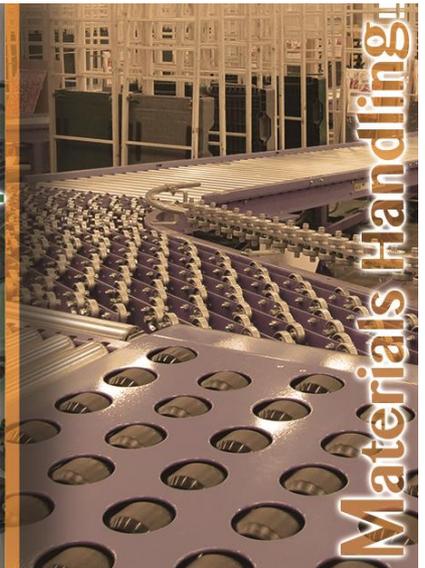
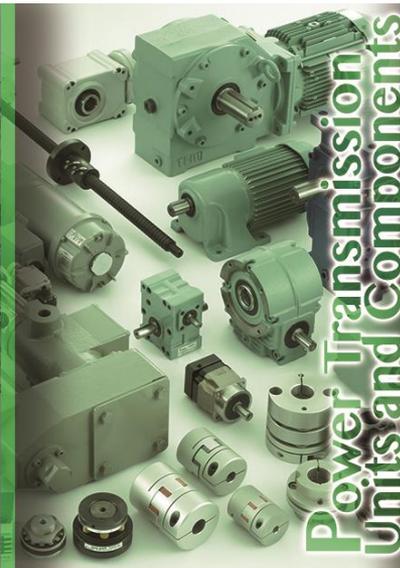
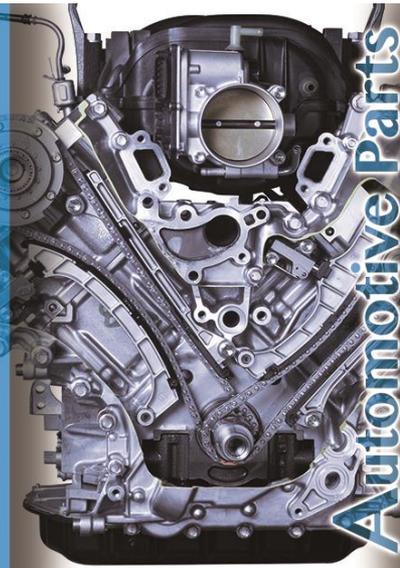
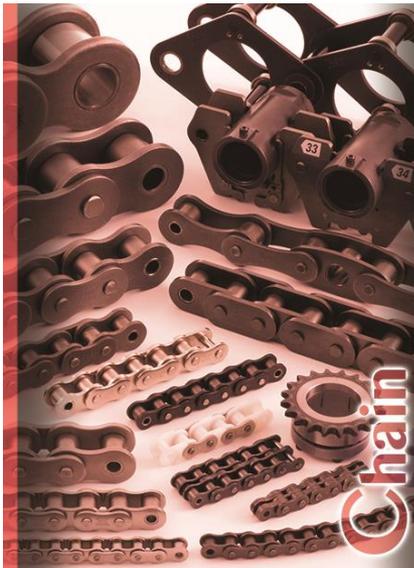


Tsubakimoto Chain Co. FYE 2017 Interim Settlement of Accounts Presentation Meeting



November 22, 2016

FYE 2017 Interim Settlement of Accounts Consolidated Business Report

Note: The "first half" referred to in this report indicates the period from April 1 through September 30 of the applicable consolidated accounting year, while the "second half" indicates from October 1 of the same year through March 31 of the following year.
(For some overseas subsidiaries, these periods are from January 1 through June 30 and from July 1 through December 31 respectively of the applicable year.)

■ Income has exceeded the initial forecast.

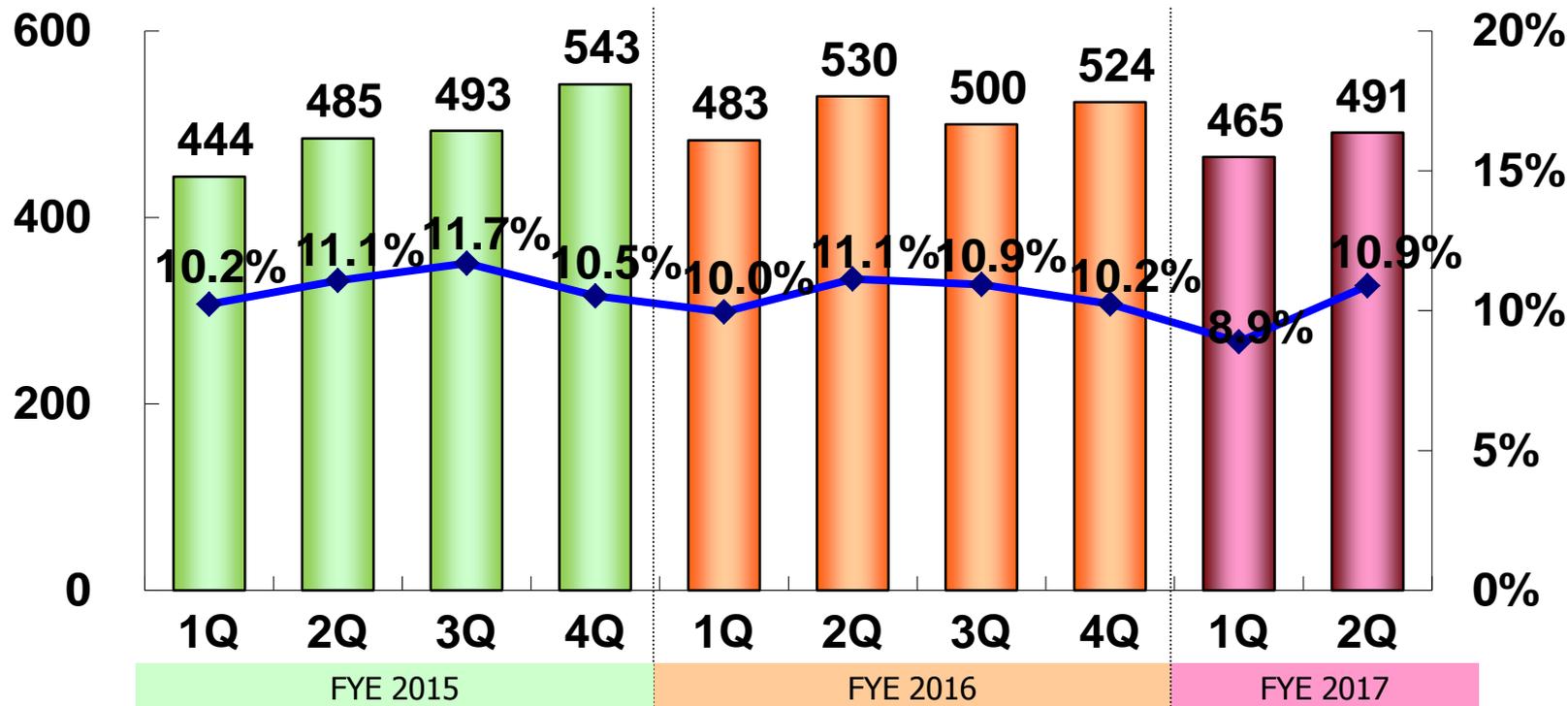
However, decrease in income and profits due to forex effects and other factors when compared to the same period of the previous year

