



Moving Forward with Innovation!
ON THE RUN!

Consolidated Business Results for the Fiscal 2019

Bando Chemical Industries, Ltd.

May 12, 2020

I . Financial summary for FY2019

II . Business results forecast for FY2020

I . Financial summary for FY2019

FY2019 Highlights

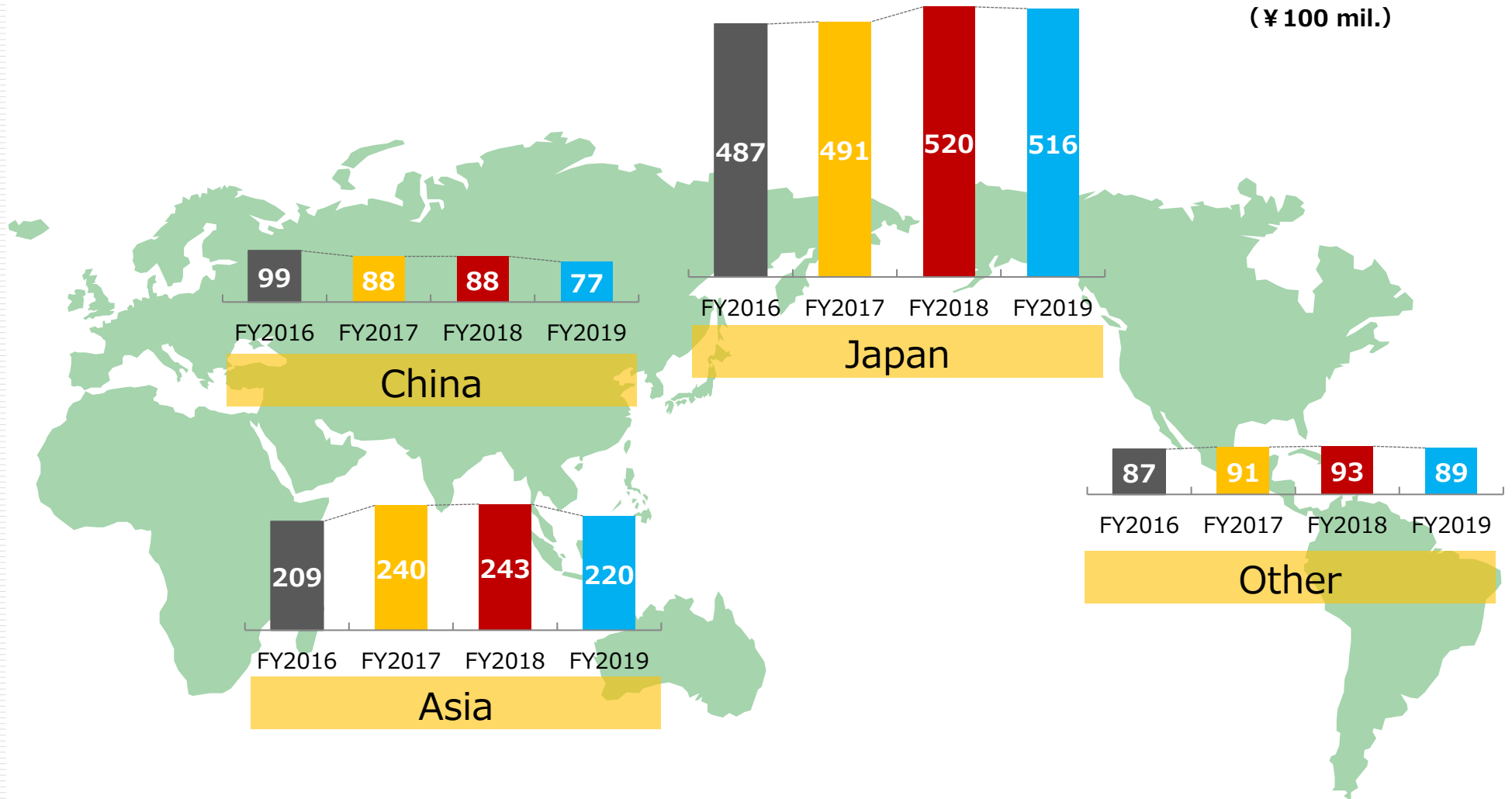


(yen mil.)

	FY2018	FY2019		FY2019 Forecast	
	Result	Result	Year-on-year change	Announced on Aug 9, 2019	Revised on Apr 24, 2020
Revenue	94,318	90,247	-4,070	93,000	90,000
Core operating income	6,503	5,252	-1,250	6,000	5,000
Operating income	6,815	2,056	-4,758	6,000	2,000
Profit before income tax	7,166	2,095	-5,071		
Profit attributable to owners of parent	5,457	682	-4,774	4,500	500

- Revenue decreased mainly in overseas area due to economic deceleration by prolonging of U.S.-China trade friction and the spread of the novel coronavirus.
- Core operating income decreased due to decrease in revenue and cost to sales ratio increase in existing business, despite increase in income by new consolidation of Aimedic MMT Co., Ltd. (hereinafter, "Aimedic MMT").
- Operating income decreased due to temporary losses such as the impairment loss of goodwill of Aimedic MMT(-3,274 million yen) and the amendment loss of retirement benefit plan(-447 million yen).
 - In IFRS, goodwill is tested for impairment annually. An impairment loss is recognized when recoverable amount calculated based on future cash flows is below carrying amount of assets including goodwill. We recalculated the future cash flows based on the redemption price decline of main products in Aimedic MMT over the next two years and revised new products development progress. As a result, we recorded the impairment loss for FY2019.

