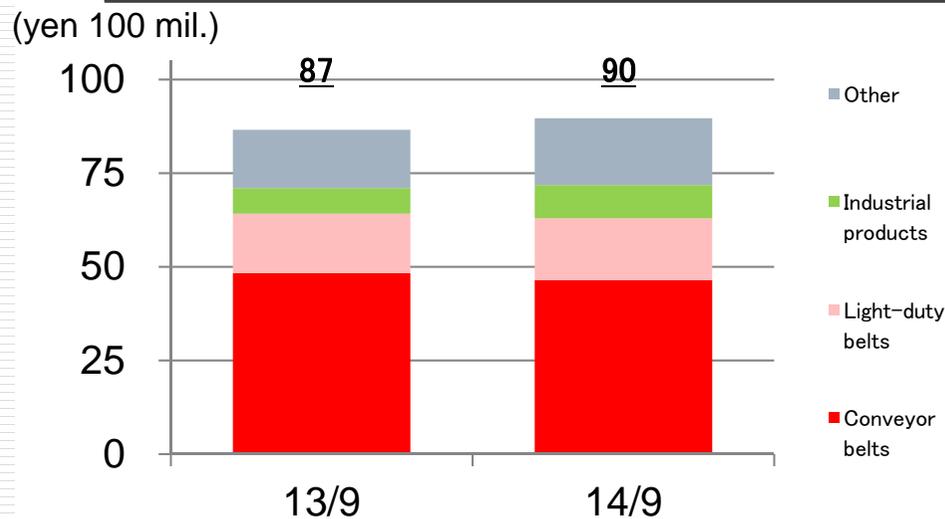
Overseas
(+42.3%)

Japan
(+2.4%)

- Conveyor belt sales increased in Asia.
- Light-duty conveyor belt sales decreased in China.
- Conveyor belt sales at iron and steelworks increased.
- Sales of conveyor belts used in resource development decreased.
- Sales of steep-incline belts used at thermal power plants decreased.

(Note) After eliminations. Figures in parentheses show year-on-year change.

Sales by product category



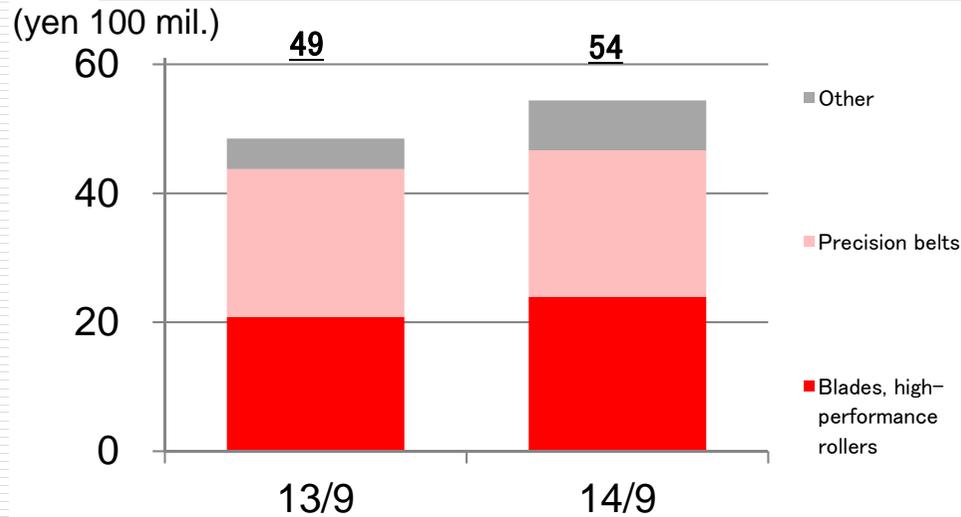
Conveyor Belts
(+3.4%)

- Sales of light-duty belts used in the food and logistics fields increased.
- Hybrid rubber product sales increased.

(Note) After eliminations. Figures in parentheses show year-on-year change.

