

Business Results for the First Quarter ended June 30, 2012

July 25, 2012

Hitachi Construction Machinery Co., Ltd.



Yukie Nakayama,
Public Relations Strategy Office,
will be playing in clay shooting in
London Olympics!



Masaki Fujita,
Technical Research Center,
will be competing in cycling
race in London Paralympics!

Give your hearty cheers on our athletes!

I. Summary of Consolidated Results

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Billions of yen

		1st Quarter of FY2012	1st Quarter of FY2011	Change
	Net Sales	200.6	176.0	114%
	Operating income	13.3	8.2	161%
	Ordinary income	7.6	7.7	99%
	Net income	5.3	2.4	223%
F X	Exchange rate (YEN/USD)	81.00	81.62	
	Forward exchange rate (YEN/USD)	78.33	82.11	
	Exchange rate (YEN/EUR)	105.56	116.30	
	Forward exchange rate (YEN/EUR)	103.25	112.93	

● Net sales increased by 14% year-on-year, despite a substantial decrease in China, which was offset by a sales increase in other Asian countries. An increase in mining machinery sales also contributed to sales growth as a whole.

● Operating income increased by 61% year-on-year.

● Net income was more than twice the figure of the previous year.

Consolidated Statements of Income

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Billions of yen

	1st Quarter of FY2012	1st Quarter of FY2011	Increase (Decrease)	
			Amount	%
Net sales	200.6	176.0	24.6	114%
Cost of sales	147.9	129.5	18.4	114%
SGA expenses	39.5	38.3	1.2	103%
Operating income	13.3	8.2	5.1	161%
Non-operating income (loss)	(5.6)	(0.5)	(5.1)	-
Ordinary income	7.6	7.7	(0.1)	99%
Extraordinary income	0.0	0.0	0.0	-
Income taxes	1.0	3.5	(2.5)	28%
Minority interests	(1.3)	(1.7)	0.4	75%
Net income	5.3	2.4	2.9	223%

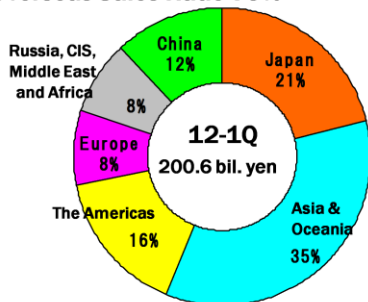
Sales by Geographic Region (Consolidated)

3

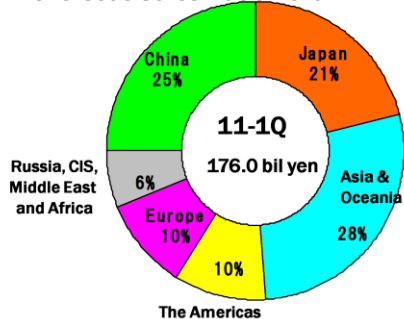
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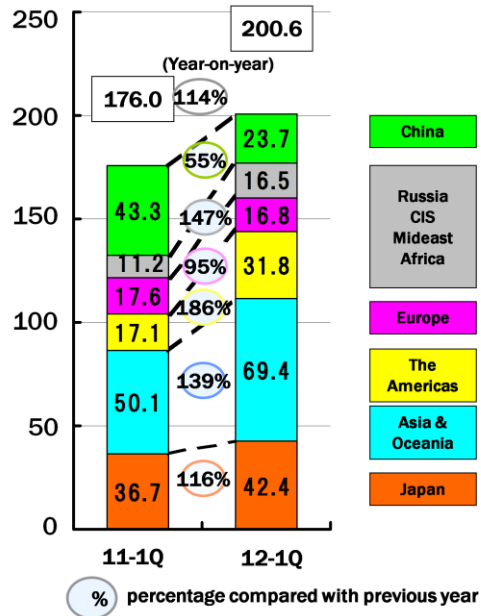
Overseas Sales Ratio 79%



Overseas Sales Ratio 79%



Billions of yen



● The fall in sales in China was offset by an increase in Asia & Oceania and The Americas. As a result, the overseas sales ratio was 79%, remaining at the previous year's level.

