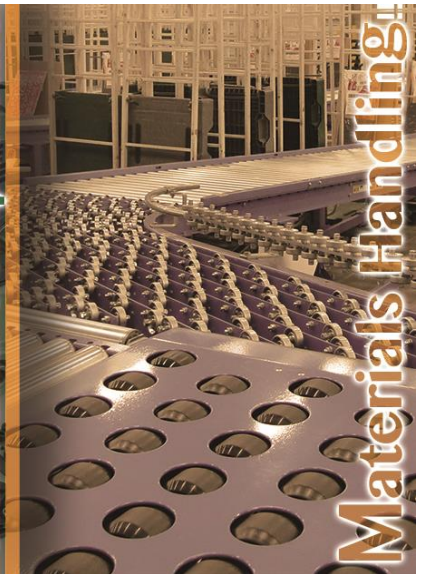
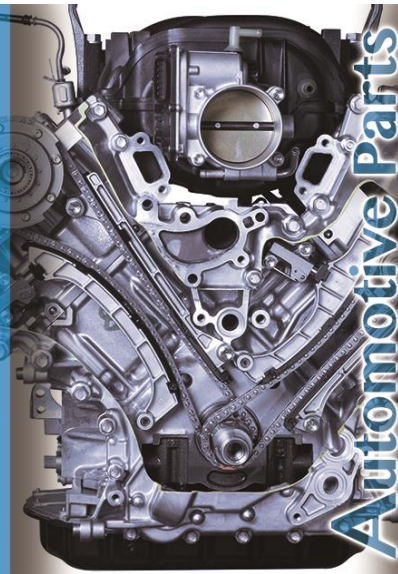
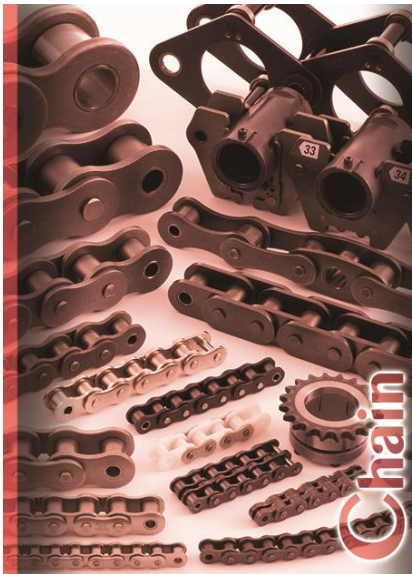


# Tsubakimoto Chain Co. FYE 2017 Settlement of Accounts Presentation Meeting



May 23, 2017

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# FYE 2017 Full Year Settlement of Accounts Business Report

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Note: 'Full year,' as referred to in this report, indicates the period from April 1 through March 31 of the next year of the applicable consolidated accounting year.  
(For some overseas subsidiaries, the 'full year' indicates the period from January 1 through December 31 of the applicable year.)

## Highlights of Consolidated Settlement of Accounts

- ◆ Operating income and net income contributed to increased profit despite a decline in income relative to the preceding term.

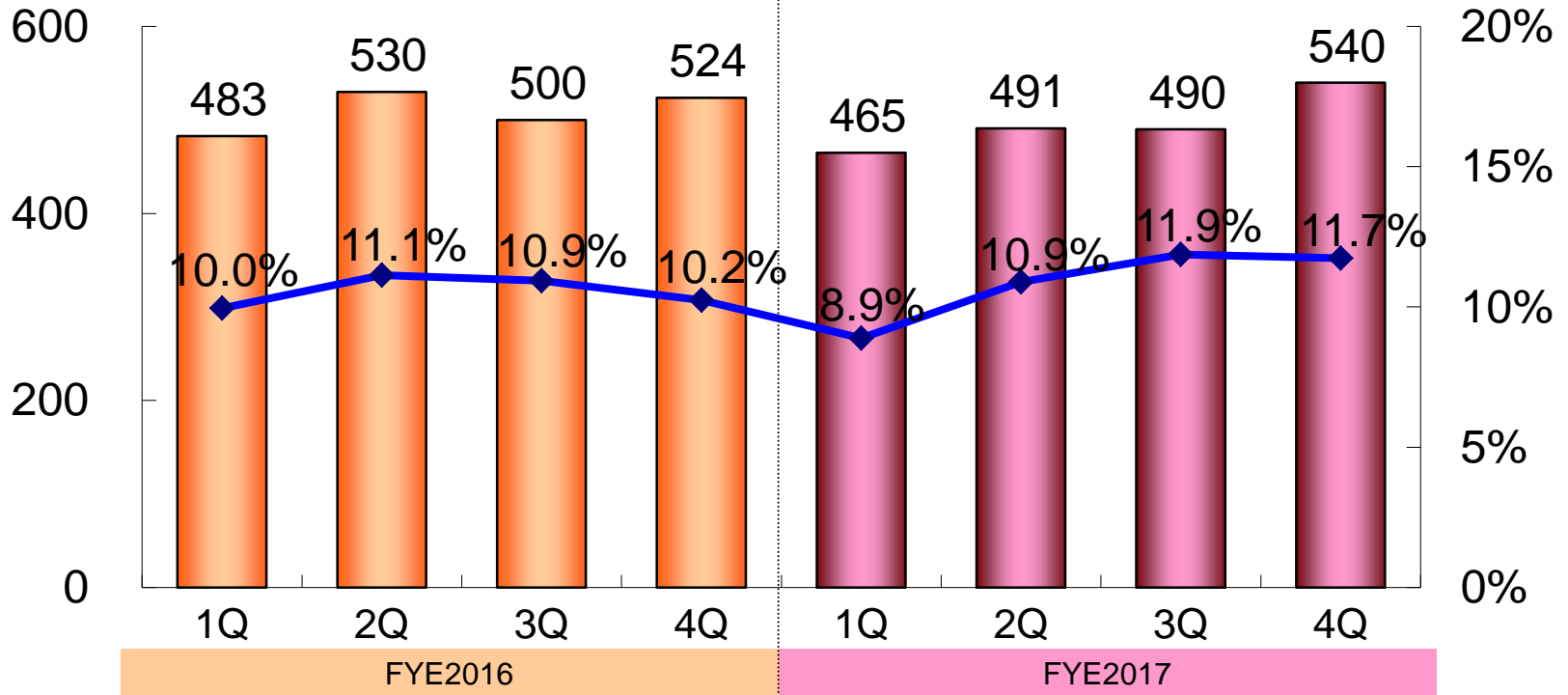
(Operating income and “net income attributable to parent company shareholders” reached record highs.)

	(Yen, millions)				
	FYE 2016	FYE 2017	Comparison with previous term	Budgeted Amount (November 7, 2016)	
	Full year figure (actual)	Full year figure (actual)	Increase/decrease	Budget	Increase/decrease
Net sales	203,976	198,762	-2.6%	197,000	0.9%
Operating income	21,570	21,647	0.4%	19,700	9.9%
Operating income margin	10.6%	10.9%		10.0%	
Ordinary income	22,109	22,004	-0.5%	19,500	12.8%
Profit attributable to owners of parent	12,766	14,596	14.3%	12,700	14.9%
Net income per share (Yen)	68.24 yen	78.03 yen	—	67.89	—
(Exchange rates 1 US\$)	120.15 yen	108.35 yen	—	—	—
(Exchange rates 1 EURO)	132.60 yen	118.76 yen	—	—	—
Shareholders' equity ratio	55.9%	57.1%	Equity capital/total assets		
Return on equity (ROE)	9.0%	9.9%	Net income/Average return on equity during term		
Net D/E ratio	0.06	0.00	(Interest-bearing debt - Cash equivalent)/(Capital adequacy)		

# Trend in Quarterly Consolidated Settlement of Accounts

## ◆ Trends in net sales and operating income margin (consolidated)

(Yen, 100 million)

