



# Consolidated Business Results for the First Half of Fiscal 2015

November 10, 2015

## **Bando Chemical Industries, Ltd.**

I . Company Overview

II . First half financial summary for the fiscal year ending March 31, 2016

III. Earnings forecast for the full fiscal year ending March 31, 2016

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# I . Company Overview

# ■ Company Profile

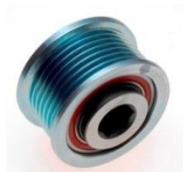
Company name	Bando Chemical Industries, Ltd.
Head office	6-6, Minatojima Minamimachi 4-chome Chuo-ku, Kobe, 650-0047, Japan
President	Mitsutaka Yoshii
Founded	April 1906
Capital	10,951 million yen (as of September 30, 2015)

## Belt Business

## Industrial

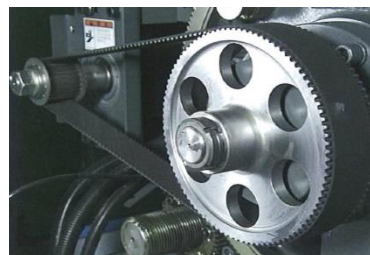
## Conveyor

### Automotive

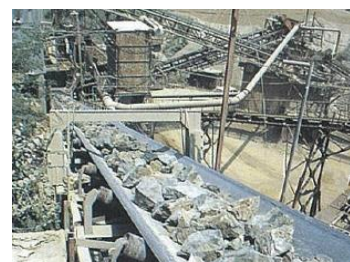


● Accessory drive belts

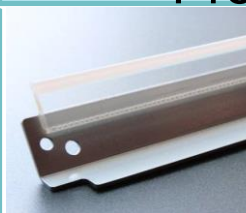
● Automatic tensioners



### Agricultural



## Advanced Elastomer Products Business



● Precision parts

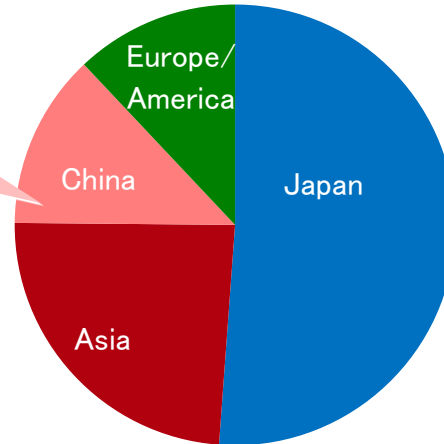
● Films

(L: Cleaning blade R: High performance rollers)

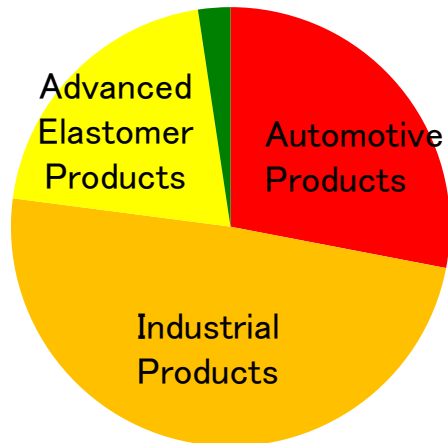
# Business mix (by region, by business)

Geographical sales ratio

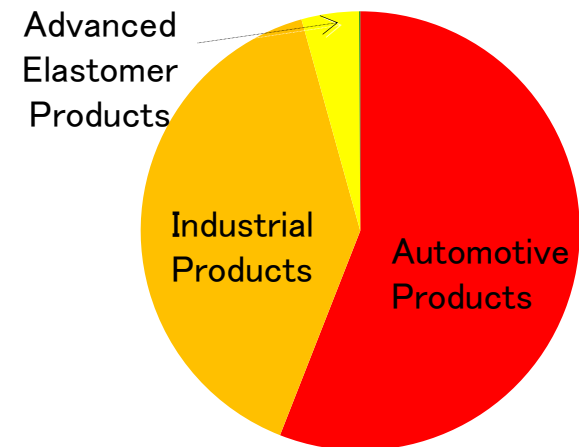
Overseas sales ratio: 48.8%



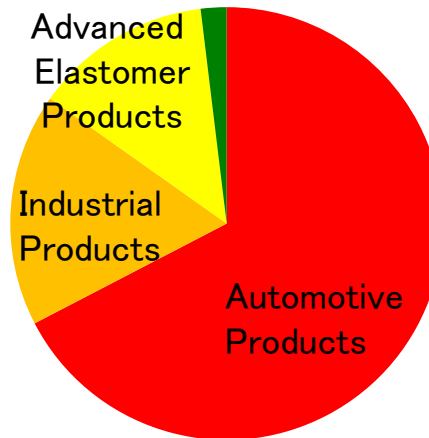
Japan



Europe, America



Asia, China



■ The belt business accounts for 81.8% of global sales.

## Ⅱ . First half financial summary for the fiscal year ending March 31, 2016

# ■ FY2015 First Half Highlights

(yen mil.)

	2014/9	2015/9			
	Result	Result	Year-on-year change	Forecast	Difference in forecast vs. Actual result
Net sales	46,919	48,152	+1,232	50,000	-1,847
Operating income	2,073	2,919	+845	2,900	+19
Ordinary income	2,556	3,491	+935	3,500	-8
Net profit	1,922	2,592	+670	2,200	+392
Operating margin	4.4%	6.1%	+1.6%	5.8%	+0.3%

※Forecast issued May 15, 2015

- Ordinary income slightly exceeded our projected forecast, while net sales did not meet the forecast.

