

Business Results for FY2014 ended March 31, 2015

April 27, 2015

Hitachi Construction Machinery Co., Ltd.

Vice President and Executive Officer / CFO

Tetsuo Katsurayama

I. Summary of consolidated results

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Reliable solutions

- Net sales increased compared to the previous year due to an increase in Europe and North America and also favorable foreign exchange rates, despite large decreases in China.
- On the other hand, operating profit decreased compared to the previous year due to the regional & model sales mix.

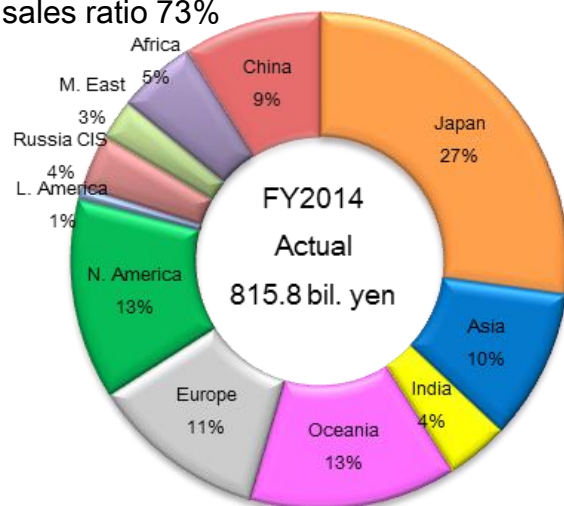
(billions of yen)

		FY2014 Actual	FY2013 Actual	change
Net Sales		(740.0) 815.8	803.0	2%
Operating Income		(60.0) 54.3	69.2	-21%
Ordinary Income		(55.0) 52.7	53.7	-2%
Net Income		(30.0) 22.9	28.9	-21%
F X	Rate (YEN/US\$)	110.5	100.3	
	Rate (YEN/EURO)	138.3	134.8	
	Rate (YEN/RMB)	17.6	16.5	
Cash dividend per share (yen)		(60) 60	50	10

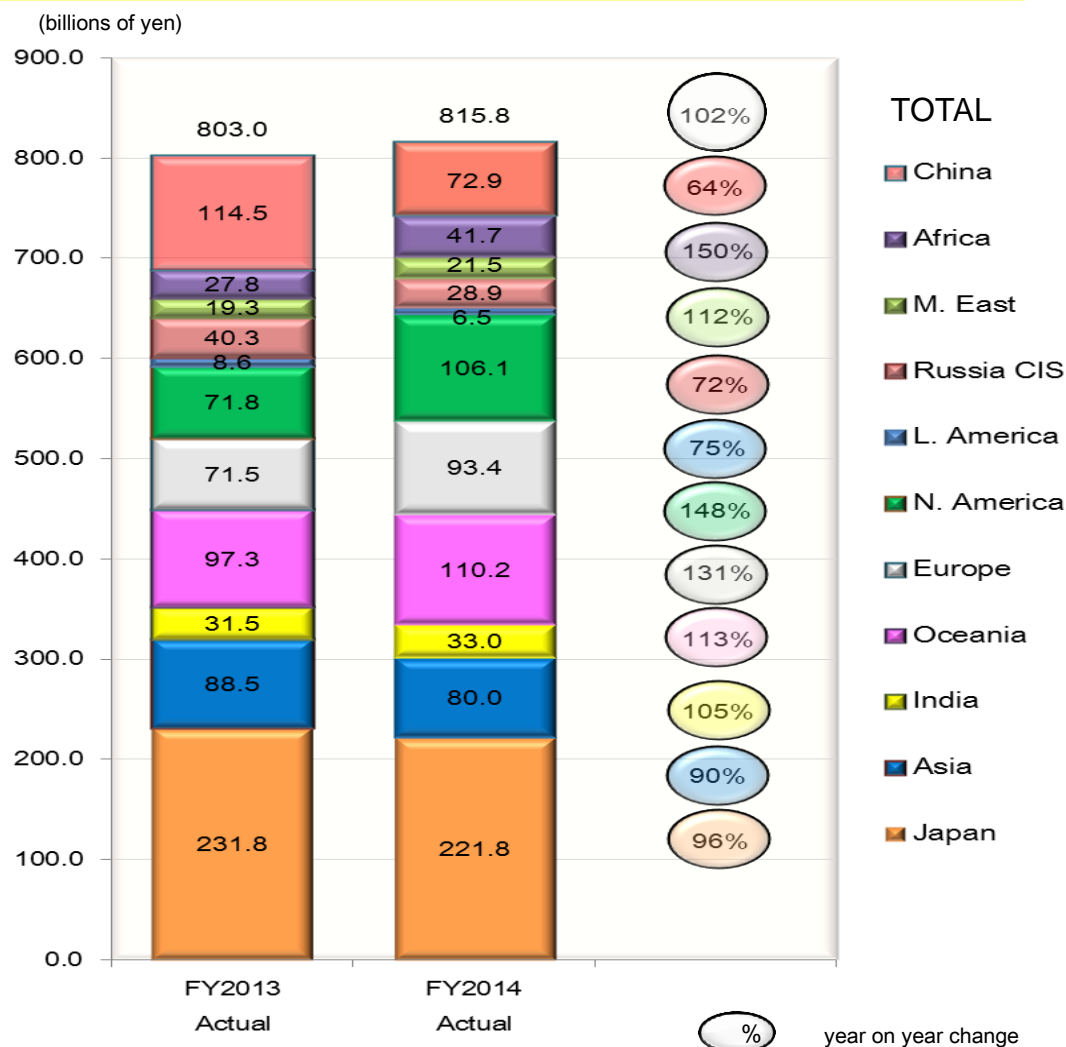
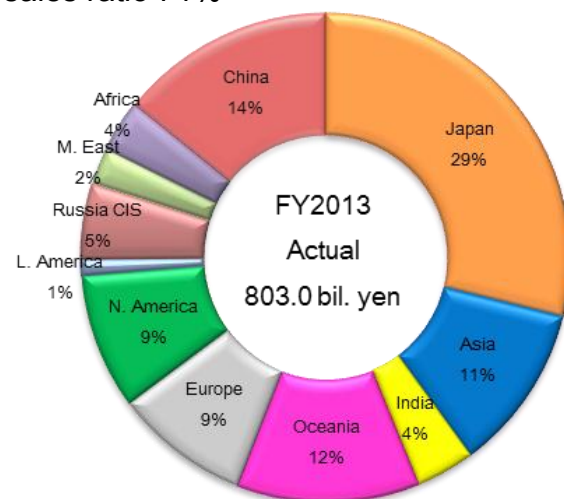
note : () shows previous forecast as of January 2015