Consolidated Statements of Income

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Billions of yen

	First Quarter of FY2012		First Quarter of FY2011		Increase (Decrease)	
					Amount	%
Net sales	200.6		176.0		24.6	114%
Cost of sales	(73.7%)	147.9	(73.6%)	129.5	18.4	114%
SGA expenses	(19.7%)	39.5	(21.8%)	38.3	1.2	103%
Operating income	(6.6%)	13.3	(4.7%)	8.2	5.1	161%
Non-operating income(loss)	(5.6)		(0.5)		(5.1)	-
Ordinary income	(3.8%)	7.6	(4.4%)	7.7	(0.1)	99%
Extraordinary income	0.0		0.0		0.0	-
Income taxes	1.0		3.5		(2.5)	28%
Minority interests	(1.3)		(1.7)		0.4	75%
Net income	(2.7%)	5.3	(1.4%)	2.4	2.9	223%

●The cost ratio remained at the level of the previous year of 73.7%, despite the effect of the soaring yen, helped by lower costs and increased sales of parts and services.

●Operating income ratio improved by 1.9 points from the previous year.

Billions of yen

	1st Quarter of FY2012	1st Quarter of FY2011	Change
Dividends/Interest income and expenses	(2.4)	(1.6)	(0.8)
Gain on equity earnings of affiliated companies	0.1	0.0	0.1
Foreign exchange gains, net	(3.6)	0.1	(3.7)
Others	0.3	1.0	(0.7)
Total	(5.6)	(0.5)	(5.1)

● Foreign exchange gain declined by 3.7 billion yen from the previous year, due to the effects of the highly appreciated yen against emerging nations' currencies, such as the Indian rupee.

Consolidated Statements of Income

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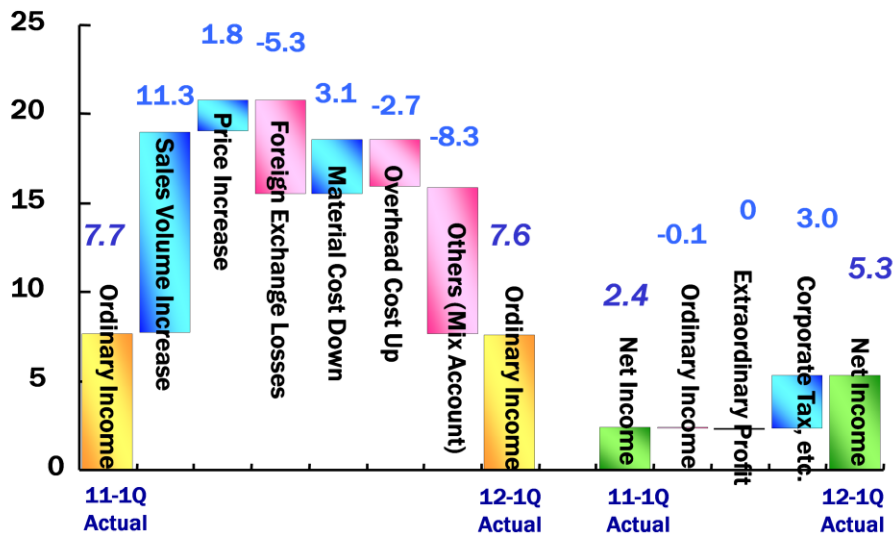
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Billions of yen

	First Quarter of FY2012		First Quarter of FY2011		Change	
					Amount	%
Net sales		200.6		176.0	24.6	114%
Cost of sales	(73.7%)	147.9	(73.6%)	129.5	18.4	114%
SGA expenses	(19.7%)	39.5	(21.8%)	38.3	1.2	103%
Operating income	(6.6%)	13.3	(4.7%)	8.2	5.1	161%
Non-operating income(loss)		(5.6)		(0.5)	(5.1)	-
Ordinary income	(3.8%)	7.6	(4.4%)	7.7	(0.1)	99%
Extraordinary income		0.0		0.0	0.0	-
Income taxes		1.0		3.5	(2.5)	28%
Minority interests		(1.3)		(1.7)	0.4	75%
Net income	(2.7%)	5.3	(1.4%)	2.4	2.9	223%

Billions of yen



● The foreign exchange losses of 5.3 billion yen was offset by impacts of both price increase and material cost decrease.

● Sales volume increase covered 2.7 billion yen of increase in overheads and 8.3 billion yen of decrease in “others (mix account)”. The decrease in “others (mix account)” was mainly due to a decline in sales in China.