Elastomer Products

Sales of precision parts

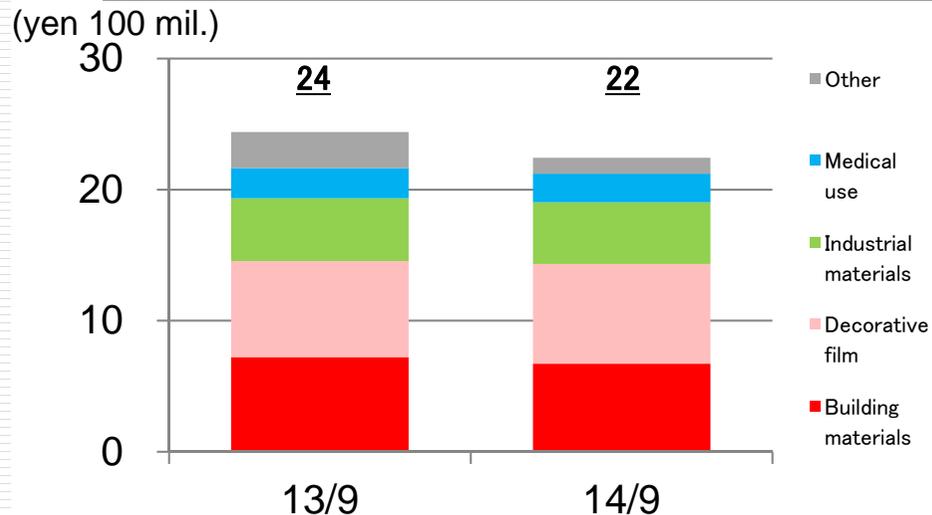


Precision parts
(+10.2%)

- High-performance roller sales substantially increased due to new model orders, while blade sales substantially decreased due to in-house production by major customers.
- Precision belt sales decreased due to inventory adjustments by customers.

(Note) After eliminations. Figures in parentheses show year-on-year change.

