



Ceaseless Creativity for a Sustainable World

SATO HOLDINGS CORPORATION

FY2014 (April 2014 to March 2015)
Financial Results Briefing

Securities Code: 6287

May 11, 2015 (Mon.)



Today's Lineup

1. FY2014 Consolidated Results

- Financial summary
- Major gains/losses in operating income
- Performance by geographical segment

2. FY2015 Business Plan and Priorities

- Consolidated performance forecast
- Projected operating income
- New mid-term management plan (FY2015-17): 7 strategies
- FY2015 business priorities
- Improving capital productivity, Profits-sharing with shareholders

3. Q&A

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Record-high revenues and profits for the second consecutive year

- **Highest-ever EBITDA 3 years in a row**
- **Net income fell short of last year's figure due to increase in tax expenses**



FY2014 consolidated results

Unit: JPY Million	FY2014	FY2013	Year-on-year change	
	(1)	(2)	(1-2)	%
Sales	99,831	96,773	+3,057	103.2%
Operating Income	7,444	6,758	+685	110.1%
Operating Income %	7.5%	7.0%	+0.5pt	--
Ordinary Income	7,484	7,084	+399	105.6%
Effective Tax Rate	51.2%	38.7%	--	--
*1 Net Income	3,763	4,295	(532)	87.6%
*2 EBITDA	11,044	9,871	+1,172	111.9%

*1 Major tax rate-related factors that caused net income decrease

- (1) Write-off of deferred tax assets due to income tax rate changes: - JPY 382 million
- (2) Prior period adjustment: - JPY 207 million
- (3) Increase in amortization expenses of goodwill: - JPY 60 million
- (4) Increase in unrealized gain on inventories with no tax effect: - JPY 70 million
- (5) Increase in withholding tax on dividends from group companies: - JPY 40 million
- (6) Negative earnings from SATO Vicinity: - JPY 118 million

*2 EBITDA = Operating income + Depreciation + Amortization

- Depreciation FY14: JPY 2,500 million, FY13: JPY 2,179 million
- Amortization FY14: JPY 1,099 million, FY13: JPY 933 million

FY2014 financial summary

Japan

Mechatronics Sales



101.6% vs. PY

- Large-scale business deals
- Printer renewal deals

Consumables Sales



95.2% vs. PY

- Economic slowdown
- Drop in spending as backlash to tax hike

Gross Profit %



45.5%
+0.9pt vs. PY

- Decline in consumables sales
- Growth in mechatronics sales

Operating Income



103.7% vs. PY

- Increase in GP%
- Effective deployment of SG&A expenses

Overseas

➤ Highest-ever overseas sales and OI

Sales



116.9% vs. PY

- Increase in sales across all regions
- Acquisition of OKIL (Russia)

Operating Income



139.2% vs. PY

- CL4NX (planned figures unachieved)
- Acquisition of OKIL (Russia)

Up-front investments (Impact on operating income, vs. PY)

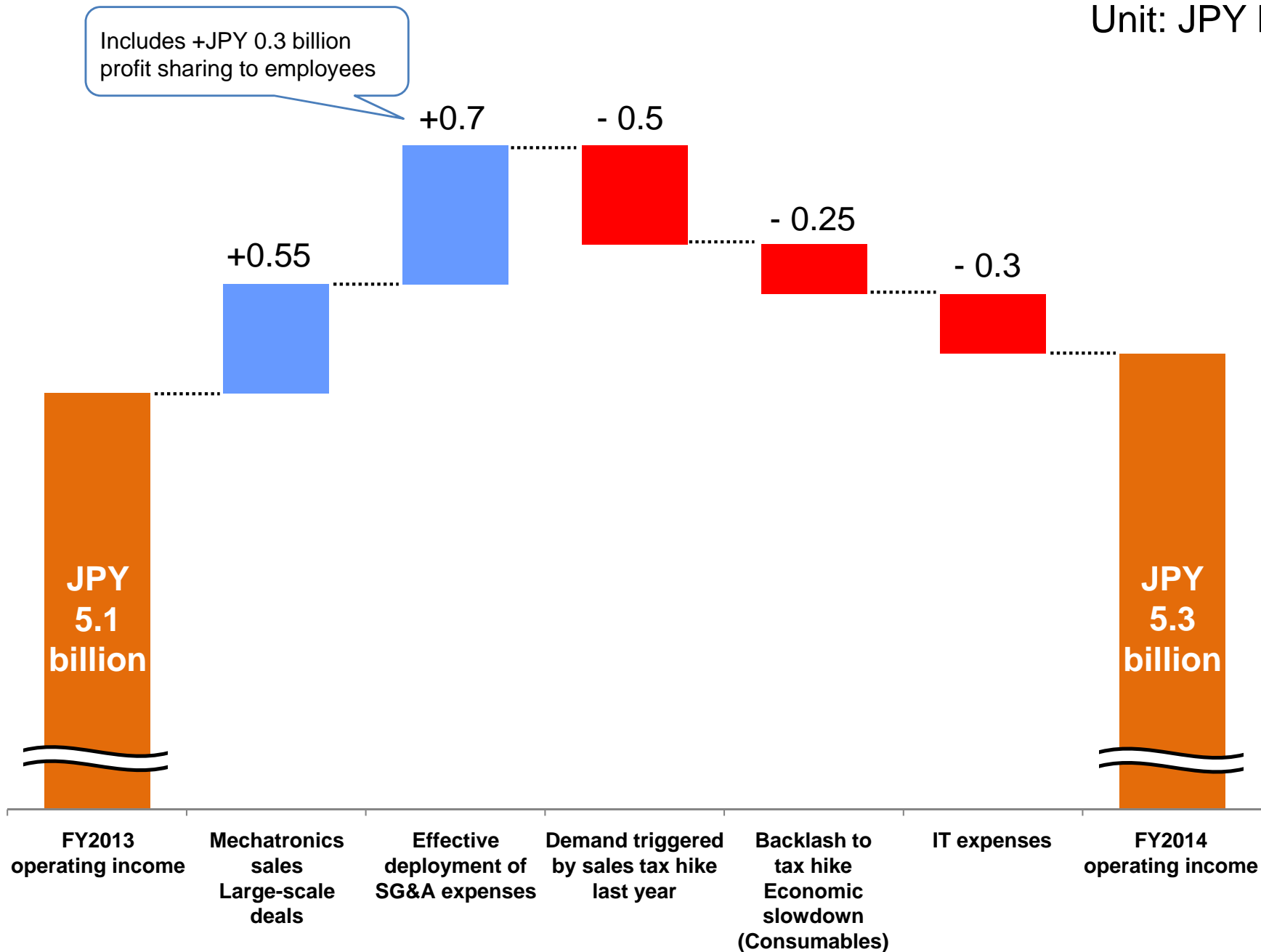


SATO Vicinity (PJM) : - JPY 200 mil
(Abbrv.: SVP)

SATO Global Solutions: - JPY 150 mil
(Abbrv.: SGS)

Major gains/losses in operating income (Japan)

