

## Business Result for the Third Quarter ended December, 2013 Regional Market Environments and Projections



January 28, 2014

Hitachi Construction Machinery Co., Ltd

Vice President and Executive Officer

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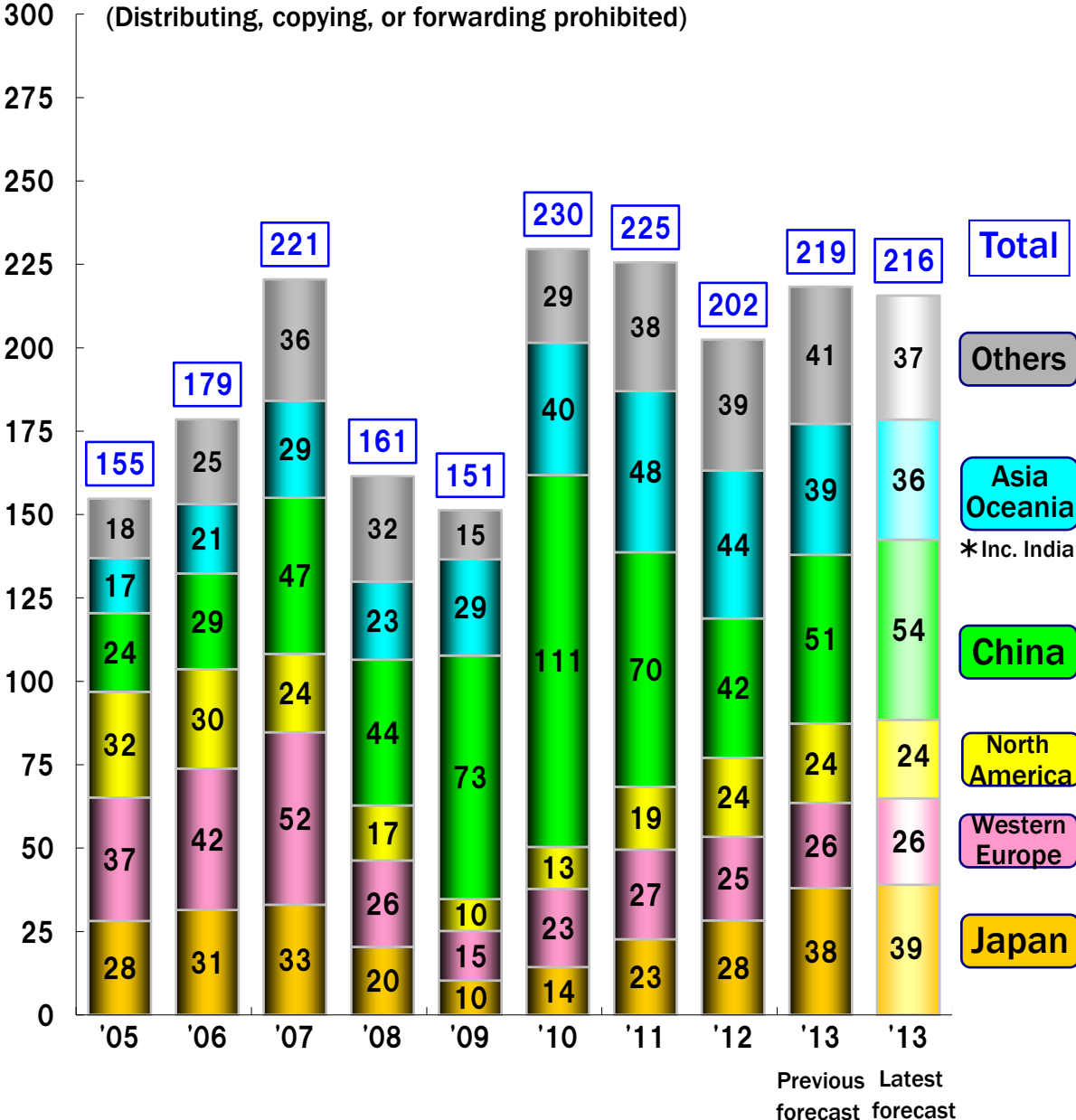


# Global Demand Trend for Hydraulic Excavators

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K Units \* Estimates by HCM \* Excluding Chinese manufacturer  
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Year-on-Year Change			
	'12	'13	'13
		Previous forecast	Latest forecast
Japan	+25%	+34%	+38%
W Europe	-7%	+2%	+3%
N America	+26%	+0%	+0%
China	-41%	+21%	+29%
Asia & Oceania	India	-21%	-24%
	Indonesia	-19%	-27%
	Others	+9%	-12%
Asia & Oceania	-8%	-11%	-19%
Others	Russia, E Europe, CIS	-3%	+8%
	Africa	+39%	-9%
	Middle East	-2%	+0%
Latin America	-4%	+13%	-10%
Others	+2%	+5%	-5%
Total	-10%	+8%	+7%

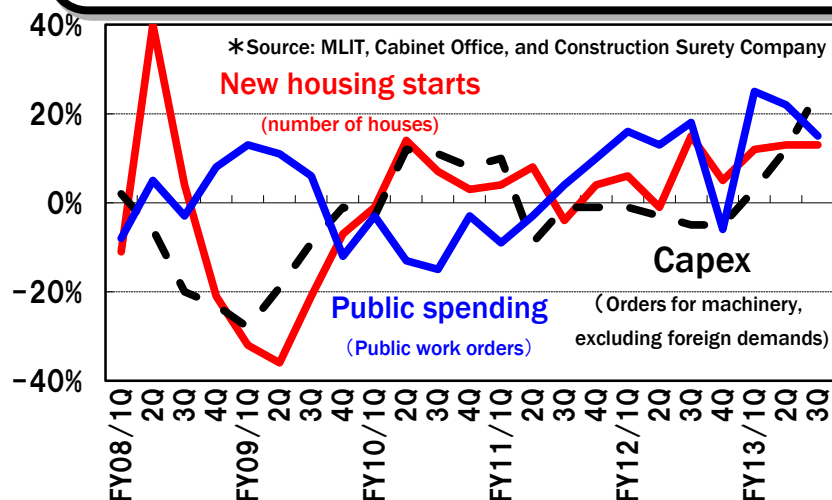
**Emerging Countries: 59%**

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

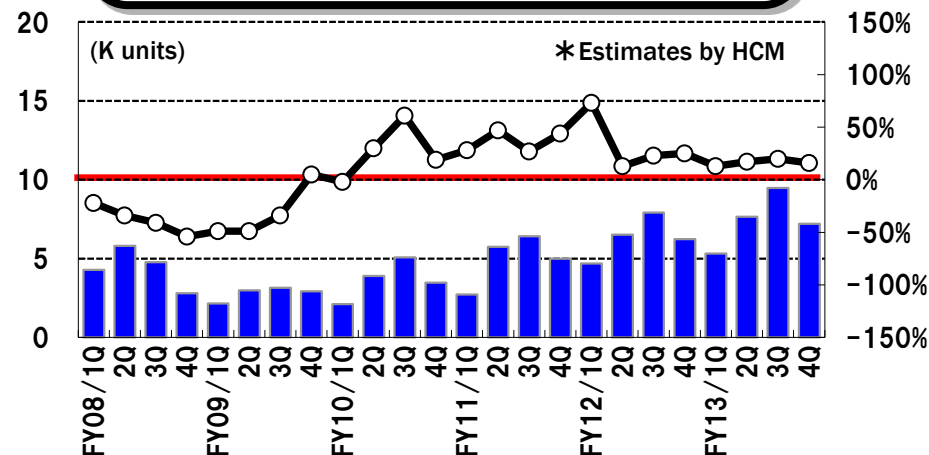


- ◇ Significant increase in public works, and housing starts remains at a high level.
- ◇ Demand for three main products remains strong; in particular, demand for hydraulic excavators and wheel loaders increased substantially.

