

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2019
(Based on Japanese GAAP)**



May 9, 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 & Managing Executive Officer Toshiya Tozawa TEL 03-6861-1111
 Scheduled date of ordinary general meeting of shareholders: June 27, 2019
 Scheduled date to file Securities Report: June 28, 2019
 Scheduled date to commence dividend payments: June 6, 2019
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

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	%
Year ended March 31, 2019	55,554	10.7	4,201	7.7	4,592	9.7	3,166	14.7
Year ended March 31, 2018	50,182	2.7	3,902	(8.1)	4,187	(7.5)	2,762	(3.7)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2019	149.83	–	5.9	6.3	7.6
Year ended March 31, 2018	130.03	–	5.3	5.9	7.8

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	74,085	56,290	73.1	2,583.90
As of March 31, 2018	72,210	56,132	74.9	2,545.17

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	4,085	(164)	(1,315)	16,170
Year ended March 31, 2018	3,315	(1,121)	(738)	13,712

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	–	15.00	–	25.00	40.00	883	30.8	1.6
Year ended March 31, 2019	–	20.00	–	22.00	42.00	921	28.0	1.6
Year ending March 31, 2020 (Forecast)	–	22.00	–	22.00	44.00		28.8	

3. Forecast of consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

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
Six months ending September 30, 2019	26,500	4.9	1,800	25.4	1,900	14.6	1,200	8.4	57.26
Full year	56,500	1.7	4,600	9.5	4,900	6.7	3,200	1.0	152.69

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2019	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 March 31, 2019	1,901,761 shares	As of March 31, 2018	1,617,052 shares
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Average number of shares during the period

Year ended March 31, 2019	21,135,713 shares	Year ended March 31, 2018	21,240,831 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	13,870	15,189
Notes and accounts receivable - trade	21,479	22,753
Securities	999	999
Merchandise and finished goods	5,254	4,258
Work in process	1,184	1,236
Raw materials and supplies	3,312	5,152
Other	242	263
Allowance for doubtful accounts	(6)	(5)
Total current assets	46,337	49,849
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,716	13,224
Accumulated depreciation	(5,595)	(5,921)
Buildings and structures, net	7,121	7,303
Machinery, equipment and vehicles	6,696	7,191
Accumulated depreciation	(4,906)	(5,201)
Machinery, equipment and vehicles, net	1,789	1,989
Land	4,841	4,834
Construction in progress	197	101
Other	1,878	1,947
Accumulated depreciation	(1,681)	(1,762)
Other, net	196	184
Total property, plant and equipment	14,147	14,414
Intangible assets		
Leasehold right	341	283
Software	123	72
Other	6	8
Total intangible assets	471	364
Investments and other assets		
Investment securities	10,822	9,104
Long-term loans receivable	10	10
Deferred tax assets	183	174
Other	243	172
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	11,253	9,457
Total non-current assets	25,872	24,236
Total assets	72,210	74,085

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,554	11,442
Short-term loans payable	210	431
Accrued expenses	595	670
Income taxes payable	473	538
Provision for bonuses	648	636
Provision for bonuses for directors (and other officers)	74	75
Provision for product warranties	108	99
Other	655	728
Total current liabilities	12,319	14,624
Non-current liabilities		
Long-term loans payable	1,062	1,110
Lease obligations	2	0
Long-term accounts payable - other	81	81
Deferred tax liabilities	1,877	1,323
Retirement benefit liability	486	432
Other	247	222
Total non-current liabilities	3,757	3,170
Total liabilities	16,077	17,794
Net assets		
Shareholders' equity		
Capital stock	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	46,620	48,793
Treasury shares	(1,621)	(2,107)
Total shareholders' equity	48,733	50,420
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,617	3,464
Foreign currency translation adjustment	756	301
Remeasurements of defined benefit plans	(40)	(32)
Total accumulated other comprehensive income	5,332	3,732
Non-controlling interests	2,066	2,137
Total net assets	56,132	56,290
Total liabilities and net assets	72,210	74,085

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	50,182	55,554
Cost of sales	38,099	43,145
Gross profit	12,082	12,408
Selling, general and administrative expenses	8,180	8,207
Operating profit	3,902	4,201
Non-operating income		
Interest income	39	39
Dividend income	153	181
House rent income	72	78
Foreign exchange gains	–	19
Share of profit of entities accounted for using equity method	99	99
Miscellaneous income	49	61
Total non-operating income	414	480
Non-operating expenses		
Interest expenses	50	45
Commitment fee	6	6
Foreign exchange losses	37	–
Cost of lease revenue	9	9
Sales discounts	20	22
Miscellaneous loss	4	3
Total non-operating expenses	129	88
Ordinary profit	4,187	4,592
Extraordinary income		
Gain on sales of non-current assets	1	4
Gain on sales of investment securities	4	122
Total extraordinary income	5	126
Extraordinary losses		
Loss on disposal of non-current assets	7	12
Impairment loss	–	107
Loss on sales of investment securities	–	1
Loss on valuation of investment securities	33	–
Total extraordinary losses	41	122
Profit before income taxes	4,150	4,597
Income taxes - current	1,237	1,264
Income taxes - deferred	15	(24)
Total income taxes	1,252	1,240
Profit	2,898	3,357
Profit attributable to		
Profit attributable to owners of parent	2,762	3,166
Profit attributable to non-controlling interests	136	190