Unit: JPY Billion



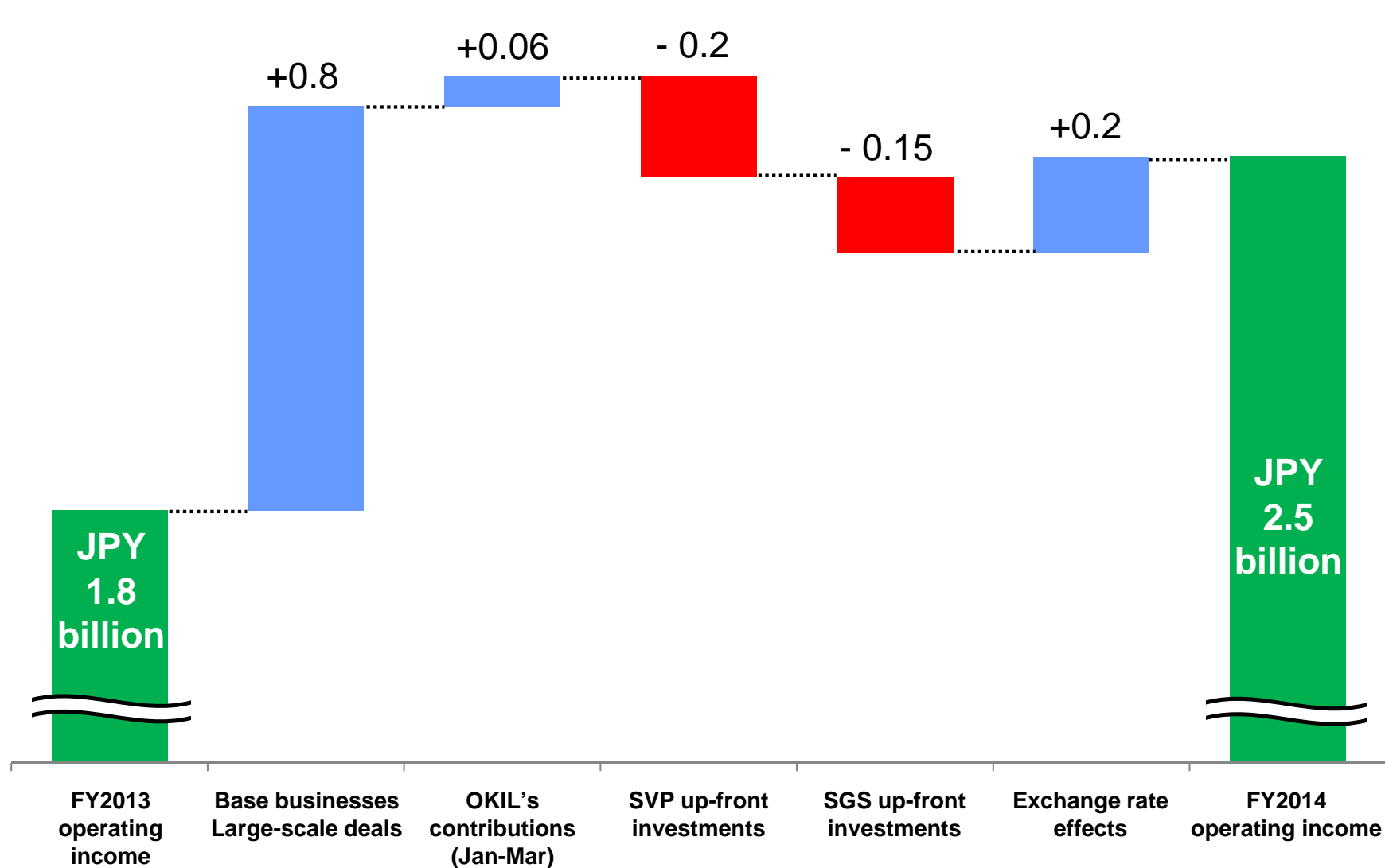
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ATO Major gains/losses in operating income (overseas)

Unit: JPY Billion



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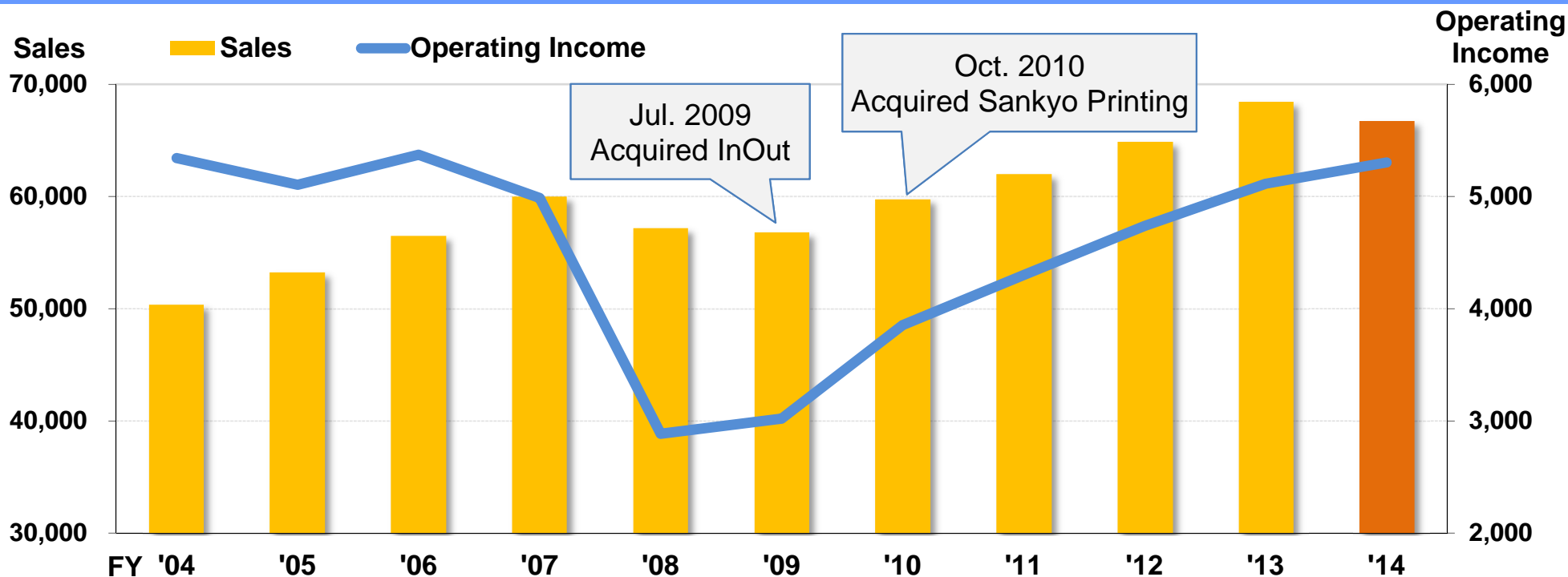
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Performance by region: Japan (1)

Japan Unit: JPY Million	FY2013			FY2014			vs. PY
	1H	2H	Full Year	1H	2H	Full Year	
Mechatronics Sales	11,194	13,355	24,549	11,527	13,414	24,942	101.6%
Consumables Sales	21,001	22,848	43,850	20,743	20,988	41,731	95.2%
Total Sales	32,195	36,204	68,399	32,271	34,403	66,674	97.5%
Gross Profit %	44.0%	45.2%	44.6%	45.8%	45.3%	45.5%	+0.9pt
Operating Income	1,993	3,120	5,114	1,997	3,306	5,303	103.7%
Operating Income %	6.2%	8.6%	7.5%	6.2%	9.6%	8.0%	+0.5pt



