

**HITACHI**

Reliable Solutions

# Corporate Vision FY2024-3Q

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

Public Relations & Investor Relations Dept.

Corporate Brand & Communications Group

**1**

## **Company Outline**

**2**

## **Medium-term Management Plan BUILDING THE FUTURE 2025**

**3**

## **Explanatory Meeting Material for Business Results for the Third Quarter ended December 31, 2024**

## Our Vision

# Ensure a prosperous land and society for the future

We contribute toward realizing a safe and sustainable society

<p>Started the production in</p> <p><b>1950</b></p>	<p>Number of employees*<sup>1</sup></p> <p><b>26,230</b></p>	<p>Number of subsidiaries*<sup>1</sup></p> <p><b>86</b> 7 in Japan / 79 overseas</p>	<p>Number of equipment with telecommunication terminals (cumulative)*<sup>1</sup></p> <p>Approx. <b>460K</b></p>
<p>Revenue*<sup>2</sup></p> <p><b>¥1,405.9 billion</b></p>	<p>Overseas revenue ratio*<sup>2</sup></p> <p><b>84%</b></p>	<p>Adjusted operating income*<sup>2</sup></p> <p><b>¥168.0 billion</b></p>	<p>Market cap*<sup>3</sup></p> <p><b>¥756.6 billion</b></p>

\*<sup>1</sup> As of March 31, 2024 \*<sup>2</sup> FY2023

\*<sup>3</sup>As of December 31, 2024

- 1950** ● Developed cable-operated shovel and started the mass production of construction machinery.
- 1965** ● Developed the first hydraulic excavator in Japan made purely with domestic technologies.
- 1970** ● **Separated from Hitachi, Ltd.  
Established Hitachi Construction Machinery Co., Ltd.** } **First Start-up**
- 1973** ● Launched the largest Japanese-made hydraulic excavator (at the time) equipped with a proprietary technology.
- 1988** ● Started a joint venture with Deere & Company in the Americas. Launched of wheel loaders.
- 2000** ● Launched the world's first hydraulic excavator equipped with satellite communication function.
- 2008** ● Launched one of the largest Japanese-made rigid dump trucks(at the time) which employed an AC drive system driven.
- 2013** ● Launched service solution ConSite
- 2016** ● Made H-E Parts International LLC(U.S.A.), a provider of comprehensive solutions for mining machinery, a consolidated subsidiary.
- 2017** ● Made Bradken Pty.Ltd. (Australia), a manufacturer of parts for mining machinery, a consolidated subsidiary.



2022  
Mar

**Started full-scale independent business development in the Americas**

Dissolution of joint venture with Deere & Company

Aug

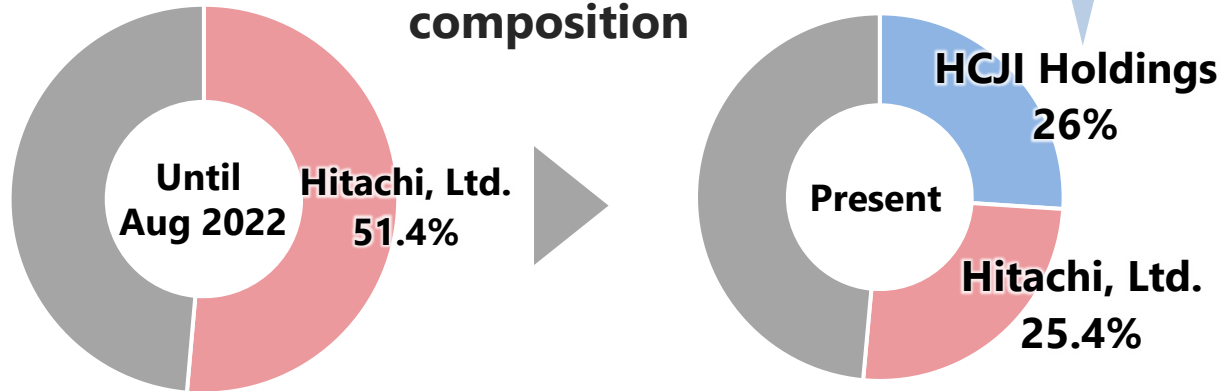
**Independence from Hitachi Group**

Approximately half of the Company's shares held by Hitachi, Ltd. are sold to Japan Industrial Partners and ITOCHU Corporation

**Second Start-up**

## Independence from Hitachi Group

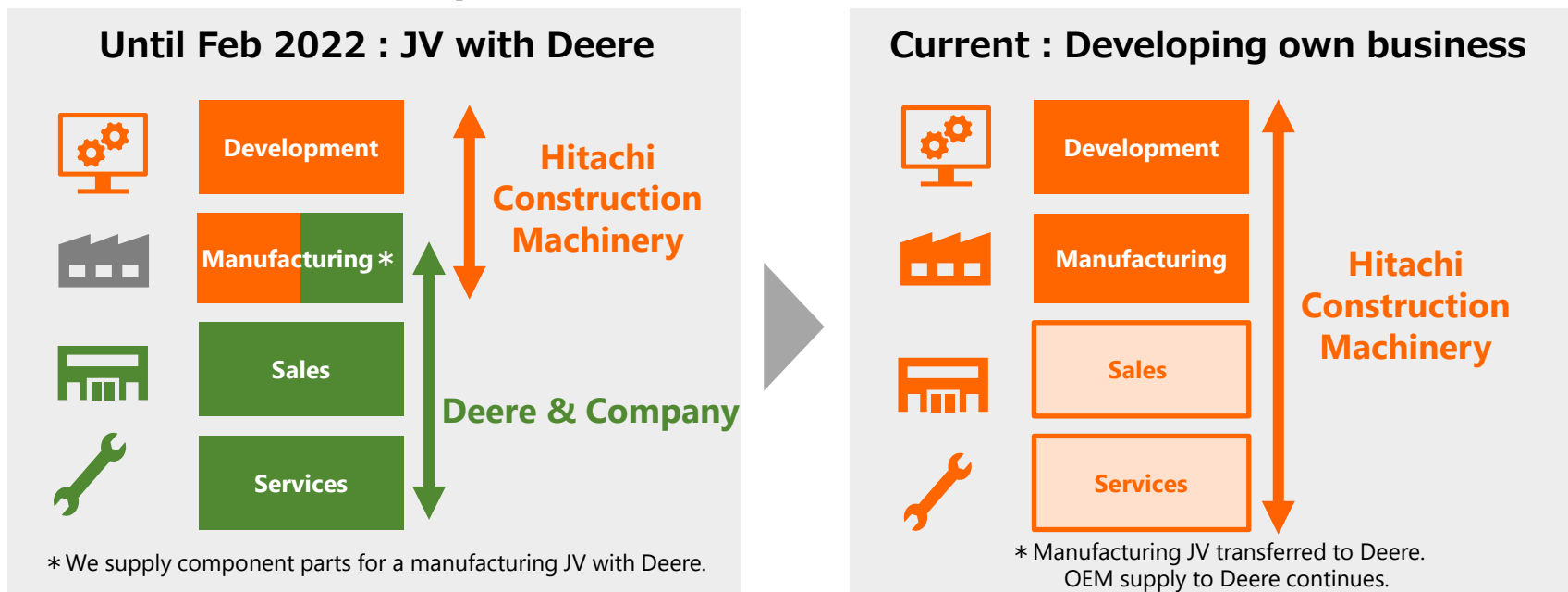
Change in shareholder composition



### Details

- ✓ Working with new partners in North America and various other areas
- ✓ Continued use of Hitachi brand
- ✓ Continued collaboration with Hitachi Group in R&D and parts trading, including IoT

**Dissolution of JV with Deere & Company, a major U.S. agricultural machinery manufacturer. Shifting to a business structure that integrates all processes from development to sales and services on its own**



## Expanding Opportunities through developing own business

- Introduce the latest machine equipped with the new hydraulic system and ConSite
- Full-scale development of the value chain business
- Strengthen the mining business, for which after-sales service is important.

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

# LANDCROS



## VISION

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

We contribute toward realizing a safe and sustainable society



Customer **Reliable** **Open** Solutions

**Solution Provider**



Hydraulic excavators, wheel loaders and large dump trucks are our main products  
Our greatest strength is full line of hydraulic excavators, from mini to ultra-large

## Compact



Mini Excavators



Mini Wheel Loaders

## Construction



Medium & Large Hydraulic Excavators



Compaction Equipment



Medium & Large Wheel Loaders

## Mining



Ultra-Large Hydraulic Excavators



Rigid Dump Trucks



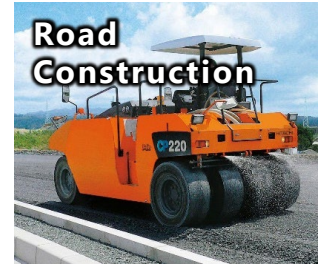


# Business Portfolio 1) New Machinery Sales

## Compact



## Construction



## Mining



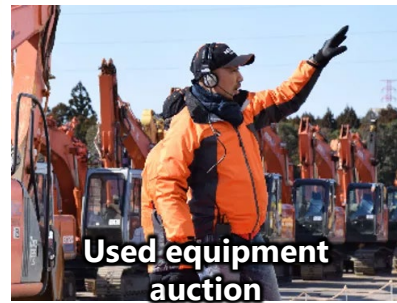
## Parts & Services

Contributes to stable machine operation



## Rental & Used Equipment

High quality as only a manufacturer can provide

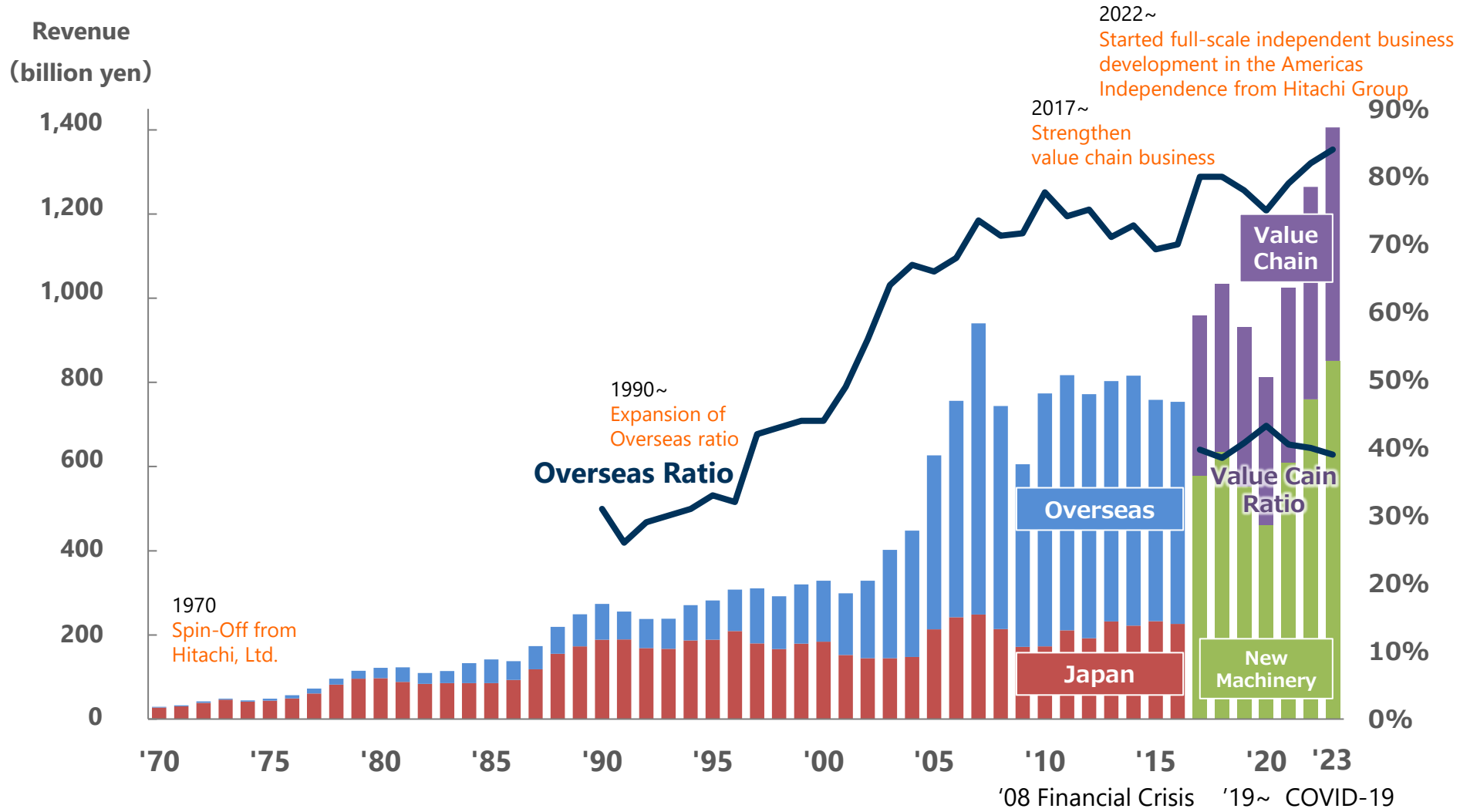


## Specialized Parts & Service

Mining-specific services and solutions



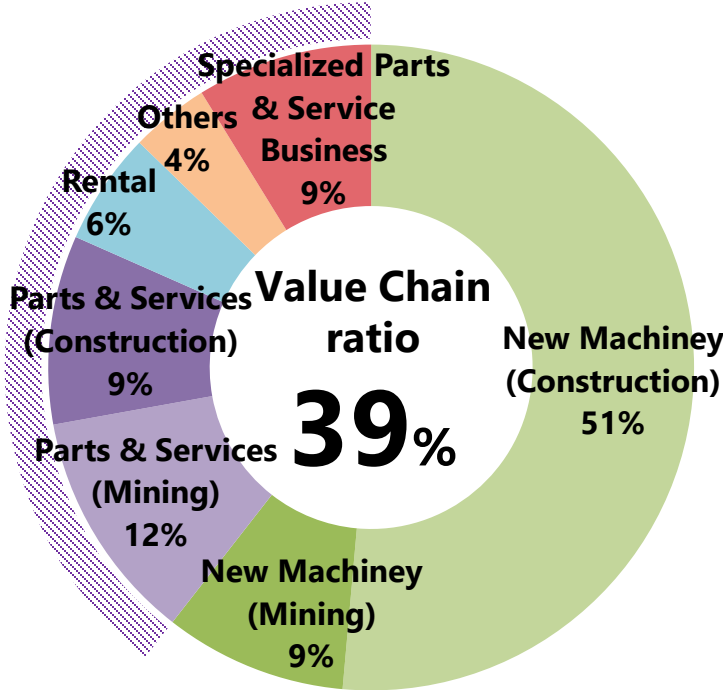
# Business Scale Trend



\* Value chain: Businesses other than new machinery sales, such as parts and service, specialized parts & service business, rental, and used equipment

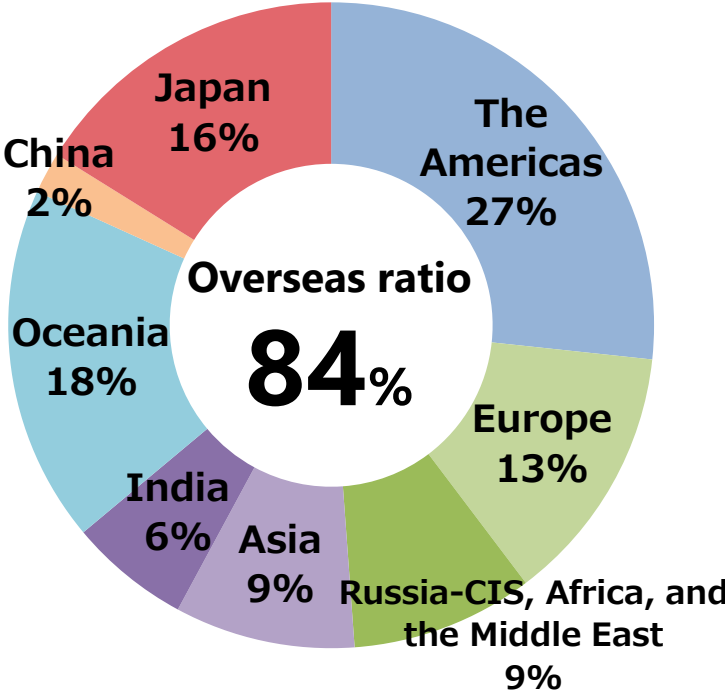
Revenue in FY2023: 1,405.9 billion yen

Revenue ratio by Business Segment



Value Chain ratio

Revenue ratio by Region

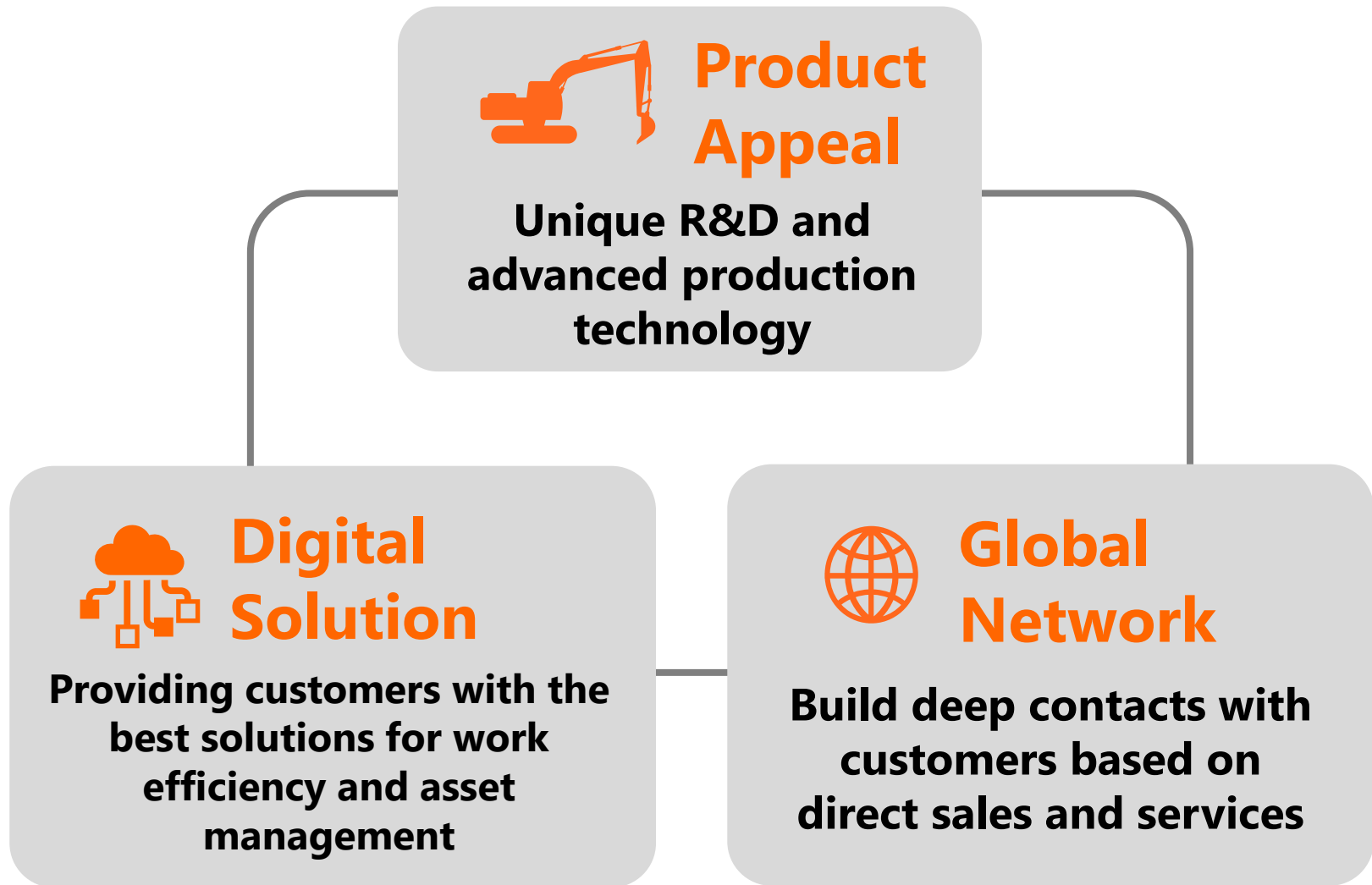


 **Production Base**    **Sales & Service Office**    **R&D Base**    **Remanufacturing Base \***

\*Remanufacturing of parts and bodies

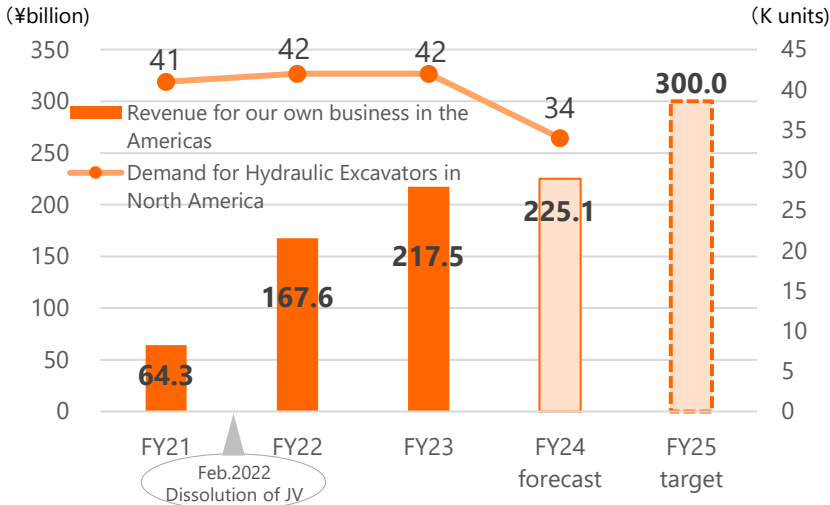


\*A regional headquarters for Latin America is scheduled to be established in Chile.

