



Briefing on Results for the First quarter of the  
Fiscal Year ending March 31, 2016



# Overview of Results for the First quarter of FY2016/3

**(April 1, 2015 ~ June 30, 2015)**

## Highlights of Results for the First quarter of FY2016/3 (Consolidated)

(million yen)

	First quarter of FY2015/3		First quarter of FY2016/3		Change (YoY)	Rate of change (YoY)
Net sales	11,029	100%	11,156	100%	127	1.2%
Operating income	613	5.6%	806	7.2%	193	31.5%
Ordinary income	685	6.2%	937	8.4%	252	36.7%
Net income	400	3.6%	564	5.1%	164	40.9%
Capital investment	533	—	344	—	△ 189	△ 35.5%
Depreciation	234	—	296	—	62	26.5%
Net income per share	18.62 <sub>yen</sub>	—	26.40 <sub>yen</sub>	—	7.78 <sub>yen</sub>	41.8%
ROE	—	Annualized	—	Annualized	—	—
Interim dividends per share	—	—	—	—	—	—

## Sales Trends by Product (Consolidated)

(million yen)

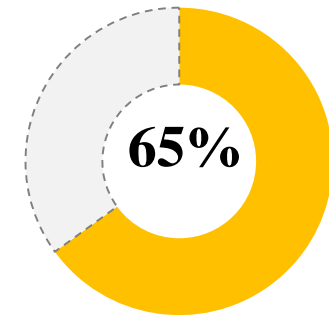
		First quarter of FY2015/3		First quarter of FY2016/3		Change (YoY)	Rate of change (YoY)
Net sales		11,029	100%	11,156	100%	127	1.2%
By product	Generators	8,174	74.1%	8,305	74.4%	131	1.6%
	Welders	1,463	13.3%	1,205	10.8%	△ 258	△ 17.6%
	Compressors	188	1.7%	291	2.6%	103	54.8%
	Others	1,203	10.9%	1,354	12.1%	151	12.6%

# Engine Generators (Consolidated)

(million yen)

	First quarter of FY2015/3	First quarter of FY2016/3	Rate of change (YoY)
Generators	8,174	8,305	1.6%

- In Japan, the shipments of mobile-type generators and stand-by generating sets were steady.
- Overseas, the sales for Asia and Middle East increased steadily.



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

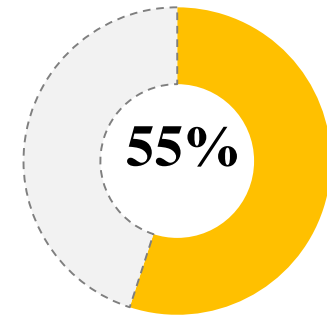
- Mobile-type generators
  - Power source on a construction site and for civil engineering work and disaster recovery/restoration, etc.
- Stand-by generating sets (stationary type)
  - Back-up power source such as disaster prevention equipment and offices, etc.
- Power-supply vehicles, power light, etc.

## Engine Welders (Consolidated)

(million yen)

	First quarter of FY2015/3	First quarter of FY2016/3	Rate of change (YoY)
Welders	1,463	1,205	△ 17.6%

- In Japan, the shipment remained at the same level as the previous fiscal year.
- Overseas, the shipment to Europe decreased.



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.**

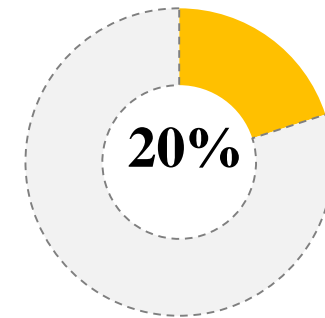
- Welding of steel construction for buildings, condominiums and bridges.
- Welding of important structures such as petroleum storage tanks and pipelines.

# Engine Compressors (Consolidated)

(million yen)

	First quarter of FY2015/3	First quarter of FY2016/3	Rate of change (YoY)
Compressors	188	291	54.8%

- Shipment to the domestic and overseas markets slightly increased.



Domestic market share of engine compressors

\*According to a Company survey



Engine compressor



Motor compressor

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

## Others (Consolidated)

(million yen)

	First quarter of FY2015/3	First quarter of FY2016/3	Rate of change (YoY)
Others	1,203	1,354	12.6%

- Sales of self-propelled lifters and parts increased.