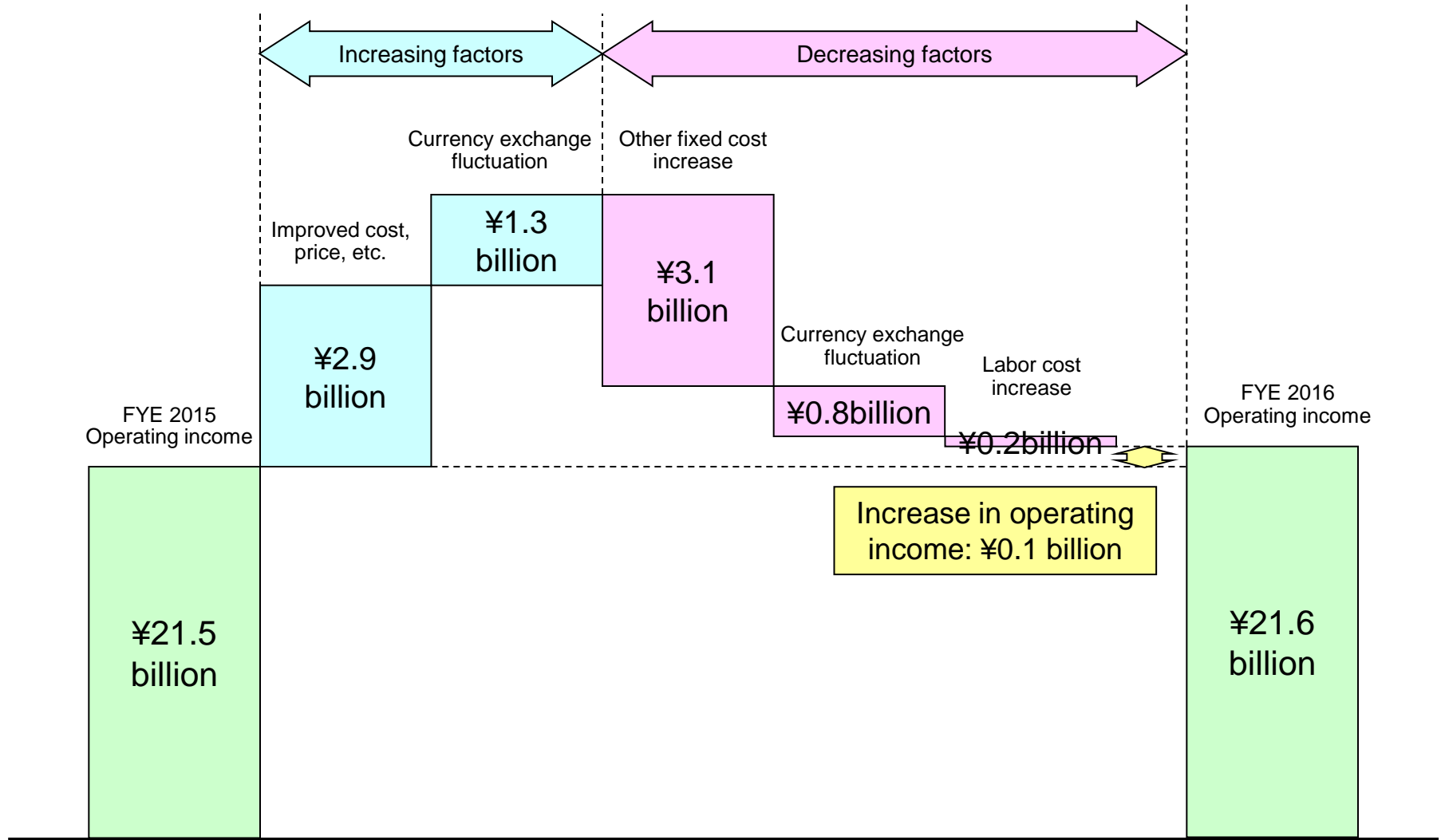


Major exchange rates	FYE2016	FYE2017
US\$	¥120.15	¥108.35
Euro	¥132.60	¥118.76

(Yen, 100 million) ■ : Net sales ◆ : Operating income margin

Analysis of Factors Consolidated Increasing/Decreasing Operating Income

◆ FYE 2016 (actual figures) vs. FYE 2017 (actual figures)



## 4. FYE 2017 Review Breakdown by Segment and Operations

- ◆ Looking to the Automotive Parts segment, sales and profits increased. In the Chain segment, profits increased significantly while sales declined. Profits from the Power Transmission Units and Components segment declined due to factory restructuring and slumping sales at Chinese subsidiaries.

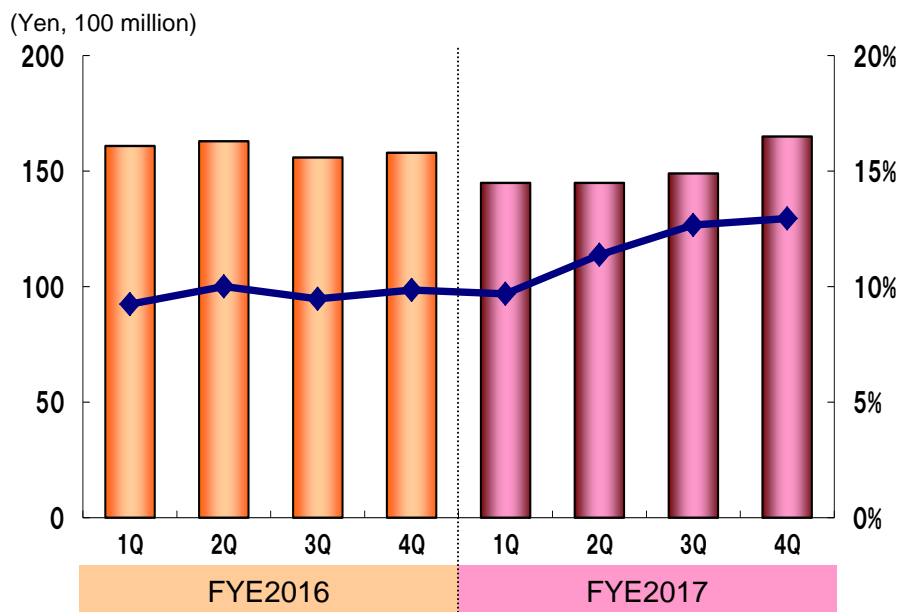
		(Yen, millions)				
		FYE 2016	FYE 2017	Comparison with previous term	Budgeted Amount (November 7, 2016)	
		Full year figure (actual)	Full year figure (actual)	Increase/decrease	Budget	Increase/decrease
Chain Operations	Net sales <sup>*1</sup>	63,998	60,600	- 5.3%	58,900	2.9%
	Operating income	6,172	7,102	15.1%	6,000	18.4%
	Operating income margin	9.6%	11.7%		10.2%	
Power Transmission Units and Components Operations	Net sales <sup>*1</sup>	21,975	21,563	- 1.9%	21,000	2.7%
	Operating income	2,428	2,218	- 8.6%	1,800	23.1%
	Operating income margin	11.0%	10.3%		8.6%	
Automotive Parts Operations	Net sales <sup>*1</sup>	73,473	75,147	2.3%	74,600	0.7%
	Operating income	12,258	12,385	1.0%	11,700	5.9%
	Operating income margin	16.7%	16.5%		15.7%	
Materials Handling Systems Operations	Net sales <sup>*1</sup>	44,354	41,043	- 7.5%	41,700	- 1.6%
	Operating income	659	706	7.2%	700	0.9%
	Operating income margin	1.5%	1.7%		1.7%	
Other <sup>*2</sup>	Net sales <sup>*1</sup>	3,186	3,001	- 5.8%	3,800	- 21.0%
	Operating income	84	-1	-	0	-
	Operating income margin	2.6%	-		0.0%	

\*1: Sales figures include internal sales and transfers between segments.

\*2: "Other" is not a reportable segment.

◆ Trends in sales and operating income margin

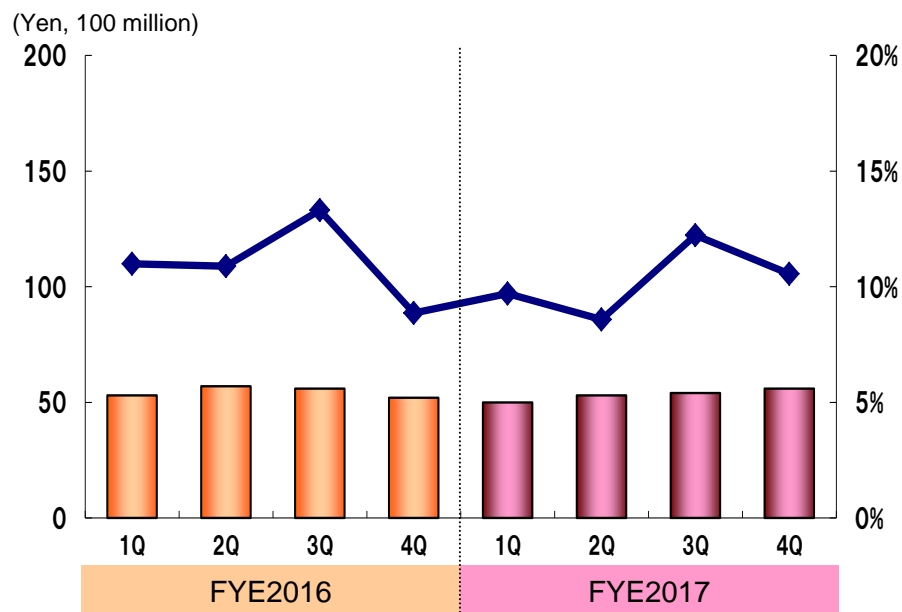
● Chain Operations



<Breakdown by Region>

- The Japanese economy is generally stable.
- In the USA, sales remained steady on a local currency basis, but both income and profits declined after currency translation.
- Europe was rather sluggish.
- In China, sales increased year-on-year and losses declined sharply.

● Power Transmission Units and Components Operations



<Breakdown by Region>

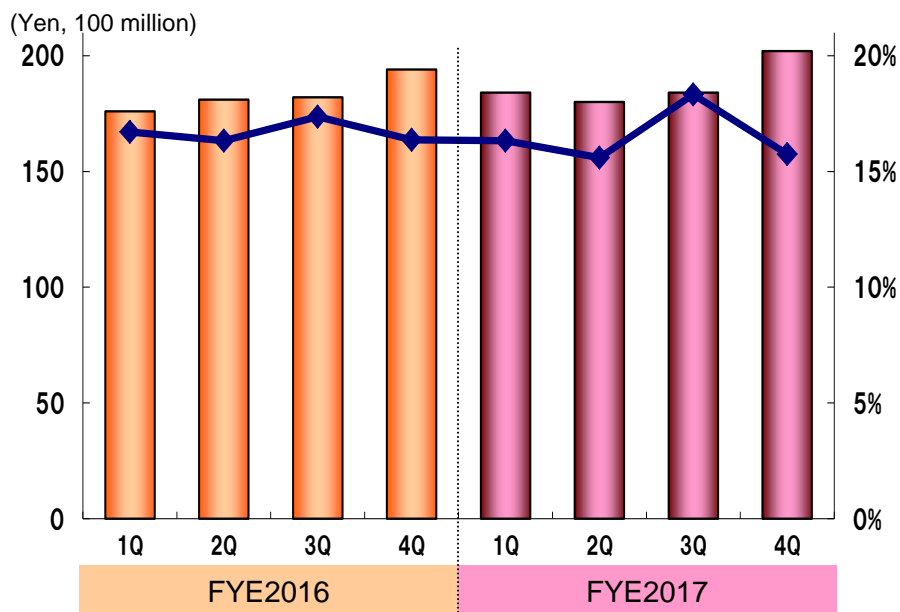
- Japan has been generally stable. Despite increased income, profit declined due to factory restructuring and other factors.
- Subsidiaries in Tianjin and Shanghai, China entered a slump.

