



Moving Forward with Innovation!
ON THE RUN!

Consolidated Business Results for the Fiscal 2018

Bando Chemical Industries, Ltd.

May 13, 2019

3年連続選定



- I . Financial summary for the fiscal year ending March 31, 2019

- II . Business forecast for the fiscal year ending March 31, 2020

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I . Financial summary for the fiscal year ending March 31, 2019

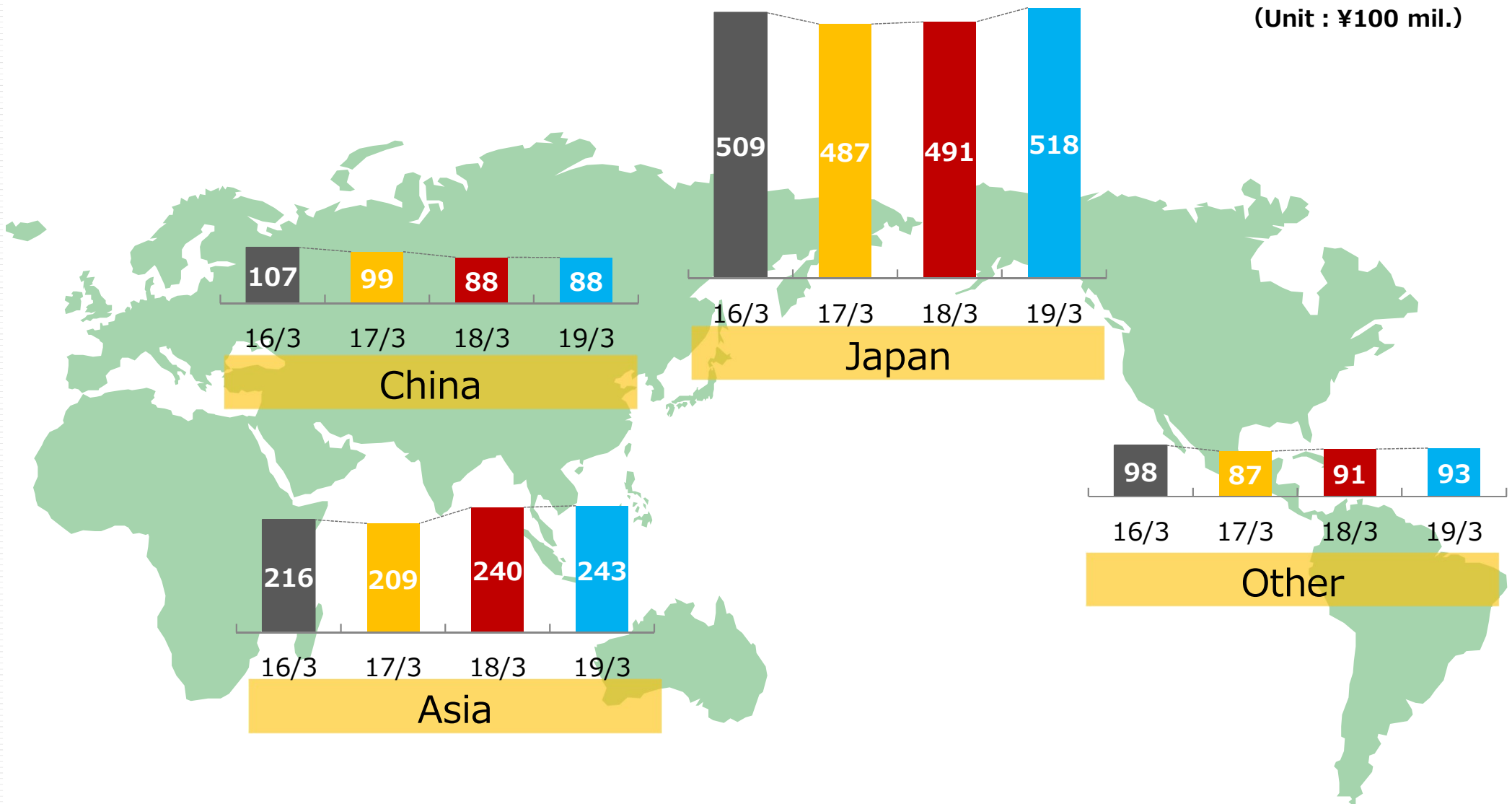
FY2018 Highlights

(yen mil.)

	2018/3	2019/3			
	Result	Result	Year-on-year change	forecast	Difference in forecast vs. actual result
Net sales	91,263	94,157	+2,894	94,000	100.2%
Operating income	6,336	6,392	+55	6,500	98.3%
Ordinary income	6,598	7,556	+957	7,000	107.9%
Profit attributable to owners of parent	4,795	4,645	-149	5,000	92.9%
Operating income ratio	6.9%	6.8%	-0.1%	6.9%	—

- Net sales increased by ¥2,894 million year on year mainly in domestic area.
- Ordinary income increased by ¥957 million year on year owing to favorable turns in equity in earnings of affiliates and foreign exchange gains.
- Profit attributable to owners of parent decreased by ¥149 million year on year owing to extraordinary losses (-¥1,288 million) included loss on abolishment of retirement benefit plan.