- Net sales overseas increased compared to the previous year due to an increase by 34.3 billion yen (148%) in N. America, 21.9 billion yen (131%) in Europe and 13.9 billion yen (150%) in Africa and 12.9 billion yen (113%) in Oceania.
- On the other hand, sales significantly decreased by 41.6 billion yen (64%) in China, 11.4 billion yen (72%) in Russia and 10.0 billion yen (96%) in Japan.

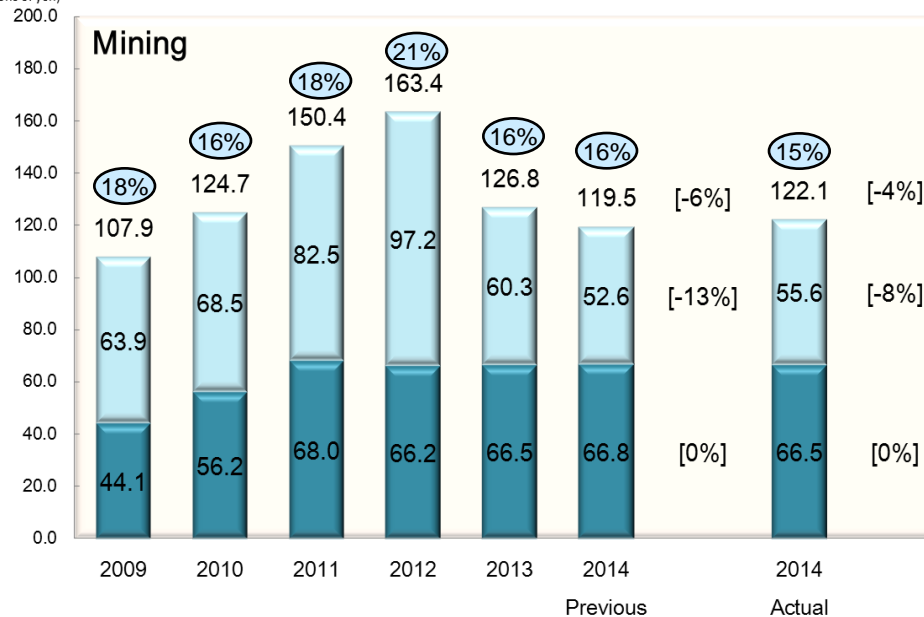
Overseas sales ratio 73%



Overseas sales ratio 71%



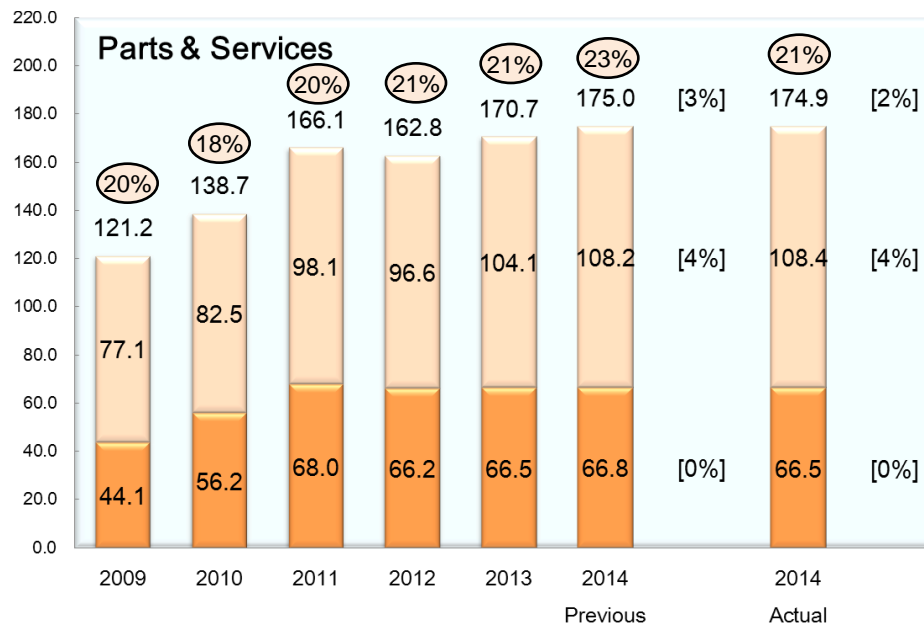
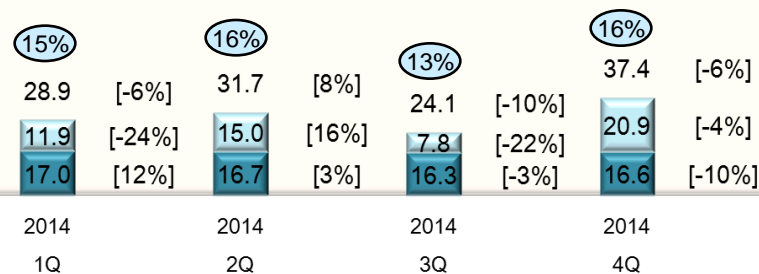
(billions of yen)



