

Regional Market Environments and Projections



April 25, 2013

Hitachi Construction Machinery Co., Ltd.

Vice President and Executive Officer

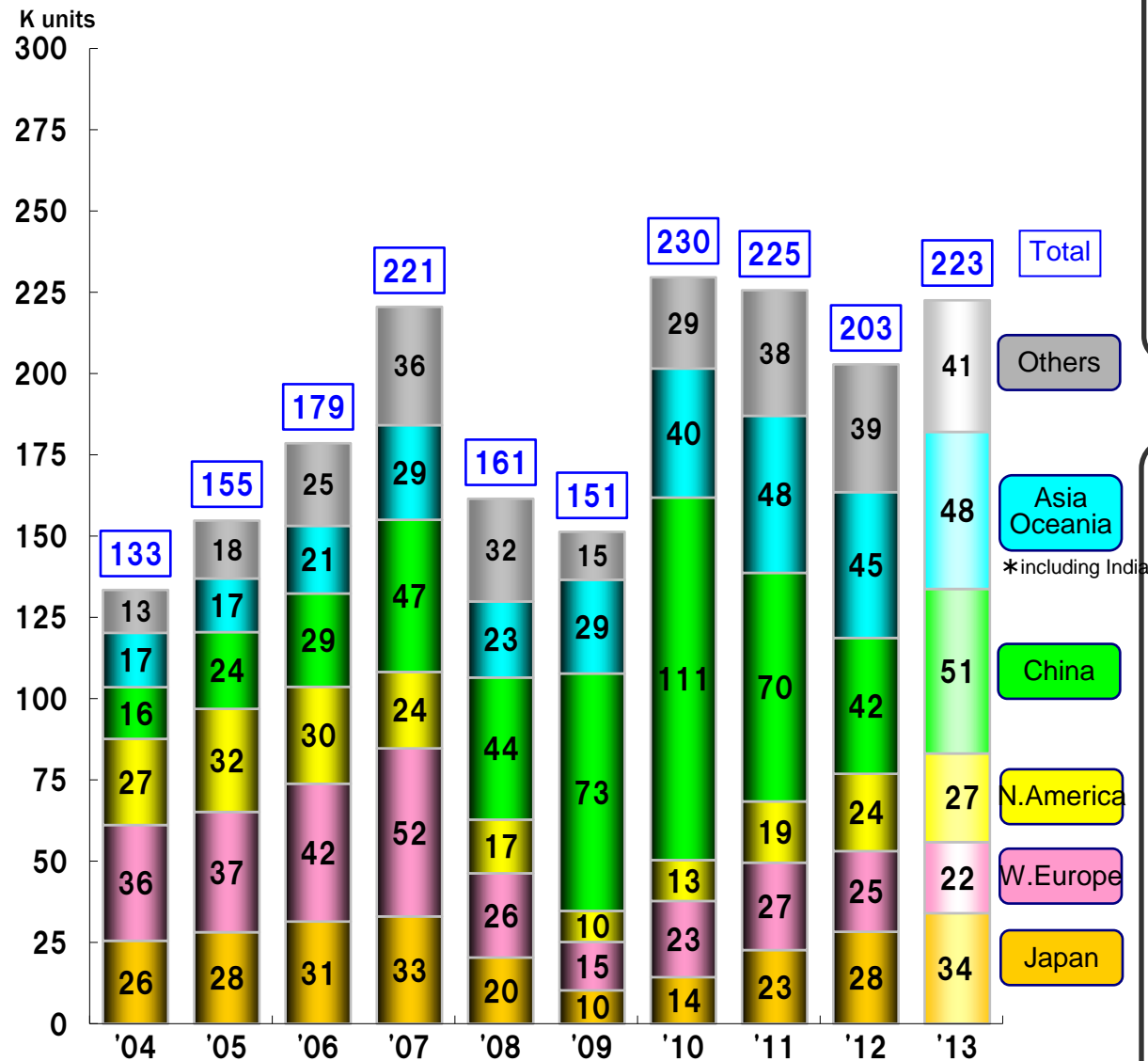
Yasushi Ochiai

Global Demand Trend for Hydraulic Excavator

HITACHI

Reliable solutions

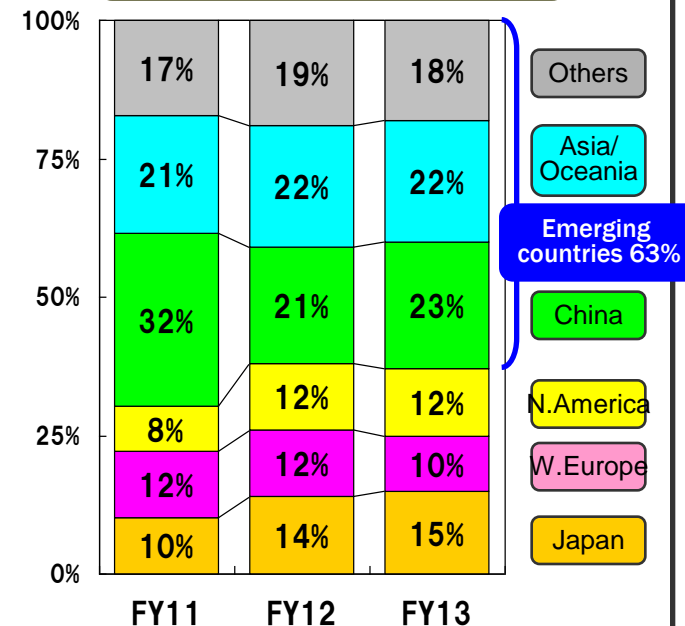
* Estimates by HCM * Excluding Chinese manufacturers
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Year-on-year Change

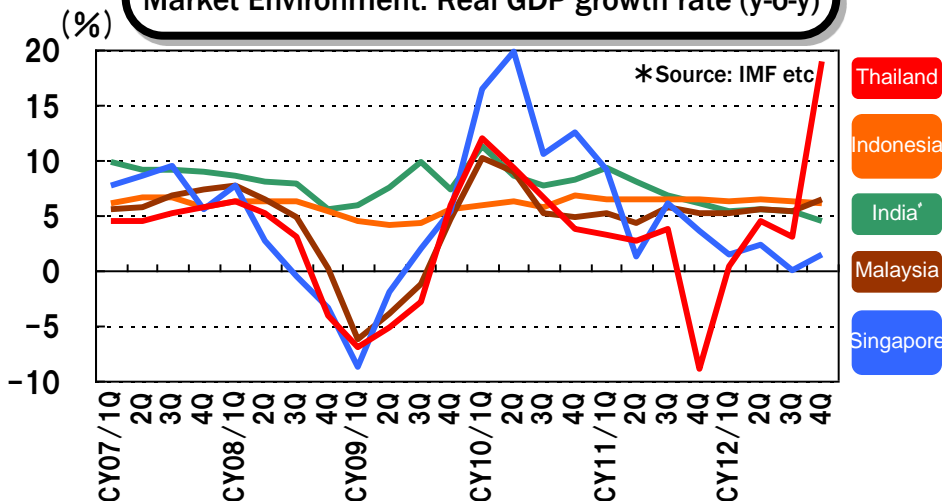
	'11	'12	13
Japan	+58%	+25%	+20%
W. Europe	+14%	-7%	-12%
N. America	+49%	+26%	+15%
China	-37%	-41%	+21%
Asia/Oceania	+22%	-7%	+8%
Others	+37%	+2%	+4%
Total	-2%	-10%	+10%

