

# **Business Results for FY2013 ended March 31, 2014**

**April 24, 2014**

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



Completion Ceremony of Tsukuba Parts Center  
(Hitachi Transport System, Ltd.)



# I. Summary of consolidated results

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Reliable solutions

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

(billions of yen)

		FY2013 Actual	FY2012 Actual	change
Net Sales		(830.0) 803.0	772.4	4%
Operating Income		(83.0) 69.2	51.5	34%
Ordinary Income		(69.0) 53.7	36.4	47%
Net Income		(37.0) 28.9	23.5	23%
F X	Exchange rate (YEN/USD)	100.3	82.4	
	Exchange rate (YEN/EUR)	134.8	107.5	
	Exchange rate (YEN/RMB)	16.5	13.5	
Cash dividends per share (YEN)		50	40	10

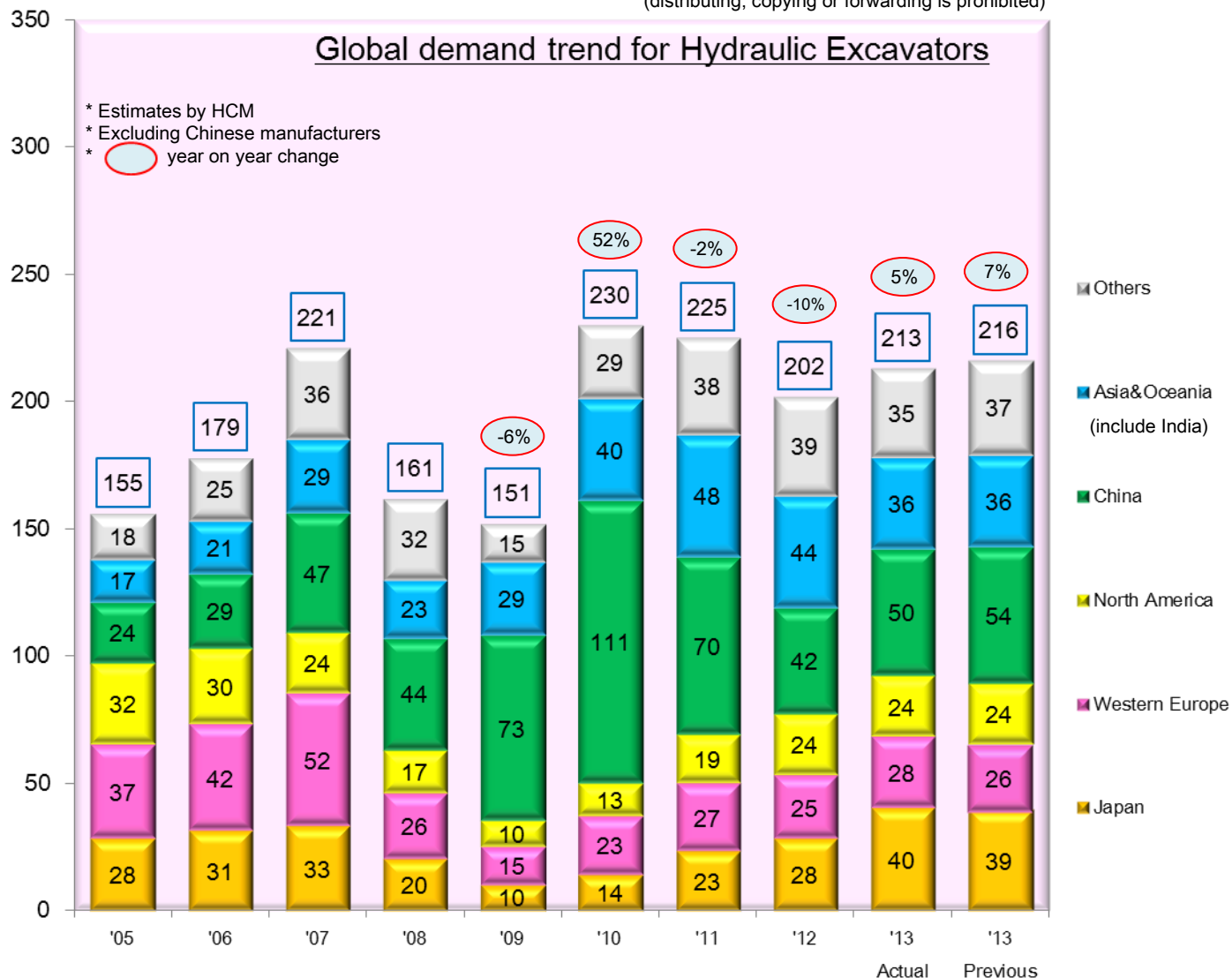
Notes : Amounts in the parenthesis show previous forecast as of Jan. 2014

( in thousand of units)

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## Global demand trend for Hydraulic Excavators

\* Estimates by HCM  
\* Excluding Chinese manufacturers  
\*    year on year change

