

Business Results for FY2013 ended March 31, 2014 Regional Market Environments and Projections



April 24, 2014

Hitachi Construction Machinery Co., Ltd

Senior Vice President and Representative Executive Officer

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Global Demand Trend for Hydraulic Excavators

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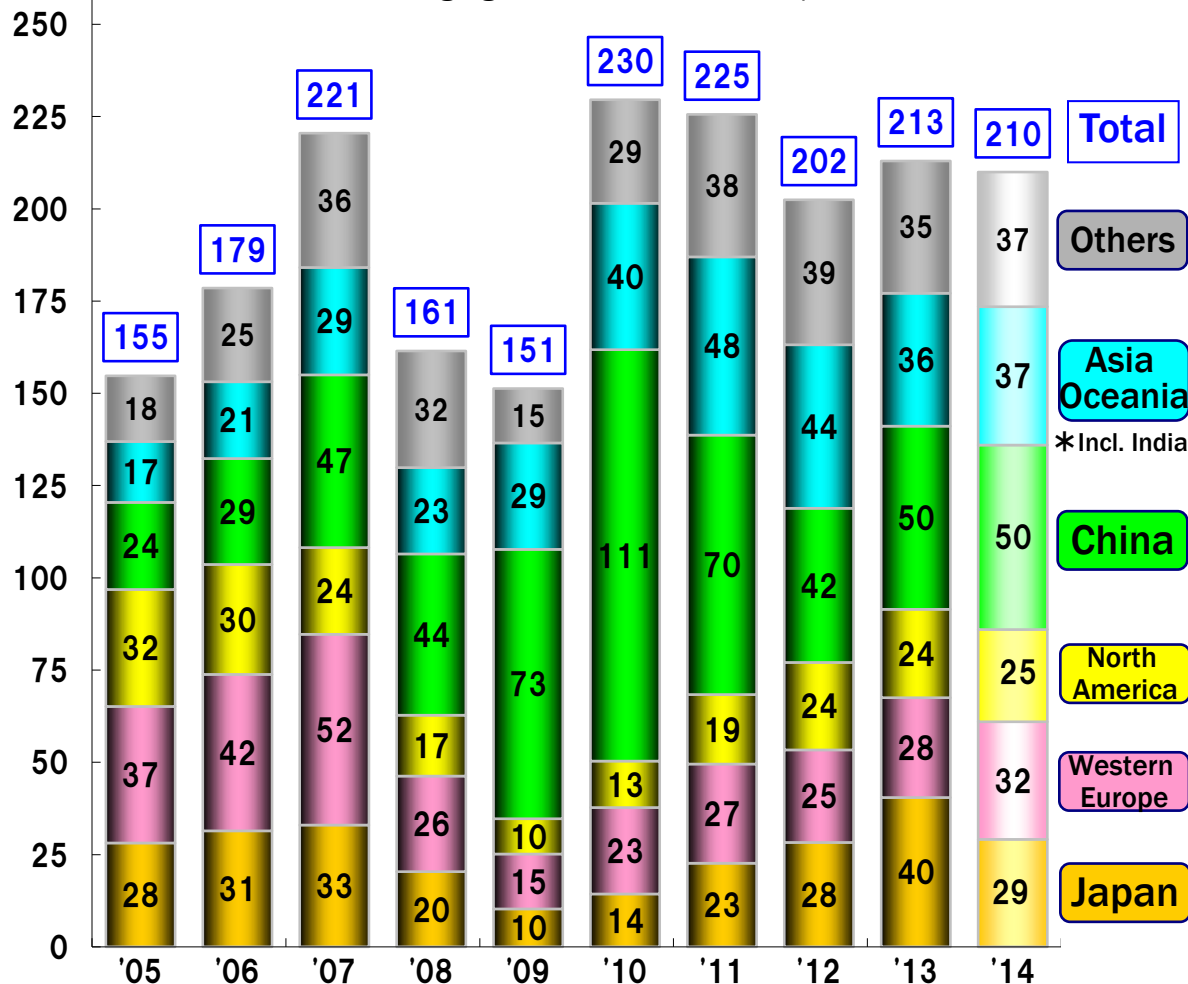
Reliable solutions

(K Units) * Estimates by HCM * Excluding Chinese manufacturer

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Emerging Countries 2014: 59% (+2%)

※Emerging Countries: China, Asia/Oceania, and others

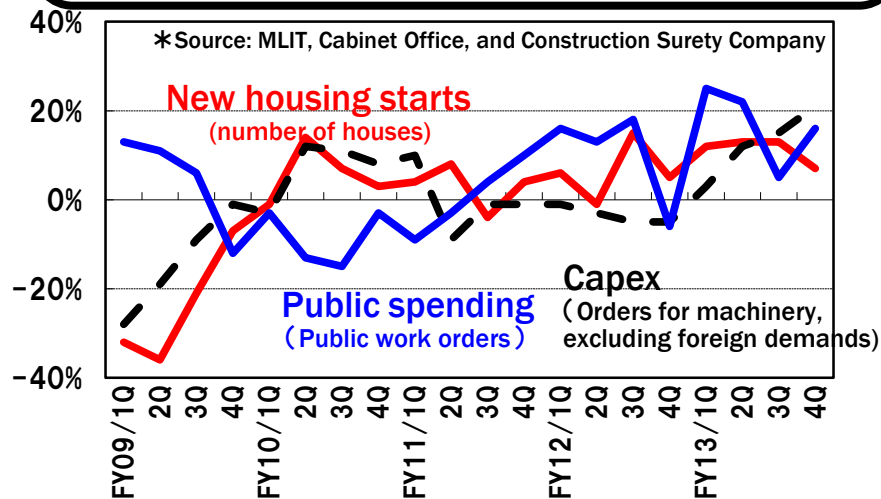


Year-on-Year Change

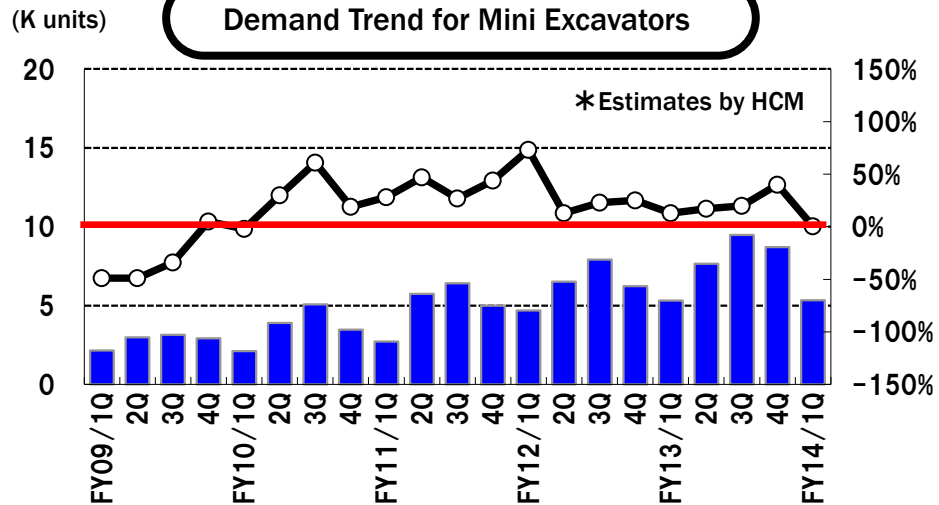
	'12	'13	'14
Total	-10%	+5%	-1%
Russia, E Europe, CIS	-3%	-14%	+4%
Africa	+39%	-9%	+3%
Middle East	-2%	-7%	-3%
Latin America	-4%	-14%	+14%
Others	+2%	-9%	+2%
India	-21%	-26%	-1%
Indonesia	-19%	-21%	+1%
Others	+9%	-13%	+8%
Asia & Oceania	-8%	-19%	+4%
China	-41%	+19%	+1%
N America	+26%	+1%	+4%
W Europe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

- ◇ Public constructions show robust growth.
Housing starts increased steadily, stimulated by last-minute demands before consumption tax increase.
- ◇ Public constructions would continue to be strong in 2014, however, demands would be significantly decreased due to rebound.

