



Consolidated Business Results for the Fiscal Year Ending  
March 31, 2017

**Bando Chemical Industries, Ltd.**

May 12, 2017

I . Financial summary for the fiscal year ending  
March 31, 2017

II . Business forecast for the fiscal year ending  
March 31, 2018

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# I . Financial summary for the fiscal year ending March 31, 2017

# Highlights for the fiscal year ending March 31, 2017

(yen mil.)

	2016/3 Results	2017/3			
		Results	Year on year change	Revised forecast <sup>(*)</sup>	Difference to revised forecast
Net sales	93,272	88,387	△4,884	90,000	△1,612
Operating income	5,960	5,896	△64	5,500	+396
Ordinary income	6,363	6,571	+207	5,600	+971
Profit attributable to owners of parent	4,386	4,951	+565	4,100	+851
Operating income ratio	6.4%	6.7%	+0.3%	6.1%	+0.6%

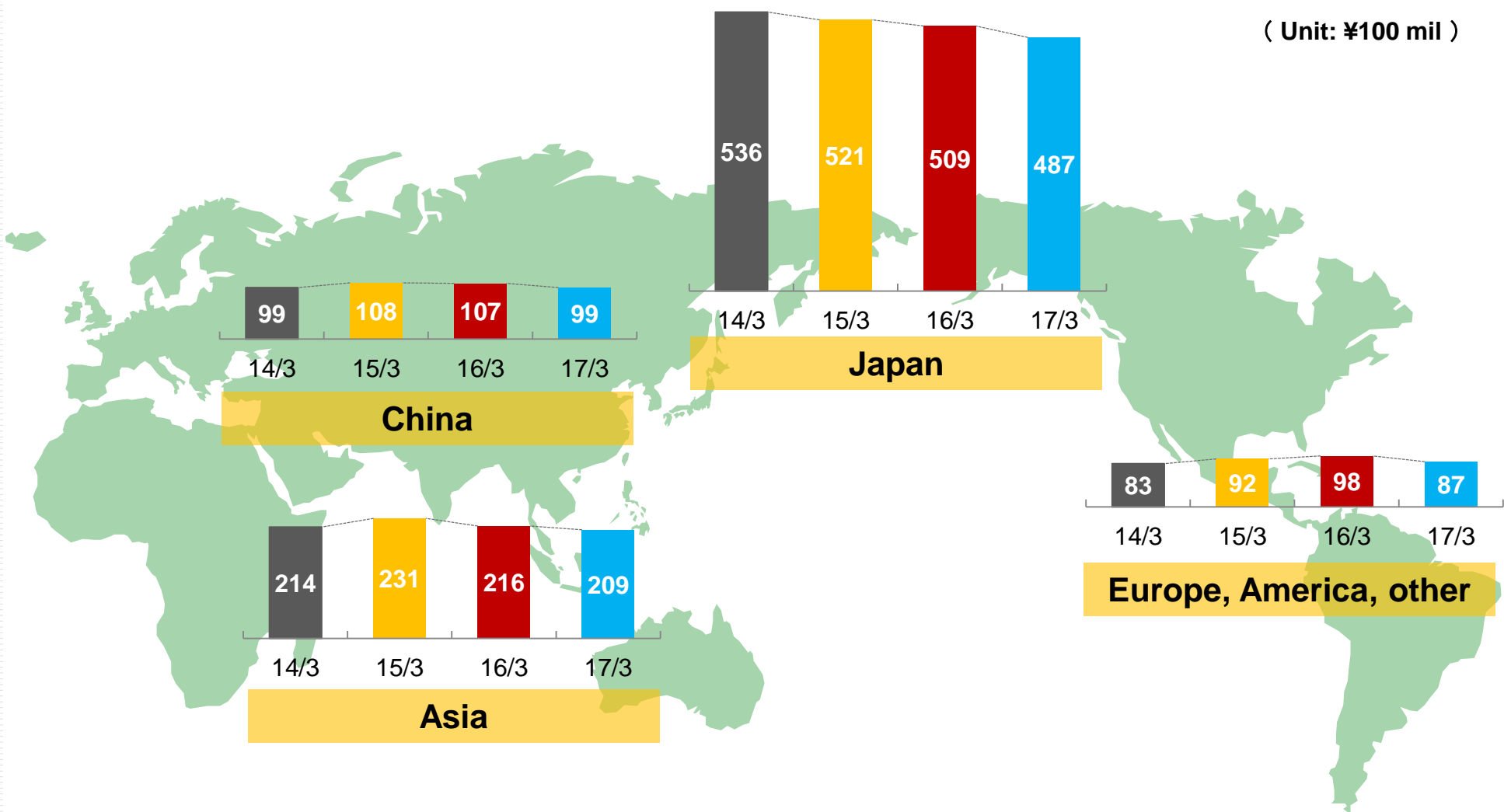
(\*) Initial forecast May 12, 2016. Revised forecast announced November 9, 2016.

- Net sales decreased by ¥4,768 million year on year due to appreciation of the JPY.
- Operating income decreased ¥6,400 million. Material procurement costs decreases and cost reduction activities did not cover income decrease and appreciation of the JPY.
- Profit attributable to owners of parent resulted second best, and increased due to improved exchange profit/loss and earning equity, and decreased tax expenses.

