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Company name:	Denyo Co., Ltd.			May 10, 2018
Stock exchange listing:	Tokyo			
Stock code:	6517			
Representative:	President	Shoichi Shiratori		
Inquiries	Senior Executive Officer	Toshiya Tozawa	TEL +81-3-6861-1111	

Notice Regarding Formulating Medium-term Management Plan

Denyo group, has formulated a three-year medium-term management plan “Denyo 2020”, covering from the fiscal year ending March 31, 2019 to the fiscal year ending March 31,2021, and announced the plan here.

Overview of the Medium-term Management Plan

1. Business Objectives

Consolidated Net Sales	58 billion yen
Ordinary Income Margin	11%
ROE	7%

2. Basic Policy

Establish a profit structure that is resistant to changes in the environment, by increasing the ratios of non construction-related products as well as products for overseas markets, while firmly maintaining our position as the leading provider of high-quality power sources in the construction-related sector.

3. Business Strategies

(1) Strategies in the Domestic Market

- ① Maintain market share by reliably promoting a review of the sales structure and development of new products based on customer needs.
- ② Aim to increase market share of the stationary generators by reviewing the Group’s sales system through closer cooperation with Nishinohon Generator Mfg. Co., Ltd. and enhancing sales activities based on comprehensive proposals.

(2) Strategies in Overseas Markets

- ① Be proactive in Asia, including the rental market which is expected to expand in the future. Step up activities for strengthening sales and service capabilities in regions including Asia and elsewhere (such as Europe and the Middle and Near East, etc.). Strengthen cooperation with local distributor in the America.
- ② Confirm the specifications demanded in each target market and establish a system for producing and selling stationary generators in Asia and the Middle and Near East.
- ③ For welding machines, enhance the lineup of products that each target market demands and focus efforts on developing highly maintainable products.

(3) Reinforcing the Operating Foundations

- ① Identify market needs accurately and develop competitive products promptly. Step up measures for stationary generators in Japan and other countries.
- ② Further promote production in optimal locations to supply high-quality products, reduce cost, and ensure quicker delivery.
- ③ Further enhance the training system with a special emphasis on developing globally competitive human resources.

End of Text

Denyo Medium-term Management Plan

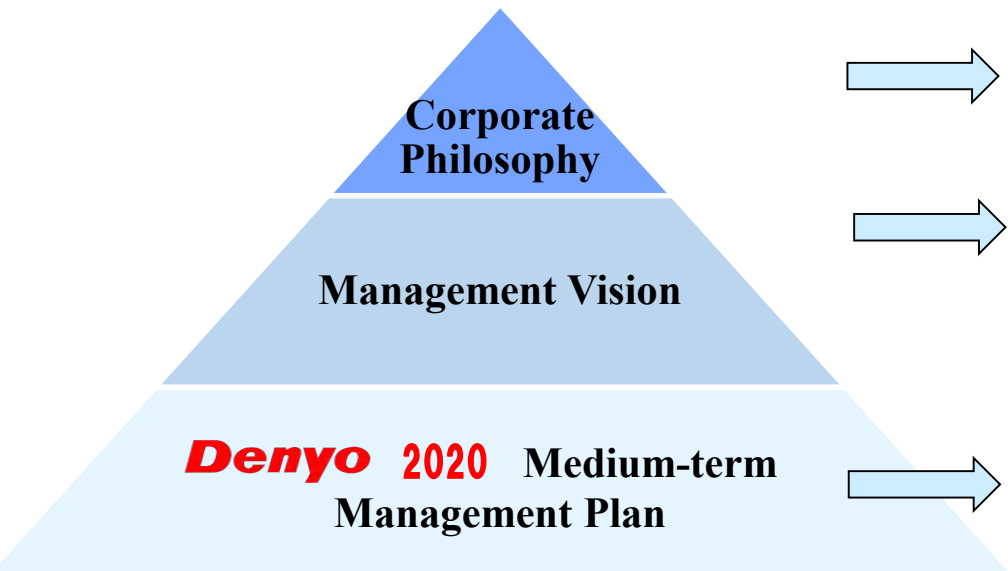
FY2019/3~FY2021/3

『*Denyo* 2020』

~Power Source for the Next Stage~

2018.5.10

Overview of the Medium-term Management Plan



Contribute to enriching society by providing safe, secure power sources based on “Benefits for Three Parties” (which expresses our aim to see the user (customer), the seller (dealership), and the manufacturer (Denyo) prosper together).

