

April 6, 2015

# Supplemental Earnings Announcement Information for the Third Quarter of the Fiscal Year Ending May 31, 2015

 **SankyoTateyama, Inc.**

## 1. Performance for the third quarter of the fiscal year ending May 31, 2015

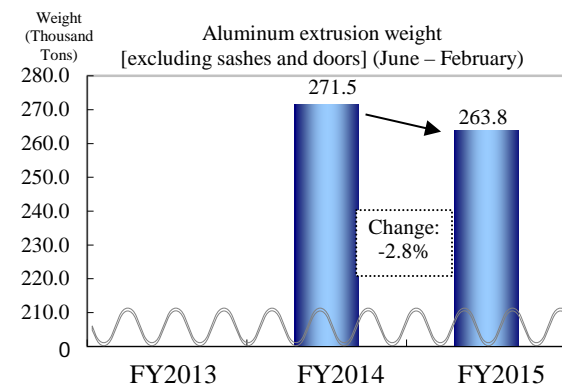
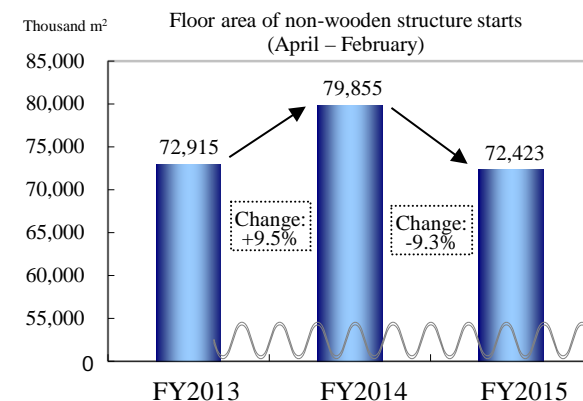
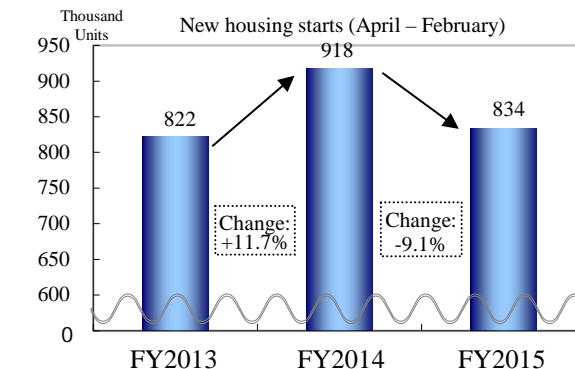
- ◆ 1-1. Business environment
- ◆ 1-2. Business results
- ◆ 1-3. (Year-on-year) sales and operating income
- ◆ 1-4. Initiatives by segment

## 2. Topics

- ◆ 2-1. **Completion of acquisition of extrusions business from Aleris and consolidation of Thai Metal**
- ◆ 2-2. **Sankyo Alumi opens “Capital Area Showroom”**
- ◆ 2-3. **Sankyo Material exhibits at the “3rd International Wind Energy Expo & Conference”**
- ◆ 2-4. **Tateyama Advance begins sales of “POSTAND Slim-type Stand Sign”**

## ◇Market environment

Market environment	FY2013	FY2014	FY2015
New housing starts (April – February) <small>*Construction Materials Business (Residential) Index</small>	822 thousand units	918 thousand units (+11.7% YoY)	834 thousand units (-9.1% YoY)
Floor area of non-wooden structure starts (April – February) <small>*Construction Materials Business (Buildings) Index</small>	72,915 thousand m <sup>2</sup>	79,855 thousand m <sup>2</sup> (+9.5% YoY)	72,423 thousand m <sup>2</sup> (-9.3% YoY)
Aluminum extrusion weight [excluding sashes and doors] (June – February) <small>*Materials Business Index</small>	<small>*No continuity up to FY2012</small>	271.5 thousand tons	263.8 thousand tons (-2.8% YoY)
Aluminum bullion [Nikkei average] (June – February)	213.7 yen / kg	238.6 yen / kg (+10.4% YoY)	299.9 yen / kg (+20.4% YoY)



Although public investment was on a rising trend due to the economic measures of the government, the economy remained weak due to low consumer spending after the consumption tax increase.

