

First Half Results for FY 2016

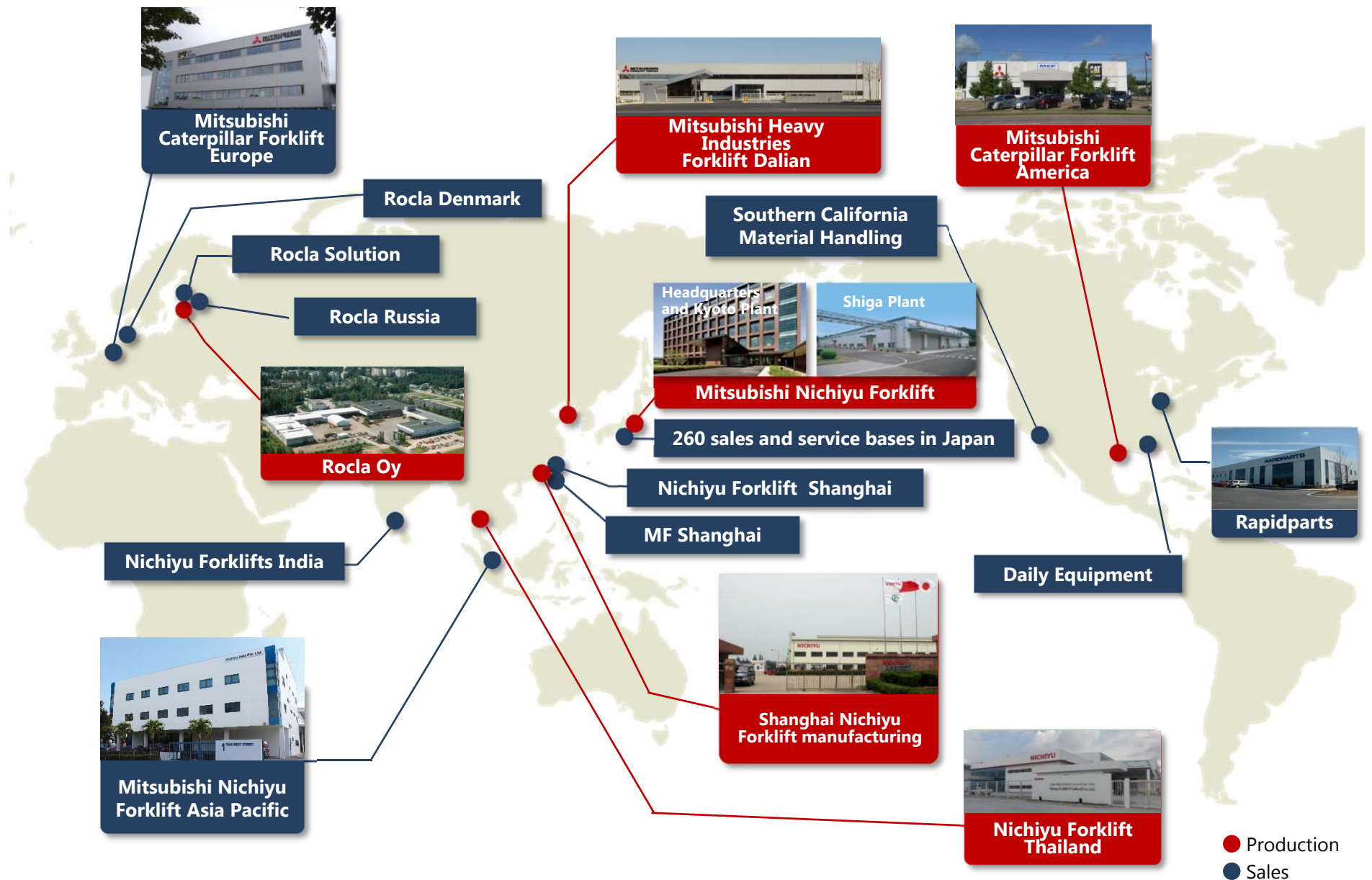
December 8th, 2016

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	4.9 billion yen (as of March 31, 2016)
Business lines	Development, design, manufacture and sales of logistics system products such as battery forklift, engine 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 in consolidated base	Approx. 5,600

Major Production and Sales Bases



● Production
● Sales

FY 2016 First Half Financial Results

Hideaki Ninomiya, President and CEO

Outlook of FY 2016 First Half Financial Results

Market environment

The world economy looked fragile due to the surprising result of British decision of the exit from EU, and unforeseeable result of US presidential election, while China and other developing countries showed moderate growth in overall.