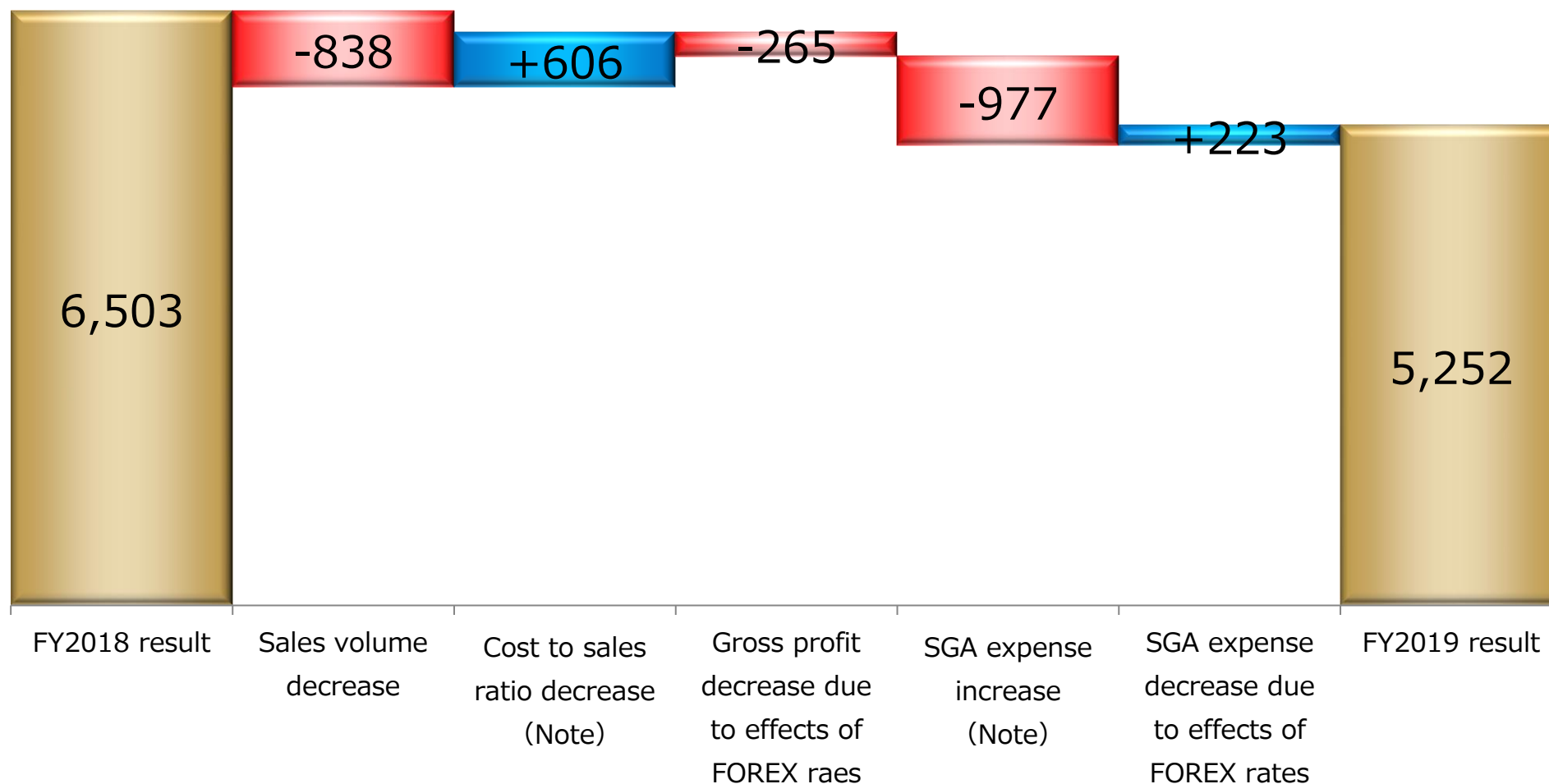
FY2019 Revenue by region



(Note) Revenue by region above were after inter-segment elimination.

FY2019 Core operating income analysis

(yen mil.)



(Note) In existing business, not including Aimedic MMT, the cost to sales ratio increased (resulted in decreased core operating income) and SGA expense decreased (resulted in increased core operating income).

FY2019 Segment performance

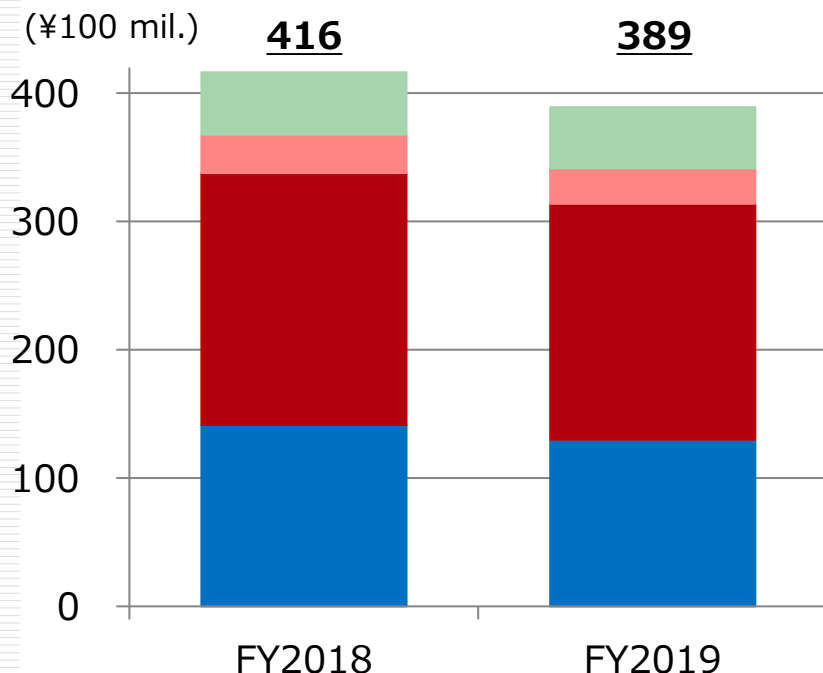


(yen mil.)

