



Life with Green Technology

Financial Results for 3Q FY2020

(December 1, 2019 – February 29, 2020)

April 2, 2020

 **SankyoTateyama, Inc.**

Summary of Financial Results for 3Q FY2020

✓ Sales down, Operating income up YoY

✓ Sales decreased by approx. 15.6 billion yen (-6.2%)

Sales decreased in all businesses.

- Construction materials business; decreased due to reactionary drop after consumption tax hike and convergence of disaster recovery demand.
- Materials businesses; decreased due to the impacts of US-China trade friction and the spread of new coronavirus infection
- Commercial facilities business; decreased due to withholding of the launching of new retail stores.
- Global businesses; decreased due to slowdown in European economy.

✓ Operating income increased by approx. 1.3 billion yen (+262.6%)

- Construction materials business; increased significantly due to improve profitability in the sales and production divisions and aluminum ingot prices remaining at a low level compared to last fiscal year.
- Materials business and Global business; decreased mainly due to a decline in sales.

(Billion JPY)

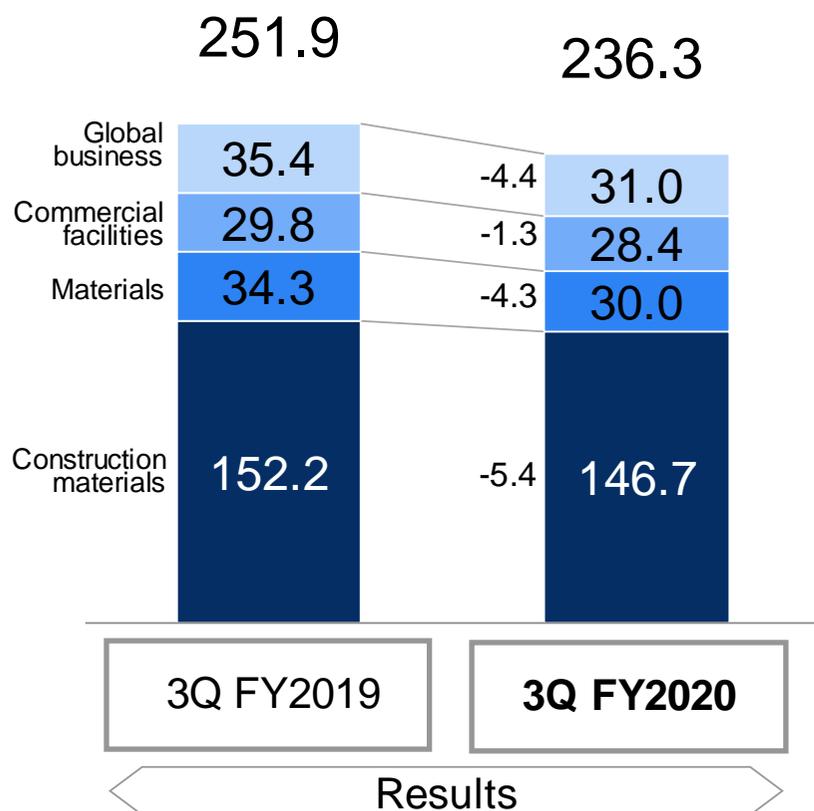
	FY2020 3Q Results	FY2019 3Q Results	Year-on-year Change	
				%
Net sales	236.3	251.9	-15.6	-6.2%
Operating income	1.8	0.5	1.3	+262.6%
Operating margin	0.8%	0.2%		+0.6p
Ordinary income	1.9	0.7	1.1	+148.3%
Quarterly net income attributable to owners of parent	-0.6	-0.4	-0.2	-