Compositions by Regions



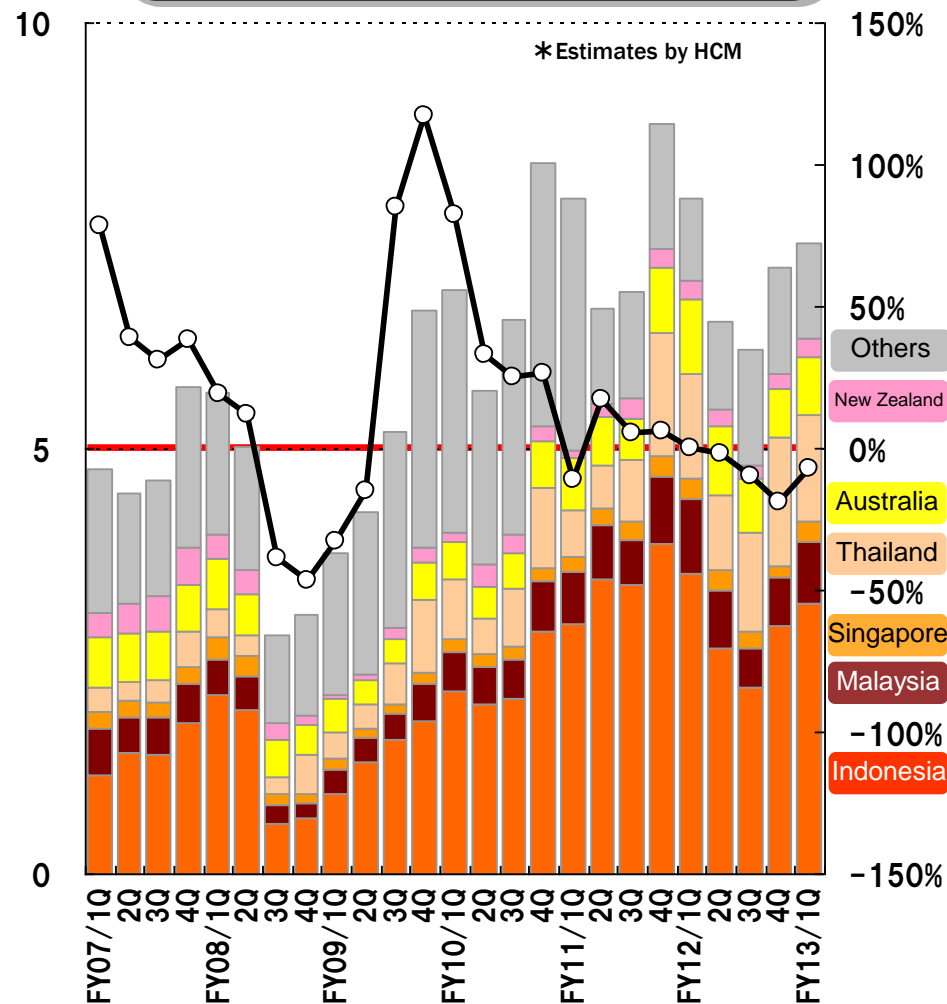
- ◇ GDP growth rates is sustainable.
- ◇ Despite the continuing slowdown of economy of India, the demand for construction machinery remained steady, mainly for infrastructure development.
- ◇ In Asia/Oceania, the demand of construction machinery for palm oil, forestry and infrastructure development was brisk.

Market Environment: Real GDP growth rate (y-o-y)

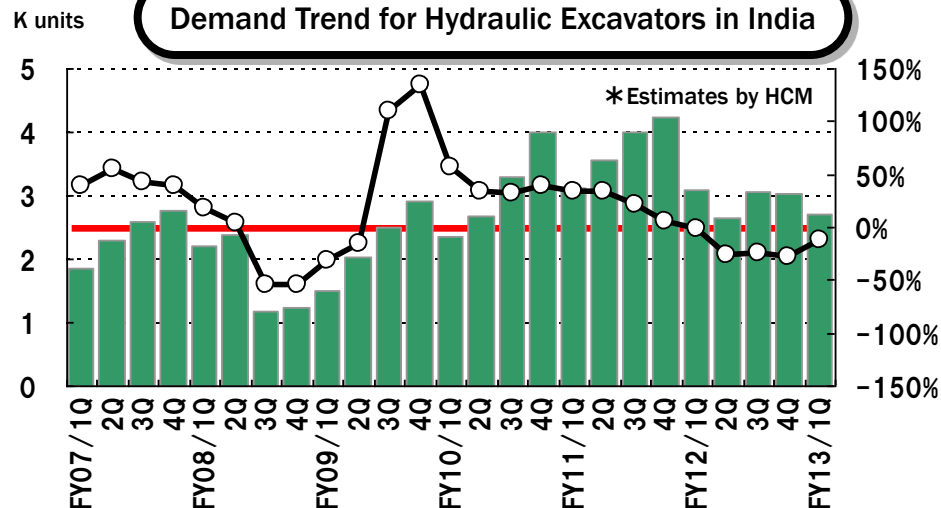


K units

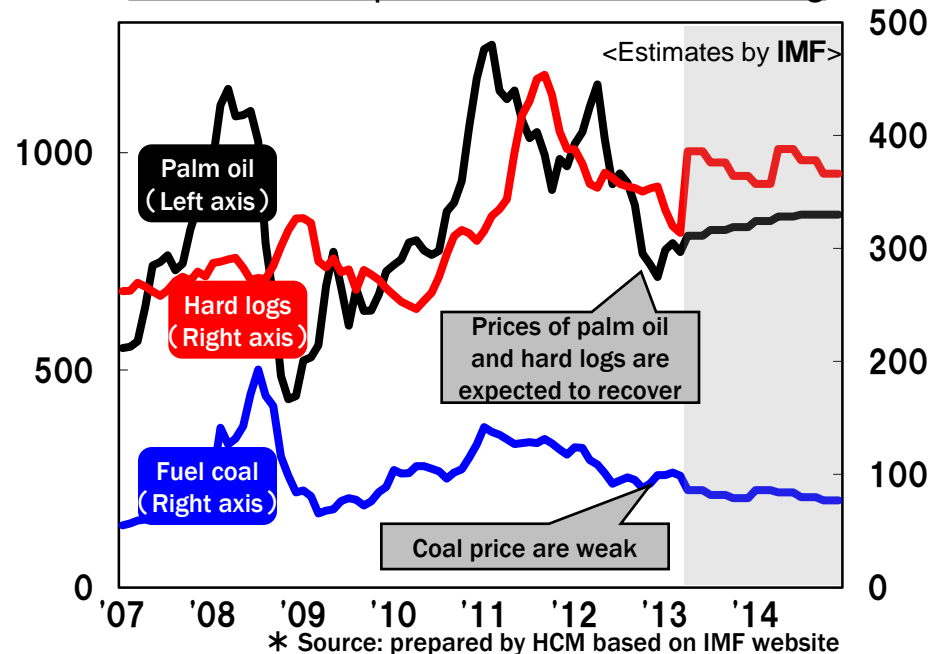
Demand Trend for Hydraulic Excavators in Asia/Oceania



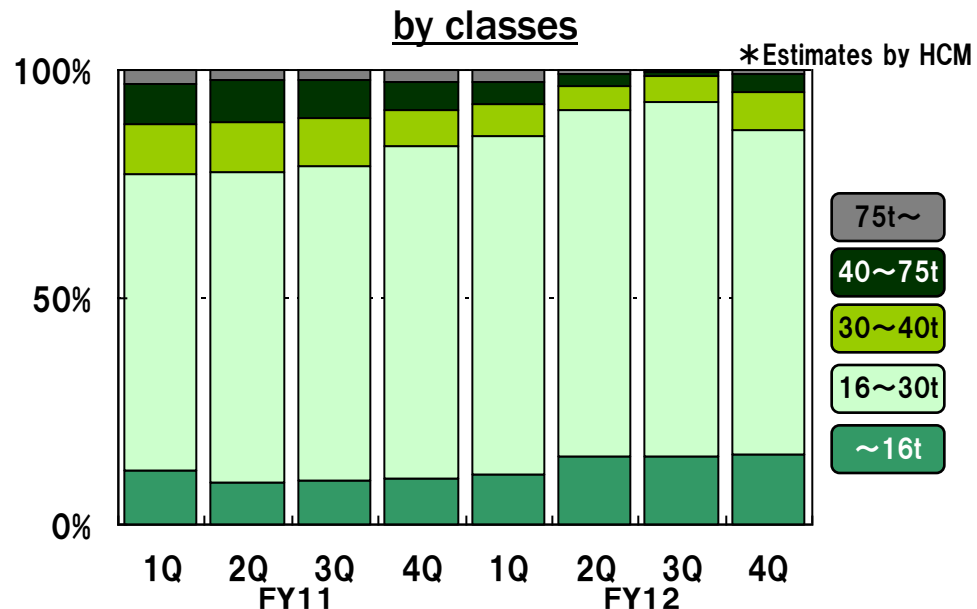
Demand Trend for Hydraulic Excavators in India



(US\$/t) Prices of coal, palm oil future and hard log (US\$/t)

