



Briefing on Results for the First quarter of the
Fiscal Year ending March 31, 2018



Overview of Results for the First quarter of FY2018/3

(April 1, 2017 ~ June 30, 2017)

Highlights of Results for the First quarter of FY2018/3 (Consolidated)

(million yen)

	First quarter of FY2017/3		First quarter of FY2018/3		Change (YoY)	Rate of change (YoY)
Net sales	10,606	100%	10,575	100%	△31	△0.3%
Operating income	584	5.5%	369	3.5%	△215	△36.9%
Ordinary income	652	6.1%	411	3.9%	△241	△37.0%
Profit attributable to owners of parent	398	3.8%	211	2.0%	△187	△47.0%
Capital investment	138	—	183	—	45	32.6%
Depreciation	305	—	290	—	△15	△4.9%
Net income per share	18.62 ^{yen}	—	9.94 ^{yen}	—	△8.68 ^{yen}	△46.6%

Sales Trends by Product (Consolidated)

(million yen)

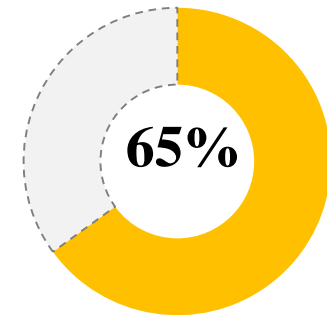
		First quarter of FY2017/3		First quarter of FY2018/3		Change (YoY)	Rate of change (YoY)
Net sales		10,606	100%	10,575	100%	△31	△0.3%
By product	Generators	7,776	73.3%	7,937	75.1%	161	2.1%
	Welders	1,077	10.2%	1,113	10.5%	36	3.3%
	Compressors	393	3.7%	232	2.2%	△161	△41.0%
	Others	1,360	12.8%	1,291	12.2%	△69	△5.1%

Engine Generators (Consolidated)

(million yen)

	First quarter of FY2017/3	First quarter of FY2018/3	Rate of change (YoY)
Generators	7,776	7,937	2.1%

- In Japan, shipment of the large-sized machine decreased slightly and shipment of the emergency generator increased.
- Overseas, shipment to America and Asia remain robust.



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

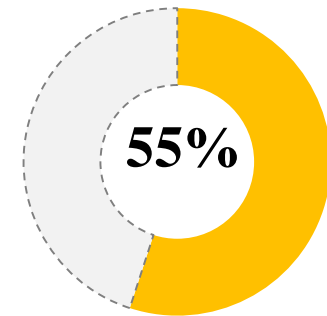
- Mobile-type generators
 - Power source on a construction site and for civil engineering work and disaster recovery/restoration, etc.
- Stand-by generating sets (stationary type)
 - Back-up power source such as disaster prevention equipment and offices, etc.
- Power-supply vehicles, etc.

Engine Welders (Consolidated)

(million yen)

	First quarter of FY2017/3	First quarter of FY2018/3	Rate of change (YoY)
Welders	1,077	1,113	3.3%

- In Japan, the shipment decreased slightly.
- Overseas, shipment to America and Europe increased.



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.

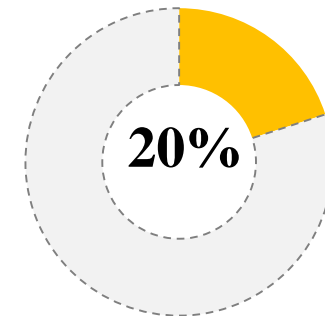
- Welding of steel construction for buildings, condominiums and bridges.
- Welding of important structures such as petroleum storage tanks and pipelines.

Engine Compressors (Consolidated)

(million yen)

	First quarter of FY2017/3	First quarter of FY2018/3	Rate of change (YoY)
Compressors	393	232	△41.0%

- In Japan, shipment is mostly unchanged from previous year.
- Overseas, shipment to America decreased.



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 FY2017/3	First quarter of FY2018/3	Rate of change (YoY)
Others	1,360	1,291	△5.1%

- In Japan, shipment is mostly unchanged from the previous year.
- Overseas, shipment of the parts decreased slightly.