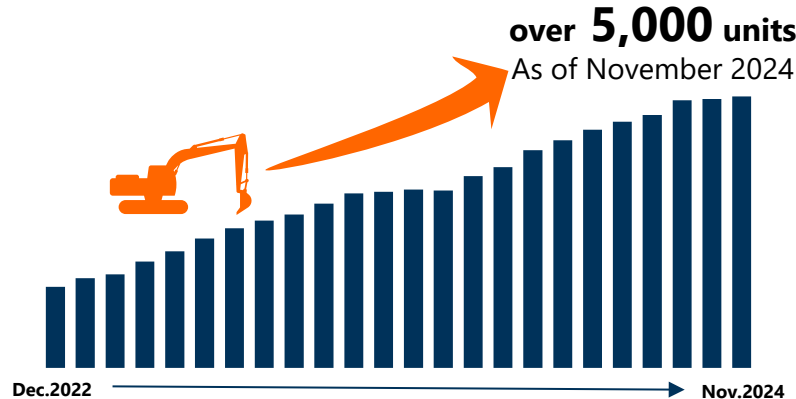


**Our business in the Americas is steadily growing.  
We will continue to strengthen our business foundation further.**

## Revenue trends of our own business in the Americas



## Number of Hitachi hydraulic excavators in operation (North America)



## Strengthening our business foundation in the Americas

**Market coverage rate of dealers for hydraulic excavators in North America**

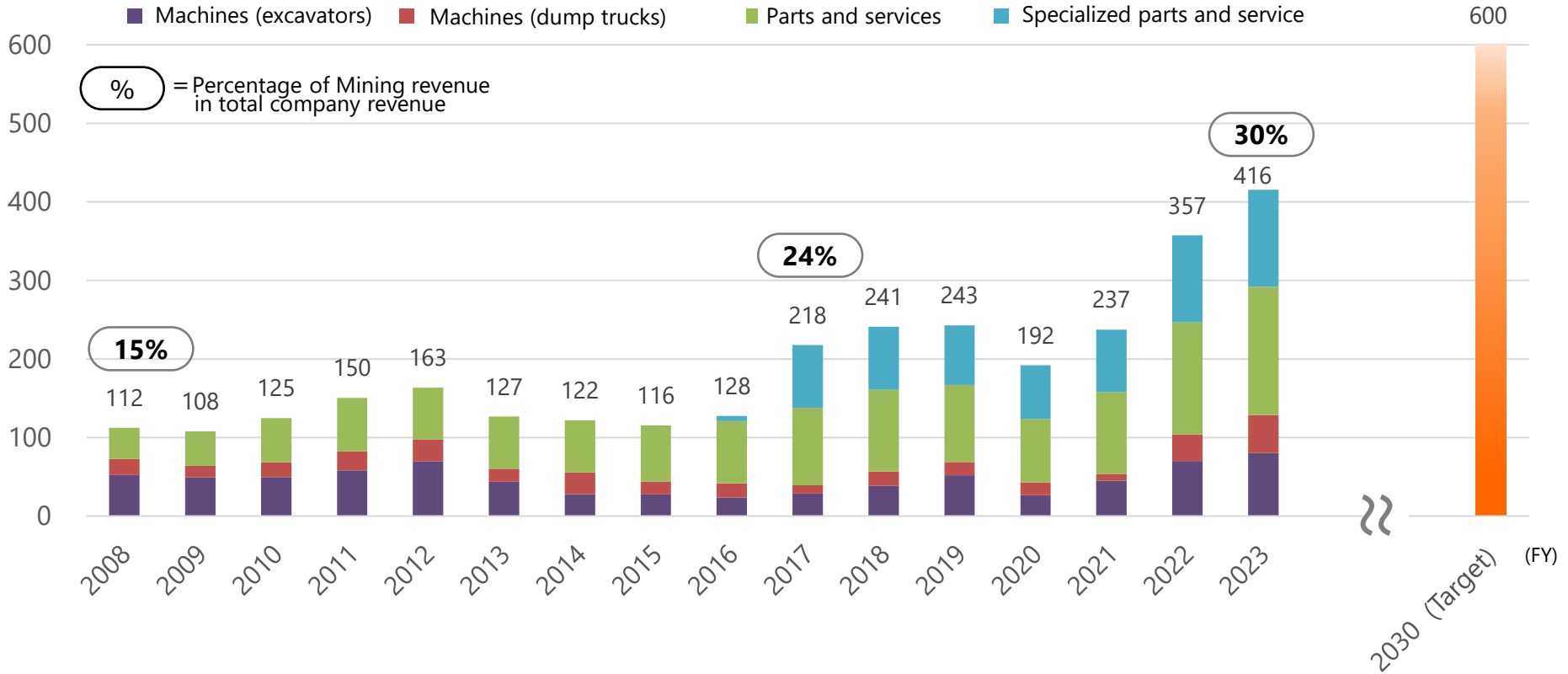
▶ **Approx. 90%**



# (Focused business) Sales Revenues of Mining Business

**Steady growth despite market conditions. Increase in mining composition ratio contributes to improved profitability. Aiming for sales revenue of JPY600B by FY2030 through development of the Americas market, etc.**

Sales revenue (billions of yen)

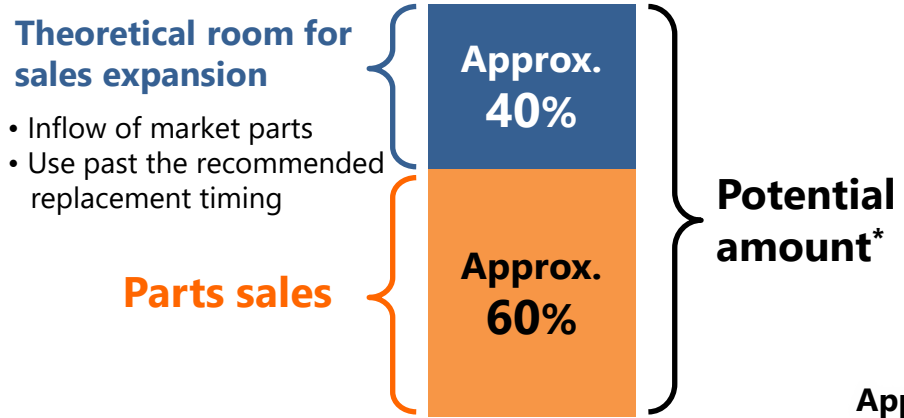




Aiming for the same capture ratio worldwide including the Americas as in the direct sales and services regions

$$\text{Capture ratio (\%)} = \frac{\text{Parts sales}}{\text{Potential amount}^*}$$

Global average capture ratio  
FY 2023 result **Approx. 60%**



\* Parts sales that can be expected, calculated based on construction machinery operating data and replacement parts lists.

## Proposals from 3 brands according to the machine years of use, application, and budget

**Genuine parts**

Hitachi Construction Machinery  
**GENUINE PARTS**

**Parts produced by certified suppliers**

Hitachi Construction Machinery  
**SELECTED PARTS**

**Remanufactured parts**

Hitachi Construction Machinery  
**REMANUFACTURED**

## Aiming to reduce the environmental impact of construction and mining sites as a whole through collaboration with partners

### Compact and Construction

#### Electric Construction machinery Lineup



2t class

(Under development in cooperation with Dimaag-AI, Inc. (U.S.))



5t class



8t class



13t class

### Mining



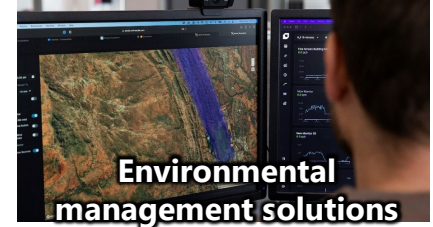
Wired electric ultra-large excavator



Full battery dump truck



Real-time remote monitoring and analysis of air quality, dust, etc.



Environmental management solutions

### Mobile Energy Storage Systems



Cooperation with Alfen B.V. (Netherlands) and ITOCHU Corporation (for European Market)



Collaboration with Kyushu Electric Power (for Japanese Market)

### Research sites with partners

#### ZERO EMISSION EV-LAB (Chiba, Japan)

- Cooperating Companies
- Isuzu Motors
- ITOCHU Corporation
- Kyushu Electric Power

⋮

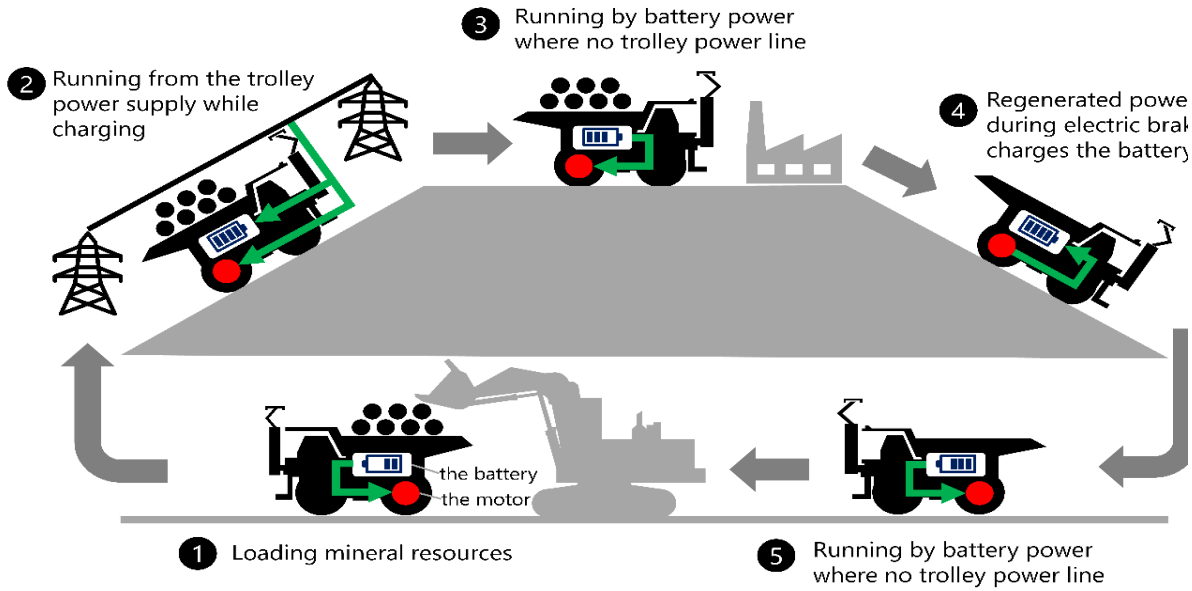


Demonstration Area

## Beginning joint development of a full battery dump truck with ABB

January 2024 : Completed a prototype dump truck

June 2024 : Started PoC at customer's mine



Full battery dump truck



Digital mining promoted by ABB

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**Medium-term Management Plan  
BUILDING THE FUTURE 2025**

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Explanatory Meeting Material for Business Results  
for the Third Quarter ended December 31, 2024

- 1. Business Environment**
- 2. Group Identity of Hitachi Construction Machinery**
- 3. Core Strategy of the Medium-term Management Plan**
  - 1) Delivering Innovative Solutions for Customer Needs**
  - 2) Enhancing Value Chain Business**
  - 3) Expanding Business in the Americas**
  - 4) Strengthening Human Capital and Corporate Capabilities**
- 4. Toward the Realization of a Sustainable Society**
  - 1) Initiatives toward Carbon Neutrality**
  - 2) Initiatives of the Circular Economy**
- 5. Targets of the Medium-term Management Plan**

## Changes in the social, technological, and economic environment

- Aging and a shortage of workers in secondary industry
- Broadly defined software, shift to utilization value, and progress in digital technology
- Acceleration of economic transformation to realize a sustainable global environment
- Emergence of geopolitical risks

## Changes in the competitive environment

- Accelerating development of decarbonization technologies including electrification in developed countries and mining markets
- Firm establishment of conversion of customer needs "from hardware products to solutions"
- Rise of Chinese manufacturers in emerging countries
- Competition or cooperation with other industries with digitization

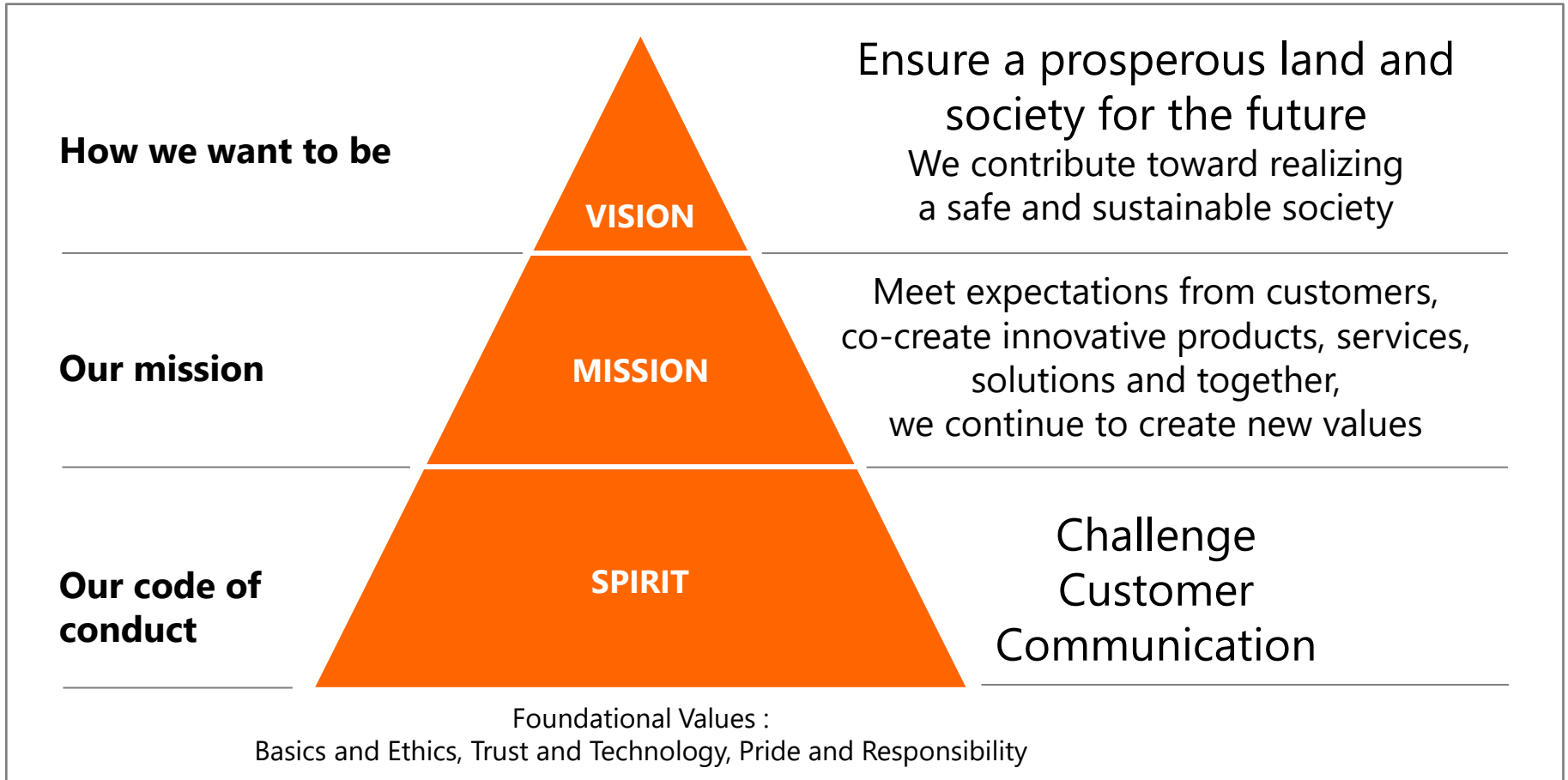
## Capital structure changes

- **Hitachi, Ltd.** — Collaborative creation with the Hitachi Group in various R&D fields to accelerate environmental responses and the circular economy
- **ITOCHU Corporation** — Acceleration of business expanding in North America and promotion of business
- **Japan Industrial Partners, Inc.** — Strengthening of the medium- to long-term management foundation and enhancement of corporate capabilities

**Hitachi Construction Machinery is entering a new phase of growth with various changes**

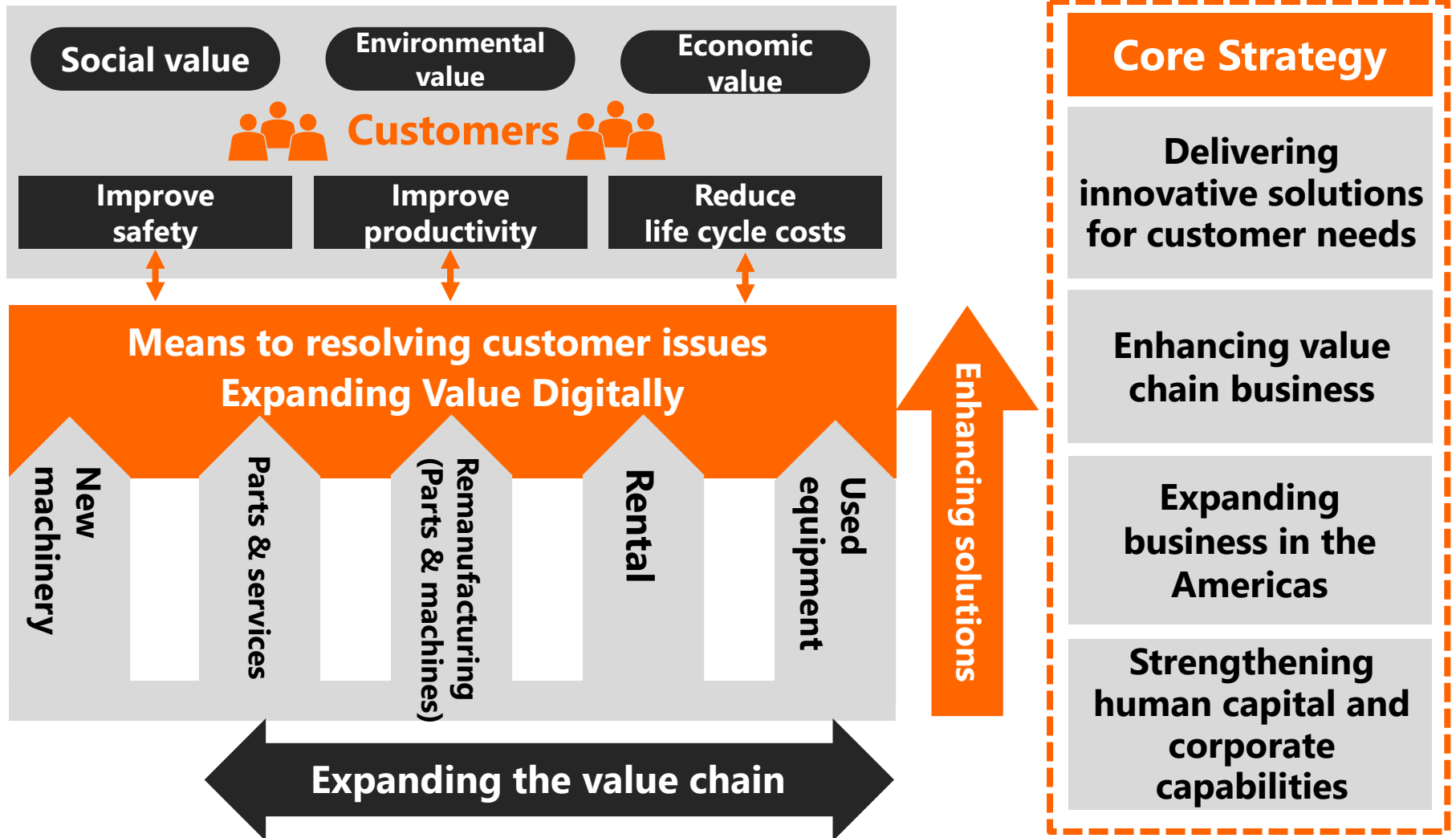
# Formulating our own group identity in response to business environmental changes

**Reliable Solutions** We are a reliable solutions partner with/for our customers



# 3. Core Strategy of the Medium-term Management Plan

**Growing as a true solutions provider  
by delivering innovative solutions**





# 3. 1) Delivering Innovative Solutions for Customer Needs Compact and Construction Business

Customers' issues have never changed.  
However, the solutions are getting more and more complicated.

