

Business Result for the First Quarter ended June 30, 2013 Regional Market Environments and Projections



July 29, 2013

Hitachi Construction Machinery Co., Ltd.

Vice President and Executive Officer

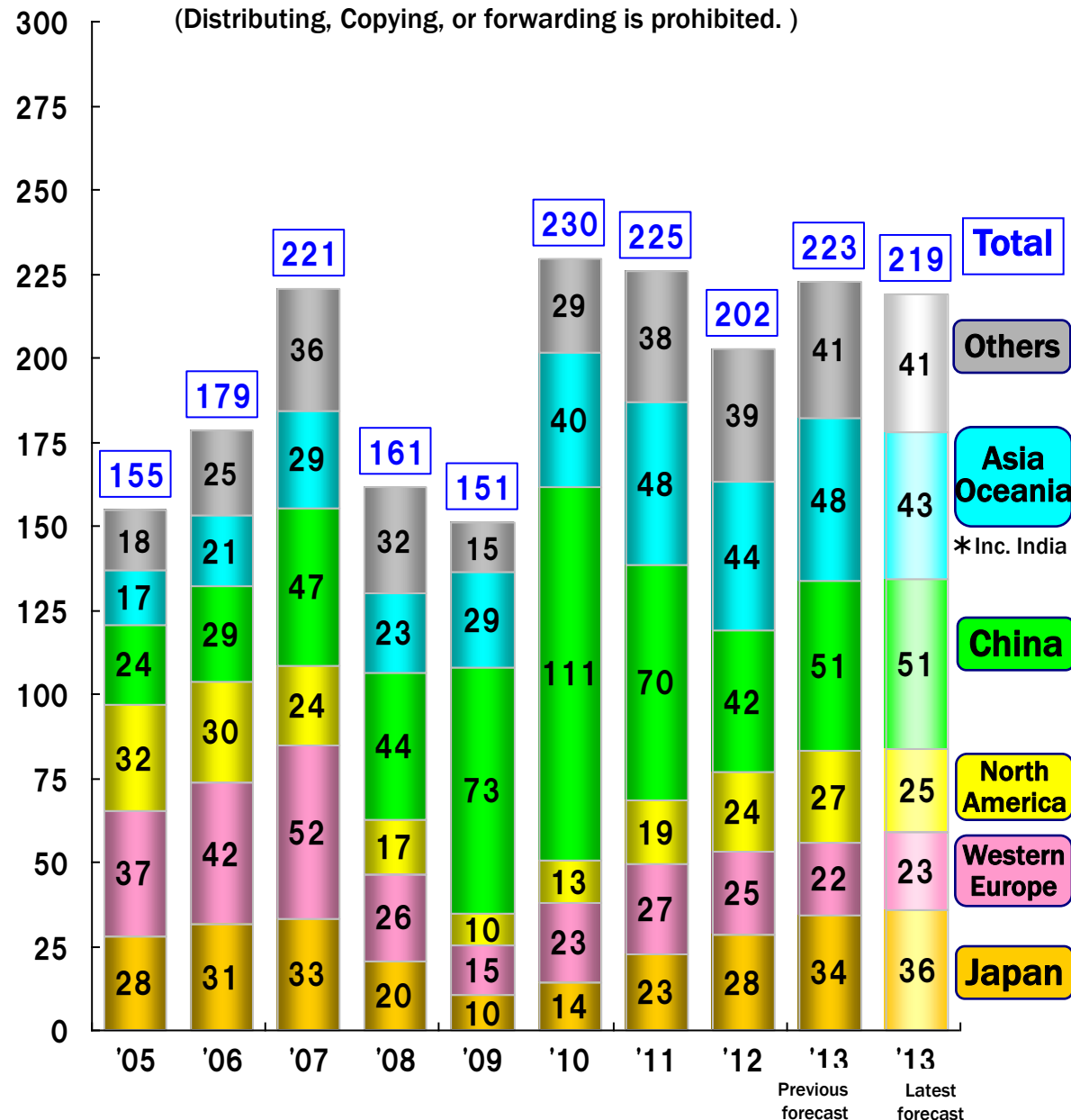
Yasushi Ochiai

Global Demand Trend for Hydraulic Excavator

HITACHI

Reliable solutions

(K units) *Source HCM *Excluding Chinese manufacturer
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Year-on-Year Change

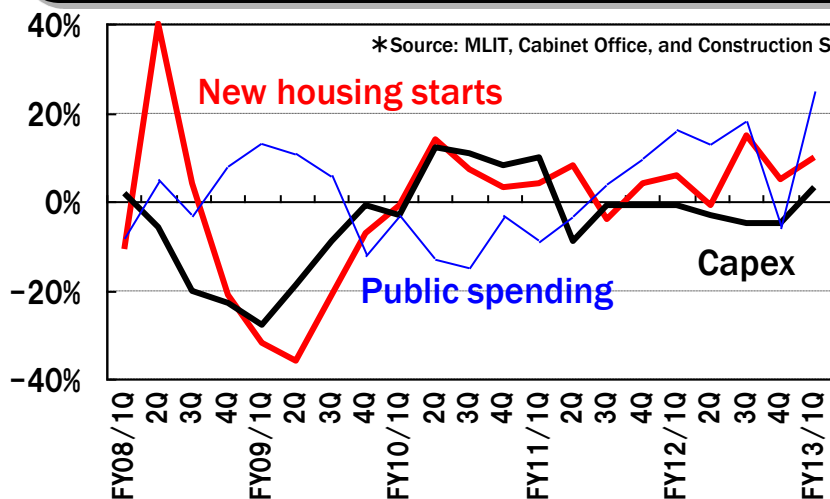
	'12	'13	'13
		Previous Forecast	Latest Forecast
Japan	+25%	+20%	+27%
W Europe	-7%	-13%	-8%
N America	+26%	+15%	+4%
China	-41%	+21%	+21%
India	-21%	+10%	-9%
Indonesia	-19%	+15%	-9%
Others	+9%	+5%	+5%
Asia & Oceania	-8%	+9%	-2%
Russia, E Europe, Africa	-3%	+8%	+8%
Middle East	+39%	-12%	-9%
Latin America	-2%	-1%	+1%
Others	-4%	+13%	+13%
Others	+2%	+4%	+5%
Total	-10%	+10%	+8%