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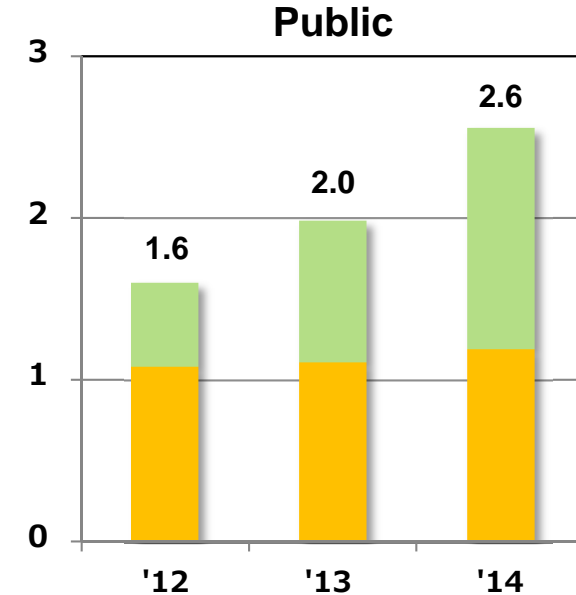
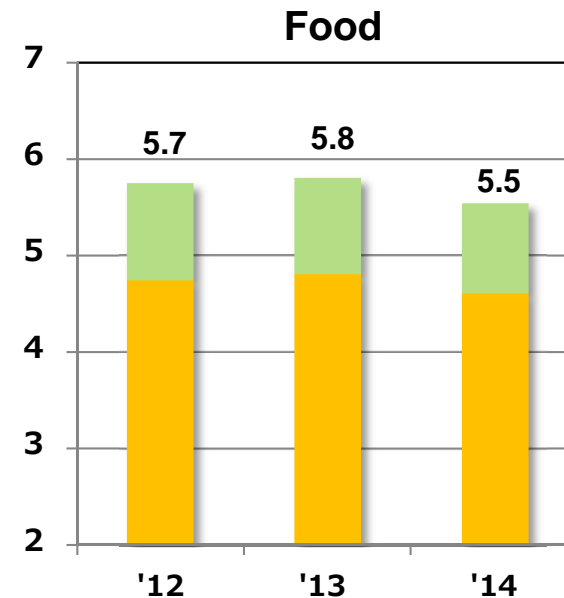
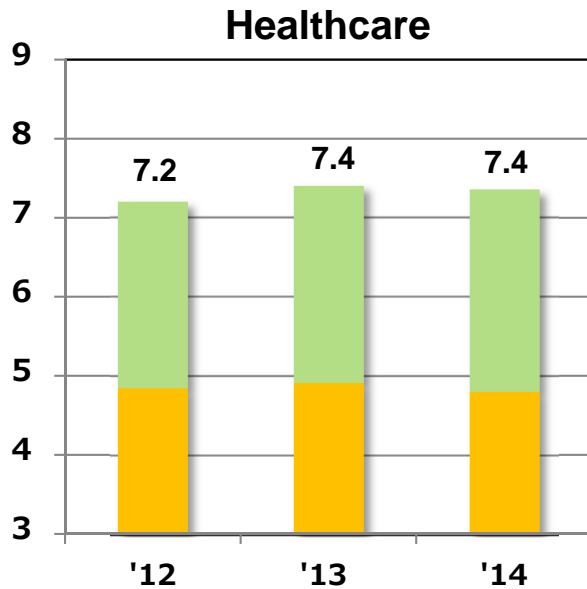
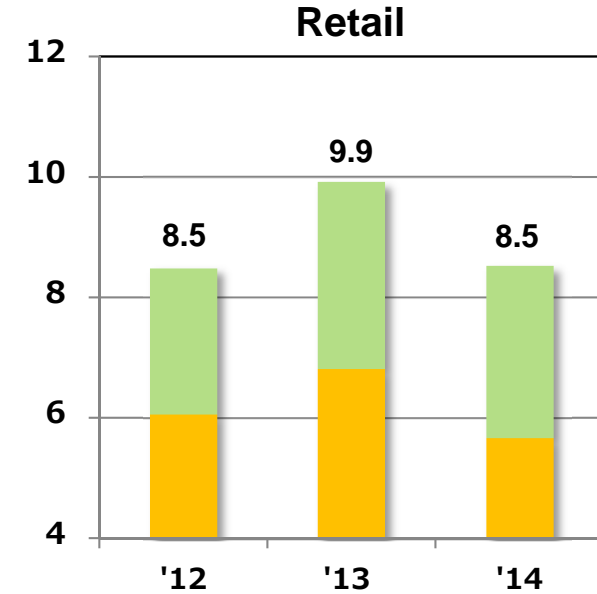
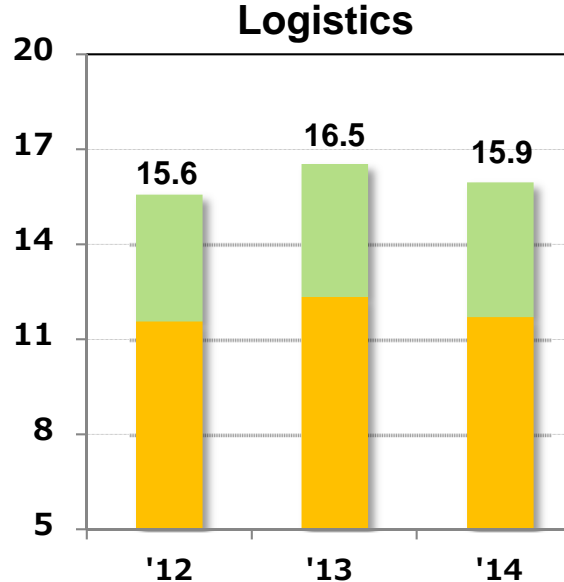
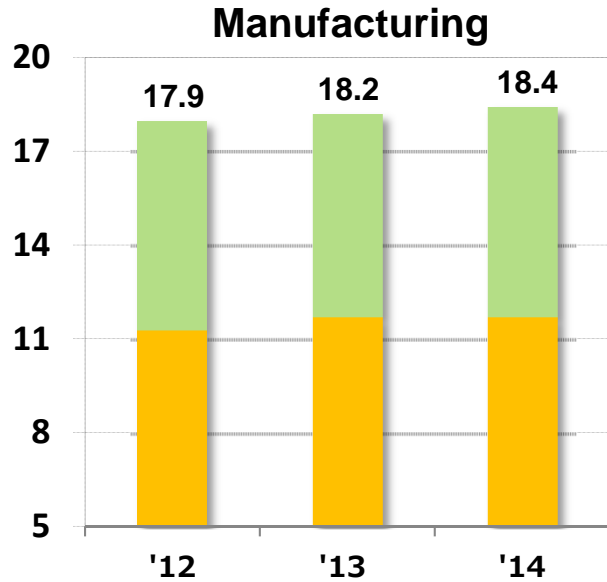


Performance by region: Japan (2)

