

- Revenue decreased by 8% year on year due to the negative exchange impact of the appreciation of the Japanese yen (approximately -10%).
- Adjusted operating income decreased by 28% year on year due to the negative exchange impact of the appreciation of the Japanese yen.

(billions of yen)

	FY2016 1Q-3Q	FY2015 1Q-3Q	change	
Revenue	507.0	549.1	-8%	
Adjusted operating income *1	11.0	15.2	-28%	
Operating income	8.2	12.3	-33%	
Income before income taxes	9.4	4.5	108%	
Net income attributable to owners of the parent	2.5	-0.0	-	
EBIT *2	10.1	6.4	58%	
F X	Rate (YEN/US\$)	106.6	121.7	-15.1
	Rate (YEN/EURO)	117.9	134.4	-16.5
	Rate (YEN/RMB)	16.0	19.3	-3.3

*1 "Adjusted operating income" is calculated by excluding "Other income" and "Other expenses" from "Operating Income" listed in Consolidated Statements of Income.

*2 "EBIT" stands for Earnings Before Interests and Taxes, and is calculated by excluding "Interest income" and "Interest expenses" from "Income before income taxes"

- Revenue in India and in China have increased compared to the previous year despite the negative exchange impact.
- On the other hand, the revenue significantly decreased by 21% or 14.8 billion yen in North America year on year, and by 5% or 8.8 billion yen in Japan year on year, and by 14% or 7.1 billion yen in Asia year on year.

(billions of yen)

	FY2016 1Q-3Q		FY2015 1Q-3Q		change	
		(ratio)		(ratio)	amount	%
Japan	158.8	(31%)	167.6	(31%)	-8.8	-5%
Asia	42.3	(8%)	49.4	(9%)	-7.1	-14%
India	33.9	(7%)	28.7	(5%)	5.2	18%
Oceania	63.4	(13%)	69.4	(13%)	-5.9	-9%
Europe	58.6	(12%)	62.4	(11%)	-3.8	-6%
N.America	54.6	(11%)	69.5	(13%)	-14.8	-21%
L.America	3.4	(1%)	5.2	(1%)	-1.9	-36%
Russia-CIS	13.4	(3%)	13.4	(2%)	0.1	1%
M.East	14.6	(3%)	20.7	(4%)	-6.1	-29%
Africa	24.4	(5%)	27.2	(5%)	-2.8	-10%
China	39.5	(8%)	35.7	(7%)	3.8	11%
Total	507.0		549.1		-42.1	-8%

Overseas revenue
ratio 69%

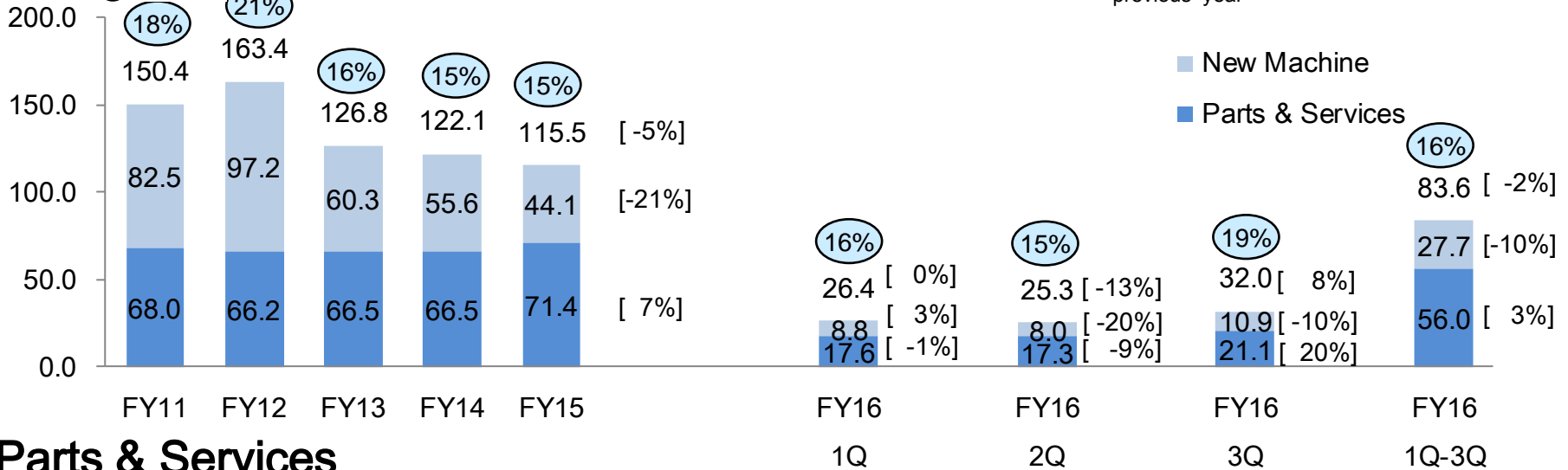
Overseas revenue
ratio 69%

(billions of yen)

