

I. Summary of consolidated results

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- Revenue increased by 27% compared to the previous year mainly due to the increase in sales volume.
- Adjusted operating income and other income increased compared to the previous year.

(billions of yen)

		FY2017 Actual	FY2016 Actual	change
Revenue		< 930.0 > 959.2	753.9	27%
Adjusted operating income *1		< 77.0 > (9.8%) 93.6	(3.7%) 28.3	231%
Operating income		< 77.0 > (10.0%) 95.7	(3.1%) 23.6	305%
Income before income taxes		< 77.0 > (10.0%) 95.6	(3.2%) 23.9	301%
Net income attributable to owners of the parent		< 46.0 > (6.3%) 60.0	(1.1%) 8.0	648%
EBIT *2		< 80.0 > (10.2%) 98.1	(3.3%) 24.7	298%
FX rate	Rate (YEN/US\$)	< 110.0 > 110.9	108.7	2.2
	Rate (YEN/EURO)	< 122.8 > 130.1	118.9	11.2
	Rate (YEN/RMB)	< 16.1 > 16.8	16.2	0.6
Cash dividend per share (yen) *3		<TBD> 85	12	73

note : < > shows previous forecast as of Jan 2018, () shows revenue ratio

*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"

*3 "Cash dividend per share": The Company will pay dividends linked to its consolidated business results twice, interim and year end, in the fiscal year and aim to achieve a consolidated dividend payout ratio of approx. 30% or more.

- Revenue increased by 74% or 57.8 billion yen in North America year on year, by 58% or 55.5 billion yen in Oceania year on year, and by 70% or 50.2 billion yen in China year on year.
- Overseas revenue ratio increased by 10 points year on year to 80%.

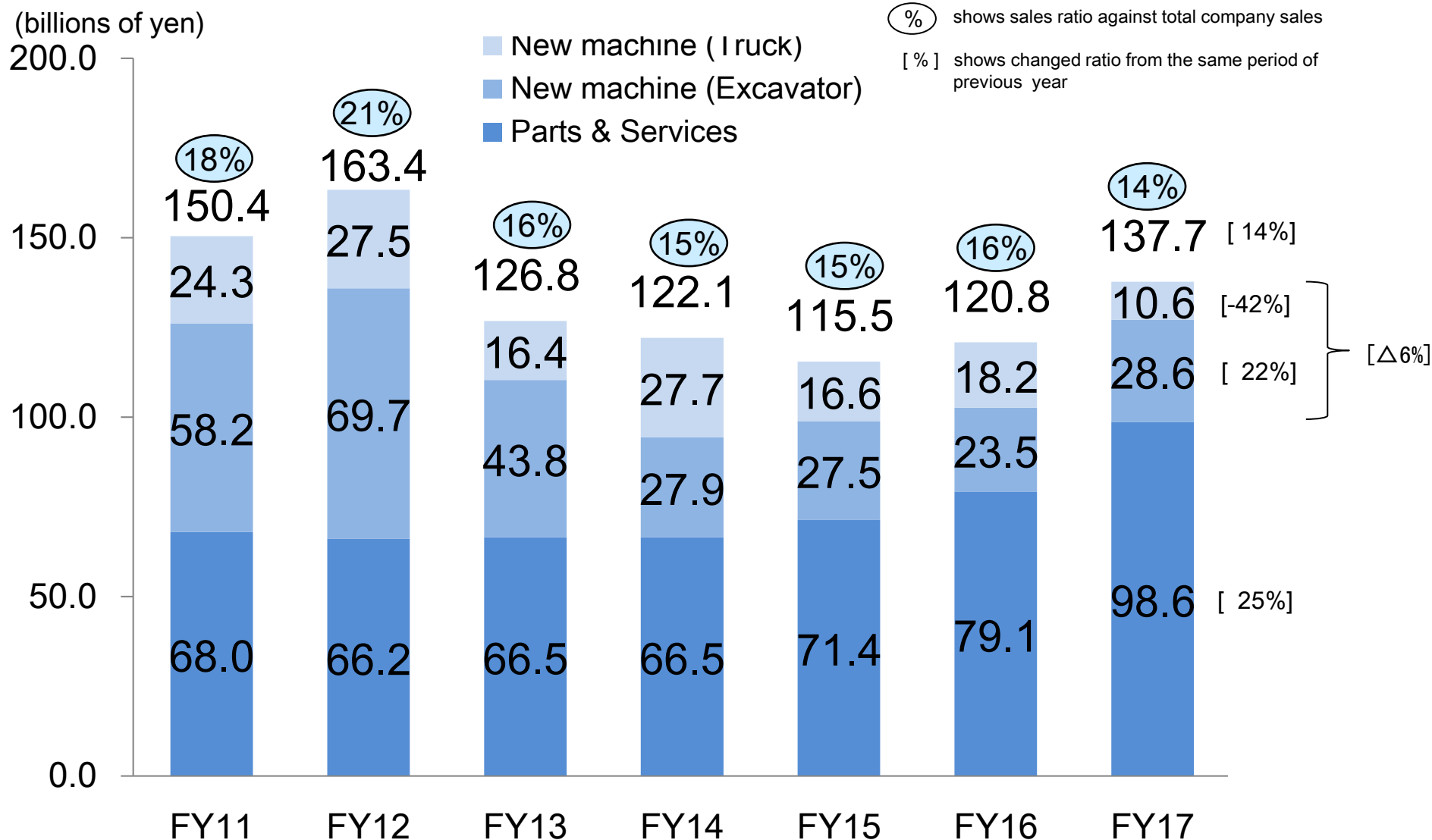
(billions of yen)

