

Annual Results for FY 2015

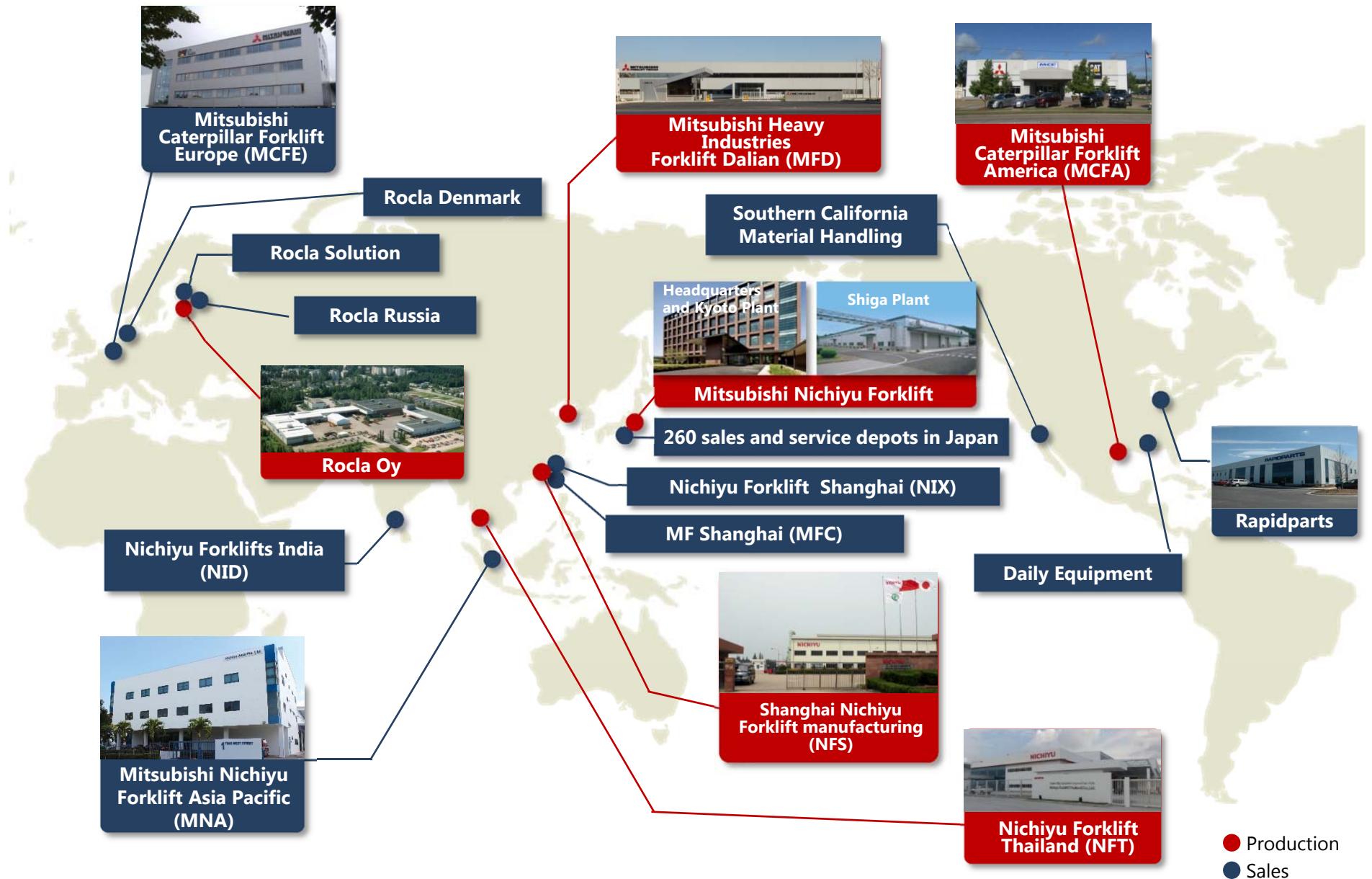
June 2, 2016

Mitsubishi Nichiyu Forklift Co., Ltd.

Company Profile

Company name	Mitsubishi Nichiyu Forklift Co., Ltd.
Head office	1-1, 2-Chome, Higashikotari, Nagaokakyo-shi, Kyoto 617-8585 JAPAN
Establishment	August 1937
Paid-in capital	4,890 million yen (as of March 31, 2016)
Business lines	Development, design, manufacture and sales of logistics system products such as battery-powered forklift, engine-powered forklift, transportation robot, automated warehouse, and warehouse management system (WMS).
Offices and plants	[Japan] Kyoto and Shiga [Overseas] United States Houston, Texas Pearl, Mississippi Grand Rapids, Michigan Pico Rivera, California The Netherlands and Finland Dalian and Shanghai Thailand, Singapore, etc. Europe China Asia
Annual production capacity	Approx. 75,000 units
Number of employees of consolidated base	Approx. 5,500

Major Production and Sales Bases



● Production
● Sales

FY 2015 Financial Results

Hideaki Ninomiya, President and CEO

Outlook of FY2015 Financial Results

Market environment

Regarding the world economy, the United States, Europe and other industrialized markets generally maintained a mild recovery trend. On the other hand, economic slowdown in China and moderated growth of emerging countries and resource-rich countries brought uncertainties over the future of the world economy.

In Japan, the economic recovery trend continued with improvements in capital investments and employment, due to yen depreciation and falling oil prices. However, the recovery slowed down in the latter half of the fiscal year due to appreciation of the yen and unstable movement of the financial market, as well as the influence of economic weakness in China and Asia.

Overview of Our Consolidated Financial Results

In Japan, the Company made concentrated efforts in sales and service activities, such as entire model changeover of reach-type battery-powered forklifts, which are our major product category, and release of engine-powered forklifts compliant with Tier 4 emission regulations for non-road diesel engines. Overseas, although sales in China and other emerging countries were sluggish, sales in the United States were strong. On the profit side, we have strived to establish optional sourcing on a global basis, along with efforts to reduce cost and improve quality.

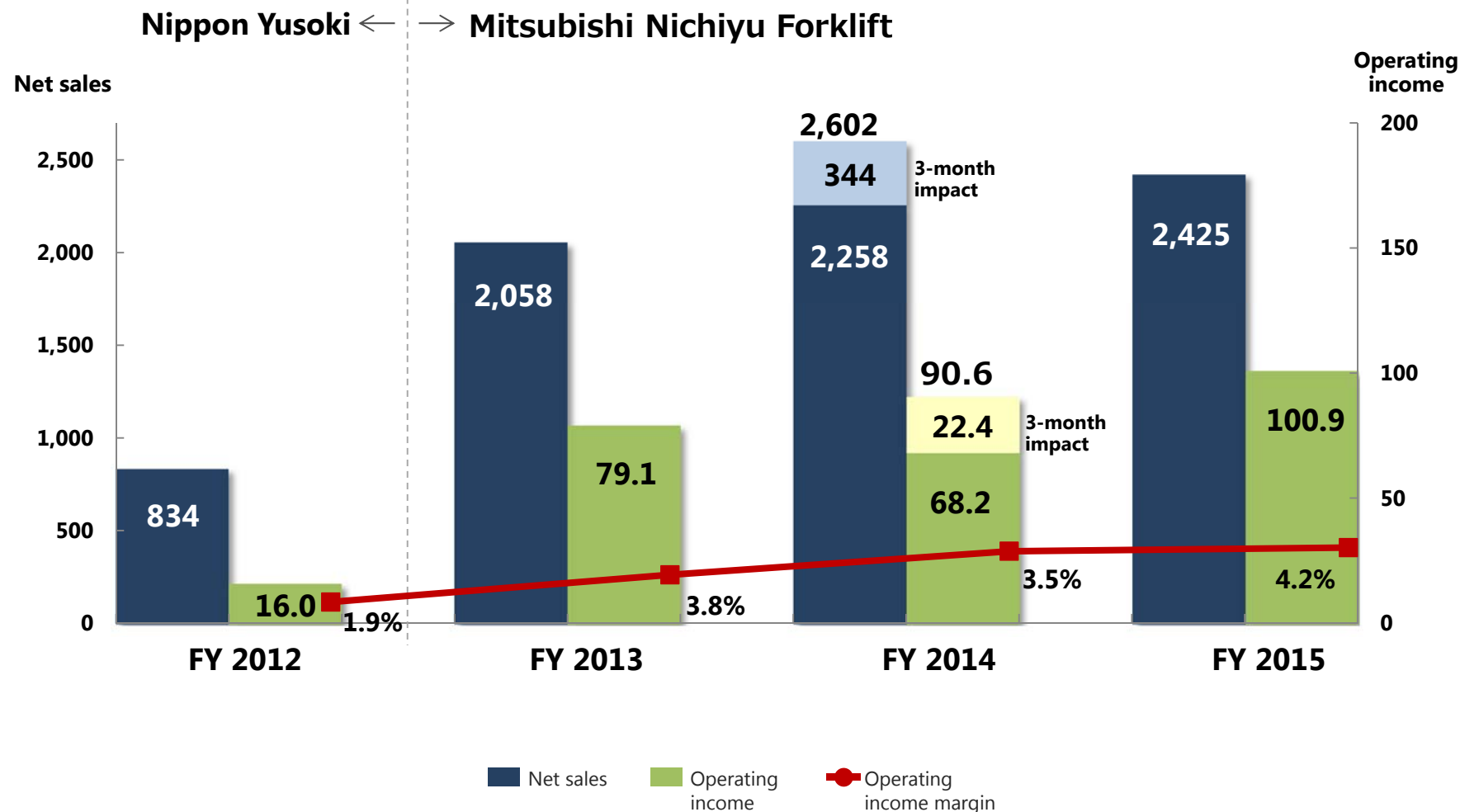
Net sales: 242,519 million yen – An increase of JPY 16,694 million (7.4%) from FY 2014 *

