



Ceaseless Creativity for a Sustainable World

SATO HOLDINGS CORPORATION

FY2014 Q2

Financial Results Briefing

Securities Code: 6287

Oct 29, 2014 (Wed.)



FY2014 1H Financial Results

Unit: JPY Million

	FY14 1H (1)
Sales	47,566
Operating Income	3,018
Operating Income %	6.4%
Ordinary Income	3,171
Net Income	1,776
EBITDA	4,699

FY13 1H (2)	Year-on-year change	
	(1-2)	%
46,113	+1,452	103.1%
2,947	+71	102.4%
6.4%	±0.0pt	--
3,189	(18)	99.4%
1,893	※ (117)	93.8%
4,460	239	105.4%

* Amortization expenses of goodwill: FY2014: JPY 497 million
FY2013: JPY 490 million

※ Influencing factors for net income decrease

- ① Increase in withholding tax on dividends from group companies: - JPY 40 million
- ② Negative earnings from SATO Vicinity: - JPY 63 million

* EBITDA = Operating income + Depreciation + Amortization



FY2014 1H Financial Highlights

Japan

- **Sales/income matched levels of the previous year amidst impacts in reaction to the downturn in business demand related to consumption tax hike (approx. ¥800 million) and the lull in consumables business caused by economic slowdown (approx. ¥300 million).**

Overseas

- **Overseas base business grew as planned, but recorded lower operating income than initially projected due to increases in up-front investments made for SATO Vicinity (Australia).**

FY2014 1H Consolidated Performance Breakdown

Unit: JPY Million		FY14 1H (1)	FY13 1H (2)	Year-on-year change	
				(1-2)	%
Japan	Sales	32,271	32,195	+76	100.2%
	Operating Income	1,997	1,993	+3	100.2%
Americas	Sales	4,987	4,622	+364	107.9%
	Operating Income	384	265	+119	145.0%
Europe	Sales	3,794	3,420	+373	110.9%
	Operating Income	224	73	+150	303.1%
Asia & Oceania	Sales	6,513	5,876	+637	110.8%
	Operating Income	518	639	(120)	81.1%
Overseas	Sales	15,294	13,918	+1,376	109.9%
	Operating Income	1,127	978	+148	115.2%
Eliminated	Operating Income	(106)	(24)	(81)	--
Consolidated	Sales	47,566	46,113	+1,452	103.1%
	Operating Income	3,018	2,947	+71	102.4%

Excluding exchange rate impact	103.5%
101.9%	
107.8%	
104.9%	

Note: Operating income if excluding SATO Vicinity,

Asia & Oceania: JPY 690 million (107.9% vs. PY)

Overseas - all regions: JPY 1,298 million (132.7% vs. PY)



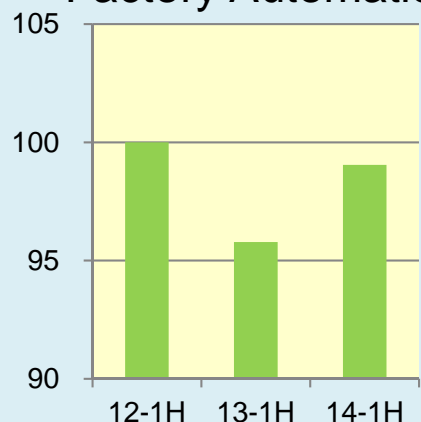
Japan

Unit: JPY Million

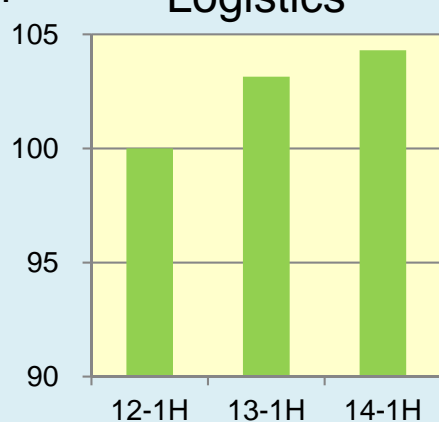
	FY14 1H		
	Q1	Q2	(1)
Mechatronics Sales	5,372	6,155	11,527
Consumables Sales	10,462	10,281	20,743
Total Sales	15,834	16,436	32,271
Gross Profit %	46.6%	45.0%	45.8%
Operating Income	1,000	996	1,997
Operating Income %	6.3%	6.1%	6.2%