Sales of other products

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



Self-propelled lifter

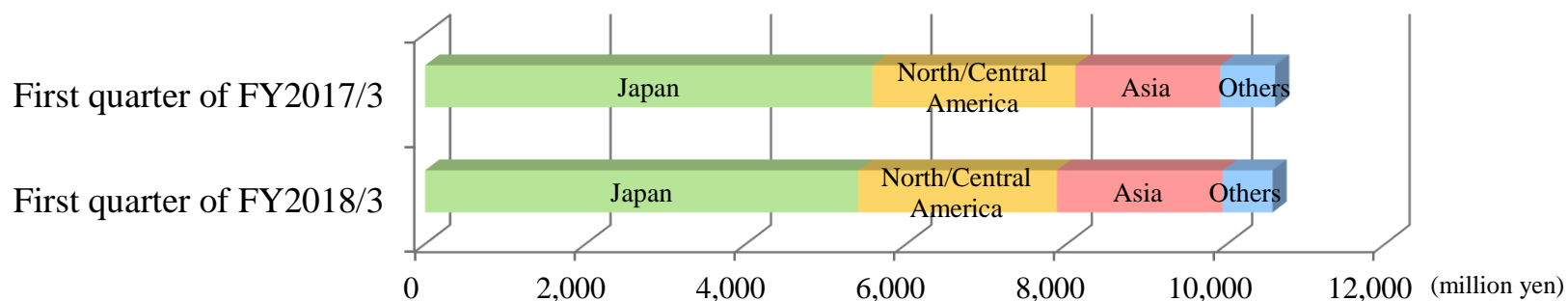


Load testing equipment

Sales Trends by Region (Consolidated)

(million yen)

		First quarter of FY2017/3		First quarter of FY2018/3		Change (YoY)	Rate of change (YoY)
Net sales		10,606	100%	10,575	100%	△31	△0.3%
Domestic sales		5,575	52.6%	5,403	51.1%	△172	△3.1%
Overseas sales		5,031	47.4%	5,171	48.9%	140	△2.8%
By region	North/Central America	2,533	23.9%	2,475	23.4%	△58	△2.3%
	Asia	1,805	17.0%	2,067	19.5%	262	14.5%
	Others	692	6.5%	628	5.9%	△64	△9.2%



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 FY2017/3	First quarter of FY2018/3	Change(YoY)
Operating income	584	369	△215
Operating income margin	5.5%	3.5%	△2.0ポイント

	First quarter of FY2017/3	First quarter of FY2018/3	Rate of change (YoY)
Gross profit margin	24.0%	22.4%	△1.6percentage point
Ratio of SG&A to sales	18.5%	19.0%	0.5percentage point
Ratio of operating income to sales	5.5%	3.5%	△2.0percentage point

- Gross profit margin decreased mostly due to the deterioration in the Asia region.
- Ratio of SG&A to sales increased slightly due to an increase of personnel expenses,etc.

Outlook for FY2018/3

Outlook for FY2018/3: Consolidated Income and Loss

Key points

- Net sales are expected to be 52.0 billion yen.
- Assumed exchange rate is 105 yen/dollar.

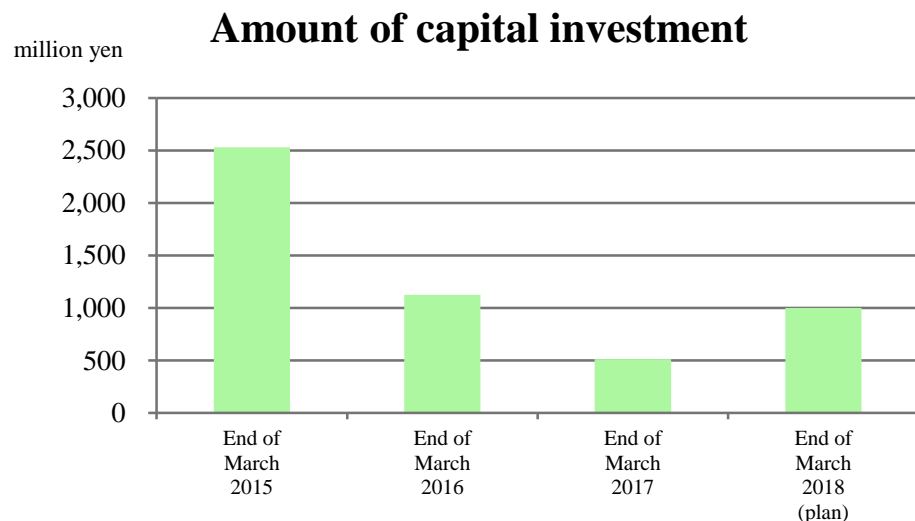
(million yen)

	FY2017/3		FY2018/3 (forecast)		Change (YoY)	Rate of change(YoY)
Net sales	48,851	100%	52,000	100%	3,149	6.4%
Operating income	4,247	8.7%	4,600	8.8%	353	8.3%
Ordinary income	4,526	9.3%	5,000	9.6%	474	10.5%
Profit attributable to owners of parent	2,867	5.9%	3,150	6.1%	283	9.9%
Capital investment	511		1,000		489	95.7%
Depreciation	1,211		1,200		△11	△0.9%
Net income per share	134.2yen		148.3yen		14.1yen	
ROE	5.7%		6.2%		*Equity is calculated by using the amount of money at the end of FY2017/3.	
Cash dividends per share	30.0yen		30.0yen		—	—

