

Results briefing For FY ended March, 2017

June 1, 2017

mitsubishi nichiyu forklift co., ltd.

**Financial Highlights
for
FY ended March, 2017**

President and CEO, Hideaki Ninomiya

1. Financial Highlights

(in hundred million yen)

| | FY ended March, 2016 | FY ended March, 2017 | YOY change | |
|--|-------------------------|-------------------------|------------|---------|
| Sales | 2,425 | 2,710 | 285 | +11.7% |
| Operating profit (Before amortization of goodwill) (operating profit margin) | 100.9 (4.2%) | 131.4 (4.8%) | 30.5 | +30.2% |
| Amortization of goodwill | — | ▲26.3 | ▲26.3 | — |
| Operating profit (Operating profit margin) | 100.9 (4.2%) | 105.1 (3.9%) | 4.2 | +4.2% |
| Ordinary profit (Ordinary profit margin) | 96.0 (4.0%) | 89.8 (3.3%) | ▲6.2 | ▲6.5% |
| Net income (Net income margin) | 47.1 (1.9%) | 36.4 (1.3%) | ▲10.8 | ▲22.9% |
| Total assets | 1,922 | 3,669 | +1,748 | +90.9% |
| Total liabilities | 1,340 | 3,069 | +1,729 | +129.1% |
| Net assets | 582 | 600 | +18 | +3.1% |

*Ordinary profit and net income for FY ended March, 2017 decreased YOY due to 1.78 billion yen investment loss in UniCarriers under the equity method.





FY ended March, 2016 Actual FX rates: USD=120.14 yen, EUR=132.58 yen, CNY=18.85 yen

FY ended March, 2017 Actual FX rates: USD=108.38 yen, EUR=118.79 yen, CNY=16.11 yen

2. Main points of business results





Sales

YOY: Increase by 28.5 billion yen, or 11.7%

-  Increase due to consolidation of UniCarriers (or, UC) +49.0 billion yen
-  Demand expansion in domestic battery forklift etc. +1.1 billion yen
-  Sales decrease in MIX and CHINA, Emerging countries, etc. ▲2.6 billion yen
-  Impact of foreign currency translation due to yen appreciation, etc. ▲19.0 billion yen

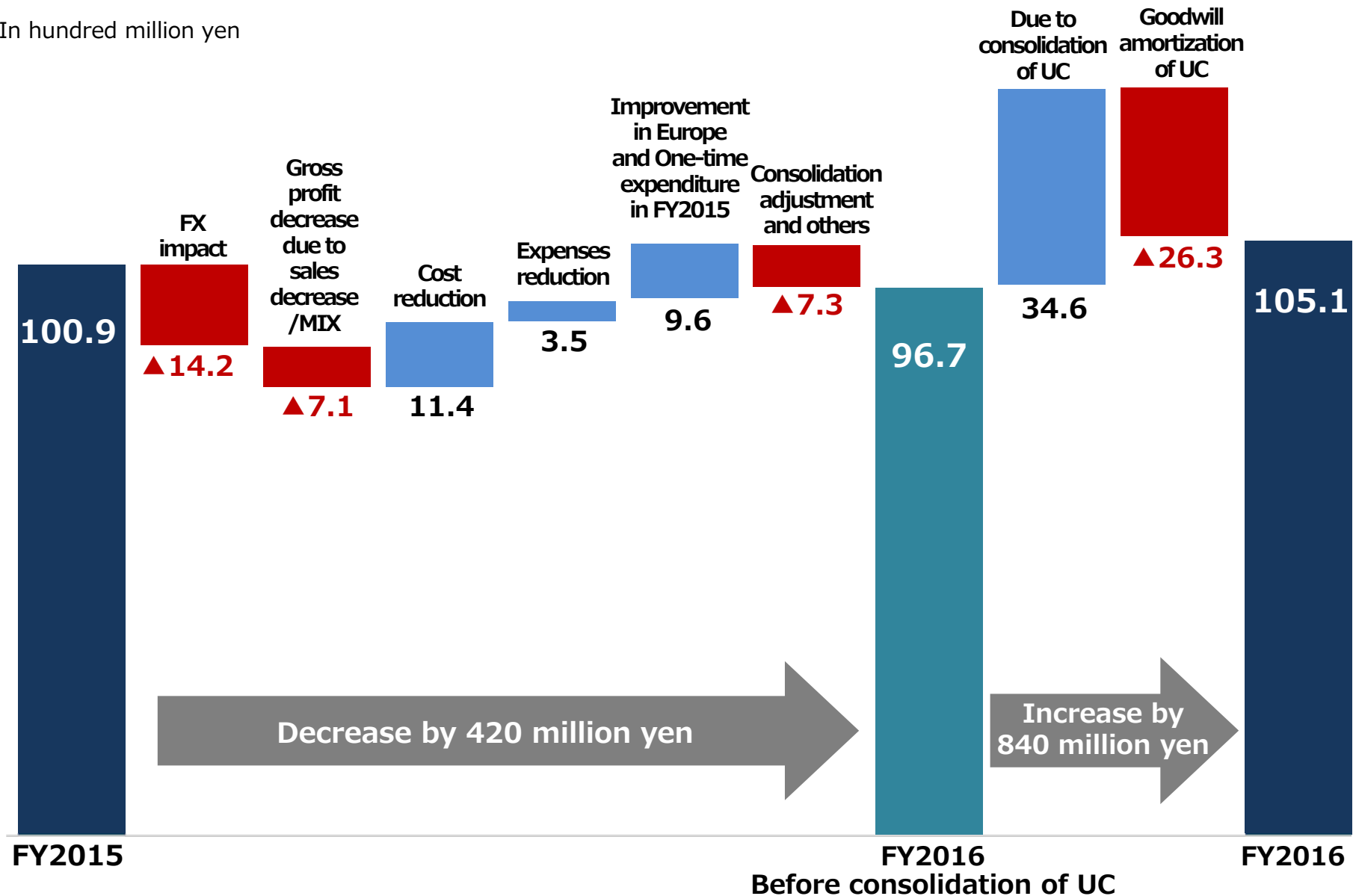
Operating profit

YOY: Increase by 0.42 billion yen, or 4.2%

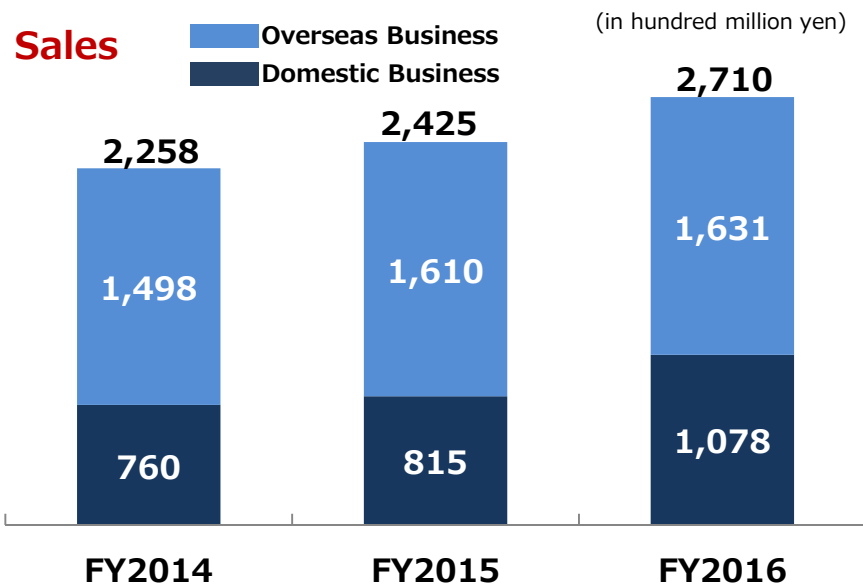
-  Increase due to consolidation of UC (Operating profit – Amortization of goodwill) +0.8 billion yen
-  Cost and Expense Reduction, etc. +1.7 billion yen
-  Gross profit decrease due to MIX and the sales decrease ▲0.7 billion yen
-  Impact of foreign currency translation due to yen appreciation, etc. ▲1.4 billion yen