### Sales of other products

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



Self-propelled lifter



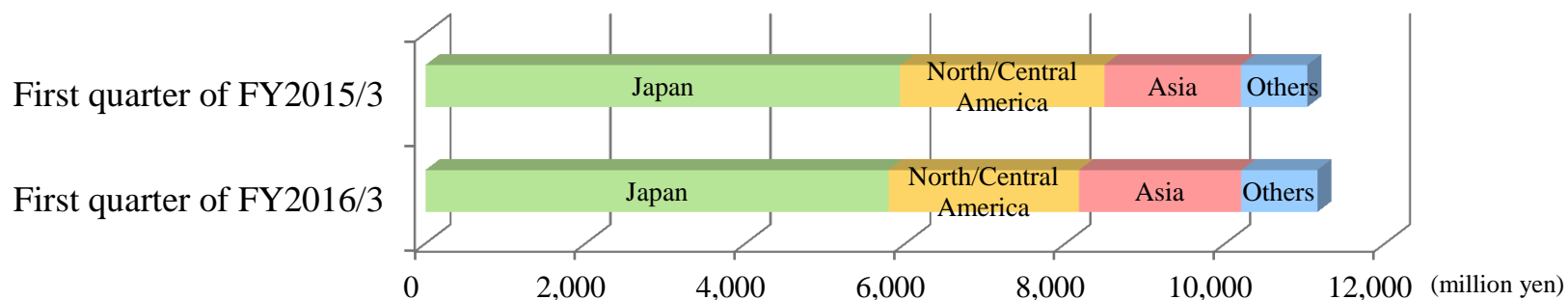
Water-related  
equipment



## Sales Trends by Region (Consolidated)

(million yen)

		First quarter of FY2015/3		First quarter of FY2016/3		Change (YoY)	Rate of change (YoY)
Net sales		11,029	100%	11,156	100%	127	1.2%
Domestic sales		5,935	53.8%	5,788	51.9%	△ 147	△ 2.5%
Overseas sales		5,094	46.2%	5,368	48.1%	274	5.4%
By region	North/Central America	2,556	23.2%	2,383	21.4%	△ 173	△ 6.8%
	Asia	1,708	15.5%	2,029	18.2%	321	18.8%
	Others	829	7.5%	955	8.6%	126	15.2%



## Factor Analysis of Changes in Operating Income

Increase in  
Operating income

- The improvement of profit ratio in the US made a contribution.

(million yen)

	First quarter of FY2015/3	First quarter of FY2016/3	Change(YoY)
Operating income	613	806	193
Operating income margin(%)	5.6%	7.2%	1.6percentage point

	First quarter of FY2015/3	First quarter of FY2016/3	Rate of change (YoY)
Gross profit margin	22.7%	25.5%	2.8percentage point
Ratio of SG&A to sales	17.1%	18.3%	1.2percentage point
Ratio of operating income to sales	5.6%	7.2%	1.6percentage point

- Gross profit margin improved slightly in Japan, and improved overseas especially in the US due to increase in the shipment of profitable products and depreciation of the yen, etc.
- Ratio of SG&A to sales increased due to increase of depreciation expenses, personnel expenses and research and development expenses.

# Outlook for FY2016/3

## Outlook for FY2016/3: Consolidated Income and Loss

### Key points

- Net sales are expected to be 55.0 billion yen.
- Assumed exchange rate is 110 yen/dollar.

(million yen)

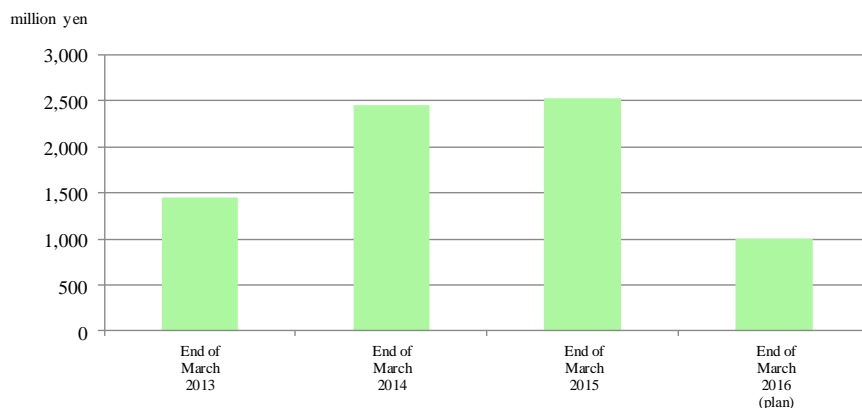
	FY2015/3		FY2016/3 (forecast)		Change (YoY)	Rate of change(YoY)
Net sales	52,267	100%	55,000	100%	2,733	5.2%
Operating income	5,348	10.2%	5,500	10.0%	152	2.8%
Ordinary income	5,757	11.0%	5,800	10.5%	43	0.7%
Net income	3,857	7.4%	3,600	6.5%	△ 257	△ 6.7%
Capital investment	2,531	—	1,000	—	△ 1,531	△ 60.5%
Depreciation	999	—	1,380	—	381	38.1%
Net income per share	179.4 <sub>yen</sub>	—	168.5 <sub>yen</sub>	—	△ 10.9 <sub>yen</sub>	—
ROE	8.6%	—	7.3%	—	—	—
Cash dividends per share	28.0 <sub>yen</sub>	—	28.0 <sub>yen</sub>	—	—	—

# Changes in the Amount of Capital Investment

(million yen)