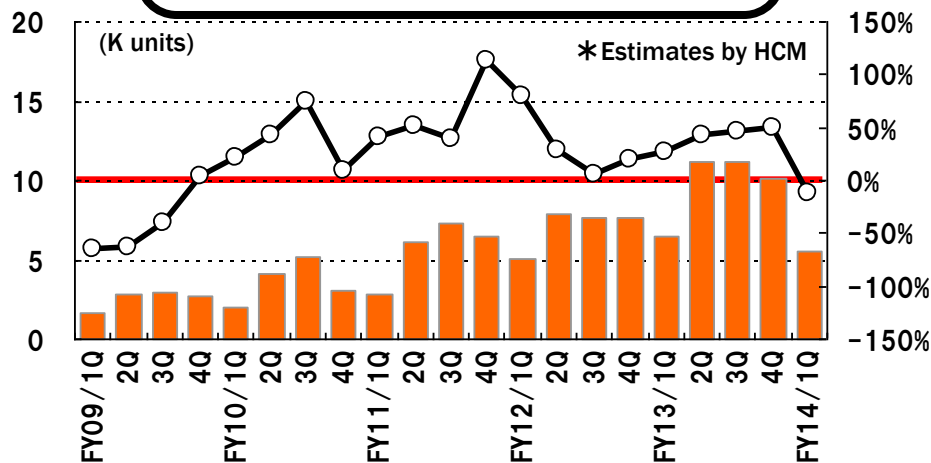
Market Environment: Housing/Public Spending and Capex (y-o-y)



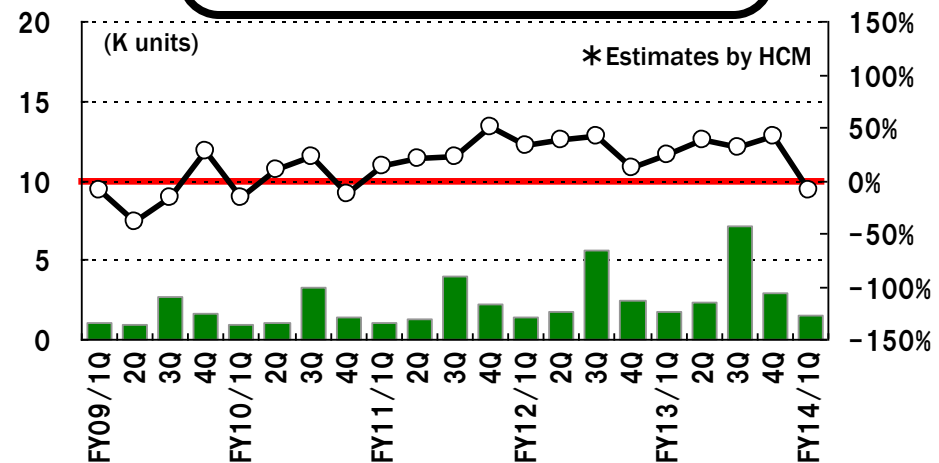
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators

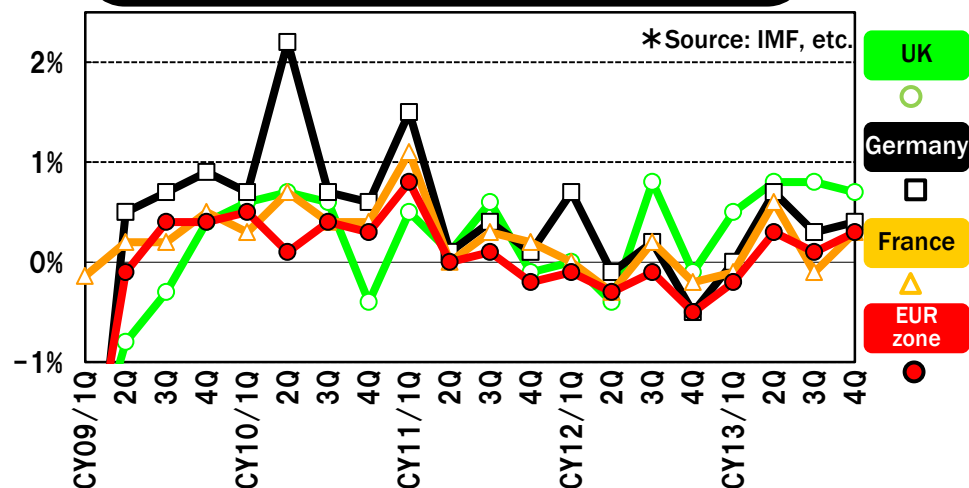


Demand Trend for Wheel Loaders

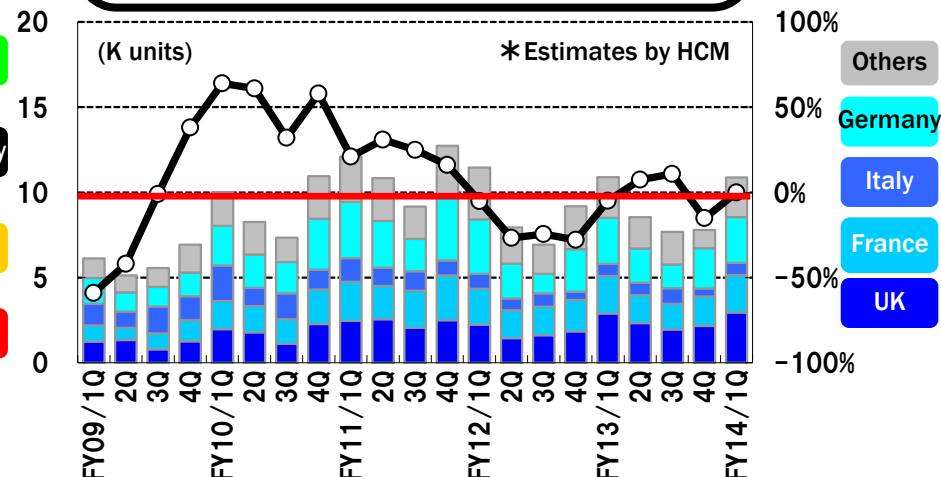


- ◇ In addition to a strong economy in the UK, economies in Germany and France are also expected to recover. Thus, overall European economy is expected to recover.
- ◇ The economy would continue to recover in 2014, however, the Ukraine situation would bear close watching.