Emerging Countries: 62%

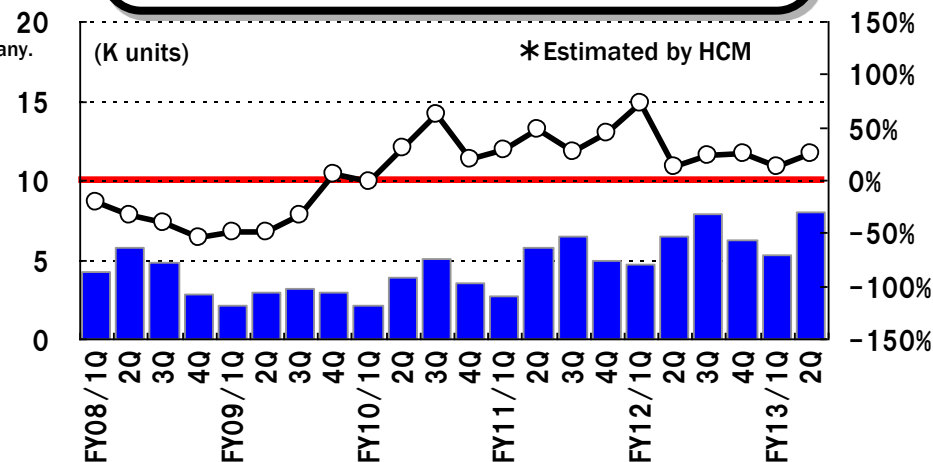
※Emerging countries: China, Asia/Oceania, and others.

- ◇ Strong increase of demand derived from significant increase in public works and housing starts.
- ◇ Solid growth expected mainly in rental and general sectors in FY 2013.

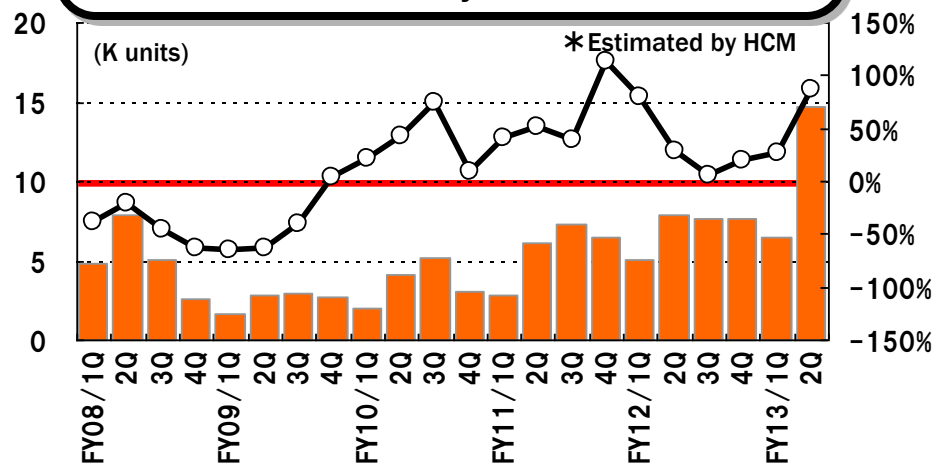
Market Environment: Housing/Public Spending and Capex (y-o-y)



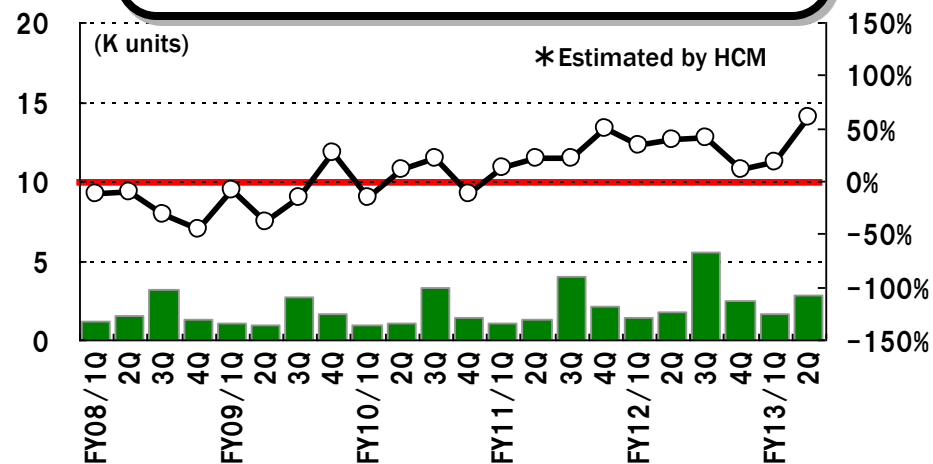
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators

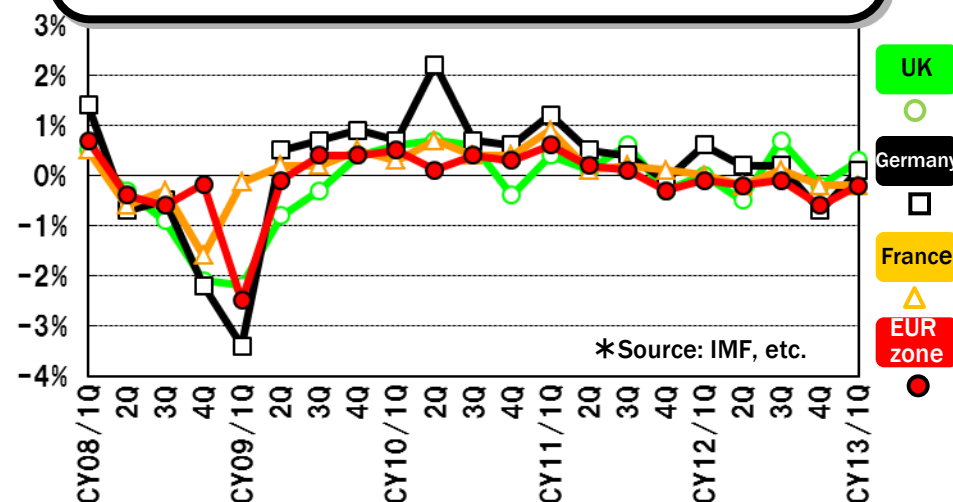


Demand Trend for Wheel Loaders

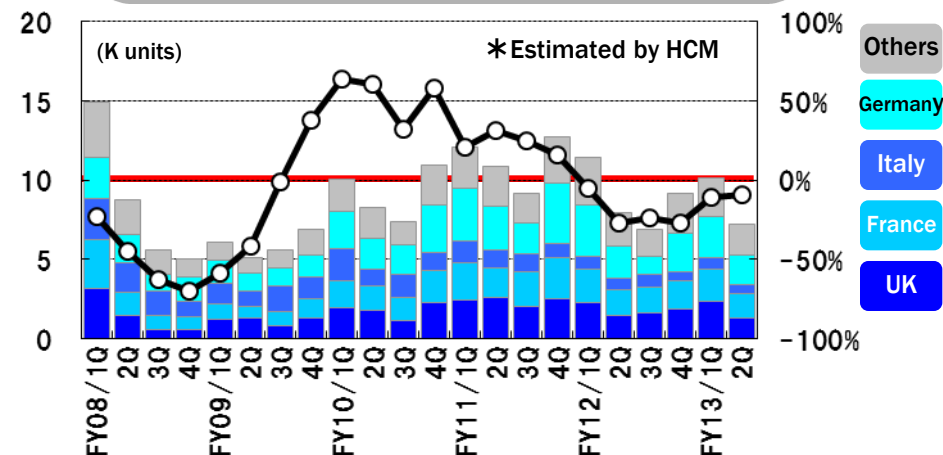


- ◇ The European economy has shown signs of recovery in some countries such as the UK, Germany, and Northern European countries; however the European region as a whole is still suffering from stagnation.
- ◇ Demand in Europe continues to fall short in compare to previous year.

