

HITACHI

**Business Results for
the Third Quarter Cumulative
April 1 - December 31, 2011**

January 26, 2012
Hitachi Construction Machinery Co., Ltd.



Rendering of Production Factory in Russia

I . Summary of Consolidated Results

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(Billions of yen)

	Dec '11 Actual (A)	Dec '10 Actual (B)	Change (A/B)
Net Sales	(188.4) 553.3	(184.0) 530.1	(102%) 104%
Operating Income	(11.5) 31.9	(10.6) 22.8	(108%) 140%
Ordinary Income	(11.9) 29.7	(8.8) 20.8	(135%) 143%
Net Income	(6.6) 12.1	(2.9) 6.0	(228%) 200%
F	Exchange rate (YEN/USD)	(76.76) 78.45	(82.81) 86.62
	Forward exchange rate (YEN/USD)	(78.36) 79.52	(84.30) 87.93
X	Exchange rate (YEN/EUR)	(103.99) 110.52	(111.74) 112.37
	Forward exchange rate (YEN/EUR)	(109.46) 112.00	(113.20) 115.65

Note: The numbers in parenthesis show the accumulated total of 3 months between Oct and Dec '11.

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- Despite the impact of the appreciation of yen, the net sales increased by 4% year-on-year.
- Earnings in all the items increased by more than 40% year-on-year.
- The net income doubled that of the previous year.

(Billions of yen)

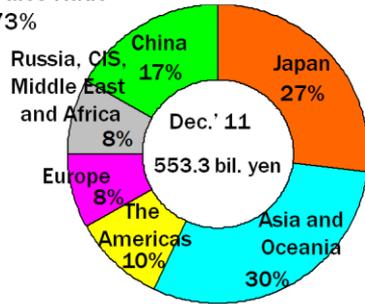
	Dec.'11	Dec.'10	Increase (Decrease)	
			Amount	%
Net sales	553.3	530.1	23.2	104%
Cost of sales	406.9	400.4	6.5	102%
Selling, general and administrative expenses	114.5	106.9	7.6	107%
Operating income	31.9	22.8	9.1	140%
Non-operating income (loss)	(2.2)	(2.0)	(0.2)	110%
Ordinary income	29.7	20.8	8.9	143%
Extraordinary losses	(0.6)	(0.5)	(0.1)	119%
Income taxes	11.6	8.3	3.3	139%
Minority interests	(5.4)	(5.9)	0.5	92%
Net income	12.1	6.0	6.1	200%

Sales by Geographical Region (Consolidated)

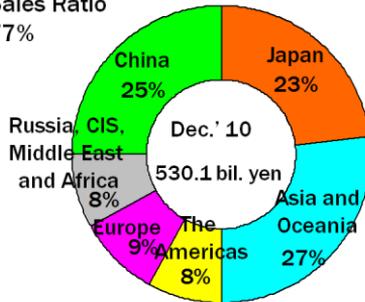
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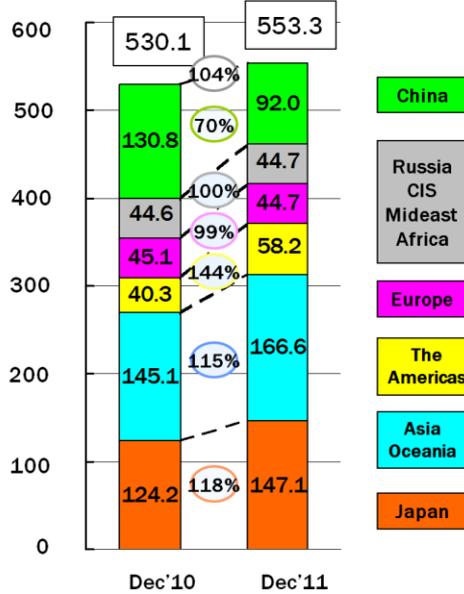
Overseas
Sales Ratio
73%



Overseas
Sales Ratio
77%



Billions of yen (Year-on-Year)



% percentage compared with previous year

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- Overseas sales ratio decreased by 4 points year-on-year to 73%.
- While sales in China reduced 30% from the previous year due to the decreasing demand, sales in other markets increased.

