

January 8, 2016

Supplemental Earnings Announcement Information for the Second Quarter of the Fiscal Year Ending May 31, 2016



1. Performance for the second quarter of the fiscal year ending May 31, 2016

- ◆ 1-1. Business environment
- ◆ 1-2. Business results
- ◆ 1-3. (Year-on-Year) sales and operating income
- ◆ 1-4. (Compared to the initial plan) sales and operating income
- ◆ 1-5. Revision of the full-year performance forecast
- ◆ 1-6. Initiatives by segment

2. Topics

- ◆ 2-1. Sankyo Alumi began sales of “ALGEO” on October 30
- ◆ 2-2. Sankyo Alumi’s products are used for award-winning works at “Energy Management House 2015”
- ◆ 2-3. Sankyo Alumi’s “ARM-S@NAV” wins “Governor of Toyama Award” for Chubu Region Invention Award
- ◆ 2-4. Sankyo Alumi holds the “Exterior Design Contest 2015”
- ◆ 2-5. Sankyo Material released plant factory racks “AI Farm” on October 30
- ◆ 2-6. Tateyama Advance exhibits at the “Sign & Display Show”
- ◆ 2-7. Global business: completion ceremony of the new factory “Sankyo Tateyama Alloy Thailand”
- ◆ 2-8. Global business: exhibits at Thai Metal Aluminium’s booth in the “Baan Lae Suan Fair 2015”
- ◆ 2-9. Sankyo Alumi holds events for elementary school children (Woman Promoting WG's activities)
- ◆ 2-10. Sankyo Alumi holds events for university students (Woman Promoting WG's activities)
- ◆ 2-11. Sankyo Tateyama holds “Twin-Leaf Afforestation” tree-planting activities

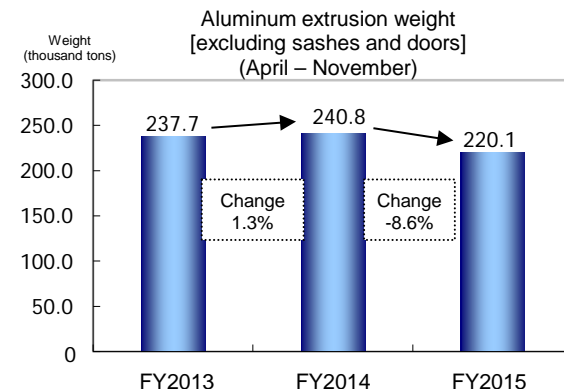
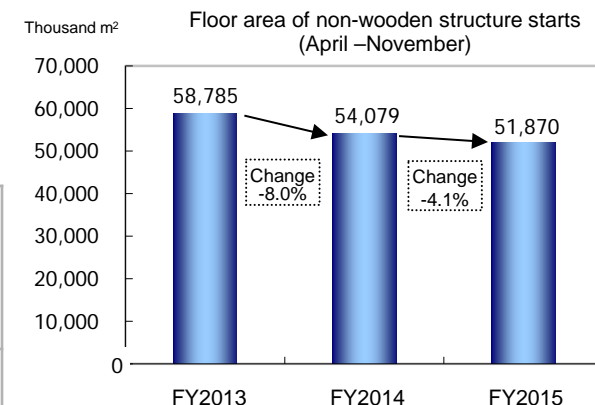
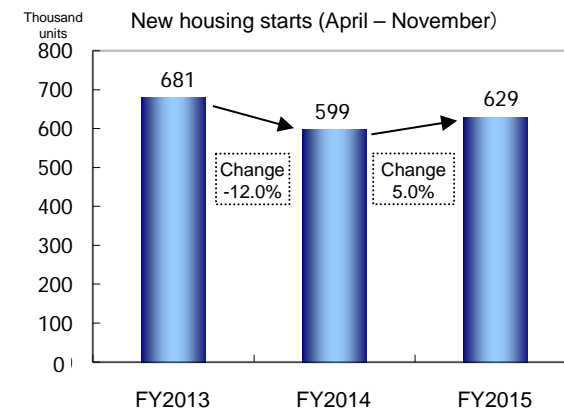
◇Market environment

Market environment	FY2013	FY2014	FY2015
New housing starts (April - November) *Construction Materials Business (Residential) Index	681 thousand units	599 thousand units (-12.0% YoY)	629 thousand units (+5.0% YoY)
Floor area of non-wooden structure starts (April - November) *Construction Materials Business (Buildings) Index	58,785 thousand m ²	54,079 thousand m ² (- 8.0% YoY)	51,870 thousand m ² (- 4.1% YoY)
Aluminum extrusion weight [excluding sashes and doors] (April - November) *Material Business Index	237.7 thousand tons	240.8 thousand tons (+1.3% YoY)	220.1 thousand tons (-8.6% YoY)
Aluminum bullion [Nikkei average] (April - November)	238.7 yen / kg	283.8 yen / kg (+18.9% YoY)	265.1 yen / kg (-6.6% YoY)

During the second quarter of the current consolidated fiscal year, the Japanese economy progressed on a gradual recovery trajectory, showing improvements in corporate profits and the employment situation.

On the other hand, due to factors such as domestic personal consumption that lacks strength for full recovery and the effects of economic downturn in China and emerging countries, the future of the economy remained uncertain.

