



NEWS RELEASE

November 10, 2015
Kobelco Cranes Co., Ltd.

Kobelco Cranes' Financial Results for First Half of Fiscal 2015 (April 1, 2015 – September 30, 2015)

General Market Conditions

The domestic crawler crane market in the first half of this fiscal year enjoyed vigorous demand centering on the Kanto area from the construction of facilities for the Tokyo Olympics as well as urban redevelopment. Domestic demand was approximately 260 units, up 5% from the same period last year. (All numbers of units hereinafter are according to estimates by Kobelco Cranes.)

Demand varied by area in the overseas markets, but the overall demand was approximately 1,100 units, down approximately 10% from the same period last year. In terms of market trend by area, demand in North America, which accounts for about 20% of the world's demand, increased approximately 10% due to the demand for plant and infrastructure construction projects that surpassed the slowdown in shale gas-related demand. Demand in Western Europe increased slightly over 20% centering on the United Kingdom where domestic demand increased, while demand in the Middle East increased over 30%. Meanwhile, demand in the APAC, which accounts for about 20% of the world's demand, showed a significant decrease of slightly less than 20% from the same period last year centering on Southeast Asia due to factors such as the drop in oil prices and stagnation of the Chinese economy. Furthermore, the Chinese market, which accounts for about 30% of the world's demand, has still been struggling and the Indian market has not reached a full-fledged recovery as well.

Kobelco Cranes put effort into maximizing the number of orders received by responding flexibly through the collaboration of production and sales to achieve higher sales and unit sales under these changes in the market environment. However, profitability of the businesses in Southeast Asia and China decreased; fixed costs increased due to the expansion of maintenance factories and establishment of an overseas representative office; and costs for the quality maintenance and improvement of products increased. As a result, the business results in the first half of this fiscal year were as follows.

Consolidated Financial Results for Fiscal 2015 – First Half

* The values of FY2015 First Half are the values prior to an accounting audit by an auditing company.

(Unit: in millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income (Loss)
FY2015 First Half	39,058	2,231	2,451	(1,636)
(Year-to-year comparison)	+ 8.8%	- 36.7%	- 23.1%	- 163.1%
FY2014 First half	35,899	3,525	3,186	2,594

* An affiliated company's business loss (extraordinary loss) of ¥3,254 million was recorded for a subsidiary in China in the first half of FY 2015.

Kobelco's Initiatives and Business Situation

As for domestic sales, unit sales increased approximately 10% from the same period last year against the background of vigorous demand. Kobelco Cranes has been maintaining strong sales by introducing new products that are tailored to clients' needs, including the MK650 for ports and harbors and the BM1500 for full-scale foundation and civil engineering work.

In terms of overseas sales, despite the decline in the sales of products for Southeast Asia due to decreased demand, sales in North America and Hong Kong remained strong, and overall overseas unit sales were at the same level as the same period last year.

As for production, with the assemble-to-order production system under the manufacturing innovation project, "Cross Magma Project," Kobelco Cranes successfully reduced the lead time for models for overseas markets. Kobelco Cranes will make efforts to reduce the lead time for models for the domestic market.

Moreover, this July, Kobelco Cranes established a representative office in Frankfurt, Germany to further strengthen its large crawler crane business. By establishing a base in Germany, a center of the large sized crawler cranes, Kobelco Cranes will gather the voices of clients in overseas markets, put together product and market strategies, and incorporate them into the next medium-term business plan.

In India, although there are signs of a slight recovery, demand is still struggling to grow. Kobelco Cranes steadily captured demand through a system of direct sales and direct services. Additionally, Kobelco Cranes made a capital investment to increase monthly production to 10 units and this May commenced sales of export machines for Asian countries through production outsourced from Japan.

In China, unit sales increased from last year due to factors such as the capturing of special demand for products for overseas plant projects. However, profitability continued to face a difficult situation.

Kobelco Cranes earned high marks from overseas clients for its continued efforts to establish global quality under unified standards among its production bases in Japan, India, and China.

Outlook for Fiscal 2015

In the domestic crawler crane market, overall demand is expected to remain at a high level centering on the Kanto area, although delays in construction schedules in some areas due to sharp increases in construction material prices and labor shortage are beginning to cause a slight slowdown in the market.

In overseas markets, demand in North America and India is expected to grow, but demand in some parts of Southeast Asia and East Asia has been showing a downward trend. Therefore, overall demand is expected to decrease about 10% year-on-year.

In the changing tide of the market, Kobelco Cranes will promote the strengthening of its corporate structure to build a stable business by minimizing opportunity loss and by creating a production system capable of flexibly accommodating changes in the order environment in such ways as shifting production from overseas models to domestic models.

For fiscal 2015, net sales are forecast to be approximately ¥76,000 million and ordinary income is forecast to be approximately ¥3,500 million.

Forecast for Fiscal 2015

(Unit: in millions of yen)

		Net Sales	Ordinary Income
Consolidated	FY2014	71,120	5,168
	FY2015	76,000	3,500

Notes:

Exchange rate assumptions for the second half of Fiscal 2015:

1 US Dollar = 115 Yen, 1 Euro = 135 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.

KOBELCO CRANES CO., LTD.

Overview of Semiannual Financial Results for Fiscal 2015

Company Name: Kobelco Cranes Co., Ltd.
 Representative: Akihiko Tsukamoto, President & CEO
 Contact: Hiroshi Yamamoto
 General Manager, Corporate Planning & Administration Dept.
 Shareholder: Kobe Steel, Ltd. (Ratio of stockholding: 100%)

1. Consolidated Financial Results for First Half of Fiscal 2015

(April 1, 2015 – September 30, 2015)

(1) Consolidated Business Results

(In millions of yen)

	Net Sales	Operating Income	Ordinary Income	Net Income (Loss)
FY2015 First Half	39,058	2,497	2,450	(1,635)
FY2014 First Half	35,899	3,525	3,186	2,594

	Net Income (Loss) per Share	Capital-to-Net Income Ratio	Total Assets-to-Ordinary Income Ratio	Net Sales-to-Operating Income Ratio
	Yen	%	%	%
FY2015 First Half	(15,758.46)	- 6.0	3.6	6.4
FY2014 First Half	24,998.20	8.8	5.4	9.8

(2) Consolidated Financial Position

	Total Assets	Net Assets	Capital Ratio	Net Asset per Share
	Million yen	Million yen	%	Yen
FY2015 First Half	68,019	28,004	41.2	269,788.07
FY2014 First Half	59,013	29,716	50.4	286,286.89