



Ceaseless Creativity for a Sustainable World

# SATO HOLDINGS CORPORATION

Q3 FY2016  
Financial Results

Securities Code: 6287

February 9, 2017



# FY2016 Consolidated Results (Apr-Dec)

Unit: Million JPY	FY2016	FY2015	change	YoY %
<b>Net Sales</b>	<b>78,739</b>	<b>78,767</b>	<b>-27</b>	<b>100.0%</b>
<b>Operating Income</b>	<b>4,288</b>	<b>4,149</b>	<b>139</b>	<b>103.3%</b>
Operating Income %	5.4%	5.3%	0.2pt	--
<b>Ordinary Income</b>	<b>4,313</b>	<b>3,927</b>	<b>385</b>	<b>109.8%</b>
<b>Profit attributable to owners of parent</b>	<b>2,725</b>	<b>2,202</b>	<b>522</b>	<b>123.7%</b>
Effective Tax Rate	35.8%	39.5%	-3.8pt	
<b>EBITDA*</b>	<b>8,105</b>	<b>7,967</b>	<b>137</b>	<b>101.7%</b>

Average exchange rates for Apr-Dec FY16: JPY 106.59/USD, JPY 117.97/EUR

\* EBITDA = Operating Income + Depreciation + Amortization

· Depreciation for Apr-Dec FY16: JPY 2,934 million

FY15: JPY 2,927 million

· Amortization for Apr-Dec FY16: JPY 881 million (incl. 545m for ARGOX, 164m for PRAKOLAR),

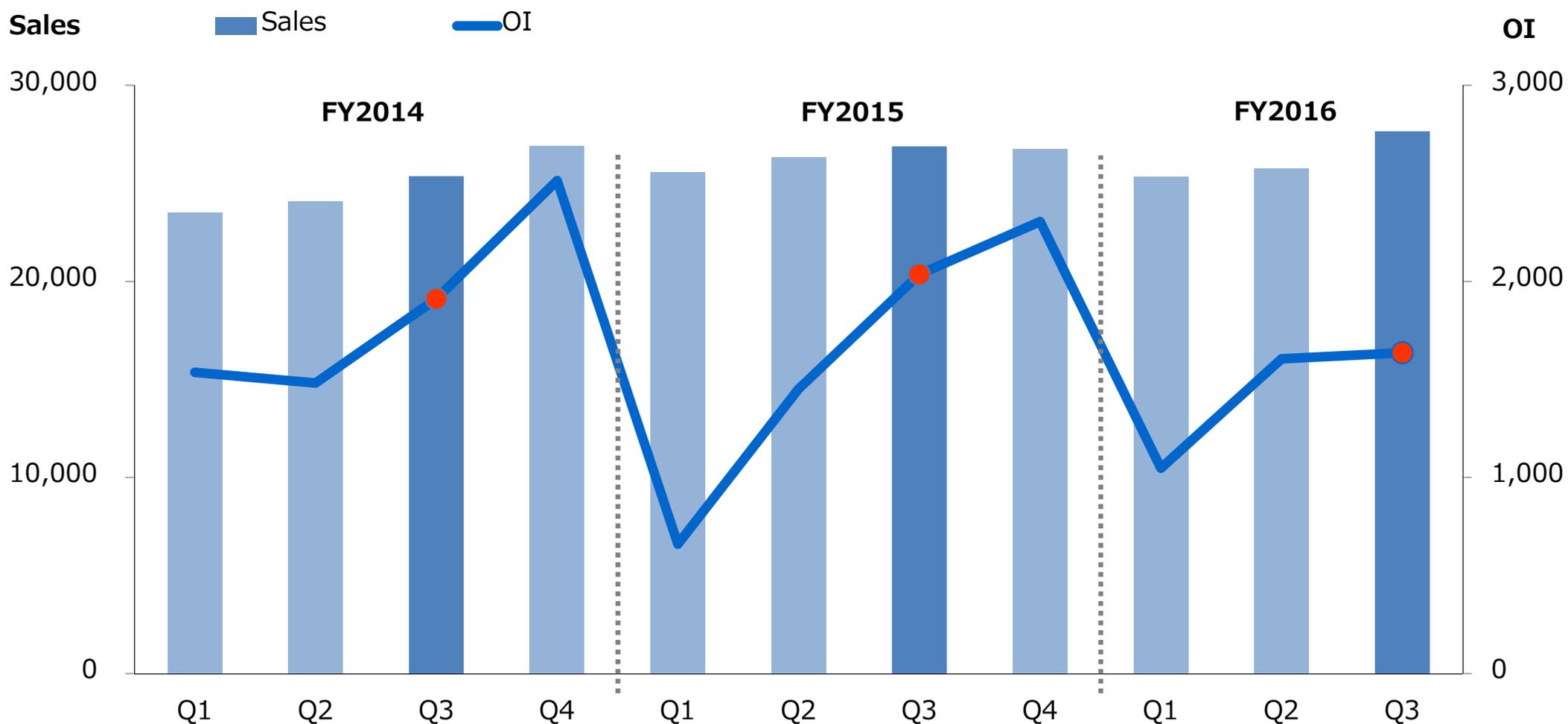
FY15: JPY 890 million (incl. 626m for ARGOX)



# Quarterly Consolidated Sales & OI

- Solid business growth lead to increases in net sales both in Japan and overseas. (YoY for Apr-Dec period, the same applies hereinafter)
- Domestic profitability continued to improve, resulting in OI growth. One-off expenditures among other factors affected overseas OI negatively.