(Yen, 100 million) ■ : Net sales ◆ : Operating income margin



◆ Trends in sales and operating income margin

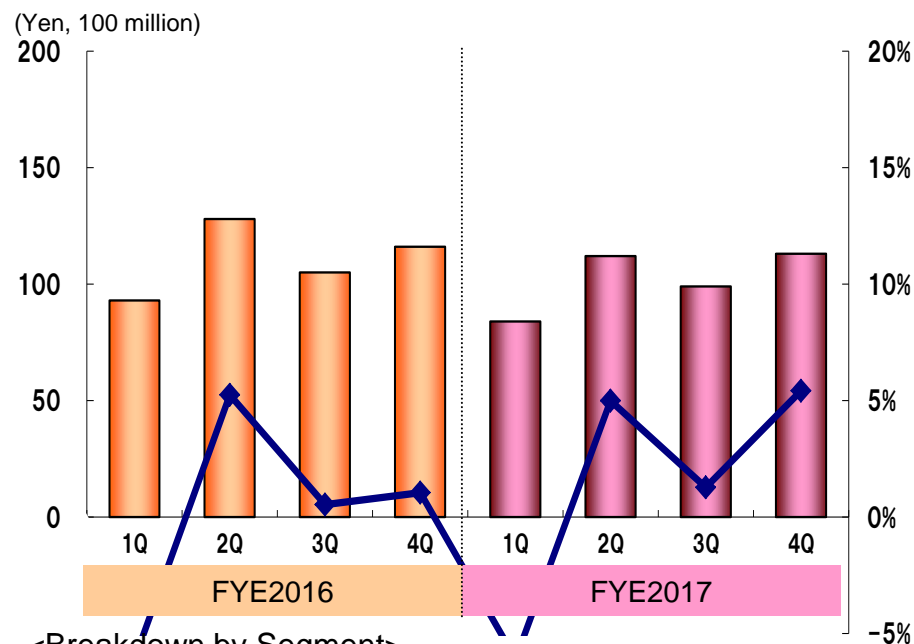
● Automotive Parts Operations



<Breakdown by Business Location>

- In Japan, sales to overseas subsidiaries were strong, but domestic sales declined, resulting in both decreased income and profits.
- Subsidiaries in Europe, Thailand, China and South Korea remained strong.
- The U.S.A. market also performed well on a local currency basis. Although revenues declined due to currency translation, income grew.

● Materials Handling Systems Operations



<Breakdown by Segment>

- Income and profits declined due to slumping sales in Japan in the sectors of life sciences, the automobile industry, systems for the newspaper industry, and other markets.
- Sales of conveyors for machine tools in Europe and the United States held steady, and income and profit increased.

(Yen, 100 million) ■ : Net sales ◆ : Operating income margin



## 6. FYE 2017 Review Segment by Region

		(Yen, millions)		
		FYE 2016	FYE 2017	Comparison with previous term
		Full year figure (actual)	Full year figure (actual)	Increase/decrease
America	Net sales *	51,671	50,830	-1.6%
	Operating income	4,496	4,853	7.9%
	Operating income margin	8.7%	9.5%	
Europe	Net sales *	24,219	23,181	-4.3%
	Operating income	531	687	29.2%
	Operating income margin	2.2%	3.0%	
Indian Ocean Rim	Net sales *	12,626	12,763	1.1%
	Operating income	1,680	1,744	3.8%
	Operating income margin	13.3%	13.7%	
China	Net sales *	16,494	18,186	10.3%
	Operating income	273	925	238.8%
	Operating income margin	1.7%	5.1%	
South Korea, Taiwan	Net sales *	8,578	8,378	-2.3%
	Operating income	405	273	-32.4%
	Operating income margin	4.7%	3.3%	
Japan	Net sales *	121,347	117,795	-2.9%
	Operating income	12,621	11,351	-10.1%
	Operating income margin	10.4%	9.6%	

\*Sales figures include internal sales and transfers between segments.

<Actual exchange rate> (Yen)

FYE 2016: US\$=120.15, EURO=132.60, Can\$=91.84, A\$=88.50, THB=3.55, NT\$=3.74, RMB=19.22, WON=0.107

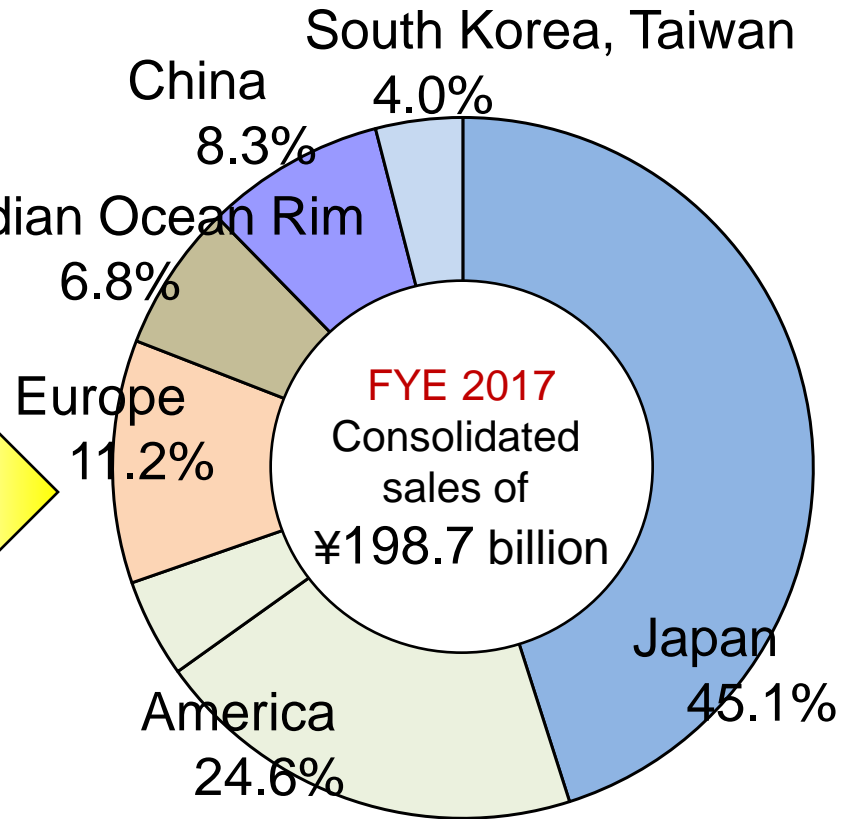
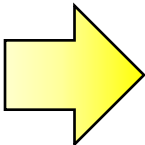
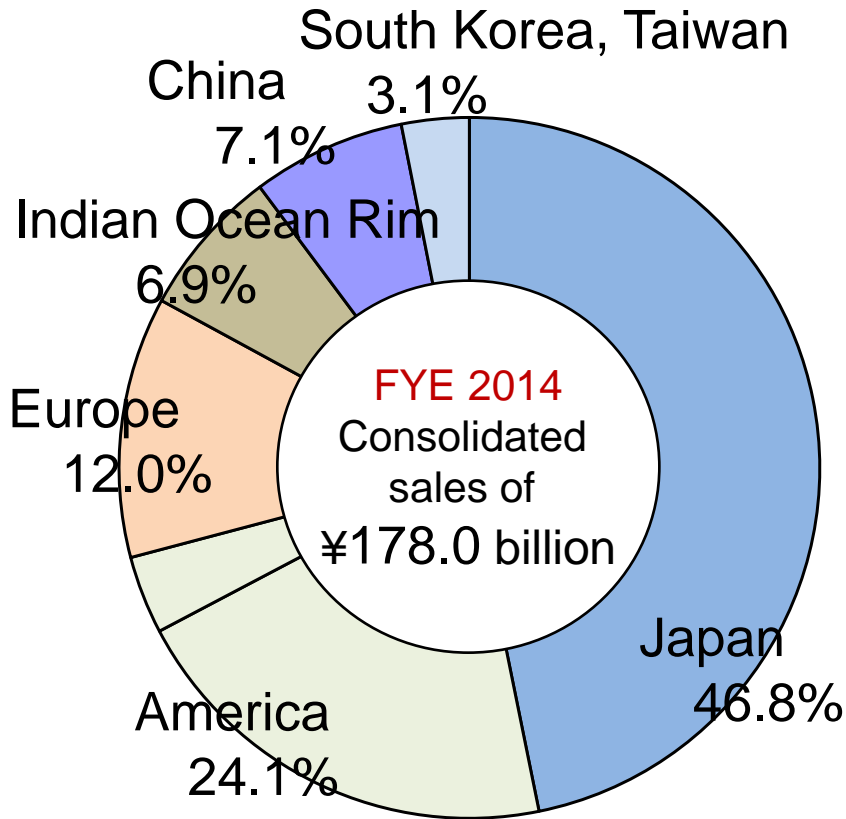
FYE 2017: US\$=108.35, EURO=118.76, Can\$=82.51, A\$=81.55, THB=3.08, NT\$=3.41, RMB=16.35, WON=0.094, MXN=5.83

# 7. FYE 2017 Review

## Breakdown of Sales by Region

FYE 2014  
International sales\* ratio : 53.2%

FYE 2017  
International sales\* ratio : 54.9%



\* Sales are based on the location of the customer and classified by country or region.

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# Consolidated Settlement of Accounts Forecasts for FYE 2018

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## Consolidated Settlement of Accounts