# Global net sales by region for the fiscal year ending March 31, 2017



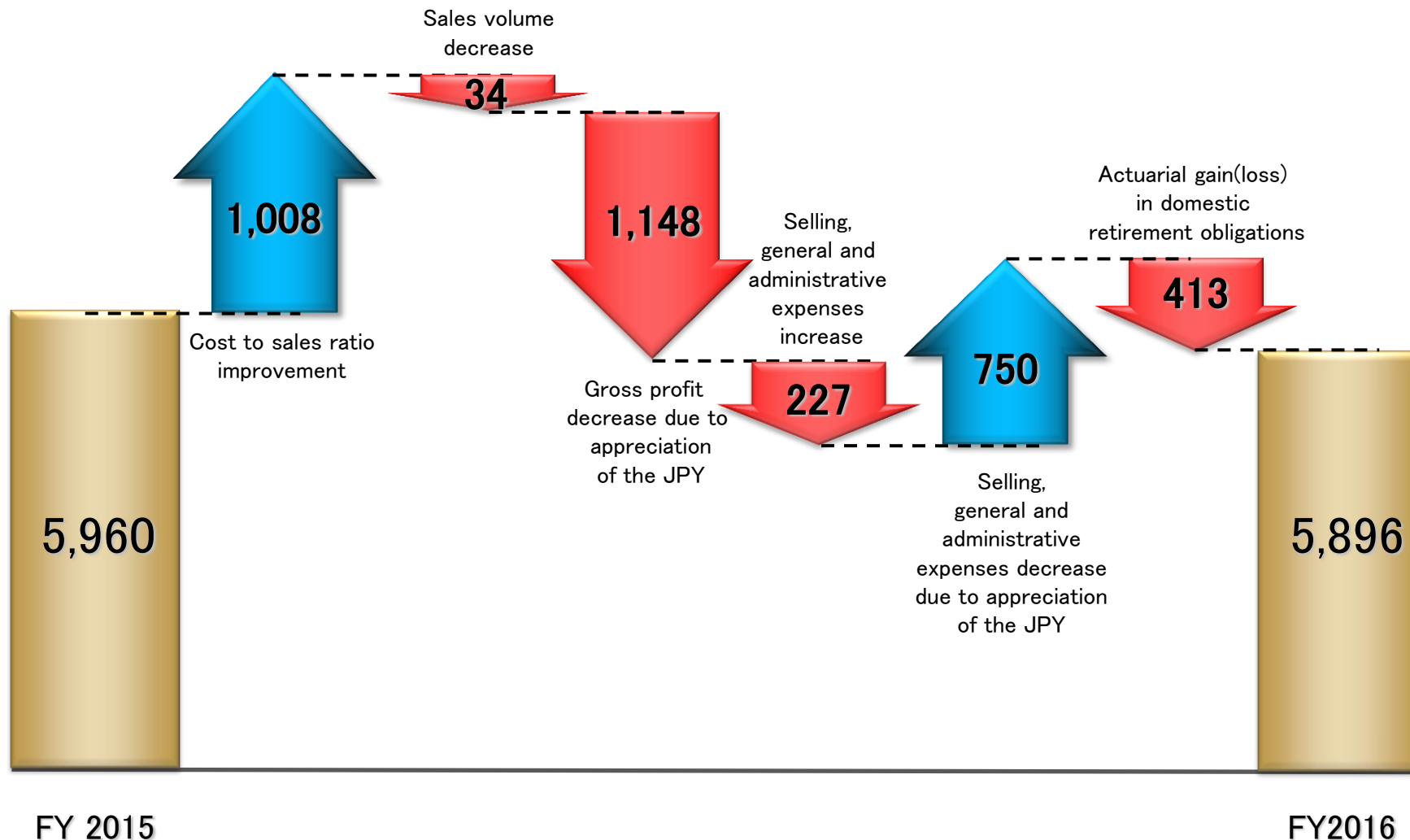
( Unit: ¥100 mil )



Note: Global net sales by region above are after inter-segment eliminations.

# Operating income analysis for the fiscal year ending March 31, 2017

(yen mil.)



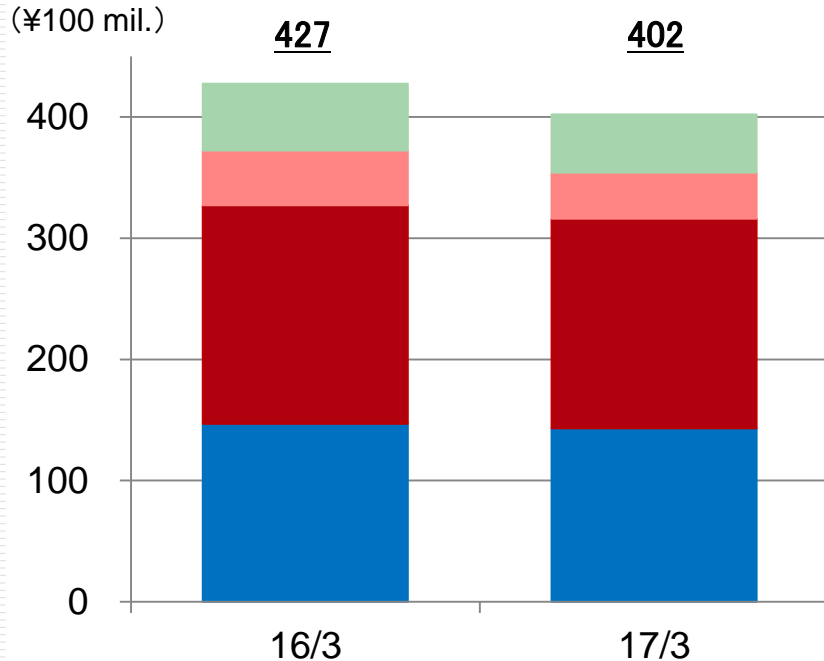
# FY2016 Segment performance

(yen mil.)

	2016/3	2017/3		
	Result	Result	Year-on-year change	Year-on-year rate of change
<b>Net sales</b>	<b>93,272</b>	<b>88,387</b>	<b>-4,884</b>	<b>-5.2%</b>
Automotive Parts	42,844	40,320	-2,524	-5.9%
Industrial Products	33,096	31,446	-1,650	-5.0%
Advanced Elastomer Products	15,619	14,914	-705	-4.5%
Other	2,630	2,509	-121	-4.6%
Eliminations	-920	-803	+116	—
<b>Operating income</b>	<b>5,960</b>	<b>5,896</b>	<b>-64</b>	<b>-1.1%</b>
Automotive Parts	3,323	2,937	-386	-11.6%
Industrial Products	1,924	1,991	+67	+3.5%
Advanced Elastomer Products	759	294	-465	-61.3%
Other	275	427	+151	+54.9%
Eliminations	-322	245	+568	—

# Automotive Parts overview

## Geographic sales



Other  
(-12.6%)

China  
(-15.8%)

Asia  
(-4.1%)

Japan  
(-2.5%)

- While US and Europe automotive production remained steady, sales of accessory drive belts decreased due to profit valued sales activities in US.

- Sales of aftermarket parts increased.

