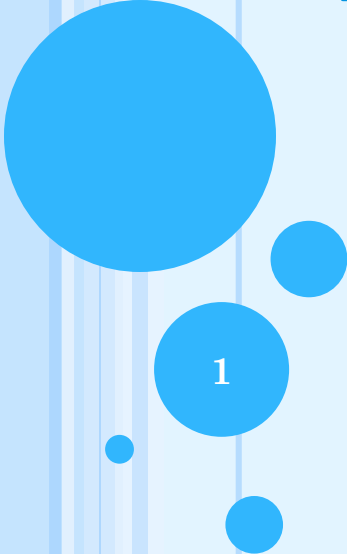




Briefing on Results for the Third quarter of the
Fiscal Year ending March 31, 2016



Overview of Results for the Third quarter of FY2016/3

(April 1, 2015 ~ December 31, 2015)

1

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

(million yen)

	Third quarter of FY2015/3		Third quarter of FY2016/3		Change (YoY)	Rate of change (YoY)
Net Sales	37,629	100%	36,633	100%	△996	△2.6%
Operating income	3,421	9.1%	2,696	7.4%	△725	△21.2%
Ordinary income	3,702	9.8%	3,034	8.3%	△668	△18.0%
Net income	2,492	6.6%	2,093	5.7%	△399	△16.0%
Capital investment	1,887	—	912	—	△975	△51.7%
Depreciation	732	—	937	—	205	28.0%
Net income per share	115.82yen	—	97.95yen	—	△17.87yen	△15.4%
ROE(%)	7.6	Annualized	5.9	Annualized	—	—

Sales Trends by Product (Consolidated)

(million yen)

		Third quarter of FY2015/3		Third quarter of FY2016/3		Change (YoY)	Rate of Change (YoY)
Net sales		37,629	100%	36,633	100%	△996	△2.6%
By product	Generators	28,616	76.0%	27,703	75.6%	△913	△3.2%
	Welders	4,344	11.5%	3,955	10.8%	△389	△9.0%
	Compressors	838	2.2%	786	2.1%	△52	△6.2%
	Others	3,830	10.2%	4,187	11.4%	357	9.3%

Engine Generators (Consolidated)

(million yen)

	Third quarter of FY2015/3	Third quarter of FY2016/3	Rate of change (YoY)
Generators	28,616	27,703	△3.2%

- In Japan, shipment of the Stand-by generating sets for disaster prevention decreased.
- Overseas, shipment to Asia and the Middle and Near East increased.

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

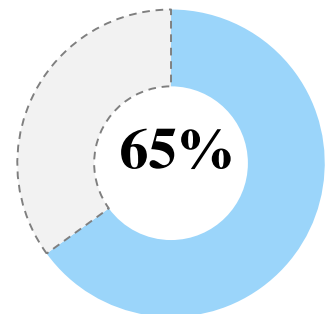
- Mobile-type generators
Power source on a construction site and for civil engineering work and disaster recovery/restoration, etc.
- Stand-by generating sets (stationary type)
Back-up power source such as disaster prevention equipment and offices, etc.
- Power-supply vehicles, power light, etc.



Mobile-type generator



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 FY2015/3	Third quarter of FY2016/3	Rate of change (YoY)
Welders	4,344	3,955	△9.0%

- Shipment to domestic market and Europe decreased.

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.

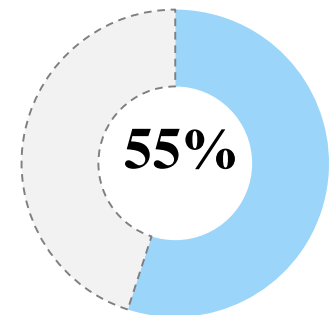
- Welding of steel construction for buildings, condominiums and bridges
- Welding of important structures such as petroleum storage tanks and pipelines



Engine welder



Battery welder



Domestic market share of
engine welders

*According to a Company survey

Engine Compressors (Consolidated)

(million yen)

	Third quarter of FY2015/3	Third quarter of FY2016/3	Rate of change (YoY)
Compressors	838	786	△6.2%

- Shipment to the overseas market generally increased and to the domestic market decreased.