Sales of film products

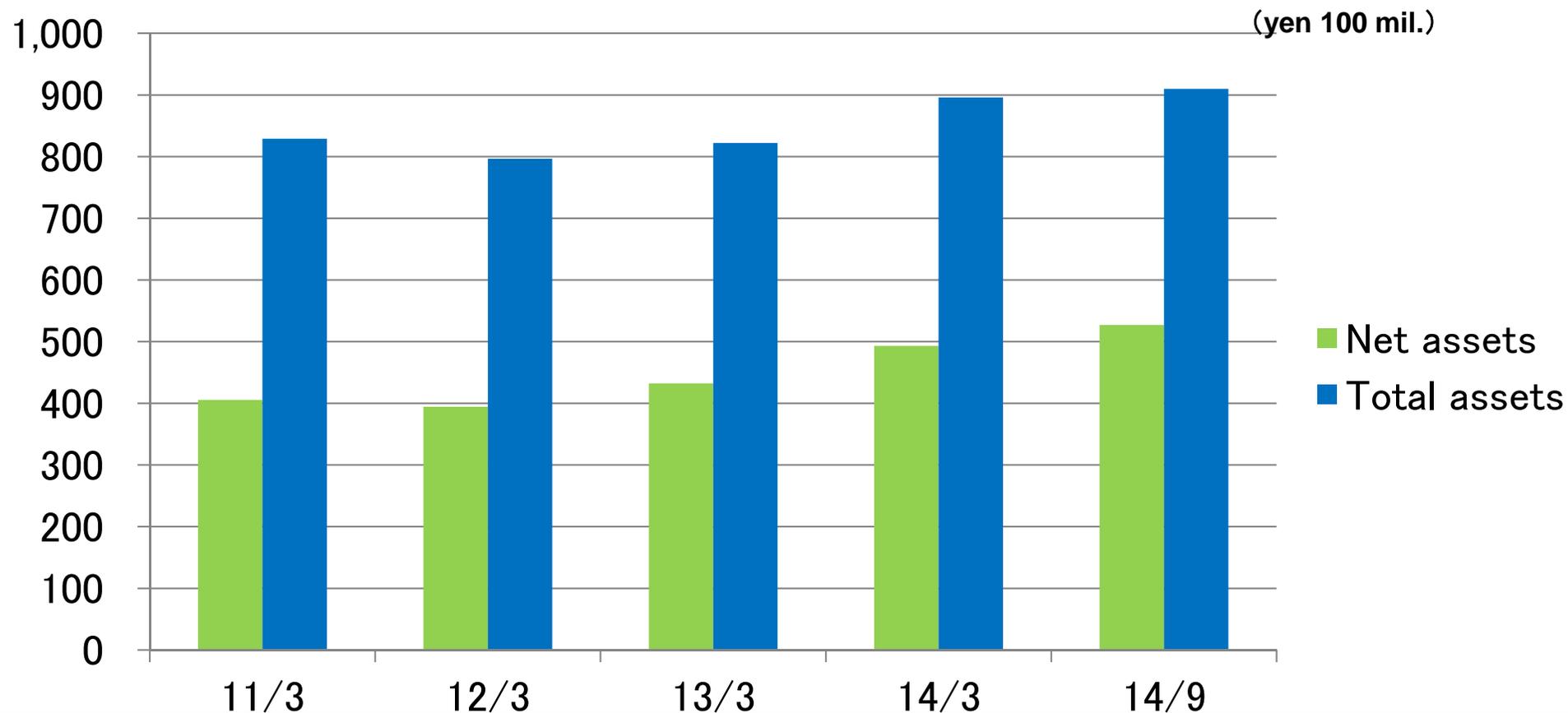


Film
(-8.3%)

- Aggressive marketing helped to boost decorative display film sales.
- High-value sales were impacted by the increased consumption tax, and sales of building materials fell.

(Note) After eliminations. Figures in parentheses show year-on-year change.

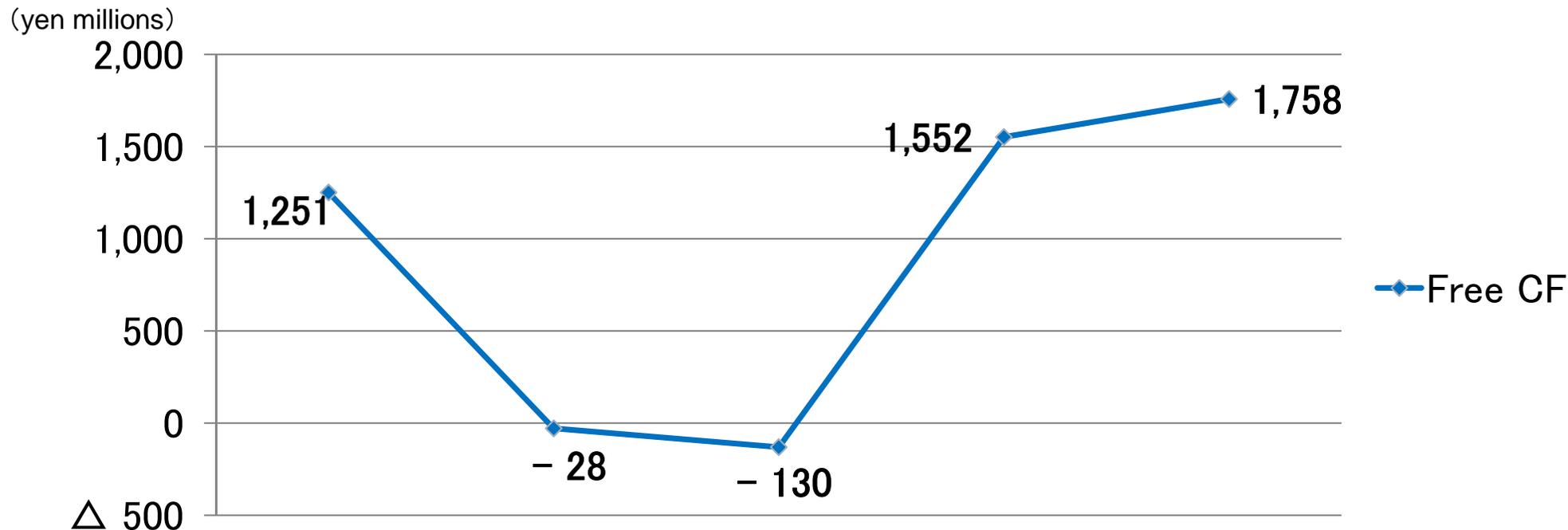
■ Transition of Consolidated Assets



■ Net assets increased by ¥3,420 million during the first half of FY2014, as outlined below.