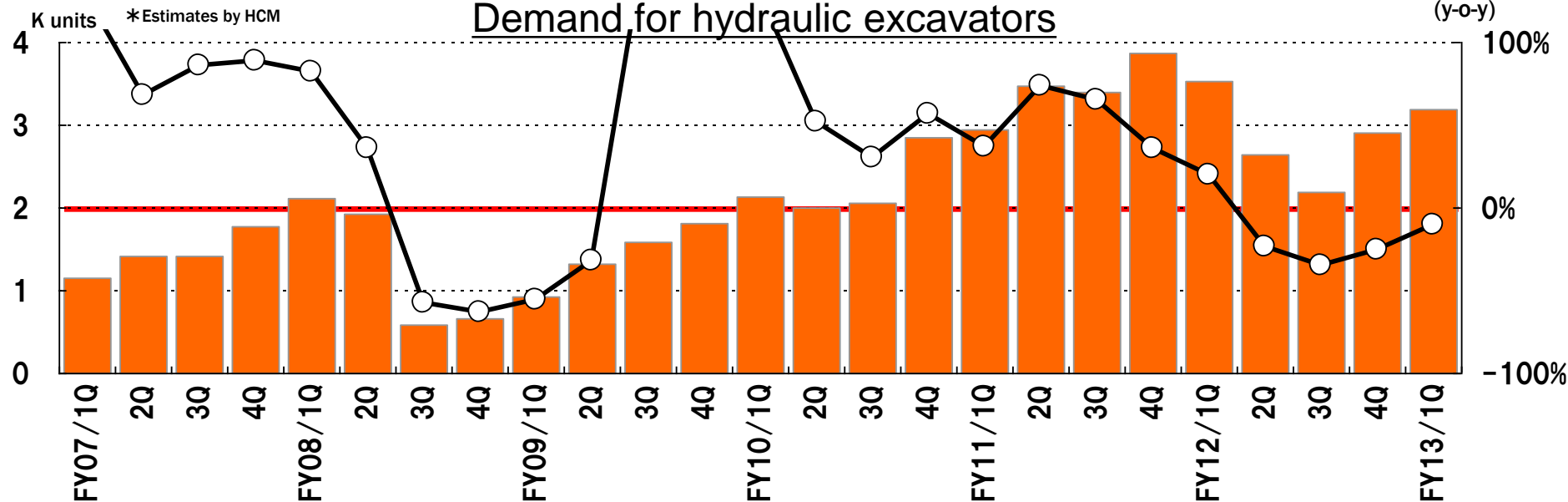


Demand composition for hydraulic excavators



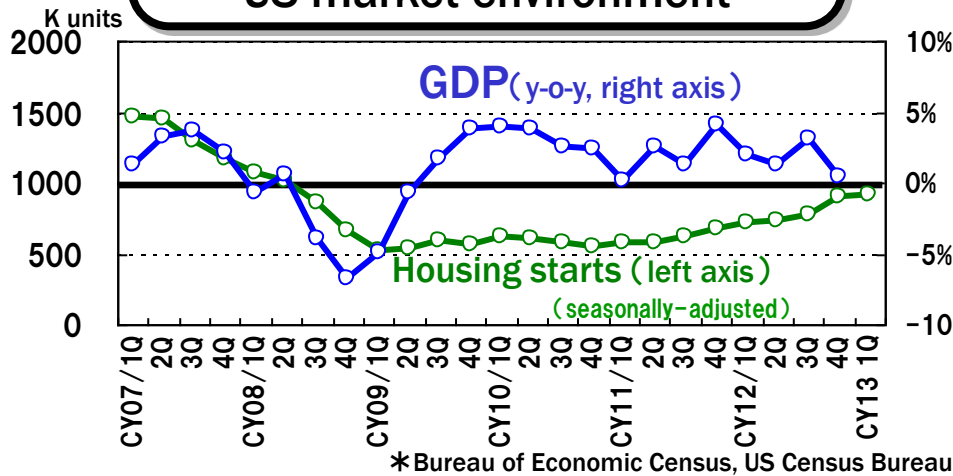
Demand for hydraulic excavators

(y-o-y)

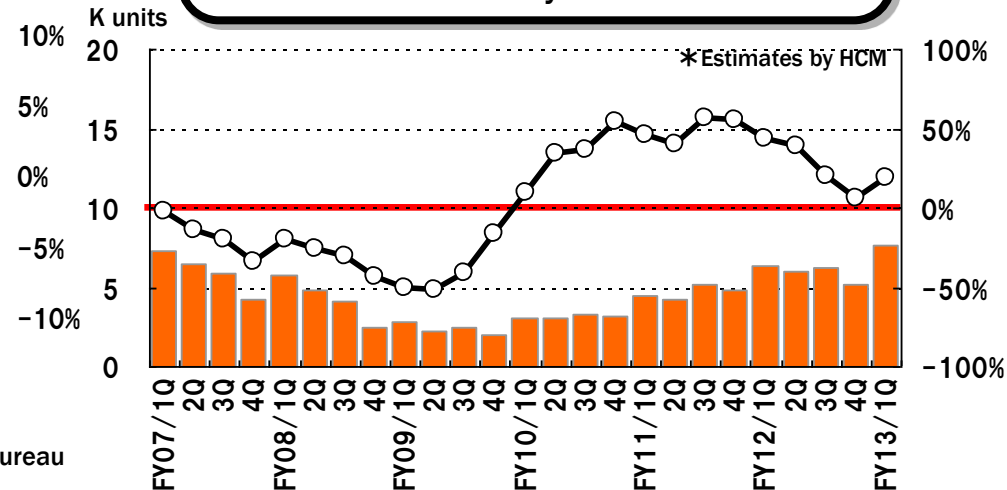


- ◇ Construction spending remained brisk by increasing investments in housing starts, residential/commercial sector.
- ◇ Demand continued firm, especially for housing, energy and rental sectors.
- ◇ Despite current brisk economic conditions, we will watch financial reconstruction issues closely.

