

**Q&A Summary for Financial Briefing  
(Full year ended of FY2018)**

Q1. What is your outlook for demand for hydraulic excavators by region in FY2019?

A. We expect demand in the Chinese market to decline by approximately 20% compared with FY2018. We aim to make up for the decline with demand in North American and Japanese markets.

Q2. What are your thoughts about the ship business?

A. Our basic policy is to maintain the current framework for building four ships a year.

Q3. Do you have a plan to change any KPI in the next Medium-Term Management Plan?

A. Our policy is to maintain the current ROIC management.

Q4. Do you have forecast figures for cash flow for FY2019?

A. We estimate that our free cash flow will be -9 billion yen.

Q5. Please tell us about the future direction of your capital investments.

A. During the period (FY2017 to FY2019) of the current Medium-Term Management Plan, we made heavy investments. In the next Medium-Term Management Plan, our capital investments will not exceed the level of the current Medium-Term Management Plan.

Q6. What plan do you have about the newly-consolidated companies' contribution to your future earnings?

A. With regard to Lafert and SFW, we expect them to make contribution in the future. HSC has already contributed to our profits. We would like to clarify the roles of those companies in the next Medium-Term Management Plan.

End