



Ceaseless Creativity for a Sustainable World

SATO HOLDINGS CORPORATION

Q2 FY2016
Financial Results

Securities Code: 6287

November 9, 2016



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1H FY2016 Results

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1H FY2016 Consolidated Results

Unit: Million JPY	1H FY2016	1H FY2015	change	YoY %
Net Sales	51,083	51,880	-797	98.5%
Operating Income	2,652	2,112	539	125.5%
Operating Income %	5.2%	4.1%	1.1pt	--
Ordinary Income	2,379	2,053	326	115.9%
Profit attributable to owners of parent	1,507	1,132	375	133.1%
Effective Tax Rate	34.9%	40.6%	-5.7pt	
EBITDA	5,161	4,638	522	111.3%

Average exchange rates in 1H FY16: JPY 105.19/USD, JPY 118.03/EUR

Exchange rates assumed in 1H FY16 forecasts: JPY 110/USD, JPY 125/EUR

* EBITDA = Operating Income + Depreciation + Amortization

· Depreciation FY16: JPY 1,926 million

FY15: JPY 1,921million

· Amortization FY16: JPY 581 million (incl. JPY 357m for Argox, JPY 107m for Prakolar),

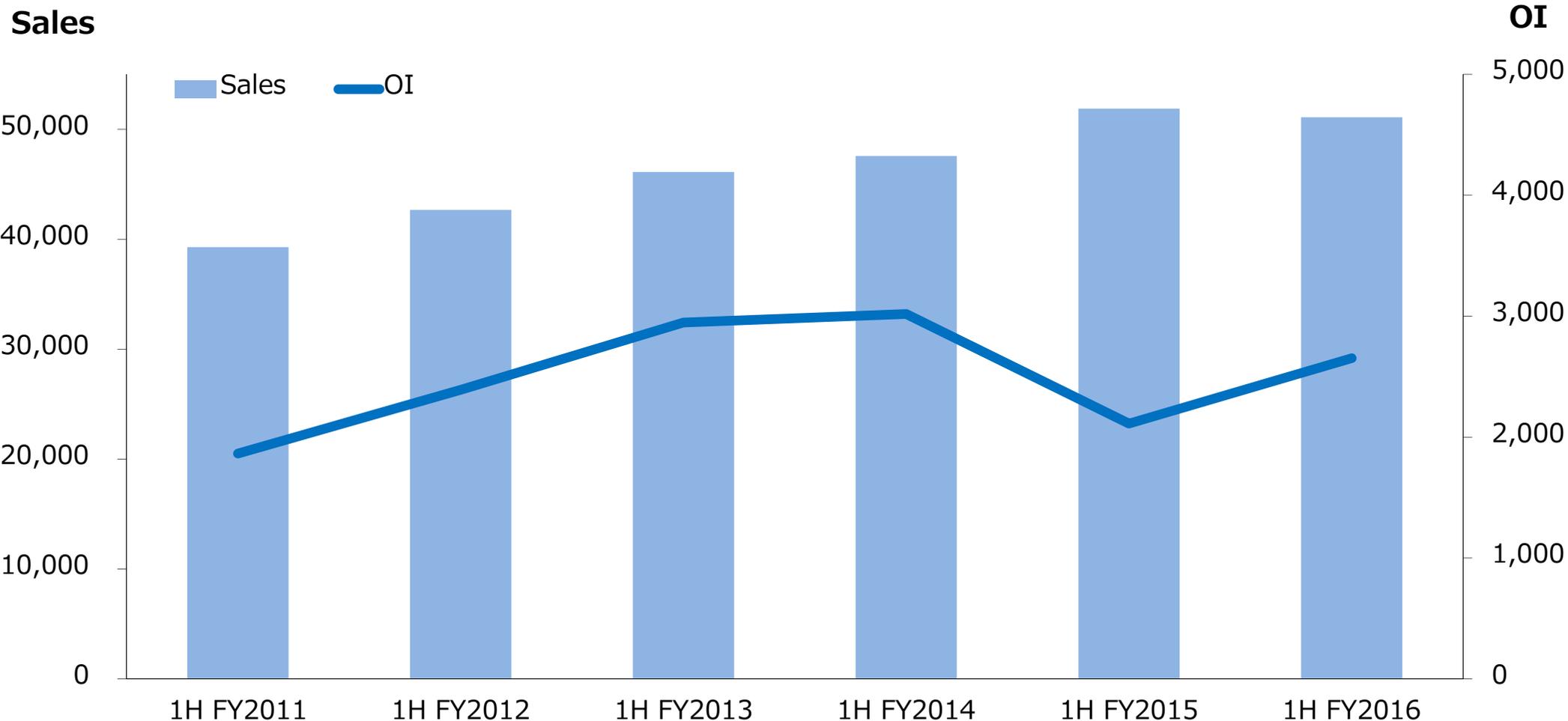
FY15: JPY 604 million (incl. JPY 422m for Argox) 3



Consolidated Sales & OI Trends of 1H

- Consolidated sales were flat YoY while OI increased 26% YoY.
- Overseas sales and OI declined due to yen appreciation.
- Domestic profitability improved.

Unit: Million JPY



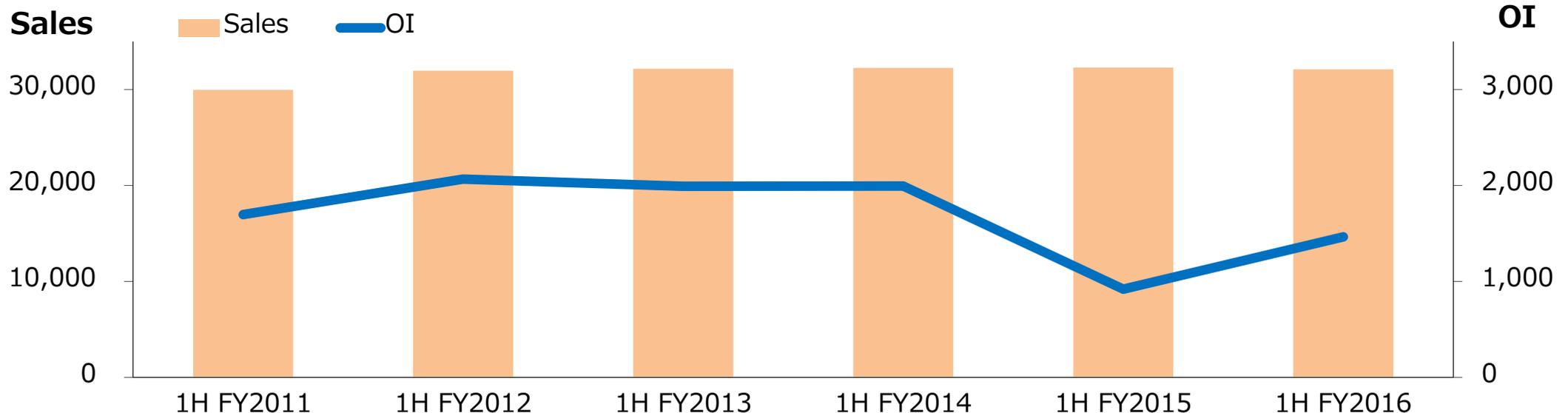


Japan

- Sales declined YoY after a large order in FY15 dropped off.
- GP margin improvement due to increased sales of industrial printers including strategic models and SG&A reduction led to an increase in OI.

