

## Business Results for the FY2018 ended March 31, 2019 Regional Market Environments and Projections



April 24, 2019

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Executive Officer      President, Marketing Div.

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

# Global Demand Trend for Hydraulic Excavators

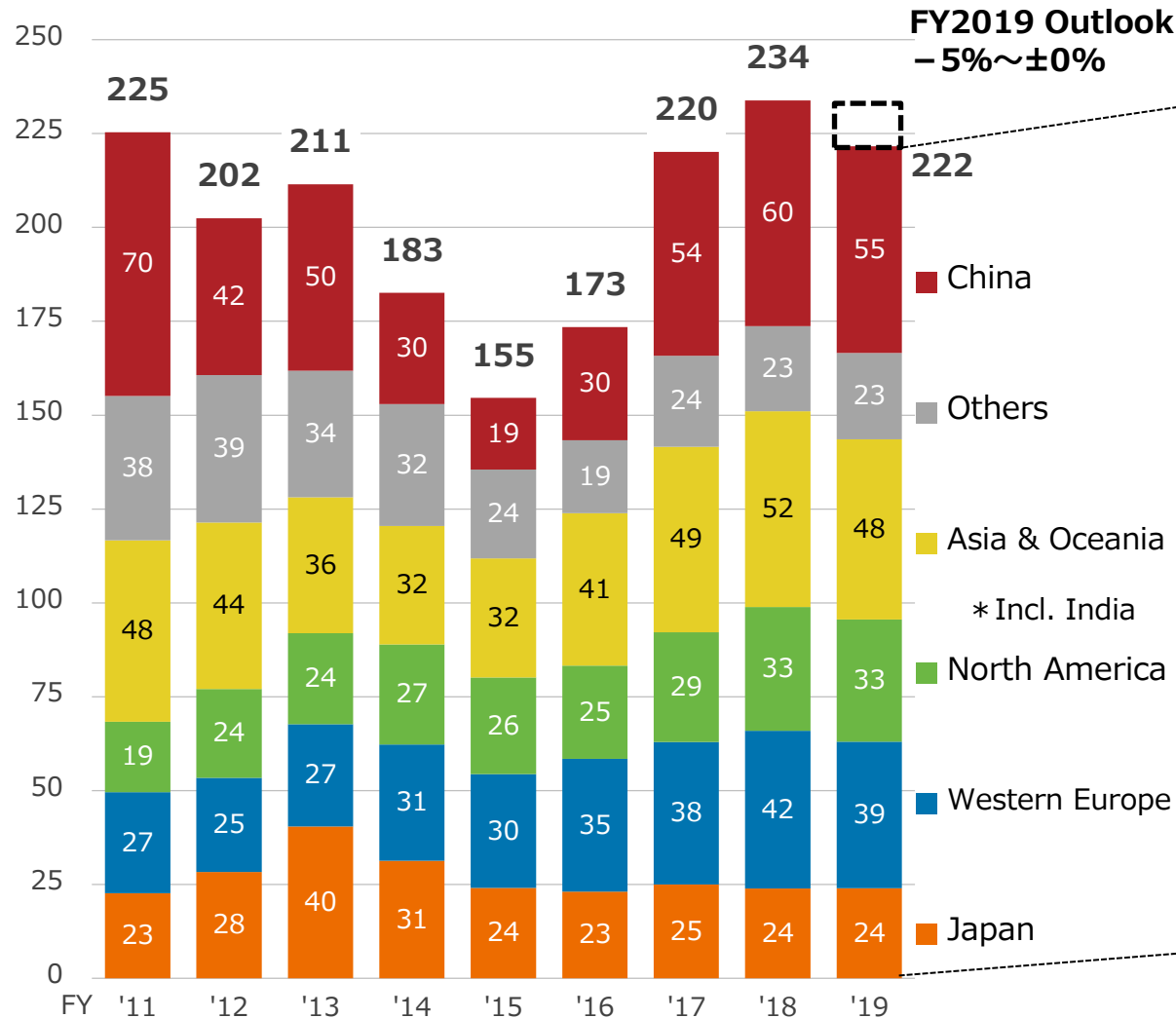
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Reliable solutions

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

(K units)



## Year-on-Year Change

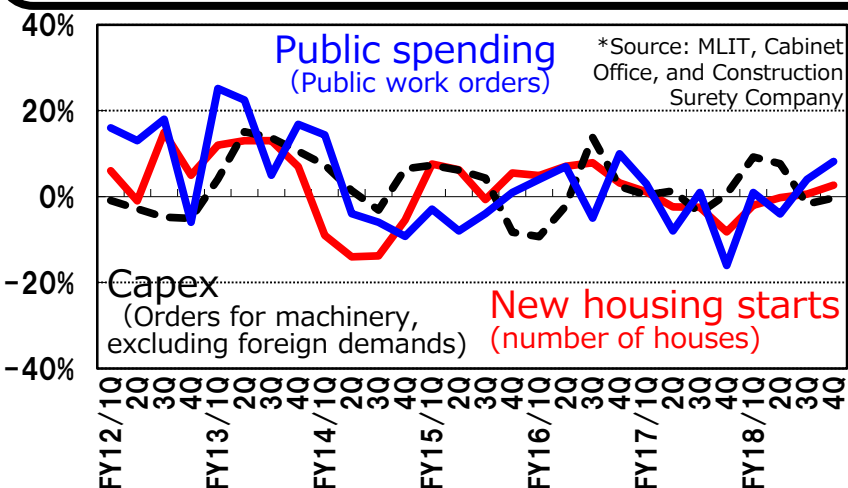
	'17	'18	'19
Total	+27%	+6%	-5%
China	+80%	+11%	-8%
Russia,CIS, E Europe	+77%	+19%	-4%
Africa	+6%	-6%	+2%
Middle East	+1%	-45%	+16%
Latin	+27%	+0%	+0%
Others	+24%	-6%	+1%
India	+21%	+10%	-1%
Indonesia	+55%	+12%	-17%
Others	+13%	-1%	-11%
Asia & Oceania	+22%	+5%	-8%
N America	+18%	+13%	-1%
W Europe	+7%	+11%	-7%
Japan	+8%	-4%	+0%

■ **Emerging Countries : FY2019 57% (Y-o-Y Change:-1%)**

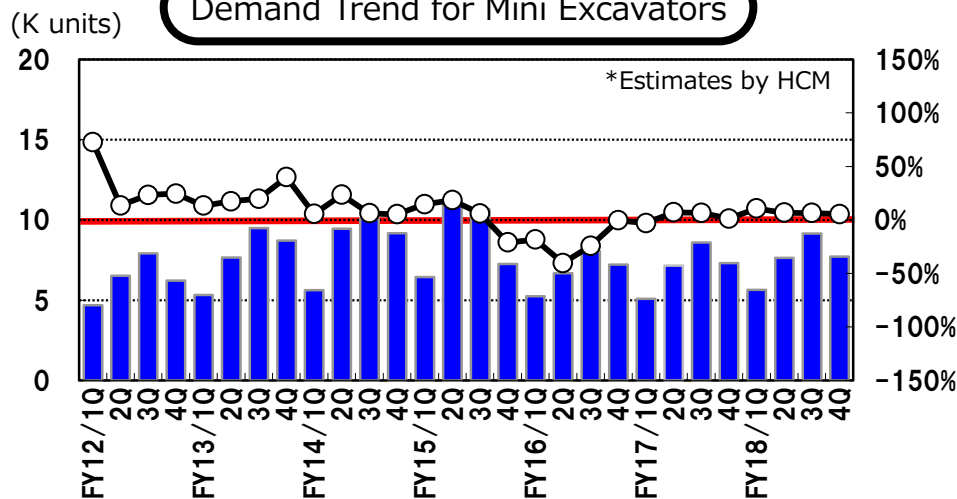
※Emerging Countries: China, Asia/Oceania, and others

- While housing investment and public investment increased, capital investment remained flat y-o-y.
- Demand for hydraulic/mini excavators and wheel loaders increased (38%, 5%, and 13% y-o-y, respectively.)

