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ON THE RUN!

エラストマーで新事業の領域へ。
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●医療機器・ヘルスケア機器 ●電子資材 ●新ソリューション

Consolidated Business Results for the First Half of Fiscal 2018

Bando Chemical Industries, Ltd.

November 9, 2018



- I . First half financial summary for the fiscal year ending March 31, 2019

- II . Business forecast for the full fiscal year ending March 31, 2019

I . First half financial summary for the fiscal year ending March 31, 2019

FY2018 First Half Highlights

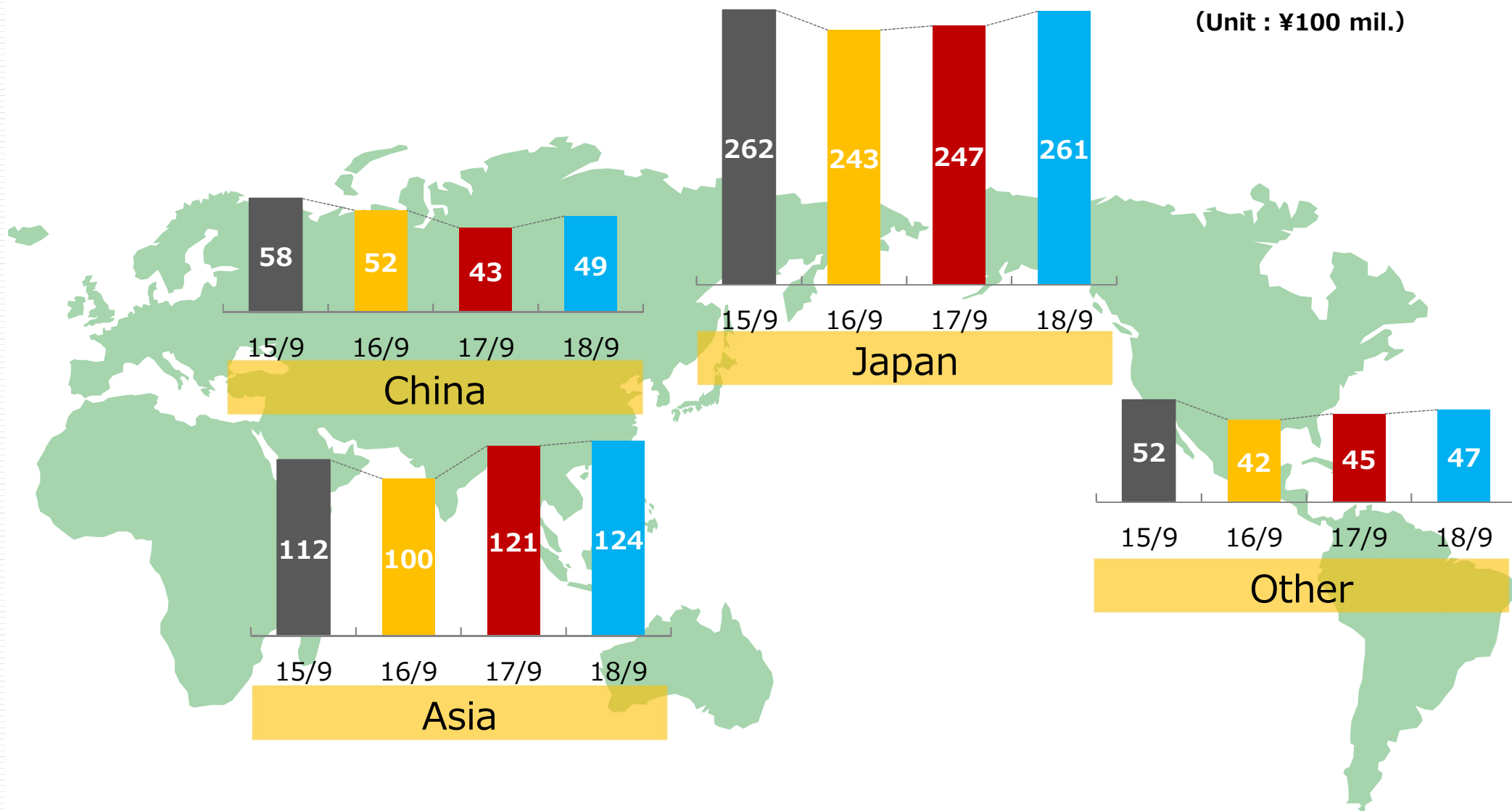


(yen mil.)

| | 2017/9 | 2018/9 | | 2019/3 | |
|---|--------|---------------|---------------------|----------|--|
| | Result | Result | Year-on-year change | Forecast | Difference in forecast vs. actual result |
| Net sales | 45,792 | 48,201 | +2,408 | 94,000 | 51.3% |
| Operating income | 3,085 | 3,808 | +722 | 6,500 | 58.6% |
| Ordinary income | 3,387 | 4,546 | +1,159 | 7,000 | 65.0% |
| Profit attributable to owners of parent | 2,597 | 3,352 | +754 | 5,000 | 67.0% |
| Operating income ratio | 6.7% | 7.9% | +1.2% | 6.9% | — |