FY13 1H (2)	Year-on-year change	
	(1-2)	%
11,194	+333	103.0%
21,001	(257)	98.8%
32,195	+76	100.2%
44.0%	+1.8pt	--
1,993	+3	100.2%
6.2%	(0.0pt)	--

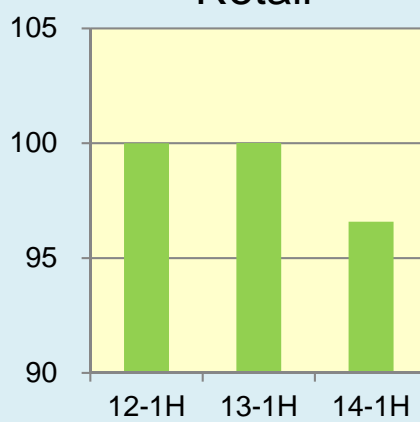
Factory Automation



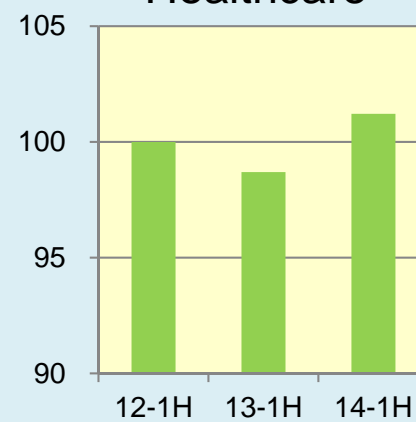
Logistics



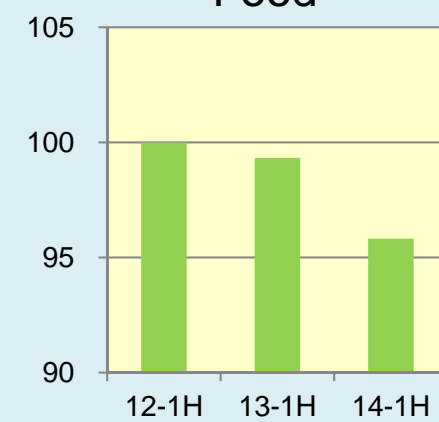
Retail



Healthcare



Food



Note: For easier comparison, the data shown has been normalized with the sales figures in FY2012 1H set at 100.



Americas

Unit: JPY Million

		FY14 1H			FY13 1H (2)	Year-on-year change	
		Q1	Q2	(1)		(1-2)	%
North America	Sales	2,034	2,013	4,047	3,663	+ 383	110.5%
	Gross Profit %	30.6%	32.5%	31.6%	29.9%	+1.6pt	--
	Operating Income	155	130	286	149	+ 137	192.2%
	Operating Income %	7.7%	6.5%	7.1%	4.1%	+3.0pt	--
South America	Sales	454	484	939	958	(18)	98.0%
	Gross Profit %	42.4%	38.8%	40.5%	40.9%	(0.4pt)	--
	Operating Income Goodwill	57 (21)	39 (22)	97 (43)	115 (52)	(18) +8	84.2% --
	Operating Income %	12.7%	8.2%	10.4%	12.1%	(1.7pt)	--
Total	Sales	2,489	2,498	4,987	4,622	+ 364	107.9%
	Gross Profit %	32.8%	33.7%	33.3%	32.2%	+1.0pt	--
	Operating Income	213	170	384	265	+ 119	145.0%
	Operating Income %	8.6%	6.8%	7.7%	5.7%	+2.0pt	--



Europe

Unit: JPY Million	FY14 1H			FY13 1H (2)	Year-on-year change	
	1Q	2Q	(1)		(1-2)	%
Sales	1,966	1,827	3,794	3,420	+ 373	110.9%
Gross Profit %	44.2%	44.9%	44.5%	43.3%	+1.2pt	--
Operating Income	103	120	224	73	+ 150	303.1%
Operating Income %	5.3%	6.6%	5.9%	2.2%	+3.7pt	--



