

N E W S R E L E A S E

November 15, 2013
Kobelco Cranes Co., Ltd.

Kobelco Cranes' Half-Year Financial Results for Fiscal Year 2013 (April 1, 2013 – September 30, 2013)

General Market Conditions

Aggregate demand in the domestic crawler crane market in this fiscal year has dramatically increased since it is expected that the number of public works will significantly increase owing to the availability of deferred funds from the large-scale supplementary budget of fiscal year 2012 and other factors, in addition to reconstruction demand.

In the overseas markets, demand increased in North America with continuing growth centered on shale gas-related investments, as well as in Singapore and Malaysia with active infrastructure investment, and in Hong Kong with an increasing number of major projects. However, demand showed sluggish growth in Europe, the Middle East, China, and India. As a result, aggregate overseas demand slightly increased over the same period last year. Additionally, the exchange rate stayed at around an average of 98.5 yen to the U.S. dollar, and the yen was generally weak compared with other currencies as well. As Kobelco Cranes has a higher ratio of sales overseas, this helped us to improve our business performance.

Under these conditions, domestic sales exceeded the initial forecast, as recovering demand led to higher production. Overseas, sales of new cranes were strong due to a favorable turn in the exchange rates, and sales volume increased especially in Hong Kong and Southeast Asia.

Production and sales volumes in India and China, where production began in 2012 at factories in both countries, were sluggish because demand in both countries did not recover and remained stagnant.

In the first half of fiscal year 2013, consolidated net sales were 25,502 million yen, a 15.2% increase over the same period last year. Consolidated ordinary income was 1,774 million yen, an increase of 2,671 million yen over the first half of fiscal year 2012. Consolidated income was 2,179 million yen, an increase of 3,930 million yen over the first half of fiscal year 2012.

Consolidated Financial Results for Fiscal Year 2013 – First Half

(Unit: in millions of yen)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)
FY2013 First Half (Year-to-year comparison)	25,502 +15.2%	1,858	1,774	2,179
FY2012 First Half	22,136	(1,067)	(897)	(1,751)

* The values of FY2013 First Half are the values before an accounting audit by an auditing company.

Outlook for Fiscal Year 2013

In the domestic market, the operating rate of machines will continue to be high into the second half of fiscal year 2013, and increased interest in investment focusing on the 2020 Tokyo Olympics is expected. Therefore, aggregate demand for fiscal year 2013 is expected to be approximately over 400 units, an increase of 38% over the same period last year.

In the overseas markets, demand is anticipated to continue being strong in North America, increasing by 8%, and in Asia (including Oceania except China), expected to increase by 26% over the same period last year. The situation in stagnant areas, including Europe, the Middle East, China, and India, is expected to stay the same. Aggregate demand is expected to slightly increase by 5% compared with fiscal year 2012. To maximize sales in areas where demand is strong, Kobelco Cranes will increase production and sales volume over its original plan. Kobelco Cranes will aim for a 35% increase in sales volume over last year.

In India, investment projects have been significantly delayed due to political instability, and demand in India is expected to substantially decrease by 53% over last year. Although production and sales volume will be revised downward, Kobelco Cranes will put efforts into minimizing the impact of the decreased sales volume by providing follow-up services to large orders, improving sales and service systems, and reducing costs by finding new vendors and shifting to local production.

Demand in China had been expected to recover, but it decreased by 3% over last year and is expected to continue decreasing. Kobelco Cranes will implement measures including thorough cost reduction and the achievement of targeted sales volume. It also plans to launch a second model in China and strengthen its distributors.

For fiscal year 2013, net sales are expected to be approximately 61,000 million yen and ordinary income is expected to be approximately 2,500 million yen.

Forecast for Fiscal Year 2013

(Unit: in millions of yen)

		Net Sales	Ordinary Income (Loss)
Consolidated	FY2013	61,000	2,500
	FY2012	45,501	(2,250)

Notes:

Exchange rate assumptions for the second half of Fiscal 2013:

1 US Dollar = 100 Yen, 1 Euro = 130 Yen

The forecast above is based on information current at the time of this announcement.

The actual results may differ significantly due to various factors in the future.