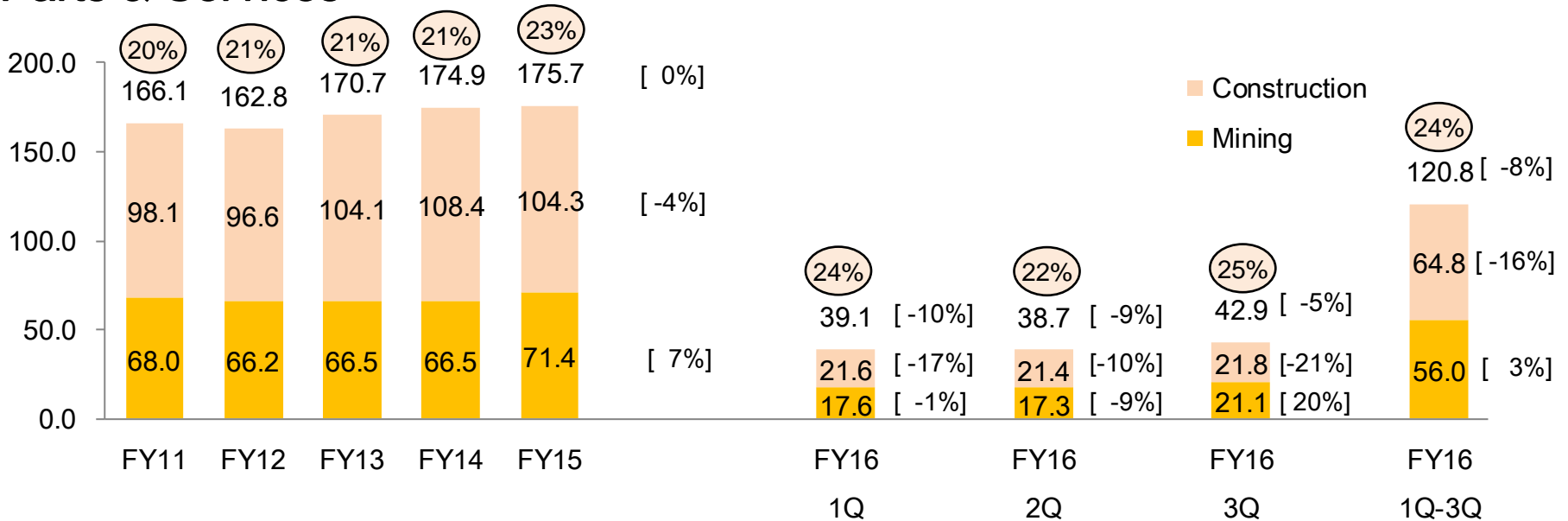
(%) shows sales ratio against total company sales

