

# **Business Results for FY2012 ended March 31, 2013**

**April 25, 2013**

**Hitachi Construction Machinery Co., Ltd.**



**EH5000AC-3, released on January 24 2013**

- Sales decreased year-on-year by 5% or 44,700 million despite brisk demands in North America and Japan, mainly due to a substantial drop in demand in China.
- Operating income declined from the previous year, with a major decrease in sales in China.
- Ordinary income dropped by 15,300 million year-on-year, which includes foreign exchange loss.

Billions of yen

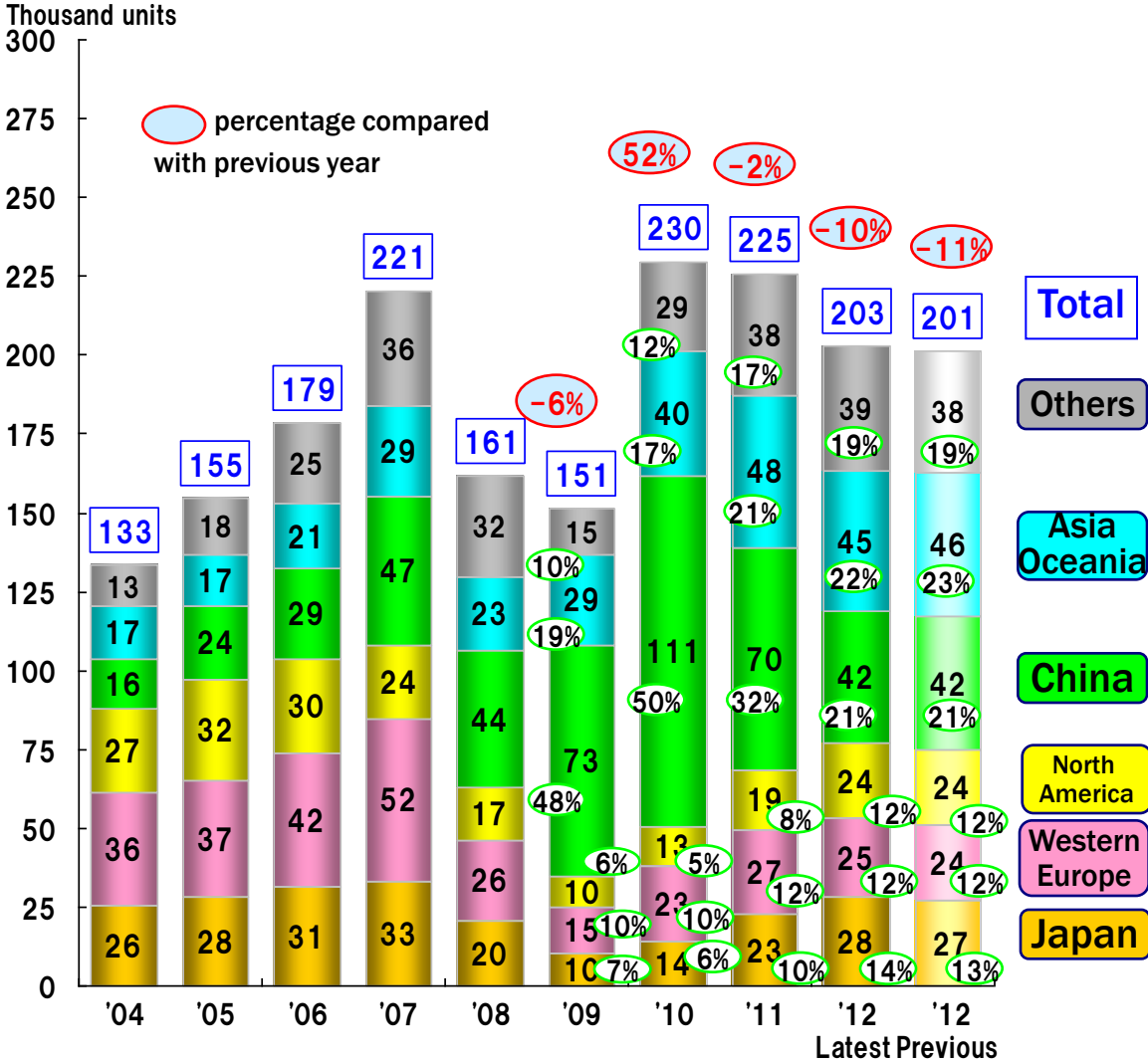
		Mar '13 Actual	Mar '12 Actual	Change
<b>Net sales</b>		(740.0) <b>772.4</b>	<b>817.1</b>	<b>-5%</b>
<b>Operating income</b>		(56.0) <b>51.5</b>	<b>54.8</b>	<b>-6%</b>
<b>Ordinary income</b>		(45.0) <b>36.4</b>	<b>51.7</b>	<b>-30%</b>
<b>Net income</b>		(33.0) <b>23.5</b>	<b>23.0</b>	<b>2%</b>
<b>F</b> <b>X</b>	YEN/USD	<b>82.4</b>	<b>78.9</b>	
	YEN/EUR	<b>107.5</b>	<b>109.0</b>	
	YEN/RMB	<b>13.5</b>	<b>12.4</b>	
<b>Cash dividends per share (yen)</b>		<b>40</b>	<b>30</b>	<b>10</b>

Note: The numbers in parenthesis show the previous forecast as of Jan '13.