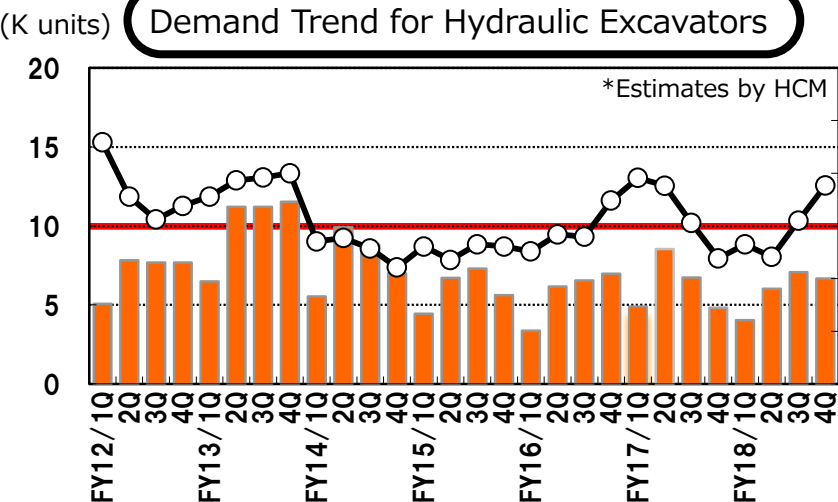
Market Environment: Housing/Public Spending and Capex (y-o-y)



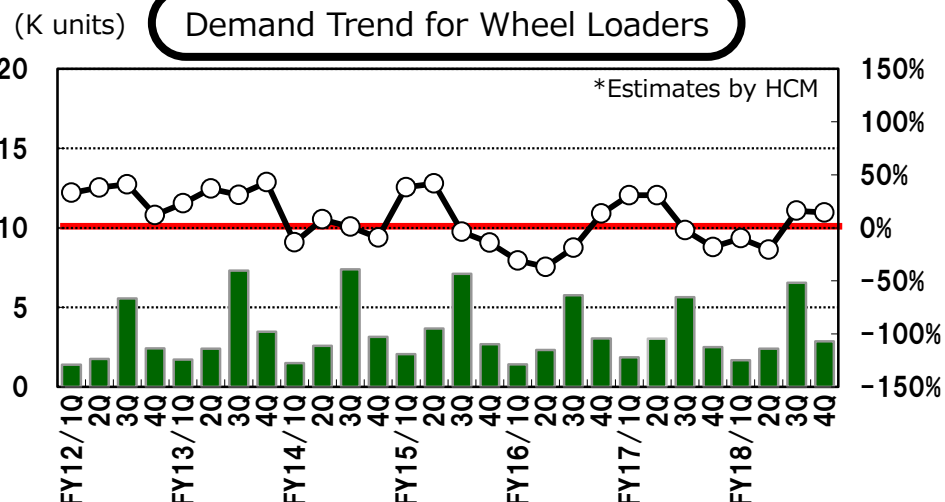
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators

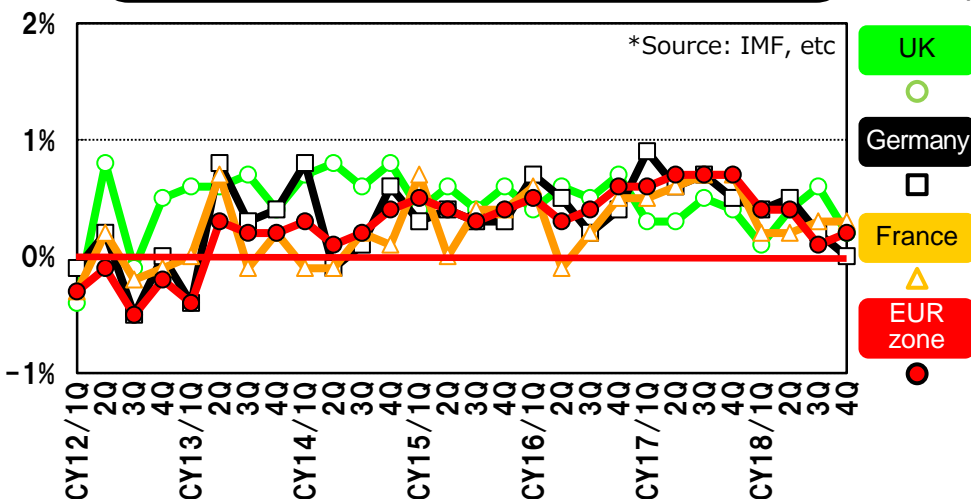


Demand Trend for Wheel Loaders

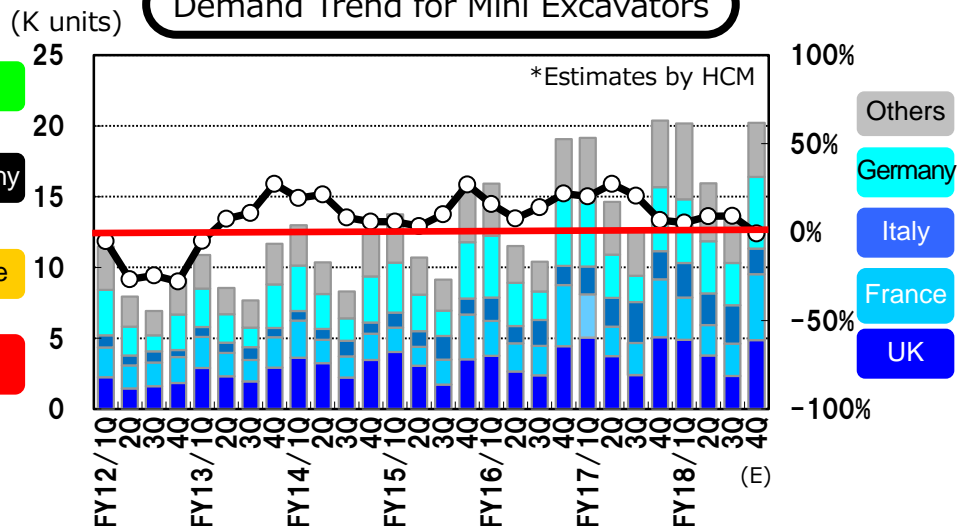


- Throughout the Eurozone, GDP growth rate slightly increased.
- Hydraulic excavators and wheel loaders showed continued growth, while demand for mini excavators slightly declined. (10% and 2%, fell 1% y-o-y , respectively)

