

Business Result for the Second Quarter ended September 30, 2013 Regional Market Environments and Projections



October 28, 2013

Hitachi Construction Machinery Co., Ltd

Vice President and Executive Officer

Yasushi Ochiai

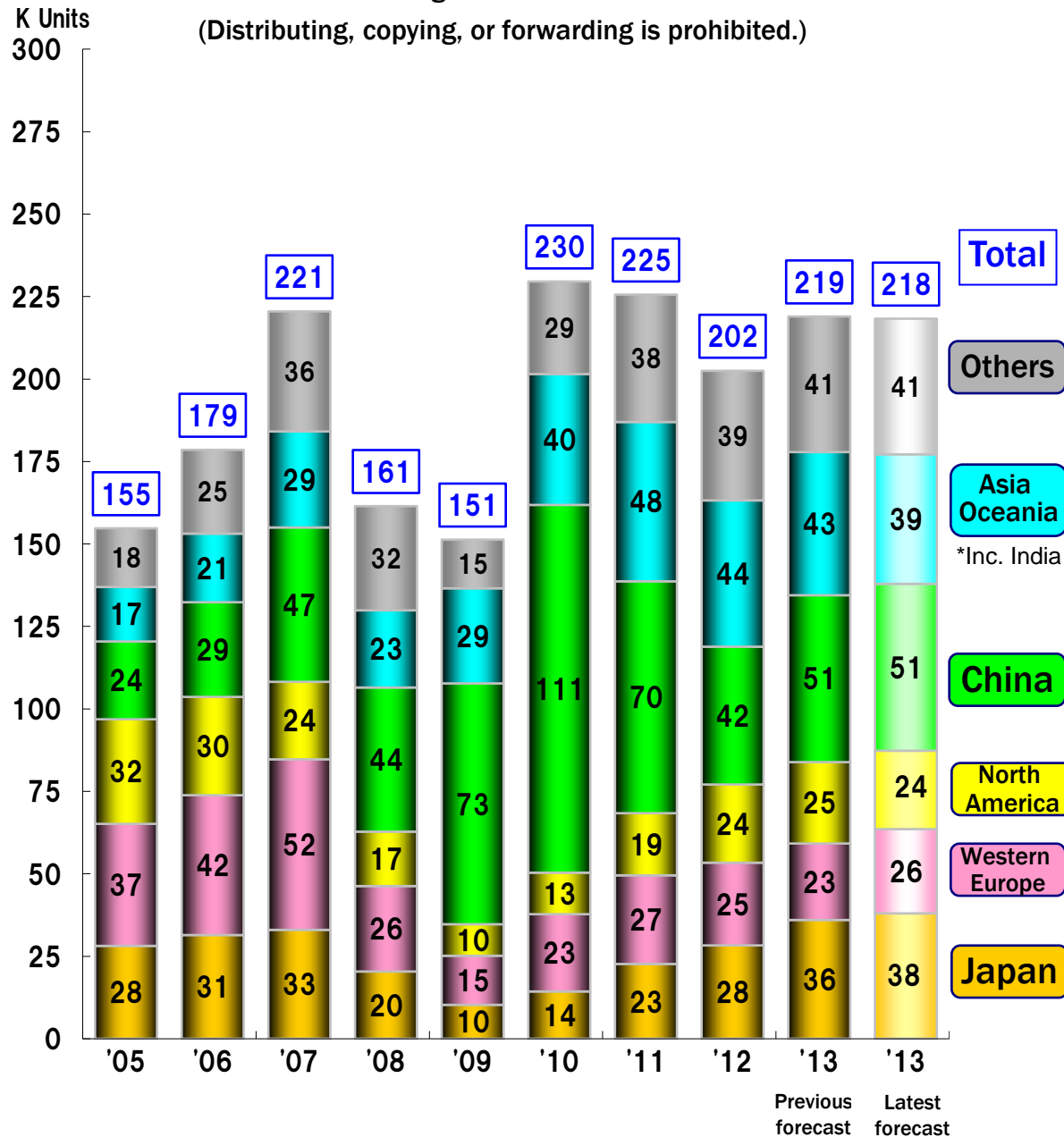
Global Demand Trend for Hydraulic Excavator

HITACHI

Reliable solutions

*Source HCM *Excluding Chinese manufacturer

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Year-on-Year Change

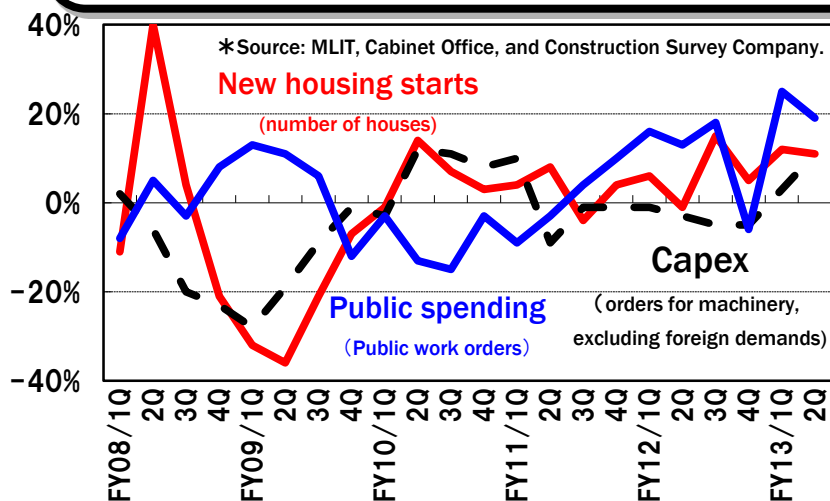
| | '12 | '13 | '13 |
|-----------------------|------|-------------------|-----------------|
| | | Previous forecast | Latest forecast |
| Japan | +25% | +27% | +34% |
| W Europe | -7% | -8% | +2% |
| N America | +26% | +4% | +0% |
| China | -41% | +21% | +21% |
| India | -21% | -9% | -22% |
| Indonesia | -19% | -9% | -27% |
| Others | +9% | +5% | +2% |
| Asia & Oceania | -8% | -2% | -11% |
| Russia, E Europe, CIS | -3% | +8% | +8% |
| Africa | +39% | -9% | -9% |
| Middle East | -2% | +0% | +0% |
| Latin America | -4% | +13% | +13% |
| Others | +2% | +5% | +5% |
| Total | -10% | +8% | +8% |

Emerging Countries: 60%

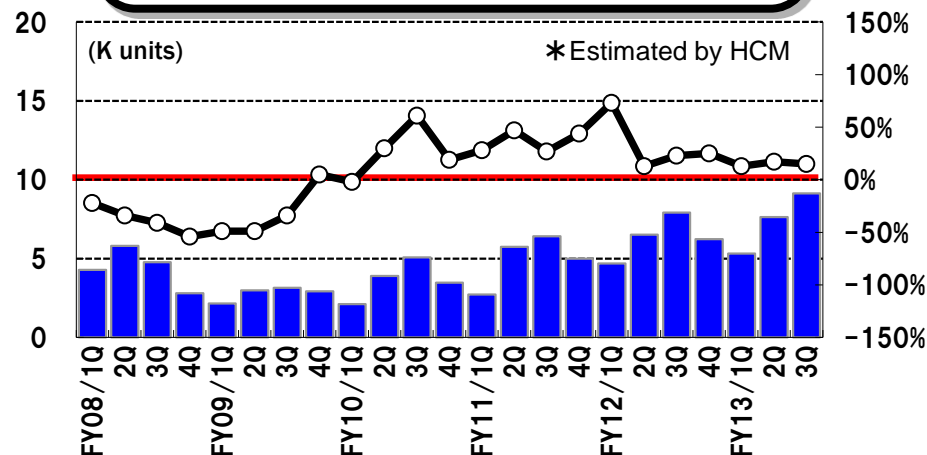
*Emerging Countries: China, Asia/Oceania, and others

- ◇ Strong growth of market derived from significant increase in public works and housing starts.
- ◇ Demand is strong in hydraulic excavators and wheel loaders, and the trend is expected to continue in 3Q.

