



Consolidated Business Results for the First Half of Fiscal 2016

November 9, 2016

Bando Chemical Industries, Ltd.

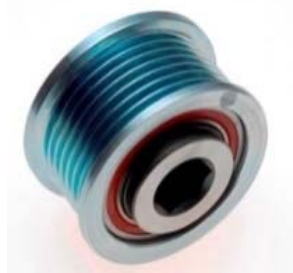
- I . Company Overview
- II . First half financial summary for the fiscal year ending March 31, 2017
- III . Earnings forecast for the full fiscal year ending March 31, 2017

I . Company Overview

Company Profile

Company name	Bando Chemical Industries, Ltd. (TSE code : 5195)
Head office	4-6-6 Minatojima Minamimachi, Chuo-ku, Kobe, Japan
President	Mitsutaka Yoshii
Founded	April 1906
Capital	10,951 million yen (as of September 30, 2016)

Automotive Parts Division



● Accessory drive belts

● Tensioners

Industrial Products Division



● Industrial equipment drive belts

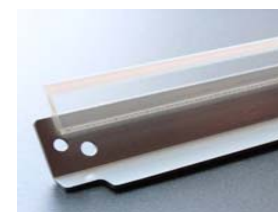


● Agricultural machinery drive belts

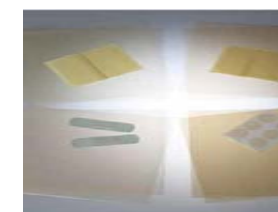


● Conveyor belts

Advanced Elastomer Products Division



● Precision parts
(L: Cleaning blades R: High-performance rollers)



● Film products

II. First half financial summary for the fiscal year ending March 31, 2017

FY2016 First Half Highlights

(yen mil.)

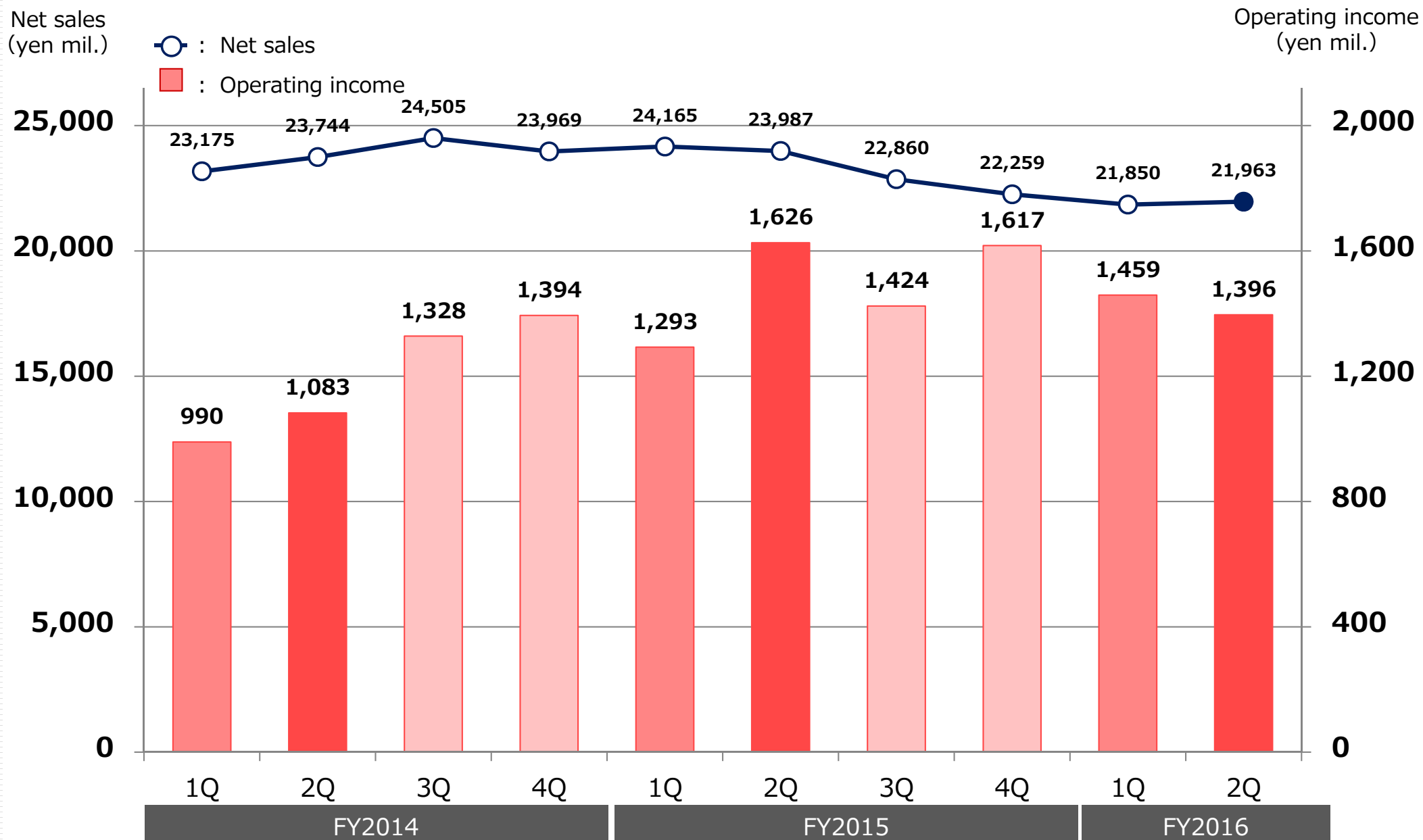
	2015/9 Result	2016/9			
		Result	Year-on-year change	Forecast	Difference in forecast vs. Actual result
Net sales	48,152	43,813	−4,339	47,000	−3,186
Operating income	2,919	2,855	−63	3,000	−144
Ordinary income	3,491	2,762	−728	3,200	−437
Profit attributable to owners of parent	2,592	2,095	−497	2,300	−204
Operating income ratio	6.1%	6.5%	+0.5%	6.4%	+0.1%

- Net sales decreased by ¥4,339 million year on year mainly due to appreciation of the JPY.
- Operating income decreased slightly by ¥63 million, non-operating income worsened due to appreciation of the JPY, and profit attributable to owners of parent declined by ¥497 million.

■ FY2016 First Half Highlights

- Sales of our automotive products decreased due to declining domestic automobile production from the last fiscal year. Overseas, sales of automotive parts in China and Thailand, and parts for two-wheeled vehicles in Thailand, India, and Vietnam increased. Although sales on a foreign currency basis expanded, our sales decreased due to appreciation of the JPY.
- In the Industrial Products business, sales of power transmission belts for use in agricultural machinery in China and Thailand increased. Domestically sales decreased due to the influence of the downturn in capital investment, and overall sales decrease. In the conveyor belt field, sales of light duty conveyor belts increased in Japan, China, and ASEAN countries, but sales of conveyor belts for use in steel and resource development industries decreased.
- In the Advanced Elastomer Products business, sales of precision parts decreased due to production cutbacks of domestic and overseas OA equipment manufacturers. Sales of functional film products increased due to aggressive sales activities and an increase in domestic non-housing-related demand.
- While thorough cost reduction activities, profit valued sales, and profitability improvement activities at overseas manufacturing affiliates were carried out, operating income decreased due to the influence of appreciation of the JPY.