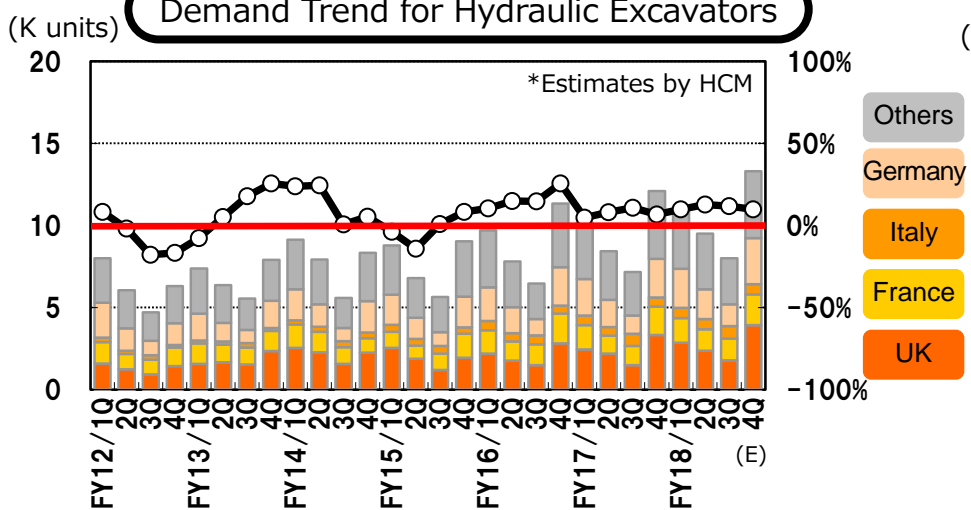
GDP Growth Rate in Major Countries (y-o-y)



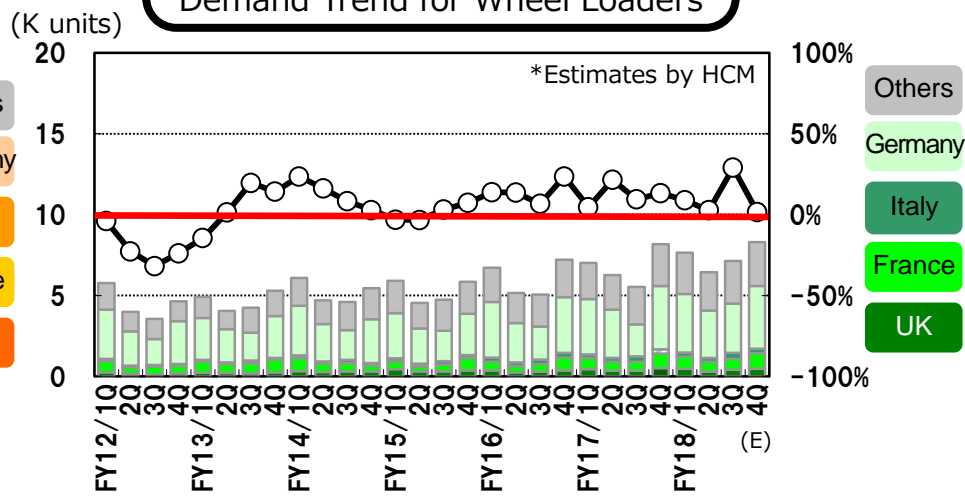
Demand Trend for Mini Excavators



Demand Trend for Hydraulic Excavators

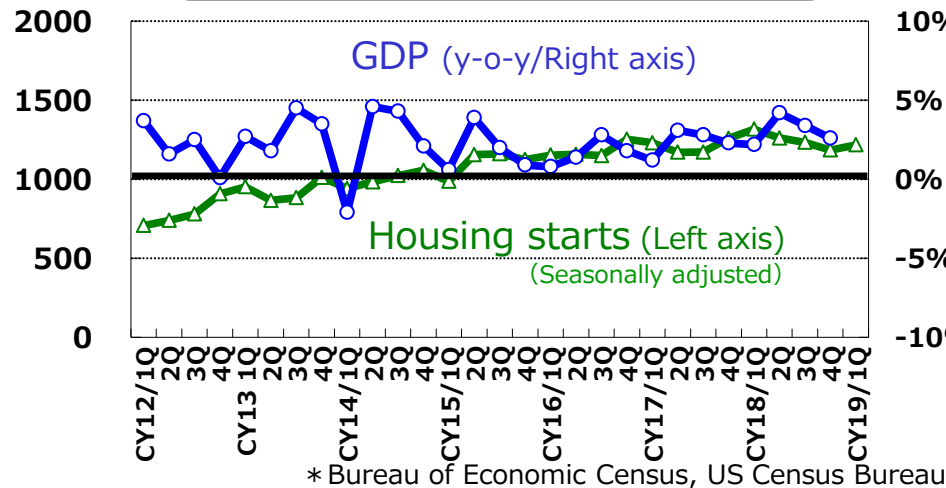


Demand Trend for Wheel Loaders

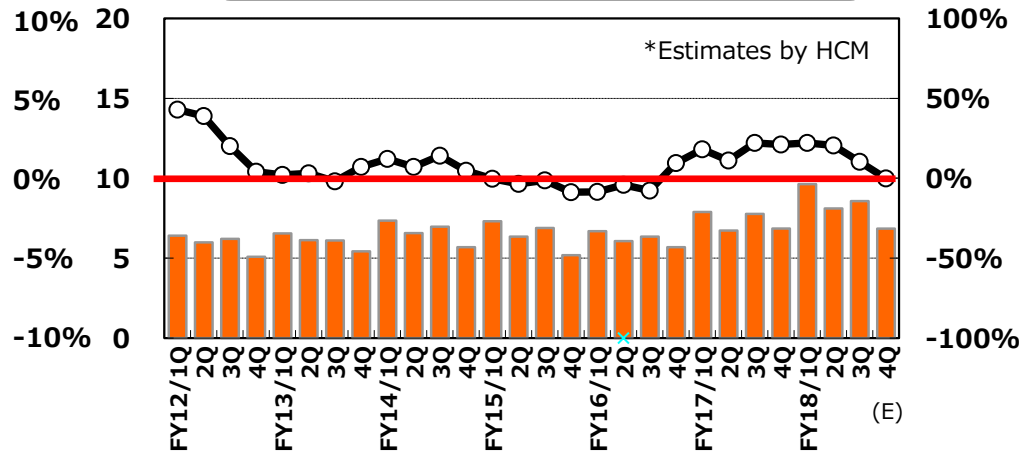


- Housing starts decreased y-o-y & growth rate for private construction spending slowed y-o-y.
- Demand for hydraulic excavators remained almost flat, while demand growth rate for mini excavators increased slightly. ( $\pm 0\%$  and  $+4\%$  y-o-y, respectively).

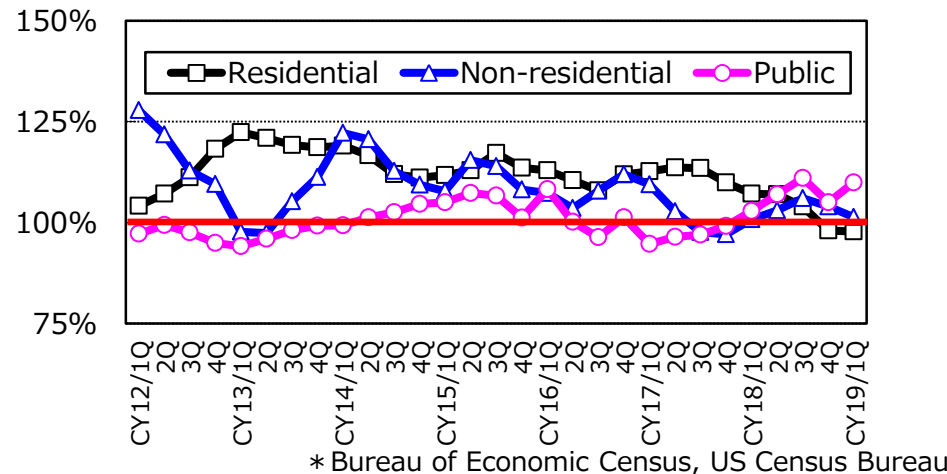
(K units) GDP Growth Rate, Housing Starts in US