3. Inc/Dec. factors of consolidated operating profit (FY2016 VS FY2015)

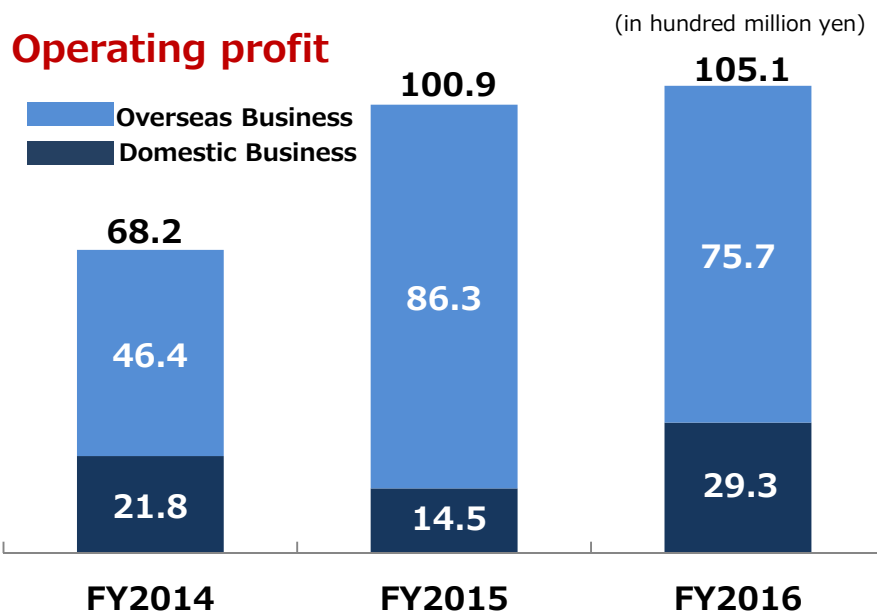
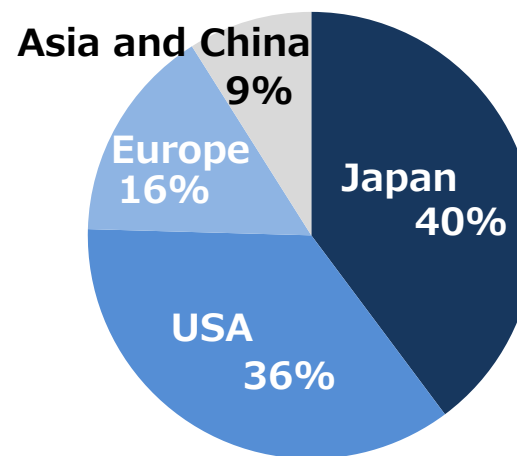
In hundred million yen



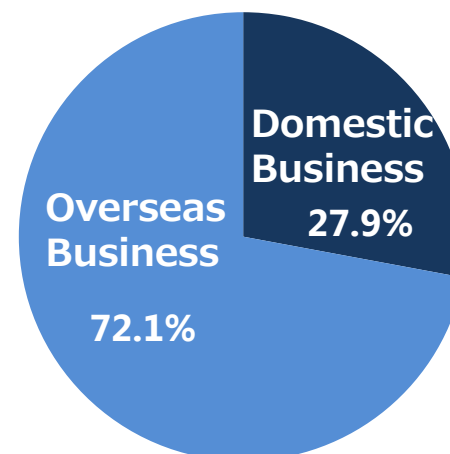
4. Business results by segment



Sales by each region (FY2016)



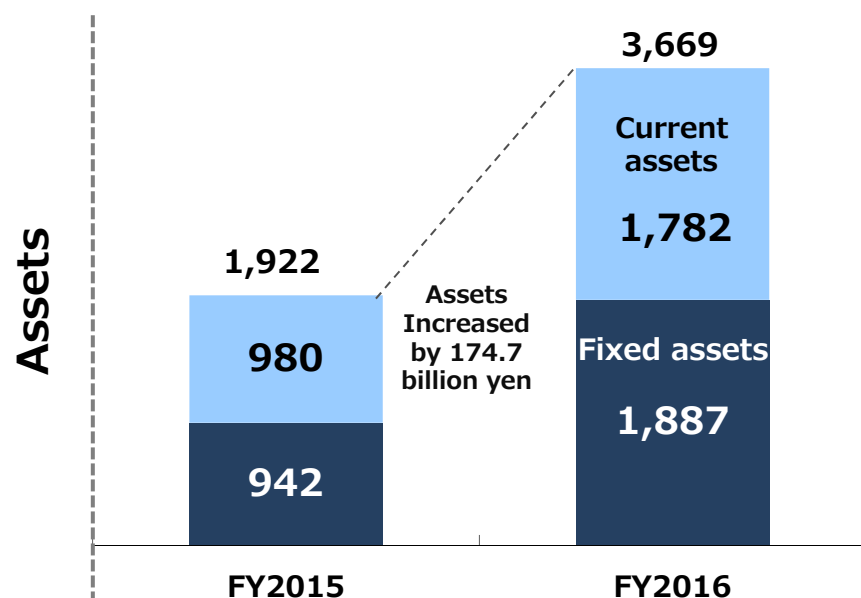
Operating profit by segment (FY2016)



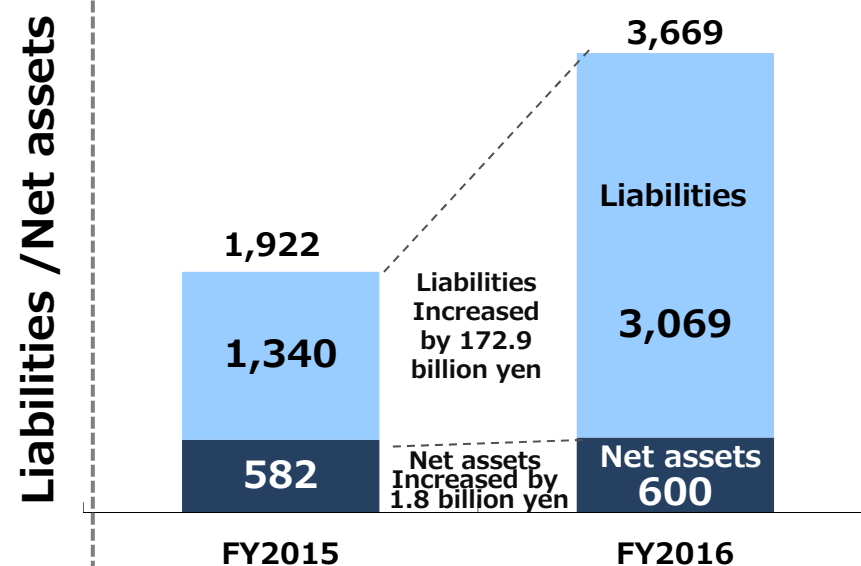
*The results for FY2014 excludes the impact of fiscal year unification (January through March, 2014).

5. Consolidated Balance Sheet

(in hundred million yen)



| Item | FY2015 | FY2016 | Change |
|--------------------------------|--------------|--------------|---------------|
| Current assets | 980 | 1,782 | +802 |
| (Tangible fixed assets) | 447 | 910 | +463 |
| (Intangible fixed assets) | 59 | 860 | +801 |
| (Investments and other assets) | 495 | 117 | ▲378 |
| Fixed assets in total | 942 | 1,887 | +945 |
| Total assets | 1,922 | 3,669 | +1,747 |

