



Life with Green Technology

Financial Results for 1Q FY2020

(June 1, 2019 – August 31, 2019)

October 4, 2019

 **SankyoTateyama, Inc.**

(Billion JPY)

	FY2020 1Q	FY2019 1Q	Year-on-year Change	
				%
Net sales	75.0	79.3	▲ 4.2	▲ 5.4%
Gross profit	15.8	16.2	▲ 0.3	▲ 2.2%
Gross profit margin	21.2%	20.5%		+0.7p
Operating income	▲ 0.4	▲ 0.6	0.2	-
Operating margin	▲ 0.6%	▲ 0.8%		-
Ordinary income	▲ 0.5	▲ 0.5	0.0	-
Quarterly net income attributable to owners of parent	▲ 1.6	▲ 0.7	▲ 0.8	-

* Amounts are rounded down to the nearest 100 million JPY

Financial Overview

Sales decreased by 4.2 billion yen year on year

- Profits from the materials, commercial facilities and global business, decreased due to the impact of the market.

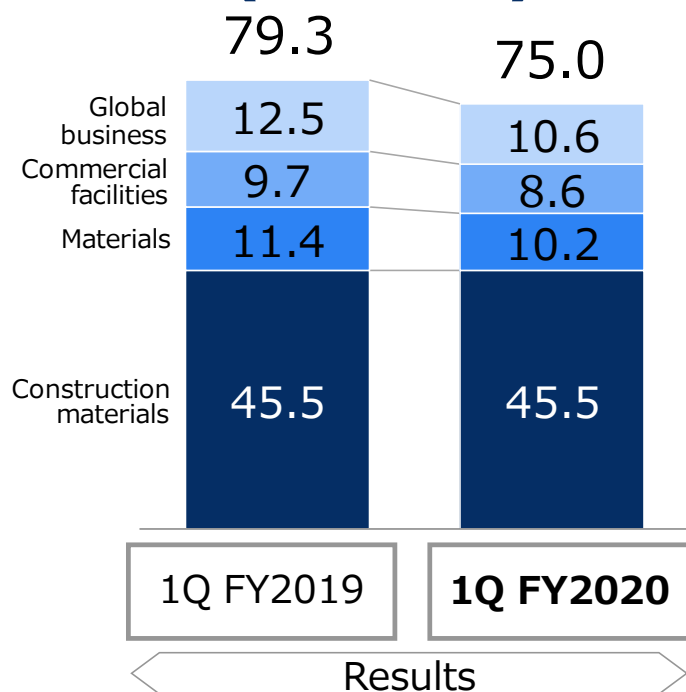
Operating income increased by 0.2 billion yen year on year

- Focused on improving production throughout the company, and increasing gross profit in the construction materials business.

Net sales

75.0 billion JPY

Year-on-Year **▲4.2 billion JPY**
(**▲5.4%**)

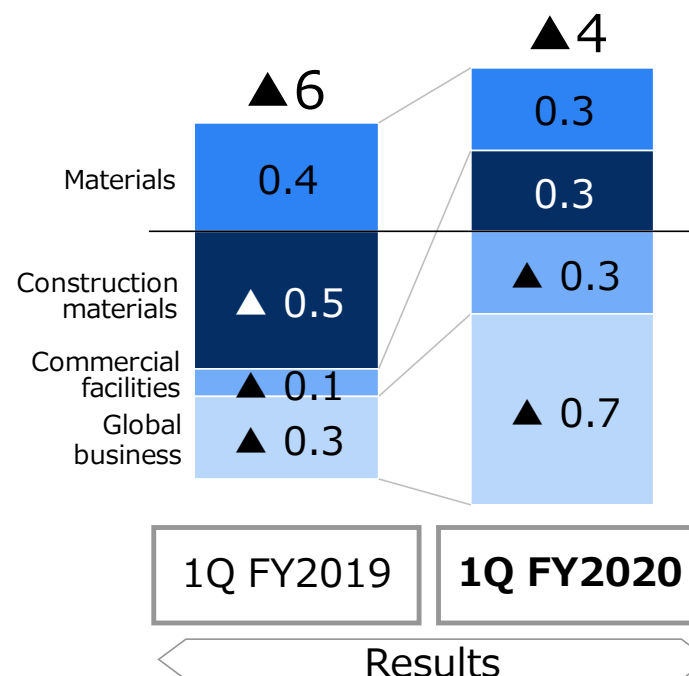


- Sales remained unchanged from the previous year in the construction materials business
- Profits decreased in the materials, commercial facilities and global businesses

