

## Tsubakimoto Chain Co. FY2020 Settlement of Accounts Presentation Meeting

### <Agenda>

Contents	Presenters	Time
<ul style="list-style-type: none"><li>• FY2020 Full Year Settlement of Accounts Business Report</li><li>• Other topics</li></ul>	Yasushi Ohara President and COO Representative Director	40 mins

May 31, 2021

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# FY2020 Full Year Settlement of Accounts Business Report

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# 1. Highlights of Consolidated Results

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## ■ Net sales and income down year-on-year

(Yen, millions)

	FY 2019	FY 2020	YOY	Forecast (as of Oct 30, 2020)	
	Actual	Actual	Inc / Dec	Forecast	Inc / Dec
Net sales	226,423	193,399	-14.6%	189,000	2.3%
Operating income	16,146	8,896	-44.9%	8,000	11.2%
%	7.1%	4.6%		4.2%	
Ordinary income	16,698	11,026	-34.0%	9,100	21.2%
Net income	11,576	8,706	-24.8%	6,700	30.0%
Net income per share	308.71 yen	235.23 yen		181.02 yen	—
(Exchange rates 1 USD)	108.71 yen	106.10 yen		—	—
(Exchange rates 1 EUR)	120.81 yen	123.76 yen		—	—
(Exchange rates 1 RMB)	15.77 yen	15.48 yen		—	—
	Actual	Actual			
Shareholders' equity ratio	59.3%	60.5%		Equity capital/Total assets	
ROE	6.7%	4.8%		Net income/Average return on equity during term	
Net D/E ratio	0.06	-0.03		(Interest-bearing debt - Cash equivalents)/(Equity capital)	

## 2. Breakdown by Operations

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(Yen, millions)

		FY 2019	FY 2020	YOY	Forecast (as of Oct 30, 2020)	
		Actual	Actual	Inc / Dec	Forecast	Inc / Dec
Chain	Net sales <sup>*1</sup>	67,526	61,312	-9.2%	59,400	3.2%
	Operating income	8,406	7,862	-6.5%	6,090	29.1%
	%	12.4%	12.8%		10.3%	
Power Transmission Units and Components	Net sales <sup>*1</sup>	23,813	19,697	-17.3%	19,500	1.0%
	Operating income	2,189	816	-62.7%	830	-1.7%
	%	9.2%	4.1%		4.3%	
Automotive Parts	Net sales <sup>*1</sup>	70,949	57,777	-18.6%	55,670	3.8%
	Operating income	5,791	3,714	-35.9%	2,440	52.2%
	%	8.2%	6.4%		4.4%	
Materials Handling Systems	Net sales <sup>*1</sup>	64,212	53,618	-16.5%	54,450	-1.5%
	Operating income	647	-2,202	—	240	—
	%	1.0%	—		0.4%	
Other <sup>*2</sup>	Net sales <sup>*1</sup>	3,542	3,941	11.3%	3,430	14.9%
	Operating income	20	-330	—	-400	—
	%	0.6%	—		—	

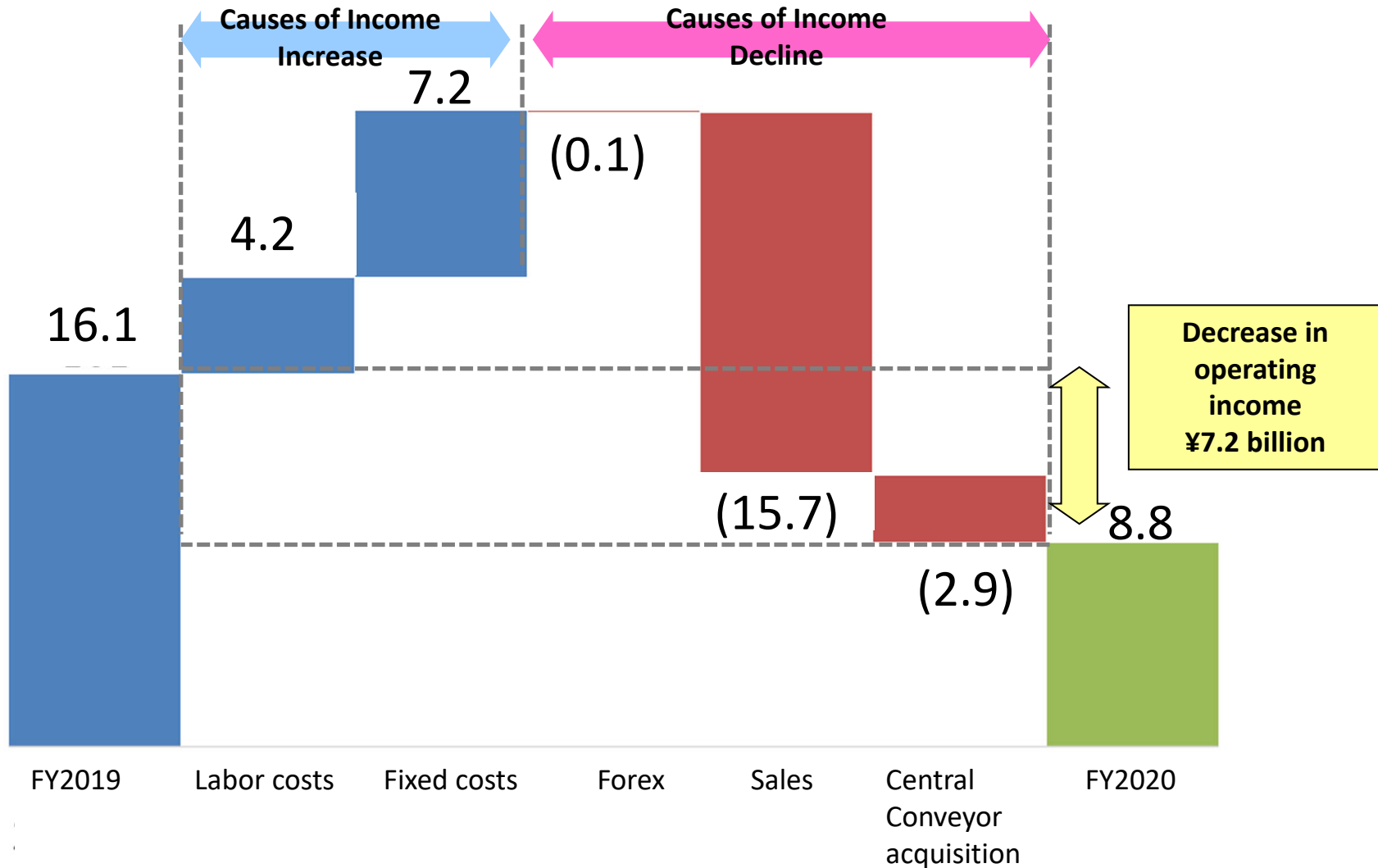
\*1: Sales figures include internal sales and transfers between segments.

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

### 3. Analysis of Inc/(Dec) in Consolidated Operating Income

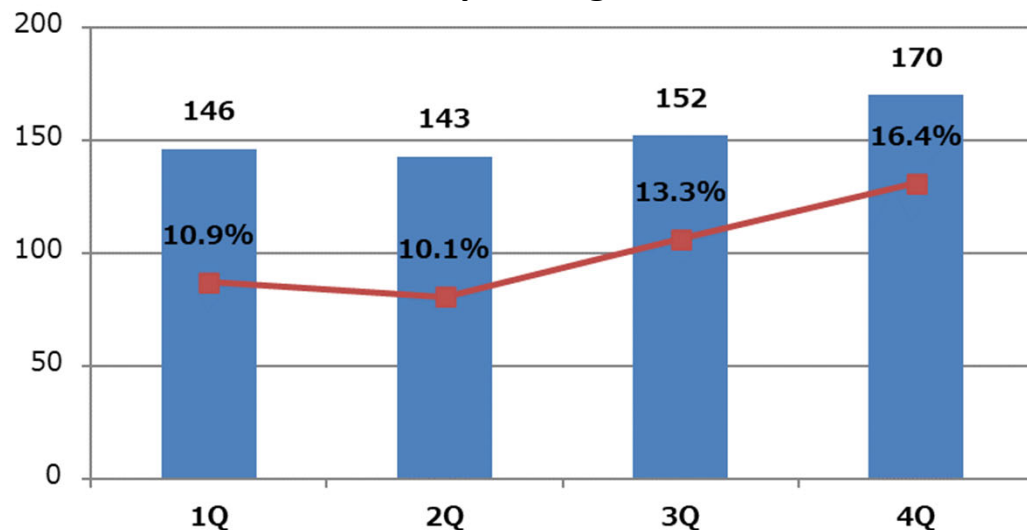
#### FY2019 vs. FY2020

(Unit: Billions of yen)