Transition of Net sales and Operating income

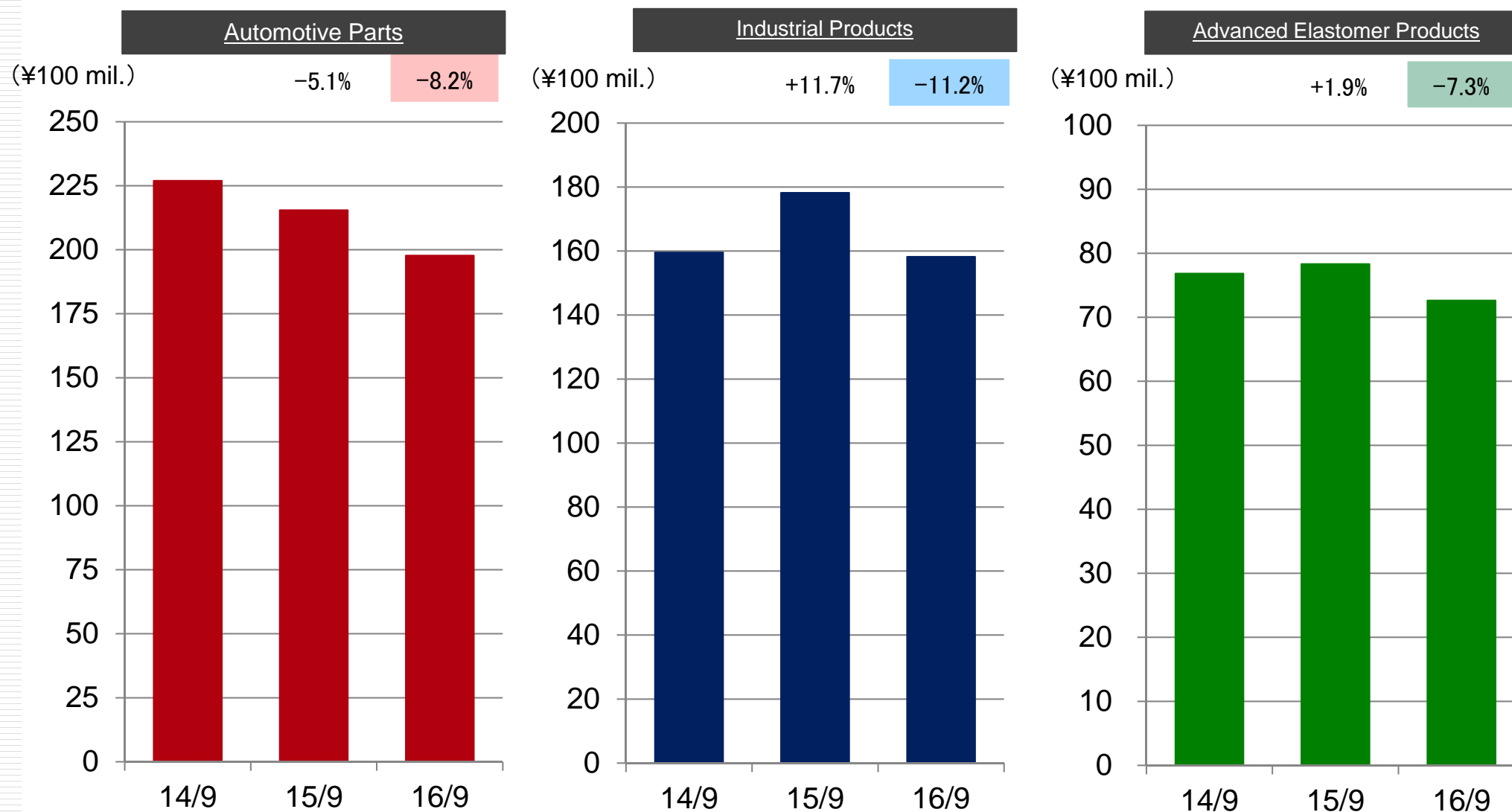


Segment sales in the first half of FY2016

(yen mil.)

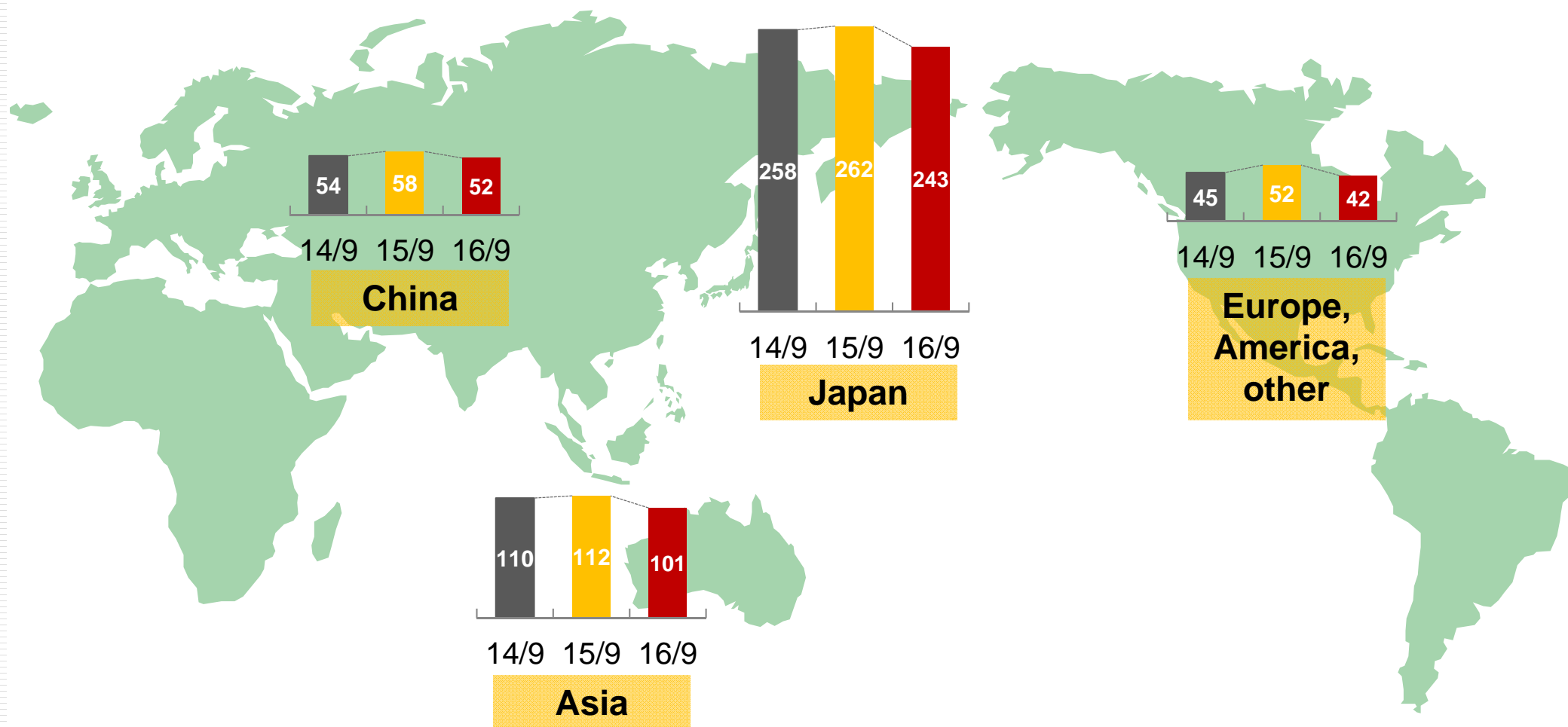
	2015/9 Result	2016/9		
		Result	Year-on-year change	Year-on-year rate of change
Net sales	48,152	43,813	-4,339	-9.0%
Automotive Parts	21,593	19,811	-1,782	-8.3%
Industrial Products	17,852	15,866	-1,985	-11.1%
Advanced Elastomer Products	7,861	7,315	-545	-6.9%
Other	1,335	1,168	-167	-12.5%
Eliminations	-490	-349	+141	—
Operating income	2,919	2,855	-63	-2.2%
Automotive Parts	1,551	1,264	-286	-18.5%
Industrial Products	1,106	1,206	+99	+9.0%
Advanced Elastomer Products	330	116	-213	-64.6%
Other	157	188	+30	+19.6%
Eliminations	-225	79	+305	—

Transition in net sales by business segment



Note: Net sales above are after inter-segment eliminations.

