

Business Results for the First Quarter ended June 30, 2014

July 29, 2014

Hitachi Construction Machinery Co., Ltd.

Hybrid Wheel Loader (ZW220HYB-5B)
Reduced by 26% in fuel consumption during
loading operation and CO2 emissions
(comparison versus conventional ZW220-5B)



International Agricultural Machinery Show
(reference exhibit)

I. Summary of consolidated results

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HITACHI

Reliable solutions

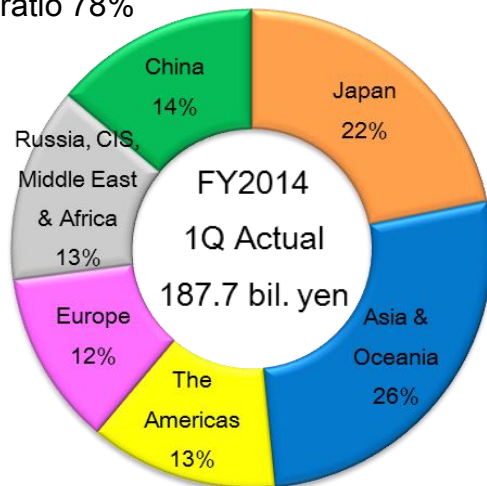
- Total net sales increased compared to the previous year due to increased sales in Europe, Russia and Africa and also favorable foreign currency exchange, despite decreased sales in China and Asia & Oceania.
- Operating income, ordinary income and net income increased compared to those of the previous year.

(billions of yen)

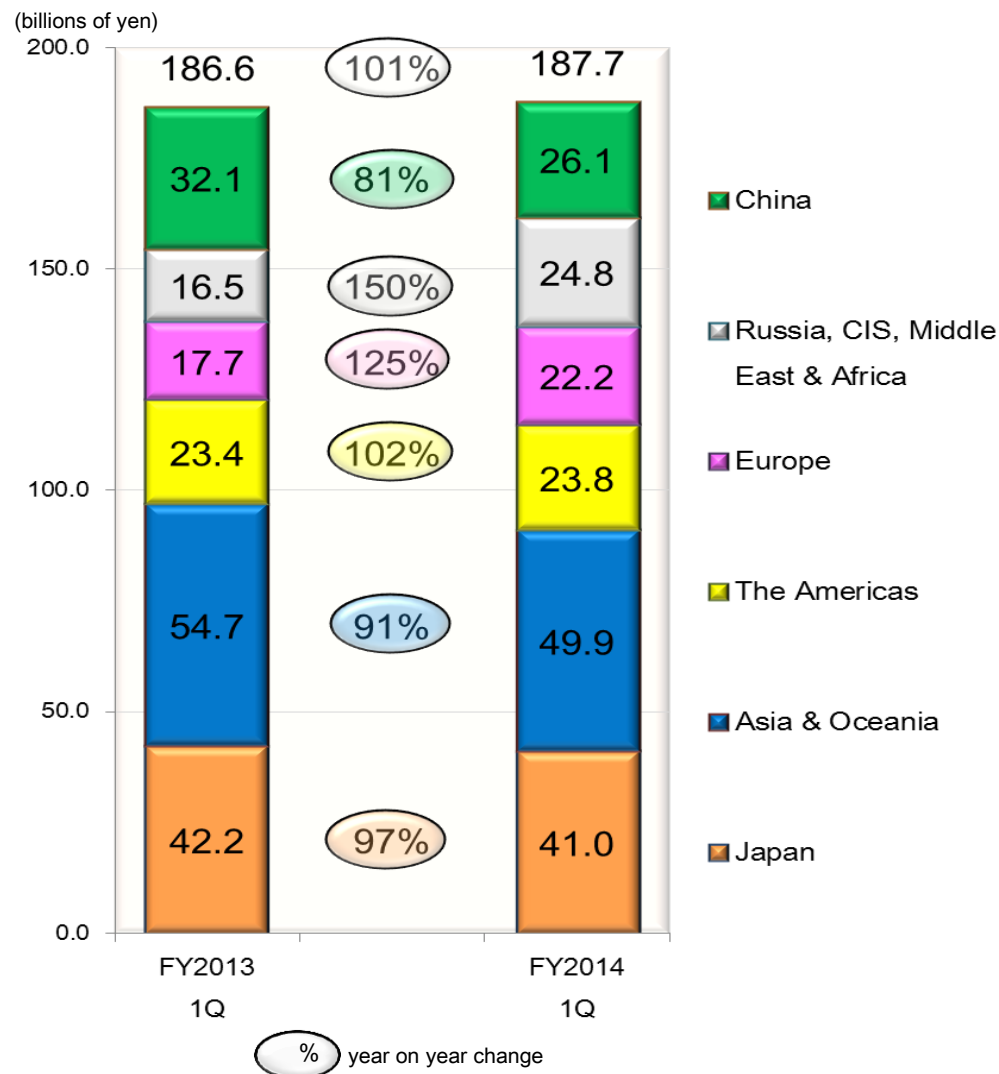
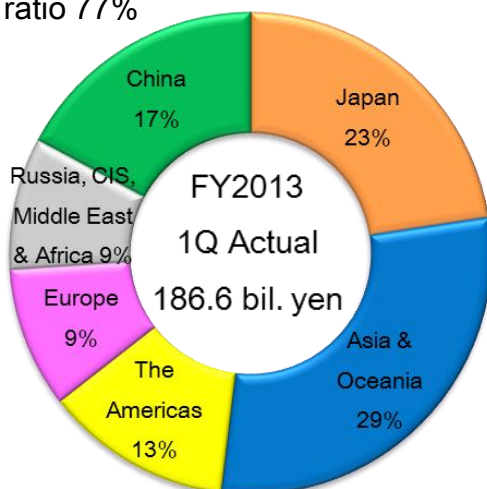
		FY2014 1Q	FY2013 1Q	change
Net Sales		187.7	186.6	1%
Operating Income		11.6	9.6	21%
Ordinary Income		11.1	2.8	296%
Net Income		5.6	-1.1	-
F X	Rate (YEN/US\$)	102.2	98.8	
	Rate (YEN/EURO)	140.1	129.0	
	Rate (YEN/RMB)	16.4	16.1	

- Sales increased 4.5 billion yen (125%) in Europe compared to that of the previous year.
- Sales increased 8.3 billion yen (150%) in Russia, CIS, Middle East and Africa.
- Although sales decreased 6.0 billion yen (81%) in China and 4.8 billion yen (91%) in Asia & Oceania.