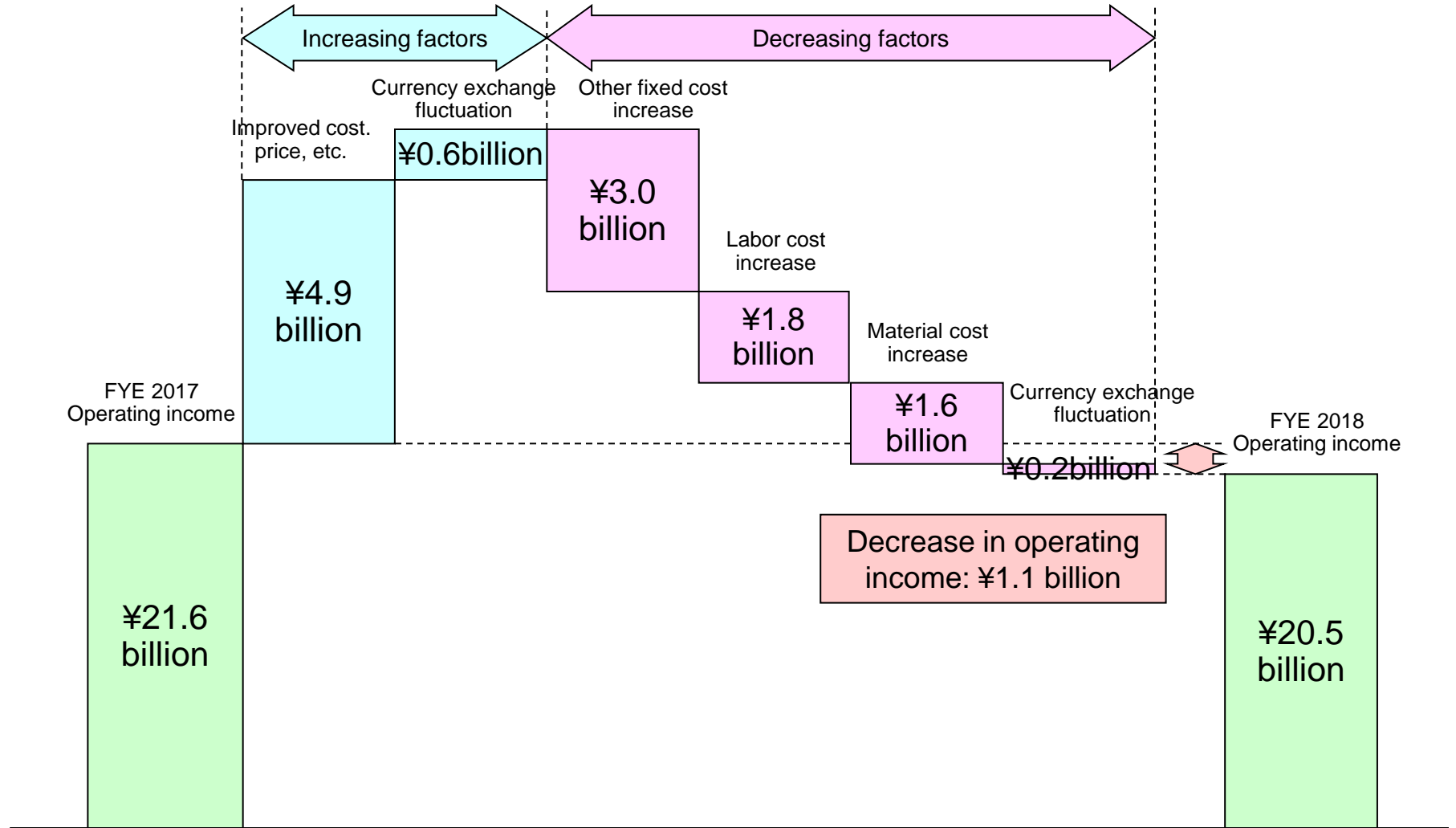
- ◆ We forecast a 5.3% decline in profits as a result of increased depreciation and amortization expenses as well as a steep rise in steel prices.

	FYE 2017	FYE 2018			Comparison with previous term
	Full year figure (actual)	1st half figure (forecast)	2nd half figure (forecast)	Full year (forecast)	Increase /decrease
Net sales	198,762	100,000	105,000	205,000	3.1%
Operating income	21,647	8,800	11,700	20,500	- 5.3%
Operating income margin	10.9%	8.8%	11.1%	10.0%	
Ordinary income	22,004	9,100	11,900	21,000	- 4.6%
Profit attributable to owners of parent	14,596	6,300	8,200	14,500	- 0.7%
Net income per share	78.03 yen	-	-	76.61 yen	—
(Exchange rates 1 US\$)	108.35 yen	-	-	105.00 yen	—
(Exchange rates 1 EURO)	118.76 yen	-	-	113.00 yen	—

(Yen, millions)

Analysis of Factors Consolidated Increasing/Decreasing Operating Income

◆ FYE 2017 (actual figures) vs. FYE 2018 (forecasts)



## Settlement of Accounts by Business Segment

- ◆ The Chain segment was impacted by higher steel prices. The Power Transmission Units and Components segment was affected by increased depreciation, while profits from the Automotive Parts segment declined due to rising steel prices and upfront investment in increased production.

		FYE 2016 Full year figure (actual)	FYE 2017 (Yen, millions)			Comparison with previous term
			1st half figure (forecast)	2nd half figure (forecast)	Full year (forecast)	Increase /decrease
Chain Operations	Net sales <sup>*1</sup>	60,600	30,700	30,800	61,500	1.5%
	Operating income	7,102	2,700	3,210	5,910	- 16.8%
	Operating income margin	11.7%	8.8%	10.4%	9.6%	
Power Transmission Units and Components Operations	Net sales <sup>*1</sup>	21,563	11,100	11,400	22,500	4.3%
	Operating income	2,218	1,000	1,090	2,090	- 5.8%
	Operating income margin	10.3%	9.0%	9.6%	9.3%	
Automotive Parts Operations	Net sales <sup>*1</sup>	75,147	38,700	38,700	77,400	3.0%
	Operating income	12,385	5,600	6,260	11,860	- 4.2%
	Operating income margin	16.5%	14.5%	16.2%	15.3%	
Materials Handling Systems Operations	Net sales <sup>*1</sup>	41,043	19,700	22,800	42,500	3.5%
	Operating income	706	100	1,480	1,580	123.8%
	Operating income margin	1.7%	0.5%	6.5%	3.7%	
Other <sup>*2</sup>	Net sales <sup>*1</sup>	3,001	1,500	2,300	3,800	26.6%
	Operating income	-1	0	80	80	-
	Operating income margin	-	0.0%	3.5%	2.1%	

\*1: Sales figures include internal sales and transfers between segments.

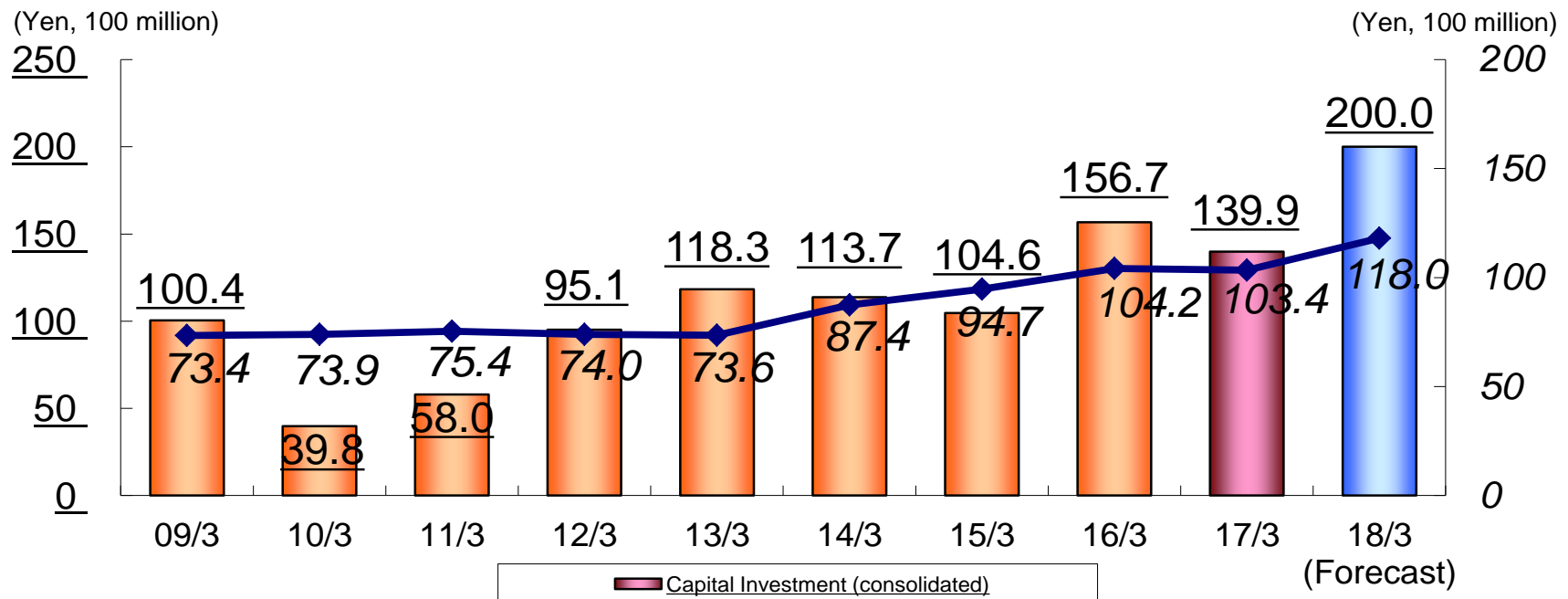
\*2: "Other" is not a reportable segment.

## Capital Investment and Depreciation

### ◆ An injection of capital is intended to strengthen growth

- 1) Strengthen the global production system for the Automotive Parts segment  
(in Hyogo, U.S.A., and elsewhere)
- 2) Capital investment in production facilities related to the Chain segment  
(in Kyotanabe, U.S.A., and elsewhere)
- 3) Construction of a new Materials Handling plant (Saitama)

### < Capital investment and depreciation transitions >



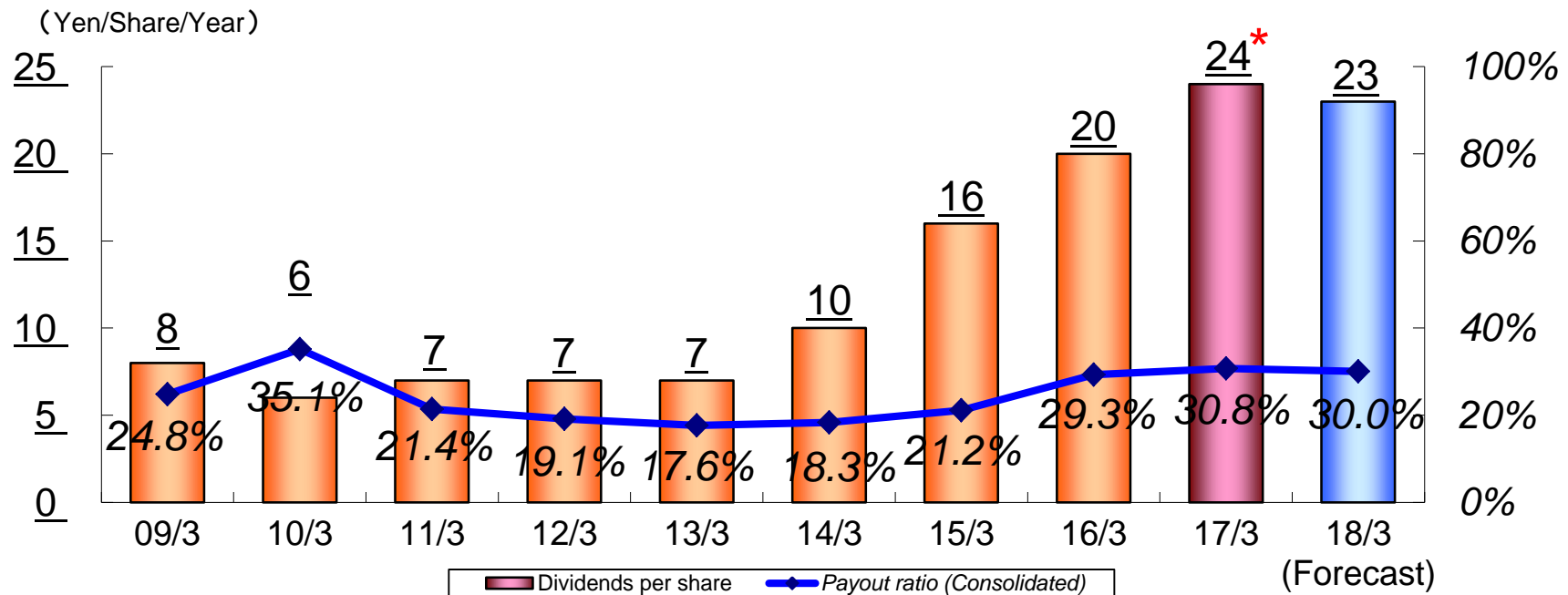


## Return to stockholders

## ◆ Dividend policy

- 1) Our policy is to maintain a dividend that reflects our consolidated results with the aim of distributing a 30% payout ratio from consolidated profits.
- 2) For the fiscal year from April 1, 2016, to March 31, 2017, we marked our centennial with a commemorative dividend (2 yen/share).

