

## Tsubakimoto Chain Co. FYE 2021 Q2 Settlement of Accounts

### <Agenda>

Contents	Presenters	Time
• FYE 2021 Second Quarter Results	Yasushi Ohara President and COO Representative Director	35 mins
• Q&A	President, Executive Officers in Charge of Business Operations and Financial Affairs	25 mins

November 20, 2020

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# FYE 2021 Q2 Consolidated Results

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- Although the substantial impact of the spread of COVID-19 resulted in a year-on-year decrease in sales and income, due to cost-cutting efforts, we posted an increase in income compared to the previous forecast figures.

(Yen, millions)

	FYE 2020	FYE 2021	YOY	Forecast (as of Jul 31, 2020)	
	Q2	Q2	Inc / Dec	Forecast	Inc / Dec
Net sales	114,254	88,472	-22.6%	88,000	0.5%
Operating income	8,231	3,042	-63.0%	1,900	60.1%
%	7.2%	3.4%		2.2%	
Ordinary income	8,850	3,982	-55.0%	2,700	47.5%
Net income	6,496	3,090	-52.4%	1,700	81.8%
Net income per share	171.63 yen	83.49 yen		45.94 yen	—
(Exchange rates 1 USD)	108.60 yen	106.93 yen		—	—
(Exchange rates 1 EUR)	121.40 yen	121.34 yen		—	—
(Exchange rates 1 RMB)	16.20 yen	15.37 yen		—	—

## 2. FYE 2021 Q2 Review Breakdown by Operations

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(Yen, millions)

		FYE 2020	FYE 2021	YOY	Forecast (as of Jul 31, 2020)	
		Q2	Q2	Inc / Dec	Forecast	Inc / Dec
Chain	Net sales <sup>*1</sup>	34,111	29,006	-15.0%	28,000	3.6%
	Operating income	4,291	3,045	-29.0%	2,340	30.1%
	%	12.6%	10.5%		8.4%	
Power Transmission Units and Components	Net sales <sup>*1</sup>	12,059	9,412	-22.0%	9,000	4.6%
	Operating income	1,104	334	-69.7%	330	1.2%
	%	9.2%	3.6%		3.7%	
Automotive Parts	Net sales <sup>*1</sup>	36,353	23,964	-34.1%	22,400	7.0%
	Operating income	2,826	-60	—	-500	—
	%	7.8%	—		—	
Materials Handling Systems	Net sales <sup>*1</sup>	31,750	25,790	-18.8%	27,900	- 7.6%
	Operating income	507	286	-43.6%	420	- 31.9%
	%	1.6%	1.1%		1.5%	
Other <sup>*2</sup>	Net sales <sup>*1</sup>	1,866	1,880	0.8%	1,700	10.6%
	Operating income	-15	-171	—	-200	—
	%	—	—		—	

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

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

(Yen, millions)

		FYE 2020	FYE 2021	YOY
		Q2	Q2	Inc /dec
Americas	Net sales *	30,784	25,299	-17.8%
	Operating income	323	543	67.8%
	%	1.1%	2.1%	
Europe	Net sales *	13,505	9,501	-29.6%
	Operating income	286	77	-73.1%
	%	2.1%	0.8%	
Indian Ocean Rim	Net sales *	8,907	5,901	-33.7%
	Operating income	1,233	512	-58.4%
	%	13.8%	8.7%	
China	Net sales *	10,232	7,539	-26.3%
	Operating income	424	59	-85.9%
	%	4.1%	0.8%	
South Korea, Taiwan	Net sales *	4,960	3,782	-23.7%
	Operating income	314	-33	—
	%	6.3%	—	
Japan	Net sales *	60,968	48,214	-20.9%
	Operating income	4,659	967	-79.2%
	%	7.6%	2.0%	