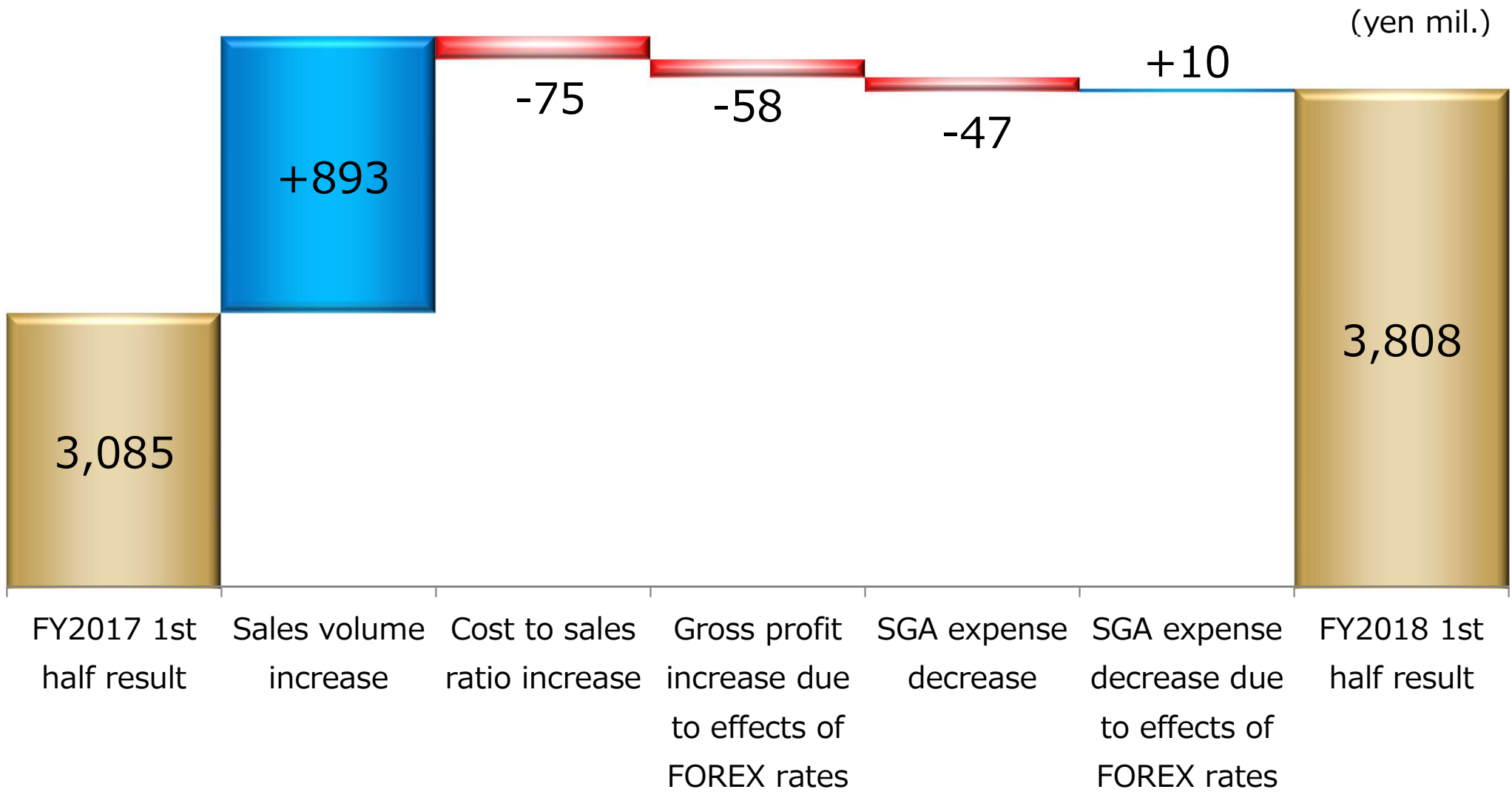
- Net sales increased by ¥2,408 million year on year in domestic and overseas area.
- Operating income increased by ¥722 million year on year along with sales expansion.
- Ordinary income increased by ¥1,159 million year on year owing to favorable turns in equity in earnings of affiliates and foreign exchange gains.

FY2018 First Half Global net sales by region



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

FY2018 First Half Operating income analysis



FY2018 First Half Segment performance



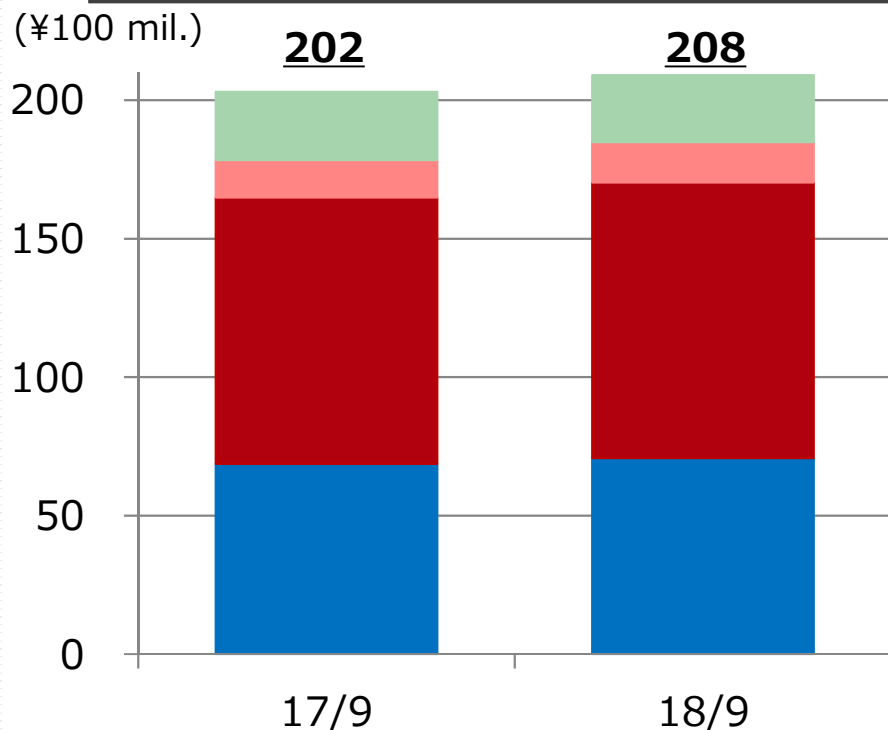
(yen mil.)

| | 2017/9 | 2018/9 | | |
|----------------------------|---------------|---------------|---------------|----------------|
| | Result | Result | Change | rate of change |
| Net sales | 45,792 | 48,201 | +2,408 | +5.3% |
| Automotive Parts | 20,338 | 20,919 | +580 | +2.9% |
| Industrial Products | 16,541 | 18,002 | +1,460 | +8.8% |
| Advance Elastomer Products | 7,963 | 7,828 | -134 | -1.7% |
| Other | 1,261 | 1,873 | +612 | +48.6% |
| Elimination | -312 | -422 | -110 | — |
| Operating income | 3,085 | 3,808 | +722 | +23.4% |
| Automotive Parts | 1,458 | 1,672 | +213 | +14.7% |
| Industrial Products | 1,095 | 1,039 | -56 | -5.2% |
| Advance Elastomer Products | 151 | 443 | +292 | +192.9% |
| Other | 128 | 458 | +330 | +257.5% |
| Elimination and adjustment | 251 | 194 | -57 | -22.7% |

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
(+7.4%)

- Sales increased due to increased production by major customers.