## &lt; Trend in dividend per share &gt;



\* Note: This includes a commemorative dividend (2 yen/share) to mark our company's centennial.

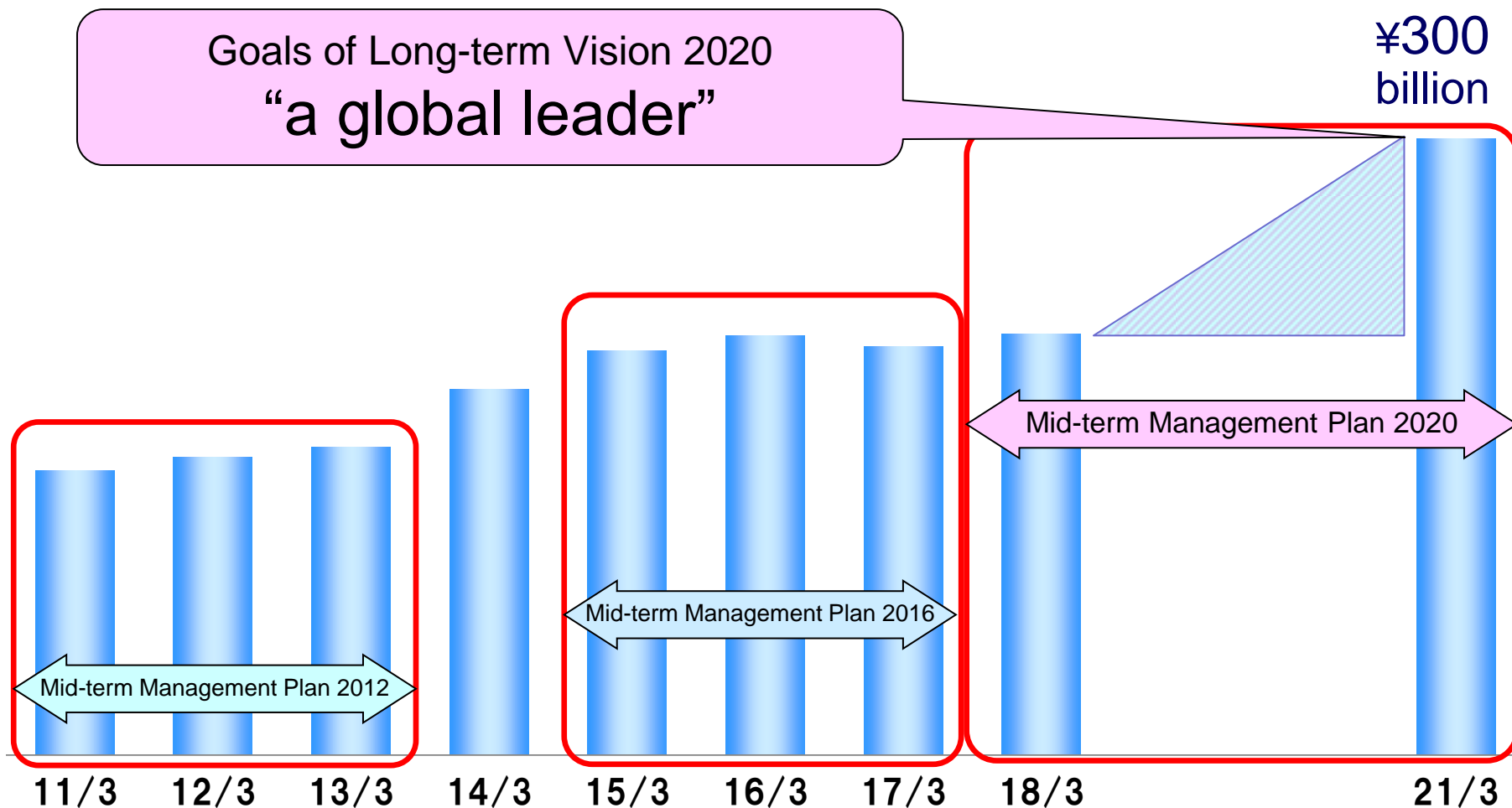
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# Achieving the goals of our Mid-term Management Plan 2020

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## ◆ Mid-term Management Plan 2020

⇒ Execution plan for achieving our Long-term Vision 2020

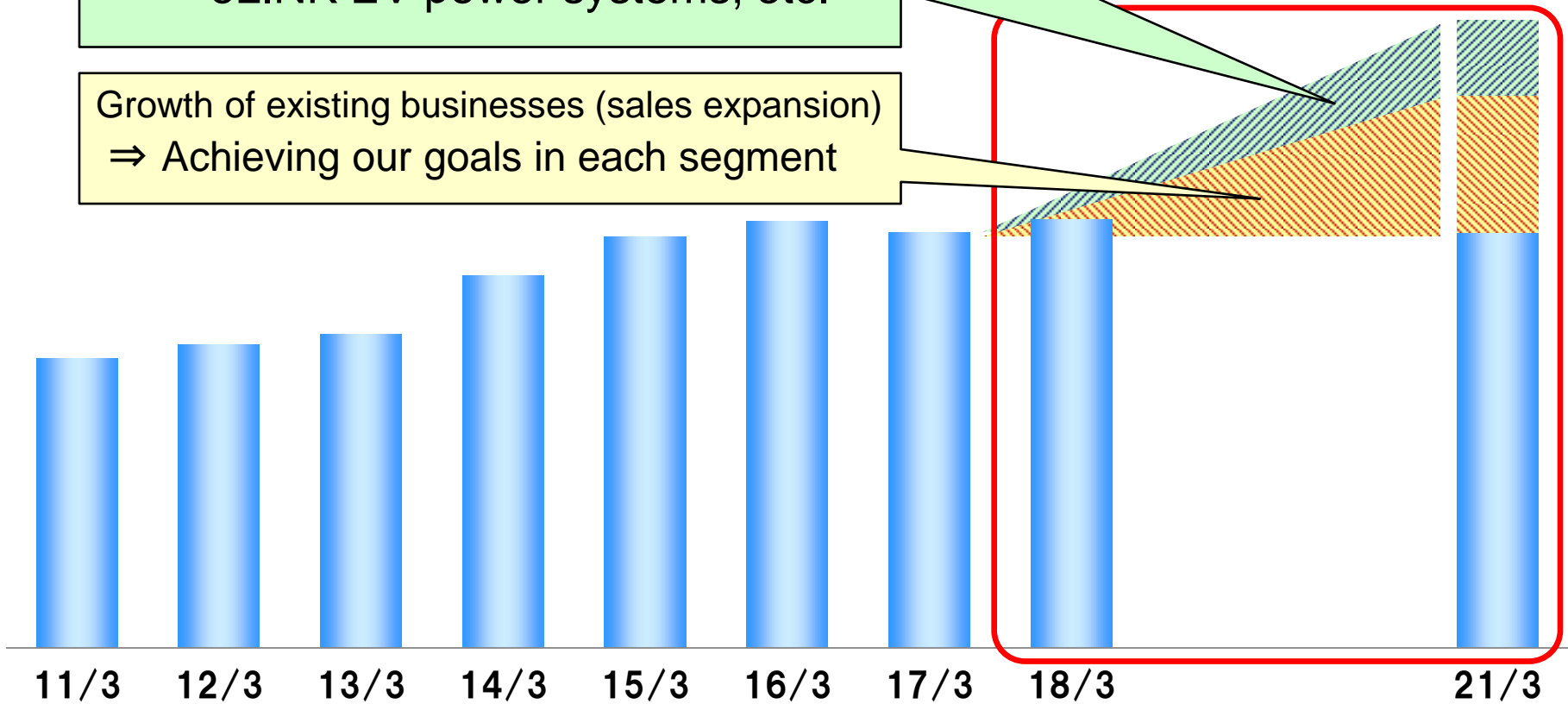


- 
- ① Convert our corporate culture to a market-focused approach
  - ② Exercise comprehensive strengths of Group
  - ③ Achieve our objectives for 2020, “The way it should be”

- 1) Pursuit of M&A
- 2) Strengthening of new business
  - Agribusiness
  - Monitoring business
  - eLINK EV power systems, etc.