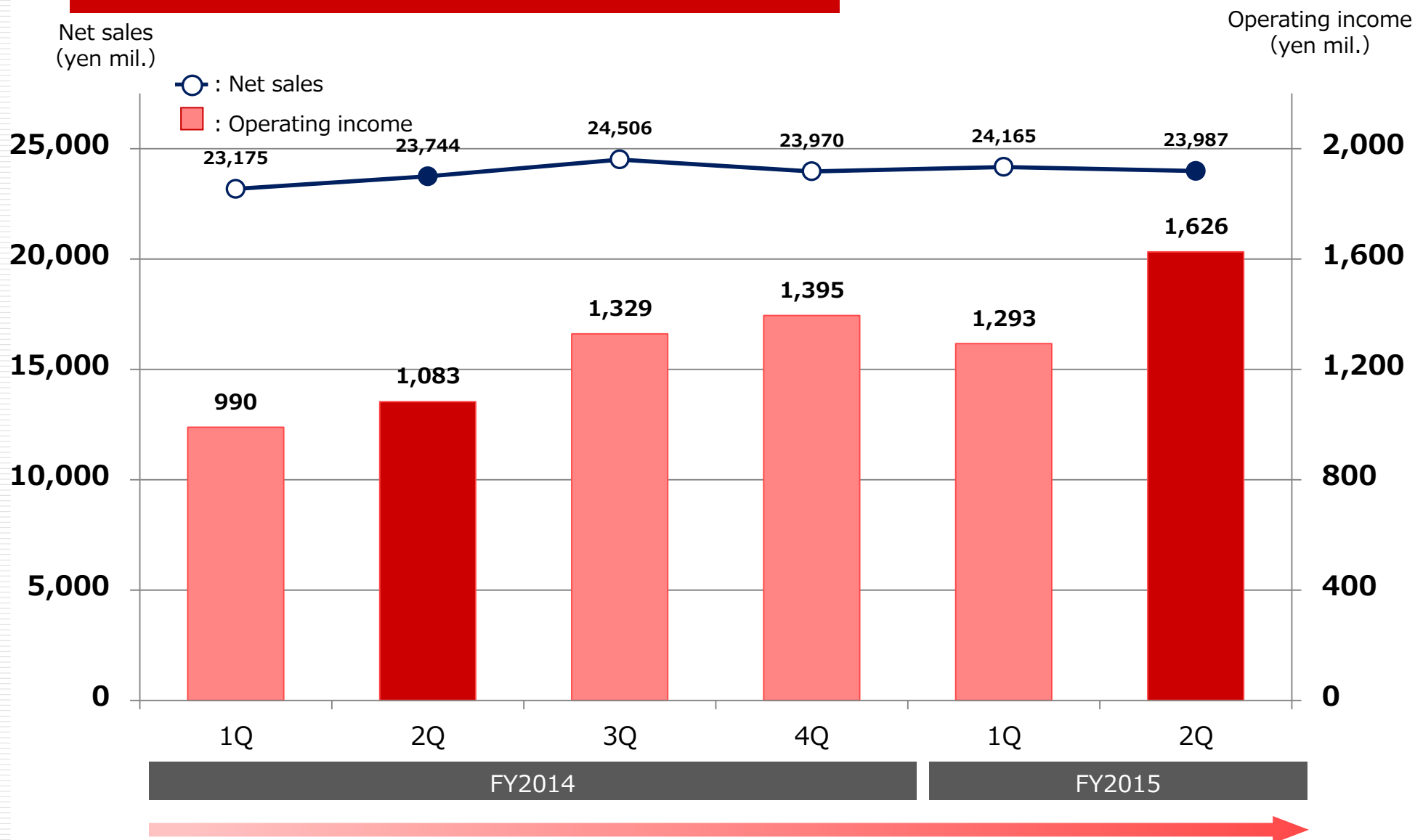
## ■ FY2015 First Half Highlights

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- Sluggish automobile production in Asia, including Japan and China, led to decreased sales of our automotive products compared with the same term in the previous year. However, sales of variable speed belts for scooters greatly expanded in Vietnam and India, and full-scale production started at our factory in India.
- Sales of industrial power transmission belt products expanded, due to robust capital investment in the US and Asia, and a resumption of subsidies for agricultural machinery in China.
- In our Advanced Elastomer Products business, sales increased for resin products, as well as precision belts and high performance rollers for office automation equipment makers. Film sales decreased.
- Operating income increased due to efforts to reduce production costs and enhancements made at overseas production facilities.



# Transition of Net sales and Operating income



# ■ Segment sales in the first half of FY2015

(yen mil.)

	2014/9	2015/9			
	Result	Result	Year-on-year change	Forecast	Difference in forecast vs. actual result
Net sales	46,919	48,152	+1,232	50,000	-1,847
Belt Business	38,704	39,419	+715		
Advanced Elastomer Products Business	7,716	7,861	+144		
Other	980	1,335	+354		
Eliminations	-482	-463	+18		
Operating income	2,073	2,919	+845	2,900	+19
Belt Business	1,740	2,657	+917		
Advanced Elastomer Products Business	61	330	+268		
Other	126	157	+31		
Adjustments	145	-225	-371		

# ■ FY2015 first half net sales and operating income by business segment



(yen millions)

	Net sales	Operating income
Automotive Parts	21,593	1,551
Industrial Products	17,852	1,106
Advanced Elastomer Products	7,861	330
Other	1,335	157
Eliminations	−490	−225
Total	48,152	2,919