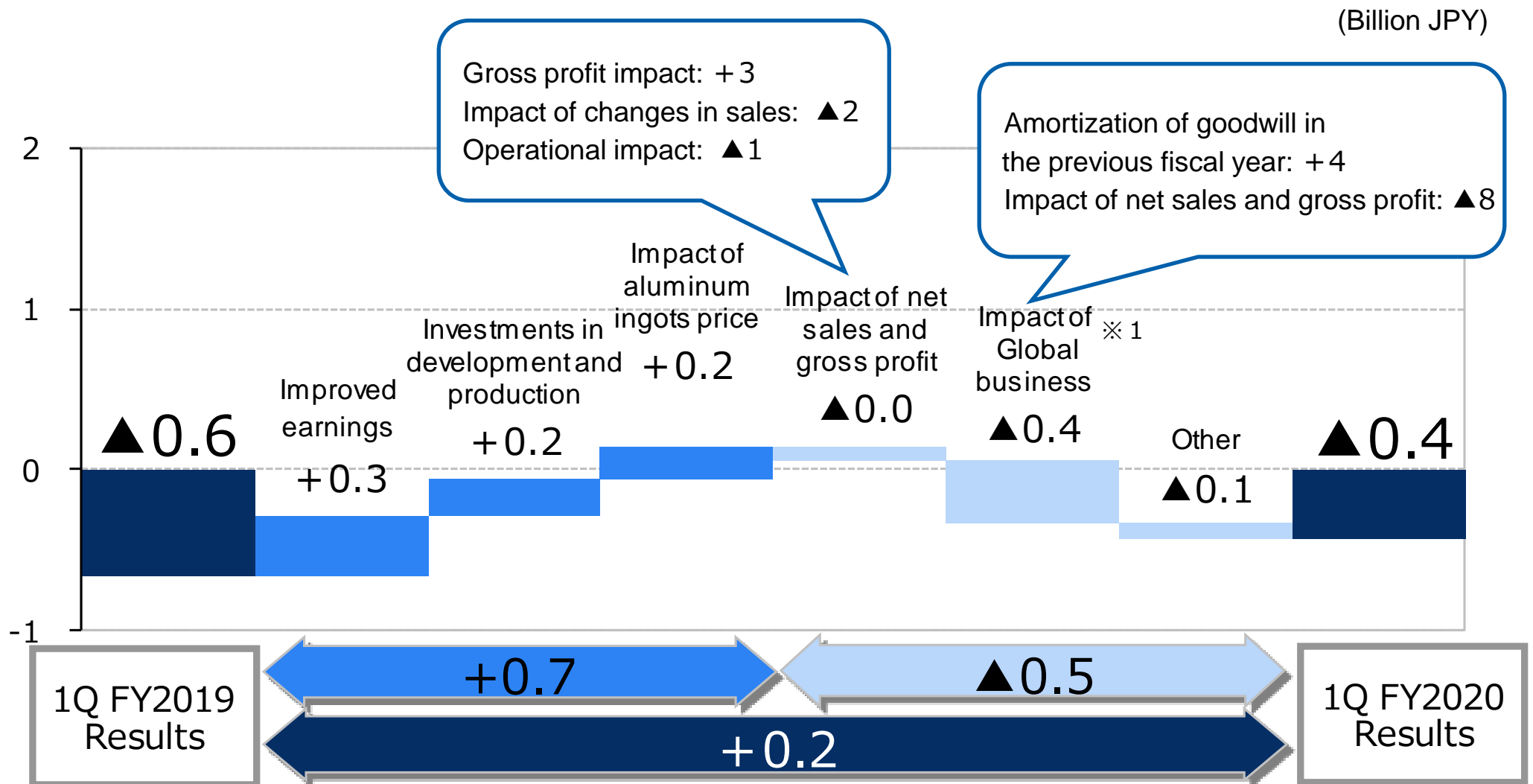
Operating income

▲0.4 billion JPY

Year-on-Year **+0.2 billion JPY**
(**-**)