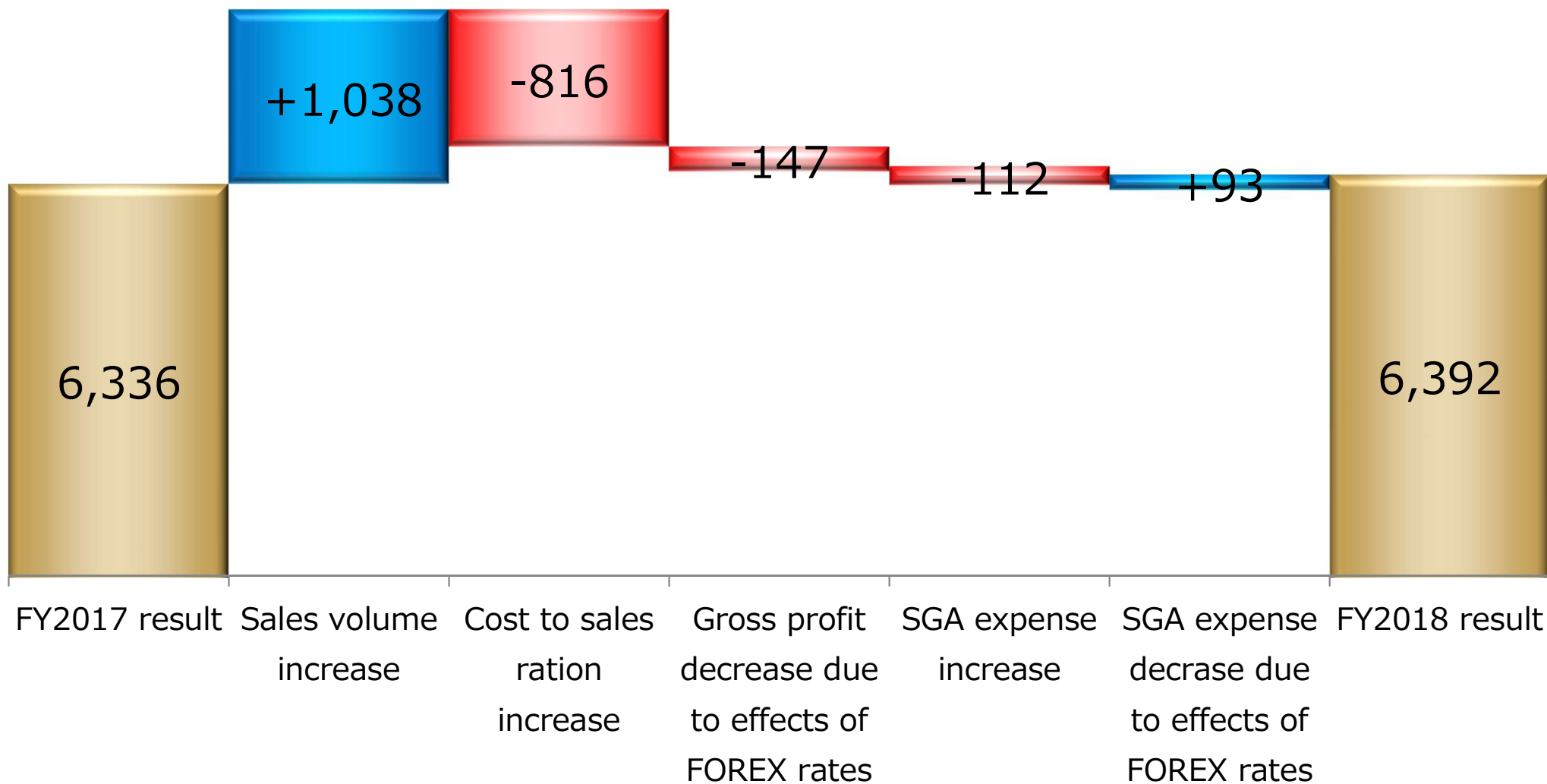
FY2018 net sales by region



Note: Global net sales by region above were after inter-segment elimination.

FY2018 Operating income analysis

(yen mil.)



FY2018 Segment performance

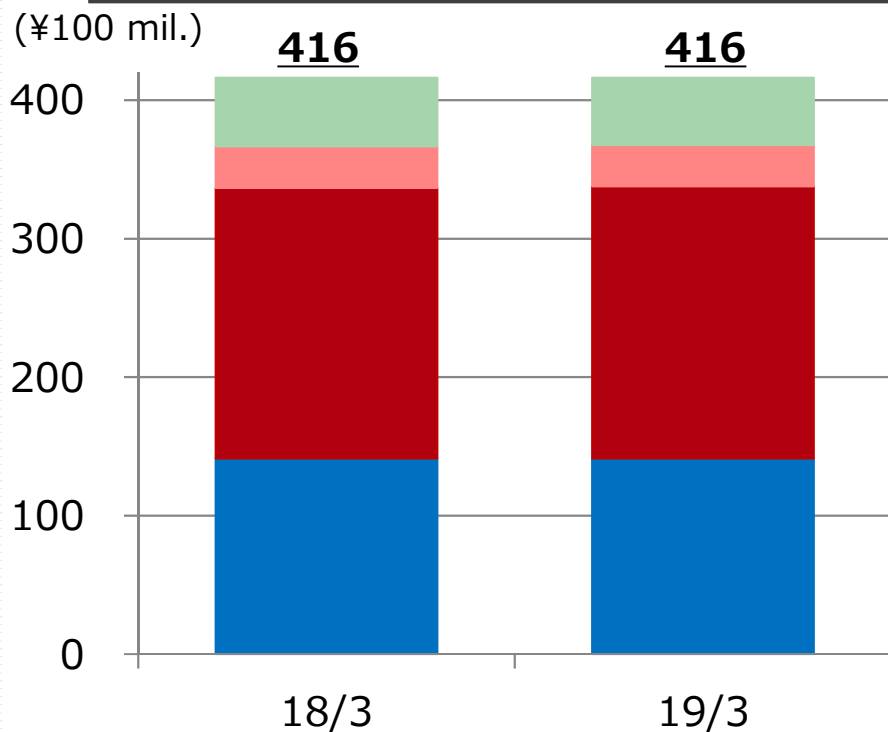
(yen mil.)

	2018/3	2019/3		
	Result	Result	Change	rate of change
Net sales	91,263	94,157	+2,894	+3.2%
Automotive Parts	41,701	41,655	-45	-0.1%
Industrial Products	32,369	34,599	+2,230	+6.9%
Advance Elastomer Products	15,160	15,283	+122	+0.8%
Other	2,732	3,884	+1,152	+42.2%
Elimination	-699	-1,264	-564	-
Operating income	6,336	6,392	+55	+0.9%
Automotive Parts	3,263	3,046	-217	-6.7%
Industrial Products	1,907	1,908	+0	+0.0%
Advance Elastomer Products	429	786	+356	+83.1%
Other	316	535	+219	+69.1%
Elimination and adjustment	419	115	-303	-72.3%

Automotive Parts overview



Sales by region



Other
(-1.8%)

- In US., sales declined due to a decrease in production of vehicles equipped with our power transmission belts and systems.

China
(-1.0%)

- Sales decreased due to a decrease in production by major customers.

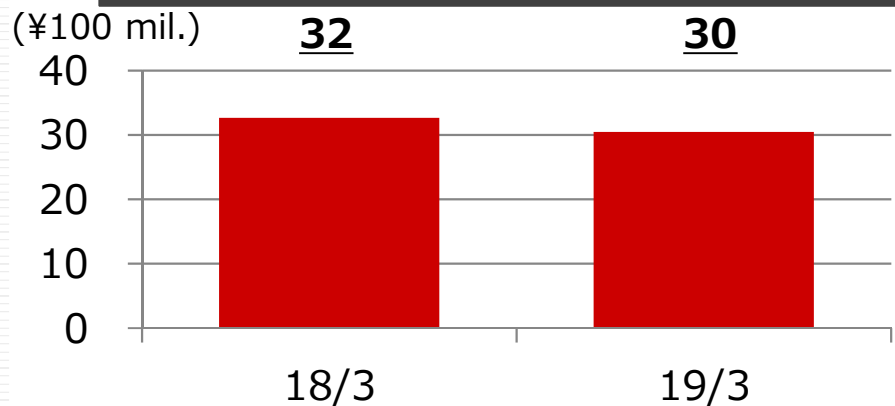
Asia
(+0.6%)

- Sales of variable speed belts for scooters increased in Thailand, Vietnam and India.
- Sales of accessory drive belts and systems increased in Thailand.

Japan
(-0.0%)

- Sales remained flat year on year due to the same level of production of vehicles as the previous year.