[%] shows changed ratio from the same period of previous year

Mining

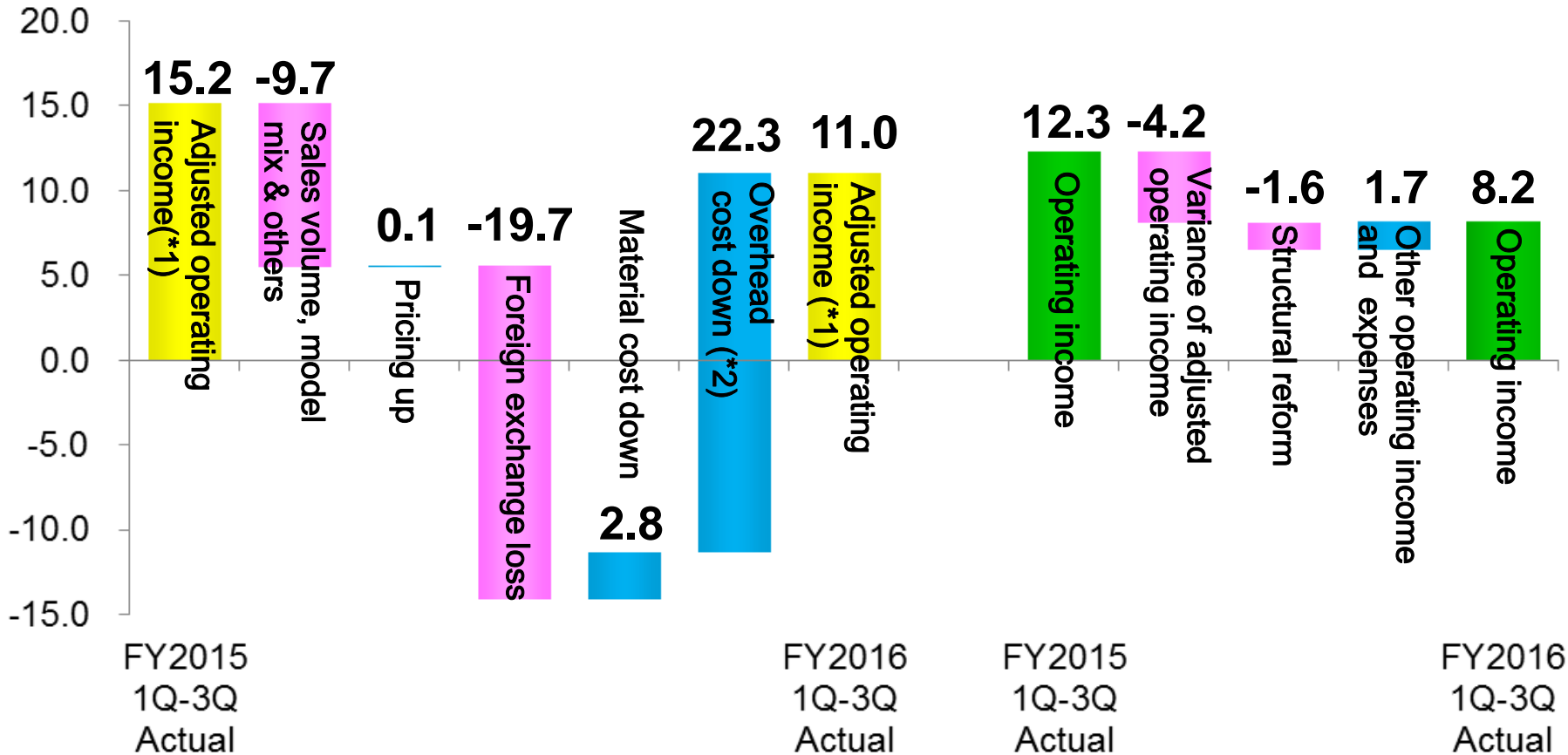


Parts & Services



Adjusted operating income has decreased by 4.2 billion yen year on year due to the negative impact of the appreciation of the Japanese yen despite the reduction in overheads and material costs.

(billions of yen)



*1 "Adjusted operating income" is calculated by excluding "Other income" and "Other expenses" from "Operating Income" listed in Consolidated Statements of Income.

*2 Overhead cost : included +5.5billion by KCM consolidation

- Adjusted operating income decreased by 4.2 billion yen to 11.0 billion yen due to the negative exchange impact of 19.7 billion yen compared to the previous year.
- Operating income decreased by 4.1 billion yen to 8.2 billion yen compared to the previous year.
- Net income attributable to owners of the parent increased by 2.6 billion yen to 2.5 billion yen compared to the previous year by the reduction of financial costs despite the decrease in operating income.

(billions of yen)

	FY2016		FY2015		change	
	1Q-3Q		1Q-3Q		amount	%
Revenue	507.0		549.1		-42.1	-8%
Cost of Sales	(77.1%) 390.7		(75.7%) 415.7		-25.0	-6%
SGA expenses	(20.8%) 105.3		(21.5%) 118.2		-13.0	-11%
Adjusted operating income *1	(2.2%) 11.0		(2.8%) 15.2		-4.2	-28%
Other Income/expenses	-2.8		-3.0		0.1	-4%
Operating income	(1.6%) 8.2		(2.2%) 12.3		-4.1	-33%
Financial income/expenses	1.2		-8.0		9.3	-
Share of profits of investments accounted for using the equity method	0.0		0.3		-0.3	-89%
Income before income taxes	(1.9%) 9.4		(0.8%) 4.5		4.9	108%
Income taxes	4.6		3.7		0.8	23%
Net income	(1.0%) 4.9		(0.1%) 0.8		4.0	499%
Net income attributable to owners of the parent	(0.5%) 2.5		(-0.0%) -0.0		2.6	-
Comprehensive income	1.3		-13.9		15.2	-

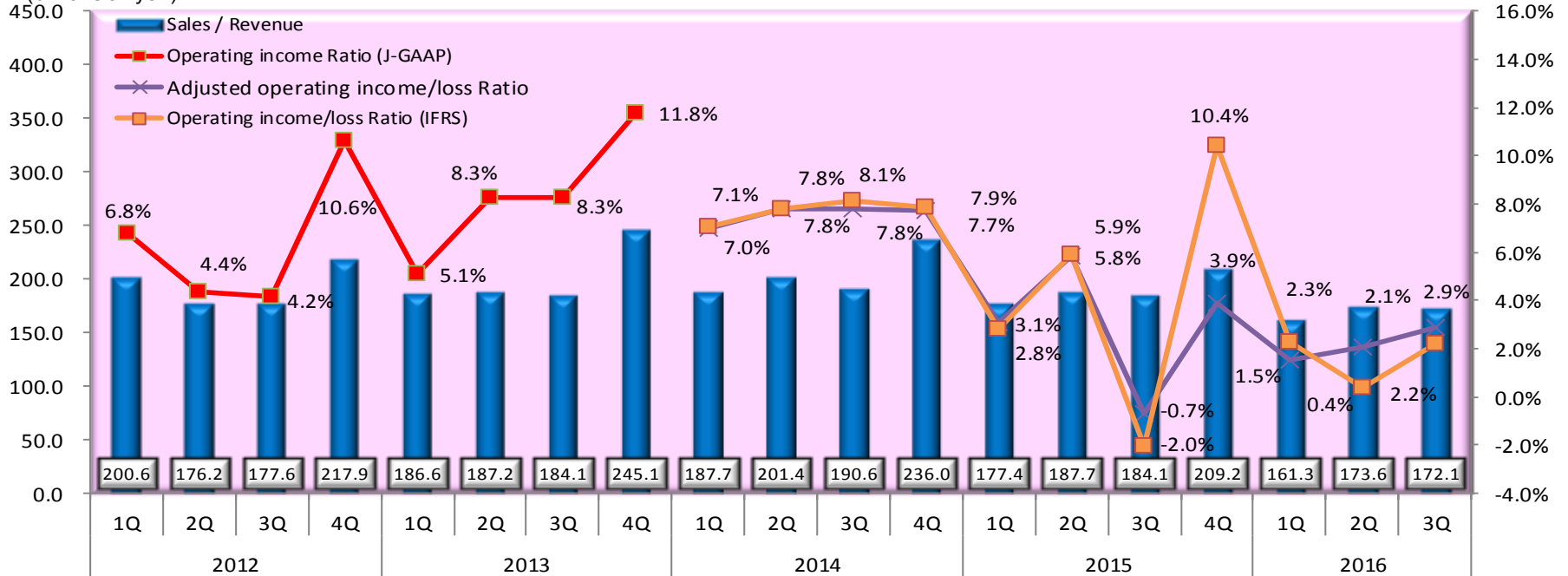
*1 "Adjusted operating income" is calculated by excluding "Other income" and "Other expenses" from "Operating Income" listed in Consolidated Statements of Income.