	FY2018	FY2019		
	Result	Result	Change	Rate of change
Revenue	94,318	90,247	-4,070	-4.3%
Automotive Parts	41,650	38,953	-2,697	-6.5%
Industrial Products	35,424	32,765	-2,659	-7.5%
Advance Elastomer Products	14,627	13,685	-941	-6.4%
Other	3,880	5,575	+1,694	+43.7%
Adjustments	-1,264	-731	+532	—
Core operating income	6,503	5,252	-1,250	-19.2%
Automotive Parts	3,182	2,129	-1,052	-33.1%
Industrial Products	2,141	2,195	+53	+2.5%
Advance Elastomer Products	617	333	-283	-45.9%
Other	530	595	+64	+12.2%
Adjustments	31	-1	-33	—

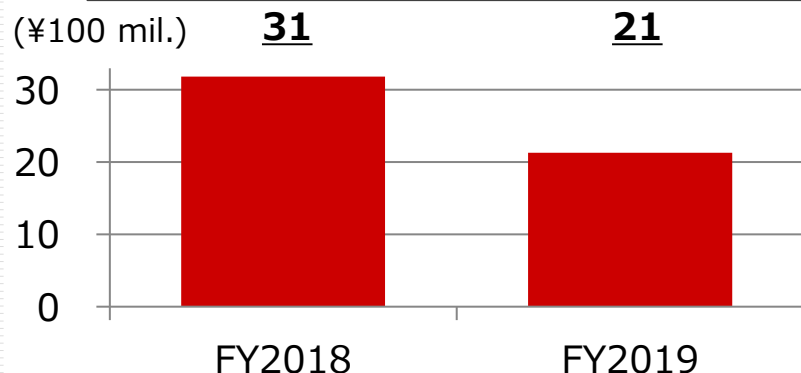
Automotive Parts overview

Revenue after inter-segment elimination



Other (-2.1%)	<ul style="list-style-type: none"> ■ In U.S., revenue decreased due to decrease in production of vehicles, despite increase in aftermarket sales.
China (-6.8%)	<ul style="list-style-type: none"> ■ Revenue decreased due to decrease in production of main customer, despite increase in aftermarket sales by aggressive customer developments.
Asia (-6.4%)	<ul style="list-style-type: none"> ■ Sales of accessory drive power transmission belts and systems decreased in Thailand. ■ Sales of variable speed belts for scooters decreased in India.
Japan (-8.2%)	<ul style="list-style-type: none"> ■ Sales of accessory drive power transmission belts and systems decreased.

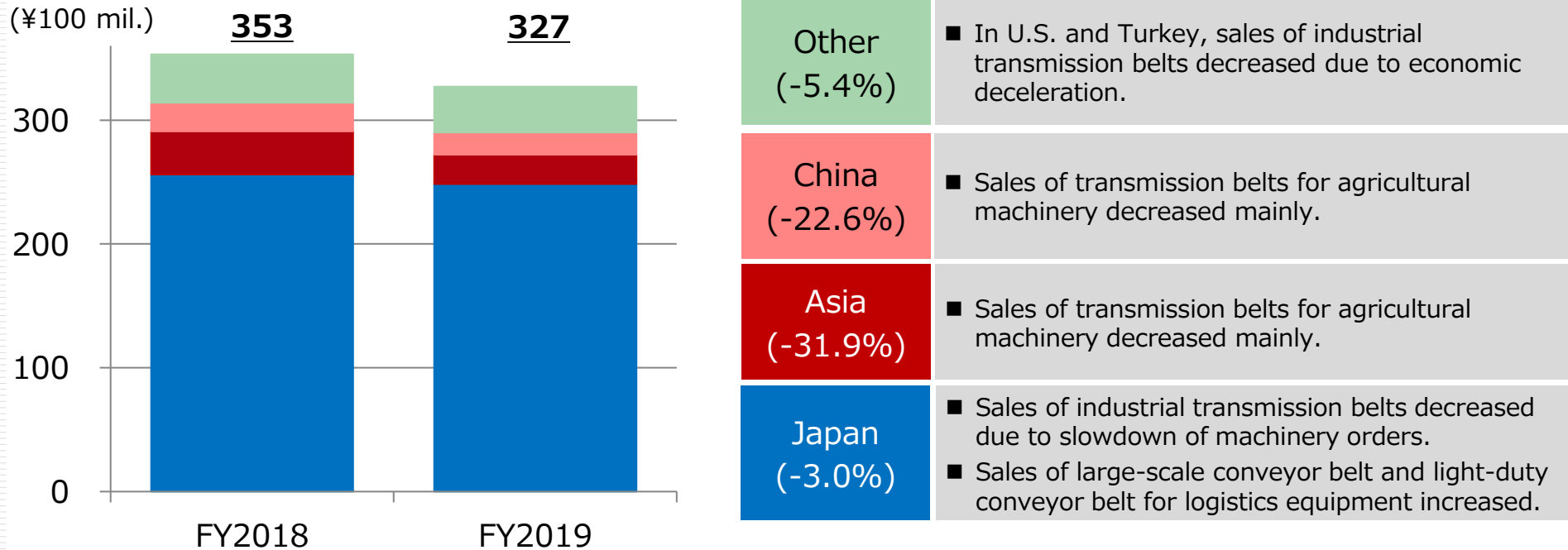
Core operating income



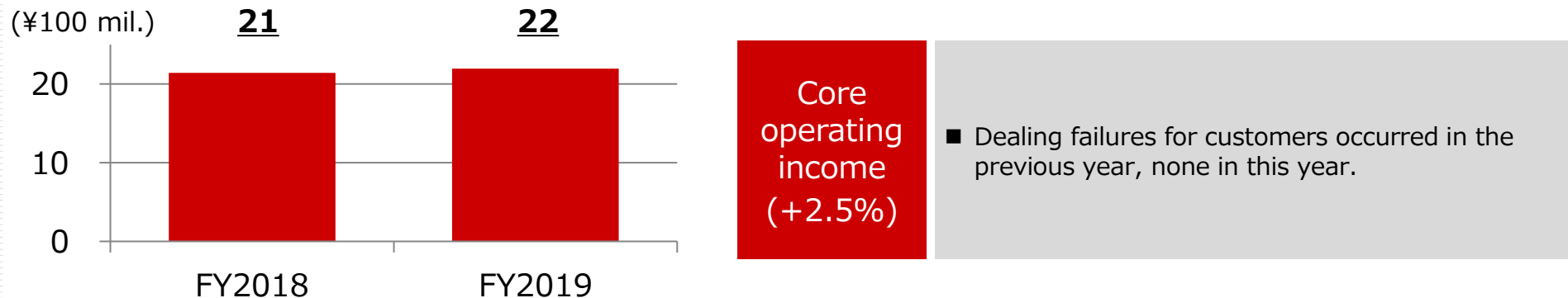
Core operating income (-33.1%)	<ul style="list-style-type: none"> ■ Core operating income decreased due to decrease in revenue.
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Industrial Products overview