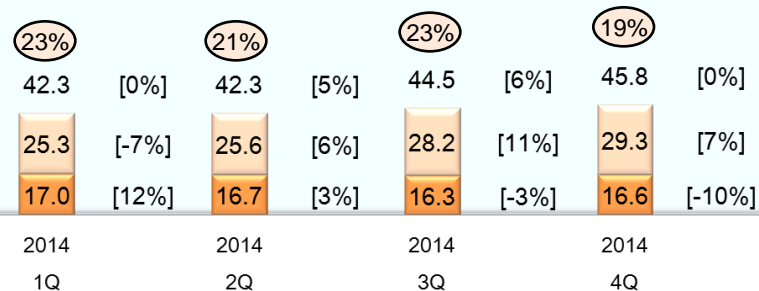
(%) shows mining sales ratio of total company sales

[%] shows changed ratio from the same period of previous year

■ Parts & Services ■ Units



■ Mining ■ Construction



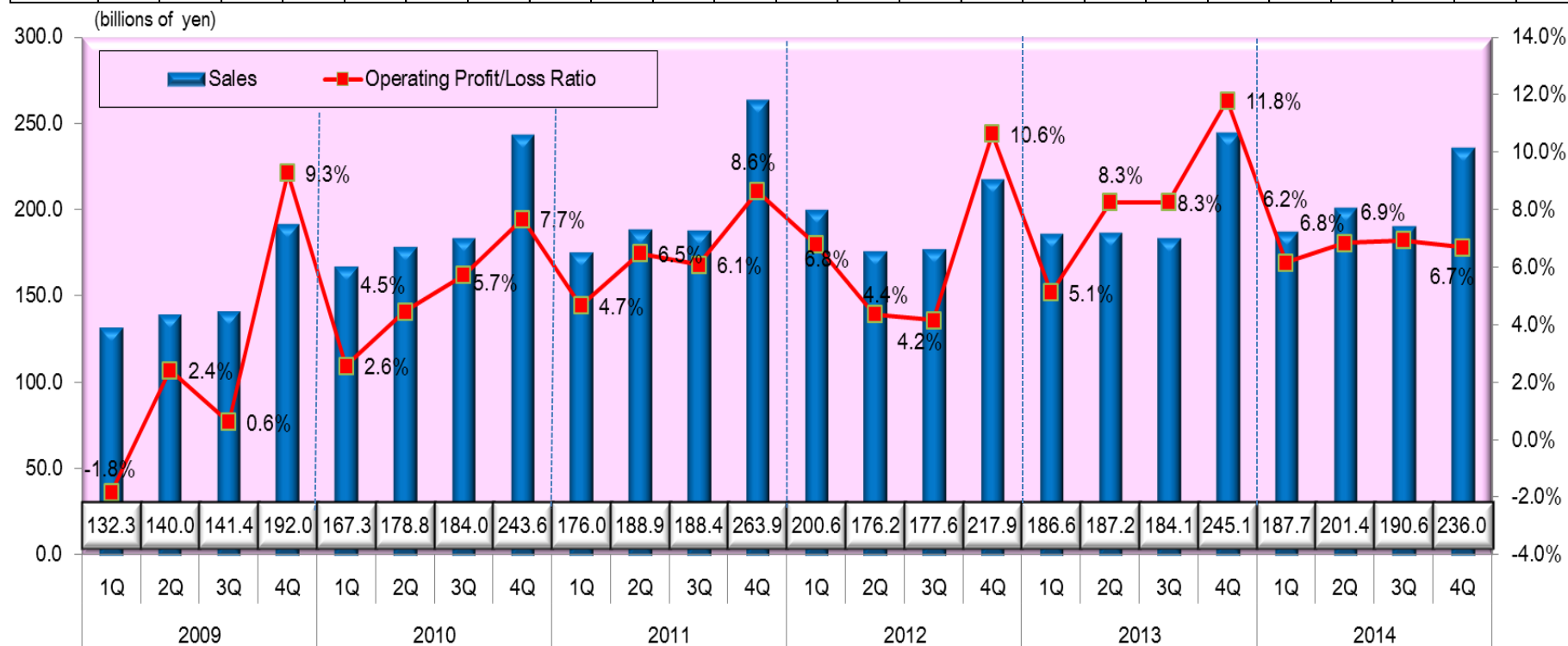
Operating income in FY2014 decreased by 21% (14.8 billion yen) compared to that of FY2013 to 54.3 billion yen due to the sales volume decrease and regional & model sales mix, despite the rise in sales price, reduction of material costs and favorable foreign exchange rates.

(billions of yen)

	FY2014 Actual	FY2013 Actual	increase (decrease)	
			amount	%
Net Sales	815.8	803.0	12.8	2%
Cost of Sales	(73.4%) 598.7	(71.4%) 573.5	25.2	4%
SGA expenses	(19.9%) 162.7	(20.0%) 160.3	2.4	1%
Operating Income	(6.7%) 54.3	(8.6%) 69.2	-14.8	-21%
Non-operating Income/Loss	-1.6	-15.5	13.9	-90%
Ordinary Income	(6.5%) 52.7	(6.7%) 53.7	-0.9	-2%
Extraordinary Income	-1.0	-0.9	-0.1	7%
Income Taxes	23.8	17.6	6.2	35%
Minority Interest	5.0	6.2	-1.2	-19%
Net Income	(2.8%) 22.9	(3.6%) 28.9	-6.0	-21%

(billions of yen)

	2009				2010				2011				2012				2013				2014			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Sales	132.3	140.0	141.4	192.0	167.3	178.8	184.0	243.6	176.0	188.9	188.4	263.9	200.6	176.2	177.6	217.9	186.6	187.2	184.1	245.1	187.7	201.4	190.6	236.0
Operating profit/loss	-2.4	3.4	0.9	17.8	4.3	8.0	10.6	18.7	8.2	12.2	11.5	22.8	13.6	7.7	7.4	23.2	9.6	15.5	15.2	28.9	11.6	13.8	13.2	15.8



FX rate	2009				2010				2011				2012				2013				2014			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
US\$	96.8	92.8	90.1	90.8	92.0	85.9	82.6	82.3	81.7	77.9	77.4	79.3	80.2	78.6	81.2	92.4	98.8	99.0	100.5	102.8	102.2	103.9	114.5	119.1
€	133.5	133.0	132.6	123.7	117.0	110.7	112.2	112.6	117.4	110.2	104.3	104.0	102.9	98.4	105.3	122.0	129.0	131.1	136.7	140.8	140.1	137.8	143.1	134.2
RMB	14.2	13.6	13.2	13.3	13.4	12.6	12.4	12.5	12.6	12.1	12.2	12.6	12.7	12.4	13.0	14.9	16.1	16.2	16.5	16.9	16.4	16.9	16.9	19.1

Dividend / interest income and expenses, gain or loss on equity earnings of affiliated companies and foreign exchange gain or loss (net) were improved compared to those of the previous year.