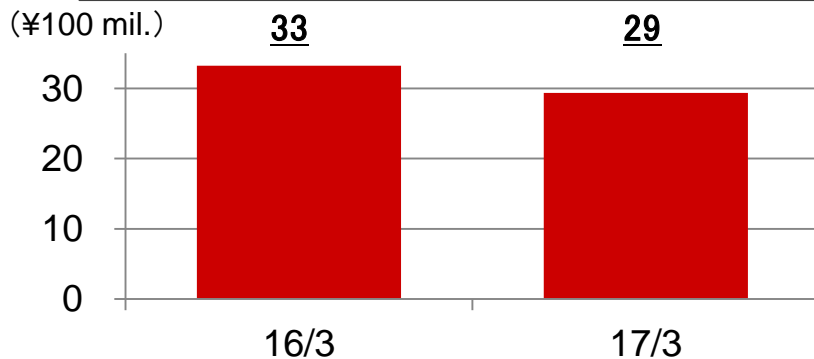
- Sales of aftermarket parts increased due to aggressive sales promotion activities, but overall sales decreased due to appreciation of the JPY and declining production by our major customers.

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

- Sales decreased due to increasing of belt-free vehicles and declining production by our major customers due to sluggish sales of small vehicles.

- Maintained sales of aftermarket parts through sales expansion activities and introduction of new products.

## Operating income



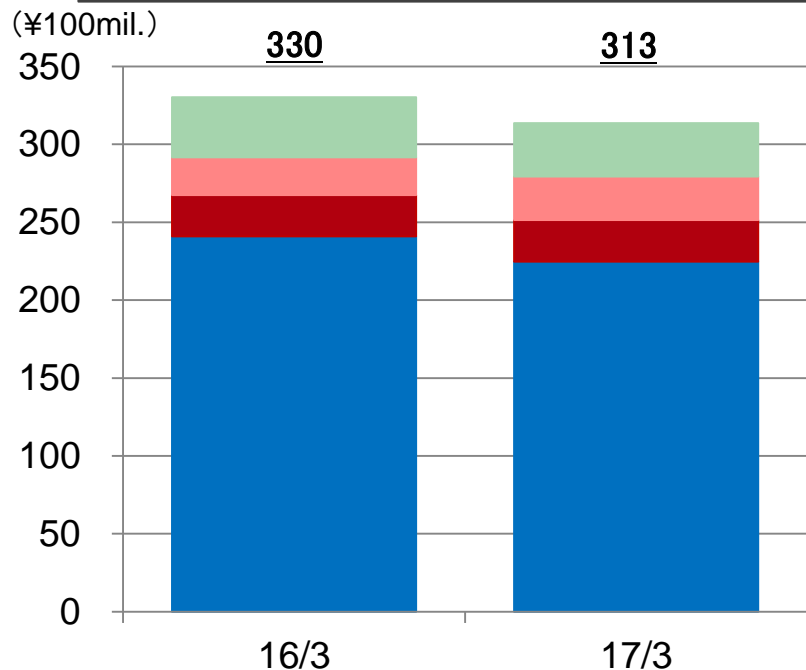
Operating income  
(-11.6%)

- In China and Asia, operating income decreased due to cost increase of imported raw material by impact of foreign exchange and appreciation of the JPY.



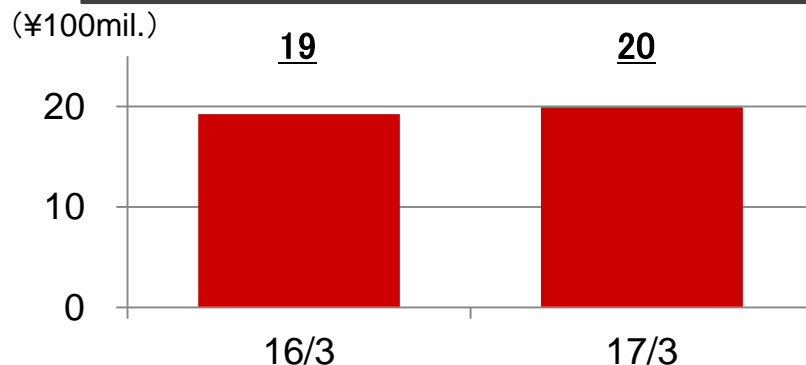
# Industrial Products overview

## Geographic sales



Other (-10.9%)	<ul style="list-style-type: none"> <li>■ In Turkey, sales increased. In U.S., industrial transmission belt sales decreased due to a downturn in capital investment and appreciation of the JPY.</li> <li>■ Sales to South America decreased.</li> </ul>
China (+15.1%)	<ul style="list-style-type: none"> <li>■ Sales of transmission belts for agricultural and industrial machinery, and light duty conveyor belts increased due to successful sales promotion activities.</li> </ul>
Asia (+0.6%)	<ul style="list-style-type: none"> <li>■ In Thailand, Vietnam, and India, sales of transmission belts for industrial and agricultural machinery increased due to strengthening sales.</li> <li>■ In Thailand and Vietnam, sales of light duty conveyor belts increased, but overall sales remained unchanged from the previous year due to appreciation of the JPY.</li> </ul>
Japan (-6.7%)	<ul style="list-style-type: none"> <li>■ Conveyor belt sales declined due to profit valued sales activities.</li> <li>■ With a downturn in capital investment, sales of industrial products decreased.</li> </ul>

## Operating income

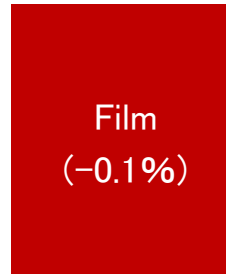
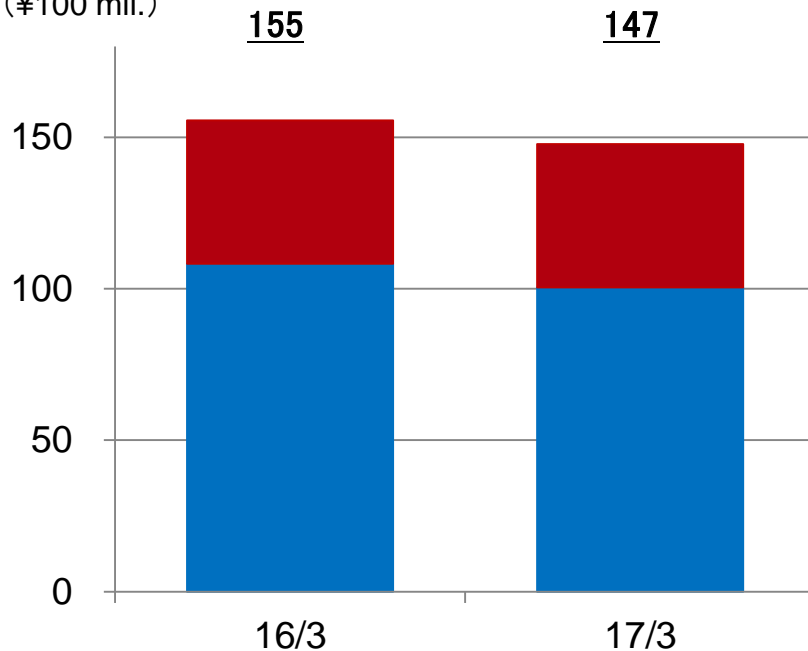