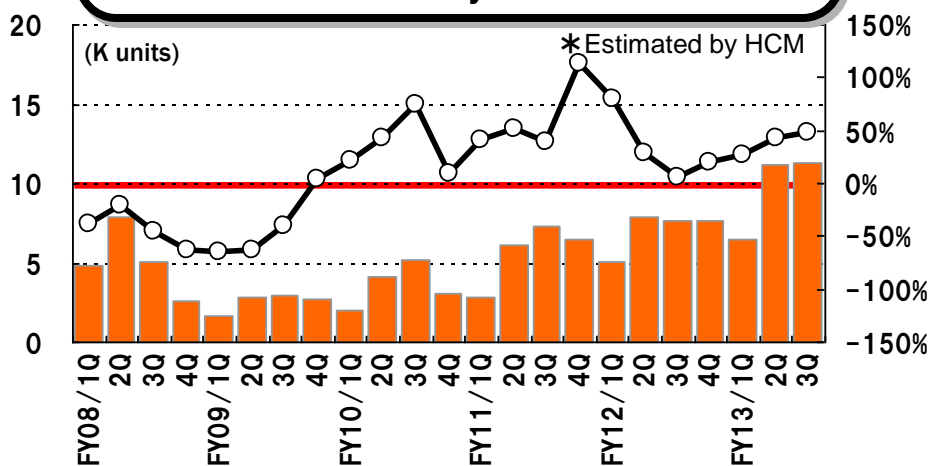
Market Environment: Housing/Public Spending and Capex (y-o-y)



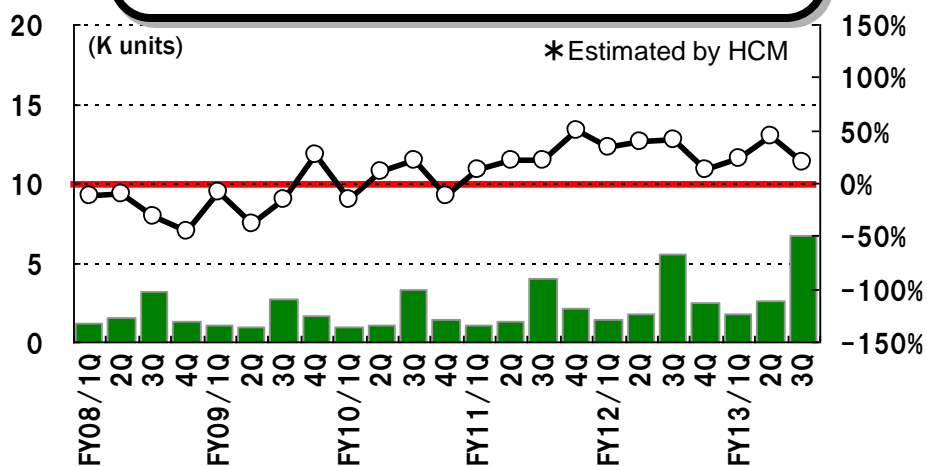
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators

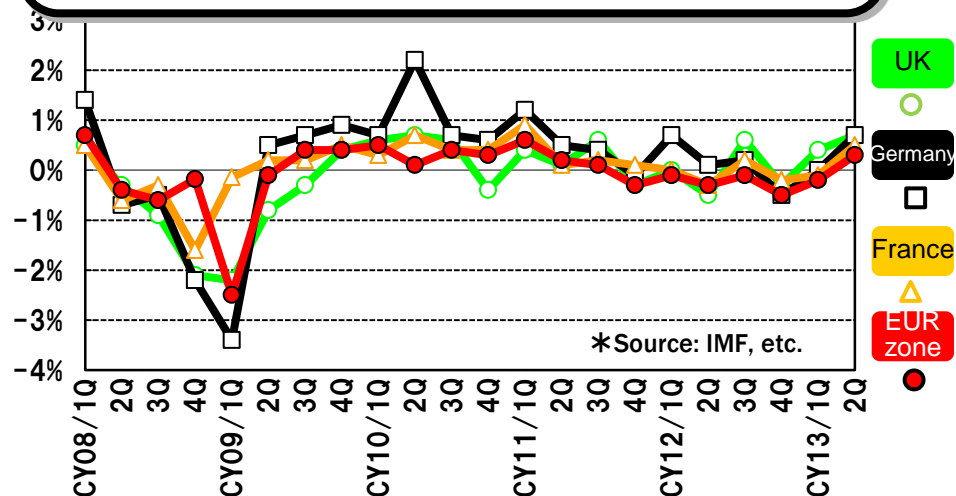


Demand Trend for Wheel Loaders

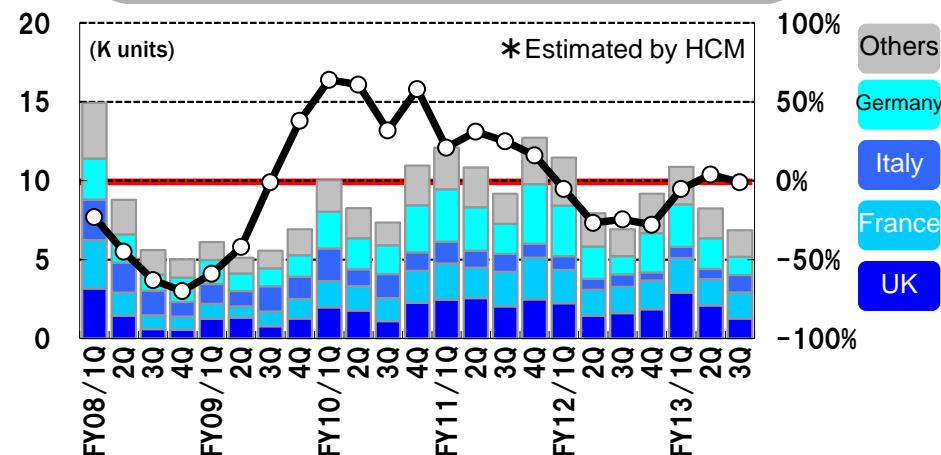


- ◇ The UK, Germany, and France have been showing signs of economic upturn; however the outlook for the European economies as a whole remains to be uncertain.
- ◇ Demand in some parts of Western European countries such as the UK and Northern European countries has been recovering; however the demand in the European region as a whole is expected to remain unchanged from the previous year.