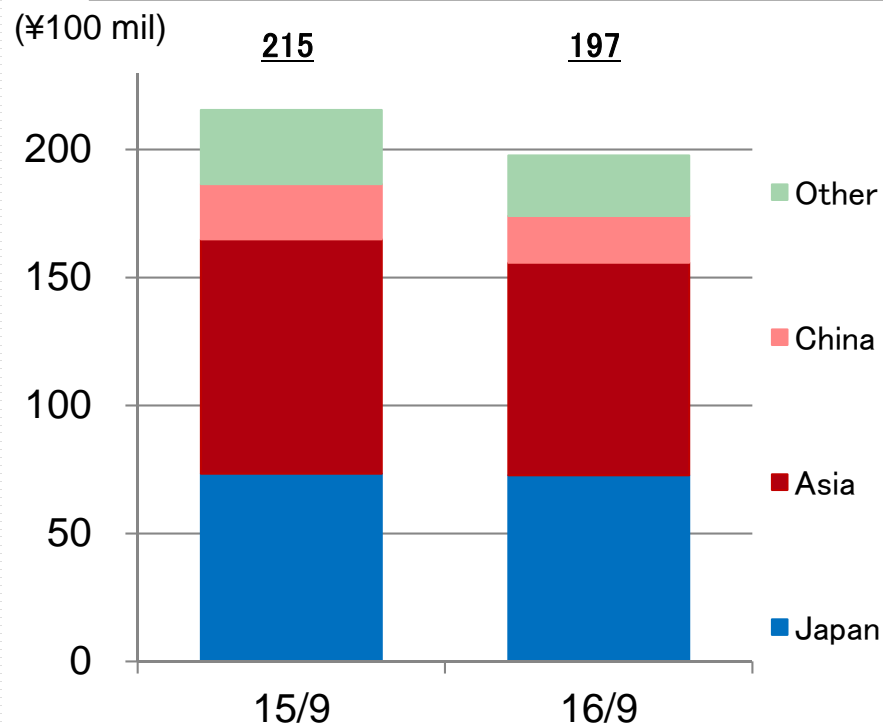
Global net sales by region



(Unit: ¥100 mil)

Automotive Parts overview

Geographic sales



Other
(-18.1%)

■ US and Europe automotive production increased, but in US sales of accessory drive belts decreased due to profit valued sales activities.

■ Sales of aftermarket parts remained steady.

China
(-15.4%)

■ Automobile production increased due to continued effects of small vehicle tax breaks, and sales of accessory drive belts increased, but overall sales decreased due to appreciation of the JPY.

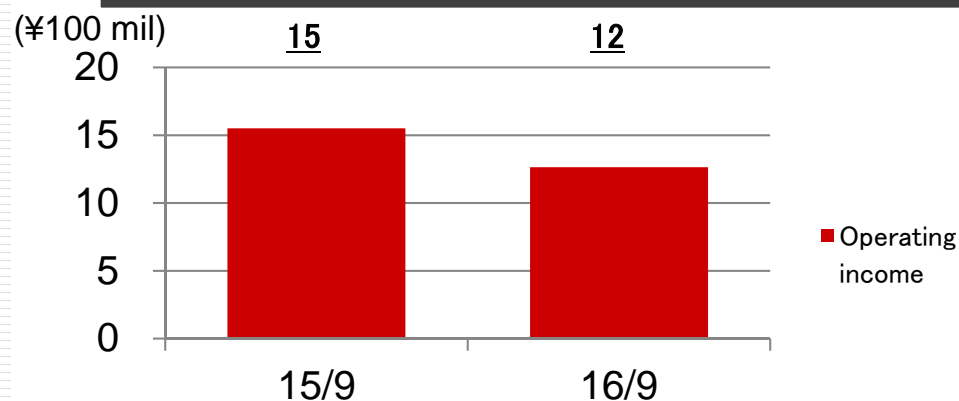
Asia
(-9.3%)

■ In India, Vietnam, and Thailand, sales of variable speed transmission belts for scooters remained strong. Automobile production remained steady in Thailand and overall sales increased, but resulted in a decline due to appreciation of the JPY.

Japan
(-0.8%)

■ While production decreased at major customers due to the earthquake in Kumamoto and sluggish sales of small cars, flat sales for aftermarket parts with sales expansion activities.

Operating income



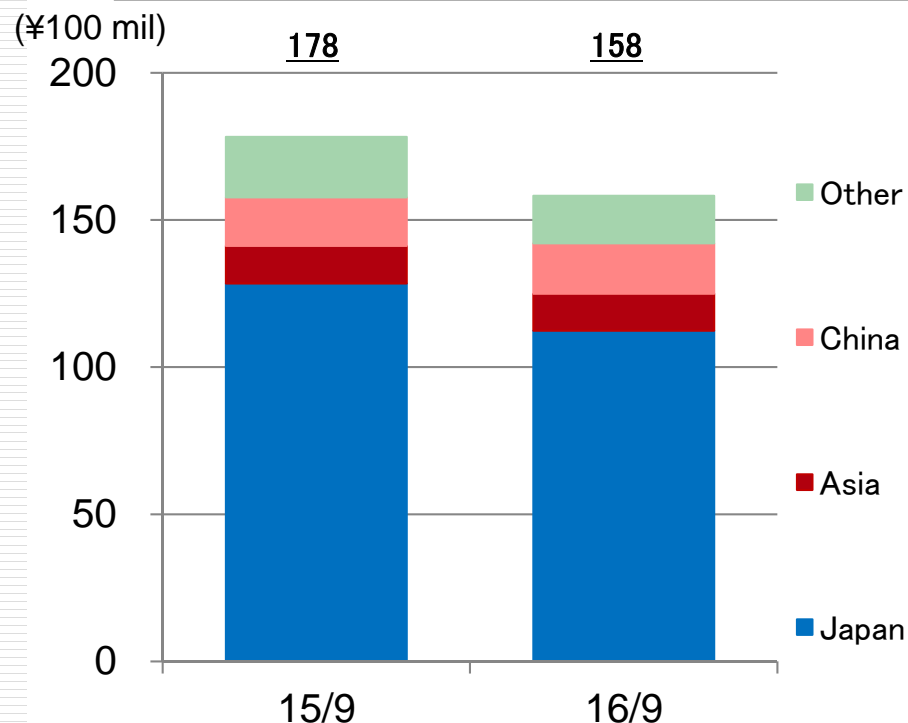
Operating
income
(-18.5%)

■ Asia and China sales and profit increased in foreign currency, but resulted in decline due to appreciation of the JPY.

■ Europe and US sales decreased and profit decreased.

Industrial Products overview

Geographic sales



Other
(-21.3%)

■ While sales of transmission belts for industrial machinery remain steady due to the economic upturn in US, sales to South America decreased.

China
(+3.9%)

■ Sales of transmission belts for agricultural machinery and light duty conveyor belts increased due to successful sales promotion activities and the influence of government support measures.

