

## **Explanatory Meeting for Business Results for the First Quarter ended June 30, 2024**

July 26, 2024

### **Keiichiro Shiojima**

Vice President and Executive Officer, CFO

### **Hidehiko Matsui**

Vice President and Executive Officer, CMO

 **Hitachi Construction Machinery Co., Ltd.**

## 1. Regional Market Environments and Projections

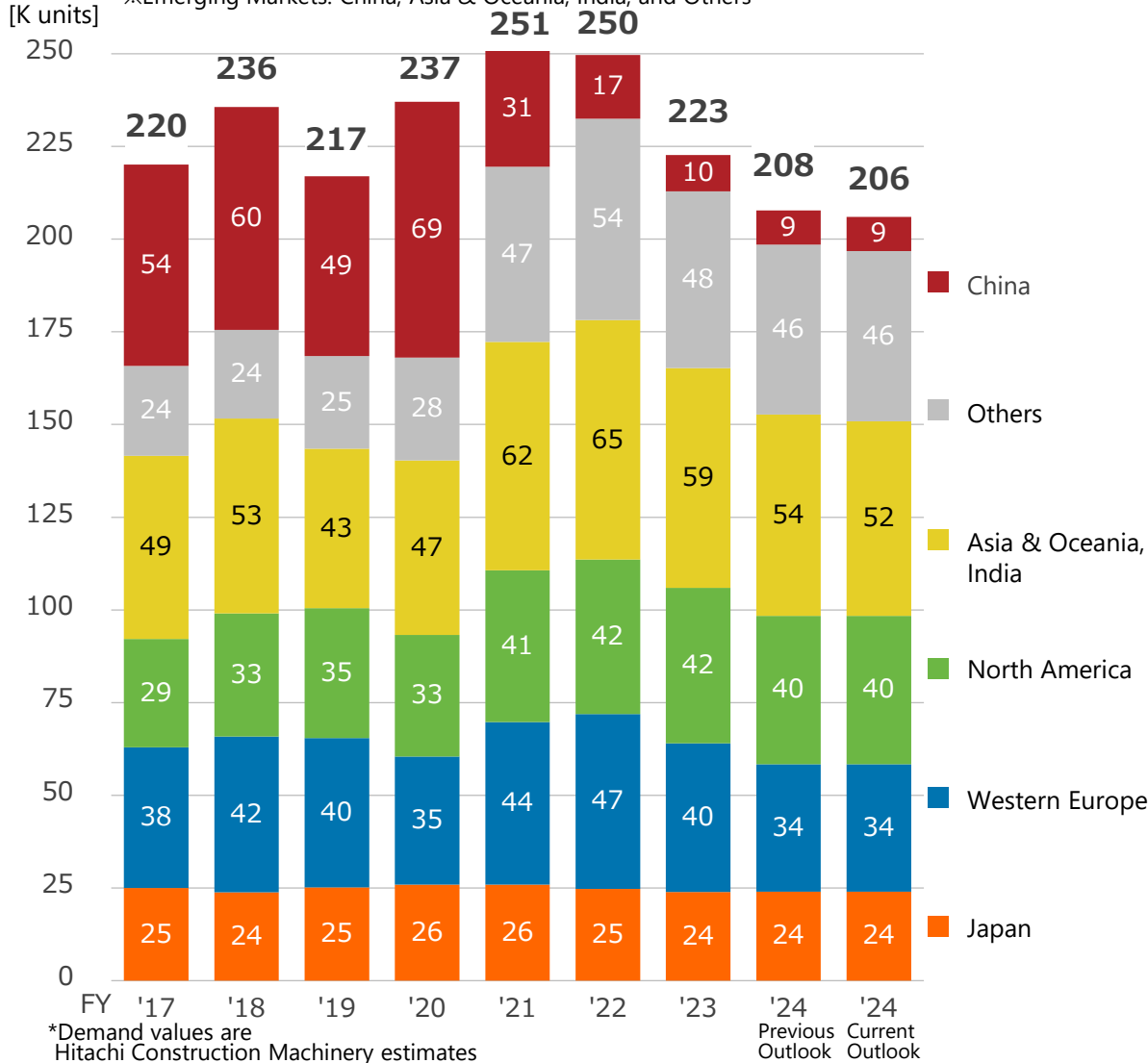
**Hidehiko Matsui**

Vice President and Executive Officer, CMO

# Global Demand Trend for Hydraulic Excavators

**Emerging Markets ratio:  
FY24 52% ( y-y Change : ±0%)**

※Emerging Markets: China, Asia & Oceania, India, and Others



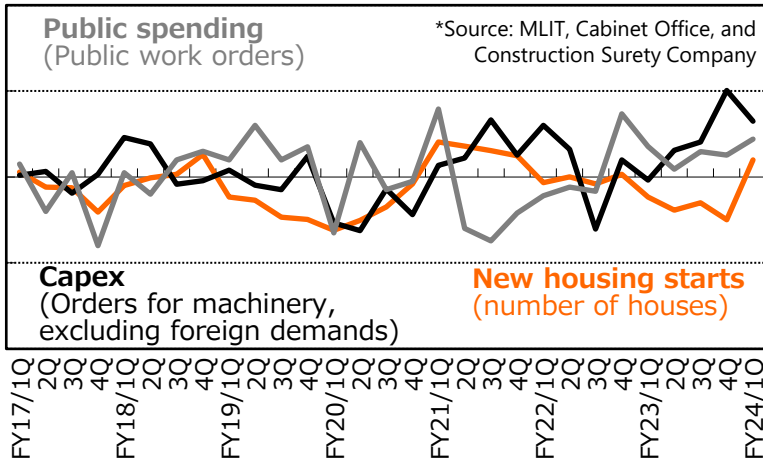
## Year-on-Year Change by Region

※Estimates by HCM, Excluding Chinese manufacturers  
※Distributing, copying, or forwarding prohibited

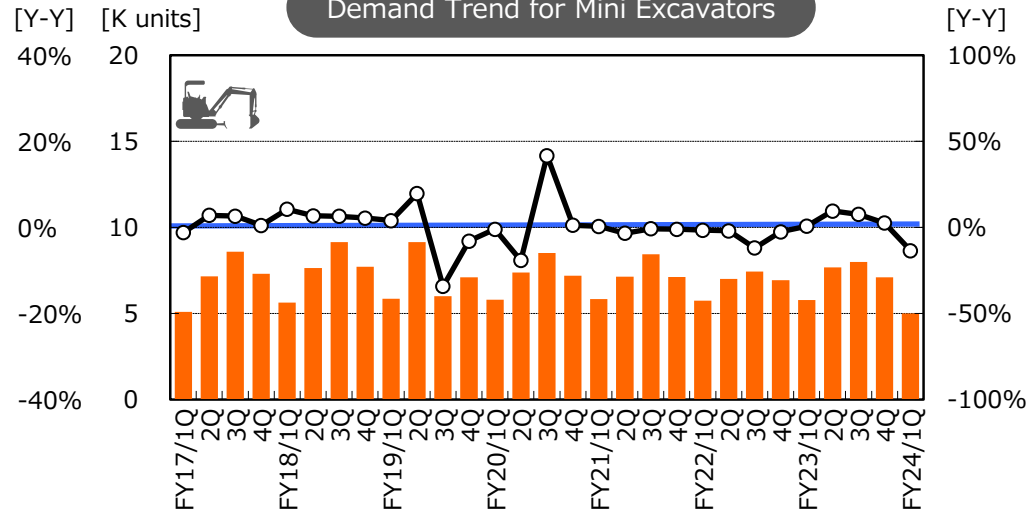
	'23	'24
Total	-11%	-7%
China	-43%	-6%
Russia, CIS, E Europe	-16%	-4%
Africa	+13%	-15%
Middle East	+10%	-13%
Latin America	-33%	+14%
Others	-12%	-4%
Asia	-17%	-8%
India	+8%	-16%
Oceania	-18%	-10%
Asia & Oceania, India	-8%	-12%
N America	+1%	-5%
W Europe	-15%	-14%
Japan	-3%	±0%

- New housing starts, Public spending and Capex increased.
- Demand for Hydraulic excavators decreased:  
Hydraulic Excavators -11%, Mini Excavators -13%, Wheel Loaders +1% y-y.

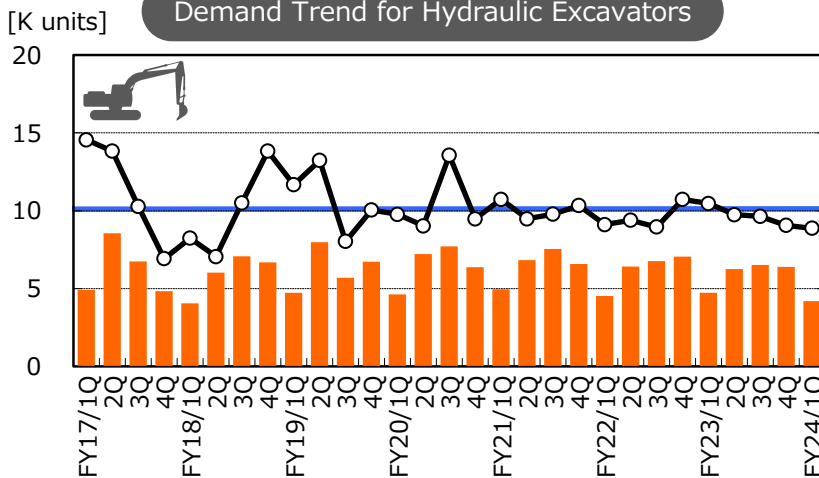
Market Environment Housing, Capex, Public Spending



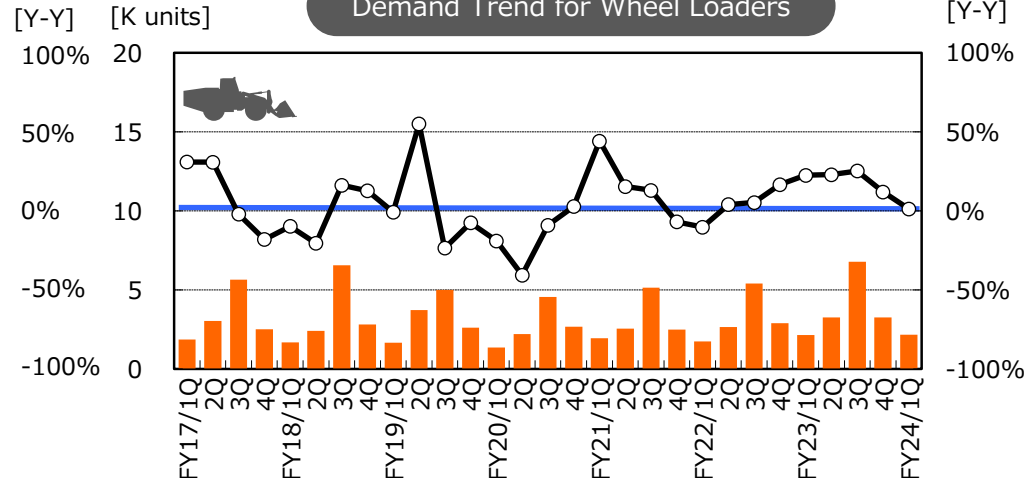
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders

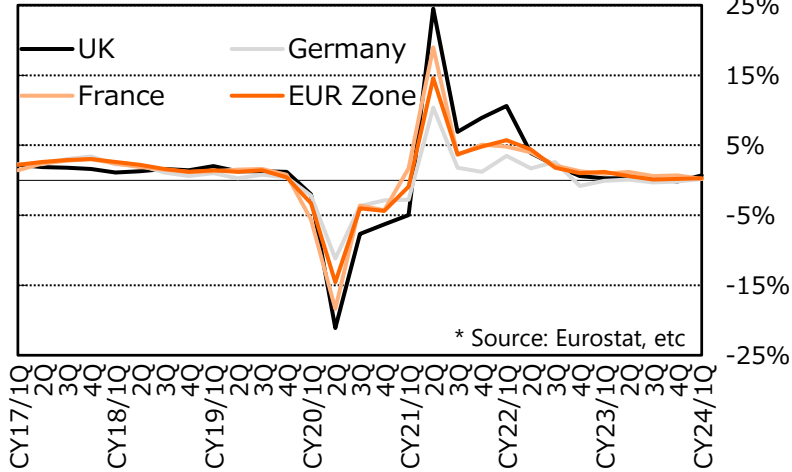


\*Demand values are Hitachi Construction Machinery estimates

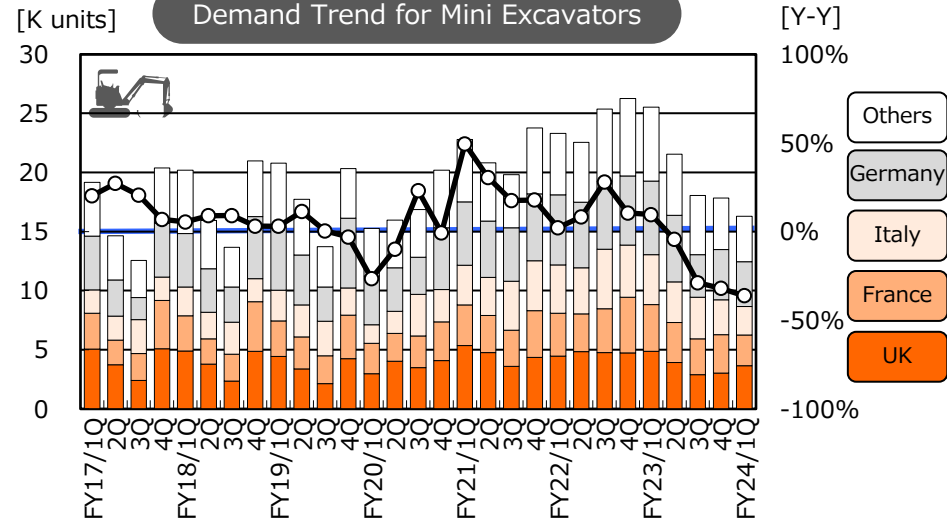
# Europe: First Quarter (Apr to Jun 2024)

- GDP in CY24 1Q has been growing at a low rate.
- Demand for Hydraulic excavators decreased significantly:  
Hydraulic Excavators -31%, Mini Excavators -36%, Wheel Loaders -35% y-y.

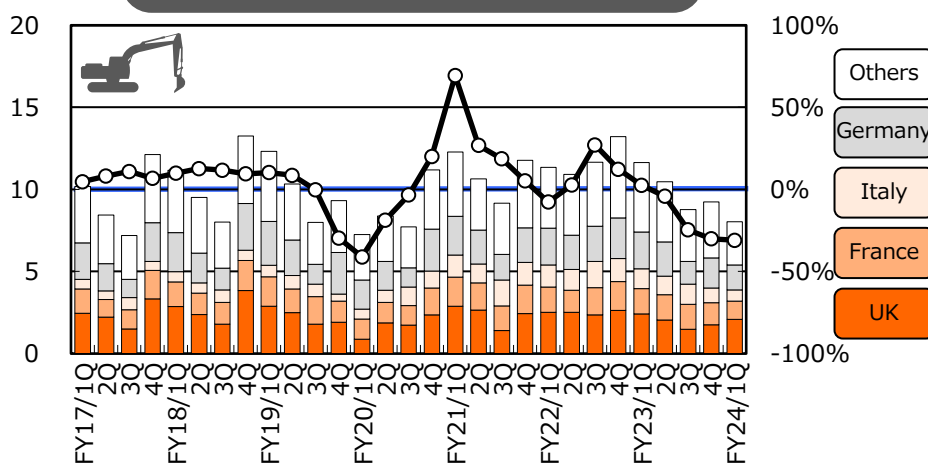
GDP Growth Rate in Major Countries



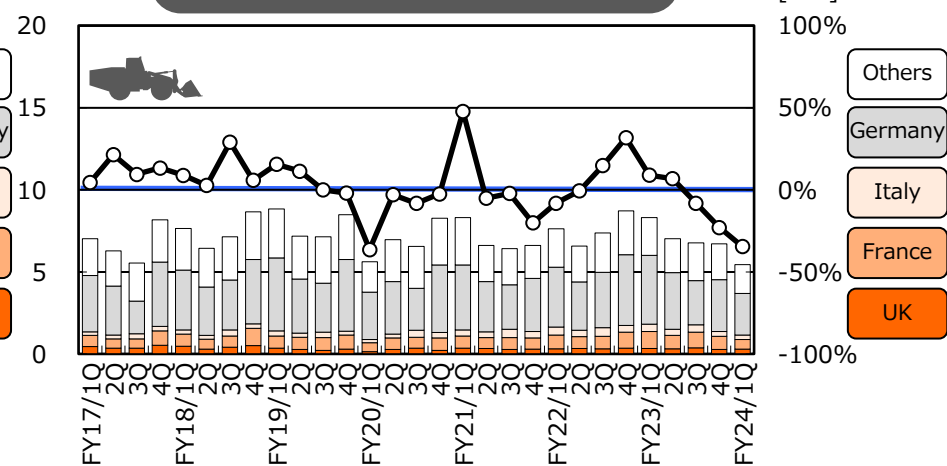
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



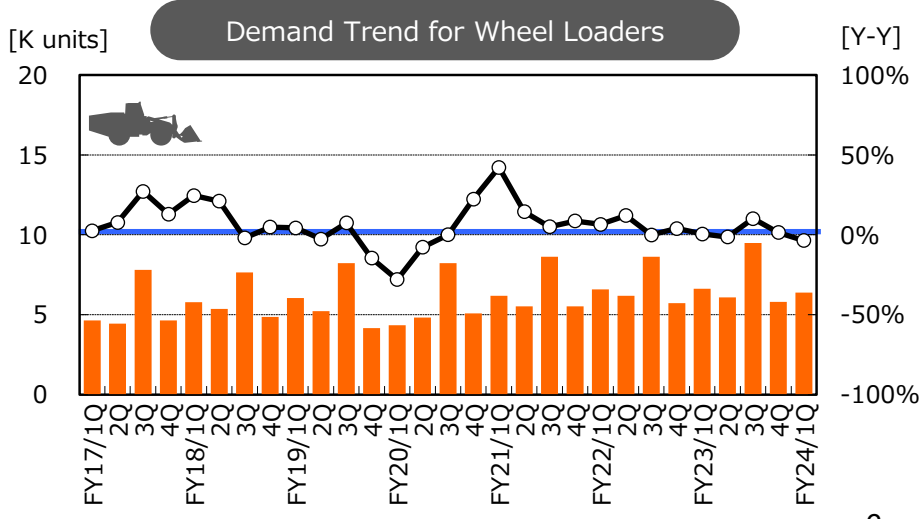
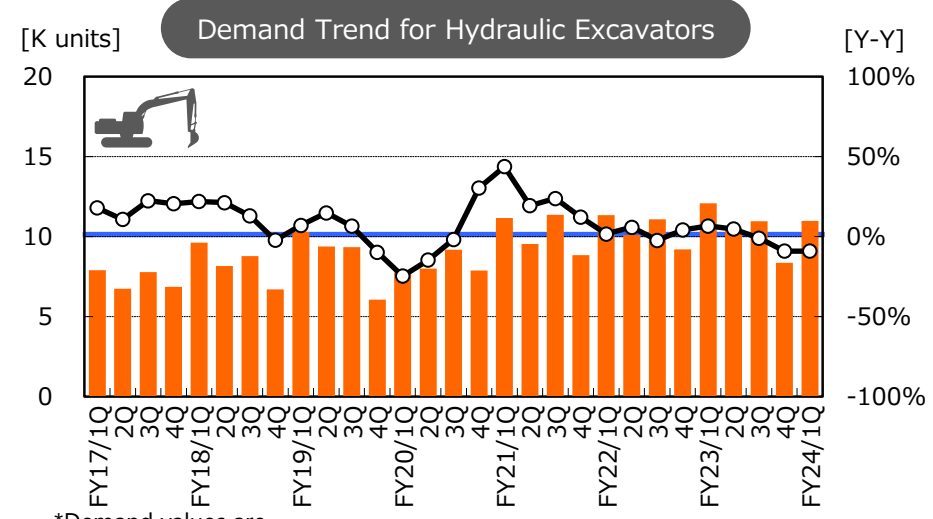
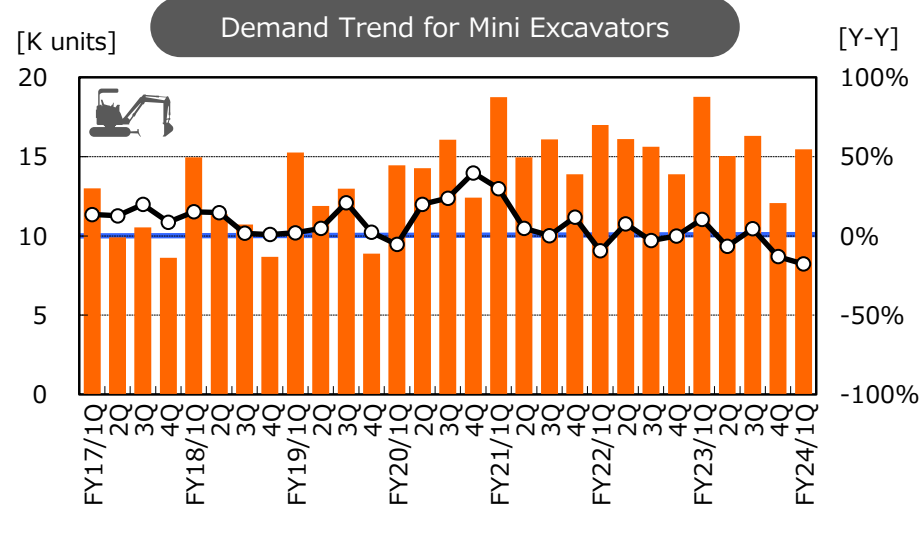
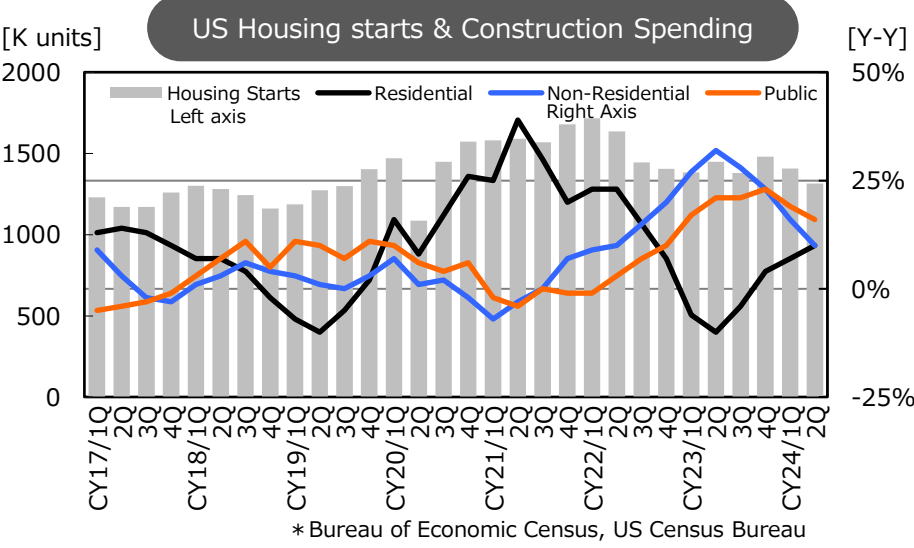
Demand Trend for Wheel Loaders



\*Demand values are Hitachi Construction Machinery estimates

# North America: First Quarter (Apr to Jun 2024)

■ Residential and Non-residential increased. Housing Starts decreased. Public Works significantly increased.  
■ Demand for Hydraulic excavators decreased:  
 Hydraulic Excavators -9%, Mini Excavators -18%, Wheel Loaders -4% y-y.