Stable machine operations and preventive maintenance

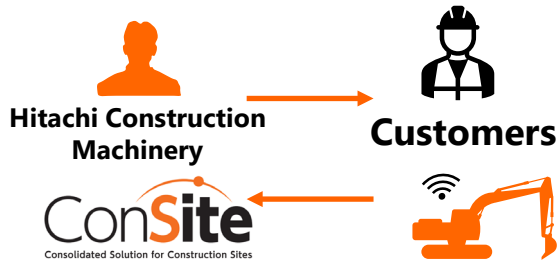
Aging of operators and a shortage of workers

Comprehensive efficiency of people (operators), things (machines), and work (construction) & environmental response

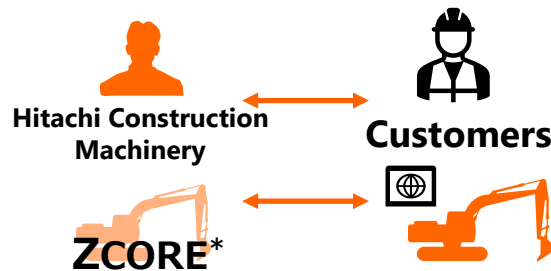
Expansion of Solution 1.0

Enhancement of Solution 2.0

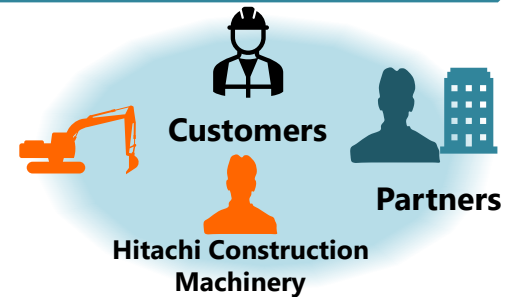
Challenge to Solution 3.0



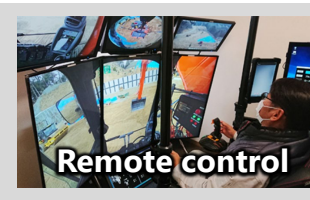
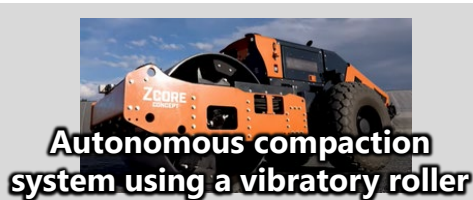
New ConSite applications



Cooperative safety and advanced autonomous operation



Building an ecosystem through collaborative creation with customers and partners in other industries



Delivering solutions for customer issues through product evolution, various data collaboration and digital utilization

\*ZCORE: Machine control platform for digital and connected features

# 3. 1) Delivering Innovative Solutions for Customer Needs Mining Business

Visualization of the operation and realization of optimal procurement

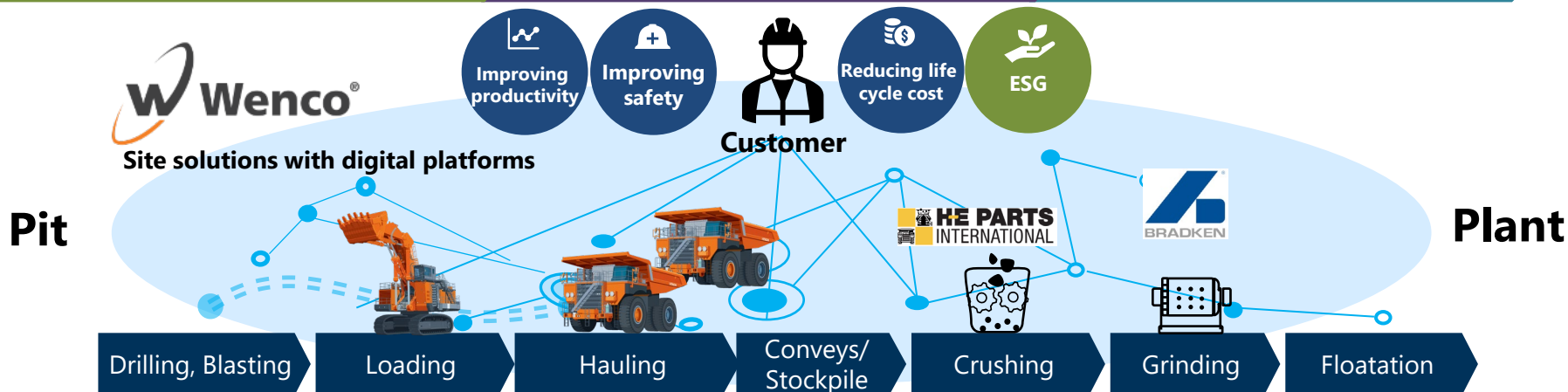
Further improvement of safety & productivity and reduction of LCC\* & environmental impact

Maximization of social value and corporate value by resolving customer issues

Expansion of Solution 1.0

Enhancement of Solution 2.0

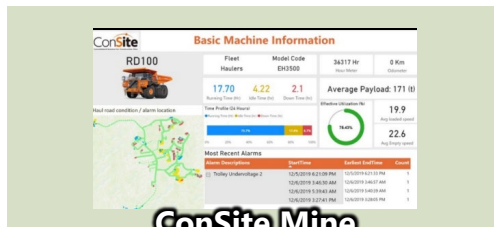
Challenge to Solution 3.0



Collaboration with Wenco/Bradken/H-E Parts, ConSite Mine

Advanced automation and autonomous technology

Participation in the ecosystem through collaborative creation with customers and partners in other industries



ConSite Mine



AHS



Remote/automatic excavation (UES)



Trolley EV X autonomous navigation

Delivering solutions for customer needs by data collaboration with a variety of touchpoints from pit to plant and product evolution using digital means

\*LCC: Life cycle cost

## Expanding value chain business by further strengthening our solutions and proposal capabilities to meet customer expectations

### Parts and services business

- Proposing solutions for extension of machine service life, maximization of operating time, and improvement of working efficiency by utilizing ConSite to monitor every single machine in the world.
- Offering service parts with quality and price that meet customer needs by enhancement of the lineup
- Expansion of remanufacturing capacity and establishment of a global optimum production system
- Carrying out the machine remanufacturing business on a full scale

### Mining business/ Cooperation with Bradken and H-E Parts

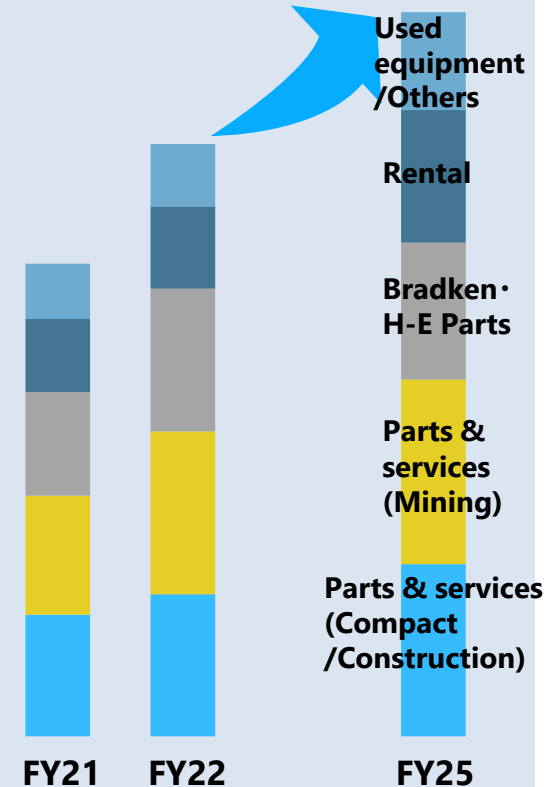
- Further strengthening of mining value chain business from pit to plant (consumable parts, etc.)
- Promoting a global expansion of high-profit businesses (remanufacturing business for mining machinery, consumable parts business in the mineral processing area, etc.)

### Rental and used equipment business

- Expanding overseas rental business suit to different market environment
- Promoting sales strategies for high-value-added used equipment
- Increasing used equipment value by PREMIUM USED/ REFURBISHED USED

### Planned revenue of value chain business

Value chain ratio  
50% or more



## Expanding business and stabilizing revenue Contributing to global growth

### Compact & construction business

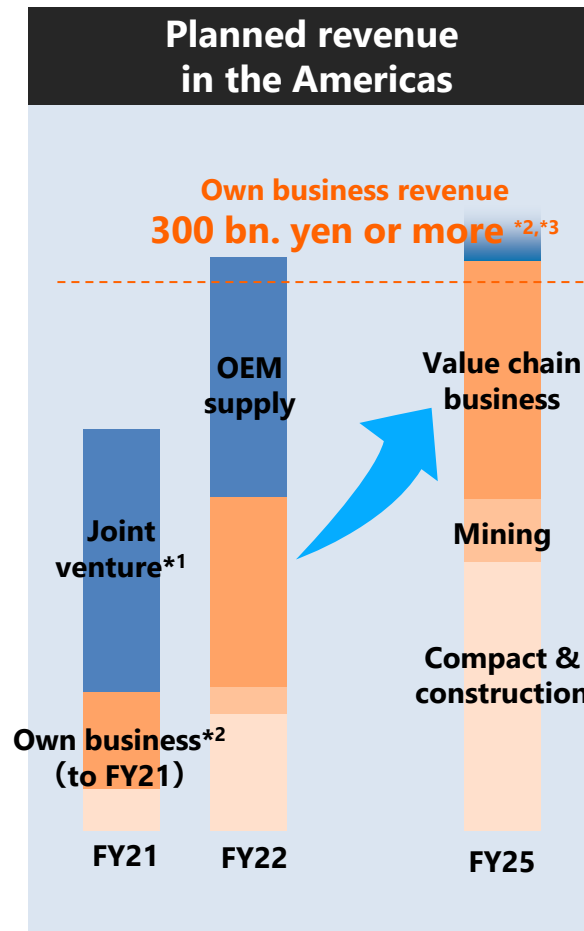
- Establishing an own sales network in Central & South America
- Diversifying sales channels
- Enhancing finance business

### Mining business

- Expanding sales of ultra-large excavators for construction and quarry sites in addition to mining sites
- Enhancing support systems in South America
- Strengthening the dump truck support system

### Value chain business

- Building an operational base for parts remanufacturing
- Expanding rental business
- Selling young, good-quality used equipment from Japan



\*1: Joint venture business involves supplying components and completed products, and consigning sales and services to Deere & Co., and receiving profit share.

\*2: Own business up to FY2021 consisted solely of the wheel loader business and what came from consolidated subsidiaries.

\*3: The investment policy of the Americas business is to be up to 100 billion yen, evaluating where to invest heavily while looking at the business environment.

## Strengthening our business structure globally, all the way from R&D to production, supply, sales, and services

### Human capital · Organization · Culture

- Providing education and opportunities for human capital to play an active role globally
- Sophistication of global performance management through the business unit system
- A culture that accomplishes initiatives through the management system for the business plan

### R&D system

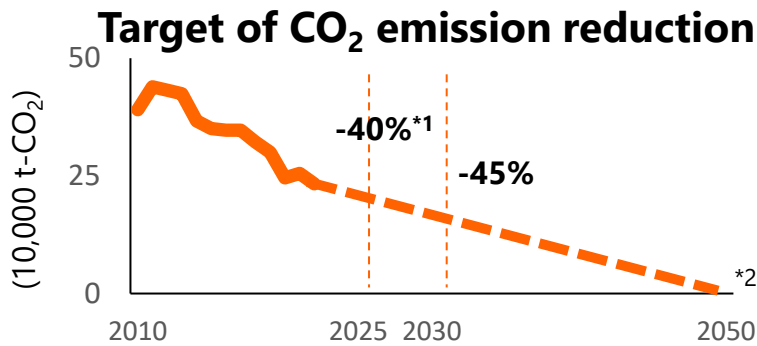
- Global collaboration and strengthening of open innovation
- Transforming the corporate culture through agile development
- Responding to paradigm shifts in construction machinery

### Revenue structure

- Continuing to promote total cost reduction activities in all divisions through the business unit system
- Improving profitability by increasing production efficiency in domestic business restructuring
- Strengthening the global supply system for products and service parts
- Increasing efficiency by leveraging DX and deploying the rental and used equipment management system globally
- Strengthening indirect cost controls to respond quickly to market changes

## Strengthening efforts to realize the 1.5°C scenario and achieving carbon neutrality by 2050

### Production (Scope 1+2)



\*1: Compared to FY2010

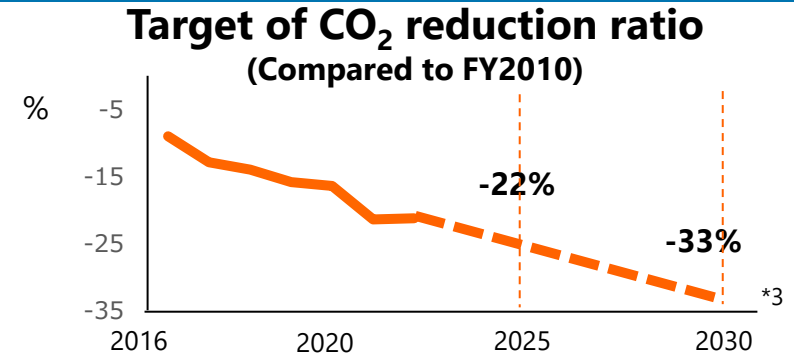
\*2: Graph image is for illustrative purposes only; actual results through FY2022

- Increasing productivity/ Introduction of energy-saving equipment
- Developing thorough energy-saving and CO<sub>2</sub> reduction activities
- Active use of renewable energy



Utilizing wind power and solar power

### Products (Scope 3)



\*3: Graph image is for illustrative purposes only; actual results through FY2022

- Expansion of decarbonized products (such as electric construction machines)
- Providing ICT and IoT solutions
- Expansion of used equipment and remanufacturing businesses



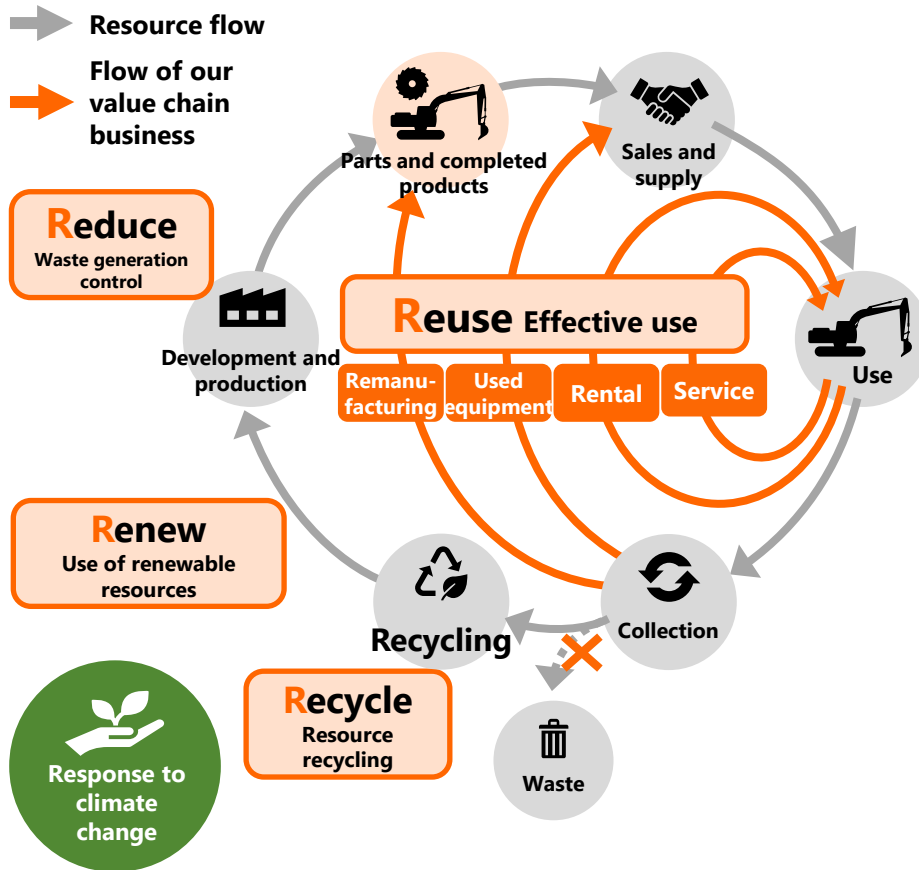
Electrified products



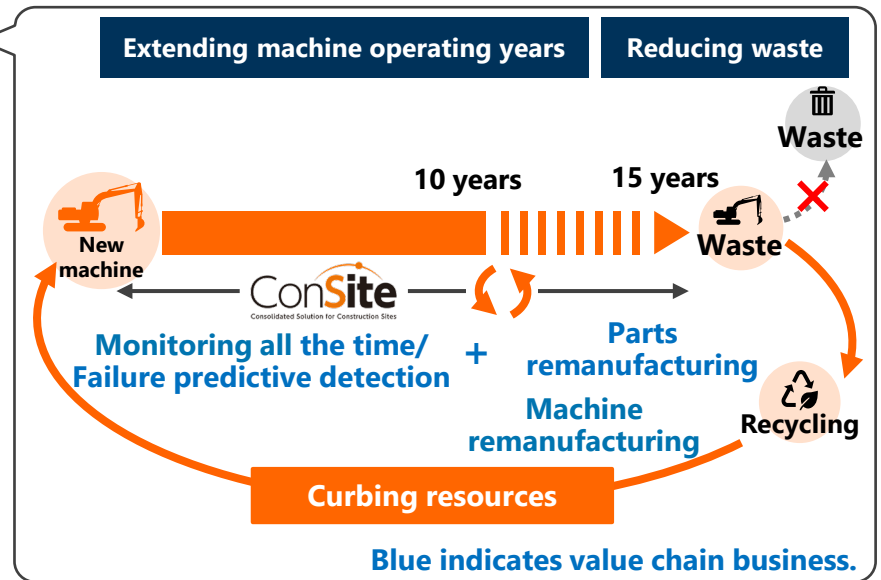
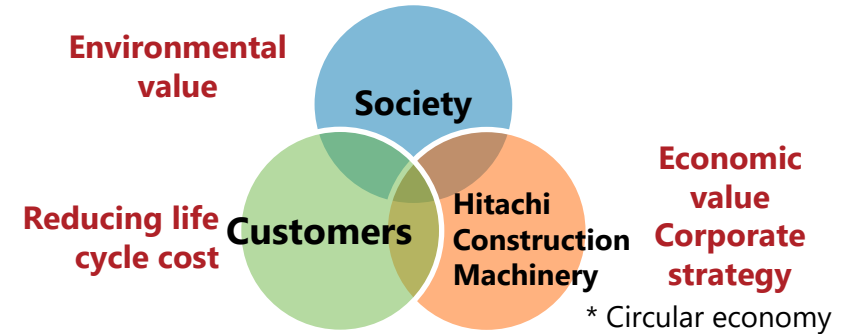
Remanufacturing business