(billions of yen)

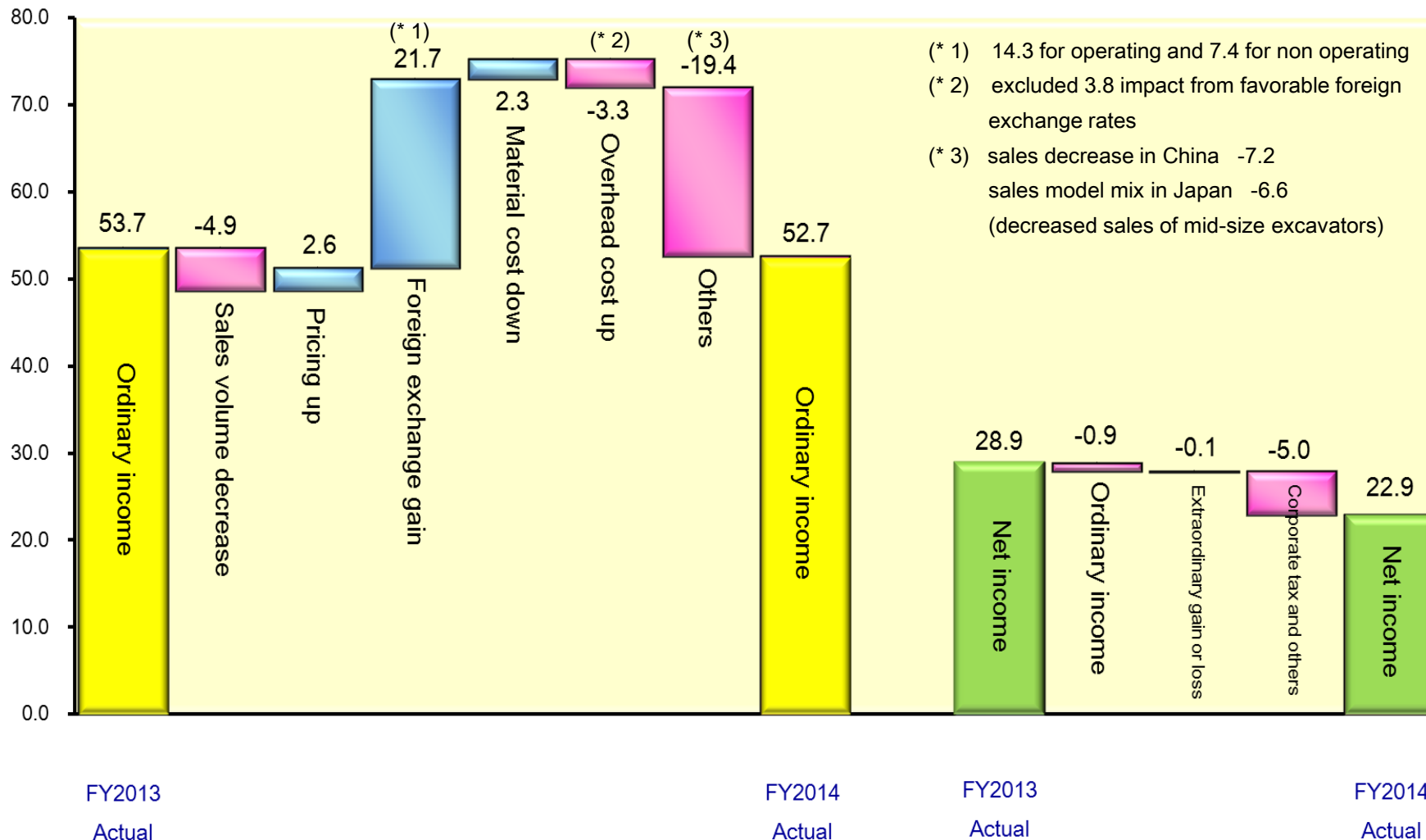
	FY2014 Actual	FY2013 Actual	increase (decrease)	
			amount	%
Dividend/interest income and expenses	-3.3	-4.7	1.5	-31%
Gain or loss on equity earnings of affiliated companies	1.6	-0.3	1.8	-
Foreign exchange gain or loss (net)	-1.9	-9.3	7.4	-79%
Others	2.0	-1.2	3.2	-
Total	-1.6	-15.5	13.9	-90%

(billions of yen)

	FY2014		FY2013		increase (decrease)	
	Actual		Actual		amount	%
Net Sales	815.8		803.0		12.8	2%
Cost of Sales	(73.4%) 598.7		(71.4%) 573.5		25.2	4%
SGA expenses	(19.9%) 162.7		(20.0%) 160.3		2.4	1%
Operating Income	(6.7%) 54.3		(8.6%) 69.2		-14.8	-21%
Non-operating Income/Loss	-1.6		-15.5		13.9	-90%
Ordinary Income	(6.5%) 52.7		(6.7%) 53.7		-0.9	-2%
Extraordinary Income	-1.0		-0.9		-0.1	7%
Income Taxes	23.8		17.6		6.2	35%
Minority Interest	5.0		6.2		-1.2	-19%
Net Income	(2.8%) 22.9		(3.6%) 28.9		-6.0	-21%

Ordinary income decreased by 1.0 billion yen compared to that of the previous year due to continued sales price rises and reductions in material costs and, furthermore, a favorable foreign exchange.