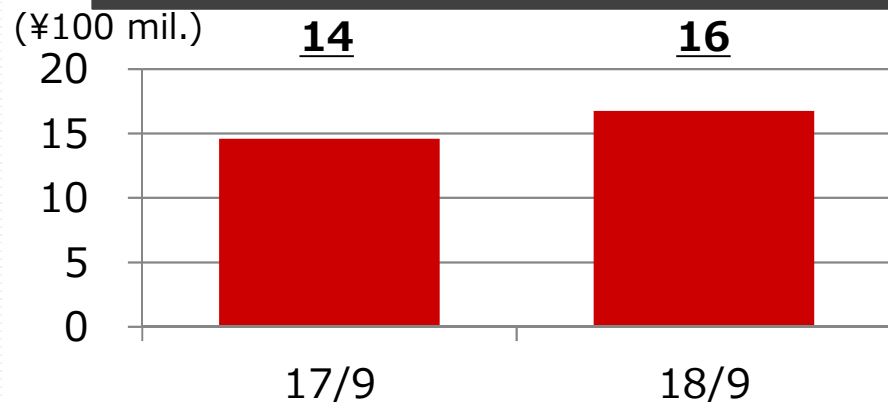
Asia
(+3.5%)

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

Japan
(+3.0%)

- Sales of accessory drive systems increased.

Operating income

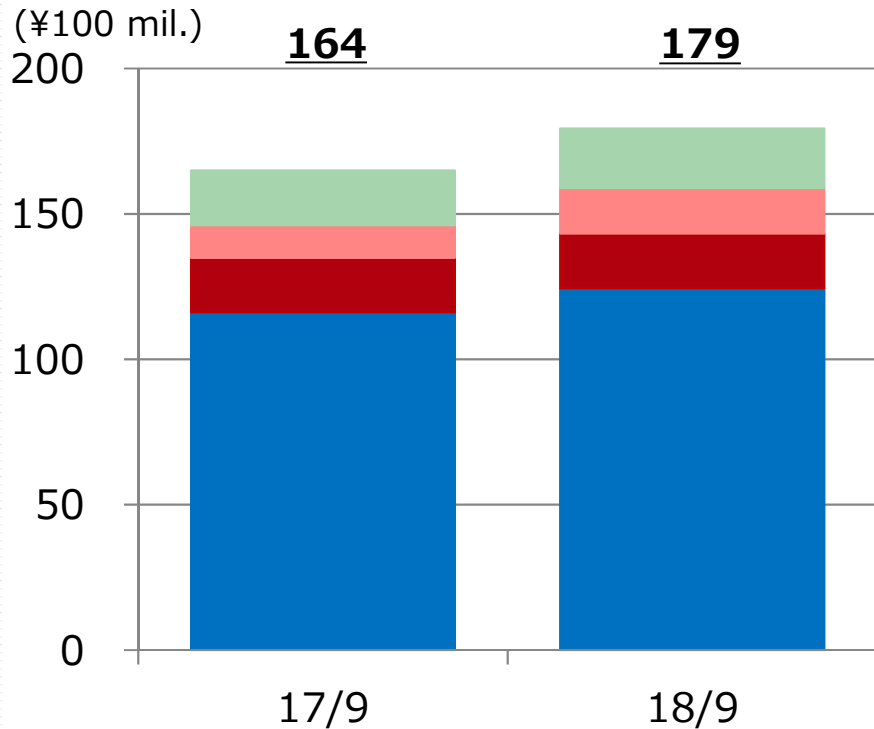


Operating income
(+14.7%)

- Operating income increased thanks to sales expansion in Asia.

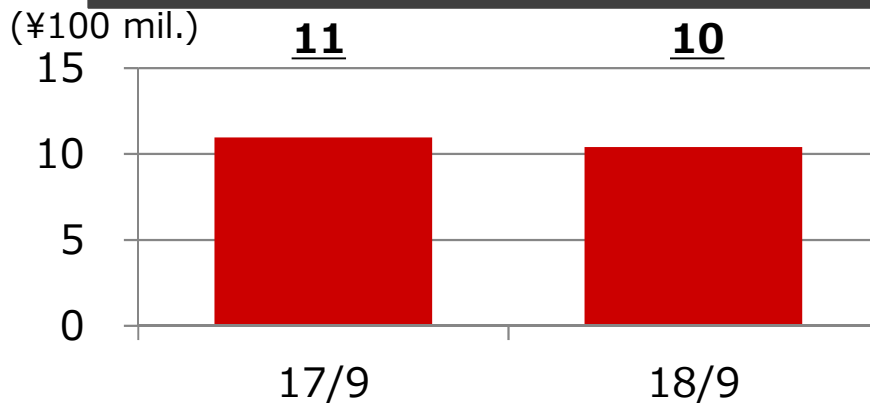
Industrial Products overview

Sales by region



| | |
|-------------------|---|
| Other (+8.6%) | <ul style="list-style-type: none"> ■ In US., sales of industrial transmission belts increased owing to capital investment growth. |
| China (+38.8%) | <ul style="list-style-type: none"> ■ Sales of transmission belts for agricultural machinery increased mainly. |
| Asia (+0.9%) | <ul style="list-style-type: none"> ■ Sales of transmission belts for agricultural machinery increased mainly. |
| Japan (+7.1%) | <ul style="list-style-type: none"> ■ Sales of industrial transmission belts increased owing to capital investment growth. ■ Conveyor belt sales increased owing to the increase of large-scale cases. |

Operating income

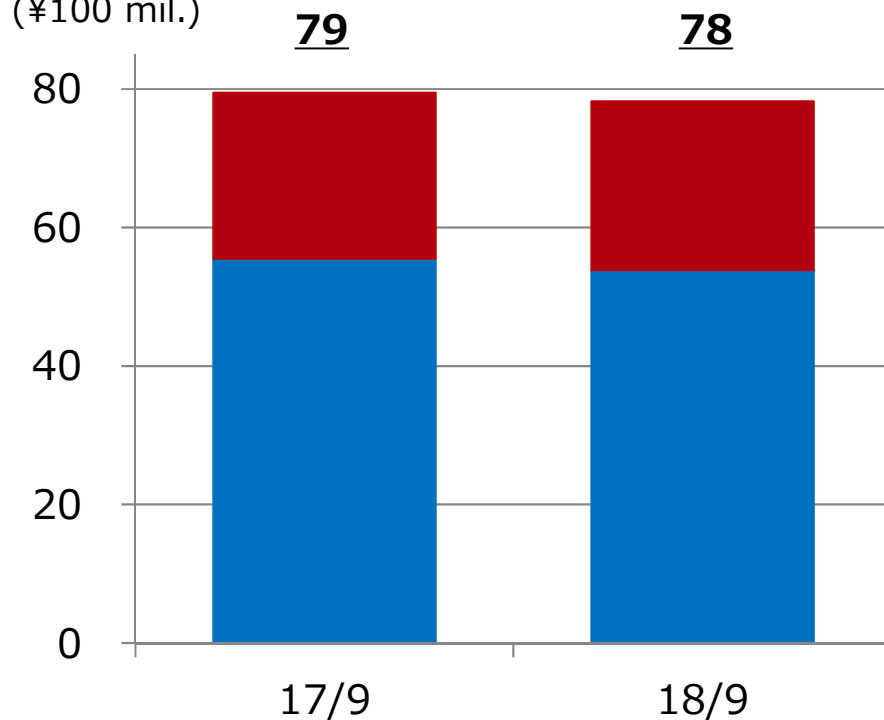


| | |
|-----------------------------|---|
| Operating income (-5.2%) | <ul style="list-style-type: none"> ■ Operating income declined due to the increase in cost of sales caused by dealing with failures for customers. |
|-----------------------------|---|

Advance Elastomer Products overview

Sales by operating business

(¥100 mil.)