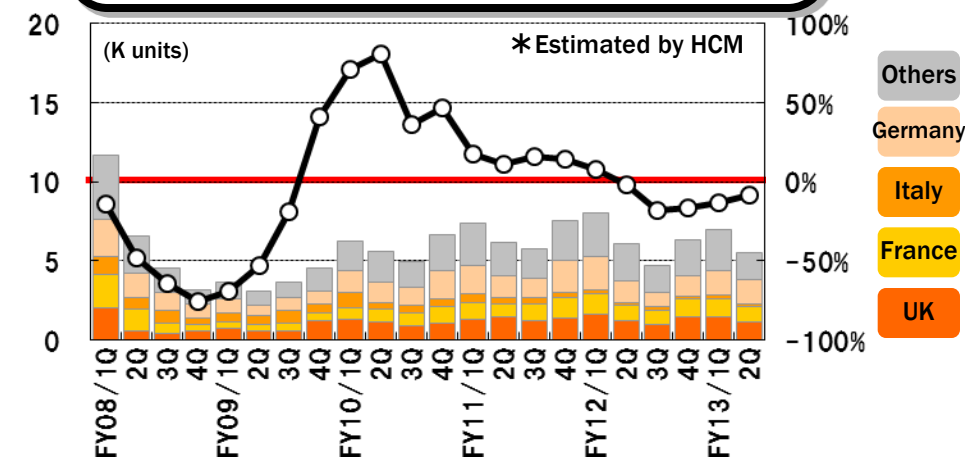
Market Environment: GDP Growth Rate in Major Countries (y-o-y)



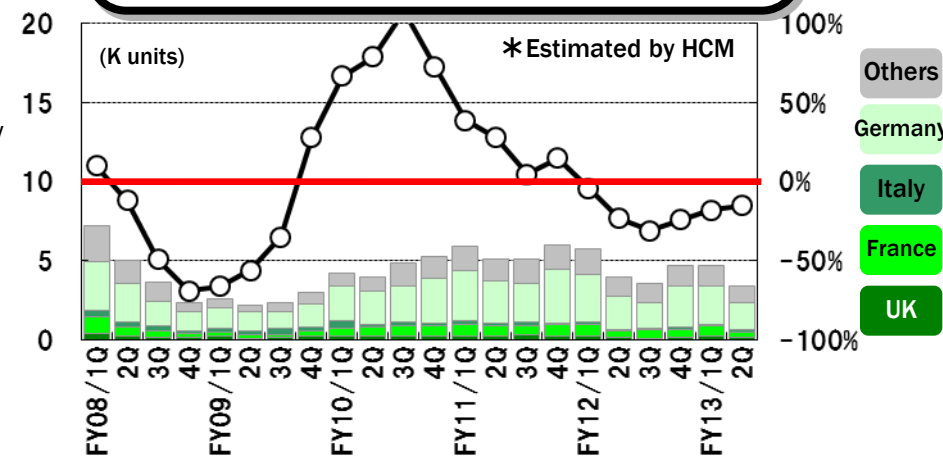
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators

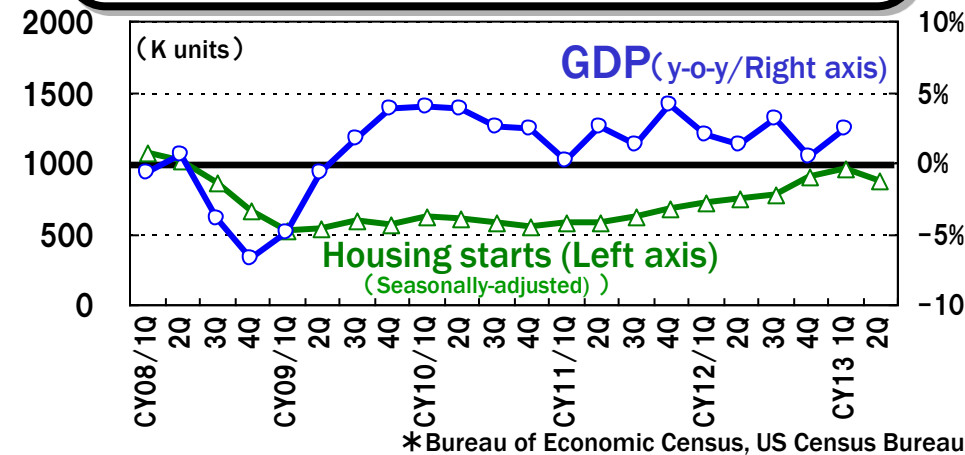


Demand Trend for Wheel Loaders

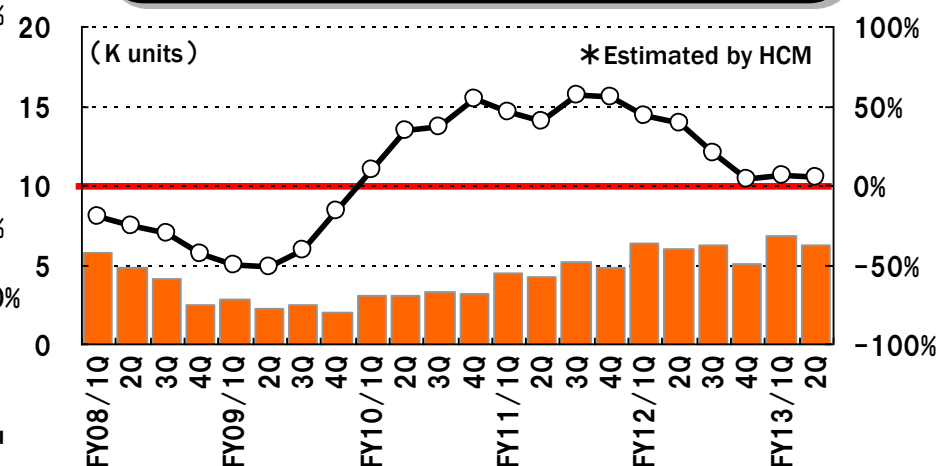


- ◇ The number of housing starts remains at high level
- ◇ The investment of residential remains at high growth ratio while non-residential and public construction sector are almost in same level as previous year
- ◇ Demand in N. America continues to be strong mainly in housing, energy, and rental businesses