Operating income (+3.5%)	<ul style="list-style-type: none"> <li>■ Profit increased due to profit valued conveyor belt sales.</li> <li>■ Sales of transmission belts for industrial machinery and agricultural machinery increased, and profit increased in China.</li> <li>■ Sales of transmission belts for agricultural machinery and light duty conveyor belts increased, and profit increased in Thailand, and Vietnam.</li> </ul>
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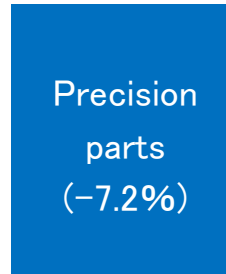
# Advanced Elastomer Products overview

## Sales by business

(¥100 mil.)



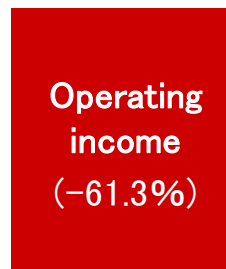
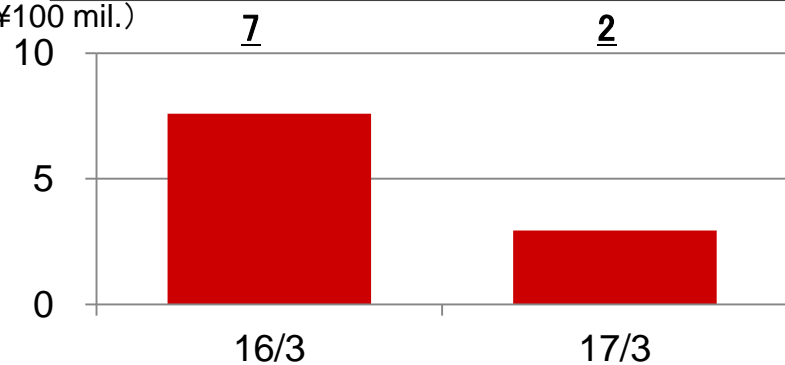
- Domestic demand for non-housing-related building materials continued to remain steady, and sales of building materials and industrial materials increased.
- Medial related sales increased due to successful sales expansion.
- Sales of decorative display film decreased for our major customers.



- 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

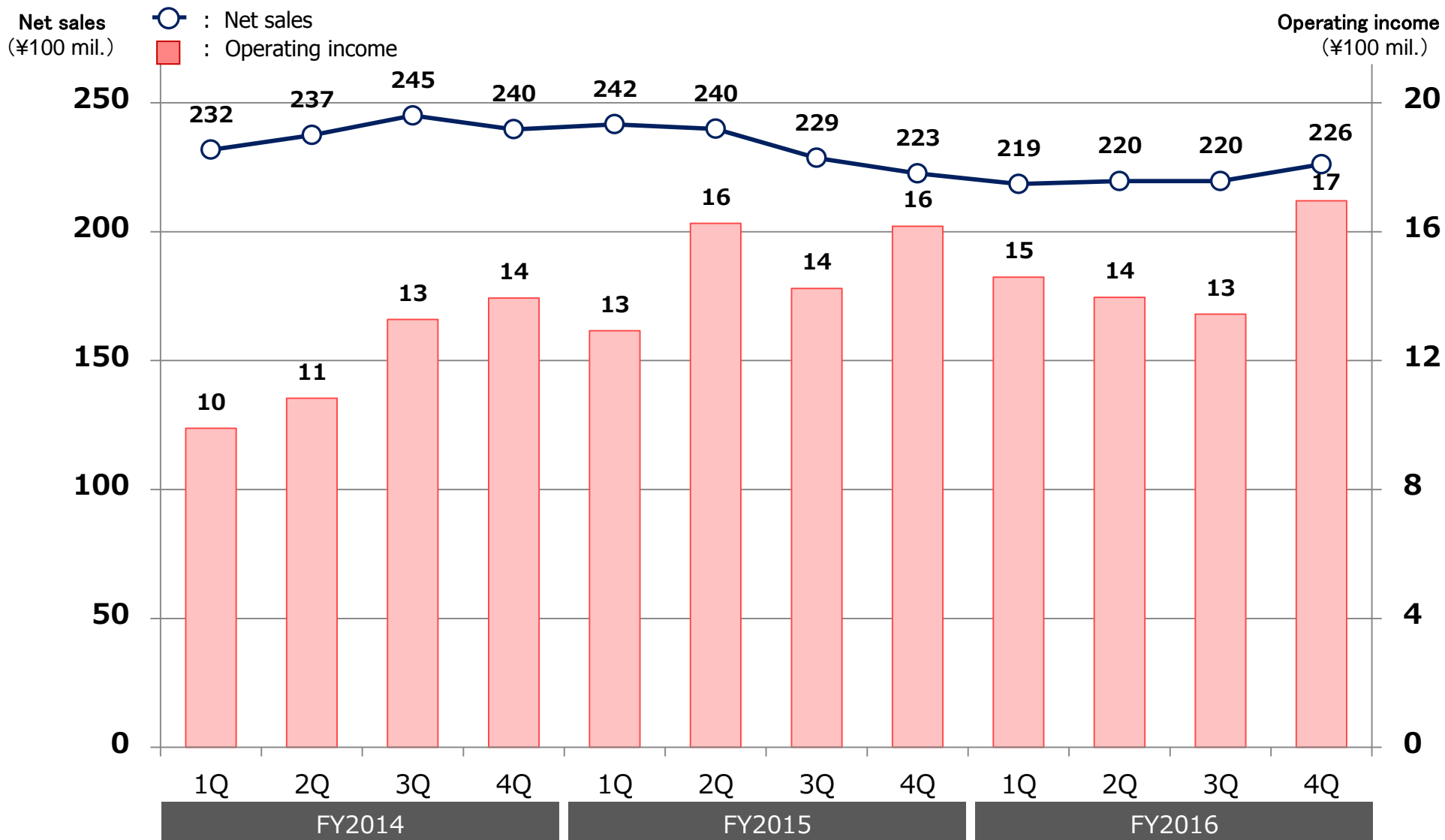
## Operating income

(¥100 mil.)