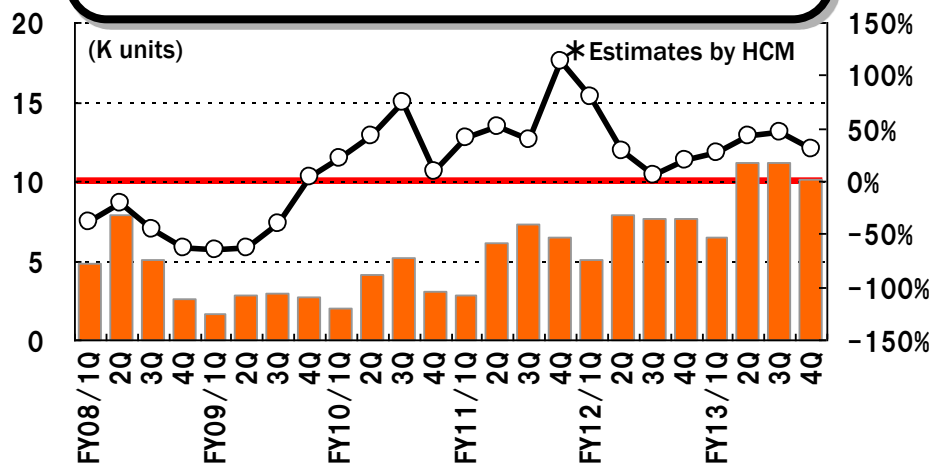
Market Environment: Housing/Public Spending and Capex (y-o-y)



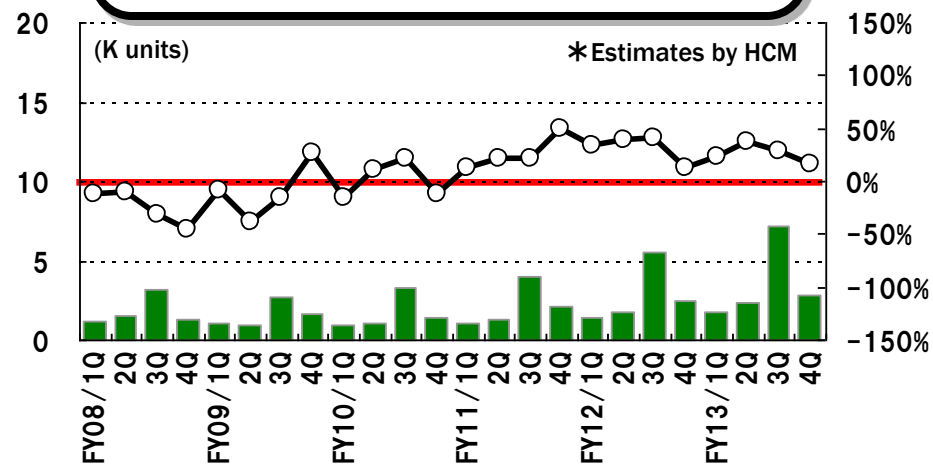
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



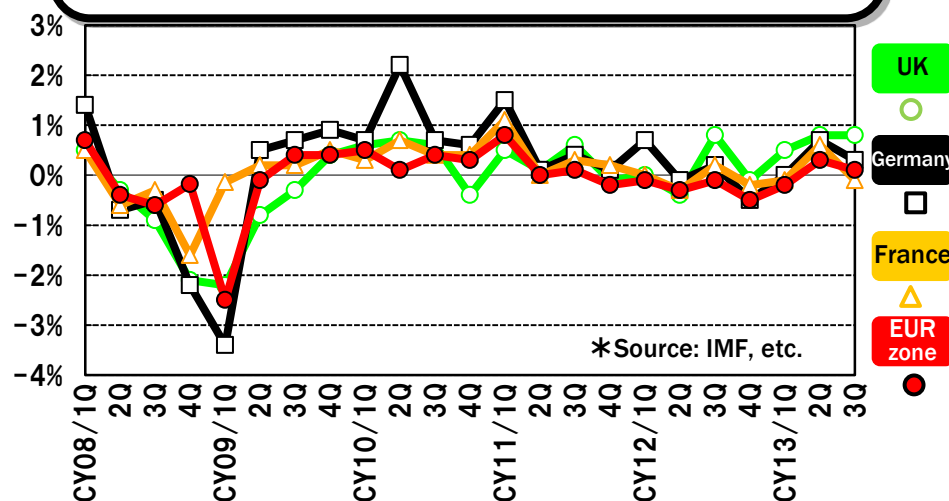
Demand Trend for Wheel Loaders



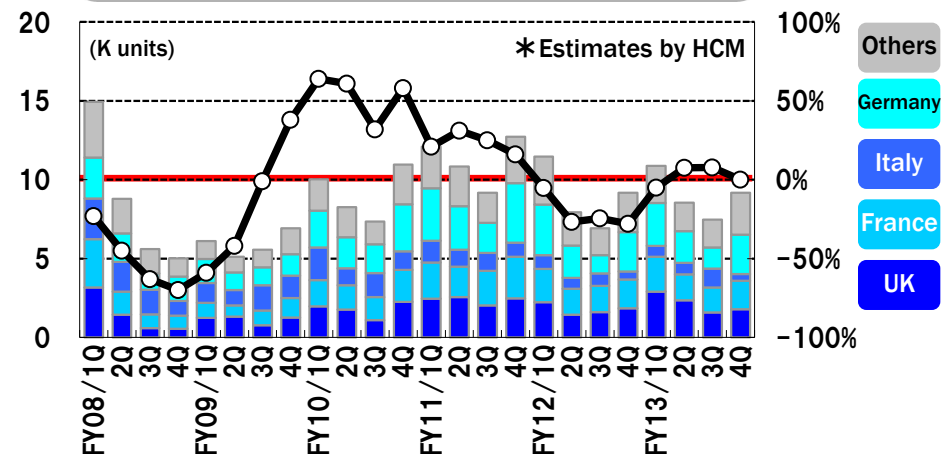


- ◇ The UK has been showing signs of an economic upturn, and a moderate recovery trend continues in the Euro zone economy.
- ◇ Demand has been recovering mainly in the UK. Demand in Euro zone also shows signs of recovery.