	(Yen, millions)				
	FYE 2016	FYE 2017	Year on Year	Change from Initial Forecast	
	First half figure (actual)	First half figure (actual)	Increase/decrease	Budget	Increase/decrease
Net sales	101,488	95,740	-5.7%	100,000	-4.3%
Operating income	10,727	9,490	-11.5%	9,200	3.2%
Operating income margin	10.6%	9.9%		9.2%	
Ordinary income	11,362	9,655	-15.0%	9,400	2.7%
Quarterly net income owned by parent company shareholders	7,232	6,392	-11.6%	5,800	10.2%
Quarterly net income per share (Yen)	38.66 yen	34.17 yen	—	31.00	—
(Exchange rates US\$1)	121.88 yen	105.21 yen	—	105.00 yen	—
(Exchange rates €1)	135.10 yen	118.05 yen	—	120.00 yen	—
Shareholders' equity ratio	55.4%	56.0%	Equity capital/total assets		
Net D/E ratio	0.07	0.04	(Interest-bearing debt - Cash equivalent)/(Capital adequacy)		

Trend in Quarterly Consolidated Settlement of Accounts

■ Trends in sales and operating income margin (Consolidated)

(Yen, 100 million)



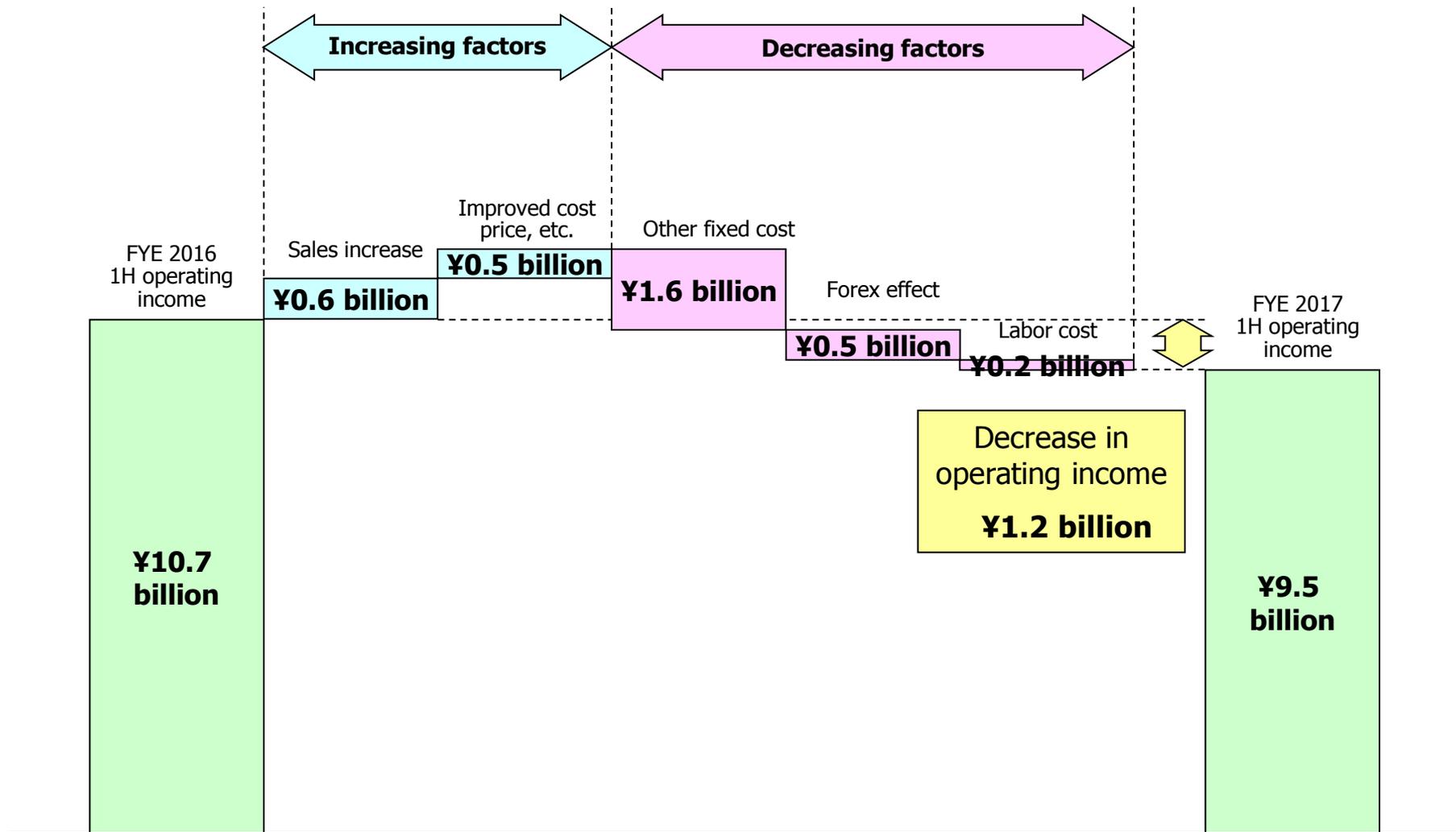
Major exchange rates	FYE 2015	FYE 2016	FYE 2017 (2Q cumulative)
US\$	¥109.76	¥120.15	¥105.21
Euro	¥138.69	¥132.60	¥118.05

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

3. Interim Review

Analysis of Factors Consolidated Increasing/Decreasing Operating Income

■ First half of FYE 2016 vs. First half of FYE 2017



Note: Operating income values are rounded off.