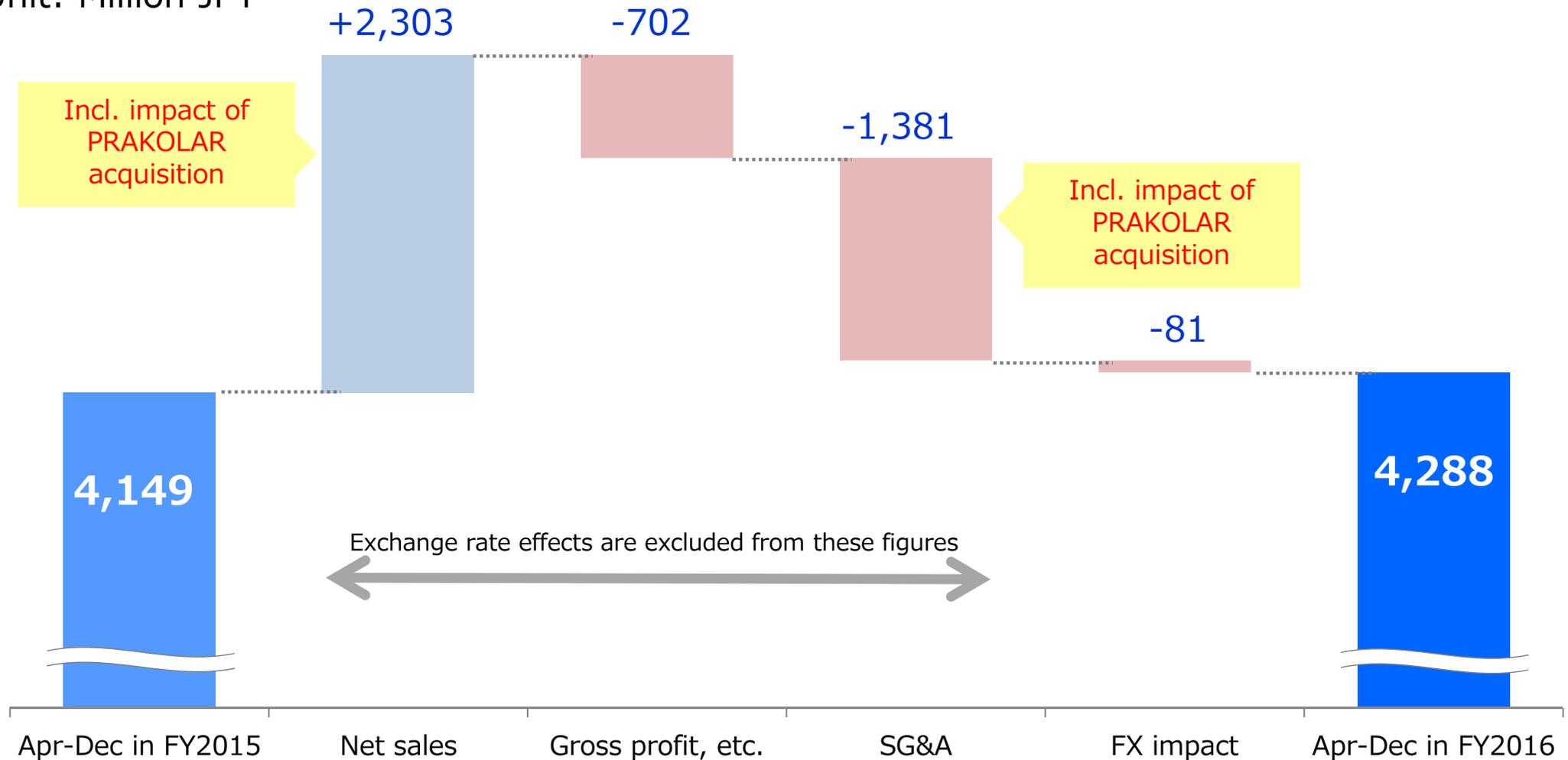
Unit: Million JPY





# Major Gains/Losses in Consolidated OI

Unit: Million JPY



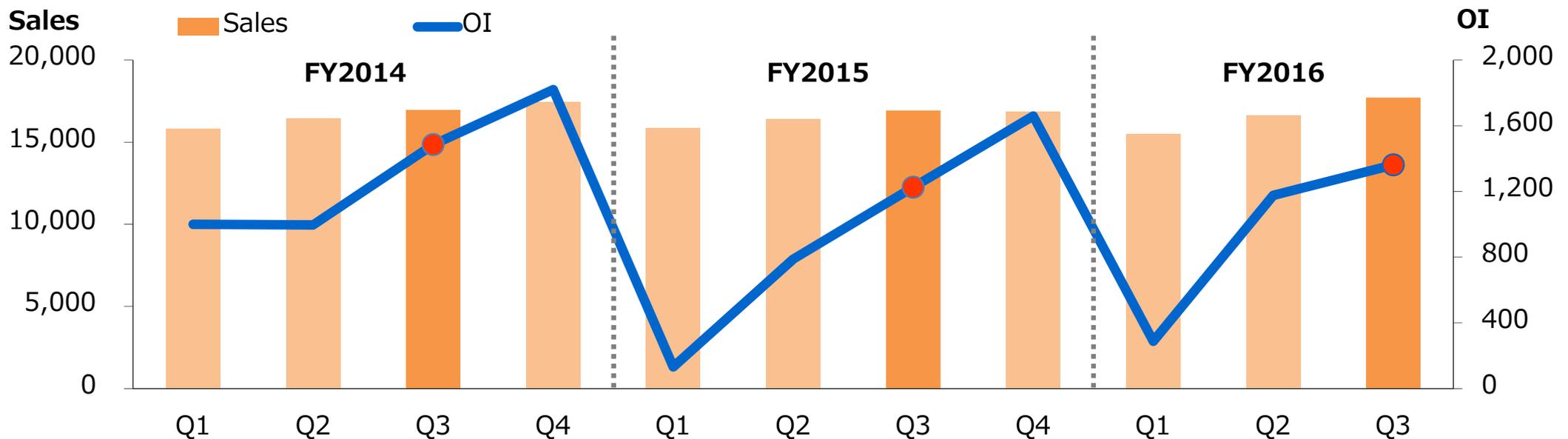


# Japan

- Sales and OI increased amid improved GP and OI margins.
- A strong showing was seen in manufacturing and logistics as industry demand for efficiency and traceability surged.