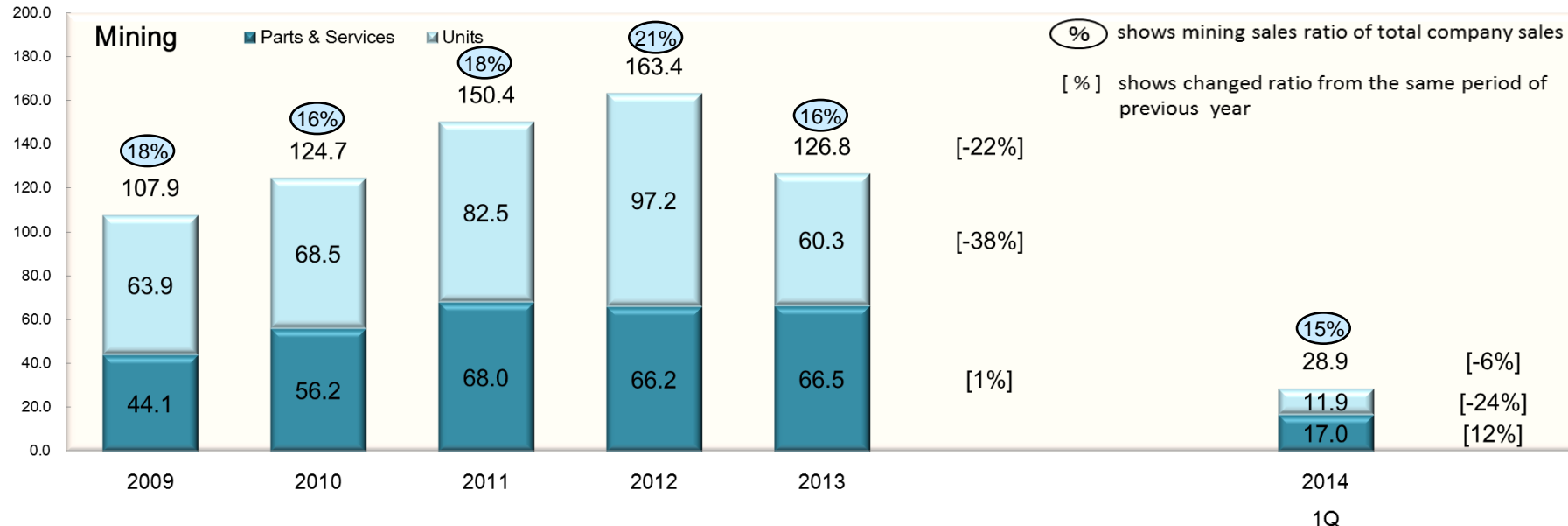
Overseas sales ratio 78%



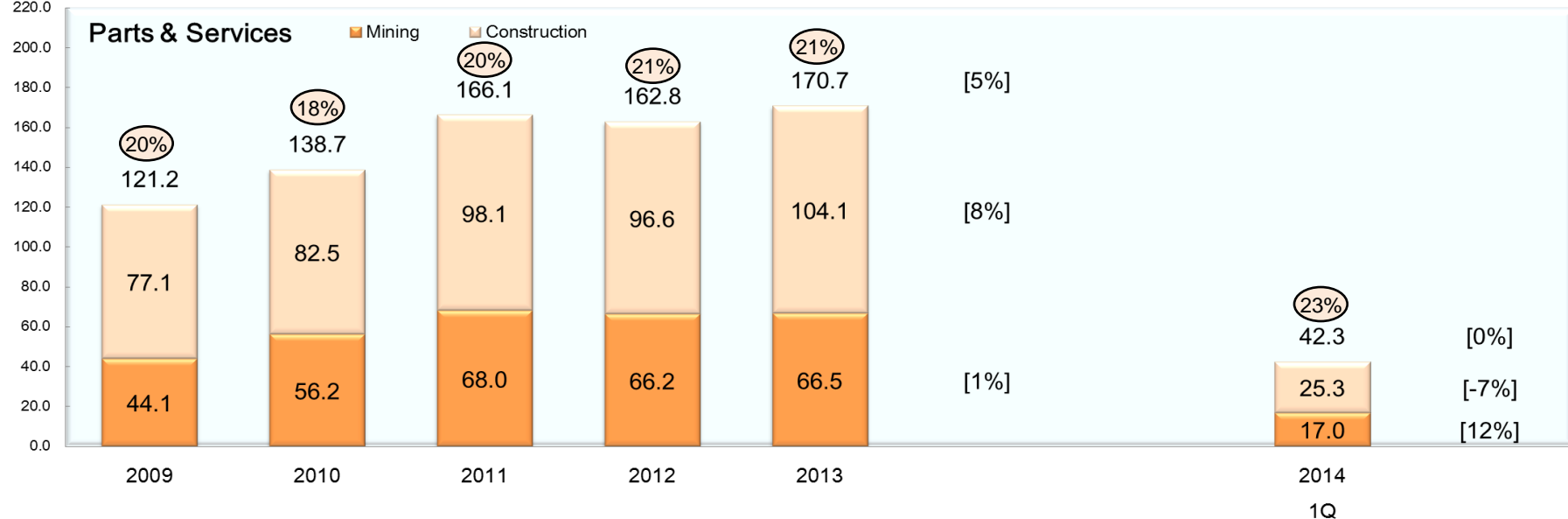
Overseas sales ratio 77%



(billions of yen)