4. Interim Review Breakdown by Business Segment

- The decrease in income is observed in all business segments. However, excluding forex effects, increase in profits for Chain and Automotive Parts Operations.

(Yen, millions)

		FYE 2016	FYE 2017	Year on Year	Change from Initial Forecast	
		First Half figure (actual)	First Half figure (actual)	Increase/decrease	Budget	Increase/decrease
Chain Operations	Net sales ^{*1}	32,498	29,110	- 10.4%	30,000	- 3.0%
	Operating income	3,128	3,065	- 2.0%	2,700	13.5%
	Operating income margin	9.6%	10.5%		9.0%	
Power Transmission Units and Components Operations	Net sales ^{*1}	11,081	10,453	- 5.7%	10,900	- 4.1%
	Operating income	1,212	954	- 21.3%	950	0.4%
	Operating income margin	10.9%	9.1%		8.7%	
Automotive Parts Operations	Net sales ^{*1}	35,821	36,473	1.8%	37,600	- 3.0%
	Operating income	5,915	5,822	- 1.6%	5,600	4.0%
	Operating income margin	16.5%	16.0%		14.9%	
Materials Handling Systems Operations	Net sales ^{*1}	22,158	19,699	- 11.1%	21,200	- 7.1%
	Operating income	481	- 37	—	250	—
	Operating income margin	2.2%	- 0.2%		1.2%	
Other ^{*2}	Net sales ^{*1}	1,424	1,397	- 1.9%	1,800	- 22.4%
	Operating income	20	- 25	—	0	—
	Operating income margin	1.4%	- 1.8%		0.0%	

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

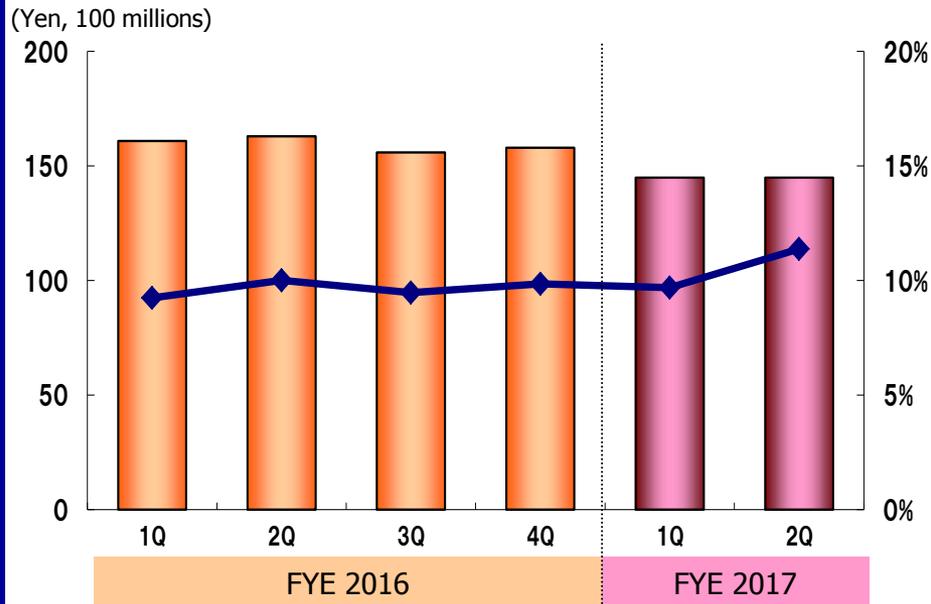
*2: "Other" is not a reportable segment.

5. Interim Review

Earnings Trend by Business Segment

■ Trends in sales and operating income margin

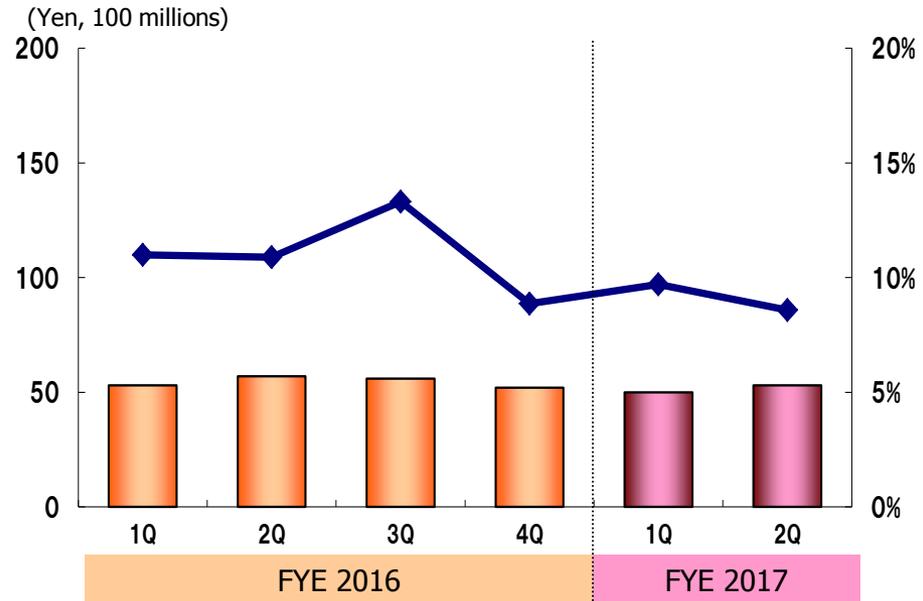
● Chain Operations



<Sales by region>

- Japan: Slight decrease in income, but increase in profits due to improvements in earnings
- The Americas: Demand is flat. Decrease in income and profits due to the impact of the strong yen
- Europe and Indian Ocean Rim: Slightly weak demand, and decrease in income and profits also due to the impact of the strong yen
- China: Income has increased when compared to the same period of the previous year. Improvement in profitability, but no surplus generated

● Power Transmission Units and Components Operations



<Sales by region>

- Japan: Demand is firm.
On the earnings front, decrease in profits due to plant reorganization
- China: The overall situation is poor. Substantial decrease in income and profits
- The Americas: Increase in income and profits although the market is small

