



Life with Green Technology

Financial Results for FY2018 Mid-term Management Plan

July 12, 2018

 **SankyoTateyama, Inc.**

Summary of Financial Results for FY2018

Financial Results for FY2018

Net sales

328.4 billion JPY

Year-on-year +7.5 billion JPY
(+2.4%)

Operating income

1.2 billion JPY

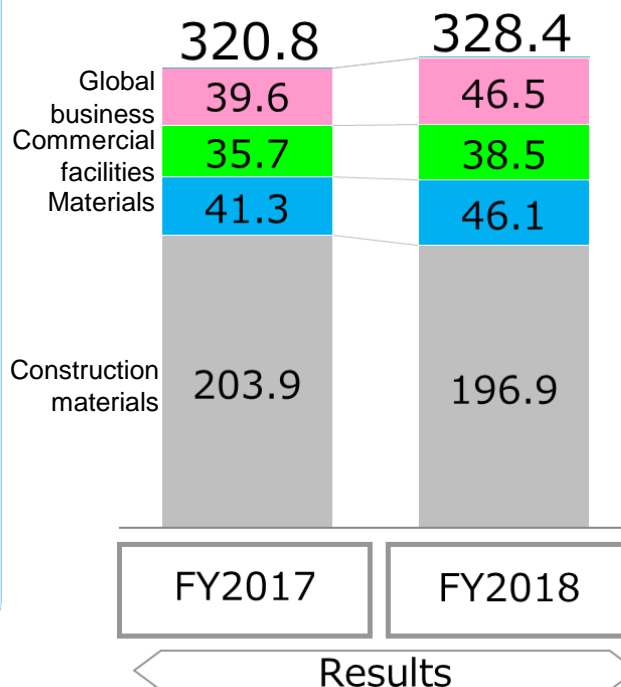
Year-on-year -5.5 billion JPY
(-82.1%)

Factors in the results

- Net sales increased by capturing demand in the strong non-construction materials market, and taking over the store business from Kokuyo Co., Ltd.
- Operating income decreased due to factors including the shrinkage and the continued intensely competitive environment in the construction materials market, delays in profit improvement in the global business, and the rising costs of materials including aluminum ingots.

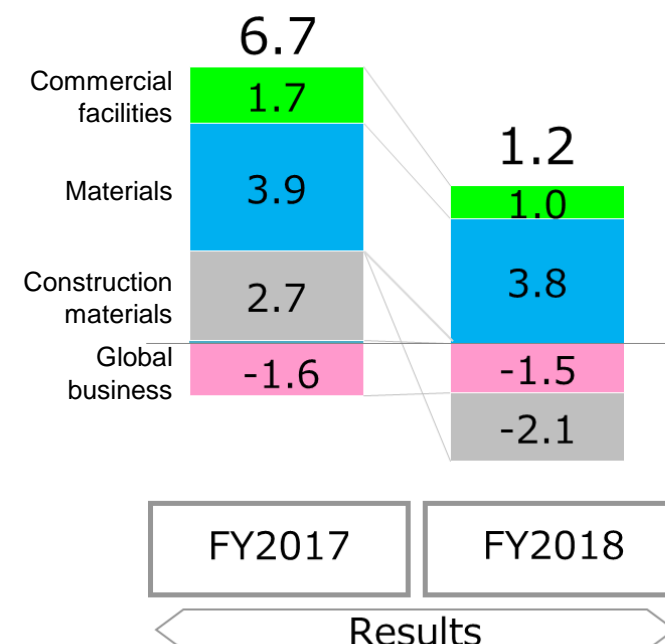
Net sales

(Billion JPY)