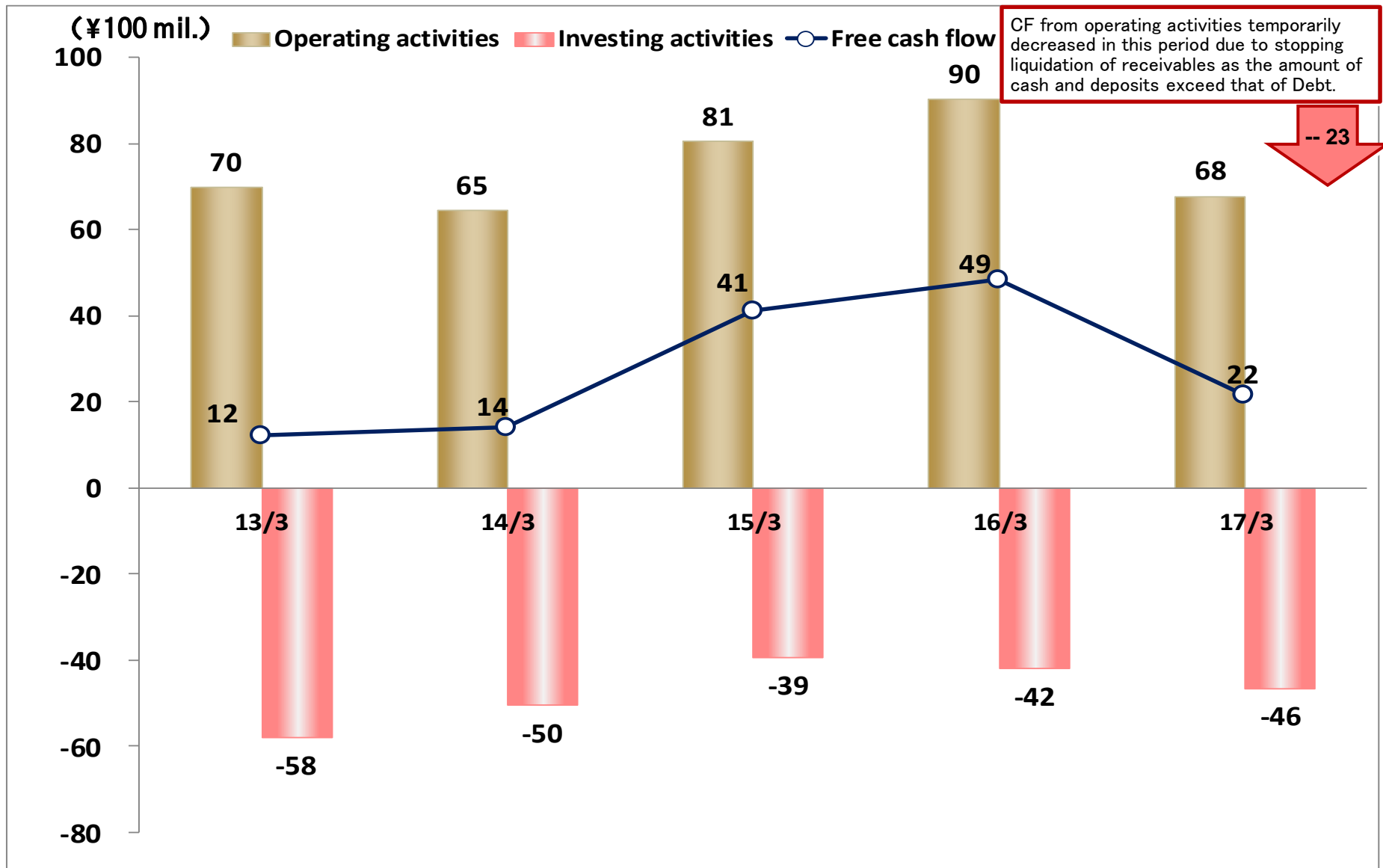


- Profit in functional film decreased due to product portfolio change, etc.
- Profit in precision parts decreased due to sales decrease

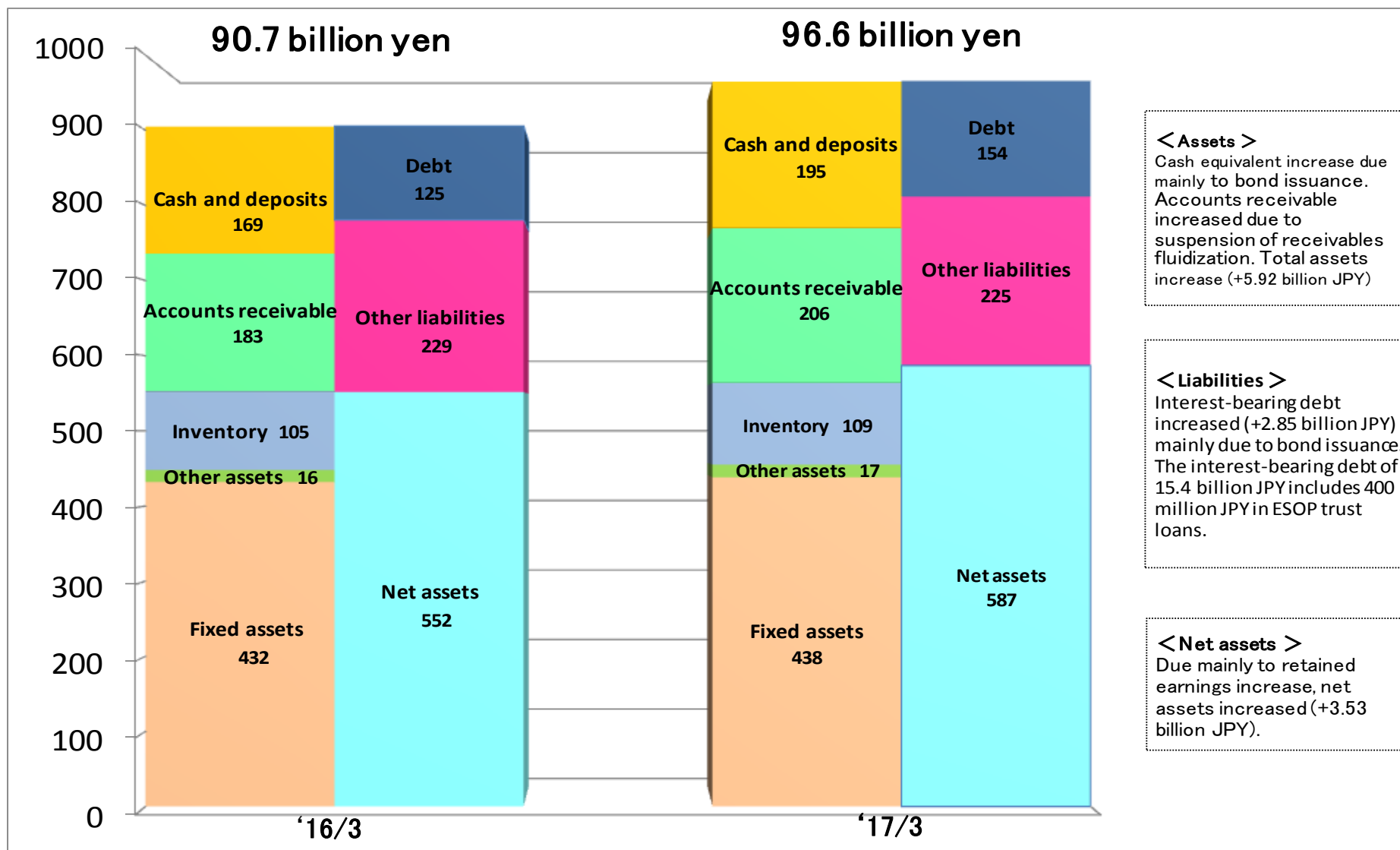
# Quarterly transition of net sales and operating income



