



Life with Green Technology

**Financial Results for Q1 FY2017
(June 1, 2016 – August 31, 2016)**

October 5, 2016

 **SankyoTateyama, Inc.**

1. Summary of Financial Results for Q1 FY2017 (June 1, 2016 – August 31, 2016)

1-1. Q1 FY2017 Consolidated results (Income statement)

(Units: billion yen)

	Q1 FY2016 Results	Q1 FY2017 Results	Year-on-yea	
			Change	%
Net sales	79.2	74.7	-4.5	-5.7%
Gross profit	15.7	17.2	1.4	9.3%
Gross profit margin	19.9%	23.1%	-	+3.2p
Operating income	0.1	0.7	0.5	365.1%
Operating income margin	0.2%	1.0%	-	+0.8p
Ordinary income	0.1	0.6	0.5	501.5%
Net income attributable to the parent com	-0	0.1	0.2	-

* Amounts and rates are rounded down

Results Summary

Year-on-year

◆ Net sales (-4.5 billion yen)

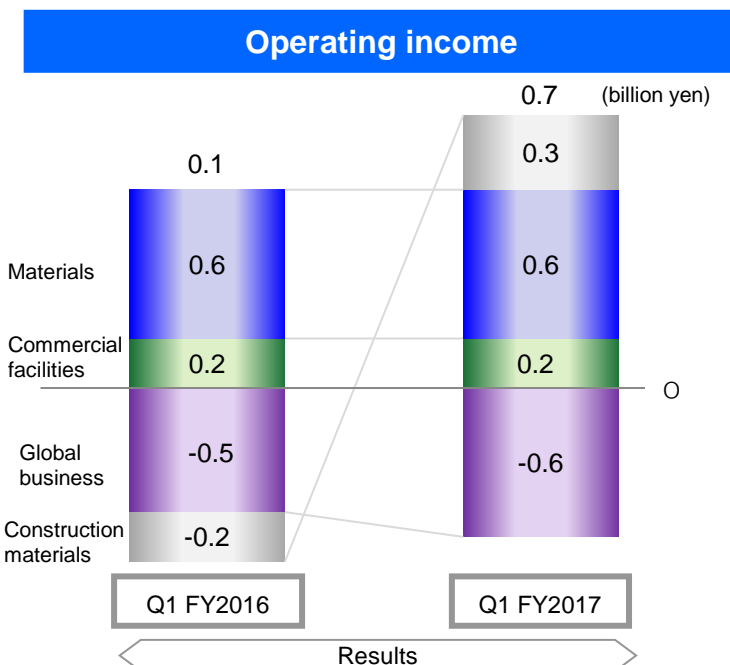
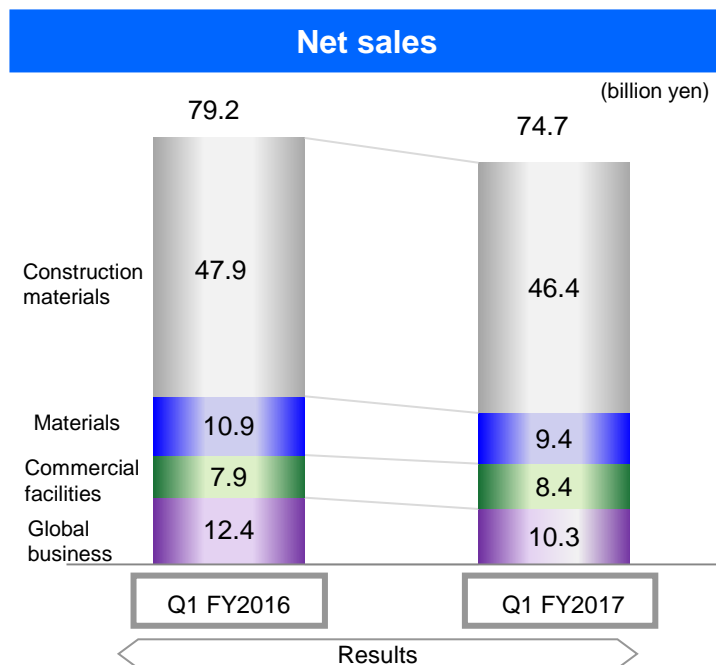
- Construction materials business: Despite attempts to expand with new products including the main housing sash “ALGEO” and to strengthen sales capabilities, net sales decreased due to factors such as intensified market competition and the low level of non-wooden housing starts.
- Materials business: Although we captured demand in the transport and general machinery fields, net sales decreased due to factors such as the impact of a drop in sales of aluminum ingots which is linked to market fluctuations.
- Commercial facilities business: Net sales increased after promoting proposals to increase orders for new retail store openings and remodeling to revitalize the existing stores.
- Global business: Despite efforts to capture demand in the transportation and aircraft fields, net sales decreased due to factors such as the impact of the strong yen, continued changes in our customers’ business environment in Europe, and a stagnating construction materials market in Thailand.