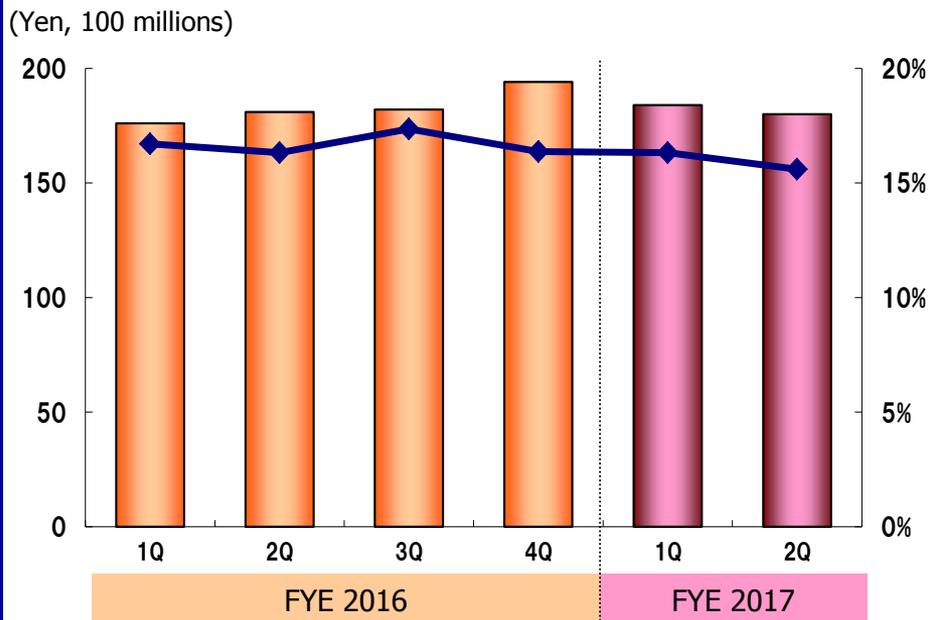
Unit: Yen, 100 millions ■ : Sales ◆ : Operating income margin

5. Interim Review

Earnings Trend by Business Segment

Trends in sales and operating income margin

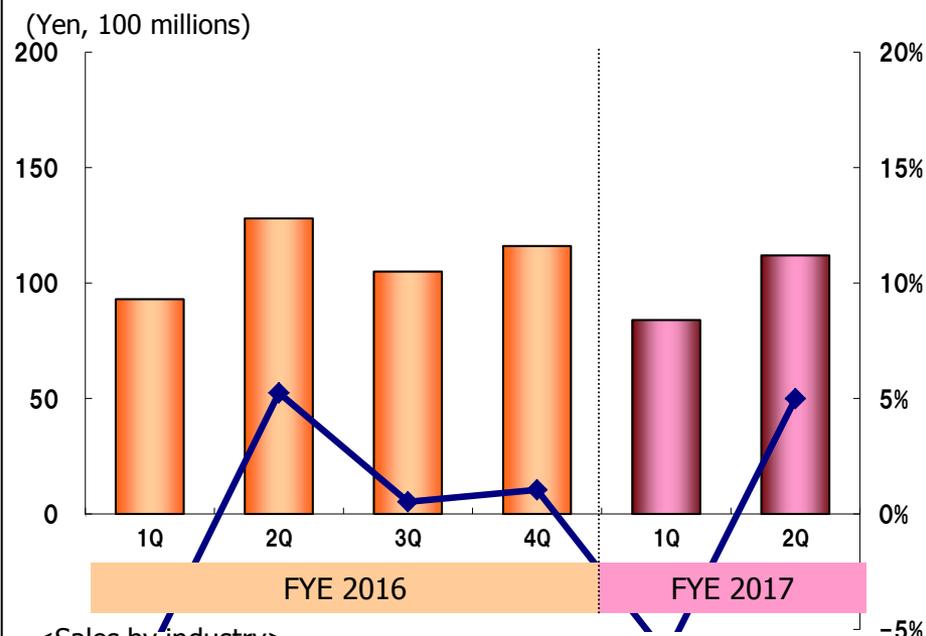
● Automotive Parts Operations



<Sales by region>

- Japan: Decrease in income and profits due to the decline in domestic automotive production
- The Americas: Conditions remain favorable. Decrease in income due to the impact of the strong yen, but profits have increased. New consolidations with Mexican subsidiaries
- Europe, Thailand, and China: Conditions are favorable. Increase in income and profits even after conversion into yen
- Korea: Strong demand, but decrease in profits because of increase in expenses

● Materials Handling Systems Operations



<Sales by industry>

- Poor situation for automobile, life science, and automotive parts
- Conveyors for machine tools: Demand is firm in US and Europe. Poor domestic situation, but improvement in profitability
- Bulk handling systems: Flat demand, but increase in profit

Unit: Yen, 100 millions ■ : Sales ◆ : Operating income margin

6. Interim Review Overview by Region

		(Yen, millions)		
		FYE 2016	FYE 2017	Year on Year
		Full year figure (actual)	Full year figure (actual)	Increase/decrease
The Americas	Net sales*	26,335	25,070	-4.8%
	Operating income	2,428	2,673	10.1%
	Operating income margin	9.2%	10.7%	
Europe	Net sales*	12,456	11,796	-5.3%
	Operating income	276	198	-28.3%
	Operating income margin	2.2%	1.7%	
Indian Ocean Rim	Net sales*	6,113	6,084	-0.5%
	Operating income	845	843	-0.3%
	Operating income margin	13.8%	13.9%	
China	Net sales*	7,888	8,146	3.3%
	Operating income	209	230	9.8%
	Operating income margin	2.7%	2.8%	
South Korea, Taiwan	Net sales*	4,071	4,175	2.5%
	Operating income	189	160	-15.6%
	Operating income margin	4.7%	3.8%	
Japan	Net sales*	60,405	56,107	-7.1%
	Operating income	6,059	4,627	-23.6%
	Operating income margin	10.0%	8.2%	

*Sales figures include internal sales and transfers between segments.