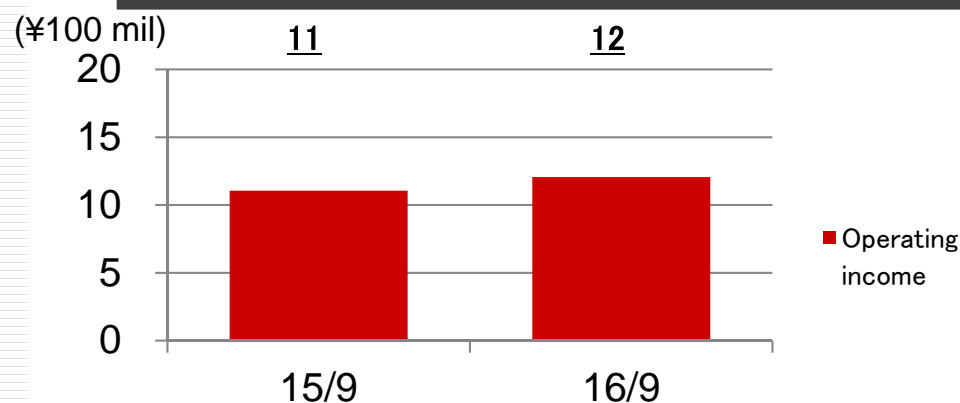
Asia
(-1.9%)

■ In Thailand, Vietnam, and India, sales of transmission belts for industrial and agricultural machinery increased due to progress with customer development. Also, in Thailand, Vietnam, and Malaysia, light duty conveyor belt sales increased, but overall sales declined due to appreciation of the JPY.

Japan
(-12.5%)

■ Conveyor belt sales declined due to profit valued sales activities.
■ With a downturn in capital investment, sales of industrial products decreased.

Operating income



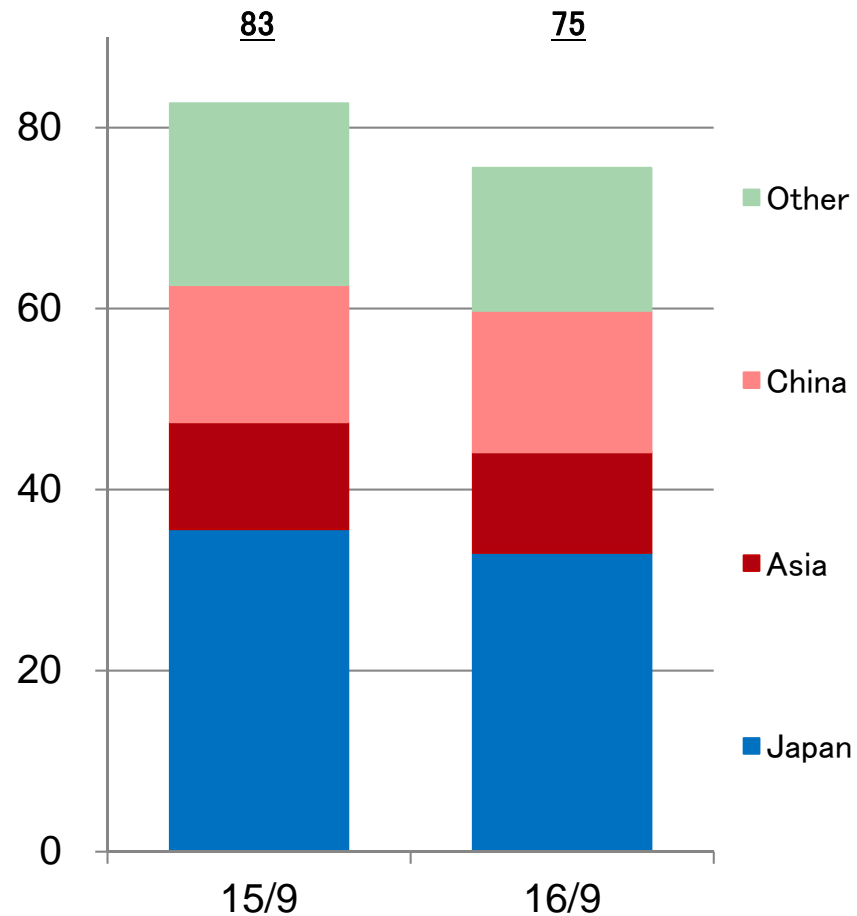
Operating
income
(+9.0%)

■ Increase due to light duty conveyor belt expansion in China and Asia, and profit valued sales of conveyor belts.
■ Increase in profit in Thailand and Vietnam due to an increase in sales of transmission belts for industrial machinery and agricultural machinery.

Industrial Products overview (industrial power transmission belts, conveyor belts)

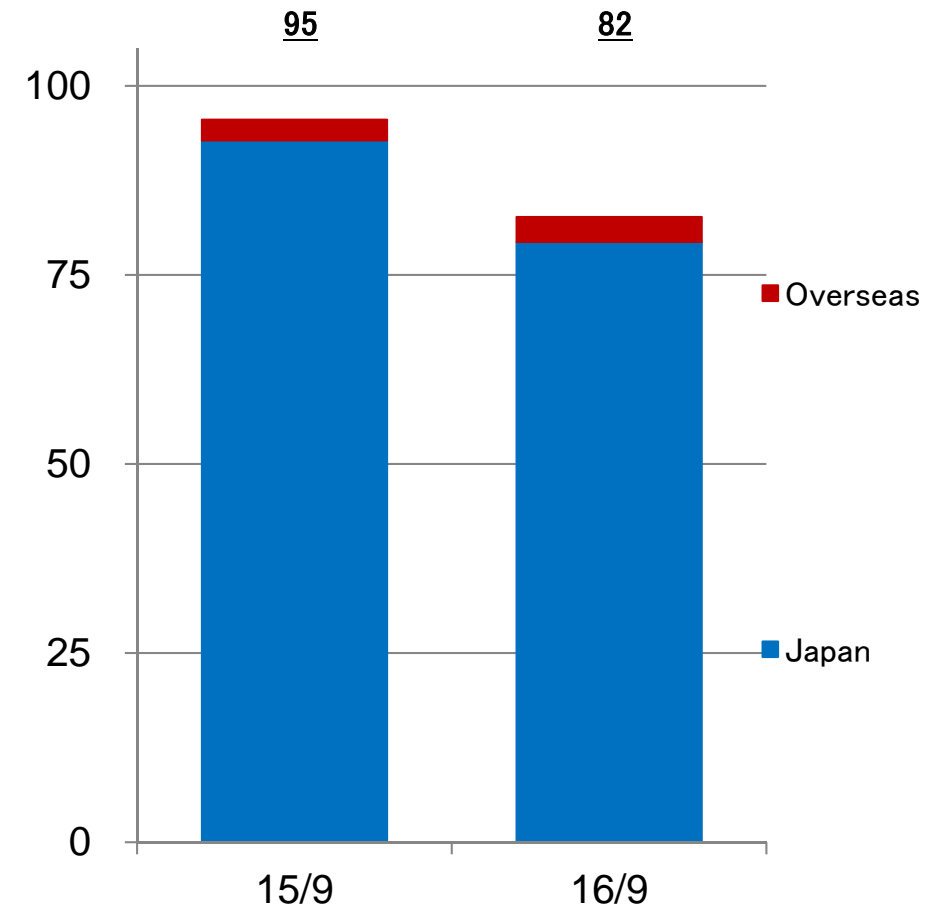
Geographic sales of industrial transmission belts

(¥100 mil.)



