

I. Summary of consolidated results

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HITACHI

Reliable solutions

- Revenue decreased by 8% year on year due to a negative exchange impact by appreciation of the Japanese yen (approximately -11%).
- Adjusted operating income decreased by 63% year on year due to a negative exchange impact by appreciation of the Japanese yen despite a reduction in overhead costs.

(billions of yen)

	FY2016 1Q-2Q	FY2015 1Q-2Q	change	
Revenue	(335.0) 334.9	365.1	-8%	
Adjusted operating income *1	(6.2) 6.0	16.4	-63%	
Operating income	(6.5) 4.4	16.0	-73%	
Income before income taxes	(3.0) 3.6	10.9	-67%	
Net income attributable to owners of the parent	(2.0) 2.3	6.8	-67%	
EBIT *2	4.2	12.2	-66%	
F X	Rate (YEN/US\$)	105.3	121.8	-16.5
	Rate (YEN/EURO)	117.9	135.1	-17.2
	Rate (YEN/RMB)	16.0	19.5	-3.5
Cash dividend per share (yen)	4	30	-26	

note : () shows previous forecast as of July 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"

- Revenue of India and Europe have increased year on year despite a negative exchange impact.
- On the other hand, the revenue significantly decreased by 24% or 8.3 billion yen in Asia year on year, and by 17% or 8.3 billion yen in North America year on year.

(billions of yen)

	FY2016 1Q-2Q		FY2015 1Q-2Q		change	
		(ratio)		(ratio)	amount	%
Japan	101.9	(30%)	106.0	(29%)	-4.1	-4%
Asia	26.6	(8%)	34.9	(10%)	-8.3	-24%
India	20.3	(6%)	18.1	(5%)	2.3	12%
Oceania	42.0	(13%)	43.9	(12%)	-1.9	-4%
Europe	44.1	(13%)	43.6	(12%)	0.6	1%
N.America	40.6	(12%)	48.9	(13%)	-8.3	-17%
L.America	1.7	(1%)	3.6	(1%)	-1.8	-51%
Russia-CIS	7.7	(2%)	8.1	(2%)	-0.4	-5%
M.East	12.6	(4%)	15.8	(4%)	-3.2	-20%
Africa	14.4	(4%)	17.8	(5%)	-3.4	-19%
China	23.0	(7%)	24.5	(7%)	-1.5	-6%
Total	334.9		365.1		-30.2	-8%

Overseas revenue
ratio 70%

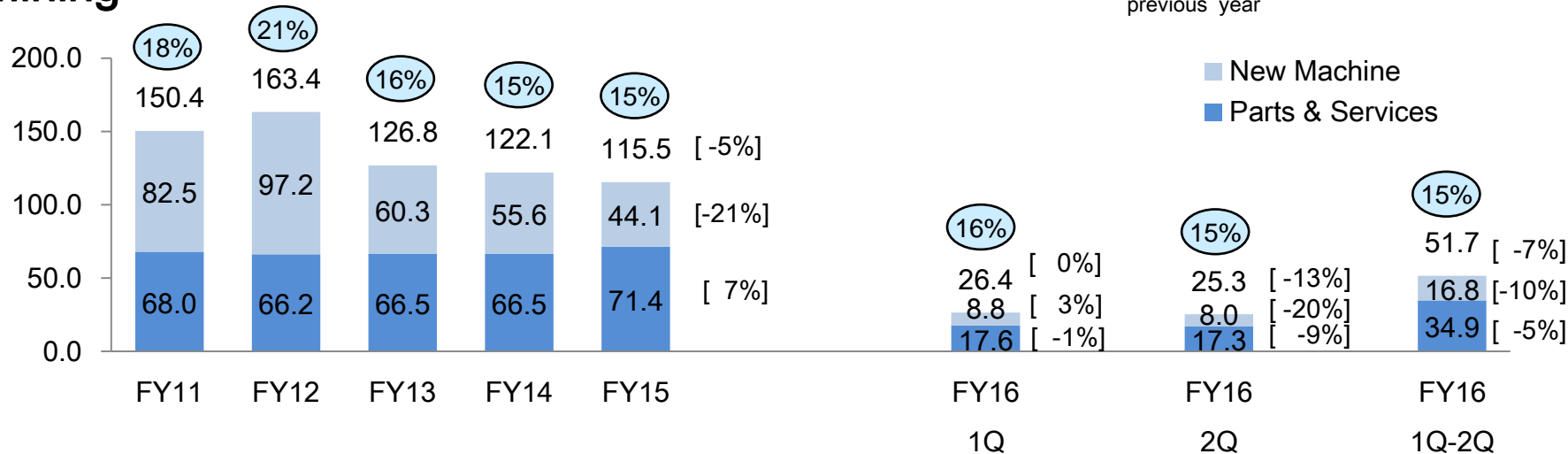
Overseas revenue
ratio 71%

(billions of yen)