	FY2017 Actual (ratio)	FY2016 Actual (ratio)	change	
			amount	%
Japan	193.2 (20%)	226.0 (30%)	-32.8	-14%
Asia	75.4 (8%)	62.2 (8%)	13.2	21%
India	65.1 (7%)	48.6 (6%)	16.5	34%
Oceania	151.9 (16%)	96.4 (13%)	55.5	58%
Europe	104.2 (11%)	87.6 (12%)	16.6	19%
N.America	136.3 (14%)	78.5 (10%)	57.8	74%
L.America	16.1 (2%)	7.0 (1%)	9.1	130%
Russia-CIS	27.4 (3%)	19.5 (3%)	7.9	40%
M.East	23.1 (2%)	22.7 (3%)	0.4	2%
Africa	44.8 (5%)	34.1 (5%)	10.8	32%
China	121.6 (13%)	71.5 (9%)	50.2	70%
Total	959.2	753.9	205.2	27%

Overseas ratio 80%

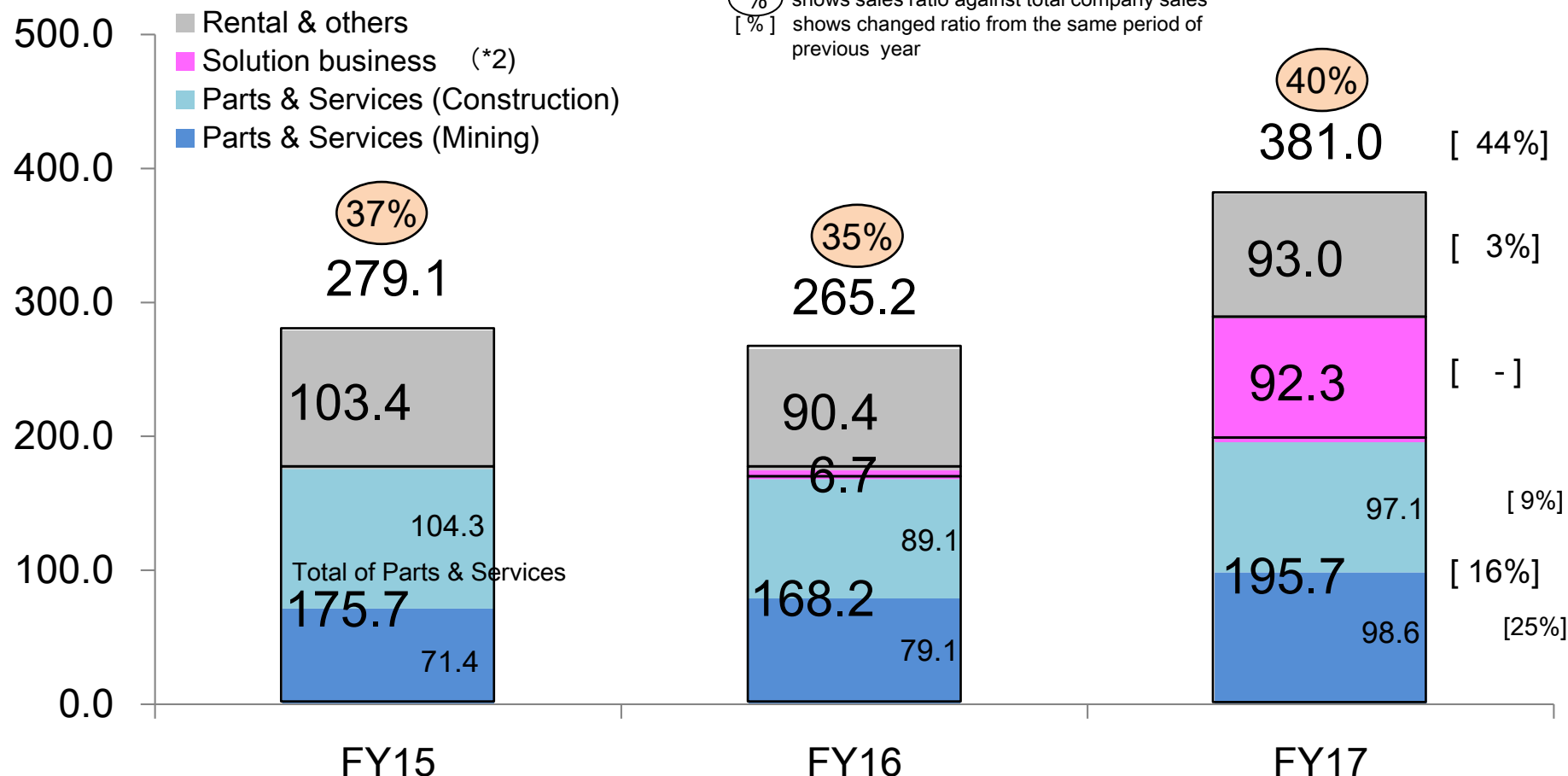
70%

Revenue of new machines decreased by 6% compared to the previous year due to the temporary production interruption of below 150 tons from this fiscal year. On the other hand, sales of parts and services increased by 25% compared to the previous year.



Sales of value chain business dramatically increased by 115.8 billion yen year on year due to the increase in the sales of parts and service and solution business, which is composed of H-E Parts Group companies and Bradken Group companies. Also, the ratio in total sales increased by 5%.

