

Business Results for the Third Quarter ended December 31, 2013

January 28, 2014

Hitachi Construction Machinery Co., Ltd.



The external appearance of the factory building of Hitachi Construction Machinery Eurasia Manufacturing LLC, which obtained operation permit.

- Total net sales increased compared to the previous year due to sales increase in Japan/China and favorable currency exchange rate, although there was a -14.8 billion yen impact due to the exclusion of TCM from the consolidated results, and decrease in mining sales.
- Operating Income, Ordinary Income and Net Income increased compared to the previous year.

(billions of yen)

		Apr 1~Dec 31 of FY 2013	Apr 1~Dec 31 of FY 2012	change
Net Sales		557.9	554.5	1%
Operating Income		40.2	28.3	42%
Ordinary Income		32.1	19.8	62%
Net Income		17.1	12.7	34%
F X	Exchange rate (YEN/USD)	99.3	80.0	
	Exchange rate (YEN/EUR)	132.1	102.3	
	Exchange rate (YEN/RMB)	16.3	12.7	

- Total net sales increased compared to the previous year due to sales increase in Japan/China and favorable currency exchange rate, although mining sales decreased.
- Operating Income, Ordinary Income and Net Income increased compared to the previous year.

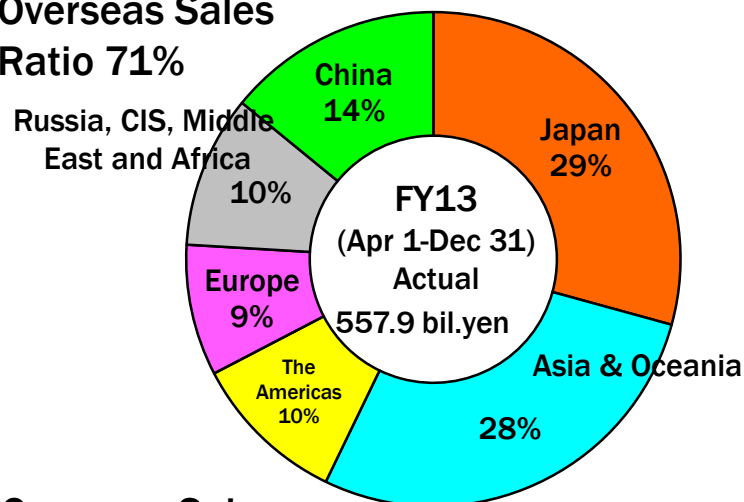
(billions of yen)

		Oct 1~Dec 31 of FY 2013	Oct 1~Dec 31 of FY 2012	increase (decrease)	
				amount	%
Net Sales		184.1	177.6	6.5	4%
Operating Income		(8.3%) 15.2	(4.2%) 7.4	7.8	106%
Ordinary Income		(8.4%) 15.4	(3.4%) 6.1	9.3	154%
Net Income (Loss)		(3.5%) 6.4	(-) -3.4	9.8	-
F X	Exchange rate (YEN/USD)	100.5	81.2		
	Exchange rate (YEN/EUR)	136.7	105.3		
	Exchange rate (YEN/RMB)	16.5	13.0		

- Sales in China increased by 21.9 billion yen [139%] year on year.
 - Sales in Japan also increased 33.6 billion yen [126%] considering the influence of the exclusion of TCM [9.7 billion yen] from the consolidated result.
- On the other hand, sales in Asia and Oceania decreased by 23.9 billion yen [87%] year on year.

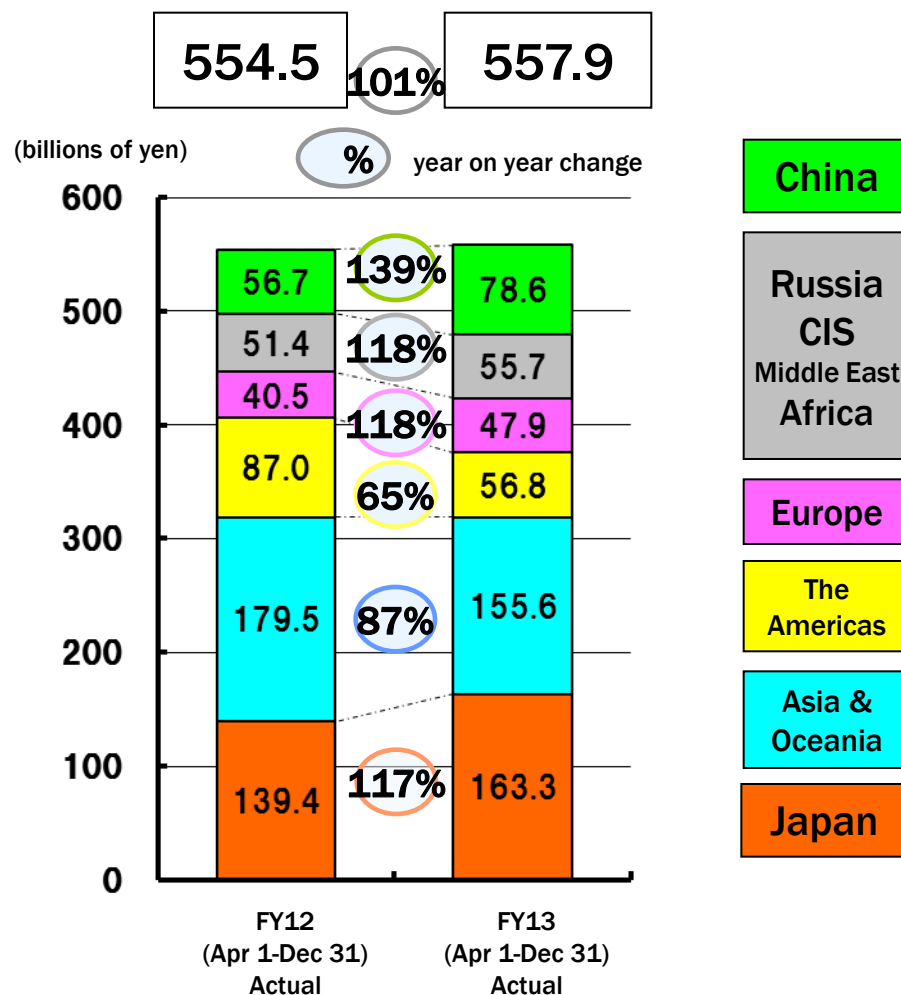
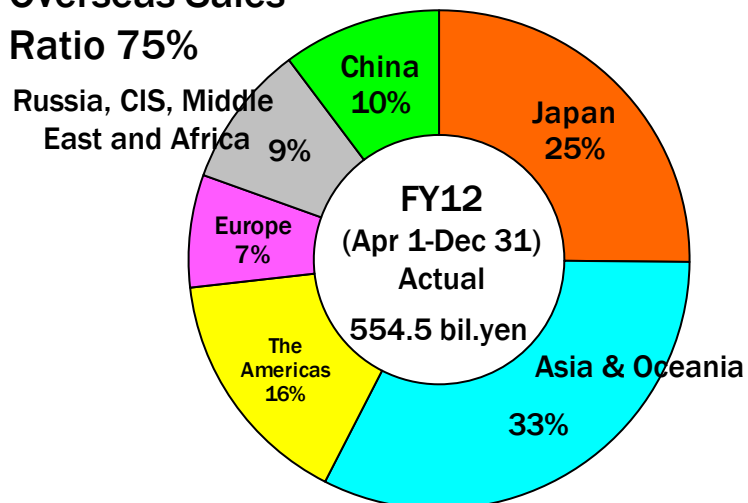
Overseas Sales

