



Ceaseless Creativity for a Sustainable World

SATO HOLDINGS CORPORATION

FY2015 (April 2015 to March 2016)
Financial Results Briefing

Securities Code: 6287

May 16, 2016 (Mon.)



I. FY2015

- **Fell short of revised profit target**
[Operating income] Initial: ¥8.5bn Revised: ¥7.6 bn Actual: ¥6.5bn
- **Significant decline** in OI of Japanese business
 - Depreciation costs on new core IT systems, one-time HR-related expenses, and increased production costs caused by the weakening yen
 - Delay in replacing previous models in the market with high-profiting global strategic printer (CLNX)
- **Highest-ever** Consolidated Net Sales, EBITDA, and Sales & OI for overseas business



FY2015 consolidated results

Unit: JPY Million	FY2015	FY2014	Year-on-year change	
	(1)	(2)	(1-2)	%
Net Sales	105,504	99,831	+5,673	105.7%
Operating Income	6,457	7,444	(987)	86.7%
Operating Income %	6.1%	7.5%	(1.3pt)	--
Ordinary Income	6,121	7,484	(1,362)	81.8%
Net Income	3,689	3,763	(73)	98.0%
Effective Tax Rate	36.2%	51.2%	(15.0pt)	
EBITDA	11,573	11,044	+529	104.8%

* EBITDA = Operating Income + Depreciation + Amortization

• Depreciation FY15: JPY 3,941 million (incl. JPY 931 million on new core IT systems), FY14: JPY 2,500 million

• Amortization FY15: JPY 1,175 million (incl. JPY 101 million on Okil, JPY 48 million on Prakolar), FY14: JPY 1,099 million (incl. JPY 62 million on Okil)

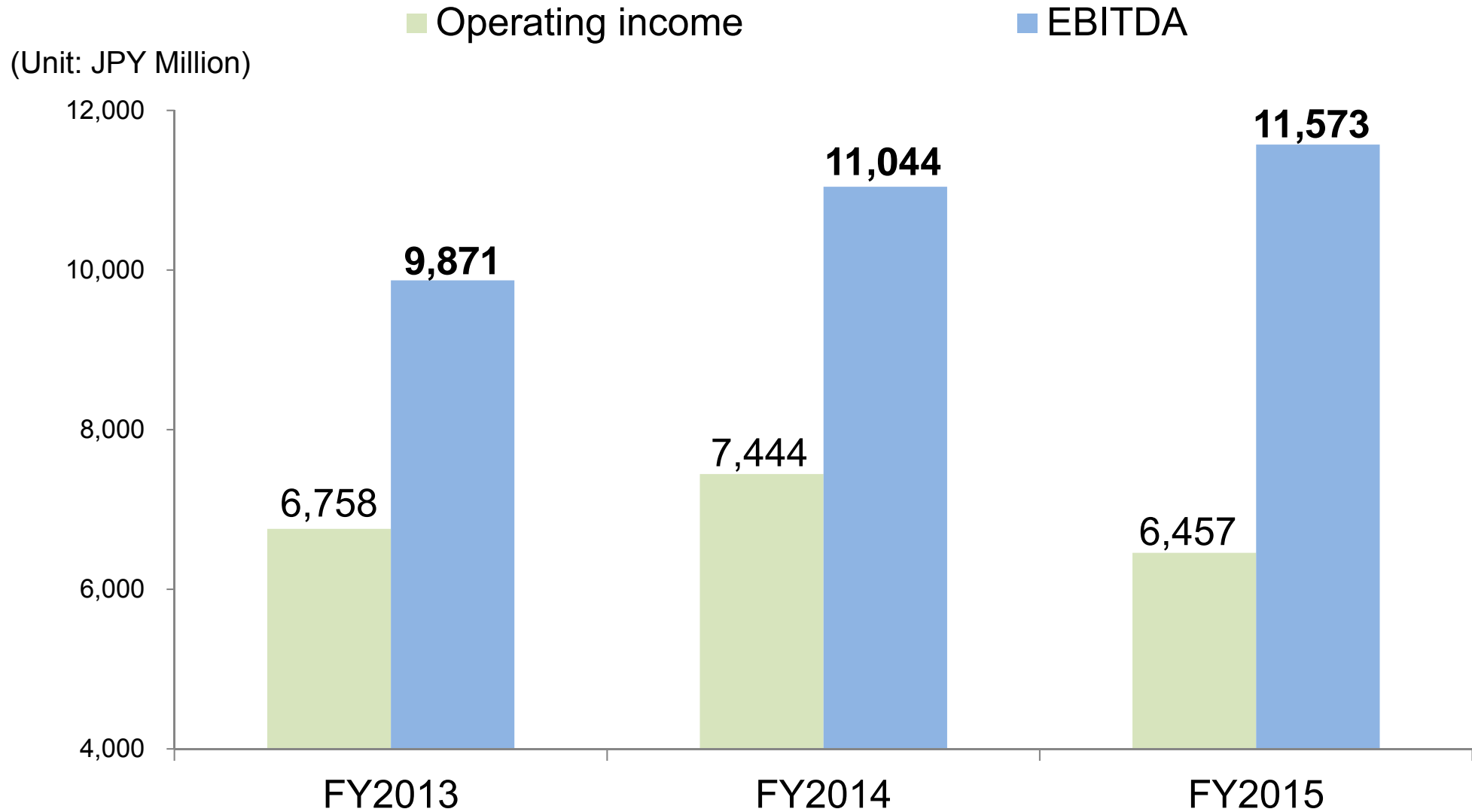


Revised OI target ¥7.6 billion vs Actual OI ¥6.5 billion

	Revised Target		Actual	
1. Japan	¥4.9 bn	→	¥3.8 bn	(¥1.1 bn)
			Shortfall to target Mechatronics: ¥0.9 bn Consumables: ¥0.2 bn	
2. Overseas	¥2.7 bn	→	¥2.7 bn	(before elimination of intercompany transactions)
Argox (Taiwan)	(¥0.2 bn)	→	(¥0.25 bn)	(¥0.05 bn)
Sales companies in Europe	¥0.4 bn	→	¥0.31 bn	(¥0.09 bn)
Business in South America	¥0.3 bn	→	¥0.47 bn	+¥0.17 bn



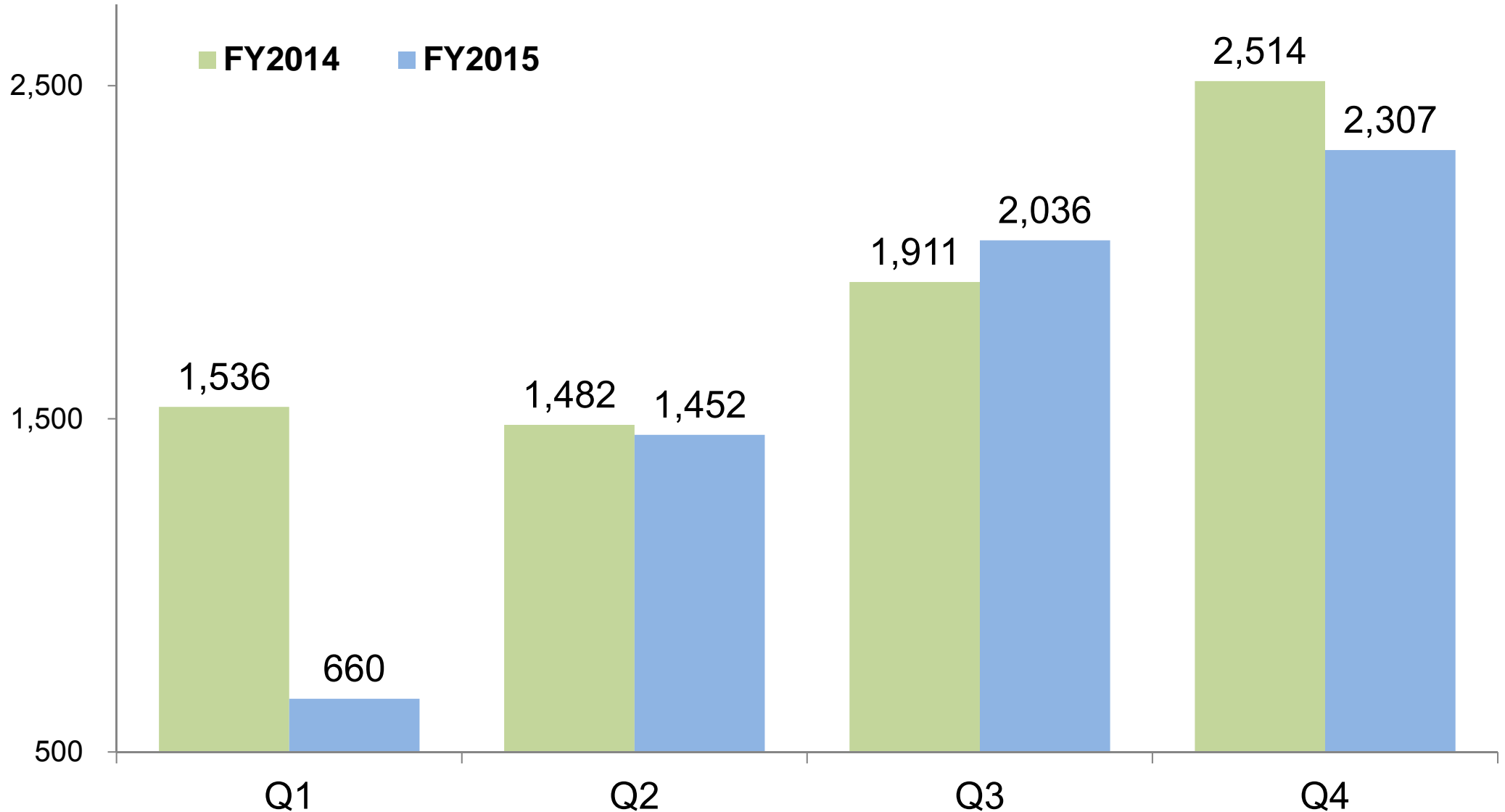
Consolidated operating income / EBITDA (FY2013-FY2015)





