

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2016 (Based on Japanese GAAP)



February 9, 2017

Company name: Denyo Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6517 URL: <http://www.denyo.co.jp/>
 Representative: President Shoichi Shiratori
 Inquiries: Senior Executive Officer Toshiya Tozawa TEL 03-6861-1111
 Scheduled date to file Quarterly Securities Report: February 10, 2017
 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, 2016 (from April 1, 2016 to December 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2016	35,224	(3.8)	2,653	(1.6)	2,890	(4.7)	1,817	(13.2)
Nine months ended December 31, 2015	36,633	(2.6)	2,696	(21.2)	3,034	(18.0)	2,093	(16.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2016	84.99		–	
Nine months ended December 31, 2015	97.95		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2016	65,864	50,456	73.9
As of March 31, 2016	66,994	50,812	72.9

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, 2016	–	14.00	–	16.00	30.00
Year ending March 31, 2017	–	15.00	–		
Year ending March 31, 2017 (Forecast)				15.00	30.00

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	50,500	0.2	4,100	0.1	4,500	0.1	2,900	(7.6)	135.67

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2016
(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: Yes
- 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, 2016	22,859,660 shares	As of March 31, 2016	22,859,660 shares
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Number of treasury shares at the end of the period

As of December 31, 2016	1,475,221 shares	As of March 31, 2016	1,484,961 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, 2016	21,378,898 shares	Nine months ended December 31, 2015	21,372,581 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	11,245	10,438
Notes and accounts receivable - trade	19,315	18,381
Securities	499	999
Merchandise and finished goods	5,696	5,981
Work in process	1,102	981
Raw materials and supplies	3,538	3,968
Other	873	759
Allowance for doubtful accounts	(25)	(12)
Total current assets	42,246	41,500
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,497	6,755
Machinery, equipment and vehicles, net	2,831	2,208
Land	4,855	4,835
Construction in progress	26	62
Other, net	208	161
Total property, plant and equipment	15,418	14,023
Intangible assets	594	514
Investments and other assets		
Investment securities	8,412	9,539
Other	327	292
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	8,734	9,826
Total non-current assets	24,747	24,364
Total assets	66,994	65,864

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,020	9,328
Short-term loans payable	232	233
Accrued expenses	618	585
Income taxes payable	393	119
Provision for bonuses	622	374
Provision for directors' bonuses	78	37
Provision for product warranties	121	127
Other	368	516
Total current liabilities	12,455	11,322
Non-current liabilities		
Long-term loans payable	1,126	1,165
Deferred tax liabilities	1,576	1,927
Net defined benefit liability	440	408
Other	582	585
Total non-current liabilities	3,726	4,086
Total liabilities	16,181	15,408
Net assets		
Shareholders' equity		
Capital stock	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	42,343	43,471
Treasury shares	(1,381)	(1,368)
Total shareholders' equity	44,697	45,837
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,014	3,781
Foreign currency translation adjustment	1,142	(911)
Remeasurements of defined benefit plans	0	(0)
Total accumulated other comprehensive income	4,157	2,869
Non-controlling interests	1,957	1,749
Total net assets	50,812	50,456
Total liabilities and net assets	66,994	65,864

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

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	36,633	35,224
Cost of sales	27,897	26,734
Gross profit	8,736	8,490
Selling, general and administrative expenses	6,039	5,836
Operating income	2,696	2,653
Non-operating income		
Interest income	16	18
Dividend income	125	123
House rent income	67	66
Share of profit of entities accounted for using equity method	48	47
Foreign exchange gains	6	1
Subsidy income	112	11
Other	21	46
Total non-operating income	400	314
Non-operating expenses		
Interest expenses	30	45
Sales discounts	16	12
Other	15	18
Total non-operating expenses	62	77
Ordinary income	3,034	2,890
Extraordinary income		
Gain on sales of non-current assets	314	-
Total extraordinary income	314	-
Extraordinary losses		
Loss on disposal of non-current assets	0	0
Other	-	0
Total extraordinary losses	0	0
Profit before income taxes	3,348	2,890
Income taxes - current	871	808
Income taxes - deferred	161	105
Total income taxes	1,033	914
Profit	2,314	1,976
Profit attributable to		
Profit attributable to owners of parent	2,093	1,817
Profit attributable to non-controlling interests	221	159
Other comprehensive income		
Valuation difference on available-for-sale securities	(220)	762
Deferred gains or losses on hedges	(1)	-
Foreign currency translation adjustment	(428)	(2,336)
Remeasurements of defined benefit plans, net of tax	2	(0)
Share of other comprehensive income of entities accounted for using equity method	(0)	4
Total other comprehensive income	(648)	(1,570)
Comprehensive income	1,666	405
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,563	529
Comprehensive income attributable to non-controlling interests	103	(123)

Supplementary information

(1) Sales results by product

(Millions of yen)

Product	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Generators	27,703	26,163
Welders	3,955	3,765
Compressors	786	1,052
Others	4,187	4,242
Total	36,633	35,224

(2) Sales results by region

(Millions of yen)

Region	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Japan	20,994	20,958
North/Central America	7,339	7,408
Asia	5,589	4,973
Others	2,709	1,884
Total	36,633	35,224