

Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd.

Summary of Financial Results for the Fiscal Year Ended March 31, 2016

Head Office:	Sumitomo Fudosan Ueno Building No.8 9-3, Higashi-Ueno 6-chome, Taito-Ku, Tokyo 110-0015, Japan
Founded:	July 15, 2002
Capital:	4 billion yen
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1. Consolidated Operating Results

Million yen

	FY Ended		FY Ended	
	March 31, 2016	% change	March 31, 2015	% change
Net Sales	44,217	3.1%	42,876	14.9%
Operating Income.....	5,246	(9.0%)	5,764	82.3%
Ordinary Income.....	5,353	(7.8%)	5,803	83.0%
Net Income	3,995	38.0%	2,895	40.5%

Note: Percentages indicate increases / (decreases) compared to the previous fiscal year.

2. Overview of Business Performance

In the Japanese market, demand for new crawler cranes increased 10% compared to the previous year, by our estimation. Although public works turned to a decreasing trend, private works showed steady performance owing to post-disaster reconstruction works and the gradual recovery of the economy, and boosted the purchase of new crawler cranes to replace old models.

In overseas markets, demand for crawler cranes increased slightly in industrialized countries, as the economy continued to recover in North America and gradually turned upward in the U.K. and other Western European countries. On the other hand, demand decreased in newly emerging markets, due to the economic slowdown in China that more clearly impacted the country itself and the rest of Asia. As a result, overseas demand as a whole decreased 5% compared to the previous year by our estimation.

In addition to the above market environment, the cost of materials continued to increase accompanying a rise in prices. However, even under this situation, we achieved the aforementioned performance during the fiscal year under review, as a result of structural strengthening measures, including initiatives to reduce initial and fixed costs.

In Japan, sales of crawler cranes increased and reached 28,257 million yen during this fiscal year (+15% y/y), thanks to an increase in demand for new crawler cranes, and also to meticulous efforts to expand our service business.

Overseas sales totaled 15,960 million yen during this fiscal year (-13% y/y), as a result of downturn in demand, despite our collaborating with affiliated companies and distributors around the world, such as Link-Belt Construction Equipment Company in America, Hitachi Construction Machinery (Europe) N.V. in Europe and Hitachi Construction Machinery Middle East Corporation FZE in the Middle East, and our efforts to support their sales and services and cultivating new markets in newly emerging countries.

During the next fiscal year, gradual economic growth in industrialized countries, centered on Japan and North America, is beginning to show signs of slowing down, and further deceleration of economy is forecast in new emerging countries. Amid this situation, coupled with the declining value of resources and geopolitical risks in each region, global demand for crawler cranes is likely to decline compared to the previous year.

As described above, the market environment remains more uncertain than ever. However, we will pursue the following priority policies as we continuously strive to establish a competitive and efficient business culture.

- 1) Thorough cost-reduction measures
- 2) Development of new models that satisfy market needs, and enhancement of development capability
- 3) Further improvement of customer satisfaction through stronger collaboration with affiliated companies and distributors
- 4) Continuous reduction of fixed expenses
- 5) Cash flow improvement
- 6) Establishment of a strong corporate culture governed by strict internal controls