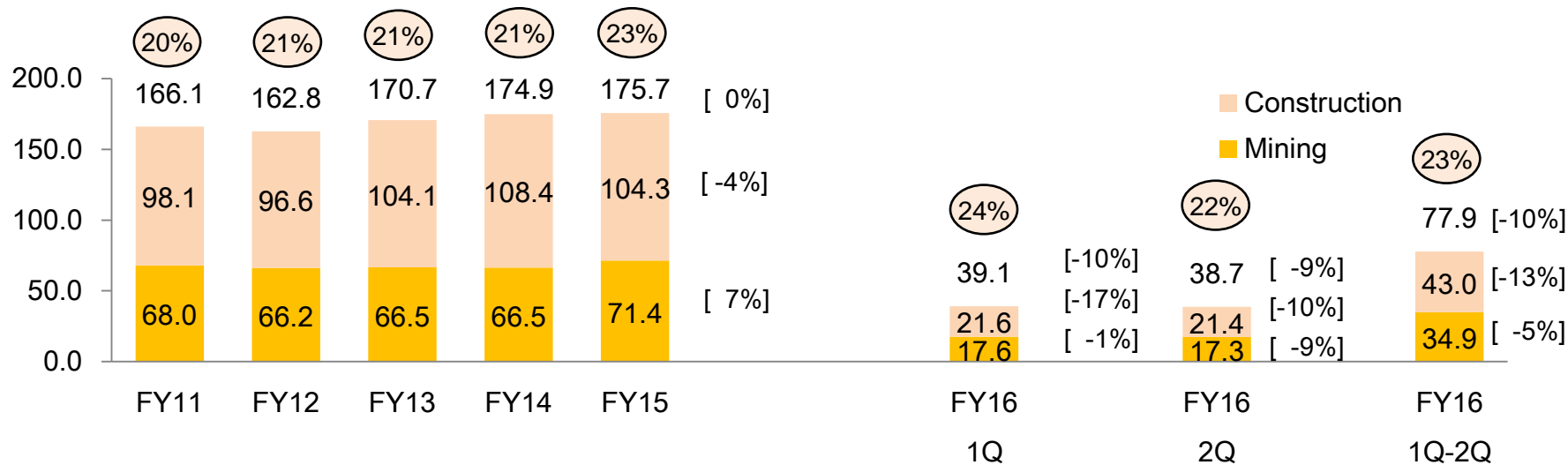
(%) shows sales ratio against total company sales