■ : Mechatronics ■ : Consumables

Sales data by sector

Unit: JPY Billion





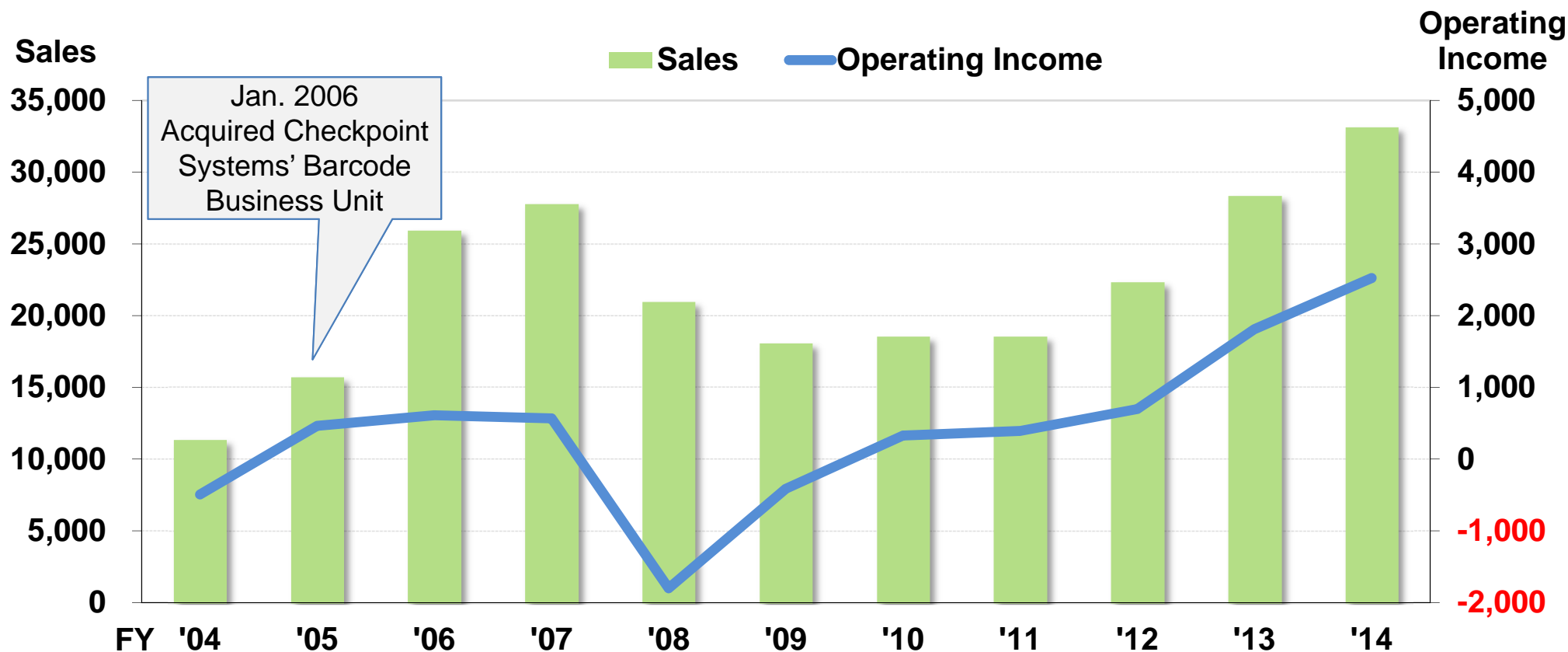
Performance by region: Overseas overall

109.3% excl. exchange rate impact

Overseas Unit: JPY Million	FY2013			FY2014			vs. PY
	1H	2H	Full Year	1H	2H	Full Year	
Sales	13,918	14,454	28,373	15,294	17,861	33,156	116.9%
Gross Profit %	42.1%	41.6%	41.9%	41.9%	41.3%	41.6%	(0.3pt)
Operating Income	978	834	1,812	1,127	1,396	2,524	139.2%
Operating Income %	7.0%	5.8%	6.4%	7.4%	7.8%	7.6%	+1.2pt

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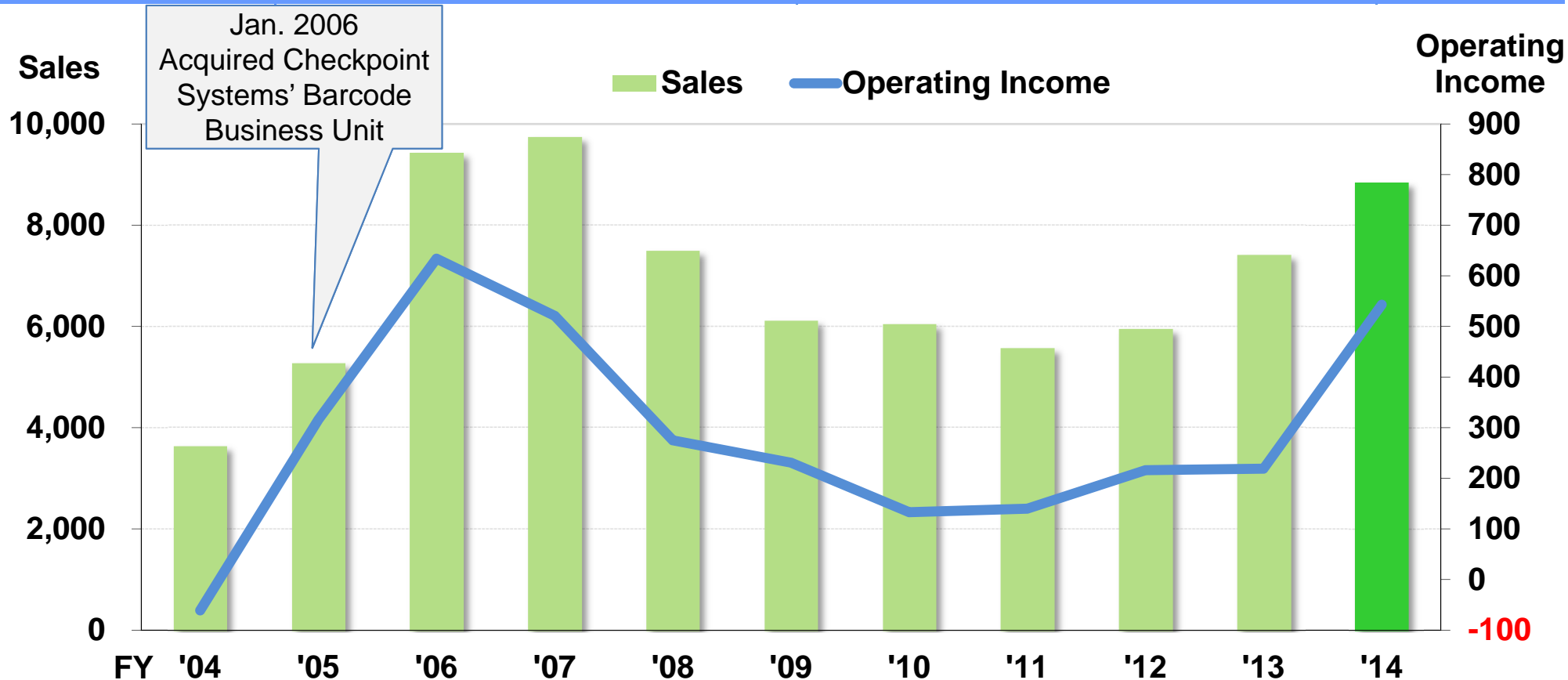
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Performance by region: North America

108.9% excl. exchange rate impact

N. America Unit: JPY Million	FY2013			FY2014			vs. PY
	1H	2H	Full Year	1H	2H	Full Year	
Sales	3,663	3,749	7,413	4,047	4,796	8,844	119.3%
Gross Profit %	29.9%	29.5%	29.7%	31.6%	29.9%	30.6%	+ 0.9pt
Operating Income	149	70	219	286	257	543	247.4%
Operating Income %	4.1%	1.9%	3.0%	7.1%	5.4%	6.2%	+ 3.2pt