(billions of yen)



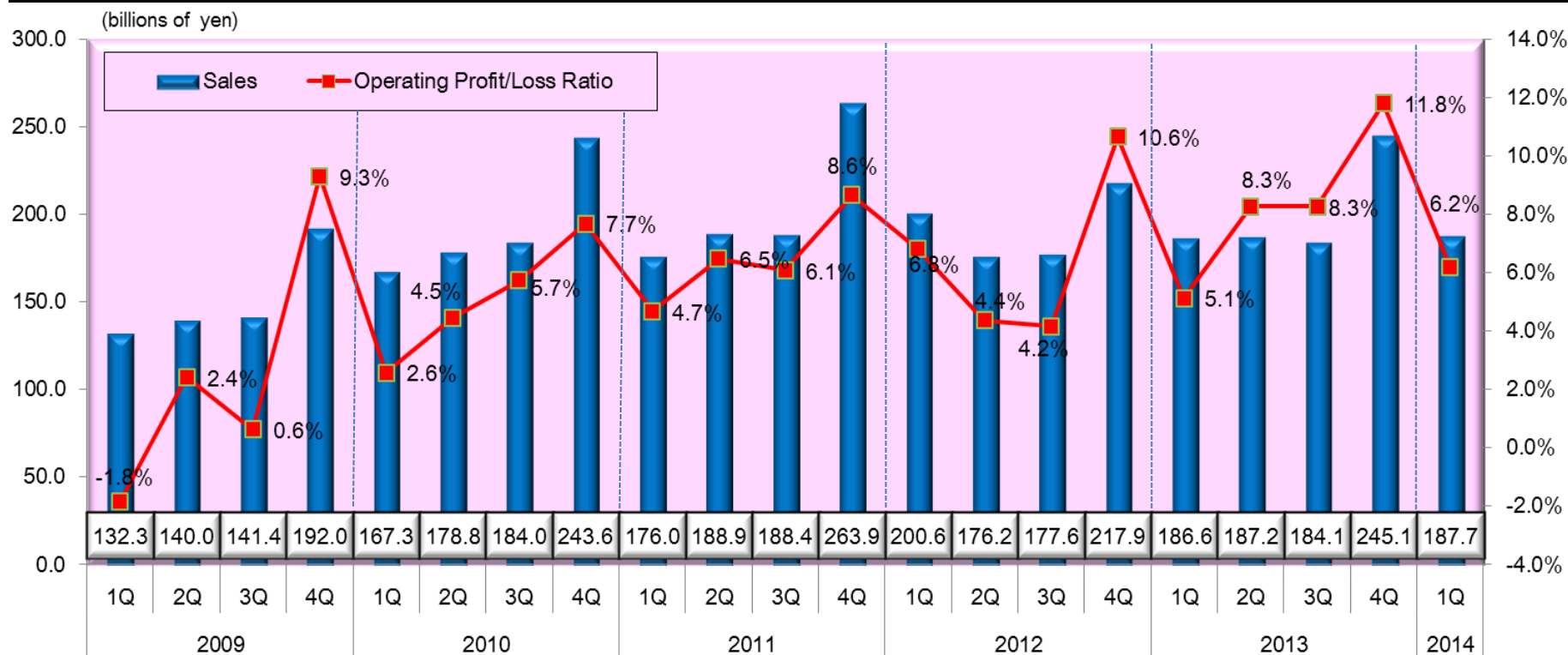
Operating income in FY2014 1Q increased by 2.0 billion yen compared to that of the FY2013 1Q to 11.6 billion yen due to price rises, reduced material costs and favorable foreign exchange, despite decreased mining sales.

(billions of yen)

	FY2014 1Q	FY2013 1Q	increase (decrease)	
			amount	%
Net Sales	187.7	186.6	1.1	1%
Cost of Sales	(73.7%) 138.3	(74.1%) 138.3	0.0	0%
SGA expenses	(20.2%) 37.8	(20.7%) 38.7	-0.9	-2%
Operating Income	(6.2%) 11.6	(5.1%) 9.6	2.0	21%
Non-operating Income/Loss	-0.4	-6.8	6.3	-93%
Ordinary Income	(5.9%) 11.1	(1.5%) 2.8	8.3	296%
Extraordinary Income	0.0	0.0	0.0	-
Income Taxes	3.6	1.9	1.7	90%
Minority Interest	1.9	2.0	-0.1	-5%
Net Income/Loss	(3.0%) 5.6	(-0.6%) -1.1	6.7	-

(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
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
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



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
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
€	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
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

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

(billions of yen)