Summary of quarterly consolidated revenue and operating income/loss (ratio) 6

(billions of yen)

	2012				2013				2014				2015				2016		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Sales / Revenue	200.6	176.2	177.6	217.9	186.6	187.2	184.1	245.1	187.7	201.4	190.6	236.0	177.4	187.7	184.1	209.2	161.3	173.6	172.1
Operating income(J-GAAP)	13.6	7.7	7.4	23.2	9.6	15.5	15.2	28.9	11.6	13.8	13.2	15.8	/	/	/	/	/	/	/
Adjusted operating income/loss	/	/	/	/	/	/	/	/	13.1	15.7	14.8	18.3	5.5	11.0	-1.2	8.1	2.4	3.6	5.0
Operating income/loss(IFRS)	/	/	/	/	/	/	/	/	13.2	15.8	15.5	18.6	4.9	11.1	-3.8	21.8	3.7	0.7	3.8

(billions of yen)



FX rate	2012				2013				2014				2015				2016		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Rate (YEN/US\$)	80.2	78.6	81.2	92.4	98.8	99.0	100.5	102.8	102.2	103.9	114.5	119.1	121.4	122.2	121.5	115.5	108.1	102.4	109.3
Rate (YEN/EURO)	102.9	98.4	105.3	122.0	129.0	131.1	136.7	140.8	140.1	137.8	143.1	134.2	134.2	136.0	133.0	127.2	122.0	114.3	117.8
Rate (YEN/RMB)	12.7	12.4	13.0	14.9	16.1	16.2	16.5	16.9	16.4	16.9	16.8	19.1	19.6	19.3	18.9	17.6	16.5	15.4	16.0

- Total assets increased by 5.9 billion yen compared to the previous year by reduction of trade receivables despite the asset increase by 25.9 billion yen resulting from consolidation of H-E parts.
- Days of net working capital on hand was reduced by 14 days compared to the previous fiscal year end.

(billions of yen)

	(A) FY20168Q	(B) Mar '2016	(C) FY20158Q	(A)-(B) change
Cash and cash equivalents	81.4	79.1	73.0	2.3
Trade receivables	145.4	182.9	167.6	-37.6
Inventories	252.4	248.6	295.0	3.8
Total current assets	548.9	549.2	589.0	-0.3
Total non-current assets	383.7	377.4	408.3	6.3
Total assets	932.6	926.6	997.3	5.9

Trade receivables incl. non-current	171.6	206.1	193.2	-34.4
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Inventories by products

Unit				
Unit	77.3	62.2	87.4	15.2
Parts	91.3	96.0	104.8	-4.7
Raw materials, WIP and etc	83.7	90.3	102.8	-6.6
Total inventories	252.4	248.6	295.0	3.8

On hand days(divided by net sales)

(Days)

Trade receivables	87	99	90	-12
Inventories	129	120	137	9
Trade payables	65	54	59	11
Net working capital	149	163	166	-14

	(D) FY20168Q	(E) Mar '2016	(F) FY20158Q	(D)-(E) change
Trade and other payables	209.1	205.9	217.5	3.2
Bonds and borrowings	210.9	217.9	261.0	-7.0
Total current liabilities	483.7	469.8	528.1	13.9
(Equity attributable to owners of the parent ratio)	(42.1%)	(42.7%)	(40.7%)	(-0.6%)
Total equity	448.9	456.8	469.1	-7.9
Total liabilities and equity	932.6	926.6	997.3	5.9

Interest-bearing debt	210.9	217.9	261.0	-7.0
Cash and Cash equivalents	81.4	79.1	73.0	2.3
Interest-bearing debt, net	(13.9%)	(15.0%)	(18.8%)	(-1.1%)
Debt	129.5	138.8	188.0	-9.3

Net D/E Ratio	0.33	0.35	0.46	-0.02
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- Net cash provided by (used in) operating activities decreased by 29.3 billion yen to a positive 64.9 billion yen compared to the previous year.
- Free cash flows was a positive 33.3 billion yen despite the acquisition of shares of H-E parts of 19.3 billion yen.