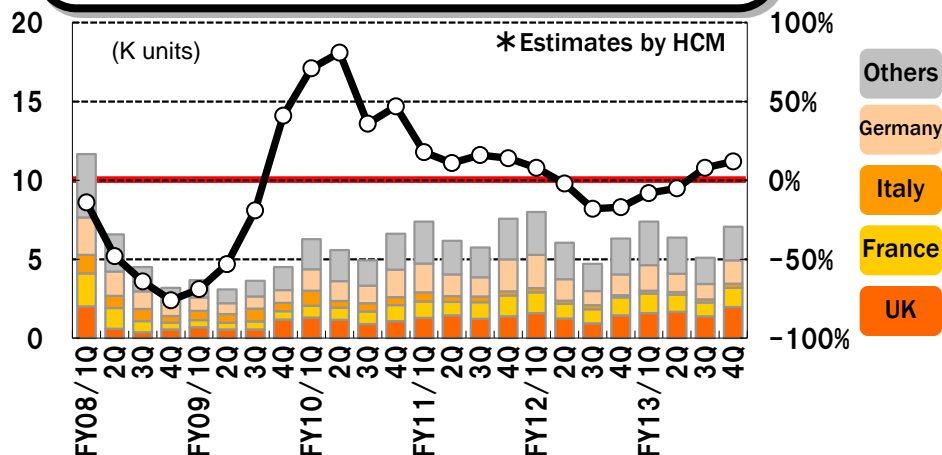
Market Environment: GDP Growth Rate in Major Countries (y-o-y)



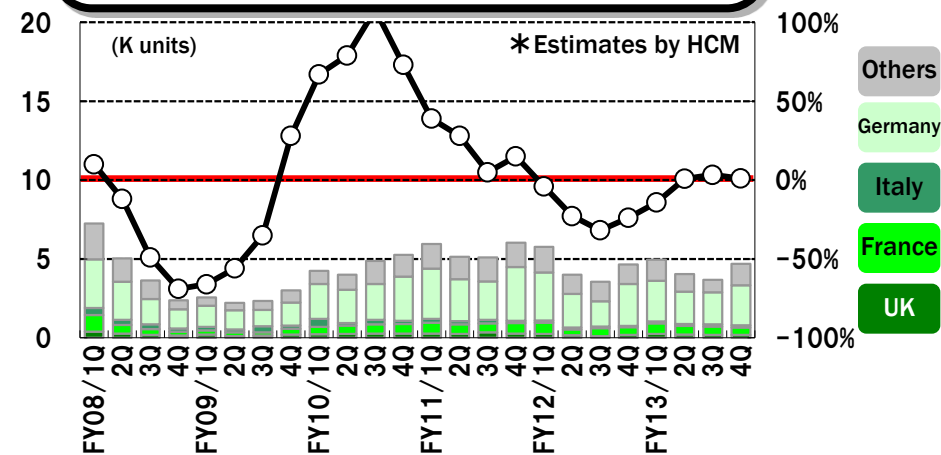
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



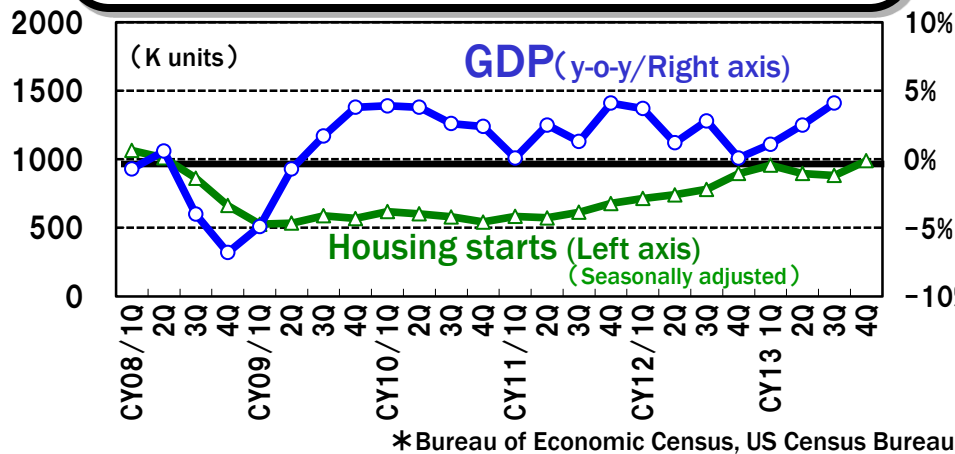
Demand Trend for Wheel Loaders



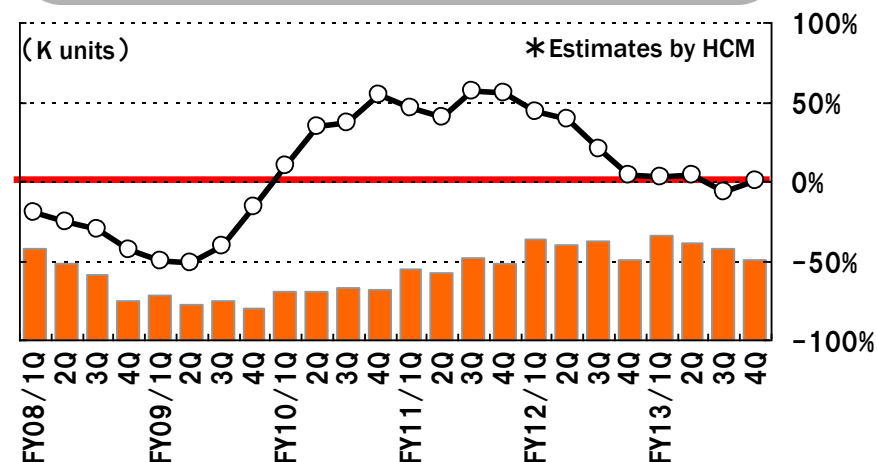


- ◇ Though the US economy remains uncertain due to its financial issues, housing starts and construction investments are increasing steadily.
- ◇ Demand for hydraulic excavators is expected to remain unchanged from the previous year.

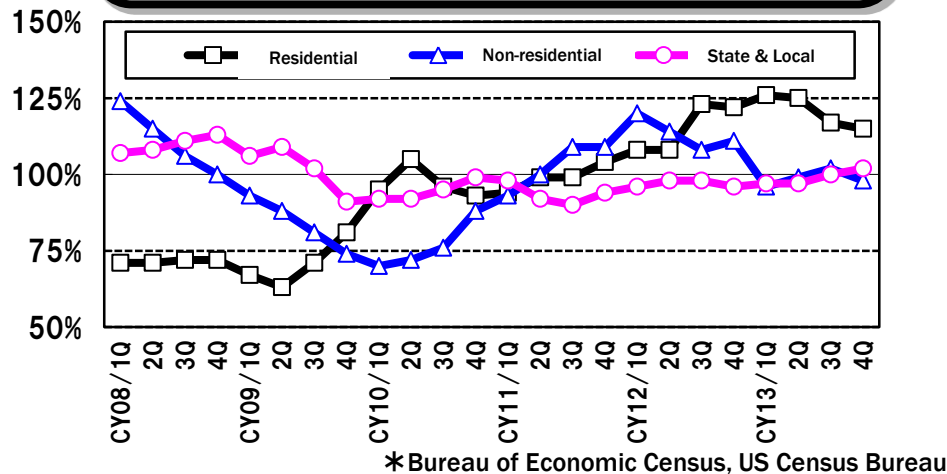
Market Environment: The US Market Environment