\* Estimates by HCM

\* Exclude Chinese manufacturers

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Year-on-year Change by Region			
	'11	'12 Latest	'12 Previous
Japan	+58%	+25%	+18%
W Europe	+14%	-7%	-9%
N America	+49%	+26%	+27%
China	-37%	-41%	-40%
Asia and Oceania	+22%	-7%	-6%
India	+21%	-21%	-13%
Indonesia	+52%	-18%	-23%
Others	+7%	+10%	+10%
Russia, E Europe, CIS	+69%	-3%	+2%
Africa	+21%	+33%	+23%
Middle East	+50%	-5%	-14%
Latin America	+16%	+2%	+2%
Others	+37%	+2%	0%
<b>Total</b>	<b>-2%</b>	<b>-10%</b>	<b>-11%</b>

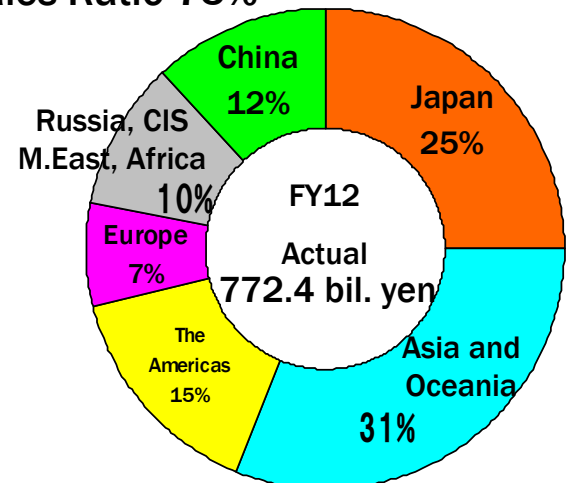
Billions of yen

	Mar '13 Actual	Mar '12 Actual	Increase (Decrease)	
			Amount	%
<b>Net sales</b>	<b>772.4</b>	<b>817.1</b>	<b>(44.7)</b>	<b>-5%</b>
<b>Cost of sales</b>	<b>566.2</b>	<b>606.6</b>	<b>(40.4)</b>	<b>-7%</b>
Selling, general and administrative expenses	<b>154.7</b>	<b>155.7</b>	<b>(1.0)</b>	<b>-1%</b>
<b>Operating income</b>	<b>51.5</b>	<b>54.8</b>	<b>(3.3)</b>	<b>-6%</b>
<b>Non-operating income (loss)</b>	<b>(15.1)</b>	<b>(3.1)</b>	<b>(12.0)</b>	<b>387%</b>
<b>Ordinary income</b>	<b>36.4</b>	<b>51.7</b>	<b>(15.3)</b>	<b>-30%</b>
<b>Extraordinary income</b>	<b>9.4</b>	<b>(1.6)</b>	<b>11.0</b>	<b>-688%</b>
<b>Income taxes</b>	<b>16.5</b>	<b>19.6</b>	<b>(3.1)</b>	<b>-16%</b>
<b>Minority interests</b>	<b>(5.8)</b>	<b>(7.5)</b>	<b>1.7</b>	<b>-23%</b>
<b>Net income</b>	<b>23.5</b>	<b>23.0</b>	<b>0.5</b>	<b>2%</b>

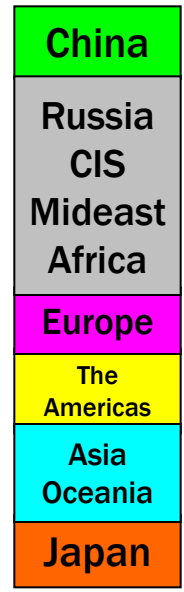
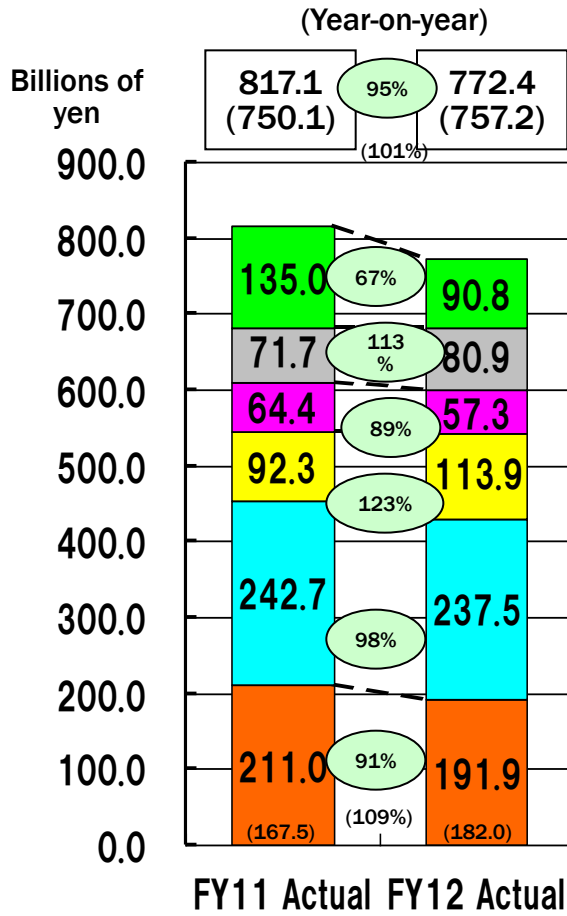
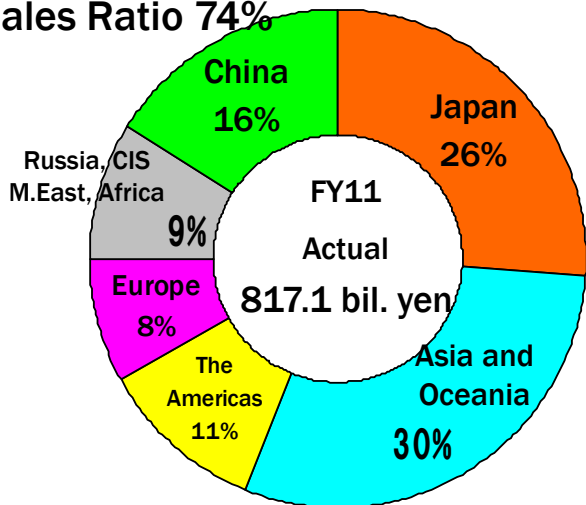
# Sales by Geographic Region (Consolidated)

