



Life with Green Technology

Financial Results for 1Q FY2018 (June 1, 2017 – August 31, 2017)

October 5, 2017

 **SankyoTateyama, Inc.**

1. Summary of Financial Results for 1Q FY2018 (June 1, 2017 – August 31, 2017)

(Unit: billion JPY)

1-1. Q1 FY2018 Consolidated results (Income Statement)

	1Q FY2017 results	1Q FY2018 results	Year-on-year	
			Change	%
Net sales	74.7	75.6	0.8	1.2%
Gross profit	17.2	16.5	-0.7	-4.1%
Gross profit margin	23.1%	21.9%	-	-1.2p
Operating income	0.7	0.2	-0.4	-63.0%
Operating income margin	1.0%	0.3%	-	-0.6p
Ordinary income	0.6	0.5	-0.1	-17.8%
Net income attributable to the parent company	0.1	0.1	0	12.2%

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

Results Summary

Year-on-year

U Net sales (+0.8 billion JPY)

- Construction materials business: Although we strived to promote proposal-based sales of core products such as sashes and front doors and to reinforce their sales network, net sales decreased due to factors including the continued severe competitive environment in the detached housing market.
- Materials business: Net sales increased by capturing strong demand in the transportation field and the general machinery field, and thanks to an increase in sales linked with the aluminum ingot market and other factors.
- Commercial facilities business: Net sales increased thanks to efforts to promote proposal-based sales in response to new retailers and demand for remodeling.
- Global business: Net sales increased thanks to efforts to capture demand in the transportation field in Europe and Thailand.

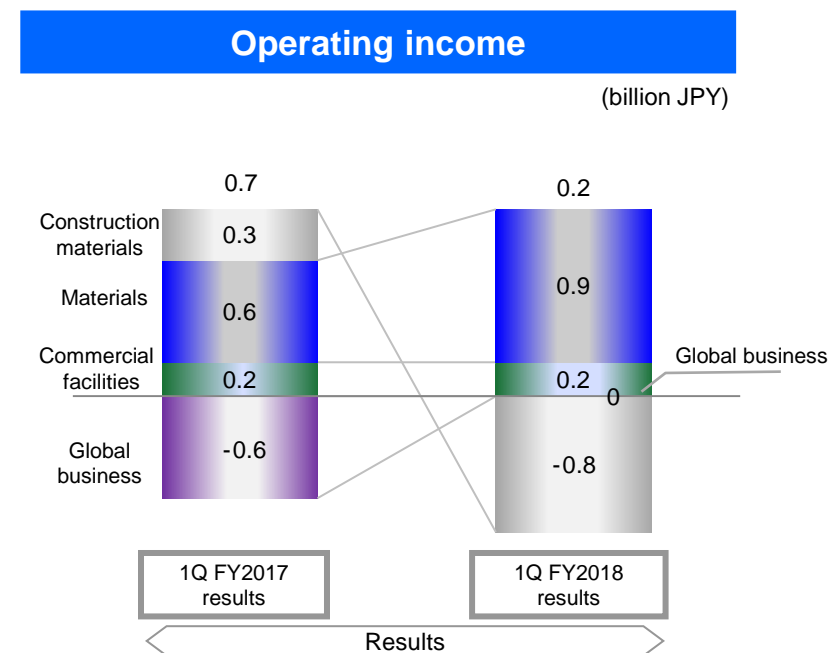
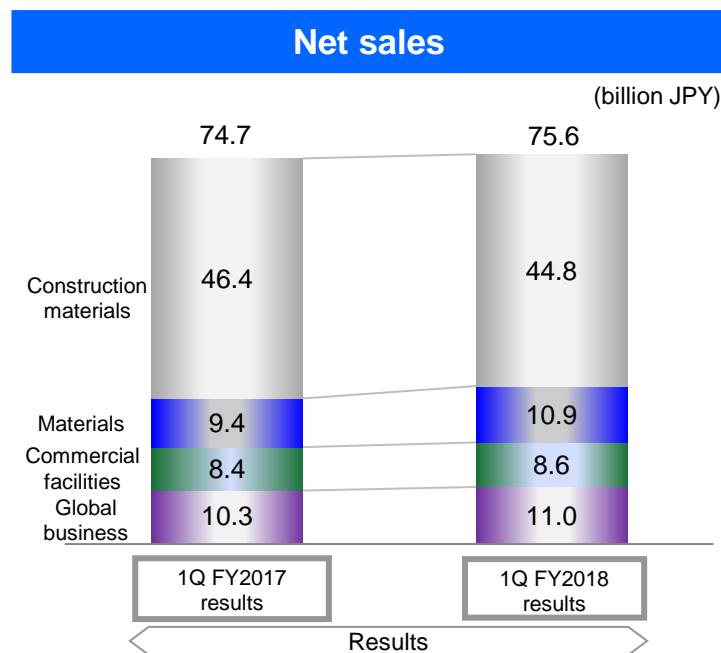
U Operating income (-0.4 billion JPY)

- Construction materials business: The operating income fell due to factors such as the impact of severe competitive environment, rising prices of materials and aluminum ingots, and an increase in investment and an increase in expenses for the promotion of measures to expand sales.
- Materials business: The operating income increased thanks to factors including an increase in sales by capturing strong demand in the transportation field and the general machinery field.
- Commercial facilities business: The operating income fell due to factors including an increase in selling, general, and administrative expenses in strengthening the sales system.
- Global business: The operating income increased due to factors including efforts to improve earnings and a difference from one-time expenses in the previous fiscal year.