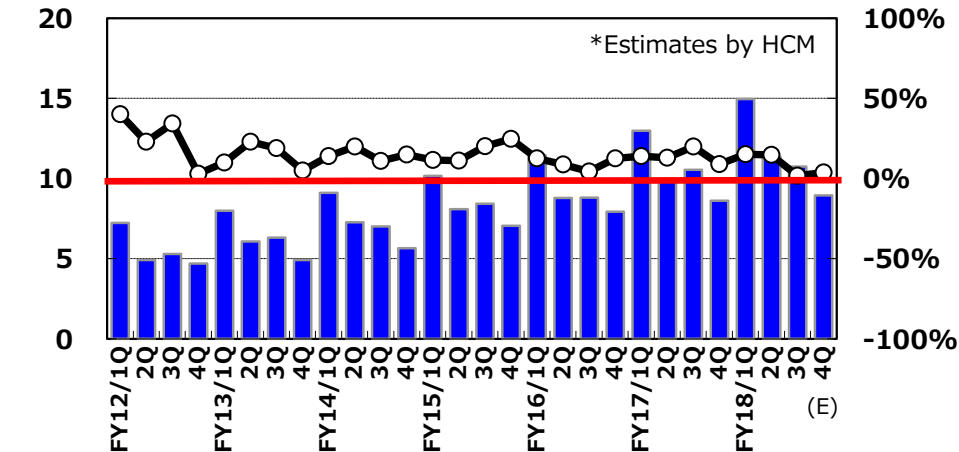
(K units) Demand Trend for Hydraulic Excavators



Construction Spending in US (y-o-y)



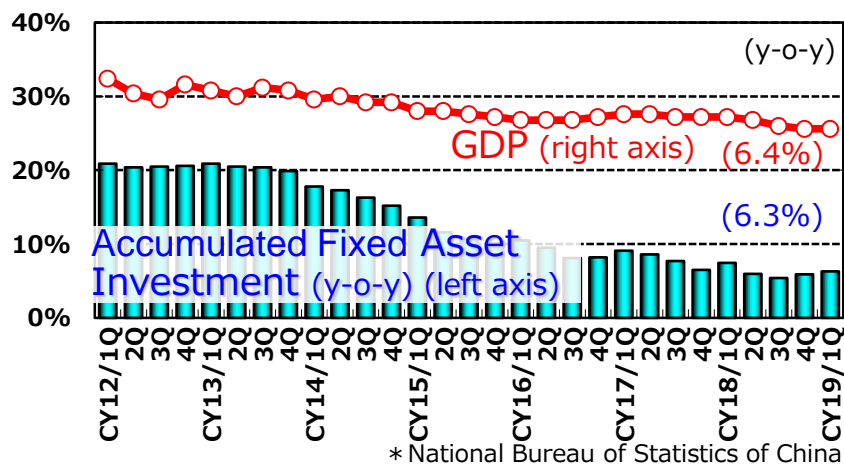
(K units) Demand Trend for Mini Excavators



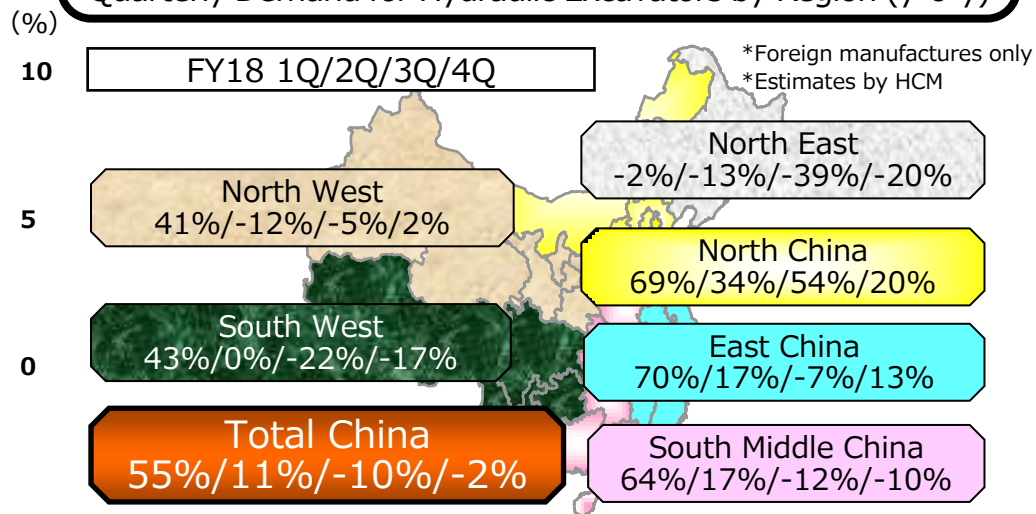
■ The GDP growth rate was 6.4%.

■ Demand for hydraulic excavators slightly declined (fell 2% y-o-y). ※Foreign Manufactures only

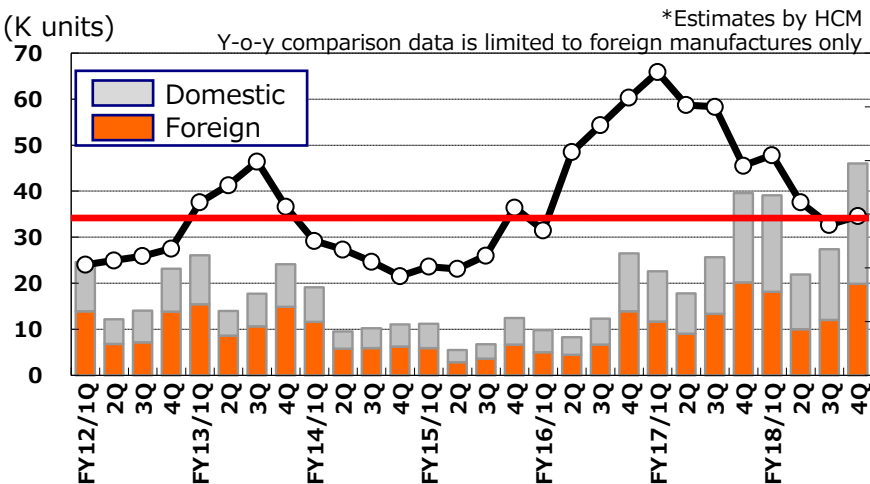
GDP and Fixed Asset Investment



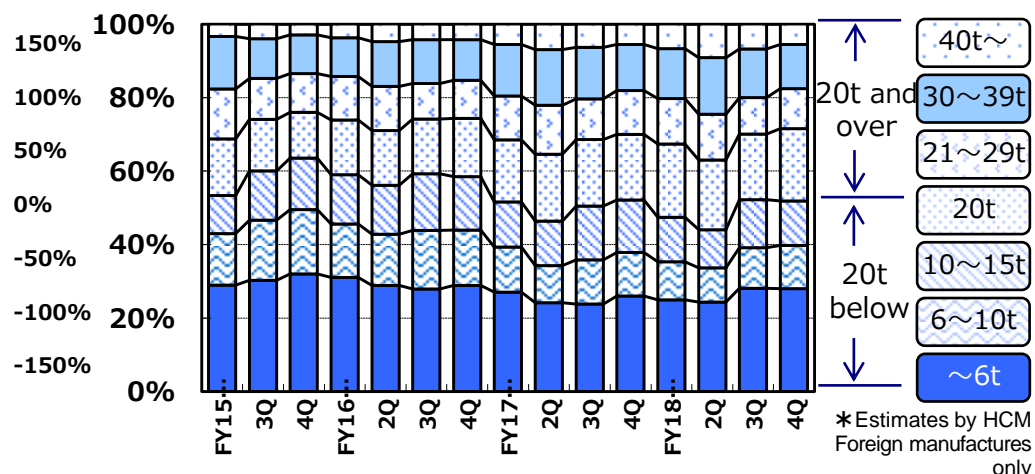
Quarterly Demand for Hydraulic Excavators by Region (y-o-y)



