



Ceaseless Creativity for a Sustainable World

SATO HOLDINGS CORPORATION

FY2013 Q4 Financial Results Briefing

Securities Code: 6287

May 8, 2014 (Thurs.)



FY2013 Consolidated Results

Note: Highest ever sales and income

Unit: JPY Million

N.B. () Brackets indicate previously disclosed figures

	FY2012	FY2013	Vs. PY	
Sales	87,256	96,773 (96,000)	+9,516	110.9%
Operating Income	5,452	6,758 (6,600)	+1,305	123.9%
Operating Income %	6.2%	7.0%	---	---
Ordinary Income	5,429	7,084 (6,900)	+1,654	130.5%
Net Income	2,726	4,295 (4,100)	+1,568	157.5%

* Amortization expenses of goodwill = FY2012: JPY 819 million, FY2013: JPY 933 million



FY2013 Consolidated Performance Breakdown

Unit: JPY Million

		FY2012	FY2013	Vs. PY		
Japan	Sales	64,883	68,399	+3,515	105.4%	Excluding exchange rate impact
	Operating Income	4,737	5,114	+376	108.0%	
Americas	Sales	7,348	9,248	+1,899	125.9%	104.2%
	Operating Income	346	432	+86	124.9%	
Europe	Sales	5,515	7,173	+1,658	130.1%	104.6%
	Operating Income	(213)	124	+337	--	
Asia & Oceania	Sales	9,508	11,951	+2,443	125.7%	106.6%
	Operating Income	565	1,256	+690	222.1%	
Overseas	Sales	22,372	28,373	+6,000	126.8%	105.3%
	Operating Income	698	1,812	+1,114	259.6%	
Eliminated	Operating Income	17	(168)	(185)	--	
Consolidated	Sales	87,256	96,773	+9,516	110.9%	
	Operating Income	5,452	6,758	+1,305	123.9%	
	Ordinary Income	5,429	7,084	+1,654	130.5%	
	Net Income	2,726	4,295	+1,568	157.5%	



Japan

Unit: JPY Million

FY2013 Results	1H		Q3		Q4		Full Year	
		Vs. PY		Vs. PY		Vs. PY		Vs. PY
Mechatronics Sales	11,194	100.2%	5,725	104.4%	7,630	117.5%	24,549	106.1%
Consumables Sales	21,001	100.9%	11,570	102.3%	11,278	117.4%	43,850	105.1%
Total Sales	32,195	100.7%	17,295	102.9%	18,908	117.4%	68,399	105.4%
Gross Profit %	40.7%	(0.4%)	41.0%	+0.5%	42.8%	+1.3%	41.4%	+0.3%
Operating Income	1,993	96.4%	1,353	112.3%	1,767	120.7%	5,114	108.0%

- **Business related to Japanese consumption tax hike centering on retail, logistics, and FA sectors generated approx. ¥2 billion sales in FY2013, of which approx. ¥1.8 billion was recorded in Q4.
(Q4 Sales vs. PY ⇒ Retail: 158.0%, Logistics: 117.9%, FA: 109.9%)**
- **Q4: Sales up by ¥2.8 billion, Operating income up by ¥0.3 billion
(Provision of profits sharing with employees, etc.)**
- **Achieved highest ever sales for both mechatronics and consumables on a full-year basis**



Americas

Unit: JPY Million

		1H	2H	Full Year
North America	Sales	3,663	3,749	7,413
	Vs. PY	+835	+620	+1,456
	Operating Income	149	70	219
	Vs. PY	+49	(45)	+3
South America	Sales	958	876	1,835
	Vs. PY	+325	+118	+443
	Operating Income	168	107	275
	Vs. PY	+69	(11)	+57
	Goodwill	(52)	(10)	(62)
Total	Sales	4,622	4,625	9,248
	Vs. PY	+1,160	+738	+1,899
	Operating Income	265	167	432
	Vs. PY	+123	(37)	+86

- Business in both North and South America remained strong. Operating income decreased slightly in 2H compared to 1H due to expenses incurred by N. America for the acquired S. American distributors and revision of amortization expenses for S. America.
- In FY2014, growing laser printer sales and OEM business orders is expected to contribute towards improved sales and profits.