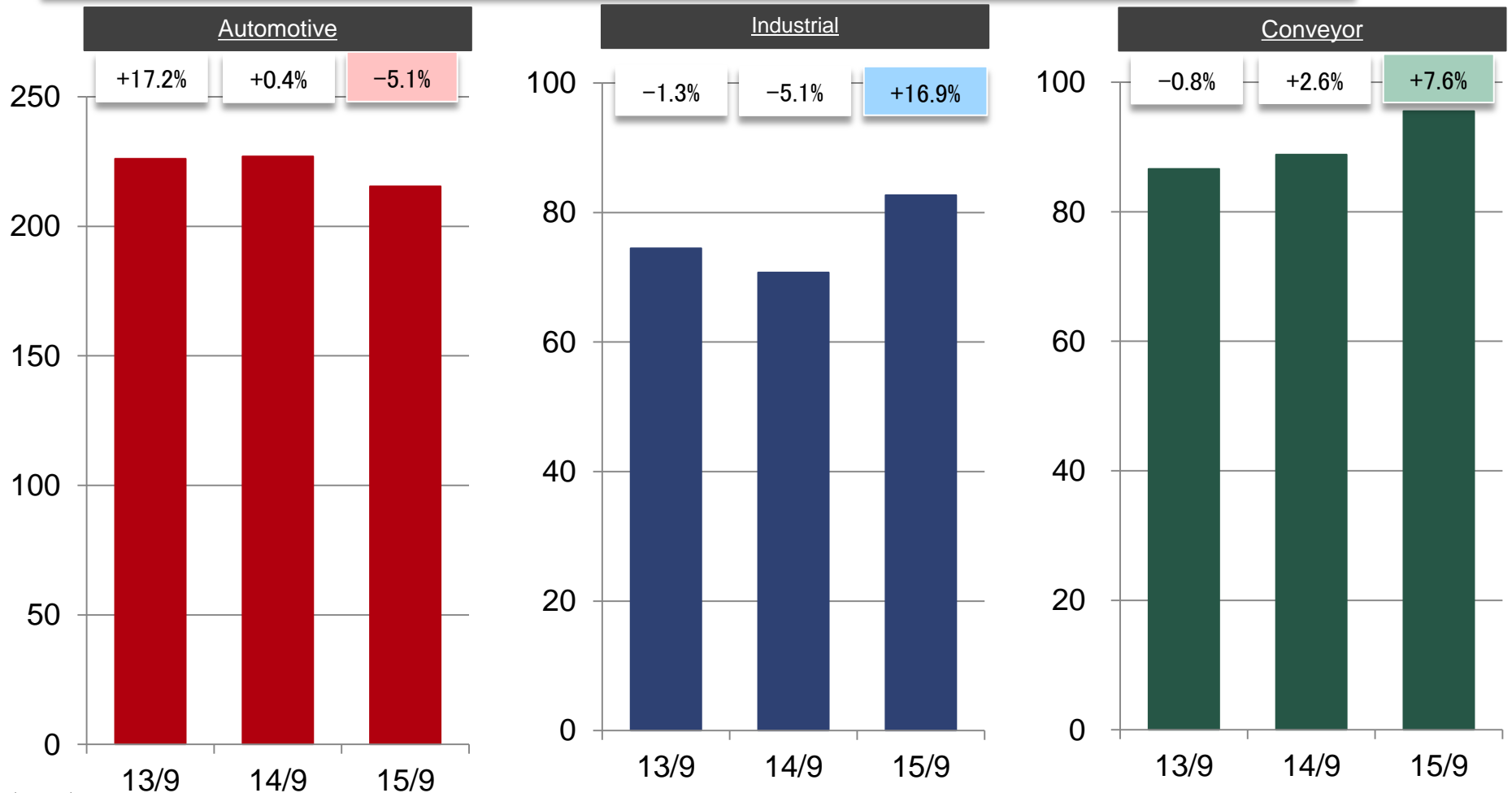
Net sales and operating income by segment following change to 3-segment business structure at the start of FY2015.

# Transition of Belt Business sales

Net sales: +716million yen Year-on-year: +1.8%

✓ Year-on-year growth in the Industrial Products Division

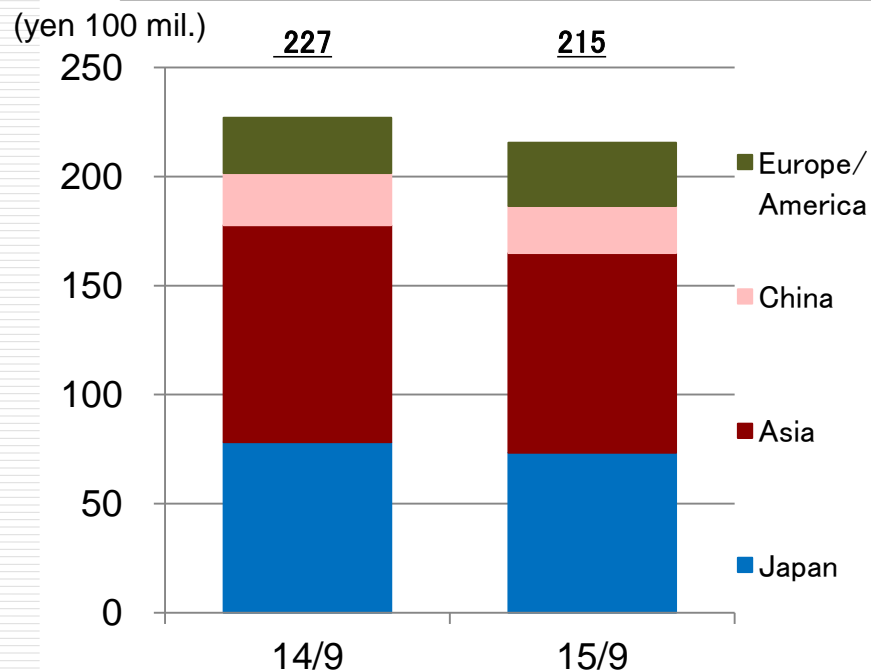
(yen 100 mil.)



(Note) Sales figures above are after eliminations.

# Automotive Products

Sales by region



Europe/  
America  
(+13.8%)

- Strong production volumes in America and Europe. Increased sales to OEMs and aftermarket in Turkey.

China  
(-9.8%)

- Reduced sales due to slumping new car sales and production cuts by major customers.

Asia  
(-7.9%)

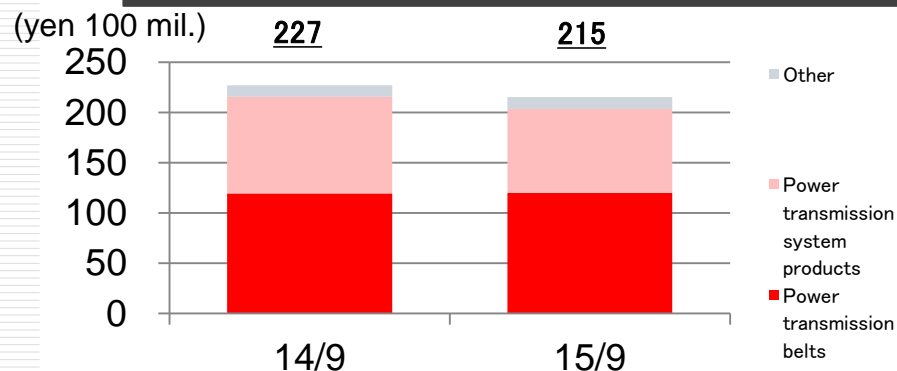
- Reduced sales of vehicle components in Korea.
- Increased sales of variable speed belts for scooters in India and Vietnam.

Japan  
(-6.1%)

- Fluctuating demand with an increase in small vehicle taxes. Declining sales due to increased production of belt-free vehicles.