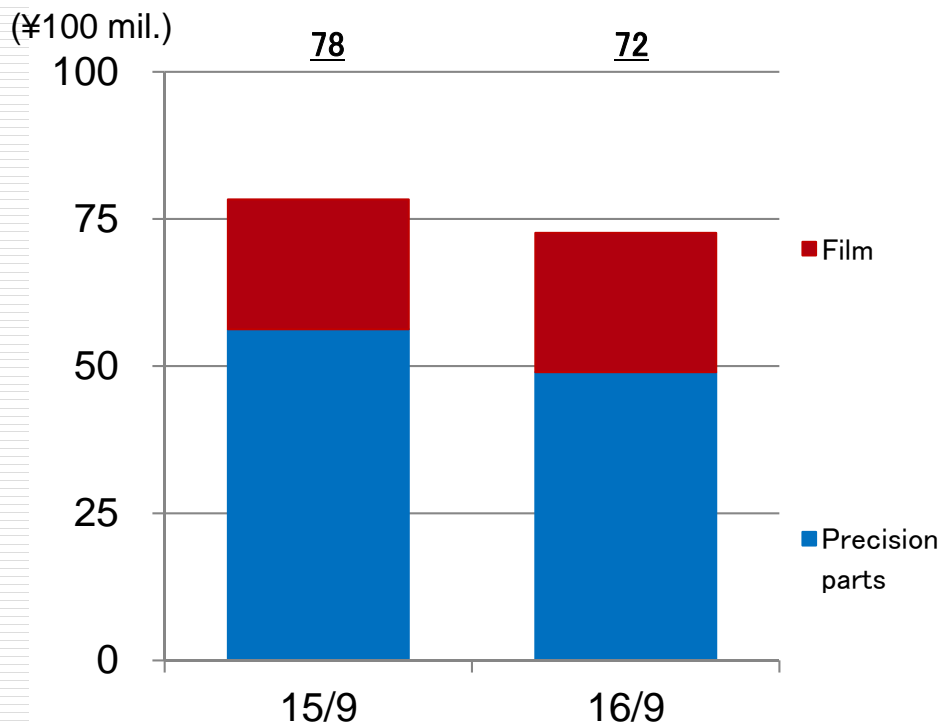
Geographic sales of conveyor belts

(¥100 mil.)



Advanced Elastomer Products overview

Sales by business



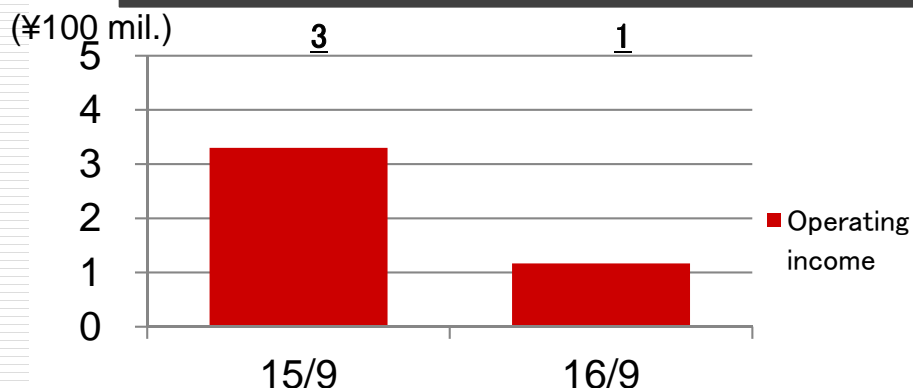
Film
(+7.2%)

- Domestic demand for non-housing-related building materials continued to remain steady, and sales of building materials and industrial materials increased.
- Medical related sales increased due to successful sales expansion.

Precision parts
(-13.0%)

- Sales of high performance rollers, cleaning blades, and precision belts decreased due to declining production by our major customers in the OA equipment industry both domestic and overseas.

Operating income

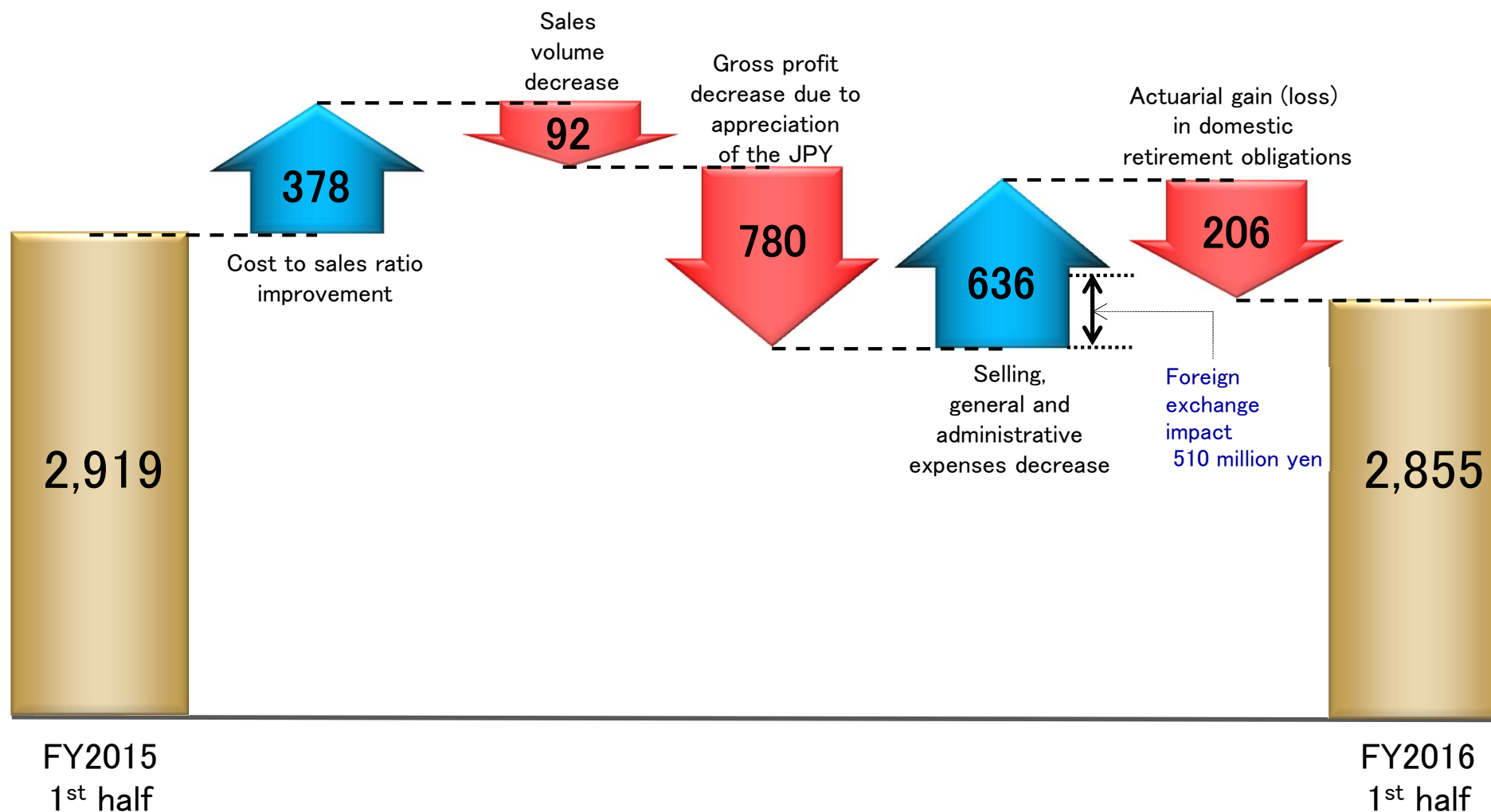


Operating income
(-64.6%)

