

NEWS RELEASE

August 5, 2013
Kobelco Cranes Co., Ltd.

Kobelco Cranes' Medium-Term Business Plan (2013 – 2015)

The Kobelco Cranes Group posted its largest deficit in fiscal 2012, ended March 2013, since its foundation. Kobelco Cranes developed a 3.5-year plan last September and has been implementing it since October to restore and revitalize itself. This time, the Group has developed a more concrete medium-term business plan for the period from 2013 through 2015.

The domestic market for crawler cranes, our leading product, is expected to enter a correction phase after continued demand in earthquake reconstruction from the previous fiscal year reaches its peak in fiscal year 2013 with approximately 400 units.

As for the overseas market, Europe and the Middle East are expected to remain stagnant while North America is anticipated to be strong owing to the robust development of shale gas as well as active infrastructure development in Southeast Asia. Additionally, although China and India will recover from the previous fiscal year's significant decline in demand, their recovery is expected to be gradual. Thus, there are differences in each region, but the gross world demand is expected to slightly increase toward fiscal year 2015 from approximately 3,000 units (*1) in 2013.

Under these conditions, Kobelco Cranes plans to turn a profit on a consolidated ordinary income basis in fiscal 2013 by carrying out various measures centering on reducing costs, maximizing sales, and reforming manufacturing and development as its goals for the first half of its business plan. Later, Kobelco Crane will make decisions within fiscal year 2013 for future important initiatives, including development strategy and will put them into practice at once from fiscal year 2014.

<< Basic Policy >>

- Turn a profit on a consolidated ordinary income basis in fiscal year 2013.
- Achieve stable earnings by strengthening global manufacturing systems at three manufacturing bases—Japan, India, and China
- Improve product lineup as a leading crawler crane manufacturer

<< Major Initiatives >>

- Maximize sales both in Japan in overseas markets
- Procure at the global benchmark cost(*2) and further improve global competitiveness
- Reduce inventory through assemble-to-order manufacturing, and carry out production innovations
- Implement measures to improve earnings in China and India

- Establish common global quality standards among the three global bases
- Develop a product lineup plan for the future

For fiscal 2014 and beyond, Kobelco Cranes will review its rolling business plan in fiscal 2013 and improve its contents. It will take into account changes in the business environment, including the abrupt changes in the exchange rate since the latter half of fiscal 2012 as well as decision-making on important issues in fiscal year 2013.

(*1) Estimated number by Kobelco Cranes

(*2) To allow procurement of the most inexpensive material in the world regardless of place of production as long as it satisfies Kobelco Cranes' quality standards.

Medium-Term Business Plan: Business Targets (Consolidated)

(in billions of yen)

	FY2012 Results	FY2013 Initial Plan	FY2013 Current Forecast	FY2015 Forecast
Net Sales	45.5	55.0	61.0	55.0 – 65.0
Ordinary Income (Loss)	(2.2)	0	2.0	2.0 – 3.0

• Company Outline

Name	Kobelco Cranes Co., Ltd.
Founded	April 1, 2004
Head Office	17-1, Higashigotanda 2-chome, Shinagawa-ku, Tokyo Phone: 03-5789-2130
Capitalization	6.38 billion yen (100% held by Kobe Steel, Ltd.)
President & CEO	Akihiko Tsukamoto
Business activities	Development, manufacture, sale, and servicing of construction machinery
Website	http://www.kobelco-cranes.com