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

Sales by product category

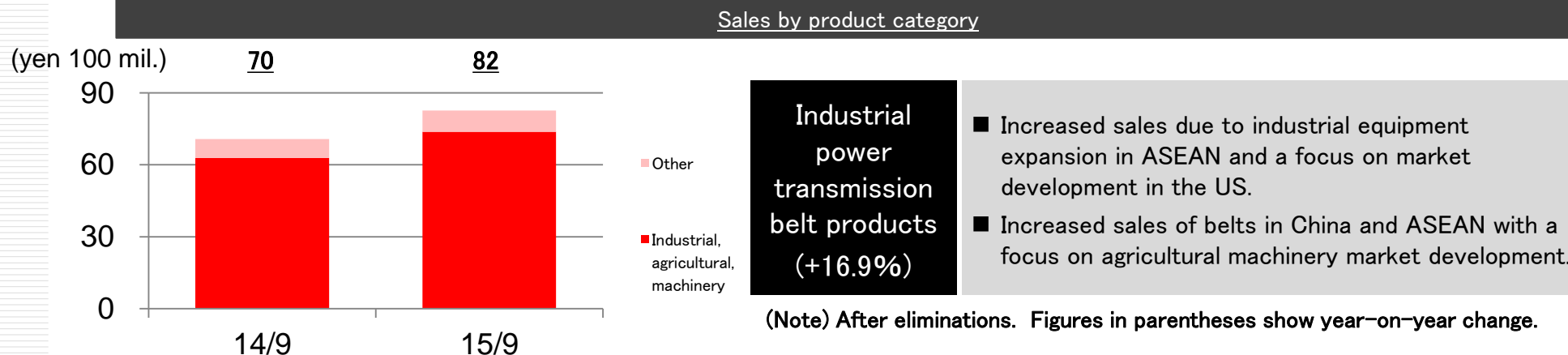
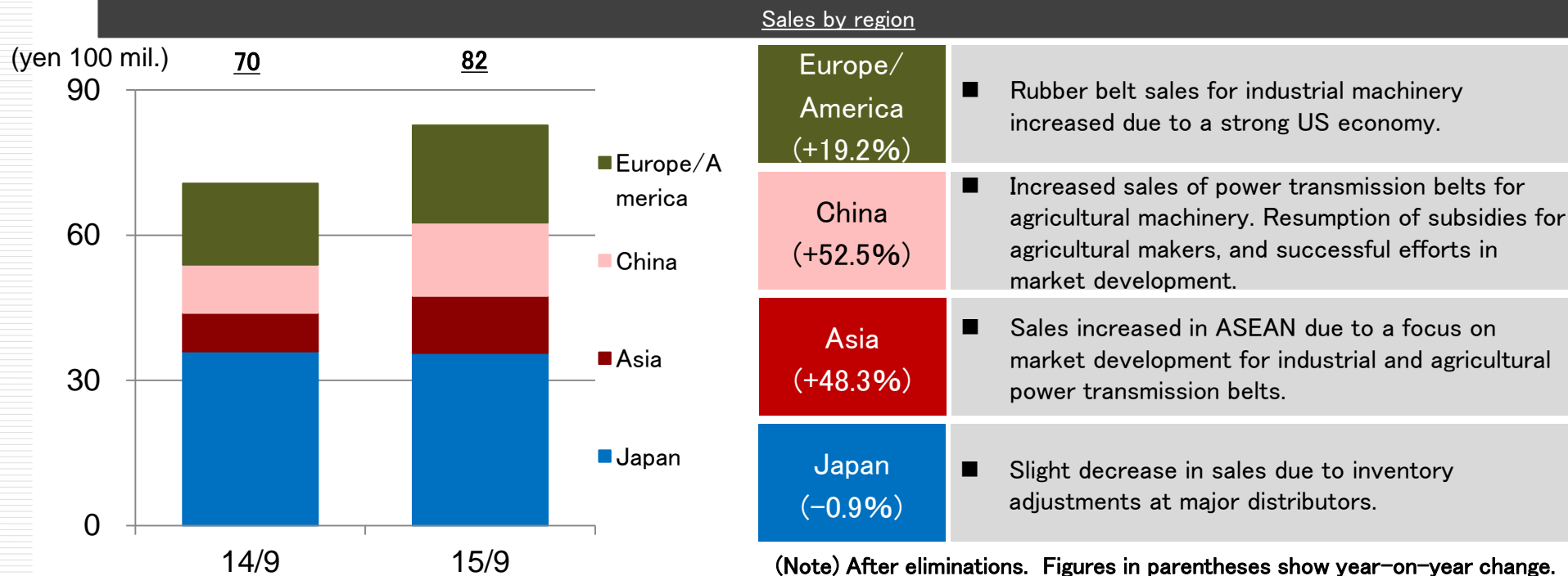


Automotive  
Products  
(-5.1%)