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Other comprehensive income		
Valuation difference on available-for-sale securities	880	(1,152)
Foreign currency translation adjustment	(27)	(533)
Remeasurements of defined benefit plans, net of tax	(39)	7
Share of other comprehensive income of entities accounted for using equity method	1	(0)
Total other comprehensive income	815	(1,678)
Comprehensive income	3,714	1,678
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,596	1,566
Comprehensive income attributable to non-controlling interests	117	111

Consolidated statements of changes in equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,954	1,779	44,521	(1,632)	46,623
Changes of items during period					
Dividends of surplus			(662)		(662)
Profit attributable to owners of parent			2,762		2,762
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				11	11
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,099	10	2,109
Balance at end of current period	1,954	1,779	46,620	(1,621)	48,733

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	3,735	764	(1)	4,498	2,023	53,145
Changes of items during period						
Dividends of surplus						(662)
Profit attributable to owners of parent						2,762
Purchase of treasury shares						(0)
Disposal of treasury shares						11
Net changes of items other than shareholders' equity	881	(8)	(39)	834	43	877
Total changes of items during period	881	(8)	(39)	834	43	2,987
Balance at end of current period	4,617	756	(40)	5,332	2,066	56,132

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,954	1,779	46,620	(1,621)	48,733
Changes of items during period					
Dividends of surplus			(994)		(994)
Profit attributable to owners of parent			3,166		3,166
Purchase of treasury shares				(501)	(501)
Disposal of treasury shares				15	15
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	2,172	(485)	1,687
Balance at end of current period	1,954	1,779	48,793	(2,107)	50,420

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,617	756	(40)	5,332	2,066	56,132
Changes of items during period						
Dividends of surplus						(994)
Profit attributable to owners of parent						3,166
Purchase of treasury shares						(501)
Disposal of treasury shares						15
Net changes of items other than shareholders' equity	(1,153)	(454)	7	(1,600)	70	(1,529)
Total changes of items during period	(1,153)	(454)	7	(1,600)	70	157
Balance at end of current period	3,464	301	(32)	3,732	2,137	56,290

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before income taxes	4,150	4,597
Depreciation	1,198	1,132
Impairment loss	–	107
Loss (gain) on valuation of investment securities	33	–
Increase (decrease) in retirement benefit liability	14	(31)
Increase (decrease) in provision for product warranties	0	(9)
Increase (decrease) in provision for bonuses	15	(12)
Increase (decrease) in provision for bonuses for directors (and other officers)	4	1
Increase (decrease) in allowance for doubtful accounts	1	(0)
Interest and dividend income	(192)	(221)
Interest expenses	50	45
Share of loss (profit) of entities accounted for using equity method	(99)	(99)
Loss (gain) on sales of investment securities	–	(120)
Loss (gain) on sales of non-current assets	0	(4)
Loss (gain) on disposal of non-current assets	6	11
Decrease (increase) in notes and accounts receivable - trade	(2,094)	(1,371)
Decrease (increase) in inventories	896	(995)
Increase (decrease) in notes and accounts payable - trade	617	1,972
Other, net	(44)	97
Subtotal	4,560	5,101
Interest and dividend income received	202	240
Interest expenses paid	(50)	(45)
Income taxes paid	(1,396)	(1,210)
Net cash provided by (used in) operating activities	3,315	4,085
Cash flows from investing activities		
Purchase of property, plant and equipment	(680)	(1,488)
Proceeds from sales of property, plant and equipment	2	5
Purchase of intangible assets	(16)	(6)
Purchase of investment securities	(2)	(2)
Proceeds from sales of investment securities	29	266
Payments of loans receivable	(1)	(7)
Collection of loans receivable	5	6
Net decrease (increase) in time deposits	(457)	1,112
Other, net	(0)	(48)
Net cash provided by (used in) investing activities	(1,121)	(164)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	0	220
Purchase of treasury shares	(0)	(501)
Cash dividends paid	(662)	(994)
Dividends paid to non-controlling interests	(74)	(41)
Net cash provided by (used in) financing activities	(738)	(1,315)
Effect of exchange rate change on cash and cash equivalents	37	(146)
Net increase (decrease) in cash and cash equivalents	1,493	2,458
Cash and cash equivalents at beginning of period	12,219	13,712
Cash and cash equivalents at end of period	13,712	16,170

Supplementary information

(1) Sales results by product

(Millions of yen)

Product	Fiscal year ended	Fiscal year ended	Year-on-year	
	March 31, 2018	March 31, 2019	Change	%
Generators	38,653	43,660	5,007	13.0
Welders	4,919	5,115	195	4.0
Compressors	1,083	1,059	(23)	(2.2)
Others	5,525	5,719	193	3.5
Total	50,182	55,554	5,372	10.7

(2) Sales results by region

(Millions of yen)

Region	Fiscal year ended	Fiscal year ended	Year-on-year	
	March 31, 2018	March 31, 2019	Change	%
Japan	31,211	33,693	2,481	8.0
North/Central America	10,382	14,080	3,697	35.6
Asia	5,938	5,527	(410)	(6.9)
Others	2,648	2,252	(395)	(14.9)
Total	50,182	55,554	5,372	10.7