

Hitachi Sumitomo Heavy Industries Construction Crane Co., Ltd.

Summary of Financial Results for the Fiscal Year Ended March 31, 2017

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, 2017	% change	March 31, 2016	% change
Net Sales	41,829	(5.2%)	44,125	3.0%
Operating Income.....	5,824	9.5%	5,317	(8.3%)
Ordinary Income.....	5,897	8.7%	5,424	(7.1%)
Net Income	4,172	7.5%	3,882	32.5%

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 edged up 1% compared to the previous year, by our estimation. Although public works maintained a downward trend, demand remained steady, supported by the execution of government construction investment related to the second supplementary budget approved during the period, and by private sector works, including works related to the Tokyo Olympics, which boosted the purchase of new crawler cranes to replace old models.

In overseas markets, the investment decreased resulting from low price of crude oil in North America, and the economy in Western European countries slumped arising from the influence of British breakaway from European Union. Furthermore in newly emerging markets low price of each resource and economic slowdown in China impacted world economy. As a result, demand in overseas markets decreased as a whole.

In addition to the above market environment, foreign exchange rates fluctuated drastically. However, even under this situation, we achieved the above performance during this fiscal year, as a result of introducing new products, structural strengthening measures, including initiatives to reduce cost of materials and fixed costs.

In Japan, sales of crawler cranes increased and reached 32,978 million yen during this fiscal year (+17% y/y), even as the number of new crane units sold remained nearly flat, thanks to an increase in the sales volume of higher price models as the result of launching new products, and efforts to expand our service business.

Overseas sales totaled 8,851 million yen during this fiscal year (-44% 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 (currently Link-Belt Cranes) 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, demand in developed country markets is expected to slip because of a decrease in the Japanese market, where activity had been brisk, and a delay in the recovery of the North America market. With demand in newly developing country markets expected to be flat as well, global demand is forecast to decline compared with the previous year.

As described above, the market environment is forecast to remain uncertain. Nevertheless, we will pursue the following priority policies, and use the change in our parent company at the end of the period as an opportunity to deepen ties with the Sumitomo Heavy Industries, Ltd. Group and strive to establish a competitive and efficient business culture.

- 1) Development of new models that satisfy market needs, and enhancement of development capability
- 2) Thorough cost-reduction measures
- 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