Construction Materials Business	The new housing market recovered from the reactionary drop in demand after the consumption tax hike, with a year-on-year net sales increase. The new buildings market was weak with a year-on-year decrease in floor area of non-wooden structure starts.
Materials Business	Although the transport and the general machinery areas saw strong demand, the overall business remained weak due to a drop in demand for electronics equipment and others.
Commercial Facilities Business	Investments in retail store openings and remodeling, including convenience stores and consumer electronics chains, were restrained.
Global Business	The Thai economy slowed down with sluggish personal consumption due to climate factors. The European economy stagnated and competition in the transport area was intensified.
Aluminum Bullion	Since December 2014, the aluminum bullion market has continued to remain low.



1-2. Q2 FY2016 Business results

(Billions of yen)

	Q2 FY2015 results	FY2016 initial plan	Q2 FY2016 results	Year on year		Compared to the initial plan	
				Change	%	Change	%
Net sales	142.8	175.0	167.9	25.0	17.6%	-7.0	-4.0%
Gross profit	35.5	-	35.3	-0.2	-0.7%	-	-
Gross profit margin	24.9%	-	21.0%	-	-3.9p	-	-
Operating income	6.6	3.5	2.2	-4.4	-66.1%	-1.2	-35.3%
Operating income margin	4.7%	2.0%	1.3%	-	-3.4p	-	-0.8p
Ordinary income	6.2	3.0	1.6	-4.5	-73.2%	-1.3	-44.5%
Net income attributable to the parent company	4.8	1.0	0	-4.7	-98.0%	-0.9	-90.4%

* Amounts and rates are rounded down.

<Net sales> While revenues in the construction materials business and the materials business increased, revenues in the commercial facilities business decreased. Adding the global business from this fiscal year, overall net sales increased by 17.6% year on year.

Construction
Materials Business

Despite the affect of reactionary decrease in sales after soaring demand from snow damage last year, with an improvement in the number of new housing starts and others, net sales increased by 0.2% year on year.

Material Business

Due to factors such as the aggressive capturing of demand in the areas of transport and general machinery, consolidated net sales of Sankyo Thermo-Tech, Inc., which became a subsidiary in September 2014, increased 6.5% year on year.

Commercial
Facilities Business

Although we promoted proposal-based sales to expand orders for new retail store openings and remodeling, due to factors such as a decrease in demand owing to restrained capital investment by convenience stores and consumer electronic chains, net sales decreased by 3.5% year on year.

Global Business

Despite the aggressive capturing demand in the areas of transport and profiles, due to factors such as economic stagnation in Europe and economic downturn in Thailand, net sales were recorded at 24.179 billion yen.

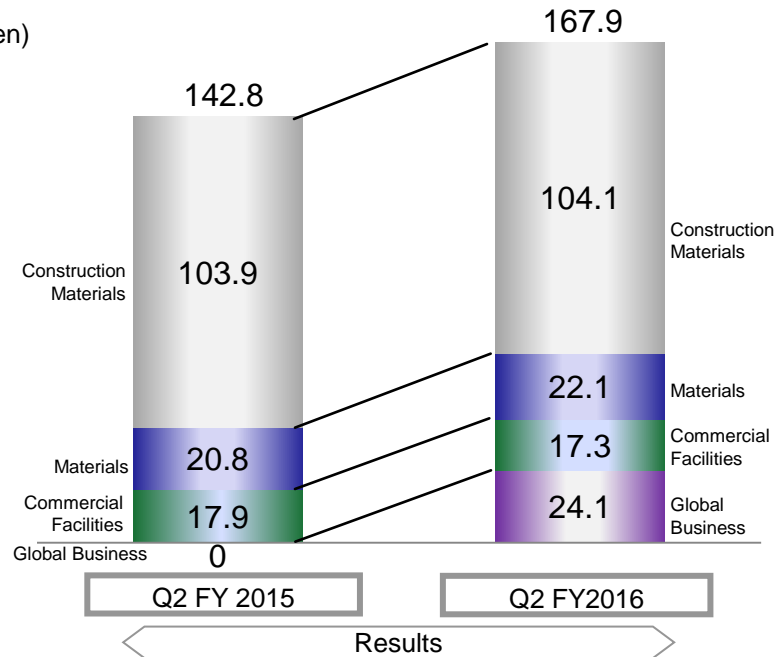
<Operating income>

Due to factors such as the effect of high level of prices of aluminum bullion in the construction materials business, and the significant effect of economic downturn in Europe and Thailand in the global business, the operating income decreased by 66.1% year on year.