Growth of existing businesses (sales expansion)  
 ⇒ Achieving our goals in each segment

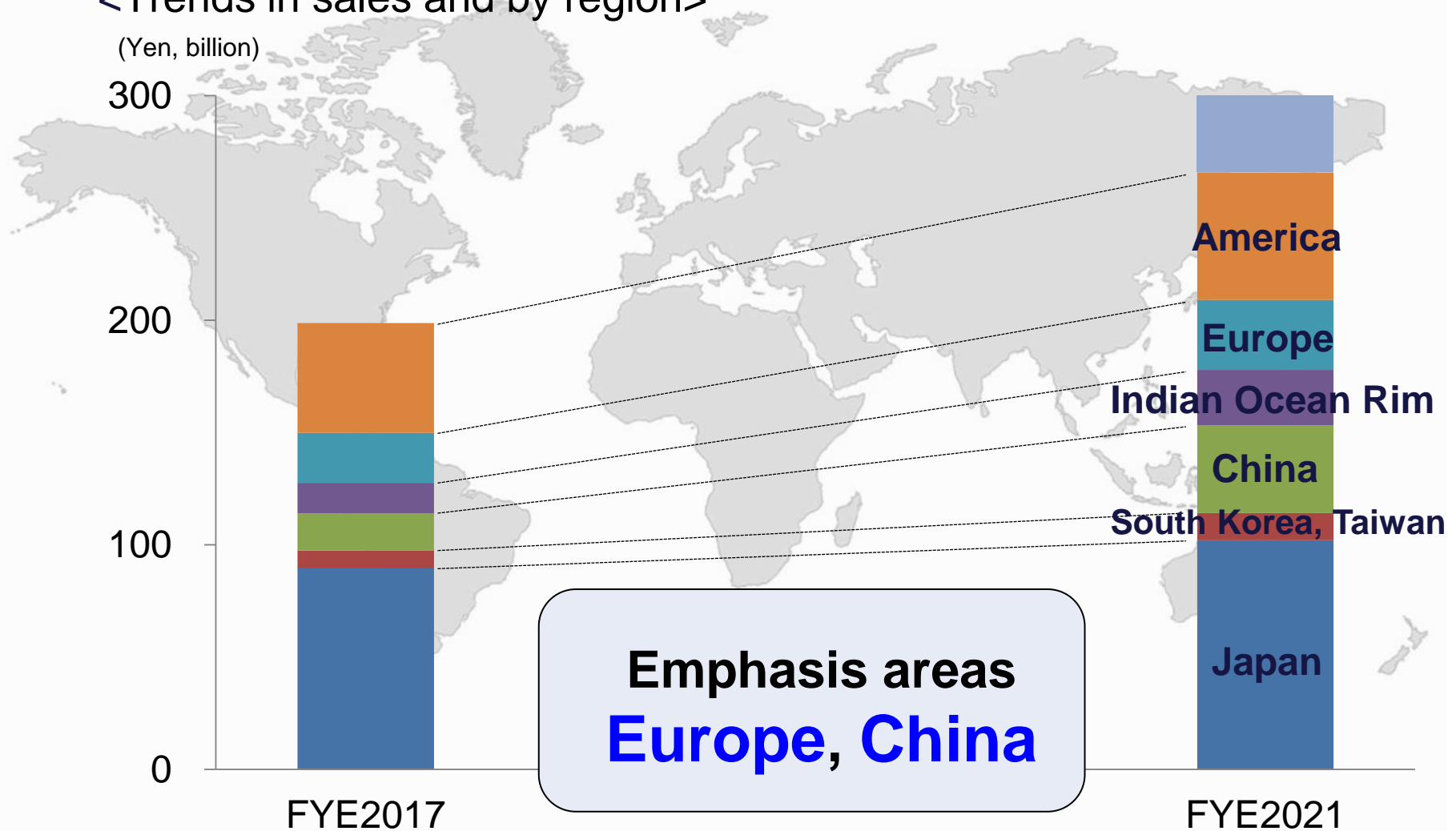
¥300 billion



◆ Areas of focus in order to grow our existing businesses

<Trends in sales and by region>

(Yen, billion)



**Emphasis areas**  
**Europe, China**

## eLINK EV power systems

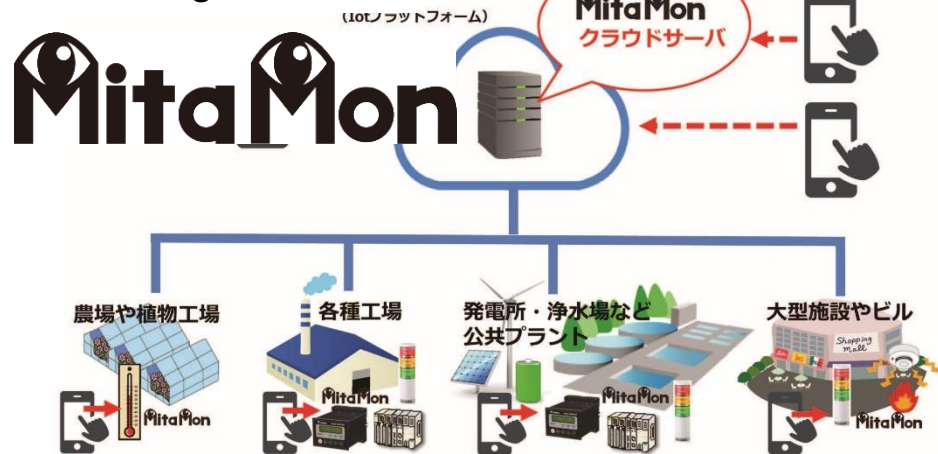


## Agribusiness



For plant factory  
Automated system for selecting superior seedling

## Monitoring business



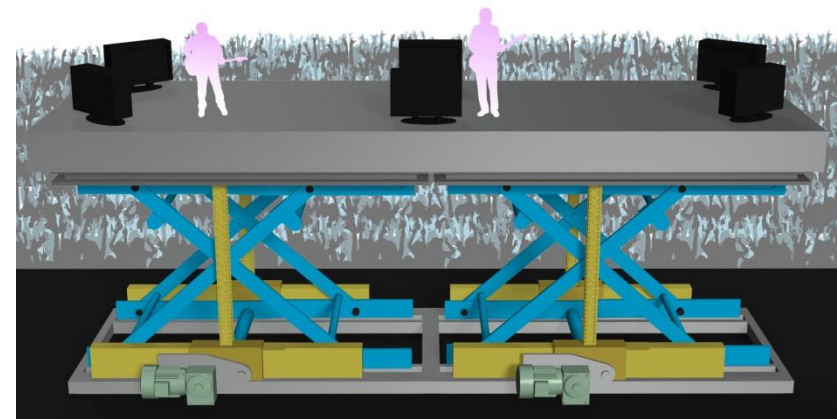
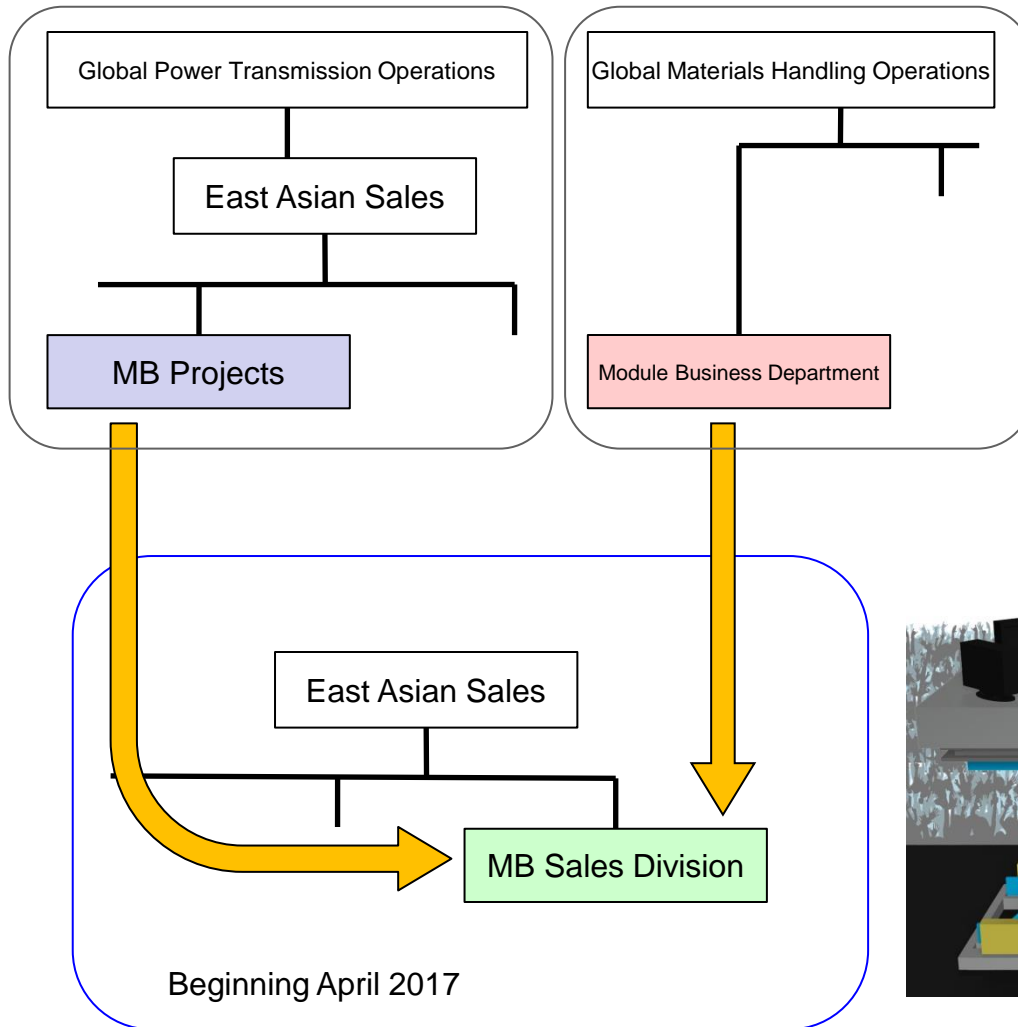
## Outside of the timing chain market



Automotive Parts Operations



## ◆ Strengthening the organization of the module business



### ◆ Development of new applications to meet market needs

ZCU Lifting System for use as a flood barrier (for entrances to subways, etc.)