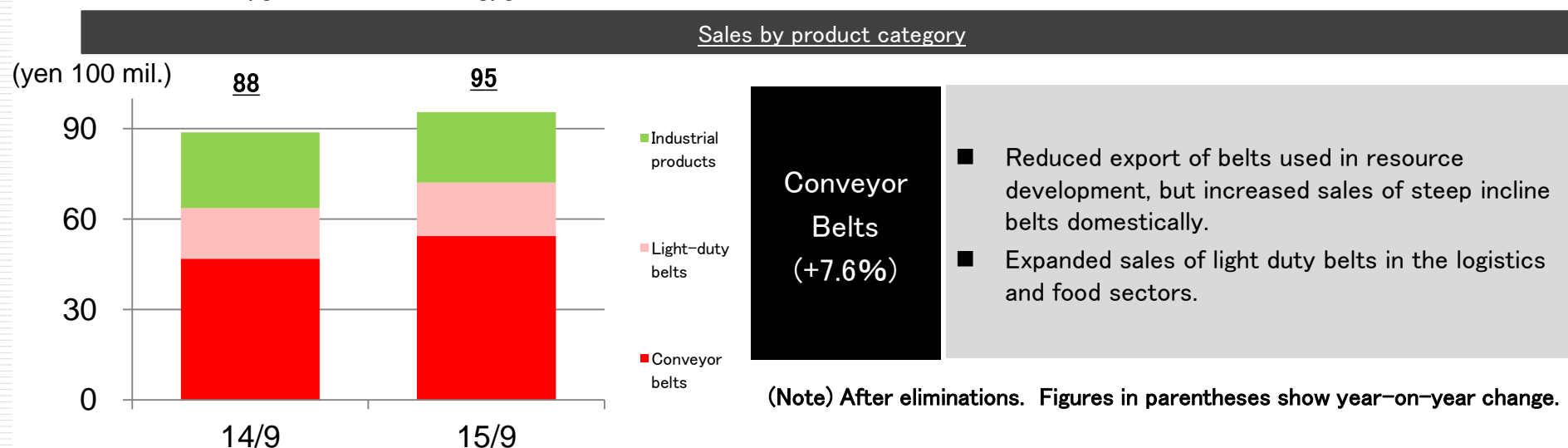
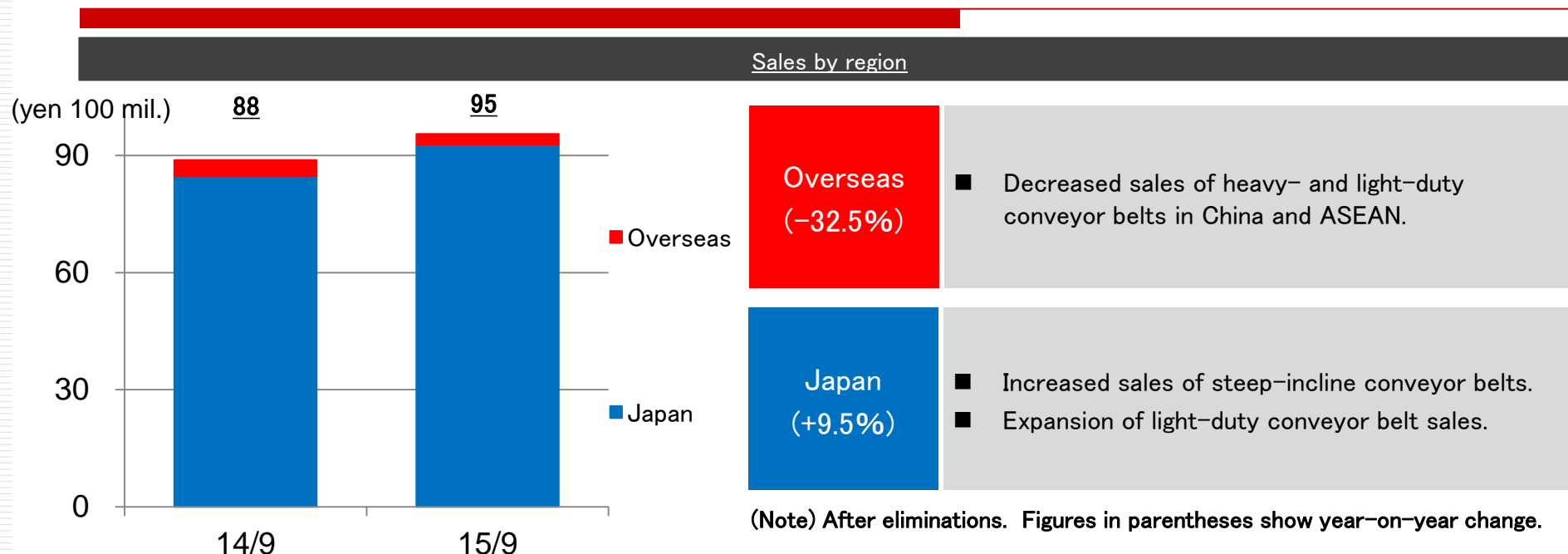
- Power transmission belts: Sales about level with the previous year term, with increased sales of scooter belts and decreased sales of automotive belts.
- Power transmission system products: Sales decreased due to model changes by major customers and production cuts in the Chinese market.

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

# Industrial Products(Industrial Power Transmission Belts)

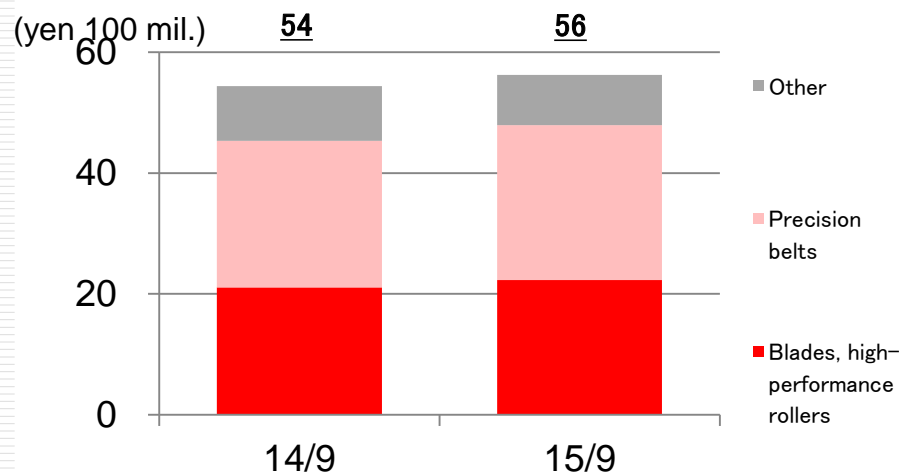


# Industrial Products (Conveyor Belts)



# Advanced Elastomer Products

## Sales of precision parts

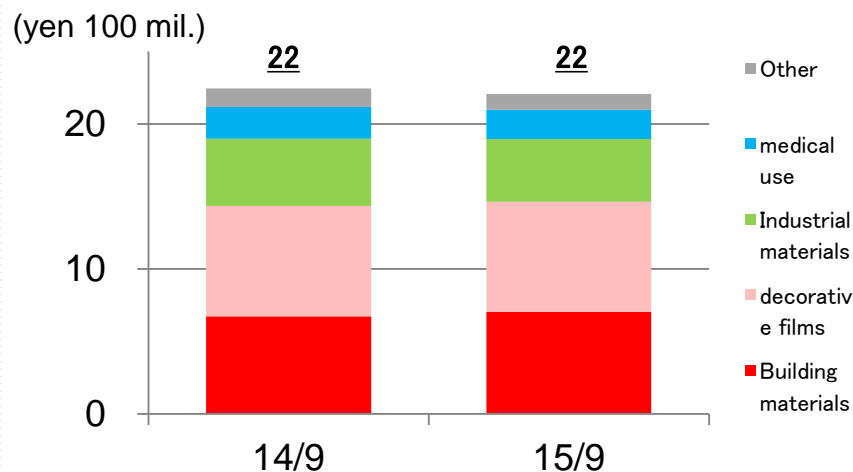


Precision parts  
(+3.4%)

■ Increased sales of resin products, as well as precision belts and high performance rollers used in office automation equipment.