(Billions of yen)

	Dec.'11		Dec.'10		Increase (Decrease)	
					Amount	%
Net sales		553.3		530.1	23.2	104%
Cost of sales	(73.5%)	406.9	(75.5%)	400.4	6.5	102%
Selling, general and administrative expenses	(20.7%)	114.5	(20.2%)	106.9	7.6	107%
Operating income	(5.8%)	31.9	(4.3%)	22.8	9.1	140%
Non-operating income (loss)		(2.2)		(2.0)	(0.2)	110%
Ordinary income		29.7		20.8	8.9	143%
Extraordinary losses		(0.6)		(0.5)	(0.1)	119%
Income taxes		11.6		8.3	3.3	139%
Minority interests		(5.4)		(5.9)	0.5	92%
Net income		12.1		6.0	6.1	200%

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- Despite the impact of the yen appreciation, the cost rate improved 2.0 points due to the reduction of costs and increasing sales of parts and services.
- Operating profit ratio increased by 1.5 point from the previous year.

Billions of yen

	Dec.'11	Dec.'10	Change
Dividends/Interest income and expenses	(5.5)	(4.2)	(1.3)
Gain(loss) on equity earnings of affiliated companies	0.3	0.8	(0.5)
Foreign exchange gains (losses), net	(0.4)	0.8	(1.2)
Others	3.4	0.6	2.8
Total	(2.2)	(2.0)	(0.2)

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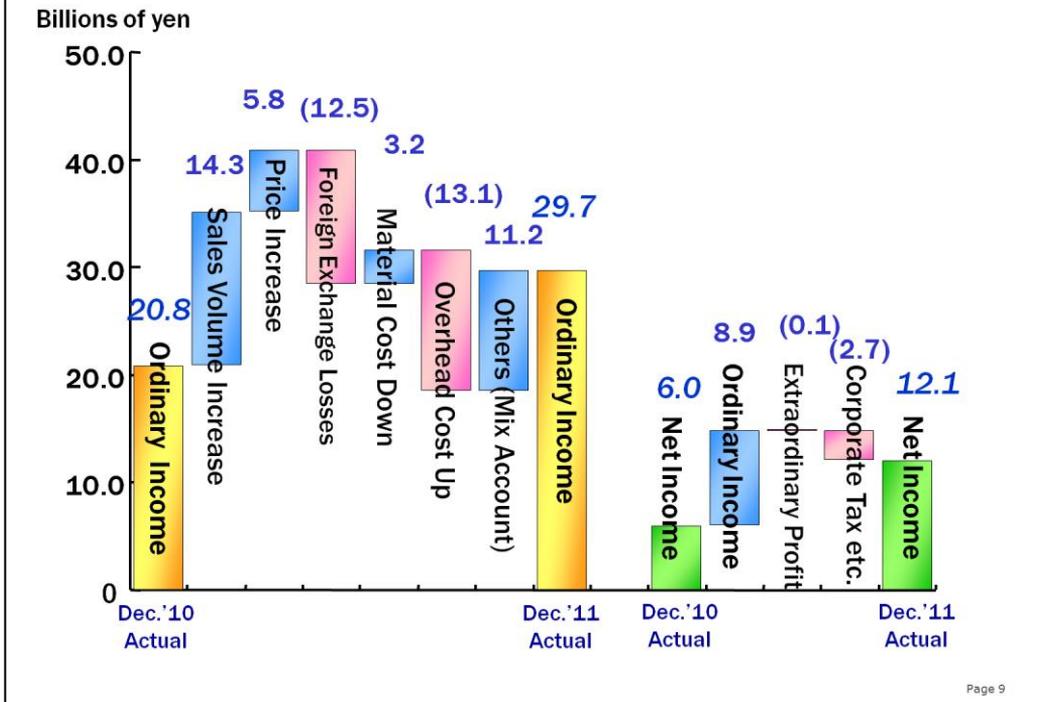
- Total non-operating income improved 400 million yen from the previous quarter.