	End of March 2013	End of March 2014	End of March 2015	End of March 2016 (plan)
Cost of equipment	1,457	2,453	2,531	1,000
Main uses	<ul style="list-style-type: none"> <li>Laboratory &amp; Training Center 814</li> <li>Machinery of Fukui plant, etc. 150</li> <li>U.S. Plant 237</li> <li>Vietnam Plant 127</li> </ul>	<ul style="list-style-type: none"> <li>Machinery of Fukui plant, etc. 480</li> <li>Nishinihon Generator Mfg. 270</li> <li>Vietnam Plant 440</li> <li>Singapore 1,100</li> </ul>	<ul style="list-style-type: none"> <li>Machinery of Fukui plant, etc. 440</li> <li>Nishinihon 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. 500</li> <li>Machinery of Shiga plant, etc. 200</li> <li>Nishinihon Generator Mfg. 100</li> <li>Others 200</li> </ul>

Amount of capital investment



Denyo Vietnam

## Outlook for Sales by Product (Consolidated)

### Overview

- Sales of generators are expected to increase by 2,021 million yen(5.0%).
- Sales of welders are anticipated to rise by 144 million yen (2.6%).
- Sales of compressors are forecast to be up 274 million yen (24.3%).

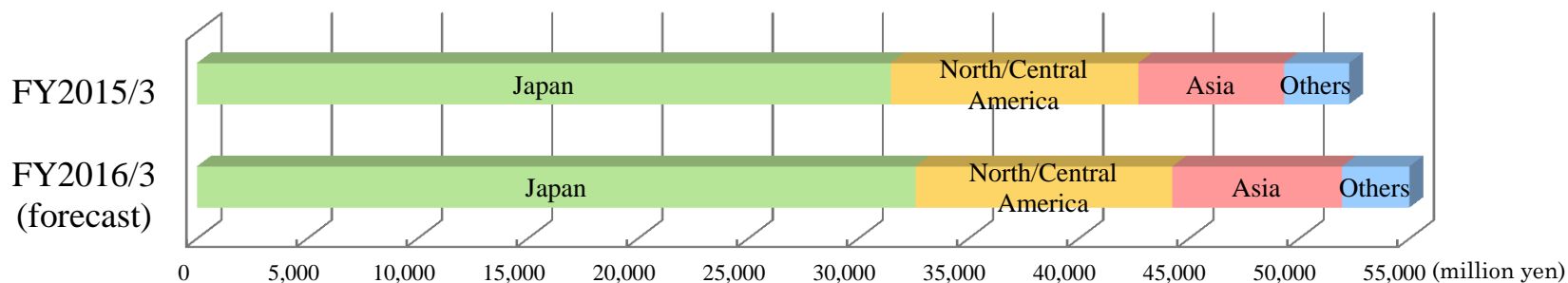
(million yen)

		FY2015/3		FY2016/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		52,267	100%	55,000	100%	2,733	5.2%
By products	Generators	40,079	76.7%	42,100	76.5%	2,021	5.0%
	Welders	5,556	10.6%	5,700	10.4%	144	2.6%
	Compressors	1,126	2.2%	1,400	2.5%	274	24.3%
	Others	5,504	10.5%	5,800	10.5%	296	5.4%

## Outlook for Sales by Region (Consolidated)

(million yen)

		FY2015/3		FY2016/3 (forecast)		Change (YoY)	Rate of change(YoY)
Consolidated sales		52,267	100%	55,000	100%	2,733	5.2%
Domestic sales		31,468	60.2%	32,600	59.3%	1,132	3.6%
Overseas sales		20,799	39.8%	22,400	40.7%	1,601	7.7%
By region	North/Central America	11,234	21.5%	11,650	21.2%	416	3.7%
	Asia	6,619	12.7%	7,700	14.0%	1,081	16.3%
	Others	2,945	5.6%	3,050	5.5%	105	3.6%



## Details of the Operating Income Forecast

### Increase in operating income

- The operating income margin slightly decreased from the previous fiscal year and the operating income is expected to increase by 152 million yen.

(million yen)

	FY2015/3	FY2016/3 (forecast)	Change (YoY)
Operating income	5,348	5,500	152
Operating income margin	10.2%	10.0%	△0.2percentage points

	FY2015/3	FY2016/3 (forecast)	Change (YoY)
Gross profit margin	25.1%	25.5%	0.4percentage point
Ratio of SG&A to sales	14.9%	15.5%	0.6percentage point
Ratio of operating income to sales	10.2%	10.0%	△0.2percentage point

- The gross profit margin are expected to improve due to an increase in the shipment of highly profitable products.
- The ratio of SG&A to sales are expected to worsen slightly due to increase of depreciation expenses and personnel expenses ,etc. year on year.



## Notes on Our Outlook

This material contains assumptions and outlooks for the future and forecasts based on plans as of August 6, 2015.

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.