Revenue after inter-segment elimination

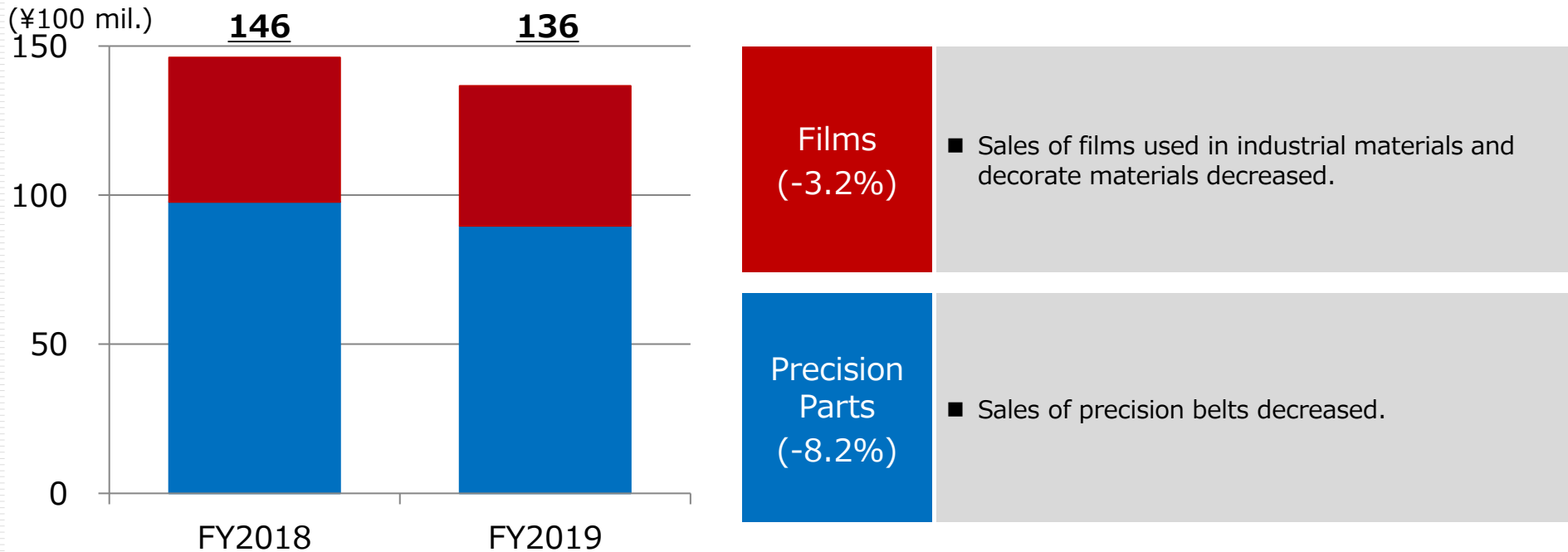


Core operating income

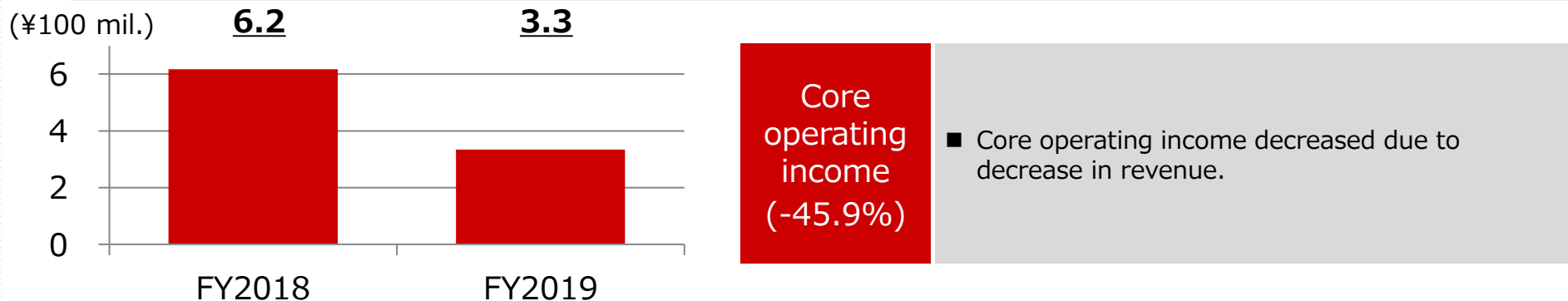


Advance Elastomer Products overview

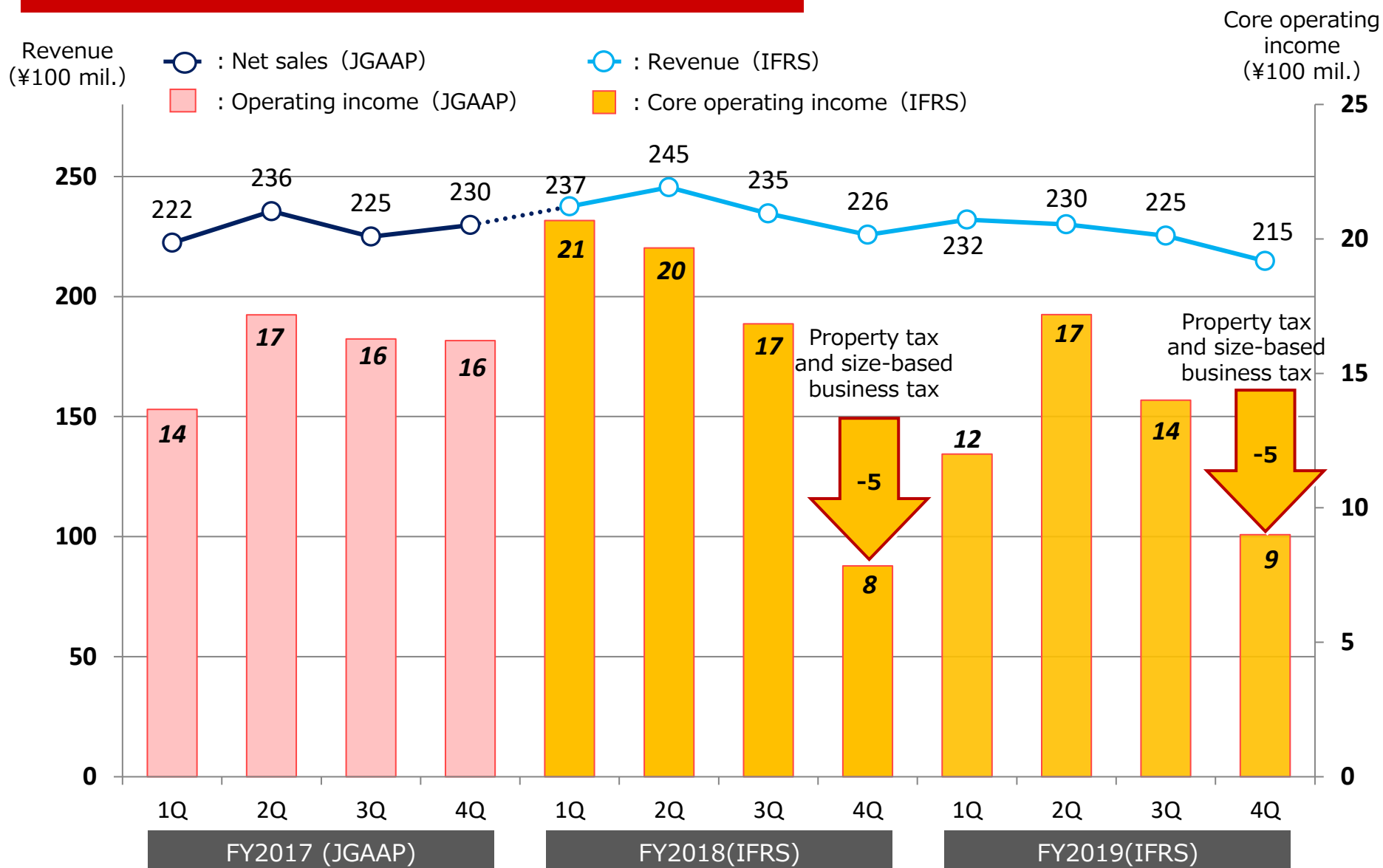
Revenue after inter-segment elimination