Billions of yen

	Dec.'11		Dec.'10		Increase (Decrease)	
					Amount	%
Net sales		553.3		530.1	23.2	104%
Cost of sales	(73.5%)	406.9	(75.5%)	400.4	6.5	102%
Selling, general and administrative expenses	(20.7%)	114.5	(20.2%)	106.9	7.6	107%
Operating income	(5.8%)	31.9	(4.3%)	22.8	9.1	140%
Non-operating income (loss)		(2.2)		(2.0)	(0.2)	110%
Ordinary income	(5.4%)	29.7	(3.9%)	20.8	8.9	143%
Extraordinary losses		(0.6)		(0.5)	(0.1)	119%
Income taxes		11.6		8.3	3.3	139%
Minority interests		(5.4)		(5.9)	0.5	92%
Net income	(2.2%)	12.1	(1.1%)	6.0	6.1	200%

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- Ordinary income increased 43% and the profit rate improved 1.5 point year-on-year.
- Net income doubled that of the previous year and the profit rate improved 1.1 point.



● Total of sales volume increase and the overhead cost up covering the sales volume increase resulted in 1.2 billion yen profit.

● While profit increased 9 billion yen by price increase and material cost down, the foreign exchange fluctuation led to a loss of 12.5 billion yen.

● Despite such losses, a profit of 11.2 billion yen from the change in product mix (increase in sales of part and services) and other factors contributed to the ordinary income of 29.7 billion yen, a 8.9 billion yen increase from the same period of previous year.

Consolidated Balance Sheets

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Billions of yen

	(A) Dec '11	(B) Mar'11	(C) Dec '10	(A-B) Change		(A) Dec '11	(B) Mar'11	(C) Dec '10	(A-B) Change
Cash and bank deposits	66.9	67.7	47.6	19.3	Notes and accounts payable	184.4	150.3	158.2	26.2
Notes and accounts receivable	168.1	184.5	149.0	19.1	Others	250.6	226.5	195.9	54.7
Lease receivables and investment assets	114.5	130.1	116.1	(1.6)	Total current liabilities	435.0	376.8	354.1	80.9
Inventories	282.8	192.8	225.6	57.2	Total non-current liabilities	217.1	218.6	216.3	0.8
Others	49.0	50.6	52.6	(3.6)	Total liabilities	652.1	595.4	570.5	81.6
Total current assets	681.3	625.7	590.9	90.4	Minority interests	42.9	42.1	40.4	2.5
Property, plant and equipment	232.5	224.4	223.2	9.3	Common stock, Capital surplus, and Retained earnings	338.8	332.0	327.0	11.8
Intangible assets	40.9	46.3	47.9	(7.0)	Others	(35.3)	(25.1)	(28.4)	(6.9)
Others	43.8	48.0	47.5	(3.7)	Shareholders' equity ratio	(30.3%)	(32.4%)	(32.7%)	(Δ 2.4%)
Total fixed assets	317.2	318.7	318.5	(1.3)	Total net assets	346.4	349.0	339.0	7.4
Total assets	998.5	944.4	909.4	89.1	Total liabilities and net assets	998.5	944.4	909.4	89.1

*1 On hand days (Divided by net sales) unit: Day

Notes and accounts receivable	129	148	134	(5)
Inventories	130	91	114	16
Notes and accounts payable	84	71	80	4
Working capital, net	175	168	168	7

*1 On hand days for notes and account receivable are calculated including lease receivable and investment assets.

*2 Include a deposit (the numbers underneath) to Hitachi Ltd under the Hitachi Pooling Group.