Unit: Million JPY

	1H FY2016	1H FY2015	change	YoY %
Mechatronics Sales	11,524	11,838	-314	97.3%
Consumables Sales	20,601	20,470	130	100.6%
Total Sales	32,125	32,309	-183	99.4%
Gross Profit	14,731	14,275	455	103.2%
Gross Profit %	45.9%	44.2%	1.7pt	--
Operating Income	1,465	921	543	159.0%
Operating Income %	4.6%	2.9%	1.7pt	--

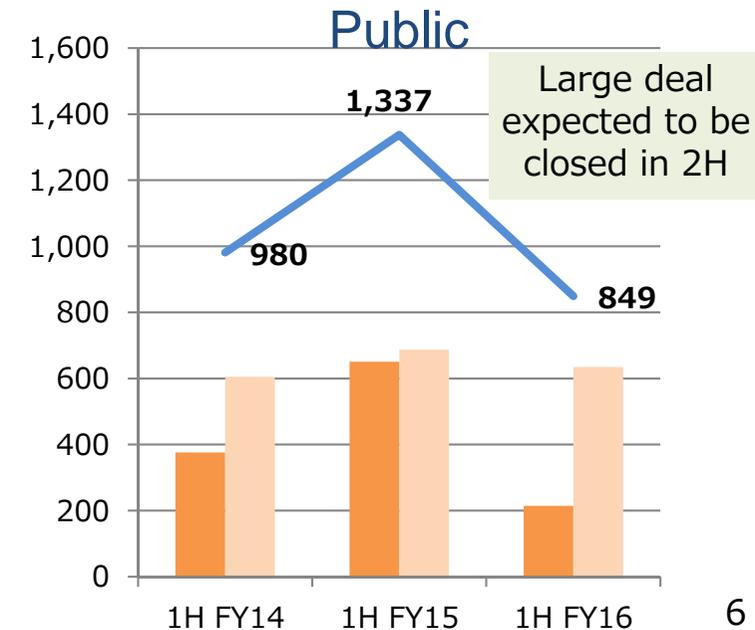
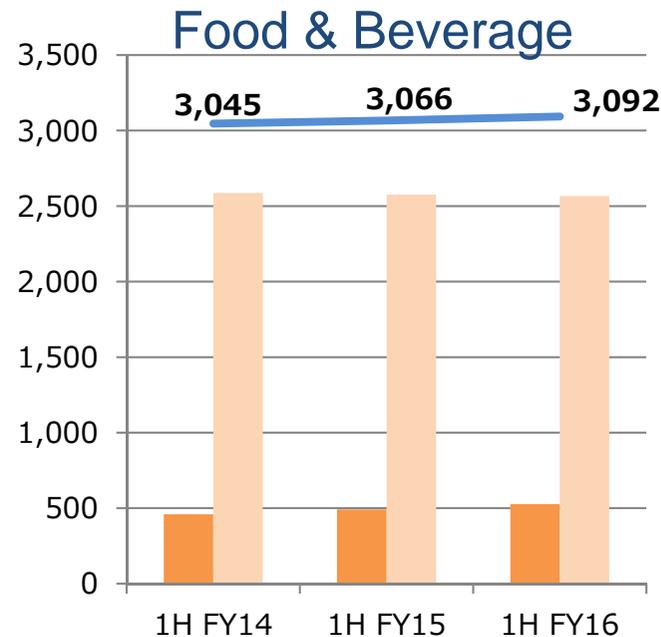
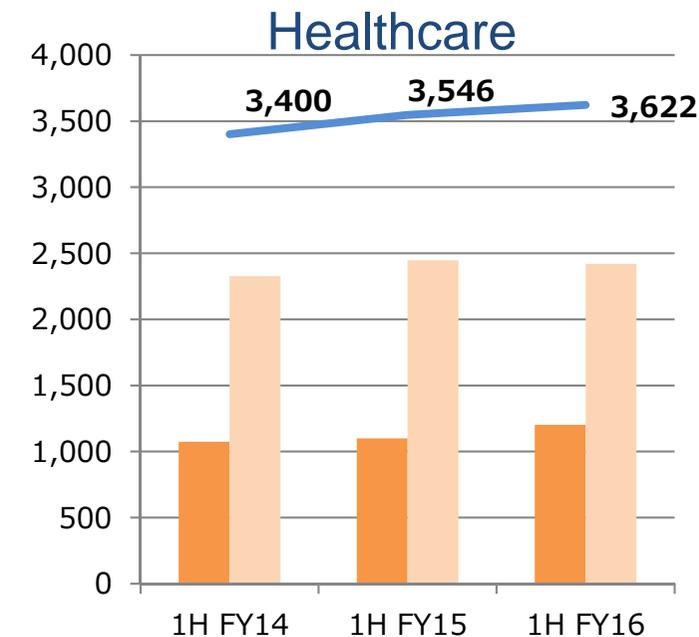
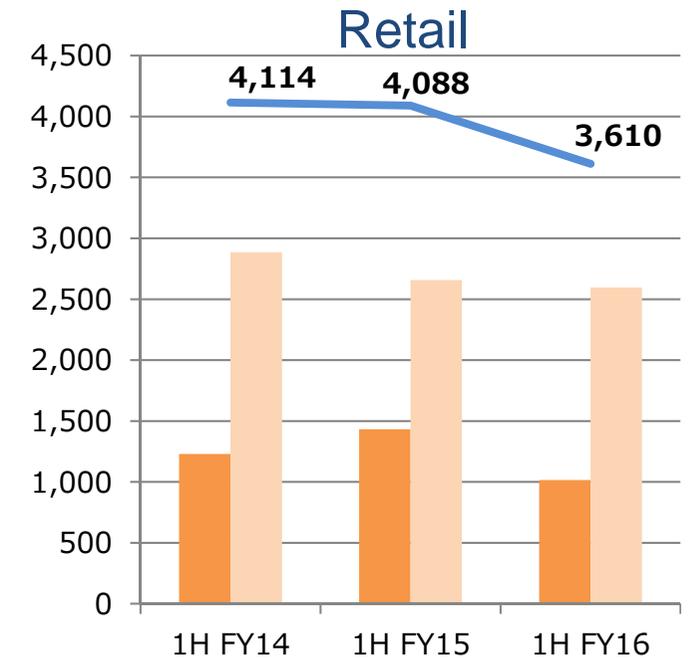
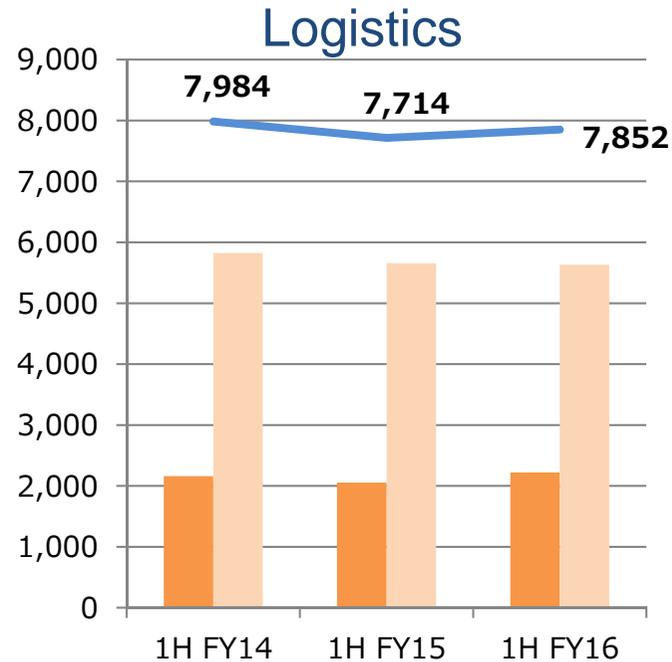
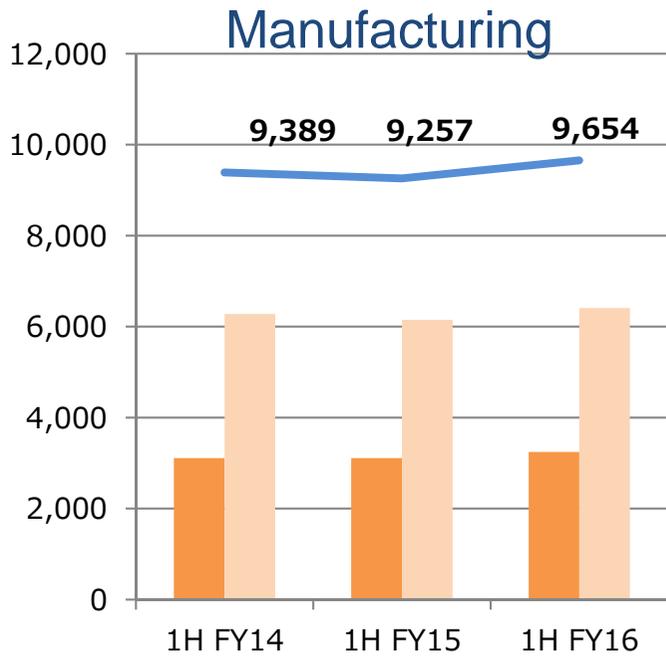