**Manufacturing compressors
with air discharge amounts from 1.6 m³/min to 42.4 m³/min.**

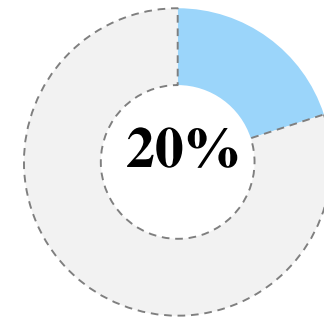
- Breaking-up of roads and ground improvement work of roads
- Mortar spraying work for preventing landslides of mountain roads
- For artificial snow machines on ski slopes, etc.



Engine compressor



Motor compressor



Domestic market share of
engine compressors

*According to a
Company survey

Others (Consolidated)

(million yen)

	Third quarter of FY2015/3	Third quarter of FY2016/3	Rate of change (YoY)
Others	3,830	4,187	9.3%

- Sales of self-propelled lifters, etc. increased.

Sales of other products

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



Self-propelled lifter

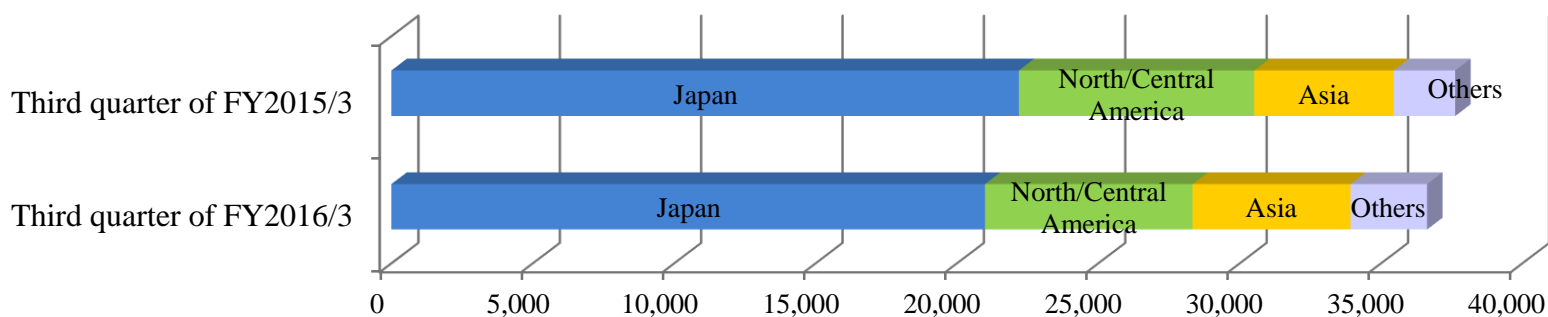


Load testing equipment

Sales Trend by Region (Consolidated)

(million yen)

		Third quarter of FY2015/3		Third quarter of FY2016/3		Change (YoY)	Rate of change (YoY)
Net sales		37,629	100%	36,633	100%	△996	△2.6%
Domestic sales		22,192	59.0%	20,994	57.3%	△1,198	△5.4%
Overseas sales		15,437	41.0%	15,639	42.7%	202	1.3%
By region	North/Central America	8,322	22.1%	7,339	20.0%	△983	△11.8%
	Asia	4,937	13.1%	5,589	15.3%	652	13.2%
	Others	2,176	5.8%	2,709	7.4%	533	24.5%



Factor Analysis of Changes in Operating Income (Consolidated)

Decrease in
Operating income

- Both the cost rate and the ratio of SG&A to sales increased.

(million yen)

	Third quarter of FY2015/3	Third quarter of FY2016/3	Change(YoY)
Operating income	3,421	2,696	△725
Operating income margin	9.1%	7.4%	△ 1.7 percentage point
	Third quarter of FY2015/3	Third quarter of FY2016/3	Rate of change (YoY)
Gross profit margin	24.5%	23.8%	△ 0.7 percentage point
Ratio of SG&A to sales	15.4%	16.5%	1.1 percentage point
Ratio of operating income to sales	9.1%	7.4%	△ 1.7 percentage point

- Gross profit margin worsened due to a fall in the shipment of profitable products and an increase of the fixed cost, etc. in Denyo Vietnam.
- Ratio of SG&A to sales increased due to an increase of the depreciation expenses and personnel expenses, etc.