	(35.5%)	(34.7%)	(33.5%)	(2.0%)
Interest-bearing debt	354.4	327.8	305.0	49.4
Cash and cash equivalents	66.9	74.7	61.7	5.2*2
Deposit	0	7.1	14.1	(14.1)
Interest-bearing debt, net	(28.8%)	(26.8%)	(26.8%)	(2.0%)
	287.5	253.1	243.3	44.2
Net D/E Ratio	0.95	0.83	0.82	0.13

Consolidated Cash Flows

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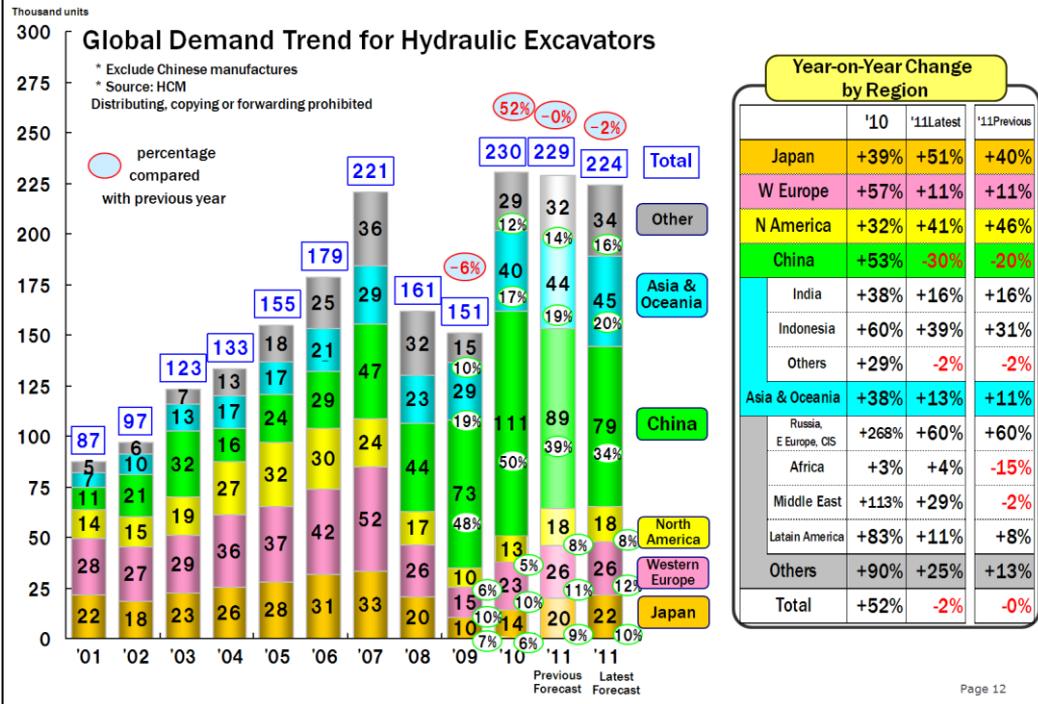
Billions of yen

	Dec'11	Dec'10	Increase (Decrease)
Income before income taxes and minority interests	29.1	20.3	8.8
Depreciation and amortization	58.0	48.2	9.8
(Increase) decrease in notes and accounts receivable	4.1	(1.3)	5.4
(Increase) decrease in lease receivables and investment assets	11.4	(33.5)	44.9
(Increase) decrease in inventories	(103.7)	(32.3)	(71.4)
Increase in notes and accounts payable	(39.0)	(15.1)	(23.9)
Income taxes paid	(14.4)	(14.7)	0.3
Others, net	(7.1)	4.6	(11.7)
Net cash provided by (used in) operating activities	(2.5)	23.0	(25.5)
Acquisitions of property, plant and equipment	(19.4)	(12.6)	(6.8)
Proceeds from sale of property, plant and equipment	0.3	0.1	0.2
Purchase of investment in securities	(0.9)	(1.4)	0.5
Decrease in purchase of investments in securities	0.0	0.1	(0.1)
Other, net	(2.1)	(2.6)	0.5
Net cash used in investing activities	(22.1)	(16.4)	(5.7)
Free Cash Flows	(24.6)	6.7	(31.3)
Net increase (decrease) in short-term loans	39.4	(12.0)	51.4
Net increase (decrease) in long-term loans	39.7	17.9	21.8
Dividends paid to shareholders	(9.1)	(6.4)	(2.7)
Interest paid, others	(19.6)	(8.2)	(11.4)
Net cash provided by (used in) financing activities	20.1	3.3	16.8
Effect of exchange rate changes on cash and cash equivalents	(3.6)	(5.6)	2.0
Net increase (decrease) in cash and cash equivalents	(8.1)	4.4	(12.5)
Cash and cash equivalents at beginning of year	74.7	57.3	17.4
Cash and cash equivalents at end of year	66.6	61.7	4.9