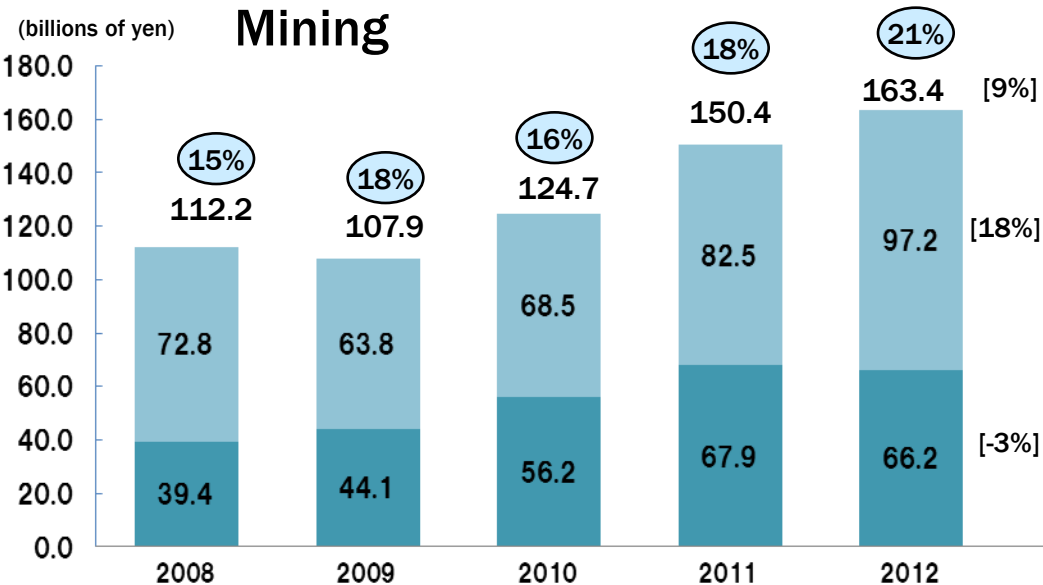
Ratio 71%



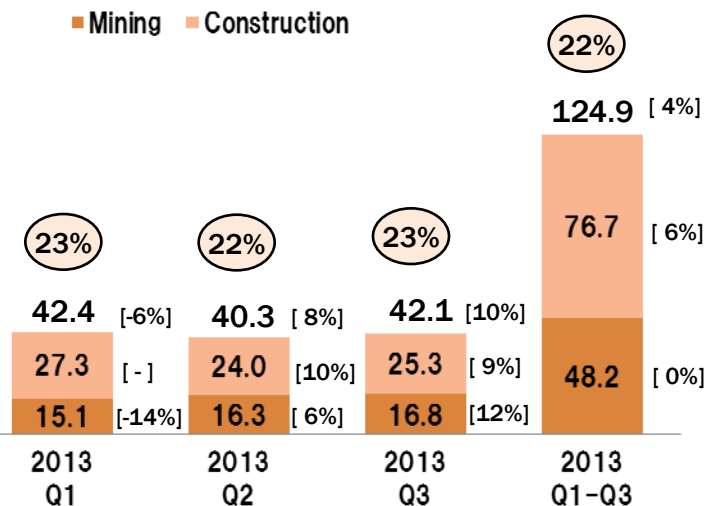
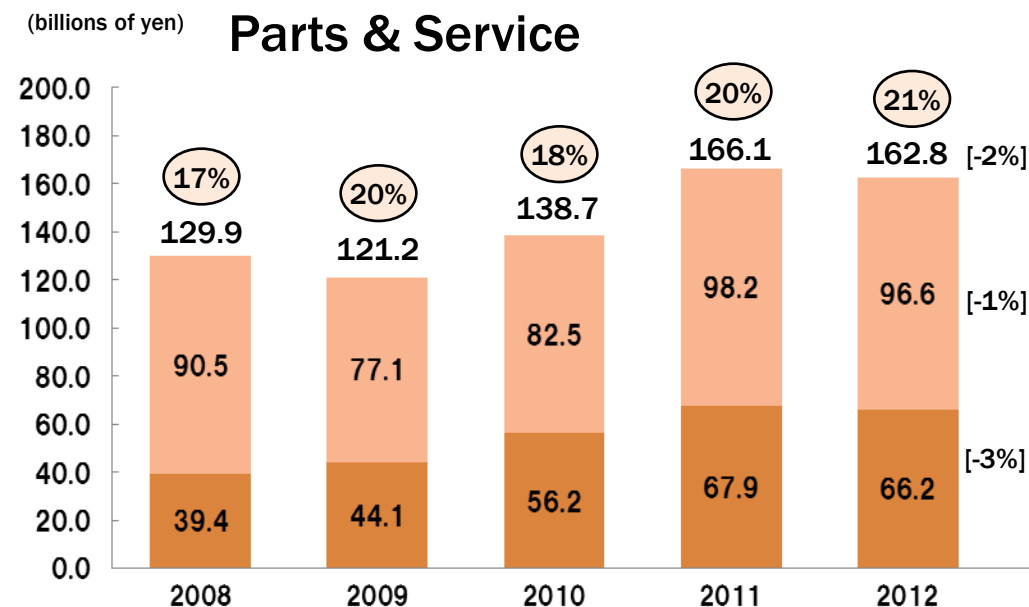
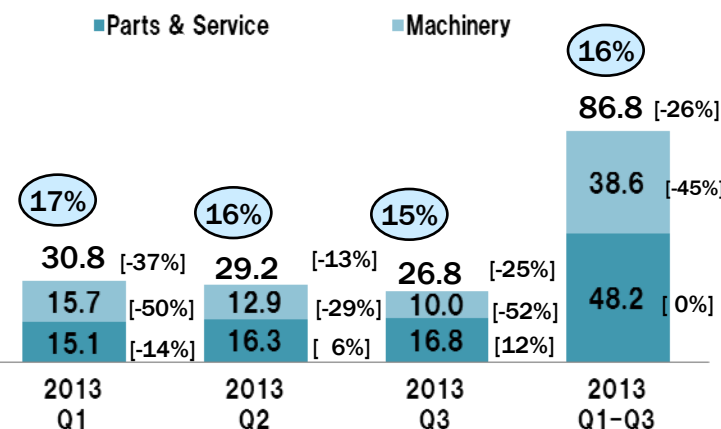
Overseas Sales