◆ Operating income (+0.5 billion yen)

- Construction materials business: The operating income increased thanks to factors such as the promotion of cost reductions, decreases in expenses, and a lower price level of aluminum ingots year-on-year.
- Materials business: The operating income slightly increased due to factors such as a continued decrease in expenses including the price of materials.
- Commercial facilities business: While expenses increased accompanying the strengthening of sales capabilities, operating income slightly increased due to factors such as the quantitative effect of an increase in sales and the impact of foreign exchange rates.
- Global business: Although we promoted profit improvement which served to increase our profit, operating income decreased due to factors such as the incurrence of one-time expenses.

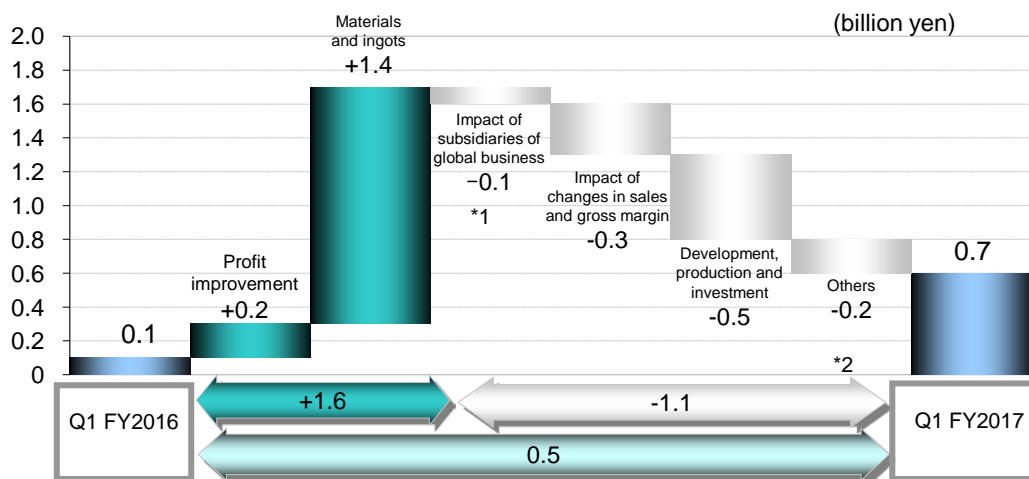
*Amounts are rounded down.

1-2.
Q1 FY2017
Consolidated
results
Breakdown of net
sales and
operating income



Operating income change factors

Year-on-year



[Breakdown of operating income change factors]

(*1 Impact of subsidiaries of global business)
Improvement of gross profit +0.3
One-time expenses -0.3
Impact of drop in sales -0.1

(*2 Others)
Sales promotion expenses +0.3
Others +0.3
Allowance for doubtful accounts -0.4
Retirement benefits expenses -0.3
Logistics cost -0.1

2. Reference

2-1. Q1 FY2017 Business environment

Market environment	FY2015	FY2016
[Construction materials business (housing) index] Number of new housing starts (Apr - Jun)	235,000 houses	247,000 houses (+4.9% yoy)
[Construction materials business (buildings) index] Floor area of non-wooden structure starts (Apr - Jun)	20.777 million square meters	20.667 million square meters (- 0.5% yoy)
[Materials business index] Aluminum extrusion weight [excluding sashes and doors] (Apr - Jun)	78,900 tons	83,700 tons (+6.0% yoy)
[Commercial facilities business index] Number of new building starts [stores] (Apr - Jun)	2,361 buildings	2,177 buildings (-7.8% yoy)
Aluminum ingots [Nikkei aluminum average] (Apr - Jun)	299.0 yen/kg	223.3 yen/kg (-25.3% yoy)

[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 ingots.

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