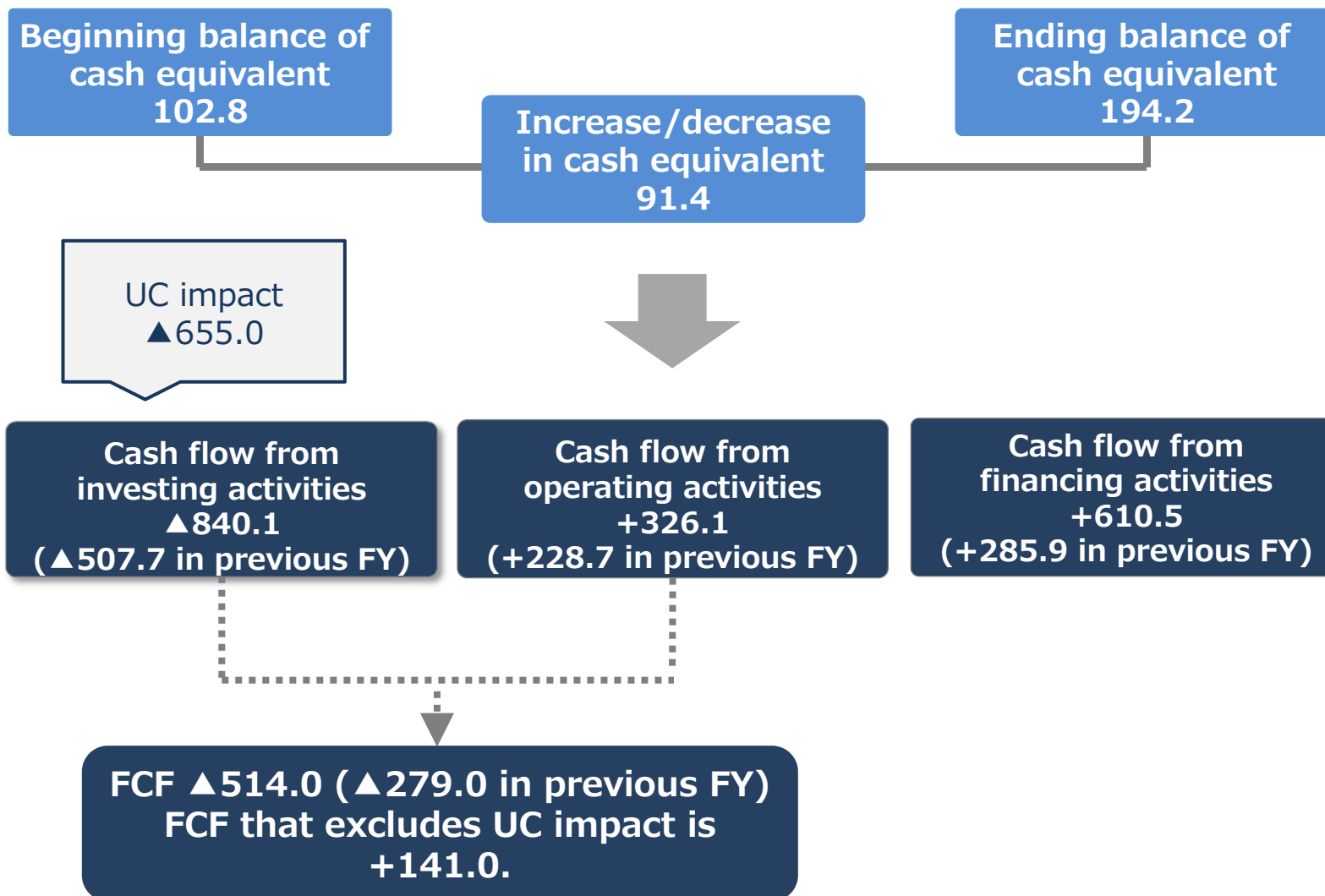


| Item | FY2015 | FY2016 | Change |
|---|--------------|--------------|---------------|
| Current liabilities | 1,197 | 1,516 | +319 |
| Fixed liabilities | 143 | 1,553 | +1,410 |
| Total liabilities | 1,340 | 3,069 | +1,729 |
| Total Net Assets | 582 | 600 | +18 |
| Total Liabilities and Net Assets | 1,922 | 3,667 | +1,747 |

6. Consolidated Cash Flow Statement

(in hundred million yen)

**Free cash flow (FCF) increased by +4.17 billion yen
(UC Impact is excluded)**



7. Business outlook for FY ending March, 2018 (full year)

(in hundred million yen)

| | FY ended March, 2017 (Actual) | FY ended March, 2017 (Adjusted consolidation) | FY ending March, 2018 (Forecast) |
|--|-------------------------------------|--|--|
| Number of units sold | 75,000 | 108,000 | 115,000 |
| Sales | 2,710 | 3,969 | 4,100 |
| Operating profit (Before amortization of goodwill) (Operating profit margin) | 131 (4.8%) | 166 (4.2%) | 185 (4.5%) |
| Amortization of goodwill | ▲26 | ▲99 | ▲95 |
| Operating profit (Operating profit margin) | 105 (3.9%) | 67 (1.7%) | 90 (2.2%) |
| Ordinary profit (Ordinary profit margin) | 90 (3.3%) | 63 (1.6%) | 80 (2.0%) |
| Net income (Net income margin) | 36 (1.4%) | 14 (0.4%) | 35 (0.9%) |
| Dividend per share | 11 yen | — | 11 yen |

Actual results for FY ended March, 2017 consolidate UC only for 4th quarter (3 months). Business results in the adjusted consolidation for FY ended March 2017 are the provisional figures based on an assumption that UC was consolidated for the full year.





FY ended March, 2017 Actual FX rates: USD=108.38 yen, EUR=118.79 yen, CNY=16.11 yen

FY ending March, 2018 FX rates forecast: USD=105.00 yen, EUR=120.00 yen, CNY=15.50 yen

8. Main points of the business outlook for FY ending March 2018 (full year)






Sales

YOY: Increase by 139 billion yen, or 51.3%

| | | |
|---|---|-------------------|
|  | Increase by full consolidation of UC | +129 billion yen |
|  | Expansion in overseas business (Increase in market share and synergy with UC) | +10.1 billion yen |
|  | Expansion in domestic business (Battery trucks and logistic system, etc.) | +5.1 billion yen |
|  | Impact of FX translation due to yen appreciation, etc. | ▲5.2 billion yen |

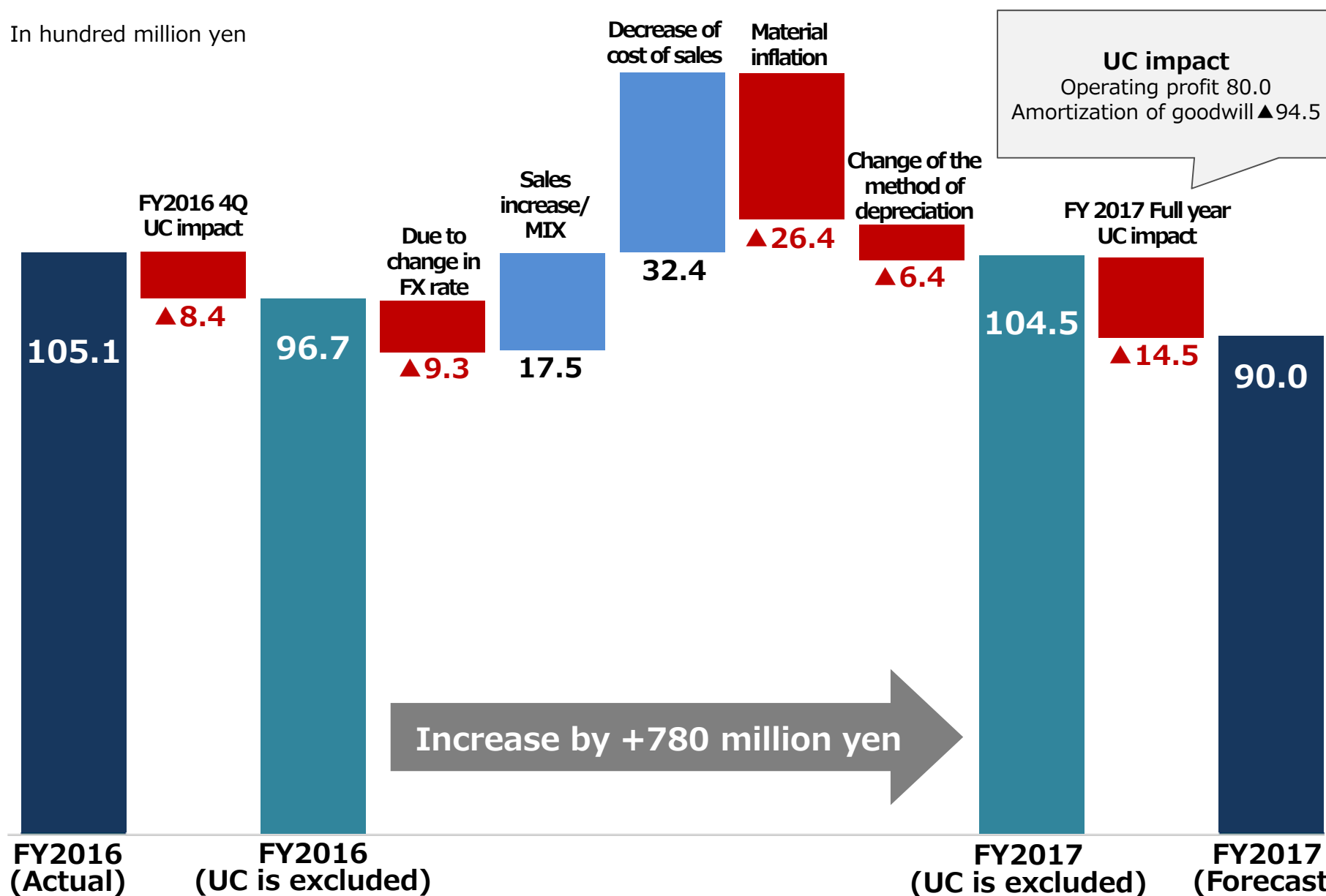
Operating profit

YOY: Decrease by 1.51 billion yen, or 14.4%

| | | |
|---|--|------------------|
|  | Sales increase, MIX and decrease of cost of sales, etc. | +2.4 billion yen |
|  | UC impact for full year (Amortization of goodwill is included) | ▲2.3 billion yen |
|  | The current year impact ▲1.5 billion yen – Previous year impact +0.8 billion yen | |
|  | Impact of FX translation due to yen appreciation, etc. | ▲0.9 billion yen |
|  | Change of the method of depreciation (straight line method), etc. | ▲0.7 billion yen |