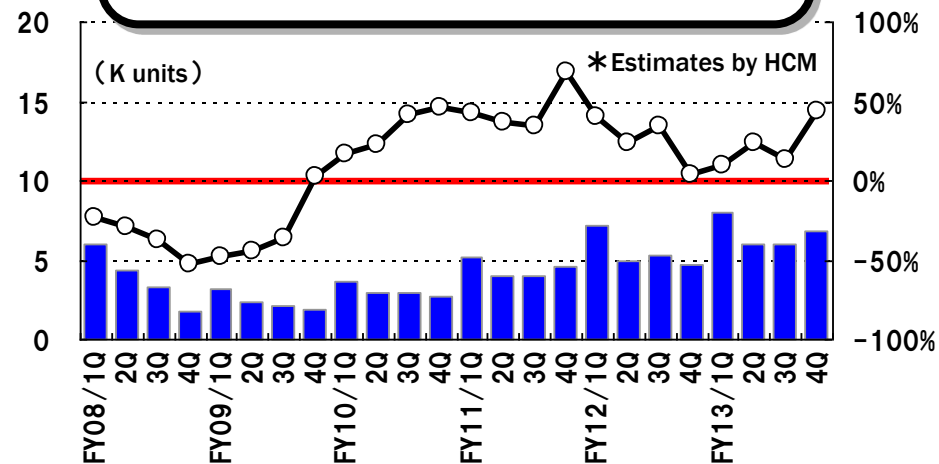
Demand Trend for Hydraulic Excavators



Market Environment: Construction Spending in the US (y-o-y)



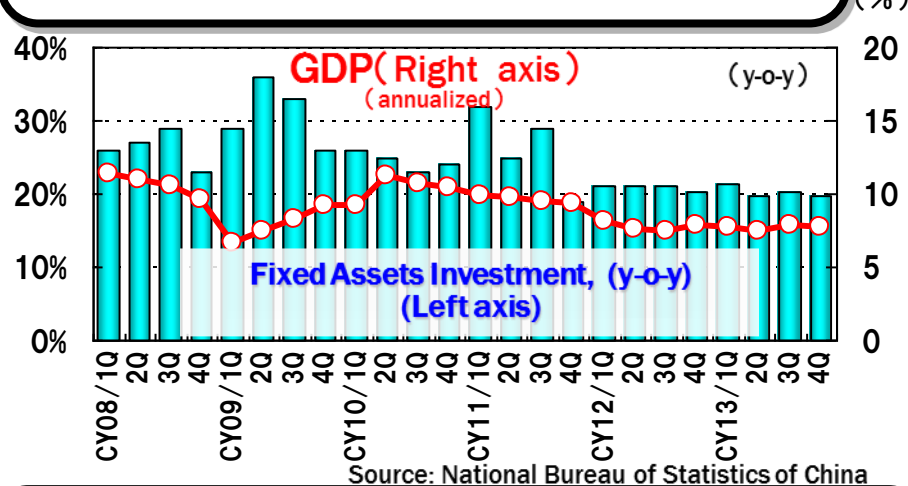
Demand Trend for Mini Excavators



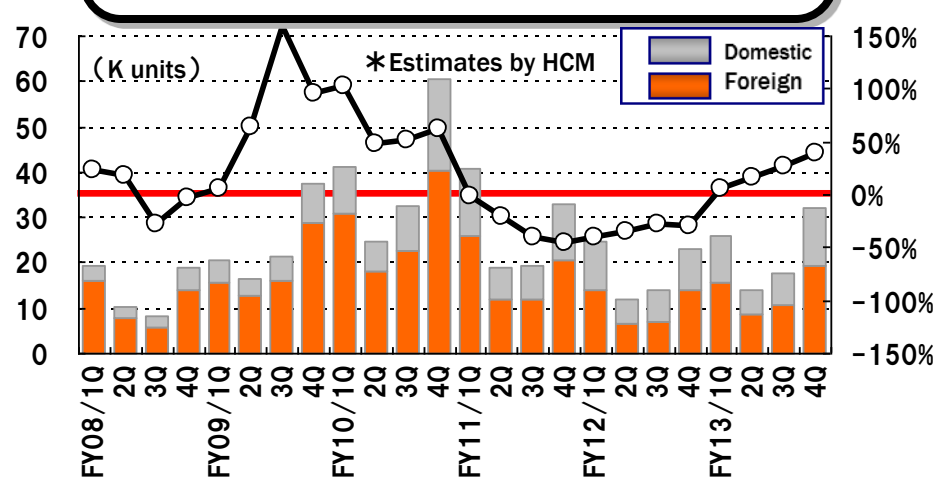


- ◇ The GDP growth rate during Oct - December 2013 was 7.7%.
- ◇ Demand in the entire region including North China increased from the previous year.
- ◇ Demand for hydraulic excavator has been recovering since April 2013.

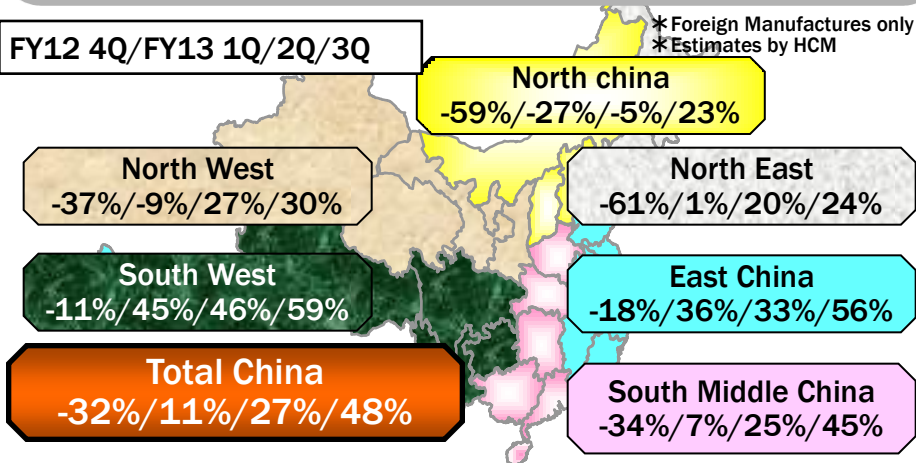
Market Environment: GDP and Fixed Asset Investment