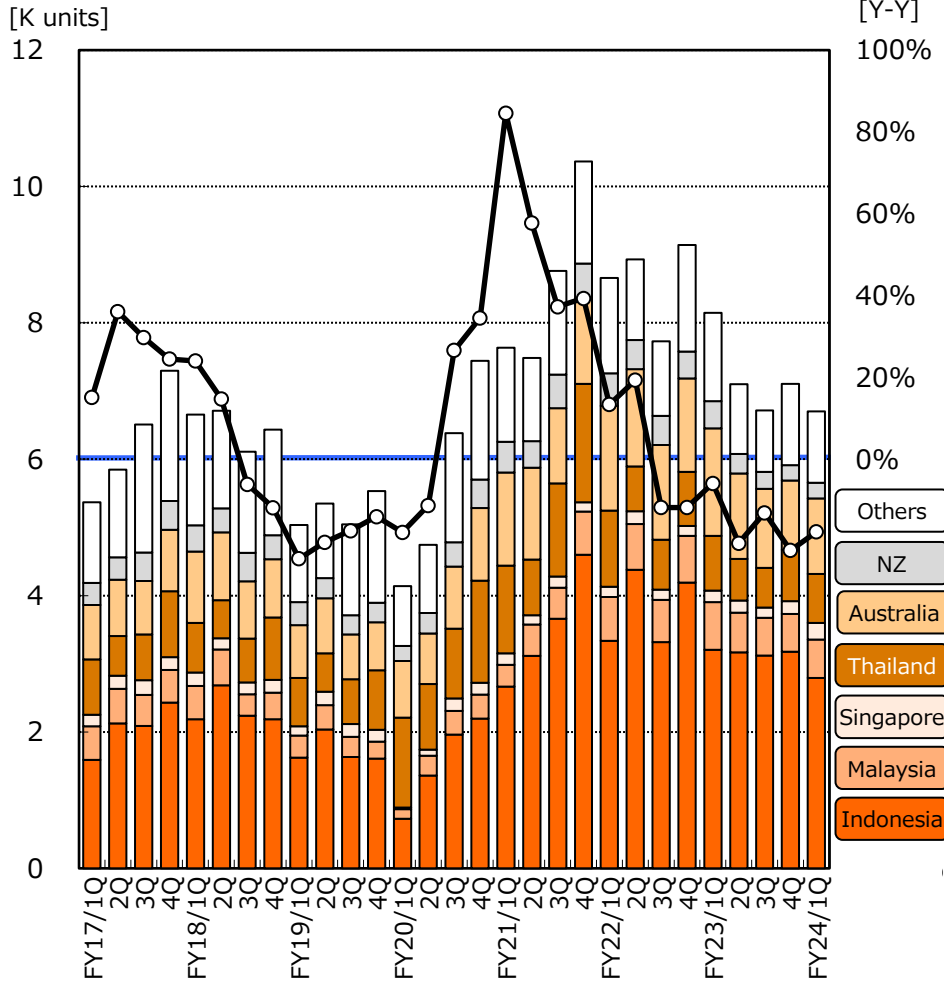


\*Demand values are Hitachi Construction Machinery estimates

# Asia Pacific & China: First Quarter (Apr to Jun 2024)

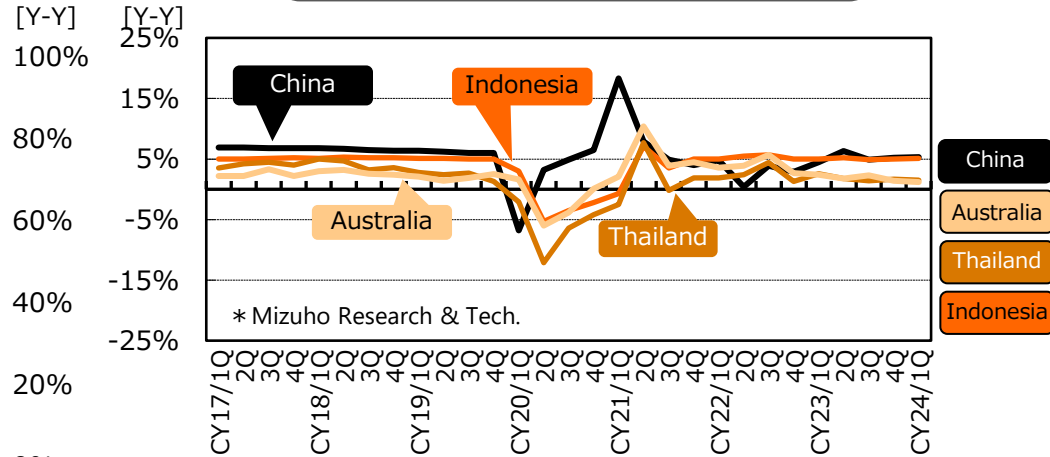
- Demand for Hydraulic excavators in the Asia & Oceania region decreased -18% y-y.
- Demand for Hydraulic excavators in China increased +12% y-y. (Domestic :+14%, Foreign :+4%)

Demand Trend for Hydraulic Excavators in Asia & Oceania

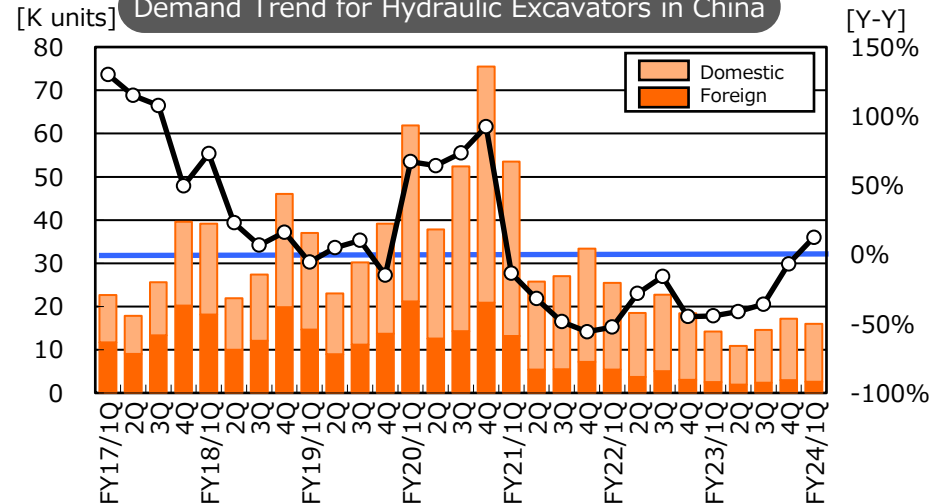


\*Demand values are Hitachi Construction Machinery estimates

GDP Growth Rate in Major Countries



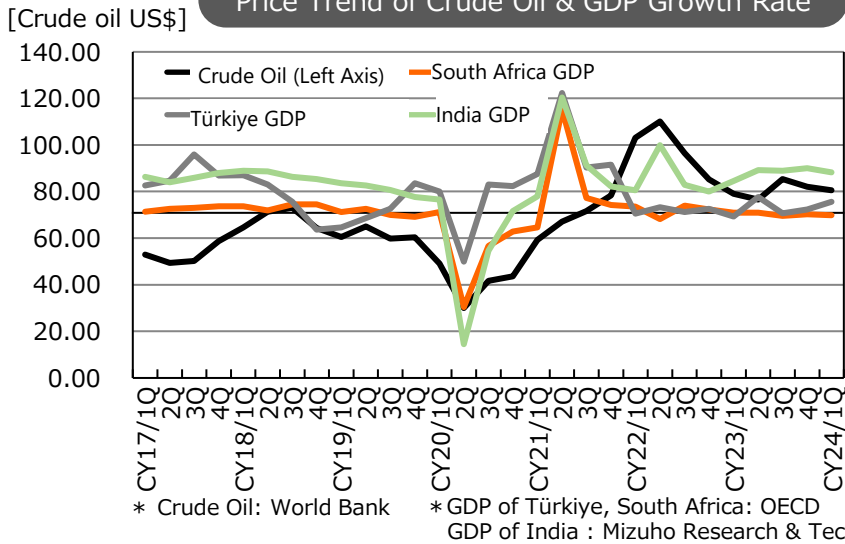
Demand Trend for Hydraulic Excavators in China



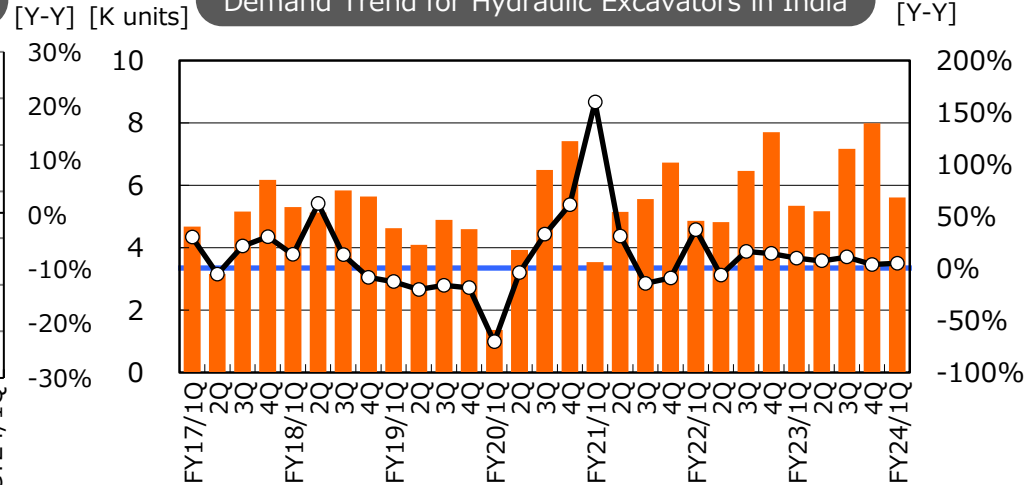
# India, Middle East, Africa: First Quarter (Apr to Jun 2024)

- Demand for Hydraulic excavators increased in India +5% y-y.
- Demand for Hydraulic excavators increased in Africa +1% y-y.
- Demand for Hydraulic excavators decreased in the Middle East -13% y-y.