Consolidated operating income (FY2014 vs FY2015)

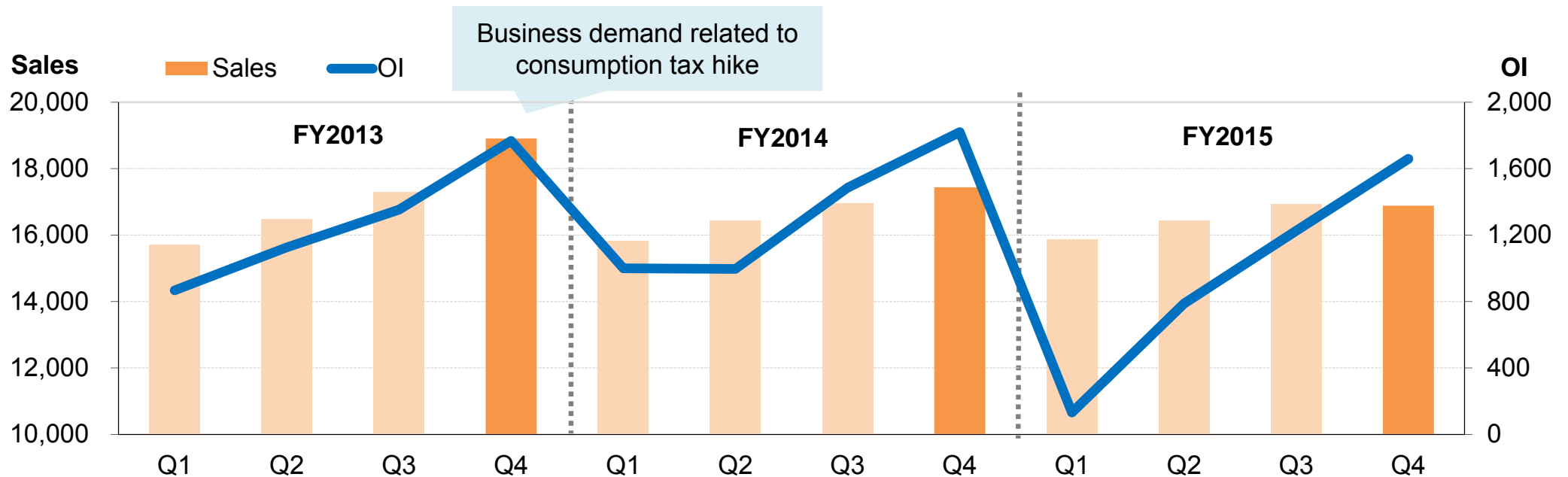
(Unit: JPY Million)





Japan

Unit: JPY Million	FY2015			FY2014			YoY
	1H	2H	Full Year	1H	2H	Full Year	
Mechatronics Sales	11,838	12,825	24,664	11,527	13,414	24,942	98.9%
Consumables Sales	20,470	20,989	41,460	20,743	20,988	41,731	99.4%
Total Sales	32,309	33,815	66,124	32,271	34,403	66,674	99.2%
Gross Profit	14,275	15,789	30,064	14,779	15,570	30,350	99.1%
Gross Profit % (external sales)	44.2%	46.7%	45.5%	45.8%	45.3%	45.5%	(0.1pt)
Operating Income	921	2,885	3,806	1,997	3,306	5,303	71.8%
Operating Income %	2.9%	8.5%	5.8%	6.2%	9.6%	8.0%	(2.2pt)

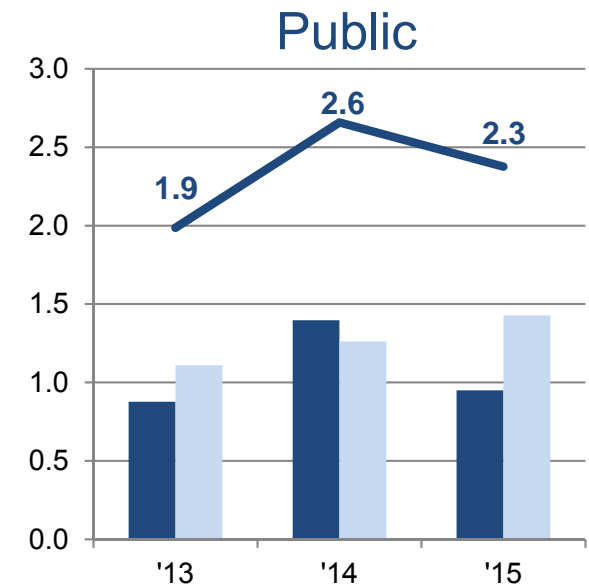
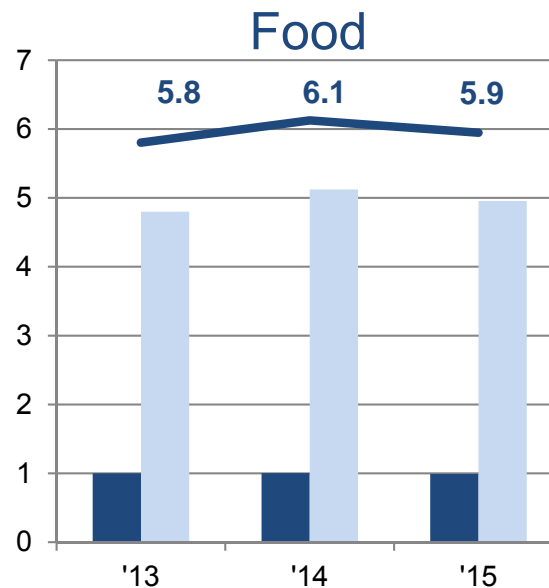
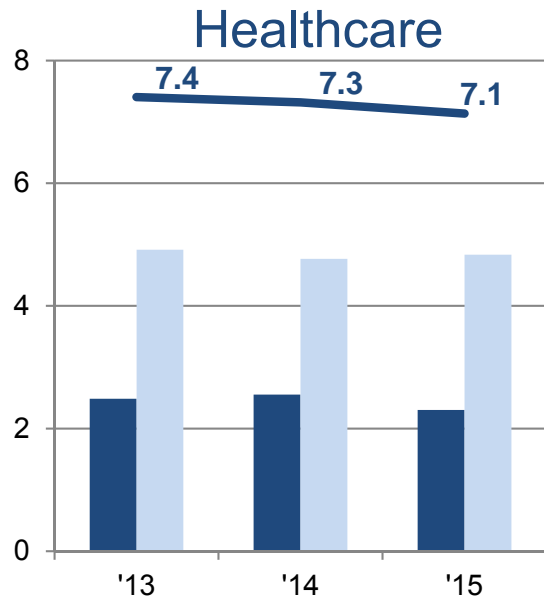
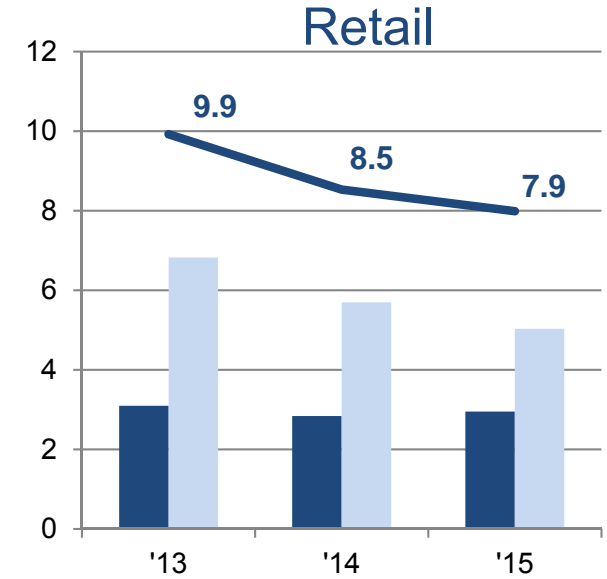
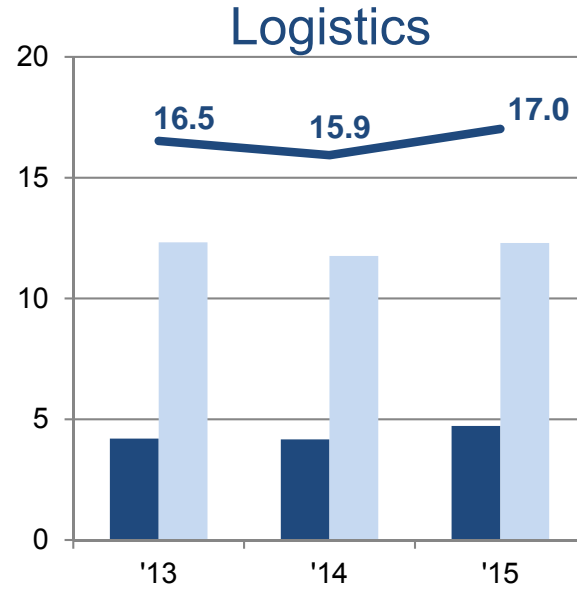
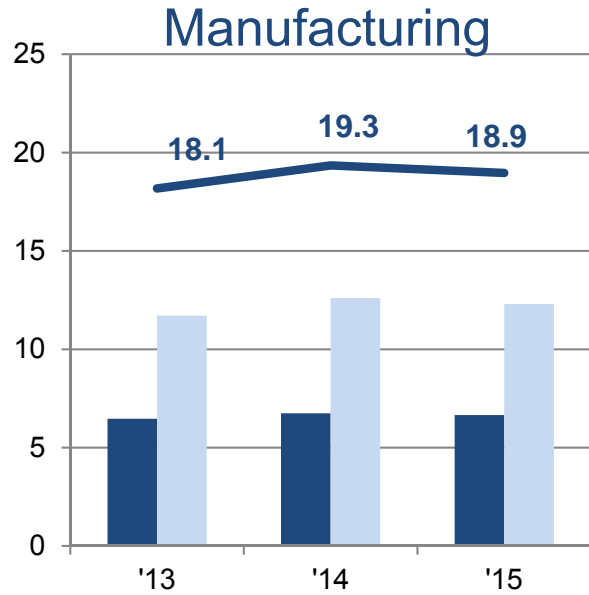




