



Life with Green Technology

Summary of Financial Results for Q3 FY2017

April 4, 2017

 **SankyoTateyama, Inc.**

1. Summary of Financial Results for Q3 FY2017

1-1. Q3 FY2017 Consolidated results (Income Statement)

(Units: billion JPY)

	Q3 FY2016 Results	Q3 FY2017 Results	Year-on-year	
			Change	%
Net sales	246.8	235.4	-11.3	-4.6%
Gross profit	51.8	54.8	3.0	5.8%
Gross profit margin	21.0%	23.3%	-	+2.3p
Operating income	3.8	5.2	1.3	34.8%
Operating income margin	1.5%	2.2%	-	+0.7p
Ordinary income	3.1	5.3	2.1	67.5%
Net income attributable to the parent company	1.3	3.2	1.8	141.0%

Amounts are rounded down to the nearest 100 million JPY; rates are rounded off.

Results Summary

Year-on-year

◆ Net sales (-11.3 billion JPY)

Construction materials business: Despite the efforts to expand products and strengthen sales under the background of improvement in the number of new housing starts, particularly in rental houses, net sales decreased due to the ratio of owner-occupied houses to new housing starts and the sluggish recovery of non-wooden housing starts.

Material business: Net sales decreased because sales prices are linked to the market conditions of aluminum ingots.

Commercial facilities business: Net sales increased owing to the proposal sales in response to the demand for retail store openings and existing store renovations, such as convenience stores and large specialty retailers.

Global business: Despite the efforts to capture demand in the field of transportation in Europe and Thailand, net sales decreased because of the effects of the exchange rate and a slowdown in the growth of Thailand.

◆ Operating income (+1.3 billion JPY)

Construction materials business: Despite the positive effect of increasing earnings as a result of the lower price of aluminum ingots compared to the same period in the previous year, as well as cost reductions, operating income decreased due to lower sales.

Material business: Operating income increased owing to a rise in volume in the field of transportation and general machinery, as well as earnings improvement in the heat sink business.

Commercial facilities business: Operating income increased owing to an increase in sales and the lower price of imported materials, reflecting favorable exchange rates.

Global business: Operating income was improved in Europe and Thailand

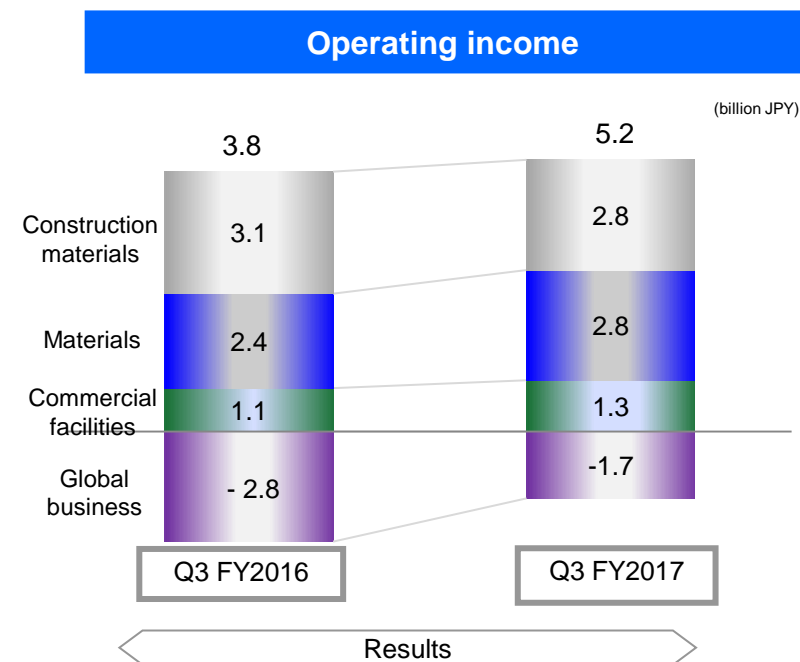
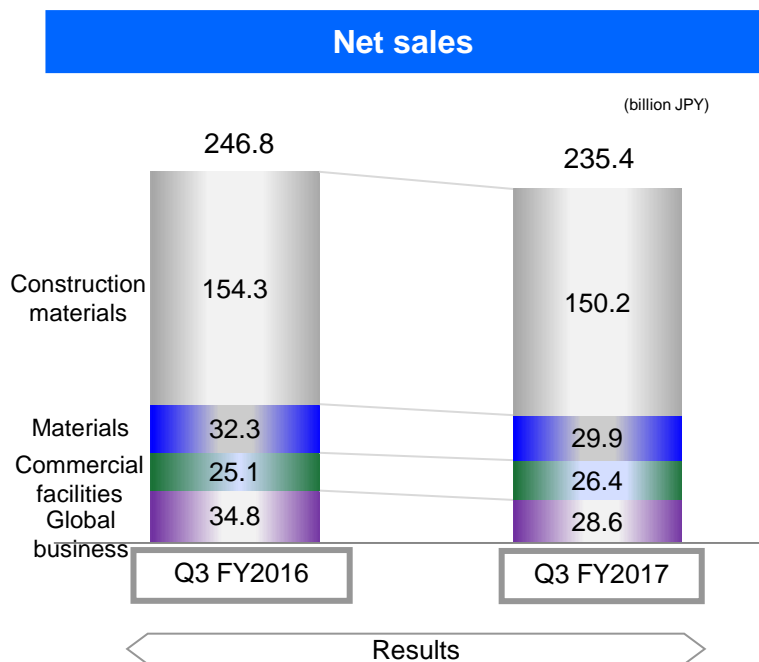
* Reference FY2017 Q3 average (FY2016 Q3 average)