Aim to be the global No1 brand of high-quality power sources with creativity and constant technological innovations.

Priority Strategies:
Strategies in the domestic market

- Focus efforts on mobile-type generators by reviewing the sales structure and developing new products.
- Increase the market share of stationary generators by strengthening cooperation with Group companies.

Strategies in overseas market

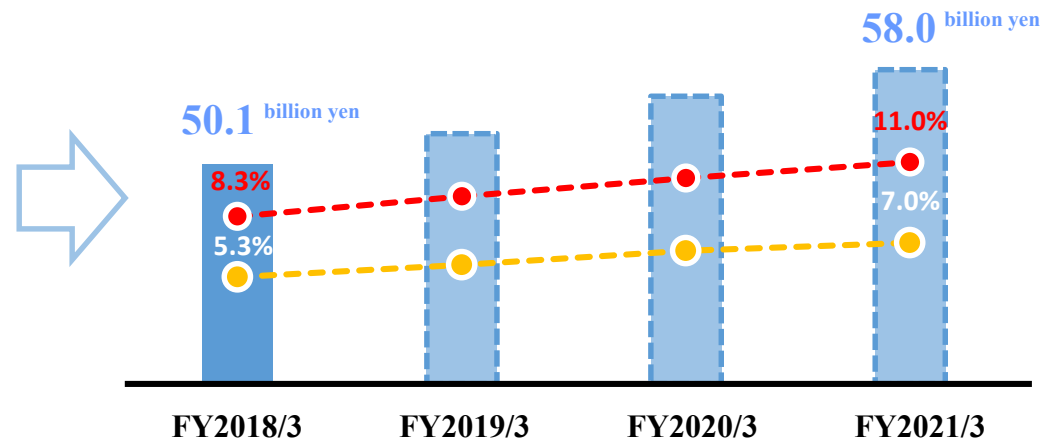
- Strengthen marketing and establish a system for producing and selling the stationary generators that each target market demands.

Reinforcing the operating foundations

- Be quick in developing products that meet market needs.
- Supply higher-quality products through production in optimal locations.
- Focus efforts on developing globally competitive human resources.

Business Objectives

	FY2018/3 (Results)	FY2021/3 (Target)	Change·Rate of Change
Consolidated Net sales	50.1 billion yen	58.0 billion yen	+7.9 billion yen
Ordinary income margin	8.3%	11.0%	+2.7%
ROE	5.3%	7.0%	+1.7%



Aim for consolidated net sales: 58 billion yen, ordinary income: 6.4 billion yen(ordinary income margin: 11%) for the FY2021/3 through sustainable growth.

Business Strategies

Basic Policy

Establish a profit structure that is resistant to changes in the environment, by increasing the ratios of non construction-related products as well as products for overseas markets, while firmly maintaining our position as the leading provider of high-quality power sources in the construction-related sector.

Strategies in the Domestic Market

Construction-related sector (engine-driven Generators, Welders, Compressors, Self-propelled lifter, etc.)

- Maintain market share by reliably promoting a review of the sales structure and development of new products based on customer needs.



Silent Generator “Mālie” DCA-25MZ

The Japanese industry’s most silent generator ※



※2017.7 according to the company survey



Construction work in the Tokyo Metropolitan Area

Non construction-related sector (General-use Stand-by Generating sets, Power-Supply Vehicles, etc.)

- Aim to increase market share by reviewing the Group’s sales system through closer cooperation with Nishinihon Generator Mfg. Co., Ltd. and enhancing sales activities based on comprehensive proposals.



LP Gas general-use Generating Set LLG-35US

LP gas-fueled, in-house generator for general-use

The Japanese industry’s first certified product!!!



In-house generators installed in hotels for use in the event of disaster

Business Strategies

Strategies in Overseas Markets

Overseas sector

(engine-driven Generators, Welders, Compressors, etc.)

- Be proactive in Asia, including the rental market which is expected to expand in the future. Step up activities for strengthening sales and service capabilities in regions including Asia and elsewhere (such as Europe and the Middle and Near East, etc.). Strengthen cooperation with local distributor in the America.
- Confirm the specifications demanded in each target market and establish a system for producing and selling stationary generators in Asia and the Middle and Near East.
- For welding machines, enhance the lineup of products that each target market demands and focus efforts on developing highly maintainable products.