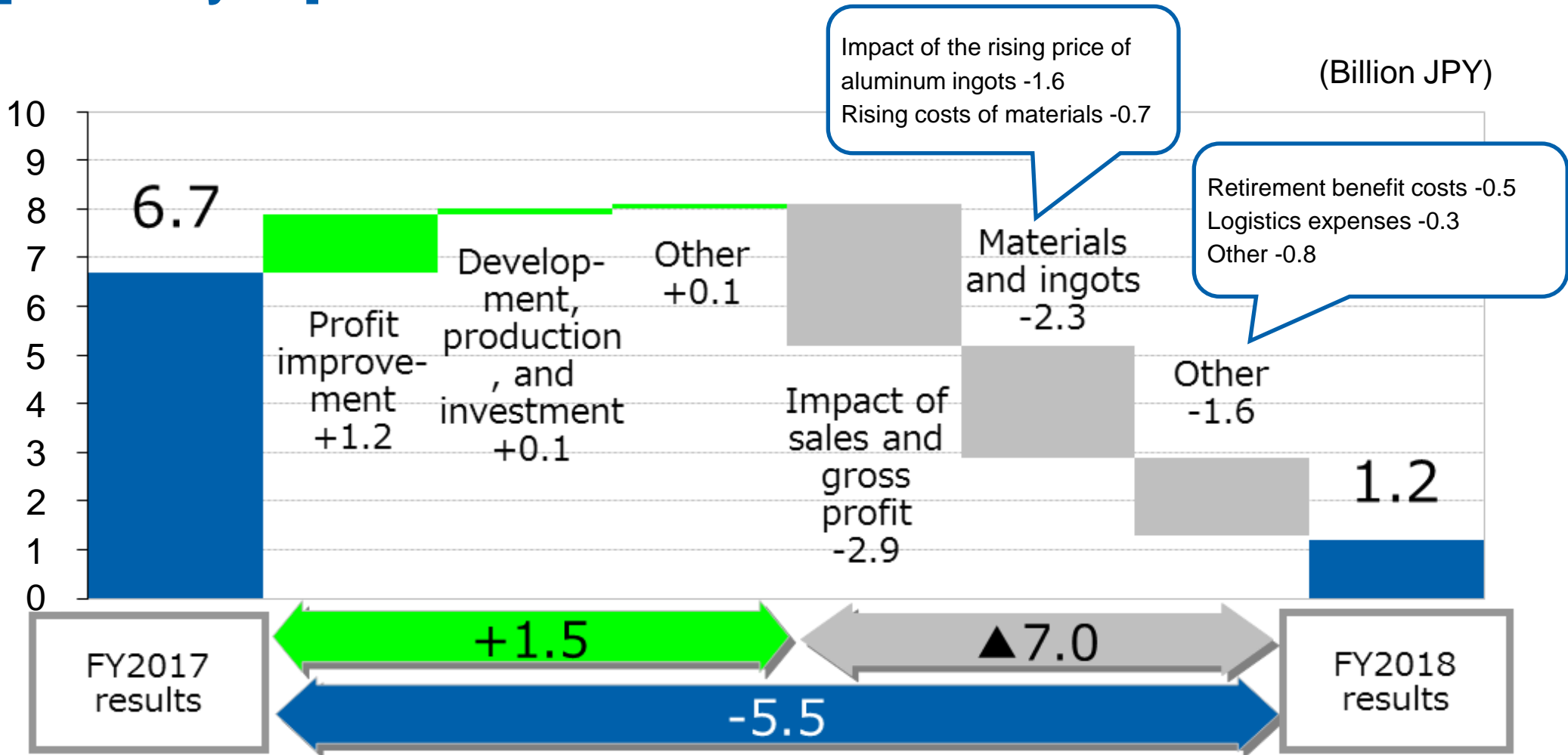


Operating income

(Billion JPY)



[Year-on-year]



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

FY2018 vs. planned

(Revised plan published on Jan. 11, 2018)

Net sales vs. planned

-7.5 billion JPY

Achievement rate **-2.3%**

Operating income vs. planned

-1.2 billion JPY

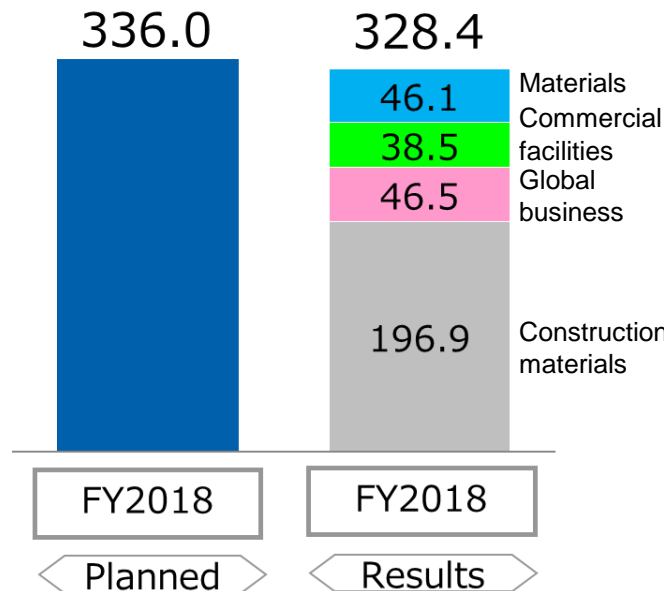
Achievement rate **-51.9%**

Factors in the results

- Continued intensely competitive environment in the construction materials market
- Customers' restrained capital investment in the commercial facility business
- Delays in profit improvement by subsidiaries in Europe