Construction Materials	In the construction materials market, a decreasing trend in the number of new housing starts continued due to factors such as persistently low demand after the consumption tax increase.
Materials	In the aluminum extrusion and billet market, demand trends were solid in the transport and general machinery areas.
Commercial Facilities	In the commercial facilities market, demand trends were solid for new store openings and renovations of convenience stores, etc.
Aluminum Bullion	In addition to lower production at aluminum refineries and a worldwide surge in demand for aluminum, the weaker yen caused a continued rise in aluminum prices.

# 1-2. Q3 FY2015 Business results

(Units: Billions of yen)

	Q3 FY2014	Q3 FY2015	YoY	
			Change	%
Net sales	212.3	212.4	0	0.0%
Gross profit	55.1	50.4	-4.7	-8.6%
Gross profit margin	26.0%	23.7%	-	-2.2p
Operating income	12.0	7.5	-4.4	-36.9%
Operating income margin	5.7%	3.6%	-	-2.1p
Ordinary income	11.1	6.9	-4.2	-37.8%
Net income	8.2	5.9	-2.3	-28.0%

\*Amounts and percentages are rounded down.

<Net sales> Although revenues were down in the Construction Materials Business, revenues increased in the Materials Business and the Commercial Facilities Business, causing a 0.0% year-on-year increase overall.

•Construction Materials Business Despite progress in strengthening the sales network, capturing demand for renovations via product proposals for remodeling, and sales promotion measures such as the opening of a showroom in the Capital Area, factors such as a continued decrease in the number of new housing starts and rising aluminum bullion prices due to a weaker yen caused a year-on-year decrease of 4.7%.

•Materials Business Factors such as the aggressive capturing of solid demand in the areas of transport and general machinery caused a year-on-year increase of 16.2%.

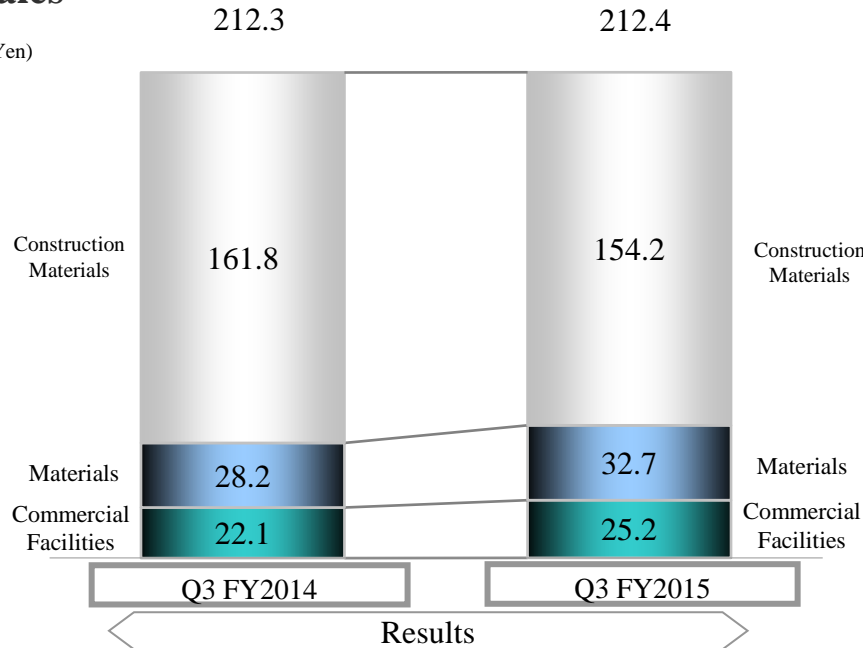
•Commercial Facilities Business Factors such as the aggressive capturing of demand for new store openings and renovations of specialized retailers including convenience stores and drugs stores caused a year-on-year increase of 14.1%.

<Operating income> Factors such as lower sales in the Construction Materials Business against a backdrop of fewer new housing starts and rising aluminum bullion prices caused a year-on-year decrease of 36.9%.