(billions of yen)



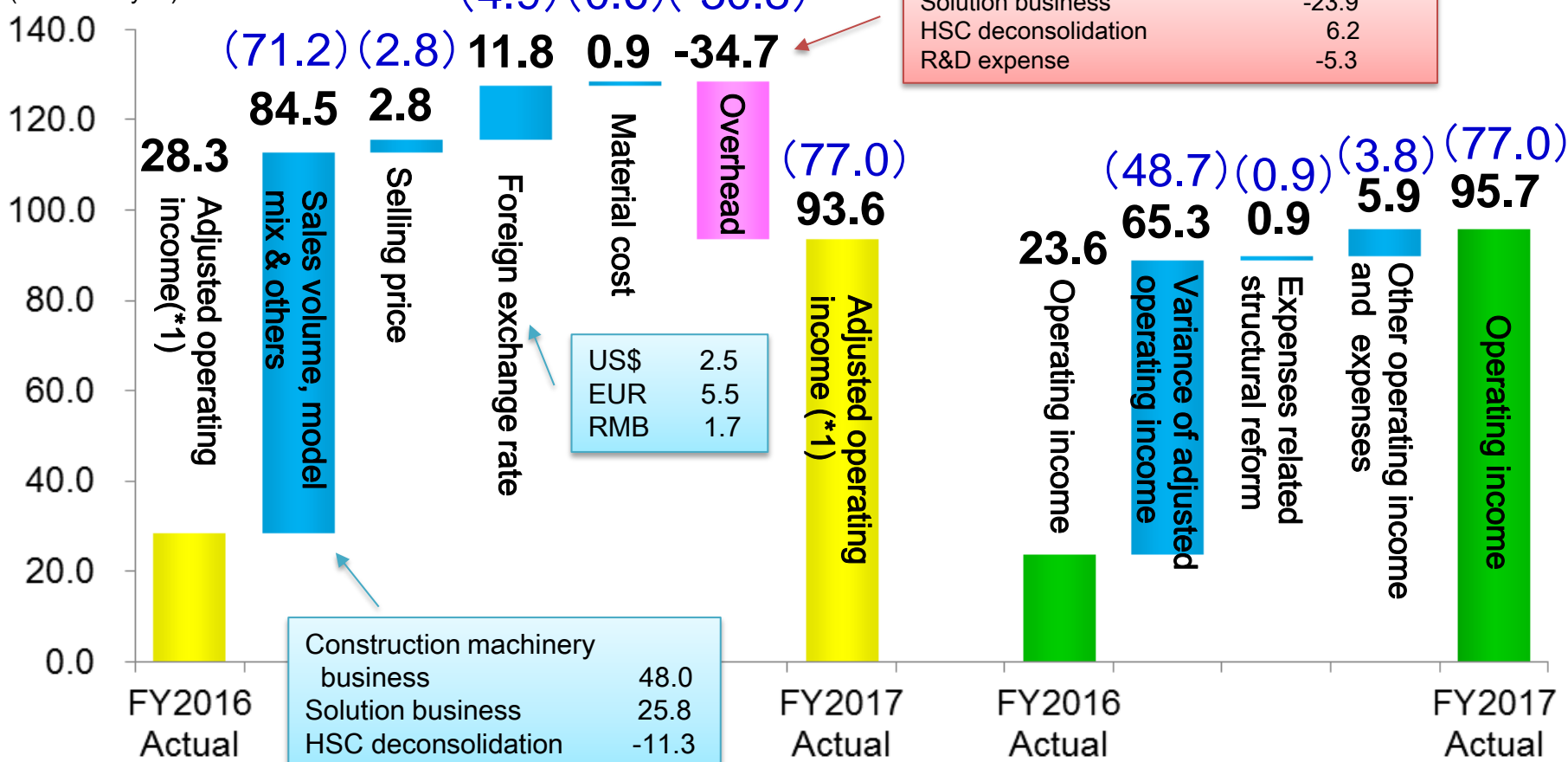
(*1) Value chain: Total of Parts & services, Solution business, Rental etc. other than new machine sales.

(*2) Solution business: Business segment consists of parts manufacturing, sales of parts and services that are not included in construction machinery business.

Adjusted operating income increased by 65.3 billion yen year on year due to the favorable foreign exchange rates, increased sales volume of construction machines and the incorporation of the solution business despite the HSC deconsolidation.

note : () shows previous forecast as of Jan. 2018

(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.

Net income attributable to owners of the parent increased by 52 billion yen to 60 billion yen compared to the previous year due to the increase in operating income and share of profits of investments accounted for using the equity method.

(billions of yen)

	FY2017 Actual		FY2016 Actual		change	
					amount	%
Revenue		959.2		753.9	205.2	27%
Cost of Sales	(72.5%)	695.3	(77.3%)	583.0	112.3	19%
SGA expenses	(17.8%)	170.3	(18.9%)	142.7	27.6	19%
Adjusted operating income *1	(9.8%)	93.6	(3.7%)	28.3	65.3	231%
Other Income/expenses		2.2		-4.6	6.8	-
Operating income	(10.0%)	95.7	(3.1%)	23.6	72.1	305%
Financial income/expenses		-4.5		0.5	-5.0	-
Share of profits of investments accounted for using the equity method		4.4		-0.3	4.7	-
Income before income taxes	(10.0%)	95.6	(3.2%)	23.9	71.8	301%
Income taxes		26.4		9.7	16.7	173%
Net income	(7.2%)	69.2	(1.9%)	14.2	55.0	388%
Net income attributable to owners of the parent	(6.3%)	60.0	(1.1%)	8.0	52.0	648%
Comprehensive income		67.7		11.7	56.0	480%