As for the Japanese economy, some modest recovery was detected, but there were still some concerns about its exchange rate fluctuation and stock market.

Overview of Our Consolidated Financial Results

In Japan, sales decreased due to a slow sales after the previous year's spike of demand of trucks just before regulatory change over Tier 4 emission of diesel engine forklift, and our battery forklift production adjustment in consequence of the parts suppliers' damages caused by Kumamoto earthquakes in April.

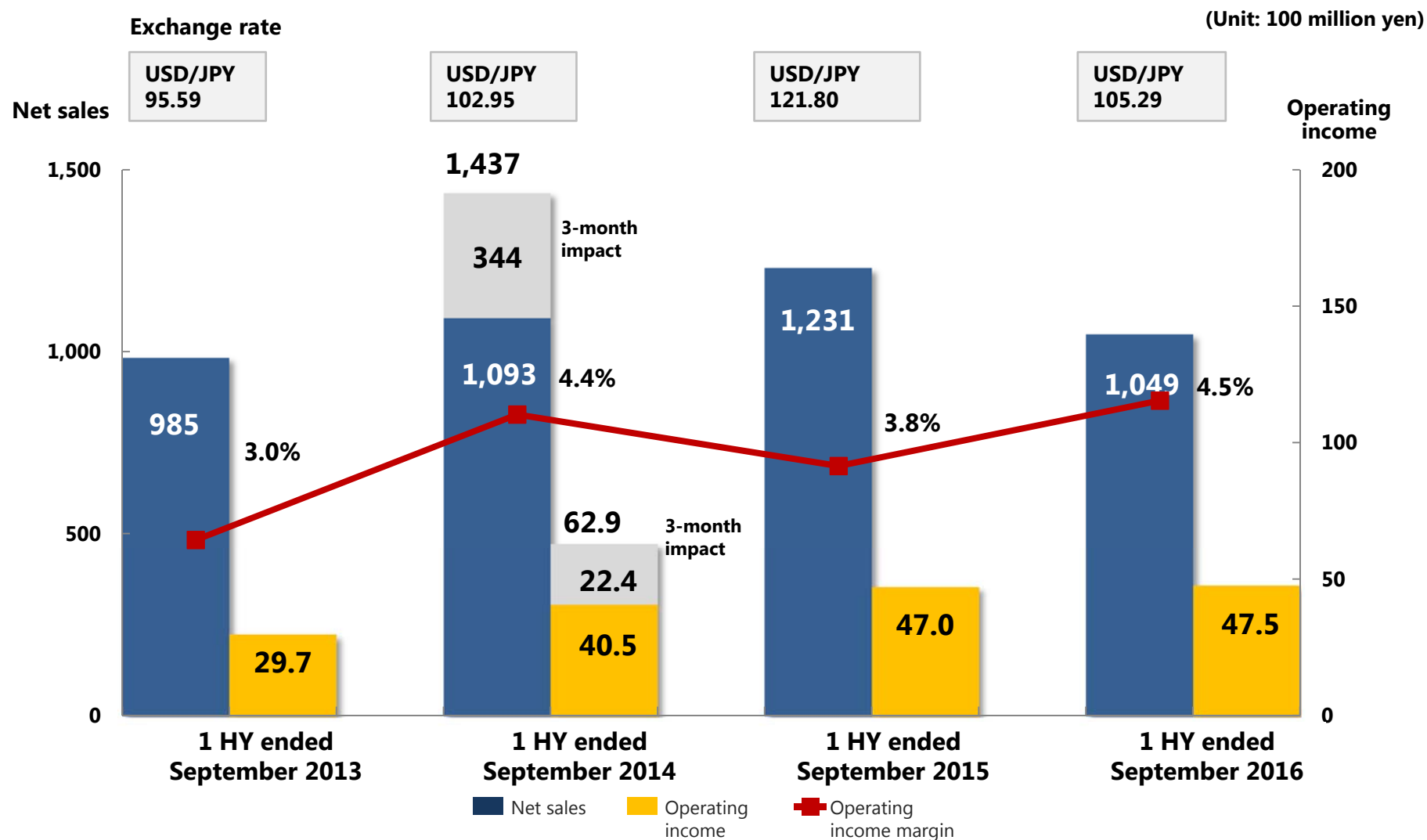
The short fall of sales could not fully recover the increased cost, such as development cost of new in-house system, and the operating income also decreased.

