



Briefing on Results for the First quarter of the
Fiscal Year ending March 31, 2017



Overview of Results for the First quarter of FY2017/3

(April 1, 2016 ~ June 30, 2016)

Highlights of Results for the First quarter of FY2017/3 (Consolidated)

(million yen)

	First quarter of FY2016/3		First quarter of FY2017/3		Change (YoY)	Rate of change (YoY)
Net sales	11,156	100%	10,606	100%	△ 550	△ 4.9%
Operating income	806	7.2%	584	5.5%	△ 222	△ 27.5%
Ordinary income	937	8.4%	652	6.1%	△ 285	△ 30.4%
Net income	564	5.1%	398	3.8%	△ 166	△ 29.4%
Capital investment	344	—	138	—	△ 206	△ 59.9%
Depreciation	296	—	305	—	9	3.0%
Net income per share	26.40 _{yen}	—	18.62 _{yen}	—	7.78 _{yen}	△ 29.5%
ROE	—	Annualized	—	Annualized	—	—
Interim dividends per share	—	—	—	—	—	—

Sales Trends by Product (Consolidated)

(million yen)

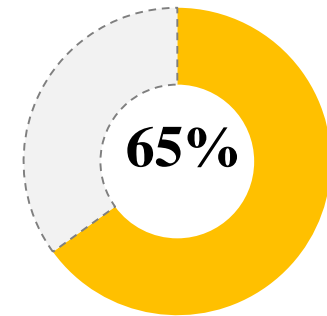
		First quarter of FY2016/3		First quarter of FY2017/3		Change (YoY)	Rate of change (YoY)
Net sales		11,156	100%	10,606	100%	△ 550	△ 4.9%
By product	Generators	8,305	74.4%	7,776	73.3%	△ 529	△ 6.4%
	Welders	1,205	10.8%	1,077	10.2%	△ 128	△ 10.6%
	Compressors	291	2.6%	393	3.7%	102	35.1%
	Others	1,354	12.1%	1,360	12.8%	6	0.4%

Engine Generators (Consolidated)

(million yen)

	First quarter of FY2016/3	First quarter of FY2017/3	Rate of change (YoY)
Generators	8,305	7,776	△ 6.4%

- In Japan, shipment to the major leasing and rental industry increased and shipment of emergency generator decreased.
- Overseas, shipment for resource-rich countries weakened.



Domestic market share of engine generators (mobile-type) *According to a Company survey



Mobile-type generator



Stand-by generating sets

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

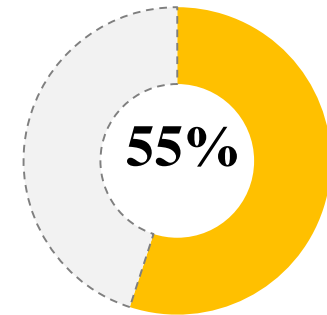
- Mobile-type generators
 - Power source on a construction site and for civil engineering work and disaster recovery/restoration, etc.
- Stand-by generating sets (stationary type)
 - Back-up power source such as disaster prevention equipment and offices, etc.
- Power-supply vehicles, power light, etc.

Engine Welders (Consolidated)

(million yen)

	First quarter of FY2016/3	First quarter of FY2017/3	Rate of change (YoY)
Welders	1,205	1,077	△ 10.6%

- In Japan and Overseas, the shipment decreased slightly.



Domestic market share of
engine welders

*According to a
Company survey



Engine welder

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.

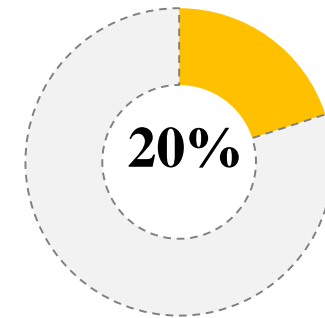
- Welding of steel construction for buildings, condominiums and bridges.
- Welding of important structures such as petroleum storage tanks and pipelines.

Engine Compressors (Consolidated)

(million yen)

	First quarter of FY2016/3	First quarter of FY2017/3	Rate of change (YoY)
Compressors	291	393	35.1%

- Shipment to the domestic is mostly unchanged from previous year.
- Shipment to America increased.



Domestic market share of engine compressors

*According to a Company survey



Engine compressor



Motor compressor

Manufacturing compressors with air discharge amounts from 1.6m³/min to 42.4m³/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.

Others (Consolidated)

(million yen)

	First quarter of FY2016/3	First quarter of FY2017/3	Rate of change (YoY)
Others	1,354	1,360	0.4%

- Sales to domestic and overseas market is mostly unchanged from the previous year.

