



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



Overview of Results for the Third quarter of FY2017/3

(April 1, 2016 ~ December 31, 2016)

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

(million yen)

	Third quarter of FY2016/3		Third quarter of FY2017/3		Change (YoY)	Rate of change (YoY)
Net Sales	36,633	100%	35,224	100%	△1,409	△3.8%
Operating income	2,696	7.4%	2,653	7.5%	△43	△1.6%
Ordinary income	3,034	8.3%	2,890	8.2%	△144	△4.7%
Net income	2,093	5.7%	1,817	5.2%	△276	△13.2%
Capital investment	912	—	372	—	△540	△59.2%
Depreciation	937	—	896	—	△41	△4.4%
Net income per share	97.95 _{yen}	—	84.99 _{yen}	—	△12.96 _{yen}	△13.2%
ROE(%)	5.9	Annualized	4.9	Annualized	—	—

Sales Trends by Product (Consolidated)

(million yen)

		Third quarter of FY2016/3		Third quarter of FY2017/3		Change (YoY)	Rate of Change (YoY)
Net sales		36,633	100%	35,224	100%	△1,409	△3.8%
By product	Generators	27,703	75.6%	26,163	74.3%	△1,540	△5.6%
	Welders	3,955	10.8%	3,765	10.7%	△190	△4.8%
	Compressors	786	2.1%	1,052	3.0%	266	33.8%
	Others	4,187	11.4%	4,242	12.0%	55	1.3%

Engine Generators (Consolidated)

(million yen)

	Third quarter of FY2016/3	Third quarter of FY2017/3	Rate of change (YoY)
Generators	27,703	26,163	△5.6%

- In Japan, shipment to the major leasing and rental industry increased.
- Overseas, shipment to Asia and the Middle and Near East remain sluggish.

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

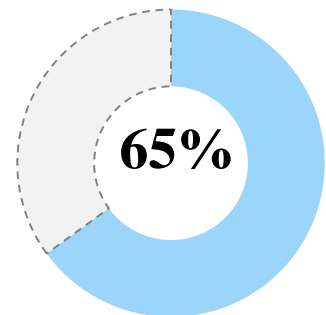
- Mobile-type generators
Power source on a construction site and for civil engineering work and disaster recovery/restoration, etc.
- Stand-by generating sets (stationary type)
Back-up power source such as disaster prevention equipment and offices, etc.
- Power-supply vehicles, power light, etc.



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 FY2016/3	Third quarter of FY2017/3	Rate of change (YoY)
Welders	3,955	3,765	△4.8%

- Shipment to Europe increased while the shipment to the domestic market decreased.

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.

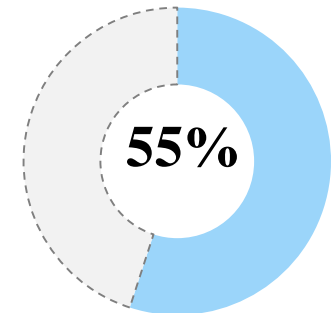
- Welding of steel construction for buildings, condominiums and bridges
- Welding of important structures such as petroleum storage tanks and pipelines



Engine welder



Battery welder



Domestic market share of
engine welders

*According to a Company survey

Engine Compressors (Consolidated)

(million yen)

	Third quarter of FY2016/3	Third quarter of FY2017/3	Rate of change (YoY)
Compressors	786	1,052	33.8%

- Shipment to the domestic market is unchanged from the previous year, shipment to America increased.

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

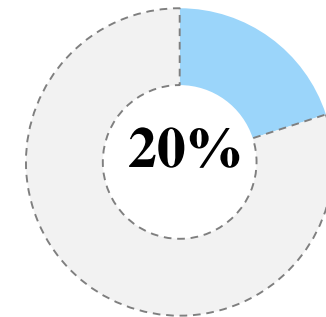
- Breaking-up of roads and ground improvement work of roads
- Mortar spraying work for preventing landslides of mountain roads
- For artificial snow machines on ski slopes, etc.



Engine compressor



Motor compressor



Domestic market share of
engine compressors

*According to a
Company survey

Others (Consolidated)

(million yen)

	Third quarter of FY2016/3	Third quarter of FY2017/3	Rate of change (YoY)
Others	4,187	4,242	1.3%

- Sales of self-propelled lifters and Parts, etc. are at the same level as the previous year.