<Actual exchange rate>

FYE 2016 1H: US\$=¥121.88, EURO=¥135.10, Can\$=¥96.12, A\$=¥91.62, THB=¥3.655, NT\$=¥3.88, RMB=¥19.32, WON=¥0.109

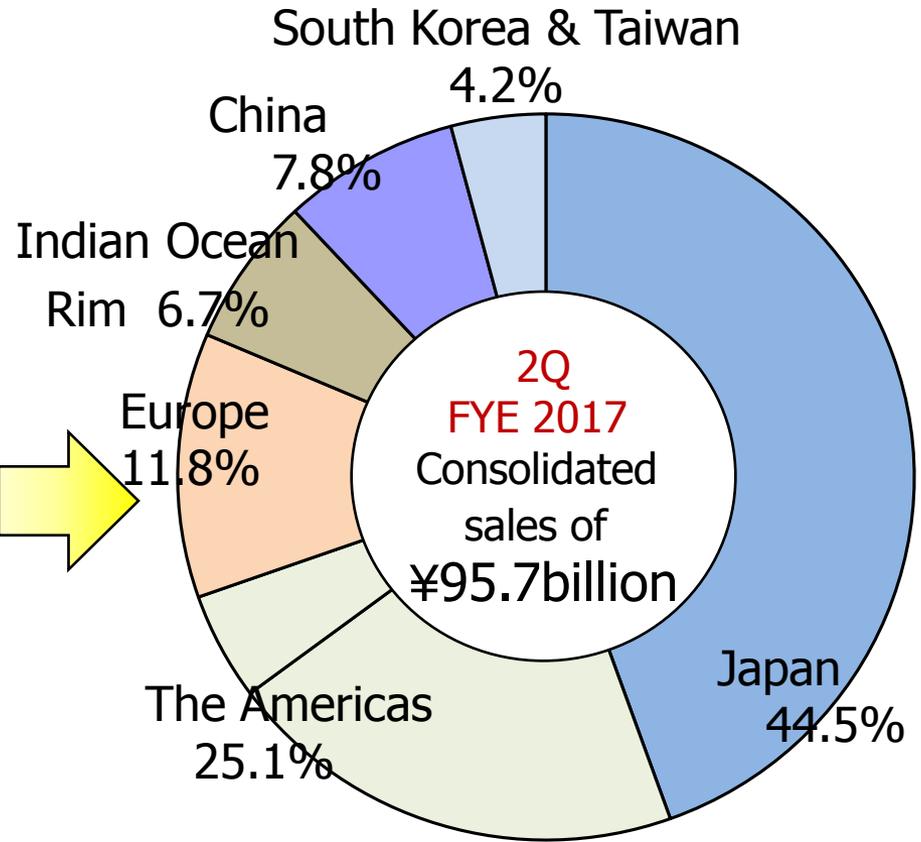
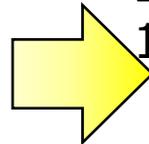
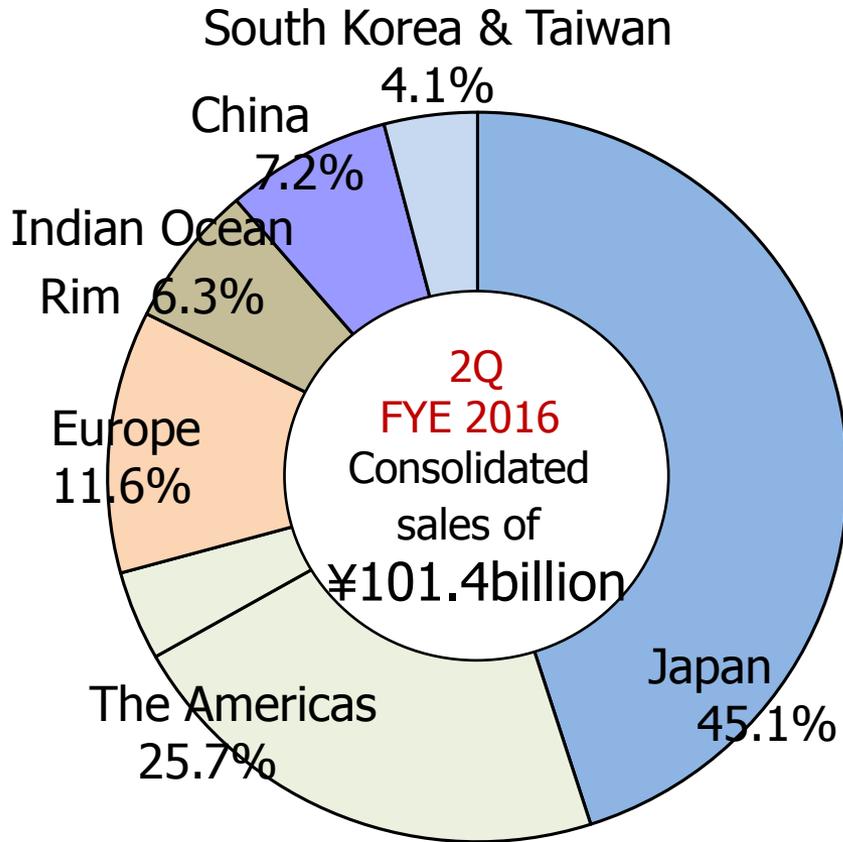
FYE 2017 1H: US\$=¥105.21, EURO=¥118.05, Can\$=¥81.11, A\$=¥79.04, THB=¥3.1507, NT\$=¥3.27, RMB=¥17.05, WON=¥0.094, MXN= ¥6.18

7. Interim Review

Breakdown of Sales by Region

FYE 2016 Interim
Overseas sales* ratio: 54.9%

FYE 2017 Interim
Overseas sales* ratio: 55.5%



Notes: Sales are based on the location of the customer and classified by country or region.