- Sales in China substantially decreased by 44.2 billion (67%) year-on-year.
- On the other hand, sales in the Americas increased by 21.6 billion (123%) year-on-year.
- Sales in Japan also increased by 14.5 billion (109%), excluding the impact of TCM.

Overseas Sales Ratio 75%



Overseas Sales Ratio 74%



% percentage compared with previous year

Figures in ( ) are excluding impacts of TCM

Billions of yen

	March '13		March '12		Increase (Decrease)	
					Amount	%
<b>Net sales</b>		<b>772.4</b>		<b>817.1</b>	<b>(44.7)</b>	<b>-5%</b>
<b>Cost of sales</b>	<b>(73.3%)</b>	<b>566.2</b>	<b>(74.2%)</b>	<b>606.6</b>	<b>(40.4)</b>	<b>-7%</b>
<b>Selling, general and administrative expenses</b>	<b>(20.0%)</b>	<b>154.7</b>	<b>(19.0%)</b>	<b>155.7</b>	<b>(1.0)</b>	<b>-1%</b>
<b>Operating income</b>	<b>(6.7%)</b>	<b>51.5</b>	<b>(6.7%)</b>	<b>54.8</b>	<b>(3.3)</b>	<b>-6%</b>
<b>Non-operating income (loss)</b>		<b>(15.1)</b>		<b>(3.1)</b>	<b>(12.0)</b>	<b>387%</b>
<b>Ordinary income</b>	<b>(4.7%)</b>	<b>36.4</b>	<b>(6.3%)</b>	<b>51.7</b>	<b>(15.3)</b>	<b>-30%</b>
<b>Extraordinary income</b>		<b>9.4</b>		<b>(1.6)</b>	<b>11.0</b>	<b>-688%</b>
<b>Income taxes</b>		<b>16.5</b>		<b>19.6</b>	<b>(3.1)</b>	<b>-16%</b>
<b>Minority interests</b>		<b>(5.8)</b>		<b>(7.5)</b>	<b>1.7</b>	<b>-23%</b>
<b>Net income</b>		<b>23.5</b>		<b>23.0</b>	<b>0.5</b>	<b>2%</b>

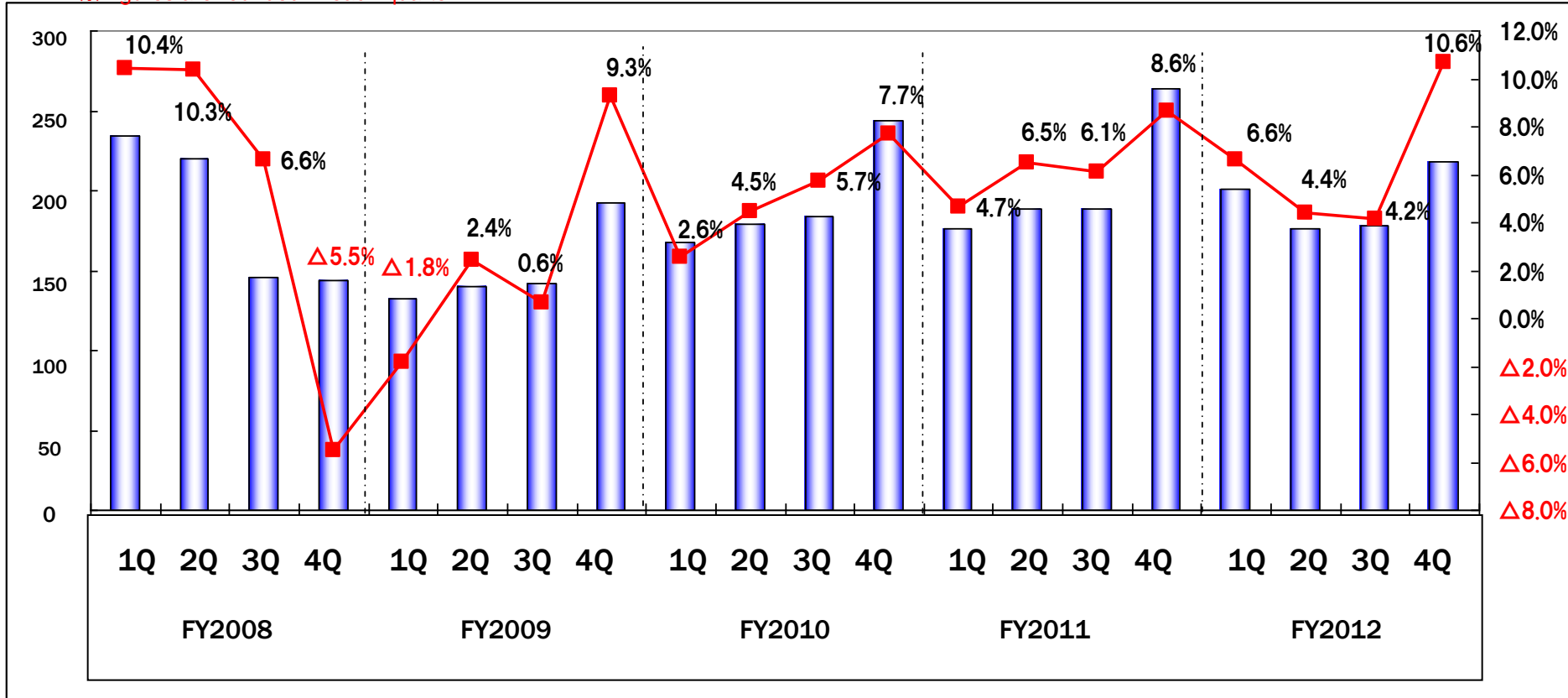
# Summary of consolidated quarterly sales and operating income (ratio)