Sales of other products

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



Self-propelled lifter

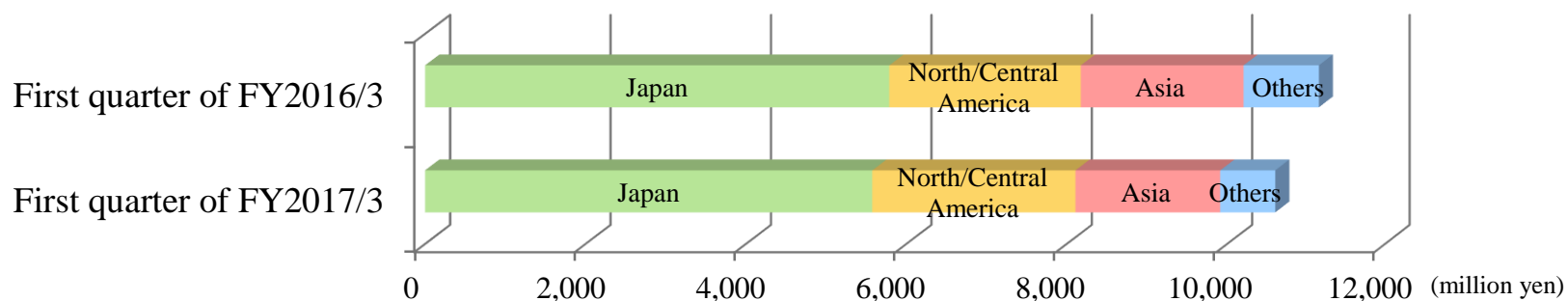


Load testing equipment

Sales Trends by Region (Consolidated)

(million yen)

		First quarter of FY2016/3		First quarter of FY2017/3		Change (YoY)	Rate of change (YoY)
Net sales		11,156	100%	10,606	100%	△ 550	△ 4.9%
Domestic sales		5,788	51.9%	5,575	52.6%	△ 213	△ 3.7%
Overseas sales		5,368	48.1%	5,031	47.4%	△ 337	△ 6.3%
By region	North/Central America	2,383	21.4%	2,533	23.9%	150	6.3%
	Asia	2,029	18.2%	1,805	17.0%	△ 224	△ 11.0%
	Others	955	8.6%	692	6.5%	△ 263	△ 27.5%



Factor Analysis of Changes in Operating Income (Consolidated)

Decrease in
Operating income

- The major factor of the result is a increase of cost of sales ratio .

(million yen)

	First quarter of FY2016/3	First quarter of FY2017/3	Change(YoY)
Operating income	806	584	△ 222
Operating income margin	7.2%	5.5%	△ 1.7 percentage point

	First quarter of FY2016/3	First quarter of FY2017/3	Rate of change (YoY)
Gross profit margin	25.5%	24.0%	△ 1.5 percentage point
Ratio of SG&A to sales	18.3%	18.5%	0.2 percentage point
Ratio of operating income to sales	7.2%	5.5%	△ 1.7 percentage point

- Gross profit margin improved in the Asia region and decreased by the low operating rates of the factory in Japan and America.
- Ratio of SG&A to sales increased slightly due to an increase of personnel expenses, etc.

Outlook for FY2017/3

A decorative graphic on the left side of the slide. It features several vertical lines of varying shades of green. Overlaid on these lines are several circles of different sizes and shades of green. One of the circles contains the number '10'.

10

Outlook for FY2017/3: Consolidated Income and Loss

Key points

- Net sales are expected to be 52.0 billion yen.
- Assumed exchange rate is 110 yen/dollar.

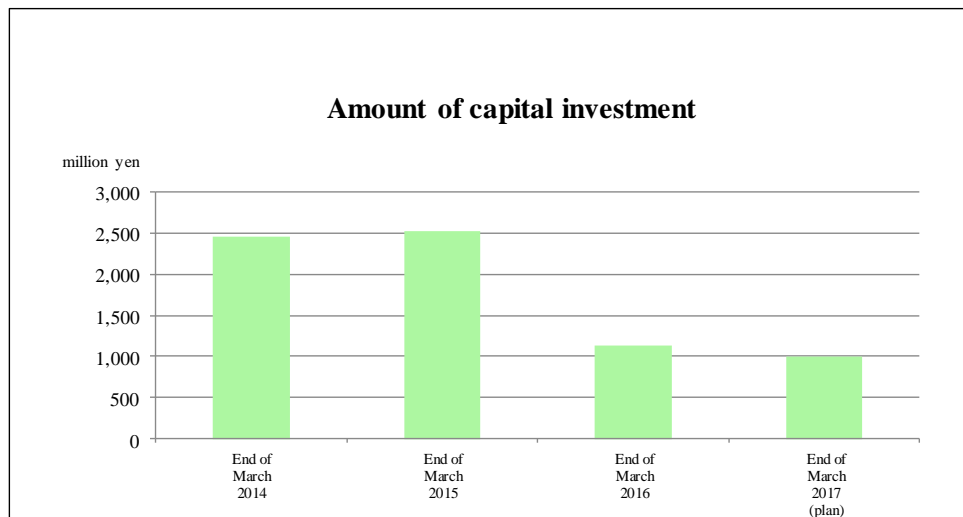
(million yen)