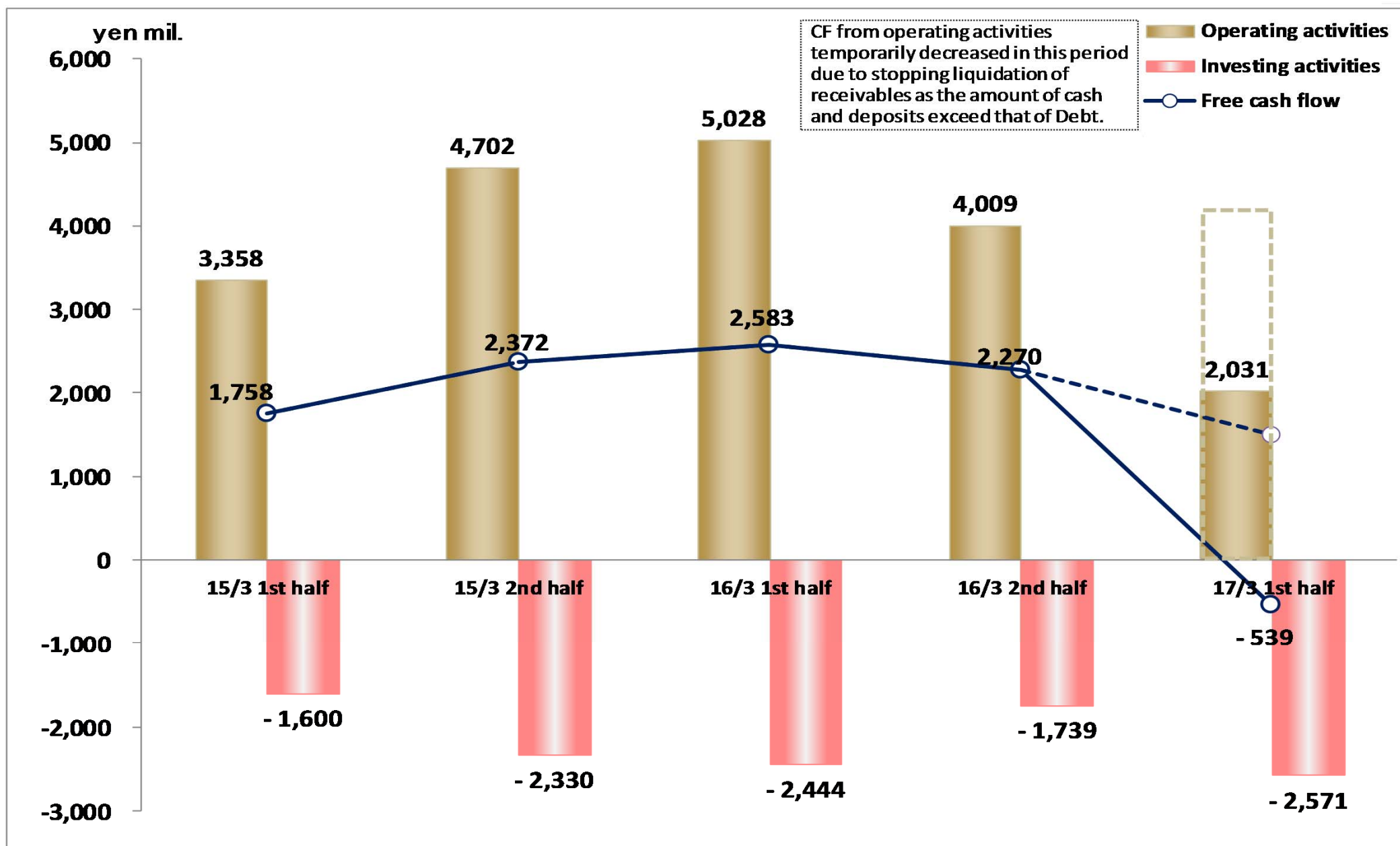
- Profit in functional film increased due to sales increase.
- Profit in precision parts decreased due to sales decrease.

■ Operating income analysis in the first half of FY2016

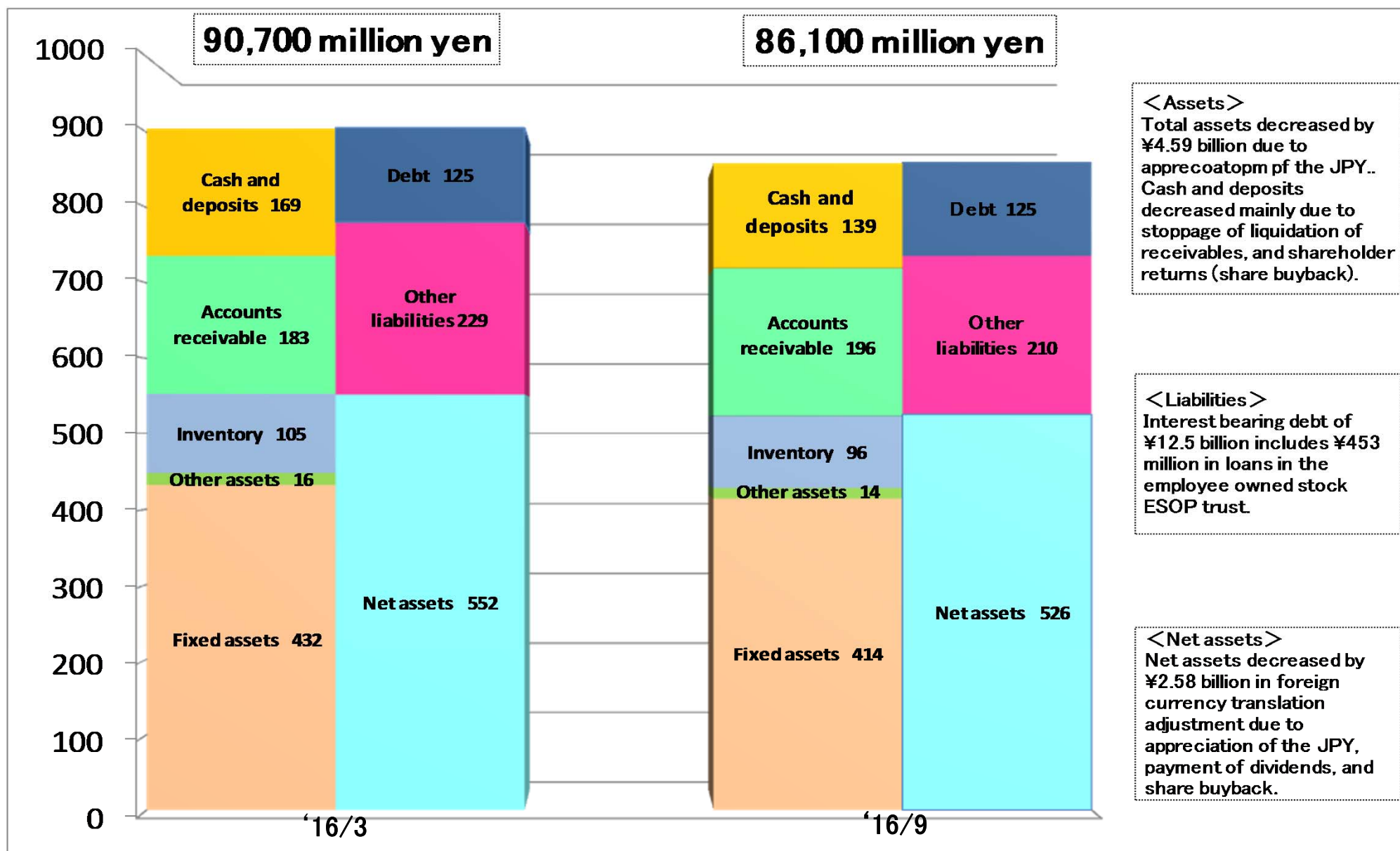
(yen mil.)