1-3. Q2 FY2016 (Year on year) sales and operating income

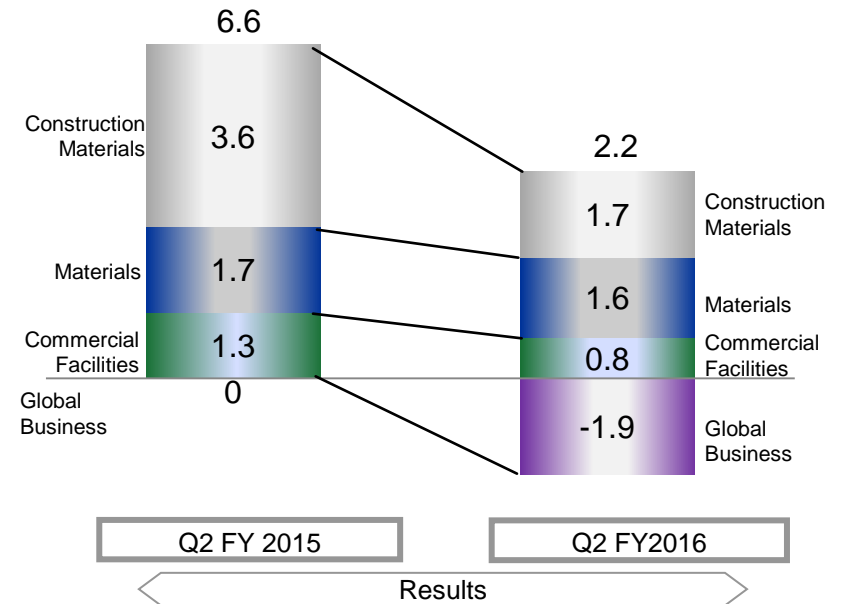
Net sales

(billions of yen)

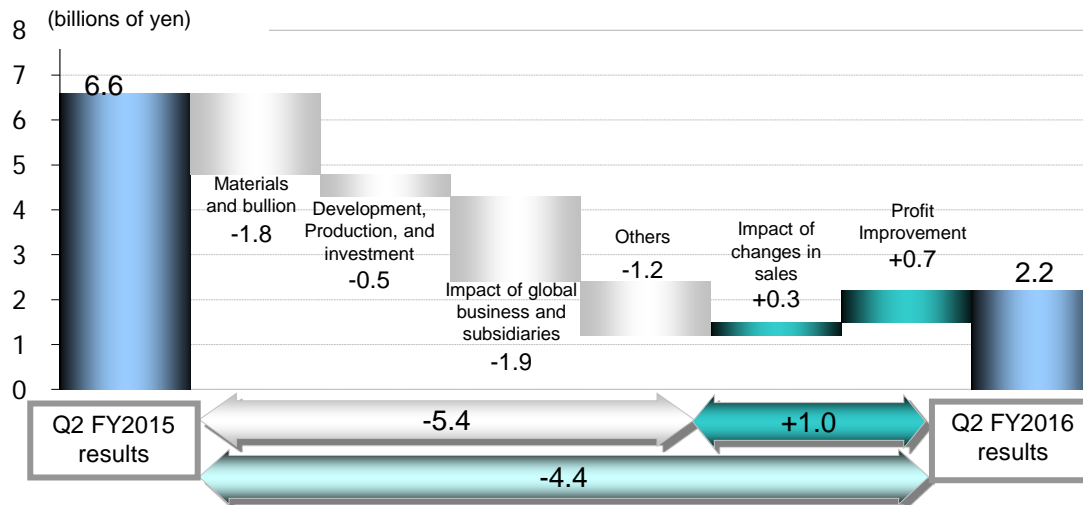


Operating income

(billions of yen)



Breakdown of changes in operating income



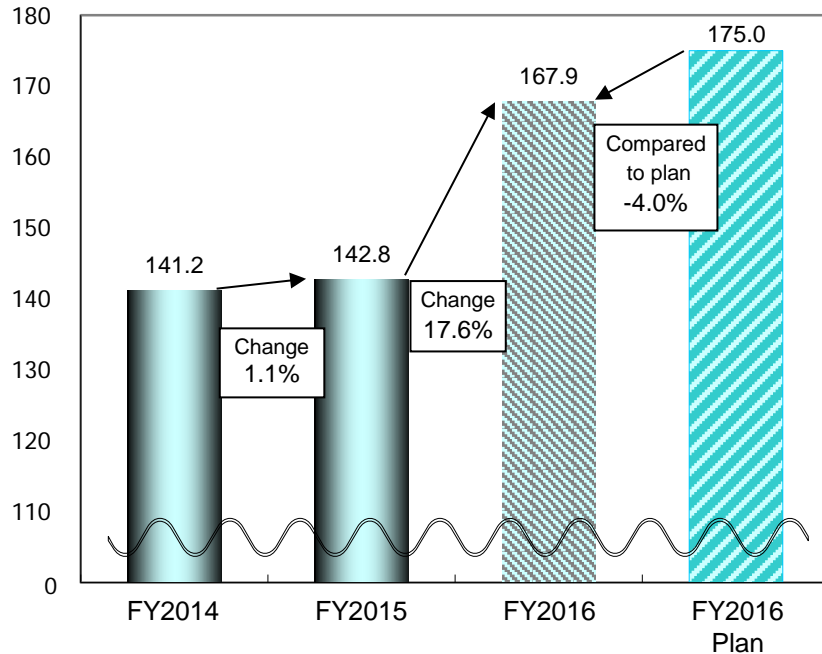
[Breakdown] (billions of yen)
 <Impact of global business and subsidiaries>
 Impact of exchange -0.1
 Employment adjustment -0.7
 SG&A expenses and others -0.6
 Depreciation of goodwill -0.5
 <Others>
 Retirement benefits expenses +0.1
 Variance to inventory valuation -0.1
 Depreciation of goodwill -0.1
 SG&A expenses and others -1.1