Asia & Oceania

Unit: JPY Million		FY14 1H			FY13 1H (2)	Year-on-year change	
		Q1	Q2	(1)		(1-2)	%
Asia & Oceania	Sales	2,360	2,505	4,865	4,371	+493	111.3%
	Gross Profit %	49.7%	49.4%	49.5%	51.5%	(1.9pt)	--
	Operating Income	256	292	549	648	(99)	84.7%
	Operating Income %	10.9%	11.7%	11.3%	14.8%	(3.5pt)	--
ARGOX	Sales	861	786	1,648	1,504	+143	109.6%
	Gross Profit %	41.4%	37.7%	39.7%	42.6%	(3.0pt)	--
	Operating Income Goodwill	21 (184)	(52) (189)	(30) (373)	(8) (360)	(21) (13)	-- --
	Operating Income %	2.5%	(6.6%)	(1.8%)	(0.6%)	(1.3pt)	--
Total	Sales	3,221	3,291	6,513	5,876	+637	110.8%
	Gross Profit %	47.5%	46.6%	47.0%	49.2%	(2.2pt)	--
	Operating Income	278	239	518	639	(120)	81.1%
	Operating Income %	8.7%	7.3%	8.0%	10.9%	(2.9pt)	--
Total excl. SATO Vicinity	Operating Income	345	344	690	639	+50	107.9%
	Operating Income %	10.7%	10.5%	10.6%	10.9%	(0.3pt)	--



Realizing the FY2014 Planned Figures

		1H		2H		Full Year	
		Actual	Vs. PY	Planned	Vs. PY	Planned	Vs. PY
Unit: JPY Billion							
Sales		47.5	+1.4	52.5	+1.9	100	+3.3
	Japan	32.2	+0	36.0	(0.2)	68.2	(0.2)
	Overseas	15.3	+1.4	16.5	+2.1	31.8	+3.5
Operating Income		3.0	+0.1	5.0	+1.2	8.0	+1.3
	Japan	2.0	+0	3.3	+0.2	5.3	+0.2
	Overseas	1.1	+0.1	1.7	+0.9	2.8	+1.0
	Eliminated	(0.1)	--	0	+0.1	(0.1)	+0.1

Realizing the FY2014 Planned Figures

Japan

➤ **Base business in 2H**

- **Achieve ¥34 billion in sales as projected**

(110% increase in mechatronics and 104% increase in consumables sales from 1H)

➤ **New large-scale business opportunities**

- **Printers, Scanners**

Focus on potential deals from logistics, public works, healthcare industries

- **New mobile printers**

Focus on potential deals with public institutions, major transport companies

➤ **Key sales strategies for 2H**

- **Target market needs for GHS applications**

- **Expand sales of Amivoice® iPicking (voice + image recognition solution)**

- **Expand sales of FOOD PRO (food production management system)**

Realizing the FY2014 Planned Figures

**Over
seas**

➤ **New large-scale business opportunities**

- **Expand sales of new CL4NX printer**
Planned sales volume in 2H: approx. 10,000 units
- **Expand sales of laser printers in the Americas**
Projected sales volume full-year: approx. 3.8 times previous year
- **Complete joint printer development project with ARGOX, Start OEM business**
- **Expand business with global key accounts**



Accelerate Global Expansion of Auto-ID Solutions Business to Ensure Sustainable Growth

➤ SATO Global Solutions

To deliver a new software-based end-to-end solutions business from America, taking the lead globally

President: Mike Beedles

Location: Fort Lauderdale, Florida

Employees: 19

➤ SATO International

To manage overseas base businesses centrally, implementing the necessary growth strategies

President: Kazuo Matsuyama

Vice President: Yasuhiro Tanabe

Location: Meguro, Tokyo

Employees: 9

Note: Both companies are now at the preparatory phase, scheduled to start operations in Jan 2015



Consolidated Performance for FY2014 (Forecast)