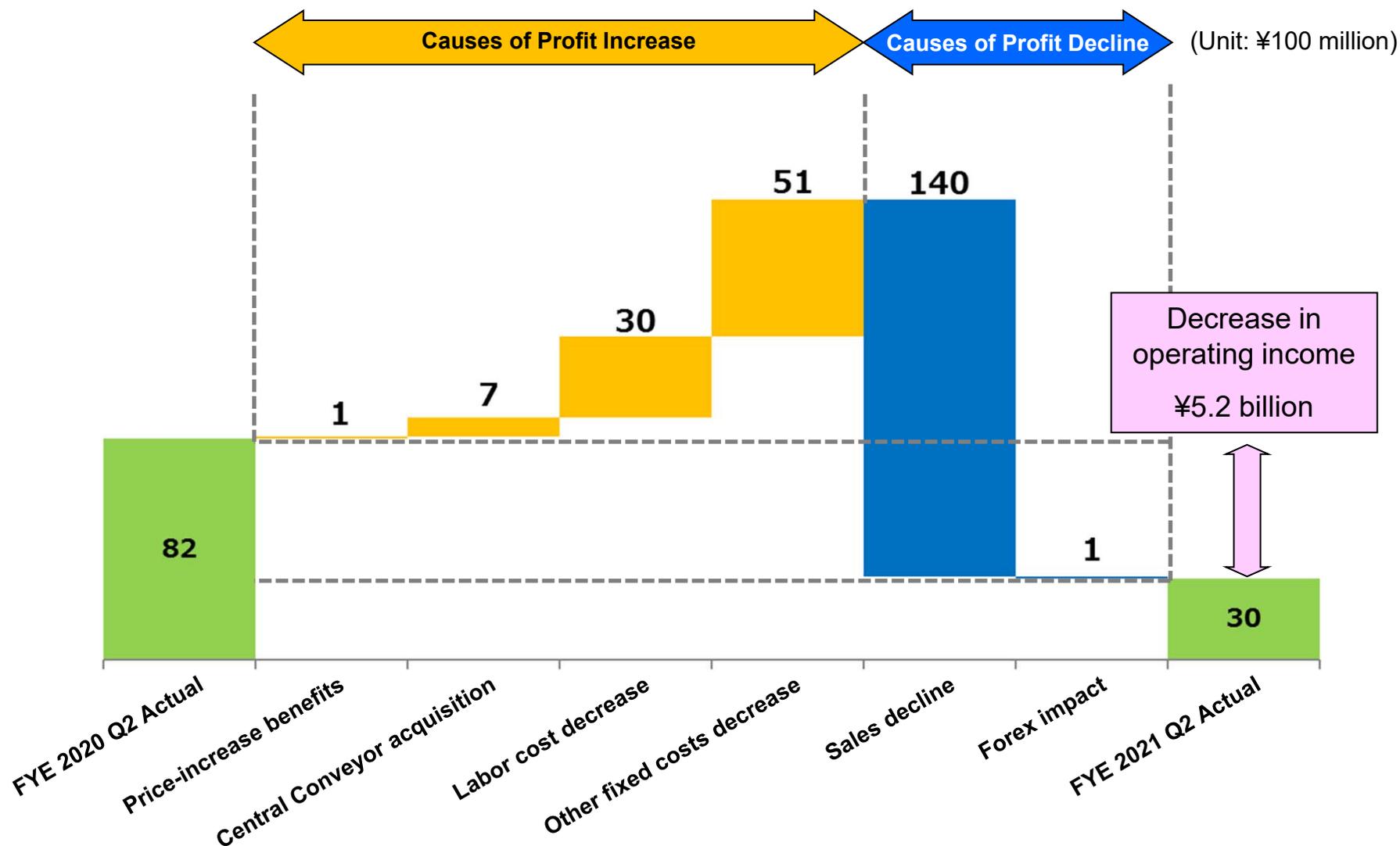
\*Sales figures include internal sales and transfers between segments.

<Actual exchange rates>

	USD	EUR	CAD	AUD	THB	TWD	RMB	KRW	MXN
FYE2020 1st half	108.60	121.40	81.73	75.23	3.49	3.48	16.20	0.10	5.74
FYE2021 1st half	106.93	121.34	78.72	73.31	3.43	3.60	15.37	0.09	5.05

# Analysis of Inc/Dec in Consolidated Operating Income

■ FYE 2020 vs. FYE 2021



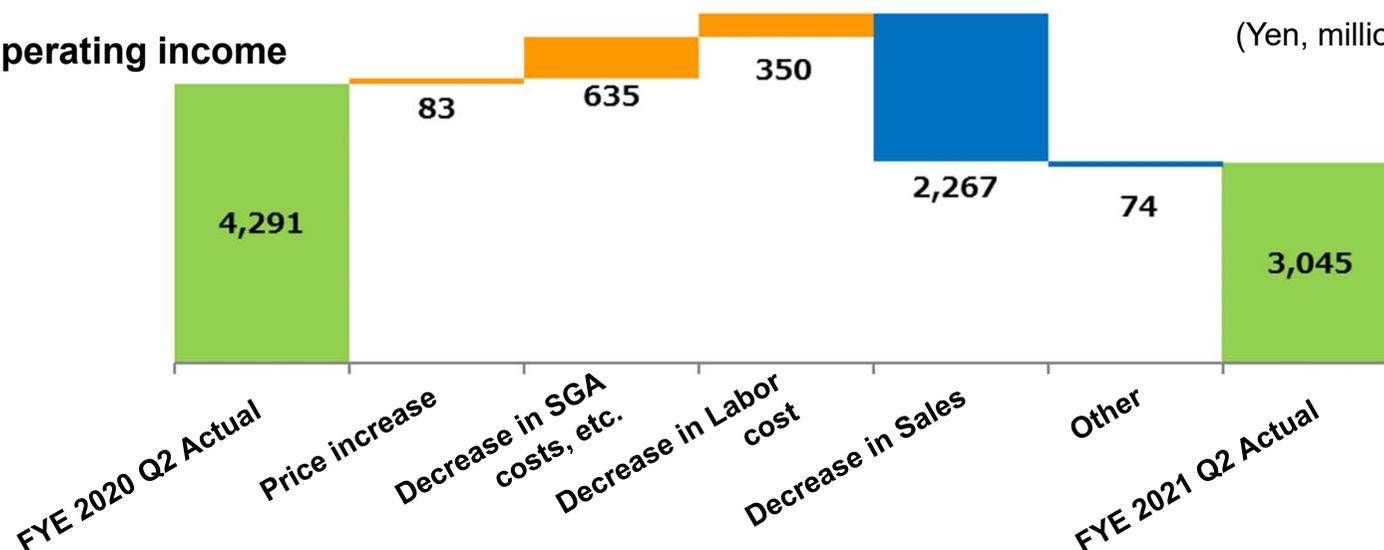
\*1: Sales figures include internal sales and transfers between segments.

(Yen, millions)

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		Q2	Q2	Inc / Dec	Forecast	Inc / Dec
Chain	Net sales <sup>*1</sup>	34,111	29,006	- 15.0%	28,000	3.6%
	Operating income	4,291	3,045	- 29.0%	2,340	30.1%
	%	12.6%	10.5%		8.4%	

Causes of change in operating income

(Yen, millions)



<Year-on-Year>

- The spread of COVID-19 impacted every region where we operate, and sales and income subsequently fell.