Unit: Million JPY

	FY2016 (Apr–Dec)	FY2015 (Apr–Dec)	change	YoY %
Mechatronics Sales	17,796	17,594	201	101.1%
Consumables Sales	32,046	31,646	399	101.3%
<b>Total Sales</b>	<b>49,843</b>	<b>49,241</b>	<b>601</b>	<b>101.2%</b>
Gross Profit	22,718	22,040	677	103.1%
Gross Profit %	45.6%	44.8%	0.8pt	--
<b>Operating Income</b>	<b>2,827</b>	<b>2,147</b>	<b>680</b>	<b>131.7%</b>
Operating Income %	5.7%	4.4%	1.3pt	--



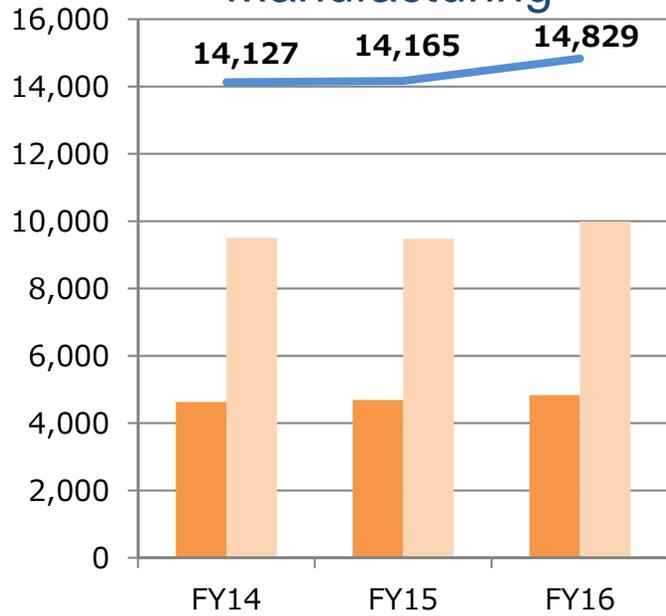


# Japan Sales by Sector (Apr-Dec)

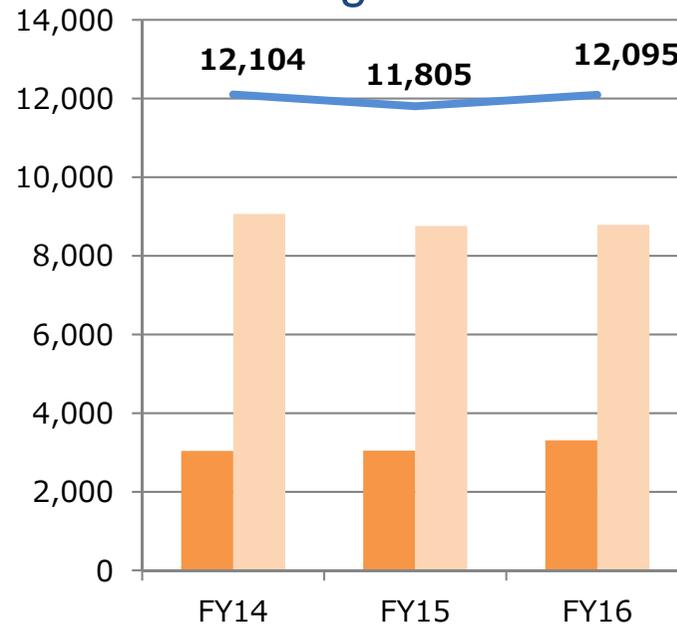
■ : Mechatronics   ■ : Consumables   — : Total