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

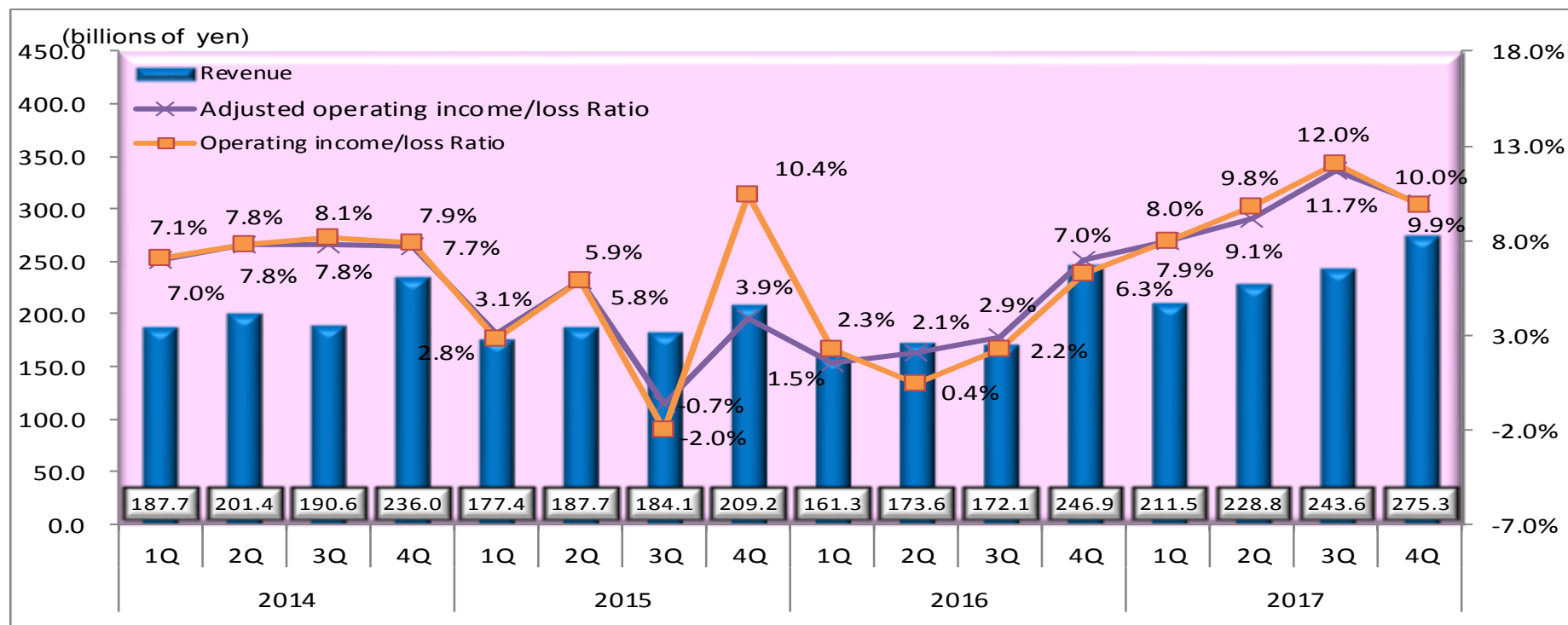
Summary of quarterly consolidated revenue and operating income/loss (ratio) (7)

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(billions of yen)

	2014				2015				2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Revenue	187.7	201.4	190.6	236.0	177.4	187.7	184.1	209.2	161.3	173.6	172.1	246.9	211.5	228.8	243.6	275.3
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	17.3	16.8	20.9	28.4	27.5
Operating income/loss	13.2	15.8	15.5	18.6	4.9	11.1	-3.8	21.8	3.7	0.7	3.8	15.5	16.9	22.4	29.3	27.1



FX rate	2014				2015				2016				2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Rate (YEN/US\$)	102.2	103.9	114.5	119.1	121.4	122.2	121.5	115.5	108.1	102.4	109.3	113.6	111.1	111.0	113.0	108.3
Rate (YEN/EURO)	140.1	137.8	143.1	134.2	134.2	136.0	133.0	127.2	122.0	114.3	117.8	121.1	122.2	130.4	133.0	133.2
Rate (YEN/RMB)	16.4	16.9	16.8	19.1	19.6	19.3	18.9	17.6	16.5	15.4	16.0	16.6	16.2	16.6	17.1	17.1

- The number of days of inventories on hand were reduce by 15 days to 97 days compared to the previous fiscal year-end.
- The number of days of net working capital on hand were reduce by 26 days to 125 days compared to the previous fiscal year-end.

(billions of yen)

	(A) Mar '2018	(B) Mar '2017	(A)-(B) change
Cash and cash equivalents	81.9	65.5	16.5
Trade receivables	219.6	184.5	35.1
Inventories	255.6	232.4	23.3
Total current assets	597.8	527.0	70.8
Total non-current assets	492.0	472.6	19.4
Total assets	1,089.8	999.6	90.2

Trade receivables incl. non-current	261.0	215.7	45.3
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Inventories by products

Unit	56.7	49.8	6.9
Parts	93.5	86.3	7.2
Raw materials, WIP and etc	105.5	96.3	9.2
Total inventories	255.6	232.4	23.3

On hand days(divided by net sales) (Days)

Trade receivables	99	104	-5
Inventories	97	112	-15
Trade payables	71	64	7
Net working capital	125	151	-26

	(D) Mar '2018	(E) Mar '2017	(D)-(E) change
Trade and other payables	287.1	227.3	59.7
Bonds and borrowings	230.7	248.7	-18.0
Total current liabilities	584.8	549.2	35.6
(Equity attributable to owners of the parent ratio)	(41.2%)	(40.0%)	(1.2%)
Total equity	505.0	450.4	54.6
Total liabilities and equity	1,089.8	999.6	90.2

	(21.2%)	(24.9%)	(-3.7%)
Interest-bearing debt	230.7	248.7	-18.0
Cash and Cash equivalents	81.9	65.5	16.5
Interest-bearing debt, net	(13.6%)	(18.3%)	(-4.7%)
Debt	148.7	183.2	-34.5

Net D/E Ratio	0.33	0.46	-0.13
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*The balance as of the end of FY2016 announced in April 2017 is before the reclassification to specify the impact of purchase price allocation.