Billions of yen

	FY2008				FY2009				FY2010				FY2011				FY2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
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
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

※Figures are rounded in each quarter.

■ Sales    ■ Operating income ratio



Quarterly FX	FY2008				FY2009				FY2010				FY2011				FY2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
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
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
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



- Foreign exchange loss was 6.8 billion.
- Loss on equity earnings of affiliated companies was 0.6 billion, including start-up costs of Deere Hitachi Brazil.

Billions of yen

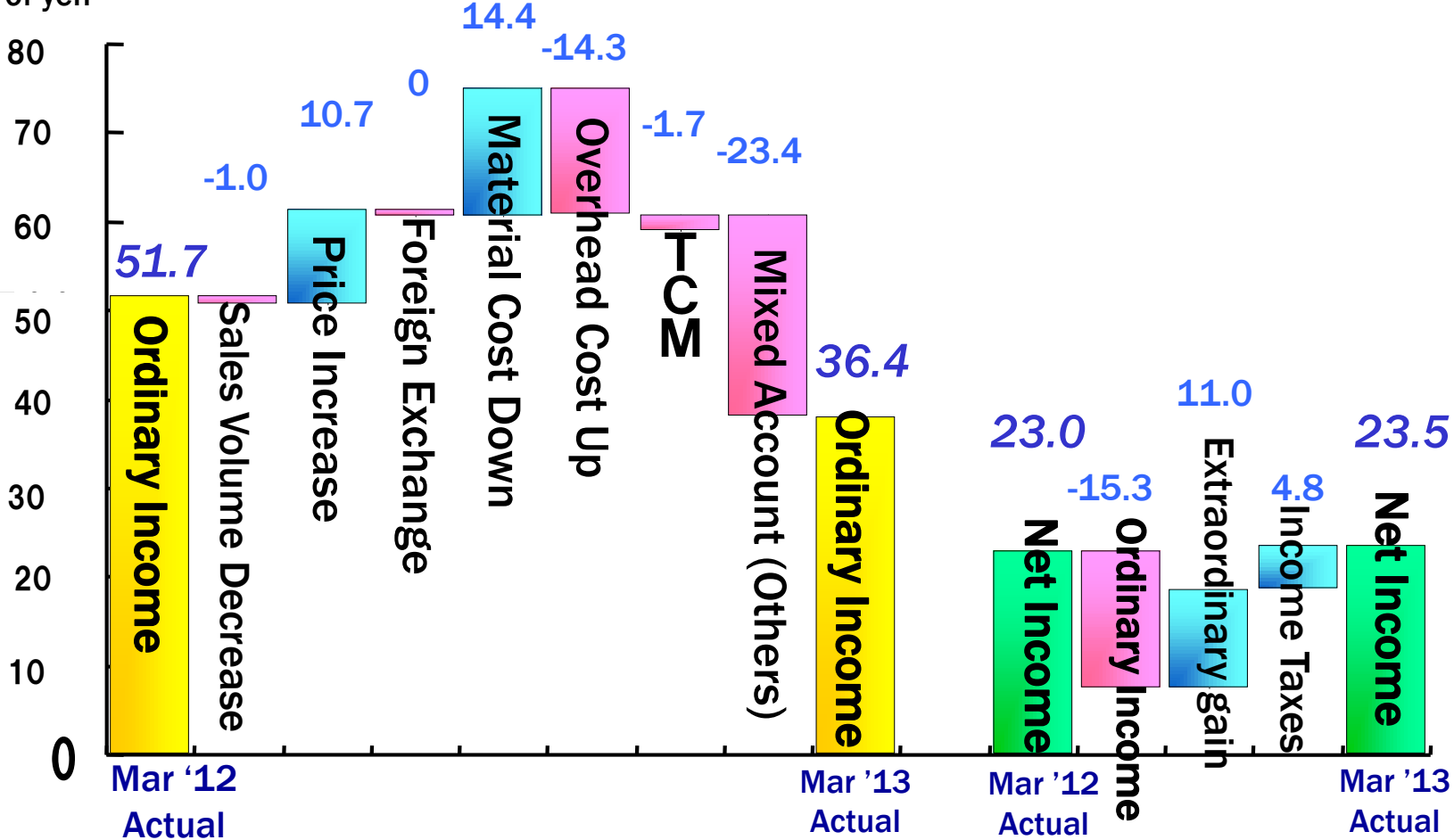
	Mar '13	Mar '12	Change
Dividends/Interest income and expenses	(8.2)	(7.7)	(0.5)
Gain (loss) on equity earnings of affiliated companies	(0.6)	0.5	(1.1)
Foreign exchange gains, net	(6.8)	0.9	(7.7)
Others	0.6	3.2	(2.6)
<b>Total</b>	<b>(15.1)</b>	<b>(3.1)</b>	<b>(11.9)</b>