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

## Sales of film products



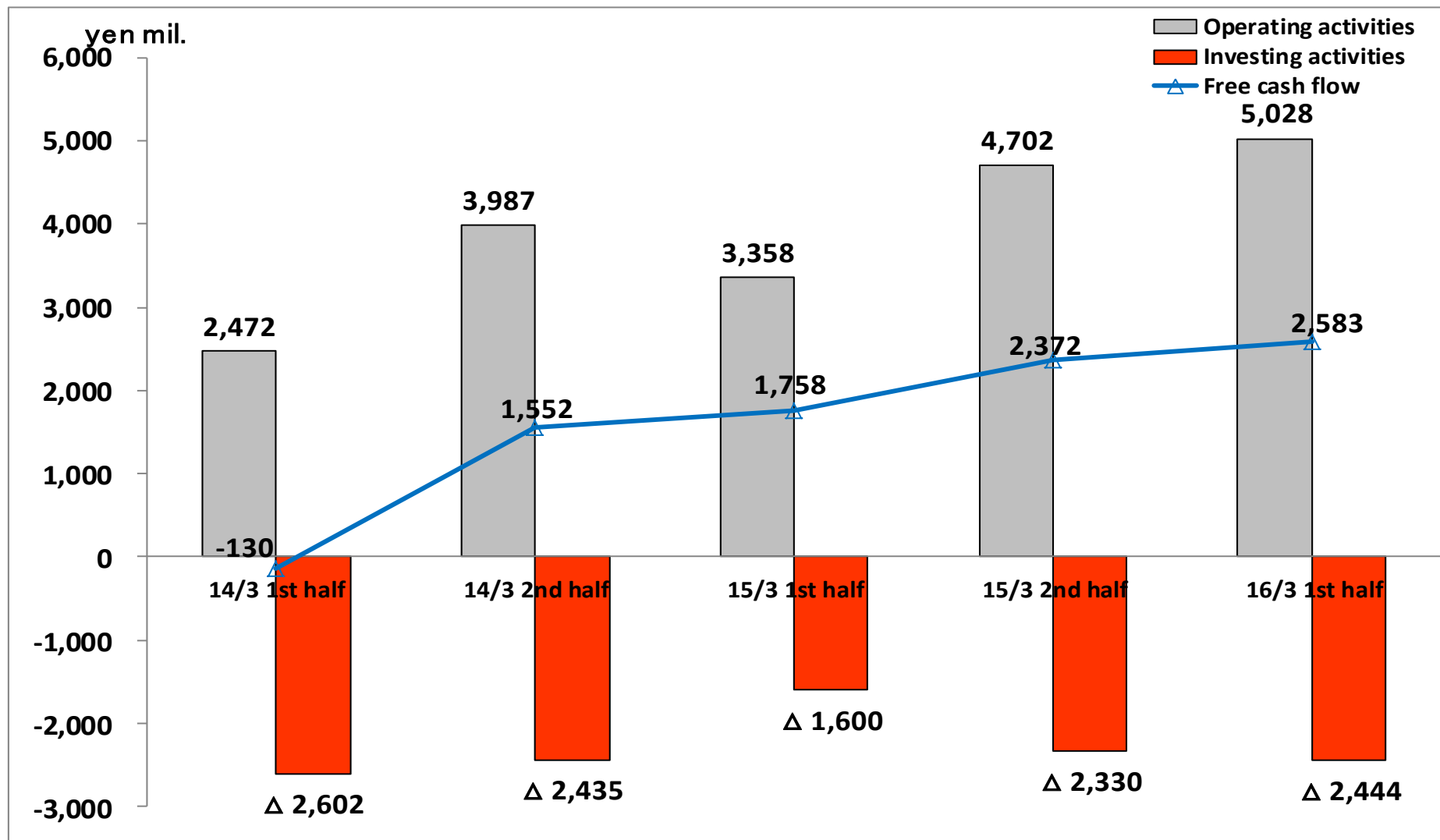
Film  
(-1.7%)

■ Sluggish sales of film products, with a slow recovery in market conditions.