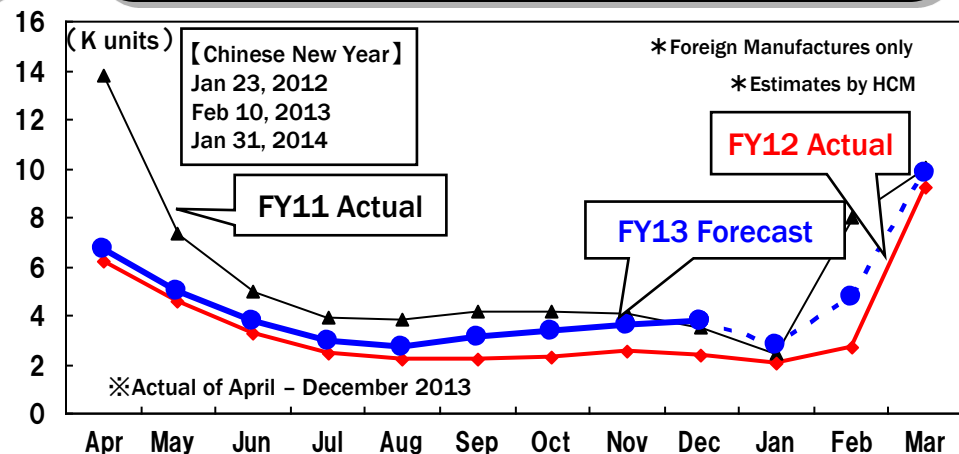
Demand Trend for Hydraulic Excavators



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

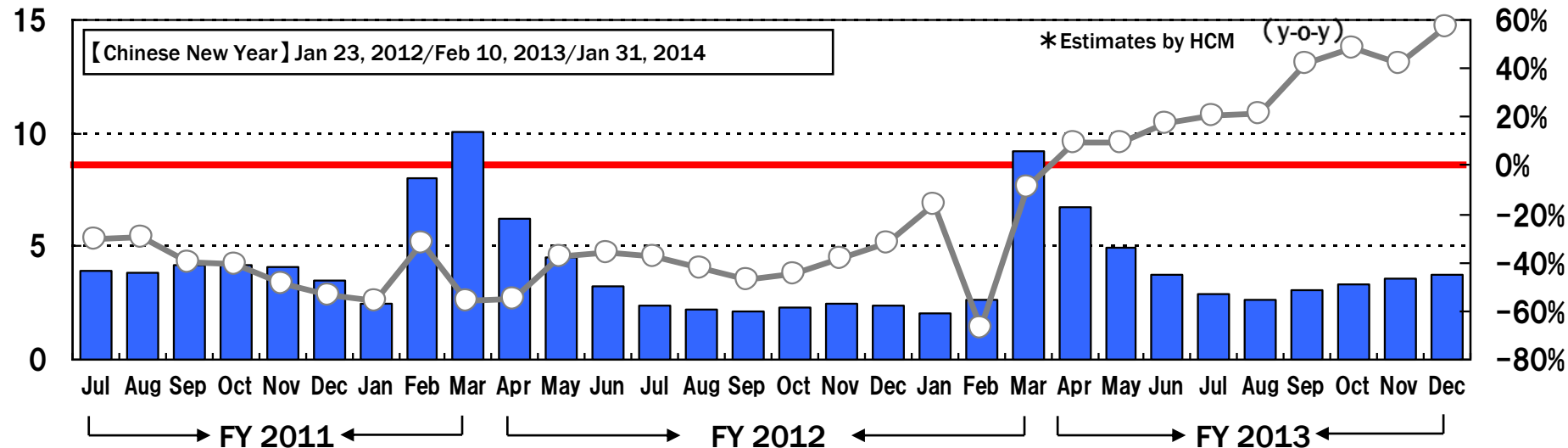


Monthly Demand Trend of Hydraulic Excavators in China

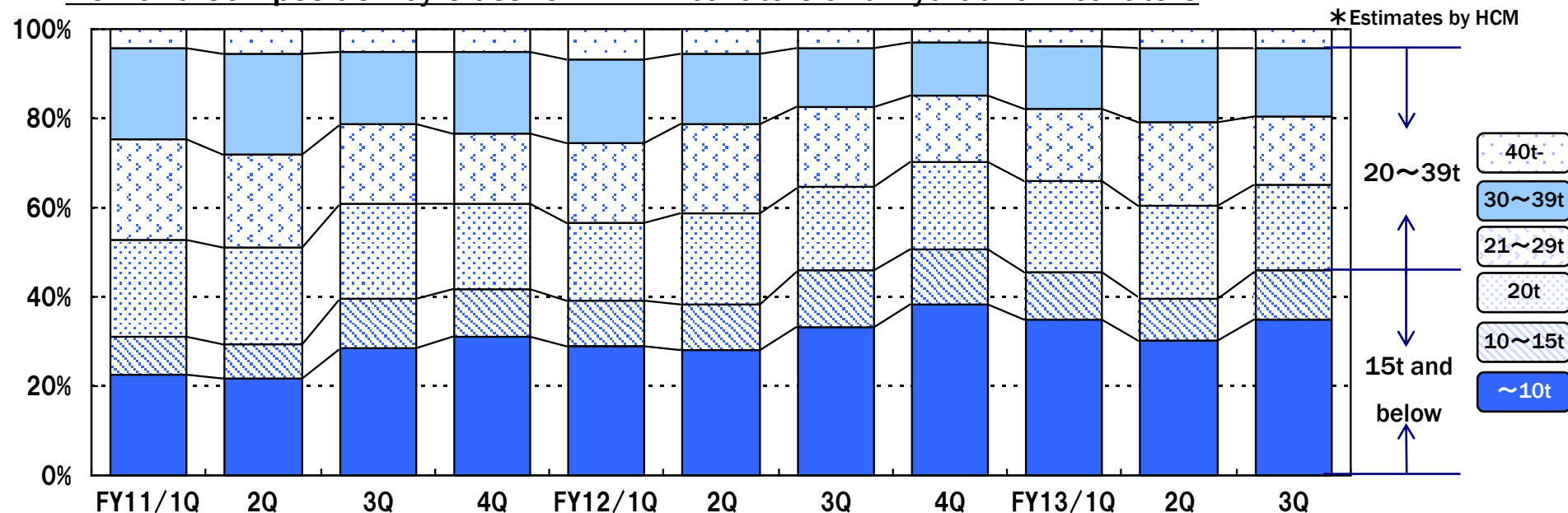




(K units) **Monthly Demand Trend for Hydraulic Excavators** (Foreign Manufactures Only)



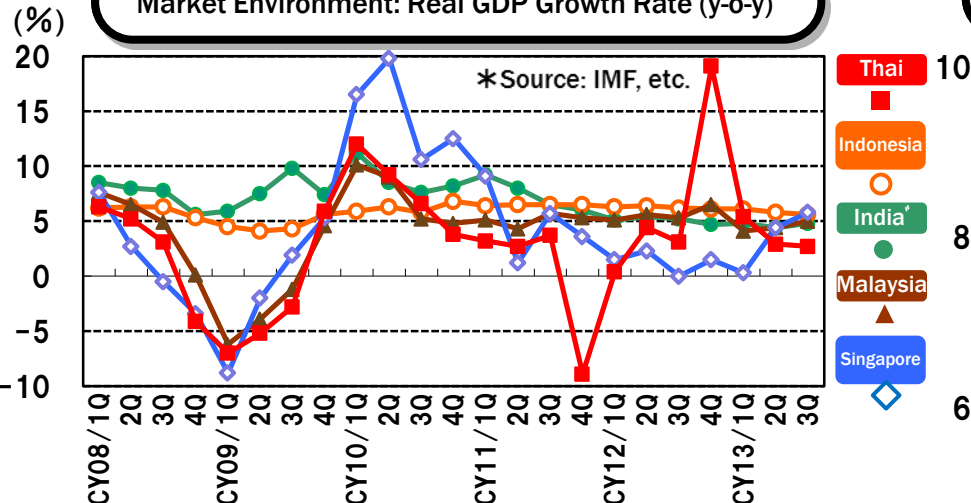
**Demand Composition by Class for Mini Excavators and Hydraulic Excavators** (Foreign Manufactures Only)



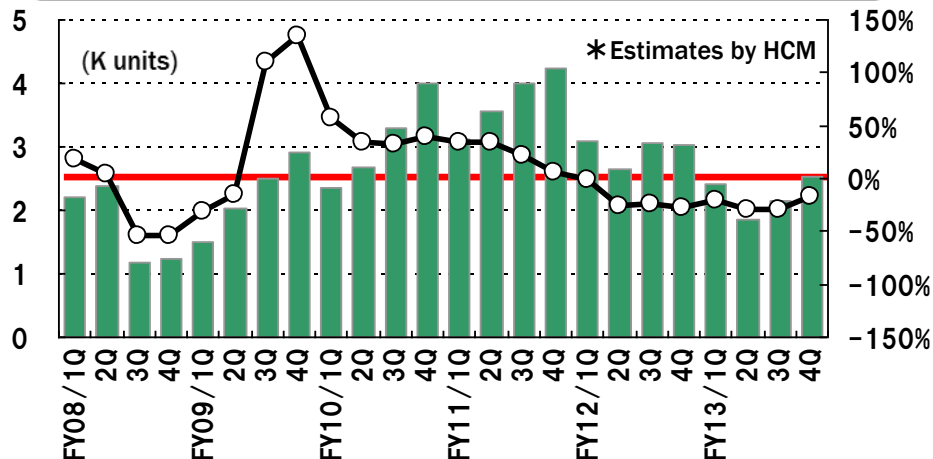


- ◇ Stagnation in India and Indonesia due to weak currency and tight monetary policy.
- ◇ Demand for construction machinery continued to decrease in Australia and Indonesia due to a drop in resource prices.