Outlook for FY2016/3



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Outlook for FY2016/3 : Consolidated Income and Loss

Key points

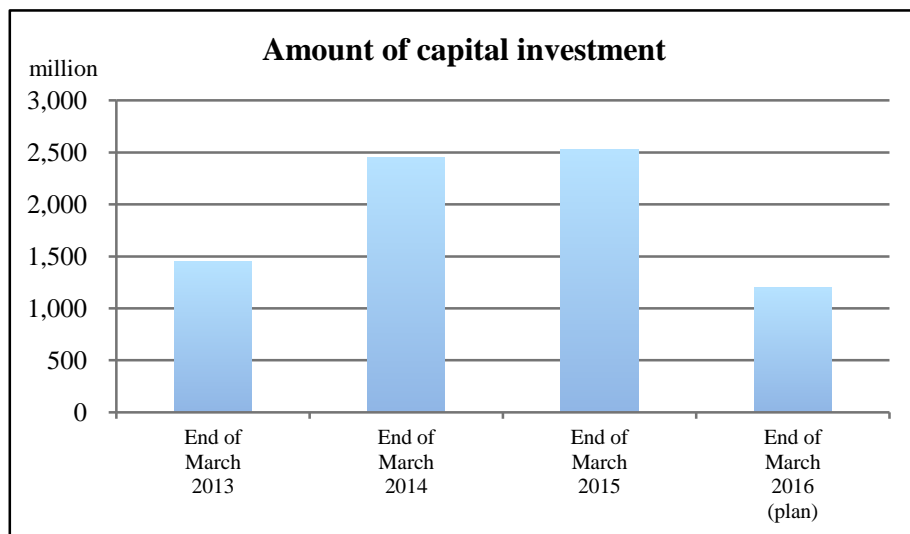
- Net sales are expected to be 51.0 billion yen.
- Assumed exchange rate is 110 yen/dollar.

	FY2015/3		FY2016/3(forecast)		Change(YoY)	Rate of Change(YoY)
	(million yen)					
Net sales	52,267	100%	51,000	100%	△1,267	△2.4%
Operating income	5,348	10.2%	4,000	7.8%	△1,348	△25.2%
Ordinary income	5,757	11.0%	4,300	8.4%	△1,457	△25.3%
Net income	3,857	7.4%	3,000	5.9%	△857	△22.2%
Capital investment	2,531	—	1,200	—	△1,331	△52.6%
Depreciation	999	—	1,300	—	301	30.1%
Net income per share	179.38 ^{yen}	—	140.36 ^{yen}	—	△39.02 ^{yen}	—
ROE(%)	8.6%	—	6.3%	*Shareholders' equity is calculated by using the amount of money at the end of the third quarter of FY2016/3.		
Cash dividends per share	28.0 ^{yen}	—	28.0 ^{yen}	—	—	—

Changes in the Amount of Capital Investment (Consolidated)

(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	1,200
Main uses	<ul style="list-style-type: none"> Laboratory & Training Center 814 Machinery of Fukui plant, etc. 150 U.S. Plant 237 Vietnam Plant 127 	<ul style="list-style-type: none"> Machinery of Fukui plant, etc. 480 Nishinohon Generator Mfg. 270 Vietnam Plant 440 Singapore 1,100 	<ul style="list-style-type: none"> Machinery of Fukui plant, etc. 440 Nishinohon Generator Mfg. 160 U.S. Plant 50 Vietnam Plant 1,630 Singapore 180 	<ul style="list-style-type: none"> Machinery of Fukui plant, etc. 450 Nishinohon Generator Mfg. 35 Singapore 255 Vietnam Plant 85 Others 375



Denyo Vietnam the 2nd factory

Outlook for Sales by Product (Consolidated)

Overview

- Sales of generators are expected to decrease by 1,279 million yen (3.2 %).
- Sales of welders are anticipated to decline by 156 million yen (2.8%).
- Sales of compressors are forecasted to be up by 74 million yen (6.6%).