Sales Trends by Sector (Japan)

Unit: Million JPY

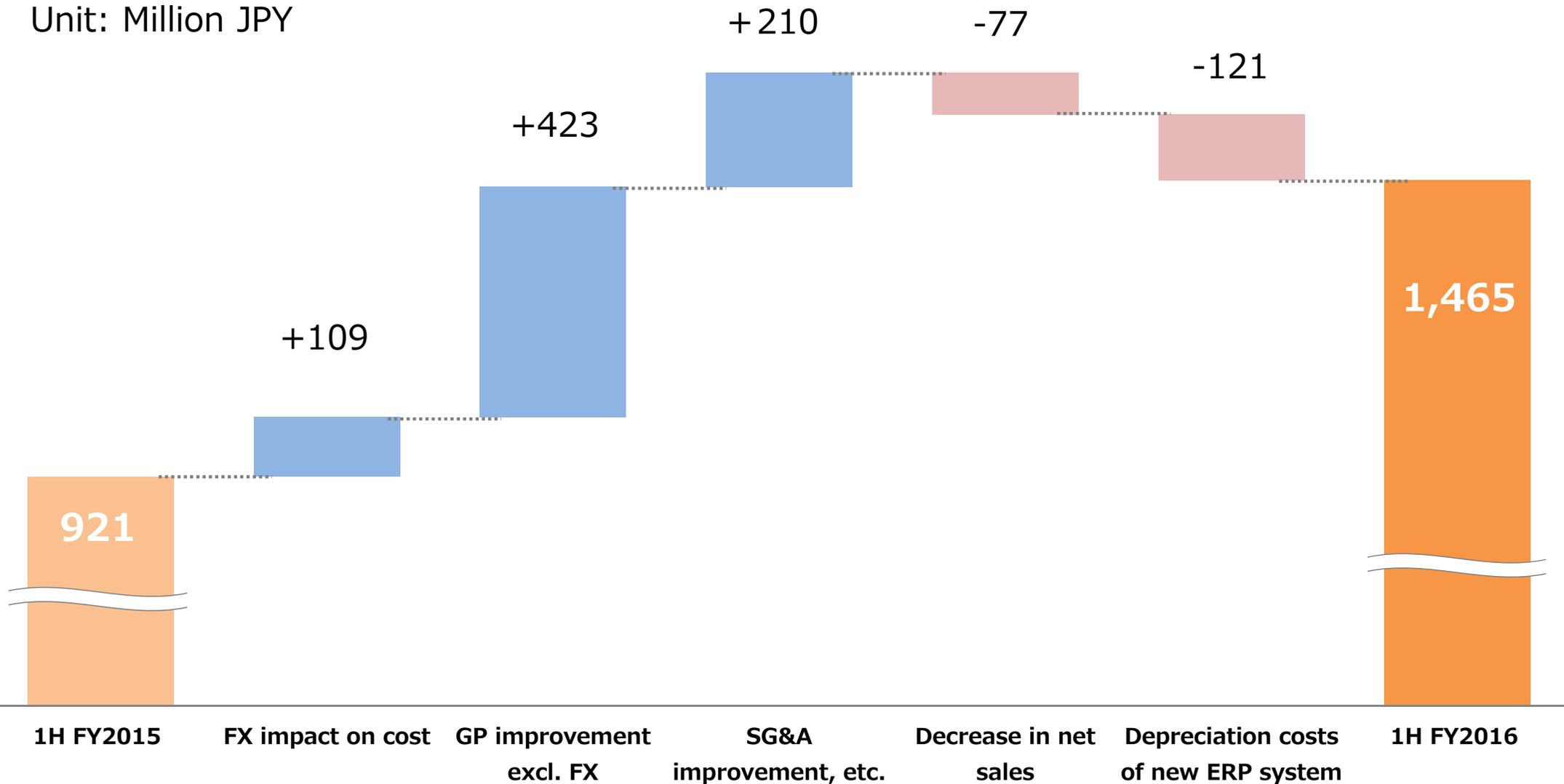
■ : Mechatronics ■ : Consumables — : Total