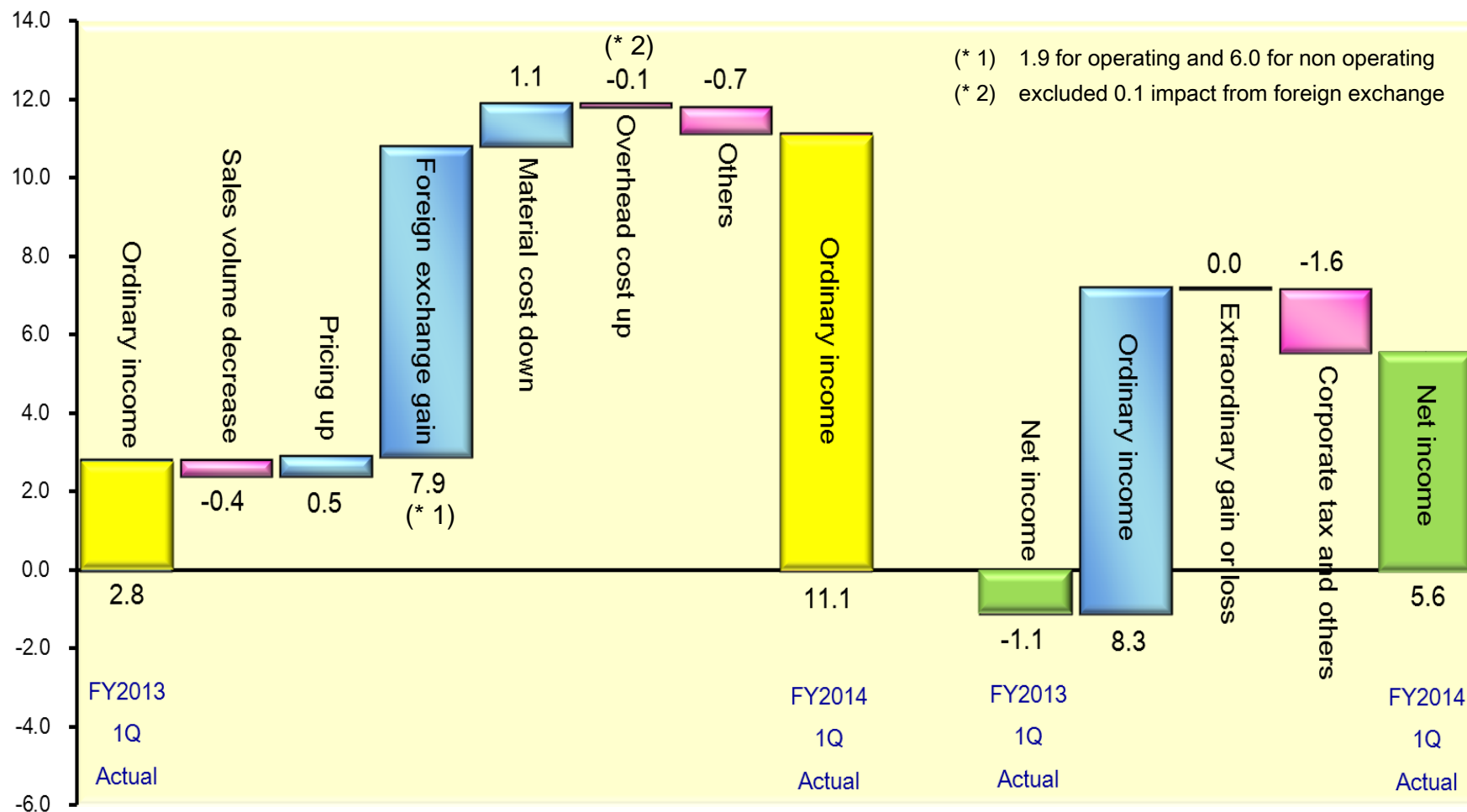
	FY2014 1Q	FY2013 1Q	increase (decrease)	
			amount	%
Dividend/interest income and expenses	-0.9	-1.5	0.6	-40%
Gain or loss on equity earnings of affiliated companies	0.4	-0.1	0.6	-
Foreign exchange gain or loss (net)	0.2	-5.8	6.0	-
Others	-0.1	0.7	-0.8	-
Total	-0.4	-6.8	6.3	-93%

(billions of yen)

	FY2014		FY2013		increase (decrease)	
	1Q		1Q		amount	%
Net Sales	187.7		186.6		1.1	1%
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Ordinary Income	(5.9%) 11.1		(1.5%) 2.8		8.3	296%
Extraordinary Income	0.0		0.0		0.0	-
Income Taxes	3.6		1.9		1.7	90%
Minority Interest	1.9		2.0		-0.1	-5%
Net Income/Loss	(3.0%) 5.6		(-0.6%) -1.1		6.7	-

Ordinary income increased approximately 4 times that of the previous year to 11.1 billion yen due to continuing pricing rises and reductions in material costs and, furthermore, favorable foreign exchange for both operating and non-operating activities, despite the decreased sales volume.

(billions of yen)



Accounts receivable improved 35.6 billion yen from the end of March 2014 and, also interest bearing debt improved 16.7 billion yen from the end of March 2014.

(billions of yen)

	(A) FY14-1Q	(B) Mar '2014	(C) FY13-1Q	(A)-(B) change		(D) FY14-1Q	(E) Mar '2014	(F) FY13-1Q	(D)-(E) change
Cash and bank deposit	48.1	53.4	65.1	-5.3	Notes and accounts payable	136.8	143.1	138.8	-6.4
Accounts receivable	267.1	302.6	280.0	-35.6	Others	241.6	303.8	326.1	-62.2
Inventories	319.4	321.3	318.8	-1.9	Total current liabilities	378.4	447.0	464.9	-68.6
Others	50.9	41.7	52.8	9.3	Total non-current liabilities	225.3	192.6	201.4	32.7
Total current assets	685.5	718.9	716.8	-33.5	Total liabilities	603.6	639.6	666.3	-35.9
Property, plant and equipment	285.5	288.9	274.2	-3.4	Minority interests	59.4	58.5	56.4	1.0
Intangible assets	20.7	22.7	31.1	-2.0	Common stock, capital surplus, and retained earnings	386.8	386.6	361.8	0.3
Others	59.6	56.6	52.3	3.0	Others	1.3	2.6	-10.2	-1.2
Total fixed assets	365.8	368.3	357.6	-2.4	(Shareholder's equity ratio)	(36.9%)	(35.7%)	(32.7%)	(1.1%)
Total assets	1,051.3	1,087.2	1,074.4	-35.9	Total net assets	447.6	447.6	408.1	0.0
Inventories by products					Total liabilities and net assets	1,051.3	1,087.2	1,074.4	-35.9
Unit	104.8	113.1	112.5	-8.3		(33.0%)	(33.4%)	(37.6%)	(-0.4%)
Parts	111.3	111.5	105.2	-0.1	Interest-bearing debt	346.8	363.4	403.7	-16.7
Others	103.3	96.7	101.2	6.6	Cash and Cash equivalents	52.8	54.5	65.8	-1.7
Total inventories	319.4	321.3	318.8	-1.9	(Deposit)	4.7	1.1	0.7	3.6
On hand days(divided by net sales) (Days)					Interest-bearing debt, net	(28.0%)	(28.4%)	(31.5%)	(-0.5%)
Accounts receivable	121	138	135	-17	Debt	294.0	308.9	337.9	-14.9
Inventories	145	146	153	-1					
Notes and accounts payable	62	65	67	-3	Net D/E Ratio	0.76	0.80	0.96	-0.04
Net working capital	204	219	221	-15					