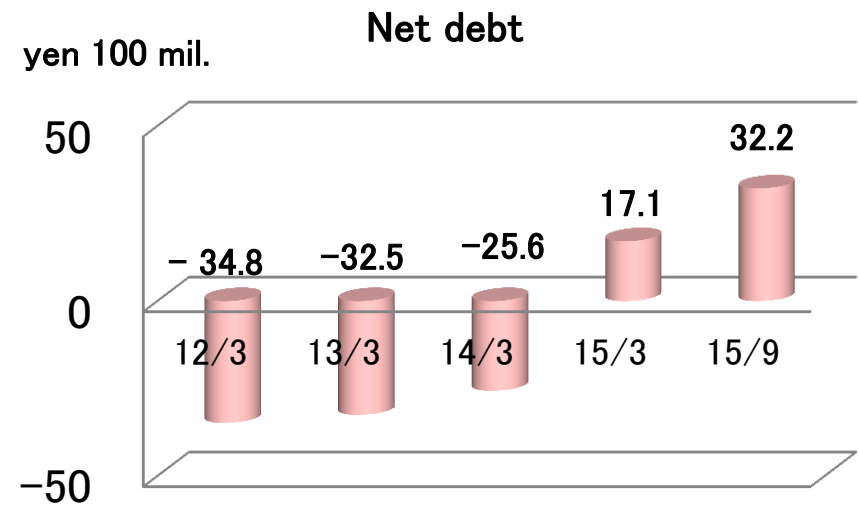
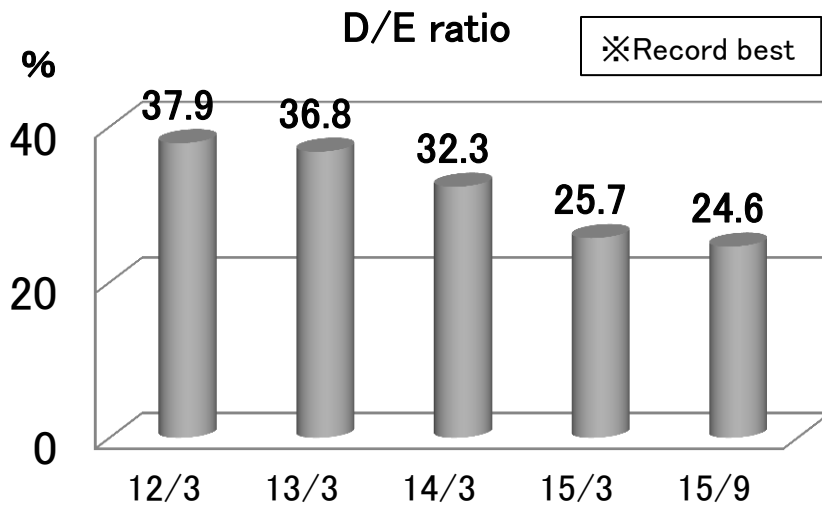
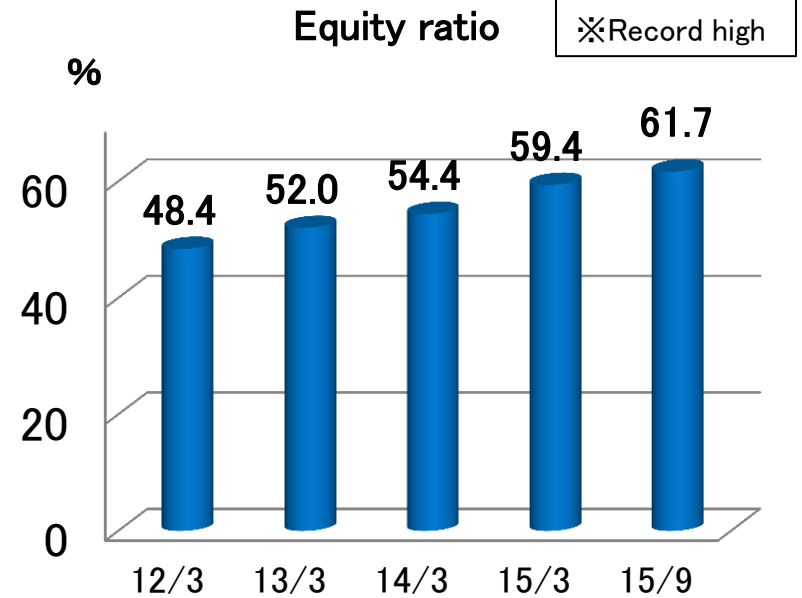
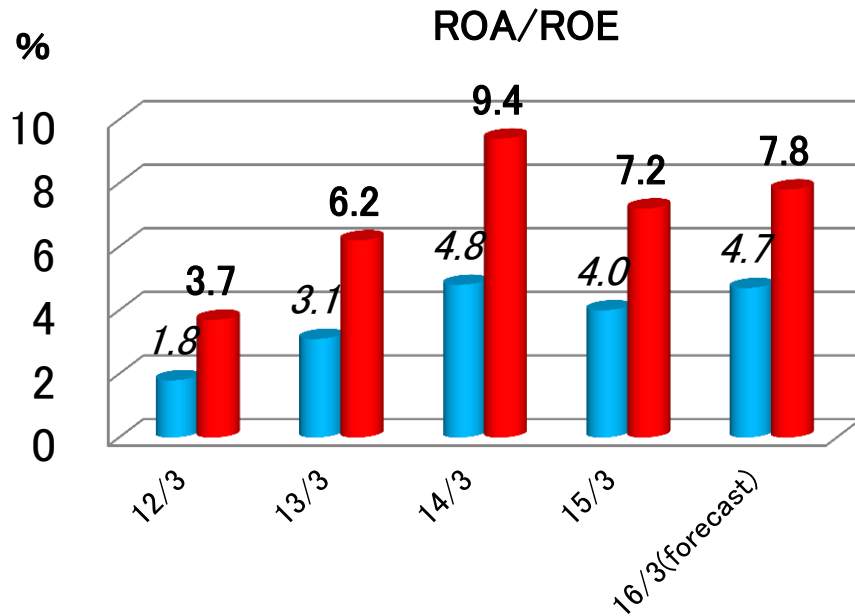
(Note) After eliminations. Figures in parentheses show year-on-year change.



# Transition of Cash Flow



# Financial Indicators



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### Ⅲ. Earnings forecast for the full fiscal year ending March 31, 2016

# FY2015 Full Year Forecast

(yen millions, %)

	2014/3	2015/3		2016/3 Forecast	
	Result	Result		Year –on-year comparison	
Net sales	93,434	95,395	95,000	–395	–0.4%
Operating income	5,517	4,797	5,800	1,002	+20.9%
Ordinary income	6,103	5,730	6,800	1,069	+18.7%
Net profit	4,280	3,758	4,500	741	+19.7%

## Sales

In light of uncertainties due to slowing growth in Asia, including China, and based on our consolidated results in the first half of FY2015, we have revised our full year forecast for net sales.