Sales trends by sector (Japan)

■ : Mechatronics ■ : Consumables
— : Total

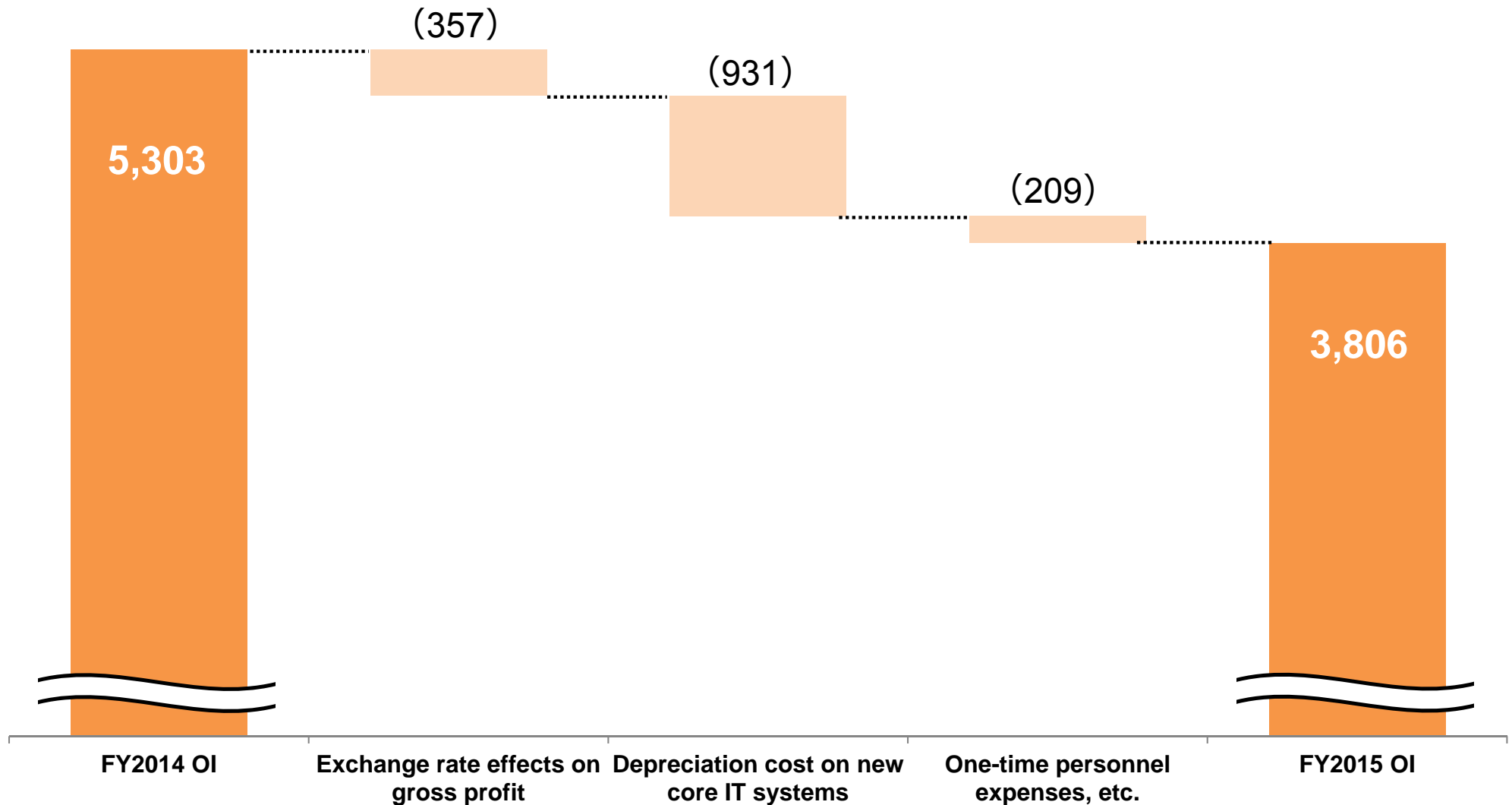
Unit: JPY Billion





Major gains/losses in operating income (Japan)