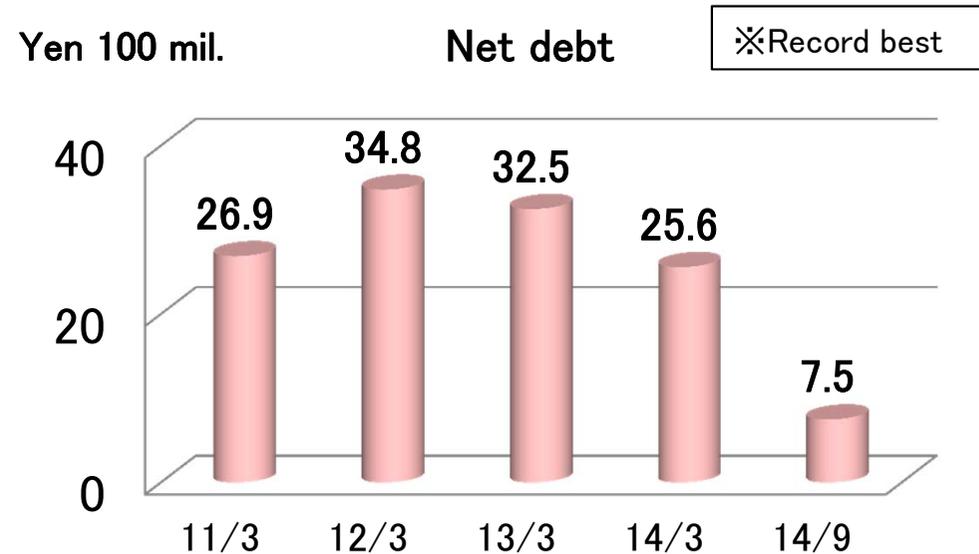
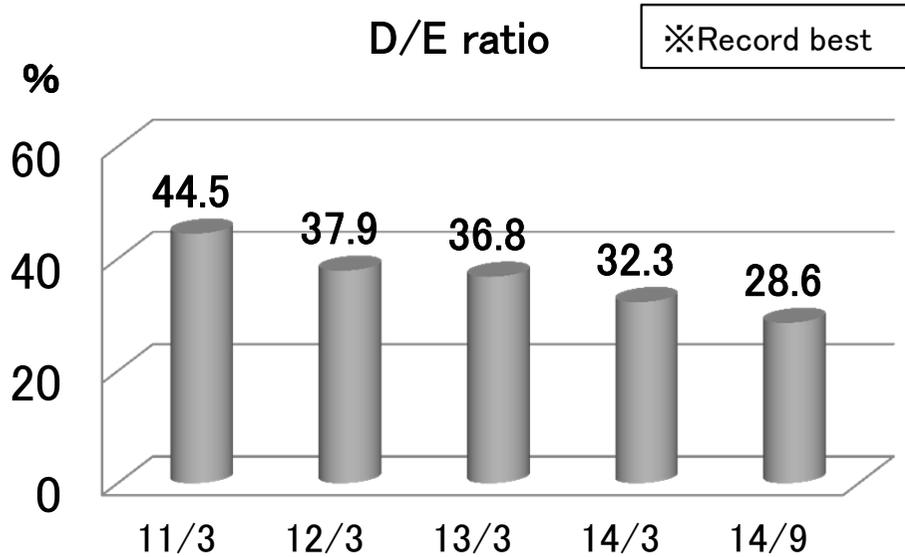
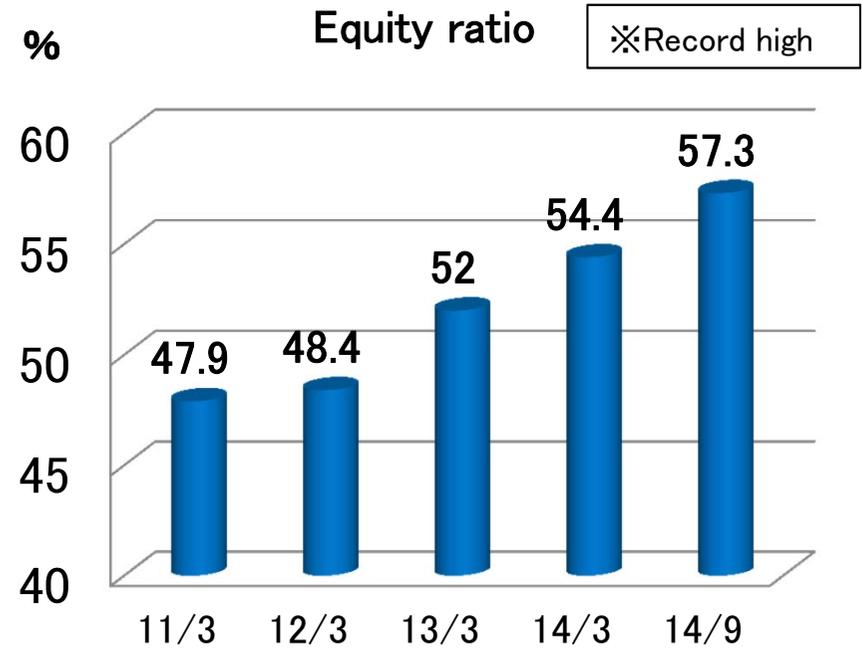
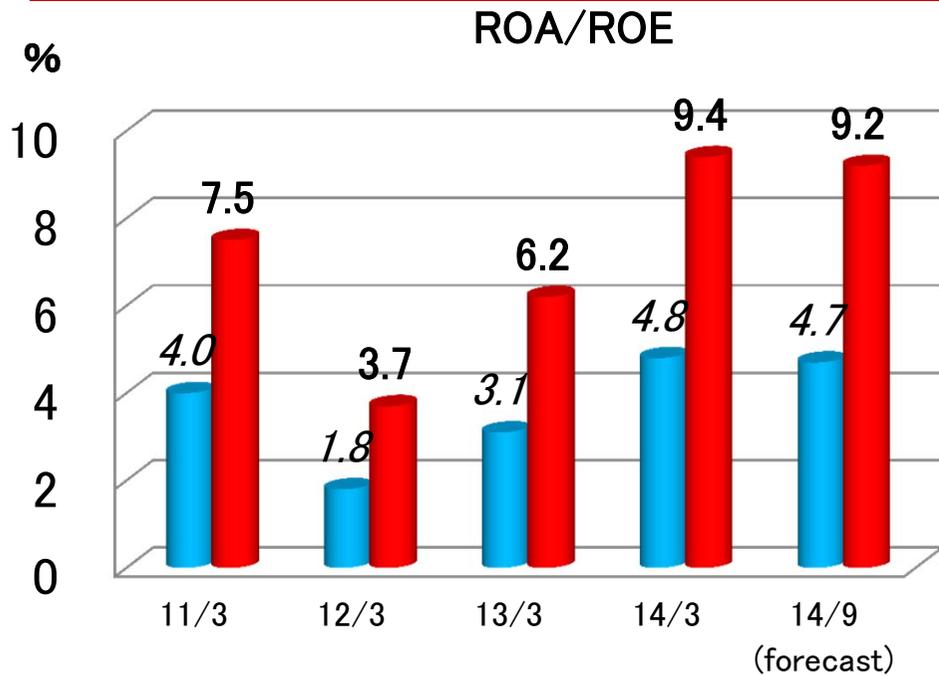
Retained earnings increased by ¥2,020 million; foreign translation adjustment increased by ¥1,070 million; unrealized gains increased by ¥160 million; adjusted cumulative change in retirement benefits increased by ¥100 million; minority interests increased by ¥80 million; and “other” decreased by ¥10 million.