- Net cash provided by operating activities improved 7.4 billion yen year on year to 26.8 billion yen.
- Free cash flows improved 21.0 billion yen year on year to positive 22.0 billion yen.

(billions of yen)

	FY2014 1Q		FY2013 1Q		change	
Income before income taxes and minority interest		11.1		2.9		8.3
Depreciation and amortization	21.1	10.0	12.1	9.2	9.1	0.8
(Increase)decrease in accounts receivable		31.3		38.7		-7.4
(Increase)decrease in inventories		-0.1		-2.1		2.0
(Increase)decrease in notes and accounts payable	26.2	-4.9	24.1	-12.5	2.1	7.5
Income taxes paid		-10.8		-9.8		-1.0
Others, net		-9.8		-7.1		-2.8
Net cash provided by (used in) operating activities		26.8		19.3		7.4
Cash flow margin for operating activities		14.3%		10.4%		3.9%
Net cash provided by (used in) investing activities		-4.8		-18.3		13.6
Free cash flows		22.0		1.0		21.0

II. Consolidated earnings forecast

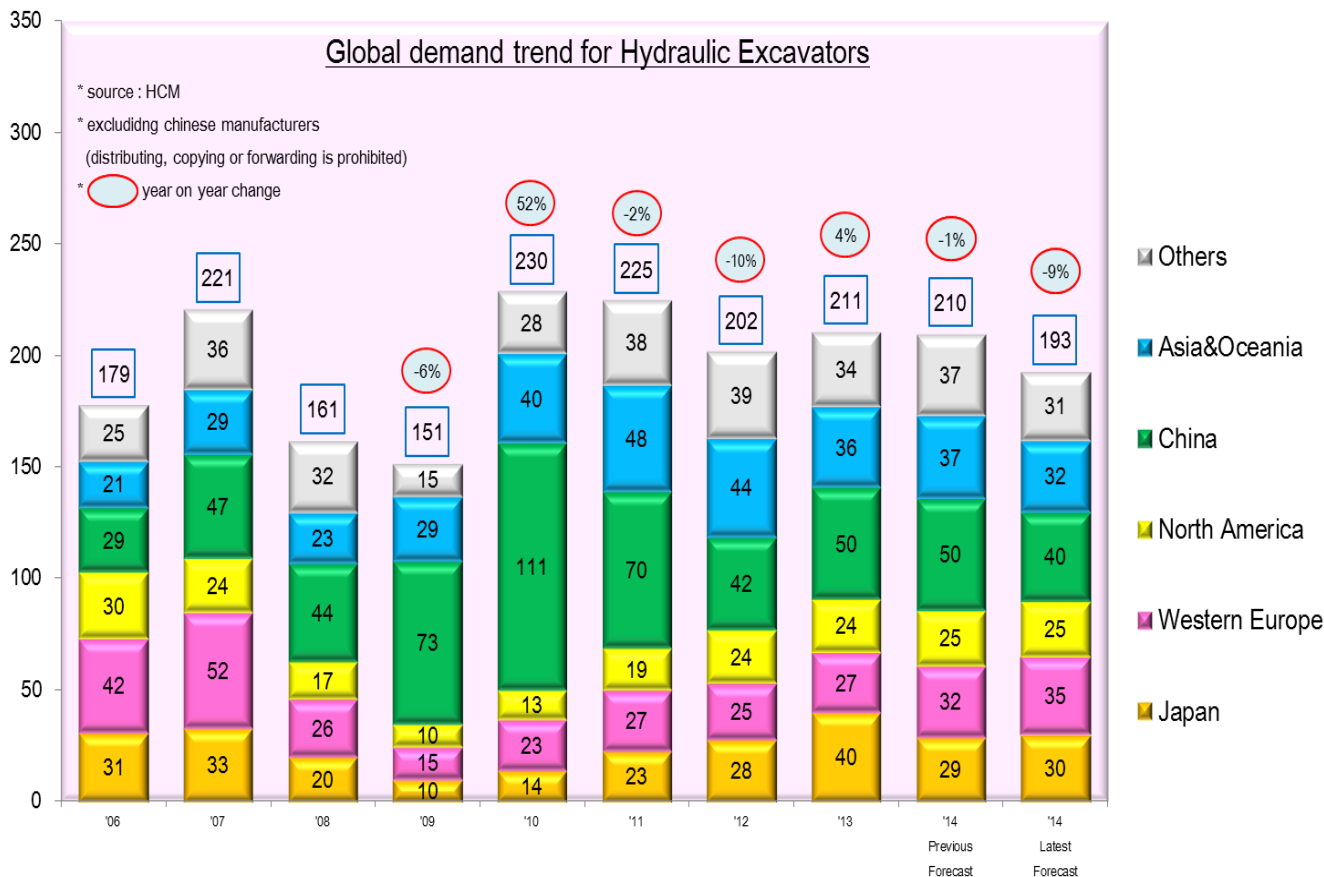
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Reliable solutions

- Demand in China in the FY2014 latest forecast will be decreased by 10,000 units from the previous forecast 50,000 units to 40,000 units (-20% of FY2013).
- Worldwide total demand will be decreased to 193,000 units (-9% of FY2013) due to weaker demand in Asia & Oceania and others, despite slightly increased demand in Japan and Western Europe.