Demand Trend for Hydraulic Excavators



Demand Composition by Class for Mini Excavators and Hydraulic Excavators

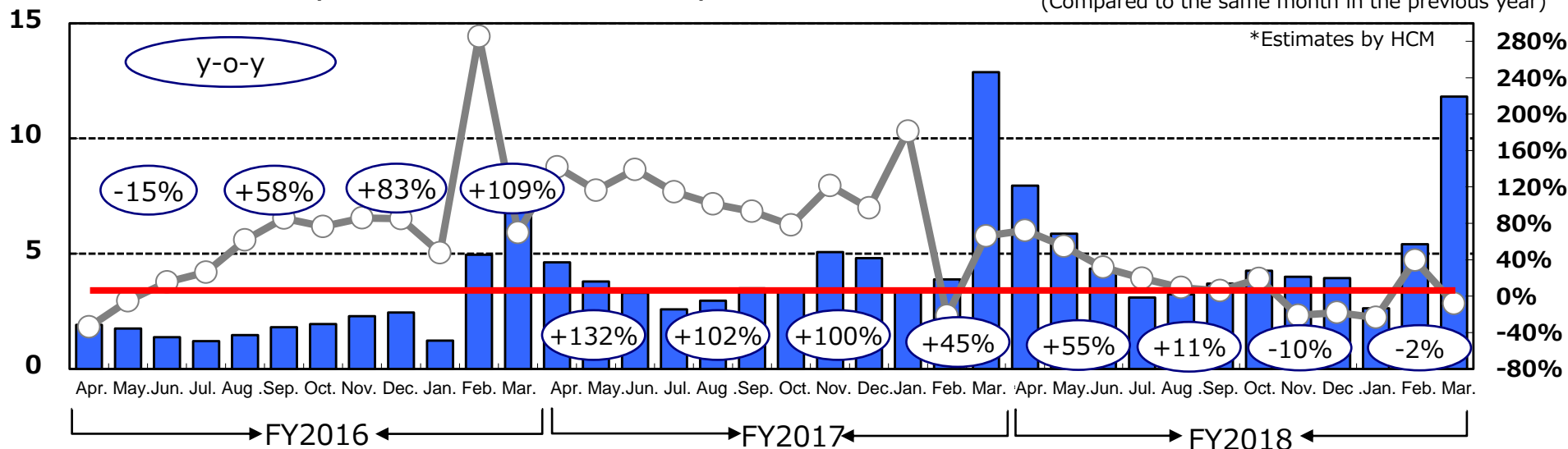


(K units)

## Monthly Demand Trend for Hydraulic Excavators

(Foreign Manufactures only)

(Compared to the same month in the previous year)

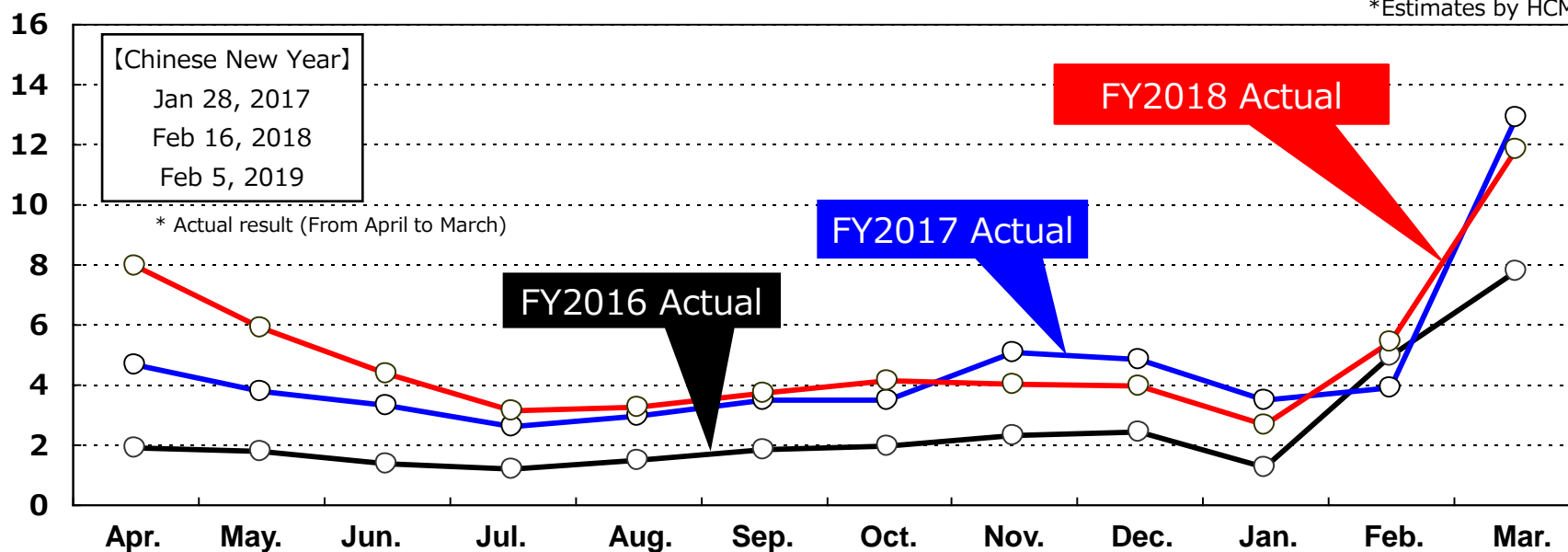


(K units)

## Demand Trend for Hydraulic Excavators (y-o-y)

(Foreign Manufactures only)