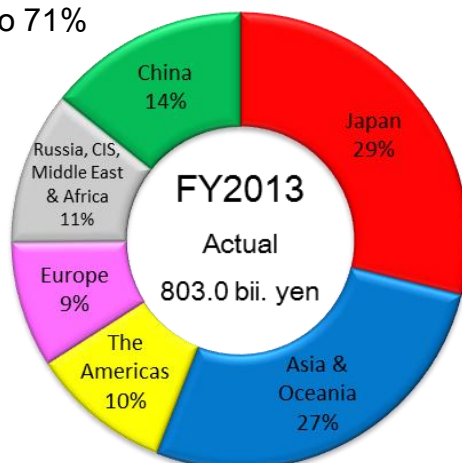


### Year on year change by region

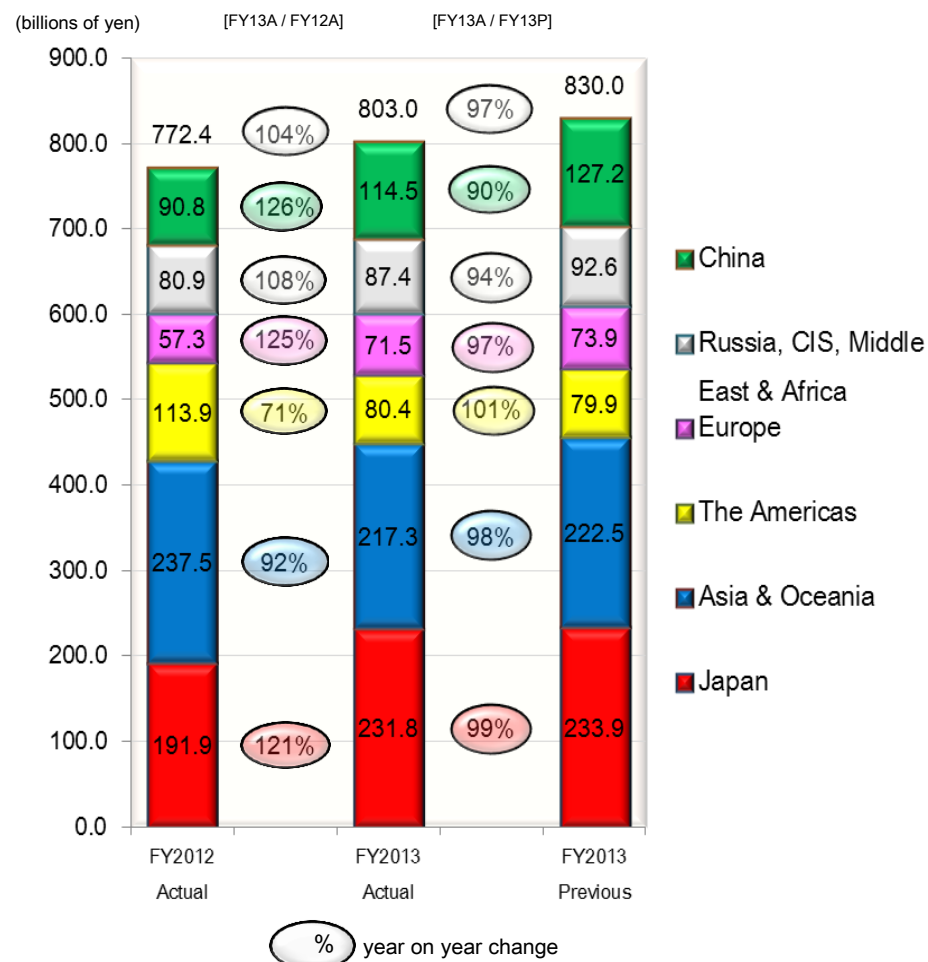
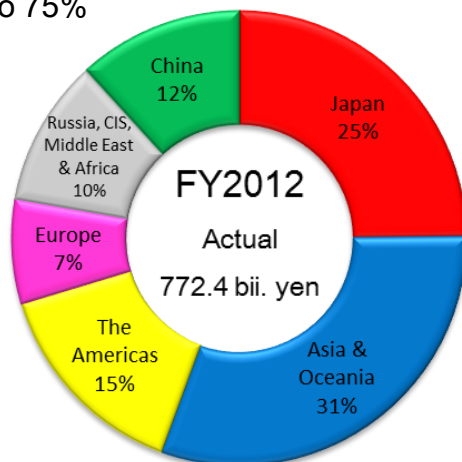
	'12	'13 Actual	'13 Previous
Japan	+25%	+43%	+38%
Western Europe	-7%	+12%	+3%
North America	+26%	+1%	+0%
China	-41%	+19%	+29%
India	-21%	-26%	-24%
Indonesia	-19%	-21%	-27%
Others	+9%	-13%	-12%
Asia & Oceania	-8%	-19%	-19%
Russia, E. Europe and CIS	-3%	-14%	+1%
Africa	+39%	-9%	-9%
Middle East	-2%	-7%	-3%
Latin America	-4%	-14%	-10%
Others	+2%	-9%	-5%
Total	-10%	+5%	+7%

