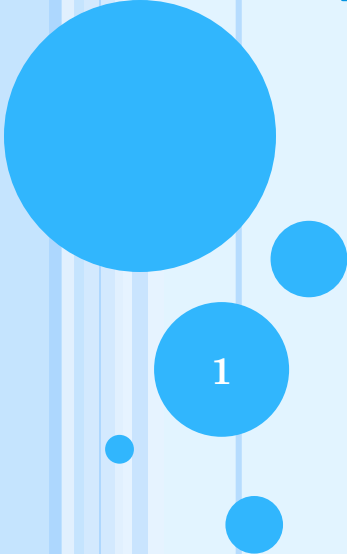




Briefing on Results for the Third quarter of the  
Fiscal Year ending March 31, 2015



# Overview of Results for the Third quarter of FY2015/3

**(April 1, 2014 ~ December 31, 2014)**

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## Highlights of Results for the Third quarter of FY2015/3 (Consolidated)

(million yen)

	Third quarter of FY2014/3		Third quarter of FY2015/3		Change (YoY)	Rate of change (YoY)
Net Sales	35,642	100%	37,629	100%	1,987	5.6%
Operating income	* 3,328	* 9.3%	3,421	9.1%	93	2.8%
Ordinary income	* 3,628	* 10.2%	3,702	2.0%	74	2.0%
Net income	* 2,380	* 6.7%	2,492	4.7%	112	4.7%
Capital investment	502	—	1,887	—	1,385	275.9%
Depreciation	611	—	732	—	121	19.8%
Net income per share	104.78 <sub>yen</sub>	—	115.82 <sub>yen</sub>	—	11.04 <sub>yen</sub>	10.5%
ROE(%)	7.6	Annualized	7.6	Annualized	—	—

\*The Company's accounting policy has been changed.

## Sales Trends by Product (Consolidated)

(million yen)

		Third quarter of FY2014/3		Third quarter of FY2015/3		Change (YoY)	Rate of Change (YoY)
Net sales		35,642	100%	37,629	100%	1,987	5.6%
By product	Generators	27,374	76.8%	28,616	76.0%	1,242	4.5%
	Welders	3,688	10.3%	4,344	11.5%	656	17.8%
	Compressors	684	1.9%	838	2.2%	154	22.5%
	Others	3,894	10.9%	3,830	10.2%	△ 64	△ 1.6%

## Engine Generators (Consolidated)

(million yen)

	Third quarter of FY2014/3	Third quarter of FY2015/3	Rate of change (YoY)
Generators	27,374	28,616	4.5%

- In Japan, shipment to the leasing and rental industry, which is the Company's major customers, increased.
- Overseas, shipment to North America and the Middle East increased.

### Manufacturing engine-driven generators with capacity from 1kVA to 1100kVA

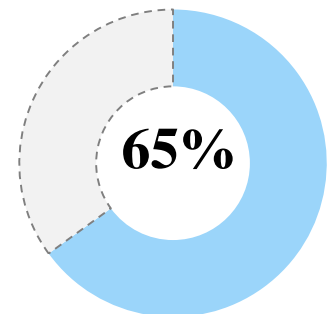
- Mobile-type generators  
Power source on a construction site and for civil engineering work and disaster recovery/restoration, etc.
- Stand-by generating sets (stationary type)  
Back-up power source such as disaster prevention equipment and offices, etc.
- Power-supply vehicles, power light, etc.



Mobile-type generator



Stand-by generating sets



Domestic market share of  
engine generators (mobile-type)

\*According to a Company survey

## Engine Welders (Consolidated)

(million yen)

	Third quarter of FY2014/3	Third quarter of FY2015/3	Rate of change (YoY)
Welders	3,688	4,344	17.8%

- Shipment to domestic market increased.
- Overseas, the shipment to North America increased.

The Company developed the first engine-driven welder for outdoor work in Japan. Ranging from 135A for welding light-gauge steel to a 500A engine-driven welder for heavy-gauge steel, a TIG welder and a CO2 welder, etc.

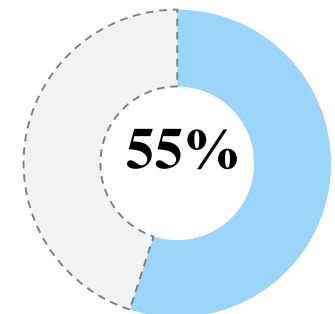
- Welding of steel construction for buildings, condominiums and bridges
- Welding of important structures such as petroleum storage tanks and pipelines



Engine welder



Battery welder



Domestic market share of  
engine welders

\*According to a Company survey

## Engine Compressors (Consolidated)

(million yen)

	Third quarter of FY2014/3	Third quarter of FY2015/3	Rate of change (YoY)
Compressors	684	838	22.5%

- Shipment to the domestic market increased.