<Comparison with July 31 Forecast>

- Sales increased due to relatively strong sales in Japan for the food industry and slower than expected decline in the U.S. Focus on cost reduction efforts resulted in a significant increase in income.

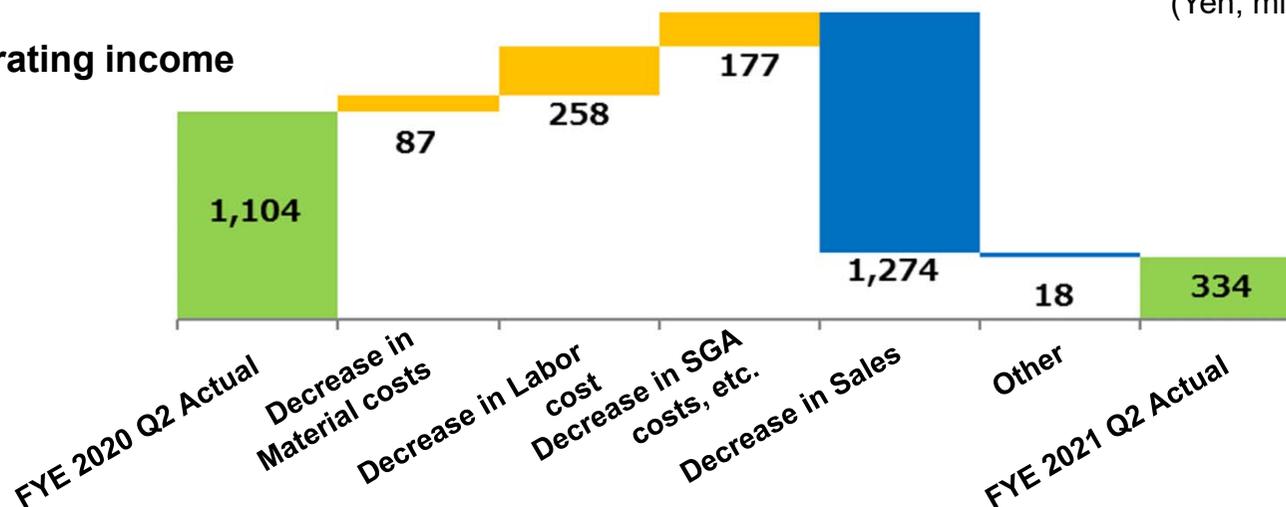
\*1: Sales figures include internal sales and transfers between segments.

(Yen, millions)

		FYE 2020	FYE 2021	YOY	Forecast (as of Jul 31, 2020)	
		Q2	Q2	Inc / Dec	Forecast	Inc / Dec
Power Transmission Units and Components	Net sales *1	12,059	9,412	- 22.0%	9,000	4.6%
	Operating income	1,104	334	- 69.7%	330	1.2%
	%	9.2%	3.6%		3.7%	

(Yen, millions)

Causes of change in operating income



<Year-on-Year>

- Sales and income declined due to the impact of the COVID-19 pandemic in Japan and the Indian Ocean Rim.

<Comparison with July 31 Forecast>

- Almost as per the previous forecast figures.

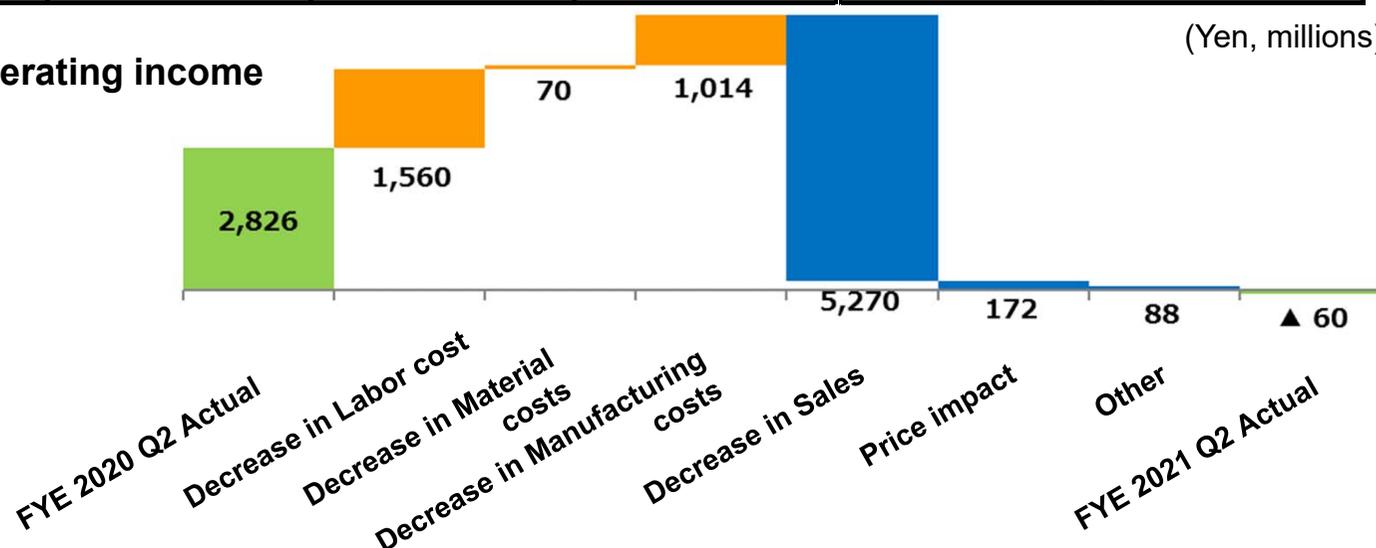
\*1: Sales figures include internal sales and transfers between segments.

