

FY2015 Third Quarter consolidated financial highlights

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Jan 29, 2016
Sanwa Holdings Corporation

I. Overview of Consolidated Results

	FY2014										FY2015										
	3Q		3Q YTD			4Q		Full Year			3Q		3Q YTD			4Q (Forecast)		Full Year (Forecast)			
		Y/Y	(\$103.27 €139.18)	profit ratio	Y/Y		Y/Y	(\$106.46 €140.35)	profit ratio	Y/Y		Y/Y	(\$120.89 €134.42)	profit ratio	Y/Y		Y/Y	Original F (\$120.00 €130.00)	(\$120.00 €130.00)	profit ratio	Y/Y
Net Sales	75,994	10.3	222,401		9.4	116,644	7.4	339,045		8.7	81,019	6.6	241,946		8.8	124,053	6.4	370,000	366,000		8.0
[assumed forex rate same as the previous year]											[77,296]	1.7	[231,580]		4.1	[125,864]	7.9		[357,444]		5.4
Sanwa Shutter	32,338	2.8	104,281		7.9	65,138	2.0	169,419		5.5	35,508	9.8	111,437		6.9	68,562	5.3	178,500	180,000		6.2
Japanese Subsidiaries	6,623	-2.6	18,881		0.7	10,226	4.0	29,108		1.8	6,560	-1.0	19,544		3.5	11,455	12.0	30,650	31,000		6.5
ODC (U.S.A.)	\$246,661	8.1	\$672,530		4.0	\$252,741	3.6	\$925,271		3.9	\$236,074	-4.3	\$662,308		-1.5	\$267,691	5.9	\$985,000	\$930,000		0.5
	25,915	15.9	69,452		11.2	29,052	17.2	98,504		12.9	28,713	10.8	80,066		15.3	31,533	8.5	118,200	111,600		13.3
Novoform (Europe)	€94,245	19.6	€251,981		5.4	€104,197	16.8	€356,178		8.5	€91,623	-2.8	€273,979		8.7	€116,020	11.3	€395,000	€390,000		9.5
	13,008	26.2	35,070		15.1	14,918	20.4	49,989		16.7	12,423	-4.5	36,828		5.0	13,871	-7.0	51,350	50,700		1.4
Operating Income	4,338	13.2	11,479	5.2	37.6	14,854	20.7	26,334	7.8	27.5	4,022	-7.3	10,073	4.2	-12.2	17,926	20.7	28,000	28,000	7.7	6.3
[assumed forex rate same as the previous year]											[3,761]	-13.3	[9,667]		-15.8	[17,593]	18.4		[27,261]		3.5
Sanwa Shutter	2,011	17.7	7,251	7.0	36.3	10,266	26.0	17,517	10.3	30.0	1,778	-11.6	7,379	6.6	1.8	11,170	8.8	18,000	18,550	10.3	5.9
Japanese Subsidiaries	201	-23.0	649	3.4	17.0	1,033	34.4	1,682	5.8	27.1	154	-23.4	546	2.8	-15.9	1,353	31.0	1,750	1,900	6.1	12.9
ODC (U.S.A.)	\$18,561	32.7	\$34,045		39.3	\$25,138	-0.4	\$59,183		19.1	\$15,855	-14.6	\$23,816		-30.0	\$39,183	55.9	\$72,000	\$63,000		6.4
	1,932	42.2	3,515	5.1	48.9	2,784	11.1	6,300	6.4	29.4	1,920	-0.7	2,879	3.6	-18.1	4,680	68.1	8,640	7,560	6.8	20.0
Novoform (Europe)	€3,436	-18.1	€2,943		30.3	€7,774	29.8	€10,718		30.0	€3,840	11.7	€2,938		-0.2	€8,061	3.7	€11,500	€11,000		2.6
	478	-9.9	409	1.2	42.3	1,094	38.8	1,504	3.0	39.7	515	7.7	394	1.1	-3.6	1,035	-5.4	1,495	1,430	2.8	-4.9