Films
(+1.6%)

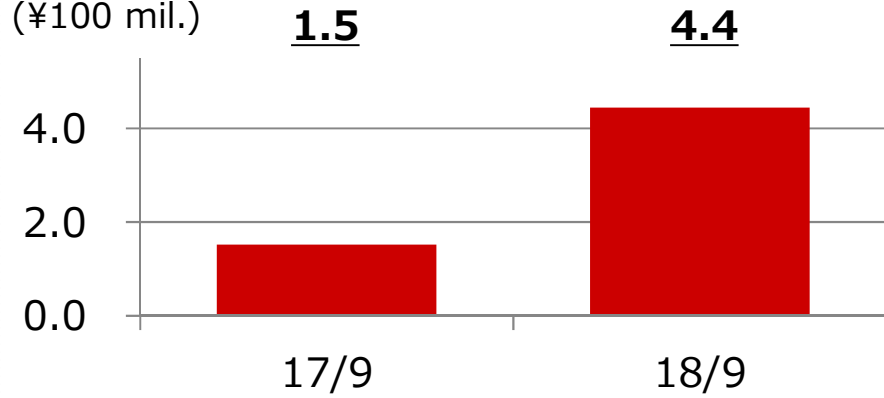
- Sales of films used in construction materials and industrial materials increased, reflecting strengthening the sales activities for building materials industries.
- Sales of wrapping films for 2-wheeled vehicles increased.

Precision parts
(-3.0%)

- In China, sales of cleaning blades decreased due to the stagnant aftermarket.

Operating income

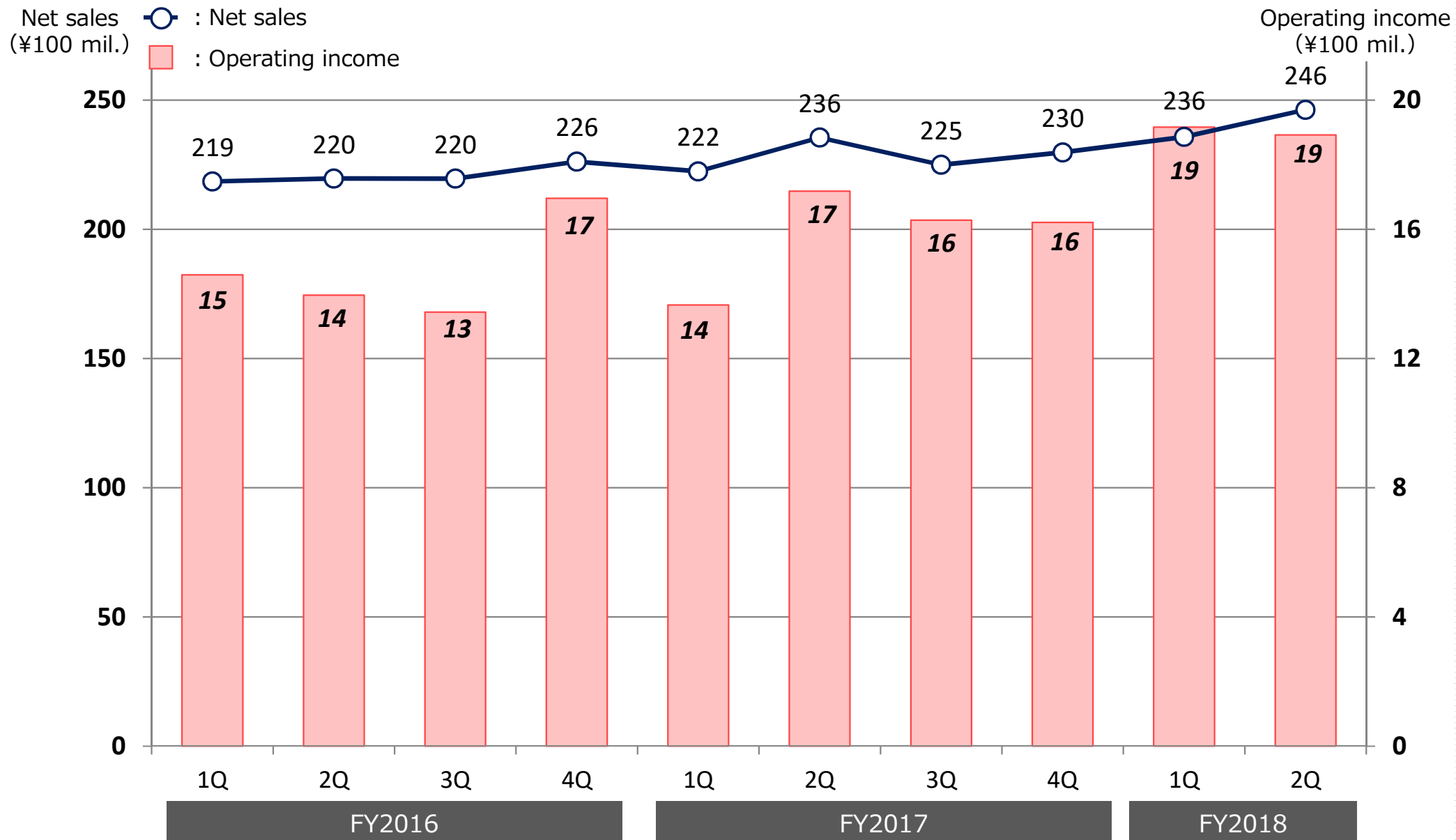
(¥100 mil.)