Major Gains/Losses in Operating Income (Japan)

Unit: Million JPY





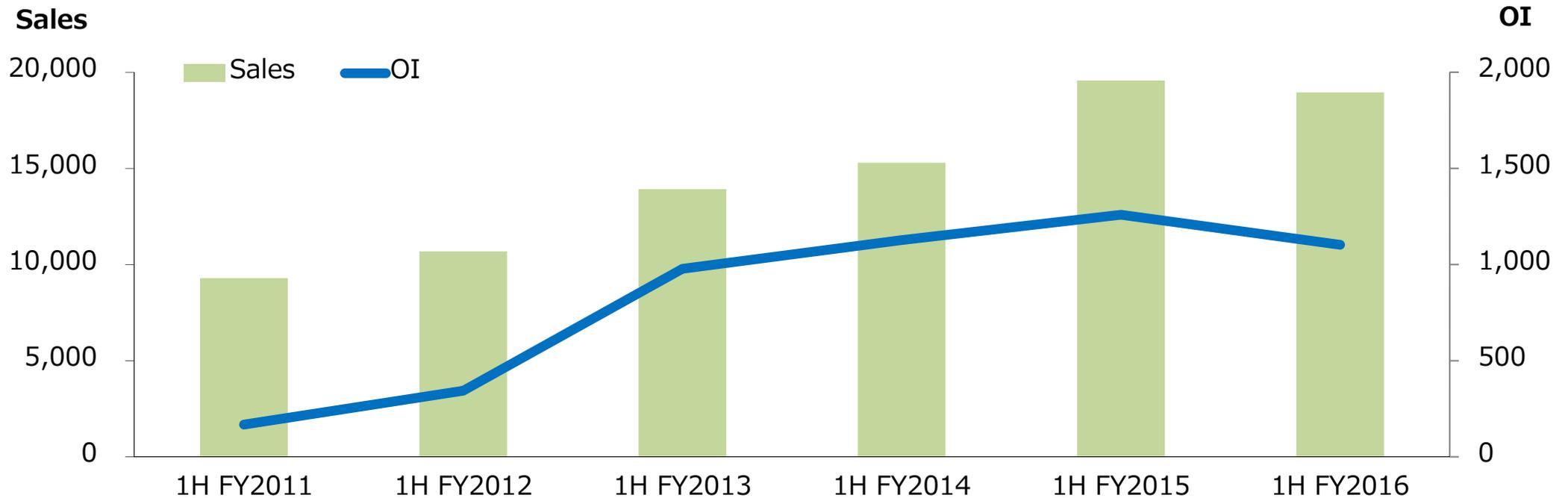
Overseas

➤ Sales and OI declined due to yen appreciation but increased in the local currencies.

Sales	117.4%
OI	105.3%
excl. FX impact	

Unit: Million JPY	1H FY2016	1H FY2015	change	YoY %
Sales	18,957	19,571	-613	96.9%
Gross Profit	7,305	8,017	-712	91.1%
Gross Profit %	38.5%	41.0%	-2.4pt	--
Operating Income	1,103	1,259	-156	87.6%
Operating Income %	5.8%	6.4%	-0.6pt	--

* 1H FY2016 Sales: JPY 18,285 million, OI: JPY 1,080 million excl. Prakolar

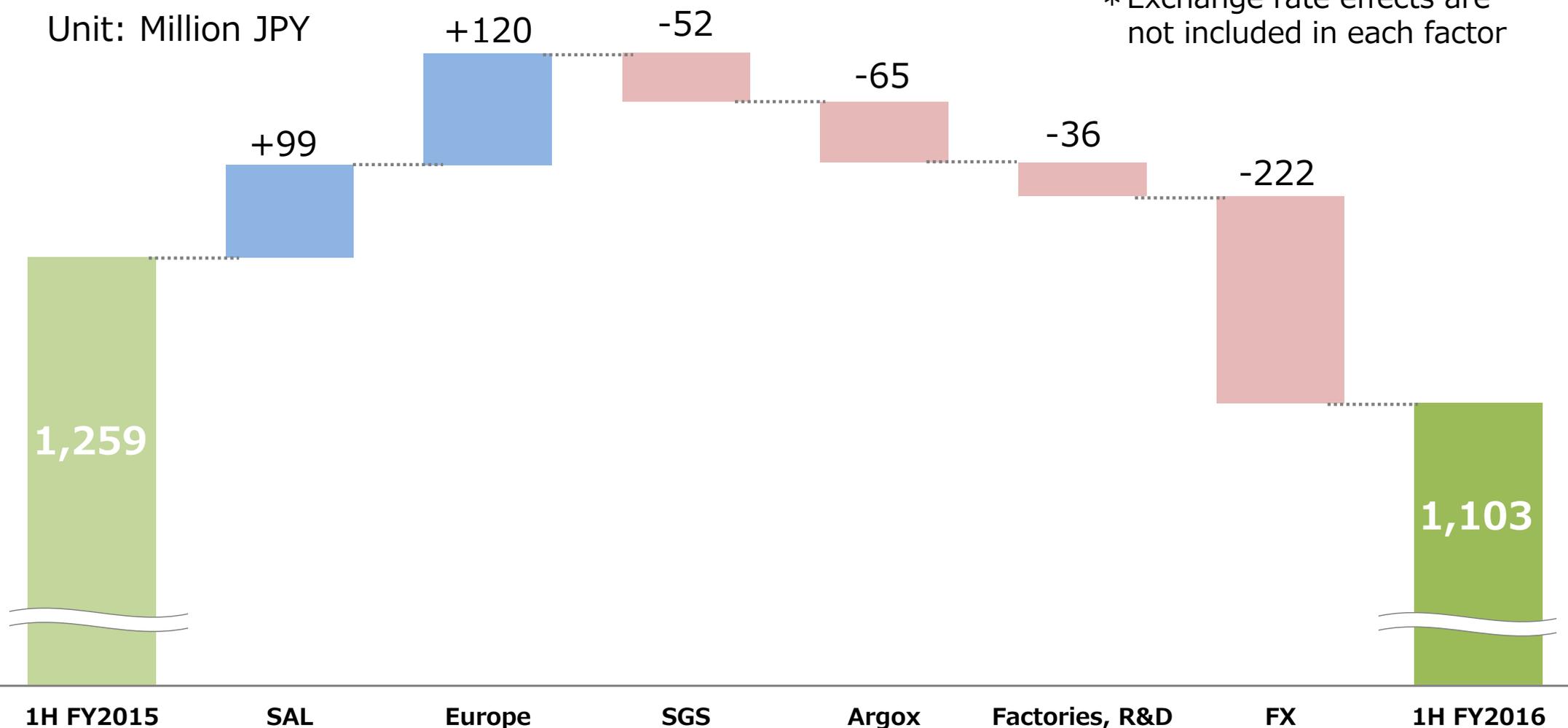




Major Gains/Losses in Operating Income (Overseas)