Europe

Unit: JPY Million

	1H	2H	Full Year
Sales	3,420	3,753	7,173
Vs. PY	+893	+764	+1,658
Operating Income	73	50	124
Vs. PY	+188	+149	+337

- Europe posted profits consistently throughout FY2013, marking a positive turnaround for both its UK and Germany businesses. Spain also returned to profitability in 2H, following the closure of SATO Iberia S.A.U. in end June.
- UK is improving sales through expanding business with large-lot retail, apparel customers, and major logistics service providers.
- Focus on strategic markets such as healthcare, transportation & logistics, and automobile.



Asia & Oceania

Unit: JPY Million

		1H	2H	Full Year
Asia & Oceania	Sales	4,371	4,555	8,927
	Vs. PY	+1,007	+918	+1,926
	Operating Income	648	685	1,334
	Vs. PY	+400	+353	+753
ARGOX	Sales	1,504	1,519	3,023
	Vs. PY	+171	+345	+516
	Operating Income	351	300	651
	Vs. PY	+1	+71	+72
	Goodwill	(360)	(369)	(729)
Total	Sales	5,876	6,075	11,951
	Vs. PY	+1,178	+1,264	+2,443
	Operating Income	639	616	1,256
	Vs. PY	+322	+368	+690

- 5 out of our 8 companies reporting double-digit operating income ratio are in Asia.
- China continued going strong from Q3, improving Q4 sales by 13.8% compared to last year.
- Political instability and economic stagnation has minimal influence on Thailand's performance. Both sales and operating income in Q4 remained stable.
- Emerging markets such as Indonesia and Vietnam contributed to overall sales/profits.



Mid-term Management Plan

FY2012~FY2014

Objective

Establish sustainable growth and revenue base

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Planned)		FY2020 (Planned)
Sales	¥87.2 billion	¥96.7 billion	¥100 billion		¥150 billion
Operating Income	¥5.4 billion	¥6.7 billion	¥8 billion		¥15 billion
Net Income	¥2.7 billion	¥4.2 billion	¥5 billion		¥10 billion
Overseas Sales %	25.6%	29.3%	32.0%		40.0%
Operating Income %	6.2%	7.0%	8.0%		10.0%
EBITDA	¥8.2 billion	¥9.8 billion	¥11.5 billion		¥18 billion
EPS	¥90	¥141	¥156		¥300
ROE	7.2%	9.9%	10.0%		12.0%



Mid-term Management Plan

(revised Apr. 2014)

Globalization

**Maximization of
Customer Value**

Reform business model/operations and corporate structure from the perspective of customer value creation

- Strategy① Build business model for the maximization of customer value
- Strategy② Pursue game-changing customer-centric innovations, and convert them into new businesses
- Strategy③ Realize operational excellence to optimize group management

Focus efforts on strategic businesses/markets that have high growth/profit potential on a mid- to long-term basis

- Strategy④ Expand overseas businesses to form pillars of growth strategies
- Strategy⑤ Strengthen efforts for growing business market segments
- Strategy⑥ Expand ecology businesses globally with speed



Actions towards realizing the FY2014 planned figures

	FY2013 (Actual)	FY2014 (Planned)	Difference
Sales	¥96.7 billion	¥100 billion	+¥3.3 billion
Japan	¥68.3 billion	¥68 billion	(¥0.3 billion)
Overseas	¥28.3 billion	¥32 billion	+¥3.6 billion
Operating Income	¥6.7 billion	¥8 billion	+¥1.3 billion
Japan	¥5.1 billion	¥5.3 billion	+¥0.2 billion
Overseas	¥1.8 billion	¥2.8 billion	+¥1.0 billion
Eliminated	(¥0.2 billion)	(¥0.1 billion)	--

Over seas

- Improve overseas profitability structure
- Expand sales of new printer "CL4NX"
- Synergy effect with ARGOX
- Overseas consumables business
- Expand healthcare market

Japan

- Cut down/divest businesses of negative earnings
- Expand mobile printer sales
- Major new deals in retail & logistics markets.
- Propose solutions based on new technologies



Consolidated Performance for FY2014 (Forecast)