*Amounts are rounded down

1-4. Q2 FY2016 (compared to the initial plan) sales and operating income

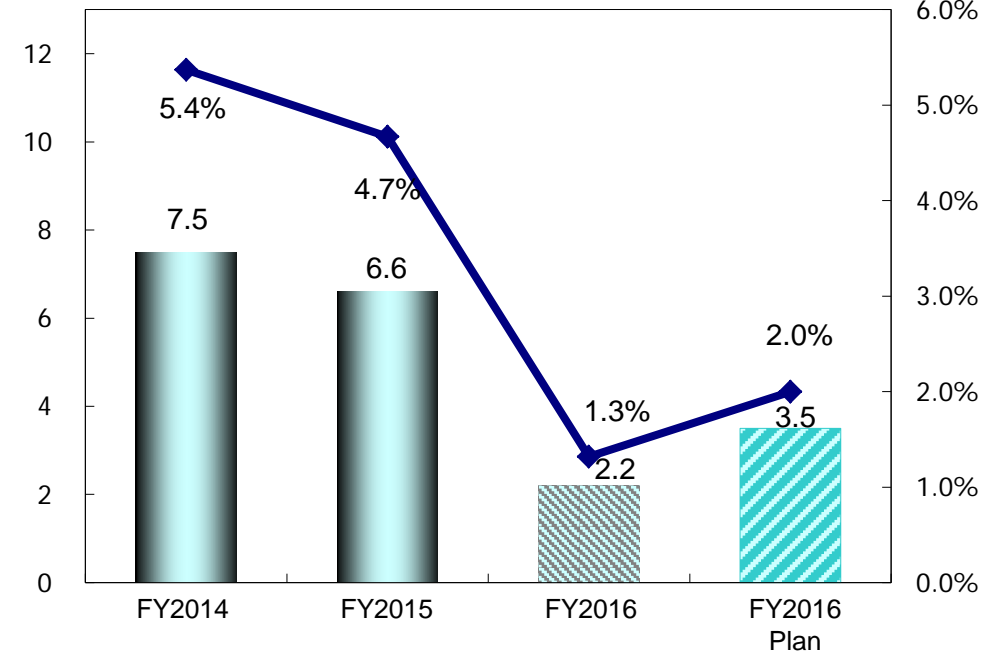
Net sales

(billions of yen)



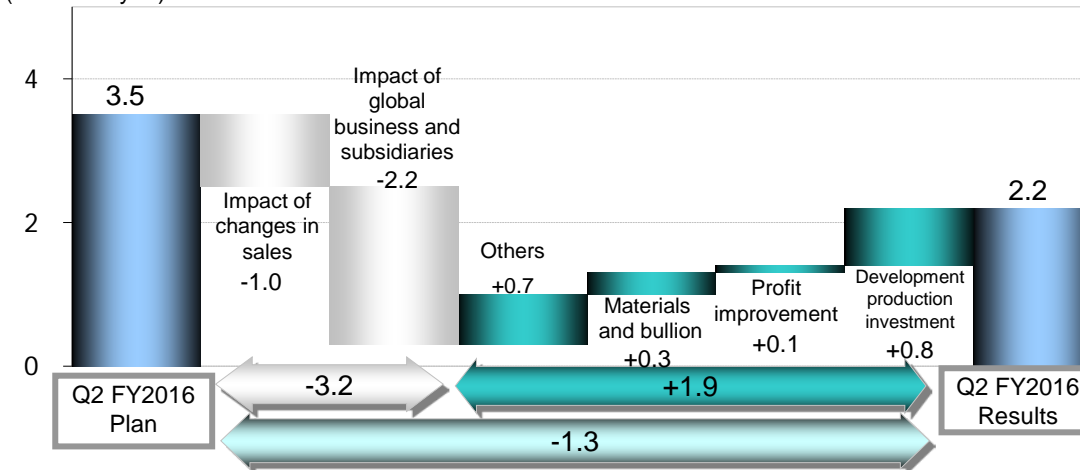
Operating income

(billions of yen)



Breakdown of changes in operating income

(billions of yen)



[Breakdown] (billions of yen)
 <Impact of global business and subsidiaries>
 Drop in gross profit -1.3
 Impact of exchange -0.1
 Employment adjustment -0.7
 SG&A expenses and others -0.1
 <Others>
 Retirement benefits expenses +0.1
 Variance to inventory valuation -0.3
 SG&A expenses and others +0.9

*Amounts are rounded down.

1-5. Revision of FY2016 full-year performance forecast

(billions of yen)