Unit: JPY Million

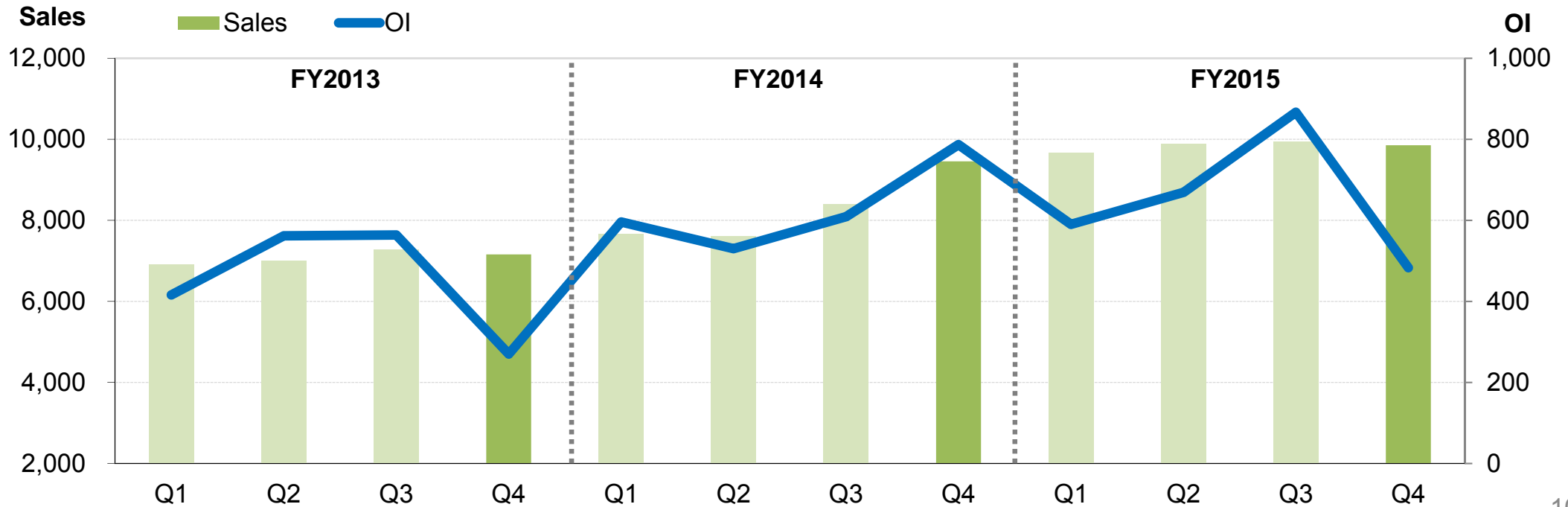




Overseas

117.5%
excl. exchange
rate impact

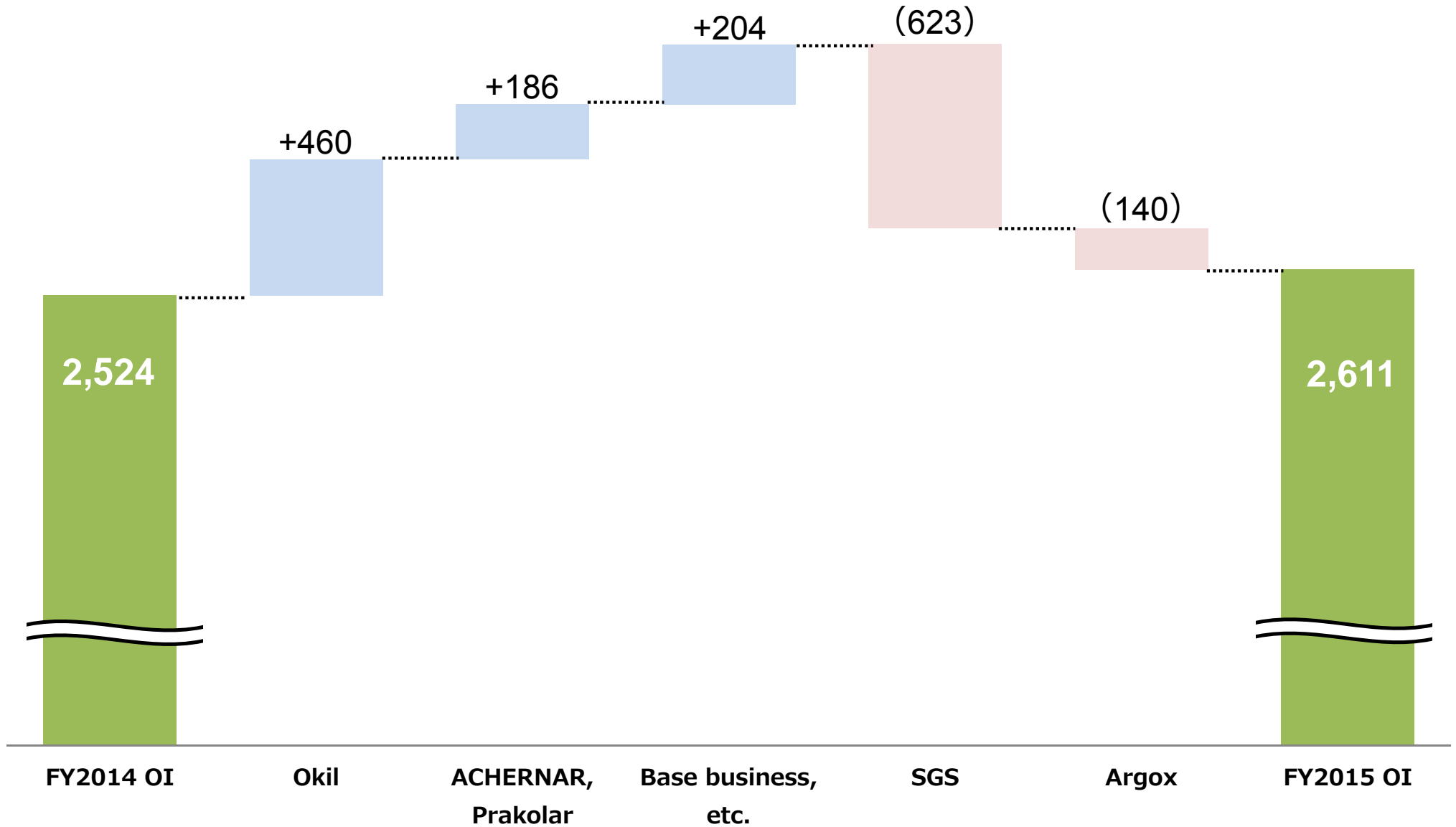
Unit: JPY Million	FY2015			FY2014			YoY
	1H	2H	Full Year	1H	2H	Full Year	
Sales	19,571	19,808	39,379	15,294	17,861	33,156	118.8%
Gross Profit	8,017	7,877	15,895	6,411	7,383	13,794	115.2%
Gross Profit % (external sales)	41.0%	39.8%	40.4%	41.9%	41.3%	41.6%	(1.2pt)
Operating Income	1,259	1,352	2,611	1,127	1,396	2,524	103.5%
Operating Income %	6.4%	6.8%	6.6%	7.4%	7.8%	7.6%	(1.0pt)





Major gains/losses in operating income (overseas)

Unit: JPY Million

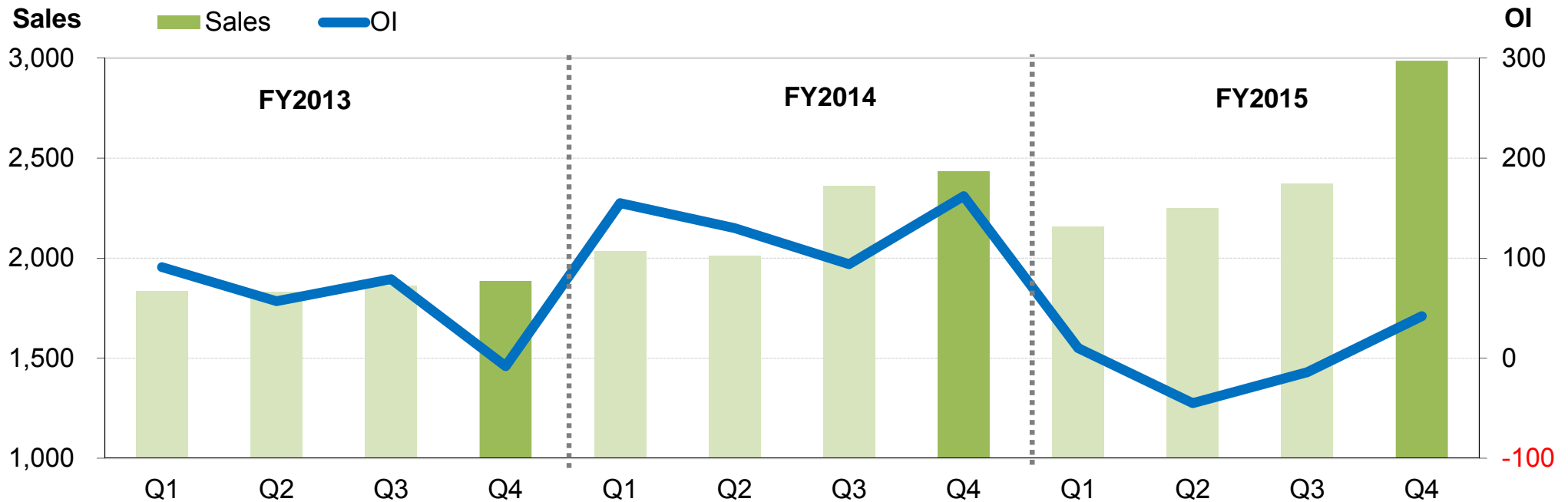




North America

100.8% excl. exchange rate impact

Unit: JPY Million	FY2015			FY2014			YoY
	1H	2H	Full Year	1H	2H	Full Year	
Sales	4,404	5,358	9,762	4,047	4,796	8,844	110.4%
Gross Profit	1,353	1,509	2,862	1,277	1,432	2,710	105.6%
Gross Profit % (external sales)	30.7%	28.2%	29.3%	31.6%	29.9%	30.6%	(1.3pt)
Operating Income	(34)	28	(5)	286	257	543	--
Operating Income %	--	0.5%	--	7.1%	5.4%	6.2%	--

