

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2018 (Based on Japanese GAAP)



August 9, 2018

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: August 10, 2018
 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 three months ended June 30, 2018 (from April 1, 2018 to June 30, 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	%
Three months ended June 30, 2018	11,847	12.0	598	62.1	698	70.0	458	117.5
Three months ended June 30, 2017	10,575	(0.3)	369	(36.9)	411	(37.0)	211	(47.0)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2018	21.60		–	
Three months ended June 30, 2017	9.94		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	70,464	54,909	75.1
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	–	–	–	–	–
Year ending March 31, 2019 (Forecast)	–	20.00	–	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
Six months ending September 30, 2018	23,700	4.0	1,650	15.1	1,800	17.9	1,150	21.5	54.14
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 three months ended June 30, 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 June 30, 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 June 30, 2018	1,615,530 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)

Three months ended June 30, 2018	21,242,572 shares	Three months ended June 30, 2017	21,236,397 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	13,870	15,284
Notes and accounts receivable - trade	21,479	18,676
Securities	999	999
Merchandise and finished goods	5,254	5,159
Work in process	1,184	1,227
Raw materials and supplies	3,312	3,757
Other	242	186
Allowance for doubtful accounts	(6)	(5)
Total current assets	46,337	45,287
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,121	6,888
Machinery, equipment and vehicles, net	1,789	1,611
Land	4,841	4,832
Construction in progress	197	405
Other, net	196	186
Total property, plant and equipment	14,147	13,923
Intangible assets	471	437
Investments and other assets		
Investment securities	10,822	10,424
Other	436	396
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	11,253	10,815
Total non-current assets	25,872	25,176
Total assets	72,210	70,464

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,554	8,989
Short-term loans payable	210	210
Accrued expenses	595	1,194
Income taxes payable	473	229
Provision for bonuses	648	388
Provision for directors' bonuses	74	18
Provision for product warranties	108	108
Other	655	837
Total current liabilities	12,319	11,975
Non-current liabilities		
Long-term loans payable	1,062	1,105
Deferred tax liabilities	1,877	1,646
Net defined benefit liability	486	476
Other	330	350
Total non-current liabilities	3,757	3,578
Total liabilities	16,077	15,554
Net assets		
Shareholders' equity		
Capital stock	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	46,620	46,527
Treasury shares	(1,621)	(1,621)
Total shareholders' equity	48,733	48,640
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,617	4,365
Foreign currency translation adjustment	756	(40)
Remeasurements of defined benefit plans	(40)	(37)
Total accumulated other comprehensive income	5,332	4,287
Non-controlling interests	2,066	1,981
Total net assets	56,132	54,909
Total liabilities and net assets	72,210	70,464

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

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	10,575	11,847
Cost of sales	8,201	9,111
Gross profit	2,373	2,735
Selling, general and administrative expenses	2,004	2,136
Operating profit	369	598
Non-operating income		
Interest income	7	6
Dividend income	63	77
House rent income	16	20
Foreign exchange gains	–	26
Other	10	5
Total non-operating income	98	136
Non-operating expenses		
Interest expenses	12	8
Sales discounts	5	4
Foreign exchange losses	13	–
Share of loss of entities accounted for using equity method	19	21
Other	5	2
Total non-operating expenses	56	36
Ordinary profit	411	698
Extraordinary income		
Gain on sales of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on disposal of non-current assets	0	2
Total extraordinary losses	0	2
Profit before income taxes	411	696
Income taxes - current	199	300
Income taxes - deferred	(48)	(124)
Total income taxes	150	175
Profit	261	521
Profit attributable to		
Profit attributable to owners of parent	211	458
Profit attributable to non-controlling interests	49	62
Other comprehensive income		
Valuation difference on available-for-sale securities	691	(253)
Foreign currency translation adjustment	(448)	(907)
Remeasurements of defined benefit plans, net of tax	(0)	3
Share of other comprehensive income of entities accounted for using equity method	2	1
Total other comprehensive income	245	(1,156)
Comprehensive income	506	(635)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	512	(585)
Comprehensive income attributable to non-controlling interests	(6)	(49)

Supplementary information

(1) Sales results by product

(Millions of yen)

Product	Three months ended	Three months ended	Year-on-year	
	June 30, 2017	June 30, 2018	Change	%
Generators	7,937	9,180	1,242	15.7
Welders	1,113	1,229	115	10.4
Compressors	232	236	3	1.4
Others	1,291	1,201	(89)	(6.9)
Total	10,575	11,847	1,271	12.0

(2) Sales results by region

(Millions of yen)

Region	Three months ended	Three months ended	Year-on-year	
	June 30, 2017	June 30, 2018	Change	%
Japan	5,403	6,422	1,018	18.8
North/Central America	2,475	3,458	982	39.7
Asia	2,067	1,496	(570)	(27.6)
Others	628	470	(158)	(25.2)
Total	10,575	11,847	1,271	12.0