(billions of yen)



Total assets decreased by 39.3 billion yen from the end of March 2014 due to the improvement of asset control, also interest bearing debt that excludes cash and cash equivalents improved by 83.9 billion yen from the end of March 2014.

(billions of yen)

	(A) Mar '2015	(B) Mar '2014	(A)-(B) change
Cash and bank deposit	51.8	53.4	-1.6
Accounts receivable	264.4	302.6	-38.2
Inventories	313.7	321.3	-7.6
Total current assets	673.6	718.9	-45.4
Total fixed assets	374.3	368.3	6.0
Total assets	1,047.9	1,087.2	-39.3

	(D) Mar '2015	(E) Mar '2014	(D)-(E) change
Notes and accounts payable	139.1	143.1	-4.0
Loans and bonds	277.0	363.4	-86.4
Total liabilities	556.9	639.6	-82.7
(Shareholder's equity ratio)	(40.1%)	(35.7%)	(4.4%)
Total net assets	491.0	447.6	43.4
Total liabilities and net assets	1,047.9	1,087.2	-39.3

Inventories by products

Unit	101.5	113.1	-11.6
Parts	110.7	111.5	-0.7
Raw materials, WIP and etc	101.5	96.7	4.8
Total inventories	313.7	321.3	-7.6

On hand days (divided by net sales) (Days)

Accounts receivable	118	138	-20
Inventories	140	146	-6
Notes and accounts payable	62	65	-3
Net working capital	196	219	-23

	(26.4%)	(33.4%)	(-7.0%)
Interest-bearing debt	277.0	363.4	-86.4
Cash and Cash equivalents	52.0	54.5	-2.5
(Deposit)	(0.3)	(1.1)	(-0.9)
Interest-bearing debt, net	(21.5%)	(28.4%)	(-6.9%)
Debt	225.0	308.9	-83.9

Net D/E Ratio	0.54	0.80	-0.26
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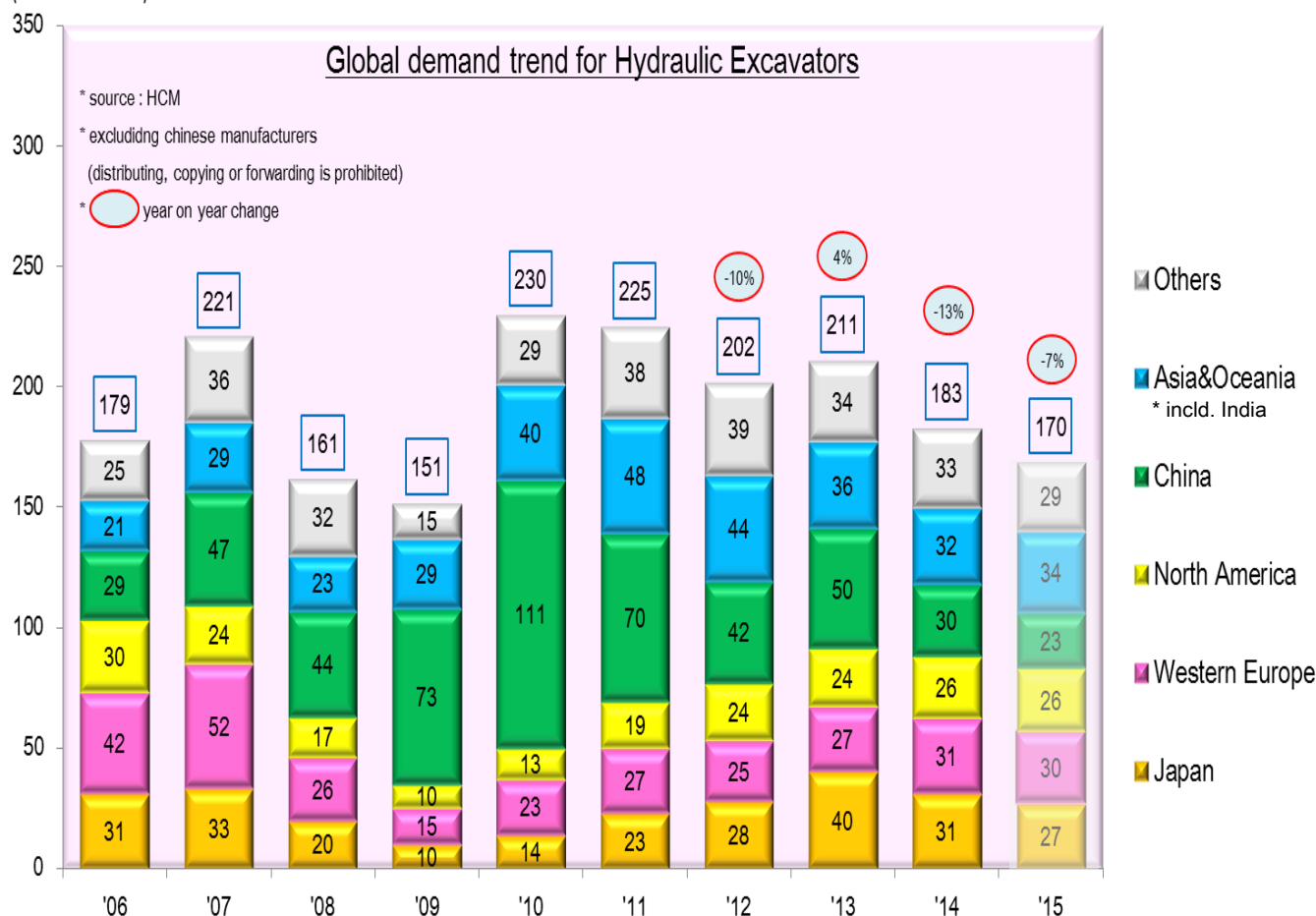
- Net cash provided by operating activities improved by 17.0 billion yen year on year to a positive 109.3 billion yen.
- Free cash flows improved by 40.2 billion yen year on year to a positive 95.8 billion yen.