Operating income: 10,086 million yen – An increase of JPY 3,262 million (47.8%) from FY 2014 *

As we changed financial closing date of some consolidated subsidiaries from the end of December to the end of March in previous fiscal year (ended March 2015) to unify the accounting period of all the consolidated subsidiaries, the consolidated financial results for the previous fiscal year (on a published financial statement basis) include 15 months net sales and operating income of the said subsidiaries. So for the convenience of comparison, we adjusted the net sales and operating income of the said subsidiaries for the previous fiscal year corresponding to 12 months period.

1. Historical Results in Recent Years

(Unit: 100 million yen)



As we changed financial closing date of some consolidated subsidiaries from the end of December to the end of March in previous fiscal year (ended March 2015) to unify the accounting period of all the consolidated subsidiaries, the consolidated financial results for the previous fiscal year (on a published financial statement basis) include 15 months net sales and operating income of the said subsidiaries. So for the convenience of comparison, we adjusted the net sales and operating income of the said subsidiaries for the previous fiscal year corresponding to 12 months period.

2. Overview of Consolidated Financial Statements

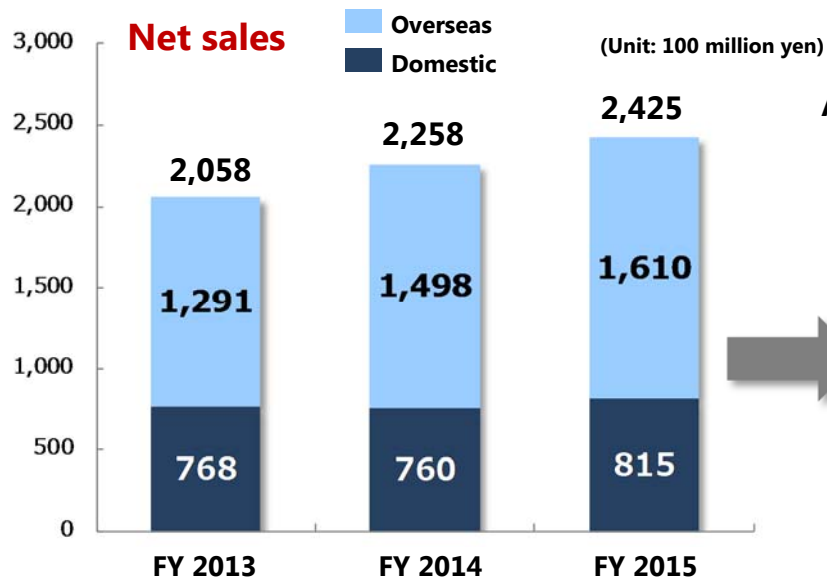
(Unit: 100 million yen)

Item	FY 2014		FY 2015	Comparison to the previous term (after excluding the impact of unifying financial closing dates)	
		After excluding the impact of unifying financial closing dates			
Net sales	2,602	2,258	2,425	167	+7.4%
Operating income (Operating income margin)	90.6 (3.5%)	68.2 (3.2%)	100.9 (4.2%)	32.6	+47.8%
Ordinary income (Ordinary income margin)	89.6 (3.4%)	70.0 (3.1%)	96.0 (4.0%)	26.0	+37.1%
Net income (Net income margin)	44.8 (1.7%)	32.8 (1.5%)	47.1 (1.9%)	14.3	+43.6%

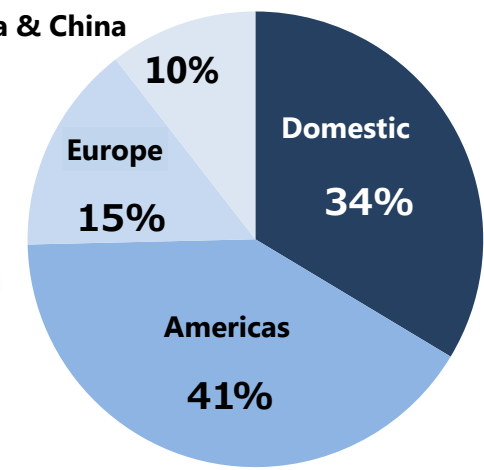
Item	FY 2014	FY 2015	Comparison to the previous term	
Total assets	1,629	1,922	293	18.0%
Total liabilities	1,047	1,340	292	27.9%
Net assets	581	582	1	0.2%

As we changed financial closing date of some consolidated subsidiaries from the end of December to the end of March in previous fiscal year (ended March 2015) to unify the accounting period of all the consolidated subsidiaries, the consolidated financial results for the previous fiscal year (on a published financial statement basis) include 15 months net sales and operating income of the said subsidiaries. So for the convenience of comparison, we adjusted the net sales and operating income of the said subsidiaries for the previous fiscal year corresponding to 12 months period.

3. Financial Results by Segment

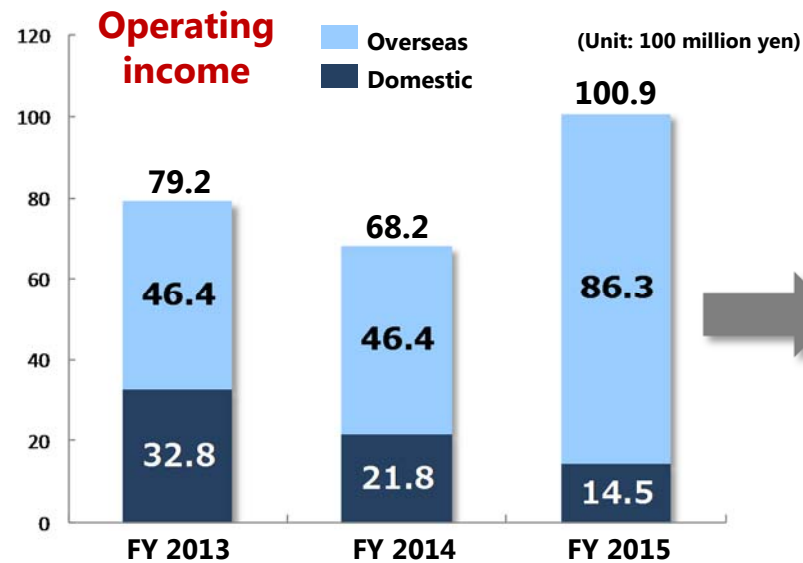


Net sales by region (FY ended March 2016)

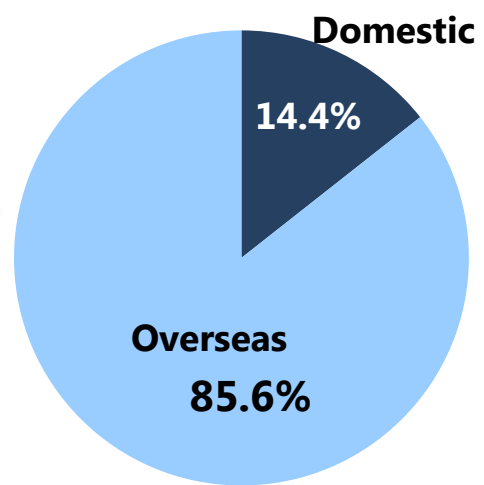


In the domestic business segment, sales increased due to expansion in the demand for battery-powered forklifts as compared to the previous term and increased sales of logistics systems.