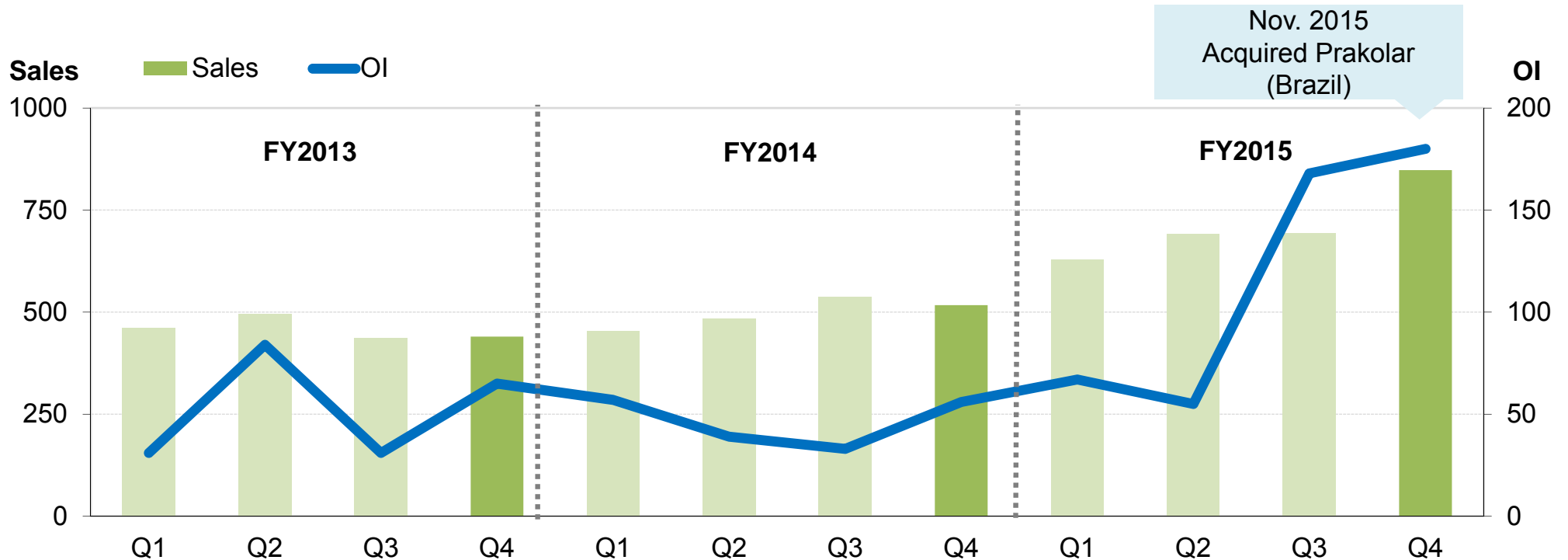




South America

159.6% excl. exchange rate impact

Unit: JPY Million	FY2015			FY2014			YoY
	1H	2H	Full Year	1H	2H	Full Year	
Sales	1,320	1,542	2,862	939	1,055	1,994	143.5%
Gross Profit	501	768	1,270	380	395	776	163.6%
Gross Profit % (external sales)	38.0%	49.9%	44.4%	40.5%	37.5%	38.9%	+5.5pt
Operating Income	122	348	471	97	90	187	251.0%
Operating Income %	9.3%	22.6%	16.5%	10.4%	8.6%	9.4%	+7.1pt

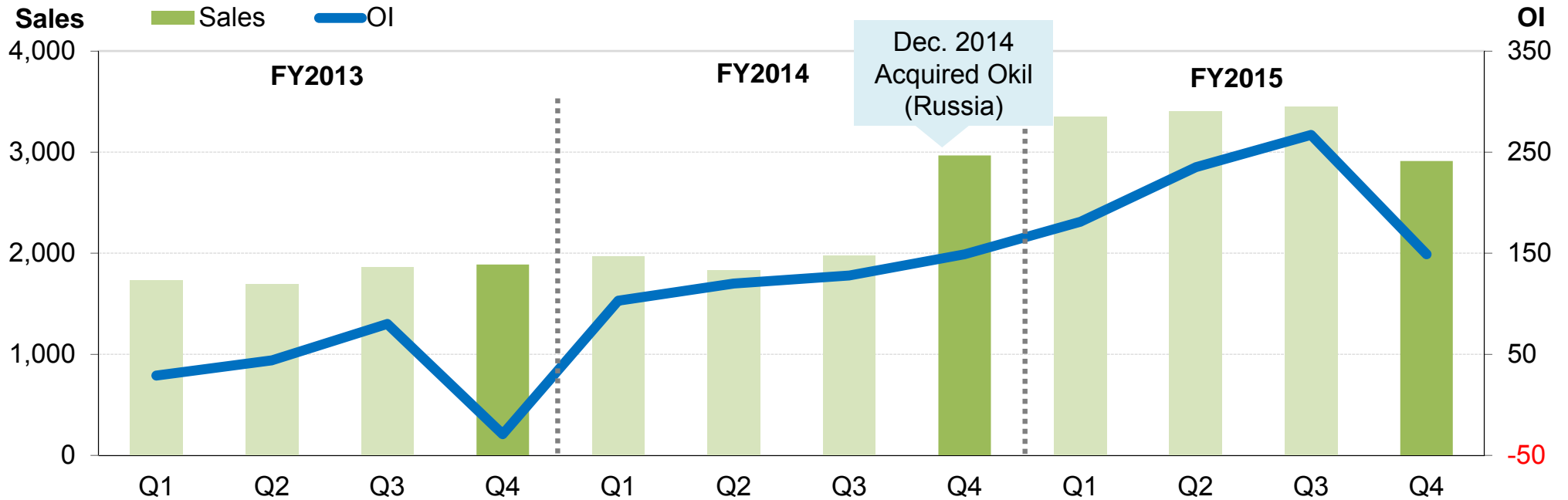




Europe

151.5% excl.
exchange rate
impact

Unit: JPY Million	FY2015			FY2014			YoY
	1H	2H	Full Year	1H	2H	Full Year	
Sales	6,747	6,353	13,101	3,794	4,942	8,736	150.0%
Gross Profit	2,557	2,457	5,014	1,688	2,115	3,804	131.8%
Gross Profit % (external sales)	37.9%	38.7%	38.3%	44.5%	42.8%	43.5%	(5.3pt)
Operating Income	417	418	836	224	278	502	166.4%
Operating Income %	6.2%	6.6%	6.4%	5.9%	5.6%	5.8%	+0.6pt