Consolidated Balance Sheets					8	HITACHI			
					Reliable solutions				
					Billions of yen				
	(A) 12-1Q	(B) FY11	(C) 11-1Q	(A-B) Change		(D) 12-1Q	(E) FY11	(F) 11-1Q	(D-E) Change
Cash and bank deposits	64.0	72.8	69.8	(8.8)	Notes and accounts payable	180.0	192.9	148.4	(12.9)
Notes and accounts receivable	193.7	238.5	162.4	(44.8)	Others	295.7	327.2	239.7	(31.5)
Lease receivables and investment assets	113.5	120.3	130.0	(6.8)	Total current liabilities	475.7	520.1	388.1	(44.4)
Inventories	279.1	268.9	225.3	10.2	Total non-current liabilities	192.0	197.3	212.9	(5.3)
Others	50.3	51.8	48.8	(1.5)	Total liabilities	667.7	717.3	601.0	(49.6)
Total current assets	700.6	752.3	636.3	(51.7)	Minority interests	45.8	45.4	42.9	0.4
Property, plant and equipment	246.6	244.9	221.3	1.7	Common stock, capital surplus, and Retained earnings	351.9	349.8	332.3	2.1
Intangible assets	38.3	40.8	44.2	(2.5)	Others	(33.9)	(26.4)	(26.7)	(7.5)
Others	46.1	48.2	47.7	(2.1)	(Shareholders' equity ratio)	(30.8%)	(29.7%)	(32.1%)	(1.1%)
Total fixed assets	330.9	333.8	313.2	(2.9)	Total net assets	363.8	368.8	348.5	(5.0)
Total assets	1,031.5	1,086.1	949.5	(54.6)	Total liabilities and net assets	1,031.5	1,086.1	949.5	(54.6)
On hand days (divided by net sales)					Days				
Notes and accounts receivable*1	133	160	136	(27)	Interest-bearing debt	(35.7%)	(35.8%)	(36.1%)	(△ 0.1%)
Inventories	121	120	105	1	Cash and cash equivalents	368.7	388.9	342.6	(20.2)
Notes and accounts payable	78	86	69	(8)	(Deposit) *2	64.6	81.2	69.9	(16.6)
Net working capital	176	194	172	(18)	(Interest-bearing debt, net)	0.6	8.4	0.1	(7.8)
* 1 On hand days for notes and accounts receivable includes lease receivable and investment assets.					(Interest-bearing debt, net)	(29.5%)	(28.3%)	(28.7%)	(1.1%)
* 2 Cash and cash equivalents include the numbers in parenthesis as pooling deposit paid to Hitachi.					Net D/E Ratio	304.1	307.7	272.8	(3.6)
					Net D/E Ratio	0.96	0.95	0.89	0.03

● Total assets were reduced by 54.6 billion yen from the previous year end. The major cause of this was a reduction in accounts receivable.

Consolidated Cash Flows

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Billions of yen

	FY12 1Q Actual		FY11 1Q Actual		Change	
Income before income taxes and minority interest	7.6		7.7		(0.1)	
Depreciation and amortization	16.3	8.7	17.2	9.5	(0.9)	(0.8)
(Increase) decrease in notes and accounts receivable	32.8		19.1		13.7	
(Increase) decrease in lease receivable and investment assets	1.5		(1.8)		3.3	
(Increase) decrease in inventories	(22.9)		(34.6)		11.7	
(Increase) decrease in notes and accounts payable	11.7	0.3	(16.2)	1.1	27.9	(0.8)
Income taxes paid	(8.5)		(6.4)		(2.1)	
Others, net	(5.4)		(4.6)		(0.8)	
Net cash provided by (used in) operating activities	14.1		(10.0)		24.1	
Acquisitions of property, plant and equipment	(12.5)		(4.4)		(8.1)	
Purchase of investment securities	0.0		(0.7)		0.7	
Others, net	(0.9)		(3.3)		2.4	
Net cash used in investing activities	(13.4)		(8.4)		(5.0)	
Free Cash Flows	0.7		(18.4)		19.1	
Net increase (decrease) in short-term loans	(5.9)		22.4		(28.3)	
Net increase (decrease) in long-term loans	(8.0)	(2.1)	18.4	(4.0)	(26.4)	1.9
Dividends paid to shareholders	(3.8)		(2.9)		(0.9)	
Interest paid, others	(6.6)	(2.8)	(6.2)	(3.3)	(0.4)	0.5
Net cash provided by (used in) financing activities	(14.6)		12.2		(26.8)	
Effect of exchange rate changes on cash and cash equivalents	(3.5)		(0.9)		(2.6)	
Net increase/decrease in cash and cash equivalents	(17.4)		(7.1)		(10.3)	
Cash and cash equivalents at beginning of year	81.1		74.7		6.4	
Cash and cash equivalents at end of year	63.7		67.6		(3.9)	