A vertical folding waterproof door installed in the ground-level entrance to a subway system, or the like, as an urban disaster prevention measure (to deal with flooding from concentrated torrential rains and high river levels)

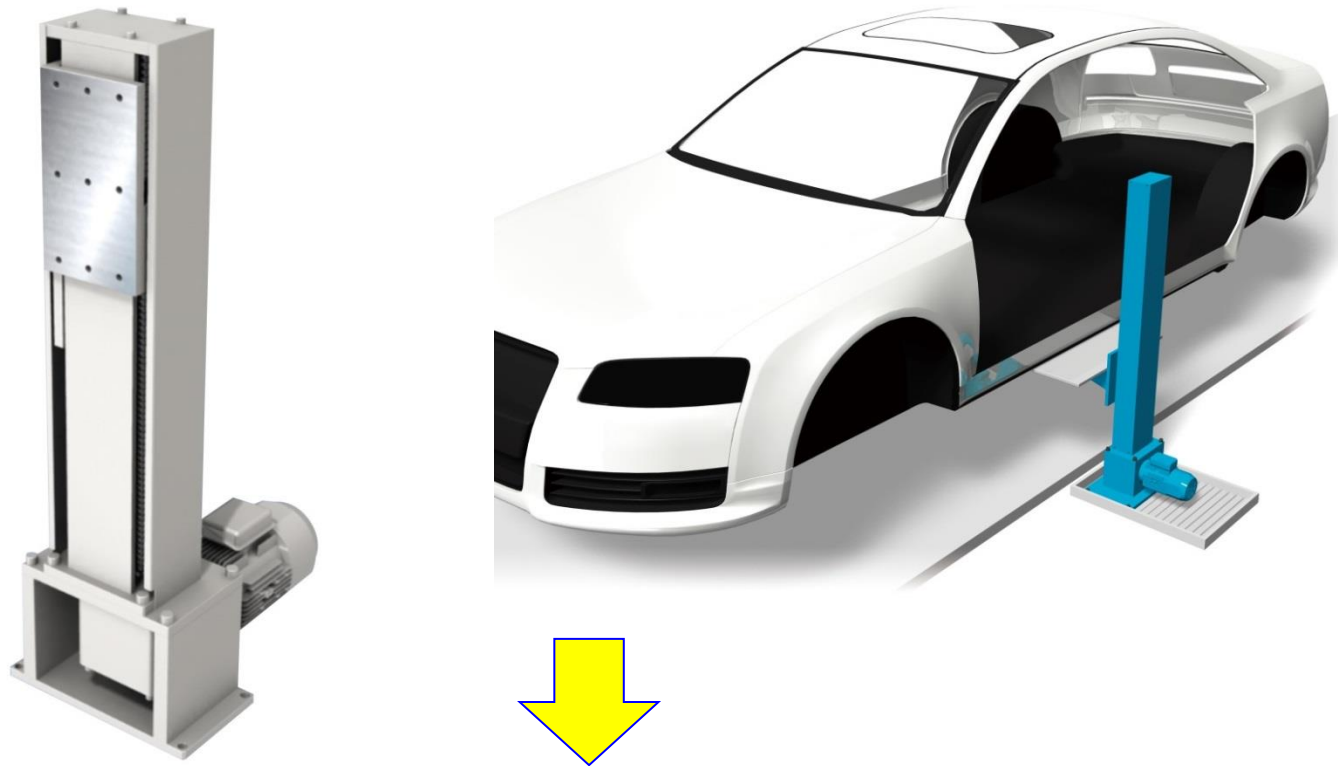


Zip Chain Unit



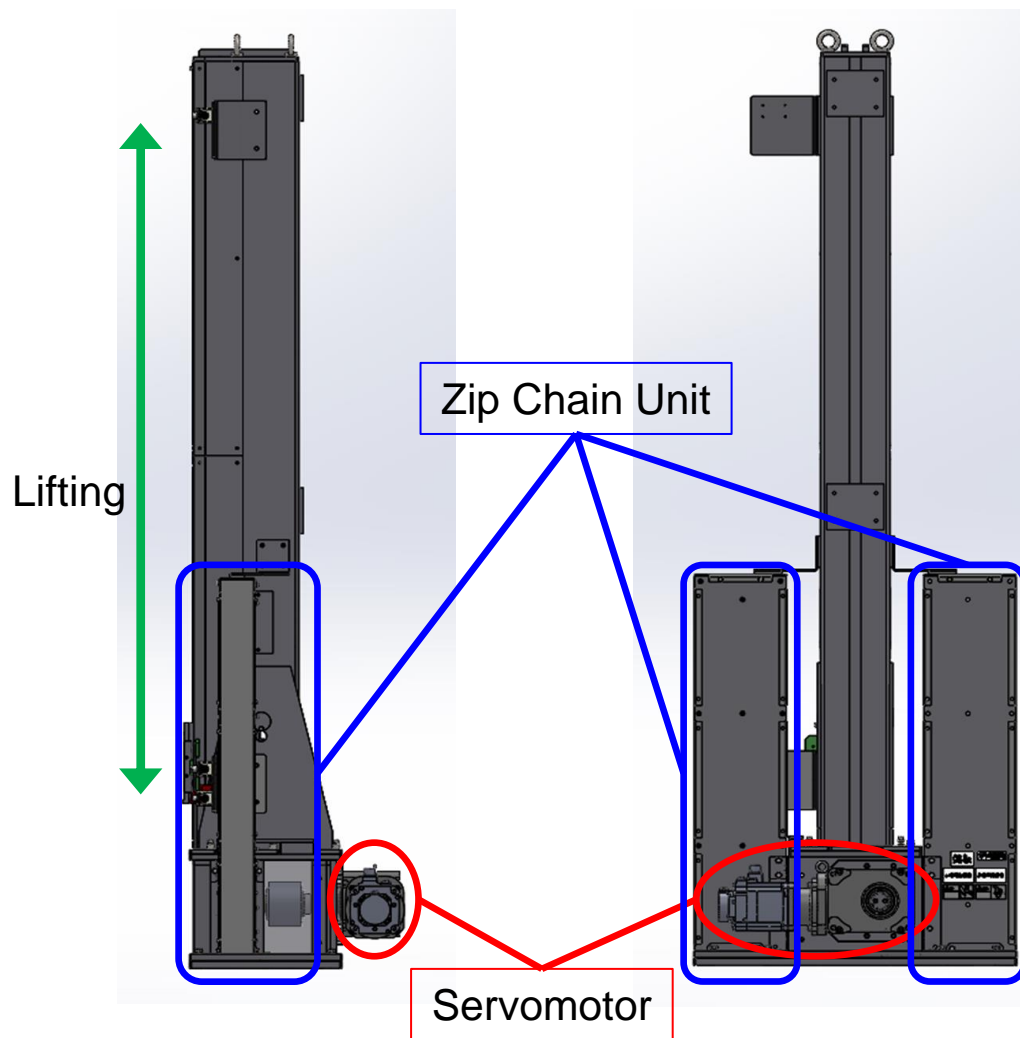
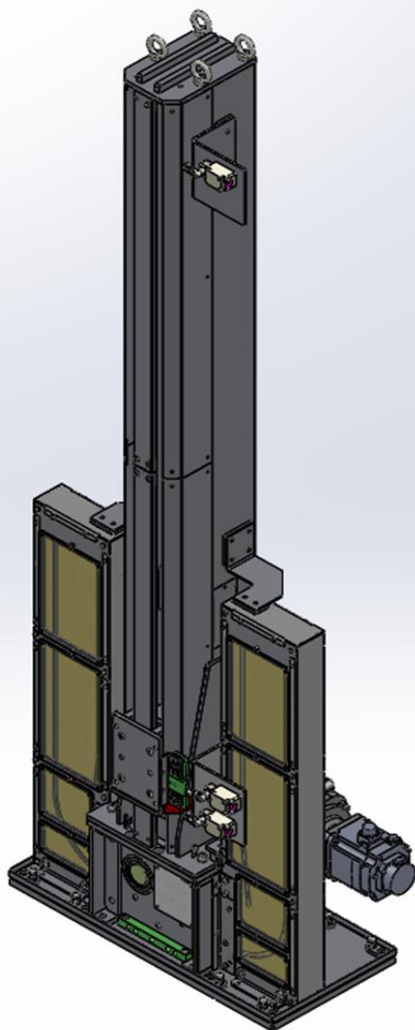
### ◆ Tsubaki linear motion (linear actuator)

Lift Master<sup>®</sup> : A cantilever-type self-supporting electric lift capable of accommodating overhang and lateral loads



Targeting faster operation and a higher lifting range

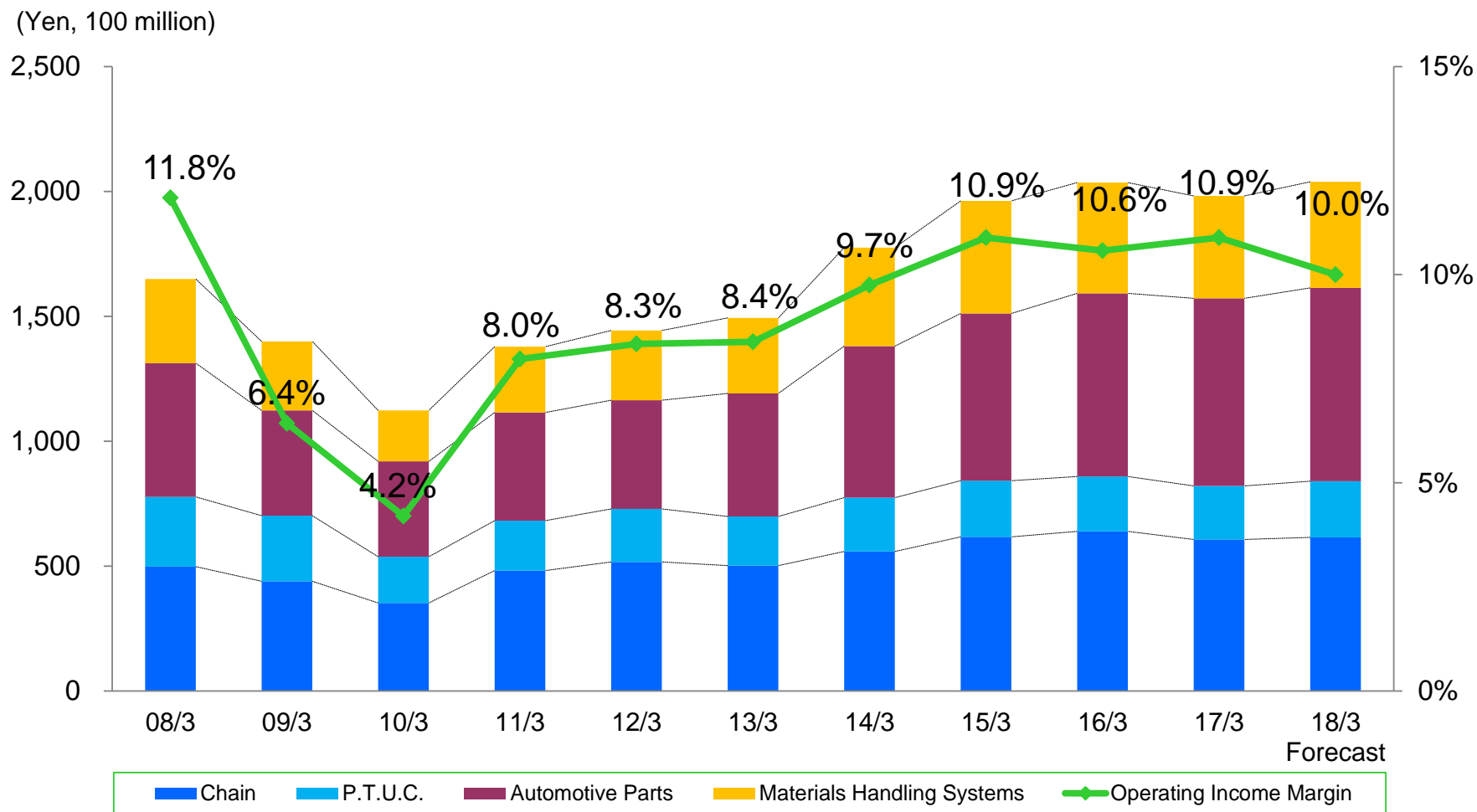
### ◆ ZIP Master (provisional name)