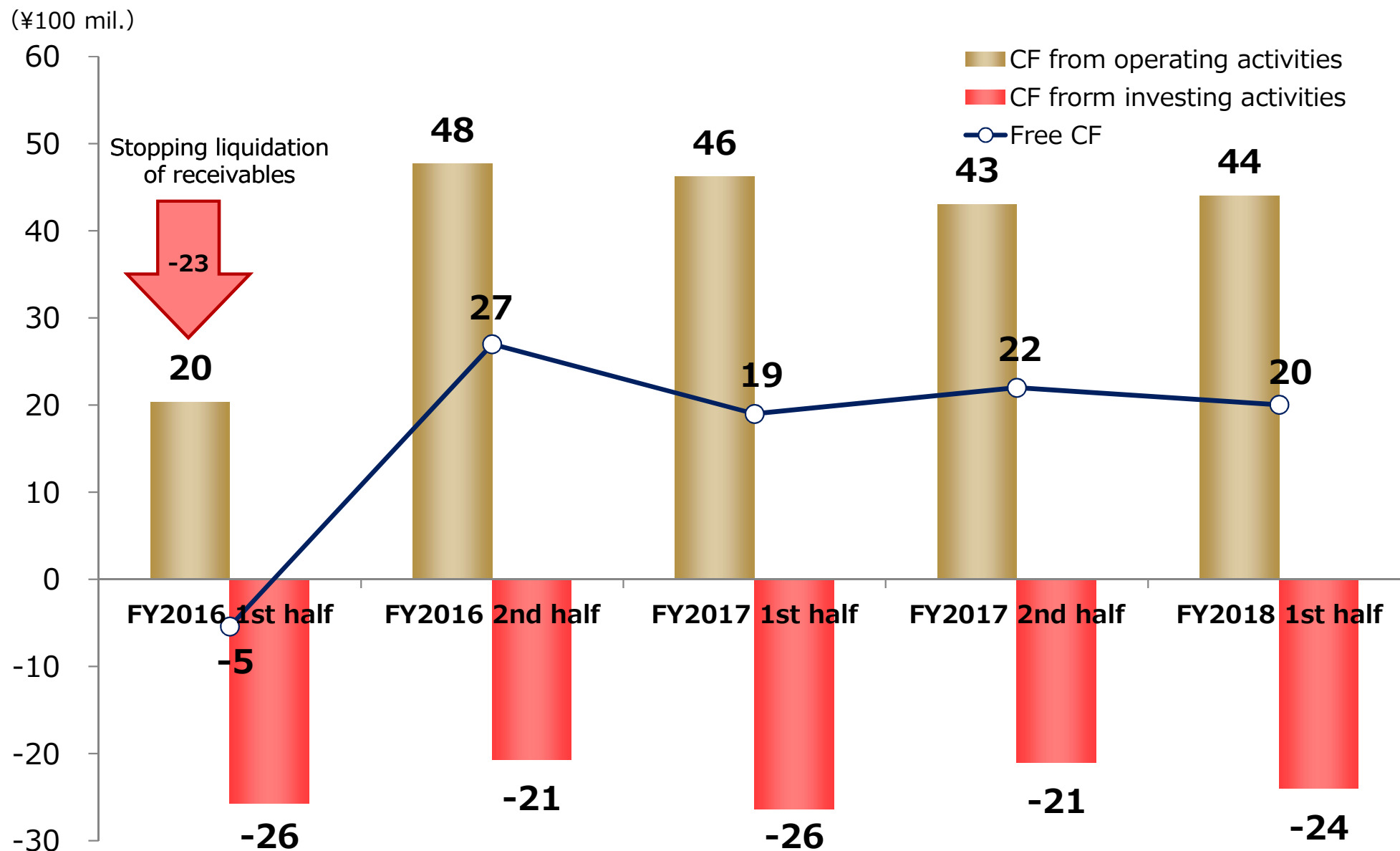
Operating income
(+192.9%)

- Operating income increased thanks to accelerating the transition in our business with high-value-added products.

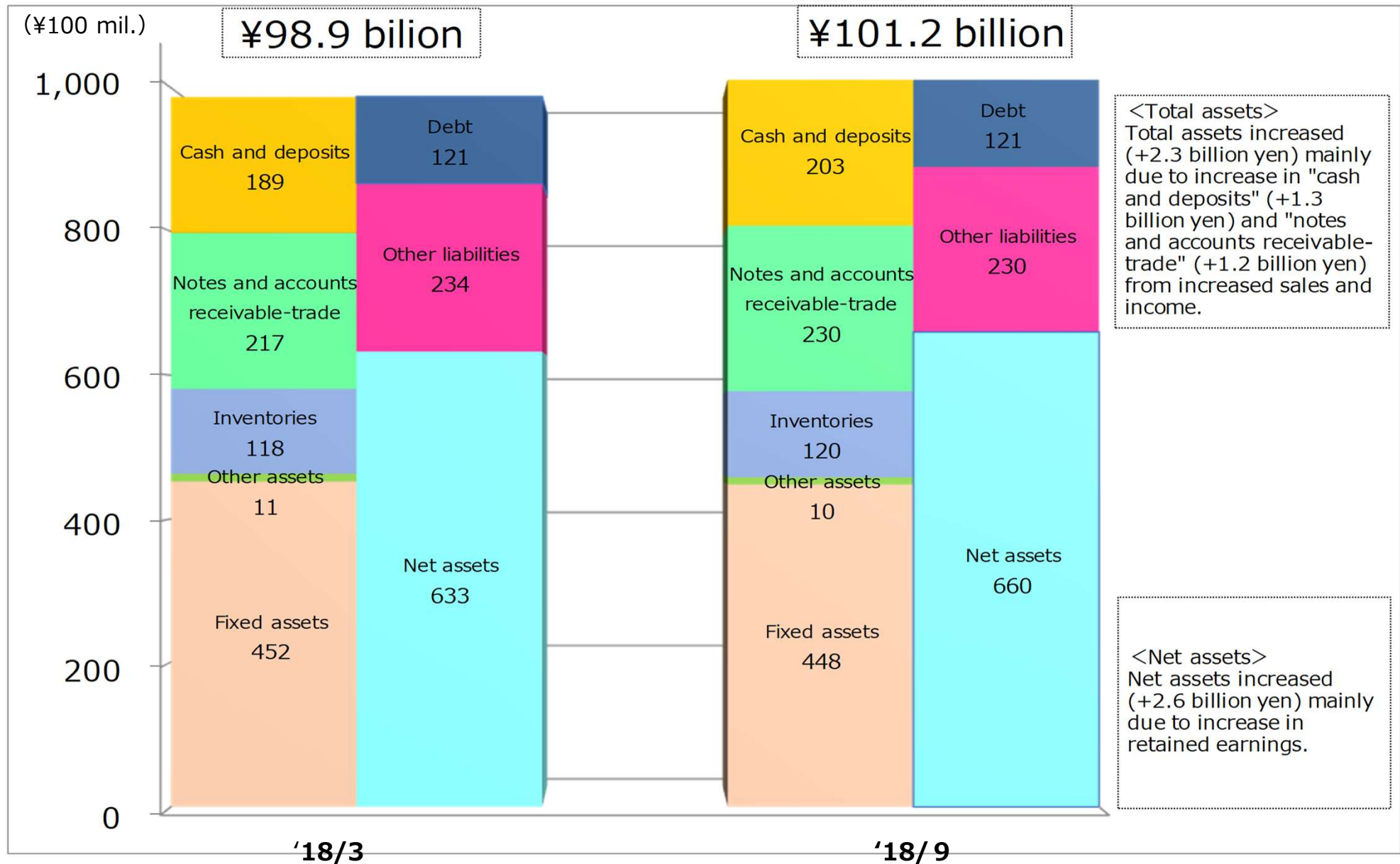
Quarterly transition of business results