**Manufacturing compressors  
with air discharge amounts from 1.6m<sup>3</sup>/min to 42.4m<sup>3</sup>/min.**

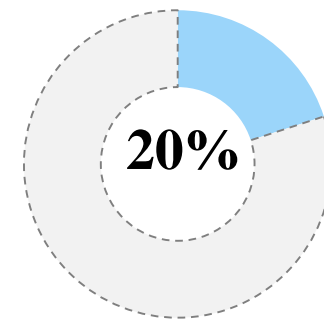
- Breaking-up of roads and ground improvement work of roads
- Mortar spraying work for preventing landslides of mountain roads
- For artificial snow machines on ski slopes, etc.



Engine compressor



Motor compressor



Domestic market share of  
engine compressors

\*According to a  
Company survey

## Others (Consolidated)

(million yen)

	Third quarter of FY2014/3	Third quarter of FY2015/3	Rate of change (YoY)
Others	3,894	3,830	△ 1.6%

- Sales of self-propelled lifters increased.
- Sales of parts declined.

### Sales of other products

- Self-propelled lifters
- Water-related equipment
- Parts
- Secondhand equipment and purchased merchandise
- Repair sales, etc.



Water-related equipment



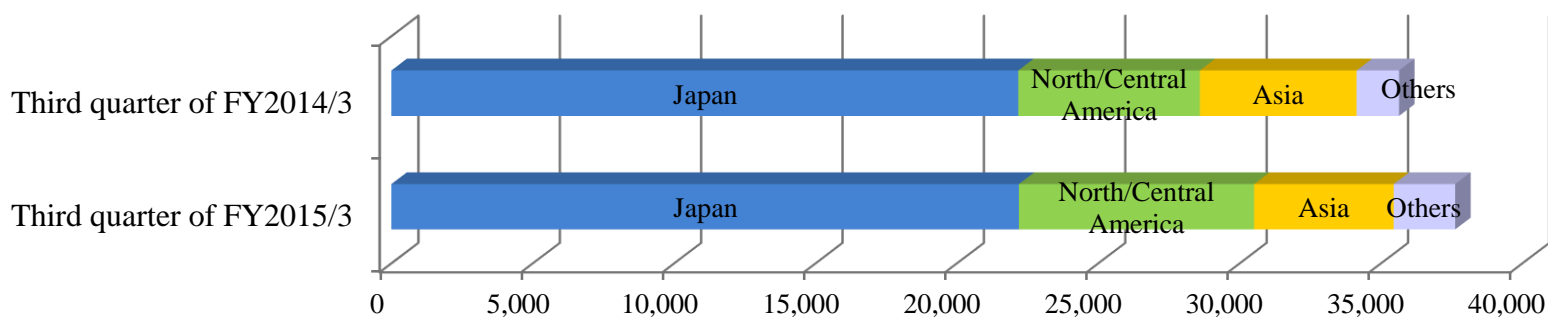
Self-propelled lifter



## Sales Trend by Region (Consolidated)

(million yen)

		Third quarter of FY2014/3		Third quarter of FY2015/3		Change (YoY)	Rate of change (YoY)
Net sales		35,642	100%	37,629	100%	1,987	5.6%
Domestic sales		22,172	62.2%	22,192	59.0%	20	0.1%
Overseas sales		13,470	37.8%	15,437	41.0%	1,967	14.6%
By region	North/Central America	6,423	18.0%	8,322	22.1%	1,899	29.6%
	Asia	5,544	15.6%	4,937	13.1%	△ 607	△ 10.9%
	Others	1,501	4.2%	2,176	5.8%	675	45.0%



## Factor Analysis of Changes in Operating Income (Consolidated)

Increase in  
Operating income

- Higher income margin in overseas Group companies made a contribution.