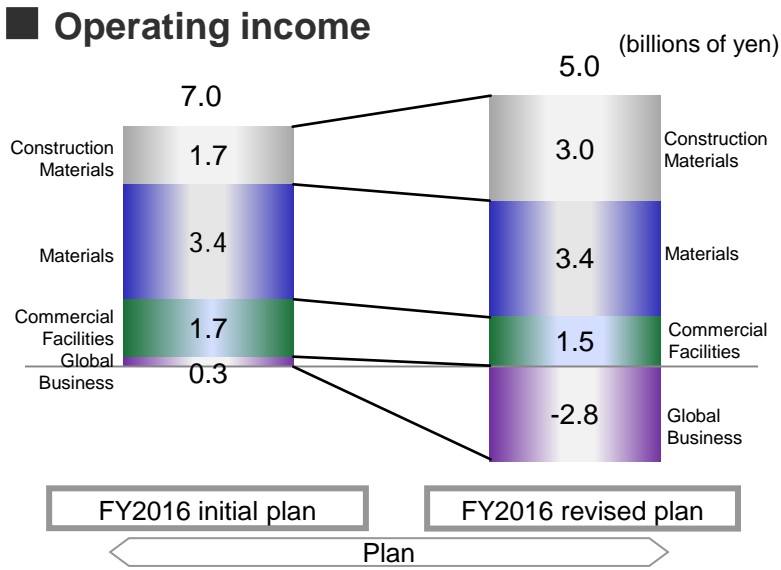
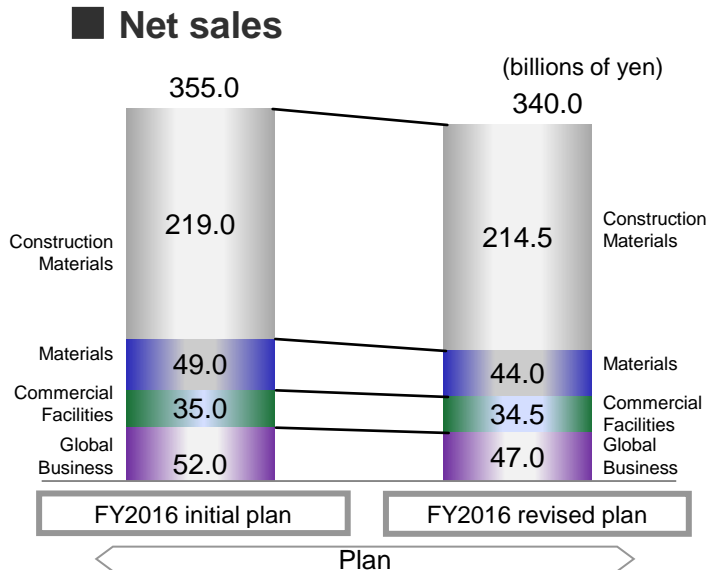
	FY2015 results	FY2016 original forecast (forecast on July 10, 2015)	FY2016 forecast (forecast on December 25, 2015)	Year on year		Compared to the original forecast	
				Change	%	Change	%
Net sales	292.3	355.0	340.0	47.6	16.3%	-15.0	-4.2%
Gross profit	67.1	-	-	-	-	-	-
Gross profit margin	23.0%	-	-	-	-	-	-
Operating income	8.5	7.0	5.0	-3.5	-41.5%	-2.0	-28.6%
Operating income margin	2.9%	2.0%	1.5%	-	-1.5p	-	-0.5p
Ordinary income	7.9	6.0	4.0	-3.9	-49.6%	-2.0	-33.3%
Net income attributable to the parent company	5.9	2.5	1.0	-4.9	-83.2%	-1.5	-60.0%

* Amounts and rates are rounded down.

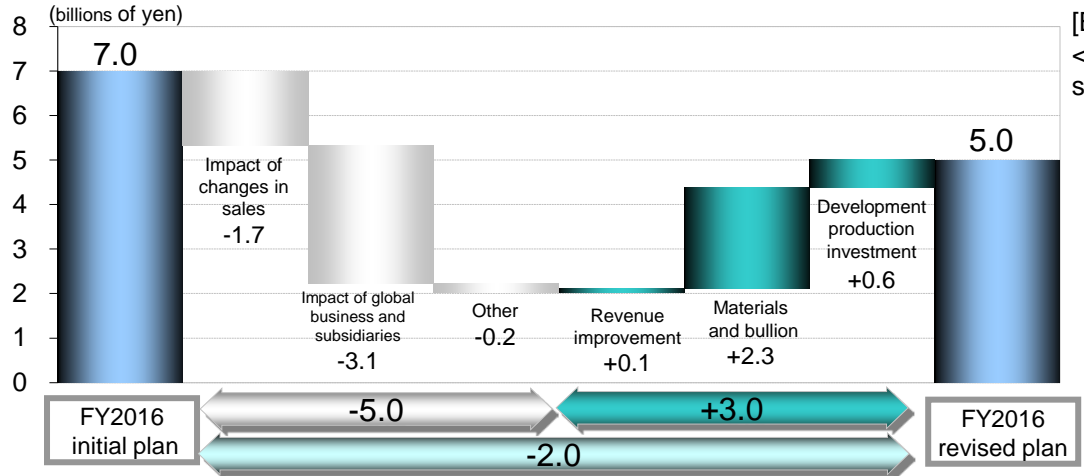
<Reason for the revision>

In light of economic stagnation in Europe, decreases in sales and profits of overseas subsidiaries owing to economic downturn in Thailand, and a decrease in sales due to intensifying competition in the domestic construction materials market, we have revised the previously announced performance forecast on the assumption that net sales, operating income, ordinary income, and net income attributable to the parent company are expected to be lower than the previous forecasts.

1-5. Revision of FY2016 full-year performance forecast



Breakdown of changes in operating income <Compared to the initial plan>



[Breakdown] (billions of yen)
 <Impact of global business and subsidiaries>
 Drop in gross profit -2.4
 Impact of exchange -0.1
 Employment adjustment -0.7
 SG&A expenses and others +0.1

1-6. FY2015 initiatives by segment

While establishing a structure capable of flexibility adapting to the external environment, Sankyo Tateyama will develop in growth areas and improve revenues and profits.