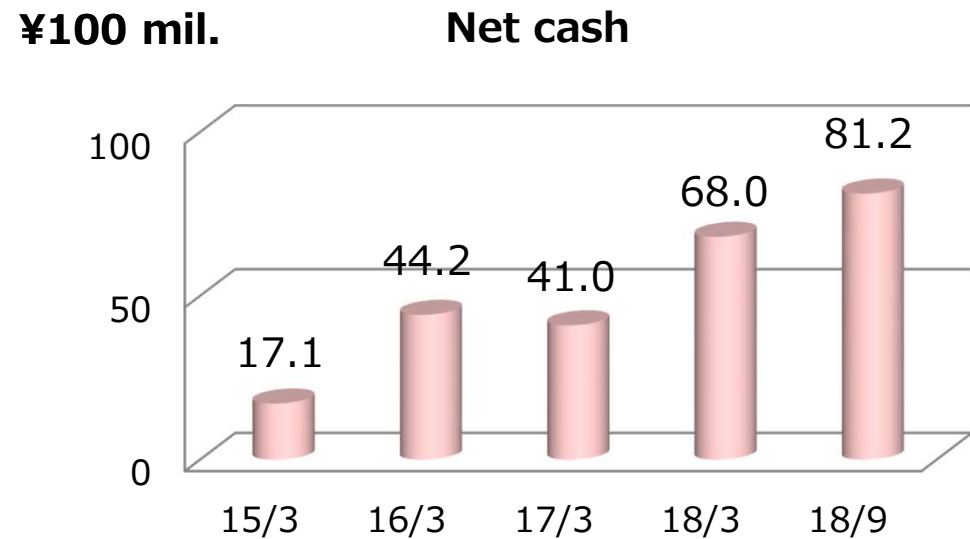
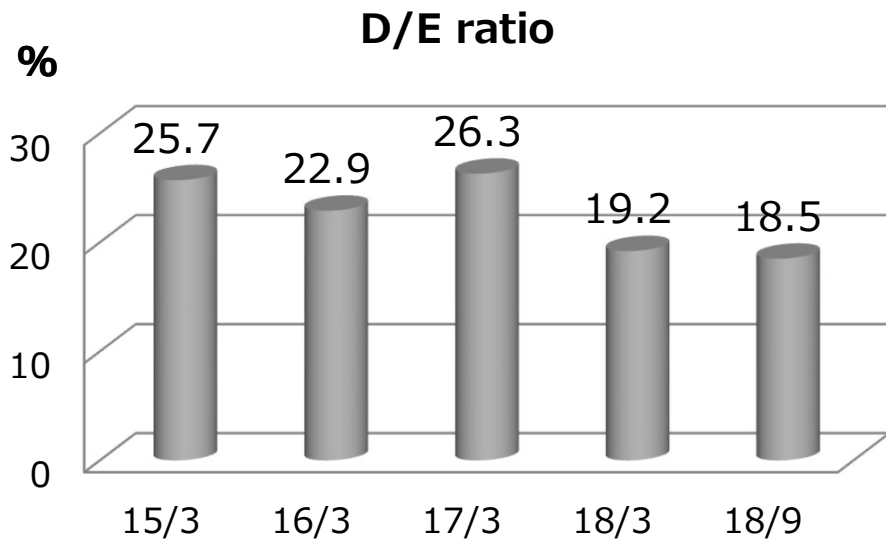
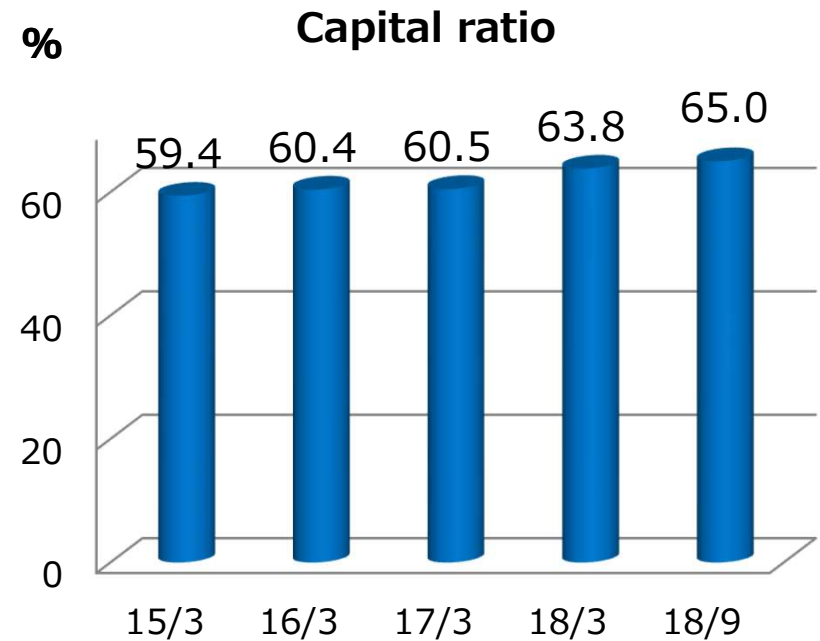
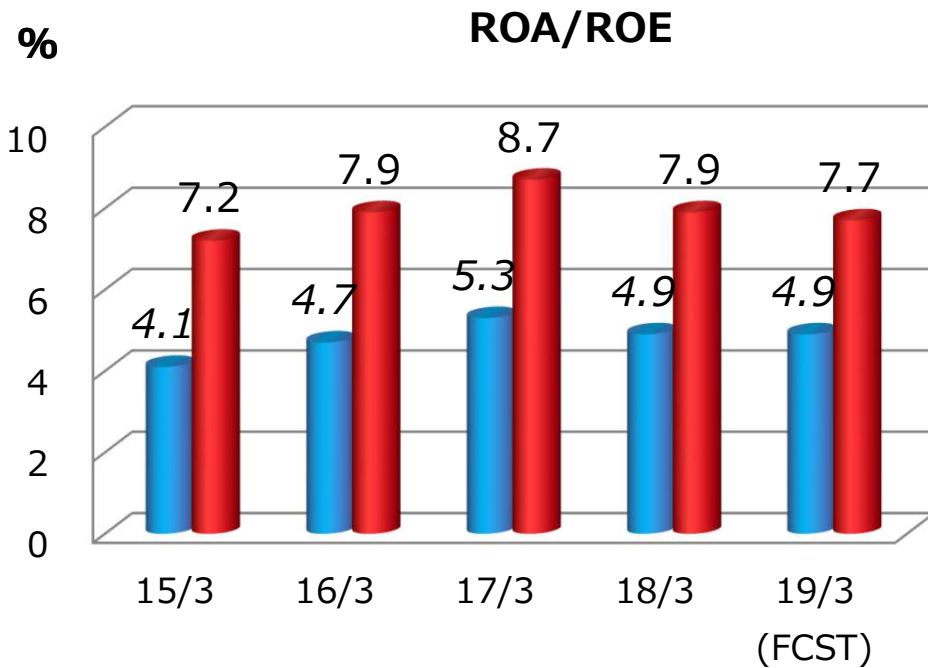
Transition of cash flow