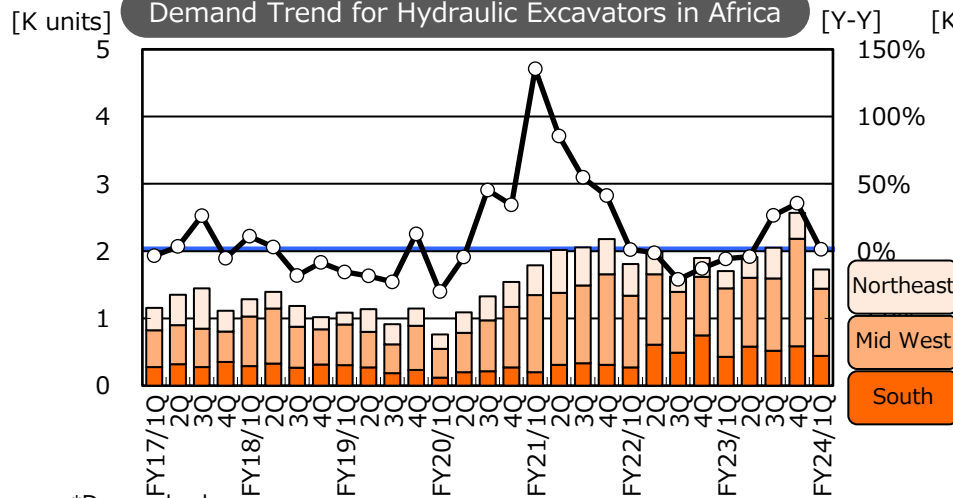
Price Trend of Crude Oil & GDP Growth Rate



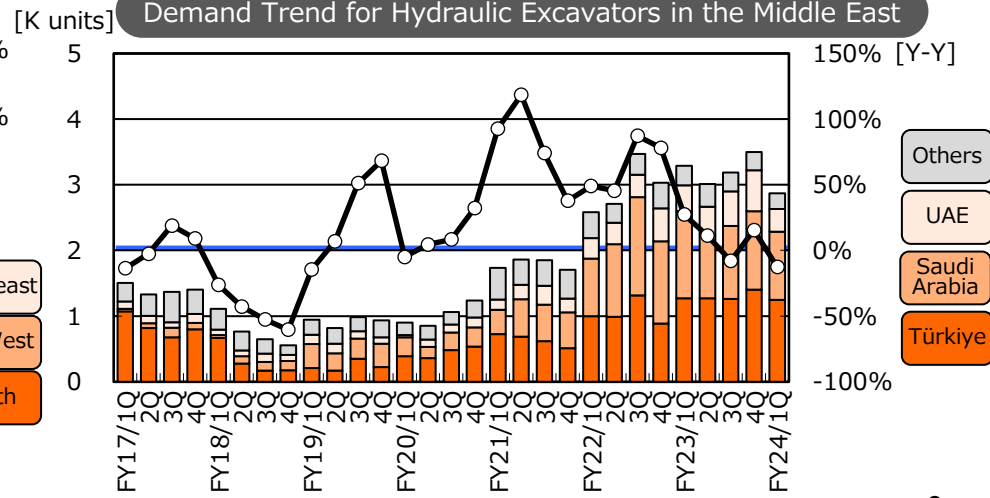
Demand Trend for Hydraulic Excavators in India



Demand Trend for Hydraulic Excavators in Africa



Demand Trend for Hydraulic Excavators in the Middle East

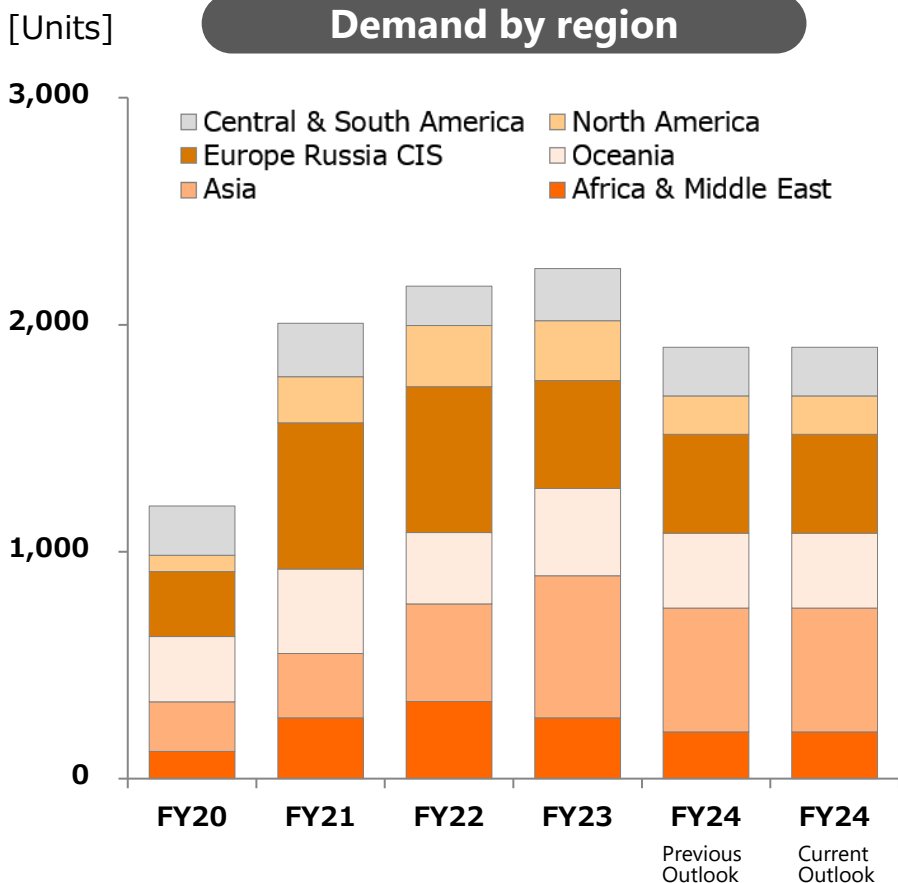
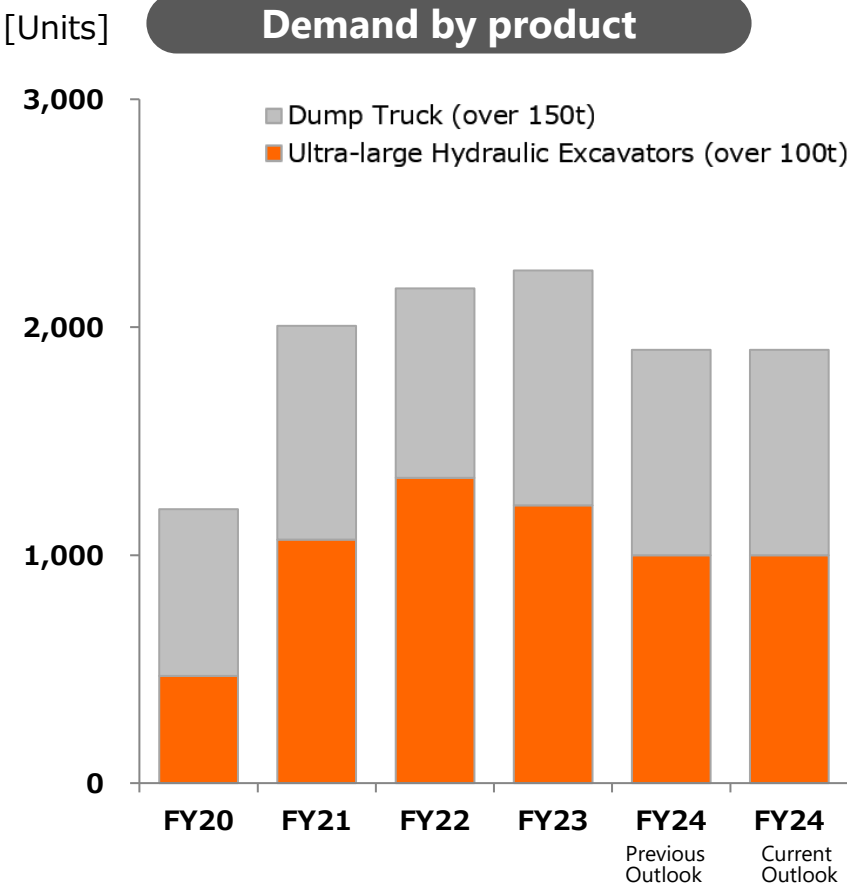


\*Demand values are Hitachi Construction Machinery estimates

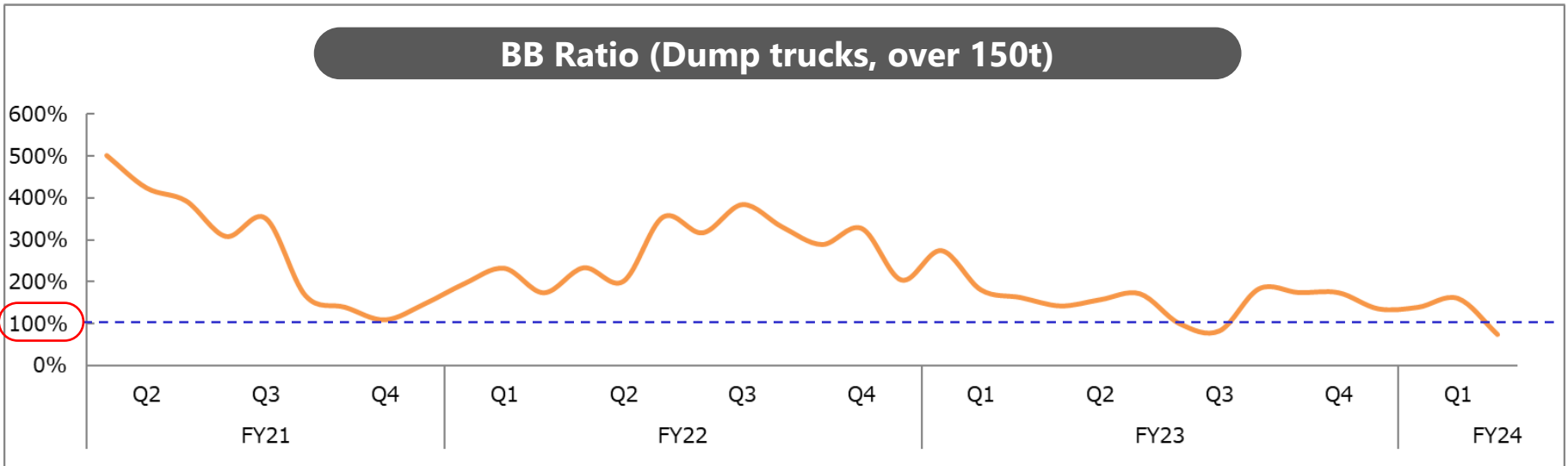
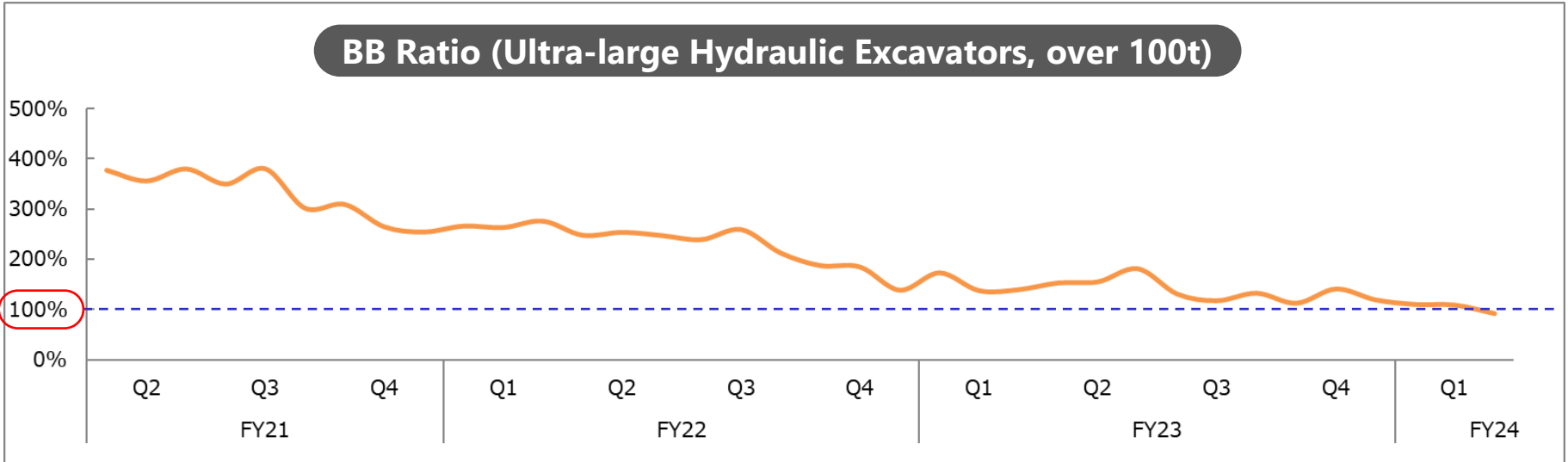


■ The demand forecast for mining in FY24 remains unchanged.  
 ■ However previous forecast, the year-on-year comparison is revised from the previous "0 to -10%" to "-5% to -15%." due to the actual result for FY23 exceeded.