* Exchange rates: Figures in parentheses are the average exchange rates in the same quarter of the previous fiscal year.
111.1 JPY/USD (108.2 JPY), 122.3 JPY/EUR (122.0 JPY), 3.2 JPY/THB (3.1 JPY), 16.2 JPY/CNY (16.5 JPY)

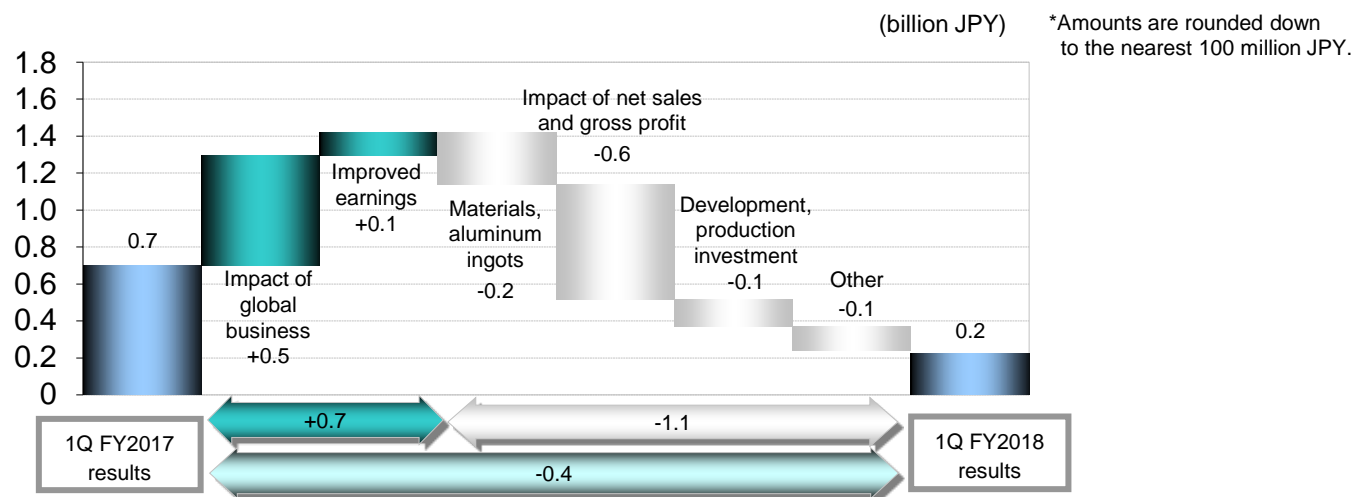
*Amounts are rounded down to the nearest 100 million JPY.

1-2. 1Q FY2018 Consolidated results Breakdown of net sales and operating income



Operating income change factors

Year-on-year



2. References

2-1. 1Q FY2018 Business environment

[Business environments]

	FY2015	FY2016	FY2017
[Construction materials business (housing) index] The number of new housing starts (April - June)	235 thousand units (+7.6% yoy)	247 thousand units (+4.9% yoy)	250 thousand units (+1.1% yoy)
The number of new housing starts [owner- occupied houses] (April - June)	72 thousand units (+2.2% yoy)	74 thousand units (+2.1% yoy)	74 thousand units (-0.5% yoy)
The number of new housing starts [houses for rent] (April - June)	94 thousand units (+5.3% yoy)	105 thousand units (+11.0% yoy)	105 thousand units (+0.3% yoy)
[Construction materials business (building) index] Floor area of non-wooden structure starts (April - June)	20,778 thousand m ² (+2.0% yoy)	20,667 thousand m ² (-0.5% yoy)	21,043 thousand m ² (+1.8% yoy)
[Materials business index] Aluminum extrusion weight [excluding sashes and doors] (April - June)	789 thousand tons (-14.4% yoy)	837 thousand tons (+6.0% yoy)	905 thousand tons (+8.1% yoy)
[Commercial facilities business index] The number of new building starts [stores] (April - June)	2,375 buildings (-9.6% yoy)	2,177 buildings (-8.3% yoy)	2,045 buildings (-6.1% yoy)
Aluminum ingot [Nikkei Aluminum average] (April - June)	299.0 JPY/kg (+15.4% yoy)	223.3 JPY/kg (-25.3% yoy)	269.2 JPY/kg (+20.6% 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 rate of foreign exchange, and price fluctuations of items such as aluminum ingots.

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