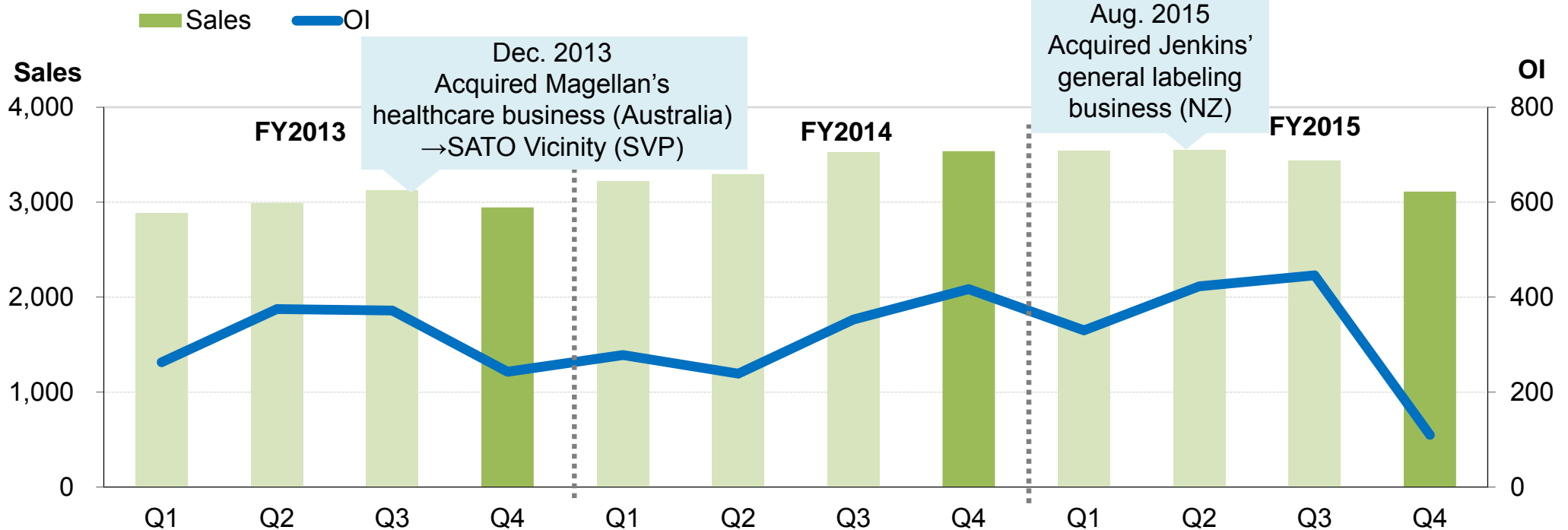




Asia & Oceania

100.3% excl. exchange rate impact

Unit: JPY Million	FY2015			FY2014			YoY
	1H	2H	Full Year	1H	2H	Full Year	
Sales	7,098	6,554	13,652	6,513	7,067	13,580	100.5%
Gross Profit	3,605	3,141	6,746	3,063	3,439	6,503	103.7%
Gross Profit % (external sales)	50.8%	47.9%	49.4%	47.0%	48.7%	47.9%	+1.5pt
Operating Income	753	556	1,309	518	771	1,289	101.5%
Operating Income %	10.6%	8.5%	9.6%	8.0%	10.9%	9.5%	+0.1pt





II. FY2016



FY2016

consolidated performance forecast

Unit: JPY Million

	FY2016 Projected	FY2015 Actual	Year-on-year change	
				%
Net Sales	113,000	105,504	+7,495	107.1%
Operating Income	8,000	6,457	+1,542	123.9%
Ordinary Income	7,900	6,121	+1,778	129.1%
Net Income	5,000	3,689	+1,310	135.5%
EBITDA	13,400	11,573	+1,826	115.8%

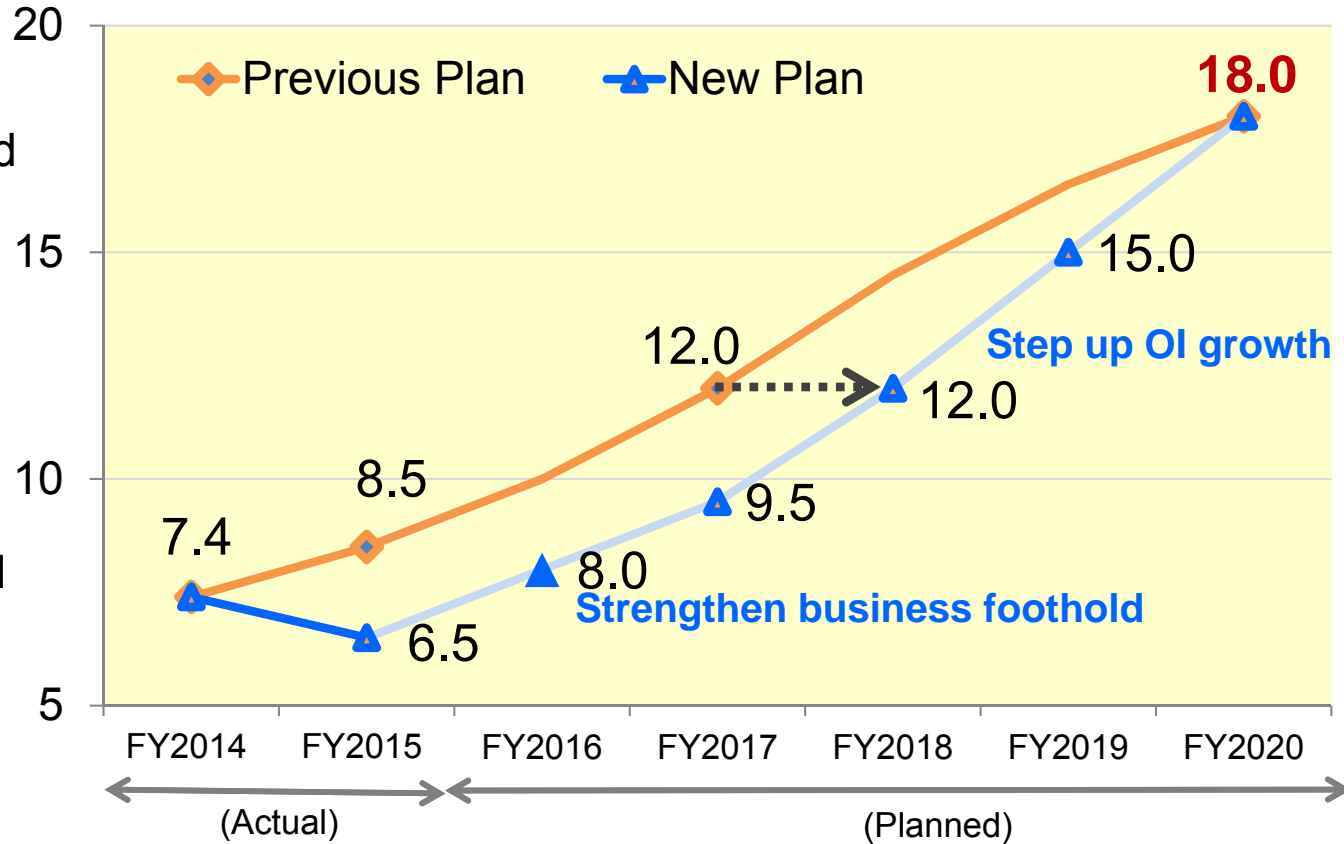
* Exchange rates used in FY2016 forecast: USD1=JPY110, EUR1=JPY125
 Actual exchange rates in FY2015: USD1=JPY120, EUR1=JPY132

* EBITDA = Operating income
 + Depreciation + Amortization



3 Key Changes in New Medium-Term Management Plan

(Unit: JPY Billion) New Medium-Term Plan (Operating Income)



1. 5-Year Plan w.e.f. FY2016

FY16-18: Strengthen business foothold
FY19-20: Step up OI growth

2. No changes to FY2020 numeric targets

3. No changes to basic strategies

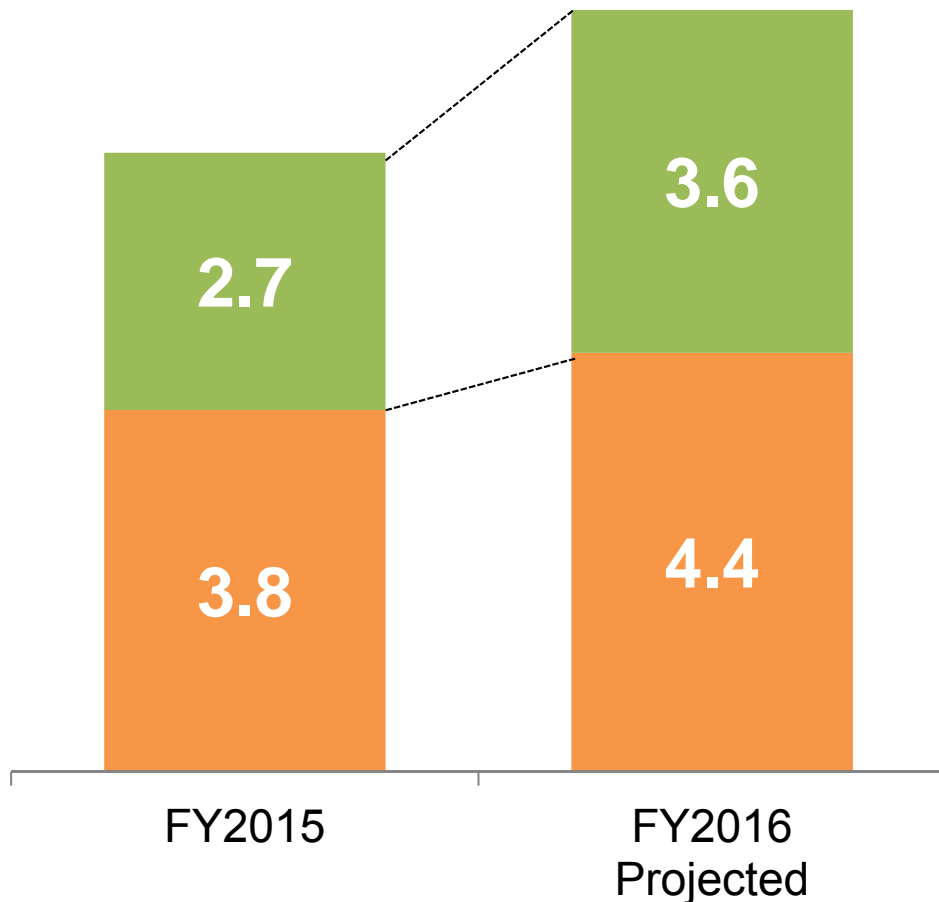
→ Change organizational structure and increase speed of implementation