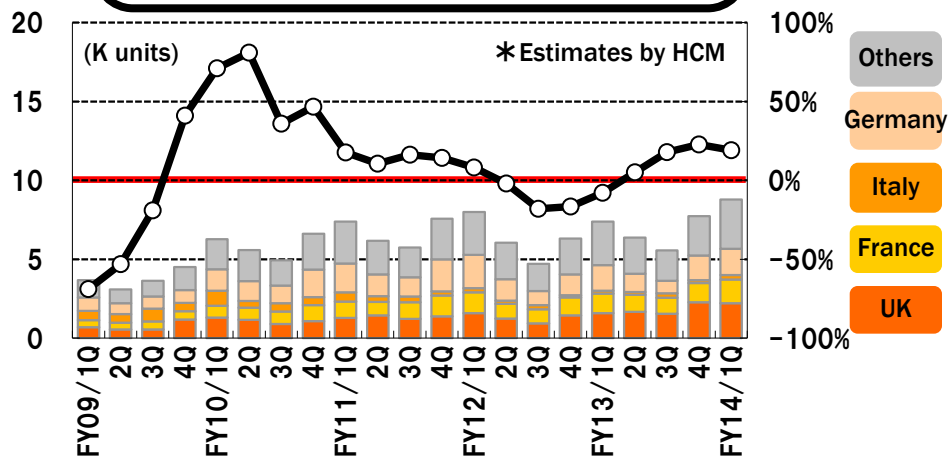
GDP Growth Rate in Major Countries (y-o-y)



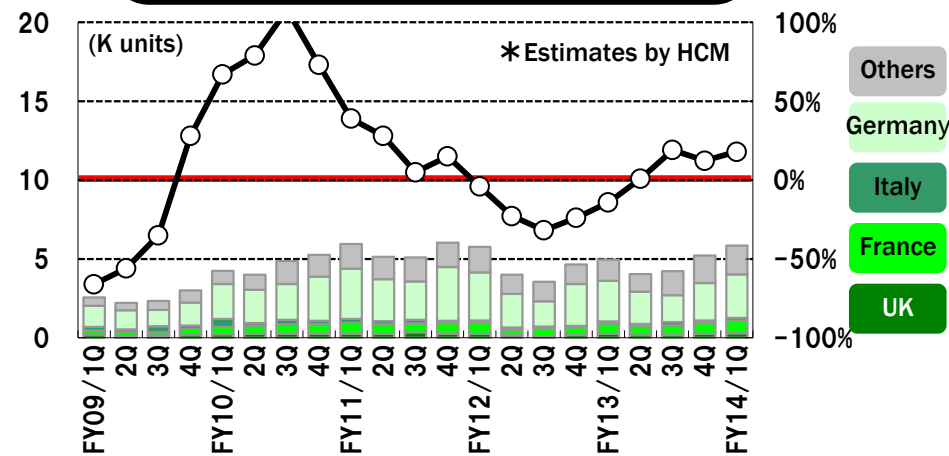
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators

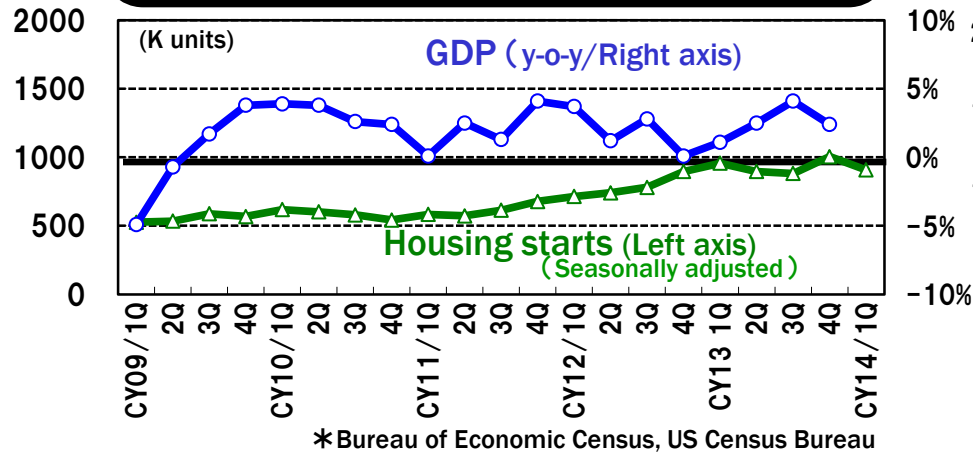


Demand Trend for Wheel Loaders

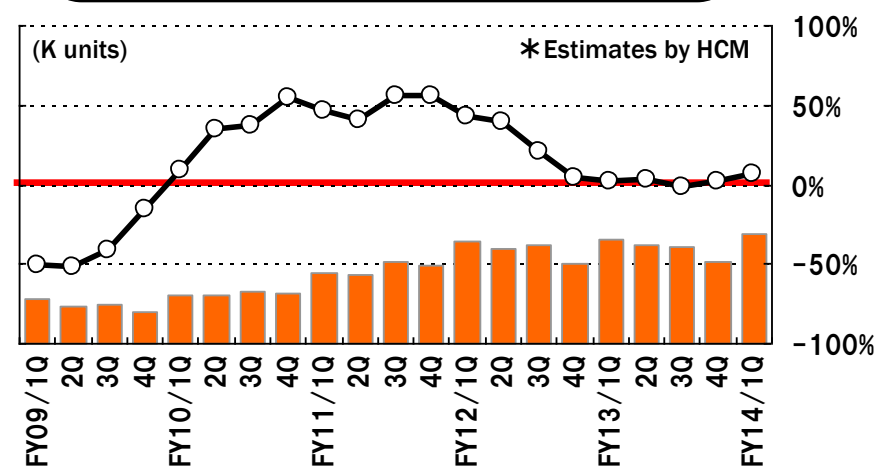


- ◇ Demand remained strong backed higher housing starts and construction investment.
- ◇ Demand is expected to remain strong for housing and energy in 2014.