Unit: Million JPY

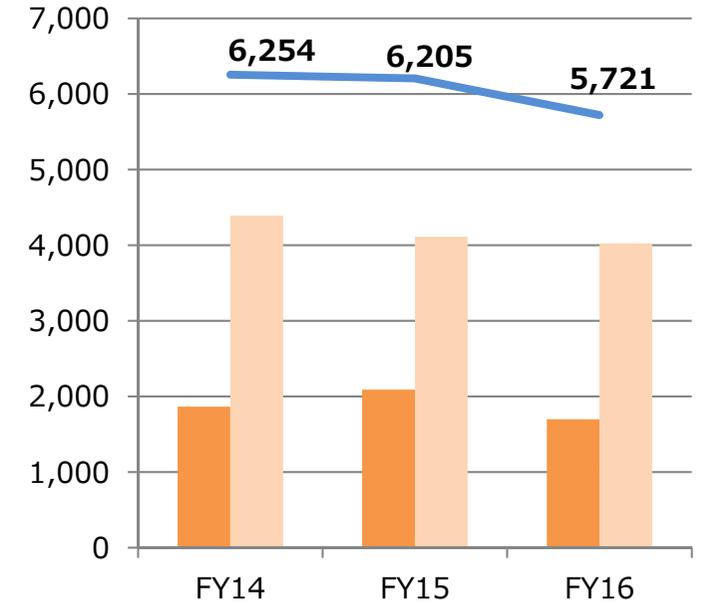
## Manufacturing



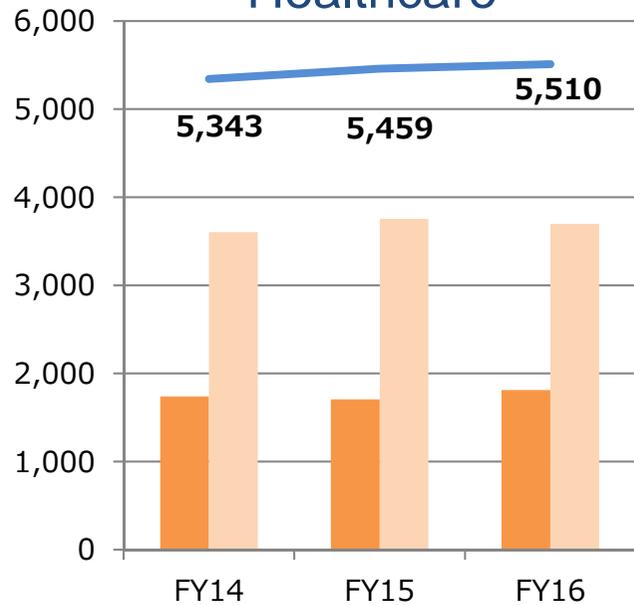
## Logistics



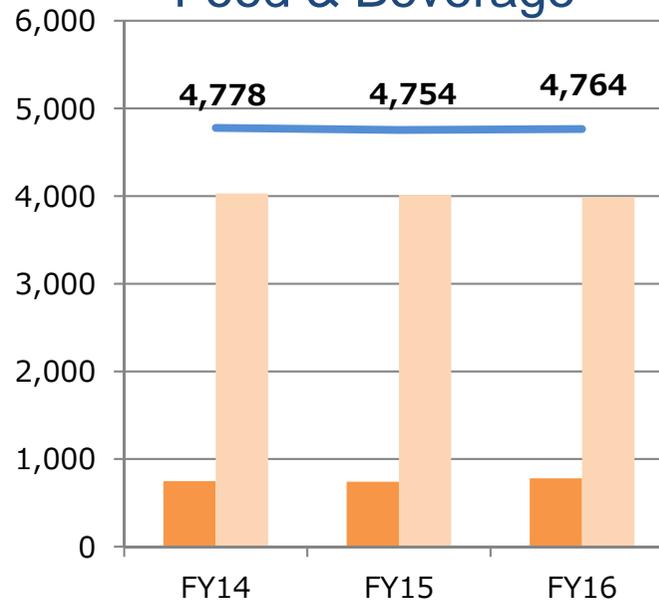
## Retail



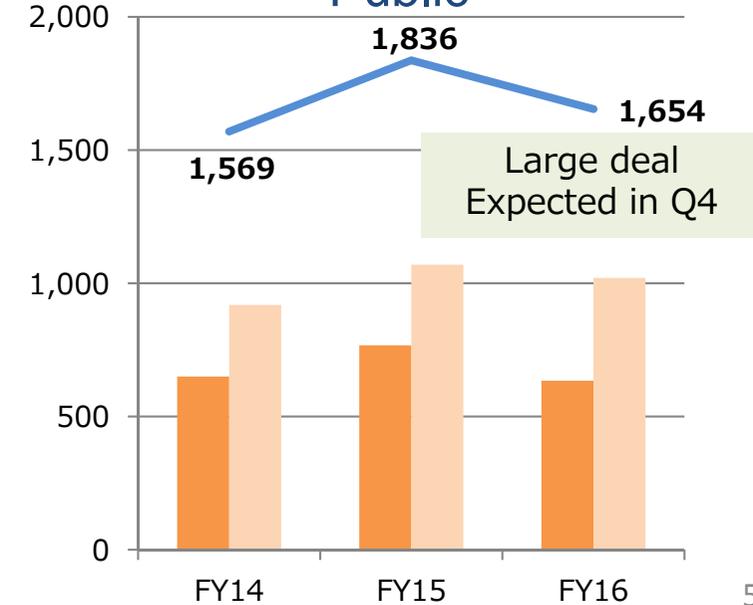
## Healthcare



## Food & Beverage



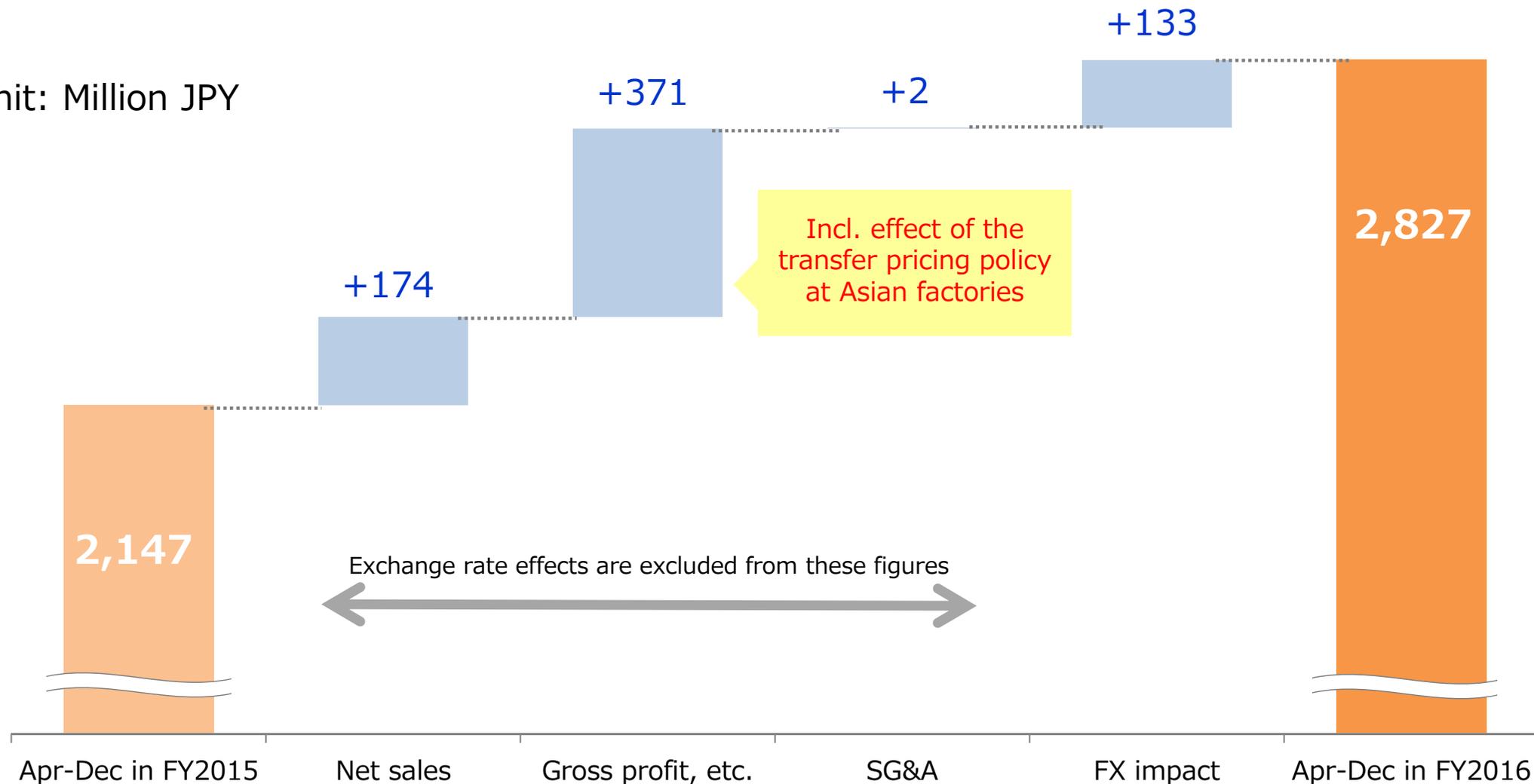
## Public





# Japan Major Gains/Losses in OI (Apr-Dec)

Unit: Million JPY





# Overseas

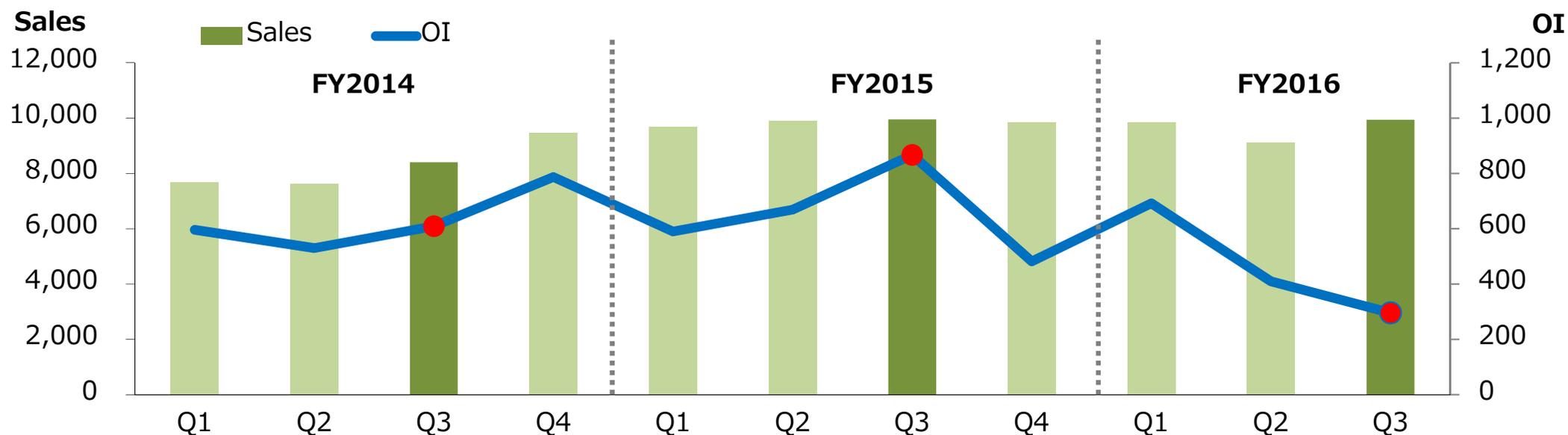
- Strong performance by sales subsidiaries boosted sales.
- OI decreased, primarily reflecting delays in major deals at ACHERNAR, one-off expenditures at OKIL, and profit adjustments at factories in accordance with the transfer pricing policy.

Sales	115.8%
OI	75.9%
excl. FX impact	

Unit: Million JPY

	FY2016 (Apr–Dec)	FY2015 (Apr–Dec)	change	YoY%
<b>Total Sales</b>	<b>28,896</b>	<b>29,526</b>	<b>-629</b>	<b>97.9%</b>
Gross Profit	10,935	12,218	-1,282	89.5%
Gross Profit %	37.8%	41.4%	-3.5pt	--
<b>Operating Income</b>	<b>1,400</b>	<b>2,126</b>	<b>-726</b>	<b>65.8%</b>
Operating Income %	4.8%	7.2%	-2.4pt	--

