

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2018 (Based on Japanese GAAP)



February 14, 2019

Company name: Denyo Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6517 URL: <http://www.denyo.co.jp/>
 Representative: President Shoichi Shiratori
 Inquiries: Director & Senior Executive Officer Toshiya Tozawa TEL 03-6861-1111
 Scheduled date to file Quarterly Securities Report: February 14, 2019
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2018	39,982	10.5	2,651	(1.0)	2,945	3.3	1,947	7.2
Nine months ended December 31, 2017	36,198	2.8	2,678	0.9	2,852	(1.3)	1,816	(0.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2018	91.88		–	
Nine months ended December 31, 2017	85.51		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2018	72,450	55,385	73.5
As of March 31, 2018	72,210	56,132	74.9

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2018	–	15.00	–	25.00	40.00
Year ending March 31, 2019	–	20.00	–		
Year ending March 31, 2019 (Forecast)				20.00	40.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	52,700	5.0	4,600	17.9	4,900	17.0	3,200	15.9	150.64

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - Changes in accounting policies due to other reasons: No
 - Changes in accounting estimates: No
 - Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2018	22,859,660 shares	As of March 31, 2018	22,859,660 shares
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Number of treasury shares at the end of the period

As of December 31, 2018	1,906,463 shares	As of March 31, 2018	1,617,052 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2018	21,195,433 shares	Nine months ended December 31, 2017	21,240,231 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	13,870	14,867
Notes and accounts receivable - trade	21,479	20,352
Securities	999	999
Merchandise and finished goods	5,254	4,534
Work in process	1,184	1,559
Raw materials and supplies	3,312	5,564
Other	242	389
Allowance for doubtful accounts	(6)	(5)
Total current assets	46,337	48,263
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,121	6,871
Machinery, equipment and vehicles, net	1,789	1,752
Land	4,841	4,836
Construction in progress	197	653
Other, net	196	176
Total property, plant and equipment	14,147	14,289
Intangible assets	471	389
Investments and other assets		
Investment securities	10,822	9,155
Other	436	356
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	11,253	9,507
Total non-current assets	25,872	24,186
Total assets	72,210	72,450

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,554	11,344
Short-term loans payable	210	210
Accrued expenses	595	755
Income taxes payable	473	149
Provision for bonuses	648	379
Provision for directors' bonuses	74	54
Provision for product warranties	108	108
Other	655	720
Total current liabilities	12,319	13,722
Non-current liabilities		
Long-term loans payable	1,062	1,109
Deferred tax liabilities	1,877	1,442
Net defined benefit liability	486	469
Other	330	320
Total non-current liabilities	3,757	3,342
Total liabilities	16,077	17,064
Net assets		
Shareholders' equity		
Capital stock	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	46,620	47,573
Treasury shares	(1,621)	(2,109)
Total shareholders' equity	48,733	49,198
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,617	3,519
Foreign currency translation adjustment	756	571
Remeasurements of defined benefit plans	(40)	(30)
Total accumulated other comprehensive income	5,332	4,060
Non-controlling interests	2,066	2,127
Total net assets	56,132	55,385
Total liabilities and net assets	72,210	72,450

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	36,198	39,982
Cost of sales	27,393	30,842
Gross profit	8,805	9,140
Selling, general and administrative expenses	6,127	6,488
Operating profit	2,678	2,651
Non-operating income		
Interest income	25	30
Dividend income	125	150
House rent income	51	62
Share of profit of entities accounted for using equity method	46	47
Foreign exchange gains	–	16
Other	24	47
Total non-operating income	272	354
Non-operating expenses		
Interest expenses	37	32
Sales discounts	14	16
Foreign exchange losses	31	–
Other	15	12
Total non-operating expenses	98	61
Ordinary profit	2,852	2,945
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on sales of investment securities	1	3
Total extraordinary income	2	4
Extraordinary losses		
Loss on disposal of non-current assets	1	3
Impairment loss	–	107
Loss on sales of investment securities	–	1
Total extraordinary losses	1	112
Profit before income taxes	2,853	2,836
Income taxes - current	768	692
Income taxes - deferred	162	50
Total income taxes	930	743
Profit	1,922	2,093
Profit attributable to		
Profit attributable to owners of parent	1,816	1,947
Profit attributable to non-controlling interests	106	145
Other comprehensive income		
Valuation difference on available-for-sale securities	1,477	(1,097)
Foreign currency translation adjustment	(298)	(228)
Remeasurements of defined benefit plans, net of tax	(1)	10
Share of other comprehensive income of entities accounted for using equity method	3	(0)
Total other comprehensive income	1,181	(1,317)
Comprehensive income	3,103	776
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,026	674
Comprehensive income attributable to non-controlling interests	77	101

Supplementary information

(1) Sales results by product

(Millions of yen)

Product	Nine months ended	Nine months ended	Year-on-year	
	December 31, 2017	December 31, 2018	Change	%
Generators	27,577	31,223	3,645	13.2
Welders	3,775	3,746	(29)	(0.8)
Compressors	737	862	125	17.0
Others	4,108	4,150	41	1.0
Total	36,198	39,982	3,783	10.5

(2) Sales results by region

(Millions of yen)

Region	Nine months ended	Nine months ended	Year-on-year	
	December 31, 2017	December 31, 2018	Change	%
Japan	22,593	24,322	1,728	7.7
North/Central America	7,351	10,163	2,812	38.3
Asia	4,331	3,883	(447)	(10.3)
Others	1,922	1,612	(309)	(16.1)
Total	36,198	39,982	3,783	10.5