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

Mining

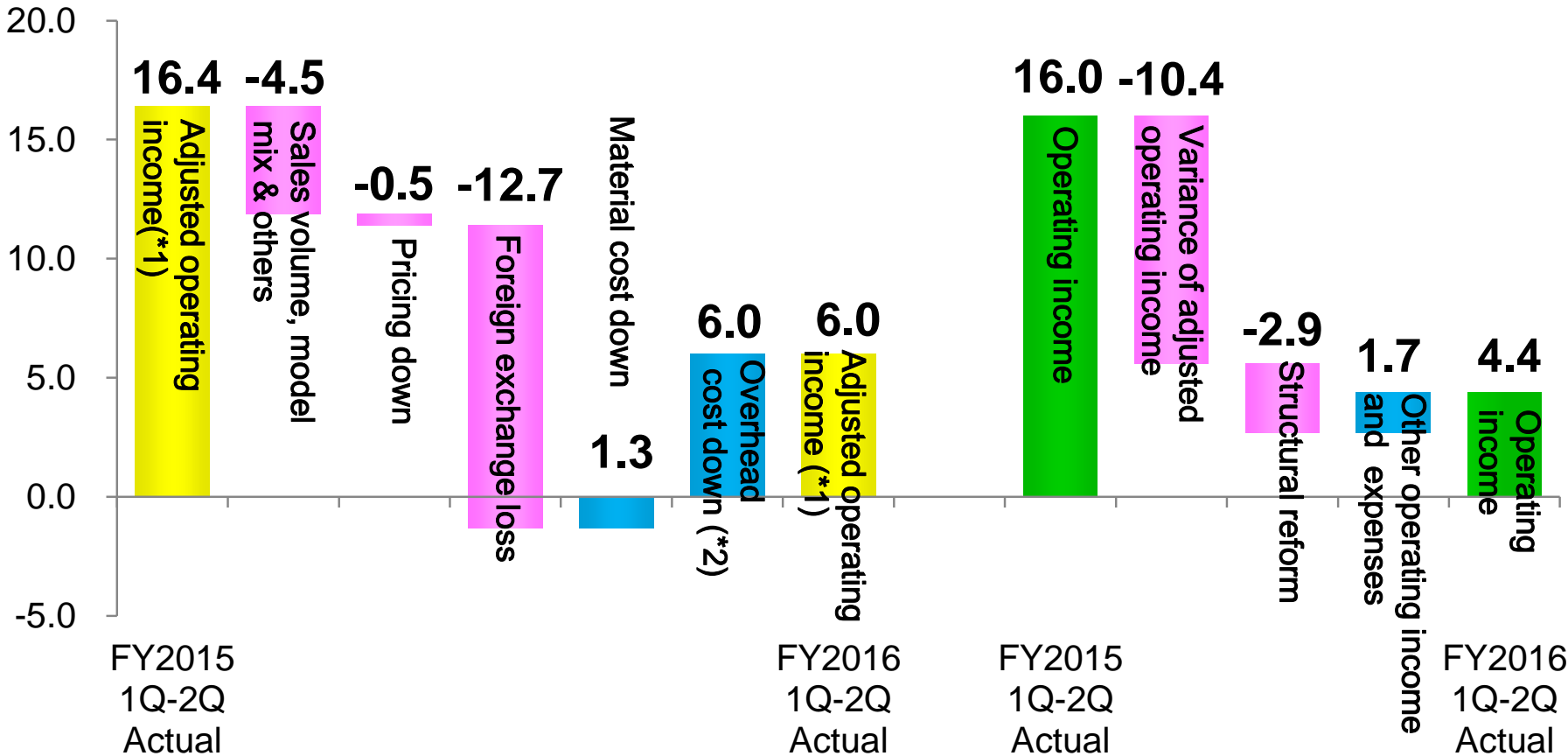


Parts & Services



Adjusted operating income has decreased 10.4 billion yen year on year due to negative impact by appreciation of the Japanese yen, despite the reduction in overhead costs 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 63% to 6.0 billion yen due to a negative exchange impact of 12.7 billion yen compared to the previous year.
- Operating income decreased by 73% to 4.4 billion yen compared to the previous year due to booking of restructuring reform expenses.
- Net income attributable to owners of the parent decreased by 67% to 2.3 billion yen compared to the previous year due to a significant decrease in operating income despite a reduction in financial costs.

(billions of yen)

		FY2016		FY2015		change	
		1Q-2Q		1Q-2Q		amount	%
Revenue	< 335.0 >	334.9		365.1		-30.2	-8%
Cost of Sales		(77.6%) 260.0		(74.4%) 271.8		-11.8	-4%
SGA expenses		(20.6%) 69.0		(21.1%) 76.9		-7.9	-10%
Adjusted operating income *1	< 6.2 >	(1.8%) 6.0		(4.5%) 16.4		-10.4	-63%
Other Income/expenses		-1.7		-0.4		-1.3	306%
Operating income	< 6.5 >	(1.3%) 4.4		(4.4%) 16.0		-11.7	-73%
Financial income/expenses		-0.8		-6.3		5.5	-87%
Share of profits of investments accounted for using the equity method		0.1		1.2		-1.1	-93%
Income before income taxes	< 3.0 >	(1.1%) 3.6		(3.0%) 10.9		-7.2	-67%
Income taxes		-0.3		2.9		-3.2	-
Net income		(1.2%) 4.0		(2.2%) 8.0		-4.0	-50%
Net income attributable to owners of the parent	< 2.0 >	(0.7%) 2.3		(1.9%) 6.8		-4.6	-67%
Comprehensive income		-27.2		-4.0		-23.3	-