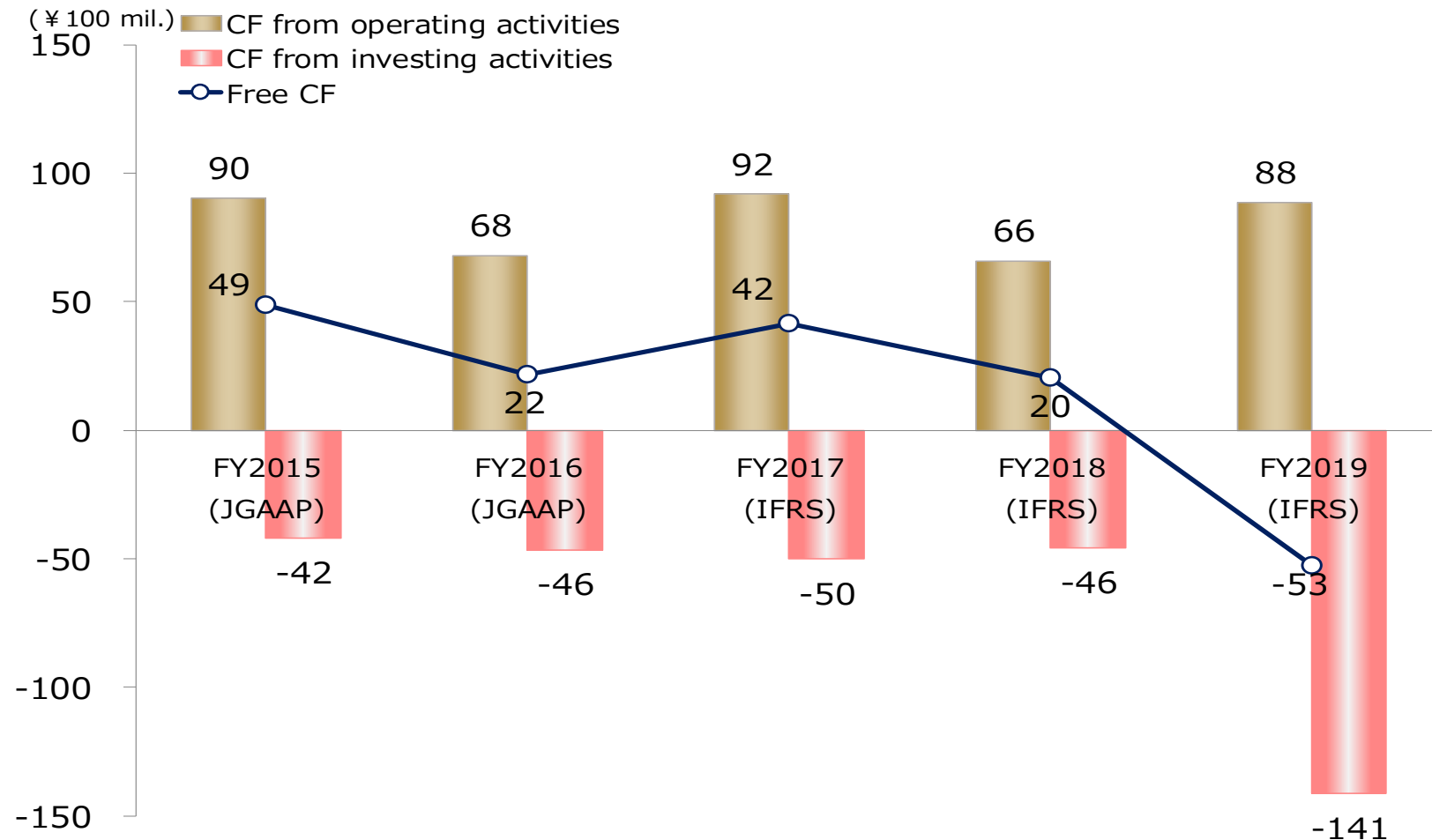
Core operating income



Quarterly transition of business result



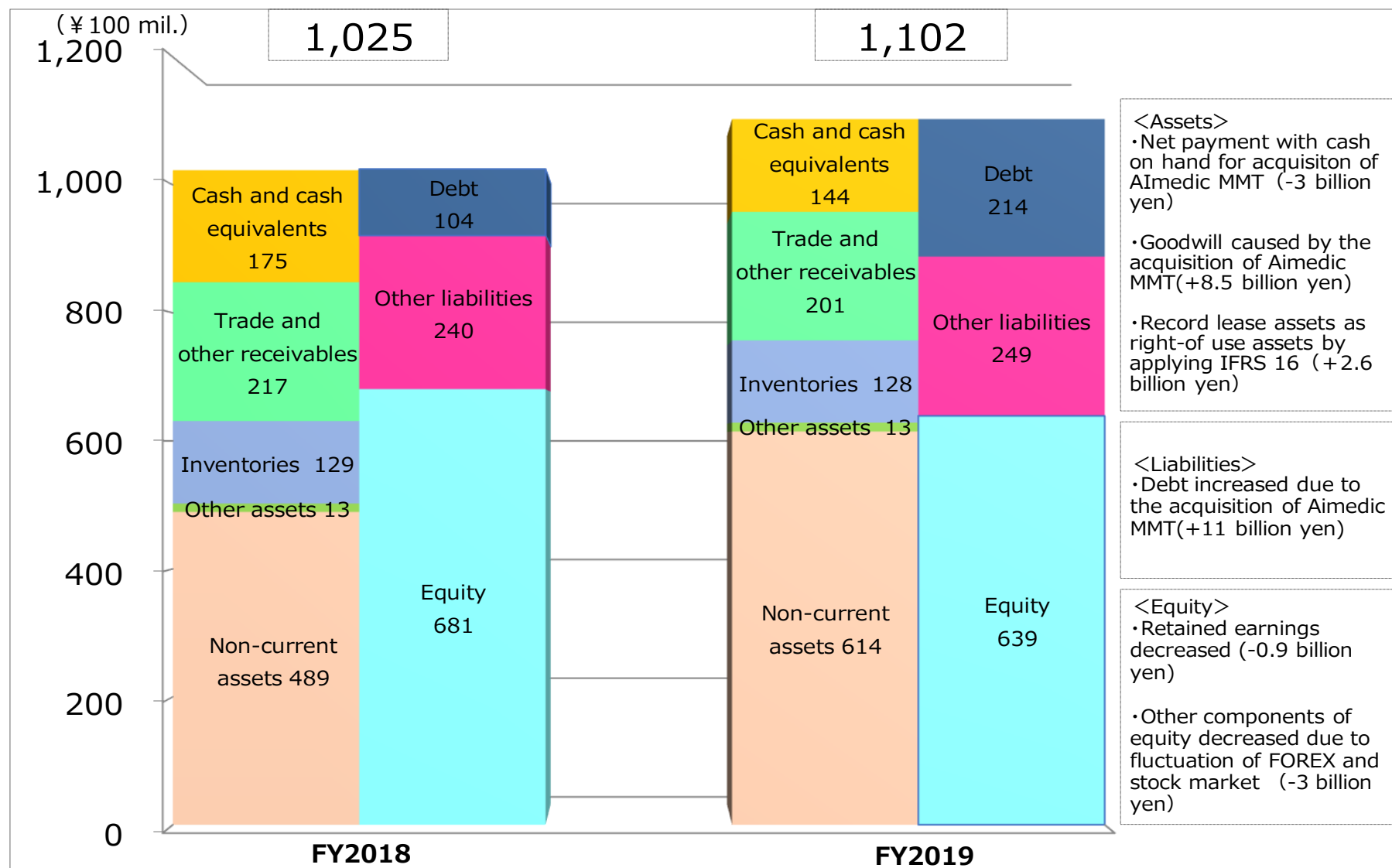
Transition of cash flow



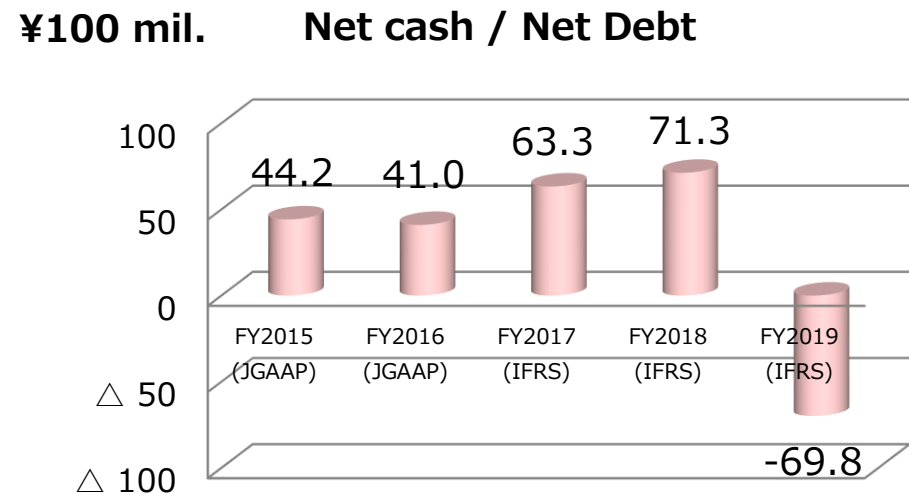
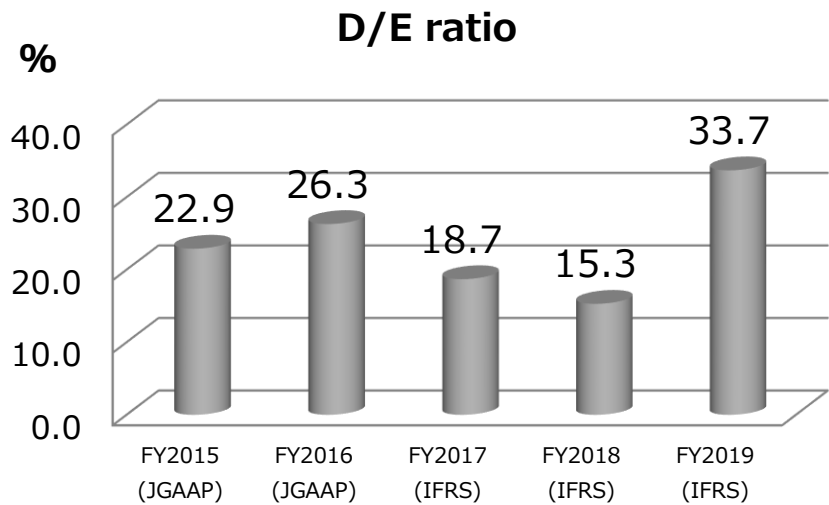