(billions of yen)

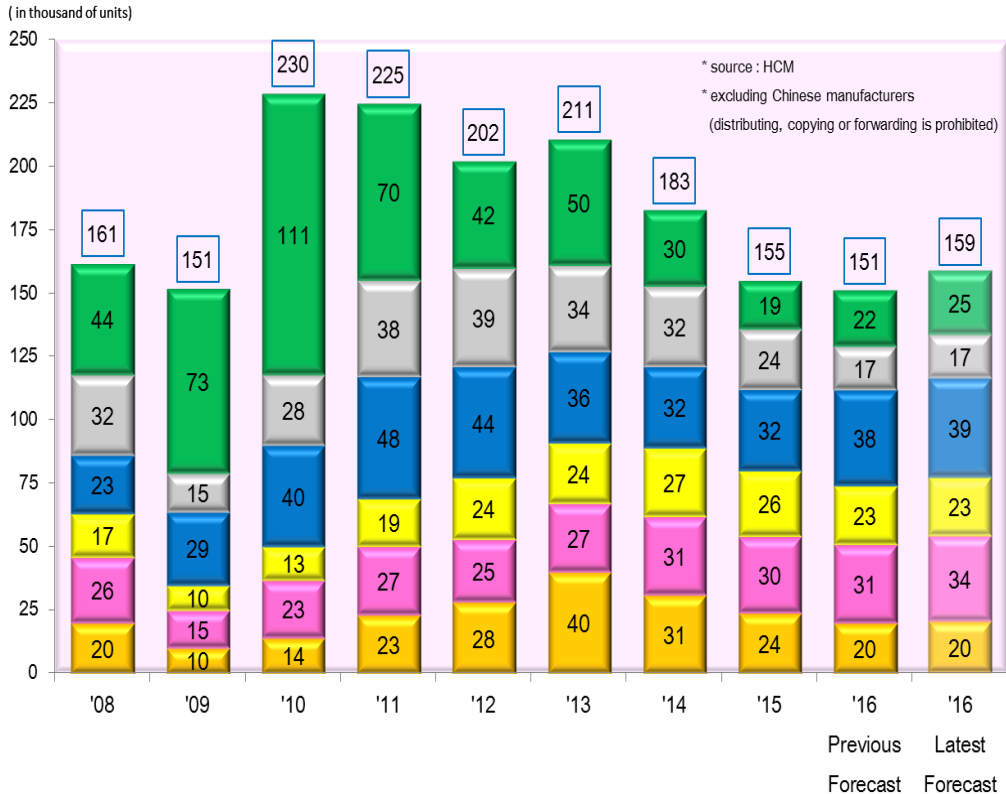
	FY2016 1Q-3Q		FY2015 1Q-3Q		change	
Net income		4.9		0.8		4.0
Depreciation and amortization	30.1	25.3	28.2	27.4	1.9	-2.2
(Increase)decrease in trade/lease receivables		32.7		72.6		-39.9
(Increase)decrease in inventories		-3.5		22.1		-25.6
Increase(decrease) in trade payables	49.6	20.4	89.2	-5.5	-39.6	25.9
Others, net		-14.8		-23.3		8.5
Net cash provided by (used in) operating activities		64.9		94.1		-29.3
Cash flow margin for operating activities		12.8%		17.1%		-4.4%
Net cash provided by (used in) investing activities		-31.6		-9.1		-22.5
Free cash flows		33.3		85.1		-51.8
Net cash provided by (used in) financing activities		-31.0		-59.0		28.0

II. Consolidated earnings forecast

HCM expects the FY2016 global demand for hydraulic excavators to increase by 3% year on year , to 159K units, an increase of 8K units from the previous forecast mainly due to an increase in China, Western Europe and Asia & Oceania.

The ratio of emerging countries in FY2016 : 51%(+3% of previous year)

*Emerging countries : China, Asia/Oceania and others



year on year change by region

	'15	'16 Previous Forecast	'16 Latest Forecast
Total	-15%	-3%	+3%
China	-36%	+15%	+31%
Russia-CIS & E.Europe	-46%	-8%	-8%
Africa	-34%	-8%	-8%
Middle East	-2%	-45%	-45%
Latin America	-38%	-22%	-22%
Others	-25%	-29%	-29%
India	+29%	+50%	+50%
Indonesia	-38%	+11%	+29%
Others	+0%	+1%	+4%
Asia & Oceania	0%	+19%	+22%
North America	-4%	-12%	-12%
Western Europe	-3%	3%	13%
Japan	-23%	-17%	-17%

- The forecast for FY2016 remains unchanged from the previous forecast.
- HCM expects revenue for FY2016 to decrease by 8% year on year due to the negative impact (-10%) of the appreciation of the Japanese yen.
- Adjusted operating income is to increase by 20% year on year considering the favorable impact of restructuring reform.