Ratio 75%





(notes) % shows the percentage of the total sales of the company as a whole.
[%] shows the change ratio from the same period of the previous year.



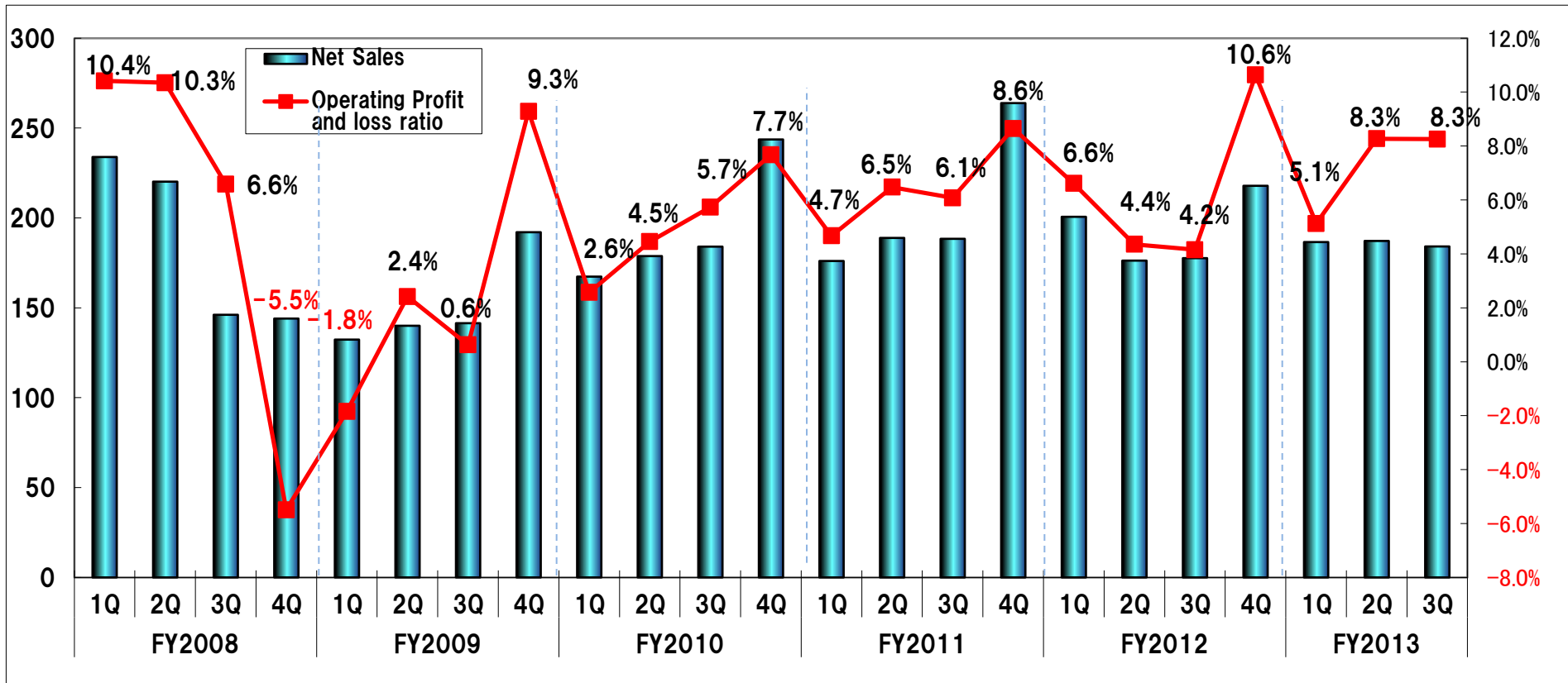
(billions of yen)

	Apr 1 - Dec 31 of FY 2013		Apr 1 - Dec 31 of FY 2012		increase (decrease)	
					amount	%
Net Sales		557.9		554.5	3.4	1%
Cost of Sales	(71.3%)	397.5	(74.4%)	412.3	-14.8	-4%
SGA Expenses	(21.5%)	120.1	(20.5%)	113.8	6.3	5%
Operating Income	(7.2%)	40.2	(5.1%)	28.3	11.9	42%
Non-operating Income(Loss)		-8.1		-8.5	0.4	-5%
Ordinary Income	(5.8%)	32.1	(3.6%)	19.8	12.3	62%
Extraordinary Income		2.1		8.6	-6.5	-75%
Income Taxes		12.8		12.1	0.7	6%
Minority Interests		4.3		3.5	0.8	22%
Net Income	(3.1%)	17.1	(2.3%)	12.7	4.4	34%