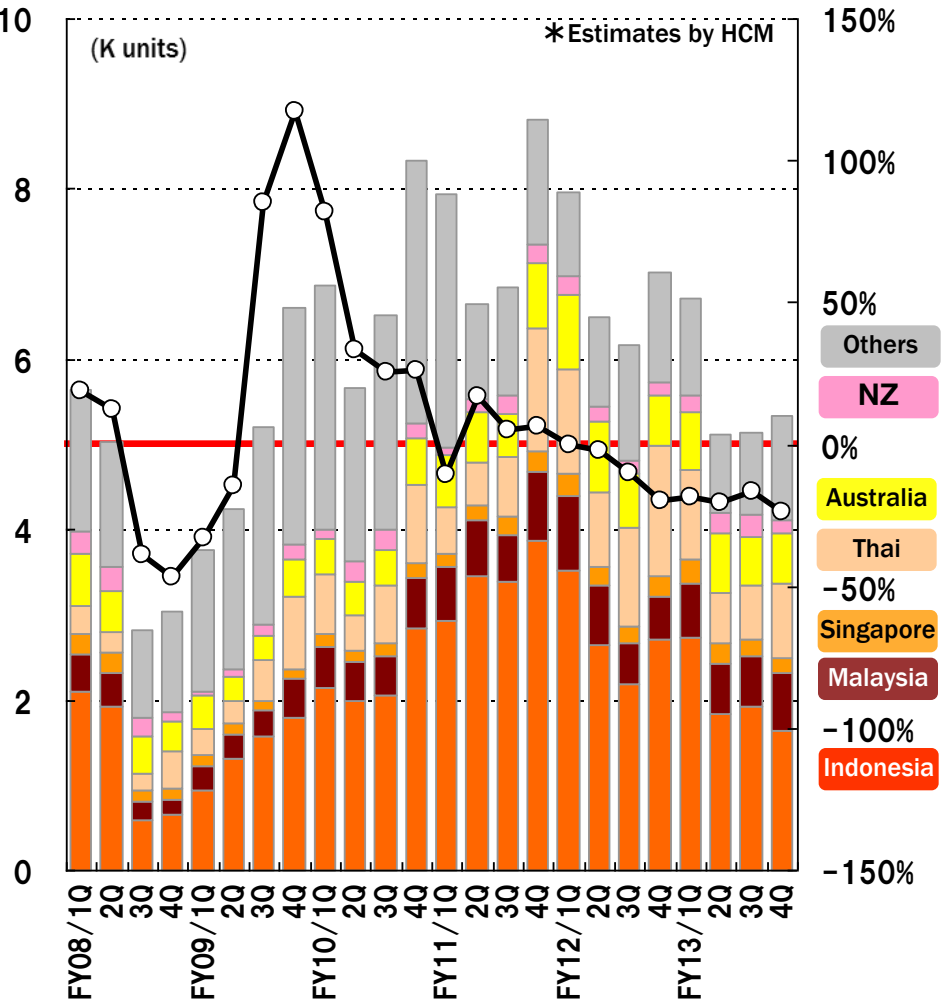
Market Environment: Real GDP Growth Rate (y-o-y)



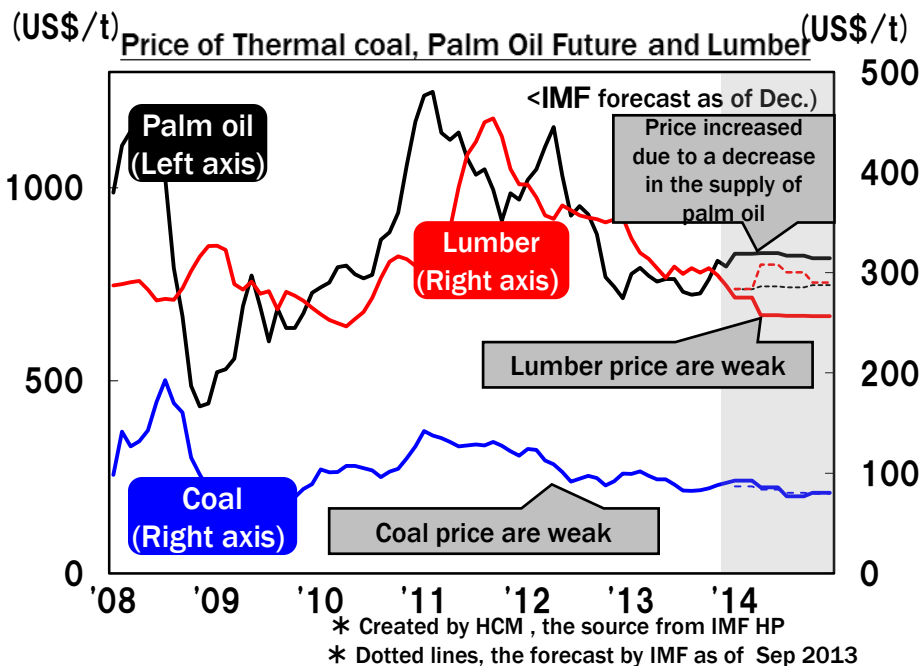
Demand Trend for Hydraulic Excavators in India