Consolidated Balance Sheets



Financial indicators



Topics

2018

Apr • Introduced a work-from-home system

Jun • Exhibited at the International Food Machinery & Technology Exhibition 2018 (FOOMA JAPAN2018)

• Exhibited at the 22nd M-Tec

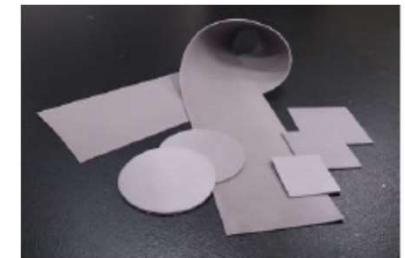
Jul • Exhibited at The Automotive Engineering Exposition 2018 Nagoya



Synchronous belt Ceptor- X for high-load Power transmission exhibited at M-Tec



SUNLINE Belt CS series meet PIM Exhibited at FOOMA JAPAN

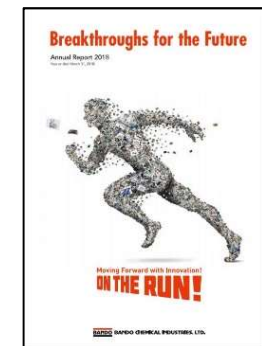


High thermal conductive sheets HEATEX exhibited at the Automotive Engineering Exposition

Aug • Issued CSR Report 2018

Sep • Issued Annual Report 2018

• Held Bando Techno Fair 2018



II . Business forecast for the full fiscal year ending March 31, 2019

FY2018 Business forecast

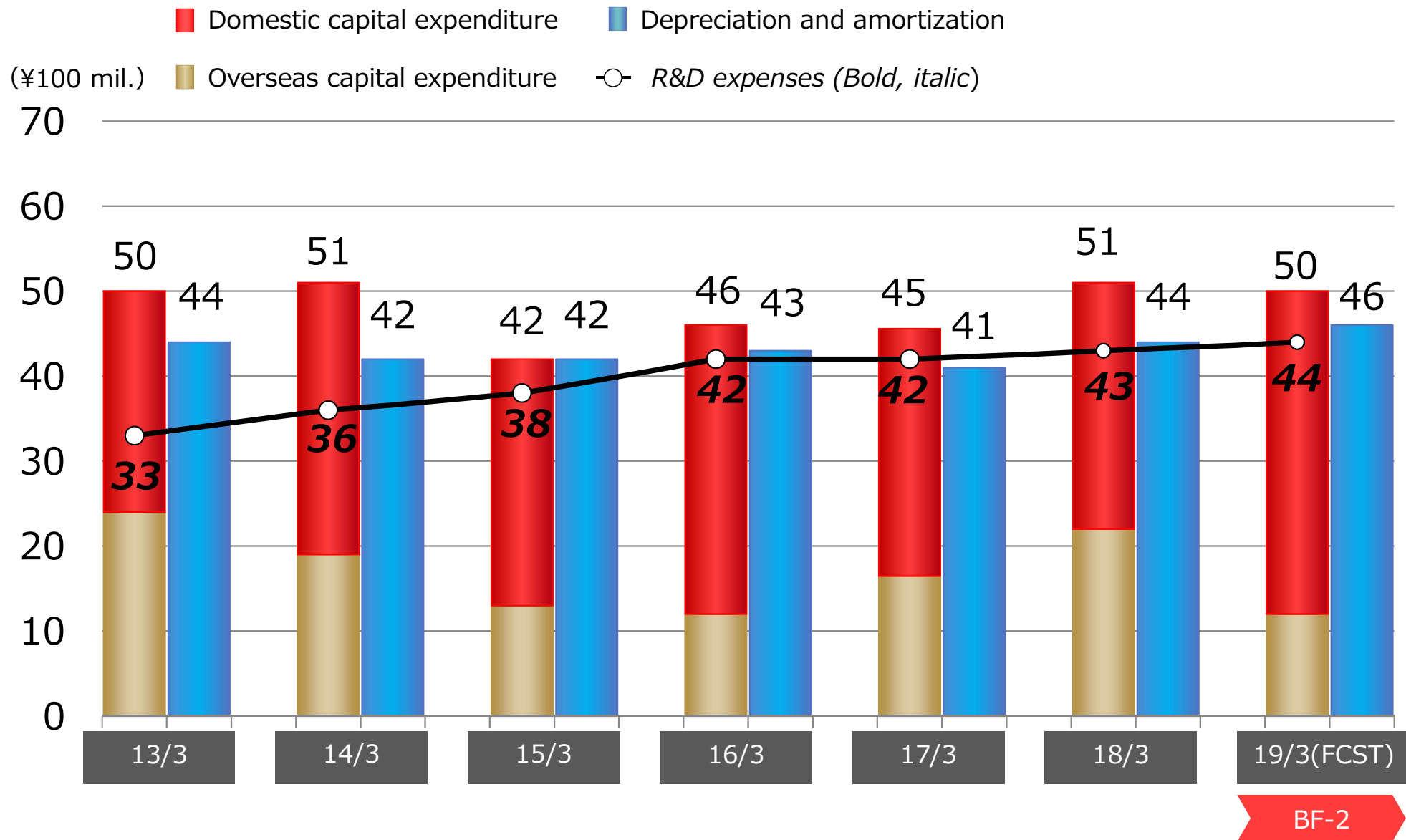


(yen mil., %)