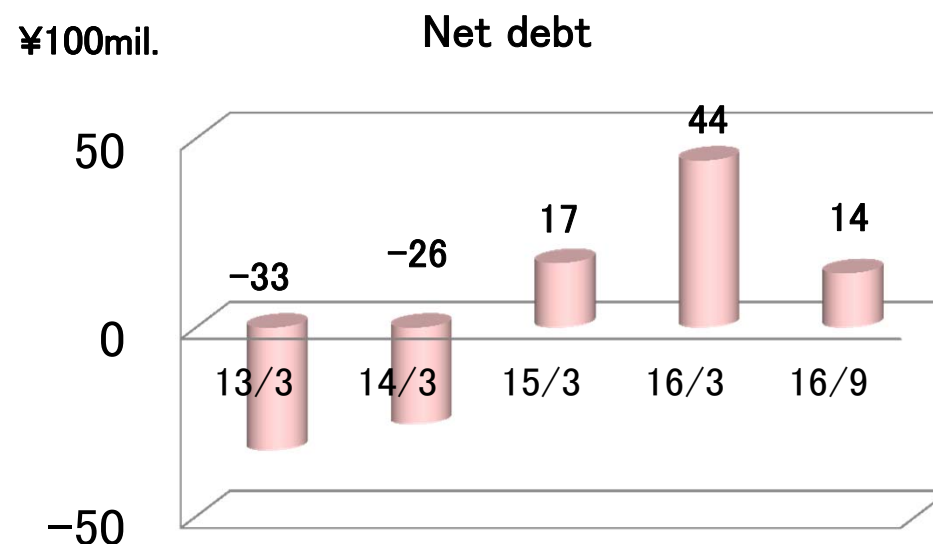
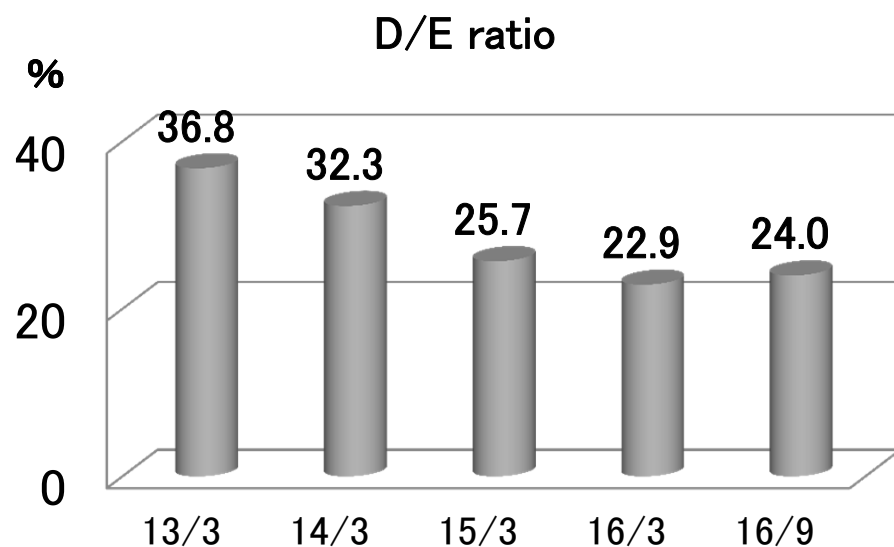
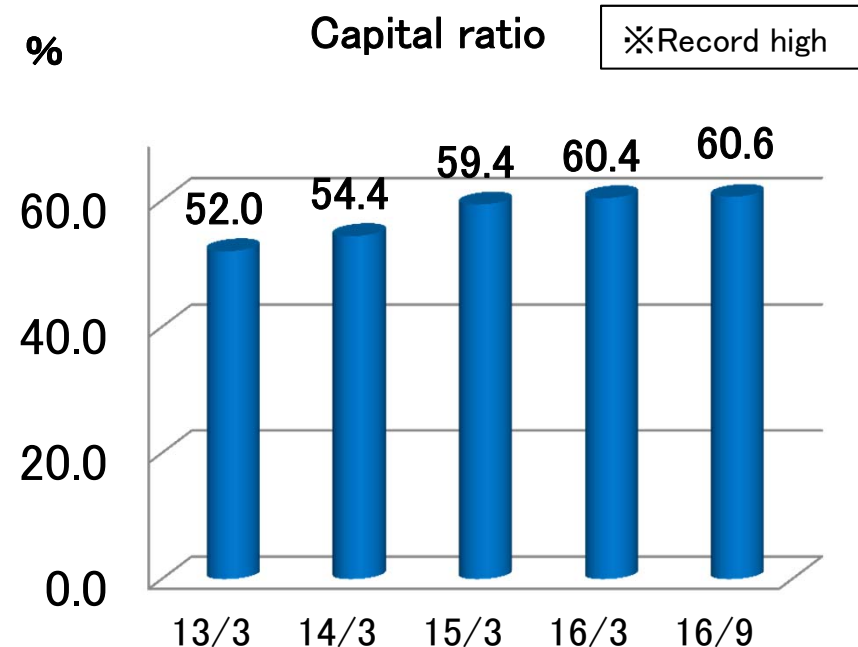
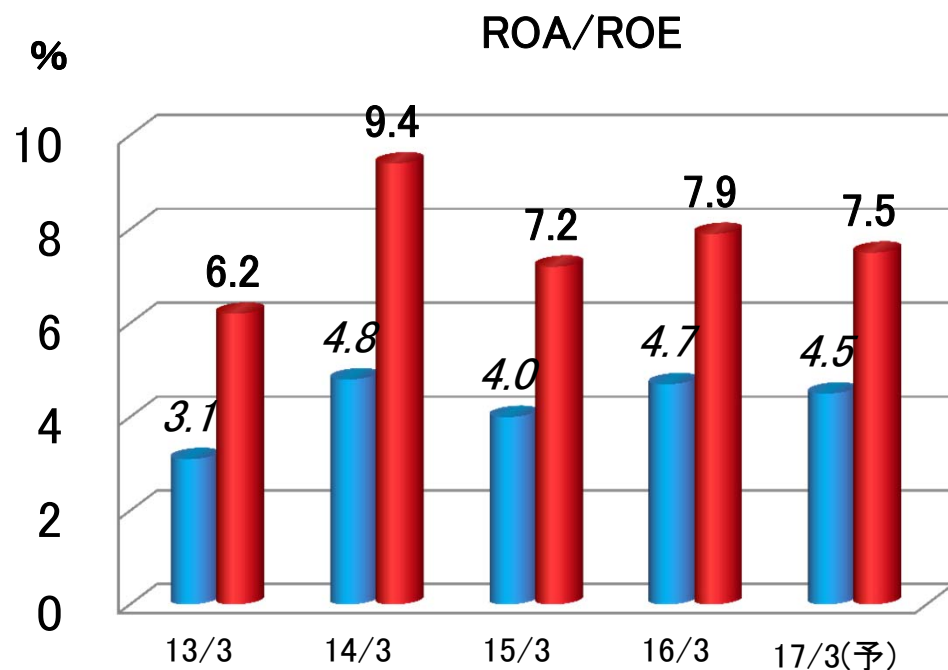
Transition of Cash Flow