Current Income	4,121	5.8	10,947	4.9	33.6	15,027	24.0	25,975	7.7	27.9	3,893	-5.5	9,533	3.9	-12.9	17,866	18.9	27,400	27,400	7.5	5.5
[assumed forex rate same as the previous year]											[3,643]	-11.6	[9,167]		-16.3	[17,523]	16.6		[26,690]		2.8
Sanwa Shutter	2,121	18.2	7,553	7.2	35.7	10,698	30.4	18,251	10.8	32.6	1,823	-14.0	7,511	6.7	-0.6	11,188	4.6	18,200	18,700	10.4	2.5
Japanese Subsidiaries	214	-21.0	688	3.6	18.2	1,050	35.1	1,738	6.0	27.8	181	-15.1	587	3.0	-14.7	1,332	26.9	1,772	1,920	6.2	10.4
ODC (U.S.A.)	\$18,164	22.3	\$33,370		36.6	\$24,106	-0.9	\$57,476		17.9	\$15,150	-16.6	\$21,346		-36.0	\$38,753	60.8	\$69,100	\$60,100		4.6
	1,891	31.2	3,446	5.0	45.9	2,672	10.6	6,118	6.2	28.0	1,834	-3.0	2,580	3.2	-25.1	4,631	73.3	8,292	7,212	6.5	17.9
Novoform (Europe)	€2,871	-23.3	€2,170		1,664.3	€8,275	54.4	€10,446		90.6	€3,626	26.3	€2,031		-6.4	€7,968	-3.7	€10,200	€10,000		-4.3
	400	-15.0	302	0.9	1,827.0	1,164	66.3	1,466	2.9	104.9	486	21.6	273	0.7	-9.6	1,026	-11.8	1,326	1,300	2.6	-11.3
Other Affiliates	-40	<->	-247		<->	27	-74.1	-220		<->	-77	<->	-169		<+>	244	800.7	75	75		<+>
Net Income	3,151	29.8	6,438	2.9	92.6	6,418	-5.9	12,857	3.8	26.5	2,258	-28.4	5,485	2.3	-14.8	8,514	32.7	14,000	14,000	3.8	8.9
[assumed forex rate same as the previous year]											[2,094]	-33.6	[5,247]		-18.5	[8,319]	29.6		[13,566]		5.5
Sanwa Shutter	1,300	16.1	4,716	4.5	109.4	7,028	41.6	11,745	6.9	62.8	1,146	-11.8	4,932	4.4	4.6	7,367	4.8	11,830	12,300	6.8	4.7
Japanese Subsidiaries	133	-16.8	407	2.2	17.3	571	73.9	979	3.4	44.8	92	-30.9	367	1.9	-9.8	882	54.3	1,086	1,250	4.0	27.6
ODC (U.S.A.)	\$12,048	230.3	\$21,815		258.7	\$14,447	-0.7	\$36,263		75.8	\$9,880	-18.0	\$13,614		-37.6	\$22,235	53.9	\$44,340	\$35,850		-1.1
	1,254	254.1	2,252	3.2	283.4	1,607	12.1	3,860	3.9	90.9	1,196	-4.6	1,645	2.1	-26.9	2,656	65.2	5,320	4,302	3.9	11.4
Novoform (Europe)	€764	-54.5	€1,368		<->	€5,143	81.7	€3,775		54.0	€2,023	164.8	€294		<+>	€4,666	-9.3	€5,900	€4,960		31.4
	107	-48.8	-190	-0.5	<->	720	95.5	529	1.1	65.6	270	151.3	39	0.1	<+>	604	-16.1	767	644	1.3	21.6
Other Affiliates	-40	<->	-247		<->	27	-74.1	-220		<->	-77	<->	-169		<+>	244	800.7	75	75		<+>

1) The relevant financial periods for each entity are as follows:

Sanwa Shutter & Japanese subsidiaries:

ODC & Novoform:

Q3YTD

Oct.1 to Dec.31

July.1 to Sep.30

Full Year

Apr.1 to Mar.31 following year

Jan.1 to Dec.31

2) Figures are round off. <+> is for increase, <-> is for decrease from the previous year.