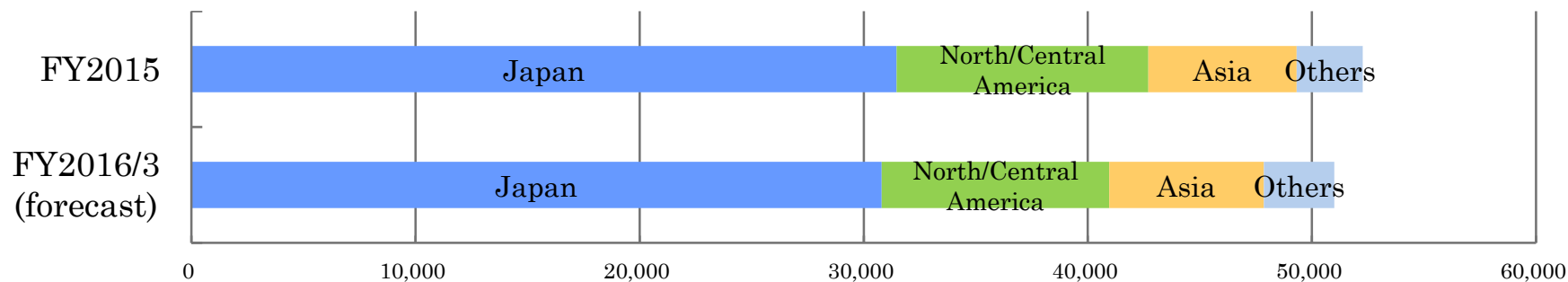
(million yen)

		FY2015/3		FY2016/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		52,267	100%	51,000	100%	△1,267	△2.4%
By products	Generators	40,079	76.7%	38,800	76.1%	△1,279	△3.2%
	Welders	5,556	10.6%	5,400	10.6%	△156	△2.8%
	Compressors	1,126	2.2%	1,200	2.4%	74	6.6%
	Others	5,504	10.5%	5,600	11.0%	96	1.7%

Outlook for Sales by Region (Consolidated)

(million yen)

		FY2015/3		FY2016/3 (forecast)		Change (YoY)	Rate of change (YoY)
Consolidated sales		52,267	100%	51,000	100%	△1,267	△2.4%
Domestic sales		31,468	60.2%	30,800	60.4%	△668	△2.1%
Overseas sales		20,799	39.8%	20,200	39.6%	△599	△2.9%
By region	North/Central America	11,234	21.5%	10,150	19.9%	△1,084	△9.6%
	Asia	6,619	12.7%	6,900	13.5%	281	4.2%
	Others	2,945	5.6%	3,150	6.2%	205	7.0%



Details of the Operating Income Forecast (Consolidated)

Decrease in
operating income

- The operating income margin decreased from the previous fiscal year and the operating income is expected to decrease by 1,348 million yen.

(million yen)

	FY2015/3	FY2016/3 (forecast)	Change (YoY)
Operating income	5,348	4,000	△1,348
Operating income margin	10.2%	7.8%	△2.4 percentage points
	FY2015/3	FY2016/3 (forecast)	Change (YoY)
Gross profit margin	25.1%	23.8%	△1.3 percentage point
Ratio of SG&A to sales	14.9%	16.0%	1.1 percentage point
Ratio of operating income to sales	10.2%	7.8%	△2.4 percentage point

- Gross profit margin is expected to be worsened due to a fall in the shipment of profitable products and an increase of the fixed cost, etc. in Denyo Vietnam.
- Ratio of SG&A to sales is expected to increase due to an increase of the depreciation expenses and personnel expenses, etc.

Notes on Our Outlook

This material contains assumptions and outlooks for the future and forecasts based on plans as of February 10, 2016. 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.