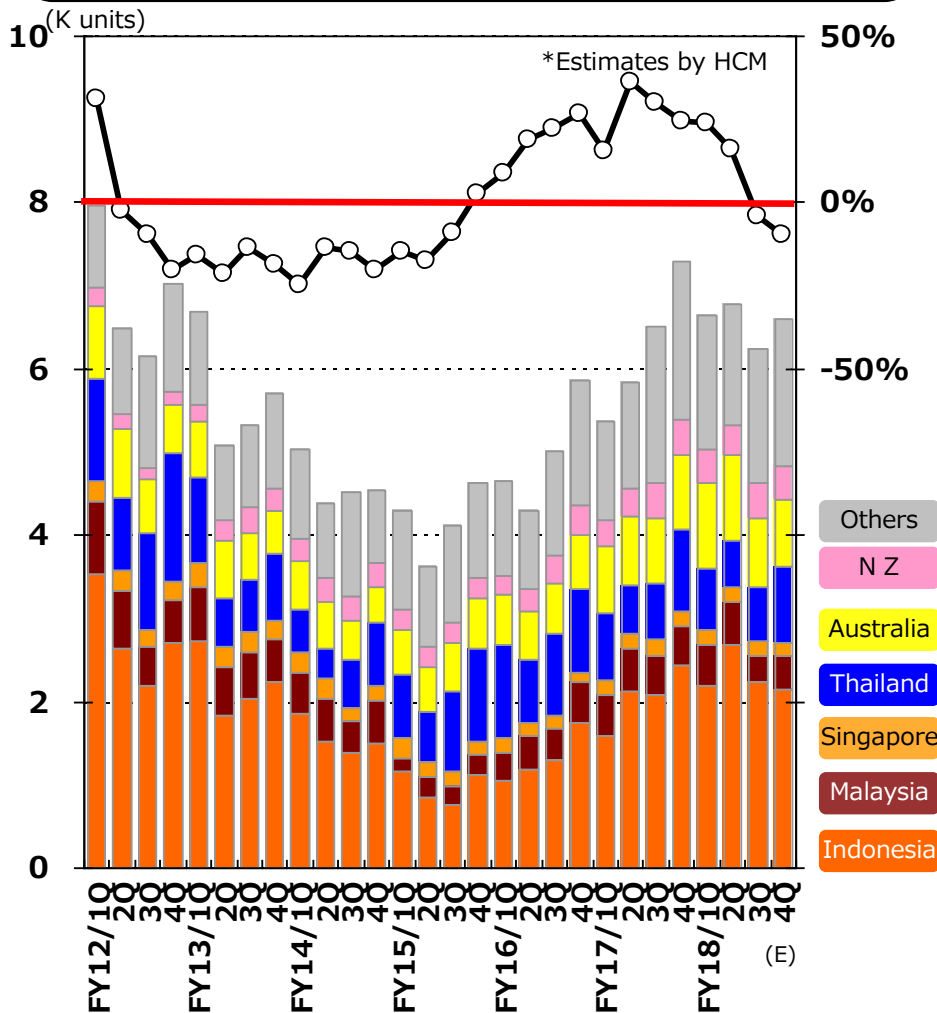
\*Estimates by HCM



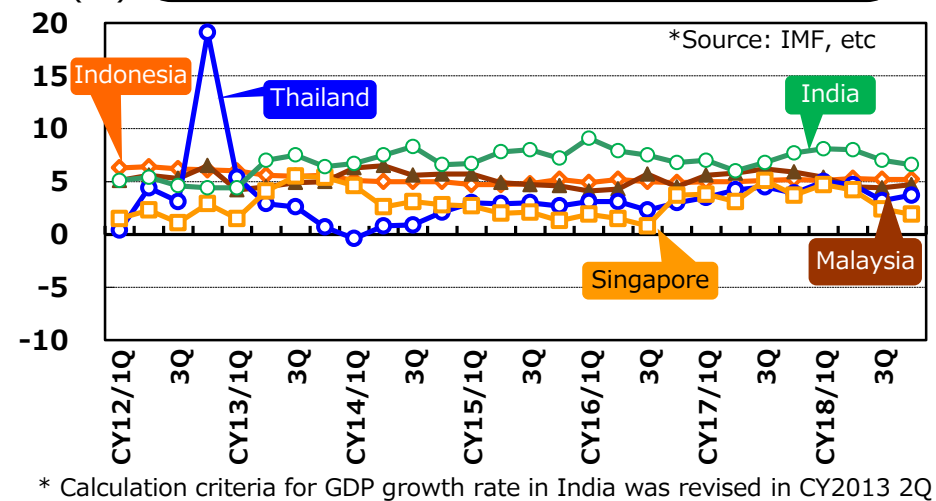


- Demand for hydraulic excavators decreased in countries such as Indonesia and Australia, and decreased overall in the Asia Pacific region (fell 9% y-o-y).
- Demand for hydraulic excavators decreased in India (y-o-y), however the demand level is still high.

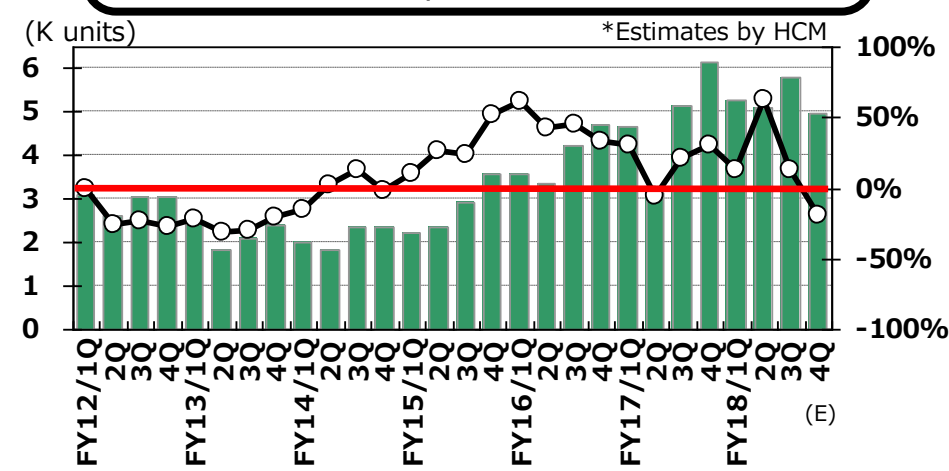
Demand Trend for Hydraulic Excavators in Asia & Oceania



GDP Growth Rate in Major Countries (y-o-y)



Demand Trend for Hydraulic Excavators in India

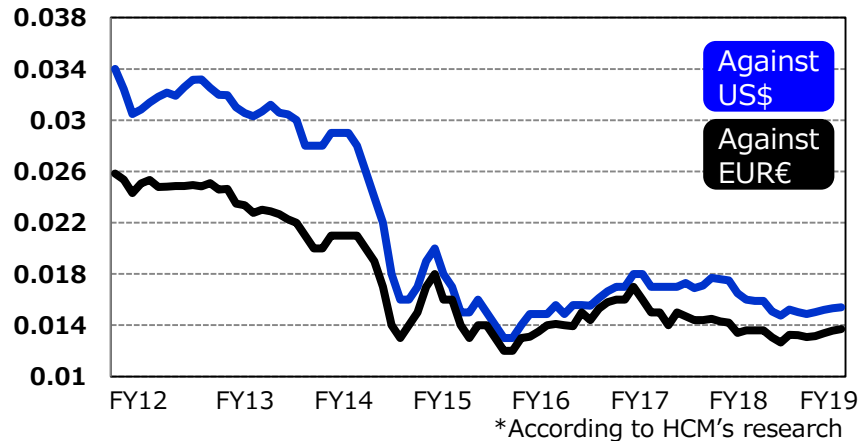




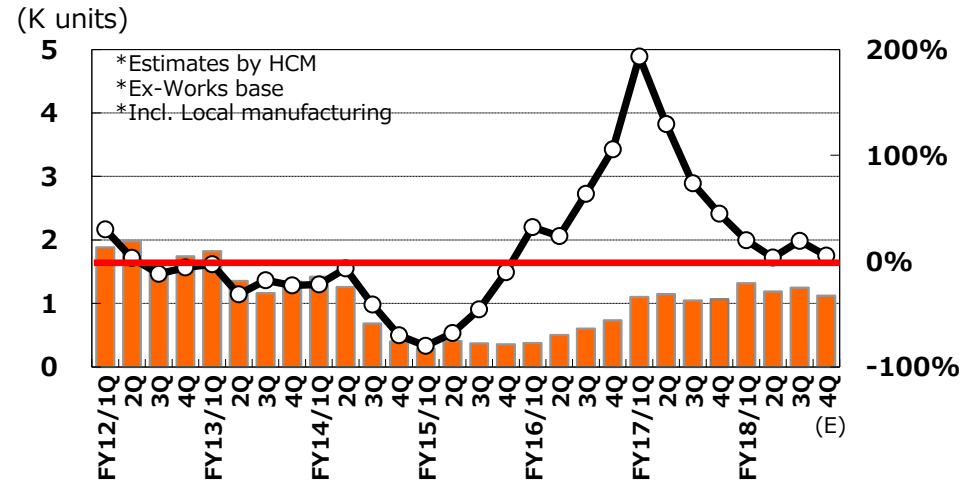
■ In Russia, demand for hydraulic excavators increased (5% y-o-y).