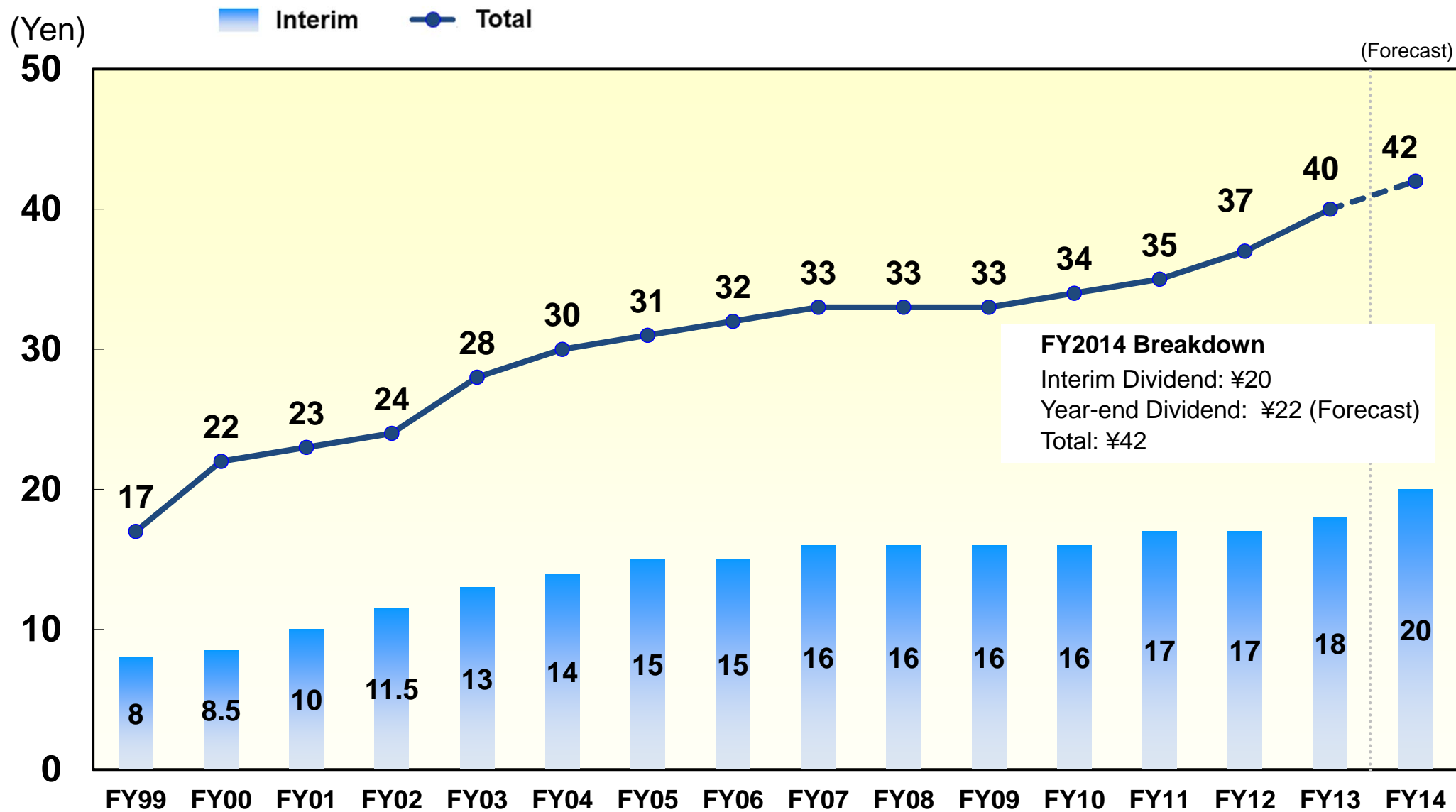
Unit: JPY Million	1H		2H		Full Year	
	Actual	Vs. PY	Planned	Vs. PY	Planned	Vs. PY
Sales	47,566	103.1%	52,433	103.5%	100,000	103.3%
Operating Income	3,018	102.4%	4,981	130.7%	8,000	118.4%
Ordinary Income	3,171	99.4%	4,728	121.4%	7,900	111.5%
Net Income	1,776	93.8%	3,223	134.2%	5,000	116.4%
EBITDA	4,699	105.4%	6,800	125.7%	11,500	116.5%

* Note: Exchange rates used in initial forecast: 1\$ = ¥102, 1€ = ¥138 Actual exchange rates in 1H: 1\$ = ¥103, 1€ = ¥138.9

* EBITDA = Operating Income + Depreciation + Amortization



Changes to Dividend



Note: FY2014 annual dividend forecast has been increased by ¥2 per share to ¥42.



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