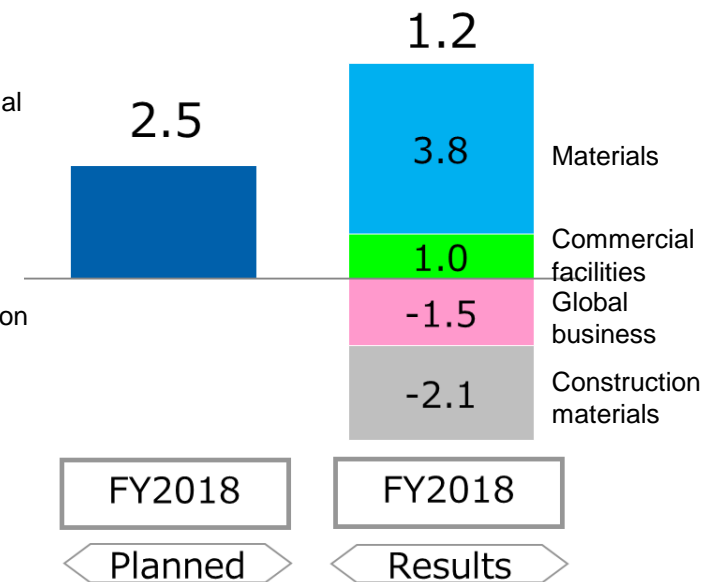
Net sales

(Billion JPY)



Operating income

(Billion JPY)

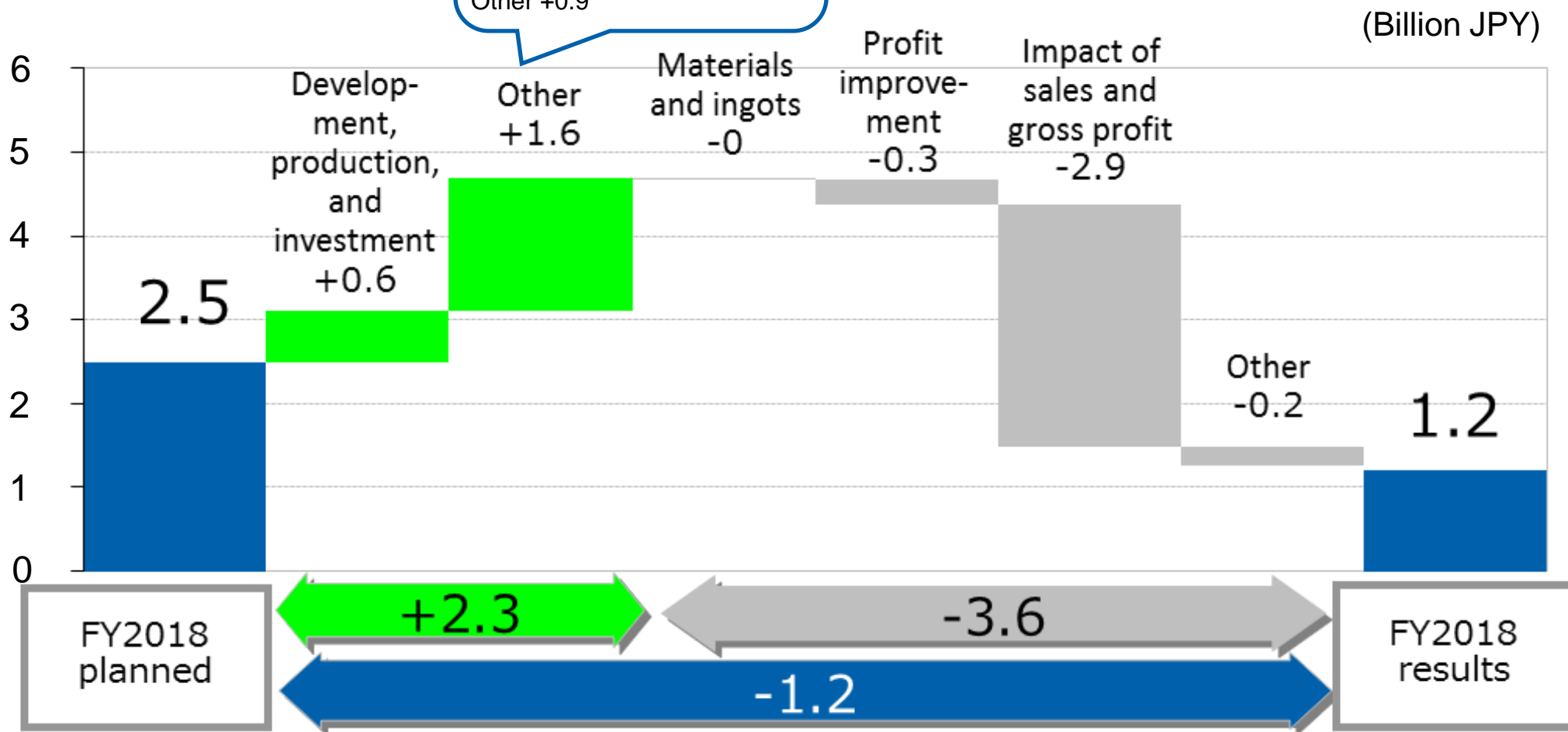


* The revised plan by segment for FY2018 is not disclosed.