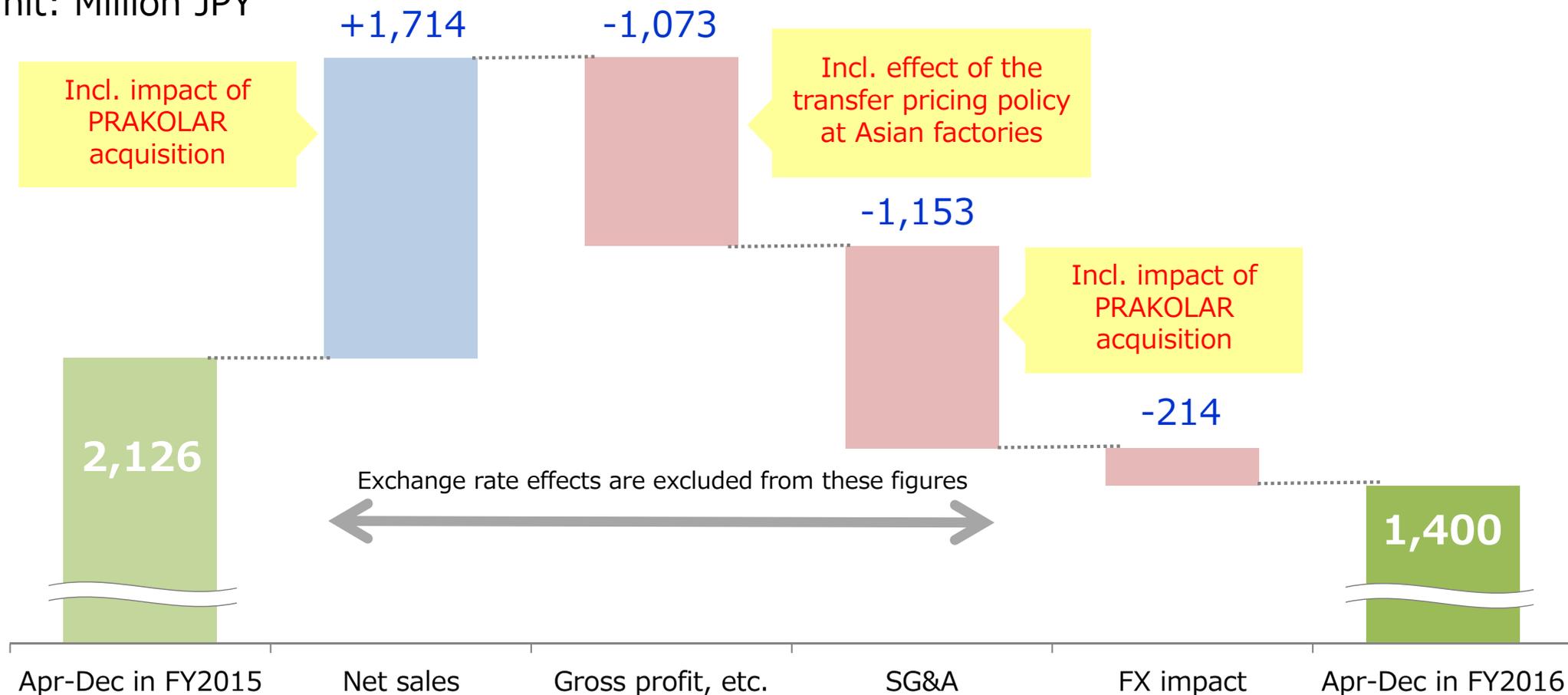
\* Excl. PRAKOLAR, Apr-Dec FY2016 Sales: JPY 27,917 million, OI: JPY 1,378 million





# Overseas Major Gains/Losses in OI (Apr-Dec)

Unit: Million JPY





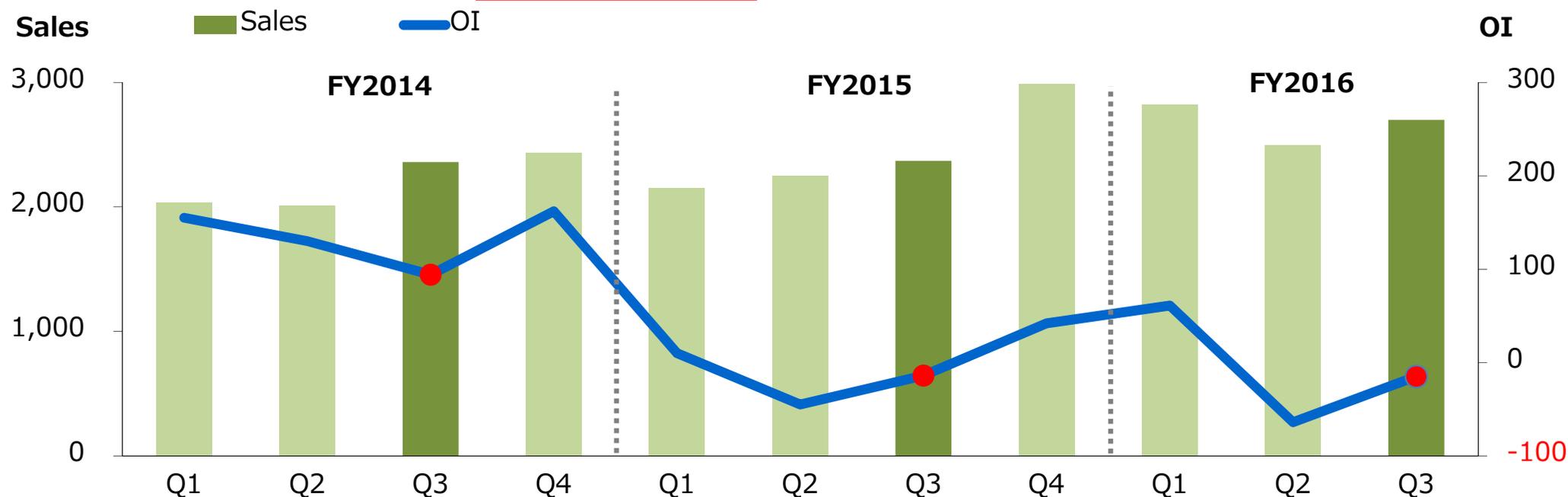
# North America

- SATO America increased sales and OI through outstanding performance in consumables business.
- SATO Global Solutions kept pace with the revised development schedule of its VISION digital solutions.