billions of yen

	FY2016 Forecast		FY2015 Actual	Change	
				amount	%
Revenue	(700.0)	700.0	758.3	-58.3	-8%
Adjusted operating income *1	(28.0)	28.0	23.4	4.6	20%
Operating income	(22.0)	22.0	34.1	-12.1	-35%
Income before income taxes	(15.0)	15.0	24.5	-9.5	-39%
Net income attributable to owners of the parent	(5.0)	5.0	8.8	-3.8	-43%
EBIT *2	(17.0)	16.5	26.9	-10.4	
F X	Rate (YEN/US\$)	(102.6)	104.8	120.1	-15.3
	Rate (YEN/EURO)	(113.7)	115.5	132.4	-16.9
	Rate (YEN/RMB)	(15.3)	15.6	18.6	-3.0
Cash dividend per share (yen)	to be determined		40	-	

note : () shows previous forecast as of October 2016□

*1 "Adjusted operating income" is calculated by excluding "Other income" and "Other expenses" from "Operating Income" listed in Consolidated Statements of Income.

*2 "EBIT" stands for Earnings Before Interests and Taxes, and is calculated by excluding "Interest income" and "Interest expenses" from "Income before income taxes"

Forecast rate for Q4 FY2016		
	Previous	Latest
Rate (YEN/US\$)	(100.0)	100.0
Rate (YEN/EURO)	(110.0)	110.0
Rate (YEN/RMB)	(15.0)	15.0

Compared with the previous forecast, HCM forecasts an increase in revenue in China, Russia-CIS and Asia.

(billions of yen)

	FY2016 Updated Forecast		FY2016 Previous Forecast		FY2015 Actual		VS. Previous Forecast		VS. FY2015	
	amount	%	amount	%	amount	%	amount	%	amount	%
Japan	213.6	(31%)	217.6	(31%)	232.8	(31%)	-4.0	-2%	-19.2	-8%
Asia	62.6	(9%)	61.5	(9%)	66.9	(9%)	1.1	2%	-4.3	-6%
India	56.5	(8%)	58.1	(8%)	40.4	(5%)	-1.6	-3%	16.1	40%
Oceania	84.0	(12%)	83.6	(12%)	93.5	(12%)	0.4	0%	-9.5	-10%
Europe	81.8	(12%)	80.9	(12%)	89.0	(12%)	0.8	1%	-7.2	-8%
N.America	76.2	(11%)	77.3	(11%)	93.0	(12%)	-1.2	-2%	-16.8	-18%
L.America	4.1	(1%)	4.1	(1%)	6.7	(1%)	0.0	1%	-2.6	-39%
Russia-CIS	15.4	(2%)	13.4	(2%)	16.9	(2%)	2.0	15%	-1.5	-9%
M.East	19.5	(3%)	21.5	(3%)	28.2	(4%)	-1.9	-9%	-8.7	-31%
Africa	33.0	(5%)	32.2	(5%)	37.0	(5%)	0.9	3%	-4.0	-11%
China	53.3	(8%)	49.8	(7%)	53.8	(7%)	3.5	7%	-0.5	-1%
Total	700.0	(100%)	700.0	(100%)	758.3	(100%)	0.0	0%	-58.3	-8%

Overseas
revenue ratio

69%

69%

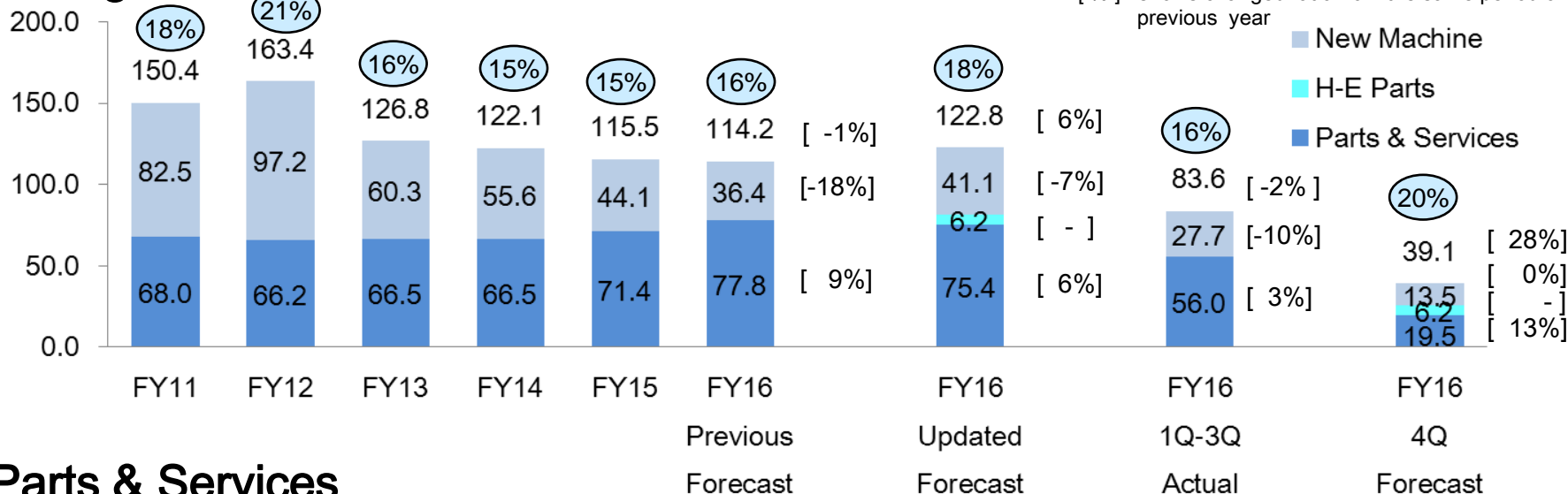
69%

(billions of yen)