As for the overseas sales, the figure dropped mainly due to Japanese Yen's appreciation. On the other hand, the operating income showed steady increase thanks to a good result of China factory operation with its cost reduction and favorable weaker yuan, and some recovery of European business.



Net sales	: 104.9 billion yen	A decrease of JPY 18.2 billion (14.8%) from the same period of FY 2015
Operating income	: 4.8 billion yen	An increase of JPY 52 million (1.1%) from the same period of FY 2015
Ordinary income	: 2.6 billion yen	A decrease of JPY 1.8 billion (41.0%) from the same period of FY 2015
Net income	: 0.8 billion yen	A decrease of JPY 1.7 billion (68.7%) from the same period of FY 2015

1. Historical Results in Recent Years



* The first half of 2014 included 3 months additional period for most of the overseas subsidiaries, as a transitional period for changing the fiscal year end from December to March. This is a one time impact for 2014 FY only.

2. Overview of Consolidated Financial Statements

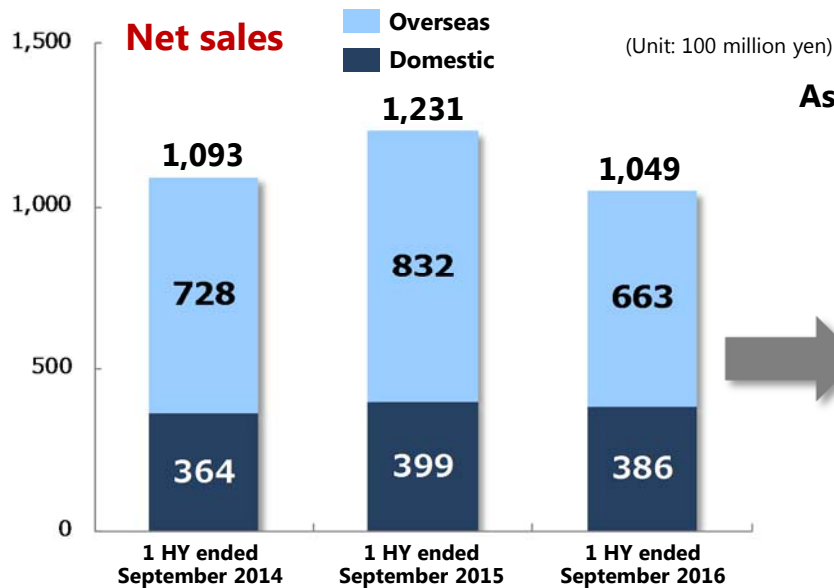
(Unit: 100 million yen)

Item	1 HY ended September 2015	1 HY ended September 2016	Comparison to the same term of previous FY	
Net sales	1,231	1,049	▲ 182	▲ 14.8%
Operating income (Operating income margin)	47.0 (3.8%)	47.5 (4.5%)	+0.5	+1.1%
Ordinary income (Ordinary income margin)	43.8 (3.6%)	25.8 (2.5%)	▲ 18.0	▲ 41.0%
Net income (Net income margin)	24.4 (2.0%)	7.6 (0.7%)	▲ 16.8	▲ 68.7%

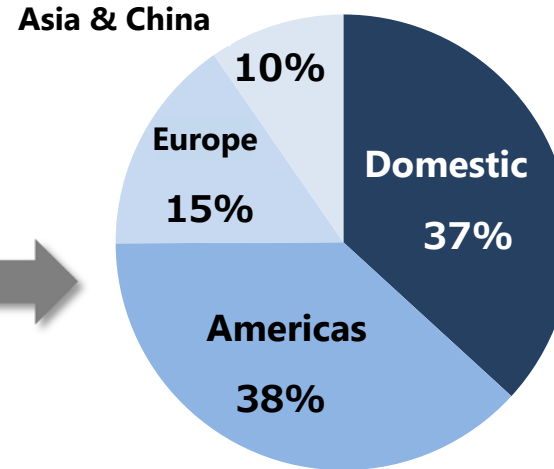
* UniCarriers has been taken into account according to the equity method since the 1st half of the current fiscal year. We recorded 1.6 billion of equity in losses of affiliates as non-operating loss.