9. Inc/Dec. factors of consolidated operating Profit FY2017 (Forecast) VS FY2016 (Actual)

In hundred million yen

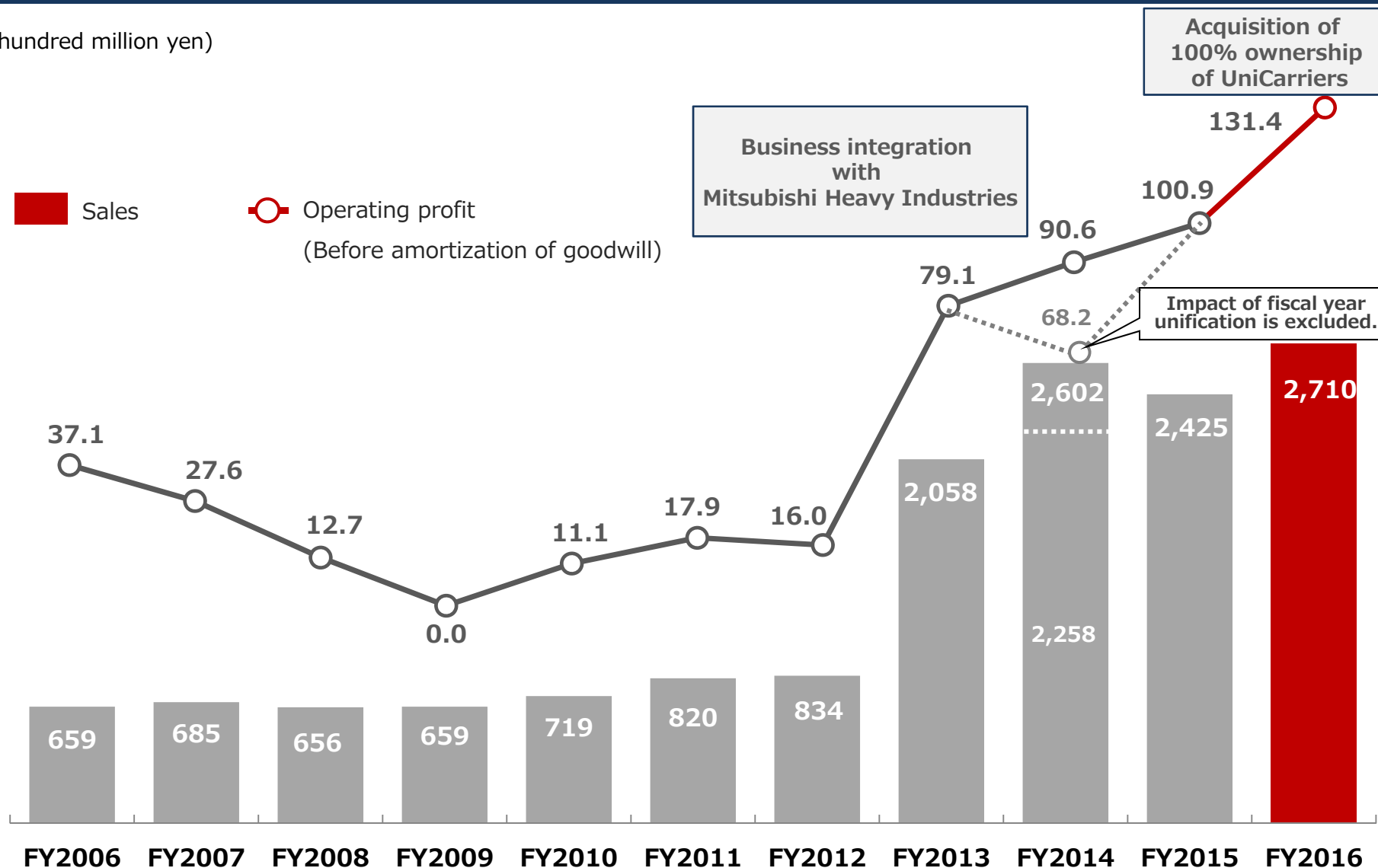


Appendix (Main management indicators)

| | Indicator | Formula | FY2015 | FY2016 | | Comments |
|------------------------|------------------------------|--|------------|-------------------|-----------------------------------|--|
| | | | | | (Before amortization of goodwill) | |
| Overall | Return on assets (ROA) | $\frac{\text{Net income}}{\text{Total Asset}}$ | 2.7% | 1.3% | (2.2%) | <ul style="list-style-type: none"> •The total assets increased, due to consolidation of UC •The indicator deteriorated because the net income decreased by amortization of goodwill (The figure before the amortization of goodwill excludes the impact of amortization of goodwill from the net |
| | Return-on-equity (ROE) | $\frac{\text{Net income}}{\text{Net worth equity}}$ | 8.4% | 6.3% | (10.7%) | |
| Profitability | Operating profit margin | $\frac{\text{Operating profit}}{\text{Sales}}$ | 4.2% | 3.9% | 4.8% | <ul style="list-style-type: none"> •Sales increased because the business results of UC for the 4th quarter was consolidated •The indicator deteriorated because the operating profit and the net income decreased due to the amortization of goodwill, etc |
| | Net income margin | $\frac{\text{Net income}}{\text{Sales}}$ | 1.9% | 1.3% | 2.2% | |
| Efficiency | Total asset turnover | $\frac{\text{Sales}}{\text{Total Asset}}$ | 1.4 times | 1.0 time | — | |
| | Receivables turnover | $\frac{\text{Sales}}{\text{Account receivable}}$ | 5.9 times | 4.8 times | — | |
| | Inventory turnover | $\frac{\text{Cost of Sales}}{\text{Inventories}}$ | 4.6 times | 4.5 times | — | |
| Solvency | Capital adequacy ratio | $\frac{\text{Net worth equity}}{\text{Total Asset}}$ | 29.5% | 15.8% | — | Both the equity ratio and D/E ratio deteriorated significantly because the acquisition of UC was financed by borrowings. |
| | D/E ratio | $\frac{\text{Interest-bearing debt}}{\text{Net worth equity}}$ | 1.3 times | 3.2 times | — | |
| Stock Price Evaluation | Price earning ratio (PER) | $\frac{\text{Stock prices}}{\text{Earnings per share}}$ | 10.4 times | 20.9 times | 12.6 times | Stock prices At end of 115th accounting term:460 yen At end of 116th accounting term:714 yen |
| | Price book value ratio (PBR) | $\frac{\text{Stock prices}}{\text{Book value per share}}$ | 0.9 times | 1.3 times | — | |

Appendix (Transition of business results)

(in hundred million yen)



The period of FY 2014 for the consolidated business results was irregular as it was a transitional period for a change of the closing dates. Mitsubishi Nichiyu Forklift and the subsidiaries that had the end of March as the closing date had 12 months to be covered in the consolidation whereas the subsidiaries that had the end of December as the closing date had 15 months.