## Profit

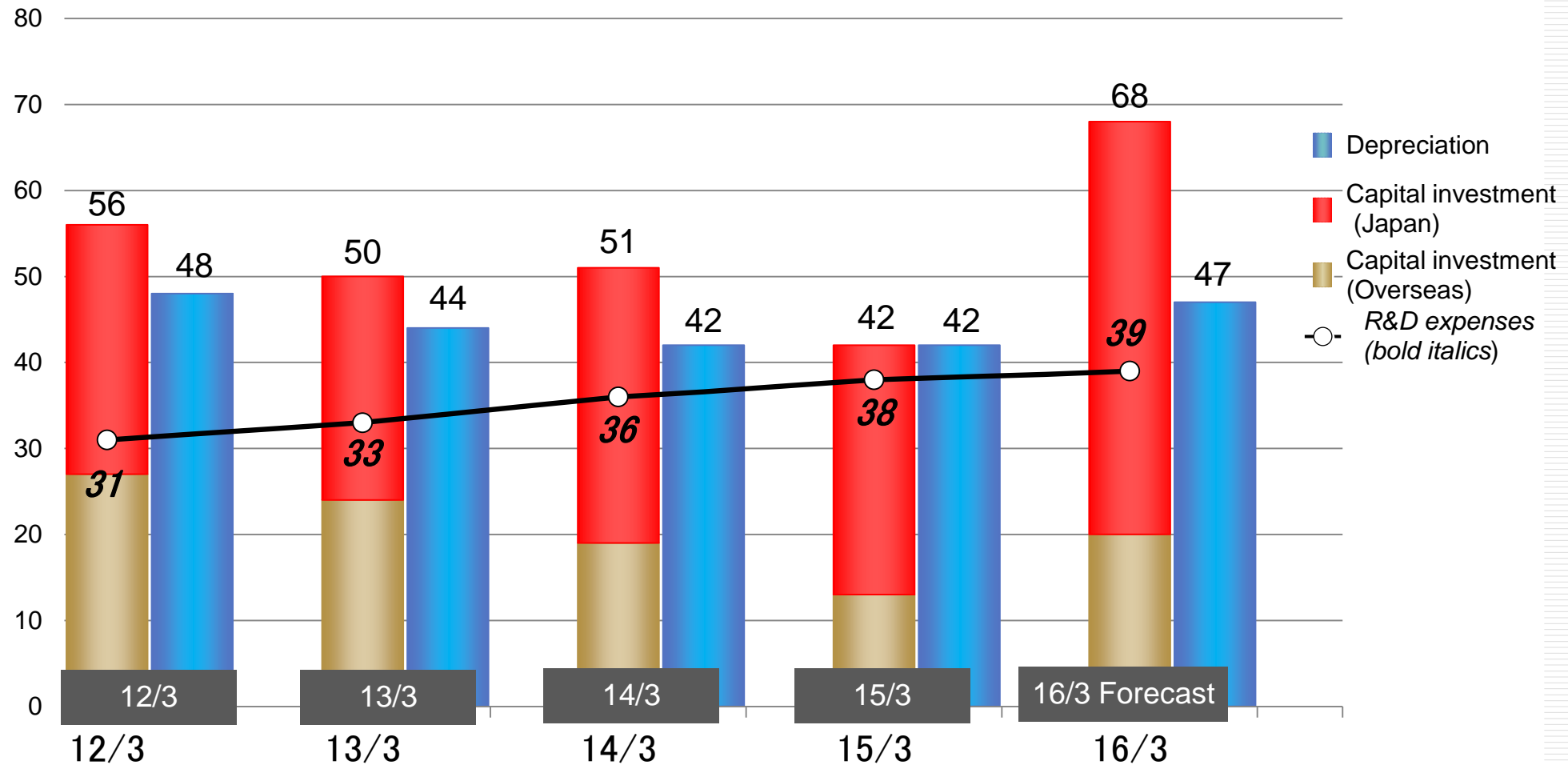
While we have lowered our full year forecast for net sales, we will continue to promote thorough cost reductions and enhance production overseas, and work to improve profitability.

## Exchange rates

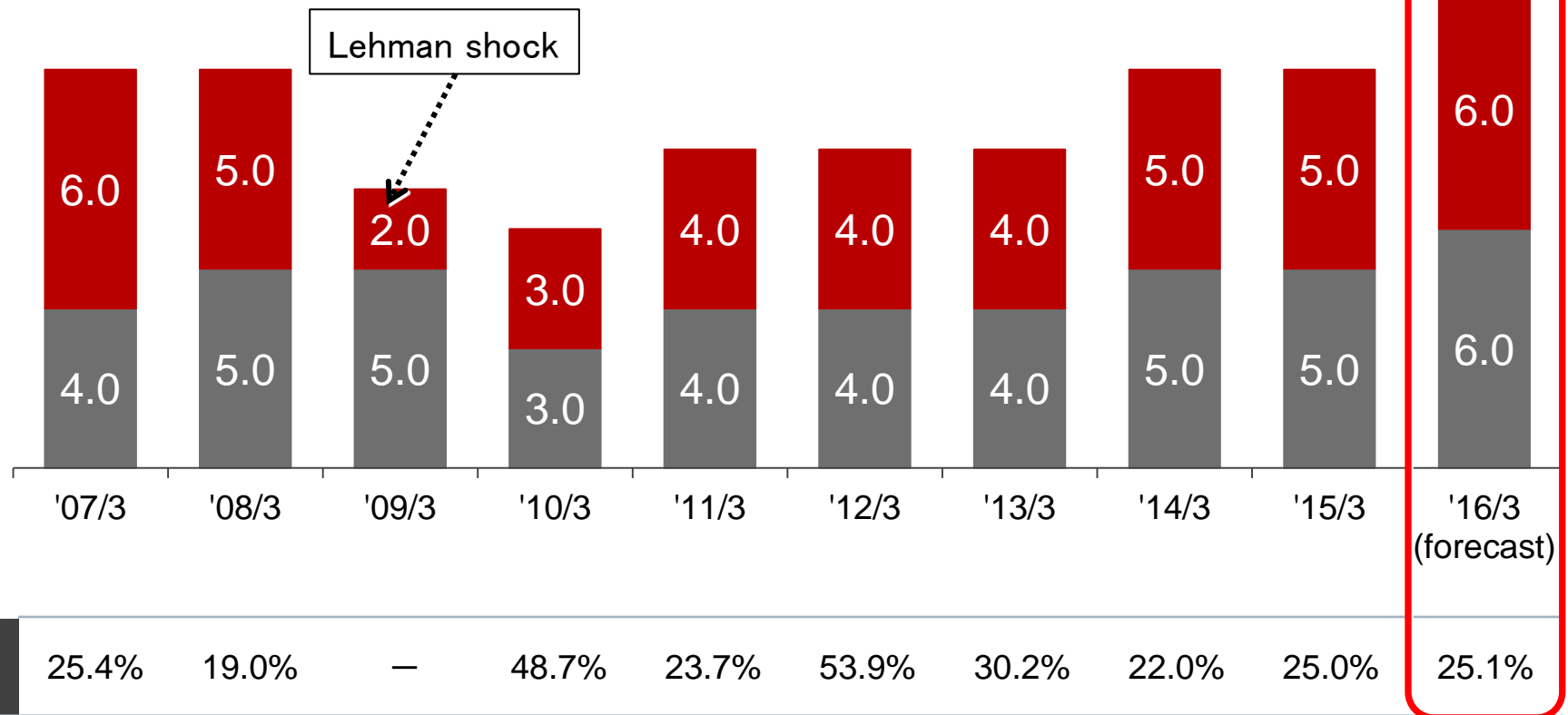
Rate assumptions・・・1USD=120yen, 1EUR=130yen, 1RMB=20yen

# Transition of capital expenditures, depreciation and R&D expenses

(yen 100 mil.)



# Shareholder Return (Dividends and Payout ratio)



This document contains certain forward-looking statements. It is provided solely for informational purposes. Future performance involves risks and uncertainties. Future results may be influenced by changes in the business environment, and results may differ from forecasts.