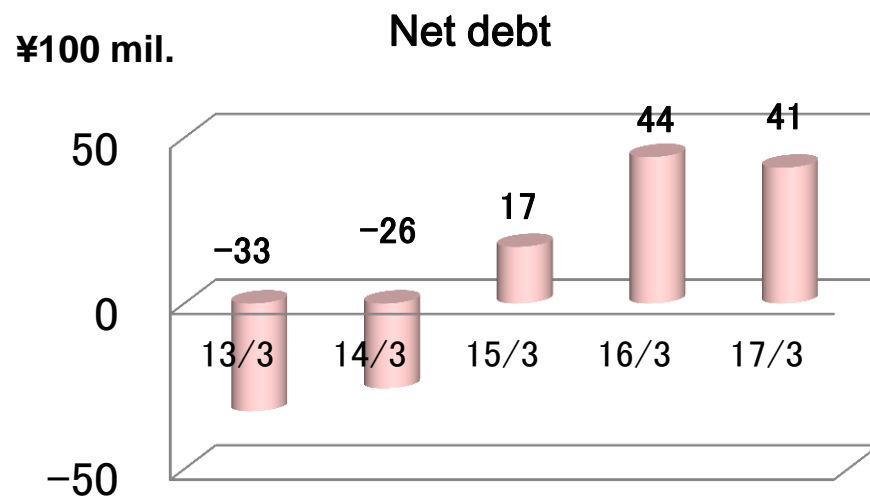
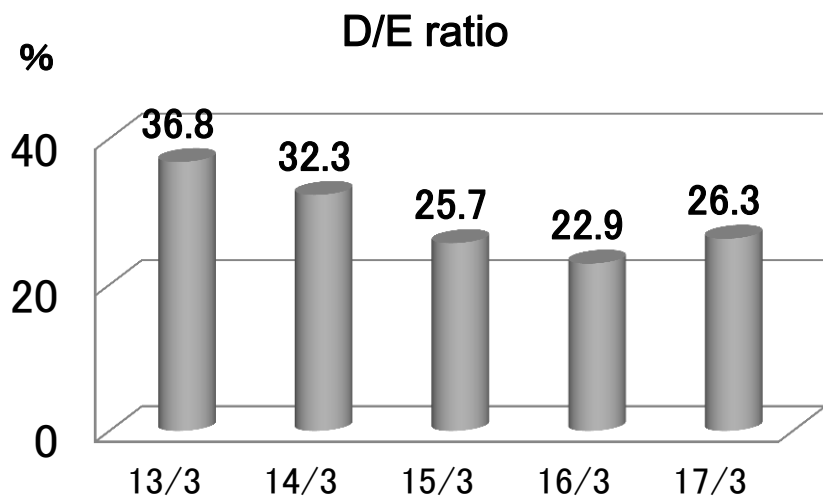
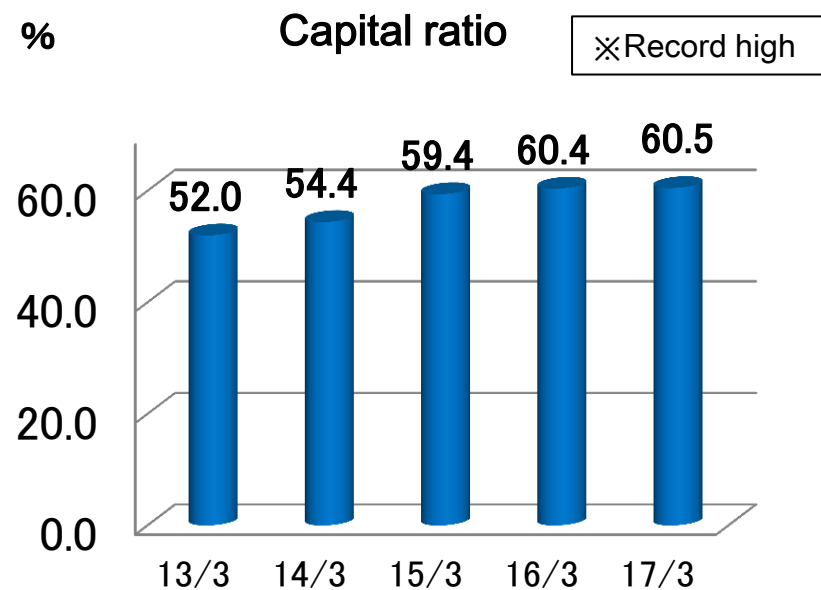
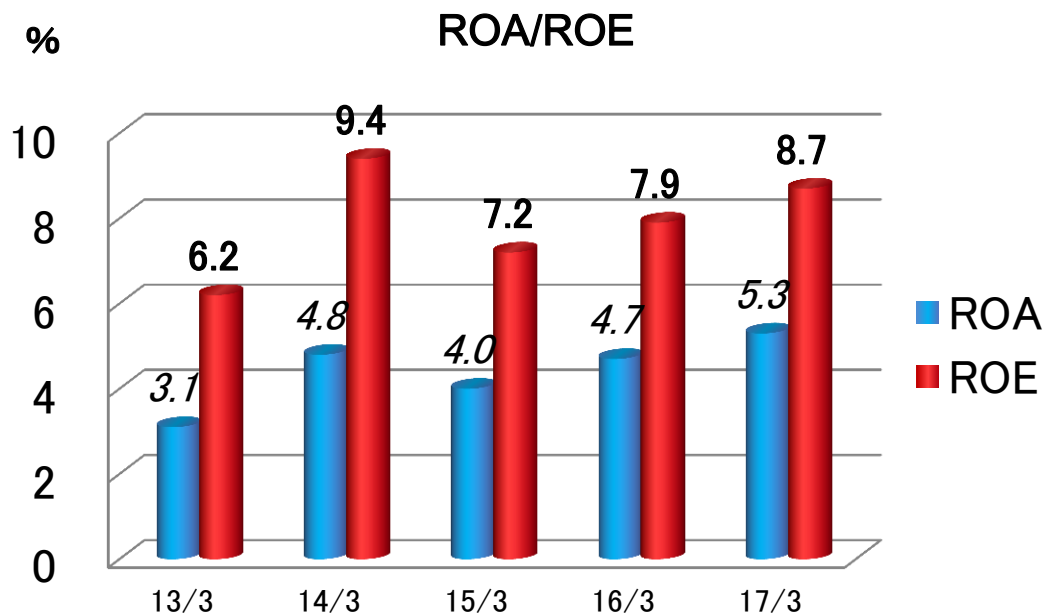
# Transition of cash flow