(billions of yen)

	FY2008				FY2009				FY2010				FY2011				FY2012				FY2013		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales	233.9	220.2	146.1	144.0	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
Operating income/loss	24.4	22.8	9.6	-7.9	-2.4	3.4	0.9	17.8	4.3	8.0	10.6	18.7	8.2	12.2	11.5	22.8	13.3	7.7	7.4	23.2	9.6	15.5	15.2

※round off per quarter



EX rate/ quarter	FY2008				FY2009				FY2010				FY2011				FY2012				FY2013		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
US\$	105.4	107.0	95.0	95.2	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
EUR	164.8	159.5	125.7	123.2	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
RMB	15.2	15.7	13.9	13.9	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

(billions of yen)

	Apr 1 - Dec 31 FY2013	Apr 1 - Dec 31 FY2012	change
Dividends/Interest income and expenses	-4.7	-6.4	1.7
Gain or loses on equity earnings of affiliated companies	-0.2	-0.5	0.3
Foreign exchange gains, net	-5.5	-1.6	-3.9
Others	2.2	0.0	2.2
Total	-8.1	-8.5	0.4

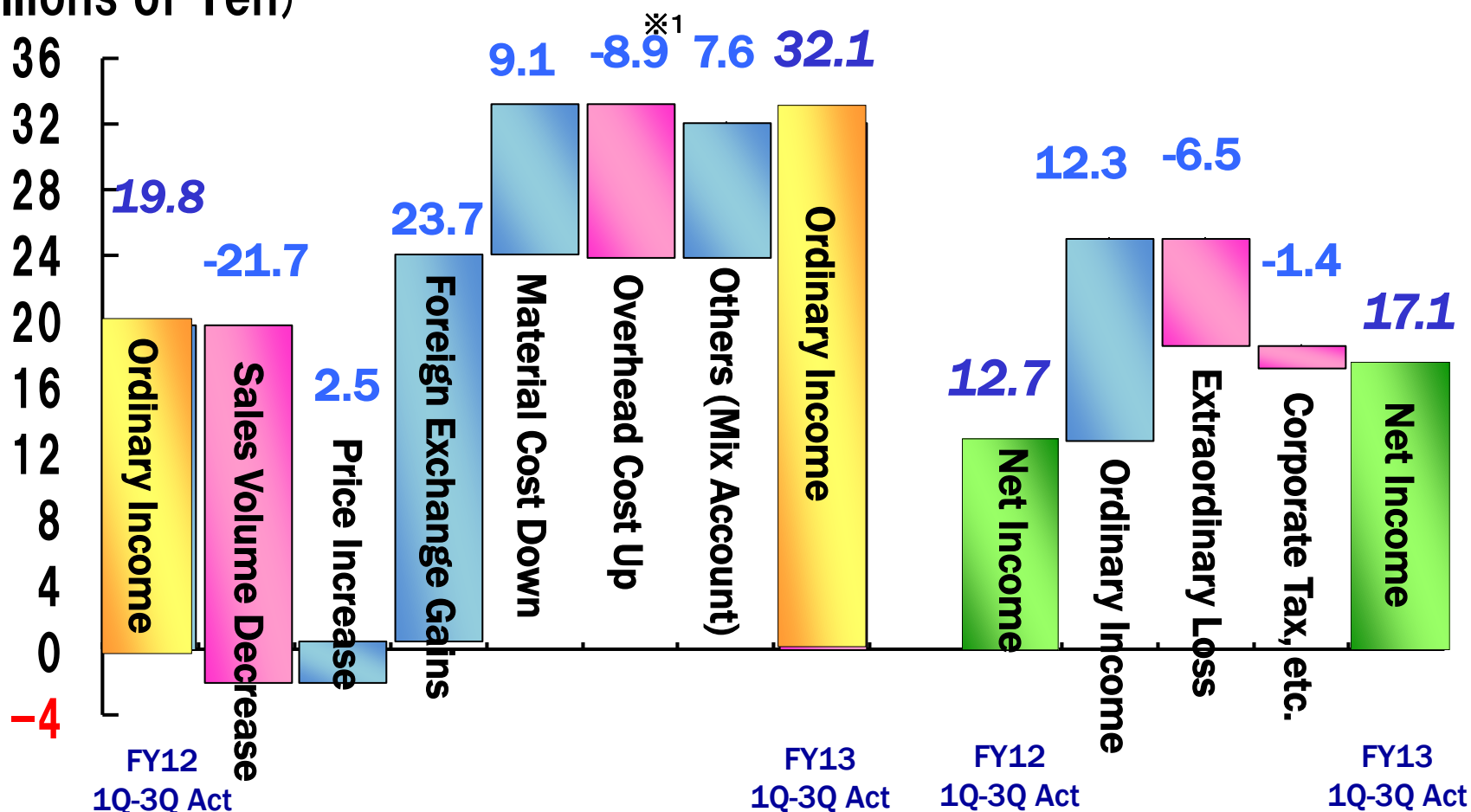
(billions of yen)

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Cost of Sales	(71.3%)	397.5	(74.4%)	412.3	-14.8	-4%
SGA Expenses	(21.5%)	120.1	(20.5%)	113.8	6.3	5%
Operating Income	(7.2%)	40.2	(5.1%)	28.3	11.9	42%
Non-operating Income(Loss)		-8.1		-8.5	0.4	-5%
Ordinary Income	(5.8%)	32.1	(3.6%)	19.8	12.3	62%
Extraordinary Income		2.1		8.6	-6.5	-75%
Income Taxes		12.8		12.1	0.7	6%
Minority Interests		4.3		3.5	0.8	22%
Net Income	(3.1%)	17.1	(2.3%)	12.7	4.4	34%

- Total profit increased 12.3 billion yen due to 23.7 billion yen from JPY depreciation and 11.6 billion yen from improvement of sales price and material cost, although sales volume decreased by 21.7 billion yen.