Appendix (Transition of stock prices)

(yen)



684 yen
(May 30, 2017)

Appendix (Company Profile)

| | |
|------------------------------|---|
| Company Name | Mitsubishi Nichiyu Forklift Co.,Ltd. |
| Head Office | 1-1, 2-Chome, Higashikotari, Nagaokakyo-shi, Kyoto 617-8585 JAPAN |
| Established | August 1937 |
| Capital stock | 4,890 million yen (as of March 31, 2017) |
| Description of Business | Development, designing, and sales of logistic system products etc. such as Battery forklift, Engine forklift, Robot for transportation, Automated warehouse, and WMS*, etc. |
| Operation Centers | 【 Domestic 】 Kyoto, Shiga, Kanagawa and others 【 Overseas 】 United States, Europe, China, Asia and others |
| Production capacity per year | About 115,000 units |

*WMS: Warehouse management system

Business Plan in fiscal year 2017

President and CEO, Hideaki Ninomiya

1. Business environment

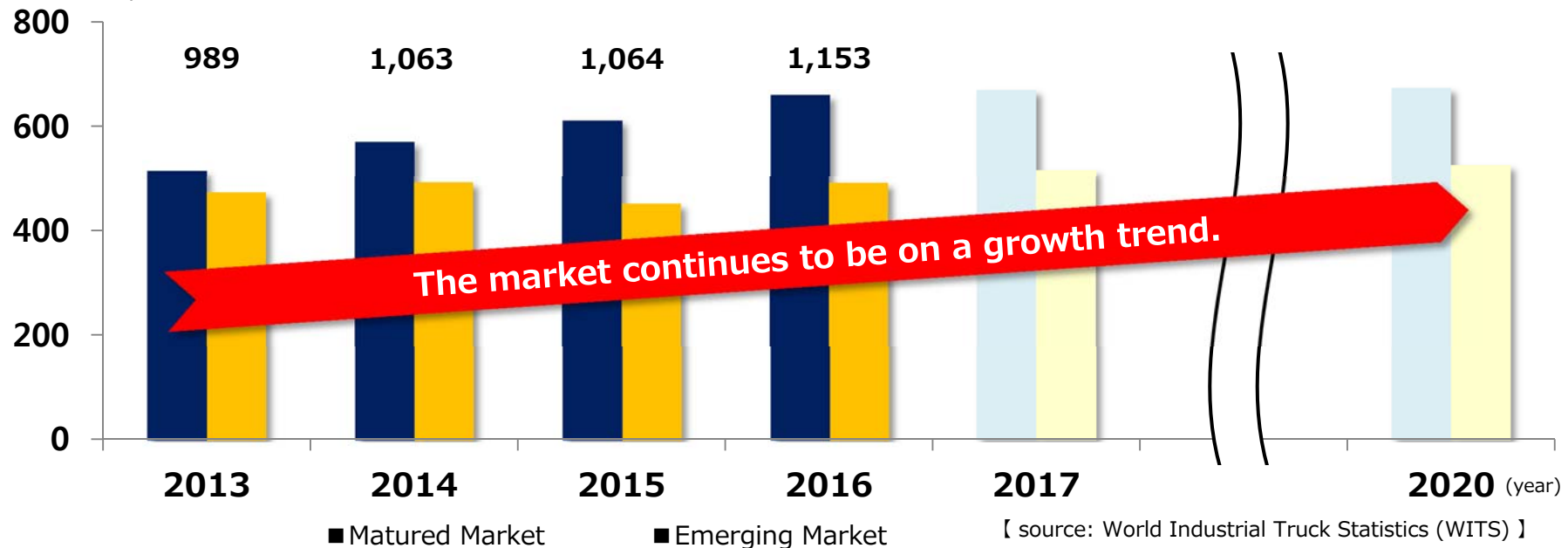
Economic Trend

- Although the economic strengths in matured markets are still uncertain, the capital investment is recovering in Japan and the USA. Overall, a moderate economic recovery is expected.
- Regarding the emerging countries, Chinese economy is recovering from the stagnant situation to show some upticks and Asian economies as a whole are also on a recovering trend thanks to economic reforms and political stabilization.

Forklift Market Trend

- The global market in 2016 recorded 1.153 millions units, an increase by 8.3% from a year earlier, and renewed the all-time high, driven by the matured markets as well as an expansion in China.
- The global market of the forklift is expected to be steady in 2017 as well.

(Unit: 1,000 units)



2. Topics in fiscal year 2016

Acquisition of 100% ownership of UniCarriers, assuming a management integration.

- In January 2017, Mitsubishi Nichiyu Forklift acquired the shares of UniCarriers Corporation (UC) from our parent company, M-FET (Mitsubishi Heavy Industries Forklift, Engine and Turbocharger Holdings, Ltd.), to **make UC our 100%-owned subsidiary**.
Furthermore, we **announced that we would implement the management integration** to realize an early maximization of synergy, improvement in business efficiency, and pursuit of scale merit, **by October, 2017**.

Public announcement of the new mid-term management plan "*Perfect Integration 2020*"

- We **established a new mid-term management plan** based on the management integration with UniCarriers and the significant changes in the environment that surrounds us.
- We aim at sales of **460 billion yen and an operating profit margin of 7.0%*** in FY2020 on a consolidated basis by increasing the capabilities of our core business and maximizing the synergy, based on "Strengthening of management foundation" and "Multi-brand/Glocal strategy."

Implementation of solutions for logistic systems.

- In October 2016, with cooperation from the Jungheinrich Company, we launched **high-level order picker cars** onto the **North American market** and expanded the line-up of the warehouse related machine types.
- In September 2016, we put up a display booth and made presentation in "**LOGIS-TECH TOKYO 2016**" We made exhibition of products such as fuel cell forklifts and appealed for an improvement in the logistic systems.
- In December 2016, we held "**Logistics Solution Fair 2016 in Kobe**" We provided the "Resolution·Hint·Awareness" about an improvement of logistic systems by the exhibition of latest logistic solutions and the products.

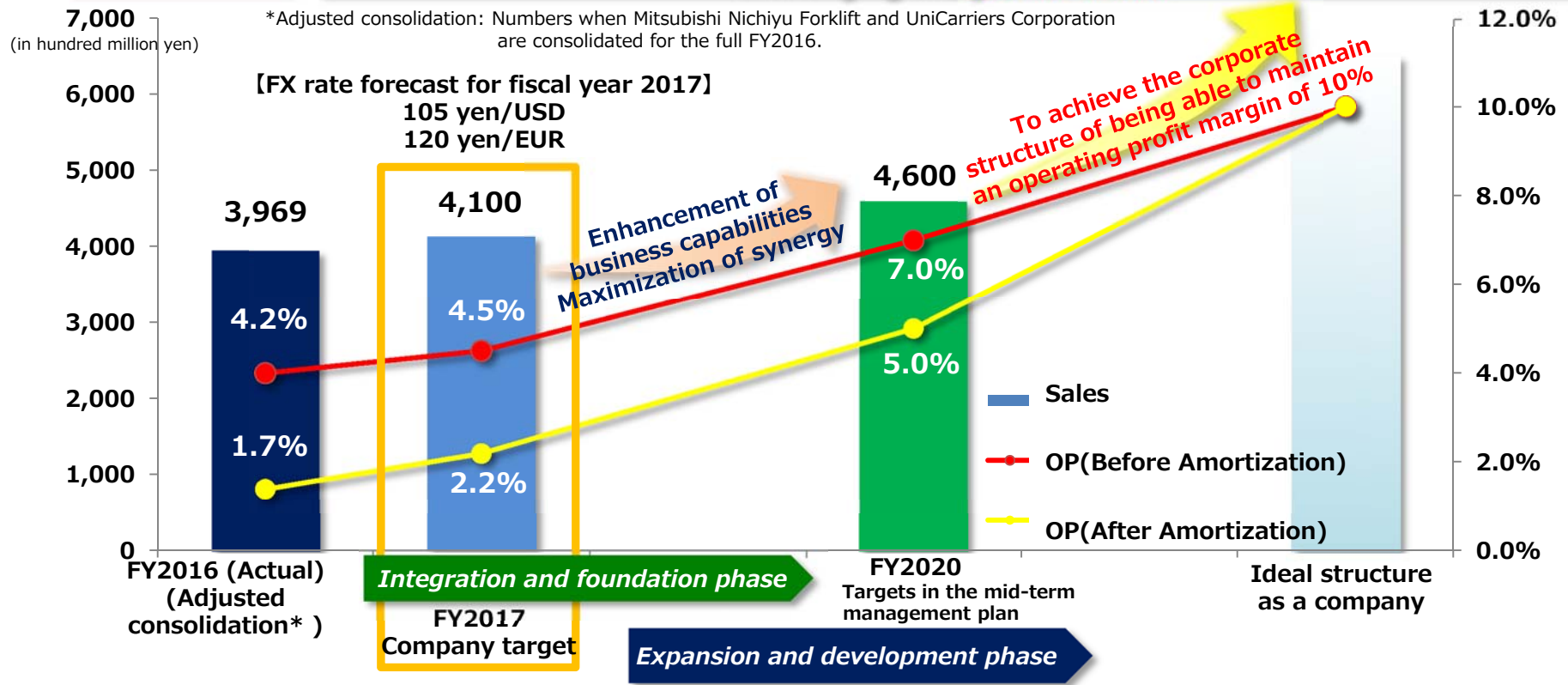
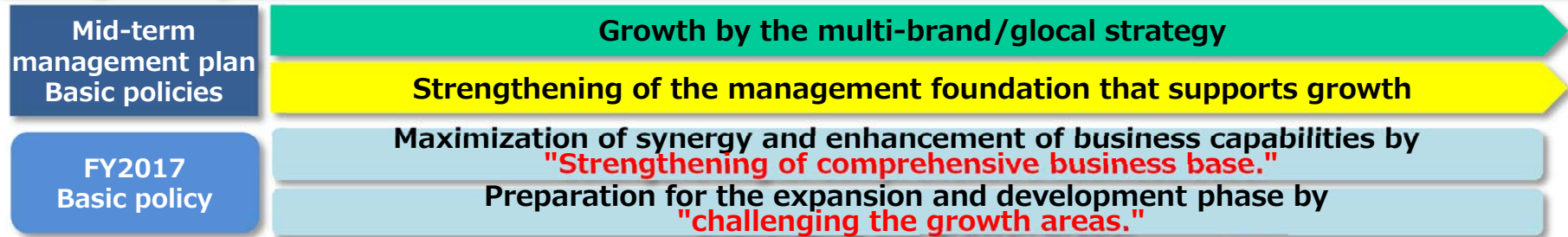