## Ultra-large Hydraulic Excavators (over 100t), Dump Trucks(over 150t)



\*Demand values are Hitachi Construction Machinery estimates



\* Book-to-Bill(BB) Ratio = Bookings (Orders received)/Billings (Value of shipment )

Non-consolidated basis (average of 6 months)

# Topic 1 : Initiatives to realize Zero Emissions

In June 2024, we started a technological feasibility trial of the world's first ultra-large full battery dump truck at mine site.



A full battery dump truck

Diesel engine powered



Full-battery powered



\*20 hours of operation per day, 350 days per year

Diesel fuel	1.2 million liters	0 liters
CO2 emissions	3,000 t	0 t

Comparison of EH4000AC-3 with battery operation per year

In May 2024, we opened ZERO EMISSION EV-LAB, a research facility promoting collaborative creation with partners.



Demo area



Communication area

## Building a sustainable business structure to address driver shortages through three measures



Introduced Truck Reservation System to 9 sites in Japan (June 2024~)



Keep truck waiting time within **30** minutes

Introduced Relay transportation between Kanto and Kansai (May 2024~)



Started rail transportation with containers of original design (May 2024~)



Reduces CO<sub>2</sub> emissions by **43** tons per year

Proof of our desire to provide innovative solutions as a true solution provider

# LANDCROS



Customer **Reliable** **O**pen **S**olutions

## VISION

**Ensure a prosperous land and society for the future**

We contribute toward realizing a safe and sustainable society

**Solution Provider**



## **2. Business Results** **for the First Quarter ended June 30, 2024** (April 1, 2024 – June 30, 2024)

**Keiichiro Shiojima**

Vice President and Executive Officer, CFO

# Summary of consolidated results

In 1Q of the year, revenue increased by 4% y-y due to business expansion in the Americas and the impact of depreciation of the yen. However, adjusted operating income decreased by 13% y-y and net income attributable to owners of the parent decreased by 22%, due to the sales decrease in Europe and Asia.

[billions of yen]

		FY2024 1Q		FY2023 1Q		change
Continuing operation						
	Revenue		328.2		315.9	4%
	Adjusted operating income *1	9.9%	32.5	11.9%	37.6	-13%
	Operating income	10.0%	32.8	12.1%	38.1	-14%
	Income before income taxes	11.9%	39.1	13.8%	43.6	-10%
	Net income from continuing operation	7.9%	26.0	10.6%	33.5	-22%
Net income from discontinued operation			0.7		0.1	827%
Net income attributable to owners of the parent		7.5%	24.6	9.9%	31.4	-22%
EBIT *2		12.9%	42.4	14.6%	46.1	-8%
FX rate	Rate (YEN/USD)		155.9		137.4	18.5
	Rate (YEN/EUR)		167.9		149.5	18.4
	Rate (YEN/RMB)		21.5		19.6	1.9
	Rate (YEN/AUD)		102.7		91.8	11.0

\*1 "Adjusted operating income" is presented as revenues less cost of sales as well as selling, general and administrative expenses.

\*2 "EBIT" stands for Earnings Before Interests and Taxes, and is calculated by excluding "Interest income" and "Interest expenses" from "Income before income taxes"

# Revenue by geographic region (consolidated)

There was a market slowdown in Europe and Asia; however, revenue increased in the Americas, Oceania etc.

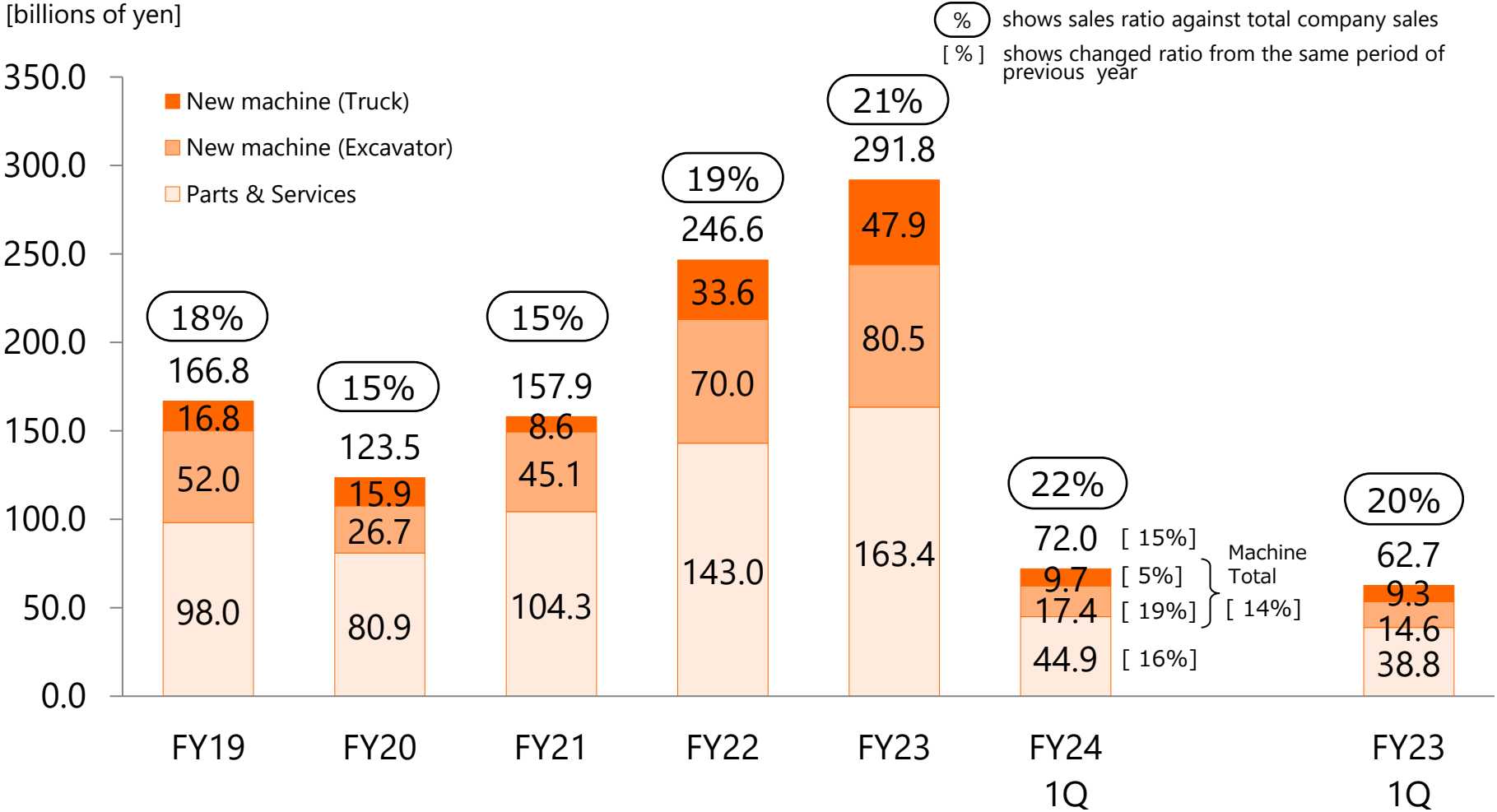
[billions of yen]

		FY2024 1Q		FY2023 1Q		change	
						amount	%
Japan		42.6	13%	44.2	14%	-1.6	-4%
Asia		23.7	7%	27.8	9%	-4.1	-15%
India		19.0	6%	16.1	5%	3.0	18%
Oceania		68.8	21%	61.0	19%	7.8	13%
Europe		38.4	12%	44.1	14%	-5.6	-13%
	N. America	81.5	25%	77.7	25%	3.8	5%
	L. America	13.0	4%	9.0	3%	4.0	45%
The Americas (Developing own business)		94.5 (53.4)	29% (16%)	86.7 (51.9)	27% (16%)	7.8 (1.4)	9% (3%)
Russia-CIS		4.6	1%	8.2	3%	-3.7	-44%
M. East		11.3	3%	7.5	2%	3.8	51%
Africa		18.2	6%	11.7	4%	6.4	55%
China		7.1	2%	8.5	3%	-1.4	-16%
Total		328.2	100%	315.9	100%	12.4	4%
Overseas ratio		87%		86%			