3) Each figure by entities is before consolidation adjustment.

II. Q3 and YTD FY2015 Consolidated Financial Results Summary

summary	Q3 2015 (3 months) consolidated net sales continued to increase compared to prior year quarter thanks to favorable Japanese business partially offset by sales decline in US & Europe businesses. Year-To-Date (YTD) 2015 (9 months) consolidated net sales increased vs. same period of 2014, supported by yen depreciation effects. YTD 2015 consolidated operating income decreased vs. same period of LY due to increase in SG&A costs in all sectors. Novoferm's Q3 (3 months) 2015 operating income turned into increase vs. LY.
Net Sales	YTD 2015 consolidated net sales increased by 8.8% or 19.5 billion yen vs. same period of LY (if using 2014 currency rate, it would have increased by 4.1% or 9.2 billion yen). <u>Japan</u>: YTD 2015 net sales increased by 6.3%. Sanwa Shutter's YTD 2015 net sales increased by 6.9%, especially its Q3 2015 net sales increased significantly by 9.8%. Sanwa Shutter has been focused on ensuring short-term projects (work completion by March 2016) and orders for factory, warehouse and hotel have been increased. YTD 2015 net sales for heavy-duty rolling shutters and hinge doors for commercial buildings increased by 3.1% and 3.7%, respectively. YTD 2015 net sales for Lightweight rolling shutters increased by 4.7% (increased by 8.1% in Q3 2015) while its sales decreased last year due to the reaction of consumption tax hike effective April 2014. YTD 2015 hinge doors for residential building and partitions, main product of multi-product sales strategy, increased significantly by 13.7% & 12.1%, respectively. YTD 2015 net sales for Japanese subsidiaries total, except Sanwa Shutter, increased by 3.5% while its Q3 2015 net sales decreased slightly. <u>USA (ODC)</u>: YTD 2015 net sales decreased by 1.5% on a local currency basis. Q3 2015 net sales decreased by 4.3% due mainly to delay in product shipment caused by some production difficulties occurred where new production line was introduced. YTD 2015 net sales for ASD (mainly door sales) increased by 1.4% driven mainly by strong commercial doors and rolling steel sales partially offset by weak residential garage door sales affected by door business reduction at one big retail channel. YTD 2015 net sales for Genie (operator sales at retail channel) decreased by 9.2% due mainly to the absence of special promotion effect in 2014. YTD 2015 net sales for Horton (Automatic Door sales) increased by 9.3% driven by the recovery of new ERP implementation troubles occurred in 2014. YTD 2015 net sales for TODCO (truck door sales) considerably decreased by 23.9% due to the absence of a large order from a big customer in 2014. <u>Europe (NF)</u>: YTD 2015 net sales increased by 8.7% on a local currency basis thanks to the addition of Alpha Deuren (€50 million. If excluding Alpha sales, it would have decreased by 4.6%). YTD 2015 hinge door sales decreased due to delay in product shipment caused by time-consuming of new product line changeover. Garage door sales, had been in a slump for a long time, turned to increase vs. same period of last year.
Operating Income	YTD 2015 consolidated operating income decreased by 1.41 billion yen vs. same period of LY. If using 2014 currency rate, it would have decreased by 1.81 billion yen vs. LY. <u>Japan</u>: Regarding Sanwa Shutter's YTD 2015 result, net sales increased by 0.13 billion yen. Gross profit increased by 1.74 billion yen driven by volume increase and price adjustment realization effect. SG&A costs, mainly personnel cost, increased by 1.61 million as planned. YTD 2015 operating income for Japanese subsidiaries total, except Sanwa Shutter, decreased by 0.1 billion yen due to material cost hike such as aluminum. <u>USA (ODC)</u>: YTD 2015 operating income decreased by \$10.2 million on a local currency due to volume decrease, deterioration of production efficiency and material cost hike. Q3 2015 operating income decreased but by smaller extent due to the improvement of COGS ratio and SG&A cost reduction efforts. <u>Europe (NF)</u>: YTD 2015 operating income was nearly flat on a local currency. Q3 2015 operating income increased by €0.4 million thanks to recovery of garage door sales.
Current Income	YTD 2015 consolidated current income decreased by 1.41 billion yen vs. same period of LY. Non-operating profit was nearly flat as profit of equity method affiliates improved by 0.08 billion yen whereas foreign exchange loss increased (impact of declining the value of the CAD vs. the USD).
Net Income	YTD 2015 consolidated net income decreased by 0.95 billion yen vs. same period of LY. Extraordinary loss improved by 0.06 billion yen