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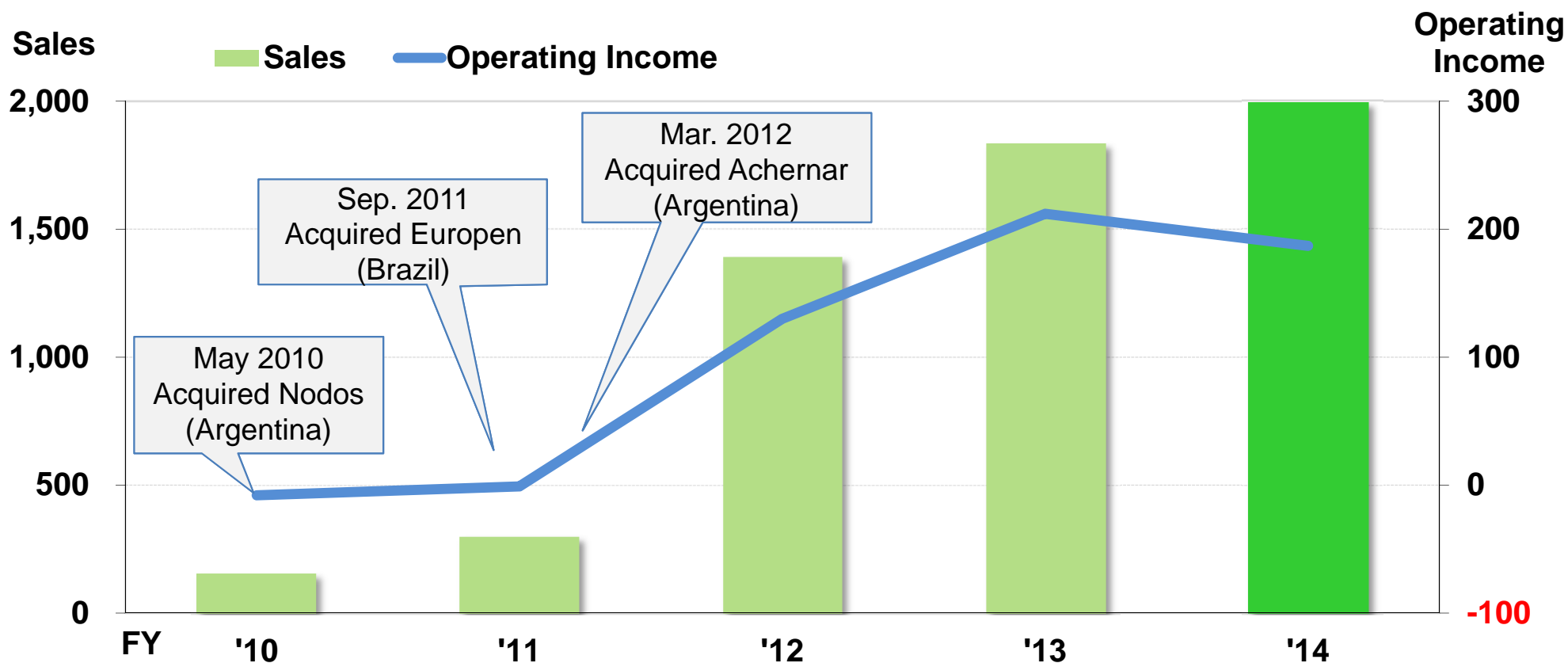
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Performance by region: South America

99.2% excl. exchange rate impact

S. America Unit: JPY Million	FY2013			FY2014			vs. PY
	1H	2H	Full Year	1H	2H	Full Year	
Sales	958	876	1,835	939	1,055	1,994	108.7%
Gross Profit %	40.9%	39.4%	40.2%	40.5%	37.5%	38.9%	(1.3pt)
Operating Income	115	96	212	97	90	187	88.3%
Operating Income %	12.1%	11.1%	11.6%	10.4%	8.6%	9.4%	(2.2pt)



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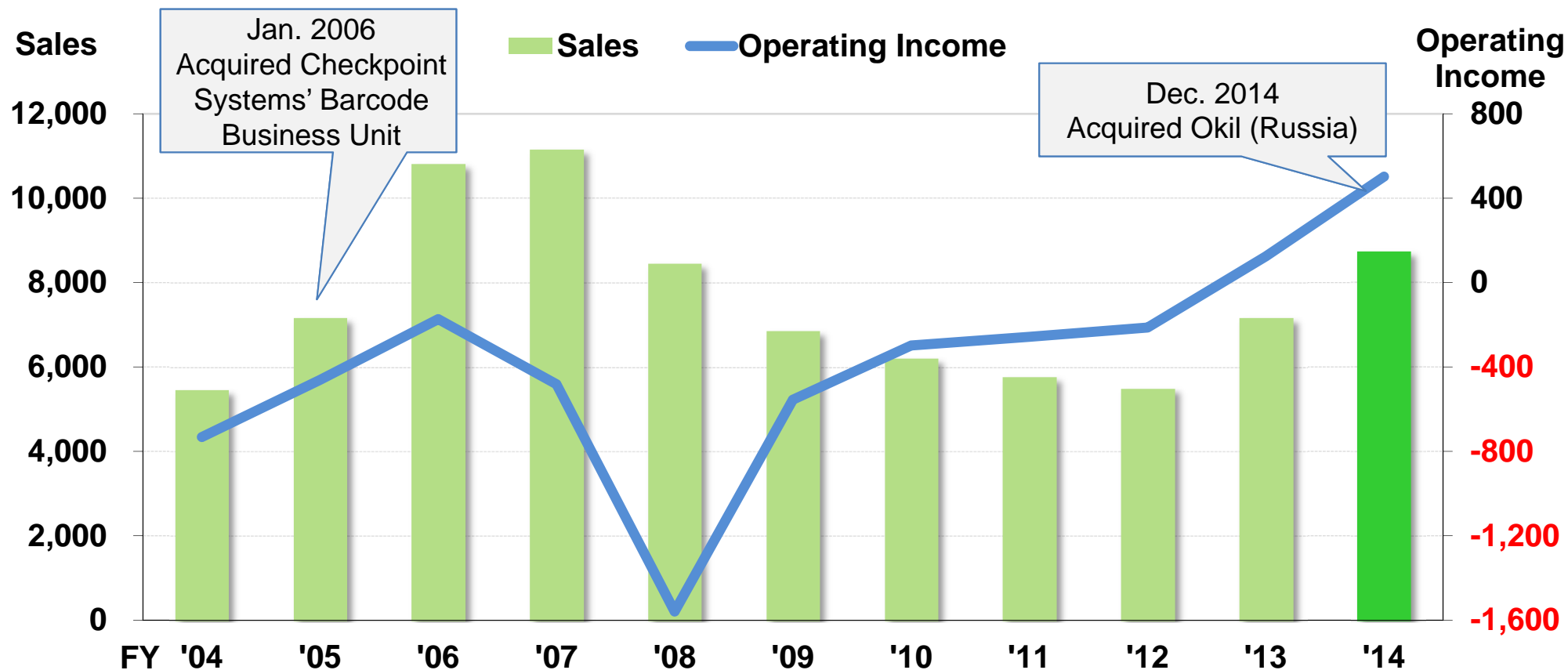


Performance by region: Europe

116.2% excl. exchange rate impact

Europe Unit: JPY Million	FY2013			FY2014			vs. PY
	1H	2H	Full Year	1H	2H	Full Year	
Sales	3,420	3,753	7,173	3,794	4,942	8,736	121.8%
Gross Profit %	43.3%	42.0%	42.6%	44.5%	42.8%	43.5%	+0.9pt
Operating Income	73	50	124	224	278	502	405.2%
Operating Income %	2.2%	1.3%	1.7%	5.9%	5.6%	5.8%	+4.0pt