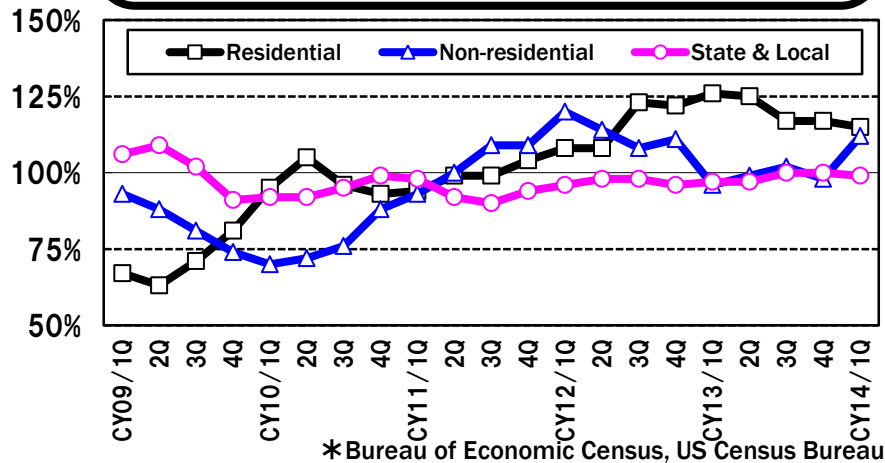
GDP Growth Rate, Housing Starts in US



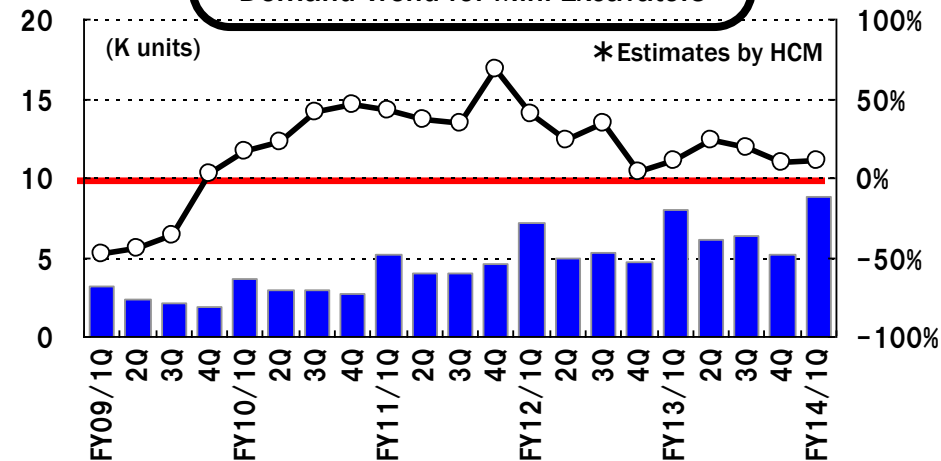
Demand Trend for Hydraulic Excavators



Construction Spending in US (y-o-y)



Demand Trend for Mini Excavators



Brazil

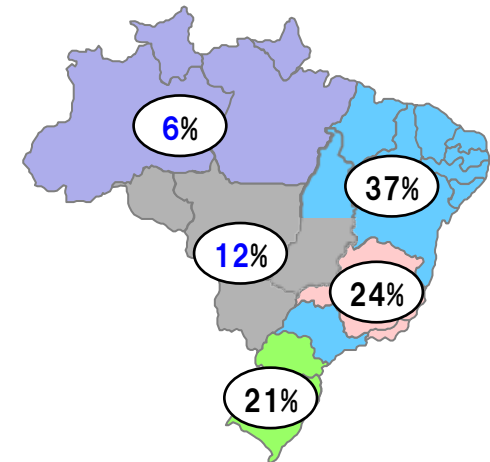
- Brazil's new plant starts full-scale production
- Brazil's sales network is built by 5 dealers

**Columbia****Peru****Chile**

- Proactive entry into the mining truck market
- Type AC-3 serialization is now complete

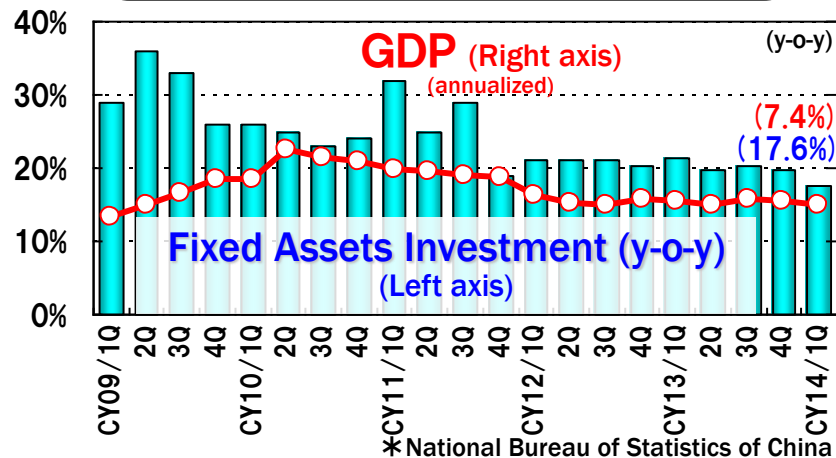


[Territories of the dealers and demand ratio]

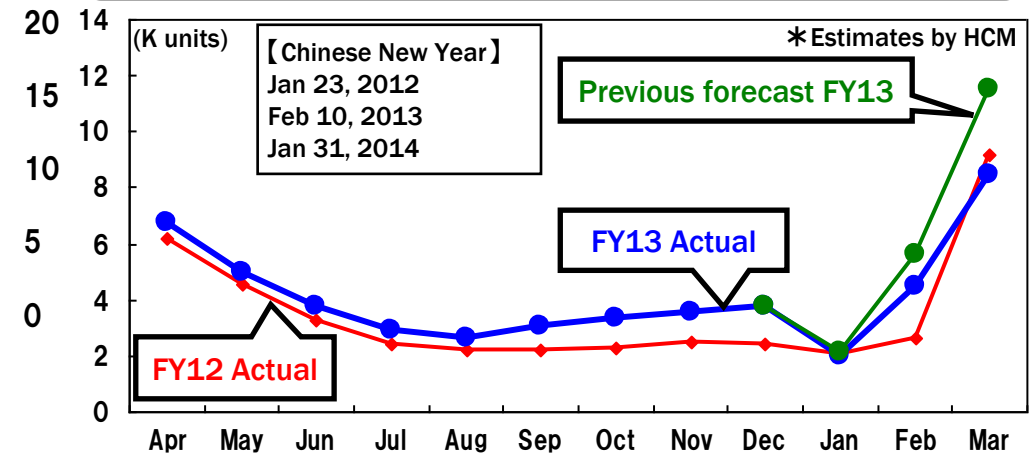
**Columbia****Peru****Chile****Brazil**

- ◇ Demands in 2013 increased 19% year-on-year (foreign manufactures only)
(Due to the increase in housing investment and infrastructure investment including roads and railways etc.)
- ◇ Demand slowed after the Chinese New Year.
Demand in 2014 is expected to be at the same level as 2013.