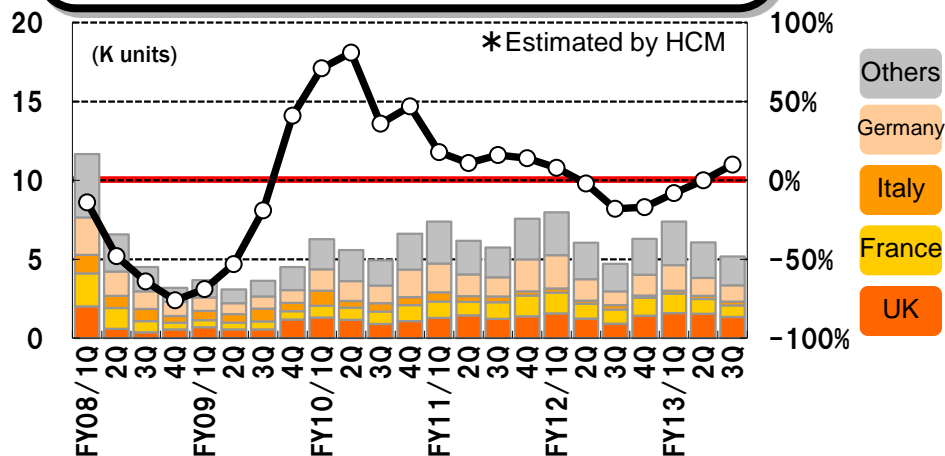
Market Environment: GDP Growth Rate in Major Countries (y-o-y)



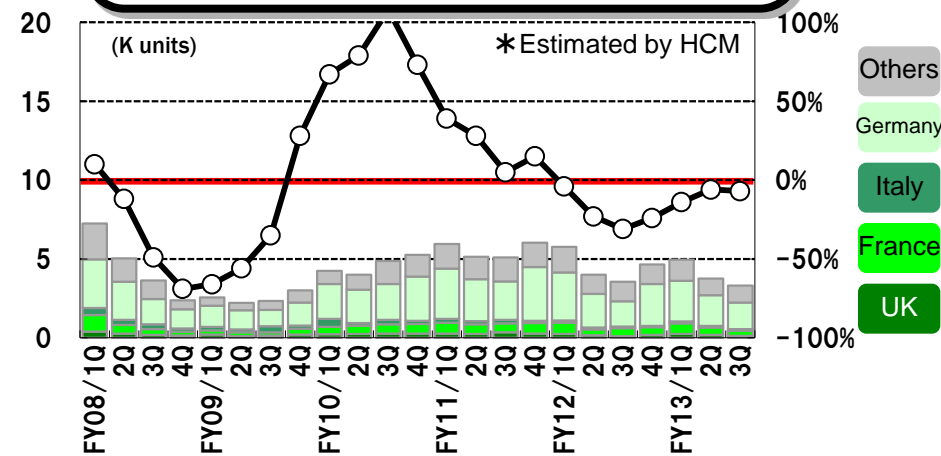
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators

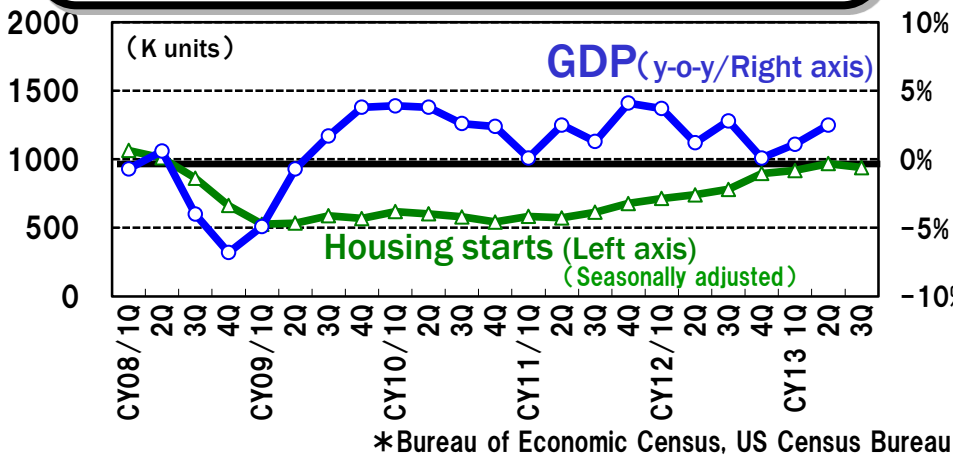


Demand Trend for Wheel Loaders

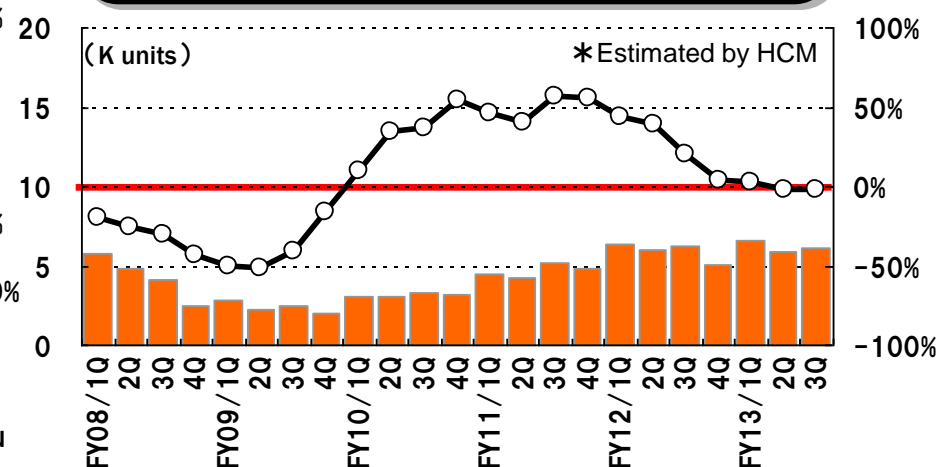


- ◇ GDP growth continues to be steady, and the number of housing starts also remains high.
- ◇ Demand is strong mainly in housing and energy; however, caution is needed for the future.
- ◇ Demand of construction machinery is expected to remain unchanged from the previous year.

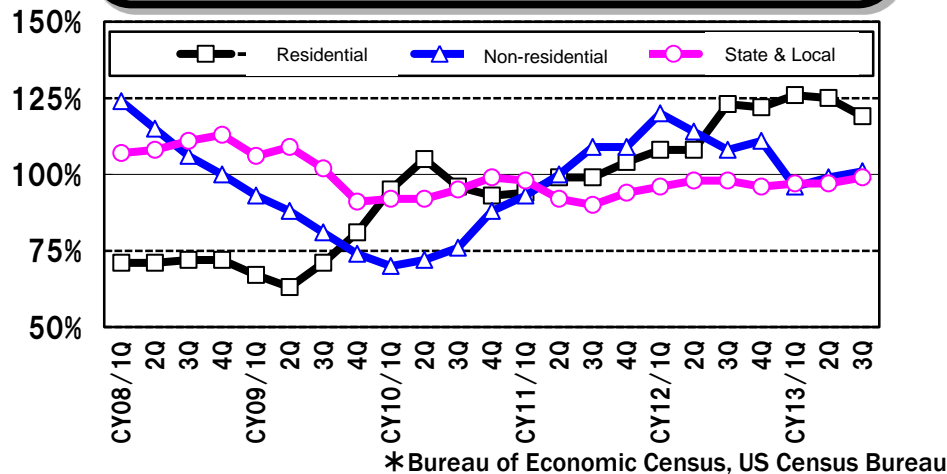
Market Environment: The US Market Environment