**Expanding value chain business to extend our product life cycle one and a half fold, and then maximizing customer value and minimizing resource consumption**

## Undertaking the 4Rs across the entire company



## Significance of our initiatives for CE\*



# 5. Targets of the Medium-term Management Plan

KPI		Medium-term Management Plan FY2025 targets	FY2023 results	Reference FY2022 results	
Growth	• Value chain ratio	50% or more	39.4%	40.0%	
	• Own business revenue in the Americas	300.0 billion yen or more	217.5 billion yen	167.6 billion yen	
	• R&D/Revenue ratio	3% or more	2.2%	1.9%	
Profitability	• Adjusted operating income ratio	13% or more	12.0%	10.8%	
	• EBITDA margin*1	18% or more	16.8%	14.6%	
Safety	• Net D/E ratio	0.40 or less	0.57	0.60	
Efficiency	• Operating cash flow margin*1	10% or more	5.2%	-2.1%	
	• ROE	13% or more	13.1%	11.0%	
	• ROIC*1*3	9% or more	9.8%	8.4%	
Shareholder return*2	• Consolidated dividend payout ratio	Stable and continuous implementation with a consolidated dividend payout ratio of 30%-40% as a guide	34.2%	33.3%	
ESG	• Reducing environmental impact and CO <sub>2</sub> (total)	Production (Scope 1+2)	-40% VS. FY2010	Scheduled to be published in "Integrated Report 2024"	-33%
		Product (Scope 3)	-22% VS. FY2010		-22%
	• Diversity, equity & inclusion	• Localization ratio of GM or higher in overseas group companies*1	75%	71%*4	72%
		• Ratio of managers by gender (consolidated) *1	Women 13% Men 15%	Women 11%*5 Men 16%	Women 11% Men 16%

\*1: Newly established indicators in this medium-term management plan

\*2: We aim to allocate one-third of operating cash flow to maintenance and strengthening investment, prior investment, and shareholder return & debt payment respectively, based on our fund allocation policy.

\*3: The level of capital cost (WACC) to be compared in the ROIC target is recognized at about 7%.

\*4: As of August 2023

\*5: Outlook for result of FY2023



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**Explanatory Meeting Material for Business Results  
for the Third Quarter ended December 31, 2024**

## 1. Regional Market Environments and Projections

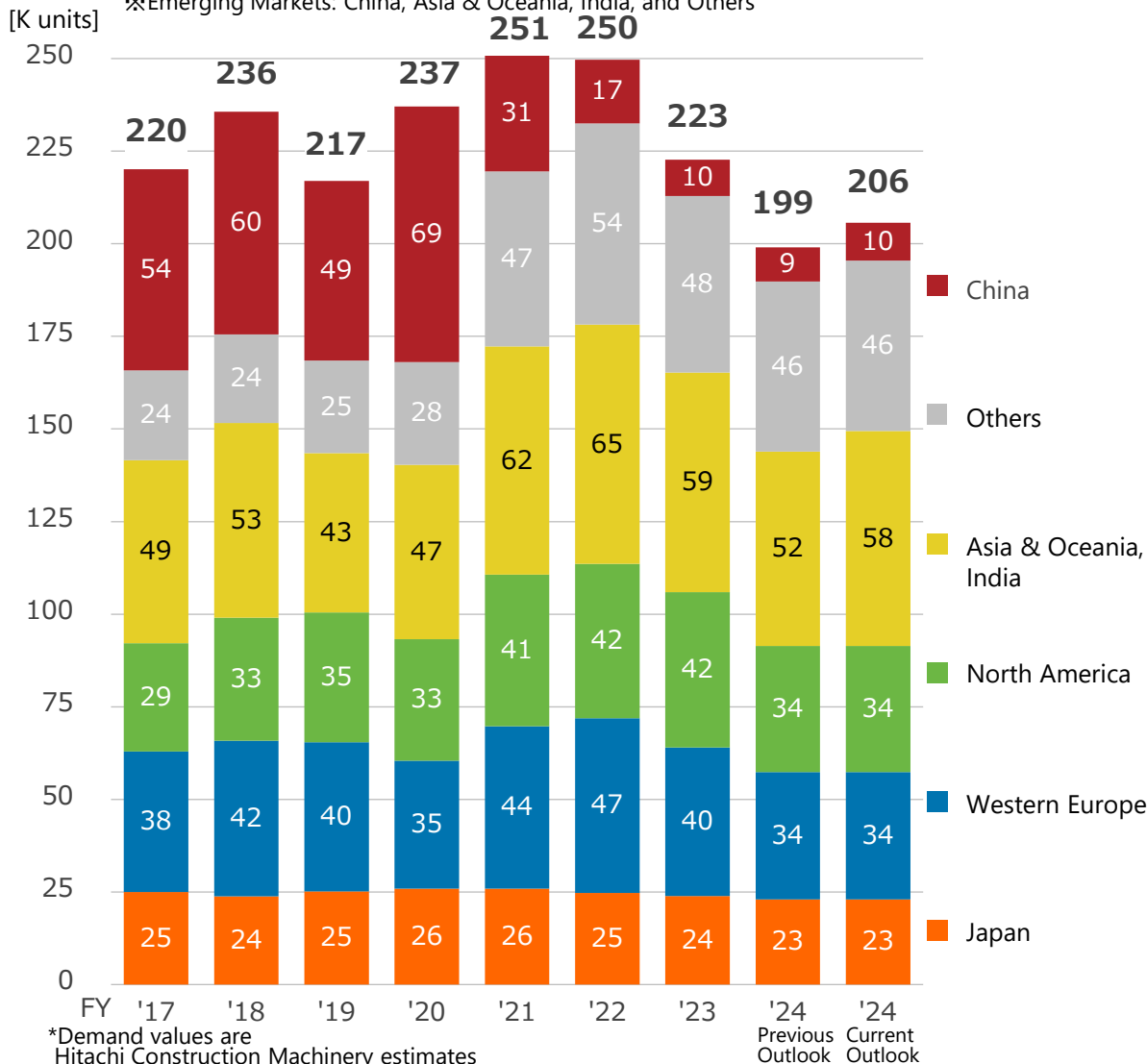
**Hidehiko Matsui**

Vice President and Executive Officer, CMO

# Global Demand Trend for Hydraulic Excavators

**Emerging Markets ratio:  
FY24 56% ( y-y Change : +4%)**

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



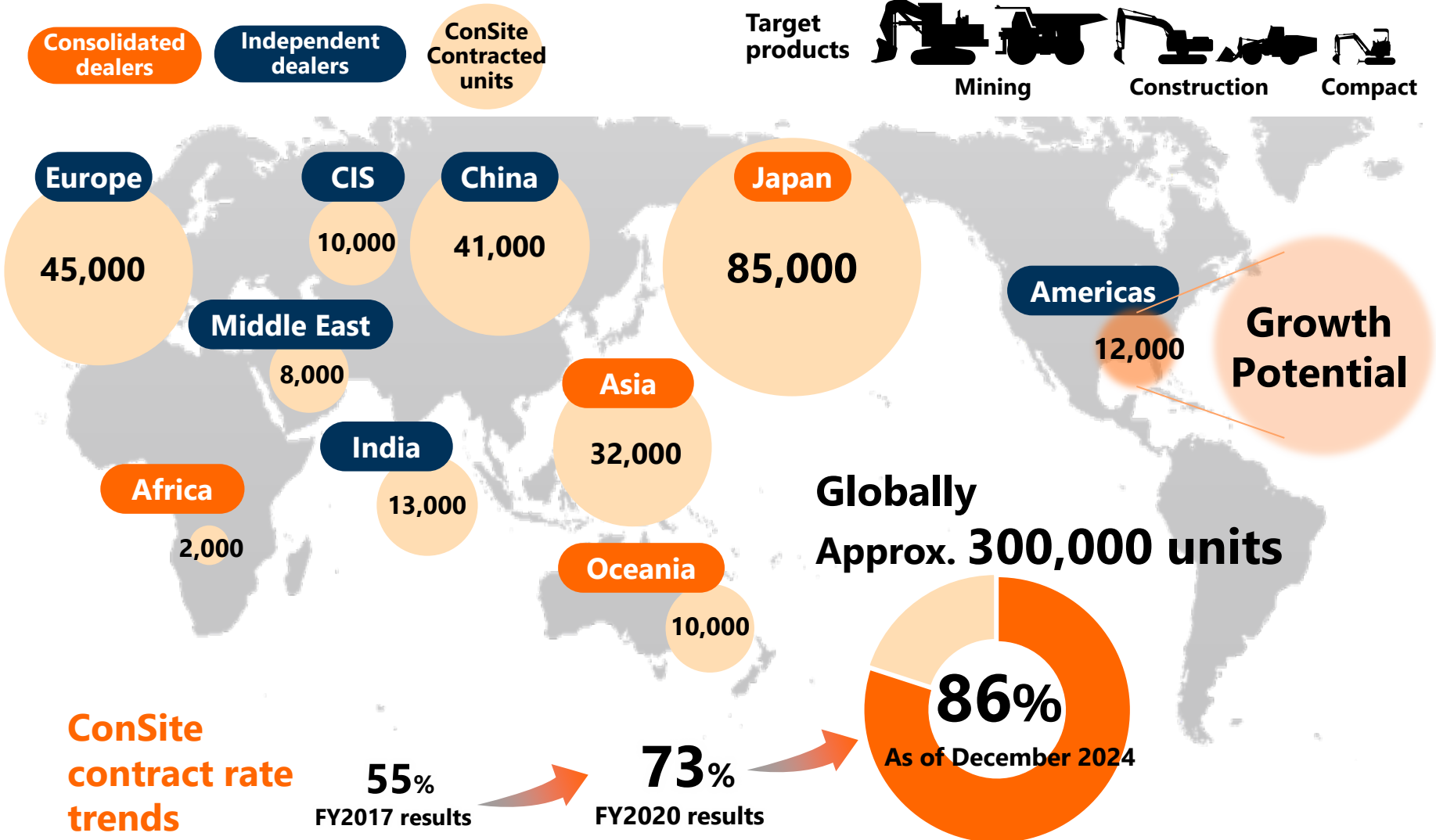
## Year-on-Year Change by Region

※Estimates by HCM, Excluding Chinese manufacturers

※Distributing, copying, or forwarding prohibited

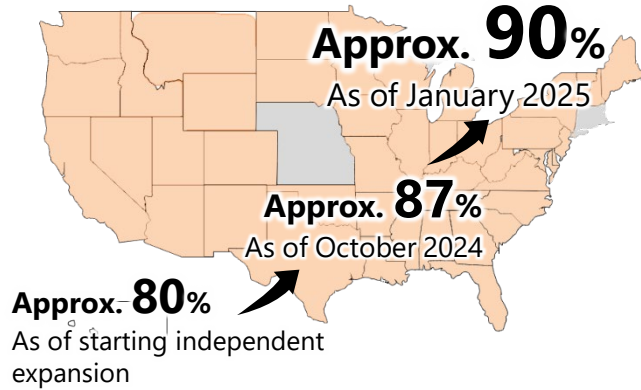
	'23	'24
Total	-11%	-8%
China	-43%	+4%
Russia, CIS, E Europe	-16%	-9%
Africa	+13%	+7%
Middle East	+10%	-21%
Latin America	-33%	+14%
Others	-12%	-3%
Asia	-17%	+1%
India	+8%	±0%
Oceania	-18%	-23%
Asia & Oceania, India	-8%	-2%
N America	+1%	-19%
W Europe	-15%	-14%
Japan	-3%	-4%

Expanding the sales revenue of the parts and service business by utilizing ConSite, which covers 300,000 units globally



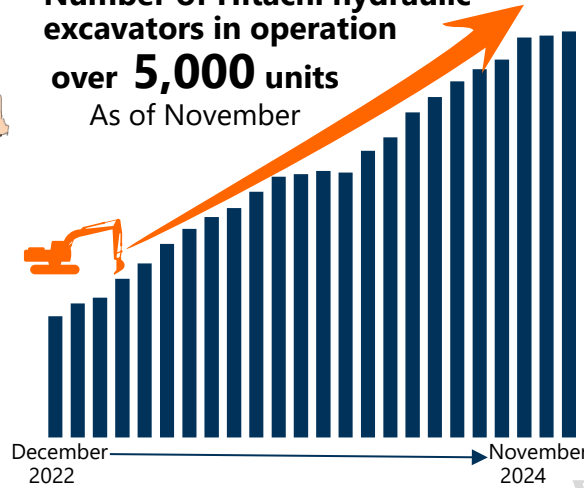
## Number of operating machines increasing as market coverage expands in North America, and sales have been promoted through preferential interest rate plans

### Dealer Network- Market Coverage



### Number of Hitachi hydraulic excavators in operation over 5,000 units

As of November



### Usage of our customers using its retail financing in the U.S.

## ZAXIS Finance

Current **83%**

As of August 2023

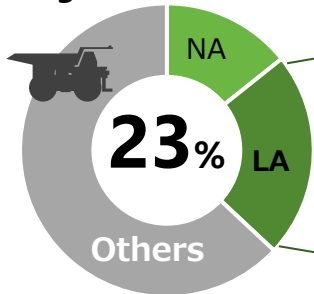
**42%**

Interest rate preferential campaign ongoing since January 2024

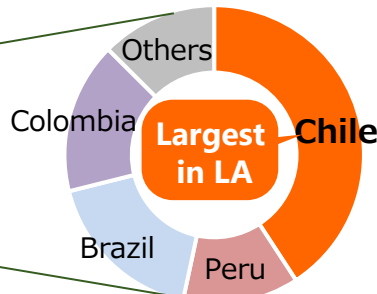
## Promoting the establishment of sales and service structure in Latin America

- Full-scale operation of a mining sales and service company in Brazil from March 2025
- Establishing Latin American Regional Headquarters in Chile in April 2025

### Latin America's share of global demand



### Demand for dump trucks in Latin America



### Compact and Construction Dealer Network- Market Coverage

Hitachi Construction Machinery Latin America (Latin American Regional Headquarters)



\*Parker Bay, Load capacity over 150t, Cumulative total from 2010 to March 2024

## Expanding mining business globally, from new Machinery sales to value chain business

### Americas

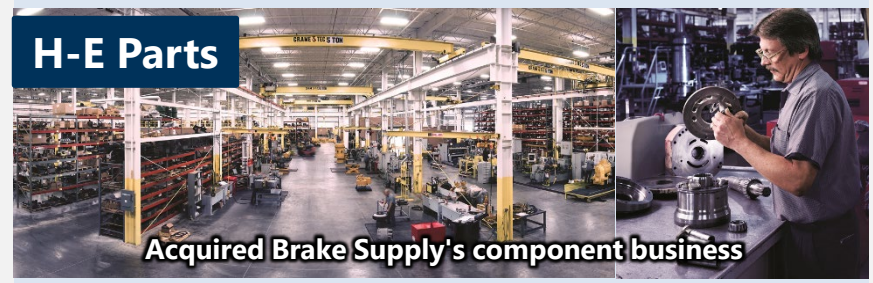
Sold non-core business in North America in January 2025, Focus on investing in the mining sector, Expand Specialized Parts & Service business in addition to Parts and Services

#### Bradken



Improve production and supply capacity of mill liner plant in Peru

#### H-E Parts



Acquired Brake Supply's component business

### Central Asia

- Start component remanufacturing plant operation in Kazakhstan (October 2024)
- Received orders for 20 dump trucks in Kazakhstan and Uzbekistan (FY2024)



Interior view of remanufacturing plant

### Africa

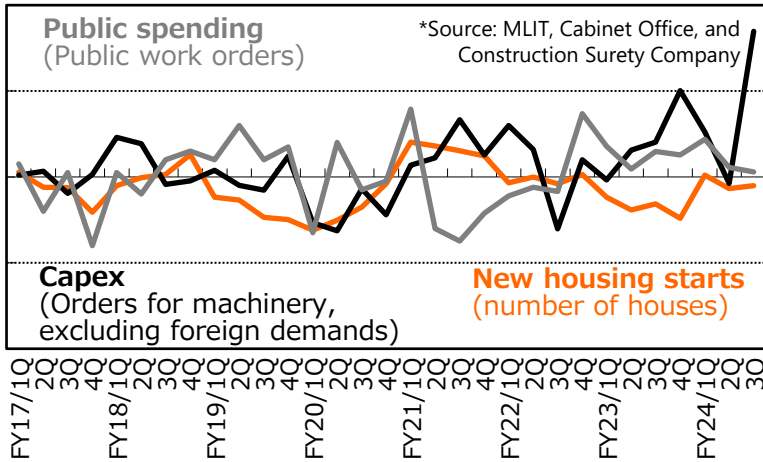
- The world's first trial of a full battery dump truck at the mine site (June 2024-)  
Phase 1: Complete test of basic performance, charge/discharge cycles, etc.  
Phase 2: Test of battery aging during long-term operation, etc.
- Expand Zambia remanufacturing plant (March 2025)



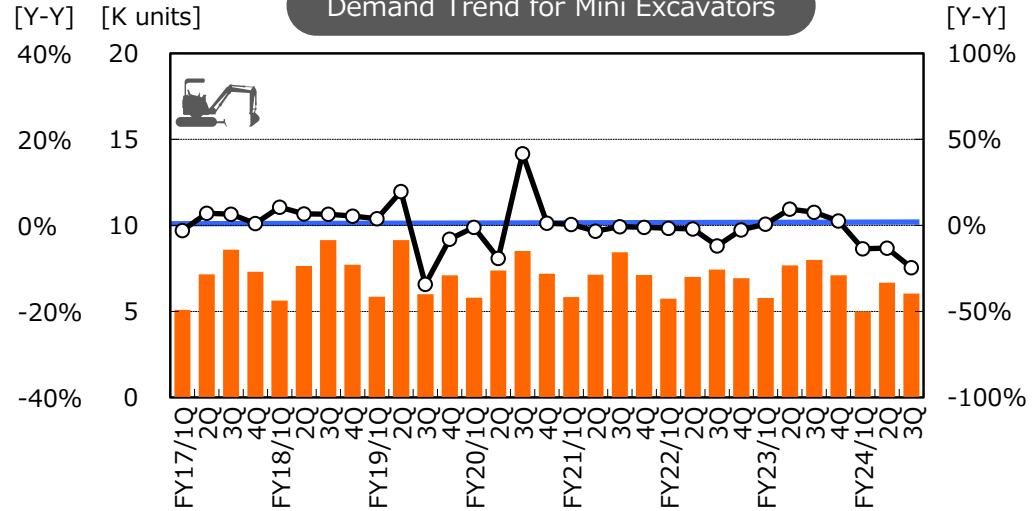
Full battery dump truck

- Public Spending slightly increased, Capex significantly increased, New Housing Starts slightly decreased.
- Demand for hydraulic excavators decreased:  
Hydraulic Excavators -13%, Mini Excavators -25%, Wheel Loaders -18% y-y.

