Annual Report 2016

For the fiscal year from April 1, 2015 to March 31, 2016

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MITSUBISHI NICHIYU FORKLIFT CO., LTD.

A Message to Our Shareholders and Investors

Financial results and evaluation of the fiscal year under review

In the consolidated fiscal year ending March 31, 2016, Group net sales were 242.5 billion yen (up 7.4% from the previous fiscal year*) constituting an increase in sales when the effect of changes to the accounting period at overseas consolidated subsidiaries are excluded. In terms of income, efforts to reduce costs and the promotion of optimized global sourcing caused earnings to improve at domestic sales companies and European subsidiaries where this had been an issue. As a result, all profit items increased, with operating profit of 10 billion yen (up 47.8% from the previous fiscal year), ordinary profit of 9.5 billion yen (up 37.2% from the previous fiscal year) and profit attributable to owners of parent of 4.7 billion yen (up 43.6% from the previous fiscal year).

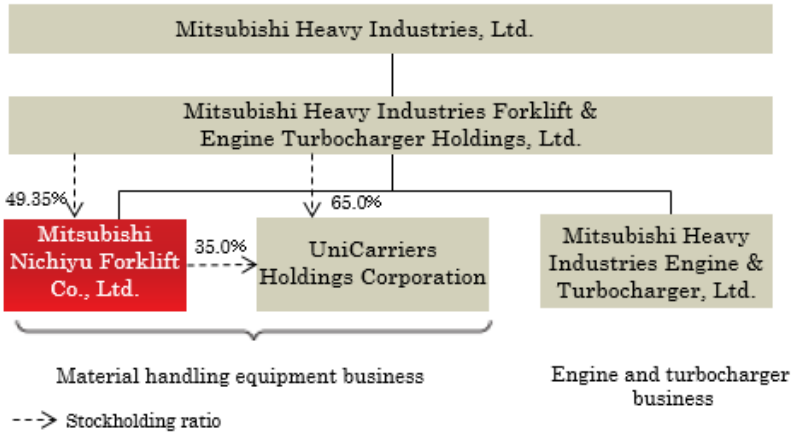
* In line with the unification of overseas consolidated subsidiary accounting periods with that of the domestic Group in the previous fiscal year, the 21 overseas companies have a previous fiscal year of 15 months, however, calculations of year on year comparisons exclude the effect of the aforementioned accounting period changes (results from January to March of the previous fiscal year are excluded).

Acquisition of Shares of UniCarriers Holdings Corporation

On March 1, 2016, Mitsubishi Heavy Industries, Ltd. (hereinafter, "MHI") established Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings, Ltd. (MFET), a 100% owned holding company engaged in three businesses focused on forklifts: material handling equipment, engines and turbochargers. All Mitsubishi Nichiyu Forklift shares held by MHI were also transferred to MFET, making it Mitsubishi Nichiyu Forklift's new parent company (see chart on this page).

On March 31, 2016, Mitsubishi Nichiyu Forklift and parent company MFET completed the acquisition of 100% of the shares of UniCarriers Holdings Corporation (hereinafter, "UniCarriers") resulting in equity stakes of 65% for MFET and 35% for Mitsubishi Nichiyu Forklift. As a result, UniCarriers has become a Group equity method affiliate.

This share acquisition is positioned as part of "establishing a position as a global leading company" as indicated in the Mid-Term Management Plan "Best Integration 2017." In the increasingly competitive forklift industry, scale expansion is necessary for enhanced profitability. Furthermore, synergies with UniCarriers will strengthen our technological development capabilities to respond to stricter global environmental regulations.