Item	1 HY ended September 2015	1 HY ended September 2016	Comparison to the same term of previous FY	
Total assets	1,674	1,879	+205	+12.2%
Total liabilities	1,085	1,352	+267	+24.6%
Net assets	589	527	▲ 62	▲ 10.5%

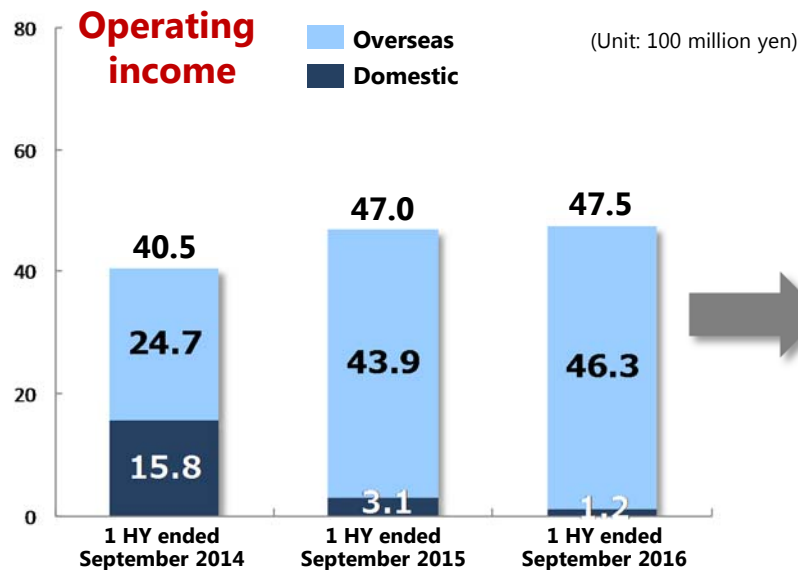
3. Financial Results by Segment



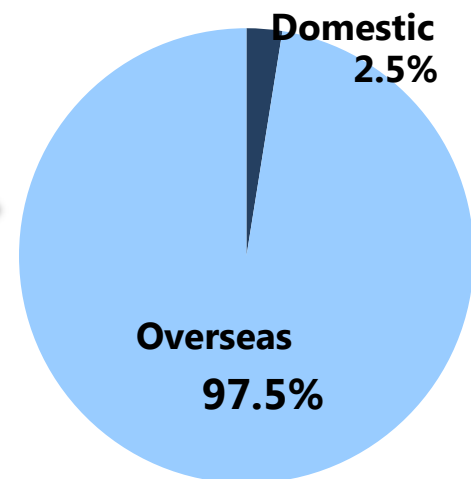
Net sales by region (1 HY ended September 2016)



In the domestic business segment, sales decreased as we adjusted production in consequence of Kumamoto earthquakes in addition to dissipation of the last-minute demands before the Tier 4 emission regulations in the previous 1st half period. In the overseas business segment, sales decreased as the overseas subsidiaries' sales were eroded after conversion into yen because of surging yen in addition to a reaction of the increased sales caused by normalization after the end of the harbor strike in North America in the previous 1st half period.



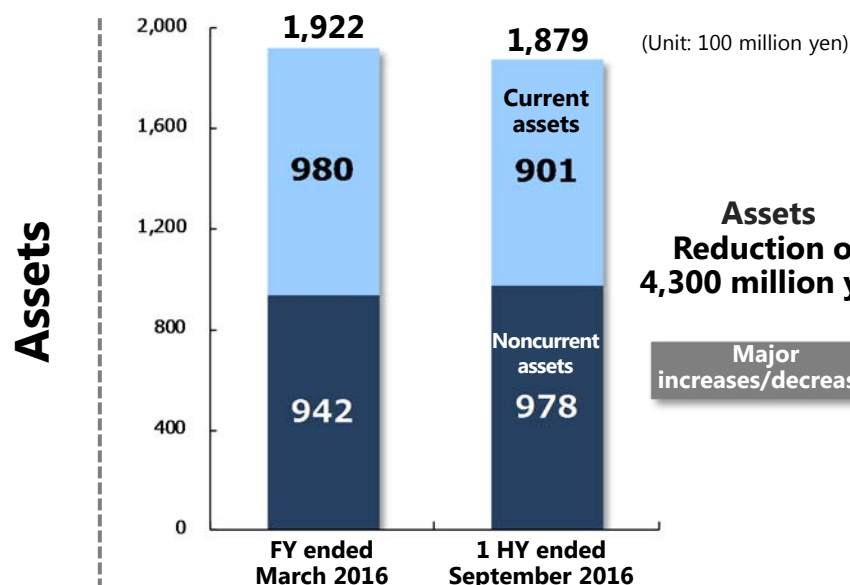
Operating income by segment (1 HY ended September 2016)