Consolidated Settlement of Accounts Forecasts for FYE 2017

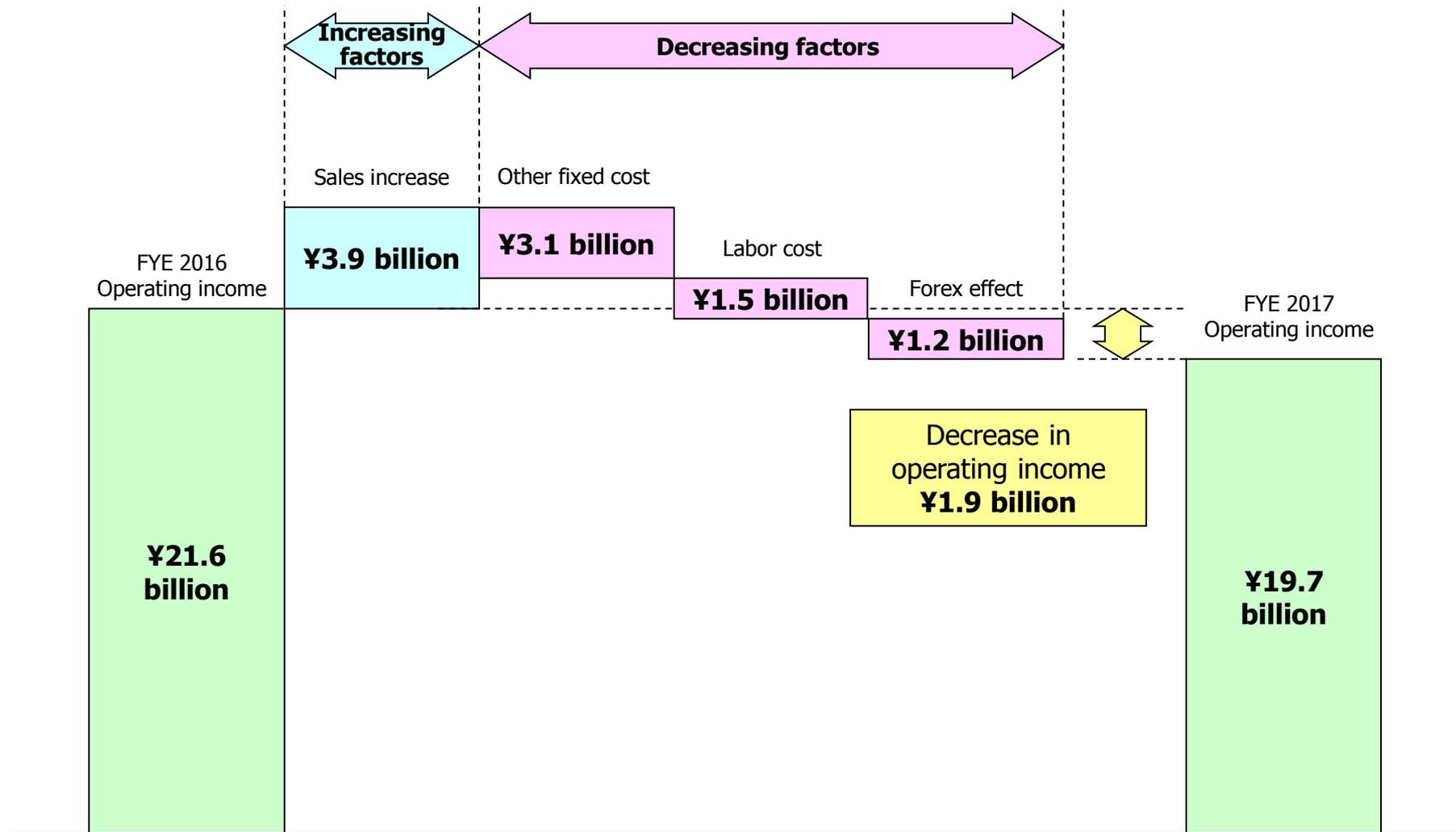
Consolidated Settlement of Accounts

- Given the current business conditions, forex markets, and other factors, slight downward revision of the settlement of accounts forecasts for FYE (announced November 7, 2016)

	FYE 2016		FYE 2017		Year on Year	Change from Initial Forecast
	Full year figure (actual)	First half (actual)	Second half forecast	Full year forecast	Increase/decrease	Increase/decrease
Net sales	203,976	95,740	101,260	197,000	- 3.4%	- 4.4%
Operating income	21,570	9,490	10,210	19,700	- 8.7%	- 5.3%
Operating income margin	10.6%	9.9%	10.1%	10.0%		
Ordinary income	22,109	9,655	9,845	19,500	- 11.8%	- 7.1%
Net income owned by parent company shareholders	12,766	6,392	6,308	12,700	- 0.5%	- 5.2%
Net income per share (Yen)	68.24 yen	34.17 yen	—	67.89 yen	—	—
(Exchange rates US\$1)	120.15 yen	105.21 yen	100.00 yen	—	—	—
(Exchange rates €1)	132.60 yen	118.05 yen	110.00 yen	—	—	—
Dividends per share (Yen)	20.00	11.00	11.00	22.00	10.0%	0.0%
Payout per share (Yen)	29.3%	—	—	32.4%	—	—

(Yen, millions)

■ FYE 2015 (actual figures) vs. FYE 2016 (forecast)



Note: Operating income values are rounded off.

3. FYE 2017 forecast

Settlement of Accounts by Business Segment

13

		(Yen, millions)					
		FYE 2016		FYE 2017		Year on Year	Change from
		Full year figure (actual)	First half (actual)	Second half forecast	Full year forecast	Increase /decrease	Initial Forecast Increase /decrease
Chain Operations	Net sales ^{*1}	63,998	29,110	29,790	58,900	- 8.0%	- 5.0%
	Operating income	6,172	3,065	2,935	6,000	- 2.8%	- 4.8%
	Operating income margin	9.6%	10.5%	9.9%	10.2%		
Power Transmission Units and Components Operations	Net sales ^{*1}	21,975	10,453	10,547	21,000	- 4.4%	- 5.4%
	Operating income	2,428	954	846	1,800	- 25.9%	- 5.3%
	Operating income margin	11.0%	9.1%	8.0%	8.6%		
Automotive Parts Operations	Net sales ^{*1}	73,473	36,473	38,127	74,600	1.5%	- 4.2%
	Operating income	12,258	5,822	5,878	11,700	- 4.6%	- 2.5%
	Operating income margin	16.7%	16.0%	15.4%	15.7%		
Materials Handling Systems Operations	Net sales ^{*1}	44,354	19,699	22,001	41,700	- 6.0%	- 2.6%
	Operating income	659	- 37	737	700	6.2%	- 36.4%
	Operating income margin	1.5%	- 0.2%	3.3%	1.7%		
Other ^{*2}	Net sales ^{*1}	3,186	1,397	2,403	3,800	19.3%	- 5.0%
	Operating income	84	- 25	25	0	-	-
	Operating income margin	2.6%	- 1.8%	1.0%	0.0%		