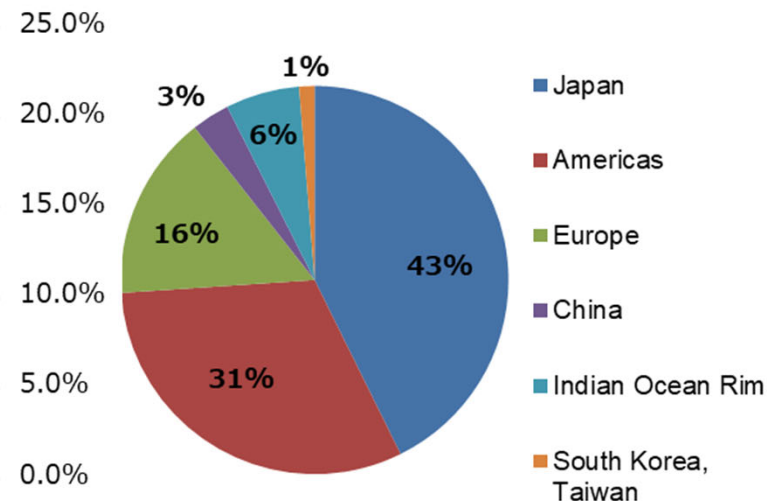


# 4. Breakdown of Chain Operations

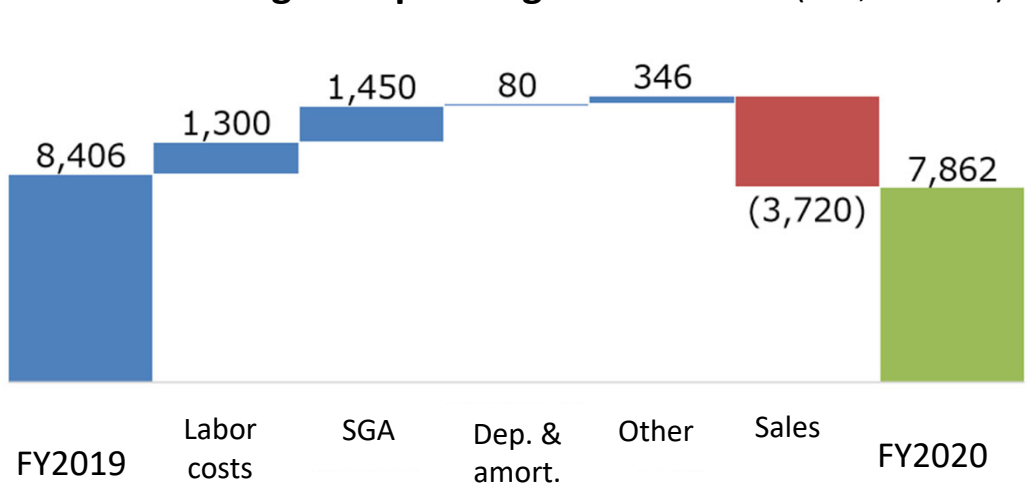
(Yen, 100 million) **Sales and Operating Income Ratio Trend**



**Sales Breakdown (by business location)**



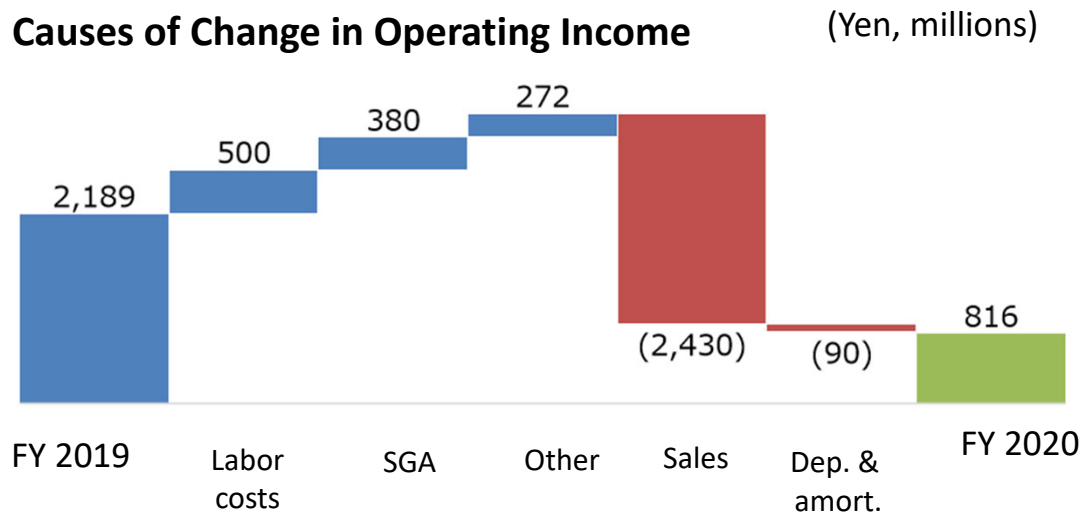
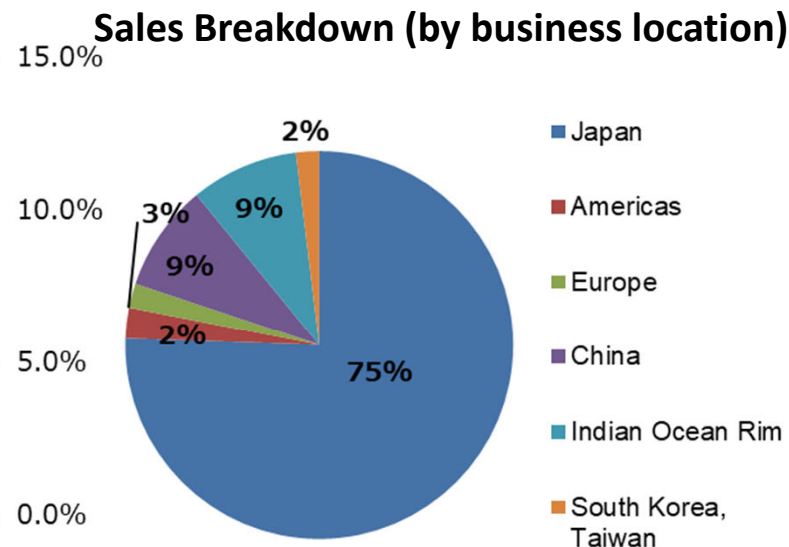
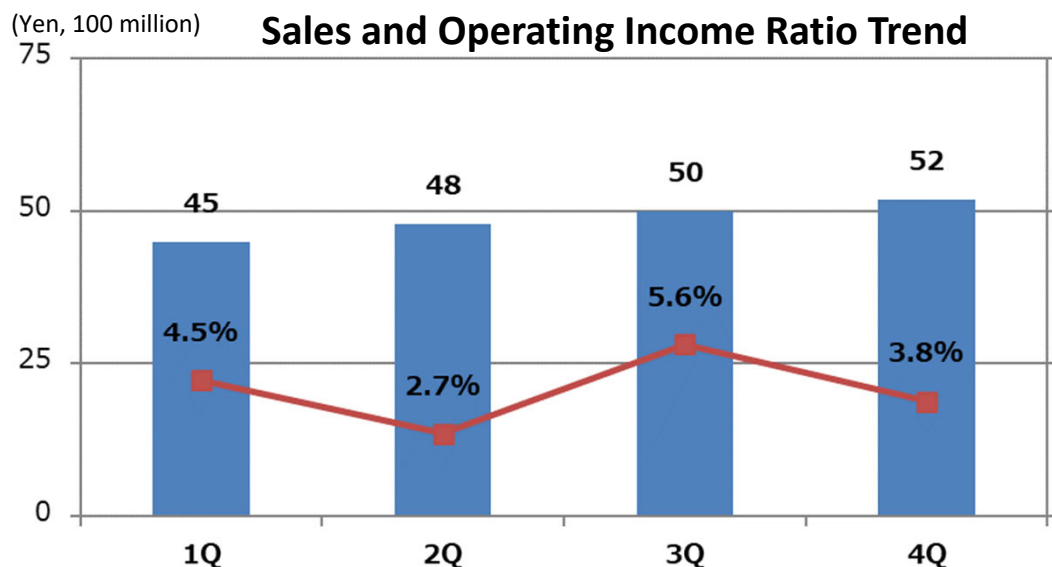
**Causes of Change in Operating Income** (Yen, millions)



- Japan: Despite an increase in 4Q compared to the same period last year, sales and income decreased due to a decline in sales volume through 3Q.
- Americas: Sales decreased due to the impact of COVID-19, but income increased due to new customer acquisitions and cost reductions.
- China: Sales and income increased overall due to recovery of sales in the second half.