In the domestic business segment, operating income decreased because of deteriorated profitability of export caused by strong yen, increased cost for development of new system, etc. In the overseas business segment, although there were impact of strong yen, operating income increased because of improved profitability in Chinese subsidiaries' export owing to weak yuan, improvement of businesses in Europe and contribution of worldwide cost reduction.

* Figures for FY ended March 2014 have been adjusted to exclude the impact of unifying accounting period of certain overseas consolidated subsidiaries.

4. Consolidated Balance Sheet

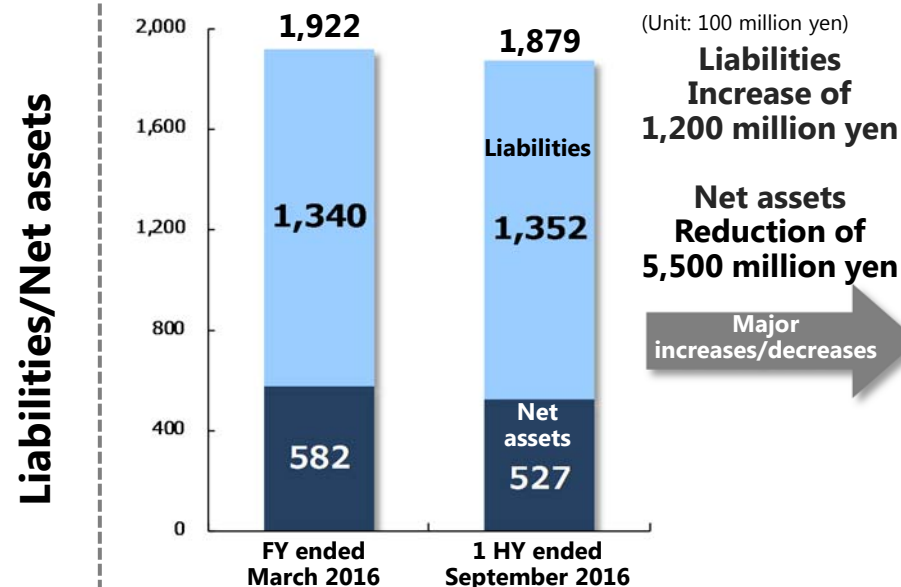


(Unit: 100 million yen)

Item	FY ended March 2016	April to September 2016	Increase/decrease
Current assets	980	901	▲ 79
(Non-current tangible and intangible assets)	447	429	▲ 18
(Investments and other assets)	495	549	+ 54
Total noncurrent assets	942	978	+ 36
Total assets	1,922	1,879	▲ 43

Current assets reduced mainly with accounts receivable, etc. due to impact of the yen's appreciation.

Investments and other assets increased because of investments in UniCarriers' affiliate companies.



Item	FY ended March 2016	1 HY ended September 2016	Increase/decrease
Current liabilities	1,197	1,149	▲ 48
Non-current liabilities	143	203	+ 60
Total liabilities	1,340	1,352	+ 12
Total net assets	582	527	▲ 55
Total liabilities and net assets	1,922	1,879	▲ 43

Current liabilities decreased due to foreign exchange gains generated by the strong yen and reduced borrowings.

Non-current liabilities increased due to outstanding balance of investments in UniCarriers Americas Corporation in the US.