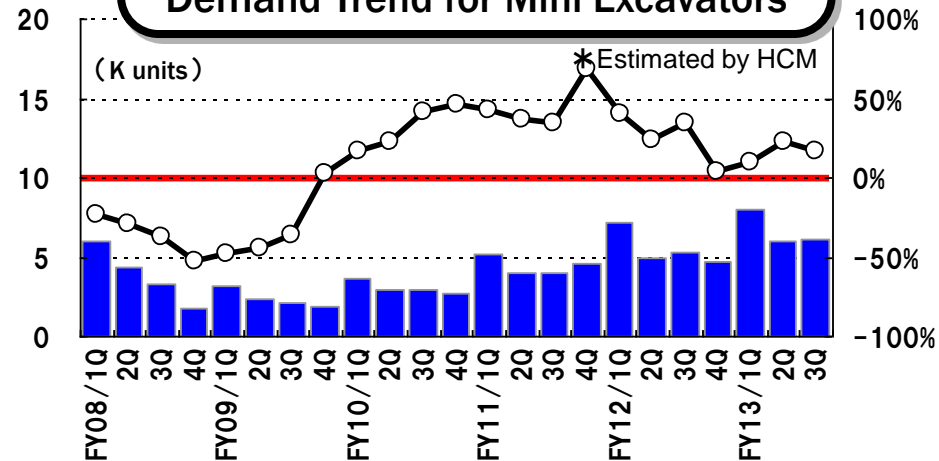
Demand Trend for Hydraulic Excavators



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

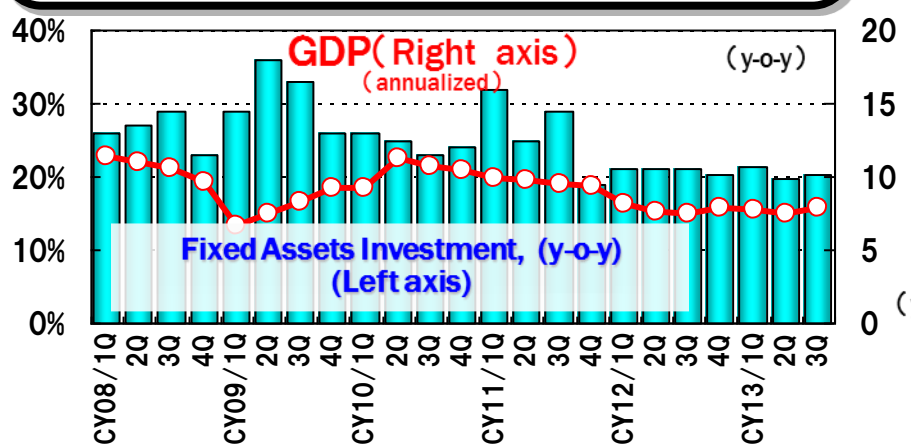


Demand Trend for Mini Excavators

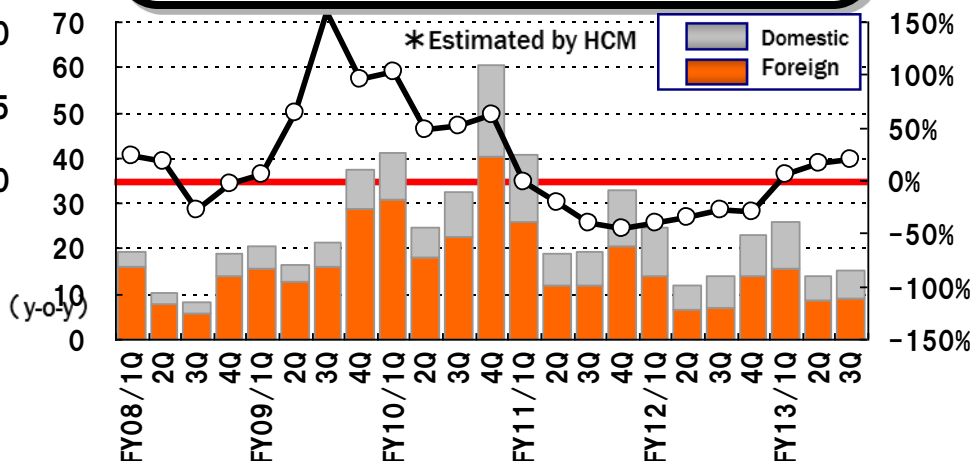


- ◇ Demand for construction machinery has been recovering since April 2013.
- ◇ On a regional basis, demand in the entire region except North China increased from the previous year.
- ◇ Increased demand in medium-sized machines due to an increase in the number of urbanization work in rural areas, and the volume of infrastructure investment.

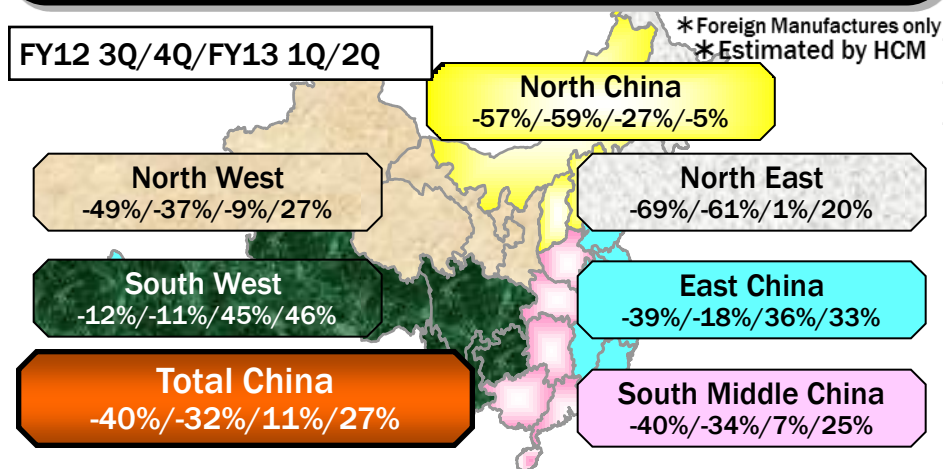
Market Environment: GDP and Fixed Asset Investment (%)