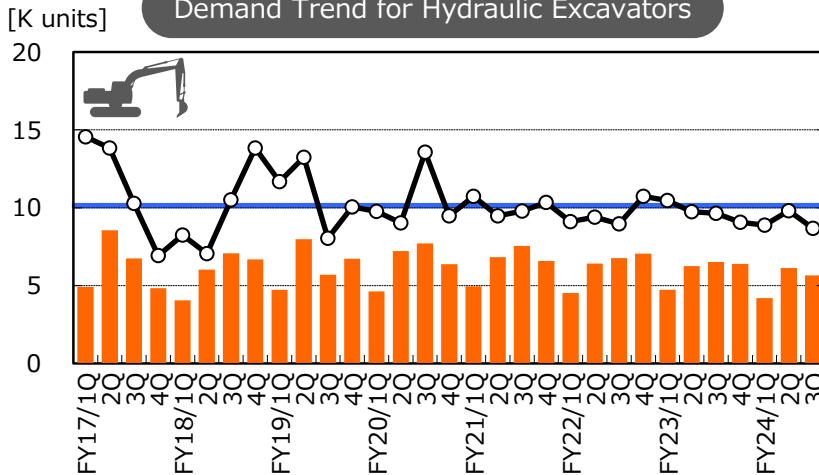
Market Environment Housing, Capex, Public Spending



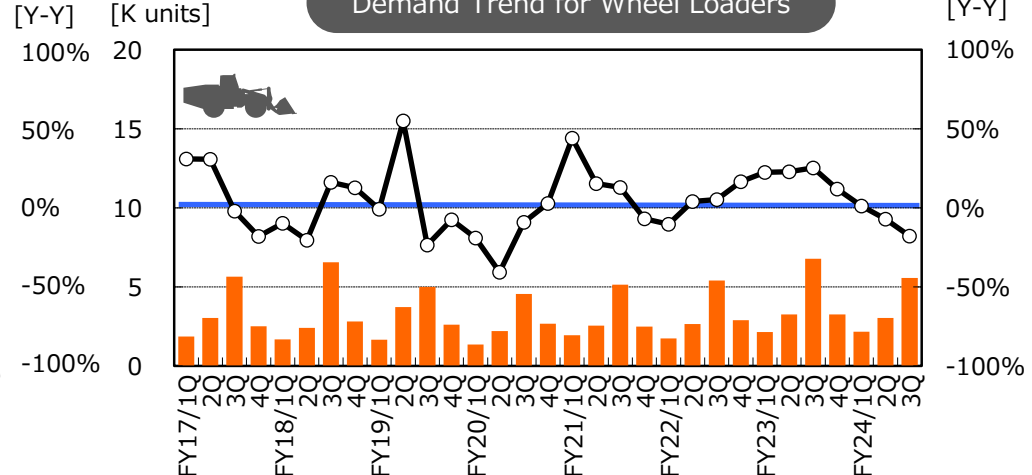
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators



Demand Trend for Wheel Loaders



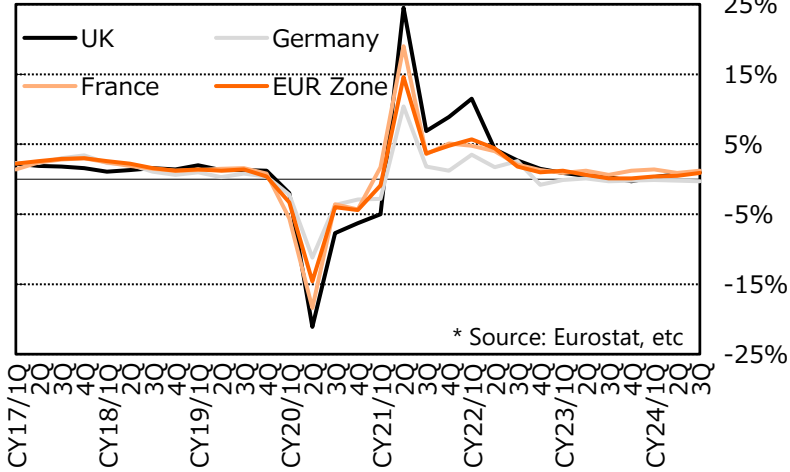
\*Demand values are Hitachi Construction Machinery estimates

# Europe: Third Quarter (Oct to Dec 2024)

■ GDP in CY24 3Q has been growing at a low rate.  
 ■ Demand for hydraulic excavators decreased :  
 Hydraulic Excavators -14%, Mini Excavators -19%, Wheel Loaders -18% y-y.

GDP Growth Rate in Major Countries

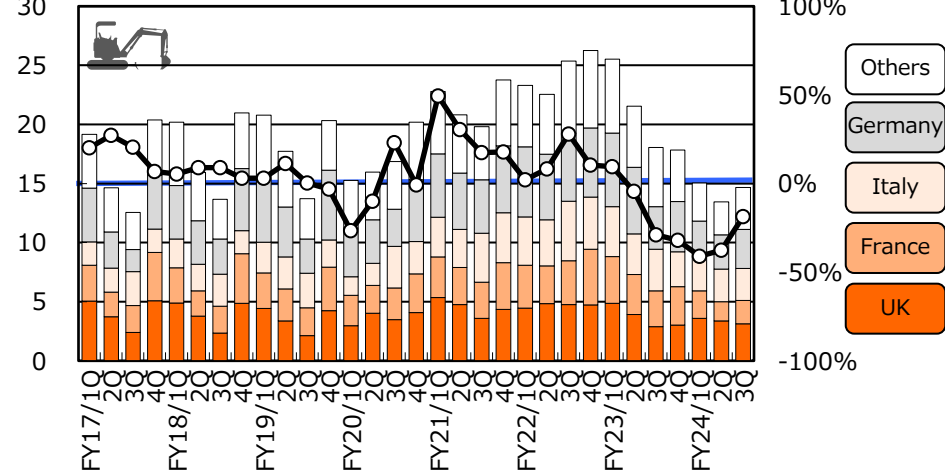
[Y-Y]



Demand Trend for Mini Excavators

[K units]

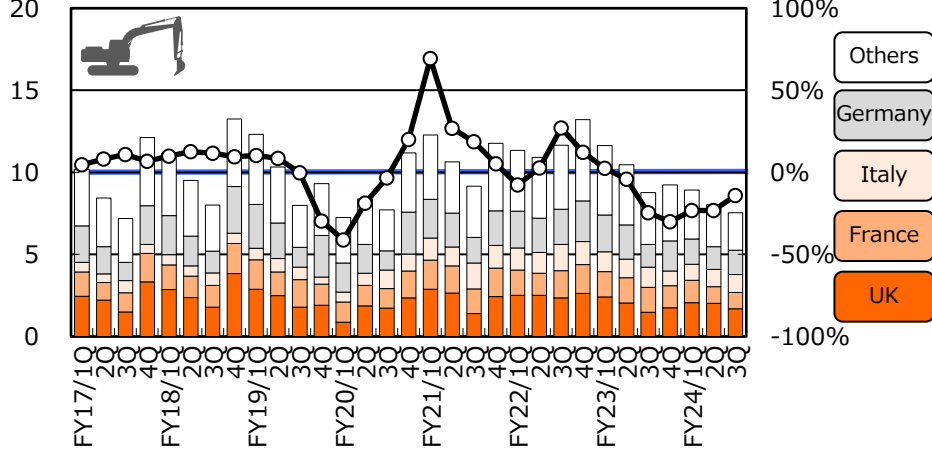
[Y-Y]



Demand Trend for Hydraulic Excavators

[K units]

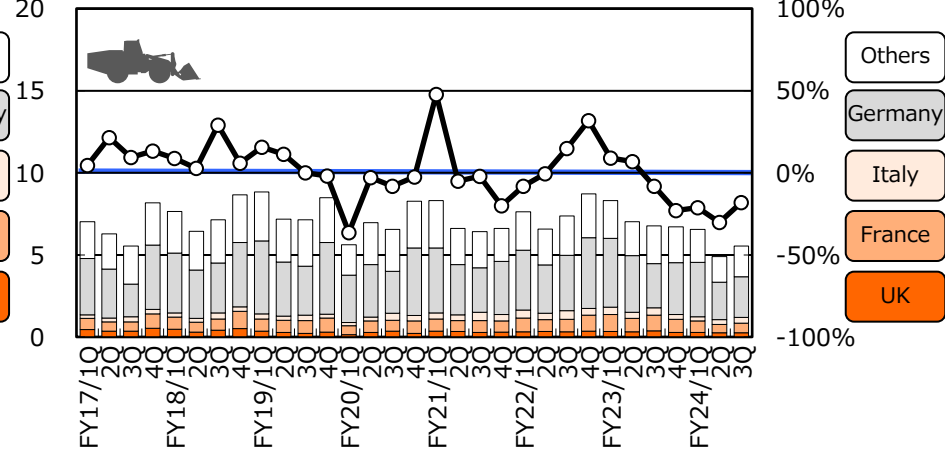
[Y-Y]



Demand Trend for Wheel Loaders

[K units]

[Y-Y]

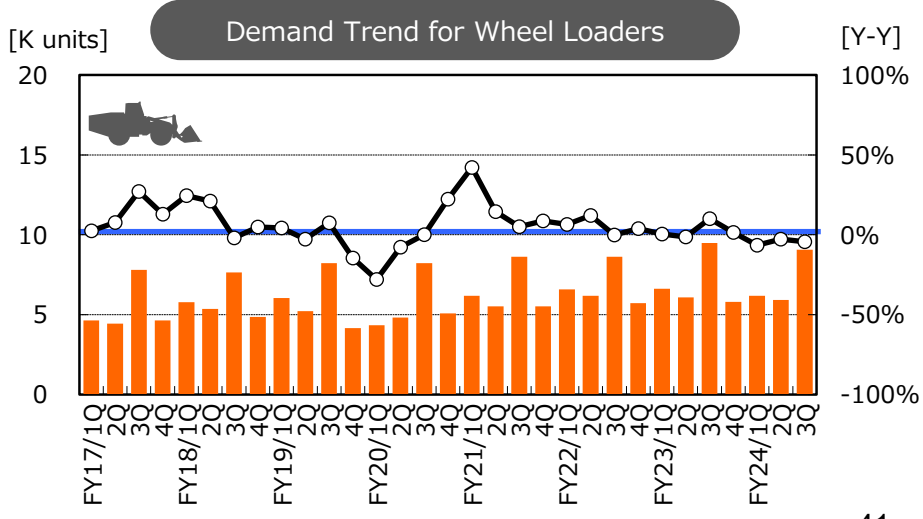
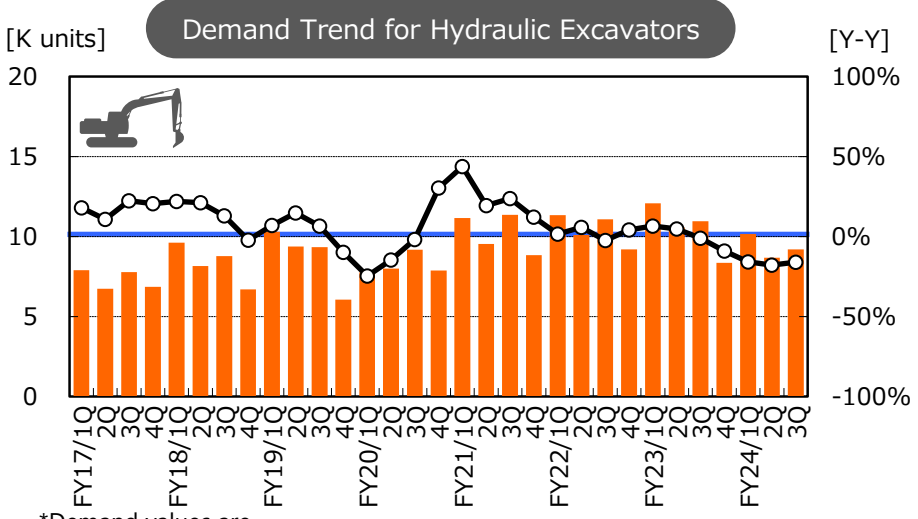
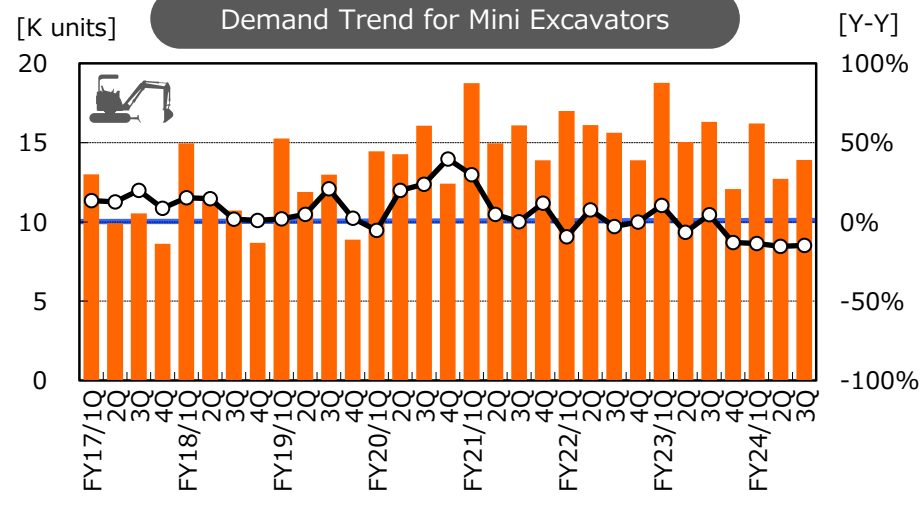
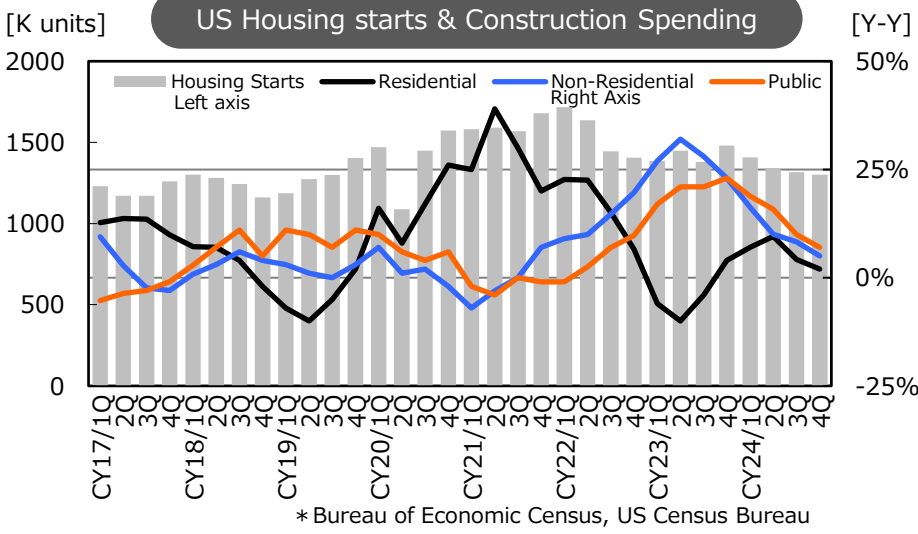


\*Demand values are Hitachi Construction Machinery estimates



# North America: Third Quarter (Oct to Dec 2024)

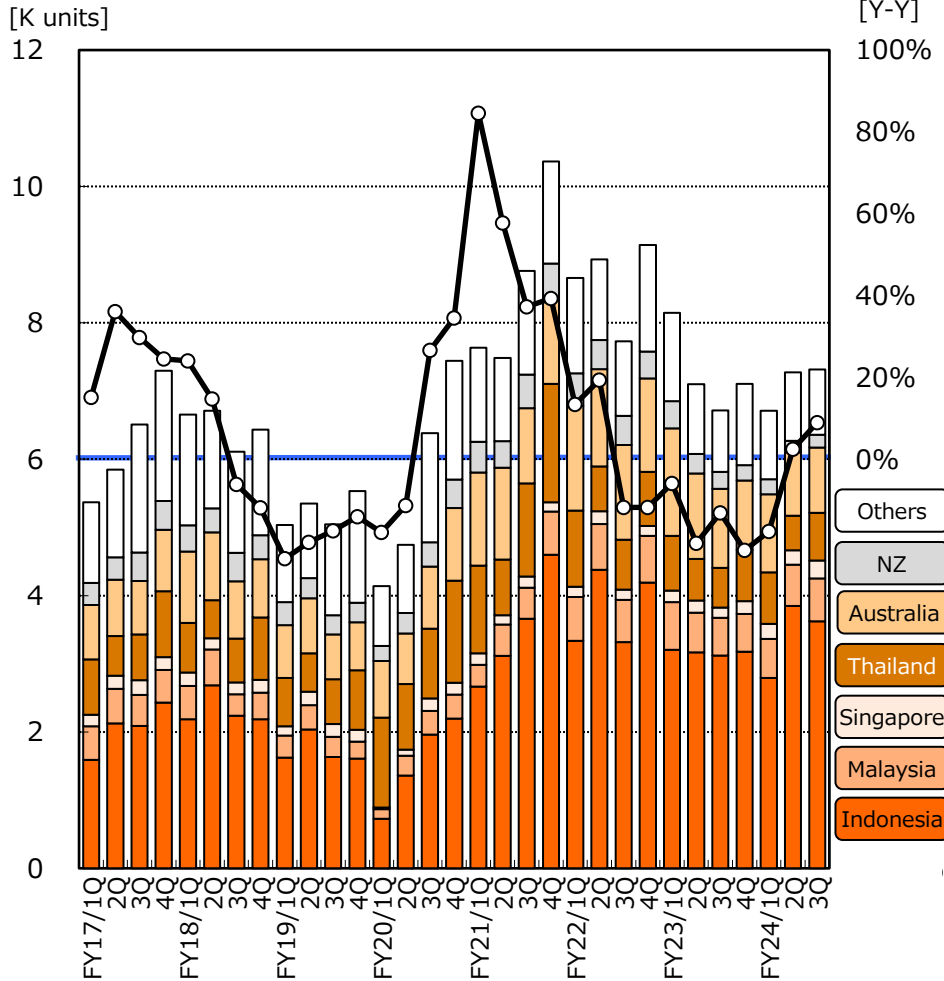
- Although Residential slightly increased and Non-Residential, Public Works increased, the margin of increase was narrowing. Housing Starts decreased.
- Demand for hydraulic excavators decreased: Hydraulic Excavators -16%, Mini Excavators -15%, Wheel Loaders -4% y-y.