(The plan at the beginning will be promoted with no change)

Segment	Item	Summary
Construction Materials Business	Strengthen sales foundation	Promote area strategy, strengthen sales capability Product development that has competitiveness (see Topics 2-1, 2-2, 2-3, 2-9, 2-10)
	Aggressive stance in growth area	Strengthen remodeling and renovation proposal abilities, promote competitive commodification Strengthen renovation network
	Seek to reduce costs	Establish a production structure capable of flexibly adapting to the external environment, promote reduction of costs by thorough optimization, establish optimized procurement network
Materials Business	Establishment of each foundation and sales channels	Promote implementation of a foundation as a global supplier Promote efficient integration of competitive technology and market (see Topics 2-5) Strengthen management control structure of subsidiaries
Commercial Facilities Business	Expand business areas and strengthen supply structure	Establish competitive development and production/supply structure Expand business areas through improving the quality of sales activity and obtaining customer satisfaction (see Topics 2-6) Expand sales to China, North America, and the ASEAN region by leveraging the technology accumulated in Japan
Global Business	Foundation establishment	Establish a foundation to create synergy with new subsidiaries in Europe and Thailand (see Topics 2-7, 2-8)

Began sales of a new type of compound aluminum sash "ALGEO" on October 30

— Realizes the industry's highest class toughness and kindness functions



Toughness

Durability against harsh environments

Resistant to rain and wind



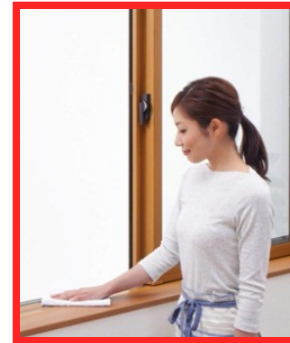
Water tightness **W-5**

Wind pressure resistance capability **S-4**

Heat insulation capacity **H-6**

Kindness

Easy maintenance kindness function



Flat lower frame



Favorable sales of "Flat lower frame" and a new color "Earth Brown"



On October 30, Sankyo Alumi began sales of residential core sash "ALGEO."

Taking advantage of aluminum and resin, the company has realized not only excellent heat insulation, but also the industry's highest class wind resistance and water tightness prepared for the recent abnormal weather and natural disasters. Furthermore, it has provided user-friendliness characterized by easy opening/closing and maintenance.

Sankyo Alumi's products are used for Highest Award winning works and Excellent Award winning works at "Energy Management House 2015"

— ALGEO, DI windows (ALGEO+PlaMake E II), Smart Ventilation System

For a total of seven days from October 17 to 20 and October 30 to November 1, "Energy Management House 2015" was held at 57 area, Minatomirai, Yokohama where Sankyo Alumi's products were used for prize winning model houses created by Shibaura Institute of Technology (Highest Award Prize) and Yamaguchi University (Excellent Award Prize)

<Highest Award Prize>
"Succeeding House" created by Shibaura Institute of Technology

<Excellent Award Prize>
"The Yamaguchi's House of Breeze" created by Yamaguchi University



Used product : Smart Ventilating System (automatic opening windows)



Used product:
Aluminum-resin compound sash "ALGEO"



Used product:
High heat insulating and double-glazed windows "DI Window"

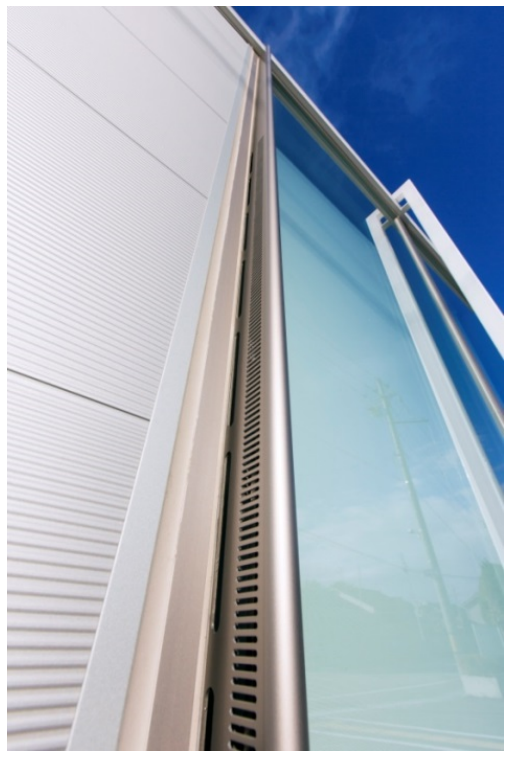
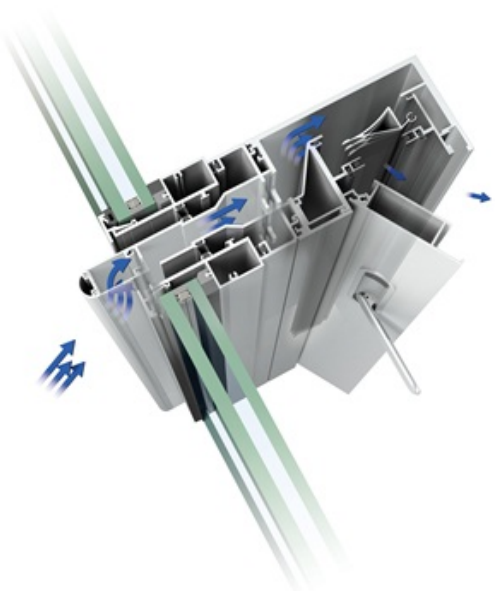


◆ "Energy Management House 2015"

As part of experimental business sponsored by the Agency for Natural Resources and Energy, the Ministry of Economy, Trade and Industry, universities, and companies collaborate, where each university builds and exhibits a model house with the theme of "Future house created by students." This is the second event, and attracted 6,844 visitors during the event period.