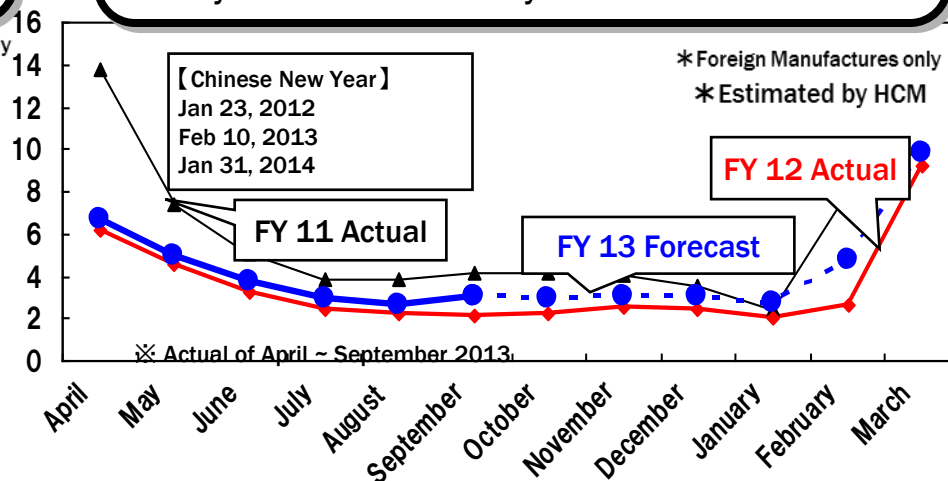
Demand Trend for Hydraulic Excavators



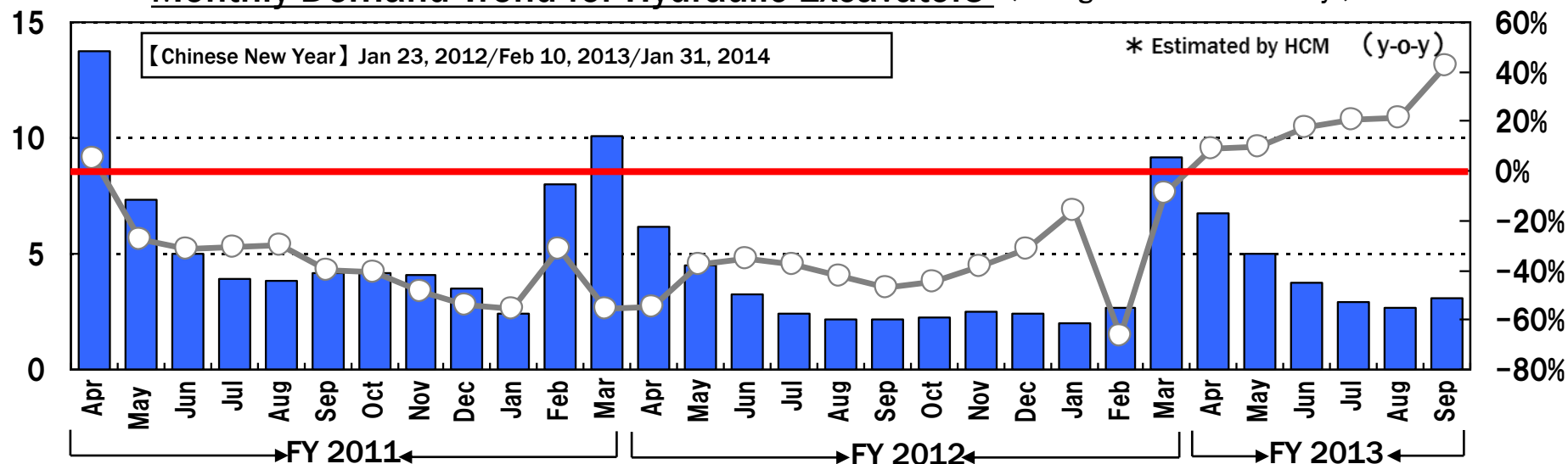
Quarterly Demand for Hydraulic Excavators by Region (y-o-y)



Monthly Demand Trend of Hydraulic Excavators in China

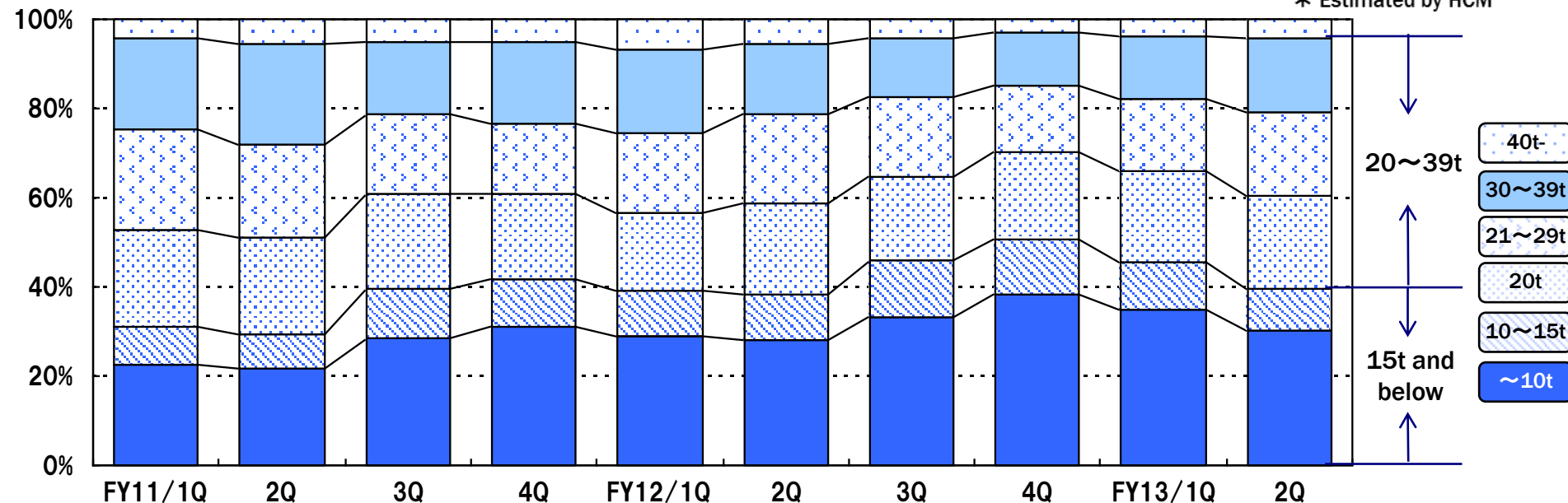


(K units) **Monthly Demand Trend for Hydraulic Excavators** (Foreign Manufactures Only)



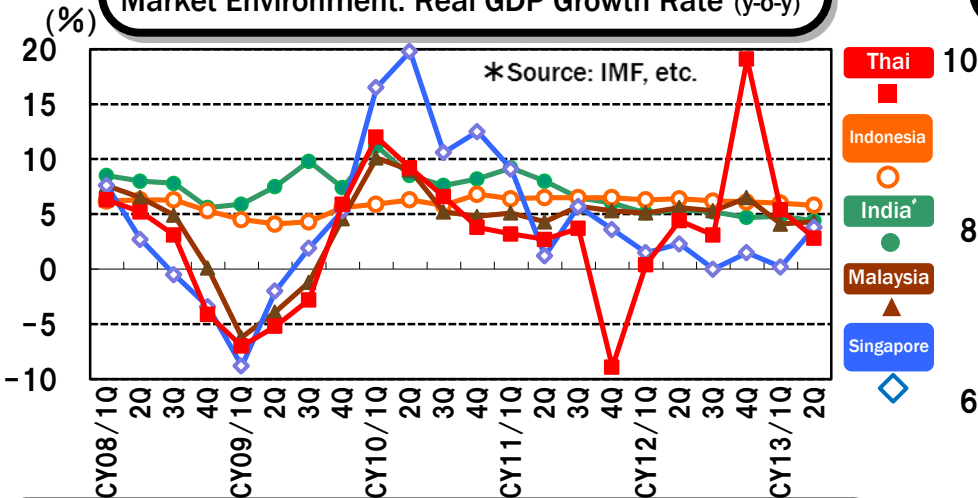
Demand Composition by Class for Mini Excavators and Hydraulic Excavators

(Foreign Manufactures Only)
* Estimated by HCM

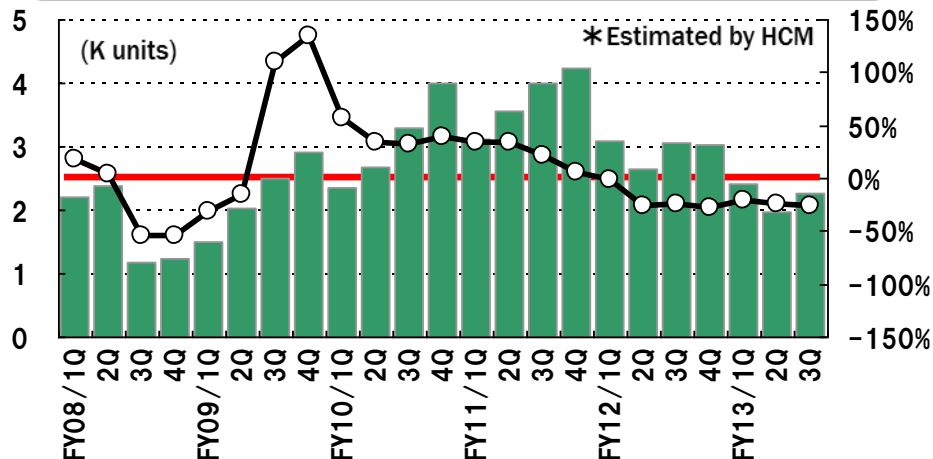


- ◇ Stagnation among the region due to local currency devaluation (India, Indonesia, and Thailand)
- ◇ Demand decreased due to a drop in commodity prices, such as coal and palm oil.

