



Life with Green Technology

Financial Results for 3Q FY2018

(December 1, 2017 – February 28, 2018)

April 4, 2018

 **SankyoTateyama, Inc.**

[Net sales] (+5.6 billion JPY year-on-year)

Construction materials business: Net sales decreased due to factors including the continued intensely competitive environment.

Materials business: Net sales increased by capturing demand in the general machinery and the transportation fields, 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 proposals in response to new retailers and demand for remodeling as well as acquisition of store business from Kokuyo Co., Ltd.

Global business: Net sales increased due to factors including capturing demand focusing on the transportation field and the effect of foreign exchange rates.

[Operating income] (-4.3 billion JPY year-on-year)

Construction materials business: The operating income fell due to factors including the continued intensely competitive environment and rising prices of aluminum ingots.

Materials business: The operating income increased thanks to factors including an increase in sales by capturing demand in the general machinery and the transportation fields.

Commercial facilities business: The operating income fell due to factors including an increase in selling, general and administrative expenses in strengthening the sales system and in line with the acquisition of store business from Kokuyo Co., Ltd.

Global business: The operating income improved year-on-year thanks mainly to sales increase.

(billion JPY)

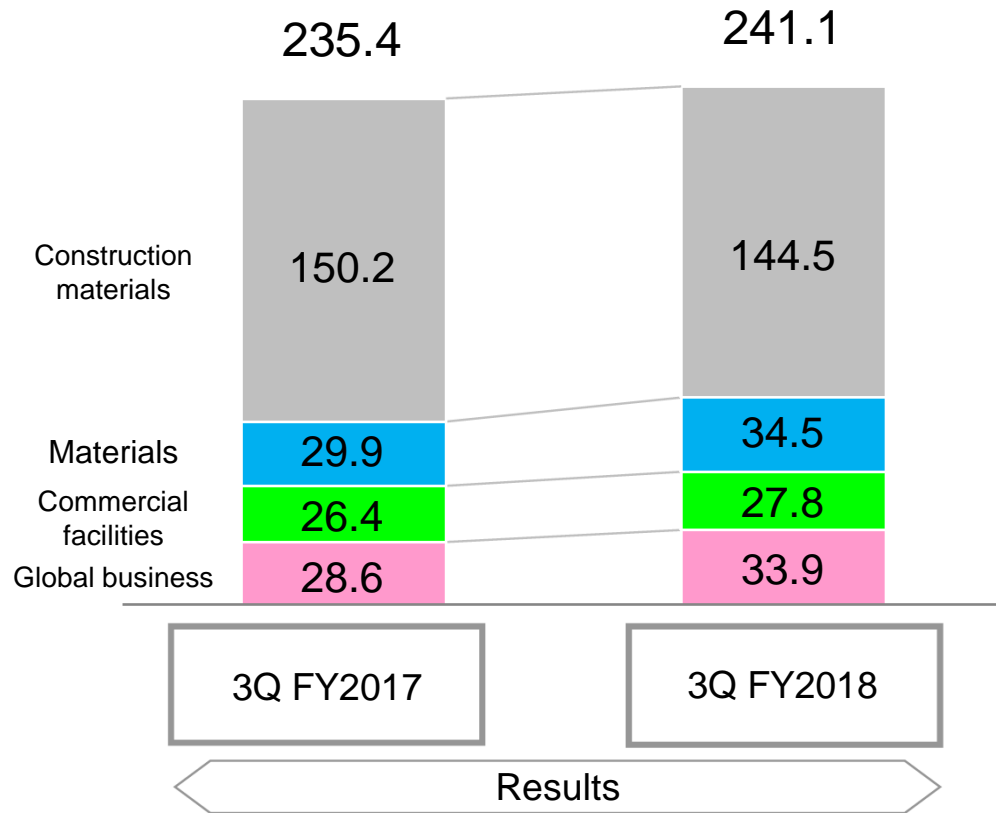
| | FY2017 3Q results | FY2018 3Q results | Year-on-year |
|--|----------------------|----------------------|-----------------------|
| Net sales | 235.4 | 241.1 | 5.6 2.4% |
| Operating income | 5.2 (2.2%) | 0.8 (0.4%) | -4.3 -83.8% |
| Ordinary income | 5.3 (2.3%) | 1.3 (0.5%) | -4.0 -75.4% |
| Net income attributable to the parent company | 3.2 (1.4%) | 0.2 (0.1%) | -2.9 -92.9% |

*Figures in parentheses are sales ratios.