→ Overall, both sales and income declined, but there was a notable recovery from 3Q.

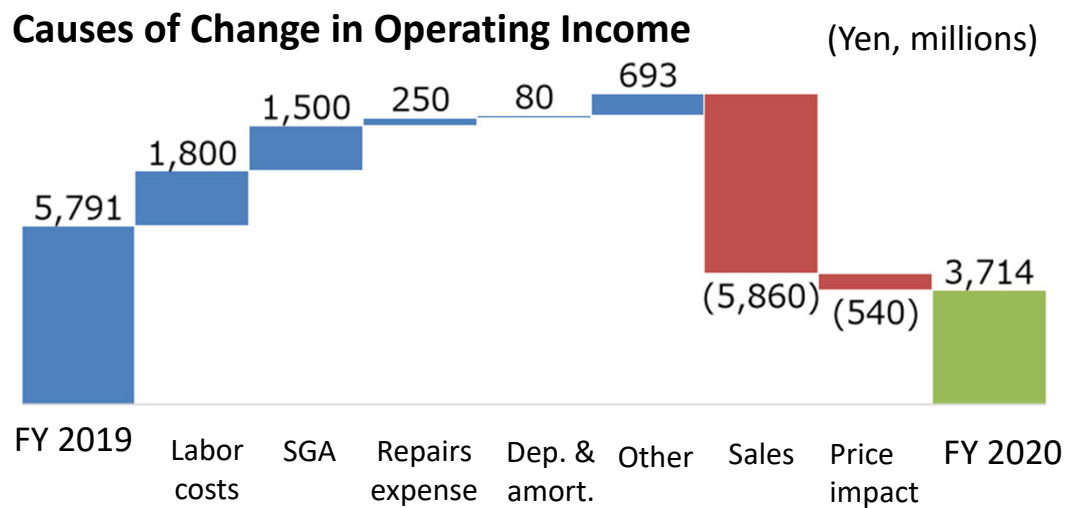
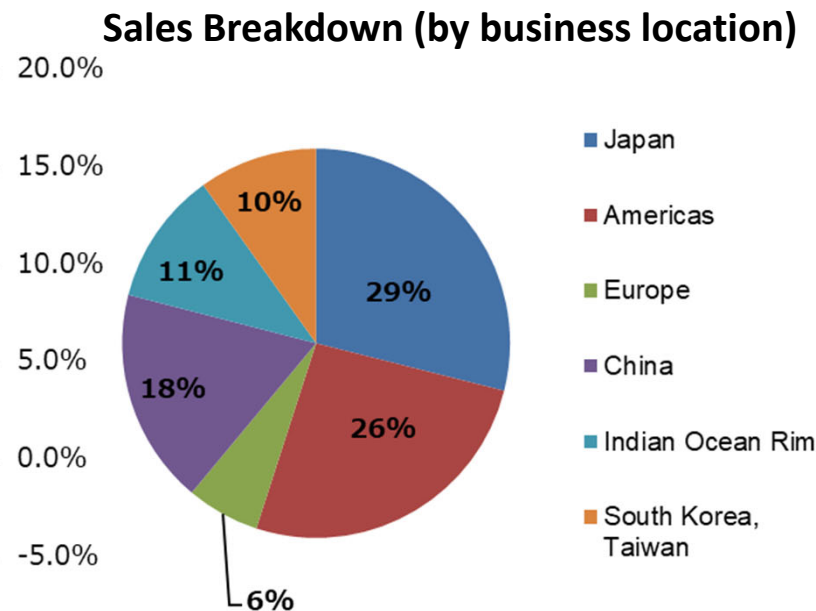
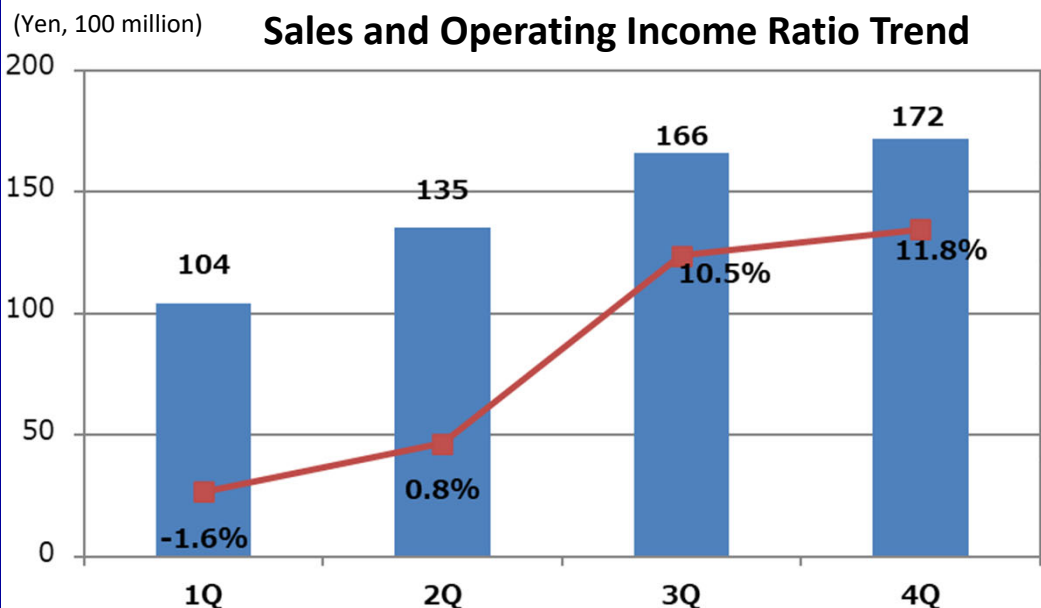
# 4. Breakdown of PTUC Operations



- Japan: Sales and income declined due to slow recovery despite bottoming out in 2Q.
- Indian Ocean Rim: Sales and income decreased due to low sales of AP cam clutches for export to India.

→ Overall, decline in both sales and income.