- Net cash provided by (used in) operating activities was a positive 84.5 billion yen due to the increase in net income despite the increase in working capital arising from the increase of revenue.
- Free cash flow was a positive 47 billion yen despite 17.6 billion yen of acquisition shares to acquire 100% ownership of the Bradken Group.

(billions of yen)

	FY2017 Actual		FY2016 Actual		change	
Net income		69.2		14.2		55.0
Depreciation and amortization	107.1	37.8	48.2	34.0	58.9	3.9
(Increase)decrease in trade/lease receivables		-41.8		-6.2		-35.5
(Increase)decrease in inventories		-24.7		29.0		-53.6
Increase(decrease) in trade payables	-13.1	53.3	43.3	20.6	-56.4	32.8
Others, net		-9.4		-3.5		-5.9
Net cash provided by (used in) operating activities		84.5		88.0		-3.4
Cash flow margin for operating activities		8.8%		11.7%		-2.9%
Net cash provided by (used in) investing activities		-37.6		-74.6		37.0
Free cash flows		47.0		13.4		33.6
Net cash provided by (used in) financing activities		-30.5		-25.8		-4.7

- HCM forecasts a decrease of 1% in total revenue for FY2018 compared to the previous year due to the impact of the strong appreciation in the expected exchange rate of the yen despite the increase sales volume.
- Adjusted operating income will also decrease by 9.6 billion yen compared to the previous year.

(billions of yen)

		FY2018 Forecast	FY2017 Actual	change	
				amount	%
Revenue		950.0	959.2	-9.2	-1%
Adjusted operating income *1		(8.8%) 84.0	(9.8%) 93.6	(-0.9%) -9.6	-10%
Operating income		(8.6%) 82.0	(10.0%) 95.7	(-1.3%) -13.7	-14%
Income before income taxes		(8.4%) 80.0	(10.0%) 95.6	(-1.5%) -15.6	-16%
Net income attributable to owners of the parent		(5.2%) 49.0	(6.3%) 60.0	(-1.1%) -11.0	-18%
EBIT *2		82.8	98.1	-15.4	
FX rate	Rate (YEN/US\$)	100.0	110.9	-10.9	
	Rate (YEN/EURO)	120.0	130.1	-10.1	
	Rate (YEN/RMB)	15.5	16.8	-1.3	
Cash dividend per share (yen) *3		to be determined	85	-	

*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"

*3 "Cash dividend per share": The Company will pay dividends linked to its consolidated business results twice, interim and year end, in the fiscal year and aim to achieve a consolidated dividend payout ratio of approx. 30% or more.

- We booked 5.4 billion yen of the amortization cost resulting from PPA for H-E Parts and Bradken for FY2017.
- HCM forecasts the FY2018 adjusted operating income ratio of solution business to be 7.5% including 1.4 billion yen of amortization cost resulting from PPA. (9.1% excluding the amortization cost)

(billions of yen)

< Actual > FY2017	Reportable segment		Adjustments *1	Total
	Construction Machinery Business	Solution Business		
Revenue	866.9	92.6	-0.4	959.2
Adjusted operating income	10.5% 91.2	8.4% 7.8	-	10.3% 99.0
Amortization of PPA		-5.4		-5.4
Adjusted operating income (After amortization of PPA)	10.5% 91.2	2.6% 2.4	-	9.8% 93.6

(billions of yen)

< Forecast > FY2018	Reportable segment		Adjustments *1	Total
	Construction Machinery Business	Solution Business		
Revenue	857.9	92.1	0.0	950.0
Adjusted operating income	9.0% 77.1	9.1% 8.4	-	9.0% 85.4
Amortization of PPA		-1.4		-1.4
Adjusted operating income (After amortization of PPA)	9.0% 77.1	7.5% 7.0	-	8.8% 84.0

PPA = Purchase Price Allocation

Note(*1): Adjustments represent eliminations of intersegment transactions, and amounts of companies that do not belong to any operation segment.

Compared with the previous year, HCM forecasts a decrease of 1% in total revenues for FY2018 due to the impact of the strong appreciation in the expected exchange rate of the yen despite the increase in revenue in Japan, Russia-CIS and Middle East.

(billions of yen)

	FY2018 Forecast		FY2017 Actual		change	
					amount	%
Japan	202.0	(21%)	193.2	(20%)	8.8	5%
Asia	74.8	(8%)	75.4	(8%)	-0.7	-1%
India	61.7	(6%)	65.1	(7%)	-3.4	-5%
Oceania	141.8	(15%)	151.9	(16%)	-10.1	-7%
Europe	103.6	(11%)	104.2	(11%)	-0.6	-1%
N.America	135.4	(14%)	136.3	(14%)	-1.0	-1%
L.America	15.6	(2%)	16.1	(2%)	-0.5	-3%
Russia-CIS	30.9	(3%)	27.4	(3%)	3.5	13%
M.East	25.7	(3%)	23.1	(2%)	2.5	11%
Africa	42.1	(4%)	44.8	(5%)	-2.8	-6%
China	116.6	(12%)	121.6	(13%)	-5.1	-4%
Total	950.0	(100%)	959.2	(100%)	-9.2	-1%