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

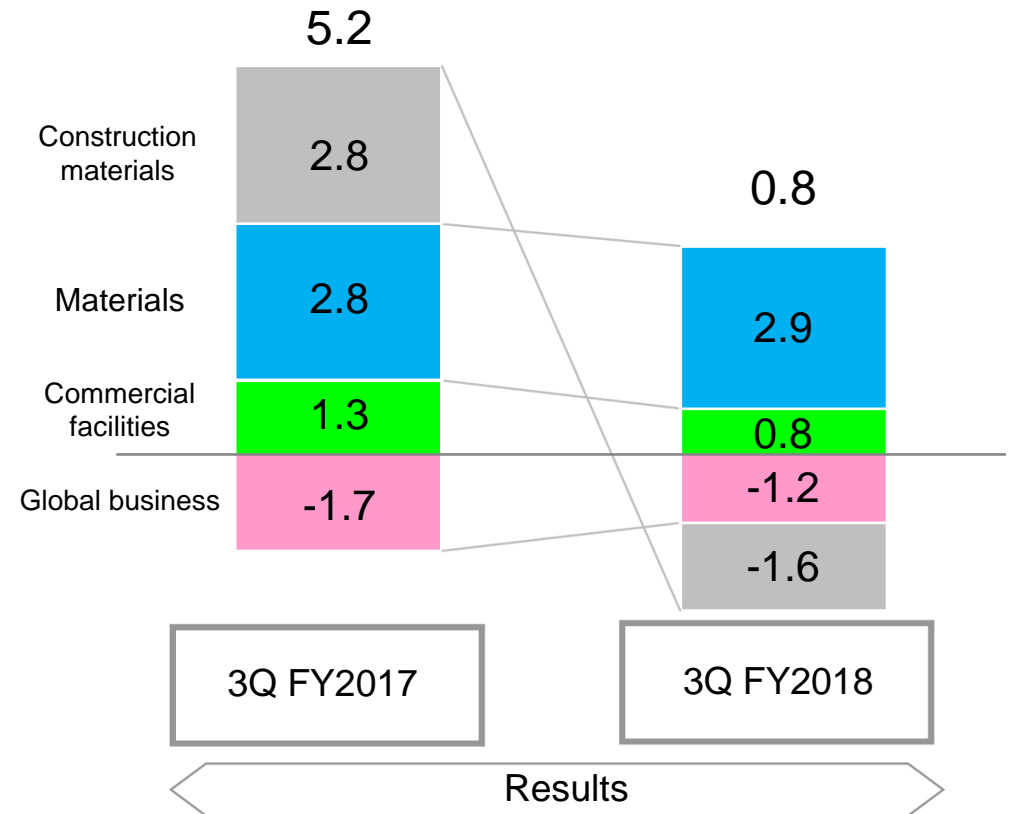
Net sales

(billion JPY)