Billions of yen

	March '13		March '12		Increase (Decrease)	
					Amount	%
Net sales		772.4		817.1	(44.7)	-5%
Cost of sales	(73.3%)	566.2	(74.2%)	606.6	(40.4)	-7%
Selling, general and administrative expenses	(20.0%)	154.7	(19.0%)	155.7	(1.0)	-1%
Operating income	(6.7%)	51.5	(6.7%)	54.8	(3.3)	-6%
Non-operating income		(15.1)		(3.1)	(12.0)	387%
Ordinary income (loss)	(4.7%)	36.4	(6.3%)	51.7	(15.3)	-30%
Extraordinary income (loss)		9.4		(1.6)	11.0	-688%
Income taxes		16.5		19.6	(3.1)	-16%
Minority interests		(5.8)		(7.5)	1.7	-23%
Net income	(3.0%)	23.5	(2.8%)	23.0	0.5	2%

- Sales excluding TCM increased by 7.1 billion year-on-year. Profit increasing factors were price increase and reduced material costs, which totaled 25.1 billion.
- On the other hand, ordinary income declined by 15.3 billion year-on-year, due to a further sales drop in China, increased fixed costs with delivery adjustment of mining machinery, production adjustment, and changes in product mix and regional structure of sales.

Billions of yen



- Trade receivables (sum of notes and accounts receivables, lease receivables and investment assets) decreased by 50.6 billion from the previous year end, On-hand-days also decreased by 14 days.
- Ending balance of inventory rose by 46 billion year-on-year, due to inventory buildup of mining machinery and the impact of changes in the foreign exchange rates.

Billions of yen

	(A) Mar '13	(B) Mar '12	(A-B) Change
Cash and bank deposits	62.6	72.8	(10.2)
Notes and accounts receivable	204.9	238.5	(33.6)
Lease receivables and investment assets	103.3	120.3	(17.0)
<b>Inventories</b>	<b>314.9</b>	<b>268.9</b>	<b>46.0</b>
<b>Others</b>	<b>48.1</b>	<b>51.8</b>	<b>(3.7)</b>
<b>Total current assets</b>	<b>733.8</b>	<b>752.3</b>	<b>(18.5)</b>
Property, plant and equipment	271.2	244.9	26.3
Intangible assets	32.7	40.8	(8.1)
Others	62.2	48.2	14.0
<b>Total fixed assets</b>	<b>366.1</b>	<b>333.8</b>	<b>32.3</b>
<b>Total assets</b>	<b>1,099.9</b>	<b>1,086.1</b>	<b>13.8</b>

	(D) Mar '13	(E) Mar '12	(D-E) Change
Notes and accounts payable	149.1	192.9	(43.8)
<b>Others</b>	<b>298.2</b>	<b>327.2</b>	<b>(29.0)</b>
<b>Total current liabilities</b>	<b>447.3</b>	<b>520.1</b>	<b>(72.8)</b>
Total non-current liabilities	236.0	197.3	38.7
<b>Total liabilities</b>	<b>683.2</b>	<b>717.3</b>	<b>(34.1)</b>
Minority interests	54.7	45.4	9.3
Common stock, Capital surplus	365.9	349.8	16.1
<b>Others</b>	<b>(3.9)</b>	<b>(26.4)</b>	<b>22.5</b>
(Shareholders' equity ratio)	32.8%	29.7%	3.1%
<b>Total net assets</b>	<b>416.7</b>	<b>368.8</b>	<b>47.9</b>
<b>Total liabilities and net assets</b>	<b>1,099.9</b>	<b>1,086.1</b>	<b>13.8</b>

### On hand days (Divided by net sales)

Notes and accounts receivable	146	160	(14)
<b>Inventories</b>	<b>149</b>	<b>120</b>	<b>29</b>
Notes and accounts payable	70	86	(16)
<b>Working capital, net</b>	<b>225</b>	<b>194</b>	<b>31</b>

Note: On hand days for notes and account receivable are calculated including lease receivable and investment assets.

	35.7%	35.8%	(0.1%)
<b>Interest-bearing debt</b>	<b>393.1</b>	<b>388.9</b>	<b>4.2</b>
Cash and cash equivalents	68.1	81.2	(13.1)
<b>(Deposit)</b>	<b>5.4</b>	<b>8.4</b>	<b>(3.0)</b>
	29.6%	28.3%	1.3%
<b>Interest-bearing debt, net</b>	<b>325.1</b>	<b>307.7</b>	<b>17.4</b>

<b>Net D/E Ratio</b>	<b>0.90</b>	<b>0.95</b>	<b>(0.05)</b>
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- CF from operating activities was 60 billion inflow, thanks to 79.1 billion of the sum of profits, retained earnings and working capital.
- Free cash flow increased by 50.9 billion year-on-year.

