



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



# Overview of Results for the Third quarter of FY2018/3

**(April 1, 2017 ~ December 31, 2017)**

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

(million yen)

	Third quarter of FY2017/3		Third quarter of FY2018/3		Change (YoY)	Rate of change (YoY)
Net Sales	35,224	100%	36,198	100%	974	2.8%
Operating income	2,653	7.5%	2,678	7.4%	25	0.9%
Ordinary income	2,890	8.2%	2,852	7.9%	△38	△1.3%
Profit attributable to owners of parent	1,817	5.2%	1,816	5.0%	△1	△0.0%
Capital investment	372	—	585	—	213	57.3%
Depreciation	896	—	892	—	△4	△0.4%
Net income per share	84.99 <sub>yen</sub>	—	85.51 <sub>yen</sub>	—	0.52 <sub>yen</sub>	0.6%
ROE(%)	4.9	Annualized	4.7	Annualized	—	—

## Sales Trends by Product (Consolidated)

(million yen)

		Third quarter of FY2017/3		Third quarter of FY2018/3		Change (YoY)	Rate of Change (YoY)
Net sales		35,224	100%	36,198	100%	974	2.8%
By product	Generators	26,163	74.3%	27,577	76.2%	1,414	5.4%
	Welders	3,765	10.7%	3,775	10.4%	10	0.3%
	Compressors	1,052	3.0%	737	2.0%	△315	△29.9%
	Others	4,242	12.0%	4,108	11.3%	△134	△3.2%

## Engine Generators (Consolidated)

(million yen)

	Third quarter of FY2017/3	Third quarter of FY2018/3	Rate of change (YoY)
Generators	26,163	27,577	5.4%

- In Japan, shipment to the major rental industry mainly increased.
- Overseas, shipment to Asia decreased.

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

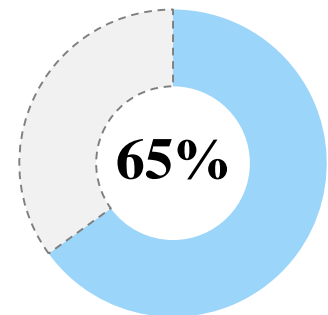
- Mobile-type generators  
Power source on a construction site and for civil engineering work and disaster recovery/restoration, etc.
- Stand-by generating sets (stationary type)  
Back-up power source such as disaster prevention equipment and offices, etc.
- Power-supply vehicles, power light, etc.



Silent generator “Mālie”



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 FY2017/3	Third quarter of FY2018/3	Rate of change (YoY)
Welders	3,765	3,775	0.3%

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

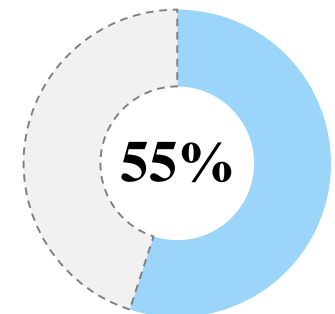
- Welding of steel construction for buildings, condominiums and bridges
- Welding of important structures such as petroleum storage tanks and pipelines



Engine welder



Battery welder



Domestic market share of  
engine welders

\*According to a Company survey

## Engine Compressors (Consolidated)

(million yen)

	Third quarter of FY2017/3	Third quarter of FY2018/3	Rate of change (YoY)
Compressors	1,052	737	△29.9%

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

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

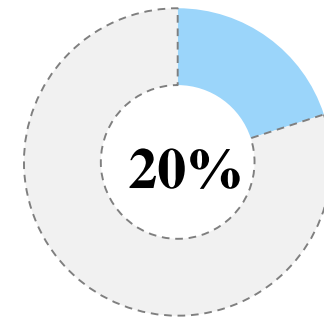
- Breaking-up of roads and ground improvement work of roads
- Mortar spraying work for preventing landslides of mountain roads
- For artificial snow machines on ski slopes, etc.



Engine compressor



Motor compressor



Domestic market share of  
engine compressors

\*According to a Company survey

## Others (Consolidated)

(million yen)

	Third quarter of FY2017/3	Third quarter of FY2018/3	Rate of change (YoY)
Others	4,242	4,108	△3.2%

- Sales of self-propelled lifters and Repair sales, etc. decreased.