	FY2016/3		FY2017/3 (forecast)		Change (YoY)	Rate of change(YoY)
Net sales	50,419	100%	52,000	100%	1,581	3.1%
Operating income	4,097	8.1%	4,300	8.3%	203	5.0%
Ordinary income	4,494	8.9%	4,600	8.8%	106	2.3%
Net income	3,137	6.2%	3,000	5.8%	△ 137	△4.4 %
Capital investment	1,125		1,000		△ 125	△11.1%
Depreciation	1,284		1,250		△ 34	△2.6%
Net income per share	146.8yen		140.4yen		△6.4 yen	
ROE	6.5%		6.1%		—	—
Cash dividends per share	30.0yen		30.0yen		—	—

Changes in the Amount of Capital Investment

(million yen)

	End of March 2014	End of March 2015	End of March 2016	End of March 2017 (plan)
Cost of equipment	2,453	2,531	1,125	1,000
Main uses	<ul style="list-style-type: none"> Machinery of Fukui plant, etc. 480 Nishinohon Generator Mfg. 270 Vietnam Plant 440 Singapore 1,100 	<ul style="list-style-type: none"> Machinery of Fukui plant, etc. 440 Nishinohon Generator Mfg. 160 U.S. Plant 50 Vietnam Plant 1,630 Singapore 180 	<ul style="list-style-type: none"> Machinery of Fukui plant, etc. 430 Nishinohon Generator Mfg. 80 Vietnam Plant 100 Singapore 280 	<ul style="list-style-type: none"> Machinery of Fukui plant, etc. 500 Nishinohon Generator Mfg. 100 U.S. Plant 300 Others 100



Denyo Vietnam

Outlook for Sales by Product (Consolidated)

Overview

- Sales of generators are expected to increase by 1,406 million yen(3.7%).
- Sales of welders are anticipated to rise by 200 million yen (3.9%).
- Sales of compressors are forecast to be down 104 million yen (9.4%).

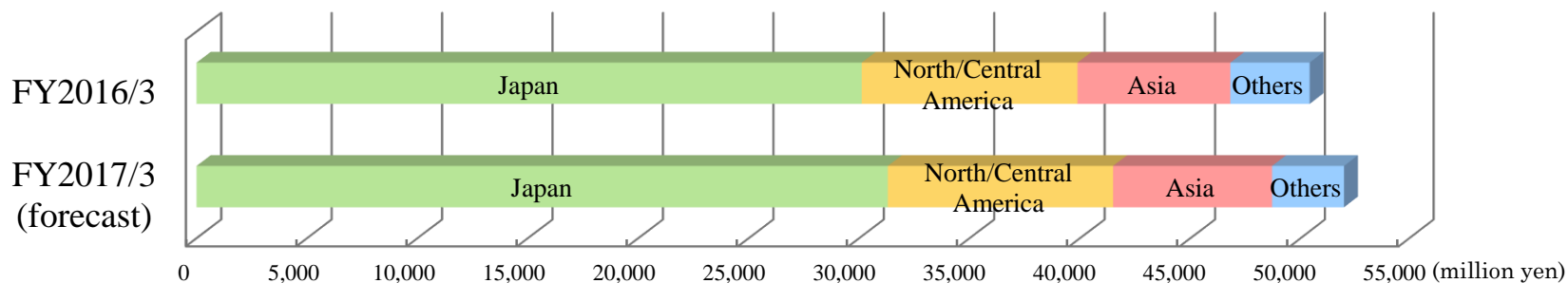
(million yen)

		FY2016/3		FY2017/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		50,419	100%	52,000	100%	1,581	3.1%
By products	Generators	38,294	76.0%	39,700	76.3%	1,406	3.7%
	Welders	5,100	10.1%	5,300	10.2%	200	3.9%
	Compressors	1,104	2.2%	1,000	1.9%	△104	△9.4%
	Others	5,919	11.7%	6,000	11.5%	81	1.4%

Outlook for Sales by Region (Consolidated)

(million yen)

		FY2016/3		FY2017/3 (forecast)		Change (YoY)	Rate of change(YoY)
Consolidated sales		50,419	100%	52,000	100%	1,581	3.1%
Domestic sales		30,115	59.7%	31,300	60.2%	1,185	3.9%
Overseas sales		20,304	40.3%	20,700	39.8%	396	2.0%
By region	North/Central America	9,776	19.4%	10,200	19.6%	424	4.3%
	Asia	6,921	13.7%	7,200	13.8%	279	4.0%
	Others	3,606	7.2%	3,300	6.3%	△306	△8.5%



Details of the Operating Income Forecast

Increase in operating income

- The operating income margin slightly increased from the previous fiscal year and the operating income is expected to increase by 203 million yen.

(million yen)

	FY2016/3	FY2017/3 (forecast)	Change (YoY)
Operating income	4,097	4,300	203
Operating income margin	8.1%	8.3%	0.2percentage points

	FY2016/3	FY2017/3 (forecast)	Change (YoY)
Gross profit margin	24.1%	24.0%	△0.1percentage point
Ratio of SG&A to sales	16.0%	15.8%	△0.2percentage point
Ratio of operating income to sales	8.1%	8.3%	0.2percentage point

- The gross profit margin are expected to be unchanged from the previous year.
- The ratio of SG&A to sales are expected to be improved slightly due to increase of sales.

Notes on Our Outlook

This material contains assumptions and outlooks for the future and forecasts based on plans as of August 4, 2016.

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.