Billions of yen

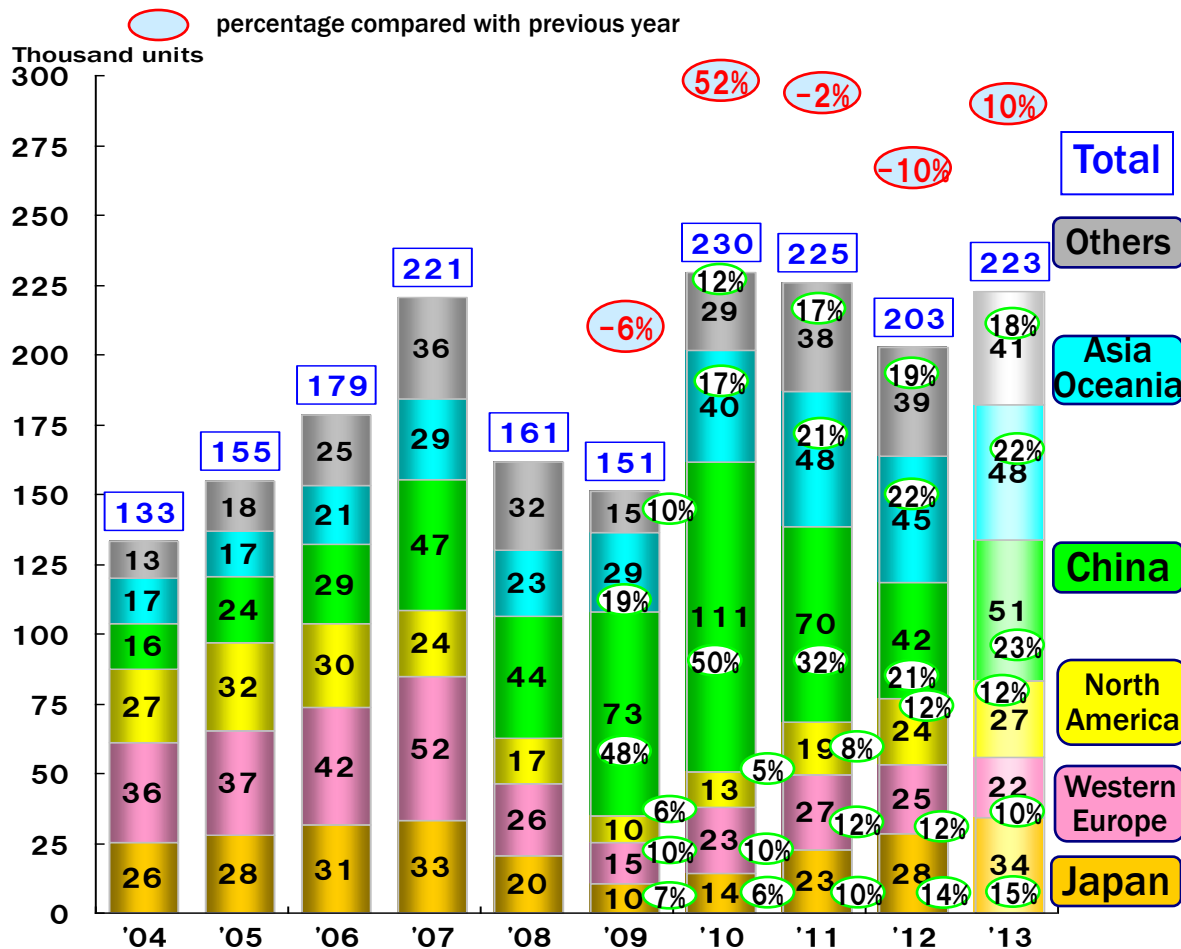
	March '13		March '12		Increase (Decrease)	
Income before income taxes and minority interests		45.8		50.1		(4.3)
Depreciation and amortization	82.0	36.2	89.7	39.6	(7.7)	(3.4)
(Increase) decrease in notes and accounts receivable		39.0		(53.5)		92.5
(Increase) decrease in lease receivables and investment assets		29.5		12.8		16.7
(Increase) decrease in inventories		(32.8)		(76.2)		43.4
(Increase) decrease in notes and accounts payable	(2.9)	(38.6)	(72.9)	44.0	70.0	(82.6)
Income taxes paid		(23.1)		(17.0)		(6.1)
Others, net		4.0		11.3		(7.3)
<b>Net cash provided by operating activities</b>		<b>60.0</b>		<b>11.1</b>		<b>48.9</b>
Acquisition of property, plant and equipment		(52.1)		(33.5)		(18.6)
Proceeds from sale of property, plant and equipment		1.7		0.3		1.4
Purchase of investment in securities		(11.6)		(3.2)		(8.4)
Proceeds from sale of investments in securities		2.3		0.1		2.2
Others, net		22.6		(2.7)		25.3
<b>Net cash used in investing activities</b>		<b>(37.1)</b>		<b>(39.0)</b>		<b>1.9</b>
<b>Free Cash Flows</b>		<b>22.9</b>		<b>(28.0)</b>		<b>50.9</b>
Net increase (decrease) in short-term loans		(11.9)		39.0		(50.9)
Net increase (decrease) in long-term loans	(16.6)	(4.7)	58.5	19.5	(75.1)	(24.2)
Dividends paid to shareholders		(12.7)		(9.1)		(3.6)
Interest paid, others	(26.1)	(13.4)	(23.6)	(14.5)	(2.5)	1.1
<b>Net cash provided by (used in) financing activities</b>		<b>(42.7)</b>		<b>34.9</b>		<b>(77.6)</b>
Effect of exchange rate changes on cash and cash equivalents		5.4		(0.6)		6.0
Net increase (decrease) in cash and cash equivalents		(14.4)		6.3		(20.7)
Cash and cash equivalents at beginning of year		81.1		74.7		6.4
Cash and cash equivalents at end of year		66.6		81.1		(14.5)

- The sales volume in China is forecasted to be 51,000 units (21% or 9,000 units increase year-on-year).
- The sales volume in Japan is forecasted to be 34,000 units (20% increase year-on-year), due to brisk demand from rentals in addition to reconstruction demand.