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

Operating Income Change Factors vs. Planned

[vs. Planned]



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

FY2019 Planned

Basic Policy of the Mid-term Management Plan (FY2019 – FY2021)

“Change and Value Creation for a Stable and Sustainable Business Structure”



[FY2019 planned]

(Billion JPY)

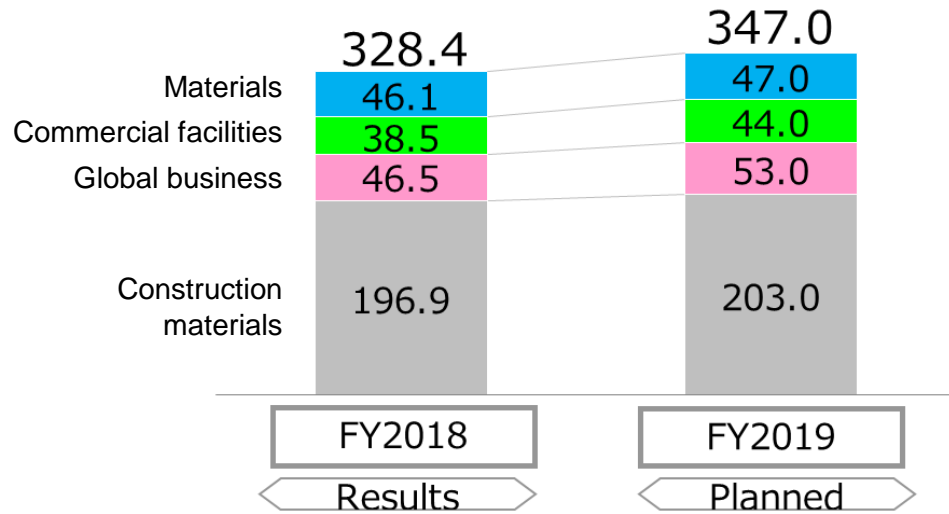
	FY2018 results	FY2019 planned	Year-on-year
Net sales	328.4	347.0	+18.5 (+5.7%)
Operating income	1.2	1.9	+0.6 (+58.2%)
Ordinary income	1.5	2.0	+0.4 (+30.1%)
Net income attributable to owners of the parent	-0.7	0.2	+0.9
Dividend (annual)	15 JPY per share	15 JPY per share	–

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

Operating Income Change Factors by Segment vs. Planned

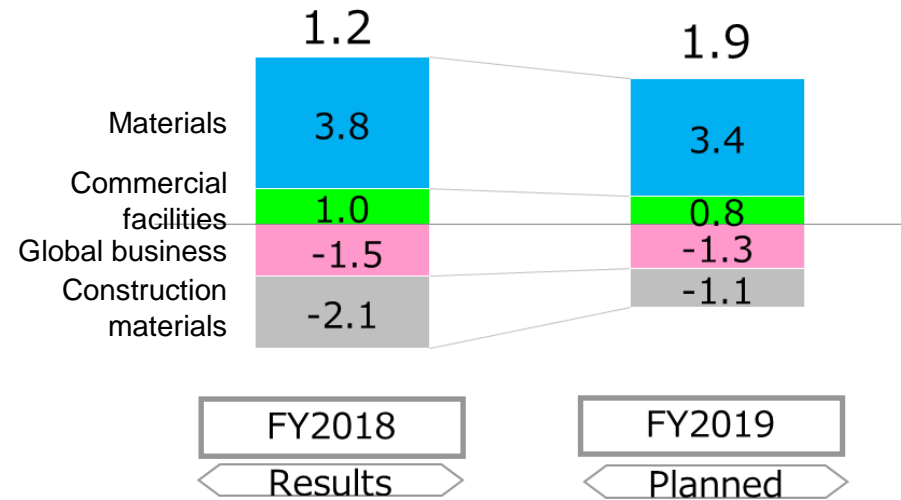
Net sales

(Billion JPY)