Automatic ventilation system "ARM-S@NAV" wins "Governor of Toyama Award" for Chubu Region Invention Award 2015.

— Takes in natural wind under various conditions around a house



◆ Automatic Ventilation System "ARM-S@NAV"
This is an automatic ventilation system to take natural wind into a house and provide effective ventilation, using "wind power" and "gravity" by combining unique technologies of "holding wind," "creating an air path," and "controlling wind."

<Award-winning history>



product design award "IF Design Award 2014 in Germany" (sponsored by: Hanover Industrial Design Association in Germany)



"Good Design Gold Prize 2012 (the Minister of Economy, Trade and Industry Award)"

Holds “Exterior Design Contest 2015”

— *Receives about 3,000 applications from suppliers and contractors across the country and 135 works receive Design Grand Award and others*



Design Grand Award



Planning Grand Award

During May 1 to July 20, Sankyo Alumi held “Exterior Design Contest 2015“ for suppliers and contractors across the country. The company called for entries for five sectors of construction samples and one sector of exterior work design planning, using the company’s exterior products. Among about 3,000 applications, 135 works received awards, including the Design Grand Award.

Released Aluminum-made plant factory racks “AI Farm” on October 30

— *Efficiency of installation is improved with weight-reducing aluminum and unitized racks*



Lightweight yet strong frames



Detachable wireway cover

On October 30, Sankyo Material released “AI Farm” plant factory racks specified for complete artificial hydroponics. Its weight is reduced to one-third that of a steel-made plant rack in the market, and the unitization of racks improves the efficiency of installation. In addition, it can be customized in terms of loading weight on racks, installation methods, operability, and rigidity to meet customers’ requirements.

Exhibited at the “57th Sign & Display Show”

— Introduced new products such as “AD-View Upper” at its large booth



In the ten years since its founding, Tateyama Advance has exhibited at the show every year. The Company exhibited many products, including the main product, AD-View Upper, which is an external led-illuminated signboard unit launched in September 2015, “Postand” and “AD PACK,” a thin type internal led-illuminated signboard, and “AD-View Banner (tentative name),” an integral structure of AD-View and roll screen as a reference exhibition .



◆ Sign & Display Show

This is the display industry’s largest exhibition. It exhibits a variety of products related to sign displays, including materials and process equipment necessary for manufacturing and construction, as well as the latest technologies. It is a yearly exhibit that serves as a venue for information provision and product introduction of each exhibitor. In 2015 there were 138 companies exhibiting, and approximately 30,000 visitors attended over a three-day period.

New factory “Sankyo Tateyama Alloy Thailand” in an industrial park in Thailand has been completed.

— The new factory will start mass production in April 2016.



On October 29, the new factory of Sankyo Tateyama Alloy Thailand was completed in Rojana Industrial Park Prachinburi, Prachinburi Province, Thailand. The ceremony was solemnly held under Brahmanism and Buddhism, with some 40 relevant persons attending. The new factory began trial production last year and will start mass production in April 2016.

Sankyo Tateyama exhibits exterior products at Thai Metal Aluminium's booth in the "Baan Lae Suan Fair 2015" in Thailand.

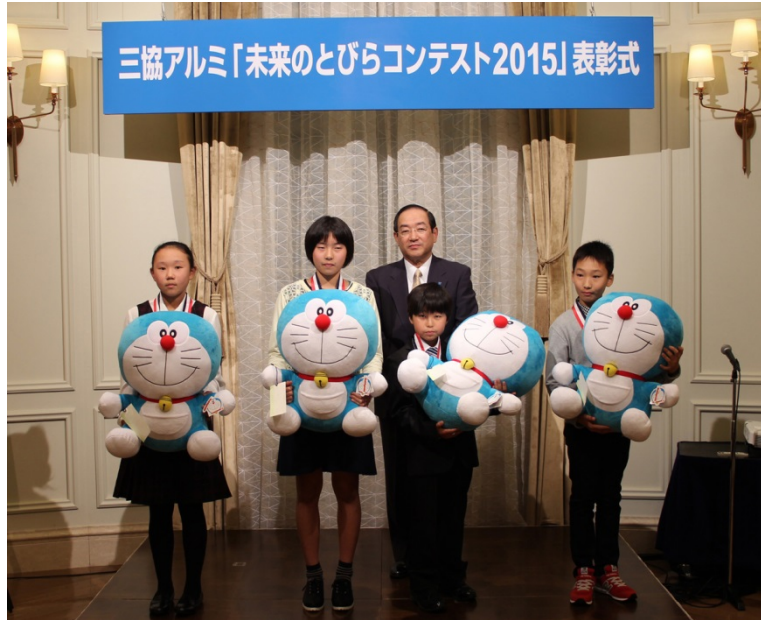
— "Sidore R", "MakeScreen II," etc.



For nine days from October 31 to November 8, Sankyo Tateyama exhibited Sankyo Alumi's products, including "Sidore R" and "MakeScreen II" at Thai Metal Aluminium's booth in the "Baan Lae Suan Fair 2015" that was held at IMPACT Challenger Hall near Bangkok, Thailand. Thai Metal Aluminium develops its brand "ALNEX" in Thailand.