(billions of yen)

	FY2014 Actual		FY2013 Actual		change	
Income before income taxes and minority interest		51.8		52.8		-1.0
Depreciation and amortization	90.5	38.7	90.2	37.4	0.3	1.3
(Increase)decrease in accounts receivable		31.4		26.0		5.4
(Increase)decrease in inventories		17.1		4.2		12.9
(Increase)decrease in notes and accounts payable	40.0	-8.5	17.4	-12.9	22.7	4.4
Income taxes paid		-19.7		-19.4		-0.3
Others, net		-1.6		4.2		-5.7
Net cash provided by (used in) operating activities		109.3		92.3		17.0
Cash flow margin for operating activities		13.4%		11.5%		1.9%
Net cash provided by (used in) investing activities		-13.5		-36.7		23.2
Free cash flows		95.8		55.6		40.2

Worldwide hydraulic excavator demand in FY2015 moved downwards 7% from the FY2014 actual to 170,000 units based on the demand in China in FY2014 actual that was a large 40% decreased compared to the FY2013 actual.

(in thousand of units)



year on year change by region

	'13	'14	'15
Total	+4%	-13%	-7%
Russia-CIS & E.Europe	-17%	-22%	-22%
Africa	-5%	+7%	+0%
Middle East	-19%	+9%	-7%
Latin America	-17%	-7%	-14%
Others	-14%	-3%	-12%
India	-26%	-1%	+13%
Indonesia	-20%	-25%	-1%
Others	-13%	-11%	+5%
Asia & Oceania	-18%	-11%	+6%
China	+19%	-40%	-22%
North America	+2%	+8%	+0%
Western Europe	+9%	+15%	-3%
Japan	+43%	-23%	-13%

The financial forecast of sales in FY2015 will be slightly decreased compared to that of the FY2014 mainly decrease of sales in China, despite parts and sales increase and consolidation of KCM effective from October.

(billions of yen)

		FY2015 Forecast (IFRS)	FY2014 Actual (Japan GAAP)	increase (decrease)	
				amount	%
Net Sales		810.0	815.8	-5.8	-1%
Operating Income		54.0	54.3	-0.3	-1%
Pre-tax income		49.0	51.8	-2.8	-5%
Net Income		27.0	22.9	4.1	18%
F X	Rate (YEN/US\$)	115.0	110.5	4.5	
	Rate (YEN/EURO)	125.0	138.3	-13.3	
	Rate (YEN/RMB)	18.5	17.6	0.9	

Cash dividend per share (yen)	60	60	0
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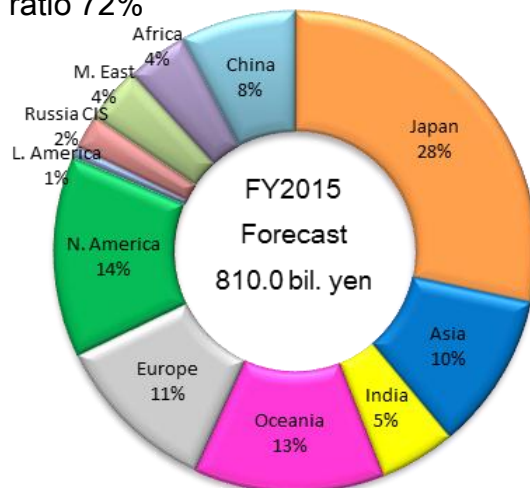
Sales forecast by geographic region (consolidated) (13)

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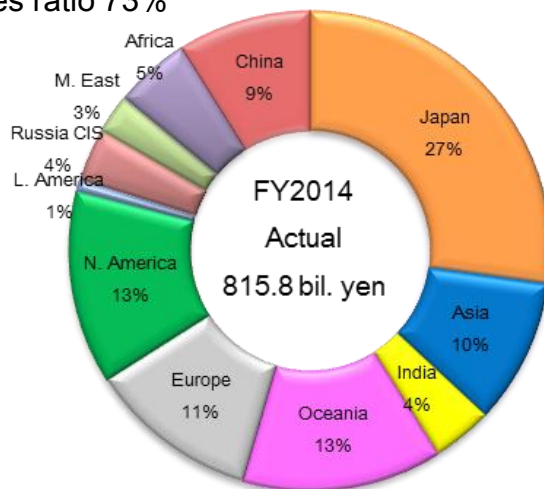
Reliable solutions

Sales forecasts by geographic region in FY2015 will be slightly decreased compared to the FY2014 to 810.0 billion yen due to an increase of 8.4 billion yen from the previous year in Japan and 8.2 billion yen from the previous year in India, despite a significant decrease of -10.5 billion yen from the previous year in China.