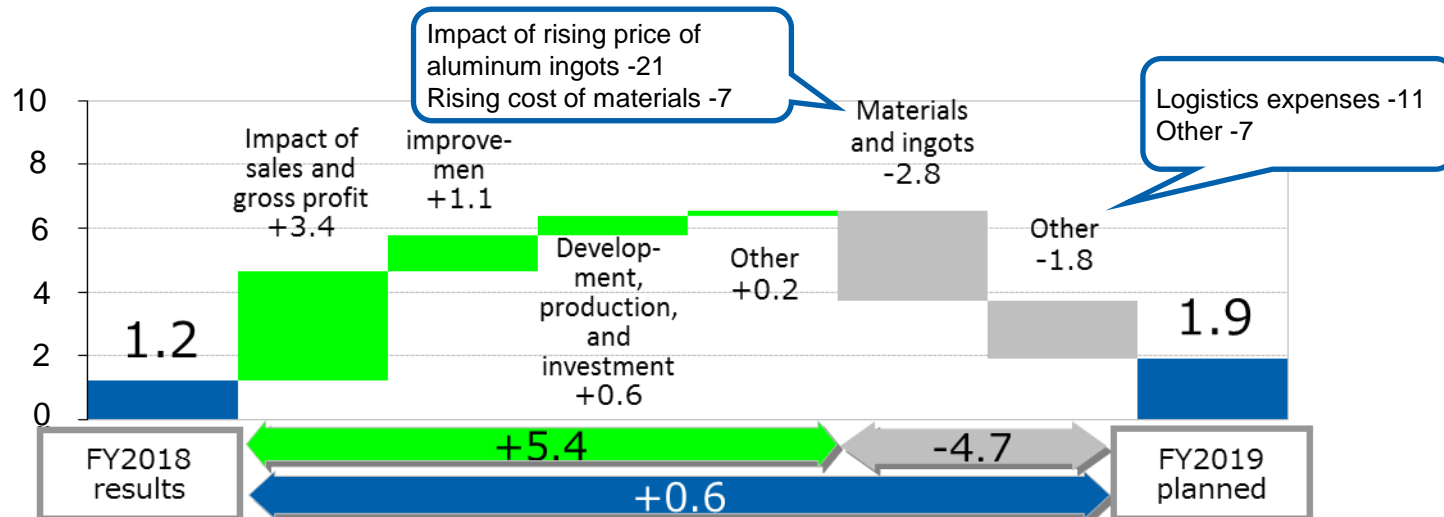
Operating income

(Billion JPY)



Operating income change factors between the previous results and FY2019 planned

(Billion JPY)



Mid-term Management Plan

(FY2019 – FY2021)

- **Summary of the Previous Mid-term Management Plan**
- **Long-term Business Structure Reform**
- **Basic Policies and Target Figures for the Mid-term Management Plan**
- **Reference: Outlook for VISION2020**

Summary of the Previous Mid-term Management Plan (FY2016 – FY2018)

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Plans were not achieved due mainly to: **Contraction of the construction materials business and delays in profit improvement in the global business**

[Results of the final year of the previous mid-term management plan (FY2018)]

Planned net sales: **385.0** billion JPY Results: **328.4** billion JPY (**-56.6** billion JPY)

Planned operating income: **13.0** billion JPY Results: **1.2** billion JPY (**-11.8** billion JPY)

Factors in the results

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

Construction materials

Sales: Not achieved
Income: Not achieved

- Intensely competitive environment → Decrease in sales and income
- Remodeling market was less developed than expected.

Materials

Sales: Not achieved
Income: **Achieved**

- The price of aluminum ingots was lower than expected → Decrease in sales linked to the price of ingots
- Captured demand in the general machinery and transportation fields, and sales promotions for large-scale extrusions

Commercial facilities

Sales: **Achieved**
Income: Not achieved

- Captured demand for renovations and taking over the store business of KOKUYO Co., Ltd.
- Up-front expenditure for future expansion of business areas

Global business

Sales: Not achieved
Income: Not achieved

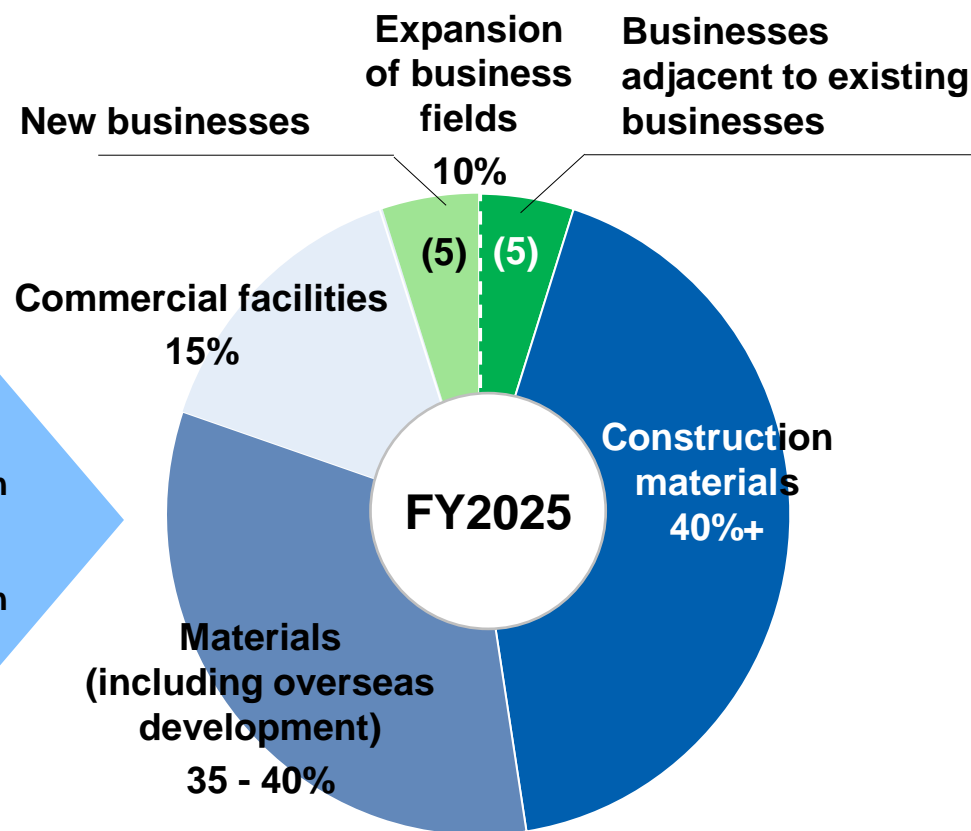
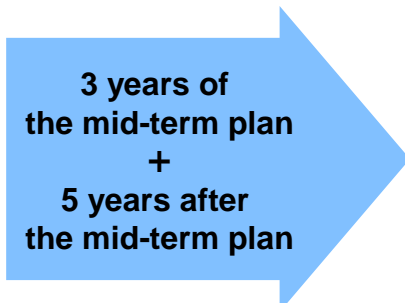
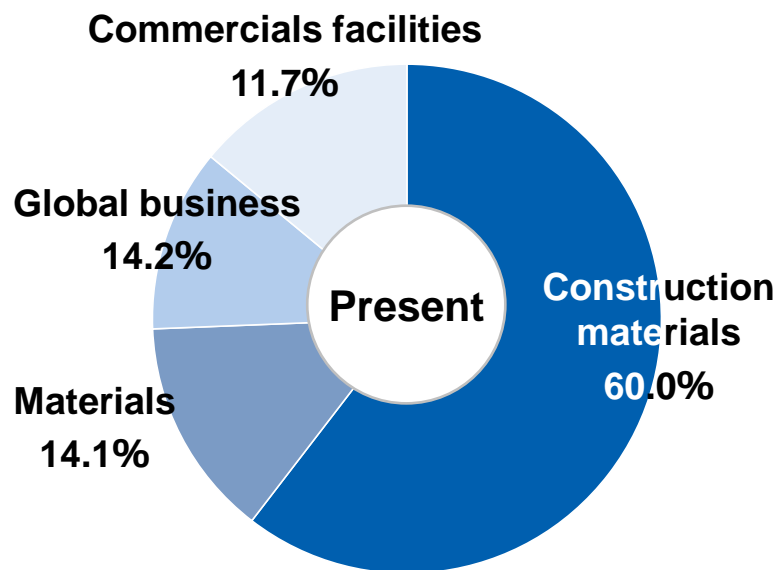
- Delays in responding to changes in the business environment in Europe
- Delays in improvement of productivity