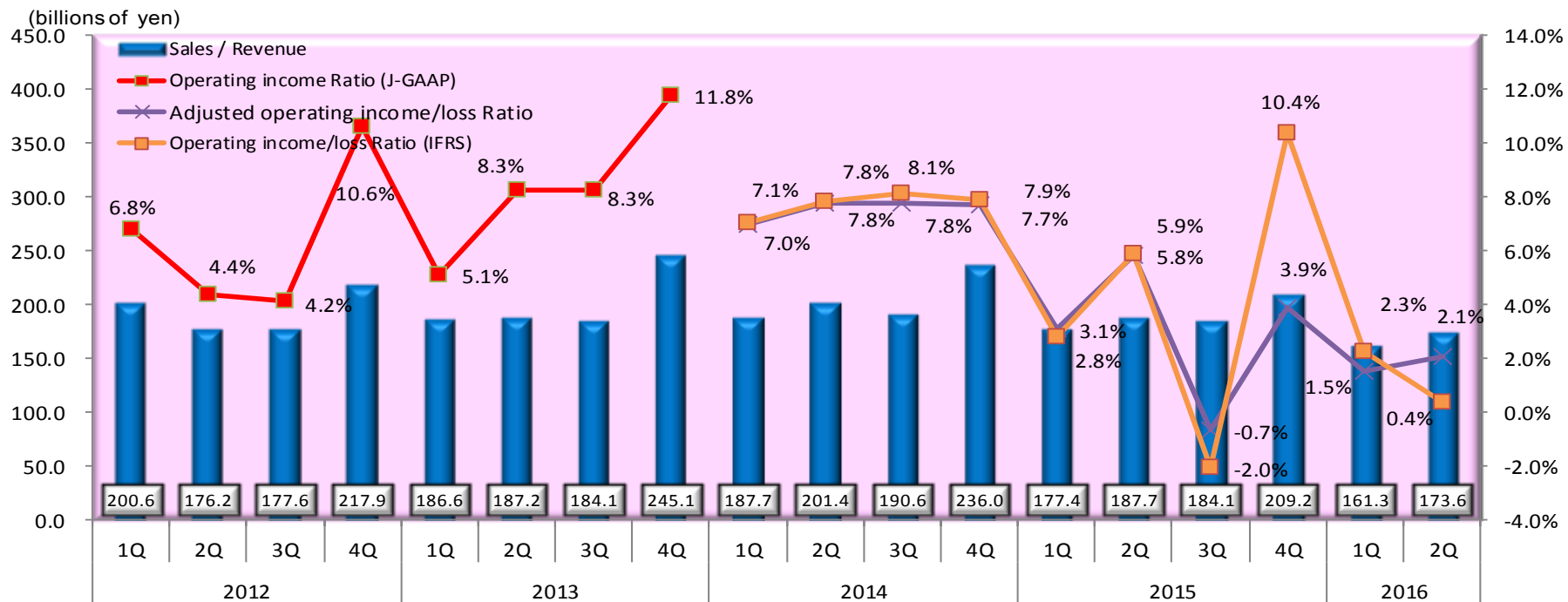
note : < > shows previous forecast as of July 2016

*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
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
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
Operating income/loss(IFRS)	/	/	/	/	/	/	/	/	13.2	15.8	15.5	18.6	4.9	11.1	-3.8	21.8	3.7	0.7



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
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
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
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

- Total assets decreased by 62.0 billion yen compared to the previous year due to a negative exchange impact in addition to a continual reduction in assets.
- Days of net working capital on hand were reduced by 21 days compared to the previous fiscal year end and have been improved continually.

(billions of yen)

	(A) FY16-2Q	(B) Mar '2016	(C) FY15-2Q	(A)-(B) change
Cash and cash equivalents	77.6	79.1	66.4	-1.5
Trade receivables	152.4	182.9	187.2	-30.6
Inventories	230.3	248.6	295.8	-18.2
Total current assets	506.2	549.2	603.4	-43.0
Total non-current assets	358.4	377.4	401.8	-19.0
Total assets	864.6	926.6	1,005.2	-62.0

Trade receivables inc. non-current	176.1	206.1	214.2	-30.0
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Inventories by products

Unit	63.9	62.2	90.7	1.8
Parts	82.4	96.0	104.6	-13.6
Raw materials, WIP and etc	84.0	90.3	100.5	-6.3
Total inventories	230.3	248.6	295.8	-18.2

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

Trade receivables	88	99	99	-11
Inventories	115	120	136	-5
Trade payables	60	54	55	6
Net working capital	142	163	179	-21

	(D) FY16-2Q	(E) Mar '2016	(F) FY15-2Q	(D)-(E) change
Trade and other payables	207.6	205.9	210.0	1.8
Bonds and borrowings	191.3	217.9	264.6	-26.6
Total current liabilities	443.3	469.8	519.8	-26.5
(Equity attributable to owners of the parent ratio)	(42.8%)	(42.7%)	(41.9%)	(0.1%)
Total equity	421.3	456.8	485.4	-35.5
Total liabilities and equity	864.6	926.6	1,005.2	-62.0

	(22.1%)	(23.5%)	(26.3%)	(-1.4%)
Interest-bearing debt	191.3	217.9	264.6	-26.6
Cash and Cash equivalents	77.6	79.1	66.4	-1.5
Interest-bearing debt, net	(13.2%)	(15.0%)	(19.7%)	(-1.8%)
Debt	113.7	138.8	198.2	-25.1

Net D/E Ratio	0.31	0.35	0.47	-0.04
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- Net cash provided by (used in) operating activities totaled 40.5 billion yen, a decrease of 11.5 billion yen year on year, however, the cash flow margin for operating activities was 12.1% and secured more than 10%.
- Free cash flows totaled 30.8 billion yen, a decrease of 22.7 billion yen compared to previous year..