Transition of Cash Flow



	13/3 First half	13/3 Second half	14/3 First half	14/3 Second half	15/3 First half
Operating activities	3,534	3,470	2,472	3,987	3,358
Investing	-2,283	-3,498	-2,602	-2,435	-1,600
Free cash flow	1,251	-28	-130	1,552	1,758

Financial Indicators



Ⅲ. Earnings forecast for the full fiscal year ending March 31, 2015

FY2014 Full Year Forecast

(yen millions, %)

	2013/3	2014/3	2015/3 Forecast	Year-on-year comparison	
	Result	Result			
Net sales	85,771	93,434	95,000	1,566	+1.7
Operating income	4,094	5,517	5,800	283	+5.1
Ordinary income	4,779	6,103	6,400	297	+4.8
Net profit	2,510	4,280	4,300	20	+0.5

Sales

■ A consumption tax increase has contributed to reduced automotive sales in Japan. While there are uncertainties due to political unrest in Thailand, we expect to expand sales in automotive markets overseas, and with products for scooters, agricultural machinery and industrial equipment.

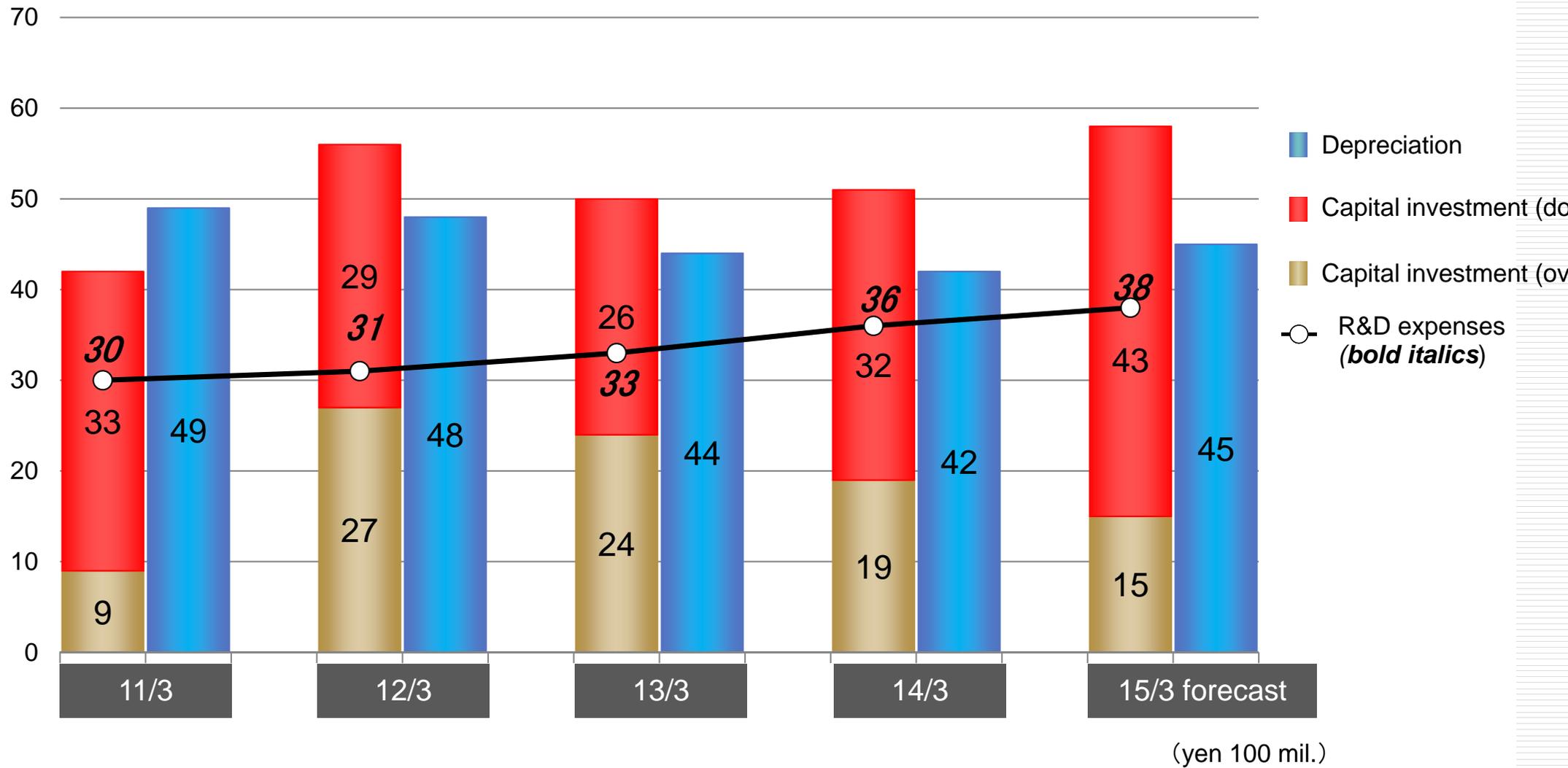