Sales of other products

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



Self-propelled lifter

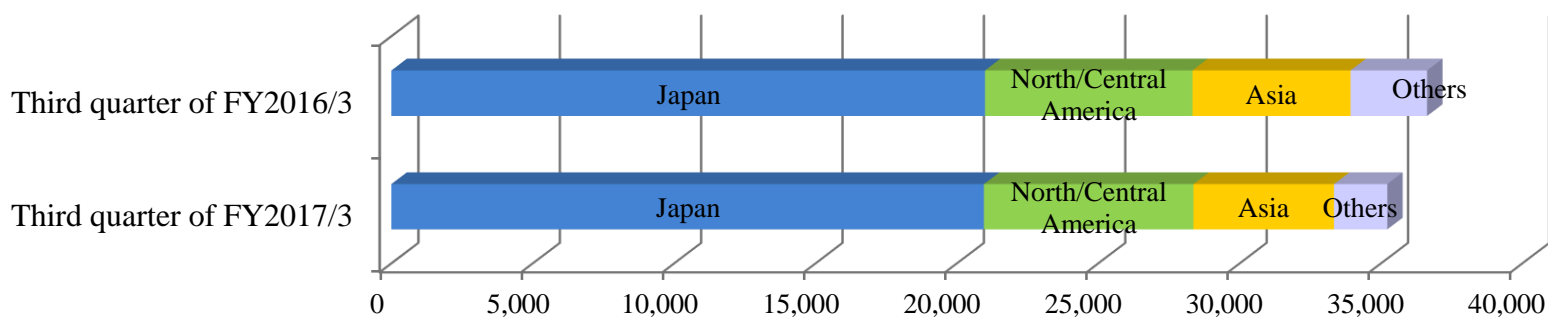


Load testing equipment

Sales Trend by Region (Consolidated)

(million yen)

		Third quarter of FY2016/3		Third quarter of FY2017/3		Change (YoY)	Rate of change (YoY)
Net sales		36,633	100%	35,224	100%	△1,409	△3.8%
Domestic sales		20,994	57.3%	20,958	59.5%	△36	△0.2%
Overseas sales		15,639	42.7%	14,266	40.5%	△1,373	△8.8%
By region	North/Central America	7,339	20.0%	7,408	21.0%	69	0.9%
	Asia	5,589	15.3%	4,973	14.1%	△616	△11.0%
	Others	2,709	7.4%	1,884	5.3%	△825	△30.5%



Factor Analysis of Changes in Operating Income (Consolidated)

Decrease in Operating income

- The operating income margin is slightly improved, but the operating income decreased due to the decline of net sales.

(million yen)

	Third quarter of FY2016/3	Third quarter of FY2017/3	Change(YoY)
Operating income	2,696	2,653	△43
Operating income margin	7.4%	7.5%	0.1 percentage point

	Third quarter of FY2016/3	Third quarter of FY2017/3	Rate of change (YoY)
Gross profit margin	23.8%	24.1%	0.3 percentage point
Ratio of SG&A to sales	16.5%	16.6%	0.1 percentage point
Ratio of operating income to sales	7.4%	7.5%	0.1 percentage point

- Gross profit margin is improved by an increase in the sales of the large-sized machine with relatively high profitability.
- Ratio of SG&A to sales increased due to an increase of the personnel expenses, etc.

Outlook for FY2017/3



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Outlook for FY2017/3 : Consolidated Income and Loss

Key points

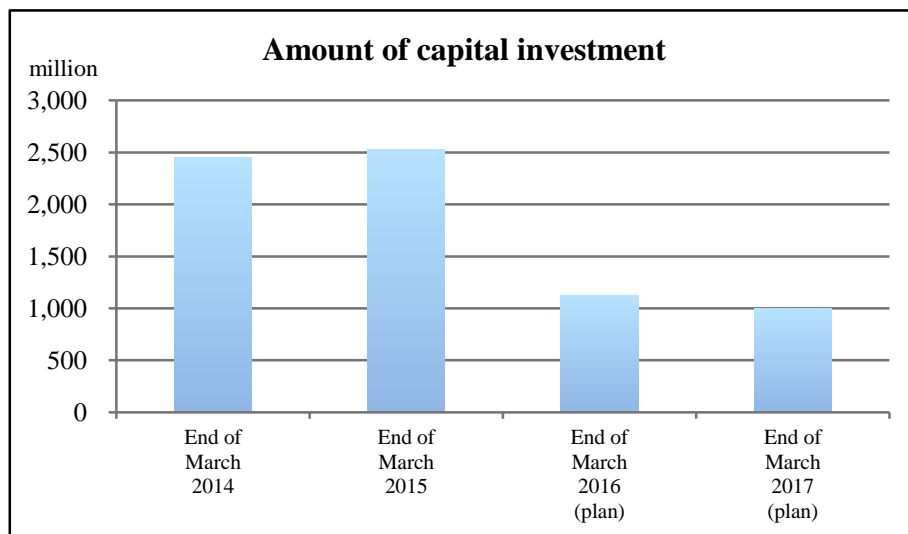
- Net sales are expected to be 50.5 billion yen.
- Assumed exchange rate is 105 yen/dollar.