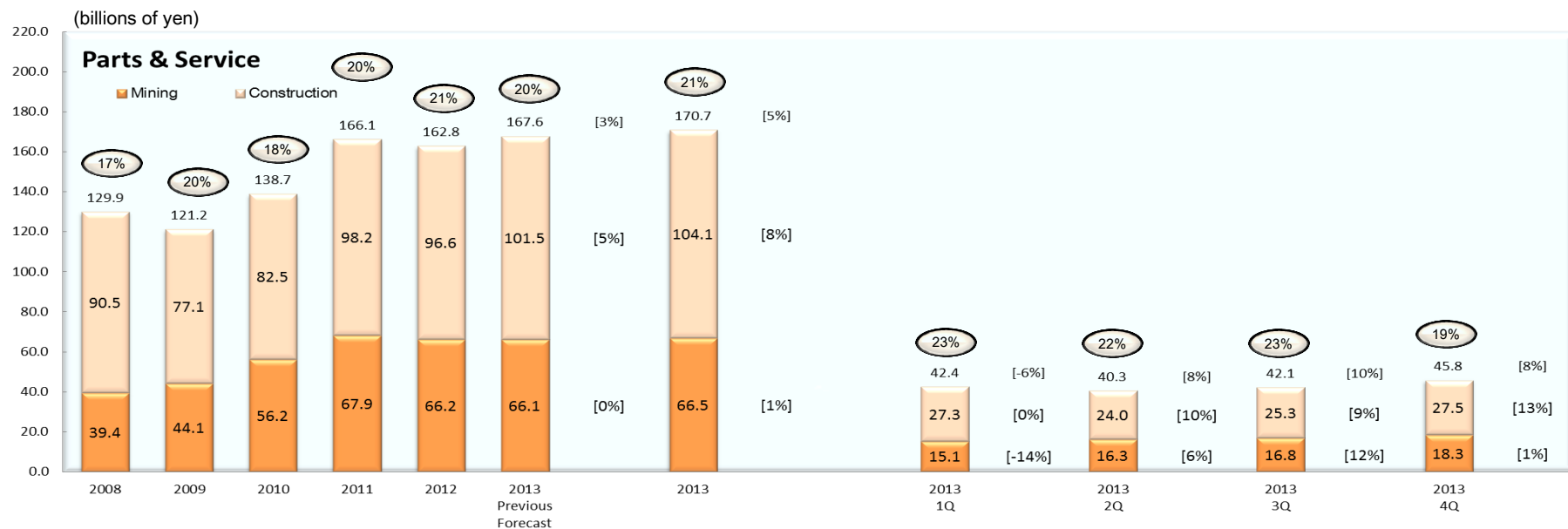
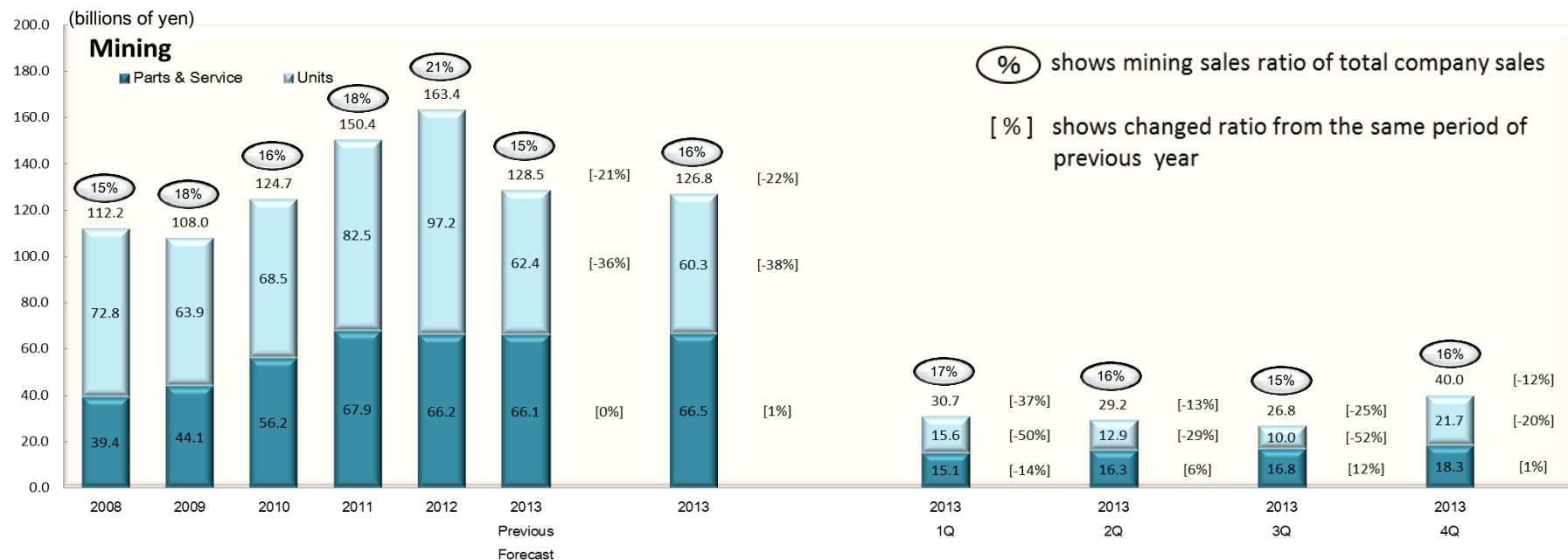
- Sales in China increased by 23.7 billion yen [126%] year on year.
- Sales in Japan increased 49.6 billion yen [127%] considering the influence of exclusion of TCM [9.7 billion yen] from the consolidated result.
- On the other hand, sales in Asia and Oceania decreased by 20.2 billion yen [92%] year on year.