## ◆ Linisort<sup>®</sup> S-C (multistage sorter)

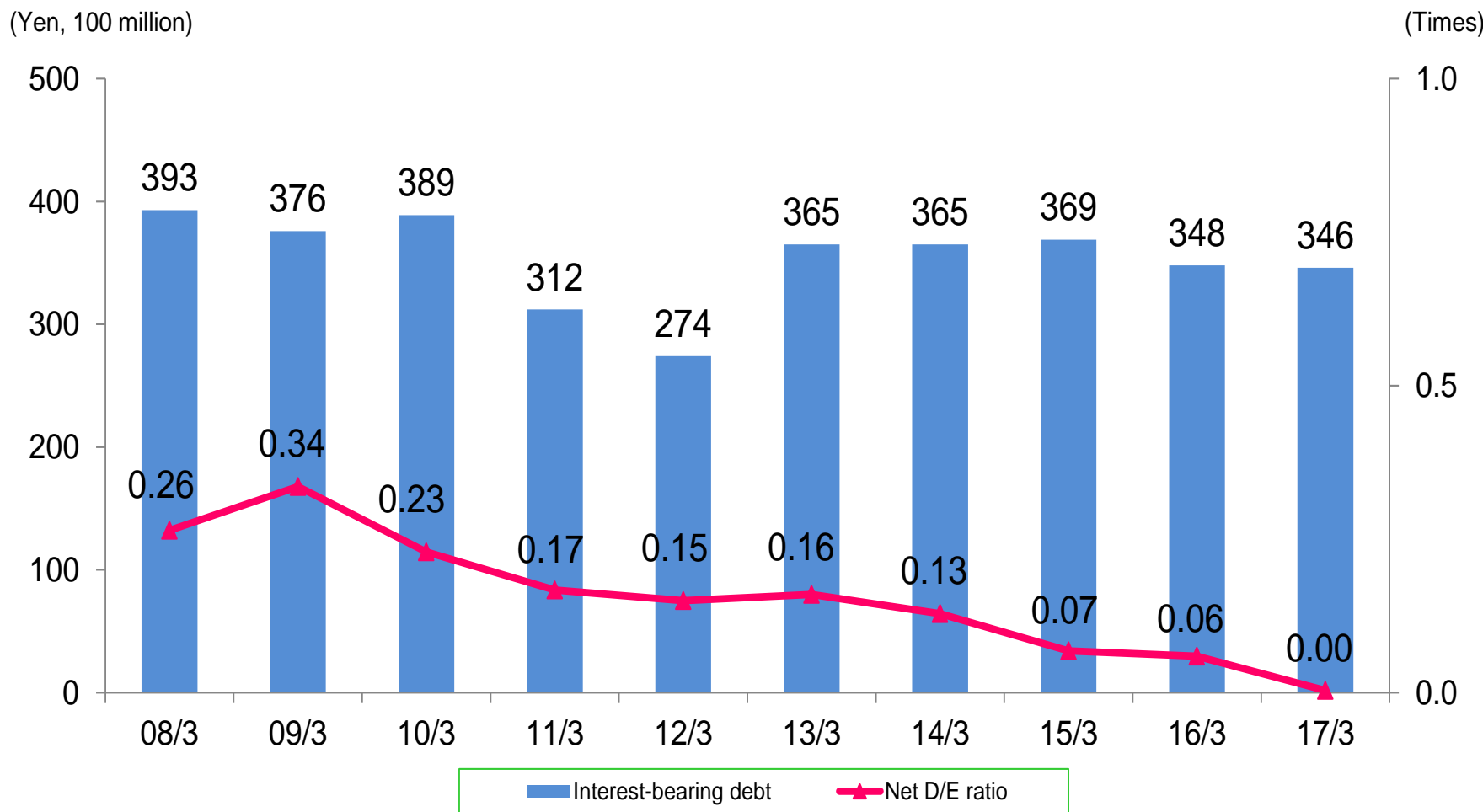






(Yen, 100 million)

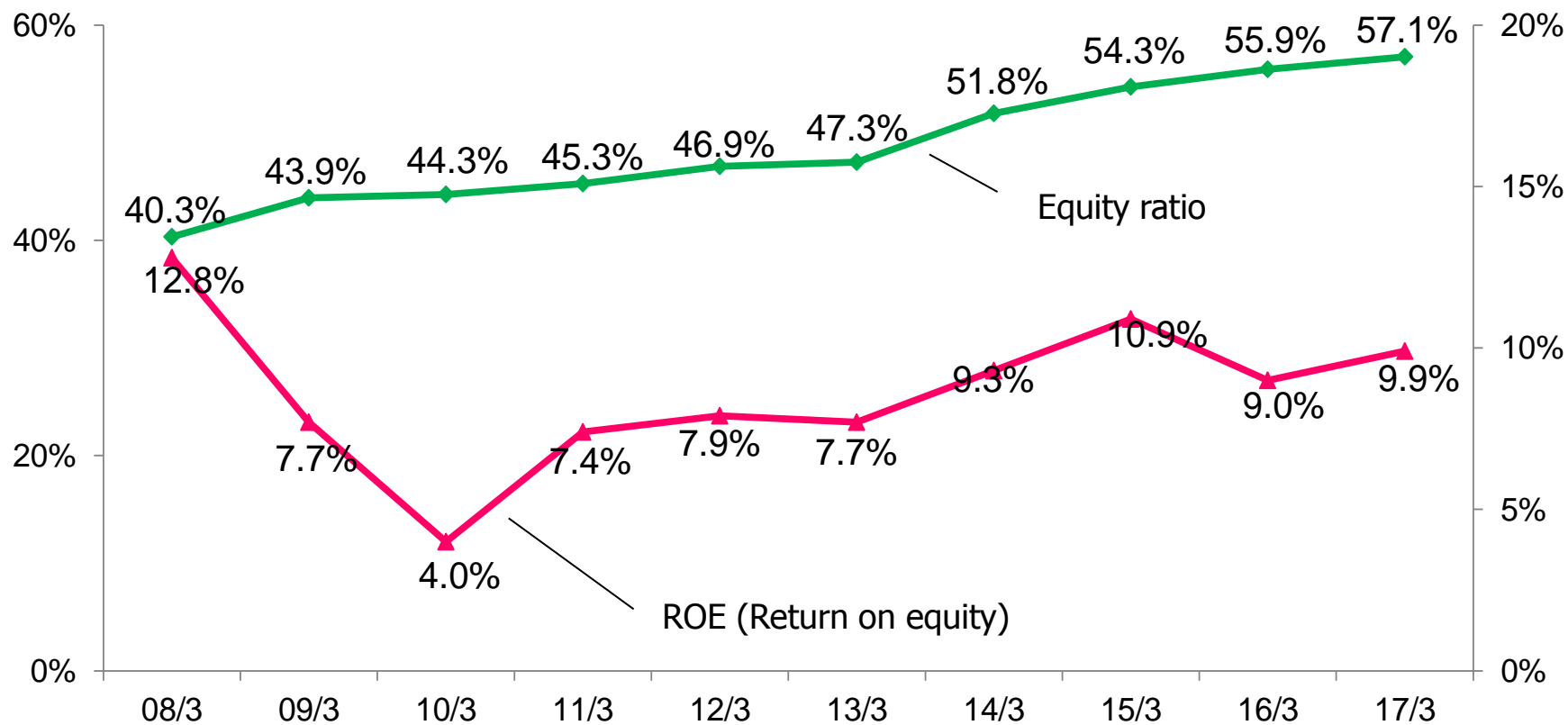
	08/3	09/3	10/3	11/3	12/3	13/3	14/3	15/3	16/3	17/3	18/3 Forecast
Net sales	1,672	1,415	1,127	1,382	1,448	1,500	1,780	1,967	2,039	2,060	2,061
Operating income	198	90	47	110	120	125	173	214	215	208	209



(Yen, 100 million)

	08/3	09/3	10/3	11/3	12/3	13/3	14/3	15/3	16/3	17/3
Interest-bearing debt	393	376	389	312	274	365	365	369	348	346
Net D/E ratio (Times)	0.26	0.34	0.23	0.17	0.15	0.16	0.13	0.07	0.06	0.00





	08/3	09/3	10/3	11/3	12/3	13/3	14/3	15/3	16/3	17/3
Equity ratio	40.3%	43.9%	44.3%	45.3%	46.9%	47.3%	51.8%	54.3%	55.9%	57.1%
ROE	12.8%	7.7%	4.0%	7.4%	7.9%	7.7%	9.3%	10.9%	9.0%	9.9%

**This reference document describes our business plans and our earnings outlook. The content of this document is based on current information available to our company and on certain assumptions determined as reasonable. It is not intended to represent a performance commitment. Note that actual results may differ from the earnings outlook described herein, as the results are dependent upon a variety of variables.**