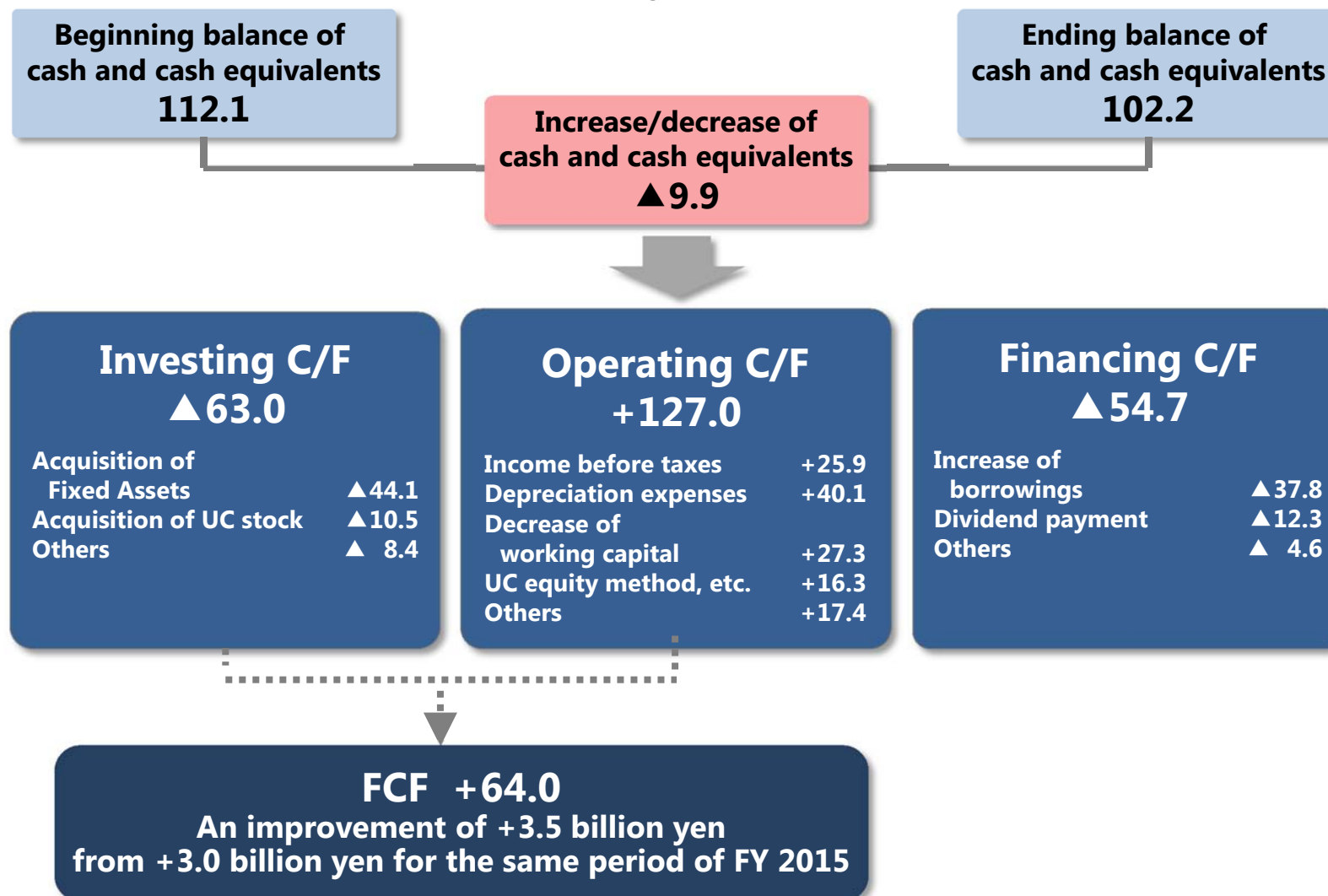
Net assets decreased because of deterioration of foreign currency translation adjustment account caused by strong yen.

5. Consolidated Cash Flow Statement

(Unit: 100 million yen)