(billions of yen)

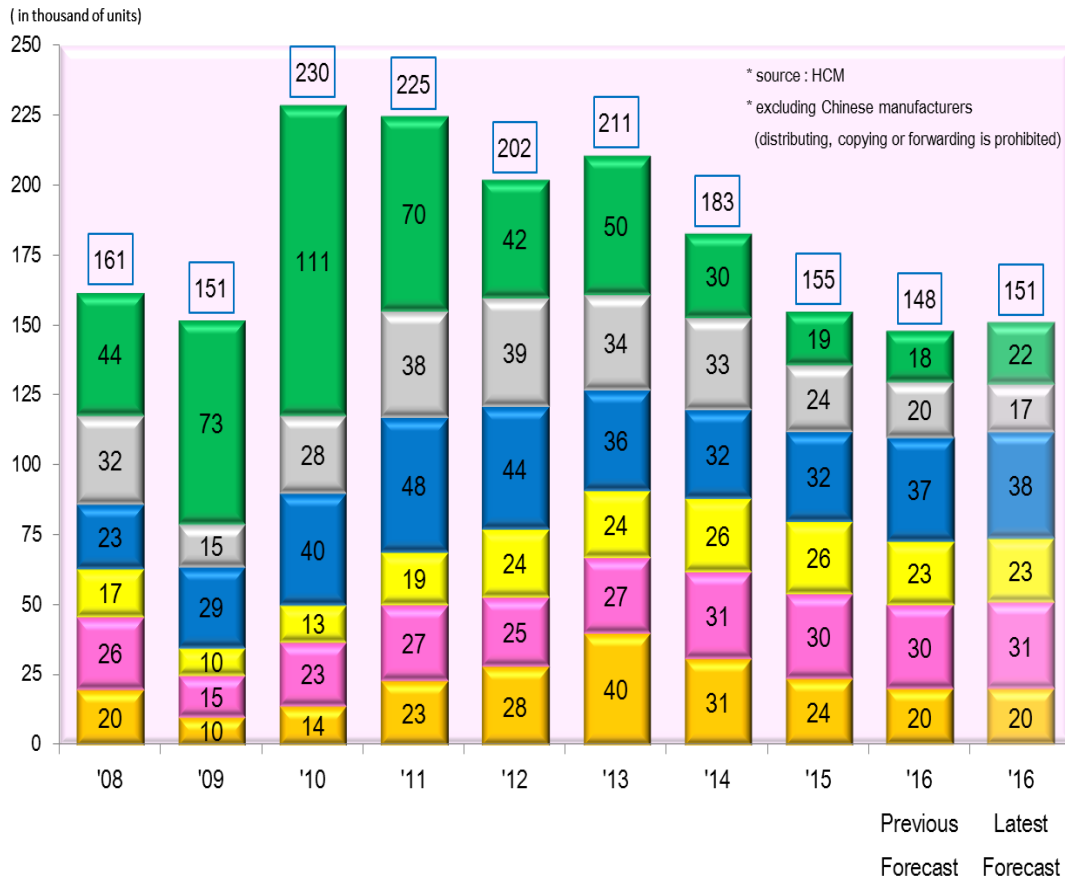
	FY2016		FY2015		change	
	1Q-2Q		1Q-2Q			
Net income		4.0		8.0	-4.0	
Depreciation and amortization	20.9	16.9	25.7	17.7	-4.8	-0.7
(Increase)decrease in trade/lease receivables		13.2		44.7		-31.4
(Increase)decrease in inventories		1.7		8.8		-7.1
(Increase)decrease in trade payables	34.7	19.8	42.4	-11.1	-7.7	30.8
Others, net		-15.1		-16.1		1.0
Net cash provided by (used in) operating activities		40.5		51.9		-11.5
Cash flow margin for operating activities		12.1%		14.2%		-2.1%
Net cash provided by (used in) investing activities		-9.7		1.6		-11.3
Free cash flows		30.8		53.5		-22.7
Net cash provided by (used in) financing activities		-25.3		-35.4		10.1

II. Consolidated earnings forecast

HCM expects the FY2016 global demand for hydraulic excavators to decrease by 3% to 151K units year on year, or, an increase of 3K units from the previous forecast mainly due to a large increase in India and an increase in China, Asia, and Western Europe.