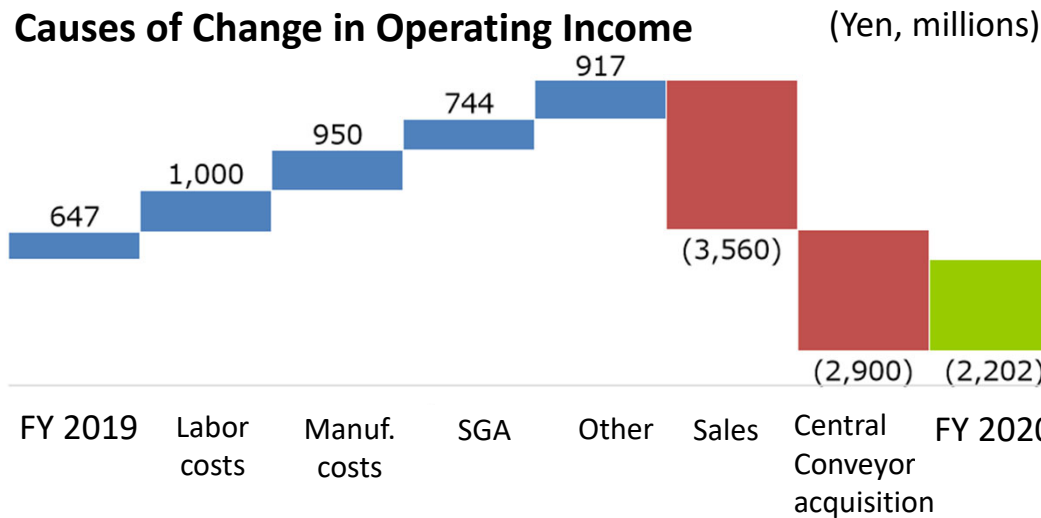
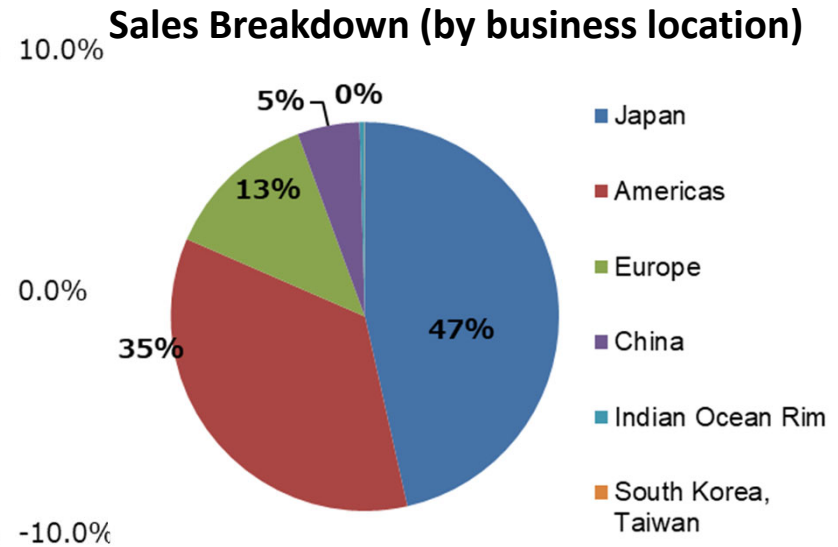
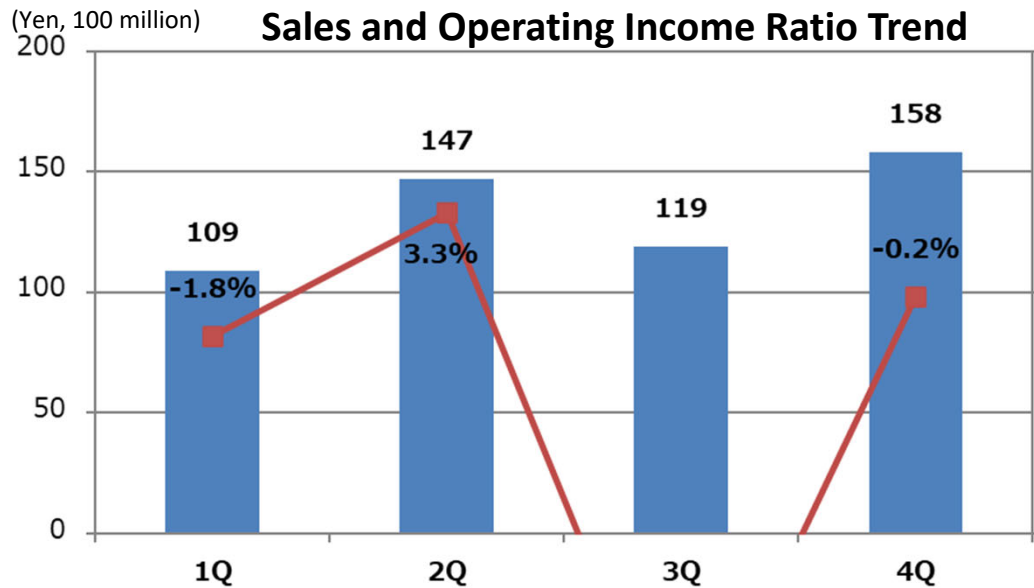
# 4. Breakdown of Automotive Parts Operations



- Japan: Although sales recovered in 4Q to the same level as that of the previous year, sales and income decreased overall due to the decline until 3Q.
  - Americas: Despite the sales decrease caused by COVID-19 and continued deterioration of sales mix from the recovery of large-sized cars, income increased as a result of cost cutting efforts.
  - China: Sales and income increased due to recovery in sales volume.
- Overall, decline in both sales and income.



# 4. Breakdown of Materials Handling Systems Operations



- Japan: Sales and income declined due to a decrease in large projects, although sales of automated sorting machines and bulk conveyance equipment remained strong.
  - Americas: Sales and income decreased due to losses on a large project affected by COVID-19.
  - Europe: Although sales decreased, completion of reorganization of unprofitable business resulted in an increase in income.
  - China: Both sales and income increased due to continued strong sales of conveyors for desulfurization and denitrification facilities.
- Overall, decline in both sales and income.

## 5. Business location Results

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(Yen, millions)

		FY 2019	FY 2020	YOY
		Actual	Actual	Inc /dec
Americas	Net sales*	63,371	53,473	-15.6%
	Operating income	1,719	-666	—
	%	2.7%	—	
Europe	Net sales*	25,321	20,267	-20.0%
	Operating income	-77	897	—
	%	—	4.4%	
Indian Ocean Rim	Net sales*	16,639	12,752	-23.4%
	Operating income	1,961	1,215	-38.0%
	%	11.8%	9.5%	
China	Net sales*	20,523	19,682	-4.1%
	Operating income	1,069	1,280	19.8%
	%	5.2%	6.5%	
South Korea, Taiwan	Net sales*	9,661	8,054	-16.6%
	Operating income	400	-47	—
	%	4.1%	—	
Japan	Net sales*	120,621	104,416	-13.4%
	Operating income	9,224	4,577	-50.4%
	%	7.6%	4.4%	

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

<Actual exchange rates>

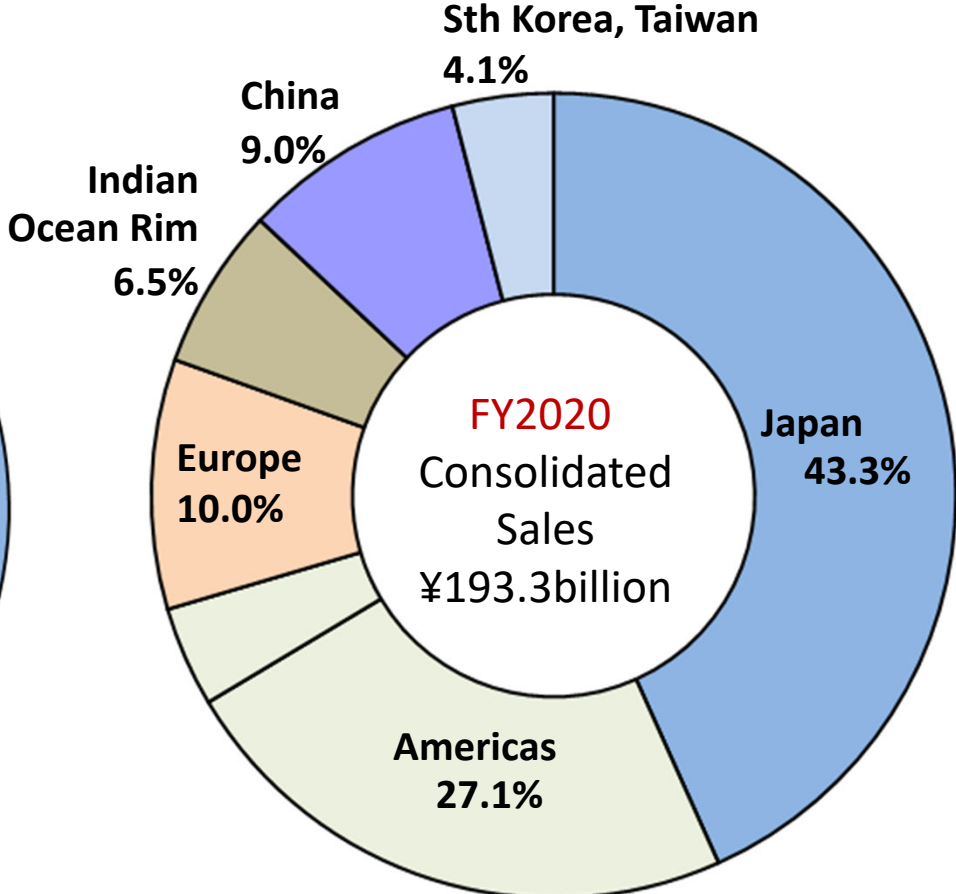
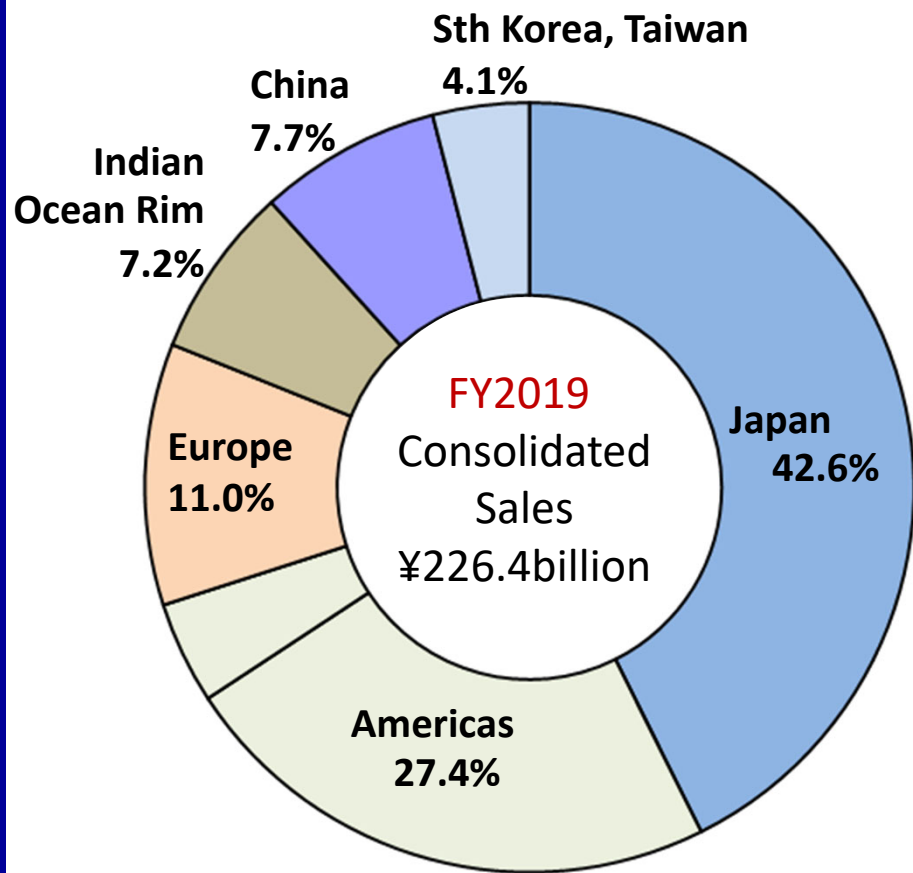
	USD	EUR	CAD	AUD	THB	TWD	RMB	KRW	MXN
FY2019	108.71	120.81	81.73	74.10	3.52	3.53	15.77	0.09	5.66
FY2020	106.10	123.76	80.34	76.20	3.42	3.66	15.48	0.09	4.99