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

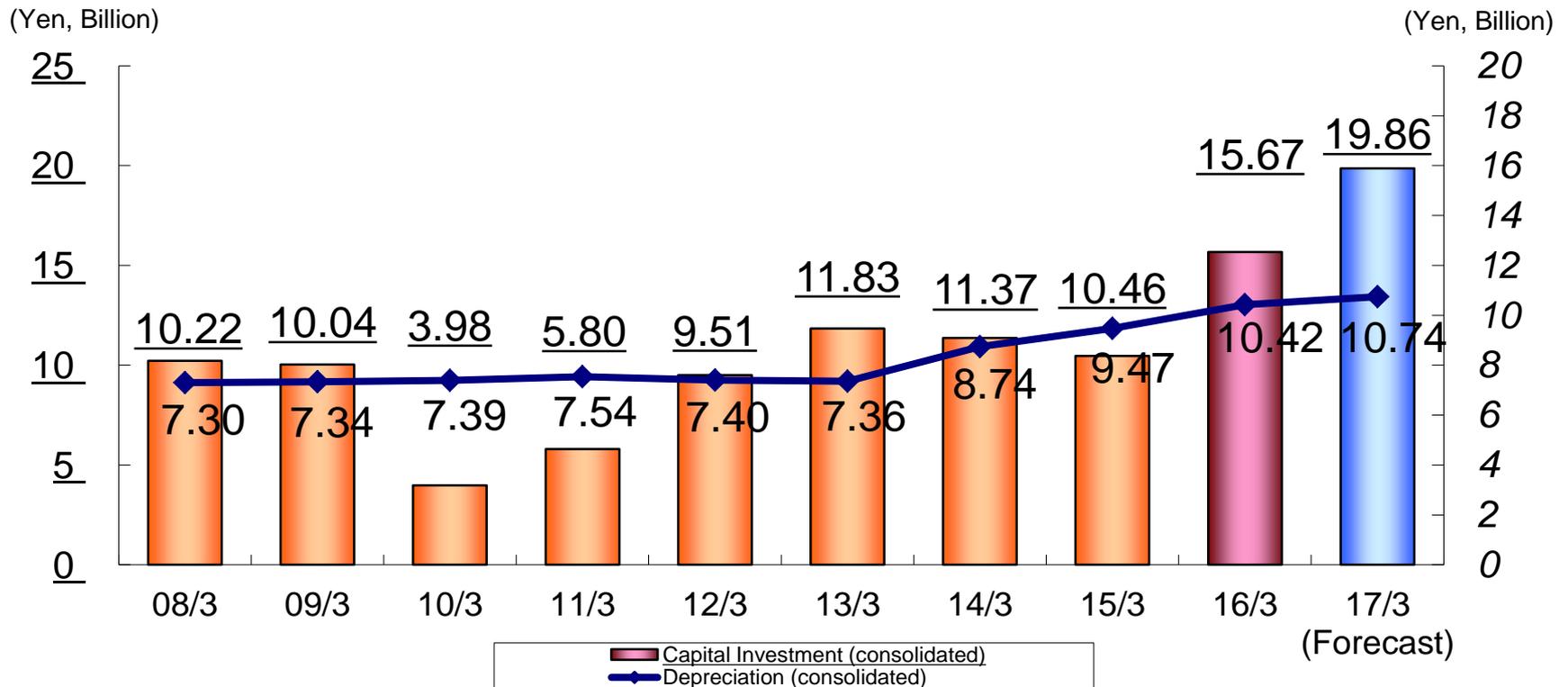
*2: "Other" is not a reportable segment.

Capital Investment and Depreciation

■ An injection of capital is intended to strengthen growth

- (1) Enhancement of the global production system for Automotive Parts Operations (Saitama Plant, US and elsewhere)
- (2) Related production facilities for Chain Operations (Kyotanabe Plant, US and elsewhere)

< Capital investment and depreciation transitions >

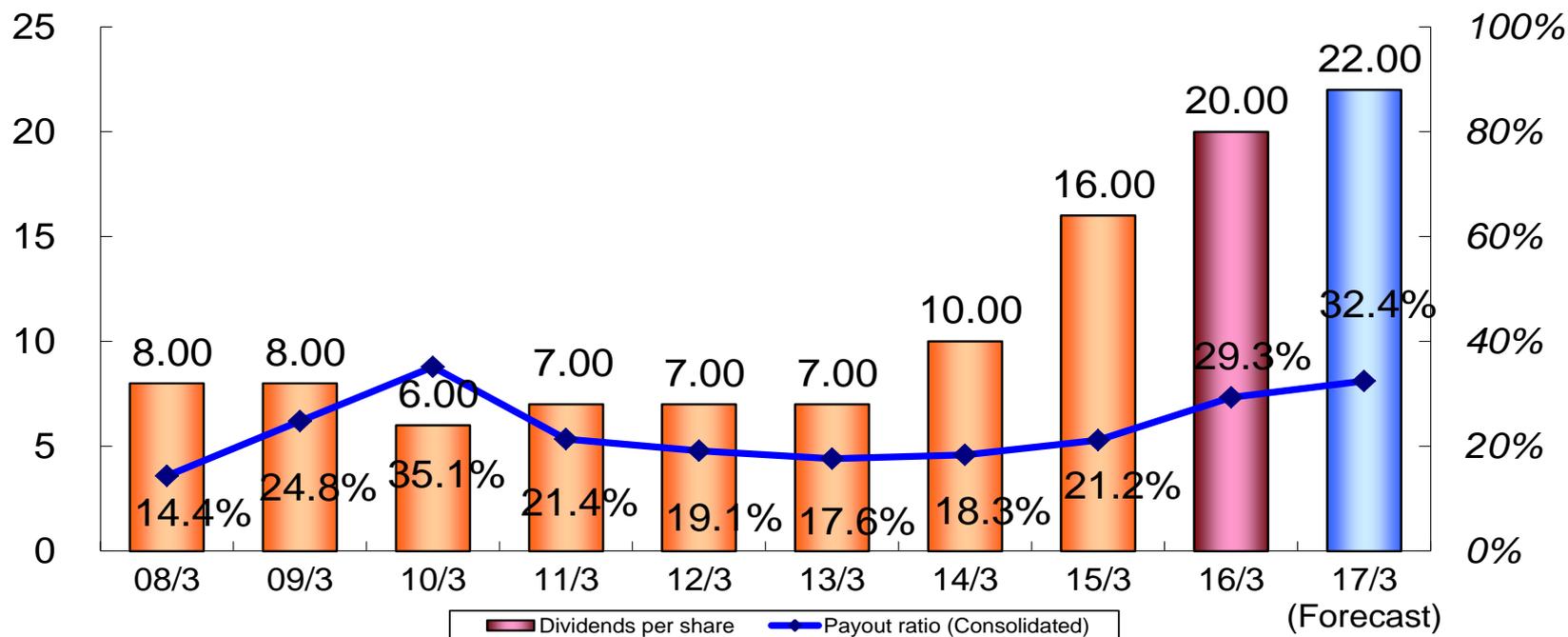


■ Dividend policy

- Our policy is to maintain a dividend that reflects our consolidated results with the aim of distributing a 30% payout ratio from consolidated profits.