Operating income

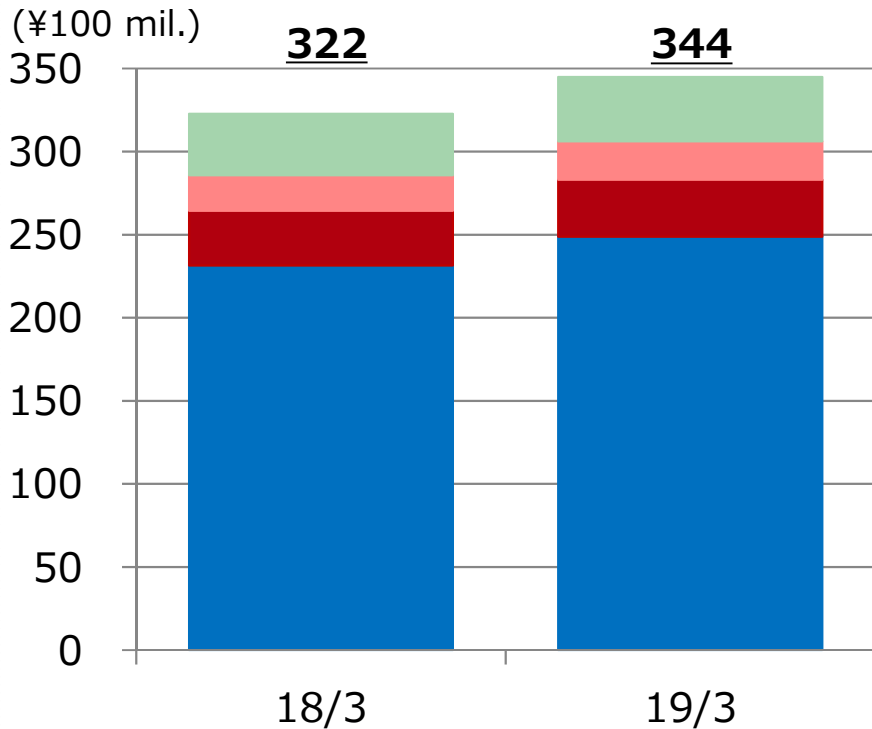


Operating income
(-6.7%)

- Operating income decreased due to sales shrink.

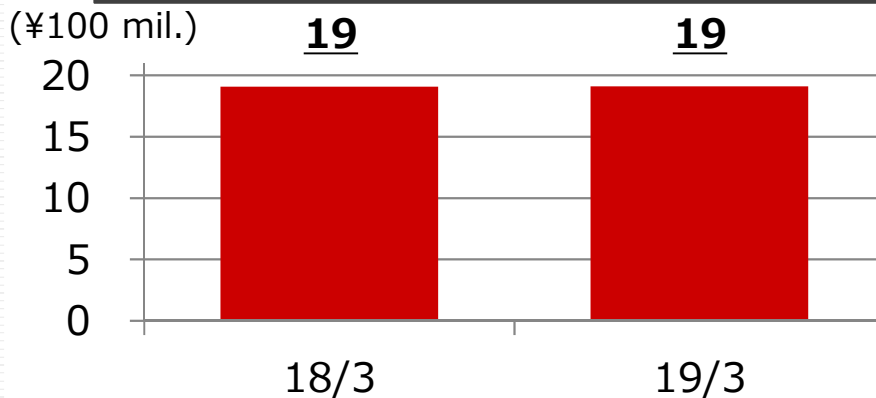
Industrial Products overview

Sales by region



- Other (+4.7%)**
 - In US., sales of industrial transmission belts increased owing to capital investment growth.
- China (+7.7%)**
 - Sales of transmission belts for agricultural machinery increased mainly.
- Asia (+4.1%)**
 - Sales of transmission belts for agricultural machinery increased mainly.
- Japan (+7.5%)**
 - Although there were signs of some standstills of machinery orders, sales of industrial transmission belts increased.
 - Conveyor belt sales increased owing to the increase of large-scale cases.

Operating income

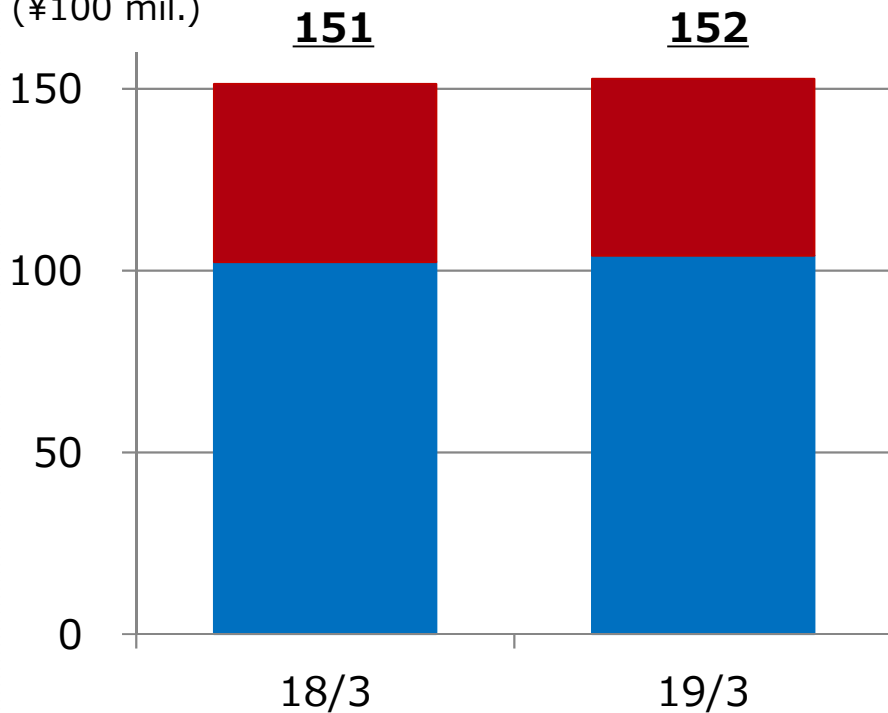


- Operating income (+0.0%)**
 - Operating income remained flat year on year due to the increase in cost of sales by dealing with failures for customers.

Advance Elastomer Products overview

Sales by operating business

(¥100 mil.)



Films
(-0.6%)

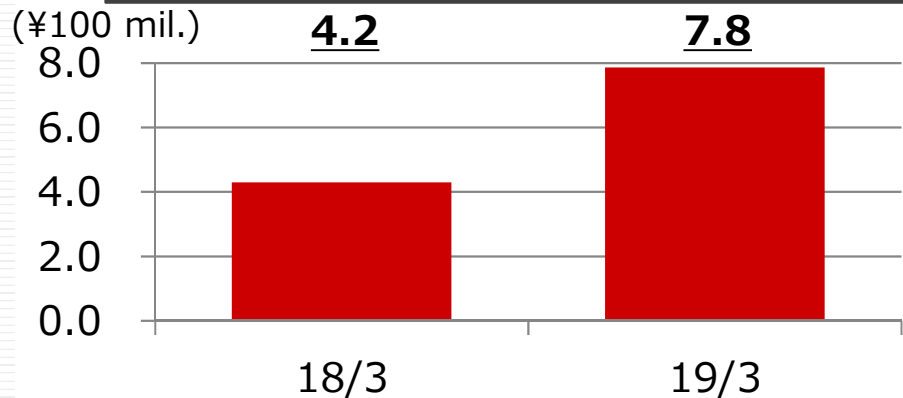
- Sales of films used in construction materials and industrial materials increased.
- Sales of films used in medical materials and decorative materials decreased.