II. Consolidated Earnings Forecast

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● We forecast demand in China to decrease 10,000 units from the previous forecast to 79,000 units.

● We forecast global demand to decrease from the previous forecast by 5,000 units to 224,000 units.

Billions of yen

	Mar.'12 Forecast	Mar.'11 Actual	Change
Net sales	(860.0) 810.0	773.8	105%
Operating income	(65.0) 60.0	41.5	145%
Ordinary income	(56.0) 56.0	41.9	134%
Net income	(23.0) 25.0	11.1	225%
F	Exchange rate (YEN/USD)	77.98	85.38
	Forward exchange rate (YEN/USD)	79.08	86.75
X	Exchange rate (YEN/EUR)	107.48	112.13
	Forward exchange rate (YEN/EUR)	110.36	115.29
Cash dividends per share (yen)	30	20	10

(): Previous forecast as of October 2011.

Exchange rate in the fourth quarter

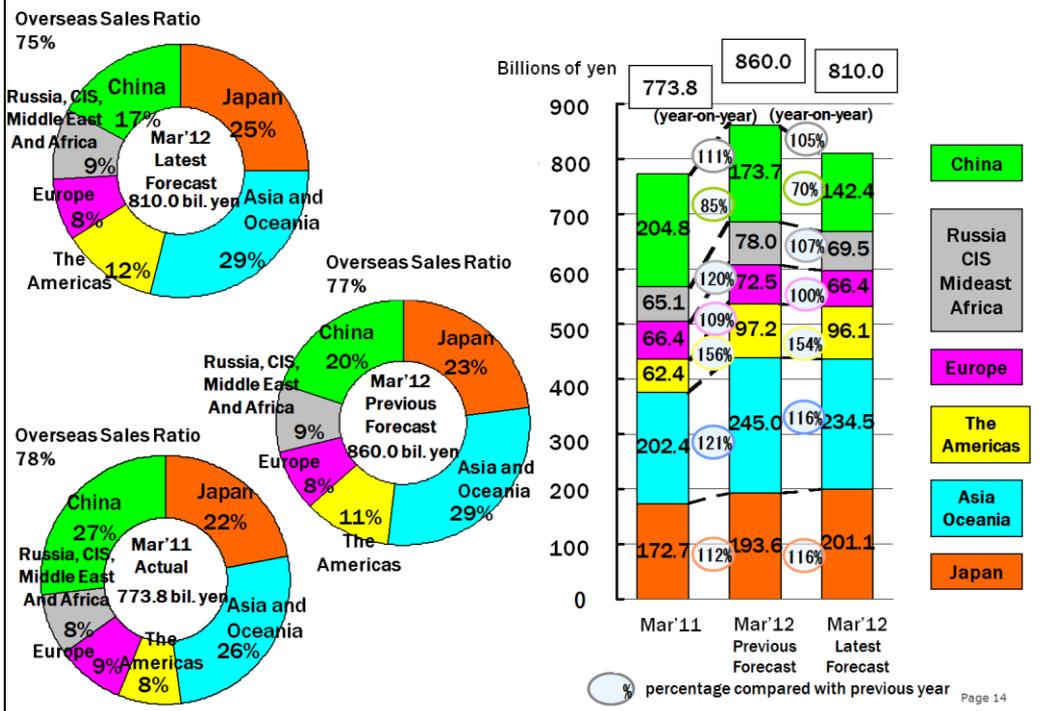
Exchange rate (YEN/USD)	77.00
Forward exchange rate (YEN/USD)	78.38
Exchange rate (YEN/EUR)	100.00
Forward exchange rate (YEN/EUR)	106.49

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● Net sales increased by 5% from that of the previous year with earnings showing double-digit increase.