# 6. Regional Sales Breakdown

**FY2019**  
Overseas sales\* ratio: 57.4%



**FY2020**  
Overseas sales\* ratio: 56.7%



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

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# FY2021 Consolidated Forecast

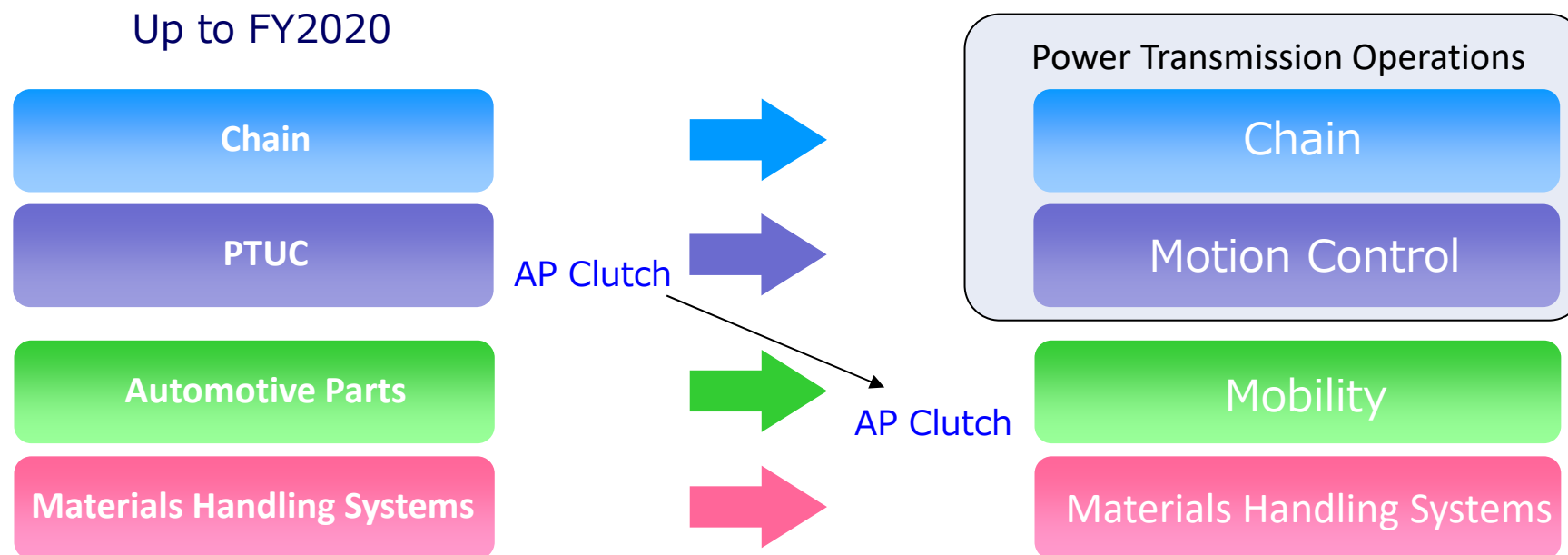
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## Organizational Changes

- 1. PTUC Business renamed **Motion Control Business**
- 2. Established Power Transmission Operations (Chain Business, Motion Control Business)
- 3. Automotive Parts Business renamed **Mobility Business**
- 4. Moved the starter clutch business for motorcycles (AP Clutch) from PTUC Business to Mobility Business

### ◇ Power Transmission Operations



## 8. FY2021 Full Year Forecast

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- Sales are expected to increase in all four operations. The same goes for operating income except for the Chain operations which is expected to decline.

(Yen, millions)

	FY 2020	FY 2021			YOY
	Actual	1st half (Forecast)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Net sales	193,399	107,000	118,000	225,000	16.3%
Operating income	8,896	7,000	9,000	16,000	79.8%
%	4.6%	6.5%	7.6%	7.1%	
Ordinary income	11,026	7,700	9,300	17,000	54.2%
Net income	8,706	6,000	6,500	12,500	43.6%
Net income per share	235.23 yen	162.10 yen	175.60 yen	337.70 yen	—
(Exchange rates 1 US\$)	106.10 yen			107.00 yen	—
(Exchange rates 1 EUR)	123.76 yen			130.00 yen	—
(Exchange rates 1 RMB)	15.48 yen			16.09 yen	—

## 9. FY2021 Consolidated Forecast by Operation

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(Yen, millions)

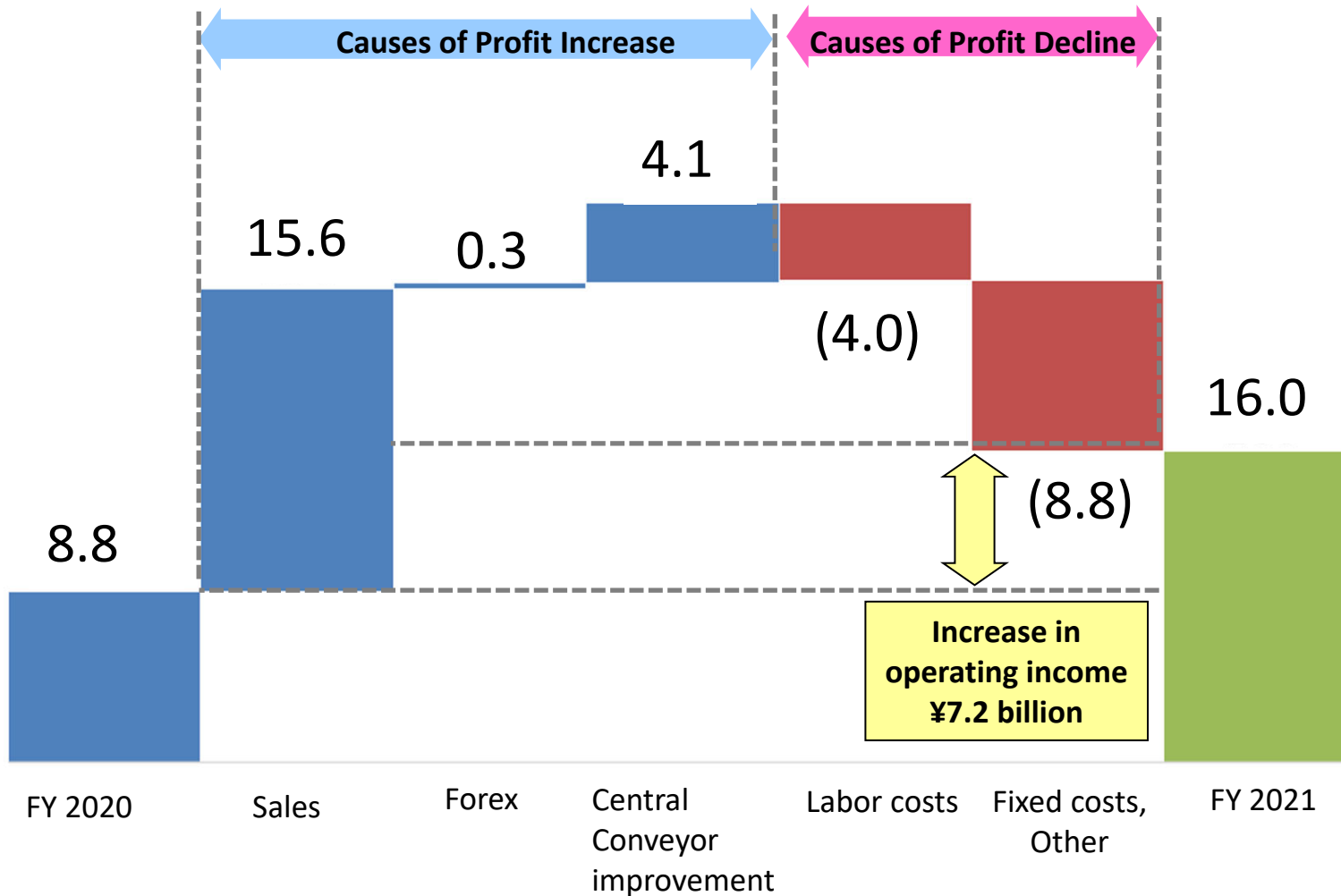
		FY 2020	FY 2021			YOY
		Full year	1st half	2nd half	Full year	Inc / Dec
Chain	Net sales <sup>*1</sup>	61,312	33,000	32,800	65,800	7.3%
	Operating income	7,862	3,500	3,200	6,700	- 14.8%
	%	12.8%	10.6%	9.8%	10.2%	
MC	Net sales <sup>*1</sup>	19,697	10,700	11,400	22,100	12.2%
	Operating income	816	400	900	1,300	59.3%
	%	4.1%	3.7%	7.9%	5.9%	
Mobility	Net sales <sup>*1</sup>	57,777	36,000	36,300	72,300	25.1%
	Operating income	3,714	3,800	4,200	8,000	115.4%
	%	6.4%	10.6%	11.6%	11.1%	
Materials Handling Systems	Net sales <sup>*1</sup>	53,618	28,400	37,800	66,200	23.5%
	Operating income	-2,202	100	1,400	1,500	—
	%	—	0.4%	3.7%	2.3%	
Other <sup>*2</sup>	Net sales <sup>*1</sup>	3,941	1,100	1,100	2,200	- 44.2%
	Operating income	-330	-200	-100	-300	—
	%	—	—	—	—	