Profit

■ We expect import cost increases due to yen depreciation, and logistics costs increases. However, we expect profit from production cost decreases due to a decline in synthetic rubber prices, the expansion of agricultural belt sales, increased sales in China and Asia, and global cost reduction efforts.

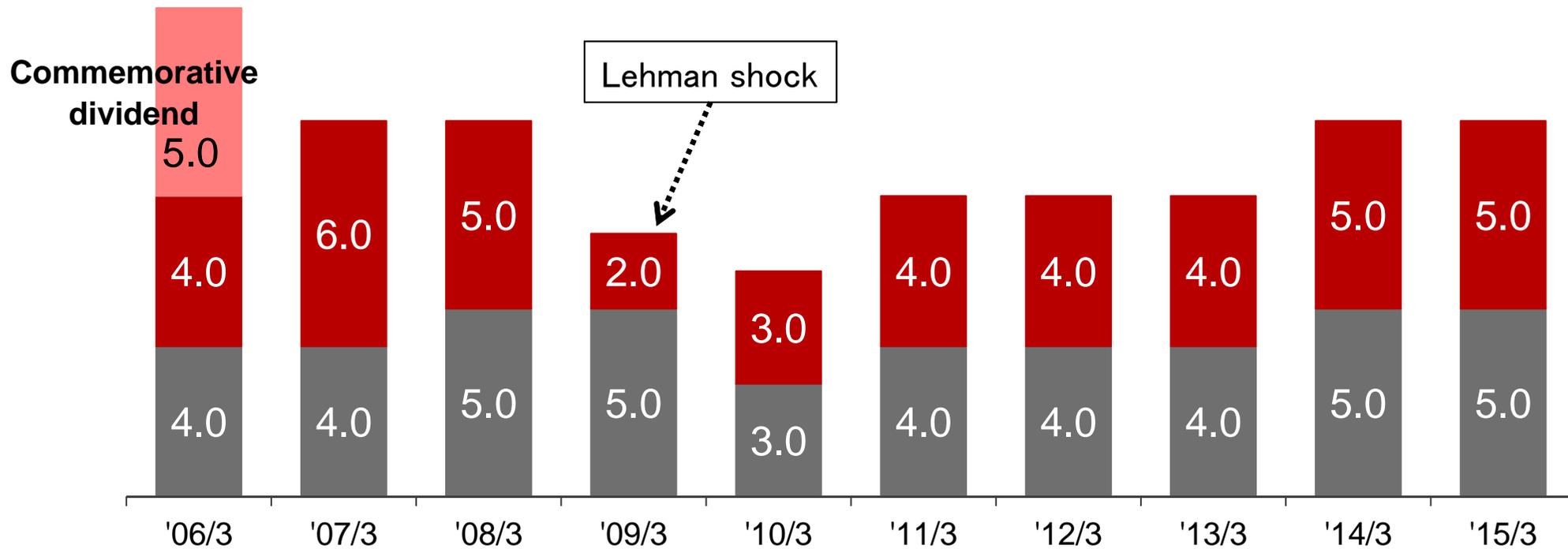
Exchange rates

■ Rate assumptions・・・1USD=100yen、1EUR=135yen、1RMB=17yen

Transition of capital expenditures, depreciation and R&D expenses



Shareholder Return (Dividends)



Consol. EPS	35.2	39.3	52.7	Δ2.6	12.3	33.7	14.8	26.5	45.5
Payout ratio	36.9%	25.4%	19.0%	—	48.7%	23.7%	53.9%	30.2%	22.0%

This document contains certain forward-looking statements. It is provided solely for informational purposes. Future performance involves risks and uncertainties, and is not guaranteed. Future results may be influenced by changes in the business environment, and results may differ from forecasts.