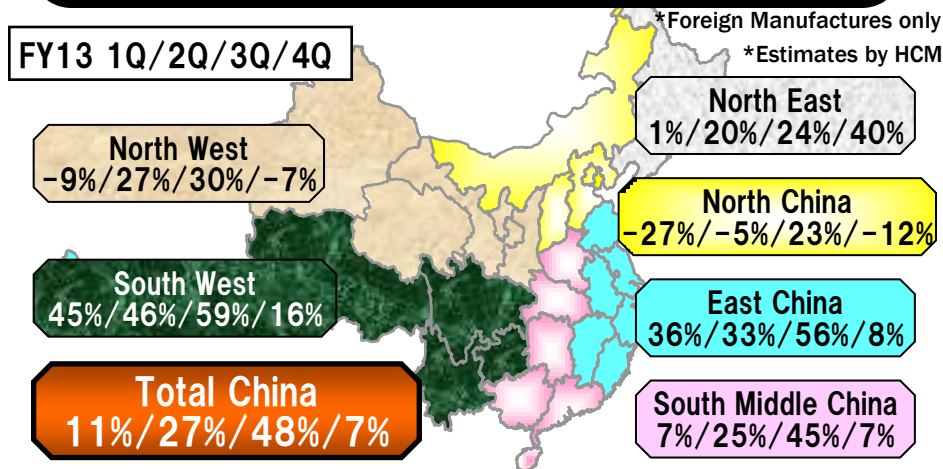
GDP and Fixed Asset Investment



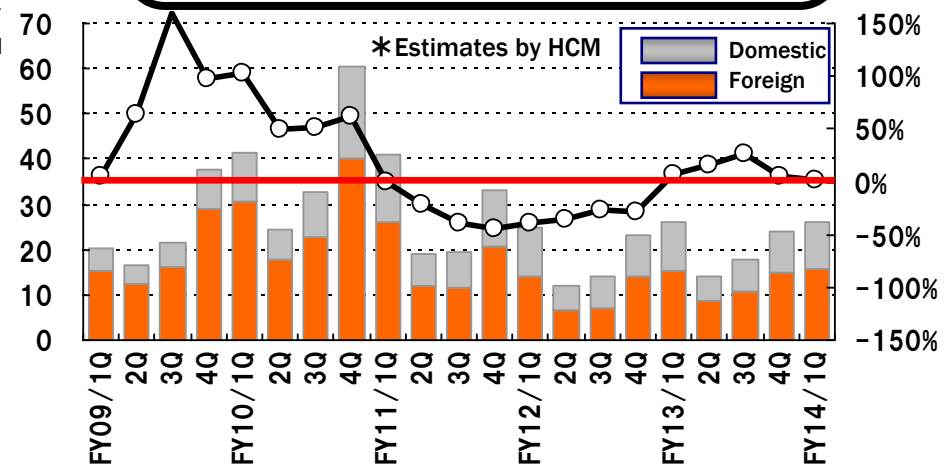
Monthly Demand Trend of Hydraulic Excavators (Foreign Manufactures only)



Quarterly Demand for Hydraulic Excavators by Region (y-o-y)



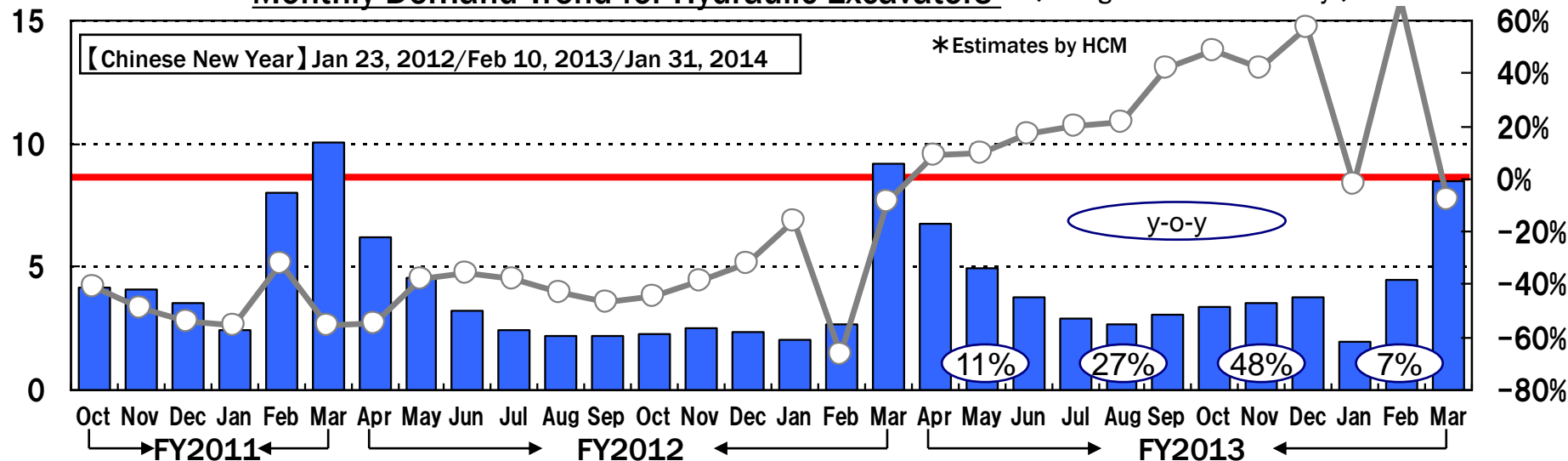
Demand Trend for Hydraulic Excavators



(K units)

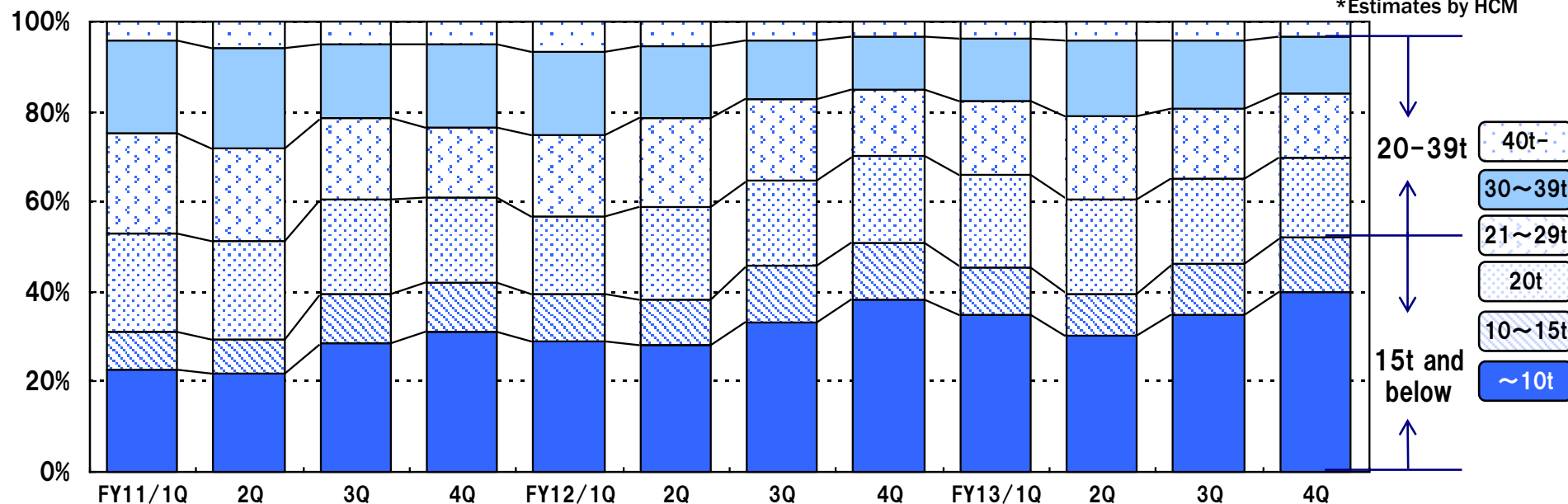
Monthly Demand Trend for Hydraulic Excavators

(Compared to the same month in the previous year)
(Foreign Manufactures Only)



Demand Composition by Class for Mini Excavators and Hydraulic Excavators (Foreign Manufactures Only)