Sales 135.2%  
excl. FX impact

Unit: Million JPY

	FY2016 (Apr-Dec)	FY2015 (Apr-Dec)	change	YoY %
<b>Total Sales</b>	<b>8,019</b>	<b>6,775</b>	<b>1,243</b>	<b>118.4%</b>
Gross Profit	2,173	2,060	113	105.5%
Gross Profit %	27.1%	30.4%	-3.3pt	--
<b>Operating Income</b>	<b>-18</b>	<b>-48</b>	<b>30</b>	<b>--</b>
Operating Income %	-0.2%	-0.7%	0.5pt	--





# South America

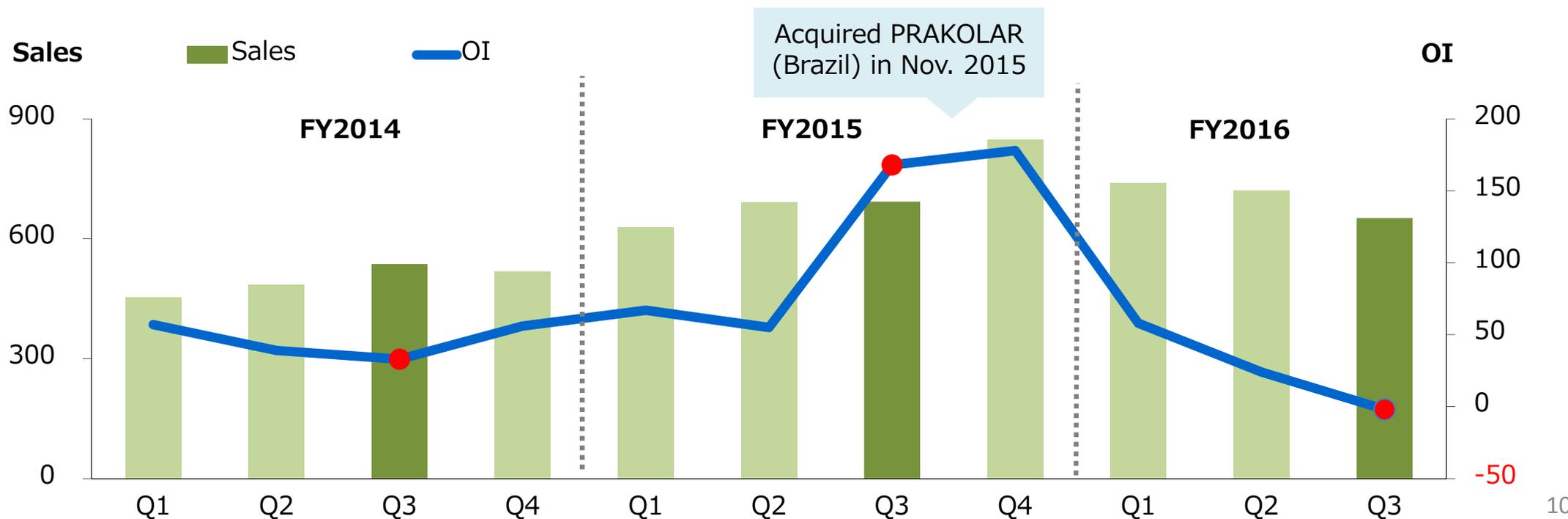
- PRAKOLAR, consolidated in FY15 Q4, contributed to increase in sales.
- Despite its contribution, OI edged down due to delays in major deals at ACHERNAR.

Sales 144.8%  
 OI 40.8%  
 excl. FX impact

Unit: Million JPY

	FY2016 (Apr-Dec)	FY2015 (Apr-Dec)	change	YoY %
<b>Total Sales</b>	<b>2,112</b>	<b>2,013</b>	<b>98</b>	<b>104.9%</b>
Gross Profit	799	855	-55	93.5%
Gross Profit %	37.9%	42.5%	-4.6pt	--
<b>Operating Income</b>	<b>80</b>	<b>291</b>	<b>-211</b>	<b>27.5%</b>
Operating Income %	3.8%	14.5%	-10.7pt	--

\*Excl. PRAKOLAR, Apr-Dec FY2016 Sales: JPY 1,133 million, OI: JPY 58 million





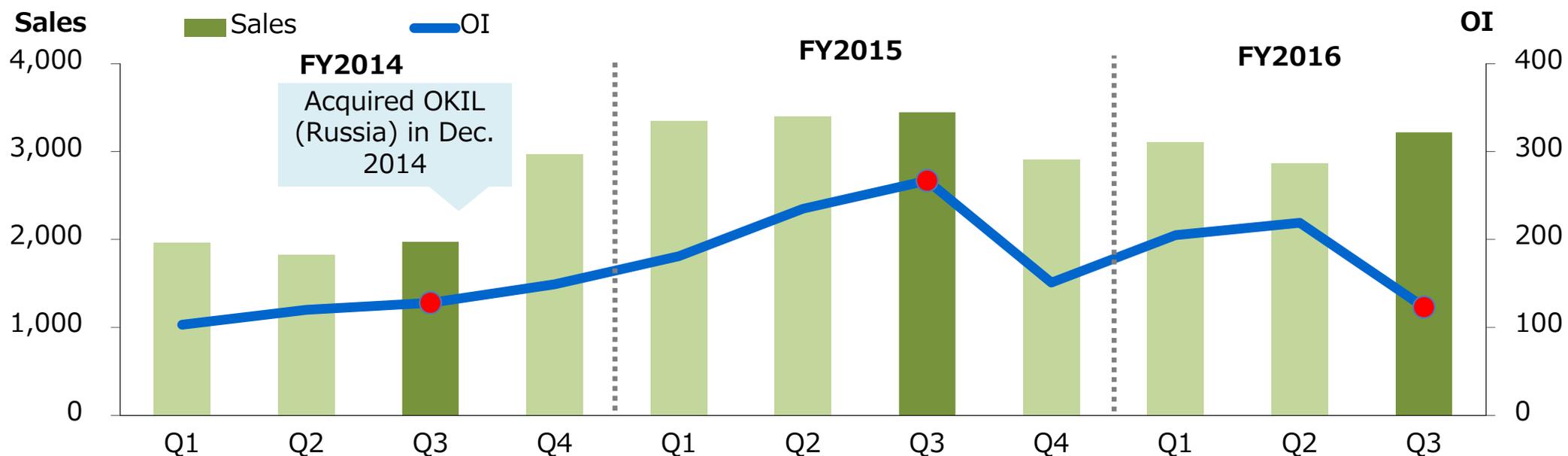
# Europe

- Sales subsidiaries' initiatives including continuous strengthening of ties with business partners resulted in increase in their sales along with OI, offsetting the rise in expenditure for growth such as forward-looking recruitments.
- OI at OKIL fell due to one-off expenditures.