In the overseas business segment, while sales in China and Asia decreased due to market deterioration, the overall sales significantly increased due to the buoyant U.S. market, market recovery in the Europe and foreign exchange gains due to the falling yen exchange rate.



Operating income by segment (FY ended March 2016)

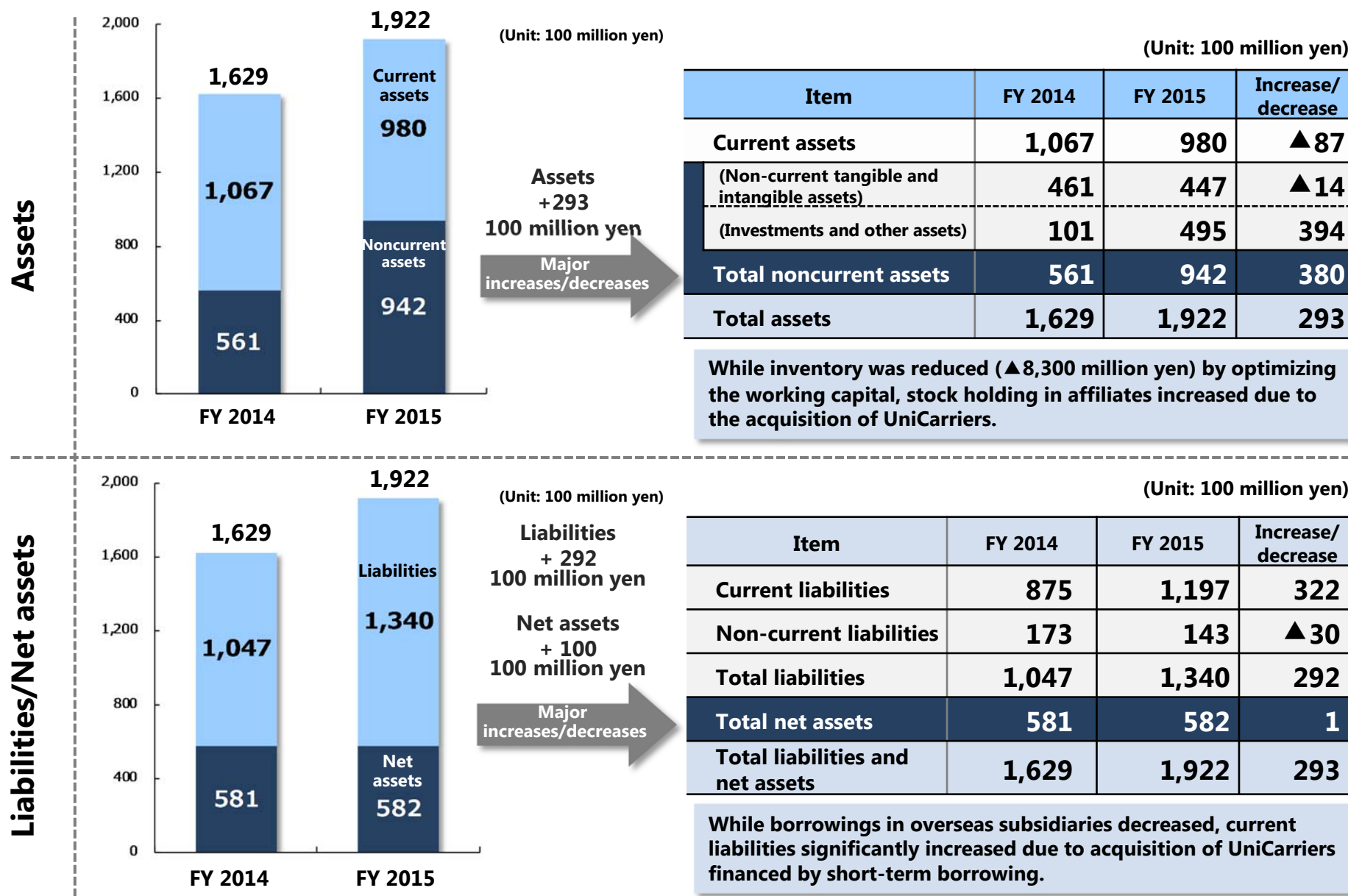


In the domestic business segment, operating income decreased due to overseas transfer of the production of large-size engine-powered forklifts and increased cost for development and improvement of new models.

In the overseas business segment, operating income significantly increased due to the buoyant results in North America as well as contributions from the yen depreciation and a significant compression of deficit by restructuring the European business.

*Figures for FY ended March 2015 have been adjusted to exclude the impact of unifying accounting period of certain overseas consolidated subsidiaries.

4. Consolidated Balance Sheet

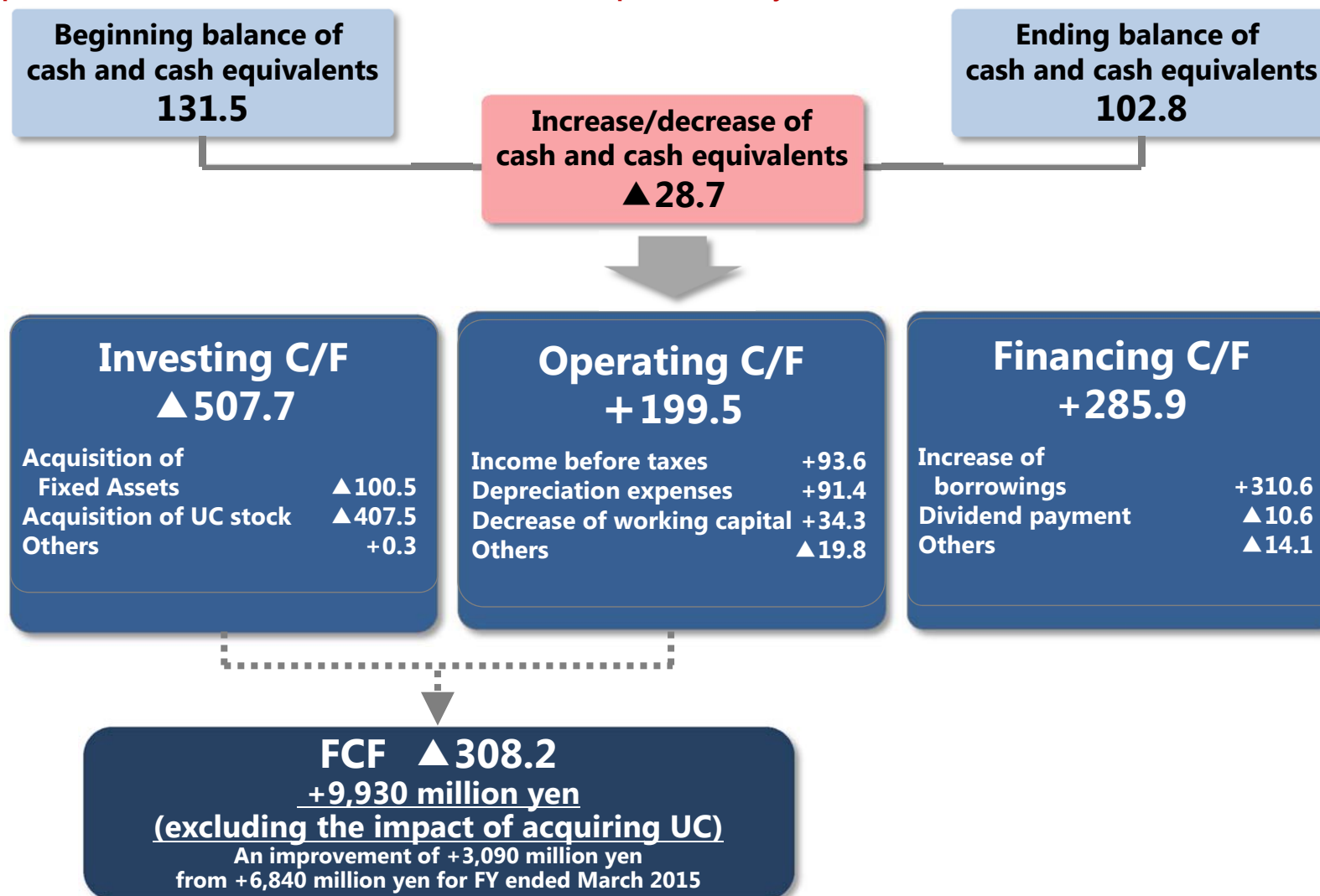


5. Consolidated Cash Flow Statement

(Unit: 100 million yen)