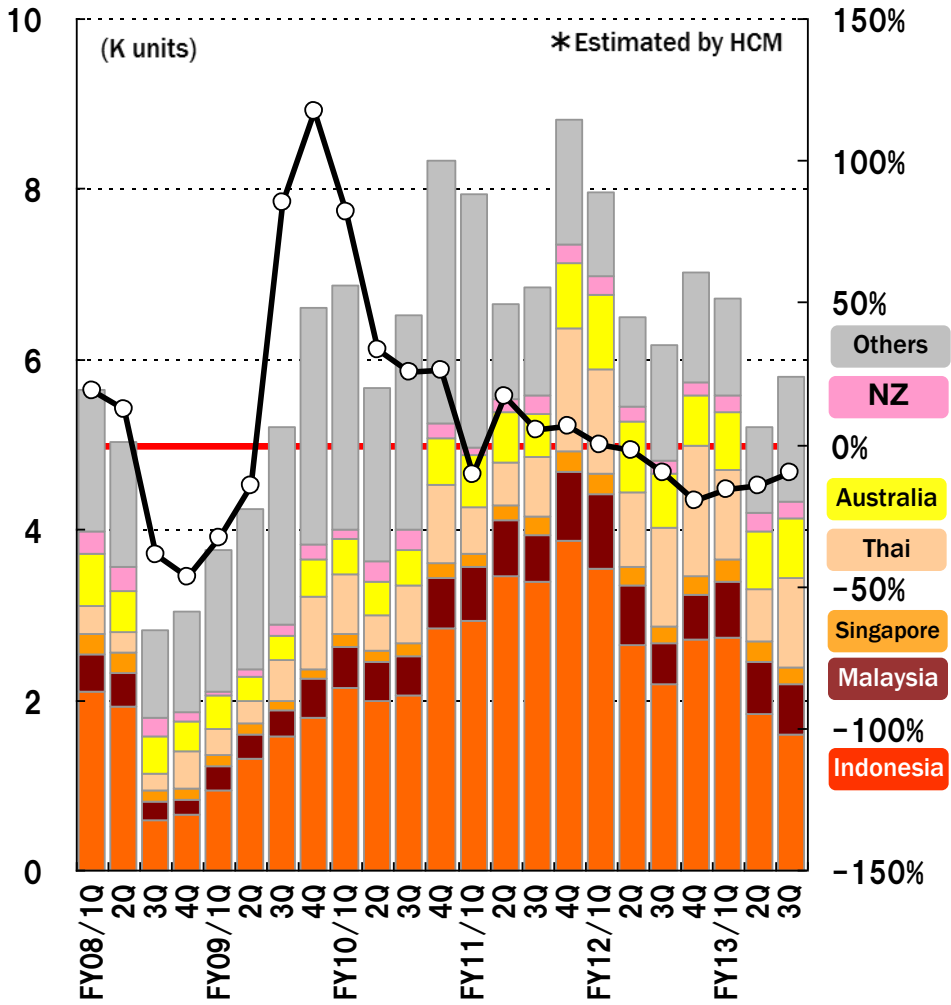
Market Environment: Real GDP Growth Rate (y-o-y)