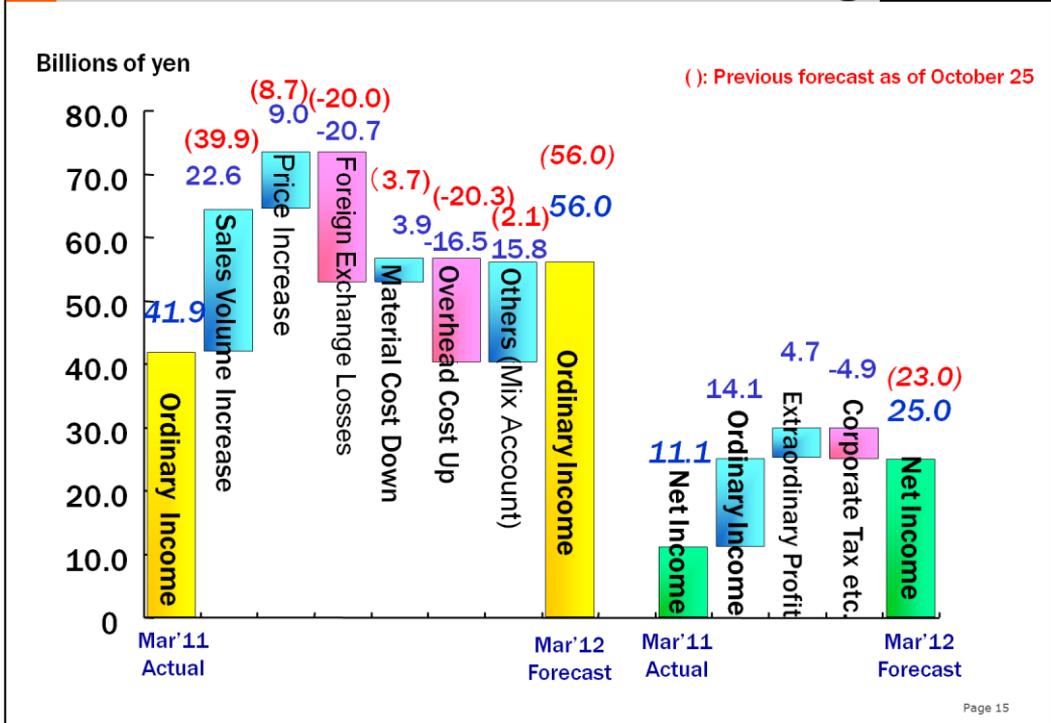
● Mainly due to the decrease of demand in China, we forecast net sales of 810 billion yen, a decrease of 50 billion yen from the previous forecast, and operating income is expected to remain the same, and net income to exceed the previous forecast by 2 billion yen.

● These projections assume exchange rates of 77 yen to the U.S. dollar, 100 yen to the euro, and 12.2 yen to the Chinese yuan in and after January. For the previous forecast, we assumed exchange rates of 77 yen to the U.S. dollar, 105 yen to the euro, and 12.0 yen to the Chinese yuan.



● The overseas sales ratio is forecasted at 75%, a drop of 3 points from the previous year and 2 points from that announced in October.

● As for the sales by geographic region, we forecast a 30% decrease in China from the previous year and increase in other regions.



● Due to the impact of the decrease in demand in China, sales volume increase dropped by 17.3 billion yen from the previous forecast. Foreign exchange losses increased by 0.7 billion yen.

● Despite such negative factors, the same ordinary income as the previous forecast is secured given the reduction in costs, increasing sales of parts and services, and improved profit rate, as well as the increase in sales of mining machinery and the upturn of non-operating income.

● We expect 25 billion yen of net income, 2 billion yen increase from the previous forecast, thanks to the tax effect on retained earnings caused by tax revisions.

END



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