- Profitability was attained in the construction materials business
- Profits decreased in the materials, commercial facilities and global businesses



※ 1 Increase / decrease in profits from Global business are consolidated into "Impact of Global business"

* Amounts are rounded down to the nearest 100 million JPY

■ Providing a one-stop service for plant factories, ranging from construction to cultivation and operation support

Launched the plant factory system “agri-cube ID”

Jointly developed by DAIWA HOUSE INDUSTRY CO., LTD. and Sankyo Tateyama, Inc.

(The system launched nationwide by DAIWA HOUSE INDUSTRY CO., LTD. on October 1, 2019.)

● Features of the plant factory system “agri-cube ID”

1. Support for a variety of business plans for customers
2. Original technology that enables forced culturing of curly lettuce in only 32 days
3. Reliable cultivation support program

Ability to propose construction solutions for a wide range of fields including production and logistics and commercial business

DAIWA HOUSE INDUSTRY CO., LTD.
x Sankyo Tatenaya, Inc.

Network that allows construction nationwide

Uniquely developed cultivation technologies

Experience in production, sales and operation ability as a plant factory operator

Comprehensive cultivation support

Test building in a factory



Test equipment



Sales price	For a basic model: Approx. 1,300 m ² Main equipment price: From 300,000 yen/m ² (excluding tax)
Items that can be produced	Leafy vegetables (can cultivate a variety of breeds including lettuce, basil and spinach)
Support	DAIWA HOUSE INDUSTRY, CO., LTD.: Sales, distribution and construction original contractor Saikyo Tateyama, Inc.: Provides cultivation technologies and cultivation support

References

	FY2019	FY2018	FY2017
[Construction materials business (housing) index] The number of new housing starts (April-June)	234 thousand units (-4.7% yoy)	245 thousand units (-2.0% yoy)	250 thousand units (+1.1% yoy)
The number of new housing starts [owner-occupied houses](April-June)	79 thousand units (+9.6% yoy)	72 thousand units (-2.5% yoy)	74 thousand units (-0.5% yoy)
The number of new housing starts [house for rent](April-June)	79 thousand units (+9.6% yoy)	72 thousand units (-2.5% yoy)	74 thousand units (-0.5% yoy)
[Construction materials business (building) index] Floor area of non-wooden structure starts(April-June)	18,839 thousand m² (-5.5% yoy)	19,939 thousand m ² (-5.2% yoy)	21,043 thousand m ² (+1.8% yoy)
[Materials business index] Aluminum extrusion weight [excluding sashes and doors](April-June)	88.5 thousand tons (-1.8% yoy)	90.2 thousand tons (-0.4% yoy)	90.5 thousand tons (+8.1% yoy)
[Commercial facilities business index] The number of new building starts [stores] (April-June)	1,843 buildings (-7.9% yoy)	2,001 buildings (-2.2% yoy)	2,045 buildings (-6.1% yoy)
[Aluminum ingot (The Nikkei)] Average prices for the period from April to June	252.3JPY/kg (-18.5% yoy)	309.7JPY/kg (+15.0% yoy)	269.2JPY/kg (+20.6% yoy)

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

Net sales

45.5 billion JPY

Year-on-Year **▲0.0 billion JPY**
(▲0.0%)

- Severe competition continued in the housing industry
- Sales increased in the building and exterior industries

Operating income

0.3 billion JPY

Year-on-Year **+0.9 billion JPY**
(- %)

- Profits entered the black due to the revised price of some products and decreased price of aluminum ingot

Business Environment

Number of new housing starts

Whole **▲4.7%**
Owner-occupied houses **+9.6%**

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

Floor area of non-wooden structure starts

▲5.5%

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

Sales weight of aluminum sash for buildings

▲11.2%

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

Aluminum ingot price
(Source: Nikkei)

▲18.5%

Source: Statistics by Japan Aluminum Association

* Percentage figures represent the year-on-year change in cumulative total during April-March.