Precision parts
(+1.7%)

- Production at office equipment manufacturers remained at the same level year on year, but sales of high performance rollers and blades for major customers increased.

Operating income

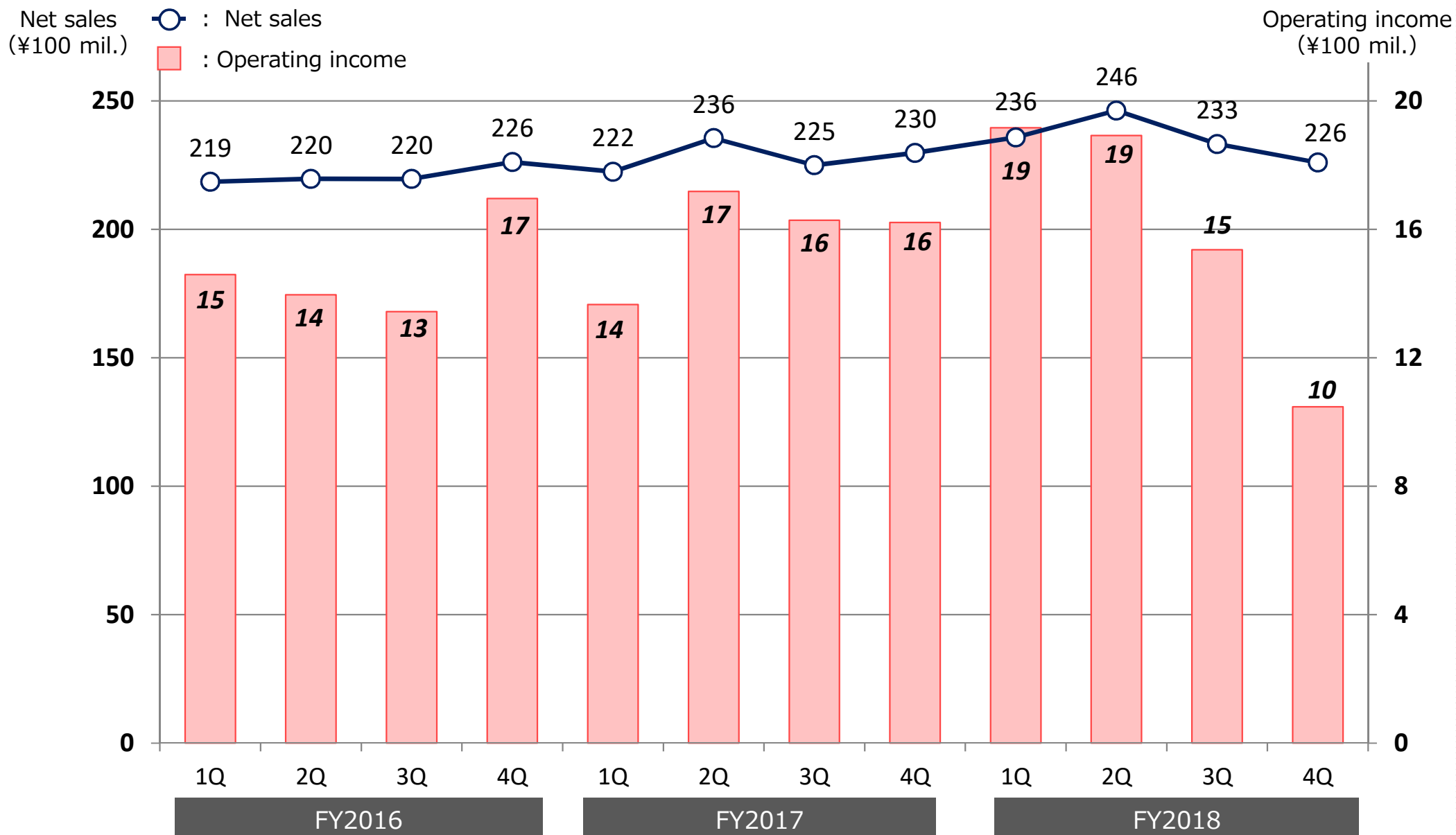
(¥100 mil.)



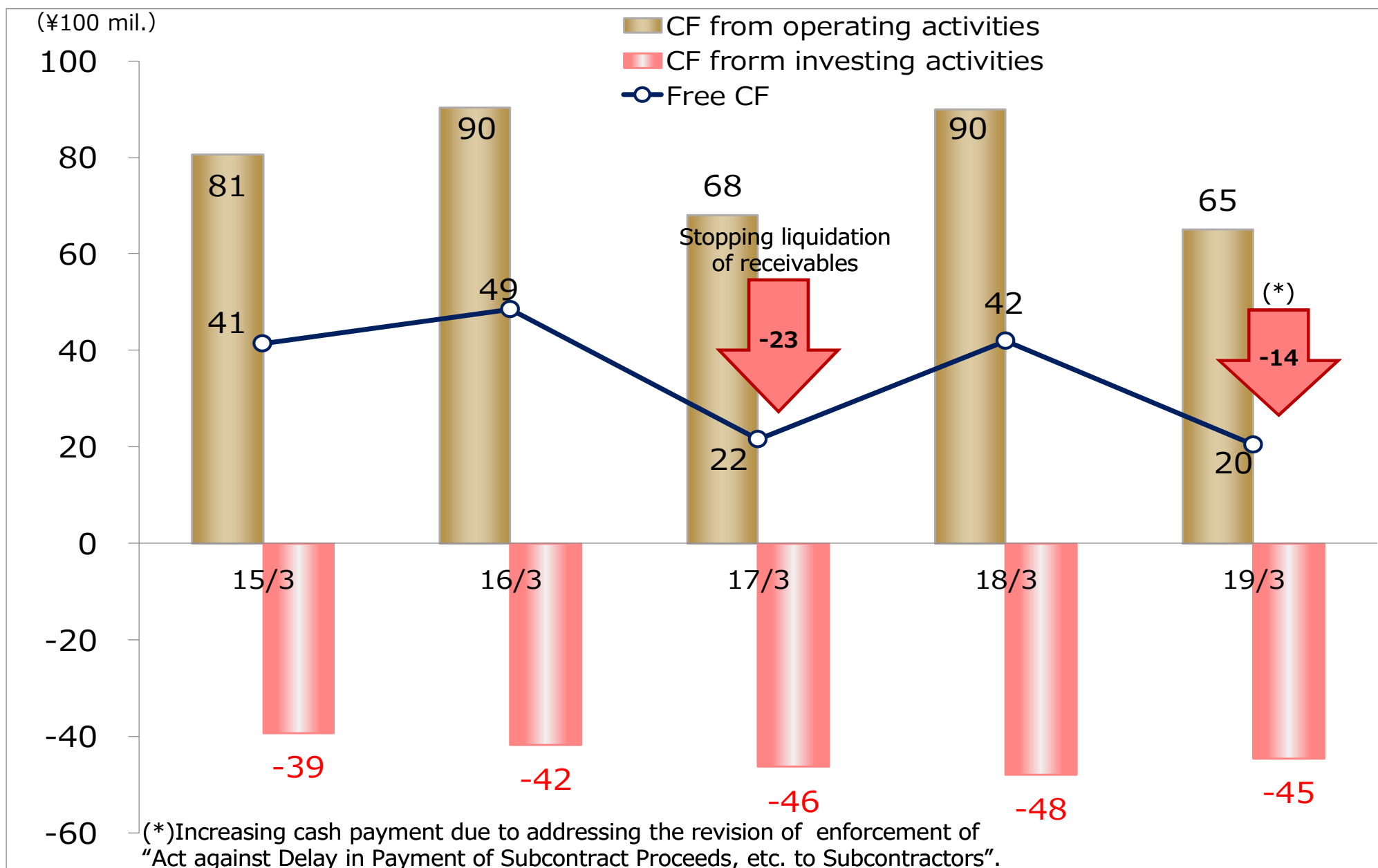
Operating income
(+83.1%)