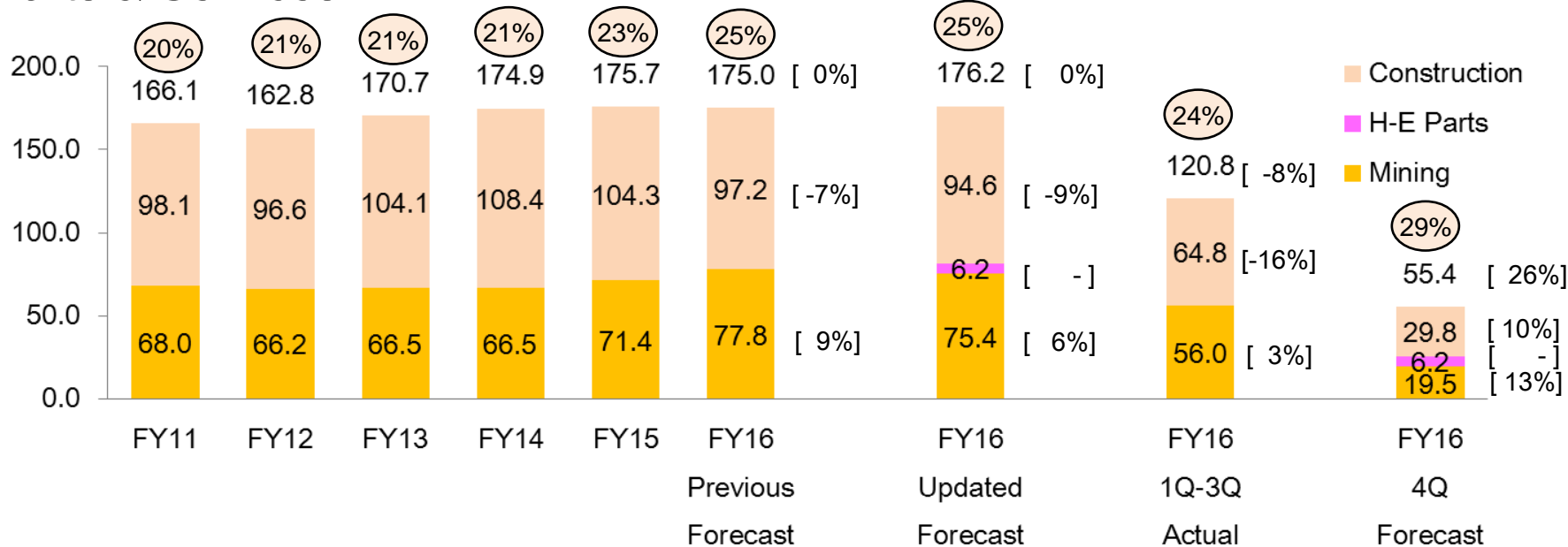
(%) shows sales ratio against total company sales