(in thousand of units)



Year on year change by region

	'13	'14 Previous Forecast	'14 Latest Forecast
Japan	+43%	-28%	-25%
Western Europe	+9%	+14%	+30%
North America	+2%	+4%	+4%
China	+19%	+1%	-20%
India	-26%	-1%	-11%
Indonesia	-20%	+1%	-21%
Others	-13%	+8%	-8%
Asia & Oceania	-18%	+4%	-11%
Russia, E. Europe and CIS	-17%	+4%	-11%
Africa	-5%	+3%	-5%
Middle East	-19%	-3%	+1%
Latin America	-17%	+14%	-12%
Others	-14%	+2%	-9%
Total	+4%	-1%	-9%

- Net sales on FY2014 YTD is forecasted to be 740.0 billion yen (-60.0 billion and -8% of FY2013 YTD) due to weaker demand for both hydraulic excavator and mining.
- Operating income in FY2014 YTD will decrease by 20.0 billion yen from the previous forecast to be 60.0 billion yen (-13% of FY2013) and ordinary income and net income will decrease from the previous forecast as well.

(billions of yen)

		1Q-2Q			YTD		
		FY2014 Forecast	FY2013 Actual	change	FY2014 Forecast	FY2013 Actual	change
Net Sales		(390.0) 365.0	373.7	-2%	(800.0) 740.0	803.0	-8%
Operating Income		(31.0) 22.0	25.0	-12%	(80.0) 60.0	69.2	-13%
Ordinary Income		(28.0) 21.0	16.8	25%	(75.0) 55.0	53.7	3%
Net Income/Loss		(19.0) 10.0	10.7	-7%	(45.0) 30.0	28.9	4%
F X	Rate (YEN/US\$)	101.1	98.8		100.4	100.3	
	Rate (YEN/EURO)	136.8	130.0		135.3	134.8	
	Rate (YEN/RMB)	16.4	16.1		16.3	16.5	

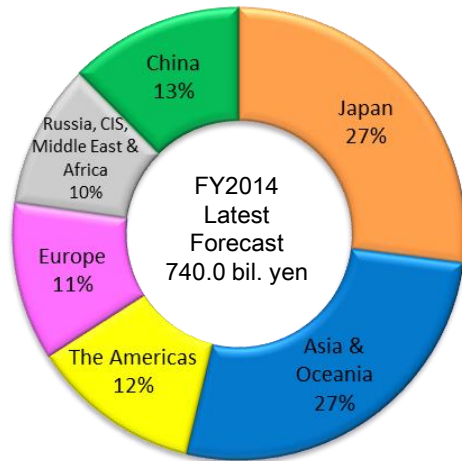
Cash dividend per share (yen)	(30)	30	25	5	(60)	60	50	10
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note : () shows previous forecast as of April 2014

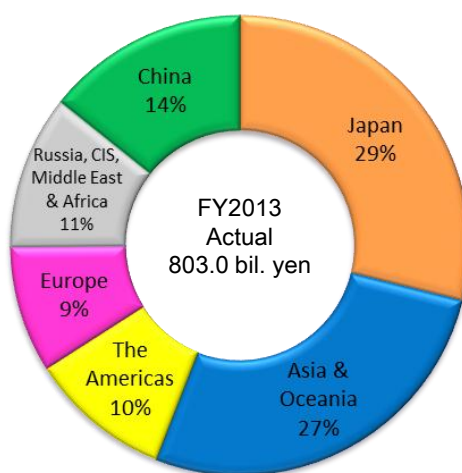
Exchange rate for 2Q – 4Q of FY14
 () : previous rate
 Yen / US\$ 100.0 (98.0)
 Yen / EURO 134.0 (130.0)
 Yen / RMB 16.3 (16.5)

- Due to the effect of weaker demand for hydraulic excavators, the sales forecast for all regions will decrease other than in Europe and the Americas, compared to the FY2013 actual.