Overseas sales ratio 71%



Overseas sales ratio 75%



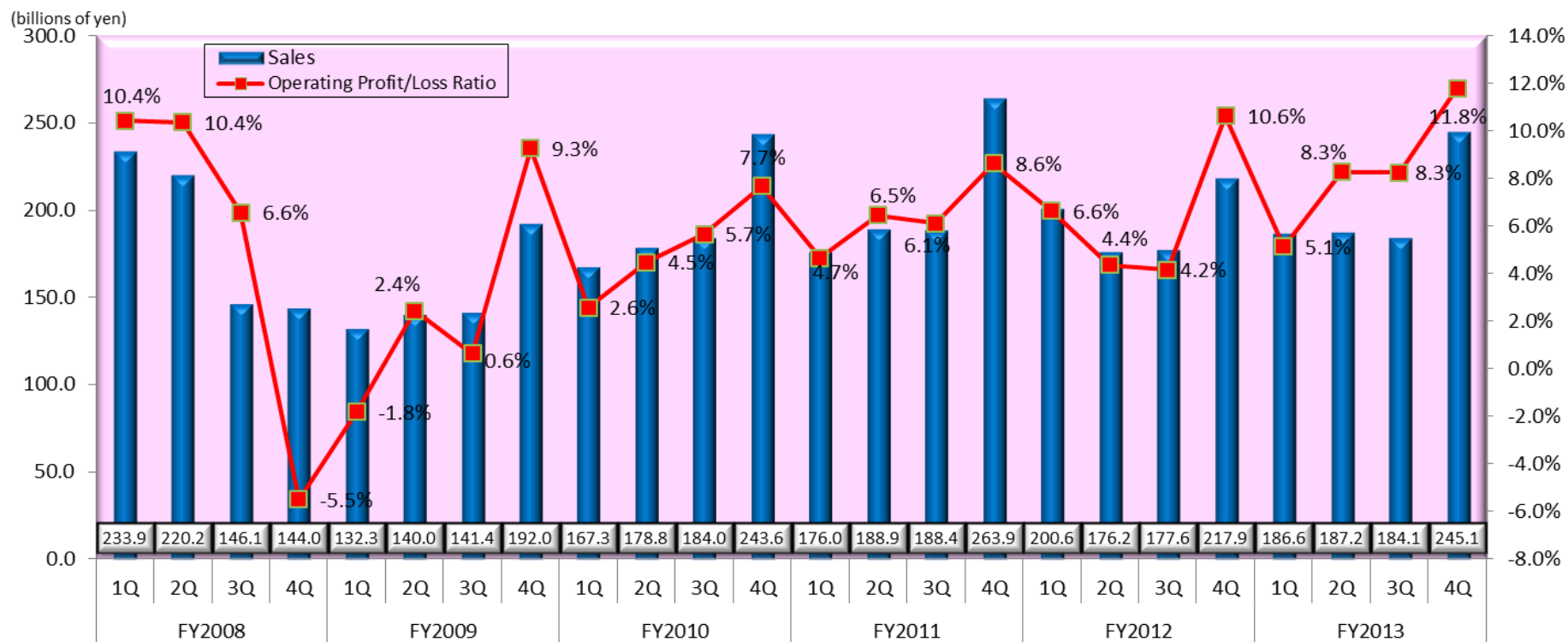


(billions of yen)

	FY2013 Actual		FY2012 Actual		increase (decrease)	
					amount	%
Net Sales		803.0		772.4	30.6	4%
Cost of Sales	(71.4%)	573.5	(73.3%)	566.2	7.3	1%
SGA Expenses	(20.0%)	160.3	(20.0%)	154.7	5.6	4%
Operating Income	(8.6%)	69.2	(6.7%)	51.5	17.7	34%
Non-operating Income(Loss)		-15.5		-15.1	-0.4	3%
Ordinary Income	(6.7%)	53.7	(4.7%)	36.4	17.3	47%
Extraordinary Income		-0.9		9.4	-10.3	-
Income Taxes		17.6		16.5	1.1	7%
Minority Interests		6.2		5.8	0.4	7%
Net Income	(3.6%)	28.9	(3.0%)	23.5	5.5	23%

(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	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	186.6	187.2	184.1	245.1
Operating Profit/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	28.9



FX rate	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	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	98.8	99.0	100.5	102.8
€	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	140.8
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	16.9



(billions of yen)

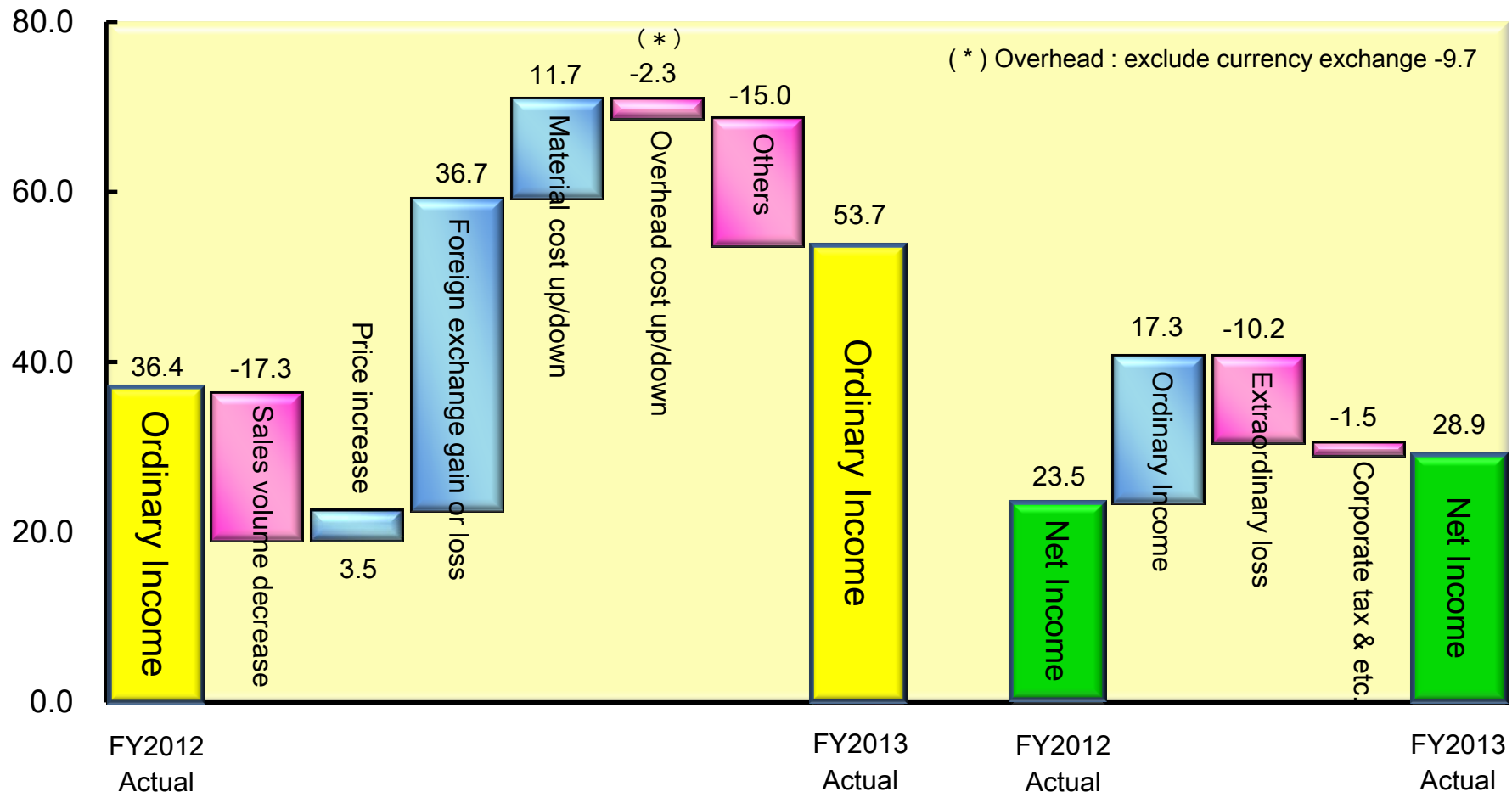
	FY2013 Actual	FY2012 Actual	change
Dividends/Interest income and expenses	-4.7	-8.2	3.5
Gain or losses on equity earnings of affiliated companies	-0.3	-0.6	0.4
Foreign exchange gains, net	-9.3	-6.8	-2.5
Others	-1.2	0.6	-1.8
Total	-15.5	-15.1	-0.4