Consolidated Balance Sheets



Financial indicators



Ⅲ. Business forecast for the fiscal year ending March 31, 2017

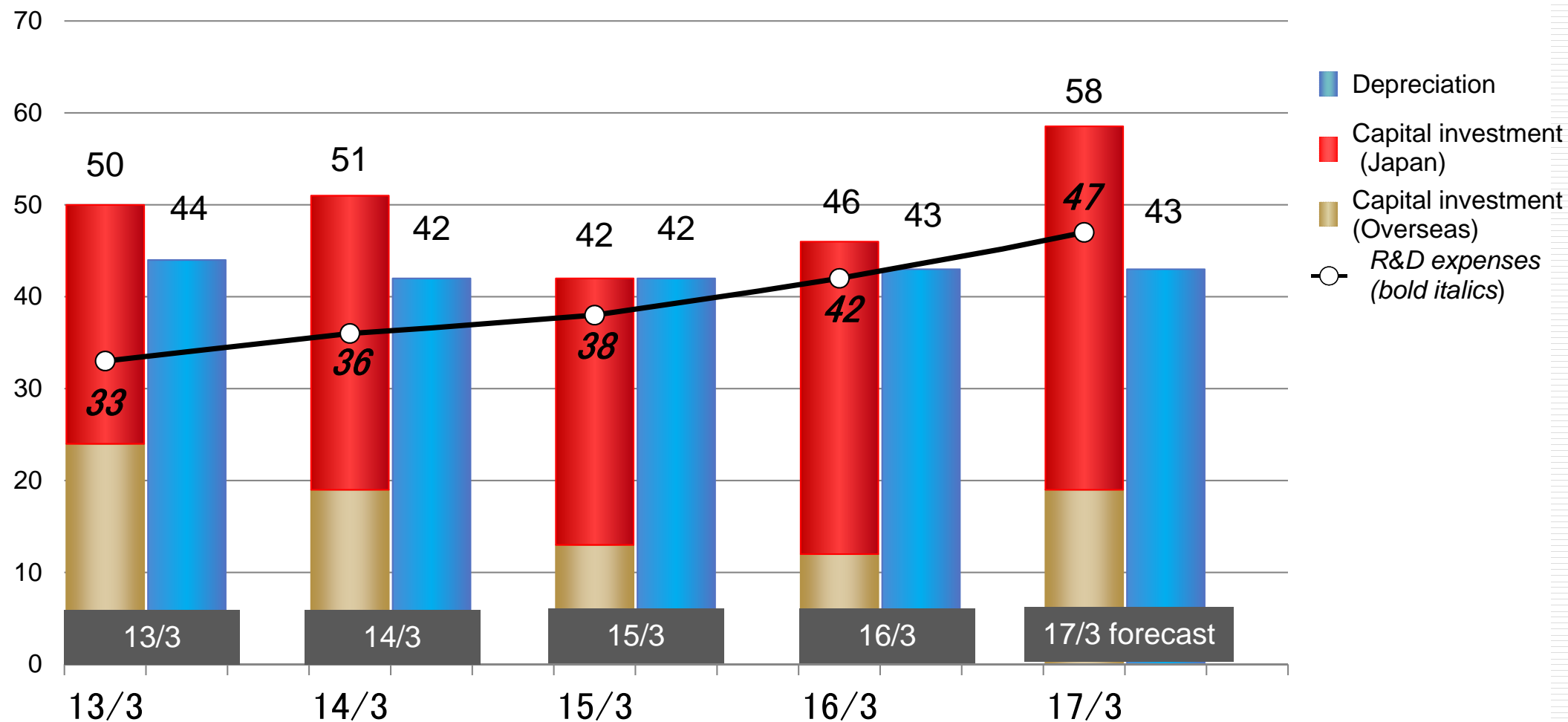
FY2016 Forecast

(Yen millions, %)

		2016/3 Results	2017/3 Forecast			
			Before revision	After revision	Year on year change (After revision)	
Net sales		93,272	94,000	90,000	-3,272	-3.5%
Operating income		5,960	6,000	5,500	-460	-7.7%
Ordinary income		6,363	6,400	5,600	-763	-12.0%
Profit attributable to owners of parent		4,386	4,500	4,100	-286	-6.5%
Exchange rates (yen)	U S D	119.95	110	102		
	E U R	132.25	125	113		
	Remnibi	18.80	17	15		
Reasons for Revisions		<p>■ The effect of higher yen exchange rates, and sales expansion activities in China influenced by the continued deceleration of the Chinese economy.</p>				

Transition of capital expenditures, depreciation and R&D expenses

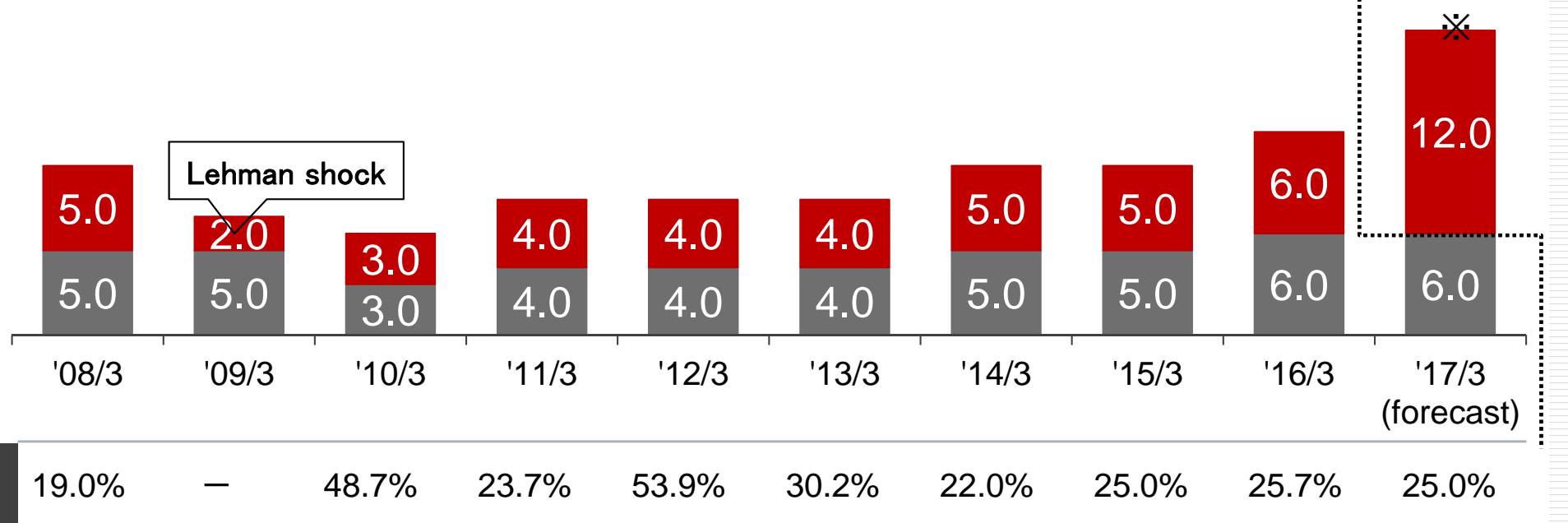
(¥100 mil.)



Shareholder Return

Transition in dividend per share

- Term-end dividend
- Mid-term dividend



※Share consolidation at a rate of two shares of common stock into one took place October 1, 2016.

Share consolidation and trading units (Effective date: October 1, 2016)

- Share consolidation.....at a rate of two shares of common stock into one.
- Change in trading units.....Odd lot shares will be in units less than 100 shares (from 1000)