# 1-3. Q3 FY2015 (Year-on-year) sales and operating income

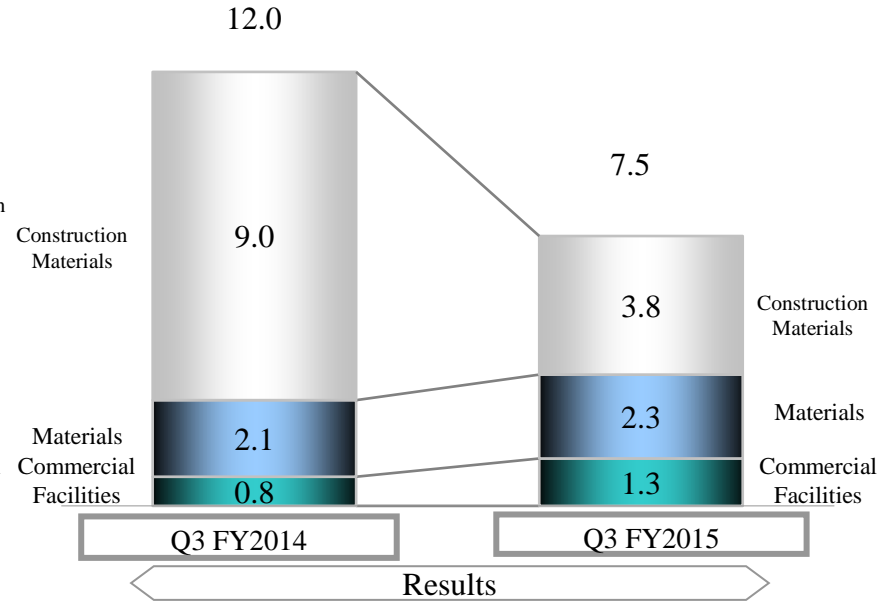
## Net sales

(Units: Billions of Yen)

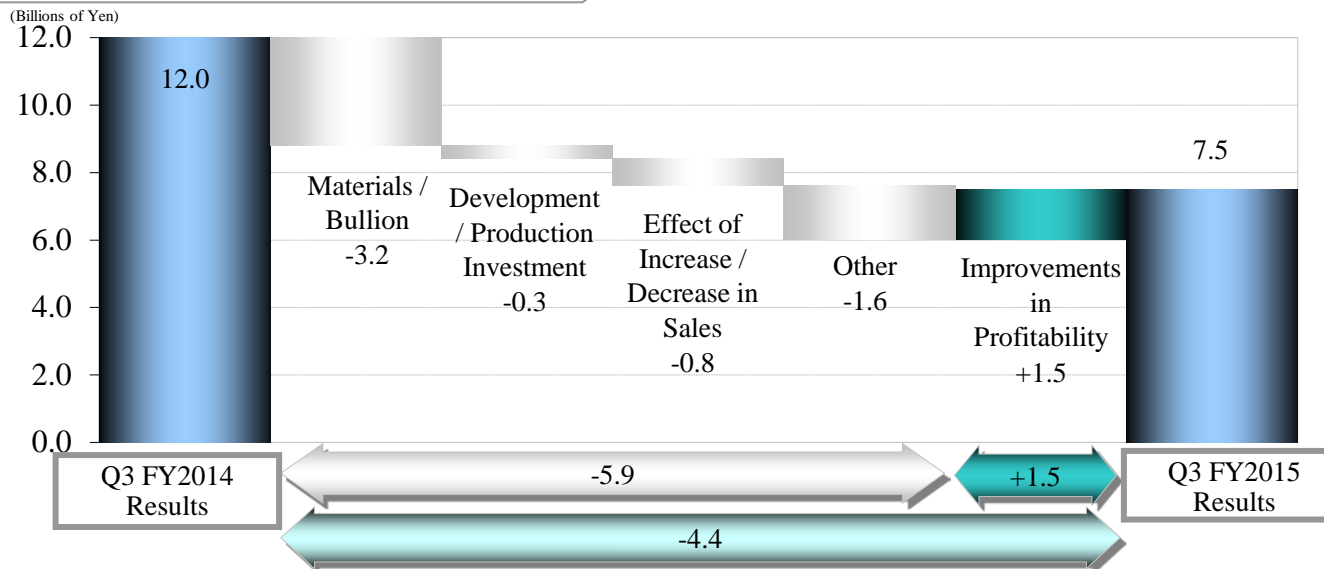


## Operating income

(Units: Billions of Yen)