## Sales of other products

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



Self-propelled lifter



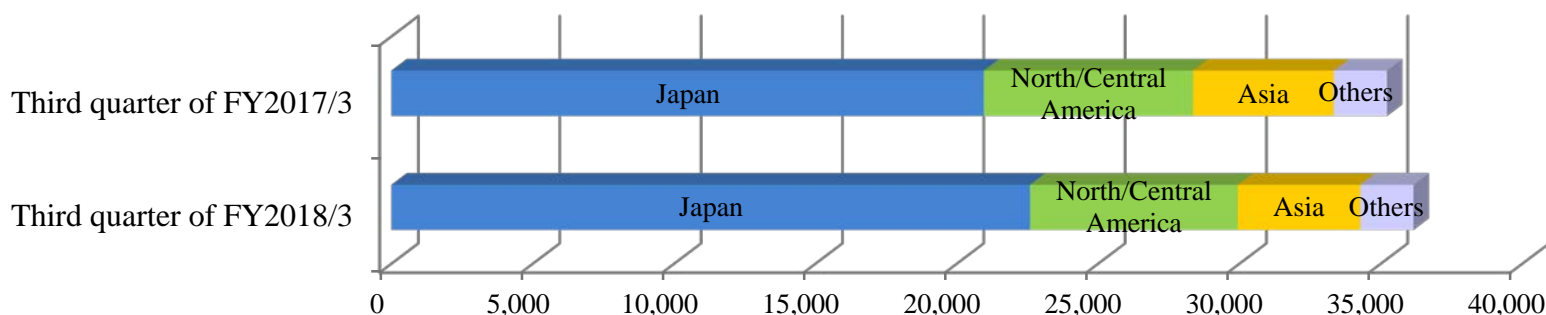
Load testing equipment



## Sales Trend by Region (Consolidated)

(million yen)

		Third quarter of FY2017/3		Third quarter of FY2018/3		Change (YoY)	Rate of change (YoY)
Net sales		35,224	100%	36,198	100%	974	2.8%
Domestic sales		20,958	59.5%	22,593	62.4%	1,635	7.8%
Overseas sales		14,266	40.5%	13,605	37.6%	△661	△4.6%
By region	North/Central America	7,408	21.0%	7,351	20.3%	△57	△0.8%
	Asia	4,973	14.1%	4,331	12.0%	△642	△12.9%
	Others	1,884	5.3%	1,922	5.3%	38	2.0%



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

### Increase in Operating income

- The operating income margin is slightly worsened, but the operating income increased by the increase of net sales.

(million yen)

	Third quarter of FY2017/3	Third quarter of FY2018/3	Change(YoY)
Operating income	2,653	2,678	25
Operating income margin	7.5%	7.4%	△0.1 percentage point
	Third quarter of FY2017/3	Third quarter of FY2018/3	Rate of change (YoY)
Gross profit margin	24.1%	24.3%	0.2 percentage point
Ratio of SG&A to sales	16.6%	16.9%	0.3 percentage point
Ratio of operating income to sales	7.5%	7.4%	△0.1 percentage point

- Gross profit margin is improved by an increase in the sales of the engine generators with relatively high profitability.
- Ratio of SG&A to sales increased due to an increase of the office expense, etc.

# Outlook for FY2018/3

## Outlook for FY2018/3 : Consolidated Income and Loss

### Key points

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

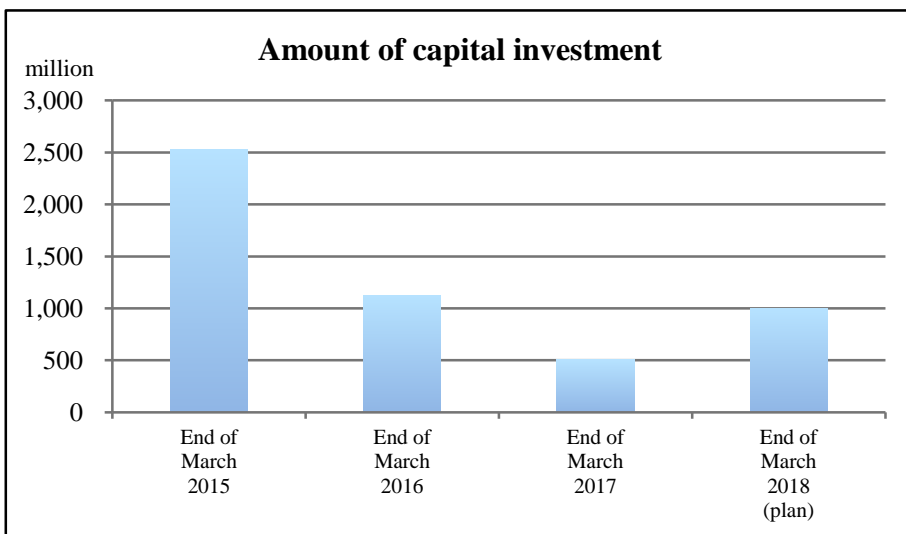
(million yen)

	FY2017/3		FY2018/3(forecast)		Change(YoY)	Rate of Change(YoY)
Net sales	48,851	100%	50,500	100%	1,649	3.4%
Operating income	4,247	8.7%	4,000	7.9%	△247	△5.8%
Ordinary income	4,526	9.3%	4,200	8.3%	△326	△7.2%
Profit attributable to owners of parent	2,867	5.9%	2,600	5.1%	△267	△9.3%
Capital investment	511	—	1,000	—	489	95.7%
Depreciation	1,211	—	1,200	—	△11	△0.9%
Net income per share	134.2 <sup>yen</sup>	—	122.4 <sup>yen</sup>	—	△11.8 <sup>yen</sup>	—
ROE	5.7%	—	5.1%	*Equity is calculated by using the amount of money at the end of FY2017/3.		
Cash dividends per share	30.0 <sup>yen</sup>	—	30.0 <sup>yen</sup>	—	—	—