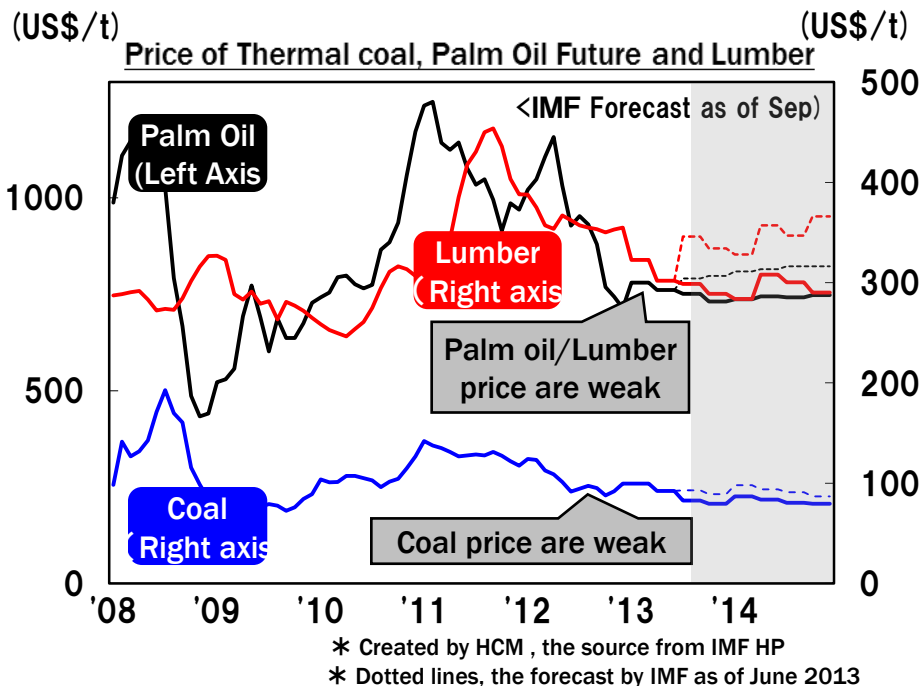


Demand Trend for Hydraulic Excavators in India

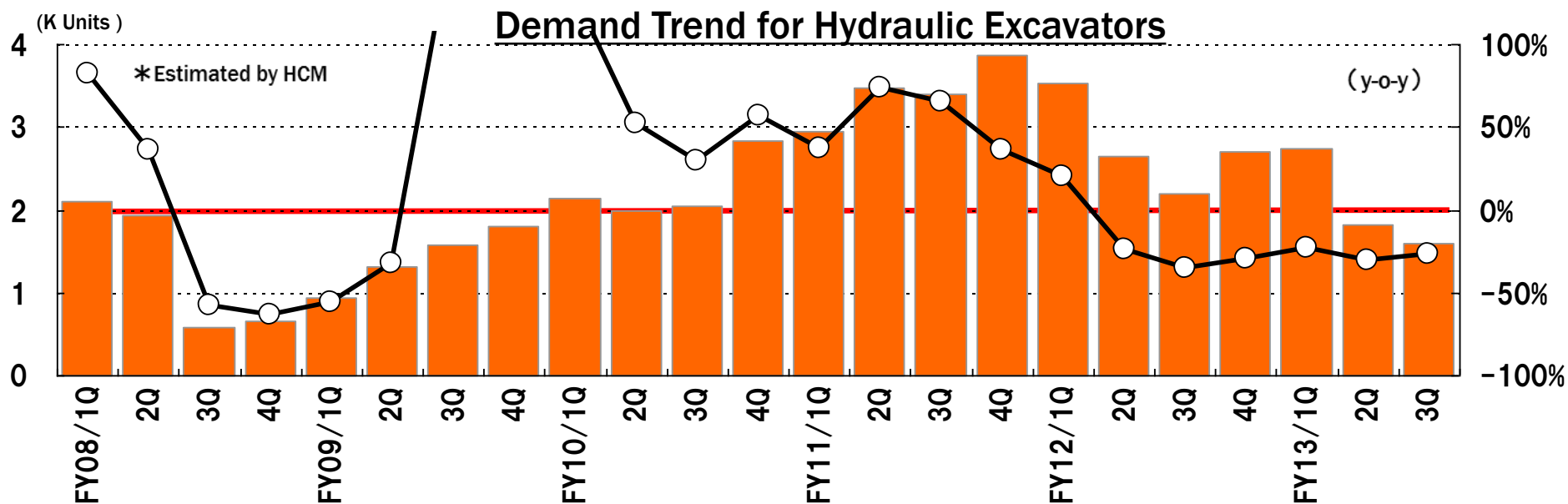
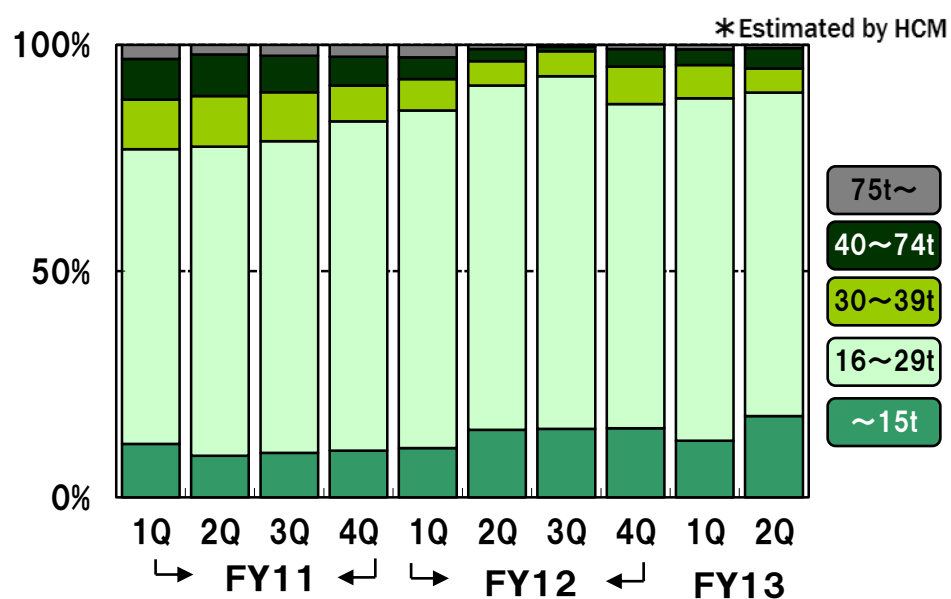


Demand Trend for Hydraulic Excavators in Asia & Oceania





Demand Composition for Hydraulic Excavators by Classes



<Russia and the Middle East>

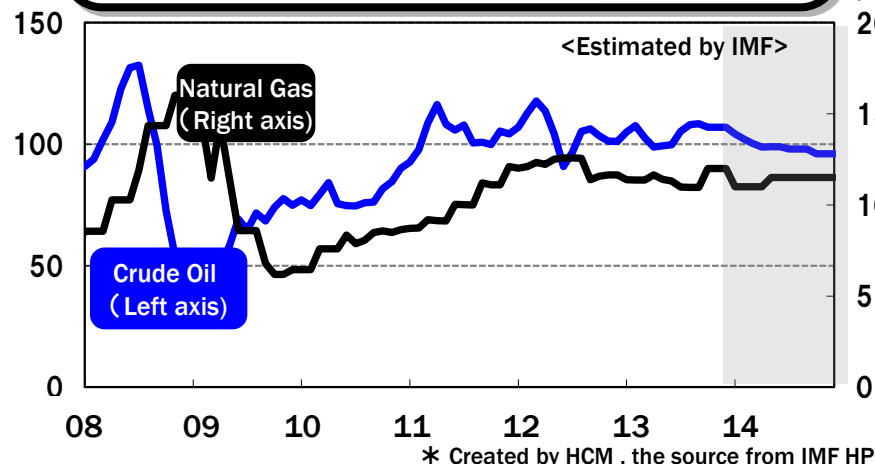
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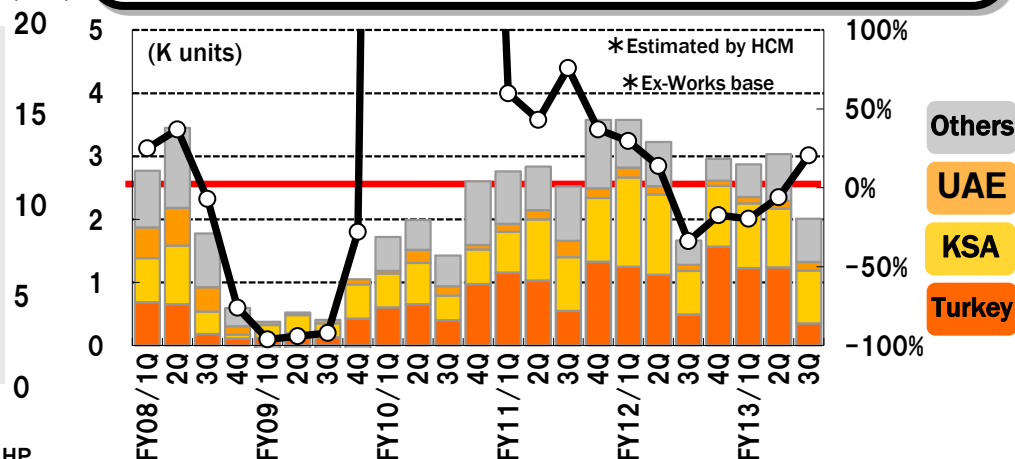
[Russia] Although the economic index is weak, the oil price has remained stable.
Demand remains unchanged from the previous year.

[Middle East] Demand is strong mainly in infrastructure-related areas such as the airport construction, and road construction, etc.

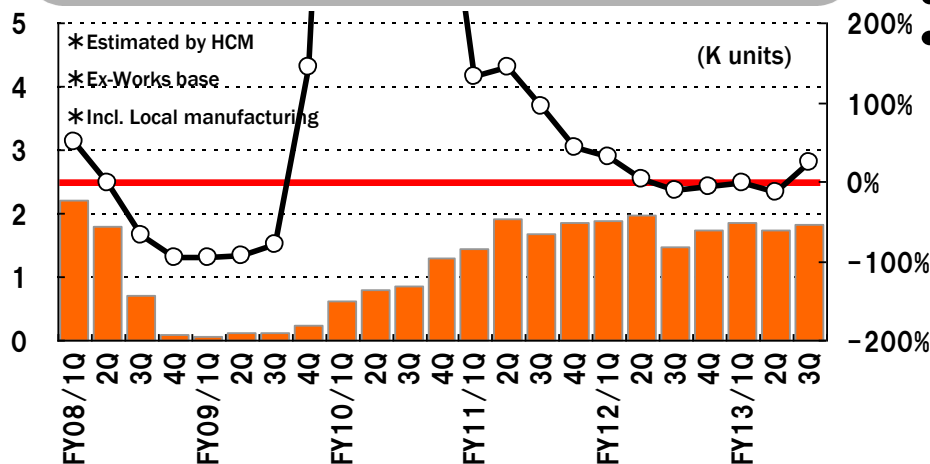
(US\$) Market Environment: Price Trend of Crude Oil and Natural Gas