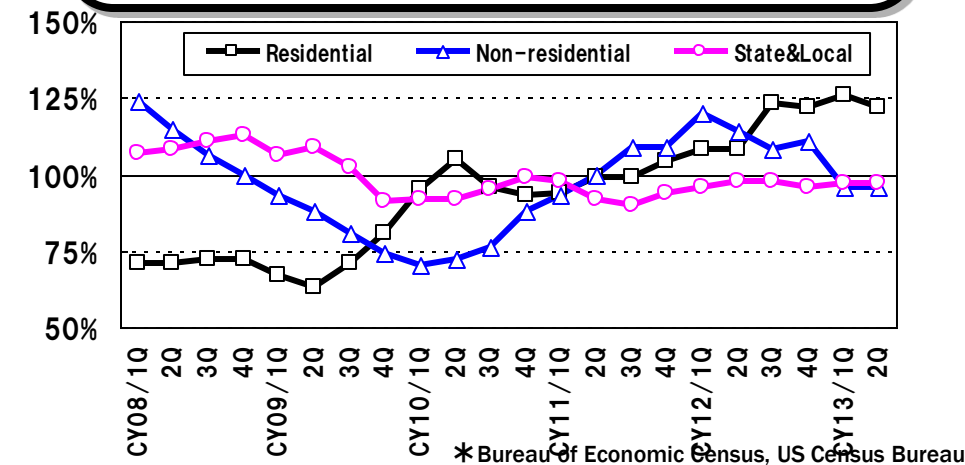
Market Environment: The US Market Environment



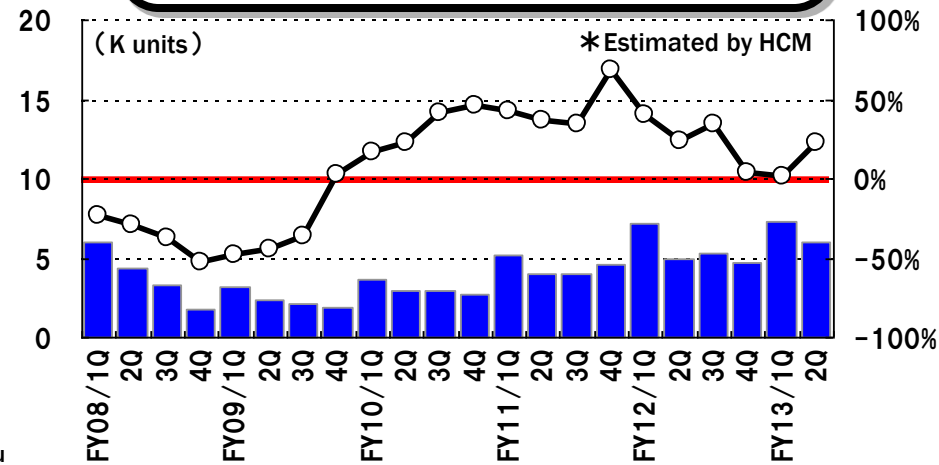
Demand Trend for Hydraulic Excavators



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

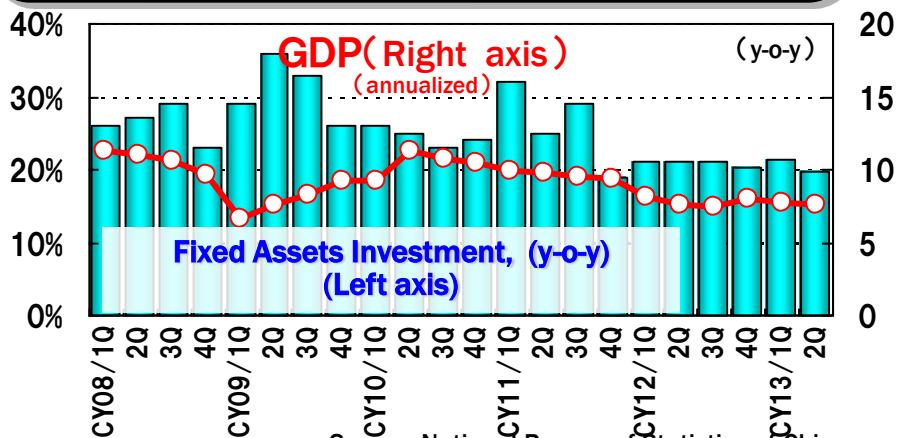


Demand Trend for Mini Excavators

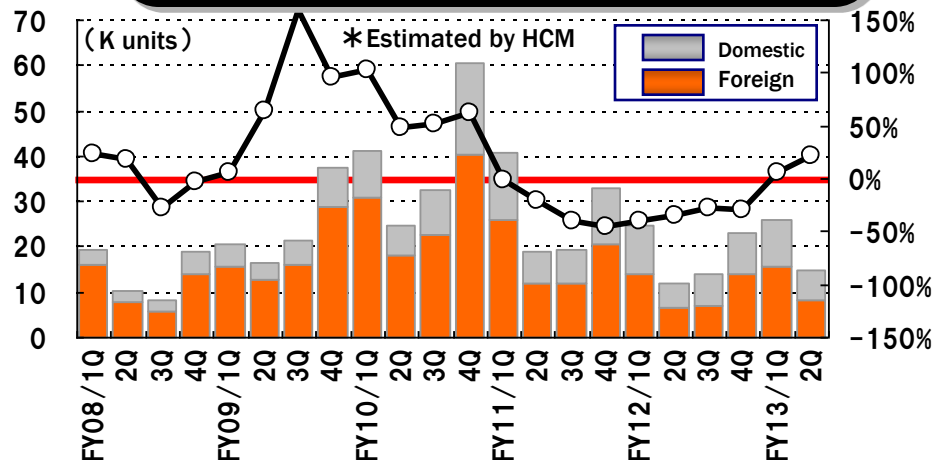


- ◇ The demand in China, which continued to decline for 23 months consecutively, has turned positive since April 2013, but still careful observation is required to gauge the future direction.
- ◇ Demand in South West, East China and South Middle China increased from the previous year.
- ◇ Increased demand in small-medium size works for irrigation and infrastructure projects.