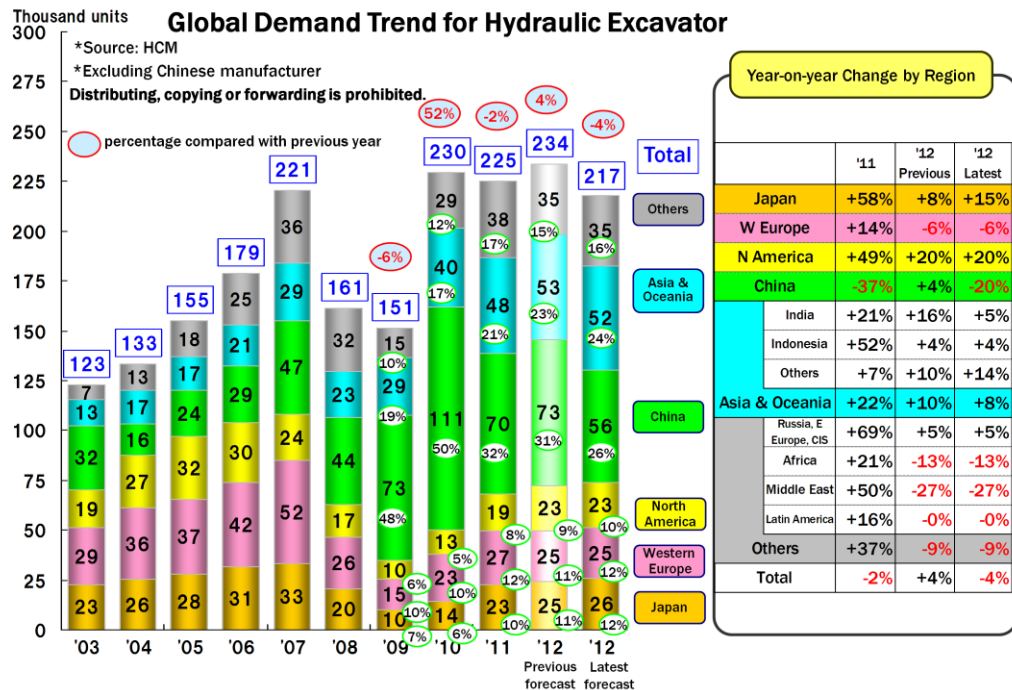
● Free Cash Flows increased by 19.1 billion yen from the previous year, which generated a positive cash flows.

II. Consolidated Earnings Forecast

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● Previous forecast for China and India were revised down by 17,000 units and 1,000 units, respectively. The global forecast was thus revised down by 17,000 units to 217,000 units.

Summary of Consolidated Earnings Forecasts

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Billions of yen							
		1st Half Year			Full Year		
		Sep'12 Forecast	Sep'11 Actual	Change	Mar'13 Forecast	Mar'12 Actual	Change
Net sales		424.0 390.0	364.9	107%	880.0 820.0	817.1	100%
Operating income		23.0 23.0	20.4	113%	78.0 72.0	54.8	131%
Ordinary income		16.5 16.5	17.8	93%	68.0 62.0	51.7	120%
Net income		10.0 18.5	5.5	338%	35.0 40.0	23.0	174%
F	Exchange rate (YEN/USD)	79.50	79.71		78.67	78.58	
	Forward exchange rate (YEN/USD)	79.04	80.39		79.31	79.28	
X	Exchange rate (YEN/EUR)	103.08	114.31		101.46	108.49	
	Forward exchange rate (YEN/EUR)	102.20	113.47		101.54	110.78	
Cash dividends per share (yen)		20	15	5	40	30	10

Previous forecast as of April 2012

Exchange rate in and after the
second quarter of FY12
(YEN/USD) 78.00
(YEN/EUR) 100.00

●The income forecast for FY12 reflected an extraordinary gain of approximately 10 billion yen, the impact of TCM sell-off. Deferred trend reversal timing in China and a slowdown in market growth in India were also factored in, which resulted in a total net sales forecast of 820 billion yen.

●Operating income increased by 31% year-on-year, with an increase in price and reduction in costs.

●Assumed foreign exchange rates; USD: 78 yen, EUR: 100 yen, and RMB: 12.3 yen.

(Previous assumptions; USD: 78 yen, EUR: 105 yen, and RMB: 12.5 yen) .

●Dividend per share is planned at 40 yen per year.