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

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

■ FY2020 Actual vs FY2021 Forecast

(Unit: Billions of yen)



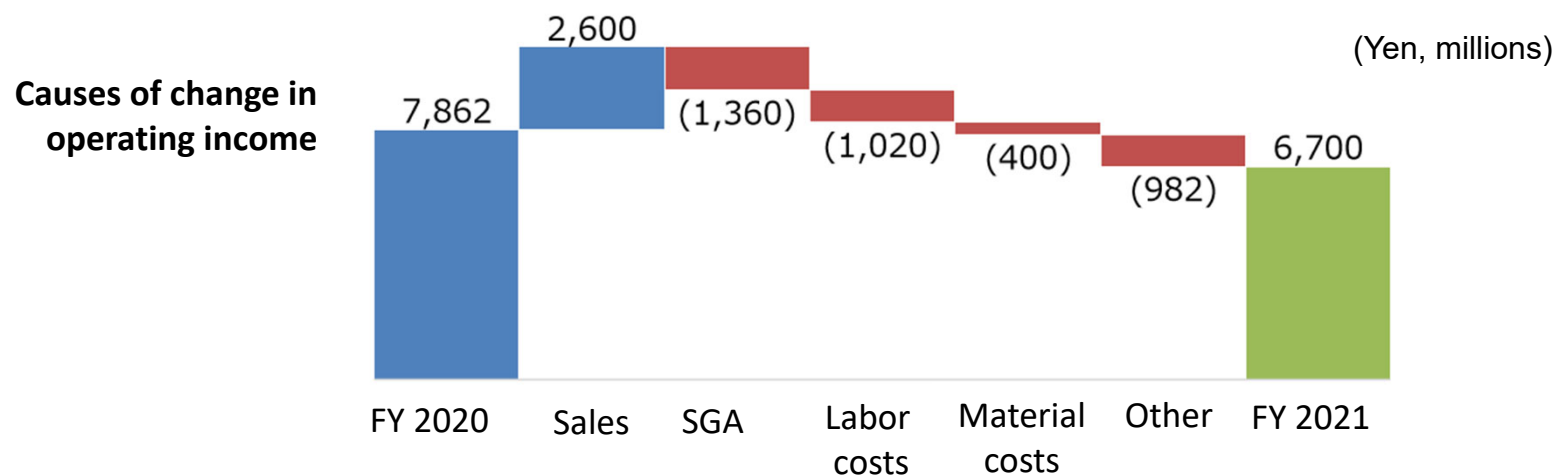


# 11. FY2021 Chain Operations Forecast

(Yen, millions)

		FY 2020	FY 2021			YOY
		Full year	1st half	2nd half	Full year	Inc / Dec
Chain	Net sales <sup>*1</sup>	61,312	33,000	32,800	65,800	7.3%
	Operating income	7,862	3,500	3,200	6,700	- 14.8%
	%	12.8%	10.6%	9.8%	10.2%	

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



### Sales

- Japan, Europe, Indian Ocean Rim, China and other regions are expected to recover from the impact of COVID-19.
- U.S. expects reactionary decline from special factors in the previous year.

### Operating income

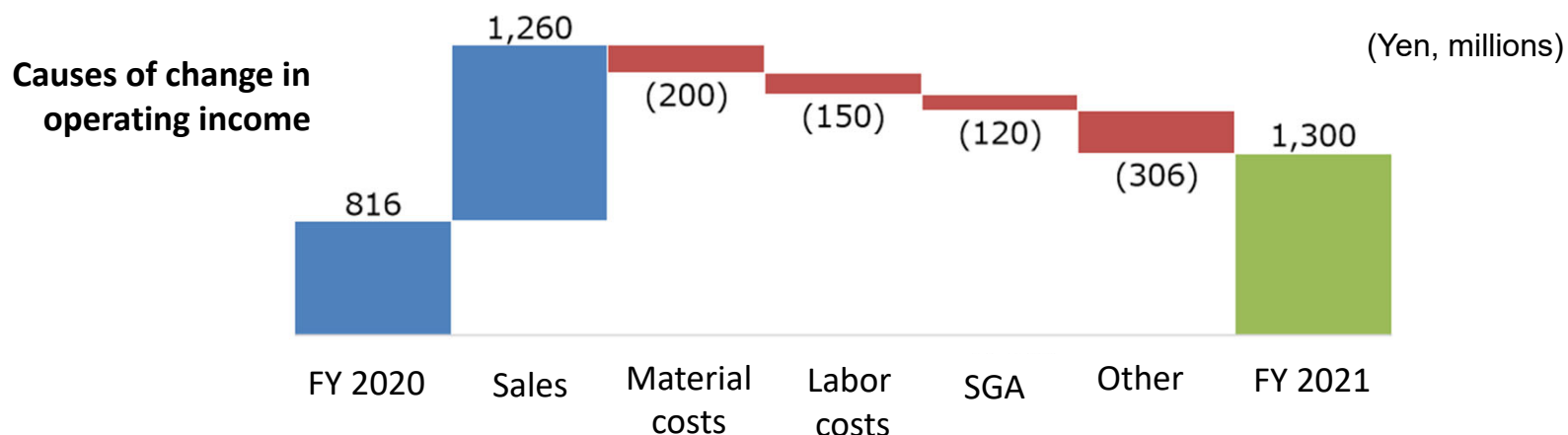
- Despite continued efforts to improve production, we forecast a decrease in income due to the return of costs reduced during the COVID-19 pandemic, and a decrease in sales in the U.S. (deterioration of regional mix).

# 11. FY2021 MC Operations Forecast

(Yen, millions)

		FY 2020	FY 2021			YOY
		Full year	1st half	2nd half	Full year	Inc / Dec
MC	Net sales <sup>*1</sup>	19,697	10,700	11,400	22,100	12.2%
	Operating income	816	400	900	1,300	59.3%
	%	4.1%	3.7%	7.9%	5.9%	

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



### Sales

- Japan, the Americas, Europe, China and the Indian Ocean Rim are expected to recover from the impact of COVID-19.
- Sales are expected to increase as the transfer of starter clutches for motorcycles to the Mobility operations will be covered by other product groups.