Slim-type diesel engine welder DLW-300LSW2

slimmer dimensions
&
higher performance
Evolution!

Overseas sales subsidiaries



Sales subsidiary in Singapore: DUM



Sales subsidiary in Netherland: DEB

Reinforcing the Operating Foundations

- Identify market needs accurately and develop competitive products promptly. Step up measures for stationary generators in Japan and other countries.
- Further promote production in optimal locations to supply high-quality products, reduce cost, and ensure quicker delivery.
- Further enhance the training system with a special emphasis on developing globally competitive human resources.

Development



Future Visions

Develop market-leading products as the pioneer of high-quality power sources.

Production



Future Visions

Build a globally competitive production system.

Human Resource Development



Future Visions

Secure and foster excellent human resources.

Sales Plan (Consolidated)

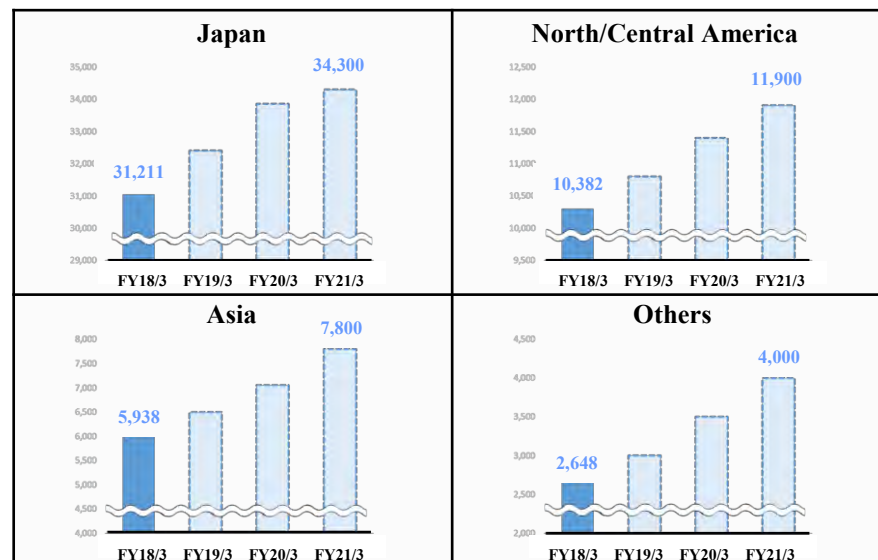
Sales by Region

(million yen)

	FY2018/3 (Result)	FY2021/3 (Target)	Change	Rate of Change
Domestic Sales	31,211	34,300	+3,089	+9.9%
North/Central America	10,382	11,900	+1,518	+14.6%
Asia	5,938	7,800	+1,862	+31.4%
※ Others	2,648	4,000	+1,352	+51.1%
Total	50,182	58,000	+7,818	+15.6%

※Others: Europe, Middle and Near East, Russia, etc.

Expand sales of stationary generators in Japan by working together with Group companies. Aim to expand businesses overseas by developing the products that each target market demands.



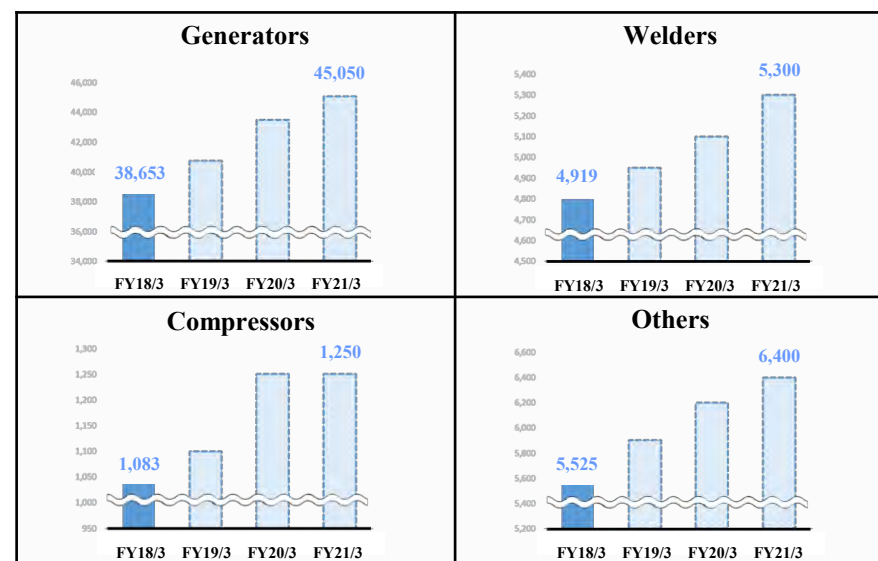
Sales by Product

(million yen)