**HIGH-LEVEL ORDER PICKER
for North American Market**

*Before amortization of goodwill

3. Business Plan in fiscal year 2017

We will pursue the strategy based on the basic policies set out in the new mid-term management plan and the phases in it.
 We regard the fiscal year 2017 as the "Integration and foundation phase" and the year for strengthening our business base.



4. Pursue the multi-brand/glocal strategy

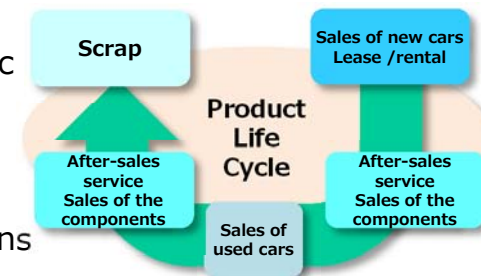
■ Pursuit of strengthening of the business

Matured Markets

- **Further strengthening of logistic network for the parts**
 - In June 2017, we established a new center for the parts in Texas State
- **Expand the marketing capabilities**
 - Initiate a review of the regional controlling functions
- **Optimization the sales and services network**
 - Start an integration of domestic bases (also to execute scientific verification* etc. with use of AI) *IBM Watson and others
- **Expansion of the product value chain**
 - Cope with the various usage patterns of customers such as the lease/rental or the used cars, mainly in the direct selling regions



The parts center in the Indiana State, USA



Emerging Markets

- **Develop a full line-up product for local**
 - Cope with the wide range of customers and various needs in China
- **Focus on products that have strength**
 - Start to consolidate some products in Asian region
- **Optimization the distribution of the parts**
 - In January 2017, we integrated the Asia Parts Center with the base in Singapore



Engine forklift for the middle range

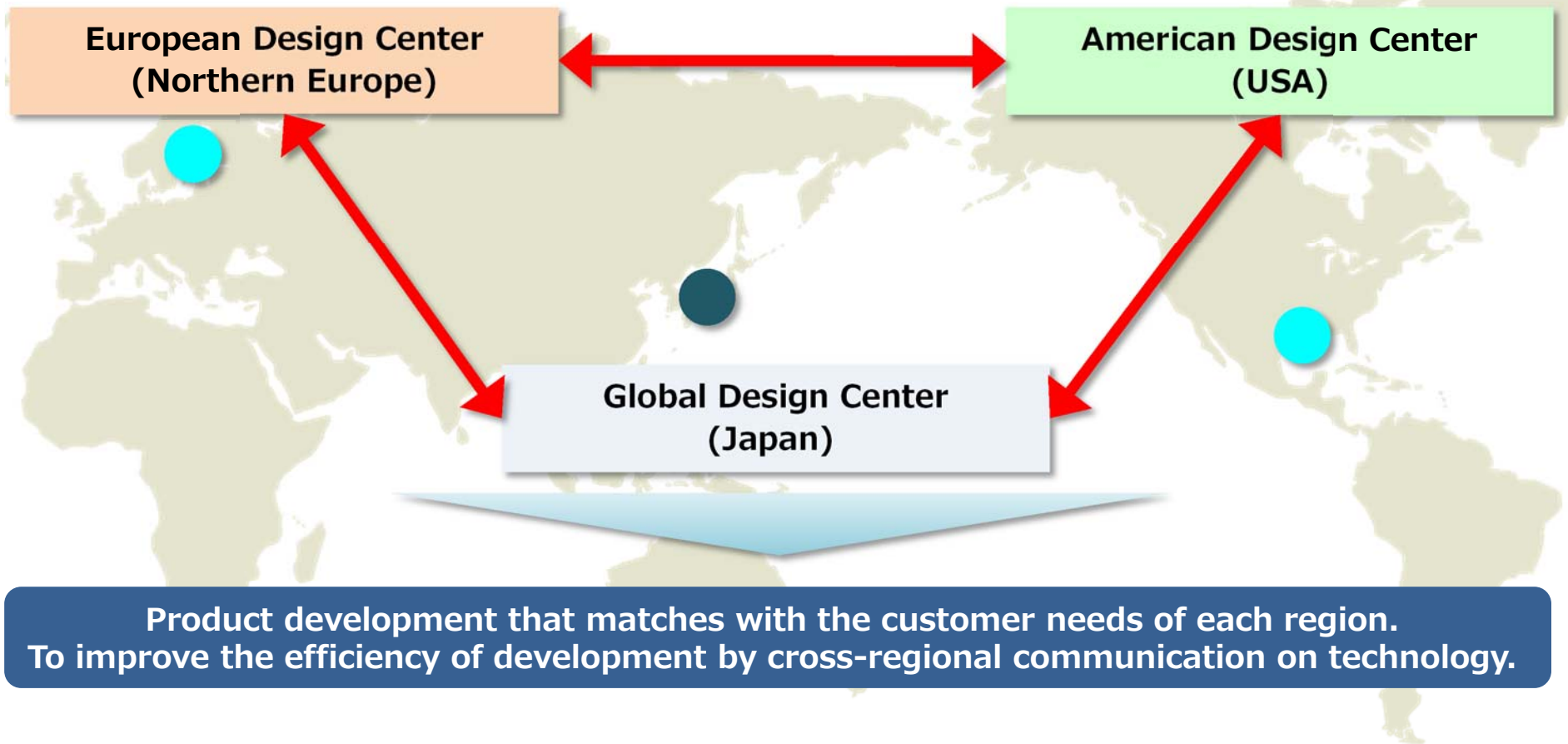


Reach forklift for Asia and China

4. Pursue the multi-brand/glocal strategy

■ Optimization of development structure

- Consolidate the development divisions of the two companies as a **global design center**.
- Support the multi-brand/glocal strategy by the three bases in the world **together with the newly developed bases in USA and Europe**.



5. Strengthening of the business base by the management integration

Strengthen the business base by the management integration.
Achieve the early creation of synergy by combining the strong points of the two companies and supplementing the functions with each other.

Mitsubishi Nichiyu Forklift



Strong points

- Electric forklift·logistic systems
- Diesel engine forklift
- Global supply structure of service parts
- Markets in Japan and USA

UniCarriers



Strong points

- Large-sized forklift·Harbor systems
- Key components such as gasoline engines
- Special trucks, construction machines
- Direct selling system in Europe, Asian markets

Become an comprehensive logistic-related manufacturer of top class in the world.

