

FAQ: Results for the Third Quarter ended December 31, 2015

Q1: Please update the progress of sales for the third quarter in relation to your projection of full-year results.

A1: In the construction, mining and utility equipment segment, following the first six-month period, both sales and demand in the third quarter were under our projection in China, Latin America and some other regions. However, because the Japanese yen depreciated more than our projection, sales for nine months were about what we had planned. In the industrial machinery and others segment, overall things were also what we had planned.

Q2: How about current demand for new mining equipment and future prospects?

A2: Industry-wide trend to curb new capital investment has remained unchanged, as major mineral prices have continued to drop or remain slack. We believe that we will have to wait for recovery of demand for new equipment in FY2017 or later.

Q3: How about current market conditions of construction equipment in China and future prospects?

A3: While demand in the first six-month period dropped by almost 50% year-on-year, it declined by about 40% year-on-year in the third quarter, slightly slowing the rate of decline. We believe we will continue to face challenging conditions for the time being. Nevertheless, we are going to closely monitor post-Chinese New Year demand.

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