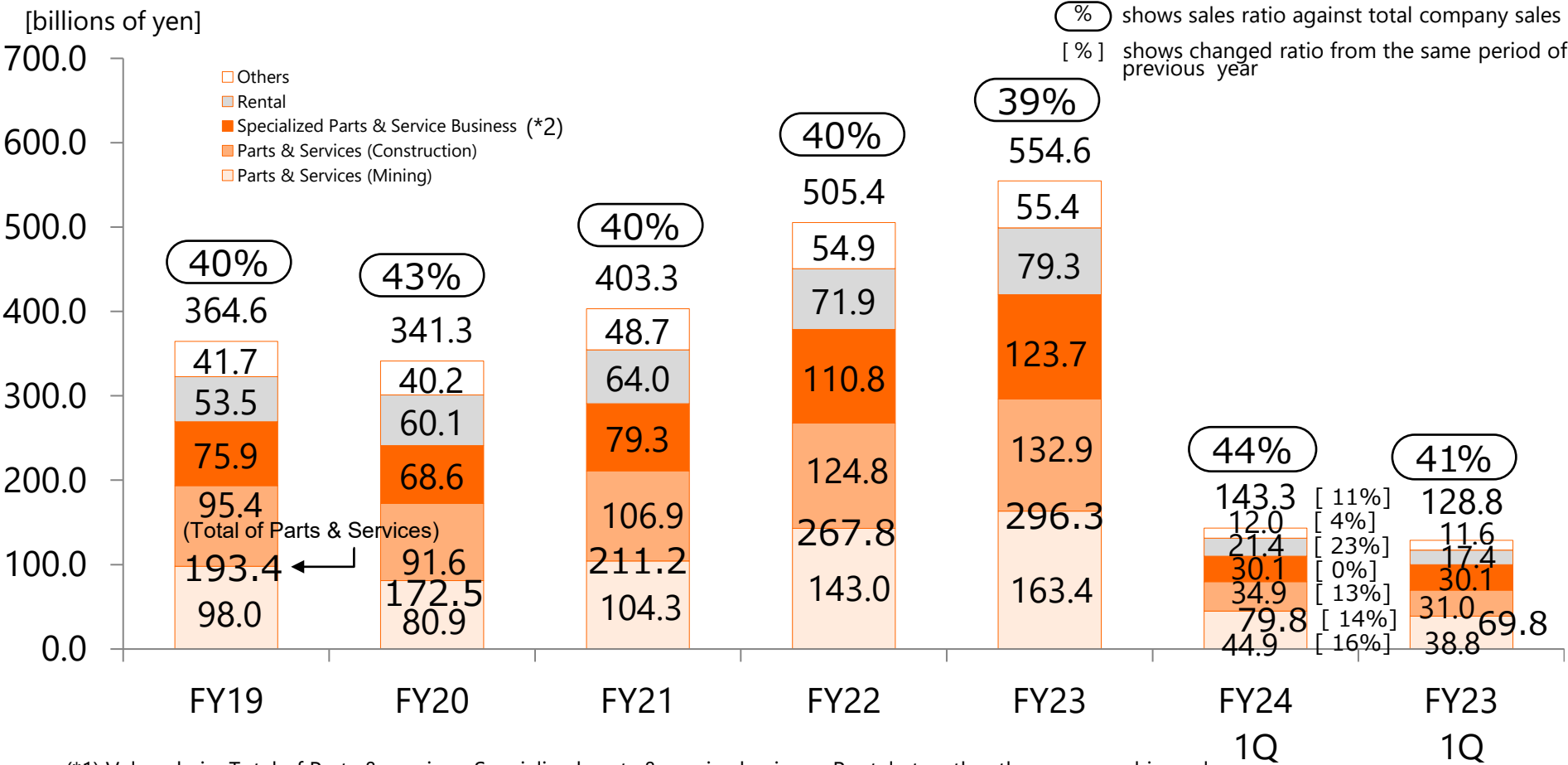
\* FY2023 & FY2024 revenue presented only continuing operation retroactively.



Revenue of mining increased in all the categories, trucks, excavators, parts and services.



Revenue of the value chain business increased in all the categories including parts and service which significantly increased.



(\*1) Value chain: Total of Parts & services, Specialized parts & service business, Rental etc. other than new machine sales.

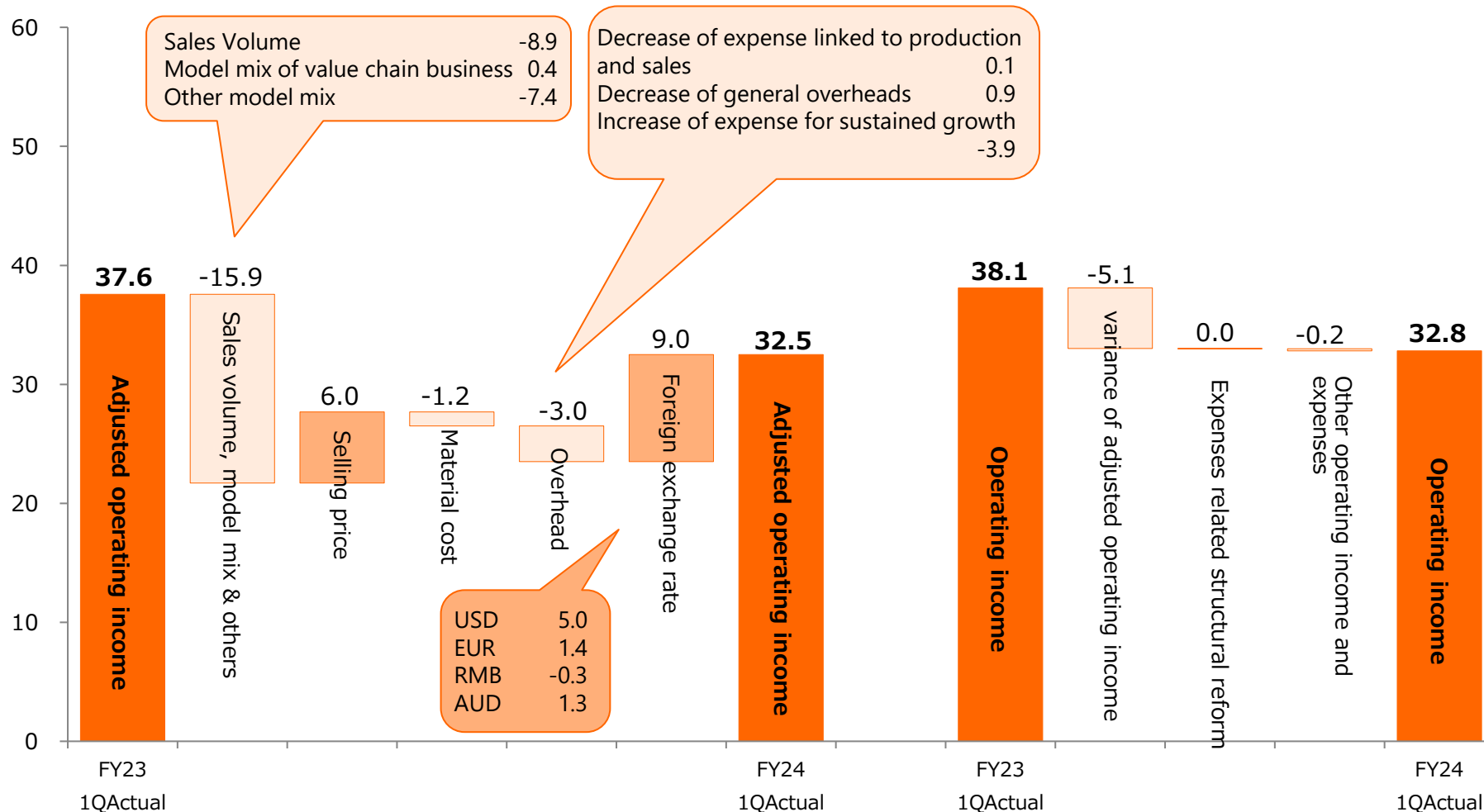
(\*2) Specialized parts & service business: The business segment primarily intends to provide development, production, distribution of parts and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.

From FY2019, revenue presented only continuing operation retroactively.

# Comparison of consolidated income

Adjusted operating income decreased due to the impact of sales volume decrease, region and model mix and so on, although the increase in material and overhead cost was absorbed by the sales price increase.

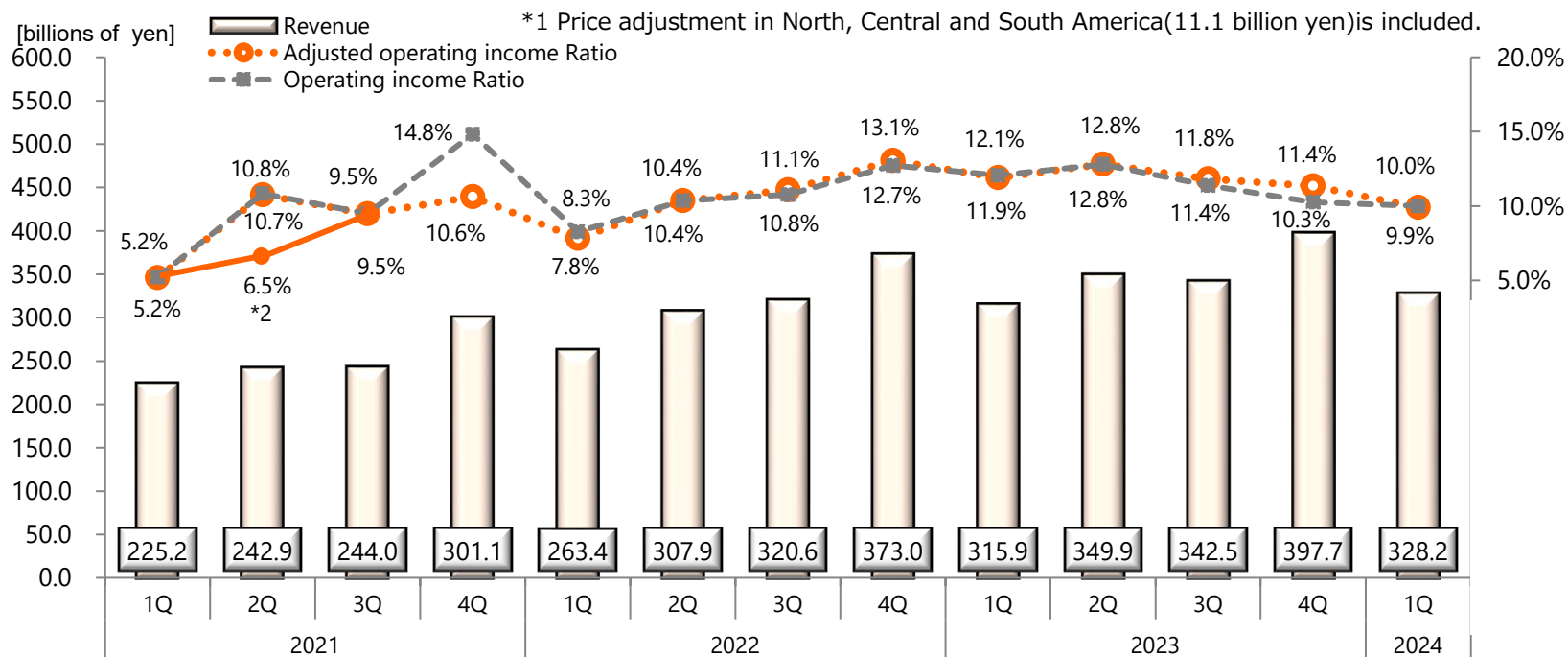
[billions of yen]



\* FY2023 & FY2024 Adjusted operating income and operating income presented only continuing operation.

# Summary of quarterly consolidated revenue and operating income (ratio)

	2021				2022				2023				2024
	1Q	2Q *1	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Revenue	225.2	242.9	244.0	301.1	263.4	307.9	320.6	373.0	315.9	349.9	342.5	397.7	328.2
Adjusted operating income	11.7	26.1	23.1	32.0	20.6	31.9	35.5	48.7	37.6	44.9	40.5	45.1	32.5
Operating income	11.7	26.3	23.2	44.7	21.8	31.9	34.5	47.5	38.1	44.8	39.0	40.8	32.8



\*2 Price adjustment in North, Central and South America(11.1 billion yen) is excepted.

FX rate	2021				2022				2023				2024
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Rate (YEN/USD)	109.5	110.1	113.7	116.2	129.6	138.4	141.6	132.3	137.4	144.6	147.9	148.6	155.9
Rate (YEN/EUR)	132.0	129.8	130.1	130.4	138.1	139.3	144.3	142.1	149.5	157.3	159.1	161.3	167.9
Rate (YEN/RMB)	17.0	17.0	17.8	18.3	19.6	20.2	19.9	19.3	19.6	19.9	20.4	20.6	21.5
Rate (YEN/AUD)	84.3	80.9	82.9	84.0	92.6	94.5	92.9	90.6	91.8	94.7	96.3	97.7	102.7

From FY2021, revenue, adjusted operating income and operating income presented only continuing operation retroactively.