(billions of yen)

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Ordinary Income	(6.7%)	53.7	(4.7%)	36.4	17.3	47%
Extraordinary Income		-0.9		9.4	-10.3	-
Income Taxes		17.6		16.5	1.1	7%
Minority Interests		6.2		5.8	0.4	7%
Net Income	(3.6%)	28.9	(3.0%)	23.5	5.5	23%

- Total Ordinary Income increased 17.3 billion yen due to 36.7 billion yen from JPY depreciation and 11.7 billion yen from material cost down, despite -17.3 billion yen of decreased sales volume.

(billions of yen)



Successfully decreased assets, such as A/R and also decreased 29.7 billion yen of interest-bearing debt from the end of last fiscal year.

				(billions of yen)			
	(A) Mar '2014	(B) Mar '2013	(A)-(B) change		(C) Mar '2014	(D) Mar '2013	(C)-(D) change
Cash and bank deposit	53.4	62.6	-9.3	Notes and accounts payable	143.1	149.1	-6.0
Accounts receivable	302.6	308.2	-5.6	Others	303.8	298.1	5.7
Inventories	321.3	314.9	6.4	Total current liabilities	447.0	447.3	-0.3
Others	41.7	48.1	-6.4	Total non-current liabilities	192.6	236.0	-43.4
Total current assets	718.9	733.8	-14.9	Total liabilities	639.6	683.2	-43.7
Property, plant and equipment	288.9	271.2	17.8	Minority interests	58.5	54.7	3.8
Intangible assets	22.7	32.7	-9.9	Common stock, capital surplus, and retained earnings	386.6	365.9	20.7
Others	56.6	62.2	-5.6	Others	2.6	-3.9	6.5
Total fixed assets	368.3	366.1	2.2	(Shareholder's equity ratio)	(35.7%)	(32.8%)	(2.9%)
Total assets	1,087.2	1,099.9	-12.7	Total net assets	447.6	416.7	31.0
				Total liabilities and net assets	1,087.2	1,099.9	-12.7
Inventories by products							
Unit	113.1	111.0	2.1		(33.4%)	(35.7%)	(-2.3%)
Parts	111.5	97.1	14.4	Interest-bearing debt	363.4	393.1	-29.7
Others	96.7	106.8	-10.1	Cash and Cash equivalents	54.5	68.1	-13.6
Total inventories	321.3	314.9	6.4	(Deposit)	(1.1)	(5.4)	(-4.3)
On hand days(divided by net sales) ( Days )				Interest-bearing debt, net	(28.4%)	(29.6%)	(-1.2%)
Accounts receivable	138	146	-8	Debt	308.9	325.1	-16.1
Inventories	146	149	-3				
Notes and accounts payable	65	70	-5	Net D/E Ratio	0.80	0.90	-0.10
Net working capital	219	225	-6				

Net cash provided by operating activities improved 32.4 billion yen year on year to 92.3 billion yen. Free cash flows improved 32.7 billion yen to a positive 55.6 billion yen.

(billions of yen)

	FY2013 Actual		FY2012 Actual		change	
Income before income taxes and minority interest		52.8		45.8		7.0
Depreciation and amortization	90.2	37.4	82.0	36.2	8.2	1.2
(Increase)decrease in accounts receivable		26.0		68.5		-42.5
(Increase)decrease in inventories		4.2		-32.8		37.0
(Increase)decrease in notes and accounts payable	17.4	-12.9	-3.0	-38.6	20.3	25.8
Income taxes paid		-19.4		-23.1		3.7
Others, net		4.2		4.1		0.1
Net cash provided by (used in) operating activities		92.3		60.0		32.4
Cash flow margin for operating activities		11.5%		7.8%		3.7%
Net cash provided by (used in) investing activities		-36.7		-37.1		0.4
Free cash flows		55.6		22.9		32.7

# II. Consolidated earnings forecast

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- Demand in Japan will be decreased -28% compared to last fiscal year to 29,000 units due to the rebound of last-minute demands.
- Demand in China will be 50,000 units, almost the same level as the previous year.
- Global demand forecast will be decreased 3,000 units, -1% of previous year due to the impact of Japanese market.


(in thousand of units)