Holds an awards ceremony for “Door to the Future Contest 2015 - Elementary School Children Version” and a gold prize winning tour

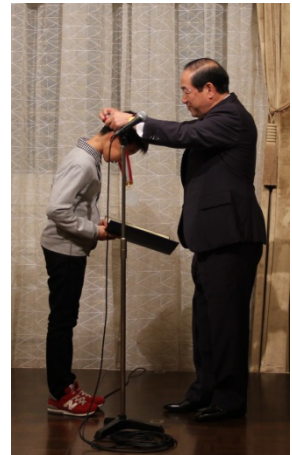
— Presents “Doraemon Medals made of aluminum originated by Sankyo Tateyama”



A scene from the awards ceremony at Tokyo Station Hotel

Medal presentation

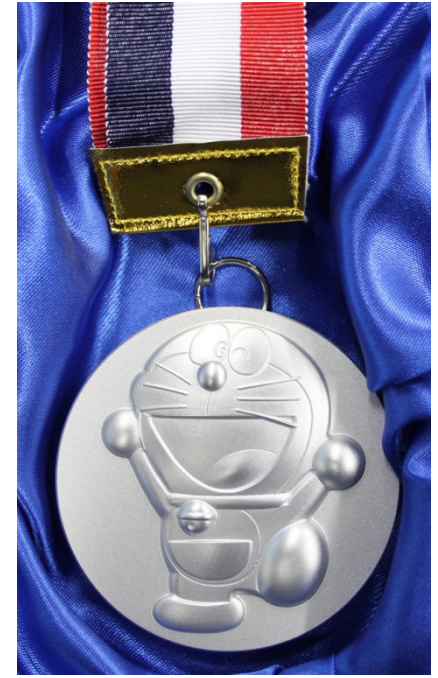
Gold prize in the 4th to 6th grade category “MY DOOR”



Excerpt of prize winning works



Gold prize in the 1st to 3rd grade category “Magic Door”



“Doraemon medal made of aluminum originated by Sankyo Tateyama”

Continuing from last year, Sankyo Tateyama held the “Door to the Future Contest 2015 – Elementary School Children Version” for elementary school children across the country. This year, as a new initiative, the company made original Doraemon medals made of aluminum and presented them to all the 16 gold prize, silver prize, and special prize winners. The company also invited gold prize winners and their families to a winning tour during October 31 to November 1, while the awards ceremony was held at Tokyo Station Hotel, all of whose windows were renewed by the company in a reconstruction project.

“Door to the Future Contest - University Students Version” 1st Students Design Competition

—The awards ceremony was held at Takaoka Showroom on December 18.

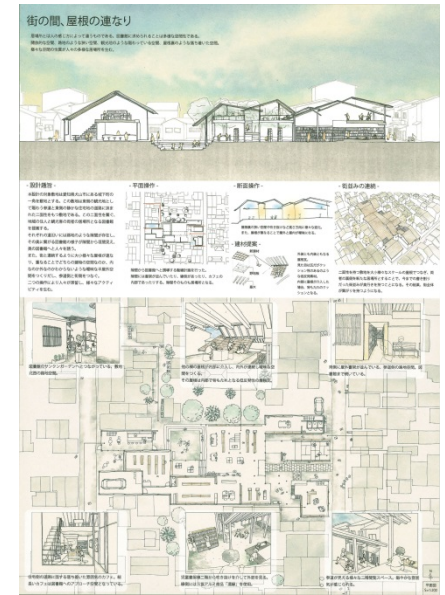


Individual house category
“A house we want to stay in longer”



Gold prize “Within a city,
a series of roofs”

Building and public category
“A library we want to stay in longer”



Gold prize “A house to provide
fresh air”

Sankyo Alumi held a house design competition for students who study architecture and design, as a university student version of “Door to the future contest” that started last year for elementary school children across the country. The Company invited a world famous architect, Professor Ryue Nishizawa, as Jury President for the competition with the themes of “A house we want to stay in longer” in the individual house category and “A library we want to stay in longer” in the building and public category, receiving 152 applications from around the country. The Company invited 15 prize winners in 8 works in each category of Highest Award, Excellence Award, and Material Proposal Award to an award-winning tour during December 18 to 19 while the winning ceremony was held at Takaoka Showroom (Takaoka City, Toyama Prefecture)

“8th Twin-Leaf Afforestation” tree-planting activities

—— *Joins “Afforestation by Business Entities”
signed with Takaoka City*



The year before last and last year, the participants planted 500 saplings, completing planting along footpaths in forests (a total of 1,500 saplings in three years).



A total of 105 persons attended as volunteers, including employees and their families.

◆ Twin-Leaf afforestation

As part of “afforestation by business entities” activity launched with Takaoka City in April 2013, Sankyo Tateyama plants around 500 trees every year in a mountain village of Toyama Fukuoka Family Village (Takaoka City, Toyama Prefecture) for five years. The 15-year project aims to grow approx. 2,500 trees in total, taking another 10 years of maintenance after the planting.

[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 referred to as 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 in response 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 other aspects of the Sankyo Tateyama Group may include, but are not limited to, economic conditions in the business areas in which it operates, change in demand trends, and intensified price competition for the products and services of the Sankyo Tateyama Group, and price fluctuations of items such as aluminum bullion.

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