Operating income

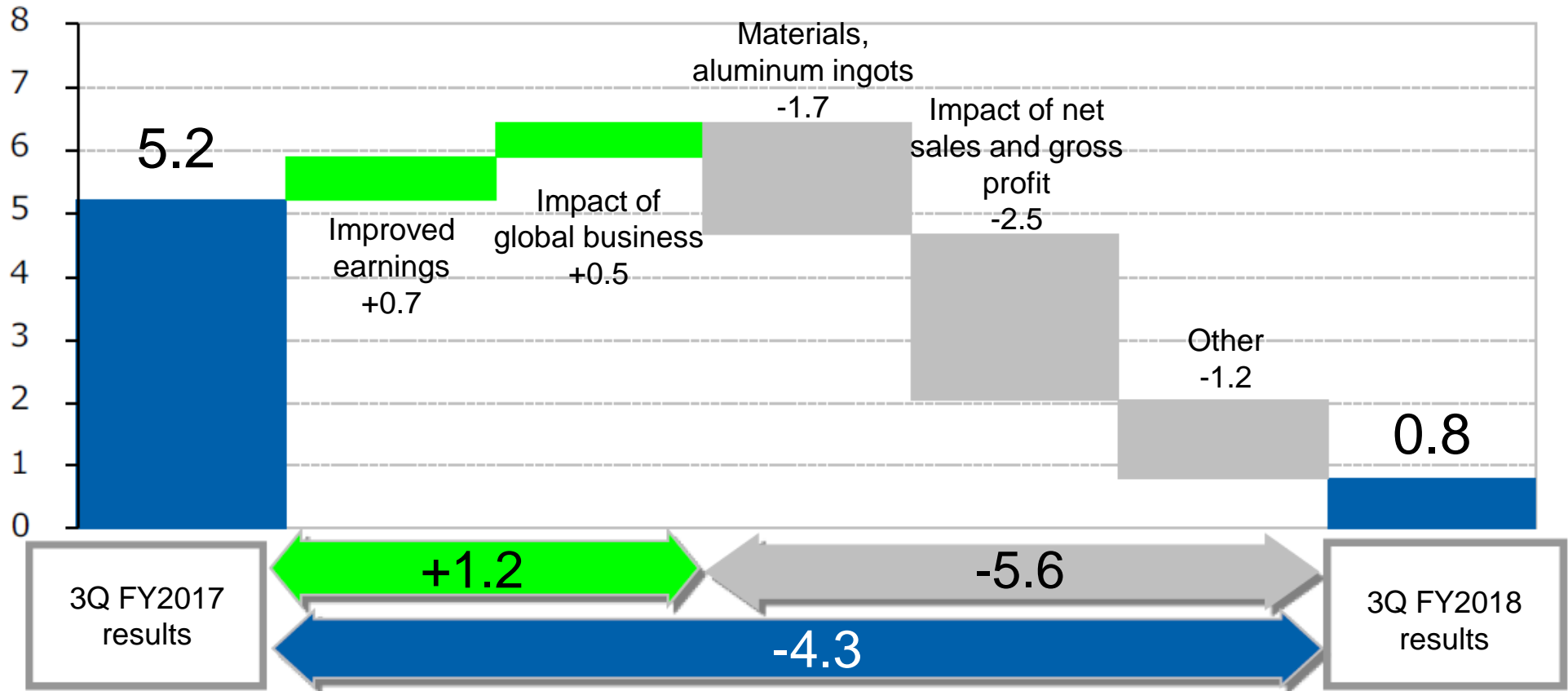
(billion JPY)



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

[Year-on-year]

(billion JPY)



Amounts are rounded down to the nearest 100 million JPY.

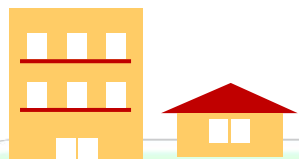
References

| | FY2015 | FY2016 | FY2017 |
|---|---|---|---|
| [Construction materials business (housing) index] The number of new housing starts (April – December) | 704 thousand units (+4.3% yoy) | 751 thousand units (+6.6% yoy) | 741 thousand units (-1.3% yoy) |
| The number of new housing starts [owner-occupied houses] (April-December) | 221 thousand units (+2.4% yoy) | 229 thousand units (+3.6% yoy) | 221 thousand units (-3.3% yoy) |
| The number of new housing starts [houses for rent] (April-December) | 296 thousand units (+7.4% yoy) | 331 thousand units (+11.8% yoy) | 323 thousand units (-2.4% yoy) |
| [Materials business (building) index] Floor area of non-wooden structure starts (April-December) | 57,533 thousand m ² (-3.9% yoy) | 58,631 thousand m ² (+1.9% yoy) | 59,678 thousand m ² (+1.8% yoy) |
| [Materials business index] Aluminum extrusion weight [excluding sashes and doors] (April-December) | 248.9 thousand tons (-7.6% yoy) | 261.1 thousand tons (+4.9% yoy) | 274.2 thousand tons (+5.0% yoy) |
| [Commercial facilities business index] The number of new building starts [stores] (April-December) | 6,754 buildings (-8.7% yoy) | 6,557 buildings (-2.9% yoy) | 6,100 buildings (-7.0% yoy) |
| Aluminum ingot [Nikkei Aluminum average] (April-December) | 262.1 JPY/kg (-9.1% yoy) | 225.6 JPY/kg (-13.9% yoy) | 279.6 JPY/kg (+23.9% yoy) |

* Percentages in parentheses are year-on-year.

[Construction materials market]

The number of new housing starts (owner-occupied houses), the main market for the housing business, continued to decrease. Sales weight of aluminum sash for buildings decreased. Aluminum ingot price increased.