Free cash flows improved by +3,090 million yen from +6,840 million yen for FY 2014 (excluding the impact of acquiring UniCarriers)

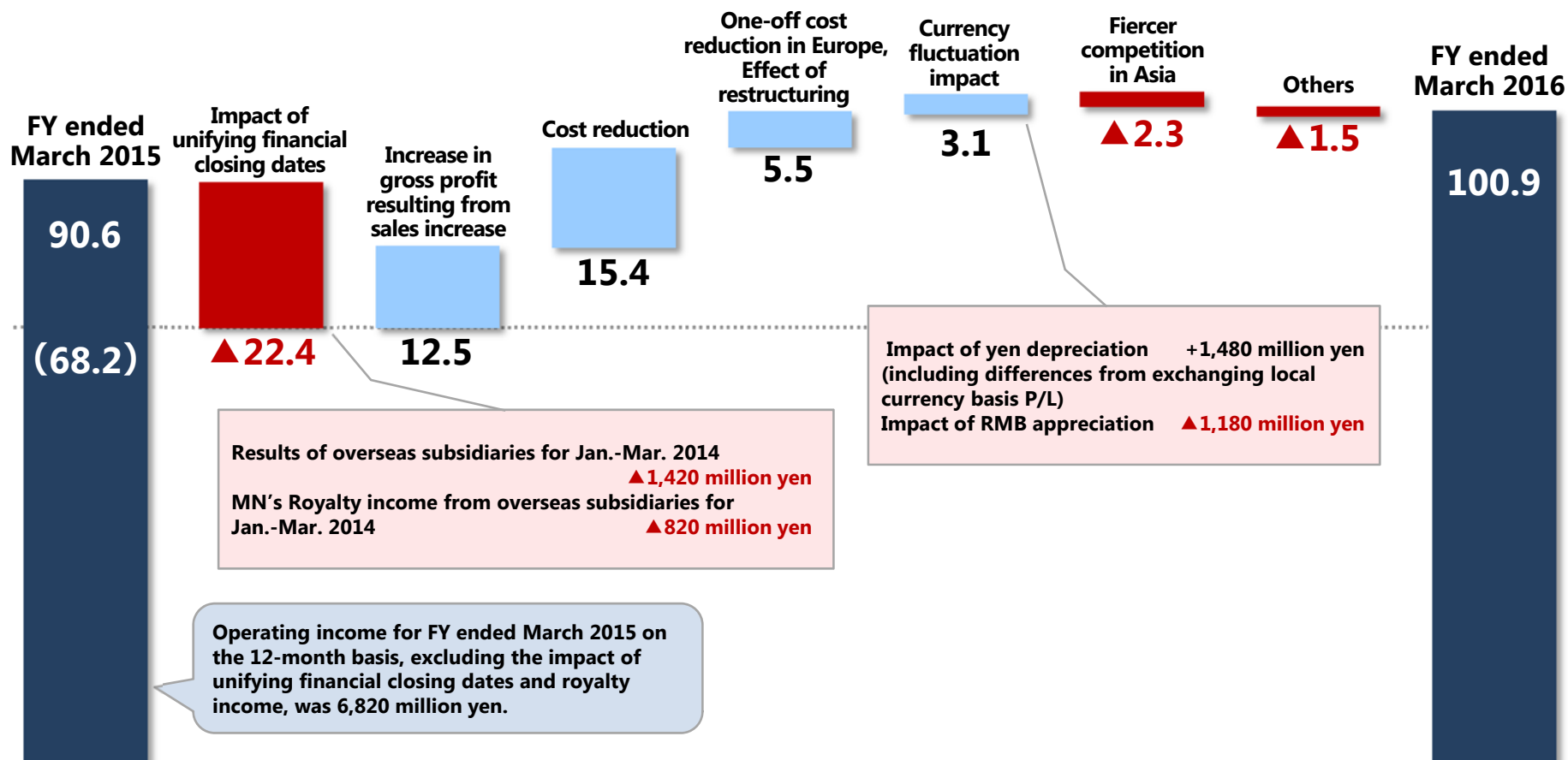
*FCF for this fiscal year has been improved substantially from the previous fiscal year, excluding the impact of unifying accounting period of certain overseas consolidated subsidiaries in the previous fiscal year.



6. FY 2015 Consolidated OP Analysis

Unit: 100 million yen

Achieved an increased operating income of +148% of the previous term on the 12-month basis, excluding the impact of unifying financial closing dates, due to sales increases in North America and Europe, earnings improvements and the effect of yen depreciation.



7. Key Financial Indicators

Item	Index	Calculation	FY 2014 (excluding impact of unifying financial closing dates)	FY 2015	Comment
Overall	Return on Assets (ROA)	$\frac{\text{Net Income}}{\text{Total assets}}$	2.4%	2.7%	Figures after excluding the impact of unifying financial closing dates because the original figures reflect the 15-month results of overseas subsidiaries.
	Return on Equity (ROE)	$\frac{\text{Net Income}}{\text{equity capital}}$	7.4%	8.4%	
Profitability	Ordinary income to net sales	$\frac{\text{Ordinary income}}{\text{Net sales}}$	3.4%	4.0%	Same as above
	Net Income to net sales	$\frac{\text{Net Income}}{\text{Net sales}}$	1.7%	1.9%	
Efficiency	Total assets turnover	$\frac{\text{Net sales}}{\text{Total assets}}$	1.4 cycles	1.4 cycles	
	Accounts receivable turnover	$\frac{\text{Net sales}}{\text{Accounts receivable-trade}}$	5.6 cycles	5.9 cycles	
	Inventory turnover	$\frac{\text{Cost of goods sold}}{\text{Inventory}}$	3.9 cycles	4.6 cycles	
Safety	Share holder's equity ratio	$\frac{\text{Shareholder's equity}}{\text{Total assets}}$	34.5%	29.5%	Worsened significantly due to the 40,400 million yen borrowing for the acquisition of UniCarriers.
	Debt Equity ratio	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity}}$	0.9 times	1.3 times	
Shareholders -related indices	Price earnings ratio (PER)	$\frac{\text{Stock price}}{\text{Earnings per share}}$	18.6 times	10.4 times	End of FY2014: 678 yen End of FY2015: 460 yen
	Price book-value ratio (PBR)	$\frac{\text{Stock price}}{\text{Net assets per share}}$	1.3 times	0.9 times	

8. Financial Forecast for FY 2016

(Unit: 100 million yen)