(Yen, millions)

		FYE 2020	FYE 2021	YOY	Forecast (as of Jul 31, 2020)	
		Q2	Q2	Inc / Dec	Forecast	Inc / Dec
Automotive Parts	Net sales <sup>*1</sup>	36,353	23,964	- 34.1%	22,400	7.0%
	Operating income	2,826	-60	—	-550	—
	%	7.8%	—		—	

Causes of change in operating income

(Yen, millions)



<Year-on-Year>

- The spread of COVID-19 impacted every region where we operate, and sales and income subsequently fell.

<Comparison with July 31 Forecast>

- Greater than expected growth in sales volume in the Japan and US markets resulted in an increase in sales, while cost cutting efforts also contributed to reducing the deficit size.

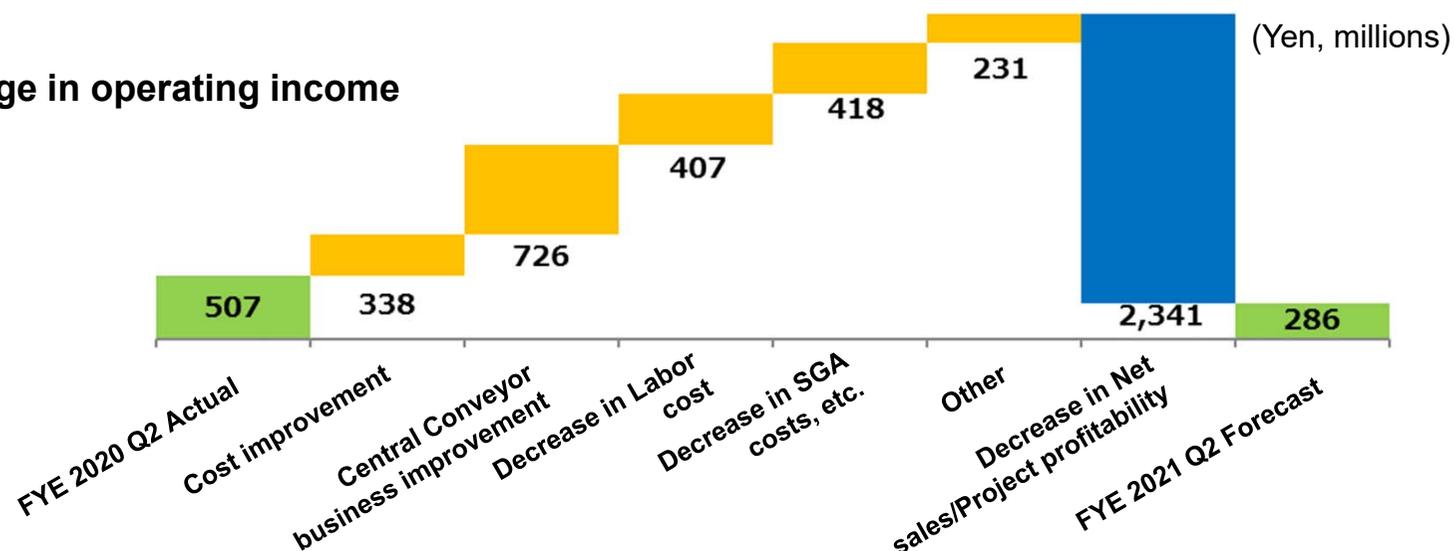
# 5. FYE 2021 Q2 Review **Materials Handling Systems Operations** 9

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

(Yen, millions)

		FYE 2020	FYE 2021	YOY	Forecast (as of Jul 31, 2020)	
		Q2	Q2	Inc / Dec	Forecast	Inc / Dec
Materials Handling Systems	Net sales *1	31,750	25,790	- 18.8%	27,900	-7.6%
	Operating income	507	286	- 43.6%	420	-31.9%
	%	1.6%	1.1%		1.5%	

**Causes of change in operating income**



<Year-on-Year>

- In Japan, even though orders for automatic sorting machines were strong, timing issues resulted in a decrease in sales. Also, although demand remained strong for bulk conveyance equipment sold by subsidiaries, this growth was not at the previous year's level, and sales and income subsequently fell. In the U.S., sales increased and the deficit narrowed due to progress on large projects.

<Comparison with July 31 Forecast>

- Sales and income declined due to an increase in construction costs on large projects in the U.S. as a result of the spread of COVID-19.

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# FYE 2021 Consolidated Forecast

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## 6. FYE 2021 Full Year Forecast

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- Even though the spread of COVID-19 continued, and sales and income declined, we were able to upwardly revise the income figures from the initial forecast thanks to our ongoing cost cutting efforts.

(Yen, millions)

	FYE 2020	FYE 2021			YOY
	Actual	1st half (Actual)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Net sales	226,423	88,472	100,528	189,000	- 16.5%
Operating income	16,146	3,042	4,958	8,000	- 50.5%
%	7.1%	3.4%	4.9%	4.2%	
Ordinary income	16,698	3,982	5,118	9,100	- 45.5%
Net income	11,576	3,090	3,610	6,700	- 42.1%
Net income per share	308.71 yen	83.49 yen	97.53 yen	181.02 yen	—
(Exchange rates 1 US\$)	108.71 yen			105.00 yen	—
(Exchange rates 1 EUR)	120.81 yen			120.00 yen	—
(Exchange rates 1 RMB)	15.77 yen			15.50 yen	—