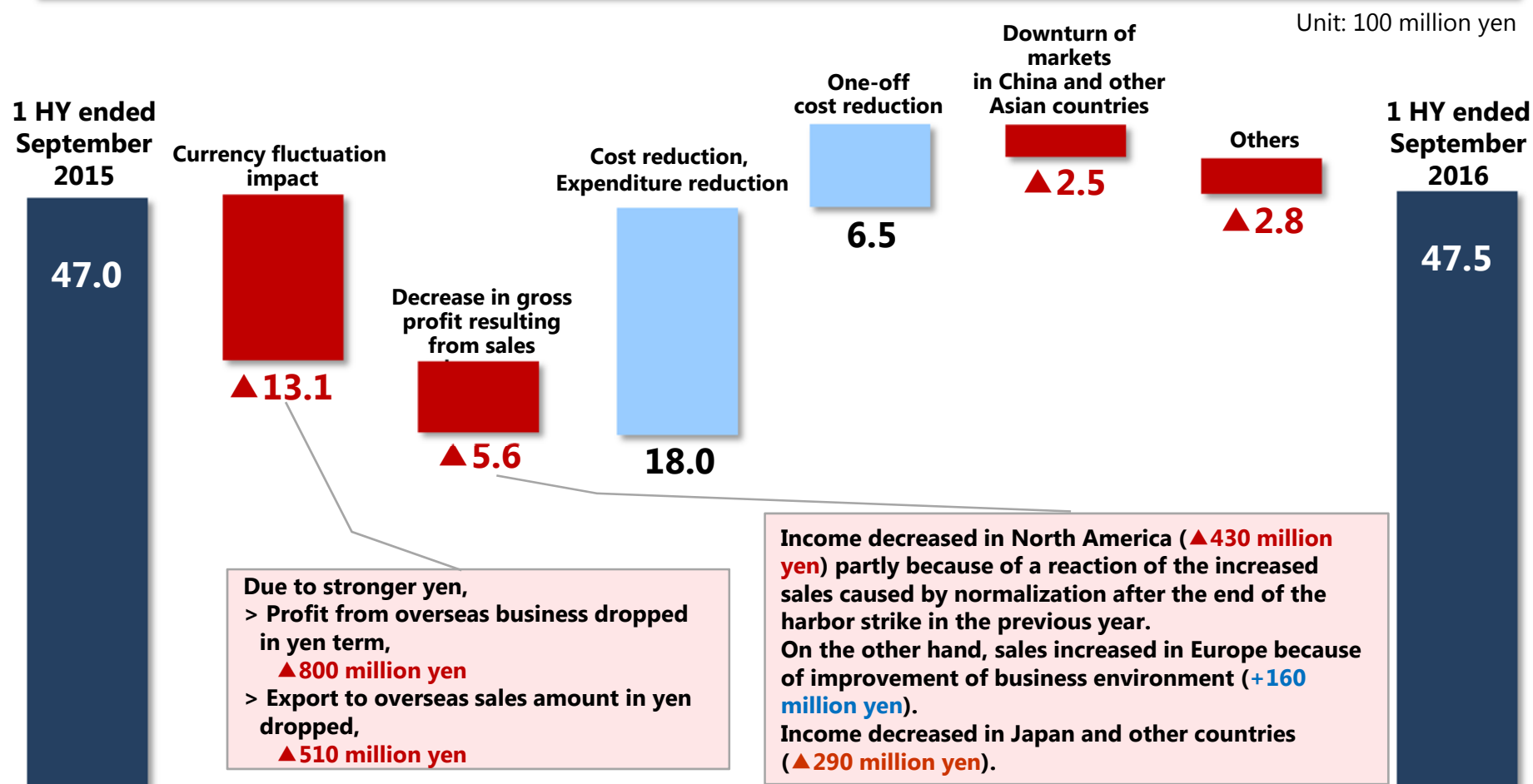
Free cash flows (FCF) improved by +3.5 billion yen from +3.0 billion yen for the same period of FY 2015.

*FCF improved because of improvement of working capital such as accounts receivable, accounts payable, etc.



6. 1st Half of FY 2016 (April to September) Consolidated OP Analysis

Although profitability deteriorated due to yen appreciation, we could achieve 101% OP compared to the same period of FY 2015 because of improvement of businesses in Europe, Chinese subsidiaries' improved profitability and contribution of cost reduction in Japan and other areas.