FY 2015 full year forecast

summary	The company maintains its revised forecast announced on October 30, 2015.
Net Sales	The company maintains its consolidated net sales forecast of 366 billion yen driven mainly by strong Japanese business . <u>Japan</u>: It is expected that Sanwa Shutter will achieve the revised forecast because (1) order volume for Sanwa Shutter keeps higher than last year, (2) lightweight rolling shutter volume has recovered steadily due to the recovery of consumption tax hike impact and (3) order backlog for main products keeping high level. <u>USA (ODC)</u>: ODC is aiming to achieve the revised forecast by taking initiative to improve quality, cost and delivery (QCD) level at each plant as quickly as possible. <u>Europe (NF)</u>: It is expected that Novoferm will achieve the revised forecast because (1) industrial door project progress in good, (2) garage door order volume has been recovered since middle of 2015 and 3. the effect of the yen depreciation.
Operating Income	The company maintains its consolidated operating income forecast of 28 billion yen driven by strong Japanese business, particularly Sanwa Shutter. <u>Japan</u>: It is expected that Japanese business division will achieve the revised forecast driven by Sanwa Shutter's sales volume increase, against sizable cost increase (such as personal costs) for preparation of new mid-term plan. <u>USA (ODC)</u>: ODC is not likely to achieve the forecast, although expected to realize the effects of raw material cost decrease and SG&A cost reduction, against possible sales volume decrease. <u>Europe (NF)</u>: It is expected that Novoferm will achieve the forecast driven by Alpha acquisition effects and the recovery of garage door sales.