Changes in the Amount of Capital Investment

(million yen)

	End of March 2015	End of March 2016	End of March 2017	End of March 2018 (plan)
Cost of equipment	2,531	1,125	511	1,000
Main uses	<ul style="list-style-type: none"> • Machinery of Fukui plant, etc. 440 • Nishinihon 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 • Nishinihon Generator Mfg. 80 • Vietnam Plant 100 • Singapore 280 	<ul style="list-style-type: none"> • Machinery of Fukui plant, etc. 100 • Nishinihon Generator Mfg. 50 • U.S. Plant 250 • Vietnam Plant 20 	<ul style="list-style-type: none"> • Machinery of Fukui plant, etc. 600 • Nishinihon Generator Mfg. 70 • U.S. Plant 200 • Vietnam Plant 100 • Others 30



Denyo Manufacturing Corporation

Outlook for Sales by Product (Consolidated)

Overview

- Sales of generators are expected to increase by 2,143 million yen (5.8%).
- Sales of welders are anticipated to rise by 568 million yen (11.8%).
- Sales of compressors are forecasted to grow up by 60 million yen (4.2%).

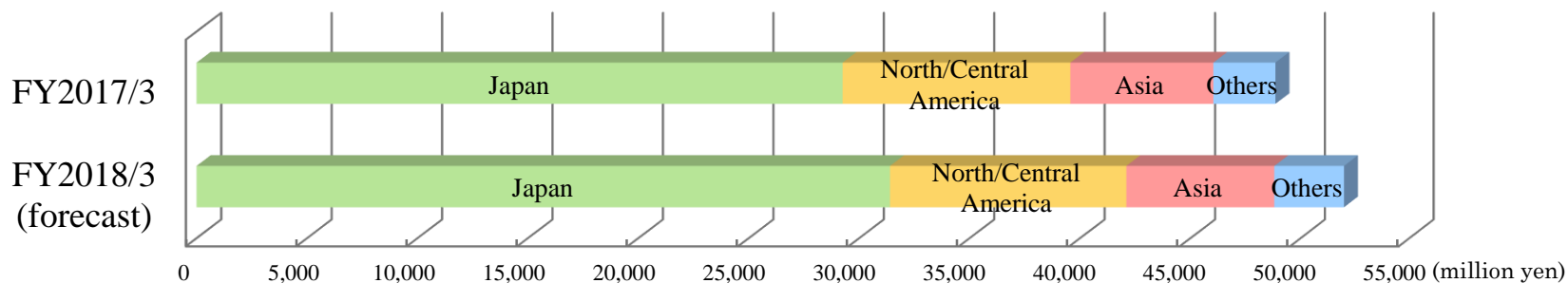
(million yen)

		FY2017/3		FY2018/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		48,851	100%	52,000	100%	3,149	6.4%
By products	Generators	36,857	75.4%	39,000	75.0%	2,143	5.8%
	Welders	4,832	9.9%	5,400	10.4%	568	11.8%
	Compressors	1,440	2.9%	1,500	2.9%	60	4.2%
	Others	5,720	11.7%	6,100	11.7%	380	6.6%

Outlook for Sales by Region (Consolidated)

(million yen)

		FY2017/3		FY2018/3 (forecast)		Change (YoY)	Rate of change(YoY)
Consolidated sales		48,851	100%	52,000	100%	3,149	6.4%
Domestic sales		29,252	59.9%	31,400	60.4%	2,148	7.3%
Overseas sales		19,599	40.1%	20,600	39.6%	1,001	5.1%
By region	North/Central America	10,310	21.1%	10,700	20.6%	390	3.8%
	Asia	6,479	13.3%	6,700	12.9%	221	3.4%
	Others	2,808	5.7%	3,200	6.2%	392	14.0%



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 353 million yen.

(million yen)

	FY2017/3	FY2018/3 (forecast)	Change (YoY)
Operating income	4,247	4,600	353
Operating income margin	8.7%	8.8%	0.1percentage points

	FY2017/3	FY2018/3 (forecast)	Change (YoY)
Gross profit margin	24.5%	25.0%	0.5percentage point
Ratio of SG&A to sales	15.8%	16.2%	0.4percentage point
Ratio of operating income to sales	8.7%	8.8%	0.1percentage point

- The gross profit margin are expected to be improved by an increase in the profitable product and the improvement of production efficiency.
- The ratio of SG&A to sales are expected to be worsen due to an increase of personnel expenses and shipping cost, etc.

Notes on Our Outlook

This material contains assumptions and outlooks for the future and forecasts based on plans as of August 8, 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.