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%	-5%	-3%
China	-36%	-6%	+15%
Russia-CIS & E.Europe	-46%	-8%	-8%
Africa	-34%	-2%	-8%
Middle East	-2%	-24%	-45%
Latin America	-37%	-20%	-20%
Others	-25%	-17%	-29%
India	+29%	+50%	+50%
Indonesia	-38%	-10%	+11%
Others	+0%	-1%	+1%
Asia & Oceania	0%	+16%	+19%
North America	-4%	-12%	-12%
Western Europe	-3%	0%	3%
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 negative impact (-10%) by 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)	17.0	26.9	-9.9	
F X	Rate (YEN/US\$)	(101.9)	102.6	120.1	-17.5
	Rate (YEN/EURO)	(112.7)	113.7	132.4	-18.7
	Rate (YEN/RMB)	(15.3)	15.3	18.6	-3.3
Cash dividend per share (yen)	to be determined		40	-	

note : () shows previous forecast as of July 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 Q3-Q4 FY2016	Previous	Latest
	Rate (YEN/US\$)	(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 Asia, Africa, and China, despite a further decrease in North America, Russia/CIS, and the Middle East.

(billions of yen)

	FY2016 Updated Forecast		FY2016 Previous Forecast		FY2015 Actual		VS. Previous Forecast		VS. FY2015	
	amount	%	amount	%	amount	%	amount	%	amount	%
Japan	217.6	(31%)	219.8	(31%)	232.8	(31%)	-2.2	-1%	-15.2	-7%
Asia	61.5	(9%)	57.2	(8%)	66.9	(9%)	4.4	8%	-5.4	-8%
India	58.1	(8%)	57.8	(8%)	40.4	(5%)	0.4	1%	17.7	44%
Oceania	83.6	(12%)	83.2	(12%)	93.5	(12%)	0.4	0%	-9.9	-11%
Europe	80.9	(12%)	81.1	(12%)	89.0	(12%)	-0.2	0%	-8.1	-9%
N.America	77.3	(11%)	82.2	(12%)	93.0	(12%)	-4.8	-6%	-15.6	-17%
L.America	4.1	(1%)	4.2	(1%)	6.7	(1%)	-0.1	-3%	-2.6	-39%
Russia-CIS	13.4	(2%)	14.3	(2%)	16.9	(2%)	-0.9	-7%	-3.5	-21%
M.East	21.5	(3%)	24.4	(3%)	28.2	(4%)	-2.9	-12%	-6.8	-24%
Africa	32.2	(5%)	30.4	(4%)	37.0	(5%)	1.8	6%	-4.9	-13%
China	49.8	(7%)	45.5	(7%)	53.8	(7%)	4.3	9%	-4.0	-7%
Total	700.0	(100%)	700.0	(100%)	758.3	(100%)	0.0	0%	-58.3	-8%