(Billions of Yen)

※ 1 Overhead Cost: include foreign exchange loss -8.8



- Account receivable (notes and accounts receivables, lease receivables and investment assets) decreased by 37.8 billion yen from the end of last fiscal year.
- Inventory increased by 39.9 billion yen from preparation of stocks for post-Chinese New Year demand increase, temporary increase in parts and the impact of currency exchange rate fluctuations.

(billions of yen)

	(A) FY13- 3Q	(B) FY 12	(C) FY12-3Q	(A-B) change
Cash and bank deposit	69.7	62.6	64.1	7.1
Accounts receivable	270.4	308.2	273.2	-37.8
Inventories	354.8	314.9	316.9	39.9
Others	53.3	48.1	64.8	5.2
Total current assets	748.2	733.8	719.0	14.4
Property, plant and equipment	293.4	271.2	260.5	22.2
Intangible assets	27.9	32.7	32.9	-4.8
Others	55.0	62.2	59.3	-7.2
Total fixed assets	376.3	366.1	352.7	10.2
Total assets	1,124.5	1,099.9	1,071.7	24.6

Inventories by products

Unit	119.7	111.0	116.7	8.7
Parts	115.4	97.1	86.7	18.3
Others	119.7	106.8	113.5	12.9
Total inventories	354.8	314.9	316.9	39.9

On hand days(divided by net sales)

(Days)

Accounts receivable	127	146	122	-19
Inventories	167	149	141	18
Notes and accounts payable	73	70	70	3
Net working capital	221	225	193	-4

	(D) FY13- 3Q	(E) FY 12	(F) FY12-3Q	(D-E) change
Notes and accounts payable	155.1	149.1	157.3	6.0
Others	316.8	298.2	300.8	18.6
Total current liabilities	471.9	447.3	458.1	24.6
Total non-current liabilities	213.3	236.0	229.2	-22.7
Total liabilities	685.2	683.2	687.3	2.0
Minority interests	60.0	54.7	49.4	5.3
Common stock, capital surplus, and retained earnings	374.8	365.9	355.1	8.9
Others	4.5	-3.9	-20.1	8.4
(Shareholder's equity ratio)	(33.7%)	(32.8%)	(31.2%)	(0.8%)
Total net assets	439.3	416.7	384.4	22.6
Total liabilities and net assets	1,124.5	1,099.9	1,071.7	24.6

	(35.0%)	(35.7%)	(36.7%)	(-0.8%)
Interest-bearing debt	393.4	393.1	393.7	0.3
Cash and Cash equivalents	70.8	68.1	81.0	2.7
(Deposit)	(1.1)	(5.4)	(17.0)	(-4.3)
Interest-bearing debt, net	(28.7%)	(29.6%)	(29.2%)	(-0.9%)
Debt	322.6	325.1	312.6	-2.5

Net D/E Ratio	0.85	0.90	0.94	-0.05
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- Cash flow from operating activities increased 31.6 billion yen year on year to 72.2 billion yen. Free cash flow was positive 41.9 billion yen.

(billions of yen)

	Apr 1- Dec 31 of FY 2013	Apr 1- Dec 31 of FY 2012	change
Income before income taxes and minority interest	34.3	28.4	5.9
Depreciation and amortization	62.1 27.8	55.0 26.6	7.1 1.2
(Increase)decrease in accounts receivable	65.6	81.2	(15.6)
(Increase)decrease in inventories	(24.7)	(50.1)	25.4
(Increase)decrease in notes and accounts payable	33.9 (7.0)	8.7 (22.4)	25.2 15.4
Income taxes paid	(17.4)	(19.1)	1.7
Others, net	(6.4)	(4.0)	(2.4)
Net cash provided by (used in) operating activities	72.2	40.6	31.6
Cash flow margin for operating activities	12.9%	7.3%	5.6%
Net cash provided by (used in) investing activities	(30.3)	(22.2)	(8.1)
Free cash flows	41.9	18.3	23.6

II. Consolidated Earnings Forecast

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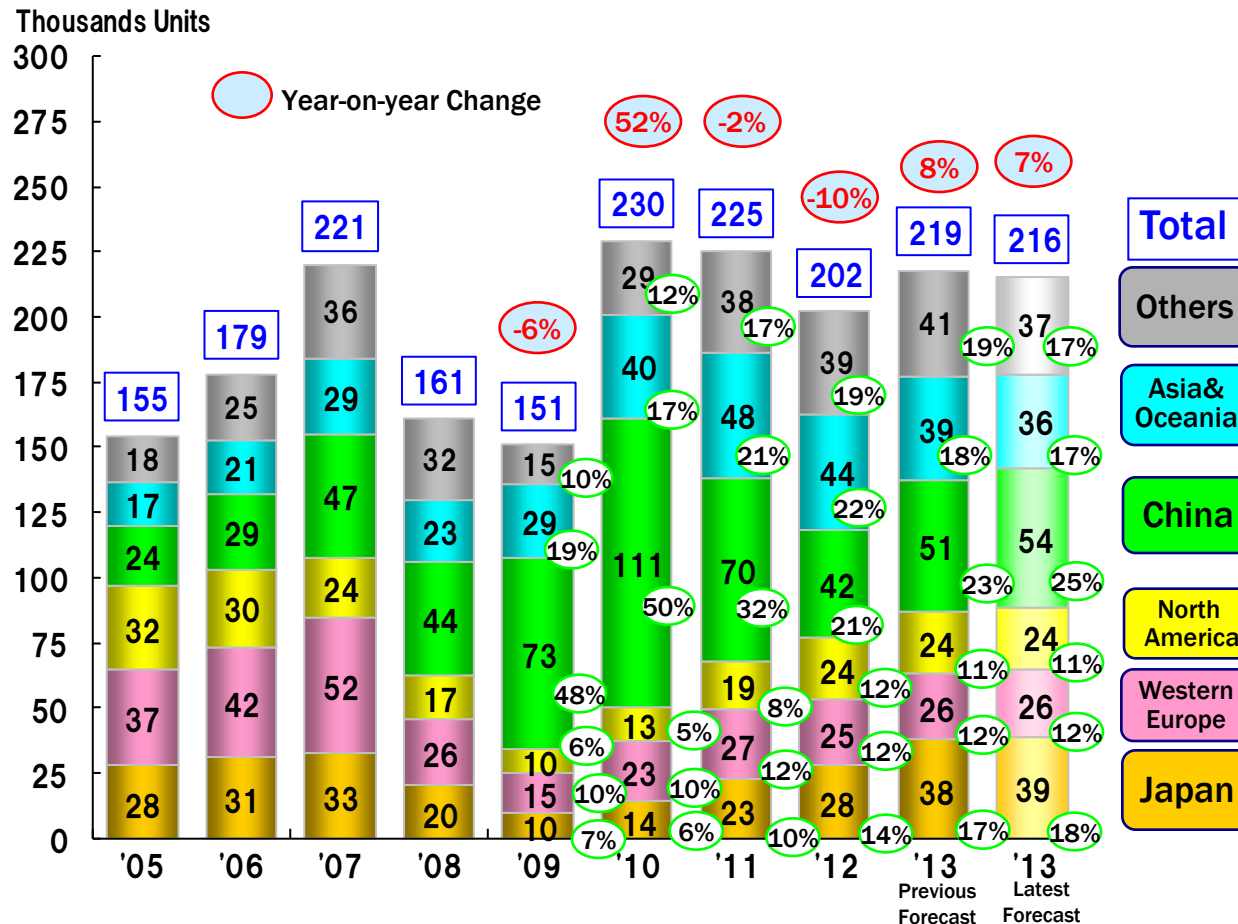
HITACHI