*Estimates by HCM

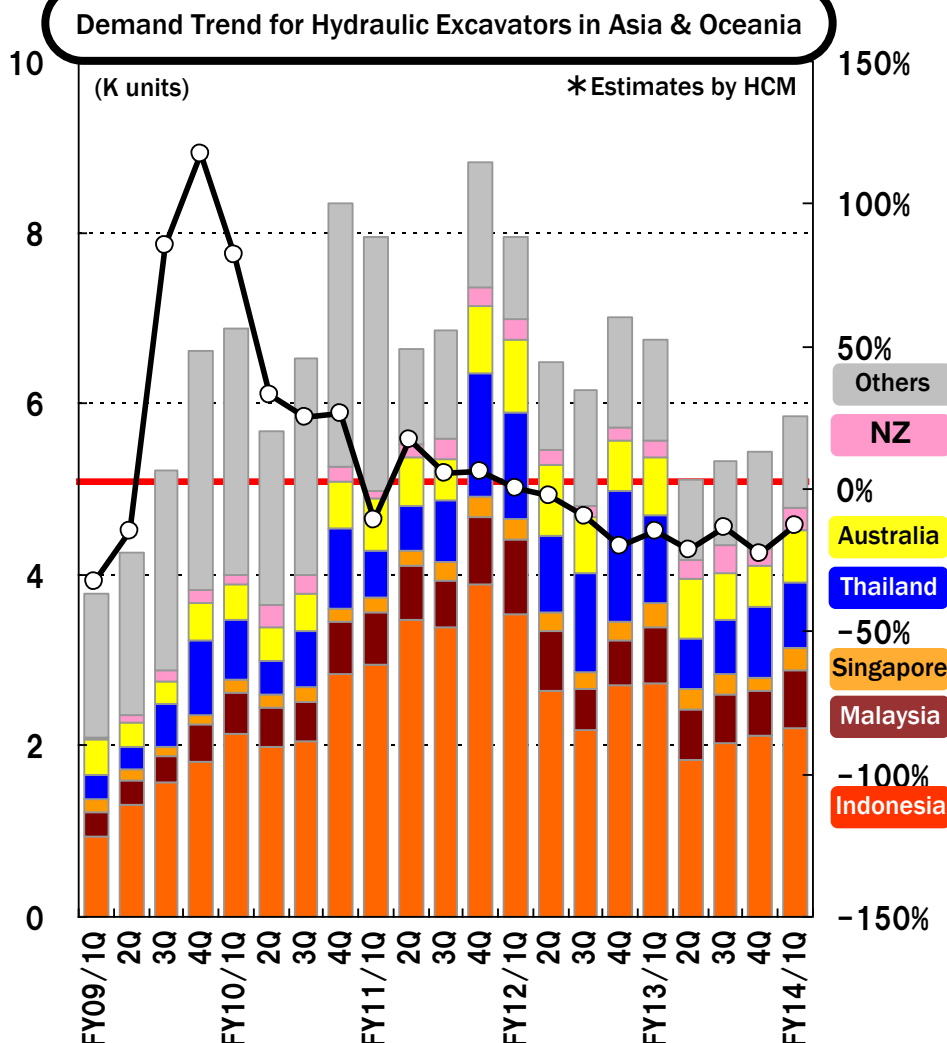
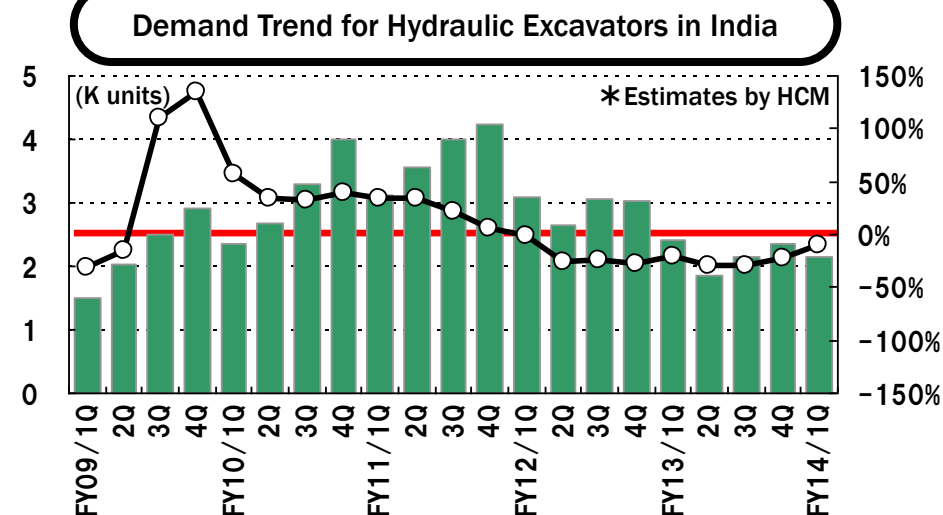
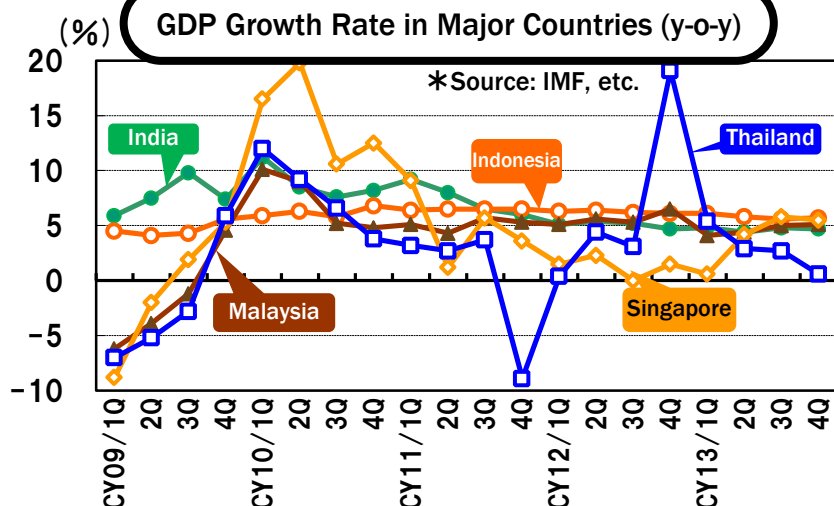


<Asia/Oceania and India>

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Reliable solutions

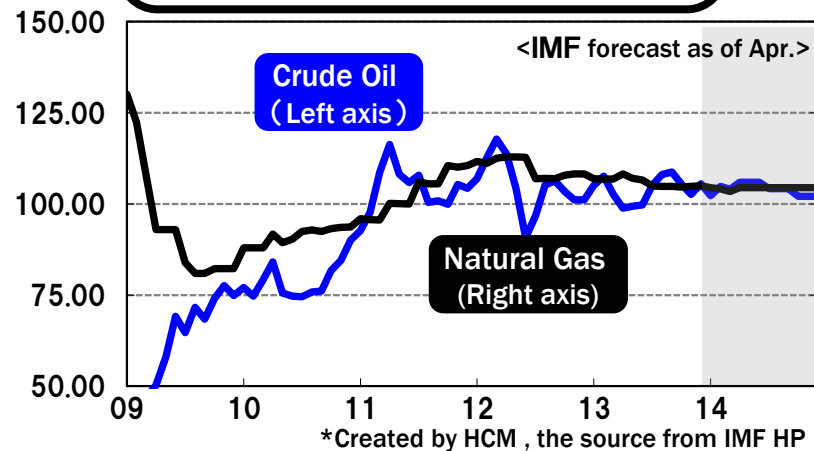
- ◇ Downturn of demands in resource-rich countries (Australia, Indonesia) and sluggish demands in Thailand due to its political uncertainty.
- ◇ Sluggish demand in Indonesia and Malaysia is now expected to bottom out. Demand in Asia's developing countries and emerging countries is expected to increase.
- ◇ Considerations for Indonesia and India would bear close watching post elections.