■ In the Middle East, demand significantly decreased in response to weakening TRY (Turkish lira).

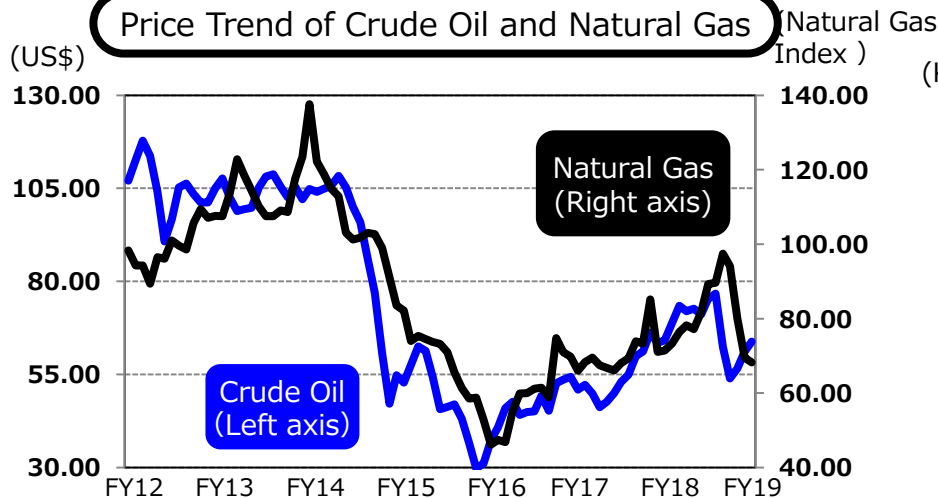
Foreign Exchange Rate of the Ruble



Demand Trend for Hydraulic Excavators in Russia



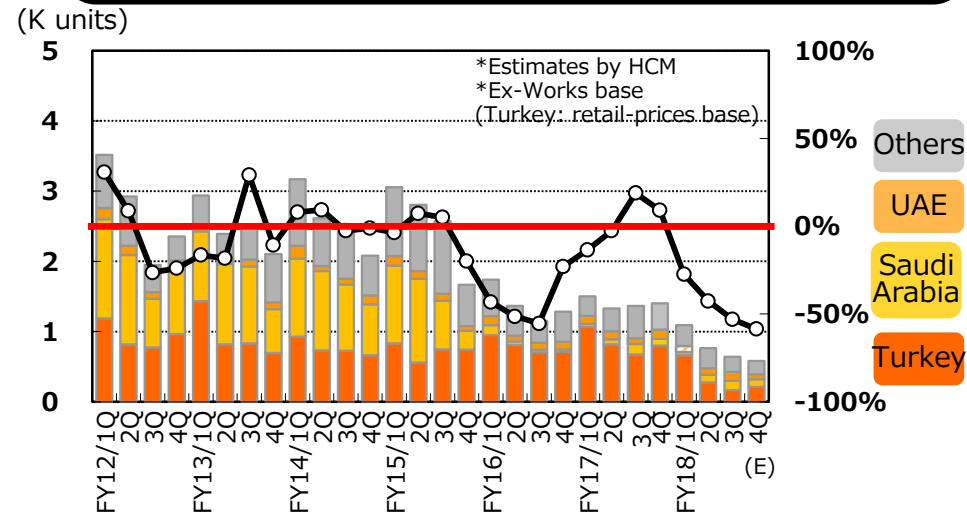
Price Trend of Crude Oil and Natural Gas



\*Created by HCM, the source from IMF HP

\*Natural Gas Index (2010=100)

Demand Trend for Hydraulic Excavators in the Middle East

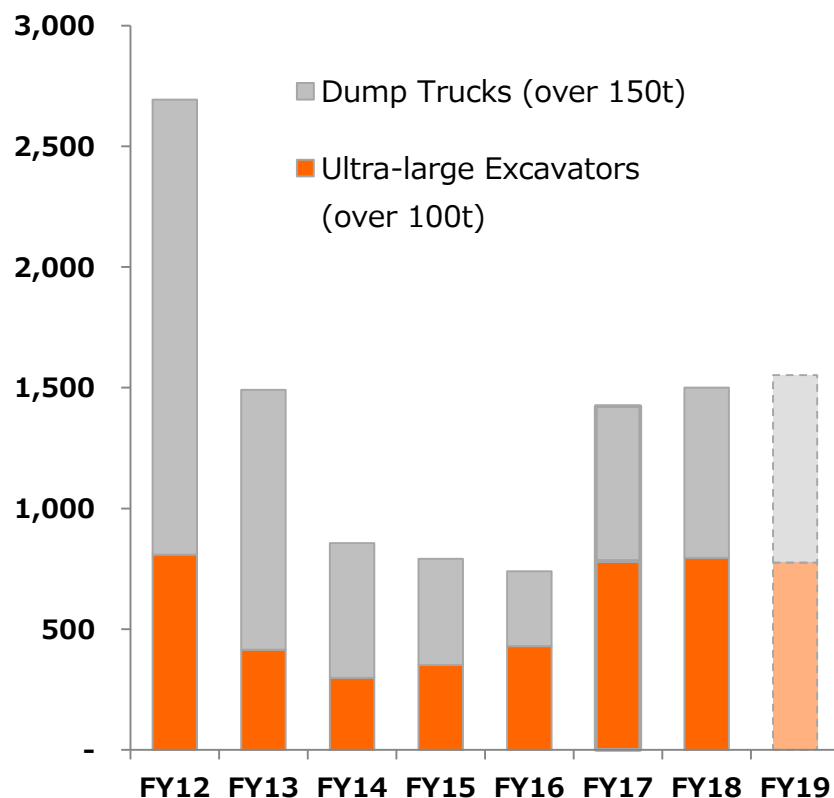


- Demand for mining machinery in FY2018 is expected to increase slightly.
- Demand for ultra-large excavators (over 300t) and dump trucks (over 150t) for major mining companies is increasing. It is expected to continue increasing in FY2019.