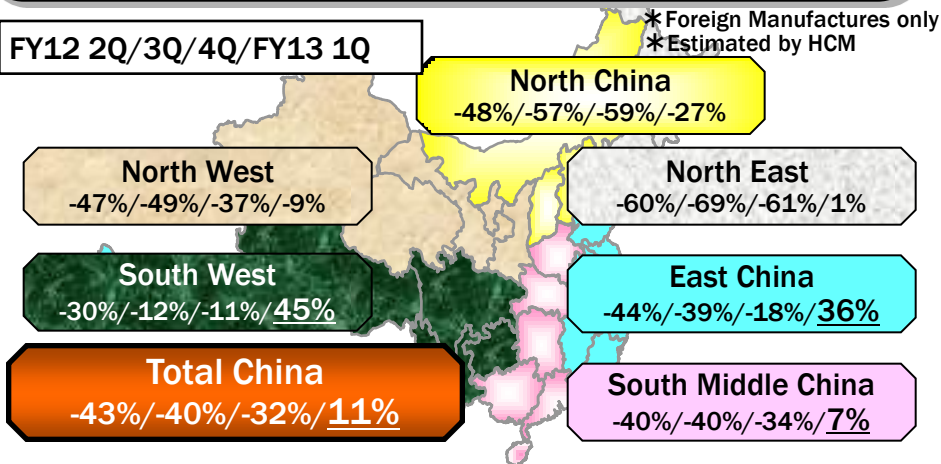
Market Environment: GDP and Fixed Asset Investment (%)



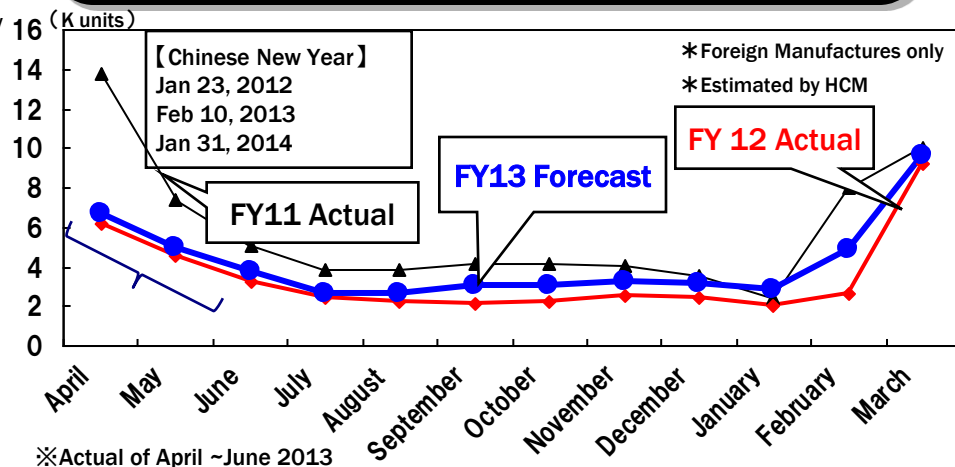
Demand Trend for Hydraulic Excavators



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

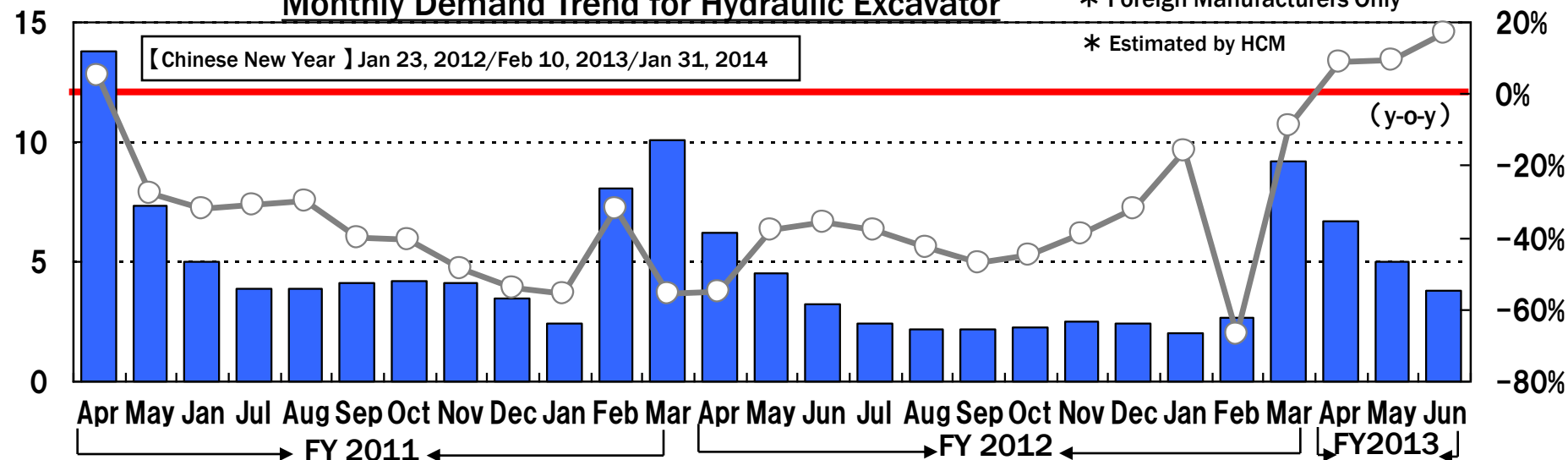


Monthly Demand Trend of Hydraulic Excavators in China



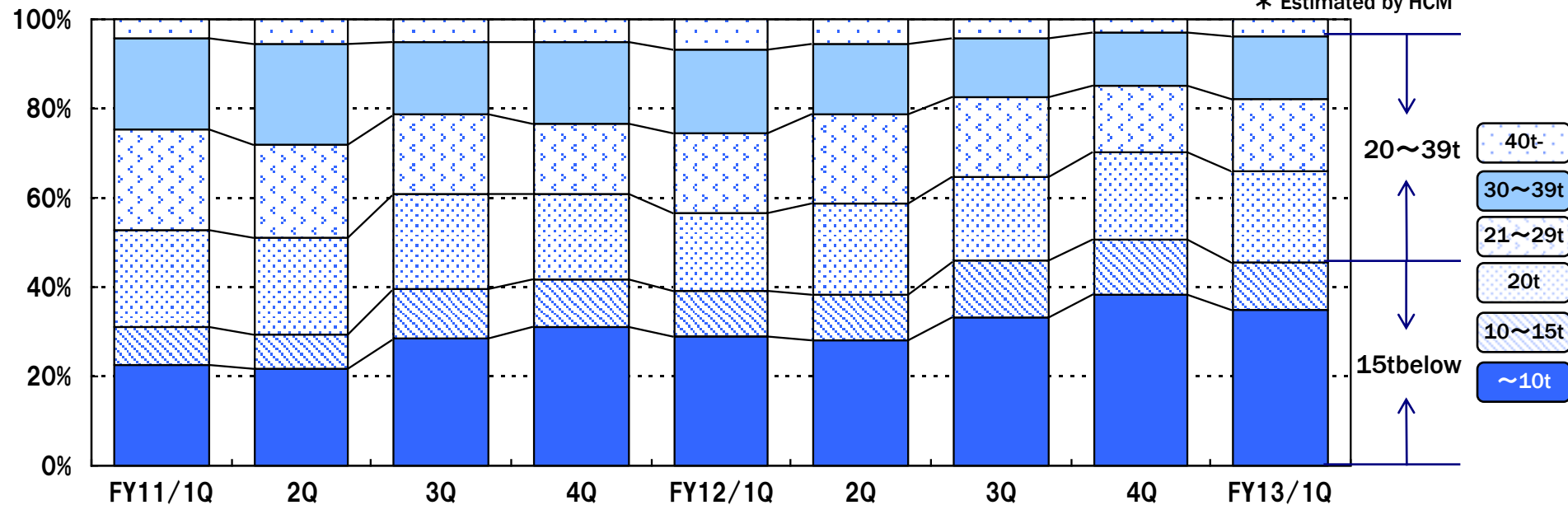
(K units)