# Consolidated Balance Sheets



# Financial indicators



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## Ⅱ. Business forecast for the fiscal year ending March 31, 2018

# FY2017 Forecast

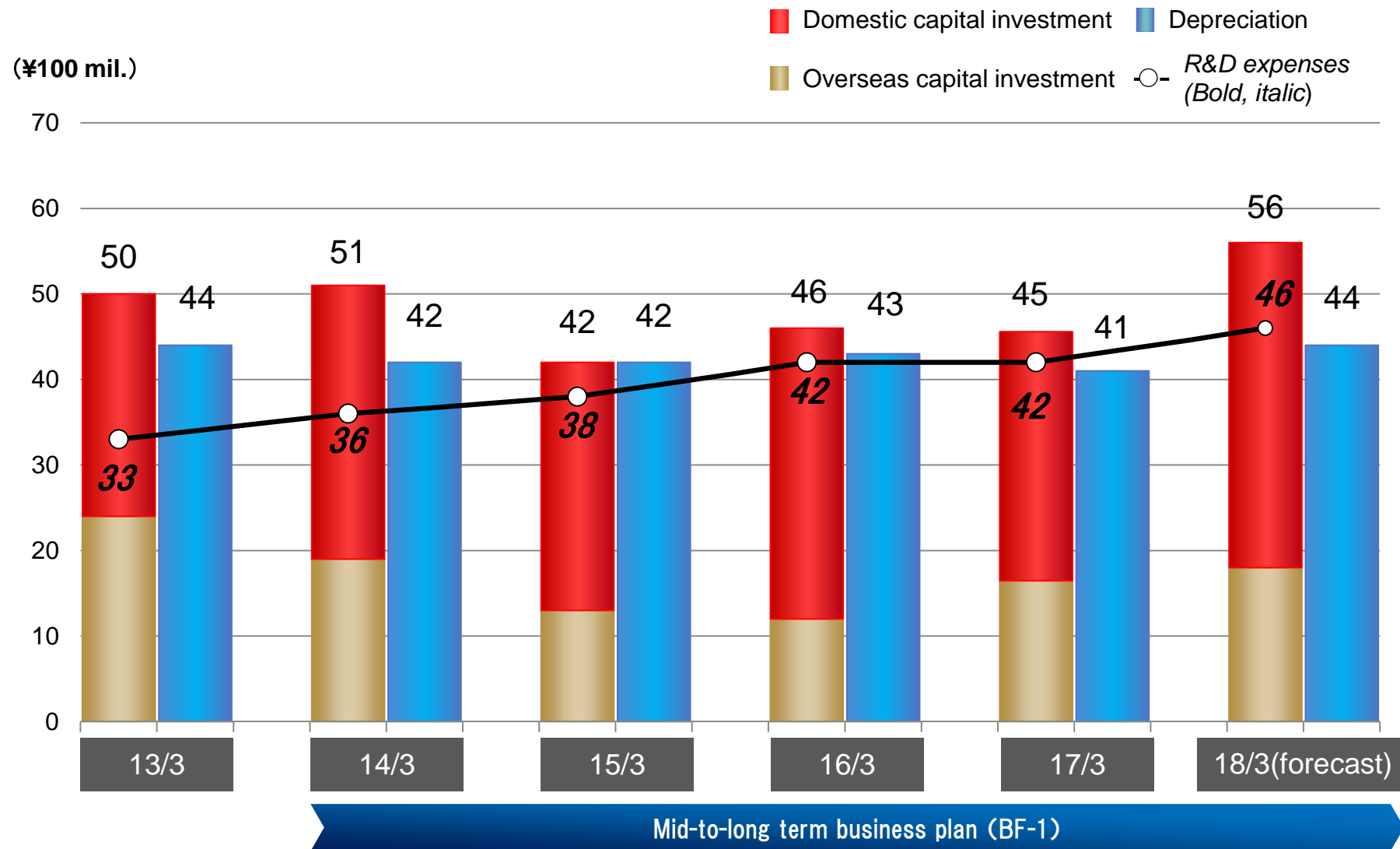
( yen mil. , % )

		2016/3	2017/3		2018/3	
		Result	Result		Forecast	
Net sales		93,272	88,387	91,000	+2,612	+3.0%
Operating income		5,960	5,896	6,000	+103	+1.8%
Ordinary income		6,363	6,571	6,600	+28	+0.4%
Profit attributable to owners of parent		4,386	4,951	4,900	-51	-1.0%
Exchange rates (yen)	U S D	119.95円	108.69円	110円		
	T H B	3.42円	3.10円	3.1円		
	Renminbi	18.80円	16.09円	16円		