Reliable solutions

- In Japan, in addition to rehabilitation demand, demand for rental service continued to increase strongly, and it is expected to increase by 38% year on year to 39,000 units.
- Because demand in China has been in recovery trend, the forecast is increased by 3,000 units, resulted as an 29% increase year on year to 54,000 units from the previous forecast.
- Global forecast is decreased by 3,000 units from the previous forecast, resulted as a 7% decrease year on year after reflecting decrease in the demand of Asia and Oceania.

Global demand trend for Hydraulic Excavator

* Estimates by HCM * Excluding Chinese manufacturer
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Year on year change by region

	'12 act.	'13 Previous Forecast	'13 Latest forecast
Japan	+25%	+34%	+38%
W Europe	-7%	+2%	+3%
N America	+26%	+0%	+0%
China	-41%	+21%	+29%
India	-21%	-22%	-24%
Indonesia	-19%	-27%	-27%
Others	+9%	+2%	-12%
Asia & Oceania	-8%	-11%	-19%
Russia, E Europe, CIS	-3%	+8%	+1%
Africa	+39%	-9%	-9%
Middle East	-2%	+0%	-3%
Latin America	-4%	+13%	-10%
Others	+2%	+5%	-5%
Total	-10%	+8%	+7%

- Sales increase in Japan/China and the impact of currency exchange rate fluctuation will offset the decrease in mining sales.
Therefore, the current forecast is unchanged from the previous forecast.

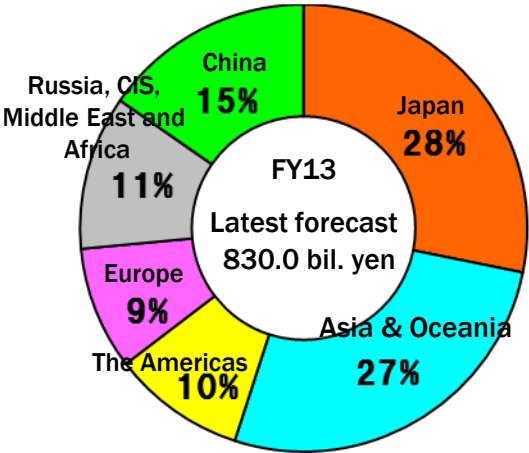
(billions of yen)

		FY2013 Forecast	FY2012 Actual	change
Net Sales		(830.0) 830.0	772.4	7%
Operating Income		(83.0) 83.0	51.5	61%
Ordinary Income		(69.0) 69.0	36.4	90%
Net Income		(37.0) 37.0	23.5	57%
F X	USD	(96.9) 100.6	82.4	
	EUR	(127.1) 134.7	107.5	
	RMB	(15.8) 16.8	13.5	
Cash dividends per share (yen)		50	40	10

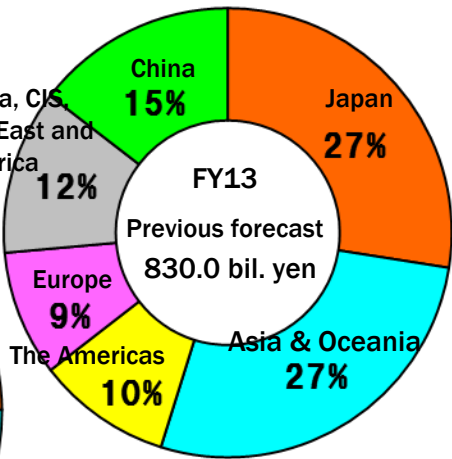
(note) () Previous forecast as of October 2013

Exchange rate of FY13-Q4	*(previous)
Yen / US\$	104.0 (95.0)
Yen / EURO	140.0 (125.0)
Yen / RMB	17.0 (15.6)