## Breakdown of changes in operating income



\*Amounts are rounded down

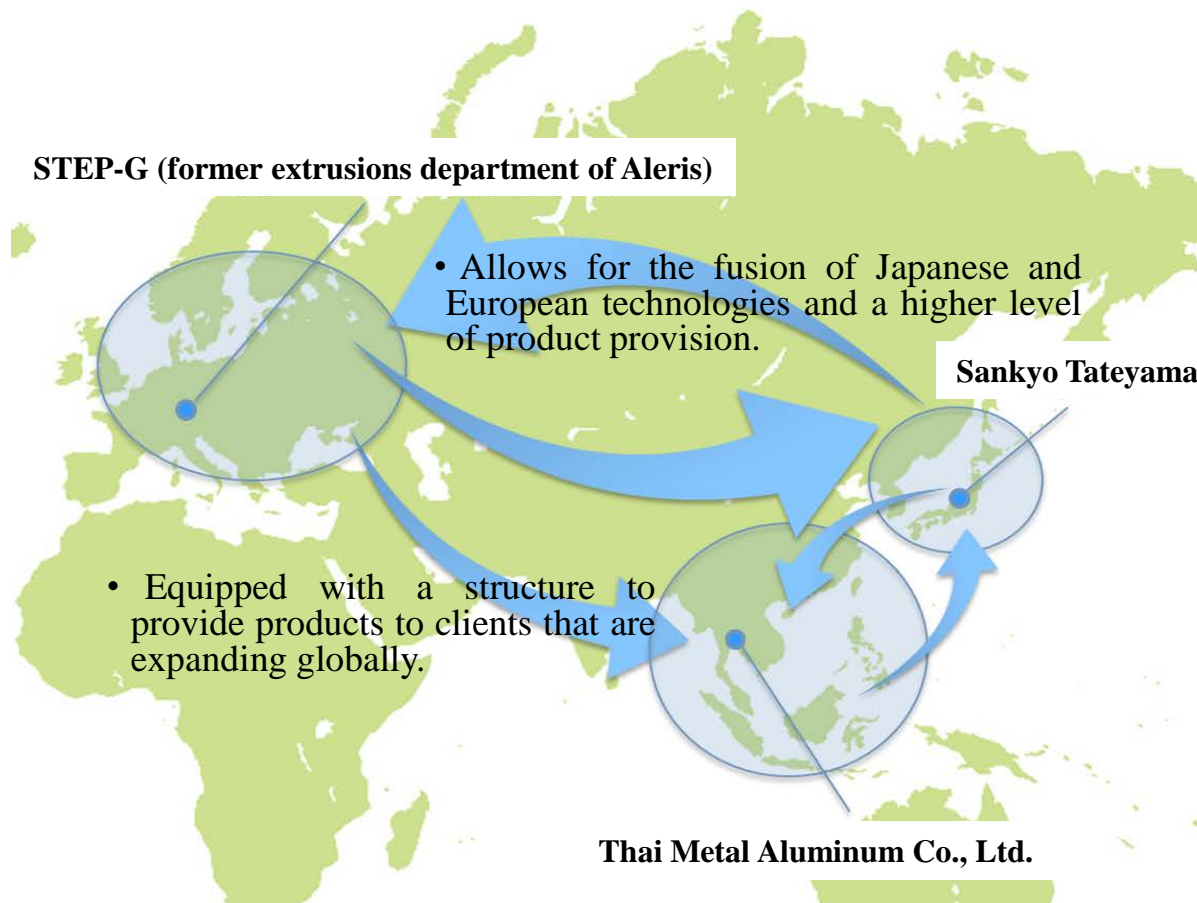
# 1-4. FY2015 Initiatives by segment

In addition to steady measures and investment toward **VISION-2020**, Sankyo Tateyama will move to reliably secure sales opportunities and advance the establishment of a more flexible revenue and profit structure, flexibly adapting to changes in the environment such as a higher consumption tax and changes in exchange rates.

Segment	Item	Summary
Construction Materials Business	Strengthen sales foundation	Promote area strategy, strengthen agency sales support structure Product development that has competitiveness
	Aggressive stance in growth areas	Strengthen renovation and reform proposal abilities, promote competitive commodification Strengthen overseas sales abilities and product competitiveness, improve productivity
	Seek to reduce costs	Reconstruct production lines and promote reduction of costs via thorough optimization
Materials Business	Sales expansion and foundation establishment	Strengthen acquisition of properties by participating from the planning and design stage Improve revenues and profits through sales expansion that selects target products in a team structure Strengthen foundation and expand sales via creation of synergies with Group subsidiaries
	Overseas expansion	Measures aiming to establish local supply structures at an early stage and expansion of overseas sales
Commercial Facilities Business	Strengthen strategy and business foundation	Sales expansion with capturing retail chain headquarters as the primary axis, increased activity in new product releases Continued promotion of higher efficiency and speed in operations, quality improvement, and stronger cost competitiveness
	Promote overseas business	Create trustful relationships by supporting overseas expansion of Japanese retail companies and expand business opportunities both in the domestic and overseas markets Expand businesses in North American and the ASEAN region through use of the production and sales base in Shanghai

Procedures regarding the acquisition of the extrusions business from Aleris International, Inc. were completed on March 1, 2015, and procedures regarding the consolidation of Thai Metal Aluminum Co., Ltd. were completed on March 2, 2015.