Overseas
revenue ratio

69%

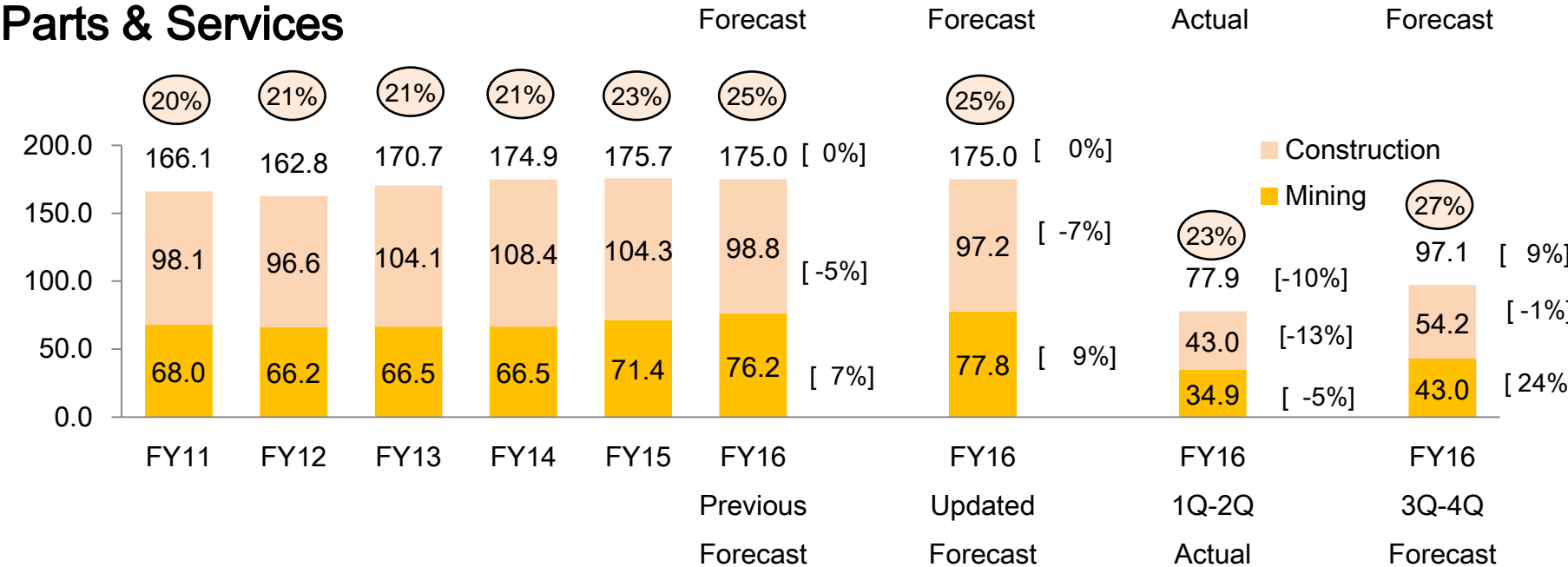
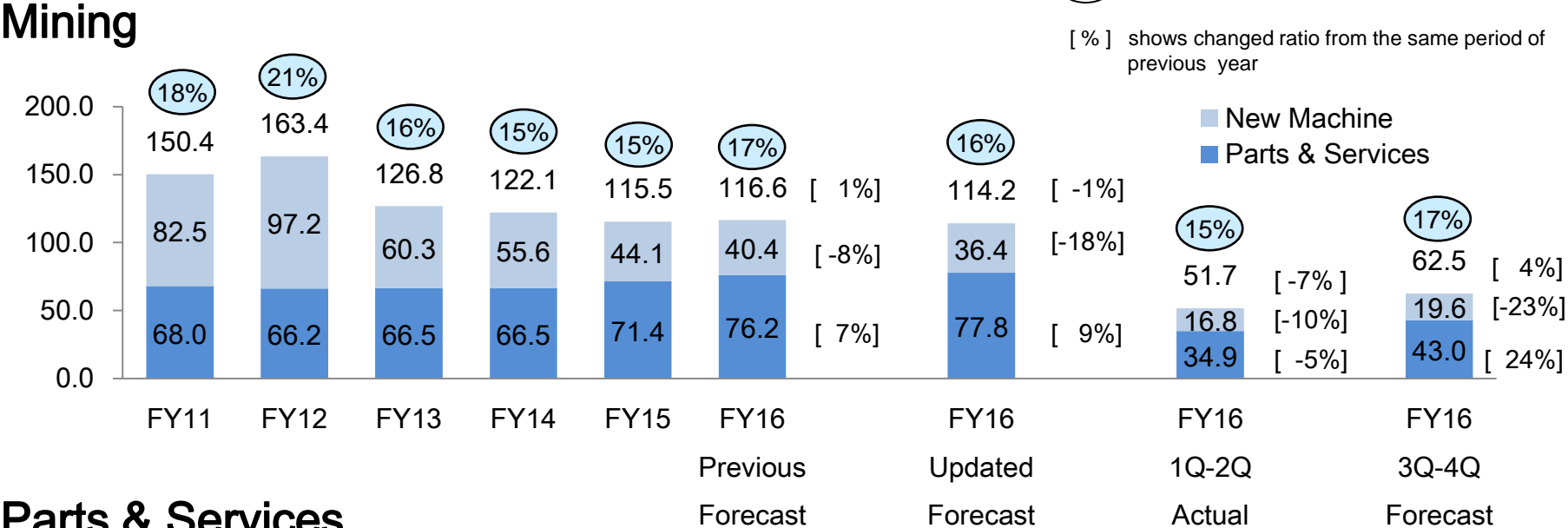
69%

69%

(billions of yen)