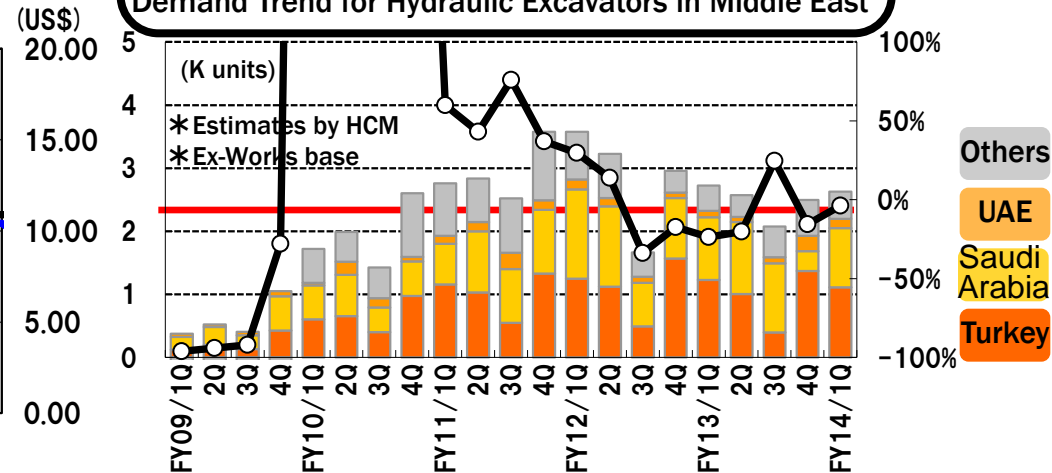
【Russia】 GDP growth rate is slowing against the backdrop of declining exports of natural resources.

【Middle East】 Demand is expected to remain strong mainly in the field of infrastructure, including road and airport construction.

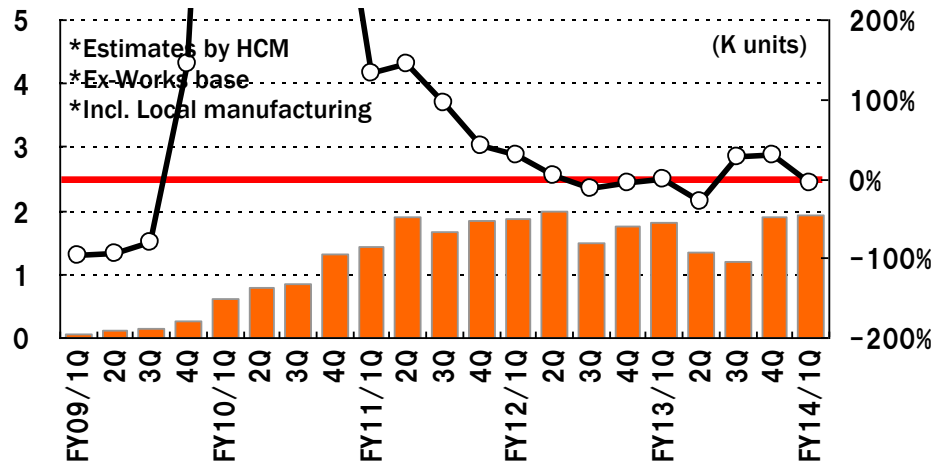
(US\$) Price Trend of Crude Oil and Natural Gas



Demand Trend for Hydraulic Excavators in Middle East



Demand Trend for Hydraulic Excavators in Russia

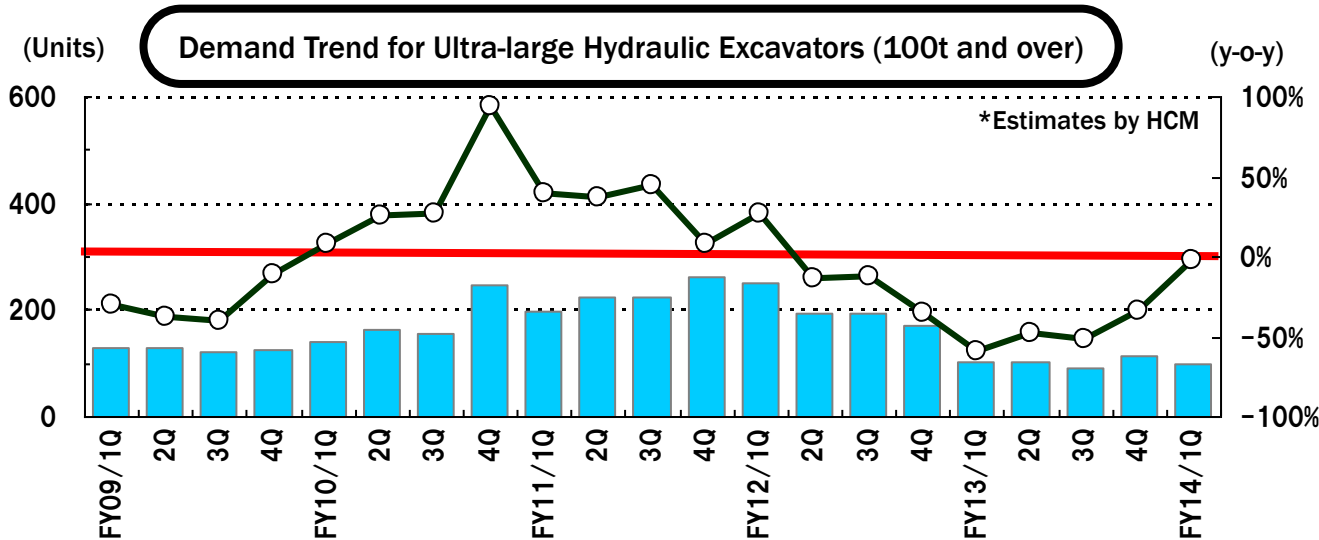


《Topics》 Construction of manufacturing company in Russia has completed.



