

## FAQ: Business Results for the First Six-Month Period of FY2016

**Q1: Please describe the progress of sales you have made towards full-year results of your projection.**

**A1:** As of the end of the first six-month period, sales accounted for 47% of our projection, therefore we believe overall progress is just about according to our plan. In the construction, mining and utility equipment segment, following the first quarter, demand and sales declined mainly in the Middle East and Africa in the second quarter year-on-year. However, we were able to compensate for the decline by increased sales in other regions. In the retail finance and the industrial machinery and others segments, we made progress practically as planned.

**Q2: You are not changing your projection of full-year results. Please explain the reasons.**

**A2:** In addition to the fact that the first six-month results were about what we had planned, we believe, as of now, although there are variable factors in the second six-month period, such as foreign exchange risks and the ups and downs of demand in each region, we will be able to achieve both sales and profits in general as we projected in April this year. In the industrial machinery and others segment, future demand is likely to soften.

**Q3: Please update the market environment of mining equipment.**

**A3:** Since the start of 2016, the mining equipment market has been mixed with positive and negative developments. With respect to the projection of full-year demand for new equipment in FY2016, we are estimating a year-on-year decline of about 15% to 20%, as we projected in April this year. We expect that demand for mining equipment will start to recover in FY2017 or later.

**Q4: Please tell us about the current conditions and outlook of Chinese market for construction equipment.**

**A4:** In April this year, we projected a year-on-year decline of about 20% to 25% in demand for seven major products of construction equipment in China by considering a rebound of pre-buys for new emission controls. At present, demand for new equipment is growing thanks to good progress of infrastructure development nationwide. However, as this is happening when demand is typically low, we will keep a conservative stance until we confirm market conditions in the post Chinese New Year sales season next year.

(End)