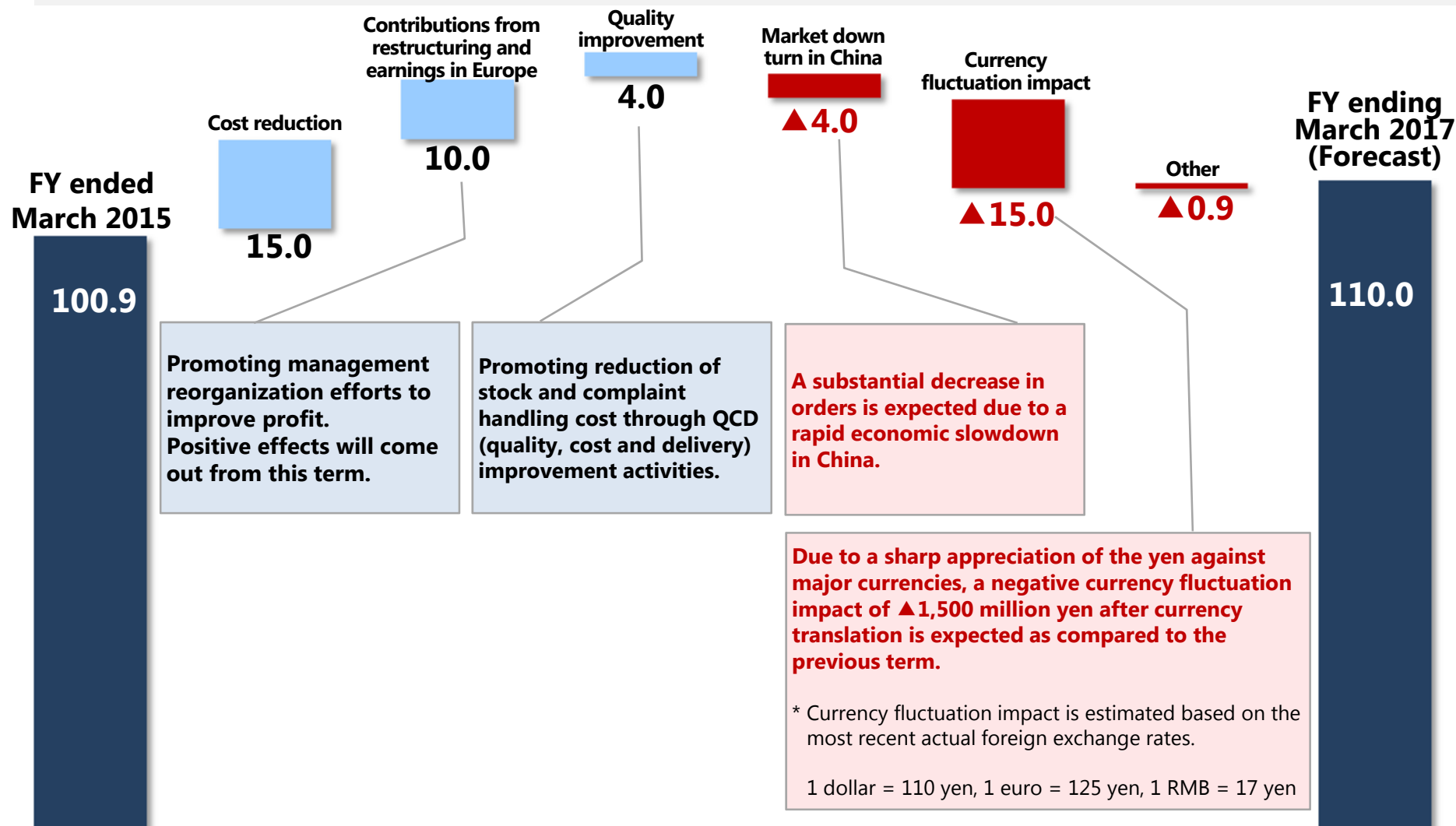
Item	FY ended March 2016 (Result)	FY ending March 2017 (Forecast)
Units sold	60,752 units	65,000 units
Net sales	2,425	2,350
Operating income (Operating income margin)	101 (4.2%)	110 (4.7%)
Ordinary income (Ordinary income margin)	96 (4.0%)	100 (4.3%)
Net profit (Net profit margin)	47 (1.9%)	60 (2.5%)
Dividend per share	11 yen/share	11 yen/share

Based on our basic policy of ensuring steady sales/profits and paying out appropriate profits to the shareholders, dividend per share for FY ended March 2016 **increased by 1 yen** from the previous term (10 yen).

9. Financial Forecast for FY 2016 (Breakdown of Forecasted Increases and Decreases)

Unit: 100 million yen

Expecting increased operating income as compared to FY ended March 2016 by covering negative impacts of yen appreciation and order decreases due to market downturn in China and emerging economies with thorough cost reduction measures and earnings improvement in Europe.



**Reflections on Mid-Term Management Plan (*Best Integration 2017*)
and Management Policy for FY ended March 2017(116th Term)**

Hideaki Ninomiya, President and CEO

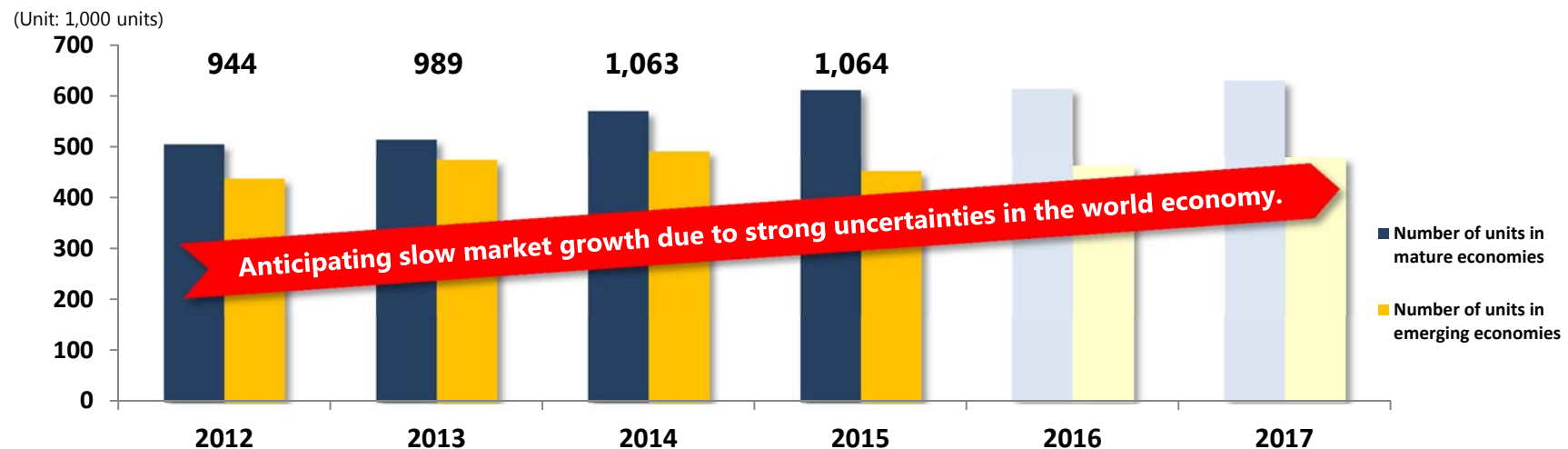
1. Market Environment

■ Economic trends

- As to the mature economies, although economic situations in the United States and Europe have been generally strong, there are strong uncertainties for the future with downward risks such as the controversy over the possibility of the United Kingdom leaving the EU and economic weakness in emerging countries. The Japanese economy is expected to see only a very slow growth, as compared to other mature economies, due to weak consumer spending.
- As to the emerging economies, while China, whose growth has been slowing down, shows signs of short-term economic stability, it does not allow an optimistic view on the future. Although Asian countries have continued to lack strength due to sluggish exports, they are expected to maintain a flat trend, supported by solid domestic demand and financial policies of their governments.