Initiatives and outlook for the next fiscal year

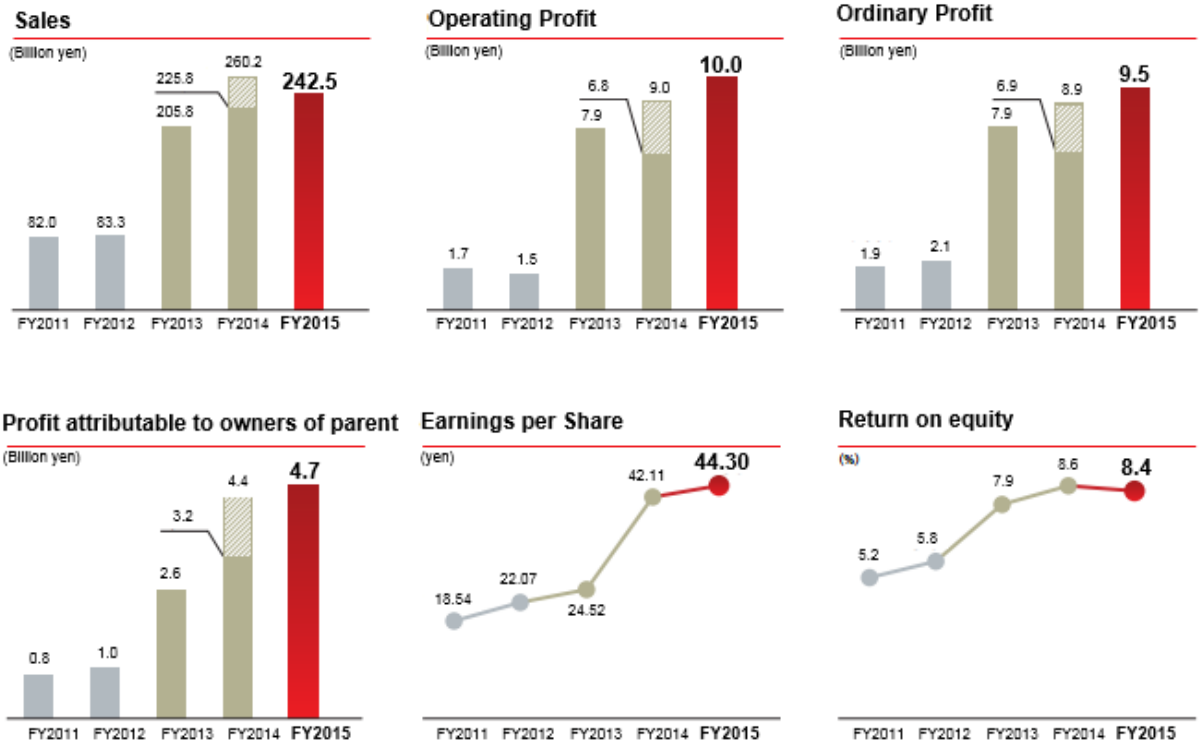
In fiscal 2016, we will continue initiatives aimed at increasing market share and earnings power and engage in activities that maximize the creation of synergy through collaborations with UniCarriers, which was acquired in conjunction with MHI subsidiary MFET.
The consolidated earnings forecast for fiscal 2016 calls for net sales of 235 billion yen (down 3.1% from the previous consolidated fiscal year), operating profit of 11 billion yen (up 9.1%), ordinary profit of 10 billion yen (up 4.2%) and profit attributable to owners of parent of 6 billion yen (up 27.3%).

Message to our shareholders

Regarding the return of profits to shareholders, it is our policy to maintain a balance between stable dividends and internal reserves required for establishing business infrastructure that appropriately reflects earnings in a given fiscal year. For this fiscal year, we have decided to increase the dividend per share by 1 yen and pay a year-end dividend of 11 yen per share.
As a leading company of material handling equipment focused on forklifts, the Group will continue to meet the expectations of shareholders and all other stakeholders. The continued understanding and warm support from our shareholders is highly appreciated.

Hideaki Ninomiya
President

Financial Highlights

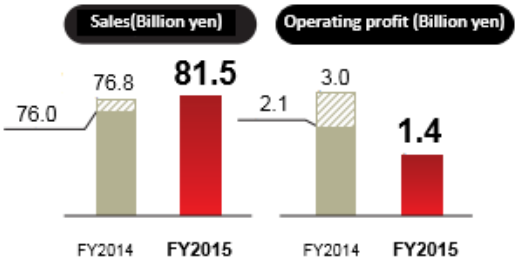


Nippon Yusoki Co., Ltd., data is listed for the fiscal years ending March 31, 2012 and March 31, 2013.
Additional data (January–March) in accordance with overseas consolidated subsidiary accounting period changes.