\*Demand values are Hitachi Construction Machinery estimates

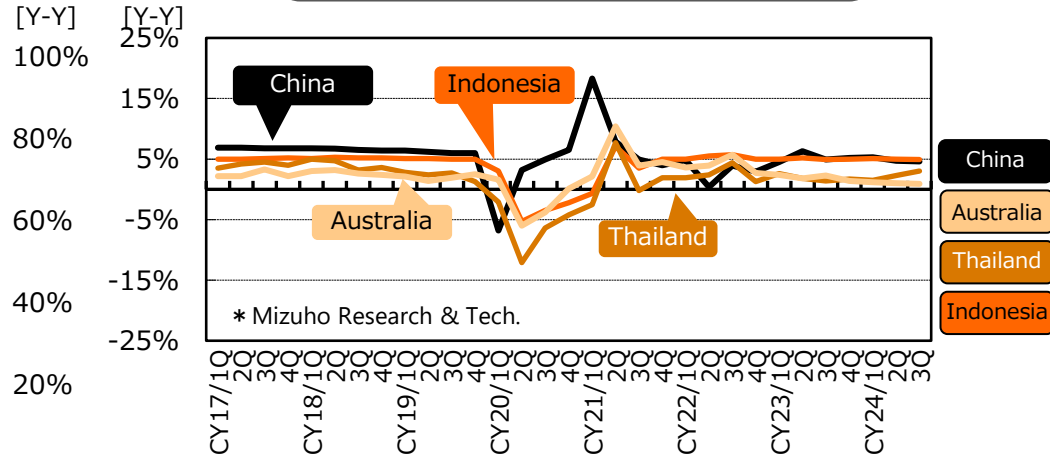
- Demand for hydraulic excavators in the Asia & Oceania region decreased +9% y-y.
- Demand for hydraulic excavators in China decreased +20% y-y. (Domestic :+20%, Foreign :+15%)

Demand Trend for Hydraulic Excavators in Asia & Oceania



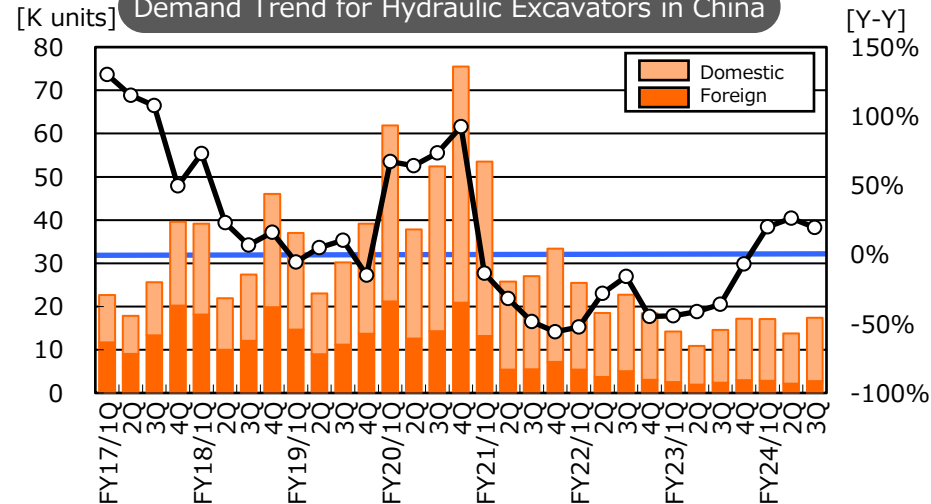
\*Demand values are Hitachi Construction Machinery estimates

GDP Growth Rate in Major Countries



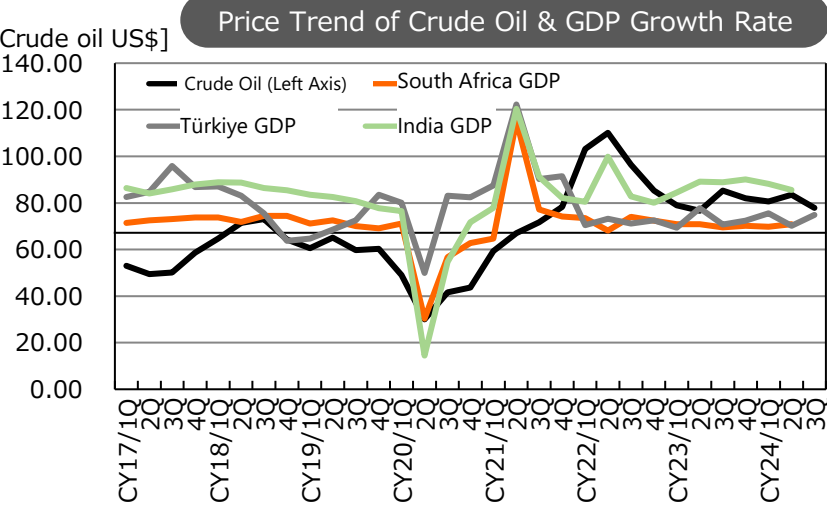
\* Mizuho Research & Tech.

Demand Trend for Hydraulic Excavators in China

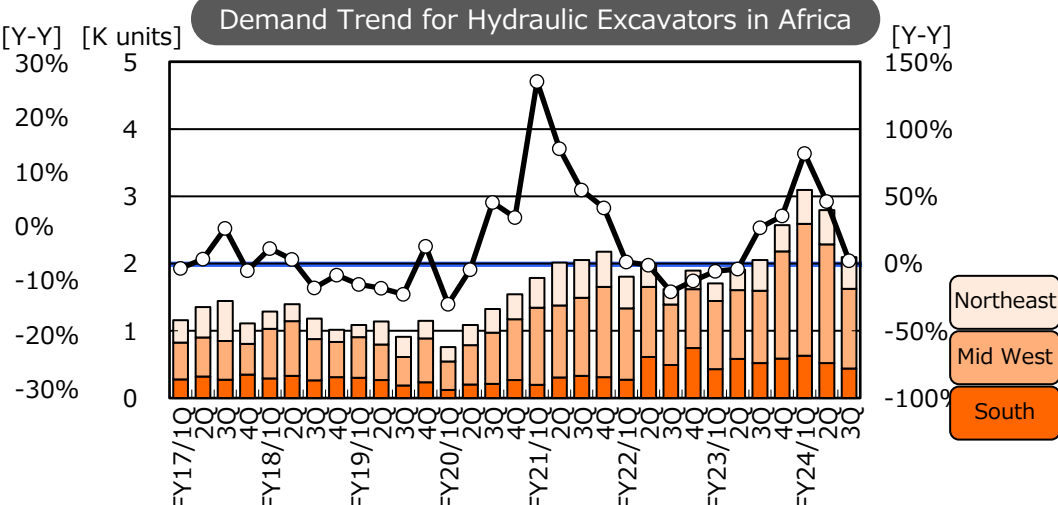


# India, Middle East, Africa: Third Quarter (Oct to Dec 2024)

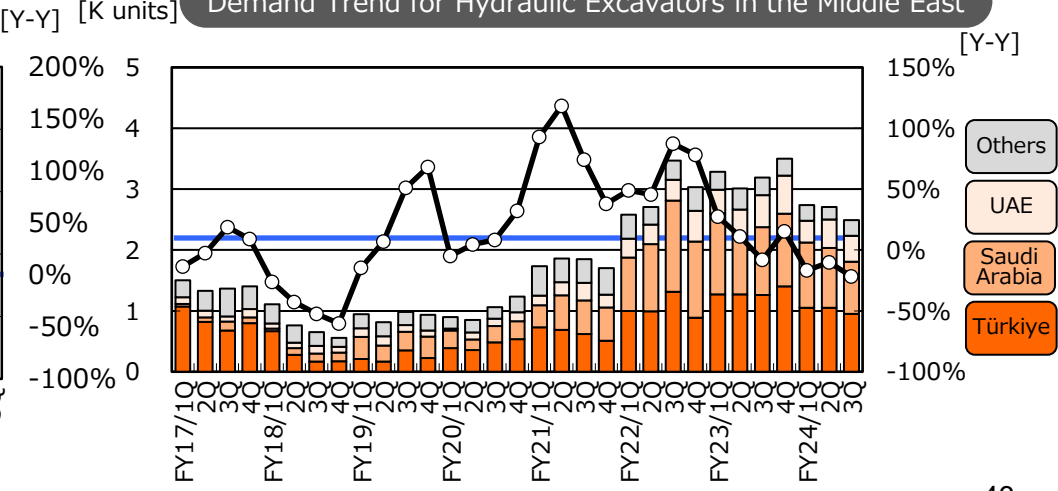
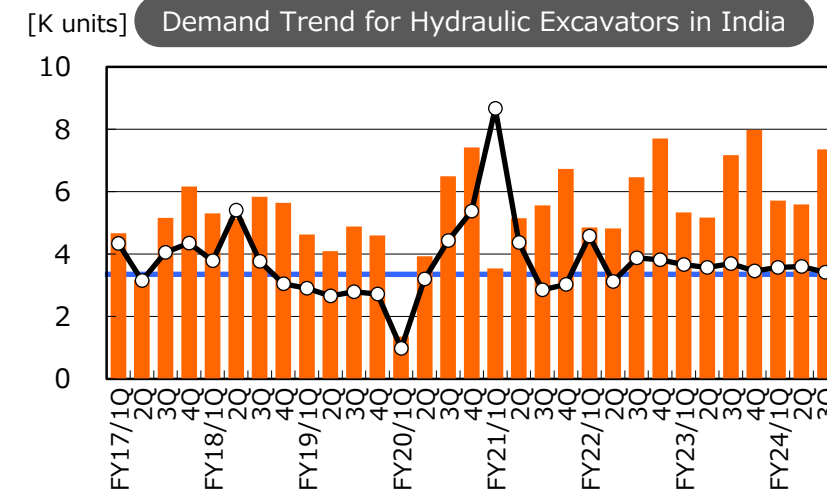
- Demand for hydraulic excavators increased in India +3% y-y.
- Demand for hydraulic excavators increased in Africa +2% y-y.
- Demand for hydraulic excavators decreased in the Middle East -22% y-y.



\* GDP of Türkiye, South Africa: OECD  
GDP of India : Mizuho Research & Tech.  
\* Crude Oil: World Bank

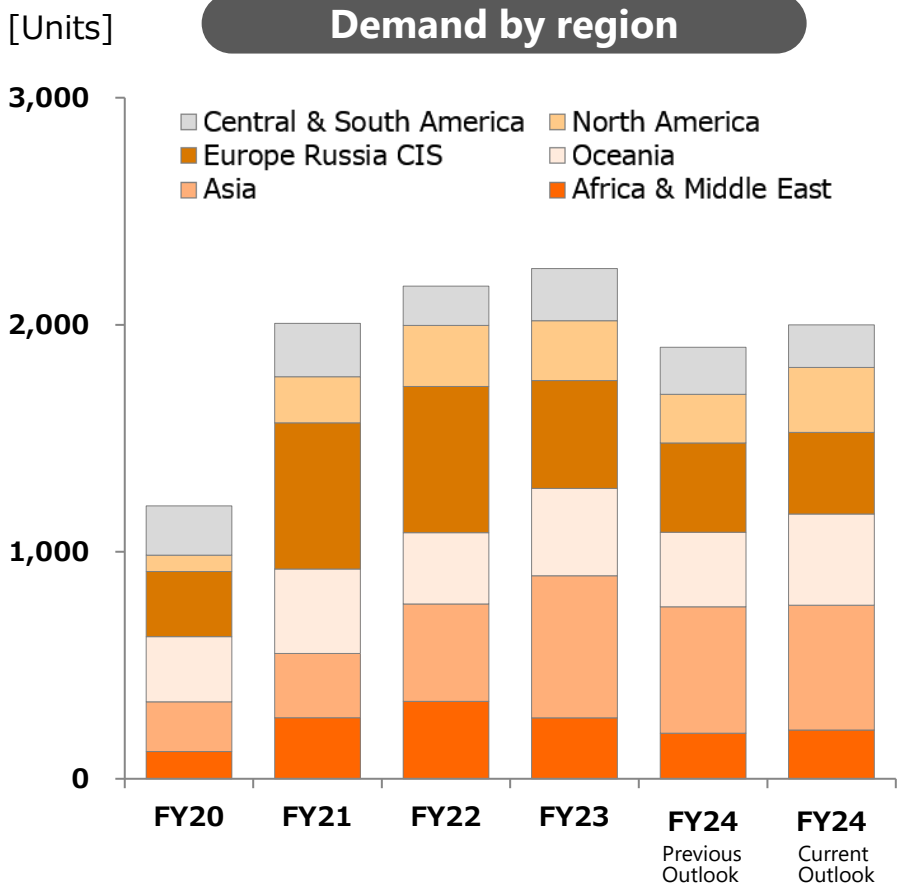
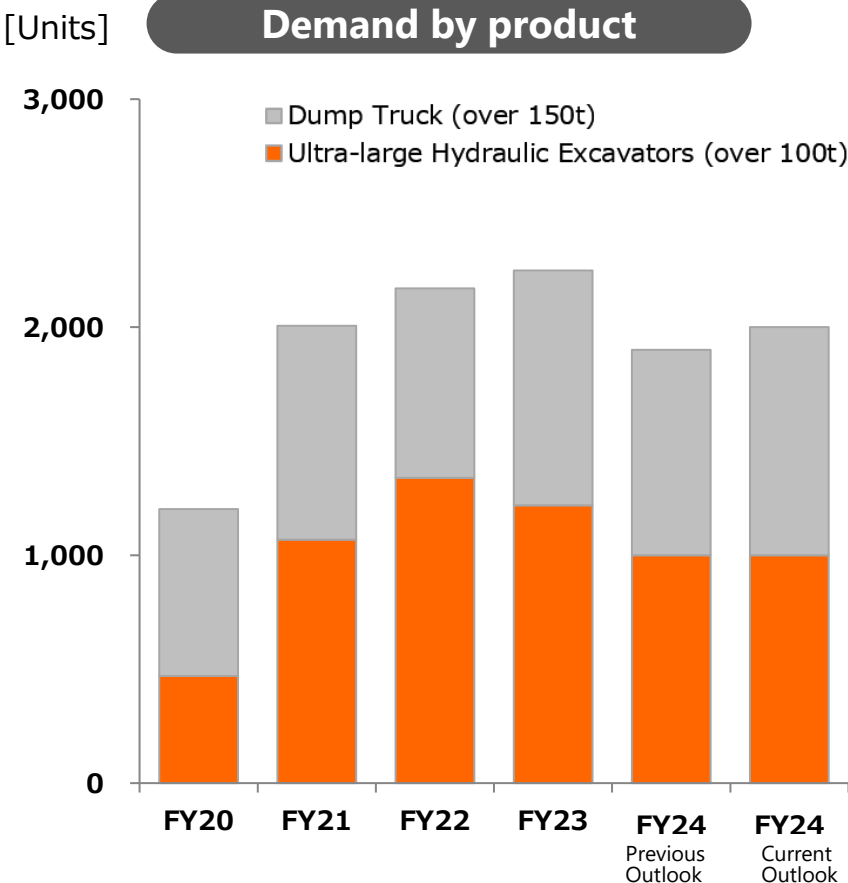


\*Demand values are Hitachi Construction Machinery estimates

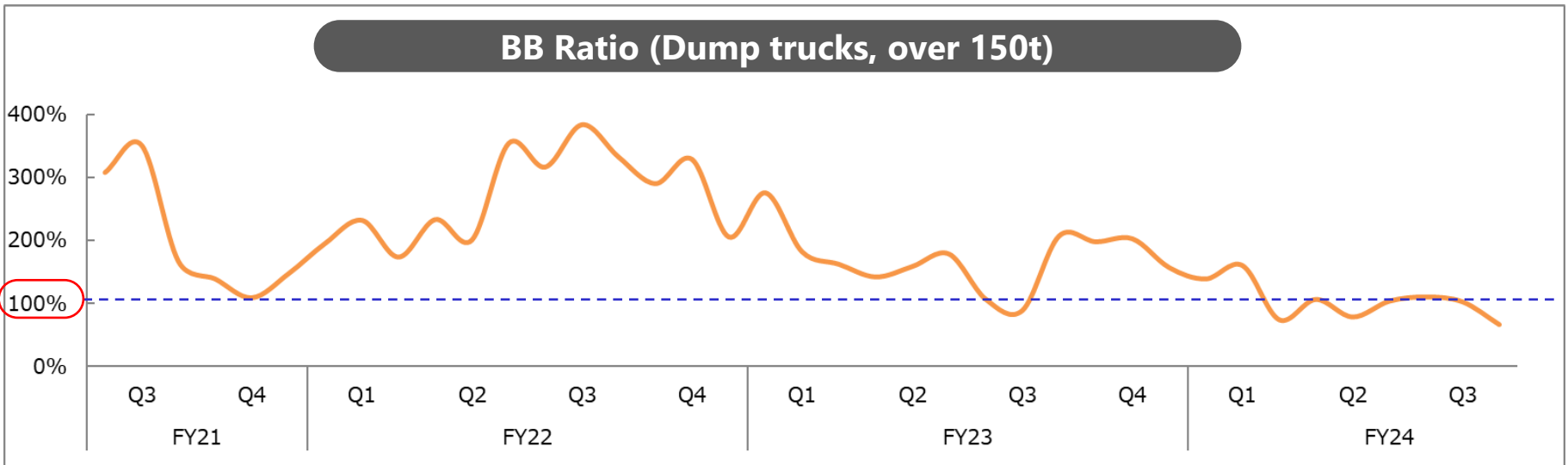
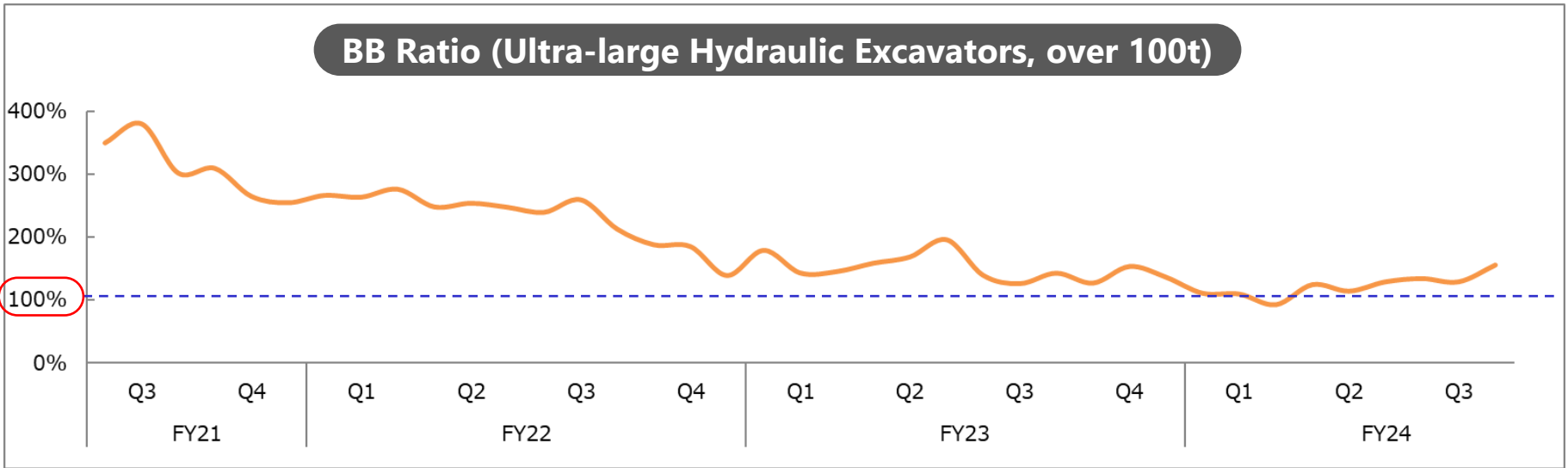


- The demand forecast for mining in FY24 remains unchanged. (“-5% to -15%” y-y) from the previous outlook despite an increase in demand for dump trucks.
- Demand for ultra-large excavators in India specifically for 100-ton class decreased, in Africa and Asia increased. Demand for dump trucks in the Americas and Australia increased.

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



\*Demand values are Hitachi Construction Machinery estimates



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

Non-consolidated basis (average of 6 months)

## Established New Development Company in India (January 2025)

- Strengthening the product development structure for hydraulic excavators and wheel loaders for the global market

**KTEG** Battery powered machinery and applied product development

**Hitachi Construction Machinery (China)**

**Wenco** Mining systems development

**Tata Hitachi Construction Machinery**

**Hitachi Construction Machinery Indonesia**

● = Locally-oriented product development

**Hitachi Construction Machinery Development Center India**

Global products development



200 engineers training in Japan

**Hitachi Construction Machinery Hitachi Construction Machinery Tierra**

Global products, components, advanced technologies, solutions, etc. development



## Held pitch event to solicit ideas for connected construction machinery\* in the U.S., a leading country of start-up businesses (November 2024)

- Aiming to develop solutions through open innovation, expanding partnerships with start-up companies that have diverse technologies and expertise.