※Aiming to exceed past performance in sales and operating/ordinary/net income

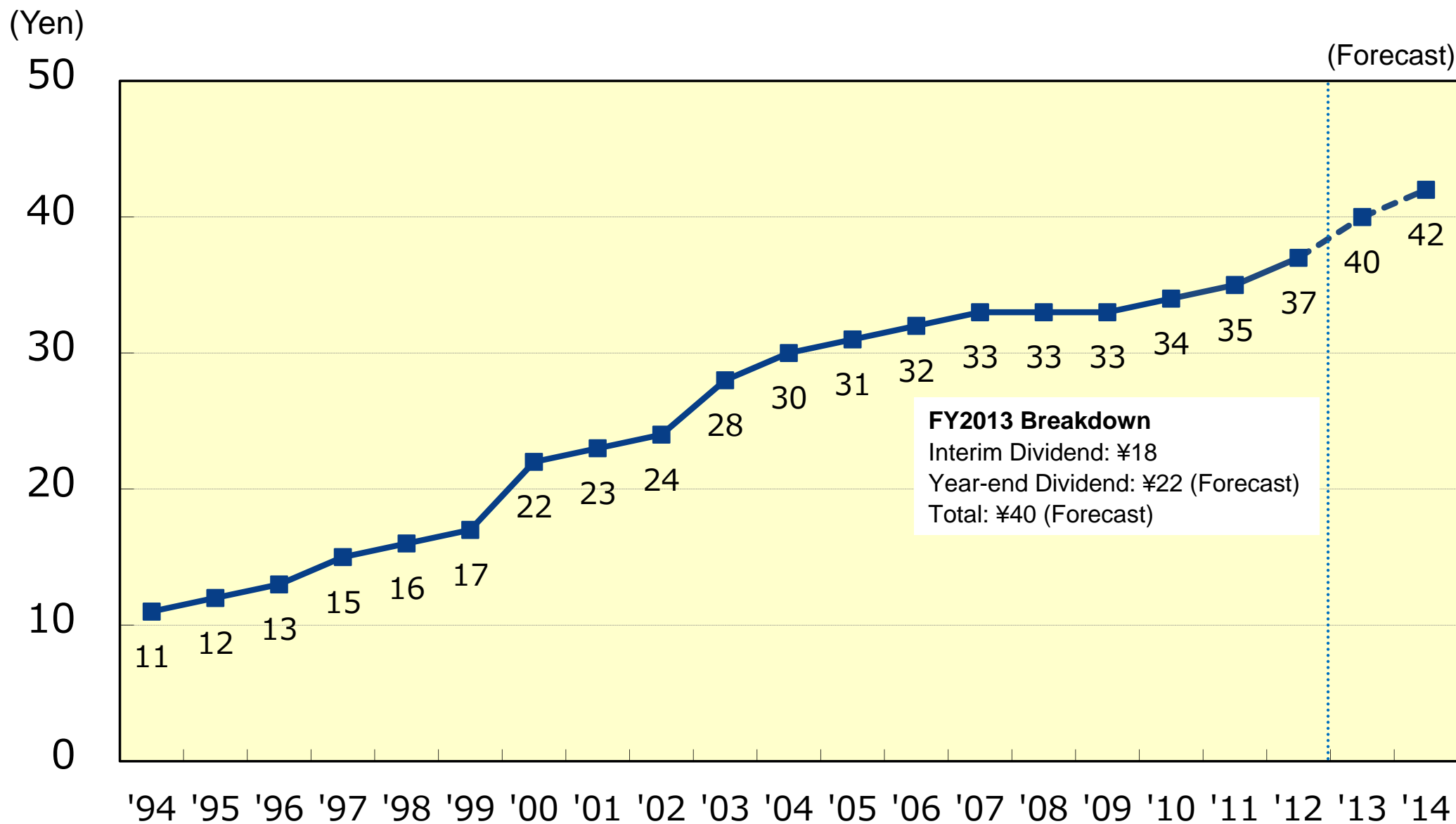
Unit: JPY Million

	1H		Full Year	
	Planned	Vs. PY	Planned	Vs. PY
Sales	48,000	104.1%	100,000	103.3%
Operating Income	3,600	122.1%	8,000	118.4%
Ordinary Income	3,550	111.3%	7,900	111.5%
Net Income	2,200	116.2%	5,000	116.4%

N.B. Exchange rates used in this forecast: 1\$ = ¥102, 1€ = ¥138



Changes to Dividend



※FY2013 annual dividend forecast is increased by ¥3 per share to ¥40.



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