- Operating income increased due to accelerating the transition with high-value-added products.

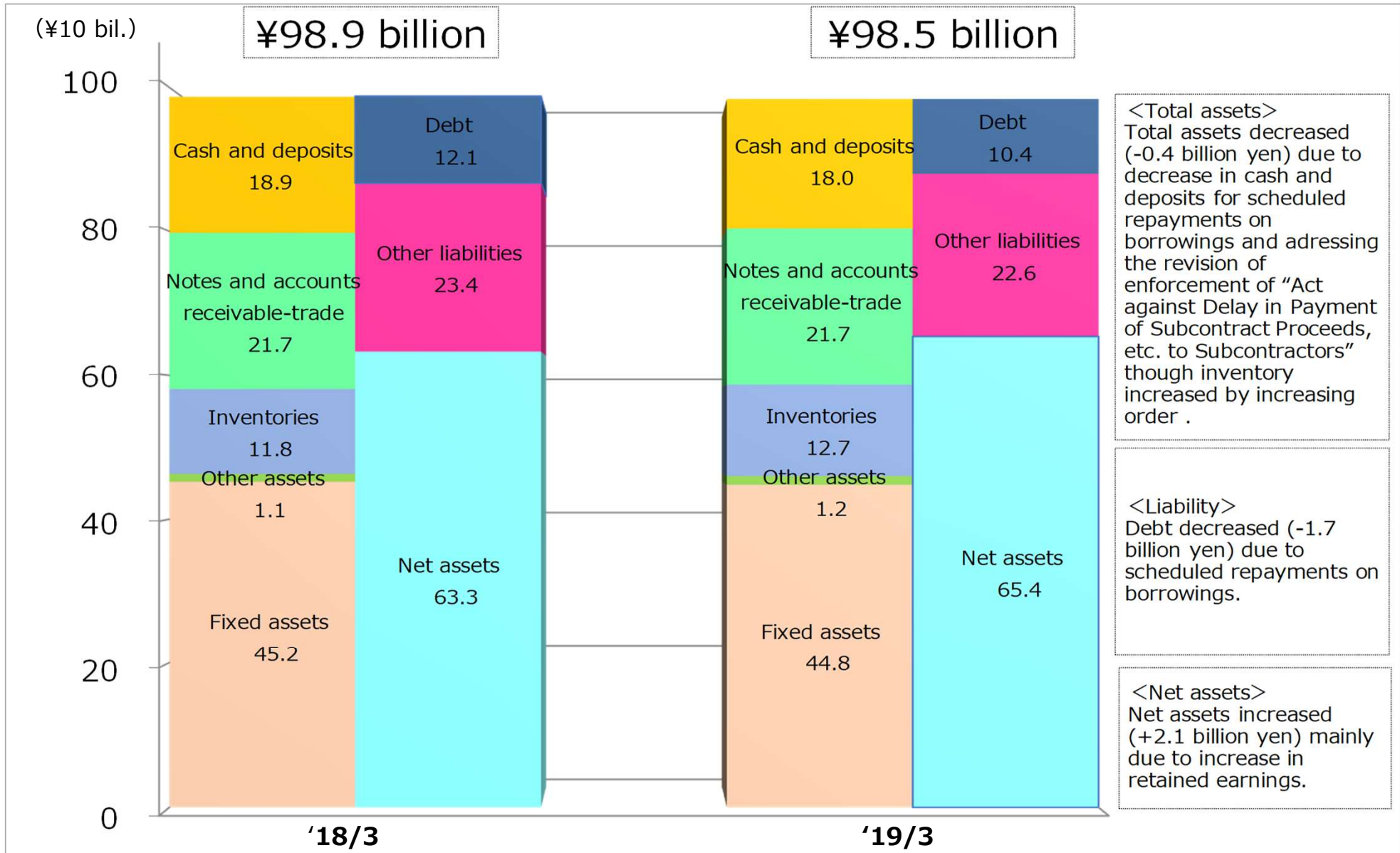
Quarterly transition of business results