(million yen)

	Third quarter of FY2014/3	Third quarter of FY2015/3	Change(YoY)
Operating income	*3,328	3,421	93
Operating income margin	*9.3%	9.1%	△ 0.2 <sub>percentage point</sub>
	Third quarter of FY2014/3	Third quarter of FY2015/3	Rate of change (YoY)
Gross profit margin	*24.8%	24.5%	△ 0.3 <sub>percentage point</sub>
Ratio of SG&A to sales	*15.4%	15.4%	0.0 <sub>percentage point</sub>
Ratio of operating income to sales	*9.3%	9.1%	△ 0.2 <sub>percentage point</sub>

- Gross profit margin worsened in Japan due to a fall in the shipment of profitable products, etc. but improved overseas due to stable production of parts in Denyo Vietnam, etc.
- Ratio of SG&A to sales was almost flat compared with the same quarter of the previous fiscal year.

\*The Company's accounting policy has been changed.

# Outlook for FY2015/3



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## Outlook for FY2015/3 : Consolidated Income and Loss

### Key points

- Net sales are expected to be 51.0 billion yen.
- Assumed exchange rate is 100 yen/dollar.

(million yen)

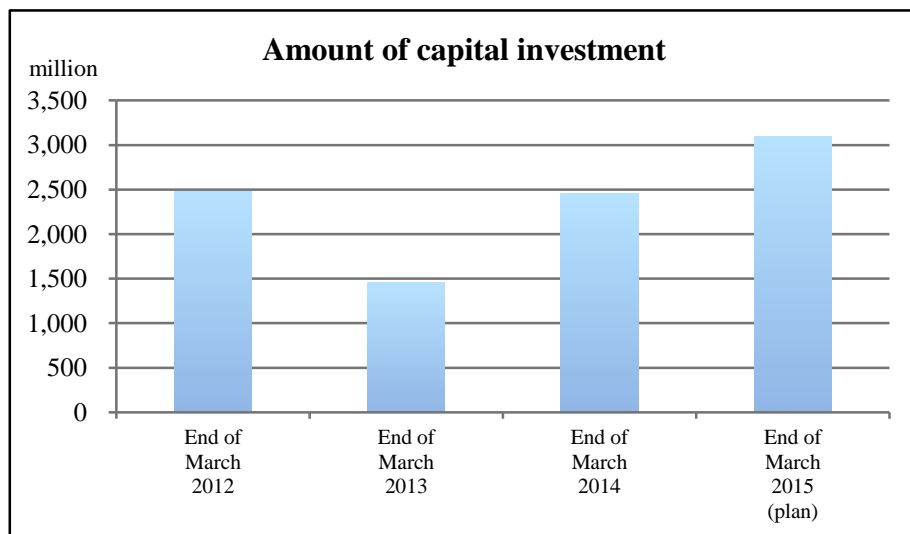
	FY2014/3		FY2015/3(forecast)		Change(YoY)	Rate of Change(YoY)
Net sales	49,832	100%	51,000	100%	1,168	2.3%
Operating income	* 5,407	10.9%	5,400	10.6%	△ 7	△0.1%
Ordinary income	* 5,723	11.5%	5,700	11.2%	△ 23	△0.4%
Net income	* 3,726	7.5%	3,550	7.0%	△ 176	△4.7%
Capital investment	2,453	—	3,100	—	647	26.4%
Depreciation	837	—	900	—	63	7.5%
Net income per share	*165.2 <sub>yen</sub>	—	165.0 <sub>yen</sub>	—	△ 0.2 <sub>yen</sub>	—
ROE(%)	* 9.1	—	8.1	*Shareholders' equity is calculated by using the amount of money at the end of the third quarter of FY2015/3.		
Cash dividends per share	24.0 <sub>yen</sub>	—	24.0 <sub>yen</sub>	—	—	—

\*The Company's accounting policy has been changed.

# Changes in Amount of Capital Investment (Consolidated)

(million yen)

	End of March 2012	End of March 2013	End of March 2014	End of March 2015 (plan)
Cost of equipment	2,480	1,457	2,453	3,100
Main uses	<ul style="list-style-type: none"> <li>Laboratory &amp; Training Center 744</li> <li>Fukui office building, company dormitory 397</li> <li>Vietnam Plant 744</li> </ul>	<ul style="list-style-type: none"> <li>Laboratory &amp; Training Center 814</li> <li>Machinery of Fukui plant, etc. 150</li> <li>U.S. Plant 237</li> <li>Vietnam Plant 127</li> </ul>	<ul style="list-style-type: none"> <li>Machinery of Fukui plant, etc. 480</li> <li>Nishinohon Generator Mfg. 270</li> <li>Vietnam Plant 440</li> <li>Singapore 1,100</li> </ul>	<ul style="list-style-type: none"> <li>Machinery of Fukui plant, etc. 370</li> <li>Nishinohon Generator Mfg. 200</li> <li>Vietnam Plant 2,000</li> <li>Singapore 400</li> </ul>



Denyo Vietnam

## Outlook for Sales by Product (Consolidated)

### Overview

- Sales of generators are expected to increase 1,159 million yen(3.0%).
- Sales of welders are anticipated to rise 237 million yen (4.5%).
- Sales of compressors are forecast to be up 7 million yen (0.7%).