## Global Demand Trend for Hydraulic Excavators

\* Estimates by HCM \* Exclude Chinese manufacturers

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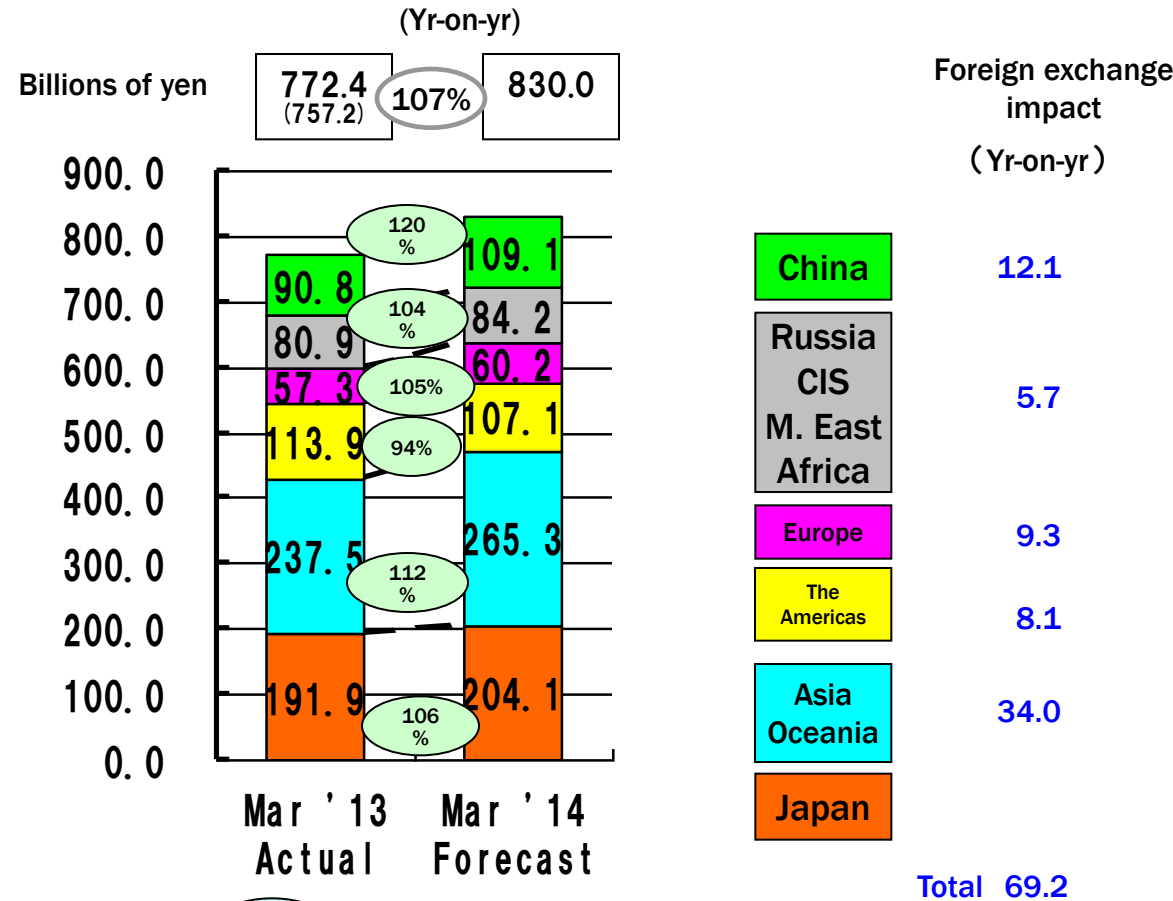
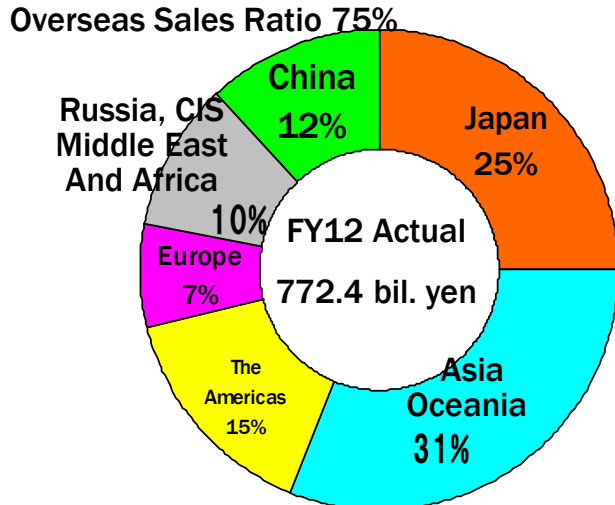
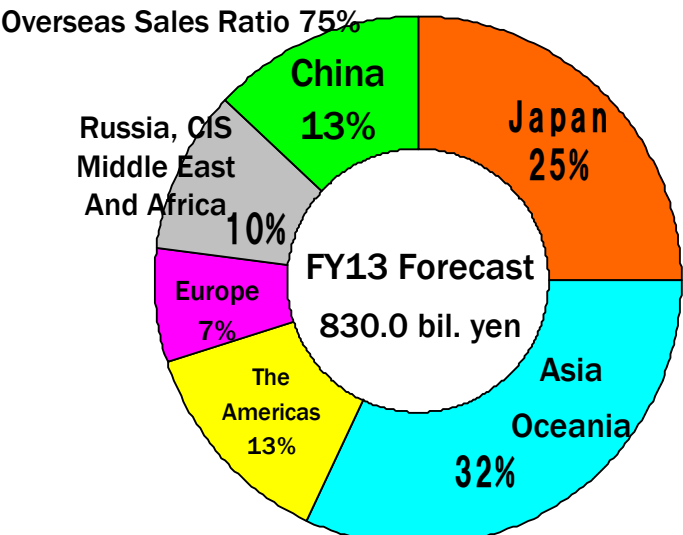
	'11	'12	'13
Japan	+58%	+25%	+20%
W Europe	+14%	-7%	-12%
N America	+49%	+26%	+15%
China	-37%	-41%	+21%
Asia and Oceania	+22%	-7%	+8%
Others	+37%	+2%	+4%
Total	-2%	-10%	+10%

- Sales are forecasted to increase by 7%, supported by strong demand in the Americas and Japan, recovery of demand in China and the depreciation of the yen.
- Profits are also expected to rise, with increased sales volume and the impact of the foreign exchange rate.