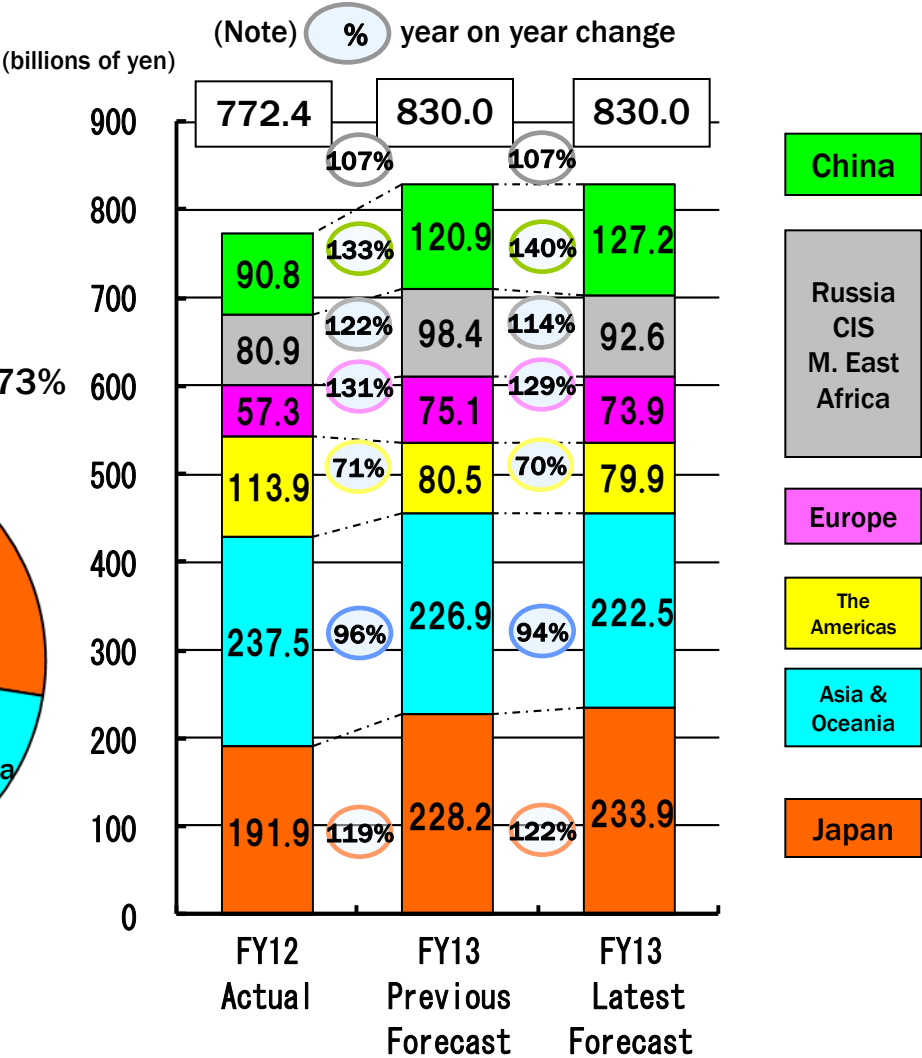
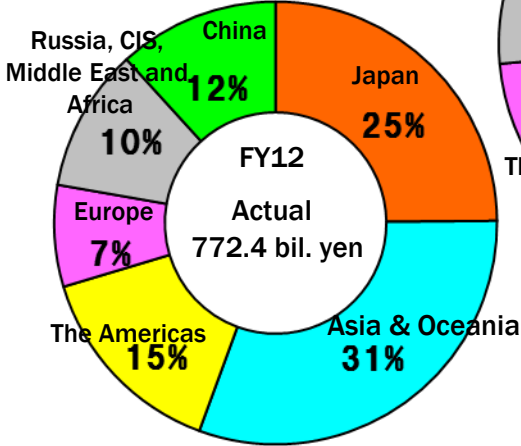
Overseas sales ratio : 72%