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# Consolidated statement of financial position

HITACHI

Reliable Solutions

Inventories increased with the impact of depreciation of the yen; however, trade receivables reduced.

[billions of yen]

	(A) FY24-1Q	(B) Mar '2024	(C) FY23-1Q	(A)-(B) change		(D) FY24-1Q	(E) Mar '2024	(F) FY23-1Q	(D)-(E) change
Cash and cash equivalents	156.2	143.5	107.9	12.7	Trade and other payables	265.3	289.4	264.9	-24.1
Trade receivables	276.8	305.7	299.5	-28.9	Bonds and borrowings	619.2	575.6	564.8	43.6
Inventories	601.0	552.3	525.1	48.7	Total liabilities	1,042.4	1,020.6	985.5	21.8
Total current assets	1,120.2	1,077.6	981.6	42.7	(Equity attributable to owners of the parent ratio)	(42.3%)	(41.6%)	(40.6%)	(0.7%)
Total non-current assets	784.3	757.5	753.7	26.8	Total equity	862.1	814.4	749.7	47.7
Total assets	1,904.5	1,835.0	1,735.3	69.5	Total liabilities and equity	1,904.5	1,835.0	1,735.3	69.5
Trade receivables incl. non-current	323.9	352.9	341.7	-29.1					
Inventories by products									
Unit	262.8	229.7	179.8	33.2	Interest-bearing debt	(32.5%)	(31.4%)	(32.5%)	(1.1%)
Parts	180.1	172.8	170.0	7.3	Cash and Cash equivalents	156.2	143.5	107.9	12.7
Raw materials, WIP and etc	158.2	149.9	175.4	8.3	Net interest-bearing debt	(24.3%)	(23.5%)	(26.3%)	(0.8%)
Total inventories	601.0	552.3	525.1	48.7	Debt	463.0	432.1	456.9	30.9
On hand days(divided by revenue)				[Days]					
Trade receivables	83	92	94	-8	Net D/E Ratio	0.57	0.57	0.65	0.00
Inventories	155	143	144	11					
Trade payables	42	44	44	-3					
Net working capital	193	187	189	6					

Operating cash flow was positive, free cash flow was negative; however, it improved from the same period of the previous year.

[billions of yen]

	FY2024 1Q		FY2023 1Q		change	
Net income (includes discontinued operations)		26.7		33.6		-6.9
Depreciation and amortization	45.0	18.3	50.1	16.6	-5.1	1.8
(Increase)decrease in trade/lease receivables		43.3		18.6		24.7
(Increase)decrease in inventories	12.7	-17.7	-34.9	-46.3	47.5	28.6
Increase(decrease) in trade payables		-12.9		-7.2		-5.7
Others, net		-49.4		-27.7		-21.6
Net cash provided by (used in) operating activities		8.3		-12.5		20.8
Cash flow margin for operating activities		2.5%		-4.0%		6.5%
Net cash provided by (used in) investing activities		-12.5		-16.3		3.8
Free cash flows		-4.2		-28.8		24.6
Net cash provided by (used in) financing activities		7.7		20.9		-13.2

# Summary of consolidated earnings forecast

The consolidated income statement for FY2024 is unchanged from the previous forecast as of April 2024 and revenue is expected to decrease by 3% y-y, and adjusted operating income by 2% y-y. Net income attributable to owners of the parent is expected to increase by 5% y-y.

(billions of yen)

	FY2024		FY2023		change	
	Forecast		Actual		amount	%
Continuing operation						
Revenue	1,370.0	(12.0%)	1,405.9	(12.0%)	-35.9	-3%
Adjusted operating income	165.0	(11.8%)	168.0	(11.6%)	-3.0	-2%
Operating income	161.0	(11.0%)	162.7	(11.4%)	-1.7	-1%
Income before income taxes	151.0		160.5		-9.5	-6%
Net income from continuing operation	106.4		116.3		-9.8	-8%
Net income from discontinued operation	0.7		-11.8		12.5	-
Net income attributable to owners of the parent	98.0	(7.2%)	93.3	(6.6%)	4.7	5%
EBIT	165.4		167.5		-2.1	
Currency	1Q Actual	2Q-4Q Forecast	Total Forecast	FY2023 Actual	change	
Rate (YEN/USD)	155.9	141.0	143.9	144.8	-0.9	
Rate (YEN/EUR)	167.9	152.0	155.6	157.0	-1.4	
Rate (YEN/RMB)	21.5	20.1	20.4	20.1	0.3	
Rate (YEN/AUD)	102.7	95.0	96.9	95.0	1.9	
Cash dividend per share (yen) *1	175			150	25	

For FX sensitivity, please refer to appendix 1.

\*1 "Cash dividend per share": The Company will pay dividends linked to its consolidated business results twice, interim and year end, in the fiscal year and aims to maximize shareholder returns based on a stable and continuous dividend payout ratio of approx. 30% to 40%.

# Consolidated revenue forecast by geographic region

Consolidated revenue for this fiscal year is unchanged from the previous forecast as of April 2024 as the sales in Africa and Oceania are expected to increase, despite the sales decrease in Europe and Asia.

(billions of yen)

		FY2024 Forecast		FY2023 Actual		change	
						amount	%
Japan		227.1	17%	226.9	16%	0.2	0%
Asia		115.4	8%	127.0	9%	-11.6	-9%
India		86.3	6%	85.0	6%	1.3	2%
Oceania		260.3	19%	251.1	18%	9.2	4%
Europe		140.2	10%	182.9	13%	-42.7	-23%
America	N. America	351.5	26%	334.4	24%	17.1	5%
	L. America	37.4	3%	40.9	3%	-3.4	-8%
		388.9	28%	375.2	27%	13.7	4%
(Developing own business)		(252.8)	(18%)	(217.5)	(15%)	(35.3)	(16%)
Russia-CIS		20.0	1%	23.4	2%	-3.5	-15%
M. East		33.4	2%	34.7	2%	-1.4	-4%
Africa		68.2	5%	70.4	5%	-2.1	-3%
China		30.2	2%	29.2	2%	1.0	3%
Total		1,370.0	100%	1,405.9	100%	-35.9	-3%
Overseas ratio		83%		84%			

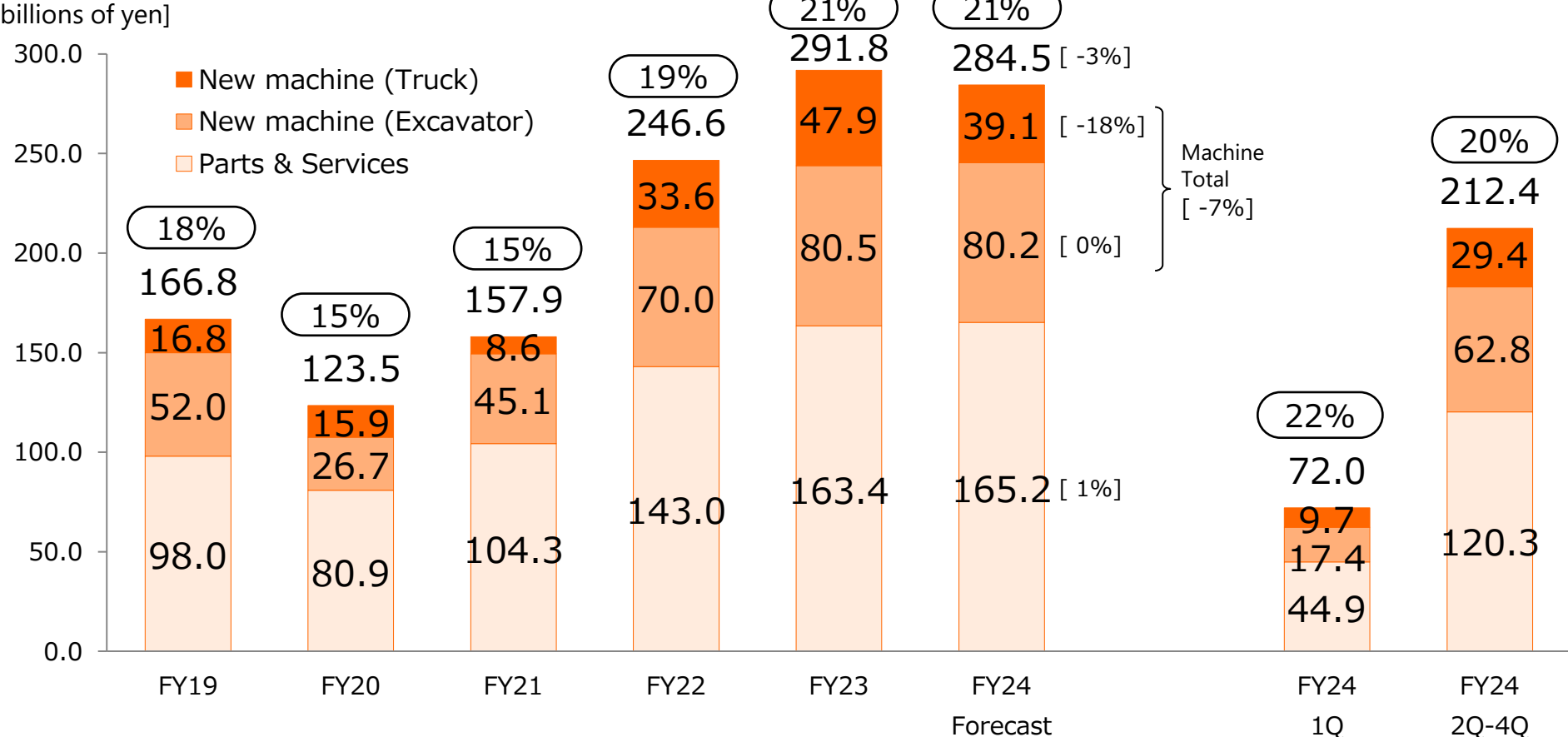
\* FY2023 & FY2024 revenue presented only continuing operation retroactively.



# Mining revenue forecast

Machine sales are expected to decrease in the Americas and Oceania, parts and services in Asia, compared with the previous forecast as of April 2024.