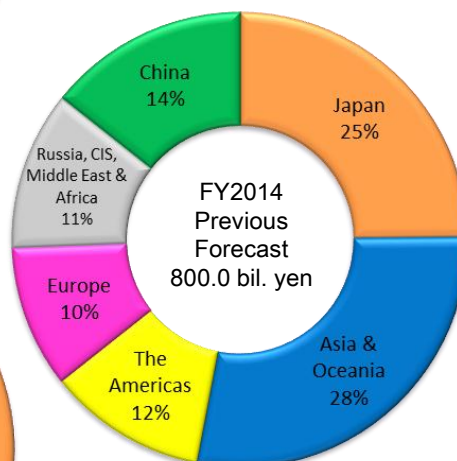
Overseas sales ratio 73%



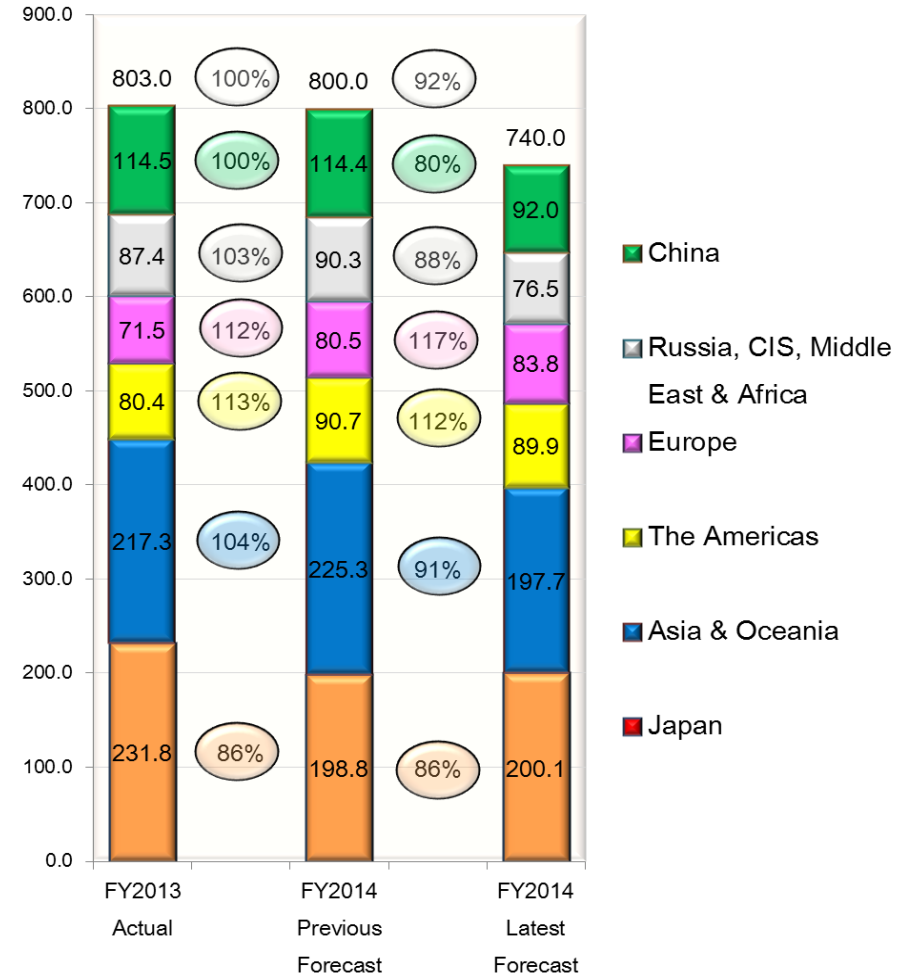
Overseas sales ratio 71%



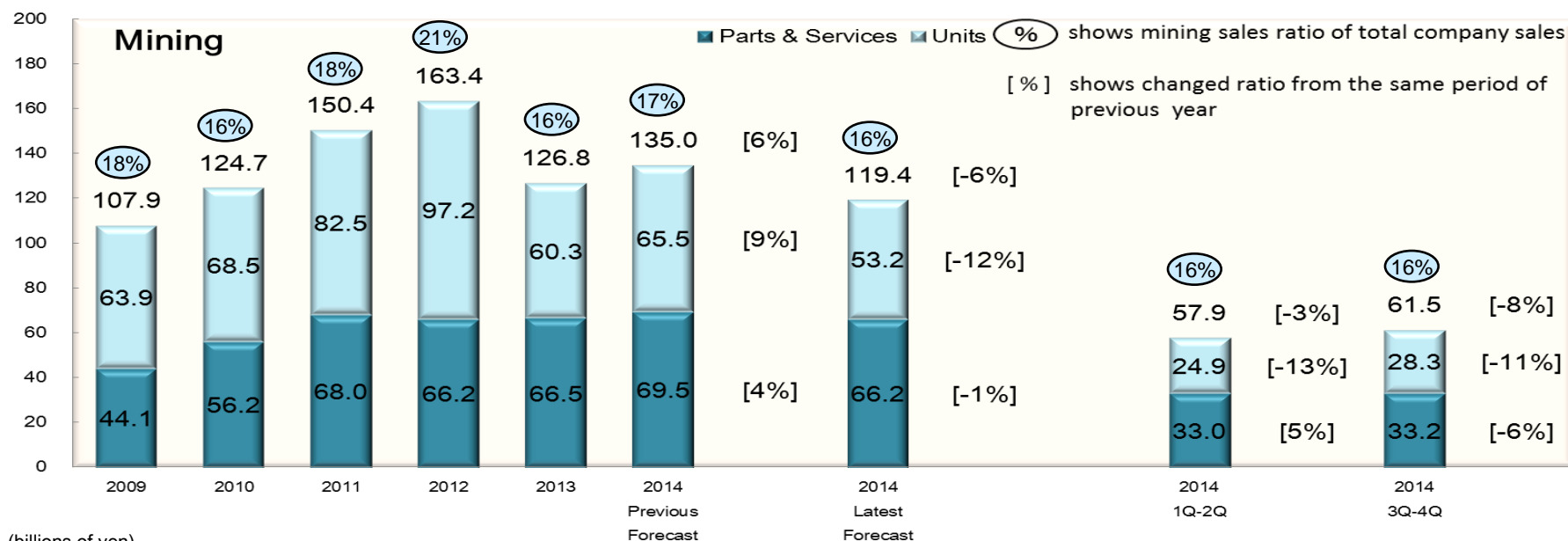
Overseas sales ratio 75%



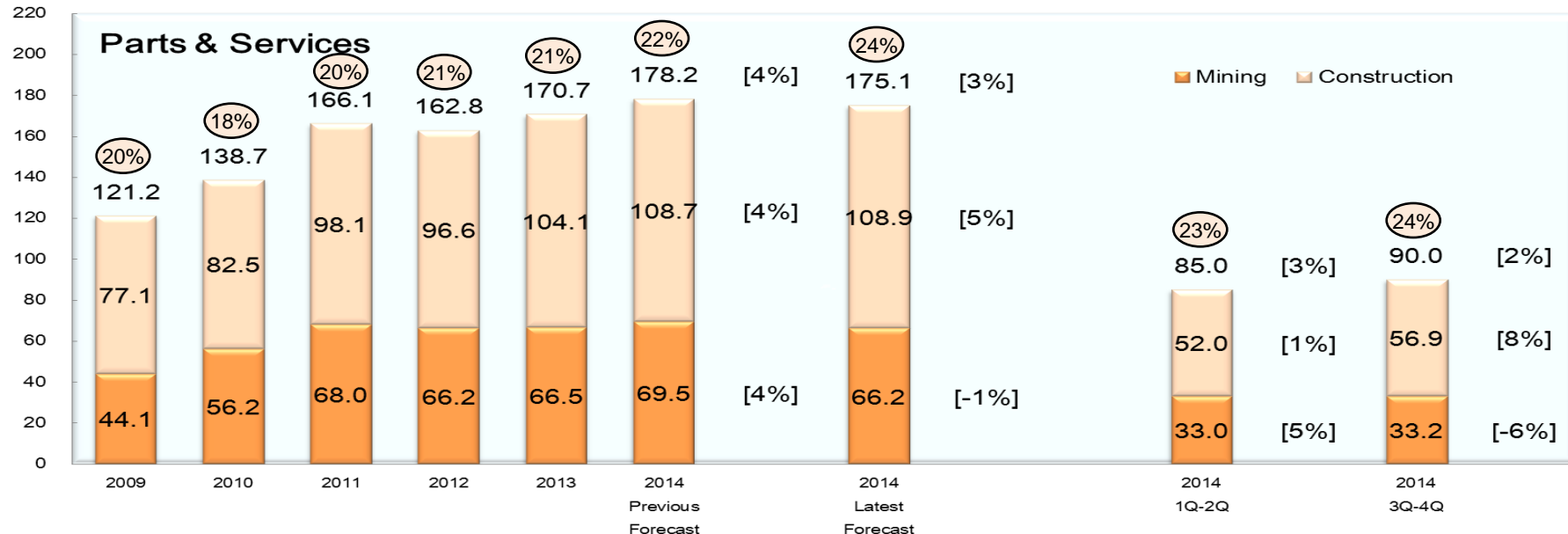
(billions of yen)



(billions of yen)

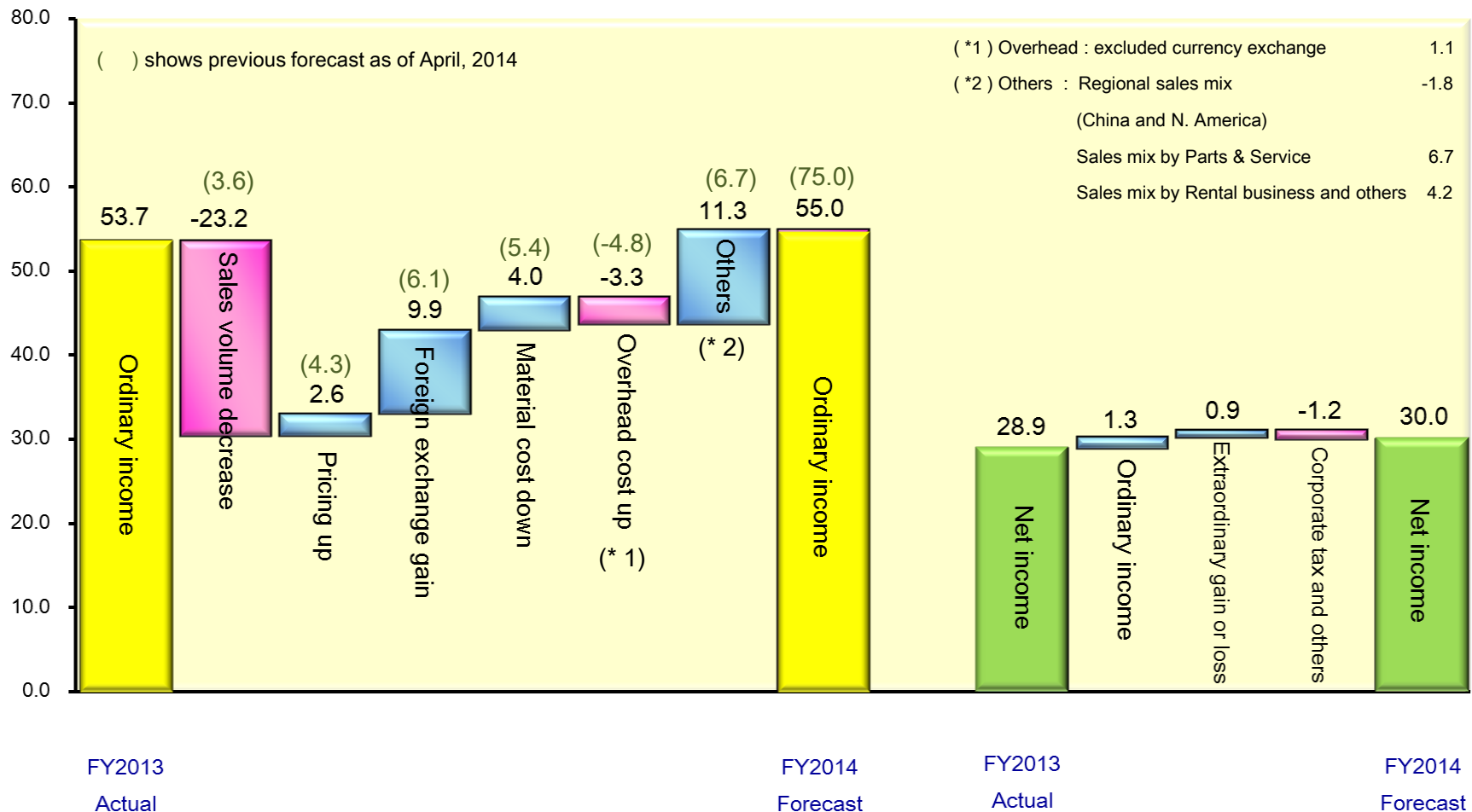


(billions of yen)



Both ordinary income and net income will slightly increase compared to the previous year due to continued price rises and reduced material costs and furthermore, the contributions from parts and service activities and favorable foreign exchange, despite the negative impact from the significantly decreased sales volume due to weaker demand.

(billions of yen)



END



For further inquiries:

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