

Medium-term Management Plan

The Hitachi Construction Machinery Group is implementing its “BUILDING THE FUTURE 2025” three-year medium-term management plan to achieve growth as a true solutions provider.

Hitachi Construction Machinery Group Mid-term Management Plan



Reliable Solutions

BUILDING THE FUTURE 2025

- Delivering Innovative Solutions for Customer Needs
- Enhancing Value Chain Business
- Expanding Business in the Americas
- Strengthening Human Capital and Corporate Capabilities

Health, Safety, & Compliance
Customer Interest First
Kenkijin Spirit

Targets of the Medium-term Management Plan

KPI		Medium-term Management Plan FY2025 targets		
Growth	• Value chain ratio	50% or more	39.4%	
	• Own business revenue in the Americas	300.0 billion yen or more	217.5 billion yen	
	• R&D/Revenue ratio	3% or more	2.2%	
Profitability	• Adjusted operating income ratio	13% or more	12.0%	
	• EBITDA margin ratio ^{*1}	18% or more	16.8%	
Safety	• Net D/E ratio	0.40 or less	0.57	
	• Operating cash flow margin ratio ^{*1}	10% or more	5.2%	
Efficiency	• ROE	13% or more	13.1%	
	• ROIC ^{*1, *3}	9% or more	9.8%	
Shareholder return ^{*2}	Consolidated dividend payout ratio	Stable and continuous implementation with a consolidated dividend payout ratio of 30% to 40% as a guide	34.2%	
ESG	Reducing environmental impact and CO ₂ emissions (total, compared with the 2010 level)	Production (Scope 1 + 2)	-40%	-40.4%
		Product (Scope 3)	-22%	-20.1%
	Diversity, equity & inclusion	Localization ratio of GM or higher in overseas group companies ^{*1}	75%	71%
		Ratio of managers by gender (consolidated) ^{*1}	Women 13% Men 15%	Women 11% Men 16%

*1: Indicators newly set

*2: We aim to allocate one third of operating cash flow to each of maintenance and strengthening investment, prior investment and shareholder returns and the payment of interest-bearing debt as our basic approach to operating cash flow and fund allocation.

*3: The level of capital cost (WACC), based on which we set the ROIC target, is recognized at about 7%.