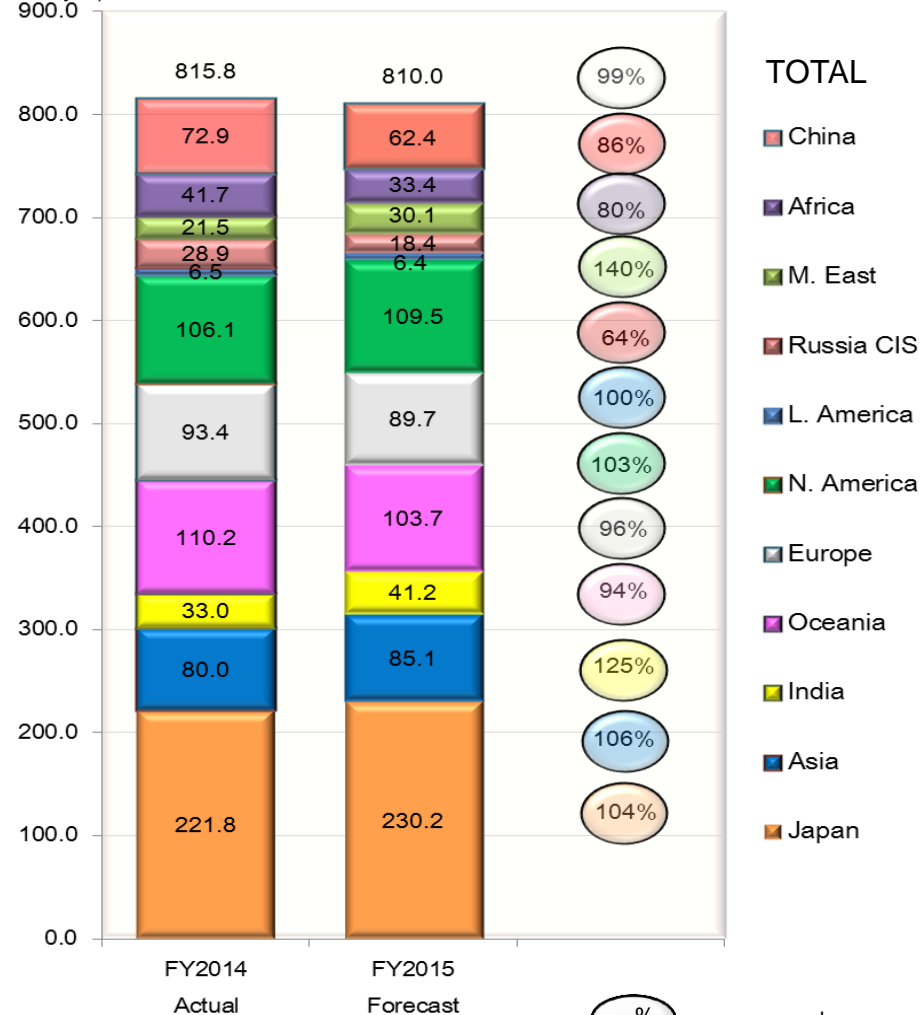
Overseas sales ratio 72%



Overseas sales ratio 73%

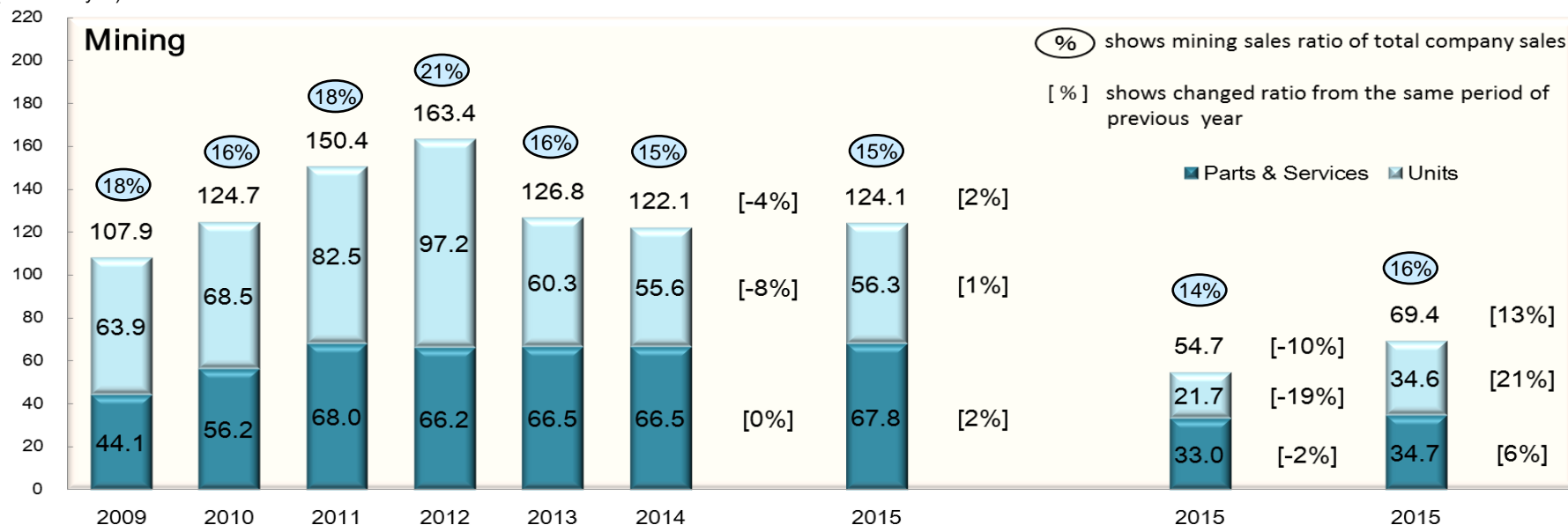


(billions of yen)