(US\$) Demand Trend for Hydraulic Excavators in Middle East



Demand Trend for Hydraulic Excavators in Russia



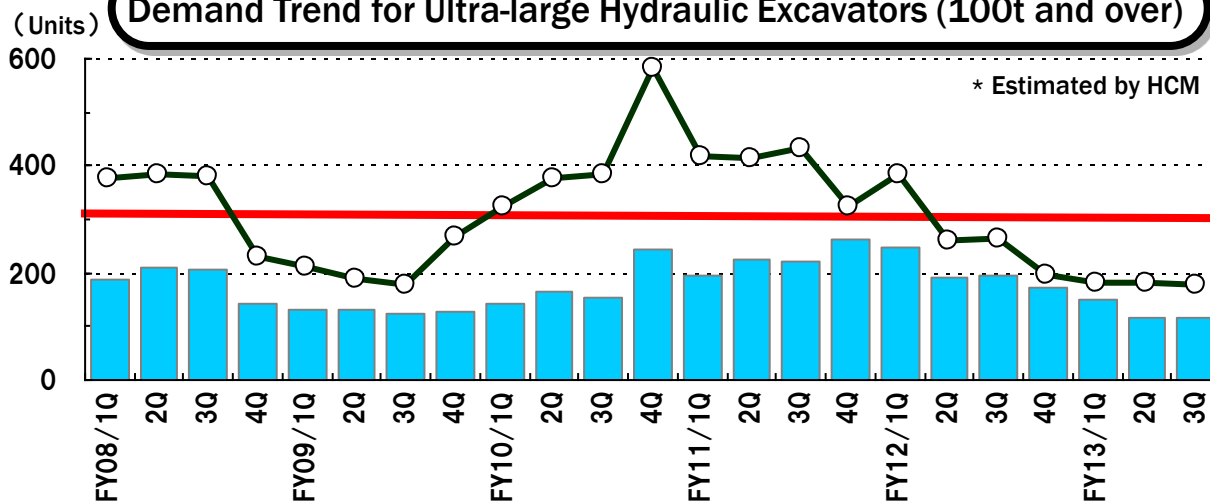
《Topics》 New Customers in Russia CIS region ordered;

- EX 3600E-6 : 3 units of ultra large sized hyd. excavator
- EH3500ACII : 10 units of mining dump truck

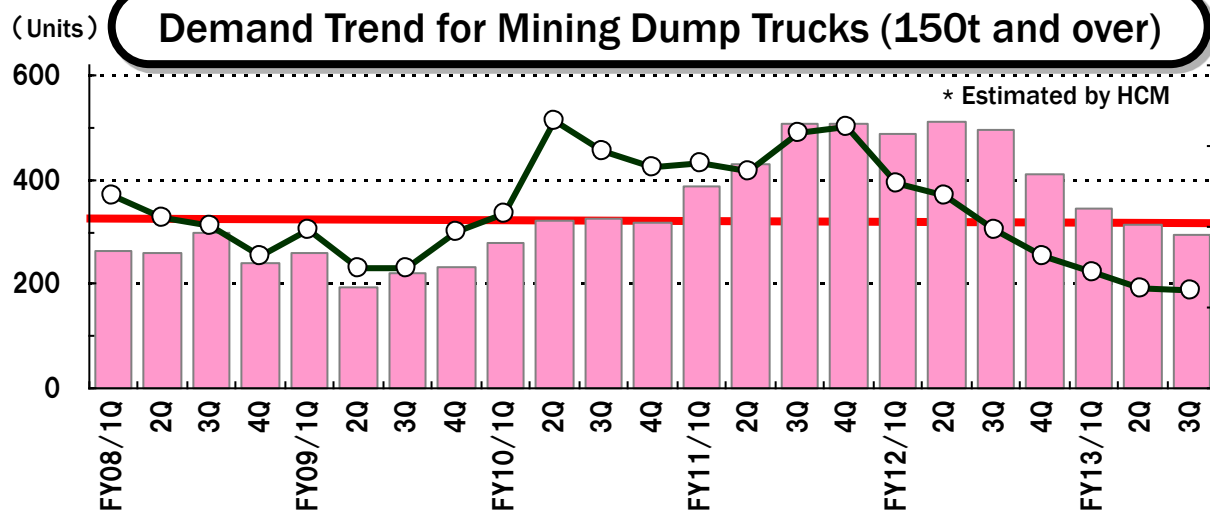


- ◇ Due to a drop of resource prices, demand continued to fall short of the previous year.
- ◇ Demand in 2013 is expected to reduce more than 30% in compare to the previous year.
(Demand in Russia/CIS is steady, while Indonesia/Australia remains weak.)

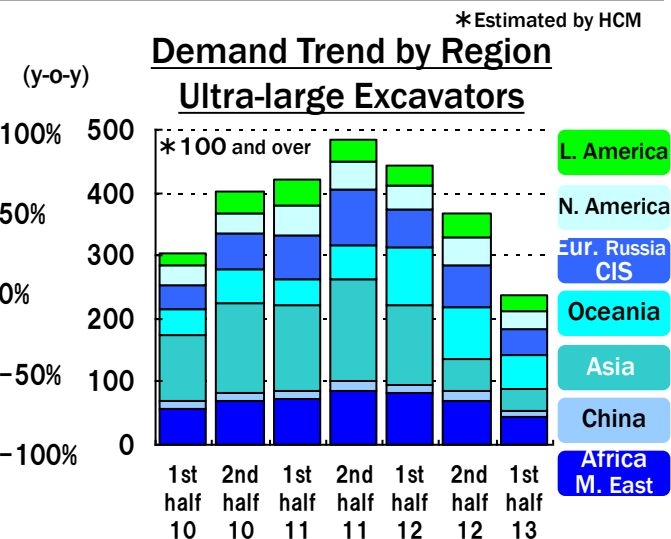
Demand Trend for Ultra-large Hydraulic Excavators (100t and over)



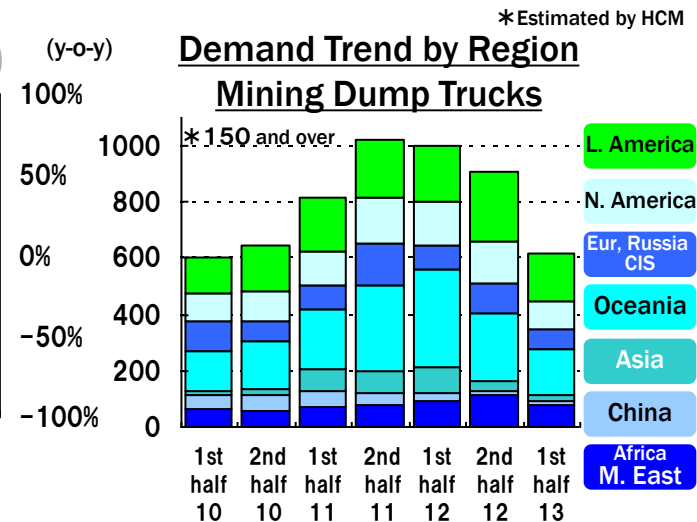
Demand Trend for Mining Dump Trucks (150t and over)



Demand Trend by Region



Demand Trend by Region



Operation of a new joint factory with US John Deere started in October 2013.



Name : Deere-Hitachi Brasil S.A.
(Deere-Hitachi Máquinas de Construção do Brasil S.A.)

Location : Federative Republic of Brazil
Indaiatuba, SP-Brasil

Production starts : October 2013

Total site area : 200,000 m²

Capital : 50 million US dollars

Established our first Latin America production base in Brazil, where we project a growth in construction machinery demand in preparation for World Cup Soccer in 2014, as well as the Olympic games in Rio in 2016.

END

For further inquiries:

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