Maximize synergy by combination of the best practices of the two companies.

Viewpoint from the marginal profit

Viewpoint from the fixed cost

Viewpoint from the balance sheet

Strengthening of the integrated business base

6. Strengthening of the integrated business base

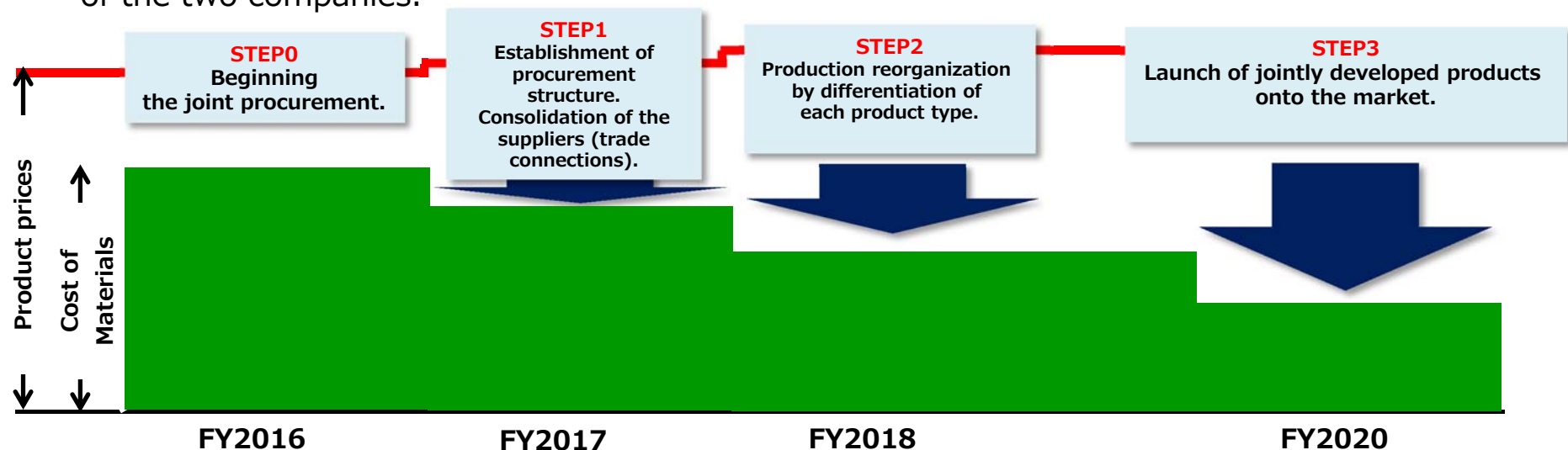
- Viewpoint from the marginal profit -

■ Cost reform by strengthening of the procurement structure

- Realize the cost reform by the **establishment and strengthening of the procurement structure by integration, the differentiation of each product type, and launch of jointly developed products onto the market.**

■ Pricing that suits the value added of the product.

- Review the prices based on the **variation range, range and functions of the product types** of the two companies.



■ Strengthening of the structure and functions of the after-sales service parts business

- **Optimize the parts logistic system globally.**
- **To best utilize the direct-line service network** of the two companies that is expanding into various areas of the world.
- Improve the service skills of employees by **use of educational programs** of the two companies.

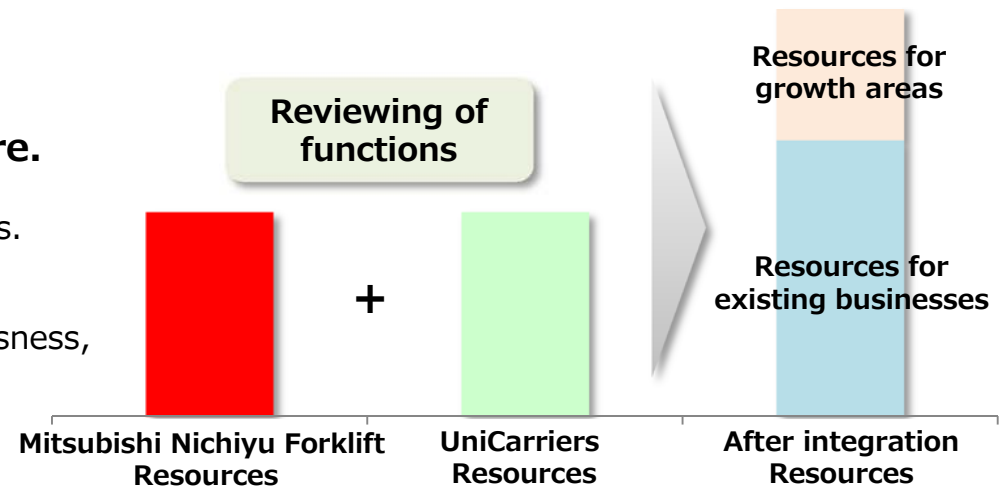


6. Strengthening of the integrated business base

- Viewpoint from the marginal profit -

■ Optimization of resources

- **Reassignment of the resources with organization of the best structure.**
 - Expansion of the existing businesses and the creation of resources for the growth areas.
- **Cost control of duplicated activities**
 - Excluding the duplicated activities and uselessness, and to be thorough in pursuing efficiency improvement.

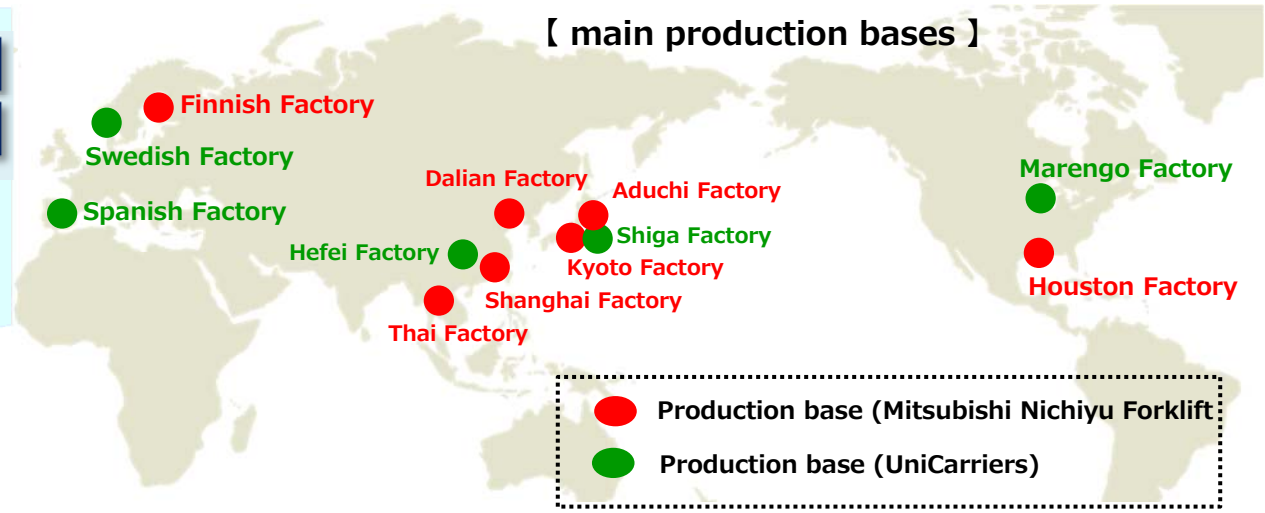


■ Optimum SCM* · Realization of the best operations

| | |
|-------------------------|----------------|
| Europe: 3 bases | USA: 2 bases |
| Japan: 3 bases | China: 3 bases |
| Asia and others: 1 base | |

Reorganization of the production bases by differentiation of each product type.

Realize the best operations globally.