# Changes in the Amount of Capital Investment (Consolidated)

(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"> <li>• Machinery of Fukui plant, etc. 440</li> <li>• Nishinohon Generator Mfg. 160</li> <li>• U.S. Plant 50</li> <li>• Vietnam Plant 1,630</li> <li>• Singapore 180</li> </ul>	<ul style="list-style-type: none"> <li>• Machinery of Fukui plant, etc. 430</li> <li>• Nishinohon Generator Mfg. 80</li> <li>• Vietnam Plant 100</li> <li>• Singapore 280</li> </ul>	<ul style="list-style-type: none"> <li>• Machinery of Fukui plant, etc. 100</li> <li>• Nishinohon Generator Mfg. 50</li> <li>• U.S. Plant 250</li> <li>• Vietnam Plant 20</li> </ul>	<ul style="list-style-type: none"> <li>• Machinery of Fukui plant, etc. 350</li> <li>• Nishinohon Generator Mfg. 70</li> <li>• U.S. Plant 450</li> <li>• Vietnam Plant 20</li> </ul>



Denyo Vietnam the 2<sup>nd</sup> factory

## Outlook for Sales by Product (Consolidated)

### Overview

- Sales of generators are expected to increase by 1,943 million yen (5.3 %).
- Sales of welders are anticipated to increase by 418 million yen (8.7%).
- Sales of compressors are forecasted to be down by 290 million yen (20.1%).

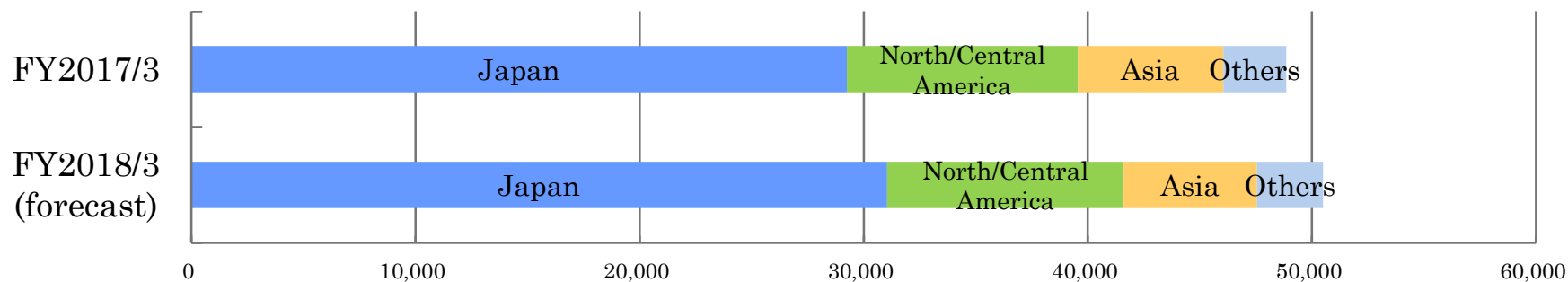
(million yen)

		FY2017/3		FY2018/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		48,851	100%	50,500	100%	1,649	3.4%
By products	Generators	36,857	75.4%	38,800	76.8%	1,943	5.3%
	Welders	4,832	9.9%	5,250	10.4%	418	8.7%
	Compressors	1,440	2.9%	1,150	2.3%	△290	△20.1%
	Others	5,720	11.7%	5,300	10.5%	△420	△7.3%

## Outlook for Sales by Region (Consolidated)

(million yen)

		FY2017/3		FY2018/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		48,851	100%	50,500	100%	1,649	3.4%
Domestic sales		29,252	59.9%	31,050	61.5%	1,798	6.1%
Overseas sales		19,599	40.1%	19,450	38.5%	△149	△0.8%
By region	North/Central America	10,310	21.1%	10,550	20.9%	240	2.3%
	Asia	6,479	13.3%	5,950	11.8%	△529	△8.2%
	Others	2,808	5.7%	2,950	5.8%	142	5.1%



## Details of the Operating Income Forecast (Consolidated)

Decrease in  
operating income

- The operating income is expected to decrease by 247 million yen.

(million yen)

	FY2017/3	FY2018/3 (forecast)	Change (YoY)
Operating income	4,247	4,000	△247
Operating income margin	8.7%	7.9%	△0.8 percentage point

	FY2017/3	FY2018/3 (forecast)	Change (YoY)
Gross profit margin	24.5%	24.1%	△0.4 percentage point
Ratio of SG&A to sales	15.8%	16.2%	0.4 percentage point
Ratio of operating income to sales	8.7%	7.9%	△0.8 percentage point

- The gross profit margin is expected to be worsen due to the shipment of large-sized machine to overseas market decreased.
- The ratio of SG&A to sales is expected to rise due to an increase of the personnel expenses, etc.



## Notes on Our Outlook

This material contains assumptions and outlooks for the future and forecasts based on plans as of February 8, 2018. 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.