	FY2018/3 (Result)	FY2021/3 (Target)	Change	Rate of Change
Generators	38,653	45,050	+6,397	+16.5%
Welders	4,919	5,300	+381	+7.7%
Compressors	1,083	1,250	+167	+15.4%
※ Others	5,525	6,400	+875	+15.8%
Total	50,182	58,000	+7,818	+15.6%

※Others: Parts, Self-propelled lifter, etc.

Pursue aggressive sales activities in the domestic and overseas markets by launching new products that each market demands, with a focus on generators as our mainstay products.



Capital Investment Plan

Make capital investments aimed at improving product quality and production efficiency	
Domestic production sites	Total amount: 3.7 billion yen
Fukui Plant, Shiga Sub-Plant, Nishinihon Generator Mfg (Saga prefecture)	
Overseas production sites	Total amount: 1.8 billion yen
America Plant, Vietnam Plant, Indonesia Plant	
Total	Sum amount: 5.5 billion yen



Fukui Plant



Nishinihon Generator Mfg



America Plant

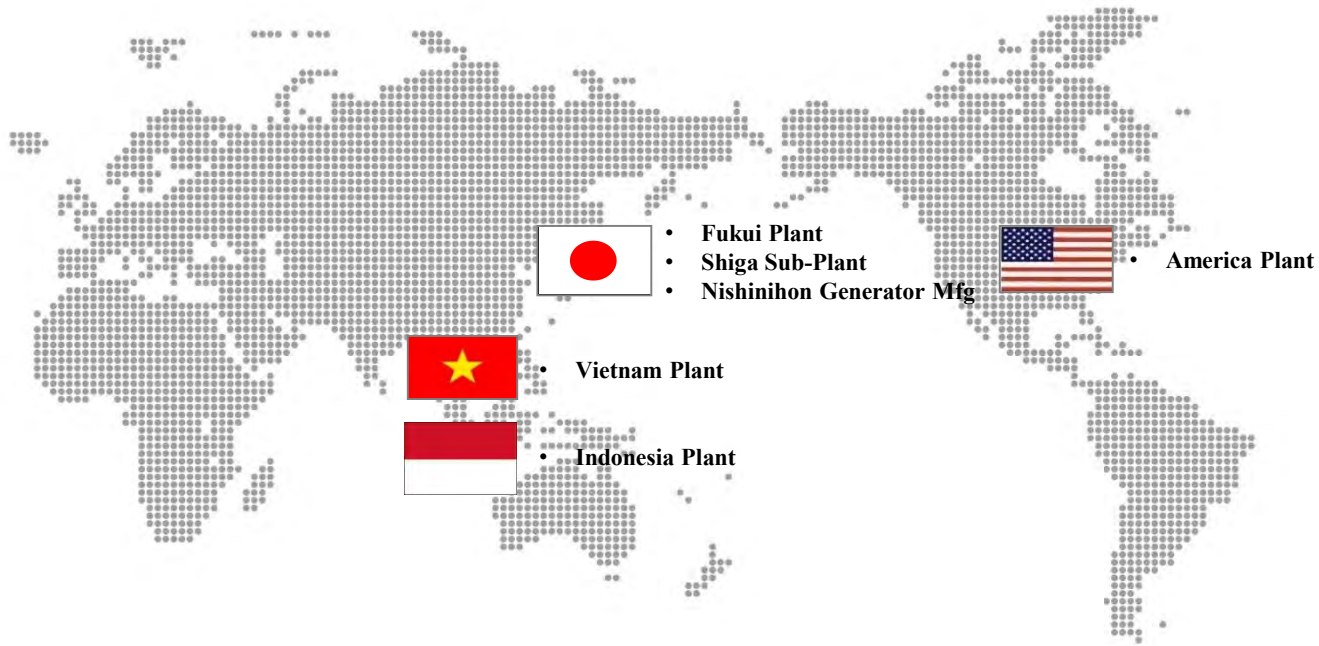


Vietnam Plant



Indonesia Plant

Production Sites:



Notes on Our Outlook

This material contains assumptions and outlooks for the future and forecasts based on plans as May 10, 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.