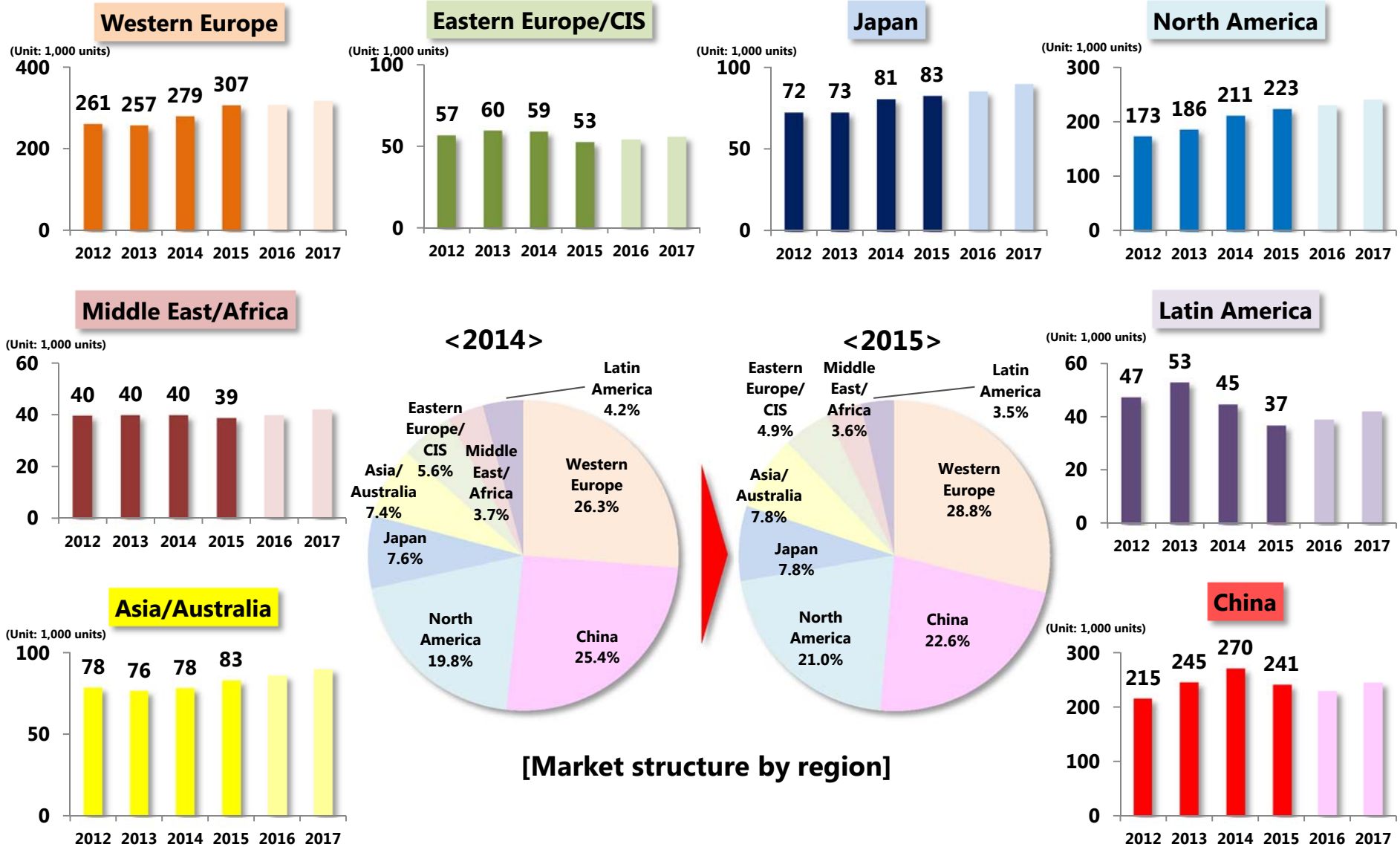
■ Trends in the forklift market

- With respect to the forklift market in 2015, the mature economies saw a 7.3% increase as compared to the previous year due to the growth in Western Europe and North America. On the other hand, the emerging economies saw a significant decrease of ▲8.2% with the impact of the shrinking Chinese market. The worldwide market is expected to have only a mild growth in 2016.



1. Market Environment

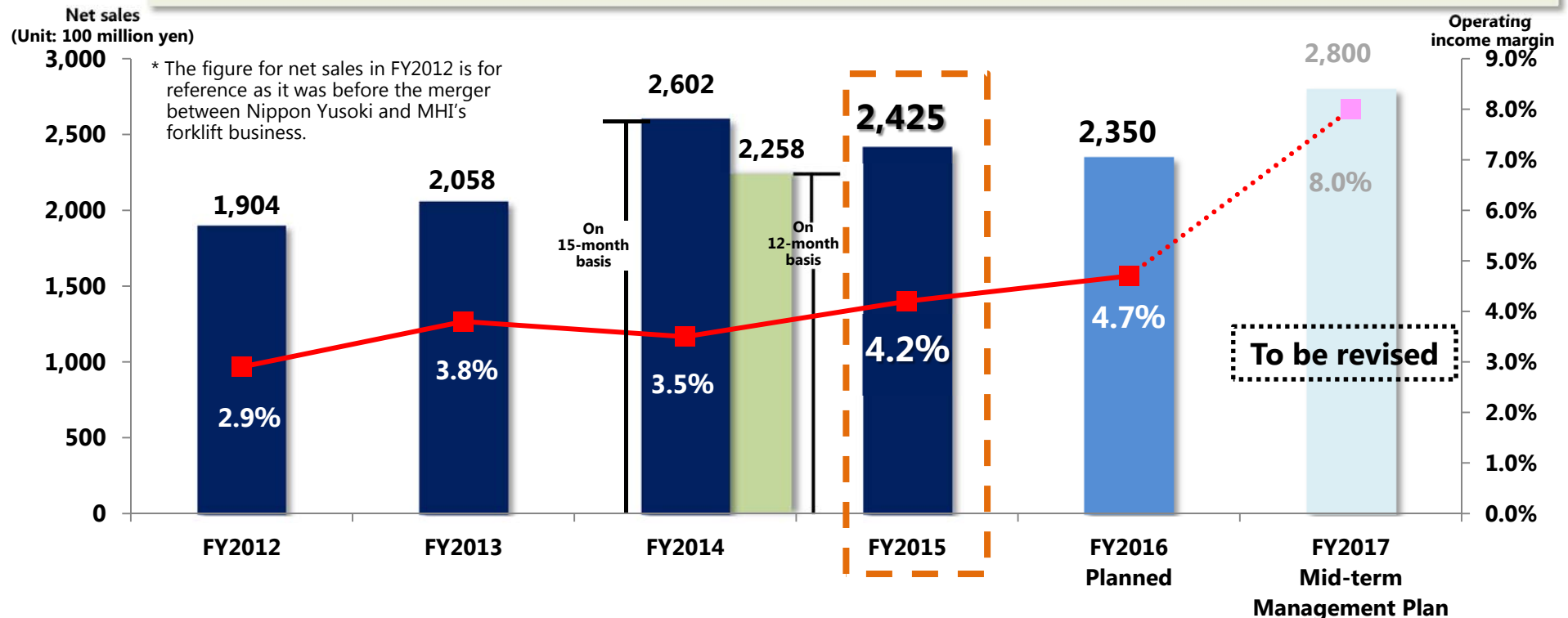
■ Historical trends of market size by region