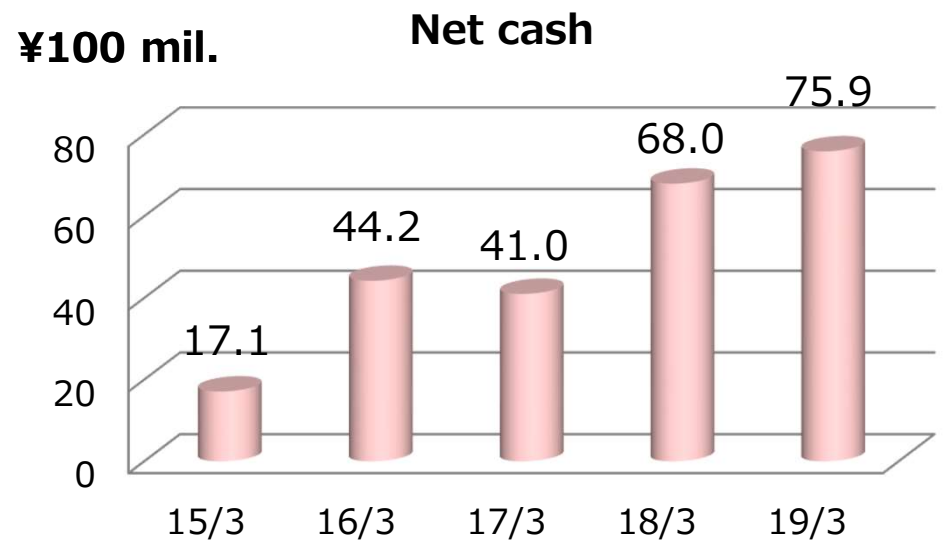
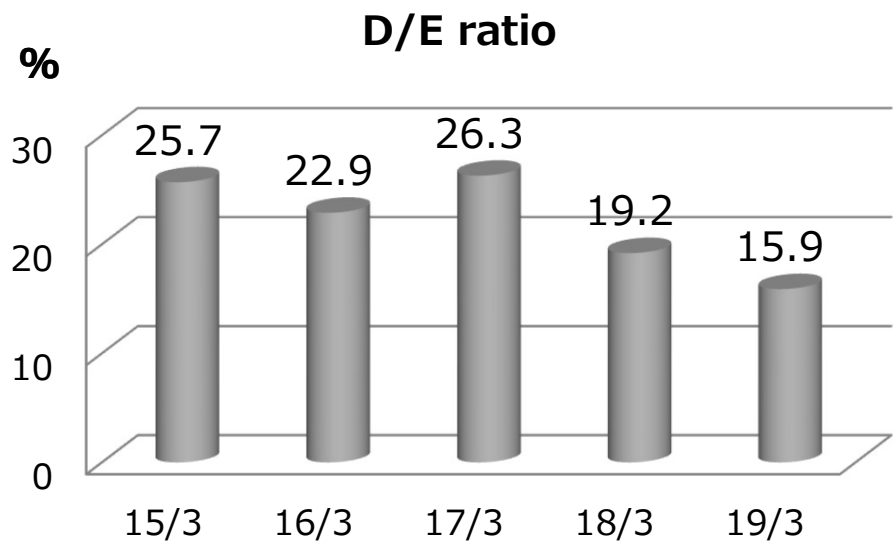
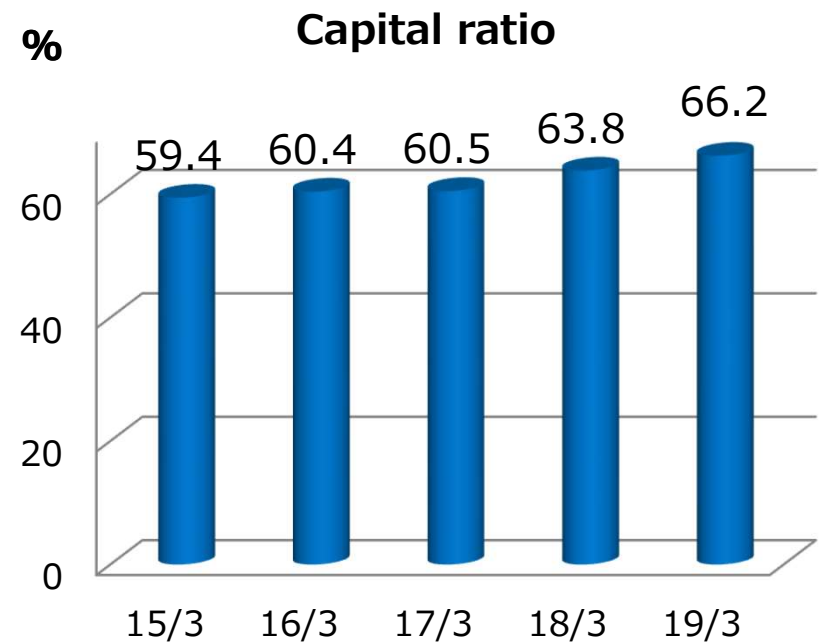
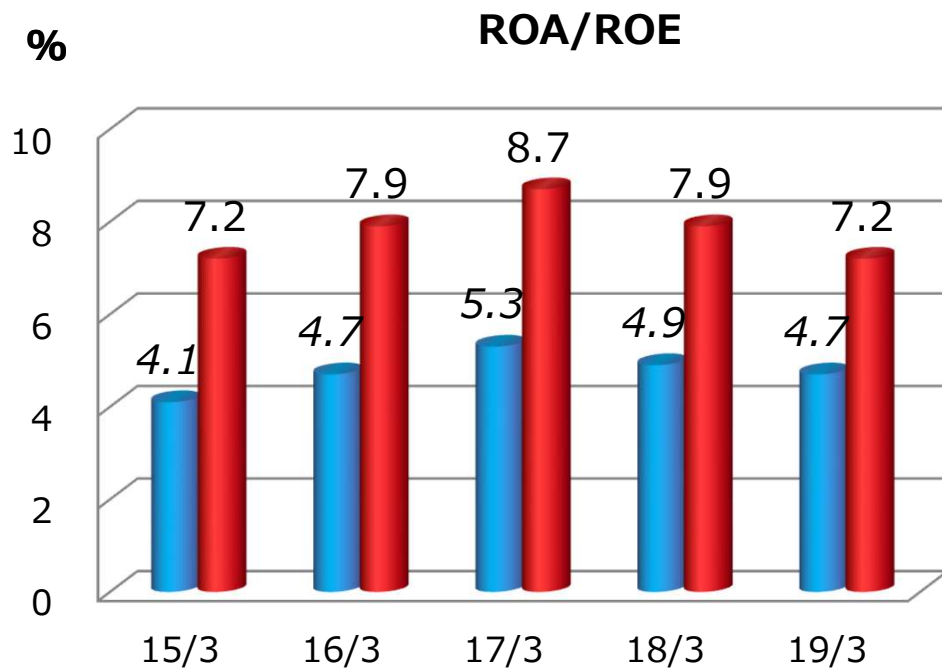
Transition of cash flow



Consolidated Balance Sheets



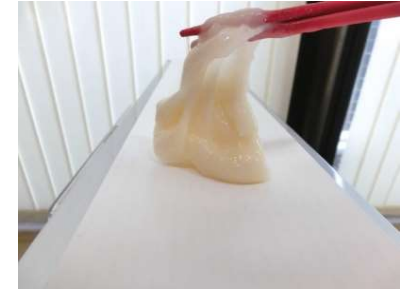
Financial indicators



Topics

2018

- Apr • Introduced a work-from-home system
- Sep • Held Bando Techno Fair 2018
- Nov • Commenced sales of fluorine light-duty conveyor belt used with small pulley designs “Mr. Ultra Mirror”



fluorine light-duty conveyor belt
“Mr. Ultra Mirror”

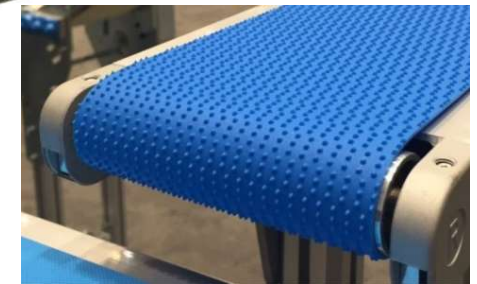
2019

- Jan • Awarded the “Grand Prize for Excellence in Energy Efficiency” (“HFD (Hyper Flat Drive) System™”)
- Nankai Plant achieved a record of 5.6 million hours of accident-free operation