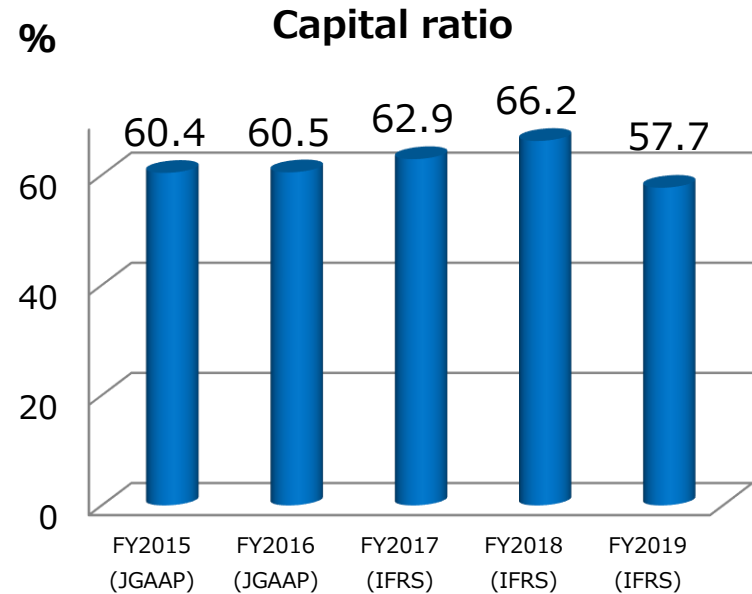
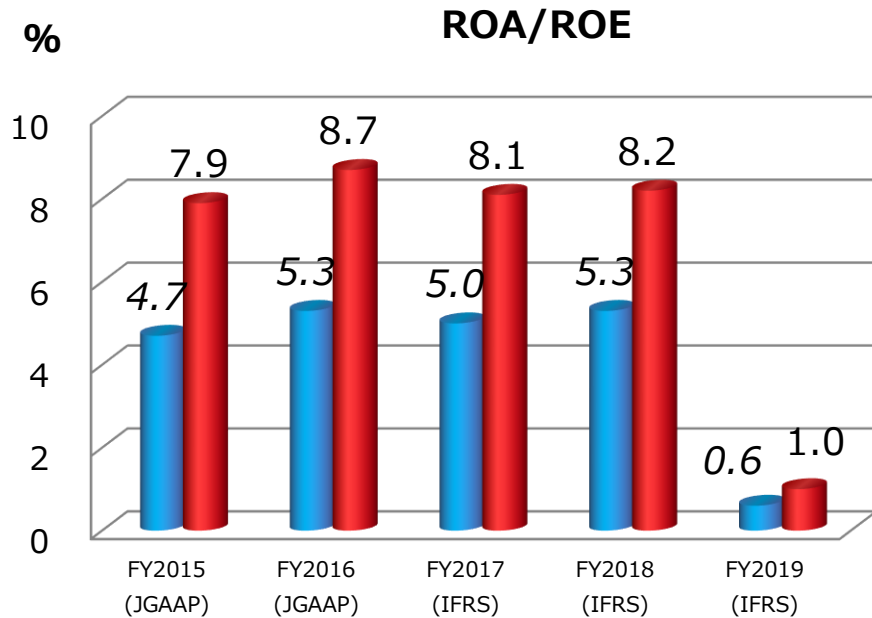
(Notes)

1. CF from operating activities for FY2016 decreased by 2.3 billion yen due to stopping liquidation of receivables.
2. CF from operating activities for FY2018 decreased by 1.4 billion yen due to addressing the revision of enforcement of "Act against Delay Payment of Subcontract Proceeds, etc. to Subcontractors."
3. CF from investing activities for FY2019 included payment for acquisition of Aimedic MMT(-9.2 billion yen.)