Unit: Million JPY

* Exchange rate effects are not included in each factor





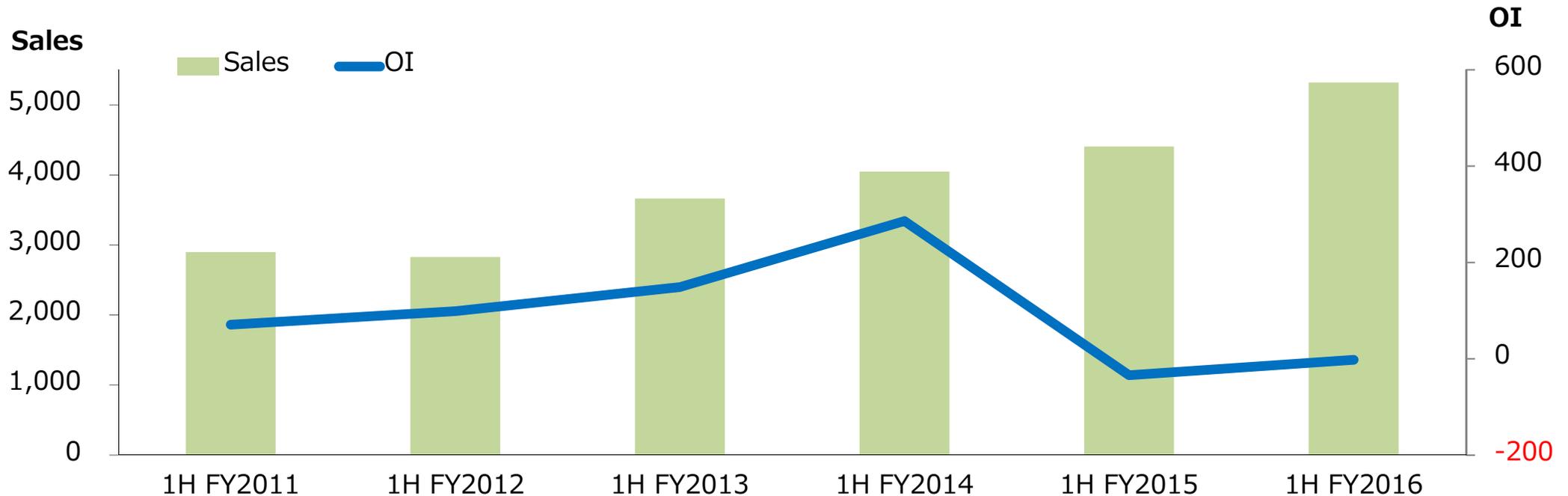
North America

- SATO America (SAL) drove regional growth through sales expansion of consumables and CLNX printers.
- Results at SATO Global Solutions (SGS) were lower than expected due to delays in development of digital solutions.

Sales 139.9%
excl. FX impact

Unit: Million JPY

	1H FY2016	1H FY2015	change	YoY %
Sales	5,319	4,404	915	120.8%
Gross Profit	1,421	1,353	67	105.0%
Gross Profit %	26.7%	30.7%	-4.0pt	--
Operating Income	-2	-34	31	--
Operating Income %	-0.1%	-0.8%	0.7pt	--





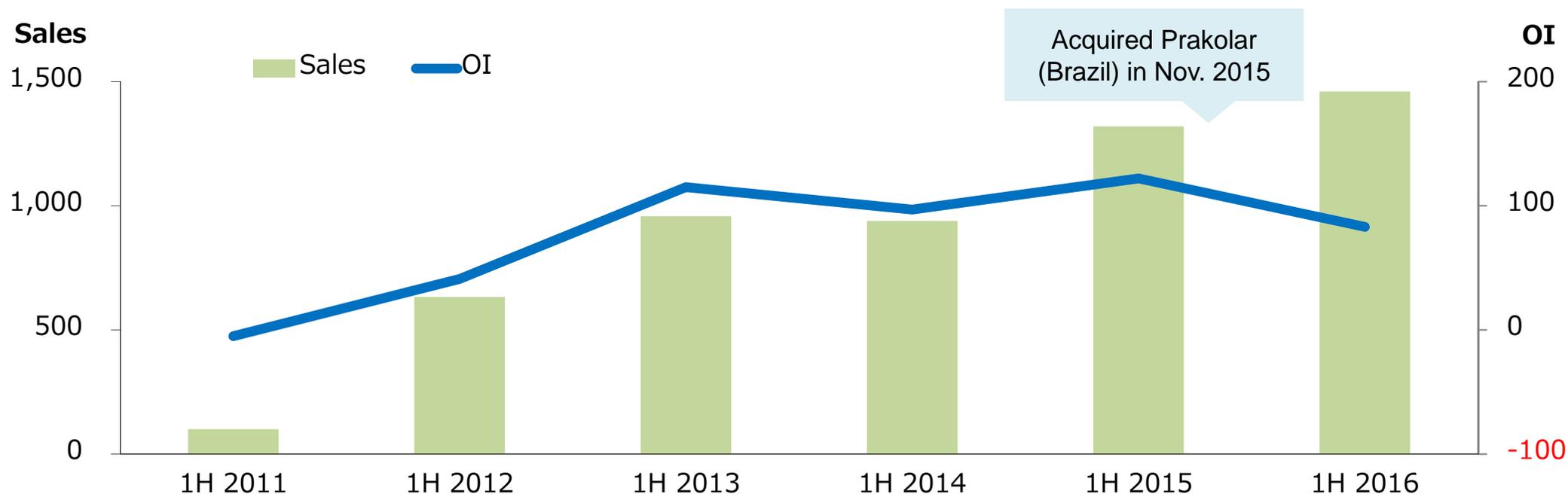
South America

- Newly-acquired Prakolar contributed to the performance in the region.
- Achernar posted lower sales and OI as major deals were delayed, while its base business remained firm.