Consolidated operating income forecast

Unit: JPY Billion

■ Japan ■ Overseas



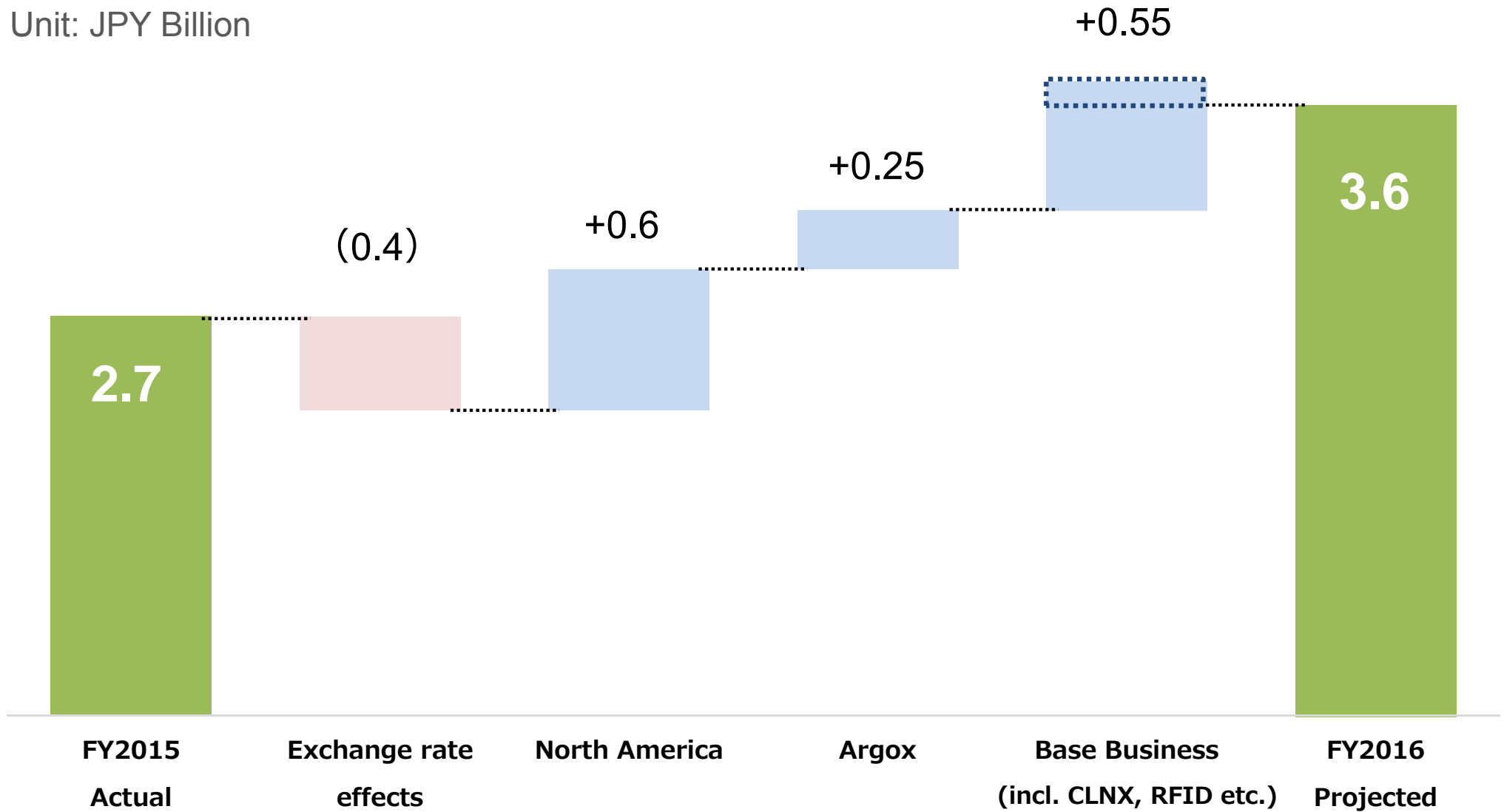
Overseas
Improve profitability in
North America and of Argox
Grow base business

