



Ceaseless Creativity for a Sustainable World

SATO HOLDINGS CORPORATION

FY2014 Q1

Financial Results Briefing

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FY2014 Q1 Consolidated Results

Unit: JPY Million	FY13 Q1	FY14 Q1	Vs. PY	
Sales	22,619	23,512	+893	104.0%
Operating Income	1,292	1,536	+243	118.9%
Operating Income %	5.7%	6.5%	---	---
Ordinary Income	1,425	1,590	+165	111.6%
Net Income	845	886	+41	104.9%

* Amortization expenses of goodwill

FY2013: JPY 241 million, FY2014: JPY 247 million



FY2014 Q1 Consolidated Performance Breakdown

Unit: JPY Million

		FY13 Q1	FY14 Q1	Vs. PY		
Japan	Sales	15,707	15,834	+127	100.8%	Excluding exchange rate impact
	Operating Income	867	1,000	+133	115.4%	
Americas	Sales	2,296	2,489	+192	108.4%	→ 104.8%
	Operating Income	122	213	+90	174.0%	
Europe	Sales	1,728	1,966	+238	113.8%	→ 103.5%
	Operating Income	29	103	+74	351.1%	
Asia & Oceania	Sales	2,887	3,221	+334	111.6%	→ 110.9%
	Operating Income	263	278	+14	105.6%	
Overseas	Sales	6,911	7,677	+765	111.1%	→ 107.0%
	Operating Income	416	596	+180	143.2%	
Eliminated	Operating Income	8	(61)	(69)	--	
Consolidated	Sales	22,619	23,512	+893	104.0%	
	Operating Income	1,292	1,536	+243	118.9%	

- Sales of SATO's new CL4NX global strategic printer is growing steadily towards our annual sales target.
- Expanding global sales/business developments continuously, as seen in our recent signing of a Master Service Agreement with Fonterra, world's leading dairy exporter to support all countries the company operates in.
- Received orders for RFID PJM tags and equipment (orthopedic implant use) from healthcare users worldwide, and developing further sales leads actively.
- Currently pursuing global sales opportunities for RFID apparel tagging after completing functional tests for the newly invented XP1100, a unique RFID printer that enables sheet printing of multi-row RFID tags (mass production).

Japan

Unit: JPY Million	FY13 Q1	FY14 Q1	Vs. PY
Mechatronics Sales	5,111	5,372	105.1%
Consumables Sales	10,595	10,462	98.7%
Total Sales	15,707	15,834	100.8%
Gross Profit %	41.4%	42.6%	+1.2pt
Operating Income	867	1,000	115.4%
Operating Income %	5.5%	6.3%	+0.8pt

- Limited impact on sales as consumption tax hike-related businesses quiet down. (Q1 Sales vs. PY ⇒FA: 104%, Retail: 98%, Logistics: 98%)
- Gross profit gains from hardware sales increase contributed towards improved operating income.
- Received large-scale business cases to supply mobile printers to major logistics company and public works project.
- Launched wearable voice picking system for the logistic market, and engaging in multiple ongoing business negotiations.



Americas

Unit: JPY Million

		FY13 Q1	FY14 Q1	Vs. PY
North America	Sales	1,834	2,034	110.9%
	Operating Income	91	155	170.7%
South America	Sales	461	454	98.5%
	Operating Income incl. Goodwill	31 (26)	57 (21)	183.4% --
Total	Sales	2,296	2,489	108.4%
	Operating Income	122	213	174.0%

- **Business in the Americas largely driven by N. America's strong performance.**
- **N. America: Additional orders from OEMs (for food management solutions), and increased laser printer sales.**
- **S. America: Recorded operating income gains due to Achernar's profitability improvements despite slight dip in sales caused by economic stagnation.**



Europe

Unit: JPY Million	FY13 Q1	FY14 Q1	Vs. PY
Sales	1,728	1,966	113.8%
Operating Income	29	103	351.1%

- **Operating income for UK and Germany recording significant growths after all sales companies in Europe returned to profitability in FY13 Q3.**
 - UK: 110.5% vs. PY
 - Germany: 260.2% vs. PY
- **UK is improving sales through expanding business with large-lot retail, apparel customers, and major logistics service providers.**
- **Germany is starting to promote linerless labels to major logistics companies.**



Asia & Oceania

Unit: JPY Million

		FY13 Q1	FY14 Q1	Vs. PY
Asia & Oceania	Sales	2,131	2,360	110.7%
	Operating Income	283	256	90.8%
ARGOX	Sales	755	861	114.0%
	Operating Income	(19)	21	--
	incl. Goodwill	(180)	(184)	--
Total	Sales	2,887	3,221	111.6%
	Operating Income	263	278	105.6%

- Business in Asia & Oceania largely driven by Argox's strong performance.
- Argox sales going strong in Brazil and Turkey.
(Brazil sales: 143.2% vs. PY, Turkey sales: 113.3% vs. PY)
- Business in China remained robust, improving sales by 15.0% compared to FY13 Q1.
- Thailand made a recovery in both sales/profits despite prolonged political instability.
Sales: 102.9% vs. PY, Operating income: 112.8% vs. PY
- Emerging markets such as Indonesia and Vietnam contributed to overall sales/profits.
- Approx. 30% increase in operating income from previous year, excluding up-front investments for SATO Vicinity (Australia).



Consolidated Performance for FY2014 (Forecast)

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%

* Exchange rates used in this forecast 1\$ = ¥102, 1€ = ¥138



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