Overview by Each Segment

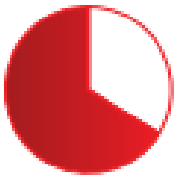
Domestic Business

Sales composition by business segment
34%

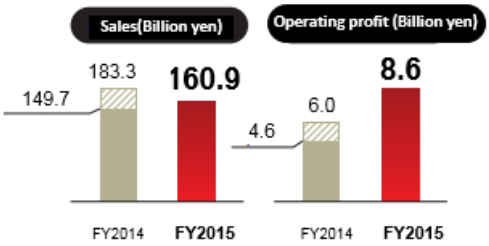


Net sales were 81.5 billion yen (up 6.1% from the previous consolidated fiscal year) and segment profit was 1.4 billion yen (down 51.6%).
Moreover, excluding the effect of accounting period changes from previous consolidated fiscal year net sales and segment profit,* net sales increased to 5.5 billion yen (up 7.3%). Although forklift exports declined due to the transfer of production overseas, domestic sales and logistics system sales increases covered the gap. In terms of segment profit, gross profit decreased due to lower export sales of large-size engine-powered forklifts in line with the transfer of production overseas and increased cost for development and improvement of new models, causing segment profit to decline to 0.7 billion yen (down 33.4%).

Overseas Business



Sales composition by business segment
66%



Net sales were 160.9 billion yen (down 12.2% from the previous consolidated fiscal year) and segment profit was 8.6 billion yen (up 42.5%).
Moreover, excluding the effect of accounting period changes from previous consolidated fiscal year net sales and segment profit,* net sales increased to 11.1 billion yen (up 7.5%) mainly on the recovery of sales due to the normalization of production activities following a west coast port strike in the United States, increased sales of production transfer models from Japan and currency exchange effects from the continued depreciation of the yen, and the recovery of sales in Europe. In terms of segment profit, the effect of the weaker yen, increased sales in the United States and Europe and improved earnings resulted in segment profit of 3.9 billion yen (up 85.9%).

* See note on page 1.

Stock Information

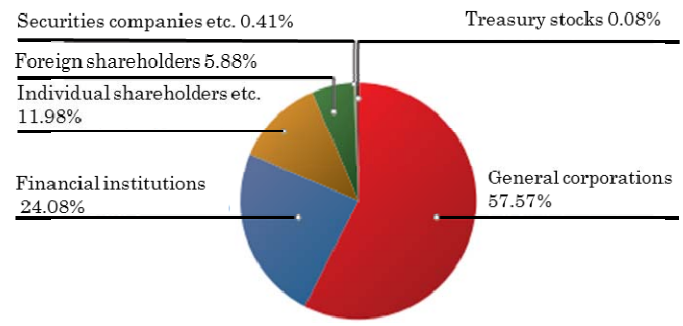
As of March 31, 2016

Total number of authorized shares	Common stock	392,725,256 shares
	Class A stock	32,274,744 shares
Shares issued	Common stock	74,191,269 shares
	Class A stock	32,274,744 shares
Number of shareholders	Common stock	4,448
	Class A stock	1

■ Major Shareholders (Common stock)

Name of shareholder	No. of shares	Equity position
	Unit: 1,000 shares	%
Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings, Ltd.	36,613	49.35
GS Yuasa Corporation	4,701	6.34
The Master Trust Bank of Japan, Ltd.	3,465	4.67
Meiji Yasuda Life Insurance Company	2,765	3.73
Japan Trustee Services Bank, Ltd.	2,267	3.06
The Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,853	2.50
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,363	1.84
The Bank of Kyoto, Ltd.	1,301	1.75
Shiga Bank, Ltd.	941	1.27
Mitsubishi Nichiyu Forklift Employee Stock Ownership Association	805	1.09

■ Shareholder Distribution (Common stock)



Consolidated Financial Statements

Consolidated Balance Sheets (Summary)

(Million yen)

Item	FY2014	FY2015
	(As of March 31, 2015)	(As of March 31, 2016)
Assets		
Current assets	106,747	97,999
Fixed assets	56,130	94,163
Tangible fixed assets	41,318	38,748
Intangible fixed assets	4,739	5,903
Investments and other assets	10,071	49,512
Total Assets	162,878	192,163
Liabilities		
Current liabilities	87,448	119,695
Fixed liabilities	17,290	14,269
Total Liabilities	104,738	133,964
Net worth equity		
Stockholders' equity	47,822	51,479
Capital	4,890	4,890
Capital surplus	35,842	35,842
Earned surplus	7,122	10,771
Treasury stock	(32)	(26)
Other accumulated comprehensive income	8,289	5,133
Equity warrant	84	112
Non-controlling interests	1,943	1,473
Total Net Worth Equity	58,139	58,199
Total Liabilities and Net Worth Equity	162,878	192,163

Overview of Consolidated Balance Sheets

Regarding total assets, although working capital improved due to efforts aimed at reducing inventories, investments in affiliates increased due to the acquisition of UniCarriers. This resulted in a substantial increase in total assets compared to the previous year of 192,163 million yen.