Monthly Demand Trend for Hydraulic Excavator



Demand Composition by Class for Mini Excavators and Hydraulic Excavators

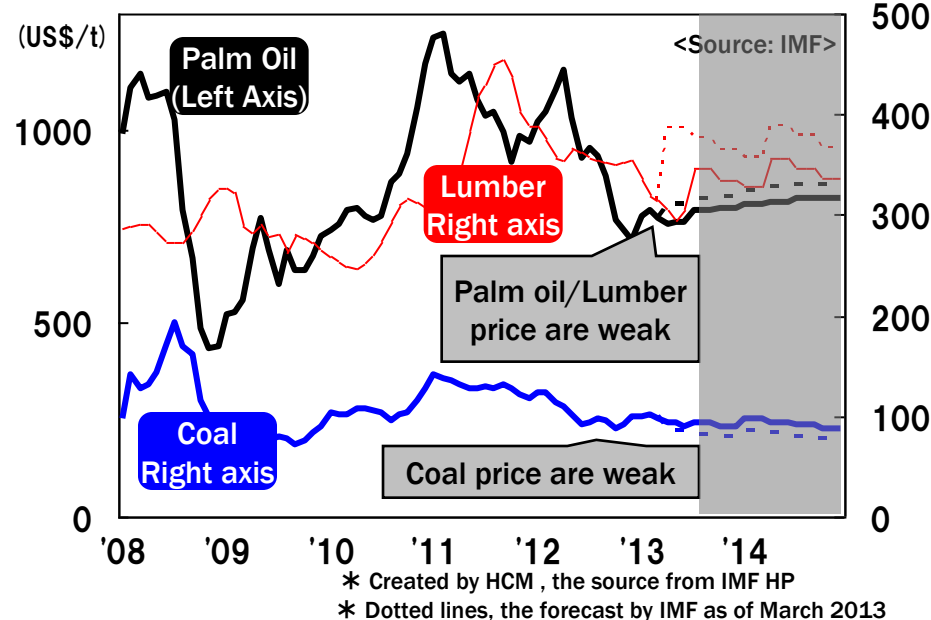
* Foreign Manufacturers Only
* Estimated by HCM



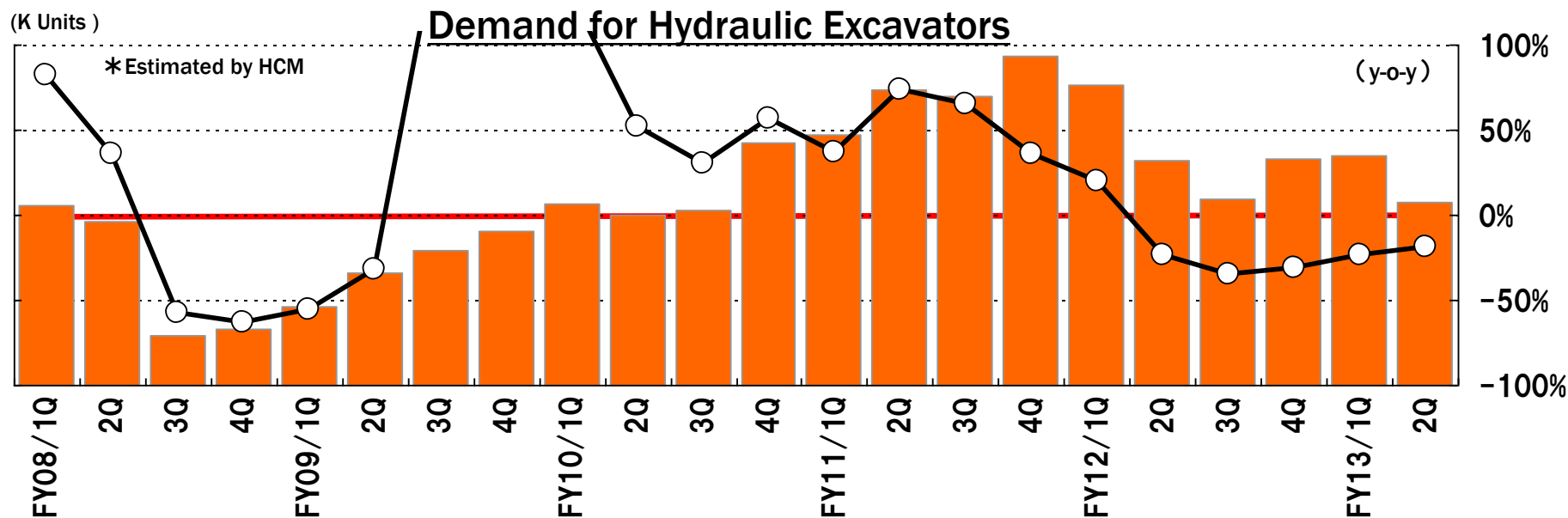
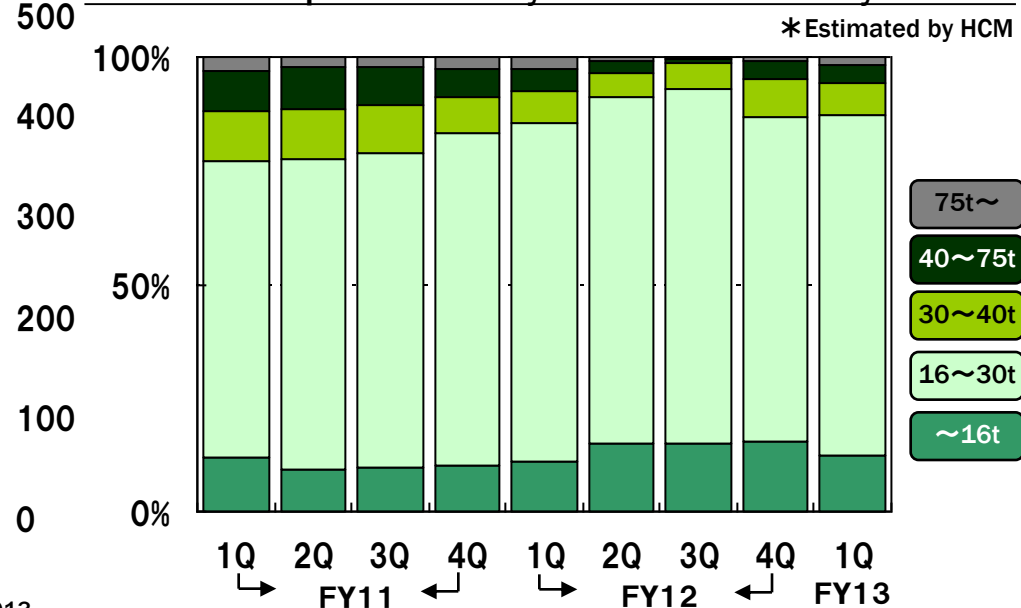
Reliable solutions