Consolidated Statement of Financial Position



Financial indicators

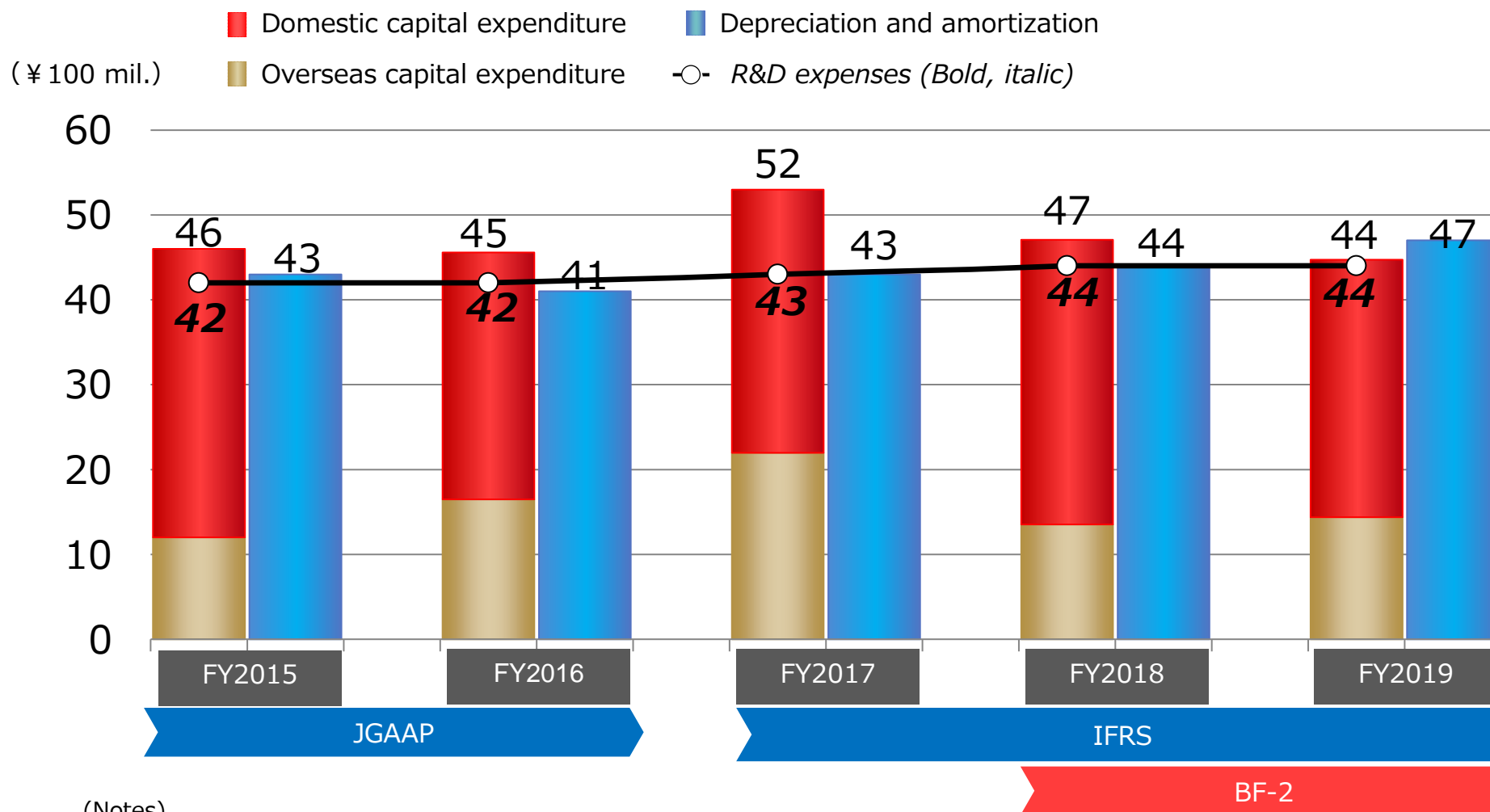


II . Business results forecast for FY2020

- It is currently difficult to predict the forecast of business results for FY2020 reasonably at this stage due to the spread of the novel coronavirus.

We will announce it promptly when we can disclose reasonably forecast.

Transition of CAPEX, depreciation and R&D expenses



(Notes)

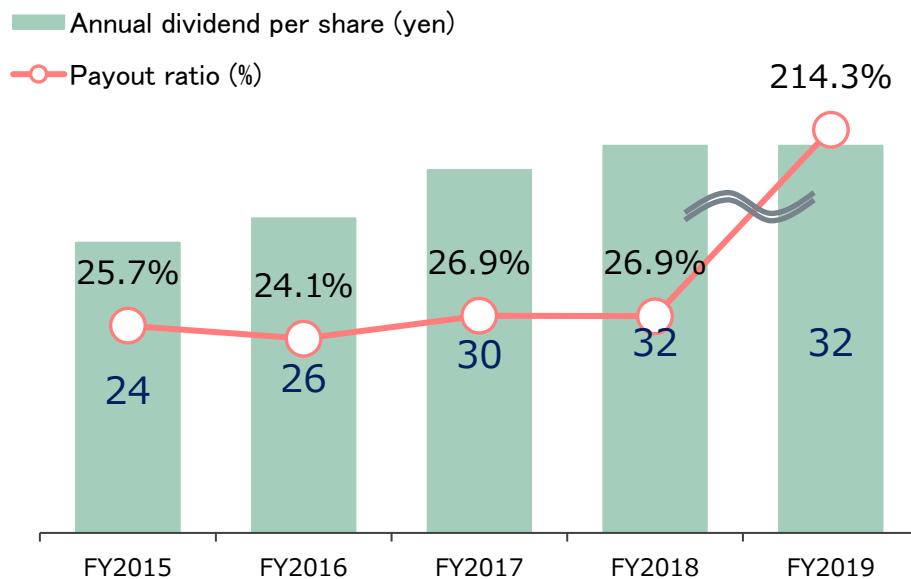
1. The effect of adopting IFRS 16 was not included on the above amount and graph.
The effect was an increase of capital expenditure by 1.2 billion yen, and an increase of depreciation and amortization by 1.3 billion yen, respectively, for FY2019.
2. It is currently difficult to predict the amount for FY2020 at this stage.

Shareholders returns

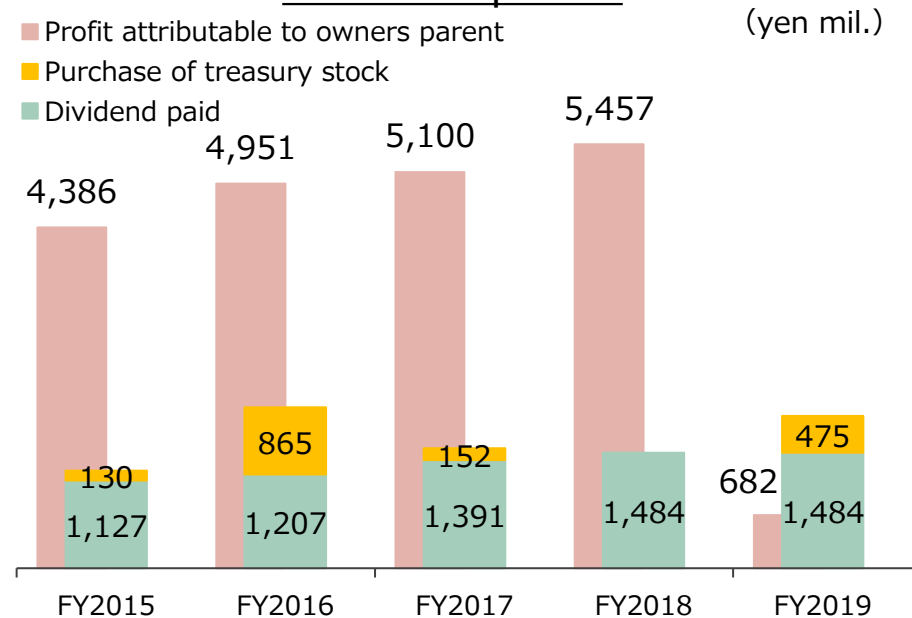
Basic Policy

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



(Notes)

1. Dividend is correction value after share consolidation at a rate of two shares of common stock into one took place Oct. 1, 2016.
2. The amount from FY 2017 was under IFRS. We decided the amount of dividend paid based on JGAAP profit before FY2018.
3. The amount of dividend per share will be ¥32 because we emphasized the continuity of stable dividend payments.
4. It is currently difficult to predict the amount for FY 2020 at this stage.