2. Progress of Mid-Term Management Plan (*Best Integration 2017*)

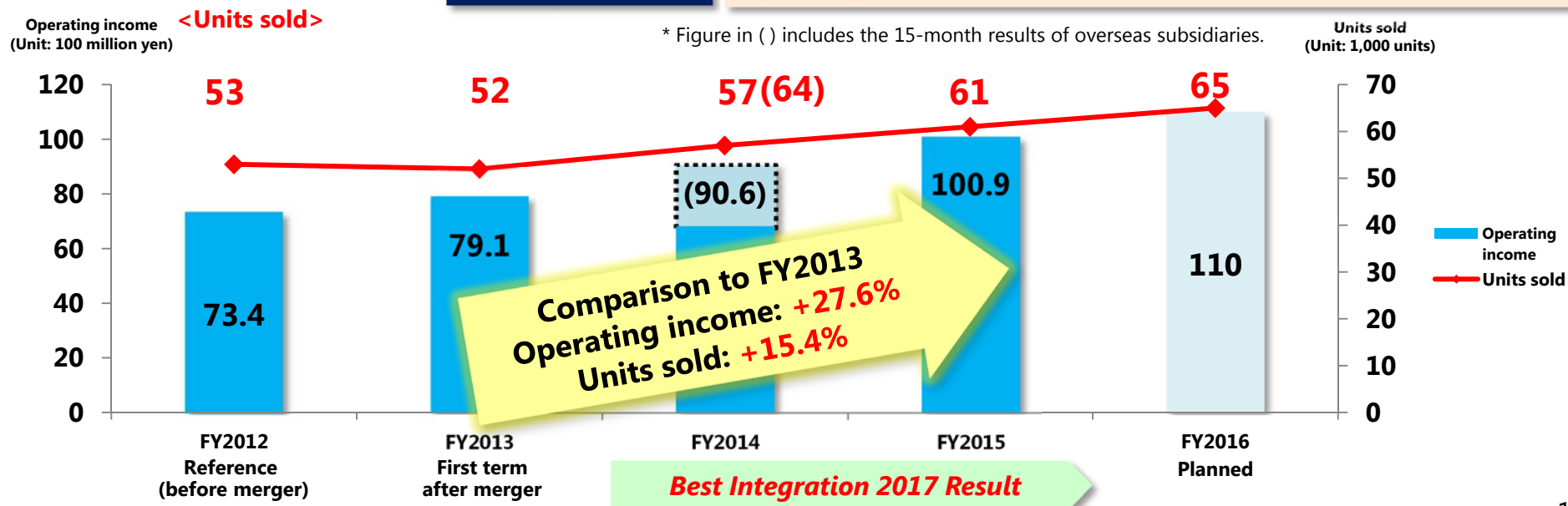
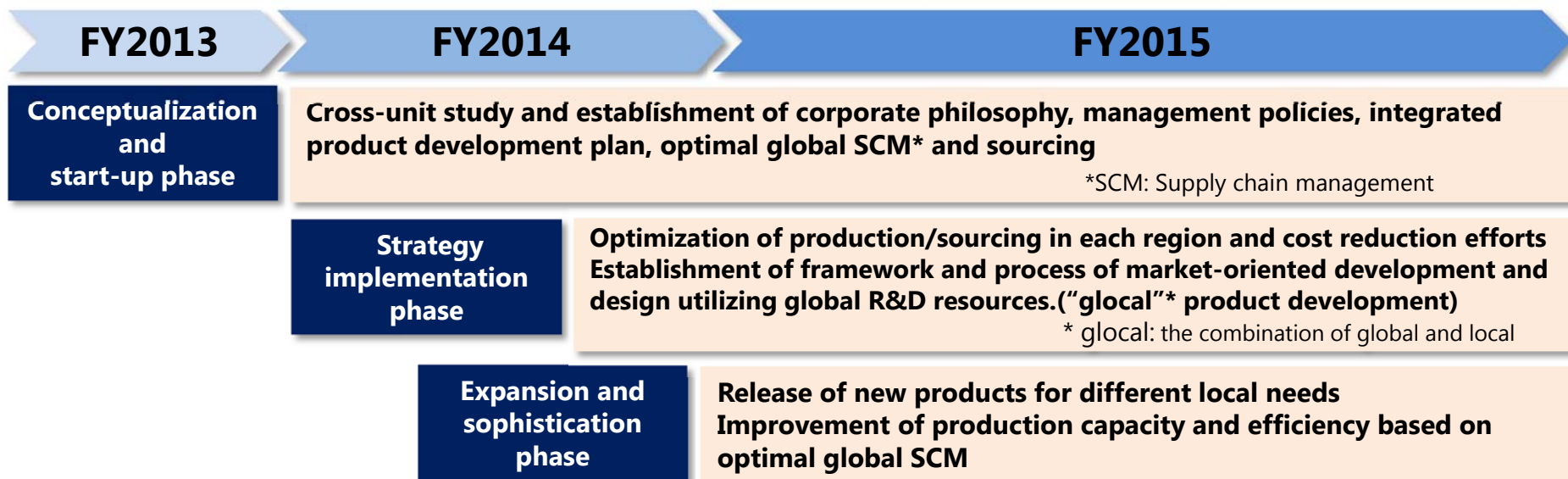
Net sales in FY2015 marked an approx. 7.4% increase from the previous term (on the 12-month basis) due to sales increases in mature economies. Operating income also improved by 0.7 points due to successful efforts in cost reduction and quality improvement as important strategies as well as achievement of optimal sourcing among other reasons.

The Mid-Term Management Plan will be revised within the 1st half of FY2016 in order to reflect changes in external environments surrounding the Group and actions to be taken to maximize synergies with UniCarriers Holdings Corporation.



3. Summary of Mid-Term Management Plan (*Best Integration 2017*)

■ Summary for FY2014 to FY2015



3. Summary of Mid-Term Management Plan (*Best Integration 2017*)

■ Release of new products for different local needs

- Released new products that suited different local needs with GDC and LDC flexibly and closely sharing technologies and designs. Obtained design awards in various regions and showed industry-leading design capability.

* GDC: Global Design Center *LDC: Local Design Center

[Awards obtained]	Product name	Award
2015	Reach-type forklift for Japan "Platter"	Good Design Award BEST100
	Counter-balance type battery-powered forklift for Europe "EDiA"	reddot award 2015
2016	Rocla-designed reach-type forklift for Europe "SENSiA"	reddot award 2016



LDC-designed reach-type forklift for Europe "SENSiA"

- Released diesel engine-powered forklift for Japan and United States that complies with Tier 4 emission regulation for non-road diesel engines. Industry-leading environmental technologies enabled satisfaction of various local environmental regulations as well as fuel efficiency improvement of 10% to 20%*, reducing CO₂ emissions.

* "fuel efficiency improvement of 10% to 20%"
 2.0t-3.5t diesel vehicle: Improved by 20.4%
 3.5t-5.5t diesel vehicle: Improved by 21.5%
 6.0t-7.0t diesel vehicle: Improved by 10% to 20%
 (All compared to our conventional vehicle for Japan)



Diesel engine-powered forklift for Japan "GRENDiA EX" (3.5t-5.5t) compliant with Tier 4 emission regulation for non-road diesel engines.

3. Summary of Mid-Term Management Plan (*Best Integration 2017*)

■ Reinforcement of production capacity based on optimal global SCM

- Reduced cost and achieved localized production by expanding local sourcing at Dalian Plant in China.
- Established a dedicated plant for electric vehicles in the United States to improve production capacity. Promoted environment-friendly production by introducing a mast welding line and powder coating equipment for warehousing models and large-size forklifts.
- Started mass production of reach-type forklifts in Thai Plant. Provided a foundation for expanding the warehousing business in the ASEAN market. Expanded the supply of battery-powered forklifts in general to the sales network formerly affiliated with Mitsubishi.
- Started production of middle-size forklifts (10t-16t) in Japan. Provided optimal production capability by diversifying sourcing that had been from the United States only.
- Achieved inventory reduction of 18.4% compared to the previous term by improving global supply chain management.



Reach-type forklift
manufactured in Thai Plant
(1.0t-2.5t)



Forklift production line
in Dalian Plant in China



Electric vehicle production line
in the U.S. Plant

3. Summary of Mid-Term Management Plan (*Best Integration 2017*)

■ Active promotion of business alliances

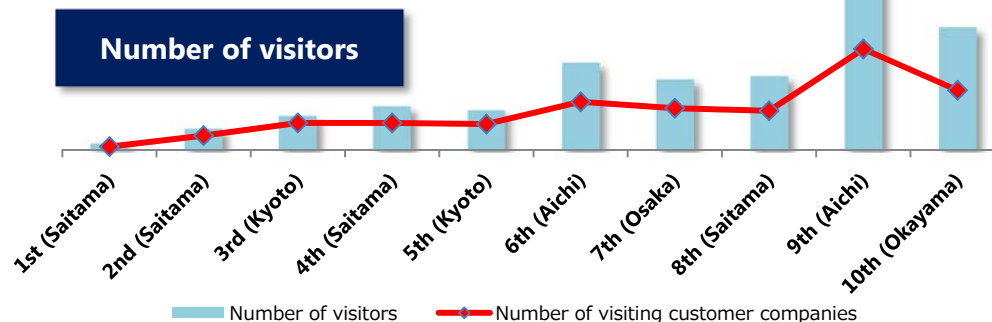
- Reinforced product lineup and solution capability of automated warehouses through cooperation with Daifuku Co., Ltd.
- Released reach-type forklift in Americas in collaboration with Jungheinrich AG in Germany.
- Acquired 35% shares of UniCarriers Corporation and became the world's third largest forklift manufacturing group.



Reach-type forklift for North America
"EOS" in collaboration with
Jungheinrich AG

■ Expansion of logistics solutions business

- Held "Logistics Solutions Fair" for customers that introduced products and solutions more thoroughly than in day-to-day sales activities and provided "answers, hints and inspirations" for improving their logistics.



A snapshot in Logistics Solution Fair 2016 in Okayama

3. Summary of Mid-Term Management Plan (*Best Integration 2017*)

■ Integration of sales companies in Asia

- Completed the merger of Nichiyu Asia (NAS) and MNA (former MCFS) as of January 1, 2016 in order to create synergies in brand power, sales capabilities, product lineup, resources, etc. between Nichiyu and Mitsubishi and expand business in the ASEAN market.

* Office functions were integrated at the end of December 2013

Also reorganized sales networks in Singapore, Malaysia and Australia.



MNA Headquarters

■ Expansion of service network in China

- Completed provision of service stations in major cities in China by opening Wuhan Workshop in August 2015. This reinforced earning power and improved convenience for customers.



■ Streamlining of sales bases in Japan

- Promoted restructuring of sales bases in Japan since the integration of the former distribution companies affiliated with Nippon Yusoki and Mitsubishi Heavy Industries Forklift Marketing in April 2009 (restructured about 50 offices in 7 years). Reinforced the sales organization and enabled provision of high-quality services and more efficient business processing.