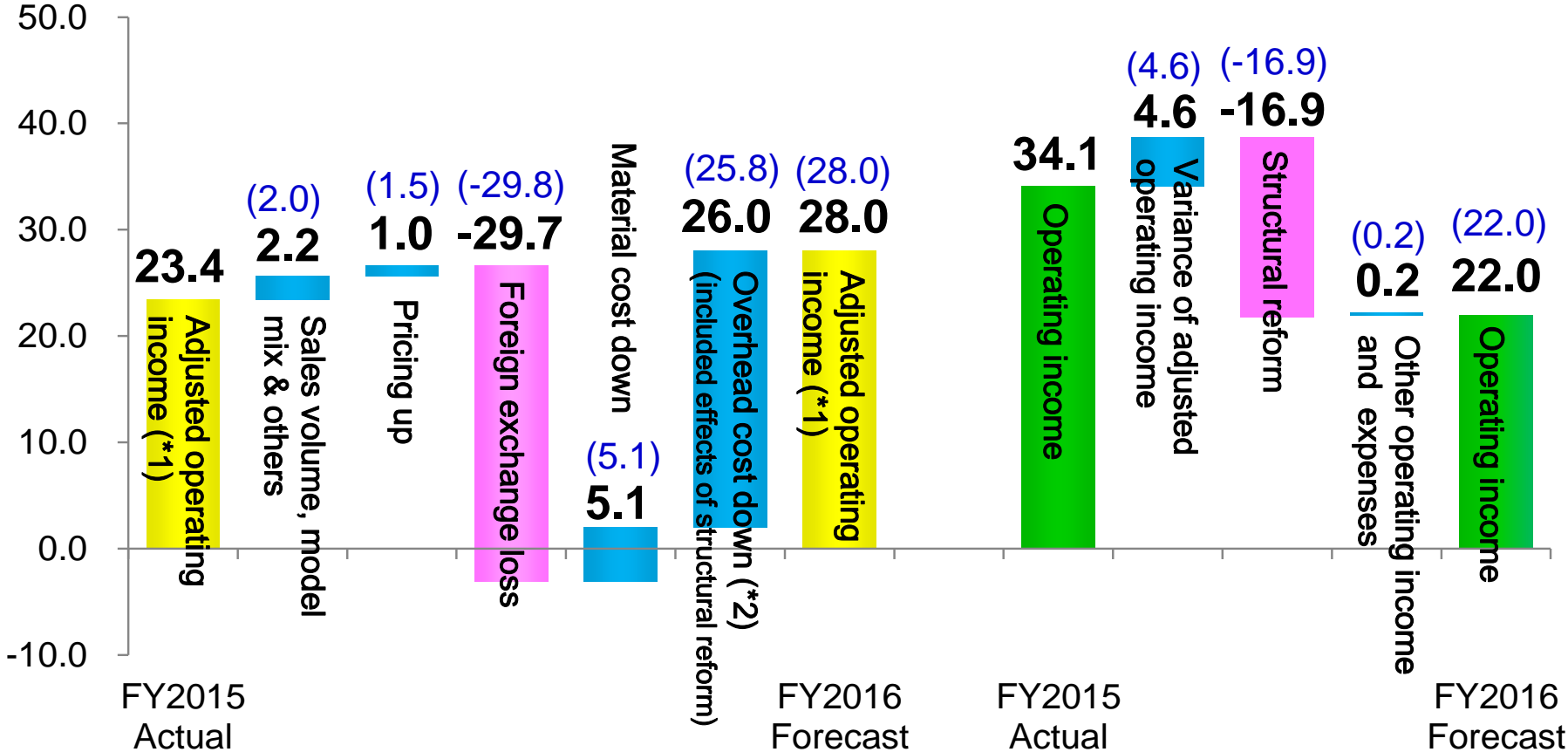
(%) shows sales ratio against total company sales

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



HCM forecasts FY2016 adjusted operating income to increase by 4.6 billion yen compared to FY2015 due to price increase and reduction in material costs and overhead costs including the favorable impact of restructuring performance, while it is negatively impacted by appreciation of the Japanese yen.

(billions of yen) note : () shows previous forecast as of Jul. 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 : included +5.5billion by KCM consolidation

<Appendix> Detail of mining revenue

(100 Million Yen)

		FY15 Result			FY16 Forecast			Difference		
		1Q-2Q	3Q-4Q	Year	1Q-2Q	3Q-4Q	Year	1Q-2Q	3Q-4Q	Year
America	Excavator	28	32	60	52	46	98	24	14	38
	Dump Truck	21	46	66	23	55	78	3	9	12
	Total	49	78	126	76	100	176	27	23	50
Europe, Africa and Middle East	Excavator	60	86	146	48	89	138	-12	3	-9
	Dump Truck	83	63	146	91	51	142	7	-12	-4
	Total	143	149	292	139	140	279	-4	-9	-13
Asia & Oceania	Excavator	286	304	590	198	262	460	-88	-42	-130
	Dump Truck	75	64	139	90	111	201	15	47	62
	Total	361	368	729	288	373	661	-73	5	-68
China	Excavator	0	2	2	6	6	12	6	4	9
	Dump Truck	0	0	0	1	1	2	1	1	2
	Total	0	3	3	7	7	14	7	5	11
Japan	Excavator	0	5	5	7	4	11	7	-1	6
	Dump Truck	0	0	0	0	0	0	0	0	0
	Total	0	5	5	7	4	11	7	-1	6
Total	Excavator	374	429	803	312	407	718	-63	-23	-85
	Dump Truck	179	173	352	205	218	423	26	45	72
	Total	553	602	1,155	517	625	1,142	-36	23	-14