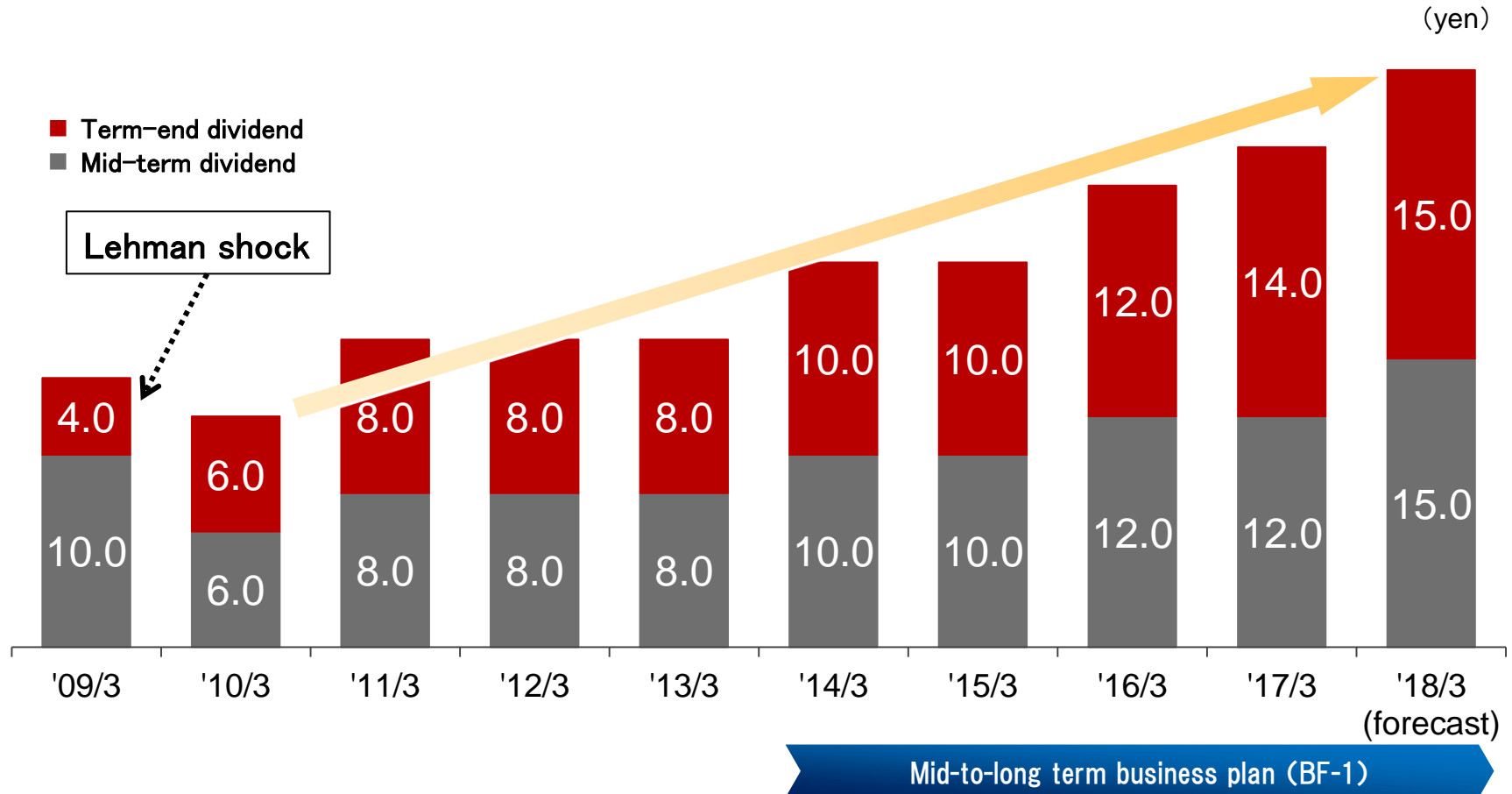
- Operating income increases from aggressive sales activities focused on China, Asia and Japan.
- Profit increase from increased revenue and anticipated profit reflecting cost reduction activities, but forecast similar profit to last year due to rising raw material costs.



# Transition in depreciation, capital investment and R&D expenses



# Shareholder returns



Dividend payout ratio	'09/3	'10/3	'11/3	'12/3	'13/3	'14/3	'15/3	'16/3	'17/3	'18/3 (forecast)
	—	48.7%	23.7%	53.9%	30.2%	22.0%	25.0%	25.7%	24.1%	28.1%

※Dividend above is correction value after share consolidation at a rate of two shares of common stock into one took place October 1, 2016.

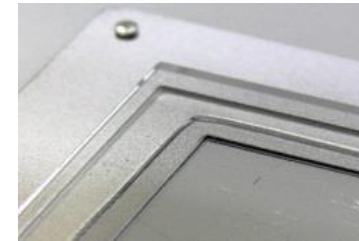
# Fiscal 2016 Topics

## 2016

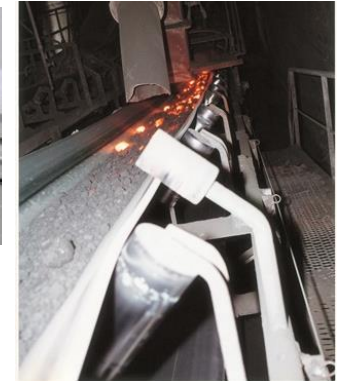
- Jun ▪ Developed optically clear adhesive sheets Free Crystal™
- Oct ▪ Commenced sales of FR7500, flame and heat resistant conveyor belt
  - Held Bando Techno Fair 2016 in Kobe and Tokyo.
- Nov ▪ Decided to relocate and expand our plant in Vietnam
- Dec ▪ Commenced sales of POWER ACE ARAMID COMBO, low profile tie band V-belt

## 2017

- Feb ▪ Selected as a brand with healthy management by the Ministry of Economy, Trade and Industry, and Tokyo Stock Exchange
  - Commenced sales of FR7700, flame and heat resistant conveyor belt
- Mar ▪ Commenced sales of BANDO FR-BIOS™ for biomass power plant



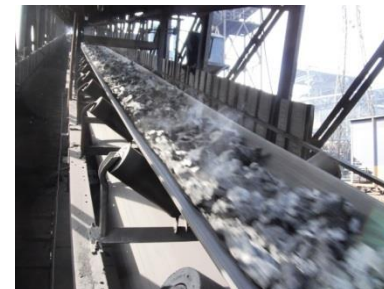
Optically clear adhesive sheets 「Free Crystal®」



Flame and heat resistant conveyor belt 「FR7500」



Vietnam plant image



Flame and heat resistant conveyor belt 「FR7700」