* Amounts are rounded down to the nearest 100 million JPY

Net sales

236.3 billion JPY

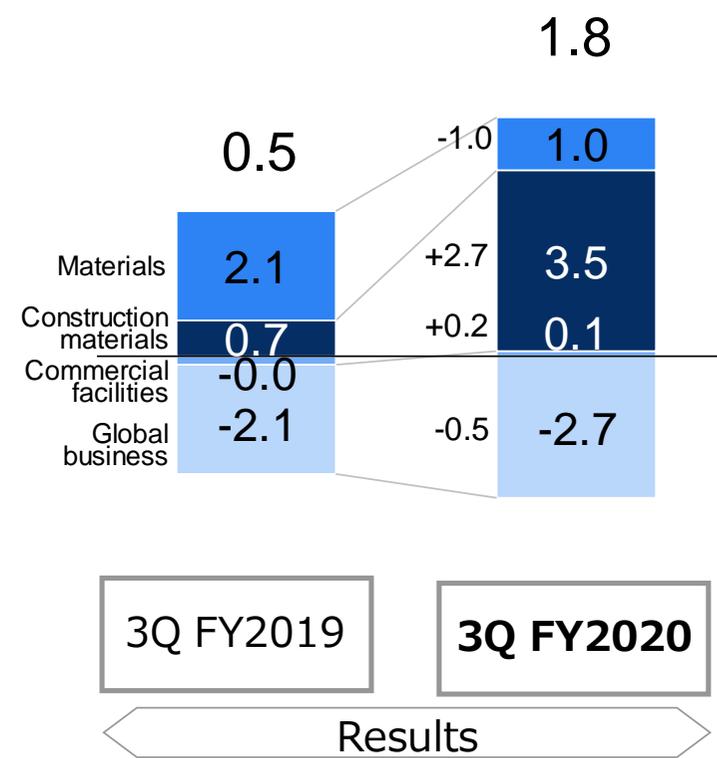
YoY **-15.6** billion JPY
(-6.2%)