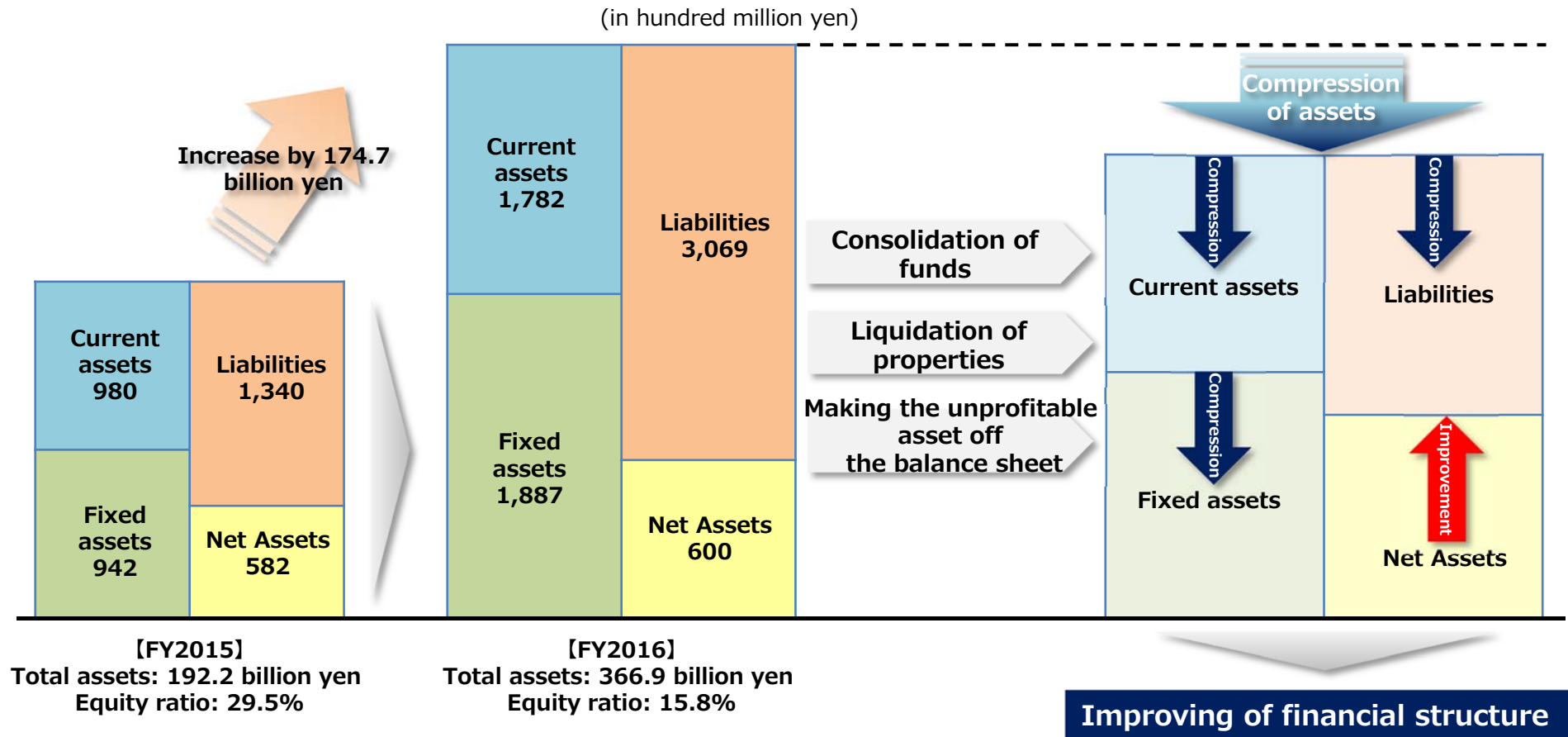
*SCM: Supply Chain Management

6. Strengthening of the integrated business base

- Viewpoint from the marginal profit -

■ Improvement of asset efficiency

- We will improve the financial structure by the asset compression (such as asset management)



7. Activities for the growth areas

■ Expansion of the solution businesses

- Cope with the needs for "Automation, mechanization, and efficiency improvement" that are expanding rapidly.



*1WMS: Warehouse management system.
 *2AGF:Auto Guided Forklift (unmanned forklift)

- Realization of the improvement in productivity and efficiency by "visualization" of the work.
 - Vehicle management system using the telematics



■ Activities of safety and security for customers

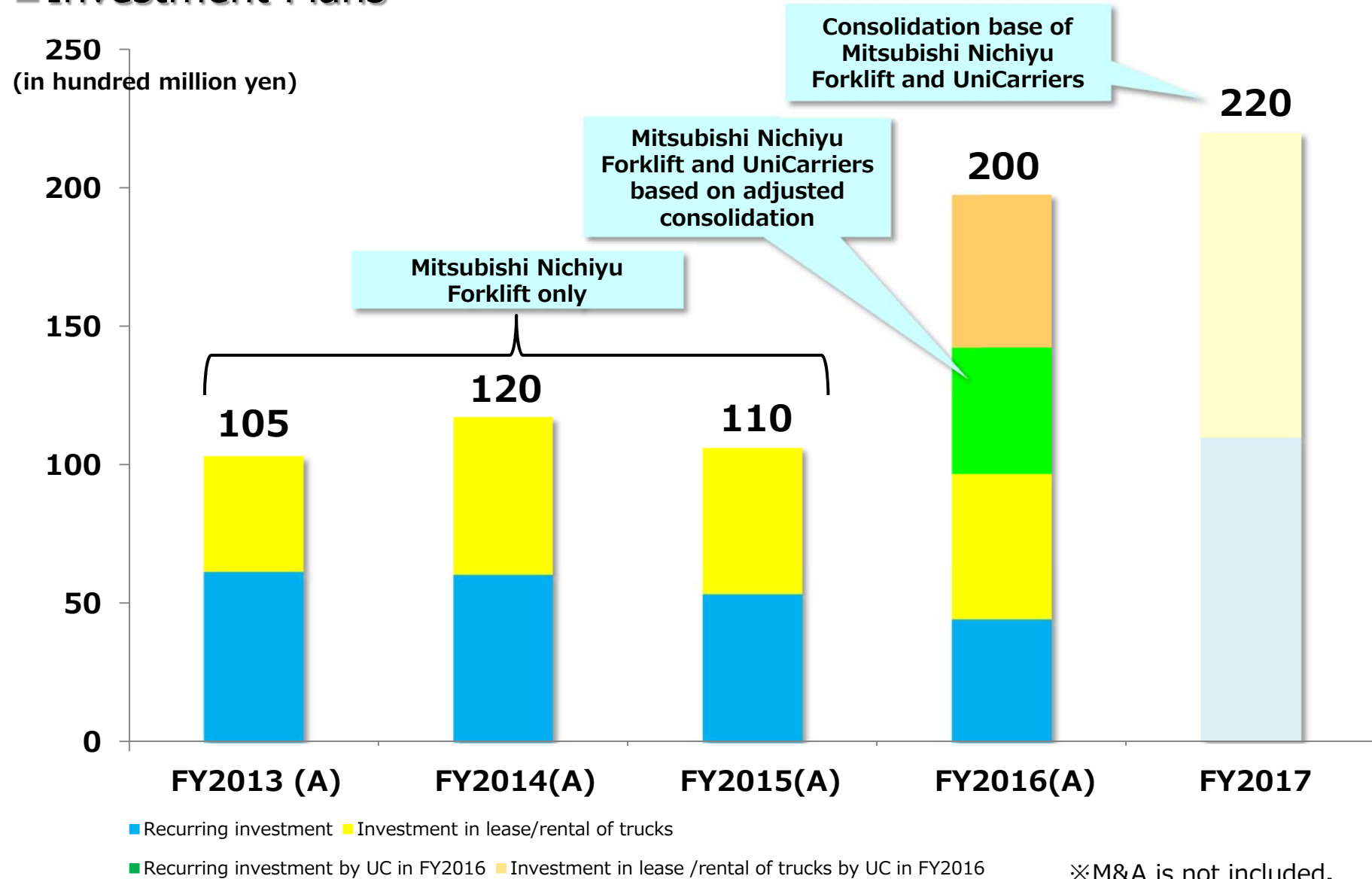
- Proposal for the equipment to realize safety, security and comfort on the logistic sites.
- Holding of the safety seminars (3,042 times in Japan in FY2016)



➔ Intensify our efforts for the growth areas toward the "Expansion and development phase" of the mid-term management plan.

< Appendix >

■ Investment Plans



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- This material was prepared for the sole purpose of providing investors with information and not aimed at solicitation of any buying or selling.
- The description concerning the expectation of the future in this material is based on the target or the forecast and shall not provide any commitment or guarantee.
- Please bear in mind when you use this material that the business results of Mitsubishi Nichiyu Forklift in the future may be different from our present forecast.
- The description concerning the business results etc. is based on various data that we believe reliable but we do not guarantee correctness and completeness of such data.
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