Evolve into a company that creates value
in the areas of materials, spaces and services by



Build a business portfolio for stability and growth

[Long-term business structure reform]



Basic Policies for the Mid-term Management Plan (FY2019 - FY2021)

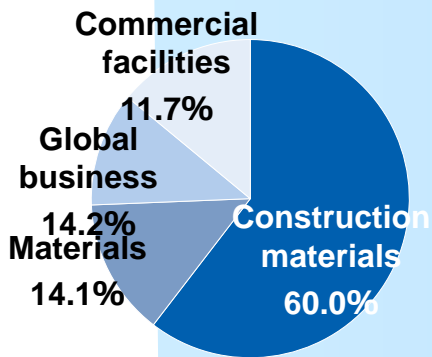
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Target figures for FY2021

Sales: 355.0 billion JPY, Operating income: 8.0 billion JPY (2.2%)

May 2021

June 2018

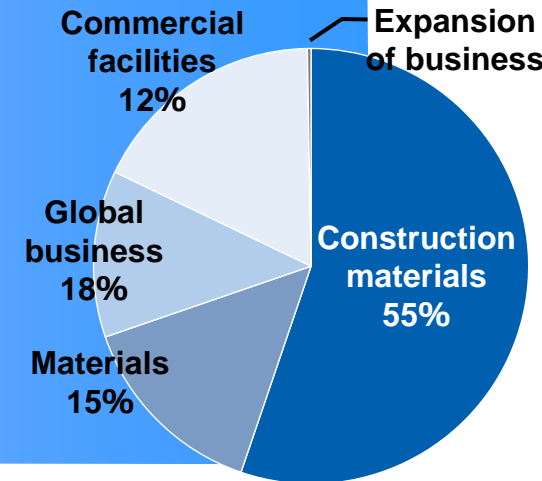


(Sales composition as of FY2018)