< Trend in dividend per share >

(Yen/Share/Year)

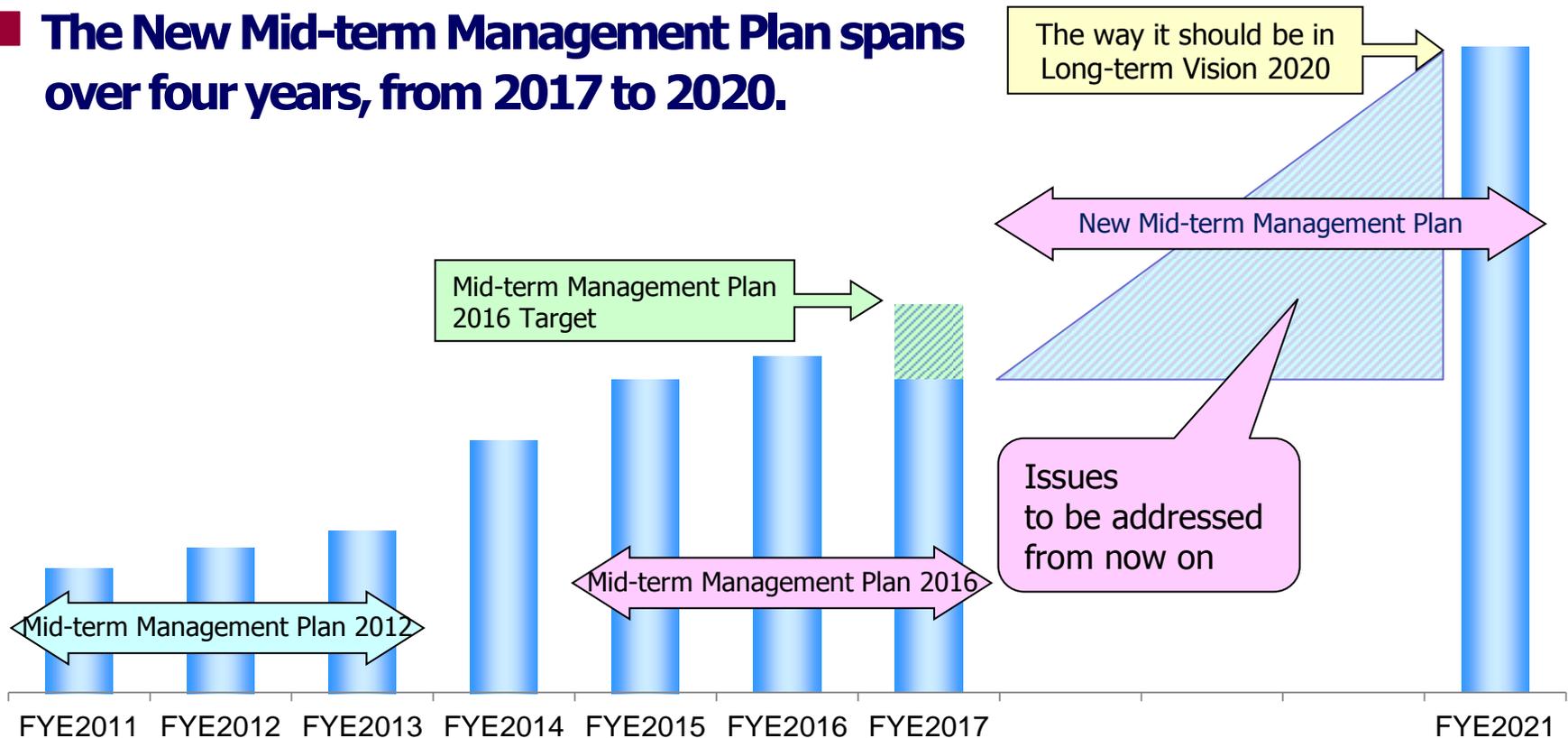


Strengthening growth potential

■ “The way it should be in 2020” = **Leading Global Company**

The numerical targets defined in “Long-term Vision 2020” remain unchanged.
Consolidated sales: 300 billion yen; Operating income margin: aim for 10% growth

■ The New Mid-term Management Plan spans over four years, from 2017 to 2020.



■ Chain Operations



- (1) Strengthen overseas production capacity
 - Exportation of conveyor chains to countries of the Indian Ocean Rim and other regions (Tianjin, China)
 - Conclusion of technical assistance agreements with Italian chain makers
- (2) Improve production at Kyotanabe Plant
- (3) Develop new products
 - Foundation's 100th anniversary model "G8" Series: Release of 4 models in Japan
- (4) Implement a part maintenance information management system that uses QR codes "Tsubaki SMILE" (SMILE : Smart Information Link for Engineers)

■ Power Transmission Units and Components Operations

- (1) Reorganize domestic plants in an effort to improve earnings
 - Transfer was completed in August 2016. Integration of both the Production Department and the Products Engineering Department
 - Target: Increase productivity by 30%, shorten lead time, and reduce inventory
- (2) Strengthen new product development capabilities
Consecutive launch of new products (Foundation's 100th anniversary models) in FYE 2018

■ Automotive Parts Operations

(1) Increase production capacity

- Full utilization of the Hyogo Plant (Japan)
- Expansion of the production scale (US, Korea, and China)
- Construction of new plants (Czech Republic: full-scale production to begin in 2018), etc.

■ Materials Handling Operations

(1) Increase the number of orders by introducing new products

- “Linisort S-C” tilt tray sorter, “Labo Stocker” (compact standard model), etc.

(2) Strengthen the Mayfran Business

- Concentration of the production of chip conveyors at the Slovakia Plant

(3) Full utilization of overseas plants

- Full utilization of plants in Indonesia and India



“Linisort S-C” tilt tray sorter



**Demonstrate the Group's
comprehensive strength**

Strengthen product lineups

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.