## 8. FYE 2021 Consolidated Forecast by Operation

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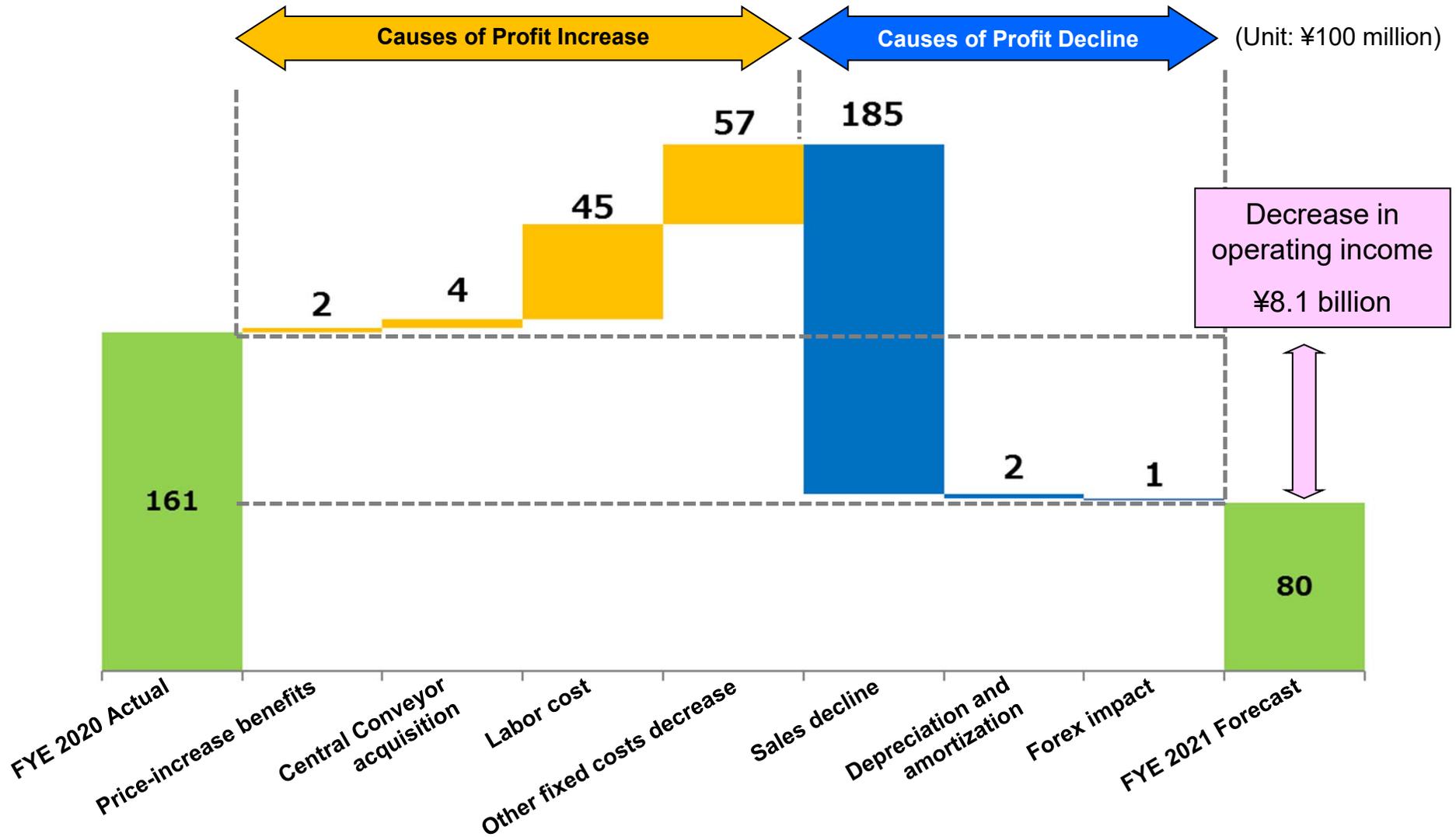
(Yen, millions)

		FYE 2020	FYE 2021			YOY
		Actual	1st half (Actual)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec
Chain	Net sales <sup>*1</sup>	67,526	29,006	30,394	59,400	- 12.0%
	Operating income	8,406	3,045	3,045	6,090	- 27.6%
	%	12.4%	10.5%	10.0%	10.3%	
Power Transmission Units and Components	Net sales <sup>*1</sup>	23,813	9,412	10,088	19,500	- 18.1%
	Operating income	2,189	334	496	830	- 62.1%
	%	9.2%	3.6%	4.9%	4.3%	
Automotive Parts	Net sales <sup>*1</sup>	70,949	23,964	31,706	55,670	- 21.5%
	Operating income	5,791	-60	2,500	2,440	- 57.9%
	%	8.2%	—	7.9%	4.4%	
Materials Handling Systems	Net sales <sup>*1</sup>	64,212	25,790	28,660	54,450	- 15.2%
	Operating income	647	286	-46	240	- 62.9%
	%	1.0%	1.1%	▲ 0.2%	0.4%	
Other <sup>*2</sup>	Net sales <sup>*1</sup>	3,542	1,880	1,550	3,430	- 3.2%
	Operating income	20	-171	-230	-400	—
	%	0.6%	—	—	—	