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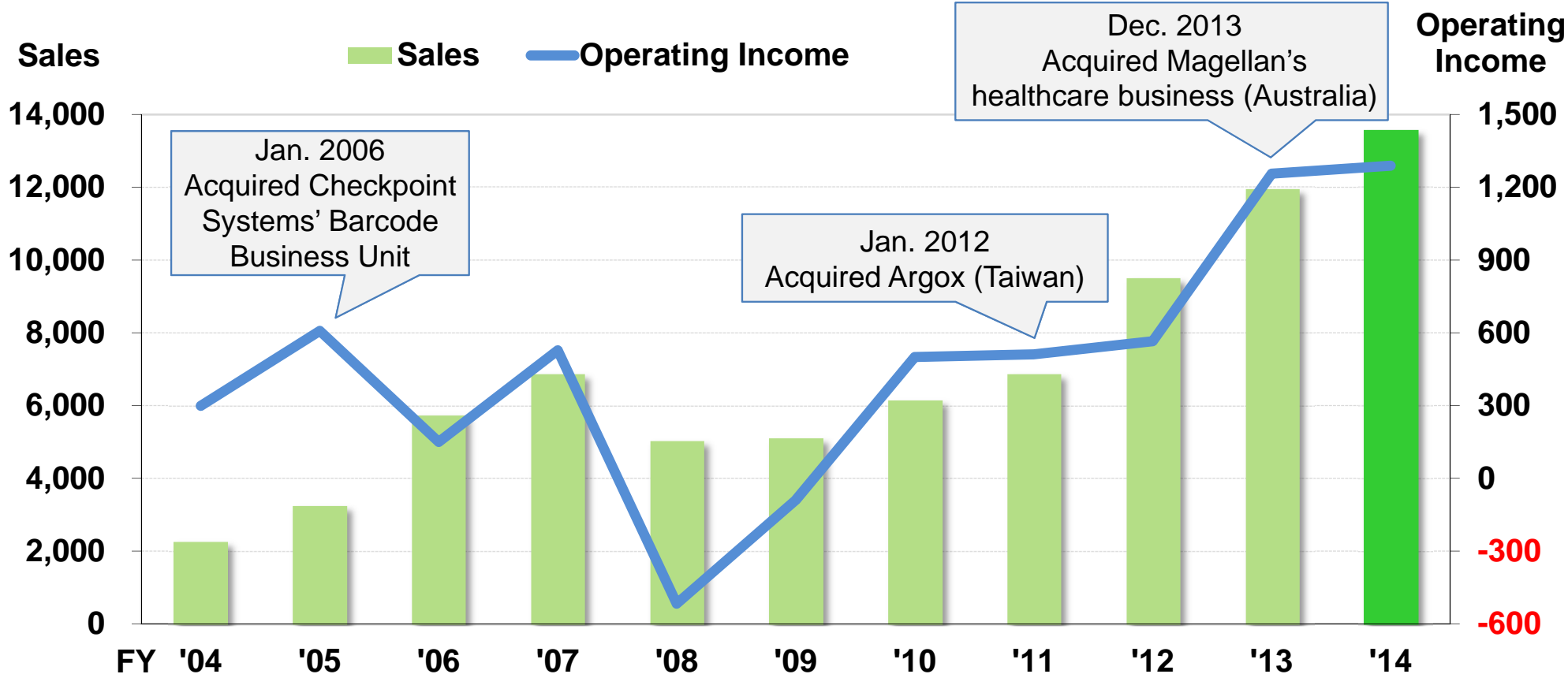
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Performance by region: Asia & Oceania

107.0% excl. exchange rate impact

Asia & Oceania Unit: JPY Million	FY2013			FY2014			vs. PY
	1H	2H	Full Year	1H	2H	Full Year	
Sales	5,876	6,075	11,951	6,513	7,067	13,580	113.6%
Gross Profit %	49.2%	49.2%	49.2%	47.0%	48.7%	47.9%	(1.3pt)
Operating Income	639	616	1,256	518	771	1,289	102.7%
Operating Income %	10.9%	10.1%	10.5%	8.0%	10.9%	9.5%	(1.0pt)



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FY2015 consolidated performance forecast

Unit: JPY Billion	FY2014 Actual	FY2015 Planned	vs. PY	FY2017 Targets
Sales	99.8	110	110.2%	120
Operating Income	7.4	8.5	114.2%	12
Operating Income %	7.5%	7.7%	+0.2pt	10.0%
EBITDA	11	13	117.7%	16.5
Overseas %	33.2%	39.1%	+5.9pt	40.0%
ROE	7.6%	10.0%	+2.4pt	12.0%

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* Exchange rates used in FY2015 forecast: USD1 = JPY118, EUR1 = JPY128

Actual exchange rates in FY2014:

USD1 = JPY109.75, EUR1 = ¥138.69

(Yen depreciation: 7.5%) (Yen appreciation: 7.7%)