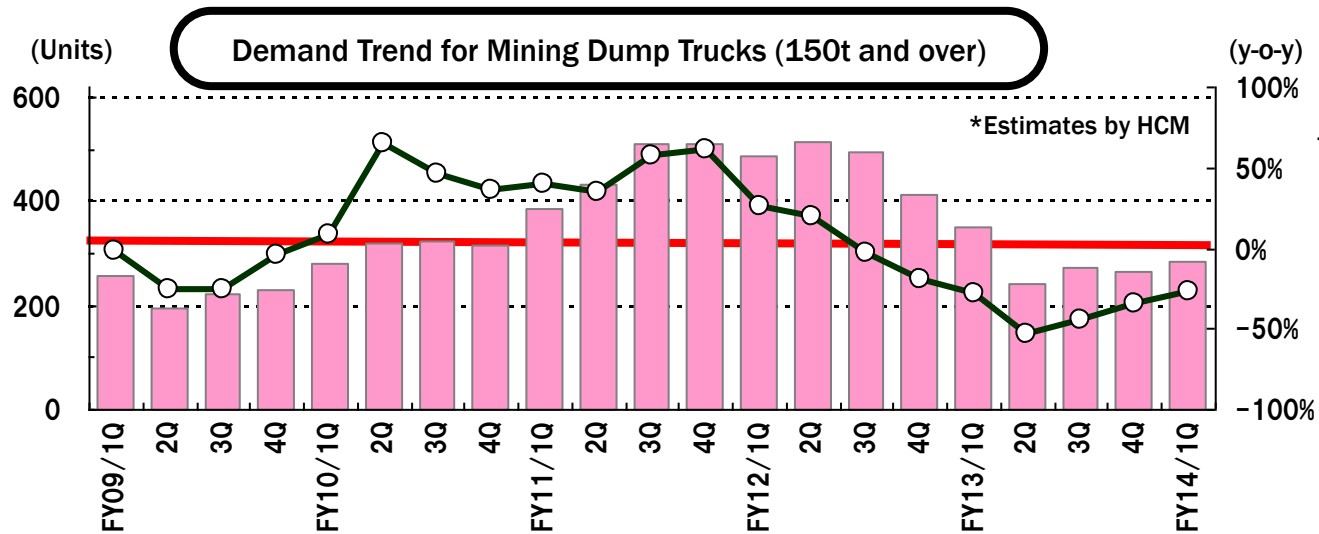
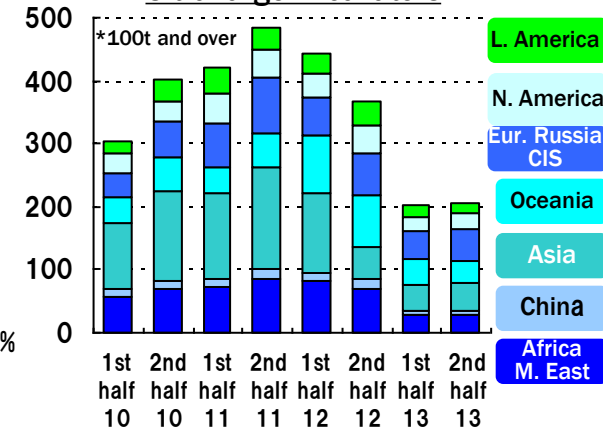
◇ Significantly lower demand in 2013 year-on-year, due to downturn in resource prices.

◇ Demand in 2014 is expected to be at the same level as 2013.
(Demand in coal resource-rich countries remains sluggish.)



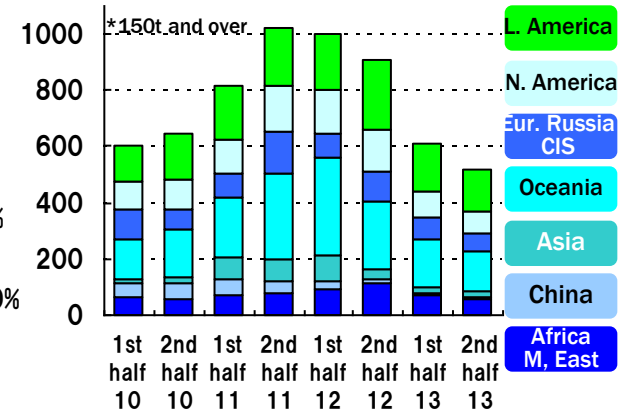
*Estimates by HCM

**Demand Trend by Region
Ultra-large Excavators**



*Estimates by HCM

**Demand Trend by Region
Mining Dump Trucks**



Received Large Order for Platinum Mine in Russia

- Contents of the Orders

- Ultra-large Excavator

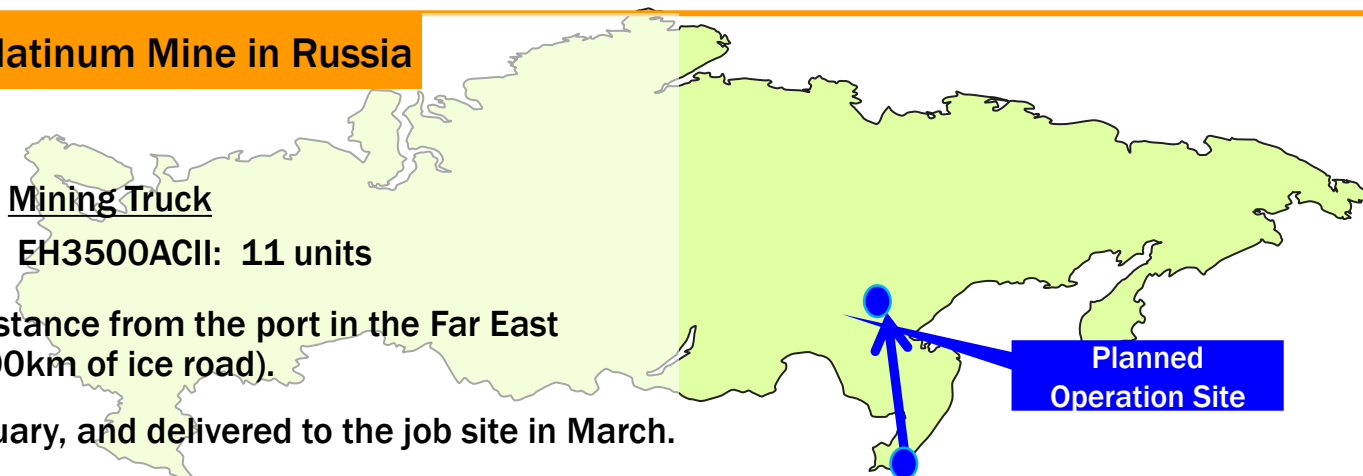
- EX3600-6: 3 units

- Mining Truck

- EH3500ACII: 11 units

- Approximately 3000 km distance from the port in the Far East (Including approximately 900km of ice road).

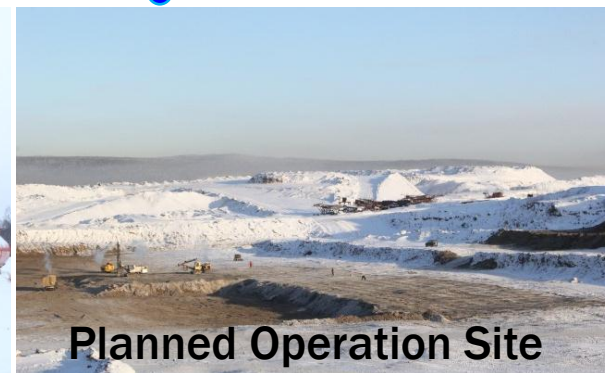
- Shipped from Japan in January, and delivered to the job site in March.



Ice Road



Assembly



Planned Operation Site

Launched Sales of New Type EH1100-5

- Exhibited at the CONEXPO Convention (Held from March 4th to 8th)

- Launched Sales in April 2014

- (with the intention to catching up in the volume market)



Complete Picture of the Building



Completion Ceremony was Held on April 14, 2014



Name : Tsukuba Parts Center
Location : Tsukuba, Ibaraki Prefecture
Ground-floor Area : Approximately 93,200 m²
Total floor area : Approximately 52,700 m²
Operation Start-up : May 2014

- Promotion of Efficiency and Acceleration as well as Cost Reduction by 3PL Outsourcing to Hitachi Transport System, Ltd., which own Global Logistics Supply System
- Consolidation of dispersed Parts Operation bases, Accelerated Support Service by Centralized

END

For further inquiries:

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