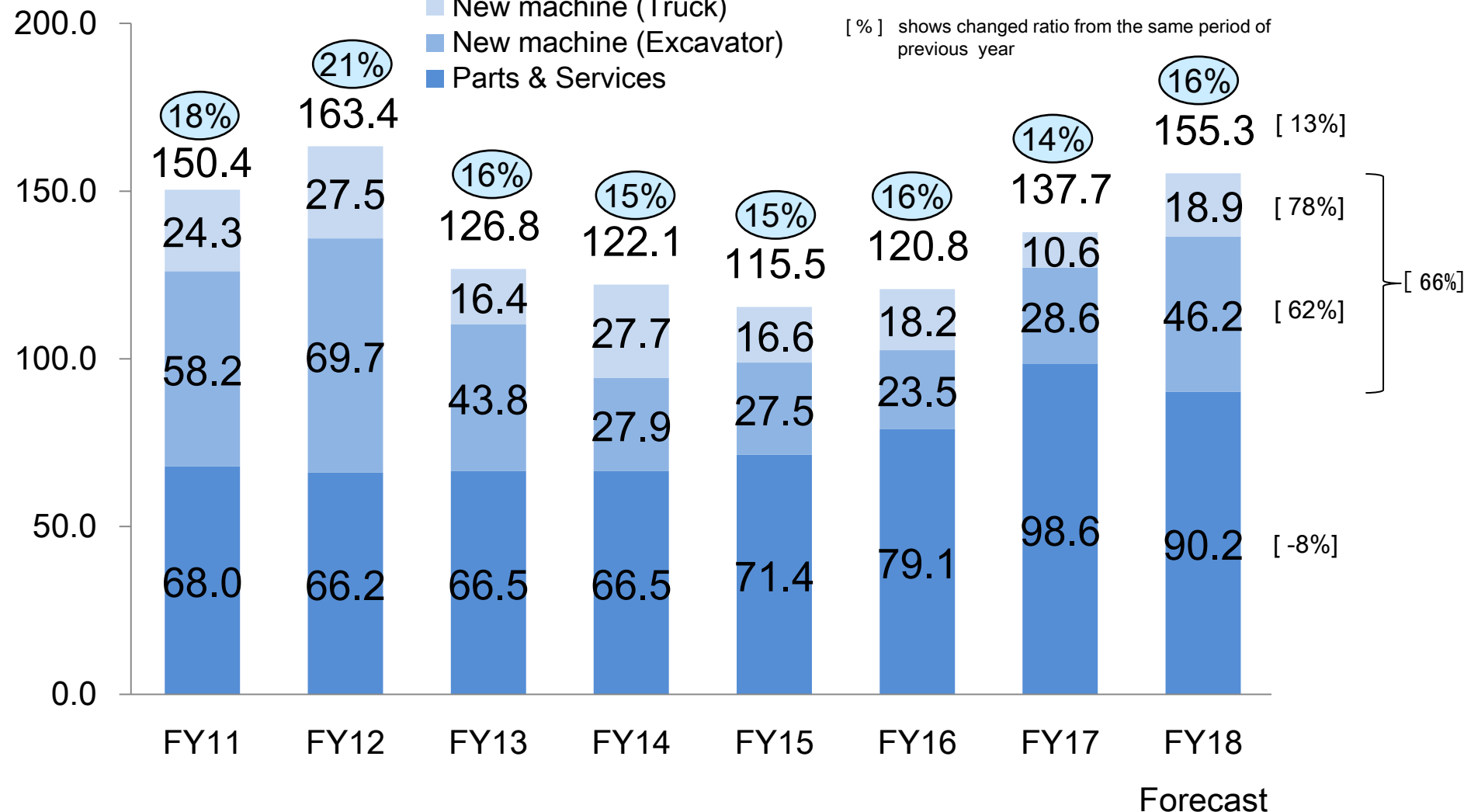
Overseas ratio

79%

80%

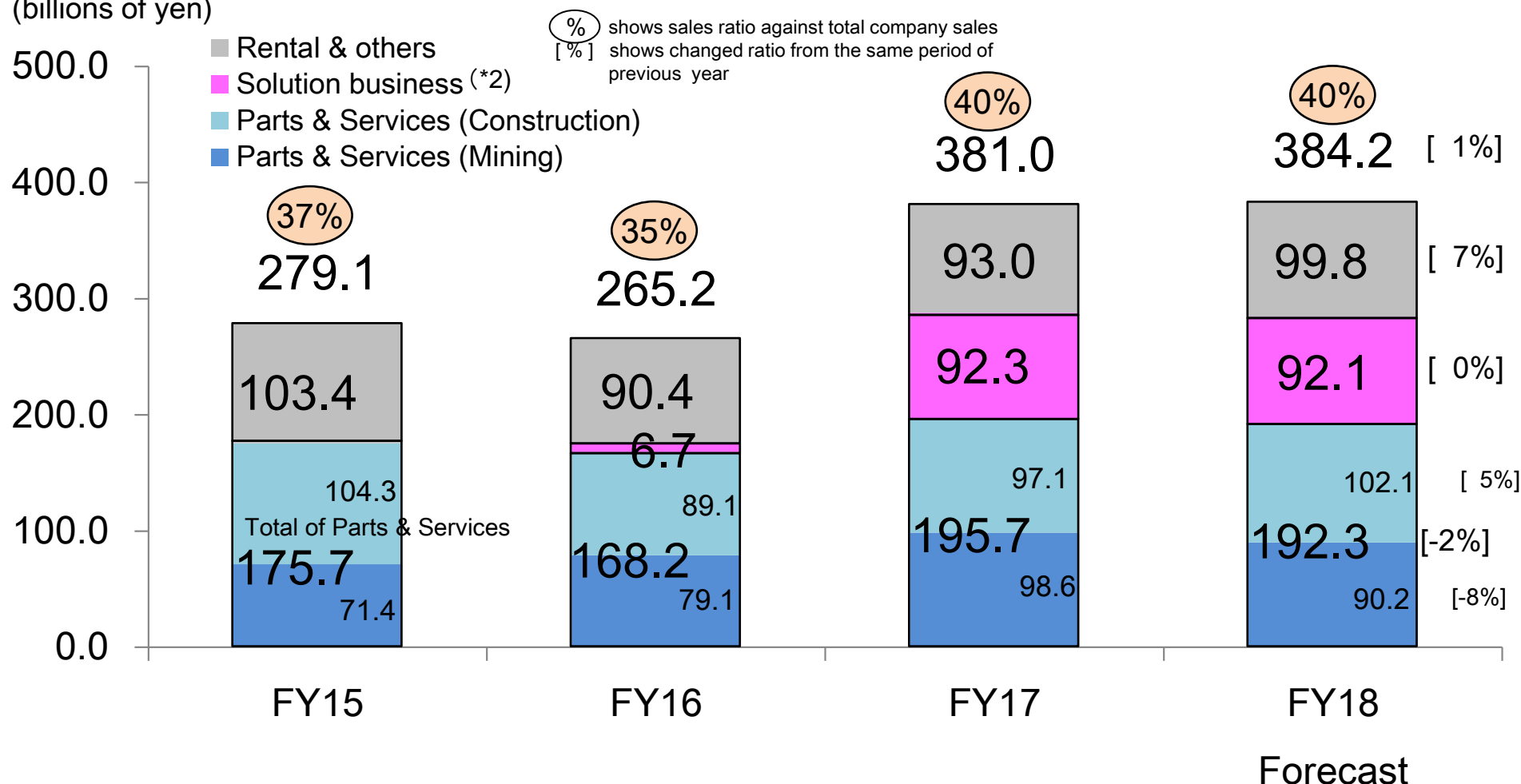
HCM forecasts an increase in FY2018 sales of new machines by 66% compared to the previous year due to the sales volume increase based on demand increase despite the strong appreciation in the expected exchange rate of the yen. HCM forecasts that the sales of parts and services will decrease by 8% compared to the previous year.