	FY2016/3		FY2017/3(forecast)		Change(YoY)	Rate of Change(YoY)
	(million yen)					
Net sales	50,419	100%	50,500	100%	81	0.2%
Operating income	4,097	8.1%	4,100	8.1%	3	0.1%
Ordinary income	4,494	8.9%	4,500	8.9%	6	0.1%
Net income	3,137	6.2%	2,900	5.7%	△237	△7.6%
Capital investment	1,125	—	1,000	—	△125	△11.1%
Depreciation	1,284	—	1,250	—	△34	△2.6%
Net income per share	146.8 ^{yen}	—	135.7 ^{yen}	—	△11.1 ^{yen}	—
ROE(%)	6.5%	—	5.9%	*Equity is calculated by using the amount of money at the end of FY2016/3.		
Cash dividends per share	30.0 ^{yen}	—	30.0 ^{yen}	—	—	—

Changes in the Amount of Capital Investment (Consolidated)

(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 the 2nd factory

Outlook for Sales by Product (Consolidated)

Overview

- Sales of generators are expected to increase by 106 million yen (0.3 %).
- Sales of welders are anticipated to decline by 300 million yen (5.9%).
- Sales of compressors are forecasted to be up by 196 million yen (17.8%).

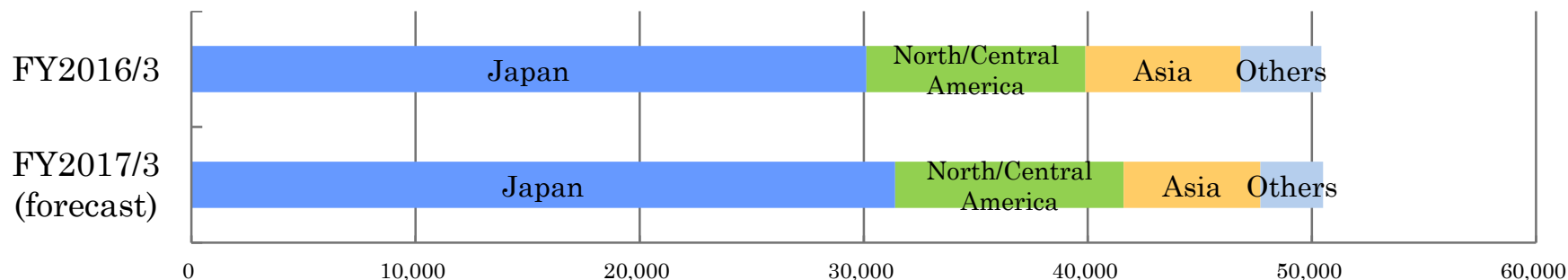
(million yen)

		FY2016/3		FY2017/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		50,419	100%	50,500	100%	81	0.2%
By products	Generators	38,294	76.0%	38,400	76.3%	106	0.3%
	Welders	5,100	10.1%	4,800	10.2%	△300	△5.9%
	Compressors	1,104	2.2%	1,300	1.9%	196	17.8%
	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%	50,500	100%	81	0.2%
Domestic sales		30,115	59.7%	31,400	62.2%	1,285	4.3%
Overseas sales		20,304	40.3%	19,100	37.8%	△1,204	△5.9%
By region	North/Central America	9,776	19.4%	10,200	20.2%	424	4.3%
	Asia	6,921	13.7%	6,100	12.1%	△821	△11.9%
	Others	3,606	7.2%	2,800	5.6%	△806	△22.4%



Details of the Operating Income Forecast (Consolidated)

Increase slightly in operating income

- The operating income and the operating income margin are almost unchanged from the previous year.

(million yen)

	FY2016/3	FY2017/3 (forecast)	Change (YoY)
Operating income	4,097	4,100	3
Operating income margin	8.1%	8.1%	±0 percentage points
	FY2016/3	FY2017/3 (forecast)	Change (YoY)
Gross profit margin	24.1%	24.6%	0.5 percentage point
Ratio of SG&A to sales	16.0%	16.4%	0.4 percentage point
Ratio of operating income to sales	8.1%	8.1%	±0 percentage point

- The gross profit margin is expected to be improved by the enhancement of production efficiency and an increase in sales of large-sized machine.
- The Ratio of SG&A to sales is expected to rise due to an increase of the personnel expenses.

Notes on Our Outlook

This material contains assumptions and outlooks for the future and forecasts based on plans as of February 9, 2017. 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.