Operating income

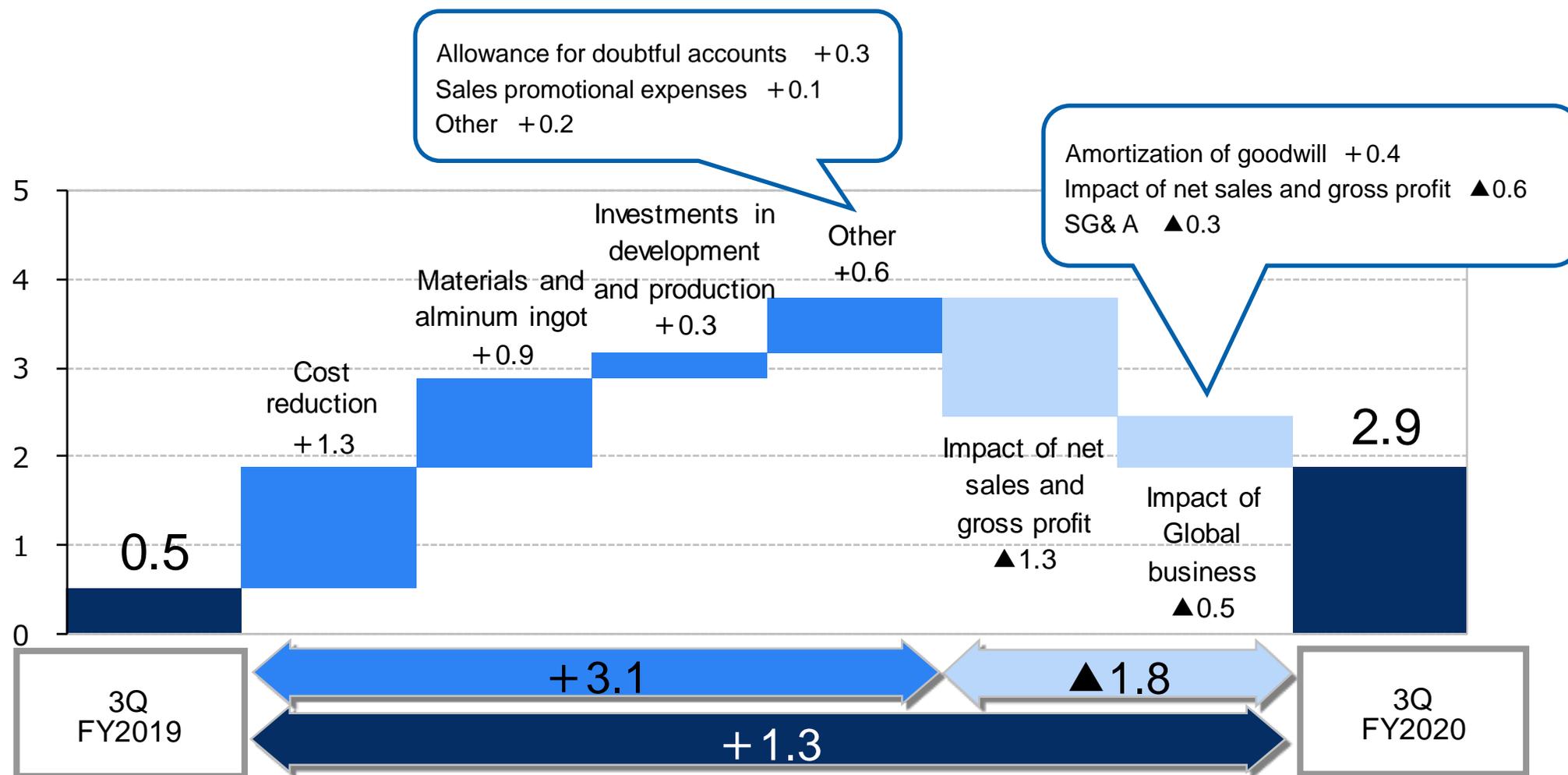
1.8 billion JPY

YoY **+1.3** billion JPY
(+262.6%)



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

(Billion JPY)



※Increase / decrease in profits from Global business are consolidated into “Impact of Global business”

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

(Billion JPY)

	FY2020	FY2020	Change	%
	Revised forecast	Previous forecast		
Net sales	318.0	338.0	-20.0	-5.9%
Operating income	2.5	4.0	-1.5	-37.5%
Operating margin	0.8%	1.2%		-0.4p
Ordinary income	1.8	3.7	-1.9	-51.4%
Profit attributable to owners of the parent	Undecided	1.4	-	-

* Amounts are rounded down to the nearest 100 million JPY

【Reasons to revise of full-year performance forecast】

The business environment is changing daily, with the European and Chinese economies are slowing down and the spread of the new coronavirus worldwide is affecting the economy. Based on these circumstances and the results of the last three quarters, sales, operating income and ordinary income are expected to be lower than previously announced forecasts.

Profit attributable to owners of the parent has not been determined since it is difficult to estimate reasonably. The large fluctuations in the stock market, in addition to signs of impairment of subsidiaries are recognized due to changes in the economic environment.

	FY2019	FY2018	FY2017
[Construction materials business (housing) index] The number of new housing starts (April-December)	690 thousand units (-6.5% yoy)	737 thousand units (-0.5% yoy)	741 thousand units (-1.3% yoy)
The number of new housing starts [owner-occupied houses](April-December)	223 thousand units (+0.5% yoy)	222 thousand units (-28.4% yoy)	310 thousand units (-2.6% yoy)
The number of new housing starts [house for rent](April-December)	261 thousand units (-15.5% yoy)	309 thousand units (-4.3% yoy)	323 thousand units (-2.4% yoy)
[Construction materials business (building) index] Floor area of non-wooden structure starts (April-December)	54,762 thousand m² (-5.7% yoy)	58,069 thousand m ² (-2.7% yoy)	59,678 thousand m ² (+1.8% yoy)
[Materials business index] Aluminum extrusion weight [excluding sashes and doors](April-December)	266.6 thousand tons (-1.4% yoy)	270.4 thousand tons (-1.4% yoy)	274.2 thousand tons (+5.0% yoy)
[Commercial facilities business index] The number of new building starts [stores] (April-December)	5,076 buildings (-13.2% yoy)	5,847 buildings (-4.1% yoy)	6,100 buildings (-7.0% yoy)
[Aluminum ingot (The Nikkei)] Average prices for the period from April to December	247.1 JPY/kg (-15.6% yoy)	292.7 JPY/kg (+4.7% yoy)	279.6 JPY/kg (+23.9% yoy)

Figures in parentheses are year-on-year.