Sales	108.9%
OI	93.8%
excl. FX impact	

Unit: Million JPY	FY2016 (Apr-Dec)	FY2015 (Apr-Dec)	change	YoY %
<b>Total Sales</b>	<b>9,196</b>	<b>10,196</b>	<b>-999</b>	<b>90.2%</b>
Gross Profit	3,432	3,905	-473	87.9%
Gross Profit %	37.3%	38.3%	-1.0pt	--
<b>Operating Income</b>	<b>547</b>	<b>685</b>	<b>-137</b>	<b>79.9%</b>
Operating Income %	6.0%	6.7%	-0.8pt	--

\* Excl. OKIL, Apr-Dec FY2016 Sales: JPY 5,282 million, OI: JPY 303 million  
 Excl. OKIL, Apr-Dec FY2015 Sales: JPY 5,765 million, OI: JPY 300 million





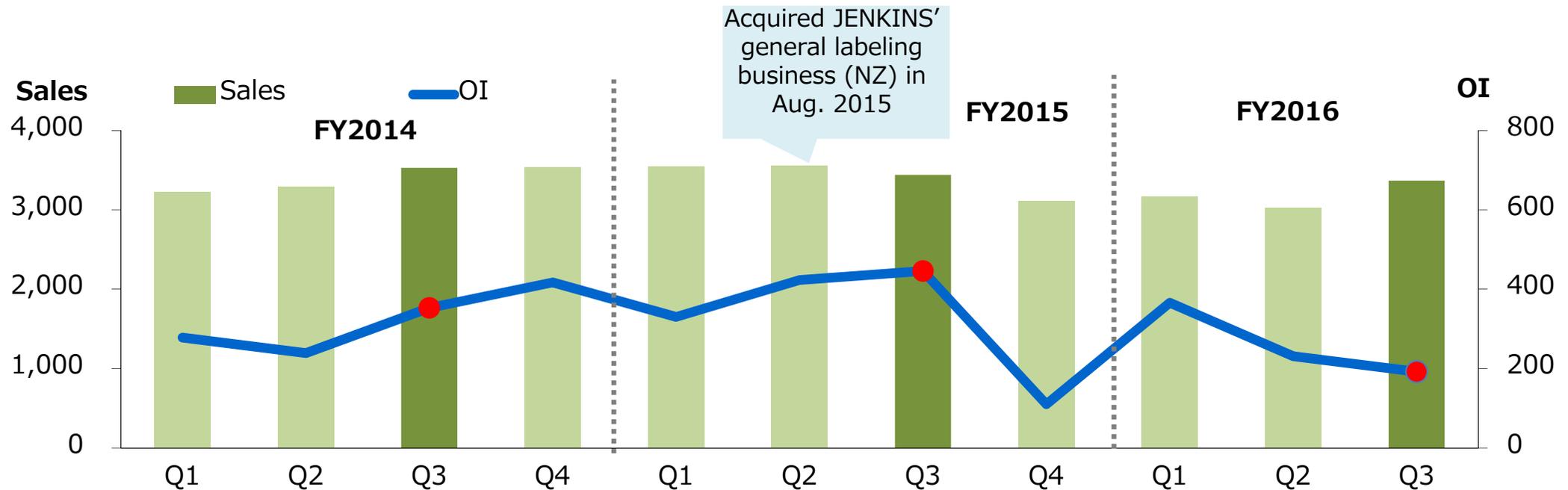
# Asia & Oceania

- Revenues from sales subsidiaries grew on back of rise in demand for auto ID solutions. OI declined mainly due to profit adjustments at factories in accordance with the transfer pricing policy, and increased depreciation and HR-related costs at a new factory.
- ARGOX's performance improved as synergies with SATO bore fruit.

Sales 104.4%  
 OI 74.0%  
 excl. FX impact

Unit: Million JPY

	FY2016 (Apr-Dec)	FY2015 (Apr-Dec)	change	YoY %
<b>Total Sales</b>	<b>9,568</b>	<b>10,540</b>	<b>-972</b>	<b>90.8%</b>
Gross Profit	4,530	5,397	-866	83.9%
Gross Profit %	47.3%	51.2%	-3.9pt	--
<b>Operating Income</b>	<b>790</b>	<b>1,199</b>	<b>-408</b>	<b>65.9%</b>
Operating Income %	8.3%	11.4%	-3.1pt	--





# FY2016 Consolidated Financial Forecasts

Unit: Million JPY	Apr-Dec		Jan-Mar		Full Year	
	Actual	YoY	Forecasts	YoY	Forecasts**	YoY
<b>Net Sales</b>	78,739	100.0%	31,260	116.9%	110,000	104.3%
<b>Operating Income</b>	4,288	103.3%	3,211	139.3%	7,500	116.2%
<b>Ordinary Income</b>	4,313	109.8%	2,886	131.7%	7,200	117.7%
<b>Profit attributable to owners of parent</b>	2,725	123.7%	1,774	119.5%	4,500	122.0%
<b>EBITDA*</b>	8,105	101.7%	4,394	121.9%	12,500	108.0%

Average exchange rates for Apr-Dec FY16: JPY 106.59/USD, JPY 117.97/EUR

Exchange rates assumed in 2H FY16 forecasts\*\*: JPY 105/USD, JPY 118/EUR

\* EBITDA = Operating Income + Depreciation + Amortization

\*\*Revised as of November 4, 2016



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