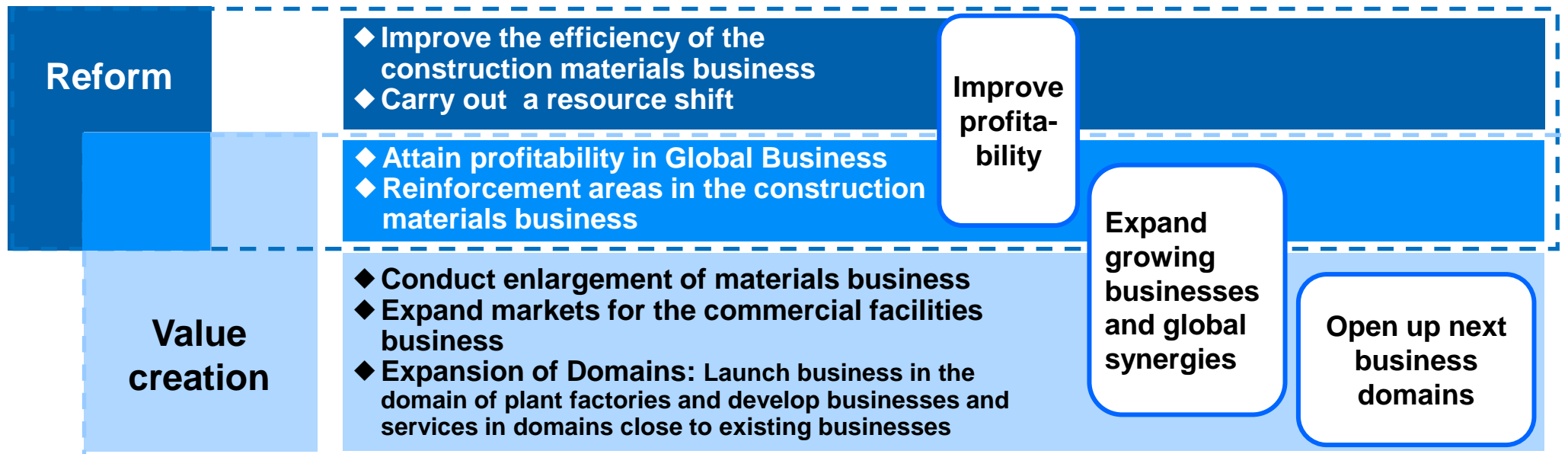
[Mid-term policies]

“ Reform and Value Creation “ Toward a Business Portfolio with Stability and Growth Potential

1. Improve profitability
2. Expand growth businesses and global synergies
3. Open up next business fields

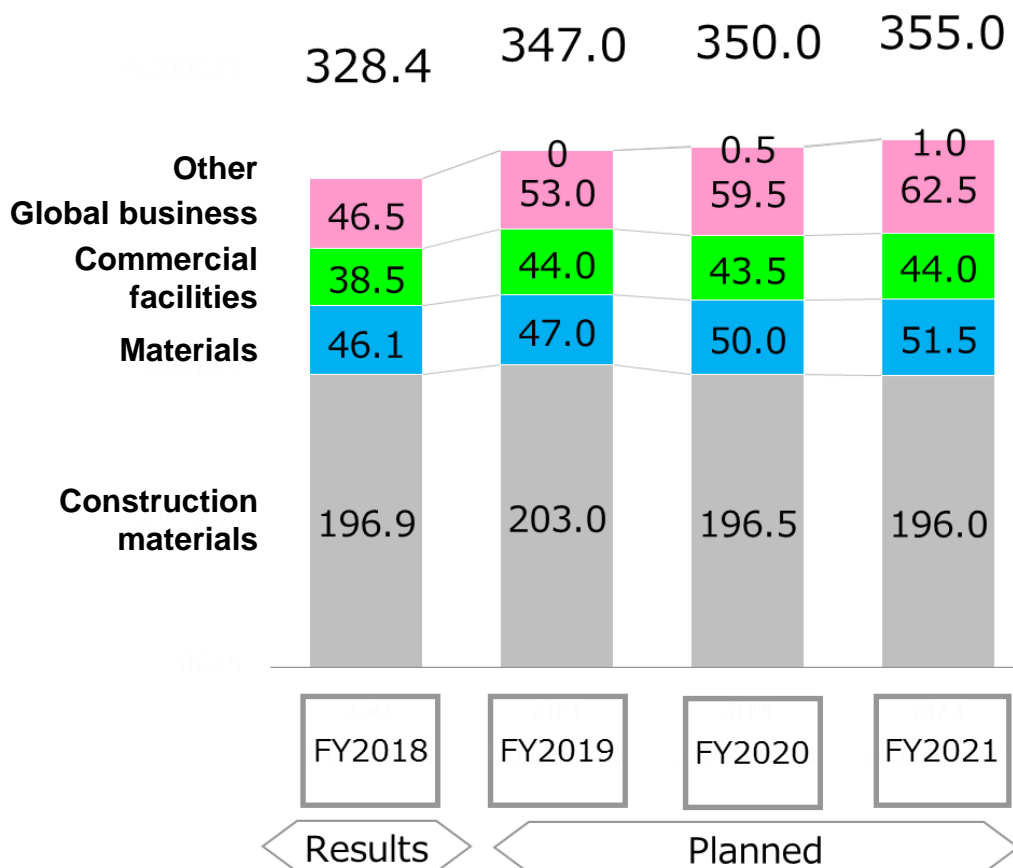


(Sales composition for FY2021)