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

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

■ FYE 2020 Actual vs. FYE 2021 Forecast



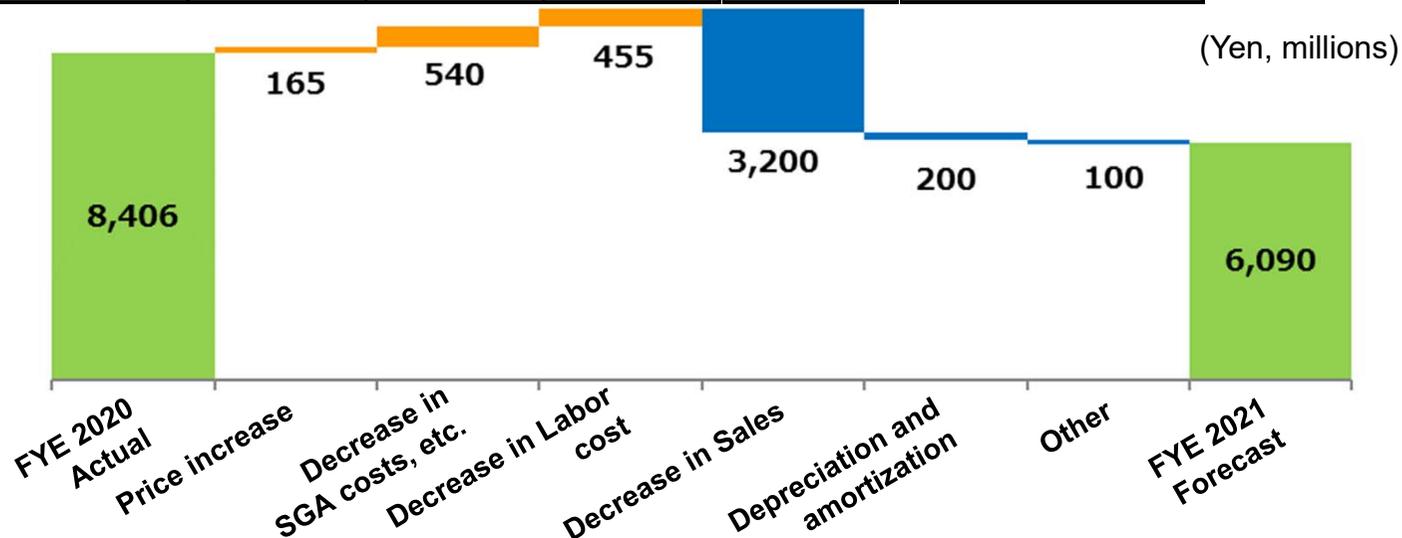
# 8. FYE 2021 Chain Operations Forecast

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

(Yen, millions)

		FYE 2020	FYE 2021			YOY	Forecast (as of Jul 31, 2020)
		Actual	1st half (Actual)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec	Inc / Dec
Chain	Net sales*1	67,526	29,006	30,394	59,400	- 12.0%	2.1%
	Operating income	8,406	3,045	3,045	6,090	- 27.6%	24.3%
	%	12.4%	10.5%	10.0%	10.3%		

## Causes of change in operating income



### <Year-on-Year>

- Due to the ongoing spread of COVID-19, we do not expect a strong recovery in demand and expect a decline in revenue and income as a result.

### <Comparison with July 31 Forecast>

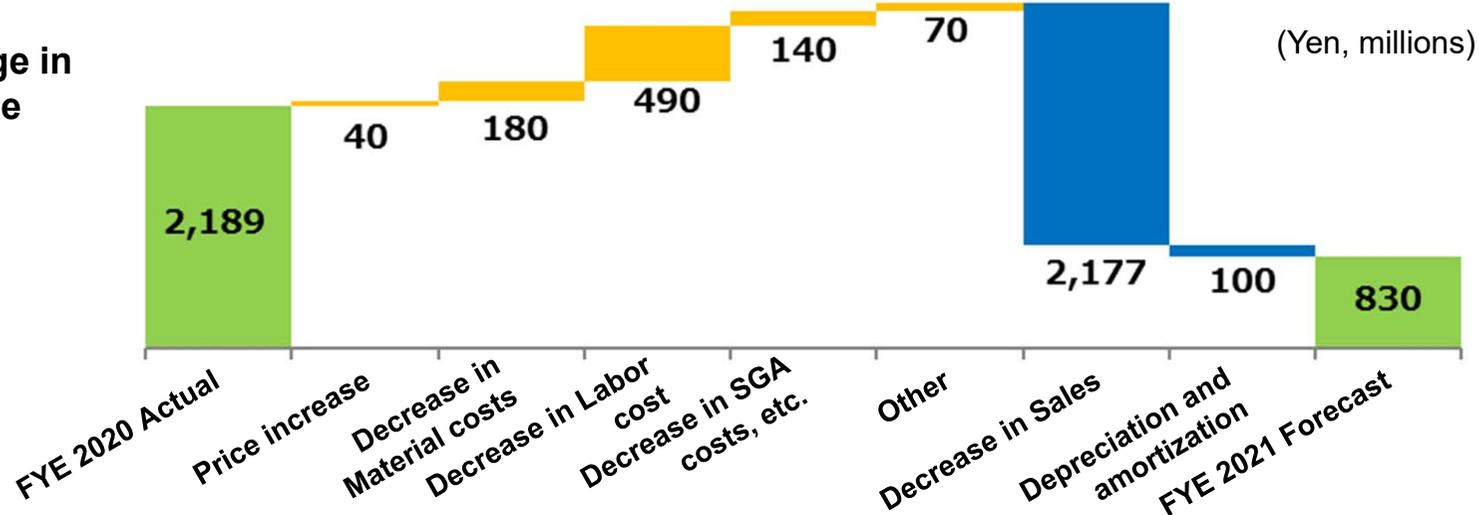
- Although expenses are rising as sales recover, we continue to focus on cost reduction. We have upwardly revised both sales and income.