As a result, the Company is now equipped with a foundation for business expansion that leverages the strengths of the Japan, Europe, and ASEAN regions.



Corporate earnings and financial position for the three most recent years of Aleris International, Inc.

Units: Millions of Dollars

Fiscal year	2011	2012	2013
Total assets	—	133.1	141.8
Net sales	410.3	357.4	355.2
EBITDA after segment adjustments	7.9	13.8	11.0

- Total assets for FY2011 are not disclosed.
- Financial information of the extrusions business are subject to nondisclosure agreements with Aleris International, Inc. and other parties, and cannot be disclosed. Please note that the above financial information is based upon information disclosed by the Aleris Group, and is not information of the specific business acquired by the Company.

Corporate earnings and financial position for the three most recent years of Thai Metal Aluminium Co., Ltd.

Units: Millions of Yen

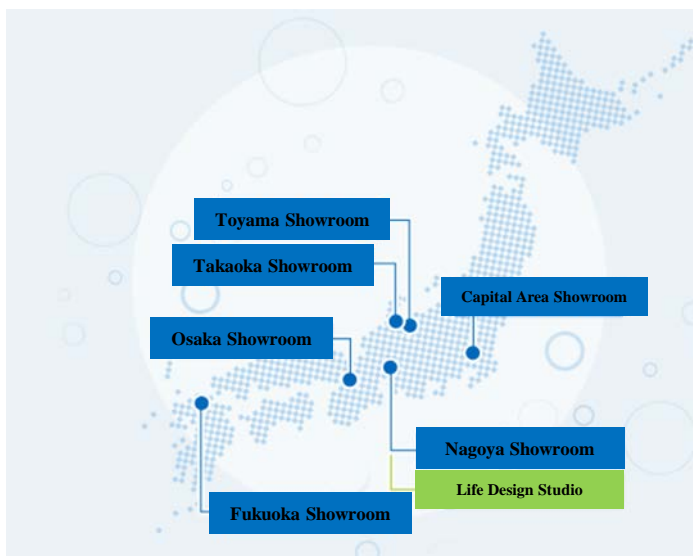
Fiscal year	2011	2012	2013
Total assets	6,354	7,384	7,657
Net sales	7,705	9,424	8,826

- Amounts are translated at the rate of 1 Thai Baht = 3.6 Yen, the exchange rate as of January 5, 2015.
- As Thai Metal Aluminium Co., Ltd. is a newly established company, total assets and net sales shown in the above table are for Thai Metal Co., Ltd., of which the entire business was acquired. Additionally, income information is not disclosed as it is subject to a nondisclosure agreement with Thai Metal Co., Ltd. and it may differ from figures under Japanese accounting standards subsequent to its status as a consolidated subsidiary of the Company.

\* The raising of funds via borrowings for the acquisition of the extrusions business of Aleris International, Inc. and the consolidation of Thai Metal Aluminium Co., Ltd. have been completed.



# 2-2. Sankyo Alumi opens “Capital Area Showroom”



[Capital Area Showroom]  
 Address: 9F, Nishishinjuku KS Building  
 3-6-11 Nishishinjuku, Shinjuku-ku, Tokyo  
 Floor area: Approximately 600m<sup>2</sup>  
 Displayed products: 129 residential sashes, 89 front doors, 55 interior construction materials, 18 exterior products, etc.  
 Opened: February 6, 2015  
 \*The Company now has six showrooms across Japan.