Japan
Expand CLNX sales
Focus on solutions business



Operating income forecast for overseas

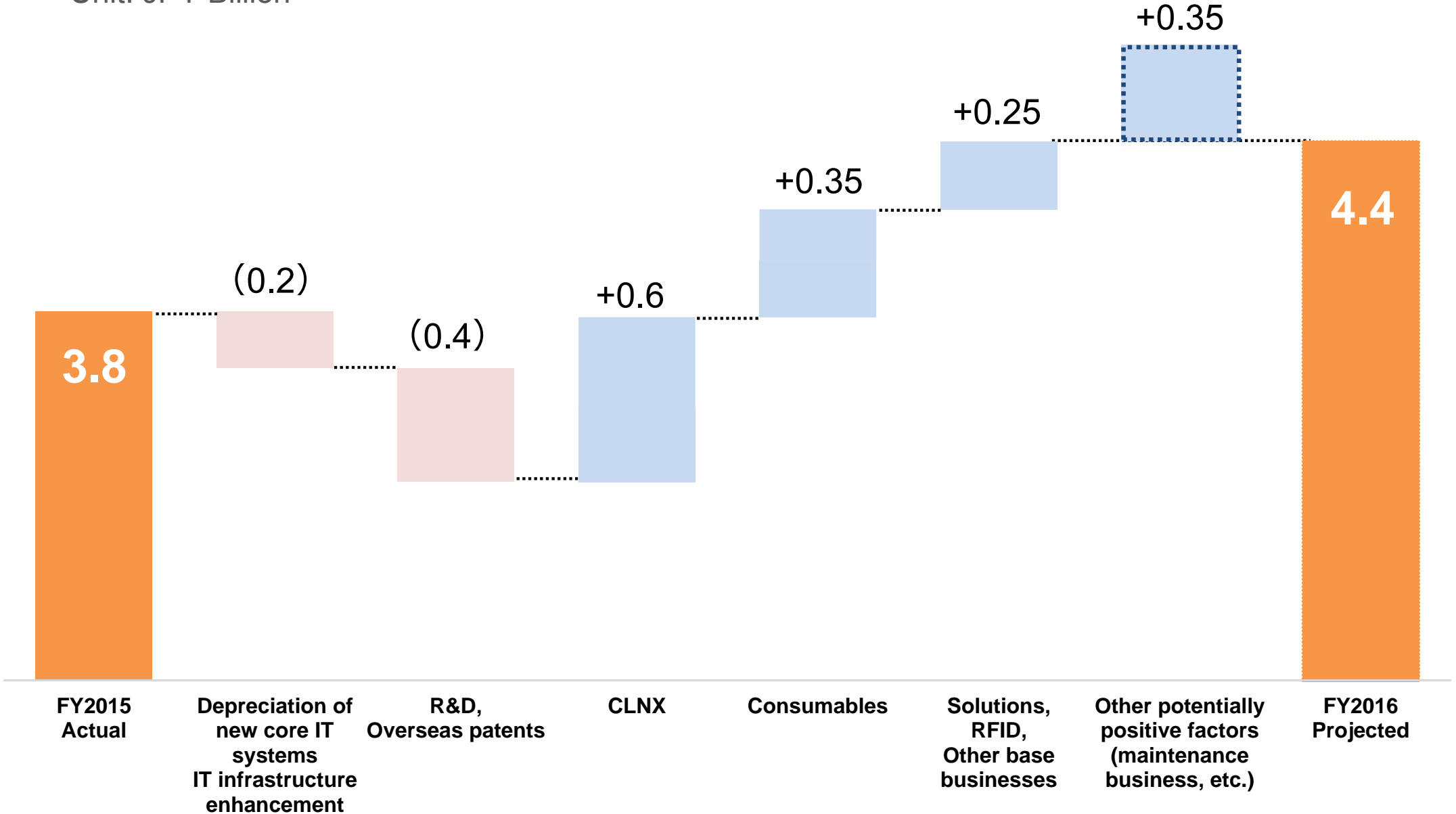
Unit: JPY Billion





Operating income forecast for Japan

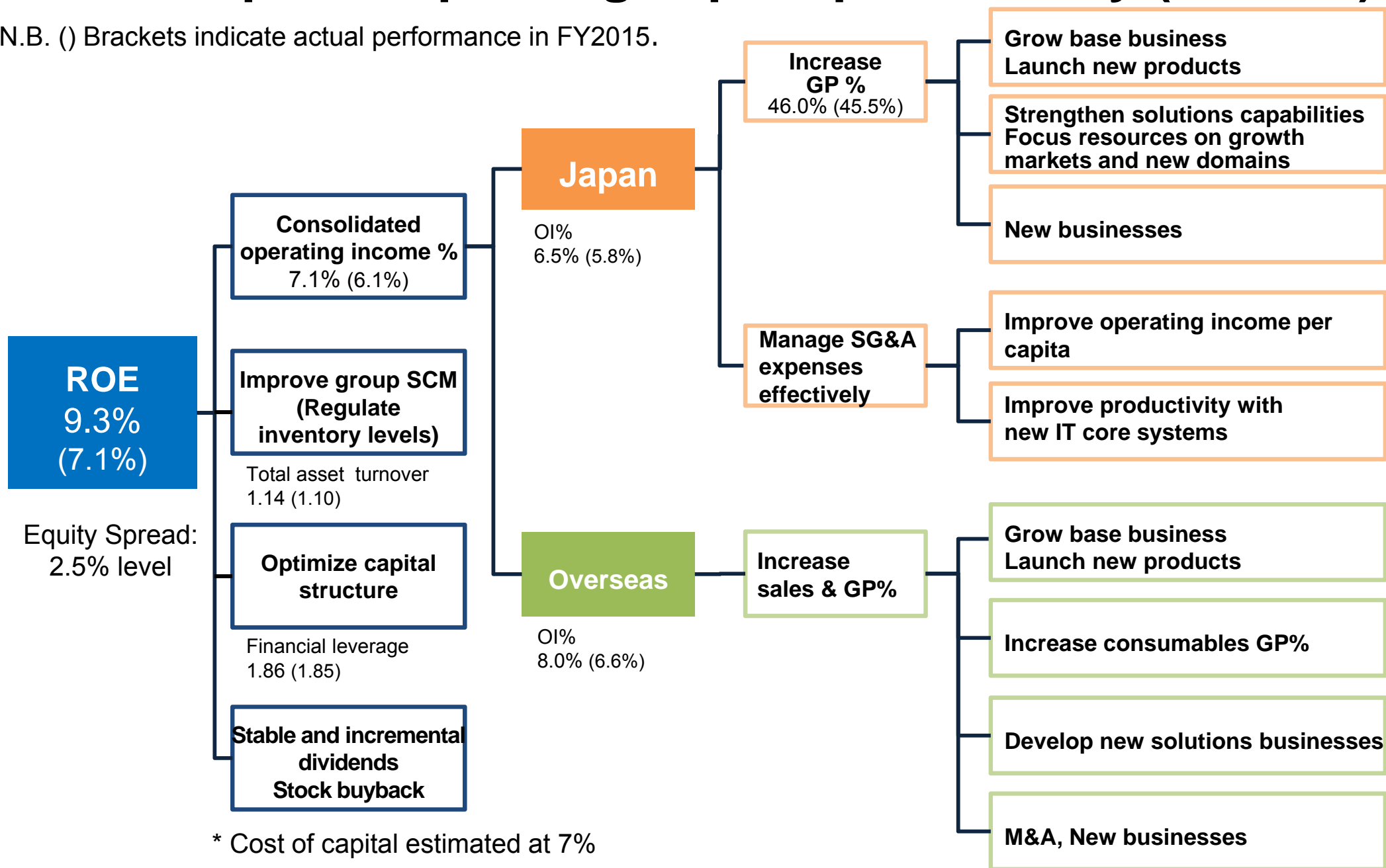
Unit: JPY Billion





Road map for improving capital productivity (FY2016)

N.B. () Brackets indicate actual performance in FY2015.



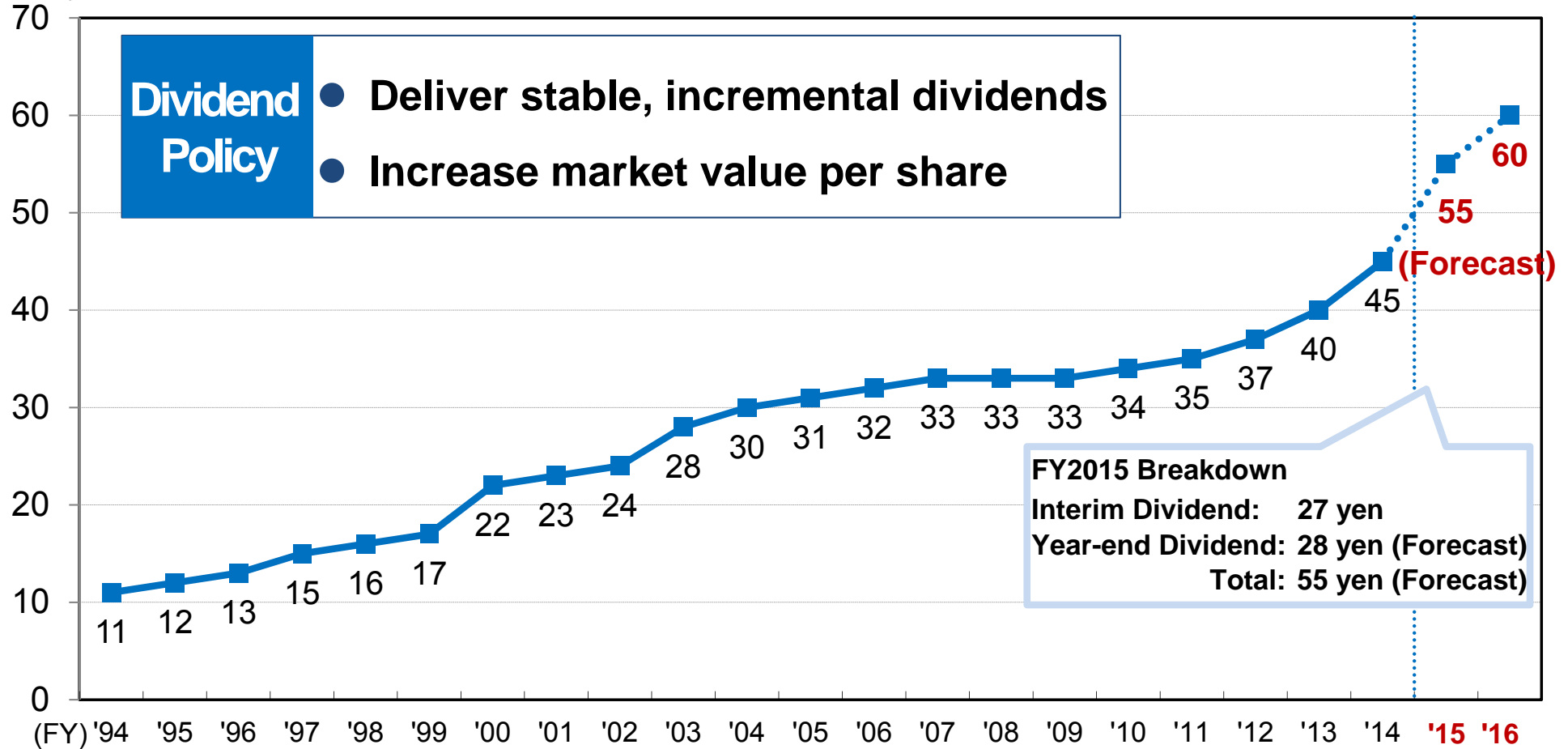
* Cost of capital estimated at 7%



Dividends

- ◆ Total dividend planned for FY2015: 55 yen (10-yen increase vs PY)
- ◆ Total dividend planned for FY2016: 60 yen (5-yen increase vs PY)

(Yen per share)



	FY2014	FY2015	FY2016 (Forecast)
EPS	¥113	¥110	¥149
ROE	7.6%	7.1%	9.3%
(Ref.) Payout ratio	40%	50%	40%



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