III. Order Intake and Net Sales by products / Sanwa Shutter

		FY2014								FY2015							
		3Q YTD				Full Year				3Q YTD				Full Year(F)			
		Order Intake	% to total	Sales	% to total	Order Intake	% to total	Sales	% to total	Order Intake	% to total	Sales	% to total	Order Intake	% to total	Sales	% to total
Rolling Shutters	Lightweight	<-1.8> 20,633 ¹	15.2	<-2.0> 19,663 ¹	18.9	<-1.7> 27,207 ¹	15.1	<-3.2> 26,765 ¹	15.8	<6.3> 21,930 ¹	15.6	<4.7> 20,595 ¹	18.5	<3.4> 28,130 ¹	14.8	<3.3> 27,660 ¹	15.4
	Heavy-duty	<7.0> 26,132 ¹	19.2	<10.0> 20,066 ¹	19.2	<10.0> 35,262 ¹	19.6	<3.1> 31,913 ¹	18.8	<-1.2> 25,818 ¹	18.4	<3.1> 20,678 ¹	18.6	<2.3> 36,070 ¹	19.0	<8.3> 34,550 ¹	19.2
	Sub Total	<2.9> 46,766 ¹	34.4	<3.7> 39,729 ¹	38.1	<4.6> 62,470 ¹	34.7	<0.1> 58,678 ¹	34.6	<2.1> 47,749 ¹	34.0	<3.9> 41,273 ¹	37.0	<2.8> 64,200 ¹	33.9	<6.0> 62,210 ¹	34.6
Shutter-related Products	Overhead Doors	<-3.3> 4,541 ¹	3.3	<0.8> 4,070 ¹	3.9	<-0.5> 6,090 ¹	3.4	<-2.9> 5,973 ¹	3.5	<9.6> 4,979 ¹	3.5	<0.8> 4,104 ¹	3.7	<7.0> 6,520 ¹	3.4	<3.8> 6,200 ¹	3.4
	Others	8,439 ¹	6.2	6,221 ¹	6.0	11,403 ¹	6.3	10,586 ¹	6.2	8,995 ¹	6.4	6,751 ¹	6.1	12,490 ¹	6.6	11,450 ¹	6.4
	Sub Total	<4.8> 12,982 ¹	9.6	<3.5> 10,292 ¹	9.9	<7.7> 17,493 ¹	9.7	<2.4> 16,560 ¹	9.8	<7.6> 13,975 ¹	10.0	<5.5> 10,857 ¹	9.7	<8.7> 19,010 ¹	10.0	<6.6> 17,650 ¹	9.8
Doors	Commercial Buildings/ Condominiums	<7.7> 44,223 ¹	32.5	<10.3> 27,763 ¹	26.6	<5.8> 57,160 ¹	31.7	<7.5> 54,148 ¹	32.0	<1.4> 44,853 ¹	31.9	<3.7> 28,793 ¹	25.8	<4.0> 59,440 ¹	31.4	<1.2> 54,790 ¹	30.4
	Residential	<41.3> 2,493 ¹	1.8	<41.5> 2,490 ¹	2.4	<32.1> 3,418 ¹	1.9	<32.1> 3,417 ¹	2.0	<13.9> 2,839 ¹	2.0	<13.7> 2,833 ¹	2.5	<15.6> 3,950 ¹	2.1	<15.6> 3,950 ¹	2.2
	Sub Total	<9.1> 46,716 ¹	34.4	<12.3> 30,254 ¹	29.0	<7.0> 60,578 ¹	33.6	<8.7> 57,566 ¹	34.0	<2.1> 47,692 ¹	34.0	<4.5> 31,626 ¹	28.4	<4.6> 63,390 ¹	33.5	<2.0> 58,740 ¹	32.6
Window-related Products		<5.4> 6,558 ¹	4.8	<5.9> 6,512 ¹	6.2	<2.3> 8,734 ¹	4.8	<2.0> 8,713 ¹	5.1	<-5.1> 6,222 ¹	4.4	<-4.8> 6,202 ¹	5.6	<-0.7> 8,670 ¹	4.6	<-0.6> 8,660 ¹	4.8
Exterior Fittings		<13.4> 3,049 ¹	2.2	<23.2> 2,799 ¹	2.7	<10.4> 4,124 ¹	2.3	<14.0> 3,981 ¹	2.3	<16.9> 3,565 ¹	2.5	<14.7> 3,209 ¹	2.9	<16.4> 4,800 ¹	2.5	<13.0> 4,500 ¹	2.5
Others	Partitions	<15.3> 8,529 ¹	6.3	<19.7> 5,755 ¹	5.5	<14.2> 11,449 ¹	6.4	<19.1> 10,254 ¹	6.1	<10.8> 9,449 ¹	6.7	<12.1> 6,453 ¹	5.8	<11.8> 12,800 ¹	6.8	<12.1> 11,500 ¹	6.4