Sales	156.2 %
OI	104.0 %
excl. FX impact	

Unit: Million JPY	1H FY2016	1H FY2015	change	YoY %
Sales	1,460	1,320	139	110.6%
Gross Profit	562	501	60	112.1%
Gross Profit %	38.5%	38.0%	0.5pt	--
Operating Income	83	122	-39	67.6%
Operating Income %	5.7%	9.3%	-3.6pt	--

* 1H FY2016 Sales: JPY 787 million, OI: JPY 59 million excl. Prakolar





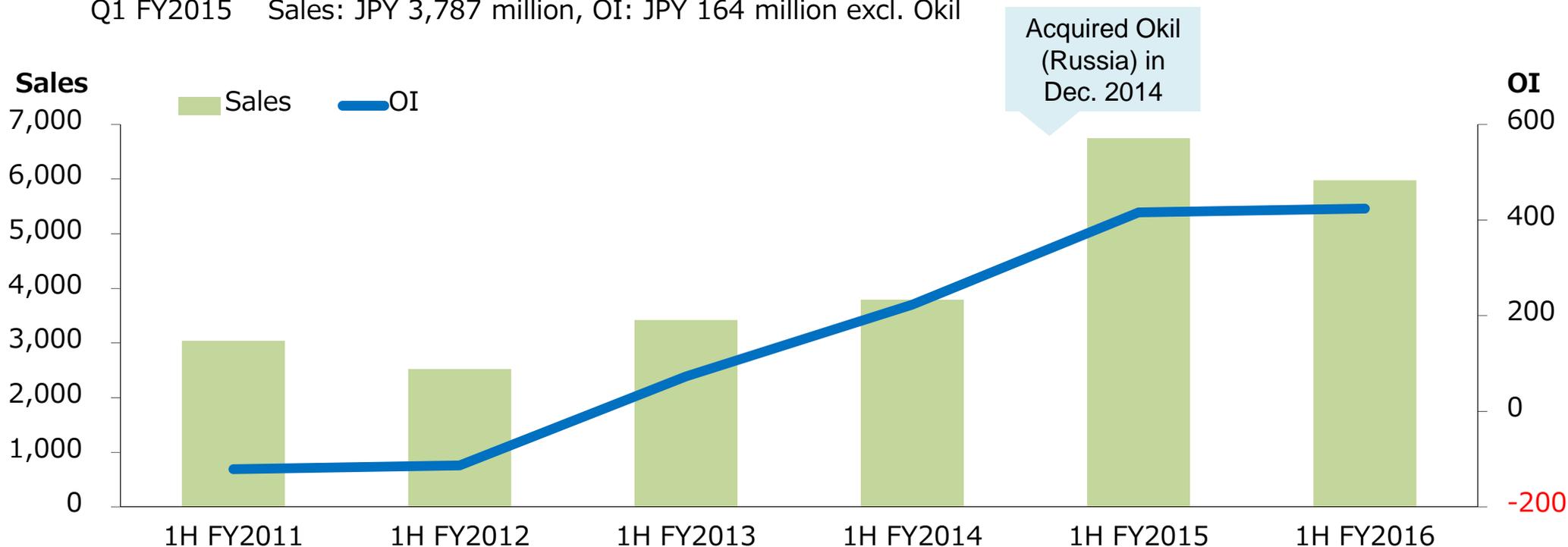
Europe

Sales	110.4 %
OI	128.7 %
excl. FX impact	

- Depreciation of European currencies led to decline in sales.
- Sales subsidiaries showed signs of improvement.
- Okil saw double-digit growths in sales and OI in local currencies.

Unit: Million JPY	1H FY2016	1H FY2015	change	YoY %
Sales	5,977	6,747	-769	88.6%
Gross Profit	2,293	2,557	-263	89.7%
Gross Profit %	38.4%	37.9%	0.5pt	--
Operating Income	424	417	6	101.6%
Operating Income %	7.1%	6.2%	0.9pt	--

* Q1 FY2016 Sales: JPY 3,374 million, OI: JPY 183 million excl. Okil
 Q1 FY2015 Sales: JPY 3,787 million, OI: JPY 164 million excl. Okil





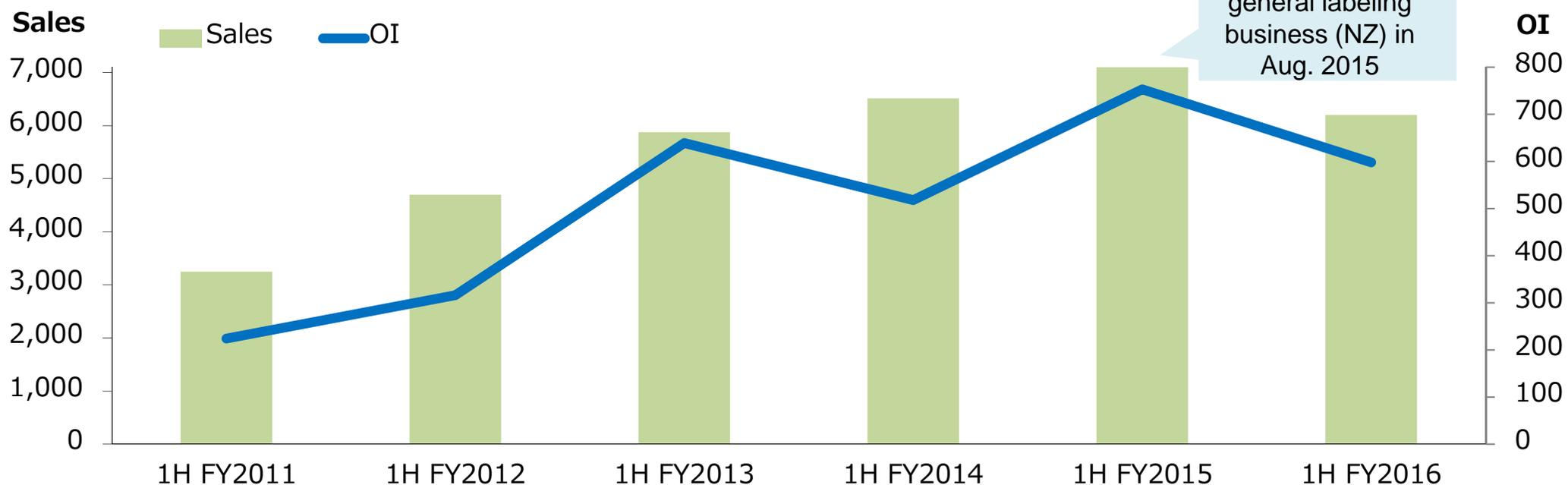
Asia & Oceania

- Argox saw declines in sales and OI.
- Indonesian subsidiary OI suffered behind depreciation costs of new factory.