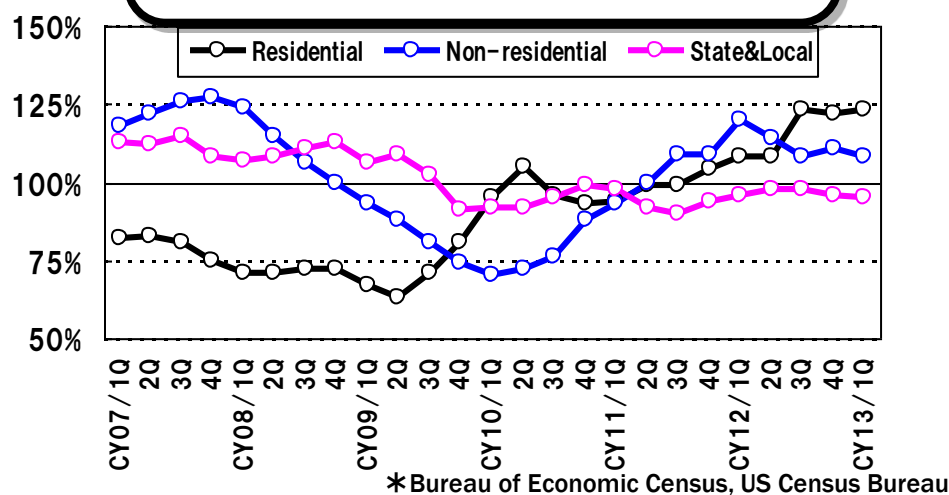
US market environment



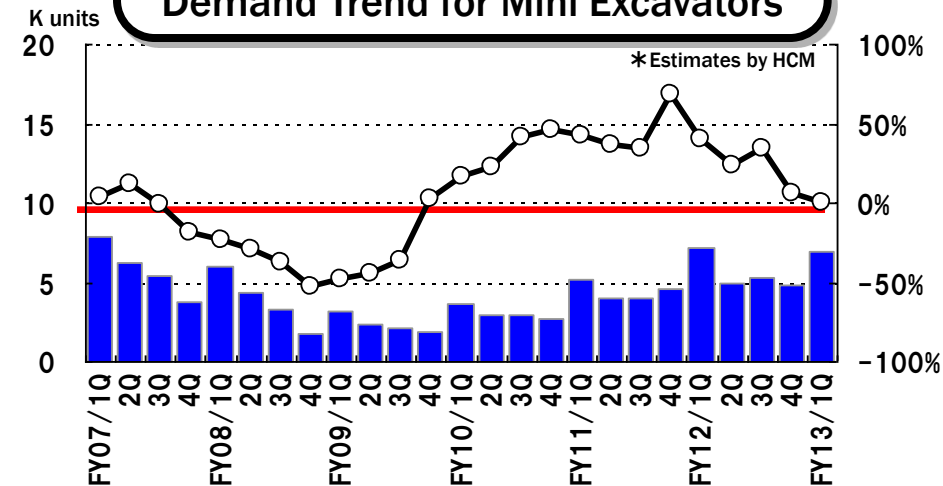
Demand Trend for Hydraulic Excavators



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

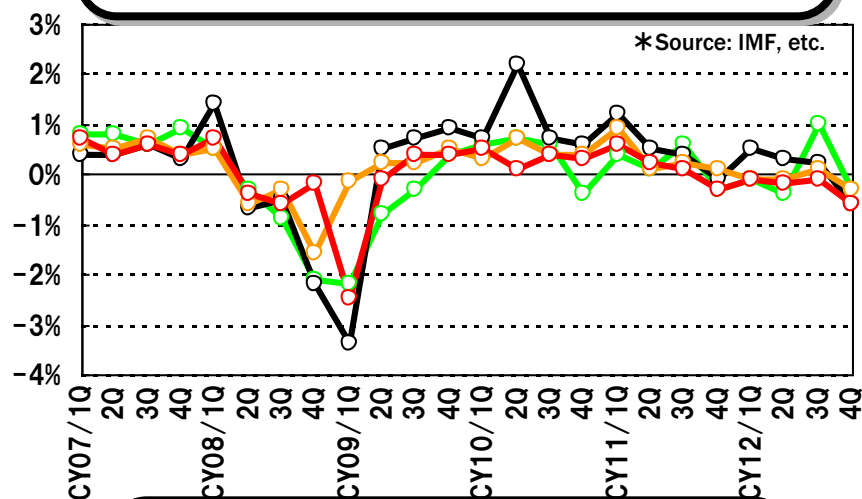


Demand Trend for Mini Excavators

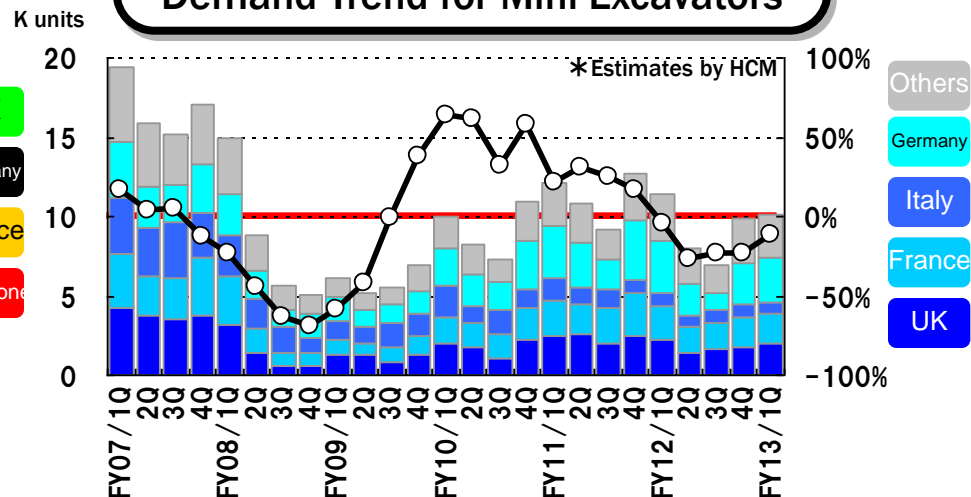


- ◇ The economic slump caused by the financial crisis has been prolonged.
- ◇ GDP showed negative growth not only in southern Europe but also across the whole Europe. Uncertainty is ongoing.
- ◇ Demand is likely to fall short in compare of the previous year.

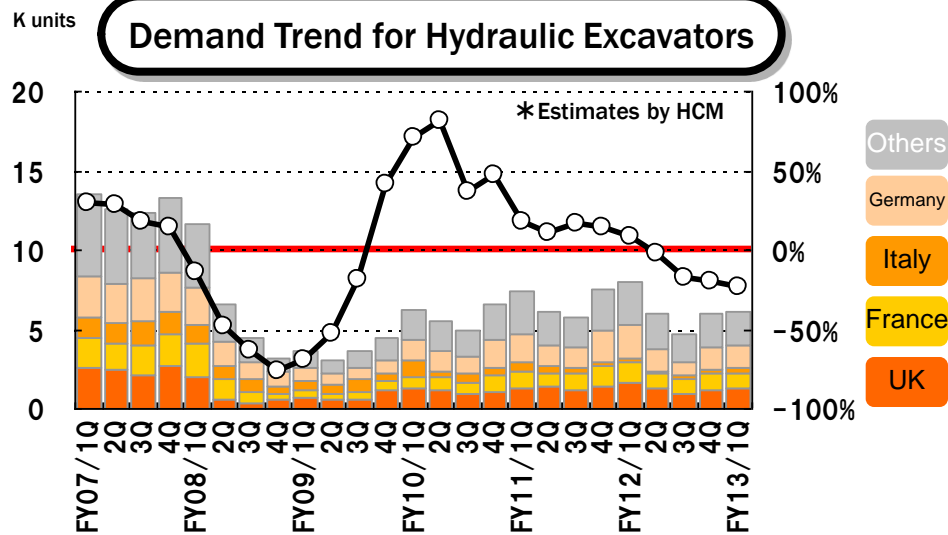
Market Environment: GDP growth rate in major countries (y-o-y)



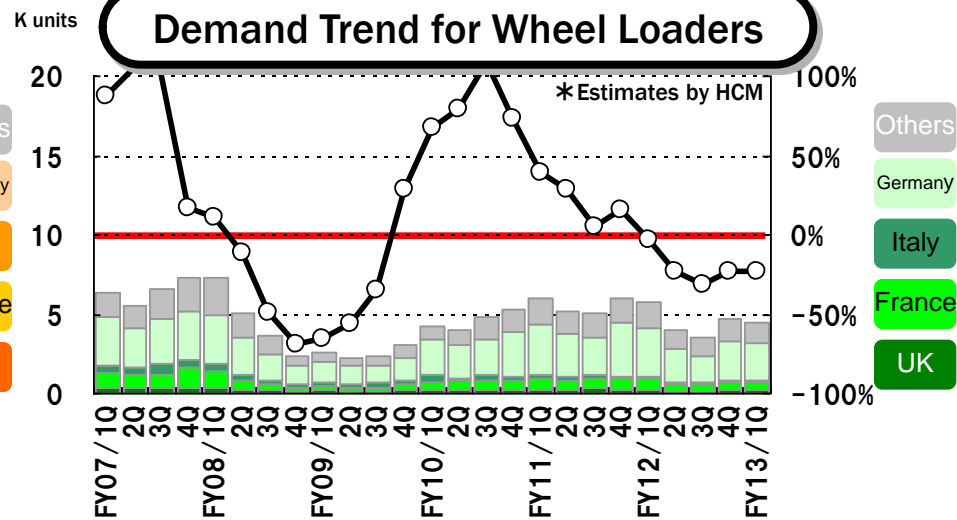
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders



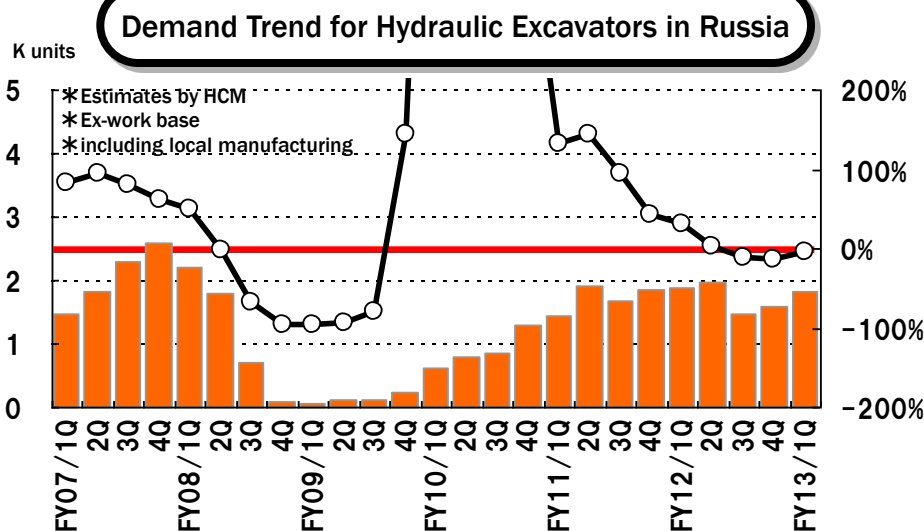
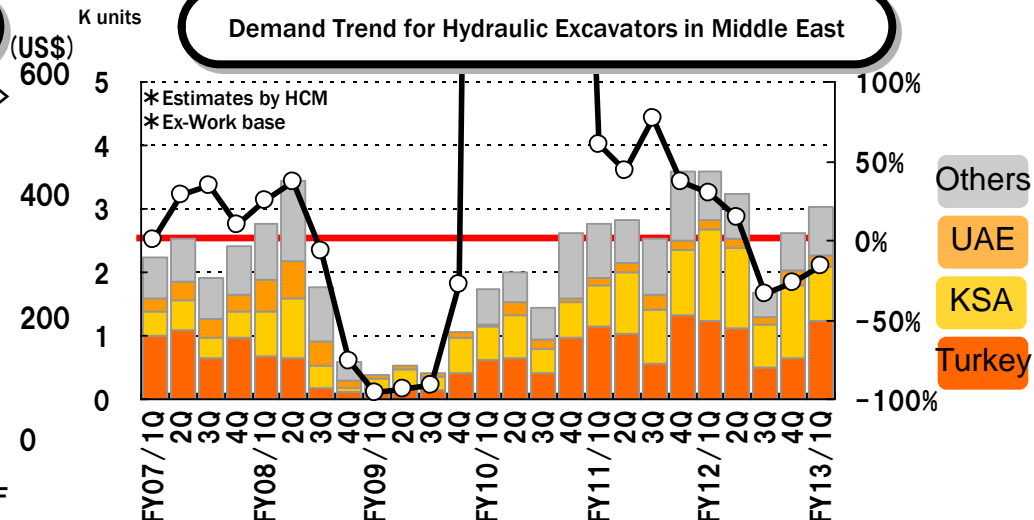
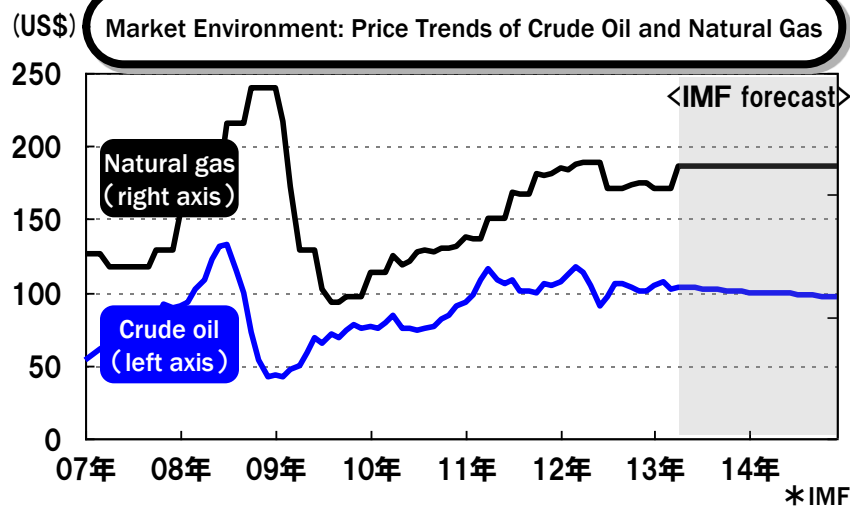
<Russia and Middle East>

HITACHI

Reliable solutions

【Russia】 Resource-related industries such as pipeline laying, and infrastructure industries are performing well thanks to Sochi Olympics in '14 and the World Cup in '18. On the other hand, resource prices requires careful watch.

【Middle East】 The economy growth is expected to continue, with urban development, road & railway development and preparation for the '22 World Cup in Qatar.



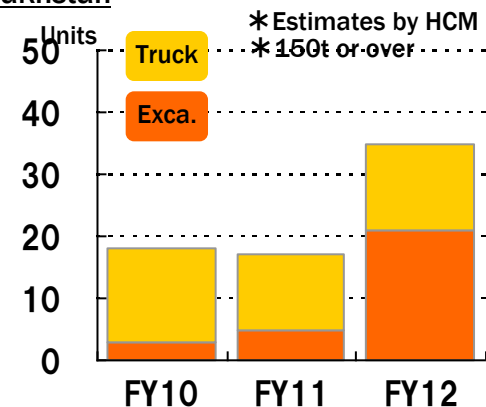
《Topics》

HCM's sales achievement for gold, copper and iron mines in

Kazakhstan

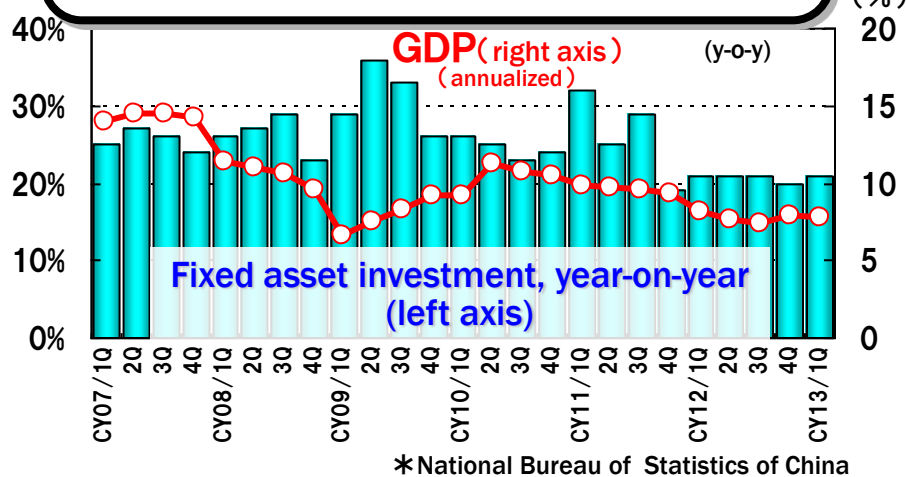


An ultra-large excavator is at work in an iron mine in Kazakhstan

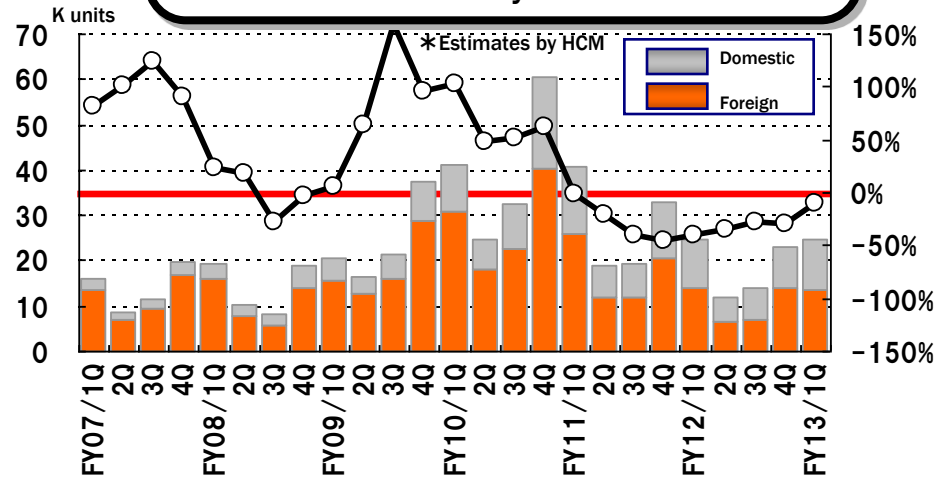


- ◇ Apart from North China and the North East regions where coal mine-related demand is high, demand shows signs of recovery.
- ◇ Demand for small types machinery is picking up, mainly for guaranteed residential, rural and irrigation developments.