### Operating income

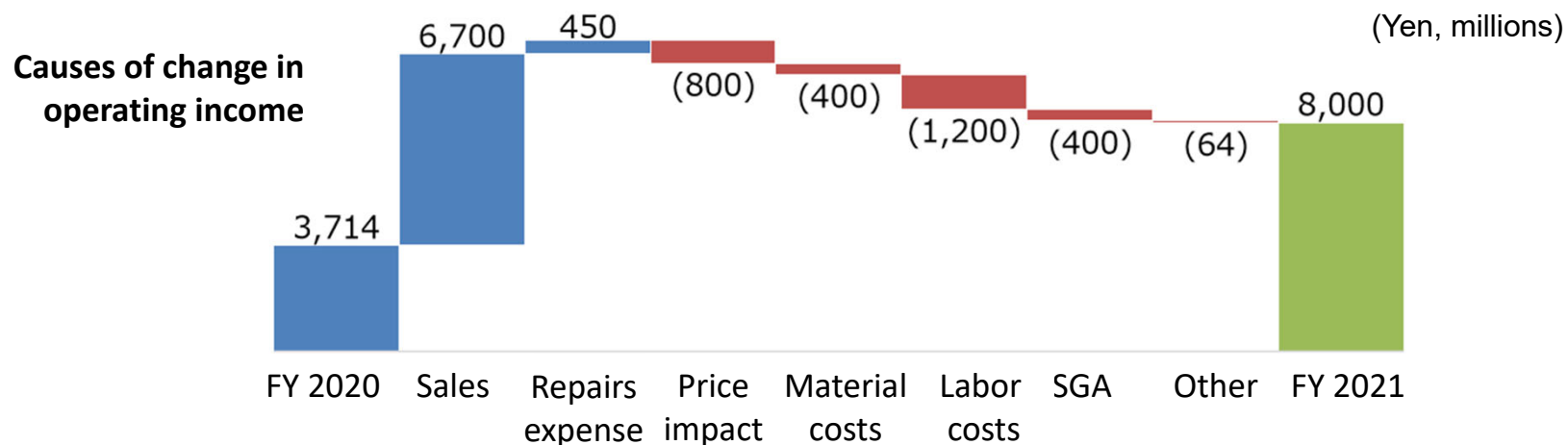
- Income is expected to increase due to the continued improvement of production activities, despite the return of costs that were reduced during the COVID-19 pandemic.

# 11. FY2021 Mobility Operations Forecast

(Yen, millions)

		FY 2020	FY 2021			YOY
		Full year	1st half	2nd half	Full year	Inc / Dec
Mobility	Net sales <sup>*1</sup>	57,777	36,000	36,300	72,300	25.1%
	Operating income	3,714	3,800	4,200	8,000	115.4%
	%	6.4%	10.6%	11.6%	11.1%	

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



### Sales

- All regional bases in Japan, Americas, Europe, Indian Ocean Rim, China and Korea are expected to recover from the impact of COVID-19.

### Operating income

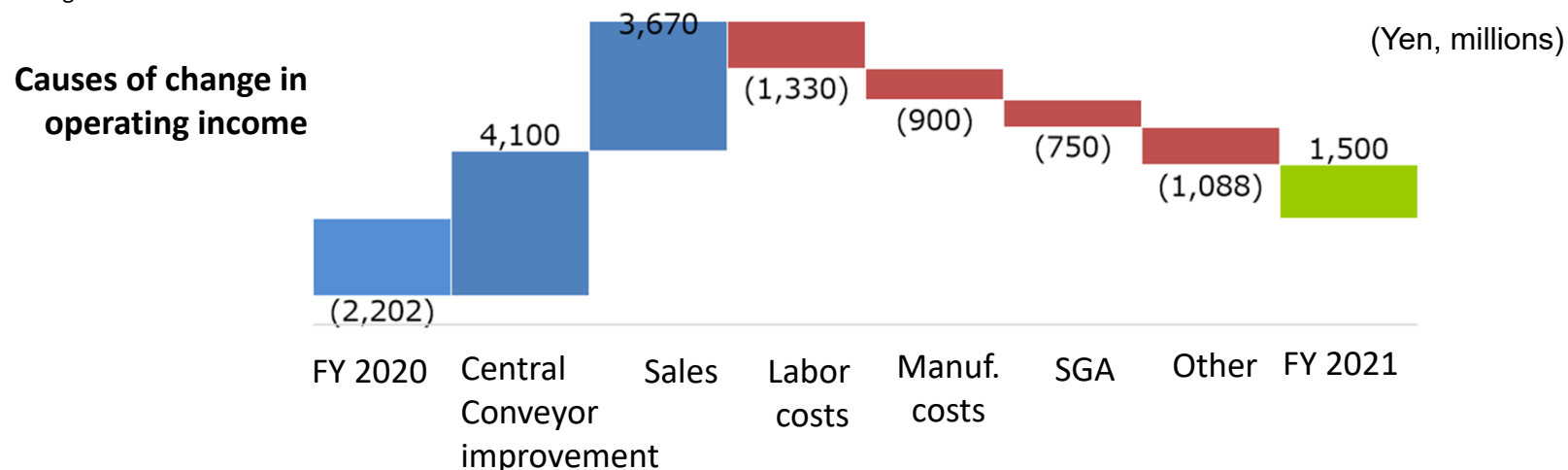
- Despite the return of costs that were reduced during the COVID-19 pandemic, income is expected to increase due to continued improvement of production activities and stable production throughout the year.

# 11. FY2021 Materials Handling Systems Operations Forecast

(Yen, millions)

		FY 2020	FY 2021			YOY
		Full year	1st half	2nd half	Full year	Inc / Dec
Materials Handling Systems	Net sales <sup>*1</sup>	53,618	28,400	37,800	66,200	23.5%
	Operating income	-2,202	100	1,400	1,500	—
	%	—	0.4%	3.7%	2.3%	

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



### Sales

- Sales are expected to increase at all regional bases in Japan, U.S., Europe, and China.

### Operating income

- Despite the return of costs that were reduced during the COVID-19 pandemic, the operation expects to return to profitability, mainly due to the elimination of non-recurring expenses at a U.S. subsidiary.

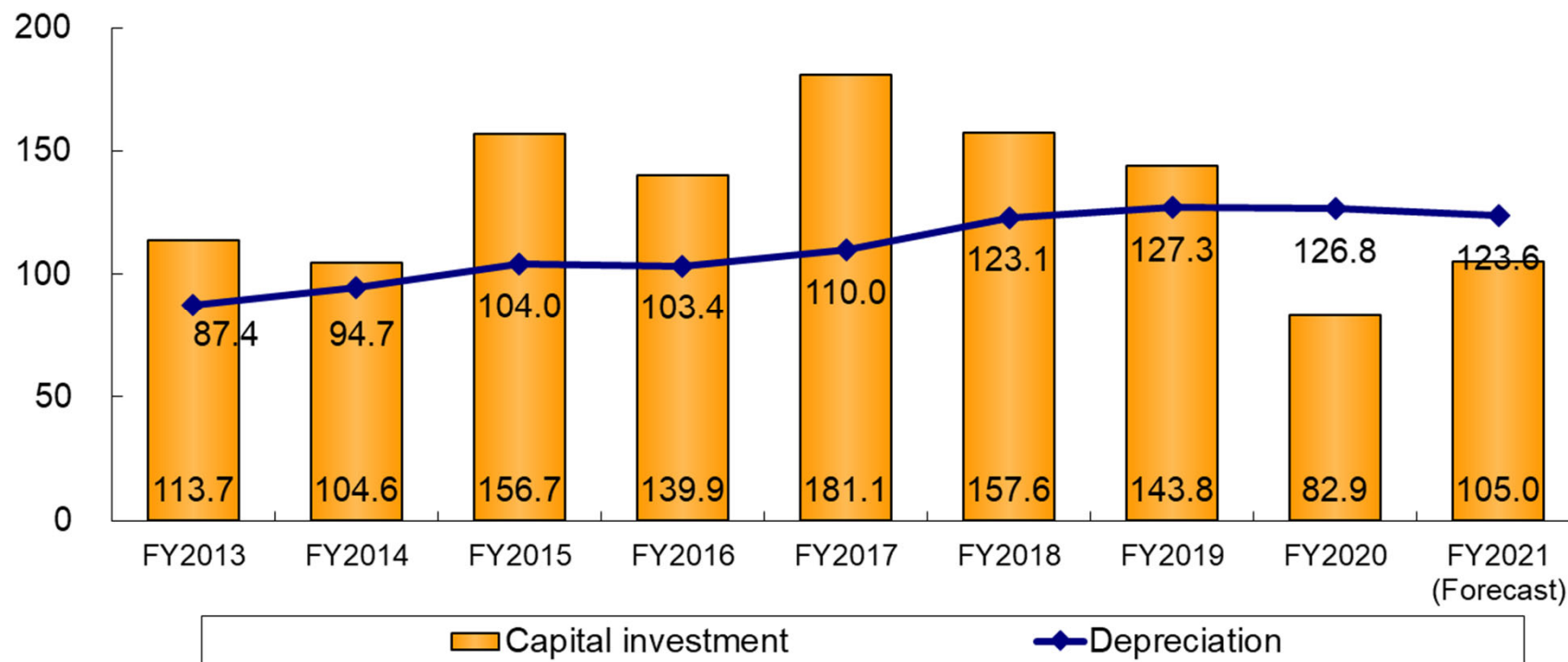
## 12. Capital Investment and Depreciation