Nichiyu MHI Kinki Co., Ltd. Kyoto Office

4. Measures for Further Growth

■ Emphasized Strategies

Glocal Product Development

- Further strengthen localization of product development to support sales strategies in each region
- Promote development for more flexible offering of solutions

Glocal Production

- Pursue optimal sourcing and sophisticate global SCM
- Further promote local sourcing
- Reduce cost by strategic purchasing and use of common parts

Restructuring of Headquarters' Functions and control of fixed costs

- Sophisticate management of the globally consolidated group
- Strengthen measures to control fixed costs
- Reduce cost by minimizing lead time and stock

Growth Strategies

- Concentrate resources and put investment priority on the warehousing business
- Further expand the post-sales services business
- Further strengthen the solutions business

Reinforcement of Management Base

- Further reinforce corporate governance
- Provide human resources management that corresponds to more sophisticated and complex businesses
- Promote more efficient management by improving IT infrastructure

Creation of Synergies

- Maximize synergies from collaboration with UniCarriers in sales/development/purchasing and use of advanced and innovative technologies of the MHI Group

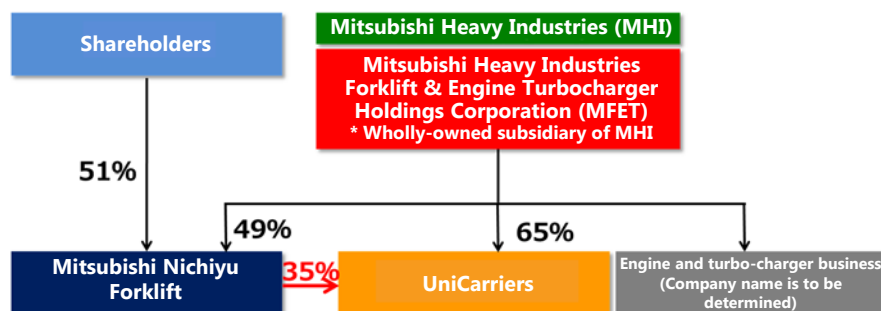
New growth strategies for “quantitative growth” and “qualitative growth” will be developed within the 1st half of FY2016.

5. Collaboration with UniCarriers

■ Joint ownership of UniCarriers

- Mitsubishi Nichiyu Forklift Co., Ltd. and Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings Corporation (MFET) acquired the entire stock of UniCarriers Holdings Corporation, with 35% and 65% holding, respectively. UniCarriers became an equity method affiliate of Mitsubishi Nichiyu Forklift.

■ Shareholding relations



Mitsubishi Nichiyu Forklift & UniCarriers

Net sales	4,119
Share	10.6%

(Simply combined the figures for FY ended March 2015.)

(Unit: 100 million yen)

Ranking	Company name	Country	Net sales	Share
1	Toyota Industries Corporation	Japan	9,249	22.1%
2	KION	Germany	6,315	15.7%
3	Jungheinrich	Germany	3,372	8.4%
4	Hyster-Yale	US	2,812	7.0%
5	Crown	US	2,541	6.3%
6	Mitsubishi Nichiyu Forklift	Japan	2,258	6.2%
7	Cargotec	Finland	2,007	5.0%
8	UniCarriers	Japan	1,861	4.4%
9	Manitou	France	1,403	3.5%
10	Anhui Heli	China	1,096	2.7%
11	Hangcha Group	China	992	2.5%
12	Komatsu	Japan	847	2.0%
13	Clark	Korea	720	1.8%
14	Doosan Corporation	Korea	576	1.4%
15	Hyundai	Korea	459	1.1%
16	Merlo	Italy	387	1.0%

Source: "World Ranking Industrial-Trucks 2014-2015" by German magazine "DHF intralogistik"
* Figures for overseas companies are translated at 1 euro = 135 yen.

5. Collaboration with UniCarriers

Accelerate growth momentum by creating synergies from collaboration with UniCarriers and support of MHI Group at an early stage.

[Sales]

- Reinforce product lineup by leveraging brand powers of both companies
- Maintain and expand business through multi-brand management

[R&D]

- Release highly value-added products and enter into new business areas with doubled resources
- Create highly value-added products and business models using advanced and innovative technologies owned by MHI Group

Maximizing Synergies

[Purchasing]

- Reduce cost at an early stage through collaboration in purchasing activities
- Further reduce cost by using common parts and components between product brands and leveraging larger quantities

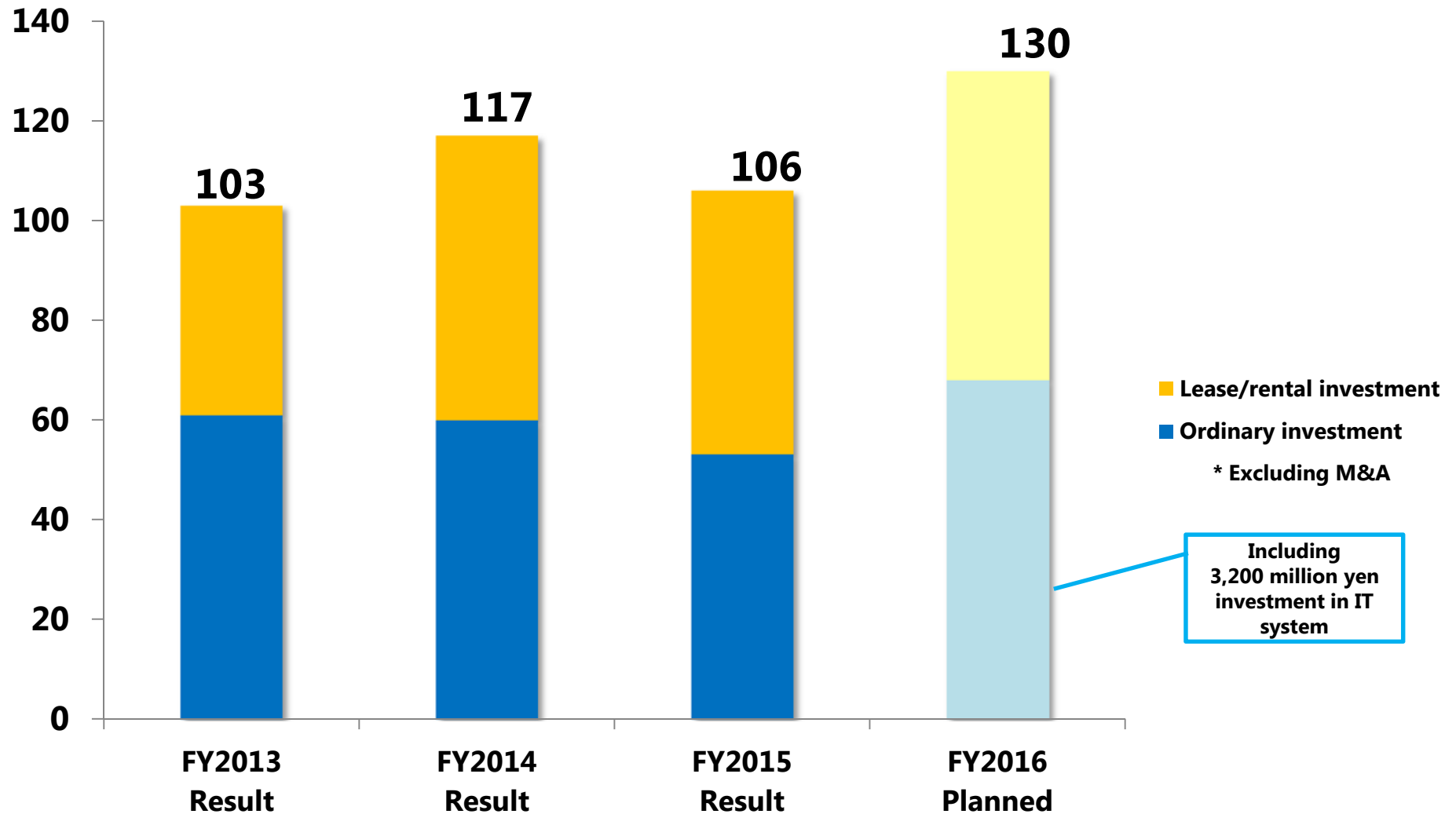
[Others]

- Further accelerate global management
- Further streamline production and SCM
- Streamline and reinforce corporate and back-office functions

<Reference>

■ Investment Plan

(Unit: 100 million yen)



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