-
- (K units)
- * Estimated by HCM
- | Fiscal Year / Quarter | Percentage Change (Bar) | Cumulative Change (Line) |
|-----------------------|-------------------------|--------------------------|
| FY08/1Q | -10% | 0% |
| FY08/2Q | -10% | -5% |
| FY08/3Q | -40% | -25% |
| FY08/4Q | -30% | -25% |
| FY09/1Q | -20% | -15% |
| FY09/2Q | 10% | 5% |
| FY09/3Q | 30% | 45% |
| FY09/4Q | 40% | 75% |
| FY10/1Q | 20% | 55% |
| FY10/2Q | 30% | 45% |
| FY10/3Q | 40% | 45% |
| FY10/4Q | 50% | 45% |
| FY11/1Q | 40% | 40% |
| FY11/2Q | 50% | 35% |
| FY11/3Q | 40% | 25% |
| FY11/4Q | 50% | 15% |
| FY12/1Q | 30% | 10% |
| FY12/2Q | 20% | 0% |
| FY12/3Q | 30% | 0% |
| FY12/4Q | 30% | -5% |
| FY13/1Q | 20% | 0% |
| FY13/2Q | 20% | 5% |

Price of Thermal coal, Palm Oil Future and Lumber (US\$/t)



Demand Composition for Hydraulic Excavators by Classes



<Russia and the Middle East>

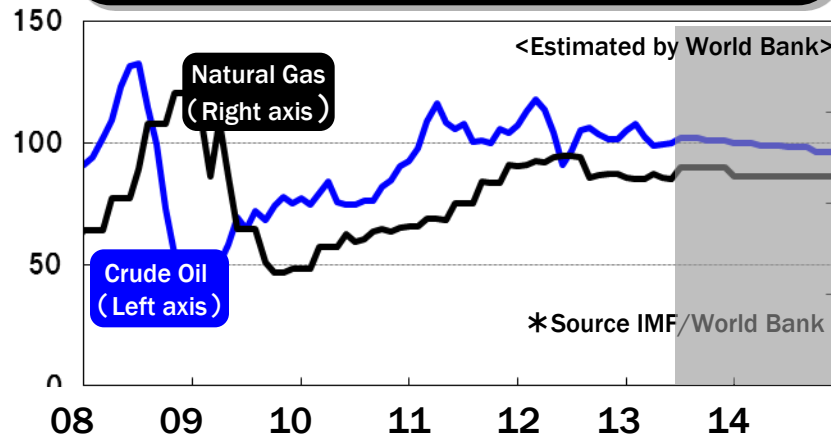
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Reliable solutions

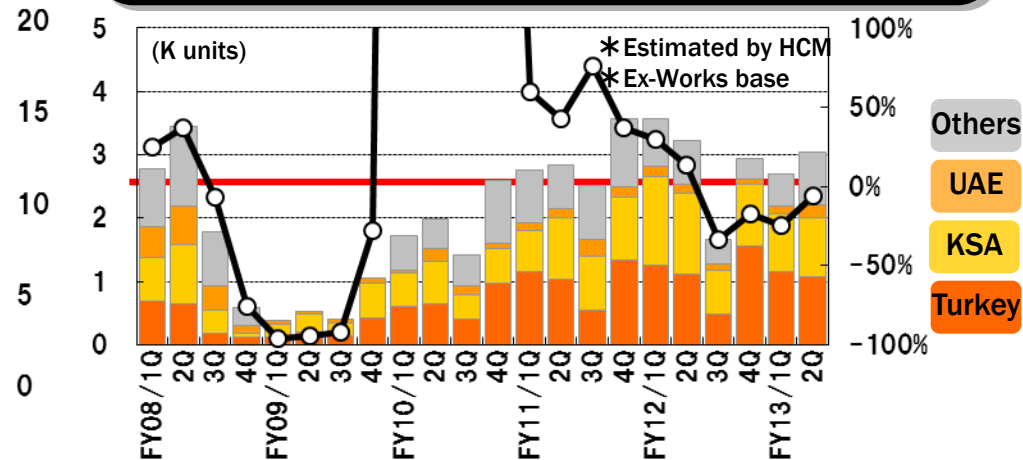
【Russia】 Demands for energy and infrastructure are same level as previous year.

【Middle East】 Demand for urban development and infrastructure is strong in Turkey and Saudi Arabia.

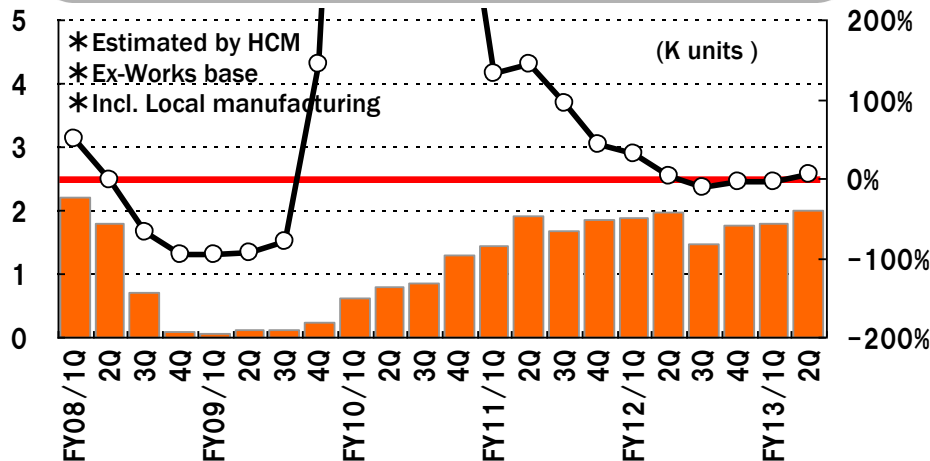
(US\$) Market Environment: Price Trend of Crude Oil and Natural Gas (US\$)