HFD (Hyper Flat Drive)System™

- Feb • Commenced sales of high grip light-duty conveyor belt for food, “Mr. Spike”
- Selected as “2019 Health & Productivity Stock Selection” and “Health Business Superior Corporation”



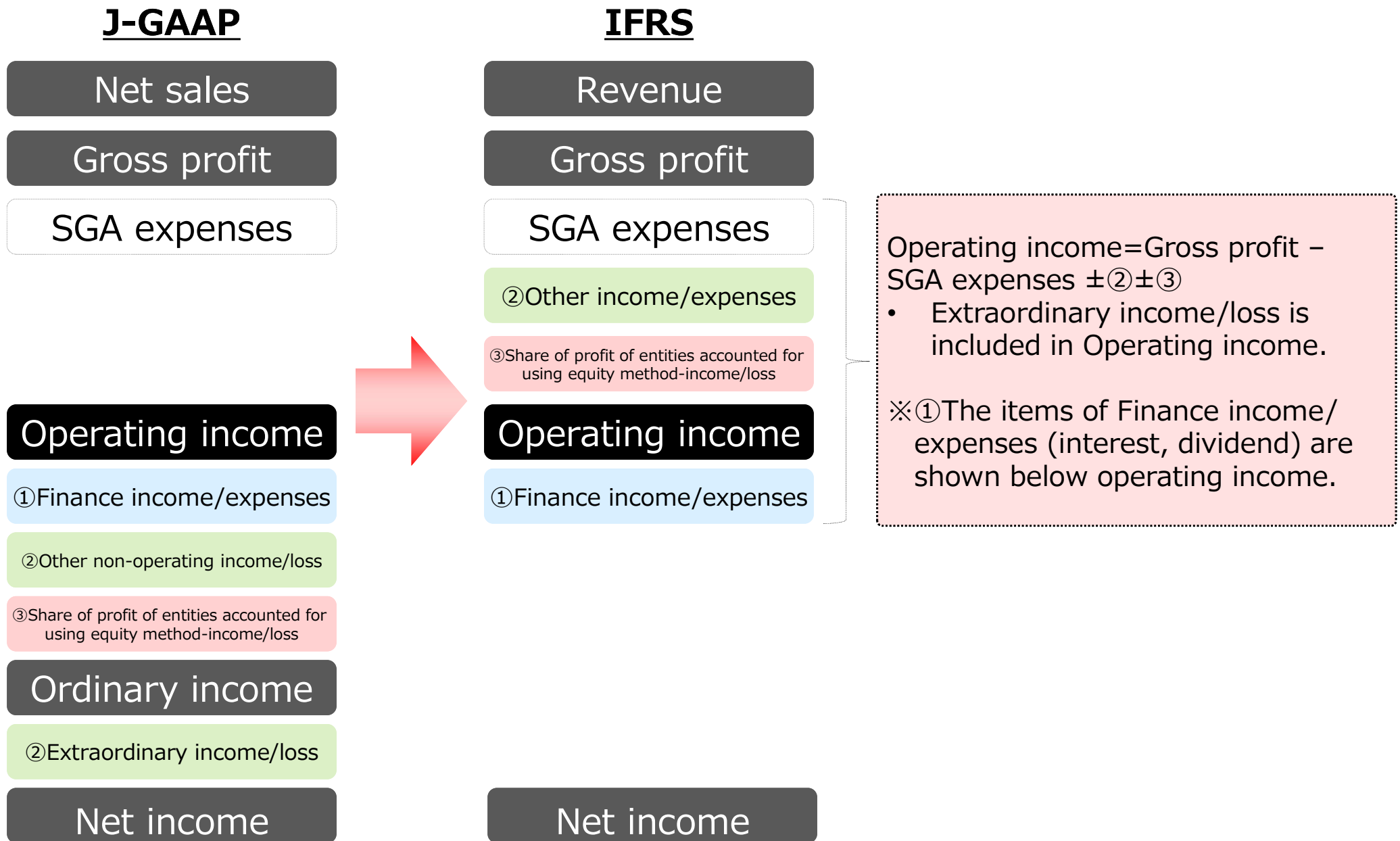
high grip light-duty conveyor belt
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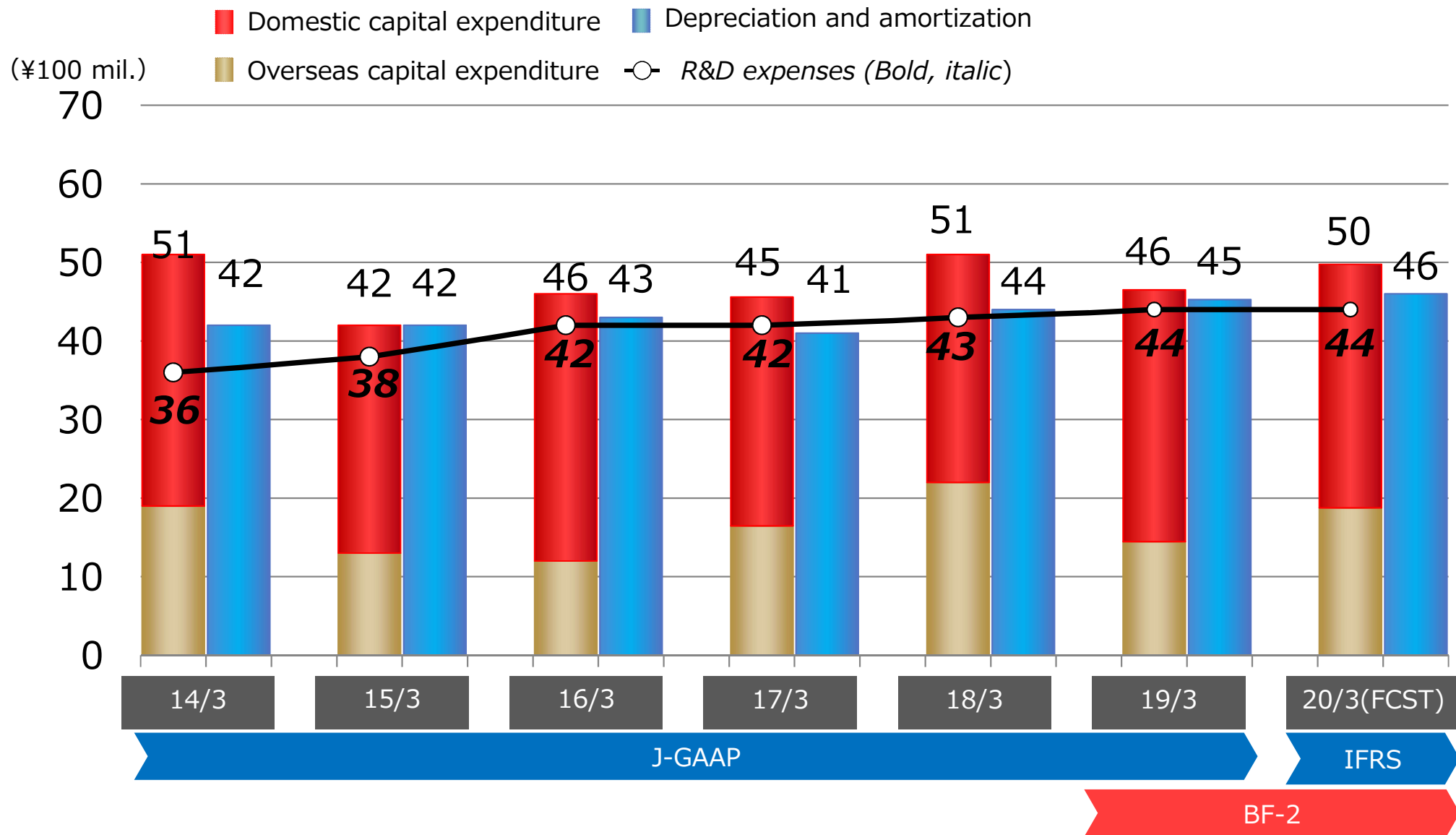
II . Business forecast for the fiscal year ending March 31, 2020