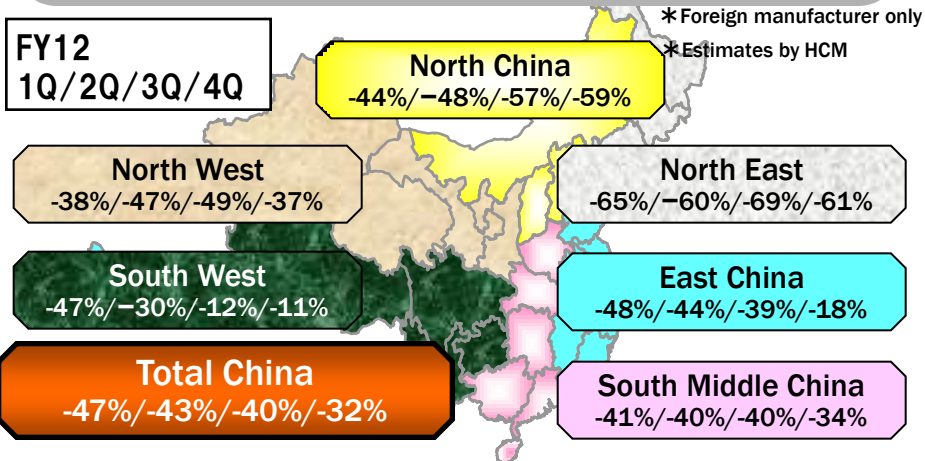
Market Environment: GDP and Fixed Asset investment



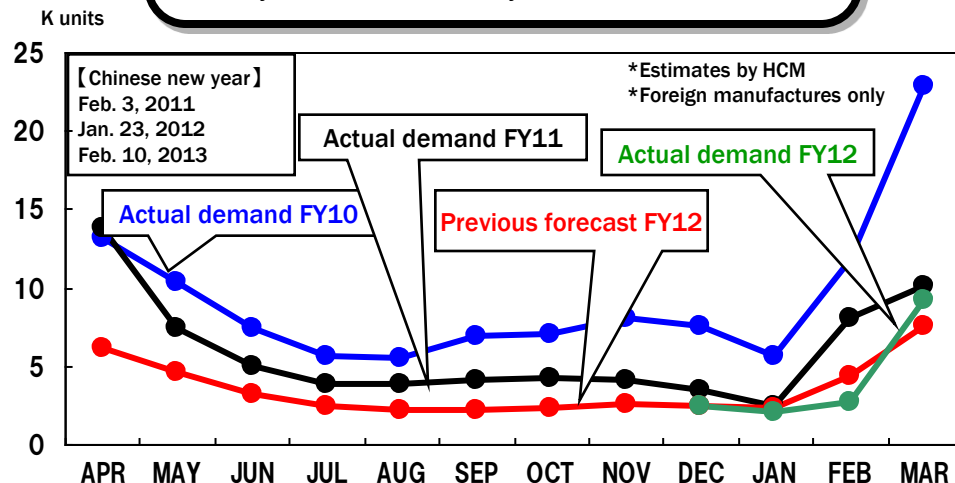
Demand Trend for Hydraulic Excavators

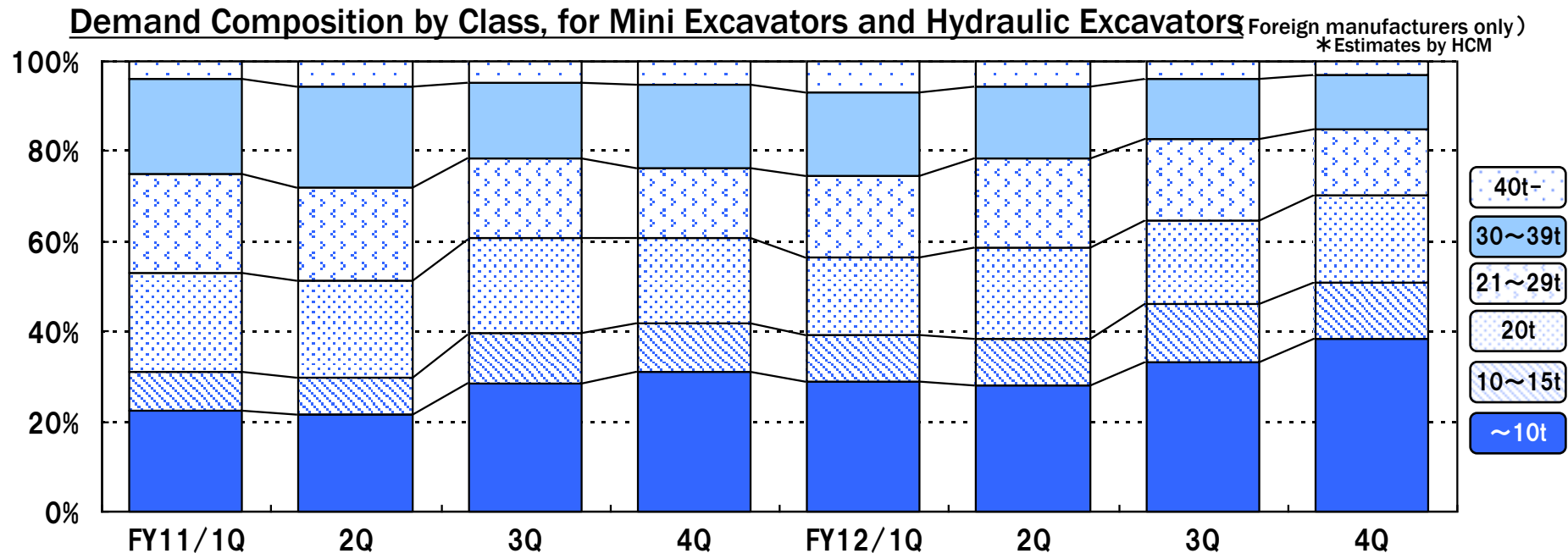
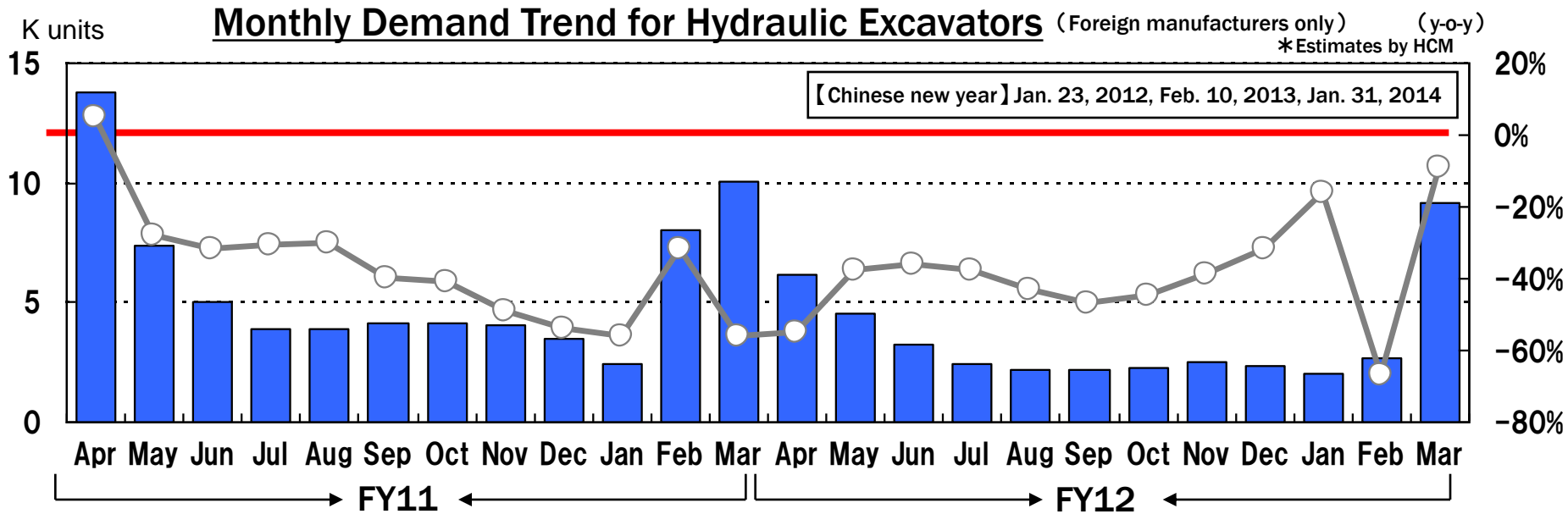


Quarterly Demand for Hydraulic Excavators by Region (y-o-y)



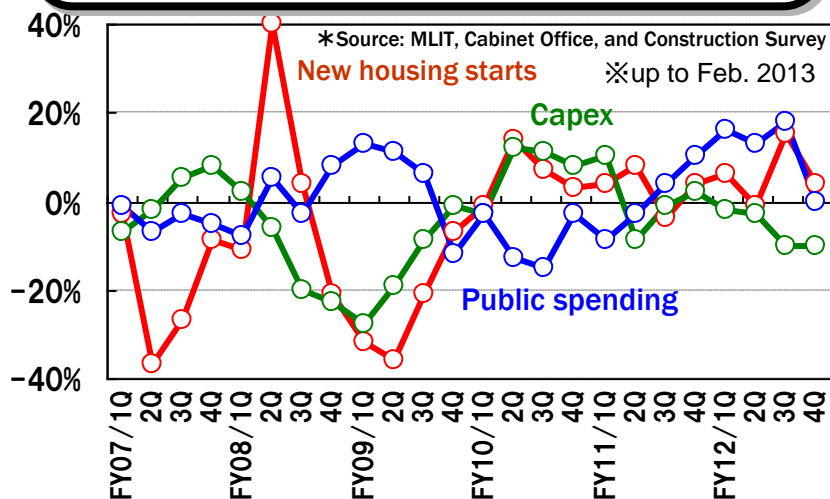
Monthly Demand Trend for Hydraulic Excavators in China