Sales	102.8 %
OI	86.7 %
excl. FX impact	

Unit: Million JPY

	1H FY2016	1H FY2015	change	YoY %
Sales	6,199	7,098	-898	87.3%
Gross Profit	3,028	3,605	-576	84.0%
Gross Profit %	48.8%	50.8%	-1.9pt	--
Operating Income	598	753	-154	79.5%
Operating Income %	9.7%	10.6%	-1.0pt	--



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1H FY2016 Results

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2H FY2016 Forecasts



FY2016 Financial Forecasts

- Full year forecasts have been revised due to updated exchange rate assumptions and delays in development of SGS digital solutions, etc.

	1H		2H		Full Year	
	Actual	YoY	Forecasts	YoY	Forecasts	YoY
Unit: Million JPY						
Net Sales	51,083	98.5%	58,916	109.9%	110,000 (113,000)	104.3%
Operating Income	2,652	125.5%	4,847	111.6%	7,500 (8,000)	116.2%
Ordinary Income	2,379	115.9%	4,820	118.5%	7,200 (7,900)	117.7%
Profit attributable to owners of parent	1,507	133.1%	2,992	117.1%	4,500 (5,000)	122.0%
EBITDA	5,161	111.3%	7,338	105.8%	12,500 (13,400)	108.0%

*Figures in parentheses are forecasts disclosed as of May 16, 2016.

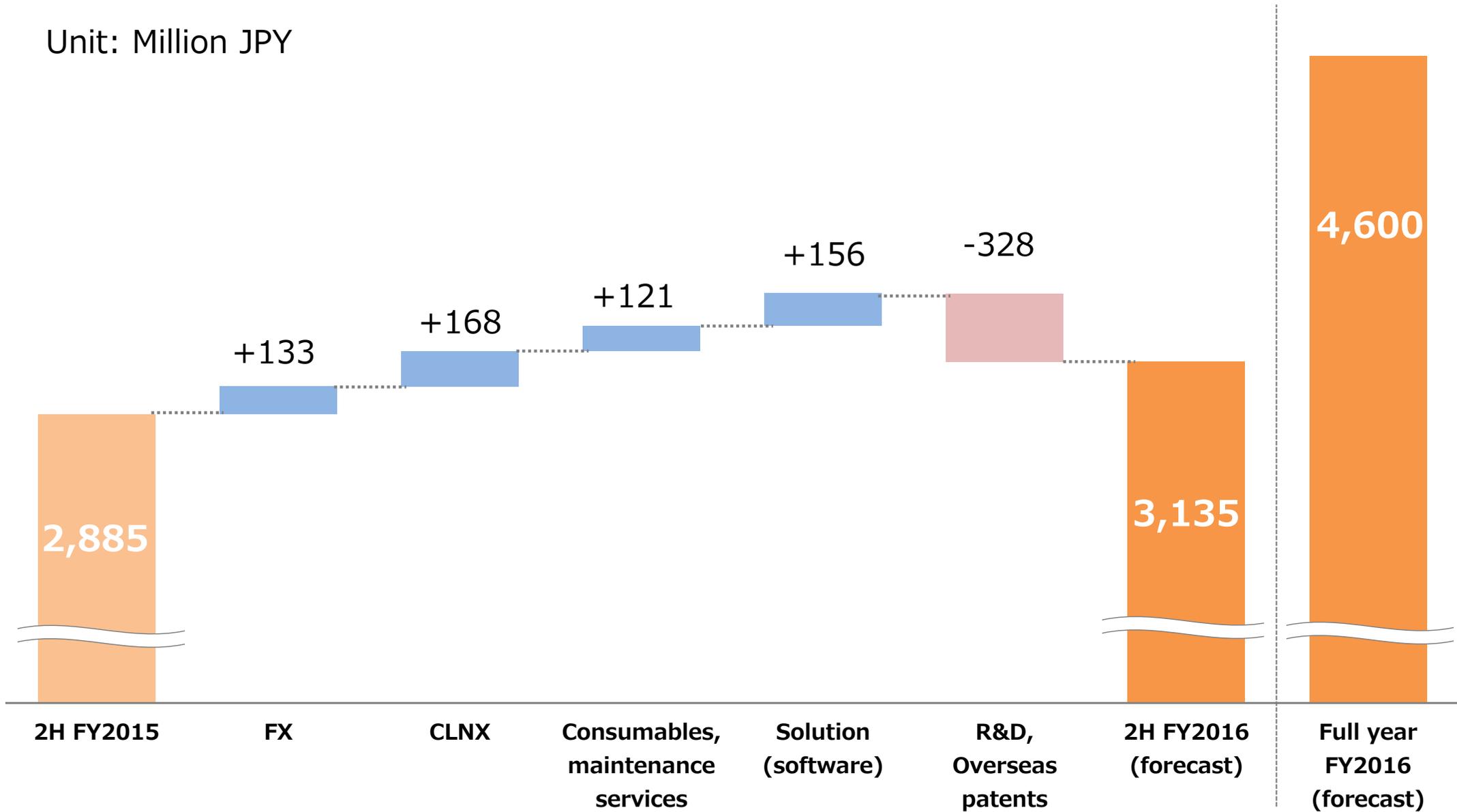
*Exchange rates assumed in 1H FY2016 forecast: JPY 110/USD, JPY 125/EUR
 Exchange rates assumed in 2H FY2016 forecast: JPY 105/USD, JPY 118/EUR
 Average exchange rates in 1H FY2016 : JPY 105.19/USD, JPY 118.03/EUR

* EBITDA = Operating income
 + Depreciation + Amortization



2H Operating Income Forecast (Japan)