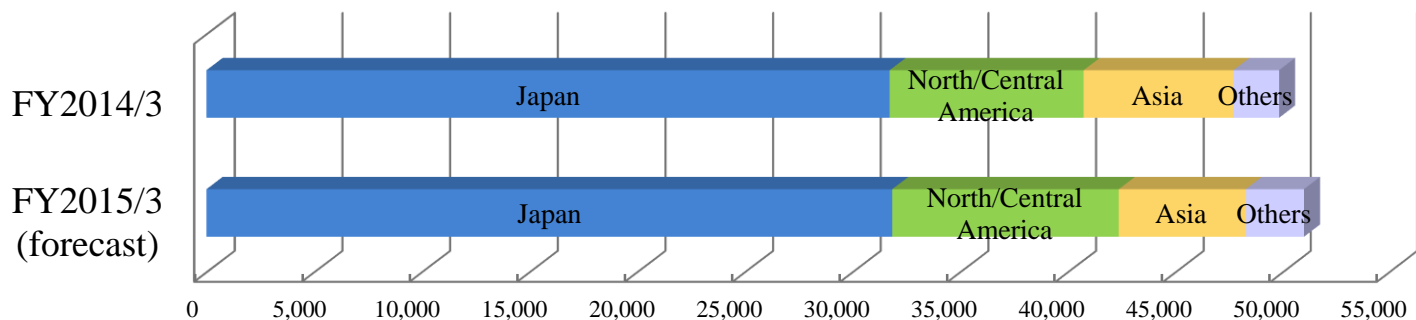
(million yen)

		FY2014/3		FY2015/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		49,832	100%	51,000	100%	1,168	2.3%
By products	Generators	38,241	76.7%	39,400	77.3%	1,159	3.0%
	Welders	5,263	10.6%	5,500	10.8%	237	4.5%
	Compressors	993	2.0%	1,000	2.0%	7	0.7%
	Others	5,334	10.7%	5,100	10.0%	△ 234	△ 4.4%

## Outlook for Sales by Region (Consolidated)

(million yen)

		FY2014/3		FY2015/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		49,832	100%	51,000	100%	1,168	2.3%
Domestic sales		31,727	63.7%	31,850	62.5%	123	0.4%
Overseas sales		18,104	36.3%	19,150	37.5%	1,046	5.8%
By region	North/Central America	9,007	18.1%	10,520	20.6%	1,513	16.8%
	Asia	6,959	14.0%	5,900	11.6%	△ 1,059	△ 15.2%
	Others	2,137	4.3%	2,730	5.4%	593	27.7%



## Details of the Operating Income Forecast (Consolidated)

Slight decrease  
in operating income

- The operating income margin, as well as the operating income are expected to decline 0.3 percentage point and 7 million yen, respectively.

(million yen)

	FY2014/3	FY2015/3 (forecast)	Change (YoY)
Operating income	* 5,407	5,400	△ 7
Operating income margin	* 10.9%	10.6%	△ 0.3 <sub>percentage point</sub>

	FY2014/3	FY2015/3 (forecast)	Change (YoY)
Gross profit margin	* 26.0%	25.9%	△ 0.1 <sub>percentage point</sub>
Ratio of SG&A to sales	* 15.1%	15.3%	0.2 <sub>percentage point</sub>
Ratio of operating income to sales	* 10.9%	10.6%	△ 0.3 <sub>percentage point</sub>

Both the gross profit margin and the ratio of SG&A to sales are expected to worsen slightly year on year.

\*The Company's accounting policy has been changed.



## Notes on Our Outlook

This material contains assumptions and outlooks for the future and forecasts based on plans as of February 12, 2015. Actual results may differ materially from projected values due to future economic changes and competition.

This material is prepared for the purpose of providing information and is not meant to solicit investment in securities issued by the Company. Investors are responsible for making their own final investment decision.