3 companies  
**Winners**

9 companies  
**Pitch Event**

127 companies  
**Ideas**



The three award winners will exhibit together at bauma

\*Machine systems that link with external systems via IoT

## **2. Business Results** **for the Third Quarter ended December 31, 2024** (April 1, 2024 – December 31, 2024)

**Keiichiro Shiojima**

Vice President and Executive Officer, CFO

# Summary of consolidated results

In 3Q of the year, revenue decreased by 2% y-y. Adjusted operating income decreased by 15% y-y due to the impact of sales volume decrease, region and model mix, and increase in policy overheads. Net income attributable to owners of the parent decreased by 13%.

[billions of yen]

		FY2024 1Q-3Q		FY2023 1Q-3Q		change
Continuing operation						
	Revenue		991.3	1,008.2		-2%
	Adjusted operating income *1	(10.5%)	104.5	(12.2%)	122.9	-15%
	Operating income	(11.7%)	116.1	(12.1%)	121.9	-5%
	Income before income taxes	(10.1%)	100.2	(10.9%)	110.1	-9%
	Net income from continuing operation	(6.9%)	67.9	(7.8%)	79.1	-14%
	Net income from discontinued operation		1.4	-0.0		-
	Net income attributable to owners of the parent	(6.2%)	61.9	(7.0%)	71.1	-13%
	EBIT *2	(11.2%)	110.6	(11.7%)	118.2	-6%
FX rate	Rate (YEN/USD)		152.6	143.2		9.4
	Rate (YEN/EUR)		164.9	155.2		9.7
	Rate (YEN/RMB)		21.1	19.9		1.2
	Rate (YEN/AUD)		100.8	94.2		6.5

\*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"



# Consolidated revenue by geographic region

Although revenue in Africa and Oceania increased y-y, revenue in North America, Europe, and Asia decreased. Consolidated revenue decreased by 17.0 billion yen y-y.

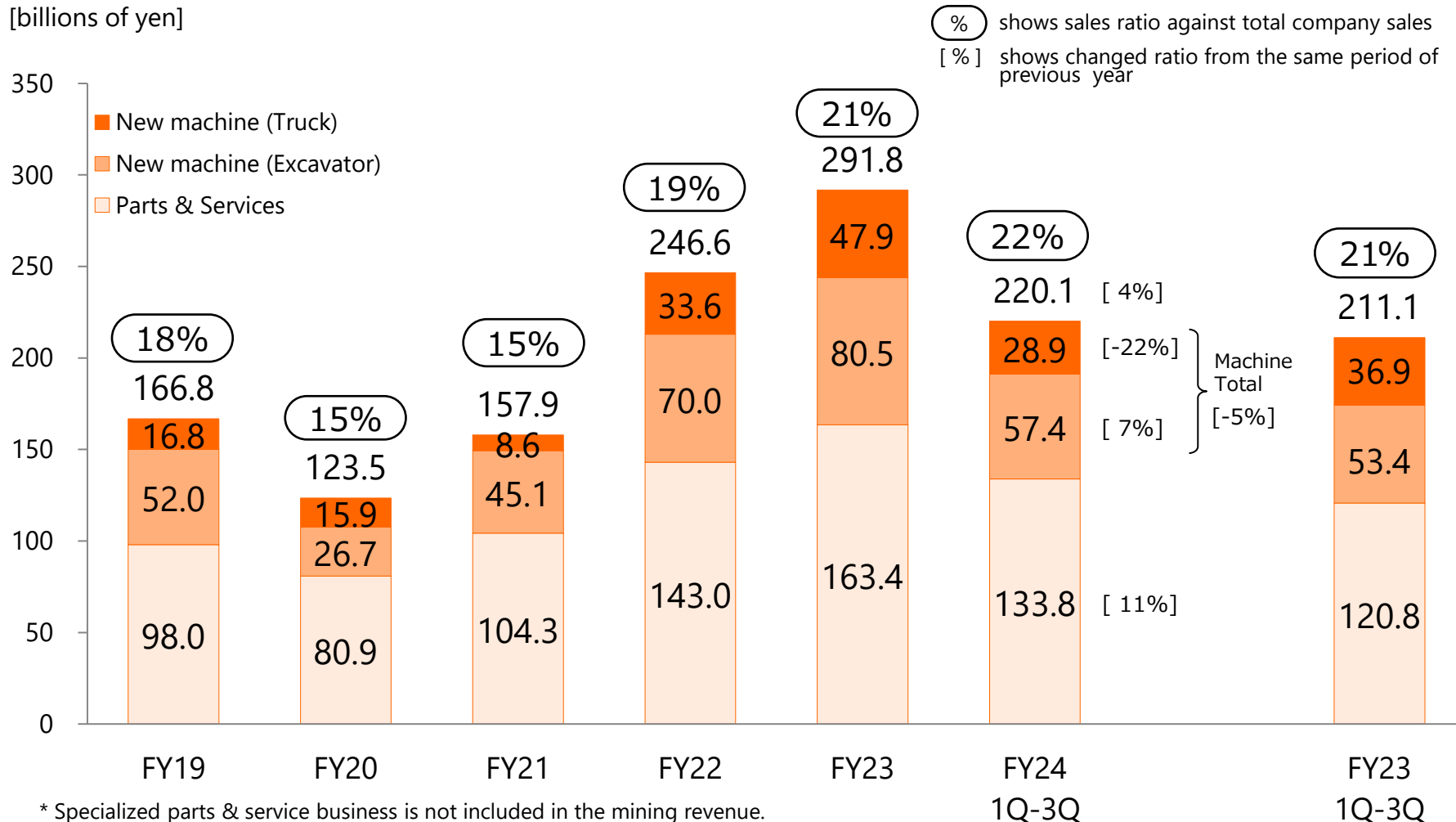
[billions of yen]

		FY2024 1Q-3Q		FY2023 1Q-3Q		change	
						amount	%
Japan		156.8	16%	159.9	16%	-3.1	-2%
Asia		84.3	9%	94.9	9%	-10.6	-11%
India		60.8	6%	58.6	6%	2.2	4%
Oceania		203.3	21%	190.8	19%	12.5	7%
Europe		109.0	11%	127.3	13%	-18.4	-14%
	N. America	217.9	22%	240.3	24%	-22.4	-9%
	L. America	33.7	3%	29.9	3%	3.8	13%
The Americas		251.6	25%	270.2	27%	-18.6	-7%
(Developing own business)		(140.5)	(14%)	(150.2)	(15%)	(-9.7)	(-6%)
Russia-CIS		12.9	1%	17.1	2%	-4.3	-25%
M. East		24.5	2%	21.5	2%	3.0	14%
Africa		64.5	7%	46.5	5%	17.9	39%
China		23.8	2%	21.3	2%	2.4	11%
Total		991.3	100%	1,008.2	100%	-17.0	-2%
Overseas ratio		84%		84%			

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

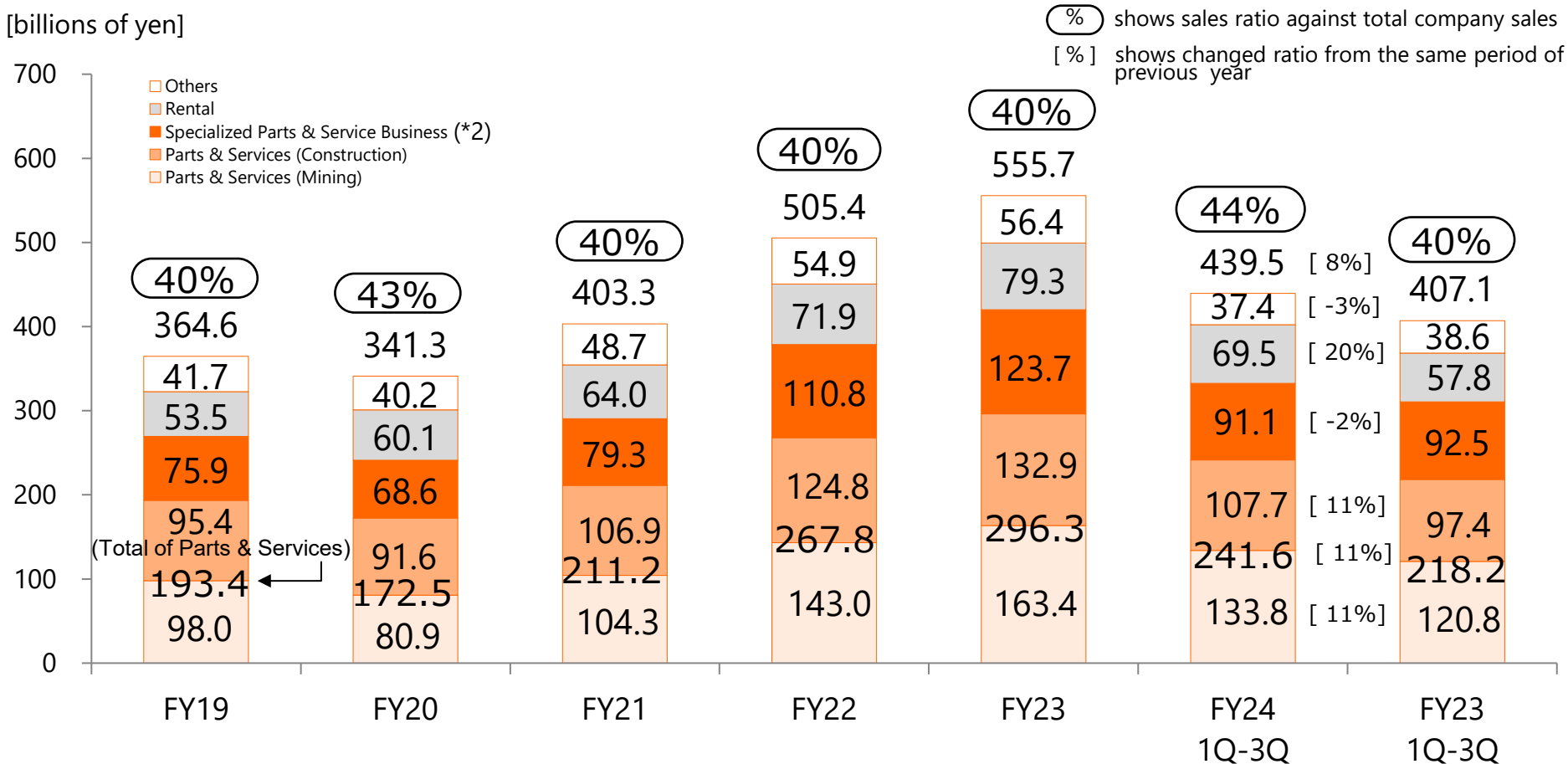
Revenue of mining increased due to an increase in excavators, parts and services, despite a decrease in trucks.

[billions of yen]



Revenue of the value chain business increased in parts & services, and rental significantly.

[billions of yen]



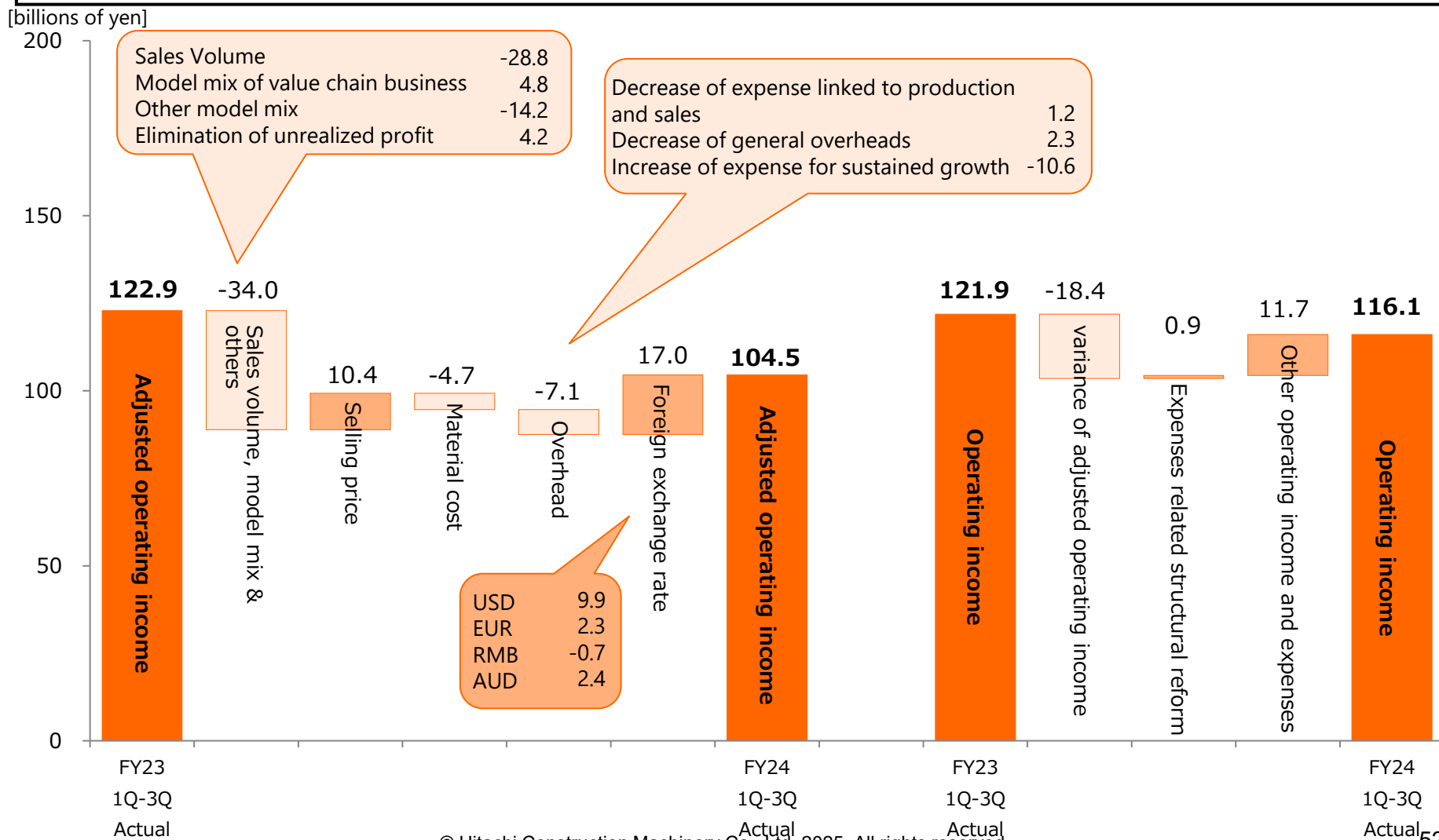
(\*1) Value chain: Total of Parts & services, Specialized parts & service business, Rental etc. other than new machine sales.

(\*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.

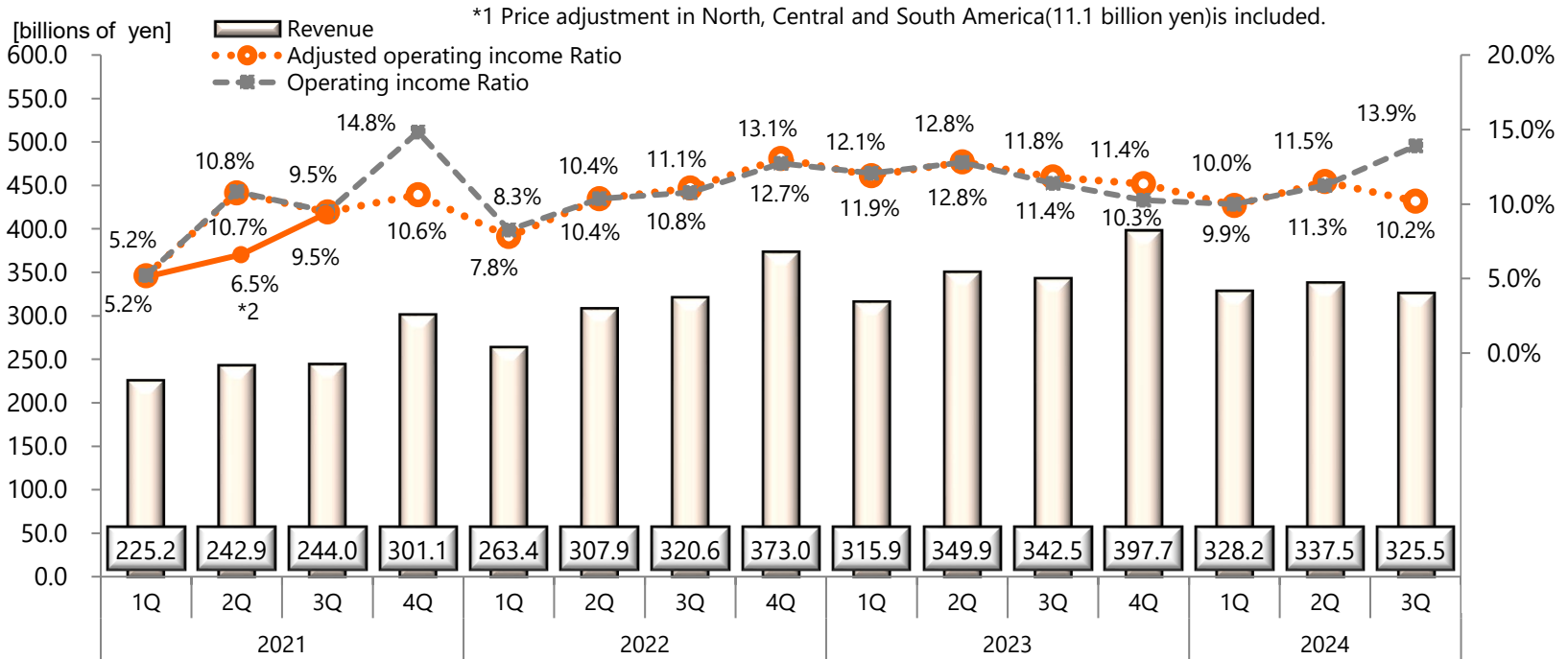
# Comparison of consolidated income

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



# 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	2Q	3Q
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	337.5	325.5
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	38.8	33.2
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	38.0	45.3



\*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	2Q	3Q
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	149.4	152.4
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	164.0	162.6
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	20.8	21.2
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	100.0	99.5

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

# Consolidated statement of financial position

Total assets increased by 31.9 billion yen from the end of the last fiscal year due to depreciation of the yen and addition by business acquisitions, despite the decrease in trade receivables.

(billions of yen)

	(A) FY24-3Q	(B) Mar '2024	(C) FY23-3Q	(A)-(B) change		(D) FY24-3Q	(E) Mar '2024	(F) FY23-3Q	(D)-(E) change
Cash and cash equivalents	143.2	143.5	113.9	-0.4	Trade and other payables	256.1	289.9	275.9	-33.8
Trade receivables	247.0	305.7	259.0	-58.8	Bonds and borrowings	602.0	575.6	584.0	26.5
Inventories	583.5	552.3	569.8	31.2	Total liabilities	1,009.6	1,021.3	1,005.3	-11.7
Total current assets	1,064.3	1,077.2	1,012.0	-12.9	(Equity attributable to owners of the parent ratio)	(43.4%)	(41.6%)	(40.7%)	(1.8%)
Total non-current assets	803.3	758.5	761.9	44.8	Total equity	857.9	814.4	768.7	43.5
Total assets	1,867.6	1,835.7	1,774.0	31.9	Total liabilities and equity	1,867.6	1,835.7	1,774.0	31.9
Trade receivables incl. non-current	293.3	352.9	302.2	-59.6					
Inventories by products									
Unit	240.5	229.7	227.6	10.9	Interest-bearing debt	(32.2%) 602.0	(31.4%) 575.6	(32.9%) 584.0	(0.9%) 26.5
Parts	176.4	172.8	168.7	3.6	Cash and Cash equivalents	143.2	143.5	113.9	-0.4
Raw materials, WIP and etc	166.6	149.9	173.5	16.8	Net interest-bearing debt	(24.6%) 458.9	(23.5%) 432.1	(26.5%) 470.1	(1.0%) 26.8
Total inventories	583.5	552.3	569.8	31.2	Net D/E Ratio	0.57	0.57	0.65	0.00
On hand days(divided by revenue)				[Days]					
Trade receivables	77	92	79	-15					
Inventories	153	143	149	10					
Trade payables	39	44	44	-5					
Net working capital	188	187	180	1					

In the current third quarter, due to the completion of PPA, the figures for the end of fiscal year 2023 have been retrospectively restated to reflect the numbers after the PPA adjustment.