Unit: Million JPY

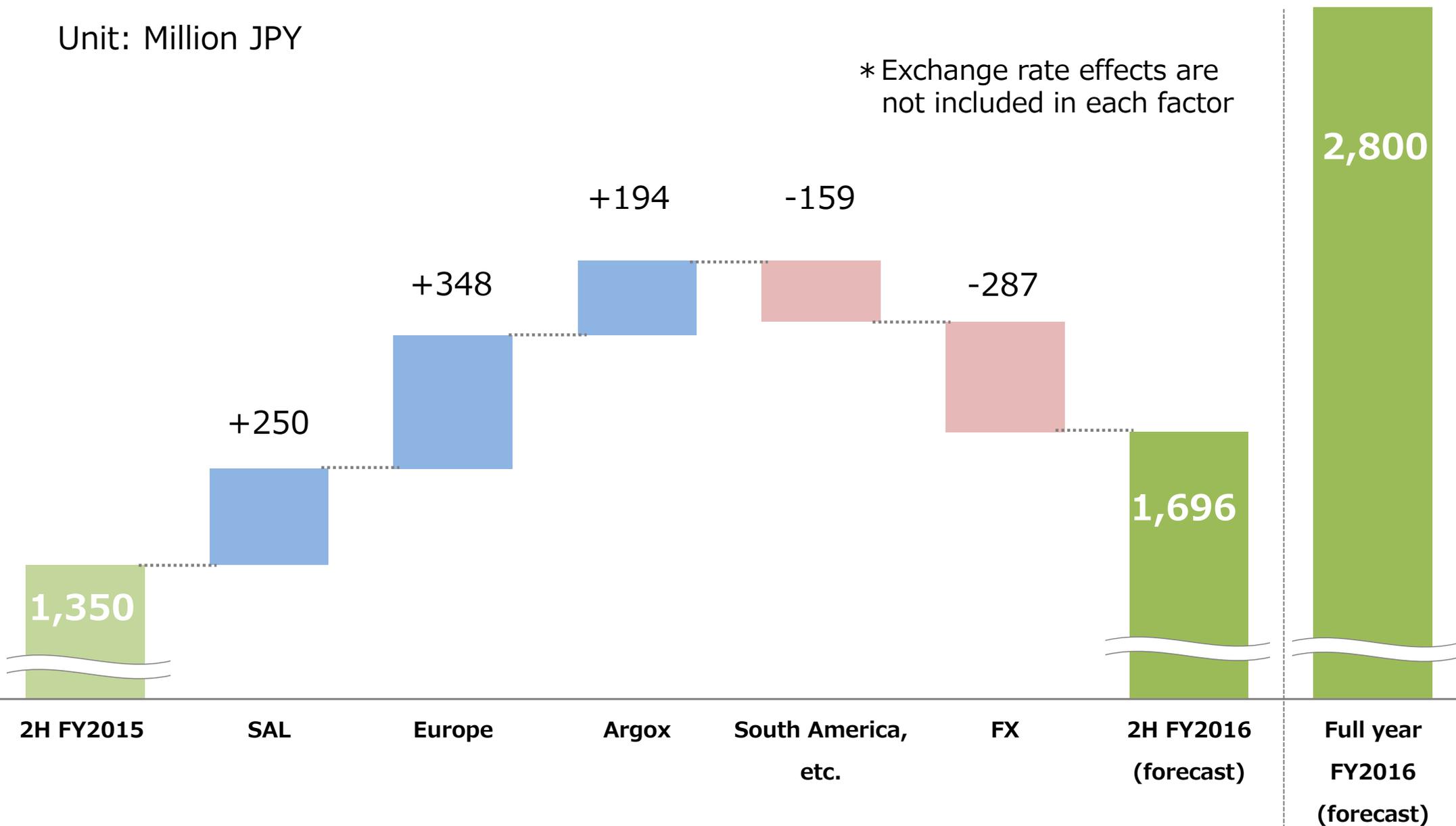




2H Operating Income Forecast (Overseas)

Unit: Million JPY

* Exchange rate effects are not included in each factor

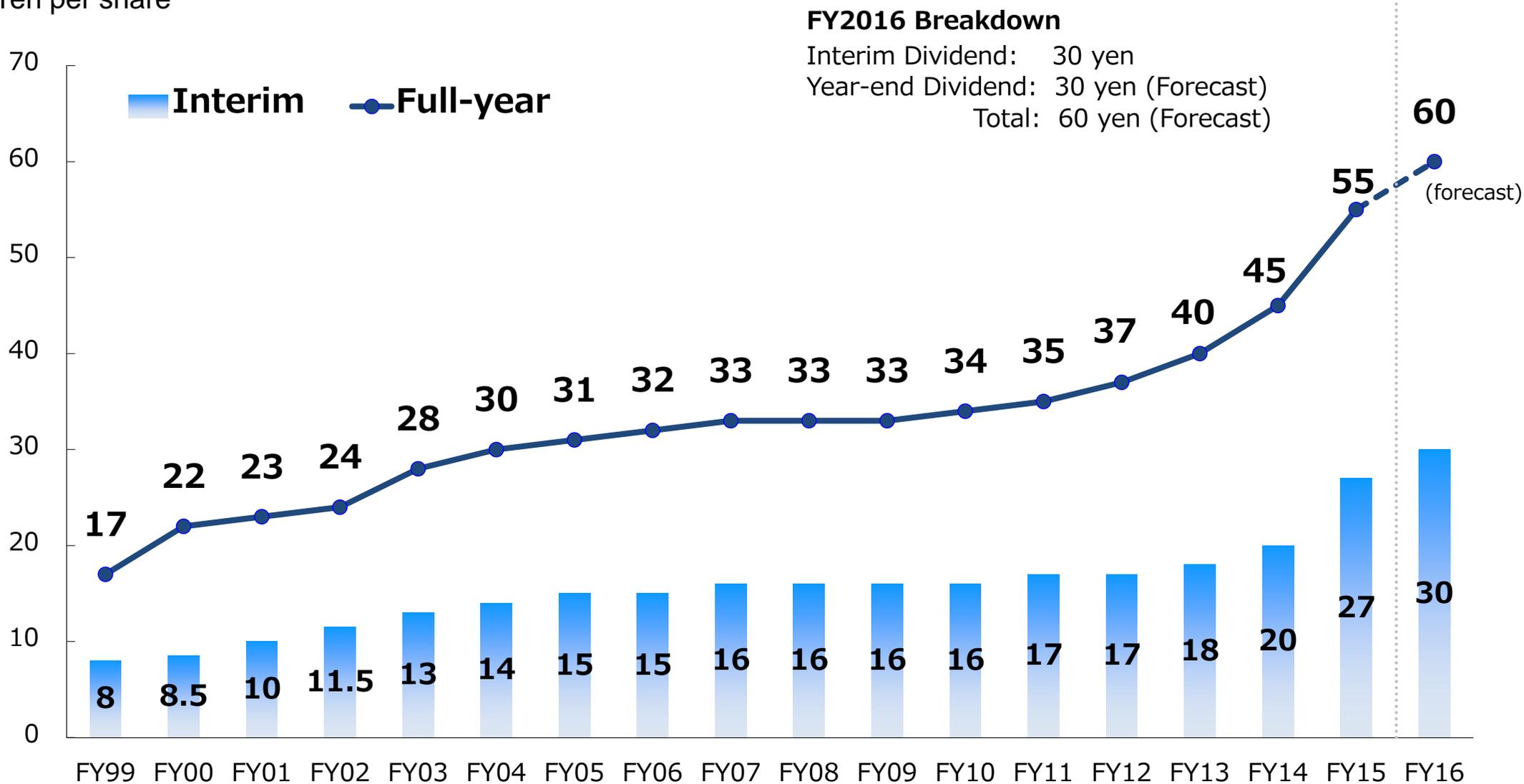




Dividends

➤ Interim dividend of 30 yen is scheduled to be paid as planned.

Yen per share





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