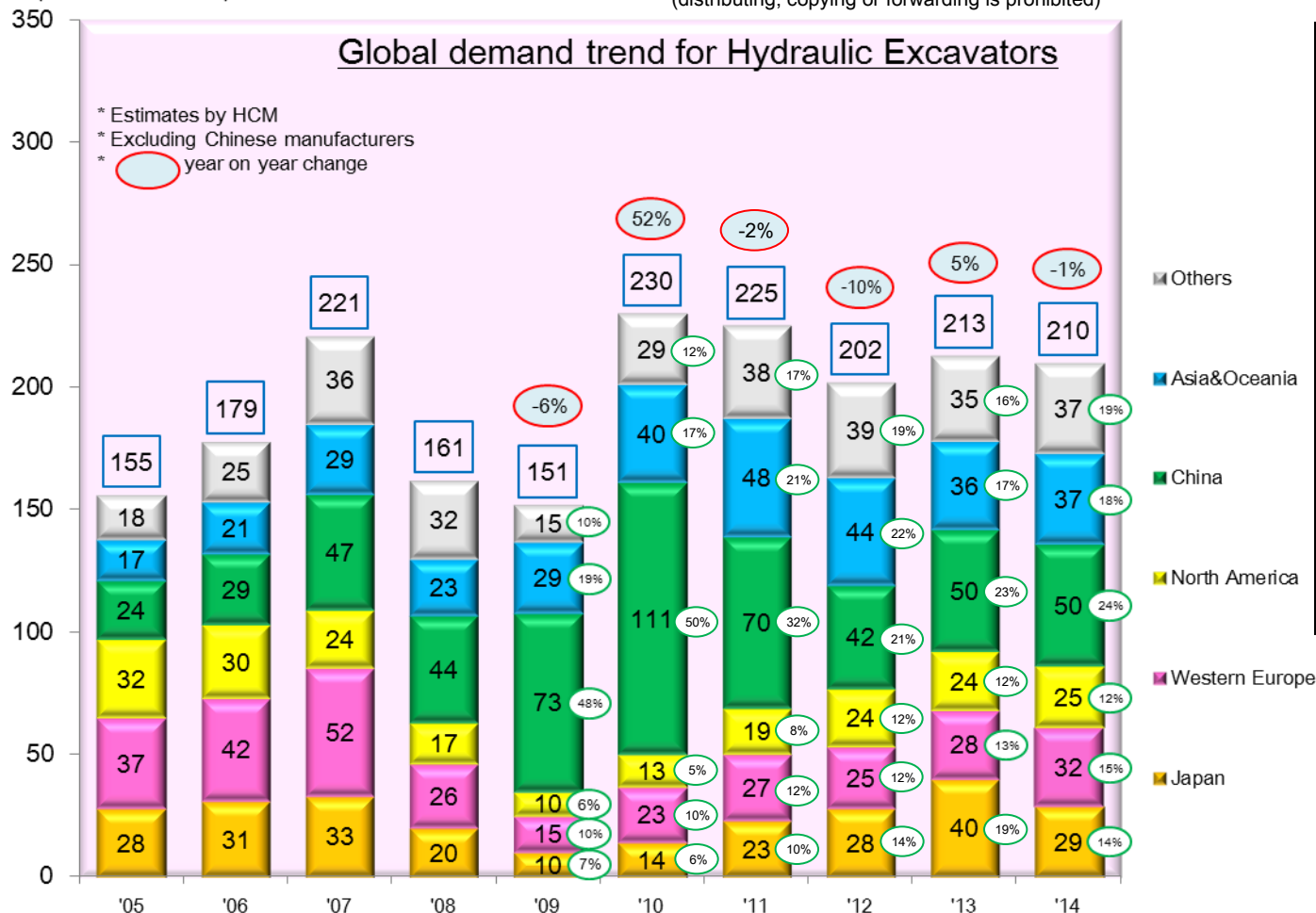
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## Global demand trend for Hydraulic Excavators

\* Estimates by HCM

\* Excluding Chinese manufacturers

\*  year on year change



### Year on year change by region

	'12	'13	'14
Japan	+25%	+43%	-28%
Western Europe	-7%	+12%	+14%
North America	+26%	+1%	+4%
China	-41%	+19%	+1%
India	-21%	-26%	-1%
Indonesia	-19%	-21%	+1%
Others	+9%	-13%	+8%
Asia & Oceania	-8%	-19%	+4%
Russia, E. Europe and CIS	-3%	-14%	+4%
Africa	+39%	-9%	+3%
Middle East	-2%	-7%	-3%
Latin America	-4%	-14%	+14%
Others	+2%	-9%	+2%
Total	-10%	+5%	-1%

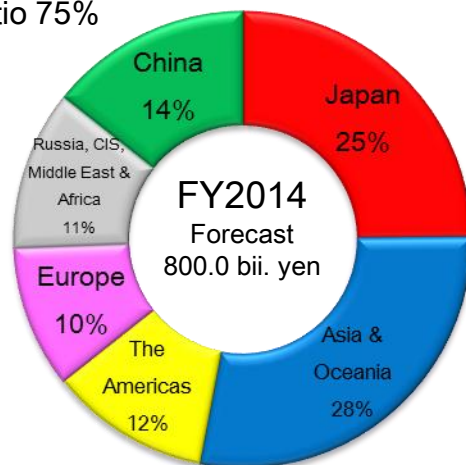
Sales are forecasted at the same level as that of FY2013 actual, based on the fact that the current demand of China and mining market will not recover rapidly.

(billions of yen)