- We are currently investigating the impact of the acquisition of Aimedic MMT Co., Ltd. on May 8, 2019, but that investigation needs time to consider the accounting procedure of the company, including the calculation and allocation the subsidiary's asset value based on "Accounting Standard for Business Combinations", and decision on useful lives of the intangible assets.
It is currently difficult to disclose FY2019 business forecast due to the impact to our business results, but we will disclose it immediately after it becomes clear.
- We voluntarily adopt International Financial Reporting Standards (IFRS) and will start disclosing our consolidated financial statements under IFRS from FY2018 annual securities report.
So, we will disclose FY2019 business forecast under IFRS.

The changing point from J-GAAP to optionally adoption IFRS



Transition of CAPEX, depreciation and R&D expenses



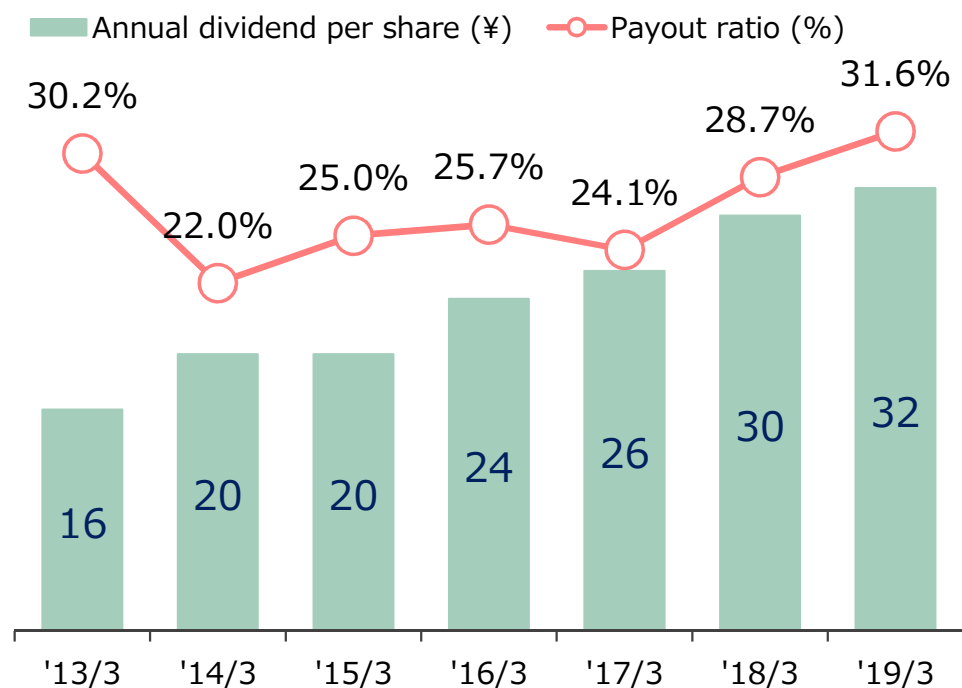
※ The impact of acquisition of Aimedic MMT Co., Ltd. is excluded from the amount of 20/3(FCST) .
 Depreciation and amortization for 20/3(FCST) are under IFRS.

Shareholders returns

Basic Policy

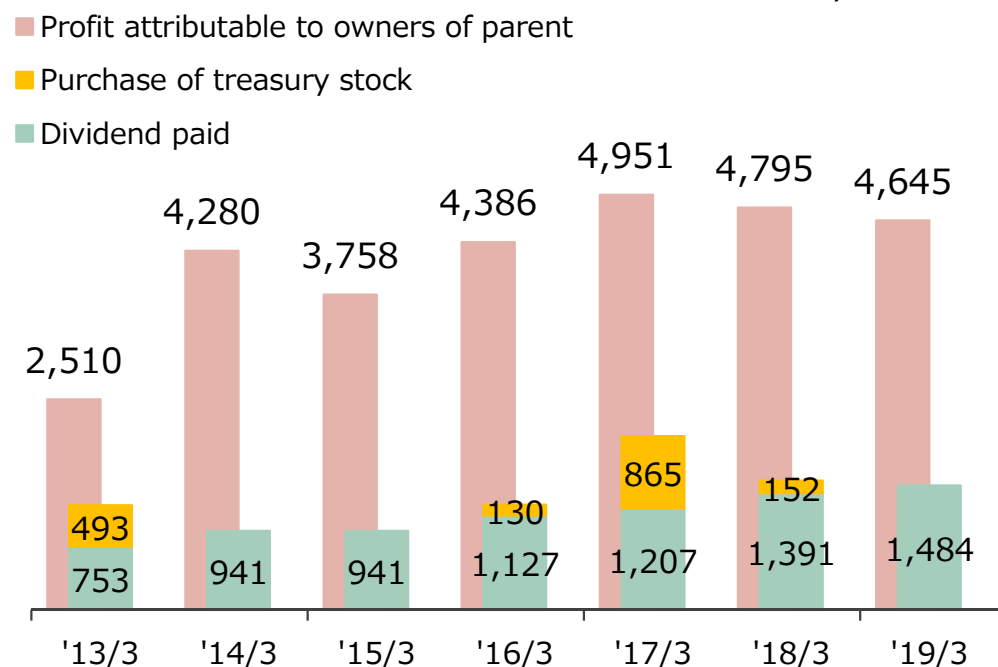
Our basic policy is to enhance the return of profits and aim for making stable dividend payments targeting a consolidated payout ratio 30% over the near term, while considering our earnings and financial position.

Annual dividend per share & Payout ratio



Return of profits

(yen mil.)



※Dividend above is correction value after share consolidation at a rate of two shares of common stock into one took place Oct. 1, 2016.
Dividend (forecast) FY2019 is not decided.