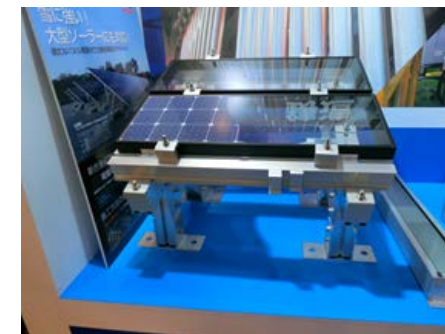
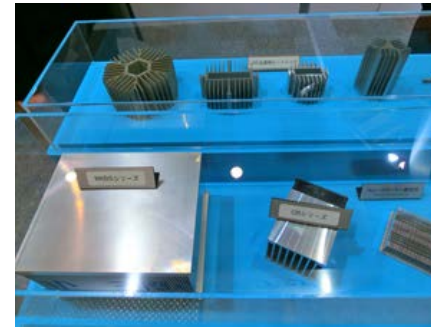
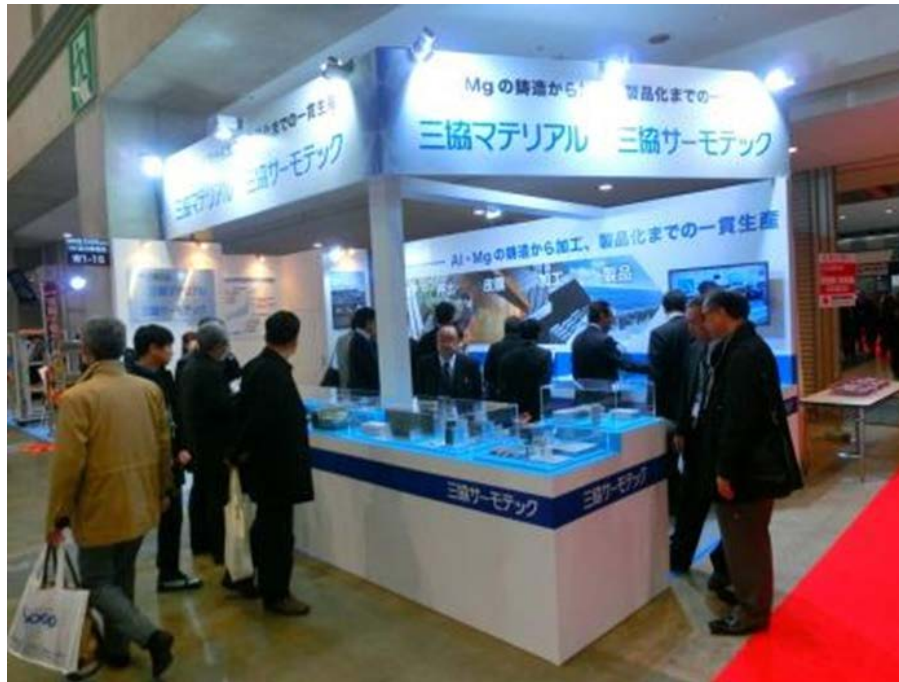
The Capital Area Showroom is constructed of “Study Zones” that allow for study of homebuilding from seven different perspectives, such as ventilation, light, and heat, and a “School Zone” which allows for study of how to select windows, enabling visitors to experience and learn of the functions served by “windows” and “doors.”

Contractors, agents, and retailers can visit the showroom along with their clients to see the actual products, and also use it as an area to have meetings.



## Exhibiting at WIND EXPO 2015, the 3rd International Wind Energy Expo & Conference

**Sankyo Material and Sankyo Thermo-Tech display the “Heat Sink,” “Wind Energy Generation Blade,” and “Sun Stage” solar energy generation panel frame**



### ◆ International Wind Energy Expo & Conference

The largest international expo & conference for wind energy in Japan, quality companies from around the world exhibit all types of products and technologies for wind energy generation, from raw materials, devices, and related services, to windmills.

Combined with the eight exhibits operating concurrently, approximately 72,000 visitors attend over a three day period.

**Standard poster size compatible slim-type stand sign that can be placed outdoors**

—— **Various types of media can be used, such as film and paper**

Internally-lit aluminum stand sign that utilizes a newly-designed edge-type LED as its lighting source. Three types are available, and the display areas are compatible with standard poster sizes (B1, A1, B2).



[Notes regarding these documents]

The content of these documents contains forward-looking statements including plans, strategies, and business results of Sankyo Tateyama, Inc. and its consolidated subsidiaries (hereinafter collectively the “Sankyo Tateyama Group”). These statements are based upon assumptions and decisions of the Sankyo Tateyama Group that have been derived from information available as of the time of writing, and include foreseeable and unforeseeable risks, uncertainties, and other factors. Due to these effects, the actual business results, business activities, and financial conditions of the Sankyo Tateyama Group may vary significantly from these forward-looking statements. Additionally, the Sankyo Tateyama Group may not necessarily revise its forward-looking statements due to new information, future events, or other reasons. Risks, uncertainties, and other factors that may have a material effect on the actual business results and others of the Sankyo Tateyama Group may include, but are not limited to, economic conditions in the business areas in which it operates, changes in demand trends and intensified price competition for the products and services of the Sankyo Tateyama Group, or price fluctuations of items such as aluminum bullion.

Reproduction or retransmission of these documents are prohibited.