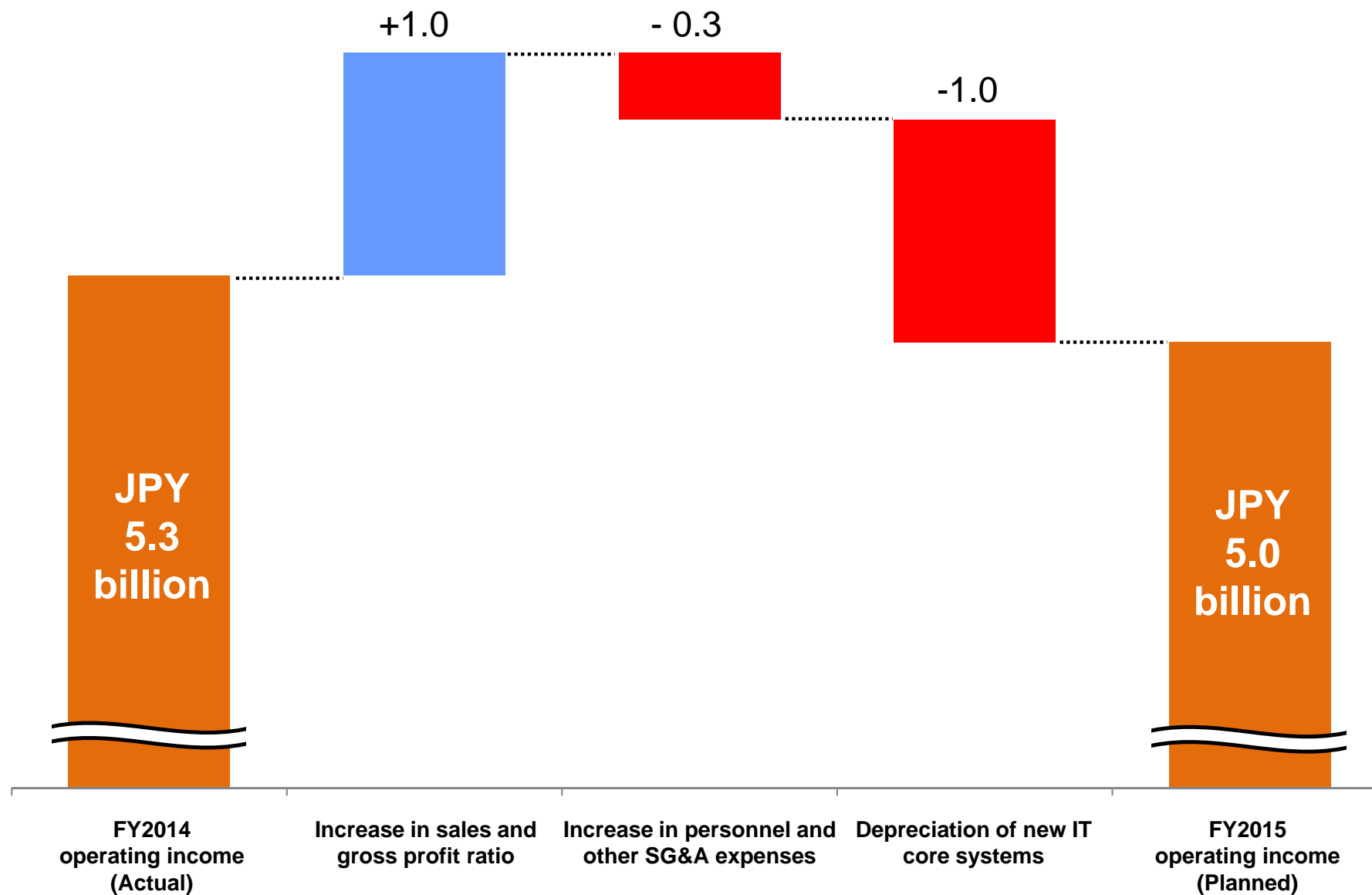
* EBITDA = Operating income

+ Depreciation + Amortization



FY2015 projected operating income (Japan)

Unit: JPY Billion



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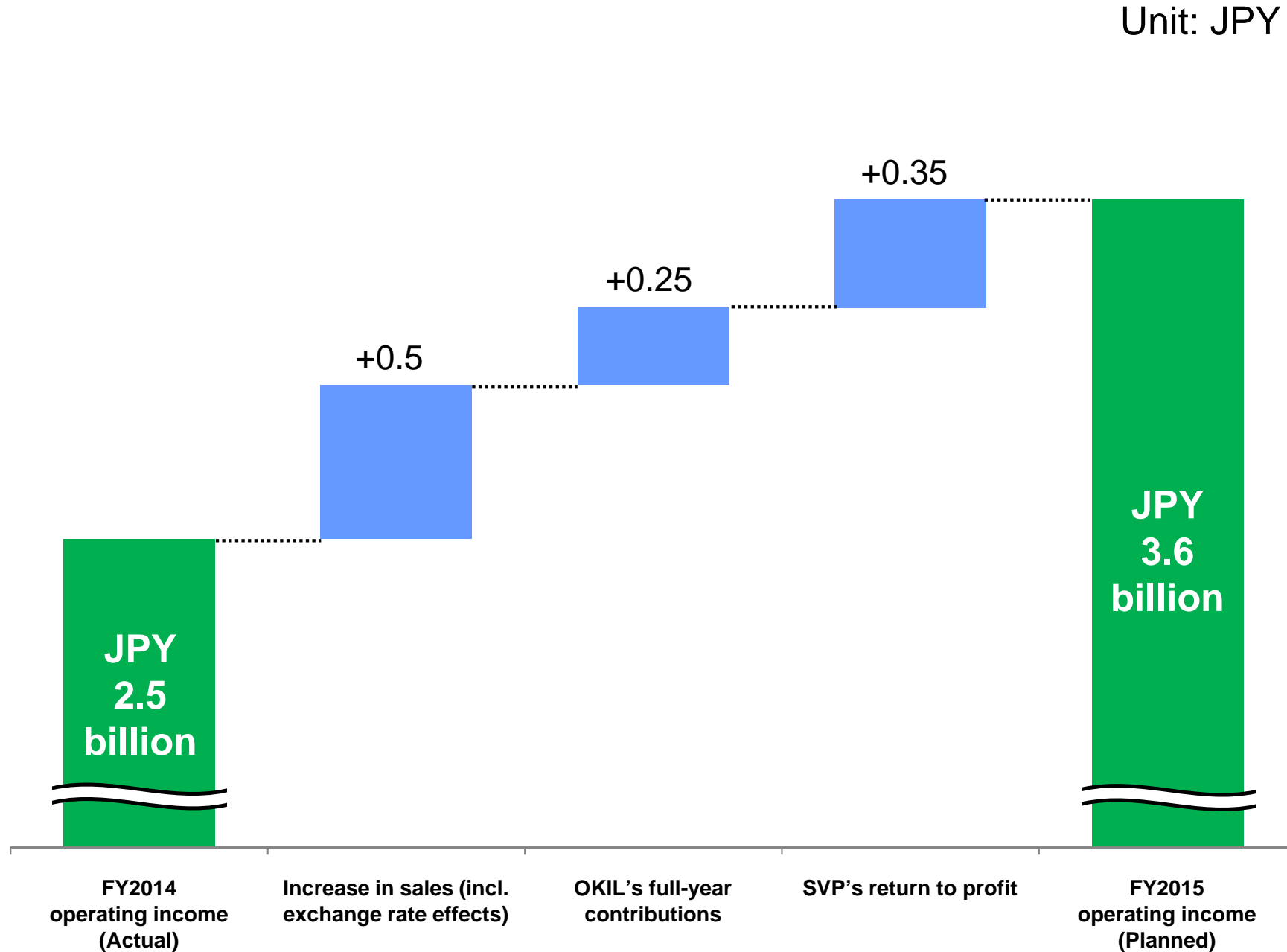
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FY2015 projected operating income (overseas)

Unit: JPY Billion



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New mid-term management plan (FY2015-17): 7 strategies