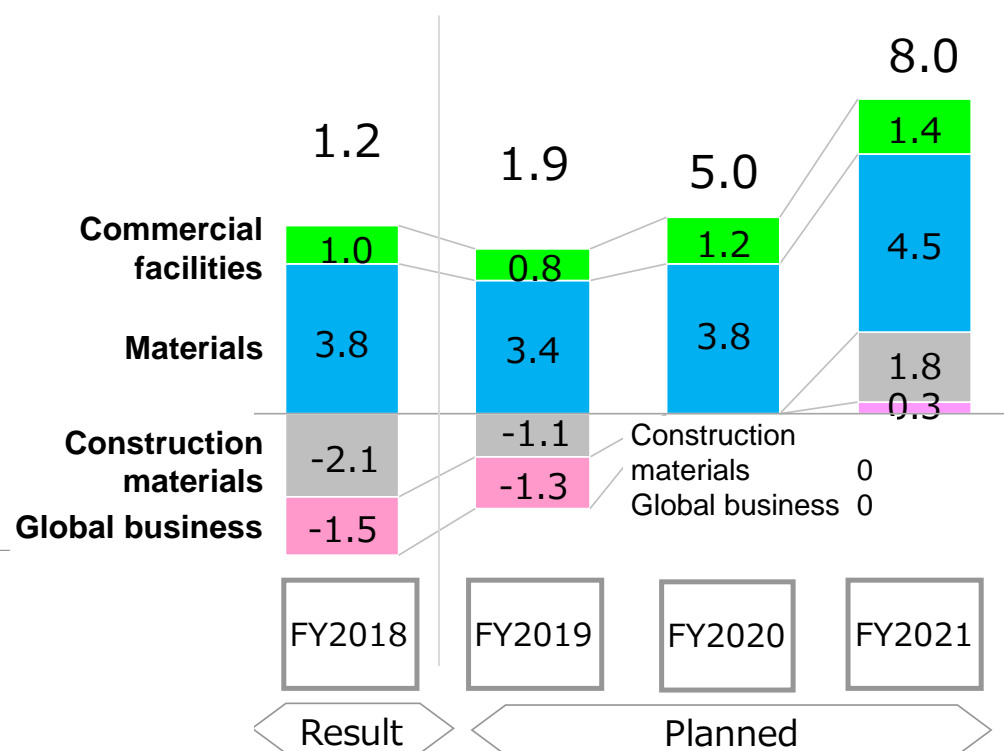
Net sales

(Billion JPY)



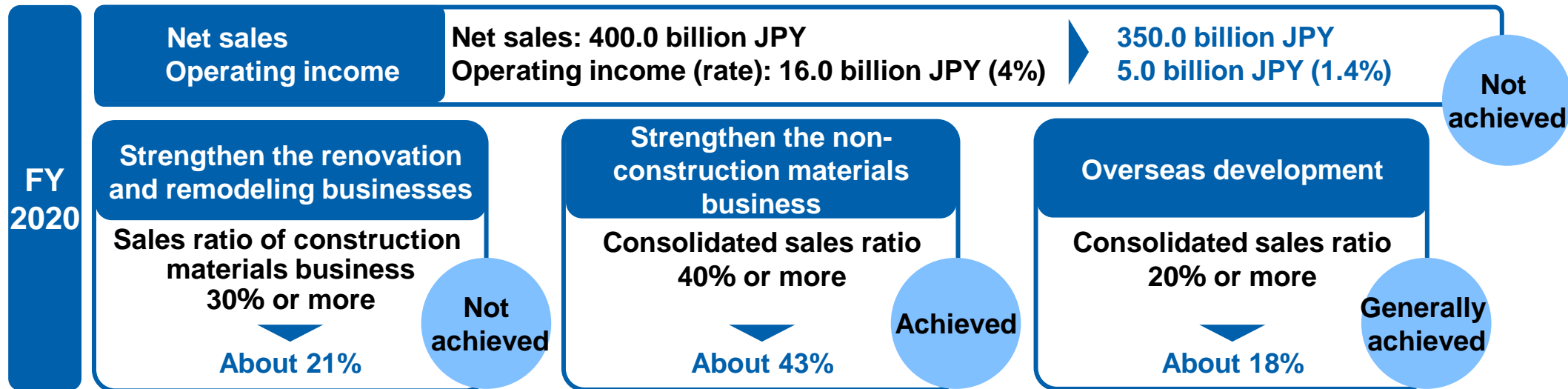
Operating income

(Billion JPY)



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

Developed 3 strategies to take on challenges by 2020, aiming for long-term business growth



Sales Income

- **Low sales in the construction materials business and global business**
 ⇒ **Plans were not achieved**
 Construction materials business: Continued intensely competitive environment and low demand for remodeling work
 Global business: Business environment changes in Europe and delays in profit improvement

Business structure

- **Expansion of the non-construction materials business and full-scale of overseas development**
 ⇒ **Changes in the business portfolio are making progress**
 - Captured demand in the general machinery and transportation fields (materials), expansion of customers and product areas, taking over the store business of KOKUYO Co., Ltd. (commercial facilities)

Based on the outlook for achieving VISION2020, we will design “Long-term Business Structure Reform (P11)” by 2025 and move ahead with the new mid-term management plan

[Notes regarding these documents]

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