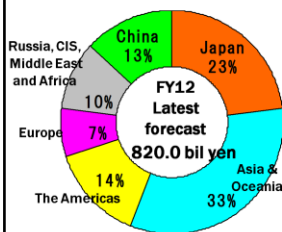
Sales by Geographic Region (Consolidated)

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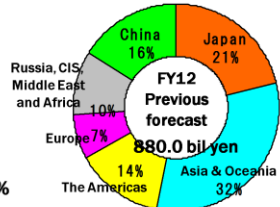
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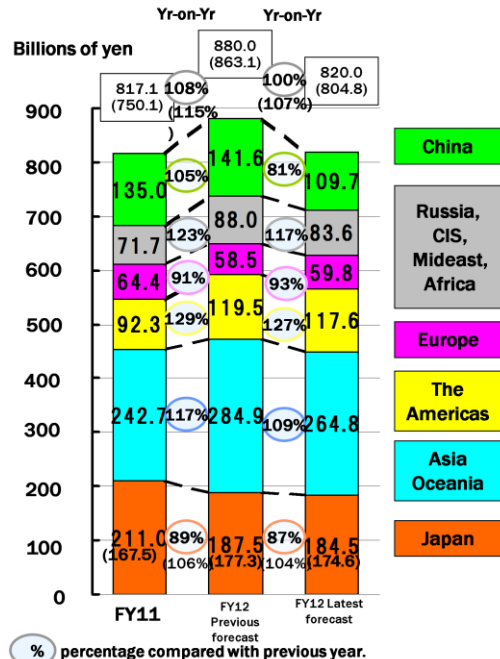
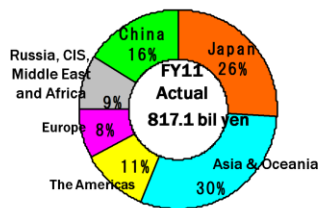
Overseas Sales Ratio 77%



Overseas Sales Ratio 79%



Overseas Sales Ratio 74%



% percentage compared with previous year.

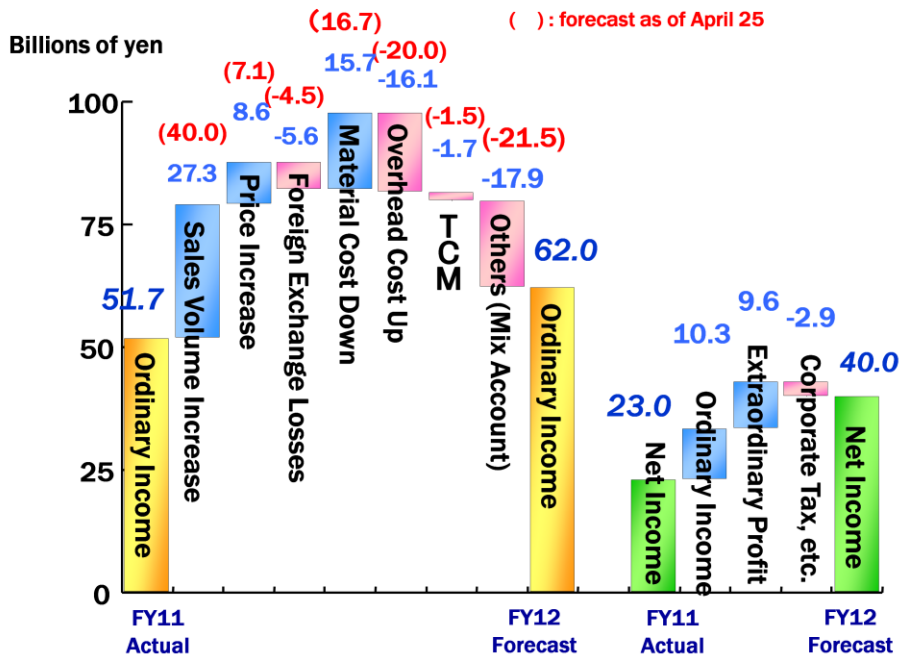
Figures in () exclude impacts of TCM.

● Total sales increased by 7% from the previous year, excluding the effects of TCM .

● Overseas sales ratio is expected to increase by 3 points to 77% from the previous year.

● As to sales by geographic region, despite the decrease in China by 19% from the previous year, those in other regions including Asia & Oceania are expected to be brisk.

(Sales in Japan are forecasted to increase by 4% from the previous year, excluding TCM impact.)



● Sales volume increase of 27.3 billion yen will be mainly due to the increased demand in Asia & Oceania and The Americas. Foreign exchange loss is expected to be 5.6 billion yen.

● Although overhead costs will increase to cover the sales growth, price increase and reduced material costs will contribute to increase profits, which will result in 62 billion yen of ordinary income, an increase of 10.3 billion yen from the previous year.

END

For further inquiries:

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