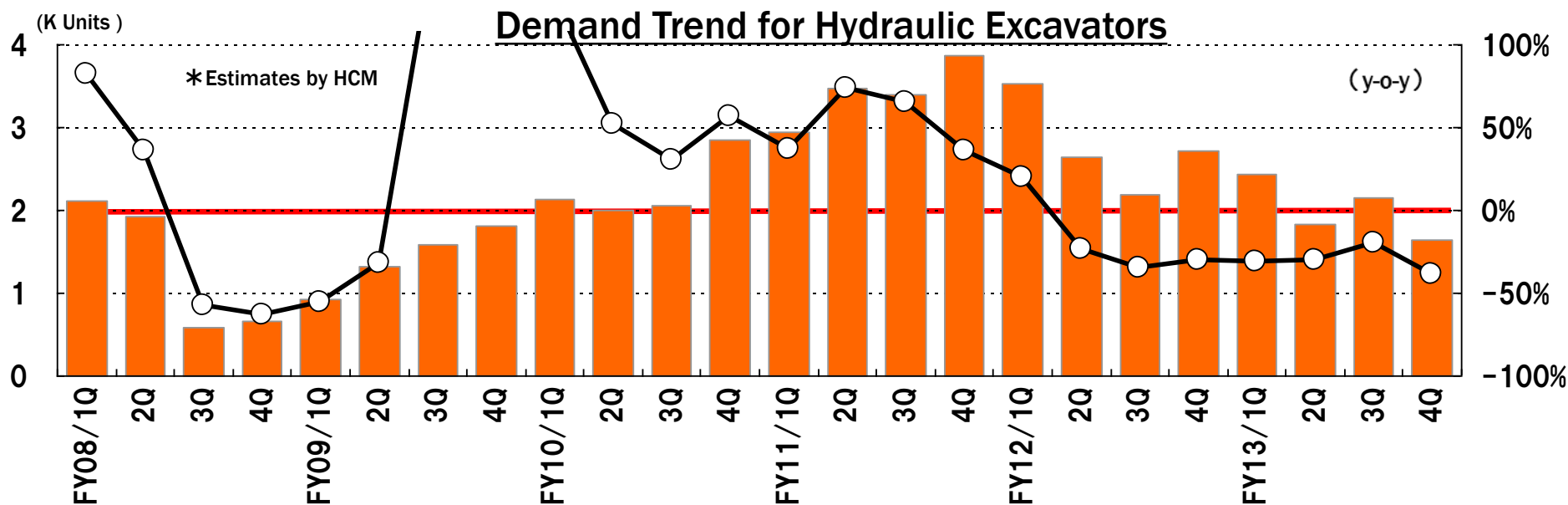
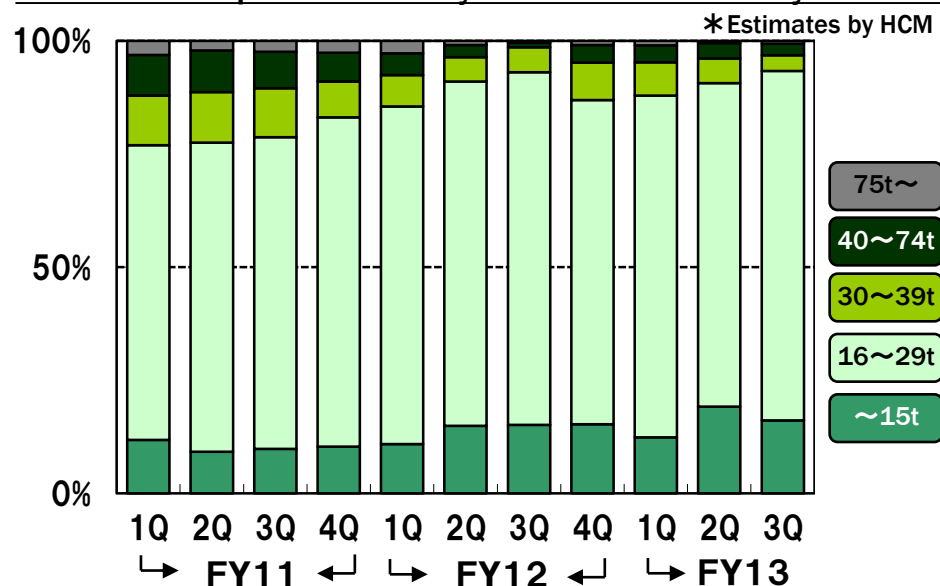
Demand Trend for Hydraulic Excavators in Asia & Oceania







## Demand Composition for Hydraulic Excavators by Classes





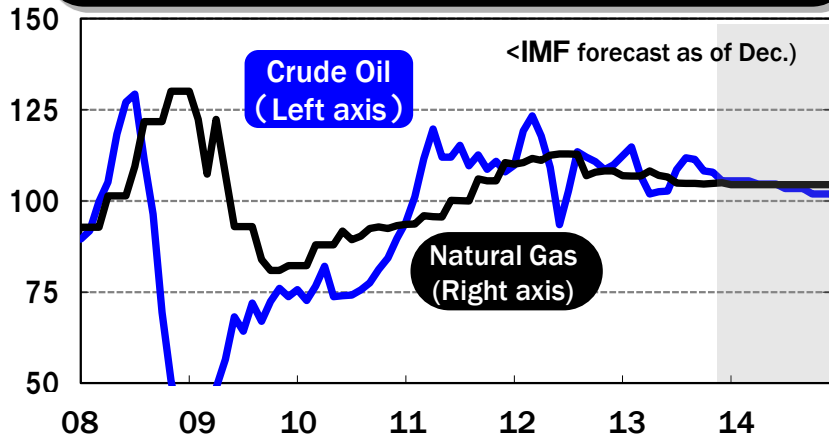
# <Russia and the Middle East>

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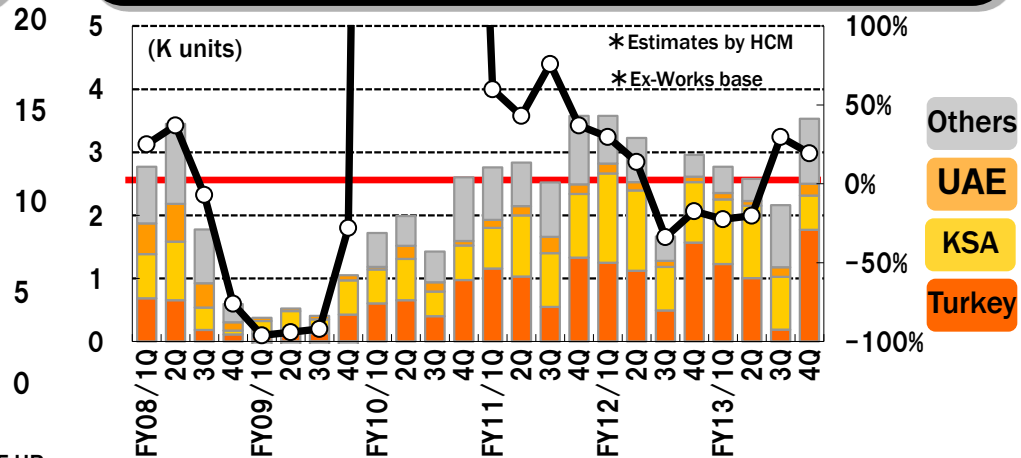
- ◇ 【Russia】 The GDP growth rate is declining due to a drop of exports derived from economic stagnation in Europe.
- ◇ 【Middle East】 Strong demand is expected mainly from infrastructure-related projects including urban development, road construction, etc.