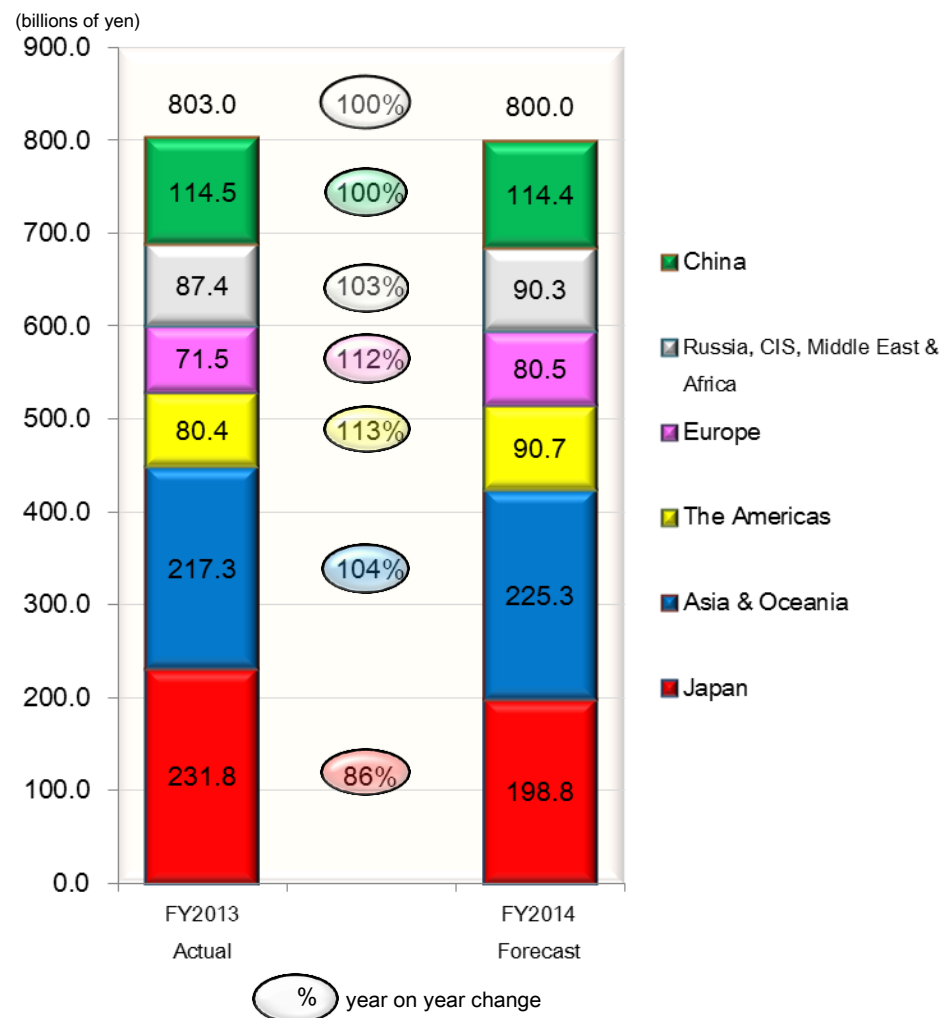
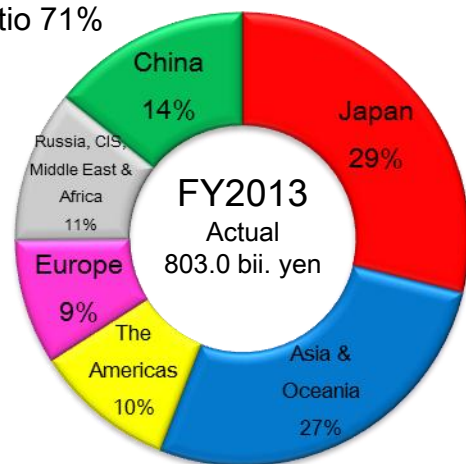
		FY2014 Forecast	FY2013 Actual	change
Net Sales		800.0	803.0	0%
Operating Income		80.0	69.2	16%
Ordinary Income		75.0	53.7	40%
Net Income		45.0	28.9	55%
F X	Exchange rate (YEN/USD)	98.0	100.3	
	Exchange rate (YEN/EUR)	130.0	134.8	
	Exchange rate (YEN/RMB)	16.5	16.5	
Cash dividends per share (YEN)		60	50	10

- Large-scale sales decrease in Japan and flat sales in China.
- Expected sales increase in Europe and the Americas market.