The number of new housing starts (whole)

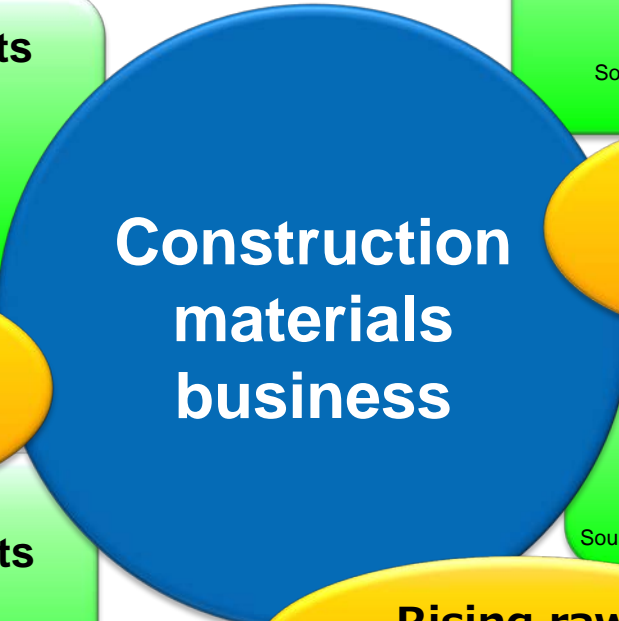
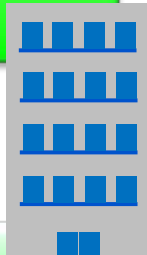
-1.3% YoY

Source: Report of Statistical Survey of Construction Starts by the Ministry of Land, Infrastructure, Transport and Tourism

Floor area of non-wooden structure starts

+1.8% YoY

Source: Report of Statistical Survey of Construction Starts by the Ministry of Land, Infrastructure, Transport and Tourism



Intensely competitive environment

Intensely competitive environment

Sales weight of aluminum sash for buildings

-2.6% YoY

Source: Current Survey of Production by the Ministry of Economy, Trade and Industry

The number of new housing starts (owner-occupied houses)

-3.3% YoY

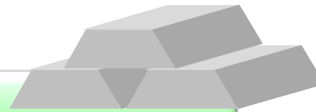
Source: Report of Statistical Survey of Construction Starts by the Ministry of Land, Infrastructure, Transport and Tourism

Rising raw material costs

Aluminum ingot price (Nikkei Aluminum average)

+23.9% YoY

Source: Statistics by Japan Aluminum Association



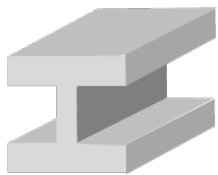
* YoY is a comparison between FY2017 and FY2018 for the period from April to December.

[Materials market]
Sales remained robust due to factors such as increased capital investment.

**Domestic aluminum extrusion weight
(excluding sashes and doors)**

+5.0% YoY

Source: Statistics by Japan Aluminum Association



**Increase in
capital
investment**

**Domestic aluminum extrusion weight
(general machinery)**

+15.4% YoY

Source: Statistics by Japan Aluminum Association



**Increase in
general
machinery**

**Materials
Business**

* YoY is a comparison between FY2017 and FY2018 for the period from April to December.

[Commercial facilities market]

While the number of newly opened stores continued to decrease, demand for remodeling continued to be strong.

The number of new building starts (stores)

-7.0% YoY

Source: Report of Statistical Survey of Construction Starts by the Ministry of Land, Infrastructure, Transport and Tourism

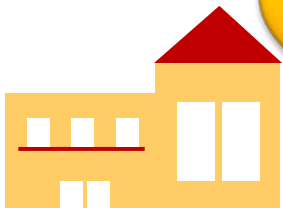
Retail sales amount (whole)

+2.1% YoY

Source: Report of Current Survey of Commerce by the Ministry of Economy, Trade and Industry

Commercial facilities business

Decrease in the number of newly opened stores



Increase in remodeling investment



*YoY is a comparison between FY2017 and FY2018 for the period from April to December.

[Europe area]

The Eurozone economy has been enjoying steady growth.
Demand for aluminum extrusion shapes has increased.

Eurozone GDP growth rate
2017 (estimate) **+2.4%**

Source: IMF: World Economic Outlook (Update, Jan 2018)

[ASEAN area]

The ASEAN area has maintained steady economic growth.
The automobile production volume has increased.

ASEAN5 (*) GDP growth rate
2017 (estimate) **+5.3%**

Source: IMF, World Economic Outlook (Update, Jan 2018)

*ASEAN5 consists of Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

Global business

Economic growth

Economic growth

Increase in demand for aluminum



Demand for aluminum extrusion materials in Europe
2016-2017 **+2.6%**

Source: Statistics by European Aluminum

ASEAN5 sales volume of automobiles
2016-2017 **+5.4%**

Source: ASEAN AUTOMOTIVE FEDERATION

[Notes regarding these documents]

These documents contain 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, as well as price fluctuations of items such as aluminum ingots.

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