

FAQ: Results for the Third Quarter ended December 31, 2016

Q1: Please update the progress made in the nine-month period under review towards projected full-year figures.

A1: With respect to sales at the end of the nine-month period (April to December, 2016), we had made 73% of the projected full-year figure as of December 31, 2016. This pace of progress is about what we have expected. In the construction, mining and utility equipment segment, sales declined from the corresponding period a year ago, as affected by the Japanese yen's appreciation. However, the volume of sales has grown about on par with the corresponding period a year ago.

Q2: Please tell us about the market conditions of mining equipment.

A2: Against the backdrop of changes in the price of some main minerals, we have seen signs of renewing equipment by some customers since last fall. Generally speaking, however, most customers have continued to curb investment in new equipment. We believe that recovery of demand for new equipment will begin in FY2017 and thereafter.

Q3: Please discuss the current conditions and outlook of the Chinese construction equipment market.

A3: In October last year, we projected that full-year demand would resemble that of the previous fiscal year. At present, infrastructure development work is making good progress nationwide, advancing demand for new equipment. In view of the fact that the current growth of demand is unusual at this time of the year and that demand has become low in the post Chinese New Year sales season for the last few years, we are closely monitoring the post New Year and feel positive about it.

(end)