7. Key Financial Indicators

Item	Index	Calculation	April to September 2015	April to September 2016	Comment
Overall	Return on Assets (ROA)	$\frac{\text{Net income}}{\text{Total assets}}$	3.0%	0.8%	ROA and ROE decreased in FY 2016 - 1 HY term as net income decreased due to loss on equity method with amortization of goodwill of UniCarriers.
	Return on Equity (ROE)	$\frac{\text{Net income}}{\text{Equity capital}}$	8.6%	2.8%	
Profitability	Operating income to net sales	$\frac{\text{Operating income}}{\text{Net sales}}$	3.8%	4.5%	Although operating income to net sales improved in FY 2016 - 1 HY term owing to contribution of materials cost reduction, etc., ordinary income to net sales and net income to net sales decreased from the previous quarter because we posted as non-operating loss the loss on equity method associated with amortization of goodwill of UniCarriers.
	Ordinary income to net sales	$\frac{\text{Ordinary income}}{\text{Net sales}}$	3.6%	2.5%	
	Net income to net sales	$\frac{\text{Net income}}{\text{Net sales}}$	2.0%	0.7%	
Efficiency	Total assets turnover	$\frac{\text{Net sales}}{\text{Total assets}}$	1.5 cycles	1.1 cycles	
	Accounts receivable turnover	$\frac{\text{Net sales}}{\text{Accounts receivable-trade}}$	6.0 cycles	5.3 cycles	
	Inventory turnover	$\frac{\text{Cost of goods sold}}{\text{Inventory}}$	4.3 cycles	4.4 cycles	
Safety	Share holder's equity ratio	$\frac{\text{Equity capital}}{\text{Total assets}}$	34.2%	27.3%	Net assets decreased because of deterioration of foreign currency translation adjustment caused by strong yen.
	Debt Equity ratio	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity}}$	0.8 times	1.3 times	
Shareholders-related indices	Earnings per share (EPS)	$\frac{\text{Net income}}{\text{Number of shares issued}}$	45.8 times	14.3 times	EPS decreased due to loss on equity method for UniCarriers.
	Price earnings ratio (PER)	$\frac{\text{Stock price}}{\text{Earnings per share}}$	10.3 times	46.7 times	End of FY 2015 - 1 HY term: 470 yen End of FY 2016 - 1 HY term: 669 yen
	Price book-value ratio (PBR)	$\frac{\text{Stock price}}{\text{Net assets per share}}$	0.9 times	1.4 times	Index decreased as a stock price increased while EPS decreased.

8. Topics of FY2016 First Half

Additional acquisition of stocks of UniCarriers

- Acquisition of stocks on the premise of management integration
- Cultivate and collect of synergy and increase in the growth rate



Reach-type forklift "Platter" won the Machinery Industrial Design Award

- Improvement in basic performances such as drive, turn and stop
- Further improvement in safeness, operability and energy saving



Exhibit in the "Logis-Tech Tokyo 2016"

- A hydrogen FCV concept car and other display.
- We conducted demonstrations with the slogan "Pursuing Logistics Thoroughly."



Launch of new warehouse equipment into the US market

- Newly releasing in the market in North America the order picker lift with high lift created in collaboration with Jungheinrich



8. Financial Forecast for FY 2016

(Unit: 100 million yen)

Item	1 HY ended September 2016 (Result)	FY ending March 2017 (Forecast)
Units sold	29,209 units	65,000 units
Net sales	1,049	2,350
Operating income (Operating income margin)	48 (4.5%)	110 (4.7%)
Ordinary income (Ordinary income margin)	26 (2.5%)	85 (3.6%)
Net income (Net income margin)	8 (0.8%)	45 (1.9%)
Dividend per share	—	11 yen/share

* Financial forecast shown in the above table **has taken into account UniCarriers as an equity method affiliate**. In the case the company becomes our wholly owned subsidiary after we acquire proprietary interests from MHI in January 2017 as scheduled, the company is considered as an equity method affiliate until the end of the third quarter and it is considered as a consolidated subsidiary from the fourth quarter. We are investigating its impacts on our consolidated financial results and we will announce promptly when the information that should be disclosed becomes clear.

(Reference) Outline of UniCarriers

Company name	UniCarriers Corporation
Head office	1-2, Shin-Ogura, Saiwai-ku, Kawasaki, Kanagawa
Establishment	February 1949
Paid-in capital	9.8 billion yen (as of March 31, 2016)
President & CEO	Akira Shiki
Business lines	Development, production and sales of transportation machineries including forklifts, container carriers, transfer cranes, etc.
Plants	Japan, US, Sweden, Spain, China (Production capability: 55,000 units)
Consolidated net sales	196.2 billion yen (as of March 31, 2016)
Number of employees in consolidated base	Approx. 5,700 (as of March 31, 2016)

(Reference) UniCarriers' Network



(Reference) UniCarriers' Main Products



Engine-powered compact forklift



Engine-powered large-sized forklift



Harbor loading and unloading system



Battery-powered counterbalance forklift



Battery-powered reach-type forklift



Shovel loader

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