Aluminum ingots (Nikkei Aluminum): 225.6 JPY /kg (262.1 JPY /kg)

Exchange rates USD1 = 106.7 JPY (USD1 = 121.7 JPY), EUR1 = 118.0 JPY (EUR1 = 134.4 JPY), 1THB = 3.0 JPY (1THB = 3.5 JPY),

1RMB = 16.0 JPY (1RMB = 19.3 JPY), 1PHP = 2.2 JPY (1PHP = 2.6 JPY)

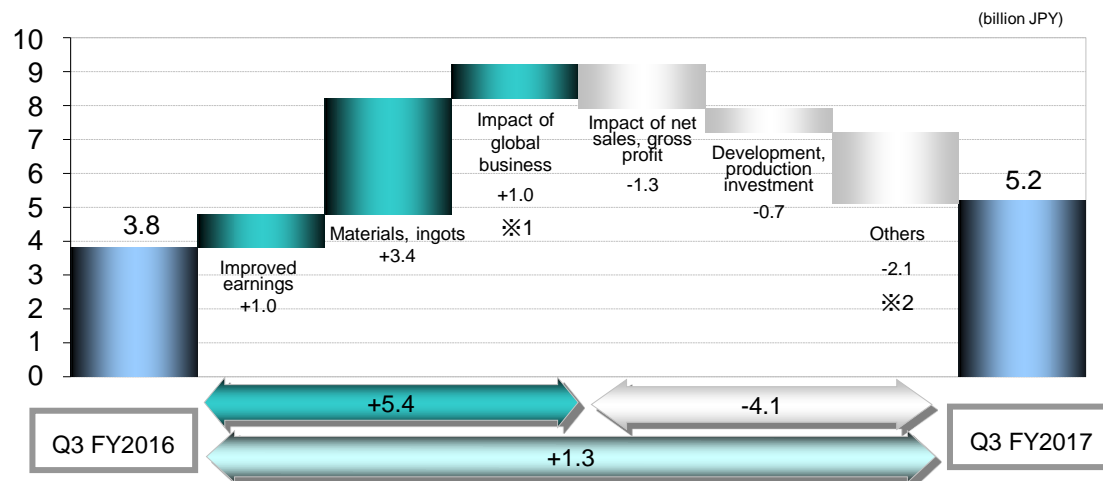
1-2.
Q3 FY2017
Consolidated
results
breakdown of net
sales and
operating income



*Amounts are rounded down to the nearest 100 million JPY.

Operating income change factors

Year-on-year



※1 Breakdown of the impact of global business:
 Improvement of gross profit + 0.8
 Temporal expenses + 0.1
 Impact of sales - 0.1
 Others + 0.2

※2 Breakdown of others
 Retirement benefits expenses - 0.9
 Allowance for doubtful accounts - 0.4
 Logistics cost - 0.2
 Sales promotion expenses - 0.1
 Others - 0.5

*Amounts are rounded down to the nearest 100 million JPY.

2. Reference

2-1. Q3 FY2017 Business environment

Market environment	FY2014	FY2015	FY2016
[Construction materials business (housing) index] Number of new housing starts (Apr - Dec)	675,000 houses (-12.3% yoy)	704,000 houses (+4.3% yoy)	751,000 houses (+6.7% yoy)
[Construction materials business (housing) index] Number of new housing starts [rental houses] (Apr - Dec)	276,000 houses (-2.8% yoy)	296,000 houses (+7.4% yoy)	331,000 houses (+11.8% yoy)
[Construction materials business (buildings) index] Floor area of non-wooden structure starts (Apr - Dec)	59.842 million square meters (-9.3% yoy)	57.533 million square meters (-3.9% yoy)	58.631 million square meters (+1.9% yoy)
[Materials business index] Aluminum extrusion weight [excluding sashes and doors] (Apr - Dec)	269,000 tons (+0.6% yoy)	247,000 tons (-8.3 % yoy)	261,000 tons (+5.7% yoy)
[Commercial facilities business index] Number of new building starts [stores] (Apr – Dec)	7,333 buildings (-5.5% yoy)	6,678 buildings (-8.9% yoy)	6,557 buildings (-1.8% yoy)
Aluminum ingots [Nikkei aluminum average] (Apr - Dec)	288.3 JPY/kg (+20.7% yoy)	262.1 JPY/kg (-9.1% yoy)	225.6 JPY/kg (-13.9% 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, changes 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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