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- “Capital injection” to strengthen growth potential
  - Investment in more efficient and automated production systems (all operations)

### Capital Investment and Depreciation Trend

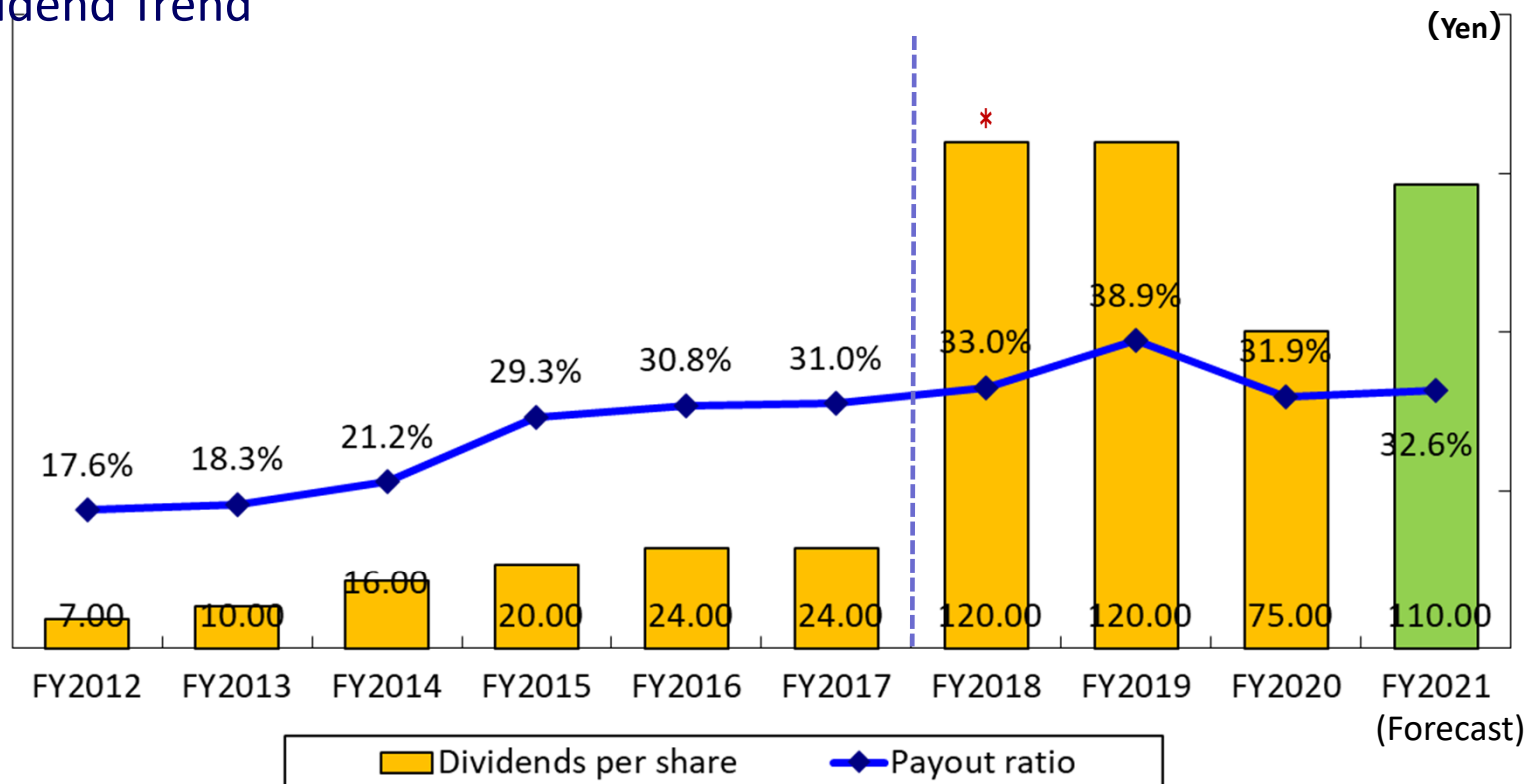
(Yen, 100 million)



## ■ Dividend Policy

- The company aims to maintain its profit distribution based on a consolidated dividend payout ratio of 30%, under a basic policy of reflecting consolidated results in the dividend.

Dividend Trend



\* A share consolidation was implemented on October 1, 2018. The dividend for the fiscal year ending March 31, 2019 was calculated after the consolidation.

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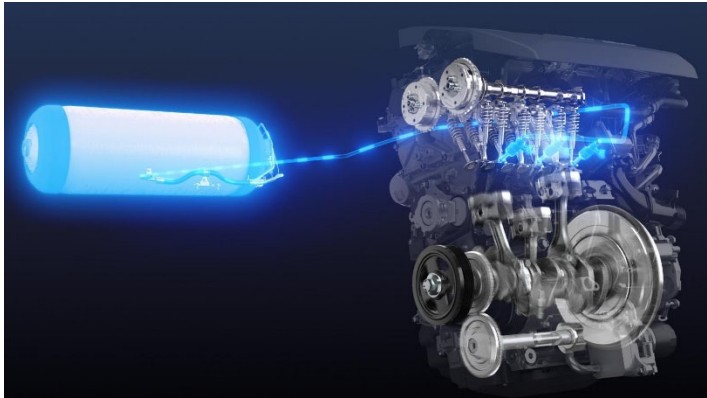
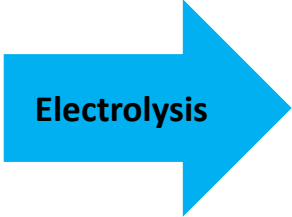
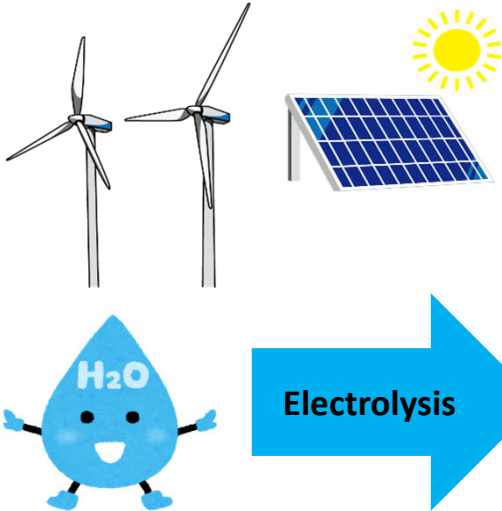
# Topics

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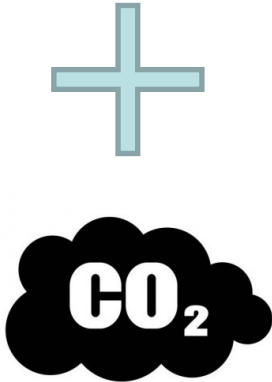
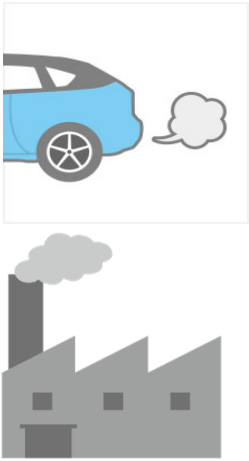
# 14. Potential of Carbon Neutral ICE from H2

## Renewable energy



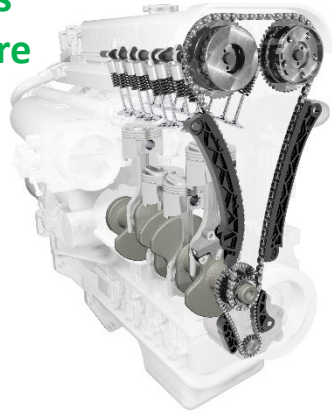
## H2 engine (From the website of Toyota Motor Corporation)

The fuel supply system and direct injection system injectors have been modified for hydrogen, and the spark plugs have also been optimized for hydrogen.



e-Gasoline/e-Diesel

Existing engines and infrastructure can be used





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.