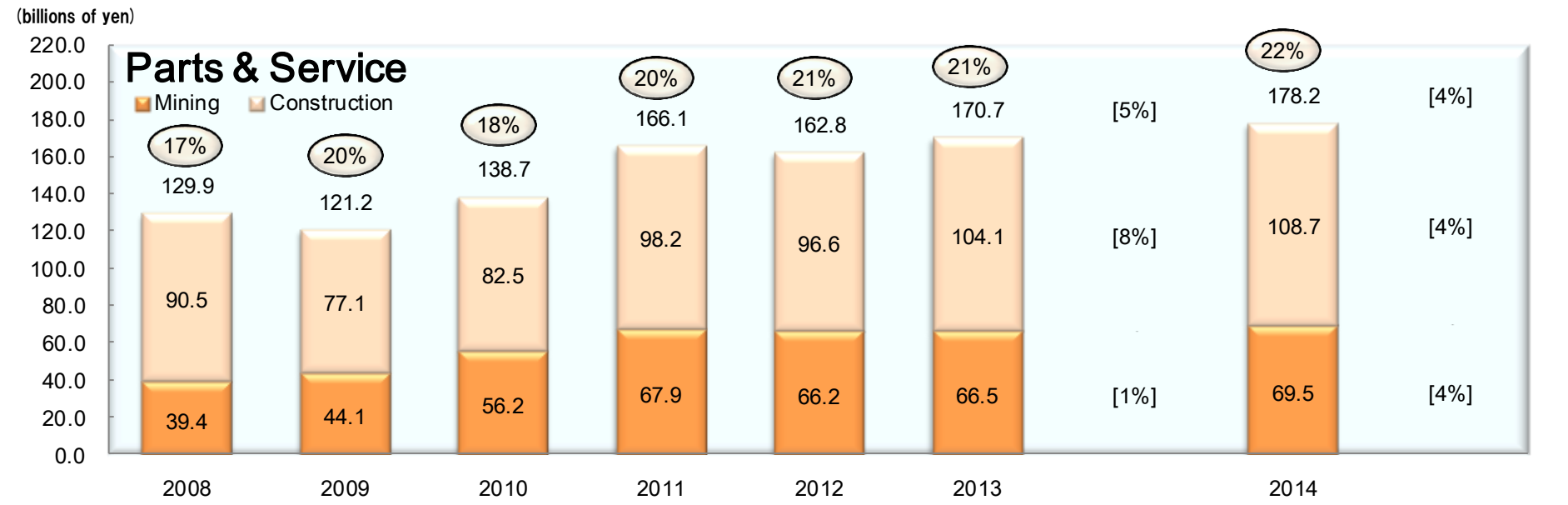
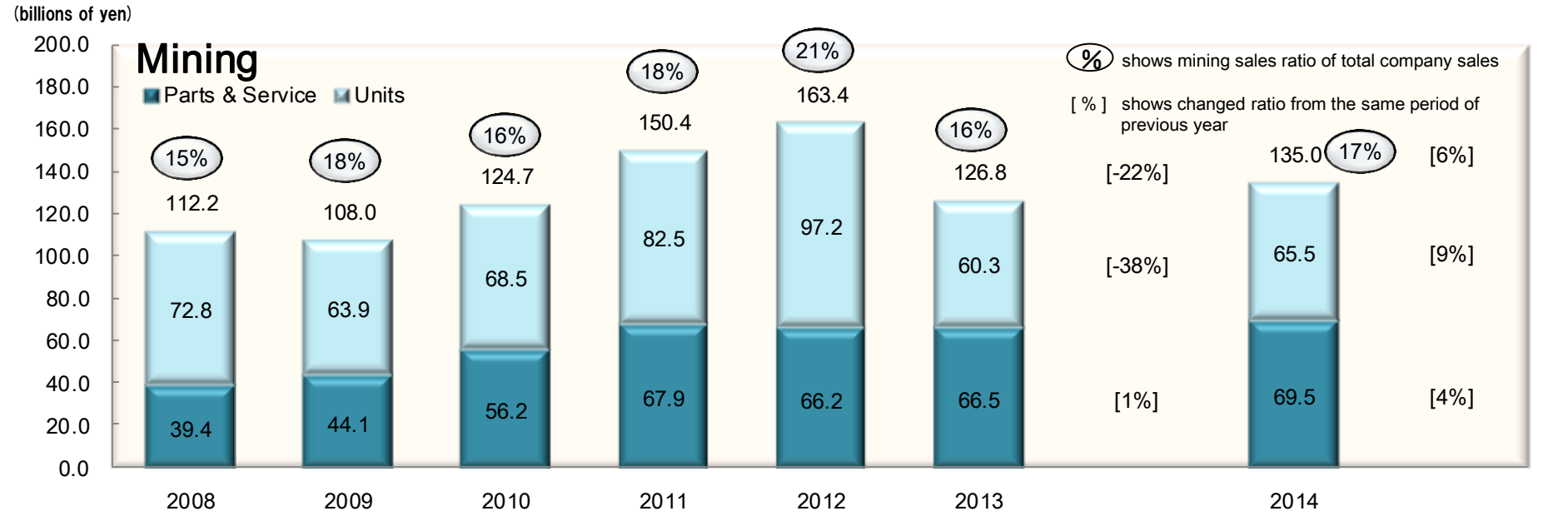
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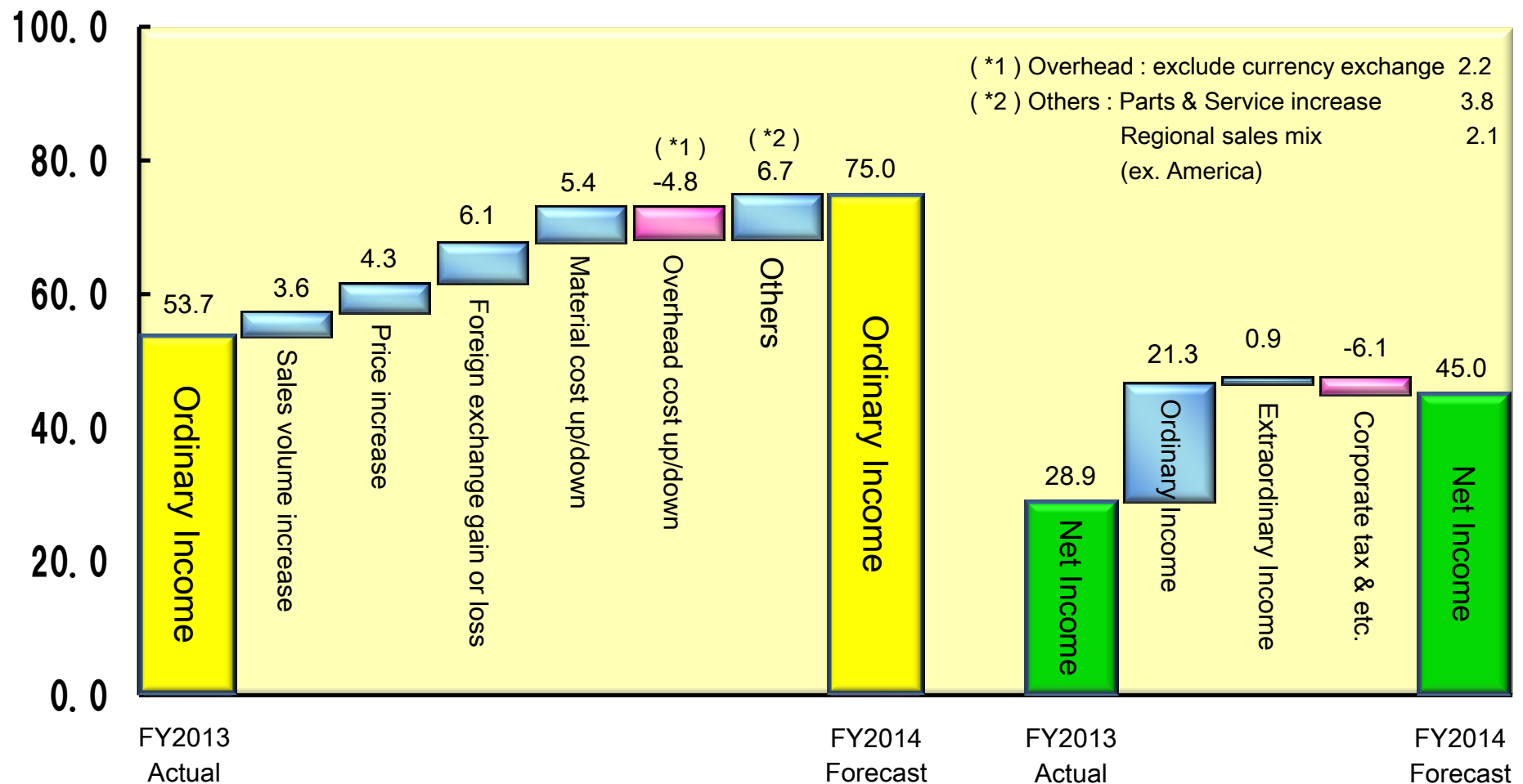






Ordinary income is expected to increase from the previous year due to price increase, material cost down and parts / service increase, although sales are not increased.

(billions of Yen)



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For further inquiries:

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