| | | 2017/3 | 2018/3 | | 2019/3 Forecast | |
|---|-----|---------|---------|--------|---------------------|-------|
| | | Result | Result | | Year on year change | |
| Net sales | | 88,387 | 91,263 | 94,000 | +2,736 | +3.0% |
| Operating income | | 5,896 | 6,336 | 6,500 | +163 | +2.6% |
| Ordinary income | | 6,571 | 6,598 | 7,000 | +401 | +6.1% |
| Profit attributable to owners of parent | | 4,951 | 4,795 | 5,000 | +204 | +4.3% |
| Exchange rates (yen) | USD | ¥108.69 | ¥110.66 | ¥105 | | |
| | THB | ¥3.10 | ¥3.36 | ¥3.4 | | |
| | CNY | ¥16.09 | ¥16.77 | ¥17 | | |

- FY2018 business forecast announced on May 11, 2018 remains unchanged.

Transition of CAPEX, depreciation and R&D expenses

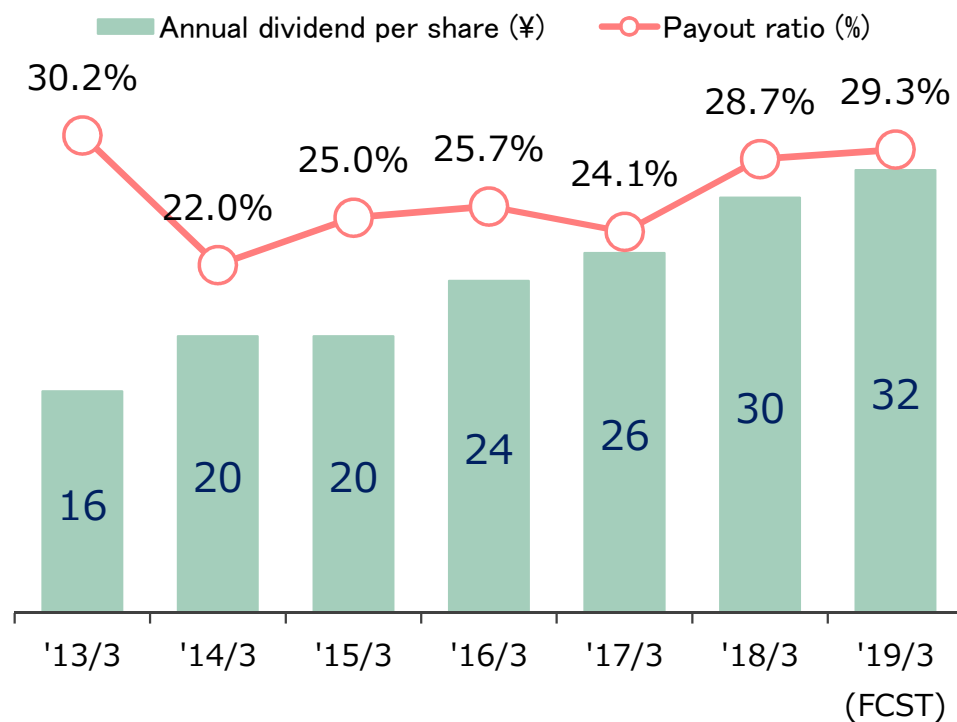


Shareholders returns

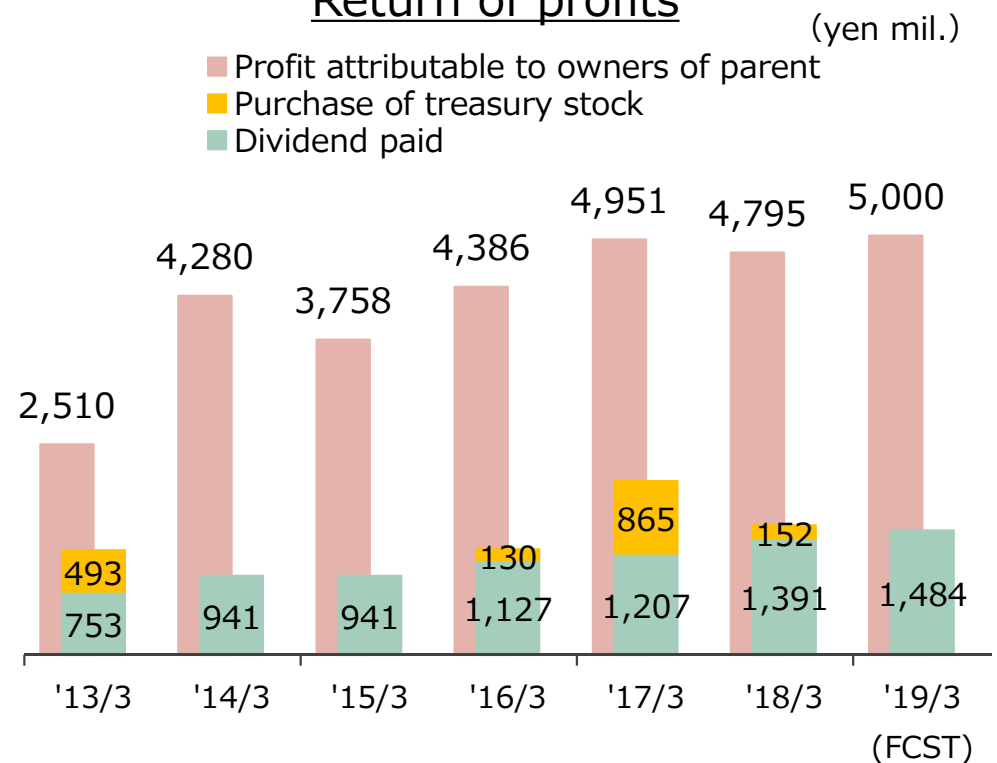
Basic Policy

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



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