	Stainless-Steel Entrances	<53.4> 5,556 ¹	4.1	<39.8> 2,744 ¹	2.6	<38.4> 6,992 ¹	3.9	<36.5> 5,550 ¹	3.3	<-20.1> 4,440 ¹	3.2	<16.7> 3,203 ¹	2.9	<-14.2> 6,000 ¹	3.2	<6.3> 5,900 ¹	3.3
	Aluminum Fronts	<13.1> 791 ¹	0.6	<-4.4> 597 ¹	0.6	<26.7> 1,157 ¹	0.6	<1.7> 958 ¹	0.6	<60.9> 1,273 ¹	0.9	<83.3> 1,094 ¹	1.0	<38.3> 1,600 ¹	0.8	<67.0> 1,600 ¹	0.9
	Automatic door operator	<12.5> 1,982 ¹	1.5	<11.2> 1,647 ¹	1.6	<11.6> 2,719 ¹	1.5	<8.6> 2,559 ¹	1.5	<0.6> 1,993 ¹	1.4	<13.8> 1,874 ¹	1.7	<4.4> 2,840 ¹	1.5	<9.0> 2,790 ¹	1.6
	Others	2,986 ¹	2.2	3,948 ¹	3.8	4,413 ¹	2.5	4,596 ¹	2.7	4,042 ¹	2.9	5,640 ¹	5.1	6,190 ¹	3.3	6,450 ¹	3.6
	Sub Total	<18.2> 19,846 ¹	14.6	<12.4> 14,692 ¹	14.1	<15.7> 26,732 ¹	14.8	<15.2> 23,918 ¹	14.1	<6.8> 21,199 ¹	15.1	<24.3> 18,267 ¹	16.4	<10.1> 29,430 ¹	15.5	<18.1> 28,240 ¹	15.7
Total		<7.6> 135,919 ¹	100.0	<7.9> 104,281 ¹	100.0	<7.3> 180,135 ¹	100.0	<5.5> 169,419 ¹	100.0	<3.3> 140,405 ¹	100.0	<6.9> 111,437 ¹	100.0	<5.2> 189,500 ¹	100.0	<6.2> 180,000 ¹	100.0
Commercial Building Materials		<10.0> 88,678 ¹	65.2	<11.5> 58,745 ¹	56.3	<9.7> 116,103 ¹	64.5	<7.8> 106,332 ¹	62.8	<1.5> 90,043 ¹	64.1	<6.8> 62,729 ¹	56.3	<4.6> 121,400 ¹	64.1	<6.3> 113,000 ¹	62.8
Shop-related Materials		<-2.3> 16,559 ¹	12.2	<-2.9> 15,425 ¹	14.8	<-1.6> 21,892 ¹	12.2	<-4.3> 21,236 ¹	12.5	<8.1> 17,908 ¹	12.8	<6.2> 16,377 ¹	14.7	<4.6> 22,900 ¹	12.1	<5.0> 22,300 ¹	12.4
Residential Housing Materials		<11.7> 12,680 ¹	9.3	<14.1> 12,373 ¹	11.9	<8.2> 17,060 ¹	9.5	<8.7> 16,902 ¹	10.0	<4.1> 13,197 ¹	9.4	<3.6> 12,815 ¹	11.5	<7.3> 18,300 ¹	9.7	<6.5> 18,000 ¹	10.0
Maintenance & Repair		<3.8> 15,764 ¹	11.6	<3.3> 14,743 ¹	14.1	<4.3> 21,747 ¹	12.1	<3.1> 21,592 ¹	12.7	<6.7> 16,824 ¹	12.0	<4.5> 15,407 ¹	13.8	<5.3> 22,900 ¹	12.1	<4.5> 22,570 ¹	12.5
Others		<-0.6> 2,236 ¹	1.6	<-0.8> 2,992 ¹	2.9	<2.8> 3,331 ¹	1.8	<3.5> 3,354 ¹	2.0	<8.6> 2,430 ¹	1.7	<37.2> 4,106 ¹	3.7	<20.1> 4,000 ¹	2.1	<23.1> 4,130 ¹	2.3
		amount				amount				amount				amount			
Outstanding Order Intake		91,153				70,115				99,541				80,050			
Work-in-process		28,080				14,851				30,293				16,900			

1) < > = $\geq 1\%$ year on year 2) Outstanding Order Intake = Unordered, unpurchased and work-in-process

IV. Order situation of Sanwa Shutter