Demand Trend for Hydraulic Excavators in Middle East



Demand Trend for Hydraulic Excavators in Russia

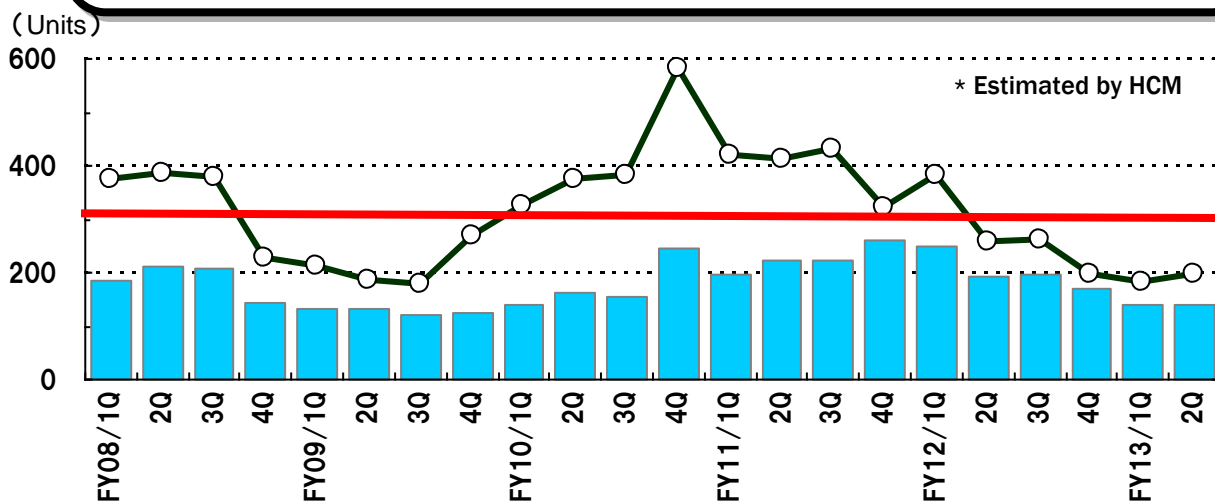


《Topics》 New Customer for major Russian Iron Ore Mine ordered 2 units of EX5600E-6LD



- ◇ Resource prices remain unfavorable, and recovery of the mining market cannot be expected within FY 2013.
- ◇ Demand will fall 10% below the previous forecast.

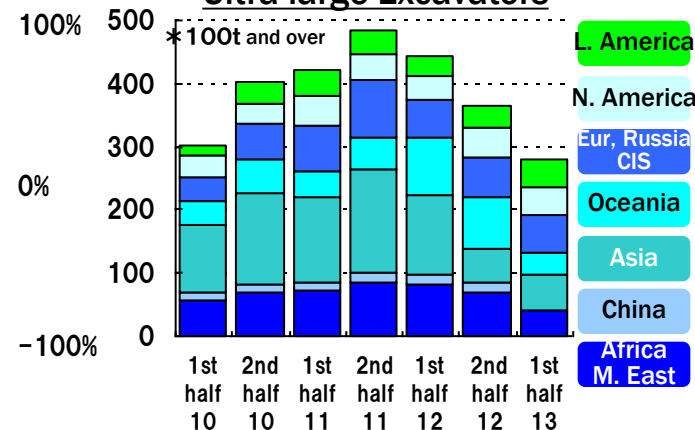
Demand Trend for Ultra-large Hydraulic Excavators (100t and over)



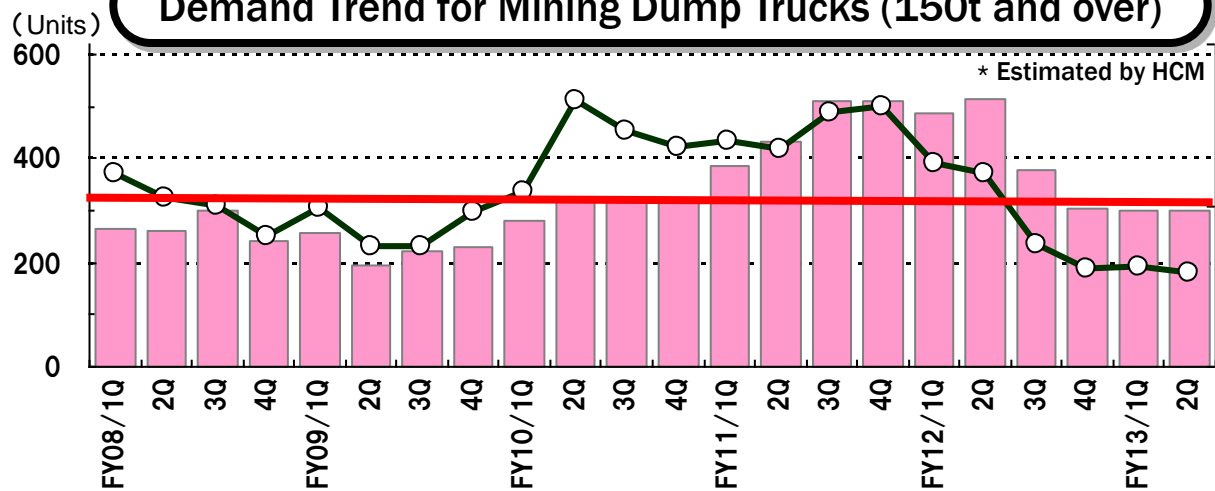
Demand Trend by Region

(y-o-y)

Ultra-large Excavators



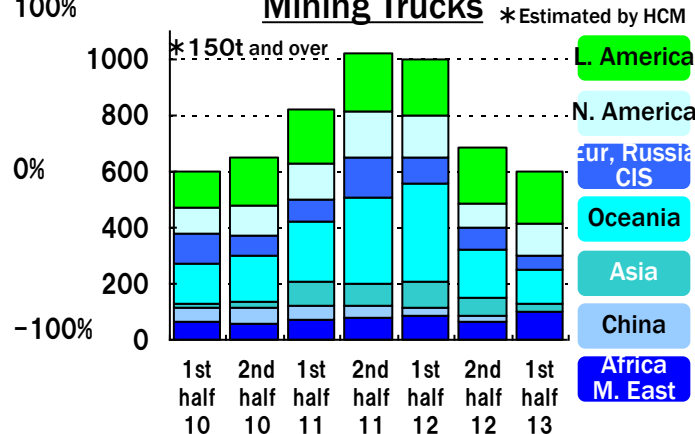
Demand Trend for Mining Dump Trucks (150t and over)



Demand Trend by Region

(y-o-y)

Mining Trucks



END

For further inquiries:

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