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

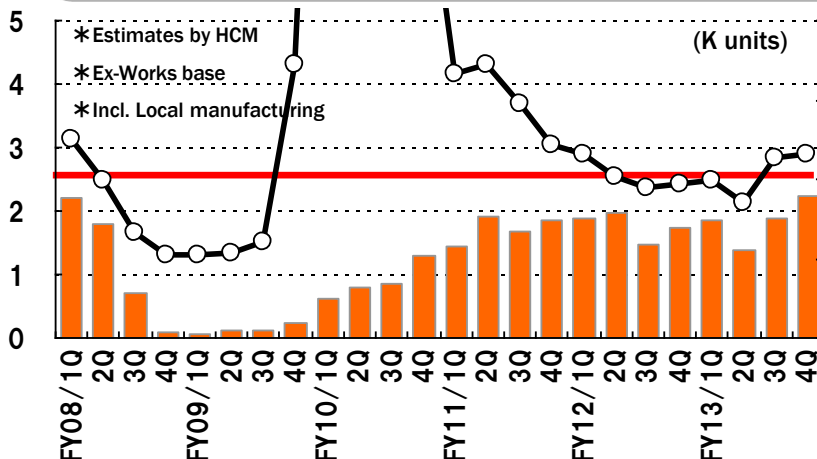


\* Created by HCM, the source from IMF HP

Demand Trend for Hydraulic Excavators in Middle East



Demand Trend for Hydraulic Excavators in Russia



## 《Topics Iraq》

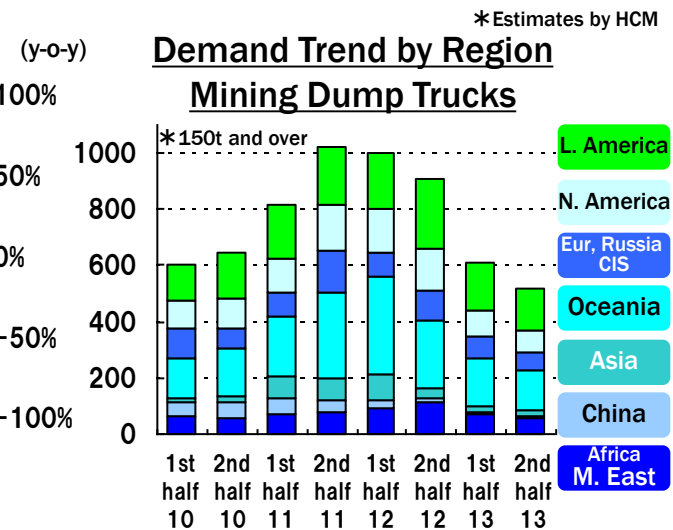
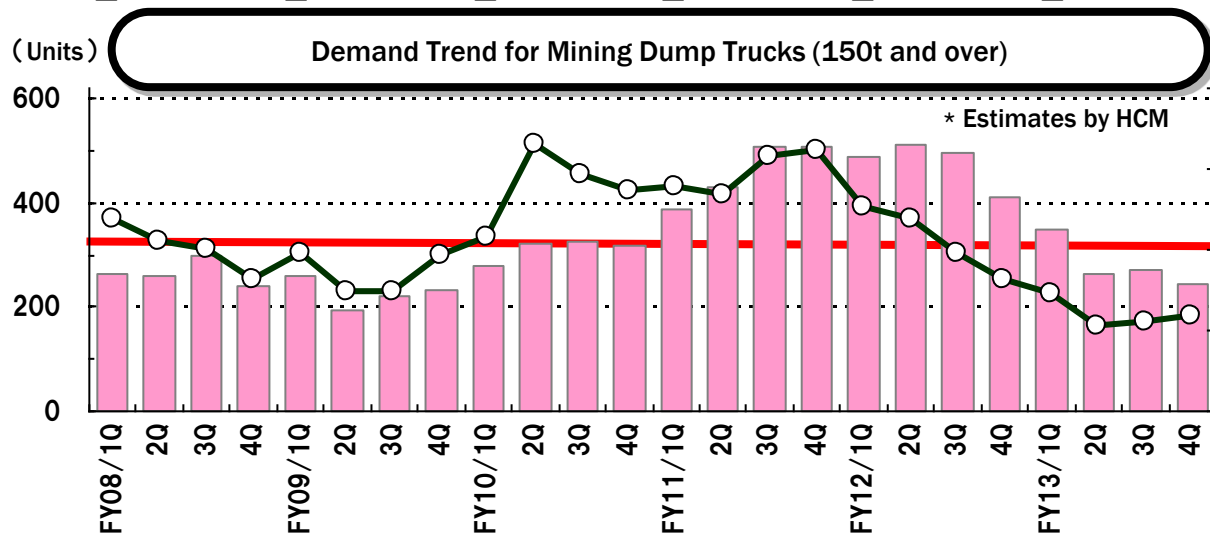
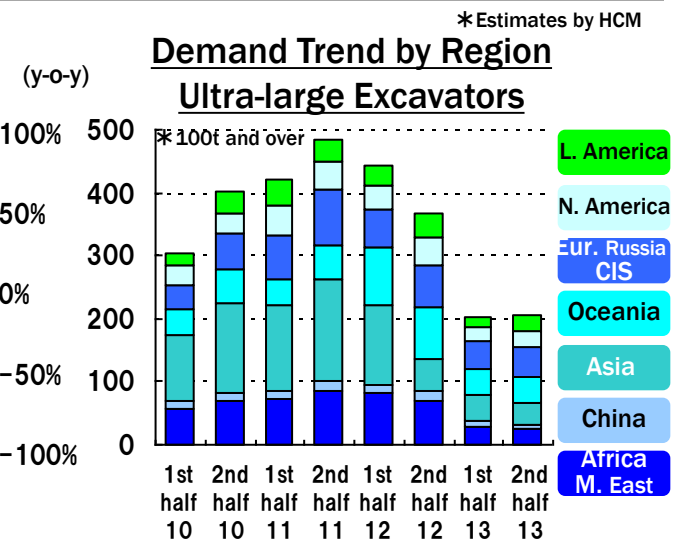
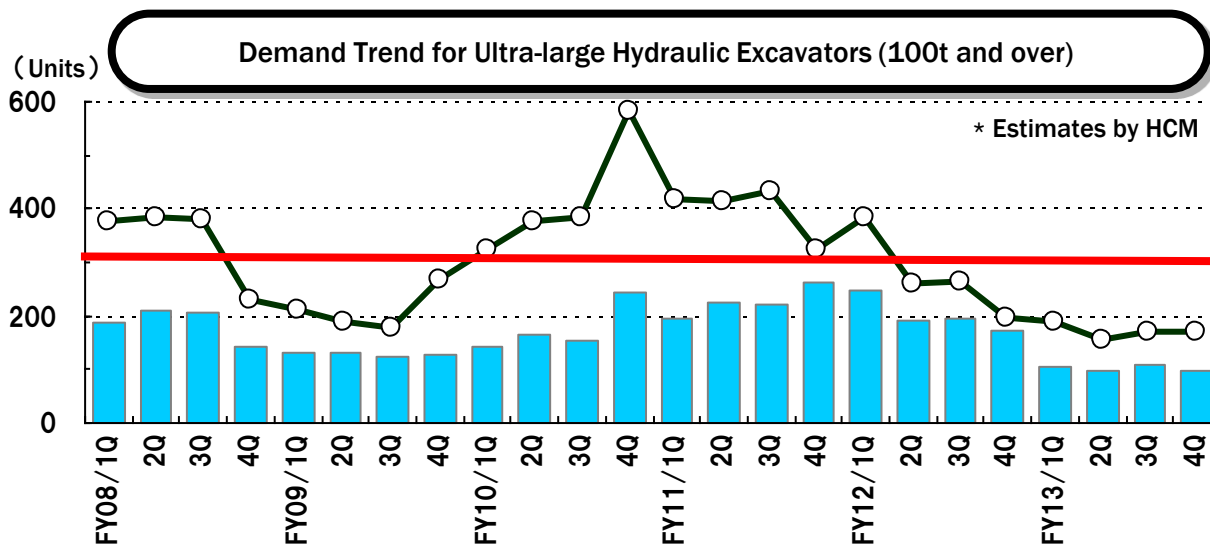
- Received orders for 100 units of ZX210H-5G for the Ministry of Water Resources.
- Exhibited our products at the international trade fair in Baghdad in Oct 2013.



Displayed Amphibious Soft Terrain Backhoe MA 200, and wheel loader ZW220.



- ◇ Weak resource prices continues.
- ◇ Demand in 2013 is expected to decrease more than 40% from last year.  
(Especially demand in coal-rich countries remains weak)





## Obtained a big order from coal mines in Australia

### ● Order detail

#### Ultra-large excavators

EX8000-6 (800t class) 2 units

EX3600-6 (360t class) 2 units

#### Mining trucks

EH5000AC-3(300t class) 11 units

- For coal mines in Eastern Australia
- Ordered machines will be delivered from 2014.





# END

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