Growth pillars

Strategy
3

Overseas

Strategy
4

Solutions

Strategy
5

RFID

Strategy
6

Environment

Businesses in Japan

Growth markets, New domains

Enhance solutions capabilities

Strengthen base businesses

Review non-core businesses

Strategy 1

Strategy
2

Pursue game-changing customer centric innovations

Strategy
7

Optimize group management



FY2015 business priorities

Growth pillars

Drive solutions business

➤ Japan & overseas sales **JPY2.5 billion**

Pursue RFID/PJM business ops

➤ PJM sales **JPY1 billion**

Launch new products

➤ CL6NX, CL4/6NX (Japan model), PW208

M&As, New businesses

➤ Overseas sales %, High profit consumables

Businesses in Japan

Growth markets

JPY2 billion

Increase mechatronics sales%

+0.9Pt vs. PY

Increase gross profit %

+1.3Pt vs. PY

Innovation

Release SOS-ready printers

Group optimization

Put new IT core systems into operation

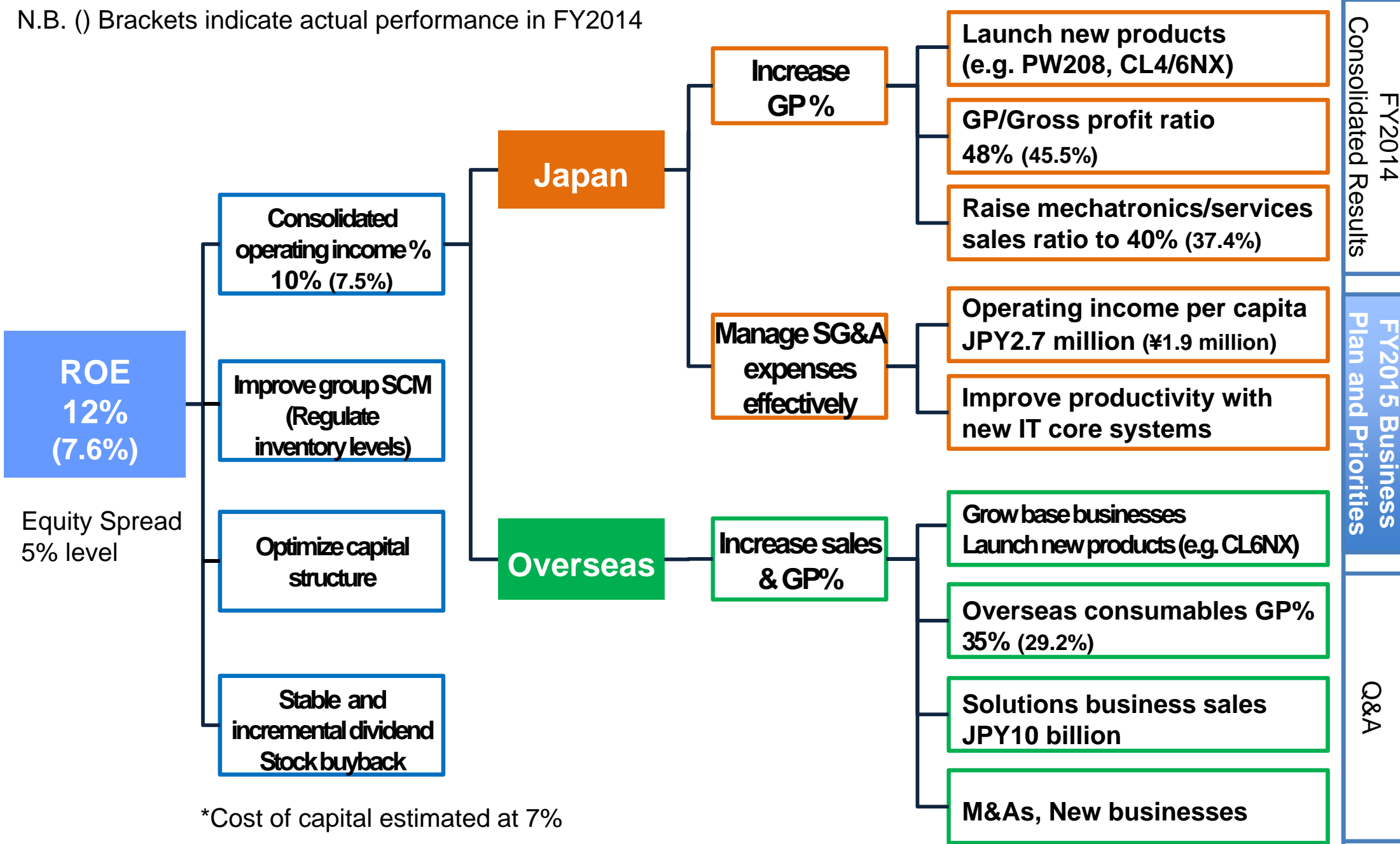
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ATO Roadmap to improving capital productivity (FY2017)

N.B. () Brackets indicate actual performance in FY2014



*Cost of capital estimated at 7%

Consolidated Results
FY2014

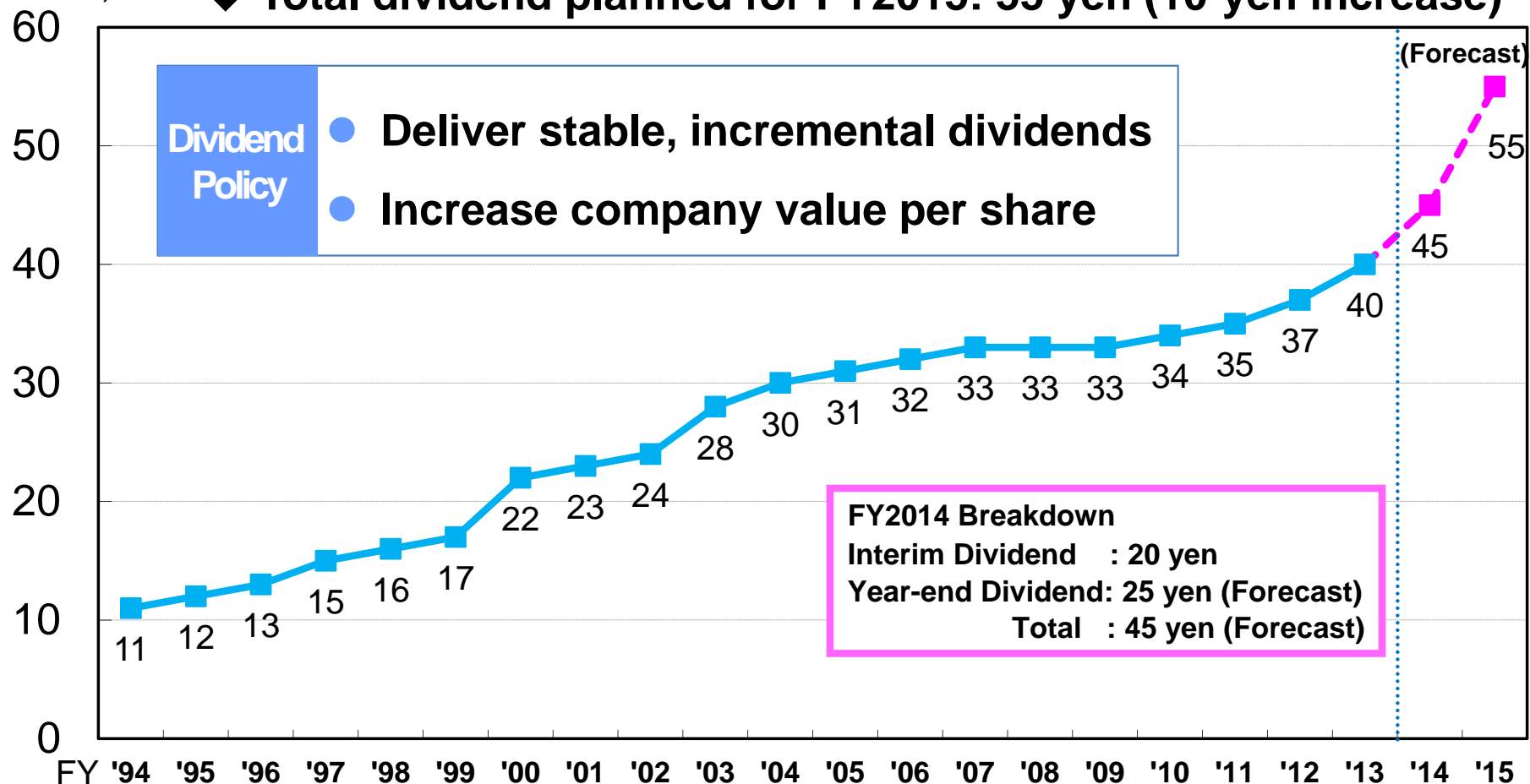
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Dividends

- ◆ Total dividend planned for FY2014: 45 yen (5-yen increase)
- ◆ Total dividend planned for FY2015: 55 yen (10-yen increase)

(Yen per share)



FY2014 Breakdown
 Interim Dividend : 20 yen
 Year-end Dividend: 25 yen (Forecast)
 Total : 45 yen (Forecast)

	FY2013	FY2014	FY2015 (Forecast)
EPS	JPY141	JPY114	JPY164
ROE	9.9%	7.6%	10.0%
(Ref.) Payout ratio	28%	40%	34%



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