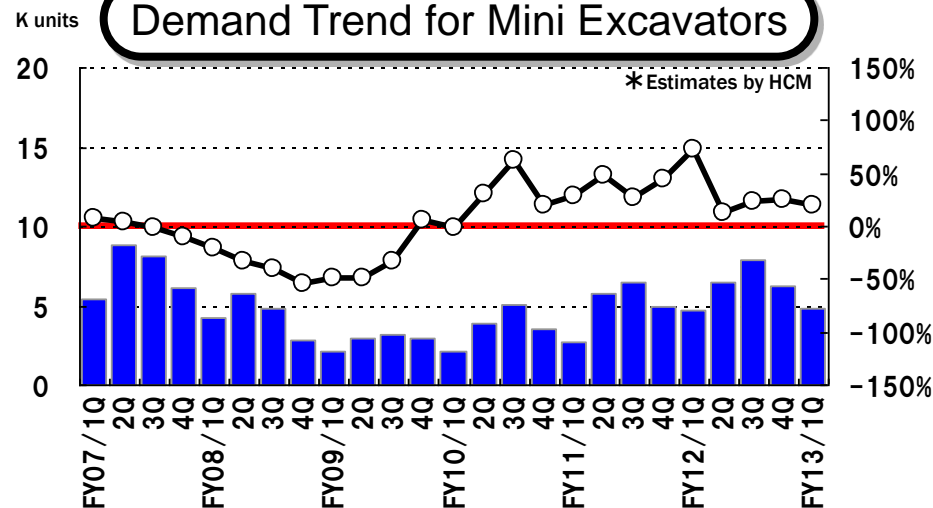


- ◇ Demands continued steady with increases in housing starts and public spending for reconstruction.
- ◇ The demand for construction machinery is expected to remain brisk in FY13, especially for rentals.

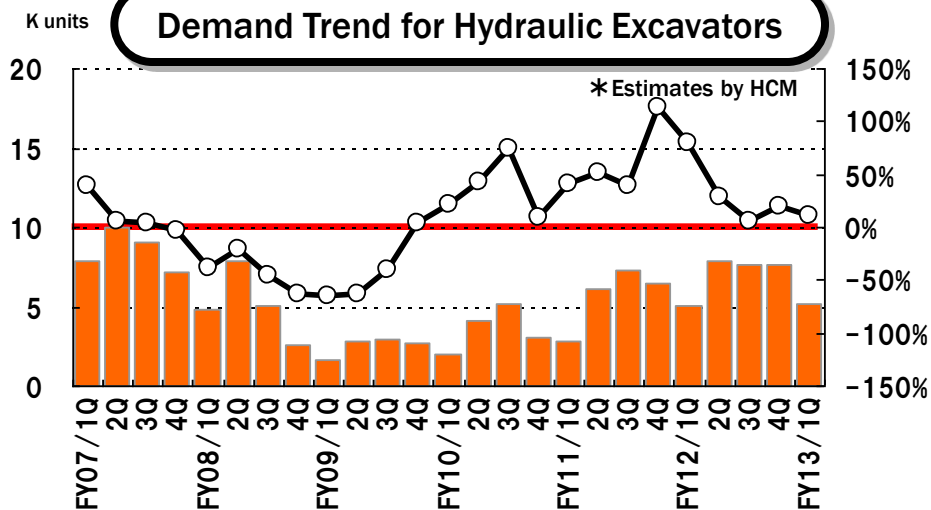
Market Environment: Housing & Public Spending and Capex (y-o-y)



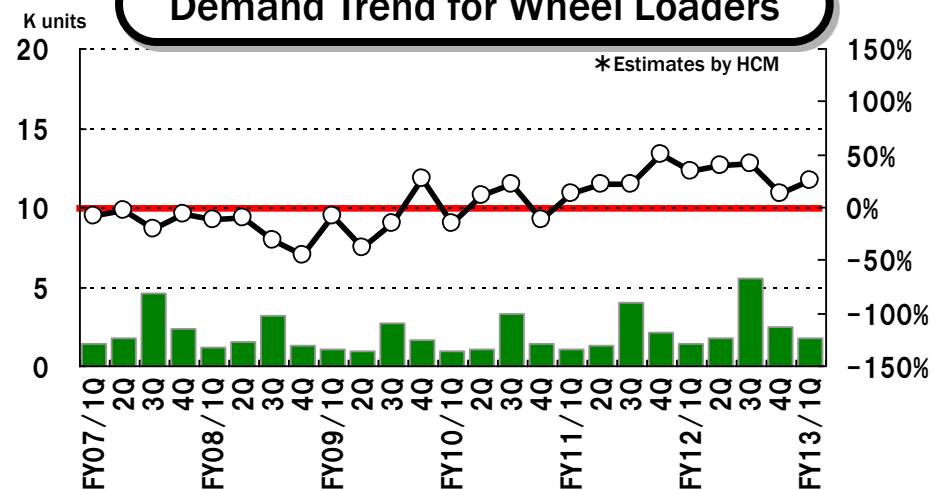
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators

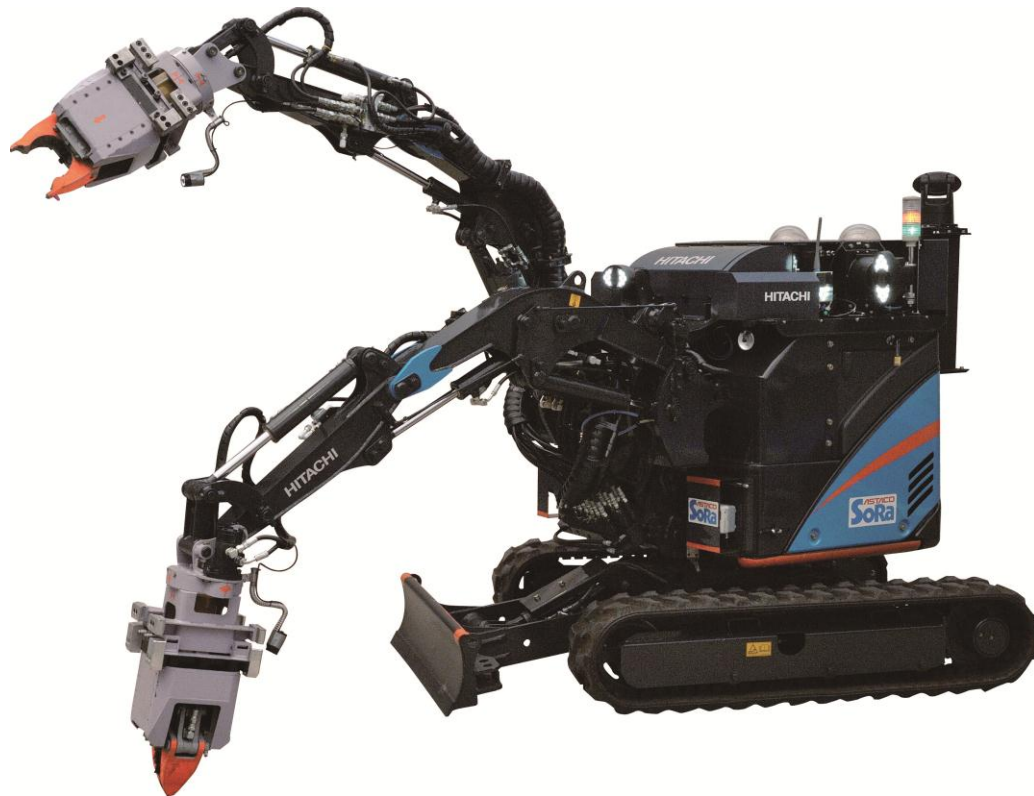


Demand Trend for Wheel Loaders



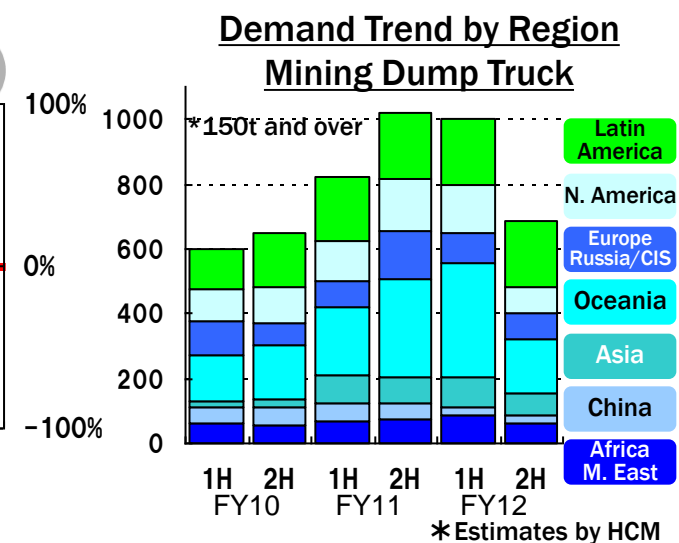
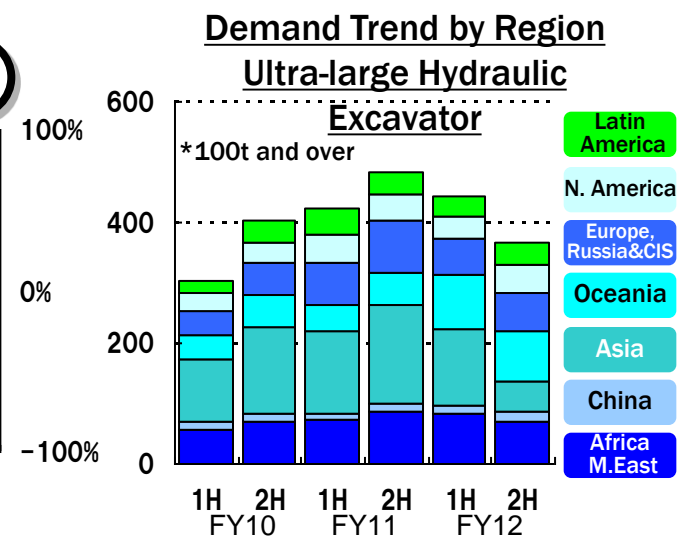
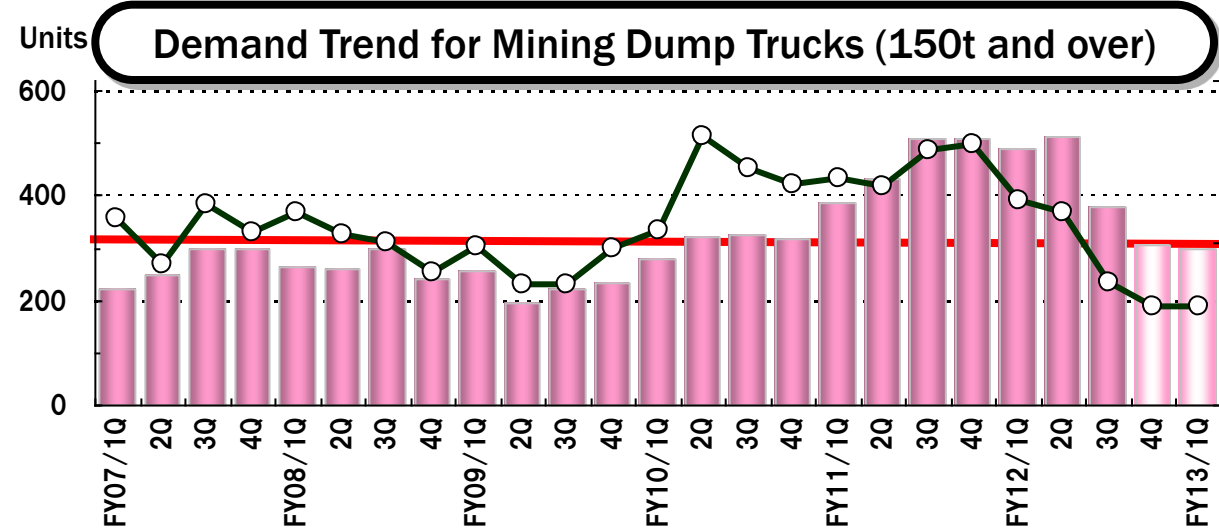
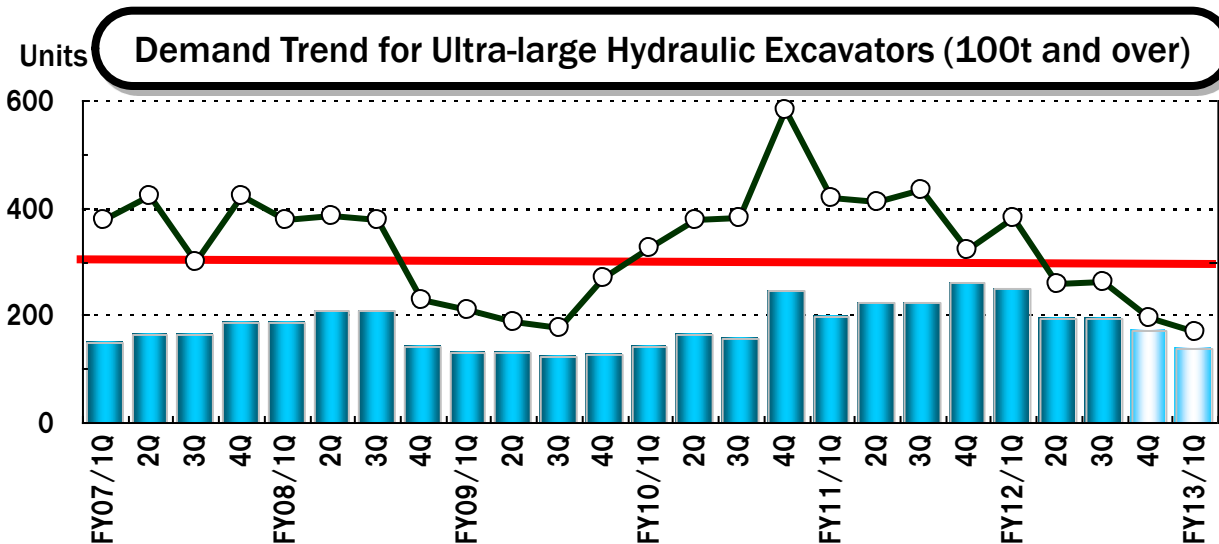
HCM developed a double-arm robot with Hitachi Power Solutions, in the purpose to support recovery of areas where is affected by the nuclear incident.

- ◇ R & D started in September 2011, and development completed in December 2012.
- ◇ The robot is remote-controlled, equipped with 6 cameras with LED, a microphone and laser system.
- ◇ Scheduled to be launched in Fukushima Daiichi Nuclear Power Plant after May 2013.



※ Development of robot is supported by New Energy and Industrial Technology Development Organization.

- ◇ While demands for Iron ore and copper are likely to be brisk, demand for coal is weak.
- ◇ Demand in FY13 is forecasted to decrease by 20% y-o-y.
(Demands is declining in Indonesia and Australia, while Russia and CIS is steady)



Russia



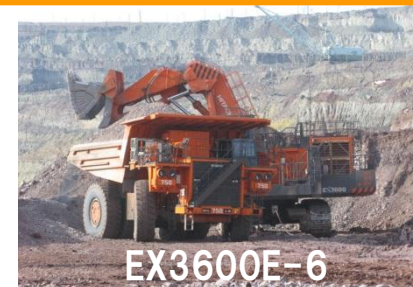
Ultra-large hydraulic excavator
EX5600E-6 (electric) × 2 units <new order>
Iron ore mines



Kazakhstan



Ultra-large hydraulic excavator
EX3600E-6 (electric) × 8 units
Iron ore mines



Mozambique



Dump truck
EH5000AC-3 × 5 units
Ultra-large hydraulic excavator
EX8000-6 × 1 unit
Coal mines



EH5000AC-3



EX8000-6

Turkey



Dump truck
EH4000AC-3 (trolley type) × 2 units
Gold mines



EH4000AC (trolley type)



E N D

For further inquiries:

Norio Hayamizu

Public Relations Strategy Office

TEL : 03-3830-8065

FAX : 03-3830-8224