[%] shows changed ratio from the same period of previous year

Mining

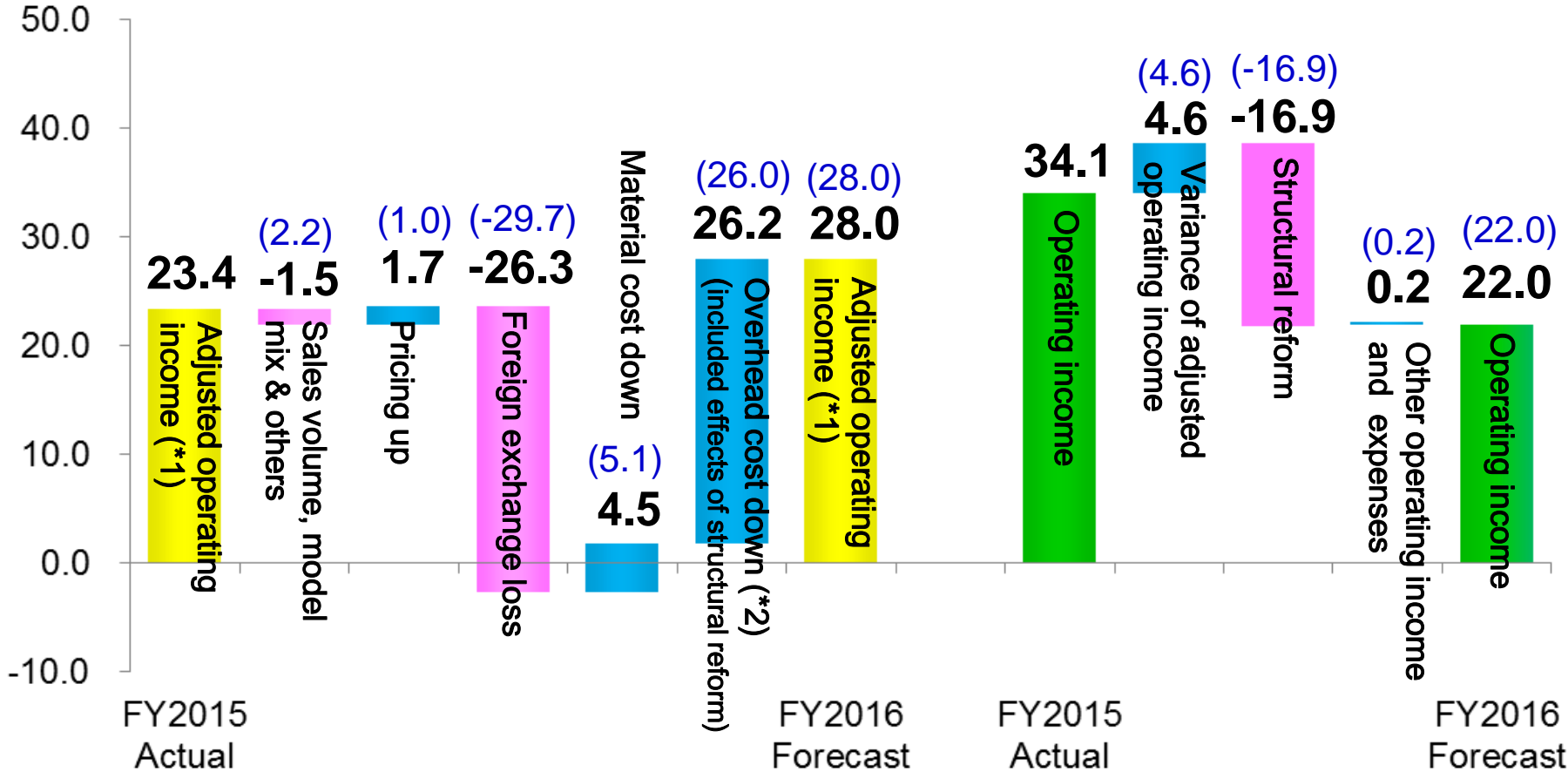


Parts & Services



HCM forecasts FY2016 adjusted operating income to increase by 4.6 billion yen compared to FY2015, which remains unchanged from the previous forecast, while it is negatively impacted by the appreciation of the Japanese yen.

(billions of yen) note : () shows previous forecast as of Oct. 2016



*1 "Adjusted operating income" is calculated by excluding "Other income" and "Other expenses" from "Operating Income" listed in Consolidated Statements of Income.

*2 Overhead cost : increase by consolidation (KCM +5.5billion, H-E Parts +1.6billion) is included.

<Appendix> Detail of mining revenue

(Billions of yen)

		FY15 Result			FY16 Forecast			Difference		
		1Q-3Q	4Q	Year	1Q-3Q	4Q	Year	1Q-3Q	4Q	Year
America	Excavator	4.3	1.6	6.0	7.8	1.7	9.5	3.5	0.0	3.5
	Dump Truck	3.9	2.8	6.6	3.9	5.1	9.1	0.0	2.4	2.4
	Total	8.2	4.4	12.6	11.7	6.8	18.5	3.5	2.4	5.9
Europe, Africa and Middle East	Excavator	10.7	4.0	14.6	10.2	4.7	14.9	-0.5	0.7	0.2
	Dump Truck	11.0	3.6	14.6	14.5	3.3	17.8	3.5	-0.3	3.2
	Total	21.7	7.5	29.2	24.7	8.0	32.6	3.0	0.4	3.4
Asia & Oceania	Excavator	43.3	15.7	59.0	31.7	12.9	44.6	-11.6	-2.8	-14.4
	Dump Truck	11.6	2.2	13.9	13.6	11.0	24.6	1.9	8.8	10.7
	Total	54.9	17.9	72.9	45.3	23.9	69.1	-9.7	5.9	-3.7
China	Excavator	0.1	0.1	0.2	0.8	0.5	1.2	0.7	0.3	1.0
	Dump Truck	0.0	0.0	0.0	0.1	0.0	0.2	0.1	0.0	0.1
	Total	0.1	0.2	0.3	0.9	0.5	1.4	0.8	0.3	1.1
Japan	Excavator	0.0	0.5	0.5	1.1	0.0	1.1	1.1	-0.5	0.6
	Dump Truck	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Total	0.0	0.5	0.5	1.1	0.0	1.1	1.1	-0.5	0.6
Total	Excavator	58.4	22.0	80.3	51.5	19.7	71.2	-6.9	-2.3	-9.1
	Dump Truck	26.6	8.6	35.2	32.1	19.4	51.6	5.6	10.8	16.4
	Total	84.9	30.6	115.5	83.6	39.1	122.8	-1.3	8.6	7.2