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

(Yen, millions)

		FYE 2020	FYE 2021			YOY	Forecast (as of Jul 31, 2020)
		Actual	1st half (Actual)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec	Inc / Dec
Power Transmission Units and Components	Net sales*1	23,813	9,412	10,088	19,500	- 18.1%	4.3%
	Operating income	2,189	334	496	830	- 62.1%	1.2%
	%	9.2%	3.6%	4.9%	4.3%		

**Causes of change in operating income**



<Year-on-Year>

- Sales and income are expected to decline due to weak demand in Japan and continued weak sales of cam clutches for motorcycles in India.

<Comparison with July 31 Forecast>

- Almost as per the previous forecast figures.

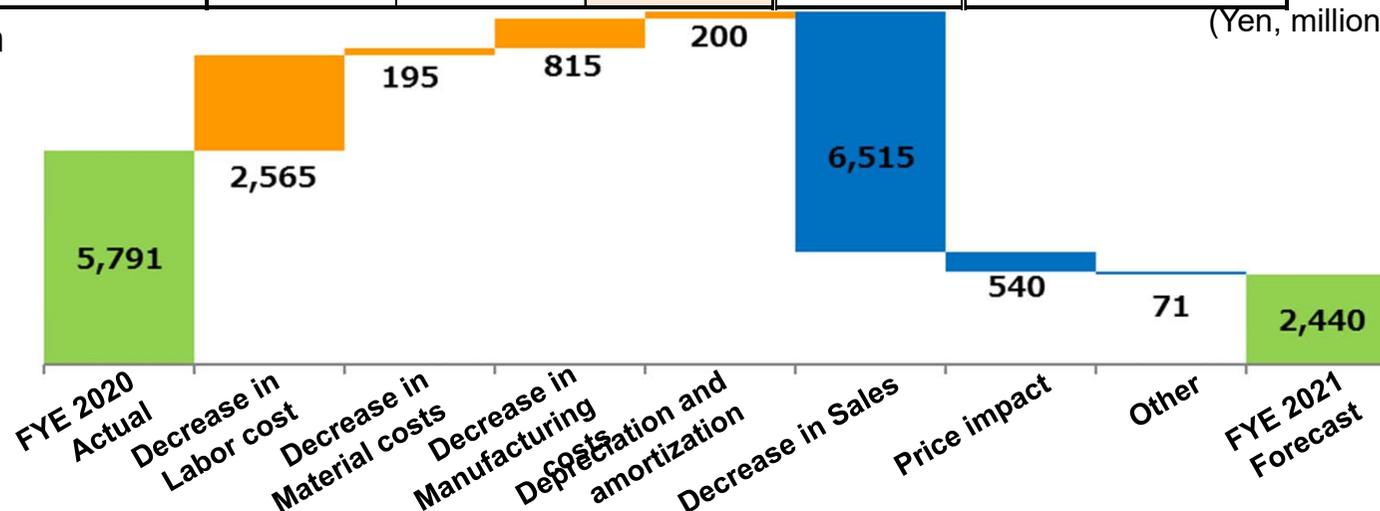
\*1: Sales figures include internal sales and transfers between segments.

(Yen, millions)

		FYE 2020	FYE 2021			YOY	Forecast (as of Jul 31, 2020)
		Actual	1st half (Actual)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec	Inc / Dec
Automotive Parts	Net sales <sup>*1</sup>	70,949	23,964	31,706	55,670	- 21.5%	8.7%
	Operating income	5,791	-60	2,500	2,440	- 57.9%	60.5%
	%	8.2%	—	7.9%	4.4%		

### Causes of change in operating income

(Yen, millions)



#### <Year-on-Year>

- Sales and income are expected to decline due to a 30% drop in global unit sales compared to the previous year as a result of the spread of COVID-19.

#### <Comparison with July 31 Forecast>

- In addition to a strong trend toward recovery compared to the initial forecast figures, we continue to focus on cost cutting efforts, and have upwardly revised both sales and income as a result.

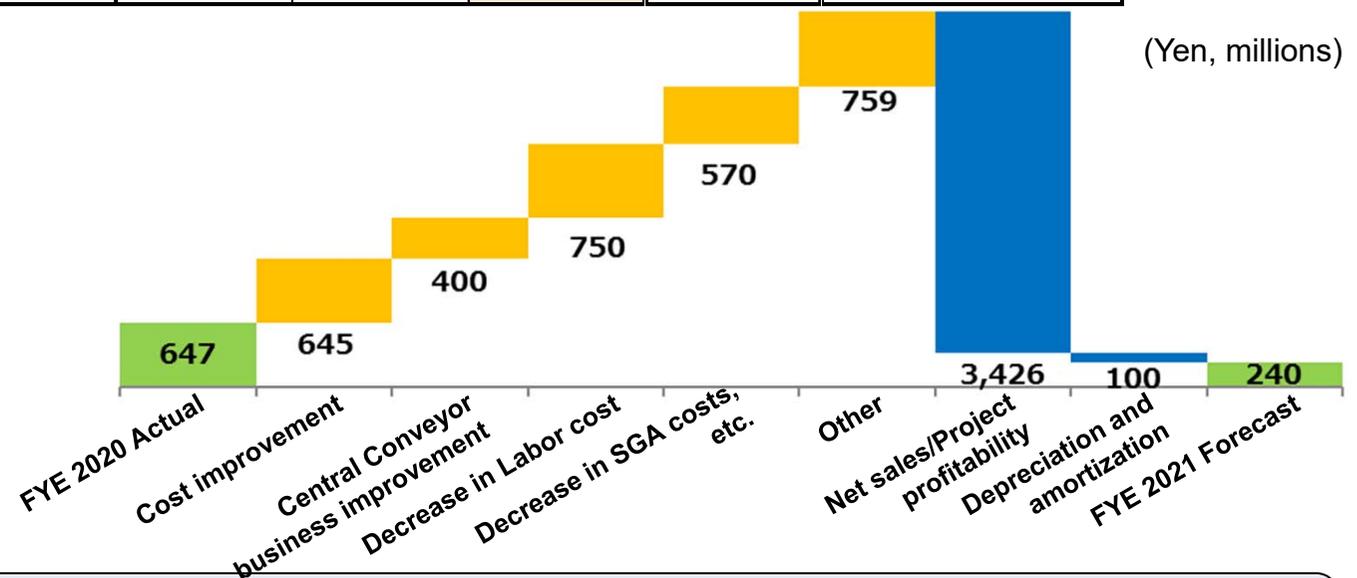
# 8. FYE 2021 Materials Handling Systems Operations Forecast 17