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

Net sales

10.2 billion JPY

Year-on-Year **▲ 1.2 billion JPY**
(▲ 10.5%)

- Decrease in demand continued in the general machine industry
- Sales decreased in conjunction with aluminum market conditions

Operating income

0.3 billion JPY

Year-on-Year **▲ 0.1 billion JPY**
(▲ 27.2%)

- Decrease in the amount of orders received

Business Environment

Domestic aluminum extrusion weight
(excluding sashes and doors)

▲ 1.8%

Source: Statistics by Japan Aluminum Association

Domestic aluminum extrusion weight
(general machinery)

▲ 20.6%

Source: Statistics by Japan Aluminum Association

* Percentage figures represent the year-on-year change in cumulative total during April-March.

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

Net sales

8.6 billion JPY

Year-on-Year **▲ 1.0 billion JPY**
(▲ 11.2%)

- Continued decline in new store launches by retailers

Operating income

▲ 0.3 billion JPY

Year-on-Year **▲ 0.1 billion JPY**
(- %)

- Decrease in sales
- Increase in logistics and other costs

Business Environment

Number of new building starts (stores)

▲ 7.9%

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

Retail sales amount (whole)

+ 0.7%

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

* Percentage figures represent the year-on-year change in cumulative total during April-March.

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

Net sales

10.6 billion JPY

Year-on-Year ▲ **1.9 billion JPY**
(▲ **15.7%**)

- Performance in Thailand remained firm
- Impact from economic slowdown in Europe and decrease in sales volume of automobiles

Operating income

▲ **0.7 billion JPY**

Year-on-Year ▲ **0.3 billion JPY**
(- %)

- Decrease in sales from the transport sector in Europe

Business Environment

German car production

Year-on-Year (Apr.-Jun. 2019)

▲ **9.0%**

Source: ACEA

Gross Domestic Product(GDP)

Year-on-Year

(Jan.-Mar. 2019)

(Apr.-Jun. 2019)

Eurozone

+**0.4%**

+**0.2%**

Germany

+**0.4%**

▲ **0.1%**

Source: EUROSTAT

Source:
Federal Statistical
Office

		1Q FY2020 Results	1Q FY2019 Results	Premise of revision of FY2020 forecast
Aluminum ingot price (The Nikkei)		252.3JPY/kg	309.7JPY/kg	245.0JPY/kg
Exchange rates	USD	109.9JPY	109.1JPY	110.0JPY
	EUR	123.5JPY	130JPY	125.0JPY
	THB	3.5JPY	3.4JPY	3.5JPY
	CNY	16.1JPY	17.1JPY	16.0JPY

* Aluminum ingot results are average prices for the period from April to June.

* Foreign exchange rates are average exchange rates for the term.



SDGs (Sustainable Development Goals) contain the ideal of a world where all people can enjoy rich and healthy lives, many of which overlap with our management philosophy and the purposes of our CSR activities. We will continue to contribute to achieving SDGs through our daily business activities.

Sankyo Tateyama Management Philosophy

Based on cooperation encompassing clients, local communities and employees, we create new value and contribute to realizing a world of well-being by giving customers delight and satisfaction

CSR Activities

ESG	CSR	SDGs
E Environment	Harmony with environment Promoting environmental conservation activities Promoting development of eco-friendly products	
S Society	Harmony with society Increasing communication with stakeholders Promoting community-based social contribution activities Respect for humanity Promoting diversity Improving mental and physical health	
G Governance	Healthy corporate activities Promoting customer satisfaction improvement activities Developing and providing products that satisfy customer demands Enhancing corporate governance Enhancing risk management Promoting compliance Enhancing information security	

[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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