(billions of yen)



HCM forecasts an increase in FY2018 sales of value chain business by 1% (3.2 billion yen) compared to the previous year due to the increase in the revenue of rental business despite the decrease in revenue of parts and service and solution business as a result of the impact of the strong appreciation in the expected exchange rate of the yen.

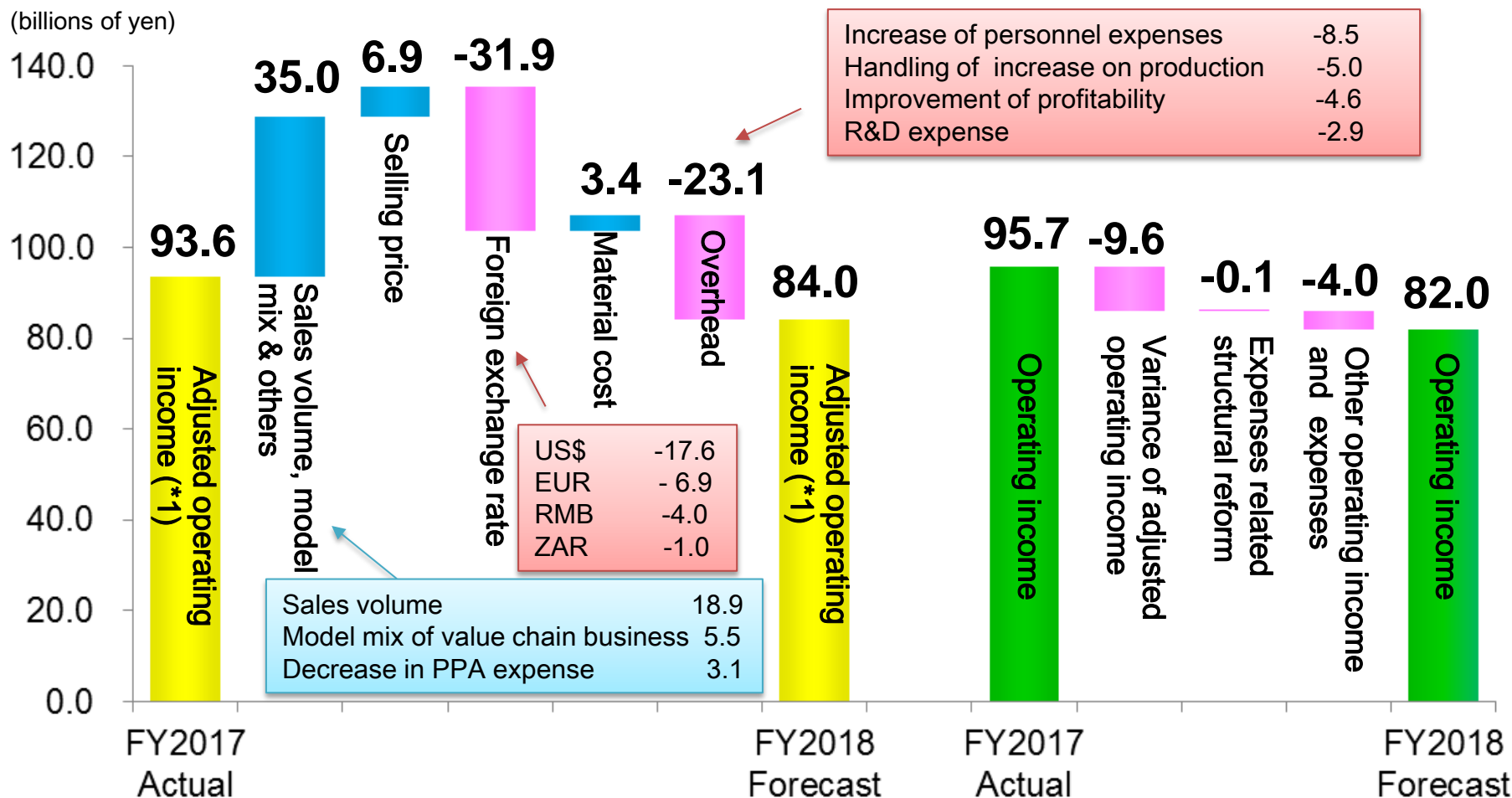
(billions of yen)



(*1) Value chain: Total of Parts & Service, solution business, rental etc. other than new machine sales.