Operating cash flow and free cash flow improved significantly y-y.

[billions of yen]

	FY2024 1Q-3Q		FY2023 1Q-3Q		change	
Net income		69.3		79.0		-9.7
Depreciation and amortization	124.6	55.3	129.9	50.9	-5.3	4.4
(Increase)decrease in trade/lease receivables		67.6		53.6		14.0
Increase(decrease) in inventories	41.4	-1.4	-41.5	-97.4	82.9	96.0
Increase(decrease) in trade payables		-24.8		2.3		-27.1
Others		-82.9		-59.7		-23.1
Net cash provided by (used in) operating activities		83.2		28.6		54.5
Cash flow margin for operating activities		8.4%		2.8%		5.5%
Net cash provided by (used in) investing activities		-51.9		-44.9		-7.0
Free cash flows		31.2		-16.3		47.5
Net cash provided by (used in) financing activities		-33.3		15.9		-49.3

\* Blue figures shows the total of each category.

# Summary of consolidated earnings forecast

Consolidated revenue and adjusted operating income for this fiscal year is unchanged from the previous one as of October. Operating income and below is changed upward incorporating improvement of other operating income and expenses in 3Q.

(billions of yen)

	FY2024		FY2023		change	
	Forecast		Actual		amount	%
Continuing operation						
Revenue	<1,350.0>	1,350.0	1,405.9		-55.9	-4%
Adjusted operating income	<11.2%> <151.0>	(11.2%) 151.0	(12.0%) 168.0		(-0.8%) -17.0	-10%
Operating income	<11.1%> <150.0>	(12.0%) 162.0	(11.6%) 162.7		(0.4%) -0.7	-0%
Income before income taxes	<9.4%> <127.0>	(10.0%) 135.0	(11.4%) 160.5		(-1.4%) -25.5	-16%
Net income from continuing operation	<89.0>	92.6	116.3		-23.7	-20%
Net income from discontinued operation	<0.0>	1.4	-11.8		13.2	-
Net income attributable to owners of the parent	<5.9%> <80.0>	(6.2%) 84.0	(6.6%) 93.3		(-0.4%) -9.3	-10%

EBIT	<139.8>	149.5	167.5		-17.9
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Currency	FY2024			FY2023 Actual	change
	1Q-3Q Actual	4Q Forecast	Year Forecast		
Rate (YEN/USD)	152.6	141.0	148.3	144.8	3.6
Rate (YEN/EUR)	165.0	155.0	161.4	157.0	4.4
Rate (YEN/RMB)	21.1	19.8	20.7	20.1	0.6
Rate (YEN/AUD)	100.8	96.0	99.6	95.0	4.5

Cash dividend per share (yen) *1		175	150		25
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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%.

\*2 Blue figures at FY2024 Forecast shows previous forecast as of October 2024.



# Consolidated revenue forecast by geographic region

Although revenue in Europe and Japan is expected to decrease, revenue in Africa etc. is expected to increase. Consolidated revenue for this fiscal year is unchanged from the previous forecast.

(billions of yen)

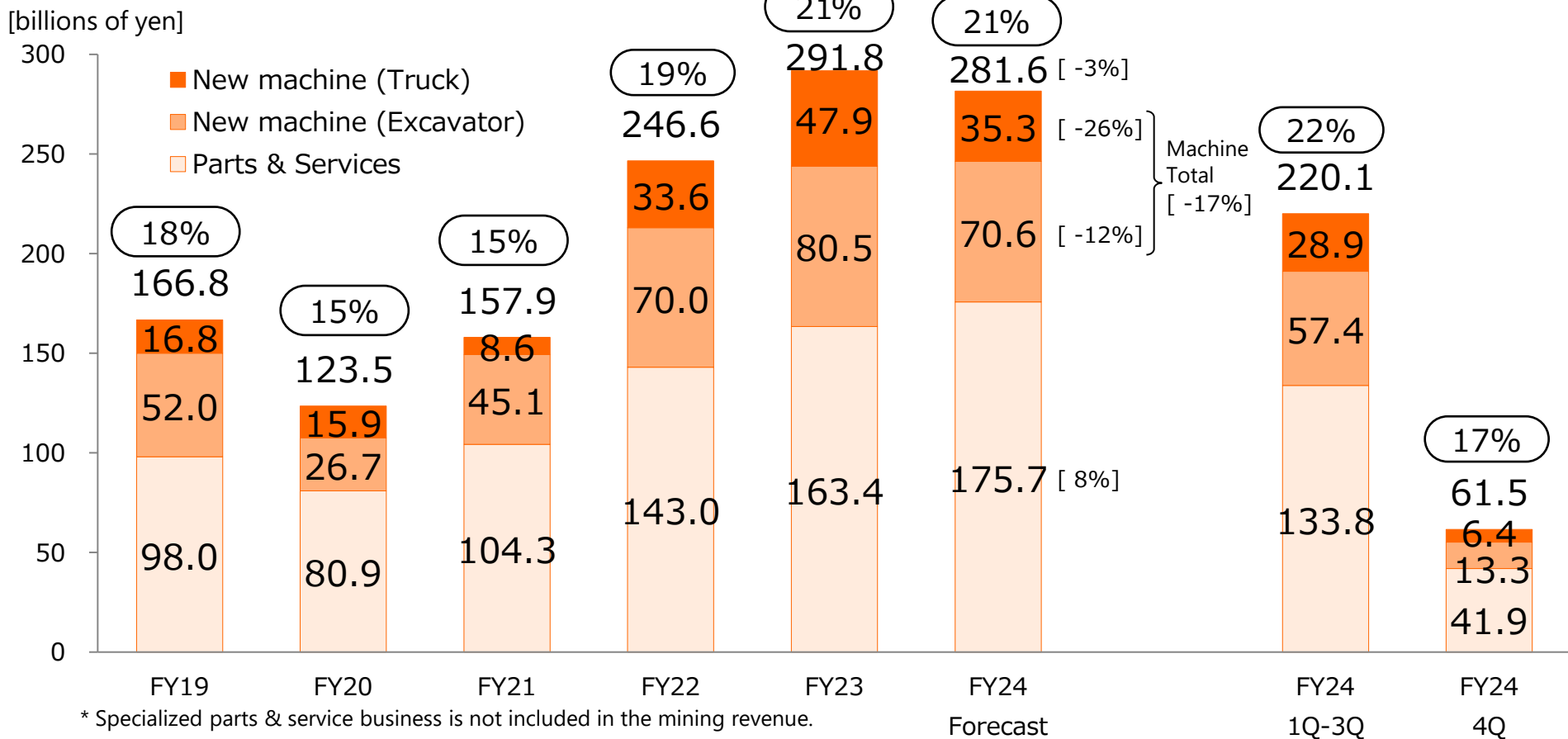
		FY2024 Forecast		FY2023 Actual		change	
						amount	%
Japan		219.8	16%	226.9	16%	-7.1	-3%
Asia		118.9	9%	127.0	9%	-8.1	-6%
India		88.1	7%	85.0	6%	3.1	4%
Oceania		254.7	19%	251.1	18%	3.6	1%
Europe		142.9	11%	182.9	13%	-40.0	-22%
America	N. America	323.9	24%	334.4	24%	-10.5	-3%
	L. America	42.7	3%	40.9	3%	1.8	4%
		366.6	27%	375.2	27%	-8.7	-2%
(Developing own business)		(225.1)	(17%)	(217.5)	(15%)	(7.6)	(3%)
Russia-CIS		20.5	2%	23.4	2%	-2.9	-13%
M. East		31.1	2%	34.7	2%	-3.6	-10%
Africa		75.9	6%	70.4	5%	5.5	8%
China		31.6	2%	29.2	2%	2.4	8%
Total		1,350.0	100%	1,405.9	100%	-55.9	-4%
Overseas ratio		84%		84%			

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

# Mining revenue forecast

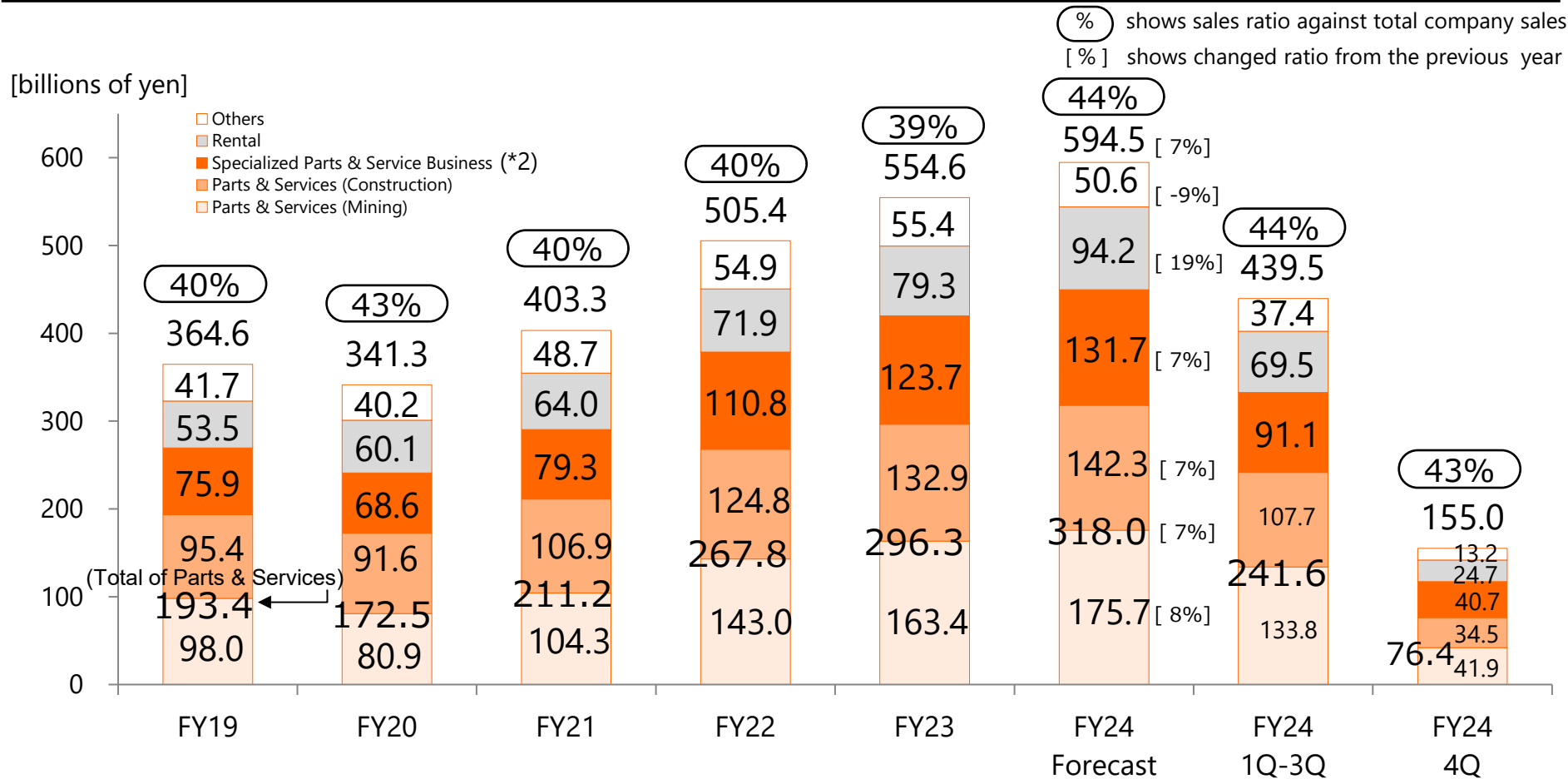
Revenue forecast of parts & services is changed upward. Revenue of mining trucks and excavators in this fiscal year is expected to decrease.

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



# Value chain\*1 revenue forecast

Value chain revenue forecast is changed upward from the previous one as of October. Revenue from parts & services, specialized parts & service business, and rental is expected to increase.

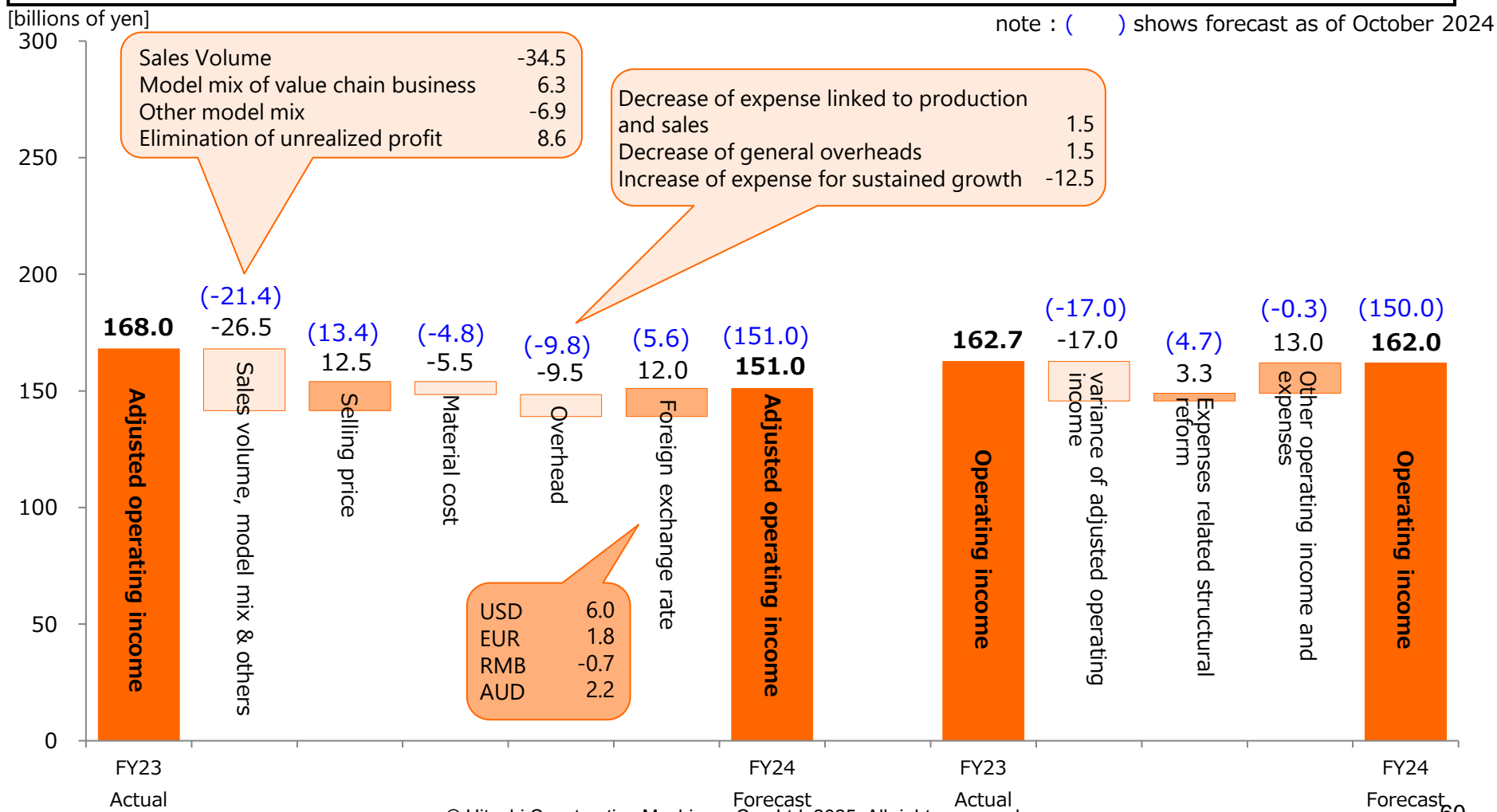


(\*1) Value chain: Total of Parts and services, Specialized parts and service business, Rental, etc. other than new machine sales.

(\*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 is unchanged from the previous forecast due to the impact of depreciation of the yen, despite the sales volume decrease. Operating income is changed upward incorporating the improvement of other operating income and expenses in 3Q.



# 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 October 2024.

## FX rate and FX sensitivity

(billions of yen)

Currency	FX rate				FX sensitivity (4Q)		
	FY24			FY23 Actual	Condition	Revenue	Adjusted operating income
	1Q-3Q Actual	4Q Forecast	Year Forecast				
USD	152.6	141.0	148.3	144.8	Impact by 1 yen depreciation	1.0	0.4
EUR	164.9	155.0	161.4	157.0	Impact by 1 yen depreciation	0.3	0.1
RMB	21.1	19.8	20.7	20.1	Impact by 0.1 yen depreciation	0.1	0.0
AUD	100.8	96.0	99.6	95.0	Impact by 1 yen depreciation	0.7	0.1

# Appendix 2: Detail of mining revenue

(billions of yen)

		FY24 Forecast			FY23 Actual			Change		
		1Q-3Q	4Q	Year	1Q-3Q	4Q	Year	1Q-3Q	4Q	Year
America	Excavator	24.8	7.8	32.6	23.3	12.9	36.2	1.5	-5.1	-3.6
	Dump Truck	8.3	1.2	9.4	7.5	3.4	10.9	0.8	-2.2	-1.5
	Total	33.1	9.0	42.1	30.8	16.3	47.1	2.3	-7.3	-5.1
Europe, Africa and Middle East	Excavator	21.6	8.1	29.6	22.1	12.3	34.3	-0.5	-4.2	-4.7
	Dump Truck	35.1	7.4	42.4	23.0	12.6	35.6	12.0	-5.2	6.8
	Total	56.6	15.4	72.0	45.1	24.8	70.0	11.5	-9.4	2.1
Asia & Oceania	Excavator	93.1	24.8	117.8	90.1	29.9	120.1	2.9	-5.2	-2.2
	Dump Truck	31.2	10.4	41.5	42.9	7.9	50.8	-11.7	2.4	-9.3
	Total	124.3	35.1	159.4	133.1	37.8	170.9	-8.8	-2.7	-11.5
China	Excavator	5.2	1.7	6.8	1.1	1.4	2.5	4.1	0.3	4.4
	Dump Truck	0.1	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.1
	Total	5.3	1.7	7.0	1.1	1.4	2.5	4.2	0.3	4.5
Japan	Excavator	0.8	0.3	1.1	0.6	0.3	0.9	0.2	-0.0	0.2
	Dump Truck	0.0	0.0	0.0	0.4	0.0	0.4	-0.4	-0.0	-0.4
	Total	0.9	0.3	1.2	1.0	0.3	1.3	-0.1	-0.0	-0.2
Total	Excavator	145.5	42.6	188.1	137.2	56.8	194.0	8.2	-14.2	-5.9
	Dump Truck	74.6	18.9	93.5	73.8	23.9	97.8	0.8	-5.0	-4.2
	Total	220.1	61.5	281.6	211.1	80.7	291.8	9.0	-19.2	-10.2

\* Specialized parts & service business is not included in the mining revenue.

# Appendix 3: Segment information

The amortizations of PPA are included in the adjusted operating income of the specialized parts & service business : 1.0 billion yen in FY2024 2Q, and 1.3 billion yen in the forecast for FY2024.

[billions of yen]

FY2024 1Q-3Q Actual	Reportable segment				Adjustments *1	Total
	Construction Machinery Business		Specialized Parts & Service Business			
Revenue	900.2		97.8		-6.7	991.3
Adjusted operating income	10.5%	94.3	10.4%	10.2	-	10.5% 104.5

[billions of yen]

FY2024 Forecast	Reportable segment				Adjustments *1	Total
	Construction Machinery Business		Specialized Parts & Service Business			
Revenue	1,218.3		138.5		-6.8	1,350.0
Adjusted operating income	11.1%	134.8	11.7%	16.2	-	11.2% 151.0

\*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.**





Hitachi Construction Machinery Group

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## **Solutions Beyond Machinery**

**LANDCROS is our desire:  
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# 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.

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