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

(Yen, millions)

		FYE 2020	FYE 2021			YOY	Forecast (as of Jul 31, 2020)
		Actual	1st half (Actual)	2nd half (Forecast)	Full year (Forecast)	Inc / Dec	Inc / Dec
Materials Handling Systems	Net sales <sup>*1</sup>	64,212	25,790	28,660	54,450	- 15.2%	-11.5%
	Operating income	647	286	-46	240	- 62.9%	-68.0%
	%	1.0%	1.1%	0%	0.4%		

## Causes of change in operating income



### <Year-on-Year>

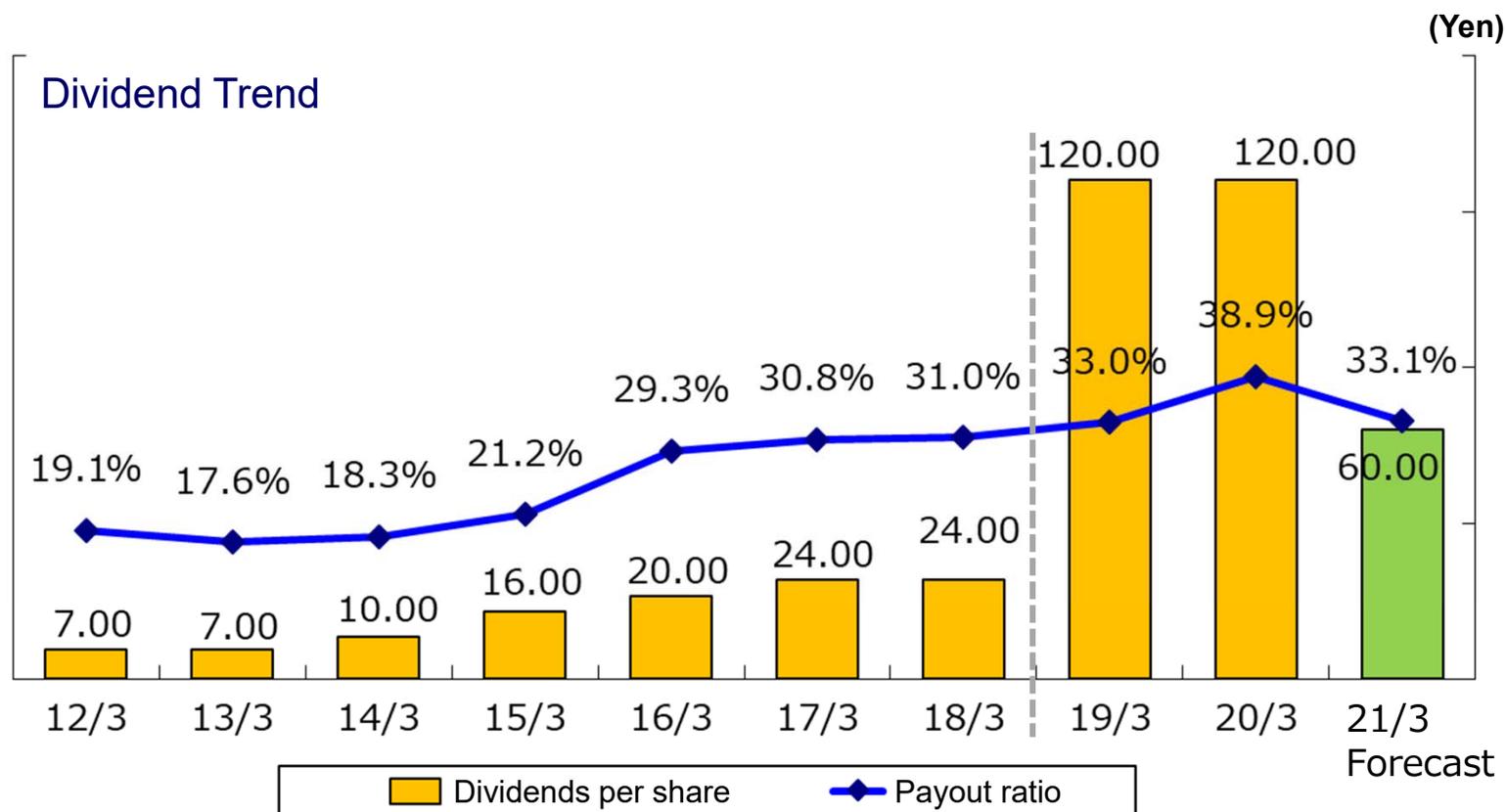
- Even though there was strong demand for automatic sorting machines in Japan, the number of projects booked in this period fell. Although demand remained strong for bulk conveyance equipment sold by subsidiaries, sales did not reach the previous year's level, and subsequently we forecast a decrease in sales and income.

### <Comparison with July 31 Forecast>

- Profitability of large projects in the U.S. deteriorated due to the impact of COVID-19 and both sales and income were revised downward as a result.

## ■ Dividend policy

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



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

**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.**