(*2) Solution business: Business segment consists of parts manufacturing, sales of parts and services that are not included in construction machinery business.

HCM forecasts FY2018 adjusted operating income to be 84.0 billion yen or a decrease of 9.6 billion in adjusted operating income year on year due to the impact of the strong appreciation in the expected exchange rate of the yen, despite the increase in sales volume and selling price-up.



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

[Cautionary Statement]

This material contains forward-looking statements that reflect management's views and assumptions in the light of information currently available with respect to certain future events, including expected financial position, operating results, and business strategies. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured. Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, changes in the economic conditions in the Company's principal markets; changes in demand for the Company's products, changes in exchange rates, and the impact of regulatory changes and accounting principles and practices.

END

For further inquiries:

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FX rate and FX sensitivity (1Q-4Q)

(billions of yen)

Currency	FX rate			FX sensitivity		
	FY18 Forecast	FY17 Actual	Change	Condition	Revenue	Adjusted operating income
US\$	100.0	110.9	-10.9	Impact by 1 yen depreciation	1.9	1.7
EURO	120.0	130.1	-10.1	Impact by 1 yen depreciation	0.7	0.7
RMB	15.5	16.8	-1.3	Impact by 0.1 yen depreciation	0.7	0.3

<Appendix 2> Detail of mining revenue

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(billions of yen)

		FY16 Actual (A)	FY17 Actual (B)	Change (B)–(A)	FY18 Forecast (C)	Change (C)–(B)
America	Excavator	10.1	13.6	3.5	12.8	–0.8
	Dump Truck	6.0	7.8	1.7	6.5	–1.3
	Total	16.1	21.4	5.3	19.3	–2.1
Europe, Africa and Middle East	Excavator	15.3	18.2	2.9	27.2	9.0
	Dump Truck	18.6	15.9	–2.7	20.5	4.5
	Total	33.9	34.1	0.2	47.7	13.6
Asia and Oceania	Excavator	47.1	58.7	11.6	59.4	0.8
	Dump Truck	21.1	21.1	–0.1	25.2	4.1
	Total	68.3	79.8	11.5	84.7	4.9
China	Excavator	1.2	1.9	0.7	1.5	–0.4
	Dump Truck	0.2	0.1	–0.1	0.2	0.1
	Total	1.4	2.0	0.6	1.7	–0.3
Japan	Excavator	1.1	0.5	–0.6	2.0	1.5
	Dump Truck	0.0	0.0	0.0	0.0	0.0
	Total	1.1	0.5	–0.7	2.0	1.5
Total	Excavator	74.8	92.9	18.1	103.0	10.0
	Dump Truck	46.0	44.8	–1.2	52.3	7.5
	Total	120.8	137.7	16.9	155.3	17.6

<Appendix 3> Actual and forecast of consolidated capital expenditures, depreciation, and R&D expenses

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1.Capital Expenditure (Based on completion) (billion of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018
	Actual	Actual	Actual	Actual	Forecast
Capital Expenditure	16.5	21.0	14.1	18.7	42.9
Assets held for operating lease	15.9	14.1	16.5	23.1	27.9
Total	32.4	35.2	30.7	41.8	70.7

2.Depreciation (tangible and intangible fixed assets) (billion of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018
	Actual	Actual	Actual	Actual	Forecast
Capital Expenditure	27.2	23.7	22.4	27.5	25.5
Assets held for operating lease	11.5	11.8	11.5	10.3	11.6
Total	38.7	35.4	34.0	37.8	37.1

3.R&D expenses (billion of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018
	Actual	Actual	Actual	Actual	Forecast
Total of consolidation	17.8	18.8	19.3	24.6	27.5

Impact of settlements by solution business of purchase price allocation (PPA).

The impact on the consolidated financial results for FY2017 from the PPA for the acquired assets and liabilities of H-E Parts and Bradken acquired in FY2016 and the forecasted impact on the consolidated financial results after FY2018 are as follows.

1. Prospect of depreciation (amortization) by PPA.

(billions of yen)

Assets	Term of depreciation(amortization)	FY2017	FY2018	FY2019	FY2020	After FY2021 (Including the foreign currency translation adjustments)	Total
		(Actual)	(Forecast)	(Forecast)	(Forecast)	(Forecast)	
1. Inventories	Depreciation in one year	3.1				-----	3.1
2. Tangible assets	Non-depreciable/ Average of depreciation is 15years	0.4	0.3	0.3	0.3	----	5.7
3. Intangible assets	One-time amortization/ Average of amortization is 20years	1.9	1.1	1.1	1.1	-----	24.2
Total depreciation(amortization)		5.4	1.4	1.4	1.4	-----	33.0

※ For the H-E Parts Group, the amortization expense of FY2017 is the total for the period from January 2017 through March 2018 (15 months) since the company recognizes it retroactively to the acquisition date.

2. Remeasurements of goodwill by PPA.

(billions of yen)

Goodwill on Consolidation (Before PPA)	34.6
Goodwill of Individual	14.6
Total Goodwill (Before PPA)	49.2
Increased assets	-33.0
Deferred tax liability, etc.	12.6
Goodwill on Consolidation (After PPA)	28.8