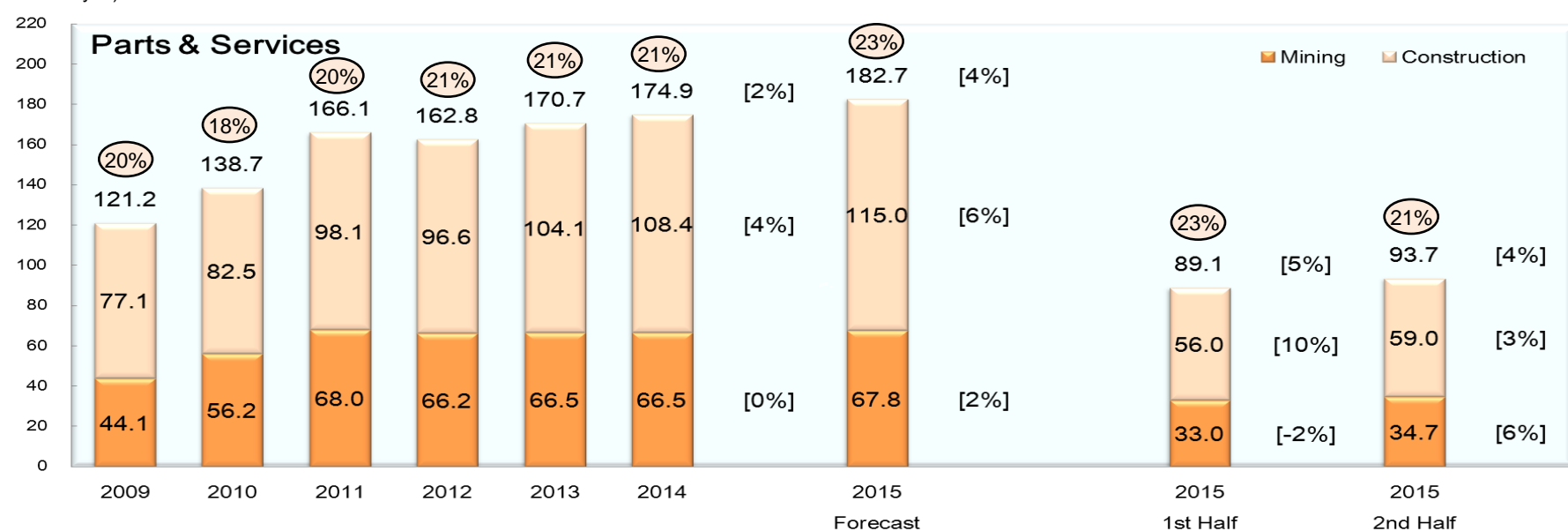


% year on year change

(billions of yen)

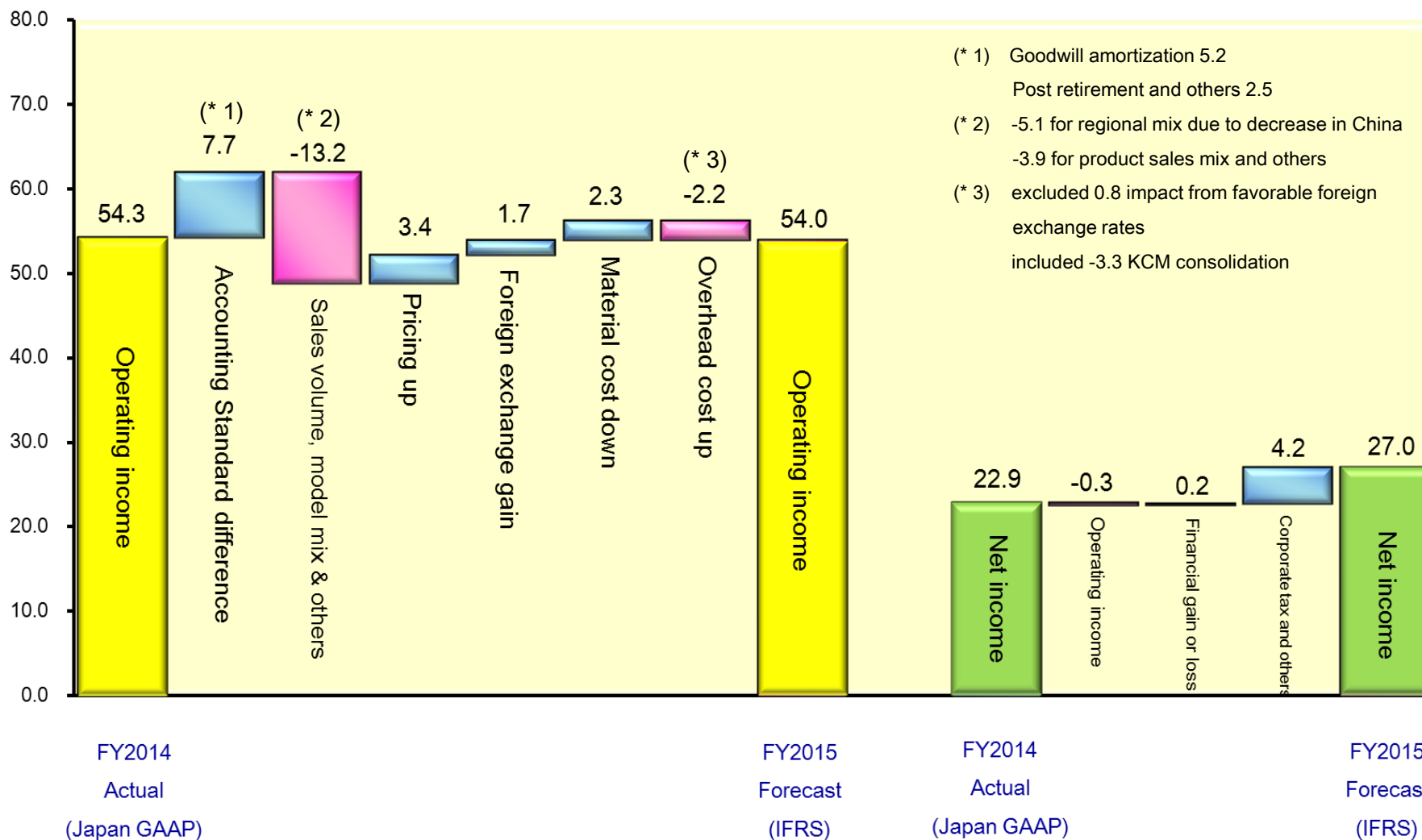


(billions of yen)



Ordinary income in the FY2015 forecast will be slightly decreased compared to the FY2014 actual due to the large sales decrease in China, despite a continuing rise in sales price and reduction of material costs and, furthermore, the impact from accounting standard differences (estimated).

(billions of yen)



[Cautionary Statement]

This material contains forward-looking statements that reflect our views and assumptions in light of the information currently available with respect to certain future events, including the Company's expected financial position, operating results, and business strategies. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, changes in the economic conditions in the Company's principal markets, changes in demand for the Company's products, changes in exchange rates, and the impact of regulatory changes and accounting principles and practices.

E N D

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