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

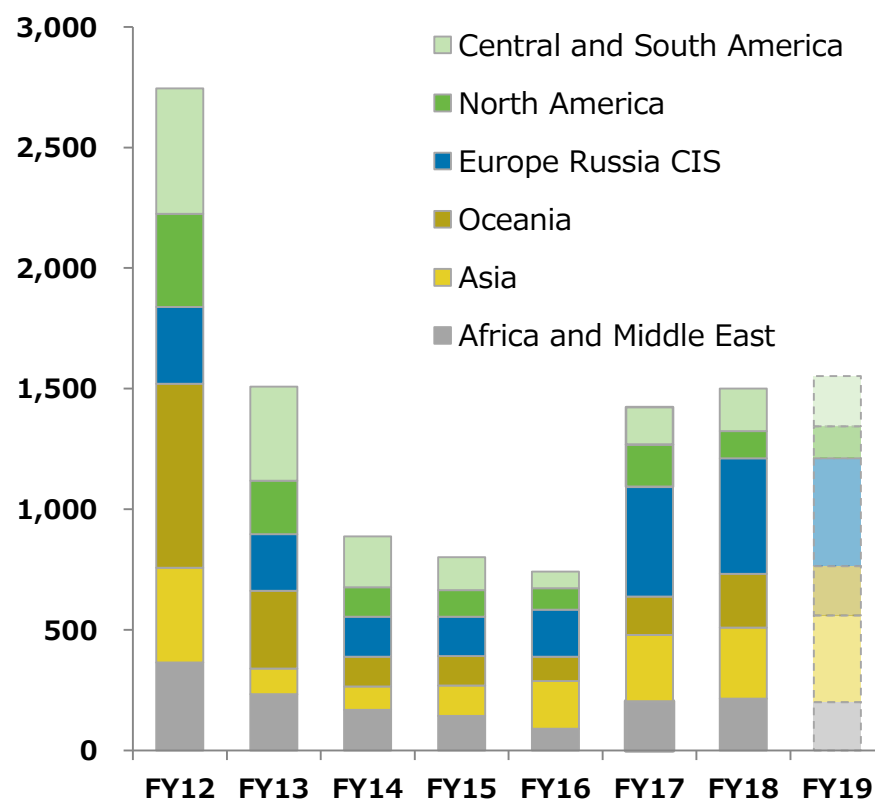
(Units)

### Demand by product



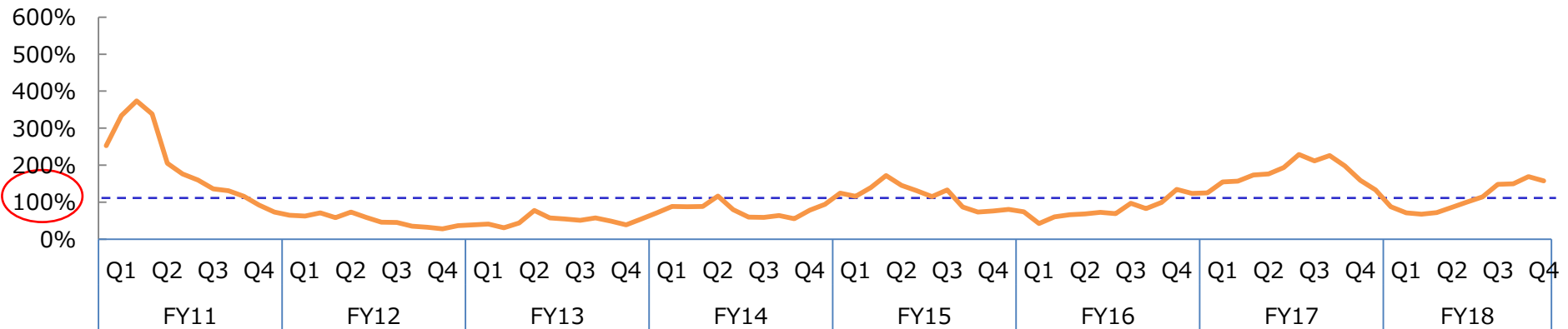
(Units)

### Demand by region

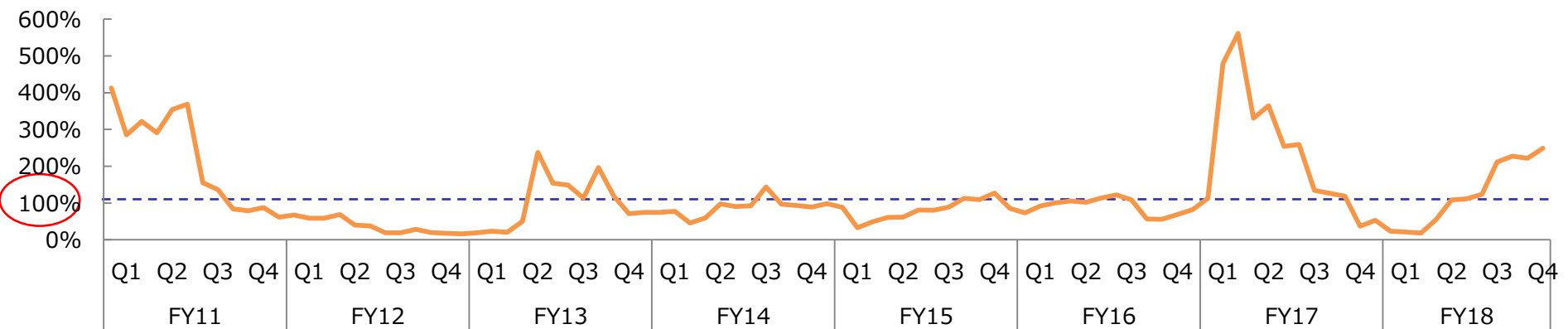


※ According to HCM's research

## BB Ratio (Ultra-large Hydraulic Excavators, over 100t)



## BB Ratio (Dump Trucks, over 150t)



※ Book-to-Bill(BB)Ratio = Bookings (Orders received)/Billings (Value of shipment)  
Non-consolidated basis (average of 6 months)



## An order for 13 ultra-large hydraulic excavators and 17 dump trucks was secured in Mongolia

- 5 units x EX5600 excavators  
(operating weight 537t) (electric-powered)
- 5 units x EX3600 excavators  
(operating weight 359t) (electric-powered)
- 3 units x EX2600 excavators  
(operating weight 254t) (engine-type)
- 17 units x EH4000AC-3 excavators  
(operating weight 221t)



Delivery and operation to be started in FY19

## An order for 38 dump trucks was secured for 3 projects in Australia

- 8 units x EH4000AC-3 and 6 units x EH5000AC-3 (payload 296t)

Delivery and operation to be started in FY19 (retro type of AHS fitted in the future)

- 16 units x EH5000AC-3

Delivery and operation to be started in FY19 -20

- 8 units x EH5000AC-3

Delivery and operation to be started in FY19

## A new regional headquarters in Oceania has been established

New headquarters will supply Oceania collectively and work to optimize efficiency in sales of new and used machinery, as well as in the parts and service business—strengthening and expanding its value chain.

9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



Established: April 5, 2019



Parts center for expansion of parts business in Oceania





# 《Topic》 Development of Zero-Emission Electric Excavator Prototypes

13

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Reliable solutions

**EAC, a JV company with KTEG in Germany, developed zero-emission electric excavators**

**Prototypes were exhibited at bauma 2019, an international construction machinery trade fair**

13 CLIMATE ACTION



Demonstration of zero-emission electric excavators (8t class) and exhibition of zero-emission electric mini excavators (2t class)

\* Details for launch are under consideration.



Zero-emission electric excavators (8t class) being demonstrated

## Tata Hitachi Construction Machinery switched to photovoltaic power generation, reducing power consumption by approximately 30%



This initiative is one of our energy conservation efforts, along with visualization of plants power consumption in Japan. 7,000 MWh per year, equivalent to about 30% of the power consumption of Kharagpur Works, will be provided by environmentally-friendly renewable energy (expected CO<sub>2</sub> reduction is 3,500 tons per year).



Solar panels at Tata Hitachi's Kharagpur Works



### [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.

# END

## For further inquiries:

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Topics are classified and introduced with appropriate icons according to 17 goals described in the Sustainable Development Goals (SDGs).

## SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD

