

FY2018 First Quarter consolidated financial result highlights

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July 31, 2018
Sanwa Holdings Corporation

I. Overview of Consolidated Results

	FY2017										FY2018												
	1Q			2Q			Half Year			Full Year			1Q			2Q(F)		Half Year(F)			Full Year(F)		
	(\$112.85 €120.17)	profit ratio	Y/Y	Y/Y	(\$112.14 €122.22)	profit ratio	Y/Y	(\$112.04 €127.22)	profit ratio	Y/Y	(\$107.47 €132.29)	profit ratio	Y/Y	Y/Y	Y/Y	(\$105.00 €130.00)	profit ratio	Y/Y	(\$105.00 €130.00)	profit ratio	Y/Y		
Net Sales <small>[assumed forex rate same as the previous year]</small>	71,381		4.1	101,743	10.8	173,125		7.9	385,673		9.0	76,604		7.3	106,395	4.6	183,000		5.7	407,000		5.5	
Sanwa Shutter	27,801		2.7	52,717	9.5	80,519		7.0	187,388		6.3	29,631		6.6	54,268	2.9	83,900		4.2	197,000		5.1	
Japanese Subsidiaries	5,773		2.8	8,473	8.3	14,247		6.0	32,464		6.5	5,969		3.4	9,550	12.7	15,520		8.9	36,760		13.2	
ODC (U.S.A.)	\$225,439 25,440		5.9 3.3	\$249,062 27,769	6.3 9.5	\$474,502 53,210		6.1 6.4	\$1,006,919 112,815		6.2 8.7	\$240,729 25,871		6.8 1.7	\$269,270 27,678	8.1 -0.3	\$510,000 53,550		7.5 0.6	\$1,073,000 112,665		6.6 -0.1	
Novoform (Europe)	€119,997 14,420		17.9 10.7	€128,162 15,910	18.5 21.6	€248,160 30,330		18.2 16.2	€510,634 64,962		15.3 21.6	€134,539 17,798		12.1 23.4	€135,460 17,301	5.7 8.7	€270,000 35,100		8.8 15.7	€554,000 72,020		8.5 10.9	
Operating Income <small>[assumed forex rate same as the previous year]</small>	7	0.0	+117	9,038	11.8	9,045	5.2	13.4	28,322	7.3	7.1	11	0.0	+4	9,238	2.2	9,250	5.1	2.3	31,500	7.7	11.2	
Sanwa Shutter	-706	-2.5	-219	6,321	11.6	5,614	7.0	8.4	17,104	9.1	2.8	-786	-2.7	-79	6,436	1.8	5,650	6.7	0.6	19,500	9.9	14.0	
Japanese Subsidiaries	-211	-3.7	-113	406	0.6	195	1.4	-36.3	1,161	3.6	-2.1	-396	-6.6	-184	756	85.9	360	2.3	84.6	1,500	4.1	29.2	
ODC (U.S.A.)	\$8,852 998		+2,187 3.9	\$18,769 2,098	20.5 22.4	\$27,621 3,097		24.2 5.8	\$78,348 8,778		9.5 12.1	\$10,225 1,098		+1,373 4.2	\$20,774 2,156	10.7 2.7	\$31,000 3,255		12.2 6.1	\$86,000 9,030		9.8 8.0	
Novoform (Europe)	€2,863 344		+1,009 2.4	€4,708 581	-10.0 -9.7	€7,571 925		6.9 3.0	€22,686 2,886		25.1 31.9	€3,588 474		+725 2.7	€5,411 695	14.9 19.6	€9,000 1,170		18.9 3.3	€28,000 3,640		23.4 26.1	
Current Income <small>[assumed forex rate same as the previous year]</small>	-153	-0.2	+31	8,951	21.1	8,798	5.1	22.1	27,898	7.2	10.4	-17	-0.0	+135	8,817	-1.5	8,800	4.8	0.0	31,000	7.6	11.1	
Sanwa Shutter	-665	-2.4	-201	6,371	11.3	5,705	7.1	8.5	17,286	9.2	2.8	-713	-2.4	-47	6,443	1.1	5,730	6.8	0.4	19,650	10.0	13.7	
Japanese Subsidiaries	-200	-3.5	-111	420	-1.1	220	1.5	-34.5	1,219	3.8	-1.6	-382	-6.4	-181	762	81.2	380	2.4	72.7	1,540	4.2	26.3	
ODC (U.S.A.)	\$7,924 894		+1,228 3.5	\$18,255 2,041	23.7 25.8	\$26,180 2,935		22.0 5.5	\$75,333 8,440		10.5 13.2	\$9,439 1,014		+1,514 3.9	\$18,560 1,925	1.7 -5.7	\$28,000 2,940		7.0 5.5	\$81,000 8,505		7.5 0.8	
Novoform (Europe)	€2,321 278		+855 1.9	€4,389 541	-3.4 -3.3	€6,710 820		11.7 2.7	€21,079 2,681		31.3 38.5	€3,371 446		+1,050 2.5	€5,128 658	16.8 21.7	€8,500 1,105		26.7 3.1	€27,000 3,510		28.1 30.9	
Other Affiliates	-94		+8	-15	<+>	-109		<+>	-10		<+>	-73		+20	-116	<->	-190		<->	140		<+>	
Net Income attributable to owners of the parent <small>[assumed forex rate same as the previous year]</small>	47	0.1	+537	5,678	26.4	5,726	3.3	43.0	18,280	4.7	7.1	-134	-0.2	-181	5,534	-2.6	5,400	3.0	-5.7	20,600	5.1	12.7	
Sanwa Shutter	-448	-1.6	-112	4,248	8.4	3,800	4.7	6.1	11,867	6.3	0.0	-478	-1.6	-29	4,248	-0.0	3,770	4.5	-0.8	13,360	6.8	12.6	
Japanese Subsidiaries	-120	-2.1	+17	260	-20.0	140	1.0	-25.2	783	2.4	-7.9	-260	-4.4	-139	500	91.8	240	1.5	71.0	920	2.5	17.5	
ODC (U.S.A.)	\$5,105 576		+721 2.3	\$11,736 1,312	23.6 25.7	\$16,841 1,888		21.4 3.5	\$45,303 5,075		2.2 4.7	\$6,796 730		+1,691 2.8	\$14,203 1,474	21.0 12.3	\$21,000 2,205		24.7 4.1	\$61,000 6,405		34.6 26.2	
Novoform (Europe)	€3,556 427		+3,242 3.0	€2,846 355	74.4 76.0	€6,402 782		229.0 2.6	€16,385 2,084		95.9 106.6	€2,284 302		-1,271 1.7	€3,515 451	23.5 27.2	€5,800 754		-9.4 2.1	€17,000 2,210		3.7 6.0	
Other Affiliates	-94		+8	-15	<+>	-109		<+>	-10		<+>	-73		+20	-116	<->	-190		<->	140		<+>	

1) The relevant financial periods for each entity are as follows:
Sanwa Shutter & Japanese subsidiaries:
ODC & Novoform:

1Q
Apr.1 to Jun.30
Jan.1 to Mar.31

First Half
Apr.1 to Sep.30
Jan.1 to Jun.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) Figures by entities are before consolidation adjustment and do not add up to total.
4) Forex rate is term average.
5) Figures in 10"Y/Y" indicates increase rates for sales and increase/decrease amounts for incomes.

II. Summary of Consolidated Q1 FY2018 Results

summary	<ul style="list-style-type: none"> ■ Consolidated net sales increased in all areas (Japan, USA, and Europe). Overhead Door (USA) and Novoferm (Europe) net sales continued to grow steadily from FY2017. ■ Consolidated operating income increased slightly. The increase of USA & Europe businesses covered the decrease of Japanese business caused by increase in SG&A costs.
Net Sales	<ul style="list-style-type: none"> ■ Consolidated net sales increased by 7.3% or 5.2 billion yen vs. Q1 FY2017 (if FY2017 currency rate applied, it would have increased by 6.8% or 4.9 billion yen). <p>Japan : Increased by 6.0% vs. Q1 FY2017. Sanwa Shutter increased by 6.6%. The products used for residences, factories, and hotels increased, but medical/welfare facilities decreased. By products, heavy-duty shutters increased by 16.9% driven by favorable factories and warehouses markets. Lightweight shutters increased by 4.7%, Buildings & condominium doors increased by 7.9%, and Partitions decreased by 4.3%. Maintenance & Repair business increased by 8.4%, which is the final year of transitional measures for legal inspection & report for fire -proof equipment in FY2018. Japanese subsidiaries total (except Sanwa Shutter) increased by 3.4%. Okinawa Sanwa and Sanwa Tajima increased significantly but Showa Front decreased.</p> <p>USA(ODC) : Increased by 6.8% vs. Q1 FY2017 on local currency basis. Door sales (Access Systems Division) increased by 7.9%, Garage doors increased by 10.6%, and Commercial doors increased by 4.2%. Install & Service increased slightly by 0.4% because of unfavorable US sales center despite the significant increase of 14.0% in Canadian business (CDS). Operators increased significantly by 13.1% driven by sales increase at both professional-channel and retail stores. Automatic doors stayed flat. Truck doors decreased by 5.2%.</p> <p>Europe(NF) : Increased significantly by 12.1% vs. Q1 FY2017 on local currency basis. Even excluding new consolidations (Bolton Gate Services), it increased by 9.1%. By products, Hinge doors increased by 9.1%, Garage doors increased by 7.3%, and Industrial doors increased by 16.4% including the effect of Bolton Gate Services consolidation.</p>
Operating Income	<ul style="list-style-type: none"> ■ Consolidated operating income increased slightly by 4 million yen vs. Q1 2017 and remained in the black (if 2017 currency rate applied, it would have increased by 16 million yen). <p>Japan : Sanwa Shutter decreased by 80 million yen. Although gross profit increase by 0.24 billion yen, SG&A costs (mainly personnel expenses) increased 0.32 billion yen. But the deficit was lower than planned. Japanese subsidiaries total (except Sanwa Shutter) decreased by 0.18 billion yen driven by the unfavorable of Sanwa System Wall despite the increase in Okinawa Sanwa.</p> <p>USA(ODC) : Increased by \$ 1.4 million vs. Q1 2017 on local currency basis due to volume increase and sales price increase overcoming the impact of steel price increase from FY2017.</p> <p>Europe(NF) : Increased by € 0.7 million vs. Q1 2017 on local currency basis due mainly to volume increase covering the increase of SG&A costs in Bolton Gate Service.</p>
Current Income	<ul style="list-style-type: none"> ■ Consolidated current income improved by 0.14 billion yen. <p>Non-operating profit/loss improved by 0.13 billion yen and equity method results improved slightly.</p>
Net Income attributable to owners of the parent	<ul style="list-style-type: none"> ■ Net income attributable to owners of the parent decreased by 0.18 billion yen. <p>Extraordinary profit/loss decreased by 0.31 billion yen due to the reaction of gain of fixed assets sales in Europe in FY2017.</p>

Forecast of FY2018 Consolidated Net Sales and Operating Income

summary

■ **The company maintains its forecast announced on May 14, 2018.**

Net
Sales

■ **All areas (Japan, USA, and Europe) achieved as expected, and forecast to grow.**

- Japan : Expected to achieve its forecast driven by Sanwa Shutter's higher order backlog sales initiatives for orders within FY2018 and significant increase of Maintenance & Repair sales due to the final year of transitional measures for legal inspection & report for fire-proof equipment.
- USA(ODC) : Expected to achieve its forecast since strong sales of Garage doors, Industrial doors, and Operators cover the unfavorable of Truck doors.
- Europe(NF) : Expected to achieve its forecast because Hinge doors and Garage doors sales are favorable across Europe and Industrial doors are steadily strong thanks to favorable performance of Alpha and Bolton Gate Service.

Operating
Income

■ **Japanese business is progressing as expected, overseas businesses expected to achieve the original forecast.**

- Japan : Maintains its forecast since increase of Sanwa Shutter's cost such as material costs, installation costs, and personnel expenses is within our expectation.
- USA(ODC) : Maintains its forecast since sales volume projected to be as planned and sales price increase offset by the impact of material price increase. In addition, forex rate tends to move towards the depreciation of the yen compared with forecast.
- Europe(NF) : Maintains its forecasts since NF also focus on passing the increase of material price to sales price and increases sales volume in all segments.

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

		FY2017												FY2018											
		1Q				Half Year				Full Year				1Q				Half Year(F)				Full Year(F)			
		Order Intake	% of total	Sales	% of total	Order Intake	% of total	Sales	% of total	Order Intake	% of total	Sales	% of total	Order Intake	% of total	Sales	% of total	Order Intake	% of total	Sales	% of total	Order Intake	% of total	Sales	% of total
Rolling Shutters	Lightweight	<-0.2> 7,021	14.3	<1.1> 6,195	22.3	<-0.2> 13,859	14.6	<1.9> 13,671	17.0	<3.5> 28,148	15.0	<5.0> 28,242	15.1	<3.7> 7,278	15.6	<4.7> 6,487	21.9	<3.2> 14,300	14.2	<3.9> 14,200	16.9	<6.2> 29,900	14.6	<5.9> 29,900	15.2
	Heavy-duty	<4.5> 9,312	19.0	<-6.8> 4,684	16.8	<-4.5> 17,631	18.5	<4.8> 14,974	18.6	<-0.1> 35,464	18.9	<6.8> 35,286	18.8	<3.2> 9,611	20.6	<16.9> 5,477	18.5	<4.9> 18,500	18.4	<5.5> 15,800	18.8	<10.5> 39,200	19.1	<7.1> 37,800	19.2
	Sub Total	<2.4> 16,333	33.3	<-2.5> 10,879	39.1	<-2.7> 31,491	33.1	<3.4> 28,645	35.6	<-1.5> 63,612	33.9	<6.0> 63,529	33.9	<3.4> 16,890	36.2	<10.0> 11,965	40.4	<4.2> 32,800	32.6	<4.7> 30,000	35.8	<8.6> 69,100	33.7	<6.6> 67,700	34.4
Shutter-related Products	Overhead Doors	<-1.6> 1,690	3.4	<-8.0> 1,187	4.3	<-1.0> 3,376	3.6	<4.4> 3,143	3.9	<-1.0> 6,859	3.7	<1.6> 6,868	3.7	<-1.6> 1,663	3.6	<-8.4> 1,286	4.3	<6.6> 3,600	3.6	<5.0> 3,300	3.9	<10.8> 7,600	3.7	<7.7> 7,400	3.8
	Others	<2.7> 2,744	5.6	<1.7> 1,736	6.2	<5.7> 5,702	6.0	<4.9> 4,984	6.2	<11.8> 11,867	6.3	<11.7> 11,714	6.3	<3.3> 3,347	7.2	<1.8> 1,884	6.4	<6.2> 6,200	6.2	<5.1> 5,100	6.1	<12.8> 12,800	6.2	<11.9> 11,900	6.0
	Sub Total	<-3.3> 4,435	9.0	<-7.9> 2,923	10.5	<-0.4> 9,078	9.5	<1.4> 8,128	10.1	<0.8> 18,726	10.0	<3.8> 18,583	9.9	<13.0> 5,011	10.7	<-8.5> 3,171	10.7	<7.9> 9,800	9.7	<3.3> 8,400	10.0	<8.9> 20,400	10.0	<3.9> 19,300	9.8
Doors	Comm. Bldgs/ Condominiums	<7.8> 15,983	32.6	<-0.1> 5,100	18.3	<0.7> 29,344	30.9	<10.3> 21,471	26.7	<-10.5> 55,447	29.6	<6.4> 54,604	29.1	<-23.3> 12,253	26.3	<-7.9> 5,502	18.6	<4.3> 30,600	30.4	<2.9> 22,100	26.3	<6.2> 58,900	28.7	<3.3> 56,400	28.6
	Residential	<9.5> 1,068	2.2	<9.3> 1,062	3.8	<2.6> 2,261	2.4	<2.6> 2,261	2.8	<4.5> 4,733	2.5	<4.5> 4,732	2.5	<-5.2> 1,013	2.2	<-4.6> 1,013	3.4	<1.7> 2,300	2.3	<-2.7> 2,200	2.6	<-11.3> 4,200	2.0	<-13.4> 4,100	2.1
	Sub Total	<7.9> 17,052	34.8	<1.6> 6,162	22.2	<0.8> 31,606	33.2	<9.6> 23,732	29.5	<-9.5> 60,181	32.1	<6.2> 59,336	31.7	<-22.2> 13,266	28.4	<-5.7> 6,515	22.0	<4.1> 32,900	32.7	<2.4> 24,300	29.0	<4.8> 63,100	30.8	<2.0> 60,500	30.7
Window-related Products	<7.6> 2,109	4.3	<7.9> 2,058	7.4	<5.1> 4,454	4.7	<5.0> 4,423	5.5	<3.4> 9,073	4.8	<3.5> 9,068	4.8	<-1.1> 2,087	4.5	<-0.5> 2,048	6.9	<1.0> 4,500	4.5	<1.7> 4,500	5.4	<5.8> 9,600	4.7	<5.9> 9,600	4.9	
Exterior Fittings	<2.5> 1,176	2.4	<1.8> 992	3.6	<3.4> 2,496	2.6	<8.3> 2,454	3.0	<-3.6> 4,875	2.6	<5.5> 5,098	2.7	<-9.8> 1,060	2.3	<1.5> 1,007	3.4	<8.2> 2,700	2.7	<7.2> 2,630	3.1	<10.8> 5,400	2.6	<7.3> 5,470	2.8	
Others	Partitions	<4.4> 3,354	6.8	<0.3> 1,429	5.1	<4.8> 6,867	7.2	<2.7> 5,006	6.2	<-4.8> 12,501	6.7	<6.8> 13,150	7.0	<-12.3> 2,942	6.3	<-4.3> 1,368	4.6	<13.6> 7,800	7.7	<11.9> 5,600	6.7	<24.0> 15,500	7.6	<8.7> 14,300	7.3
	Stainless-Steel Entrances	<14.0> 1,859	3.8	<-7.4> 526	1.9	<13.5> 3,677	3.9	<-2.5> 2,504	3.1	<8.6> 7,734	4.1	<4.1> 7,068	3.8	<62.1> 3,014	6.5	<-12.5> 1,186	4.0	<14.2> 4,200	4.2	<7.8> 2,700	3.2	<11.2> 8,600	4.2	<3.3> 7,300	3.7
	Aluminum Fronts	<15.7> 580	1.2	<34.5> 312	1.1	<27.6> 1,279	1.3	<43.4> 1,093	1.4	<-8.9> 2,587	1.4	<26.7> 2,550	1.4	<9.4> 635	1.4	<-24.6> 389	1.3	<9.4> 1,400	1.4	<9.7> 1,200	1.4	<-19.8> 3,100	1.5	<-9.8> 2,800	1.4
	Automatic door operator	<8.6> 725	1.5	<-2.5> 515	1.9	<8.1> 1,586	1.7	<4.1> 1,360	1.7	<-2.3> 3,234	1.7	<3.8> 3,182	1.7	<4.5> 757	1.6	<-13.4> 584	2.0	<7.1> 1,700	1.7	<15.4> 1,570	1.9	<-14.4> 3,700	1.8	<-12.2> 3,570	1.8
	Others	<1.4> 1,400	2.9	<2.0> 2,001	7.2	<2.5> 2,529	2.7	<3.1> 3,170	3.9	<4.9> 4,914	2.6	<5.8> 5,819	3.1	<9.8> 986	2.1	<1.3> 1,395	4.7	<2.9> 2,900	2.9	<3.0> 3,000	3.6	<6.5> 6,500	3.2	<6.4> 6,460	3.3
	Sub Total	<9.8> 7,919	16.2	<25.7> 4,784	17.2	<7.5> 15,940	16.8	<15.4> 13,135	16.3	<-0.9> 30,972	16.5	<9.7> 31,771	17.0	<5.3> 8,336	17.9	<2.9> 4,923	16.6	<12.9> 18,000	17.9	<7.1> 14,070	16.8	<20.8> 37,400	18.2	<8.4> 34,430	17.5
Total	<5.1> 49,027	100.0	<-2.7> 27,801	100.0	<0.8> 95,067	100.0	<7.0> 80,519	100.0	<-2.8> 187,443	100.0	<6.3> 187,388	100.0	<-4.8> 46,651	100.0	<-6.6> 29,631	100.0	<5.9> 100,700	100.0	<4.2> 83,900	100.0	<-9.4> 205,000	100.0	<5.1> 197,000	100.0	
Commercial Building Materials	<4.5> 31,400	64.0	<-6.7> 12,063	43.4	<-1.8> 58,907	62.0	<5.0> 45,369	56.3	<-7.2> 113,408	60.5	<4.7> 112,763	60.2	<-9.9> 28,290	60.6	<-12.8> 13,610	45.9	<6.6> 62,800	62.4	<4.0> 47,200	56.3	<8.8> 123,400	60.2	<3.4> 116,600	59.2	
Shop-related Materials	<0.3> 5,967	12.2	<2.4> 4,972	17.9	<0.4> 11,769	12.4	<4.0> 11,426	14.2	<-2.3> 23,713	12.7	<5.3> 23,756	12.7	<4.9> 6,261	13.4	<-5.5> 5,244	17.7	<2.8> 12,100	12.0	<1.5> 11,600	13.8	<-3.7> 24,600	12.0	<-1.9> 24,200	12.3	
Residential Housing Materials	<6.5> 4,507	9.2	<6.8> 4,265	15.3	<3.2> 9,493	10.0	<4.5> 9,422	11.7	<0.8> 19,258	10.3	<3.5> 19,495	10.4	<-5.3> 4,269	9.2	<-2.7> 4,151	14.0	<3.2> 9,800	9.7	<1.9> 9,600	11.4	<-2.3> 19,700	9.6	<-0.5> 19,600	9.9	
Maintenance & Repair	<9.0> 6,256	12.8	<7.6> 5,098	18.3	<12.4> 13,219	13.9	<9.4> 12,179	15.1	<-11.9> 27,769	14.8	<12.1> 27,307	14.6	<14.0> 7,134	15.3	<-8.4> 5,529	18.7	<6.7> 14,100	14.0	<12.5> 13,700	16.3	<-17.8> 32,700	16.0	<-17.6> 32,100	16.3	
Others	<28.5> 895	1.8	<-149.1> 1,401	5.0	<4.1> 1,677	1.8	<139.2> 2,121	2.6	<-6.3> 3,294	1.8	<47.4> 4,065	2.2	<-22.3> 695	1.5	<-21.8> 1,095	3.7	<13.3> 1,900	1.9	<-15.2> 1,800	2.1	<-39.6> 4,600	2.2	<-10.7> 4,500	2.3	
	Amount		Amount		Amount		Amount		Amount		Amount		Amount		Amount		Amount		Amount		Amount		Amount		
Outstanding Order Backlog			117,888				110,804				96,358				113,666				113,158				104,358		
Work-in-process			25,137				21,326				16,439				25,503				23,100				17,600		

1) < > = % year on year