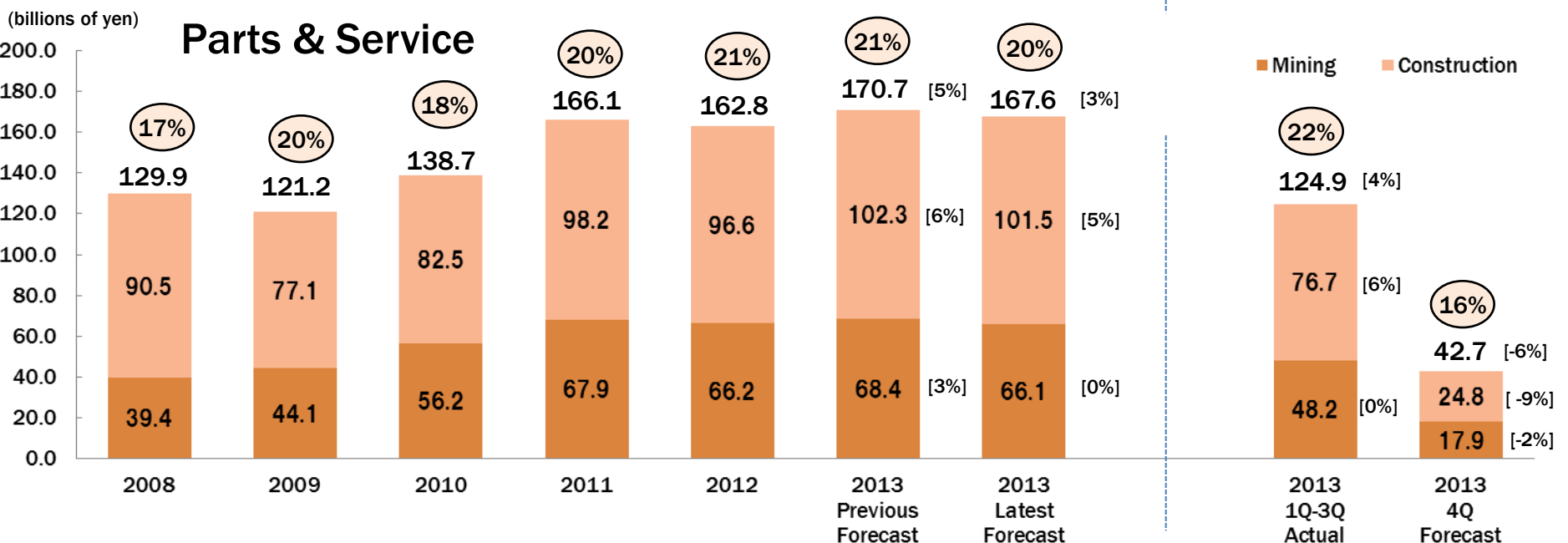
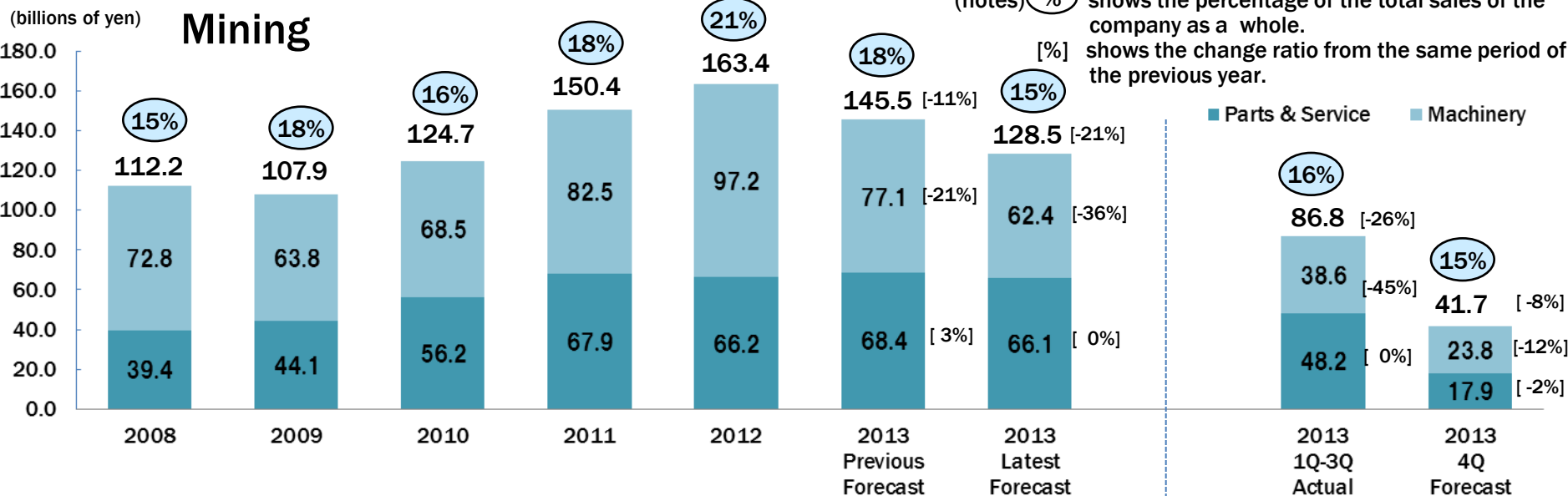
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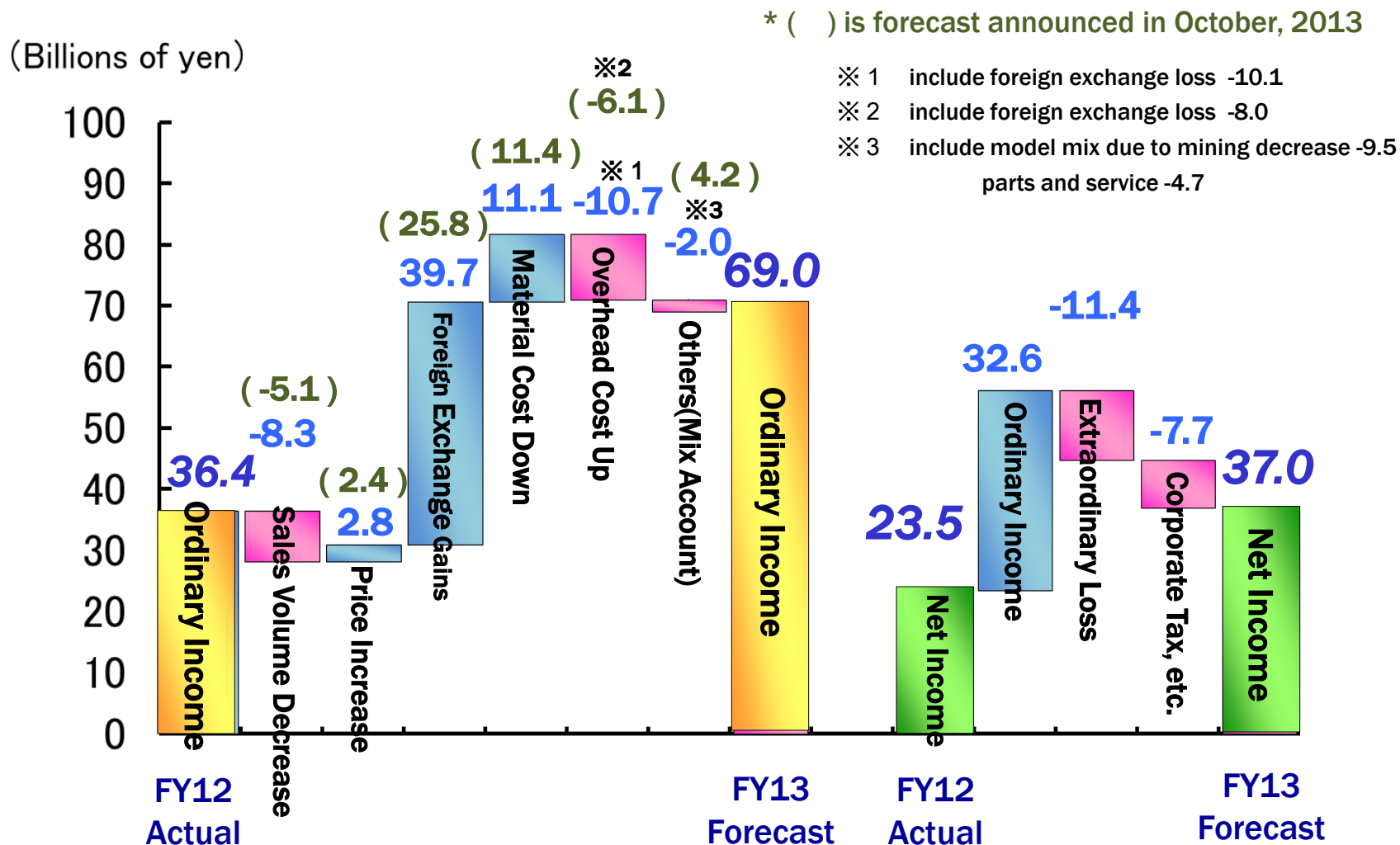
Overseas sales ratio : 75%



(notes) % shows the percentage of the total sales of the company as a whole.
[%] shows the change ratio from the same period of the previous year.



- Forecast is unchanged from the previous forecast, as foreign currency exchange gain and material cost down offset decrease in mining sales.



END



For further inquiries:

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