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

Net sales

146.7 billion JPY

YoY **-5.4** billion JPY
(-3.6%)

- Reactionary drop after consumption tax hike
- Convergence of disaster recovery demand in the exterior construction segment

Operating income

3.5 billion JPY

YoY **+2.7** billion JPY
(357.9%)

- Promote profitability improvement in sales and production divisions
- Aluminum ingot prices remain at low level

Business Environment

Number of new housing starts

Floor area of non-wooden structure starts

Sales weight of aluminum sash for buildings

Aluminum ingot price
(Source: Nikkei)

Whole **-6.5%**

-5.7%

-8.8%

-15.6%

Owner-occupied houses **+0.5%**

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

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

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

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

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

Net sales

30.0 billion JPY

YoY **-4.3** billion JPY
(-12.6%)

- Decrease in demand for general machinery due to impact from U.S.-China trade friction and the spread of new coronavirus infections
- Severe competitive environment and reduced sales linked to the aluminum ingot market

Operating income

1.0 billion JPY

YoY **-1.0** billion JPY
(-50.5%)

- Downturn in rate of operation alongside reduced order volume, etc.

Business Environment

Domestic aluminum extrusion weight
(excluding sashes and doors)

-1.4%

Source: Statistics by Japan Aluminum Association

Domestic aluminum extrusion weight
(general machinery)

-15.4%

Source: Statistics by Japan Aluminum Association

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

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

Net sales

28.4 billion JPY

YoY **-1.3 billion JPY**
(-4.7%)

- Acquisition of demand for store renovation for manpower-saving and work efficiency
- Decreased demand for launching of new retail stores

Operating income

0.1 billion JPY

YoY **+0.2 billion JPY**
(- %)

- Improve profitability by improving work efficiency

Business Environment

Number of new building starts (stores)

-13.2%

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

Retail sales amount (whole)

-0.2%

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-December.

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

Net sales

31.0 billion JPY

YoY **-4.4 billion JPY**
(-12.5%)

- Firm performance in Thailand
- Declining car production and demand for machinery due to slowing European economy

Operating income

-2.7 billion JPY

YoY **-0.5 billion JPY**
(- %)

- Downturn in rate of operation due to decreased sales at European subsidiary

Business Environment

Car production

YoY	Germany	Thailand
(Apr.-Jun. 2019)	-13.3%	-2.4%
(Jul.-Sep. 2019)	-0.6%	-7.5%
(Oct.-Dec. 2019)	-8.3%	-21.7%

Source: VDA

Gross Domestic Product(GDP)

YoY	Euro area	Germany	Thailand
(Apr.-Jun. 2019)	0.1%	-0.2%	2.3%
(Jul.-Sep. 2019)	0.3%	0.2%	2.6%
(Oct.-Dec. 2019)	0.1%	0.0%	1.6%

Source: EUROSTAT

Source: NESDC

[FY2020 results , FY2019 results and Preconditions for FY2020 plan]

		3Q FY2020 Results	3Q FY2019 Results	FY2020 Plan
Aluminum ingot price (Nikkei Aluminium average)		247.1 JPY/kg	292.7 JPY/kg	245.0 JPY/kg
Exchange rates	USD	108.7 JPY	111.1 JPY	110.0 JPY
	EUR	121.0 JPY	129.5 JPY	125.0 JPY
	THB	3.5 JPY	3.4 JPY	3.5 JPY
	CNY	15.6 JPY	16.6 JPY	16.0 JPY

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

* 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	3 GOOD HEALTH AND WELL-BEING 7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
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	11 SUSTAINABLE CITIES AND COMMUNITIES 15 LIFE ON LAND 3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
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	2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

[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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