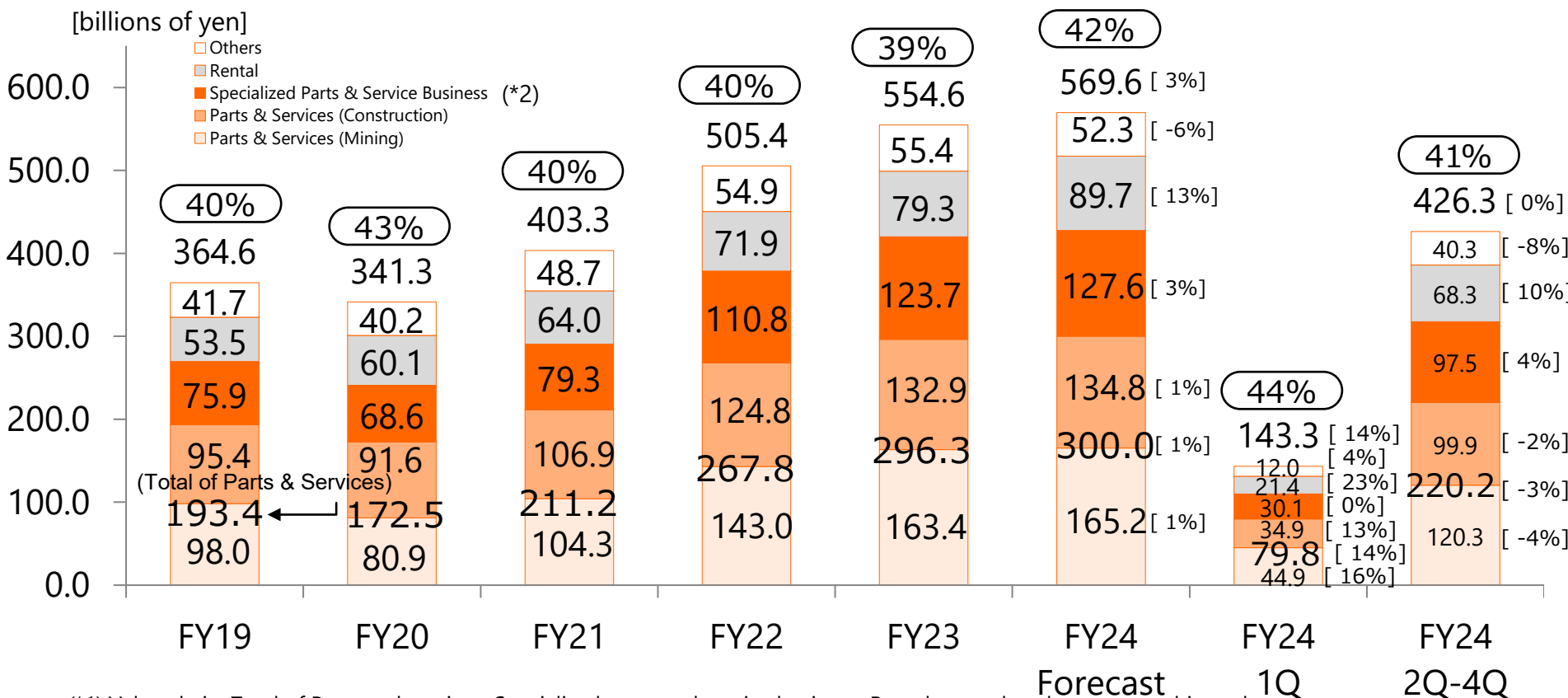
(%) shows sales ratio against total company sales  
 [%] shows changed ratio from the previous year



# Value chain\*1 revenue forecast

Revenue of used equipment and rental is expected to decrease, compared with the previous forecast as of April 2024.

(%) shows sales ratio against total company sales  
 [%] shows changed ratio from the previous year



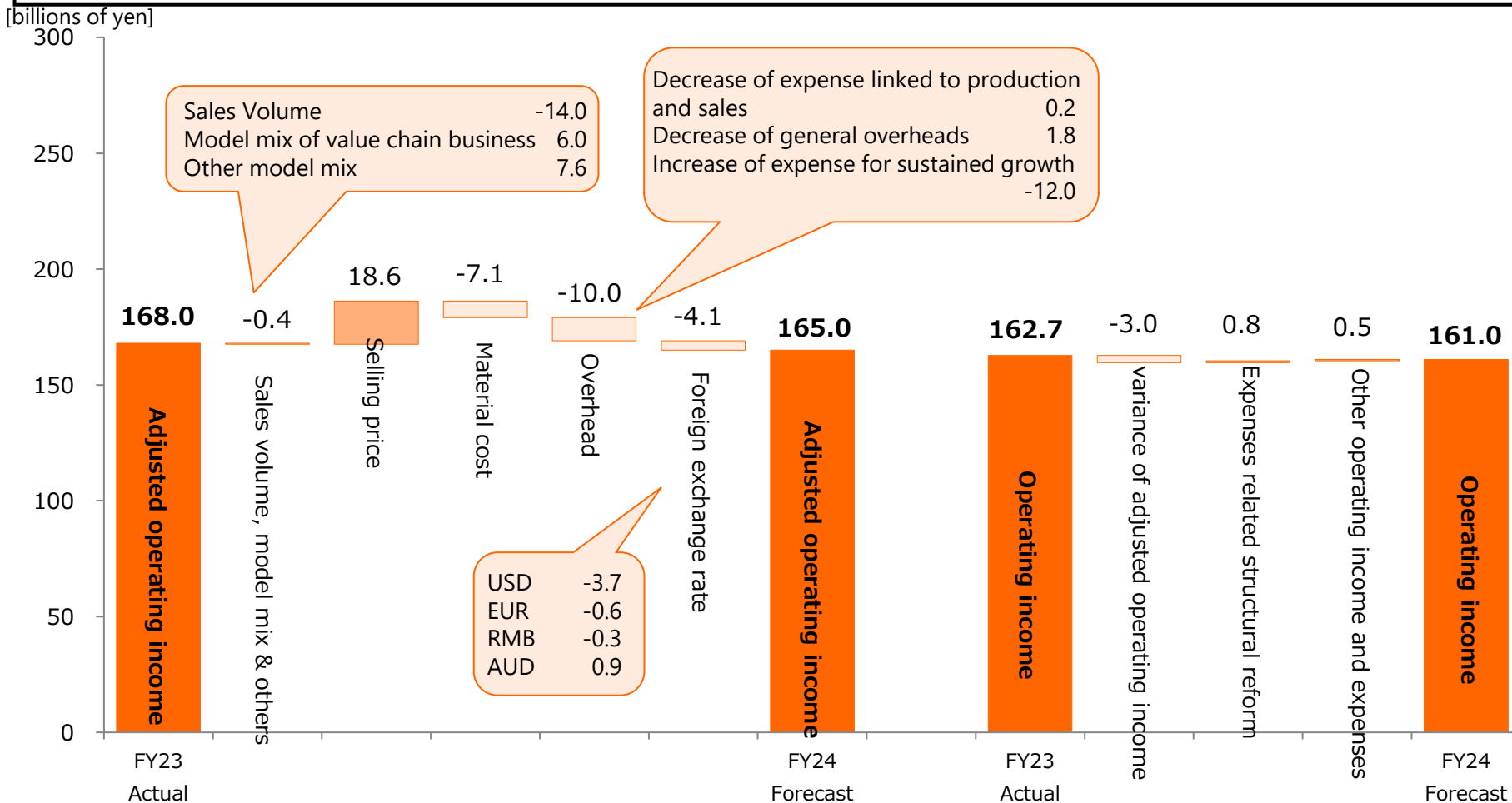
(\*1) Value chain: Total of Parts and services, Specialized parts and service business, Rental, etc. other than new machine sales.

(\*2) Specialized parts and service business: The business segment primarily intends to provide development, production, distribution of parts, and service solutions for mining facilities and equipment after the sales made that are not included in the construction machinery business segment.

From FY2019, revenue presented only continuing operation retroactively.

# Comparison of consolidated income forecast

Adjusted operating income for FY2024 is expected to increase by 1.1 billion yen excluding the impact of the yen's appreciation set in the forecast rate, absorbing sales volume decrease, and material and overhead cost increase by expanding the value chain business and sales price increase.



\* FY2023 & FY2024 Adjusted operating income and operating income presented only continuing operation.

# Appendix 1: FX rate and FX sensitivity

The forecast exchange rate of major currencies for this fiscal year is unchanged from the previous announcement as of April 2024.

## FX rate and FX sensitivity

(billions of yen)

Currency	FX rate				FX sensitivity (2Q-4Q)		
	FY24			FY23 Actual	Condition	Revenue	Adjusted operating income
	1Q Actual	2Q-4Q Forecast	Total Forecast				
USD	155.9	141.0	143.9	144.8	Impact by 1 yen depreciation	2.5	1.5
EUR	167.9	152.0	155.6	157.0	Impact by 1 yen depreciation	0.6	0.3
RMB	21.5	20.1	20.4	20.1	Impact by 0.1 yen depreciation	0.1	0.0
AUD	102.7	95.0	96.9	95.0	Impact by 1 yen depreciation	2.0	0.3

# Appendix 2: Detail of mining revenue

(billions of yen)

		FY24 Forecast			FY23 Actual			Change		
		1Q	2-4Q	Year	1Q	2-4Q	Year	1Q	2-4Q	Year
America	Excavator	8.4	29.9	38.3	7.9	28.3	36.2	0.5	1.6	2.0
	Dump Truck	3.9	4.2	8.1	2.4	8.5	10.9	1.5	-4.3	-2.8
	Total	12.3	34.1	46.4	10.3	36.8	47.1	1.9	-2.7	-0.8
Europe, Africa and Middle East	Excavator	6.4	22.8	29.2	7.3	27.0	34.3	-0.9	-4.2	-5.1
	Dump Truck	11.1	23.8	34.9	5.1	30.5	35.6	6.0	-6.7	-0.7
	Total	17.5	46.6	64.2	12.5	57.5	70.0	5.1	-10.9	-5.8
Asia & Oceania	Excavator	30.4	88.5	118.9	25.9	94.2	120.1	4.5	-5.6	-1.1
	Dump Truck	9.8	36.7	46.5	13.4	37.4	50.8	-3.6	-0.7	-4.4
	Total	40.1	125.3	165.4	39.3	131.6	170.9	0.9	-6.3	-5.5
China	Excavator	1.7	5.0	6.7	0.3	2.2	2.5	1.4	2.7	4.2
	Dump Truck	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1
	Total	1.8	5.0	6.8	0.3	2.2	2.5	1.5	2.8	4.3
Japan	Excavator	0.3	1.4	1.8	0.3	0.6	0.9	-0.0	0.8	0.8
	Dump Truck	0.0	0.0	0.0	0.0	0.4	0.4	-0.0	-0.4	-0.4
	Total	0.3	1.4	1.8	0.3	1.0	1.3	-0.0	0.5	0.4
Total	Excavator	47.2	147.6	194.8	41.7	152.3	194.0	5.5	-4.6	0.8
	Dump Truck	24.8	64.8	89.6	20.9	76.8	97.8	3.9	-12.1	-8.2
	Total	72.0	212.4	284.5	62.7	229.1	291.8	9.4	-16.7	-7.3

## Appendix 3: Segment information

The amortizations of PPA are included in the adjusted operating income of the specialized Parts & Service Business : 0.3 billion yen in FY2024 1Q, and 1.2 billion yen in the forecast for FY2024.

[billions of yen]

FY2024 1Q Actual	Reportable segment				Adjustments*1	Total
	Construction Machinery Business		Specialized Parts & Service Business			
Revenue	298.1		31.8		-1.7	328.2
Adjusted operating income	9.8%	29.1	10.8%	3.4	-	9.9% 32.5

[billions of yen]

FY2024 Forecast	Reportable segment				Adjustments *1	Total
	Construction Machinery Business		Specialized Parts & Service Business			
Revenue	1,242.4		129.3		-1.7	1,370.0
Adjusted operating income	11.9%	147.8	13.3%	17.2	-	12.0% 165.0

\*1: Adjustments represent eliminations of intersegment transactions and amounts of companies that do not belong to any operation segment.

**We have chosen to align our activities with 10 of the 17 SDG's.  
Topics in this explanatory material are shown together with their  
corresponding SDG icon.**



# END

### **Cautionary Statement**

This material contains forward-looking statements that reflect management's views and assumptions in the light of information currently available with respect to certain future events, including expected financial position, operating results, and business strategies. Actual results may differ materially from those projected, and the events and results of such forward-looking assumptions cannot be assured.

Factors that may cause actual results to differ materially from those predicted by such forward-looking statements include, but are not limited to, changes in the economic conditions in the Company's principal markets; changes in demand for the Company's products, changes in exchange rates, and the impact of regulatory changes and accounting principles and practices.

### **Trademark notice**

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July 26, 2024

 **Hitachi Construction Machinery Co., Ltd.**