Billions of yen

		March '14 Forecast	March '13 Actual	Change
Net sales		830.0	772.4	7%
Operating income		83.0	51.5	61%
Ordinary income		69.0	36.4	90%
Net income		37.0	23.5	57%
F X	YEN/USD	94.0	82.4	
	YEN/EUR	123.0	107.5	
	YEN/RMB	15.2	13.5	
Cash dividends per share (yen)		50	40	10

- Sales in China and Asia/Oceania are expected to grow, due to the increase in unit sales and the impact of the depreciation of the yen.
- Sales in Japan are also forecasted to rise, with rental demand remaining brisk in addition to reconstruction demand.

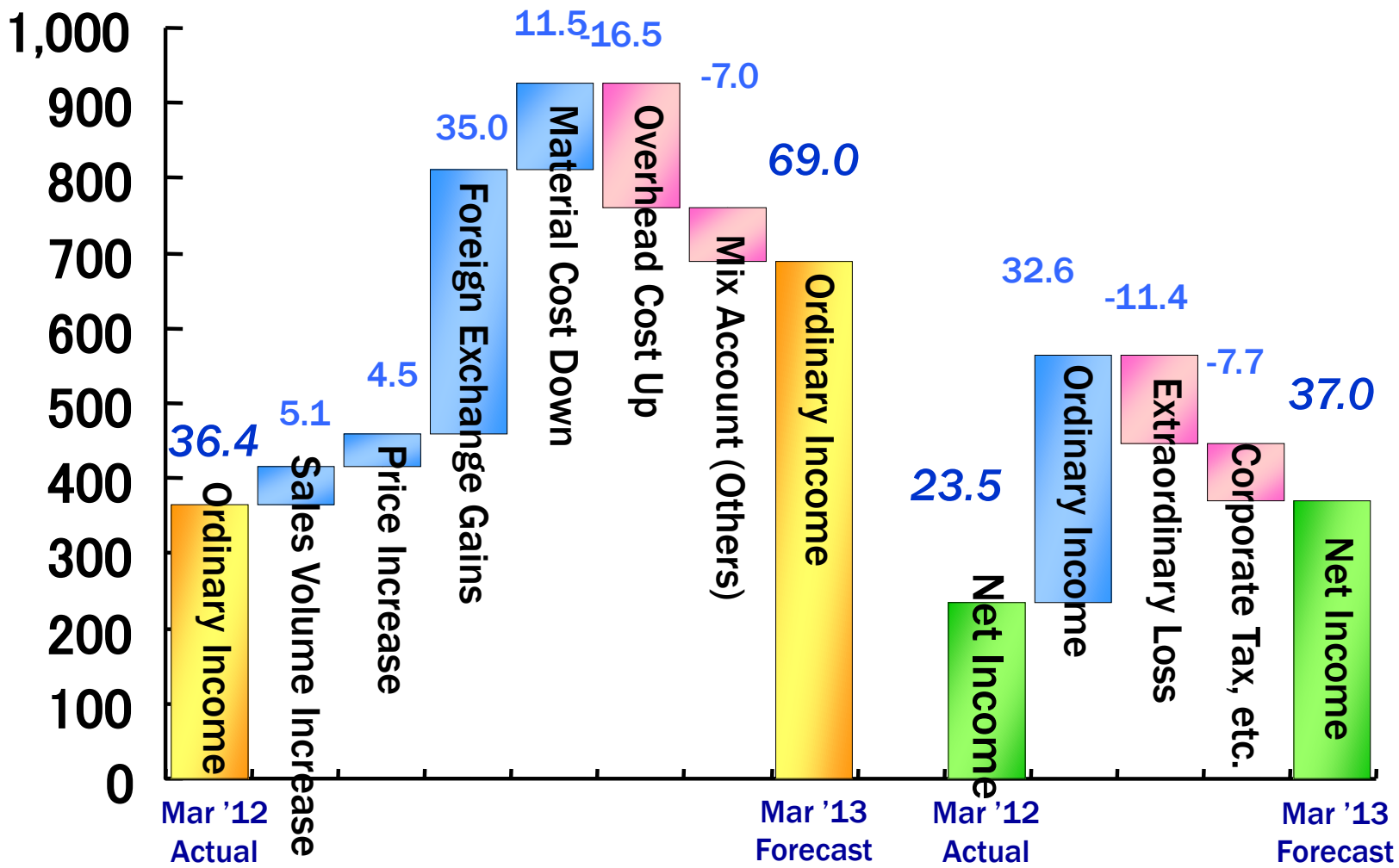


percentage compared with previous year.  
 Figures in brackets exclude TCM influence.  
 Total 69.2



• Sales are expected to increase from the previous year, due to higher sales volume with increased demands and the depreciation of the yen.

Billions of yen



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