While borrowings in overseas subsidiaries decreased, current liabilities increased significantly due to the acquisition of UniCarriers, which was financed by short-term borrowing, resulting in current liabilities of 133,964 million yen.

Although net assets increased due to the recording of retained earnings, dividend payments and foreign exchange adjustments due to the recent yen appreciation caused net assets to decline, resulting in net assets remaining at approximately the same level as in the previous fiscal year.

Consolidated Income Statements (Summary)

(Million yen)

Item	FY2014	FY2015
	From April 1, 2014 through March 31, 2015	From April 1, 2015 through March 31, 2016
Sales	260,237	242,519
Cost of sales	201,210	188,297
Gross profit on sales	59,026	54,222
Selling, general and administrative expenses	49,965	44,135
Operating profit	**9,061**	**10,086**
Non-operating income	1,018	616
Non-operating expenses	1,122	1,104
Ordinary profit	**8,957**	**9,598**
Special profit	58	40
Special loss	223	282
Current net profit unadjusted for tax	**8,792**	**9,356**
Corporation tax, residents tax and enterprise tax	3,080	3,073
Adjusted amount of corporation tax etc.	895	1,287
Net income	**4,816**	**4,995**
Profit attributable to non-controlling interests	336	282
Profit attributable to owners of parent	**4,480**	**4,713**

Overview of Consolidated Income Statements

Net sales were 242,519 million yen, constituting an increase in sales excluding the effect of changes to the accounting period at overseas consolidated subsidiaries*. Contributions to this result include increased sales of domestic forklifts and logistics systems, the recovery of sales due to the normalization of production after a west coast port strike in the United Sates, the recovery of sales in Europe and currency exchange effects from the continued depreciation of the yen.

In terms of profit, efforts to reduce costs and the promotion of optimized global sourcing caused earnings to improve at domestic sales companies and European subsidiaries. As a result, all profit items increased, with operating profit of 10,086 million yen, ordinary profit of 9,598 million yen and profit attributable to owners of parent of 4,713 million yen.

* From the previous consolidated fiscal year, the Group standardized the accounting period to end on March 31, thus with the exception of Nichiyu Forklift (Thailand), whose accounting period already ends on March 31, the fiscal year of overseas consolidated subsidiaries is presented as a 15-month period, from January 2014 to March 2015.

Company Outline

As of March 31, 2016

Company name: Mitsubishi Nichiyu Forklift Co., Ltd.
Established: August 4, 1937
Capital stock: 4,890,526,626 yen

Operation Centers

Head Office and Kyoto Plant
2-1-1, Higashi-kotari, Nagaokakyo City, Kyoto 617-8585 Tel: 075-951-7171
Shiga Plant
8-1, Nishioiso, Azuchi-cho, Omihachiman City, Shiga Pref. 521-1334 Tel: 0748-46-5511
On-Site Training Center
576, Hongo, Sugito-machi, Kitakatsushika-gun,
Saitama Pref. 345-0023 Tel: 0480-37-2108

Executives

As of June 29, 2016

- Hideaki Ninomiya, President and CEO
- Hitoshi Matsumoto, Director
- Masanori Kagami, Director
- Yuichi Mano, Director
- Yuichi Makimura, Director
  (Mitsubishi Heavy Industries Forklift & Engine Turbocharger Holdings (Ltd.) Executive Vice President)
- Takayuki Kato, External Director
  (President, Shimadzu System Development Corporation)
- Ken Okochi, External Director
- Hiroshi Maeshima, Audit and supervisory board member
- Konishi Norio Audit and supervisory board member
- Masahide Kuragaki, Audit and supervisory board member
  (Director, GS Yuasa Corporation)
- Yasuyuki Fukuoka, Audit and supervisory board member
  (Audit and supervisory board member, Dai Nippon Toryo Company, Limited)
- Takumi Saito, Audit and supervisory board member